

Minutes of the Regular Meeting of the Gallup City Council, City of Gallup, New Mexico, held in the Council Chambers at Gallup City Hall, 110 West Aztec Avenue, at 6:00 p.m. on Tuesday, February 18, 2020.

The meeting was called to order by Mayor Jackie McKinney.

Upon roll call, the following were present:

Mayor:	Jackie McKinney
Councilors:	Allan Landavazo Yogash Kumar Fran Palochak
Absent:	Linda Garcia, Councilor
Also present:	Maryann Ustick, City Manager Curtis Hayes, City Attorney

Mayor McKinney said Councilor Garcia's absence shall be recorded as an excused absence.

Presented to the Mayor and Councilors for their approval were the Minutes of the Regular Meeting of January 28, 2020.

Councilor Palochak made the motion to approve the aforementioned minutes. Seconded by Councilor Kumar. Roll call: Councilors Palochak, Kumar, Landavazo and Mayor McKinney all voted yes.

Presented to the Mayor and Councilors for their approval were the following Discussion/Action Topics:

- 1. Resolution No. R2020-8; Accepting the Fiscal Year 2019 Audit – Patty Holland, Chief Financial Officer**

Ms. Holland said the Fiscal Year (FY) 2019 audit has been completed and was filed timely with the Office of the State Auditor. She introduced Farley Vener, President and Managing Shareholder of Hinkle + Landers, the firm who conducted the City's audit. Mr. Vener presented a power point presentation on the 2019 Audit for the City and the Gallup Housing Authority (component unit of the City). The summary included the scope of the audit procedures; the auditor's communications with those charged with governance; a summary of the audit results; a table of findings from 2018 that have been resolved; a balance sheet analysis showing trends over a seven year period; line graphs and tables illustrating assets and deferred outflows over time, liabilities and deferred inflows over time, net position, change in net position, revenues, expenses by type; a comparison of where tax dollars go for governmental activities between 2018 and 2019 and the new

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accounting standards (GASB 84 & GASB 87) that will impact the City within in the next couple of fiscal years. Overall, the City received an unmodified opinion for both the financial statements and federal awards.

Mayor McKinney commended Ms. Holland and City staff for their work since this is the first time in nine years that the City has had a clean audit. He also commended the Gallup Housing Authority for the vast improvements they made in their financial procedures.

Councilor Palochak commended Ms. Holland for strengthening the City's financial policies and procedures. Councilor Kumar agreed and he also commended all City departments for following the City's financial procedures. Councilor Landavazo also commended Ms. Holland as well as Mr. Vener and his company for the thorough work they did on the audit. Ms. Ustick commended City staff as well.

Councilor Kumar made the motion to approve Resolution No. R2020-8; Accepting the Fiscal Year 2019 Audit. Seconded by Councilor Palochak. Roll call: Councilors Kumar, Palochak, Landavazo and Mayor McKinney all voted yes.

2. Summer Nightly Indian Dances Contract – Jennifer Lazarz, Tourism and Marketing Director

Ms. Lazarz presented the recommended contract for 75 days of the annual Summer Nightly Indian Dance Program in the amount of \$55,000. The recommendation for the contract is based on the new Levitt-Amp Concert Series Program, which will begin after the Gallup Inter-Tribal Indian Ceremonial. The City will be responsible for matching funds for the Levitt-Amp Concert Series Grant as City staff recommends using the costs savings from the summer dance program to apply to the Levitt-Amp Concert Series Grant match. Ms. Lazarz also presented an alternative option for the Mayor and Councilors consideration for a 100-day program with a contract amount of \$83,000, which includes an increase from last year's contract amount of \$65,000 for increased security costs.

Discussion followed concerning the decline in the number attendees during the last 15 days of the previous dance programs and the schedule for the Levitt-Amp Concert Series.

Kara Smith, Executive Director of Gallup Mainstreet, answered questions posed by the Mayor and Councilors regarding the Levitt-Amp Concert Series to be held at the Courthouse Plaza and El Morro Theater.

Councilor Palochak made the motion to approve the Summer Nightly Indian Dances Contract in the amount of \$55,000. Seconded by Councilor Landavazo. Roll call: Councilors Palochak, Landavazo, Kumar and Mayor McKinney all voted yes.

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3. Ordinance No. C2020-1; Business Improvement District (BID) Ordinance Amendments – Maryann Ustick, City Manager and Curtis Hayes, City Attorney

Ms. Ustick reminded the Mayor and Councilors of their action at the December 10, 2019 Regular Meeting to continue the management and oversight of the BID under the existing BID Board but directed staff to present and prepare amendments to the existing BID Ordinance to mandate compliance with the specific requirements set forth under state law enabling the creation of BIDs. Additional direction was given by the Council to include a requirement for a monthly report to be submitted by the BID to its membership, individual contact to be made with BID members by the BID's Executive Director and that an annual meeting to be held by the BID with its membership. The previous stated requirements are included in the proposed ordinance. Although specific due dates are not mandated by state law, City staff felt it was important to include due dates for the annual budget submission, the submission of the annual BID report and holding the annual meeting to ensure the accountability of the BID.

Mr. Hayes provided an overview of the proposed ordinance amendments, which include provisions under state law that are not specifically included in the City's ordinance. Although the City's ordinance has always provided for a 100% match by the City to the BID assessments collected, the City's provision of a match is not required nor is it prohibited under state law. Included in the ordinance are requirements for an annual review of the performance of the BID's management team to allow the Council to determine the City's match, if any, to be provided during the fiscal year. Mr. Hayes said state statute does not prohibit additional reviews beyond the current requirement to determine the continuation of the BID every five years. Although the BID's legal counsel submitted correspondence to the Mayor and Councilors claiming the proposed ordinance deviates from state statute, Mr. Hayes said he believes the proposed ordinance is legal since there is nothing in state statute that would prohibit the City from determining its match of funding to the BID nor does it prohibit the proposed annual evaluation of the BID's performance. Also included in the proposed ordinance is a timeline of activities for the BID, including the timeframe for holding the annual meeting and submission of recommended projects, improvements and proposed budget to the Council. Since the deadlines for these tasks occur in March, Mr. Hayes recommended a waiver for meeting these two separate deadlines for this year only. The proposed ordinance also lowers the number of board members from nine to seven voting members.

Discussion followed concerning the meeting between City staff and the BID's Executive Committee regarding the proposed ordinance, including the proposed timeframes set forth under the ordinance.

Francis Bee, Executive Director of the BID, said they advised City staff at the meeting

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that they agreed with the timelines mandated under the new ordinance. The timelines for this year; however, would be difficult to meet and would need to be pushed back. He said there other provisions in the proposed ordinance that could be problematic, such as the City's annual determination of its financial match to the BID which may create difficulty in the long term planning by the BID. Mr. Bee also asked for a time extension or a continuance from the Council taking action on the proposed ordinance in order to resolve the issues the BID feels are outstanding.

Councilor Kumar said the Council needs to make a decision on the ordinance and feels that the City is generous in providing a 100% match to the assessments that are collected.

Mayor McKinney said Mr. Bee is coming to the Council with fear that the BID may lose the City's financial match. Mayor McKinney said as long as the BID is in compliance with the new ordinance, the loss of the City's financial match would never happen. He also said the matter has reached this point based on the petition that was submitted to the Council from one-half of the BID's membership who expressed disappointment in the BID.

Councilor Palochak said she had to insist that Mr. Bee visit with all of the shareholders of the BID and to hold annual meetings with them since they have a right to know what the BID is doing. She said the BID's membership has a right to have a voice in whatever the BID is doing since they are the ones paying into the BID. Mr. Bee answered questions posed by Councilor Palochak regarding the number of voting members on the BID Board and the term limits of the board members. Mr. Hayes said in order to get all board members back on a two year rotation, one of the previous BID ordinances provided terms for the initial appointments that would be for three years; however, five of those members would continue to serve an additional two years to get the members on a five, three year rotation. Unfortunately, the Council did not designate which members would serve the three year terms and those who would serve the five year terms.

Following discussion, Councilor Palochak made the motion to approve Ordinance No. C2020-1; Business Improvement District Ordinance Amendments. Seconded by Councilor Kumar. Roll call: Councilors Palochak, Kumar, Landavazo and Mayor McKinney all voted yes.

4. Replacement of Electric Pedestals in Red Rock Park Campground – John Wheeler, Electric Director

Mr. Wheeler said the Parks Department was able to purchase pedestals for the campground to meet the requirements of the Electric Code; however, funding for installation of the pedestals fell short and the Electric Department was asked to finance the installation of the new equipment. Based on a Request for Proposals (RFP) solicited

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for the project, two responses were submitted for the work. He recommended award of the bid to Laroc, Inc. in the amount of \$33,511.45, which includes gross receipts taxes.

Discussion followed concerning the existing pedestals at the campground as well as the type of equipment needed for the newer motor homes and fifth wheel trailers.

Councilor Landavazo made the motion to award the contract for the replacement of electric pedestals at the Red Rock Park Campground to Laroc, Inc., in the amount of \$33,511.45. Seconded by Councilor Palochak. Roll call: Councilors Landavazo, Palochak, Kumar and Mayor McKinney all voted yes.

5. Award of Contract for the Navajo Gallup Water Supply Fiber Project – Brian Archuleta, Technology Services Director

Mr. Archuleta said the City is required to have a secured connection between the City of Gallup and the Tohlakai water pump station as part of the Navajo Gallup Water Supply Project. RFPs were solicited and two vendors submitted responses. The RFP evaluation committee evaluated each proposal and met on January 21, 2020 to score the proposals using the criteria developed. After a thorough review and discussion, the committee selected Sacred Wind Communications as the vendor most qualified for the project. Funds for the project are partially or completely reimbursable from the Bureau of Reclamation (BOR). Once the project is approved and sent to the BOR, they will determine the reimbursement to the City of Gallup. \$600,000 is currently budgeted for the project; however, staff is uncertain on how much the City will be reimbursed, specifically for the cost of the monthly internet service for the contract term of 60 months. The total amount of the contract is \$327,000, with \$144,000 being the recurring internet cost, \$140,000 for section construction, \$30,000 for equipment and an estimated \$13,000 for gross receipts taxes and recurring fees.

Councilor Landavazo asked if redundancy will be provided should there be a line break between Gallup and Albuquerque. Mr. Archuleta responded yes since Sacred Wind Communications is about two to three months away from finalizing the redundant path to Albuquerque.

Following discussion, Councilor Kumar made the motion to approve the contract with Sacred Wind Communications for the Navajo Gallup Water Supply Fiber Project in the amount of \$327,000. Seconded by Councilor Landavazo. Roll call: Councilors Kumar, Landavazo, Palochak and Mayor McKinney all voted yes.

1. Request for Budget Adjustment to Purchase Excavation Shoring System – Dennis Romero, Gallup Water and Sanitation Director

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Mr. Romero presented the request to utilize unexpended funds from FY 2016 for the purchase of an excavation shoring system. As a result of an accident a few months ago, Mr. Romero called for a safety review with respect to excavation, training, procedures and equipment. Based on the review, the current shoring equipment has issues with some of the pins and connections in the system. Regarding the accident, there was no shoring system required for the shallow excavation. The proposed excavation shoring system to be purchased costs \$17,991.34. He recommended approval of the budget transfer of \$17,991.34 from Project CI1638 to purchase the safety equipment.

Councilor Palochak made the motion to approve the budget adjustment to purchase the excavation shoring system in the amount of \$17,991.34 from Project CI1638. Seconded by Councilor Landavazo. Roll call: Councilors Palochak, Landavazo, Kumar and Mayor McKinney all voted yes.

2. Request to Award of Bid for Highway 491 16-Inch Waterline Project-Formal Bid No. 2001, with Budget Adjustment – Dennis Romero, Gallup Water and Sanitation Director

Mr. Romero presented the request to award the contract for the construction of the 16-inch waterline from the Chino Loop off of Highway 491 to the Gibson Pressure Relief Valve Station. When the construction costs for the project was originally budgeted about a year and a half ago, federal tariffs on construction materials did not exist at the time. Now that the tariffs are in place, the estimated costs for the project have far exceeded the original budget estimate. The project was solicited for bid this past January with the low bid coming in at \$2,022,058.98 which is higher than the updated Engineer's Opinion of Probable Construction Cost of \$1,973,589.92. The difference between the low bid and the budgeted project is \$831,205.73. Mr. Romero recommended approval of a budget adjustment in the amount of \$832,000 from Fund 202 Environmental Surcharge Fund in order to fund the project and award the project to Adame Construction, the low bidder.

Mayor McKinney verified the cash balance projection of the Environmental Surcharge Fund at \$7.9 million as of January 2020. Ms. Holland concurred with the Mayor's assessment.

Councilor Landavazo asked if there funds encumbered in the Environmental Surcharge Fund for the City's curb, gutter and sidewalk projects. Ms. Holland responded yes as there are \$1.1 million out of the \$7.9 million that are currently uncommitted in the Environmental Surcharge Fund at this time. Councilor Landavazo asked about the annual rate of growth of the Environmental Surcharge Fund. Ms. Holland said the fund generates about \$1 million to \$1.5 million every year. Mayor McKinney asked Ms. Ustick if funds from the Environmental Surcharge Fund or cash reserves in the Water Enterprise

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Fund should be used for the project. Ms. Ustick recommended the use of the Environmental Surcharge Fund since the fund has an annual income. She also said the reserves in the Water Enterprise Funds need to be used for debt service.

Councilor Landavazo made the motion to approve the request to award the bid for the Highway 491 16-Inch Waterline Project, Formal Bid No. 2001 and the budget adjustment of \$832,000. Seconded by Councilor Kumar. Roll call: Councilors Landavazo, Kumar, Palochak and Mayor McKinney all voted yes.

Comments by Public on Non-Agenda Items

None.

Comments by Mayor and City Councilors

Councilor Landavazo commented on his recent business trip to Houston, Texas and was faced with multiple panhandlers in a city that was not very clean. He was happy to be home and realized there are many things to be thankful for in our city; however, there is much more work that needs to be done in the community.

Councilor Kumar thanked Ms. Holland and City staff for their work in obtaining a clean audit.

Mayor McKinney said the City is fortunate to have dedicated and loyal employees. He commended Adrian Marrufo, Solid Waste Director, for his work in addressing a recent problem. Mayor McKinney commended all City staff for the work that they do.

Comments by City Manager and City Attorney

Ms. Ustick echoed Mayor McKinney's comments regarding City staff. She also reminded the Mayor and Councilors regarding their regularly scheduled meeting next week.

Councilor Palochak made the motion to adjourn. Seconded by Councilor Kumar. Roll call: Councilors Palochak, Kumar, Landavazo and Mayor McKinney all voted yes.


ATTEST:


Alfred Abeita II, City Clerk



Jackie McKinney, Mayor

Approved
March 10, 2020