

MINUTES OF THE CITY COUNCIL  
OF THE CITY OF RUIDOSO DOWNS  
CITY COUNCIL CHAMBERS  
REGULAR MEETING  
JANUARY 23, 2012  
5:30 P.M.

The Council of the City of Ruidoso Downs met in regular session on January 23, 2012. Mayor Armstrong called the meeting to order at 5:30 p.m. and asked Wayne Williams to lead the Pledge of Allegiance. Mayor Armstrong asked Carol Virden, City Clerk/Treasurer to take roll call. The following were present:

Councilor Olivo  
Councilor Holman

Councilor Williams  
Councilor Hood

Carol Virden, City Clerk/Treasurer informed Mayor Armstrong there was a quorum.

Also present:

H. John Underwood, City Attorney  
Terri Mosley, Finance Director  
Cleatus Richards, Public Works Director  
Steve Dunigan, Planning & Zoning Director  
Jim Kofakis, Museum Director  
Doug Babcock, Police Chief

APPROVAL OF AGENDA

Mayor Armstrong stated next item on the agenda was to move Item 10A to after Item 10E.

Mayor Armstrong entertained a motion to approve the agenda with that change.

Councilor Williams moved to approve the agenda with that change. Seconded by Councilor Olivo.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

APPROVAL OF CONSENT AGENDA

Mayor Armstrong stated next item on the agenda was approval of the Consent Agenda.

Mayor Armstrong entertained a motion to approve the Consent Agenda.

Councilor Hood moved to approve the Consent Agenda. Seconded by Councilor Williams.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

APPROVAL OF MINUTES OF REGULAR MEETING OF JANUARY 9, 2012.

Councilor Hood moved to approve Minutes of Regular Meeting of January 9, 2012. Seconded by Councilor Williams.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

APPROVAL OF ACCOUNTS PAYABLE

Councilor Hood moved to approve Accounts Payables. Seconded by Councilor Williams.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

APPROVAL OF MONTHLY REPORTS

Councilor Hood moved to approve Monthly Reports. Seconded by Councilor Williams.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

COMMITTEE REPORTS

Councilor Hood moved to approve Committee Reports. Seconded by Councilor Williams.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

UNFINISHED BUSINESS

Mayor Armstrong stated the next item on the agenda was Unfinished Business.

There was no Unfinished Business.

NEW BUSINESS

Mayor Armstrong stated next item on the agenda was New Business – Consider Approving Resolution No. 2012-01 Mid Year Budget Adjustments FY 2011-2012.

Terri Mosley, Finance Director said this was for the month ending December 2011. She said there were some encumbrances that were added from the last fiscal year which are carried over every year. There were some revenue adjustments that were received and had not budgeted for so those were added. Most of the departments in the General Fund only made adjustments in the line items and those didn't change the bottom line or if the changes were made they were decreases in the expenditures. The only actual increase in the General Fund expenditures was in the Fire Department on page 12 and we were budgeting for the remainder

of the fiscal year for a Fire Lieutenant position, which they had but didn't budget for it this year. In the Police Department on page 7 were some adjustments to the line item for payroll but there was an actual decrease for the overall department. In the Fire Protection Fund on page 24 there was an overall increase for Allotment they got from DFA so they made adjustments for revenue and expenditures. In the Water and Sewer Improvement on page 45 there was an increase of \$128,275, which is for the purchase of some water rights.

Councilor Holman gave something over to Terri Mosley, Finance Director and asked if she would look the item?

Terri Mosley, Finance Director asked if it was the transfer of \$80,000 in the General Fund?

Councilor Holman said it was \$40,000. He said it was there in that line item and then it wasn't, it showed zero.

Terri Mosley, Finance Director said they took that out of last year's budget and they don't have any transfers to the museum this year.

Councilor Williams asked about the Fire Department. He said they have had discussions privately from the mayor to wish to have this position filled. He said he felt at this time that it was inappropriate to fund this position for the rest of the fiscal year. He said he would like for them to hold on this until the next fiscal year and then have discussions about this position and about the position being filled and salary to be coordinated to the previous salary structure. He said it was about \$35,000 to \$36,000 per year. He asked Cleatus Richards, Public Works Director if there was a position open in his department for water?

Cleatus Richards, Public Works Director said yes.

Councilor Williams said he would be more in favor of filling that position that was funded through the end of this fiscal year. He said we don't need to add a position at this time, we just need to fill the position this was funded.

Mayor Armstrong said the reason he felt this should be funded is because the Fire Department now has one person in it that is paid. Last year we had several fires and it is a real stretch for one person to handle everything that they need to handle at that time. This position of Lieutenant is for a person that resigned and at this time the City needs to put another person back in the Fire Department and especially with fire season on us. Mayor Armstrong said he hears what they were saying though and it would be up to the council.

Councilor Williams asked Kenny Ellard of the Fire Department how many volunteers they have on hand right now?

Kenny Ellard said they have 15 volunteers.

Councilor Williams asked when they have a response to their incidents what the normal numbers were? He said when they had a fire in Agua Fria on La Canada they had at least five units there that included EMS and quite a few firefighters. He asked what was the normal for those responses and was he inadequately staffed to combat those situations?

Kenny Ellard said for situations like the two structure fires before Christmas they were adequately staffed.

Councilor Williams asked if they had any issues with those fires where they had to call mutual aid?

Kenny Ellard said they did call for mutual aid for the fire on Colorado because of reports prior to his arrival that the structure was fully engulfed and that was for support.

Councilor Williams asked if there has ever been a time when there has been insufficient response from his volunteers in the emergencies in the past?

Kenny Ellard said yes there were times but they had mutual aid.

Councilor Williams asked what Ruidoso's response time was for their calls or any of the other Fire Departments?

Kenny Ellard said Glencoe was 15-20 minutes and Ruidoso was a little bit quicker. They have four or five on duty at both Station 1 and two at the other stations.

Councilor Hood said it would be very unwise for them to make a decision like this tonight with new councilors coming up and he didn't feel the need to get another employee right now. He said he didn't think it was the right time and also the way the fiscal budget looked they have added people here and there. He said right now Public Works needs the employee.

Kenny Ellard said he wanted to throw some kudos out there for the present and past volunteers who have helped with fires in the past.

Councilor Olivo asked Kenny if he needed help around the Fire Department or did he need some help?

Kenny Ellard said some help would be nice and especially because 90% of their calls were med calls now and December was actually busy and they are working on trying to get some of the volunteers trained for med calls. They had two in the recent Basic EMT class. Kenny said the college puts on the Basic EMT class in the spring and the fall and the intermediate or more advanced class will follow that.

Mayor Armstrong asked when the fire season starts?

Kenny Ellard said depending on the weather in the next couple of days it is right now but normally in April.

Mayor Armstrong asked when it started last year?

Kenny Ellard said it was the White Fire in April.

Councilor Williams said being that you respond to all calls was it emotionally and physically restraining on you to be on response to all of the calls? He asked if there was another position filled would it help you?

Kenny Ellard said if he needs to go out of town he can usually get the battalion chief to cover. He said they just recently went through elections and elected one new Captain and two Lieutenants that will hopefully take up some of the weight on fire calls. The new Captain is going through the Basic EMT class and other fire classes.

Mayor Armstrong asked Kenny when was the last time he had a vacation?

Kenny Ellard said it's been awhile but about a year.

Mayor Armstrong said he feels there is another person to handle these fires but would leave it at that.

Mayor Armstrong entertained a motion.

Councilor Williams moved to approve the Mid Year Budget Adjustments Resolution No. 2012-01 with the removal of Line Item 10-73-41020 adjustment of \$17,500 for the new position and have that position on hold until the new fiscal year. Seconded by Councilor Hood.

Councilor Holman said he didn't like lumping two things together but the Lieutenant position is important enough to consider separately and not okay a budget with that as a rider on it.

Councilor Hood said why don't we bring it back and put it on the agenda like it should be? Put it on the agenda a voting item. It shouldn't be cooped in there anyway.

Councilor Holman told Councilor Hood the way it was in here it was separate. They have Item B which has to do with the budget and then you have an Item C that has to do with . . . no, all right, you are right.

Councilor Hood said if you want to add a new employee it should be on the agenda as an addition to the Fire Department.

Councilor Holman asked for a clarification on the motion and second that was made.

Carol Virden, City Clerk/Treasurer read: Councilor Williams moved to approve Resolution No. 2012-01 Mid Year Budget Adjustment for FY 2011-2012 with the removal of the position in the amount of \$17,500 until the position comes up as an agenda item in the future. Seconded by Councilor Hood.

Terri Mosley, Finance Director said some of the other line item adjustments worked in with that position so it would affect the clothing allowance, FICA, Medicare, insurance and so on.

Councilor Williams amended his motion to approve Resolution No. 2012-01 Mid Year Budget Adjustments FY 2011-2012 with the removal of adjustment to the Fire Department \$17,500 from #10-73-41020, \$254 from #10-73-42020, \$3,718 from #10-73-42030, \$750 from #10-73-42040, \$16,018 from #10-73-42050, and \$1,217 from #10-73-42070 to reflect the change of the adjustment to the budget. Seconded by Councilor Hood.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

Mayor Armstrong stated next item on the agenda was - Consider Approving Personnel Recommendation - Ruidoso Downs Police Department - Full Time Position - Police Officer.

Chief Babcock said back in July of 2011 they had a Police Officer position that was frozen at the time of the new budget. They had already been through the process with Ryan Frost at that time. They were very shorthanded at the time and they had people out on Workman's Comp so they made the offer to him if he would consider working as a temporary Police Officer to help us with the manpower issue. Since that time he has been a member of the department and has done a real good job. Officer Chavez has recently gotten a job with the Tularosa Police Department and we would like to fill that position. We did an in-house posting for the position and Officer Frost put in his application and we have interviewed him. We would like to put him on as a full time regular employee.

Mayor Armstrong entertained a motion to approve Personnel Recommendation - Ruidoso Downs Police Department - Full Time Position - Police Officer.

Councilor Olivo moved to approve Personnel Recommendation - Ruidoso Downs Police Department - Full Time Position - Police Officer. Seconded by Councilor Williams.

Councilor Williams asked if Alex was back on the job yet?

Chief Babcock said shortly and that he has begun the process and they were thinking it would be about a week and a half.

Councilor Williams asked if they would then be full force?

Chief Babcock said they would still be short.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

Mayor Armstrong stated next item on the agenda was – Consider Approving Agenda Briefing Memorandum – Purchase of Five (5) In-Car Video Cameras – Ruidoso Downs Police Department.

Chief Babcock said in late September they received a grant from the Hubbard Foundation they had applied for. Since then they have looked at several units and they decided on Martel Electronics and is best suited for our department.

Terri Mosley, Finance Director said what they are asking for tonight was to approve this as a sole source because they would be purchasing it directly from the manufacturer who is also the distributor. That would take care of our obligation rather than the formal bid process and because of the dollar amount.

Mayor Armstrong entertained a motion to approve Agenda Briefing Memorandum – Purchase of Five (5) In-Car Video Cameras – Ruidoso Downs Police Department.

Councilor Hood moved to approve Agenda Briefing Memorandum – Purchase of Five (5) In-Car Video Cameras – Ruidoso Downs Police Department. Seconded by Councilor Olivo.

Councilor Williams asked where the additional \$250 would come from?

Chief Babcock said it would come out of the Equipment fund.

Councilor Williams asked Chief Babcock to explain because the big thing here was burning the DVD in 10 minutes as compared to the other one in 30 minutes.

Chief Babcock said the ones in the cars now require a memory card to be downloaded to a PC in our department where it is then able to be burned on a DVD and it is time consuming. These new ones can be done in the car. You put the DVD in and it will be court ready DVD to take to Traffic Court with them. This unit has the fastest burn time of any of them.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

Mayor Armstrong stated next item on the agenda was – Consider Approving Wastewater Treatment Plant Operating Invoice for December 2011.

Terri Mosley, Finance Director said she has been working with the staff accountant at the Village and the billing is correct.

Councilor Williams moved to approve Wastewater Treatment Plant Operating Invoice for December 2011. Seconded by Councilor Hood.

Mayor Armstrong said he would like to thank Terri for looking at these monthly bills and staying on track.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

Mayor Armstrong said they would now move back to Item 10A – Consider Approving City of Ruidoso Downs FY 2010-2011 Audit.

Dan Austin, CPA said on page 6 & 7 was his opinion on the Financial Statements and it was an Unqualified Opinion stating that the financials included in the document were materials and specs. He called their attention to page 9 that was a comparative Balance Sheet for the Government Activities and Business Activities for the years ending June 30, 2011 and June 30, 2010. We ended up with assets at a decrease as a whole of \$25,466,000 to \$25,226,000. The main fund is the General Fund and it ended up with current assets, which are cash and receivables of \$2,729,000 as opposed to \$3,402,000 the year before. The Capital Assets decreased \$10,316,000 to \$10,197,000. Dan said they started the year with \$1,956,000 in Current Assets and then decreased to \$1,523,000. Part of that decrease was because they had quite a lot of money in from the grant revenue from Wastewater Treatment Plant. The Capital Assets decreased from \$6,130,000 to \$5,950,000 and were booking about \$450,000 a year in depreciation. On page 10 the Revenues decreased from \$4,707,000 to \$4,244,000 and that was due to a decrease in grant revenues. There were some Contributions from grants that were not there in 2011 that were there in 2010. The Tax Revenues remained static. For 2010 they were at \$2,095,000 and for 2011 they were at \$2,100,000. Total Expenditures were \$4,682,000 as opposed to \$4,878,000. In the prior year we had an Operating Loss of \$171,752 and this year we had a decrease of \$437,000. Prior year in the Water & Sewer Fund we had Revenues of \$4,894,000 and in 2011 they were \$1,675,000. In 2010 there were Expenses of \$1,132,000 and in 2011 it was \$1,248,000. In the prior year we had a net increase in Assets of \$3,761,000 as opposed to this year of \$426,000 and that is because we had a large amount of grants in 2010. Dan said he would like to call their attention to page 14 at the General Fund. In the year 2010 Cash was \$1,354,000 and this year Cash ended up being \$1,245,000. Total Assets for 2010 were \$1,907,000 and 2011 was \$1,818,000. That reflects a consistency in the operations and we are trying very hard to maintain a balanced budget and said he thought they had done a good job of that, as they would see later. On page 16 he asked them to look at the General Fund for Revenues and for 2011 it was \$2,988,000 with Expenditures of \$2,925,000. From Operations in the General Fund we had excess in revenues over expenditures of \$62,339. We transferred \$137,000 out to other funds and we ended up for the year with a decrease in our fund balance of the General Fund \$74,913. Prior year that decrease in the General Fund was \$214,000. Dan asked them to turn back to page 14 and that last year they had an audit finding and concern about inventory numbers at the museum. On page 14 under Special Revenue of the Museum Fund for inventory is \$44,375 and last year it was slightly over \$100,782. He said he was concerned they weren't valuing that inventory at a correct number so he asked Jim to go in and when they got done with that process we did find that they had a pretty significant overstatement for the prior year. We ended up making an adjustment to inventory of \$60,000. On page 16 for the Statement of Revenues you will see the Museum Fund generated \$340,000

in revenues and expenditures were \$826,000 so we had a deficit of \$486,000. We did transfer in \$89,000 from the Lodgers' Tax Fund so we ended up with a fund decrease of \$396,000. He said in that account they do have a deficit fund balance but about two years ago when the Hubbard's contributed about \$1.5 million that they put that as \$150,000 each year over into the revenues and you can see in that statement that we still have \$650,000 sitting there. Obviously with the operations the way they are the fund balance is a negative number and that's indicative of what it's costing the village. Page 18 of the report is our General Fund Budget. We have budgeted this year \$3,293,000 and estimated revenues after adjustments at the end of the year are \$2,966,000 on a budgetary basis which is a shortfall of \$326,000. After budget adjustments we had estimated we would spend \$3,310,000 there and we actually spent \$2,935,000 so that was a positive variance of \$375,000. We ended up with a positive budget variance of about \$50,000. We did however on a budgetary basis end the year with \$74,000. The Museum Fund on page 19 we originally budgeted \$914,000 in revenues and after the budget adjustment it reduced it to \$590,000 and we actually generated \$340,226. We originally estimated expenditures at \$851,000 and made budget adjustments to increase that to \$932,000 so we actually spent \$768,000 resulting in that net decrease in that fund balance of \$396,995. He said on page 21 he wanted to go over the Operating statements and the Water and Sewer fund this year generated \$784,000 from revenues and expenditures were \$972,000. We had non-operating expenditures and revenues with net revenue of \$627,000 and finally received our last GRIP going into the Water and Sewer Plant. From an operational standpoint we were short. If you take the \$187,000 in operating loss and with miscellaneous revenues and expense we are short about \$120,000. The Sanitation Fund had a small loss of \$12,652. There was one audit finding this year and when they were doing a test of expenditures we noted the amount that we are reimbursing for employees that are using their automobiles for City business we were reimbursing them at 55 cents per mile. That rate was passed about 4 years ago and the rate can adjust every 6 months but the federal rate during that time changed to 50 cents per mile so we were overpaying. What I had suggested is that they modify the wording in that ordinance that whatever the federal rate was is what would be paid and Terri would have to monitor that. That was really the only audit finding we had.

Councilor Williams said with the change in the per diem that was found and that we have been paying 55 cents over the past years how are we being perceived as overpaying and does that affect our audit standing?

Dan Austin said no and from his standpoint it was expended no matter what. It was not a material amount for him. He said it was probably less than \$1,000.

Councilor Williams said tonight was the first time they have seen the audit and asked what the total deficit was in the General Fund?

Dan Austin said the General Fund on a modified accrual basis decreased by \$74,913.

Councilor Williams asked if that was taking into account all of the deficits for the museum?

Dan Austin said no it was just the General Fund. The Museum Fund has a negative balance so at some point that shortfall is going to have to be transferred somewhere.

Councilor Williams said that would probably have to come from the General Fund.

Dan Austin said that \$600,000 deferred income was discussed as maybe reclassifying at deferred income and probably to do that this year. It is even more complicated this year by that inventory number that has been carried on there. We knew it was a problem but just not how much of a problem.

Mayor Armstrong entertained a motion to approve City of Ruidoso Downs FY 2010-2011 Audit.

Councilor Olivo moved to approve City of Ruidoso Downs FY 2010-2011 Audit. Seconded by Councilor Williams.

Roll call votes: Councilor Olivo, Aye; Councilor Williams, Aye; Councilor Holman, Aye; Councilor Hood, Aye. Motion carried.

Dan Austin, CPA said he wanted to mention that the audit was resubmitted sometime in mid-November and was approved by the State Auditor in early January and that report is on the State Auditor web page.

OTHER BUSINESS (items are for discussion only-no action will be taken)

Mayor Armstrong stated next item on the agenda was Other Business - Ruidoso Downs Beautification Committee - Presentation of President's Circle Award.

Judy Miller, Chairperson said this is what it takes to be an "Affiliate in Good Standing" and she gave the Councilor's and Mayor a handout and then read from it. She said in New Mexico there are 21 affiliates and only 15 of those received this award. She said they would like to present the award to the City and it will be the fifth one in a row to hang in the wall. Other members present were Sebrina Lundquist, Jean Proctor, Brenda Frost, Gary Williams; Councilor and that Deb Dvorak was not present. Judy said they would be co-hosting with Keep Ruidoso Beautiful the Great American Cleanup kickoff here on March 7,8, & 9<sup>th</sup> and one meeting will be in Ruidoso and one in Ruidoso Downs. Sebrina said they would like to have our meeting at the museum. There will be between 20-30 other affiliates here and they would also like to tour some schools that they are coordinating some recycling project with and also tour the Byway.

Mayor Armstrong thanked the committee and there was a round of applause.

Councilor Holman said he would like to present something to the council because he thought John Underwood was going back to the State of New Mexico soon on the museum. This could be the most important decision that this particular council will make. We know from the audit and budget that we are in a serious situation with the museum. He said they knew at some

point the \$1.5 that Mr. Hubbard gave for the museum was going to run out and that time was just about here. The current contract that we have has basically three things. We have the responsibility and ownership of the museum and we do have a certain amount of control. We do have certain financial obligations. If we go with the State we are going to have loss of control in some areas, which is going to equate to an even greater financial obligation even after the State monies. He said he would hate to see us lose any control that we have and said he thought it was an asset and that we could keep the doors open although it was a difficult situation.

H. John Underwood, City Attorney said to the best of his knowledge he had not received any direction from this council to pursue the same options with the State that he received last year. He said that matter was not on the table at this time and he had not renewed any of that and thought maybe the best time to do that was maybe the following year. If the council wishes to have a workshop on this to determine if they want him during this legislative session to pursue a new contract with the State that he would but he didn't know he had direction from this council to pursue it this year. He said it was not on the agenda for this meeting so maybe they should put something on the agenda for the next meeting.

Councilor Holman said he must have gotten the wrong information then.

#### PUBLIC INPUT

**(All concerns to be addressed only to the Governing Body as a Whole with a 3-minute Time Limit)**

Mayor Armstrong stated next item on the agenda was Public Input.

Joyce Gustafson said she had a question about Lincoln County Transit and the modified budget. Back in July the board approved a \$25,000 transfer from Lodgers' Tax and on the modified budget there is a transfer from the General Fund of \$26,646 and then a transfer from Lodgers' Tax Fund of \$51,646 and that comes up to \$78,293. She asked what that was about? She saw where \$47,000 was transferred back to the General Fund to keep the Transit afloat.

Mayor Armstrong said it would be better if she would come in to Terri's office for an answer on that.

#### ADJOURNMENT

There being no further business, Mayor Armstrong entertained a motion for adjournment.

Councilor Williams moved to adjourn at 6:40 p.m. Seconded by Councilor Olivo.

All were in favor and motion passed.



Tom E. Armstrong  
Tom E. Armstrong, Mayor

ATTEST:

Carol Virden  
Carol Virden, City Clerk/Treasurer