

MINUTES OF THE BUDGET WORKSHOP
OF THE CITY COUNCIL
OF THE CITY OF RUIDOSO DOWNS
WEDNESDAY, MAY 19, 2004
5:30 P.M.

The Council of the City of Ruidoso Downs met in a budget workshop session on Wednesday, May 19, 2004. Mayor Miller called the budget workshop to order at 5:30 p.m. and asked Bonnie Richardson to lead in the Pledge of Allegiance.

Upon roll call, the following members were present:

Councilor Olivo
Councilor Miller

Councilor Morales
Councilor Garrett

Administrator Waters informed Mayor Miller there was a quorum.

Also present:

John Waters, City Administrator
Carol Virden, City Clerk/Treasurer
Robert Logan, Chief of Department of Public Safety
Ken Mosley, Public Works Director
Tom Armstrong, License/Permit Supervisor

APPROVAL OF AGENDA

Mayor Miller entertained a motion to approve the agenda. Councilor Morales moved to approve the agenda. Seconded by Councilor Miller. Roll call: Councilor Olive aye; Councilor Miller aye; Councilor Morales aye; and Councilor Garrett, aye. Motion carried.

INTRODUCTION OF FISCAL YEAR 2004-2005 BUDGET

Administrator Waters said this is a draft and you need to write draft on the first page, which starts with the General Budget. We have a 1.5 option and I will explain that in a minute. If you remember last time there were three or four versions. I am going to make sure I give you the proper date on the revisions. If you remember from last year, this is just the session in which we introduce the recommendations from the budget committee and the staff to the general council. Remember your decision from this draft budget into a preliminary budget is due into DFA Office in Santa Fe no later than June 1. At the end of July, the final budget is due. The reason we submit a preliminary budget to the State is to show them that we have enough to operate on until we have final approval of the budget and it is submitted no later than July 31st. It generally comes back to us some time in September at the latest. You will notice "Prepared by" and there are different names. The department heads with their staff came up with a wish list. Most of those items were then put on a collection for the different funds they were in. Those were then brought before the budget committee. We had a final number we were working with; that will be for the gross receipts tax and general fund; you should have your projected gross receipts tax by month form.

Essentially that is what the number is based on. At that point we had a number to work from and as you can understand we had lots of requests, hundreds of thousand dollars more requests than we had money. We whittled it back from there. Now, we have a number that is under the projected number as far as the income for that year. There still has to be some loose ends tied up. Definitely any cash balances towards the end of the year are going to change this as well. Mr. Mosley has informed me that the water materials and supplies budget probably needs to be adjusted upwards. Essentially what we have here is a product that fits the amount of money we are projecting for the end of the year. It may change depending upon the end of the year balances as well. We need to understand that this is just a preliminary budget you are going to be looking at. You can make changes and definitely make recommendations on any of these funds until July 31st or the last council meeting of July. You have an opportunity,, if there is something on this that we need to readdress it after the second meeting in May. We can certainly come back and make sure it is corrected or changed for the final budget. I am going to go over the general fund and I am going to scan over the water and sewer fund and some of the water and sewer improvement funds.

The first thing I would like to talk about is our projected budget gross receipts. The projected gross receipts tax and what is listed in white at the top of the table is what we actually have to date, the last one being FY 2003-2004 the April number of \$178,883.64. This includes our infrastructure gross receipt taxes as well as the State and Municipal shares; it does not include the environmental gross receipts tax, which is a direct pass through to the Lincoln Solid Waste Authority. We have projected out into the end of the year as if it was going the same way with slight increases for May and June. Next year you will notice the percent increase and decrease for the month, we have a moderate increase projected for July through March of 3.4 percent. That pretty well tracks with last year, however, when we get into April, May and June because of something that is still being utilized by the State and that is namely that gross receipts on groceries impact statement that the State Department of Finance Taxation and Revenue is still using. They had us down as impact of only \$13,000 if we lost all of our groceries. They are still using that form despite letters that the Mayor has sent to the Governor, the taxation committee and legislature. What this means to us is maybe they have this under control, something they have planned for and they have other ways of taking the money. Essentially when you take it from one place you have to replace it. The point is if they missed us we are looking at anywhere between \$600,000 and \$800,000 in impact and they are impacting us at \$13,000, what are they doing to Albuquerque or Las Cruces. We may be just a tip of the iceberg which means the State by the end of the sixty day session at which time the Department of Tax and Rev start getting these checks in, they may notice they are off on their estimate. The bottom line is the State is going to have to come up with something. That may happen at the end of the sixty-day session but more probably it will happen in a special session. The first checks won't start rolling back until the April time period; it is two months behind. If it starts in January the State will know about it a month or a few weeks before we will. They will get their disbursement and if that happens in the first sixty-day session, they are going to look for ways to compensate. The gross receipts tax holding the municipalities harmless hung on by a thread. The Municipal League fought really hard to keep the exemption for the municipalities on the groceries gross receipts tax. What does that mean for next year? If the municipalities survived by that much and the State looks at a shortfall, that could be one of the areas they look at to compensate. Even if we take a moderate hit, we are projecting a 25% loss of revenue for those last three months. It averages out to about a 3.667% revenue shortfall for this next fiscal year. We can say the Governor is going to protect us and we can go ahead and project the 3.4%; I think it is a difference of \$90,000. We can do that but once we get

to that point at the beginning of the third quarter and we are looking at a serious shortfall to cover things like salaries, and this is a tight budget as it is, we may be looking at things I would rather not do like layoffs and demotions. It is a lot easier to absorb it now and plan for it. If we get to the end of this third quarter and we find the Governor has found another way to compensate then we have \$90,000 extra and we can certainly budget that accordingly at that time. At this time I am recommending that we at least plan for something that may happen in the last three months of the year and that is why you see a reduction of 3.667% for this next year in the general fund.

As far as the operating expenditures go, there are going to be some things you need to look at and possibly change before the preliminary budget meeting on Monday. The one I have here and I am sure his Honor Mansell would want to change anything if he has any changes for the Municipal Court. I will leave that to the Council to ask any questions and certainly if the Judge would like a copy of what we did last year that is essentially what is carried over this year with the exception of any of the recommended increases as far as personnel. The Judge's request is reflected in there as an increase.

To start this off, you will notice we have the 1.5% option. This is a cost of living adjustment of 1.5% and no it doesn't keep up with the annual cost of living. This is what we could afford. The Council members on the budget committee know I brought in a .5% increase. They asked me to see if I could work this with a 1.5% increase. We changed the numbers around and I believe we can afford that. You have to remember one thing as we are going through this, there are years we have lots of projects and there are years where we don't. In the past we have been able to adjust the Police Department and adjust some other departments to account for that type of revenue strain. This year we have a lot of projects. If you look at the project sheet, a lot of these projects are ongoing projects. We have water rights acquisitions and emergency water system improvements Phase 1A and that is part of the Water Master Plan. You will see that I have \$200,000 there and that is incorrect; it is \$242,000 total including the cash ending balance. That is just a little more than half of what we had last year to spend on water rights acquisitions. These are all major projects; every one of them is over \$100,000. For Turkey Canyon reconstruction, we have \$155,000 total and that includes a grant from the State Coop that we are still waiting to hear on through the Department of Transportation. This continues with the Allison and Turkey Canyon projects we had before. This will finish Turkey Canyon and allow for proper drainage. On the water storage tank we didn't get our CDBG grant but we got a lot of other grants. Essentially with those grants and our matching funds we have \$600,000. We can double our storage capacity with a 1,000,000 gallon storage tank. We are looking at placing that up on the existing reservoir space that has 100,000 gallon tank right now. Possibly we can use that 100,000 gallon tank for a future well site if the tank is salvageable. We have the water line replacement and PRV installation and that is the big CDBG project that is going on right now. We have the Wood Lane, Marion Drive and Parker Road sewer line extension. Why we have three there is because we are working with a private entity to see if we can provide some of the sewer to one of those areas. Depending on how much that person puts in, we may have enough to move in to those other two streets. Here again, we are following what the EPA told us to do and this is to take people off of septic tanks, put them on sewer and get the septic waste out of the watershed. The East Highway 70 sewer line extension and easement purchase, this was the last project the Council approved. This is the amount of monies we are looking at for next year. The other CDBG grant we got is for drainage for the River Park Subdivision; they are working on the final design for two of three parts of that phase. Then, we have the construction of the Wood Lane fire station. The Fire Marshall approved this and it is going to cost about \$100,000. We are currently in negotiations with the property owner

and it shouldn't be long before we have the property available. The money for the property is budgeted in the current year's budget. Those are the major projects. We have some medium projects. These are projects the Council has worked on and the staff feels are very important. The Public Works offices are something I personally want to see taken care of. You have your computers in an open area where there is dust and engine exhaust. I would like each director to have an office if they need to talk to an employee about a sensitive matter. There is \$50,000 budgeted for that. The skate park is another one for Phase II next year. We have the River Park subdivision drainage. This is additional money for the subdivision and only \$50,000 is all we could free up. I think we need about \$250,000. I plan on using the \$50,000 as leverage to see if I can find a grant. The State Highway Department has given me an area to search for so hopefully we can get some Federal funds. The basketball court, this is the obligation amount we have left. The Scata control system is something we had hoped to get started on this year. We may get started but next year we are going to put in more of it. Understand that we have a lot going on in the City of Ruidoso Downs. For those that tell you there is nothing going on in town, this piece of paper shows you are devoting a large share of your attention to projects to improve the infrastructure. This is whittled down quite a bit from what each department requested. We still have some end of the year balances that we have to look at and see how they apply towards this. There is an issue with the materials and supplies line item in water that we are going to have to address but I think this will be manageable. We have been able to utilize the other funds that are allowed by State Statute to help compensate the general fund so these projects aren't entirely supported by the general fund. Cigarette tax and gasoline tax supports some of it. If we have to change things around, that is your final decision by next Monday.

Councilor Morales said this is not on the budget but what are you going to do with West Drive. It is horrible when you turn off of Highway 70. Public Works Director Mosley said they are supposed to keep it patched up. Councilor Morales said they are not. My Mom said she hit so hard that she thought she was going to bottom out. I know it is not on the budget but it is bad. Mr. Mosley said he would look into it.

The first item under General Fund is Legislative budget. There is an increase due to dues, subscriptions and Municipal League costs. You also have furniture that has been purchased now. Essentially this is pretty much unchanged. There are some training opportunities we thought some of the Councilors would be interested in attending.

The next item is the Municipal Court. I would open this up now if the Council would like to talk to the Judge. Councilor Olivo said we didn't get any requests from the Judge. Judge Mansell then passed out his budget. Judge Mansell said as Mr. Waters said, it is pretty similar as far as the budget is concerned with just two or three smaller items that I have asked for a change. The Court policy is exactly the same as far as a salary raise increases; it is the same as other people here as far as the court clerk. I can't receive any more or any less for the next four years. As far as our time, I left it the same. I don't know what is causing it but Peggy has been ill for about a month and it may be the air conditioning here. That is a situation where she may not be able to continue to work. The asterisks are everything that was raised in the same ratio as the yearly increases as you are going to give the other people. I was told today that the insurance was going up so that will increase naturally. For per diem we won't need any this year because our training is going to be in Ruidoso but next year it will be in Rio Rancho. The only other thing is uniforms; we had \$40 this year and I raised it to \$100. The \$100 is for whenever myself, Judge Holman or Judge Perry come down in their civilian clothes so that we can buy hats or caps so that would show a

badge of office. A lot of judges have jackets with a court emblem on them but we don't have an emblem. The other thing is I would like to move out of this building. I think you need to talk to your attorney on this because one of these days something is going to happen and we are going to be sued big time. That is an exact quote from Attorney Bryant. It probably doesn't make any difference to you. I can sit in my office and hear about fifty percent if anybody is loud in this room (Hubbard Room) and I can hear about eighty percent of everything in the police department if something is louder than a normal conversation. I do have two places that I would like to move. Either one of them would give access where they don't have to come up this hill and join this conglomeration of getting in and out with the railroad ties out there. There are certain magistrate courts, not very many municipals that are being looked at because policemen are in and out of the court and that looks bad if you are a defendant and you paid a lawyer and you have policemen behind the desk. We have room in both places where we could keep people in a different room whereas if they walk in Peggy's room they are just right there where she is. Mr. Beavers has given us a bid or a monthly estimate of \$750 a month for his rent and then you have all the things that are added onto it. Half of the old post office is available and that would run about \$1,000 a month plus the telephone and that is splitting half of the utility bills. I would like to have that and the two offices we have here could be utilized. When I first talked to the Mayor he was for it but Mr. Waters wasn't. I am still very emphatic about the court needs to be in a separate building. Throughout the State it is happening that the courts are separate. There is a lot of what is called exparte information that is overheard and when you overhear this stuff you have to recuse yourself from the case. That is one of things we could be sued over. This computer, we are changing our entire court system; this is a new system that will produce a lot of things. This is the money we hold out of the State's fund. All you have to do is pay for it and then it comes right back to you as soon as we turn it in. This situation is lying on the Administrative Secretary of the Court's desk in Santa Fe for her to look over and approve. It will be approved next month when we have the judicial training in Ruidoso because the Automation Group will meet and pass on that next month. I don't know where you put the money that is reimbursed from the Administrative Offices of the Court. Clerk Virden said when we buy something for the court the reimbursed money goes back into the general fund. Judge Mansell said I talked to the gentleman in Santa Fe that is the financial advisor for DFA for Ruidoso Downs. He told me it could be done either way. He said the only thing I had the right to do is to meet with the auditor and talk to him. I personally think it would be easier for you to see it in and out than to go into the general fund and still show it as an expense to me.

Councilor Miller said you called about this rent. Did you say rent money would come from the court's money and the City would not have to pay for it? Judge Mansell said it would be a budget item. Councilor Miller said it would be an increase. Judge Mansell said it would be an increase of approximately \$12,000. The \$750 covers everything except the telephone which is a separate budget item but you have other things like insurance and things like that you would have to carry. Councilor Garrett said my concern is this one is not a non-smoking building; wouldn't have to be non-smoking. Judge Mansell said as long as it was separated but if we take that building they are going to block it off.

Councilor Miller said my idea was to move Code Enforcement and Animal Control to your offices, as they are part of the police department anyway. You could take the trailer; it has two big offices and the parking lot could probably be paved. At least that way there wouldn't be added costs. Councilor Olivo asked how much would it cost to upgrade that office across the highway

and Judge Mansell said it wouldn't cost us because they would pay for blocking that section off for the non-smoking.

Chief Logan said I would like to say something about trading Animal Control and Code Enforcement with the Court. When I come out on court days, I see up to a dozen people sitting outside waiting to see the Judge. I don't think the trailer would really give them enough room for waiting. When the judge needs a larger area to have both prosecution and defending attorneys, they do come in and use this room. There is not enough room in the trailer to convene to prosecute defendants. There is only one restroom and it really wouldn't be suitable for the public to use.

Councilor Garrett said I think the Judge's consideration is that he hears things so on the day you know you have a case that is going to be bigger couldn't you still utilize this room during the day time.

Administrator Waters said as far as the staff is concerned as long as there is not a city council function going on in this room, it has been the policy to sign their name on the calendar if they know about it ahead of time. I think Gina used to go months in advance; it was reserved for the court no questions asked. It is kind of a first come first serve basis. Judge Mansell said there was only one time I had to reschedule and that was when you were having an annexation hearing here. Mayor Miller said we could remodel the trailer. Administrator Waters said we could either remodel the office here or the trailer but you would need to budget something. Councilor Morales said whether you pay rent or remodel it could be easier to pay rent. It may be the same cost as to remodel so we are not really accomplishing anything as far as cost. Judge Mansell said I am requesting it and I think each of you should talk to Mr. Bryant about the situation.

Administrator Waters said now we are moving onto the Executive Branch. The Judge mentioned the insurance and our health insurance jumped by 12% this year. Steve has something in the neighborhood of \$37,000 to \$38,000 that we, as a municipality, have to absorb for our portion. The employees will have to absorb a small amount of the 10% they pay. We are not recommending the employees pay 20% because I don't think that is fair considering we are looking at a 1.5% increase. At the same time we are looking at a 1.5% increase but we are also covering the employees by a big jump in health insurance. Remember some cities when that insurance jump happens, they make the employees take all of that in. Certainly one of the reasons our benefit package is so valuable is because of the health insurance. 90/10 is a rarity to find anywhere.

You are going to see through here that utilities and vehicle costs are increasing. Also keep in mind anybody that has a cell phone for city business costs a minimum of about \$750. Cell phones for a mobile employees is in many cases the only way we can contact them. That is another issue as well as our long distance that we are looking into right now.

As you look through these, there is an across the board 1.5% increase. You have the base salary sheet that was handed out as well. Remember the number in the budget reflects any credit that the person receives, any incentive pay and anything that is not included in the base salary. In many cases they will not match up because of the incentive education expense.

In Finance and Administration the only capital we are looking for is for a new cash register.

The next line item is for Parks & Rec. The All American Park, we can use some of our non-promotional lodgers' tax for some of the projects. We have the skateboard park in the budget and we will be spending a significant part this year. Then when we get over to the non-promotional lodgers' tax money, you will see another portion to almost equal that and that will be put into it next year. That helps relieve the general fund. The basketball court liability is in there but we did spread some of that out and put some of that in the non-promotional lodgers' tax, which we are permitted to use. We have \$2,000 for park benches and trash cans. There is a potential for an Auxiliary donation of \$2,000 for park benches and trash cans. When you notice the recreation money from cigarette taxes we have \$2,000 dedicated there as well. We tried to spread this out.

Public Works Director Mosley said we had a staff safety meeting last year and I thought we had agreed we were going to have a new line item for safety. Administrator Waters said that line item was put in some of the departments for \$500. Essentially this year we can't absorb that; it will be in materials and supplies like we have done before. Perhaps next year that is something we can look at it. I think safety is important and the Safety Committee does have a lot of recommendations including some pretty practical ones. We had the orange poles in the parking lot and an alarm system put in. There were a lot of requests but not all of the requests could be granted.

Next is the Senior Citizens Center; Ada Hendrix of the Seniors Program for the County submitted a budget and notified us that the cost for the driver we currently support, because of insurance reasons, their cost of keeping this employee rose by about \$6,000 from \$23,409 to \$29,409. That is indicated here as a \$6,000 increase. They did ask for their activity fund. Everything else that is on here was essentially granted as per their request. Of course we support the water and solid waste for that particular function. We also have some building maintenance and repair. Their major change was the increase in cost for the driver. It is complicated by the fact that they didn't request the additional utilities amount this year so that kind of evened it out.

Councilor Olivo pointed out that paving for the Senior Citizens Center, we had that in here for this year hoping the County could match it but they couldn't last year and they cannot again this year. \$23,000 is not enough to do much with except it is enough to help somewhere else in the general fund.

Next is the Police Department; they did have several requests. They requested three new vehicles for the police department to start working on a trade out program so they rotate vehicles on a five-year period. Unfortunately we couldn't afford that this year. In addition, the Police Chief asked for two additional officers and clerical help for evidence. There are only a few vehicles on the list for this year. The Police Department gets one of those and a snowplow for the street department. These are bare minimums and both of them are needed. Mayor Miller asked what did they get last year. Administrator Waters said they received one last year. They have received 2, 0, 1 and 1 for the last few years. The zero was simply because at the time the person there did not ask for it. Mayor Miller said I don't agree with that at all. Let's keep the police maintained and in proper order. We are talking about five years instead of three. We have a rotation system that is set up. We should take them off when they still have some value. Councilor Garrett said I was hoping that when we find out about the \$91,000 maybe we could revisit it. We might put it off for six months but for each vehicle it costs \$28,000 and we have to take that money from somewhere else in this budget. Administrator Waters said last year we were fortunate enough to use the

Government Correction Fund money to buy a vehicle for a dual use as patrol and transport. We were able to buy an additional vehicle last year because of it. This year it is only \$26,000 so it is not enough to buy a vehicle but that money does offset our general fund. Councilor Garrett is quite right; we spent days cutting things; everybody got cut. Everybody lost something that they wanted badly but we are looking at the whole picture. I believe it was as fair as we could make it. Councilor Miller said maybe we could look at our mid-year financial statement and see what is going to happen.

Administrator Waters said next is Animal Control; the overall increase is not that much. We are dealing with some telephone communication issues and some building maintenance and repair. The tommy lift for the animal control truck, the Chief described to me Peggy has to left up large dogs or deer that have been hit and put them in the back of the truck. This would allow her to lift them up with a little elevator lift. It is a good safety feature and will prevent a back injury in the future.

The Code Enforcement is pretty straightforward. There were some items that were under budgeted and some that were over budgeted and they were adjusted accordingly. A new vehicle was asked for this department but unfortunately it had to be cut.

The Fire Department is next on our list. There are going to be a lot of things happening with our Fire Department this next year. This was one department that got more proportionately than the others. As you know we have been working on purchasing the Wood Lane fire station property. The surveyor has finished the final survey of the property and they are working on the road to service those areas for emergency purposes through the Hill property. We have a verbal offer on the table. The owner of the property is interested in it and essentially we think we will have this sown up before the end of the fiscal year as far as purchase of the property. It is on here in case the paper work isn't completed by the end of the fiscal year. The fire station construction was approved by the State Fire Marshal. It is \$100,000 to put the fire station there. As the Chief describes to me it has to be a full fire station which means if we staff it for a year the following year we will have \$46,000 coming in as fire protection monies. This means it will pay itself off in 2-1/2 years in fire protection money alone. It is a benefit to the citizens that live in that area and even to Ruidoso. There are no fire stations on the hill there and it will lower our fire protection insurance rating that will benefit all of the citizens. Chief Logan said we would love to have a 5 but we are hoping for a 6 fire rating. Two points off of the ISO rating makes a significant decrease in insurance premiums for homeowners. Plus the lower rating on the ISO also increases our funding from the fire marshal's office. Administrator Waters said they have asked for some fire equipment. This, again, has been trimmed a little bit. Hopefully we can compensate some from the Fire Protection Fund. If we have the fire station completed by late spring we will need a trained employee to be able to take care of that station. The Fire Department did have several firefighters on this list for the full year. It did make much more sense to have the staff position available and maybe get some time for training ahead of time. It is an additional position and should you approve this, they will not be eligible for hire until January and it will be on here from now on out. That is the other side of the coin; you are looking at about \$38,000 a year for the employee plus benefits. This is a move towards a more permanent fire department.

Licensing, Planning and Permits is a pretty straightforward budget. There were some reductions and one addition for materials and supplies. Pretty bare bones budget; Tom was good with the

budget this year. Administrator Waters asked Mr. Armstrong if we were getting our emergency sirens this year and he replied yes.

In the Street Department we have a snowplow and a salt spreader that are absolutely necessary. One of the last items to die on the vine was CAT equipment at the State auction. I would ask that the things that were killed at the very end of the budget process, a police car or State auction equipment, we revisit those items at the end of the third quarter. The utilities are higher with the extra streetlights we have. The more lights we have in the city limits the more we are going to have to pay for our electricity. This is one of the tradeoffs; safer neighborhoods but more utilities. Then we have the position that is kept at the same. Earlier in the year we had a request to increase Dale Graham up to the head foreman position. I am not recommending for that at this time because of the budget situation. In addition we have to take a look at the comparison with other areas around us and I just don't think that is something that is viable at this particular point in time.

Mr. Mosley said I notice you only put \$30,000 in materials and supplies. Is there a reason you cut it from \$55,000 to \$30,000? Administrator Waters said it is split up under other paving material; \$30,000 for materials and supplies and \$25,000 under other paving material. Mr. Mosley said I apologize I didn't see that one; this is the first time I have seen this sheet. The State auction money has been completely cut. Administrator Waters said yes; we tried twice to keep that on. Mr. Mosley said about the assistant foreman, are you just not going to entertain for him to have a raise at all. Administrative Waters said not at this time; that is the recommendation. Of course the Council can make their own decision on that but I am recommending not at this time. Mayor Miller asked how much of a raise and Mr. Mosley answered a little over \$9,000 a year.

Councilor Miller said I don't understand this. Administrator Waters said this is one of the things during the budget meetings that Councilor Olivo requested information on the projects that I put together. This one came from Councilor Garrett about the different employees that we have and their increases over the last three years. You also have the reasons of what caused those raises. Some were title adjustments, some were certifications, living cost increases, and the step increases.

Councilor Miller asked how many people does Dale oversee each day and Mr. Mosley answered two to three people. Councilor Miller asked and how many does Dennis oversee and Mr. Mosley said two to three; it depends on who needs one of the operators somewhere else. I actually have three working with Dale and three working with Dennis. We have now taken on the annexation which I haven't requested anything about water or sewer employees. I didn't request another street employee because we picked up more streets. I have come to the conclusion that we don't have to have that other street employee but that also puts that much more load on Mr. Graham because that is what he takes care of is the streets and street lighting, the garage and all of the vehicles. In cases where you don't purchase the new vehicles, they are spending more time maintaining the older ones.

Councilor Miller said I know money is tight but when you are doing the same job as someone else is doing and not getting as much money, that is kind of degrading. Mayor Miller said Dale is a big asset; he can do anything. Councilor Garrett said that is what we looked at, what people made in each department and doing the same job. I think one is being paid more than what that job requires and so I have a hard time raising them both up. There are other cities a lot bigger than us

that don't pay any more than us. Councilor Miller said that is not what I am talking about justifying what has already been done. There is nothing we can do about it. What I am talking about is being equal. If you do as much work as another does and you don't get enough pay I feel there could be some problems there I would think. Councilor Garrett asked you would be willing to pay both more than what everybody else makes under those conditions on the same playing field just because. Councilor Miller said there has been one mistake made. I am not saying it is right to make another mistake but we need to equalize something here. I don't think it is fair that one foreman would get a whole lot more than another foreman. They are both doing the exact same kind of work. They both work with a supervisor over them now. I could see Dennis getting more when he was a supervisor over everybody. Administrator Waters said according to the budget, Councilor, Mr. Mosley is assigning the people for different departments. If you look at the budget the way this was set up with Dennis over the water he is required to have a higher certification; he is a certified employee. That doesn't mean that Dale is not; Dale does have some certifications as well but we require it of the upper position because they basically have control over the water system. There are also more employees under Dennis than there are under Dale. The general fund employees are supposed to be under Dale. I know Mr. Mosley works his guys together and I know they have to do a lot of things together. Generally Dale is over two general fund guys and Dennis is over four enterprise fund guys. There are two different funds. It is not only on paper. We have to keep them separate; one can't support the other. We can't support the water fund with the general fund and we are not supposed to money wise. We can equalize them out by hiring another couple of guys as well. Mr. Mosley had another employee on there. We had a bottom line to look at; we can move around stuff within this budget to accommodate whatever you like. Councilor Miller asked in a sense, won't we be making more money from utilities now since we have annexed people in? Administrator Waters said not necessarily; Agua Fria was already paying water rates. Councilor Miller said we are going to have two mobile home parks that will be paying sewer rates. Administrator Water said yes, eventually. Mr. Mosley said that is the wrong fund. Clerk Virden said Dale's comes out of the general fund. Councilor Miller said we have more streets to take care of too. Mr. Mosley said I have offered to take some Cap out to take care of this. Councilor Miller asked how many years has Dale been with us now and Mo answer 12-1/2 years and Dennis has been here 14. Mr. Mosley said I don't have a problem cutting some of the Cap out possibly in the garage or the snowplow but I don't think it is fair that he continue to do this. He does not plan on continuing to do this job because he is not getting paid for it. He is very talented. Councilor Olivo asked how much of a raise for him and Mr. Mosley said it comes out to right at 20% but that is not the same pay the other employee is getting. It is the base pay the other employee would be getting. I didn't ask for him to get all of the increases the other employee has gotten; it is the base rate. Administrator Waters said for those of you who want to know the difference, you have that in front of you. The last column on the right hand side, you have the Public Works Foreman and the Assistant Foreman there together. One is currently making \$31,294 which is the average. Carlsbad pays more and Alamogordo and Roswell pay less for that position. Then you have the public works foreman who is currently paid \$39,283.58. This would be an increase just in the base salary along with all of the other adjustments which are the PERA, Medicare and FICA. Just in salary alone we are talking about an increase of \$8,000. Mr. Mosley said the \$9,000 covers all of the extras the City has to pay in.

Councilor Miller said in the last three years he has an eighty-cent raise; that is not a whole lot looking at 2001 to 2004. Administrator Waters said that is a 6% increase which is about average for most of the employees. Mr. Mosley said Councilor Miller, the eighty cents is kind of deceptive because he is not getting \$15.02; he is getting \$14.82 an hour. Administrator Waters

said the \$15.02 is what Steve took directly out of the pay schedule so it includes incentive pay. Clerk Virden said that is current for this fiscal year. Councilor Garrett said if you start adjusting those you need to listen to the Chief too because he also wants an increase in pay. I think who ever raises it needs to find it in the budget. Administrator Waters said here again, it is the Council's decision. As with the fire department and every other department here, when you are talking personnel issues it is like a credit card, it is like a gift that keeps on taking. Once you make the commitment now, it is forever hold your peace because it only goes up from there and it is an annual cost. I am recommending holding the line not only because of our bottom line. Quite frankly, in public employment and you look at what we give as far as benefits go, what we are giving as far as salary for this one position, it is a good salary compared to other places around here. The bottom line is in private industry people do the same thing all of the time and get paid different for it particularly if one has been there longer than the other. That is common. Does Dale do a good job, yes; there is no question about it. Does he work very hard; yes, I think he does. The bottom line is we have a position that is very close to a director's position that is a foreman that makes overtime. Now we are going to make two of those. These positions cost money plus overtime. Dale is out there doing snow removal and that is time and a half. It is something to keep in mind. You have to take into account their overtime as well. Councilor Miller asked are the foremen the ones that usually go out on overtime. Mr. Mosley answered it is a rare case. On the snowplow, Dale usually calls a couple of the guys to go do this. If it is the heavy snowplow, he gets out and gets on the blade himself. Dale doesn't get much overtime at all. Councilor Morales said this is just a suggestion, what about the possibility if we did move Dale up to that cutting out the overtime, absolutely no overtime for Dennis or Dale. It may not be an option they would like. Councilor Miller said that might give the overtime to the guys who really need it. Ronnie has been here 12 years too and he is making \$10 an hour. Mr. Mosley said we do try to use those guys as much as possible. I will be quite honest about Dale; he stays here almost until five o'clock like I do. He is suppose to get off at 3:30 p.m. He stays doing paperwork and does not charge the City the overtime. I have told him many times, "either get out of here or start writing down your overtime." He chooses to stay here and not write his overtime down. Councilor Miller said I would like to know what the overtime consists of now. Administrator Waters said we have more information coming in on that.

Administrator Waters said the Garage Department is the next one. Here again, the office complex is on there and mechanic shop tools. At the very end we lost the wire welder.

Legal is the next one; this is Mr. Bryant's line item. This is the contract you voted on earlier this year. That is the cost to retain his services. We have financial audits services there as well. The extra \$3,000 added onto it is due to the GASB34. It required quite a lot more work from our auditor to maintain our files.

Non-department No. 1, this is one of ones I cut where it hurt me. We have an EDB grant coming in for \$5,000. We have the second installation of the tower contract that we have with Key Communications. We have Billy the Kid Scenic Byways that has been cut out. The water rights and property acquisitions carry-over in addition to \$47,200 this year which brings us to \$243,000 for water rights. Those of you on the Budget Committee know we originally had a \$250,000 increase for this year which would have given us over \$400,000; that had to be trimmed. The gentleman who runs the Humane Society said we would have an increase in our budget this year but actually came back and said we would be happy if you held it at the same amount. That amount is \$25,000.

Councilor Morales asked are we not giving the Billy the Kid Scenic Byways anything. Administrator Waters said the Mayor made that request earlier this year on this particular part of the funds. We still have some monies going to them from Lodgers' Tax. A couple of years ago, upon recommendation from the Mayor, we put \$5,000 in to help. Last year we continued with the \$5,000 and this year it was taken out. They asked for \$5,000 and the Lodgers' Tax Committee is recommending \$1,000. Councilor Morales said I really hate to see that taken out. Mayor Miller asked what is the benefit we get out of it. Councilor Morales said it is in our City for one thing. Councilor Miller said why couldn't we just fund it with Lodgers' Tax money. Administrator Waters said here again, you can change things around and let us know.

Administrator Waters said we do have a new request from the Village of Ruidoso. They asked for \$30,000 for a position in the library. We just can't afford a position in Ruidoso, at least that is my recommendation. I feel bad about just giving them \$1,500. If we were in great shape on our water system, streets paved and we were basically twenty years in the future, I would love to have a municipal museum or municipal library but municipalities of our size don't pay for this type of luxury. I understand that putting a Board member from Ruidoso Downs was brought up to the Ruidoso mayor and he promptly appointed one for us as opposed to Councilor Olivo's idea of having our Board and Mayor appoint someone.

Councilor Miller said Bobbie Wiese came here in place of Sergio Castro asking us to possibly participate in the Teen Court Program which will maybe keep our teenagers from going to detention and just give them community service. I would like to see us help that. Administrator Waters said we didn't get a request for a certain amount of money from them. Councilor Miller said I know they requested \$4,000 from the county and they gave them \$2,000. I think it is very important that our children get a chance to straighten out before they go to detention. Administrator Waters said they have asked for our support as far as grants in the past that we have given them. Chief Logan said I agree with Mr. Waters; they have come before the Council and given a presentation and asked for letters of support for Federal and State grants but I don't remember them asking for a dollar amount. Clerk Virden said they received \$55,000 out of the \$85,000 they requested.

Administrator Waters said the next item is general fund transfers out. We had a lot more of these last year; we have minimized it but essentially we are looking at \$152,000 transferred out for other projects. In addition the community roll-off containers, we are asking \$15,000 and we actually exceeded that this year. It has been very successful.

The next item is the Operating Revenues and these are basically carry-overs. We are looking at about \$80,000 in gross receipts total. There are some increases because of the area annexed but \$33,000 is all we are expecting to see as an increase. This is not going to make us rich; we did this because the EPA forced us do it. I guarantee that to maintain everything out there is going to cost more than this.

The General Fund Transfers in are funds that support the general fund. There is not that much that we are allowed to bring in. We have about \$11,000 in gas tax we are crediting towards the Street Department for paving. We have the 5% administration cost for the lodgers' tax.

That brings us to the end of the general fund. We do have a 12% reserve currently. I am anticipating we will have a little more to meet our reserves with the final cash balances. Eventually when we get some of these projects done, I would like to build up a permanent reserve over five years where we can draw interest and bond against it.

The Lodgers' Tax Committee met and had \$88,540 in requests and \$39,000 to allocate. Tonight we have an additional \$1,500 to allocate. We now have our own Chamber of Commerce and they were awarded \$12,000 towards operating their Chamber. Tim Keithley received \$7,500 for radio advertising. We hear about a lot of people that hear those ads from other areas than from around this area. This is the recommendation from the Lodgers' Tax Committee. It shows \$1,000 awarded to His World Creations and they were not awarded the \$1,000 that was a mistake on my part. We have Jeanie Clancy Coffey here and she is the person who presents this She has requested to come and ask for some of the extra money.

Jeanie Clancy Coffey said I have created a calendar called "Here in the Sacramento Mountains". It is something I thought we needed in this area for a long time is a local calendar. Since I was before the Lodgers' Tax Committee, I have added another feature which is a calendar of events. I think I have all of the major events and I also feature the Hubbard Museum. It's a regional calendar with all the pictures of Lincoln and Otero counties. I have sold 3,000 calendars in three weeks so it is selling really fast. I want to go to press so I can have the calendars back by July 4th but I haven't been able to generate any local support. I was trying to get some help to get my initial order. It is not an event per se but I am thinking of it as a 365 day a year event so that every person who takes this calendar home they are going to have this with the events and plan their vacations. They will be constantly reminded of this area. I am getting calls from all over ordering these calendars sight unseen; they want a regional calendar. I just need a little bit of help and if you could give it to me I certainly would appreciate it.

Administrator Waters said one of the questions asked is do I believe it falls under the promotional monies and I think there is no question with the events on it. Councilor Garrett said it would have to include "Paid for in part by Ruidoso Downs Lodgers' Tax". Ms. Coffey said I don't mean to push you but that is why I need an answer tonight so I can get the first 3,000 printed. Administrator Waters said the budget will be voted on this next Monday night. Ms. Coffey said thank you.

Administrator Waters said on the promotional lodgers' tax if you feel like you need to reallocate some of them we don't have time to send it back to the Lodgers' Tax Committee. We have the \$1,500 available and by mid-year we may have another \$1,500 available. Councilor Garrett said KEDU requested \$9,000. When they came before us before and requested that we approved it. They didn't use it that year because it didn't get off the ground. I am a little concerned about the \$1,000 just because we had already done that. I don't understand the money for the Ruidoso Chili Society. Administrator Waters said remember that these monies have to go towards advertising to bring lodgers into the community. Councilor Garrett said I believe it came out of the non-promotional so maybe we need to look at the non-promotional. KEDU are all over the country on the internet.

Administrator Waters said the non-promotional lodgers' tax funds are monies the City is allowed to spend on facilities that are utilized by folks that visit our town. It can also be used to administer the funds. We have \$27,000 in here to figure what is going wrong with our streetlights going out.

We have \$2,000 in overtime for police coverage and this essentially helps them take care of the racetrack. At one time the track donated a lot of money to us but the only thing we get from the track right now is \$9,500 from the Gaming Commission. You see the matching funds we have coming particularly for the park improvements. The Mayor and I are still working on the visitor's center.

The water and sewer funds; there are a lot of projects here. Water and wastewater improvements are our focus this year. We have \$75,000 for wastewater treatment capital improvements sitting in grants from the Governor and legislature. We have \$630,000 for the water tank construction which should cover engineering and construction. We have the emergency water sewer line replacement money. We have the wastewater capital system improvement on East Highway 70. We have \$35,000 for reconditioning water tanks. It wasn't enough to do the interior and exterior but we do have enough to do the exterior of the Redman tank. The wastewater line replacement is the grant we got from Dub Williams for Wood Lane, Miriam and Parker depending on how far it will go. This will help put wastewater in one of our major neighborhoods.

The Scata Control System is \$15,000 for this year and \$30,000 from last year. When we do the final budget adjustment it will probably be reduced a little bit. That is basically it for the water and sewer improvements. Our water and sewer system need a lot of work.

Our Water Operating Funds, you know we have 5% per year increase that was budgeted in. Your increase was meant for the water department to improve the water infrastructure to help offset the maintenance of the water system. The bottom line is the increase they have asked each year from us for the wastewater plant is roughly the equivalent of that amount. It has gone up \$24,000. There is \$47,000 budgeted to go towards Ruidoso's finance and administration of it. There is also \$30,000 in there to truck sludge to Tatum and dispose of it. They have spent as much as \$120,000 for that service. I have mentioned to them that this is certainly not the best way to do this. Councilor Garrett said I have a problem in that we keep paying our attorney for his help with the wastewater treatment plan and yet all of the fees for their attorney come out of that fund. Somewhere along the line I think we need to receive some money to help with the attorney on our side. Administrator Waters said I did bring that up and I got a history lesson that they have been doing a lot of things for many years that we never put in for. We didn't have a Wal-Mart at that time and now we are able to help out. They feel very strong about what they are doing and I don't see them entertaining any ideas to reduce this any step of the way. Their operating costs of the plant have actually gone down. They were looking at the possibility of introducing another \$9,000 from us to hire another operator at the plant. I told them that we absolutely could not afford it and there was no way we could make room for it. I don't know where we could come up with \$9,000 without hurting our own system. We know we will have to in the future. It will be in 2006 or 2007 for operational costs but the plant will not be built before then. We will have to increase our sewer rates either in 2006 or 2007 significantly to cover these costs. I can't help that because of the EPA; what I can help do is hold the line now. Our portion is still 15% but we are at 15% of a much bigger piece of pie.

Administrator Waters asked Mr. Mosley to go over the materials and supplies line item. Mr. Mosley said the other day during our budget meeting I didn't realize that our materials and supplies in the water department is currently \$915 in the hole and we are not even through with the year yet so I am requesting that the \$9,000 be put back in there. Secondly, the field tools were taken out of the budget. These guys are having to borrow tools from the shop to work out in the

field. Is there any way we could leave at least \$500 in there; I will take \$500 out of meter boxes. Administrator Waters said that is fine.

Administrator Waters said on the sewer, we have manhole lids and rings for \$1,000 for the capital. Remember Suzanne Reed is paid one-half out of water and one-half out of sewer. What you don't see here is the loan and that is over on non-departmental. The only thing I got agreed upon from Ruidoso is they charge us our loan portion as a separate line item and charge it to us all at once. Currently they are taking it as payment all year long so they can hold the money and make interest on it until it is due in February. I suggested we keep the money now that we have interest bearing accounts until January and they give the check to the EPA in February.

Mr. Mosley said the tools were also taken out of here. If we could start with \$500 in the water department, maybe we could get another \$500 for the sewer department because we are still having to borrow tools out of the shop to work out in the field. Also, that is where I had the pickup and we discussed taking it down from \$25,000 to \$20,000 and now I notice it is not in there at all. This pickup is fifteen years old and I drove it one day and I almost couldn't stop. It is costing us more and more to drive this pickup but it is a pickup that these guys have to have. Dale Graham said that pickup was given to us by the State Highway Department and I think we have gotten our money's worth out of it.

Administrator Waters said next is the Non-departmental. We have a hydraulic hooked up to the spring. Their responsibility is to look at our spring and tell us what is going on up there. After they give us their report, they are going to give us an evaluation of existing water rights and give us a direction to go. Then we will need some additional testing and additional services and that is what this is for. We are sticking with the Water Improvements Phase IA. We have the WCS loan, workers' comp premium and wastewater treatment plant loan. We have vehicle radios. Mr. Mosley said we don't need that line item anymore because I am going out for quotes right now so we can move that over.

Administrator Waters said Water and Sewer Transfers Out; this is our water system improvement fund, this is the small contribution our water fund makes to the building and tanks. Of the \$600,000 they are putting in \$50,000 from the water tank construction. We are putting in the Scata System Phase II. This helps take money away from the obligations and liability of the general fund.

This next one is Transfers in. There are no transfers in; as you know we can't transfer general money into the water and sewer fund.

The last are our Water Revenues. You will see that the 5% increase is factored into the water sales. Dan Bryant and I have been talking about a new ordinance for our late fees because they are pretty rough.

We have a few things that we carry over. Note that your sewer is at \$228,222 this year and it is going to \$239,270. This is just an increase from the new people that will be on the system. There is no built in increase in here because that is not part of the ordinance; it is only for water.

That is all I have for you tonight. There are some small ones you can look over. If you have any questions before Monday night, I will be more than happy to answer them.

Motion was made by Councilor Garrett and seconded by Councilor Miller to adjourn at 8:45 p.m.
Motion carried.

Bob A. Miller, Mayor

ATTEST:

Carol Virden, City Clerk