

CITY COMMISSION  
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO  
Thursday, May 10, 2012

BUDGET WORKSHOP

Minutes

**TIME & PLACE:** The Mayor and the City Commission of the City of Truth or Consequences in the County of Sierra and State of New Mexico met in Special Session in full conformity with the law and ordinances of said Commission in the Commission Chambers of said City, on Thursday, May 10, 2012 at 4:00 P.M.

**PRESIDING OFFICER:** The meeting was called to order by Mayor Mulcahy who presided and Mary B. Penner, City Clerk acted as Secretary of the meeting.

**ATTENDANCE:** Upon calling the roll the following Commissioners were reported present:

Hon. John Mulcahy, Mayor  
Hon. Sandra Whitehead, Mayor Pro-tem  
Hon. Steve Green, Commissioner  
Hon. Jeff Richter, Commissioner  
Hon. Freddie Torres Commissioner

Also present:

Juan Fuentes, City Manager  
Linda Lanham, Finance Director  
Mary B. Penner, City Clerk

**QUORUM:** There being a quorum present the Commission proceeded with the business at hand.

**PRELIMINARY BUDGET – FY – 2012/2013:** City Manager Fuentes stated they would give a quick overview of the Budget Process, Overview of the 3<sup>rd</sup> FYE 12 Quarterly Report for this fiscal year, FYE 13 Sub-Recipient Grant Applications, Lodgers' Tax Advisory Board Allocation Recommendations, and that they also provided a supplemental letter from one of the applicant's for lodger's tax, and the Overview of the FYE 13 Preliminary Budget, and that they will cover the General Fund, Special Revenue, Enterprise, Capital Projects, Debt Service and Trust & Agency Funds. He stated several of the department heads are present in case you have questions.

He stated this is a general overview to give you a sense of what the budget process is for municipalities in New Mexico, and indicated they start by estimating our revenues and costs, and then they start going into the fiscal capacity of what our available resources are, and then they go into formulating of the policies and goals for the budget, and stated they met with the department heads, and looked at their goals and objectives, and today meeting with the elected officials, and that this being a public workshop, and the public participating as well as the applicant's for sub-recipient grant applications, and they will look at the needs, and expectations, and stated in this process they are working on the preliminary budget

and estimate personnel costs, operating expenses, and any capital outlay.

City Manager Fuentes explained...Developing a Budget. A budget is said to be a written financial plan of operation of a local public body's goals and objectives for a specific period of time. The City Commissioners and City Manager execute fiscal policies by this process to allocate the resources, and expenses to achieve the entity's goals and objectives. All budgets submitted to LGD are binding on the governing body officials, and funds must be expended in accordance with the approved final budget document, and once the final budget is approved...with those figures, and the Commissioners being the board of finance has the authority to increase expenditure line items, and stated we've done that through resolution...but those are also submitted to DFA for approval. All increase, decreases and inter-fund transfers of cash, revenue and expenditures must first be approved by the governing body by formal resolution, and approved by LGD. Budgets are used to: Monitor and control revenue and expenditures, provide management financial oversight, and control over all projects, assist in the planning of future city initiatives. The annual budget process is composed of four phases: Preparation, Approval, Execution and Review.

He stated the goal tonight is to go over the budget, and hopefully by May 22<sup>nd</sup>, we can place it on the agenda for approval.

City Manager Fuentes went over the Fund Categories for the City of T or C Budget...The General Fund, Special Revenue Funds, and explained those are your Law Enforcement Protection money, your correction funds, and recreation fund, Enterprise Fund...water, wastewater, solid waste, and landfill, Fiduciary Fund, Internal Service Fund, Debt Service, and Capital Projects Fund, and that all of these make up the T or C Budget.

Explained the Fund Categories – General Fund – This fund accounts for all financial resources except those required to be accounted for in a special or other fund. Special Revenue Funds – Account for specific revenue sources that are legally restricted to be expended for specific purposes. The use of special revenue funds is required only when legally mandated. For example: Corrections, Fire, and EMS. Other Fund Categories – Capital Projects Fund – Account for financial resources to be used for the acquisition of construction of major capital facilities (does not include projects related to proprietary funds). For example: Street Improvement, NMFA Loan Proceeds, Community Development Block Grant (CDBG) the electrical upgrade project in Williamsburg, Special State Appropriations. Proprietary Funds – Enterprise Funds – Account for operations in a manner similar to a private business enterprise where the cost of providing goods, or services to its customers is financed or recovered through user charges. For example: Electric, Water, Waste Water, Solid Waste.

Other Fund Categories – Proprietary Funds – Internal Service Fund – Account for the financing of goods, and services provided by a department on a cost reimbursement basis. And stated the City only has one such fund which is Fund 70: And that is used by the fleet service department. Fiduciary Fund – Includes all trust and agency funds. These are assets held by the town in trust or in an

agent capacity for others. For Example: Court Bonds, Meter Deposits.

City Manager Fuentes went on to explain the 3<sup>rd</sup> Quarterly Report for the current fiscal year, and stated this will give everybody a sense of where we stand right now as the end of the 3<sup>rd</sup> Quarter, and referred to the Revenue side for all of these funds. And went through the different funds for the Budget Revenue, Actual Revenue, and the % difference. (Complete copy is available at City Hall and on the website). And explained the Expenditure side of these funds. The Budget Expenditures, Actual Expenditures, and the % difference.

He explained the General Fund Revenue Sources for the 3<sup>rd</sup> Quarter %, and stated we should be at 75% which showed the different Revenues, % Rec., % Est. and the YTD% over/under. Referred to a chart on the Gross Receipts Tax, and stated it is a little bit down.

The next chart City Manager Fuentes explained is the Prior and Current Year receipts for the Gross Receipts Tax Month & YTD Comparison The next chart – Lodgers' Tax Comparison – Prior vs. Current Lodgers' Tax Revenue Month & YTD Comparison. The next chart is the GRT Revenues by month FY 2011-2012, and stated the chart is about 4 years tracking the GRT by month. The next chart is the Revenues to compare revenues from last year... this is comparing the budgeted revenue to the actual revenue received for the General Fund, Electric Fund and Debt Service.

The next chart consists of several different funds – Revenues – Actual/3<sup>rd</sup> Qtr. Budget FYE 12 YTD. The next chart City Manager Fuentes referred to – General & Enterprise Fund Expenditures 3<sup>rd</sup> Qtr.% FYE 12, and stated this gives the Commissioners a sense as he stated in the first part of his presentation...when the Commissioners approve the Final Budget that is the numbers that the Manager, and the department heads have to stay within those amounts, and indicated we track everything...we track each department, and look at where they are at each quarter, and stated there are 1 or 2 departments that are over their percentage, and explained some of them there is a reason for that...for example... the Vol. Fire Dept., is 19% over, and the reason for that because they receive all of their money at the end of the fiscal year, and in some of the departments that are over they look at their detail line items, and we talk to them...and if it's an anomaly then we know that towards the end of the fiscal year that will correct itself...but overall you look at the General Fund it's under 1.96% so we are staying not only within the budgeted amounts...but it looks like we'll end up at the end of the fiscal year spending less than what the Commissioners approved...which is good because we end up with more money in the ending cash balance.

The next chart – City Manager Fuentes stated this is to show you on the expenditure side is a bar graph giving you all a sense of what the budget is and actually at, and that the actual expenditure is actually less in the General Fund...which is good...and the Electric and the Debt Service...same thing on the Special Revenue, Capital Projects, and stated the reason for that big dip has to do with the grants and projects that we have.

City Manager Fuentes stated that is the quick overview of the 3<sup>rd</sup>

Quarter for this current fiscal year, and there is nothing really that stands out that requires immediate attention, and there will be some small adjustments that we will be bringing to the Commission by the first meeting in June. And everyone seems to be staying within their budget, and I want to recognize the department heads because they work very hard, and are very conservative and frugal about how they spend their money.

Mayor Mulcahy – Recreation Fund seems to be pretty low in the Revenue and Expenditure Department...is that just a budgeting issue?

City Manager Fuentes – The Recreation Fund under the Special Revenue...that's where some of the loan money, and stated the City also took out another loan, and that was a Recreation Loan, and the City budgeted about \$300,000 for this fiscal year, and it is one of those that we only use it gradually...that's why you don't see a high...revenue, however once that is used up, and usually the Recreation fund doesn't bring in a lot of revenue to support its expenditures anyway.

Mayor Mulcahy – Our actual expenditures in the Corrections Account...why that variance?

City Manager Fuentes – There is probably an outstanding invoice that is being looked at by our police department, and that is why you see a big variance in the expenditure side, and we hope to get that cleared up by the end of this month.

Mayor Mulcahy – Thanked City Manager Fuentes. He stated for this next session I would like to recuse myself for Sub- Recipients and Lodgers' Tax.

City Manager Fuentes stated they have in their packet the applications that were submitted by the Sub-Recipients applicant's, and that most of the organizations are here. He stated in developing the budget my recommendation to the board, and the figures we'll be going over...the FY 12 which is the current fiscal year, the previous fiscal year, the Commissioners approved a budget of \$106,800, and the applications that came in is for \$187,900.00, and so my recommendation in the preliminary budget is to stay within the \$106,800.00...and that is obviously at your discretion.

Questions from the Commissioners –

Commissioner Richter – Sierra Health Council – We don't have a budget amount for that.

Commissioner Green – They weren't funded last year.

Commissioner Richter – It went un-funded?

Commissioner Green – It was funded the year before...I think it was funded for \$25,000, and I guess they spread that out over 2 years.

Someone in the audience answered...yes we did.

Mayor Pro-tem Whitehead went over the list as suggested by Commissioner Green.

Boys & Girls Club of Sierra County – FY 12 - \$32,800.00, and this year requesting \$35,000.00.

Commissioner Green – On their application they refer to through the City’s waiver of City utilities...would we do that again this year, because it’s not a request...it’s just a statement, and I know it’s been a policy, and I would like to make sure that policy stays in effect.

City Manager Fuentes – That is correct, and that would be an additional contribution should the City fund...and that should probably be made clear that if that is in addition to the funding that yes it be included.

Commissioner Green – I would like to suggest that in the application that we consider the amount of money that they’re requesting plus the City to waive the City utilities.

City Manager Fuentes – What would be the amount you’re recommending?

Commissioner Green – I would like to recommend the \$35,000 plus the utilities.

Mayor Pro-tem Whitehead – Plus the utilities that we’re waiving.

Domestic Abuse Intervention Center (DAIC) – FY 12 Budget amount was \$5,000.00, and amount requested is the same... \$5,000.00.

Geronimo Trail Scenic Byway – FY 12 was \$5,000, and requesting this year \$6,000...so an increase of \$1,000.

Commissioner Torres – Why would they want that increase?

Ms. LaRena Miller – Stated one of the things we do is mail the Tourist Information and relocation packages, and that postage has gone up, and in some of their quarterly reports submitted to the City their expenses were over the amount from the City, and stated they had to make up the deficit from someplace else.

Commissioner Green – You refer to...we ship 985 packets or boxes of information, and additional boxes were delivered whether in person or by Fun & Games...could you tell the Commission what that is.

Ms. Miller – Fun & Games is a group or business contracted with the State of NM, and they go around to different Tourism departments, and they charge us \$1,000 a year, and that they will pick up boxes of information from us, and drop off at Socorro, Santa Fe, Farmington, and run all over the State, and pick stuff up from every different location and take to other locations. And if they need stuff from other locations they call and Fun & Games will pick up for them and deliver them.

Commissioner Torres – Asked if they receive other funding beside

the City?

Ms. Miller – Not for the operation of the Visitors Center, and stated they receive funds from the Federal Highway Administration on the Scenic Byway Grants, and that they receive some donations...but that is basically what we're operating on.

Commissioner Torres – I recommend that we leave it at \$5,000.00, and see how we come out in the end.

Commissioner Richter – Are we...This money is subject...I see the amount requested is approximately \$87,000 over the previous year, and does the City project additional revenue to cover this?

City Manager Fuentes – No.

Commissioner Richter – I...just as a general statement...if the City doesn't have \$80,000 bucks to make up these amounts requested...I think we really need to look hard at the previous budget and keep them at that budget level on all of these.

City Manager Fuentes – Stated as you saw in my quarterly report as of the end of the 3<sup>rd</sup> Quarter of GRT which represents about 75-80% of the General Funds revenue its \$80,000 short from last year.

Commissioner Richter – We don't have the money to cover these additional requests, and we need to take a look at these closely.

Commissioner Torres – I agree.

Commissioner Richter – Anything is possible when you have the money, and we don't have the money.

Mayor Pro-tem Whitehead – And our GRT is down, and we're not really sure whether it will be coming back up or not...we hope that it will but we need to look really hard at that. So it looks to me like the pleasure of the Commissioners are basically to leave it as it was in FY 12, and look and see what we can do.

Commissioner Richter – What we should be doing here, and we're here to provide basic services to the citizens of T or C, and I really think we need to stay within our budget.

Mayor Pro-tem Whitehead stated we are going to look at leaving this as it was.

City Manager Fuentes – Just for clarification with the additional \$25,000 that would increase that allocation to \$131,000.00...unless you're gonna cut somewhere else.

Commissioner Green – I think the 3 areas that we should be focusing on...Youth, On the Age, and Health, and with that I want to speak to the \$5,000 for SCEDO, and I first want to say that this is not sour grapes, and this is not about personalities, but I have a hard time taking public dollars, and funding an organization that has become a membership driven organization...that if you don't belong to it they don't advertise you...you don't exist. And I in good faith can look at a shop owner who is putting money into this community, and who doesn't have the money to pay for play, and

they can't get on the SCEDO website...they don't exist, and use that persons dollars to discriminate against that same business... that is not fair...it's not ethical. Also if you take a look at SCEDO, and I think John who is our Mayor...I think he has done a phenomenal job as the Executive Director...he is the best director since 2000 I would say SCEDO has had, however from 1991 to 2012 there is not one job that SCEDO has created, and they have received almost a million dollars in revenue between the County, City, Elephant Butte and Williamsburg, so I have an ethical problem with their request for dollars...I have a philosophical problem on a return on an investment...we are **not** getting anything back for the citizens...there is not one job that has been created. And I would much rather see that \$5,000 split between youth, the age and health, and I say that with...it's a hard thing for me to say, and that is why I got off the board after I served on the SCEDO Board for 4 years...I felt their business motto was wrong...I think it's still wrong...it's an urban model that they're trying to make work in a rural community...it doesn't work. And if they had spent the time rather than going for the grants...and I do not want to vote to fund SCEDO.

Commissioner Richter – I think if we're cutting money...we ought to leave it cut.

Mayor Pro-tem Whitehead – So it's the pleasure of the Commission to cut the \$5,000 from SCEDO, and not re-distribute it all, and leave everything as it was last fiscal year...correct.

Commissioner Torres – Correct.

Mayor Pro-tem Whitehead – Okay now for the additional funding requests: Friends of Elephant Butte State Park...

City Manager Fuentes – Stated those are being funded through the Lodgers' Tax.

Mayor Pro-tem Whitehead – So we have gone over all of these, and have decided to keep it the same as it was doing away with the \$5,000 for SCEDO.

Commissioner Green – I thought we were going to add \$25,000 for the Health Council.

Commissioner Richter – If we allocate \$25,000 for Sierra Health Council that is spread over 2 years...if we're gonna do it like it has been done in the past...so we have \$12,500 for this year...we'll just have to carry it over...it's just kinda one of those accounting sort of things...if that is the way it was handled in the past.

City Manager Fuentes - If that's the case the only figure that we should be...if we already cut \$5,000 then we only need about...so it will be the \$12,500.

Mayor Pro-tem Whitehead – So let's go back down the list and that it looks like it will remain the same with the exception of the \$12,500 for the Sierra Health Council, and cutting the \$5,000 from SCEDO.

Commissioner Richter – Let's make this easy, and pro-rate it

against their percentage of what they are going to get against the total...we'll just spread that \$7,000 out down through there, and we won't have to pick and choose.

City Manager Fuentes – So we'll go ahead and pro-rate with the percentage that they have been allocated to balance it out.

Commissioner Richter – Yea to balance it out and everybody will take the same hit on that.

City Manager Fuentes – Okay...based on the percentage of their funded amount.

Commissioner Richter – It's gonna be odd dollars and cents...but just make it work.

City Manager Fuentes – Okay...we can do that.

City Manager Fuentes – At the bottom you'll see some additional funding requests, and with the amounts requested this year they are about \$9,000 over last years funded requests. And if it's the will of the Commission we can keep them at the same level.

Commissioner Richter – What did we give the Friends of Elephant Butte last year...these are all the same that we gave them last year?

City Manager Fuentes – That's correct.

Mayor Pro-tem Whitehead went over the additional funding request list, and stated the ones requesting an increase is the Friends of Elephant Butte State Park by \$1,000, and Geronimo Museum by \$8,000.

Commissioner Richter – Questioned the funding from the HS Cemetery Association, and that they budget \$12,000 for their annual maintenance, and try to split that up 3 ways in revenue, \$4,000 in contributions, \$4,000 in annual interest, and \$4,000 from the City. And looking on their balance sheet it appears their net income...I guess that net income is \$6,500 is from their substantial Edward Jones Investments...so it appears that they have more than \$4,000 to fund their own portion of that...they actually have \$6,500, and still asking the City for \$4,000 which they could probably fund more of that from their own interest income.

City Manager Fuentes – The Cemetery is a City owned cemetery, and that they are helping out the City in more than just \$4,000 by volunteering to maintain that cemetery otherwise it would be maintained by the City, and that they are really doing us a service by doing that for \$4,000...I would recommend to the Commissioners that we can afford that.

Ms. LaRena Miller came before the Commission...on the interest, and stated some of the interest we receive monthly...some of it is quarterly, and some of it is semi-annually...so sometimes the figures are a little skewed during the year. And stated the donations come from not necessarily all local people, but people who have families buried there.

It was the consensus of the Commission to leave the funding for the

Cemetery at \$4,000.00. And to leave the remainder of the funding requests the same.

City Manager Fuentes stated in your packet you have a letter from Joshua Frankel, Chairman of the Lodgers' Tax Advisory Board, and what they did is when they reviewed the applications...the requested amount was \$121,865.00, and the funding available was for \$72,182.00, and this was the same funding that was available last fiscal year so they stayed within that funding amount, and indicated that is also pursuant to a City Resolution.

He stated you also have a request by Mr. Hans Townsend, and indicated he is making a request, and I will allow him to make his presentation, and stated the Lodgers' Tax Advisory Board **did not** hear his request so this is for your consideration.

Mr. Hans Townsend came before the Commission, and stated his letter is in regards to one of the projects we started in this last year with lodgers tax, and that they consider it one of the most informative projects for the County. And stated it is a Visitors Guide that includes everybody in the County, and that it is a Visitors Guide that we have never had that most cities and most tourism places definitely have, and explained this is not a Chamber book as such.

He stated he understood they had \$12,000 left over, and they were setting aside \$6,500 for the printing of this Visitors Guide for 10,000 copies, and stated they were hoping to re-print it with our next lodger's tax because we are going to need at least 20,000 copies. And stated the \$12,000 we have TV spots running as we always do in May because of the kids getting out of school.

At this time he introduced Mr. Keith Whelpley Publisher of South West Senior Publishing from Las Cruces, New Mexico, and stated he has been a publisher in Southern New Mexico for nearly 30 years both periodicals, monthly newspapers, and visitors guides, and that they are currently publishing The Las Cruces Visitors Guide, and shared a copy, and what we envision for Sierra County is muck like the Las Cruces Guide in style and size, and stated when Mr. Townsend approached him to do this late last year I was in the middle of producing the Las Cruces Guide, and I told him I'm happy to produce the guide, but I'm not sure if you don't have a guide to start from I'm not sure if advertising can support the whole thing so we discussed having some kind of a contribution from the Chamber which I would envision over the years if you continue to do the guide that would shrink, and eventually disappear because I believe these guides sort of support themselves.

He stated this being the first guide however I wasn't certain that the advertising base...people are used to it...they aren't used to advertising in this kind of guide, and they hope to have it out by the end of June, and they were thinking if they had a month or two they could beef up the advertising and make this a success.

Mr. Townsend stated I'm sorry I wasn't very specific I explained what we were doing, but I wasn't very specific about what we're asking. And what we're asking is in our budget for lodgers tax for the year ending we have \$3,500 publishing, and come up with the balance for the printing of this guide, and they would appreciate if

that could be carried over to the next year, and understands this could set a precedent, and make things difficult for the City, and we have a plan b to extend out TV, and add some spots.

Commissioner Torres asked how many members they had in the Chamber.

Mr. Townsend replied about 80 members.

Commissioner Green – Am I correct even if you're not a Chamber member...

Mr. Townsend stated this is a guide for the County it doesn't have anything to do with members...but every business will be in there.

Commissioner Torres emphasized that they need to advertise everybody not just a select few as this is City money you're asking for.

Commissioner Richter – You have approximately \$3,500 that you did not use...is that \$3,500 still there?

Mr. Townsend – It's still there.

Commissioner Richter – Can you lawfully carry it over into the next year...Manager Fuentes?

City Manager Fuentes stated this will be a new practice that **has not** been done in the past, and that the Lodgers' Tax Advisory Board has always made it clear to the applicant's that lodgers tax funds...to use at the end of the fiscal year, and when they went over the applications during the meeting, and the board made note of those applicant's that had balances left over, and stated some of them that requested more that is one of the reasons they decided to modify their request for this fiscal year, and the request tonight is to be able to carry over will be a new practice, and it will definitely...for others to make a similar request, however you can make it very clear what your position is...and that this is only a one time...or whatever, but there is always that possibility of that coming back again...not only to the Commission, but to the Lodgers' Tax Advisory Board...it just hasn't been the practice in the past.

Commissioner Green...Commissioner Richter also...legally we can do it...legally the law says the Lodgers' Tax Act says that you have two years from once the money is allocated to spend it otherwise it reverts back into the City's portion of lodgers tax...so I agree with Manager Fuentes it is potentially a variance, however I think that to have a product that will help our GRT...that will help our lodgers tax, and help all the businesses, and spend money in our town...I think in this particular case rather than throwing good money after bad because we have a date that the money has to be spent...I think in this particular case I would much rather extend them that variance...let them do a bang up job, and include everybody, and I would ask that...that money be rolled over to be used when that product is ready to go to press, and serve this community as well as possible.

City Manager Fuentes – If I may make a suggestion, and in the Lodgers' Tax Resolution, and obviously...there is allocated for the

sub-recipient applications there is also an amount that is allocated to the City Manager. And stated maybe if you wish this is a product that is worthy of moving forward with, and my recommendation would be to authorize the amount to the City Manager, and I can make sure that it is for that particular product... that it comes through maybe either some of the ending cash balance that is in that fund, and I would work with the Chamber to pay for that product as opposed to increasing their allotment, and still get it accomplished.

Commissioner Richter – You got a sure enough...drop dead date when this is coming out...right?

Mr. Whelpley – We have not got a drop dead date...it all depends on this, and thinks they can have it done no later than July.

City Manager Fuentes stated on the lodgers' tax recommendations, and they have a letter, and if everything is agreeable with the recommendation we can proceed and move forward.

Commissioner Richter – I see the total proposed allotments are \$72,182.00...what if there is a shortfall...in total lodgers tax collected?

City Manager Fuentes – If there is a shortfall we have an ending cash balance in that fund that could cover that shortfall, and stated during the budget hearings...and the lodgers tax advisory board there were some of the allocations that were not spent so there was still some of that funding that was there that could be covered...so they're staying within that allocated amount.

Commissioner Richter – So we're safe with this?

City Manager Fuentes – Yes.

Commissioner Green – For next year, and that it is really hard to make a decision to allocate dollars on one piece of paper that is a recommendation...I personally would like to know what these organizations did last year with **our** money...I would like to know if they lived up to the letter of the law of the contract, and I would like to know how much money left our community to bring lodgers in, and what was advertised in Albuquerque and El Paso, and would also like to know how much money was spent locally. And I would respectfully request that next year that we get a copy of the applications of the lodgers tax recipients.

City Manager Fuentes stated there is probably something that we need to include in our application process as well...is making those requirements, and making it clear...what reporting that we would like to see in those applications.

City Manager Fuentes stated he provided them with an updated re-cap sheet for the General Fund...for all of the funds, and the one that was in your binder there was a formula error, and it doubled the expenditures under the Enterprise Fund so disregard that, and the one we just provided has the correct formula.

And went over the re-cap of the General Fund, and some of the Special Revenue Funds, and in the General Fund, unaudited

beginning cash balance, and hopefully we can end the fiscal year with at least \$515,000, and that is more than the 1/12 requirement by DFA, so that is our goal for the end of the year June 30<sup>th</sup>. You'll see the estimated revenues the new fiscal year's budget...we're estimating at 3 million one hundred and ninety two thousand dollars, and we have a net cash transfer in to the General Fund of 2 million forty thousand dollars seven fifty-five, and have some budget expenditures of 5 million three hundred and five two hundred and sixty five for an estimated ending cash balance of \$443,399, and that DFA requires a reserve of \$442,105, and will leave us with an estimated figure with \$1,012, and stated this is very preliminary.

He stated again he wanted to re-cap an overview of the General Fund, and you're seeing there where even in FY 12-13 our estimated revenues is 3 million one ninety two compared to our expenditures of 5 million three hundred and five, and we're looking at a General Fund deficit of 2.1 million dollars. Net transfers in going over the re-cap...we're looking at a net transfer in of 2 million forty thousand dollars, and again we'll go over all those... where these numbers are coming from, and that is to bring our revenue to our 5.2 million dollars, and stated we'll still use a little bit of the ending cash balance in the General Fund, and DFA requires we have a balanced budget, or at least a zero ending cash balance. And this is to give you an idea of where the monies are coming from.

City Manager Fuentes stated as you can see the Municipal Taxes, and the State Shared Taxes combined make up 86% of the General Fund revenue stream, and the other big categories...inter-governmental grant, and basically that 10% is the Small Cities Assistance Fund, and stated municipalities every year get a Small Cities Assistance Fund, and this year we estimated \$175,000, and actually received \$200,000, and that it is based on our GRT activity, and that all the other categories are pretty small. And if you include the transfers in...into the pie chart you'll see that transfers in make up 41% of the total General Funds revenue which is almost the same...close to half of what we need. And referred to the General Fund Expenditures...salaries and benefits make up 60%...65% of the total expenditures, operating expenditures...only 29% of the total budget, and that there is hardly any capital outlay in the General Fund, Transfers-Out is about 6%, and stated that is typical, and salaries and benefits is always the biggest expense

We are completing the fiscal year end 12 budget, and this year's budget compared to the new proposed budget, and as you can see personnel is almost the same, salaries 3.4 million dollars...new budget 3.6 million dollars. And stated one of the big differences on the increases in salaries, and indicated the Commission approved a GRT increase dedicated to the police department for additional personnel or salary enhancements, and that is the reason for that increase, but the revenue offset that expenditure, and TBD the NM Self Insurers' Fund gives municipalities a dividend credit every year for staying within...meeting the goal of training for employees for safety training, and once we receive that information that will reduce a little bit of our operating expenditures.

City Manager Fuentes – The operating budget remains almost about the same 1.6 million compared to 1.6 million three five, Capital

Outlay last year we budgeted in the General Fund \$54,000...this year it is only about \$8,200.00...\$7,200 of that is the library which we are required to buy books for the library, and the rest is for a computer...or something. Transfers-Out remain the same... \$321,000 and now \$307,000, and this is the Transfer-In number...is the number that comes from the Joint Utilities Fund, and that the goal...at least my goal and my recommendation to the Commissioners is that we keep that same transfer in...if we don't increase our revenues or the goal should be to try to reduce that number, and that is why you see if the same, and that will be my recommendation is try to reduce that transfer in number from the Joint Utilities Fund.

And just to highlight some of the changes in the budget compared to this year's budget...again the preliminary revenue estimate for fiscal year 13 an additional \$154,000 from this current fiscal year... again the majority of those is that increase because of the additional GRT dedicated to the police department. Transfers-In as I stated 2.2 million dollars from the Joint Utilities Fund from the General Fund...\$100,000 Transfer-In, and stated that is a temporary cash flow to the CDBG Fund, and once we start working on the electrical upgrade project...this is just to override that fund...the necessary cash to pay the bills, and then reimburse the City back. At the end of the fiscal year...at the end of that project that \$100,000 will go back to the General Fund.

City Manager Fuentes stated in this year's budget I am recommending for your consideration...approval to allocate to each department an average amount for merit increases to their employees, and that we're not talking about a huge amount, and again in doesn't include the police department because they've already been taken care of by the GRT, and that this is for everybody else in the General Fund. And the idea behind this request as this will give the department heads/supervisors a budgeted amount that they would use to reward some of their employees that have done a good job throughout the year or give them an incentive for their performance instead of across the board type cost of living adjustment, and that they did that last year...this year my approach, and recommendation would be more performed based, and trying it out, and get the supervisors and department heads an opportunity to give them more say and authority on how they would like to distribute that to their employees, and I will work with them to give them some kind of process.

And the other things you see in the General Fund are health insurance...rates remain the same as they did last year, retiree health care, and regular employees are paying an increase by a quarter percent, and the police department increase by 3.312 percent, and the NMSIF dividend credit is yet to be determined, and the fire department budget did increase by \$12,840, and stated that is reasonable considering that we've stayed at the same rate for many years, and indicated they do a lot for the City, and I am recommending that we grant them their request of an additional \$12,000 for a total allocation of \$25,000. And the overall difference from this current fiscal year is the preliminary 13 budget increased about \$140,000, and again the majority of that increase is coming from the police department.

Commissioner Green – Is there a number you have attributed to the

merit allocation?

City Manager Fuentes – The number is within their personnel services, and is based on the employees in their department that are eligible an increase, and not on a probationary period, and we're using the 3% figure, and that figure will give each department a certain amount.

And we've already covered the allocation for sub-recipients which will remain the same at \$106,000.

Under the Special Revenue Fund...the State Fire Fund requires that all of the money that they are allocated to be spent within that fiscal year, and there are exceptions that the State Fire Marshal does allow the fire departments to carry over some of their State Appropriation money. Lodgers' Tax we already covered the revenue expenditures, and they remain the same as FY 12. Street Fund there is a Transfer-In from the General Fund to cover the fund deficit of \$27,000, and again the reason for that is because now the Street Fund is paying for that loan from NMFA...so this year we have a slight deficit so the General fund has to cover that. The NMFA Street Loan right now is estimated for the beginning of the new fiscal year is about 1.1 million dollars.

Commissioner Green asked for the street loan is there a possibility of going back to NMFA, and see if we can re-negotiate that loan at a lower interest rate, and maybe save that deficit.

City Manager Fuentes – We can definitely talk to the advisor to see if we can re-finance it. DWI – You'll notice in your budgets that nothing was budgeted in DWI, and that in the new fiscal year it is going to the County, and that we may have some carry over expenditures that we need to budget, but we can take care of that in the final budget...and those are going to be small. Library Fund and I think we covered those when we were talking about the other entities contributing, and in the Library Fund budget you'll noticed that we zeroed the contribution from other entities.

Commissioner Green – Are we going to send letters requesting help with that from the other entities?

Ms. Pat O'Hanlon – I've asked all of them every year...they don't say no.

Mayor Mulcahy – I think it's an opportunity for us...maybe me to talk to each of those entities...I'd be very happy to do that.

City Manager Fuentes – Now we're gonna go into the Enterprise Funds. The first two numbers that you see...the beginning cash balance that's the first column...The Cemetery has an ending estimating cash balance of \$15,500, and the revenues are estimated at \$16,600. 4101, 4102, 4103, 4104, 4105 those are all the Joint Utility Fund, and that they are all grouped together right now...and we track them separately, but the ending cash balance are all under one checking account. And our goal this year was to separate them, however it's gonna require some assistance in some programming from our software provider to separate those ending cash balances for each of these funds, and that will be the goal, and I am determined to get it accomplished next year is to have those funds

separated so each one has their own ending cash balance.

Electric Division – Estimated Revenue it increased by 1%, and personnel we allocated a certain amount for merit allocations, and the standard health, and the retiree health care remained the same. The \$157,000 Transfer In increase that is for a cash flow loan to fund 17, and that is the Recreation Loan I believe, and the other is the Airport Fuel Tank Loan Payment. The \$3,091,071 increase in Transfer Out to various funds. And in the Electric Department Division detail in the revenue you'll see where all that money is going to all those different funds. Water Department – The standard categories for the first three. The \$174,820 Transfer Out to various funds and most of those is to the General Fund, and some other funds that are required by City Code. Solid Waste – Standard first three. Under the Solid Waste Division we did transfer 4 employees to fund 42, and those employees will be working under the new Solid Waste Collection Center Operation, and indicated we're not increasing personnel, and we have some employees at the landfill, and they will come over to the Solid Waste Collection Center. And stated the estimated charges that is TBD for the Solid Waste Collection Center since we're still going through the advertising of the bid project, and some of the estimated revenues and expenditures right now until we get that bid back, and decide how...where we're gonna go with...who we're gonna go with we'll have a better idea what those costs are gonna be.

Waste Water – Estimated revenue at same level as FYE 12, and the same categories. \$130,179 Transfer IN to cover the fund deficit, and Fund 42-03 Landfill Transfer Station – Personnel and O & M expenditures for SW Collection Center. \$120,000 Transfer OUT for the loan payment now that we have for that facility.

Golf Course – Transfer IN \$45,000 to cover the fund deficit in the Golf Course, and increasing the O & M by \$5,000.

Airport - \$98,945 fund deficit that is covered by the General Fund, and Transfer OUT of \$7,650 and that is the fuel tank payment.

Commissioner Green – On the Golf Course that the City applied, and owns a beer and wine license.

Commissioner Torres – It's a governmental license...you can sell anything.

Commissioner Green – So the person that's got the contract for the Golf Course is kinda leasing that license from us...do we ever get a report...I think he's paying \$100.00 a month to the City...do we ever get a report on the amount of business that actually that license that we're renting is generating. Do we require the contract manager of the City Golf Course to give us information on what they are doing out there, and how much revenue really is being generated, and moving through that register?

City Manager Fuentes stated they do submit a report because they have to report their GRT, but we don't get a detailed report...at least I haven't seen a detailed report of the different categories of revenue streams that they are collecting...or a category that would tie into that liquor license.

Mayor Mulcahy – Commissioner we're working on that contract, and I'll bring a proposal to this Commission, and the Advisory Board in the next 45 days.

Commissioner Torres – That is a beer and wine license.

City Manager Fuentes – Capital Projects Fund, and these are all the different categories; Water, Wastewater, Effluent Water Reuse, Electrical Construction, Veterans Wall, Senior State Grants, C. I General, C. I Joint Utility, and stated the C. I Joint Utility has a ending cash balance of 1.2 million dollars, and that fund is only dedicated for using it towards the improvements for the water/wastewater, electric division, and now will be for the solid waste, and this is a checking account at the Bank of the Southwest...so we have some reserves there for capital improvements for the Joint Utilities.

And stated we have Emergency Funds, 81, 84, 85, and that those are required by City Code. And some of those funds were created to set aside some money for those particular uses, and you will see those funds are related and tied in to the last four funds of the 90, 91, 92, 93, and what you see in the middle of those amounts on the 2<sup>nd</sup> column...for example Capital Improvement Reserve Joint Utility 1 million dollars, and stated that is actually a CD that we have with Compass Bank...all of those are investments, \$80,000 Wastewater Repair \$100,000, Electrical Construction Reserve \$81,000, and stated when we going through this PER we will know what other improvements that we are required we may be able to use some of these funds for those improvements, but it's only a one time shot, and stated those are the Capital Projects that we use those funds for.

Mayor Mulcahy – What's the \$14,000 for the Veterans Wall...what are we doing with that?

City Manager Fuentes – The Veterans Wall the \$14,000 under the expenditures...the City has...that's City owned property, and the City has been allocating every year...the \$14,200 that is used for O & M...it is used for upgrading the facility, and to maintain the facility. And explained the City years back partnered with non-profit to use some State Appropriation money, and developed that property, and stated they also receive lodger's tax money for advertising the museum.

Commissioner Green – The maintenance contract that the City has with Stagner Landscaping does that come out of that \$14,000?

City Manager Fuentes – It's not a City contract it's a contract with the non-profit whose is running the museum.

And stated some of these figures in the Capital Projects Fund, and they are gonna change when it comes to you on the 22<sup>nd</sup> for approval, and definitely by the final because we're still working on some of these grants that we're spending right now as we speak.

He stated the last two categories are the Fiduciary Funds, Court Bond Funds, and Internal Service Fund, and stated the Court Bond is just what it is...Court Bonds that are required imposed by the Judge, and that they have to be set aside in a separate fund. The

Internal Service Fund...that's the Fleet Services...Service Center, and it has a little ending cash balance, and stated they bring in some money, and use some of the money as well for capital improvements. And the last one is the Pledge, and that is your Debt Service Fund, and that is paying... a lot of money goes funneled through that fund to pay for all of our loans, and a lot of our outstanding debt...so it's money that comes in and out.

City Manager Fuentes stated overall we're projecting at the beginning cash balance to have about 6.1 million dollars, and projecting we have 2.4 million dollars in investments. On the investment side...and I bring back the Resolution with the NM State Treasurers Office, and we'd definitely like to use some of that excess ending cash balance that we have here in the first column, and we can do that on these Capital Projects Fund, and a lot of this money it just sits there, and doesn't generate a lot of interest, but at the same time, but some of it we can't necessarily tie up for 6 or 12 months, and we can increase our return on our investment if we can do that.

And we have projected in revenue for City wide 18 million dollars, and the column next to it is your transfers In and Out...that has to zero out. And expenditures City wide is 19 million nine hundred and ninety six for an ending cash balance of 7 million, and we are required that the 442 of the State the DFA General Fund Reserve. He stated that ends the overview.

Commissioner Green – I saw somewhere back an e-mail from WHPacific that we have contracted for them to take a look at our wastewater treatment plant because it's due for re-permitting in 2014, and that nitrates are going to be required to be taken out, and we don't have that capability...so I'm wondering do we have a number or a projected number of how much it's gonna cost to upgrade that plant, and bring it into compliance so we can start to budget now...so we don't have a humongous number to deal with in 2014.

City Manager Fuentes stated the PER is going to address that issue as well...so they are going to give us those numbers.

Commissioner Richter – We're talking about upgrading the wastewater treatment plant, and a few other things...do we have some sort of plan 5-10 years in the future where we going to start replacing some of these lines that lead to the wastewater treatment plant...plus some of these old lines that come from the rehabilitated water tank that distribute this water.

City Manager Fuentes – The PER for the wastewater will give us that strategic plan for improvements there, and separate from that we need an asset management plan that would include not only the water lines your wastewater lines your streets, and your electric, and the City currently does not have that, and we need to budget for an asset management plan, and that the State is encouraging municipalities to have an asset management plan, and that we need to start budgeting money to replace some of our aging lines, and do it in sections.

Mayor Mulcahy – Asked if these are in our Comprehensive Plan.

Mr. Slettom – Yes we'll look at the infrastructure.

Mayor Mulcahy – What's the next step...Mr. Manager.

City Manager Fuentes – Stated the next step is questions from the Commissioners from any of the directors that are present, and that we will finalize the budget, and the preliminary budget we will bring it back on the 22<sup>nd</sup> for approval, and submit it to the State Department of Finance and Administration to get preliminary approval, and stated we will re-visit it again sometime in July because we'll have to adopt the final by the end of July.

Mayor Mulcahy stated if the Commissioners will bear with me I've got a little history lesson I need to learn as this is my first time, and if it's okay I'll like to run with some questions, and join some conversation as well.

I'm looking at the Governing Body, and looking at operating expenses, and somewhere back in 2008 we have \$170,000 worth of government contracts in there...what are those and where did they go?

City Manager Fuentes stated that money was used for the dispatch contract the City has with Sierra County SCRDA, and last year the representative for that board is the Police Chief, and sometimes the City Manager...I never understood why it was there, and I moved it to the Police Department because they have a representative that would be the one to fight if they wanted an increase, and they would know what kind of hit that would be to their department.

Mayor Mulcahy – So that's where we see that contract for \$208,000 now.

City Manager Fuentes – That's right.

Mayor Mulcahy – It looks like we're budgeting an increase over last year's budget of 30% for Court staff.

City Manager Fuentes – The reason for that is this year the Court has a Juvenile Adjudication Fund Grant, and stated that pays for one of the employees...it's a grant funded employee, and that the Court does not receive that grant next fiscal year then obviously the employee is no longer with the City...so that is the reason for that increase in the wages.

Mayor Mulcahy – In your account something happened to a Weatherization Grant.

Manager Fuentes – Some of the grants that we process they go through different funds, and this weatherization grant was a one-time grant from the State, and that it was in the City Manager's budget, and tracked under this line item.

Mayor Mulcahy – The Boy's 'N' Girl's Club...

Manager Fuentes - The same thing with Boy's 'N' Girl's Club, and the reason they will no longer show up is because the grants will no longer exist in the new fiscal year.

Mayor Mulcahy – In Animal Control we went up \$20,000 or so in contracts...what was that additional money?

Manager Fuentes – That additional funding in the contracts has to do with the new proposed Animal Shelter Contract...so the Chief is anticipating that increase, and that is yet to be determined what that final amount is.

Mayor Mulcahy – Also increased about \$6,000 for safety equipment...what was that?

Manager Fuentes – I don't know but we can get back to you on that.

Commissioner Green – On page 6 under Animal Control, operating expense around \$40,000, and up to \$67,850 projected for our preliminary budget, and I think that ACO was asking for \$1,000 because now they have a \$500 disposal fee because our landfill is closed, and they wanted \$500 for general services...

Mayor Mulcahy – Commissioner Green...that's the \$18,000 we were just talking about...we budgeted \$18,000 extra for that eventuality...

Commissioner Green – Yea, but it's only \$12,000...

Manager Fuentes – We'll get back to you on that...I'll ask the Chief.

Mayor Mulcahy – Looking at Parks 'N' Recreation back in 2007 we had \$203,000 personnel, and now we're down to \$108,000...

Manager Fuentes – Some of those...If you notice...and you're looking at 2009-2010, and I think those figures were grouped, but they should have been separated because you not only have full-time you have temporary, and overtime wages. And explained some of those employees were transferred out to other departments, and positions that have been left vacant and not filled, and not budgeted over the years.

Mayor Mulcahy – I get a lot of constituent comments about how we're not taking care of our recreation facilities, and I hope that we haven't disabled our ability to do that by cutting payroll budget in this area.

Manager Fuentes – I can tell you in this particular budget, and that we will have to re-visit once the pool is covered, and last year we were anticipating and estimating once that is operational both the O & M including personnel is going to be close to \$100,000, and stated that is not in here because we don't know when that is going to happen.

Mayor Mulcahy –I'd like to ask the Commissioners to be particularly conscience of the fact that our parks and rec is something...we need to make sure that we're staffed.

Manager Fuentes – As you all are aware of the consolidation of the parks, streets, and the facilities will that Public Works Director more resources to allocate where it is needed, and hopefully

address some of those issues whether it is the parks, facilities or anywhere else.

Mayor Mulcahy – The next section is Building Inspector, and we've actually changed it to Community Development...is that right?

Manager Fuentes – That is basically what it is...it's not a Community Development...

Mayor Mulcahy – In the Street Department we got a really significant increase in the bottom line the last 5 years, and it looks like it's not payroll related...it's all workers comp, health insurance...there is \$122,000 sitting there that's an increase all related to benefit type stuff...is there something going on.

Manager Fuentes – No it's just as employees come and go...the benefits that the City offers, and that an employee coming in, and not want insurance or only employee insurance, but if they come in and want family insurance...it's a hit to the City, but that's the benefits that the City offers. And stated right now its 80/20 contribution.

Mayor Mulcahy – Under Facility Management we have no capital outlay...is that reasonable.

Manager Fuentes – That's what we have under facility management...page 21, you'll see line item 403 - \$70,000 that is allocated for year-around improvements to our facilities.

Also a comment regarding the GRT – and I agree, and my recommendation is keeping the Transfer In from the Joint Utilities at that fixed amount...why...because that would put pressure on the City Manager's Office on our department, and put pressure on all of us to do more to increase our GRT...increase businesses... because if we can even reduce 1 million dollars from that dependency from the Joint Utilities that means 1 million dollars that we can put back in to our infrastructure...1 million dollars that we can do more with in the system, and that is a lot of projects for the City...it's a big task.

Commissioner Green – Is the City's portion of lodgers tax which can be used for tourist related facilities, and attraction such as the Golf Course...have you earmarked the City's portion and where... and for what is the City gonna use the portion of lodgers tax.

City Manager Fuentes – If you turn to page 37...that's the Lodgers Tax Fund, and you will see an allocation for building structures improvements of \$13,742, and stated that is for Civic Center improvements...so that is part of where the money is, and the rest of the money is being allocated towards...of course you already approved the recommendation from the Lodgers' Tax Advisory Board \$72,182...you see \$30,000 for Main Street so that's where the lodger's tax is going, and then \$10,000 for equipment for a lease for the golf course for a mower.

Mayor Mulcahy – Can we talk about Transfers Out. We're gonna put \$45,000 at the golf course.

Manager Fuentes – Yes.

Mayor Mulcahy – Last year we planned to put \$60,000. We're going to offset a loss of about \$100,000 at the Airport.

Manager Fuentes – Yes.

Mayor Mulcahy – And we're going to finance the Airport Fuel Fund with revenues that we hope will come from the Airport.

Manager Fuentes – Well we're actually cutting down...if you can see the Transfer In to the Airport is the same as last year. So in essence we're cutting back their expenditures. In the Airport to fund that fuel tank we're not going to increase their Transfer In.

Mayor Mulcahy – It's still a loss operation.

Manager Fuentes – It's still a loss...that's right it is.

Mayor Mulcahy – And the Transfers Out for the Veterans Park again that's \$14,000. We spent \$14,000 in transfers for the Cemetery.

Manager Fuentes – Right we have a little bit of ending cash balance, and that will cover that \$12,000 going in.

Mayor Mulcahy – I've got some priorities...I want to take care of our parks, and take care of the 200 kids that are out playing softball, and I want to take care of the kids that were playing basketball on gravel at Ralph Edwards Park this past week-end. And I think it's important that we take a look with the Golf Course, and see if we can't work hard on that to make that a profit center, but I'd also like to...Socorro and lots of other municipalities are taking advantage of I-25 Elephant Butte for one for putting up billboards that say get off here...come see what we got here...I think that would do a lot to bring people into our town.

Commissioner Richter – These are all good ideas, but I don't think the City should be funding all this themselves. We have the businesses here that are going to benefit from that...and they ought to be paying for it.

Mayor Mulcahy – You've done a great job putting together this budget, and appreciate all the department heads, and want to make sure we don't have safety issues of facilities.

City Manager Fuentes – The next step if there is no other changes then we will go ahead and proceed and move forward and finalize the budget for your consideration on the May 22<sup>nd</sup> meeting.

Commissioner Green – I do have one suggestion, and referred to page 58, and that recycling is going to become incredibly important, and that the City has partnered with Bountiful Alliance...we are kinda a work force, and work with Leonard and his staff. And that we have been footing the bill for all the ads to educate the public, and they are going to be doing fundraisers at the Bountiful Alliance level, and I don't have a guarantee how much we're gonna raise...but I think it's public awareness of constantly producing brochures, newsprint ads, and radio ads, and I would like to respectfully request that Manager Fuentes put in \$2,000 extra in

line item 41-04-770 where it refers to dues and subscriptions...I would like to add, and advertising to make that \$2,600, and what we would do working with the City is we will use the Bountiful Alliance's money first, and when that money runs out...I don't want to stop the education process of the public.

There being no further business to come before the Commission the meeting was adjourned.

ADJOURNMENT:

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2012, on motion duly made by Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, and carried.

\_\_\_\_\_  
JOHN A. MULCAHY, MAYOR

ATTEST:

\_\_\_\_\_  
MARY PENNER  
CITY CLERK

