

**CITY COMMISSION MEETING MINUTES
CITY OF TRUTH OR CONSEQUENCES, NEW MEXICO
CITY COMMISSION CHAMBERS, 405 W. 3RD St.
WEDNESDAY, JULY 22, 2026**

A. CALL TO ORDER:

The meeting was called to order by Mayor Rolf Hechler at 4:00 p.m., who presided and Angela A. Torres, City Clerk-Treasurer, acted as Secretary of the meeting.

B. INTRODUCTION:

1. ROLL CALL:

Upon calling the roll, the following Commissioners were reported present.

Hon. Rolf Hechler, Mayor
Hon. Destiny Mitchell, Mayor Pro-Tem
Hon. Amanda Forrister Commissioner
Hon. Ingo Hoepfner, Commissioner
Hon. Chaz Glines, Commissioner

Also Present: Gary Whitehead, City Manager
Traci Alvarez, Assistant City Manager
Jay Rubin, City Attorney
Angela A. Torres, City Clerk-Treasurer
Jocelyn Holguin, Chief Financial Officer
Luis Tavizon, Chief of Police
OJ Hechler, Community Services Director
Tara Manning, Animal Shelter Manager
Steven Glines, Pool Manager

There being a quorum present, the Commission proceeded with the business at hand.

2. SILENT MEDITATION:

Mayor Hechler called for fifteen seconds of silent meditation.

3. PLEDGE OF ALLEGIANCE:

Mayor Hechler called for Commissioner Forrister to lead the Pledge of Allegiance.

4. APPROVAL OF AGENDA:

Mayor Hechler made a motion to approve the agenda with the removal of items E6, E7 and E12a. Commissioner Forrister seconded the motion. Motion carried unanimously.

5. COMMISSION COMMENTS:

Commissioner Forrister: This weekend, there is a big event up in Winston, there are side-by-sides, a cornhole tournament, a dutch oven cook-off, and ranch rodeo. It'll be a lot of fun and we invite the community to come up there. It should be nice and cool, cooler than down here. Hopefully it'll be raining.

Mayor Hechler: I will reserve my comments for the next meeting. I will be presenting on the Legislative Finance Committee transportation presentation that I did, and also on the Destination Forward grant that we applied for.

6. STAFF COMMENTS:

City Manager Whitehead: I'll keep it short; tonight at 10:00pm, we will be having a water outage on the North side of town, that will start at 10:00pm. We're having the last tie-in at the school. As you know, we've talked to you numerous times about the water projects; trying to get those connected before school starts so we can be out of the area. The water lines should make it by the end of this week to be connected. School starts on Monday. We will be doing some paving in the area while school is going, we're just working out those schedules, but tonight from 10:00pm, hopefully within 3 or 4 hours, the water will be off. We've done a pretty good blitz to notify everybody, so hopefully we're back on track. This should end one for the challenges we've been facing with one of the valves in that area, it's caused us to have to go quite a ways out to get that done. Otherwise, projects are just moving along every day, we're getting closer and closer on projects. That's it.

C. PUBLIC COMMENT (3 Minute Rule Applies):

Ron Fenn, 316 N Foch: I came to speak about an article in the newspaper about the police investigating graffiti. The reason I speak about it, because I called dispatch and told them what I knew about it. It wasn't about who did it, but the fact that it didn't need to be done because the sign has been illegal for 30 some years. There is no reason for that sign to be graffitied upon. And yet, the city, in all its glory, has chosen the hypocritic oath of saying that, "Well if it goes on long enough and it's illegal, it's okay." I don't believe in that. I never will believe in that. The law is the law, and if you make laws, you need to keep them. And if you can't keep them, get rid of them and make it a lawless community. I'm sure there will be people that would like that. I have some documentation for you, this is the law, and all the yellow is the violations of the code that came into play in 1996. I just want to point out that the only time there was a permit issued for that was a week prior to the adoption of the code, very interesting. And they violated the application for the permit, they said, "Oh we want a 400 square foot sign." And they build a 500 or 600 square foot sign, and a double billboard. Billboards are not allowed on any local street, and that is on a local street. That has no frontage on Main or Broadway, or the loop, it's on McElroy, that's the only frontage for that property. It also runs over the property line, it's supposed to be five feet within the property line of any property. And yet, it's overlapping it onto the city's right of way, and according to section 11-13-2.10., Enforcement, it says, "Offenses:

1. Every violation of this Article constitutes an offense. 2. Each day a violation of this Article exists constitutes a separate offense.” And item B. Enforcement Authority, says that the zoning administrator is supposed to do something about it.

Ron Fenn,

D. CONSENT CALENDAR:

- 1. Acknowledge purchase report of items under \$60,000**
- 2. Acknowledge Subrecipient FY 25/26 4th Quarter Reports**
- 3. Take Home Vehicle Form: Police Department**

Mayor Hechler made a motion to approve the consent calendar as presented. Commissioner Forrister seconded the motion. Motion carried unanimously.

E. NEW BUSINESS:

- 1. Discussion/Action: Summary Plat Amendment at 1700 Corzine Street.**

Assistant City Manager Alvarez: This item was presented for public hearing at the Planning & Zoning Commission on July 13th. We did have two members absent at that meeting. The application does comply with all the applicable subdivision and zoning requirements. We had one proponent that actually spoke, and we did have multiple proponents in the audience in support. The applicant is requesting to divide her property. I know we had some discussion afterward regarding tract 2 and tract 2B, there's a fence that encroaches over. I did speak with the applicant, and at any point in time, if she is not going to have ownership of the properties there, then that fence would need to be reduced down and made sure it was sitting just on one lot or the other, or removed completely. The reason for the split – you guys have all the meeting minutes so you can see – it was a well-spoken meeting, it's for part of a nonprofit, so she's going to be leasing that for nonprofit purposes. She is here if the Commission does have any questions for her at all. I'll stand for questions.

City Attorney Rubin: If you make a motion to approve it, you may want to work into the motion the comments made by Ms. Alvarez, making sure the fence is actually coordinated within the boundary.

Mayor Hechler: The name is Donkey Magic Farm, correct?

Traci McGowan, Applicant: Yes.

Mayor Hechler: There is a better term, right?

Traci McGowan, Applicant: The nonprofit is EARS, Equine Allies Rescue & Sanctuary, at Donkey Magic Farm being the location.

Mayor Hechler: My only concern was really that the fenceline that is down, is it encroaching around both lots?

Traci McGowan, Applicant: That is correct. The property goes into two different names and the fenceline will be adjusted accordingly.

Commissioner Forrister made a motion to approve the Summary Plat Amendment at 1700 Corzine Street, with the fence following the plat if there is ever a change of ownership Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

2. Discussion/Action: Vacation of Plats at 418 Locust Street.

Assistant City Manager Alvarez: This item was previously on our agenda on the May 27th meeting, and the Commission tabled it, pending further notification. I did reach out to the applicable adjacent property owners, we sent an additional certified letter encouraging them to reach back out to us to ensure that they didn't have any concerns. One of the property owners – the property is in a trust, the mailing address is out of town, they did sign for their letter, but I have no way to give them a phone call or anything, so I did not hear anything via email, nobody called me on it, but they did sign for the additional letter. The second one, as of Monday, we hadn't received the signature card back, however I was able to reach out to that property owner and speak with them yesterday, they did not want to stop any type of progress and didn't seem to have any concerns. They were going to follow up, and if they had further concerns, they were going to reach out to me today, and I didn't hear anything back from them today. With that, I will hand it back over to the Commission for discussion.

Mayor Hechler: If you'll recall, we tabled this item last time to give you time to reach out to the adjacent property owners to see if anybody else wanted to speak up on behalf of this situation. No one else did, so if we're all still comfortable with the vacation itself, I'll entertain a motion.

City Attorney Rubin: There had been concerns that it maybe the other landowners might be landlocked, but upon further investigation, we found that that's not true. They would have access to their property, and I happen to be reading the Planning & Zoning minutes, and one of the Commissioners pointed out that basically the alley we're talking about is really unusual, there's really no place to build in that area, so I don't think there will be any issues there where anybody would suffer any damage as the result of this, so I think we can move forward.

Commissioner Forrister: It was a 2-2 vote at Planning & Zoning?

Mayor Hechler: Yes, and I think there was one opponent and one proponent, in reading the minutes. The opponent actually lived across the street, he didn't want to see more density in the neighborhood, and we had one proponent, and we had no other letters to indicate any opposing members. Are there any other questions?

Commissioner Forrister: No, just wanted to point that out.

Commissioner Forrister made a motion to approve the Request of Vacation of Alleyway adjacent to Plats at 418 Locust Street. Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

City Attorney Rubin: And I'm assuming Ms. Alvarez will want to work with me to prepare the actual vacation that we will be recording. I don't think we need to bring it back to the Commission unless the Commission requests it. But I don't think we need to, I think we can do it administratively.

Assistant City Manager Alvarez: Correct.

3. Discussion/Action: Consider Approval of Proposed Changes to Animal Shelter Adoption Hours.

Tara Manning, Animal Shelter Supervisor: As you know, the shelter is currently open Monday-Saturday 8am-5pm. We are just simply requesting that we do strictly adoptions from 10am-5pm. The reason being is for the past year, our shelter has been beyond overcrowded where we have – at one point, we had 8 dogs in popup kennels right outside of our office door. So you walk through the office and the first thing you smell at 8:00 in the morning is dogs, and not the pleasant kind of smell. So it's not always the best when you walk in and you're wanting to adopt a dog or a cat, and that is what you smell. We're just asking that we change the adoption hours to strictly 10am-5pm so the shelter can look presentable, it can smell clean, and the animals can look their best without having food everywhere, to the point where people think that we're not feeding them. Trust me, we are, they're just messy when they're in popups. During 8am-10am when we are open, we would still take in the stray animals, we would still do return to owners, still be open to the public for those who have questions, and mainly we would just do cleaning. That's all we're asking today.

Commissioner Forrister made a motion to approve the Proposed Changes to Animal Shelter Adoption Hours. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

Mayor Hechler: Would this be a matter that can be handled by the administration or for the Commission? I would think that we would get involved when it is initially brought to our attention, but managing the animal shelter and its hours, I think falls under administration more than the City Commission. What are your thoughts?

City Manager Whitehead: I think it could go either way, we discussed it. We feel like it's a policy decision, the hours that we set. So that was the reason we thought we should just bring it to the Commission. I'm happy to make those decisions, it's no problem, but I think it could go either way.

Mayor Hechler: I'm okay with the action. I was just curious.

City Manager Whitehead: It feels like they're posted hours, and they're by policy, so it would be best to err on the side of caution on that. Thank you for trusting me with that.

4. Discussion/Action: Consider Approval of Proposed Changes to Pool Hours.

Steven Glines, Pool Manager: I'm here representing your J.A. Hodges Truth or Consequences Municipal Swimming Pool. I will give you a brief update on how long the season is progressing, how current operations are going, and a brief look at our future plans. It goes without saying that we are an outdoor pool, and we are completely weather-dependent. Currently, with our one-dollar entry fee per session, we see anywhere from 25 patrons per day, to over 200 when Apple Tree brings their crew in. We have a new computer login system that enables us to track customers and our busiest usage hours. We service lap swimmers, aerobics, therapeutic swimmers, private programs, state programs, federal programs, and of course our general public. We have had 2 parties at the pool, with 3 more coming up in the next 2 weeks. We are working on a few other projects such as the US Forest Service completing physical training with us. The one-dollar fee has quadrupled our sales from last year and we are seeing levels of use that were pre-covid. Covid had a very negative effect on the swimming industry, and it has been an uphill climb to get people back to the pool. The success of our dollar entry fee has also had a ripple effect in that the Hatch and Socorro Pools have also initiated a dollar entry fee to drive patron participation. We currently have adequate staffing, although we will be losing several lifeguards to school and college in the coming weeks. We have planned to have enough staff to stay open for the next few months and I will update you next month on how this has progressed. From working with the staff while getting my own certifications, I have found them to be highly qualified and very knowledgeable of the requirements of being a professional lifeguard. From talking to our chemical salesman, although our filter system is old, it is still a top-notch sand filter system that he professes to give us "one of the best pools that he services on a monthly basis." He services Santa Fe, Albuquerque, Los Lunas, and other pools up North. Keeping the chemicals at correct levels is a science all its own and we are constantly checking and adjusting the system to keep our swimmers safe. State of the art Stenner Pumps were installed that are connected to the computer system. These constantly adjust the chemical levels and are very easy to use. I will revisit this when I talk about our future plans later. We have two temporary awnings to wind shear, and I would like to visit with you sometime in the future for a more permanent awning that can be utilized by our larger groups. Speaking of future plans, I have a new schedule for your approval. As you can see, we will be switching to our off-season schedule for the month of August:

I am only asking for this schedule for the month of August at this time, so that we can look at how it is going, and then adjust based on the data. I really want to push the wellness aspect of our pool, and I feel that with our senior population in town, that even though we have many current users of the pool, more education concerning the positive

health aspects of pool activities could also increase usage. In my personal experience, my back feels much better getting in the pool, and I wish I could get that across to people, taking that weight off and exercising is very beneficial, and I will be trying to push that a little bit more. While talking about usage, with our new state of the art chemical system, and increased usage, we are using chemicals at an increased level. While we have been maintaining water quality levels that are constantly getting us positive comments from suppliers and patrons, the cost may outweigh our current budget allocations. I am not asking for an increase at this time, but I am letting you know that this may be revisited in the future. Open swim is from 10am-11am, I just figured that if we're open and we're there, we should be able to let anyone come in. I will stand for any questions.



JA Hodges Municipal Swimming Pool **2026 OFF-SEASON Schedule**

July 27th-October 4th



NEW EXTENDED HOURS! Pool Closed on Mondays.

Each Session is still \$1.00.

	Time	Tuesday	Wednesday	Thursday
1st Session	7:00-9:00 am	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim
	9:00-10:00 am	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim
2nd Session	10:00-11:00 am	Therapeutic Swim/Open Swim	Therapeutic Swim/Open Swim	Therapeutic Swim/Open Swim
	11:00-12:00pm	Water Aerobics/Therapeutic Swim	Water Aerobics/Therapeutic Swim	Water Aerobics/Therapeutic Swim
	12:00-6:00pm	CLOSED	CLOSED	CLOSED
	Time	Friday	Saturday	Sunday
1st Session	10:00am-11:00pm	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim
	11:00-12:00pm	Water Aerobics/Therapeutic Swim	Lap Swim/Therapeutic Swim	Lap Swim/Therapeutic Swim
	12:00-2:00 pm	Open Swim	Open Swim	Open Swim
	2:00-4:00pm	Open Swim	Open Swim	Open Swim
	4:00-6:00pm	Open Swim	Open Swim	Open Swim

Sessions close ten minutes prior to scheduled times. Pool Rentals Available.

For more information, call 575-894-6151 or visit, 775 Daniels, TorC, NM.

Steven Glines, Pool Manager: So I thought of asking some of our physical therapists in town if they may want to go there, but I'm assuming that people have their own program already, signed off by a PT. Hopefully they understand that we have – so the way the lanes are setup, I always leave my side lane for therapeutic. Right now, it's just kind of an outside lane that people come and use, but I'd like to hold that lane open for people doing PT-type work. That way, the steps are right there, they can get in really easily, and use that whole outside part. We actually have 2 people right now that come every morning and use that outside portion, but no, it's not. We do have a water aerobics instructor who comes in doing water aerobics. I've had patrons come in and say things were not great previously. Like last year, during this time of year, it wasn't open some mornings. So that's what we're trying to fix, so there's somebody actually there in the

mornings when they show up for lap swim, that there's somebody actually in the building. I was told that was not always the case at times.

Mayor Hechler: Well, I've certainly heard more positive things than I did last year, and it's nice to have someone at the pool that takes ownership of it and cares about it.

Steven Glines, Pool Manager: It's set up well. The systems are there to be successful, and the staff is great. They know what they're doing. We've had some hiccups there, but as I've been doing my certifications, I've realized they really do know what they're doing. When you talk to them – the only thing I didn't mention in my presentation, if anyone ever wants to tour the pumphouse or room and see what we're doing, it's pretty impressive. The whole chemical situation there, people have no idea what it takes behind the scenes to keep it clean.

Mayor Pro-Tem Mitchell: We used to do physical therapy with the actual therapist around town, and that stopped with Covid too. I'm thinking of reaching back out and seeing if we can get something started again.

Mayor Hechler: I think that would be good. Thank you.

Commissioner Hoepfner made a motion to approve the Proposed Changes to Pool Hours. Commissioner Forrester seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

5. Discussion/Action: Approval of executed grant agreement for the FY27 Clean & Beautiful Grant. OJ Hechler, Community Services Director

OJ Hechler, Community Services Director: This is your FY 27 Clean & Beautiful Grant in the amount of \$10,296.41. Grant funds will be spent this year on:

- Additional dog waste stations; one in Rotary Park and one downtown somewhere
- Two additional bottle refill stations; one next to the skatepark at Ralph Edwards Park, to support the skate park and also the Levitt concerts going on there this year
- Three recycled plastic picnic tables; two at the Veteran's memorial park and one at the sports complex

The Clean & Beautiful grant has been a good partner, just about every park where we've had picnic tables, we've been able to replace throughout the years with these recycled plastic picnic tables. These things have about a 40-year lifespan on them, so hopefully they'll be there for a good long time. The 25% match will be paid by in-kind services. We partner with MainStreet, who does two community cleanups every year. Some of the match will also be paid through administrative services from the city and the Finance Department, things of that nature. With that, I will open it up for any questions you may have.

Commissioner Glines: I wanted to echo what the Tourism Department said, they're impressed by the level of commitment your municipality has for the community, so thank you.

OJ Hechler, Community Services Director: It's been great working with them the last 4 or 5 years. They're a good partner.

Mayor Hechler: Talk to me about success for your bottle stations. Have you had any luck with those so far?

OJ Hechler, Community Services Director: The idea behind that is, last year, when we did our first community cleanup, we were going to count all of the plastic water bottles, and then at the second cleanup, we were going to see the difference that they'd made. I can tell you that we don't pick up near as many plastic bottles that we do in the parks, I don't have a set number for you at this point, but that's what they're there for, take your plastic water bottles and refill them, fill up your mugs, your cups, whatever you've got, and let's make a difference. That's what it's there for. MainStreet put something out encouraging people to recycle their bottles, reuse them, things of that nature.

City Attorney Rubin: In reading the agreement, I just observed that paragraph 1, Obligations of Partner, there are several parts we have to fulfill in order to proceed with this agreement. I've been meaning to go through them one by one, but are you satisfied that we can handle everything? There's nothing here that's going to be a problem?

OJ Hechler, Community Services Director: Yes, sir, we can handle it, absolutely.

Commissioner Forrister made a motion to approve the executed grant agreement for the FY27 Clean & Beautiful Grant. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

6. Discussion/Action: Agreement between Sierra County and the City of Truth or Consequences for floodplain management services.

Traci Alvarez, Assistant City Manager: For the last several years, the city has had an agreement with Sierra County to review planning & zoning applicants who are doing a new build and development, to identify whether or not they're in the floodplain and what the requirement is, so they can proceed forward. It's a requirement by the construction industries in order for them to get their building permit. Our agreement has expired, so we have drafted a new agreement to enter into. City Manager Whitehead actually presented that at the County Commission meeting yesterday, so with that I will turn it over to him because he'll have an update, and the only thing I would ask of the Commission is if you feel so inclined to recommend approval, if you could look at my recommendation for how to word that, that would be appreciated. Thank you.

City Manager Whitehead: I presented this yesterday on behalf of Traci. I got talked into going to do the public presentation. One of the things that came up when we started looking at it, between the County and us, the agreement we had in place has the word and title that included "and enforcement", what I was concerned about with that, and the County Commission agreed, there is no enforcement from the floodplain manager inside the boundaries of the City of Truth or Consequences, they're not responsible for telling us how we deal with flooding and flood mitigation. The purpose of this program is for a certified floodplain manager to certify whether or not the property sits inside the floodplain, and if it does, to then determine what the base flood elevation is. What we've found is the application – so a citizen would come to us in doing their building, the citizen actually goes directly to the floodplain manager and gets that information, and that information is just inserted into their application to get their building permit. The floodplain manager never comes back to the city and reports on whether or not it's in there. Construction industries kind of manages that. This is kind of a remnant of when we used to have a building inspector – and we don't – and then the transition. Part 2, Traci does send all applications, if our engineer requests a base flood elevation, and the same process would happen, the floodplain manager would then certify with our engineer whether or not the property was inside the boundaries. So what the county agreed is that we should remove the word "enforcement" because the county and I both felt like they don't have any jurisdiction to enforce floodplain management inside of our boundaries, and then the second part is they recognize that they're really not providing a service to the city of Truth or Consequences, they're providing a service to the citizens of Sierra County that require a floodplain certificate, and there should be no fee for that charge. The citizens should be able to go present, they have to have it to complete their permit. So the two changes the County Commission approved was to approve the agreement as it exists, they removed the word "enforcement" from the title, and they decided not to charge us \$5,000 for providing the service. Our ask would be that you approve the agreement with Sierra County under those terms, removing "enforcement" and removing the fee that we would pay for \$5,000. Other than that, the agreement would be intact and correct as presented.

Mayor Hechler: That's clear enough.

City Attorney Rubin: I think it's excellent you got those changes.

City Manager Whitehead: I have to give the county credit for bringing it up and starting that conversation; one of the Commissioners. And again, I would say the spirit of conversation there was really about making sure that we're finding ways to communicate, share, and partner in areas where we can, and this just didn't seem like it was in their opinion, and certainly mine, after understanding it of us paying \$5,000 for something that has to happen, and it's not a large process.

Commissioner Forrister made a motion to approve the Agreement between Sierra County and the City of Truth or Consequences for floodplain management services with the changes of removing the word "enforcement" and entire item 5, "Payment For Service", and to allow the Mayor to execute the final agreement. Commissioner

Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

7. Discussion/Action: Memorandum of Understanding between Sierra County and the City of Truth or Consequences regarding coordination of development along shared boundaries.

Item was removed from the agenda.

8. Discussion/Action: MOU between the City of Elephant Butte and the City of Truth or Consequences for Animal Control Services.

City Manager Whitehead: This is another partnership agreement that we would have with the City of Elephant Butte. A little bit of history; the city has had this agreement in place for a little bit of time. The City of Elephant Butte was having some challenges with after-hour calls, and called and said, "I don't think we're getting the service that we're paying for." And when we read the agreement, they were getting exactly the service they were paying for. It was a little vague, the terms of the contract effectively said that the city would provide the same service that they did before, and that was it. So we met with the City of Elephant Butte, talked about what their concerns were, and came up with a solution. The Chief and myself were instrumental in negotiating. What you'll see here is that the agreement would allow the city, through the Police Department, to make one patrol in Elephant Butte – so the contract will allow for one patrol – if we have one officer. If we have a full staff, a compliment of officers in our community, this is Animal Control, then the Chief could provide a 7-day per week, one patrol for 7 days per week. That patrol in the contract would happen from 8am-5pm, normal business hours. So effectively, we would be able to go, if there was a call. The second part of the agreement; the Sheriff is the chief law enforcement officer in Elephant Butte, so we tied the agreement to the Chief, because what they were having ere issues where citizens would be walking, and then they would either be attacked by a pack of dogs, or an unruly dog would come out, and that's when they would need some enforcement. So they're now going to call the Sheriff, and then if the Sheriff needs to dispatch us, we will go. That will happen during normal business hours within the terms of the contract, but if it happens after-hours, we would charge a \$200 fee to go out after-hours, which would cover our overtime costs. That gives Elephant Butte full 24-hour day access to Animal Control, but it's done through the Sheriff's department and through dispatch. That's the main change, and I'll let the Chief talk about how he plans to enact this, and then we can go over the terms.

Chief Tavizon: Right now, we do have 2 Animal Control Officers, so next week they will begin a 10-hour shift, so they'll be offset to where they'll be able to provide the 7-day a week coverage and go a little more into the evening, that will help substantially with that. Then, any kind of call that comes in after-hours that is specific to Animal Control, then they could get dispatched at that rate. If we're unavailable for that call, say he's at

another call or maybe unavailable for another reason, then it would roll over to the Sheriff's office Animal Control, and then they would have the ability to also charge the same fee for a call-out. We had a little bit of challenges prior to hiring this individual, because we only had one officer, and with them being on all the time, we were dealing with burnout, alternating Tyler in with it, and Jamie helping out on the weekends to try and provide as much coverage as we could on the weekends, having this second officer makes it a whole lot simpler, makes things a lot easier, and we'll cut down on a lot of costs.

Mayor Hechler: Last year they paid \$18,000 and this year they're paying \$12,000, but we have a contingency of \$200 per call, so in some respects it's better, but then we may actually go back to \$18,000 if we receive \$200 per callout, but they have to.

City Manager Whitehead: That's correct. Again, what we tried to do was make the agreement stand on its own, so you get general services for \$12,000 per year, \$1,000 per month, you get the one patrol, if a call comes in during business hours, we can go, so we know exactly what we're supposed to do, and then the callout going to \$200, that's 30 calls, so we'd be right back at the \$18,000 so that was the concession to try to make the budget fit for Elephant Butte for us. Again, if we get 30 calls, we're right back at an additional \$6,000 and we'd be at \$18,000 total. Then, we'll evaluate at the end of the year and see how it went. We think it was a fair partnership for us and Elephant Butte, the Chief feels like we can handle it, and then we know what to expect if we get a callout. Before, we would say, "Well we're already there, we can't go." Now we know we can go and get additional compensation.

Mayor Hechler: Do you provide services in Williamsburg?

Chief Tavizon: We do, yes sir.

Mayor Hechler: Do they have a separate agreement?

City Manager Whitehead: We do. And the only last item I'd like to mention, we had put in there that the Chief would report quarterly to the Elephant Butte council so that they can get up to date. They came back a couple days ago and asked if they could get a report monthly. We would ask that you amend the agreement to allow monthly reporting, and then what I agreed with them is we would just say, "It's general reporting." So the Chief could send the Animal Control Officer out to report, but then quarterly at least, the Chief will go and report. That gives him flexibility, but we will report to Elephant Butte on a monthly basis.

Commissioner Forrister: I just want to point out that if they were having somebody 7 days a week patrolling there, they're not going to pay that person \$1,000.

City Manager Whitehead: Correct.

Commissioner Forrister: I understand we're trying to work together, but that seems, if they had to provide that for themselves, not enough, if we are having one of our fulltime people patrolling there. I get that they're not there 24/7.

Mayor Hechler: They're only offering one patrol per shift, though.

Commissioner Forrister: 7 days a week, though.

Mayor Hechler: Right, if they could hire a full-time person to be there all the time. So how long does a patrol take if you're going out to Elephant Butte?

Chief Tavizon: Not very long, maybe 45 minutes to an hour.

Commissioner Forrister: How often are we getting called out during business hours, and is that feasible for payment processing?

City Manager Whitehead: I don't want to steal the Chief's thunder, but he has instituted a GPS program on all of our units so that we can monitor speed and location. So we would be able to report, and in a year, we'll know how many times, how long it really took, what the routes were, and be able to report that information.

Chief Tavizon: Along with any dispatch logs that we have, because we get that stats from dispatch as well, for how many times we're dispatched out there, and the times.

City Manager Whitehead: It's a 3-year agreement, but we could revisit it. By standard, every contract has a 30-day out clause.

Commissioner Glines made a motion to approve the MOU between the City of Elephant Butte and the City of Truth or Consequences for Animal Control Services, with the change to allow a Police Department representative to report monthly, the Chief of Police to report quarterly, and allow the Mayor to execute the final agreement. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

9. Discussion/Action: Confirmation of South-Central Regional Transit District (SCRTD) Board Member/Alternate Designation and Approval of FY 2026-2027 Membership Fee.

City Manager Whitehead: In front of you, you have a membership back to the South Central Regional Transit District, the city was a member in the past. Over the past year and a half, the Transit Authority has moved into our community, they're very active with their bus, their bus routes throughout the whole community. This last year, the Mayor and I were able to work with them to create a route for Fridays and Saturdays, to be able to move folks in the evenings into town, so they're handling that. We feel it's

important that we rejoin the organization, that we participate, the fee is \$3,752. I think the citizens are receiving that level of service for sure. We still have a few bus stops, I've been working with them, they agreed they would add a stop at Sierra Vista Hospital, they were going to move a stop to Walmart, they weren't going to put the stop on the property, but up at the top. Walmart did grant them permission to drive the busses through, so that'll happen. We also wanted to put another stop at the health building, so they were going to move the bus stop from in front of the Sierra County Courthouse to the back. They're still working on that, I reached out to them a couple of weeks ago, and they're still on board with trying to get those items completed. We just need a Commissioner to serve on the board, and authorize us to pay the fee to be a member of the transit district.

Mayor Hechler: Sounds good. I would like to ask that Mr. Hoeppepner would consent to serving on the board, because of his interests for transit in this community, and being the impetus initially for us to even ask the questions and get this done.

Commissioner Forrister: I second that.

Mayor Hechler: I'd like to see your participation on the board if possible.

Commissioner Hoeppepner: Yes, that sounds good.

Mayor Hechler: With that, we'd need to also have an alternate, do we have a volunteer for the alternate?

Commissioner Glines: I can do it.

Mayor Hechler: Okay thank you.

Mayor Hechler made a motion to approve the FY 2026-2027 Membership Fee of \$3,752.24 and appoint Commissioner Hoeppepner to serve as the (SCRTD) Board member, and Commissioner Glines serving as the alternate. Commissioner Forrister seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

10. Discussion Action: Presentation of the Water and Wastewater Rate Study and Approval of FY 2026-2027 Water and Wastewater Rates Under Current Rate Policy.

City Manager Whitehead: As you know, a little more than a year ago, we commissioned for a rate study, to look at our water and wastewater rates, in order to determine to what level we would need to increase those rates to keep up with our current operations and our current debt load, and you had that presentation about 7 months ago. What I've taken the time to do is look across the board, the first item you see within your packet, I went back all the way to 2017, with help from the Utility Department, I put together a

presentation showing you every rate increase that's happened across every one of the utility structures that we have, all the enterprise funds. You can see electric, water, sewer, and sanitation. At one of the meetings, it was brought to our attention that we'd been using CPI as our factor for raising rates, so there were a couple years in there where the rates went up significantly, 9% one year because the CPI rate was at 9%. That document is really just for your information so that you can see how low the rates were, and how they have increased. The second document in your packet will be relevant to today's discussion, we are at a point where we either need to determine that we want to do an additional rate increase, or continue on with the current rate structure. It is my recommendation that we stay with the current rate structure, and allow the rates to increase – they should have increased in July, I've held them up, so this action would allow those rates to move up starting in August, and we would go with the current CPI rate. When I put the proposal together, the CPI rate for the month of April was 4.2%, it's always a month behind, so that's why you see the factor of 4.2 on my proposal. The current CPI has dropped to 3.6%. The action I would ask you take today is to just authorize us to go ahead and increase the rates according to the current rate structure at the CPI value of 3.6%. The rest of the information I put together for you in the packet – what I did is I took the current budget, the expenses that we've had actual, and I've built 2 models: one at .5% increase in expenses, so effectively I'm saying, "Hold expenses flat." Or, the other that would allow expenses to grow at a rate of 3%. I've given you 4 models of which you could consider a rate increase. If you take a look at page 8 (page 213 in [the packet](#)) under scenario A, if we stay at the rates we are at, and we will continue to raise rates on an annual basis at the CPI rate, I averaged that to be 3.6% across a 5-year period of time. You can see that by doing so, using the 0.5% rate increase on expenses. At the end of 5 years, we would be \$2.2 million in the hole of our cash. We don't have enough cash to stay at CPI and moving forward, it's just the facts, not enough money. Our debt load, starting next year, will go from 4540,000 to \$750,000, just pure debt within water. We also have another program on our agenda today, the USDA, so the city had a requirement that when you take a USDA loan, you have to set aside funds for debt retirement, and you have to set aside funds for what they call short-lived assets. We've done none of those, so currently today, we should have about \$170,000 in the debt reserve account, and we should have somewhere around \$400,000 in our short-lived asset account. The nice part about short-lived assets is that we can use those funds on a yearly basis, they're not telling us to book a reserve and never use it, so it can be an expense within the department, but they definitely need to see line items in our budget that cover those two expenses. Technically, we're out of compliance with our USDA loan regulation, and have been for a minute, so I've got a proposal on how we'll fix that. But adding all those in, you can see that if we stay at CPI, we won't have enough money. If you skip now to scenario C, you can see the rate increase I've plugged in based on the consultant's recommendation. Their recommendation was that we go to a 6% rate across the board for the residents, and we raise the commercial side at 8%. As you can see, if we run that model and we hold expenses flat, we would end up breaking even over 5 years, we would dip into our cash about \$120,000. Again, we feel like that model holds true in this presentation just like it did in the consultant's. The other 2 scenarios I gave you were to look and say, "Let's just go with a flat 5% rate increase across the board for both residents and commercial and

do that for both water and wastewater, lock it down where every July it goes up, we're not tied to CPI so there wouldn't be an opportunity for rates to increase at an unacceptable level in any one year." That kind of works, we'd end up about \$700,000 in the hole. The final scenario would be to go across the board 6%, same for residents and commercial, and we would end up at about \$379,000. The other recommendations in this is that we phase out, over 2 years, the free water. Again, we give every resident 2,000 gallons of free water, so we would phase that out over 2 years, and then we would also phase in charging customers based on their meter size. Again, a 3/4-inch meter would be the base rates that you're seeing, but then if you had a 4-inch meter, you're going to pay 25 times, really, the size of what a 3/4-inch meter pays. This would be because we'd be delivering 25 times the volume of water to you, if you have a 4-inch meter. So I incorporated components from the rate study in all the presentations. What I would ask of the rate study is that from this day forward, we take a look at them, you begin to study them, that we hold another public hearing potentially in September or October, and then ultimately we decide what level of rate structure we want to go up. Then these rates would become active July 1st, 2027, and it would be for a 5-year period and give us the opportunity to then set, we would know where we're going, we'd have enough cash to pay our USDA obligation, we'd have enough cash to pay for our debts, and we'd have enough cash to technically operate the system. With that, I would stand for any questions.

Commissioner Forrister: What does the staff recommend?

City Manager Whitehead: I wasn't prepared for that. I really had hoped the 5% window would come in being the right structure and feel good, we've been doing 5% at wastewater, Williamsburg uses 5% as a model, that was my hope, but if I have to be honest, my recommendation would probably be the 6% flat across the board, treat everybody the same, we're all in the same boat. We looked at potentially having to raise wastewater 25% if we needed to raise \$5 million to fix the plant, we were able to get that through some grants, so I think if we could set that up for 5 years, lock it in at 6%, everybody knows what we're going to do, I think that would probably be my recommendation.

Commissioner Forrister: And then we would only fall short in water, but we would surplus in wastewater?

City Manager Whitehead: That's correct. And I'm glad that you caught that, again, we have the ability in water and wastewater to share those funds and use them across, we don't have to keep them. DFA and the USDA make sure that we break – they didn't want everything to be a joint utility, not everything needs to be in one, so they made us break it out – so for them we need to be separate. But for sure, if we had extra cash and we needed cash to cover short-lived assets, or we needed to fix a pump in water using water and wastewater, we would have enough cash still.

Mayor Hechler: Even though we're going to be facing some shortfalls, is that although we were very successful in receiving monies to fix our waterlines, each tranche of

money we received has a match or a loan component with it, which puts us into debt. And there's no adage, there's no free money, well there isn't any free money. We were very successful in getting money to fix our community, but we have to pay some of that back, and this is how we're going to have to do it. So I certainly understand why we have to do what we have to do. I have a couple of questions. As we repair our water lines, we fix our leaks, and we install the new smart meters we're going to get – I know they're a year out because we can't produce them – is that going to make any difference at all in how much we're going to go into debt, it's not going to help this equation, or is it just negligible?

City Manager Whitehead: I think the vision would be that if the smart meters work as well as the electric meters are working, where the data is clear, so we're not – a lot of times I think we misread or we don't go read or you can't get into the meter – so if we're getting good data, if we're billing the customer for exactly what they use and the charges are good, potentially it could raise some more money, we could be not collecting every dollar that is ours. So there is the hope that it's a cleaner record, it does generate revenue, but I'm not looking at it as a significant amount.

Mayor Hechler: Are we making a decision today?

City Manager Whitehead: No, the action on the item would be to approve and authorize us to use the CPI, the current model for rate increases, keep it static, so that's the action. Part 2 would be, here's the presentation, begin to study it, and we would like action sometime between now and the end of the year to accept some structure, and get this onto the next level so we can move on. And again, I do want to point out that our revenue, even going up CPI this year, is going to be \$1.8 million. If \$750,000 of that has to go to debt retirement, it's just a math question. There's \$1.1 million left to run the system, and it's not enough. If you go look at how we broke out the budget, I'm programming \$100,000 a year to fix water lines after we pay the staff, PERA, all the stuff that we have to pay. So we're not raising a lot of money and it's going to be tight.

Mayor Hechler: My concern is that we're just postponing the inevitable. The more we give up today, the more we're going to have to makeup later.

City Manager Whitehead: That's correct.

Mayor Hechler: So even the CPI at 3.6%, I appreciate it, but perhaps we should go back to last month and go to 4.2% just to minimize the damage that's going to happen later on, and kind of incrementally work into it.

City Manager Whitehead: I would almost say you could do it, except that the current structure says that you have to take the last reading of CPI before the rate increase takes effect, so it's going to be 3.6%, sorry.

Commissioner Forrister made a motion to approve the FY 2026-2027 Water and Wastewater Rates Under Current Rate Policy, and to study and revisit it before the end of the year. Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

Mayor Hechler: Real numbers, Manager Whitehead, 3.6%, if you have an average bill of \$50 a month, it's not that much.

City Manager Whitehead: It's \$1.50.

Mayor Hechler: So although the numbers sometimes look high elsewhere –

City Manager Whitehead: If you take the time, within the model, you'll see that I broke it down for every rate increase. You can see what the consumer will pay, on an average, 6,000 gallons per month of water consumption. When it goes up, it would end up going up from this year I think about \$30, to in 5 years from now, they would pay about \$49. So it's going to be about a \$20 per month increase over the next 5 years, to the end user.

Mayor Hechler: I think that's an important note.

Commissioner Forrister: And it does say CPI adjustment is at 4.2% for water, is that not correct?

City Manager Whitehead: When I ran the model, I put this program together last month, so I went and pulled the current CPI so I could be accurate, and when we just pulled it yesterday, it reports on the 20th.

11. Discussion/Action: Approval of RFP# 2026-03-005 Agreement with J. Carrizal General Construction, Inc. for PNC Bank/PD Remodel.

City Manager Whitehead: Ms. Holguin was not feeling well this afternoon, so myself, Carlos, and Chief Tavizon will partner up on this one. In front of you today, we have a contract that's ready to ask for your acceptance and approval. As you know, we put out for request for proposals under a design build concept to remodel the PNC building into a new Police Department. We were fortunate to have 4 bidders provide us with bids. Under the design build, you don't necessarily evaluate the bid based on the lowest bid, because we don't exactly know what we were going to have designed, we had an architect give us the schematics. The 4 bidders were then evaluated based on their ability to deliver the product. At the end of the day, we had 2 of the 4 bidders that we wanted to interview, and we brought both of them in to see; they were doing similarly sized buildings, similarly sized projects, similar scope, both in the area. The committee then evaluated those based on price. It just so happened to work out that J. Carrizal was the successful bidder in qualifications, as well as the low bid. Before you today, the recommendation would be to approve the contract with J. Carrizal, the amount of the bid is for \$504,666. We have gross receipts tax and one add alternative, and with that, I will stand for questions.

City Attorney Rubin: And just for clarification, the packet actually has a couple contracts in there, we're talking about the AIA document, correct?

City Manager Whitehead: That's correct, yes. Please allow me to go back over the numbers again, the base bid is \$504,666.02 and we have an add alternate to replace the carpet in the building for \$2,110.72, funds are available to accomplish both, and the motion today would be to approve the purchase order, the requisition, pending the notice of obligation. So we will be using the state grant, we received \$375,000 for this, so we will use those funds first, so we do have to get a notice of obligation before we can enter into the final contract. As the attorney did point out, the contract is a standard AIA contract, which spells out all the terms and obligations. Within the packet, you can see the breakdown, their cost, the items which we will be building, and the way they'll break those costs out.

Mayor Hechler: So what does the time frame look like?

City Manager Whitehead: In our discussions, the contractor feels very confident that they can get this done in about 5 months. However, Jocelyn felt good about the standard contract, giving them 280 days, less than a year, but we will give them the full 280 days in case we have any inclement weather or problems getting anything shipped in. There's a standard liquidated damages clause. I would also point out again, the project budget. We did receive \$375,000 from the state legislative grant. We programmed \$200,000 from the general fund, we're carrying a balance of \$175,000, and then through the Police Department gross receipts tax, we also have an additional \$200,000. So we have just under \$750,000 for the overall project. This will be the building portion, we still need to take care of the parking lot, and then the chief will be working through a CES contract with finance to do the security and technology inside the building.

Commissioner Forrister made a motion to approve the RFP# 2026-03-005 Agreement with J. Carrizal General Construction, Inc. for the PNC Bank/PD Remodel, and authorize the Mayor & City Manager to execute all applicable documents. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

12. Discussion/Action: Approval of Purchase Requisitions of \$60,000 and over.

a. Tyler Financial Services

This item was removed from the agenda.

b. Cooperative Educational Services

Carlos Miyagishima, CPO: This is for \$70,505.17 for the north fire station roof coating. It is just to maintain the roof, they're going to put elastomeric coating on it. They will be using CES contract 2026-03-G1175-78 and it will be performed by Advanced Building Solutions. Again, on the north fire station building. The Fire Chief is also here if you need more specific information.

Fire Chief Tooley: We've been working on this for a couple years, we've got plenty of money that's in our state fire fund, so we've already allotted for the amount. That building is now over 25 years old already, so we're having some leaks, it was a metal building to put up, so we just want to get it more secure, and of course we're going to do some fixes on our south station down in Williamsburg as well later this year. So we just want to make sure we can get this up so we can get the contractor moving on and get this thing coated for us.

City Manager Whitehead: Just to explain what will happen here, this is one of the first CES contracts that we've formally done in construction, we use them for purchasing vehicles, which is straightforward. What you see in your packet is a requirement by the contractor, they have to work with Gordian to put together their bid, it has to come through this process, so Gordian helps the contractor make sure the bid meets specs we need for the project. Once you approve it and it gets turned into a purchase order, the next step is to go to CES for their review and make sure it's compliant with the terms of the contract for the contractor. The contract is with CES, so we're not only using CES, they are kind of our partner to oversee that the project goes along and we pay it according to those terms. The staff recommends full approval of the project.

Commissioner Forrister made a motion to approve the Purchase Requisition for Cooperative Educational Services. Commissioner Hoeppe seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

c. SCRDA

Carlos Miyagishima, CPO: This is for the Sierra County Regional Dispatch Authority. This is in the amount of \$281,587 for all of the 911 dispatch services for this new fiscal year. It will come out of the general fund, specifically the police other contractual services line. The chief is here if you have any further questions, he can answer specifics.

Mayor Hechler: Is this a flat rate every quarter or is it brought down?

Chief Tavizon: This should be a flat rate for the year that is based off calls for service, the only change or savings we might get at the end of the year is contingent upon our GRT's. We get certain GRT's, it goes towards a DFA loan through SCRDA, so if those are high, then at the end of the year, we may get some kind of savings. But this is based off projected calls for service.

Mayor Hechler: Okay, so if we get less calls than projected –

Chief Tavizon: It would be less, yes sir.

Commissioner Glines made a motion to approve the Purchase Requisition for SCRDA in the amount of \$281,587. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

d. Lonestar Freightliner Group LLC

Carlos Miyagishima, CPO: This item was pushed to this week's meeting. The Solid Waste Department already gave a presentation. This is for a 2027 freightliner refuse truck. They're using a statewide price agreement, we checked it out and everything looks good. I will defer to City Manager Whitehead for further questions.

City Manager Whitehead: At the last meeting, I asked to table this item. The truck comes in two pieces, so you buy the truck from freightliner and then it needs to go to an upfitter to put the trash receptacle unit on it. At the last meeting, I did not see the CES number for the upfitter, so we went back and looked. Freightliner, the actual vendor, is the contractor with the upfitter. So the two contracts are together, the purchase is in order. The second challenge we ran into when looking at the budget, I do have to inform you, we'll be running a negative budget this year to order this truck. The truck will take 1 year to come in from the time that we order it, so what staff is recommending today is that you approve the requisition and allow us to place the purchase order. We would like to order the truck in September or October. We also have our new truck coming, the truck we ordered last year is coming in August, so we need to pay for that. By moving the order down to October, it would give the truck a year, and it would give us a chance to replenish some of the cash that we're going to be using. We're carrying a balance of about \$1.2 million in reserve in the solid waste fund. I've looked at the numbers, we do not need to be carrying that much, so we will be dipping into that cash about \$400,000 to really pay for this truck into our savings account, which will deplete cash down to about \$700,000 in the solid waste fund in a year. Just wanted to make sure you were aware of that, it's a big number, but we have no obligation, there's no DFA requirement to carry that much cash, I'm comfortable that there's not any real requirement to carry that much cash. We did pay off the building last year, so all of our debts for the solid waste fund are in order, we don't have any debts, and I think by the presentation, you can see that the truck is definitely needed.

Commissioner Forrister made a motion to approve the Purchase Requisition for Lonestar Freightliner Group LLC in the amount of \$390,000. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

e. J. Carrizal General Construction Inc.

Mayor Hechler: We already approve the contract for this one.

City Manager Whitehead: You approved the contract, this will be approving the requisition and then the purchase order. Please make sure the motion includes not to be approved until we have the notice of obligation.

Commissioner Forrister made a motion to approve the Purchase Requisition for J. Carrizal General Construction Inc. in the amount of \$549,219.29, upon receipt of the notice of obligation. Commissioner Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

13. Discussion/Action: Request for USDA proposal requirements amending Section 14-35 Rules, and Regulations of City Manager.

City Manager Whitehead: This will be another opportunity for education. What we're asking for today, I'm really just going to visit with you about my proposal here on solving the USDA obligation. If you're so inclined to accept the proposal the action would be to then authorize us to go out for publication, because it will require a change in our ordinance. The current ordinance, under Section 14-35 requires that the city manager, on an annual basis, set aside four tranches of money. The general language of those items talk about joint utility. These obligations to the city manager have been around for quite some time. The first one is Code 14-35-B which requires that we set aside 2 ¼% of the revenue generated from all the utility departments into a utility joint capital improvement project fund. We're using that fund to pay our current obligations under the grants so that we have enough cash to pay the grants and get our reimbursements for our water projects. It has about \$1.5 million that the fund has raised. The new ordinance would require that we only add 2% to that, so I'm going to roll ¼ of the percent out of this obligation. The second code is an interesting one, 14-35-C requires that we put a total of \$12,500 a year into each of the accounts, which is \$3,500 from each of the funds, and we have to keep doing that until we raise \$1 million. The chance of us getting to \$1 million putting \$12,000 a year away is a long ways out. The good part about it, we've been doing it a long time, and there is approximately \$140,000 in that particular fund. So that particular ordinance, I'm proposing, goes away, we would eliminate that requirement and it would become part of the new USDA program. The third code, 14-25-D, requires that we do a similar set-aside of 1 ¾% directly for the wastewater treatment plant only. That fund also has about \$150,000 as well. Item 14-35 has us setting aside \$10,000 per year from the revenues generated, and this is particularly just for the electrical division, same concept, it has to continue to grow until it has achieves \$1 million. I apologize, I don't have what the balance is in that fund off the top of my head, I'm not recommending a change in that particular fund. As I pointed out to you, under the current obligation with USDA Department of Agriculture, they are a bank, and effectively they have said to the city, "Every year, you have to set aside 1/10 of your debt payment in a reserve s that after 10 years you have enough money in a

bank reserve to pay the final payment due in 40 years.” That’s effectively what that says. Right now, the wastewater treatment plant needs about \$69,000 to cover that expense, we have enough cash to do that. Likewise, in the Water Department, we have the same exact obligation. It also requires that we set aside funds to cover what they call short-lived assets, those are items that have the ability to break within a period of 15 years or less, and they break them down into groups of 1-5 years, 5-10 years, and 10-15 years. I looked at the short-lived asset list that the USDA has put together, and remember they’re just looking at engineering reports to put them together. Well they had several times where they had the same short-lived asset in there three times, so I was able to break those down, come up with the exact numbers, and I would like to present to the USDA that our short-lived assets be at a value of \$1.2 million for the Wastewater Department, and \$1,059,000 for the Water Department. If they accept that, that would be the targeted goal that, over a period of time, we’re carrying that much of a balance in our fund. What the USDA has accepted is that there’s no way we could fund that completely right now, they just want to know that we acknowledge that we should be doing it, and that we put some funding in it. The proposal that we have today would be that we amend the ordinance 14-35, we reduce the requirement from 2 ¼% to 2%, we eliminate the requirement to put the \$12,000 aside, we change item 14-35-C to be the requirement for the USDA – it says that if the city takes out a USDA loan, we are required to set aside those funds for the loan, and that we’re required to set aside funds for the short-lived assets – I believe by taking that action, it would show our seriousness to the USDA and even though we’re not going to be able to fund them at the \$1 million level, the USDA would be able to see that it is part of our ordinance, and as the City Manager, I’m required to fund those at a level that I can get to. The second action I would be asking in the ordinance is that we change the title of the two funds that are already currently active – line item 316910310317, which is the emergency reserve carrying a balance of \$149,264 – we would retitle that and call it our “Emergency Repairs for the Water Department” so that fund in that amount of money would become our new short-lived asset account for the Water Department. As I pointed out to you, city code 14-35-D has already been setting aside money for the wastewater plant, I would simply ask that we retitle that account and it would become the short-lived asset account for the wastewater plant, and it would have \$150,000 cash in it, the current balance. Effectively, we’re changing the ordinance from what it used to be, we’re funding it for different purposes, and I’m utilizing the cash that’s in those accounts to attempt to have the USDA recognize that we’re trying to meet that obligation in short-lived assets by those two significant changes. The third change that I would propose, as it relates to the loan obligation, we would open a new account under USDA wastewater debt reserve, those loans have already been on the books for 10 years, so they should have been fully funded, and that amount is \$72,974, so our recommendation is that we open the account, we create them, and then I transfer cash from the cash account in the wastewater, to that account, so that we meet that obligation. So that’s another trigger to the USDA that we’re serious about our obligations. And we are fortunate because the water side hasn’t been that active, so we need to put \$65,961 in that account, and I think we can fund that 100% basically from cash. But moving forward every year, I now have to put the debt requirement into the budget, so I not only have to pay the debt, but

I have to put that amount of debt – which will be about \$30,000 per year – we have to put into this fund, to meet that 10-year obligation.

Mayor Hchler: Who's going to remember all of this?

City Manager Whitehead: You are, Mayor. Well, we'll memorialize it in an ordinance, and we will set up a good policy that will help. It will be part of our process and procedures as we go forward.

Mayor Hechler: Okay.

City Manager Whitehead: The last item where I will ask for a change has nothing to do with water and wastewater, it has to do with the electrical plant, and our ability to use funds we have available to help us at this current time. Code 14-35-E requires, again, that we set aside \$10,000 a year into an electric fund for the benefit of the electric plant, and that those funds continue to accrue until they reach \$1 million. What I would propose today, and in the ordinance what I would be asking is that we change the \$10,000 contribution to \$50,000, we bring in enough revenue that we should be setting aside more than \$10,000 to solve our long-term issues, so we raise it to \$50,000, we're carrying a balance now of just under \$6 million in the utility fund, I will recommend that we pull and fund this account fully to the full \$1 million. So we would transfer from the Electric Department into the Electric Department savings account, the full \$1 million. The third piece of my recommendation would be that we allow and authorize, with permission from the Commission, that any of the enterprise funds could utilize that \$1 million as a reimbursable loan to pay for the grants that we have. So effectively, if I need to pay for a grant that's \$7 million and I need to draw money, we can borrow it from a utility, pay that, and when we get reimbursed, we pay the fund back. We could setup something to where each of those funds could pay some form of interest, but by doing so, this would now give me about \$2.5 million of cash available to us so that we can pay for our reimbursements, we're fixing to get out another \$25 million in projects, and it's getting tougher and tougher to keep up and get our bills paid, and to get our reimbursements in. That is my presentation, I know it's a little complicated, and I will stand for any questions you may have at this point.

Mayor Hechler: So essentially, we're going to act like our own bank?

City Manager Whitehead: We would be able to act as our own bank, the Electric Department would be able to be its own bank for the other enterprise funds. Clearly not for the general fund, it would have to be just for the enterprise funds, and there would have to be a grant in place so that you would be looking at reimbursement only, under this particular presentation.

City Attorney Rubin: So really today, you're not dealing with the ordinance itself yet. We're actually not even at that point, what you're authorizing is to prepare a document, and then it will be brought back to you for ordinance codification.

City Manager Whitehead: And the second part, by authorizing that, and I will send this proposal off to my representative at the USDA, present that to them, let them see the new short-lived asset recommendation, and then have them come back and concur with us to say, "If you did all these things, we would technically say you're compliant with your obligation under your loan agreement." That's what I'm hoping for. It's kind of a two-part process.

Commissioner Forrister made a motion to approve the request for USDA proposal requirements amending Section 14-35 Rules, and Regulations of City Manager, as well as the publication of the proposed ordinance amendments, as well as allow the City Manager to execute the proposed changes. Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

E. ORDINANCES/RESOLUTIONS/ZONING:

1. Discussion/Action: Resolution No. 05 26/27 FY 27 NMDOT LGRF Grant Agreement.

Assistant City Manager Alvarez: We finally received the grant agreement for the LGRF Co-Op. As part of the acceptance of the grant agreement, there's also a resolution included within there. This has already come to you for acceptance of the award, so now it's just the execution of the grant agreement, and showing that we have the availability for the cash match requirement. The scope of work is for various streets, Brenden did a great job listing the streets this one will cover in the agenda request form, it will be more for maintenance. The total is \$101,933 with a \$33,978 match for a total project amount of \$135,911. We are requesting Commission approval of the grant agreement and resolution. I will refer to City Manager Whitehead if he has anything to add.

City Manager Whitehead: I will just say that we are really excited about this particular Co-Op. We have 2 different projects in here, we're going to do some slurry seals on about 7 blocks on the Tingley side of town. We are also going to be putting a water line in under shovel-ready, we'll go into Jones Street, between the old PNC bank and NuWay Laundry. That's going to get a new water line in the project, and we have the funds in here to pave over that street and fix it. So we're excited, we're getting caught up, and this is exactly what we asked for, we didn't ask for \$280,000 and they gave us \$70,000. We put together a nice program, and we were funded 100% of what we asked for.

Mayor Hechler: For the record, the streets include: East 8th Ave, East 7th Ave, East 5th Ave, Kruger Street, and Jones Street.

City Manager Whitehead: Those are the streets, thank you.

City Attorney Rubin: So what you're doing is adopting a resolution and by doing that, the resolution itself adopts the agreement. I just wanted to make sure you had that clarification. So you don't need to take a separate action to approve the agreement, it's in the resolution, that's all I'm saying.

Commissioner Forrister made a motion to approve Resolution No. 05 26/27 FY 27 NMDOT LGRF Grant Agreement. Commissioner Hoepfner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

2. Discussion/Action: Resolution No. 06 26/27 FY 27 NMDOT Municipal Arterial Program Grant Agreement.

Assistant City Manager Alvarez: This is another portion of LGRF funding, this is for the MAP program. Our proposed scope is for Clancy and McAdoo Street reconstruction. The total project cost is \$248,259 with \$62,000 of that being match, and \$186,000 of it being grant. I am presenting for Brenden on his behalf, he worked closely with the City Manager Whitehead and did a great job this year really working hard on applying for this funding.

Mayor Hechler: Great timing, I just received a couple of complaints on Clancy Street. So it's nice we're doing something about it.

City Manager Whitehead: So this is the same thing as shovel-ready, they will get a new water line both on McAdoo and Clancy, so it's part of it, and then we'll be able to come back over the top and pave this road as well. And I do need to get the staff there to patch those potholes, understood. Brenden and the team are doing a great job.

Mayor Hechler: They're staying busy, I see them around town, that's good.

Commissioner Forrister made a motion to approve Resolution No. 06 26/27 FY 27 NMDOT Municipal Arterial Program Grant Agreement. Commissioner Hoepfner and Commissioner Glines seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

3. Discussion/Action: Resolution No. 07 26/27 Authorizing Acceptance of Colonias Infrastructure Fund Project No. CIF-7113; Roads/Drainage Infrastructure and Marie Street Improvements.

Assistant City Manager Alvarez: We received our award for the Marie Street improvements Colonias application we submitted. The total amount awarded is \$1,363,637. Within that award letter there are requirements; what we call readiness-to-proceed items. Adopting this resolution identifies that the city is willing to put up the cash match amount of \$136,364. This item will come back to the Commission again

once we submit all of our readiness-to-proceed items, they will issue the loan and grant agreement. This is just one of the processes we have to go through to get to the loan grant agreement portion.

Commissioner Forrister made a motion to approve Resolution No. 07 26/27 Authorizing Acceptance of Colonias Infrastructure Fund Project No. CIF-7113; Roads/Drainage Infrastructure and Marie Street Improvements, as well as authorize the City Manager to execute and submit all the readiness-to-proceed items. Commissioner Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

4. Discussion/Action: Resolution No. 08 26/27 Approving Participation in the South-Central Council of Governments (SCCOG) Program for FY 2026-2027.

City Manager Whitehead: In front of you is our annual membership with the South Central Council of Governments in the amount of \$2,187. The staff recommends full approval, as you know, we work diligently with the council, they are good partners, we have a staffer that helped us this year with our ICIP. Their current grant writer is helping Bo and the Electric Department finish the resiliency grant again for this year. Jay and the staff are managing a legislative grant we receive for OHV signage work. So again, we're very active with the Council of Governments, very thankful for them and we recommend approval.

Mayor Hechler: That's great, that wasn't always true. The last couple of years, though, we have been utilizing them fully and getting our questions answered. With that, I'll entertain a motion.

Commissioner Glines made a motion to approve Resolution No. 08 26/27 Approving Participation in the South-Central Council of Governments (SCCOG) Program for FY 2026-2027 and appoint Mayor Hechler as the member and Mayor Pro-Tem Mitchell as the alternate. Commissioner Hoeppner seconded the motion. Roll call was taken by the Clerk-Treasurer. Motion carried unanimously.

F. EXECUTIVE SESSION:

- 1. Threatened & Pending Litigation (*Sean Barnes*) pursuant to 10-15-1(H.7).**

Mayor Hechler made a motion to go into executive session at 11:51 a.m. to discuss Threatened & Pending Litigation (*Sean Barnes vs. City of T or C*) pursuant to 10-15-1(H.7). Commissioner Forrister seconded the motion. Roll call vote was taken by the Clerk-Treasurer. Motion carried unanimously.

Mayor Hechler recused himself from Threatened & Pending Litigation (Sean Barnes vs. City of T or C) pursuant to 10-15-1(H.7).

Commissioner Forrister reconvened the meeting in open session at **5:56 p.m.**

Commissioner Forrister certified that only matters pertaining to Threatened & Pending Litigation (Sean Barnes vs. City of T or C) pursuant to 10-15-1(H.7) were discussed in Executive Session and no action was taken in executive session.

I. ADJOURNMENT:

Mayor Hechler adjourned the meeting at 5:57 p.m.

Passed and Approved this 12th day of August, 2026.



Rolf Hechler, Mayor


ATTEST:


Angela A. Torres, CMC, City Clerk