

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, December 28, 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 continued with the Agenda of the previous Work Session:

3. Library Facilities – Mary Ellen Pellington, Library Director

Ms. Pellington provided an update of the Octavia Fellin Public Library facilities. A copy of Ms. Pellington's report is attached hereto and made a part of these official Minutes. Ms. Pellington acknowledged Patricia Kelley, a Library Board member, who was present in the audience.

Mayor Mendoza thanked Ms. Pellington for her presentation and asked if library patrons have a limited amount of time to use the computers. Ms. Pellington said patrons may use the computers up to one hour, which may increase to an additional one-half hour in some cases if there are no other patrons waiting to use the computers. Ms. Pellington said it is common to have patrons wait in line to use the computers for internet access especially on Monday mornings. Mayor Mendoza asked about the days and hours of operations of the library. Ms. Pellington said the main library is open from 9:00 A.M. to 8:00 P.M., Monday thru Thursday; 10:00 A.M. to 6:00 P.M. on Fridays; and from 9:00 A.M. to 6:00 P.M. on Saturdays. The children's library is closed on Mondays; open from 10:00 A.M. to 7:00 P.M. Tuesday thru Friday; and 9:00 A.M. to 6:00 P.M. on Saturdays.

Councilor Wall asked if there is a charge for the use of the meeting room at the library. Ms. Pellington said the meeting room is available free of charge to non-profit organizations and trainers; however, the library accepts monetary donations for the use of the meeting room. Councilor Wall suggested the use of a small room at the library as an art gallery for the display of Works Progress Administration (WPA) paintings. Ms. Pellington said to house the art work in a special area, security issues need to be considered.

MINUTES

Regular City Council Meeting – 12/28/2010

Page 2

Councilor Enfield asked if Ms. Pellington was familiar with funding sources to expand and improve libraries. Ms. Pellington said the federal government previously had grants that provided funds for increased library services and the construction of public libraries. With the advent of technology, federal funds cannot be used for construction purposes. Ms. Pellington said she has worked for libraries that established community library foundations that would work to raise private funds for library improvements. Councilor Enfield said he would like to review other possibilities to obtain funds to expand the Octavia Fellin Public Library. Ms. Pellington also said the City may also impose the Municipal Quality of Life Gross Receipts Tax increment which can be used for library improvements.

Councilor Landavazo asked how many card holders there were at the Octavia Fellin Public Library. Ms. Pellington said there are about 44,000 card holders. Councilor Landavazo asked Ms. Pellington how far behind she believes the Octavia Fellin Library is compared to other public libraries in providing services. Councilor Landavazo also asked what a 21st century library would look like in Gallup. Ms. Pellington said it was difficult to answer Councilor Landavazo's first question since libraries and library services vary from place to place in different areas in the country. Ms. Pellington said she would like to review her professional journals and report back to the Mayor and Councilors. Ms. Pellington said each library is reflective of the community that it serves and it is difficult to determine where the Octavia Fellin Public Library could be in 20 to 30 years without knowing if there was community input and participation in the development process.

Councilor Azua asked about the 226,955 items circulated at the library. Ms. Pellington said the 226,955 items were books that were checked out during Fiscal Year 2009. Ms. Pellington said each visitor may check-out various amounts of books during each visit. Councilor Azua asked if Gallup has a library foundation. Ms. Pellington responded no but she has been discussing the matter with private attorneys and with Mr. Pederson.

Ms. Pellington thanked the Mayor and Councilors for allowing her to practice professional librarianship in a wonderful environment with supportive people.

Mayor Mendoza said he asked Ms. Pellington to present her report on the current library facilities since the Council tabled Ordinance S2010-4, Adopting a 1/8 of 1% Municipal Quality of Life Gross Receipts Tax, at the last regular meeting. He said the revenue from the tax would be used for a new public library of a Native American themed museum project. He also said the majority of the City Council Task Forces recommended placing the Quality of Life Gross Receipts Tax question on the ballot to be considered by the voters during the next regular election. He recommended that Ordinance S2010-4 be removed from the table and for the Council to consider enacting Ordinance S2010-4.

MINUTES

Regular City Council Meeting – 12/28/2010

Page 3

Councilor Azua made the motion to remove Ordinance S2010-4 from the table. Councilor Landavazo asked how soon would the Council have to consider the Ordinance in order to place the question on the ballot of the March 8, 2011 Regular Municipal Election. Alfred Abeita, City Clerk, said the Ordinance need to be enacted at least 60 days before election day. If the Ordinance is adopted during the current meeting, Mr. Abeita said the Mayor and Councilors would need to adopt an amended election resolution to place the Quality of Life Gross Receipts Tax question on the ballot at the next regular meeting. Mr. Pederson said if the Ordinance is not adopted during the current meeting, the Ordinance would need to be considered during a special meeting on or before January 7, 2011, which is 60 days before the election. Mayor Mendoza said justification for the tax was previously presented to the Council and the public should be able to decide whether to impose the tax for a new library. Councilor Enfield asked Ms. Pellington how long it would take for her to obtain the information he requested concerning funding sources for library improvements. Ms. Pellington said she could research the matter as quickly as possible which may require additional time if detailed information is requested by the Council. Councilor Enfield asked Ms. Pellington about the odds of obtaining funds from other sources for library improvements. Ms. Pellington said the odds would be very slim; however, to build a state of the art public library in Gallup, she recommended the use of the funds generated by the Quality of Life Gross Receipt Tax and money generated through the creation of a local library foundation.

Councilor Landavazo seconded Councilor Azua's motion to remove Ordinance S2010-4 from the table. Roll call: Councilors Azua, Landavazo, Wall, Enfield and Mayor Mendoza all voted aye.

Presented to the Mayor and Councilors for consideration was Ordinance S2010-4, Adopting a Municipal Quality of Life Gross Receipts Tax.

Mayor Mendoza recommended adoption of Ordinance S2010-4 and stressed that the revenue generated from the tax imposition would be used for a new public library or a Native American themed museum project and would not be used for the golf course or any other project.

Councilor Azua commended the Mayor and Councilors for taking a second look at the proposed Ordinance. Councilor Azua said the Mayor and Councilors previously discussed a situation where hesitation was involved in having a matter completed.

Councilor Azua made the motion to adopt Ordinance S2010-4. Seconded by Councilor Enfield. Prior to roll call, Councilor Landavazo expressed his concerns with the timing of the matter based on the current condition of the economy. Councilor Landavazo said there is seems to be a great need for a new library; however, he wanted to obtain

MINUTES

Regular City Council Meeting – 12/28/2010

Page 4

information of how the Octavia Fellin Public Library compares to the services provided by other libraries in communities the size of Gallup.

Councilor Wall expressed his concerns with the proposed Ordinance not being on the agenda of the current meeting. He stated at the last regular meeting that he was against the proposed tax because it may harm the local economy. He asked how much money the tax would generate in one year. Mr. Pederson said the tax would generate about \$800,000 to \$900,000 in one year. Councilor Wall said he supports a new library; however he recommended pursuing funding through grants and appropriations from the federal and state governments. Councilor Wall also questioned the timing of the matter based on the current economy and said that the revenue generated from the tax would not build the state of the art building that the City wants. Mayor Mendoza said the Council would not be raising taxes but giving the public the opportunity to vote on the matter. Mayor Mendoza also said the revenue generated from the tax could be used for a bond issue to build a state of the art library. Councilor Wall expressed his concerns with Gallup having the second highest gross receipts tax rate in the state. Councilor Enfield said if the new tax is imposed, Gallup would not have the highest gross receipts tax rate in the state. Councilor Wall said the reason the Ordinance is presented to the Council is because the members of the Council are elected to make the decisions for the public. Councilor Azua said the members of the Council were not elected to make the decisions for the public but to make the decisions with the public. Councilor Azua said he does not anticipate any funding assistance from the State due to its budget crisis. Councilor Wall asked how long the gross receipts tax increment will be in place. Mayor Mendoza said it depends on the length of the bonds. Mr. Pederson said the Quality of Life Gross Receipts Tax will need to be imposed by 2016 and would be in place until the bonds from a bond issue are retired. Councilor Wall asked if any other city in the state raised their gross receipts tax rate during the current dismal economy. Mr. Pederson said the City of Albuquerque and the City of Grants recently elected to raise their gross receipt tax rate during the current economy. Albuquerque has one of the lowest gross receipts tax rates in the state due to their high property tax rates and Grants will be utilizing the revenues from their tax increase to demolish derelict buildings. Mayor Mendoza said some cities may have to increase their gross receipts tax rates since the cities will receive little or no funding allocations from the State. Councilor Enfield said the 1/8 cent tax increment could be abolished if funds could be generated through the creation of a library foundation or by another means. Councilor Enfield said if the voters approve the referendum, the City could bond out early, pay the bond back with money generated from a library foundation and abolish the 1/8 cent tax increment. Mr. Pederson concurred and said if a newly created library foundation was able to raise about \$2 million to pay the bonds off early, then the City would be able to repeal the 1/8 cent tax increment. If the voters approve the tax increment, Councilor Councilor Wall asked what the next steps would be. Based on his discussion with Ms. Pellington, Mr. Pederson said the City would contract with professional library

MINUTES

Regular City Council Meeting – 12/28/2010

Page 5

consultants to conduct an assessment of the existing library facilities and to obtain recommendations for a new state of the art facility. Councilor Wall said he is against the proposed tax increment because he believes the Council is moving ahead too fast without sound footing.

Roll call was taken on Councilor Azua's previous motion to adopt Ordinance S2010-4, which was previously seconded by Councilor Enfield. Roll call: Councilors Azua, Enfield, Landavazo and Mayor Mendoza voted aye. Councilor Wall voted nay. Motion carried.

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

1. Resolution No. R2010-40; Fiscal Year 2011 Budget Revision #1 – Judi Starkovich, Executive Director, Administrative Services Division

Mrs. Starkovich presented the first budget revision for Fiscal Year 2011, which includes all budget changes through September 30, 2010. The majority of the changes in the budget includes the adjustments made for the roll over of encumbrances and outstanding purchase orders and projects that were initiated from the previous fiscal year. Total revenues will increase by \$203,942, total expenditures will decrease by \$203,575 and transfers out increased by \$565,830 due to the creation of a separate fund for the operation of the City's two senior centers based on the State's requirements for the use of a cost accounting system for tracking revenues and expenditures for both senior centers. As a result, the City's net use of cash is \$2,564,553, which increased by \$158,313. She expressed concerns with the latest information received from the New Mexico Taxation and Revenue Department concerning the gross receipts tax distribution which shows a decline in the tax distribution from +10% at the beginning of the current fiscal year which has dropped to +2.5% for the month of November. She is hopeful that the gross receipts tax distributions for the months of January and February will increase by a large margin based on consumer activity during the Christmas shopping season. If there are no substantial increases in the gross receipts tax distributions for either month, she is projecting that there will be a cash deficit of \$750,163. If the projections hold true, she recommended cutting departmental budgets in the amount of \$250,000, utilizing \$350,000 of infrastructure funds to fund capital outlay items, and finding room to increase revenues by \$200,000. Operational costs for part-time seasonal positions and over-time may also need to be restricted. She will present another budget adjustment next month reflecting changes in the budget through December 31, 2010. She will also present a list of projects next month with recommended cuts that can be made to some of the inactive projects that have been funded since 2005.

Mayor Mendoza asked how many positions the City has that are budgeted but not filled.

MINUTES

Regular City Council Meeting – 12/28/2010

Page 6

Mr. Pederson said there about 30 vacant budgeted positions with 16 of the positions that have not been filled for about a year. Mr. Pederson said funds set aside for the vacant positions may be used to make up for any shortfalls in the budget.

Councilor Enfield asked about the variance of a credit of \$720,182 in taxes listed under revenues. Mrs. Starkovich said the increases and the decreases listed within the gross receipts tax line items on the distribution report from the New Mexico Taxation and Revenue Department do not correlate based on the adjustments made for delinquent returns, amended returns, administrative errors, etc. Councilor Enfield asked about the \$448,349 increase listed for the New Mexico Junior High School Rodeo. Mrs. Starkovich said the total amount of \$448,349 consists of two combined rodeos. Discussion followed concerning the process for budgeting funds for the rodeo and the amounts that were previously budgeted. Mrs. Starkovich said she will work on separating the amounts budgeted for each rodeo in the future.

Councilor Landavazo expressed his concerns with the personnel costs of \$4.5 million at the end of the first quarter during the current fiscal year. At this rate, the City will spend over \$18 million for the entire fiscal year which will be \$1.3 million over the amount that was previously projected. Mrs. Starkovich said the increased personnel costs include the amounts for temporary seasonal workers during the summer months. Councilor Landavazo said the personnel costs for seasonal workers only accounts for a small amount of the increased costs. Mrs. Starkovich also said the increased costs were due overtime costs for police officers. Councilor Landavazo said he would like to see serious considerations made to reduce personnel costs in the future. Mr. Pederson concurred and said the idea that the Police Department will be racking-up unlimited overtime or filling every vacant position will not occur in the future. Mr. Pederson also said the automatic pay raises that may be proposed in the union contracts next fiscal year will not be considered by the City. Councilor Landavazo said he wants to make sure the Council is ready to make the difficult budgetary decisions when the time comes.

2. Resolution R2010-41; A Resolution Authorizing the High Efficiency Clothes Washer (HEW) Rebate and the High Efficiency Toilet (HET) and Showerhead Water conservation Rebate Programs – Lance Allgood, Executive Director, Gallup Joint Utilities Division

Mr. Allgood said the proposed Resolution would extend the current programs in place which have save an estimated 9.5 million gallons of water over the past 6½ years. The average annual cost for the programs is \$6,000 which is credited to customer utility bills.

Councilor Enfield made the motion to approve Consent Agenda Items 1 and 2.

MINUTES

Regular City Council Meeting – 12/28/2010

Page 7

Seconded by Councilor Landavazo. Roll call: Councilors Enfield, Landavazo, Azua, 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 adopting the Municipal Quality of Life Gross Receipts Tax Ordinance.


Comments by City Manager

Mr. Pederson said the employees of the Construction and Maintenance Department found an original WPA painting in the ceiling above the ceiling tiles on the second floor of City Hall. The original oil painting entitled "Quenching Their Thirst", was painted by Eliseo Rodriguez in October 1971 and was found during the restoration work being done following the water damage caused by the unsealed, exposed roof. It is unknown why the painting was hidden or who would have hidden the painting several years ago.

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


Harry Mendoza, Mayor

ATTEST:


Alfred Abeita, City Clerk

Approved 1/25/2011