

A G E N D A
CITY OF AZTEC
CITY COMMISSION WORKSHOP
December 4, 2017
201 W. Chaco, City Hall
6:00 p.m.

6:00pm

Special Budget Resolution 2017-1069 Appropriating Funds for the HUB

Staff Summary Report

MEETING DATE: December 4, 2017
AGENDA ITEM: Workshop
AGENDA TITLE: Special Budget Resolution 2017-1069 Appropriating Funds for the HUB

ACTION REQUESTED BY:

ACTION REQUESTED:

SUMMARY BY: Kathy Lamb

PROJECT DESCRIPTION / FACTS

NM DFA: New Mexico Department of Finance and Administration

- On November 28, 2017, the City Commission approved the purchase of the property located at 119 E Chuska St/119 S Church Ave as per the lease purchase agreement with Aztec Presbyterian Church in the amount of \$135,000 plus one-half of the closing costs on the property.
- City staff has identified improvements to be made to the building and additional operating costs for the facility.
- The FY18 Adopted Budget does not include funds for the purchase, improvements or operating costs and requires the City Commission to appropriate funds.
- To make the funds available to the department, it is necessary for a special budget resolution to be approved by the City Commission and NMDFA Local Government Division.

- HUB Anticipated Costs:

○ Purchase as per agreement	\$135,000.00
○ Estimated Closing Costs	7,000.00
○ Building Improvements	75,000.00
○ Staffing	24,000.00 (add 1 FTE starting January)
○ Marketing	10,000.00
○ Total	\$251,000.00

- Funding Options:

General Fund –

Gross Receipts Tax Revenue: appropriate all or portion of gross receipts tax revenues which have exceeded the FY18 budget for the period July to November 2017. The use of these funds will reduce the cash reserve that would be available for FY19.

\$153,000.00

Police Personnel Budget: transfer available budget funds due to vacant positions (July-November); if amount not expended, would increase cash reserve available for FY19 or could be reappropriated if other needs develop during the current fiscal year (arterial, capital vehicle/equipment replacements)

\$100,000.00

Economic Development Fund –

In 2006 and 2007, funds were transferred from General Fund to the Economic Development Fund to provide the City Commission the ability to provide business incentives as provided in the Local Economic Development Act (LEDA). To date, due to the restrictions of LEDA, these funds have not been expended. NM DFA has confirmed the amount transferred could be returned to the General Fund. The transfer of these funds would limit the Commission's ability if an opportunity was presented that met the definition of LEDA; it is possible these funds could be a source of funding for the MRA designated area after the program is adopted.

\$100,000.00

Joint Utility Fund –

Interfund loan from Joint Utility to General Fund for the purchase, closing and improvements (\$217,000 est), 3% (same rate as Sewer Line Replacement loan). There is precedence for this: 1993 expansion of current Utility/MVD building to house MVD (10 yr loan), loan from Joint Utility to General Fund;

10 yrs, annual payment \$24,439, total interest \$37,391

15 yrs; annual payment \$18,200; total interest \$55,661

20 yrs; annual payment \$14,600; total interest \$74,717

\$217,000.00

Least impact to FY19 budget would be an interfund loan from joint utility to general fund for the purchase and improvements and appropriate a portion of gross receipts tax revenues in General Fund for the increased HUB operating costs. This would leave the Economic Development Funds intact and available for future development opportunities. It would also allow the Police Department funds due to vacancies to be either repurposed as needed in the current fiscal year or to build necessary cash reserves in the General Fund. The majority of General Fund gross receipts tax revenues which have exceeded budget to date would build the General Fund cash reserve.