

**FINANCE BOARD MEETING
JANUARY 21, 2014, 6PM
CITY HALL COUNCIL CHAMBERS
405 PASEO DE OÑATE, ESPAÑOLA, NM**

A. CALL TO ORDER

The meeting was called to order at 6:01 pm by Mayor Alice A. Lucero.

B. PLEDGE OF ALLEGIANCE/ MOMENT OF MEDITATION/INVOCATION

Councilor Pedro Valdez led the Pledge of Allegiance & Moment of Meditation/Invocation.

C. ROLL CALL/DETERMINATION OF QUORUM

The following Governing Body members were in attendance:

Mayor:	Alice A. Lucero
Mayor Pro-Tem	Dennis Tim Salazar
Councilors:	Elaine Herrera
	Cory Lewis
	John Hernandez
	Pedro Valdez
	Robert Seeds (entered at 6:12pm)

Absent:	Peggy Sue Martinez
	Eric Radosevich

D. APPROVAL OF AGENDA

Agenda as presented:

---Begin---

- A. CALL TO ORDER**
- B. PLEDGE OF ALLEGIANCE/MOMENT OF MEDITATION/INVOCATION**
- C. ROLL/CALL DETERMINATION OF QUORUM**
- D. APPROVAL OF AGENDA**
- E. ITEM FOR COUNCIL CONSIDERATION (ACTION ITEMS)**
 - 1. 2013-2014 Mid-Year Budget Review
- F. ADJOURNMENT**

---End---

Motion by Councilor Valdez to approve the agenda as presented; seconded by Councilor Hernandez.

Motion Carried 5-0.

Mayor Lucero called upon Administrative Services Director (ASD) Joyce Sandoval to discuss the mid-year budget review.

E. ITEMS FOR COUNCIL CONSIDERATION (ACTION ITEMS)

ASD Sandoval referenced page one (1) of her report and stated that City revenues were down and expenses had been projected to rise. She explained that she had previously calculated \$10.5 million in revenue at the beginning of the fiscal year and it may actually be closer to the sum of \$8.1 million.

ASD Sandoval explained that due to a 10% reduction in gross receipts tax at the beginning of November 2013, distribution was the lowest it had been in four (4) years. She stated that the Department of Tax and Revenue had reported that state gross receipts revenue from January to November of the same year was down an average of \$141,482 compared to the previous year. ASD Sandoval further stated that, due to the low distribution, the analysis would be amended. She explained that the departments gross receipts was revenue reported two (2) to three (3) months after the taxes have been collected.

ASD Sandoval stated that if the issues were resolved, the consequences could be a loss of approximately \$300,000 in gross receipt monies. She stated that the consequences of the return may be the cost of an entire payroll.

Councilor Valdez announced that New Mexico Senate Bill 540 would remove the discretion of municipalities and counties to impose a gross receipts tax through an ordinance. He stated that the bill could have a detrimental effect on the City and County. He urged the entire Governing Body to better educate themselves on Senate Bill 540 and the consequences it may have on the community at large.

Councilor Seeds entered at 6:12pm.

TAXES-STATE SHARED

ASD Sandoval explained that the consequences of Hold Harmless may dramatically affect City Licenses and Permits. She stated that the fees were currently considered low but would drop even lower as a result.

She reported that Rio Arriba property taxes were 96% lower in comparison to typical actual receipts. ASD Sandoval further stated that income tax may have fluctuated. She stated that November had been the worst month yet with a \$312,738 disparity between November 2012 and November 2013.

CHARGES FOR SERVICES

ASD Sandoval stated that the low number in November was caused by the Taxation & Revenue Department relocating gross receipts money that went to the City in previous months, but should have instead gone to other governmental entities. She stated that Charges for Services were an average of 18% lower. She continued that service fees for recreational services were seasonal and fluctuated depending on the time of the year.

FINES & FORFEITS

ASD Sandoval stated that variables in court fines had not equated to the projected revenue. She explained that although traffic violations and tickets may seem to equate to more correction fees and court fines that was not always the case. She stated that due to varying judicial court decisions, fines and fees were subject to the nature of the crime and may be reduced by the judge.

VARIOUS OTHER

ASD Sandoval stated that gross receipts revenue in Taos, Albuquerque and Santa Fe had gone up 2%, 4%, and 6% respectively. She stated that, in contrast, the City of Española had earned 21% less gross receipts revenue than it did at that time the previous year. ASD Sandoval stated that the City's gross receipts were currently 6% under projected revenue and predicted that they would be 10% under budget by year end.

TRANSFERS IN

ASD Sandoval stated that there was approximately five (5) million dollars in reserves. ASD Sandoval explained that the amount may be used in the instance of a natural disaster and that would be the recovery fund used for mass fires, explosions and/or infrastructure damage. ASD Sandoval stated that a good majority of money had been used to protect the City's water rights and water usage and other funds had been exhausted to handle easement issues with neighboring tribal entities, as well as unexpected legal fees.

GOVERNING BODY

ASD Sandoval stated that the Governing Body's budget had not fluctuated much. She reported that expenditures had been conservative and the majority of the Governing Body's budget paid New Mexico Municipal League dues and fees for various courses attended by members of the Governing Body.

MUNICIPAL COURT

ASD Sandoval stated that although the Judge's salary was one of the highest in the City, the average wage of full time and part time positions was average. She reported that Municipal Court revenues were down 10% from the previous year. ASD Sandoval stated that the court lost an administrative employee in the middle of the year due to an internal transfer within the City. She stated that the instance caused revenues to fluctuate due to the sheer abundance of paper work demanded from the courts. ASD Sandoval stated that another Municipal Court employee had been transferred internally to another department within the City and attributed the loss in revenue to the loss of manpower aiding the courts.

CITY ATTORNEY

ASD Sandoval stated that the City Attorney's budget was in excess of 50% at mid-year. She stated that the City Attorney's budget was projected to exceed the budget unless it encountered a slow second half. ASD Sandoval explained that the City was under contract with two attorneys. She stated that the City Prosecutor's funds were taken from the Professional Services line item and stated that his main objective was to service the courts and litigate police citations, claims and judgments. ASD Sandoval further explained that the other appointed Municipal Attorney was contracted and assisted in any/all legal matters pertaining directly to City administration which included the Governing Body. She stated that it would be in the best interest of the City to continue the services of both attorneys due to the negative ramifications of their absence.

COMMUNITY SERVICES

ASD Sandoval stated that the second half of the fiscal year was average for the Community Services Department. She explained that there was an error entered into the Workman's Compensation Line Item.

RECREATION YOUTH TECH. CENTER

ASD Sandoval stated that \$55,000 would soon be extracted from the Recreation Youth Tech Center budget to cover the ongoing YMCA Teen Center contract. ASD Sandoval stated that the facilities were maintained by the City and the City worked in collaboration with the Family YMCA in Los Alamos to ensure that the employees were paid as were their insurances.

CITY MANAGER

ASD Sandoval stated that 74% of the City Managers budget was based on salaries. She continued that there were two (2) employees under the City Manager- the Administrative Assistant and the Janitorial Position that had remained vacant for three months. ASD Sandoval explained that there had been added costs, such as the Rio Arriba 6-PAC Conference which the City Council had agreed to co-sponsor. ASD Sandoval commented that other amounts had not changed and cited the Animal Shelter as an example.

CITY CLERK

ASD Sandoval stated that the City Clerk's Department full time position line item year to date actual had

not exceeded 79% of the budget. She explained that the Records Clerk Position had been vacant for a portion of the year. ASD Sandoval stated that \$25,000 dollars was an additional amount due to the fact that it was an election year. ASD Sandoval expressed that the amount accommodated for election supplies and workers.

RECREATION DEPARTMENT

ASD Sandoval stated that the Recreation Department had expended 93% of their budget. She commented that costs had been incurred due to the high volume of turnover. She stated that due to the nature of the work involved, the City was required to insure these employees. She further expressed that the budget would have to be reevaluated prior to the following fiscal year so that adjustments could be made.

SENIOR CITIZENS

ASD Sandoval stated that the Senior Center had some vacancies during the beginning of the fiscal year but there were not changes to their budget. She stated that the Senior Center budget was at 86%. ASD Sandoval stressed that the Senior Center had not over spent.

HUMAN RESOURCES

ASD Sandoval stated that the Human Resources Department had only spent approximately 28% percent of the budget. She expressed that although the City Clerk was also the Director of Human Resources, this did not affect the Full Time Position line item. She further stated that 25% the budget was allocated toward health care insurance and the next highest expenditure was for FICA and Medicare costs that the City was required to pay into. ASD Sandoval stated that another portion of the budget was spent on drug screening for employees prior to employment. ASD Sandoval stressed the importance of good employee retention.

Councilor Valdez exited at 6:44pm.

FINANCE

ASD Sandoval stated that the City Finance Departments expenditures came in lower than expected because finance officials only paid for one audit instead of the budgeted three (3). Councilor Robert Seeds asked ASD Sandoval when she thought the City would be current with its audits. ASD Sandoval stated that she believed the audits would be complete by 2016 or 2017. She further stated that due to the decision of Council to adopt the new auditing firm White & Samaniego, the new firm would have to take time to acquaint themselves with the City finances. ASD Sandoval stated that she believed the City would be prohibited from capital outlay for several more years. ASD Sandoval further stated that preparation had already begun toward the 2012 audit.

Councilor Valdez re-entered at 6:50pm.

Mayor Lucero stated that she was hopeful that Governor Susanna Martinez would relax her executive order and allow the City of Española to receive legislative funding because of City Officials efforts to bring the audit situation up to date.

Interim City Manager Joe Duran stated that when he had met with officials from the N.M. State Department of Finance and Administration (DFA), they had recommended using the same auditors. He recalled that it had been the City Council's decision to go with a different auditor, who then must familiarize themselves with City finances from years past.

ASD Sandoval stated that auditors tended to favor establishments that were current with their audits and usually strived to keep them current. She envisaged the Finance Department fully staffed with qualified personnel working toward a shared understanding.

Councilor Valdez expressed appreciation to the current administration within the Finance Department and stressed that the City had been behind on audits dating back to 2004 and had caught up to 2011. He stated that it was something to be proud of and thanked ASD Sandoval and supporting staff for doing a considerable job given the City's prior predicament.

IT DEPARTMENT

ASD Sandoval stated that at the end of the previous year, new servers had been a necessary purchase in order to make way for the upcoming telecommunication infrastructure changes. She explained that servers which had fiber optic cable connection capabilities needed to be purchased in order to accommodate and migrate information to the new REDI Net high-speed internet provider. ASD Sandoval stated that the IT Department was over their mid-year budget by 15% due to the purchases.

ASD Sandoval stated that high speed internet access and all the capabilities that went along with the technology must be adapted. She explained that if the upgrade was not accommodated for, the City would fall behind technologically yet again. ASD Sandoval reported that the City contracted with a licensed and certified professional who could effectively program and maintain the upgraded servers.

LIBRARY

ASD Sandoval stated that the Public Library had only marginally spent their budget. She reported that 21% of library reference materials had to come from the General Fund in order to qualify for grant funding. She explained that a grantor would need to examine how the library was spending money in order to commit long term. ASD Sandoval stated that revenues from the department were not always the highest but the return on the services provided was priceless.

PLANNING & ZONING

ASD Sandoval stated that the Planning and Zoning Department had been under budget for the past six (6) months and were currently at 43%. She observed that in years prior, that had not always been the case. ASD Sandoval reminded the Finance Board that the department had filled the Code Enforcement Officer position just prior to the beginning of the new fiscal year. She stated that the Planning and Zoning Department may fall under budget at the end of the fiscal year if maintenance contracts did not increase dramatically.

STREETS – SALARIES/BENEFITS

ASD Sandoval stated that the Streets Department was on target; however, the differentials within the department had occurred due to the high cost of insurance, standby pay and overtime wages. She explained that the mentioned line items must be structured at a higher percentage because of the nature of the work and potential hazards that surrounded jobs within the Streets Department.

ASD Sandoval continued that during the winter months, streets employees were subject to worse conditions than in the spring or summer months. She stated that certain line items were subject to decrease as the weather improved. She surmised that the department may fall within budget in late spring or early summer.

GENERAL SERVICES

ASD Sandoval stated that the General Services Director position had been filled after being vacant for almost one (1) year. She opined that the General Services Director had been doing good job and reported that the department was on the verge of going over budget with a 5% marginal increase allotted. ASD Sandoval stated that given the sensitivity of the workload, this was not unreasonable. She further stated that added expenditures towards line items, like safety uniforms and supplies, had been incurred at a faster rate than other years.

ASD Sandoval stated that the General Services Department was safer than it had ever been. She deduced that the current General Services Director had saved considerable amounts of money by keeping work in-house and not paying over the projected or allotted amount for contractual work. ASD Sandoval further expressed that General Services Director Juanito Maes had his employees utilizing their time fully and wisely. She concluded her statement by adding that the type of initiative shown by the department would help the City progress.

PARKS DEPARTMENT

ASD Sandoval expressed sympathy for the Parks Department stating that there was not enough manpower to cover all the work required. She clarified her statement by commenting that the Parks Department was understaffed and under budget by approximately 16%. ASD Sandoval stated that she would like to see the department grow because the Parks Department maintained all outdoor City facilities.

FLEET DEPARTMENT.

ASD Sandoval stated that the Fleet Department was under budget by 20%. She reminded everyone that General Services Director Maes oversaw the Department and further stated that the Fleet Department maintained all City units. ASD Sandoval stated that maintenance costs were relatively extreme but that was the nature of the work. She stated that expenditures, such as tires and parts, could be very expensive, but the insurance for maintenance was extremely low when handled in-house by the experienced mechanics.

POLICE DEPARTMENT

ASD Sandoval stated that during the first six (6) months of the year, the Police Department had maintained their budget under projections by 9%. She stated that this was due to employee turnover.

Councilor Lewis asked ASD Sandoval about the Department of Public Safety's vacancies. ASD Sandoval stated that, to her knowledge, the only vacancy was the Deputy Chief of Police position.

Councilor Seeds exited at 7:22pm.

Councilor Lewis asked Director of Public Safety Eric Garcia for his account of positions available within the Public Safety Department. Director of Public Safety Garcia stated that there was also a vacant Safety Officer position. He requested that the Security Officer position report to the Director of Public Safety.

Councilor Seeds re-entered at 7:23pm.

Mayor Lucero stated that she was under the impression that the position was under the Human Resources Department. Director of Public Safety Garcia stated that the core skills of the Safety Officer would require Public Safety training and certifications and the scope of work was primarily public safety related.

Councilor Lewis asked how the position was transferred to the Human Resources Department without notification of the City Council, Public Safety Committee and/or the Finance Committee. Director of Public Safety Garcia stated that the position had been sought by the Human Resources Department because of the job description. He curbed his remarks by stating that several of the duties within the Safety Officer job description assisted with HR protocol.

Motion by Councilor Lewis to move the position of Safety Officer from the Human Resources Department to the Department of Public Safety; seconded by Mayor Pro-Tem Salazar.

Mayor Lucero stated that the discussion may be tabled for a later date and/or the next Public Safety Committee Meeting.

Councilor Lewis withdrew his motion to move the position of Safety Officer from the Human Resources Department to the Department of Public Safety; seconded by Mayor Pro-Tem Salazar.

Motion by Mayor Pro-Tem Salazar to table the discussion until the next Public Safety Committee meeting; seconded by Councilor Lewis.

Motion Carried 6-0.

ASD Sandoval stated that the Safety Officer position had been budgeted for by Human Resources. She stated that she had read thoroughly through the job description and the Safety Officer role assisted in an administrative capacity. She further stated that the largest draw back from the position was handling reports in a timely manner and functioning much like an internal auditor but with the main objective to protect the City from potential lawsuits.

ITERIM DETENTION

ASD Joyce Sandoval stated that the Care of Prisoners line item from the Interim Detention Department accounted for the transportation and temporary incarceration & housing costs for individuals detained by the Police Department. She stated that the City had contracted with the Santa Fe County Detention Facility.

FIRE

ASD Sandoval stated that the Fire Department was under budget by approximately 56%. She further stated the department had hired a Deputy Fire Chief who was handling all sensitive documentation.

CENTRAL ADMINISTRATION FUND

ASD Sandoval stated that approximately \$894,652 was not included for emergency expenditures from the prior cash year. She further stated that minimum purchases for non-emergency items were dealt with on a case-by case basis. ASD Sandoval reported that the year to date annualized sum was at 84% and the total budget had been marginally lower the previous year.

PUBLIC UTILITY FUND – MISCELLANEOUS REVENUES OTHER SOURCES

ASD Sandoval stated that Jemez Electric Cooperative was set to pass on the legal settlement amounts with local pueblos to consumers, including the City. She announced that documents sent from the City Attorney's office to City Officials stated that the annual electric cost for Municipal buildings would go up by more than \$34,000. ASD Sandoval stated that any potential financial troubles could be solved with a little belt tightening.

Mayor Alice A. Lucero thanked ASD Sandoval for her time and efforts and her extensive work prior to the mid-year budget review.

Motion by Councilor Valdez to approve the Mid-Year Budget Review; seconded by Councilor Hernandez.

Roll Call Vote:

Mayor Pro-Tem:

Dennis Tim Salazar In Favor

Councilors:

Elaine Herrera In Favor

Cory Lewis In Favor

John Hernandez In Favor

