

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, October 25, 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 George Kozeliski, City Attorney

The following items were presented to the Mayor and Councilors for discussion only:

1. Vehicle and Equipment Discussion – Rick Snider, Executive Director, General Services Department

Mr. Snider said he was asked by the City Manager to compile an inventory of the City's vehicle fleet containing the mileage, condition, age, acquisition cost and other pertinent information concerning each unit in the fleet. The detailed inventory listing also has a breakdown by class, fund and department. He presented a power point presentation to the Mayor and Councilors on the City's vehicle fleet overview. A copy of said power point presentation is attached hereto and made a part of these official Minutes.

Councilor Garcia asked about the total number of take home vehicles and if some the vehicles are taken to employees' residences outside of the city limits. Mr. Snider said there are about 143 employees taking home City vehicles and the total amount of vehicles that are taken home outside of the city limits are to be determined, pending survey results from Gallup Joint Utilities. Mr. Snider said there are about 10 police units being taken home within a 20-mile radius of the city limits.

Councilor Landavazo asked how Gallup compares with other cities its size concerning the vehicle replacement programs and the make-up, condition and age of their fleet. Mr. Snider said he does not have the requested information. Mr. Dible said some of the other cities would not have information about their vehicles. Mr. Dible said obtaining a survey on the vehicle practices by other cities would be more helpful in this situation. Mr. Dible also said take home vehicles for police officers is the standard in law enforcement in other cities.

Councilor Enfield reiterated Councilor Wall's suggestion from a previous meeting

MINUTES

City Council Work Session – 10/25/2011

Page 2

regarding the possible sharing of heavy equipment by all departments. Mr. Snider said an analysis on the matter would need to be conducted to ensure that services to the public are not compromised. Mr. Dible recommended analyzing the concept of establishing a motor pool since the City has many vehicles that are parked all day long. Councilor Enfield agreed.

Councilor Wall said he thought there was one department that handles all of the maintenance of City vehicles. He provided his personal assessment of the City's vehicles and used the equipment at the golf course as an example. He recommended the establishment of a motor pool as a cost saving measure. Mr. Snider said the maintenance of all City vehicles are handled by the City's Vehicle Service Center and a mechanic at the golf course handles the small repairs of the golf course equipment and vehicles. Mr. Snider said City staff needs to ensure that all vehicles are properly maintained on time, the fluid levels of the vehicles are constantly checked and each unit is cleaned on a continual basis.

Mayor McKinney recommended the use of daily inspection sheets for each operator to use in maintaining their equipment and to submit the sheets to the Vehicle Service Center. He does not fully agree with the provision of take home vehicles as a means for employee recruitment and retention. He would be more inclined to study the consideration of justifiable car allowances for employees rather than having to purchase vehicles at a minimum cost of \$30,000 per unit. He does not believe the City can afford to allow the existing practices of City vehicles by its employees and recommended a careful analysis of the City's usage of vehicles and funding for the replacement of aged vehicles.

Mr. Dible said one major issue to consider is the depreciation of all vehicles. He said if vehicles are not replaced on a constant basis, the City will be headed towards a budget crisis.

Councilor Garcia said there is one unit for the cemetery that has an average age of 23 years and recommended the sharing of equipment by all departments especially when it comes to digging graves. Mr. Snider said the Parks and Recreation Department has a high number of vehicles that are handed down by other departments.

Mr. Dible said staff needs to include page numbers on their presentations to the Mayor and Councilors.

2. Projected Fiscal Year 2012 General Fund Budget – Dan Dible, City Manager

MINUTES

City Council Work Session – 10/25/2011

Page 3

Mr. Dible presented a spreadsheet consisting of the competitiveness of the City's gross receipts tax per capita. The spreadsheet contains the County's and the City's per capita comparisons for the state shared 1.225% gross receipts tax revenues for Fiscal Year 2011, county and city population figures and the per capita dollar amounts based on population. The survey market for the data on the spreadsheet are all cities outside of the Rio Grande corridor that are the largest city in their county and have a population of at least 10,000 in a county of at least 25,000. Mr. Dible said if the City provided services only to its population of 21,678 citizens, Gallup would be competitive with other cities in the state in terms of per capita dollar amounts. Based on the county's population of 71,492, the City's per capita dollar amounts are greatly reduced as Gallup's per capita standing drops to the bottom of the chart in comparison with other cities within the survey market. The county per capita comparison shows that Gallup provides services to a significant amount of county residents. He recommended pursuing legislation that would require the State to distribute the state shared gross receipts tax in a different manner. Mr. Dible also presented a chart consisting of the Public Employees Retirement Association (PERA) contribution rates by PERA employees and PERA employers, for all of the cities within the same market area used in the previous comparison. The chart shows that the City of Gallup, as an employer, contributes a higher percentage of funds into PERA for its employees than any other city within the market area. The City's high contribution into PERA inhibits the City's ability to give pay raises to its employees. In reviewing the projected General Fund Budget for Fiscal Year 2011, he is projecting that the City will have a deficit of \$1,116,090. The major items in the projections are: 1) gross receipts tax will be \$400,000 over budget; 2) fines and forfeits revenue will be \$37,000 under budget; 3) utility rebate revenues will be \$147,000 under budget; 4) personnel costs are projected to run \$443,500 over budget; 5) operations costs are projected to run \$443,000 over budget; 6) transfers out in Special Activities has been increased in \$861,000 in unused capital project funds that is reflected in an increase in "transfers in" revenue that is shown with an \$861,00 capital expense item in the Special Activities division. He presented an overview of the projected General Fund Revenues and the General Fund Expenditures for each department.

Councilor Landavazo asked about an old bond fund where \$861,000 was discovered. Judi Starkovich, Executive Director, Administrative Services Department, said the bond fund derived from a July 1997 bond issue where the fund was continually funded from year to year for various projects and was never used or closed out.

Ms. Starkovich said the increase in operational costs for the General Services Department is for fuel, telephone and utility expenses. Mr. Dible said some of the previous budget cuts from July 2011 were excessive and needed to be increased in the budget; however, most of the cuts remain in the budget. Mr. Dible also said there are

MINUTES

City Council Work Session – 10/25/2011

Page 4

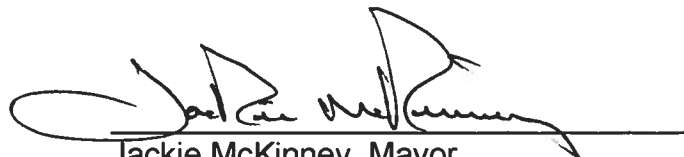
challenges in the budget for public safety as the Police Department's budget is up \$180,000, which may change depending on contract negotiations and the Fire Department is over \$300,000. There has been a tremendous growth in the Fire Department's budget as it has grown from \$2,527,841 in Fiscal Year 2007 to \$4,238,060 in Fiscal Year 2012. Mr. Dible is recommending a stronger hiring freeze for the Parks and Recreation Department since the projected increase in wages were based on adjustments needed for the under budget of funds for personnel costs.

Overall, Mr. Dible said it will take a while for the City to recover from its budget deficit. The City needs a meaningful budget process by requiring departments to submit an itemized budget, develop a more user friendly budget and a day-long budget hearing with the Mayor and Councilors with presentations by each department.

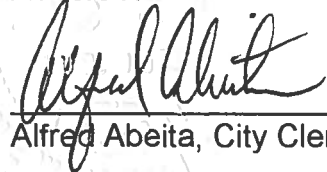
Councilor Garcia asked about the projected budgeted amounts for the Fitness Center. Ms. Starkovich said Fitness Center is not part of the General Fund and considered an Enterprise Fund.

Mayor McKinney commended Mr. Dible for his presentation and analysis of the City's dismal financial condition. Mayor McKinney said Mr. Dible's analysis of the gross receipts tax per capita competitiveness reveals the burden the City has in providing services to county residents. Regarding Mr. Dible's analysis of the PERA contributions rates, Mayor McKinney said the City's high PERA contributions for its employees should entice employee recruitment and retention as discussed during the vehicle and equipment overview.

There being no further business, the Work Session adjourned.


Jackie McKinney, Mayor

ATTEST:


Alfred Abeita, City Clerk

Approved 11/8/2011