

Minutes of the Work Session of the Gallup City Council, City of Gallup, New Mexico, held in the Council Chambers at City Hall, 110 West Aztec, at 6:00 P.M. on Tuesday, June 22, 2010.

The meeting was called to order by Mayor Harry Mendoza.

At such meeting, the following were present, constituting a quorum:

Mayor: Harry Mendoza

Councilors: John J. Azua  
Mike Enfield  
Allan Landavazo  
E. Bryan Wall, Councilor

Also present: R. David Pederson, City Manager &  
City Attorney

The following items that will be considered during the next Regular Session were presented to the Mayor and Councilors for discussion only:

1. Approval of the Re-appointments of Daniel Berg, Claudette Perales, Richard Bowman, Fran Pawlowski, Alvin Harvey and Anna Rondon to the Law Enforcement Advisory Board – Mayor Harry Mendoza
2. Approval of the Appointment of Jason Jones to the Sustainable Energy Board – Mayor Harry Mendoza

Mayor Mendoza presented his recommendations for the appointments to the Law Enforcement Advisory Board and Sustainable Energy Board.

3. Resolution R2010-23; Fiscal Year 2010 Budget Revision #3 – Judi Starkovich, Executive Director, Administrative Services Division

Mrs. Starkovich said the budget revision includes all budget changes processed through March 31, 2010. There is an increase in general fund expenditures of \$183,411 and a corresponding increase in general fund revenues of \$183,339 resulting in a net increase of \$72 in the general fund. An 11% reserve is being maintained in the general fund as required by the Mayor and Councilors.

Councilor Landavazo asked about the revenue and expenses listed for the Junior High School Rodeo on page 5 of the budget recap. Mrs. Starkovich said the first line includes the amounts for last year's rodeo and the second line includes combined amounts for last year's and this year's rodeo. Councilor Landavazo asked about the City's contributions to the rodeo this year. Mrs. Starkovich said the City contributed \$100,000 in lodger's tax funding. Councilor Landavazo asked how the budget amounts are generated. Mrs. Starkovich said the amounts are generated through gate sales,

## MINUTES

City Council Work Session – 6/22/2010

Page 2

campsite rentals, stall rentals, dances, vendor booths, a portion of the Trade Show revenue, etc. Councilor Landavazo asked if the City is projecting a loss of \$212,000 for hosting the rodeo this year. Mrs. Starkovich responded yes. Mrs. Starkovich also said the pre-sales of admission wrist bands have already generated \$65,000 of the projected \$130,000. The City is also hopeful that gate sales will increase since the annual rodeo in Window Rock will not be held during the same time as the Junior High School Rodeo. There is also an increase in the number of participants for this year rodeo. Councilor Enfield asked if there is a chance to “break-even”. Mrs. Starkovich responded yes. Mrs. Starkovich also said the CRS tax forms have been included in all of the vendor packets and expenditures are being carefully monitored.

Councilor Landavazo and Councilor Enfield asked if the lodger’s tax funding allocations are still in place for the Americans with Disabilities Act (ADA) improvements for Red Rock Park and El Morro Theater. Mrs. Starkovich said the lodger’s tax allocations for ADA improvements to the bathrooms at El Morro Theater are still in place and the proceeds from the bond issue will be used for the ADA improvements for Red Rock Park.

4. Formal Bid No. 1015; Gallup-Rural Navajo Water Supply Project, Project 3 – Lance Allgood, Executive Director, Gallup Joint Utilities

Mr. Allgood presented the bid results for the project and recommended award of the project to New Mexico Underground Contractors in the amount of \$2,305,648.62.

Mayor Mendoza asked about the work to be done under the project. Mr. Allgood said the work consists of improvements to the Gallup Regional System in the areas crossing the Rio Puerco, Interstate 40 and BNSF Railway; areas surrounding the Gallup Municipal Airport and westward towards Manuelito and Tseyatoh areas. Mr. Pederson and Mr. Allgood said the lowest bid came in about 30% under the engineer’s estimate.

5. Notice of Disclosure Regarding the Professional Services Agreement with Padilla Computer Services for Computer Support and Maintenance Services at Municipal Court – R. David Pederson, City Manager/City Attorney

Mr. Pederson said the agreement with Padilla Computer Services is a pass-through contract from the Administrative Office of the Courts. He said whenever an elected official or an employee of the City has a direct financial interest in a contract the financial interest needs to be disclosed to the governing body. Since New Mexico is a community property state, when a spouse of an elected official or employee enters into a contract with the City, the spouse shares a financial interest from the contract. The City is proposing to enter into a professional services agreement at Municipal Court with

## MINUTES

City Council Work Session – 6/22/2010

Page 3

Don Padilla, owner of Padilla Computer Services, who is also the husband of Municipal Judge Linda Padilla. Mr. Padilla has had the contract with the City for a number of years and has become the successful applicant to provide the services with the Administrative Offices of the Courts for another year.

In additional business, Mrs. Starkovich provided information concerning the decreased amount of the gross receipts tax distribution for the City of Gallup from the New Mexico Taxation and Revenue Department. Based on amended tax returns filed by Bradbury Stamm Construction for the overpayment of gross receipts tax for a two year period, the gross receipts tax distribution for this month dropped about \$500,000. Rather than reviewing the amended tax returns through an administrative process, Mrs. Starkovich said the State automatically reduced the distribution to the City of Gallup for this month. Based on information received from the New Mexico Municipal League, the City of Gallup as well as other local governments facing the same situation should receive its regular distribution from the Taxation and Revenue Department and the local governments would be able to pay back the amounts owed to the State over a two year period. Mrs. Starkovich said she has not received confirmation from the Taxation and Revenue Department concerning the repayment plan. Mr. Pederson said Mayor Mendoza received a vague letter from Cabinet Secretary Rick Holmans stating that information concerning the amended returns could not be disclosed due to privacy issues. Mr. Pederson said the problem stems from the construction company paying tax on activities that the company was not required to pay tax on based on a misinterpretation of the law by an employee at the Taxation and Revenue Department. Mr. Pederson said the Municipal League is urging the Taxation and Revenue Department to conduct an audit of the amended tax returns and if the amended returns are verified as being correct, then the local governments should be able to pay the money back over a two year period.

Bill Bright of Habitat for Humanity presented a proposal for the City to utilize the land currently owned by Senator George Munoz in the Rocky View area for a park. Mr. Bright said the original Rocky View Park was demolished by the City due to safety reasons and the land was previously promised to Habitat for Humanity to be used for the construction of a home for a family in need. Mr. Bright said if money is available from the recent bond issue, the City could construct a park on the land offered by Senator Munoz and the City could follow through with its donation of the land from the original Rocky View Park to Habitat for Humanity. If the City accepts the proposal, Mr. Bright recommended naming the new park in honor of the Munoz family.

Mayor Mendoza said he received phone calls earlier in the day concerning the Charity Invitational Golf Tournament and recommendations for maintaining the golf course. He said representatives from Charity Invitational are willing to volunteer and/or to obtain contractors to water areas of the golf course through September. Mr. Allgood said he

MINUTES

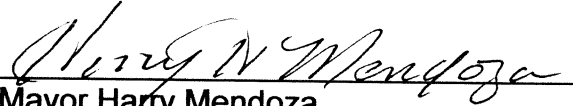
City Council Work Session – 6/22/2010

Page 4

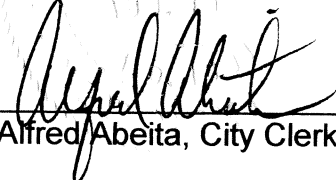
met with Bob Weekes, Director of Golf Operations and Marc DePauli, the City's Engineering Consultant, concerning possible solutions in maintaining the golf course under the current conditions. Mr. Allgood said it would cost about \$20,000 to repair the existing pumps to irrigate the golf course throughout the summer months; however, there is no guarantee that the pumps will not fail. Mr. Allgood also said there is the possibility of leaks emerging in the irrigation system on the front nine since the piping in the system is constructed with electrical conduit. To replace the irrigation system for the nine holes would cost more than \$325,000. Overall, Mr. Allgood said the \$20,000 to be used to repair the existing pumps will be a small band-aid on a large wound.

Mayor Mendoza said the National Junior High School Finals Rodeo will begin this weekend and asked the Councilors to attend.

There being no further business, the Work Session adjourned.

  
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Mayor Harry Mendoza

ATTEST:

  
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Alfred Abeita, City Clerk

Approved 7/13/2010