

FINANCE COMMITTEE
Tuesday June 22, 2010
3:30pm
Council Chambers

MEMBERS PRESENT:

Mayor Alfonso E. Ortiz Jr., Chairman Ms. Kathy Tapia, Co-Chairperson
Councilor Tonita Gurule-Giron Mr. Tibor Remenyik
Mr. Ernesto Salazar (Not present for Roll Call)

MEMBERS ABSENT:

Ms. Christine Ludi
Mr. Gilbert Vallejos

OTHERS PRESENT:

Ms. Pamela Marrujo, Interim Finance Director Mr. Timothy Dodge, City Manager
Ms. Natasha Mtz. Padilla, General Accountant

AGENDA ITEM #1 – CALL MEETING TO ORDER:

Mayor Alfonso E. Ortiz Jr., Chairman called the Finance Committee to order at 3:34PM.

AGENDA ITEM #2 – ROLL CALL

Roll call was taken by Ms. Natasha E. Martinez-Padilla. A quorum was established.

AGENDA ITEM #3 – APPROVAL OF THE AGENDA

Mayor Alfonso E. Ortiz, Chairman entertained a motion to approve the agenda of June 22, 2010. Mr. Tibor Remenyik entered the motion with a correction in the date atop the agenda to be changed from Monday June 21, 2010 to Tuesday June 22, 2010. The motion was seconded by Ms. Kathy Tapia, Co-Chairperson. Motion was carried by unanimous vote.

AGENDA ITEM #4 – APPROVAL OF MINUTES (MAY 19, 2010)

In discussion of the minutes, Ms. Kathy Tapia stated that "On the minutes of the 19th, Tonita was here." Ms. Tonita Gurule-Giron stated "Yes, and I was marked absent, I believe I was about 5 minutes late. But I was present. And on the minutes of the 18th, it says that I was not present for roll call but I think the bigger concern there is if you go down to the agenda item #1, it says that we could not call the meeting to order due to no quorum being established. I know that in the past Mr. Chairman, there have been instances where you have been late and I have always, we have either waited for you based on recommendation by either yourself or from Mr. Dodge and I think Mr. Vallejos and I on that day were maybe one or two minutes late cause we were running in to get here in time." Mr. Alfonso E. Ortiz, Chairman said "We are not strict

about that in fact.” Tonita stated “Well, what concerns me Mr. Chairman on that is what follows where it says ‘you could not call the meeting to order due to no quorum’, now that really concerns me because...” Mr. Alfonso E. Ortiz says “Well we can’t call the meeting to order because we don’t have quorum, we have to wait until there is a quorum.” Ms. Gurule-Giron states “Yes, I know, but the fact that that stated that puts myself and Mr. Vallejos in a really bad light.” Mr. Ortiz, Chairman says “Just that for whatever reason you were not able to be here on time is understandable.” Mr. Dodge says “Mr. Chairman, I tend to agree with Tonita, it’s not important that the meeting was called to order and this was a public hearing, it wasn’t a committee meeting so it doesn’t really need to state that it was not called to order.” Mr. Ortiz, Chairman states “Well, I disagree with you, we got our own rules here and this is a very basic thing. It was an error on our part, nothing to be alarmed about, nothing to be technically involved with. It was an oversight, and if we in fact don’t have a quorum, whether it’s a public hearing or not, I’m gonna declare it that we don’t have a quorum. Now maybe we shouldn’t have even mentioned it in the minutes, just indicated in the minutes a little bit later, simply that we were waiting for a quorum to be established and not identify who was or wasn’t here. Ms. Gurule-Giron states “Mr. Chairman, with regards to that statement, the public hearings are not required to have a quorum and the bottom line is that that should be stricken. Mr. Ortiz, Chairman “Public hearings do not require a quorum?” Ms. Gurule-Giron “Is that correct Mr. Dodge?” Mr. Dodge “That’s correct” Ms. Gurule-Giron “That’s correct, yes.” Mr. Ortiz, Chairman “How can you have a meeting without a quorum, how can you have a public hearing without a quorum? You mean to tell me that...” Ms. Gurule-Giron “Mr. Dodge, can you please explain to him. I didn’t bring all my rules.” Mr. Dodge “This was a public hearing that was being conducted by staff with finance committee, the finance committee was not a quorum but the public hearing continued. So the public hearing went on.” Mr. Ortiz “So if this was not a finance committee, then what is it doing here in our minutes is what I’m asking? Ms. Gurule-Giron “It says very clearly that it is a public hearing, not finance committee meeting.” Mr. Ortiz, Chairman “Then it has nothing to do with the committee.” Ms. Gurule-Giron “It’s entirely two different...” Mr. Ortiz, Chairman “Ok then it has nothing to do with this meeting.” Ms. Kathy Tapia “So this shouldn’t even be in here.” Ms. Gurule-Giron “Exactly, so the statement should be stricken.” Mr. Ortiz, Chairman “Yeah, we’re conducting a finance committee meeting here and this is the minutes reflecting finance, not any other group. Ms. Tapia “Let me go back to my motion. I move that we approve the minutes of Wednesday May 19 with the correction that Tonita Gurule-Giron was here and that we just get rid of the ones from May 18 because that was a public hearing and not a finance committee meeting. Mr. Ortiz, Chairman “Very good, so I have a motion to approve the minutes of the 18th, I’m sorry, the minutes of the which ones? Ms. Tapia “The 19th” Mr. Ortiz, Chairman “the 19th and disregard the minutes of the 18th, simply because it was not a finance committee meeting. Any discussion of the motion? If not all in favor of the motion signify by saying I” Group “I” Mr. Ortiz, Chairman “Opposed.....(pause)....motion carries.”

AGENDA ITEM #5 – INTERIM FINANCE DIRECTORS REPORT

Mr. Alfonso E. Ortiz, Chairman “We have then the Interim Finance Directors report.” Ms. Pamela Marrujo, Interim Finance Director “We will start with the general fund revenues, as you

can see there that we've collected only 90% of our revenues at 92% of the year lapsed. On the property tax portion, we did receive our distribution for June, it's about \$220,000 so we are actually expecting to finish the year overall at 112%, so we will be exceeding that budgeted amount we budgeted for that portion. On the Gross receipts portion, we are expecting to finish the year about 3-4% down so at about 96%. Our licenses and fees are showing a little bit of a decrease and we are expecting liquor licenses. They're due this month so hopefully we will get a good portion of that come this month. It is made up on the expenditure side, we've only expended 86% of our budget. The savings I've noticed on our expenditure side come from the salary line item area, positions budgeted, positions unfilled or vacant for a short time, and of course in conjunction with that's gonna be the fringe benefits, we will see a savings on that end as well. The other savings I did notice is in the Gas, Oil and Vehicles line item, I think last year when the budget was being created, the gas prices were a little bit higher, so therefore with the gas prices gone down since last year historically, we are seeing a savings in a lot of the departments line items, in that particular one.

Mr. Alfonso E. Ortiz acknowledges Mr. Tibor Remenyik. Mr. Remenyik "May I have a question, I know what the answer was but I forgot, what are general services, what is under that category?" Ms. Marrujo answers "General Services pays our cities insurances, it pays the cities utilities, a lot of the costs that are incurred by the entire city. Mr. Timothy Dodge says "Contractual services, like attorneys, negotiating attorneys for the union." Mr. Remenyik "Oh, oh I see, so these are all not all in the midyear. Ms. Tonita Gurule-Giron "I have a question on that, Mr. Dodge. I believe that during one of the previous meetings we said we were going to look at getting or checking into bids for other insurances to decrease the rates. Has that happened? Or is that still in the future? Mr. Dodge "That's in the future" Ms. Gurule-Giron "Oh, ok" Ms. Kathy Tapia "I have a question, on the FY 2010 available balance, in this report it says as of the end of May what are you going to do with the ones that don't have enough to ...like the judicial, sure doesn't have enough to pay anything, salaries even for June. City Attorney only has \$1300." Ms. Marrujo "There's actually three departments that look like they may not be covered and that's gonna be City Attorney, HR and the Library. We plan to cover those with the End of the year Budget Resolution. Those will be covered by other department's savings. We do an end of the year resolution every year and that's how they will be covered because they don't have enough money to cover their cost until the end of this month." Ms. Tapia "When you did mid-year budget adjustments, I mean, you did do mid-year, I mean this wasn't anticipated and covered then?" Ms. Marrujo answered "I think our city attorney was hired in March and we did not anticipate that." Ms. Tapia "Ok, but what about the rest? I mean like judicial, you should know exactly..." Ms. Marrujo states "Judicial has enough to cover their costs thru the end of the year." Ms. Tapia "Library?" Ms. Marrujo "Library they do have an involuntary transfer over there, so they did not budget for that extra person, so that's what's affecting them." Ms. Tapia "Ok, will we get to see this end of the year resolution?" Ms. Marrujo "Yes" Mr. Dodge "Yeah it should come to the committee." Ms. Gurule-Giron says "I have another question, what is the status of our budget with DFA at this point?" Ms. Marrujo "We have not heard anything from DFA. We did turn it in on time. June 1st was the due date. We got it in on that day. We have not heard back but we expect to hear back by June 30th." Ms. Gurule-Giron "Ok, but you anticipate all good?" Ms. Marrujo "Yeah, all good." Ms. Gurule-

Giron "Ok, good." Ms. Tapia "But that will be what just a tentative approval until your final numbers are in?" Ms. Marrujo "Yes, just preliminary approval. Any other questions on the general fund? If not, we will move on to Enterprise. On the enterprise funds, they have under collected by about 11% on their revenues, but you can see by the budget percentages there, majority of that's coming from the natural gas area. Of course we are being charged less for gas, the citizens are paying less for gas, so that's why we see a decrease in the revenues. Again, it's made up on the expenditures side where we have under expended our budget by about 19%, it also shows the gas, we have spent less for our gas so that's why you will see that overall the budget percentage at 61%. On a positive note, I did notice that Wastewater and Solid Waste have collected 99% of their sales and services and Water has collected 98% of their sales and services so that's a good thing. Any questions on the enterprise?"

Mr. Alfonso E. Ortiz says "You know the committee has to realize that even though we are getting these figures now that next year things are going to be different. We're going to be looking at upward adjustments in terms of revenues based on upward adjustments hopefully on increases in rates. Water, for solid waste, for hopefully not for gas, water the definite one and solid waste is a definite one. That's something we've got to come to terms with. If that doesn't happen then you're gonna see cuts on personnel, you're gonna see furloughs, because we're not going to see state funding like we have seen in the past, were not gonna get federal funding so were gonna have to be a lot more independent. I want to alert people to it. Were gonna get the gross receipts if it works out. If the gross receipts passes, it's gonna be a shame if we don't increase anything else because that gross receipts should be there for further programs, for enhancement of programs as opposed to subsidizing anything and if we start subsidizing then were gonna run out of money soon." Ms. Tapia says "To me the sad part about, you know you talk about we have to raise utility rates which puts a burden on the public and if we weren't paying out so much on administrative charges, we wouldn't have to raise rates." Mr. Ortiz responds "The administrative charges in terms of gas, if you realize the gas now is at \$270,000 which is 11% and we need to pass....I'm sorry, this is for solid waste and solid waste is something we are looking at now. That according to the information I have gotten is gonna stay firm at \$270,000. It's not gonna increase but if additional revenues come in that 11% will go down to...if you look at sole revenues, will go down closer to 6% of what the anticipated revenues will be. And that solid waste, if we don't pass that revenue bond for almost \$3 million dollars, or a little over \$3 million dollars, that means that we can't keep up with the solid waste plant, we can't keep up with employees, we can't keep up with services, we can't keep up with closing of the landfill. The closing of the landfill just by itself is going to be \$2 million dollars and that's something that we got to do period." Ms. Tapia "Right and I realize this it's just that every time money is needed, it's the utilities...that we get money from the utilities in the way of administrative charges so...." Mr. Dodge "That's what the Mayor is saying, were capping that, were putting a cap on that, its not going to increase." Ms. Tapia "So, it's always been that it is a percentage of the budget, so next year it won't be a percentage of the budget." Mr. Ortiz, Chairman "It will be a percentage but the percentage will not be 11%, It will be closer to 6%. See the ideal thing would be if we didn't impose any tax increases but for water alone for example, water alone we're charging as per Councilor Feldman's computations, because I haven't done the computation myself, but he's computed that we are paying less

than one penny, less than a cent per gallon. People go buy a bottle of water, a gallon of water and you pay what at least \$1.50...\$2.00 for it. We're paying less than a penny and we think it's high. People in this community including myself need to realize that the water situation is terrible not only in Las Vegas, in the state of NM, in the US and the world, and if we don't take advantage of the opportunities that are there and look at increases, and we're not talking about 1% increase, 2% increase, at some point in time we might be looking at a 100% increase, or 200% or 300% so that bills go from maybe \$15 to \$45 but if we can secure water, without water were not gonna go any place. Water is a scarce resource. Were gonna have to pipe in water from someplace and if we were to say we could pipe it in from Santa Rosa, we don't even have that guarantee. Any entity that has water is not going to want to release it. If they do release it, they gonna release it at a very premium price and then we've gotta transport it so that's another big expense. In the absence of that, I mean just begin to fold up the city little by little." Ms. Tapia "Ok but I thought that was it 2 years ago that the ¼ cent sales tax was gonna be for water acquisition." Mr. Ortiz "Water acquisition it's still there, it's gonna be used but that amount is insignificant in terms of what we need. See when we're talking about hundreds, thousands of dollars 2 hundred thousand, 8 hundred thousand, a million and so forth were looking at water needs and excess, just the reservoirs alone..." Ms. Tapia "But you've got that ¼ cent sales tax which you'll be getting for the next 20 years, I mean cant you use that money to borrow money?" Mr. Ortiz, Chairman "Yeah, we can use it but that won't even be enough to borrow for ¼ of the reservoir needs that we have...one tenth of the need and that's with the quarter percent. And the other quarter percent were hesitant now in terms of passing or not passing it, even if we were to pass it, that's still not the answer, that picks up another tenth." Ms. Gurule-Giron "Not only that, that money is pretty much designated to the general fund, personnel and other..." Mr. Ortiz, Chairman "But if we were to designate it to water..." Ms. Tapia "But if you pass that and the general fund has their own revenue then you can stop taking administrative charges." Mr. Ortiz "See in fact at some point in time were looking at solid waste which is the area now, the other option that we have is to look at privatization and see if somebody else can do a better job. But even if we were to go to privatization, we've got to come up with \$2 million dollars just to comply with closure of the landfill. And when we look at changing rates with the solid waste, all were gonna do with the money generated is hire a total of 6 more people and perk up the operation but were not eve addressing recycling at that point in time. Were just patching things up and coming up to par and not a superior par, just a normal par and that's only with one utility. Water Utility is the worst of them, financially, in terms of need, in terms of scarcity, and the costs. Let me just, I don't know if I mentioned it at this committee or not, just to give you an idea, you people realize and I'll talk to Kathy but the rest of us are listening, that Storrie Lake, we have 500 acre feet of storage, not the water, just storage. We're paying through the nose, were paying \$100,000 a year. We went up from \$60,000 last year to \$100,000. Kathy next year we would be lucky if we could get it for \$100,000. They don't even want to negotiate with us for \$100,000. What they want us to do is make an investment and to line their ditch all the way from here to the field where Robert Quintana has and that's at a cost of Mr. Dodge, how many million? Over \$12 million, then the berm around Storrie Lake, they want us to increase it so they can increase their capacity and its gonna be another \$8 million, so overall its gonna be close to \$20 million, in return for that we would save them 50% of the loss of water they would be getting, in return for that, a minimum

of \$20 million investment that the City would make, you know what we would get for that, they would be willing to negotiate with us to get the same 500 acre feet of water at a price to be determined. Person says do you think were fools or what, but those are the conditions. So were working with different entities and saying there's 70% public waters over there and their being governed by private enterprise and that to say the least is against the law. And it's being done, and there's an agreement that entitles them to do that and so were looking at that aspect but right now they've got 50% capacity unused yet for a fraction which is 500 acre feet they're charging us \$100,000. And for next year they're holding us hostage because we might not get that 500 acre feet of water. If we don't get that 500 acre feet of water, we've gotta depend on our dams, were looking at one dam at \$23 million just to clean it out and rebuild the dam." Ms. Tapia "That's ok, it will rain for the 4th of July." Mr. Ortiz "And then we've got another dam that were looking at another \$15 million or so and even if we have the dams repaired, then we look at the Gallinas watershed, were very limited in terms of water that we can get. This is why this fire was so important in terms of it being a major disaster, had the whole watershed gotten fire, the ashes alone I'm told by experts, the ashes that would have been created would have done damage to the city for more than 5 years before we could even use that water. Five years what do we use, we don't have water, we don't have a reservoir, we don't have any kind of a backup system, so therefore were working with municipal league in terms of a resolution to present the water issue. In NM, the last meeting that Councilor Gurule-Giron and I attended in terms of resolution and finance committee, I asked them 'How come there's not a resolution on water?' and the chairperson told me 'well this committee doesn't deal with that, it's another committee' I said but that's such an important...every committee should be addressing the water issue. We're going to be addressing it at every level." Ms. Gurule-Giron "And she pretty much told you you were in the wrong committee." Mr. Ortiz "And then we look at the acuecias, the acuecias just passed a law last year was it Mr. Dodge, that we cannot condemn the water use for the acuecias. The other thing is that if we wanted to buy water rights from an acuecia and somebody said Tibor for example, just assume he had some water rights we wanted to negotiate with him, and he says ok I will sell them to you, before we can get that approval of the sale, the rest of the member of that acuecia association would have to approve it. If one person objects to it, he can't sell them. We're being held hostage from one end to the other. In the meantime we can't grow any further than what we are, we are limited with funds, were limited with water, and that's the situation were in, and I know people are hurting for money, they're hurting right and left but were talking about survival. This isn't a luxury where were saying we want paved streets, we want a new rec center, we want a convention center, were saying we want drinking water and were at the point where were not even talking industrial water, as a result of that you know, were having to use effluent water, were finding every means possible and fortunately we've got people working hard at these things. And we were watering Lincoln Park with fresh water, it's no longer fresh water now. It just happened this week were using effluent water for that. By the end of the summer were gonna be using effluent water to water the Plaza park. By the end of the summer we should be using effluent water to water Carnegie and Carnegie I understand is a big user of water. We're using effluent water to water Keys Park. Were selling water to Highlands and to some of the schools but were gonna have to increase the rate that were charging to those entities because we're giving that water away. The more effluent water we

can use the more we can salvage fresh water. So I mean, we've got good ideas, were working on them diligently, it's just that people have to cooperate and understand that if we want to continue and not move to Rio Rancho or some other place because that's the movement right now were gonna have to just dig into our pockets right now and pay as much as we reasonably can. And I use the word very sincerely, reasonably because I'd like to see cuts in rates but that's not going to happen. I'd like to see privatization come in and say 'for what you people are charging, we could do it for 50% of what you're charging' and I would be the first person to say 'Please governing body, lets approve it' because were looking not at making money, were looking at rendering services at the least possible price." Councilor Gurule-Giron "With regards to Carnegie now that you mention it, why don't we zeroscape that, Mr. Dodge. I know that's probably an executive question. Do we have the budget to do that somewhere?" Mr. Dodge "That's something we can take a look at but I think you would have some challenges on the historical side of it." Mr. Ortiz "And the effluent water right now see, we have a good source of water, that's why the other project we have in mind were working on and just got funded recently through CDBG is the paving of Moreno Street, were gonna run the water line from Lincoln Ave. down the east side of the river walk, across the river to Moreno, 10-12 inch line all the way to New Mexico Avenue. And that's in preparation to establish holding ponds in Rodriguez Park by next year. If we can do that then we can store all the winter water that were letting downstream go and we can capitalize on that. That's gonna be a blessing, a major, major blessing that's gonna help us tremendously.....We will let the record indicate that Mr. Salazar is present that way the minutes will reflect so." Mr. Ernesto Salazar "I apologize for my tardiness Mr. Mayor." Mr. Ortiz "It's understandable because I'm assuming you were at services. Weren't you at the funeral mass this morning?" Mr. Salazar "NO, we were at a bank board meeting. I apologize." Mr. Ortiz "Were just happy that you're here. Mr. Tibor." (28:40)Mr. Tibor Remenyik "Mr. Mayor, I have a question. We are talking about, we have water scarcity and all that, why is it possible that during the last ten years, the city gave tap rights to 480 tap rights, is that right? How come we....that doesn't make sense, if we have scarcity, we should not give any more water rights, and water usage rights. Because if somebody gives us.... sells us water rights, that does not help one bit because people cannot drink and all we need is water, liquid water and we don't have it. Even though some people say there is plenty in Gallinas Canyon, I am a geologist, a hydrologist and I have big question marks about that one. But what we certainly do have is obviously quite a bit more capacity, storage capacity for drainage to the reservoirs . Now I don't know, the problem is, it should have been done year by year, by year as New Jersey does it and so forth and all these big cities drench their reservoirs every year so not properties millions of dollars and where do we put that material. This is gonna be a big question so if its negligence, some generation has to bite the bullet." Mr. Ortiz "And see I want this generation to bite the bullet, and as your saying, that sludge, not the sludge, the silt that's gonna be removed, that's another problem that were gonna find a place to place it. And before we can remove that silt we've got to empty the thing. We can't afford to empty it because if we empty it we lose that capacity and if it doesn't rain or whatever...so were really in a dilemma....but were looking at those things. Let's go back to the 400 taps that you talked about, were these water taps in the city or outside the city?" Mr. Remenyik "Yes, in the city. For example, when people put up mobile homes somewhere, you don't need to ask for a new water tap." Mr. Ortiz "If water taps are already there, no you don't need to ask for

one." Mr. Remenyik "but if maybe a whole family uses the water, shouldn't something should regulate that, not just 'ok, were gonna change the zoning here and there and put grandmother and now 2 of her grandchildren are moving in that shouldn't be done. The grandmother should be moving in with her grandchildren. Not the family into the city." Mr. Ortiz "Are you suggesting that we stop growth in Las Vegas within city limits?" Mr. Remenyik "Yes, I do. The growth should not be quantity but quality. That's what I say because as far as quantity, we cannot grow." Mr. Ortiz "Well see, even to maintain the residents we do have....that's an interesting thought, I don't agree with it but it's an interesting thought about closing our city to any kind of growth." Mr. Remenyik "I just said where the growth is, not quantity but quality." Mr. Ortiz "But then your discriminating, you can't discriminate. You can't say here's a poor family, we don't want them but here's an affluent family that can bring in money and bring in this and so forth, no sir, not here." Mr. Remenyik "That is a catch 22 because if you want to grow and you are going to grow with freeloaders, they won't be taxpayers, our tax base is growing fast." Mr. Ortiz "I have no idea how you're gonna classify freeloaders, you know to me there's not a single freeloader in the community of Las Vegas, hopefully not in the state of New Mexico hopefully not a place in the world. People identify people, just a subjective thing, some people classify others as freeloaders, maybe these people are just trying to make a living and cant and they're having their problems but they get labeled and so, but we'll move on with this topic. Ms. Gurule-Giron." Ms. Gurule-Giron "With request to your concern, Tibor, Remenik, is that correct? First of all we need to encourage new development, we must, and we understand that we have a water shortage but I think what concerns me the most is what followed and the statement of freeloaders and Mr. Chairman, I want to actually congratulate you for speaking up on behalf of people who cannot afford and your absolutely right, we do have families historically that have been here generation after generation that have struggled to be where they're at and I commend you for that you do have people that do come from other states with a lot of money and can afford to buy and purchase just about anything including water rights as you well know and that's probably why were in the situation that were in today, but I think that to stereotype and make a statement that are discriminatory at any committee is just completely unacceptable of any member that serves in the capacity and that represents the city's interest and I think that we should have to be very cautious and careful with the language that we use because that could put us in a liable situation in the future and my recommendation is that in the future we probably should bring out committee members that are gonna be more objective verses subjective when it comes to statements of that nature and that's all I want to say." Mr. Ortiz "See, just as a statement, I'm very firm in terms of what I said but I also believe we need to have a variety of members in the committee so that we have different viewpoints and we consider these things and then we come up with the best ideas possible. So, let's move ahead, what else do we have." Ms. Marrujo "Were gonna move on to the recreation department, the last portion that we have, as you see there we've only collected 79% our revenues that we budgeted. On a lighter note, I noticed that we only need \$1600 to meet our budget in the Open Swim category and so that's a positive note. Also, we have exceeded our estimate by about 10% in our wellness center so we did collect extra revenue that we weren't expecting. So that's a positive. There's a slight savings on the expenditure side of the recreation department. We've only expended 85% of their budget and as always they are making all efforts to reduce their costs as much as possible." Ms. Gurule-Giron "I have a

question, some of the negative balances shown here, is it because of lack of encumbrances.” Ms. Marrujo “On the cash balance report?” Ms. Gurule-Giron “Yes” Ms. Marrujo “Some of the negatives are the reimbursement grants that were getting monies back on. Is there any one in particular?” Ms. Gurule-Giron “No, I just wanted you to explain it.” Ms. Tapia “On that note, there was, at the beginning of May, there was 19 of those that were overspent that was the beginning balance. And so we’re not getting this money in monthly or how often are we actually getting the reimbursement.” Ms. Marrujo “I believe draw downs are requested after...Natasha do you know if the draw downs are requested right away....and sometimes it takes 30-60 days to get reimbursements back, sometimes it takes two days, it just depends on who were requesting the reimbursement from.” Ms. Natasha Martinez-Padilla “When we request them from the state it does take a little while but you also have to think about the expenditures, look at the Street and Coop Projects, you look at a PO for them compared to a PO for airport, the PO’s for Street and Coop are gonna be like in the realm of \$200k to each contractor so one drawdown is the balance.” Ms. Gurule-Giron “And that’s at a 30, 30, 30, 10% drawdown prior to or do you hold just the 5%?” Ms. Martinez-Padilla “I’m not sure.” Ms. Gurule-Giron “Usually they will allow 30, 30, 35.” Mr. Dodge “It just varies on which grant agreement.” Ms. Gurule-Giron “Sometimes they will do a 30, 30, 30 with a 10% admin that they hold back, but when I used to administer them it was a 30, 30 and they would release the 35, if things were going well of course.” Ms. Martinez-Padilla “Yeah, it’s just on a grant to grant basis.” Ms. Gurule-Giron “And the investments, those are the reserves correct?” Ms. Marrujo “Yes.” Mr. Dodge “That’s not correct, the investments are above the requirement.” Ms. Marrujo “Yes, I’m sorry, they are above the requirement, our reserve is separate.” Ms. Gurule-Giron “Where are the reserves, am I not seeing them?” Mr. Dodge “This doesn’t show it but the general fund is a 1/12 reserve so this is showing an estimated cash balance of \$1.4mill, so you would take the total budget I believe the reserve requirement for this current year is right about at \$930,000 if I am not mistaken so that’s within that estimated cash balance.” Ms. Gurule-Giron “What is the reserve balance approximately?” Mr. Dodge “The requirements approximately \$900,000.” Ms. Gurule-Giron “Yeah but we have more than that, correct....\$1.3?” M. Dodge “Well, we have \$1.4 in cash balance plus another \$850,000 in investments, so we have over....about \$2.2.” Ms. Tapia “My understanding is that DFA this year is wanting you to, whatever your cash balance is on June 30th, they want to know what that is being used for. That a new ruling this year?” Mr. Dodge “They’re wanting to know what our cash balance is going to be used for? I haven’t heard that.” Ms. Tapia “That’s what I heard, just wondering if you had heard and if you could tell us what it was going to be used for.” Mr. Dodge “Every year, DFA has always asked if we had cash balances, they want you to do some type of earmarking for it and normally what we’ve provided in the past is, what my past experience is what we’ve done is a sheet over that shows all the capital projects on the ICIP plan and it shows the cash that would be going to that specific project, so it’s sort of an encumbrance on those. So is that what you were talking about?” Ms. Tapia “No, I mean and that makes sense like where you got bonds and stuff like this and state money, but you know like on some of the smaller accounts.” Mr. Dodge “Like for instance on the general fund, that \$850,000 investment, we don’t have that budgeted at all. It’s part of the cash balance but they haven’t asked us to explain what that’s going to be used for. It’s basically over and above the reserves.” Ms. Tapia “I just heard that that was a new requirement this year, that they were

going to want to know.” Mr. Dodge “Have you seen any correspondence on that?” Ms. Marrujo, “No I haven’t. But I can follow up with Brenda and find out.” Mr. Dodge, “Well if they don’t ask, I don’t think we...” Ms. Gurule-Giron “I don’t know if they are actually going to require it this year but they might require it for the next fiscal year so just keep it in the back of your head just for in case.” Ms. Marrujo, “Ok. “ Ms. Gurule-Giron “They might not but you know but right now it’s up in the air.” Ms. Tapia “Well I’ll get more information and bring it back.” Mr. Dodge “I haven’t seen anything about a question like that.” Ms. Gurule-Giron “I think probably for the next fiscal year.” Ms. Tapia “Its evidently something that came up at one of their state budget trainings.” Mr. Ortiz, Chairman “Excuse me, finishing a sentence here, but what was the essence of your comment in terms of what might be forthcoming Tonita?” Ms. Gurule-Giron “It was just something that Kathy.” Mr. Ortiz, Chairman “Kathy.” Ms. Tapia “You’re gonna have to tell them what your cash balance is going to be used for.” Mr. Ortiz, Chairman “Oh, ok.” Mr. Dodge “You know with the LEC hearings, they’re probably looking at cash balance and state shared GRT and coming up with an explanation as to, you know the communities that do have a cash balance, which there’s not many of them out there but they’re probably wanting to see what communities can be tapped.” Ms. Tapia “To me, they will see that we’ve got a lot of money and then we go to Santa Fe and they say well why are you here if you have all this money.” Mr. Ortiz, Chairman “On one hand they want you to have a cash balance and a reserve to make sure you don’t run short but then on the other hand they say ‘well you’re not spending your money’ and you say well wait a minute, cash balance but the real thing we need to be concerned about is the reserve. That’s the emergency reserve that we need. The cash balance at times, and that’s one thing were looking at right now, an entity can overdo it with a cash balance. There has to be reasonableness to what your cash balance is.” Ms. Gurule-Giron “But with that statement, I know working at DFA, one of the key factors was for example, I’m gonna use Alamogordo, they got a lot of money every single year and their cash balances were always very low and it’s because of their expenditures of money, primarily in their capital projects area through the ICIP planning process so I think they’re going to be looking at that and I think because they are scrambling for money at the state level as you all well know. So they’re gonna be looking at that a little stricter in the upcoming years. They have in the past already but their gonna be scrutinizing even more so and I would say the next fiscal year, absolutely there’s no question, so I think that any cash balance that have not been expended or encumbered within that 12, 18 or 24 month period, they’re gonna be asking for reversions big time and I think that we have to really stay on top of expending the money or encumbering it even if it’s on a contractual basis with the first drawdown of 30%, I think will take care of it. This is a recommendation, it might happen it might not and I can’t say for sure.” Ms. Tapia “Who monitors your grants?” Mr. Dodge “Veronica Gentry” Ms. Gurule-Giron “Is she back here?” Mr. Dodge “Yes, she moved back yesterday?” Ms. Marrujo “Yes.” Mr. Dodge “But she was still doing the grant administration. She’s taken on other tasks now that she is back because you know at one time we probably had over a hundred grants that we were managing and with all the state money and federal money drying up, were probably down to what, 10-15 grants, so there’s not as much activity there so she’s...” Ms. Marrujo “Reconciliation of the Littles.” Mr. Dodge “And she’s gonna be taking on some other duties as well. She’s very well trained.” Ms. Gurule-Giron “Oh yeah, on the grant administration for Ms. Gentry, is she handling all the grants within the city or just specific grants.” Mr. Dodge “The only ones that

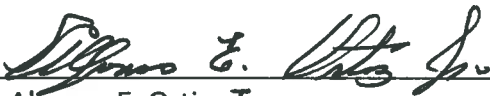
she doesn't handle but she still does engage and oversee is the disbursements of the JAG grants and some of the AARA grants that belong to the PD. We have a grant administrator at the PD." Ms. Gurule-Giron "I remember, ok, and is that working out ok I mean the timeliness issues are being met, were not losing any money cuz I know there was an issue in the paper that we had lost some money." Mr. Dodge "And that issue, the way that it was being projected was incorrect. It wasn't that it wasn't being timely taken care of it was that the governor came in and froze all the grants. Nobody could foresee that and then once they did that they tried to revert them and get all the grants reverted. There were several grants that they did take back but then the big grants were taken off the de-authorization list so we ended up recouping those funds." Ms. Gurule-Giron "Yeah, and I was strongly advised in the future that you really focus on any outstanding balances when it comes to capital projects and grants, expend them quickly." Mr. Dodge "You know how it was, you worked with DFA, there was a lot of communities that would go up an apply for a \$300,000 project and then only get funded \$100,000..." Ms. Gurule-Giron "Yes and they would have to phase it out." Mr. Dodge "They would have to hold on to that money until they had enough money to build it and those were the grants and projects that got caught up in not being expended and that's the money that's been taken away. But there's a lot of other projects that we did have moving." Ms. Gurule-Giron "But were not in that position I hope." Mr. Dodge "No."

AGENDA ITEM #6 – OLD BUSINESS

No old business.

AGENDA ITEM #7 – ADJOURN

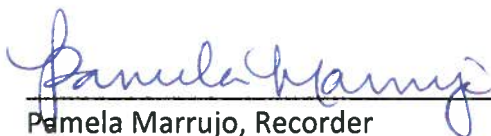
Ms. Tapia "He left, I'm in charge, lets adjourn. Well since he's not here, I'm in charge so If I hear a motion I'll..." Ms. Gurule-Giron "Id like to make a motion that if there are no further questions to adjourn." Ms. Tapia "Do I hear a second? A second?" Mr. Salazar "Second." Ms. Tapia "All those in Favor." All "I" Ms. Tapia "All those opposed?"



Mayor Alfonso E. Ortiz, Jr.

8/12/10

Date



Pamela Marrujo, Recorder

8/12/10

Date