



FINANCE BOARD MEETING

**Tuesday, January 22, 2013 6:00pm
City Hall Council Chambers
405 N. Paseo de Oñate, Española, NM**

I. Call to Order

Mayor Lucero called the meeting to order at 6:00pm.

The following Finance Board members were in attendance:

Mayor: Alice A. Lucero
Mayor Pro-Tem: Dennis Tim Salazar
Councilors: Elaine L. Herrera
Eric Radosevich
Cory Lewis
Peggy Sue Martinez
Pedro Valdez
Robert Seeds (*present by telephone*)

II. Approval of Agenda

Councilor Martinez asked if the Monthly Finance Report and the Mid-year budget review could be discussed before the leases.

Councilor Valdez stated that the Monthly Finance Report and Mid-year budget review would take a long time and expressed his opinion that the more simple issues should be dealt with first. Councilor Radosevich agreed.

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

Motion carried 7-0.

III. Board Member Comments

IV. Approval of Minutes

1. November 20, 2012 Finance Committee Minutes

Councilor Martinez cited the discussion including City Attorney Frank Coppler on page 5, and requested that it be reflected that City Attorney Coppler had stated that a motion to table superseded any other motion on the floor.

Motion by Councilor Radosevich to approve November 20, 2012 Finance Committee Minutes as amended; seconded by Councilor Valdez.

Motion carried 7-0.

V. Action Items

2. Contract with Souder, Miller and Associates

Mayor Lucero explained that the approval of the contract would assist with the continuance of current projects and assure that they were finalized. She stated that Mr. Marvin Martinez would be working for Souder, Miller and Associates and would be available to work with the new Public Works Director.

Motion by Councilor Martinez to not approve the Contract with Souder, Miller and Associates; seconded by Councilor Lewis.

Councilor Valdez stated that there was currently \$2 million in projects going on and there needed to be someone to oversee them during the next 6 months. He explained that in the meantime, someone would be hired and brought up to speed. He added that if this contract were not approved, there would be problems for the Governing Body financially.

Councilor Radosevich asked why the continuation of projects had not been discussed prior to the retirement of former Public Works Director Marvin Martinez. He expressed affront that Councilor Valdez was placing the responsibility on the Governing Body. He explained that he did not appreciate the manner that it was communicated.

Interim City Manager Duran stated that Adrian Martinez had been employed as the Water Services Supervisor for this purpose, but had resigned. He stated that Souder Miller was lucky to have hired Mr. Marvin Martinez and he was the one person that knew the projects inside and out. Mayor Lucero stated that for the time being, Ms. Sylvia Tafoya was overseeing Streets, General Services, and Fleet. Mayor Lucero stated that Mr. Marvin Martinez had been unsure about the date of his retirement until December.

Councilor Seeds stated that the City had failed to train employees to take the place of other important people in the City. He stated that he supported the projects, but believed that this should have been done. He stated that he could not support the approval of the contract.

Motion carried 5-2, with Councilor Herrera and Councilor Valdez voting in the negative.

3. Approval of Leases with Tax Exempt Leasing Corp for new Vector Unit and new Sweeper

Mayor Lucero stated that the funds were approved during the budget process but the lease needed to be approved. ASD Sandoval clarified that the two (2) items were in the budget as outright purchases. She stated that, with respect to the Vector unit, it had been agreed that if a

lease/purchase were done, Wastewater Operations funds could be used to fund one of the change orders. She explained that because the interest rate was not severe, she did not see any problem with it. ASD Sandoval continued that the sweeper would be paid out of the Street Fund and the 124 fund in an effort to ease the cash flow.

Motion by Councilor Valdez to approve the Lease with Tax Exempt Leasing Corp for new Vector Unit by Councilor Valdez; seconded by Councilor Radosevich.

Councilor Martinez asked what the difference in cost was between the lease and outright purchase. ASD Sandoval replied that the unit would cost \$399,000 and approximately \$30,000 in interest would be paid over a period of five (5) years. She stated that Councilor Valdez had reminded her that it would take several months to have a new unit built; however, if at the end of the year, if the cash flow presented itself, there could be an outright purchase.

Councilor Seeds asked if the best price had been secured for the units. ASD Sandoval replied in the affirmative.

Motion carried 7-0.

ASD Sandoval stated that the interest would be 3% for the sweeper as well.

Motion by Councilor Valdez to approve the Leases with Tax Exempt Leasing Corp for new Sweeper by Councilor Valdez; seconded by Councilor Radosevich.

Councilor Radosevich asked if both units were made by the same manufacturer. ASD Sandoval replied in the negative and explained that they were just being leased from the same agency.

Councilor Seeds expressed his satisfaction that steps were being taken to purchase the sweeper. Mayor Lucero pointed out that the new sweeper would have arms which would allow for sidewalks to be swept.

Councilor Martinez asked where the money for the unit would be taken from. ASD Sandoval stated that it would be taken from the 210 fund.

Interim City Manager Duran stated the existing sweeper had been down for a couple of weeks.

Motion carried 7-0.

4. Monthly Finance Report

ASD Sandoval stated that the report was for the month of December 2012. She announced that the General Fund had \$451,174 of revenues over expenditures. She added that the Water fund showed \$268,597 of revenues over expenditures. She stated that the Wastewater fund was \$86,931 negative revenues over expenditures and explained that the reason for this was due to a change order that had been done for Coronado Road as well as the payment of the contract with RMCI. She stated that although it appeared as though the account was in the negative, the rest of

the year remained to collect receipts and the large expenditures would not be repeated. She stated that the fund would end the year in the positive.

Councilor Martinez asked why RMCI had been paid if the work on Coronado was ongoing. ASD Sandoval stated that it was only the portion related to Wastewater and much of the rest of the project would be paid by the Water Trust Board of which the sewer did not qualify. Councilor Martinez stated that she had always thought work was paid for when it was concluded. Interim City Manager Duran stated that the project was to be completed in phases.

ASD Sandoval stated that the expenditures were not in danger of going over the budgeted amount. She cited page 3 of 6 on her report and stated that expenditures in General Fund were less than what we had planned to spend.

ASD Sandoval cited the pie chart on page 5 of 6. She stated that revenues were state-shared and local-shared and were the great majority source for funds. She explained that Public Safety and Administration made up the largest share of expenditures in the General Fund.

Councilor Valdez pointed out that the City would begin the budget process for 2013-2014 shortly. He requested that everyone keep in mind that revenues may be down by 3% in the next year and stated that the Council needed to be conscious of the happenings in Congress and State Legislature. He encouraged his fellow Councilors to look at the new budget carefully.

Motion by Councilor Valdez to approve the Monthly Finance Report; seconded by Councilor Radosevich.

Motion carried 7-0.

5. FY 2013 Midyear Budget Review

ASD Sandoval stated that GRT revenues were slightly higher than 50%, which was what was expected. She stated Property Taxes looked to be lower than expected. She reminded everyone that Property Taxes were to be paid in December and the City did not have payments remitted until January.

Councilor Radosevich exited at 6:30pm.

ASD Sandoval pointed out that rentals were right in line with budget.

Councilor Radosevich re-entered at 6:31pm.

She stated that revenues were lagging behind, but curbed her remarks by explaining that with various activity fluctuations, this may increase by the end of the year. ASD Sandoval continued that other miscellaneous items were at 26%, but only accounted for a small percentage of the entire revenue budget. She added that revenues were sitting at 49% and had been way behind the previous year.

ASD Sandoval cited the charges for services item and reported that Swimming Pool fees were at 17%. Councilor Martinez asked why there was a discrepancy in the number that ASD Sandoval provided and the one that Recreation Coordinator Herrera had presented the previous week. ASD Sandoval explained that what Recreation Coordinator Herrera had presented was for the calendar year of 2012 and she was reporting on FY13.

ASD Sandoval continued with the discussion of expenditures and pointed out that all departments were very much in line with the half year mark. She stated that only the Streets department may need assistance. She stated that she did not think that at that time there needed to be any changes.

ASD Sandoval cited page 18 which reflected the status of the Park's Department. She stated that they were working with a "bare-bones" budget. She explained that with the spring season ahead, they would need to hire temporary Parks Service workers. She stated that at the current time, so many departments had spent less than their 50% and she didn't feel as though an increase was needed just yet. She stated that she would prefer to wait to end of the year to see where each department was overall.

Councilor Radosevich exited at 6:34pm.

ASD Sandoval stated that her plan was to keep a close eye on it. Councilor Lewis requested that a BAR be done. He stated that Community Services Director Cata had done a fantastic job and asked what they need to do to accomplish that. ASD Sandoval replied that she did not think that any money needed to be transferred as there were vacant positions. Councilor Lewis stated that he believed there should be additional personnel.

Councilor Valdez stated that the Parks Department would need more people and the Planning & Zoning Department had lost \$22,000-\$28,000 during the previous four (4) months which could have been used for hiring. He stated that those type of situations needed to be looked at long-term.

Councilor Lewis added that it was a perfect reason for doing away with a \$40 per hour position. Mayor Lucero pointed out that the Wastewater Supervisor was paid from the Wastewater fund.

Councilor Martinez asked what category the oversize permits would fall into. ASD Sandoval stated that they would fall under the Special Permits line item. Councilor Valdez stated that an average of \$5,000 per month had been lost. ASD Sandoval added that Wide load permits were not the only permits that went into the Special permits line item. Planning & Zoning Director Naranjo stated that it included Zoning permits, Sign permits and the fees collected in order to be heard before the Planning & Zoning Commission.

ASD Sandoval cited page 22 and stated that there were no issues with the Police Department budget. She stated that she was aware that Chief Garcia wished to make some changes to the personnel structure.

Councilor Seeds' call dropped at 6:45pm.

City Clerk Mascareñas redialed Councilor Seeds at 6:46pm.

Mayor Lucero pointed out that the Lieutenant position had been frozen and reminded everyone that the Council had stated that they would not fund it until the new Chief was hired. She stated that the Chief was proposing that the Lieutenant position be funded and reclassified as a Deputy Chief. In addition, he would like to reclassify the Fire Chief position to a Deputy Fire Chief

Councilor Seeds stated that it was an intelligent proposal and would help to save money. He stated that he would wholeheartedly support the change.

Councilor Lewis asked if the proposal had been heard before the Public Safety Committee. Mayor Lucero stated that it was a part of the budget process. Councilor Martinez stated that she had made the motion to freeze the position because she felt it was important for the new Chief to be able to shape the department. Councilor Lewis stated that he was in favor of the change, he just wanted to make sure that the proper respect was shown to Mayor Pro-Tem Salazar as the chairman of the committee.

Councilor Seeds stated that he agreed that everything needed to go before a committee. Interim City Manager Duran stated the issue has been brought to Mayor Pro-Tem Salazar who had asked how he could help. He stated that the Chief had responded that they may need some funding. Mayor Pro-Tem Salazar stated that Interim City Manager Duran was correct, but specifics had not been discussed. He stated that he would like the Public Safety Committee to have some input and they would be having a meeting on February 3rd.

Councilor Seeds stated that everyone was in agreement with the concept and he did not believe that anyone would have a problem with a special meeting to follow the process. He stated that it should be discussed in entirety at the committee level.

Chief Garcia stated that his proposal had been to make a cost effective change and he was respectfully requesting permission to reclassify positions. He encouraged the City Council to assist him. Councilor Valdez asked what action could be taken.

Councilor Herrera mentioned that during the course of the Public Safety Committee, Chief Garcia had presented organizational charts. She stated that her assumption had been that the Fire Chief and Lieutenant would be reclassified because there was no one in the positions.

Councilor Seeds asked what would be done as far as money. ASD Sandoval stated that the Lieutenant has been funded at \$23.80 per hour and the Fire Chief had been funded at \$35.10 per hour. She stated that Chief Garcia planned to take the money from both positions, combine it, and then divide it in half. This would equal \$29.45 for each employee plus benefits. She added that because the positions were in Public Safety, there were higher costs for benefits.

Motion by Councilor Valdez to approve the reclassification; seconded by Councilor Herrera.

Councilor Martinez stated that when she received the organizational chart she assumed it was to be reviewed. She stated that she would be hard pressed to think that it would be in their mind because it had not come up at the meeting. She explained that when she had made the motion, it was with the purpose of supporting whatever Chief came in. She stated that because this was the most important issue in the community, she thought it was not something that the Council would hold off on.

Motion carried 7-0.

ASD Sandoval pointed out that the Interim Detention appeared as though it had been over expended; however, this was because the City had encumbered money for three (3) counties. She clarified that money had only been paid to San Miguel County and McKinley County. ASD Sandoval stated that she expected the budget to end up as projected.

Councilor Seeds' call dropped at 6:58pm.

Councilor Seeds' call re-booted at 6:59pm.

Mayor Pro-Tem Salazar asked how many vacant positions there were in the Police Department. Chief Garcia stated that he was working to verify the amount and it appeared as though there was one (1) certified officer position.

Mayor Pro-Tem Salazar stated that, at one point or another, he felt each Department head should have the opportunity to answer for their budgets. He expressed the importance of giving that opportunity.

Chief Garcia stated that there was a vacant Clerk position at the Police Department and he was working with Human Resources to reclassify the position to a Safety Officer.

Mayor Lucero asked Councilor Seeds if he was at the casino. He asked if the meeting was being broadcast were on the air. Mayor Lucero replied in the negative. Councilor Seeds indicated that he was not at the casino, but was attempting to find a quiet area for the call.

Chief Garcia continued that the vacant Clerk position reclassification would benefit the City as a whole. He explained that he, Interim City Manager Duran, and HR Analyst Stephanie Martinez had met with representatives from the insurance company who had offered some cost effective ways to reduce insurance costs. He explained that one way was to implement a Safety Officer. He added that, once filled, that person would implement training seminars for all departments. Councilor Martinez asked if the position had been recently vacated. Chief Garcia replied in the affirmative. Mayor Pro-Tem Salazar indicated that he was open to hearing the request at that time.

Motion by Mayor Pro-Tem Salazar to approve the reclassification of the vacant Clerk position at the Police Department to a Safety Officer in the best interest of the City as a whole; seconded by Councilor Lewis.

Motion carried 7-0.

Community Services Director Cata thanked Mayor Pro-Tem Salazar for the opportunity to speak. He pointed out that his department had the highest amount of temporary positions. He stated that he wanted to make the Council aware that these jobs had originally been full time positions in the past. He explained that they had been budgeted based on a temporary status in order to save money. Community Services Director Cata expressed his hope that in the new fiscal year, the Council would consider making them full time once again as he was very short staffed. Mayor Lucero stated that she felt it was not fair to those employees who were entitled to benefits. She clarified that she did not believe it was necessarily wrong, but it needed to be changed.

Community Services Director Cata stated that he would be submitting BARs for the Parks Department in order to balance out the line items prior to a transfer being made from elsewhere. He stated that he would also like to mention that the Librarian position had been placed on hold. He requested that the position be unfrozen. The Council indicated in the affirmative.

Councilor Martinez asked Interim City Manager Duran how many temporary employees there were. Interim City Manager Duran replied that there were two (2) in the Parks Department, three (3) in recreation, one (1) at the Library, one (1) mechanic and one (1) in finance. He added that a temporary position had yet to be filled at the Municipal Court.

Mayor Lucero thanked Community Services Director Cata for bringing in people from Workforce Solutions.

Recreation Coordinator Herrera clarified that there were only two (2) temporary employees at the Lucero Center in regards to benefits and there was one (1) part time lifeguard.

City Clerk Mascareñas stated that her department budget would remain relatively flat and she would only request additional funds for election costs.

Planning & Zoning Director Naranjo stated that his department had a strong budget and would be hiring a Code Enforcement Officer. He announced that the position had been vacated at the end of the previous year and advertising was pending.

Councilor Martinez asked Recreation Coordinator Herrera if the temporary employees received benefits. Interim City Manager Duran replied in the negative. ASD Sandoval clarified that temporary employees did create FICA and Worker's Compensation costs.

ASD Sandoval cited page 23 of her report and stated that the Streets Department had spent 58% of its budget.

ASD Sandoval continued with the Public Utility Department and reported that revenues were at 34% and not as high as she would like them to be. She stated that there was still \$268,597 of revenues over expenditures in actual receipts over expenditures year to date.

Councilor Valdez asked if there was a delinquency list. Interim City Manager Duran replied in the affirmative.

Mayor Lucero stated that she had been under the impression that revenues had increased. ASD Sandoval stated that a large increase had been budgeted based on the increase in rate structure. She explained that it had to be compared with usage. ASD Sandoval added that she would meet with Utility Billing Supervisor BJ Martinez regarding the delinquency rate. She stated that if people did not pay, aside from winter protection, they were shut off. She explained that following a shut off, full payment was required along with a reconnect fee. ASD Sandoval indicated that she did not believe that the delinquency rate had increased.

Councilor Martinez stated that she had a question on page 23 under the Street lights, signals and signs line item. She explained that she would like to see some signs on Coronado Avenue replaced as they had been burned by the sunlight.

ASD Sandoval thanked the Department Heads for staying within their means and doing what they could to be creative at problem solving. She stated that when you have people like that, it made her job a whole lot easier. Mayor Lucero echoed the sentiments and added that she knew it was not easy and many had made sacrifices.

VI. Discussion Items

6. Review of EGRT Disbursement

ASD Sandoval stated that she did not have a handout or a prepared statement, but was more than happy to address any questions. Mayor Lucero asked her to explain the the full revenue and how it was expended.

ASD Sandoval stated that there was approximately \$172,000 received in smaller amounts throughout the year. She stated that just under \$100,000 had been received at mid-year. She explained that the money was spent on the current agreement to provide \$100,000 per year to North Central Solid Waste Authority (NCSWA) to help with debt service to the New Mexico Finance Authority for debt incurred to purchase equipment. ASD Sandoval continued that \$45,000 was paid to monitor the landfill. She stated that \$5,707 was spent for the solid waste portion of the 2002 long term debt and the remainder stayed in contingency for any replacements or remediation at the landfill. Mayor Lucero asked if the contingency was required. ASD Sandoval replied in the affirmative and stated that they were called post-closure care costs that would remain the responsibility of the City for 30-35 years depending on the how the waste was processed by the earth.

Mayor Lucero stated that the Council had committed to paying \$30,000 for polycarts and asked where it would be taken from. ASD Sandoval stated that it would be paid with monies from penalties and interest.

Councilor Valdez asked if there was ever an agreement that the balances of the accounts be set aside in case something drastic happened. ASD Sandoval replied that it was in the reserve fund and was tracked separately.

Councilor Martinez thanked ASD Sandoval for expediting the payment to NCSWA. She said it was important to meet obligations. ASD Sandoval stated that she had only followed the usual process.

Mayor Lucero asked Chief Garcia to provide an update regarding the mountain lion incident. Chief Garcia stated that there had been a report the previous day of a mountain lion and there had been another that morning near Pacheco Lane. He stated that Sgt. Richard Gallegos safeguarded residents and placed schools on lockdown. Chief Garcia stated that NM Game and Fish had put down the mountain lion with a single dart and without hurting it.

Councilor Valdez thanked ASD Sandoval for providing the answers to their questions.

VII. Adjournment

Councilor Martinez thanked Mayor Pro-Tem Salazar for being in attendance as he had missed his child's awards assembly.

Motion by Councilor Martinez to adjourn; seconded by Mayor Pro-Tem Salazar.

Motion carried 7-0.

The meeting was adjourned at 7:38pm.

Minutes taken and transcribed by Tessa Jo Mascareñas, City Clerk.

APPROVED AND ADOPTED THIS 11th DAY OF March, 2013.



Tessa Jo Mascareñas
Tessa Jo Mascareñas, City Clerk

Alice A. Lucero
Alice A. Lucero, Mayor