



FINANCE BOARD MEETING
JULY 17, 2013, 6PM
CITY HALL COUNCIL CHAMBERS
405 N. PASEO DE OÑATE ESPAÑOLA, NM

A. CALL TO ORDER

Mayor Lucero called the meeting to order at 6:03pm.

B. PLEDGE OF ALLEGIANCE/MOMENT OF MEDITATION

Mayor Lucero led the Pledge of Allegiance and Councilor Pedro Valdez led the Moment of Mediation.

C. ROLL CALL/ DETERMINATION OF QUORUM

The following Finance Board members were in attendance:

Mayor:	Alice A. Lucero
Mayor Pro-Tem:	Dennis Tim Salazar
Councilors:	Elaine L. Herrera
	Eric S. Radosevich
	Cory Lewis
	John Hernandez
	Peggy Sue Martínez
	Pedro Valdez
	Robert Seeds

D. APPROVAL OF AGENDA

Motion by Councilor Martinez to approve the agenda; seconded by Councilor Valdez.

Motion carried 7-0.

E. PUBLIC COMMENTS

There were no members of the public wishing to comment.

F. COUNCILOR COMMENTS/ANNOUNCEMENTS

Mayor Lucero thanked staff for their involvement in the Fiesta del Valle de Española.

G. FY 2013-2014 BUDGET REVIEW

Mayor Lucero explained that according to state law, the City Manager was required to submit a budget to the City Council for submission to the State of New Mexico Department of Finance and Administration (DFA).

Administrative Services Director (ASD) Joyce Sandoval stated that she had received conditional approval on the preliminary budget and any changes that were made thereafter were included in the packets. She stated that the balance for the water fund had ended with a \$209,335 deficit; however, there was a \$851,838 surplus in the General Fund that could cover the amount. Councilor Martinez asked if \$851,538 was the actual year ending cash balance. ASD Sandoval replied in the affirmative.

Councilor Seeds stated that there had been a Finance Board Meeting a month and a half prior to adjust the budget. He stated that the Mayor and staff had stipulated that they intended to present a flat budget with no increase. He asserted that the current document had several additions. Councilor Seeds questioned which version had been submitted to DFA. ASD Sandoval replied that a flat budget with some changes to the salary schedule had been presented to DFA. Mayor Lucero stated that at the time she had informed them that it was a flat budget with a few minor changes and they had been provided with a list of those changes. Councilor Seeds asked when that happened. Mayor Lucero stated that it was when the preliminary budget was presented. Councilor Seeds stated that he had attended meetings in an effort to get the budget under control. He added that there had been votes regarding keeping certain things at a minimum. Mayor Lucero stated that there had been no action taken.

Councilor Seeds asked who changed the budget. Mayor Lucero stated that the budget was submitted by the City Manager as required by law. Councilor Seeds stated that the majority of the Governing Body discussed and decided that there were certain items to be cut back on so they would not overspend. Mayor Lucero reiterated that the current budget was submitted by the City Manager as required by law.

ASD Sandoval stated that the first page indicated the final Gross Receipt Tax (GRT) numbers. She stated that she had received property tax amounts for the next year and there was an increase for both Rio Arriba County and Santa Fe County. She added that there were slight changes in other revenue.

ASD Sandoval explained that the Governing Body expenditures had been increased to cover the dues for the Regional Coalition of LANL Communities. She stated that they had not been budgeted for in the past, but had always been paid. She explained that it would be proper to budget them.

ASD Sandoval affirmed that there were no changes to the Municipal Court budget from the preliminary budget.

She indicated that because the Community Services Director budget had not previously included insurance benefits, they needed to address the issue as a new employee may need those benefits.

Councilor Martinez stated that she had sat in on a meeting where three (3) of Len Cata's employees agreed that the position could be cut. She asked Interim City Manager Duran for clarification. Interim City Manager Duran replied that it had since been discovered that there was a lot of work that was needed for events and programming at the Bond House, Plaza and Convento area. He explained that there also needed to be additional direction. He stated that Recreation Coordinator Herrera was doing a good job but was overwhelmed. Interim City manager Duran continued that someone was needed to coordinate all facilities and provide direction as well as work on the other facilities. He explained that he currently filled that role. Councilor Martinez asked for specific examples that were different than when Mr. Cata worked for the City. Interim City Manager Duran replied that when Senior Center Coordinator Josephine Velasquez took time off, there was no supervisor at the Senior Center. He stated that Recreation Coordinator Herrera had been pulled from his duties to oversee that process. Interim City Manager Duran added that the maintenance to the Plaza area was falling behind as was the scheduling of events.

Councilor Valdez asked if it would be possible to hold off on questions until after the presentation by ASD Sandoval. Councilor Seeds stated that he believed that their duty was to look at the budget that had been approved preliminarily and he expressed his belief that it went against the majority of the Governing Body.

He continued that they had determined that supervisors should do more with less and expressed confusion as to why there needed to be an employee to make sure others were doing their job when there were difficult times in the community. Councilor Seeds added that it had been discussed that Recreation Coordinator Herrera's salary would be increased so he would pick up additional responsibilities. Interim City Manager responded that the Community Services Director did not solely supervise, but rather worked in the field and filled in where necessary. He stated that Recreation Coordinator Herrera was overwhelmed because he constantly had to move from place to place. He added that he wanted to avoid employee burn out. Councilor Lewis stated that he did see a need for that position and would support the change.

Councilor Hernandez stated that the same amount had been applied to his position and he would not be needing insurance through the City. ASD Sandoval stated that the vacancy had to show the maximum; however, now that the position was filled she would make that change. Councilor Valdez stated that he would be getting insurance through the City so the amount could be applied to his salary. Councilor Martinez noted that Councilor Valdez had gotten the large package. Mayor Lucero stated that he had gotten the same as Councilor Martinez.

Councilor Seeds stated that the Council had discussed things and shown discontent and asked if they needed to act on every item. He stated that he was not going to green light the entire budget.

Mayor Lucero stated that the Interim City Manager knew whether or not any position was needed. She explained that services provided by the Senior Center and Recreation Department were year round. She affirmed that she would support Interim City Manager Duran when he said there was a need for a Community Services Director. She stated that the Council had made recommendations, but had not voted on action items and she had made that fact very clear.

Councilor Seeds stated that he did not agree that what the Council wanted did not matter. Mayor Lucero stated that the City Manager had a responsibility to bring a balanced budget and then the Council had to take action. Councilor Seeds asked if the Mayor had a hand in drafting the budget. She stated that she trusted in Interim City Manager Duran's judgment as he had been running the city for a couple of years. She stated that he had also considered what the Department Heads wanted.

Councilor Martinez called for a point of order. Mayor Lucero called Councilor Martinez out of order.

Councilor Seeds asked ASD Sandoval the amount that salaried employees were paid out of the General Fund, including the City Attorney. ASD Sandoval stated that \$6,614,005 was what paid for salaries from General Fund. She explained that the City Attorneys were not paid a salary as they were contractors. Councilor Seeds asked the total monies in the General Fund. ASD Sandoval replied that it was \$10,189,697. Councilor Seeds asked if 60% of the budget was for salaried employees. ASD Sandoval replied in the affirmative.

Councilor Martinez stated that on the agenda they approved, it stated that the discussion of the budget was a review and she was not sure whether they could take action. She stated that they could always take action at the next meeting. Councilor Martinez agreed with Councilor Seeds concerning the items that had been removed from the budget. She stated that during the previous budget, there was a motion that had passed to decrease the budget for postage; however, when they received the new budget, the amount remained at \$10,000. Councilor Martinez asked if the Council was really going to make changes or if they were kidding themselves and it was going to go the way that a certain few wanted it to go.

Mayor Lucero stated that Councilor Martinez had a budget before her and had the right to vote one way or another. Councilor Martinez stated that she had voted previously and changes had not been applied. She asked that if she should make changes and go through the effort of compromising or if she was there to fill a chair. Mayor Lucero stated that it had been made very clear at previous meetings that the only time to make motions was when the preliminary and final budget were brought for a vote. Councilor Martinez replied that the Council had not approved a preliminary budget. Mayor Lucero explained that although the vote was 4-3, the City was still required to submit a budget to DFA. She stated that she had gone to DFA, explained the situation and they accepted the preliminary budget and approved it.

Councilor Martinez stated that DFA did accept the budget based upon the benchmarks that were used. She stated that they were required to meet a rubric. She continued that the City had not had an audit finalized in three (3) years. She announced that while examining DFA's website, she found that the City of Espa ola was still dealing with the same issues. She explained that, in her view, any amount of spending beyond what was necessary was irresponsible. She asked to visit with the Auditor to find out what was going on.

Mayor Lucero stated there would be a report on the audit at the next City Council Meeting. She commended the staff for working hard in the previous few weeks.

Councilor Valdez stated that he could not understand what Councilor Martinez and Councilor Seeds were presenting. He stated that there was \$1 million of year end funds. He stated that the Interim City Manager had brought down the deficit from \$800,000. He continued that a balanced budget had been presented to DFA and they had approved it. Councilor Valdez stated that he felt this was an adequate budget and if the other Councilors wanted to mess it up, they had the authority to do it when they voted it up or down.

Councilor Seeds stated that ASD Sandoval had given him an amount for salaried employees with benefits paid from the General Fund. He asked what the total was including Utility and other employees. ASD Sandoval answered that the total was \$10,399,032.

ASD Sandoval stated that the Española YMCA had requested an increase of \$10,000 bringing the total amount for the Youth Technology Center to \$55,000. She stated that from the preliminary budget to the current budget, there were no changes to the City Manager's budget. ASD Sandoval added that City Clerk's budget was increased by funding the Records Clerk position which amounted to an increase of \$52,288 for salary and benefits.

ASD Sandoval stated that the Recreation Department had added two (2) seasonal lifeguards between the preliminary and final budget.

She stated that the Senior Center budget had increased to fund the maintenance contract on exercise equipment and contractual services for the maintenance on the lease of the dishwasher. She stated that the Non-Capital Equipment line item was increased by \$1,500 and there was an increase in the Uniforms line item for the cook. She announced that the total increase for the Senior Center was \$3,415.

ASD Sandoval stated that the Human Resources (HR), Finance, Information Technology (IT) and Library budgets had not changed between the preliminary budget and the current budget.

ASD Sandoval stated that there had been a rounding error on the PERA amounts for the Planning & Zoning Department so there was a \$4 decrease.

She stated that General Services and Parks did not have any changes between the preliminary budget and the current budget.

ASD Sandoval stated that Public Safety had some changes in personnel and salaries that netted to an increase of \$4,395. She stated that the Interim Detention budget costs did not change from the preliminary to the current. ASD Sandoval stated that the Fire Department had some changes to their benefits that created an increase of \$8,208.

She stated that the Central Administration budget had not changed.

ASD Sandoval stated that the Transfers Out line item had been increased by \$40,000 to the Plaza for operations. She explained that the net change between revenues and expenditures left a deficit of \$201,418.

Councilor Lewis exited at 6:45pm.

Mayor Pro-Tem Salazar exited at 6:45pm.

Mayor Lucero explained that it was not a true deficit because of the balance from the prior year. She recommended that the employees be given a 3% increase which would cost an additional \$178,246 from General Fund.

Motion by Councilor Valdez to approve the FY 2014 budget with the addition of 3% raises across the board; seconded by Councilor Hernandez and Councilor Herrera.

Councilor Martinez asked if the increase included elected officials. Mayor Lucero replied that elected officials were not employees.

Councilor Valdez stated that they should pass the budget and make changes after the budget was sent to DFA. He explained that there could be Budget Adjustments with regard to the postage line item. Mayor Lucero agreed that those could be done throughout the year. Councilor Valdez added that the budget should be approved given that there was a surplus and employees would not have to do furloughs.

Councilor Seeds stated that there were a lot of new positions and he would like there to be an agreement that no positions would be filled until after the final budget received DFA approval. He stated that the budget should have been completed by July 1st. Mayor Lucero agreed that the positions would not be filled until the budget was approved.

Councilor Seeds stated that he was concerned about the overage in the Wastewater Fund. Interim City Manager Duran stated that the money had been used for professional services as well as other issues. ASD Sandoval stated that the overages were related to the change orders and the other work the Council had requested. She added that some of the monies were from prior year cash which reflected as a negative but would be covered. She stated that every project had been approved by the Council. Mayor Lucero cited the work on Coronado Avenue and Calle Delfina as examples. Councilor Seeds asked ASD Sandoval if the Council had access and control over every one of the expenditures that added up to \$923,401. ASD Sandoval replied in the affirmative.

Councilor Martinez asked why building and zoning permit revenues had decreased. Mayor asked Councilor Martinez not to discuss small items. Councilor Martinez stated that she would discuss the budget they were approving. She cited page 1 and stated that the City Manager salary schedule had changes. She stated that the Planning & Zoning budget had increased from \$195,000 to \$261,000. She stated that the increase in those two (2) departments was over \$200,000. She stated that she did not understand why there was growth without an audit. Mayor Lucero replied that revenues had increased.

Mayor Lucero asked if anyone else had comments. Councilor Martinez stated that she still had the floor.

Councilor Martinez stated that the Public Utilities fund had used \$2,000 in a particular line item and had budgeted at \$100,000 for the next year. She stated that the Line item for the Rent of Land and Buildings had increased by \$147,000. ASD Sandoval stated that the Rent of Land and Buildings was set at that amount as it would pay for easements. She stated that there may be higher or lower costs for that; however, the Water Department thought that \$100,000 would be a good estimate.

Councilor Lewis re-entered at 6:59pm.

Mayor Pro-Tem Salazar re-entered at 6:59pm.

Councilor Radosevich entered at 6:59pm.

Councilor Martinez stated that she was concerned that the City was growing as government and not as a community. She stated that if there were no building permits, it meant that no one was moving here or building. She stated that she was not interested in voting on the budget that night and disagreed with approving a budget before the audit was completed.

Councilor Seeds asked City Attorney Coppler then ASD Sandoval how much was budgeted for the YMCA. ASD Sandoval replied that it was \$55,000. Councilor Seeds asked City Attorney Coppler if the contract with YMCA violated the anti-donation clause and how it was different if it did not violate that clause. City Attorney Coppler stated that he had not looked into it; however, it may be a purchase of services. Councilor Seeds stated that he thought the YMCA Teen Center Director was doing a fantastic job; however, there were a lot of kids that were not reaping the benefits of the resources at City Recreation facilities. City Attorney Coppler agreed to review the contract and report on it at the Regular City Council meeting.

Councilor Hernandez stated that he had gone through the budget and highlighted a number of the same line items that Councilor Martinez asked about. He stated that ASD Sandoval's explanations and the fact that there were several funds from the prior year funding explained the wide disparity. Councilor Hernandez asked if the bottom line was that there was a deficit of \$209,335 and asked if it was inclusive of the 3% increase. ASD Sandoval stated that it was not. She explained that they wished to submit an increase in salaries as a suggestion and if the increase was not approved, the budget in the packet would be what operations stood at. ASD Sandoval stated that there was a cash surplus still available. Councilor Hernandez stated that if the surplus were utilized, there would still be a surplus. ASD Sandoval replied in the affirmative and explained that the remainder would go toward the required savings.

Councilor Seeds asked why there was an additional Director position listed under Public Works. Interim City Manager Duran stated that the Public Works Director position would be split into two (2) jobs. He explained that one person would oversee Utilities (Water and Wastewater) and the other would oversee General Services (General Services, Streets and Fleet). Interim City Manager Duran stated that he had informed the Council about this change at every meeting.

Mayor Pro-Tem Salazar exited at 7:11pm.

Mayor Lucero asked if the Public Works Director position should be zeroed out. ASD Sandoval replied that because the General Services Director was not included on page 11, that line should remain and the title should be changed. She explained that the great majority of the work that person would do would interface with utilities.

Councilor Martinez stated that before across the board raises were issued to the staff, she would like to see the Council start taking the promises they made to the Pueblos and the people of north Prince Drive seriously. She stated that she would like to see the money earmarked for those purposes.

Roll Call Vote:

Councilors:	Elaine L. Herrera	In Favor
	Eric S. Radosevich	In Favor
	Cory Lewis	In Favor
	John Hernandez	In Favor
	Peggy Sue Martinez	Against
	Pedro Valdez	In Favor
	Robert Seeds	Against

Motion carried 5-2.

Mayor Lucero stated that the budget would be submitted to DFA and a resolution would be on agenda the following week.

H. EXECUTIVE SESSION

There was no need to enter into Executive Session.

I. ADJOURNMENT

Motion by Councilor Valdez to adjourn; seconded by Councilor Lewis.

The meeting was adjourned at 7:16pm.

APPROVED AND ADOPTED THIS 12th DAY OF AUGUST, 2013.


Alice A. Lucero, Mayor

