

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, September 13, 2011.

The meeting was called to order by Mayor Jackie McKinney.

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

Mayor: Jackie McKinney

Councilors: Mike Enfield  
Cecil Garcia  
Allan Landavazo  
E. Bryan Wall

Also present: Dan Dible, City Manager

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

1. Appointments of Bernadette (Brenda) Duran and Terry Proffitt to the Labor Management Relations Board – Mayor Jackie McKinney

Mayor McKinney presented the recommendation to appoint Ms. Duran and Mr. Proffitt to the Board.

2. Construction Contract Award for Multiple Roadway Retaining Walls – Stan Henderson, Executive Director, Public Works Division

Mr. Henderson presented the bid results for the replacement of two retaining walls; one wall located on Mesa Avenue between First Street and Puerco Drive and the other wall, located at First Street and Green Avenue. Star Paving is the apparent low bidder for the base bid, which only consists of the replacement of the Mesa Avenue wall, in the amount of \$68,285.77. Moore & Cowart would be the apparent low bidder for the replacement of both walls (base bid plus alternative bid) in the amount of \$229,915.94. Unfortunately, there is a budget overrun of about \$55,000 to replace both walls. Mr. Henderson recommended approval of a budget adjustment for an additional \$55,000 in project funds and to award the contract for both retaining walls to Moore & Cowart in the amount of \$229,915.94.

Mayor McKinney asked if the \$55,000 would be budgeted from the City's reserve funds. Mr. Dible said the required allocation would come from the City's infrastructure gross receipts tax revenues and would not impact the City's current budget. Mayor McKinney asked if the City has previously contracted with Moore and Cowart. Mr. Henderson responded yes and said the City has not had any problems with the services provided by the company.

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3. Resolution No. R2011-27; Fiscal Year 2011-12 New Mexico Department of Transportation Cooperative Funding Agreement – Stan Henderson, Executive Director, Public Works Division

Mr. Henderson said the proposed Resolution would authorize the acceptance of the State's Cooperative Agreement for Fiscal Year 2011-12. Under the proposed Agreement, the State will provide \$120,000 as the City will need to provide matching funds in the amount of \$40,000 for a total of \$160,000, which will be used for the maintenance and repair of City streets.

Councilor Landavazo asked how the State's funding of \$120,000 compares to previous years. Mr. Henderson said the \$120,000 is about average compared to last year; however, the City received State funds in the range of about \$180,000 to \$190,000 prior to the State's budget crisis which began a couple of years ago. Mr. Henderson also said the City's maintenance and repair funding for its mill and overlay program usually requires about \$300,000 per fiscal year.

Councilor Garcia asked if the funding will be used for a special project. Mr. Henderson said the Street Department will use the funds for the streets listed in its mill and overlay program, which is prioritized by the Street Department Superintendent.

4. Resolution No. R2011-27; Fiscal Year 2012 Budget Adjustment for Harold Runnels Pool and Law Enforcement Protection Funding – Judi Starkovich, Executive Director, Administrative Services Division

Mr. Dible said the proposed Resolution provides additional funds to keep the Harold Runnels Pool open until further notice. It would require \$22,500 per month from the City's cash reserves to keep the pool open until a decision is made concerning the future of the pool.

Councilor Wall said he received a phone call from interested persons stating that they will be able to obtain donations from local merchants for the pool. He also said he received information during the recent New Mexico Municipal League Conference on how other municipalities establish higher fees to non-residents for the use of their facilities. Mr. Dible said a survey is being conducted concerning the fees charged for the use of the indoor pools in Flagstaff, Farmington, Bloomfield and Milan. The information requested from the four cities is resident and non-resident fees, swim passes, charges for extra services, etc.

Mayor McKinney said the proposed budget adjustment is based on the discussion and the direction taken during the previous Work Session by keeping the pool open for two

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to three months until the research by Mr. Dible is completed and when the recommendations for funding have been completed by the group of volunteers. Councilor Enfield recommended contacting the group of volunteers to obtain their final recommendations. Mr. Dible said Jeff Kiely has volunteered his time to conduct a study of the situation as he has already requested budgetary information concerning the pool.

Councilor Landavazo recommended providing programs that would accommodate all citizens from every age group at the Aquatic Center in the event the Harold Runnels Pool is closed. Councilor Wall also said the Mayor and Councilors will need to assess the future use of Harold Runnels Pool in the event a decision is made to close the facility. Mr. Dible said he has already had discussions on the matter as the Mayor and Councilors will also need to consider various financial issues for the City, such as the first half of the City's vehicle study, the evaluation of four months gross receipts tax revenues, the evaluation of three months general fund expenditures with projections and options for the City's recreational facilities.

Councilor Garcia said most of the patrons of the Harold Runnels Pool are county residents. He recommended contacting the County to request financial assistance for the operation of the pool. He also asked if the Gallup-McKinley County Schools has complied with the terms and the conditions of the agreement for the operation of the Gallup Aquatic Center. Ben Welch, Executive Director, Recreation Division, responded yes and said the Gallup-McKinley County Schools pay about \$16,000 per year which is about 20% of the operational costs for the pool. Mayor McKinney recommended revisiting the agreement with the Gallup-McKinley County Schools as well as a proposed fee structure for residents and non-residents for usage of the pools. Mr. Dible said his church group has recommended contacting the Rehoboth-McKinley Christian Hospital either to request financial assistance for the operation of Harold Runnels Pool or to lease or convey the pool to the hospital.

Councilor Enfield asked about the budget adjustment for the \$66,600 allocation from the State for the Law Enforcement Protection Special Revenue Fund. Mr. Dible said the allocation from the State is for training expenses that was previously cut in the Police Department's budget. Chief Robert Cron, Gallup Police Department, concurred.

5. Fiscal Year 2012 Auction – Judi Starkovich, Executive Director, Administrative Services Division

Mr. Dible presented a list of vehicles that are in obsolete, damaged or of no longer use for the City. He recommended approval to dispose of the vehicles through a public auction in accordance with state statute.

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6. Fiscal Year 2012 Lodger's Tax Appropriations – Judi Starkovich, Executive Director, Administrative Services Division

Councilor Landavazo reminded the Mayor and Councilors of the restrictions under state law for the use and allocation of lodgers' tax funds.

Councilor Enfield said he does not believe the \$5,000 allocation for Teach for America does not meet the requirements for funding under state law. Councilor Wall agreed. Mr. Dible said the Teach for America line item provides a welcoming program for new teachers moving in to the Gallup area. Since the program promotes the Gallup area, it may meet the funding requirements set-forth under state law. Councilor Landavazo also questioned the proposed allocation for Teach for America and wanted to know if the program has a significant economic impact to the community.

Mr. Dible said the City has a contract with the Gallup Film Office for about \$11,000 per year. The Film Office has already hosted one movie that was filmed in the McGaffey area.

Mayor McKinney said the City provides police and fire protection and sanitation services for tourist-related events. He said lodgers' tax funds may be used to offset personnel and operational costs in providing said services for the events.

Bill Bright, representing Gallup Solar, asked the Mayor and Councilors for their consideration of their request for lodger's tax funding for the annual Water and Energy Awareness Day. He said the function is a two day event where presenters from out-of-town provide water and energy conservation demonstrations to school children at the end of the school year. He said the funds will also be used to promote and attract tourists to visit the concentrated solar installation which is located by Gallup High School. Councilor Enfield asked for the dollar amount being requested by Gallup Solar. Mr. Bright responded \$3,500.85.

Mayor McKinney said the annual lodgers' tax allocations are being presented for action late in the year which has resulted in the accumulation of expenses that need to be addressed by event sponsors. He recommended reviewing all of the proposed requests for lodgers' tax funding and to address the immediate financial needs of the event sponsors. Mr. Dible said the requests for lodgers' tax allocations are presented to the Mayor and Councilors to address the items requiring funding by the end of October 2011. At the end of October, the Mayor and Councilors will also be able to analyze the City's general fund and financial condition, which may affect the way lodgers' tax funding allocations are currently being viewed. Mayor McKinney said Mrs. Starkovich needs to be present to provide the priorities for lodgers' tax funding as well as to answer questions concerning the proposed allocations.

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Peter Procopio, Red Rock Balloon Rally Association, presented their request for lodgers' tax funding in the amount of \$25,000. He provided clarifications of the misconceptions about their event and stated that the Association does not spend all of its funds at El Rancho Hotel as seven lodging facilities are used as host hotels for the event. The hotel rooms for the pilots are paid with the entry fees paid by the pilot and not with lodgers' tax funds. He said the process of allocating lodgers' tax funds normally occurs in May, with the decisions being made in June and the allocations being distributed in July. The delay in the time frame of allocating lodgers' tax funds makes it difficult to promote and advertise their event which takes place at the end of November. The Association complies with the City's reporting requirements and provides a list of promotion and advertising expenses for their event. Discussion followed concerning the magnitude of the balloon rally, the advertising and promotion for the event, and the number of balloonists participating in the event. Mr. Dible apologized for the delay in presenting the proposed allocations for lodgers' tax funding since he was recently hired and needed additional time to make necessary adjustments to balance the general fund budget. Mr. Procopio said the current process was the same last year.

Mayor McKinney said lodgers' tax funds in the amount of \$5,000 are also needed for the "Catch the Kid" Contest last week which was handled by the Chamber of Commerce in conjunction with the State Department of Tourism.

Larry Peterson, Wild Thing Championship Bull Riding, said his organization completed the 18<sup>th</sup> year of hosting the event, which has become the number one bull riding event in the southwest as of five years ago. The attendance for this year's event attracted over 10,000 for the two day event. The event is one of the largest fundraisers for the Manuelito Children's Home and the Gallup Christian School as the event was filmed by the Bull Riders TV Network which was aired during four different years in three countries. Due to the recent downturn in the economy, the sponsorship of the event has decreased by 22% during the last two years. He asked the Mayor and Councilors for their support of the event by approving the lodgers' tax funding request.

Councilor Garcia asked about the economic impact study of the Wild Thing Bull Riding event conducted by the Northwest New Mexico Council of Governments (NWNMCOG). Mr. Peterson said the study conducted by the NWNMCOG revealed that their event last year had a local economic impact of over \$1.3 million. For this year's event, Mr. Peterson said the NWNMCOG estimates that the event will increase by 20% to about \$1.5 million. Mr. Peterson said the City usually provides two police officers for the event and the event organizers will pay overtime for the additional police officers that are required. The event organizers will also hire private security in addition to the services provided by the Gallup Police Department, McKinley County Sheriff's Office and New


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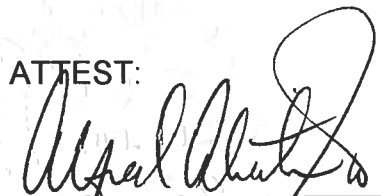
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Mexico State Police. Mayor McKinney said the adjusted allocation for the event is listed at \$4,000. Mayor McKinney asked about the amount of funds needed for the event. Mr. Peterson said he requested \$5,000 on the application; however, his organization discovered that it needs \$8,000 in lodgers' tax funds. Councilor Wall mentioned that the event organizers would be out of money in the event heavy rainfall forced the closure of the event. Mr. Peterson concurred as his organization has faced tremendous financial losses in the past; however, his organization always makes sure that the Manuelito Children's Home and the Gallup Christian School benefit from the event. Councilor Wall recommended increasing the lodgers' tax allocation for the Wild Thing Championship Bull Riding to \$10,000.

Due to time limitations, the Work Session adjourned.

  
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Jackie McKinney, Mayor

ATTEST:

  
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Alfred Abeita, City Clerk

Approved: 9/27/2011