

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION BUDGET HEARINGS
6:30 P.M., COMMISSION CHAMBERS
May 7, 2019**

**RICHARD BOSS, MAYOR
AL HERNANDEZ, COMMISSIONER
NADIA SIKES, COMMISSIONER
JOSH RARDIN, COMMISSIONER
SUSAN PAYNE, COMMISSIONER**

**JASON BALDWIN, MAYOR PRO-TEM
DUSTY WRIGHT, COMMISSIONER
BRIAN CESAR, INTERIM CITY MANAGER
PETRIA SCHREIBER, CITY ATTORNEY
RACHEL HUGHS, CITY CLERK**

CALL TO ORDER / ROLL CALL / INVOCATION / PLEDGE OF ALLEGIANCE

Mayor Boss called the meeting to order at 6:29 p.m. Roll Call was taken by the City Clerk. Commissioner Payne was as absent. City Clerk Hughs announced there was a quorum present. Invocation was given by Reverend Dwight Harp and the Pledge of Allegiance was led by Commissioner Hernandez.

APPROVAL OF AGENDA

Commissioner Hernandez moved to approve the agenda.
Mayor Pro-Tem Baldwin seconded the motion. Motion carried with a vote of 6-0-0.

PRESENTATIONS

1. Finance will present the preliminary FY19-20 City of Alamogordo Budget. *(Evelyn Huff, Budget Analyst)*

Interim City Manager Cesar gave a brief preview. He thanked the Finance staff in preparing this budget. He said staff will ask the Commission to make some tough decisions to enact the one-eighth of the Hold Harmless Gross Receipts Tax (GRT). He said the City will also have to deal with the new minimum wage that will go into effect.

Mayor Boss asked if this will be the only presentation for these hearings or will there be another presentation tomorrow night. Interim City Manager Cesar said this presentation could take one night or three nights, but the length of the presentation is one hour twenty minutes long.

Budget Analyst Huff presented the preliminary Budget for FY (Fiscal Year) 19-20 by Power Point Presentation. She spoke on the adoption timeline, the budget overview for all funds, the budget overview by fund type, Hold Harmless GRT, Personnel and approved Capital. (See Blue Book for Power Point Presentation)

Mayor Pro-Tem Baldwin said there was an increase a couple of years back. He asked if that increase was one and half percent or two percent in GRT collections. She said she would have to look at the spreadsheet, but it was between one and two percent. Mayor Pro-Tem Baldwin asked, if historically, it has it been any higher than about two percent. She said not from anything that she has looked at. Interim City Manager Cesar said you would have to go back to the early 2000's to see that.

Budget Analyst Huff spoke on Salary and Benefits and said these numbers do include the rate increase that they are recommending for the minimum wage change for all the employees. Mayor Boss asked how much the minimum wage change was. She answered \$9.50. Mayor Boss clarified his question by asking what effect that has on the budget. Budget Analyst Huff said Human Resource Director Josselyn will talk about that more when they get to her side, but it does effect about \$579,000 including the increase they are requesting for the employees to keep wages from compressing.

Budget Analyst Huff spoke on miscellaneous revenues. Commissioner Rardin asked why the City was down a little over a half a million dollars on the miscellaneous revenues. She said in the miscellaneous revenue in fund 11 is where the \$398,000 that was for the abatement recovery is found. She said that line itself changes \$393,000. She said there is also a projection of the revenue from fund 81 going down, which by that projection means that our administration fee from fund 81 is going down about \$100,000. She said between those two items the \$100,000 from fund 81 and the \$395,000 for the abatement is where the big portion of that is going.

Budget Analyst Huff spoke on expenditures by categories. Commissioner Rardin said on transfer expenditures, non-departmental, there is about a million-dollar difference. Budget Analyst Huff said last year fund 11 subsidized fund 42, so that it could balance. They did not have to do that for FY 20. The other transfer in from 69 was to fund capital projects. She said they are not funding any capital projects out of fund 69 for FY 20. She said that was the difference. The increase from fund 49 where this year it was \$666,000, it is going up to \$800,000 next year.

Interim City Manager Cesar spoke on rededication of funds. He said the City is very close to completing the Desalination facility. He mentioned that the City had a five-year agreement with the DOD (Department of Defense) - Holloman to jointly use their portion of the Bonito Pipeline. He said that agreement is up, and they are going to give the City a year to year MOU (Memorandum of Understanding) to use that line. He said the City has to pump Snake Tank Water through it, not normal raw water coming from Bonito Lake, it will ruin the membranes. He said the process was changed at the State level for Water Trust Board money and NMAA loans to where if you had a current loan or current grant you had to spend that all the way down before you can apply for new money. He said in completing the Desal Plant, now they are going to be eligible the next cycle to request money, but they have about 17 miles of parallel pipeline that they have to install. The DOD wants to see progress on that, or they are not going to allow the City to jointly use the Bonito pipeline to pump Snake Tank water. He said Bonito Lake is still a couple of years out, but once Bonito Lake is back online, they are going to want to see Bonito Lake water coming into Alamogordo to be treated. He said the latest estimate they have is \$12 to \$15 million. He said it is not sustainable to take half of fund 49 which generates about \$1.6 million a year to go to the General Fund to help balance the budget. The State is not going to cut them a check for \$12 or \$15 million. He said that will be a little later in the presentation when they get into hold harmless and some of the other discussion. He said it has been used up to this point, but they really need to take this money, this revenue and dedicate it for the next several years towards that parallel pipeline.

Mayor Pro-Tem Baldwin asked Interim City Manager Cesar if he said the DOD is going to hold the City to a one-year MOU. He answered yes, it is their pipeline, so they want to reevaluate to see where the City is at and see if the City has made any progress in installing the parallel pipeline. Mayor Pro-Tem Baldwin asked Interim City Manager Cesar if they went to him to request this. Interim City Manager Cesar said the City had to go to them to request an extension.

Mayor Boss said we are going to need that pipeline in two years anyway, or approximately two years, when Bonito opens. Interim City Manager Cesar said correct. Mayor Boss said we won't be able to use it for the Desal water anyway, correct? He said we are looking at about two years for Bonito and then they will be utilizing it all the time. Interim City Manager Cesar said he does not think they have ever utilized the full water right. He said there have been times where they haven't been able to draw from the lake because the levels were so low. If they have a very dry spring and summer a few years from now, they would like to use the Desal Plant as a peaking facility because that is going to be Alamogordo's most expensive water. If they weren't pulling from Bonito Lake, they could flush the line, if they have an agreement with the DOD, then run Snake Tank Water through it, but that would only be for a relatively short period of time. He said the City needs to have the parallel pipeline installed.

Budget Analyst Huff spoke on the Landfill. Interim City Manager Cesar said if you look at the end of next fiscal year in fund 81 that is \$541,000. He said in the relatively near future, staff will be coming before the Commission in a workshop setting, so that they can get Commission direction. They will be

looking at increasing water, sewer and base rates. He said everything is on the table from impact fees to increasing the tiered system.

Commissioner Rardin said user fees is a big one, why are they anticipating a \$600,000 decrease. Budget Analyst Huff said that is the decrease that the Utility Billing Manager predicted is based on his calculations with new users and consumption that he has seen. Interim City Manager Cesar said they have seen both production and consumption go down. He said it is good that the community is conserving water, but the City still has to operate the system and improvements to the system. Commissioner Rardin asked if it is people conserving water or is it people leaving. Interim City Manager Cesar said it could be a combination of both. Commissioner Rardin said looking at the water reports it looks like they are using the same amount of water everyday. Interim City Manager Cesar said their actual production is down.

Mayor Pro-Tem Baldwin said he would like to see Customer Service Manager Threadgill's detail report on the projected revenues for next year. He said if it is actually the users who are consuming less water by xeriscaping or being more reasonable, and the City is going to turn around and charge them more for the water. Interim City Manager Cesar said the City still has the cost of maintenance and improvements. Mayor Pro-Tem Baldwin said then they can say to stop conserving water. Interim City Manager Cesar said that is part of the reason they are not just focusing on base rates or the tiered rates but looking at impact fees, connection fees, some areas that other communities use to help their water and sewer funds. Budget Analyst Huff said Customer Service Manager Threadgill's note on that was, "Projection through the first six months of the fiscal year they have seen a 2.7 percent decrease in the bill consumption every year. Though consumption for the first six months of FY 19 is at 94 percent of the five-year average for the same period of what are the normal winter, this card may have contributed to reduced usage. For FY 20, he says it is based on FY 19 estimates including reduced water usage per capita with current O R in rates".

Budget Analyst Huff continued the presentation. Mayor Boss asked to go back to enterprise by department. He asked if the City spends less on the Airport than they do on the Golf Course. Budget Analyst Huff said yes. She said the Airport total expenses for FY 18 are \$880,151 and the Golf Course expenses are \$1,846,375. She said the Golf Course is different because of the way the Golf Pro Contract is setup and so that contract is part of the expenses. She said it has to do with the way they collect revenues. They collect the revenues; they pay the City revenues and the City pays them back. The Golf Course expenses are about \$1.2 million. She said that is a large portion when it comes to the maintenance of the Golf Course, which is about \$600,000.

Commissioner Rardin asked if they created a new Deputy Public Works Director position. Budget Analyst Huff said that was a position that was approved last year in the budget and then it was frozen in November when they were going through the recalculation of the budget. She said it was reauthorized for FY 20. Commissioner Rardin asked Interim City Manager Cesar if the City ever had one. Interim City Manager Cesar said no, the position that they had was a Contract Coordinator. He said in looking at Public Works operations and operations as a whole. He said one of the things that they have been trying to implement over the past several years is a succession plan. In Public Works and other areas of the City, they have people that are close to retirement and they need to have the positions down below them experienced to at least take over for a period of time, if not take the position. In the last fiscal year, they had a retirement of a very senior employee that had a lot of different areas underneath him, they took that opportunity to look at the Public Work structure as a whole and adjust duties, and with the savings and salaries for the upper level person and redistributing those duties to others. He said it is actively on the books, but they are not actively recruiting. Commissioner Rardin said they have that position, but they also have City Contract Coordinator in there as well at a .60. Interim City Manager Cesar said when that decision was made, in taking the Contract Coordinator out of Public Works, they still have projects in Public Works. He said they wanted to ensure that the Engineering Department with the position shifting over to that area, they wanted to ensure that the projects went with him and continued to stay there, so a portion of 81 pays that salary for the Engineering Department and they manage the projects for public works. He said if they have a well go down and they need the

Engineering Department to go out to bid, to secure pricing, manage the project, etc., that pays for that service.

Budget Analyst Huff concluded the budget presentation and began a presentation for the Hold Harmless GRT. (See Blue Book for Power Point Presentation)

Interim City Manager Cesar said going back to the discussion on fund 49. He said they are looking at taking \$800,000 from fund 49 to transfer to the General Fund. He said if you look at the numbers between 19 and 20, that \$800,000 fits right in between the 761 and the 966, that they are not seeing come back from the State. Every year it goes up six (6) percent until a certain year. He said you can see that money that they are having to transfer in for the past several years. He said if they would have enacted an eighth in previous years, they wouldn't be doing that transfer from fund 49.

Mayor Boss asked if a majority of other communities in New Mexico adopted the three-eighths or at least some portion of it. Budget Analyst Huff said some of them have and they do have a chart that shows what the surrounding community's tax rates are at. She said she did not go and look individually at those cities to see if their Hold Harmless was enacted, but they can get that information. Mayor Boss said he believes that would be good information.

Mayor Pro-Tem Baldwin said keep in mind, they are one of the few communities in New Mexico that really got impacted. He said there could be a lot of communities out there that did not enact the three-eighths because it does not impact them the same way.

Commissioner Rardin said basically the seven or eight larger ones are the ones that took the hit. He said the thing that is really messing with the City is when Otero County passed it, it increased it in the City limits as well. He said if the City does it, the citizens in Alamo will be double taxed. They are going to get hit with the County's three-eighths and the City's three-eighths. He said he has a huge issue with taxing the citizens twice. Interim City Manager Cesar said it is unfortunate that the County did it. He said they had their reasons for passing it. Commissioner Rardin said they were impacted a total of \$200,000 over the whole 15 years. He said the City was impacted at the time by \$2.7 over the 15 years. He said now the City is at \$3.7 million. He said he understands the County needs the money to do their jail, but they are kind of robbing Peter to pay Paul. He said that is not how the State intended this money to be used. Interim City Manager Cesar said the County is using it for large projects and worthy projects. He said the City is looking to use the one-eighth for just operations. Commissioner Rardin said that is what it was intended for, our General Fund. Interim City Manager Cesar said in most areas there was not an increase in operational monies, so that is not sustainable. He said cost of living goes up, CPI goes up, everything is going to cost the City more, and they cannot continue to do flat budgets. He said they cannot continue to not replace equipment, not to put the monies into Capital for our streets, for our parks, our buildings, etc. He said right now, they have a very difficult time attracting new employees or keeping the employees that they have. He said to bring a balance budget that was only real way to do it, is to keep the expenses flat. He said we have had a number of years of that and it is not sustainable.

Mayor Boss said he added it up. He said the General Fund is \$216,000, Internal Service Fund about \$38,000, Special Revenue \$154,000, Enterprise Fund for about \$132,000 for a total of \$540,000. He asked if that sounds correct. Budget Analyst Huff said the numbers are on their comparative budget statements in their budget books. Mayor Boss said that is where he pulled the numbers.

Mayor Pro-Tem Baldwin referred back to Commissioner Rardin's question. He has been noticing the annual distribution loss over the years is actually increased almost every single one of these that they have. He asked if it is because there is actually more food and medical collection now than maybe there was when this was first introduced, is that why that number keeps increasing. Budget Analyst Huff said this was actually calculated by their Bond Counsel. She said they go back every year and look at the tables that they get from Taxation and Revenue. She said in this case, you will see it says assumes 1.5 annual growth in revenue. She said they are going in there and looking at the current tax rate and

then they are putting 1.5 on that, which is a pretty conservative number. Commissioner Rardin said the real fix would be to have the State get the tax back on the food portion. He said the State made the mistake and the City has to be the bad guys to fix it.

Budget Analyst Huff continued with the Hold Harmless presentation. She explained the implementation timeline for the Hold Harmless GRT. Mayor Boss said if he is understanding Management correctly, they are saying that the City really has to do this, is that correct. Interim City Manager Cesar answered yes, if we want to protect our \$10 million plus investment in the Desal facility, if they want to get the parallel pipeline put in. He said at some point, if they do not enact the tax or a portion of the tax, they will seriously have to start looking at what areas, what quality of life issues they can give up in Alamogordo. He said they do not expend the entire budget now, but they are creeping up every year in expending the full budget. He said without enacting the tax, they can continue to rob fund 49. He said they can look at some of the other gross receipt taxes. He said there was a presentation two or three budgets ago, where a listing was given of every tax that they had out there and what it would take to change the dedications of those taxes. He said some were relatively easy, like fund 49, which just took the Commission to order the change, and others would have to go back out to the voters, but each of these taxes that the City has serves a purpose. He said the other thing they could look at is user fees, but there is a limit to that also.

Commissioner Hernandez asked what the one-eighth tax generates per year. Budget Analyst Huff answered it would generate, per their Bond Counsel, \$735,444 if it was enacted for all of 2020. She said the first year that they would receive all of it would be \$746,480 for an eighth. Commissioner Hernandez gave some examples that he felt the City could have saved money. He said he is making a point that he is going to hold staff's feet to the fire. He said when people come up to the Commission, they are just going to have to say "No". He said that is the bottom line. He is either going to say no to the tax or he is going to say no to any irrelevant spending. If there is irrelevant spending, then someone is going to be held accountable for it. He said if they are going to do an eighth percent there will be no more waste, there shouldn't be any waste anyways.

Commissioner Sikes said Budget Analyst Huff mentioned that Baum and Company estimates annually the 1.5 percent increase. She said over the past couple of years they have actually spent some money to get some businesses here in town. She asked if the City is seeing that. Budget Analyst Huff answered no; they have not seen any increase. Mayor Boss said they have another problem and he has to be very careful here because it is political. He said none of the municipalities are getting their fair share right now. He said the City has entered the lawsuit against DFA (Department of Finance and Authority) to try and solve that problem. He said they don't know what the City is getting, the State Auditor cannot go in and look at the records. He said no one knows how DFA calculates that. Commissioner Sikes said she just sees that the City is generating businesses and GRT, but they are not realizing it, so they are not seeing a difference year to year. She added that the County passed a three-eighths tax a few years ago without a complaint from the citizens. She asked what the City is so afraid of. She said if the City passes the one-eighth, it helps the City minimal. She said the City is still going to have deficit with that one-eighth. She said the City needs to go full board, just like the County, and she does not think that anybody is going to care.

Budget Analyst Huff showed some slides on what each eighth's affect would be on the tax rate.

Commissioner Hernandez asked if they voted on that tomorrow night, when would the City realize those. Budget Analyst Huff said the earliest they could enact it would be January 1, 2020. The City would receive their first allocation in March.

Commissioner Hernandez told Commissioner Sikes that minimum wage is going up in 2020. Commissioner Sikes said so people will have more money and spend more money. He said everything will cost more, she said that is speculation and he said not really. Mayor Pro-Tem Baldwin said the debate for the tax is really for a later date.

Commissioner Rardin asked if the Commission needs to have it passed by October. Budget Analyst Huff answered by September. She stated it has to be certified to Taxation and Revenue by October 1st.

Commissioner Rardin said he agrees with the Mayor in that he would like to see what other communities have done. Budget Analyst Huff showed a slide of tax rates for different communities. She said they would need to investigate which of those include part of the hold harmless. Commissioner Hernandez asked if they recognize any online sales taxes. Budget Analyst Huff answered no.

Commissioner Rardin said they just passed something at the legislature this year about compensating taxes. Commissioner Sikes said, but the City does not get any. Commissioner Rardin said the State is going to start going after Amazon and some of those big companies. Mayor Boss said the State is getting all that and they are not distributing any of that to the City.

Commissioner Rardin said of that 8 percent that the City currently charges, the State gets 5 and 1/8 of that, the rest of that is split between the City and Otero County. The State is basically taking all the money. Budget Analyst Huff said if the City was to enact the full 3/8ths, the City's portion of that would be 2.4375 and then the County is the .1825 and the State is 5.125.

Mayor Boss pointed out that Alamogordo's rate would be equal to Las Cruces' rate. He said if Alamogordo was 8 and three-eighths they would not be losing sales in Alamogordo because people went to Las Cruces where it would be cheaper.

Commissioner Rardin said the way he sees it is that the citizens of the United States and New Mexico are already being taxed to death. He said he knows it is their job is to generate the revenues so they can run the City, but on the other side like Mayor Pro-Tem Baldwin said the citizens are conserving water, our water sales are down so let's do a rate increase. He said we should reward them for using less water.

Mayor Boss said the problem with the water is that they have a deteriorating infrastructure and it is going to catch up with them in the very near future. He said they have got to come up with something or they are going to have some severe problems. He said the only way to solve the problems is by raising revenues so they can repair tanks and they can do the things that they need to do to make sure that they don't have some catastrophic event where they lose two of their tanks because they waited too long to maintain them. He said that sounds crazy, but they have some tanks in pretty bad shape.

Commissioner Rardin said he agrees with Commissioner Sikes in that they've had some fairly good size businesses move into Alamogordo in the last year or two and it doesn't seem that they have seen much of a difference in the increase. Interim City Manager Cesar said they cannot compel the State to open the books and show us. Commissioner Rardin mentioned that they used to get GRT reports monthly and he hasn't seen them recently. He said he is a businessman in Alamogordo and his revenues have been relatively stable, but the GRTs for the State were up and down. He said it did not make a whole lot of sense to him. Interim City Manager Cesar said there are a lot of new businesses but remember that the City loses six percent every year too. He said they have seen some new businesses, they are obviously doing sales, paying their share of the GRT, whether or not they are getting the full amount back to Alamogordo they have no way of telling because the City does not get a detailed report that says Hobby Lobby did a million dollars in sales and Alamogordo you are entitled to this amount. Commissioner Rardin said if you remember the City would be down \$250,000 to \$300,000 this month, and the next month they would be back up \$250,000 to \$300,000. He said he thinks what is happening is the State was a little short in their coffers for that month, so they thought they would rob a little from Alamogordo this month and they would give it back the next month.

Mayor Boss said they did it to more than just Alamogordo because all of the cities are complaining about it. Interim City Manager Cesar said the lawsuit may resolve that but that is not going to be anytime soon.

Commissioner Rardin said the State used to only get five percent, and then about five years ago they bumped it to five and an eighth. He said on top of that they charged the City a fee, like an Admin fee of about four percent to process and remit the gross receipts to the City. Mayor Boss asked if that is right. Budget Analyst Huff said that is correct, it's usually in between \$40,000 to \$50,000 a month depending on our gross receipts. Commissioner Rardin said the business owners are the ones doing all the work.

Interim City Manager Cesar told Commissioner Rardin that Finance heard him on the GRT reports. Budget Analyst Huff said the reports are also available online on the State's website.

The Commission took a 10-minute break at 8:19 p.m.

The Commission resumed the meeting at 8:29 p.m.

Human Resources Director Josselyn presented the City's salary and benefit budget by Power Point. She pointed out that the City has less employees than the previous fiscal year. She also pointed out that the turnover rate has increased by three percent to 22.8 percent. Mayor Boss asked if that was typical. Human Resources Director Josselyn said she looked up the National Average and it is 22 percent. (See Blue Book for Power Point)

Commissioner Rardin asked if the City's Workers Comp is through the Municipal League or a self-insured or a pool. Human Resources Director Josselyn said it is through the Municipal League and it is self-insured, but it works differently than the private companies. She explained how they work for both public and private entities.

Human Resources Director Josselyn continued the presentation. She spoke on the proposed wage increases for the minimum wage and all other employees. Commissioner Rardin asked how much percentage of an increase. He also asked what the City's total wages or payroll for the year is. She answered total wages for FY 20 is \$21,144,213. Commissioner Rardin said it's a 10 percent increase. Human Resources Director Josselyn said over a four-year period. She also said the employees haven't seen an increase since 2016 and the insurance keeps going up. She said we have got to keep up with the market or the City is going to lose staff, it's already happening.

Budget Analyst Huff presented the Approved Capital Presentation. She stated that there was a typo on the handouts. She stated that this is only for new items that were approved. She reviewed each of the projects. She said this list does not include the Capital Allocations that the City has received from the State. Interim City Manager Cesar said the majority of the Capital revolves around the Street Maintenance Program.

Commissioner Sikes asked if anyone takes advantage of the Sidewalk Revolving Loan fund. Budget Analyst Huff said she does not think anyone has taken advantage of it. Interim City Manager Cesar said there has been one person in the life of this loan who has picked up an application, but no one has ever taken advantage of it. Commissioner Rardin asked where the rest of the money went. He also said when they originally set this up, they authorized \$50,000. Budget Analyst Huff said \$32,000 is only the expense portion. Budget Analyst Huff said it received money from investments, but if no one has been taking advantage of, it is just kind of sitting there forever. Commissioner Rardin said how about just closing that out. He said he did not think that anyone ever used it and it's been around since 2009 or 2010. Interim City Manager Cesar said no one has used it and he believes it was FY 10. He also said that it has been talked about to do away with it.

Mayor Boss said consider taking a portion of it. Mayor Boss and Commissioner Rardin said leave the \$50,000 and take the rest. Interim City Manager Cesar said they could do that, but the original monies that went into it was not fund 109 back then. He said he does not remember what fund it was back then. He said the seed monies for that came from the Gross Receipts tax from the 2004 and 2008 Street Maintenance. Commissioner Rardin said the seed money was only \$50,000. Interim City

Manager Cesar said they could take it and reduce it and give it to the bottom line of fund 109. Commissioner Rardin asked how much is in that. Budget Analyst Huff said it started the year with \$136,623. Commissioner Sikes said if we have grown it by \$86,000 since we started, we need to find out what it is invested in. Budget Analyst Huff said she is sure it is in a CD. Mayor Boss asked how it has grown that much in that period of time. Budget Analyst Huff said they would have to look.

Budget Analyst Huff presented Outside Agencies. Commissioner Rardin asked Budget Analyst Huff to remind the Commission how much the Commission has given each Outside Agency last year. She said Zia's contract is \$110,000, the Chamber receives \$25,000 in operational and \$26,000 in promotional, Mainstreet is \$40,000, the Branding Alliance is \$450,000. Mayor Boss asked if the City gets the \$40,000 back from Mainstreet. Budget Analyst Huff answered yes; they already got that back.

Budget Analyst Huff said the last slide of this presentation sums up what they are looking for in terms of decisions; the Hold Harmless GRT, the minimum wage compensation plan and any other budgetary changes the Commission may have. Commissioner Rardin asked by when they need to decide on the minimum wage decision, and do they vote on that. Interim City Manager Cesar said the Commission is not voting on the item tonight, the Commission is only giving staff direction. She completed the presentation.

Mayor Boss asked how they should proceed forward. He asked what else the Commission needs to do other than make some kind of decision very quickly on what they are going to do on the Hold Harmless. Interim City Manager Cesar said the wage and benefit proposal is not in the line items right now. Budget Analyst Huff said it is in the recap and the summaries, but not in the line by line. Interim City Manager Cesar said that really needs to be included in the lines going to DFA. Commissioner Rardin asked if the Hold Harmless does or the wages. Interim City Manager Cesar said the wage and benefits. He also said it would be desirable to have the Hold Harmless in there also. Commissioner Rardin said it is only going to make, maybe, a \$100,000 dollar difference this year because it is only for three months. Budget Analyst Huff said it would probably be closer to \$275,000 or \$250,000. Commissioner Rardin said he does not have a problem with the minimum wage because they kind of have to.

Mayor Boss asked if the Commission has a choice on the one-eighth. Commissioner Sikes said they have a choice of doing one-eighth, a quarter or three-eighths. Mayor Boss said he understands that, but he means do they have a choice not doing at least one-eighth. Commissioner Rardin said he feels that they have time on the Hold Harmless tax. He said they can do a little research; they have until September to vote on it. Interim City Manager Cesar asked Commissioner Rardin what he wanted researched. He said he wanted to see what other communities passed it and what kind of impact they saw. Mayor Boss asked Budget Analyst Huff how long it would take to acquire that kind of information. She asked what they would want to see, would it be to see if their GRTs dropped. Mayor Boss said that is going to be hard to analyze, and he thinks they just need to know what other cities have done it.

Commissioner Sikes asked if there is any change in the amount of money they are getting federally for housing. Budget Analyst Huff said the Housing Authority did budget a decrease in the operating subsidy based on the information they had received from the Federal Government for FY 20. She said they did not budget a decrease for FY 19 based on the levels they had seen at that point, but the Housing Policy is up in the air right now, it is a different administration. Commissioner Sikes asked if people take advantage of their low rent program. Budget Analyst Huff answered yes. Commissioner Sikes asked where she could find that in the book. Budget Analyst Huff answered in Fund 901 and in the revenues, you'll be looking for HUD Operating Subsidy.

Mayor Pro-Tem Baldwin made the recommendation to move forward with the minimum wage compensation plan. He said let the public know that the Commission is actively considering enacting a tax. He said let's put in on the table for transparency. He said the Commissioners that have been against it for the last couple of years have been very vocal and there hasn't been many that have been vocal for it, so the public is really not ready for it. He thanked everyone involved with the budget process.

Mayor Boss said he sees no reason to meet tomorrow night. Budget Analyst Huff said they can get the Hold Harmless information together so that they can give their presentation at a regular meeting and increase the transparency. Mayor Boss said they will officially cancel the rest of the budget meetings.

Mayor Pro-Tem Baldwin moved to adjourn at 9:09 p.m.
Commissioner Rardin seconded the motion.
Motion carried with a vote of 6-0-0.

ADJOURNMENT




City Clerk Rachel Hughs


Mayor Richard Boss

(Prepared by Eric Barraza, Deputy Clerk)
Approved at the Regular Meeting held on May 28, 2019.