

**CITY OF ESPAÑOLA
SPECIAL CITY COUNCIL MEETING
TUESDAY, MAY 29, 2006, 5:30 P.M.
CITY HALL COUNCIL CHAMBERS
405 PASEO DE OÑATE, ESPAÑOLA NEW MEXICO**

Mayor Maestas called the meeting to order at 5:41PM, with the following present:

Mayor:	Joseph Maestas
Mayor Pro Tem:	Alice Lucero
Councilors:	Danielle Duran Rosario "Chayo" Garcia Alfred Herrera Cecelia Lujan (arrived at 6:04pm) Eddie Maestas (absent) Helen Kain-Salazar Dennis Tim Salazar (absent)
City Manager:	Gus Cordova
City Clerk:	Lucas Gauthier
City Attorney:	Angela Pacheco
Staff:	Leroy Archuleta Anthony "Hawk" Trujillo Julian Gonzales John Kitchen Melissa Griego Stephanie Martinez Ivan Guillen Joaquin Maestas Maria Torrazon Russell Naranjo Josie Lujan Jose Ted Garcia

Mayor Maestas led the pledge of allegiance and invocation.

APPROVAL OF AGENDA:

**Special City Council Meeting
Tuesday, May 29, 2007
5:30 P.M., City Hall Council Chambers
405 Paseo de Oñate, Española, NM
Call to order, Pledge of Allegiance, and Invocation**

APPROVAL OF AGENDA

PUBLIC COMMENTS

COUNCILOR COMMENTS

DISCUSSION ITEMS

1. Discussion of 2007-2008 Budget (Gus Cordova)

MATTERS FROM THE MAYOR

2. Appointment of Ethics Board (Mayor Maestas)

RESOLUTIONS

3. Resolution 2007-36 – Resolution Regarding Employee Compensation, the Annual Operating Budget and Submission of the City's Working Budget to DFA

ANNOUNCEMENTS

ADJOURNMENT

Mayor Maestas presented the Agenda to Council for approval.

Mayor Pro Tem Lucero made a motion to approve the Agenda as presented, seconded by Councilor Kain-Salazar and Councilor Herrera.

Motion carried 5/0.

PUBLIC COMMENTS

(none)

COUNCILOR COMMENTS

(none)

DISCUSSION ITEMS

2007-2008 Budget Presentation:

City Manager Gus Cordova presented on this item, he stated that the budget in front of council was a balanced budget and included Grant funds, including match and coop funding. Mr. Cordova advised council that in kind work may assist with Grip II matches and could be re-allocated. Mayor Maestas asked what were the savings as result of the negotiations for the Regional Transit District (RTD) and Los Alamos County. Mr. Cordova answered that funds allocated for the current year including expenditures were \$52294.00.

Councilor Herrera asked how the ending cash balances were calculated. Mr. Cordova stated that it had been calculated based from 11 months completed of the fiscal year. Mr. Cordova directed council to review page 1, general fund and column H un-audited balance that showed \$797,000 cash in bank. Mr. Cordova stated that he was able to tie the cash balance to the 2005 audit. Mr. Cordova stated that he was able to prepare the budget matched to the 2005 audit. Mr. Cordova stated that in order to complete the budget to include all grant funding he would ask council for permission to meet on Thursday, May 31, 2007. Mr. Cordova stated that the budget was also still dependant upon the Utility replacement fund and if the funds generated could be transferred from Utilities to the General fund. Mr. Cordova stated that the two days would give legal counsel ample time to investigate the Ordinance. Mr. Cordova stated that he had responded to 3 labor unions regarding economic issues, and impasses. Mr. Cordova stated that he would meet again with the unions to re-discuss the issues. Mr. Cordova stated that after such Council could make recommendations to staff. Mr. Cordova recommended to Council that he meeting be held in continuance until Thursday, May 31, 2007.

Mayor Maestas stated that it could be possible to budget the balance of the utility replacement fund as cash reserves. Mr. Cordova stated that it was an interesting approach. Mayor Maestas stated that if the fund could not be expended it could be accounted for as cash reserves. Mr. Cordova stated that it would act as an extra layer of comfort based on most recent numbers avail from audit. Councilor Herrera stated that he had a number of questions. Councilor Herrera asked if the City would want to rely on the 2005 audited cash balances since they were a qualified audit item and seemed hazy. Councilor Herrera added that he would like to see the audit information brought forward. Councilor Herrera stated that in order to get the best possible results he was in support of a motion to allow staff a little more time to review, adding that it would still allow the budget to be transmitted to DFA by the June 1st deadline.

Mayor Maestas asked Mr. Cordova to comment on the changes that were made to the Recreation Department budget including Council's sentiments about the Summer Program. Mr. Cordova stated that last years budget was \$20,000 for temporary help but last year \$114,000 was expended for staffing, adding that it was unclear as to which account had been

charged for the excess. Mr. Cordova stated that Ivan Guillen and staff had adjusted the pool schedules and lifeguard coverage in order to keep both pools open. Mr. Guillen stated that the Ranchitos pool would be open from 7am to 7pm and many other activities would be available. Mr. Guillen stated that the Lucero center weight room and gym would remain open and the pool would be open for open swimming in both the morning and afternoon. Mayor Pro Tem Lucero asked Mr. Guillen what time the Lucero Center would close. Mr. Guillen stated 9pm. Mayor Maestas asked Mr. Guillen how many positions had been eliminated. Mr. Guillen stated that there were 11 summer positions eliminated, 6 lifeguards, 1 clerk and 4 assistants. Mayor Maestas asked if there had been any progress in the fulfillment of the position for Recreation Director. Mr. Cordova stated that the position is authorized but in the budget the position was not funded. Councilor Herrera asked Mr. Cordova if he took in to account the fact that the Summer Program budget overlaps fiscal years. Mr. Guillen stated that the cost of last years program was \$114,000 and this year the program is budgeted \$74,000. Councilor Herrera asked if it was safe to say that the City has not sacrificed safety. Mr. Guillen stated that there were limits to the amount of swimmers allowed in the pool at the Lucero Center, and that there would be a full staff at the Ranchitos pool. Councilor Herrera asked if the fees were raised from last year to this year. Mr. Guillen stated that the fees had remained the same.

Mayor Maestas asked if there were any new questions on any issues or on the Budget Resolution. Mayor Maestas stated that he did have questions on the revised premium and budget for insurance policy, lower premiums and deductibles. Mayor Maestas asked where they had been budgeted. Mr. Cordova stated that the current deductible was \$400,000, adding that the current premium with Daniel Insurance would expire soon and that he had received a formal proposal from the Municipal League. Mr. Cordova stated that he did not currently have the information available. Angela Pacheco City Attorney stated that Daniels Insurance could not provide the Governing Body with an estimate until the second week in June. Ms. Pacheco stated that there was a need to keep a reserve available for deductible payments. Mayor Maestas asked how many deductibles have been paid since last year. Ms. Pacheco stated that the City has paid \$150,000 to \$200,000 by end of the year. Mayor Maestas stated that the \$100,000 budget was not realistic. Ms. Pacheco agreed stating not at all. Mr. Cordova stated that the budget could reflect a higher reserve with Council direction.

Councilor Duran asked Mr. Cordova why he had based the budget off of the last 11 months averaged. Mr. Cordova stated that there were several departments that have had out of the ordinary expenditures, adding that he would go back and investigate each line item. Councilor Duran asked why there were no budgeted operational cost for the Youth Technology Center, or if those cost would come out the Recreation Department budget. Mr. Cordova stated that openings could be created through normal attrition to fill those positions. Mr. Cordova stated that it should not be much.

Mayor Maestas asked for a list of previous year's expenditures (PYE's), and a list of all department head's encumbrances.

Susan Trujillo stated that the budget preparation team had addressed detention actual expenditures versus projected expend, adding that their bills needed to be paid by the end of the fiscal year. Councilor Herrera asked if the detention system allowed the City to track care of prisoners, a roster of sorts. Director of Public Safety Julian Gonzales stated that he had produced a list, adding that bills from March had been paid but that the Detention Department still owed April, May and June with Santa Fe Co. Councilor Herrera asked if anyone had a sense of the breakdown of numbers. Chief Gonzales stated that Detention Director Ted Garcia kept numbers down by requesting good time forms from guessed that the guess breakdown of prisoners at 25% to Santa Fe and to 75% to Gallup. Mayor Maestas asked if Rio Arriba County was behind on billing. Chief Gonzales stated that he believed they were not.

Mayor Maestas thanked Mr. Cordova for the work and asked Council when they would like to reconvene. Councilor Duran requested a daytime meeting. Councilor Lujan stated that she was unable to attend during the day. Mayor Maestas stated that 6pm would work due to work schedules for the Councilor's. Mayor Maestas stated that the meeting would continue May 31st at 6:00pm. Ms. Pacheco stated it would be a motion of a continuance.

MATTERS OF THE MAYOR

Mayor Maestas stated that he would like to submit to Council all 18 nominations as members of the Ethics Board.

Councilor Lujan made a motion to ratify the nominations as presented by Mayor Maestas to Ethics Board, seconded by Councilor Herrera.

Motion carried 6/0.

Mayor Pro Tem Lucero made a motion to continue the meeting on May 31, 2007 at 6:00pm, seconded by Councilor Kain-Salazar.

Motion carried 6/0.

Continuation of 5-29-07 on 5-31-07

Call to order at 6:04pm.

Resuming Special City Council meeting

Mayor Pro Tem Lucero made a motion to reconvene the Special City Council meeting from May 29, 2007, seconded by Councilor Lujan.

Motion carries 5/0. Councilors Duran, Maestas and Salazar were absent.

PUBLIC COMMENT

Mayor Maestas opened the floor to Public comment.

Virgil Vigil presented a proposal for the surface water plant placement. Mr. Vigil communicated his intent to sell his property to the city for the use as a surface water plant. Councilor Kain-Salazar asked where the property was located and how much land would be available. Mr. Vigil stated that there were 26 acres just north of Councilor Kain-Salazar's property. Mayor Maestas stated that the land was being considered for the surface water plant. Mr. Vigil stated that the property was a viable solution. Councilor Kain-Salazar asked if the property was very sandy. Mr. Vigil stated that it is not any more so than other areas.

COUNCILOR COMMENTS

(none)

ITEMS FOR CONSIDERATION

City Manager Gus Cordova presented the latest draft of the Budget before Council. Mr. Cordova stated that he was pleased to present to council a balanced budget. Mr. Cordova presented a handout to council that outlined items included in the balanced budget. Mr. Cordova stated that the summary is a condensed version of the budget.

Mayor Maestas asked Angela Pacheco City Attorney what she thought would be a reasonable pool for insurance. Ms. Pacheco stated that the risk fund should be \$400,000 to \$500,000.

City Manager Gus Cordova continued to cover the budget summary.

Mayor Maestas stated that there has been a request for \$100,000 from each neighboring county for detention center improvements. Mr. Cordova stated that he had not had any correspondence with the counties in reference to the funds requested for detention.

City Manager Gus Cordova continued the coverage of the proposed budget, touching briefly on the unexpended appropriations that required matching funds. Mayor Maestas stated that there had been a recent purchase of water rights executed in order to expend a state appropriation. Mr. Cordova stated that Lupita De Herrera the City's Grants Administrator

would cover the Grants Administration portion of the proposed budget. Mr. Cordova stated that Mrs. De Herrera would give a brief summary of the City's holdings of State and Federal appropriations.

Councilor Lujan asked what the improvements to Council Chambers would entail. Mr. Cordova stated that it would be that addition of a new desk to support staff.

Mr. Cordova stated that Council concerns such as the Summer program and the Youth Technology Center were addressed. Mr. Cordova asked the Governing Body if there were any questions with the proposed budget. Mr. Cordova added that every department had been gone through line item by line item, adding that there was not a straight across cut in any department but that everything was taken in great detail. Mr. Cordova stated that there was a \$220,000 deduction to the budget. Mr. Cordova stated that he would like to have the Governing Body's approval on the working copy of the budget and he would meet with department heads individually to discuss the cuts.

Mayor Maestas asked Mr. Cordova to explain the reconciliation of cash balances were done to the 2005 audit. Mr. Cordova stated that under the advice of Councilor Herrera they were able to work through and develop a worksheet that allowed them to balance. Mr. Cordova stated that the ending cash balances of \$797,000, was used because it was actual monies in the bank. Mr. Cordova stated that in order to balance the budget to the 2005 audit amount would have required drastic budget cuts.

Mr. Cordova asked Angela Pacheco City Attorney to discuss the utility fund. Ms. Pacheco stated that the New Mexico State Department of Finance and Administration as well as the Department of Taxation and Revenue responded to her request to reallocate funds collected under Ordinance 488 for Utilities to the General fund was affirmative, if the balances are rededicated via ordinance.

Councilor Herrera thanked staff for the work to create a balanced budget. Councilor Herrera stated that it would be a good idea to use the monies from the utility fund for a reserve and classify it as reserves. Councilor Herrera stated that there is a 7.2% increase in revenue and 15% increase in expenditures. Councilor Herrera stated that the expenditures translate into many needed services in the city and emphasis on public safety and would reflect to the citizens the City's commitment. Councilor Herrera asked why an authorized surplus sale showed no revenue, and asked if transit budget numbers were correct. Mr. Cordova stated that the RTD was to be transferred by July 1, 2007. Mayor Maestas asked if there was a ballpark estimate of yearend Purchase Orders. Finance Director Josie Lujan stated that the department heads were required to turn in all purchase requisitions by May 31, 2007.

Mr. Cordova stated that due to delays the contract for redistricting would not be submitted for reimbursement until after July 1, 2007.

Mr. Cordova stated that target expenditures have been established and any violations would unbalance the budget. Councilor Herrera stated that all year-end encumbrances were assuming that all would be liquidated and not carry over to the following year. Councilor Herrera stated that it would all come over into the cash balances and would balance. Councilor Herrera stated that ideally staff would encumber before year-end.

Mayor Maestas introduced Lupita De Herrera the City's Grants Administrator; she presented a handout to council that outlined reimbursements that have been submitted for grants administration. Mrs. De Herrera presented on her efforts on grants administration. Mayor Pro Tem Lucero asked why most of the appropriations showed balances and asked when they were to be expended. Mrs. Herrera stated that the dates to be encumbered by were on the handout. Mayor Maestas asked if any required a match. Mrs. De Herrera stated that she knew that there was several that required a match, and listed; 50 % for Bullet proof vest, and 75% match for water filtration facility. Mr. Cordova stated that the city would be required to request a revenue bond. Councilor Kain-Salazar asked why the grant for the Little League had not been used. Mayor Maestas stated that it had just been re-authorized because the original authorization had a very narrow scope. Councilor Herrera asked about the status of an \$80,000 grant issued for transit. Mr. Guillen stated that the grant had a 20% match and would be included in the list. Mrs. De Herrera stated that she would add it to the list.

Councilor Herrera asked when funding would lapse. Mr. Guillen stated that after a conversation with the RTD there was no expiration. Mayor Pro Tem Lucero stated that the city needed to encumber the grant to repair the dugouts at the ball fields, adding that they are in poor repair. Mr. Guillen stated that the crews do have plans to repair the dugouts with in a two-week period. Councilor Lujan stated that some grants were near the termination dates and asked staff to expend the remaining balances.

Mayor Maestas asked Mr. Cordova to explain the process and what was to come. Mr. Cordova stated that there would be a meeting with staff and a special meeting to present objectives to council with in the next 12 months. Mr. Cordova stated that the objectives should have been done prior to budget preparation, and will be done before hand the next fiscal year0.

Councilor Herrera made a motion to approve resolution 2007-36 with the amendments as follows:

- **Items 1,2, and 3 stricken under “NOW, THEREFORE,”**
- **Leave item number four**
- **Eliminate every thing after item number four until the very last “BE IT FURTHER RESOLVED”.**

, Seconded by Councilor Kain-Salazar.

Mayor Maestas thanked City Manager Gus Cordova and staff for the hard work to prepare and balance the budget. Mayor Maestas stated that with Mr. Cordova’s performance based budget the council will be able to see how well the City is operating.

Mayor Pro Tem Lucero also thanked staff and recognized staff for sacrificing in many areas and appreciated staffs understanding.

Mayor Maestas stated that Union negotiations have not gone as they should have and assured that the Governing Body has been very sensitive to employee issues and thanked the union for its understanding and opportunity to build a relationship.

Mayor Pro Tem Lucero stated that she was glad to know there would be a new employee appraisal that was tied to a pay plan, adding that it was more equitable creating a better morale amongst employees.

Councilor Herrera welcomed the unions to review the budget and question areas of their concern, stating that Council was willing to work together. Councilor Herrera stated that the summary provided a great snap shot and thought that they should be sent out to the citizens. Mayor Maestas stated that there was finally established funds and stability.

Councilor Garcia called for the question

Motion carried 5/0.

ANNOUNCEMENTS

Councilor Kain-Salazar announced that the Fiesta Dance would be on June 8, 2007 and a Wine tasting on June 9, 2007.

Mayor Maestas asked if there was a schedule of events. Maria Tarazon passed out the schedule.

Mayor Pro Tem Lucero invited council to the Mision Museum Gift Shop on June 7, 2007 at 5:30pm for its Grand Opening and on Saturday June 9, 2007 from 11am-2pm

Angela Pacheco City Attorney announced that June 6, 2007 there would be a special closed meeting to discuss legal matters.

ADJOURNMENT

Councilor Lujan made a motion to adjourn, seconded by Councilor Kain-Salazar.

Adjourned at 7:27 pm.

PASSED, APPROVED AND ADOPTED this 26th day of June 2007.

Electronic copy – signatures on file