

Special Work Session of the City Council, City of Farmington, New Mexico, held Friday, May 10, 2013 at 9:00 a.m. in the Executive Conference Room at City Hall, 800 Municipal Drive, Farmington, New Mexico, in full conformity with the rules, regulations and ordinances of the municipality.

At such meeting the following were present, constituting a quorum:

MAYOR	Tommy Roberts
COUNCILORS	Dan Darnell Mary M. Fischer Gayla McCulloch Jason Sandel

Constituting all the members of the Governing Body.

Also present were:

CITY MANAGER	Rob Mayes
ASSISTANT CITY MANAGER	Bob Campbell
CITY ATTORNEY	Jay B. Burnham
CITY CLERK	Dianne Fuhrman
DEPUTY CITY CLERK	Melody Coyner

PROPOSAL FROM NEW MEXICO AIRLINES TO PROVIDE SUBSIDIZED AIR SERVICE TO ALBUQUERQUE FROM THE FOUR CORNERS REGIONAL AIRPORT

Assistant City Manager Bob Campbell announced that staff has received a proposal from New Mexico Airlines (Pacific Wings) to offer flights from Farmington to Albuquerque. They have proposed that the City subsidize two round trip flights each weekday and one round trip flight on Saturdays and Sundays at \$389,813 annually and that the City pay an additional subsidy to ensure that all flights are compensated to the 70 percent occupancy (load) factor with a total potential cost to the City of \$1,113,765.12. He stated that staff does not recommend entering into a flight subsidy agreement during these challenging financial times and pointed out that Great Lakes Airlines flies 240 segments a month to Denver, Colorado with no subsidy.

In response to inquiry from Mayor Roberts regarding potential occupancy, Mr. Campbell stated that Carlsbad is currently operating the New Mexico Airlines Albuquerque flight at about 20 percent occupancy. He further stated that staff explored related revenue sources, i.e. landing fees and fuel flow charges, noting that those fees are normally waived for the first year or two but could be negotiated for potential revenue of approximately \$10,000 per year.

Responding to Councilor Darnell, Mr. Campbell stated that Great Lakes Airlines is aware of New Mexico Airlines' proposal and that staff has asked Great Lakes to submit a proposal for an Albuquerque flight. He noted that he, City Manager Rob Mayes and Airport Manager Todd Gressick will be meeting with Great Lakes on May 16, 2013.

Due to budget constraints, Councilor Darnell stated that he is not supportive of subsidizing New Mexico Airlines.

Responding to Mayor Roberts, Councilor Sandel stated that he is not interested in continuing discussions on New Mexico Airlines' proposal and expressed a desire for the City to investigate providing air service to a major airline hub.

There being no response to the Mayor's request for further comments, he announced that there is an "indication of no interest" from the Council in subsidizing New Mexico Airlines proposal to provide subsidized air service to Albuquerque from the Four Corners Regional Airport.

FISCAL YEAR 2014 BUDGET HEARING #5

Mayor Roberts reminded the Council that at the April 26, 2013 Special Work Session the Council authorized staff to use cash in combination with other options in developing the Fiscal Year 2014 ("FY14") preliminary budget in order to make up the projected budget deficit. He noted that the preliminary budget presented today reflects \$3 million in cuts and \$3.5 million in cash to make up the deficit and explained that the purpose for today's discussion is to give the Council the opportunity to question staff regarding the preliminary budget.

In response to specific questions from the Council at the April 26, 2013 Special Work Session, City Manager Rob Mayes stated that there is a \$10 million limit on the City's liability insurance and noted that the City's agent of record has been asked to do an analysis on whether that limit is sufficient. In response to Judge Bill Liese's request to increase the budget for jail fees by \$800,000 in FY14, Mr. Mayes reviewed the "City of Farmington San Juan County-Prisoner Care" handout that shows the day rates for prisoner care since FY08 and the Class "A" County Comparison, noting that Judge Liese will be available at 11:00 a.m. today for questions and to discuss a conceptual program with the Farmington Police Department and Presbyterian Medical Services which will provide intense one-on-one counseling for certain street inebriates. Mr. Mayes also reviewed staffing levels, noting that the City's personnel ordinance calls for five types of employees (regular full- or part-time, temporary, acting, seasonal and interim) and stated that 75 percent of the budget is related to regular employees and that the City spends approximately \$2 million per year on temporary employees. Directing the Council's attention to the "General Fund Regular Employees" chart in the preliminary budget book, he noted that between 2004 and 2008 the number of regular employees increased by 14 percent but since 2008 the number of regular employees has decreased by 8 percent. Furthermore, he stated that the preliminary budget includes six new employees for the animal shelter and one for Information Technology ("IT") and pointed out that regular employees are budgeted by name and position but that temporary and seasonal employees are budgeted through a lump sum. However, referring to the "Temporary Part-Time/Full-Time Equivalent by Department" spreadsheets in the preliminary budget book, he pointed out that the lump sum budgeted for temporary and seasonal employees in the General Fund is the equivalent of 97 regular full-time employees.

In response to inquiry from Mayor Roberts, Mr. Mayes stated that since 2008 the savings to the City related to the 8 percent reduction in regular employees is approximately \$14 million.

Regarding the Council's previous question about what is not being funded in FY14, Mr. Mayes briefly reviewed the "Significant Changes from Departmental Needs Draft Budget to Proposed Budget" handout that was provided at the April 26, 2013 Special Work Session. Regarding what is not funded that could be funded in FY14, he stated that 1) departments are delaying the hiring some positions and the expenditure of certain capital projects; 2) some services are being cut and that the amount of funding for social service programs is being reduced; and 3) the newly-adopted pay plan is being reduced by 62 percent with an across-the-board two percent salary increase being proposed for the employees (instead of the average pay increase of 3.57 percent).

Councilor Darnell stated that he will be advocating for full funding of the social service programs.

In response to inquiries from Councilor Fischer, Assistant City Manager Bob Campbell explained that the analysis from the Animal Services Advisory Committee ("ASAC") was for 10 new employees (a receptionist, a veterinarian and 8 kennel technician positions) to be added once the new facility is up and running, but stated that staff is recommending six new employees based upon the recommendation from Animal Arts for operation of a 19,300 square-foot facility. He noted that the receptionist position was filled by moving an animal control officer to the front office on a full-time basis and stated that ASAC has agreed that hiring a veterinarian is not appropriate at this time. Furthermore, he assured the Council that staffing levels at the animal shelter will be reevaluated if it is determined that additional employees are needed to operate the facility. Regarding an animal shelter director, Mr. Campbell reported that the position has been advertised nationwide and will remain open until filled; however, he announced that Parks, Recreation & Cultural Affairs Director Cory Styron has scheduled interviews with 3

applicants for May 24, 2013.

Discussion followed regarding the request for proposal for veterinary services, the operation of the spay/neuter clinic and the need for animal shelter volunteers.

Councilor Fischer expressed her appreciation to the animal shelter staff for the changes in operation since Marcy Eckhardt took over as the Interim Animal Services Supervisor. She contended that the public is expecting the City to have a veterinarian on staff at the new animal shelter and suggested that staff look for ways to fund the position. In response, Mr. Styron stated that there are additional costs associated with a full-time veterinarian, noting that the City has a veterinarian available on contract for emergencies.

Following brief discussion, Councilor Sandel expressed frustration that the Council was not consulted regarding the budget presentation format.

Referring to the spreadsheet titled, "FY11 vs. FY14 Proposed Budget, As requested by Councilor Sandel", Councilor Sandel pointed out that there is a 13.7 percent increase in expenditures from FY11 to FY14, excluding the FY11 debt service, and stated that he will be questioning the line item increases in an attempt to find ways to reduce costs in FY14. He pointed out that the increase in City Clerk's budget is due to the \$44,000 election expense; noted that the City Manager's budget decreased by \$141,175; and questioned the \$7,786 increase in advertising budget for the Government Relations Division. In response, Government Relations Director Elizabeth Isenberg stated that the advertising line item had been significantly reduced in the past and explained that she has been unable to do the "big picture advertising" for the City. In response to inquiry from Councilor Sandel, Administrative Services Director Andy Mason explained that the "E.W.S. UTILITIES" increases throughout the spreadsheet refers to electric, water and sanitation costs and Library Director Karen McPheeters pointed out that during FY11 the Electric Utility Department paid the electricity charges for the General Fund. City Attorney Jay Burnham and Mr. Mayes responded to questions from Councilors Sandel and Fischer regarding contract legal services and general liability expenses. Councilor Fischer expressed a desire for the Legal Department to do more "in-house" litigation and Councilor Sandel suggested having some accountability by the departments responsible for general liability expenses. Budget Officer Teresa Emrich pointed out that the enterprise funds are "billed back" for general liability expenses and stated that department heads from the General Fund receive a report of general liability expenses. Responding to inquiry from Councilor Sandel, Mr. Mayes and Police Chief Kyle Westall reviewed the measures being taken by the Police Department to reduce general liability expenses (i.e. management training, non-lethal tactical options, reality-based training and policy updates).

Addressing the Council, Municipal Judge Bill Liese reported that, since last summer, there has been a dramatic increase in the number of arrests of street inebriate/street crime individuals resulting in a \$340,000 increase in jail fee expenses from FY12. He reported that jail sentences have increased from 10 to 20 days for street-type crimes but stated that they have been reduced for less serious crimes in an attempt to contain jail costs. Furthermore, he stated that the Municipal Court is using electronic monitoring devices through private agencies and private collection agencies in an attempt to collect court fines in lieu of issuing bench warrants and mandating jail time. In addition, he stated that staff is investigating the possibility of partnering with Presbyterian Medical Services and Totah Behavioral Health Authority to develop a daily-reporting program in lieu of jail time for certain individuals that are amenable to treatment in an effort to change their behavior.

In response to inquiry from Mayor Roberts, Judge Liese stated that he is not opposed to reducing the increase in requested jail fees from \$800,000 to \$400,000, noting that it is simply a matter of matching up funding with the level of enforcement.

Chief Westall announced that basic preliminary evidence indicates that calls for service related to street inebriate and crime have been reduced due to of the efforts of Judge Liese and the Municipal Court's sentencing guidelines. Councilor Sandel requested a copy of the statistical data.

Councilor Fischer stated she would be interested in a study regarding the relationship between alcohol and HIV and questioned whether there is a need to have two full-time municipal judges. In response, Judge Liese confirmed that the workload in Municipal Court has significantly increased, but assured her that he and Part-Time Municipal Judge Jim Rowland are managing the demands at this time.

Referring to the increase in correction fees, Councilor Sandel stated that he is interested in understanding the budgetary increase associated with street inebriates and the funding being provided by the City to Four Winds Recovery Center and Totah Behavioral Health Authority in order to obtain an aggregate amount of the costs.

In response to inquiry from Councilor Sandel, Judge Liese reminded the Council that the Northwest New Mexico Council of Governments ("COG") facilitated a discussion process which recommended a local program, similar to the program implemented in Gallup, that incorporates mental health treatment and the San Juan County Indigent Fund ("Indigent Fund") to supplement City funding to work toward a comprehensive solution to the mental health/inebriate issue. Following brief discussion, Councilor Sandel expressed a desire to see the COG-facilitated program continue and expand and to ask Indian Health Services for funding assistance. In addition, he suggested that Judge Liese contact Teresa Gomez, chairperson of the Native American Committee on behalf of the New Mexico Healthcare Exchange, who addresses the mental health/inebriate issue on a daily basis and asked Mr. Mayes to investigate funding through the Indigent Fund.

Continuing his review of the spreadsheet, Councilor Sandel questioned the 23 percent decrease in Police Administration operating costs and the increased cost related to school crossing guards. In response, Chief Westall explained that beginning this year the Police Department is presenting its budget by division and budgeting for 100 percent of crossing guards costs with Farmington Municipal Schools reimbursing 50 percent, whereas in the past the budget only reflected the City's share. In response to inquiry from Councilor Sandel, Mr. Mason stated that the 71 percent increase in auditing costs is due to a change of focus from cost to quality of the audit, noting that the company performing the City's audit has electric utility experience. Responding to Councilor Sandel, Mr. Mayes stated that the FY11 subsidy from the Electric Utility for General Fund electricity costs was \$1,005,000. In response to Councilor Sandel, Electric Utility Director Mike Sims stated that FY11 net income for the Electric Utility was approximately \$6 million (approximately \$18 million before depreciation); estimated the FY13 profit at \$19 million, noting that the FY13 capital expenditure budget is \$19.5 million; and responded to questions regarding capital construction projects. Staff responded to numerous questions from Councilor Sandel regarding the operation of the Indian Center and the Four Corners Regional Airport ("Airport"). Mr. Campbell reported that, to date in FY13, the General Fund subsidy of the Airport is \$80,000 of the \$543,000 operation costs and that the State Aviation Department has determined that the Airport is a benefit to the community.

RECESS

Mayor Roberts called a recess at 12:12 p.m.

The meeting was reconvened by the Mayor at 1:07 p.m. with Councilors Darnell, McCulloch and Sandel being present.

FISCAL YEAR 2014 BUDGET HEARING #5 - Continued

Continuing his review of the spreadsheet, Councilor Sandel questioned the reduction in the Red Apple Transit budget. In response, Mr. Mayes noted that the Red Apple Transit budget has been moved to the General Services 221 Fund and stated that there is a \$45,000 savings in FY14 being proposed due to the elimination of the underutilized Saturday routes.

Councilor Fischer arrived at the meeting at 1:15 p.m.

Responding to questions from Councilor Sandel concerning the FY14 proposed budget for Parks, Recreation & Cultural Affairs, Mr. Styron reported that the waste disposal/recycling line item is now grant-funded and noted that 13 events have been added at Sycamore Park Community

Center since 2010 due to an increase in the participation rates from 44,000 to 88,000. Councilor Sandel questioned the budget for the Crouch Mesa Community Center ("CMCC") contending that he does not believe that this is the year to budget for a start-up program. In response, Mr. Mayes reminded the Council that San Juan County provides the building for CMCC and that the City pays for the operation of the facility. He noted that reports indicate that the pilot program has been a success and stated that staff recommends funding CMCC. Mr. Styron noted that CMCC operates from 3 p.m. to 6 p.m. Monday through Friday and 10 a.m. to 6 p.m. on weekends and stated that 30 to 40 children utilize the facility after school and on Saturday. Councilor Darnell stated that the original intent of CMCC was to reach the children that cannot attend the Boys and Girls Club due to transportation issues and asked for the number of children who utilize CMCC that fit in that category. Following discussion, Councilors McCulloch and Darnell agreed that CMCC is an important program and expressed a desire for it to continue. In response, Councilor Sandel stated that there is a critical need for a fire station in District 4 but he has been told for 6 years that it is not possible because of the associated increase in operational costs. He pointed out that there are increased costs associated with the new animal shelter, SPCC and CMCC and expressed a desire to prioritize and clearly identify a strategic plan for projects of this nature. Councilor Darnell stated that he understands the challenge in funding a new fire station in the current economy but stated that he will support Councilor Sandel's efforts in moving toward this goal in the future.

Responding to inquiry from Councilor Sandel, Payroll Analyst Lisa Armer suggested that part of the \$217,000 increase in the Museum budget may be related to the implementation of the new pay plan and the filling of a vacant position.

Discussion following concerning Police Department staffing levels, equipment, training and the possibility of sharing the crime lab and detective division with other law enforcement agencies. Councilor Sandel reiterated his position that he supports the collocation of the law enforcement agencies, particularly with regard to the detective division.

In response to inquiry from Councilor Sandel concerning the fees being charged by the City, Mr. Mayes announced that staff will be proposing amendments to the fee schedules after the budget process has been completed, noting that there is a potential for a revenue increase of \$350,000 if the recommendations are approved. Noting the potential for a development boom, Councilor Sandel encouraged staff to reconsider development fees.

Interim Human Resources Director Tom Swenk responded to questions from Councilor Sandel regarding legal services, advertising, training, staffing and workers' compensation. Following discussion, Mr. Mayes stated he will provide the Council with the latest work comp report and Councilor Sandel asked to be provided with the total work comp cost for the last four years. In response to inquiries from Councilor Sandel, Mr. Mayes stated that the FY14 preliminary budget contains \$295,000 for travel (excluding Police and Fire) and \$267,000 for the 2 percent across-the-board salary increase. In closing, Councilor Sandel contended that he has identified about \$1 million in potential reductions of operating costs for FY14.

Councilor Fischer expressed a desire for the Attorney General to do a presentation on the Open Meetings and Inspection of Public Records Acts for Council, department heads, upper management and the press. In addition, she asked Interim Human Resources Director Tom Swenk to provide the Council with his résumé; information on the City's turnover rate; a generic explanation of why employees are leaving the City; and the types of background checks that are being performed on potential employees.

Councilor McCulloch announced that she is supportive of funding Childhaven, Family Crisis Center, People Assisting the Homeless ("PATH"), PMS Round Tree and THBA at the FY13 levels; decreasing the Community Relations Commission ("CRC") budget as proposed; and not funding COG. Mr. Mayes recommended either zero or \$5000 for COG, noting that they have provided valuable assistance with special projects in the past. Following brief discussion, it was the consensus of the Council to fund Childhaven, Family Crisis Center, PATH, PMS Round Tree and THBA at the FY13 levels.

Mayor Roberts proposed funding \$10,000 for CRC outreach in education. Councilor Sandel suggested that CRC be allocated to a department and funded at the FY13 level of \$20,000. Following brief discussion, it was the consensus of a majority of the Council to budget \$10,000 for CRC.

Mayor Roberts contended that it is important for the City to have a presence and voice in COG and, following brief discussion and consideration, it was the consensus of the Council to budget \$5,000.

Noting that the Council did not renew the funding agreement with San Juan Safe Communities Initiative ("SJSCI") last year, Councilor Darnell expressed a desire for the Council to reconsider its commitment. Mayor Roberts pointed out that Councilor Darnell is no longer the Executive Director of SJSCI and contended that it is important for the City to support SJSCI and the services it provides to the community. Councilor Sandel expressed concern for a perceived lack of accomplishment, contending that he does not believe that SJSCI serves the community. In response, Chief Westall stated that SJSCI is extremely beneficial to the Police Department because for the first time law enforcement is not alone in addressing gang- and drug-related problems. Councilor Fischer stated she does not support funding SJSCI but Councilor McCulloch expressed her support. In response to inquiry from Councilor Sandel, Chief Westall stated that there are prevention, intervention and enforcement components of SJSCI that provide a collaborative effort to bring law enforcement resources together to fight methamphetamine use and gangs. Following further discussion, Mayor Roberts stated that "it appears that we have a consensus" to budget \$40,000 for SJSCI.

Mayor Roberts pointed out that the preliminary budget totally de-funds the Shiprock library and asked the Council to consider funding \$55,000 or half of the requested amount. He argued that this is the kind of outreach program that has provided significant dividends to the community of Farmington. In response, Ms. McPheeters stated that with funding of \$55,000 they would cut operations to 20 hours a week from 2:00 p.m. to 6:00 p.m. for after school use. She pointed out that the Shiprock library is classified by the State of New Mexico as a tribal library and receives some state funding and noted that 20 hours a week is the minimum they can be open to qualify for general obligation bond funding. In addition, she stated that the library is currently co-located in a building with the Shiprock Boys and Girls Club and is not responsible for paying rent but pays the library's portion of the utilities. However, she stated that the current building is designated for demolition in the future and noted that there is no money for rent if the operation is moved to a different location. She also noted that there are significant challenges with building a new facility on tribal land.

Following discussion, Councilors Sandel and Darnell suggested that the Shiprock Library be funded to the fullest extent, \$111,000, in FY14.

In response to inquiry from Mayor Roberts, Ms. McPheeters pointed out that funding the Shiprock library reduces the funding for the main library and stated that it is difficult for her to make a recommendation regarding the Shiprock Library. However, she stated that staff will do the best they can with whatever resources the Council allocates.

Contending that the Navajo Nation and Central Consolidated School District should provide funding assistance to the library, Councilor Fischer stated that she does not support any funding for the Shiprock library. Councilor McCulloch stated that she supports funding in the amount of \$55,000.

Responding to Mayor Roberts, Councilor Darnell stated that he will support funding in the amount of \$55,000 as long as the library is open to the public after school. Thereupon, the Mayor announced that it was the consensus of a majority of the Council to budget \$55,000 for the Shiprock library.

Councilor McCulloch reminded the Council that consensus was previously given to direct staff to look into the business aspects of Greenlawn Cemetery to determine whether it is financially feasible for the City to own and operate. She asked the Council to consider including operation of the Cemetery in the FY14 budget. Stating that taking over operation of the Cemetery would have no impact on the FY14 budget, Mr. Mayes suggested that it be discussed at a future Work Session. Councilor

McCulloch stated that the Cemetery board would like a decision from the Council soon. Mayor Roberts stated that if asked for a decision today, he would not support taking over the operation of the Cemetery but that he is amenable to considering it at a later time.

In an attempt to revitalize the music program at the Civic Center, Councilor Sandel asked the Council to consider matching San Juan County's \$3,500 donation to San Juan Symphony. Following brief discussion, it was the consensus of the Council to budget \$3,500 for San Juan Symphony.

There being no further business to come before the Council, the meeting was adjourned at 3:26 p.m.

APPROVED this 28th day of May, 2013.

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Tommy Roberts, Mayor

SEAL

ATTEST:

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Dianne Fuhrman, City Clerk