

**CITY OF TUCUMCARI  
CITY COMMISSION  
Work Session Notes  
April 19, 2011**

Those Present: Antonio Apodaca, Amiel Curnutt, Robert Lumpkin, Jimmy Sandoval, and James Witcher

Staff Present: Bobby Rose, Clara Rey, Christine Dougherty, Dennis Dysart, and Mike Cherry

Ms. Rose began the session by explaining that initial budget intentions were to increase the salaries of employees providing essential services to the point they were competitive and fair. Additionally, building reserves was a major goal. However, conditions will not warrant these changes.

Ms. Rose explained that due to the calendar, there will be one extra pay period in the fiscal year which will cost an additional \$165,000. Health insurance premiums are increasing 15%, impacting the budget by \$150,000. Due to increased claims, the workers compensation insurance is expected to increase 46-50%.

Other insults to the budget include; increasing fuel prices, additional subsidies to the EMS department, aging equipment, water losses, increased cost of animal euthanasia, decreasing gross receipts taxes, increased cost of electricity, a possible special election, potential retirements of long term employees, and increased electricity cost to operate the waste water treatment plant and landfill.

Ms. Rose explained that the general fund is anticipated to be short \$800,000 and the water fund is expected to be short \$300,000.

Ms. Rey provided the Commission a spreadsheet detailing what pay increases in essential services departments would cost. Ms. Rey explained that the funds are just not available at this time to give raises to anyone.

Ms. Rose explained that she proposes to cut funding for all recreation center sports leagues. She said the facility will still be provided, but uniforms, referees and trophies will have to be funded through independent leagues.

Ms. Rose explained that the existing insurance cost split of 95% covered by the City and 5% paid by employees is simply too expensive; particularly with the premium increasing by 15% in the next fiscal year. Ms. Rose provided the Commission with a spreadsheet that detailed the cost to the City and to employees based on different divisions of the premium. Ms. Rose also stated that the identity theft and life insurance parts of the policy will be dropped. Ms. Rose asked the Commission what their goal is regarding insurance. Mr. Witcher suggested that dental, vision, life insurance and identity theft coverage be dropped and the City pay 90% of the premium and employees pay 10% of the premium.

Ms. Rose also explained that over time pay is sometimes high due to paying employees to cover for employees that are out and for essential services on holidays. Ms. Rose suggested that some holidays be cut and the sick leave accumulation be decreased.

Mr. Lumpkin noted that so far, all the budget cuts were landing on the shoulders of the employees.

Ms. Rose asked for opinions on eliminating some of the holidays and decreasing the amount of leave employees accumulate. Mr. Curnutt and Mr. Witcher agreed and Mr. Lumpkin stated that although the idea makes him uncomfortable, he sees the necessity.

Mr. Witcher then suggested that for employees making less than \$35,000 annually, the insurance premium split be 90/10 but for those with income over \$35,000 the split should be 80/20. Mr. Curnutt stated that he was not sure he agreed and thought other options should be explored.

Ms. Rose asked if everyone was in agreement that raises could not be afforded. Mr. Witcher stated that he was in favor of employees who achieve certification in their field receive raises. Mr. Apodaca asked if the Commissioners could give their pay back to the City. Ms. Rose stated that their pay is established by ordinance and cannot be changed until the next election.

Sick and annual leave were then discussed. Ms. Rose suggested that in lieu of the two different types of leave, each employee earn paid time off to use how they choose. Mr. Witcher stated that usually part-time employees do not receive benefits. Ms. Rey explained that the City does not have a definition for part-time and this needs to be addressed. Mr. Witcher suggested that we define part-time, utilize part-time help more and do away with benefits for part-timers. Mr. Curnutt suggested the federal regulations be consulted before implementing this idea.

Ms. Rose then opened the discussion to utilities. She stated that raises for essential services employees and building reserve accounts in the utility departments are not going to happen this year. Ms. Rose stated that a recent study of water meters shows between pumping and selling we are losing 50% of our water. Additionally, old meters are measuring between 18 and 35% slow. Mr. Dysart added that equates to between \$150,000 and \$350,000 annual loss.

Ms. Rose suggested the City invest in electronic meters. Ms. Rose explained she has applied for a \$1.1 grant for meters and a new tank. The cost of meters for the whole city will be around \$900,000. She suggested that the bigger users could be replaced first to save on cost. She added that new meters could increase revenues significantly.

Ms. Rose then explained that even with the suggested cuts, the budget is still \$381,000 short to purchase the tank and meters. Mr. Dysart added that of the 2600 residences in the City, rates could be increased by \$12 per month to cover the shortfall.

Mr. Witcher suggested that the water ordinance could be changed to read that minimum use is 2000 gallons versus 3000 gallons per month. Mr. Apodaca stated he could only support a 5-6% rate increase. Ms. Rose asked if the reserve and capital outlay funds in the water department should remain the same. Mr. Witcher stated he believes it should stay the same.

Mr. Lumpkin said what if this increase does not happen. Ms. Rose said she speculated things would be much worse next year. Mr. Lumpkin explained that other communities implement flat increases in their rates based on the Consumer Price Index. Mr. Lumpkin said increasing taxes can't be counted on because it has to go to a vote. Ms. Rose stated that even if the tax increase was approved by the voters, it would not go into effect for a year or more. Mr. Witcher said he was in favor of increasing rates to cover the shortfall now to purchase the meters and tank and then implementing a flat annual increase thereafter. Mr. Lumpkin stated the purpose of the work session was to look for other avenues to increase revenues and decrease expenses.

Ms. Rose explained that in lieu of a joint utility fund as the City currently has, she has been working to split the water and wastewater budgets. She stated she is unsure how much each department needs in reserves. Mr. Curnutt and Mr. Witcher agreed reserves are imperative. Ms. Rose stated that the wastewater budget is looking good but debt has not been separated.

Ms. Rose explained that in the sanitation department, she would like to increase tipping fees at the landfill from \$35 a ton to \$36 to cover expenses for the new landfill. She also anticipates increasing residential sanitation rates by \$4 per month.

Mr. Apodaca stated that he does not think all the water meters should be replaced at once. He added that with recent construction projects, many meters are relatively new anyway. He went on to say that he felt his constituents do not make high wages and a \$12 increase in utilities per month is too much. He said he speaks for those making lower wages.

Mr. Lumpkin said that installation of new meters will be paid for with grant funds and that the City match will be obtained through increased water rates. Mr. Lumpkin asked what percent increase was anticipated. Mr. Dysart stated he anticipates a 30% increase. Mr. Lumpkin asked for that in dollars for a minimum user. Mr. Dysart stated a minimum users bill is now \$13, plus 30% will increase that to \$16.90. Mr. Lumpkin asked how we compare to other communities. Ms. Rose said she looked at how we compare and we are about \$3.76 lower than similar communities. Mr. Apodaca asked if we had large water users that were being given big breaks on their bills. Ms. Rose said the only user getting a break is the Feed Lot due to their contract.

Mr. Dysart suggested that the minimum use be lowered to 2000 gallons per month and increase the base rate to \$17. Ms. Rose said she felt that for those using under 2000 gallons per month, rates should not increase. Mr. Witcher agreed. Mr. Lumpkin asked how much revenue that is expected to generate. Mr. Dysart stated that the last time rates were increased, use declined.

Ms. Rose then explained her cost savings plans for the general fund. She began by saying she proposes to cut the funding for sports leagues by \$10,000, decrease the pool hours, decrease the number of lifeguards, cut the temporary groundskeeper, eliminate a part-time position at the library, and reduce the court clerk to part-time while utilizing her part-time at City Hall. Ms. Rose went on to say that two people recently tendered their resignations and she plans not to fill those jobs. The budget clerk at City Hall will not be filled and the Convention Center Director Job will be added to the duties of another department head. The part-time convention center custodial also resigned and Ms. Rose does not plan to fill that position.

Ms. Rose also explained that the secretary at the EDC resigned and Mr. Vanderpool plans not to fill that position. The EDC contract is up for renewal and Ms. Rose proposes decreasing the contract amount by \$30,000. Mr. Lumpkin said he had no problem with that plan. Mr. Witcher stated that most of the economic development is generated locally. Mr. Curnutt stated it is not really a cut and Mr. Apodaca agreed it is attrition.

Ms. Rose explained that initially, the addition of a Risk Manager decreased insurance premiums but that is no longer the case. Ms. Rose proposed eliminating that position. Mr. Curnutt agreed. Mr. Apodaca said it was proposed to save money, but it really didn't because the funds were instead used for the salary and he agreed to eliminate the position. Ms. Rose said she will add the duties to someone else's title. Mr. Lumpkin and Mr. Witcher agreed the position should be eliminated.

Ms. Rose said that she is looking into implementing a four day work week if fuel prices continue to rise. Mr. Witcher said he feels the four day week would be a benefit to employees, but not all departments could do this. Ms. Rose said the City of Aztec implemented the four day week and she will contact them and see how it's working for them. Mr. Lumpkin and Mr. Apodaca agreed it was worth investigating. Mr. Lumpkin added that this is a give and take positive move for employees. He added the schools implemented this and of course had the biggest savings in the transportation department. Mr. Dysart added that the culture has changed and there are more single parents that need a day to take care of family business.

Ms. Rose said she proposes increasing fees at the Golf Course.

Mr. Cherry stated that an RFP will be issued to ask for proposals to run the Ambulance service. Mr. Witcher asked if our employees would be first hired by a company that might take over. Mr. Cherry said that was most likely because EMS employees are very hard to find. Mr. Lumpkin said he agreed with this idea. Mr. Cherry said he is in discussions with the County and the Hospital for ideas on how to run this more efficiently.

Ms. Rose said that the County has approached her about the idea of a City/County facility and she asked for thoughts on this idea. Mr. Witcher said if it will save us money, he has

no problem with the idea. Mr. Apodaca asked if it would involve a lease. He questioned the logic in spending money when we have none.

Ms. Rose then asked for thought on funding for Main Street, the Chamber and the Elks Fireworks display. Mr. Witcher said that the Main Street program has brought money to the community. Mr. Witcher asked how much funding goes to the Chamber. Ms. Rose said \$30,000 annually. Mr. Cherry added that just a few years ago the funding to the Chamber increased significantly and that most Chambers are self-sufficient. Mr. Witcher suggested cutting the funding in half and Mr. Lumpkin suggested cutting it all. Ms. Rose said that the Chamber is being run more efficiently. Mr. Lumpkin asked what the City gets for \$30,000. Mr. Curnutt suggested cutting the funding in half. Mr. Witcher and Mr. Lumpkin agreed.

Ms. Rose said last year the City donated \$2500 to the Elks for a fireworks display. Mr. Cherry added that he feels the donation cuts down on private fireworks use and decreases fire danger. Mr. Lumpkin, Mr. Witcher and MR. Curnutt said to continue the donation to the Elks.

Ms. Rose said that the new animal ordinance is not being enforced very well because of the high cost of euthanizing the animals. Each trip the vet makes to the kennel costs \$65 and his charge per animal is \$40. Mr. Witcher said he feels the department needs a part-time employee added and another truck. He also said he thinks the police handling calls on the weekends is not working well. Mr. Witcher also asked if Mr. Martinez is certified to euthanize animals. Ms. Rose responded in the positive but stated a vet still needs to supervise and the building is not certified for euthanasia. Mr. Apodaca asked how many animals we are disposing of each month. Mr. Cherry stated it averages around 40 a week.

Ms. Rose said that there is little the Code Compliance officer can do because of lack of funds.

Mr. Witcher suggested closing the Del Norte Center as it losing money consistently. Mr. Apodaca asked what the administrative costs are for the building. He suggested that it remain open as it may cost nothing or very little to run. Mr. Witcher, Mr. Lumpkin and Mr. Curnutt agreed the rent for the building should be increased to \$75. Mr. Curnutt added that the building needs a new coat of paint, some carpenter work and a sign.

Ms. Rey added that a policy needs to be developed for employees to be able to volunteer their time towards projects such as the Del Norte Center.

Mr. Witcher added that he feels it is a priority to get all employees up to at least \$8 per hour.

Respectfully Submitted,

Christine Dougherty, City Clerk