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- C. Resolution #13-14-06, Approval of Budget Adjustments for FY 2012-2013.
- D. Resolution #13-14-07, Approval of the 4th Quarter Financial Report.
- E. Resolution #13-14-08, Approval of FY 2013-2014 Final Budget.
- F. Other Business/Citizens to be Heard.

THE CITY COUNCIL OF THE CITY OF PORTALES met in Special session Thursday, July 25, 2013, at 5:30 p.m., in the Council Chambers in the Memorial Building in full conformity with the rules and regulations. Mayor Pro-Tem Jackson called the meeting to order in the absence of Mayor King and asked City Clerk Martinez-Terry to call roll. Those present and constituting a quorum were:

MAYOR: Sharon L. King (absent)

MAYOR PRO-TEM: Ronald L. Jackson

COUNCIL MEMBERS: Matthew Tod Hunton Antonio Salguero
Leo Lovett Oscar Robinson
Lenard Michael Lucero Keith A. Thomas
Dianne Y. Parker

STAFF PRESENT: Doug Redmond, City Manager Marilyn Rapp, Finance Dir.
Joan Martinez-City Clerk Johnny DeSha, Public Works Dir.
Susan Baysinger, Capital Proj. Adm. Randy Knudson, City Attorney

OTHERS PRESENT: None

(A) RATIFICATION OF FINANCE DEPARTMENT'S ACTIONS REGARDING BILLS FOR JUNE 2013

Mayor Pro-Tem Jackson asked Marilyn Rapp, Finance Director, to report on the City's bills for June 2013. Ms. Rapp told the Council that the bills for June 2013 were in the amount of \$1,628,287.60. She told the Council that the bills were reviewed by the Finance/Administration Committee. She stated that the Finance/Administration Committee recommended approval of the bills as presented to the Council. She asked for questions on the bills.

June 2013

Pooled Cash Fund	999	\$1,628,287.60
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Mayor Pro-Tem Jackson asked the pleasure of the Council. *Councillor Hunton made the motion to ratify the payment of the bills for June 2013 as presented. Councillor Parker seconded the motion. All Council members present voted in favor of the motion. No abstentions. Motion carried*

(B) RECOMMENDATION OF ORDINANCE GRANTING FRANCHISE (RENEWAL OF FRANCHISE) TO SOUTHWESTERN PUBLIC SERVICE COMPANY AND ITS SUCCESSORS, LESSEES AND ASSIGNS

Mayor Pro-tem Jackson asked City Manager Redmond to report on the franchise ordinance with Southwestern Public Service. Mr. Redmond asked that the Council table this item. He stated that the Finance/Administration Committee had reviewed the franchise ordinance and were in agreement that the 25 year term of the franchise be changed to 10 years. He told the Council that Southwestern Public Service did not like the change suggested. He stated that the ordinance would be brought back to the Council for their next regular meeting. Mayor Pro-Tem Jackson asked the pleasure of the Council. *Councilor Hunton made the motion to table the franchise ordinance until a later meeting as recommended by the City Manager. Councilor Parker seconded the motion. All Council members present voted in favor of the motion. No abstentions. Motion carried*

(C) RESOLUTION #13-14-06. APPROVAL OF BUDGET ADJUSTMENTS FOR FY 2012-2013

Mayor Pro-tem Jackson asked Marilyn Rapp, Financial Director, to report on the budget adjustments for 2012-2013. Ms. Rapp told the Council that the adjustments were made to keep all departments in line with the budget—a housekeeping action. She commented that all the adjustments she had made were not necessary as long as the line item categories were not over budget. She told the Council that budget adjustments in all funds, except for Fund 603, which is for unemployment insurance, are balanced resulting in no budgeted net changes to fund balance. She told the Council that the City is self-insured for unemployment coverage. She commented that the change was due to more claims than normal, and asked for questions. There was discussion of the reason for higher unemployment claims, for which the Council suggested that claims should be challenged. City Attorney Knudson offered to look into the issue of challenges to claims. She asked that the Council adopt Resolution #13-14-06. Mayor Pro-tem Jackson asked the pleasure of the Council. *Councilor Robinson made the motion to adopt Resolution #13-14-06, approval of budget adjustments for FY 2012-2013. Councilor Lucero seconded the motion. Roll call vote of all Council members present resulted in unanimous support of the motion. No abstentions. Motion carried.*

(D) RESOLUTION #13-14-07. APPROVAL OF THE 4TH QUARTER FINANCIAL REPORT

Mayor Pro-tem Jackson asked Finance Director Rapp to introduce Resolution #13-14-07. Ms. Rapp told the Council that this action is a new requirement issued by Local Government Division of the Department of Finance & Administration (LGD/DFA). She told the Council that the report summarizes beginning cash balances, revenues, transfers and expenditures for the fiscal year 2012-2013. She reported that the Finance/ Administration Committee had reviewed the 4th quarter financial report and recommended approval to the Council. Ms. Rapp asked that the Council adopt the resolution approving the report. Mayor Pro-Tem Jackson asked for questions. He asked if the Council would be reviewing the financials quarterly. Ms. Rapp responded that the report for first quarter of the new fiscal year would be presented by the second meeting in October. Mayor Pro-tem Jackson asked the pleasure of the Council. *Councilor Parker made the motion to adopt Resolution #2013-2014, approving the 4th quarter financial report as required by LGD/DFA. Councilor Hunton seconded the motion. Roll call vote of all Council members present resulted in unanimous support of the motion. No abstentions. Motion carried.*

(E) RESOLUTION #13-14-08. APPROVAL OF FY 2013-2014 FINAL BUDGET

Mayor Pro-Tem Jackson asked Marilyn Rapp to report on the final budget for FY 2013-2014. Ms. Rapp guided the Council to the changes to the interim budget for finalizing the final budget. She commented that the Finance/Administration Committee had reviewed the changes and had recommended approval. She told the Council that she had prepared a PowerPoint on Highlights of the Final Budget for FY 2013-2014. She told the Council that gross receipts were a little over 2% lower than budgeted for 2012-2013, so the budget reflects an anticipated decrease in gross receipts tax for 2013-2014, which was about a half percent change from interim to final budget. She commented on the changes to the transfers out of General Fund—net transfers out increased by \$24,941.00 (transfer out to CDBG decreased by \$59.00 and transfer out to Law Enforcement increased by \$25,000.00 for the dispatch recorder). Ms. Rapp told the Council that the General Fund was paying that amount with \$10,000.00 from Law Enforcement Fund. She showed the Council a comparison of General Fund between 2012-13 and 2013-14, which about a 0.7% increase between fiscal years. Ms. Rapp presented General Fund expenditures and talked about the increases and decreases of which includes increases in benefits by 8% mostly due to health insurance (increased by 15% in medical coverage). She asked for questions from the Council. She reviewed the pie charts she had prepared for the Council, which demonstrates that wages and benefits are the biggest part of the pie. She commented that 52% of the City budget goes to public safety. Ms. Rapp talked about the reduction in General Fund capital from 2012-13 brought capital down to \$443,046 for 2013-14 and includes: Dispatch UPS batteries, CAPERS, Grant Equipment and a Recorder in Emergency Management/Police Department; Pool Repair in Parks; Voice over IP (VOIP) in Technology; and Court Automation in Municipal Court. She reviewed the General Fund historical required budget reserves, which are 1/12th of budgeted expenditures (\$725,663.00) in accordance with DFA. She commented that the GFOA recommendation is for 1/16th of revenues. She commented that available cash decreased by \$343,117.00 from 2012-13 to 2013-14. Ms. Rapp told the Council that the recommendation for the 2013-14 budget year was to monitor the budget closely after each quarter; delay General Fund expenditures until mid-year or later, if possible; seek out efficiencies and cost savings within each department. She commented that vehicle usage and cell phone usage are already being reviewed. Ms. Rapp told the Council that challenges for the new fiscal year are: increases in health insurance coverage presented by compliance with the Affordable Care Act and the City's portion of PERA increases in participation in the next few years up to 1.5%; the loss of the Hold Harmless gross receipts tax distribution beginning in fiscal year 2015-2016 that will reduce the distribution by 6% to 7% per year until is completely gone. She commented that the City received \$843,641.00 in Hold Harmless GRT in 2012-13. Councilor Lovett stated that just with the loss of the Hold Harmless and the increased benefits, the City has already spent its margin for next year. The Council and staff discussed the potential of increases in health benefits starting in January 2014. Councilor Robinson asked if there was a way to mitigate some of the loss of the Hold Harmless distribution. Ms. Rapp responded that there may be options to increase increments of the GRT. Mayor Pro-Tem Jackson stated that the bottom line is that the budget should be reviewed more often and strongly recommended that the Council to be more informed about the budget. Councilor Lovett asked about the increase in the fuel line item in the P.A.T. budget. Ms. Rapp explained that P.A.T. grant is on a federal fiscal year and that an amendment had been requested because the state had not allocated enough funding for P.A.T. She commented that the P.A.T. shows only the first 3 months of the fiscal year. He asked about the increase in the workers comp premium and said it looked out of proportion. Ms. Rapp stated that the amount will be adjusted. Councilor Hunton expressed concern that the City is expending \$1.4 million dollars more than it will get in revenues. Ms. Rapp stated that the City had budgeted the same way in the previous year, but that it had worked with salary savings with people coming and going. She commented that it is a best guess estimate. She asked that the Council adopt the resolution approving the final budget for FY 2013-2014. Mayor King asked the pleasure of the Council. ***Councilor Lovett made the motion to adopt Resolution #13-14-08, approving the final budget for fiscal year 2013-2014. Councilor Parker seconded the motion. Roll call vote of all Council members present resulted in unanimous support of the motion. Motion carried.***

(K) OTHER BUSINESS/CITIZENS TO BE HEARD

Mayor Pro-Tem Jackson asked for items of other business.

Notice to Public/Public Service Announcement: City Manager Redmond told the Council that the City had prepared the public service announcement for Constructors Inc. to make sure that the public was informed of upcoming activity in the downtown area in connection with the U.S. 70 improvement project that is ongoing.

NMED \$27,000,000.00 WWTP Loan: Councilor Thomas commented that the issue of structuring the payment of the \$27,000,000.00 loan from NMED for the Waste Water Treatment Plant had been discussed in the Public Works Committee meeting that he had attended recently. He suggested that alternatives should be discussed in a separate meeting of the Council. City Manager Redmond stated that a workshop with the Public Works Committee would be planned promptly.

ADJOURNMENT:

There being no further business or comments, Mayor Pro-Tem Jackson adjourned the meeting at 6:20 p.m.

Joan Martinez-Terry, City Clerk