



Alamogordo City Commission NOTICE OF MEETING

Addendum to

Regular Meeting Agenda

Tuesday, June 24, 2014 – 7:00 pm
City Hall, City Commission Chambers
1376 E. Ninth St.

- Susie Galea Mayor, At-Large
- Robert Rentschler.....Mayor Pro-Tem, District 3
- Jason Baldwin..... District 1
- Nadia SikesDistrict 2
- Jenny Turnbull.....District 4
- Al Hernandez.....District 5
- Dr. George Straface District 6

- Jim Stahle City Manager
- Stephen Thies City Attorney
- Renee Cantin City Clerk

In accordance with Section 10-15-1.D, NMSA 1978 (2010 Cumulative Supplement), this agenda has been posted on the bulletin board located in the east/west lobby of the City Hall and in the glass case located outside a the north entrance of the City Hall, distributed to the appropriate news media, and posted on the City website: <http://ci.alamogordo.nm.us> within the required time frame. As a courtesy, the entire Agenda Packet has also been posted on the City of Alamogordo website: <http://ci.alamogordo.nm.us>

The Mayor and City Commission request that all cell phones be turned off or set to vibrate. Members of the audience are requested to step outside the Commission Chambers to respond to or to conduct a phone conversation. The Alamogordo Commission Chambers is wheelchair accessible. Other special assistance for disabled attendees must be requested 48 hours in advance by contacting the City Clerk’s Office at 575-439-4205.

Addendum to Regular Meeting Agenda

EXECUTIVE SESSION (Roll Call Vote Required)

Recess into Closed Session in compliance with Section 10-15-1.H, NMSA 1978 (2010 Cumulative Supplement), to discuss:

- **Threatened or Pending Litigation (URS)**

RECONVENE INTO OPEN SESSION

Take any action as a result from Executive Session.

- A-1. Consider, and act upon, a Breach of Contract with URS related to the Airport Master Plan.**
(Stephen Thies, City Attorney)



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- Robert Rentschler**..... Mayor Pro-Tem, District 3
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MISSION STATEMENT as Adopted by the City Commission on March 24, 1995.

The City of Alamogordo is a Municipal Corporation that exists solely for the purpose of providing the best possible services to our customers, the citizens of Alamogordo. We are committed to providing these services with honesty, integrity, compassion, fairness, and a commitment to excellence.

We are committed to the long-term financial stability and responsible growth of the City and all decisions will be driven by our commitment to provide the best services possible in a financially sound and responsible manner given the economic realities facing the City.

In accordance with Section 10-15-1.D, NMSA 1978 (2010 Cumulative Supplement), this agenda has been posted on the bulletin board located in the east/west lobby of the City Hall and in the glass case located outside a the north entrance of the City Hall, distributed to the appropriate news media, and posted on the City website: <http://ci.alamogordo.nm.us> within the required time frame. As a courtesy, the entire Agenda Packet has also been posted on the City of Alamogordo website: <http://ci.alamogordo.nm.us>

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CALL TO ORDER & ROLL CALL

Announce the presence of a Quorum.

INVOCATION & PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

PUBLIC COMMENT

Residents must sign up with the City Clerk to address the City Commission. Comments are limited to 3 Minutes, and there will be a maximum of 21 Minutes allowed for Public Comment.

CONSENT AGENDA (Roll Call Vote Required for Items No. 4, 5, 6, & 7)

All matters listed under the Consent Agenda are considered to be routine by the City Commission and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

1. **Approve Minutes of the May 5, 6, 7 & 12, 2014 Special Budget Workshop Minutes and the June 10, 2014 Regular Meeting of the Alamogordo City Commission.** *(Renee Cantin, City Clerk)*
2. **Approve statement related to the Executive Session of June 10, 2014.** *(Renee Cantin, City Clerk)*
3. **Approve the Lodger's Tax Expenditures for Tourism & Travel.** *(Jan Wafful, CS Admin. Assistant)*
4. **Approve Resolution No. 2014-28 requesting written approval from the Local Government Division of the Department of Finance & Administration, State of New Mexico for the revised budget figures computed as of June 24th, 2014. [Roll call vote required]** *(Kathy Gilsdorf, Budget Analyst)*
5. **Approve the final publication of Ordinance No. 1469 amending the zoning map, changing the classification of a certain area consisting of Alamo Blocks Block 84 Lot 12, the South half of Lot 13, and Lot 14 (commonly known as 1121 and 1115 North Florida Avenue) from their present designation and zoning district of R-4, Multiple Family Dwelling District to C-3, Business District. (Case # Z-2014-0001(A)) [Roll call vote required]** *(Renee Cantin, City Clerk)*
6. **Approve the final publication of Ordinance No. 1470 amending the zoning map, changing the classification of a certain area consisting of Quail Hollow Subdivision Lots 7-11, and Quail Hollow 2 Subdivision Replat A Lots 2A-8A (commonly known as 1150, 1200, 1210, 1220, 1230, 1240, 1250, 1300, 1310, 1320, 1330, and 1340 San Carlos Street) from their present designation and zoning district of R-1, Single Family Dwelling District to R-2, Townhouse Dwelling District. (Case # Z-2014-0002(A)) [Roll call vote required]** *(Renee Cantin, City Clerk)*
7. **Approve the final publication of Ordinance No. 1471 modifying the composition of the Airport Advisory Board. [Roll call vote required]** *(Renee Cantin, City Clerk)*
8. **Approve the award of RFP No. 2014-001 Financial Services for the City of Alamogordo to the overall highest rated proposal, RBC Capital Markets.** *(Matt McNeile, Assistant City Manager)*
9. **Approve the award of RFP 2013-006 Fixed Network Mesh Automated Meter Reading (AMR) System to Zenner USA.** *(Armando Ortega, Customer Service Manager)*

ITEMS REMOVED FROM CONSENT AGENDA

10. **Approve an agreement with Western Bakery Corporation to close-out economic development project.** *(Stephen Thies, City Attorney)* **WITHDRAWN**

NEW BUSINESS

11. **Presentation, discussion, and possible action on the Transportation Plan.** *(Jason Thomas, City Engineer)*
12. **Appointments to Boards & Committees.** *(Susie Galea, Mayor)*

PUBLIC COMMENT (Continued if needed)CITY MANAGER'S REPORTREMARKS AND INQUIRIES BY THE CITY COMMISSION

EXECUTIVE SESSION (Roll Call Vote Required)

Recess into Closed Session in compliance with Section 10-15-1.H, NMSA 1978 (2010 Cumulative Supplement), to discuss:

- **Collective Bargaining Negotiations (APSOA & AFSCME)**
- **A-1. Threatened or Pending Litigation (URS)**

RECONVENE INTO OPEN SESSION

Take any action as a result from Executive Session.

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(Stephen Thies, City Attorney)

ADJOURNMENT

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014

Report Date: June 11, 2014 **Report No:** 1

Submitted By: Reneé Cantin
City Clerk

Approved For Agenda: 

Subject: Approve the Minutes of the May 5th, 6th, 7th, and 12th, 2014 Special Budget Work Session and the June 10, 2014 Regular Meeting of the Alamogordo City Commission.

Recommendation: Approve the Minutes.

Background: This action is required by the NM Open Meetings Act.

The minutes will be emailed to the Commission by Friday, June 20th, 2014.

Reviewed By:

City Attorney _____ City Clerk  _____ Community Development _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager _____

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION REGULAR MEETING MINUTES
7:00 P.M., COMMISSION CHAMBERS
JUNE 10, 2014**

**SUSIE GALEA, MAYOR
JASON BALDWIN, COMMISSIONER
NADIA SIKES, COMMISSIONER
JENNY TURNBULL, COMMISSIONER
AL HERNANDEZ, COMMISSIONER**

**ROBERT RENTSCHLER, MAYOR PRO-TEM
DR. GEORGE STRAFACE, COMMISSIONER
JIM STAHL, CITY MANAGER
STEPHEN THIES, CITY ATTORNEY
RENEE CANTIN, CITY CLERK**

CALL TO ORDER, ROLL CALL, INVOCATION & PLEDGE OF ALLEGIANCE

Mayor Galea called the meeting to order at 7:00 p.m. Roll Call was taken by the City Clerk. Commissioner Sikes was absent. Clerk Cantin announced there was a quorum present. Invocation was given by Reverend Dwight Harp and the Pledge of Allegiance was led by Commissioner Baldwin.

APPROVAL OF AGENDA

Mayor Pro-Tem Rentschler moved to approve adding an Executive Session for Collective Bargaining Negotiations (APSOA & AFSCME). Commissioner Hernandez seconded the motion. Motion carried by a vote of 6-0-0.

Commissioner Hernandez moved to approve adding the addendum to the agenda. Commissioner Straface seconded the motion. Motion carried by a vote of 6-0-0.

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

PRESENTATIONS

- 1. Presentation regarding the efforts to create a civic brand for Alamogordo. (Cam Wilde, Presenter)**

Mr. Mike Espiritu, President & CEO, Chamber of Commerce addressed the commission. He said that last year Laurie Anderson from OCEDC attended a meeting and in later discussions we agreed to pursue possible branding/re-branding of our community. In September, the OCEDC and Chamber had their first of a series of meetings for community branding with a focus group of several volunteers from the community. We identified the importance of branding, the potential impact, identified our community strengths and assets with the goal to create a consistent message that could be viewed by others from different perspectives, business recruitment, increased tourism, civic pride and ownership of our city. This group met monthly and tossed around many ideas as well as conducting surveys in the community. A strong city brand can definitely shift the perception of a place and represent who we are. When people think of Roswell they think of aliens. When you say Alamogordo you have to ask "What's in Alamogordo?" He said we have several key players with us tonight from the focus group and he introduced Laurie Anderson.

Laurie Anderson from OCEDC continued with the presentation saying the whole idea of branding was to strategically place us in a position to import more dollars into our community than to export. Hundreds of communities are working to diversify their economies from core industries to new industry. Community branding is a team sport and should be embraced by everyone as everyone gains to benefit. Competition has never been more fierce. What will peak an investors interest the first time they hear about us, what sets us apart from everyone else, why should they invest in our

community and how can we put more skin into the game. What do we have to do in order to win when companies are looking to relocate. We looked at a community with a population of a little over 16,000, a former lumber town. Their challenge was trying to attract new business when they are located 60 minutes east of Minneapolis/St. Paul, 30 minutes west of Chippewa Falls. They identified their target audience and their values and priorities, and identified how they were an extension of those values. They came up with 'Welcome to Menomonie, Wisconsin: Right in the Middle of Everywhere.' This is an excellent example of a small town that has been able to leverage natural assets including miles of scenic trails, Lake Menomin, and all the amenities of a local poly-technical institute. The community also boasts a number of small businesses and a vibrant cultural scene. They have been able to maintain a thriving industrial base and a more diverse economy that extends beyond tourism. When they launched this campaign they increased tourism by 500% in 12 months. Their brand and artwork are award-winning and they were voted number 15 among the top twenty best small towns in America by Smithsonian magazine. Their center for the arts was listed as one of the world's most spectacular theatres by CNN, and in 2014, they were honored by the League of American Bicyclists with a bicycle friendly city designation. They will beat the odds of many small towns that struggle to maintain declining populations, departing businesses and deteriorating public assets.

Mr. Cam Wilde introduced himself as one of the volunteers on the Branding Committee. He is a graphic designer who specializes in branding. From what he could find, the only time Alamogordo had any solid visual brand was when they were the Rocket City. He liked what they did with it back then, but now we've become disjointed over the years. A brand is a gut feeling you and your target audience get about a place; the logo helps sell that. It is an ideal, a strategy of what a town is about. We have talked to the citizens and the way they feel about Alamogordo today and it's kind of all over the place. Some think we are the red-headed step-child of HAFB, and we love Holloman but we have our own civic pride to think about. This does not encroach on the New Mexico True campaign at all. That target audience is out of the state and visually it brands all New Mexico cities the same way. Someone said we are both in the same relay race and New Mexico True passes the baton to Alamogordo itself.

Mrs. Megan Wade, Senior Executive Assistant/PIO said she represented the City of Alamogordo at the Branding meetings. She showed the concept they had come up with: ALAMOGORDO – DISCOVER / EXPLORE / LAUNCH. These three words are what give us that 'gut feeling' about Alamogordo and we liked it because of its broad appeal. She gave the example of a snow-bird or tourist wanting to learn more about Alamogordo. The first thing you do is Discover - look at the climate; Explore – look at the blue sky, the parks, the forest; Launch – you decide to come here for your vacation or to retire. There are five reasons why people relocate their business: labor and workforce, desire to meet a new market, upgrading facilities or equipment, desire to lower their cost and increase their cash flow, and quality of life. Quality of life is one of the commission's main objectives for this year. With this brand we encourage business to discover that Alamogordo has a large retired military population as well as other people to create a strong labor force. They will discover Alamogordo has the space to develop and bring in commercial activity. They explore other areas like the recreation in and around the town, they discover we have one of the lowest crime rates in the state and our education systems are receiving top awards with graduating seniors receiving millions in scholarships. That helps create a great quality of life. What of the people already here? She mentioned that she grew up here, came back and rediscovered a lot about Alamogordo she had lost when she left. There are some who discover they want to raise their kids here because there are opportunities for their children. That's why we really love this DISCOVER / EXPLORE / LAUNCH.

Dr. Juan Garcia, NMSU-A commented on where the college is on the branding idea. He said the University has the same goal as the city; we want students to stay, invest in their education and then launch their careers. When he showed this idea to his administration they had a good connection with it. Not only does it resonate with what we want our students to do, but our logo for

the University is 'All About Discovery'. We had a focus group with the staff and they had positive comments about the excitement of the logo and how it helps the campus become excited. When we had a focus group with the students, one remarked it had 'good curl'. He said we will continue into the fall with focus groups when there are more students. Our president, administration, staff and students like it.

Mrs. Megan Wade read some comments received. One was from Yvette Herrell who is the president of the Tularosa Basin Historical Society (TBHS). Her comments were very positive. Mrs. Wade said a poll had been put on the City website and it produced one of the biggest responses we've ever had; 39% decided on the DISCOVER / EXPLORE / LAUNCH. HAFB and White Sands Missile Range (WSMR) did the same and got very similar responses.

Mr. Cam Wilde came back to say there will be a logo later; that is usually the last stage. We are still strategizing and the plan is to hit everyone in the city in order to narrow it down some more. Last comes the visual part and that could be a while.

Mr. Espiritu said this is pretty exciting and something we have lacked in our town. He thanked all the volunteers who worked on this. At this point, we want the commission's continued support as we move forward. We know everyone may not like it, but if the majority does than it is something we should pursue. We would like to come back before the commission at a later date with more results of this, and possibly reserve the right, the privilege to maybe ask for some funding in order to promote and market it in the future.

Mayor Pro-Tem Rentschler appreciated all the work done on this and he really liked the concept. He felt it fits Alamogordo very well and it really clicks.

Commissioner Turnbull asked how they are going to get it out to more people in the city. Mr. Espiritu said that's the next step and we are meeting tomorrow to discuss it. We will probably visit with civic groups and fraternal organizations, do another survey, do something in the water bills and advertise on marquees. We need their buy-in as stakeholders.

Commissioner Straface asked how the final decision is to be made and who will make it. Mayor Galea said the commission would decide whether to adopt it or not. She felt by consensus the commission was in support of the committee moving forward to gather consensus from the community. She was excited about the brand and remarked the city stands to gain the most with increased GRT revenues and businesses, and she felt the city should pay to design the logo. She hoped OCEDC would use the completed logo to help recruit businesses.

City Manager Stahle thought it was marvelous but he didn't want to launch until it is ready; until the graphics are ready in order to capture the essence of the tag line. He was cautious of getting too far ahead with the tag line until there were graphics presented to the commission so we could take action and work together with other entities.

Mr. Espiritu thought it was important for whatever logo is developed, that it will be the central theme for the city and other entities in the city would cascade from it. There will still be uniqueness and individuality of organizations that may choose to use those three words in their current logo. Mrs. Wade said just to be clear, those three words are just a tagline; the DNA of the concept. The logo would be the final process and we would make sure it could stand the test of time.

- 2. Presentation, discussion, and possible action related to the Agreement with PreCheck. WITHDRAWN.**

PUBLIC COMMENT**A. Mr. Harv Hamilton commented on the following:**

- 1) He said "the enemy of my enemy is my friend". At the last meeting he got his back up because of some of the things that were said about and by the Forest Service. He was a 1963 graduate of the oldest forestry school in the nation, and he felt he saw forest differently than anyone here. When he returned from Viet Nam he thought forest management was leaning toward the environmentalists. When he attended school, the only agency in the US Government contributing to the Treasury was the Forest Service. Now they don't have enough money to do anything right. Before he reported to Holloman, he went by Bonito Lake and thought it was a fire trap. The next day on his way down from Ruidoso, he was pleased to see how Mescalero was and had no idea it was being managed by a different entity. The first time he went to Cloudcroft to the lookout tower by Weed, he was again grossed out. Of all the forests he has seen since he started in the program, Lincoln is the worst managed. It isn't necessarily who is there, but what it has become. When he hears someone say one forest is different from another he asks why, why do they get that idea and who allowed it to get that way.
- 2) He hasn't been back to Bonito Lake since 1973, but has been told it is the only green spot up there. The silt is because of the Forest Service and that burn up there. We are waiting on FEMA to give us the money so we can dredge. He believed we would be lucky if 15 years from now it would be forested enough so we wouldn't have to be concerned with silt. Last time he had been here the ranchers showed up with about six hours notice of the meeting; the Forest Service had more. Back east we had the Dutch Elm disease that had been introduced from Europe; we have Africanized bees because of a screw up; up on the mountain we have a screw up with an overpopulation of elk introduced from Wyoming; in Pennsylvania the deer are overpopulating the entire state. He understood the city fathers, many years back, sold a bunch of land to the Forest Service for \$1.00. Now, to check on our water sources up there, we have to negotiate with the Forest Service.
- 3) He and his dad had been at odds over the Senior Center. Mr. Hamilton said that at every election he saw a bond issue where the seniors voted themselves money to improve the Senior Center. Then if they come with hat in hand to this body for more, they should be told they don't deserve anymore.
- 4) Mr. Hamilton said it seemed that the insert in the water bill was the only way the city got word out concerning activities. He wanted to see more in there about upcoming meetings and less long discussions.

CONSENT AGENDA

3. **Approve the Minutes of May 27 2014 Regular Meeting of the Alamogordo City Commission.** *(Renee Cantin, City Clerk)*
4. **Approve the statement related to the Executive Session of May 27, 2014.** *(Renee Cantin, City Clerk)*
5. **Approve granting a waiver of the permit free for a Special Fireworks Display Permit for the 4th of July Fireworks Display at the New Mexico Museum of Space History.** *(Renee Cantin, City Clerk)*
7. **Approve the final publication of Ordinance No 1467 amending Sections 28-02-100 and 28-03-080 of the Code concerning Water and Sewer Rates. [Roll call vote required]** *(Renee Cantin, City Clerk)*

8. **Approve Change Order No. 2, RFQ No. 2013-05 to CDM Smith, Inc. related to the engineering and design services for the 1MGD Interim Desalination Plant project, in an amount not to exceed \$6,113.98, including tax.** (*Brian Cesar, Public Works Director*)
10. **Approve the subdivision plat for Palo Duro Phase 3.** (*Marc South, City Planner*)

Item No. 6 was removed by Mayor Galea and No. 9 was removed by Mayor Pro-Tem Rentschler from the Consent agenda for further discussion.

Commissioner Hernandez moved to approve the consent agenda. 3, 4, 5, 7, 8 & 10. Mayor Pro-Tem Rentschler seconded the motion. Roll call vote was taken for Item No. 7. Motion carried by a vote of 6-0-0.

ITEMS REMOVED FROM CONSENT AGENDA

6. **Approve Resolution No. 2014-26 removing uncollectible and unsecured utility, library, housing authority, recreation center and other miscellaneous accounts from the City's accounts receivable. [Roll call vote required]** (*Helen Viscarra-Reno, Assistant Finance Director*)

Mayor Galea removed this from the Consent Agenda. She understood that by statute, every four years we write off uncollectible debt. She did approve writing off this amount by statute; it is \$42,000. She wanted the commission to consider adding to this the \$4,000 billed to the German Air Force for services provided by security and not wait four years.

Commissioner Hernandez said maybe next time we'll consider it. This time it is too fresh. Mayor Galea asked if he meant next year and he said no, maybe next time we will consider it. That would be like someone paying their water bill last month and asking to write it off this month; we need to extend it to the minimum requirement. We only do these every twelve months and we would create problems with the residents we didn't write off.

Mayor Galea understands his point but thought it was different than a water bill. She thought it would be a good PR move to write it off now versus waiting four years from now.

Commissioner Straface said he didn't want to revisit the whole issue but he also felt there were things the Germans were responsible for that we did not receive payment for. He felt the same as Commissioner Hernandez.

Mayor Pro-Tem Rentschler moved to approve Resolution No. 2014-26 removing uncollectible and unsecured utility, library, housing authority, recreation center and other miscellaneous accounts from the City's accounts receivable. Commissioner Turnbull seconded the motion. Motion carried by a vote of 6-0-0.

9. **Approve Change Order No 3, Public Works Bid No. 2013-006 to Burn Construction Co., Inc. as it related to Intersection Improvements at Indian Wells Road and Washington Avenue/Pecan Drive in an reduced amount not to exceed \$15,485.57, excluding of NMGRT.** (*Jason Thomas, City Engineer*)

Mayor Pro-Tem Rentschler asked about the reduced amount.

City Engineer Thomas said it was a credit of \$15,486 and did not include the right turn lane improvement. This change order includes three items. We substituted the stick-on 3-M tape for the crosswalks; we had a conflict with lane stripping when we were opening the intersection that needed to be addressed; the third was a credit for all the items on the contract, basically an add or

delete credit for all items on the contract based on actual measured in place quantities. Those three items together total \$15,000. We had talked originally about adding in the right turn lane improvements to this contract, but because the contract had been open since February and demobilized we should open it up to other bidders. We are about 85% done with the design and plan to advertise on June 22nd with the bid opening on July 9th. You'll see a recommendation on July 22nd. We are thinking it is a 30 day contract so construction time will be in August. With the savings from this and an unencumbered balance in 109 (Street Capital) of about \$79,000, there is a nice little kitty to do the right turn lane project.

Mayor Pro-Tem Rentschler was glad to see a reduced amount since it is not a normal thing to see.

Mayor Pro-Tem Rentschler moved to approve Change Order No 3, Public Works Bid No. 2013-006 to Burn Construction Co., Inc. as it related to Intersection Improvements at Indian Wells Road and Washington Avenue/Pecan Drive in an reduced amount not to exceed \$15,485.57, excluding of NMGRT. Commissioner Straface seconded the motion. Motion carried by a vote of 6-0-0.

NEW BUSINESS

A-1. Discussion, and possible action, related to a finders fee for economic development.
(Susie Galea, Mayor)

Commissioner Hernandez said when the mayor first brought this up he thought it was a great idea but he has changed his mind. There are several issues that could happen with this. For instance, if you have a lost child and you offer a reward you receive lots of calls; some are legitimate and some are not. Anytime you offer an incentive, you start getting lots of people coming in to see how they can do it. This could not apply to any of us but in actuality it could because he could get someone from the audience to present it and then split it 50/50, and no one would ever know. It puts competition on what we already have which is our own economic development council and what they do. Not that competition isn't good, but this is dirty competition. We partner with them and don't pay them to bring anybody in. If they bring a business in then they need to get the finder's fee. If a so called 'dirty' company comes in with an offer but for whatever reason we turn them down, then the one who brought them in is still going to want the finder's fee for bringing them in. You will need a lot of rules and regulations that would be too much, and he wondered about the legality of a finder's fee.

Mayor Galea said we did speak with the city attorney and he talked about qualifying entities. We are on the same page. She agreed with Commissioner Hernandez concerning dirty companies and kick-backs to the commission, but said we are bound by an oath and are ethical public servants. The competition for OCEDC is not at all the case; they would not be excluded and the finder's fee would be for anyone who brought a company in. Her idea of the finder's fee, hypothetically, is 1% of the annual first year payroll of a company which would be paid five years after the company is vested in the city. It could be figured through a payroll audit from our internal auditor. If Jane Doe brings in a qualifying entity that brings in a \$5 million dollar payroll company, the finder's fee would be \$50,000 due to her five years later. We could make it more of an incentive if the finder's fee went to a charity of the person's choice. If Jane Doe's charity was C.O.P.E., then the \$50,000 would go to them in five years after the company was vested in the community. That is incentive for the whole community as well as OCEDC. A qualifying entity would not be retail or service companies. She had spoken with a realtor who knew of a food manufacturing company in El Paso that is looking at Alamogordo because of the new incentives of lesser taxes than the state. The City of Alamogordo stands to gain most if more companies and jobs come here.

Mayor Pro-Tem Rentschler addressed the city attorney asking him if he was comfortable with this.

City Attorney Thies said we wouldn't want to call it a finder's fee, but in conjunction with an eligible project agreement with an eligible company that is anything but retail, you are allowed to take economic development tax and use it for professional services related to the project agreement. It wouldn't necessarily be a finder's fee, but if someone were to bring us a project, that project would be appropriate to use economic development money to pay them for their services. If you wanted to establish a finder's fee and use some other source of funds, as long as it was structured properly in that you are getting something in return for the payment of the money, primarily the new business, it would be conceptually possible.

Mayor Pro-Tem Rentschler asked if we don't already do that, to the extent that if a company comes in looking for economic development money and meet all the criteria, we reward them. This goes beyond to somebody that knew the company before they showed up. He was concerned about the perception that is crucial from this commission, especially. He felt there was a lot of room for misperception.

Mayor Galea said she has spoken to several groups and no one has misconstrued this, so she didn't know what perception he was alluding to. Mayor Pro-Tem Rentschler said when you give someone \$50,000 then there might be more to perceive. Mayor Galea said she see's his point. If \$50,000 were given to a person or their charity of choice after a company had been here for five years and provided in their first year a payroll of \$5 million dollars providing new jobs in the city, she didn't know what the perception would be other than something positive.

Commissioner Baldwin said the discussion here is whether to have Staff move forward and not to actually decide on it tonight, so he was in favor of working with this idea especially if it would help Alamogordo in the long run. He was not opposed to having Staff bring those details of the finder's fee.

Commissioner Straface said the concept is reasonable to consider but thought the details would be important. He wanted them to bring forward points you would consider putting in an ordinance for discussion. Overall, he had some concern with the concept but wanted to look at the details.

Commissioner Turnbull thought this was what OCEDC was for, so she needed to see something more than this. She was not for giving someone money when OCEDC does this already.

Mayor Galea understood and said that the city is partnered with OCEDC to do that. This would strengthen OCEDC and make it a community effort.

City Manager Stahle said after hearing the idea put forward he thought it had potential. After he thought about it, it reminded him of the old days when we had bounties, when we awarded people by giving them money to bring in the bad guys. He didn't know that it couldn't be done and he had not seen it done; he thought the devilish detail is where we are going to get hung up. It is really the how and who you determine earns the fee, and he thought it could be really challenging to make sure the proper person is rewarded. We can do some work on this but he didn't want anyone leaving the room thinking it is a done deal. It is a big challenge when you put money on the table and potentially create a policy that will generate interest by multiple people. For example, several folks coming forward about a company coming in and they all feel like they deserve the reward. How we determine who earns that money will be what he focuses on and will bring back to you before you prep any kind of ordinance, if that is your direction tonight.

Mayor Galea thought that was fair and asked if anyone didn't agree with that approach.

City Manager Stahle added that up until we settle on those issues of who and how, he would be against it, because he feared the consequence of arguing who should get it. Let's work a little

slower and not get too far ahead of this. He said there was a lot going on in the city now, so don't expect it to show up on the next agenda.

Commissioner Straface said that's another issue we need to look at; staff time and how we want them to spend their time. Is this an issue we want to put forward now with everything else on our staff's agendas.

Commissioner Hernandez said you brought up a point about a realtor who possibly had an interested company. He said this is my home and community and whether you pay him or not, this is his second term in a 16 year span just because this is his community. If that person is the same as he is, that this is their home, then they would do that without an incentive. He said they should give the tip to Mike Espiritu because that's his job. The incentive for him would be to make Alamogordo a better place to live; that is the important fact. If it is always going to be about the dollars than we aren't ever going to get anywhere. Like the logo, this is Alamogordo, this is home, and this is where I'll always be - that is what is important.

Mayor Galea appreciated the civic pride and felt the same way. The only reason she thought of this idea was because we have talked so much about economic development and this is something outside of the box. In psychological studies of humans, we are either intrinsically or extrinsically motivated; some by civic pride and some by dollars. This would address all the above. She asked the commission if they would like the staff to move forward and bring back ideas at a much later date of who this would apply to and how entities would apply and be able to receive the notice of being able to receive that funding.

Commissioner Hernandez said as time allows he didn't have a problem with it, but he didn't think it was important enough to be put up front. Mayor Galea agreed.

Commissioner Straface was opposed to the time involved at this point.

Commissioner Turnbull was opposed to the finder's fee.

Mayor Galea asked if they would be ok with her working on this issue herself at home. Commissioner Straface said he would if he could look at details.

Mayor Pro-Tem Rentschler said the city attorney could put it on the bottom of the stack. City Attorney Thies said it wouldn't see the light of day for quite some time.

Commissioner Baldwin said economic development is all we've been talking about for the last two years, and even if a finder's fee isn't what comes out of this idea, something positive could come from it. He didn't think we would be doing our due diligence if we didn't work it.

Mayor Galea didn't think it would be a bad headline that the commission had a bounty out for economic development. She said there are three opposed to allow Staff to take time to develop this further. Staff will not move forward to developing this any further and she will work on it in her own time.

A-2. Discussion, and possible action, related to a Demolition Incentive and revising the condemnation policy. (Susie Galea, Mayor)

Mayor Galea said this is related to economic development and generation of new growth. Our condemnation policy is very loose and this would focus on our commercial area along White Sands Blvd. It would strengthen our condemnation policy for old and dilapidated buildings. It would be much like they use in Kissimmee, FL, and she explained the program. There is a benefit to the city by redeveloping new businesses but would start with a condemnation policy we would have to

revisit as a commission. She asked if anyone was opposed to allowing Staff to bring forward to us a new condemnation policy for consideration.

Mayor Pro-Tem Rentschler said the concern he has is when we condemn a piece of property we pay fair market value, so he would be willing to look at this but where would the money come from to buy property on, for instance, White Sands Blvd. We might have to kick in \$100,000 to have someone tear down and redevelop; we could get way ahead of ourselves with this. We already have money to go in if a building needs to be torn down and he asked if we condemn for economic reasons like that. There are times to condemn, but it might be a harder pill to swallow for a lot of people if they weren't happy about it. If we are going to use it in order to get them to do something with it, then he is interested in it. We already have this, in that we currently allocate money to abate properties because of weeds and for the buildings themselves. What we don't have is a target building and if we did, he might be more willing to consider.

Mayor Galea said that's why she brought it up during the preliminary budget hearings, because it would be something we do yearly as we fund the program. For \$100,000 per year we would only condemn as much as that amount would allow. Currently, when we abate properties and demolish them it is at the city's cost, whereas under the demolition incentive it would be at the expense of the private business. The benefit to the city would be the generation of new buildings and new growth.

Commissioner Hernandez said this was one of those which sounded like a good idea in the beginning but if there was interest in it, it would already be done. For instance, the corner of White Sands Blvd. and 2nd Street where Domino's Pizza bought the whole area and then decided to build elsewhere. Now it will sit empty until Allsup's can work a deal with Taiwan Kitchen. There could be empty properties for a long time and he had a hard time with taking someone's properties. He did support cleaning up White Sands Blvd., but some of those properties are too narrow, too small to meet the parking ratios so you will have to take multiple properties. He wasn't for twisting somebody's arm and felt a lot of those people would move on with the right incentive. Until something comes along to fill these areas, he saw this as problematic at this point. He stated that he supported the mayor's thought and what she was wanting to do, but didn't see the economic structure there. Maybe this was another thing we need to figure out how to fund. There are empty properties currently that people are not buying, so why would they buy a property with a building on it.

Mayor Galea understood what he is saying. The reason it hasn't been done before is because one couldn't afford the cost of the property plus the demolition. This would be the city condemning because the building is dilapidated and not because we want to seize a perfectly good building. A business would want to utilize that space and pay only for the demolition and being gifted with the cost of the property by building new. That in itself would be the incentive.

Commissioner Hernandez brought up the property he referenced above. His grandmother owned that property back in the 1960's and it has been empty since then. There are other properties within that area that are the same. Second Street is going to be more viable than anywhere north because everyone is interested in the stoplights where the business traffic is. He felt we should build up the economic development structure before we do this and said again he wasn't opposed to the idea.

City Manager Stahle asked what the goal was. If it is to bring high-paying jobs then he wasn't sure these locations on White Sands Blvd. were the place major business would want to locate because normally it was the industrial park area they were looking for. White Sands Blvd. is more suited to retail and restaurant-type space. We have to look at that; who you are targeting with this policy. He knew the Florida community was larger than us and might have a different scenario in terms of

their finances. The city is tied to GRT so having some of this even apply to retail may be all you are trying to attain. He wanted them to think about the goal.

Mayor Galea said her reason for bringing it forward was not high paying jobs. It was for quality of life, beautification, and new growth and development. She thought that sponsors economic growth and development. Doctors want to move here with their families when we are a beautiful city.

Mayor Pro-Tem Rentschler said his consideration was the city taking out a building on a 60' normal sized lot and having something put back in there with \$100,000 of general fund money. He suggested taking that same amount of money and going out to White Sands Blvd. towards Hwy. 70. He drove to Carlsbad and went through Artesia which was quite impressive. He remembered it wasn't the same as 10-15 years ago. They've done some things with trees that he could envision doing going out towards Holloman. The demolition the city has done on buildings, and he noted the building at Pecan and Indian Wells, has been impressive. If we have buildings not being kept up to code we can take them down if the owner is non-responsive. The first time you have an owner who is responsive you will be tying up the attorneys time, also. He said he liked the idea and would like to see White Sands Blvd. beautified.

Commissioner Hernandez said another thing is we need to change our ordinance to state what will be rebuilt once a building is demolished. Where Martin Tire is now used to be Tiny's Tire Town which was a lean-to and now is a metal building; it was only a slight improvement. If you are going to only put up metal buildings then it won't do anything for us. You have to do all that part before you do this part, and that will take time.

Mayor Galea asked if he thinks the next step would be to have the Planning & Zoning Commission review building codes along White Sands Blvd. and other industrial areas. Commissioner Hernandez said it wasn't just P&Z, it would be several committees bringing something forward. Look at all the Dollar Stores popping up around town; they are in there a short while and then they move on leaving an empty metal building. Some of those things should be addressed.

Mayor Galea asked if he would also be in favor of reviewing the condemnation policy. As you drive down White Sands Blvd. there are some buildings that are dilapidated, but there is no condemnation because our policy is loose.

Commissioner Hernandez said maybe the city could help someone who is willing to clean up their property. The biggest part of that are the tipping fees one has to pay. If you have a property worth \$20,000-\$30,000 and it will cost you \$50,000 to clean it up, why would you do it. If we had a property owner incentive instead of builders incentive then more people might do it. Mayor Galea thanked him and said she would like to research that idea. Commissioner Turnbull agreed with Commissioner Hernandez to make it for any property owner in town.

Commissioner Baldwin believed there was a request for Staff to bring a list of dilapidated buildings. He would like to see a list of dilapidated buildings in order to decide if an ordinance would be created for five structures or 35 structures.

Mayor Galea asked the city manager if that could come back at a future meeting. City Manager Stahle said absolutely. He said one of the points this brings up is the state law concerning demolition. What are you allowed to legally demolish as a government entity? You might be surprised what it takes to condemn a property and take it, so let us put that report together along with a list of properties along White Sands Blvd. only, at least from the curb view and not going into the buildings, that might be candidates.

Mayor Pro-Tem Rentschler said when it comes to dilapidated buildings there is a minimum maintenance standard to be looked up. As long as it is secured and has a roof on it, essentially

there isn't anything we can do about it. The other thing is if we look at an incentive for property owners, the anti-donation clause kicks in and we simply can't give money. The portion the city gets of it isn't a lot and it is tough when it comes to the private property laws in the state.

Mayor Galea had spoken to the city attorney in the past concerning anti-donation and if you can quantify the value given back to the community in beautification and improved quality of life is equivalent to the incentive, then they would qualify for the funding.

Commissioner Hernandez said tipping fees are usually where the cost is incurred. You have to be careful of the contractors who do this for a living. You could do it during the Big Give or United Way Day of Caring or other smaller projects like that. It will take a lot of people and some time to get this right. He said the Comet Building front is beautiful but from the side you see it is a metal building. His thought was to cover both sides and the front to disguise the fact it is a metal building.

Mayor Galea asked the commission if they would be comfortable for Staff to work on this idea and bring back to the commission a list of dilapidated buildings that could be addressed under a stronger condemnation policy.

Commissioner Straface said he would amend it to follow what the city manager suggested; to bring forward what the state law does to govern us, look at that list of dilapidated buildings and then have that discussion.

Mayor Galea said that sounds like a good idea. No one opposed this.

A-3. Discussion, and possible action, to direct staff to prepare an ordinance to prohibit the feeding of pigeons in the City of Alamogordo. (Robert Rentschler, Mayor Pro-Tem)

Mayor Pro-Tem Rentschler said he brought this item because of a letter of request from Gaye M. Walton. He believed pigeons have gotten out of hand and he has watched and knows of people who feed them. His wife tried feeding other birds and found out you can't feed them without attracting flocks of pigeons. Short of figuring out how to eradicate them he mentioned a bounty of \$.50 per bird and 12 year old kids armed with pellet guns who could take care of the problem in a week. They could bring them to City Clerk Cantin's office for the money. Short of that, we need to make sure people aren't buying bird food to feed the pigeons, because they will become a problem that we will be investing tens of thousands of dollars to remove. This is a good way to begin stemming the population and he wanted an ordinance that would simply say don't feed the pigeons or you will be fined.

City Manager Stahle said they have been looking at this. There are other cities that have developed ordinances banning the feeding of pigeons, not hunting them. We can bring options back to you.

Mayor Galea had spoken to Ms. Walton about this and had discussed the ordinance in Albuquerque, and how challenging it would be to enforce this without creating a new position in Code Enforcement. To look for any bird feeder and define any retail store selling bird feed would be really challenging, and Ms. Walton agreed there is an easier way to address the problem. She said the Same Day Medical Clinic had a lot of birds because of the structure of their building that had an awning they could get under. The Mayor thought the City or the Chamber of Commerce could address putting up netting around that business' awning. That was her chief concern since there was a large population of birds which was not a healthy or safe thing, especially at a medical clinic. She recognized our Code Enforcement officers were out taking care of other things and wouldn't have much time to address this issue.

Mayor Pro-Tem Rentschler said that was fine, too. We had the old Wal-Mart that was inhabited by about 20,000 of these vermin, which has since been taken care of by boarding it all up. Maybe we could add that to the ordinance, but at the same time we have people who go out in the fields to feed these birds. It isn't like we had to create a special position for this, but to just try to get the people who are spreading it out in places around the city and particularly on the ground. He noted a neighbor had an awning that attracted pigeons and they have since put up flashing so the birds can't get in, so he was working to keep them out of his yard.

Commissioner Hernandez has actually seen a couple of places, one across from the House of Prayer where an older man feeds them bread and attracts a flock, that would be an easy case to take care of. There's another one at the Aspen Apartments on Washington and Aspen where a man feeds them. The hospital spends a lot of money trying to deter the pigeons from various areas; there is one building where we spend anywhere from \$14.00 to \$20.00 per foot to protect the ledges by putting up spikes. They are very expensive and don't last too long because the pigeons tear them up and the sun deteriorates them. The hospital also puts netting around areas and he said there was about \$50,000 invested in one building for pigeon protection. He mentioned the person who is feeding the birds at Aspen and Washington is only about two blocks from one of the hospital's main buildings where he has pigeon problems. They are living at this building and eating at the apartments. He also saw at the gas station on Vermont and 10th St. a couple of guys who backed up a truck to the awning and for three or four days in a row they took truckloads of pigeon droppings from the awning top. If you look at the Lowe's grocery gas station you'll see a net that covers their awning which he guessed cost about \$10,000. It is a very expensive deterrent and there are some people who actually feed just the pigeons.

Mayor Galea said that was a very good point and felt this was a public health issue. Before we jump into an ordinance, she wanted the city to work with the Public Health Department to address it as a community issue. Re-educating the public would be a positive thing.

Commissioner Turnbull asked how we would prove someone is feeding pigeons. Mayor Pro-Tem Rentschler said you can't unless you have a Codes Enforcement person who witnesses it. What it does is give you a law that many people will obey. He gave the example of the fact he hasn't had a speeding ticket in a long time because it is the law and he tries not to violate it.

Commissioner Straface felt the city manager had a good suggestion for the staff to research other ordinances for the commission to look at before any action is taken.

Mayor Galea asked if the commission has any objection to that and no one objected.

A-4. Appointment of a Ex-Officio representative to the Committee of 50. *(Renee Cantin, City Clerk)*

Mayor Galea said this was added to the agenda after the Committee of 50 pointed out their bi-laws stated they must have ex-officio representatives from both the City and County Commissions. She had assumed the mayor was the ex-officio representative.

Mayor Pro-Tem Rentschler said if that's not the case, it needs to be. He felt the mayor should be the ex-officio for these kinds of committees in Alamogordo and was surprised this was not the case.

Mayor Galea said we would need to show in our meeting minutes an appointment, and she would be happy to serve as the ex-officio representative as she has been. She would be giving a five minute report to the city on things benefiting HAFB and Alamogordo.

Mayor Pro-Tem Rentschler moved to approve Mayor Galea to serve as the Ex-Officio Representative. Commissioner Straface seconded the motion. Motion carried by a vote of 6-0-0.

11. Appointments to Boards & Committees. (*Susie Galea, Mayor*)

Mayor Galea stated if there are no objections, she would reappoint Sharon Hodges to the Mayor's Committee on Aging and Laura Blackmon to the Senior Volunteer Programs Advisory Council. All were in agreement.

PUBLIC COMMENT (continued if needed)

A. Mike Espiritu commented on the following:

Mr. Mike Espiritu wanted to make sure the commissioners had received the announcement for Thursday at 1:00 p.m. at PreCheck. Please RSVP if you are going to attend and arrive at 12:45 to greet the Governor. That invitation is also for the city manager and city attorney.

Mayor Galea thanked him and was looking forward to attending.

CITY MANAGER'S REPORT

A) City Manager Stahle handed the mayor a report that identified some of the major projects we have and their timelines. He pointed out that the first sheet showed the Fund 118 projects to be done by the end of the calendar year. The second sheet identifies the conceptual schedule for the First/Florida realignment project and we are looking at a couple of years to get it completed. The last sheet is the Family Fun Center and we have had a lot of calls on this project. He said he would get this information to those people. It identifies the steps to be taken in order to complete the project. As with any schedule, there are all kinds of things that can cause the schedule to go bad, and the bottom on the last sheet lists some of the challenges for the Fun Center. It gives some targeted dates and we hope to have soft openings sometime in July/August of 2016. He mentioned the runway extension at the airport; we should be advertising for the construction in the next few weeks. The bid award should be at the late August commission meeting for you all to look at, with construction taking place sometime in October. We are estimating it will take around six months.

Mayor Galea asked when we could expect to have the design for the parking apron. City Manager Stahle didn't think there would be a lot of outside engineering and it would be done in-house.

Mayor Galea asked for the due date for sale of bonds for the Family Fun Center (FFC). City Manager Stahle said on the next agenda you will be approving the financial advisor for the city and we will work with that person in order to determine the best time. The market will drive a lot of that and the market isn't bad at this time, so he was hopeful we will move fairly quickly; there are consequences for being too early. He said the commission had authorized us to charge to the various projects some of our expenses in the meantime, so when the bond actually sells will be market driven more than anything else.

Mayor Pro-Tem Rentschler said in the earlier budget meetings we had authorized \$300,000 going to the Space Hall of Fame to digitize the IMAX and that we would be receiving matching capital outlay funds from the state. He asked if we have written a warrant yet. City Manager Stahle said he didn't believe we had, but we have bidding communication and museum personnel have approached him and given him a tour of the facility they will be improving. They have gone well above your requirements, and he expected that check to be written at any time.

Mayor Pro-Tem Rentschler said he had heard there are some at that facility who do not want to digitize the IMAX and instead do something else with it. He felt we were tied to digitizing and we

would not be writing them a blank check. City Manager Stahle told him absolutely not. It is being digitized but not under the IMAX program. It will be a very similar program that is much more cost effective, and will do the very same thing. Mayor Pro-Tem Rentschler said he would want to know of any changes before they allocated the money. City Manager Stahle said it is still digitization. Mayor Pro-Tem Rentschler said he didn't vote to do it up at the Space Hall, he voted to improve the IMAX theatre as a draw for Alamogordo; if it is not there it needs to come back to us. City Manager Stahle said ok. Mayor Pro-Tem Rentschler said we allocated that money for a specific purpose, and if that purpose is not being followed than we need to be the first people in line to say, 'Tell us why.'

City Manager Stahle said he understood and it was his understanding the agreement was to digitize, not necessarily to buy the IMAX brand. He said he would go back and study that and ask. Mayor Pro-Tem Rentschler said if you are talking about using the same building and they are going to get rid of the IMAX deal, then he would like to know that since IMAX is certainly a draw. City Manager Stahle said it is the smallest IMAX in the country. He said he would be happy to bring the facility manager over for the full details, and if you are interested, go up and see them and let him describe all the work they will be doing to the facility. It isn't just the digitization of the theatre; a lot is going on in that building besides that. He felt it was consistent with what the commission agreed to do. Mayor Pro-Tem Rentschler wanted the facility manager to come and report to the commission.

Commissioner Turnbull asked about the FFC. She is getting calls asking if the location by the theatre is final or not. She asked if it was possible to put something in the City Profile about why it is going to be by the movie theatre, and the city manager said yes.

REMARKS AND INQUIRIES BY THE CITY COMMISSION

Mayor Galea reported the following:

- 1) She attended the Committee of 50 meeting recently and owed the commissioners a copy of that report where they stated who they met with in Washington, D.C. and the positive outcomes of their meetings.
- 2) There had been some great farewells to Commander Croft and Commander Bingham. There were a number of community members there. We are looking forward to welcoming new commanders to HAFB and WSMR, and the city manager had told her we could do a community wide meet-and-greet at the Civic Center. Our new Special Events Coordinator, Jason Richards will coordinate that event.
- 3) She will be attending a Joint Use Land Study as a policy member and she welcomed any to attend with her. The Technical Committee has proposed many policy adoptions. The benefit for our community is joint land use with the military, with more funding for schools and other infrastructure as we continue to share it with the military. The meeting will be tomorrow from 1:00-4:00 p.m. in Las Cruces.
- 4) This Saturday at 2:00 p.m., the New Mexico Museum of Space History (NMMSH) will have a singing of the national anthem in order to help break the record for number of singers at one time in combination with other museums related to the Smithsonian.

EXECUTIVE SESSION

Commissioner Straface moved to adjourn into Executive Session to discuss Collective Bargaining Negotiations (APSOA & AFSCME) at 8:41 p.m. Mayor Pro-Tem Rentschler seconded the motion. Roll call vote was taken by the Clerk. Motion Carried by a vote of 6-0-0.

ADJOURNMENT

CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION SPECIAL BUDGET HEARING WORKSHOP MINUTES
3:00 P.M., FIRE STATION NO. 5, 1492 S. FLORIDA, ALAMOGORDO, NM
MAY 5, 6, 7 & 12, 13, 2014

SUSIE GALEA, MAYOR
JASON BALDWIN, COMMISSIONER
JENNY TURNBULL, COMMISSIONER
AL HERNANDEZ, COMMISSIONER
KATHY GILSDORF, BUDGET ANALYST

ROBERT RENTSCHLER, MAYOR PRO-TEM
DR. GEORGE STRAFACE, DISTRICT 6 COMMISSIONER
STEPHEN THIES, CITY ATTORNEY
RENEE CANTIN, CITY CLERK
LEEANN NICHOLS, CONTRACT FINANCIAL CONSULTANT

MONDAY, MAY 5, 2014 - 3:00 P.M.

Mayor Galea called the meeting to order at 3:00 p.m. Mayor Galea announced Mayor Pro-tem Rentschler and Commissioner Baldwin were not present but would be here shortly.

Other Directors Present: City Manager Jim Stahle, City Attorney Stephen Thies, City Clerk Renee Cantin, Contract Finance Operation Consultant LeeAnn Nichols , Assistant City Manager Matt McNeile, Public Works Director Brian Cesar, Police Chief Robert Duncan, Fire Chief Mikel Ward, City Engineer Jason Thomas, and Human Resource Manager Katie Josselyn.

A. Budget Overview – Summaries

City Manager Stahle explained how the budget was put together and what they would be looking at for the next few days. He appreciated the hard work done by the staff, especially the Finance staff. At this point you have a recommended budget and by the time these meetings are done it will be your budget. He hoped the commission would devote this week and most of next having budget conversation with us and giving some direction. The tentative budget adoption will be a week from tomorrow night during your regular meeting. Before that meeting begins, we will have a Public Hearing on the budget and you can make whatever changes you've contemplated during these five work days. Remember, what you have in front of you is a balanced budget, and if you make changes you will simply be moving money around, unless you decide to increase some tax or fee. That would take some time to get officially taken care of. What you have in front of you he would classify as a maintenance budget, and that is important to understand. What he means by that is there isn't really so much revenue that we could take on additional levels of service, staffing or even provide raises. We are taking a cold, hard look at our financial condition and prepare for the future. One of the things you will be looking at is not only this fiscal year and next, but looking ahead. City Manager Stahle said he had been told they had not done that in quite some time, but he sincerely believed the only way to manage a major operations budget was to look well in advance; a five year look-ahead. When you look ahead you have to make some assumptions about what revenues will be affected in what way and what expenses might have to be increased. This budget, even though it is maintenance, in terms of staffing there is no change; no new employee positions being added and none being taken away. Unfortunately, there are no raises provided and even more unfortunate, some of the expenses associated with this year's budget have to do with things out of your control. Number one is the Hold Harmless situation the legislature has placed upon jurisdictions such as Alamogordo. That starts to show up with this budget and the future ones. Number two is the Affordable Care Act that will also affect us starting in January. Those two things alone are well beyond your ability to contend with; hold harmless is the exception. Within the statutory provisions of the state taking your hold harmless away over the next 15 years, you do have some leeway to create a new tax or add to the tax rate.

We did not assume any such rate increases in this budget, with the exception of water and sewer. We will talk about water in particular during these budget conversations. You will also be requested to act on adjustments to the rates for water this coming week. He encouraged them to consider, and it may be a little different for some of you who have been here a while, that instead of going on a department by department line item review, we will cover the big picture. He thought it important for this body to look at the big picture situation, make some strategic decisions on your finances and expenses and move on. He didn't know if they needed to get into

the details of line item budgets for every department, particularly in the situation we find ourselves in of a maintenance level budget. You can ask any question, this book is the entire thing, we will be happy to answer any questions and department heads have been asked to show up for explanations.

City Manager Stahle went on to say there are some things in here he believed are necessary such as the capital improvement projects. Most of those are large items you have been working on for decades, and those obviously have to continue such as flood control operations, the Desal and the sewer system improvements. You'll always have money in the budget for road repair although it will never be enough. Then you have a capital improvement replacement program and he takes that very seriously. Our staff have a problem doing their job if they don't have the equipment to do it. A great example is a policeman and a fireman; if you don't give them the necessary equipment it is hard for them to protect public safety. He said again that he takes this very seriously and has put some money in the budget to accommodate those things. There isn't a whole lot but it is a start and a philosophy. One of the things on capital improvement replacement is if you have a philosophy and stick to it, you will develop a routine for replacing or repairing equipment. He puts his money where his mouth is and you will see that in the budget proposal. We are hoping you all will hear us out, we will take it in presentations and bite sized chunks, we'll take breaks for refreshments. The truth is this is one of your most important duties and one he knows they will take very seriously while considering the consequences. Everything you say and do we'll be paying particular attention to. How you say it and what you say can have effect on everyone, so it is important to hear and understand each other and work with us; make sure we understand what it is you would like to see different. If we go over something and you don't agree with it, please pipe up. Kathy will essentially record those areas where it seems there is consensus on your part to adjust, but remember those things; next week it will be important enough for you to vote on them to make any changes. We wanted to give you maximum flexibility over the next five days to do it as aggressively or slowly as you want. Next Tuesday, we are expecting to get specific directions on what changes to make to the proposed budget, and then we'll have you adopt the tentative budget that evening.

Mayor Pro-tem Rentschler joined the meeting at 3:08 p.m.

Commissioner Straface asked if there was a statutory limit on cash balances, cash reserves. City Manager Stahle said there is a requirement that 1/12th of your operating budget be reserved and we do have that. Commissioner Straface said some of the decisions that will be made to adjust could come from cash reserve as long as we maintain that amount, and the city manager said that was correct.

Commissioner Straface asked about things in there for continuing projects and then asked about the time line to have this in to the state. City Manager Stahle said the tentative budget had to be submitted to the state by the end of this month, which means we have plenty of time unless you delay past next Tuesday.

Mayor Pro-tem Rentschler asked if we would go through this front to back and City Manager Stahle said we will cover high points. Mayor Pro-tem Rentschler said in the past we have gone back and forth, and the city manager said we will try to limit that as much as we can. We will follow the agenda as outlined.

Commissioner Hernandez remarked since we are doing a five year overview, he recommended we, for example on capital equipment replacement, be careful how you present it because last year we were told one thing and now we are doing something different. He brought up the Zia Trans to Las Cruces project and the monies they asked for were a one time deal, but we are continuing it. He noticed Commissioner Straface's time frame needed to be corrected under the Legislative Section.

City Manager Stahle said we want this to be a study session, an open dialogue. Mayor Galea agreed. City Manager Stahle reminded everyone this is not his first budget, nor is it for the department directors. You are to represent the community's interests and share what that is so we can have a budget everyone is comfortable with. It is important for the community to understand this is a maintenance budget and will not be increasing or decreasing the level of service. Unfortunately, we cannot add staff or add raises, and there are some expenses associated with the current benefit package that employees will face; they will be taking home slightly less. It is of grave concern to the staff and you can't keep motivating people without dollars as a major reward. The purpose of a maintenance budget is to get our collective act together so that in the future we may be able to provide those raises or benefit package adjustments. It is important to continue doing what you are doing, but don't go any further. He asked Contract Finance Operation Consultant LeeAnn Nichols to give her presentation.

Budget Process, Budget Development, Timelines and Adoption

Contract Finance Operation Consultant Nichols started with the PowerPoint presentation which will be included in the agenda book. Today she hoped to cover the budget overview, budget process, the development timeline, the overall-combined funds compared to the current year, major revenues, expenditures by category and estimated ending fund balance. We'll cover capital equipment replacement and other equipment summary, Katie will go over the personnel services summary, we'll do a five year outlook and a policy recommendation we would like to make for you on fund balance reserves. We will then do the general fund overview. If we get done with all that we can look at more. On Tuesday we will discuss the special revenue funds overview; an overview on all fund types, as well as internal service funds and enterprise funds. On Wednesday we will talk more about capital equipment and the capital improvement projects which include the street capital projects. The following Monday we will cover debt service, trust and agencies and outside agencies. On our final day, Tuesday, we will discuss any unfinished budget items and this is where we will bring back a list of things we feel you had a consensus over and then have you vote on that at 4:30 p.m. We will talk about the fund reserve policy as well and would like you to consider adopting one of those. We will then be adopting the preliminary FY15 budget at the regular commission meeting that evening.

She explained the budget process saying it basically starts in January when Finance puts together the budget worksheets for the department directors. It includes a two year actual – the current year, year to date and then we ask them to re-project for the current year. We use those projections for our beginning balances for the new fiscal year. The departments key their information into the budget itself and in March the budget analyst compiles the data into one budget document for review. Then we do city manager department meetings where the city manager reviews each departmental budget with the department director and makes changes as he feels necessary. The budget analyst then compiles the data for final review and from that, after the city manager gives the OK, it is compiled to form the city commission's budget books. The DFA requires we hold these Public Hearings for budget adoption. We adopt the preliminary budget at a regular commission meeting which will be on May 13th. The preliminary budget is due to the state by June 1st. FY14 year-end closing carryover balances, the final budget will be brought to you on July 18th. That is due to the state by July 30th.

Overall-Combined Funds – Revenues, Expenditures, etc.

Ms. Nichols said this is an overview of all funds combined, and shows the beginning balances for FY14 compared to FY15; the dollar difference and percentage difference. We go through revenues, transfers in and out, expenditures and then give you an ending fund balance. With all funds combined in the current fiscal year, we began the year with about \$65 million with estimated revenues of \$53 million, transfers in and out that are transfers we make in between funds that always match, and then expenditures of \$76 million, net revenues of \$23 million that we used from our fund balance, and we ended with a total of \$42 million. We are projecting we are going to end that as of June 30, 2014 and start the new year on July 1, 2014. Our projections for revenues for FY15 are nearly \$51 million which is a \$2.3 million dollar decrease over the prior year; 4% less. This is primarily due to the fact the City recognized loan proceeds from the NMFA

in 2014 for the RO project that totaled \$1.9 million. In the transfers in and out, they decreased by \$2.1 million; they include not only transactions for debt service and moving capital resources for projects, it also includes subsidized operations to the general fund. The major difference is contributed to transfers related to capital resources.

City Manager Stahle said one thing that helps people understand a government budget is that it is nothing but a planning tool that shows as of a certain day how much money you have in the bank that you haven't spent but plan on spending. Major construction projects take a long time with some of them requiring so much time, we put money in the bank and wait until the account is built up before spending it. It is a financial plan and a freeze-frame picture of where we are.

Commissioner Straface asked about some differences and if they were primarily a result of reduced gross receipts. Ms. Nichols said the primary reason we used the \$23 million of the fund balance is because we had large projects. Our expenditures of \$76 million in FY14 show we have a tremendous amount of large projects such as the RO project, sewer project, major road projects and flood control projects. Ms. Nichols said we will have more details on those projects coming up. She said the expenditures are \$22 million less attributable basically to the capital improvement projects. In the FY15 proposed budget, we are proposing to use \$3.1 million of the fund balance. We will go over all this.

Major Revenues with Assumptions used (including GRT/Hold Harmless), rate increases, etc.

Ms. Nichols continued with Revenue Assumptions they did when they projected FY15 revenues. In the GRT, since we had such a downturn in the current year that was unexpected, we felt like we might be leveling out and will be ok, but we took a conservative estimate of .73%. That was taken from the five year average.

Mayor Pro-Tem Rentschler restated that she was saying that was over the last year less the million dollars we are down in gross receipts that you expect to see .73% above that lower number, and she agreed.

City Manager Stahle said let's define what we talked about when we mentioned conservative budgeting. When you are budgeting in the government arena you never want to underestimate your expenses or overestimate your revenues. To do so is catastrophic; you have to be able to make sure you aren't going to spend more than your budget says and you have to make sure your collections are at least what they said. If they had used that .73% last year we would still be in a financial crunch because nobody anticipated that it would be down as far as it is.

Mayor Pro-tem Rentschler said the next question is the Hold Harmless that takes effect on July 1st, 2015, so it is not reflected in this. He wanted to make sure everyone understands when that will start to hurt us. City Manager Stahle said you plan for it. We have to take into account that lack of resources available to you when proposing the budget. It is time right now to start thinking about it.

Ms. Nichols continued with property tax. DFA requires us to follow a formula whereby we take the current tax values that have been certified; the most recent are 2013. Basically, it will be the same as last year and we have to use that. The new property tax values will not be out until September so we cannot adjust property tax until after that point. We used a three year average for franchise fees, licenses and permits were projected by the department, grants were based on what has been appropriated and what has been appropriated consistently in the past, charges for services were projected by departments, miscellaneous was projected on a three year average and investment income was current average earning rates.

Commissioner Baldwin joined the meeting at 3:35 p.m.

City Manager Stahle mentioned when you are talking about your budget these assumptions are critical, whether you are talking revenue assumptions or expenditure assumptions. If you make one adjustment to that top assumption, it has material effect on this budget and for years to come.

We are going to be talking about a five year projection and it's going to be based on some very conservative assumptions.

Commissioner Baldwin made an announcement that the Tiger High School Boys Team won District as well as the Individual Boy and Individual Girl competitions.

Commissioner Straface asked if City Manager Stahle considered all these conservative and City Manager Stahle told him some he does not, but for the most part they are fairly conservative. He had asked the ladies in finance to look back further to give him a better basis; five years back.

Commissioner Straface asked if you consider investment income incurred as conservative? City Manager Stahle said there is not that much money in it, so he doesn't get too excited.

Ms. Nichols said another reason is because we always plan and want to move forward with our projects. The departments work hard to get those projects completed, but we end up holding on to money a little longer than we think.

City Manager Stahle said the reality is you don't earn much money in your investments, period. Earnings on investments are not what they once were.

Commissioner Straface and the city manager discussed bond monies and how it is different with a municipality as compared to a school district.

Revenues

Contract Finance Operation Consultant Nichols said these are broken down into categories. The revenues are projected at \$50.8 million; \$2.3 million less than the current year. The major difference for this is due to bond and loan proceeds whereby we received the loan of \$1.9 million in FY14 for the RO project. For FY15 we have not included a projection for bonds or loans. We realize we will have the two GO bonds from the election, however, we are still working on the details of those and will have them included in the final budget in July. The taxes include gross receipts tax and property taxes and they are both slightly above FY14. We assumed again the .73% increase on GRT which is based on the five year actual trend the city has experienced. Property tax is projected based on calculations prescribed by DFA whereby the most current available property values are used which now is 2013. 2014 won't be available until around September therefore property tax remains the same as projected in FY14. Miscellaneous revenue consists of refunds, collections, credit card fees, insurance credits and administrative fees. It also includes charge backs for the use of internal services from PHA and landfill. The majority of the \$319,000 decrease in relation to reimbursement is related to the reimbursement received from Premier Pellets and from the economic development incentive contract. The other half of the difference is due to the recalculations of internal services. Grants is another area with a sizable decrease of \$506,000 whereby the city is receiving 6% less in grants at this point of projection. Grants are pursued all year and when one is approved, the budget will be adjusted accordingly. Investment interests are up 21% primarily due to holding more money on projects. We've held more money than we thought we would be able to earn on that investment on FY14, so we've already surpassed our original budget estimate on that. We think we've made it conservative even though it is 21% higher. Overall, revenues combined are 4% less than the previous year.

Next, Ms. Nichols showed by Category. She noted GRTs are the biggest piece of the pie. The GRTs at \$12 million are our imposed taxes and along with the States share it represents 38.7% of the total revenue for all funds combined. User fees which include recreation fees and

enterprise fees such as water, sewer and sold waste fees represent the second largest portion of the city's revenues – 30.5% or \$15.5 million.

She went on to explain the trend of the revenue comparison for all funds showing how it dips, rises and dips again for FY15. This is all combined revenue and includes everything; bonds, loans and grants. The next slide showed where she took the bonds and loans out. In FY12-13 it increased 3.4% and went down 1.4% in FY14 due to your downturn in GRTs. Total overall, all funds together in revenue, we are only projecting only a .4% increase for FY14.

She next showed the major revenues – grants, user fees and gross receipts taxes. They are pretty close together. She split the user fees into two slides and will show the larger user fees in a separate slide. This slide includes annual user fees under one million; community services is the largest fee source with FY15 estimated at \$400,000 and is 3% greater than FY14. PHA is estimated at \$353,575 for FY15 and is 2% lower than FY14; Airport and Senior Center are both within 1%; Miscellaneous User fees throughout other funds are 3% higher. The user fees that collect over one million include water/sewer at \$9.4 million for FY15 and are 1.78% under FY14. We will go over the water/sewer revenue in more detail when we do the rate analysis tomorrow. Solid Waste user fees are projected at \$1.988 for FY15 and are 2% under FY14 projections. The Golf Course was projected at \$1,265,575 and is almost 1% under FY14.

Ms. Nichols said the Grant Revenue total for FY15 is \$7.6 million and is \$505,000 below the current fiscal year. Grants in FY15 include the legislative funds for police cars, the RP project at \$4 million, \$100,000 for the public restrooms and \$300,000 for the storage pond at the golf course. Prior grants that we don't have projected for current year include airport FAA grants, state highway grants, state reclaimed water grants, a LEDA grant, Washington Ave. grant and a state grant for regional waste water. We will get more grants and when we do we'll put them in the budget. The finance department had a rule that they don't put a grant in the budget until they actually get the grant. We are changing that and will put the grants in that we know we are going to get, especially those that have a match.

Steve Boyle, Accounting Manager presented GRT and Hold Harmless. He showed we are down \$737,000, 4.6% for the first 10 months compared to last year. He went back a few years and showed how in 2009 we started at \$18.6 million; our best year was 2011 with over \$20 million. The reason for the 2014 original and 2014 re-projection is when we did our budget we thought we would stay flat, but we have had the downturn. When we re-projected we came up with \$19.2 million for 2014 and in 2015 it went up .73% as the city manager had indicated. Mr. Boyle gave some Hold Harmless information. First of all the maximum that can be enacted is 3/8 of 1%; we don't have to wait, we can do it whenever we want and we can do it in increments. The Hold Harmless will hit July 1, 2015, so it will impact us in FY16. The total loss in revenue for food and medical at this point is \$2.7 million over the next 15 years, that's what we will lose.

Mayor Pro-Tem Rentschler asked if that number was indexed for inflation at this point and Accounting Manager Boyle said it was the .073. He would show a chart of this later in the presentation. There wasn't any new legislation in 2014 and he had verified this with NMML. They had three bills introduced but not acted on. The tax is very similar to any of our GRT enactments; you can enact in July or January and do this two or three months before then. If we enact the 1/8% tax in January, it will end up \$367,415 for half a year, so there will not be a Hold Harmless affect from January to June 2015, and that would be money in the bank. As we saw from a previous slide, we are already down \$700 something from last year, and that would be half of that loss. He pointed out the amount we would lose if we waited until July 1, 2015 – June 2016. If we enact the tax July 1st at 1/8 we will get \$738,990 of additional monies and will be \$574,932 ahead. 2021-2030 it jumps from 6% - 7% of what we will lose each year, so we will lose \$191,401 each year beginning in 2021. Next he showed a graph showing the GRT with a .073% growth rate. We will lose 6% (\$164,058) the first year. He showed if there wasn't a Hold Harmless affect how the amount would increase, but with the Hold Harmless affect it decreases. He showed how much we lose each year and then showed the same statistics for 2021-2030. We would be using

\$191,000 a year now and grow from a \$1 million to a \$3 million loss by FY2030. Accounting Manager Boyle showed what would happen in 2014-2020 if we enact 1/8th as of January 1, 2015 and then if enacted on July 1, 2016.

Mayor Pro-Tem Rentschler asked if these numbers were in line with the DFA numbers; those put out as a result of the Hold Harmless being taken away. Mr. Boyle said he had used the most recent information he could find and it is where we have \$2.7 million in medical; it could change a little bit.

Mayor Pro-Tem Rentschler asked if the .073 he uses is what he expects the inflation index to be. Accounting Manager Boyle said that is being very conservative.

City Manager Stahle said the .07 is not tied to inflation; it is based on what we have experienced in the last five years in the way of average increase for fiscal year. That is dangerous because if you expect a worse downturn, meaning we aren't going to get even what we got last month, then we need to adjust our numbers downward as well. We've estimated a .73 whatever it is increase in GRT from the current fiscal.

Mayor Galea appreciated that they show different alternatives if enacted. Accounting Manager Boyle said he only used the 1/8th because we can multiply it by 2 or 3. If you went to 2/8th or 3/8th we wouldn't need all that money, but it would certainly help.

City Manager Stahle said we can always talk about other options you have when talking about revenue streams, but as you have already seen, that's where the lion's share of your revenues come from. If you are going to have any significant impact, it will likely be there.

Mayor Pro-Tem Rentschler said Alamogordo was one of a handful of cities that at the end of the 2030 Hold Harmless phase-out, we were not able to come completely whole with the 3/8th tax. He said he didn't see that on the charts. Accounting Manager Boyle said since we don't know where GRT futures will go, these take the \$2.7 million we know about today and take the 1/8th on there.

Mayor Pro-Tem Rentschler said he was talking about Taxation and Revenue numbers. Ms. Nichols questioned him on this. He said we are one of three or four cities in New Mexico who do not get completely whole by enacting all 3/8th. Accounting Manager Boyle said we know we are going to lose \$2.7 million with Hold Harmless. If we enact 3/8th, we are going to get \$700,000 X 3 all at once in one year. He didn't understand where they got that. Mayor Pro-tem Rentschler said it's kind of what the county did.

Mayor Galea said the projection with the DFA was as if we had imposed the 1/8th as needed instead of 3/8th up front, as Las Cruces had done. At the end of the 15 year phase out, there won't be a way to make us whole if we phase it out over time. There will be a difference of \$400,000 less in revenue.

City Manager Stahle said in fifteen years it will be easier to contend with a \$400,000 reduction in revenues versus a \$2 point anything reduction in revenues. Mayor Galea said we do have to think fifteen years down the road and City Manager Stahle said that is our chore. He pointed out they had lots of other revenue options to play with, but you need to talk about your expenditures and we are going to spend a lot of time on the expenditure side.

Expenditures

Ms. Nichols told the commission the expenditure assumptions we used in developing our expenditures were the city manager's instructions to departments. The city manager asked the departments to re-project their current years, compare year-to-date and actuals from prior years, and adjust accordingly. Capital was frozen and approved on an as-needed basis due to the GRT revenue shortfall in the current year. Projections for FY15 should be relatively flat as to FY14 and

capital is based on needs and priorities. Expenditures for all funds across the board are: total Salaries and Benefits are 1.6% above FY14 - from \$19.1 million to \$19.4 million – a difference of \$308,443. This is primarily due to the Health Insurance increase of 10% and the Affordable Health Care Act (AHCA) that takes effect on Jan. 1, 2015. We put a total of \$825,000 in the budget for that and only had to cover half the year for FY15. The HR Manager will go over that in more detail after the expenditures. Supplies decreased by \$104,000; Maintenance increased by \$172,000 or 11.8%; Utilities have a 44% increase of \$704,000 and she meant to look up how much each utility went up (she will bring that to them tomorrow); Other Services decreased by \$1.8 million; Insurance decreased by \$104,574 or 8.5%; Capital, and we don't have as many major projects scheduled in FY15 as we did in the current FY, has decreased by nearly 61% or \$21.3 million. She remarked she needed them to understand that is what they see right now which is the projected for FY14. When we projected FY14, all the larger capital improvement projects had been estimated at 100%. We already know some of those are not going to be done by June 30th, so they will carry over. When you see the final budget number come to you, whatever is left over of the \$35 million will add to the \$13.7 million for the next year. We will carry those over until those projects are completed. It is important to understand you have committed that money for those projects. The reason that is important is we will be talking about the reserve fund balances and the policy we will recommend to you, so we do end up carrying a lot of the capital projects over until completed. Debt Service had an increase of \$34,000.

Commissioner Straface asked if the 44% increase in utilities was normal and if not, what causes it. City Manager Stahle agreed and had asked the same question. He thought some of it has to do with the Waste Water and Water Treatment facilities.

Mayor Pro-tem Rentschler said it should have gone down since we've put 2.5 megawatts of solar on there in the last year. City Manager Stahle said they may not have taken that into account, so let's talk about that.

Public Works Director Cesar said we didn't have too much of a winter so the surface flows are down and they saw a decrease. He said he could get them the exact number. We did increase the electrical usage of wells by approximately \$200,000. He will get them the exact numbers. A good portion of that is from the water side.

City Manager Stahle said you can see from the columns that one is projected and one is proposed budget. One is based on eight months of actual expenses and we get much more precise on estimating what the end result would be in a 12 month period. The FY15 is the exact opposite; we are estimating a full 12 months of expenses. You will always see in fund accounting a projection less than the actual budget.

Ms. Nichols went on to say in this chart you see the comparison between FY14 in darker red and FY15 in the blue color. She showed that Code Enforcement is less in FY15 and all of these are basically less in FY15. She just noticed an error in Series 1 and Series 2; Series Red is the FY15 and Series One is Blue, FY14.

Commissioner Straface asked how she accounted for the increases in the proposed legal, city manager, and planning and zoning. It was discussed and then he withdrew his question. Ms. Nichols apologized because this slide belongs in General Fund and not Overall Expenditures. Commissioner Straface asked if the red was 2014. She told him FY14 was \$18,000 and FY15 is \$4,786, so the red is FY15 and the blue FY14. It was decided to re-visit this one.

B. Capital-Capital Equipment Replacement and other Equipment Overview

Budget Analyst Kathy Gilsdorf stated this shows all of the capital which is \$13.7 million. This shows how it breaks out between Street capital, water and sewer lines, motor vehicles, contract engineering which is attached to different projects, infrastructure/construction, ICIP basically for

15 is some of the water projects that didn't fit within some of the other lines, recreation, building improvements, Desal plant, capital equipment replacement, flood control, hardware and software and cell development with the landfill. This breaks out the whole \$13.7 million. The next slide showed how the pieces break out and biggest majority is the Desal plant. The other chart breaks it all out into pie charts. She showed the approved capital basically by category primarily your CER which are your vehicles and equipment and your proposed hardware and software. The vehicles are primarily \$300,000 for Fire, a contingency they will get every year. Police got around \$300,000 which also includes the \$200,000 legislative grant they received for their vehicles. The city put in the additional to equal \$300,000. Some of the other areas got some vehicles, but it is much smaller.

Commissioner Hernandez asked about the PD vehicles. Now they are asking for five Explorers and two Taurus's; is that in addition to the nine we got from the state? City Manager Stahle said his position has been for the two major departments, PD and FD that go through vehicles in an extraordinary fashion, he recommended you assume \$300,000 each year for capital equipment replacement. In FY15, the state has authorized a certain percentage of dollars for equipment replacement in the PD only. As far as which vehicles it will be, he didn't want them to bog down in that. We do have an explanation of the type of vehicle and it is for the ones readily available and how far \$300,000 will go.

Commissioner Hernandez asked if the \$300,000 was what the state is putting in or us. City Manager Stahle said it is us and the state together. \$300,000 is the total amount for next year for PD equipment replacement. Commissioner Hernandez said since we are going to the newer vehicles from the Crown Vics, does it include the equipment for the vehicles, and the city manager said yes. Commissioner Straface asked how much the state contributes and was told \$200,000. Commissioner Hernandez said we will have to put \$100,000 in and was told yes.

City Manager Stahle said he takes a philosophy that when it comes to the equipment, we have to be committed to that. Over time it all needs to be replaced, so the concept of having an equipment replacement program in place means if you plug in \$300,000 a year it becomes a natural replacement of the tired iron, so to speak.

Commissioner Hernandez asked if the vehicles would be delivered ready to roll or if they would sit in the city yard for months waiting for equipment to be installed. City Manager Stahle said he would hope they would be delivered and be equipped immediately, but he couldn't answer that. Commissioner Hernandez said the last time the departments were busy and the vehicles sat there for a long time. If it is sitting in the yard we obviously don't need it and can use that money for something else. City Manager Stahle agreed and said it should be done quickly. The reality on particularly fire trucks is that it is a long lead item and those things take forever. They are built once they are ordered and it used to be the same with vehicles. Commissioner Hernandez reiterated he didn't want them sitting out there for six months. City Manager Stahle said that was duly noted, and he was talking about a replacement program that had to be routine. We need to develop a program in which you have planned for equipment obsolescence.

Mayor Pro-tem Rentschler said DPS had a capital replacement budget as well, and how does this compare to that when you put PD and FD together. His concern was if we would have to pay the entire amount next year without state support. City Manager Stahle said he hoped not. Mayor Pro-tem Rentschler said part of splitting DPS into two entities was to remain budget neutral. Is this a budget neutral situation? City Manager Stahle said no; he did not believe we are capable of handling stand alone departments and staying at the budget provided in years past. He was trying to look ahead, man them, equip them and make them function like stand alone professional organizations. Mayor Pro-tem Rentschler asked if he understood that was the deal, and the city manager said he did as of that time. Mayor Pro-tem Rentschler said we would not have passed that if it hadn't been in there, so we need to know.

City Manager Stahle said before you throw rocks let me show you the differences; we want you to see them and be comfortable. It isn't realistic to continue to think that forever and a day it will be budget neutral. Keep in mind, it is not a gigantic increase in either one, but as things settle down and we know who is where, what equipment is necessary and what buildings need to be replaced, you are going to face the reality that both are expensive operations. It is up to you whether you will have the money or not. It has not been a situation where we have pored a bunch more money into those two operations. These capital items are the biggest adjustment for Fire that he could perceive putting in front of you. Keep in mind we are trying to use volunteers to operate and if you switch from volunteer to professional the number will really go up.

Commissioner Straface asked if we have established criteria for vehicle replacement, and City Manager Stahle said he had in his own mind. In a tough financial condition the 80,000 miles/5 years may have to be stretched to 100,000/6 years. Now, he is saying to plug some money in to get it in our heads we need to be looking ahead for that capital equipment. We'll deal with the policy on how quickly to replace at a later date. One example, in Arizona the interstate system came right through their community. You are doing 80 MPH and if you want to do a pursuit at 100 MPH you need a vehicle that can do that. It also depends on your situation; if there isn't a lot of crime you might not need to replace equipment as often.

Commissioner Straface said some depends on your vehicle maintenance and City Manager Stahle agreed. He said modern equipment lasts longer than equipment used to; your environment matters a lot.

Mayor Galea knows we can get more into detail when we get to that department budget and wanted to continue with the presentation.

Ms. Nichols pointed out the Miscellaneous tab in the back of the book. There is a yellow piece of paper separating some of the reports. Right behind that yellow piece of paper is a list of all capital equipment we put in the budget by department.

Mrs. Gilsdorf continued with the capital equipment replacement program by director. Administration didn't get anything new. Last year they got the two pool vehicles that could be used by anybody. Community Service is getting less. They are getting within the CER a riding mower, Senior Center got a 250 bus, and Solid Waste got an affordable building. Engineering hasn't gotten anything and their vehicles are fairly new; Finance includes MIS and last year they got a van; FD is way up because of that \$300,000; Municipal Court didn't get anything new; PD is a little less than last year and the FY15 in the red represents the \$300,000; Public Works really went up because of the radio voting system that is primarily for the PD and cost \$440,000. It is in the Facility Maintenance budget which is under Public Works.

City Manager Stahle explained the radio voting system. The radio system for Emergency Services has some challenges reaching the whole city so there is a type of equipment we have been told will solve that problem. Once it is in place it will do like your cell phone does and go to the tower that is most available to handle the traffic. It decides which tower to use in order to get the communication through. We will look at it very carefully to make sure it is worth it. It is for both Police and Fire.

Ms. Nichols said it is budgeted for \$440,000. The capital equipment replacement was budgeted at \$100,000.

Mrs. Gilsdorf showed the major capital in the budget and it showed the Desal Plant at \$4 million; Street programs at \$1.2 million; Flood Control for Corp of Engineers at \$1.5 million; Radio Voting System (RVS) at \$440,000; PSAP at \$425,000 and is in the Public Safety/Police Dept. budget.

City Manager Stahle explained the \$425,000 was only an estimate of what we believed the consolidated PSAP would cost us. Once we are co-located then we start qualifying for the

money we each put in to the state fund to replace equipment. We're also pursuing whether they can help us defray some of that expense. We are facing a bigger change than the County and the reason is we are talking about moving our operations to the County building. Most importantly, that number includes an estimate for the Computer Assisted Dispatch operation (CAD) software and we would share the expense with the County and other service agencies in the PSAP. Whether we spend that or not depends on a contract we would all be comfortable with.

Commissioner Straface asked if under the Street program there was an identified list of needs and priorities. City Manager Stahle said there is and we will talk about that more. Now there are some major projects that should wrap up by the end of the calendar year and regular maintenance such as reconstruction and maintenance of existing streets. If we used our entire budget we still would not be able to meet all our needs. Commissioner Straface said he would like that list and City Manager Stahle said we will give you a map that illustrates where they are.

Contract Finance Operation Consultant Nichols said we have also planned to discuss the street maintenance program and some other capital monies during another capital improvement section on Wednesday.

Commissioner Hernandez asked about the RVS and whether it was through a vendor and the city manager said it was. Commissioner Hernandez asked if they were guaranteeing it would work and the city manager said we won't do it unless they guarantee it. We will still look at all options. He was tired of hearing about the dead areas and this will try to fix that. Commissioner Hernandez said it is a lot of money to spend if it doesn't work.

Ms. Nichols said we will turn this over to Katie but she first wanted to show them a picture of personnel services showing the salaries, overtime, standby, allowances and benefits. In FY15 the total wages are \$13,262,313 as opposed to FY14 of \$13,308,849. The salaries went down by about \$46,000 basically due to changes in positions. The benefits increase by about \$354,000 and went from \$5.8 million to \$6.1 million. Health insurance increased by 10% and we did put in some money for the AHCA.

Commissioner Baldwin asked what percentage of the total budget was for personnel services and was told it was 36%. City Manager Stahle said it is important to understand that is total budget. Commissioner Baldwin said well done.

City Manager Stahle said what we just showed on the prior slide was the expense to the city only. When there are benefit packages there is some buy-in from staff as well.

C. Human Resource Summary - By H.R.

Katie Josselyn, Human Resource Manager explained the slide showing the number of employees and saying this proposal maintains the same levels we have in the current year, FY14. There are 343 regular full-time/ 48 regular part-time/ 42 seasonal/ 433 total actual positions/ 377 full-time equivalents.

Commissioner Straface asked her if under the AHCA we are talking about the need to identify employees who work more than 30 hrs. per week. She told him yes and is based on the current policy which defines full-time as 40 hrs. per week. Regular part-time is anything less than that and is budgeted all year. Commissioner Straface asked if it could be less than 30 hrs. per week and she told him yes.

Human Resource Manager Josselyn pointed out again there are no staff level changes in FY15. She next showed personnel budget factors that affect budget. She showed the COLA increase to AFSCME and that there are no COLA increases for APSOA since their contract is still in negotiations.

City Manager Stahle said that is an important point. He told the commission we haven't settled so had they done as AFSCME, the 1.5% would have come out of our budget and also would have meant the staff within that union would have seen a slight adjustment in their pay. Since that did not happen, we are not legally able to provide that 1.5%. That point has been a noted piece of the conversation in negotiations.

Commissioner Straface asked about the 1.5% on July 1st and if it was the current fiscal year. City Manager Stahle confirmed. Commissioner Straface then asked if there was a guaranteed contract for next fiscal year and City Manager Stahle said they are still negotiating. He went on to say first of all, AFSCME is in negotiations for next year's union contract; APSOA is still in negotiations for the current year's contract. Commissioner Straface asked if part of the process was arbitration and City Manager Stahle said it may get to that. Commissioner Straface asked if it was binding arbitration and City Manager Stahle said the commission still has final authority on all union contracts.

Human Resource Manager Josselyn continued by saying this chart shows the current fiscal year and the next chart would show FY15. She reminded the commission that for FY14 they had approved a 1.5% increase for January, 2015, but it was contingent on GRT revenues so it was not implemented.

City Manager Stahle interjected that FY14 was correct, and if we had seen the projected increases in GRT then we would have been able to get that. A condition of your authorization for the 1.5% increase in January of this year was that our gross receipts were on pace with what we had estimated they would be. Since they were not, that was not authorized.

Human Resource Manager Josselyn explained the PERA employee contribution that was increased by 1.5%, the health insurance premium increase and vacancy savings in wages and benefits. The next page showed the FY15 budget with no COLA increase, no wage increases, the 10% health insurance increase to both the employee and the city, the AFHA contingency fund for what we are proposing to do in order to handle this and the full family group insurance budget. She said over the years we have had about 20% of our employees pick up family and with the changes with the AHCA it is very hard to determine what we might be facing. City Manager Stahle said you always assume the worst with expenditures.

Commissioner Straface felt it was important for us to understand where those dollars are.

Commissioner Sikes asked if the 10% health insurance increase would be passed on to employees and Human Resource Manager Josselyn confirmed. City Manager Stahle said the \$120,000 is just ours and is not passed on; we share that right now. Commissioner Straface said everyone gets 10% now and Human Resource Manager Josselyn confirmed.

Human Resource Manager Josselyn said the workmen's comp. mod rate would be increasing a little and she said we pay for what has happened over the last four years. The mod rate has to do with how many claims and the cost of the claims over the last four years. 2011 was our worst year so in FY16 we will drop that year and thus get that down significantly. In her own department's budget, they went down 75% compared to 2011, and 2012 and in 2013 we went down about 40%. It is reducing and has a better outlook for future years. On July 1, 2014, PERA will increase the employers share by .40%, and if we meet our safety training we will receive an \$801,647 dividend credit.

Commissioner Straface asked about the 15% health insurance increase this year. Human Resource Manager Josselyn said we didn't have an increase for three years before that and they've really hit us this year.

Human Resource Manager Josselyn showed the percentage based deductions/benefits that are deducted from employee checks. She noted the FD and PD employees do not pay social

security taxes. The regular employees have total deductions of 14.7%, Police have a total of 8.5% and Fire employees have 8.4%. The percentage benefits the city pays for are totals of 32.24% for Regular, 42.86% for Police and 46.44% for Fire.

Commissioner Straface said for Police under employer benefits, we pay 42% of every person's salary and Human Resource Manager Josselyn said yes. City Manager Stahle said it is an amazing fact most people don't understand, and Commissioner Straface remarked that was without social security, and the city manager confirmed in Police and Fire. He felt one thing that would help staff take a big picture look at their salaries would be to show them on a paycheck what the city is paying in addition to the actual dollars they get to take. He said he has done this in another jurisdiction and it was an eye-opener. People don't appreciate how much every position costs us, and this doesn't even talk about the building, vehicles, computers, cell phones, etc. This is just the cost of salaries and benefits. Human Resource Manager Josselyn stated this doesn't have health insurance in it; they are simply percentage based benefits. She told Commissioner Straface that in the 1950's they signed a section 218 agreement that exempted them from social security but they have the inflated contribution to PERA. Commissioner Straface asked if the amount of health the city pays was added on to the 42%, and Human Resource Manager Josselyn said yes. On the employee side it is also added on to their deductions. Commissioner Straface said the cost of an employee to the city for benefits is more than 50% and City Manager Stahle said that was only for Police and Fire. Human Resource Manager Josselyn said the regular is 32.24%.

City Manager Stahle said the general fund salaries represent 72% of the budget; the total general fund, and Commissioner Straface said that is because you are labor intensive. City Manager Stahle confirmed that.

Human Resource Manager Josselyn said one of her objectives is to give a benefit breakdown to all employees showing the total cost of their position. Commissioner Straface said the school district paychecks show both the employee and school district numbers.

Commissioner Hernandez said we get one about every three years that shows what your salary, benefits, training, cell phones, meals, etc. are, because it is part of your salary and the City Manager Stahle agreed. So, a \$30,000 employee is making \$70,000. Mayor Pro-tem Rentschler asked him if that was every three years and Commissioner Hernandez confirmed. Mayor Pro-tem Rentschler agreed that it is an eye-opening.

Human Resource Manager Josselyn has worked here 23 years and doesn't remember getting one. City Manager Stahle said perhaps we should cure that. He went on to say it is a rude awakening to most staff, and they do need to understand it since there is a budget in front of you that doesn't give them any increases this year. In fact, some will be a cost to them.

Commissioner Hernandez said what makes the difference to a staff member in their take-home is more important that 20 years down the road, because that is what they have to contend with today. That's why that 1.5% we gave last time was very important, but it didn't mean anything since we are raising it more. City Manager Stahle said it was already eaten up by the AHCA. Commissioner Hernandez said we need to really watch turnover and what it is costing you. You have to be careful with all of it.

Human Resource Manager Josselyn showed the breakdown with the 10% increase for this year, and then broken down by the four different policies we offer. The current split on that is the employee paying 40% and the City paying 60%, with the exception of the basic life policy of which the city pays 100%.

Commissioner Straface asked about some of the costs and if an employee and spouse who work together get any benefit on that. Human Resource Manager Josselyn said both cannot; there can't be a duplication of coverage. Each employee can pick up a basic life policy as an employee

and the city pays 100% of that. City Manager Stahle said if you abide by the recommendations it will get worse for both sides.

City Manager Stahle said it is critically important to understand because of the health insurance increases and because of the AHCA, we are going to have to make some important decisions that will affect every single employee. He asked for Human Resource Manager Josselyn to be meticulous in going over the next page concerning AHCA.

Human Resource Manager Josselyn explained the FY15 insurance budget for employees with a total of \$1,596,843 and then broke it down for all the different policies. The total group insurance budget is \$1,737,000 and the approximate cost of the 10% health increase is \$120,000. She showed other totals

Commissioner Sikes asked if we developed any models where we eliminate health insurance altogether, and let people pick up one of the policies offered by the state and then possibly increase salaries to cover this. Human Resource Manager Josselyn said they had looked at a lot of different possibilities and would go through them.

Human Resource Manager Josselyn showed the considerations for the AHCA. We are required to comply effective January 1, 2015; employees were required to comply effective March 2014. We are required to provide affordable employee only health insurance to full time staff; that will change our definition of full-time. 30 hours or more per week and more than 120 days per year will become full-time staff. We'll have to look at that for some of our seasonals. We have to establish a measurement and stability period and she recommended a 12 month period. That means we will be required to do tests and measure how many hours employees are working. If we discover a position is working more hours than originally set up for, or if they have gone over that period, then the stability period would be the same length of time we would be required to cover that employee and offer them insurance if they elect to pick it up for that next year. Every year you start over and it is measured on a month by month basis.

Commissioner Straface asked her if there would be a fine if you don't and she told him there is a significant fine.

Human Resource Manager Josselyn said the employee premium cost, the amount coming out of the employees check, cannot exceed 9.5% of the employee's gross household income. Our challenge is how you measure the household income because by law we cannot ask for that information. We have to go with the worst case scenario and look at what that employee makes working for us. There are some back door ways to look at that such as if an employee comes in to look at the exchange and you see you are not meeting the level where they can get insurance, then on a one-on-one basis we can see what an employee's household income is. For measuring the group as a whole, she said it isn't something we can do. We use the employee's wages with the city to measure that.

Mayor Pro-Tem Rentschler asked if we don't look at any other way to measure, like asking for a 1040 Form to figure it out. He asked if the law allows for any of that and she said no; this new act is putting employers in a precarious situation.

Commissioner Sikes asked if the IRS would test it and Human Resource Manager Josselyn said through attrition and as things are practiced and worked with over the next several years, it will change. Commissioner Sikes asked if you have to be married. Human Resource Manager Josselyn said this looks at the employee only coverage. City Manager Stahle said it is based on the household and if your household includes non-relatives, it will be an interesting point, and a problem.

Human Resource Manager Josselyn said we have to make it available for dependents. We don't have to meet that test for dependents, but we do have to make it available to the employee to

pick up. Hours and employment duration of 12 seasonal positions will be changed in FY16 to eliminate the eligibility. She said we have 42 seasonal positions and when she put all of those to these tests, 12 met the full-time staff requirements and require us to offer insurance to them. They worked about 40 hours for 30 weeks, so worked over that 120 day period. You can have a position working a 40 hour week; they just can't work past the 120 day threshold.

Mayor Galea said how would it work if it exceeds 9.5% of their gross pay? Human Resource Manager Josselyn said we looked at 18 different options and there are two different tests. First they have to meet the 30 or more hours per week/120 days per year, and then you have to meet the 9.5% test.

Human Resource Manager Josselyn said what they are looking at doing for those 12 seasonal employees is turning them into 24 seasonal positions. They could only work for the 15 weeks instead of 30. City Manager Stahle said that causes work and frustrates potential seasonal employees because they have to get more jobs or not have the income. It affects our community, without a doubt. Human Resource Manager Josselyn said it also affects management because you can't have them work for 15 weeks, release them for a week and then bring them back. You have to use the entire measurement period to get those 120 days.

Human Resource Manager Josselyn showed her facts that of 343 positions eligible for insurance under our current definition of full-time. Positions eligible under AHCA are 351 and that adds the eight part-time positions that meet that test; that does not include the 12 seasonals. There are 86 employees not meeting the 9.5% test, so that means the cost for employee only insurance coming out of their checks is more than 9.5% of their salary. The current participants in our group health insurance are 213, which is just the employee. What she did was look back at how many employees signed up for insurance in January because employees had the requirement in 2014. She had between 5%-6% sign up for insurance and she anticipates more than that. On July 1, 2014, with the 10% increase of the employee only cost to the employee is \$2,277 per year. The other thing she did was look at what the lowest paid employee made and what percentage we would have to pay of that policy to meet that 9.5% test. We would have to pay at least 79.43% of that insurance policy to meet that test. Presently, we are paying 60%.

Next she explained they looked at the different ways we could try to handle this. One way was to change the contribution amount the city pays for health insurance. The state uses a sliding scale based on salary, but their cut-off point is \$50,000 per year. That is not an option for our group. If you bring that down to about 25, then you will see in option 15 for a full year period if we looked at the whole 351 picking up insurance, it would cost us \$642,000 more per year. We looked at changing only those who do not meet the test, and then you run into other factors such as internal equity. We also looked at changing the pay of just those employees and that was option 17 which costs \$259,000. That opens you up for future years and you'll have to measure that every year. You'll have some employees getting wage increases and not others which could cause a morale issue. City Manager Stahle said it would be a big morale issues and it's called salary compression. An employee has been around a lot longer than a newby and yet they are getting paid the same. There would be a ripple effect that is unpleasant for everyone.

Commissioner Straface asked if she was recommending option 12 and she said yes. Human Resource Manager Josselyn said option 12 based on several things – the impact to the city and the employee, a reasonable estimate of participants, internal equity, administration of the plan and future plan compliance. All these costs will vary with the actual enrollment level of what employees elect to do. If you look across the chart at the very top, it shows where we are now. The city pays 60% of the employee only coverage or family coverage. The cost of that is \$1.5 million and the impact to the employee for an employee only policy is \$2,277 per year and for family coverage \$6,705. That is with the 10%

Commissioner Straface asked if option 12 had the expenditures calculated, and Human Resource Manager Josselyn told him option 12 is what we use to place the contingency fund of

\$125,000, because we are only doing it for half a year. City Manager Stahle said yes, it is in the recommended budget for half a year, and \$248,000 being on top of the \$1.5 million.

Human Resource Manager Josselyn said that the number enrolled of 248 is using the estimate she had suggested of 25% more of the eligible signing up. We could have all 351 sign up; we just don't know. As far as administration, the easiest would be for us to pay 100% of the employee only, but she could see that running up enrollment when people may sign up as a secondary insurance. We are looking at administration, the future plan, the future plan compliance and all those factors when we are suggesting option 12. What option 12 does is that the city, beginning January 1st, would begin paying 85% of an employee only policy. However, for dependents they would pay 35% of the difference for the dependents to be on the policy.

Commissioner Straface said the easiest thing would be to pay the penalty or you hurt your employees. Human Resource Manager Josselyn said she has found some private companies and corporations doing exactly that. They are saying they won't have insurance anymore and just pay the penalty. Commissioner Straface said they will let the employees go through the exchange.

City Manager Stahle said it goes back to what was said earlier – we'll pay you what we have been and you get your own insurance. There is a consequence to that; it's take-home that matters so if you give them the amount you are otherwise paying for insurance, they might not buy some more and be uninsured. That would be a consequence on your operations. As you can see from this chart, option 12 seems to be the best we've got.

Commissioner Sikes asked about the state insurance we provide to all employees and if we just take what they give us. Human Resource Manager Josselyn said we looked at it last year and the numbers we got were significantly higher than what we are getting from the state. We have to remember the state is a pool and there are other entities that are not pools. When you have a bigger buying group it is kind of like buying it at Sam's.

Commissioner Sikes said all of the exchanges are pools, too. Human Resource Manager Josselyn agreed and said we are a Large Employer with over 50 so we can't just say we are going to let the employees go to the exchange. We are required to offer the insurance or we get penalized. For every one of our employees who goes to that exchange and gets a credit through the exchange, the city will be fined. That is an annual penalty so they break it out. If you have some employees who only do it for six months, then it would be a ratio of that year. That is the worst case scenario.

Mayor Pro-Tem Rentschler said the City offers three types of health insurance currently. Human Resource Manager Josselyn said there are two different ones and the coverage is very similar; we don't offer a low level coverage.

Mayor Pro-Tem Rentschler asked if there was an option and she said she had asked about that because the state had a health savings account policy, but they have dropped it since it didn't meet the other criteria. The insurance company has to pay at least 60% of the services rendered or that doesn't meet the test for the AHCA.

Human Resource Manager Josselyn said she was much more of an advocate to encourage healthy employee and wellness programs since that affects morale which affects workers comp claims which affects all the other things that go along with it. These are the black and white numbers and there are so many other factors.

Commissioner Sikes asked what input she receiving from city employees. Human Resource Manager Josselyn said they hadn't seen it. Commissioner Sikes asked what they were saying up until now.

Commissioner Hernandez asked if our rates were based on usage or just what they are giving to us. Human Resource Manager Josselyn said it was based on usage. We have a 1% load fee on top of the basic fee to the state because of high claims.

Commissioner Hernandez said one of the things they have done because they are health care is that most nurses who had a kid with a runny nose went right to the ER. We implemented a program called 'Swift MD' where the hospital pays for it, but it is free to the employees. When you have a cold or the flu, you call or email and a doctor calls you back within the hour. They can even prescribe medication over the phone and this cuts back on usage quite a bit. Human Resource Manager Josselyn said those kinds of programs and wellness programs are very beneficial in lowering claims. Commissioner Hernandez said it helped us a lot.

Human Resource Manager Josselyn said when you are in a big city it is different, but here in Alamogordo if you have a sick child, it is your only option and it is expensive.

Commissioner Straface said that with 'Swift MD', like Commissioner Hernandez is talking about you have 24/7 access. Commissioner Hernandez said it works really well and you just have to learn how to use it.

City Manager Stahle asked Human Resource Manager Josselyn to explain the effects of option 12 on staff. Human Resource Manager Josselyn told them this page only shows the annual impact for an employee with employee only insurance and it will actually save \$1,400 per year. For an employee who picks up family it will cost \$1,300 more. This is part of the reason they chose option 12. She pointed out some of the other options with family.

Commissioner Straface said if our employees pay \$595 for families they will increase it by \$100+, and Ms. Josselyn agreed.

Human Resource Manager Josselyn said the next screen breaks it down weekly and monthly. It showed the amounts with a 10% health premium increase and the city paying 60%. The dental insurance also comes out. The other chart showed amounts under the AHCA which showed the impacts to the employees for the first six months and for a whole year.

Mayor Pro-Tem Rentschler said dependent insurance would not be as affordable and Human Resource Manager Josselyn agreed. She told them an employee may look at the exchange and it could be cheaper for them to pick up dependents.

Mayor Pro-Tem Rentschler asked if they go on the exchange for their insurance, is there a way to take them out as far as the city is concerned and not have the penalty. She said that is what generates the penalty; if they go on there and get the credit and pick up insurance, we pay a penalty for every one of them. Mayor Pro-tem Rentschler said we look at their annual rate, take the penalty out and that would be the increase in their salary.

Human Resource Manager Josselyn said that in the January enrollment we had 103 employee only, 21 with employee plus child, 38 with employee plus spouse and 51 with full family. That is roughly one fourth of all those who pick up insurance. She continued to explain the options shown on the Power Point chart. Mayor Galea asked about option 6 and the human resource manager explained.

City Manager Stahle said this does not apply until January. There will be a lot of interpretations, amendments and delays in enactment; we don't know what is going to happen. We have to be responsible and deal with what we do know.

Commissioner Sikes asked why it would matter if someone decided to go to the exchange instead of through the city. She continued with the example of an employee opting out of city

insurance and going to the exchange to find something more affordable. How would that impact us? The employee is covered by the exchange and we still have the obligation to offer insurance.

Human Resource Manager Josselyn told her we must offer affordable insurance, so there are some whose salary would not meet the test. 86 times \$3,000 equals \$258,000. If you are going to spend that, why not cover the employee.

Commissioner Straface said you pay a penalty every time a person goes to the exchange, and what they don't want you to do is go to the exchange so the employers pick up the cost. Mayor Pro-Tem Rentschler asked if we are required to offer families, as well. Human Resource Manager Josselyn said we are required to offer it but it doesn't have to meet the test. You only have to meet all the tests for the employee.

Commissioner Hernandez said if you don't meet it for the family, it is all part of it because if they go shopping it will be cheaper for them to get insurance for the employee and family versus the employee and family separate.

Human Resource Manager Josselyn didn't think the exchange insurance was that great and she used an example. Her 27 yr. old nephew got insurance so he wouldn't get dinged on his income taxes. He qualified for a credit so the insurance was \$125.00 per month and he had a credit so he was only to pay \$60.00, but the deductible is \$5,000 per year. It doesn't make sense.

Mayor Pro-Tem Rentschler asked if we were capable of looking at something different to help with the cost. Human Resource Manager Josselyn wasn't sure how it was being done because you have to cover at least 60% of all.

Commissioner Hernandez said it's secondary and just to help reduce our usage. Human Resource Manager Josselyn said it is something we should look at – lowering the claims the employees and families have.

Mayor Galea wondered if the Commission could look at option 6 or 13 to be less cost to the employee for family insurance. It would give less incentive to shop on the exchange and we wouldn't have to pay penalties. City Manager Stahle said option 6 would be a lot more than this recommended. We would have to figure out where we are going to get that.

Mayor Galea asked if there can be something grandfathered in.

Commissioner Hernandez asked if this needed to be decided by Thursday. Ms. Nichols said no because it does not take effect until January 1, 2015. You would like it in your final budget; we can keep the number we currently have in there now.

Commissioner Hernandez recommended asking the employees for their opinion on this and maybe use a random number.

Mayor Pro-Tem Rentschler said the bottom chair is going to be 9.5% and anyone leaving the City because of this would find the same at any job.

Commissioner Straface said if we do option 13 as opposed to option 12 we would have to adjust our budget for an increase of \$160,000, and the city manager agreed. Mayor Pro-Tem Rentschler said we have to plan for it. Commissioner Straface said it will increase over time.

City Manager Stahle said we have another issue and that is union negotiations because these are benefits and directly related to union negotiations, so it is important for us to get guidance from you. The money simply isn't there and you have to make some tough decisions with this being the toughest one of all.

Mayor Pro-Tem Rentschler said anything about 9.5% is the City's, and Human Resource Manager Josselyn said what she did is take the lowest pay in the city and what percentage it would take for the City to make that test.

The meeting was recessed at 5:40 p.m. and reconvened at 5:57 p.m.

City Manager Stahle said we have to look ahead, at least five years out.

D. 5-Year Outlook

Accounting Manager Boyle explained the handout titled COA General Government Sources of Uses of Funds, Funds (11,32,63,65,98). Those funds represent the General Fund. The first page of the handout showed the 2014–2019 Forecasted Amounts, the second page showed the Assumptions, and the final page listed Sources and Uses of Funds for 2014-2019 Project Amounts. The General Fund gets 52.5% of our total GRT enactments including the State share. These projections do not show any Hold-Harmless affects as far as enactments go.

City Manager Stahle said a critical point is that in years past you have been deficit budgeting, but have not spent on a cash basis in a deficit manner. Since you have spent essentially 85% of what was budgeted you have been able to not have a cash deficit. We can't keep doing this.

Accounting Manager Boyle said the General Fund is Salary and Wage heavy - 72%.

Commissioner Straface said he didn't think you ever spend 100% of what is budgeted. He would like to see the projected, the proposed, and then the audited numbers. Turnover has always been absorbed and City Manager Stahle agreed.

Commissioner Straface felt there was enough flexibility in Salaries and Benefits accounts so that no jobs would need to be eliminated.

City Manager Stahle said if you are not saving for the future in order to handle what you are projecting, then you have made a mistake.

Mayor Galea spoke of a tax increase and City Manager Stahle said that was the Commission's call.

Recessed the meeting at 6:23 p.m. and will reconvene tomorrow at 3:00 p.m.

TUESDAY, MAY 6, 2014 - 3:00 P.M.

Mayor Galea reconvened the meeting at 3:00 p.m. All were present except Commissioner Straface and Commissioner Baldwin.

Other Director's Present: City Manager Stahle, City Attorney Thies, City Clerk Cantin, Contract Finance Operation Consultant Nichols, Assistant City Manager McNeile, Public Works Director Cesar, Police Chief Duncan, Fire Chief Ward, City Engineer Thomas, and Human Resource Manager Josselyn.

Contract Finance Operation Consultant Nichols started with a breakdown of Utilities Expenses which was a handout (see handout in Power Point). She pointed out the electricity line and asked for Public Works Director Cesar to explain.

Mayor Pro-Tem Rentschler said there was an Electricity increase of 69% which was astonishing, and City Manager Stahle reminded him those were projected. Mayor Pro-Tem Rentschler wondered what part of our electrical budget was for pumping.

Public Works Director Cesar presented the Water & Waste Water Utility Expenses. Mayor Pro-Tem Rentschler asked him for a breakdown of what he believed these were producing and what we are paying for when he could.

Commissioner Baldwin joined the meeting at 3:16 p.m.

Ms. Nichols moved on with the General Fund Overview. It was comparing the total General Fund to other years and to FY15. It is important to understand the budget is based on a cash level, and the fund balance is estimated to be \$5,404,000.

Mayor Pro-Tem Rentschler said you are saying we started with \$5 million and used \$3 million to balance it out of the last reserve, and we don't have to do that again. Ms. Nichols explained numerous points of these figures to the commission.

City Manager Stahle said we budget at 100% and gave the example, if we project there will be a vacancy at the end of June, we will budget as if we will spend the maximum amount for that position.

Mayor Galea said if we do not want to deficit spend we would have to find \$3.1 million to cut in expenditures. City Manager Stahle said no, that is budget deficit and not spending deficit. You must realize you have your reserves. He felt it was important to understand the 1/12th required by law. We must modernize our Reserve policies. We will get into this later.

Ms. Nichols pointed out that the General Fund is your main General operating fund and accounts for all operations of the City that don't have their own sub-balancing fund. General Fund is basically the most non-restrictive funds you have.

E. General Fund – Overview

F1. General Fund – Revenues

Ms. Nichols said the General Fund includes Administration, Public Safety, Code Enforcement, Finance and Planning. General Fund revenues are projected at \$15.9 million, which is 2% higher. The handout showed a breakdown of FY12-FY15 and noted how flat the numbers were.

Mayor Pro-Tem Rentschler asked about GRT's and thought there would be more than this amount. City Manager Stahle said this is a conservative estimate on purpose, and it is optimistic to say there will be an increase. We don't know the impact of the F-16 coming to town.

Contract Finance Operation Consultant Nichols then explained the General Fund Expenditures page which is the last page of the handout. She said the biggest difference of 13% is attributed to the 10% health insurance increase and the AHCA. She said they could see all numbers related to the slides on page 24 in the budget book - General Fund Expenditures. She will include the dollar difference.

F2. General Fund – Expenditures (Summary by Department)

Contract Finance Operation Consultant Nichols explained page 24 in the budget book.

F3. General Fund – Subsidized Operations

Ms. Nichols explained the subsidized operations. She said there is a separate fund, Fund 40, for airport improvements.

City Manager Stahle remarked that two major sources of revenue for basic operations of the airport are the Fuel and Rental fees.

F4. General Fund – Capital

Ms. Nichols referred to page M-7 under the Misc. Tab and said any number beginning with 011 would be General Fund. She said the question came up yesterday about the comparison of PD/FD from the re-organization/separating of the two.

Steve Boyle stated it was said the split of the two departments would be a neutral position, but it wasn't at all, and he pointed out the changes made. The FY14 budget had a \$1.7 million increase with PD \$1.1 million and FD was \$609,000. He showed the history up until the split and the projection for 2015, and then a chart of actuals.

City Manager Stahle said it is critical for you to understand that you now have a Fire Department that relies on fighting fires by the volunteers and firemen instead of Police Department. It will take us a while to get enough trained volunteers in place to take the load off the police officers.

Mayor Pro-Tem Rentschler asked if we are still allowing PD officers to train, and Fire Chief Ward told him the ones who were training prior to the separation are being allowed to continue that training. Mayor Pro-tem Rentschler asked if we are training any new police officers and was told no. City Manager Stahle said we are reserving expenses to those who actually use it.

Mayor Galea asked if in the Five Year Projections it had been included to increase staff in the FD. City Manager Stahle said no. He said we have to have a core of volunteers in the FD to assist paid staff and we are working toward that. In reality, if you needed more firefighters, three per building, it is a lot so we are relying heavily on volunteers. Someday you will need to have additional paid staff to help offset. We are trying to keep this all as budget neutral as possible.

Mayor Pro-Tem Rentschler questioned the non-training of PD officers. City Manager Stahle said the complications are whether they need to be paid extra during that training or if they will volunteer for that training. Fire Chief Ward commented on training and volunteers and the fact there are minimum required hours of training per month and year.

Mayor Galea asked that we discuss this at a later date.

SKIPPED THE FOLLOWING TWO ITEMS:**Municipal Court (Fund 27)****F5. General Fund – Legislature**

Moving on to Special Revenue Funds, Contract Finance Operation Consultant Nichols said the chart basically showed the expenditures.

City Manager Stahle said we have a lot of special revenue accounts in the City. Most cities our size don't have nearly as many as we do. This also impacts your flexibility for the use of money, and some of these revenues have zero flexibility. Not all of these could be converted to General Funds.

F. Special Revenue Funds – Overview

Mrs. Kathy Gilsdorf, Budget Analyst continued with the Special Revenue slide showing FY14 projected, FY15 proposed and the difference between the two.

Ms. Nichols said she would go over the Special Gross Receipts Tax Income Funds later in more detail.

Mayor Galea asked about the Municipal Court fines and Mrs. Gilsdorf explained most of the fines collected go into the Court Automation. Since a lot of the fines go to the State, they get a portion back.

Mrs. Gilsdorf then went over the Special Revenue Expenditures page, and said these funds are projecting less.

G. Internal Service Funds

Ms. Nichols covered Internal Service Funds Revenue and Expenditures and that they basically showed the in-house fees. The Landfill, PHA and the Senior Center pay in a revenue and what you see between FY14 and FY15 is just that difference. She went on to explain the differences in the Expenditures. We will be having our technology system evaluated, from the hardware to the software, in order to give us the best advice for becoming more efficient and cost effective. City Manager Stahle added it does not include doing anything about it once the study is done.

H. Enterprise Funds

Ms. Nichols continued with the Enterprise Funds Revenue and pointed out the difference between FY14 to FY15 which include projections for a rate increase.

Assistant City Manager McNeile said any grant monies for the airport and library would be reflected when received.

Ms. Nichols went on with the Enterprise Funds Expenditures noting Water/Sewer was our largest Enterprise Fund and spent more than the PD. She asked them to turn to page 320 in the Budget Books and pointed out the detailed budget. She then went over Water & Sewer Revenue/Expense on the next Power Point slide, noting there is a lot of capitol in the numbers. Next was the Water & Sewer Fund Expenditures page.

Mayor Pro-Tem Rentschler asked if the Waste Water Treatment Plant included Reclaimed and was told yes. He asked if the State's \$300,000 for Bonito Lake was included and was told yes.

Recessed the meeting at 4:34 p.m. and reconvened at 4:43 p.m.

Commissioner Sikes had to leave the meeting at 4:40 p.m.

Rate Analysis - Customer Services Manager Ortega

(see handout in Power Point)

Customer Services Manager Ortega explained the Rate Analysis chart. The staff is required to review the rate structure for water/sewer operations annually and report to the commission as well as make any recommendations for rate changes. This presentation will reflect the annual rate review for FY15 – FY16 and rate adjustments through June 2016.

Mayor Pro-Tem Rentschler asked where the excess revenues were being put and Customer Services Manager Ortega said they were going to carry-over. Contract Finance Operation Consultant Nichols thought it important for the commission to know that the City knew years ago it would have so much capital and you get really good bond ratings when you try to do capital as you go. Any of that left over money from doing an increase now would basically go to the ongoing capital. The reason the City had the goal to keep that at two times the coverage to begin with, was so we could pay for ongoing capital. The \$150,000 represents the new amount of money generated from the rate increase we are proposing and it would carry over into that capital.

Customer Services Manager Ortega said our revenues are not guaranteed; if we go to water conservation measures it would hit us pretty hard.

Mayor Pro-Tem Rentschler clarified we would have a rate increase now because of the increase we will need to have in 2017, and the rate increase now would be used for capital projects. Mr. Ortega said they are budgeted and a portion will be used for this. He said capital projects were budgeted at \$600,000 for this year and \$1.2 million for next year. Public Works Director Cesar

said the projects were upgrades to the Alamo Filter Plant, replacement of the line from Green to Cobblestone Road, two projects at the Alamo Plant and at the La Luz Filter Plant.

Mayor Pro-Tem Rentschler said you will use the original money for the first two years and then it will be there ready for the RO Plant when it goes on line. Customer Services Manager Ortega said yes.

Commissioner Turnbull asked about connection charges and Customer Services Manager Ortega said the revenues from the connection charges are based on the meters we are selling. Commissioner Turnbull said people would complain about rate increases when they saw new houses being built. Customer Services Manager Ortega said we followed the 40 Year Water Plan on growth so that is considered in all the budget numbers.

Customer Services Manager Ortega continued with the Power Point showing the water base proposal and that they were asking for a 2% increase across the board. We try to save the base charges for when we go out for a new loan or new bonds. They ask for guaranteed funds and base charges are guaranteed. He explained the water commodity and the tier system of 1-5. Mayor Pro-Tem Rentschler asked him to explain why we can't go from 5 to 3 tiers. Customer Services Manager Ortega said he had looked into this and found the revenues from tiers 4 & 5 are \$679,000 and tiers 1-3 would have to be increased by 30% to recover the \$679,000. Mr. Ortega said we are a model to other communities going to conservation efforts, and we have been commended by the Governor for conservation.

Commissioner Hernandez is agreeing, but part of the blight is the green lawns and trees turning brown because of lack of water. If you lowered the rates so people could water their lawns, they would use more water and you wouldn't lose any money. Mayor Galea said its certainly worth it but then we would have to find the rates to cover our debt service, and our water table is down by two feet. Customer Services Manager Ortega added we will also have additional operating costs to produce more water. When Snake Tank comes on line we will discuss adjusting the Tier system.

The commissioners discussed water and keeping yards green, as well as incentives for homeowners to keep a neat yard. Commissioner Baldwin said Bonito Lake isn't up and running and the entire Southwest is in a drought, and he questioned us promoting use of more water. Mayor Pro-Tem Rentschler said people in tier 3 get murdered, tier 2 a little less and they are ok at tier 1. Commissioner Turnbull said we fine those who keep up their yard, but don't fine the ones who don't.

City Manager Stahle said in most places in the Southwest lawns in front yards are not allowed, and they punish with high rates for high water use. Maybe we should consider alternatives for 'green'.

Commissioner Turnbull had to leave the meeting at 5:14 p.m.

City Manager Stahle said we might look at changing the water restrictions, but we need to move on.

Customer Services Manager Ortega explained the Rate Comparison slides.

Mayor Pro-tem Rentschler asked which businesses would be affected and Commissioner Hernandez said it is pretty much any business with a flush valve; they would have a 1"-2" meter.

Customer Services Manager Ortega said he recommended starting to look at possible funding sources for future purchases and expenses – pay as you go. One recommendation was to place a Capital Replacement Surcharge on every utility bill in the City of Alamogordo. It is done in

other cities and by other utilities to help pay for infrastructure or for capital. The commission would decide how the surcharge would be distributed; he was asking for direction.

City Manager Stahle said the intent is to start developing a fund where you don't have to borrow money every time you want to do anything to improve or replace at the plant. It means a lot when you have to go for a loan. This would be on the water bill only. He noted the RO system is going to be expensive to operate and we have an inordinately large number of very old lines in the city. The sooner we can develop a replacement program for some of the existing system, the better off the city will be.

Mayor Pro-Tem Rentschler asked if the current debt service added to the sewer bills would be eliminated, and Customer Services Manager Ortega told him they would not be eliminated; they would be enhanced.

City Manager Stahle said you have five or six debts that have to be serviced. It is common for a surcharge to ultimately prevent you from having to go out and get debt, so you have cash on hand and don't have to borrow, but it will take a long time to get to that point. Anytime you can put more of a match up for a grant, you have a better chance of getting the money.

Mayor Galea asked if there is anyone who is opposed to bringing it to a future commission meeting. Mayor Pro-tem Rentschler wanted to wait for a quarter or a half. City Manager Stahle said you could also apply it gradually.

City Manager Stahle said you are going to decide on the rate structure at Tuesday night's meeting. You need to be thinking about it so you can give us direction at that time.

Mayor Galea asked if there is a line replacement plan currently in place.

Ms. Nichols said the Water/Sewer Dept. has \$250,000 per year for ongoing pipeline replacement. Customer Services Manager Ortega pointed this out on page three of the packet – Misc. Pipeline Replacement 2014.

City Manager Stahle asked the commission if they were willing to create a surcharge; we don't have any right now so it is difficult to say how it would be used. Mayor Galea is willing if it is \$1.00 per month.

Customer Services Manager Ortega said Ruidoso ran into major problems and had to put a \$40 per month capital surcharge on their water bills until they were able to pay for their capital needs. Mayor Pro-Tem Rentschler asked if it had since been repelled and was told it is still there to address all their problems.

Commissioner Hernandez said he knew we were being very conservative, but he would like to see a 10-15 year outlook for the PD and especially for the FD, concerning manpower. If the volunteer system does not work or we are not able to keep our ISO ratings where they need to be, what do we need to do to increase the man-power. He would like to see this succeed. City Manager Stahle said it will be a tough one and you won't like the numbers.

Mayor Galea would also like to revisit the employer cost of health care when it comes to the employee cost.

Customer Services Manager Ortega asked for direction on the capital surcharge. City Manager Stahle said we will wait until next week when they make some decisions. There will not be any direction today, but can be included as an action item for the commission.

Recessed the meeting at 5:34 p.m. and will reconvene tomorrow at 3:00 p.m.

WEDNESDAY, MAY 7, 2014 - 3:00 P.M.

Mayor Galea called the meeting to order at 3:00 p.m. Mayor Galea announced all Commissioners were present except Commissioner Straface and Commissioner Baldwin.

Other Director's Present: City Manager Stahle, City Attorney Thies, City Clerk Cantin, Ms. Nichols, Assistant City Manager McNeile, Public Works Director Cesar, Police Chief Duncan, Fire Chief Ward, City Engineer Thomas, and Human Resource Manager Josselyn.

I. Capital Improvement Projects

Contract Finance Operation Consultant Nichols said Mrs. Kathy Gilsdorf would go over these slides that include everything in the fiscal 15 post budget.

Mrs. Gilsdorf told the commissioners this was a list of all the major new projects budgeted for the FY15 proposed budget, and then listed the Legislative Capital Improvement projects. Ms. Gilsdorf pointed out figures on the Water & Sewer Projects page.

City Manager Stahle said the Corp of Engineers (COE) money was match money.

J1Capital Funding Resources.

(see handout with Power Point)

Ms. Nichols covered the Capital Funding Sources: 1984 GRT (Fund 42), 1996 GRT (Fund 69), Environmental GRT (Fund 89), Infrastructure GRT (Fund 61). She showed them the numbers in the various fund sources for capital. The first one was Fund 42 and she noted we are well within the debt service coverage.

Mayor Galea asked about the debt service coverage percentage. City Manager Stahle told her you can not go below 2%, but the higher the better so you'll have money for a project you want done. Mayor Galea said we've talked about other projects and we could talk about doing them this year.

Contract Finance Operation Consultant Nichols said it is important to point out that this is a capital fund resource and not for operations. It can cover this street maintenance operation and has done so for years, but we don't put any operations in here; we transfer them out.

Ms. Nichols continued with Fund 69 that pays for the Quality of Life Bond issues and amounts for flood control. She felt the downturn in gross receipts tax had caused debt service coverage to be below 1.5%, but felt it would come back up. City Manager Stahle said this is based on a fairly flat revenue picture for next year.

Ms. Nichols said they would discuss a fund balance reserve on Monday. She felt it was highly important for them to consider this. She would be recommending they set aside in reserve half of the bond payment as a safe guard in case the GRT falls down.

Environmental GRT – Fund 89 Multi-year Budget

Ms. Nichols said this was the tax passed in 1993 or 1994 when the landfill was built. That has since been paid for so there isn't any debt service in here. She recommended they consider setting aside a portion of these monies when they talk about fund balance reserves.

Mayor Pro-Tem Rentschler asked if this could be used to help fund the Desal plant and to fund the examination of the landfill and was told yes.

Ms. Nichols said we would be bringing over the final budget on July 22nd with carry-over balances, so you can put those in the final budget, and you'll have that choice throughout the year.

Infrastructure GRT – Fund 61

Ms. Nichols said this fund does not have any bond issues attached; it has been used for various things, but mainly for matching monies related to the airport. She gave some history of this fund and Fund 63. This money only goes so far so you must look at the future.

Mayor Galea asked why we do not account for the matches in the future for additional improvements at the airport. City Manager Stahle said we try to limit how much match money we put in until we actually know what we are going to get.

J2 Capital Improvement Projects:**Airport Improvements – Fund 40**

Ms. Nichols noted there were no scheduled projects for FY15 as of this date.

Current Year Bonding Projects

Ms. Nichols didn't have specific slides for the on-going bond projects. She said the City has estimated they will be complete in the current fiscal year and what does not get done will be carried over and will show up in the final budget on July 22nd.

City Manager Stahle said one example is Fund 118; we will not finish some of the major projects before July 1st, so we will carry the monies over and finish them out.

Flood Control Corps Project – Fund 56

Ms. Nichols covered this project that began in 2000.

City Manager Stahle talked about the influence of the federal government's financial condition on our level. We have been warned the COE may tweak the local match requirement; we are now at 25%. We need to be vigilant to what the feds are doing. He said another important thing to note is we have to cough up our share right away. We have to put in the necessary match when we are ready for the next part of the project. Contract Finance Operation Consultant Nichols said they have to have it before October 1st which is the federal fiscal year.

She showed the estimated amounts of In Kind, Corp and totals. At the end of FY15, it is estimated we will have spent \$18,366,000.

City Manager Stahle said it would be appropriate to remind you when we do work with the Corp and complete the Flood Control Project, the flood maps will be changed and we will be saving property owners a lot of money. This is an investment in our community that certainly benefits the private and public properties.

J3. Street Capital Improvement Projects

Ms. Nichols started with Street Capital – Fund 109. There are two separate GRTs passed for Street Capital: Street Maintenance Program (SMP) passed in 2004, and the 2008 GRT which was intended to do new roads and those streets needing to be completely redone. You are generating about \$1.5 million per year and can use that to do the street project. She said there is \$800,000 set aside in Utilities every year strictly for street projects.

Mayor Pro-Tem Rentschler commented the recent problem has been that the street projects have stripped the Utility money we have. City Manager Stahle said the \$800,000 is up to you and you may increase that amount.

Contract Finance Operation Consultant Nichols said there is fund balance available in Fund 81. City Manager Stahle said once the fund balance is gone the flexibility is gone.

Mayor Galea brought up the Public Arts Charter that gives 1% of all road projects to Public Arts along the roadway. Ms. Nichols said that does not fall into the Ordinance language of the passing of that tax, so she felt you would have to discuss it with the city attorney. This was discussed among the commissioners.

Street GRT Capital/SMP – Fund 109

Ms. Nichols noted this went from \$590,000 to \$1,123,000. This one will be spent in FY14; FY15 will begin with zero. With this fund you can do one of two things; you can accumulate this and use it for streets. Since it has a debt service, we recommend you set aside half of the payment – this is a one time set aside. We are going to combine the 2008 and 2004 after we have completed the Fund 118 projects. She went on to cover the 2004 Gross Receipts Tax – SMP. It generates \$1.4 million per year.

R.O./Snake Tank/Desalination Project

Ms. Nichols said this is the capital project fund, so all transactions are related solely to the RO/Snake Tank Desal project.

Accounting Manager Boyle said the \$1.9 is not proceeds money; you have to spend the money first and then get reimbursed.

Mayor Galea doesn't understand why we are spending \$2.1 million a year for the Holloman transmission line. Public Works Director Cesar explained and there was discussion on the project

Commissioner Hernandez asked when we can expect to use water from the Desal project. Public Works Director Cesar said it will be about two years. Commissioner Hernandez asked when he felt the project would be 100% completed, and Public Works Director Cesar gave his projections. Commissioner Hernandez asked when the RO skid would be purchased and Public Works Director Cesar said it would be in roughly two years. When it is operational it will produce one million gallons of water a day. Commissioner Hernandez thought technology would change in two years. Mr. Cesar felt that in 2017 the plant will be up and running. By 2020 the parallel transmission line that will run next to the Bonito line will be in place and that completes the first phase of the project; we will need to expand over time. Mayor Pro-Tem Rentschler and Public Works Director Cesar discussed the project in more detail.

Mayor Galea wondered if the commission would be open to discussing a regional water plan.

City Manager Stahle said he had been contacted by Ruidoso about water and said the big question here is what's in it for the City of Alamogordo. We would be foolish not to be open to discussion.

Ms. Nichols pointed out that in 2018, if these plans continue, we will be short and we will be looking for grants. City Attorney Thies said we have two loans from the Water Trust Board. Mayor Pro-Tem Rentschler said the question is do we have to use all the money from the Water Trust Board before we can apply for new money. Ms. Nichols understood the money was a grant with a loan component. Public Works Director Cesar said we can apply, but they were not granting any monies if the applicant had other projects still on the books and had not expended down to 10%-15%. Ms. Nichols said you can still apply for loans through the NMFA or a bond issue.

Recessed the meeting at 4:18 p.m. and reconvened at 4:32 p.m.

1986 ¼ % GRT – Fund 49

Ms. Nichols explained Fund 49 – the outside water resource funding. This is a capital funding source and there isn't any operating in it, except for in-house engineering. \$2.1 million will be taken out for the Snake Tank project.

Mayor Galea asked about the sediment part that is not funded. City Manager Stahle said that would be up to the City. If there is dredging equipment on site the mobilization expense will be significant so if we are going to try and dig more out, that would be the time. We are guessing the cost of dredging just the amount from the fire, so until we have real numbers it is hard to do.

You

need to put that in perspective with all these other expenses. Ms. Nichols pointed out the money

in the Environmental GRTs could be used as well. She said if you remember in the RO project, she had put a bond issue in their bond proceeds of \$4.5 million to help cover cost in future years.

The debt service of that bond issue would be paid from this fund. With an additional \$365,000 of debt service and the \$2.1 million that we've been carrying through FY20, we are running short. We hope our GRT turns around to make up for this, or some of these expenditures are under. It is something to watch out for.

J4. Water & Sewer Capital Improvement Projects

J. Debt Service

Accounting Manager Boyle showed the 2015 obligations and how they are broken down. As of right now we have 19 debts with two of those being the Desal project. If we don't do another loan, we will owe \$76 billion over the next 20 years. He remarked that the city is in good shape from a debt standpoint.

Mayor Galea asked how much more before we could not borrow. Mr. Boyle said after 10 years you can get new money to pay off other money, and we did a lot of that in 2011 because of the better interest rates. We will have to wait 10 more years before we could do that again.

Ms. Nichols said the city manager has asked her to look at a debt management policy for the commission to consider.

City Manager Stahle also wanted the commissioners to get a spreadsheet of the call dates for various funds. Our debt is something we need to be very careful of. When we did the last GO Bond, we no longer have a lot of GO Bond capacity since those two passed. You would be crazy to use all our capacity at any time.

Commissioner Hernandez left the meeting at 4:46 p.m.

Contract Finance Operation Consultant Nichols mentioned there was a plan so we knew exactly when those would pay off and you could float another one, and we are going to get that back together.

Accounting Manager Boyle said on page 252 or 253 of your Budget Book there is a summary of each debt. He told them which loans would be ready in 2014 to potentially re-do. Ms. Nichols said there is a lot of thought that must go into this. Just because it is callable and you are able to refund doesn't mean you necessarily need to do that unless you have a good plan. Mayor Pro-Tem Rentschler said if we can get down to 1% than it would be something to look at and consider.

City Manager Stahle reminded all that on Tuesday at 4:30 p.m. a Public Hearing will be held where you can make motions to amend what has been presented. At the 7:00 p.m. meeting that evening you will have the actual tentative budget to approve, and you will have the final in July.

Mayor Galea asked everyone to write out any motions to amend and give to all commissioners so there won't be any duplication. Contract Finance Operation Consultant Nichols remarked the budget has to be balanced, so if you have changes that would add additional impact to the budget, we will need time to figure that out.

Mayor Galea asked for pay scale information compared to other communities and City Manager Stahle said he could provide it by tomorrow morning.

Recessed the meeting at 4:50 p.m. and will reconvene Monday, May 12th at 3:00 p.m. here at the Fire Station.

Not Covered:

General Obligation – Property Tax (Fund 53)

Revenue Bond P & I (Fund 59)

Water/Sewer Bond P & I (Fund 82)

MONDAY, MAY 12, 2014 - 3:00 P.M.

Mayor Galea called the meeting to order at 3:00 p.m. Commissioner Baldwin and Mayor Pro-Tem Rentschler were absent. All other commissioners were present.

Other Director's Present: City Manager Stahle, City Attorney Thies, City Clerk Cantin, Contract Finance Operation Consultant Nichols, Assistant City Manager McNeile, Public Works Director Cesar, Police Chief Duncan, Fire Chief Ward, City Engineer Thomas, and Human Resource Manager Josselyn.

City Manager Stahle drew their attention to the skipped areas from last week – the Fund Reserve Policy recommendations. They will begin with that today and then the Administrative Fees, Franchise Fees, Trusts, Agencies, Public Housing, and Other Outside Agencies.

Contract Finance Operation Consultant Nichols said we want to talk about the fund balances and that it is important the city make a policy. We do not have a written policy ready at this point.

K. Policy Recommendations

E1. Fund Reserve Policy

GASB 54/ Restricted, Committed Funding was presented by Helen Viscarra-Reno

Assistant Finance Director Viscarra-Reno went over the Policy Recommendation. City Manager Stahle clarified GASB as Governmental Accounting and Standards Board, and GASB 54 is their policy recommendations. Assistant Finance Director Viscarra-Reno continued with the information concerning GASB 54 which was illustrated on the Power Point slides.

Ms. Nichols said the city audit was as of June 30, 2014. The finance department did prepare a management discussion and analysis and throughout the audit it does point out fund balance. The fund balance has those specific five categories of non-spendable, restricted, committed, assigned and unassigned. She gave the numbers associated with these categories. We need you to understand that the commission has to pass a policy in order for the audit to recognize these areas, so we need to get this done. We are asking to bring that final policy when we bring the final budget back to you on July 22nd and make it retroactive back to June 30, 2014, so we are able to categorize that fund balance. The audit showed the total unassigned fund balance was \$9,334,000. She continued with the Fund Balance slide.

Commissioner Straface asked for her projection as of June 30, 2014, and she said that analysis had not yet been done. When it is done she will let them know.

City Manager Stahle said the unassigned is for major capital projects that have been approved and are being addressed.

Commissioner Straface would like to know what the unassigned, uncommitted balance is.

Ms. Nichols referred then to page 15 – the All Funds Summary (3 pages before the General Fund tab.) She pointed out the recaps.

Mayor Galea said as it is now, \$2.3 million will be left in the General Fund cash balance, and maybe there will be a million dollars left before adopting the reserve. Ms. Nichols responded the \$1,067,000 has to come out of the \$2.3 million; there is where you have the \$1.3 million that is unappropriated at this point. She reminded everyone these are all estimated numbers. General Funds are usually your most unrestricted funds.

Ms. Nichols went on with the recommendations to adopt a two month operating reserve. These all would be based on operations and not on capital.

Mayor Pro-Tem Rentschler joined the meeting at 3:21 p.m.

Mayor Galea asked if that was already assigned but not restricted. Ms. Nichols said yes, but since the city commission cannot approve a budget past the current year, we would want to include this in the policy in order to make it consistent. City Manager Stahle added some of these operating reserves will take some time to build up. We are required by law to have a one month reserve.

Commissioner Straface asked what that dollar amount would be. Ms. Nichols said she had some slides to show that and she continued with the slides. In 2012, when we had the flooding we inquired into using this reserve and found we could but it would have to be replenished by the end of the fiscal year. City Manager Stahle added that is why we need that additional reserve.

Contract Finance Operation Consultant Nichols said we will put language in the policy where it can be used and it will be flexible for the city.

Mayor Pro-Tem Rentschler asked what that will do to our planning, and was concerned about the immediate future. City Manager Stahle said it is up to you how you want to do this, and how the reserve would be spent is entirely up to you.

Commissioner Straface asked about spending and City Manager Stahle explained we have had to dip into the reserve. Ms. Nichols explained what the City had done this year budget wise, and that we are using fund balance for the budget. Commissioner Straface said you can't do that forever and all agreed. City Manager Stahle said this is why we asked you to allow us to put together a Five Year Plan.

Mayor Pro-Tem Rentschler asked if we used \$1.6 million to balance this fiscal year, and Ms. Nichols said it was for FY14. We are using \$3 million this year, for 2015.

Mayor Galea said we would need a lot of new economic development opportunities in the city to make up the difference in GRT revenues. Commissioner Straface remarked we could reduce. Mayor Galea said there a lot of services we provide which other communities do not. Discussion amongst the commissioners and city manager.

Ms. Nichols went on saying the General Fund subsidizes the Court Operations, Community Services, Community Development, Senior Center and Airport. Because these are Operational Funds, they should be included in the reserve for two months. They would have to set aside an additional \$1.3 million. She continued explaining how to set money aside. This could be done over four years or even five, six, eight or ten years.

Commissioner Straface asked if we had only 1/12th reserve would it include those five things you listed. Contract Finance Operation Consultant Nichols said in the General Fund, yes. It would include the General Fund operations and the operations the General Fund subsidizes. Commissioner Straface asked if they had operating reserves and was told no.

Ms. Nichols recommended all Enterprise Funds have an equal two month reserve. She explained the Fund Reserve Recommendations slide going through each fund. She reminded the commission that when money is set aside for the Reserve it is a one time thing and won't have to be done again.

City Manager Stahle said the underlying principal behind the Reserve Policy is important to understand. You have money now that you could spend, but the reality is that you have already dedicated most of it. It is important for you to look ahead and get our financial house in order.

Commissioner Straface said we have three choices: we could say no, we could say we want to do this immediately, or we could say we want to do this over a period of years. City Manager Stahle said that is correct.

Accounting Manager Boyle said the GFOA recommends there be a Fund Reserve Policy, and the City has not had one. It shows the City is planning ahead and thinking about the future. All audits are on the State website and someone could make assumptions they shouldn't because we don't have a reserve. City Manager Stahle said it also goes to Wall Street and that makes a big difference. He was surprised the City of Alamogordo didn't have a policy. He said it's important that it be adopted prior to the final budget adoption in order for it to show in the next audit. We will probably be bringing it to you the first meeting in July.

Mayor Pro-Tem Rentschler's biggest concern is whether this is a good year to start it, since we are coming off a significant GRT downturn. City Manager Stahle said that might speak to how many years you want to use in order to build this up. Mayor Pro-Tem Rentschler said his concern was if the NM Legislature does not respond to the Hold-Harmless. Mayor Galea thought that was a reason to start it now in order to have some safety net.

Commissioner Sikes said it was unrestricted so we could access it if needed, and City Manager Stahle said we could access our part but not the 1/12th. Ms. Nichols said we could make our reserve flexible. Commissioner Straface asked how we could access the 1/12th and was told by amending the budget. City Manager Stahle said good financial planning suggests this policy is needed.

Ms. Nichols reminded them it isn't simply good financial planning; we won't be able to do these five categories without a policy.

E4. Administrative Fees/(Franchise Fees) - allocations

Ms. Nichols explained the Administrative Fees. All the city operations utilize the Administrative Fees.

Mayor Pro-Tem Rentschler asked what percentage goes into Administrative Fees. She didn't know the exact percentage but explained how they arrive at the figure.

City Manager Stahle said for example we have Solid Waste and we have an Authority. There are certain expenses the attorney incurs as a result of advising the Special District. That is what this is.

Mayor Galea said part of the Admin. Cost is part of the transfers out. What else is part of transfers out? Ms. Nichols said the Admin. Fees are not transfers out, those are Internal Services.

Commissioner Straface and City Manager Stahle discussed the Admin. Fees.

Ms. Nichols said in the Admin. Fees, we take the total budget of various departments and calculate what that budget is to the total budget of all. She continued with her explanation. She noted the \$943,183 total was inaccurate; we will make that correction.

Commissioner Straface said when you say Enterprise Fund to me that means it's self supporting. Contract Finance Operation Consultant Nichols said it is supposed to be. He went on to discuss this with Ms. Nichols.

Ms. Nichols pointed out that the City Manager in 2012 charged all of the Enterprise Funds including the Housing Authority a 5% Franchise Fee in addition to this. So the Administrative Fee amounts include administration fees to cover the General Fund expenditures for the City Manager, City Clerk, Finance, and City Attorney. The other is franchise fees. The Franchise Fees in the budget being presented to you have been eliminated with the exception of the Water/Sewer Operating (F-81). She explained why this is being done.

City Manager Stahle said the brutal fact is we were double charging the budgets and that is not normal. Commissioner Straface asked how much you are losing and City Manager Stahle said we have absorbed it, so in the proposed budget it is taken into account.

Contract Finance Operation Consultant Nichols explained further. City Manager Stahle said this is getting us back to what is considered normal accounting.

Commissioner Straface asked what the amount was that was absorbed. Ms. Nichols responded \$433,000.

City Manager Stahle said that whatever you funded for Other Agencies had to be matched in this budget. If you did not fund them last year, it is not in here this year. There isn't any money for S.A.N.E. or Alamogordo Club for Teens. You only funded Zia, OCEDC and the Chamber, and we funded those three.

Commissioner Hernandez asked about the Alamogordo Club for Teens asking for \$5,000 or a building. Would the Civic Center be available to them if it met the scheduled times, and the city manager said the scheduled times would be an issue. He asked about the outside offices within it, and Mayor Galea said she thought they were looking for stations for homework and computers, like a clubhouse. It was noted the Library was full.

City Manager Stahle said this is one of the hardest things any jurisdiction faces, because a lot of entities have wonderful programs you would like to fund. The problem is we have our own level of service that would be impacted if you do divert money to them. He explained how this has been done by other jurisdictions.

Commissioner Sikes feels like it's a repetition of services. She noted many churches do something, there is the Recreation Center and a Library with after-school services and the Boys and Girls Club. Mayor Galea would like to see a presentation on this. Commissioner Sikes said she appreciated what they are trying to do but they are not a proven agency and have no success record. There was further discussion on this.

City Manager Stahle said if there was anyone in the audience who wished to speak to any of this they were welcome, but this is what has been budgeted.

L. Outside Agencies

Chamber of Commerce Services (fund 20)

Lenora Stevens, Vice-President of the Alamogordo Chamber of Commerce addressed the commission. (See handout). She said they are requesting the same for both of their contracts – Tourism Contract remains at \$25,000 per year and Promotional Services Contract at \$26,000 per year. Ms. Stevens explained how the monies are used and gave statistics for the past year.

She did not have a presentation for OCEDC but had a handout and could answer any questions.

Economic Development (Fund 20 & 105)

Mayor Pro-Tem Rentschler asked if all outside agencies are up to date on their audits, and the city manager felt they were. He knew that OCEDC and Chamber came up with the required reports.

Zia Therapy – Z-Trans (Fund 44)

Joe Hardin presented the Z-Trans report. He remarked there was some controversy last year over the Las Cruces transportation. He thought they would see by the charts that their ridership has almost doubled over the last year. We did institute a \$3.00 fare and are still experiencing an increase in ridership for Las Cruces; these are mainly students. He explained the complete program. They were glad to have the same amount this year as last. DOT gave us two years to prove the Las Cruces program and they did it within schedule so that has allowed us to roll it into our application for federal funding for FY15-16.

Commissioner Turnbull asked about the adding more bus shelters. Joe Hardin said they would love to, but will have to work with the city to coordinate. City Manager Stahle said one issue is that the clientele changes at locations, so needs change.

Mr. Hardin said they have added county stops for Dona Ana County in order to get that county into the program. We don't charge them \$3.00 since it is such a short trip into Las Cruces. That county is paying through the Regional Transit District and we are billing through RTD.

Commissioner Hernandez said he could support the local routes but not the Las Cruces route.

Mayor Pro-Tem Rentschler asked Mr. Hardin about the application to the Federal Transit Authority. He asked if that reduced the load on the city, and was told no. The city is supporting the Las Cruces run with \$10,000.

Sharon Gilsdorf said the city is putting in \$10,000, Las Cruces is putting in \$10,000, NMSU is putting in \$10,000, and Otero County is putting in \$10,000. The City's total is \$109,989.20. Ms. Gilsdorf said that of the \$109,000 put in by the City, the federal government puts in an additional \$153,000, so city-wide the transportation is \$263,000. Mescalero puts in more than the City but they operate on the Saturday system.

Mayor Galea said she is definitely in support of the Las Cruces route.

Sharon Gilsdorf asked if they had a chance to read the success story of the individual who is wheelchair bound and blind. He used our system to go to NMSU-A. He is now using the route to go to Las Cruces to continue his education.

Joe Hardin felt Z-Trans has proved itself over the years. This year we are looking at going over 120,000 riders. Mayor Galea said this is something that will be looked at through BRAC. Joe Hardin said we have been surprised at the number of students who have been riding this year. Sharon Gilsdorf said we also have some people from Las Cruces riding to work here, and others going to Las Cruces to work.

Alamogordo Club for Teens, Corp.

He had to leave for a medical appointment.

SANE of Otero/Lincoln Counties

Kari Rankin, the director of SANE was disheartened to hear they were not included in the budget. She asked if anyone here was expecting to get in a car accident on the way home, and answered no. She asked if anyone here was expecting to get sexually assaulted on their way home, and answered no. We know it happens here and know it can go unreported. We have to send victims to Las Cruces for services because we have not had the ability to serve the victims of our area. She was asking for money for the nurses. They are able to offer follow-up care for victims. They come to us for a medical exam, we give them the cocktail of STI medications and send them on their way with a

mental health referral. We hope they follow up with their primary care physician, but after that we have no choice but to be done with it. What she would like to see happening in the program is for those nurses to be able to follow up with the victims/patients and call them up three weeks later to see how they are doing, have they followed up, are they taking the medications. What people don't realize is our exams are only good for a five day period and our STI medications are good within a 30 day period of an assault. If victims aren't coming forward to tell people they have been assaulted they are probably not going to their primary care providers to be tested for various STI's. If we have people walking around with various STI's then we potentially have a public health risk. Our program can offer those completely anonymous because we are bound by HIPA, and by our nurses being able to provide that after care service it allows them to ask those questions and make sure they are doing ok and following up. We know attackers attack an average of six times. If the first one gets help and reports it then we possibly save five other victims. The other thing she was looking for was on-call pay for the nurses. Our program budget is very small and we only receive state grant funding from the coalition programs out of Albuquerque. She said their nurses were amazing and all work crazy shifts – ER nurses, labor/delivery nurses and more who will come in after 12 hour shifts with no questions asked. They are also on call and many of our calls come in at 2 a.m., 11 p.m., etc. She would like to also offer them compensation for a 12 hour shift outside of what they are already doing for us. In addition, this should help us retain and recruit more nurses, because the first question they ask is if we offer on-call pay. We do not because we do not have the funding for it. (unintelligible) If they report it to law enforcement now the Las Cruces nurse has to come here. We would really like to keep this within our community. For follow-up care nursing she asked for \$200.00; the standard nurses pay is \$28.00 per hour. We are a target for (50?) cases for the year and that would include follow-up care for each case. She was asking for \$8,760 for on-call pay and that is at a \$2.00 per hour standard rate times 12 hours per day times 500 equaling 4,380 hours for the entire year. The total she is requesting is \$10,160.

Commissioner Straface asked how she was funded and she told him strictly by NM Coalition of Sexual Assault Programs; they provide the grant money.

Commissioner Sikes asked how many victims they had this year and Ms. Rankin told her this year, 2014, to date they have had 17.

Commissioner Straface asked if they have requested funding from other agencies and she said they have not. There are some internal issues they are working out to be able to do that. Commissioner Straface asked if a request had been made to the County and she said not yet. She said she is new to the process and she had come in under the wire since a lot of her focus had been in rounding out and learning about this program. She has been in Albuquerque with the Coalition learning about this and so she is trying to catch up now. Ms. Rankin said she wants to go to the County.

Mayor Galea said she sees this as a necessary service and you are saying your shortfall after the state funding is \$10,160. Ms. Rankin said their state funding covers salaries only. She is required to be there and they have a clinical coordinator who is a nurse and is also required to be there in order to take care of medications and all medical information. Our entire budget goes towards salary; neither of us work full time in this position. This is something that benefits the community and the more we get the word out there about sexual assault the more people will know. They can come to us without telling anybody; we are primarily a medical service bound by HIPA and our nurses are trained in forensics.

Mayor Galea said she knew this was a question for our city attorney. Commissioner Sikes had a great question last year asking if there was a revenue stream that could be created through a court fine. She wondered if that question had ever been answered. Commissioner Sikes said we never pursued it. Kari Rankin remarked the previous director had said this was something we should look in to. Their priorities have been all over the place and it is something we are looking for. Obviously, we work with (?) and our Sexual Assault Response Team and so she would like to have that conversation with the various court systems between here and Lincoln County.

Commissioner Sikes said she mentioned the Sexual Assault Response Team (SART) and wondered how much overlap there was between what she does, what SART does and what the organization from Holloman does. Ms. Rankin said basically they are a part of SART. We are there primarily to review what comes through – how is law enforcement dealing with it, how is the hospital dealing with it, how are the SANE staffers dealing with it, and the Holloman group. We all try to get together to discuss issues and we usually discuss (pediatric?) issues because we don't want to see them fall through the cracks. The idea is that together we can have better systems in place to deal with the issues as they come up. Is the hospital calling the right people when they show up at the emergency room? Do all the cops know what to do when they get a victim? That is the purpose of SART; make sure all the outside agencies know what each does and how to react with each other. None of us can stand alone. SANE does a medical exam. They are nurses who make sure the victim is ok and sometimes are the first person to tell the victim they are believed and will be ok.

Commissioner Sikes said the victim can get that at the hospital, too. Ms. Rankin said the hospital likes to send them to us. Commissioner Sikes asked why and Ms. Rankin said no one wants to talk to a sexual assault victim, let's be honest. Commissioner Sikes said it is 2014 and they are talking about it. Ms. Rankin said that is true, but we still kind of shy away from it. Commissioner Sikes said it is happening to three victims a month. Ms. Rankin said unfortunately yes, reported. The rest aren't coming in and we know that. A large part of it is the media says to us it is violent crimes committed by strangers, when that is a small percentage. We know most are by someone you know and that makes things more confusing. For instance, they say it was my husband's friend and I don't want to cause any problems so I won't say anything. Ms. Rankin stated we know sexual assault will most likely happen with someone you know and likely will happen in your house. All those issues combine – are we going to blame the victim, will they believe me – so we just don't talk about it. Commissioner Sikes said she is playing devil's advocate here; the more I ask these questions the more you talk about what you do, and she thought what they do is extremely important.

Mayor Galea said what if we can leverage a partnership with the County. We did something similar with the state for the New Mexico Museum of Space History (NMMSH). Could we guarantee funding if the County could match it? Hypothetically, if we threw out \$5,000, it would be up to the County to match it in order to equal \$10,000.

Commissioner Hernandez stated he was going way out on a limb that might snap off, but that doesn't matter. The issue you brought up about fines from the Magistrate and Municipal courts to fund this; it has been 12 months since this was brought up and he knew she was extremely busy and her predecessor was extremely busy doing things that she probably shouldn't have been doing, and that's the limb that is probably going to snap off, but he thought if they would have done that instead of what they were doing maybe you guys would have that in place, or the possibility of having that in place. He said to continue looking at us when we are short-falling again, we can't give our employees raises or anything like that yet we are going to pay your employees \$28.00 per hour; that was really tough for him. He knows this is a needed service and he works with them quite a bit on some of the stuff they do, but he felt there were other resources out there that could help you, also, and you aren't tapping those. Ms. Rankin agreed with him and couldn't speak to what the former director did (and something about three months). Commissioner Hernandez said it wasn't good and there's a really bad taste so it makes it tough. Ms. Rankin asked him to take her on and not the former director. Commissioner Hernandez said ok, but still saying, that is the problem. He went on to say he understood what she was saying and he agreed with her.

Commissioner Sikes asked when the County goes through their budget process. City Manager Stahle said they are in the process like we are. Commissioner Sikes said Mayor Galea has had a good idea because that would almost double your money and shows on the part of the County. It worked with the Space Museum when we tried that. She was told by someone that was a one time deal.

City Manager Stahle said tomorrow is the time for direction from this Commission on how you want to handle any changes to the budget, and that would obviously be a change unless you had any other questions.

Commissioner Hernandez asked if this would come out of the general fund and was told yes.

Mayor Galea asked if the commission wanted this to come up on discussion tomorrow as a one time budget change adjustment.

City Manager Stahle said we did, unless there is anything else from outside agencies, list a trusted agency fund, so he wanted to back up and catch that.

It was decided to take a break.

Recessed the meeting at 4:47 p.m. and reconvened at 5:02 p.m.

M. Trust & Agencies

L1. Trust & Agencies Funds Summary

Ms. Nichols explained the Trust and Agency Funds.

Mayor Pro-Tem Rentschler asked why there are no expenditures in the cemetery/perpetual care fund. Ms. Nichols said it is for long term care after the cemetery is filled to its capacity. Mayor Galea said in our long term planning for the cemetery, are there other areas where it can be extended. City Manager Stahle said it is pretty much surrounded by private property, so if they needed to expand we will have to go elsewhere. Assistant City Manager McNeile said we currently have 2,000 cremation plats available, which would be about 20 years worth.

Commissioner Straface asked about the Corp of Engineers Escrow Account Reserve. City Manager Stahle said we put money into the account and they tap that. Ms. Nichols said we have a 10-15 year Corp project for Flood Control and in that agreement whatever money we pay them for that year has to go into an escrow account by August 15th prior to their fiscal year. Ms. Nichols told Commissioner Straface we are funding it at 25% and we are in the last phase on that.

L2. Public Housing Authority

Component Unit

Capital Fund Projects (Fund 904)

Low Rent Operating (Fund 901)

Homeownership Operating (Fund 903)

Mayor Galea understood that because of new policy, they cannot have a large reserve balance. Are there plans to utilize the use-or-lose portion of that? Maggie Paluch, Operations Manager said it's not that we can't have a large fund balance, it's that they don't recommend as much as we have. HUD requires four months on reserve or 40%.

Mayor Galea asked if there were any remodels or improvements planned with more than 40% and Ms. Paluch told her no.

City Manager Stahle said we are contending with houses the city already owns, and he has worked with Habitat for Humanity to see if they have any interest in them; they do not. We will revisit that issue. Commissioner Straface asked for a list of these properties and Ms. Paluch said she and her staff would be more than happy to give a tour. Mayor Galea explained the past history on these properties.

N. Any other unfinished discussions

Mayor Pro-Tem Rentschler brought up a Zipper machine used to remove asphalt. He felt if we had this machine in-house we would be much more likely to use it for the smaller jobs, and he noted some places where this could be used. He also discussed working on the South Fork.

City Manager Stahle had asked the Public Works Director for an estimate to work on the South Fork and was told about \$45,000. They spoke about communicating with the residents in that area. Mayor Pro-Tem Rentschler said he was told we own the day time flows but not the night time flows, and that was discussed. Mayor Galea said she agrees with being pro-active but also fair. City Manager Stahle said we do have an obligation to manage our water resource.

Mayor Galea asked the cost of the Zipper machine. Mayor Pro-Tem Rentschler said it would be \$135,000. Mayor Galea asked how often it would be utilized.

Commissioner Sikes said we can sell the striping machine we never use.

Commissioner Hernandez said Pastor Forney came last year to ask the City to look at the road in front of his church. Commissioner Hernandez went to look at that section from Delaware to Maryland and saw it was bad. The rest of the road was great and wouldn't need to be done. City Manager Stahle said we currently contract that expense and if we had our own equipment it would save us. Mayor Pro-Tem Rentschler said it would also be to help run utilities. There was more discussion on the machine and how it is used.

Mayor Galea asked if this is something we will see as an adjustment to the budget tomorrow and Contract Finance Operation Consultant Nichols said she would put it on the list.

Mayor Galea said Human Resource Manager Josselyn had provided her with a list of comparable PD and FD salaries from other communities. Our officers are paid more and she was surprised by that, and Commissioner Hernandez said the reason was because we are closer to the border. She proposed we not give a reoccurring annual cost of living increase this year, and instead give a one time 5% of their gross pay merit. Commissioner Hernandez didn't have a problem with that but said there are a lot of other employees.

Mayor Galea asked how that would affect the budget overall if we did the one time 5% merit across the board.

Commissioner Hernandez said we have a Five Year Outlook, and there isn't anything in there for salaries and benefits other than the insurance we are talking about. We have already cost our blue collar employees 25% in the last two years. He discussed negotiations. Mayor Galea asked what he would propose to negotiate with, fringe benefits, paying more insurance, or what?

Mayor Pro-Tem Rentschler said we did negotiate the 1.5% and they never agreed to it. City Manager Stahle said that was APSOA only. Commissioner Straface said there are several options, but when you give a percentage it goes on forever. You can offer a set dollar amount every year and give the employees an option as to how they want to use it.

Commissioner Hernandez said this year we are budgeting \$300,000 for police and fire vehicles. What good are they without the people to put in them; you have to take care of your people.

Mayor Galea asked if he wanted a Staff report of how it would affect the budget to give a one-time amount to just PD and FD and then if that one time amount was given to all city staff. Commissioner Hernandez said we have to thank our employees for the job they are doing.

Mayor Pro-Tem Rentschler and Commissioner Straface discussed one option. Commissioner Hernandez suggested a redline bonus. Mayor Galea asked if he would be ok with a one time merit amount. Commissioner Hernandez thought we should build in something that would be there every year. Mayor Galea felt we needed to recognize all employees and that we should look at our

reserves for this. Commissioner Straface thought we should charge the city manager and staff to see what it would cost and the consequences. Commissioner Turnbull said one way to do it if you wanted to use the Reserve is cut down that 25% from four years to seven years and you could use that excess.

Mayor Galea asked about making employees whole. City Manager Stahle said we can come up with some ideas, but just the 10% rate increase for employee only insurance would cost the employee about \$207.00 a year. Mayor Pro-Tem Rentschler reminded all that the lowest paid employees are protected from that. This was discussed back and forth.

Human Resource Manager Josselyn said the Affordable Care Act will affect everyone. Mayor Pro-Tem Rentschler, City Attorney Thies and Human Resource Manager Josselyn discussed this.

City Manager Stahle said we can provide you with some numbers concerning all this tomorrow for your review. Human Resource Manager Josselyn said the 10% increase at current levels is about \$120,000 – our side only.

Commissioner Straface felt that whatever decision is made it will have to be found in the budget, and we will have to stand by it.

Commissioner Hernandez said another item is employee engagement. He felt the employee parties were very important to let the employees know they are appreciated. City Manager Stahle is in support of two events per year – one adult gathering during the holidays and a spring-time picnic for the families. Human Resource Manager Josselyn said the employee picnic cost about \$4,200.00.

Commissioner Hernandez would recommend contacting the police department so they don't set up a road block on the same day.

Mayor Galea attended the State of the City Address in El Paso and the commissioners each gave a State of the District Address at the same time and place. It was a no-host lunch put on with the help of the Chamber of Commerce. She thought it would be a good thing to do. City Manager Stahle said the Chamber usually charges but there is not a cost to the City.

Mayor Galea would like to see reclaimed water storage, but would keep this until tomorrow.

City Manager Stahle said we will meet here tomorrow at 4:30 p.m.

Commissioner Hernandez moved to adjourn at 5:45 p.m. Commissioner Sikes seconded the motion. Motion carried by a vote of 6-0-0.

Mayor Susie Galea

ATTEST:

City Clerk Reneé L. Cantin

*(Prepared by Nancy Jacobs, Deputy Clerk)
Approved at the Regular Meeting held on June 24, 2014.*

Mayor Susie Galea

ATTEST:

City Clerk Reneé L. Cantin

*(Prepared by Nancy Jacobs, Deputy Clerk)
Approved at the Regular Meeting held on June 24,2014.*

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014

Report Date: June 11, 2014

Report No: 2

Submitted By: Reneé Cantin
City Clerk

Approved For Agenda: 

Subject: Approve statement related to the Executive Session of June 10, 2014.

Recommendation: Approve the following statements and authorize them to be included in the minutes of June 24th, 2014: "The Governing Body of the City of Alamogordo, New Mexico, hereby states that on June 10th, 2014 a Closed Executive Session was held during the Regular Meeting and the matters discussed in the closed meeting were limited only to: Collective Bargaining Negotiations (APSOA & AFSCME) as posted on the agenda."

Background: This action is required in accordance with the Open Meetings Act.

Reviewed By:

City Attorney _____ City Clerk  _____ Community Development _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager _____

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014 **Report Date:** June 11, 2014 **Report No:** 3

Submitted By: Jan Wafful **Approved For Agenda:** 
Community Services Admin. Assistant

Subject: Consider, and act upon, the Lodger's Tax Expenditures for Tourism & Travel.

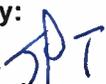
Fiscal Impact: \$8,147.11
Amount Budgeted: \$76,020.14
Fund: 016

Recommendation: Approve the expenditures for Tourism & Advertising Promotions presented April 22, 2014

Background: The following are a list of the expenditures in need of approval.

Comcast Spotlight	Monthly Billing INV# 2097639-4433	2,002.00
Comcast Spotlight	Gus Macker Ads INV# 2111106-2444	1,008.00
Lamar Companies	Monthly Billing INV# 105039043	1,265.00
CallSource	Monthly Billing (800#+1,000minits) INV 20059360	135.00
Certified Folder Display	Brochure Dist. May 2014-INV#482018	732.12
KJTV – FOX 34	Monthly Billing (Television & Web) INV# 41465A-F1	1,981.00
Time Warner	Monthly Billing INV# 103458-62	1,023.99

Reviewed By:

City Attorney  City Clerk  Community Development _____ Community Services _____
Finance  Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager 

Account number . . . : 16-0001-419.56-35
Fund : 016 PROMOTIONS - LODGERS TAX
Division : 00
Department : 01 ADMINISTRATION
Activity basic : 41 GENERAL GOVERNMENT
Sub activity : 9 GENERAL GOVERNMENT
Element : 56 OTHER SERVICES
Object : 35 ADVERTISING

Original budget :	197,333		
Revised budget :	231,490	05/30/2014	
Actual expenditures - current . :	48,414.10		
Actual expenditures - ytd . . . :	107,055.76		
Unposted expenditures :	.00		
Encumbered amount :	.00		
Unposted encumbrances :	.00		
Pre-encumbrance amount :	.00		
Total expenditures & encumbrances:	155,469.86	67.2	%
Unencumbered balance :	76,020.14	32.8	%

F5=Encumbrances **F7=Project data** **F8=Misc inquiry**
F10=Detail trans **F11=Acct activity list** **F12=Cancel** **F24=More keys**

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014

Report Date: June 19, 2014

Report No: 4

Submitted By: Kathy Gilsdorf,
Budget Analyst

Approved For Agenda: _____

Subject: Resolution 2014-28 Addendum amending the Preliminary FY2013-2014 Budget, with a total appropriation budget of \$79,931,766 which includes \$12,316,403 for the General Fund.

Fiscal Impact:

	Beginning Cash Balances	\$0
Amount Budgeted:	Revenues	\$676,192 Increase
Fund:	Expenditures	\$493,707 Increase
	Transfers In/Out	\$0
	Net Impact	\$182,485 Increase

Recommendation: Approve the resolution.

[Roll call vote required]

Background: The City Commission adopted the Fiscal Year budget on May 14, 2013. The Department of Finance & Administration granted written approval of the City of Alamogordo's Fiscal Year 2013-2014 Final Budget on August 31, 2013. Resolution 2014-28 amends the Budget to reflect a more true and accurate projection of the actual revenues and expenditures. A summary and explanation of revisions are attached for your review.

Reviewed By:

City Attorney SPJ City Clerk RC Community Development _____ Community Services _____
Finance SPJ Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager _____

RESOLUTION NO. 2014-28

A RESOLUTION REQUESTING THE DEPARTMENT OF FINANCE AND ADMINISTRATION, STATE OF NEW MEXICO, APPROVE REVISED BUDGET FIGURES FOR CERTAIN LINE ITEMS IN THE CITY'S BUDGET FOR FISCAL YEAR 2013-2014.

WHEREAS, the City of Alamogordo, New Mexico wishes approval to change some of the budget line item figures of various funds; and

WHEREAS, the Department of Finance and Administration, State of New Mexico, gave its written approval to the City of Alamogordo, New Mexico's annual budget on August 31, 2013, for fiscal year 2013-2014; and

WHEREAS, the City of Alamogordo, New Mexico, has tabulated on the following pages the additional resources and expenditures for fiscal year 2013-2014.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ALAMOGORDO, NEW MEXICO, that the City's annual budget for fiscal year 2013-2014 be and hereby is revised as of June 24, 2014 to reflect a more true and accurate projection of the actual revenues and expenditures for fiscal year 2013-2014 as shown on the following pages.

NOW, BE IT FURTHER RESOLVED BY THE GOVERNING BODY OF THE CITY OF ALAMOGORDO, NEW MEXICO, that the Department of Finance and Administration, State of New Mexico, be requested to give its written approval to the revised budget figures computed on June 24, 2014 as a more true and accurate projection of the actual revenues and expenditures for fiscal year 2013-2014.

PASSED, APPROVED AND ADOPTED by the Governing Body of the City of Alamogordo, New Mexico, at a Regular Meeting held this 24th day of June 2014.

CITY OF ALAMOGORDO, NEW MEXICO,
A NEW MEXICO MUNICIPAL CORPORATION

By: _____
Susie Galea, Mayor

ATTEST:

Renee Cantin, City Clerk

APPROVED AS TO FORM:

Stephen Thies, City Attorney

ALL FUNDS SUMMARY
PRELIMINARY 2013-2014

1/12TH REQ RSRV
1,026,367
Bal. Remaining

3,626,681

Resolution 2014-28 June 24, 2014 ADDENDUM 6/19/14

FUND NO.	FY 2013-2014 FUND DESCRIPTION	UNAUDITED BEGINNING CASH BALANCE	ESTIMATED REVENUES	TRANSFERS IN	TRANSFERS OUT	NET CASH TRANSFERS	BUDGETED EXPENDITURES	ESTIMATED ENDING CASH BALANCE
11	GENERAL OPERATING FUND	7,023,042	15,809,709	0	5,863,300	(5,863,300)	11,992,153	4,977,298
	Revision #2	0	0	0	0	0	100,000	(100,000)
	Revision #3	0	0	0	0	0	224,250	(224,250)
	Total Revised Fund 11	7,023,042	15,809,709	0	5,863,300	(5,863,300)	12,316,403	4,653,048
12	INTERNAL SERVICE FUND	325,853	469,415	2,948,370	0	2,948,370	3,527,022	216,816
15	CORRECTIONS-JAIL	5,441	136,216	49,484	4,119	45,365	175,500	11,522
16	LODGER'S TAX-PROMOTIONAL FUND	130,531	237,552	0	5,485	(5,485)	315,113	47,485
17	POLICE COURT BOND	8,043	0	0	0	0	0	8,043
19	COURT AUTOMATION FUND	85,988	81,233	0	24,195	(24,195)	84,388	58,638
20	LODGER'S TAX-CITY	164,205	486,591	35,320	32,514	2,806	539,020	114,582
21	D.A.R.E. DONATIONS FUND	21,316	5,000	0	0	0	15,312	11,004
22	DESIGNATED GIFT FUND	35,121	1,500	0	0	0	15,034	21,587
24	GRANT CAPITAL IMPROVEMENT	49,397	122,407	12,661	0	12,661	116,852	67,613
27	MUNICIPAL COURT OPERATIONS	37,569	5,000	425,769	6,113	419,656	428,892	33,333
28	POLICE CONTINGENCY	51,112	10,130	0	0	0	16,000	45,242
31	CEMETERY-PERPETUAL CARE	718,942	12,365	0	0	0	0	731,307
32	COMMUNITY SERVICES	498,788	656,621	3,150,159	510,712	2,639,447	3,627,817	167,039
33	FIRE PROTECTION	206,766	600,475	0	0	0	756,082	51,159
						F33 Reserve	49,721	1,438
36	LAW ENFORCEMENT FUND	(8,586)	173,448	0	0	0	140,066	24,796
	Revision #4	0	7,359	0	0	0	0	7,359
	Total Revised Fund 36	(8,586)	180,807	0	0	0	140,066	32,155
37	STATE HIGHWAY FUND	65,624	50,011	0	1,535	(1,535)	33,565	80,535
38	TRAFFIC SAFETY FUND	66,821	35,132	0	0	0	56,504	45,449
39	STATE JUDICIAL	3,957	75,500	0	0	0	75,500	3,957
40	AIRPORT IMPROVEMENT PROJECTS	37,054	536,750	0	0	0	565,000	8,804
	Revision #11	0	0	5,380	0	5,380	5,380	0
	Total Revised Fund 40	37,054	536,750	5,380	0	5,380	570,380	8,804
42	1984 GROSS RECEIPTS TAX	1,847,536	1,535,952	0	571,455	(571,455)	0	2,812,033
44	TRANSPORTATION FUND	1,360,601	1,188,098	128,889	213,691	(84,802)	1,979,538	484,359
	Revision #8	0	0	16,818	0	16,818	0	16,818
	Total Revised Fund 44	1,360,601	1,188,098	145,707	213,691	(67,984)	1,979,538	501,177
48	NEW MEXICO C.D.B.G.	(9,178)	42,093	5,160	0	5,160	38,075	(0)
	Revision #1	0	607,625	0	0	0	607,625	0
	Total Revised Fund 48	(9,178)	649,718	5,160	0	5,160	645,700	(0)
49	1986 GROSS RECEIPTS TAX	7,166,070	1,865,268	0	801,132	(801,132)	1,496,047	6,734,159
50	PROPERTY ACQUISITION	124,452	12,541	124,572	0	124,572	59,977	201,588
	Revision #5	0	0	0	0	0	2,000	(2,000)
	Total Revised Fund 50	124,452	12,541	124,572	0	124,572	61,977	199,588
53	GENERAL OBLIGATION	603,174	654,741	0	0	0	723,237	534,678
54	REVERSE OSMOSIS PROJECT RSV	520,607	2,266,425	0	0	0	2,759,274	27,758
56	99 GRT FLOOD CONTROL BOND PROJ	912,923	5,024	0	0	0	525,817	392,130
59	REVENUE BOND P & I FUND	7,696	0	2,788,620	0	2,788,620	2,788,620	7,696

61	MUNICIPAL INFRASTRUCTURE .0625%	185,756	384,060	0	208,661	(208,661)	0	361,155
	Revision #11	0	0	0	5,380	(5,380)	0	(5,380)
	Total Revised Fund 61	185,756	384,060	0	214,041	(214,041)	0	355,775
63	COMMUNITY DEVELOPMENT	233,487	137,050	200,000	28,494	171,506	402,075	139,968
65	BUILDING CODES	1,903	29,000	128,735	14,893	113,842	131,997	12,748
69	1994 GROSS RECEIPTS	938,016	1,532,534	0	1,593,072	(1,593,072)	0	877,478
71	ALAMO SENIOR CENTER	142,492	631,865	506,300	0	506,300	1,223,918	56,739
	Revision #10	0	1,816	0	0	0	1,816	0
	Total Revised Fund 71	142,492	633,681	506,300	0	506,300	1,225,734	56,739
74	ALAMO SENIOR CENTER GIFT	76,622	21,742	0	674	(674)	49,688	48,002
75	RETIRED & SENIOR VOL. PROGRAM	731	207,421	55,453	16,249	39,204	247,138	218
81	WATER/SEWER OPERATING	9,763,600	9,877,697	98,413	4,044,281	(3,945,868)	10,815,414	4,880,015
	Revision #8	0	3,500	0	0	0	3,500	0
	Revision #13	0	0	0	0	0	50,000	(50,000)
	Total Revised Fund 81	9,763,600	9,881,197	98,413	4,044,281	(3,945,868)	10,868,914	4,830,015
						F81 Reserve	1,400,000	3,430,015
82	98 JT WATER/SEWER BOND P&I	1,572,685	5,851	1,923,461	0	1,923,461	1,922,556	1,579,441
	Revision #9	0	892	0	0	0	892	0
	Total Revised Fund 82	1,572,685	6,743	1,923,461	0	1,923,461	1,923,448	1,679,441
86	SOLID WASTE COLLECTION SYS.	116,056	2,000,729	0	131,872	(131,872)	1,927,839	57,074
88	BONITO CAMPGROUND	592,309	188,597	400,000	0	400,000	928,824	252,082
89	ESGRT .0625%	1,408,340	1,029,468	0	804,000	(804,000)	638,750	995,058
90	GOLF COURSE	160,801	1,262,507	143,834	76,363	67,471	1,377,151	113,628
	Revision #12	0	55,000	0	0	0	55,000	0
	Total Revised Fund 90	160,801	1,317,507	143,834	76,363	67,471	1,432,151	113,628
91	AIRPORT	270,969	295,958	0	49,536	(49,536)	420,055	97,334
94	OTERO GREENTREE REGIONAL LANDFILL	3,076,410	1,071,451	0	1,720	(1,720)	1,792,180	2,353,961
						F94 Reserve	1,206,991	1,148,970
96	SELF-INSURED FUND	651,925	51,730	0	0	0	56,357	647,298
98	PAYROLL CLEARING	23,287	0	0	0	0	0	23,287
103	FIRE SERVICES BOND	7,589	0	0	0	0	0	7,589
104	UTILITY DEPOSITS	647,017	0	0	0	0	0	647,017
105	ECONOMIC DEVELOPMENT	4,005,112	1,178,040	0	0	0	908,735	4,274,417
	Revision #2	0	0	0	0	0	(100,000)	100,000
	Total Revised Fund 105	4,005,112	1,178,040	0	0	0	808,735	4,374,417
						F105 Reserve	900,000	3,374,417
107	SELF INSURED/LIABILITY	412,275	11,043	172,000	0	172,000	525,247	70,071
109	2004 GRT CAPITAL OUTLAY	5,137,380	3,533,227	0	1,120,812	(1,120,812)	5,167,317	2,382,478
	Revision #7	0	0	0	0	0	(41,418)	41,418
	Revision #8	0	0	398,520	0	398,520	0	398,520
	Total Revised Fund 109	5,137,380	3,533,227	398,520	1,120,812	(722,292)	5,125,899	2,822,416
113	2009 G.O. BOND ACQ FUND	1,051,375	6,981	2,585,485	0	2,585,485	3,643,002	839
114	SIDEWALKS REVOLVING LOANS	128,959	181	0	0	0	0	129,140
115	CORP ESCROW ACCOUNT RESV	0	0	0	0	0	0	0
116	REG WATER SUPPLY TRANS LN	293,485	1,815,205	242,193	0	242,193	2,338,046	12,837
117	2011 JT W/S REF/IMP REVBD	706,267	11,237	0	0	0	705,050	12,454
118	2011 NMFA ST GRT STREET #15	6,783,252	17,269	0	0	0	6,800,521	(0)
	Revision #8	0	0	0	415,338	(415,338)	(415,338)	0
	Total Revised Fund 105	6,783,252	17,269	0	415,338	(415,338)	6,385,183	(0)
119	2012 GRT REF/IMP REVBD	2,635,062	9,894	0	0	0	2,581,920	63,036
901	HOUSING LOW RENT OPERATING	1,148,106	793,347	0	0	0	1,188,435	753,018

903	HOUSING HOMEOWNERSHIP OPER	703,632	2,874	0	0	0	25,544	680,962
904	HOUSING CAPITAL FUND PROJECTS	1	880,274	0	0	0	880,275	(0)
TOTALS FY2014		64,935,767	54,738,619	16,545,596	16,545,596	0	80,042,146	39,632,240
Prior Resolution		64,935,767	54,062,427	16,124,878	16,124,878	0	79,548,439	39,449,755
8 Adjustments Resolution 2014-20		0	676,192	420,718	420,718	0	493,707	182,485
Approved Budget 6/24/14		64,935,767	0	0	0	0	0	0

Resolution # 2014-28 June 24, 2014

FUND NO.	LINE ITEM NO.	LINE ITEM DESCRIPTION	ORIGINAL BUDGET AMOUNT	INCREASE (DECREASE)	REVISED BUDGET AMOUNT
REVISION #1					
This budget revision is requested to increase revenue and expenditures to budget for the CDBG Grant for improvements to the Domestic Violence Building. The Center of Protective Environment (COPE) is required to submit \$107,625 as part of the application, which will be deposited in the Deposits Held in Custody. Any unused funds provided by COPE will be returned. This revision also accounts for In-kind expenditures for the City's match.					
11	GENERAL FUND				
	<i>Expenditures</i>				
	011-2102-415.20-02	Operational	265,669	(5,688)	259,981
GC1402	011-2102-415.20-02	Operational	0	5,688	5,688
		Total Expenditures	265,669	0	265,669
48	NEW MEXICO C.D.B.G.				
	<i>Revenues</i>				
GC1402	048-0000-317.16-20	CDBG Grant Revenue	0	500,000	500,000
GC1402	048-0000-316.15-07	Contributions - COPE	0	107,625	107,625
		Total Revenues	0	607,625	607,625
	<i>Expenditures</i>				
GC1402	048-0207-463.57-34	Contract Services	0	59,000	59,000
GC1402	048-0207-463.61-62	CDBG Construction	0	548,625	548,625
		Total Expenditures	0	607,625	607,625
63	COMMUNITY DEVELOPMENT				
	<i>Expenditures</i>				
	063-5005-419.20-01	Supervisory	222,521	(3,503)	219,018
GC1402	063-5005-419.20-01	Supervisory	0	3,503	3,503
		Total Expenditures	222,521	0	222,521

REVISION #2

This budget revision is requested to move GRIP incentive from the Economic Development Fund to the General Fund for FY14 requested by the City Attorney. Funds are requested from Fund Balance.

11	GENERAL FUND				
	<i>Expenditures</i>				
	011-2400-419.57-18	Incentives	0	100,000	100,000
105	ECONOMIC DEVELOPMENT				
	<i>Expenditures</i>				
	105-2401-450.57-28	Incentives	100,000	(100,000)	0

REVISION #3

This budget revision is requested to INCREASE grip Funds for incentives to Carl's Jr. (\$8,625), Buffalo Wild Wings (\$25,875), and Albertson's (\$1,89,750). Funds are requested from Fund Balance.

11	GENERAL FUND				
	<i>Expenditures</i>				
	011-2400-419.57-18	Incentives	0	224,250	224,250

FUND NO.	LINE ITEM NO.	LINE ITEM DESCRIPTION	ORIGINAL BUDGET AMOUNT	INCREASE (DECREASE)	REVISED BUDGET AMOUNT
REVISION #4					
This budget revision is requested to increase revenues to budget for additional fund received for the Law Enforcement Block Grant. The revision is to show the entire award of \$67,359 in order to balance the project. Final reimbursement was received in October 2013.					
36	LAW ENFORCEMENT FUND				
	<i>Revenues</i>				
PSRJ10	036-4404-317.16-83	Law Enforcement Block Grant	0	7,359	7,359

REVISION #5

This budget revision is to move funds into in-house-engineering for staff time charges to the project and to provide funds for surveyors/consultants for right-of-way survey and appraisal for a parcel needed for the McKinley Channel Phase 7. The additional funds of \$2,000 are requested from Fund Balance from Fund 50.

50	PROPERTY ACQUISITION				
	<i>Expenditures</i>				
EN0226	050-0000-419.66-45	Surveyors/Consultants	2,539	2,000	4,539
56	99 GRT FLOOD CONTROL BOND PROJ				
	<i>Expenditures</i>				
EN0226	056-0099-990.57-35	COE Flood Control/In-House Eng	18,358	12,022	30,380
EN0226	056-0099-990.57-41	Alamo Flood Control-City	12,022	(12,022)	0
		Total Expenditures	30,380	0	30,380

REVISION #6

This budget revision is to increase revenue and expenditures to cover the cost of new meter sales through the remainder of the fiscal year.

81	WATER/SEWER OPERATING				
	<i>Revenues</i>				
	081-0000-314.13-62	Connection Charges	10,000	3,500	13,500
	<i>Expenditures</i>				
	081-2202-461.31-64	Meters-New	8,000	3,500	11,500

REVISION #7

This budget revision is to decrease expenditures to close project PW0922 (2008 GRT-RPR Hamilton). Funds are being returned to fund balance.

109	2004 GRT CAPITAL OUTLAY				
	<i>Expenditures</i>				
PW0922	109-8903-430.61-20	Property Acquisition	41,418	(41,418)	0

FUND NO.	LINE ITEM NO.	LINE ITEM DESCRIPTION	ORIGINAL BUDGET AMOUNT	INCREASE (DECREASE)	REVISED BUDGET AMOUNT
REVISION #8					
This budget revision is to transfer frund from Fund 118 (11 NMFA ST GRT Street #15) for expendiuteres from FY12 & FY13 for projects EN1209 (Pecan/Indian Wells Align) & EN1301 (Washington/1st Alignment) that should have been expensed from Fund 118.					
44	TRANSPORTATION				
	<i>Transfers In</i>				
EN1209	044-0000-391.91-18	Transfer Fr (118) NMFA St GRT	0	16,818	16,818
109	2004 GRT CAPITAL OUTLAY				
	<i>Transfers In</i>				
EN1301	109-0000-391.91-18	Transfer Fr (118) NMFA St GRT	0	12,848	12,848
EN1209	109-0000-391.91-18	Transfer Fr (118) NMFA St GRT	0	385,672	385,672
		Total Transfers In	0	398,520	398,520
118	11 NMFA ST GRT STREET #15				
	<i>Transfers Out</i>				
EN1209	118-0000-491.18-44	Transfer to (44) Transporation	0	16,818	16,818
EN1209	118-0000-491.81-09	Transfer to (109) Street Capital	0	385,672	385,672
EN1301	118-0000-491.81-09	Transfer to (109) Street Capital	0	12,848	12,848
		Total Transfers Out	0	415,338	415,338
	<i>Expenditures</i>				
EN1111	118-7903-430.57-34	Contract Servicves	73,786	(3,263)	70,523
EN1301	118-7903-430.65-29	Street Capital	1,611,800	(73,885)	1,537,915
EN1306	118-7903-430.65-29	Street Capital	415,000	(39,533)	375,467
EN1308	118-7903-430.65-29	Street Capital	395,771	(120,355)	275,416
EN1309	118-7903-430.65-29	Street Capital	810,866	(95,565)	715,301
EN1311	118-7903-430.65-29	Street Capital	234,812	(32,076)	202,736
EN1312	118-7903-430.65-29	Street Capital	845,076	(49,517)	795,559
EN1404	118-7903-430.65-29	Street Capital	3,500	(1,144)	2,356
		Total Expenditures	4,390,611	(415,338)	3,975,273

REVISION #9

This budget revision is to increase revenue and expenditures to cover additional RBC Services needed and additional investment income received.

82	98 JT WATER/SEWER BOND P&I				
	<i>Revenues</i>				
	082-0000-318.17-01	Investment Income	5,851	892	6,743
	<i>Expenditures</i>				
	082-0000-471.57-34	Other Services/Contract Services	0	892	892

REVISION #10

This budget revision is to accept one time funding from AAA for the purchase of nutrition program supplies.

71	ALAMO SENIOR CENTER				
	<i>Revenues</i>				
	071-0000-317.16-32	Grant HB2	220,618	1,816	222,434
	<i>Expenditures</i>				
	071-8023-445.32-75	Program Supplies	1,458	1,816	3,274

FUND NO.	LINE ITEM NO.	LINE ITEM DESCRIPTION	ORIGINAL BUDGET AMOUNT	INCREASE (DECREASE)	REVISED BUDGET AMOUNT
ADDENDUM TO 2014-28					
<u>REVISION #11</u>					
This budget revision is to transfer funds for Engineering Fees for the Airport Runway Project.					
40	AIRPORT IMPROVEMENT PROJECTS				
	<i>Transfers In</i>				
AP1401	040-0000-391.19-61	Transfer fr (61) Mun Inf	0	5,380	5,380
	<i>Expenditures</i>				
AP1401	040-0099-990.6899	ICIP	555,000	5,380	560,380
61	MUNICIPAL INFRASTRUCTURE .0625%				
	<i>Transfers Out</i>				
AP1401	061-0000-491.18-40	Transfer to (40) Airport Imp	0	5,380	5,380
<u>REVISION #12</u>					
This budget revision is to increase revenue and expenditures for the Golf Course Pro for the remainder of FY14.					
90	GOLF COURSE				
	<i>Revenues</i>				
	090-0000-314.13-78	19th Hole Rental & Fees	548,000	55,000	603,000
	<i>Expenditures</i>				
	090-0001-456.57-63	Services-Golf Pro	775,800	55,000	830,800
<u>REVISION #13</u>					
This budget revision is to increase expenditures for the USF Electric Contract Services for Water Filter Plant.					
81	WATER/SEWER OPR				
	<i>Expenditures</i>				
	081-5703-461.57-37	Cnt Serv USF Electric	650,000	50,000	700,000

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014 **Report Date:** June 12, 2014 **Report No:** 5

Submitted By: Renee Cantin **Approved For Agenda:** 

Subject: Consider, and act upon, the final publication of Ordinance No. 1469 amending the official zoning map of the City of Alamogordo, changing the classification of a certain area consisting of Alamo Blocks Block 84 Lot 12, the South half of Lot 13, and Lot 14 (commonly known as 1121 and 1115 North Florida Avenue) from their present designation and zoning district of R-4, Multiple Family Dwelling District to C-3, Business District. (Case # Z-2014-0001(A))

Fiscal Impact: \$0
Amount Budgeted: \$ 0
Fund: NONE

Recommendation: Approve the ordinance. **[Roll call vote required]**

Background: At the Regular Meeting of May 27th, 2014, the City Commission approved the Ordinance for first publication. A summary of the Ordinance was published in the *Alamogordo Daily News* on Sunday, June 1st, 2014. If approved for final adoption, the summary will be published a second time on Sunday, June 29th, 2014 and will be effective July 4th, 2014.

The following information was provided by Marc South, City Planner at the time is was brought for first publication: Discussion: Property owner requests to rezone the property listed above from R-4 Multiple Family Dwelling District to C-3 Business District).

The Alamogordo Daily News published notice of the hearing before the Planning and Zoning Commission. Staff mailed 5 notices to surrounding property owners. As of this writing, staff has received 0 letters returned as undeliverable and 0 emailed responses to this notice. We also have not received any phone calls relating to this rezoning.

STAFF RECOMMENDATION: Staff recommends approval of this application.

The property is currently being used as a "(g) Professional offices or studios of doctors, dentists, artists, musicians, lawyers, and other like professions" as defined in the City's R-4 District use regulations. The owners approached the City and expressed their desire to

Reviewed By:

City Attorney _____	City Clerk <u>RC</u>	Assistant City Manager _____	Community Services _____
Finance _____	Housing Authority _____	Planning _____	Police Chief _____
Public Works _____	Purchasing _____	City Engineer _____	Human Resources _____

broaden the availability of craft related items at this location to items produced and sold by other persons in space within the currently existing structure. Staff determined that since there was some question as to whether this would still qualify as a "studio", a rezoning would be in order if the owners' wished to maintain the business at this location.

The other improved properties on the west side of N Florida in this block are zoned C-1; the lots on the east side of N Florida in this block are zoned R-4. The current Comprehensive Plan envisions commercial development on North Florida.

In summary, this proposal allows for the orderly (from a zoning perspective) growth of a small business. Staff is fully supportive of this proposal.

ORDINANCE No. 1469

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ALAMOGORDO, CHANGING THE CLASSIFICATION OF A CERTAIN AREA LOCATED AT 1121 AND 1115 NORTH FLORIDA AVENUE FROM ITS PRESENT DESIGNATION AND ZONING DISTRICT OF R-4, MULTIPLE FAMILY DWELLING DISTRICT TO C-3, BUSINESS DISTRICT, WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF ALAMOGORDO, OTERO COUNTY, NEW MEXICO.

WHEREAS, Eva E Holguin and Alicia I Tejada (hereinafter referred to as "the Owners") are the owners of certain real property commonly known as 1121 and 1115 North Florida Avenue and legally described below (herein after referred to as "the Property") located within the corporate boundaries of the City of Alamogordo, New Mexico, (hereinafter referred to as "the City"); and

WHEREAS, an application has been filed in the Owners' names under Case No. **Z-2014-0001(A)** to change the zoning of the Property, and

WHEREAS, the Planning and Zoning Commission, after notice and hearing did recommend to the City Commission adoption of an ordinance amending the zoning map by removing the Property from the R-4 Multiple Family Residential District to the C-3, Business District; and

WHEREAS, the City Commission, after notice and hearing, finds and determines that the application for re-zoning of the Property is in the public interest and is consistent with proper development of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION, THAT the zoning of the Property, which is more fully described below:

Alamo Blocks Block 84 Lot 12, the South half of Lot 13, and Lot 14

is hereby changed from R-4 Multiple Family Residential District to C-3, Business District;, and the official zoning map and comprehensive plan of the City are hereby amended to reflect this change.

PASSED, APPROVED, AND ADOPTED this _____ day of _____, 2014

**CITY OF ALAMOGORDO, NEW MEXICO a
New Mexico municipal corporation**

By: _____
Susie Galea, Mayor

ATTEST:

Reneé L. Cantin, City Clerk

APPROVED AS TO FORM:

Stephen P. Thies, City Attorney

Record of Decision
City of Alamogordo
A New Mexico Municipal Corporation

Case#: Z-2014-0001(A)

For the Subject Property as follows:

Commonly Known As: 1121 & 1115 North Florida Avenue

Legal Description: ALAMO BLOCKS BLOCK 84 LOT 12, THE SOUTH HALF OF LOT 13, AND LOT 14

The Alamogordo Planning & Zoning Commission considered this item on May 1, 2014, and recommended the following action to the Alamogordo City Commission by a vote of 4-0-0.

Approve the rezoning of the property detailed above for Case #Z-2014-0001(A).

.....
The Alamogordo City Commission issued the following decision on May 27, 2014, by a vote of _____

Approve as recommended for first publication Ordinance # 1469.

.....
The Alamogordo City Commission issued the following decision on _____, by a vote of _____

Approve as recommended for final publication Ordinance # 1469.

Attest: CITY OF ALAMOGORDO, New Mexico,
A New Mexico Municipal Corporation

Reneé L. Cantin, City Clerk

Susie Galea, Mayor

This application from Quail Hollow, LLC is a direct response to market forces. Quail Hollow has been approached by a number of builders who have expressed interest in building new single family homes in this subdivision, but only on the condition that the lots for these houses can be made smaller. This is consistent with reported real estate trends from across the United States, when consumers are indicating an interest in houses that are the same size (or slightly larger) than those being sold before the start of the housing recession in 2008, but these consumers do not want yards as large as those previously provided. Quail Hollow has stated that there is no intention to develop this area as townhouses/rowhouses; the replat that will be presented to you at the second reading of the ordinance supports the lack of intent to develop as rowhouses.

The portion of the subdivision in which this lot shrinkage is proposed (the currently existing 12 lots will be replatted into 15 lots if this rezoning is approved) is in an area that is currently bare ground. The houses to be built and sold in this area will be marketed with these smaller lots already in existence, so the question of a change in the nature of the subdivision after construction and sale of houses is not pertinent.

The Commission has, in the past, approved similar rezonings in the nearby Hermoso el Sol and Valencia subdivisions. Those rezonings have been driven by the same market forces in evidence here.

ORDINANCE No. 1470

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ALAMOGORDO, CHANGING THE CLASSIFICATION OF A CERTAIN AREA LOCATED AT COMMONLY KNOWN AS 1150, 1200, 1210, 1220, 1230, 1240, 1250, 1300, 1310, 1320, 1330, AND 1340 SAN CARLOS STREET FROM THEIR PRESENT DESIGNATION AND ZONING DISTRICT OF R-1, SINGLE FAMILY DWELLING DISTRICT TO R-2, TOWNHOUSE DWELLING DISTRICT, WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF ALAMOGORDO, OTERO COUNTY, NEW MEXICO.

WHEREAS, Quail Hollow LLC (hereinafter referred to as "the Owners") are the owners of certain real property commonly known as 1150, 1200, 1210, 1220, 1230, 1240, 1250, 1300, 1310, 1320, 1330, and 1340 San Carlos Street and legally described below (herein after referred to as "the Property") located within the corporate boundaries of the City of Alamogordo, New Mexico, (hereinafter referred to as "the City"); and

WHEREAS, an application has been filed in the Owners' names under Case No. **Z-2014-0002(A)** to change the zoning of the Property, and

WHEREAS, the Planning and Zoning Commission, after notice and hearing did recommend to the City Commission adoption of an ordinance amending the zoning map by removing the Property from the from their present designation and zoning district of R-1, Single Family Dwelling District to R-2, Townhouse Dwelling District; and

WHEREAS, the City Commission, after notice and hearing, finds and determines that the application for re-zoning of the Property is in the public interest and is consistent with proper development of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION, THAT the zoning of the Property, which is more fully described below:

Quail Hollow Subdivision Lots 7-11, and Quail Hollow 2 Subdivision Replat A Lots 2A-

is hereby changed from R-1, Single Family Dwelling District to R-2, Townhouse Dwelling District, and the official zoning map and comprehensive plan of the City are hereby amended to reflect this change.

PASSED, APPROVED, AND ADOPTED this _____ day of _____,
2014

**CITY OF ALAMOGORDO, NEW MEXICO a
New Mexico municipal corporation**

By: _____
Susie Galea, Mayor

ATTEST:

Reneé L. Cantin, City Clerk

APPROVED AS TO FORM:

Stephen P. Thies, City Attorney

First Publication Approval: 05/27/2014
First Publication: 06/01/2014
Final Publication Approval: 06/24/2014
Final Publication: 06/29/2014
Effective Date: 07/04/2014

Record of Decision
City of Alamogordo
A New Mexico Municipal Corporation

Case#: Z-2014-0002(A)

For the Subject Property as follows:

Commonly Known As: 1150, 1200, 1210, 1220, 1230, 1240, 1250, 1300, 1310, 1320, 1330, and 1340 San Carlos Street

Legal Description:

QUAIL HOLLOW SUBDIVISION LOTS 7-11, AND
QUAIL HOLLOW 2 SUBDIVISION REPLAT A
LOTS 2A-8A

The Alamogordo Planning & Zoning Commission considered this item on May 1, 2014, and recommended the following action to the Alamogordo City Commission by a vote of 4-0-0.

Approve the rezoning of the property detailed above for Case #Z-2014-0002(A).

.....
The Alamogordo City Commission issued the following decision on May 27, 2014, by a vote of _____

Approve as recommended for first publication Ordinance # 1470.

.....
The Alamogordo City Commission issued the following decision on _____, by a vote of _____

Approve as recommended for final publication Ordinance # 1470.

Attest:

CITY OF ALAMOGORDO, New Mexico,
A New Mexico Municipal Corporation

Reneé L. Cantin, City Clerk

Susie Galea, Mayor

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014

Report Date: June 12, 2014

Report No: 7

Submitted By: Renee Cantin
City Clerk

Approved For Agenda: 

Subject: Consider, and act upon, the final publication of Ordinance No. 1471 modifying the composition of the Airport Advisory Board.

Fiscal Impact: N/A
Amount Budgeted: N/A
Fund:

Recommendation: Approve the Ordinance. **[Roll call vote required]**

Background: At the Regular Meeting of May 27th, 2014, the City Commission approved the Ordinance for first publication. A summary of the Ordinance was published in the *Alamogordo Daily News* on Sunday, June 1st, 2014. If approved for final adoption, the summary will be published a second time on Sunday, June 29th, 2014 and will be effective July 4th, 2014.

The following information was provided by Stephen Thies, City Attorney at the time is was brought for first publication: This ordinance will amend the composition of the Airport Advisory Board to require that three members shall consist of persons who either reside or own property in the City of Alamogordo with preference being given to city residents.

Reviewed By:

City Attorney _____ City Clerk  _____ Community Development _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager _____

ORDINANCE NO. 1471

**AMENDING SECTION 4-02-020
OF THE CODE MODIFYING THE COMPOSITION
OF THE AIRPORT ADVISORY BOARD**

BE IT ORDAINED by the City Commission of the City of Alamogordo, New Mexico that Section 4-02-020 of the *Code of Ordinances* be amended to read as follows:

4-02-020. - Airport Board—Membership, terms of office.

The airport board shall be composed of five (5) members, to be appointed by the mayor with the advice and approval of a majority of the remaining members of the city commission, two (2) of whom shall be licensed pilots. Members shall be residents of either the city or the county with a maximum of two (2) members residing in the county who do not own property in the City of Alamogordo. The remaining three members shall consist of persons who either reside or own property in the City of Alamogordo with a preference being given to City residents. Appointments shall be for two (2) year overlapping terms.

DONE this _____ day of _____, 2014.

CITY OF ALAMOGORDO, NEW MEXICO
a New Mexico municipal corporation

By: _____
Susie Galea, Mayor

ATTEST:

Reneé L. Cantin, City Clerk

APPROVED AS TO FORM:

Stephen P. Thies, City Attorney

First Publication Approval: 05/27/2014
First Publication: 06/01/2014
Final Publication Approval: 06/24/2014
Final Publication: 06/29/2014
Effective Date: 07/04/2014

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014

Report Date:

Report No: 8

Submitted By: Matt McNeile
Assistant City Manager

Approved For Agenda: _____



Subject: Consider and act upon, the award of RFP No. 2014-001 Financial Services for the City of Alamogordo to the overall highest rated proposal, RBC Capital Markets.

Fiscal Impact: Cost proposal Attached

Amount Budgeted: \$210,000

Fund: 121-0000-471-74-00 \$120,000
122-0000-471-74-00 \$ 90,000

Recommendation: Approve award of RFP 2014-01 Financial Services for the City of Alamogordo to RBC Capital Markets.

Background: The City of Alamogordo requested proposals from qualified firms to serve the City as Financial Advisor to advise and assist the City in the issuance of various forms of debt including public offerings of bonds, negotiated sales, and private placements. Advisory services shall include the structure, timing, terms, and similar matters concerning the debt issuance. Financial planning of resources to repay the debt will be included as some of the advisory services that will be needed. Expertise in federal, state, home rule, and local financing laws will be required as well as a board base of knowledge of various types of financial issues. The agreement will be for a base period of one (1) year with the option to renew at the discretion of both parties for an additional three (3) one (1) year terms. It is the City's intent to enter into a contract with one agency as a result of this RFP.

RFP was advertised on April 6th 2014. Two (2) responsive proposals were received on May 12th, 2014: RBC Capital Markets and George K. Baum & Company. The composite score sheet is attached.

Proposals for RFP 2014-01 are available in the City Clerk's office.

Reviewed By:

City Attorney SPT City Clerk RC Community Development _____ Community Services _____
Finance RC Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing BP Assistant City Manager MM



12. FEES

1. Fees Charges for Services Rendered

When securities are issued:

As consideration for the services rendered by us and as a reimbursement for the expenses we are to incur, it is agreed that the Issuer will pay, and we are to accept, a fee based upon the following schedule, depending upon the amount of the bond issue or loan agreement involved.

Fee Schedule for Financial Advisory Services

OBLIGATION PROCEEDS

<u>More Than</u>	<u>And Not More Than</u>	<u>The Fee Is</u>
\$0	\$1,999,999	\$15,500
2,000,000	4,999,999	\$25,500
5,000,000	9,999,999	\$28,500
10,000,000	19,999,999	\$29,500
20,000,000	No Limit	\$37,000 plus \$1.00 per \$1,000 for all over \$20,000,000

New Mexico Finance Authority loans or private placements will be billed according to the fee schedule above.

A refunding issue combined with a new money issue will be billed as a separate issue.

Fees for refunding Obligations and/or other Obligations involving Escrow Agreements, will be the fee schedule set out above plus 10 percent. In addition to our Financial Advisory fee, we will charge a structuring fee to be negotiated on a case-by-case basis due to special circumstances such as litigation and delivery in financing. The additional fees will not exceed 25 percent of the fee set out in the schedule above.

RBC CM will bill the Issuer at closing, for each issue of Obligations, a net amount which will include a fee calculated on the above schedule as well as any out-of-pocket expenses incurred on behalf of the Issuer plus gross receipts tax.





In the event securities are not issued:

If a financing is contemplated but not issued, RBC CM would not charge a fee specific to that transaction. We would request payment of out-of-pocket expenses. If we are providing additional services such as investment advice, review of federal arbitrage compliance, debt policy, continuing disclosure or other consulting services, we would charge on an hourly basis at the rate of \$200.00 per hour. An alternative would be an annual fixed fee of \$5,000.00 for these services.

Use of subcontractors:

If RBC CM utilizes a subcontractor in the process of issuing bonds, the fee for such subcontractor would be the responsibility of RBC CM and would be paid by us from the fee we collect. No additional cost would be paid by the City.

Hourly Rates:

Hourly rates would be charged for advice and services performed that are not related to the issuance of a specific obligation based on the following schedule:

Paul Cassidy, Managing Director	\$200.00/hour
Erik Harrigan, Director	\$200.00/hour
Financial Analysts	\$150.00/hour



2. Reimbursement of Costs & Cost Evaluation Criteria

In addition to the Financial Advisory fee, out-of-pocket expenses, which are highlighted below, will be reimbursed by the City. Any charges sent to RBC CM but paid by the City will be reviewed for accuracy and forwarded to the City for payment. An indicative list of these expenses is as follows:

ESTIMATED BILLING EXPENSES ⁽¹⁾					
<i>City of Alamogordo, New Mexico</i>					
	\$9,000,000 General Obligation Bonds	\$4,000,000 Joint Utility Revenue Bonds	\$6,000,000 Gross Receipts Tax Bonds	\$3,000,000 NMFA Loan	Private Placement Of Any Amount
Financial Advisor Fee	\$ 28,500.00	\$ 25,500.00	\$ 28,500.00	\$ 25,500.00	See Fee Schedule
Travel costs to City meetings ⁽²⁾⁽³⁾	\$645.39	\$645.39	\$645.39	\$645.39	\$645.39
Electronic posting of POS/OS	750.00	1,500.00	1,500.00	-	-
Printing of Final OS ⁽⁴⁾	500.00	500.00	500.00	-	-
Rating fee ⁽⁵⁾	13,000.00	12,000.00	16,000.00	-	-
Total Estimated Expenses	\$ 43,395.39	\$ 40,145.39	\$ 47,145.39	\$ 26,145.39	
Copying charge	No Charge	No Charge	No Charge	No Charge	No Charge
Facsimile transmissions	No Charge	No Charge	No Charge	No Charge	No Charge
Word processing charge	No Charge	No Charge	No Charge	No Charge	No Charge
Feasibility studies	N/A	N/A	N/A	N/A	N/A
Overnight delivery charge	FedEx at cost	FedEx at cost	FedEx at cost	FedEx at cost	FedEx at cost

1) All prices listed are estimates and do not include New Mexico GRT. Subject to change.

2) Current mileage rate of \$0.505/mile x 426 miles roundtrip x 3 road trips.

3) RBC CM will be reimbursed for all out-of-pocket expenses, including travel and hotel accommodations. However, the City will not be obligated to pay the hourly contract rate for time spent in transit.

4) Services to be bid out for best price.

5) Moody's Investors Service rating fees as of May 2014. Subject to change. Fee would be higher if the City receives more than one rating, for instance Standard & Poor's and Moody's.

3. Payment for Services Rendered

In addition to the "Estimated Billing Expenses" provided above, the following is a list of expenses for a typical bond sale:

- Fees of bond counsel
- Fees of registrar/paying/escrow agent (City provided)
- Costs of any litigation with respect to the bonds
- Legal publication and recording fees
- Out-of-state travel (i.e. rating trip to Dallas)/out-of-pocket expenses

CITY OF ALAMOGORDO
 COMPOSITE SCORE SHEET
 Financial Services
 May 12th 2014
 RFP NO. 2014-001

Factor	Available Points per Vendor	4 Committee Members	RBC Capital Markets	George K Baum
1	40	Technical Competence	36	36
2	40	Capacity & Capability	38	36
3	40	Past Record of Performance	37	26
4	40	Familiarity with the Alamogordo & Otero County Area	39	24
5	20	Current Value of Work with City of Alamogordo	20	20
6	40	Approach to providing the Services	34	31
7	40	Approach to Communicating with City of Alamogordo	35	36
8	40	Familiarity with Applicable Regulations and Permits	37	34
9	40	Personnel Qualifications	34	33
10	40	Cost of Services	36.4	34.7
		Additional Preference Points - Veterans, Instate or Local	0	0
Total Available	380	Accumulated Score	346.4	310.7
Total Rank			1	2

CITY OF ALAMOGORDO
 COMPOSITE SCORE SHEET
 Financial Services
 May 12th 2014
 RFP 2014-001

	RBC Capital Markets											George K Baum & Company										
FACTOR	1	2	3	4	5	6	7	8	9	10	11	1	2	3	4	5	6	7	8	9	10	11
Evaluator #1	8	9	8	10	5	8	8	9	9	8	0	8	8	8	8	5	9	9	9	9	7	0
Evaluator #2	8	9	9	10	5	8	7	10	8	10	0	8	8	6	3	5	8	7	9	8	7.7	0
Evaluator #3	10	10	10	10	5	10	10	10	9	9	0	10	10	5	5	5	8	10	8	8	10	0
Evaluator #4	10	10	10	9	5	8	10	8	8	9.4	0	10	10	7	8	5	6	10	8	8	10	0
Total	36	38	37	39	20	34	35	37	34	36	0	36	36	26	24	20	31	36	34	33	35	0
Vendor total	346.4											310.7										

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014 **Report Date:** June 11, 2014 **Report No:** 9

Submitted By: Armando Ortega *A.O.* **Approved For Agenda:** 
Customer Service Manager

Subject: Approve the award of RFP 2013-006 Fixed Network Mesh Automated Meter Reading (AMR) System to Zenner USA.

Fiscal Impact: \$2,671,746.75

Amount Budgeted: \$2,707,032.00

Fund: 081-2202-990-6169 UB2006

Recommendation: Approve the award to Zenner, USA

Background: The City solicited for proposals from qualified firms to provide an Advanced Metering Infrastructure (AMI) System. The City's intent is to find the best design and operating mesh fixed network AMR system which will utilize the latest technology to provide a state-of-art environment that will serve the City's present needs as well as provide a foundation for the future that allows easy expansion,

RFP No. 2013-006 was advertised on June 30, 2013 in the Alamogordo Daily News. Four (4) responsive proposals were received on August 20, 2013: Zenner USA, Morrison Supply Company, Ferguson Waterworks and Transparent Technologies.

The proposals were evaluated for compliance with the mandatory requirements set forth in the RFP. There were a total of three (3) members on the evaluation committee. As a result of the evaluation process, Zenner USA was selected as the highest qualified candidate.

The City staff was directed by the Commission to ensure the project is in the best interest of the City of Alamogordo. The contract will be done in phases with the payment schedule to follow each phase. This will ensure each phase is complete and functional before payment can be made.

Reviewed By:

City Attorney *SPT* City Clerk *RC* Community Development _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager _____

City of Alamogordo Implementation Plan.

No later than thirty (30) days after the effective date, the Vendor shall prepare detailed Implementation Plan describing how it will install and implement the Advanced Metering Infrastructure (“AMI”) System in compliance with the AMI Agreement (“Agreement”), a copy of which will be attached to the Agreement as Exhibit 1. Vendor’s Implementation Plan shall include but not be limited to:

1. “Kickoff meeting” to discuss the Implementation Plan and related matters. The initial project meeting will be held on June 30, 2014.
2. The Vendor shall be responsible for monitoring and communicating the progress of the development of the Implementation Plan with the City to support the timely approval of the Implementation Plan in accordance with the AMI Installation schedule (the “AMI System Schedule”) attached to the Agreement as Exhibit 2.
3. The Vendor shall provide the City a list of full names, addresses, dates of birth, and social security numbers for Vendor personnel (and subcontractors) that will be permitted to have access to the City’s facilities and customer homes and businesses.
 - a. Such Vendor personnel shall be subject are subject to a background check, which shall be completed and approved by the City in its sole discretion in accordance with Section 26 of the Agreement
 - b. The Vendor shall provide the subcontractor names and qualifications for installation services such as the contractor's trade, journey level, and certifications, and describe how the Vendor will supervise its employees that are not journey level workers.
 - i. Vendor will conduct initial background checks, including drug test, of all employees
 - ii. Vendor will provide list of employees (Exhibit 3) with necessary background information. Due to the long duration of the project, installation employees will be added throughout project and cannot be all identified, especially for Phase 2, prior to completion of the Implementation Plan. Therefore, the list will be updated as additional employees are added to the project.
 - iii. Background check to be completed by Vendor and the City.
3. The Vendor shall submit a description of the Acceptance Test for all phases as described in Section 5 of the Agreement.

The Acceptance Test shall be adequate to test the process, equipment, software and all other applicable equipment and supplies to demonstrate and determine whether or not the AMI System satisfies all of the terms and conditions of the Agreement.

- a. Phase area selection

- viii. Deployment Area based upon meter reading routes
 - (1) Define geographic area (Vendor will attach map)
 - (2) Define specific meter locations (Vendor will provide a spreadsheet of meter locations corresponding to the coverage area for each phase)
 - (3) City Input
 - (a) Target areas – contiguous meter reading routes.
 - (4) Network diagram of phase areas provided as Exhibit 4.

b. Phase 1

- i. All network infrastructure for Route 1, ~ water meters installed.
- ii. Zenner AMI server hardware installed and tested by Vendor
- iii. AMI Software installed and tested by the Vendor
- iv. Verification of end to end system performance
 - (1) 2-way communication to all network infrastructure
 - (2) 2-way communication to all meters deployed within the agreed upon Route 1 deployment area for Phase 1
- v. 98 % daily read rate (daily reads received within 24 hours)
- vi. Ability to perform On-Demand reads – 1 minute response time for all meters.
- vii. Any meter not read for three consecutive days during the System Acceptance test shall be trouble shot and corrected by the Vendor
- viii. Delivery of demand response event notifications
 - (1) Use of AMI software
 - (2) Day ahead notifications
 - (3) Phase 1 Demand Response Software will allow the City to schedule up to 5 unique DR events in advance each to occur at a specified date and time.

c. Phases 2-10

- i. An acceptance test will be performed at each phase.
- iv. Each Phase represents a Route as follows:
 - Phase 2 – Route 2
 - Phase 3 – Route 3
 - Phase 4 - Route 4
 - Phase 5 - Route 5
 - Phase 6 - Route 6
 - Phase 7 - Route 7
 - Phase 8 - Route 8
 - Phase 9 - Route 9
 - Phase 10- Route 10
- i. All network infrastructure for each Route and water meters installed for the corresponding phase.
- ii. Verification of end to end system performance for each Phase upon installation

- (1) 2-way communication to all network infrastructure
 - (2) 2-way communication to all meters deployed within the agreed upon Route deployment area for each Phase.
 - iii. 98 % daily read rate (daily reads received within 24 hours) for each route at the corresponding phase.
 - iv. Ability to perform On-Demand reads – 1 minute response time for all meters within each route tested at the completion of the corresponding phase.
 - vii. Any meter not read for three consecutive days during the System Acceptance of each phase test shall be trouble shot and corrected by the Vendor prior to the beginning of the next phase.
 - ix. Delivery of demand response event notifications at the completions of each phase for the corresponding route.
3. A detailed description of the meter installation process
 - i) AMI server hardware and software will be installed and tested
 - ii) All system communications infrastructure will be installed prior to meter installations.
 - iii) Prior to and/or during meter installation, Vendor will collect GPS coordinates for all meters.
 - iv) All meter replacements will be done one at a time. Under NO circumstances will an electrician/technician use an assembly type method to replace meters in the field. Each meter exchange process must be completed from beginning to end, prior to moving on to the next meter.
 - v) The following summary describes the standard water meter installation steps to be done. Based on the service location, the actual work may differ from this description and will not be strictly limited to these actions:
 - 1) The Vendor shall be provided door hangars by the City and the Vendor shall install door hangers three days in advance of meter installation.
 - 2) A daily route will created for each installer typically consisting of 25 to 30 addresses. Installers will check out the necessary quantity of meters every morning per the Vendor's standard procedure.
 - 3) Verify that meter number and meter size on work order match existing meter at the property. If numbers or size do not match, note discrepancy and actual old meter number. Immediately notify the City if meter type or size shown in system does not match current meter installed.
 - 4) Attempt to contact customer. Ring bell or knock on door only. Refrain from knocking on windows or entering backyards.
 - 5) Notify customer of the work to be performed and the estimated time the water service will be off (as short a time as necessary).
 - 6) If customer is not present, proceed with meter replacement.

- 7) Clean and pump out meter box if necessary making sure excess material does not stain or damage customer's yard, driveway or facility.
- 8) Determine that the pipes, couplings, and valves are in acceptable condition for the meter removal/installation. If any tampering, diversion, damage or unacceptable conditions are discovered work will stop immediately and the City will be notified per additional repair procedure.
- 9) Shut-off the water at the curb stop. Note if curb stop is off previous to Vendor arrival. If Curb stop is closed, complete the meter change out but do not open the curb stop. Leave in closed position.
- 10) Remove the old meter and replace it with a new meter and gaskets. Verify that meter is installed in the correct direction. Arrow on meter points away from the curb stop or meter valve.
- 11) Take measures to prevent dirt or sediment from entering the customer's plumbing.
- 12) Open a hose bibb on the customer's facility side to flush the customer's service line.
- 13) Slowly open the curb stop or meter valve to allow trapped air or dirty water to exit. Flush until all air and water have been purged from the system. Open valve completely and turn off customer's hose bibb.
- 14) Visually test installation to ensure there are no leaks, the meter is not installed backwards and water is flowing through the meter properly. Verify curb stop is in full open position.
- 15) Restore area to original condition, including cleaning work site and making sure there is no debris or dirt left around the work area.
- 16) Inform customer of work completion and water availability and leave door hanger indicating changeout was successful or denoting issues.
- 17) In addition to photographs taken before and after installation, take photograph of new and old meter side by side with s/n visible on new meter and last read visible on old meter. See section 7.i. for details.
- 18) Proceed to next meter.

***Pre-Existing Conditions.** Installer shall identify any pre-existing conditions such as leaks or deteriorated valves or pipes which may prevent a successful meter replacement. If the installer feels the pre-existing conditions prevent the meter replacement, the installer or operations manager shall inform the City. Notify City if any meter boxes or lids need to be replaced.

vi) Inaccessible Meters – In the event they cannot access a water meter site,

the technician shall contact the Vendor project manager and move onto the next location job.

vii) Processes for managing special circumstances such as suspected theft of service, hazardous conditions, incorrect meter form/class, inaccurate wiring, or even something as simple as a cut or missing seal.

1. Hazardous conditions - The field technician will immediately notify the Vendor's field project manager who will contact the City's approved chain of authority for disposition. The objective is to secure the site until the proper personnel arrive.

2. Theft of Service or Cut/Missing Seal (not to include weathered or UV damaged seals) - The field technician will immediately notify the Vendor's field project manager who will contact the City's approved chain of authority for disposition. The objective is to secure the site until the proper personnel arrive if the issue is found after the meter was removed. Sites with cut or missing seals should be skipped and immediately reported to the City representative by the field project manager. The call to the proper contact shall not take place while still on the customer premise. No further contact with the resident will occur. The technician will call the proper contact from a private area or vehicle and then move on to next site. The City contacts are listed below in order of contact preference:

3. Incorrect water meter size - The field technician will thoroughly document the incorrect meter information and will notify the Vendor field project manager who will contact the City's approved chain of authority with their findings.

4. Inaccurate wiring - The field technician will immediately notify the Vendor's field project manager who will contact the City's approved chain of authority with their findings.

4. The Vendor provided the City independent accuracy tests for the water meter.
5. The City, at its sole discretion, shall have the right to accept or reject this Implantation Plan in accordance with the Agreement.

ADVANCED METERING INFRASTRUCTURE (AMI) SYSTEM AGREEMENT

THIS ADVANCED METERING INFRASTRUCTURE SYSTEM AGREEMENT (the “Agreement”) between the City of Alamogordo, a New Mexico municipal corporation (the “City”), and Zenner USA, Inc., existing under the laws of Texas, but registered to do business in the State of New Mexico (the “Vendor”) sets forth the terms and conditions for provision by Vendor of an Advanced Metering Infrastructure System (the “AMI System”). The AMI System shall consist of the installation of an advanced meter infrastructure for the City’s water utilities and the integration of a meter data management system with the City’s existing Customer Information System (CIS) for use by the City in accordance with the terms, conditions and specifications set forth in this Agreement.

1. **Definitions.**

“*Acceptance Test*” means those tests performed for the purpose of determining compliance of the AMI System with the requirements and specifications of this Agreement, and all other attachments incorporated in this Agreement by reference, including, but not limited to, the Vendor’s Response, and to determine the reliability of the system.

“*Commercial Hardware*” means Hardware developed or regularly used that: (i) has been sold, leased, or licensed to the general public; (ii) has been offered for sale, lease, or license to the general public; (iii) has not been offered, sold, leased, or licensed to the public but will be available for commercial sale, lease, or license in time to satisfy the delivery requirements of this Contract; or (iv) satisfies a criterion expressed in (i), (ii), or (iii) above and would require only minor modifications to meet the requirements of this Contract.

“*Commercial Software*” means Software developed or regularly used that: (i) has been sold, leased, or licensed to the general public; (ii) has been offered for sale, lease, or license to the general public; (iii) has not been offered, sold, leased, or licensed to the public but will be available for commercial sale, lease, or license in time to satisfy the delivery requirements of this Contract; or (iv) satisfies a criterion expressed in (i), (ii), or (iii) above and would require only minor modifications to meet the requirements of this Contract.

“*Custom Software*” means Software that does not meet the definition of Commercial Software.

“*Data*” means any information, formula, algorithms, or other content that the City, the City’s employees, agents and end users may provide to the Vendor pursuant to this Contract. Data includes, but is not limited to, any of the foregoing that the City (i) uploads to a file hosting service, and/or (ii) creates and/or modifies using a file hosting service.

“*Data Breach*” means any unauthorized access, destruction, use, modification or disclosure of Data that is in violation of contract terms and/or applicable state or federal law.

“*Deliverables*” means goods, software, information technology, telecommunications technology, hardware, and other items (e.g. reports) to be delivered pursuant to this Contract, including any such items furnished incident to the provision of services.

“*Resolution Target*” means the period of time identified below, unless otherwise stated in the Vendor’s Response, in which Vendor will accurately diagnose and resolve the problem to

the degree acceptable by the City. The time frame begins when the Vendor is made aware of the problem.

“*Equipment*” is an all-inclusive term which refers either to individual Machines or to a complete Data Processing System or Subsystem, including its Hardware and Operating Software (if any).

“*Hardware*” usually refers to computer Equipment and is contrasted with Software. See also Equipment.

“*Machine*” means an individual unit of a Data Processing System or Subsystem, separately identified by a type and/or model number, comprised of but not limited to mechanical, electro-mechanical, and electronic parts, microcode, and special features installed thereon and including any necessary Software, e.g., central processing unit, memory module, tape unit, card reader, etc.

“*Software*” means an all-inclusive term which refers to any computer programs, routines, or subroutines supplied by the Contractor, including Operating Software, Programming Aids, Application Programs, and Program Products.

“*System*” means the complete collection of Hardware, Software and services as described in this Contract, integrated and functioning together, and performing in accordance with this Contract.

2. Effective Date. This Agreement will become effective when both parties have signed it. The date this Agreement is signed by the second party to sign it (as indicated by the date associated with that party’s signature) will be deemed the date of this Agreement. *If a party signs but fails to date a signature, the date that the other party receives the signing party’s signature will be deemed to be the date that the signing party signed this Agreement.*

3. Scope of Work. The intent of this Agreement is that the Vendor shall install a fully functioning AMI System for the City’s water utility customers (the “Project”) as more described in Vendor’s Proposal Response to RFP No. 2013-006, the terms of which are incorporated herein and made part of this Agreement (the “Vendor’s Response”). The Vendor shall perform all work, acquire and install all equipment, and complete all other necessary work to accomplish the intent of this Agreement, even if such work, acquisitions, or other performances are not specifically mentioned in this Agreement. Vendor shall take all necessary steps, including design, construction, and management and provide all necessary system components, software, management, supervision, training, materials, tools, supplies, facilities and resources, necessary to install and implement the AMI System as contemplated by this Agreement. Vendor shall provide or procure all necessary system components, management, supervision, resources and materials required to begin work in accordance with the terms and intention of this Agreement, all so that at the time Vendor completes the work the AMI System is ready for use when delivered to the City and so that the City may begin operations immediately.

4. Implementation Plan.

(a) No later than thirty (30) days after the effective date, the Vendor shall prepare a detailed Implementation Plan describing how it will install and implement the AMI System in compliance with this Agreement, a copy of which will be attached to this Agreement as Exhibit 1. The Vendor shall submit the Implementation Plan to the City for approval. The City, in its discretion, may accept or reject the Implementation Plan. If the City rejects the Implementation Plan, the City may elect to terminate this Agreement. In that event, this Agreement shall be treated as void *ab initia*; and neither party shall have any rights or obligation under this Agreement.

(b) Vendor's Implementation Plan shall include but not be limited to:

- "Kickoff meeting" to discuss the Implementation Plan and related matters.
- Installation schedule (the "AMI System Schedule").
- A list of full names, addresses, dates of birth, and social security numbers for Vendor personnel (and subcontractors) that will be permitted to have access to the City's facilities and customer homes and businesses
- A description of the Acceptance Test for all phases as required by this Agreement.
- A detailed description as to how the meter installation process will be performed.

(c) The City, in its sole discretion, shall have the right to accept or reject the Implementation Plan submitted by the Vendor. Within 28 days after the Implementation Plan is submitted to it, the City shall give written notice to the Vendor of the City's acceptance or rejection of the Implementation Plan.

(d) If the City approves the Implementation Plan, the Vendor shall proceed to perform the obligations required to complete each phase of the Implementation Plan. Each phase will require the Vendor to install and implement a fully functioning AMI System to a specified route of the City's utility customers as designated by the City. Each phase will be subject to an Acceptance Test at the conclusion of the Vendor's work for that particular phase. If the City approves the phase, the Vendor shall proceed to perform the obligations required to complete the next phase of the Implementation Plan. The entire, city-wide AMI System shall be fully complete and operational prior to City final acceptance. The Vendor's work shall be completed and accepted in accordance with the AMI System Schedule.

5. System Acceptance Test.

(a) The Vendor shall develop an Acceptance Test adequate to test the process, equipment, software and all other applicable equipment and supplies to demonstrate and determine whether or not the AMI System satisfies all of the terms and conditions of this Agreement. If for each phase, the Acceptance Test demonstrates the AMI System for that particular phase satisfies all of the terms and conditions of this Agreement, the City will pay the charges for that particular phase and provide the Vendor written notice to proceed with the next Phase.

(b) The Vendor shall, at the completion of all phases, deliver to the City a complete and fully functioning AMI System that complies with the provisions of this Agreement and serves all of the City's water utility customers. When the Vendor has completed the last phase specified in the Implementation Plan, the Vendor shall conduct an additional Acceptance Test to test the entire AMI System for compliance with the terms and conditions of this Agreement. If at the end of the end of the Acceptance Test for the final phase the AMI System does not meet the expected performance, the Vendor, without additional compensation shall make all changes, do all works, and take all other actions necessary to make the entire AMI System meet the Acceptance Test.

(c) After the Vendor has completed an Acceptance Test for a particular phase, the Vendor shall submit the Acceptance Test for the completed phase to the City for approval. The City shall have up to ten (10) or otherwise mutually agreed to number of working days following its receipt of each Acceptance Test to determine if the completed phase meets specifications. No payment shall be made for any phase until the individual phase that is the subject of a payment invoice has been accepted, in writing, by the City. In order to accept the completed phase, the City will determine, at a minimum, that the phase:

- (1) Complies with the requirements of this Agreement as described in the Vendor's Response;
- (2) Complies with the terms and conditions of this Agreement; and
- (3) Meets the performance measures for the project and this Agreement.

(d) If a phase or any portion thereof, is unacceptable, the City shall notify the Vendor in writing within ten (10) or otherwise mutually agreed to number of working days of its receipt of an Acceptance Test from Vendor. The notice shall set forth with particularity and specificity the reason for rejection of the phase.

(e) Within ten (10) or otherwise mutually agreed to number of working days from the date of Vendor's receipt of written notification of rejection of a phase, the Vendor shall correct the deficiency or deficiencies and bring the phase into compliance with this Agreement. In all cases, and at no additional cost to the City, the Vendor shall timely and diligently pursue a cure for any deficiencies, an shall take all reasonable steps, including allocating additional resources if necessary, to timely cure a deficiency as promptly as practicable.

(f) If Vendor fails to correct such deficiency or deficiencies in accordance with the cure period as agreed to by the parties the City at its option may, without prejudice to any other remedy, elect one or both of the following remedies:

- (1) Cure or make good any such deficiencies, including securing the services of third parties at the Vendor's sole expense;
- (2) Require the Vendor to suspend future phases under this Agreement until the deficiency has been cured. As appropriate, an amendment to this Agreement shall be issued deducting from the payments then or thereafter due the Vendor the cost of correcting or finishing such deficiencies, including the cost of additional services and third party services. *Any* amendment issued pursuant to a deficiency herein shall not require the Vendor's approval, and an additional cost shall be borne by the Vendor.

(g) Once the Vendor has corrected a deficiency, Vendor shall re-submit the phase to the City for approval. Upon receipt of such phase resubmitted for approval, the City shall have up to five (5) or otherwise mutually agreed to number of working days to determine whether the

deficiency specified in the rejection notice has been corrected. This subsequent review shall be limited to the original deficiencies and the portions of the phase that were dependent on the deficiencies. After the above process is repeated and if the Deliverable or any portion thereof is again found to be unacceptable, the process described herein shall be repeated until:

- (1) Acceptance by the City; or.
- (2) The City, at its option, terminates the Agreement for cause as specified within the Agreement; or
- (3) The City, in writing, grants the Vendor additional time or waiver.

(h) The Vendor shall submit to the City a written invoice for all accepted phases pursuant to the payment provisions under the Agreement. No invoice shall be honored by the City unless and until prior acceptance is obtained for the phase relating to said invoice.

6. Inspection, Acceptance and Rejection. When acquiring Commercial Hardware or Commercial Software, the City shall rely on Vendor's existing quality assurance system as a substitute for City inspection and testing. For all other acquisitions, Vendor and its subcontractors will provide and maintain a quality assurance system acceptable to the City covering Deliverables and services under this Contract and will tender to the City only those Deliverables that have been inspected and found to conform to this Contract's requirements. The Vendor will keep records evidencing inspections and their result, and will make these records available to the City during Contract performance and for three years after final payment. The Vendor shall permit the City to review procedures, practices, processes, and related documents to determine the acceptability of the Vendor's quality assurance System or other similar business practices related to performance of the Contract. Unless otherwise specified in the Statement of Work, title to Deliverables shall remain with the Vendor and assigns, if any, until such time as successful acceptance testing has been achieved.

7. Access to Facilities. The City agrees to assist Vendor's personnel and third party vendors to gain access to facilities and properties that are not controlled by the City which are subject to the work and services contained in this Agreement.

8. As-Built Drawings. Vendor shall deliver as-builts of the communications network diagram/schematic for all collector sites, and construction photographs. An electronic copy of the as-builts shall be provided by the Vendor in a mutually agreed upon format.

9. Purchase of Materials. Vendor will purchase all Deliverables, materials and system components outright and not subject to any conditional sales agreements, bailment, lease or other agreement reserving unto the seller any right, title or interest therein. All such materials and system components shall be new and become the property of the City upon the delivery of the goods and after City acceptance of each individual phase.

10. Delays. If Vendor, without its fault or negligence, is delayed in the commencement or completion of the work and/or services by causes beyond its control, such as acts of God, war, civil disturbances, fire, flood, labor disputes, unusual delays in deliveries, abnormal adverse weather conditions, acts of war, acts of terrorism, failure by the City to perform its obligations under this Agreement, failure of supplier(s), or other similar causes beyond the control of Vendor, then the time within which Vendor shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number of days performance is

delayed due to such circumstances. Vendor shall provide written notice to the City of the existence, extent of, and reason for such delays. Vendor shall not be subject to any penalty hereunder because of acts or failure to act due to such delays.

11. **Cleanup.** While performing work the Vendor shall keep all work and surrounding area free from accumulation of waste materials or rubbish caused by the work. Upon completion of the work, Vendor shall remove all waste materials, rubbish, tools construction equipment, machinery, and surplus materials.

12. **Safety.** Vendor shall be responsible for initiating, providing, maintaining, and supervising all safety precautions, safety equipment and programs in connection with the performance of the work or services. Vendor shall comply with all applicable laws, ordinances, rules, regulations, permits, and lawful orders of public authorities related to safety of workers, persons, and property.

13. **Prevailing Wage Requirements.** The Vendor shall comply with applicable prevailing wage requirements of the New Mexico Public Works Minimum Wage Act, Sections 13-4-11 to 13-4-17 et seq. NMSA 1978 as amended. Minimum wage rates as determined and published by the State Labor Commission, Santa Fe, New Mexico, shall be in effect and utilized by the Vendor during the life of this contract. The Vendor shall document compliance with said requirements. The Vendor shall also ensure that any subcontractors or agents of the Vendor shall comply with the prevailing wage and documentation requirements as set forth herein. If a contractor or sub-contractor is willfully paying his laborers, mechanics, and operators less than the rates required by the contract for the work the laborers, mechanics, and operators are performing, the contractor or sub-contractor may lose his right to proceed with the work.

14. **Warranties.**

(a) Except as otherwise specified in the Vendor's Response, Vendor warrants that the Deliverables, including all services and workmanship furnished by Vendor or any subcontractor and agents of the Vendor, will be of good quality and new; that the work will be free from defects; that the work and services will conform to the requirements of this Agreement and shall be performed in a professional, competent and timely manner by appropriately qualified and trained personnel.

(b) Vendor warrants that the materials, equipment, software, and workmanship shall be free from defects in material and workmanship arising from normal usage for a period of one year from the date the City accepted the completed AMI System.

(c) Vendor warrants that it shall furnish to the City a complete and fully functional AMI System in accordance with the provisions of this Agreement. The Vendor shall correct any errors or omissions as necessary to make the AMI System complete and operable at no additional charge to the City. The Vendor warrants that the AMI System includes all components necessary. No payment shall be made to the Vendor for materials or labor involved in correcting errors or omissions.

(d) These warranties do not extend to any work or services that have been abused, altered, misused, or repaired by the City or third parties without the supervision of and prior written approval of Vendor. The City must promptly report any failure of the equipment or software to the Vendor in writing.

(e) Unless otherwise specified in Vendor's Response:

(1) The Vendor does not warrant that any Software provided hereunder is error-free or that it will run without immaterial interruption.

(2) The Vendor does not warrant and will have no responsibility for a claim to the extent that it arises directly from (A) a modification made by the City, unless such modification is approved or directed by the Vendor, (B) use of Software in combination with or on products other than as specified by the Vendor, or (C) misuse by the City.

(3) Where the Vendor resells Commercial Hardware or Commercial Software it purchased from a third party, Vendor, to the extent it is legally able to do so, will pass through any such third party warranties to the City and will reasonably cooperate in enforcing them. Such warranty pass-through will not relieve the Vendor from Vendor's warranty obligations set forth above.

(f) All warranties, including special warranties specified elsewhere herein, shall inure to the City, its successors, assigns, customer agencies, and governmental users of the Deliverables or services.

(g) Except as may be specifically provided in Vendor's Response or elsewhere in this Contract, for any breach of the warranties provided in this Section, the City's exclusive remedy and the Vendor's sole obligation will be limited to:

(1) re-performance, repair, or replacement of the nonconforming Deliverable (including without limitation an infringing Deliverable) or service; or

(2) should the City in its sole discretion consent, refund of all amounts paid by the City for the nonconforming Deliverable or service and payment to the City of any additional amounts necessary to equal the City's Cost to Cover. "Cost to Cover" means the cost, properly mitigated, of procuring Deliverables or services of equivalent capability, function, and performance. The payment obligation in subsection (e)(ii) above will not exceed the limits on the Vendor's liability set forth in the Section entitled "Limitation of Liability."

(h) EXCEPT FOR THE EXPRESS WARRANTIES SPECIFIED IN THIS SECTION, THE VENDOR MAKES NO WARRANTIES EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

15. Compensation. Upon successful completion and City approval of each phase, the City shall pay to the Vendor based upon the fixed prices for each Deliverable per Option 2 Multi-Jet Meters, as contained in Vendor's Response exclusive of New Mexico gross receipts taxes. Payment shall be made upon Acceptance of each Phase and upon the receipt and acceptance of a detailed, certified Payment Invoice. The amount paid will be dependant on the percentage of total meters, completed, installed and operating. The percentage paid will be based on the complete bid price and the percentage completed. Payment will be made to the Vendor's designated mailing address. In accordance with Section 13-1-158 NMSA 1978, payment shall be tendered to the Vendor within thirty (30) days of the date of written certification of

Acceptance. The maximum amount to be paid for the duration of this Contract for Project Management Services shall not exceed \$14,000. All fees for Hosting Services rendered or provided to City shall be in accordance with the prices and/or quoted costs specified in Vendor's Response. The Vendor, upon the approval and acceptance of each route, will sign a Liability release stating that all sub-contractors have been paid for the work within that route.

16. **Taxes, Permits and Fees.** Vendor shall be responsible for obtaining all permits and related permit fees associated with the work and services. Vendor shall pay sales, consumer, use, and all other taxes and shall secure and pay for the building permit and other permits and governmental fees, licenses, and inspection necessary for proper execution. The Vendor shall be reimbursed by the City for applicable New Mexico gross receipts taxes, excluding interest or penalties assessed on the Vendor by any authority. The payment of taxes for any money received under this Agreement shall be the Vendor's sole responsibility and should be reported under the Vendor's Federal and State tax identification number(s).

17. **Invoicing and Payment.** Payments shall be submitted to the Vendor at the address shown on the invoice. Payment shall be tendered to the Vendor within thirty (30) days of the date of acceptance. After the thirtieth day from the date that written certification of acceptance is issued, interest shall be paid on the unpaid balance due to the Vendor at the rate of one and one-half percent per month. Payment of taxes for any money received under this agreement shall be the Vendor's sole responsibility and shall be reported under the Vendor's federal and state tax identification numbers. Vendor shall pay each material supplier or each subcontractor, if any, after receipt of any payment from the City, the amount thereof allowed the Vendor for and on account of materials furnished or work performed by each material supplier or each subcontractor.

18. **System Software.**

(a) **Specifications.** The system shall include the software identified in Vendor's Response.

(b) **Software License Grant.** The Vendor hereby grants to the City and the City accepts from the Vendor, subject to the terms and conditions of this Agreement, a perpetual, irrevocable, royalty-free, non-exclusive, license to use the Software in this Contract. The City may use the Software in the conduct of its own business, and any division thereof. Acceptance of Commercial Software (including third party Software) and Custom Software will be governed by the terms and conditions of this Contract.

(c) **Protection of Proprietary Software and other Proprietary Data.** The City agrees that all material appropriately marked or identified in writing as proprietary, and furnished hereunder are provided only for the City's exclusive use for the purposes of this Agreement. All such proprietary data shall remain the property of the Vendor. The City agrees to take all reasonable steps to insure that such proprietary data are not disclosed to others, without prior written consent of the Vendor, subject to the New Mexico Inspection of Public Records Act. The City will insure, prior to disposing of any media, that any licensed materials contained thereon have been erased or otherwise destroyed. The City agrees that it will take appropriate action by instruction, agreement or otherwise with its employees or other persons permitted access to licensed software and other proprietary data to satisfy its obligations in this Contract with respect to use, copying, modification, protection and security of proprietary software and other proprietary data.

(d) Right to Copy or Modify. Any Software provided by the Vendor in machine-readable form may be copied, in whole or in part, in printed or machine-readable form for use by the City with the designated CPU, to perform one-time benchmark tests, for archival or emergency restart purposes, to replace a worn copy, to understand the contents of such machine-readable material, or to modify the Software Product as provided below; provided, however, that no more than the number of printed copies and machine-readable copies as specified in the Statement of Work will be in existence under this Agreement at any time without prior written consent of the Vendor. Such consent shall not be unreasonably withheld by the Vendor. The original, and any copies of the Software Product, in whole or in part, which are made hereunder shall be the property of the Vendor. The City may modify any non-personal computer Software Product, in machine-readable form, for its own use and merge it into other program material. Any portion of the Software Product included in any merged program material shall be used only on the designated CPUs and shall be subject to the terms and conditions of the Agreement.

(e) Future Releases. Unless otherwise specifically provided in this Agreement, or the Scope of Work, if improved versions, e.g., patches, bug fixes, updates or releases, of any Software Product are developed by the Vendor, and are made available to other licensees, they will be made available to the City at no additional cost only if such are made available to other licensees at no additional cost. If the Vendor offers new versions or upgrades to the Software Product, they shall be made available to the City at the City's option at a price no greater than the Agreement price plus a price increase proportionate to the increase from the list price of the original version to that of the new version, if any. If the Software Product has no list price, such price increase will be proportionate to increase in average price from the original to the new version, if any, as estimated by the Vendor in good faith.

(f) Encryption/CPU ID Authorization Codes. When Encryption/CPU Identification (ID) authorization codes are required to operate the Software Products, the Vendor will provide all codes to the City with delivery of the Software. In case of an inoperative CPU, the Vendor will provide a temporary encryption/CPU ID authorization code to the City for use on a temporarily authorized CPU until the design CPU is returned to operation. When changes in designated CPUs occur, the City will notify the Vendor via telephone and/or facsimile/e-mail of such change. Upon receipt of such notice, the Vendor will issue via telephone and/or facsimile/e-mail to the City within 24 hours, a temporary encryption ID authorization code for use on the newly designated CPU until such time as permanent code is assigned.

(g) Patent, Copyright and Trade Secret Indemnity. Vendor will indemnify, defend, and save harmless the City, its officers, agents, and employees, from any and all third party claims, costs (including without limitation reasonable attorneys' fees), and losses for infringement or violation of any U.S. Intellectual Property Right by any product or service provided hereunder. With respect to claims arising from computer Hardware or Software manufactured by a third party and sold by Vendor as a reseller, Vendor will pass through to the City such indemnity rights as it receives from such third party ("Third Party Obligation") and will cooperate in enforcing them; provided that if the third party manufacturer fails to honor the Third Party Obligation, Vendor will provide the City with indemnity protection equal to that called for by the Third Party Obligation, but in no event greater than that called for in the first sentence of this Section. The provisions of the preceding sentence apply only to third party computer Hardware or Software sold as a distinct unit and accepted by the City. Unless a Third Party Obligation provides otherwise, the defense and payment obligations set forth in this Section will be conditional upon the following:

(1) The City shall notify the Vendor of any such claim in writing and tender the defense thereof within ten (10) days; and

(2) The Vendor will have sole control of the defense of any action on such claim and all negotiations for its settlement or compromise; provided that:

(i) When substantial principles of government or public law are involved, when litigation might create precedent affecting future City operations or liability, or when involvement of the City is otherwise mandated by law, the City may participate in such action at its own expense with respect to attorneys' fees and costs (but not liability);

(ii) Where a settlement would impose liability on the City, affect principles of New Mexico government or public law, or impact the authority of the City, the City will have the right to approve or disapprove any settlement or compromise, which approval will not unreasonably be withheld or delayed; and

(iii) The City will reasonably cooperate in the defense and in any related settlement negotiations.

(h) Should the Deliverables, or the operation thereof, become, or in the Vendor's opinion are likely to become, the subject of a claim of infringement or violation of a U.S. Intellectual Property Right, the City shall permit the Vendor, at its option and expense, either to procure for the City the right to continue using the Deliverables, or to replace or modify the same so that they become non-infringing. If none of these options can reasonably be taken, or if the use of such Deliverables by the City shall be prevented by injunction, the Vendor agrees to take back such Deliverables and make every reasonable effort to assist the City in procuring substitute Deliverables. If, in the sole opinion of the City, the return of such infringing Deliverables makes the retention of other Deliverables acquired from the Vendor under this Agreement impractical, the City shall then have the option of terminating such Agreement, or applicable portions thereof, without penalty or termination charge. The Vendor agrees to take back such Deliverables and refund any sums the City has paid the Vendor less any reasonable amount for use or damage.

(i) The Vendor shall have no liability to the City under any provision of this clause with respect to any claim of patent, copyright or trade secret infringement which is based upon:

(1) The combination or utilization of Deliverables furnished hereunder with Equipment, Software or devices not made or furnished by the Vendor; or,

(2) The operation of Equipment furnished by the Vendor under the control of any Operating Software other than, or in addition to, the current version of Vendor-supplied Operating Software; or

(3) The modification initiated by the City, or a third party at the City's direction, of any Deliverable furnished hereunder; or

(4) The combination or utilization of Software furnished hereunder with non-Vendor supplied Software.

(i) The Vendor certifies that it has appropriate systems and controls in place to ensure that City funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer Software in violation of copyright laws.

19. Hosting Services.

(a) Term. The initial service term for the provision of Hosting Services shall begin on the date that Vendor begins the delivery of meter reading to the City's Utility Billing Department and shall continue for the first partial month of service plus an additional 12 full calendar month (the 'Initial Term'). Upon expiration of the Initial Term, this Agreement shall automatically renew for up to three successive renewal terms of having the same number of full calendar months as the Initial Term (each a "Renewal Term") unless the City or the Vendor provides the other with written notice of non-renewal at least thirty (30) days prior to the expiration of the Initial Term or then-current Renewal Term, as applicable. The Initial Term and any Renewal Term may be referred to collectively in this Agreement as the "Term." In accordance with Section 2-13-200 of the City Purchasing Ordinance, no contract term for a services contract, including extensions and renewals, shall exceed four years.

(b) Invoicing Hosting Services and Payment. Invoices for Hosting Services will be on a quarterly Basis. Invoices must be paid in full within 30 days of the date of issue. If any payment is overdue the Vendor may (without prejudice to any other right or remedy available to it) suspend the relevant Service until payment in full thereof has been made.

(c) Termination. Hosting Services may be terminated by either party by notice in writing to the other having immediate effect if the other shall commit any breach of these terms and conditions which breach (if capable of remedy) is not remedied within 14 days of notification or if the other shall have a receiver or administrative receiver appointed of it or over any part of its undertaking or assets or shall pass a resolution for winding up (otherwise than for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or a court of competent jurisdiction shall make an order to that effect or if the other party shall become subject to an administration order or shall enter into voluntary arrangement with its creditors or shall cease or threaten to cease to carry on business. The termination (howsoever arising) shall be without prejudice to the rights and remedies of the parties accrued before such termination and nothing shall prejudice the right of either party to recover any amount of outstanding at the termination howsoever caused.

(d) Post-Termination: Unless otherwise stated in the Scope of Work,

(1) The City shall continue to have access to Data via Hosting Services for one (1) year following the effective date of termination or expiration of this Agreement ("Transition Period"). During the Transition Period, platform and Data access shall continue to be made available to the City without alteration, so as to allow the City time to transfer the Data to another service provider or return the Data to the City in the format as to be determined by the City.

(2) Parties agree to negotiation for additional time to the Transition Period as needed. Any such additional time as agreed upon between the parties shall be confirmed in writing.

(3) Notwithstanding "a" or "b," no data shall be destroyed or otherwise deleted without first providing the City ninety (90) days written notice.

(4) The Vendor agrees to compensate the City for any damages or losses the City incurs as a result of Vendor's failure to comply with this section.

(5) The Vendor shall return or, at the City's request, permanently destroy any portion of the Data in Vendor's possession or control following the expiration of all obligations in this section. The Vendor shall issue a written statement to the City confirming its destruction of the City's Data.

- (e) Data Breach: Unless otherwise stated in the Scope of Work,
- (1) Upon discovery of any Data Breach or breach to the terms of the underlying Agreement, the Vendor shall immediately notify the City in writing. Vendor's notification shall identify:
 - (i) the nature of the breach or unauthorized access, use or disclosure;
 - (ii) the Data accessed, used or disclosed;
 - (iii) the person(s) who accessed, used and disclosed and/or received Data (if known);
 - (iv) what the Vendor has done or will do to quarantine and mitigate the breach or unauthorized access, use or disclosure; and
 - (v) what corrective action the Vendor has taken or will take to prevent future breach or unauthorized access, use or disclosure.
 - (2) The City may require Vendor's assistance in complying with notification requirements pursuant to the applicable state and/or federal policies and law without additional cost to the City.
 - (3) The Vendor shall undertake to quarantine and repair Hosting Services within the Resolution Target as set forth in the Scope of Work. If the Vendor fails to provide an acceptable solution within the Resolution Target, the City may exercise its options for assessing damages or other remedies under this contract.
 - 4) The Vendor shall at all times ensure continuity of Hosting Services and availability of Data access. The City shall not be prevented from accessing the Hosting Services as a result of:
 - (i) Scheduled maintenance window;
 - (ii) Acts or omission of the Vendor;
 - (iii) Acts or omissions of third party companies working on behalf of the Vendor;
 - (iv) Hacks, malicious introduction of viruses, disabling devices, and other forms of attack that can disrupt access to the Vendor's server, to the extent such attack could have been prevented by reasonable and customary precautions in the hosting industry;
 - (v) Power outages or other telecommunications or Internet failures, to the extent such outage could have been prevented by reasonable and customary precautions in the hosting industry; or
 - (vi) Events outside of the Vendor's direct or express control.
- (f) Disaster Recovery/Business Continuity: Unless otherwise stated in the Scope of

Work:

- (1) In the event of disaster or catastrophic failure that results in significant Data loss the Vendor shall immediately notify the City and inform the City of: (i) the scale and quantity of the Data loss; (ii) what Vendor has done or will do to recover the Data and mitigate any deleterious effect of the Data loss; and (iii) what corrective action Vendor has taken or will take to prevent future Data loss. If Vendor fails to respond immediately and remedy the failure, the City may exercise its options for assessing damages or other remedies under this Agreement.

(2) Vendor shall repair Hosting Services within the Resolution Target as set forth in the Scope of Work. If Vendor fails to provide an acceptable solution within the Resolution Target, the City may exercise its options for assessing damages or other remedies under this Agreement.

3) Vendor shall at all times ensure continuity of Cloud Computing Services and availability of Data access. The City shall not be prevented from accessing the Cloud Computing Services as a result of:

- (i) Scheduled maintenance window;
- (ii) Acts or omission of Vendor;
- (iii) Acts or omissions of third party companies working on behalf of Vendor;
- (iv) Hacks, malicious introduction of viruses, disabling devices, and other forms of attack that can disrupt access to the Vendor's server, to the extent such attack could have been prevented by reasonable and customary precautions in the hosting industry;
- (v) Power outages or other telecommunications or Internet failures, to the extent such outage could have been prevented by reasonable and customary precautions in the hosting industry; or
- (vi) Events outside of Vendor's direct or express control.

(g) Representative Removal. At the request of the City Vendor shall remove any representative, employee or employee of the subcontractor who the City believes contributed to a Data Breach or violation of confidentiality from working on this Agreement. Vendor shall respond to City within twenty-four (24) hours upon receipt of the notification from the City. Vendor shall not assign the person to any aspect of the Contract or future work orders without the City's consent.

(h) Data Security. Unless otherwise stated in the Scope of Work,

(1) The Vendor shall meet or exceed any applicable legal requirement for data security.

(2) All facilities used to store and process Data shall implement and maintain administrative, physical technical and procedural safeguards and best practices at a level sufficient to secure such Data from Data Breach. Vendor shall maintain the administrative, physical, technical and procedural infrastructure associated with the provision of the Cloud Computing Services at all times during the term of this Agreement in a manner that is at a level equal to or more stringent than those specified in the Scope of Work.

(3) Vendor shall at all times use industry standard and up-to-date security tools, technologies and procedures as set forth in the Scope of Work, in providing Services under this Contract, at no additional cost to the City.

(4) Vendor shall allow the City access to system security logs, latency statistics, etc., that affect this engagement, its data and/or processes.

(5) Vendor assumes responsibility for protection of the security and confidentiality of the Data and shall ensure that all work performed by its subcontractors shall be under the supervision of the Vendor and in compliance with the same security policies and procedures that apply to the Vendor.

(i) System Reliability. Unless otherwise stated in Vendor's Response:

(1) The Vendor agrees to provide the City with access to the system with reliability as described in Vendor's Response. For each month in which the Vendor fails to provide the specified host system availability, the Vendor will apply a credit towards the City's total monthly service charges. The credit will be applied to the next month's service invoice and will occur on a prorated basis limited to a maximum of the total monthly charges based on a 30-day billing period. The credit will be calculated according to the schedule set forth in the Scope of Work.

(2) The Services shall be available 24 hours per day, 365 days per year (with agreed-upon maintenance downtime), and provided to the City as defined in Vendor's Response.

(3) If the service level falls below 99.0% more than four (4) times within a twelve (12) month period, the City can terminate this Agreement in accordance with the applicable termination terms and conditions of this Agreement.

(4) Advance notice shall be given to the City of any major upgrades or system changes that the Vendor will be performing. "Major Upgrade" means a replacement of hardware, or software with a newer or better version, in order to bring the system up to date or to improve its characteristics.

(j) Data Location. The physical location of the Vendor's datacenter where the Data is stored shall be within the United States.

(k) Rights to Data. The parties agree that as between them, all rights, including all intellectual property rights, in and to Data shall remain the exclusive property of the City, and the Vendor has a limited, non-exclusive license to access and use these Data as provided in this Agreement solely for the purpose of performing its obligations hereunder.

(l) Encryption: Unless otherwise stated in Vendor's Response the Data shall be encrypted while it is in motion and while it is at rest. The details of the encryption algorithms and access control policies are to be specified in the Scope of Work.

(m) Examination and Audit. Unless otherwise stated in Vendor's Response the Vendor agrees that the City or its designated representative shall have access to the Vendor's facilities, installations, technical capacities, operations, documentations, records and databases, including on-site and online inspections, within seventy-two (72) hours of prior written notification by the City. The online inspection shall include, but not be limited to,

- (1) Operating system/network vulnerability scans,
- (2) Web application vulnerability scans,
- (3) Database application vulnerability scans, and
- (4) Any other scans to be performed by the City or representatives on behalf of the City.

The City shall have the right to review and copy any records and supporting documentation directly pertaining to performance of this Agreement. The Vendor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. The Vendor agrees to allow the auditor(s) access to such records during normal business hours and in such a manner so as to not interfere unreasonably with normal business activities and to allow interviews of any employees or others who might reasonably have information related to such records. Further, the Vendor agrees to include a similar right of the City to audit records and interview employees in any subcontract related to performance of this Agreement.

(n) **Third Party Audit.** Immediately after any Data loss or Data Breach as a result of any disaster or catastrophic failure, the Vendor will at its expense agree to have an independent, industry-recognized third party perform security audit. The audit results shall be shared with the City within seven (7) days of Vendor's receipt of such results. Based on the results of the audits, the Vendor will within thirty (30) days of receipt of such results promptly modify its security measures in order to meet its obligations under this Agreement, and provide the City with written evidence of remediation.

(o) **Discovery.** The Vendor shall immediately notify the City upon receipt of any requests which in any way might reasonably require access to the Data of the City. The Vendor shall not respond to subpoenas, service of process and other legal requests related to the City without first notifying the City unless prohibited by law from providing such notice.

20. Notices. All notices required to be in writing hereunder shall be deemed given when personally delivered, or if mailed by certified or registered mail, three (3) days following deposit in the United States mail, postage prepaid, or if via telecopy or facsimile, when received, or if sent by courier service providing evidence of delivery, when actually delivered by such service.

All notices from Vendor to the City pursuant to this Agreement shall be directed to the City Manager at City Hall, 1376 East Ninth Street, Alamogordo, New Mexico, 88310, or to such officer as designated by the City Manager.

All notices from the City to Vendor pursuant to this Agreement shall be directed to the Vendor at _____, or to such officer as designated by the Vendor.

21. Non-Disclosure Agreement. It is understood by the Vendor that the City is a New Mexico municipal corporation and, as such, is subject to the provisions of the New Mexico Inspection of Public Records Act, Section 14-2-1 through 14-2-12 NMSA 1978. To the extent permitted by the Inspection of Public Records Act, the City will maintain confidentiality of any and all information provided or made available by Vendor to the extent permitted by law when Vendor has notified the City of the confidential nature of the information. Vendor shall maintain confidentiality of all information about the City's computer network and security systems and data under this Agreement. Vendor will maintain confidentiality of any and all additional information provided or made available by the City to the extent permitted by law when the City has notified Vendor of the confidential nature of the information.

22. Reports. Vendor shall report to the City such information relating to this Agreement as the City may reasonably require to demonstrate Vendor's compliance with the terms and conditions of this Agreement and shall comply with the City's reasonable determination of the forms for reports, the time for reports, the frequency with which any reports are to be made, and whether or not reports are to be certified.

23. Indemnification/Hold Harmless. Vendor shall defend, indemnify and hold harmless the City, its officers, officials, employees, and volunteers from any and all claims, injuries, damages, losses or suits, including attorney fees, arising or issuing out of or in connection with this

Agreement, except as may be caused by the sole negligence or willful misconduct on the part of the City.

24. Subcontracts/ Assignment. Vendor shall not subcontract, assign or transfer any right, title or interest under the terms of this Agreement without the prior written approval of the City. Such approval shall not be unreasonably withheld or delayed, provided it is demonstrated to the City's satisfaction that the assignee has the background, experience, certifications, ability, and the technical, financial and legal resources to perform the requirements of this Agreement while maintaining the security of the City's confidential information and compliance with the Non-Disclosure Agreement.

24. Survival. The provisions covering charges and payment, and indemnification/hold harmless, and non-disclosure of confidential information shall survive expiration of this Agreement.

25. Insurance Requirements. Until final acceptance by the City of the work covered by the contract, the Vendor shall procure and maintain at Vendor's own expense insurance of the kinds and in the amounts described below. This insurance shall be provided by insurance companies authorized to do business in New Mexico and shall cover all operations under the contract, whether performed by the Vendor, Vendor's agents or employees or by subcontractors. All insurance provided shall remain in full force and effect for the entire period of the work, up to and including final acceptance, and the removal of all equipment and employees, agents and subcontractors therefrom.

(a) Public Liability and Automobile Liability Insurance

1. General Liability: Bodily Injury Liability and Property Damage Liability insurance applicable in full to the subject project shall be provided in the following minimum amounts:

Bodily Injury Liability:

\$500,000 each occurrence; \$1,000,000 aggregate

Property Damage Liability:

\$500,000 each occurrence; \$1,000,000 aggregate

(i) The policy to provide this insurance is to be written on a Comprehensive General Liability form which must include the following:

a. Coverage for liability arising out of the operation of independent contractors.

b. Completed Operations Coverage.

c. Attachment of the Broad Form Comprehensive General Liability Endorsement.

(ii). In the event that any use of explosives is a required part of the contract, the Vendor's insurance must include coverage for injury to or destruction of property arising out of blasting or explosion.

(iii). In the event that any form of work next to an existing building or structure is a required part of the contract, the Vendor's insurance must include coverage for injury to or destruction of property arising out of:

The collapse of or structural injury to any building or structure due to excavation, including borrowing, filling or backfilling in connection therewith, or to tunneling, cofferdam work or caisson work or to moving, shoring underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof.

(iv). Coverage must be included for injury to or destruction of any property arising out of injury to or destruction of wires, conduits, pipes, mains, sewers or other similar property or any apparatus in connection therewith below the surface of the ground, if such injury or destruction is caused by or occurs during the use of mechanical equipment for the purpose of excavating, digging or drilling, or to injury to or destruction of property at any time resulting therefrom.

2. Automobile Liability Insurance coverage for the Vendor (whether included in the policy providing General Liability insurance or in a separate policy) must provide liability for the ownership, operation and maintenance of owned, non-owned and hired cars. The limits of liability for Automobile Liability insurance shall be provided in the following amounts:

Bodily Injury Liability:
\$500,000 each person
\$1,000,000 each occurrence

Property Damage Liability:
\$1,000,000 each occurrence

(b). Workers' Compensation Insurance

The Vendor shall also carry Workers' Compensation Insurance or otherwise fully comply with the provisions of the New Mexico Workmen's Compensation Act and Occupational Disease Disablement Law.

(c) Owners' Protective Liability Insurance

The Vendor shall purchase Standard Form Owners' Protective Liability insurance naming the City as the name insured, with limits of liability applicable in full to the subject project as follows:

Bodily Injury Liability:
\$500,000 each occurrence

Property Damage Liability:
\$100,000 each occurrence

Property Damage and Bodily Injury Combined:
\$1,000,000 aggregate

(d). Certificate of Insurance

The Vendor being awarded the contract shall furnish evidence of Vendor's insurance coverage by a Certificate of Insurance executed on a form acceptable to the City, to be made a part of the Agreement and included with the Agreement documents prior to signing the Agreement. Such certificate shall indicate compliance with these specifications and shall certify that the coverage shall not be changed, canceled or allowed to lapse without giving the City thirty (30) days written notice. Also, a certificate of insurance shall be furnished to the City on renewal of a policy or policies as necessary during the terms of the Agreement. The City shall not issue a Notice to Proceed until such time as the above requirements have been met.

(e). Umbrella Coverage.

The insurance limits cited in the above paragraphs are minimum limits. This specification is in no way intended to define what constitutes adequate insurance coverage for the individual Vendor. The City will recognize following form excess coverage (Umbrella) as meeting the requirements of Subsection I of the Section should such insurance otherwise meet all the requirements of such Subsection.

(f). Optimal Insurance

The Vendor shall procure and maintain, when required by the City, forms and types of Bailee insurance such as, but not limited to, Builder's Risk Insurance, which should include, but is not limited to, theft, vandalism, weather conditions and acts of God, Vendor's Equipment Insurance, Rigger's Liability Property Insurance, etc. in amounts necessary to protect the City against claims, losses and expenses arising from the damage, disappearance or destruction of property of others in the care, custody or control of the Vendor, including property of others being installed, erected or worked upon by the Vendor, Vendor's agents or subcontractors.

26. Background Checks. Vendor personnel and any of Vendor's subcontractor personnel that are permitted to have access to the City's facilities and customer homes and businesses during the term of this Agreement are subject to a background check, which shall be completed and approved by the City in its sole discretion and which shall be considered confidential in accordance with the provision of this Agreement. Vendor personnel and any of Vendor's subcontractor personnel background checks not approved by the City shall not have access to City or customer facilities during the term of this Agreement. All Vendor and subcontractor personnel background checks approved by the City that have access to City or customer facilities during the term of this Agreement shall prominently display a City provided identification badge.

27. Payment Certifications. Along with each request for progress payments, the Vendor shall furnish the following certification, or payment shall not be made:

I hereby certify, to the best of my knowledge and belief, that:

- (1) The amounts requested are only for performance in accordance with the specifications, terms, and conditions of the agreement;
- (2) Payments to subcontractors and suppliers have been made from previous payments received under the contract, and timely payments will

be made from the proceeds of the payment covered by this certification, in accordance with subcontract agreements; and,

(3) This request for progress payments does not include any amounts which the prime contractor intends to withhold or retain from a subcontractor or supplier in accordance with the terms and conditions of the subcontract.

Name:

Title:

Date:

28. **Termination.** Each party reserves the right to terminate this Agreement at any time upon breach by the other party of a material term or condition of this Agreement; provided that the non-breaching party has first given 60 days written notice specifying in reasonable detail the alleged breach or failure of compliance demanding the cure of the breach. If said breach or failure to comply cannot reasonably be cured in 60 days the breaching party shall proceed promptly to cure the same, then the time for curing such failure to comply shall be extended for such period of time as may be reasonably necessary to complete such cure.

29. **Termination Management.** Immediately upon receipt by either the City or the Vendor of notice of termination of this Agreement, the Vendor shall: (1) not incur any further obligations for salaries, services or any other expenditure of funds under this Agreement without written approval of the City; (2) comply with all directives issued by the City in the notice of termination as to the performance of work under this Agreement; and (3) take such action as the City shall direct for the protection, preservation, retention or transfer of all property titled to the City and any non-expendable personal property or equipment purchased by the City with contract funds shall become property of the City upon termination. Any non-expendable personal property or equipment provided to or purchased by the vendor with contract funds shall become property of the City upon termination and shall be submitted to the City as soon as practicable.

30. **Entire Agreement.** This Agreement and its Exhibit(s) represent the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior oral negotiations and agreements.

31. **Law Governing Agreement.** For the purpose of determining place of Agreement and the law governing same, this Agreement is entered into in City of Alamogordo, County of Otero, State of New Mexico, and shall be governed by the laws of the State of New Mexico.

32. **Amendments.** This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto and all other required signatories.

33. **Status of Vendor.** The Vendor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the City. The Vendor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of City vehicles, or any other benefits afforded to employees of the City as a result of this Agreement.

The Vendor acknowledges that all sums received hereunder are reportable by the Vendor for tax purposes, including without limitation, self-employment and business income tax. The Vendor agrees not to purport to bind the City unless the Vendor has express written authority to do so, and then only within the strict limits of that authority.

34. Equal Opportunity Compliance. Vendor agrees to abide by all federal and state laws and rules and regulations, pertaining to equal employment opportunity. In accordance with all such laws of the State of New Mexico, Vendor agrees to assure that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, or, if the employer has fifty or more employees, spousal affiliation, or, if the employer has fifteen or more employees, sexual orientation or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If Vendor is found not to be in compliance with these requirements during the life of this Agreement, Vendor agrees to take appropriate steps to correct these deficiencies.

35. Records and Financial Audit. The Vendor shall maintain detailed time and expenditure records that indicate the date, time, nature and cost of services rendered during the Agreement's term and effect and retain them for a period of three (3) years from the date of final payment under this Agreement. The records shall be subject to inspection by the City, the Department of Finance and Administration and the State Auditor. The City shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of the Agency to recover excessive or illegal payments.

36. Appropriations. The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City Commission of the City of Alamogordo, New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made by the Commission, this Agreement shall terminate immediately upon written notice being given by the City to the Vendor. The City's decision as to whether sufficient appropriations are available shall be accepted by the Vendor and shall be final. If the City proposes an amendment to the Agreement to unilaterally reduce funding, the Vendor shall have the option to terminate the Agreement or agree to the reduced funding, within thirty (30) days of receipt of the proposed amendment.

37. No Conflict of Interest. The Vendor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under the Agreement. The Vendor certifies that the requirements of the Governmental Conduct Act, Sections 10-16-1 through 10-16-17 NMSA 1978, regarding contracting with a public officer or public employee have been followed.

38. Workers Compensation. The Vendor agrees to comply with state laws and rules applicable to workers compensation benefits for its employees. If the Vendor fails to comply with the Workers Compensation Act and applicable rules when required to do so, this Agreement may be terminated by the City.

39. Authority. If Vendor is other than a natural person, the individual(s) signing this Agreement on behalf of Vendor represents and warrants that he or she has the power and authority to bind Vendor, and that no further action, resolution, or approval from Vendor is necessary to enter into a binding contract.

40. **Enforcement of Agreement.** A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no effective waiver by a party of any of its rights shall be effective to waive any other rights.

41. **Merger.** This Agreement incorporates all the Agreements, covenants and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, Agreements and understandings have been merged into this written Agreement. No prior Agreement or understanding, oral or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

Zenner USA, Inc.,

Dated: _____

By: _____

NM Taxpayer Identification Number: _____

CITY OF ALAMOGORDO, NEW MEXICO
a New Mexico municipal corporation

Dated: _____

By: _____
James R. Stahle, City Manager

ATTEST:

Renee L. Cantin, City Clerk

APPROVED AS TO FORM:

Stephen P. Thies, City Attorney

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014 **Report Date:** June 13, 2014 **Report No:** 10

Submitted By: Stephen P. Thies **Approved For Agenda:** 

Subject: Consider and act upon an agreement with Western Bakery Corporation to close-out economic development project.

Fiscal Impact: NA
Amount Budgeted: NA
Fund: 105 (Economic Development)

Recommendation: Approve agreement.

Background: In 2005, the City and Sunbaked Biscuits entered into an economic development project. Sunbaked proposed to purchase the former Presto manufacturing plant located at 1301 LaVelle Road and convert the building into a commercial bakery. To facilitate the conversion, the City agreed to provide \$2,000,000 in economic development money. The City also agreed to provide an additional \$1,000,000 in future incentives the payment of which was contingent upon the company reaching certain job creation requirements. Approximately 18 months after the start of the project, Sunbaked sold the bakery to Marietta Biscuit Company. Marietta operated on a sporadic basis until February, 2012 at which time it sold all of its assets to Western Bakery Corporation. Western Bakery has sought to establish the facility as a viable commercial bakery since that time.

Approximately one month ago, the City was contacted by an individual representing the owners of Western Bakery regarding the outstanding financial obligations associated with the 2005 economic development project and a 2007 State of New Mexico economic development appropriation in which the City served as the fiscal agent. Subsequent discussions have resulted in an agreement by which Western Bakery will pay off the outstanding balances remaining on both the 2005 City project and the 2007 State project.

Although the original projections were significantly higher, this particular project has directly generated \$6,803,179 in payroll since its inception 9 years ago.

Staff recommends approval of the attached agreement.

Reviewed By:

City Attorney	<u>SPT</u>	City Clerk	<u>RC</u>	Community Development	_____	Community Services	_____
Finance	_____	Housing Authority	_____	Planning	_____	Personnel	_____
Public Works	_____	Purchasing	_____	Assistant City Manager	_____	Public Safety	_____

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014 **Report Date:** May 12, 2014, **Report No:** 11

Submitted By: Jason Thomas **Approved For Agenda:** 
City Engineer

Subject: Presentation, Discussion, and Possible Action on Transportation Plan

Fiscal Impact: 0
Amount Budgeted: 0
Fund:

Recommendation:

Background: This presentation will review the road classifications, future Capital Improvement Projects, and previous Transportation Plans and Studies.

Reviewed By:

City Attorney _____ City Clerk  Assistant City Manager _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Police Chief _____ Fire Chief _____
Public Works _____ Purchasing _____ City Engineer  Human Resources _____

Transportation Plan Update



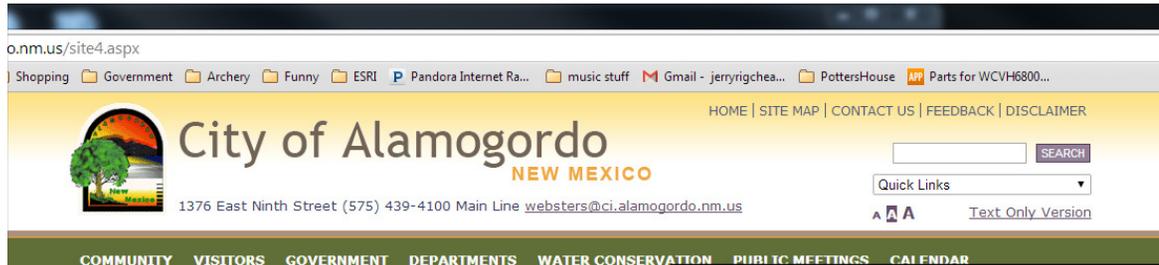
City of Alamogordo
Engineering Department
June 24, 2014

Transportation Plan Update

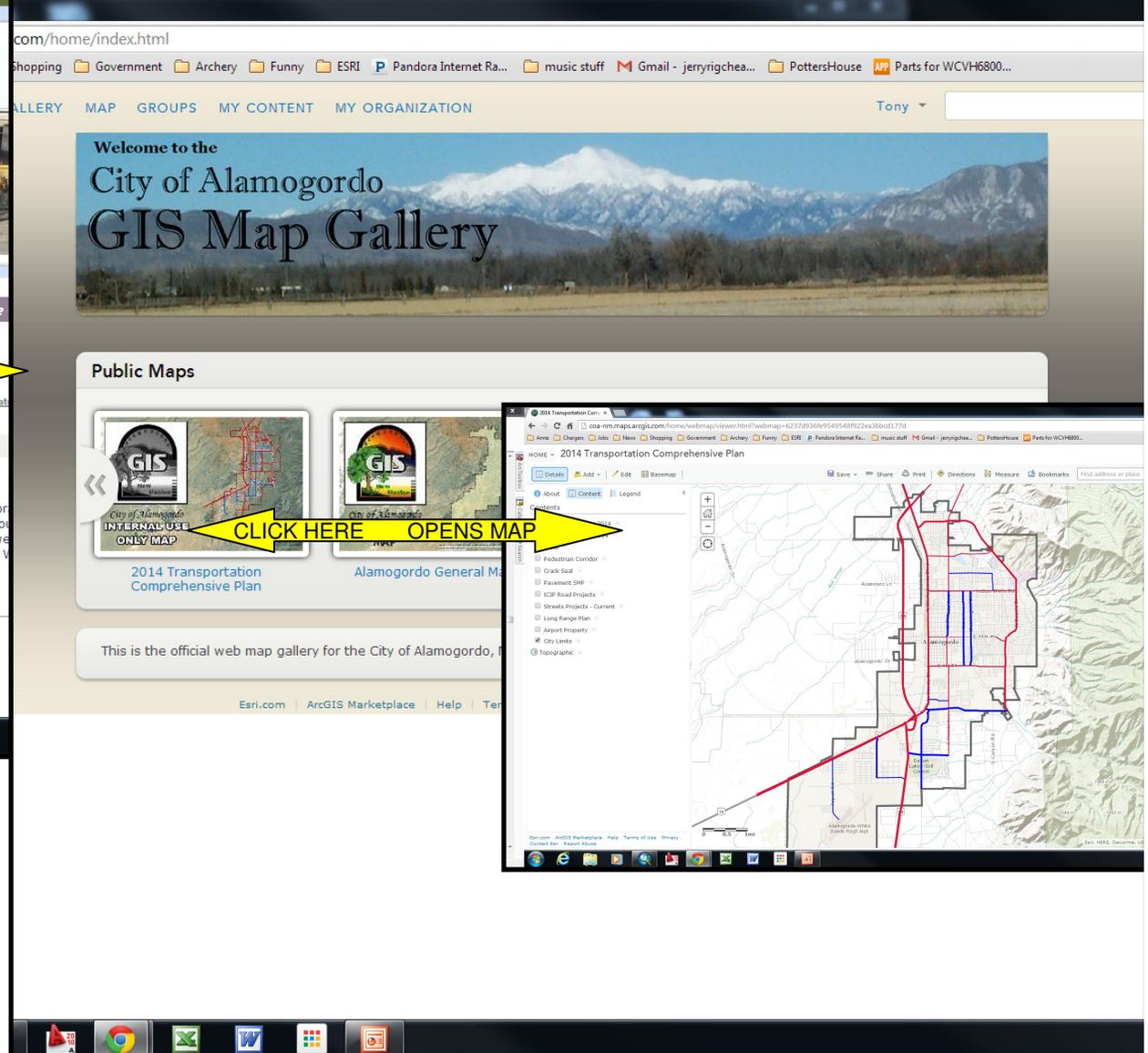
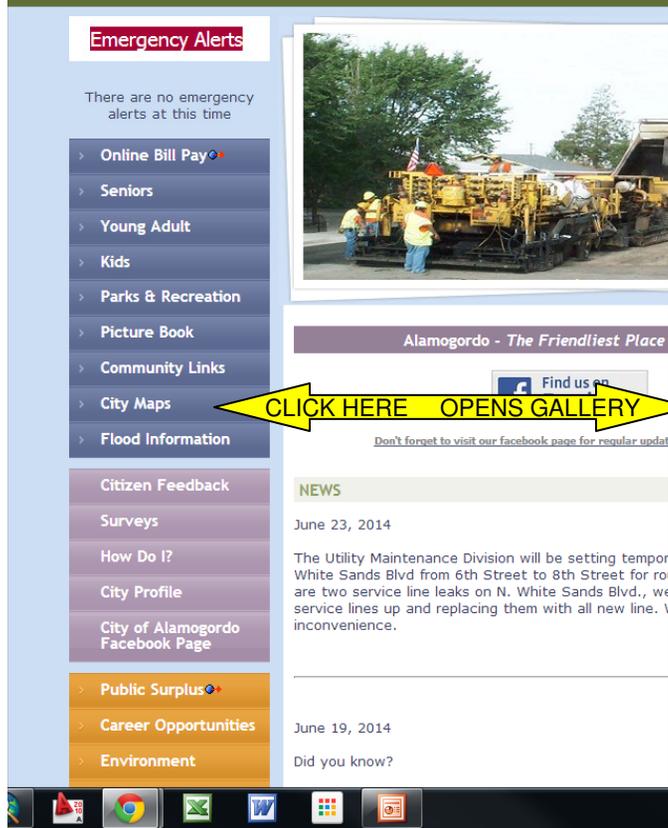
- Previous Traffic Studies (1998 and 2011)
- NMDOT Functional Classifications
- Current and Proposed Functional Classifications
- Current Street Projects
- Proposed Street Projects
- Street Maintenance Program (SMP) – Action Needed
- Pedestrian Corridors
- Multi-Purpose Trail System
- Airport
- Public Transportation (Z-Trans)

Previous Traffic Studies

- Alamogordo Comprehensive Traffic Study by URS, March 1998
- Scope of Study
 - Analysis of Existing Conditions (City and Holloman)
 - Recommendations for future improvements
- Principal Findings: Construction of a Relief Route with connections to existing arterials.



The Map Gallery is either accessible through the City website.



Or directly by entering the url:
<http://coa-nm.maps.arcgis.com/>

Previous Traffic Studies

- City of Alamogordo Traffic and Geometric Studies – Final Report by HDR, June 2011
- Scope of Study
 - Traffic and Geometric Study at Eight Locations

City of Alamogordo Traffic and Geometric Studies – Final Report, June 2011

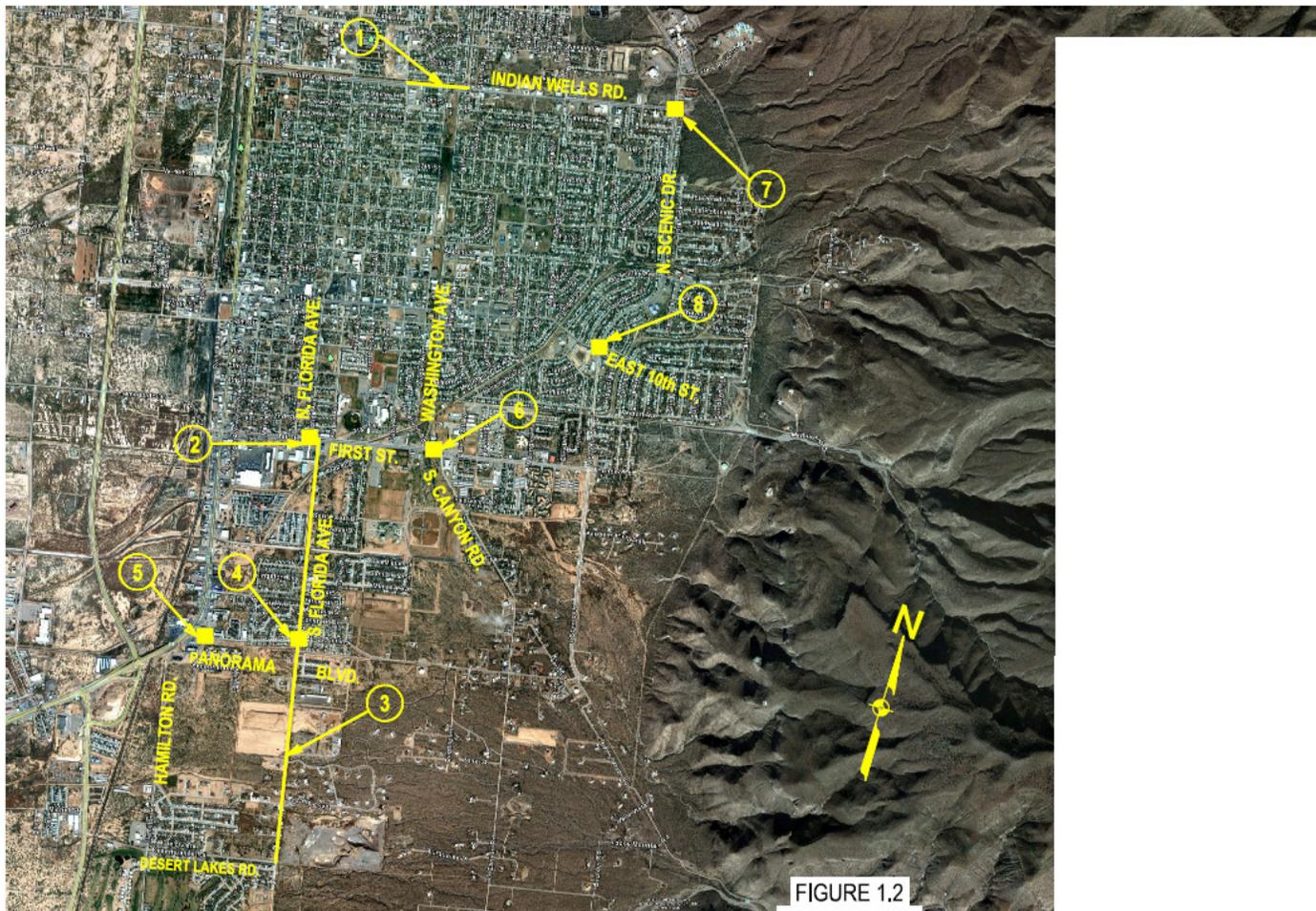


FIGURE 1.2
VICINITY MAP

- ① TASK 1 - INDIAN WELLS RD.
- ② TASK 2 - FIRST ST. AT FLORIDA AVE.
- ③ TASK 3 - S. FLORIDA AVE.
- ④ TASK 4 - S. FLORIDA AVE. AT PANORAMA BLVD./ OCOTILLO DR.
- ⑤ TASK 5 - PANORAMA BLVD. AT HAMILTON RD.
- ⑥ TASK 6 - FIRST ST. AT SOUTH CANYON RD. / WASHINGTON AVE.
- ⑦ TASK 7 - INDIAN WELLS RD. AT N. SCENIC DRIVE
- ⑧ TASK 8 - EAST 10TH ST. AT N. SCENIC DR.

Previous Traffic Studies

- City of Alamogordo Traffic and Geometric Studies – Final Report by HDR, June 2011
- Principal Findings Implemented to Date:
- Task 1 – Indian Wells: modified version of Alternative 3 signal at re-aligned Washington/Pecan Drive.
- Task 2 – First and Florida Ave: Bond Issue Project to align Florida Ave.
- Task 3 – S. Florida Speed Study: Speed limit changed from 35 mph to 40 mph.
- Task 4 – S. Florida and Panorama Intersection: All-way stop installed.
- Task 5 – Panorama and Hamilton Intersection: EB right turn lane, 1 through lane, 1 right turn lane installed. WB left turn lane and one shared through/right lane installed. (signal was recommended but not installed at this time).
- Task 6 – First St. at South Canyon Rd/Washington Ave: align Washington with Canyon through park. Current project to build South Washintgon through to San Miguel St.
- Task 7 – Indian Wells at N. Scenic Drive Intersection Analysis: No signal recommended in short term, but 5-10 years out. Also add dual left turn lanes for EB Indian Wells onto Scenic.
- Task 8 – East 10th Street at North Scenic Drive Intersection Analysis: No signal recommended in short term, but 5-10 years out.

Functional Classifications

- NMDOT Functional Classification Guidance Manual, February 2014
- Functional Classification defined: “the process by which streets and highways are grouped into classes, or systems, according to several factors that contribute to the overall importance of a given roadway to a region or area”

Functional Classifications

- There are 7 Roadway Functional Classifications (Urban and Rural for each)
 1. Interstate (none in City)
 2. Principal Arterial – Freeways (none in City)
 3. Principal Arterial – Other
 4. Minor Arterial
 5. Major Collector
 6. Minor Collector
 7. Local (Not eligible for Federal Funding through NMDOT)

Functional Classifications

- The Feds legislation (MAP-21) uses functional classification to determine eligibility for funding under the Federal-Aid Program.
- The State DOT uses functional classification in many decision-making processes for project prioritization, asset management, safety programs, design, traffic control, and maintenance.

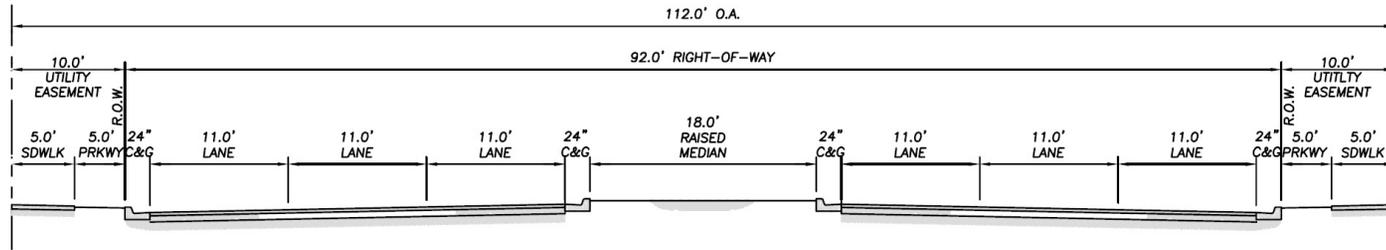
Functional Classifications

- Principal Arterial – Freeways, Expressways, Other
 - Rural: 4,000 – 8,500 AADT (Annual Avg Daily Trips) – (Rural Not Used for City’s Re-classifications)
 - Urban: 7,000 – 55,000 AADT
 - 11-12 ft lanes
 - Outside Shoulder Width 8 – 12 ft
 - Divided or Undivided
 - Access: Partially or Fully Controlled
 - Qualitative (Urban): Serve major activity centers, highest traffic volume corridors, and longest trip demands. Carry high proportion of total urban travel on minimum of mileage. Interconnect major rural corridors for trips entering and leaving urban area and movements through area. Serve demand for intra-area travel between the central business district and outlying residential areas.
 - Highway 70, Highway 54, Relief Route, White Sands Blvd, Scenic Drive ¹²

Typical Cross-Sections for Principal Arterials

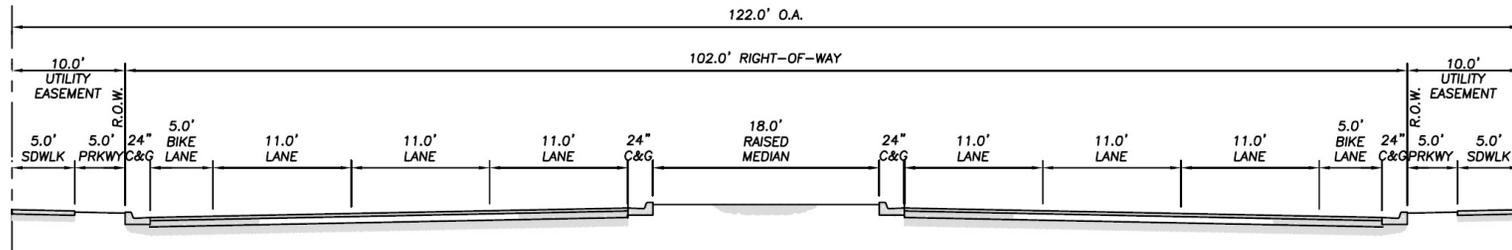


TECHNICAL STANDARDS DETAIL DRAWINGS



MAJOR ARTERIAL STREET
*SEE PLATE 3-1 FOR PAVEMENT REQUIREMENTS

NOTE:
SIDEWALKS LOCATED ADJACENT TO AND PARALLEL WITH THE CURB LINE SHALL ONLY BE PERMITTED WITH APPROVAL FROM THE CITY ENGINEER
WITHIN A MAJOR ARTERIAL STREET, THE MEDIAN MAY BE DESIGNED TO PERMIT A SWALE FOR DRAINAGE PURPOSES



MAJOR ARTERIAL STREET w/ BIKE LANES
*SEE PLATE 3-1 FOR PAVEMENT REQUIREMENTS

NO SCALE

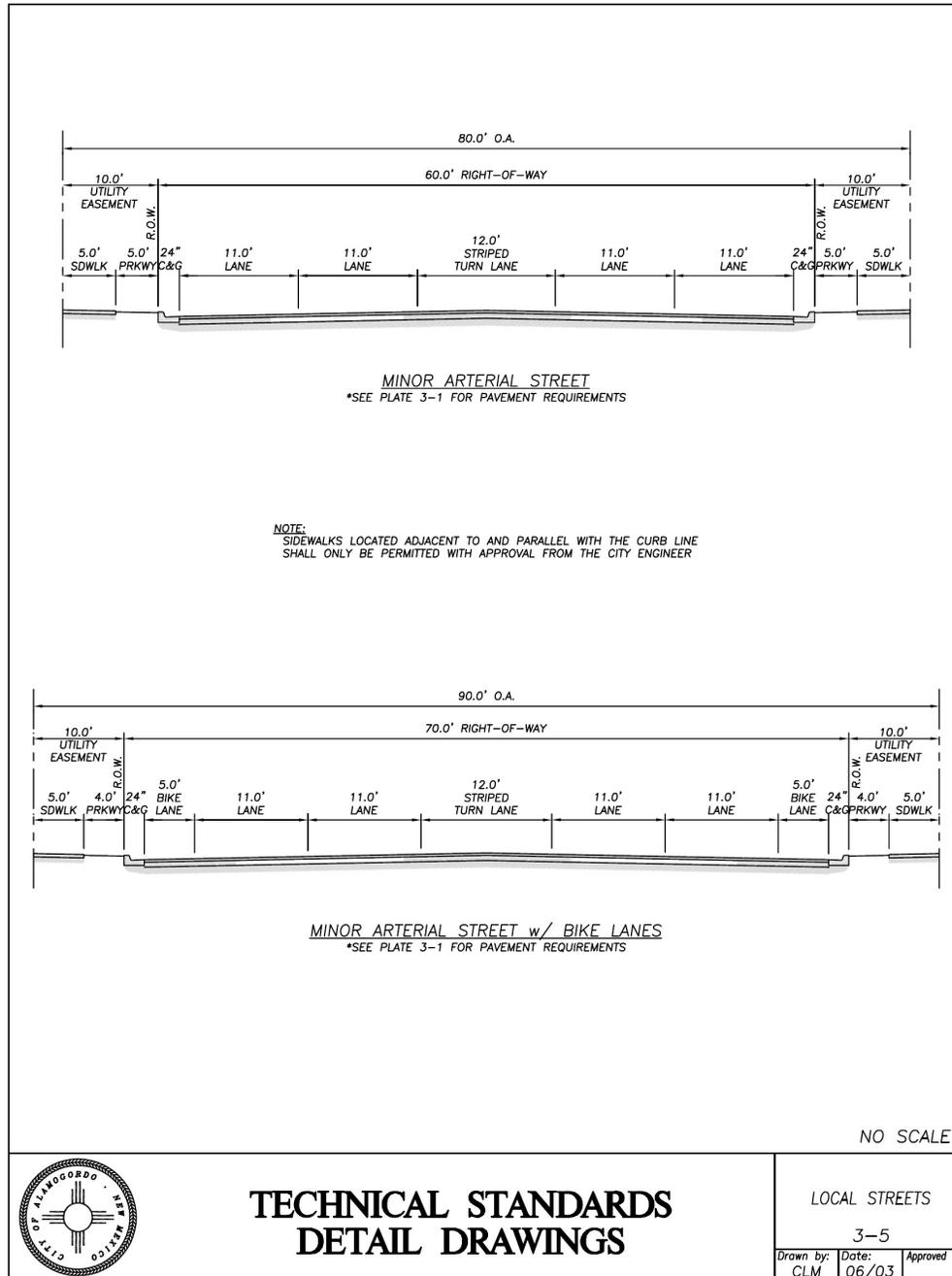
Drawn by: CLM
Date: 06/03
Approved by:

LOCAL STREETS
3-6

Functional Classifications

- Minor Arterial
 - Rural: 1,500 – 6,000 AADT (Annual Avg Daily Trips) – Not Used
 - Urban: 3,000 – 14,000 AADT
 - 10-12 ft lanes
 - Outside Shoulder Width 4 – 8 ft
 - Undivided
 - Access: Uncontrolled
 - Qualitative (Urban): Interconnect with and augment the principal arterials. Serve trips of moderate length at a lower level of travel mobility than principal arterials. Distribute traffic to smaller geographic areas than principal arterials. Provide more land access than principal arterials without penetrating neighborhoods. Provide urban connections for rural collectors.
 - Florida Ave (Desert Lakes to 10th and Indian Wells to N. Scenic), Indian Wells Road, 10th Street, 1st Street, Fairgrounds Road.

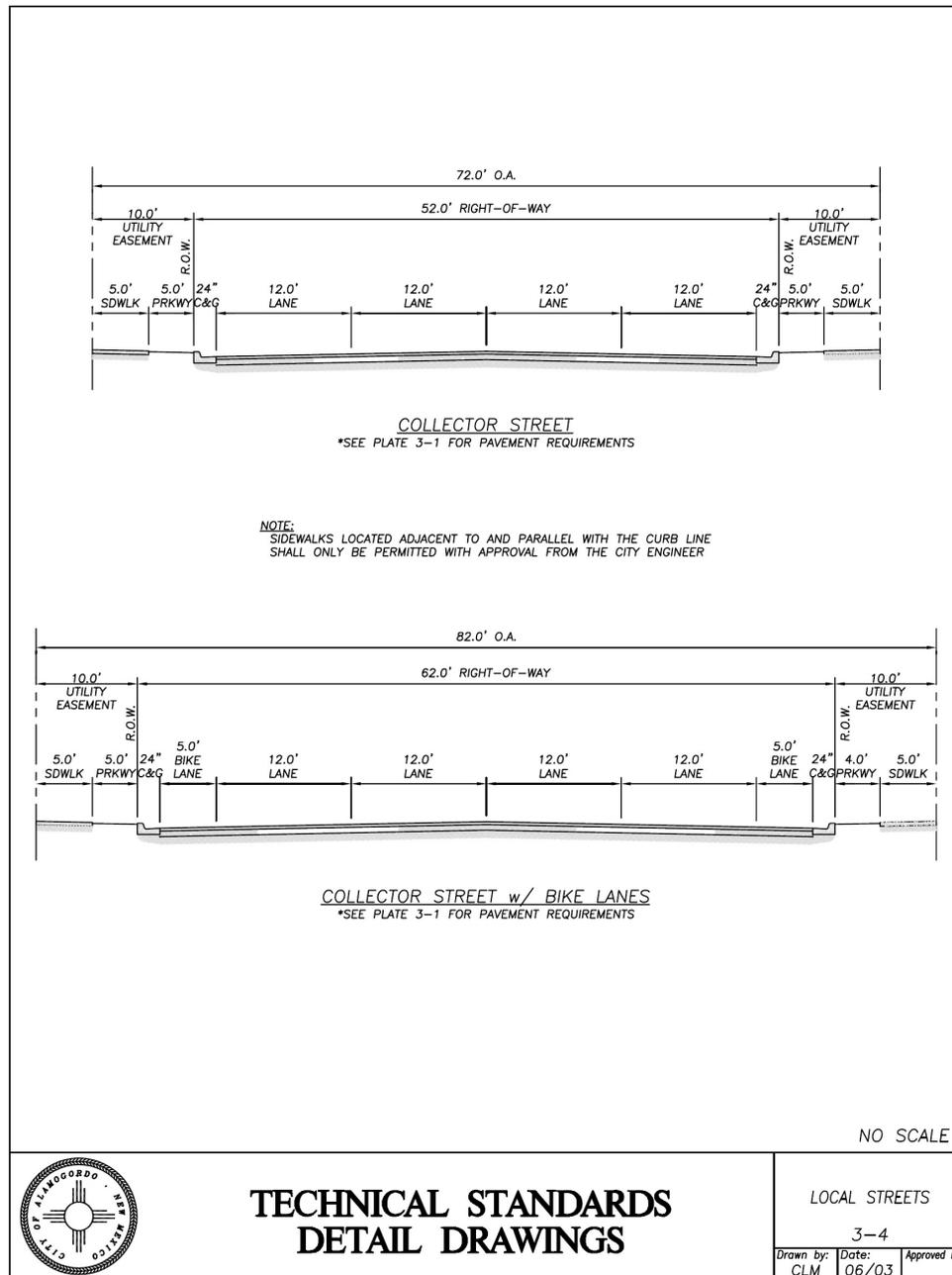
Typical Cross-Sections for Minor Arterials



Functional Classifications

- Major Collector
 - Rural: 300 – 2,600 AADT (Annual Avg Daily Trips) – Not Used
 - Urban: 1,100 – 6,300 AADT
 - 10-12 ft lanes
 - Outside Shoulder Width 1 – 6 ft
 - Undivided
 - Access: Uncontrolled
 - Qualitative (Urban): Serve both land access and traffic circulation in higher density residential, and commercial/industrial areas. Penetrate neighborhoods, often for significant distances. Distribute and channel trips between local streets and arterials, usually over a distance of greater than $\frac{3}{4}$ of a mile.
 - Washington Ave, Florida Ave (10th to Indian Wells), Cuba Ave, College Ave, Desert Lakes Rd, Hamilton Rd, Panorama/Ocotillo, MLK Drive, S. Walker Ave

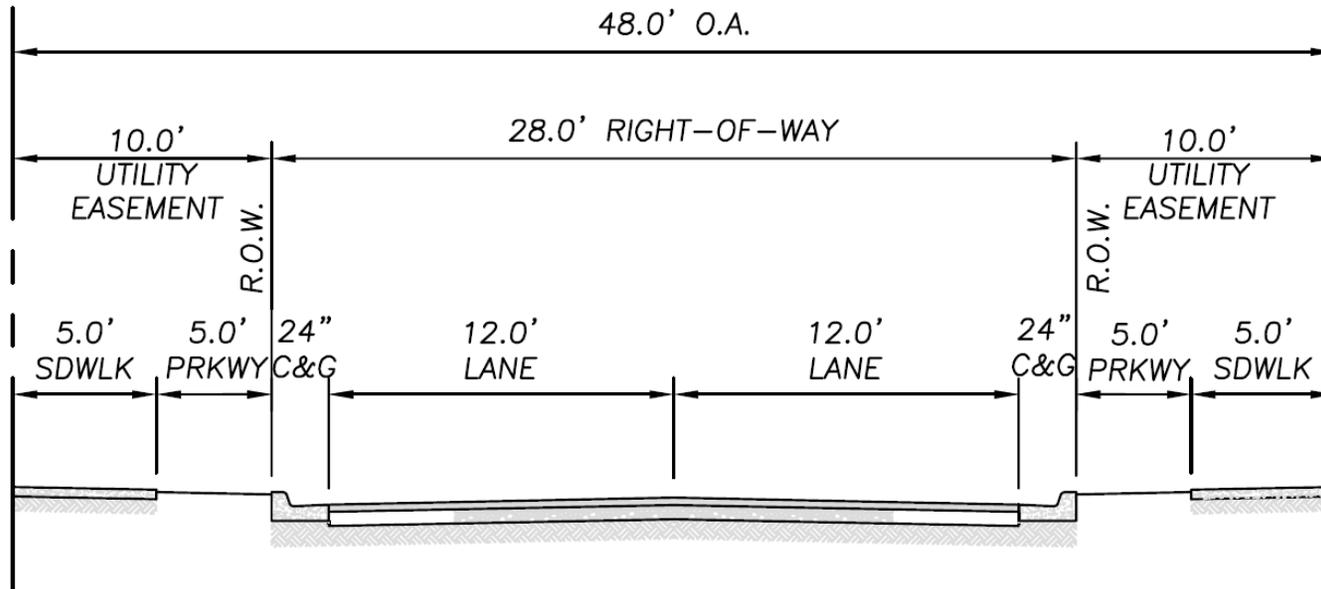
Typical Cross-Sections for Major Collector



Functional Classifications

- Minor Collector
 - Rural: 150 – 1,110 AADT – Not Used
 - Urban: 1,100 – 6,300 AADT
 - 10-11 ft lanes
 - Outside Shoulder Width 1 – 4 ft
 - Undivided
 - Access: Uncontrolled
 - Qualitative (Urban): Serve both land access and traffic circulation in lower density residential, and commercial/industrial areas. Penetrate neighborhoods, often only for a short distance. Distribute and channel trips between local streets and arterials, usually over a distance of less than $\frac{3}{4}$ of a mile.
 - LaVelle Road, 25th Street, Mercury Ave, Wright Ave, Airport Rd, Cornell Ave

Typical Cross-Sections for Minor Collector



LOCAL COLLECTOR STREET
NO ON-STREET PARKING
*SEE PLATE 3-1 FOR PAVEMENT REQUIREMENTS

**2014 Functional Reclassification
NMDOT / SERTPO**

NMDOT FUNCTIONAL CLASSIFICATION GUIDANCE MANUAL (February 2014)					
ARTERIAL TRAFFIC COUNTS = 3,000 TO 14,000; COLLECTOR TRAFFIC COUNTS = 1,100 TO 6,300					
STREET	SEGMENT	PROPOSED FUNCTIONAL CLASSIFICATION	CURRENT FUNCTIONAL CLASSIFICATION	TRAFFIC COUNTS	SOURCE
Dr. Martin Luther King Jr Drive	Hamilton Rd to US Hwy 54 (0.388 miles)	Major Collector	Local Urban	1505	1
First Street	White Sands Blvd to LaVelle Rd (0.943 miles)	Minor Arterial	Local Urban	3083	1
LaVelle Road	US Hwy 70 to First St (1.262 miles)	Minor Collector	Local Urban	1168	1
Tenth Street	White Sands Blvd to Charlie T. Lee Memorial Relief Route (0.575 miles)	Minor Arterial	Local Urban	5575	1
College Avenue	Tenth St to Indian Wells Road (1.055 miles)	Major Collector	Local Urban	1612	1
Fairgrounds Road	White Sands Blvd to North Scenic Dr (1.474 miles)	Minor Arterial	Local Urban	2104	2
Cuba Avenue	First St to Indian Wells Rd (2.000 miles)	Major Collector	Local Urban	3973 (north) & 3385 (south)	1

Source Code for Traffic Counts:

- (1) City of Alamogordo 7-day, 24-hour Traffic Counts - February 2014 (Numerics Traffic Analyzer Study)
- (2) N. Florida / Fairgrounds Warrant Analysis (SMA - 2013 12-hour traffic counts)

Proposed Functional Re-classifications

As of June 2014 – for Future Action by Commission

NMDOT FUNCTIONAL CLASSIFICATION GUIDANCE MANUAL (February 2014)					
ARTERIAL TRAFFIC COUNTS = 3,000 TO 14,000; COLLECTOR TRAFFIC COUNTS = 1,100 TO 6,300					
STREET	SEGMENT	PROPOSED FUNCTIONAL CLASSIFICATION	CURRENT FUNCTIONAL CLASSIFICATION	TRAFFIC COUNTS	SOURCE
Airport Road	US Hwy 70 to White Sands Regional Airport	Minor Collector Urban	Collector Urban	1551	1
Cornell Avenue	Indian Wells Road to Twenty Fifth Street	Minor Collector Urban	Local Urban	1388	1
Cuba Avenue	First Street to Indian Wells Road	Major Collector Urban	Local Urban	3973	1
North Florida Avenue	First Street to Tenth Street	Minor Arterial Urban	Local Urban	4020	1
South Florida Avenue	Mercury Avenue to Desert Lakes Road	Minor Arterial Urban	Collector Urban	3061	1
Hamilton Road	City Limit to Panorama Blvd	Major Collector Urban	Collector Urban	2745	1
Mercury Avenue	Florida Avenue to US Hwy 54/70	Minor Collector Urban	Collector Urban	1159	1
Twenty Fifth Street	Cornell Avenue to Florida Avenue	Minor Collector Urban	Collector Urban	1410	1
Walker Avenue	US Hwy 70 to Wright Street	Major Collector Urban	Collector Urban	3925	1
Washington Avenue	Tenth Street to Indian Wells Road	Major Collector Urban	Minor Arterial Urban	5156	1
Wright Avenue	US Hwy 54 to Walker Avenue	Minor Collector Urban	Collector Urban	1051	1

Source Code for Traffic Counts:

(1) City of Alamogordo 7-day, 24-hour Traffic Counts - March thru June 2014 (Numetrics Traffic Analyzer Study)

Proposed Street Classification Map

- See Interactive GIS Map: <http://coa-nm.maps.arcgis.com/>

Current Street Projects

- See Interactive GIS Map
 - Pecan/Indian Wells/Washington Intersection (completed)
 - Pecan Extension to Fairgrounds Road (under construction)
 - North Scenic repaving from White Sands to Florida (under construction)
 - Fairgrounds Road repaving from White Sands to Florida (under construction)
 - North Florida re-build from 10th to 16th (nearly completed)
 - Panorama/Hamilton Intersection (under construction)
 - Washington/1st Street Intersection and extension of Washington South (under construction)
 - Washington Ave repaving from 1st to 10th (under construction)
 - Right Turn Lane at 10th Street on to White Sands (under construction)
 - Florida and 1st Street Re-alignment (RFQ for design services due July 2nd)

Proposed Street Projects

- See Interactive GIS Map
- North Scenic Extension to Relief Route (ICIP FY 16 #2)
- MLK Drive from Hamilton Rd to Highway 70 (ICIP FY16 #3)
- South Florida Extension: Desert Lakes to MLK Drive (ICIP FY16 #4)
- Washington Ave Reconstruction – 10th to Indian Wells (ICIP FY17 #1)
- LaVelle Road Improvements from Zuni to City Limits (ICIP FY18 #1)
- First Street – White Sands to Railroad (ICIP FY19 #1)

(Engineering Staff Recommendations for Future Action by Commission.)

Street Maintenance Program (FY15 FY19)

- See Interactive Map
- An annual average of \$1.2 million from Street Capital Fund 109 (2004 GRT) and an annual average of \$800,000 from Water and Sewer Fund 81 is used to fund the yearly Street Maintenance Program (SMP) and street re-paving.
- There are three categories of work that are undertaken by the SMP.
 - The first is preparatory work which includes replacement of non-compliant ADA ramps and alley aprons, incidental concrete in poor condition (curbs and gutters), and replacing water and sewer lines in poor condition. Leaking water and sewer lines under pavement cause the subgrade to fail, which results in pavement failure.
 - The second type of work is pavement preservation such as crack sealing and chip sealing.
 - The third type of work is pavement replacement such as mill and overlay, the Cutler process, full-depth reclamation, and complete pavement re-builds.

Proposed FY 20 Streets for SMP

- See Interactive GIS Map
- North Florida from 16th to Indian Wells
- Panorama from Hamilton to Ocotillo
- Dexter Lane (from Puerto Rico to Hawaii) – water lines renewed
- Dewey Lane (from Puerto Rico to Hawaii) – water lines renewed
- Alaska / Hawaii / 12th St (around post office)



Pedestrian Corridor System

- See Interactive GIS Map
- “Needs Work”

Trail System

- See Interactive GIS Map
- “Needs Work”

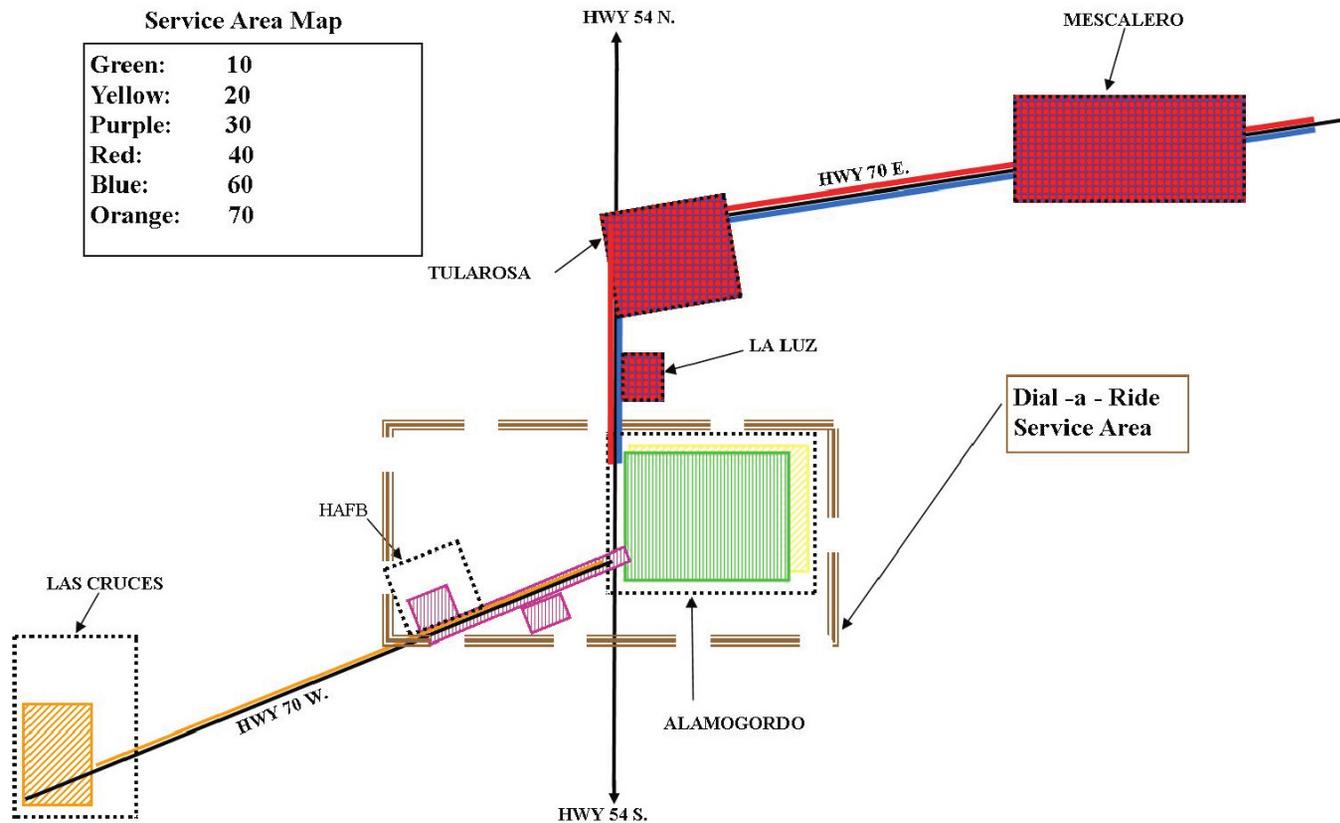
Airport

- See Interactive GIS Map
- Wildlife Hazard Assessment (ICIP FY 16 #7)
- Runway Strengthening and Design (ICIP FY16 #8)
- Runway 3-21 Lighting Rehabilitation (ICIP FY17 #1)
- Expand Large Aircraft Parking & Taxiway Apron Design (ICIP FY17 # 2)
- Expand Large Aircraft Parking & Taxiway Apron Construction (ICIP FY18 # 1)
- Municipal Airport Environmental Assessment (ICIP FY19 #1)
- Construct South Side Perimeter Drainage Improvements Phase IV (ICIP FY19 #2)
- Crosswind Runway Relocation Environmental Assessment (FY19 #3)

(Community Services Staff Recommendations for Future Action by Commission.)

Public Transportation (Z-Trans)

- Working on obtaining route data for City GIS Map.
- Schedules and Route Maps available at: ztrans.org



Recommendations and Conclusions

- Consider updating Comprehensive Transportation Plan (ballpark \$400,000).
- Future Action to Consider Proposed Re-classifications for application to NMDOT/SERTPO.
- Continue to develop pedestrian, trail, and bus plans.
- Continue to develop Airport CIP projects.
- Approve Streets for the Street Maintenance Program (SMP) FY20 – Action Needed.

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014 **Report Date:** June 11, 2014 **Report No:** 12

Submitted By: Rachel Hughs **Approved For Agenda:** 
Admin. Asst/City Clerk's Office

Subject: Appointments to Boards and Committees.

Background:

Airport Advisory Board. Two (2) vacancies. Staff Liaison - Jan Wafful
(Opening due to the resignations of John Battle & Christina Wampler)
No nominations received.

Airport Zoning Board. Two (2) vacancies. Staff Liaison - Jan Wafful
(Opening due to the resignation of Fran Nelson, Paul Vigneault and Randel Wilson)
No nominations received.

Alamogordo Disability Council. Three (3) vacancies. Staff Liaison - Edward Balderrama
(Openings due to the resignation of Bradley Mauger and the passing of Ed Grabman.)
No nominations received.

Community Development Advisory Committee. Two (2) vacancies. Staff Liaison - Ruben Segura
(Opening due to the expiring term of Melanie Hall and the resignation of Arthur Alterson.)
No nominations received.

Housing Authority Advisory Board One (1) vacancy. Staff Liaison - Maggie Paluch
(This is a new board and anyone appointed will be new to this board)
(Opening due to the resignation of Nina Walker-Saenz – Resident Member)
One of the members appointed on December 3rd has not returned his acceptance letter, therefore another person needs to be appointed.
The following individual is interested in being appointed:
Kandice Daugherty – if appointed this will be her first term.

Mayor's Committee on Aging. Two (2) vacancies. Staff Liaison – Britney Coutier
(Opening due to the expiring terms of Mary Hammon, and Rodger Carmichael)
No nominations received.

Senior Volunteer Program. Three (3) vacancies Staff Liaison – Karen Groves
(Opening due to the expiring term of Iris Lester, Blaza Madrid, and the resignation of Thomas Rich V.)
No nominations received.

Reviewed By:

City Attorney _____ City Clerk  _____ Community Development _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Personnel _____ Public Safety _____
Public Works _____ Purchasing _____ Assistant City Manager _____

**HOUSING AUTHORITY
ADVISORY BOARD**

THE HOUSING AUTHORITY OF
THE CITY OF ALAMOGORDO
PO BOX 5336 / 104 AVENIDA AMIGOS
ALAMGORODO, NM 88311
575 437-5621



AFFIDAVIT TO ANY FACT

I, Nina Walker-Saenz, do hereby affirm that the following is true;

I am moving into my daughter's house
and will no longer be able to be on the
board of directors.

Nina Walker-Saenz
Signature / date
[Signature]
Witness signature / date

Warning: Any false statements or withholding information from this agency is considered FRAUD and will be cause for applicant ineligibility or resident eviction.

Under Federal Law, FRAUD is punishable by fines up to \$10,000 AND imprisonment for up to five years.

By signing this affidavit, I confirm:

1. That I have read the penalties for submitting fraudulent information above;
2. That I understand what fraud is, and;
3. That I understand the penalties for committing fraud.

RECEIVED

JUN 09 2014

CITY CLERK

City of Alamogordo
APPLICATION TO SERVE ON A
CITY BOARD/COMMITTEE

*This is for the
Resident Member
vacancy.*

Name: Kandice Daugherty

Home Phone: 575-415-5754 Work Phone: 575-434-8058

Cell Phone: 575-415-5754 Fax No: _____

e-mail address: myhaidenor_03@outlook.com

Physical Address: 1008 Alta Vista

Is the above address within City limits? Yes No

Mailing Address: 1008 Alta Vista

Present Employer: Wells Fargo Job Title: Teller

Board/Committee you wish to serve on:

First choice: Public Housing Authority Board.

Second choice: _____

Are you related to any one who is presently employed by the City of Alamogordo:

Yes _____ No If so, what is their relation to you? _____

Are you related to any Elected Official of the City of Alamogordo?

Yes _____ No If so, what is their relation to you? _____

Experience and education relating to the Board/Committee: some college.

Please indicate your interest in serving on a City Board/ Committee: I currently

live in the Alta Vista Housing complex &

would like to voice my opinion to help improve

the Housing complex.

Please return completed application to:

City Clerk's Office
1376 E. Ninth Street
Alamogordo, NM 88310
PHONE: (575)439-4205
FAX: (575)439-4396

AGENDA REPORT
CITY OF ALAMOGORDO
CITY COMMISSION

Meeting Date: June 24, 2014

Report Date: June 19, 2014

Report No: A-1

Submitted By: Stephen Thies
City Attorney

Approved For Agenda: _____

Subject: Consider, and act upon, a Breach of Contract with URS related to the Airport Master Plan.

Fiscal Impact: \$
Amount Available: \$
Fund:

Recommendation: None.

Background: This item is scheduled for any action that may be taken as a result of the Executive Session.

Reviewed By:

City Attorney _____ City Clerk _____ Assistant City Manager _____ Community Services _____
Finance _____ Housing Authority _____ Planning _____ Police Chief _____ Fire Chief _____
Public Works _____ Purchasing _____ City Engineer _____ Human Resources _____