

**NORTH CENTRAL SOLID WASTE AUTHORITY  
BOARD OF DIRECTOR'S  
REGULAR MEETING**

**Wednesday, January 17, 2018 at 2:00 PM  
2016 N. Riverside Drive  
Española, New Mexico 87532**

**I. Roll Call**

**Board Members:**

Santa Clara Pueblo	Bernardino Chavarria/Chairman, <i>Present</i>
City of Española	Pedro Valdez/Vice Chairman, <i>Present</i>
Ohkay Owingeh	Ben Lujan/Secretary, <i>Present</i>
Rio Arriba County	Alex Naranjo, <i>Present</i>
Rio Arriba County	David Trujillo, <i>Present</i>

**Staff Members:**

Interim Manager	Audrey Gonzales
HR Administrator	Janet Saucedo
Operations Supervisor	Jerome Broyles
Executive Assistant	Gavina Velarde
Billing Specialist	Michelle Valencia

**II. Call to Order**

Chairman Chavarria officially called the meeting to order at 2:13 PM.

**III. Approval of Agenda – Wednesday, January 17, 2018**

Chairman Chavarria asks if there are any additions or changes to the agenda; there are none.

*Motion made by Commissioner Naranjo to approve the Agenda for January 17, 2018*

*Motion seconded by Member David Trujillo*

*Motion approved and carried 5-0*

**IV. Approval of Meeting Minutes – Special Meeting, Tuesday, December 5, 2017, and  
Emergency Meeting, Thursday, December 28, 2017**

*Vice Chairman Valdez motions to approve the meeting Special Meeting minutes for Tuesday,  
December 5, 2017*

*Commissioner Naranjo seconds the motion*

*Ms. Velarde reminds the Board of the Emergency Meeting minutes from December 28, 2017.*

*Vice Chairman Valdez amends his motion to include the meeting minutes for both Tuesday,  
December 5, 2017 and Thursday, December 28, 2017*

*Commissioner Naranjo seconds the amended motion  
Motion approved and carried 5-0*

**V. Audience Participation –**

Mr. Ernesto Martinez presents to the Board. Mr. Martinez was in the office yesterday, to pay his yearly bill, and was advised that his application for the Senior Low-Income discount was incomplete and could not be processed without his SSN and copies of his Income Tax Return. Mr. Martinez has issues with providing this information, and feels that he should qualify for the Senior Discount based on his age alone; not income. Mr. Martinez is not willing to pay the full yearly price. Vice Chairman Valdez and Secretary Lujan both inquire as to the application process. Billing Specialist Michelle Valencia explains the process, including the application and proof of income required, based on the Federal Poverty Guidelines. Commissioner Naranjo argues that the application should not be income based, and that Mr. Martinez should in fact qualify based on age alone. Ms. Velarde provides a copy of Resolution 2017-015 Low Income Senior Discount for the Board and Mr. Martinez to review. Chairman Chavarria advises Mr. Martinez that if he will complete the application and provide the appropriate proof of income, he should qualify for the Senior Discount; Michelle confirms this. Commissioner Naranjo reminds the Board and Mr. Martinez that the Authority voted to increase the rates for Rio Arriba County customers without holding any Town Hall meetings to advise of the rates increases, Secretary Lujan interjects, and goes on to encourage Mr. Martinez to complete the application to see what discounts he may qualify for. Chairman Chavarria thanks Mr. Martinez for his time, and calls to continue with the next item on the Agenda.

**VI. Financial**

**A. Budget to Actual Reports December 2017 (Audrey Gonzales, CFO)**

Interim Manger Gonzales refers to page Exhibit B, page 3. The Authority is up from a deficit of \$67,667.84; and has seen an increase in revenue collected since November 2017, of \$196k. Vice Chairman Valdez would like to note, the difference in line item *4010 Rio Arriba Residential* from Exhibit A to Exhibit B is approximately \$897k. This shortage belongs solely to the County, and the real issue that needs to be addressed is the County residents delinquent accounts. Vice Chairman Valdez goes on to remind the Board, that the Authority is finally once again in the black, after many years in the red. Commissioner Naranjo interjects to state that that Former Manager Romero didn't utilize the County's resources to get further ahead on these delinquencies. He goes on to remind the Board that all 3 (three) of the other entities do their own billing; this is not doable for the County. Commissioner Naranjo argues that he has proposed that the Authority offer an amnesty program to these delinquent account holders, and collect a portion of what is owed. Vice Chairman Valdez argues that the City has to pay the Authority for all delinquent account within the City, including commercial accounts, while RAC no longer provides a subsidy to account for their shortfall. Chairman Chavarria inquires if a monetary determination has made on the uncollectable accounts; he recalls Mr. Sandoval stating that it was \$1.2 million at one point; he asks Ms. Gonzales to work on confirming this. Member Trujillo states that the budget reports make no sense, since they have never been reconciled; the balances never add up correctly. He reiterates that the County will continue to work with the Authority, they only ask for actual dollar amounts. Ms. Gonzales goes on to state that she will address some of the Board's concerns in item VII.

## **B. FY13, FY14, FY15 Audit Reports (Fierro & Fierro)**

Mr. Ed Fierro presents to the Board today; he has been providing the Authority with audits for the past 9 years. Mr. Fierro utilizes Comparative Financial Statements that bring forward the information for each previous year. He advises that these Audits 1) Express an opinion on the financial statement and 2) Review the efficiency in the internal control system. He advises that the opinion provided is a disqualified Disclaimer of Opinion, and it clearly states in the Audits, that the accounting records cannot be audited the way that the currently exist. The problems for each year are identified in each Fiscal Years reports. Mr. Fierro goes on to reference Audit Report for June 30, 2015; and again, highlights the Basis for Disclaimer of Opinion. He reminds the Board that the reports are generally the same; the numbers change based on the Fiscal Year. He further states that Management is responsible for the financial statements, the auditors then provide an opinion based on that information. Mr. Fierro goes on to state that the Authority did not maintain adequate accounting records to support the amounts reflected in the financial statements. The Authority failed to determine and report financial data needed for the financial statements. The Authority also failed to reconcile the cash reported on the financial statements. Mr. Fierro again references the June 30, 2015 report, stating that the Authority reported a negative balance of roughly \$1.08 million, however the bank statements reflect a balance of \$1.5 million; a \$2.5 million discrepancy was reflected. He also reminds the Board that the Authority has not reconciled the bank accounts with the subsidiary record. The statement of net position for Accounts Receivable is \$7.4 million, subsidiary records are at \$6 million, Mr. Fierro states that he believes the \$7.4 million is way overstated. He goes on to state that Management has also not recorded accurate bad debt expenses. This creates a dual effect of the Authority continuing to misstate accurate revenue and account receivable. Mr. Fierro states that the Authority is a "hot mess", and the records are not being maintained accurately.

*Secretary Lujan steps out at 2:51 pm; he returns at 2:52 pm.*

Mr. Fierro states that the Audit are already public record; this happens once the Audits were approved by the State Auditor, in this case they were approved in November 2017. The State Auditors office then requires that the Audits be presented to the respective governing Board. Mr. Fierro reminds the Board that the Regular Board meeting in December 2017 was cancelled, and that this was the next opportunity to present the audits to the Board. Mr. Fierro goes on to reference page 30, Submission of Audit Reports. He reminds the Board that Authority is already delinquent in providing audits for Fiscal Years ending June 30, 2016, and June 30, 2017. The Audit for Fiscal Year ending June 30, 2018, is due by December 15, 2018. Mr. Fierro recommends getting the Audits caught up as soon as is possible. The Authority is currently flagged as "At Risk" on the listing with the State Auditors office, and are required to report their continued At-Risk status quarterly. He reminds the Board that since the Authority is currently delinquent with their reporting, it cannot request capital outlay or financing. Mr. Fierro goes on to state that DFA has issues with the structure of the Authority, this is also addressed in the Audits. He goes on to state that he feels the Authority needs to obtain outside assistance to get back on track and stay on top of its financial issues. Mr. Fierro states that he is very concerned that bank reconciliations have not been done in years. Member Trujillo questions why the ledgers never balance, as the Authority currently has an outside CPA working for us. Mr. Fierro prefers not to give an opinion, as he was not privy to the information with the CPA. Secretary Lujan states that the CPA was hired to do a specific job, and that he does not believe daily financials were included.

*Chairman Chavarria goes on to state that the Audit Reports will be approved one at a time.  
Motion to approve the Audit Reports for 2013 made by Vice Chairman Valdez  
Motion seconded by Commissioner Naranjo  
Motion approved and carried 5-0*

*Motion to approve the Audit Reports for FY2014 made by Vice Chairman Valdez  
Motion seconded by Commissioner Naranjo  
Motion approved and carried 5-0*

*Motion to approve the Audit Reports for FY2015 made by Vice Chairman Valdez  
Motion seconded by Secretary Lujan  
Motion approved and carried 5-0*

## **VII. Interim Manager's Report**

### **A. Financial Subcommittee Summary**

Interim Manager Gonzales states that the Finance Subcommittee recommended that all of the items addressed during its subcommittee meeting be brought forward to the Board for review. Interim Manager Gonzales will provide the information on each specific item as we proceed with today's meeting.

### **B. Audit Accounting Proposal from Fierro & Fierro**

Interim Manager Gonzales refers to Mr. Fierro's proposal to help get the Authority caught up on its audits. Mr. Fierro refers back to the Audit Reports he presented today. He was contacted by former Manager Romero to provide a proposal to complete audits for Fiscal Years 2016 & 2017. Former Manager Romero then initiated a letter to the State Auditor requesting permission to proceed; to date the Authority has not received a response to their request. Mr. Fierro goes on to state that the recent changes in staff at the State Auditor's office may have contributed to the delay in response. He goes on to remind the Board that if he resumes the role of accountant for the Authority, his firm can no longer provide auditing services. The work to get the Authority caught up will be significant, however, Mr. Fierro believes he can get the Authority caught up on Fiscal Years 2016, 2017 and 2108, by July 2018. Commissioner Naranjo inquires as to terminating the contract with our current CPA; he advises the Authority to seek a legal opinion regarding how to move forward. Secretary Lujan recommends the Board seriously consider Mr. Fierro's proposal, stating that the Authority needs to get caught up as soon as is possible. Secretary Luan recommends the Board utilize an emergency out clause.

*Commissioner Naranjo steps out at 4:04 pm, he returns at 4:06 pm*

*Motion to table this item, and move on to item C, then return to discussion on this item is made by Vice Chairman Valdez  
Motion seconded by Commissioner Naranjo  
Motion approved and carried 5-0*

### **C. Zlotnick, Laws & Sandoval P.C. – Agreement Termination**

Interim Manager Gonzales references the scope of work for CPA, Rick Sandoval, and states she believes the agreement with Mr. Sandoval's firm should be terminated. Interim Manager Gonzales believes the scope of work provided has not been fulfilled, and is very concerned that the Authority's audits are showing repeat findings, year after year. Interim Manager Gonzales also presents some of the invoices Mr. Sandoval has remitted, and questions their validity.

*Motion made by Vice Chairman Valdez to terminate the agreement with Zlotnick, Laws & Sandoval P.C.*

*Commissioner Naranjo calls for discussion*

Member Trujillo is concerned that the current agreement does not provide the Authority with an out-clause. He proposes that the Board create a Resolution to terminate the agreement, and notify Mr. Sandoval in writing to avoid any liability. Ms. Velarde advises that the current agreement was approved by Former Manager Romero, and then presented to the Board for approval. Chairman Chavarria suggests that Ms. Gonzales write a letter to Mr. Sandoval to address the Authority's dissatisfaction with the services provided, or lack thereof, and to request justification for the past invoices in question. He also suggests that Ms. Gonzales meet with Mr. Sandoval to discuss the issues, and perhaps invite him to the next regular Board meeting. Commissioner Naranjo questions the Code of Ethics in Mr. Sandoval's agreement. Member Trujillo would like to clarify; should Ms. Gonzales add a letter of notification to the motion.

*Original motion is withdrawn by Vice Chairman Valdez*

*Withdrawal seconded by Commissioner Naranjo*

*Vice Chairman Valdez amends his motion to present Mr. Sandoval with a 30-day notification letter to terminate the agreement, as well as create a Resolution to enact a 30-day out clause for the Authority.*

*Motion is seconded by Commissioner Naranjo*

*Motion approved and carried 5-0*

*Motion to approve Fierro & Fierro for accounting services, pending a resolution of the current CPA termination; and generate a contract with Fierro & Fierro once a response has been received from Mr. Sandoval made by Commissioner Naranjo*

*Motion seconded by Vice Chairman Valdez*

Mr. Fierro interjects to clarify that his proposal dates will change slightly based on the information received today. He anticipates having the accounting for Fiscal Years 2016, 2017, and 2018 completed by July 2018. Mr. Fierro also recommends writing a letter the State Auditors Office to withdraw the request previously made to retain Fierro & Fierro for Audit purposes; and request to retain Mr. Fierro for Accounting services.

*Dually noted as above*

*Motion approved and carried 5-0*

#### **D. Caselle Software – Replace with Incode**

Billing Specialist Michelle Valencia presents the proposal to change the Authority's software from Caselle to Incode. Incode is a Tyler based system; Tyler is also utilized at Rio Arriba County. Our current accessibility with Caselle is limited; the modules don't "talk" to one another, and it is costly to purchase additional modules. Member Trujillo inquires if Caselle can provide a data dump of all the Authority's historical data. Ms. Valencia advises that the Authority can download all of the data to an Excel spreadsheet, which Incode can then upload into their system. It is estimated that the conversion will take approximately 3 weeks. Ms. Valencia advises that Incode has stated that they are not available to make the conversion until September 2018.

*Motion to table this item made by Vice Chairman Valdez*

*Motion seconded by Secretary Lujan*

*Motion approved and carried 5-0*

#### **E. Reclassification of Clerk II to Collections Specialist**

Interim Manager Gonzales would like to reclassify the existing Clerk II position, currently held by JoAnn Marquez, to a Collections Specialist. This reclassification would serve to assist in collecting on delinquent accounts and liens, and would merit a \$1.00 increase in Ms. Marquez's current pay.

*Motion to reclassify Ms. Marquez's position from a Clerk II to a Collections Specialist and include a \$1.00 increase made by Vice Chairman Valdez*

*Motion seconded by Commissioner Naranjo*

*Motion approved and carried 4-0*

Ms. Valencia goes on to present her proposal for an Amnesty-type program to address the Authority's delinquent accounts. Commissioner Naranjo reminds the Board that he recommended a 3 (three) person committee be established to address these accounts. He goes on to suggest that the Authority seeks the advice of our CPA and Legal counsel, before proceeding with forgiving the penalty and interest on these accounts.

*Motion to approve the proposal to move forward with creating a program to address the Authority's delinquent accounts made by Vice Chairman Valdez*

*Motion seconded by Commissioner Naranjo*

Member Trujillo requests that Interim Manager Gonzales and Ms. Valencia meet with the County's Attorney to review the terms and conditions of the program before publicly advertising it to our customers.

*Motion is amended to include a favorable legal review*

*Motion approved and carried 5-0*

### **VIII. Director's Business**

#### **A. Interim Manager's Review**

The Board acknowledges Interim Manager Gonzales efforts.

## **B. Annual Leave Payout – Gino Romero**

*Motion to approve the request of Former Manager Romero, to pay out the additional 83.85 hours of annual leave his contract did not provide for made by Secretary Lujan.*

*Motion seconded by Vice Chairman Valdez*

Member Trujillo objects to the payout. Former Manager Romero left the Authority suddenly, and without a two-week notification, at the very least. Commissioner Naranjo also objects to the payout; the lack of notice was unfair.

*Chairman Chavarria calls for a hand vote*

*Ayes – Vice Chairman Valdez and Secretary Lujan*

*Nays – Chairman Chavarria, Commissioner Naranjo and Member Trujillo*

*Motion failed 2-3*

## **C. Manager’s Position**

### **1. Selection of Interview Committee**

HR Administrator, Janet Saucedo, presents her idea to include customers from each of the respective entities on the Interview Committee. Secretary Lujan inquires as to the selection process. Commissioner Naranjo states that he would like for each entity to select its own community members. Ms. Saucedo recommends a two-step screening process; the first to weed out applicants that do not meet the minimum criteria, and the second to conduct interviews with the candidates. Member Trujillo suggests utilizing the County’s process, and agrees with inviting the public to provide comments on the applicant’s. Commissioner Naranjo states that the decision should be left to the Board. Vice Chairman Valdez is against the proposal, and states the Board should select the new Manager.

*Motion to approve the recommendations presented by Ms. Saucedo made by Commissioner Naranjo*

*Motion seconded by Member Trujillo*

*Motion failed 2-3*

Ms. Saucedo will pre-screen the applicants and make a recommendation to the Board for further review. Member Trujillo would like for the applicants to conduct research and do a small presentation for the Board during interview.

### **2. Interview Questions**

Ms. Saucedo will prepare a draft of interview questions, and provide them to the Board.

## **D. Pledge from Century Bank**

A copy of the Century Bank pledge is provided to the Board for review.

## **IX. Old/New Business**

**A. Manuelito Maestas, NMDOT – NM State Rd 30 Phase II Project Review**

Mr. Maestas presents today from the NM DOT. He provides a presentation to update the Board on areas affected by the NM 30 Los Alamos Highway construction project.

*Member Trujillo steps out at 5:33 pm; he returns at 5:36 pm*

*Secretary Lujan steps out at 5:33 pm; he returns at 5:37 pm*

Mr. Maestas has narrowed down his presentation to a suggested sequence of construction; the contractor can also modify this. All access will remain open, while maintaining the right of way. Appraisals are being prepared for those residents that may be directly affected by easements. Operations Supervisor, Jerome Broyles states that these residents can still be serviced as long as their polycarts are placed properly. He goes on to state that service days can be altered accordingly, if necessary. Mr. Maestas states that he will provide the Authority, and the Board, with the anticipated start date.

**B. Equipment Update – Jerome Broyles, Operations Supervisor**

Mr. Broyles reminds the Board that Authority equipment is in terrible shape. He has included estimates on downtime costs in his package; it is approximately \$2,000. Mr. Broyles also presents with a proposal for a new Front Loader, which was discussed at the last Board meeting. He recommends the Board proceed with the purchase, and has provided 5 (five) quotes as requested. Peterbilt has 3 (three) front loaders available to be delivered. The other quotes provided, reflect only small variances in relation to the truck's size. Commissioner Naranjo inquires if the funds are available in the Authority's budget; Interim Manager Gonzales confirms. Chairman Chavarria requests that Mr. Broyles provide the Board with an updated list of all diesel vehicles dated 2009 and older.

*Motion made to approve the purchase of a new front loader by Commissioner Naranjo*

*Motion seconded by Vice Chairman Valdez*

*Motion approved and carried 5-0*

Mr. Broyles then goes on to reference his letter addressed to the Board in regards to his concerns with the current Interim Manager. He states that NMED has not been provided updated Emergency Contact information. Ms. Velarde advises the Board that a letter was sent to NMED advising of the changes on January 11, 2018; prior to Mr. Broyles letter.

**C. RFP for Uniforms – Approval**

*Motion to table this item until the next meeting made by Vice Chairman Valdez*

*Motion seconded by Secretary Lujan*

*Motion approved and carried 5-0*

**X. Next Meeting – March 21, 2018 at 2:00 pm**

**XI. Adjournment**

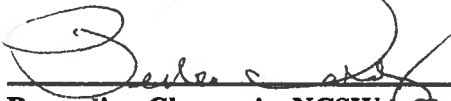
*Motion made by Secretary Lujan to adjourn at 5:57 pm*

*Motion seconded by Vice Chairman Valdez*

*Motion approved and carried 5-0*



APPROVED AND ADOPTED THIS 21 DAY OF February, 2018

  
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**Bernadino Chavarria, NCSWA Chairman**  
**Pedro Valdez NCSWA Vice-Chairman**

ATTEST:  
  
\_\_\_\_\_  
**Ben Lujan, NCSWA Secretary**