

FINANCE COMMITTEE
Tuesday November 16, 2010
3:30 pm
Council Chambers

MEMBERS PRESENT:

Mayor Alfonso E. Ortiz Jr., Chairman
Ms. Christine Ludi, Member

Councilor Diane Moore
Mr. Gilbert Vallejos, Member

MEMBERS ABSENT:

Mr. Ernesto Salazar, Member
Ms. Kathy Tapia, Vice Chair

OTHERS PRESENT:

Ms. Pamela Marrujo, Interim Finance Director
Mr. Paul Cassidy, City's Financial Planner

Mr. Timothy Dodge, City Manager
Mr. Bruce McCallister

AGENDA ITEM #1 - CALL MEETING TO ORDER:

Mayor Alfonso E. Ortiz, Chairman called the Finance Committee Meeting to order at 3:35 p.m.

AGENDA ITEM #2 - ROLL CALL

Roll call was taken by Ms. Pamela Marrujo, Interim Finance Director. A quorum was established.

AGENDA ITEM #3 - APPROVAL OF THE AGENDA

Mayor Alfonso E. Ortiz, Chairman entertained a motion to approve the agenda of November 16, 2010. Councilor Diane Moore entered the motion which was seconded by Ms. Christine Ludi. Motion carried by unanimous vote.

AGENDA ITEM #4 – APPROVAL OF MINUTES – September 14, 2010

Mayor Alfonso E. Ortiz Jr., Chairman entertained a motion to approve the minutes for September 14, 2010. Mr. Gilbert Vallejos entered the motion which was seconded by Ms. Christine Ludi. Motion carried by unanimous vote.

AGENDA ITEM #5 – Interim Finance Director's Report

Pamela Marrujo started by explaining the General Fund Finance Report stating that the General Fund had collected 30% of their revenues year to date. It was pointed out that "licenses and fees" were down at 11% collected and Mr. Dodge went on to explain an issue with the State and that they were disputing some business license fees. He went on to mention that staff was currently revising and updating the ordinance related to business license fees to clear up the issue.

Ms. Marrujo went on to state that all of the gross receipts that are currently being collected are coming in on track and above. On the expenditure side, the City had expended 35% of budget. Ms. Marrujo explained that there are one-time expenditures that have forced some departments to go over their budgets. The Enterprise Revenues collected are at 22% year to date at 33% of the year lapsed. Gas had collected the least of the revenues but will be on track once the cold weather hits. On the Enterprise Expenditure side, the City had expended 24% year to date. The City has not had to purchase the gas expected at this point in time so therefore the expenditures are down in the gas department. Ms. Marrujo went on to share with the committee that the City

would be seeing a slight decrease on their gas bills. Customers should see a \$1-\$2 reduction each month. Utilities would be announcing the final figures come December.

Ms. Marrujo continued her report on the recreation revenues coming in at 32% while their expenditures were at 34%.

Ms. Marrujo passed out the Cash Balance Reports to the committee.

Mayor Alfonso E. Ortiz Jr., Chairman questioned Ms. Marrujo on whether high cash balances were good to have. Ms. Marrujo explained that while cash balances were good to have in a case of emergency, with the state looking to possibly take away the state shared gross receipts tax or the hold harmless tax, the City's cash balance could quickly be non-existent. If the State took both of those revenues away, that would decrease the City's cash flow by \$4.5-\$5 million dollars that the general fund currently sees. Ms. Marrujo further explained that if that is the case, the City would be forced to reduce forces, cut services, etc. in order to balance the budget. On the same note Mr. Dodge stated that the municipalities are the only ones who have not been hit by the state. Mayor Ortiz said that the City has continued to meet with the New Mexico Municipal League to encourage legislatures not to balance the budget at the expense of the municipalities. Discussion continued on the taxes cities/counties receive and the impacts of the State withholding them. Cuts affecting the schools were also discussed.

Councilor Moore questioned the deficit in Airport Operations. It was explained that Fuel for Resale was the reason for the deficit. Ms. Ludi questioned the Special Appropriations fund and it was explained that it was a reimbursement grant and the City was waiting for the monies to come in.

Ms. Marrujo handed out a copy of the City's Budget Message and explained that the City turned in their budget to DFA for consideration for a budget award and the Budget Message accompanied that Budget. Mr. Dodge stated that this is the second time the Budget message had been done but the first time the City had turned in the budget for consideration of an award in a few years. Discussion ensued.

Councilor Moore brought up the council agenda item regarding entering into contract the Nick Loftis Firm for fixed assets. Ms. Marrujo explained the benefits of the consultant. Conversation ensued. Councilor Moore questioned if the committee reviews items going to council. Mayor Ortiz informed her that at one point in time, the committee was making recommendations and that when he came in, he advised the committee that they were advisory only and the City was to keep them informed on the general overview of the City's finances. Mayor Ortiz did welcome any ideas that committee members may have and that they would be considered.

The City's Financial Planner Paul Cassidy from RBC Capital Markets reported on the interest rates for the Solid Waste Bonding and gave a brief explanation of what the bond monies would address. New Mexico Finance Authority submitted the lowest bid of 2.83% for the monies.

AGENDA ITEM #6 – OLD BUSINESS

No old business.

AGENDA ITEM #7- NEW BUSINESS

No new business.

AGENDA ITEM #8 - ADJOURN

Mayor Alfonso E. Ortiz Jr., Chairman entertained a motion to adjourn the Finance Committee meeting of November 16, 2010. Member Christine Ludi entered the motion to adjourn at 4:40pm. Motion was seconded by Mr. Vallejos. Motion carried by unanimous vote.

Alfonso E. Ortiz Jr. 12/23/10
Mayor Alfonso E. Ortiz Jr., Chairman Date

Pamela Marrujo 12/23/10
Pamela Marrujo, Interim Finance Director Date

*****Note: This version of the minutes is summarized, for a full copy of the recording please see the Finance Department. ******