

*Summary minutes of:*

Finance Board Meeting  
Tuesday May 11, 2010, 6:00pm  
Public Safety Meeting Room  
1316 Calle Adelante, Española, NM

**Call to Order**

The meeting was called to order at 6:09pm by Councilor Garcia with the following in attendance:

Mayor Pro Tem: Cecilia Lujan

Councilors: Rosario "Chayo" Garcia  
Cory Lewis  
Greg Ortega  
Robert Seeds  
Pedro Valdez

Deputy City Clerk: Sally Baxter

City Clerk: Heather Velasquez

Staff: Joyce Sandoval, Finance Department; Ron Archuleta, Finance Department; Len Cata, Community Services Director; Josephine Velasquez, Senior Center Director; Ben Ortega, Public Works Director

Members of the Public: John Gallegos, Brenda Suazo-Giles, Rick Martinez

Absent: Mayor Alice A. Lucero  
Councilor Helen Kain-Salazar  
Councilor Dennis Tim Salazar

**Approval of Agenda**

Agenda as presented:

---Begin---

**Call to Order**

**Approval of Agenda**

**Public Comments**

**Board Member Comments**

**Discussion/Action Items**

1. Presentation by DFA (Department of Finance and Administration)
2. Finance Report
3. Budget Hearings for the following city departments or divisions:
  - a. Senior Center
  - b. Community Services

**Matters of the Chair**

**Announcements**

**Adjournment**

*At any time during the Open Meeting, the Board members, by a majority vote, may close the meeting to the public to discuss matters not subject to the New Mexico Open Meetings Act. The Board members, by a majority vote, 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's Office at 747-6019 at least three days prior to the meeting.*

---End---

***Councilor Valdez made a motion to approve the agenda; Councilor Ortega seconded. The motion carried 6/0.***

**Public Comments**

There were no public comments.

### **Board Member Comments**

There were no Board Member comments.

### **Discussion/ Action Items**

Item #1, Presentation by DFA (Department of Finance and Administration)

John Gallegos, Brenda Suazo-Giles, and Rick Martinez with DFA presented.

Councilor Garcia said they were trying to do a work session at the Finance meeting and it would be a public meeting.

The DFA personnel introduced themselves. The Finance Board members introduced themselves.

Mr. Martinez asked if this was the Finance Committee; Councilor Garcia said this was the Finance Board and the Finance Committee was four members.

Mr. Martinez said they wanted to talk about some of the concerns they had at DFA and wanted this to be positive. He said they were here to help and they wanted to keep an open dialog. He said in the past things were all over the place, all over the state. He said the main concern he had was what the state auditor had written to the city; he said they didn't have the authority to work with the city but the state auditor had. He said those concerns were now their concerns.

Mr. Martinez said he understood the city was close to finalizing the 2009; Joyce Sandoval, city Finance Department, said the 2008 had been finalized and they were working on the 2009. Mr. Gallegos said on the website the last was the 2007; Ms. Sandoval said she had gotten an email that the auditor said they could print and release the audit but she hadn't gotten a copy of the release letter.

Mr. Martinez said the city had had a qualified opinion for a few years and it had a lot to do with the stability with the finance staff.

Mayor Pro Tem Lujan said Mr. Martinez had made a major point and they were all aware of it and wanted to fix it. Mr. Martinez said if the city could bring stability to the department, it could bring stability to the reports. He said in the last few years they had thrown out a lot of money, WTB (Water Trust Board), and now the state was looking at a certification program for capital outlay. He said state required a certification process such as did they have their audits to continue to get capital outlay. He said fiscal responsibility was crucial.

Mr. Martinez said those policies would require the city to have its books up to date. He said the city needed to be responsible for the money. He said they were looking at the city's debt. He said they were working with all of the agencies to put together a really good debt schedule. He said some cities were looking at restructuring their debt; he said he wasn't saying the city should but the city should look at that. He said if in future fiscal years the city couldn't make payments, then that was the kind of thing to look at. He said sometimes that prolonged it but would save the city for a couple of years. He said he was not suggesting it but it was something the city should look at and they would support the city.

Mr. Martinez said they were putting together a debt schedule and they were here to work together. He said it was important to them. He said they required local government reporting on a regular basis and would prefer on a monthly basis. He said they hadn't officially required that but it made sure all were on the same track. He said it was important to them that they and the city worked together to get the city back on track.

Mr. Martinez said he wanted them as a Council to take a good look at the city's debt and where the city was at. He said some bigger cities were doing this as well and all the recommendations went back to DFA so it was important to build a good rapport.

Mr. Gallegos said what was concerning to him was the auditors letter, having disclaimers, documentation missing that an auditor couldn't sample so he would like this to grow into a discussion. He said one recommendation was paid professional accounting services. He asked if those had been sought and how the Governing Body was handling the lack of source documents, whether the decision was to recreate or let the findings stand.

Councilor Garcia said the city had hired Mr. Archuleta and he and Ms. Sandoval were excellent. She said they were discussing getting another person to help them in the Finance Department.

Mr. Archuleta said in his view the city didn't have the budget to have a top notch firm go back and reconstruct the records. He said he would prefer to move forward and get a balanced budget approved by the due date. He said he was committed. He said he had done this for many years. He said not to ignore the auditor's issues but he didn't have the staff to go through the basement of boxes. He said he had had a request from the District Attorney and it had been a cumbersome job. He said he might have to go in Saturday to reconstruct the data.

Mr. Gallegos asked if the city would reconstruct the 2009 data; Mr. Archuleta said yes.

Mr. Archuleta said the city had cut spending and every voucher went through him and wasn't approved unless he knew the city could pay it. He said he got printouts from Caselle to show the state auditor the city took the extra measure. He said his point of view was to move forward because he didn't have the staff to start digging through records.

Ms. Sandoval said the database went back to 04-05. Mr. Archuleta said the auditors went to the database then wanted hardcopies. He said he thought the records were there but didn't have the staff. Mr. Gallegos said to him it seemed it would lead to another disclaimer; he said the budget started with unverifiable cash balances and as far as the budget was concerned a lot hinged on accurate cash balances.

Mr. Archuleta said those were the issues he took seriously. He said the previous administrations were dysfunctional and the city was having to pay liabilities that hadn't been taken care of. He said there were a lot of issues to catch up on. He said he didn't think hiring a firm to come in could tell them anything he couldn't tell them.

Mr. Gallegos said one thing they had talked about in a meeting with Mr. Archuleta, Mayor Lucero, and staff was that this would be a long term effort.

Mr. Archuleta said he had asked for a corrective action plan when he started and he had started on the corrective action plan. He said his audit background enabled him to address the issues. He said there were PERA (Public Employees Retirement Association) issues.

Mr. Gallegos asked what the PERA issues were and if payments were being made. Ms. Sandoval said there were certain pay periods that were not paid or not sufficiently paid and that was when the city's benefits person had reconciled the account with the PERA person and came up with a number. She said the city had pay periods going back to 2006-07 that were being looked at and it hampered the cash flow.

Mr. Archuleta said he suspected things like that had been ignored. Mr. Martinez said those agencies were willing to help. Mr. Archuleta said he had had them in his office.

Mr. Archuleta said that was his approach and he had conveyed it to his staff [that they might] have to be there late hammering out the budget. He said there were so many

funds coming from different directions that he had taken it upon himself to get Ms. Suazo-Giles in his office to get training. He said he thought they had the right issues.

Mr. Gallegos asked if there were any liability issues with risk management; Mr. Archuleta said yes.

Mr. Martinez asked if when talking about cash flow Mr. Archuleta was taking into account projected revenues. Mr. Martinez said whatever had been projected in the past was way off and when talking about cash it was cash out of hand. He said with caution they could get into the budget but the budget was a plan. He said he cautioned to remember cash flow versus cash balance.

Ms. Sandoval said traditionally the city had had a very safe cushion, then had had an alleged embezzlement and the [downturn in the] economy, and kept going into the cushion. She said now the city couldn't sit back and say it would be fine. She said now the city was trying to leave the cushion alone and didn't have the luxury of relying on it.

Mr. Martinez said the city could talk with [state of New Mexico] taxation and revenue and they could help with forecasts. He said a lot of distributions came out of tax and revenue.

Mr. Archuleta said stability was the key. He said he was enthused about coming in and helping.

Mr. Gallegos asked how many bank accounts the city had. Mr. Archuleta said 13 and he was trying to get a handle on it. Mr. Archuleta said these were the general fund, bonds, payables, and general CDs (Certificates of Deposit).

Ms. Sandoval said the city had 6 Certificates of Deposit; Mr. Archuleta gave a review of the CDs. Mr. Gallegos asked if all were on the general ledger; Mr. Archuleta said not yet.

Mr. Gallegos said he had found with municipalities it was not unusual to have several bank accounts, depending on the sophistication of staff to track; he said it was the city's choice.

Ms. Sandoval said a problem the city had was that she, Mr. Archuleta and Lupita de Herrera (city Grants Coordinator) understood the difference between what was sitting in the bank and what was on the general fund. She said if someone was not aware of the scope of the entire entity having all [of the city's assets] in one account would give the impression there was more money to spend [then there was].

Ms. Sandoval said some people asked if the budget was what they had but they had to look at the actual revenues. She said the city needed a Finance Department that had that understanding so it might be better to have 12 accounts tied to various funds.

Mr. Archuleta said the city was in the process of getting cash management from Valley National Bank so they could have daily updates; she said they had been waiting to have a City Manager but needed to do it.

Mr. Gallegos asked if the city had anything in the State Treasury; Ms. Sandoval said \$2.1 million.

Ms. Sandoval said the difference between the state and a bank was how much access was needed so therefore [that influenced the decision regarding] where to put it.

Mr. Gallegos asked if signatory authorization cards had been updated; he said the city didn't want previous employees still having the authorization on any accounts.

Mr. Archuleta said Valley National Bank had been taken care of.

Ms. Sandoval said when statements were sent to the city she was having them sent to "Finance Department", not to a specific individual. She said the state treasurer signatory authorization was the only thing she wasn't aware of to have updated.

Mr. Archuleta said he had stopped the bleeding but it hurt the cash.

Mr. Martinez said what Mr. Archuleta thought would be fair to the city as far as the timeline. He said he had talked with other local governments to have certain timelines, for example 60 days to have something done. He said he expected to see this from the city. He said DFA wanted to have a picture and for the corrective action plan have milestones. Mayor Pro Tem Lujan asked if he wanted deliverables on the corrective action plan; Mr. Martinez said yes.

Mr. Martinez said they could work together on that.

Mr. Archuleta said he proposed an execution plan, and the city would welcome that. He said they were working together for a common goal. He said he was use to work with corrective action plans.

Mr. Martinez said he wanted to make sure the city was okay with the Water Trust Board (WTB); he said if the city went to the WTB for "x amount" of money, DFA could said this is where the city is at. Councilor Garcia said the city definitely wanted that.

Mayor Pro Tem Lujan said she wanted to add it was very inspiring to hear Mr. Archuleta and Ms. Sandoval. She said they were taking proactive measures, meeting with DFA, having a dialog, and seeing what had to be done to fix the issues. She said the Governing Body trusted Mr. Archuleta and Ms. Sandoval to get this done.

Heather Velasquez said regarding Mr. Martinez' question, she had drafted a correspondence and paper trail in answering the state auditors trail. Ms. Velasquez said Mayor Lucero sent her regrets as she wasn't able to be here due to a death in the family, but they had drafted a letter, and she [Ms. Velasquez] had set up the letter and [having] DFA invited to meet at the State Auditor's office the third Wednesday of every month.

Mr. Archuleta said in his view regarding a corrective action plan, he thought they would like to see what was discussed at the meetings and where the city was on these. He said he thought a corrective action plan needed to state that.

Mr. Martinez said they would hold the city's "feet to the fire" as that was their statutory duty.

Mr. Archuleta asked if the city should move forward for 2010 and up, or make an issue of justification; he said he didn't have the bodies and knowledge to go back five years.

Mr. Martinez said the city probably didn't want to go back 5 years as it wouldn't do any good. He said if the city was moving forward and working with them and the state auditor, and had a corrective action plan, and was trying to close the fiscal year properly, he thought that was where the city should go. He said at the same time the city wanted to make sure it wasn't on the same path [it had been on previously]. Mr. Archuleta said he agreed they couldn't have same problems.

Mr. Archuleta said he was hoping to get an agreement to move forward and not backwards. He said the city was responsible to the tax payers. Mayor Pro Tem Lujan and Councilor Garcia said that was the bottom line.

Mr. Gallegos said the city had already completed 4 audits with disclaimers. He asked what Mr. Archuleta thought of reconstructing the 2009 audit to avoid a 5<sup>th</sup> disclaimer in a row; Mayor Pro Tem Lujan said the Governing Body needed to convey that the city was being proactive to the public.

Mr. Gallegos said if the city could get as much quality as it could into the 2009 audit, it would get as much quality as it could in the 2010 audit, and maybe have source documents in place for the 2010 audit.

Mr. Archuleta said he had conveyed to staff that they had to do it; he said staff had said they didn't want to do it, and the issue was that the auditor had to be able to find [documents].

He said the auditor had to be able to go to the document and pick it out and he [Mr. Archuleta] was pursuing this. He said the city was not there yet but had someone coming to help with record management.

Mr. Gallegos said his recommendation was since the previous 4 audits were concluded and 2009 was not, to start constructing records to avoid a 5<sup>th</sup> disclaimer.

Mr. Gallegos said he suggested city staff meet with the state auditor's staff the next time. Mr. Archuleta said he had a meeting with the state auditor.

Mr. Gallegos asked who; Mr. Archuleta said Carla Martinez and Steve Archibeque and their staff. Ms. Velasquez said it was 10 to 12 individuals

Mr. Archuleta said he had requested a one on one with Hector Balderas and he knew Mr. Balderas well. Mr. Archuleta said Carla Martinez was on board. He said he knew the city needed to go back at least a year, but four was a difficult task. Mr. Archuleta said going forward from one to the next might help. Mayor Pro Tem Lujan said could the city set a base with 2009.

Mr. Martinez asked what the percentage completion for 2009 was; Ms. Sandoval said it was through the fieldwork.

Mr. Archuleta said there was much that went on in the city on a daily basis, he needed to make some changes, and when the City Manager came on board the Manager could take over staff issues.

Councilor Seeds said he wanted to verify leaving here today Mr. Archuleta would generate an action plan with a timetable; Mr. Martinez said they would work with the city on this. Councilor Seeds said the Governing Body needed to make sure this got done from this point forward.

Mr. Martinez said they had a good office, the state auditor had statutory authority, and DFA worked well with the state auditor. He said he wanted to spin this as positive because they wanted the city to get back on track. Councilor Garcia said they knew the city needed the help so it was not being taken on a negative basis.

Ms. Suazo-Giles said she had put together information, went through it, and the main concern was the cash balance. She said they did recommend the cash balances in the general ledger be verified so all were comfortable. She said DFA recommended reconciling on a monthly basis. She said visiting the city, she was able to see what Ms. Sandoval and Mr. Archuleta were working on, and she would assist in developing a cash flow analysis spreadsheet. She said she would work with Mr. Archuleta and Ms. Sandoval to develop a spreadsheet everyone was comfortable with.

Ms. Suazo-Giles said the local government division would assist in identifying outstanding debt and assist ensuring debt payments were budgeted and the city was able to pay its debt; she said she was happy to provide guidance if the city restructured [the debt]. She said GRT (Gross Receipts Tax) revenues, for municipalities, tended to be the largest revenue source and could only be expended as per statute. She said the city should reconcile the funds and she had started doing some work on this.

Ms. Suazo-Giles said the state auditor was concerned with internal controls. She said she knew Ms. Sandoval had already started on this.

Mr. Archuleta said the city would do it on a monthly basis and he thanked them for helping set up internal controls.

Ms. Suazo-Giles said she was willing to come and sit with the city and look at the procurement process; she said she might be able to see things the city hadn't thought of yet.

Ms. Suazo-Giles said regarding Finance Department staff she recommended the city maintain stability. She said she thought that had been a key problem, consistency, and procedures fell by the wayside without consistency. She said they were willing to assist, state purchasing could talk to the city and give training, and the state auditor could talk with the city. She said they could have a one day workshop with state agencies. She said they worked well with other agencies so use them.

Ms. Suazo-Giles said she thought Finance Department internal service hours were a great idea to limit interruptions and avoiding getting distracted. She said Mr. Archuleta had said he wanted to create a separate workstation for other departments to use to access their information. She said it would help keep other departments abreast of their budgets to help them understand budget versus cash flow. She said she would be happy to give training.

Ms. Suazo-Giles said the city did have additional monthly reporting requirements, monthly starting with the new fiscal year 2010-2011, and they would be due 30 days following the end of the month. She said they could call her anytime.

Mr. Archuleta said it was a good plan to move forward.

Mr. Martinez said he wanted to mention that current capital outlay was important to the state. He said he would like to see the city spend it down and use it and it came from legislators. He said some had been voided by the state and some of that was the city's. He said he wanted to make sure the city fully utilized funds, and be successful. He said the state had just given another \$4 million and he wanted to make sure the city was on track with that and continued to spend it down.

Councilor Ortega asked if the city had a full report on capital outlay projects; Mr. Martinez said they could send that with balances and when they terminated.

Ms. Velasquez said she wanted to thank Councilor Garcia and Mr. Martinez and she truly appreciated the fields. She said her son was playing there. She said Len Cata had assured them the total grant would be expended.

Mr. Martinez said the Public Works Director had requested some funds. Councilor Garcia said the city had a good team and just needed the City Manager. Mr. Martinez said he wanted the city to succeed.

Councilor Ortega said he appreciated them coming and working with the city. Mr. Archuleta said he had a clear picture of what the city needed to do and he was committed to this.

Mr. Martinez said they appreciated the city meeting with them, and the City of Espa ola wasn't the only city with these problems; he said their job was to get the city back on track. Mayor Pro Tem Lujan said it was important to them.

Councilor Seeds asked the time frame for the plan; Mr. Martinez said they would help with that. Mayor Pro Tem Lujan thanked them. Mr. Martinez said that was what they were there for. Councilor Garcia thanked them.

***Councilor Garcia called for a 5 minute break at 7:27pm. The meeting reconvened at 7:30pm.***

Councilor Garcia said she wanted the Budget Hearing next then the Finance Report; the Board members agreed.

Item #3, Budget Hearings for the following city departments or divisions:

- a. Senior Center
- b. Community Services

*Community Services*

Councilor Garcia said to keep it short and sweet. Mayor Pro Tem Lujan said this was a budget hearing and they were not making decisions tonight. Councilor Garcia said she wanted to know “what, where, and why”, and to cut 3%.

Len Cata, Community Services Director, said Community Services had its own budget and it included 3 positions, the Community Services Director, the Plaza Director, and an assistant. He said Ms. Velasquez had said to keep it the same as last year.

Mr. Cata said each department in Community Services had line items for per diem, professional development and advertising, and he wanted to combine these under his Community Services budget so as the Director he could decide how to distribute these to the departments, and to decide where it could be used best. He said this was for Community Services, the Plaza, and Recreation. He said he had left the line items in the budgets for the Senior Center and the Library. Councilor Garcia said this didn't add to the overall budget but brought it from other departments and put it in one pile.

Councilor Ortega said Mr. Cata said hadn't utilized these in the past and asked if these would be utilized; Mr. Cata said yes, he had plans to use it.

Mr. Cata said most of the Community Services budget was for the 3 positions.

Ms. Velasquez said she had a question; she said when she met with Mr. Cata he talked about crucial certificates that couldn't be cut like lifeguards.

Mr. Cata said he wanted certified so they could do in-house training; he said he had to send new people to Pojoaque or Los Alamos.

Councilor Garcia asked what was crucial. Councilor Ortega asked if it was more cost effective send them or do in-house training.

Councilor Ortega asked if could cut \$700 from the \$2,500; the City Clerk said 3% was \$4,769. Mr. Cata said he could cut per diem. He said his suggestion was leave them \$150; Councilor Garcia said okay.

Mr. Cata said employee professional development would be to get Desiree Miranda certified, and lifeguards certified. Councilor Ortega said maybe they shouldn't touch the \$2,500.

Mr. Cata said food supplies could be cut \$250. Councilor Ortega asked if they could work with that. Mr. Cata said could he could cut food supplies in half to \$250.

Mr. Cata said he was purchasing refreshments and getting reimbursed for Youth activities. Councilor Ortega said if Mr. Cata ran out of money there, as City Councilor he [Councilor Ortega] was willing to give a \$300. Councilor Ortega said if Mr. Cata had kids working hard and didn't have cash to give him a call.

*Councilor Seeds left at 7:39 pm and returned at 7:42 pm.*

Mr. Cata said for Española Day he had spent \$250 for food baskets. Mayor Pro Tem Lujan asked if that was an allowable cost, and said [the state was] very strict about it. Mr. Cata said he had talked with Bernadine Martinez (city Procurement Specialist), and she had said when he put the Purchase Order in to attach an agenda. Ms.

Sandoval said the city couldn't just treat staff to lunch but for a public meeting public funds could be used. Mr. Cata said it was simple, water, juice, and cookies.

Councilor Garcia said to cut per diem and food supplies.

#### *Senior Center*

Mr. Cata said for the Senior Center he kept the amount the same; he said there were 6 full-time and one part-time employees. He said he had shuffled around some of the things in the line items.

Mr. Cata said some of the categories were the same. He said he had cut medical supplies and for recreational activities had looked for an increase for programming; he said he wanted to add programming, games, arts, and crafts. He said food supplies was the same but was one area where he might look to see an increase because the price of food was going up. Mr. Cata said he had reorganized money in various line items.

Mr. Cata said the monthly budget reports he received were not corrected with actuals. Councilor Ortega said Mr. Archuleta was working on that.

Mr. Cata said the monthly budget reports didn't show \$8,000 which should have been paid last year but came out of this year.

Councilor Seeds said they needed to have a half year evaluation of everything running.

Mr. Cata said with Mr. Archuleta's help paying old invoices that had never gotten paid, the situation was being cleaned up and he didn't foresee these problems next year.

Councilor Garcia said the Center had 50 to 60 seniors, and asked if that was plus "to go" boxes. Councilor Garcia said she wanted to know why seniors weren't going through "meals on wheels" for feeding homeless seniors.

Josephine Velasquez, Senior Center Director, said a lot went to the Center.

Councilor Garcia said she wanted to cut down the cost of "to go" boxes as there were 20 to 30 a day. Mayor Pro Tem Lujan said they served about 10 "to go" trays. Josephine Velasquez said that was an error and some were non-seniors.

Councilor Garcia said "to go" boxes were hurting the city with the cost Heather Velasquez said the \$301,267 bottom line was approved and Josephine Velasquez had \$310,000. Heather Velasquez asked if it would be under scrutiny from a state agency; Councilor Garcia said this wasn't under a state agency and the city was not getting funding for this.

Heather Velasquez said internally they could make the decision for no "to go". Councilor Garcia said she wondered why the city fed 20 to 30 when they were just "to go". She said they would not be taking it away, she was just saying there were other agencies.

Councilor Seeds asked how sure Councilor Garcia was that there were other agencies; Councilor Garcia said there was "meals on wheels". Josephine Velasquez said some people went to the Center for lunch and got "to go" to take home for later.

Councilor Garcia said it cost the city more than the city received so she was just throwing it on the table. Mr. Cata said it was whatever the Governing Body wanted but he thought they would hear a lot of protest about it.

Councilor Seeds asked the city wasn't getting funds; Councilor Garcia said three years ago the city had tried. Josephine Velasquez said they could only try every 4 years.

Councilor Garcia said the seniors had objected. She said they needed a certain menu and the seniors wanted burritos and fried foods. Mr. Cata said maybe they could up the take out cost 50 cents. Councilor Garcia said she just wanted to throw it out there; it was just an idea and they would leave it as it was.

Mayor Pro Tem Lujan said 15 members required transportation on a daily basis and it was a four mile radius. Josephine said the policy was they couldn't go 4 miles past the city limits; she said past the limits they called RTD (North Central Regional Transit District) to pick them up. Councilor Garcia said they took seniors on excursions.

Councilor Ortega asked if janitorial was maintained by general services; Heather Velasquez said Josephine Velasquez had said it was chemicals for the hot-tub.

Mr. Cata said janitorial came in three times a week but they needed staff to clean each day. He said they had a pool professional come out to see what it would cost to get it running, and did have money from Area on Aging and maybe could open a Purchase Order (PO) and draw down on it.

Mayor Pro Tem Lujan asked if they would need an FTE (full-time equivalent); Councilor Ortega said they would need a therapist. Josephine Velasquez said they had a part-time there.

Mr. Cata said he was always there during the hours of operation and the schedule was posted one month ahead of time.

Mr. Cata said on therapy he needed to have the city check into liability to reopen the therapy pool. Mr. Cata said at one time the state had said it was a pool and needed a lifeguard.

Mayor Pro Tem Lujan said they needed to check and convey the information to the public. Mr. Cata said it was a safety issue. Councilor Ortega asked what the Senior Center needed it for; Josephine Velasquez said it would help with services.

Mayor Pro Tem Lujan asked what open grants they had; Josephine Velasquez said the Mayor wanted them to wait until the city got the attorney to review it before they did the acoustic ceiling and lights.

Mr. Cata said he had just received the PO to remodel living room and salon.

Mr. Cata said he wanted to replace the doors, and in the fitness area put in rubber flooring. He said there were different projects he was looking at. He said he wanted to get caught up and was awaiting approval from the attorney.

Josephine Velasquez said the front doors were not handicap accessible and in the kitchen needed to upgrade equipment.

Councilor Garcia asked if the bathrooms were ADA compliant in both areas including fitness; Josephine Velasquez said not fitness. Councilor Garcia said they should make everything ADA compliant.

Heather Velasquez said efficiency for maintenance of vehicles they should centralize all to fleet so fleet had management of maintenance of all vehicles across the board; she said Fleet was requesting an increase of their budget. She said now they billed each department; she asked Ben Ortega to add to this.

Ben Ortega, Public Works Director, said vehicle maintenance was the same dollar amount, there were more vehicles not contributing to fund, and the line items for other departments could be zeroed out and put in Fleet.

Mr. Cata asked if they would purchase all equipment; Mr. Ortega said yes.

Ben Ortega said the same went for building maintenance and there was a question of who paid what. Councilor Seeds asked for confirmation there would not be an increase; Heather Velasquez said they would centralize it to the service area.

Councilor Garcia and Councilor Ortega thanked Mr. Cata and Josephine Velasquez.

Councilor Valdez asked if they wanted to centralize vehicle maintenance. Councilor Seeds said they should request Mr. Archuleta to pull it out of all of the budgets.

## Item #2, Finance Report

Mr. Archuleta said he had an overall memo, and the memo outlined everything he had talked about with DFA. He said he had already known what they would want and he was working diligently and addressing the issues. He said he took a proactive approach.

Mr. Archuleta said the IRS (Internal Revenue Service) had forgiven a debt of \$624,000. He said he tried to keep the departments informed. He said he was working on bank reconciliations. He said he would be responsible for providing the corrective action plan.

Mr. Archuleta said for the month of April he had printed POs for the type of request. He said in March the city had spent \$400,000 then they buckled down and spent \$160,000. He said the city had cash issues, too many liabilities, and the city had ignored problems in the past. He said the city was paying POs from a year or two ago.

Mr. Archuleta said he had worked with Mr. Cata on repairing a tractor instead of buying a new one.

Councilor Ortega asked if the city would recoup the deficit; Mr. Archuleta said no. He said he would have to go into the accounts and see how to deal with it.

Councilor Ortega said he knew there had been resistance to furloughs but now the city was back there and needed to look at it.

Mr. Archuleta said there was a \$600,000 payment to PERA.

Ms. Sandoval said the issue was that not all due had been paid. She said some payrolls had been paid and some hadn't. She said the cumulative amount was \$600,000 and it was several fiscal years of errors. She said it had taken PERA a long time to figure it out.

Ms. Sandoval said Stephanie Martinez had figured it out; Ms. Sandoval said some payments were made but not for a sufficient amount because no one had understood the level it should have been. She said some people didn't understand what required and at what level.

Councilor Garcia asked if Mr. Archuleta had talked to DFA; Mr. Archuleta said he had.

Heather Velasquez said the overall fiscal projection would be short at the end of the year and the city could be in the hole. Councilor Ortega asked if the city could be in the hole for \$900,000 to \$1million; Mr. Archuleta said yes.

Mr. Archuleta said there were a couple of accounts, and on could be housing. Ms. Sandoval said for Section 8 Housing there was money there. Heather Velasquez said they could add as a discussion item to Thursday and Friday to include this information. Councilor Garcia said Monday would be fine.

Mr. Archuleta said he was going to PERA tomorrow and the Department of the Treasury, and he needed to know the protocol for an emergency meeting.

Mayor Pro Tem Lujan said to add it to Monday's agenda. Councilor Garcia said she could meet at 5:30 pm.

Councilor Garcia said they could have an emergency meeting on Monday.

Ms. Sandoval said they had made several large payments on projects which were at the point of being reimbursed but not reimbursed yet for approximately 600,000.

Councilor Seeds asked what the turn-around time was; Ms. Sandoval said roughly 60 days. She said it was not just going to be a hole, but was the whole issue of cash management. She said the city had to pay first then get reimbursed. She said the city would be reimbursed but the timing was squeezing the city.

Councilor Seeds said they could incorporate it in the budget and if they had documentation showing it would fill the gaps, it would get preapproved.

Mr. Archuleta said he would take it into account for the budget.

Councilor Valdez said they could have the meeting Monday. Mayor Pro Tem Lujan said to have it Monday. The City Clerk said it was tentatively set for Monday unless there was an immediate need.

Mayor Pro Tem Lujan asked to have it at 5:00 pm; Councilor Ortega said they could convene at 5:00 pm but that was hard for Councilor Salazar.

Councilor Seeds said they needed to get a team in the Finance Department and give Mr. Archuleta flexibility. Mr. Archuleta said he needed right now to take immediate action on the fires and he and Ms. Sandoval were committed. Councilor Seeds said Ms. Sandoval was working to help them and was still temporary.

Councilor Garcia said it would be taken care of. Councilor Seeds said they needed to do it.

### **Matters of the Chair**

There were no items.

### **Announcements**

There were no announcements.

### **Adjournment**

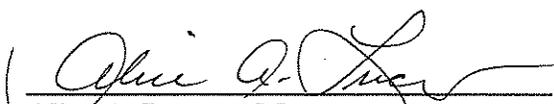
***Councilor Ortega made a motion to adjourn; Mayor Pro Tem Lujan seconded the motion. The motion carried 6/0.***

The meeting adjourned at 8:31pm.

*Minutes taken and transcribed by Sally Baxter  
Deputy City Clerk/ Public Information Officer*

APPROVED AND ADOPTED THIS 29<sup>TH</sup> DAY OF JUNE, 2010

ATTES  
  
Heather Velasquez, City Clerk

  
Alice A. Lucero, Mayor