

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, December 14, 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:	Mike Enfield Allan Landavazo E. Bryan Wall
Arrived late:	John J. Azua, Councilor
Also present:	R. David Pederson, City Manager & City Attorney

Presented to the Mayor and Councilors were the following discussion items:

1. Certified Communities Initiative – Pete Kelly, Economic Development Director

Mr. Kelly advised that the City of Gallup has been endorsed as a certified community by the New Mexico Economic Development Department. By achieving certification, the City will work closely with the New Mexico Economic Development Department to promote business recruitment, retention and expansion.

2. Update on the State of Local Economic Development – Pete Kelly, Economic Development Director

Mr. Kelly presented an overview of the projects and activities being handled by the Economic Development Department during the past year. A copy of a chart containing said projects and activities is attached hereto and made a part of these official Minutes.

Mayor Mendoza asked about the City's efforts concerning #9 on the chart, Darden Industries (Red Lobster/Olive Garden). Mr. Kelly said the City is in the process of scheduling a local visit with officials from Darden Industries and is currently working on a market analysis concerning the possibility of locating a restaurant in Gallup, particularly on the north side of town. Councilor Enfield asked if Darden Industries is exploring the possibility of leasing the property, rather than purchasing property for their location. Mr. Kelly said Darden Industries prefers to purchase the property for their location; however, the majority of available land in the affected area has already been developed. Mr. Kelly said a possible site for the restaurant may be west of Safeway in the American Heritage Plaza.

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Regarding #2 on the chart, Industrial Park/Inland Port Project, Councilor Enfield asked if Mr. Kelly was working with Navajo Nation officials on the project. Mr. Kelly said he has been working with the Regional Economic Development Director for the BNSF Railroad concerning the following three potential sites for the project: the Old Chevron Mine; an unspecified location near Thoreau; and the old Carbon Coal facility west of town. Councilor Enfield said the Navajo Nation was working on the project and asked if the City has ever contacted tribal officials regarding the project. Mr. Kelly said three large meetings have been held with interested parties from Senator Tom Udall's Office, City of Gallup, officials from surrounding tribes, BNSF Railroad and other private sector entities concerning the project. Mr. Kelly said the financial infrastructure needs to be developed as well as identifying the scope and dimensions of the project. Mr. Pederson said he and Mr. Kelly have met with retired employees of the Navajo Nation and the Bureau of Indian Affairs regarding the development of a proposal for the project. Councilor Azua asked if Fort Wingate was considered for the project. Mr. Kelly said Fort Wingate was not considered for the project since the property is tied-up in litigation. Councilor Enfield also said the railroad spur is disconnected at Fort Wingate. Mr. Kelly said the railroad spurs at the Old Chevron Mine, the location near Thoreau and the old Carbon Coal facility are in good condition. In addition to tribal claims to Fort Wingate, Mr. Pederson said the Department of Defense does not want to relinquish Fort Wingate unless a potential landowner assumes the responsibility of cleaning-up the significant environmental issues that exist on the property.

Councilor Wall said the last time he asked questions concerning the Choice Neighborhoods Grant he said Mayor Mendoza claimed he was harassing Mr. Kelly and the City's Grant Writer. Councilor Wall said he has a right to ask particular questions during a Council Meeting and asked about the usage of City funds that were awarded to CARE 66 for their housing projects. Mr. Kelly said the funds that were awarded to CARE 66 were not needed to secure funding that was already applied for under the Low Income Housing Tax Credit Program. Mr. Kelly said the City's allocation of funds for the CARE 66 Housing Projects increases the chance of CARE 66 receiving funding under the Low Income Housing Tax Credit Program; however, the award of City funds does not guarantee an allocation from the Low Income Housing Tax Credit Program. Councilor Wall said the City's allocated funds for the project should have been placed in an escrow account in order to allow the City's funds to be reverted back to the City in the event the grant is not awarded to CARE 66. Councilor Wall asked if the City could legally give \$250,000 to CARE 66. Mayor Mendoza said Mr. Kelly was providing a report on the matter and the issue was not for discussion. ~~Mayor Mendoza said he did not make the statements Councilor Wall claimed and said Councilor Wall should not be questioning the qualifications of the individuals.~~ Mayor Mendoza said Councilor Wall had the right to question the persons or employees addressing the Council; however, Councilor Wall should not question the qualifications of any employee during a public meeting. Mayor Mendoza asked Councilor Wall if he had been drinking tonight. Councilor Wall responded no. Mr. Pederson said the City's funds that were allocated to

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CARE 66 were not place in escrow as the funds were to be used by CARE 66 for its housing projects and the funds cannot be reverted to the City. Mr. Pederson said CARE 66 is pursuing funding for the housing projects from the Choice Neighborhoods Grant and the Low Income Housing Tax Credit Program. Mr. Pederson said he advised Sanjay Choudhrie of CARE 66 that the City would try to provide the second part of the allocation to CARE 66 by end of the first quarter of the new year.

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

1. Resolution No. R2010-36; Bond Sale Resolution – Chris Muirhead, Modrall Spering Law Firm

Based on his conversation with the City's financial advisors, Mr. Pederson said the market conditions for the pricing of the bonds should improve after the first of the year. He recommended that the proposed Resolution be tabled until next month.

2. Ordinance No. S2010-3; Adopting a Municipal Capital Outlay Gross Receipts Tax – R. David Pederson, City Manager/City Attorney
3. Ordinance No. S2010-4; Adopting a Municipal Quality of Life Gross Receipts Tax – R. David Pederson, City Manager/City Attorney

As a result of the recommendations presented by the City's Task Forces, Mr. Pederson presented the Ordinances imposing the last two remaining gross receipts tax increments available to the City. Ordinance No. S2010-3 would impose a capital outlay gross receipts tax equal to one-eighth of one percent with the proceeds of the tax to be used for a new public golf course or to renovate the existing Fox Run Golf Course. Ordinance No. S2010-4 would impose a quality of life gross receipts tax equal to one-eighth of one percent with the proceeds of the tax to be used for a new public library or a Native American themed public museum. The Municipal Quality of Life Gross Receipts Tax can only be imposed prior to January 1, 2016 if the municipality elects to do so. If Ordinance No. S2010-3 and Ordinance S2010-4 are enacted by the Mayor and Councilors, then the Ordinances would be placed on the ballot of the next Regular Municipal Election scheduled for March 8, 2011 for voter approval.

Mayor Mendoza asked if there were alternate funding sources for a new golf course or public library. Mr. Pederson responded no.

Councilor Enfield expressed his concerns with imposing the new gross receipts taxes which will increase the City's tax rate to more than 8.3%. He also said if both taxes are imposed, Gallup will have one of the highest gross receipts taxes in the State. Mayor

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Mendoza said 60% to 70% of the gross receipts taxes are paid for by people residing outside of Gallup. Councilor Enfield said the burden of the high tax rate will be on everyone, which may have an adverse effect on local economic development. Mr. Pederson said by placing both tax questions on the ballot will be the best way for the voters to either show support for the projects listed within the Ordinances or to show that the tax burden is too high for the public.

Councilor Wall asked how much money would be generated by imposing either tax. Mr. Pederson said 1/8 of 1% will generate about \$800,000 to \$900,000 per year depending on gross sales. If the revenue from one of the taxes is used for a bond issue, then \$10 million to \$12 million could be financed for a project that is specified by Ordinance. Mr. Pederson also said the City could utilize the revenue streams generated by the taxes and proceeding with the specified projects under a “pay as you go” process from year to year. Councilor Wall said he reviewed the proposed Ordinances and was against any tax increases at this time.

Councilor Landavazo said the City has not been able to show any progress since it imposed the last gross receipts tax increase two years ago. He said the Mayor and Councilors would be “pushing their luck” if they asked the voters to approve another tax increase, especially when there is a decline in the current economy. Since the number of polling sites have doubled since the last mayoral election, as a cost saving measure, he recommended reducing the number of polling sites for the next Regular Municipal Election. He recommended proposing the tax increases to the voters at a later time when the economy improves as taxpayers would like to see progress being made with the revenue generated from the last tax increase.

Councilor Azua spoke in favor of placing both tax questions on the ballot and to allow the voters to make the decision concerning the implementation of the taxes. He said voters should make the decision especially when quality of life issues are at stake. Councilor Landavazo said he does not want the Council to back themselves into a corner by placing the questions on the ballot and having the questions being defeated by the voters. Councilor Landavazo said once the questions are defeated, it becomes difficult to seek voter approval of the questions once the questions have been defeated the first time. Councilor Azua disagreed.

Mayor Mendoza recommended tabling Ordinance No. S2010-3 and Ordinance No. S2010-4 at the next Regular Meeting. Mayor Mendoza also said the revenue generated from the last tax increase should have been used three years ago when the projects for a bond issue were first considered. Councilor Landavazo said he was not blaming anyone for the lack of progress as the Council chose to slow the process down and to proceed in a cautious manner.

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4. Resolution No. R2010-37; A Resolution Proposing a Charter Amendment to the Existing Gallup City Charter Concerning the Provision of Run-off Elections – R. David Pederson, City Manager/City Attorney

Mr. Pederson said the proposed Amendment, if approved by the voters during the next Regular Election, would repeal the provision of run-off elections in the City Charter. He said the candidate with the highest number votes would be declared the winner for the office of Mayor, Councilor or Municipal Judge regardless of the number of candidates running for office. There has only been one time where the candidate receiving the most votes in the initial election ever lost a run-off election and there are high costs involved to conduct a run-off election. If the Charter Amendment is approved by the voters, the Amendment would go in effect during the 2013 Regular Municipal Election. He also said the argument for run-off elections is that City elections are non-partisan and there are no primary elections within City elections to whittle down the number of candidates.

Councilor Azua asked if the logic for run-off elections is based on percentages to prevent candidates from diluting the voting field in order to give themselves an edge in winning their campaign. Mr. Pederson said he has never seen an instance where such logic has proven to be true. Mr. Pederson also said he believes it is counterproductive for a candidate to have two or three straw candidate to take votes away from an opponent.

5. Resolution No. R2010-38; A Resolution Proposing a Charter Amendment to the Existing Gallup City Charter Concerning the Time of Holding Regular Municipal Elections – Alfred Abeita, City Clerk

Mr. Abeita said the City Charter provides for holding regular municipal elections on the first Tuesday in March of each odd-numbered year. State law provides for regular school district elections to be held on the first Tuesday in February of each odd-numbered year. State law also states that a municipal election may be held concurrently with, but within 42 days prior to or within 30 days after any regular school district elections. By holding City elections on the first Tuesday in March creates a conflict with State law by scheduling the election during the prohibited 30 day time period of the Gallup-McKinley County School District Election by two days. To resolve the conflict, he recommended the proposed Charter Amendment to be submitted to the voters during the next Regular Election that would simply change the time of holding Regular Municipal Elections to the second Tuesday in March of each odd-numbered year.

Mr. Pederson also said the proposed Charter Amendment would allow additional time

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for the McKinley County Bureau of Elections to complete the election process for the School District Election and to prepare for the City Election.


6. Resolution No. R2010-39; Election Resolution for the March 8, 2011 Regular Municipal Election – Alfred Abeita, City Clerk

Mr. Abeita said the next Regular Election will be for the office of Mayor, District #2 Councilor, District #4 Councilor and Municipal Judge. If Ordinance No. S2010-3 and Ordinance No. S2010-4 are not adopted by the Mayor and Councilors, Mr. Abeita recommended amending the Election Resolution by removing the questions to be placed on the ballot concerning the imposition of the Municipal Capital Outlay Gross Receipts Tax and the Municipal Quality of Life Gross Receipts Tax. If Resolution No. R2010-37 is approved by the Mayor and Councilors, there will be a Charter Amendment presented to the voters concerning the repeal of the provision for holding run-off elections and if Resolution No. R2010-38 is approved, there will be a Charter Amendment on the ballot concerning the time of holding Regular Municipal Elections. Candidate filing day for the election will be on Tuesday, January 11, 2011 between the hours of 8:00 A.M. and 5:00 P.M. All polls will be open on election day from 7:00 A.M. to 7:00 P.M. Absentee voting will begin on Tuesday February 1, 2011 at 8:00 A.M. and will close on Friday, March 4, 2011 at 5:00 P.M. Early voting will begin on Tuesday, February 16, 2011 at 8:00 A.M. and will close on Friday, March 4, 2011 at 5:00 P.M.

Due to time limitations, the Work Session adjourned.

  
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Mayor Harry Mendoza

ATTEST:

  
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Alfred Abeita, City Clerk

Approved 1/11/2011