

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION SPECIAL MEETING MINUTES
MUNICIPAL BUILDING, 1376 E. NINTH STREET
9:00 A.M., COMMISSION CHAMBERS
JULY 6, 2004**

**MAYOR DON CARROLL
MAYOR PRO-TEM RON GRIGGS
COMMISSIONER INEZ MONCADA
COMMISSIONER DON COOPER
COMMISSIONER ED COLE**

**COMMISSIONER JOHN ROBERTSON
COMMISSIONER MARION LEDFORD
CITY MANAGER PAT McCOURT
CITY ATTORNEY KEN McDANIEL
CITY CLERK ANGIE RAHN-BROYLES**

Call Meeting to Order and Roll Call.

The Meeting was called to order at 9:02 a.m. Commissioner John Robertson was absent. Other Staff present were Brian Cesar, Utility Maintenance Manager; Matt McNeile, Assistant City Manager/Community Services Director; LeeAnn Nichols, Finance Director; Dean Hunt, Engineer; Veronica Ortega, Senior Center Manager; Rachel Cano, Senior Center Fitness Coordinator; and Mr. Tom Shipman, Senior Center Building Committee Chairman.

1. Update on the cost of repairing the collapsed sewer line on the west end of town.
Recommendation: Authorize City Staff to proceed with repairing the line.

Mayor Carroll stated the purpose of this meeting is to update the cost of the sewer project about which we met the other day to discuss the emergency repair and decided which way to go with the line. The numbers we were talking about were considerably less than what we are faced with today, so I think the City Manager needs to bring us up to date on the project and how we would go about paying for it.

Mr. McCourt explained that as the Mayor has mentioned, the numbers originally talked about on this project were estimated at \$1.5 to \$2M. We now have the hard numbers in and those numbers are \$2,528, 899.00. This amount does not include any of the internal city costs that may be incurred in the project such as inspection fees or reviewing plans, etc. Mr. McCourt directs the Commission to the board on the far right and proceeds with pointing out the failure of the sewer line which is designated by a dark blue or purple color. We have had major failures and upon inspection, the old concrete cylinder line appears to have totally disintegrated. What sewer flow is going through the line is going through an open cavern in the ground. This line serves essentially all the area to the north of 16th Street and we estimate approximately 25-30% of our community is served by that line. The line crosses under the Union Pacific Railroad tracks at this location.

When we met last time, we discussed a couple of options. One was an immediate fix right here (pointing to the board), one was a replacement of this entire line, and one was basically do the long-term replacement which would include a new line extending out 16th Street, then follow the relief route to intercept our trunk here (still pointing to the board) that is over by the LaVelle ponds. There would also be a smaller eight inch (8") PVC lateral sewer pipe that would come down A Street and then back to service this immediate property in this area that is currently hooked up to the line. That red line project was the one we had estimated at approximately \$1.5 to \$2M. Commissioner Cole requested that Mr. McCourt show again the red line to which

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he is referring. Mr. McCourt indicated that it crosses under the tracks here. There is a boring approximately here (pointing), would then go up to Eddy Drive, then 16th Street up to the relief route, and then follow the relief route all the way down to intercept a main that we have here (pointing) that flows down LaVelle Rd. and into the Wastewater Treatment Plant. Mr. McCourt continued to explain that the line he is pointing at would actually flow westward down 8th Street, would pick up the users through that area, then go down 8th Street and intercept this new line and carry the sewage from the users in this immediate area. Pointing at the line, Mr. McCourt indicated this line would carry all the users from north of 16th Street.

Commissioner Cole solicited Mr. McCourt's assistance with the area that has a blue and black line and looks like a slight reddish color in the background. Mr. Cole asked if that will all be abandoned? Mr. McCourt indicated that the reason you see that red line is because the red line designates an 8" pipe in two separate areas (pointing). Mr. Cole asked if we would still need some type of line in there. Mr. McCourt stated because there are some users here that we have to serve and as property continues to develop here, they would be tying into these lines. Mr. McCourt reiterates there would be an 8" down here and the Space Hall is the furthest north unit there. Pointing, Mr. McCourt indicated this sewage would be picked up by this flow here and into this main at this location. The main flows would follow that line.

Commissioner Cooper stated that there have been conversations about if a line is run along the bypass, a fence should be established or installed along that route. Mr. McCourt responded that there is already a fence along the bypass route and what is anticipated is that we may need to remove that fence in order to do the installation and we would reinstall the fence. Mr. McCourt continued that the fence belongs to the Highway Department on the limited access side. Commissioner Cooper asked if this would be another added expense to this project. Mr. McCourt indicated that this expense is already included in the total price listed above (\$2,528,899).

Mr. McCourt continued that we have been working with the contractor who has the GSA contract. The contractor, Mesa Verde, can provide us more detail on the price and the unit prices and they are available if you have questions. Commissioner Cooper requested that Mesa Verde provide more detail on price.

Commissioner Cole addressed the Mayor by asking if the intent of the Commission is to still declare an emergency for the sewer project? Mayor Carroll, Commissioner Cooper, and Mr. McCourt respond that the emergency has been declared. Mr. McCourt continued that we have been moving rapidly to get this project accomplished as quickly as possible and return the sewer to a safe and sanitary condition. The conversation at the last meeting was whether to just do the replacement down here (he illustrates the area by pointing) or whether we should address the replacement and see if we could do the long-term type solution that was proposed within the ICIP. At that time, it was felt that with the cost estimate presented, we should carry out the long-term solution. That is still staff's recommendation. We have had several meetings with the contractor going over the details on planning that out and bringing in a firm to start shooting the levels so we could make sure the pipe was set at the proper grade. In scoping the size of the pipe, we actually involved another engineering firm, Molzen and Corbin, who had been doing a sewer master plan for the city so we could make sure we got everything we needed at one time and did not have to go back at a later date and rebuild portions of the line. Commissioner Cole requested confirmation that we are working under an emergency declaration on everything that will be discussed here today. Mr. McCourt responded yes, sir.

Randy Rabon, President of Mesa Verde, introduced himself and Cal McNatt, General Manager at Mesa Verde. Mr. Rabon indicated that David Caraway and Shannon Wright with General Hydronics were also in the audience. Mesa Verde and General Hydronics will be partnering on this project. Due to the fact that this is an emergency, Phase 1 work must be performed in eight (8) weeks. Together with General Hydronics, Mesa Verde has also brought on as part of the team, the design firm BRG out of Las Cruces. BRG will provide all the survey and design work for this project. Mesa Verde has also incorporated Molzen and Corbin and their long range master planning as part of this emergency project, so it is a two-part arrangement. We want to see where we are going in the future and the 27" PVC sewer line was part of their master plan or long-term planning so by incorporating this into the project, the city will be served for a long time to come with this process. The first priority under the emergency project is to get the 27" line installed as quick as possible. The timeline given to us is 8 weeks for Phase 1. As laid out on the map by Pat, Phase 1 will be everything in the red close to the LaVelle Pump Station. That is approximately 10,000 feet long and the average depth on that line is 10-11 feet deep, so we are digging deep and we have a lot of pipe to lay in a very short period of time. With that, what we are having to do to meet those timelines is pay premiums as far as pipe manufacturers and the vendor that is providing 6' diameter manholes. Both vendors are stepping their operations up. What Mesa Verde has guaranteed to do here is have this line in place in 8 weeks. To meet this deadline, it requires Mesa Verde to work 6 days a week, 10-hour day crews at a minimum. Mesa Verde and General Hydronics have merged all the resources they both have to make this their highest priority. Mr. Rabon stated that they will be working deep and under somewhat dangerous conditions where we have sewer flows. There is approximately 1.5 million gallons of raw sewage per day flowing that they will need to deal with when making their tie-ins. There is also bypass pumping that will have to be dealt with. September 1 brings another situation in Alameda Park with Cottonwood Days that must be dealt with to make sure their project is not compromised by the sewer project. Mr. Rabon explained that this has been taken into consideration in their proposal. The 8-week deadline for Phase 1 will be met and then Phase 2 will begin.

Mr. Rabon stated that Phase 2 will consist of a new 8" lateral PVC up 8th Street. Mesa Verde will use a lot of the existing 21" sewer line and dig down through it which is also 10' deep, collapse it, backfill it, and then place an 8" line back in the place of the 21" line and carry it all the way to the old Stanley Building. We have situations there that are unknown. The failure of the pipe is apparent just by looking at the site; the surface has collapsed in a number of areas. We have existing conditions with high voltage power sitting directly on top of the sewer line. There are sewer lines underneath the buildings that must be dealt with and these are strictly unknown. There is no way to know how big the voids are that are under those buildings. This will force Mesa Verde to use a grout-filling, which is where they pump a grout of slurry underneath those buildings. We do not know how big the caverns are, however, it is obvious that the soil has washed out. So this leaves the question of what they will find.

Mr. Rabon continued by explaining that the proposal of \$2.5M contains some contingency money. He stated that approximately \$112,000 to \$115,000 has been included in the proposal for contingencies. He stated that they think they have taken everything into consideration and he does not think the contingency money will be used; however, there are unknown variables. Mr. Rabon indicated they arrived at the \$2.5M proposal after including the long-term plans of Molzen and Corbin.

Mr. Rabon further explained that we must deal with the Highway Department and their right-of-way requirements, fence removal and replacement, and returning the right-of-way to its original state. The Union Pacific Railroad also has to be dealt with on the 42" bore. Boring must be done underneath three tracks and the casing carried out which will require a 42" casing.

Mr. Rabon stated that cost for bypass pumping is included. It is hoped there will be no more failures along the existing right-of-way or the sewer line and some of the contingency money may have to be used for some of that bypass pumping. On the relief route, 1st and 10th Streets have to be crossed. The estimate includes funds for future growth with some additional 24" sleeves. Going to all the trouble of cutting out all that concrete and before placing it all back, we should make some provisions for other things. There are cost measures that have been included that we think are important while it is cut open but might not necessarily have to be done if the city has some financial concerns.

Mr. Rabon continued by stating that safety is a big issue on a project with a short timeline. A safety consultant has been incorporated and all safety measures will be taken to include an extensive safety program on this project. Safety will be the number one concern on this project by making sure that we do not have anyone injured or hurt while we dig fast and deep.

Mr. Rabon continued by indicating that another company, Nesty Testing, will provide QA/QC and make sure compliance is adhered to for both the State Highway standards and the Union Pacific Railroad standards.

Commissioner Cooper inquired whether Mr. Rabon believes he can pull this off in 8 weeks and Mr. Rabon responded "Yes, sir." Commissioner Cooper asked whether Mr. Rabon was guaranteeing that he could do it in 8 weeks and Mr. Rabon responded "Yes." Mr. Rabon explained that with the resources available to General Hydronics and Mesa Verde, Phase 1 will be completed in 8 weeks. Commissioner Cooper stated that some contractors get involved in something that is over their head, wound up losing everything and filing bankruptcy, and ultimately holding up the entire project. Mr. Rabon stated that between the companies, they have the resources to get this project done and have made that commitment. Mr. Rabon indicated that the design will be at a point where they can start the project by July 14. Commissioner Cooper requested confirmation that time would start ticking for the 8-week Phase 1 deadline on the 14th of July and Mr. Rabon stated yes.

Mayor Carroll asked Randy Rabon about Phase 2. Mr. Rabon indicated it would take another 8 weeks. Mayor Carroll stated that the problem we are trying to solve is not solved until Phase 2 is done. Mr. Rabon explained that they will take the existing flow and push it into the new transmission line. At that point, they will be down to a handful of residents that are going to be affected by what will be done in Phase 2. Commissioner Cooper inquired what area that would be. Mr. McCourt indicated on the map that Phase 1 would be this red line, so all the flow north of 16th would then be sent through the line. Phase 2 is this section (pointing on the map) through here, picking up these residents and businesses. Commissioner Cooper asked what residential or businesses would possibly be affected? Mr. Rabon stated there is a warehouse area and approximately 10 to 20 residents down through there. There are people tied on that we may not know about. Mr. Rabon continued that this is a rural area. Others affected could possibly be Sign Art and the railroad staging yard which has some offices. Mr. McCourt stated that our records show eight connections over there. During the interlude, they would continue to fall into this cavern and, in theory, continue to flow to the old line until we could get the

replacement lines and the tie-ins done. Mr. Rabon explained that there could be a situation with some of these residents which causes them to do some bypass pumping. One of the concerns is when that flow is not there and this line continues to collapse, the water is not there to carry the dirt on down creating some blockages. Commissioner Cooper stated that at this time, Mr. Rabon does not know what the void is underneath the line and Mr. Rabon confirmed with "no." Commissioner Cooper continued that it could be minimal or could be a massive erosion. Mr. Rabon explained that this is part of the slurry fill where they will pump under some different building structures. From their perspective, it is a guess number as to the quantity of slurry the situation may require. Commissioner Cooper remembered a few years ago when there was a sewer line failure that ran parallel with White Sands when one of the trash trucks disappeared out of sight. Mr. Rabon indicated we are facing the same situation now. Sewer flow must be diverted before Phase 2 can be started.

Commissioner Ledford praised Mesa Verde and General Hydronics for the quality of work they perform. Commissioner Ledford asked how long it took them to put this bid together. Mr. Rabon responded that they worked on it for about a week and a half.

Commissioner Ledford stated that the Commission probably should have brought them in to start with to come up with the bid. Commissioner Ledford continued by stating that the original estimate was \$1.5-\$2M. Now the cost is up to \$2.5M. Most of the decisions we made was based on \$1.5-\$2M. \$2.5M is more and is different than originally estimated. Mesa Verde's number may be correct and should have been the right number to start with, but now we are talking about not only doing it but how to pay for it. The \$2.5M is 50% difference between what we talked about originally and what we are talking about now. This bothers Commissioner Ledford a little bit. Commissioner Ledford maintained his perception that a quality bid was put together by Mesa Verde and General Hydronics. When you have an emergency that's what you pay for, premium costing of materials and labor and we should have figured that in. Commissioner Ledford stated that his thought process of \$2.5M might have been different than \$1.5M. Commissioner Ledford asked Mr. McCourt if we looked at other options besides Mesa Verde. Is this the only bid we looked at or how did we approach the bid process? Mr. McCourt stated that this is the only construction firm that we know is on the GSA, was available, and could move forward immediately to get this done. We did discuss early on the estimated pricing with Mesa Verde as to whether we were in the right ballpark at the \$1.5 to \$2M. As we continued to scope the project and got down to it, we got these prices Friday. Mr. Rabon explained that the \$1.5 to \$2M estimate would fix the problem. Part of the increase comes when we incorporate Molzen and Corbin who is doing the long-term study for the big picture and how we might incorporate their increased line sizes into this cost proposal and that is some of what is driving the increase. Are these things that would actually have to be done to handle this emergency situation? Mr. Rabon thinks it is smart planning but it is not necessarily mandatory. Commissioner Ledford stated that we are on record at \$1.5 to \$2M. Now we are going to have to tell people it is \$2.5M and they are going to ask why did we miss the mark by 30%. What would be nice is to have a breakdown of what is costing us \$2.5M. There is a breakdown of what will be done, but there is no pricing. Commissioner Ledford continued that if he knew that the increased cost was due to expenses not previously considered, then at least he has a reason to explain to the people why this is costing so much. We have to pay for this with revenue and it is not going to be that easy.

Commissioner Ledford asked Mr. Rabon if he could identify what areas of the project caused the cost to be \$2.5M instead of \$1.5M so Commissioner Ledford could explain to the people the reason for the difference of \$1M? Mr. Rabon responded "yes." Commissioner Ledford stated that would be great. Commissioner Cooper stated that we are also going to have to factor in the expenses that will be incurred within the city. Mr. Rabon responded that this cost is not included in their proposal. Mr. McCourt indicated that part of the discrepancy in cost was the lack of information for factoring in the long range sewer plan by Molzen and Corbin. Commissioner Ledford asked what is the cost for Molzen and Corbin. Mr. Rabon responded that Molzen and Corbin has been engaged by the city to provide a long-term sewer study. Mr. McCourt stated that Molzen and Corbin, working independently of this project, is working on the long-term sewer plan for which a meeting was held last Thursday. Mr. McCourt continued that Molzen and Corbin have been reviewing all the line sizes throughout the community and what would be needed for current and future demand. This information was then incorporated into what is proposed on this project. Mr. McCourt stated that we did not have this information prior to last week. Mayor Carroll stated the main difference will be in the size of the line from a 24" to a 27". Commissioner Ledford stated all he wants to know is what is the difference between day 1 and today. Commissioner Ledford stated when you have \$200,000 or \$400,000 in the emergency fund and you have a \$2.5M project, you have a ways to go.

Mr. Rabon stated that there are things we can change up. This proposal has given you the total package that Mr. McCourt has laid out and there may be some things that we decide we cannot afford and want to change. We most certainly have that flexibility. We need to have the input on the direction we want to go and to what extent. Mr. Rabon continued that to answer one of Commissioner Ledford's questions regarding the 21" versus the 8" line and can those residents stay in that 21" line. Mr. Rabon confirmed that they probably could stay in that line, but we know it has collapsed and there is no top in that line so that is going to have to be dealt with. Commissioner Ledford indicated that his question was misunderstood. What he was saying is the red line is done and we do not do anything until we get the blue line finished with the 8". This will not be in the same area, right? Mr. Rabon responded that this is going to be where the existing 21" line is located. We are going to dig back through the 21" line and collapse it. We know there are voids and caverns all over that line. Commissioner Ledford stated he was under the impression we were putting 8" line next to it. Mr. Rabon replied no, with the exception of one area where there are high voltage power lines sitting about a foot off center line of this 21" pipe that has been installed since the 21" was installed so we may have to change the alignment of the 8" so we don't have the high voltage problems. These are some of the things that as we discover the scope of work, we find these situations that exist over the top of that line and create a different direction or change. Commissioner Ledford asked whether there will be any other contractors involved. Mr. Rabon replied yes. Aggregate Technologies will do the QA/QC testing as a local firm. We are bringing some out-of-town firms to do the boring. No one can do a 42" bore this size.

Mayor Carroll stated that we discussed last week whether to just fix the immediate problem or to fix it by providing for the future and the decision was made to provide for the future while we are doing the project. Commissioner Ledford responded that this decision was made based on an amount of \$1.5-\$2M not \$2.5. Mayor Carroll replied that this is true; however the difference now is we have a clearer view of what we need to do to plan for the future and that will cost more.

Mayor Carroll continued that the proposed pricing does not include right-of-way or easement acquisition or railroad permits. Obviously, we will need permits from the railroad; what about right-of-way acquisition? Mr. McCourt replied that the city has already paid for the boring permit from the railroad. Mayor Carroll asked if there is any right-of-way that we do not have access to that we will have to acquire. Mr. McCourt responded by saying he does not believe so.

Commissioner Cole inquired of Mr. McCourt why the 8-week timeframe is so important. What if we went with 12 weeks, would there be a significant change in the pricing. Why is 8 weeks necessary. Mr. McCourt replied that our direction was to push to get the job done as quickly as possible. Eight weeks is the shortest timeframe in which the project could be completed. If the time were extended, he believes it would impact the pricing but is unsure how much impact it would have. We would have an increase in risk, so it would be a trade off. Mr. McCourt continued that if it is the desire to extend the time, he was sure Mesa Verde would be willing to work with us on this. Mayor Carroll stated either we have an emergency or we don't and if we have an emergency, he sees no sense in increasing our risk factor.

Commissioner Cole asked if we do not declare an emergency, and obviously the commission has, but if it was not an emergency and we did not have to work six days a week, 10 hours per day and cut back to a 40 hour week, would the savings be significant. If we took two more weeks and took the risk. Is the risk that significant? Mr. Rabon replied that there would be some savings but he can't give an exact number without redoing the schedule. Commissioner Cole asks whether it would be \$200,000 more or less? Mr. Rabon stated if you stretch it out another four weeks and he asked for David Caraway's assistance. Mr. Caraway states it would probably amount to \$50,000 to \$140,000 in savings. Commissioner Ledford requested clarification about the cost of the pipe going from 21" to 27". Why did we do that? Mayor Carroll responded that increasing the pipe size came from Molzen and Corbin's master sewer plan. Commissioner Ledford asked what the cost difference per foot is there on this line size? Mr. Rabon indicated there is a substantial amount of cost difference but they would need to run the numbers.

Mr. Rabon stated that their bid amount is \$2,258,000 plus a 5% contingency of \$112,000 that may or may not need to be used. Commissioner Ledford asked whether this is a turnkey number and Mr. Rabon replied yes. Commissioner Ledford stated my point is you are responsible for that contingency. I mean you may take the contingency but that's it. Mr. Rabon replied right. The only thing about the contingency money is that if something comes up that the city desires that we might need to add to the job. Mr. Rabon continued that they have included the Gross Receipt Tax. Mayor Carroll agreed that the Gross Receipt Tax needs to be included in the proposal.

Mr. Rabon feels confident that the increase in the premium for the overtime and the increase in the pipe sizes would get us back down to the original numbers. The variable involved under the GSA is that it operates under the Davis-Bacon Wage Rates and there is an increase July 1 that has not been posted. One item the city could waive is the 1.5 to 1.75% bond premiums, which are payment performance bonds. They are insignificant, but in the big picture they all add up. Mr. McCourt pointed out that we have requested some sleeving at a couple of locations, like going under 10th Street and 1st Street. Staff has requested sleeving which involves burying additional pipes at the time they dig up the road so that in the future, we do not have to dig up those roads again. We can slide water lines, electrical lines, cable, and fiber optics through there and not have to dig up those busy streets again. We felt that was a prudent measure to

take. We have positioned manholes so that future extensions in this area could take place and lines could be extended off those manholes rather than having to go back in there and tap a manhole or tap directly into the line, but we positioned manholes and order the appropriate manholes so we could do those extensions at a future date. We have also done some sleeving down in this area where we are crossing the tracks to avoid future costs. Though each of these may be relatively small, they do add up in the total project.

Ken McDaniel stated when he went out with Brian McGuire to look at the break with regard to whether it needs to be 27", they arrived about mid-morning and the pipe looked to be running approximately 100% capacity. It was all the way up to the top, so that is not allowing for any future development up there. He stated he thinks Molzen and Corbin is probably correct in saying you need a 27" line there. Mayor Carroll responded that there are two options: 1) If we are going to plan for the future, we go ahead and do it and do it right or 2) we fall back and don't do any of this and just replace the 21" line and the need still exists. Mayor Carroll stated he thought it was decided last week that even though it would be considerably more expensive, we would go with the red option. Unless someone is totally against it, I guess the next problem is to figure out how we pay for it.

Speaking for the Water and Sewer staff, the Planning Dept., and himself, Mr. McCourt strongly encouraged the City Commission to build now for both future needs and to address the immediate situation. Commissioner Cole agrees with this statement except he would like to have someone go back and reevaluate the 8-week timeline versus the overtime and extra expense for materials. Commissioner Cole expressed his concern about the increase in cost, but is more concerned how we will be financing it. Commissioner Cole feels unsure that we need to do the total job and not do something to fix the current problem and do some long-term planning for the other part. Commissioner Cole is not sure whether the increased cost justifies doing it the way we are doing it. If we can fix the immediate problem for a significant smaller amount of money than \$2.5M for the total project and not go out and solicit bid costs from other firms. Mr. McCourt responded that we can look at fixing the immediate problem in this area and I suspect that would result in a lower cost. Some of the costs are relatively the same; we know we have the boring under the tracks and that is not going to change. We also know we have that interface with those power lines that we will have to route around and tie-in. We know we will still have that grouting type work that must be done under the buildings. Mr. McCourt stated these are fixed portions of the cost and will not change. He suspects there would be a lower cost to just fixing just the blue section but he does not know what that would be at this time.

Commissioner Ledford stated that he appreciates what Commissioner Cole said, but in the long-term plan which the red line partially represents, we have this problem all over town. If we don't do something eventually, we are never going to do anything. That's the problem now; if we put this off forever and every time we want to do something major, it gets put off until next year's budget. The ICIP continues to get postponed. Commissioner Ledford continued that he thinks we need to start doing something in the water and sewer and the infrastructure because its there, its for real. His concern is this is not the only place we have a problem. What happens in the next phase if another 30% of the town collapsed and we did nothing here? The blue line would only be a temporary fix in the long term. Commissioner Ledford expressed his frustration about putting these projects off because we don't want to incur the cost. The cost is not going to get any cheaper. Commissioner Ledford indicated his support for jumping in and getting this project done.

Commissioner Ledford responded to another point by Commissioner Cole about the savings if the timeframe for Phase 1 is extended to 12 weeks even though this is an emergency. Commissioner Ledford provides the scenario that by granting the extension, costs might be reduced by \$50,000 or do we have to come back and address this or is there a savings Commissioner Cole might be comfortable with. Mr. McCourt explained that the risk factor has to be taken into account. Mayor Carroll stated we would have them do it in four weeks if it was physically possible to do it in four weeks. What they are saying is they can only do it in eight by working as fast as they can and getting everyone geared up as fast as they can. Mayor Carroll continued with the scenario of going with 12 weeks and week one into the project, that line starts collapsing again. All of a sudden we cannot live with the 12-week timeframe anymore and now require the contractor to meet a shorter deadline than 12 weeks. At that point, the contractor could respond that if you had told us 8 weeks originally, we could have done it in 8 weeks but you told us 12 and now we cannot go back and do it in eight. Commissioner Ledford stated that it would be a premium on the premium probably. Mayor Carroll stated that no one knows what the risk factor is, but if we have an emergency, we need to get it done in the shortest amount of time they can realistically and physically do it and that is what they have proposed.

Mr. Rabon stated that there are holes where the sewer has collapsed that has steel plates on top of it which makes us wonder how much more we can expect to collapse. It is a bad situation. Commissioner Ledford stated that if the savings is only \$50,000, it is not worth it to go another 4 weeks because he does not want to explain that risk to the people. Commissioner Ledford continued that to address Commissioner Cole's concern is what amount do we decide makes it worth extending the timeline and do we have to have another meeting to determine this. Mayor Carroll responded that if the Commission meets again, we are not talking about 8, we are talking about 9 or 10 before we start talking about extending it. If we are going to get it done in 8, we need to make a decision and we need to make it right now. Commissioner Cole stated he is asking questions so he can make the best decision possible. Commissioner Cole continued that he has no problem with the staff making the final decision. He had no ball park figure in mind or what ball park figure would be good. If the savings calculations turned out to be \$500,000 to extend the Phase 1 deadline to 12 weeks, that is significant savings. Commissioner Cole indicated he heard them say the savings was under \$200,000. Commissioner Ledford inquired if what Commissioner Cole was saying was to let city staff make the decision. Commissioner Cole confirmed that he has no problem going with a city staff recommendation. Mr. Rabon stated that each day that goes by that we are unable to order materials pushes the start date out another day. Material ordering should have been placed last Friday, but that deadline was not met because of this meeting. Commissioner Cooper requested verification that labor expenditures are based on an 11-hour day. Mr. Rabon responded 10-hour days, six days a week. He continued that it will be daylight to dark. Commissioner Cooper stated that he has seen emergency situations where the schedule is 24-7 and this situation may fall under that requirement. Mr. Rabon indicated that it could turn into that and their pledge is that the line will be turned over to the city in 8 weeks. If we have to work 24-7, we have all made the commitment to do that. Mr. Rabon continued that they are handicapped to a degree by the materials that have to come forward. The manholes must be cast and sent to us. The manufacturer will send about 6 of the manholes per week. Due to this, we will receive the last of the manholes 7 weeks out. Commissioner Ledford stated that 10-hour days are not daylight to dark. Mr. Rabon indicated that is correct; however, he is saying that there will be people working on this project if you go to the site at daylight or at dark. Mr. Rabon

continued that to meet the 8-week timeline, it will take more than the 60 hours a week per worker that has been submitted in the proposal.

Mr. McCourt requested verification from the Commission that they would like the city to work with Mesa Verde to ascertain any appreciable savings by extending the timelines. Commissioner Cooper stated he is not keen on extending timelines, especially in an emergency. Mayor Carroll stated if it is an emergency, that is the way we need to address it and get it done as quickly as we can.

Mr. McCourt discussed in-term and long-term financing that can be obtained through local financial institutions. Two local institutions stepped forward and indicated they would provide us short-term, in-term financing and then long-term financing for the issue. The long-term is essentially a revenue bond secured by the revenues of the system at the tax exempt rates that would be available at the time we would do it. We also had two other private companies approach us; one of them being Severn Trent and the other Southwest Water. Mr. McCourt has not yet received a response from Severn Trent to the question of whether they could directly lend us the money without doing the work themselves. Southwest Water responded to this question late Friday that they could *not* do that. They could do the work and front the money but just loaning the money was not something they would do. Mr. McCourt continued that the local financing on the bridge (short-term) financing option is available at Treasury rates which is about 4.45% as of last week. Interest rates changed last week, so we are unsure if that is still the right number. We are currently earning 2% on our money through various investments.

The Finance Director has suggested that we finance the bridge financing ourselves. We are only earning about 2% and if we have to borrow the money, we will have to pay 4%, so theoretically we can save 2% if we finance it ourselves. The Finance Director feels we can do that without incurring cash problems in the short term. In the long-term, we cannot do that forever. We have to pay ourselves back so that the other funds can operate and run. The Finance Director thinks if we can finalize the long-term financing by April of 2005, we can do the short-term financing in-house. Commissioner Ledford stated he knows it makes sense to do that so what is the point. If we can do it in-house, why wouldn't we? Is the only issue to make sure we do the long-term financing by April of 2005? Mr. McCourt responds yes, sir. Commissioner Ledford continued that if we do not get the long-term financing by April, 2005, we go back to short-term with the bank? Mr. McCourt stated yes, we would have to go somewhere else. Staff's recommendation is to finance the bridge financing internally, but we need to know the Commission understands we must arrange another financing method. Commissioner Ledford asked if we finance this internally, it does not affect our long-term financing rates or capabilities because we did not do short-term financing with that institution? Mr. McCourt responded that is correct. Mr. McCourt continued that both institutions are willing to do a private placement with us for the long-term pricing portion. Private placement has not been carried out in the city, we have always done public placements. Staff is not necessarily recommending one or the other, we just want to make sure the Commission was aware of the options. Under any of the options, we must arrange long-term financing. Mr. McCourt stated that we envision this by securing the long-term financing from the rate structures from water and sewer. We foresee that this will result in the need for a rate increase in the system to encompass this financing. We have been putting aside some money each year for emergency funding, so to lessen the impact, we would delay setting aside that money so we can minimize the impact on rates and phase that in over a longer time period with the goal of establishing the emergency fund at a later date.

Staff's recommendation is to self-finance internally and work to minimize the impact on rates, but there will be some impact on rates from the long-term financing sense. Commissioner Cooper asked how much of an impact there would be and Mr. McCourt responded that if we finance \$2.5M on a 20-year note, that is about \$250,000 per year and spread over our 10,000 accounts is \$25 per year to be spread over 12 months would be a little over \$2.00 per account per month.

Commissioner Cole asked how much is the emergency fund, \$140,000 to \$150,000? Mr. McCourt indicated that we anticipate reducing the collections for the emergency fund in the initial year so we can bring this increase in more gradually and spread it over a couple of years. Commissioner Cole explained that originally that was over a 5-year period of time. Mr. McCourt stated yes sir, but we are saying we will extend that time out so we can minimize this impact on the rate structure. If that is approximately \$100,000, the initial impact could be reduced by that amount. So, the \$2.00 could be reduced to approximately \$1.25. Mr. McCourt continued that these are general numbers we are providing. We won't know what that long-term financing will cost us until we actually go after it. Mayor Pro-Tem Griggs indicated that we are looking at this right here. At the moment, we have no means to do the sewer lines up around the university streets or other lines which we are aware are at risk. If we try to bond, we need to look at that at the same time. Mayor Carroll stated that there are some refunding options in the future. One in 2005 would be a GO bond which would take an election to allow use of it. In 2008, there is refinancing capacity for the 1998 Gross Receipt Tax. Mr. McCourt stated this is correct. In the last paragraph of the staff report in front of you, and I don't want to hide the fact that we have another very major potential problem around the college blocks, east of Pecan and north of Indian Wells, we have discovered the same type of line and are starting to see many collapses. Effective July 2, we began a study to look at that area and have that line scoped out and see the extent of the problem. If we have the same concrete line in that area, we would anticipate we also have a major problem that we may also have to fund relatively soon.

Commissioner Ledford asked about the ICIP where we have major repairs to make, that we could pay for this through the refunding process and rate changes if given the amount of time we need and actually do it and not put it off. If we have an emergency tomorrow, we have a problem, but every 5 years we need to do some major ICIP budgeting that will cover water and sewer. Isn't that part of the plan to do this? Mr. McCourt responded that he has not proposed that to the Commission yet, but would like the Commission to consider looking at that from a long-term financing method for the water and sewer. Perhaps every 5 years, we could look at a revenue bond to pay for retiring or replacing the lines after a 20 year period. This way we could address our major difficulties with the water and sewer and get the system into a position where we are actually able to pay for the cost of maintaining it before we get into this situation. Mr. McCourt repeated that he has not proposed this to the Commission yet.

Commissioner Cole asked if there was a possibility to utilize Gross Receipts revenue for street repair to do this type of repair also if the people voted for it? Mr. McCourt stated he is not aware of another Gross Receipt Tax we could implement to put toward this type of project. Mr. McCourt indicated that one of staff's positions has been that we will continue with that street program and continue doing the infrastructure under the streets. We have not looked at that as a potential source of funding for this project. Commissioner Cole asked if we could do it with a GO bond? Mr. McCourt indicated that a General Obligation bond could be used to address

needs within the water and sewer. Commissioner Ledford stated then the current emergency is not an area where we could utilize the street fund bond. Mr. McCourt responded no, sir.

Mr. McCourt explained that Brian Cesar was able to look at the sewer line that comes down from the mall and flows south to around Indian Wells. This appears to be a clay line, which is good. Clay is much more durable than this concrete cylinder and we had some concerns that line might also be a concrete cylinder since it was installed about the same time.

Mayor Carroll stated it sounds like we have the funding so we can move ahead with that project. Commissioner Cole asked if next time the community has a GO bond, is it possible under the ICIP to include a question about allocating part of the GO bond for sewer repair. Mr. McCourt stated yes, sir, the Commission could do that. We have a current General Obligation amount that has been used by the Water Dept. that is being paid off now. Commissioner Cole asked if this item could be on the same issue as the library. Mr. McCourt responded that it could be if the Commission desires. Mayor Carroll stated that the GO bond will be paid off in 2008. It becomes callable in 2005, allowing us to refinance and generate approximately \$3M in new money. Commissioner Cole asked about the GO bond on the fire services, S217. Mayor Carroll responded that is a long way out. When we passed this GO bond the last time, it was a continuation of an existing bond so that no one's taxes would go up as a result of the continuation. That is generally the sell to the people that you have to make because we are competing with the school, the state, and others for bond money. No one is happy paying property taxes.

Commissioner Cole moved to go with the short-term financing method (internal financing) and arrange long-term financing by April of 2005, and also directed staff to begin preparations for a revenue bond and proceed with the emergency sewer project. Commissioner Moncada seconded the motion. All voted "aye". The motion carried by a vote of 6-0-0.

Unscheduled Communications:

A) Alamogordo Senior Center Fitness Addition.

Mayor Carroll introduced Veronica Ortega, the new Manager at the Senior Citizens Center and Rachel Cano, the Senior Center Health Coordinator.

Ms. Ortega indicated Tom Shipman, Chairman of the Building Committee, will give a brief presentation for consideration for additional funding from the Quality of Life revenue bonds.

Mr. Shipman introduced himself and indicated that he has been volunteering at the Senior Center as a fitness and strength training instructor. About six months into his volunteer work, he realized they were running out of space for the program. The program is titled the Ageless Health Program and is funded and supported under the auspices of the Paseo Del Norte Health Foundation. As he noticed we were running out of space, he approached the director, Vicki Thompson, with the idea of seeking the funds through the city to add and build a fitness center to the original structure. Her response was that she had been turned down twice. He persistently requested that we approach them again and she responded that if he was willing to chair the Building Committee and spearhead the project, we could try again.

We formed a committee and began laying out plans. We presented our case to the Mayor's Advisory Committee Meeting at the Senior Center. The Mayor suggested we have our case placed on the 2003 agenda of the Legislative Session and lobby to obtain the funds. We were able to obtain \$150,000 from that grant.

Mr. Shipman continued that in the meantime, the Senior Center has conducted various fund raising projects. In total, we have raised another \$14,190 so we now have a total of \$164,190 toward the project. We originally estimated that the Center would probably run about \$200,000 and we are within striking distance of proceeding with that. We met with your Community Planning Director, Brian McGuire, as well as one of the city engineer's, Edward Balderama, on a number of occasions. We laid out some preliminary plans for the project and they, in turn, have since hired the architectural and engineering firm of Molzen Corbin & Assoc. to conduct and draft up the final plans for that project.

During our second meeting with Molzen Corbin, we were surprised to find out our project could not proceed without first retrofitting the entire center with a fire suppression system. The additional cost estimated for this retrofit would be roughly \$153,500 which devastated us because there was no way we could raise that much money. The committee asked if there was anything they could do to circumvent the need to retrofit the original center. They thought there was and went back to the drawing board and drafted up four additional options. Three of these options do not require the retrofit of the original structure. They are basically self-contained separate buildings with their own separate ingress and egress accessibility. In other words, they have their own utility and metering systems and are treated like a separate building. In order to gain access to the restrooms and other facilities in the main structure, you would have to travel completely around and into the front of the main center.

Option 4 is indeed tied into the original structure and incorporates and includes the retrofit cost of the fire suppression system. Mr. McCourt asked throughout the entire Senior Center? Mr. Shipman answered yes. The original cost of Option 2, including the retrofit system, was estimated to be \$505,745 which is totally out of reach. Before voting on the preferred option, the committee met with Joe Bailey in order to obtain his input.

First of all, the fire suppression system was included in the original plans of the original building but later mysteriously deleted, probably for monetary reasons. Secondly, the Center was originally built without a fire alarm system which is required in virtually every building that is built today including single family residences, but the Center has no fire alarm alert system. To retrofit that cost, we have not been able to contact Molzen Corbin on this because of the holiday weekend, but the Fire Chief indicated the cost to be at another \$30,000. The figures presented today will include that cost. Thirdly, the Center contains a fully self-contained commercial kitchen with dining room facilities to accommodate up to 400 persons, which according to your chief, places it in a high risk category. All of the large sliding dining room and classroom partitions contained in that building contain highly flammable vinyl surfaces and poly plastic type core centers which is highly flammable. The dining room tables likewise are vinyl surfaces that are highly flammable. The chairs and the seats throughout the dining area and all the classroom areas are made of polycarbonate plastic which are extremely flammable. Fourth, the exposed beam ceilings and trusses as well as the T and G ceilings are all wood and potentially fire igniters. Fifth, all the windows in the dining room area are fixed and virtually impossible to break because of the commercial grade double pane structures. Likewise, all the windows in

the conference room are either fixed or have a six to eight inch crank-out opening which are virtually impossible to utilize as escape routes. The conference room itself has only one ingress and egress door but it has no emergency doors. That room will hold up to fifty people. This is an extremely dangerous situation, it is a fire trap.

Bottom line is that the Senior Center is a potential fire hazard and a disaster waiting to happen. Given these considerations, the Building Committee unanimously voted to pursue option 4 of your handout which does indeed include the retrofit cost for the original structure but does not include the retrofit cost for the fire alarm system.

Mr. Shipman continued that generally the Senior Center dining room is filled to capacity five days a week. On the weekends, the Center is frequently used for various special functions, dances and so forth and it is filled to capacity; up to 500 people sometimes. Some of these occupants are not ambulatory and require wheelchairs for mobility. Others use various walking aids: walkers, canes, or crutches to get around. Some suffer from mental disabilities such as Alzheimer's, Parkinson's, and various neurological disorders, which makes them particularly vulnerable to a possible fire.

We shudder to think what might happen if fire ever broke out in the kitchen and quickly spread and engulfed the dining room area. It would create absolute havoc and chaos and unfortunately, many of our seniors, especially the weaker ones, would perish. I am not sure what kind of value we could place on human life, but it certainly exceeds the amount of funds to alleviate this risk.

We understand that the city has plans to retrofit several other of its high use local public buildings including the Civic Center and we, at the Senior Center feel that our center deserves no less. Taking into account the cash we have currently raised to date, we presently need an additional \$285,913 to effectively fund and pursue our project as scheduled. Therefore, we urge the Commission to respond accordingly and appropriate the necessary funds that are sorely needed to provide our seniors with a safer and a more fire risk free environment for them to live out their Golden years.

Mayor Carroll thanked Mr. Shipman for his presentation. Mayor Carroll went on to say that it recently came to our attention that there was no fire suppression system. Everyone just assumed that there was because it was in the original plan and how it managed to float through without anyone noticing, I don't know. Mayor Carroll continued that we are in the process of initiating the refunding of some bonds that will allow us to provide some money for several projects: one is flood control and the other is some additional quality of life projects and I think the additional money that would be required to put the fire suppression system in the Senior Center is certainly something that I would advocate funding out of those additional monies we are going to raise.

Commissioner Cooper stated that it amazed him when he found out there was no fire suppression system at the Center. There is no alarm system either. How in the world did they get a Certificate of Occupancy? Who issued that? Someone really dropped the ball. Mayor Carroll responded probably, but it does not serve a lot of purpose to look backwards. We need to do whatever we need to put the proper fire suppression system in there.

Commissioner Cooper asked the City Attorney whether we would be totally at risk by allowing the seniors the use of the building without the fire suppression system and the alarm. Mr. McDaniel responded that there is a definite risk. He continued that he was told that the fire suppression system was in the plans and may have never been approved for deletion from the construction plans.

Mayor Carroll stated for whatever reason, we need to address it and thanked Mr. Shipman for bringing it to the Commission's attention. The Mayor indicated this is an item the Commission will consider when they decide how to spend the additional monies that refinancing of the bond will provide.

Meeting was adjourned at 10:30 a.m.

Mayor Donald E. Carroll

ATTEST:

City Clerk Angie J. Rahn-Broyles
(SEAL)

(Prepared by Laura Sanchez, Deputy Clerk)
Approved at the City Commission Regular Meeting of July 27, 2004.

UNOFFICIAL MINUTES