

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION BUDGET HEARING WORKSHOP DRAFT MINUTES
5:30 PM, DONALD E. CARROLL COMMISSION CHAMBERS
May 6, 2025**

**SUSAN PAYNE, MAYOR
SHARON MCDONALD, MAYOR PRO-TEM
CRYSTAL GUTHRIE, COMMISSIONER
STEPHEN BURNETT, COMMISSIONER
WARREN ROBINSON, COMMISSIONER**

**JOSHUA RARDIN, COMMISSIONER
MARK TAPLEY, COMMISSIONER
STEPHANIE HERNANDEZ, ACTING CITY
MANAGER
ASHLEY SMITH, CITY ATTORNEY
RACHEL HUGHS, CITY CLERK**

CALL TO ORDER & ROLL CALL

Mayor Payne called the meeting to order at 5:31 PM. Roll Call was taken by the City Clerk. City Clerk Hughs announced there was a quorum present.

INVOCATION & PLEDGE OF ALLEGIANCE

The Invocation was given by Commissioner Robinson, and the Pledge of Allegiance was led by Commissioner Tapley.

APPROVAL OF AGENDA

**Mayor Pro-Tem McDonald moved to approve.
Commissioner Robinson seconded the motion.
Motion Passed with a vote of 7 - 0 - 0.**

WORK SESSION

1. Presentation of the Preliminary FY2026 Budget. (Evelyn Huff, Finance Director)

Finance Director Huff gave her presentation, which had the following sections: City Manager Introduction, Budget Adoption Timeline, Budget Overview - All Funds Combined, Budget Overview - Per Fund Type, Gross Receipts Tax Overview, and Approved Capital/Positions.

City Manager Introduction.

Acting City Manager Hernandez said we had the departments come yesterday to explain who they were, what they do, and whom they serve. These numbers will put context to what the departments are asking for. When I met with them, I asked them what their plans were for 2026. Their budgets had to align with those plans, and we had to agree on their plans.

Budget Overview - All Funds Combined. Revenue.

Commissioner Rardin asked if the numbers reflect the water rate increase for July of this year. Finance Director Huff said they do. He said what if we do not approve it? She said you approved it when you approved a five-year plan. You approved the resolution that we submitted to the New Mexico Finance Authority (NMFA) for the loan. If you change your mind, we will revise the budget and report it to NMFA. He asked if they included this one coming up in July. She said they do. He asked if that was another twenty-five percent. She said it was another thirty-five percent on water. He said he thought it was thirty-five, then thirty, then twenty-five, and another twenty-five. She said it was thirty-five, thirty-five, twenty-five, twenty-five.

Budget Overview - Per Fund Type. Fund 11. General Fund - Legal.

Commissioner Rardin asked if they planned on using that many outside attorneys to bump it that high. Finance Director Huff said I hope not, but we felt we needed to give ourselves the ability to do it if needed. We still have pending litigation on several matters and want to ensure we are covered.

Budget Overview - Per Fund Type. Fund 11. General Fund - City Clerk.

Commissioner Rardin asked why the travel went up. Finance Director Huff said we will roll travel and training into one line. It specifically went up to train the new IPRA person, and also to continue the training of City Clerk Hughs and Deputy City Clerk Aleshire to be authorities on that. A lot of the training is online; it is not actual travel.

Commissioner Rardin said he was looking through Fleet Insurance, and they are all from seventy to one hundred

and fifteen percent increases. Finance Director Huff said part of that was that they were not correctly budgeted last year. We have two pieces of fleet insurance. We have fleet insurance, which we pay to the New Mexico Self-Insurers Fund, but we also have internal collision insurance that we have the departments pay so we can fund the self-insured fund. Last year, the internal collision insurance was not budgeted. It was only budgeted for what we paid the self-insurer's fund. This year, we went back and redid the spreadsheet. We looked at what we paid the New Mexico Self-Insurers Fund, added the allocation per vehicle to fund the self-paid claims, and then corrected it for this year. He asked if that means through all departments. She said you would see that through all departments.

Commissioner Robinson asked if there were more and more requests for public information. Finance Director Huff said yes, it is absolutely constant and all the time. The requests with the Police Departments and their lapel videos and redacting those is a lot of work. The requests for public records are increasing for everybody's departments. Commissioner Rardin asked how much it had increased compared to five years ago. City Clerk Hughs said two hundred percent in the last four years. He asked how many actual requests per year. She said three hundred in her department last fiscal year. Maybe half are from law firms and attorneys. A few are commercial. Many of the Planning and Zoning requests should actually go to the Construction Industries Division, and we forward those requests to them. He said so, three hundred in your office, but that does not count the Police, right? She said that does not count the Police Department. We have a lot of requests that ask for emails. We have to search for those emails, ask BITS to extract those emails, and then search through those. Two years ago was the longest request for public records I have ever done. That request took nine months of going through emails. After five months, I pulled in Deputy City Clerk Aleshire to take a section while I took another section until we completed the request. Unfortunately, after having seven discs for them to pick up, they only picked up two because we were piece mealizing it, saying we had one or more ready. They did not pick up the last five at the end. I told them we had their DVDs ready, and they told me they no longer needed them. Unfortunately, that happens often. Police Chief Kunihiro said he did not have FY23 to FY24 numbers, but we average about sixty-two requests a month. Those include incident reports, CAD calls, lapel cams, and 911 calls. Commissioner Rardin said so you are looking at seven hundred to eight hundred requests a year. Police Chief Kunihiro said the number I have is four hundred and ninety-two, but the total videos are over two hundred. Every request may have five officers on the call, with three to four hours of recording per officer. Acting City Manager Hernandez said we got one yesterday for all emails for an employee since they were employed. So we have to pull every email. Regarding the Police video cameras, they could be on a call for fifteen minutes with two officers, or they could be on a call for three hours with eight officers. They have to go through each one. One request can take hundreds of hours to fulfill. There was an instance where we were almost liable for not fulfilling one request. City Attorney Smith said that one is still pending. We are still in negotiations to figure out how much of a fine we have to pay. Fire Chief Ramirez said he spoke to Chief Story in Las Cruces, and they have nine full-time network clerks who cannot keep up with their requests. City Clerk Hughs said Albuquerque has an entire division with about twenty people and they are backlogged by about a year. Commissioner Rardin asked how we kept up with it before. City Clerk Hughs said there was an explosion of records requests, especially when it came to lapels. Also, you have to put in all the attorneys putting in the records requests. Before, the requests we were seeing were mainly documents from Commission meetings and Planning and Zoning documents. There were not many Police records being requested, and lapels were few. It seems like the number just kept growing after 2019 and will continue to do so. Police Chief Kunihiro said we are introducing more evidence with the Crime Center. Commissioner Rardin asked if the real-time video would be subject to IPRA. Acting City Manager Hernandez said if we download it. Police Chief Kunihiro said there would be an automatic purge depending on what the retention is. If we use it for evidentiary purposes, then it will become our record. Commissioner Rardin said if a constituent got into an accident in one of our monitored intersections and came in and requested the footage from that camera, what would that be? Police Chief Kunihiro said if we save it as evidence for that crash and use it for our investigation, then it becomes our record and is subject to IPRA. Finance Director Huff said if it was stored on the company's server, who was administrating the camera, then no, it is not notable. Commissioner Rardin said is that even if taxpayer money paid for the camera system? Finance Director Huff said yes, because we are not in possession of the record. Acting City Manager Hernandez said if you said, for example, that you wanted all the footage on the corner of 1st and White Sands Boulevard between the hours of one and two, if there was no accident and we did not download it, then it is not our record.

Budget Overview - Per Fund Type. Fund 11. General Fund - Non Departmental

Commissioner Rardin asked what the percentage was regarding the Fees - GRT Admin. Finance Director Huff said it was three percent, and it is slowly going away. He asked if it used to be like four or six percent. She said yes. It has been forgiving, but it will go away.

Commissioner Robinson said it was mentioned at a previous meeting that the City would be replacing lighting to save on energy costs. Finance Director Huff said yes, that is what the Yearout contract is doing. They will probably start in this room this week. They have done all the other buildings on their diagram and will be moving into City Hall. They will also be doing wireless thermostats, solar, building envelopes, and transformers. It is a huge project with many moving pieces that should be completed by the end of August.

Commissioner Rardin asked what an Insurance - Honesty Blanket was. Finance Director Huff said it was something we paid for the Commission. He asked why that would not fall under Insurance - Public Official. She said it is something we are required to have in order to have public official insurance. I cannot tell you what it would do. I have never had to make a claim against our honesty blanket before, but they go hand-in-hand. Mayor Payne asked what the Insurance - Honesty Blanket was part of. Finance Director Huff said New Mexico Self-Insurance. It goes to their underwriter. Commissioner Rardin asked staff to find out what it was. Acting City Manager Hernandez said the Honesty Blanket covers any losses caused by dishonest acts, theft, embezzlement, or fraud committed by an elected official. Commissioner Rardin asked why that was not grouped together with Insurance - Public Official. Finance Director Huff said I just know you have to have one to have the other. I agree that it has a similar definition to the Insurance - Public Official. Mayor Payne asked what the Insurance - Public Official was. Acting City Manager Hernandez said she did not know. Mayor Payne asked staff to find out what it was.

Commissioner Rardin said under Other-Contingencies, why do we typically spend \$250,000? Finance Director Huff said we usually do not spend that, but that is what we budget. In the past, the \$250,000 was a transfer-in from Fund 49, so it was kind of offset. We do not offset it with that transfer anymore and do not need to. It is about one hundred thousand different things every year. This last year and a half was the Fun Center with things that popped up, like landscaping, and things that needed to be done. We have used it for emergency equipment purchases and emergency contract services.

Budget Overview - Per Fund Type. Fund 11. General Fund - Code Enforcement.

Commissioner Burnett asked what the average cost of a demolition was under Services - Structure Demo. Finance Director Huff said it really varies depending on the structures, and we had a lot of structures that we had not tested for asbestos. We needed to go through that process to ensure we were giving the demo companies the right information. If we did not have it tested for asbestos, we told them to assume it did. Police Chief Kunihiro said he had sixteen on his list, averaging between \$30,000 and \$40,000. Commissioner Rardin said in the past it would run between \$30,000 and \$50,000, depending on whether it is done in-house or not.

Commissioner Rardin said regarding Other-Equipment, what did we purchase in FY25? That amount is huge. Finance Director Huff said computers and tasers. Police Chief Kunihiro said and also docking stations for their units. Commissioner Rardin asked if all that was \$60,000. Finance Director Huff said yes.

Commissioner Rardin asked what the difference was between Salaries - Overtime and Salaries - Standby. Finance Director Huff said when you are on-call, you get paid an hour for every day you are on-call. Overtime is paid when you are actually called out and it is over your forty hours. Commissioner Rardin asked how much of that would actually be utilized for both. Finance Director Huff said with overtime, it depends on how many times they get called out or if the Police Chief has a mission for them to respond to. It is easy to budget for standby because it is going to be seven hours every week. Acting City Manager Hernandez said they also get called by Fire Chief Ramirez when there is a fire with a dilapidated structure, or if there is a lot of stuff around it. Commissioner Rardin asked if they could not just wait until the next business day. Police Chief Kunihiro said it depends. Using a fire investigation, for example, if they are called out, Code Enforcement Manager Sides will determine if a response is needed that evening or until normal hours. We trust the managers to make that decision.

Budget Overview - Per Fund Type. Fund 11. General Fund - Planning and Zoning.

Commissioner Rardin asked why City Planner Rael was not certified in FEMA. Finance Director Huff said we have been working on it.

Commissioner Tapley asked what a blocking permit was. Commissioner Rardin said I do not know why we have those. We do not have anything. Finance Director Huff said they are in the ordinance, so we have them, and we have to show them. Mayor Payne asked if those were mobile homes. Commissioner Rardin said he did not know why we had anything on that side. We just do the zoning portion, but that other portion falls under the State.

Commissioner Guthrie asked if there were plans to redo the FEMA zoning anytime soon. When was that last done? Acting City Manager Hernandez said the County will start doing some review of it, and they asked us to join in, but we have not gone out to try doing it on our own. I do not know what the County's plan is, but the meetings got canceled. As soon as they figure out what they are doing, we will figure out what we are doing. Commissioner Rardin said he thought the last time adjustments were done was in 2010, when FEMA put more of Alamogordo in the floodplain. Mayor Payne said she thought improvements have been made since then, like the McKinley Channel. Commissioner Guthrie said it would be a good time to revisit that. Finance Director Huff said right now, internally, we do not have the capacity to do that. We would have to contract that out. Commissioner Guthrie asked if we would have the budget to look at that. Finance Director Huff said we could. That is definitely something we could prioritize. Commissioner Guthrie said we have made so many advancements since then. Utilities Director Nunnelley said working with the Army Corps of Engineers is a long process. It is still being held up by them for being turned over completely. That is the last portion of the McKinley Channel. Commissioner Guthrie asked what the next step was. He said he did not know completely. I just had a new letter requesting support for the north channel. The last time I saw an email from the Army Corps of Engineers was probably a year ago. She asked if there was a way for us to initiate communications. He said he was certain we could. I will find that email and forward it on. She said we spend so much money upgrading and updating, so why are we not updating the map too? Finance Director Huff said the Army Corps is tough. We are actually carrying money in one of those projects because we do not know. They could come back and say you still owe us \$50,000 for the McKinley Channel. It is constant with federal closeouts. We are still waiting for a closeout on Bonito Lake for a federal grant. It is a constant struggle with the federal government.

Budget Overview - Per Fund Type. Fund 11. General Fund - Dispatch.

Commissioner Tapley asked what the Services - Contract money was for. Finance Director Huff said that is what we paid the County.

Budget Overview - Per Fund Type. Fund 11. General Fund - Police.

Commissioner Rardin asked what Misc Revenue - Sale of Scrap was. Finance Director Huff said that was for anything we sent to auction, like vehicles or fixed assets.

Commissioner Robinson asked for an update regarding the use of different cameras in locations. Police Chief Kunihiro said the Flock Safety implementation is about forty-six percent live. Some of the agreements between Flock and DOT or PNM are slow-moving. As far as the City, they are starting to go in. Commissioner Robinson asked if it had been helpful so far. Police Chief Kunihiro said yes.

Budget Overview - Per Fund Type. Fund 11. General Fund - Fire.

Commissioner Robinson asked if the fires in Ruidoso affected our budget. Finance Director Huff said the department it affected the most was the Landfill. We will talk about it later during Enterprise. It did not really affect any other budget. There was some overtime within the Fire Department, but that was reimbursed to us by the federal government and other emergency grants they had.

Budget Overview - Per Fund Type. Fund 12. Internal Services - Facility Maintenance.

Commissioner Rardin asked what the plan was regarding janitorial services. Finance Director Huff said most departments have moved on and are doing their own in-house. The Police Department will get a janitorial position, and we will hire a firm to do City Hall. That will allow us to use a smaller company that is more detail-oriented than one company over many buildings.

Budget Overview - Per Fund Type. Fund 16. Special Revenue - Promotions.

Commissioner Tapley asked why we did not have a Lodger's Tax. Finance Director Huff said it was repealed at the end of FY23. We did it for different reasons, but the main reason was that we did not feel the current state law for the Lodger's Tax allowed us to use it in a way that was beneficial to us. Because of the breakdown, we had to use forty percent on promotions and sixty percent on other items. The forty percent was very restrictive, and we found ourselves just buying and doing stuff that was not in a good manner to meet the forty percent and two-year threshold. We also did not feel it was benefiting our tourism because of mileage restrictions, because you could not advertise close to the city. Our lodging is hard because of the military. We can advertise, but we may not have room, or it may be expensive because of Holloman Air Force Base. We wanted more flexibility for tourism to do it in either smaller batches or within different areas. The Legislature has put forth bills to change the Lodger's Tax law to allow flexibilities, but I do not think they passed.

Budget Overview - Per Fund Type. Fund 27. Special Revenue - Municipal Court.

Commissioner Rardin asked if the software support fees would be recurring. Finance Director Huff said it would from now on. It is for their justice systems. He asked why their Utilities - Cell Phone Service was also going up. She said it was going up because some of the cell phones were not budgeted correctly in previous years. We still need to do more work on allocating them to the right funds. He said so we are not really adding anything. She said no, we are just correcting issues. He asked how we hired three-quarters of a bailiff. She said he is part-time.

Budget Overview - Per Fund Type. Fund 32. Special Revenue - Recreation Center.

Commissioner Rardin asked why the Worker's Comp accounts increased. Finance Director Huff said she would have to look at that. It should not have increased that much. We may have misclassified their new position. I'll also look at the Benefits - FICA, too. I did increase their FICA because I felt it was underreporting.

Budget Overview - Per Fund Type. Fund 32. Special Revenue - Parks.

Commissioner Rardin asked if we anticipated spending that kind of money on a mechanic. Finance Director Huff said our stuff is old and severely neglected. Stuff was just put in the back and not worked on. He asked if that was like weed eaters and mowers. She said yes, plus big mowers and everything else. He asked if it would be more economical to just buy new mowers and weed eaters. She said some of their stuff is not that old, it just needs routine maintenance. He said it could be more economical to just buy a new mower for \$189. She said some of those boom mowers are \$400,000. He asked if those were aging to the point that they needed to be replaced. She said they will be. Everything Parks has is aging.

Budget Overview - Per Fund Type. Fund 32. Special Revenue - Zoo.

Commissioner Rardin asked what Other - Fuels was for. Finance Director Huff said that was for their little carts and two vehicles. He asked how we could get a lion. She said a lion was easy to get, but we do not have the facility for one. The hard part is getting the exhibit built. Unfortunately, the Zoo has a lot of other needs right now, like the west wall, sewer line, and duck pond. He asked if we had an estimate for a lion exhibit. Acting City Manager Hernandez said we had an estimate pre-COVID of \$86,000 for just the materials for the exhibit. He said so that would be staff doing the work. She said yes. Finance Director Huff said the Zoo has other State money coming in with the restroom and bear enclosure. He asked if Utilities Director Nunnelley could help with the sewer line. She said it was not his, it was a private sewer line. The Zoo owns the sewer line up to the manhole. He said in the past, we would have staff go in and fix something like that for a lesser fee.

Budget Overview - Per Fund Type. Fund 44. Special Revenue - Weeds and Drainage.

Commissioner Robinson asked if outside sources were the services here. Finance Director Huff said they would be contractors, yes. It would not be City employees. Commissioner Rardin asked what was currently being done. She said we currently have a small contract, but nothing else until the RFP goes out. He asked if that small contract was doing everything the department needed to do. She said yes, that department was not doing a lot because there was not a lot to take care of. There will be a lot for the contractors to do. He asked if this department would basically just take care of the ditches. She said they would take care of the ditches, culverts, inlets, shaping, dirt work, brush removal, McKinley Channel maintenance, and sediment basins.

Budget Overview - Per Fund Type. Fund 63. Special Revenue - Engineering.

Commissioner Rardin asked why there was a major increase in Salaries - Operational. Did we not have the Engineer budgeted prior? Finance Director Huff said we did, but not for a full year. The inspectors were also in two different funds, so we brought the three inspectors back into the right fund. He asked if we are reducing other funds. She said yes, we are reducing Funds 44 and 81. He asked what their new Administrative Assistant would be doing. She said invoices, requisitions, and one point of contact. Right now, there is no one regularly in the office. They will also work on wage decisions and handle some things for Safety.

Budget Overview - Per Fund Type. Fund 63. Special Revenue - Safety.

Commissioner Rardin asked what Safety did. Finance Director Huff said protective personal equipment is a huge deal, and they ensure all contractors and employees are held to that standard. Utilities Director Nunnelley said they also do OSHA and SDS compliance, along with ensuring staff have adequate training hours to ensure we comply with the Self-Insurer's Fund requirements for the State. They also investigate minor and major incidents and track them. There are many things that we hope to start getting done that are not being done.

Budget Overview - Per Fund Type. Fund 127. Special Revenue - Self Insured.

Commissioner Rardin asked what the Police and Fire Departments had done here. Finance Director Huff said the Police Department wrecked three cars that year. The Fire Department had a fire truck hit another fire truck.

Budget Overview - Per Fund Type. Fund 124. Capital Outlay - American Rescue Plan Act.

Commissioner Robinson asked what the communication upgrade for the Zoo was. Finance Director Huff said not all the \$3,000,000 was for the Zoo. There are different parts of Capital - Communications. Back to the Zoo, we have always had an issue with the locations of the Gift Shop, the Administration Office, and the Education Building. It is hard to get a wireless point-to-point connection because of the trees. This project is running a fiber backbone down the middle of the Zoo, so the buildings can connect via fiber. It is also installing lighting with smart light poles. They will be able to pull fiber into the light poles and offer Wi-Fi and possibly cameras if they want. The other piece of communications is the SCADA upgrades at the water sites. SCADA is the way all water production talks to itself, including the tanks, valves, plants, and everything. It is a huge system that requires a great deal of coordination, and ours is a little outdated and scattered. We have a company working on it and redesigning it. They are upgrading the surveillance at the water sites as well. Commissioner Robinson asked when the money had to be spent by. She said by the end of the calendar year 2026.

Budget Overview - Per Fund Type. Fund 81. Enterprise Funds - Utility Billing.

Commissioner Rardin asked if they were going back to the old system of meter readers. Finance Director Huff said no, but we are maintaining our system now, and because of that, we are staying at a ninety percent reading instead of an eighty percent reading. We also still read about one thousand five hundred meters by hand. We are exploring options to replace our meters, and that will be something that needs to happen sooner rather than later. We will be bringing proposals to the Commission about that soon. I requested four additional positions and was not approved for that because we are going into a meter replacement and changeover. We want to see what that looks like before approving additional staff. Commissioner Rardin said when we did the changeover originally, we were told we wouldn't need some positions anymore. Finance Director Huff said that was totally dishonest. He said so, we spent all that money, and we ended up hiring the staff back. She said we needed to spend about \$4,000,000 more than we did. We did not do all the meters, and nobody made a plan about how to maintain them. They do not heal themselves.

Budget Overview - Per Fund Type. Fund 90. Enterprise Funds - Golf Course.

Commissioner Robinson asked when they expected to have the irrigation taken care of. Acting City Manager Hernandez said in October.

Mayor Pro-Tem McDonald asked if Services - Golf Pro included inventory. Finance Director Huff said no, this is an expense account that does not include anything with inventory. That is something considered an additional operating expense for the Pro Shop.

Budget Overview - Per Fund Type. Fund 91. Enterprise Funds - Airport.

Commissioner Rardin asked why the Benefit - Worker's Comp Fee increased by four hundred and thirty-six percent. Finance Director Huff said that it should have been adjusted from \$150 to around \$90. We will correct that.

Gross Receipts Tax Overview. Cannabis GRT.

Finance Director Huff said we are not seeing huge growth or returns in Cannabis GRT. Mayor Payne asked why that was. Finance Director Huff said she thought that the novelty had worn off a bit. Mayor Payne said she wondered how much of it was cash business. Finance Director Huff said that was a State regulatory situation. The rate is supposed to go up again, so I am interested in seeing how that goes.

Gross Receipts Tax Overview. Compensating Gross Receipts Tax.

Commissioner Rardin asked if this was for products that are brought into the community from elsewhere. You are supposed to pay a tax. Finance Director Huff said correct.

FY26 Capital Process.

Commissioner Rardin asked staff to look at paving a dirt portion of Oregon School to turn it into a parking lot for the tennis courts. Oregon Avenue becomes almost impassible whenever they have a tournament because there is nowhere to park besides the sides of the streets. The location is around where they have their yard set up, near the

green space at the end of the tennis courts, where the dirt is. Acting City Manager Hernandez said yes, that was a part of the plan.

ADJOURNMENT

Commissioner Burnett moved to adjourn at 10:23 PM.

Commissioner Rardin seconded the motion.

Motion Passed with a vote of 7 - 0 - 0.

ATTEST:

Mayor Susan Payne

City Clerk Rachel Hughs

(Prepared by Dylan Aleshire, Deputy Clerk)

Approved at the Regular Meeting held on May 27, 2025.

DRAFT