

Minutes of the Regular Meeting of the Gallup City Council, City of Gallup, New Mexico, held at the El Morro Events Center, 210 South Second Street, at 6:00 p.m. on Tuesday, April 28, 2020.

The meeting was called to order by Mayor Jackie McKinney. He provided instructions to the public viewing the meeting through Facebook Live on how to provide comment during the work session on the Fiscal Year 2020-2021 Budget and public comment on non-agenda items.

Upon roll call, the following were present:

Mayor:	Jackie McKinney
Councilors:	Linda Garcia Michael Schaaf Yogash Kumar Fran Palochak
Also present:	Maryann Ustick, City Manager Curtis Hayes, City Attorney

Mayor McKinney welcomed Mayor-Elect Louis Bonaguidi who was in attendance.

Presented to the Mayor and Councilors for their approval were the Minutes of the Special Meeting of March 16, 2020, Regular Meeting of March 24, 2020 and the Emergency Meeting of April 14, 2020.

Councilor Palochak made the motion to approve the Minutes of the Special Meeting of March 16, 2020. Seconded by Councilor Garcia. Roll call: Councilors Palochak, Garcia, Kumar and Mayor McKinney all voted yes. Councilor Schaaf abstained. Motion carried.

Councilor Palochak made the motion to approve the Minutes of the Regular Meeting of March 24, 2020. Seconded by Councilor Garcia. Roll call: Councilors Palochak, Garcia, Kumar and Mayor McKinney all voted yes. Councilor Schaaf abstained. Motion carried.

Councilor Palochak made the motion to approve the Minutes of the Emergency Meeting of April 14, 2020. Seconded by Councilor Schaaf. Roll call: Councilors Palochak, Schaaf, Kumar, Garcia and Mayor McKinney all voted yes.

The Mayor and Councilors conducted a work session on the following item:

1. **Public Hearing:** Proposed Fiscal Year 2020-2021 Budget – Maryann Ustick, City Manager and Patty Holland, Chief Financial Officer

Ms. Ustick said the purpose of the agenda item is to obtain public comment on the proposed budget for the next fiscal year. The Preliminary Budget will be presented to the

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Mayor and Councilors for their approval at the May 12, 2020 Regular Meeting and the Final Budget will be presented for approval in June 2020. Due to the COVID-19 virus pandemic, the proposed budget for next fiscal year is a flat budget which mirrors last year's budget. Three and five year averages were used for revenue projections since gross receipts tax revenues are expected to decrease significantly. The Capital Improvement Program only includes legislative grants for capital outlay from the State, enterprise funds for utilities, the downtown alleyway project and Coal Avenue Commons project.

Ms. Holland presented a power point presentation on the proposed Fiscal Year 2020-2021 Budget. A copy of the presentation is attached hereto and made a part of these official Minutes. There was no comment or questions presented by the Mayor and Councilors. There were no phone calls from the public. No action was taken by the Mayor and Councilors.

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

1. Resolution No. R2020-12; 3rd Quarter Fiscal Year 2020 Budget Adjustments and Report of Actuals – Patty Holland, Chief Financial Officer

Ms. Holland presented the proposed resolution which encompasses all budget changes processed January 1, 2020 through March 31, 2020. She provided an overview of the budget adjustments as well as the Report of Actuals for the quarter.

Councilor Garcia made the motion to approve Resolution No. R2020-13; 3rd Quarter Fiscal Year 2020 Budget Adjustments and Report of Actuals. Seconded by Councilor Schaaf. Roll call: Councilors Garcia, Schaaf, Kumar, Palochak and Mayor McKinney all voted yes.

2. Gallup Holding and Investment Corp. Land Exchange and Donation – Curtis Hayes, City Attorney and Clyde (C.B.) Strain, Planning and Development Director

Mr. Hayes provided an overview of the sketch plat for the Fox Run Golf Course Subdivision which consists of the transfer of six parcels of land. Four parcels are being transferred from the Gallup Holding and Investment Corp. to the City and two parcels are being transferred from the City to Gallup Holding and Investment Corp. Two of the transfer tracts at the golf course are encroaching onto private property; therefore, these two tracts are being given to the City in exchange for two tracts that are of equal size to Gallup Holding and Investment Corp. The purpose of this transfer is to provide clear ownership before the subdivision plat is completed. There are two other tracts of land

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that are larger in size (27.29 acre parcel and 5.5 acre parcel) that are designated as donation pieces from Gallup Holding and Investment Corp. to the City. Mr. Hayes recommended approval of the Land Exchange Agreement with Gallup Holding and Investment Corp. for the exchange of the four parcels of land as previously described and the deeds accepting the donation of two parcels from Gallup Holding and Investment Corp.

Mayor McKinney thanked Rick Murphy, President of Gallup Holding and Investment Corp. as there will be opportunities for the City to use the donated parcels. Mr. Murphy said the proposed transaction will clean-up encroachments that amounted to a transfer of land equal in acreage to both parties. Mr. Murphy also said his company donated 5 acres of land contiguous to the golf course and 27 acres that is already being used for a hiking space and practice fields for baseball.

Councilor Kumar made the motion to approve the Gallup Holding and Investment Corp. Land Exchange and Donations. Seconded by Councilor Palochak. Roll call: Councilors Kumar, Palochak, Garcia, Schaaf and Mayor McKinney all voted yes.

3. Disposition of Second Street Parcel – Curtis Hayes, City Attorney

Mr. Hayes said when the City's dog park was developed a few years ago, it was built on land that had previously been donated by the City. The donated parcel included an "orphaned" portion located on the west side of the Little Puerco Wash that cannot be assessed from the dog park. The orphaned portion has little or no commercial value due to its shape and size and would prevent a structure from being built there due to the City's setback requirements. Mr. Hayes' predecessor negotiated a sale of the property to the adjoining property owner, George Athens, at a value of \$2.00 per square foot. Based on his analysis, Mr. Hayes believes the price that was originally agreed upon is a fair price.

Councilor Schaaf made the motion to dispose the Second Street parcel of land in the amount of 0.138 acres to George Athens. Seconded by Councilor Garcia. Roll call: Councilors Schaaf, Garcia, Kumar, Palochak and Mayor McKinney all voted yes.

4. Renewal of Local Liquor Excise Tax Agreement with McKinley County – Curtis Hayes, City Attorney

Mr. Hayes said the current Joint Powers Agreement with McKinley County regarding the process for distributing the Local Liquor Excise Tax expires in June. Although the County preferred to renew the agreement on a perpetual basis, Mr. Hayes recommended renewing the agreement for a four-year term. The current agreement also states that the Joint Powers Agreement will terminate if an expenditure approved by the Liquor Excise

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Tax Task Force is deemed to be unauthorized under state law by the State Department of Finance and Administration (DFA). Mr. Hayes recommended a change to the agreement to allow the task force to come up with a new recommendation on how to expend any distribution of liquor excise tax funds that are not approved by DFA. Both of the recommended changes were approved by the McKinley County Commission. Once the proposed Joint Powers Agreement is approved by both governing bodies, it also requires approval by DFA.

Councilor Kumar made the motion to approve the renewal of the Local Liquor Excise Tax Agreement with McKinley County. Seconded by Councilor Palochak. Roll call: Councilors Kumar, Palochak, Garcia, Schaaf and Mayor McKinney all voted yes.

5. Budget Adjustment for COVID-19 – Jon DeYoung, Assistant City Manager

Mr. DeYoung said as a result of the COVID-19 virus pandemic, the City has incurred numerous unplanned expenditures. Some of the expenditures include the purchase of gloves, masks, goggles and hand sanitizer and expenses for the decontamination of facilities and technology upgrades. Risk Management has been able to shift funds to cover these costs; however, to cover current and future financial obligations due to the pandemic, he recommended a transfer of \$150,000 from the Risk Management reserve fund balance. All unspent funds will roll back to Risk Management reserves at the end of the fiscal year.

Mr. DeYoung and Brian Archuleta, Technology Services Director, provided information about the use of the funds to upgrade the current sound system, projector and related equipment for holding virtual meetings.

Councilor Kumar made the motion to approve the budget adjustment for COVID-19 expenditures in the amount of \$150,000 of which \$30,000 is to be used for upgrades to the projector and speaker system. Seconded by Councilor Palochak. Roll call: Councilors Kumar, Palochak, Schaaf, Garcia and Mayor McKinney all voted yes.

6. Bid Award to Laroc, Inc. for HVAC Replacement at City Hall – Jon DeYoung, Assistant City Manager

Mr. DeYoung said the City solicited bids to replace four HVAC units at City Hall. The units are in need of replacement and will help with the air quality in the facility. Multiple bids were submitted with Laroc, Inc. being the low bidder. He recommended award of the bid to Laroc, Inc. in the amount of \$43,443.16 including taxes. There is no fiscal impact since the funds were budgeted for the project in the necessary line item.

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Councilor Garcia made the motion to approve the bid award to Laroc, Inc. for the HVAC replacement at City Hall in the amount of \$43,443.16. Seconded by Councilor Schaaf. Roll call: Councilors Garcia, Schaaf, Kumar, Palochak and Mayor McKinney all voted yes.

7. Allison Substation Control Building Purchase – John Wheeler, Electric Director

Mr. Wheeler said the control house is an integral part of an electric substation since it houses all of the Supervisory Control and Data Acquisition (SCADA) systems that log data for outage management. It also provides data to power and transmission providers for billing purposes. There is no fiscal impact as the costs of this equipment has previously been provided for under Project No. CI1771. He recommended approval of the bid award to KVA Incorporated of Greer, South Carolina in the amount of \$335,748.93.

Councilor Kumar made the motion to approve the Allison Substation Control Building Purchase in the amount of \$335,748.93. Seconded by Councilor Garcia. Roll call: Councilors Kumar, Garcia, Palochak, Schaaf and Mayor McKinney all voted yes.

8. Budget Adjustment to Cover Utility Expenses – John Wheeler, Electric Director

Mr. Wheeler presented the request for a budget transfer in the amount of \$300,000 from available cash balance in Fund 507 to 507-6061-422-47-16 to cover a shortfall in utility expenses until the end of the fiscal year. He also asked to replenish the Purchases for Resale Account (507-601-442-47-10) in the amount of \$50,000 from available cash balance in Fund 507 to cover for transfers made from this account. The Finance Department is assisting Mr. Wheeler in determining the reasons for the shortfalls in the accounts in order to properly budget for Fiscal Year 2021.

Discussion followed concerning the need for an audit of both accounts to verify the costs and what was budgeted in the previous fiscal year. Also discussed was the possibility that the reason for the shortfall in one of the accounts was due to the electric costs of local streetlights.

Councilor Kumar made the motion to approve the budget adjustments to cover utility expenses in account number 507-6061-442-47-16 in the amount of \$300,000 and account number 507-6061-442-47-10 in the amount of \$50,000 from fund balance. Seconded by Councilor Palochak. Roll call: Councilors Kumar, Palochak, Garcia, Schaaf and Mayor McKinney all voted yes.

9. Budget Adjustment for Wastewater Vector Truck Lease – Dennis Romero, Water and Sanitation Director

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Mr. Romero said with the advent of the COVID-19 crisis, the Wastewater Collections crew noticed a significant increase in sewer line blockages due to a shortage of toilet paper and the public's increased use of flushable wipes and rags. Flushable wipes do not break down in the wastewater system and create debris blockages that inevitably lead to sanitary sewer overflows. Due to the increased need to clear blockages in the sewer system, the Water and Sanitation Department rented an additional vacor truck in March and has had three wastewater crews continuously cleaning manholes and sewer lines to prevent blockages and overflows. The rental term for the month is almost complete and staff would like to extend the rental of the truck by two months at a cost of approximately \$13,000 per month. He recommended a budget adjustment of \$26,000 from Fund 508 to extend the lease of the additional vacor truck.

Councilor Garcia made the motion to approve the budget adjustment in the amount of \$26,000 from Fund 508 for the wastewater vacor truck lease. Seconded by Councilor Palochak. Roll call: Councilors Garcia, Palochak, Schaaf, Kumar and Mayor McKinney all voted yes.

10. Appointment of Richard Kontz to the Indigenous Peoples Commission – Mayor Jackie McKinney

Mayor McKinney said Sonlatsa Jim-Martin resigned as a member of the Indigenous Peoples Commission and recommended Richard Kontz to fill the vacancy on the board. Mayor McKinney thanked Ms. Jim-Martin for her service to the Commission.

Councilor Palochak made the motion to approve the appointment of Richard Kontz to the Indigenous Peoples Commission. Seconded by Councilor Garcia. Roll call: Councilors Palochak, Garcia, Schaaf, Kumar and Mayor McKinney all voted yes.

11. Cancellation of the Best of the Best Promotional Contract and Rodeo – Maryann Ustick, City Manager

Ms. Ustick said the Best of the Best Rodeo is scheduled to start June 23, 2020. Due to the Governor's extended public health order, large gatherings for events will be restricted for the foreseeable future. As a result, staff recommends the cancellation of the Best of the Best Rodeo. Expenses for the management contract, which began in January, will have to be paid and some marketing funds have already been expended for the event.

Mayor McKinney asked Mr. DeYoung if he discussed alternatives with Walt Eddy, promoter for the event. Mr. DeYoung responded yes as Mr. Eddy asked City officials to consider an alternative date; however, Mr. DeYoung said with the public health order, there is a challenge to know what the future holds.

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A phone call was placed to Mr. Eddy at his request to give Mr. Eddy an opportunity to address the Mayor and Councilors regarding the rodeo. Mr. Eddy said most of the preplanning for the event is already underway and feels that the event does not need to be canceled at this time. He recommended postponing the event to the middle of August after the Gallup Inter-Tribal Indian Ceremonial. If this is done, he recommended revisiting the matter by July 1st on whether or not to hold the event in August.

Discussion followed concerning the action needed by the Council to postpone the event until August, consideration of alternative dates due to the beginning of the new school year in August and the need for an economic infusion for the city. Mayor McKinney and Ms. Ustick recommended bringing the matter back to the Council at the June 23, 2020 Regular Meeting on whether or not to proceed with holding the event in August.

Following discussion, Councilor Kumar made the motion to cancel the Best of the Best Rodeo for June 23rd and reschedule the Best of the Best Rodeo for August 17th. Seconded by Councilor Palochak. Roll call: Councilors Kumar, Palochak, Garcia, Schaaf and Mayor McKinney all voted yes.

Comments by Public on Non-Agenda Items

None.

Comments by Mayor and City Councilors

Mayor Pro Tem Palochak read and presented the following commendation on behalf of the Council:

HONORING MAYOR JACKIE MCKINNEY

WHEREAS: Jackie McKinney was born in Lawton, Oklahoma and made Gallup his home in 1963. He attended Gallup High School and continued his education at NMMI and NAU; and

WHEREAS: Mayor Jackie McKinney previously worked in the private sector bringing 30 years of experience with him when he began serving the City of Gallup; and

WHEREAS: Mayor McKinney was elected to office in March 2011 and was reelected on April 2015. He has continued to faithfully serve the City of Gallup until April 30, 2020; and

WHEREAS: During his term, Mayor McKinney has served on the Aquatic Center Board, Gallup McKinley County Joint Water Board, Jail Authority Board, NWNM Council of Governments and the Greater Gallup Economic Development Corporation Board; and

WHEREAS: Mayor McKinney has always had a passion to serve the local Veteran

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community and created a positive impact for Gallup's image and spirit of American patriotism.

WHEREAS: Mayor McKinney is a man of action and has shown great leadership and vision for the future of Gallup. During his administration, he has displayed exceptional commitment and exemplary service.

WHEREAS: The Gallup City Council, by unanimous consent, wishes to express its deep appreciation for nine years of service.

NOW THEREFORE, BE IT RESOLVED, that the members of the Gallup City Council: City Councilors Linda Garcia, Yogash Kumar, Fran Palochak and Michael Schaaf do hereby commend:

JACKIE MCKINNEY

For his outstanding contributions to the City of Gallup and wish him success in his future endeavors.

Councilor Garcia said the City is working diligently during the pandemic. She expressed her concerns with the long lines of people at grocery stores purchasing liquor. She recommended revisiting the matter. Councilor Garcia said Mayor McKinney is a great man of integrity and wished him the very best.

Councilor Schaaf thanked Mayor McKinney for being able to work with him for a month. He said the Mayor will be greatly missed.

Councilor Kumar also thanked Mayor McKinney for his work and accomplishments during his tenure.

Mayor McKinney thanked all the Councilors for the time they shared together in working for the community. Although there were many challenges, he believes the work they did was very successful. He wished everyone the very best and appreciated the hard work done by City staff. He also wished Mayor-Elect Bonaguidi the very best in his administration of the City.

Comments by City Manager and City Attorney

Ms. Ustick said Mayor McKinney has energy and compassion to get things done and is dedicated to doing what is best for the community. She appreciated the Mayor's commitment to the City's strategic planning process.

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Mr. Hayes commended Mayor McKinney for carrying out his job as Mayor, especially with his interaction with City staff when things needed to be shaken up when complacency sets in or when bureaucratic processes are moving slower than they should be. As an elected official, Mr. Hayes said Mayor McKinney will stand out as someone he will never forget.

There being no further business, Councilor Palochak made the motion to adjourn. Seconded by Councilor Garcia. Roll call: Councilors Palochak, Garcia, Kumar, Schaaf and Mayor McKinney all voted yes.



Louis Bonaguidi, Mayor

ATTEST:



Alfred Abeita II, City Clerk

Approved 5/12/2020



**CITY OF
GALLUP**

FY 2021 PRELIMINARY BUDGET PRESENTATION

**Total City Budget (all funds)
\$ 103,933,478**

FOCUS: GENERAL FUND

»» Balanced FY20 General Fund

Operating Budget: \$29,809,999

Capital Budget: \$ 822,200

Total GF Budget: \$30,632,199

General Fund Estimated Cash Reserves:
\$8,908,970 (29% of GF budget exp)

Key Items in Preliminary Budget

1. **Minimum Wage:**
 - A. The minimum wage increase on January 1 from \$9.50 to \$10.50 has been included at a cost of \$214,319.
2. **FTE's:**
 - A. We maintained the current approved position authorizations at 471.
3. **Health Care:**
 - A. Medical insurance was projected to increase by 10%. This increase is offset by a decline in enrolled members.
4. **Capital Expenditures:**
 - A. Capital requests have been kept to a minimum due to the unknown effect of the pandemic on revenues. We will monitor and revisit opportunities as the year progresses.
5. **Wage increases:**
 - A. It has been two years since the last cola was awarded to employees. While there is no proposed increase at this time, we would like to revisit again when revenues rebound.

FY 20-2021 YEAR ONE CIP FUNDING

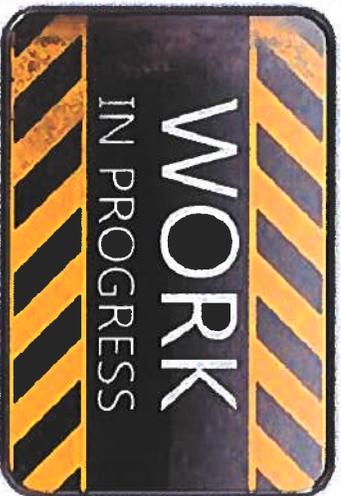
- City General Funds = \$ 822,200
- City Special/Bond Funds = \$ 798,500
- City Enterprise/Bond Funds = \$ 2,811,500
- 3rd Party/Outside Funding = \$27,089,800

TOTAL FUNDING = \$31,522,000

For Proposed Project Listing, See Separate HO.



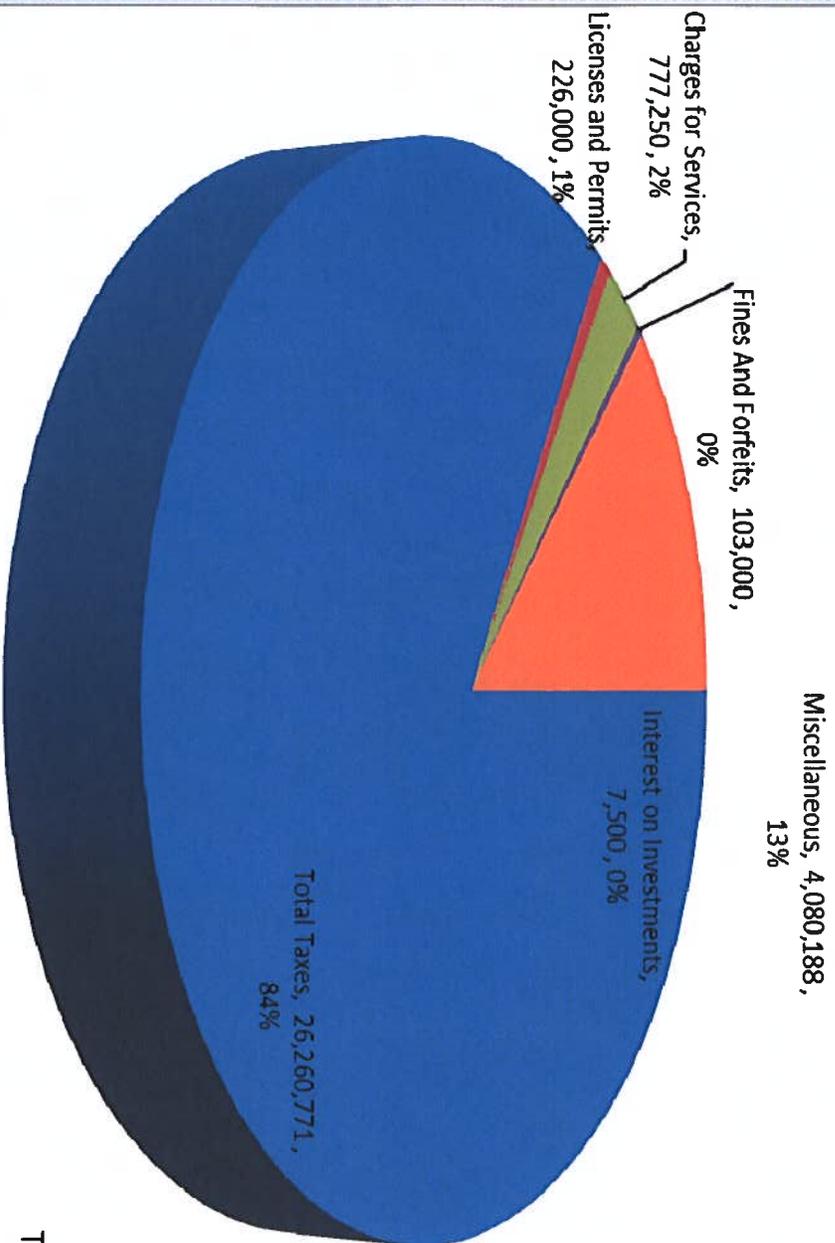
FY 20-2021-2022-2023-2024-2025 “FIVE YEAR” ESTIMATED FUNDING NEED



- City General Funds = **\$31,493,173**
- City Special Funds = **\$51,508,200**
- City Enterprise Funds = **\$42,022,064**
- 3rd Party/Outside Funding = **\$99,201,909**

TOTAL FUNDING = \$224,225,346

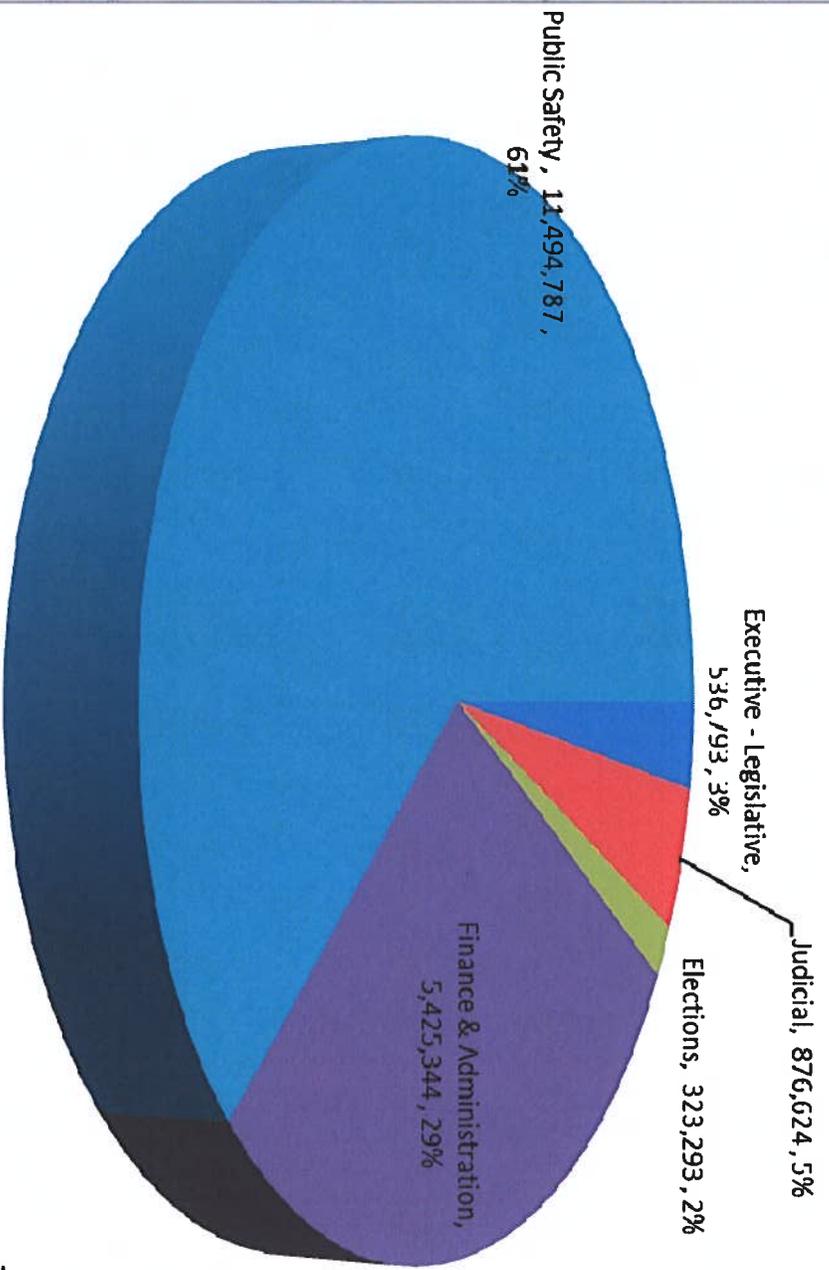
2021 Budgeted Revenue Pre Pandemic Estimates



Total Revenue \$31,454,709

- Total Taxes
- Licenses and Permits
- Charges for Services
- Fines And Forfeits
- Interest on Investments
- Miscellaneous

2021 Budget Expenditures



Total Expenditures \$30,632,199

- Executive - Legislative
- Judicial
- Elections
- Finance & Administration
- Public Safety



Questions???

