

CITY OF TUCUMCARI
CITY COMMISSION
Special Work Session Notes
February 11, 2016

The Tucumcari City Commission met in a work session on Thursday, February 11, 2016 at 5:00 p.m. in the City Commission Chambers. Members present were John Mihm, Ruth Ann Litchfield, Robert Lumpkin, Amy Gutierrez and Rick Haymaker.

City staff members present were: Jared Langenegger, City Manager; Doug Powers, Assistant City Manager; Viki Riddle, Housing Authority Director; and Angelica Gray, City Clerk.

Guests: Patrick Vanderpool, EDC Director; and JJ Griego

EDC Report

Mr. Vanderpool stated that the Commission had a copy of a proposal that was given to one prospect that the EDC was working with, he stated it was a fairly aggressive proposal but they have not received a response. The EDC made a proposal to the North East Economic Development Organization about things the EDC could do to assist regionally with economic development and it includes three items: expansion of the certified Work Ready Communities project, assistance in putting together a marketing business attraction plan and we proposed to provide assistance on a project basis if they need help in identifying funding sources for various projects. He stated that a LEDA application was included and stated that one of the important things they do is when someone is interested in, LEDA is letting them know a little about it, the guidelines that they have to abide by and adhere to in terms of LEDA applications, we didn't previously have that as part of the application process but it's important for people to know that these are the rules in term of LEDA projects so we have included those in the actual application itself.

Mr. Vanderpool stated they had talked about restrictions the Workforce Solutions has in terms of information they can release so we found out what the restrictions actually are. This does not mean we cannot ask a business to provide us information in some form or fashion it just means these are the restrictions the department of Workforce Solutions has to go by. He stated that he would like to go through some of the prospective projects. He stated that they are trying to help Shopko reduce their costs on the project because they are running into some cost issues so we are trying to help them address some of those issues that are related to that project. Regarding the proposal, he spoke about earlier he stated that he and Commissioner Mihm spoke to the client but they weren't sure what exactly their prospective plans are, but they did give them a good pitch on locating and operating in Tucumcari, we just have to see what they decide. He stated the winery/vineyard project they have identified a lender and now they just need to find out if they need assistance in putting together a USDA guaranteed loan application and he is still waiting to hear back on that. He stated that he believes it is a good project and they are doing the right things in terms of the structure of the deal to make it move forward.

Commissioner Mihm asked if they had heard from Ted about the Alco building. Mr. Vanderpool stated that he hadn't, but they had presented four scenarios to him that are the most likely directions to go with that building but he doesn't have anyone on the hook for the building and we don't either at this point. When we did the sales mission trip this month, which is not found in this report because it

occurred during the current quarter, we did our best to market the building but when you're speaking to warehouse distribution folks the ceilings are too low and it's an older building. The people that they have spoke to prefer a thirty-four to thirty-six-foot height ceiling and we have nothing like that, so that would have to be a build to suite project. We told a couple of folks for the Kansas City area that if they are looking at Mexico this is a really good direction for them to get there particularly with the rail that comes through here and US 54 and if they needed a location in New Mexico this would be a good place for them to consider on their way to or from Mexico. He stated that each current project has their own binder with bank statements and receipts as a way to track them.

Mr. Vanderpool stated that Adam and Kim Nichols are doing a great job with their project and their product but they still have some goals that they still need to meet. He suggested considering a couple of things, we did introduce them people from WESST Core in December, which is an organization that originally started as the Women's Economic Self Sufficiency Team that helped women who owned businesses get off the ground but they have expanded their role and are helping a lot of small businesses that need to make sure they have everything in order in terms of best business practices. So we have made that introduction and they have followed up with WESST Core and that will be very beneficial to them in terms of what kind of record keeping they need to have in place and make sure they know exactly how to run their business as effectively and efficiently as possible. WESST Core is also an alternative lender they make loans up to \$50,000. We also have had conversations with a couple of other alternative lenders and Accion is one that makes small business loans of up to \$2 billion. If things go as well as we hope they do, based on their exposure on the Discovery Channel they will need a second amount of funding in very short order and it's not something I propose going back to LEDA for but our discussions have been in the neighborhood of maybe \$250,000 and I have mentioned this both to David Hale and Corby who are on the board, when we get ready to package that we would like them to take a look at that package and if a local lender has an interest in doing that then that would be great, if not we want to look at an alternative lender; we're trying to get that lined up. We have had conversations about the fact that our fund is going down as we speak so if we could get more capital infused in that fund we could do another project or two so we are going to propose that. Another thing is if they have another funding source it could be used for payroll because LEDA does not cover that so that's under consideration in terms of steps for them as a business and quite frankly if we're able to do that then that means we have successfully gotten a business up and running off the ground in Tucumcari. He also mentioned in terms of current projects that he met with the owner of the Tucumcari Mountain Cheese Factory and they're hopeful that they're going to get their project finished by the end of the month and they will probably come in \$40,000 to \$50,000 under budget, there again would be additional funds that would be able to be written back to the City for another project. Commissioner Haymaker asked if it looked like Tucumcari Mountain Cheese would be able to double their workforce. Mr. Vanderpool stated at the end of their project they will. He stated that in the packet the Commission had there was copies of the reports they asked the businesses to fill out they are very brief reports. These reports gave us the opportunity to talk to them and remind them of what their requirements are in terms of their project participation agreements and Tucumcari Mountain Cheese have not met their goals yet nor has Rugged. When you think about the cheese plant in terms of the wastewater treatment project being a portion of their expansion the jobs will be added once they get their expansion done, that is still their goal and they still intend to do that, we are working on other pieces of their expansion project as well. They are having to reapply for their new markets tax credits because of the timing in terms of getting everything put together with the bank for full financing for their expansion. The new markets tax credit review board is meeting on the 12th so they were able to get their application updated this week.

Mayor Lumpkin commented that this was a good report and thanked Mr. Vanderpool for his work. Mr. Langenegger thanked Mr. Vanderpool for providing him a draft. This report is a lot better than when we first started this format. He stated he appreciates his effort on getting what they needed in the report. In the future he would like to look at the project reports and get a little more detail because they are brief but for the first time doing this it's a huge improvement from the beginning. Mr. Vanderpool stated this gave him the opportunity to remind the businesses of their commitments in terms of their Project Participation Agreements. He stated they have separate information that was provided in terms of the project for the ethanol plant, we had some interest from people about LEDA over the last few months and he tried to look at the ordinance to see if we could stream line to process and make it simpler for folks but there really isn't and it's not something we could cut corners on. The project has come a long way in the last year and we feel that it is ready to be presented. We had a discussion about a year ago about the feasibility study but it hadn't been completed but now it has. In the feasibility itself the value in the business plan is that it incorporated the grain storage project as well which was not part of the feasibility study so that is an added benefit because that is almost an instant revenue stream for the project and Robert Lopez is partnering with him on that part of the project. That is an improvement on the project and the feasibility study is done and it's about a \$4.6 million project with \$1 million in equity coming from formation of a bio fuels co-op and there is still some work to be done to put that co-op together but again there is opportunities for people to participate in the project it is actually a good place for the cheese plant to dispose of some of the waste because it is something that could be used in the process that Bob has developed for methane. Others will benefit from participating in this project and could easily become members of the co-op. New Mexico State University has taken an equity position in the project and another player that has a real potential of attracting to this is Reliant Gases out of Midland, Texas and they are interested in purchasing the Co2 that will be a byproduct of the operation at the plant and they have even gone so far as to say they are interested in contracting to operate the facility so there are some significant players at the table now that we didn't have a year ago and now he does have the financing in place and the feasibility study completed so we're far ahead of where we were a year ago.

Audit Closeout

Mr. Griego stated that 2015 went very well, the audit was completed on time and there were no rejections. There were a couple of small questions as we wrapped up but overall it's a good audit report. The audit findings are down significantly, six findings down to three which are all continuing audit findings. Personnel files were down significantly when we look at payroll testing we look at HR and everything and this is one I suspect not to have next year we look at quite a bit of files. He stated that he would be very cautious when going forward with replacing the accounting system, when you switch over accounting systems this tends to be exaggerated. He has seen many cities struggle with that but he hopes it goes smoothly and there are no issues. The Housing Authority did not have any findings or the Federal Awards which is very good. In the past we've tested the federal awards but typically it has just been on the housing side because the voucher program is a large program, this year we did test the airport improvement grant which was about \$155,000 in expenditures during the year and it looked to be very well managed and accounted for. He stated that the report is an unmodified report which is very good because it identifies no material weakness, significant deficiencies or controlled deficiencies on the federal award programs. We had no material items, which is quite an improvement as far as getting the information and providing proof that ties back to the financial statements. Last year we had an issue with travel with Housing and that's gone on the City side the capital assets and we were provided a listing that tied back to the general ledger and for the first time we didn't have a huge adjustment to capital assets. The last two or three years we have been going

back and forth because it kept being reassessed. He stated that he had to give the City and Housing a lot of credit for staying up to date. Mr. Langenegger stated that Viki Riddle was listed as City Planning Director on the roster but her title was Housing Director. Mr. Griego stated he would make the change and get them to Dennis. Mr. Langenegger stated he appreciated Mr. Griego's work and the report looked good.

Mr. Griego stated on the Lodger's Tax Report there was one small change. He stated the surprise with this was there were so many lodgers in Tucumcari and this is a big item for the City and we were able to show small differences that need to be corrected. We were able to get a good sample from the commercial hotels, RV parks and the Blue Swallow which is a Route 66 icon. We got to see the operations of many and the differences in how they're operating and were able to drill down for example in some months they have to float themselves basically, we had one incident where there was a fire so there was a lot of money coming in from insurance. He stated that typically Lodger's tax is straight forward but there was a lot of unique transactions that occurred during the 2015 fiscal year for the Lodger's so we were really able to dig quite a bit. A lot of times for some months the Lodger's do better in their retail sales than their hotel sales, which was very interesting to see as well as some of the folks that had the information on the restaurants. For the most part we did actually find some instances where the Lodger's were overpaying, not significantly maybe \$100 at the end of the year. For the most part they were all in compliance we did like that the City did fine Lodger's for being late and sometimes that doesn't happen in all cases with all cities. It does look like the money is being spent in accordance with the Lodger's provisions, we suggested to be more diligent with the advisory board to insure that the quarterly reports are included in the minutes as well as the fact that sometimes the repairs on can walk the line with the compliance but as long as you guys show there's a vote you'll be fine. Mayor Lumpkin thanked Mr. Griego for his very complete reports. Mr. Griego apologized for the small mistakes and stated that they will be fixed. He stated that in the next thirty days he will be putting together a data collection form that goes to the Federal government, for the City and the Housing Authority, Mr. Dysart and Ms. Riddle will sign off on it.

Health Council Trails

Jessie Robbins and Steve Hansen spoke for Brenda Bishop. Ms. Robbins stated that as Ms. Bishop had mentioned before there would be community challenges in each commission district there are options to where each district would host the event and have a committee to plan the event or there's the option to do something simpler. We are planning a big event with Mainstreet at the train depot which will be a two mile walk around town and we will be using little footprints to indicate the path. One of the problems we're having with this is we want is to make each trail a mile long but there's not sidewalks in some parts so we would have to block off streets, so we're asking for the Commission's input on what they would like to do. Mayor Pro Tem Litchfield stated the walking trails in her district would be by the auditorium. Commissioner Mihm stated his district's trails would be Dunn Park and those roads would need to be sealed first. Commissioner Haymaker's district would be North Side Park, Commissioner Gutierrez would be Arthur Jimenez park, Mayor Lumpkin would be Waile's Park and Mayor Pro Tem Litchfield's was the exercise trail and Commissioner Mihm's was Dunn Park. Ms. Robbins stated that one of the problems they have ran into is at Wailes Park there isn't much of a place to walk plus we would have to come up and down the boulevard because on Rankin there is a problem with dogs and there are no sidewalks. Commissioner Mihm stated that the chip and seal project will be taking place in spring. Ms. Robbins stated that we could do smaller events at each park instead of trying to make each a mile walk and she stated it's up to the Commission what they want to do as far as this project is concerned. Mayor Pro Tem Litchfield stated that this sounded like fun. Commissioner

Mihm suggested starting with the Main Street challenge. Mr. Langenegger commented that he liked the way it was broken down into different events and it would be a good challenge to try and get the different Commissioners out there with their districts and do the challenges but it's going to come down to coordination and putting everything together. He stated that he likes what they are doing and it's a great idea. Mayor Lumpkin commented that they had talked about the City sponsoring and asked what they meant as far as assistance and sponsoring, such as police and ambulance availability. Ms. Robbins stated that would probably be a good idea for the big event because you never know what could happen. Mr. Hansen stated they are working with a lot of people including Gail Houser for the main event because it's on Main Street. Mayor Lumpkin stated another point that may fall in line with this objective is Eastern Plains Council of Government has a department of transportation and every year in the past they have had a grant available for recreational trails and we're trying to keep an eye out for that because once you get notice of that grant availability there is a time restraint on it. He stated it was state money but he wasn't sure of the amount but at one time we were looking at putting a recreational trail out at Five Mile Park, which would be paid for with this grant. Mr. Hansen stated they already had a couple of funding sources one being a grant from Presbyterian Healthcare. Ms. Robbins said another is a small funding stream that ties back to the University of Oregon but is part of a project from last year where we went around and took pictures and put together a small proposal and received a \$2,500 reward. Mr. Hansen said they would have to look at the EPCOG grant. Mr. Hansen stated they have talked about doing a mural trail but it is still a work in progress. Ms. Robbins stated and maybe something along Route 66 because there are so many tourists and maybe we could make it a little more friendly for them, but there is a lot of potential. Mayor Lumpkin thanked Mr. Hansen and Ms. Robbins for their effort and people are going to benefit from this. Mayor Pro Tem Litchfield asked if these events were scheduled for Saturdays. Ms. Robbins stated yes and asked the Commissions opinion on the pre-set dates, if they were too soon or workable. Commissioner Gutierrez stated that one day was during Rockabilly and another around graduation. Ms. Robbins stated they could push some back because they didn't want to conflict with graduation or Rockabilly and suggested each Commissioner suggest a date. Mayor Pro Tem Litchfield asked if it would be ok to schedule one event in the evening during the summer, she stated that it would be fun to have one in the evening after everyone gets off work. Ms. Robbins stated they could let each Commissioner decide what they wanted to do. Mayor Pro Tem Litchfield stated she thinks it sounds like fun.

Commission adjourned at 5:50 p.m.

Submitted by:

Angelica M. Gray
City Clerk