

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION BUDGET WORKSHOPS
2:00 P.M. AT THE CITY COMMISSION CHAMBERS AT CITY HALL
1376 E. NINTH ST.
MINUTES FOR MAY 6-9, 2013**

**SUSIE GALEA, MAYOR
JASON BALDWIN, COMMISSIONER
NADIA SIKES, COMMISSIONER
ROBERT RENTSCHLER, COMMISSIONER
JOSH RARDIN, COMMISSIONER**

**AL HERNANDEZ, MAYOR PRO-TEM
JIM TALBERT, COMMISSIONER
MATT McNEILE, INTERIM CITY MANAGER
STEPHEN THIES, CITY ATTORNEY
RENEE CANTIN, CITY CLERK
KEN JOHNSON, FINANCE DIRECTOR**

MONDAY, MAY 6, 2013 - 2:00 P.M.

Mayor Galea called the meeting to order at 2:00 p.m. Roll call was taken by the Clerk and all Commissioners were present.

Commissioner Rentschler moved to approve accepting the budget into record. Mayor Pro-Tem Hernandez seconded the motion. Motion carried by a vote of 7-0-0.

1. Budget Review

A. Budget Overview – Ken Johnson, Finance Director

Commissioner Rardin said it's a general rule we have this budget document two weeks in advance. He told the Finance Director that in the future, we would like the document at least two weeks in advance. Finance Director Johnson said they would do so.

Finance Director Johnson gave a presentation for the budget overview. He told the Commission there are five items he will cover - adoption process and time line, what we currently have on the agenda which is subject to modification, budget preparation and submission summary, the detailed budget development plan, and lastly budget execution, limits and actual close-out.

There are two items in red - #3 and #7 which are outside regulatory requirements that we need to meet. In going through, we start with public hearings and move to having the report accepted and filed. Basically, we have a City Manager's recommended FY14 Preliminary Budget prepared under the direction of Mr. Bob Carter, Interim City Manager. The second is to adopt the Preliminary Budget at a regular hearing scheduled for May 14th or May 28th. The third item is the regulatory requirement that we have to have the Preliminary Budget to DFA no later than June 1st. The first step is to look at year-end closing and carry-over balances which he felt would be done by July 19th and if necessary they would make revisions that would come back to the Commission for adoption as our final budget. The Resolution to amend the Preliminary Budget and adopt we hope to have done by July 23rd, and our other major milestone with DFA is to have the Final Budget to them by July 30th. After the Budget adoption process, we have an inflexible calendar. We'll do what we can in the future to give you, the Commission, more time to go through the budget. Finance Director Johnson showed the Commission a partial budget calendar and he pointed out April 29th was when they had wanted to have the Preliminary Budget book out, and they were off by two days. He wanted them to know they have a calendar and try to adhere to it

Commissioner Rentschler asked him to shoot for not just two weekends, but two solid weeks early. Finance Director Johnson said they would do this for next year.

Finance Director Johnson continued with his presentation saying we have five days this week to go through the hearing process. Today we will go through the financial discussion followed by a personnel discussion with HR Manager Josselyn. He noted there were over 60 funds for the City of Alamogordo and in the agenda that's the way they are laid out.

Finance Director Johnson said there were a number of policies and procedures and he was only going to highlight the ones in gold. The budget is prepared on a cash basis and has been prepared for our stake holders – commissioners and citizens in Alamogordo. He said there are budgetary controls at both the local and state levels. A budget application has been set up, executed, change and close-out controls by the financial department. It is also executed and monitored by our department and by DFA. Finance Director Johnson said in terms of budget preparation and submission, the COA ordinance # 203-100 requires the City Manager to prepare and submit the annual budget. Mr. Carter selected a budget committee, held budget meetings with the departments and made executive decisions in developing the recommended FY14 Preliminary Budget Report. The Finance Department has done as Mr. Carter directed us to do.

There are seven steps in the Budget Development Plan and they are 1) selection of a budget committee, 2) preparation of instructions (he highlighted that the instructions we gave the departments were a continuation of the FY13 Appropriations Budget), 3) budget request, 4) actual development of the Preliminary Budget. He highlighted 4E and 4G in that process that the discussion and consideration of those departmental requests for staffing, operations, capital equipment replacement and capital improvement plan; as well as what process we go through (-when this is over and done with. This is a monumental task for the Finance Department to go through to do all this. We coordinate with Human Resources as well as with the departments to produce the book you have before you today. Number 5) is to hold discussions with the Commission and the public, 6) is FY14 Final Budget and action followed by, 7) DFA review and approval. We anticipate there will always be some changes throughout the budget, and so there may be budget amendments from time to time. You'll see those in terms of Resolutions from our office.

He said he looks at our Mission Statement everyday and it is a driver of our budget document. We are here to provide the best possible service to our customers and we are committed to providing those services with the values espoused by the Commission. We are also committed to long-term financial stability and responsible growth for the City. All the decisions will be driven by the commitment to provide the best services possible in a financially sound and responsible manner given the economic realities facing the City. That was adopted by the City in 1995.

GFOA is the standard for budgeting, financing and the preparation of our financial statements. The Budget Book serves as a policy document, financial plan and operational guide as well as a communication device. This year, for the first time, we have received the Distinguished Budget Award for FY13. It is a great achievement and he praised his staff, especially Kathy Gilsdorf.

In terms of the Preliminary Budget overview, we provide services to the City which has over 30,000 citizens. In support of these programs, the City Manager recommended the FY14 Budget totals of \$45.6 million in anticipated revenues and another \$43.1 million in proposed appropriations. These are in alignment with the City's mission to provide the best possible service to our customers and citizens. For the record, the other highlights are that the FY14 Budget Book is in compliance with the financial guidelines prescribed by this governing body which significantly influences the development of the FY14 department division program and fund budgets.

Next, he spoke on the revenues which drive the determination of whether or not we have adequate resources to meet our operational needs and any other needs we may have. FY14 shows \$45.6 million and we are talking about \$20 million in GRT insured GRT. There is a note in the budget book that a watch will be on our Shared for FY15. The second is User Fees in terms of dollars we have in the budget, followed by taxes and you can see the others - the comparison and the revenues with year end FY13 versus the FY14 budget. There are two items he pointed out – 1) reduction of \$8 million in grants for current FY and, 2) another \$3 million in bonds and loans. That may change, but that is the budget we will start with.

'Operational transfers' is a sum of '0'. The Operational transfers out and transfers in equals '0'. This is M-1 through M-7 under the miscellaneous tab and are listed out in summary, and he has listed out the funds transferred out as well as those transferred in. He next addressed Appropriations saying the lions share is between the General Fund and Enterprise Fund, and will make up over 50% of what we had in appropriations. The others are in there, as well. We also looked at the appropriations by category and approximately 46.7% go to salary and benefits followed by other services and debt service. With the other appropriations in the budget, it gets us down to the \$43.1 million. We looked at the appropriation variances by category. Between the FY14 recommended budget and the FY13 year end budget, two items were going down \$48.99 million in capital, and \$2.6 million in other services. The difference between the two years is \$50 million. He spoke on liquidity position as the ordinance speaks on liquidity on the investment side. Liquidity really effects our regular operations. The two definitions are 1) Liquidity positions is the difference between the sum of liquid assets and incoming cash flows on the revenue side and outgoing cash flows resulting from commitments on the expenditures side with the measures over defined periods being the measure of the liquidity risk. 2) The other definition is liquidity cushion which is reservation of an ample amount of cash or other highly liquid assets in the General fund and under funds in relation to appropriations such that a short term liquidity crunch or other unexpected event will not lead to potentially disastrous results. We have cash management and investment management plans in an effort to meet the liquidity needs of the City. DFA has a number of general requirements and GFOA Best Practices has two that he highlighted. First, General Fund Appropriations – GFOA wants you to have two months of liquidity or cash which equates to \$1.9 million of our General Fund appropriations for FY14 as well as one month all funds appropriations would be our \$43.1 million divided by 12 months or \$3.6 million. The comparison is that on DFA, they only have a one month liquidity requirement for the General Fund which is about \$1 million. Most accountants are on the conservative side and that's why with GFOA we'll go two times the monthly General Fund appropriations. On page number 15-16, he pointed out the Budget summary. In a nut shell, he said we start out with our estimated beginning cash balance of \$37 million and we add our anticipated revenues of \$45.6 million, and deduct the recommended appropriations of \$43.1 million, which brings us to a cash basis fund balance at the end of the FY of \$39.6 million. He told them they had looked at the variances between FY14 as well as the FY13 year end and pointed out the variance and beginning balance of \$36 million. In essence we have spent \$36 million in cash on a budgetary basis. Revenues have a difference and it is going down and we don't anticipate cash coming in at this time, whether from loans or one time revenue sources. The expenditures also went down \$50 million, which we covered earlier. At the end of the fiscal year we are expecting to have a difference of \$2.5 million between the two positions. He pointed out the General Fund is the fund DFA will be most concerned about. The DFA requirement of one month and GFOA Best Practices of two months were pointed out at the bottom of the page. There are always budget changes in the budget execution process and there are a number of ways to handle that. Some will come before the Commission based on the financial policies put forth. In July we will do the close-out and that will complete the cycle for FY13. Mr. Johnson told the Commission he would answer any questions.

Commissioner Rardin asked Finance Director Johnson how much money he anticipated would be rolled over when this year is completed. Finance Director Johnson said that was a tough question. There are a number of capital projects in different states of progress, so he didn't want to go on record with an amount at this point. Commissioner Rardin asked him for a ball park figure, and the Finance Director deferred to Kathy Gilsdorf. Commissioner Rardin said we start with \$4.4 million in the General Fund and end up with \$3.1 million so in essence we are deficit spending. He had spoken with Assistant City Manager McNeile earlier and he said it was due to the roll over. Finance Director Johnson told the Commissioner accountants usually don not venture into projections. Mrs. Gilsdorf said the rise depends on the departments and what they have not spent within the department of the General Fund, so there is not a ball park figure at this time.

Commissioner Sikes referred to the page in the presentation on FY14 revenue variances at the part under grants, bonds and loans where it's showing significant variances. She remarked we have a grants person now and wondered why grants were going down. Mrs. Gilsdorf said we don't have the grants yet, but when we get them we will come back to the Commission to add them.

Commissioner Rentschler said we see a lot of increases of 20% in departments for salaries, benefits or wherever, and with Hold Harmless going away he felt it was unconscionable to approve raises without understanding exactly where the money will come from. When that kind of thing happens in the climate we are in, it seems like there are very few who are holding what we would like to see of a 2%-3% raise. We've gone from 'Other Services' being black accounts, to something I haven't seen before that has taken its place called 'Management Control'. He said to expect explaining those as we go through this. Finance Director Johnson said his take was the changes are related to salary and benefits, and if you move staff members, as an example, from the management line and the regular staff line you will see some changes. As we go through the Budget process all of the presenters will be available to explain those differences.

Mayor Galea said she noticed 'Salary/Benefits' is 46% of the budget, and we are still trying to catch up from 2008 where we slashed the budget across the board and so there weren't raises until last year. Our pay is still inadequate. Commissioner Rardin said we have given staff a raise for the last three years – 3% last year and the year before, and 1% the year before that. Previous City Manager Roath had a raise for all staff the three years he was here. Assistant City Manager McNeile said last year was 3% and the previous years before that were 1%. Commissioner Rardin again said it was 1% the first year, and 3% the second and third years.

The Personnel Summary was then passed out to the Commission.

2. Personnel Services (Misc Tab Section)

A. Personnel Changes

HR Manager Katie Josselyn said she would highlight the information concerned with compensation, classification and staffing. She pointed out this information is presented by comparing the FY13 actual projected year end. It is not comparing what you approved for budget last year to what you are being asked to approve for FY14 budget. As far as salaries and benefits are concerned, if you have an employee without insurance leave and you hire a new employee with insurance, the costs will be increased, or visa-versa. When you try to compare what you have spent in one year with what you are proposing to spend in the next year, it is not quite an apple to apple comparison. She asked the Commissioners to think about this as they go through the budget. There could have been changes that affected that year end actual expense that will make the comparison different from what had been approved in the last year's budget. In her department's salaries budget, it appears she has a big increase in salaries and benefits. In reality, what you approved for her department last year to what they have included this year is actually less. Commissioner Rentschler asked if she understood his side in this, and she told him she did understand. He said we have to be very careful in order to keep Alamogordo in the black. She told him that is why she wanted to point this out, and hoped it would explain his question.

HR Manager Josselyn said this section of the budget is the Budget Summary and begins by documenting some of the changes during the year. She said some of the changes in DPS were budget neutral and some were not. Some of these concern the possible split between the Police and Fire Departments. We had an interim city manager for eight months and we expect to bring in the new city manager in May. She documented we had eliminated an assistant city manager position, and that is one of two positions. We had a disaster at Bonito Lake so the seasonal funding for those positions was not utilized for very long. We eliminated the revenues associated with Bonito Lake and that will continue throughout this next fiscal year. The Public Works department was reorganized and they have eliminated the split between Water Maintenance and

Public Works. We brought on the Waste Water Plant and the Water Plant operations that had been contracted to Severn Trent. With the termination of that contract we had to bring that staffing back.

Assistant City Manager McNeile told the Commission the information the Human Resources Manager is going through is located on page P1 in the Misc. section at the back of the book.

Mayor Pro-Tem Hernandez asked about the Severn Trent situation and if it wasn't like a wash, in that we no longer pay the fee, but we have taken on the employees. HR Manager Josselyn concurred and added all the operational expenses were also included in this. She said Public Works Director Brian Cesar would explain this in more depth when he addressed the Commission. Mayor Pro Tem Hernandez thought there would be a savings because of this.

HR Manager Josselyn pointed out some things that changed this year from what the Commission had approved last year. There are also some things in this budget that weren't in last years, such as items approved by Interim City Manager Carter. She had all these changes documented under the Changes Proposed and Included for FY14. She continued by telling the Commission of two other changes made since this budget book was made - a part time Planning and Zoning clerk whose position had been changed to full time, and looking to unfreeze a DPS administrative secretary position which will be the executive secretary to the Fire Department. These numbers will be added to the amounts you already have. Along with these, all of the funding for one of the administrative secretaries in the budget who is split between Police and Fire will be returned 100% to DPS. Ms. Josselyn said the Workman's Comp. increased insurance expense is not yet included in this budget. We were notified of this after this book was put together and it will be a 1.7% increase in the WC insurance. This is based on our experience modifications and on the previous four years of claim losses. She has asked for a report showing any claims and will be looking at adjusting these issues in order to get them down.

Commissioner Rentschler asked if we had that many lay offs where we would have an adjustment, and the HR Manager said it was the Workers Comp. injuries. Assistant City Manager McNeile told him frequency plus severity is how they look at it. The HR Manager told them she had asked for more money in Training to try and address this issue. Commissioner Rentschler asked if this is looked at the same way as Unemployment in that an account is created for you to pay into and if you go into a deficit they increase your percentage. Ms. Josselyn said this was not the case; our unemployment is different than the private sector in that we don't have a pool. We pay based on actual claims.

HR Manager Josselyn continued by explaining some of the other things effecting us this year such as a 15% increase in health insurance premiums. We have included a cost of living increase in the budget to try and hold the employees harmless for this increase. A lot of the departments have tried to cut back on their capital expenditures in order to try and fund this increase. We haven't had an increase in health insurance in about three years. We are looking into rates with other companies, and we are currently piggy-backed with the State plan. When you are in a bigger group you can get lower rates, but we need to look at other numbers to see if we can get it cheaper. Ms. Josselyn said we continue to look at ways to keep people without it costing us a lot. One of our unions extends discounts to members and free entrance to some of the City facilities. We could do this at no cost to the City. Mayor Galea asked if there would be a tax on that as a fringe benefit, and Ms. Josselyn said there would not.

Commissioner Talbert asked about the 'Other Category' in the handout. The HR Manager told him there are various things entered in that column such as employees in the volunteer fire program - \$1,200.00. It is actually included and presented under that department's budget but is expended out of the Fire Department.

Commissioner Rardin asked her what the \$25,000 is in 'Other' for the Commissioners. Kathy Gilsdorf responded it was the money set aside for the Commission for fringe benefits. Commissioner Rardin then asked about the \$26,860 for city manager, and Assistant City Manager McNeile told him he thought it was the contribution for retirement in case the city manager takes it. It would be like deferred comp. HR Manager Josselyn said it would be for whatever retirement plan they wanted to contribute to in lieu of PERA.

Commissioner Talbert asked about the vacant airport coordinator position and HR Manager Josselyn told him they are looking at making that position full time and so are updating the job description. They will have to wait on the Commission for approval of this before moving forward, but it has been put in the budget.

Mayor Galea asked if we should go department by department and Ms. Josselyn said they could.

Commissioner Rardin noted the average salary increase budgeted was 3% and he wondered if that would be the amount across the board. Kathy Gilsdorf told him that was the cost of living raise estimated for this year, although negotiations with the unions have not yet been finalized so it could change. He wondered if it could change lower or higher and she said it was hard to say at this point, but it would either be that or lower. Commissioner Rardin's issue was we have done a cost of living increase for the last three years and it is reaching 10% which would be a big chunk of money on \$20 million. He was concerned about increasing this without knowing how the Hold Harmless will affect us. He asked Kathy Gilsdorf what increases in revenues were expected for this year. Mrs. Gilsdorf responded the total revenue was \$45 million. Finance Director Johnson asked the Commissioners to go to slide #72 to look at the first few lines which show the GRT. Commissioner Rardin asked if these two lines are where our salaries come from. Finance Director Johnson said he thought the question was what amount is in the budget and the GRT and Shared GRT are at an increase of .2 and .24. Commissioner Rardin commented we have a .2 or .24 increase in revenue but we want to give a 3% raise in salaries. Finance Director Johnson said this is just on those two lines which is our largest revenue source. Finance Director Johnson noted the departments have cut back on their capital to help fund that. Commissioner Rardin asked about next year and Kathy Gilsdorf said our expenses right now are projected at \$2 million less than revenues coming in. Commissioner Rardin said most of that is where you have cut in 'Other Services' and Kathy Gilsdorf agreed. He said he wasn't so concerned about this fiscal year but in the years to come. If Hold Harmless does kick in, it affects us by almost \$3 million, and he didn't want to give a raise this year and then have to cut staff next year because we can't afford them.

Mayor Galea said the catch was providing services but having to let staff go because of increased cost of living raises. For example, we do not have any life guards at this time. HR Manager Josselyn said HAFB pays their life guards \$10.00-\$11.00 per hour while we pay them \$7.50 per hour. We can't stay like that because we can't keep people, but if we don't have people we can't provide services. Mayor Galea said if we can't provide services there will not be any user fees coming in as revenue for the City. HR Manager Josselyn said that is part of the reason to ask about some things that wouldn't cost anything in order to keep people. She noted the employees are also getting hit with a 1.5% increase on their PERA contributions, so employees are going to be hit pretty hard with increases this July. Commissioner Rentschler asked how much an employee would be hit for the health insurance increase and she told him 15% and the City will take part of that hit, but ultimately to each the increase will be 15%. Assistant City Manager McNeile said we were hoping to offset that hit to the employees with the 3% cost of living increase.

Commissioner Rentschler asked again what the hit to the employee was and HR Manager Josselyn told him it was the 1.5% PERA contribution. He asked what the increase would be to their health contribution and she told him it was 15% of what they are paying.

Mayor Galea asked Ms. Josselyn if she could show later in the budget where they are cutting capital expenditures to help cover the costs of the new expenditures. Kathy Gilsdorf said it would show up in each individual budget and questions could be answered at that time.

HR Manager Josselyn said one of the things she did was document the positions that will remain frozen this year which would be \$560,000 in salaries and benefits – 25 positions. There is also the proposed classification plan on the page after that.

Commissioner Rentschler asked what the 15% is as far as the percentage of actual pay for the average employee. HR Manager Josselyn said the employee will have to make at least \$14.00 an hour to be held harmless. Commissioner Rentschler asked if the employees under \$14.00 an hour would be the ones impacted by this. She said they would really be impacted. He asked what percentage of salary this was and she said it was 15% of the health insurance premium. He wanted to know what the impact would be to the salary average and she didn't know for sure. HR Manager Josselyn told him that for the employee making \$14.00 per hour, the 3% increase would cover the insurance impact. If you made less than that an hour, it would not cover the insurance impact. So it will be budget neutral for the employee making \$14.00 per hour and receiving a 3% increase in salary.

Commissioner Sikes referred to page 2 – Compensation, Classification and Staffing Plan for FY2014, and said the library manager position was unfrozen and a new library manager was hired. She questioned the salary of \$78,953 and HR Manager Josselyn told her this was the 'Salary/Benefits'. Ms. Josselyn noted benefits were becoming really expensive. Commissioner Sikes asked if the \$31,000 was all for benefits and Ms. Josselyn answered yes. She said there had been a lot of vacancies this year and seven key positions had been filled. If you compare what departments had in the budget that will be spent by the end of the fiscal year to what we are putting in budget this year, that can really affect a number of areas.

Commissioner Rardin asked why we have two lifeguard positions frozen if we don't have lifeguards. HR Manager Josselyn explained we had quite a few quit positions to be filled and quite a few left at the same time, in fact, one more quit today. Commissioner Rardin said that sounds like DPS. Ms. Josselyn reminded him HAFB pays \$3 more per hour and we can't compete with the Federal Government. If we hire them uncertified, we get them certified and have to pay for this. Assistant City Manager McNeile said the class is around \$250, and HR Manager Josselyn said we would have to pay HAFB \$350.00 to join their class. The Assistant City Manager McNeile said this includes first aid, and HR Manager Josselyn said we can do that in-house.

Municipal Court.

- 1. Court Automation (F19)**
- 2. Municipal Court Operations (F27)**

Municipal Court was moved up by Mayor Galea.

Judge Lee presented their budget saying it was about the same as it has been. He noted some of the increases were due to the 15% increase in insurance and the 3% projected raises. He showed the different kinds of expenses but has tried to keep the monetary amount the same. This year they were going to purchase rotating filing cabinets in order to make more room in the court room. We have an interesting rule implemented by the Supreme Court effective January 1st of this year which requires us to hire certified interpreters for anyone not speaking English in the court. That rule was discussed and presented without the input of the municipal courts. Judge Lee noted there were some issues when it got to the Rules Committee of which he is a member. Needless to say, the Municipal Court and Supreme Court have things we need to discuss. We have been attempting to do this, but in the interim, there may be some costs to buy equipment that allows for simultaneous communication. For example, one of the requirements now is if you don't speak English and receive a citation for grass being too tall and you want to plead guilty, we will have to

have a certified interpreter come in to let you know your rights and plead to the charge and have an attorney come in to tell them what their rights are. So we may not have to do some of the things. The other change is the method for the Municipal Judges salary and the fact it has not been changed in the last 8 years. When it was adopted eight years ago the judges were given a set salary and a certain amount (about \$6,800) equivalent to a family health care plan. That amount is stated in the statute. As you know, it is much more than that for health care now. He proposed to do away with the deferred compensation for the judge and make the salary equivalent to what a half-time magistrate court judge gets paid. The difference is an increase of about \$4,000 over the year. The language in the ordinance states it would be tied to what a half-time magistrate court receives, and that can change in one way. The legislature would have to give the Supreme Court justices a raise, and each judge down from there would receive a percentage of that. He understood the concern of giving the Municipal Judge a raise based on what the State Legislature does, however, whatever raise you give a judge cannot be changed during their term. If the term for a municipal or magistrate judge is four years and the State Legislature gives a raise to the Supreme Court judges during that term that judge will not receive a raise during his term but the next judge would receive the raise. He hoped this would alleviate any of those concerns.

Commissioner Rardin asked about the amount in 'Maintenance' under Expenditures. Judge Lee told him part was MIS that was funded by State funds in the past. There is a State Automation fee of \$6.00 paid by everyone who violates a City Ordinance under Penalty Assessments. That fee goes to DFA into a pool with all other cities in the State. Judge Lee noted he sits on the Automation Committee and they distribute that money back to all the municipal courts in the State. In the past, Alamogordo has received \$35,000 - \$36,000 of these monies back. Because of the shortage of citations being written throughout the state, that pool has diminished and we've had to take cuts. We make up for this with the City's Automation fund which is also a fund produced by traffic violations. Commissioner Rardin noted in the past years they had \$0 and then in FY11-12 we gave you \$3,500 and last year \$850.00.

Court Clerk Dana Jackson said we get money from the State every year, and when the City pays for something, we get reimbursed. The MIS Dept. is one of those we get reimbursed for and every year for the last four years they have continually given us an increase. We have to move a line usually paid by the State into this line item, so now it comes out of the court automation money instead of the State automation money. Commissioner Rardin noted the amount was simply under Maintenance and the Court Clerk told him it was computer maintenance. He asked if this budget reflected the increase in salary the judge had asked for a couple of weeks ago. Judge Lee said if you approve this through an ordinance, when the new judge takes office in March of this next year it will be covered in this budget.

Commissioner Rentschler asked about page 154 and the amount under 'Salaries'. The amount had increased by 4.3% which was more than had been talked about, but it has to do with what you were just talking about. Judge Lee told him it had more to do with the 15% increase in health care and the PERA increase. The impact on the General Fund for 'Judges Salary' probably will be the salary they have now plus the deferred compensation they have had in the past, and then subtract that from the \$40,000. This would be at the most a \$4,000-\$5,000 impact for the year. Commissioner Rentschler then went to 'Other Services' account noting there was a 10% increase. He said he was curious about this. Mayor Galea said this was on page 154 and asked Kathy Gilsdorf to reference this. Commissioner Rentschler said the bottom line was the percent change from the prior year was a 16.10 increase.

Commissioner Rardin referred to the last 12 pages of the book saying there was a good increase in 'Training and Travel' and a decrease in 'Indigent Attorneys'. On page 11 is a good description of what 'Other Services' are in the front part of the Budget Book, remarked Assistant City Manager McNeile.

Judge Lee told the Commissioners the court automation funds are projected by past history of the number of citations written and that go through the court. We project how much revenue those funds will be. It may be \$55,000 over the year but we won't spend \$55,000. We'll separate that out into different line items. Any money left over goes into a fund balance which is carried over to the next year. That money cannot be spent on other things besides the court. The number seems big, but it is dividing up the number we projected for the year into some line items, or we may not spend any of it. It is there if we need it and we won't have to come back to the Commission for a budget change. That money doesn't revert to the General Fund, it stays in the court.

Mayor Susie Galea said the more citations the better for the court automation fee. Judge Lee remarked we are not in the revenue business.

3. Fund/Department Reviews

B. General Fund Overview – Revenues & Expenses

Mrs. Gilsdorf gave an overview beginning with the General Fund as revenue. She pointed out what was on the pages.

Commissioner Rardin asked about page 22, account #1865, (to building codes). He asked why we are transferring \$128,000 to 'Building Codes'. She answered it pertained to the Public Works Inspectors. Mrs. Gilsdorf said we need to change the name on that.

Mayor Galea asked about franchise fees on page 19 for True Value. Mrs. Gilsdorf told her it was True Value/Tool Belt, a contractor.

Commissioner Rentschler was asked about the 'Sale of Scrap' line item which went from \$20,000 to nothing. Mrs. Gilsdorf told him they sell scrap depending on what they have and don't generally anticipate revenue. Commissioner Rentschler then asked about line 1580 - \$122,000 dollars that went to '0'. Mayor Galea told him we don't know until the end of the year whether we will get a credit or not. Assistant City Manager McNeile said those credits are based on a refund given by NMML based on our employees reaching benchmarks in training. Assistant City Manager McNeile said we did not reach the benchmark last year so we did not receive credit, but this year we should reach the benchmark and that should make us eligible for the credit.

Commissioner Rentschler asked about the Federal Grant of \$174,000. Assistant City Manager McNeile said we normally apply for grants and if we get them we do a budget revision of the budget. We don't project them.

Commissioner Rentschler asked about interest income. He was hoping to see a lot more. Finance Director Johnson said one of the things you saw was a spin-down. We had \$50 million in expenditures of which some had been spent and some not. As we spend those funds on the capital projects, we have less to invest. That number will continue to come down. He told the Commission that when he first came on board we had somewhere around \$59-\$60 million in investments. That number will continue to go down to about \$40 million or so. Even though we will experience a greater yield, we will have less to put in the market place.

Commissioner Rardin asked about page 21 'Landfill Reimbursement'. Budget Analyst Gilsdorf told him it was the Admin. fee for the Co-op. He asked if that would be the line item used if we approve the \$400,000 for the landfill reimbursement revenue and she told him yes.

Mayor Galea noted the total increase/decrease was a -1% to the General Fund.

C. Legislative

City Clerk Cantin presented the Commissioners budget. She highlighted some of the changes in this budget of which one was a decrease in compensation due to fringe benefits with the new ordinance in place, and the money that hasn't been spent. She thought one of the things we had discussed doing was the fringe benefits (golf course fees or any city services) for the commissioners would be reimbursed, but since none of the commissioners had turned anything in during this current fiscal year, adjustments were made. It shows a bit of a decrease there. We increased compensation for the District 4 position, as well. It will not happen until the next election or when the position becomes vacant. 'Other Services' shows an 18% increase which was mainly for travel and conferences. There has been more interest and more commissioners serving on boards. She had included six to attend the Municipal League Annual Conference and Annual Municipal Day in February. She noted Mayor Pro Tem Hernandez attends the SNMEDD Council of Governments quarterly meetings, and other commissioners travel for various reasons. 'Basic Telephone and Long Distance' is minimal and 'Printing' is for business cards and the past officials plaque. Originally, we had the \$3,500.00 in order to purchase this in last year's budget, but it wasn't completed so we will add it into FY14. She explained what this was to the newer commissioners. That amount was used for something else this year, so she is asking to put it back for the plaque in next year's budget. The City Clerk went on to highlight 'Membership and Dues'. It was once in the Commissioner's budget, but has been moved to the 'Non-Departmental Budget'. 'Public Relations' is under 'Other Services' and has been increased by \$250.00 for outgoing plaques for commissioners. The \$30,000 is for OCEDC which is the same as last year.

Mayor Galea asked why that last amount comes out of the Commissioners budget. City Clerk Cantin said it has been that way as long as she has been here. This amount is for the contract with OCEDC. Commissioner Rardin noted the original contract had stated it was between the Commission and OCEDC instead of the City of Alamogordo and OCEDC. The new contract is between the City of Alamogordo and OCEDC, so maybe we could move the amount to the General Fund. He said \$70,000 comes out of the Economic Development Tax for a combined total of \$100,000 a year. The \$70,000 has a cap of 10% of the total proceeds for the year, so if they only get \$690,000 for the year, they only get \$69,000.

Mayor Galea asked about funding for a commissioners retreat, and City Clerk Cantin said she had increased the travel budget by about \$3,000 this year. That is where we would get money for a retreat. Mayor Pro Tem Hernandez said that wouldn't cover all of it, and the Mayor noted the training would be here. For instance, Dale Carnegie charges \$3,000 for their workshop. City Clerk Cantin said more might need to be added if needed. Mayor Galea felt this would be important for the Commission. Commissioner Baldwin said he liked the idea and wanted to do it all in-house and out of his own pocket instead of charging the taxpayers. City Clerk Cantin mentioned the Southeastern NM Economic Development Department Council of Governments of which we are a member does those types of retreats.

D. Administration

1. City Manager (F11-1301)

Assistant City Manager McNeile said he would answer any questions.

Commissioner Rardin asked who set the goals for the new city manager, and he was told former Interim City Manager Carter had done that.

Budget Analyst Gilsdorf noted the City Manager's budget will probably change when our new City Manager is here.

Mayor Galea noted the expenditures were up 18%.

Commissioner Rardin asked about the increase in utilities, and Budget Analyst Gilsdorf told him it was because of cell phones. A cell phone had been purchased for the City Manager's Administrative Assistant/Public Information Officer Megan Wade, and a phone for the new city manager.

Commissioner Renstschler noted the 'Overall Salaries and Benefits' was the change from an Interim City Manager to a full time City Manager.

Commissioner Rardin asked about the "Benefits and Compensation Adjustment" on page 30, and the 'Management Review Office Call'. Budget Analyst Gilsdorf said we need to change that name. It is for benefits and any changes having to do with health insurance, social security, etc., and the other is the total between supervisory and administrative. Commissioner Rardin asked again for clarification on the \$43,182 and the \$21,043, and Budget Analyst Gilsdorf told him the \$43,182 was the difference between the interim city manager and the full-time city manager. The \$21,043 was the 3% increase, COLA and insurance for Megan Wade.

Commissioner Rardin asked how the 'Supplies and Materials' were decreased by \$1,055. Budget Analyst Gilsdorf told him they had decreased what they budgeted, and they moved that amount over for the new cell phone. Commissioner Rardin asked about the decrease in 'Training and Travel' and wondered where it had gone, but Budget Analyst Gilsdorf said that could change depending on the new CM.

Finance Director Johnson said he looked at the \$21,043 for 'Administrative Staff' spoken about earlier. $\$21,043 \div 1.03 = \$71,433.33$ so he suspected it includes more than just COLA. Commissioner Rardin asked them to bring back a breakdown of what those numbers are to tomorrow's meeting. He didn't comprehend what this was – 'Management Review Office Costs'. Budget Analyst Gilsdorf said it is the difference between supervisory and administrative. Budget Analyst Gilsdorf said she would bring clarification tomorrow. Finance Director Johnson said they would bring back details on all of them tomorrow. Commissioner Rardin said this was in every department.

2. Legal (1501)

City Attorney Thies noted his budget was brief with the biggest expenditure being 'Salary/Benefits and the next being 'Other Services' and 'Supplies'. He said the salaries and benefits have increased substantially because the legal advisor formally working under DPS moved on to a different position prior to the preliminary and final budget. As a result, the numbers were wrapped into this budget. The 'Other Services' consist of filing liens and other court costs concerning liens. There also is an increase in publication costs because of the number of liens we have recently foreclosed on. He noted all four liens had been collected on. As a result, he recommended we continue this program which the Commission had previously approved. In total, we collected around \$2,500. Travel and conferences have gone up some because of the addition of another attorney in his office. There is a need to hire outside legal counsel from time to time and this year he doesn't foresee this, but we currently have someone working on a trailer park dispute. There should be sufficient funds carried over in the current year's budget to cover this.

Commissioner Rardin asked the City Attorney about 'Other Services' and whether money would be saved by not using the outside attorney and having the Assistant City Attorney take care of it. City Attorney Thies has spoken to the outside attorney and found the trial date is scheduled for this fall. It would not be beneficial to dismiss that attorney. City Attorney Thies told Commissioner Rardin we are getting a very good rate with this outside

attorney and we are five months from the trial date. If we changed now it would likely result in a request for a continuance from either himself or the other side.

Commissioner Rentschler asked about the \$10,000, and City Attorney Thies told him when it says FY12-13 projected, the reason we have the full \$34,966 is because from an internal perspective we encumber those monies and it shows up in the projected budget as being spent. He then has to do a request to carry-over. That is an area where we have money rolling back into the General Fund where if you look at the projected budget of \$34,000-\$35,000 and at the end of the year it is only \$20,000 with the difference being \$15,000, he has to request that amount to carry-over or it will go into the General Fund.

Commissioner Rentschler noted the increase in supplies and felt it was a good thing. City Attorney Thies said because of the nature of the work the other attorney does with Municipal Court prosecution, there are a lot more paper and forms generated.

Commissioner Rentschler asked about the increase in 'Utilities' and City Attorney Thies said this is generally out of his control. It is allocated throughout his department; the long-distance is tracked and he gets a percentage on his phone. The only increase in utilities this year is a cell phone for his assistant.

Mayor Galea asked if monies were taken out of his budget for when the water attorneys come down. He said most of the time it comes out of Fund 49 that has about \$50,000 budgeted for legal fees. Mayor Galea thinks it would be great if we can have them come down for the new city manager. City Attorney Thies told her he could arrange that. He noted the water attorney has many clients state wide and he tries to tie other clients into one trip so we don't get charged full travel expenses.

3. City Clerk (2001)

City Clerk Cantin told the Commissioners the highlights of her budget were an increase in 'Professional Services' in order to pay for the codification of ordinances by Municipal Code; 'Travel and Conferences' was reduced because she will discontinue being Immediate Past President of the Clerks and Finance Officers Association in October. She had received some reimbursement in the last three years for this. She said it could have been reduced somewhat but Deputy Clerk Nancy Jacobs is working on getting her Clerk certification and it costs about \$1,000 for her to do that. She had increased 'Computer Supplies' for cartridge costs; 'Election Expenses' increased \$34,000 for the regular election to be held in March 2014; there is one Notary Bond due; 'Fuel Costs' increased; 'Membership and Dues' is for what we are required to keep up. She asked for questions.

Commissioner Rardin asked about a part-time position requested by the Clerk because of the retirement of her Archives Clerk. He noted it was not funded and asked the Commission if it would be possible to do so. He said there have been a lot of Public Records Requests this year and that has caused the office to get behind. City Clerk Cantin expressed she had given a work sheet to each of the Commissioners today and she thanked HR Manager Josselyn for helping with this. The Clerk showed the different scenarios and said the office filing is getting behind. When those files get behind it is hard for us to locate documents. She said her staff is doing their job, but there are things we can't get to. She asked the Commission to consider this request and pointed out the options on the work sheet. The upcoming election will be a big one since it will be our first Mayor at Large and this will keep a person busy. Commissioner Rardin interjected work will be done on redistricting, also.

Mayor Galea thought a 30 hrs. a week position should be included, at least. Commissioner Rardin said that according to City Clerk Cantin's numbers it would be \$21,342 a year including benefits. He felt the Clerk's Office employees were extremely busy and Renee

was here many days from 7:00 a.m. until 6:00 p.m., as well as attending Commission meetings and other meetings. He noted he had called the office and at times the call went to voice mail because there weren't enough personnel to handle the calls and work.

Commissioner Rentschler asked about the 'Salaries and Benefits' going up 14%. He understood we have an upcoming election. He said the 'Professional Services' had gone up from \$5,000 to \$10,000 and asked what this was for. She told him it was for the codification of ordinances and explained she had not utilized the amount allotted for this year. She has a request turned in now for about 15 ordinances and expects to spend that amount. Commissioner Rentschler said the rapid rise bothers him a lot.

Commissioner Sikes asked about the process for adding this amount to the budget. Mayor Galea asked Kathy Gilsdorf about adding the part-time clerk to the budget. Kathy Gilsdorf told her it would have to be added to the budget because it would impact the General Fund. She said she could outline this for the Commission after she saw the Clerk's figures in order to show the impact.

Mayor Galea said she is also alarmed by the increases but is at a loss as to what to cut. Commissioner Rentschler said the problem is who will have to be cut in two years when Hold Harmless goes away. If we don't hold the line now, it will be serious in two years.

Commissioner Rardin said the \$22,859 difference in salaries is the 3% increase. Kathy Gilsdorf said it is also the differences they had in vacancies, and she told the Commission she would outline this for them. The increase in insurance is another reason. Commissioner Rardin pointed out the 15% increase in insurance is a large part of that number and is something we cannot control. Commissioner Rentschler said this 15% number has not been made clear to him, but we don't have an actual figure per person/family. We need to be really careful and every one of these is 20%.

City Clerk Cantin said in her budget every year she goes way up and way down in 'Other Services' when we have an election. If there is a Special Election we have to add another amount. Commissioner Rentschler said he's more concerned in the 'Salaries and Benefits' of 14.7% that is forever. Kathy Gilsdorf told the Commission she would outline it and try to have it to them tomorrow.

Finance Director Johnson said if you have a vacancy of approximately 2.4 months on a position, it will equate to 20%. As you look at this, bare in mind there have been some vacancies. For example, DPS has had some vacancies and that number may go up. The Clerk's office has been relatively stable in staffing, versus someone with a lot of turnover. He asked them to keep in mind this could be a factor in looking at this increase.

4. Non Department (2400)

Kathy Gilsdorf told the Commission this takes care of utilities that have to do with City Hall overall. Any building structures and repairs have to happen within the General Fund. It also takes care of membership and dues that used to be under the Commission's budget, and has now been moved to the Non-Departmental Budget. This was done when City Manager Roath was here. It could be moved back into the Commission's budget if you so choose. The Beautification which had to do with the demolition got moved in, and it can be used for other types of beautification. The Copier Lease for the City Hall copiers also comes out of this, so this fund is for general areas not specific to a department.

Commissioner Rardin asked about the operating capital going down so much. Kathy Gilsdorf told him that was for replacement of some air conditioners and is considered

'Operating Capital'. Commissioner Rardin asked if the door locks were in here, too, and Mrs. Gilsdorf told him yes.

5. Human Resources (1701)

HR Manager Josselyn addressed the Commission. She first explained her department's 'Salaries and Benefits'. Earlier she had explained the differences and she said asked them to compare the projected expense for FY13 to FY14, where shows a \$42,000 difference. She had two vacancies for about 6 months and acting pay in the budget for last year while we had the recruitment for the HR Manager. That made the costs for this year less than it would have been if those positions had been filled for the entire year. She compared the FY13 approved budget of \$273,000 and the projected amounts for FY14 'Salaries and Benefits' are \$266,000 which is a decrease of \$6,500. We have twice as many people and we are trying to rebuild the files. We got some free filing cabinets from the Court to do this, so this was increased by about \$400. Postage was increased by \$100.00 and we bought a copier with a maintenance agreement for our department. She felt the main increase was the \$10,000 for employment and safety training to try and build the management skills of our management staff. She thought that level of management in an organization can make or break a group, and she thought it would help us to build that part up. The other thing she wanted to use the money for was safety training. One of the requirements to get that dividend credit was for your modifier rate to be 1.3 or less. Our rate for next year is 1.54 so we have already been disqualified for that. She hoped we could work on this to try and get it down. The total bottom line is she is asking for \$6,000 more than last year. The other area she is trying to address is 'Unemployment' which is under Fund 107-24. It appears it has increased every year and she was looking at ways to reduce that. We have changed our manner of recruiting seasonals in hopes we don't have people come to work for the season and then go home to collect unemployment. It will take a year or two to evaluate this.

E. Municipal Court – was discussed before General Fund Overview (above)

F. Finance

1. Finance & Accounting (2102)

Finance Director Johnson presented the budgets on page 47. He looked at the Finance Department positions and addressed the question brought up by Commissioner Rentschler in regards to vacancies. The Finance Director position was vacant for about five months and the Assistant was also vacant for about eight months during FY13. As we look at FY14, these positions will be fully staffed. You will see difference when you look at the year in projection for salaries and benefits versus what is proposed. He went to page 45 and noted the differences. 'Salaries and Benefits' had an increase of 18.4% - \$97,912. Finance Director Johnson then said to disregard page 46 because he needed to provide an update to this. The majority of the increase will be related to salaries and benefits for the positions opened in the FY13 projected year end versus FY14. There wasn't a change to 'Supplies'; 'Utilities' were up \$138.00 and 'Other Services' up \$3,800. With the vacancies and the position for the Finance Director, and because of the work load, office travel was not conducted all that much. Additional travel will make up that difference. He echoed what HR Manager Josselyn had said that it would be better to compare apples to apples then to oranges. He means we should look at what was in the FY13 budget, which he will bring back to them tomorrow, versus what is in FY14. He said it will give them a clearer picture.

Finance Director Johnson highlighted on page 48 the cohesive management team that meets on a bi-weekly basis and has developed a Strategic Management Plan; a cash management and an investment management plan; Finance Dept. Employee of the Month program to recognize staff and management team. He noted the City of Alamogordo had never prepared their own financial statements and he wanted to be in the position to do this and save the City \$20,000 a year. The two challenges to this are that the State of New

Mexico is on a cash basis budget and financial reporting is on a GAAP basis. We'll need to change our Chart of Accounts where we can roll up our financial statements for both DFA reporting as well as preparing our own financial statements. He commented this will be a challenge. The next thing he covered was the GFOA's Distinguished Budget Award which is the highest accounting for municipal government budgeting. He thanked Kathy Gilsdorf and said we will go after this again next year because it is the highest award, as well as once we are preparing our financial statements in-house we will go after the GFOA's award for this. This will probably be in FY15 or FY16 and is in our sights. He spoke on the merging of payroll from two pay periods to just one.

Mayor Galea asked him about the payroll process and asked if the pay will be the same frequency, and Finance Director Johnson concurred.

2. Accounts Receivable & Utility Billing (011-2302 & 081-2202)

Customer Service Manager Ortega told the Commission the significant highlight was during the annual audit where it was recommended we take a look at our internal controls as far as accounts receivable billing is concerned. We reassigned the accounts receivable billing duties to the utility billing collections clerk. That took care of their request. We did proceed with the on-line bill pay services and contracts are being formed as we speak. He said they had brought it back to Commission to discuss the merchant fees and this has been taken care of. City Attorney Thies is currently reviewing the contracts and we did have some pricing issues that have been taken care of, so we hope to proceed with this. 'Salaries and Benefits' has the health insurance increase; 'Postage' had an increase although it wasn't very significant.

Commissioner Rentschler asked if the 10% was for an unfilled position last year. Customer Service Manager Ortega agreed and said he has a position open now.

Customer Service Manager Ortega covered Customer Service. Concerning revenues, he said we are on track to meet our projections with our actuals. It is the intent of the Customer Service Dept. when projecting rates, to try and have a break-even tactic when dealing with water and sewer rates. When he did his projections his goal was to be right around the projections. At this time, based off what the current rates are, we are right on track to meet those projections. This funds total operations for the Water and Sewer fund. Customer Service Manager Ortega noted these rates are for you to review and approve for future years as well. By charter, every year we are required to review water and sewer rates.

Commissioner Sikes asked how Mr. Ortega's department was affected by the mailing of the 'Profile' pamphlet with the water bills. Customer Service Manager Ortega told her it saved the City quite a bit, and our outsource provider allows us to send them at \$.01 apiece. Commissioner Sikes asked what it did to his budget and he told her it didn't affect his budget at all since it was under the required amount to mail.

Mayor Galea remarked he had done well to stay within his projection. Mr. Ortega praised Fund 81 and said what we do effects the taxpayers so we try to keep our spending minimal. We look at our rates very closely and remember it is a self-sustaining enterprise fund. In order to do that, we have to monitor our spending closely.

Mayor Galea asked about the new State bill concerning deployed members of the military taking advantage of disconnect fees and she wondered if he had seen many utilize that. He told her about five customers have taken advantage of this. The majority of these folks are renters and the majority of home owners are leaving their families here, so it hasn't

been a significant amount. We won't fully understand the impact this will have on us for one or two years.

Customer Service Manager Ortega went to the 'Operational' highlights on page 371. He said they have been trying to get the Radio Read program going for the last three years. There have been several snags such as budget issues and the RFP with only one who qualified. We looked closely at this company and found there were some financial and legal issues, so we asked them for some specific documentation. They gave us the run around and we decided to drop them and start over. There are now several players in the kind of system we are looking at and we want to make sure not to get a system that will be obsolete in two years. We are going for these companies that work off several frequencies and not just a few. The new RFP addresses these issues. This project will also be a meter replacement project and we hope to have the RFP out with specific terms such as a financial stability letter along with a letter stating any legal situations they are dealing with. Mayor Galea asked if this was in the budget and he told her it was with the amount being \$2.7 million.

Commissioner Rentschler asked how much of that had been spent and Customer Service Manager Ortega told him it was all still in the budget. When asked how many meters had been installed, Mr. Ortega said 2,300 of the original Fire Flies had been replaced, but the problem with these Fire Flies was they ran off a single frequency. That single frequency effects WiFi, garage door openers, and many other things so they were having frequency problems getting the readers to work. They were also affected by the HAFB jammers. The new technology runs off 247 different frequencies and it hops from one meter to the next sending signals periodically. It then sends this to a network and we can read the meters and monitor reports from the office. If someone has a leak for more than 24 hours, we can notify that customer to make them aware. It will save us money. Commissioner Talbert asked if this was water meters or electric meters and Customer Service Manager Ortega confirmed it was water meters.

Commissioner Rardin asked if the Commission would like to finish out the rest of the budget page today and stay late. Mayor Galea said she would like to stay later and finish up DPS. It was decided to take a break after Mr. Ortega was finished.

Customer Service Manager Ortega said their budget had remained the same except for 'Postage' which had been increased based on the percentage the postal service had raised their rates.

Mayor Pro-Tem Hernandez said we have electronic pay, but have we looked at electronic billing. Mr. Ortega said yes that is an option with the new system we are going to. The paperless billing will also save the taxpayers money.

Recessed at 4:26 p.m. and reconvened at 4:49 p.m.

3. Purchasing & Central Receiving (12-1602 & 81-1602)

Barbara Pyeatt, Purchasing Manager told the Commission the Purchasing, Central Receiving and Accounts Payable are all under one but they are split between the two departments of 81 and 12 as far as salaries. Fund 12 is up 11.3% and Fund 81 is down 6.9%. She is down one staff member and will be down another in August. These positions are usually open only three to four months at a time. 'Supplies' is up \$250.00 which is figured by bringing postage down \$50.00 and bringing fuel up \$300.00 which is travel for her to get her Purchasing Specialist and Inventory Administrator more up to date on

procurement codes. Other departments ask us to buy for them and she wanted them to be up on the latest rules.

Mayor Galea asked about their turnover. Purchasing Manager Pyeatt told her employees leave for various reasons such as more money, moving, and some that don't work out. Her receiving attendant will be leaving to pursue his schooling. There are two positions in AP and we are able to get our work done and done well, but the positions roll over a lot.

Mayor Galea asked about the 12% increase in utilities. Purchasing Manager Pyeatt said it was due to the phone and increased cost of services.

Commissioner Rardin asked about when the building in her area was torn down last year. Were we going to include anything to rebuild? She told him no and she has \$21,000 with which to buy a building. Originally she was going to get a building in order to cover the effluent pipe, but Central Receiving is now running out of room. We are going to move the effluent pipe to another location and use the new building for another part of Central Receiving. Mayor Galea asked if we could use the former bowling alley. Purchasing Manager Pyeatt said all the maintenance guys are right there so it would be difficult to have a storage building across town. Commissioner Rardin said we didn't have the funds last year and wondered if we should include some for a building. She said she will be buying this building and another building for the pool chemicals since the those chemicals are destroying the present building. Commissioner Rardin asked if any money needed to be budgeted for erecting these buildings. Purchasing Manager Pyeatt told him Public Works Director Cesar said his guys would put up the buildings. She will have to have the concrete pored and get an engineer to make sure the footers are correct, but she will have enough money to do this within this \$21,000. She remarked that she might have to roll some of this for next year.

Purchasing Manager Pyeatt said 'Salaries/Benefits' went down 6.9% and 'Supplies' stayed the same. Mayor Galea asked about the 'Salaries/Benefits' going down and Purchasing Manager Pyeatt told her this was because she goes back and forth between two funds and uses people from different departments to fill in positions where she is lacking.

4. Insurance (12-2400)

Commissioner Talbert asked about 'Errors and Omissions'. Purchasing Manager Pyeatt says this covers city employees and elected officials in case a suit is brought against any of them.

Commissioner Rentschler asked about the 'General Liability'. Purchasing Manager Pyeatt told him she figures 5% estimated from the previous year. This did not go up in 2012 or 2013 and she had been told it won't go up, but if it does the amount will be about 5%. Commissioner Rentschler asked if this goes into the Self-Insured fund and she concurred. They have not had an increase in the last two years and told her they did not expect an increase this year. She said we will hopefully get that dividend credit back that we lost two years ago which was \$150 some thousand, and it usually brings down these costs.

5. MIS (12-3402)

MIS Manager Graham told the Commission they had many changes this year throughout the City with a lot of new people. He covered page 117 which is the budget highlights and the actual budget. Our total expenditures will decrease because we have finished a couple of larger projects. The two large ones that will carry over will be Records Management and Archiving system of which we are at this time writing a very large RFP. This will benefit the entire city and help us provide better records management and assist with records requests. The other is the IBM Power 7 which runs all the financials systems and DPS

Crimes modules. Projects completed are Network Core Switch for \$150,000, Maintenance Yard Fiber replacement, finishing changing out Novell to Microsoft Active directory, changing the Groupwise email system to the new Zimbra system, reactivating the DPS in-car video and laptop upgrades, and we have completed the Data storage that stores all our network data. 'Salaries/Benefits' has increased for insurance and the 3% increase. 'Supplies' was dropped by \$20.00 to make it an even \$4,700. 'Maintenance' did not go up as much as it normally does because the companies we work with have been trying to hold down their costs. 'Utilities' has been decreased with a lot being in the long-distance area. 'Other Services' is for our IBM i5 leases which we typically lease. We have to prove we have the money to pay over a three year period, so basically this money will roll for about \$50,000 - \$57,000 per year over three years.

Mayor Galea asked about the i5s and MIS Manager Graham told her the i5s are the big main frames. We have two of these – one at City Hall and one at DPS.

MIS Manager Graham went on to report the 'Operating Capital' is where the majority of funds were for the \$150,000 Core Switch. We will be rolling the \$130,000 for the Records Management and Archiving systems. We had several vendors respond to the RFP and we will bring it back to you for approval.

Commissioner Rentschler asked if MIS would be the one to speak to about upgrading Commission Chamber capabilities. MIS Manager Graham said they would be and all the new Commissioner laptops are in and will be installed soon. Commissioner Rentschler asked if they would have the capability to network into the displays, and MIS Manager Graham said that would be a different project. Commissioner Rentschler asked if those funds were in this budget and MIS Manager Graham said this would have to be added. Mayor Galea asked what the cost would be and MIS Manager Graham said it depends on what you want to do. You could go very simple to what Las Cruces has done which is probably about a quarter of a million dollars. Mayor Galea asked if this amount would include TV viewing for the public and he said yes. Commissioner Rentschler said we probably wouldn't have to go that far. MIS Manager Graham said it would come directly out of his budget and be allocated to other departments.

Commissioner Rardin asked about the big screens in the court room next door as opposed to the old projector screen we now have. MIS Manager Graham said all that would cost about \$125,000. City Clerk Cantin added we brought an upgrade proposal to the Commission and it was not approved. Commissioner Rardin asked what the cost would be to do a little at a time, and MIS Manager Graham guessed \$50,000 or less. Mayor Galea said we would want flat screen TV's with the ability for the Commissioners to project information from our computer to the screen. Commissioner Rardin would like to see us have the ability to project the presentations to a flat screen. Commissioner Rentschler agreed. Commissioner Rardin asked for a cost estimate for this and maybe it could be added to this budget. MIS Manager Graham said he would do this.

6. Grant Capital Project (Pass-throughs) (F24)

Internal Control Analyst Helen Viscarra-Reno presented the budget as it was in the budget book. She explained this fund provides an accounting of grant revenues and grant expenditures that the State of New Mexico provides to the City specifically for Capital Outlay and related expenditures. There have not been a lot of changes except for \$105,000 for building improvements.

7. Community Development Block Grant (CDBG) (F48)

Internal Control Analyst Viscarra-Reno said we are now working on lighting at the Senior Center and only two of the lights have not come in. We paid over \$100,000 for the light

fixtures. Facility Maintenance Director Garner is looking for bids for a contractor to put these in. She noted this project had been started in 2010 and they were hoping to be done soon.

Mayor Galea asked what the next project would be. Internal Control Analyst Viscarra-Reno told her there were two other pieces and she wasn't sure if the sound system was one or not. She thought Grant Coordinator Segura said it was until July, but it must be done by June.

Commissioner Rardin asked if this is the funding he had attended a meeting in Albuquerque about two years ago. It was for sound, lighting and other things. Mayor Galea noted that at the last luncheon she went to at the Senior Center the sound system was quite poor. Commissioner Rardin thought there were some ADA upgrades, also. Internal Control Analyst Viscarra-Reno didn't know if the upgrades had been done or not. Commissioner Rardin asked why this was taking so long, and Internal Control Analyst Viscarra-Reno didn't know but she knew Ronnie had started back on this about three weeks ago. Commissioner Rardin asked if we would lose the money if not done by July 15th and she told him yes and hoped it would be done by then. He asked her to report back to the Commission when she found out why this wasn't done yet. She said there were several pieces of this and she and the former Finance Director had taken a tour of this to see areas where the grant would be used. She had just stepped back into this three weeks ago.

Commissioner Rentschler asked if the fixtures were in and she told him the majority are in and paid for, but the items still not in were not scheduled to be here until June 14th. She wanted to make sure they would all be in and paid for. Commissioner Rentschler asked about the bids and noted he could not bid but would have seen the advertising on his computer. She said she would talk to Larry and Barbara about this in order to get it done by no later than the middle of June.

8. Economic Development Gross Receipts Tax (F105)

Internal Control Analyst Viscarra-Reno said this covers the Pre-Check and Premier Pellets. We don't have a contract with Western Baking but with Marietta Biscuit Company. Mayor Galea asked her about Western Baking and she said we didn't have an agreement with them. Commissioner Rardin said they had taken over Marietta's contract and the \$100,000 was the only thing included after a year. Mayor Galea said she understood Pre-Check had not passed internal audits for the last three years and hadn't received any incentives. Internal Control Analyst Viscarra-Reno agreed. Internal Control Analyst Viscarra-Reno said she had pulled back on 2012 and did the audit for 2010 and 2011 for their \$400,000 grant for the expansion. They came in last Friday with the 2012 information so she can begin the audit. She didn't see a big increase, but she hasn't sat down with it yet. Mayor Galea had heard Pre-Check had obtained 40 new employees, but that wouldn't be included in this audit. Internal Control Analyst Viscarra-Reno said they have 115. For the \$400,000 they had to have a certain number of positions of over \$45,000 per year. Mayor Galea asked how they qualified for the State incentive from Governor Martinez, and Internal Control Analyst Viscarra-Reno was unaware of this.

Commissioner Rentschler asked about the Economic Development Fund. We need to figure out how to use this and he wondered about combining a couple projects from the Airport to draw funds from here. Some of that could include the Regional Jet Service guaranteed profit margin work. He would like to see us come up with the combined. City Attorney Thies noted he and Commissioner Rentschler had talked about getting air service to the airport. Most of those agreements require the City to guarantee a break-even point. They had talked to Roswell about this. There are various issues going on at the airport such as additional operations with Neptune and an expansion of the runway. We could

utilize the Economic Development Funds as escrow in case they didn't break even. Mayor Galea said we don't have much State support. Commissioner Rentschler said Secretary Barella had indicated to him he was very supportive. This thing is still rolling and Secretary Barella is supportive as well as Senator Udall. We need to figure out where this is coming from and do something this year. We need to budget for contingency if it would work and if not, don't use it. All those airport projects would be included in this as an overall Economic Development package for the airport.

Commissioner Rardin thought we were dreaming concerning this project and did not see 37,000 people using this. Commissioner Rentschler said the Boyd Group had completed their investigation and had gone to United today. Commissioner Rardin asked if Mike Boyd would be willing to put up a \$1.6 million letter of credit. Commissioner Rentschler said he would go after the grant to do this. Commissioner Rardin wasn't against looking at the proposal and using some of this. We have \$3.7 million and will have \$4.3 million by the end of this budget year. We need to start using it because it sunsets in October 2015. Commissioner Rentschler said the point of this is we need to utilize this money the voters have given us to use. Improving the airport would be a good thing to use it for. Commissioner Rardin said we would have to get with the attorney to see if we could budget for that particular use. Commissioner Rentschler said we were talking about not just that use but an overall economic development for the airport.

Commissioner Baldwin said we need to get this on the agenda in the near future. Internal Control Analyst Viscarra-Reno told the Commission it is being used for GRIP and that in 2012 we paid out \$40,263.50 and in January of 2013 we had paid out \$25,543.78 to Extended Stay Motel. Mayor Galea said GRIP is also for the incoming grocery store. Internal Control Analyst Viscarra-Reno said she had an application from Carino's.

G. Public Safety

1. Bench Warrants (11-2804)

Police Chief Duncan told the Commission we 67.9% or \$11,618 less than FY13 Actual Budget. 'Salaries/Benefits' and 'Other Services' decreased in FY14 as monies were carried over.

2. Code Enforcement (11-3104)

This one was skipped because it was under the Fire Chief.

3. Animal Control (11-3804)

Police Chief Duncan said we were 6.2% or \$25,000 and some change less than FY13 projected budget. Service levels remained the same.

Commissioner Talbert asked what the big drop was in 'Operating Capital'. Mary Gilsdorf, DPS Administrative Manager told him two trucks had been purchased for Animal Control.

4. Dispatch Services (11-4004)

Police Chief Duncan said FY14 is 1.36% or \$6,814 more than the FY13 Actual Budget. 'Salaries/Benefits' increased by 1.27% or \$5,814 due to anticipated COLA increases. Mayor Galea asked about the salaries and if these employees are union employees. He told her they were. She asked what the amount was and Mary Gilsdorf said this is still under negotiation.

Mayor Galea asked about the changes. Mary Gilsdorf said the 911 maintenance is a set fee for one more year, and we then anticipate a slight increase. We pay Century Link about

\$19,000 per year to maintain the system. All the phone lines for 911 are paid out of 'Utilities' and it has been fairly consistent for the past couple of years.

Commissioner Rardin asked about page 75 under 'Management Review and Office Costs' is \$402 and \$544. It is confusing because you have 11 different positions in the 100 dollar range, but it is up in the thousands for two positions

Public Safety (11-4104)

Police Chief Duncan said the budget appropriations are 3% less or \$182,132 due to the separation of the Fire and Police services. This includes 'Salaries/Benefits' and 'Supplies' as well as 'Utilities' since it was under the Fire Department. Also, the 'Operating Capital' decreased because he requested 12 vehicles and only two were approved. "Capital Improvements' increased because we need to replace the tile floor in the lobby of the Police Station. The handicapped door button and doors need to be replaced. He also requested the stairway to the upstairs be made more secure. Mayor Galea asked if this was reflected in the 'Operating Capital' and he agreed. She asked about cost for paint and he said that would be in the future because he is trying to upgrade his fleet of cars first.

Commissioner Rardin said he had talked to the Chief about the 12 vehicles and last year we got them six or eight new ones. The Tahoe vehicles requested are about \$25,000 a piece, and Police Chief Duncan said these are for two commanders – one is the Operations commander and SWAT Team commander and the other is the Investigations, Active Shooting and Schools commander. He wants both of the commanders be on the forefront of every school in case anything goes down. Commissioner Rardin asked what the cost would be for an Explorer and Police Chief Duncan said they were \$25,223 and the Tahoe was only \$1,000 more. Commissioner Rardin wondered what it would cost to approve four more vehicles this year and Mayor Galea said \$300,000. Commissioner Rardin asked if the \$25,000 included all the necessary equipment and Police Chief Duncan said no. It would cost about \$8,000 to equip one as a police rated vehicle. He noted this was for more than just his department. The City has never experienced cars in different parts of the city. We have cars with 120,000 miles on them of hard driving. They have been used 24/7 for years. We have lost 48 officers in two years – eight were terminated or retired. We do not have a take home unit.

Commissioner Rentschler said one of our goals a few years ago was one vehicle and one officer and he wondered where we are in meeting this goal. Police Chief Duncan said he needs 12 vehicles to meet this because by the end of the year he will have four cars over 120,000 miles. By the middle of 2014, he will have a total of nine cars with 120,000 miles. He assured them that when we have cars in different parts of the city it will decrease the crime rate. He promised the Commission he would never again ask for this many cars at one time. Commissioner Rentschler asked him how many cars and officers he has. He agreed it was good to have a police presence and wondered if vehicles were currently being assigned to officers to be shared with junior officers. Police Chief Duncan said as of right now, we have approximately 13 officers who take cars home and this is not including SRO's. The paint is peeling on these cars. He's thinking only 12 street officers and not all of the Sergeants and Lieutenants have take-home cars. Last year we had a total of 10 cars and he thought 24 had take-home cars. Commissioner Rentschler said you have about 20 officers who do not have vehicles. He wanted these officers to have take-home cars. Mayor Galea asked if we needed 10 cars this year. Commissioner Rentschler thought we couldn't this year, but we somehow need to come up with the money to do this. Mayor Galea said Senator Burt is going to be looking for state money for this. Commissioner Rentschler said Tularosa received Capital Outlay money for that. Commissioner Rardin asked if it would have to come out of General Funds, and Kathy Gilsdorf agreed. Commissioner Rardin would like to see us get four cars out of our money and maybe in

January of next year put 10 cars on our ICIP and see if Senator Burt and Griggs and Herrell could get us some capital outlay money. Once we get there he thought we can keep it up. He asked Kathy Gilsdorf to look for \$100,000 and bring it back to the last meeting for consideration. Public Safety is a priority.

Police Chief Duncan noted he had an email he had received that said there are 18 cars assigned and on patrol. Eight Sergeants, two Captains and four Lieutenants have take home cars. He wants to enhance recruitment and retention, too. For the first time we have had 160 apply for officers, so things are changing. Mayor Galea asked how many could you send to the academy of that 160 and he said we are sending four to the next academy and another four, as well. We just received a sheriff's deputy and a Las Cruces officer. He noted he is excited and things are changing.

Commissioner Rentschler asked if we are paying a dividend for a certified officer. Police Chief Duncan told him they receive \$2,600, and Commissioner Rentschler asked if this was enough. Other towns are paying more and he wondered if Police Chief Duncan had anything in his budget to do this. Police Chief Duncan told him five months. Mayor Galea asked how much it cost to certify an officer and was told \$40,000. She said offering a sign on bonus is a good value. Commissioner Rentschler thought we had something in place. Police Chief Duncan said we've had the problem of losing officers to the Sheriff's Department. He knew the City was in a budget crunch, but he would like to have mobile data terminals in every car. We've had the laptops for 5-6 years and they are still not in the cars. If we have good looking cars with laptops, we will have a model agency. This town deserves it.

Mayor Galea said she wanted to speak frankly. Last year we had our cake and ate it too and we can't do that this year. She would be willing to cut all social programs and even the cost of living increases to afford Public Safety necessities. Commissioner Rardin said we have \$3.1 million in the General Fund and thought we could afford \$140,000 to buy four police cars. Mayor Galea said we need to have reserve in the General Fund for things like Bonito Lake. Mayor Galea said we need to match the amount of \$20 million or \$60 million. We will know by June of this year.

Mayor Pro-Tem Hernandez said we had a lot of people asking for money and we need to be very easy on this. Commissioner Sikes said we gave COPE something and SANE nothing last year. Mayor Pro-Tem Hernandez mentioned Alamogordolive and some others. Commissioner Rentschler said we need to encourage people to be self-sufficient. Commissioner Rardin said the employees had a 3% increase for the last three years. Mrs. Gilsdorf said she realizes that but the police and fire unions are requesting 3%.

Commissioner Rardin said these are needs not wants. Cars are one time expenses but 3% is forever.

5. Alamogordo Public Schools Program (11-4704)

Police Chief Duncan said the APS Resource Program for FY14 is 3.31% or \$9,756 more than FY13 Projected Budget. Service levels remain at FY13 levels. Fuels and Fleet insurance increased by 38% or \$1,144 and he explained about revenues received from APS. It is a great thing that we have kept both SROs at the high school. He said that as Chief he must be prepared to protect the school children as well as the people of Alamogordo.

Mayor Galea asked him about the parent meetings the SRO's attend. He told her these are meetings for suspended students or students in trouble.

6. DARE Donations (F21)

Police Chief Duncan said this is fully funded by non-profit monies and doesn't affect the budget at all.

Mayor Galea asked when the DARE Picnic was to be and she asked all Commissioners to go, if possible.

Commissioner Talbert asked if it's working. Police Chief Duncan said yes it's doing well. Anytime, you educate kids, it's good, especially those going into middle school.

7. Police Contingency (F28)

Police Chief Duncan explained this is for the revenue and disbursement of confiscated items, and the expense of confidential criminal investigations. He thought we would be getting another \$30,000 on this fund.

8. Law Enforcement Grants (F36)

Police Chief Duncan explained the grant. Expenditures in FY14 are 35.6% or \$65,390 less than the FY13 Projected budget. Mrs. Gilsdorf said two grants closed out this year, thus the drop in revenues.

9. Traffic Safety (F38)

Police Chief Duncan said FY14 appropriations are down 20.9% or \$9,500. Supplies and Capital Equipment decreased as we had to purchase some computer equipment in FY13 for our in-car recording equipment needed for traffic enforcement.

Mayor Pro-Tem Hernandez asked if it includes recorders for the officers. He said he would rather have digital equipment on their belts. Mayor Pro-Tem Hernandez would like to see a recording device on each officer at all times. Police Chief Duncan wants to equip every officer with a digital recording device and make it policy that every contact they have be recorded. When he was with the State and they did this, it dropped the complaints by a third. Mayor Pro-Tem Hernandez said it will help you and the public. Mayor Galea said the Hubbard Foundation in Ruidoso helps with this.

Police Chief Duncan said it not only increases the professionalism of the department, but it covers the officer and the public. Mayor Pro-Tem Hernandez agreed.

10. Fire (11-4204)

The new Fire Chief, Mike Ward asked Mary Gilsdorf to present the budget since she had prepared it. Ms. Gilsdorf told the Commission the separation process began with the hiring of Mikel Ward and 'Salaries/Benefits' had increased by 29% because of this split. 'Supplies' had increased by 49.6% and our 'Operating Capital' was decreased by 69.54%. Overall, it is an 18.59% increase over last year's budget, and we are still hiring a couple more firefighters.

Commissioner Rentschler asked if this included the slots removed from DPS and she said yes. Commissioner Rentschler asked if there would be a total of six slots different. Mrs. Gilsdorf said we moved positions from Police to Fire and did a total amount instead of actual positions. Once the Fire Chief was hired we put whatever remained into Fire Equipment Operators or Fire Fighters. That is the difference. Commissioner Rentschler asked if any budget was moved over from DPS. She said she had done a budget revision in February to cover the rest of this FY. The 29% increase in Salaries and Expenditures was primarily due to the increase of individuals because the original budget did not plan on those extra positions. We moved them in February and so they are all budgeted into Fire that carries over to the next FY. Commissioner Rentschler was hoping to see it budget

neutral when this occurred and we are spending a bit more. He wanted them to understand 29% a year wasn't acceptable.

Mayor Galea had a question about the Fireworks technician training since we are in a drought. Jim LeClair stated the training was for the officer's who respond to the Space Hall display.

Commissioner Rardin asked how salaries had gone up so much when we had moved four positions over to Fire. Mrs. Gilsdorf explained there was a 15% increase because of insurance, and because of negotiations the majority were funded out of 1141. We lost the positions, but when we ended the NEU contract, we moved a position up to NEU sergeant and it is funded out of here instead of 'Contract Services'. That is some of the difference. \$30,000 was the difference between a contract employee and an actual full time employee. Commissioner Rardin said the change will not be as budget neutral as we thought.

Fire Chief Ward said in the beginning of May we started a new training for National Certification. By May 24th we will have all the guys up to the National Standard for Firefighting and this is something this city has never had. On June 6th and going on for two weeks, there will be another training.

Commissioner Rentschler said this is really important to us for the ISO Rating. He noted we had received an extension on the ISO rating for 18 months. He asked at what point we would meet this criteria. Fire Chief Ward said they will evaluate us everyday for the last three years. Our goal is to show a solid record of good service thus meeting a certain number of points. His understanding from the ISO inspector was they will cut us some leeway because of our reorganization. As soon as we get through this and get some policy and procedure straightened up and hiring done, we will evaluate everything and go through the survey.

Commissioner Rentschler asked if they were going to have civilian volunteers and the Fire Chief said the most recent proposal he has submitted is to alter the volunteer program we currently have, expand it, reduce the fees we are paying now, and bring in community volunteers. After that, we will open up volunteer to the public. Commissioner Rentschler said we still have DPS officers who are volunteer fire fighters and he asked if their training took place during overtime. Fire Chief Ward that is in the proposal we are working on now. Commissioner Rentschler said the overtime is really expensive and training on a Saturday is tough on these officers. He urged him to look at his overtime training budget. The Fire Chief explained how he is working with this part of the budget.

11. State Fire Protection (F33)

Mary Gilsdorf said this had been decreased because we have carry over requests that we need permission from the Fire Marshal to do. We are trying to save enough for a new fire truck so each year we ask the Fire Marshal to carry it over. This can only pay for supplies, maintenance and equipment for the fire station.

Commissioner Rentschler asked if this fund was based on our ISO rating and Fire Chief Ward said it was. It is drawn out of a portion of the insurance proceeds from the State level. The State Fire Marshal's office collects that fund from the insurance division and moves it over. It is based on the number of fire stations you have and the ISO rating. We are looking at making some changes in the near future that don't affect us budget wise or staffing wise, but are paperwork changes that will allow us to get a larger percentage of that funding.

Mayor Pro-Tem Hernandez said since we are doing the volunteer type situation and are also part of the county, is there any way to tap into those funds. Fire Chief Ward said their funding is about \$2 million + and they distribute that among the 16 counties. The language in that says we are not eligible. City Attorney Thies said it was because we are not a volunteer fire department.

Commissioner Rentschler asked if our state fire protection money is essentially that same money and Fire Chief Ward told him it is not. The Quarter Percent Fund is to get additional money for volunteer fire departments outside what the State Fire Marshal's Office provides. Commissioner Rentschler said we could certainly pass our own since we are under our limit for GRT. Commissioner Rardin said we should look into that. Mayor Pro-Tem Hernandez said we should change the rules.

Commissioner Rentschler asked if the Quarter Percent money comes from within the municipality as well. City Attorney Thies said it is the GRT and is based on insurance premiums that are county wide. This fund was discussed among the commissioners. City Attorney Thies said he would research this. Fire Chief Ward said he had all that information. He said it was for the use of Otero County Fire departments and is not specific. He didn't know whether it was collected from Otero County as a whole or only the outlying areas. Mayor Pro-Tem Hernandez thought it needed to be changed because we could get volunteers already trained and hit the ground running. Commissioner Rentschler mentioned the HAFB volunteers, too. Fire Chief Ward went on to explain the many fire fighters we have to call in. Mayor Pro-Tem Hernandez said they can be eligible for PERA after so many years. Fire Chief Ward had been looking into this benefit for us.

Code Enforcement (11-3104)

Mary Gilsdorf presented the budget that is 21.7% or \$53,781 more than FY13. Salaries and benefits increased 37.5% because in FY13 we added a position and budgeted group health under a higher plan than needed. Utilities increased by 190% or \$1,553 due to increasing phone lines and adding on (43WEEDS). Other Services increased by 31% due to anticipation of costs for abatements for FY14. There is a trailer park out by Walker that will cost \$5,000 - \$6,000 to abate. We hope to do this in July.

Mayor Galea said there is only one abatement contractor in the city and they charge and get paid \$400 for a lot. She wondered if there could be a policy change where we could standardize a rate per lot. Mary Gilsdorf told her we have two contractors now that have to put in bids and we go with the lowest. Mayor Galea preferred setting a policy per yard. Mayor Pro-Tem Hernandez said you will have some that have weeds, some with trash and some with trees. Mary Gilsdorf noted they have dropped the administrative fee on abatements. Fire Chief Ward met with Code Enforcement Director Baker this morning and he talked to him about where we go from here. They talked of internal changes and how to bring in additional contractors.

Commissioner Rentschler asked about the 37.5% salary increase. Mary Gilsdorf was not sure because this comes from Personnel. She noted that in Changes for Operations there was \$51,000 in Administrative Staff and she thought this was the extra full time person. Commissioner Rentschler said he wasn't reflected in their FTE. HR Manager Josselyn said one of our Public Works Inspectors was being moved to Code Enforcement. Lora Nelson was the one being moved and the Bonito Lake Manager is moving to Public Works Inspector.

Commissioner Rardin asked about Ms. Nelson's salary and wondered if she would be getting paid more than the Director. Fire Chief Ward didn't know. He said we get good ratings on our Fire Inspection/Prevention program and we will possibly bring to the

Commissioner a fee schedule for conducting inspections and plans reviews. Contractors have to wait 6-8 months for the State Fire Marshal's office to review and send back, and we would like to bring that back in house for a lesser fee. He thought this is why Ms. Nelson had been moved over.

Commissioner Rardin thought if you tried to change the present system you will have a lot of upset contractors. All reviewed here is planning/zoning and FEMA. Jim LeClair said everything goes to the state level. He said the process was that the contractor came in to get the application format that explains the process and most of the contractors have to go to the state level if they have anything to do with fire (sprinkler system, alarm system, etc.). Commissioner Rardin said the last couple of commercial permits he had done had not gone to the State. He hasn't had a fire marshal do any of this stuff.

City Attorney Thies asked to shed some light on this. He said currently Code Enforcement looks at two issues – weeds and trash. There are a lot of other code provisions on our books that no one enforces, so the plan is to step up our effort in these areas.

Commissioner Rardin stated some concerns.

Recessed at 6:51 p.m., and will reconvene on Tuesday, May 7, 2013 at 2:00 p.m.

TUESDAY, MAY 7, 2013 - 2:00 P.M.

Mayor Galea reconvened the meeting at 2:00 p.m. Roll call was taken by the Clerk and all Commissioners were present.

H. Community Services

1. Lodger's Tax – City Share/Civic Center (F20)

Assistant City Manager McNeile said the Lodger's Tax is split with 60% for the City; Fund 20 which helps operate the Civic Center and other special events that promote tourism. Raul Ruiz is the Civic Center manager. He noted we are requesting about a 20% decrease in spending as opposed to last year.

Mayor Galea asked about Capital Improvement and he said there are some projects still being worked on this year. Anything not completed will be rolled over to next year.

Commissioner Rardin asked about the user fees and Civic Center Manager Ruiz told him part of that is incorporated with the liquor services we provide – at the ball field, Fourth Fridays at the Zoo and the Civic Center.

2. Community Services (F32)

Assistant City Manager McNeile stated this fund grouping includes Leisure Services, Cemetery, Parks, Zoo and Library. When you combine them all we are anticipating an 8% decrease in spending next year. We'll go through each fund one at a time.

3. Cemetery (32-0006)

Assistant City Manager McNeile said we look at historical activity when projecting a budget, but you never know what will happen each year. We are not proposing any capital this year and it is a 37% decrease in spending.

Commissioner Rardin asked about moving the Deed process to the City Clerk's office, and the software we might use. City Clerk Cantin said nothing was transferred to her budget at this point and there was already available software that had not been utilized.

Commissioner Rentschler asked why utilities had gone up 13% and Parks Supervisor Erik Marion said it was for water, gas and phone. He said there was not a cell phone used, just the office phone. Commissioner Rentschler said it had gone up \$34.00 in the past and this was even more. Mr. Marion said there hadn't been an increase last year. Commissioner Rentschler thought this excessive. Kathy Gilsdorf went over the electricity, gas, phone and long-distance.

Commissioner Rardin asked if effluent water was used for watering. He wondered why the water would have gone up and Mr. Marion noted there were spigots around the cemetery that were used by patrons who wanted to water individual plots. Commissioner Rardin thought it was high. Mr. Marion said he would check on that.

Mayor Pro-Tem Hernandez asked about the plots and was told it was done here, at the funeral home and Robert did some. Mayor Pro-Tem Hernandez wanted to see it centrally located. City Clerk Cantin said Rachel has been working on this in order to get it all in our office. Commissioner Rardin wanted to see it all on an accurate data base.

4. Leisure Services (32-6106)

Assistant City Manager McNeile said the majority of this was for the Family Recreation Center and the activities there, as well as staffing for special events throughout the year. The bottom line has decreased 11% this year.

Mayor Galea asked about the performance measures. Assistant City Manager McNeile said this was a typo that needed correcting.

Commissioner Rardin asked about the beginning cash balance. Assistant City Manager McNeile said we will not spend all the money budgeted primarily due to vacancies. Also, this is a large beginning cash balance because of the capital projects which are almost done.

Mayor Galea asked about the 'Salaries/Benefits' and whether we could pay our lifeguards more. Assistant City Manager McNeile said we certainly could. She asked if this could be done now, and Mr. McNeile said you could direct staff to do an analysis. Mayor Pro-Tem Hernandez talked about paying them a bonus instead. Commissioner Rardin asked the Recreation Center Manager, Benny Covarrubia if it was difficult to fill positions after school was out, and he said yes. In the past we did recalls of those who worked before.

Commissioner Rentschler asked how often lifeguards had to be recertified and was told every two years, which includes First Aid and CPR. We are trying to get this done in house since it costs \$250 to \$350 to do so. If we train them we hold their certificates in the city so they can't lifeguard anywhere else. Right now we are short a head lifeguard and have opened the position.

Mayor Pro-Tem Hernandez thought we needed to fix that issue. Commissioner Baldwin asked if this is something we should be worrying about. Assistant City Manager McNeile thought the situation should fix itself soon with the returning college students who have helped in the past. High school will be out in two weeks and will help us. There are only certain times to certify so we have to wait on that. Assistant City Manager McNeile said we are advertising for a head life guard who should be able to do those certifications in house.

Commissioner Rardin said traditionally we do an increase in the Leisure Services. Will it impact us much since we've decided not to do this year? Assistant City Manager McNeile thought we had begun pricing ourselves out of the market especially in day care which is the majority of the money going to the Rec. Center. We run a special all summer to make it affordable to all kids and will probably ask for an increase next year. Commissioner Rardin noted he had issues with the raising of rates.

5. Parks (32-6206)

Assistant City Manager McNeile said overall we are requesting a 5% decrease.

Commissioner Rentschler asked about 'Utilities'. Erik Marion hadn't been increasing the utilities and was doing budget revisions out of operational funds, so he decided to increase this year.

Commissioner Talbert asked what changed on the 'User Fees'. Mr. Marion wasn't familiar with this. Assistant City Manager McNeile wasn't sure why that was there because no one is charged to be in a park.

Commissioner Rentschler asked what the adjustment was to compensate for \$44,000 projected that was up 20% from last year. Mr. Marion noted the 'Water/Sewer' charges at Hoosier and Griggs were up with significantly more activities scheduled.

Mayor Galea asked about the 100% decrease in 'Capital Outlay' considering the Microbial Treatment that will be tried out. Assistant City Manager McNeile said those monies would come from Quality of Life.

Commissioner Rardin asked about the new park and Assistant City Manager McNeile told him it would out of the Quality of Life money and the loan we got from NMFA.

6. Alameda Park Zoo (32-6306)

Commissioner Rardin asked about a giraffe and Senior Zoo Keeper Steve Diehl told him it would cost around \$250,000. He was planning a field trip this year to look into this.

Commissioner Rardin asked about a lion like they used to have. Mr. Diehl said they would love to have lions, but would have to have a new enclosure. Any big predator increases your attendance, but you have to consider the support staff needed to handle one of these animals. Mayor Galea asked if we have a set up for a lion now, and he said no. Carnivores would cost more than herbivores.

Mayor Galea asked if food was included in this budget. Mr. Diehl said there will be some increase. Last year he had a large amount of wild geese come in and that raised the feed bill, so this year they will need to try and keep them out or have money to feed them.

Commissioner Rardin asked about the alligator exhibit and Mr. Diehl said it was doing well but the two alligators were not getting along. The male tried to eat the female and she is recovering from wounds and a fungal infection from that attack. They are treating her at their animal hospital. It took a year and a half to get the bears used to each other and he thought the same would be true with the alligators.

Mayor Galea was comparing the zoo budget to the library budget. The Zoo numbers are much lower than the Library's, so she wondered if the Zoo could use more money. Steve said absolutely, we always try to run as lean and efficient as we can and we are running on minimal staff. We have individuals from the German community, the Senior Center and

NMSU who volunteer each week in all areas. We couldn't do half of what we do without our volunteers.

Commissioner Baldwin asked for Mr. Diehl to bring them more information in order to consider increased funding. He told them he had a 5 Year Plan and would get it to them this week.

7. Library (32-7101)

Assistant City Manager McNeile said the new Librarian, Sharon Rowe was here to answer questions.

Commissioner Talbert asked what the 'User Fees' were. Bonnie Meagher said these were copier fees, fixing books, bar codes, replacement fees, etc. He asked why this amount had decreased and she said there were more donations. Commissioner Sikes asked if the donations were financial or books. She noted we had received an inheritance last year.

Commissioner Sikes asked how much the County was contributing this year. Commissioner Rardin thought it was the same as last year – about \$33,000. Commissioner Sikes said the Library budget was substantial and the Library is used by citizens from all over the county. The City provides over 75% of that budget and the County about \$33,000. Mayor Galea asked if those who live outside the City should pay more. Ms. Rowe said the NM State Library is responsible for serving the whole County and it would be beneficial if the County could provide more money, but the State Library considers the City responsible for 55,000 of those 60,000+ residents.

Commissioner Rardin thought the County may have cut their amount a little bit. Commissioner Sikes said we pay a significant amount and the County doesn't pay their fair share. Ms. Rowe said 20-25% of our users do not live in the city limits and the County contributes about 3%. Sharon Rowe said the library is now at full staff capacity and is running smoothly.

8. Keep Alamogordo Beautiful/Clean Up Fees (F37)

Assistant City Manager McNeile said this is a grant to get money from the State program to do specific projects in Alamogordo.

Mayor Galea asked why the grant continues to diminish and Erik Marion told her it was because of the inability to hire summer beautification workers. The Grant looks at the year before and they arbitrarily will reduce the amount. He noted he had applied for more next year. Mayor Galea asked how many summer workers were needed and he said five seasonal and one intern. Last year was difficult and the grant amount was reduced.

Commissioner Rentschler asked about 'Salaries/Benefits'. Mr. Marion said the KAB would be hiring the same number as last year – five seasonal and one intern. Commissioner Rentschler said last year was \$13,016 and this year an additional \$11,000. Kathy Gilsdorf and Commissioner Rentschler discussed this.

9. Alamo Senior Center (F71)

Assistant City Manager McNeile explained Senior Center Manager Veronica Ortega would answer any questions. He noted the bottom line was there is about a 15% decrease in budget from last year.

Mayor Galea noted the 'Congregate Meals' are down but 'Transportation' is up. Veronica Ortega, Senior Center Manager explained 'Transportation' is for many things besides

delivering meals. The 'Congregate Meals' is down and the Exercise program is up. Mayor Galea noted it was full at lunch time yesterday.

Commissioner Talbert said we have a beginning cash balance of \$66,700 and an ending balance of \$13,000. At the bottom of page 239 there is Total Resources of \$1 million and change. He questioned these numbers. Senior Center Manager Ortega told him we will spend all that. Assistant City Manager McNeile said one thing not shown here is a revenue source for the federal or other grants since we are on a different fiscal year. When we receive that funding we bring it to the commission for approval and it is then added in to balance it out. Commissioner Talbert asked what the \$1,027,000 referred to, and Assistant City Manager McNeile told him it was the state, federal and city funding we have with which to run all the programs and activities. What is missing are the grants.

Commissioner Rentschler said other and federal grants have been \$0 for the previous three years. Senior Center Manager Ortega said that line was capital outlay dollars and we have existing contracts but they were awarded in 2008 and carried over each year.

10. Retired Senior Volunteer Program (RSVP) (F75)

Mayor Galea understood the Senior Volunteer Banquet will be this week and Mayor Pro-Tem Hernandez will be attending.

Senior Center Manager Ortega explained they have 600 active volunteers from Otero County and 121 work sights.

11. Senior Center Gift Fund (F74)

Mayor Galea asked where the donations come from. Senior Center Manager Ortega told her they come from private donors giving after the passing of a senior member of the family, and other donations from private individuals. These monies are put in both the designated and non-designated lines and are used where needed at the Center.

I. Bonito Lake (Fund 88)

Mayor Galea asked why there are still 'Utilities' at Bonito. Assistant City Manager McNeile said this is for the Emergency Phone System for the dam.

Commissioner Rentschler said the phone system seems high. Public Works Director Cesar said there is also a weather system on the dam that would be included in this. Commissioner Rentschler asked who we pay this to and Public Works Director Cesar told him we pay part to the Forest Service, a portion to the Weather Service and the Windstream Phone Company who do the actual monitoring of the Watch and Warn System. Commissioner Rentschler asked about the data we receive and Public Works Director Cesar said there is a station up above and one each in the South Fork and North Fork areas. In the event of a rain over a ¼" over a 30 minute period, alerts will go out to Lincoln Co., the Forest Service, those living down from the dam and us.

Commissioner Rardin asked if we have any city personnel there this year. Public Works Director Cesar said there won't be any manager, seasonal employees, etc. this year. On the water side, we have weekly monitoring of the dam that is coming out of the Water side.

J. Airport (Fund 91)

Assistant City Manager McNeile said the major changes for this year are changing the part-time airport coordinator into a full-time position. He noted that even though we know some grants are on the way, they are not posted until we receive them.

Commissioner Talbert asked about the program description and whether we had an EAS plane there or not. Under 'Utilities' he wondered if they receive any Renewable Energy Credits for the Solar system out there. Public Works Director Cesar said you'd see that in the off-set of the electrical rates. Commissioner Talbert asked when the panels were put in and Public Works Director Cesar told him about 2008 or 2009. Commissioner Talbert said there wasn't a drop in the electrical bill since then. Mayor Galea noted 'Utilities' had not gone up as much as other departments.

Commissioner Talbert asked when the runway would be completed and Mayor Galea said the groundbreaking would be in January. We will have to match the FAA Grant that is coming. Assistant City Manager McNeile said we will have to bring you an entire package for the airport before a regional jet can even come here. We will do this very soon. Fund 105 will fund this.

Commissioner Talbert said there are two different things we are talking about. 139 is condition of the airport, runway and solars whereas the TSA is security to where the plane is going. Commissioner Rentschler said the TSA is self funded and they will come in and do some structural changes to the building to give them an office and a place to check baggage. Most of those changes will be relatively inexpensive, but the overall airport budget the city attorney is looking at will be included in that part. Assistant City Manager McNeile said we currently have \$30,000 in capital improvements that will be rolled over to get that started.

Commissioner Rardin asked why the attorney is going to come up with the budget for this. Commissioner Rentschler said he will be putting this together using Economic Development funds and to do that we need to meet certain criteria. If we do this as an overall project we will be more likely to reach the thresholds. Assistant City Manager McNeile said the Airport Staff and consultants will be putting the budget together and the city attorney will review it.

K. Community Development

1. Planning & Zoning (11-3705)

Assistant City Manager McNeile told the Commission the big difference this year is we have three projects budgeted. We just completed the Comprehensive Plan update, we almost have the Census Challenge wrapped up and the Zoning Re-Write is in this budget. We hope to have the last one awarded by the end of the fiscal year. Commissioner Rardin questioned a consultant doing the Zoning Re-Write instead of it being done in-house.

Commissioner Rentschler asked about the 'Management Review Office Costs' of -\$43,000 and also a drop off in 'Other Services'. Assistant City Manager McNeile said we have a salary savings because our P&Z coordinator left and we filled that with a part-time position, with the understanding if the volumes pick up sufficiently that slot will be filled.

Commissioner Rentschler asked why it was under 'Management Review' instead of 'Benefits'. Finance Director Johnson explained the Management Review Office Cost. He pointed out the changes on Page 66 and how to read them. Next year he will have these labels changed to help the confusion.

L. Public Housing Authority

1. Housing Low Rent Operating (Fund 901)

Assistant City Manager McNeile introduced Housing Manager Paluch to answer questions.

Mayor Galea asked if this was all federally funded and she told her it was.

Commissioner Rardin asked about the line item for what is paid in legal services. Ms. Paluch said that's under 'Other Services' and in 'Administrative Charges'.

Mayor Galea said you haven't received additional funding from the Federal Government, so how do you offset costs. Housing Manager Paluch told her they are still receiving operating subsidy on a monthly basis. Last year we received about \$60,000 per month and this year we are receiving about \$35,000. This past month we received \$44,000, so we are always projecting. She has told the Commissioners before the HUD field office has asked them to spend down their reserve funds, so this year we will be dipping into those reserves. Mayor Galea was concerned since they will be receiving half the funds they used to get. Housing Manager Paluch said each year depends on the federal administration and President Obama wants to spend more on HUD than they currently do.

2. Housing Homeownership Operating (Fund 903)

Commissioner Rardin asked if this was federal money and Housing Manager Paluch told him it was our money that belongs to the Housing Authority, so we can use it however we want to. We will be discussing this with the Advisory Board who is coming up with a new program to help with the in-house owner/occupied rehab type program once all the homes are sold. Maintenance is currently working on some of the homes for sale. The problem is the program needs to be self-sustaining. We need to come up with a program that will bring some money in.

Commissioner Rardin asked if the proceeds from the houses sold go into this fund and she told him yes. He asked if it was federal or city money that originally bought the homes and she told him it was 5H program money. There were 22 original homes and once they were sold, the proceeds of the sale become 'untainted' money that keep this project going.

3. Housing Capital Fund Projects (Fund 904)

Mayor Galea said the Housing Authority pays electricity for the tenants and those costs are going up. She asked Ms. Paluch if they had considered a solar program. Housing Manager Paluch told her the field office didn't want them paying electricity at all. Last year we paid \$111,000 and with the increase in the cost of electricity we expect to pay \$135,000. We are in the process of transferring over to meters. All the meters are up at Plaza and we will begin reading them to use the data. In about a year, the tenants will begin paying electricity. The HUD field office is concerned because we are spending over \$100,000 of our operating subsidy just to pay electricity. They want the tenants to pay their own electricity. Housing Manager Paluch said we are the only Housing Authority in the state that pays electricity. HUD gives tenants a utility reimbursement allowance that determines what they will have to pay in rent after considering the cost of their electricity. Those utility reimbursement allowances will increase when we begin charging tenants for electricity. Commissioner Rentschler said that will give them an incentive to conserve on their electricity and Housing Manager Paluch said this was a major issue.

M. Public Works

1. Facility Maintenance (12-3303)

Public Works Director Cesar said the main difference in this budget was the Capital reduction of which a large part was the A/C in this building. Next year we won't be asking for any Capital and Facility Maintenance. 'Salaries/Benefits' discussion addressed the two vacancies in Facility Maintenance and the numbers this reflected.

Commissioner Rardin asked about a truck purchase and Public Works Director Cesar said that was bought in the last year. He will send out a schedule of hanging of the lighted street signs.

Public Works Director Cesar said we did have a request for making a part-time position full-time at the Rec. Center for pool maintenance and also Facility Maintenance electrical work. The impact if approved is just shy of \$16,000 per year. Commissioner Rentschler asked if

that would be on top of the listed 'Salary and Benefits' and Mr. Cesar concurred. It would be a total impact of \$15,806.15, but that isn't included in the numbers you are looking at now. It would be a year round position of 32 hours per week. Commissioner Rentschler said no.

2. Fleet Maintenance (12-3503)

Public Works Director Cesar spoke of the \$21,900 'Fleet Maintenance' under operating capital which is for an equipment lift. Then he pointed out the large jump in 'Salaries/Benefits' due to another position in Fleet. In 1999, the city had a diesel/heavy equipment mechanic, but this was eliminated and we have been outsourcing this service. Now, due to the types of equipment, the age, and other reasons including the Severn-Trent employees and equipment that were obtained, (landfill not included) we are looking at adding a position with an impact of \$53,922.49. In 2010, we spent \$138,942 in the labor and transport of equipment to be repaired; in 2011 we spent \$107,612 and year-to-date this year we have spent \$82,991 and have three pieces of equipment waiting to be repaired in El Paso and/or Albuquerque. Mayor Galea asked if the estimated repairs were in the budget, and he said these were all from previous years.

Commissioner Rardin asked if we had anyone certified to work on diesel and Public Works Director Cesar said we do not. Commissioner Rardin asked about certifying a current employee. Public Works Director Cesar said we could encourage one of the employees to get their certification, but the time factor would not be good.

Commissioner Rentschler asked about the Landfill and Public Works Director Cesar told him there was a full time diesel mechanic at the Landfill, and Commissioner Rentschler asked about sharing services. He said this person does very light repairs.

Commissioner Rardin asked what equipment we had and having to send it out of town. Public Works Director Cesar explained which ones go out of town and which get worked on here. Commissioner Rentschler asked about equipment needed for a diesel shop and Public Works Director Cesar told him we have most of that equipment. Public Works Director Cesar said some of the equipment would still have to go to El Paso or Albuquerque, but most of the work could be done here.

Commissioner Rentschler asked about the line item concerning the costs of sending equipment out of town and Mr. Cesar said you won't see it in Fleet Maintenance budget because every department has their own 'Repairs' line. If this were approved he would be reducing the budgets accordingly for each department. Commissioner Rentschler said he could see approving this if all these departments displayed further cuts.

Public Works Director Cesar said the \$21,900 under 'Capital' is for an additional vehicle lift that was installed. Commissioner Rardin questioned that amount.

Commissioner Rardin asked about the number in 'Vehicles Retrieved', and Public Works Director Cesar told him these were the after hours calls to bring a vehicle back in because of break downs. The Fleet is getting older, he noted.

Commissioner Rentschler asked about the 'Percent of work orders for preventative maintenance performed' that was 49%. Public Works Director Cesar said this is for the preventative maintenance schedule on all vehicles after so many hours. This is for the additional issues found during a regular maintenance check.

Commissioner Rardin asked if we are using the piece of equipment we bought to do alignments and Mr. Cesar said yes.

3. Transportation Fund (44)

Public Works Director Cesar said this shows the \$.01 gasoline tax and the revenue earmarked for street and bridge capital items.

Commissioner Sikes asked about 'Weeds and Drainage'. Public Works Director Cesar said the previous city manager combined Weeds and the Drainage Maintenance Dept.

Commissioner Talbert asked about grants and Mr. Cesar said they are anticipating some grants for the year.

a. Public Works Admin (44-5103)

Public Works Director Cesar said the budget reflects his area still being under Utilities, even though the change has been made in the structure of his department. This is still transitional.

b. Street Maintenance (44-5203)

Public Works Director Cesar said this goes back to Commissioner Sikes' question earlier concerning the reorganization of Streets and Drainage. We have taken the Drainage component out of Streets and put it back in a separate department. There is not a fiscal impact to do this now. This is another area where vacancies impacted the 'Salaries/Benefits' line item. This is also the area where we transferred employees from Construction to Streets and Drainage. This has effected the 'Other Services' line item because we had to transfer equipment and insurance.

Commissioner Rentschler asked if we would see a corresponding deficit on the other side and Mr. Cesar said it came out of Utilities Construction as well as some new equipment being obtained.

Re-stripping the streets and the equipment used were discussed extensively.

Recessed at 3:56 p.m. and reconvened at 4:15 p.m.

c. Weeds & Drainage (44-5303)

Mayor Galea said there is no funding for Weeds and Drainage and Mr. Cesar said this reflects the restructuring spoken of previously

d. Street Maintenance Program (44-9003)

Public Works Director Cesar said this was moved to Fund 109 so it hasn't been taken out of your packets yet since it must remain for a few years.

4. Water/Sewer fund (Fund 81)

Public Works Director Cesar said the first sheet was a recap of the Water/Sewer fund revenues in and out, with a break down of expenditures.

Commissioner Rardin asked about the Customer Service line under expenditures. Customer Service Manager Ortega replied it is capital for the Radio Reads they discussed yesterday.

Mayor Galea asked Mr. Cesar about the funding for the final phase of the Water Treatment plant. Mr. Cesar said these are the operations brought back in-house and you'll see these a little further on.

a. Public Works – Non Departmental –Administration (081-1803)

Public Works Director Cesar said this also concerns the recent reorganization and this area is where he is funded out of. All of the Public Works budget of \$1,803 spoken of earlier has been brought into this area. 'Supplies' have dropped by 23.6% or \$910.00. His office had a smaller budget with the largest percentage being 'Utilities'.

Commissioner Rentschler asked about 'Other Services' and Public Works Director Cesar said there used to be a 5% fee out of Utility Maintenance of the revenues generated by Fund 81 that were charged against Utility Maintenance and pulled out to go to the General Fund to support Finance, City Manager, Legal, etc. Mr. Cesar put it under Administration a couple of years ago. It goes back into the General Fund.

b. Utility Maintenance (81-5503)

Public Works Director Cesar said the most significant change is the Capital Outlay. There were a number of service vehicles purchased last year, and he didn't have any capital approved for this year.

Commissioner Rardin asked about the 'Supplies' increase and Mr. Cesar said this was for all the materials for water and sewer line problems with the most significant increase being the sewer line item for this year.

Commissioner Rardin asked if he's anticipating a lot of sewer breaks, and Mr. Cesar said we had a lot this past year as well as on the water transmission side because the system is getting older. This pretty much follows the Street Maintenance program.

Commissioner Rentschler noted the 10% increase in 'Maintenance'. Public Works Director Cesar pointed out the increases in the bar graph. He said the employees working in Utility Maintenance must maintain state certification for both water and waste water. We have new employees who must go through this process.

Commissioner Rentschler was surprised our transmission hasn't gone down because we aren't doing any Bonito maintenance. Public Works Director Cesar said the Bonita Line maintenance is now under the Water Filter Plant. This changed after we lost Severn Trent and brought the operation in-house. It will be in the upcoming budget.

c. Water Treatment Plant (81-5603)

Public Works Director Cesar said this is actually the Waste Water Treatment plant. This is the first time in many years this has been a city operation, so comparing FY12 with FY13 will reflect we've only been doing this a few months. One of the unknowns at the time was 'Salaries/Benefits' and you can see the costs are lower. We did discuss that when employees had been hired, we would take the difference between what was estimated and the employee savings, and bring it down into the Operational portion of the budget. What we don't spend at the end of the year goes back into Fund Balance. Since this is the first full year of doing this, we are looking at the beginning of the new fiscal year.

d. Water Filter Plant (81-5703)

Public Works Director Cesar said one of the things we've adjusted is all the chemical usage for both areas will be coming out of the Water side because he didn't have a good history on the amount of chemical needed for the waste water. 'Salaries/Benefits' is the same as spoken of for the Water Treatment Plant. The Electrical Line item was outside of Severn Trents' contract so we have asked for a \$50,000 increase because of the loss of Bonito Lake and the pumping costs for the wells. It all has to do with temperatures and rainfall this year.

Mayor Galea asked whether our wells or the Desalination Unit (after it is up and running) would be used more. Public Works Director Cesar told her there will always have to be water running through the unit year round and it will be on all the time. It will make up for the loss from Bonito Lake. There will be fewer pumping costs with the Desalination Unit.

e. Construction (81-7803)

Public Works Director Cesar said we have a 21% change in 'Salaries/Benefits' because of vacancies.

Commissioner Rentschler said looking at your 'Utilities' there is a 50% decrease. Mr. Cesar said this department shares the building with Utility Maintenance and Streets and Drainage departments.

Commissioner Rardin asked about the 'Operational Highlights' and Mr. Cesar explained the various sidewalk/curb & gutter projects.

f. Water & Sewer Capital (81-9300)

Public Works Director Cesar told the Commission the most notable is the \$250,000 for pipeline replacement for the upcoming fiscal year. This is for the sinking properties above Scenic and has been on the budget year after year. The waterline improvements of \$800,000 are the monies for road work. He noted some others that were carry-overs and the progress of various projects.

5. Solid Waste Collections System (F86)

Public Works Director Cesar said Fund 86 is our Convenience Center. The 'Salaries/Benefits' reflect the three vacancies at the Convenience Center. Mayor Galea asked why they had lost three employees and he told her two left for better employment and the third was let go. He said the remaining line items showed no significant changes. Commissioner Rardin asked if we are still in negotiations with the County to combine our convenience center with theirs and Mr. Cesar told him he had not been part of the discussions. Commissioner Rardin thought it made sense to combine. Mayor Galea thinks the City does a better job than the county does. Commissioner Rentschler said they are more efficient.

Public Works Director Cesar said generally we have talked to operational consultants about the La Velle sight and we are somewhat involved in the study.

Commissioner Rentschler asked if we have sloping concrete platforms for containers. Mr. Cesar said we are looking at possibly converting the La Velle sight into a true Transfer Station. Commissioner Rentschler felt we needed to get larger containers. Commissioner Rardin said we got new containers when we got the new truck last year.

6. Otero/Greentree Joint Landfill (F94)

Public Works Director Cesar said there are many changes in percentages. It recently came back under him and he put things in the appropriate line items. You can now read it better. We are going under a permit renewal which happens every 20 years, so under 'Capital Outlay' you'll see \$136,000 of which \$6,000 is permit related.

Commissioner Rardin asked if the bottom line on the ending cash balance included the \$400,000 refund potentially included, and Public Works Director Cesar said this does not reflect that amount since it came in discussions after this budget was prepared. Commissioner Rardin asked if the number would be dropped by \$400,000 if that were to get approved. Public Works Director Cesar said yes. Commissioner Rardin mentioned the

rate increase approved recently might slightly affect this. They discussed the rate increases.

7. Street Capital Maintenance & Capital Improvements

F109-9003 – Street Maintenance Program FY 08

Combined fund – 2004 ¼% Gross Receipts Tax and 2008 ¼% GRT

Public Works Director Cesar said this area is where the two GRTs come in. 'Capital Improvements' is the next round of the 2004 Street Maintenance program that ties back to Fund 81. Mayor Galea said it's a lot less from last year and he told her it reflected the cleaning up of various funds.

8. 2011 NMFA State Gross Receipts Tax Streets (F118)

Public Works Director Cesar said these are the loan proceeds from the 2008 GRT. It is used to fund the realignment of 1st Street and Washington, and realignment of Indian Wells, Washington and Pecan – the larger projects. They have already been approved by the Commission and any excess money will be put back in the fund balance of 118 and then transferred to an ongoing project or new projects, with the approval of Commission.

Commissioner Rardin asked if this was the remainder of the \$15 million for roads. Public Works Director Cesar said it was. It has been broken up and put into different project budgets. Mayor Galea asked if we would need another loan to do any other big projects. Public Works Director Cesar said there is a project budget for that.

Recessed at 5:02 p.m., and will reconvene on Wednesday, May 8, 2013 at 2:00 p.m.

WEDNESDAY, MAY 8, 2013 - 2:00 P.M.

Mayor Galea reconvened the meeting at 2:00 p.m. Roll call was taken by the Deputy Clerk and all Commissioners were present.

Mayor Galea gave an overview of the agenda today and how we stand budget wise. She said the budget for this year was anticipated to be \$45,664, 994 in revenues and \$43,126,509 of proposed appropriations giving us only a \$2 million cushion. This is \$8 million less than last year in grants and \$3 million less in bonds and loans. To accommodate the 15% increase in employee insurance we have foregone any capital improvement projects.

4. Outside Agencies:

1. Golf Course (F90) Includes: Contract & Maint. Oper.- Grant Dalpes & Ron Borunda

Assistant City Manager McNeile spoke first saying the Golf Course had a contract with Grant Dalpes with G&L Golf to run the pro shop, restaurant and professional services, while the City runs the maintenance operations headed by Ron Borunda.

Commissioner Rardin asked Mr. Borunda about the transfers in, transfers out and admin. charges. Kathy Gilsdorf explained some of this and Commissioner Rardin asked her to bring them a break down tomorrow.

Mayor Galea asked about 'Utilities' and the lack of an increase for the coming year. Mr. Borunda said increases were not expected.

Commissioner Talbert asked if the Pro Shop and restaurant were making a profit. Mr. Dalpes said we were reasonably profitable last year with food and beverage doing the best. The golf side

remained status quo. Other individuals are running the restaurant under his supervision. The Pro Shop has been in business for 21 years and it has remained steady.

Mayor Galea asked about the amount going back into the community from tournaments and Mr. Dalpes told her it was just under \$100,000. Commissioner Baldwin explained they were close to \$90,000 in all charities. We keep track of tournaments, junior programs, clinics, outings and anything involved with charity organizations, and this year it was a little less. This was only because we did not have as many events. We simply hold the event and the charity organization receives the money. \$2 million - \$3 million dollars have been raised for the community in the last 20 years. Mr. Dalpes agreed.

2. Lodger's Tax Promotion Board (Fund 16) - Bob Flott

Assistant City Manager McNeile said Fund 16 of Lodger's Tax is a split of 40% for Lodger's Tax and 60% for the City. This portion of the Lodger's Tax has to be expended per state statute and is used primarily in advertising the City of Alamogordo 80 miles or more away. Bob Flotte is the chairman of the Promotion Board and he will give a presentation.

Chairman Flotte told them of the Governor's Conference in Albuquerque where our area took honorable mention in the NM True advertising campaign. That is only possible because of the support we get from the City of Alamogordo and the Chamber of Commerce. Mr. Flotte said they try to hold their expenditures in line. Our sole purpose is to increase tourism and visitors to this area, and we work very hard to do this. Our success rate has been good so far. He introduced one of the members of the Board, Mr. Tony Mandalea the manager of Best Western/Desert Inn, and Mr. Mandellia told the Commission his business was running well. He said he has been here since 2005 and has been able to get involved in the community and have a say in how our businesses are doing. He felt the Promotion Board was important for the community. Mr. Mandalea has been a member of the Promotion Board for five years. As far as advertising goes, he thought they had been successful. He quoted the Governor concerning the tourism industry in New Mexico and how it was thriving. For every dollar invested in the NM True campaign, three dollars were returned to the taxpayers of New Mexico.

Bob Flotte said you all received a copy of the 2012 Promotion Board report and he covered some highlights of the year. He highlighted the Space Museum and went over other numbers. What he asked from the City was to consider the same budget as last year. The Board is asking to continue with the NM True Campaign. The Lodger's Tax revenues are up over 36% from 2005-2012. We've been aggressive and have invested the dollars wisely.

Mayor Galea asked about advertising promotions being down 17% and Mr. Flotte said this is from the State. She wondered how they would handle this deficit and he told her some things would be eliminated after an evaluation to see which were most effective. She asked if the Board provided resources to the Chamber of Commerce Tourism office. He said we support the Chamber with mailing expenses.

Commissioner Rentschler asked Chamber of Commerce CEO Mike Espiritu about the 'Salaries/Benefits' and 'Other Services'. Assistant City Manager McNeile told him these were related to Jan Wafful's salary. Commissioner Rentschler asked why the Salary portion had gone up 20%. Assistant City Manager McNeile said he would check and get back with him. Mayor Galea mentioned this might be because of the employer/employee share of the health insurance costs.

Mayor Galea asked about the 'Transfers Out' of the Lodger's Tax for FY 13-14. Kathy Gilsdorf told her it went to different Internal Services and Assistant City Manager McNeile said also Personnel and MIS purchasing.

Commissioner Rentschler asked about Health Insurance increases and the total salary. Mayor Galea told him when salaries are raised, all costs go up. Kathy Gilsdorf said the split would account for some.

Commissioner Rentschler asked about 'Other Services'. Kathy Gilsdorf told him Travel and Copier Supplies had gone up some. He asked how the \$60,000 had been spent. She told him it was for Training, Printing, Advertising and the small percentage split may have changed a little bit. He asked her for a break down on this. Commissioner Rardin said the numbers don't add up.

Mayor Galea asked about the Goals and Objectives for the upcoming year. Bob Flotte told her they were going to review their past successes in different marketing categories.

Kathy Gilsdorf listed the areas in this budget with increases in answer to Commissioner Rentschler question. Mr. Flotte followed her explanations saying the events she mentioned brought many people to our area.

Mayor Galea asked Mr. Flotte if the Promotion Board was planning on having a booth at next year's Bataan Memorial Death March. He said this had not been discussed, but he will look into that.

3. OCEDC & Chamber – Chamber of Commerce CEO Mike Espiritu

Mayor Galea said we will begin with the Chamber of Commerce contract with the Visitor's Center. Chamber of Commerce CEO Mike Espiritu asked to speak on OCEDC first since he had people in the audience here for OCEDC. She agreed.

Mr. Espiritu spoke on plans for the upcoming year. OCEDC continues to be a highly successful organization in helping to create economic based jobs. In this past year, we had contacted 94 companies and 46 site selection consultants to come to our community. We continue to sell our community at 15 different trade and sales missions. He explained all they do throughout the year. Their plans for the coming year are to implement the new strategic directions recommended by Foote Consulting Strategies. He noted what areas they would be targeting. The funding for the upcoming year will be the same as this fiscal year. He introduced those in the audience who were on the Board.

Board Chairman Lance Tade and Vice Chair Tom French addressed the Commission. Mr. Tade introduced individuals in the audience who were strong supporters of OCEDC and volunteer their time, talents and financial resources to the organization. There were ten people who stood and introduced themselves. Mr. Tade said the City of Alamogordo contributed 47% of the total funding, 39% from the private sector, 12% from Otero County and 2% from the State. He spoke of the corporate structure of OCEDC and how they were able to maintain confidentiality that is so important to new businesses looking at Alamogordo. He mentioned Commissioner Rentschler was an ex-officio member as well as County Commissioner Tommy Herrell. He explained their various committees. He voiced he felt Mr. Espiritu was the premier economic developer in the State of New Mexico. He pointed out the letters of support included in the packets.

Vice Chair Tom French talked about the study they had commissioned which the Commissioners had a copy of. He felt this was a step forward in economic development. He also felt OCEDC brings a lot of volunteerism among business leaders in Alamogordo and Otero County. He has been volunteering for the last 15 years for this organization. Mike is always on the road looking for prospects.

Commissioner Rardin asked about the previous project called Snap Green Industries. Chamber of Commerce CEO Mike Espiritu told him they were a recycling company in Chaparral that generated seven jobs.

Commissioner Rardin asked how the agreement was going between Gulf Coast Mining and the BLM. Mr. Espiritu said it was going great and they have 61 people working now. He was not sure if an agreement had been signed yet.

Commissioner Rardin asked about FRST and Mr. Espiritu told him they are finalizing their Request for an Incentives package for us and the State.

Commissioner Talbert asked about their request for GRIP program monies of \$170,000. Assistant City Manager McNeile explained this was money set aside by the City and has nothing to do with OCEDC. He hoped we could fund some new development projects throughout the year. Mr. Espiritu explained to Commissioner Talbert that OCEDC isn't involved with GRIP. They simply provide the information to a project developer.

Commissioner Talbert asked if OCEDC does anything to keep businesses in Alamogordo. Mr. Espiritu said they have a Business Retention/Expansion program that regularly contacts businesses in town. Mayor Galea asked if they do this with non-Chamber members and he said they do.

Mayor Galea noted our business permit renewals were down 30%. She wondered about FRST and why they are taking so long to come. He told her they originally intended to get grant dollars and they were unsuccessful in doing so. They want to make sure the company is mature enough before moving forward. He felt they would finally come here because they will possibly need WSMR to test some of their projects and because we are a federal hub zone. Mayor Galea had seen the report of the pay for their engineers. She also wondered about the Foote Consulting Group and the fact they did not consult the City. Chamber of Commerce CEO Mike Espiritu didn't think that was true because they had visited with Public Works Director Cesar, and the City Manager position was vacant at the time.

Mayor Galea asked how their approach for the upcoming year would be different from last years. Chamber of Commerce CEO Mike Espiritu told her the key strategy change for the upcoming year would be the new industry targets to look at industries that would better fit Alamogordo and the county. Mayor Galea said we are working on the Airport project and when Secretary Barella was here he was not aware of the feasibility study and was unfamiliar with the Boyd Group. She voiced concerns that we weren't working as a public/private partnership between the City and OCEDC. Mr. Espiritu said there was a relationship between OCEDC, the City and the County.

Mayor Galea spoke of the Committee of 50 meeting in April. She had been surprised that Mr. Espiritu had given the OCEDC report the City had not heard of. It was news to her of a site selection from the State that we were one of two potential areas for a retirement community. None of our departments had been contacted on this and she felt there should be more communication. He said when those were received they did not ask for anything relating to City services. If they had, the City would have been contacted. If your City representative was not at the meeting they would not have heard of this opportunity.

Commissioner Rentschler thanked Mr. Espiritu and the Board. It is an outstanding thing they all do. Mr. Espiritu thanked him and said OCEDC has been around for over 35 years and these people give of their time and expertise to be on the Board.

Commissioner Rardin asked if anyone had talked to the folks at Golden Corral to see if there was anything to be done to help keep them in town. Chamber of Commerce CEO Mike Espiritu said no one from OCEDC had spoken with them because they were unaware of what was going on. Commissioner Rardin asked how many jobs were involved and Mr. Espiritu did not know. He explained OCEDC doesn't have much to do with retail unless they come to us.

Commissioner Rardin said the lack of information was not good. Maybe our representative on your board could report to us. Chamber of Commerce CEO Mike Espiritu reminded the Commissioners any and/or all of them had an open invitation to attend the Board meetings.

Mayor Pro-Tem Hernandez commented he appreciated their hard work but he wondered why they felt they had to bring all these people to today's meeting and why they had presented the letters of support. He didn't think that was necessary because their work should speak for itself. He felt communication was important

Commissioner Sikes commented she looks at it differently. She appreciates what they do and the people here today show the support the private sector has for OCEDC. She also said the written presentation was really good.

Mayor Galea asked how we could measure your success for the last year. Mr. Espiritu said the key points are the companies we maintain contact with and the ones we visit. His job is to sell this community and form relationships with industries and companies. One activity that is very important is to maintain our relationship with the Industrial Asset Management Council. We have been a member for the last two years. He explained this organization and its importance. He maintains a good relationship with the State Economic Development Department, also.

Mayor Galea asked Kathy Gilsdorf how much the City budgets for OCEDC. Mrs. Gilsdorf told her \$70,000 in Fund 105 and \$30,000 in the General Fund under the Commission budget.

Mayor Galea understood that with our procurement code we may need to go out to bid for Economic Development. She said it is important to fund economic development, but through the procurement code we need to advertise through RFQ for an economic development contract since it is over \$50,000. Commissioner Baldwin asked her how long the procurement code had been in place. City Attorney Thies told him when services are in excess of \$50,000 it should be done every four years. Mayor Galea said we've been in violation of our procurement code.

Commissioner Sikes asked if the procurement code allowed us to award to the people who do the best job. City Attorney Thies said in order to utilize the sole source provision of the procurement code you have to make a finding that no one else is able to provide as well of a service. Commissioner Rentschler asked about the process. City Attorney Thies said the request would go to the Procurement Manager, she would consult with the person who made the request and get documentation showing they have done some due diligence to make that determination. She would consult with him to decide if it is sole source, and then they would proceed accordingly. Commissioner Rentschler asked about a time frame and Mayor Galea asked if it could be on the May 28th agenda. City Attorney Thies said it could.

Commissioner Rentschler felt the budget needs to stand as is. He thought there had been some real or perceived threats to OCEDC and that is why you see this support today.

Mayor Galea agreed and said this is nothing personal. It is strictly looking at \$100,000 in the City budget for an outside service while we can't afford to give our employees a cost of living raise.

Mr. Espiritu felt that was why the money was split in the City budget.

Commissioner Rardin agreed with Commissioner Rentschler that we need to budget for it now. Mayor Galea asked if he meant the full \$100,000 and he said yes. He said in Fund 105 they can not go over 10% of what is collected by the City. We can do an RFP or RFQ later if need be. Finance Director Johnson said the \$70,000 is already in the recommended budget.

Mr. Espiritu next spoke on the Chamber of Commerce and said there are two contracts. The Chamber has been busy and has a strong relationship with the Promotion Board. Last year the Chamber website had nearly 6.5 million web hits and had over 1,000 visitors a month. He had found someone to make some improvements to the building out of their own pocket. He has a great staff and a group of volunteers who work hard 362 days a year. He noted the filming done here, various events like the Balloon Festival, and the people who visit from all over the world. The Chamber represents Otero County and Alamogordo in Santa Fe. They support the Lodger's Tax Board as much as they can since they are funded with these monies.

Mayor Galea asked if they were asking for more than was budgeted. Mr. Espiritu said they were and did this every year because of the postage and shipping of materials.

Mayor Galea noted most of the people at the Chamber were volunteers so she asked what the big cost was. Chamber of Commerce CEO Mike Espiritu said they have a paid staff that is paid on weekends and holidays. Utilities and maintenance is another cost. Printing costs are another although the Promotion Board helps with this. He said they probably aren't budgeting enough for utilities.

Assistant City Manager McNeile said this is part of 'Other Services' in 120, so it is the City's portion of the Lodger's Tax which is also used to run the Civic Center and Special Events. We did not include an increase for our contractual agreement with the Chamber. Commissioner Rardin asked what we budgeted for this and Kathy Gilsdorf said currently \$65,000 is the amount in the budget. Assistant City Manager McNeile reminded him that no increase had been included in this.

Commissioner Rardin agreed with the Mayor that we didn't need to increase this amount when we are unable to give our employees a cost of living raise. Chamber of Commerce CEO Mike Espiritu agreed and his only concern was the Seniors who work on weekends and holidays by themselves and are paid minimum wage. He knew the County would be cutting the amount they give the Chamber by 50% this year.

Commissioner Baldwin expressed that the Chamber of Commerce is where everyone goes and any cut in funding would be idiotic. The Chamber and OCEDC do a tremendous amount for this community, and he was willing for the City to do more in order to compensate for the cut in funding from the County. The service they provide the City is invaluable because they send people to the golf course, the parks, the base and so many other areas of the City.

Mayor Galea wondered if the Promotion Board could fund more postage for the Chamber.

Mr. Espiritu said we make and take visitor/welcome packets every week to Holloman newcomers. We make the packets for many other events as well. It does include the City's brochure and a bag full of information. If someone wants information on Alamogordo they will call the Chamber. He showed a letter sent from school children in France. We try to have a large web presence because it is cheaper.

Mayor Galea asked the Budget Analyst to prepare a document for the Commission showing what it would look like if more was budgeted than had been allocated for the Chamber.

Chamber of Commerce CEO Mike Espiritu told them the County's portion would be cut to \$10,000 and he said he would confirm that number. He added the County might possibly reconsider cutting their funding.

Commissioner Rardin asked if we did this it needed to be a one time deal instead of reoccurring.

4. Zia Therapy (F44-2400) – Joe Hardin and Sharon Gilsdorf - CFO

Mayor Galea asked if all the Transportation Fund went to Z-Trans. Mrs. Gilsdorf said it is currently budgeted the same as last year. There is \$99,989 for Zia Therapy and \$15,000 for the Pilot Program.

Commissioner Baldwin said the additional \$15,000 for the pilot program to Las Cruces and back was a one time thing. He agreed to it as a one time amount.

Commissioner Rardin asked how many riders were going to and from Las Cruces. Transportation Director, Joe Hardin handed out a survey of ridership. He said it is averaging 450 for the six months we've been running this and our high month was 524. He noted the break downs. They survey the first month of every quarter and have found the biggest destination is NMSU and shopping is 6% of the riders. Shoppers are not allowed to bring back more than two bags. There are people coming from Las Cruces to volunteer at the Zoo and some going to Mescalero. We have received requests to make stops in Dona Ana County, but the county has not agreed to help with funding. NMDOT has provided 50% of the operating funds with federal money and have agreed to a second year of funding. He explained the grant application process and how they use that money. This pilot program has been successful. The funding the City gave them last year helped to put in another route in town as well as streamlining and running a bus at all times. This year is the first time we broke 100,000 riders. Since 2004 the ridership has increased over 2,000%. We are not asking for any increases this year.

Mayor Galea agreed with Commissioner Baldwin about supporting the pilot project for only one year.

Commissioner Rardin asked about federal funding. Mr. Hardin said we are getting federal money now. It has since changed to Moving Ahead in Progress for the 21st Century program (MAP). He explained the other federal monies and the regulations Z-Trans have to follow. If we didn't receive federal funds we could not operate.

Commissioner Rardin asked how many original contributors to the pilot program are still active. Sharon Gilsdorf told him the total cost of the pilot program is \$109,600 and the federal match is \$54,800. The other \$54,000 is split amongst Alamogordo, Otero County, Las Cruces, and a United Way Grant is helping, too. If anyone backed out, we would have to find someone else to fill in to remain up and running. It not self-sustaining and is a cost reimbursement program. We are lucky the federal government matches 50% on operating and 80% on administrative. Zia Therapy matches the 20% required on all capital.

Commissioner Rentschler asked how many trips they had a day to Las Cruces. Ms. Gilsdorf said it is three trips per day and an average of 27 riders. She noted she had budgeted for 24 so this proves the program is needed. The cost per ride of \$15.25 is under what she had projected at \$16.00. Commissioner Rentschler asked what they are charging and she told him \$2.00 each way. Commissioner Rentschler said it is being heavily subsidized. He asked how they received the \$15,000 and Mr. Hardin told him it was a monthly draw-down. Commissioner Rentschler asked if it had all been used at this point. Ms. Gilsdorf said they were a little over and if it goes over what they draw from the City, they absorb that amount. Commissioner Rentschler asked how long the program would last with the money the City gave and Ms. Gilsdorf said it would go until September 30th.

Joe Hardin said they are staying under their budget. Ms. Gilsdorf said the amount received in fares (with October being a fare free month) is \$5,205 over six months. She had budgeted \$10,000 for fares. The service is being utilized but must receive a local match from entities.

Commissioner Rentschler noted they had received quite a bump in their base budget for last year. Mr. Harden said that had been used for Alamogordo only. Commissioner Rentschler said the increase had been a large one and remembered the Commission had been quite specific about the \$15,000 being a one time thing.

Commissioner Sikes said they had talked about making stops in the County and asked if this was part of the pilot program. Mr. Harden said yes and listed some of the requested stops. Commissioner Sikes asked him that if the Commission continued funding for the pilot program there was potential for increasing the ridership. Mr. Hardin agreed and stated they had advertised in Las Cruces on a minimal basis. They would like to do more in Las Cruces. Commissioner Sikes applauded this program and noted public transportation is a necessity. You must have public transportation when looking at economic development. She knew public transportation would always be subsidized and felt we needed to look at this closely. There are many people that are underserved and need transportation to Las Cruces.

Mr. Hardin agreed it will always be subsidized. Chaparral is requesting this, also. He said this is a partnership with the City and County and it has taken years to become accepted. He told the Commission he saw the same problems in every state. He showed the Braille schedules and visually impaired schedules to show they are pro-active.

Commissioner Rardin asked how many riders are visually impaired. Mr. Harden didn't have a number but knew a lot used the service. Many of them took advantage of the medically oriented transportation they offer. He said Mescalero is now half of their ridership and bares a lion's share of the cost. All weekend service is funded by Mescalero at this point.

Commissioner Rentschler established they charged \$1.00 per ride and \$2.00 to go to Las Cruces. He asked if they had considered City funding of \$85,000, allowing Z-Trans to pick up the excess, and then funding the pilot program they would be able to get their match. He asked if they took cash for a ride. Mr. Hardin said they either pay cash or buy a punch pass. Mr. Harden said other systems have raised their rates to come up to \$1.00 and most can't come up with any more than that. Commissioner Rentschler asked if \$1.10 would put them out of business. He asked them to consider some form of mixing that budgetary number.

Mayor Galea agreed with Commissioner Rentschler and felt the consensus was the Commission would like to continue funding Z-Trans, but not the pilot program. Commissioner Sikes and Commissioner Rardin said they would like to fund the pilot program.

Commissioner Baldwin asked if this would actually come up in September. Mr. Hardin said we are out of cycle with the NMDOT and need to put in our application by the end of this month, and they need to know we have the funding.

Commissioner Rardin said he was in favor of this because of the elderly folks on fixed incomes he knows who need medical treatment in Las Cruces. The system may be self-sufficient by next year. He would like to see how many are going to stops on the Missile Range.

Sharon said we are looking at NMSU helping with this since we have so many students riding back and forth. If one entity pulls out, it will be hard on the others. She noted Z-Trans has had a Medicaid cut and it has put a strain on them.

Mayor Galea said we have two Commissioners who would like to continue the funding, but the majority does not feel we should continue. Commissioner Baldwin said you guys did a great job with this, but we had told you specifically it was a one time deal.

Mr. Hardin said his first priority is taking care of this community right here and a mixed budget would cause him to have to cut back hours.

Commissioner Sikes understands there was a lot of debate over the pilot program, but looking at it realistically, hoping to be successful in only one year is almost ludicrous. Six months into it we still have people who aren't aware of it. She noted how Alamogordo veterans have to travel to El Paso or Albuquerque and many can't afford this. She felt it was unfortunate we would squelch a program like this. Commissioner Rardin wanted to give them one more year. Commissioner Rentschler said it won't be one more year, but perpetual.

Sharon Gilsdorf noted the Local Pages has helped them get advertising in the Las Cruces local pages, Alamogordo, Tularosa and other area communities. She hoped the Commission would look at how this affects the citizens. She felt if the Commission failed to fund this they would only go backwards.

Commissioner Rardin asked the Commission if they would be willing to do \$10,000 instead of \$15,000 and hopefully the colleges would do the \$5,000. Mayor Galea asked what would happen if the County or Las Cruces did not fund, and Commissioner Rardin told her the County had already done their budget. She noted the mayor of Las Cruces had said it would only be for one year.

Joe Harden said they would go back to Las Cruces and talk to them and stated Dona Ana County had come to him about this. He said they would do everything they could to run the system as well as possible, and they appreciated everything the City has done for them.

Mayor Galea asked Kathy Gilsdorf if there was \$10,000 available for this as Commissioner Rardin suggested. Commissioner Rardin said the \$15,000 had already been budgeted and the fiscal impact was there. The Mayor reminded Commissioner Rardin they had the 3% salary increase to consider. He said that would be a separate pot of money.

Recessed at 4:07 p.m. and reconvened at 4:39 p.m.

5. SANE Nurse Examiners – Amy Rivers

Amy Rivers, director of the Sexual Assault Nurse Examiners program (SANE) of Otero/Lincoln Counties spoke about their new logo. She explained what they do and that they work closely with DPS and the Sheriff's Dept. as well as Lincoln County entities. Their mission is to get the best care possible for the survivors and get them on the road to recovery. They also provide critical services for law enforcement and prosecutors because of the DNA collected. They do offender exams which is not included in this budget. They operate their offices with \$22,000 and that is their total operating expenses. She explained the extent of training their nurses obtain and that the nurses have to pay for this. Most of the work is volunteered and the nurses have other jobs. She asked the Commission for \$10,000 because they need more to provide services. She felt the nurses need more compensation and the organization needed funds to pay for offender exams which cannot be funded under their current budget. These exams cost about \$300.00. Most of the requested \$10,000 would go toward services that would help law enforcement and go toward keeping our nurses.

Commissioner Baldwin asked where the majority of their funding came from. She told him all the funding comes from the New Mexico Coalition of Sexual Assault Programs which is a grant through the NM Crime Victim Reparations Committee and the Violence Against Women Act. We do not receive any monies from the counties or communities we serve and will be asking all of them to give funding.

Mayor Pro-Tem Hernandez asked where the money would come from and Kathy Gilsdorf told him it would come from the General Fund. Mayor Galea noted there was about a \$2 million cushion for unforeseen events such as the Bonito tragedy and to match the FEMA funding.

Amy Rivers spoke frankly and told the Commission that for every rape victim they service the unspeakable has happened and their lives will be changed forever. She pointed out the literature in front of each Commissioner and the costs involved for each incident. They try to give each victim their control back.

Mayor Pro-Tem Hernandez asked how they were set up and she told him they are a 501C3 and their board is called the Southern New Mexico Wellness Alliance. Currently, we don't have any income coming into the SNMWA. We will receive funding next year from the United Way, but don't know what the amount will be. We are trying to build up outside funding so we don't have to rely on one source. The \$22,000 we get now is allocated based on existing programs based on new programs and it has gone down some. The Governor pushed for a large Sexual Assault budget increase this year, and we are hoping to see \$7,000-\$10,000 of that next year but won't know until the beginning of July.

Mayor Galea asked why SANE wasn't funded under law enforcement. Ms. Rivers told her it was not because we provide medical services and testimony in court. As a law enforcement agency most of what we do would be thrown out of court, but since we are an independent medical service our reports are admissible in court.

Mayor Galea asked if they partnered with HAFB and she said they work closely with them and will be asking them for funding also. She will be requesting funds from Lincoln County and Ruidoso, but Otero County has already completed their budget for the year. She would also like to get the community involved and she will be asking half of the 85,000 people served to give \$1 to help fund the services. That would fully fund SANE and this is one of her big goals.

Mayor Galea asked the Commission how they felt. Commissioner Rardin didn't think we could fund this if we couldn't fund Z-Trans. Commissioner Sikes said this is an essential service in our community and Amy had made the building very welcoming. Law enforcement is very supportive. Ms. Sikes said she would support funding if there was any way the City could do so.

Amy Rivers commented finally that the people who receive services from SANE do not want anyone to know who they are. We do not receive thank you notes because we literally see them at the worst moment in their lives. This is the least we can do for victims and it is a service we must have. She said she would never ask for funding again if she could help it.

Mayor Galea told her she would really like to give her the money but felt it couldn't be done this year.

6. CAPPED –

No one was here to represent CAPPED.

N. Engineering

1. GIS/Land Management (11-5405)

Public Works Director Cesar spoke on the GIS/Land Management section. He pointed out the large drop in 'Other Services' of about \$28,000. This was the updating of our aerial maps done this year. In 'Salaries/Benefits' - 20.3% increase was for a vacancy of two months of which we have now filled. He noted the previous employee did not have health insurance while the present employee does.

2. Engineering (F63-0000)

Public Works Director Cesar noted the increase in a little over 46% for the reasons spoken of in the past as well as the fact we have a new City Engineer on board. We hadn't had an engineer for almost a year. 'Supplies' was a small dollar amount and in 'Other Services' there is a 551.8% increase. This reflects the contracted engineer we still have in place in order to finish up some projects in the current budget. When this budget was prepared we didn't know if we would have a City Engineer or not. Now that we do, we will be closing out the contract and this amount will be put back into the fund balance.

Mayor Galea asked why there was not an amount budgeted in 'Capital Outlay'. Mr. Cesar told her the majority of the projects will be carry-over projects and those are in the appropriate funds. She asked if there would be any new projects at this time and he told her no.

Commissioner Talbert asked how much of the engineering contract money would be going back when it was closed out. Public Works Director Cesar said it would be about \$54,868. Commissioner Talbert said that should offset the pay for the new engineer, or it could be used somewhere else.

Commissioner Rentschler asked about the consultant and engineering fees and if they were one and the same. Public Works Director Cesar said the engineering fees were what was charged back by the engineer for his time, so it is actually revenue coming in from the project. Assistant City Manager McNeile said these are for in-house City projects.

Public Works Director Cesar said out of the 'Other Services' of \$64,811 roughly \$54,000 is the contract engineer we have on board today. Commissioner Rentschler asked if the \$53,000 comes out and Public Works Director Cesar said yes. The \$64,811 would be reduced by a little over \$54,000. Mayor Galea asked where the \$54,000 would go and Kathy Gilsdorf told her it would come out and go to fund balance on the final.

3. Inspectors (F65-0000)

Public Works Director Cesar told the Commission the Public Works Inspectors had large percentages and very small dollar amounts in 'Utilities' and 'Other Services'. Under 'Salaries/Benefits' he explained we had a PW inspector retire early in the fiscal year and it took an extended time to fill that position. He also noted the Chief PW Inspector is being transferred into Code Enforcement. The Bonito Lake manager had been transferred into PW as inspector.

Commissioner Rentschler asked about the salaries and Public Works Director Cesar said the difference between the two salaries was roughly \$13,000. Commissioner Rentschler felt this was a considerable amount and he felt the lateral transfers needed to be looked at. He said we were sued over this kind of thing last year. Commissioner Rardin noted some other discrepancies in salaries. Commissioner Rardin asked if the Bonito Lake manager's salary was higher than the Senior Public Works inspector and Public Works Director Cesar said it was. Commissioner Rentschler said it was \$13,000 more.

Commissioner Rardin asked City Attorney Thies if there were any legal issues with this. City Attorney Thies told him if the transfer is voluntary the employee would have to take the reduction in pay, and if involuntary the City has to be careful depending on whether the employee is a protected class and could bring an action against us for some type of adverse employment action. The person at Bonito has been a long time employee and was a PW inspector, and by no fault of his own we lost Bonito Lake. Since we no longer needed him at the Lake and instead of laying him off, we began to utilize him in other areas. We realized there was a need to increase our code enforcement activities and decided to transfer that person from the Inspectors Department since they had the experience in that area and could be utilized at a higher degree. Commissioner

Rardin asked if this budget accounted for this and HR Manager Josselyn said the numbers in this budget reflect this difference. The differences also show how each elected their insurance.

Commissioner Rentschler asked how much the City covers of each employees insurance. HR Manager Josselyn told him it was 60/40.

5. Trust & Agency

A. Trust & Agency Funds

1. Police Court bonds (F17)

Commissioner Rardin asked if this could go somewhere else since there isn't anything there. Kathy Gilsdorf told him no.

2. Designated Gift Fund (F22)

Kathy Gilsdorf said several of our departments get donations from people and they go into this account. They have to be designated for certain things. Assistant City Manager McNeile said for example VFW wants to donate \$10,000 to place picnic tables in Alameda Park. We will put that money into this fund and it can only be used for the picnic tables.

Commissioner Talbert asked about the expenditure of \$3,895 for a \$1,000 gift. Mrs. Gilsdorf explained funds get carried over and so basically what is in the fund balance for specific items from 2-3 years ago. Commissioner Rentschler asked what would happen if there was an excess. Kathy Gilsdorf told him it stays there and cannot be moved.

3. Cemetery Perpetual (F31)

Assistant City Manager McNeile said a portion of the money from the sale of a plot in the perpetual area of the cemetery goes into this fund. It is used to maintain the cemetery when all the plots are done.

3. State Judicial (F39)

Kathy Gilsdorf said this fund accounts for the fines received from traffic violations. Money comes in for various testing, court automation and judicial education, and it goes out for judicial education classes and court automation fees. Most coming in goes right back out.

Trust & Agency not previously discussed.

Nothing was discussed.

6. Debt Service Funds

B. Debt Service funds

1. General Obligation – Property Tax (F53)

Accounting Manager Steve Boyle gave an overview. He said the basic three debt service funds were Funds 54, Fund 59 and Fund 82. They service our general obligation debt of \$8.2 million, revenue bonds of \$25 million and Water/Sewer of \$30 million. Total debt is \$62.2 million this year. He summarized the 17 debts the City has. We currently have \$74 million face value of debt service and owe \$62 million as of the end of the year. Annually, there is \$3.2 million in principal and another \$2.3 million in interest. Another thing to consider is our GO bonding capacity, and he explained the bonding capacity process. A lot of our debts are in the Water/Sewer area. He pointed out the detail information in the budget book. Most of our loans are with the NMFA.

Commissioner Rardin asked which ones were callable next year. Accounting Manager Steve Boyle said the 2004 Sales Tax Revenue Improvement and Refund Bond was originally for \$5.4 million of which we currently owe \$3.1 million. That would be the earliest redemption and would be in June of 2014. You could pay this off and get a lower interest rate or potentially get new project

money. The others are one year later and are the 2008 Water/Sewer Improvement bonds up for early redemption in June of 2015. The rest of them go for 15-20 years.

Commissioner Rardin asked about the refinancing the Water/Sewer bond. Accounting Manager Steve Boyle said yes. We could probably get a lower interest rate and get additional money if there was identified use for it. Commissioner Rardin said we don't have money to do water/sewer mains. Accounting Manager Steve Boyle said it was important to make your language as wide open as possible.

Commissioner Rentschler asked Accounting Manager Steve Boyle to keep the commission up to date on when these come due. He noted the significant savings on millions of dollars. Mr. Boyle said there was potential to save interest money. Mayor Galea expressed the problem with refunding was that instead of paying the loan, we use the refunding. Commissioner Rentschler said that could be a problem, but at 2% you don't have a choice. Mayor Galea said if you refund the principal we have more bonding capacity. Commissioner Rardin felt it made business sense to pay the loan off and borrow at a lower rate, and Commissioner Rentschler agreed.

Commissioner Rardin said when we borrowed that we received an additional \$4.1 million with which to do projects and our debt service did not go up. We aren't paying any more than before but now have that additional \$4.1 million to use. It didn't cost the taxpayers any more for us to borrow that money. It would be the same with this one.

Mayor Galea asked Mr. Boyle if he was accounting for what we recently received from NMFA because the City debt amount was about the same as last year. Mr. Boyle said last year's debt was \$3.2 million higher. Right now with our current debt structure, that principal will go down by \$3.2 million a year. He went on to say they should consider how much debt we want to add. \$5.5 million a year is for the principal and interest paid on debt, and we need to consider what percentage of that is total expenditures for the year.

Commissioner Rardin left the meeting at 5:16 p.m.

2. Revenue Bond P & I (F59)

Assistant City Manager McNeile said this is just to account for money we collect to pay off debt.

3. 98 Jt. Water/Sewer Bond P & I (F82)

Same as above.

C. Special Revenue Funds:

1. Corrections – Jail (F15)

Mary Gilsdorf told the Commissioners this fund is for tracking of prisoners support. We pay Otero Co. Prison in Chaparral \$77.22 per day and we pay Otero Co. Detention \$80.00 per day to house our prisoners. Mayor Galea asked when it had gone up to \$80.00 per day and Ms. Gilsdorf told her it had happened in the last three years and in Chaparral it had gone up in August. Mayor Galea asked why it had gone up so drastically and was told the financial person told her the federal government rate had gone up and they passed it on to us.

Mayor Galea asked if we have a say when the fees are increased and population numbers increase. Why don't we get some say in the matter of housing more prisoners? Mary Gilsdorf told her she didn't have an answer to that but knew Judge Lee sends the long term prisoners to Chaparral. The average we have is about four prisoners a month who are there for longer stays, and at the Detention Center the average stay is ½ day to 1 day.

2. ESGRT (F89)

Budget Analyst Gilsdorf said this is the 1993 GRT fund and accounts for one-sixth of 1% of Gross Receipts Tax. It was for acquisition, construction, solid waste, water facilities and sewer systems.

3. Fleet Collision (F96)

Budget Analyst Gilsdorf told them this is the insurance fund and we try to keep a balance for major collisions.

4. Liabilities/Deductible (F107)

Budget Analyst Gilsdorf said this fund is for self-paid claims and takes care of our unemployment security and the deductibles we have for general liability. We move it over every year and nothing so far has come out of it. It is just for contingencies.

Recessed at 5:22 p.m., and will reconvene on Thursday, May 9, 2013 at 2:00 p.m.

THURSDAY, MAY 9, 2013 - 2:00 P.M.

Mayor Galea reconvened the meeting at 2:05 p.m. Commissioner Baldwin was absent. A quorum was present.

A. Capital Funding Resources (not previously discussed)

1. 1984 Gross Receipts Tax (Street, Drainage & Flood Control) – F42

Budget Analyst Gilsdorf presented this budget. She said it's transfers for our debt service primarily and transfers out for streets and drainage.

Commissioner Rentschler asked if it transferred out for debt service and she told him it transfers out for debt service as well as continued projects. Presently there are no projects. Commissioner Rardin asked about the transfers in from this fiscal year and whether Fund 42 had to be supplemented. She said no.

Mayor Galea mentioned the striping being done on Octotillo.

2. Infrastructure Gross Receipts Tax (F61)

Budget Analyst Gilsdorf presented saying this is used for funding for storm sewers, drainage, water lines, utilities and right-of-ways. She said what is being transferred out now is for streets drainage.

Commissioner Rentschler noted we will be transferring out less than last year.

3. 1996 Gross Receipts Tax (F69)

Budget Analyst Gilsdorf said this is the 1994 GRT for capital improvements, storage reservoirs, public safety buildings, fire stations and library. This will also go for some debt service as well. That was ¼ of 1%. This was the 2002 & 2004 Gross Receipts.

4. Environmental Service Gross Receipts Tax (ESGRT) .0625% (F89)

Budget Analyst Gilsdorf said this is the 1992 GRT that's 1/6th of 1% and is for solid waste and water facilities. Currently, we don't have any transfers.

Mayor Galea asked if this was for our water treatment plant. City Attorney Thies said this was the environmental GRT that was passed back when the landfill was created and was

used to cover any shortfall in the event revenues from the landfill were insufficient to pay the bonds.

Commissioner Rardin asked if we were to pursue the option to purchase the landfill, would this be what we would use, and City Attorney Thies said more than likely.

Mayor Galea asked if we were to assume the quarry from BLM and cover it, could we use this. Assistant City Manager McNeile said it could be an option yes.

B. Capital Projects (not previously discussed)

1. Airport Improvements (F40)

Budget Analyst Gilsdorf said this was the airport improvement fund. Airport projects will be put in here. There is nothing new slated at the moment.

Mayor Galea said FAA has approved funding for the runway and she wondered if we need to put money aside for the match. Assistant City Manager McNeile said we don't need to until we have the grant agreement.

2. 1986 Gross Receipts Tax (Outside City Limit Water Improvements (F49)

Kathy Gilsdorf said this is for projects outside of the city limits. Mayor Galea asked if this would take care of the Snake Tank area and Commissioner Rentschler asked if it would take care of La Luz, too. Ms. Gilsdorf agreed.

Mayor Galea asked for clarification on the ending cash balance of \$6.5 million and if it was a cushion that could be used to pay for the Desalination plant. Kathy Gilsdorf told her it could not.

Commissioner Rardin asked if any of this money was grant or loan money, or whether it was just accumulated. Kathy Gilsdorf told him it was accumulated money.

3. Property Acquisition (F50)

Kathy Gilsdorf said this is for acquisition of property.

Mayor Galea said it would be wiped out this year. She asked if all the acquisitions for the alignment of Pecan and Washington were included in this budget. Kathy Gilsdorf told her part of them were. Mayor Galea asked if this covered any acquisition of land for the Juniper project. Commissioner Rentschler said all that property is city right-of-way, including the trees so no property will need to be acquired.

4. Snake Tank/RO Project (F54)

Kathy Gilsdorf said this is primarily for the Snake Tank project, and projects for the next year and any that will be rolled over.

Commissioner Rentschler asked if this is where the grant money or loan money from DFA was and Kathy Gilsdorf told him yes. He didn't see that amount and she told him the \$2.3 million was in the FY13 under the revenues. If we don't get all of it the remaining will roll over.

5. Flood Control Corp Project (F56)

Kathy Gilsdorf told the Commission this was for paying the Corp of Engineers. At the present time she thought they have pulled all the money. We will be putting in for what we expect to get in January.

Assistant City Manager McNeile said staff is working on what source we will utilize for the next phase of flood control. We will be bringing that to Commission in the near future. Mayor Galea asked the approximate cost and he thought it was \$1.5 million that we need to have in January.

Mayor Galea asked if we need a separate account for Bonito Lake in order to match FEMA after June. Assistant City Manager McNeile said most likely we would set up a new account to track that. Mayor Galea asked if that needed to be in the final budget.

Finance Director Johnson said the McKinly project needed \$2 million in escrow in January funded with an NMFA loan. Moody had put the City of Alamogordo on watch so we'll go out this year as well as next year to get a loan and will probably ask for \$4 million. Assistant City Manager McNeile said that's our portion of the total project. Our funding will be in place and the Corp will complete that project. The next Phase will be the North Diversion Channel which is down the road a ways.

Commissioner Rardin asked if we could borrow the FEMA match instead of using our General Funds. Finance Director Johnson said we will take a look at that as a possibility. He said we do not have a lot of money in our General Fund and we'll probably have to go out and get a loan. From his perspective, he would rather do that then have our rating downgraded by Moody. We are on watch for both our general obligation bond as well as the pledging of our GRT. The sooner we can do that the better. He explained Moody's is one of the agencies that rate us and that will establish the rate we have in the market place or NMFA. Commissioner Rardin asked why we are on a watch list. Finance Director Johnson told him the real issue was the unfunded liability with PERA and he explained the process.

Commissioner Rentschler said Fund 49 is another potential for Bonito Lake. Mayor Galea said we are close to our debt ceiling.

Public Works Director Cesar said we have not been assigned the project worksheets yet and FEMA has required us to take core samples. We have not signed the final worksheet and won't know what our match will be until then. We are estimating \$18 - \$20 million and FEMA is looking at \$12 - \$13 million. This project is considered a 'Large' category and so FEMA will fund it up front with 50% of the monies. We will still have to pay our match, but it will be deferred until the end of the project. It should be a long project. Fund 49 is for outside city limits water and development projects and has been used for Bonito Lake and the well fields outside the city limits in the past. 49 is put in place for the Snake Tank project.

Finance Director Johnson said the debt ceiling is on the GO Bonds and would have to go to the voters. The debt ceiling is on our property tax. When we go out for a loan they look at whether we have adequate GRT coming in. Debt limit only comes into play when you are looking at general obligation bonds and have to get approval from the citizens.

6. Fire Services Bond (F103)

Kathy Gilsdorf noted this only has a little left in it. The money was transferred out in 2011.

Mayor Galea asked why \$8,603 was still available if it was transferred out. Kathy Gilsdorf said it is the interest. Mayor Galea asked what is done with the interest and was told that fund is basically being closed and the money will be transferred. Mayor Galea asked if it could be transferred to the General Fund and Finance Director Johnson told her the reason so many different funds had been set up was to segregate them for their specific purposes.

He did not anticipate those monies would be moved to the General Fund, but he would have to look at the source. That's where it would revert back to.

Mayor Galea said it's just interest and Mr. Johnson said it was interest on money set aside for a specific purpose. If we have monies on the investment side, we will look at how we've done on our investments every quarter. We will do our distribution on an annual basis, so it depends on whether this fund has monies and what kind of an interest yield we have earned, and then we will distribute that out on an annual basis.

7. 2002 Gross Receipts Tax Refunding Bond Projects (F108)

Kathy Gilsdorf said this was also being closed and transferred out.

8. 2009 Sewer Plant Project (F113)

Kathy Gilsdorf said this is for the Sewer Fund. It is for construction of our sewer plant and construction is ongoing. What is not completed will be transferred over to next year.

9. Sidewalk Revolving Loans (F114)

Kathy Gilsdorf said we budget money in there and it keeps rolling over.

Commissioner Rentschler asked if it was being utilized at all and Kathy Gilsdorf told him she didn't believe we have anything going right now.

Mayor Galea understands citizens would like to have a loan fund like this to use for replanting trees. Commissioner Rentschler said the insurance companies should help them replace their trees.

10. Regional Water Supply Transmission Line (F116)

Mayor Galea said there is only \$30,000 in that fund and nothing is being budgeted out this year.

Public Works Director Cesar said this is like the other funds where we get grants. We had an extension with the Water Trust Board loan and that board should be announcing that the end of this month. He said they have another application in to them now that will also be considered. We don't reflect that in the budget until we have the loan/grant.

11. 2011 Jt. Water Sewer Ref/Imp Revenue Bond (F117)

Kathy Gilsdorf said is also for the sewer plant and is the other part of the bond. Whatever is not completed will roll over to next year.

Commissioner Rentschler asked if the amount was essentially interest and she told him yes and is there to be used for the sewer plant.

12. 2012 Gross Receipts Tax Ref/Imp Revenue Bond (F119)

Assistant City Manager McNeile said this was the refinancing of the Quality of Life bond and then we got a loan that generated additional funds to work on those Quality of Life projects approved by the Commission. This will roll over as the projects continue.

Mayor Galea asked if there are any undesignated funds and he told her no.

Commissioner Rardin asked if that was all that was left. Assistant City Manager McNeile told him there was \$3,953,405 left. The bottom line in this fund was conceivably the interest left after all the projects were done.

DISCUSSION OF ADDITIONAL PROJECTS OR CHANGES.

The Commission referred to the worksheet passed out by Kathy Gilsdorf.

DPS Vehicles

Commissioner Rentschler said several had talked to various representatives and senators about the DPS vehicles. They seem very open to pursuing capital outlay money for this purpose if we deem it the most important thing the city needs. Mayor Galea said she had heard the same thing and felt we should be able to get four vehicles. Commissioner Rardin said even if we get two or three, Representative Herrell said they may be able to get us money for more as long as we show we are making an effort to buy some. Commissioner Rentschler confirmed we are already getting two Tahoes this year and now we are talking above and beyond. Commissioner Rardin agreed and hoped we could at least get three this year and then put the other nine in next years ICIP.

Mayor Galea had told Senator Griggs she was unsure if the Commissions priority was water or public safety. Commissioner Rardin said they would be more likely to fund \$300,000 than a \$10 million ICIP request.

Commissioner Rentschler said they all get a certain amount of money they can request, so if one is willing to carry our dozen vehicles, then when it comes to water and matching funds we can ask for that, too.

Commissioner Rardin said we didn't do our jobs asking for what we needed this year. He thought it made sense that if we asked for half a million towards a \$10 million project they will veto it because we don't have the other \$9.5 million to get it done. Commissioner Rentschler agreed but said if the million and a half was on our side of the matching funds, they would give us that.

Mayor Galea asked how many police vehicles the Commission wanted to buy. It was decided to buy four vehicles and budget \$152,000 for that purchase.

30 hrs/week for Records & Archives Clerk

Mayor Galea said this would be \$21,000 and she was in favor of this.

Commissioner Rardin thought it would be more than that. City Clerk Cantin confirmed the 30 hours was \$21,000. Commissioner Rardin said he was in favor of this because of the heavier work load and one less person in the office. Commissioner Rardin said there had to be an easier way to process Public Records Requests and City Clerk Cantin told him she is looking into this with the Records Management program.

Commissioner Talbert said he was in favor.

The Commissioners were in favor of the 30 hrs/week clerk.

SANE - \$10,000

Mayor Galea said Commissioner Sikes and City Attorney Thies had talked about possibly funding this by using court fines, and she was in favor of this.

Commissioner Rardin said he wasn't in favor of it because of our inability to fund other things, but if it is approved he could support it if done that way. Commissioner Rentschler wasn't in favor of this because he would rather support Zia than this. Others agreed with him.

Commissioner Sikes asked if he meant fund the Zia Pilot project and he said he would rather do that than SANE. She suggested funding Zia and lowering the SANE amount to \$2,500.

Finance Director Johnson pointed out Zia comes out of the Transportation Fund whereas the SANE would come out of the General Fund. Commissioner Rardin asked if there was a way to fund SANE with fines as suggested earlier and the Finance Manager said he would look into that. Mayor Galea said City Attorney Thies would also look into it. City Attorney Thies said the Final Budget should be back by the end of the fiscal year and he should have an answer by then. He hoped to have it by the May 28th meeting. The thought would be to add a surcharge to the fines or drug related offences to try and generate some revenue and it would pull through the General Fund. Commissioner Rardin asked him about adding a fee to the fines and he was told it would be new revenue. Commissioner Talbert said that could make it perpetual and the City Attorney agreed. Commissioner Sikes thought it was a great idea.

It was decided not to budget \$10,000 for SANE at this time.

Zia Therapy Transportation Las Cruces Rt. - \$15,000.00

Mayor Galea said she agreed with Commissioner Rentschler that they should increase the round trip fee to \$2.00. With 500 passengers it would come to \$12,000 and they could fund themselves.

Commissioner Sikes said the people who ride the bus are typically those who could not afford this increase. The fact is people aren't taking the bus to Las Cruces because they have money to spare. Public Transportation is always subsidized and is an economic development boost for the community. A pilot program can't be judged on one year. Commissioner Rentschler said we were very clear on one year when they first came to us. He reminded he had asked them to consider the options of reducing what they are taking in by \$15,000 and raise their fee by a dime. Then we could kick in \$15,000 for the pilot program. They seemed to be against it, and they won't run out of the pilot program until September. We made it pretty clear we expected it to become self-sufficient. Mayor Galea agreed they did say it would be self-sufficient after one year. Commissioner Sikes said they may have been anticipating getting grants from some of the transportation organizations, and she didn't think Mr. Harden would have stated it would be self-sufficient.

Commissioner Talbert agreed, but with some exceptions. He thought we could tell them since this is a pilot program and the \$2.00 round trip didn't work, raise it to \$3.00 round trip and then we'll drop our contribution to \$10,000 and see what happens. \$3.00 is still a good deal, because we are trying to make a sustainable system that can work for everybody. Should we say it will be free for everyone if there are some who can't afford anything? He doubted that. If they are willing to give a little, then we can help. He proposed we give them the increased fare option with \$10,000 and the following year we might give them \$5,000.

Mayor Galea agreed with him and reminded all that the Chamber had not supported this pilot program and was angry we had passed it because it would encourage people to shop in Las Cruces. Commissioner Talbert said his wife had gone shopping in Las Cruces and this was simply going to happen in any community, so the Chambers argument was a weak one.

Mayor Galea asked the Commission if the consensus was to not fund Zia at this time, but let them know the door is not closed. Commissioner Rentschler thought this was the consensus and to have them come back to us when the door does close at the end of September. Commissioner Rardin would like to tentatively budget \$10,000 and ask them to increase their rates by \$1.00 to make it a total of \$6.00 for a round trip. Then it will be budgeted and if they do not agree to raise rates, we will cut it.

Commissioner Sikes reminded all this is a cooperative effort between Otero Co. and Dona Ana Co. and Mr. Harden said Las Cruces is giving \$10,000. It would look good for us to also give \$10,000. She said if you are a student and have to pay \$6.00 a day for four days a week it is about \$100.00 per month and is a burden. Mayor Galea remarked President Obama had made it easy to get

financial aid in order to go to school. Commissioner Rentschler was in favor of not giving them this money, but telling them to raise the fee by \$1.00 per trip and show us their budget at the end of the year.

Mayor Galea said she had just received an email from Commissioner Baldwin and he was not in favor of budgeting the \$10,000.

Mayor Pro-Tem Hernandez said he appreciated what Commissioner Sikes said about some not being able to afford the increase, but he saw people go to Allsup's every day and buy something that would cost them so much less if they went to Walmart. He felt it was a whole lot cheaper than maintaining a car, especially for a college student.

Commissioner Sikes asked if the consensus was to fund it but not at the \$15,000. She was told the consensus was to budget \$10,000, if they are willing to raise their rates. Commissioner Rentschler said we should at least go half and that would be \$7,500. Commissioner Sikes thought we should go with \$10,000 if we could afford it.

Mayor Galea asked who was in favor of \$10,000 plus they must go up \$1.00 per rider, and most of the Commissioners said they were. Commissioner Sikes reminded all that other entities would be putting in their share and maybe, for instance, Las Cruces might not think they should raise their rates by \$1.00. Commissioner Talbert said it is initiated out of Alamogordo and not Las Cruces. Commissioner Sikes said we are trying to induce Las Cruces to have riders come here.

Commissioner Rardin asked Assistant City Manager McNeile if he could sit down with Joe Hardin and work this out. Assistant City Manager McNeile said he could do this.

It was decided to budget \$10,000 for the Pilot Program and require Z-Trans to go up \$1.00 per rider.

Chamber Upgrades

Kathy Gilsdorf said this was the audio/visual they had a spreadsheet on.

Mayor Galea didn't know if we could fund it all and Commissioner Talbert agreed. Mayor Galea said it would be nice so that we can communicate with the public. Commissioner Rardin said he attended the County Commission meeting this morning and they have an 80" LCD TV and someone takes care of all presentations.

City Clerk Cantin said we are looking at two 90" TV's as you suggested. She appreciated all they had done, but we are getting a big Record Project and a digital recording system with an agenda software package. It also offers Sweet View that is the viewing component and Sweet Media that is external live feeds/video/TV cable. We could look into adding this in the future.

They discussed where to place TV screens and how to set up a system. Commissioner Rentschler suggested doing a portion this year. Commissioner Rardin suggested buying the screens now. Mayor Galea suggested designating something now and waiting on the agenda software to buy anything. City Clerk Cantin hoped to purchase the Records and Agenda systems before the end of this fiscal year.

It was decided to budget \$26,000 now and use it after the Records and Digital Recording systems software was installed.

Chamber of Commerce

Mayor Galea said Commissioner Baldwin proposed budgeting an additional \$10,000 in lieu of the County funding. Most said they were not in favor of this. Mayor Galea said that at a Committee of

50 meeting recently, the Chamber said they could only distribute a HAFB handout to Chamber members. She offered to take them to the Board of Realtors meeting for all the realtors. She didn't think the Chamber benefited the entire community. She had been told our Public Information Officer was not allowed to post anything on the Chamber webpage because the City is designated as a Courtesy Member as well as are all elected officials. The Mayor reminded them that the City pays \$54,000 a year to the Chamber for the Chamber and the Visitor Center, and the \$54,000 lease of which they pay \$1.00 a year, and we pay for all the building maintenance, and we spent \$100,000 on their HVAC system. She didn't see why we should fund the Chamber but felt we should fund the Visitor Center.

Commissioner Rentschler said that surprises him and he hasn't had that experience. He asked if she meant the \$100,000 funding. She told him she was against the additional \$10,000 and against funding the Chamber at all, and felt the Visitor Center should be the only thing funded.

Commissioner Sikes asked what that amount would be and Assistant City Manager McNeile said it is one of two we have with them and is either \$26,000 or \$24,000. Mayor Galea said plus we would still maintain the building and they would have that \$54,000 annual lease at \$1.00.

Commissioner Rardin said the Chamber of Commerce is important, but times are tough. He remarked the County had cut their funding by 50%. They worked against the bowling alley bond issue and we are giving them money to promote Alamogordo. Col. Croft of HAFB has commented his young airmen have nothing to do in Alamogordo. Commissioner Sikes said she could play Devils Advocate with that saying the base should provide something there. Commissioner Rardin said they do at the base. She said they should use that. Commissioner Rardin said we want the tax money they would provide.

Commissioner Sikes said the Chamber isn't responsible for providing recreational activities. Commissioner Rardin responded they haven't helped us. Commissioner Sikes said the Chamber has blocked her ability to get into their Chamber Chat in order to represent various organizations she works with. At the same time, she said, the Chamber of Commerce is extremely important. Many of the Commissioners agreed with this. Mayor Galea agreed with this but opposed funding them. Commissioner Rentschler said their job is to promote member business and they get in trouble with those members when they try to bring in new business. That is why OCEDC stays out of the retail.

Commissioner Rardin said having the same director acting as Chamber president and head of OCEDC is a conflict of interest.

Mayor Galea felt the Chamber had enough members to be self-sustaining. The Chambers role is to promote businesses to the City government and bring the business owners concerns to the City. She felt businesses with problems come to the City because the Chamber doesn't work for all their members. Commissioner Rentschler felt they do work for all their members. Mayor Galea said they don't work for the entire city, only their members. Commissioner Sikes said that is their mission, to work for their members. Mayor Galea brought up the situation mentioned above where the Chamber gave HAFB information to the Chamber member realtors only. Commissioner Sikes said HAFB should have brought that information directly to the association of realtors. Why should the Chamber carry the flag for everyone?

Commissioner Rentschler remarked he is a Chamber member and the Mayor asked what the Chamber does for him. He said they support him on their website. Mayor Galea said they won't put the City on the website. City Clerk Cantin agreed with the Mayor. Megan Wade had tried to have this done and was denied.

Commissioner Sikes asked why we don't simply pay to become members. City Clerk Cantin remarked that we did pay two years ago, but last year the Commission decided not to do so. Commissioner Rardin said it doesn't make sense to pay for a membership because of the amount of money we contribute. He said he is torn on this, but felt we need to fund them to support businesses in the community.

City Clerk Cantin added another community cut a lot of money to their chamber. The clerk's office, being the business registration issuer, ended up doing a lot of work for that. The businesses wondered why they weren't being taken care of. The businesses expect services from the Chamber and will want it from somebody if the Chamber no longer supports them. Commissioner Rentschler said they are a promotion arm for the City and felt we didn't want to go down that road.

Commissioner Rardin agreed with the Mayor but felt we should hold them to that standard if we continue to fund. Commissioner Rentschler said we should have them here to talk about this before we do anything. Mayor Galea said we had this conversation last year. Commissioner Rentschler said we should do it again this year and let them know we mean business.

Commissioner Sikes asked if the Visitor Center included the Museum and was told no. The Visitor Center is on the other side. The State funded the Museum but it is still City of Alamogordo property. The museum pays nothing for this.

Mayor Pro-Tem Hernandez felt the Chamber was very important for Alamogordo, but he thought a big concern had been brought up when we asked Chamber of Commerce CEO Mike Espiritu what happened to Golden Corral. He is the Chamber Director and didn't know what had happened. Whether they are members or not he should be somewhat involved. Mayor Pro-Tem Hernandez had heard there were problems long before and there had been several complaints. He felt the Chamber shouldn't be member inclusive to the businesses already here. If they need help they should be able to go to the Chamber for advice. Commissioner Rentschler said no one should have to be members if that was the case. Mayor Pro-Tem Hernandez said if we fund this money that comes from the entire City it makes every business in Alamogordo part of the Chamber. Commissioner Rentschler said we should be paying the membership fee times the amount of business licenses we bring in. City Clerk Cantin said we have around 1,900 business registrations. Commissioner Rardin said OCEDC's main goal is to promote and create jobs in the community. Commissioner Rentschler said someone with OCEDC should have tried to help them in order to keep the jobs. He agreed with everyone's comments on this, but we can't take it away all at one time. The Mayor agreed and wanted to cut it in half. Commissioner Rardin felt it should be done over a four year period at 25% per year.

Commissioner Rentschler asked if we were talking about the \$10,000 and the Mayor said no. We are talking about cutting their funding by \$25,000 this year for the Chamber side only.

Commissioner Sikes said she would feel better having the Chamber here to discuss this and some of the Commissioners agreed. Mayor Galea asked when we could talk about the budget again with them. Finance Director Johnson said the Commission Chambers are available to use tomorrow beginning at 2:00PM if need be.

Mayor Galea asked if we could cut the funding by 25% in the preliminary budget and talk to them before it was finalized. Commissioner Rardin asked if we could approve what we have in the budget and then put them on notice. We are deciding today whether the \$10,000 will be in there.

Mayor Pro-Tem Hernandez said we all know there is an issue with the Chamber and OCEDC. It may be a small issue, but it must be resolved. We need to let them know what we expect from them. Commissioner Rentschler agreed saying we need to set some bars. Mayor Pro-Tem Hernandez expressed the example of the Chief of Police who told them what he was going to do,

and the Commission would hold him to it. What have we received from the Chamber or OCEDC? Commissioner Sikes agreed with him saying that from the time she has been on the Commission there have been similar discussions about this problem but we never follow through. She felt if we sat down with the people that matter at the Chamber and let them know what we are going to do, they would follow through. She said people respect what you inspect.

Commissioner Rardin said the OCEDC contract from the past had no goals. It has been rewritten with goals and objectives they have to meet, and they have not done this. Basically, we need to hold their feet to the fire. We need to set some goals and objectives with the Chamber, also, and cut their funding next year if they do not meet these goals and objectives. Perhaps we should task our City Manager with this. He remarked he had hit OCEDC very hard in the past, but they have quit sending us quarterly financial statements. Mayor Galea said we get quarterly P&L's but that doesn't tell us anything. Commissioner Rardin wanted to see a budget from them, just as the City Staff has to do. Mayor Galea wanted to see goals for them to adhere to.

City Clerk Cantin reminded them the presentation for the OCEDC quarterly report is on the May 28th agenda.

Mayor Pro-Tem Hernandez said today Economic Development is very tight. He would also like to see how our money is spent because we are accountable for it. We are their biggest funder and it is the responsible thing to do. He understood the confidentiality of some areas of their work, but the City is responsible to the taxpayers. Communication is the key and that is Chamber of Commerce CEO Mike Espiritu's responsibility, not Commissioner Rentschler. Commissioner Rentschler is simply the City's representative. Commissioner Sikes said Mr. Espiritu said OCEDC is a 501.C.3 and not subject to open records. Commissioner Rentschler said anything we fund we can require an accounting for. Mayor Galea said the State Auditor could technically audit them because they are receiving City funds.

Commissioner Rardin said today we are simply deciding whether to approve the \$10,000 or not. He is against funding this and Commissioner Rentschler agreed.

Mayor Pro-Tem Hernandez asked if we were going to put them on notice and have them explain their goals and objectives. The Mayor agreed.

It was agreed to not fund the additional \$10,000, but leave the 70/30 split in the budget at this time.

COLA increase for staff

Mayor Galea asked about the 3% across the board employee increases.

Commissioner Rardin said the 3% is to cover the employees' portion of the insurance increase. We do a 60/40 split now and he wondered if it would help for the City to go up to a 70/30 split and we not give a raise of 3%. Commissioner Rentschler said the national trend will only continue, so at which point will we have to share this with the employees. Will we have to lay off employees if there is another 15% increase next year? He noted the Hold Harmless is going away and the City will take a \$2.5 million hit over the next 10 years or so. It is hurting everyone. Commissioner Sikes didn't think we should blame Obama Care since many people are very happy about it. Commissioner Rentschler asked her if we need to drop health insurance and let the federal government take care of it. She said the City employees are tax payers, too. Mayor Galea said if we are going to fund something that doesn't work, like the Chamber, we must fund those that work, like the employees.

Commissioner Rardin said he and Commissioner Rentschler are looking at it from the private sector. The revenues are there this year, but in a year or two we'll still have this problem to deal with. We must look at the future. Essentially what we are doing is the City is absorbing all of it by

giving the employees a raise to absorb their portion. The economy is the biggest issue. We must look into the future.

Mayor Galea said she'd rather see the employees have a little bit more in their paycheck each week, and if we have to, cut employees next year. Commissioner Sikes said what we are doing now is very speculative. We have Hold Harmless that might impact us in years to come, but she thought the Legislature would go back and look at it more closely and extract that portion from the bill that passed this year. Commissioner Rardin did not think they would do this. Commissioner Sikes thought there were ways to reduce a work force through retirement and attrition.

Commissioner Rentschler said this might happen, but we have to deal with what is the law now. When we start losing 10% of General Funds a year, we have to take that into consideration. Commissioner Rardin said there has been deficit spending from the General Fund every year he has been on the Commission. If we have another water emergency this year that \$2.1 million could be gone immediately.

Commissioner Rentschler said there is a break even level for the health care. Above that, those making \$60,000 - \$80,000 per year see that absorbed +. He does not want to see this across the board. The hierarchy must see we have to do what we can to absorb this 15% health care increase and if that means those making the most don't get the kind of raise we give those making the least, than that's what it means. Mayor Galea said that makes sense. Commissioner Rentschler said the problem is those making \$15.00 per hr. and above won't get the raise and those making below that amount will get the raise. That cut off of \$15.00 per hour will be very hard to justify when you begin looking at those with families and those without. We need to make sure what we are funding is sustainable. He did not want to be a part of laying off employees and would rather go through a little pain now.

Mayor Galea said the employees will still see a decrease in pay, and some commissioners disagreed. Commissioner Rardin noted the worksheet showed if we approve the 3% increase for those who only have themselves on health insurance, a \$10.00 per hour employee would see a .03% decrease, and all other employees would see an increase. Those with families on the insurance will see a decrease, but it will be very minimal. We can afford it this year, but what about next year.

HR Manager Josselyn told the Commission she appreciated them looking to the future for the good of the City, but there are other factors to look at. She said she has seen this before when you suggest giving different levels of increases to different groups and statuses of employees, it greatly harms morale and causes divisions and animosity. She has been working to improve morale and this would undermine all of that. Commissioner Rentschler asked what a layoff would do and she said that is true, too. She said if you don't do anything at all there will be ramifications. The example she gave was a diesel mechanic and adding 'X' number of dollars to the budget. Other areas will be affected in the future. If we have to have people leave and there is a larger turnover, the Unemployment will be higher, our drug testing fees will be higher, and recruitments will increase. Commissioner Rentschler said if they voluntarily resign there won't be any Unemployment involved. She had talked to the Unemployment Tax Advisor and found that wasn't always the case.

Mayor Pro-Tem Hernandez said we might end up with the same situation we had at DPS where we lost many officers. He said you may think these employees are only backhoe operators or ditch diggers, but he thought 80-90% of them hold Water and/or Waste Water Certificates. He noted he couldn't pass that test. He also pointed out he's known most of these guys for 15-20 years while they worked for the City and many are close to retirement. If we are only offering them \$12.00 - \$13.00 to get this certificate which they must have, we won't get that quality of people. He understood we are responsible for the taxpayers, but we are also responsible for hiring qualified

people who know the work and do the job, and are happy to come out at any hour to fix a line. We could end up with the same situation as DPS, and half our staff is getting close to retirement.

Commissioner Rentschler said this raise won't affect beginning staff salaries. Mayor Pro-Tem Hernandez said we won't get quality employees if our pay is low. Even though the City is considered a 'cush' job, it doesn't pay much. He noted he didn't work for the City for that reason. Commissioner Rentschler responded when you start looking at all the insurance coverage, the PERA, retiree health as well as sick leave and vacation, these are pretty good jobs. As a private employer, he doesn't provide all these things.

Commissioner Sikes pointed out if you multiply 3% x \$15.00 per hour it is \$.45. We are talking cents now, but perception is a big deal. She hears people comment that the City isn't going to fund a raise but will spend \$1.1 million on the Juniper Project, or the City isn't going to pay 3% but is going to pay a City Manager \$125,000 per year. This is what she is hearing. Commissioner Rardin said we have a \$20 million payroll. She said the fact of the matter is the people who work for the City are of value and we must take care of them.

Mayor Pro-Tem Hernandez was asked if the Hospital gave raises this year and he told them no. He said they are still doing some things like giving doctor bonuses, but we get paid more than most people. He felt his wages were probably comparable with the Chief of Police.

Mayor Galea understood what was being said, but if all employees were to receive the 3% across the board increase, would the Commissioners be in favor of a reduction in benefits. Commissioner Rentschler said he would but didn't think the employees would like that.

Commissioner Rardin said employees have had a raise every year beginning with 2010. The cost of living increase has gone down this year so maybe we should look at a 1-1.5% increase. Commissioner Rentschler said a big part of our job is fiscal responsibility now and down the road. Commissioner Rardin would like to see Staff bring back the figures for giving a 3% increase and a 70/30 split.

HR Manager Josselyn said there is a point to make with that option. The health care industry is very volatile now and we don't have any control over what happens in the future. If it goes sky high, we don't have any control whereas if we do an increase in the salaries we have more control.

Commissioner Rentschler spoke on the option for giving the increase to the lower end only, and he thought those on the upper end would be willing to make that sacrifice. HR Manager Josselyn said the 3% proposal was an effort to make most of the staff harmless for all of the changes. The health insurance is only a piece of it. The Social Security Tax went up 2% in January and PERA will be going up 1.5% effective July 1st. She told them she simply wanted them to have all the facts in order to see the whole picture.

Mayor Galea asked the Commission if they wanted to approve what it is now.

Commissioner Rentschler asked if they could consider 2% and Commissioner Rardin suggested 1.5%. Mayor Pro-Tem Hernandez, Commissioner Sikes and Mayor Galea wanted 3%. Mayor Pro-Tem Hernandez asked if the money was available in the budget today and Kathy Gilsdorf told him it was. He said if we are going to budget outside agencies, we need to budget this for the people who take care of us. Commissioner Rentschler said if we cut all the outside agencies completely, that would give us \$200,000, but other Commissioners thought it would be more than that.

Commissioner Rardin asked HR Manager Josselyn what the dollar amount difference would be from this year to the next for the 3% raise. Finance Director Johnson said it would be \$700,000 +. HR Manager Josselyn said there were other factors to consider, also.

Commissioner Rardin said our General Fund is going down by \$500,000-\$1 million a year while our payroll is going up by \$500,000-\$700,000 a year over the last two or three years. Commissioner Rentschler said it is not sustainable. Commissioner Talbert was not in favor of a raise, because they have had three years of raises and he would rather we hurt a little now instead of laying off 5% of the employees next year.

Finance Director Johnson told the Commission a 3% raise on all funds is \$853,257; General Fund would be \$388,431. For a 1% raise on all funds would be \$433,258 (less than half of the other); General Fund would be \$188,434 (difference of about \$200,000 from the other). If we look at the CPI for the last five years, 10.3% is what has been given to city employees; 0133 and what's been proposed by Mr. Carter is 10%. The difference is +3 with a 3% this year. Commissioner Rardin asked if he was saying we would be 3% above the CPI, and Finance Director Johnson said .3% behind the CPI with the 3% which is including Mr. Carter's recommended budget. Commissioner Rardin clarified the numbers with him.

Mayor Galea asked if any in the audience would like to speak.

Sam Sanchez introduced himself as the President of AFSCME. He knew that looking to the future is your concern. We have done this before when the economy was real bad and had to freeze some positions which we are now able to fill. He wanted the Commission to know there are other options to look at besides laying off people. We are just trying to stay above water and we see your point.

Mike Knowles, Inventory Administrator for the City applauded them for speaking on the economic development and looking toward the future. He said we don't know how much debt we might incur in the future, but we also don't know how much we can bring in if we all work together. In the past when we tried to get economic development to come in, we didn't get any support from the City.

Alex Racon who is an Irrigation Tech. at the Golf Course said he understood there was a possibility they might not give the 3% raise to employees. He felt it's not so much an increase as much as it is bringing us back to what it was before this happened. He said there are many who have helped other departments get jobs done since we are short handed. Many have to work more because of being short handed. He hoped the Commission would consider the value of the people currently employed by the City when considering this raise.

Mayor Galea stated Commissioner Baldwin would like a 1 % increase. Mayor Pro-Tem Hernandez said we are currently at a 3 to 4 split.

Commissioner Rardin said he wouldn't be against a 1.5% increase. Mayor Pro-Tem Hernandez and the Mayor thought 2% was better. She had the military hadn't received much of an increase this year. Mayor Pro-Tem Hernandez suggested 1 ½ % up front and if the revenues are there, we will give them another 1 ½% at mid-year. He said if the money is there and we are telling everyone we can't give a raise, it would be tough. Commissioner Rardin agreed with this.

Mayor Pro-Tem Hernandez said the Hospital had not given raises this year, but they had just come out of bankruptcy. Commissioner Rentschler said the same thing could happen here. He said Alamogordo has fared better than most communities in the state when it comes to finances for almost a decade and he would hate to see our financial responsibility start to slip.

Commissioner Sikes asked for the time frame again. She was told that at the beginning of FY14, July 1st, a 1.5% increase in pay will be given to all employees. When we receive our December report which is usually ready in January, if the revenues are where they need to be or higher, we will give the additional 1.5% which would bring them to the full 3%. She asked if back pay would be given and was told no. It would come out to about 2% for the year.

Commissioner Rentschler said the Hold Harmless is going to continue and we will know if they decide to let this continue in January. If we are losing \$250,000 per year of GRT which is our staple, then if we are adding \$750,000 in pay every year, something will have to give. We'll know more about revenues in December and about how the Legislature will go.

Mayor Galea said the \$2.5 million from General Fund will be over a 10 year period, and Commissioner Rentschler agreed it will be over a 10 year period in which they will slowly strangle us to death. Commissioner Rardin said we are unique in that we are about maxed out on our GRTs. We can't add the tax to make up the difference.

City Clerk Cantin noted that what was imposed by the Hold Harmless was actually an additional GRT tax. City Attorney Thies told them our charter does not require tax increases going to the voter. As Commissioner Rardin pointed out, the issue for us is we are currently almost to the maximum GRT we can impose. You have special taxes such as the Environmental GRT that are above and beyond. The law enacted is not clear as to whether this is a special tax that can then exceed our authorized taxing level, or does it apply to our taxing level. If it does apply to our taxing level we would not have the ability to raise taxes that have been taken away from us. That is an issue that will be addressed at the next legislative session - whether or not it's a special tax we can go above and beyond our taxing authority.

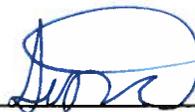
Commissioner Sikes asked if we had any GRTs going to sunset that we aren't using. City Attorney Thies told her the Economic Development Tax is the only one that's slated for sunset in the foreseeable future. He said it brings in a sizable amount but has restricted use. The state statute says we can only impose 'X' amount of tax on a run-of-the-mill GRT and we are almost at that level now. The Economic Development Tax is a special tax that doesn't apply towards our maximum taxing authority.

Mayor Galea said if we do 1.5% now and 1.5% after the December numbers we should be able to retro back to July. City Attorney Thies told her state law does not allow us to make retroactive payments for salary or other types of compensation.

Commissioner Rardin asked Kathy Gilsdorf what the fund balance was in the General Fund in May of 2010 when he became a Commissioner. Commissioner Rentschler had the information and told him it was a balance of \$6.5 million. He stated we are headed into the ground and we have to do something before it is too late.

It was decided to go with 1.5% increase on July 1st and then if the revenues are there in December go with an additional 1.5% increase to equal a full 3%.

The meeting was adjourned at 4:19 p.m.



Mayor Susie Galea


ATTEST:


City Clerk Renee L. Cantin

*(Prepared by Nancy Jacobs, Deputy Clerk)
Approved at the Regular meeting held on May 28, 2013.*