

**SPECIAL CITY COUNCIL MEETING**

**April 15, 2010**

**6:00 P.M.**

Mayor Rudy Jaramillo called the Special Meeting of the Belen City Council to order at 6:00 P.M. Roll call taken by Audrey D. Torres, Deputy Clerk.

***PRESENT:***

Mayor, Rudy Jaramillo  
Wayne Gallegos, Mayor Pro-Tem  
Councilor, Mary T. Aragon  
Councilor, Jerah R. Cordova  
Councilor Lorenzo Carrillo

***CITY STAFF:***

Mary Lucy Baca, Interim City Manager  
Audrey Torres, Deputy City Clerk  
Michael Steininger, Finance Director  
Roseann Peralta, Finance  
Manny Garcia, Fire Chief  
Kathy Peoples, Belen Fire Department  
Nathan Godfrey, BFD  
Jonallyn Kehoe, BFD  
Ana Pope, BFD  
Joe Borgogna, BFD  
Luke Crawford, BFD  
Andrew DiCamillo, P/Z Director  
Kathy Savilla, Judicial  
Pamela Toledo, HR

***OTHERS:***

Norman McDonald, City Attorney  
Brent Ruffner, VCNB  
John Savilla, Citizen  
Liz Sagrestano, Citizen

***PLEDGE OF ALLEGIANCE:***

Mayor Rudy Jaramillo asked Robert Uecker to lead the pledge of allegiance.

## ***ACTION ITEMS***

### ***PUBLIC COMMENT***

Mayor Rudy Jaramillo read the next agenda item in reference to public comment and asked if there were any public comments, there were no public comments presented session was closed.

### ***BUTGET CUTS***

Mayor Rudy Jaramillo read the next agenda item in reference to budget cuts and advised the purpose of this meeting is to discuss where we are with the budget. Mayor Rudy Jaramillo asked Mary Lucy Baca, Interim City Manager to begin the presentation. Mary Lucy Baca, Interim City Manager asked Michael Steininger, Finance Director to begin the presentation, he advised as of yesterday they brought the last of the debt service reserve funds that were out of compliance into compliance and all of the debt service reserve funds are at least at their minimum funding levels, we still have the 1/12 but that is not of major concern at this time.

**Michael Steininger, Finance Director** said there was some good news in that we received \$25,000 more than we received last month, however the bad news is that the trend is still continuing-it was \$26,000 less than what was budgeted, year to date gross receipts is \$435,000 below what was budgeted or just over 9%. Since November we have remained fairly steady at just 9% and it makes cash planning a bit easier.

The breakdown on how the state sends the gross receipts we received \$415,000 and we issued checks today for \$317,000 which only paid the utilities, leases, contracted items and taxes of which \$270,000 was for Waste Management for a balance of \$98,000 to cover payroll which has an average of \$420,000 per month.

On another note the average monthly amount required to set aside for debt service payments is \$113,000 which was not previously done and we are not doing that at this time however once we get passed the 1 million dollar bond payment we will begin to set aside those funds so that we don't find ourselves in the situation we are in now.

The breakdown on general fund position as of 10:24 this morning is at a deficit of 2.2 million dollars, the budget for the year was 1.2 million it is down from the March 31 number but we just received the GRT. As of March 31<sup>st</sup> the general fund was at 2.5 million loss the first draft of next years' budget is at 3.2 million dollars-projected-800 thousand of that is gross receipts taxes and we budgeted only what was coming in and not on historical averages or anything else/actual.

He hopes this is the worst case number and for the departments that did not submit budgets, on revenues he took whatever was less the budget or the actual to be conservative and on the expense side he did the opposite. He is also hoping this is the worst case scenario whenever it comes to making decisions.

There is a summary of the payroll, referring to a report he had submitted to council prior, as it stands right now the line item at the bottom highlighted in yellow is the number of positions and the dollar equivalent that administration has singled out. It is important to point out that this was done without any guidance from the Council regarding what they consider essential city services and their priorities. He did it based on what he was asked which was “what are we required to do by law and what it we are doing”.

He put the initial list together which was reviewed by Mary Lucy Baca, Interim City Manager which she challenged upon some of the assumptions that were being made and made sure what he did was in compliance with our personnel ordinance. The list they have submitted is valid. They are asking for guidance from the Council as to what they define as essential city services in the parameters under which you would like them to meet with Directors and decide what they want to do and who they want to recommend.

Mayor Rudy Jaramillo for clarification asked-what you are asking is to go to the department heads and look at their own departments to see where they can do without or what they can do within the department to shorten or double up.

Michael Steininger, Finance Director advised that was correct or even decide if that department will even continue to exist, that is not a call he can make it will need to come from the governing body. His opinion is what are we legally obligated to do and what are we doing that can be outsourced versus what we are doing.

**Mary Lucy Baca, Interim City Manager** stated she comes before them today with a heavy heart and she has a lot of recommendations here based on what they were asked to do. She made reference to a sheet which contained accomplishments by prior management, accomplishments by current management, proposed-reduction of force plan, and other suggestions made, a copy of the hand out is attached hereto and made an integral part of these minutes by reference. Mary Lucy Baca, Interim City Manager’s report was based on the contents stated above.

One of the accomplishments by prior management was a 20% ordered departmental budget reduction of which not all departments complied. Councilor Lorenzo Carrillo asked which departments did not comply and why not. Michael Steininger advised most of the reduction was accomplished thru stopping purchasing but actually coming back and stating “here is what I am proposing to do” was not done except by two individuals. There were two individuals who did comply and as to why the others did not he could not answer.

Mary Lucy Baca, Interim City Manager continued reporting on the report. The discussion ensued as to the reduction of Force of 28.2577 FTE’s which results in 26 employees. There was an exhibit attached which will be distributed to the department heads to be given to the employee which will be dismissed making it easier to the department head. The department heads are to consider positions and not individuals keeping in mind the business needs of the City. Michael and she will be vigilant as to not be discriminatory in any case.

Mayor Rudy Jaramillo added that at the department meeting held on Tuesday this was addressed it was not addressed in depth as it is now but it was addressed they were asked to start as of that day the process and submit to the recommendation.

Mary Lucy Baca, Interim City Manager was in agreement and they were advised at the meeting but it was her feeling they did not take the situation seriously. Mayor Rudy Jaramillo noted that tomorrow they will.

Mayor Pro-Tem Wayne Gallegos asked how they are going to control the amount of personnel from each department. Mary Lucy Baca, Interim City Manager advised they have reviewed all of the employees and departments and as policy states to begin with employees who have the least amount of time employed, probationary, seasonal and part time employees. It was also taken into consideration if those employees can be considered because of their skills or knowledge, that reasoning trimmed some of the departments so some departments are equal and some are not.

Michael Steininger, Finance Director advised that when he did his initial review he did not draw distinction on year or seniority or probationary, his distinction was drawn strictly on the job and do we need to continue it. Mary Lucy Baca, Interim City Manager threw in the process of making sure we were in compliance with the personnel policy and challenged his decisions asking what his basis was and advised that was not in sufficient compliance with the policy. The department directors may present an argument for or against the situation but until he knows the Council's desires and parameters are all it is at this point is a suggestion.

Councilor Mary Aragon asked if there are individuals at retirement if those individuals want to retire now would that be a part of the 26 employees. Mary Lucy Baca, Interim City Manager advised if there were any of those individuals it would add to the 26 employees. Michael Steininger, Finance Director advised they cannot force retirement. Lorenzo Carrillo added unless it falls within the criteria.

Mayor Pro-Tem Wayne Gallegos asked if we had considered a 32 hour week. Mary Lucy Baca, Interim City Manager advised it was that option was not specifically discussed and may not considered because it would be more of a burden to some employees and in this state they may get more on unemployment compensation.

Councilor Jerah Cordova asked if 26 is a fixed number and are there other steps they can take that would reduce that number. Mary Lucy Baca, Interim City Manager advised it was not discussed and even the 26 is not enough as was presented by the Finance Director, Michael Steininger. Michael Steininger noted if the governing body accepts some of the reasoning as-is this department necessary-if the answer is no not only do the people go but so do all the associated expenses.

Discussion ensued as to the closing of the Eagle Park Community Center and consolidating activities at the Main Recreation Building. Among other topics of discussion were the sale of excess vehicles and or property, outsourcing Waste Management, including the police

department in reductions, reduction of work week hours, reductions in rates of pay, reduction of hours of operation for the library, elimination of one employee at judicial and elimination of other police department personnel.

Michael Steininger, Finance Director asked for guidance, stating he hates to keep beating on that, but they need direction at this point. Councilor Lorenzo Carrillo wanted to clarify, to council, that what is being affected right now is only those employees and or ancillary services that they can effect, we still have areas as a council such as departments and so on that we have control over that have not been looked at yet and that is still something for the council to consider. The only action they are taking is action that as City Manager and Budget that they can affect right now, they are giving us a proposal is all.

Mayor Pro-Tem Wayne Gallegos asked what the timeline was and is there going to be payroll on Friday. Michael Steininger, Finance Director advised payroll will be out Friday but he cannot guarantee in two weeks it will. Michael Steininger, Finance Director advised he has no more source of revenue until this time next month when GRT comes in, within 15 days of receipt of the GRT is the first \$600,000 bond payment and guess where it is going to go, unless he receives direction otherwise. The other issue, in case he has not been clear, in removing positions you are also removing the service that goes with it because it was not intended to sit and say we are going to continue the same level of service with only half the bodies. These suggestions were based on the fact if the employee goes so does the service, now that does not necessarily true in every single case but for a large number of these that is true-which is that the product and service goes along with the expenses that go along with it. Councilor Lorenzo Carrillo interjected once again on the premise that what are the services that we have to provide versus what we are providing.

Councilor Jerah Cordova noted his concern was not necessarily that we are to protect all the employees or we find other ways of cutting, but that if there is a way of cutting something else that can protect even one job he wanted to do that first. He said let's take every measure that we can that do not directly affect our employees if we can do that and if we are unable to do that then (unable to transcribe). Michael Steininger, Finance Director said he did not think he would get any opposition; his position is that they have gone as far as they can as administration without the consent, blessing or guidance of the governing body. He is not willing to sit and decide he is not going to cover a payroll but he better be willing to back it, does he have the authority to do it no, but am I going to default on a bond payment no I am not so the lesser of two evils is that. They have done all they can without the reinforcement of the governing body.

Mary Lucy Baca, Interim Manager advised that all the other suggestions mentioned even if they are approved or considered will not affect cash. The recommendation is to meet tomorrow morning, if the plan is approved, with the supervisors and have them be part of the deciding factor as whom needs to stay and who doesn't. Once that is decided there is another memo in your packet, a copy of which is attached hereto and made an integral part of these minutes by reference, which will be given to the supervisor to hand to the employee which will give them official notice with all information required for legal compliance.

Mary Lucy Baca, Interim Manager advised the individuals that remain will be asked to obtain their certifications which they were asked to obtain initially and did not. Also they will be required to pick up the slack for those individuals that are leaving and will need to acquire more skills and knowledge.

Michael Steininger, Finance Director advised he had address the budget deficit the first week of March and to counteract some of the accusations this is a brand new phenomenon-in 2007 the deficit was \$538,000 in 2008 the deficit was \$1,510,000 in 2009 the deficit was \$789,000 and the budget that was approved for this fiscal year we are in now was 1.2 million dollars.

The three years are out of the audit report so it was not something that was conjured up for reporting purpose as we have been accused of. He believes the economy only brought to a head a situation that was going to have to be dealt with anyway as you cannot sustain losses when you don't have the cash to cover them-with the economy crashing the way it did which caused our gross receipt taxes to basically vanish has forced the issue right now. The positive aspect is that we still have the chance to control where we choose to go with that rather than having fate control it for us.

Councilor Mary Aragon thanked the staff for their hard work and hours spend on the budgetary considerations presented. It is a hard situation they are facing and they do not enjoy it they are going to try to do the best they can and know that they feel for all of the employees and they will do whatever they can to help them. The only thing that would possibly be good is that they can collect unemployment.

Mayor Rudy Jaramillo advised he has been at City Hall every single day meeting with Lucy and Michael and it has not been an easy situation. He looks at things a little different than the 32 hours simply because of the benefit package. He has been in the same situation and was asked to look at a reduction in pay. The health insurance is huge for these families and one doctor visit will take a lot. I am sure that a lot of these people have families. It is not easy seeing employees in the audience and these issues are being discussed. Michael has worked hard on this and have asked every day for direction on what to do and it is all about cash flow. He did not want to make a decision on his own and was an issue that needed to be brought before the council.

Michael Steininger, Finance Director suggested that projects under contract be completed and that no new projects be started.

Councilor Jerah Cordova asked "what specific direction are you looking for today, are you looking for us to approve the proposed reduction in force plan and not consider the other suggestions or did you want to take all of those. Michael Steininger, Finance Director advised what they need immediately is a parameter. The 28.2577 FTE's do not even make up 1/3 of the projected budget deficit for next year. He is looking for direction on "you need to cut a million or a million and a half 40 FTE's" he is just looking for something specific and where their parameters are.

Councilor Jerah Cordova asked for clarification that if the 26 individuals were to be cut that would not take care of the problem. Michael Steininger, Finance Director advised those 26 that have been identified only amount to \$956,000 not taking into consideration if it was accepted

there would be ancillary costs reduced because programs would be gone. When you are looking at a projected budget deficit of 3.2 million dollars the 900 thousand is not even a third of it, was he aggressive on that, yes because he does not want to come before council again in another month or two or sit here June 30 get our bond payment out the door and then say ok what are we going to do for the next one.

Councilor Lorenzo Carrillo said “I guess my suggestion is there are other issues in here that directly affect the cash flow all the other recommendations are not going to have an immediate effect for us, they’re not, they are long term, neither is the possibility of selling property or buildings they are not a given and are not immediate. But there are issues in here such as reduction of work hours, reduction of pay rates, elimination of one employee at judicial, elimination of what we are looking at the police department and I want to say on the onset that they are, in my opinion, they have to be a part of this they are not untouchable. Everybody has to contribute and feel the pain in this. There was one other suggestion that was made early on and I know it was not popular but I am going to say it again for the record and that is that if in fact we do reduce work hours or the rate of pay that would include everyone and that would also include the City Council no one is exempt from this. So with that said my feeling and my suggestion to the council is that not only do we accept what is in front of us but that we also give a little more latitude to take a look at what other personnel can be affected by this in addition to the other suggestions that are being made. With that said concerning the issue of reduction in pay rates I already know that the city took reductions already that has been clearly explained to me and I once again this is just an observation. Everyone has been hit every employee has been hit on the onset”. Michael Steininger advised that was correct, any employee with insurance was hit with a 100% increase in their premium. Councilor Lorenzo Carrillo continued saying “I am just expressing concern that everyone in this process should feel a little bit of the pain.

Mary Lucy Baca, Interim Manager advised in reference to Council pay it we would have to change the ordinance.

Discussion ensued on take home vehicles for employees which included the police department. Mayor Rudy Jaramillo advised that almost every individual has a vehicle and believe those vehicles are their own personal vehicle which they obviously are not.

Councilor Mary Aragon wanted to see numbers on the operating cost of vehicles that are driven outside of Valencia County.

Mayor Rudy Jaramillo asked if there were any more question or comments.

Councilor Lorenzo Carrillo made a motion to accept the Budgetary Considerations and the proposed reduction in force and give a little more leeway to the subject matter experts to look at further reductions where necessary or where practical.

Mayor Rudy Jaramillo advised Councilor Lorenzo Carrillo made a motion to accept what Michael and Lucy have proposed and give them direction and requested a second to the motion.

Councilor Mary Aragon seconds the motion. Mayor Rudy Jaramillo requested a roll call vote:

Councilor Mary Aragon      Yes  
Councilor Jerah Cordova      Yes  
Councilor Wayne Gallegos      Yes  
Councilor Lorenzo Carrillo      Yes                      motion carried.

***ADJOURNMENT:***

Mayor Rudy Jaramillo asked for a motion to adjourn tonight’s meeting.

Councilor Jerah R. Cordova moved to adjourn this meeting. Mayor Pro-Tem Wayne Gallegos seconds the motion, motion carried.

/s  
Rudy Jaramillo, Mayor

**ATTEST:**

/s  
Mary Lucy Baca, Acting City Manager

Transcribed by:  
Audrey D. Torres, CMC Deputy Clerk  
Procurement Specialist