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POPULATION 14,000

**CITY COUNCIL**  
***Special Meeting***  
**May 27, 2015**  
**9:00 a.m.**  
**AGENDA**

Call to Order/Pledge of Allegiance

1. Approval/Denial of the Preliminary Budget for Fiscal Year 2016
2. Approval/Denial of Job Descriptions-Accounting Clerk/Chief Procurement Officer & Financial Asset Coordinator
3. Approval/Denial of Sam Baca Aquatic Center Brochure
4. Bids:
  - a. Bid #15-12 Tile Flooring Services-Deming Senior Center
5. Discussion of Gas and Solid Waste Rate Analysis
6. Adjourn Meeting

***The next regularly scheduled meeting is Monday, June 8, 2015 commencing at 6:00 p.m.***

# SPECIAL CITY COUNCIL MEETING MINUTES May 27, 2015

**Council Present:** Benny L. Jasso, Mayor  
Joe “Butter” Milo, Councilor

David L. Sanchez, Councilor  
Dr. Victor Cruz, Councilor

**Council Absent:** Roxana Rincon, Councilor

**Staff Present:** Aaron Sera, City Administrator  
Wesley Hooper, Community Svcs. Dir.  
Vicki Engle, HR Specialist  
Laura Holguin, Treasurer

Raul Mercado, Fire Chief  
Heather Sosa, Battalion Fire Chief  
Brandon Gigante, Police Chief  
Mary Corral, Receptionist

**Recording Secretary:** Lila Jasso, Administrative Secretary/Asst. Deputy Clerk

Mayor Jasso called the meeting to order at 9:00 a.m. and led the Pledge of Allegiance.

## **1. Approval/Denial of the Preliminary Budget for Fiscal Year 2016**

Ms. Holguin presented this item to Mayor and Council. She recapped the budget which was discussed in depth at the budget workshop. Ms. Holguin stated that on the first page of the budget recap were the recaps of the General Fund, Special Revenue Funds, and Capital Projects Fund. She noted that the total expenditures budgeted for the 2015-2016 year are at \$16,410,217 and total revenues are at \$14,963,104. She went on to say that the City would be using cash balance of approximately \$1.4 million for leverage on projects and stated that Mr. Sera could give more details about the projects.

Mr. Sera stated that the City is focusing on street repair to include Gold Avenue in which repairs are planned along Gold Avenue to Florida Street. He mentioned that the City has a drainage project on 8<sup>th</sup> Street and Country Club Road, sidewalks on Cedar Street and some design and survey on the Multi-Use Path continuing west on Florida Street.

Ms. Holguin also pointed out the estimated ending cash for the Governmental Fund is estimated to be approximately \$2.6 million at the end of the year. She noted that it is common practice for the City to keep the estimated ending balance at \$2 million.

Ms. Holguin then referred to the second page which recaps the Proprietary Funds aka Enterprise Utility Funds. She stated that the City has budgeted approximately \$14.5 million in expenditures and the revenues are budgeted at \$13.7 in which the proprietary fund will be tapped into for \$850,000 for projects. Mr. Sera interjected that the projects planned are roll out trash cans, electronic gas meters, and the capping of an old gas line.

Ms. Holguin then referred to the third page of the recap which is the Debt Service Fiduciary Funds. She stated that the total budgeted expenditures for this coming fiscal year are \$31.5

million and the revenues are \$28.7 million. She went on to say that the cash balance would be hit for \$2.4 million overall to leverage the expense for all the proposed projects. Ms. Holguin pointed out that last year's budget expenses were \$34.3 million and that the overall operating costs were reduced by \$3.2 million in this coming year's budget. Mr. Sera noted that some of this reduction was due to projects; and that overall operational expenses were reduced by over \$1 million.

Councilor Cruz asked about the GSFWC-Fiscal Agent Fund. Mr. Sera explained that this is the Gila San Francisco Water Commission and that the previous Council had approved the City of Deming acting as the fiscal agent for this fund. Mr. Sera and Ms. Holguin confirmed that this fund does not require any City expenditure, operating funds, or general funds.

Ms. Holguin then read into record, the resolution to approve the preliminary budget for fiscal year 2015-2016. Mr. Sera recapped the miscellaneous funding requests.

Councilor Cruz moved to approve the resolution to approve the preliminary budget for fiscal year 2015-2016. Mayor Pro Tem Milo seconded the motion; motion carried by the following roll call vote:

**ROLL CALL VOTE**

Mayor Pro Tem Milo	Aye
Councilor Sanchez	Aye
Councilor Cruz	Aye

**2. Approval/Denial of Job Descriptions-Accounting Clerk/Chief Procurement Officer & Financial Asset Coordinator**

Mr. Sera stated the Accounting Clerk/Chief Procurement Officer is a Range 10 position, starting at \$12.49/hour. He stated that this will be an internal announcement and once the position is filled by an internal candidate, the City will not backfill the other position. Mr. Sera stated that the City is required by the State to have a Chief Procurement Officer by July 15<sup>th</sup>, and that is why the change to this job description has taken place.

Mr. Sera went on to explain the second position; Financial Asset Coordinator. He stated that this person will be in charge of keeping track of the City's assets and also act as backup for other positions in the Finance Department. He stated that this position is also at a Range 10, starting at \$12.49/hour. Mr. Sera noted that this position will be advertised externally.

Mayor Pro Tem Milo asked when the positions would be opened for applicants. Mr. Sera stated that it will be done immediately, if Council approves the positions.

Councilor Cruz asked if these positions have been budgeted. Mr. Sera confirms that they are.

Councilor Cruz moved to approve the job description for the Accounting Clerk/Chief Procurement Officer, as presented. Councilor Sanchez seconded the motion; motion carried unanimously.

Councilor Cruz moved to approve the Financial Asset Coordinator position, as presented. Mayor Pro Tem Milo seconded the motion; motion carried unanimously.

### **3. Approval/Denial of Sam Baca Aquatic Center Brochure**

Mr. Hooper presented this item to Mayor and Council. He noted that the only change from last year's brochure was that the pool would be closing on Sunday instead of Monday. He explained that the change is due to the statistics from last year where Sunday was a lower attended day than Monday. Mr. Hooper reiterated that this was the only change and that all the fees remained the same.

Mr. Hooper stated that the pool is open at this time for school field trips and that it officially opens to the public this Saturday, May 30<sup>th</sup>.

Mayor Pro Tem Milo moved to approve the brochure for the Sam Baca Aquatic Center, as presented. Councilor Sanchez seconded the motion; motion carried unanimously.

### **4. Bids:**

#### **a. Bid #15-12 Tile Flooring Services-Deming Senior Center**

Ms. Holguin presented this item to Mayor and Council. Ms. Holguin stated that the Aging and Long-Term Department has awarded an additional \$34,000 to the Senior Center to install new tile flooring by June 30, 2015. Ms. Holguin stated that the invitation for bid was posted on May 7, 2015, published on May 8, 2015. She stated that staff received three bid proposals of which each were responsive and meet the requirements of the invitation for bid instructions. She went on to say that each bid was reviewed and ranked from lowest to highest and with Armstrong Floor & Wall, Inc. being the lowest. Ms. Holguin stated that staff recommends the low bid proposal be awarded to Armstrong Floor & Wall, Inc. in the amount of \$31,172.21 including gross receipts tax.

Ms. Holguin clarified that the reason the City handled this invitation for bid is due to the fact that the City is the fiscal agent for the Senior Center. She explained that in order for them to receive grant funding, the funds have to go through a government agency.

Councilor Sanchez asked for more information on the projects. Ms. Barbara Rios, the Executive Director for the Senior Center stated that the project will replace all of the tile flooring in the dining room, the multi-purpose room and some portions of hallways because the current tile is cracked and unsafe.

Councilor Cruz moved to approve Bid #15-12 Tile Flooring Services-Deming Senior Center be awarded to Armstrong Floor and Wall, Inc. for the amount of \$31,172.21 including gross receipts tax. Councilor Sanchez seconded the motion; motion carried unanimously.

## 5. Discussion of Gas and Solid Waste Rate Analysis

Mr. Sera presented Mayor and Council with information regarding the Gas and Solid Waste Rate Analysis. He stated that in doing the project, he realized that natural gas sales are very unpredictable. He went on to explain some of the factors involved in determining the price of gas. He noted that the only way the City makes money is by the number of units sold to the customer. Mr. Sera explained that the one major capital project to install a high pressure gas line to serve the North Peru Mill Industrial Park has been removed due to lack of any tenants needing the gas utility. As a result, the cost of this project has been removed from the analysis. He summarized that the operating expenses were \$3,554,499 with asset replacement at \$118,861. The total estimated revenue is \$3,558,847. He noted that the loss would be \$114,513 requiring a rate increase of 3.22% to cover the loss. Mr. Sera stated that at this time he does not recommend the rate increase.

Councilor Sanchez asked that if the high pressure gas line project is not done now, what does the City see the cost at down the line. Mr. Sera stated that he cannot give an actual cost, but he feels that the costs would not be too much more, since the City would be doing most of the work.

Mayor Pro Tem Milo stated that he appreciates the City not imposing an increase. Mr. Sera referred to the Comparison Chart, in which Deming is charging the lowest gas rate in the area.

Mr. Sera and Councilor Cruz entertained a brief discussion regarding the CNG station revenue.

Mr. Sera went on to explain the Solid Waste Fund Rate Analysis. He stated that he used a forecast methodology for this analysis. He stated that solid waste is broken into two accounts, collection and landfill. He noted that in the asset replacement portion the current value of each asset was calculated by applying the future value formula to the purchase price. A 2% inflation rate was used for all calculations. Non-depreciable assets were excluded such as land. A replacement date for each of the assets was assigned and the future value formula was again applied to estimate the replacement costs of these assets. These costs were then evenly distributed through the years prior to replacement. All items less than \$5,000 were omitted from this analysis as they fall into the Non-Capital line item in normal operating expenses. It is important to emphasize that the needed revenue for asset replacement is also a prediction and can fluctuate greatly. In example, a Caterpillar Compactor may cost \$350,000, with a life expectancy of 10 years; this would warrant an annual replacement reserve of \$35,000. If the unit lasts 15 years, the annual replacement would be \$23,333. On the following table you will see a list of the inventory for the Solid Waste Department. Displayed below the spreadsheet is the total cost of replaceable assets as well as the annual cost of replacement of these assets. We have looked at historical data on purchases of replacement assets over the past ten years and have found that an average of \$150,000 per year was spent. Although we are behind the curve, we are confident that the data from this analysis of \$250,000 per year will be sufficient to ensure we are up to date on replacements.

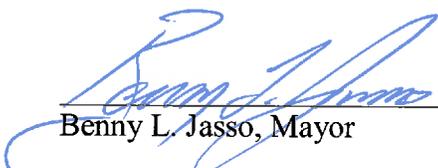
Mr. Sera summarized the analysis and gave a recommendation. He stated based on the estimated expenses and revenue; we can make an assumption that a rate increase is not justified in this next budget cycle. The additional revenue of \$51,000 can be used to offset fluctuations in operating costs, salaries, maintenance, or applied to capital projects and replacements. The Solid Waste fund has a cash balance of approximately \$1.5 million. This funding reserve is to offset fluctuations and leverage grant funding that is being sought out to close the old landfill.

Councilor Cruz recommended that the City charge a fee for County residents to us the Transfer Station. Mr. Sera noted that he is looking into this issue to see what would be best regarding this issue. Other concerns by Council were voiced that if a fee would be imposed on County residents, it may increase illegal dumping throughout the County.

**6. Adjourn Meeting**

With no further business to discuss, Councilor Sanchez moved to adjourn the meeting. Mayor Pro Tem Milo seconded the motion; motion carried unanimously. Meeting adjourned at 9:46 a.m.

**CITY OF DEMING, NEW MEXICO**

  
Benny L. Jasso, Mayor



  
Aaron Sera, Clerk

**STATE OF NEW MEXICO  
MUNICIPALITY OF CITY OF DEMING  
RESOLUTION No. 15-17**

**2015-2016 Fiscal Year**

**WHEREAS**, the Governing Body in and for the Municipality of the City of Deming, State of New Mexico, has developed a preliminary budget for fiscal year 2015-2016, and

**WHEREAS**, said budget was developed on the basis of need and through cooperation with all user departments, elected officials and other department supervisors, and

**WHEREAS**, the official meetings for the review of said documents were duly advertised in the Deming Headlight, in compliance with the State Open Meetings Act, and

**WHEREAS**, it is the majority opinion of this Council that the preliminary proposed budget meets the requirements as currently determined for the 2015-2016 fiscal year, and

**WHEREAS**, a final budget will be prepared and submitted to the Local Government Division of the Department of Finance and Administration for approval in July of 2015.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Governing Body of the municipality of the City of Deming, State of New Mexico hereby adopts and approves submission of the preliminary budget to the Local Government Division of the Department of Finance and Administration for review.

**PASSED, ADOPTED, AND APPROVED** this 27<sup>th</sup> day of May, 2015.



**CITY OF DEMING, NEW MEXICO**

  
Benny L. Jasso, Mayor

ATTEST:

  
Aaron Sera, Clerk