

**FINANCE BOARD MEETING
MAY 22, 2014, 6PM
CITY HALL COUNCIL CHAMBERS
405 N. PASEO DE OÑATE ESPAÑOLA, NM**

A. CALL TO ORDER

The meeting was called to order at 6:02 pm by Mayor Alice A. Lucero.

B. ROLL CALL/DETERMINATION OF QUORUM

The following Governing Body members were in attendance:

Mayor:	Alice A. Lucero
Mayor Pro-Tem	Pedro Valdez
Councilors:	Cory Lewis
	Michelle R. Martinez
	Dennis Tim Salazar
	Adrianna Ortiz
	Peggy Sue Martinez
	John Hernandez
	Eric Radosevich

C. APPROVAL OF AGENDA

Agenda as presented:

---Begin---

A. CALL TO ORDER

B. ROLL CALL/ DETERMINATION OF QUORUM

C. APPROVAL OF AGENDA

D. ITEMS FOR DISCUSSION

1. FY2015 Preliminary Budget

E. ANNOUNCEMENTS

F. EXECUTIVE SESSION

Pursuant to New Mexico Open Meetings Act Section 10-15-1 (H) Subsection (2) limited personnel matters; (5) discussion of bargaining strategy preliminary to collective bargaining negotiations; (7) attorney-client privilege pertaining to threatening or pending litigation in which the public is or may become a participant; (8) discussion of the purchase, acquisition or disposal of real property or water rights by the public body.

G. ADJOURNMENT

The Governing Body may revise the order of the agenda items considered at this Open Meeting. If you are an individual with a disability who is in need of an amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the City Clerk at 747-6019 at least three days prior to the meeting.

---End--

Motion by Councilor Salazar to approve the agenda; seconded by Councilor Lewis.

Motion Carried 7-0.

Councilor Radosevich arrived at 6:04pm

Mayor Lucero stated that she had spoken with New Mexico DFA Local Government Division Director Wayne Sowell. She reported that Mr. Sowell had confirmed the Joint Powers Agreement (JPA) with Rio Arriba County that would allow them to serve as the grantee on City projects for the 2013 legislative capital outlay appropriations.

Mayor Lucero announced that a Memorial Day Commemoration Ceremony would be held on Monday, May 26, 2014 beginning at 11:00am along the Española Veteran's Memorial Wall. Mayor Lucero encouraged all to attend.

D. ITEMS FOR DISCUSSION

1. FY2015 PRLIMINARY BUDGET

Administrative Service Director (ASD) Joyce Sandoval stated that she had made errors which were brought to her attention by Mayor Pro-Tem Valdez and Councilor Peggy Sue Martinez. ASD Sandoval stated that the errors were made on the Central Administration and Transfers portions of the fiscal year (FY) 2015 preliminary budget. ASD Sandoval distributed the corrected pages.

ASD Sandoval stated that the deficit was originally \$1,374,790 and was balanced in the preliminary budget. She further stated that the error resulted in an increased deficit that amounted to \$188,407. ASD Sandoval continued that as a result of the error, the Governing Body would be tasked with either adding funds by increasing revenues and/or cutting expenditures within the General Fund.

ASD Sandoval stated that \$769,000 was budgeted to be expended for the current 2014 fiscal year. ASD Sandoval referenced page two (2), column five (5) entitled Changes/ Other Sources; Line Item No: 101-000-38000 Prior Year Cash Balance. ASD Sandoval explained that \$374,682 of \$420,000 of prior year cash had been utilized and would leave approximately \$45,000 that could be used towards the deficit, if that money was not absorbed by the end of the fiscal year.

ASD Sandoval explained that the preliminary budget was a planning and working tool which the Governing Body must submit to the New Mexico Department of Finance and Administration as a financially responsible forecast for the upcoming year by July 1st. ASD Sandoval further explained that the preliminary budget could be referred to as an estimated budget, much like a rough draft.

Mayor Pro-Tem Valdez questioned page one (1) Line Item No: 101-000-34901 entitled Special Use Permits. He stated that the City was not utilizing special use permits effectively and cited wide-load permits as an example. Mayor Pro-Tem Valdez stated that, by not utilizing special use permits, the City was losing out on a volume of potential revenue which may have equated to over \$100,000 annually.

Councilor Lewis stated that the conversation that Mayor Pro-Tem Valdez was referring to was tabled during a Public Works Committee Meeting. Councilor Lewis stated that he had tabled the wide-load ordinance. Councilor Lewis clarified that the discussion items had not been removed from the table for further discussion.

Mayor Lucero affirmed the comments made by ASD Sandoval, stating that the preliminary budget was a working tool which the Governing Body oversaw and must submit to the Department of Finance and Administration as a forecast for the upcoming year. Mayor Lucero stated that the preliminary budget may be modified prior to June 1st and was only being discussed in preparation of the next fiscal year (FY). She added all discussions and ideas to potentially rectify the deficit were considered productive.

ASD Sandoval stated that the beginning of the budget process for the current fiscal year, salary and benefit adjustments were made for healthcare expenses due to increased healthcare provider costs. She explained that due to impacts from the Affordable Health Care Act, further accommodations needed to be made. ASD Sandoval stated that there was a change in the unemployment process, further stating that the City of Española was no longer a rate employer and was considered a reimbursable employer. ASD Sandoval stated that the adjustment increased dramatically from \$26,000 per year to approximately \$161,000.

Councilor Hernandez questioned the three percent (3%) employee salary increase that took effect in 2013. He asked if there were any additional increases not mentioned. ASD Sandoval replied in the negative stating that there were no additional employee salary increases and further clarified that the increase, which took effect on July 1, 2013, was the first employee salary increase in five (5) years.

Councilor Peggy Sue Martinez asked about the ten percent (10%) salary increase for Planning & Zoning (P & Z) Director Russell Naranjo. Mayor Lucero stated that P & Z Director Naranjo received the increase due to taking on additional duties as Special Projects Manager. She explained that the added work entailed critical correspondence and knowledge of pre-phase planning. Mayor Lucero added that Planning & Zoning Director Naranjo was more than qualified to handle the scope of work but needed to be compensated in accordance with City Policies and Procedures.

Councilor Lewis asked Interim City Manager Duran about the feasibility of increasing Building Permit Fees. Interim City Manager Duran stated that there were variables in building code ranging from commercial to residential that were mandated by the New Mexico Regulation and Licensing Department.

Interim City Manager Duran stated that building code had variables which included size, type of structure, infrastructure, surrounding structures, etc., and were all factors subject to change but could not be mandated. He commented that amendments to existing code and ordinance enforcement were good methods of increasing revenues but needed to be addressed at a Planning & Zoning Commission meeting as well as Public Works Committee meetings and then approved by the Governing Body.

Mayor Lucero stated that an increase to Building Permit Fees was a good method of increasing revenue but it was not feasible to enforce within the budget process due to time restraints.

Mayor Pro-Tem Valdez proposed an increase to business licenses and registration. He reported that other cities such as Santa Fe and Taos had additional costs varied by business type. He proposed an increase of \$25,258 to City Business Licenses and Registration reflecting to a total amount of \$50,000. Mayor Pro-Tem Valdez asked that the City Clerk's Department to look into any/all possible State mandates for increasing fees on business licenses and registration.

Councilor Salazar exited at 6:40pm.

Mayor Lucero asked Deputy City Clerk Anna Squires how many active businesses were registered in the City. Deputy City Clerk Squires replied that to her knowledge there were eight hundred and sixty eight (868) registered businesses and the number included contractors and vendors from outside City limits. She further stated that she would discuss the matter of possible State mandates on increasing fees for Business Licenses with City Clerk Tessa Jo Macareñas.

Councilor Salazar re-entered at 6:41pm.

Councilor Ortiz stated that the standard fee for a Business License in Los Alamos, NM was \$35.00. She further stated that an ordinance was in place that took into account different variables and types of businesses. Councilor Ortiz clarified that business licenses ranged from \$35.00 to \$100.00 dollars based on the type of business.

Councilor Peggy Sue Martinez stated that she would like to increase liquor license fees. She opined that the negative impacts that liquor establishments had on the community should come at a cost. Councilor Peggy Sue Martinez asked Deputy City Clerk Squires how many liquor establishments were in the City and the cost of a liquor license. Deputy City Clerk Squires replied that the annual fee for a liquor license \$350.00 dollars and there were twenty-eight (28) liquor establishments within City limits.

Councilor Peggy Sue Martinez stated that she would like to increase the liquor license fee line item by \$6,000. She asked why the amount in the preliminary budget was \$6,500. Councilor Martinez stressed that there was a definite error within the liquor license line item after multiplying the annual cost of a liquor license with the number of liquor establishments in the City. She reported that the amount was not reflecting what it should. Mayor Lucero agreed with Councilor Peggy Sue Martinez and asked that the line item be studied and corrected because the revenue was not being reflected correctly. ASD Sandoval stated that she would review the line item thoroughly.

Councilor Radosevich stated that he believed the City of Española liquor license fee should be increased to \$1,000.00 dollars annually. He added that most liquor establishments would make that amount up within the first month.

Councilor Peggy Sue Martinez stated that she was strongly in favor of increasing business license fees to larger corporations that had a huge impact on the City. Councilor Hernandez echoed the comments of Councilor Peggy Sue Martinez.

Mayor Lucero stated that the City needed to raise impact fees. She explained that she had spoken to P & Z Director Naranjo who informed her that in order to enforce and raise impact fees, an ordinance would need to be adopted. Mayor Lucero proposed a \$50,000 increase.

ASD Sandoval recommended that special use permits be decreased for the fiscal year (FY) by \$23,700 because of the length of time that it would take to change or create ordinances surrounding Special Use Permits. She recommended that the figure be changed to \$40,000.

Councilor Peggy Sue Martinez questioned the Rental of Public Lands line item. She stated that she believed the amount should be more. ASD Sandoval stated that the Finance Department was not current on posting Investment Income. She affirmed that she would adjust the line item to the correct amount.

Councilor Radosevich questioned Senior Center Coordinator Josephine Velasquez about the Senior Center's food revenues. He asked what the cost was to purchase, prepare and serve the food and what the charge was for seniors to eat at the center. Senior Center Coordinator Josephine Velasquez stated that it equated to roughly \$6.00 per plate to purchase, prepare and serve the food at the center. She reported that seniors were charged \$2.00 to eat at the Center and non-seniors were charged \$5.00. Councilor Radosevich questioned the feasibility of bringing down the expenditure so that the City would not be in the negative. He asked whether it would be possible to obtain state funding if the meals at the Senior Center were healthier.

Mayor Lucero stated that if state funds were granted, the seniors would be provided with healthier, well-balanced meals and not the variety currently served such as beans, chili, and tortillas. Councilor Radosevich, Councilor Peggy Sue Martinez, Councilor Michelle R. Martinez, Councilor Ortiz, Councilor Lewis, Councilor Salazar and Councilor Hernandez were all in agreement to seek aid from the Area Agency on Aging funding for the Senior Center food program.

Mayor Lucero thanked Councilor Radosevich for speaking on the issue and thanked Council for agreeing to work towards better meals for the seniors at lower cost to the City. Councilor Radosevich thanked Mayor Lucero and Council for their time and collaboration and further stated that he needed to excuse himself for the duration of the meeting due to a pressing family matter.

Councilor Radosevich exited at 7:13pm.

ASD Sandoval recapped the methods for rectifying the deficit. She further stated that the total amount of \$59,158 was discussed and extracted from the \$188,407 deficit and the remaining balance was \$129,249.

Councilor Lewis exited at 7:15pm.

Municipal Court Judge Stephen Salazar stated that he wanted to discuss the Municipal Court Budget. Judge Salazar stated that he wanted to discuss Fines and Forfeits on page two (2) of the FY2015 Preliminary Budget.

Councilor Lewis re-entered at 7:16pm.

Judge Salazar stated that he had reviewed statistics from FY11, FY12, FY13 and FY14 and come to the determination that in order to reduce the FY15 budget within the Municipal Court, the Department of Public Safety needed to be a contributing factor. He explained the progressive decline in police citations from fiscal years 2010 to 2013. Judge Salazar stated that if the amount of citations were to increase, it would have a positive impact on Court Fines & Fees, thus increasing revenues. Judge Salazar proposed an increase of \$52,600 to the total reflecting an amount of \$269,111.

Mayor Lucero agreed with Judge Salazar stating that the effort needed to be collaborative and needed to be discussed with the Chief of Police and Deputy Chief. Mayor Lucero further stated that, by law, the City could not mandate the amount of citations an officer needed to issue.

Mayor Lucero further questioned why the amount of shoplifting fees appeared to be low in comparison to the amount of shoplifters reported. Judge Salazar stated that he did not have concrete evidence to supply for that claim. He added that if a shoplifter were convicted within Municipal Court, part of the penalty was to take a Shoplifting Intervention Class which cost \$35.

Councilor Ortiz stated that there appeared to be a lack of prosecution. She added that the lack of prosecution did not appear to be accounted for within the preliminary budget. Judge Salazar stated that if there were any dismissals for the lack of prosecution of a citation, it would reflect zero.

Councilor Lewis stated that it would be at the discretion of the officer who issued the ticket to take the citation to Municipal Court or Magistrate Court. He stated that there were Rio Arriba County Sheriff's Deputies issuing citations as well. Councilor Lewis expressed hope that City Police Officers would be mindful of which court their citations were filed with. Councilor Lewis urged City Police to work with the City and contribute to revenues.

Councilor Salazar stated that the issue needed to be addressed. He suggested that City Police Officers may not take spending within the City into consideration. Councilor Salazar sympathized with the dangerous situations that all Public Safety Officers endured and stressed that a small emphasis and discussion about increasing revenues and contributing to the local tax base could play a large role in the understanding of helping the community at large.

ASD Sandoval stated that the total amount of \$111,758 was discussed and extracted from the \$188,407 and the remaining balance was \$76,649.00.

ASD Sandoval suggested an increase to claims, judgments and settlement fees by \$50,000 and subtracting that amount from expenditures could also reduce the deficit further. She stated that there had been an increase in tort claims and settlements in favor of the City that had not yet been paid completely. ASD Sandoval stated

that the topic could be addressed after the first quarter or at mid-year.

Mayor Lucero stated that, during the City Council Meeting held May 13, 2014, Council entered into Executive Session. She stated that, during executive session, it was determined that a letter would be drafted by City Attorney Frank Coppler to address the injunction filed against the City of Española by Municipal Court Judge Stephen Salazar. Mayor Lucero further stated that by law, Municipal Court Judge Salazar was entitled to present his version of the FY15 Preliminary Budget.

Mayor Lucero stated that the Governing Body was also provided a Court Census Study sheet and asked that they review the material. She stated that a general court survey was conducted by staff who examined municipalities that were comparable to the City of Española in size. Mayor Lucero concluded that comparable Municipal Courts functioned with less staff.

Mayor Lucero stated that the Governing Body was taxed with the burden of approving the FY15 preliminary budget. She reported that a Teen Court Coordinator position had been vacated. She stated that the position was not extracted from the Municipal Court Budget but rather placed on hold which allowed an additional \$31,200 to be factored into reducing the deficit.

Judge Salazar stated that he received the letter which Mayor Lucero was referring to and in previous fiscal years, the budgets that were presented were flat. Judge Salazar stated that because revenue had declined within the City as a whole, cuts were pre-determined by ASD Sandoval, Mayor Pro-Tem Valdez and Mayor Lucero. Judge Salazar stated that he strongly believed that the FY15 preliminary budget pre-determination for his department without his consent or knowledge was interference.

Judge Salazar asked that Municipal Court Administrator Jolene Miera distribute letters of support praising the Municipal Teen Court program. Letters were also provided from the teens that had undergone the program.

Judge Salazar stated that in a collaborative effort with Rio Arriba County Substance Treatment Outreach & Prevention Program, Municipal Teen Court received grant funding within FY14 which amounted to \$14,000. Judge Salazar expressed that because the program dealt with troubled youth from within the Española Public Schools District, Rio Arriba County also benefited from the program.

Judge Salazar stated that the position of Teen Court Coordinator reached out initially to the parents and/or guardians of the troubled youth. He explained that the position entailed demanding correspondence, scheduling, coordination for Municipal Teen Court and family counseling, all of which could not be handled by an unqualified person. Judge Salazar stated that although the position was vacated, it was imperative to continue the program and seek out the most qualified person to replace Mr. Carlos Baca, the previous Teen Court Coordinator. Judge Salazar stated that the Municipal Teen Court program had an extremely positive impact on troubled youth as well as their guardians.

Mayor Lucero stated that it had become common practice when a position within a department was frozen to distribute extra duties amongst the other staff members. Mayor Lucero continued that within a five-year time span, the City had gone from approximately two-hundred and twenty (220) employees to approximately one-hundred and forty (140) employees. She stated that budget cuts and expenditure cut backs had affected the work force and every department had felt the pinch in a five year period, with exception of the Municipal Court.

Mayor Lucero stated that the Executive Branch did not randomly decide that the Teen Court Coordinator position would be cut from the budget, she clarified that the position was vacated and would be frozen. Mayor Lucero stated that the funds from the Teen Court Coordinator position would then be used toward the deficit. She explained that they had suggested that the duties from the Teen Court Coordinator position be delegated amongst the existing Municipal Court staff so that the function of the position continued.

Judge Salazar restated that the duties of the Teen Court Coordinator position could not be handled by an unqualified member of staff. He stated that the Municipal Court staff had an exceptional amount of duties and correspondence could be delegated but was very time consuming. Judge Salazar thanked the Governing Body for listening to his concerns as well as the consideration of not freezing the Teen Court Coordinator position as it served as a vital role in aiding the troubled youth of the community on a case by case basis.

Judge Salazar stated that the City of Española and Rio Arriba County combined led the nation in drug overdoses. He continued that the amount of liquor licenses within Rio Arriba County as well as alcohol sales and distribution per capita was three-hundred and twenty percent (320%) over what was considered average. Judge Salazar added that Rio Arriba County led the State in alcohol related accidents and deaths. He stated that the problems plaguing the community could not be resolved overnight.

Municipal Court Administrator Jolene Miera stated that as Municipal Court Administrator she managed the majority of staff and the day to day functions of the department. She stated that Councilor Peggy Sue Martinez had earlier discussed and questioned the ten percent (10%) raise for P & Z Director Naranjo for the acquisition of additional duties. Court Administrator Miera stated that it would only be fair to adjust not only her rate of pay, but also all employees within her department who received added duties.

Councilor Michelle R. Martinez agreed with Judge Salazar about the importance that Municipal Teen Court played within the community. Councilor Michelle R. Martinez stated that she wanted to examine the revenues generated by the Municipal Teen Court and discuss raising Teen Court fees so that the position was financially justified. She asked for the amount of referrals that Municipal Teen Court received on a monthly basis and what the charge was per referral. Court Administrator Miera replied that Municipal Teen Court received approximately sixty (60) referrals per month. She reported that a percentage of the referrals were for truancy and not considered full referrals. Court Administrator Miera stated that a full referral rendered a fee of \$50. She explained that if the fee for a full referral was not paid, it was referred to a JPO who may or may not recommend community service.

Councilor Michelle R. Martinez questioned Judge Salazar about the feasibility of increasing the Teen Court fees by a percentage so that the annual budget would reflect a \$1,000 increase, resulting in a total amount of \$3,000. She stated that a truancy ordinance should be enforced and further discussed at some point. Councilor Michelle R. Martinez explained in further detail how the ordinance held parents and/or guardians responsible.

Councilor John Hernandez questioned the position of the Graffiti Officer within the Municipal Court budget. Councilor Hernandez stated that he believed that the position should be reclassified under the Planning & Zoning Department. He further stated that the Graffiti Officer should work in the same capacity but with different roles as the Code Enforcement Officer.

Mayor Lucero stated that under former Mayor Joseph Maestas and past the administration, the position of Graffiti Officer was determined to remain within Municipal Court. Judge Salazar explained that the Graffiti Officer position was justified within Municipal Court because the officer implemented Community Services projects toward the restitution of the offender. He further stated that the current Graffiti Officer also served as Municipal Court Bailiff/Security.

Judge Salazar stated that he would agree to the increased amount of \$1,000 in Teen Court fees. He stated that he wanted to discuss his version of the Municipal Court budget and further explained that he would be cutting into his budget by reducing Maintenance Contracts, Professional Services, Contractual Services and Office Supplies. Judge Salazar stated that the difference also included the increase to Teen Court Fees as well as added adjustments to health care insurance, retirement, unemployment, workers compensation and mileage. Judge Salazar stated that his budget equated to a deduction of \$13,460.

Judge Salazar recommended that the Executive Branch review the Care of Prisoners line item. He suggested that reducing it by \$50,000 could also help reduce the deficit. Judge Salazar stated that there were alternative methods such as ankle bracelets that could save the City a lot of money when it came to the care of prisoners. Councilor Peggy Sue Martinez stated that she was strongly in favor of utilizing the ankle bracelets. She expressed her thoughts and concerns surrounding ankle bracelet methods in lieu of the care of prisoners based on the severity of the crime and restitution of the offender.

ASD Sandoval stated that she agreed with Judge Salazar regarding the Care of Prisoners line item. She affirmed that if the Governing Body were to be in agreement of reducing the amount to by \$50,000, it would help the deficit considerably.

Judge Salazar recommended that the vacated Transport Officer position be frozen and the amount of \$47,932 be used for the deficit.

Councilor Adrianna Ortiz yielded the floor to Local Union 1188 AFSCME President Joaquin Maestas. Mr. Joaquin Maestas stated that the position suggested was not within the Municipal Budget. He confirmed that the position was a union position and provided detailed information suggesting that the other City Transport Officer had a considerable amount of overtime as well as annual leave. Mr. Maestas stressed the importance of the position and the need to fill it.

Councilor John Hernandez stated that he wanted to accept Judge Salazar's Municipal Court budget as presented. He curbed his remarks by stating that he was only agreeing on the condition that Municipal Court revenues increased. Councilors Michelle R. Martinez, Councilor Peggy Sue Martinez, Councilor Lewis and Councilor Salazar echoed the sentiments of Councilor Hernandez.

ASD Sandoval stated that the total amount of \$138,300 was discussed and extracted from the \$188,407 deficit and the remaining balance was less than \$50,000. Mayor Lucero stated that she would like ASD Sandoval and Interim City Manager Duran to put their heads together and find the remaining amount in order to rectify the deficit and present the final FY15 Preliminary Budget to full Council at the next City Council Meeting.

Motion to enter into Executive Session made by Councilor Lewis; Second by Mayor Pro-Tem Valdez.

Roll Call Vote:

<i>Mayor Pro-Tem:</i>	<i>Pedro Valdez</i>	<i>In Favor</i>
<i>Councilors:</i>	<i>Cory Lewis</i>	<i>In Favor</i>
	<i>Michelle R. Martinez</i>	<i>In Favor</i>
	<i>Dennis Tim Salazar</i>	<i>In Favor</i>
	<i>Adrianna Ortiz</i>	<i>In Favor</i>
	<i>Peggy Sue Martinez</i>	<i>In Favor</i>
	<i>John Hernandez</i>	<i>In Favor</i>

Motion carried 7-0.

The Governing Body entered Executive Session at 9:56pm.

Motion to exit from Executive Session made by Councilor Lewis; seconded by Councilor Ortiz.

Roll Call Vote:

<i>Mayor Pro-Tem:</i>	<i>Pedro Valdez</i>	<i>In Favor</i>
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Councilors:	Cory Lewis	In Favor
	Michelle R. Martinez	In Favor
	Dennis Tim Salazar	In Favor
	Adrianna Ortiz	In Favor
	Peggy Sue Martinez	In Favor
	John Hernandez	In Favor

Motion carried 7-0.

The Governing Body exited Executive Session at 10:09pm.

Mayor Lucero stated that there was no action taken in Executive Session.

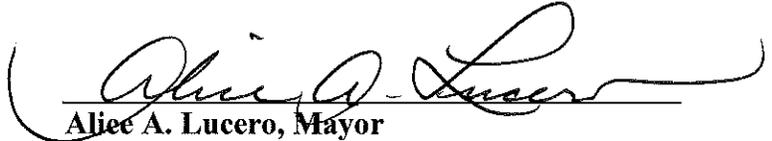
E. ADJOURNMENT

Motion to adjourn made by Councilor Adrianna Ortiz; seconded by Councilor Peggy Sue Martinez.

Motion carried 7-0.

Meeting Adjourned at 10:10pm.

APPROVED AND ADOPTED THIS 8th DAY OF JULY, 2014.



 Alice A. Lucero, Mayor

ATTEST:



 Tessa Lo Mascareñas, City Clerk

