

Minutes of the Regular Meeting of the Gallup City Council, City of Gallup, New Mexico, held in the Council Chambers at City Hall, 110 West Aztec, at 7:00 p.m. on Tuesday, May 25, 2010.

The meeting was called to order by Mayor Harry Mendoza.

Upon roll call, the following were present:

Mayor:	Harry Mendoza
Councilors:	John J. Azua Mike Enfield Allan Landavazo E. Bryan Wall
Also present:	R. David Pederson, City Manager & City Attorney

The Mayor and Councilors presented commendations to the following City of Gallup retirees: Billie Johnson, Accounting Specialist, 25 years of service; and Josephine Yazzie, Police Secretary, 25 years of service.

Michael Wylie of M & L Programs presented information concerning a computer program being developed to address the Driving While Intoxicated (DWI) problem. Convicted DWI offenders as well as persons convicted of other crimes that are ordered by a judge to refrain from consuming alcohol would be entered into the database and if an offender tries to purchase alcohol the offender would be denied by the business. The use of the database would also be expanded to prohibit criminal from purchasing chemicals used to make illegal drugs, chemicals used to make bombs, ammunition and guns. Mr. Wylie's company is working with Los Alamos and Sandia National Laboratories and the Anderson School of Business in the development of the program. The program will help reduce the number of DWI's and the manufacturing of illegal substances. The cost for each business to use the program will be \$300 per year.

Mayor Mendoza asked about the operational aspect of the program. Mr. Wylie said when a person offers to purchase alcohol in a bar, restaurant or package liquor from a retailer, the business employee will swipe the person's identification card and the electronic display will read either approved or denied. Mayor Mendoza asked about the size of the local operation and if it will increase local employment. Mr. Wylie said he was uncertain at this time; however, his company is in negotiations to build the hub system and the computer program which is estimated to cost anywhere from \$10 million to \$15 million. Mr. Wylie also said the program will be based in Gallup.

Councilor Landavazo asked if each business have to buy the program to be tied into the network. Mr. Wylie said each business would buy a device similar to a credit card machine. Mr. Wylie also said the only parties that would be allowed to purchase the software would be law enforcement agencies and the courts. Councilor Landavazo

MINUTES

Regular City Council Meeting – 5/25/2010

Page 2

asked if there are plans to seek state legislation to mandate the imposition of the program. Mr. Wylie said his company has been working with the Governor's Office regarding the implementation of the program.

Presented to the Mayor and Councilors for their approval were the Minutes of the Work Session and Regular Session of May 11, 2010.

Regarding page 2 of the Minutes of the Regular Session of May 11, 2010, Councilor Wall asked Mr. Pederson about the money set aside for Americans with Disabilities Act (ADA) compliance issues for Red Rock Park. Mr. Pederson said the City was not able to accumulate enough money for the ADA improvements and the \$1.2 million has been transferred to the general fund since the bond issue will cover the ADA improvements. Mayor Mendoza asked if there was a correction to be made to the Minutes. Councilor Wall responded no.

Councilor Wall made the motion to approve the aforementioned Minutes. Seconded by Councilor Enfield. Roll call: Councilors Wall, Enfield, Landavazo, Azua and Mayor Mendoza all voted aye.

Mr. Pederson informed the Mayor and Councilors of the deaths of following City employees during the past three months: Peter Spencer and Daniel Perez of the Parks Department and Abel Yazzie of the Engineering Department. Mr. Pederson expressed his condolences to the families of the deceased employees. Mr. Pederson also said the mother of Alfred Abeita, City Clerk, suffered a heart attack this past weekend and is now at home recovering. Mr. Abeita's uncle also fell seriously ill this past weekend and remains hospitalized. Mr. Pederson asked the Mayor, Councilors and City employees to keep their friends and co-workers in their thoughts.

Presented to the Mayor and Councilors were the following Consent Agenda Items:

1. Approval of the Re-Appointment of Carol Sarath and the New Appointments of Angelica Cumberbatch and Jacob Tricky to the Octavia Fellin Public Library Board – Mayor Harry Mendoza
2. Approval of Street Closures for the Run for the Wall Event Held on Thursday, May 20, 2010 – R. David Pederson, City Manager/City Attorney
3. Resolution R2010-19; A Resolution Endorsing the High Efficiency Toilet (HET) Distribution Program and Partnership with the Bureau of Reclamation for Implementation of the Program – Lance Allgood, Executive Director, Gallup Joint Utilities

MINUTES

Regular City Council Meeting – 5/25/2010

Page 3

4. Navajo Gallup Pipeline Project, New Mexico Environment Department (NMED) Grant #SAP 06-1021-GF:
 - a. Approval of New Grant Agreement with NMED
 - b. Resolution R2010-20; A Resolution Authorizing the Assignment of Signatory Authorities and Grantee Representatives for the Navajo Gallup Pipeline Project
 - c. Resolution R2010-21; A Resolution Designating Grantee Representatives and Authorizing an Agreement with the Northwest New Mexico Council of Governments (COG) for Implementation of a \$19,965.12 Special Appropriation Grant from the 2006 New Mexico State Legislature in Connection with the Navajo Gallup Water Supply Project

– Lance Allgood, Executive Director, Gallup Joint Utilities
5. Construction Contract Award for the Reconstruction of the Northside Community Center Gymnasium Roof – Stan Henderson, Executive Director, Public Works Division
6. Ordinance C2010-5; An Ordinance Related to Driving Under the Influence of Intoxicating Liquor or Drugs; Increasing the Fee Charged to Defray the Costs of Chemical and Other Tests; Amending Section 6-1-2-(G) of the Gallup Municipal Code – R. David Pederson, City Manager/City Attorney

Councilor Enfield made the motion to approve Consent Agenda Items 1-6. Seconded by Councilor Landavazo. Roll call: Councilors Enfield, Landavazo, Azua, Wall and Mayor Mendoza all voted aye.

The following Discussion/Action Topic was presented to the Mayor and Councilors:

7. Ordinance S2010-1; An Ordinance Authorizing the Issuance of Two Series of City of Gallup Bonds (A) City of Gallup, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2010A and (B) City of Gallup New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2010B – Mark Valenzuela, George K. Baum & Company and R. David Pederson, City Manager/City Attorney

Chris Muirhead of the Modrall Sperling Law Firm presented the proposed Ordinance which authorizes the issuance of both series of bonds. He said the aggregate principal amount of the Series 2010A Bond should read “not to exceed \$13,000,000.” The Series 2010A Bond has a pledge of the City’s state-shared gross receipts tax revenues and the

MINUTES

Regular City Council Meeting – 5/25/2010

Page 4

sixth increment of municipal gross receipts tax revenues. The projects are listed as broadly as permitted under state statute in order to provide maximum flexibility for the City. The refunding of the Series 2000 Sales Tax Revenue Bonds is identified as Series 2010B in the aggregate principal amount not to exceed \$5,000,000 with only the City's state-shared gross receipt tax revenues being pledged for the debt service. The purpose for refunding the 2000 bonds is to obtain a lower interest rate for the debt service payments for the remainder of the life of the bonds; a savings of approximately \$45,000 per year for the remaining six years of the bonds. The majority of the ordinance sets forth the covenants, requirements, flow of funds and pledge of revenues for both series of bonds. If the Mayor and Councilors approve the proposed Ordinance, the bonds will be marketed during the next two weeks with the final terms of the bond sale being presented to the Mayor and Councilors on June 8, 2010.

Councilor Enfield was under the impression that the current bonds that are going to be refunded are more than \$5 million. Mr. Muirhead said the outstanding amount of bonds that are going to be refunded is \$4,110,000. Mr. Pederson said the original issuance of bonds was in the amount of \$7 million and the remaining balance of the bonds will be refunded and will mature under the same schedule of the original issue. Mayor Mendoza said under the current interest rates, the City will save about \$45,000 per year rather than the earlier estimate of \$40,000 per year. Mr. Muirhead said the term of Series 2010A for the capital improvement projects will be 20 years. Mr. Muirhead also said the City will have the option of paying off the Series 2010A Bonds early after a call period depending on the market conditions at that time. Mr. Pederson said he is optimistic that the City's bond rating will improve which will reduce the cost of the debt service payments over time. Councilor Enfield was also under the impression that each series of bonds would be under separate ordinances. Mr. Muirhead said it is common practice in public finance to utilize one bond ordinance to authorize the issuance of one or more series of bonds.

Councilor Wall asked about voting on each series of bonds separately. Mr. Muirhead said the Series 2010A Bonds for the capital improvement bonds requires a 75% majority of the Council voting in the affirmative and the Series 2010B Bonds for the refunding of the 2000 Series Bonds requires a simple majority of the Council voting affirmatively. Councilor Wall said he supports the refunding of the 2000 bonds; however, he requested additional information concerning the use of the proceeds of the bond issue for the capital improvement projects. Councilor Wall also said he wanted to visit each of the project sites to obtain information concerning the work to be done prior to voting on the matter. Mr. Pederson said staff could arrange visits of all the project sites to view the work to be done at the Sports Complex, TDFL Field, Northside Community Center, Red Rock Park and the proposed location for the new Eastside Fire Station. Mayor Mendoza said the proposed Ordinance would obtain the money needed for the projects and the Council will need to finalize their decision on the use of the bond

MINUTES

Regular City Council Meeting – 5/25/2010

Page 5

proceeds. Councilor Wall said the Council should not act “after the fact” and should determine the proper use of the bond proceeds prior to approving the Ordinance. Councilor Landavazo said if there is money saved from any of the proposed projects the Council will have the flexibility in addressing other needs of the City. Mr. Muirhead said if both series of bonds are not priced together there will be additional costs to the City. Councilor Wall asked about considering the proposed Ordinance at a later time. Mr. Muirhead said in order to price the bonds on June 8, 2010 and to obtain the bonds proceeds by June 30, 2010, action needs to be taken on the proposed Ordinance during this session. Councilor Azua asked if the condition of the local economy will have any affect on the City’s pledge of its tax revenue for the bond issue. Mr. Muirhead said the pledge of the City’s tax revenue is limited regardless of the condition of the economy.

Following discussion, Councilor Landavazo made the motion to approve Ordinance S2010-1. Seconded by Councilor Enfield. Roll call: Councilors Landavazo, Enfield, Azua and Mayor Mendoza all voted aye. Councilor Wall voted nay. Motion carried.

Mr. Muirhead commended Mr. Pederson and Judi Starkovich, Executive Director, Administrative Services Division, for their work with the bond rating agencies.

8. Resolution R2010-18; Fiscal Year 2011 Budget Approval – Judi Starkovich, Executive Director, Administrative Services Division

Based on the discussion during the Special Meeting of May 24, 2010, Mrs. Starkovich presented a proposed budget for fiscal year 2011 with a 5% reduction in the general fund operating expenses in order to maintain the general fund cash reserve at 11%. The changes that were made to the budget include the reduction of general fund expenditures in the amount of \$485,980.

Councilor Wall asked about the maintenance of the correctional fee fund. Mr. Pederson said the fund is earmarked for specific purposes in maintaining a municipal jail under state statute. Mr. Pederson also said the City will be able to use the fund to cover the City’s portion of the financial deficit in operating the Adult Detention Center. Councilor Enfield asked if the correctional fee fund could be used for this year’s deficit. Mr. Pederson said money from the correctional fee fund could be “swapped-out” pending a review of the County’s financial statements on the operation of the jail. Mrs. Starkovich preferred budgeting this year’s deficit from the general fund and to reserve the correctional fee fund for a possible deficit next year. Councilor Enfield disagreed and recommended utilizing the correctional fee fund for this year’s deficit which will add about \$220,000 to the general fund. Mr. Pederson said staff will look into the matter.

Councilor Wall asked about allocating \$60,000 from the Parks Department, Golf Course or Economic Development Department to purchase additional decorative pots to be

MINUTES

Regular City Council Meeting – 5/25/2010

Page 6

placed at various locations. Councilor Wall said the pots would be a sufficient way to advertise and promote Gallup. Mayor Mendoza said the decorative pot at the Court House Square is deteriorating and would rather spend \$60,000 to fix potholes. Councilor Wall said the pots need to be sealed and maintained. Councilor Landavazo said money may be available from the bond issue to purchase the pots since bids for the projects may come in below estimated costs. Councilor Enfield agreed. Councilor Wall expressed his concerns with the bond issue stating that the City is paying out large amounts of money for the bonds when the City is losing revenues. Councilor Landavazo said the City has a dedicated revenue stream to service the bond debt. Mrs. Starkovich said the wording in the Bond Ordinance provides the City with maximum flexibility in the use of the bond proceeds. Councilor Wall also recommended the use of plans and diagrams by department heads requesting funding for projects during the budget preparation period. Discussion followed concerning the City's Infrastructure Capital Improvement Plan, the process for annual budget requests submitted by department heads, and maintenance and repair tasks versus new construction tasks by City crews. Councilor Wall asked if there were any plans concerning the removal of dead grass or plans to reseed the driving range at the golf course. Mayor Mendoza recommended that Councilor Wall meet with Mr. Pederson concerning the questions he has about the golf course or other issues pertaining to the City.

Councilor Enfield made the motion to approve Resolution R2010-18. Seconded by Councilor Azua. Roll call: Councilors Enfield, Azua, Landavazo, Wall and Mayor Mendoza all voted aye.

Comments by Public on Non-Agenda Items:

None.


Comments by Mayor and City Councilors:

Mayor Mendoza thanked the Councilors for approving the Gross Receipts Tax Improvement Revenue Bonds and the Gross Receipts Tax Refunding Revenue Bonds.

Comments by City Manager:

Mr. Pederson said he attended the court-ordered mediation on the Weekes vs. Zollinger injunction case which was successful. An agreement was reached to settle all issues and there will be no further litigation involving the City, Mr. Weekes, Mr. Zollinger or the Gallup Independent.

There being no further business, Councilor Landavazo made the motion to adjourn the meeting. Seconded by Councilor Azua. Roll call: Councilors Landavazo, Azua, Wall, Enfield, and Mayor Mendoza all voted aye.



Harry W. Mendoza
Harry Mendoza, Mayor

ATTEST:

Alfred Abeita
Alfred Abeita, City Clerk