

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION REGULAR MEETING MINUTES
6:30 P.M., DONALD E. CARROLL COMMISSION CHAMBERS
February 27, 2024**

**SUSAN PAYNE, MAYOR
SHARON McDONALD, COMMISSIONER
JOSH RARDIN, COMMISSIONER
STEPHEN BURNETT, COMMISSIONER
NICHOLAS PAUL, COMMISSIONER**

**MARK TAPLEY, COMMISSIONER
WARREN ROBINSON, COMMISSIONER
RICK HOLDEN, CITY MANAGER
ASHLEY SMITH, CITY ATTORNEY
RACHEL HUGHS, CITY CLERK**

CALL TO ORDER / ROLL CALL / INVOCATION / PLEDGE OF ALLEGIANCE

Mayor Payne called the meeting to order at 6:30 p.m. Roll Call was taken by the City Clerk. City Clerk Hughs announced there was a quorum present. The Invocation was given by Pastor Joe Cantu from Cornerstone Chapel, and the Pledge of Allegiance was led by Commissioner Rardin.

APPROVAL OF AGENDA

Mayor Pro-Tem McDonald moved to approve the agenda.
Commissioner Robinson seconded the motion.
Motion carried with a vote of 7-0-0.

PRESENTATIONS

**1. Presentation by Yearout Energy on Energy Performance Contract and Energy Cost Savings.
(Colby Greer, Yearout Energy)**

Finance Director Huff said Jesse Miller and Tara Trafton from Yearout Energy will present this. They have been working on this for a year and a half, and we are getting to some of the final stages. There is an item under the Consent Agenda that ties in with this presentation. Ms. Trafton and Mr. Miller gave their presentation.

Commissioner Robinson asked about the cost to the City for the audit. Ms. Trafton said \$75,000, but that project also gets funded through the savings. The City has not had to pay that yet. The goal is to identify enough savings to roll the development cost of the investment-grade audit into the project. Commissioner Robinson said it is a win-win.

Commissioner Rardin asked where the upfront capital contribution would be pulled from. City Manager Holden said it is purely based on the guaranteed savings to pay those capital costs. As Commission Robinson said, it is a win-win situation. Finance Director Huff said the initial plan was partially from the General Fund for the subsidized buildings for general buildings like City Hall. Water would also have a portion of it because many of their sites are having upgrades. It would be allocated between 11 and 81. Commissioner Rardin said the total cost we would have to come up with is \$1,450,000. Finance Director Huff said yes, and then we would finance the additional needed pieces, minus the rebates we get back, and the savings are what we use to pay the debt service. This is all regulated by the State, so once Yearout provides their final report, it also goes to the State, who verifies all their financial measurements. If it does not pass with the State, it cannot move forward. The State requires them to certify that, going forward, they are meeting their targets. If those targets are not met, Yearout must write us back the difference.

Commissioner Burnett asked how long the project would take to complete. Mr. Miller said we were looking to start implementing in August or September of this year, hopefully finishing by spring of next year. Ms. Trafton said there would be a preliminary schedule in the final report.

Mayor Payne asked if the rest of Griggs Fields have LED lighting. Finance Director Huff said we have some that are done. We wanted to do all of them, but it was a huge outlay on the front end, and putting the numbers into something we did not think was possible. These fields will not get us fully LED sports lights, but they will get us closer. The report Yearout referred to is very useful to us because it is the first time we have had someone walk every inch of our buildings and go through every little nuance.

Mayor Payne asked if the savings would pay this back. Finance Director Huff said that is what pays the debt service. We have done pieces of all the measures Yearout is talking about here and there. We have some LED lights, but not all LED lights. We have newer HVAC but did not upgrade any thermostats when we put that in. Same thing with transformers; we put a transformer in when we built a building, but we have never replaced them. It is getting us all of these things in little pieces now together as a project. Once we have the final report, we will also make that available to you. Ms. Trafton said the State assigned a third-party reviewer to the project, who has been walking the sites with Mr. Miller for the past week to familiarize themselves with the scope of work. When they get the report, they critique it. They are an engineering consultant with the background needed to understand the savings we stated and whether they meet standards. Every year, we have to come back and prove we are meeting those savings targets. If we fail to meet that target and fall short, we have to write a check for the difference, so you are whole across the board. Mayor Payne asked what other cities were doing this. Ms. Trafton said we are New Mexico-based and have eighty-five percent of the market share, and she mentioned other cities and entities they have worked with.

Commissioner Paul said the projection is four point five interest rate. How do we plan to finance that? Finance Director Huff said that is just a projection. When we have the final report, we would first go to the New Mexico Finance Authority and ask what they have available and what they can do. The four point five interest rate is not locked in; it is here for the proposal to show you going forward. Whatever we are able to secure through NMFA would come through the Commission for approval. Commissioner Paul said that could make a huge difference in any potential savings. She replied that if we cannot get that, then we can come back to Yearout and say, this is what we can get, so where does that put us? Then, we can make those decisions. Yearout came to us with different scenarios, but we did not have the money for the higher-end scenarios. We got to this one, and it is not set in stone.

Commissioner Burnett said this says a twenty-year term, but it also says twenty-three years is the useful life. So, in roughly twenty years, we would have to do this all over again? Finance Director Huff said yes, with the caveat that if we maintain it, we have a better chance of extending its life. The big part is solar; we are trying to leverage buildings with open spaces. That will be huge.

PUBLIC COMMENT

Cheyenne Cervantes, Cruz Hernandez, Erin Carmody, and Maura Kuhn signed up to speak under Item 7.

John Davis said he previously invited the Commission for coffee and donuts, and only Commissioner Tapley joined him. He said he was here tonight because he wanted to ask the Commission to look at their mission statement on the agenda. It says what I would like to say. I believe in giving people every opportunity to do the right thing.

CITY MANAGER'S REPORT

City Manager Holden made the following remarks:

1. I am negotiating with the Sacramento Mountains Foundation, and they agreed to put new scoreboards out at Griggs Field for us. They will purchase the scoreboards and pay for the installation. Joe Wheeler and I have been working on the contracts. Once we complete those, they will buy the scoreboards, and we will go through procurement on our end.
2. We were not able to renew our Liquor Liability Insurance Policy, and it has ceased. The New Mexico League will not carry us for the liability. At this point, we will not have liquor opportunities. We will continue trying to find a private carrier to insure us for that purpose. We will look at the possibility of allowing third-party companies to be able to serve alcohol at Civic Center events. There are provisions in State law that would allow that. There may also be single-event coverage we could get.

Commissioner Burnett asked if this included the Golf Course. City Manager Holden said no, Grant Dalpes has a separate license. That will remain as long as he is there.

Commissioner Paul asked if other communities were going through this. City Manager Holden said we are not aware of any. We asked for an additional extension, and the insurance company said no. We will keep you advised as we find out the information.

REMARKS AND INQUIRIES BY THE CITY COMMISSION**Mayor Payne made the following comments:**

She gave her condolences for the loss of Rhonda Merrick.

Commissioner Burnett made the following comments:

Can we look at removing the fence for Ms. Gonzalez at Incredible Court? She is having difficulties getting the trailer torn down. City Manager Holden asked if this was where the fire was at. Commission Burnett said yes. City Manager Holden said he did not believe we had the ability to do that. We cannot send a City crew out to do it. Commissioner Burnett said we put up a fence around her trailer, but she already has a fence up around her property. Code Enforcement Manager Sides said I cannot remove that until it is no longer a hazard. Liability is on the City now. We know about it and have condemned it. If somebody gets in there because I remove the temporary fencing and the building collapses, litigations could also happen to that family and the City. I will not remove that until there is no potential risk of anybody getting seriously hurt or killed. She has put her lock on there along with our lock. She has free reign to go in and out. Commissioner Burnett asked how she would get equipment in there. Code Enforcement Manager Sides said she could move the fencing out of the way. We put it right in her driveway. All she has to do is open up her fencing and our fencing. City Manager Holden said we could work with her to get a dumpster there. Code Enforcement Manager Sides said he would invite her to call him.

Commissioner Burnett said the blue house on Michigan has a roof that is starting to cave in on itself. I want to keep an eye on that since we have condemned it. Code Enforcement Manager Sides said he is scheduled to meet that property owner soon but could move that up.

CONSENT AGENDA

2. Approve the minutes for the Regular Commission meeting on February 13, 2024. (Rachel Hughs, City Clerk)

3. Approve the statements related to the Executive Closed Sessions held on February 13, 2024. (Rachel Hughs, City Clerk)

4. Consider, and act upon, Ordinance 1691, Z-2023-0007(A) for adoption and final publication, a map amendment to change the current zoning of the property with the parcel number 01N4054097487344 (the parcel adjacent to 1901 S Hamilton Road) from MH-1 Manufactured Housing Subdivision District to C-1 Neighborhood Business District. (Sean McGranaghan, Assistant City Planner) (Roll Call Vote Required)

5. Consider, and act upon, Resolution 2024-18 authorizing the City Manager to execute an Energy Performance Agreement with a Contractor awarded on the Statewide Price Agreement with the State of New Mexico pending State approval, financing, and legal review of the contract. (Evelyn Huff, Finance Director) (Roll Call Vote Required)

Commissioner Rardin pulled item 4 from the Consent Agenda.

Commissioner Robinson moved to approve the Consent Agenda as amended.

Commissioner Tapley seconded the motion.

Roll Call Vote was taken.

Motion carried with a vote of 7-0-0.

ITEMS REMOVED FROM CONSENT AGENDA

4. Consider, and act upon, Ordinance 1691, Z-2023-0007(A) for adoption and final publication, a map amendment to change the current zoning of the property with the parcel number 01N4054097487344 (the parcel adjacent to 1901 S Hamilton Road) from MH-1 Manufactured Housing Subdivision District to C-1 Neighborhood Business District. (Sean McGranaghan, Assistant City Planner) (Roll Call Vote Required)

Commissioner Rardin said he pulled item 4 to abstain from voting like last time. This is the one for Lance Grace. Mayor Payne said she knew the owner, her nonprofit rented a storage unit from him, and she would abstain from voting.

Commissioner Burnett moved to approve.

Mayor Pro-Tem McDonald seconded the motion.

Roll Call Vote was taken.

Motion carried with a vote of 5-0-2. Commissioner Rardin and Mayor Payne abstained.

PUBLIC HEARINGS

6. Consider, and act upon, all evidence for and against the removal of approved Resolution 2024-13, due to the written objection by the property owner. The Commission will determine if the resolution should be enforced or rescinded. Resolution 2024-13 was to declare 613 Delaware Ave., to be so ruined, damaged, and dilapidated that it is a menace to the public comfort, health, peace, or safety and ordering its abatement. (Roll Call Vote Required)

City Clerk Hughs swore in Code Enforcement Manager Sides, Edward Summers, and Frank Martinez.

Mr. Summers said the 613 Delaware Avenue house has good adobe walls and a foundation. Considering the high costs of new building materials, I believe it is worth saving. An electric company put in a new electric meter to do this work. The house needs exterior work like painting, which I was planning to do this year. The inside can be made to look like new. I should not have a time limit to get that done since it will not affect the outward appearance. The fourteen foot by twenty four foot storage building in the back is in good condition except for the outside sagging in the back. It is worth saving and repairing. I put a new roof on it a year or two ago. That should allow me to do the outside work on

these buildings by the end of the year or sooner. It does not matter to you how it looks on the inside if the windows are boarded up, people on the outside cannot see inside, and weeds are controlled. If you are determined for me to have this building removed, I will do it. I believe the City should pay to have it removed. It costs about as much to remove it as it does to repair it, so why not repair it? It will do somebody some good. This building is not occupied. How fair are some of the City laws, for instance, regarding Teresa Lane. Certified mail costs about fifteen mails as ordinary mail. Call me on the phone. I think some of the City people are disappointed in me for refusing certified mail. They are costing taxpayers a lot of money. I spoke to the Mayor some time ago, and she is in favor of retaining some things I disagree with. I didn't call the Mayor this time. Only Commissioners Paul and Rardin contacted me.

Commissioner Burnett asked Mr. Summers what his plans for the house were. Mr. Martinez said Mr. Summers wanted to repair it. Commissioner Burnett said he has two years to do so. Mayor Pro-Tem McDonald said this is the second time we have been in the house at 613 Delaware. We were in it two years ago for a walkthrough, and nothing has been done since then. I would like to go on record saying I did not get a call at all. Commissioner Burnett said I did not either.

Mayor Payne said we send certified mail letters because it is the only way we have to prove that they got it. If he does not sign for it, then when it comes before the Commission, all we know is that a letter was tried to be delivered, and it was not delivered but returned. What I hear from that is you are not interested in what the City has to say. Mr. Martinez said I was there when the mailman came in. All he did was sign it and tell him to return it. That's a waste of taxpayer money. Mayor Payne said that only hurts him. Mr. Martinez said he tried to make Mr. Summers understand to take it so he can read it, but he won't. Mayor Payne said it was in his best interest to take the letter. Mr. Summers said he told them to call me on the phone. Send me a regular letter.

Mr. Martinez asked if Mr. Summer decides to repair the house, can he do it, or does he have to hire a licensed plumber and licensed electrician? Mayor Payne said he has to hire licensed persons. That is not a City thing like us saying this. That is the State requiring this. That happened on Teresa Lane, where I believe Mr. Summers tried to build his septic system. Commissioner Rardin said if Mr. Summers is not doing anything structurally to the building, like drywall, that is not the same. If he is doing basic plumbing like setting commodes, drywall, or painting, none of that requires a license or permit. Mayor Payne said this is going to require more than that. Commissioner Rardin said it just depends on if it is structural. As a homeowner, Mr. Summers should be allowed to work on some of that. If he is reframing roofs and stuff like that, he will need permits.

Mr. Martinez said he used to work in housing and is helping Mr. Summers. I am trying to make him understand we need licensed people. Mayor Payne asked if there was any electrical in the house. Mr. Martinez said it does, but it is outdated. Mayor Payne said that will require a licensed electrician. Mr. Martinez said the plastic caught on fire, so I think the majority of the wires burned up.

Mr. Summers said a paper on the house that says notice of condemnation was posted. The wind blew it off of the house. I did not remove it. Mayor Payne said that if Mr. Summers had picked up his letter, he would have known about this. Speaking for myself, it is probably pretty bad if you cannot get an insurance company to insure your structure. I think we can all agree you will not find an insurance company that would insure this. Can it be insured? If it cannot, we know there is no insurance. If there is no insurance, and some homeless kids get in there, and one is injured or killed, who do you think they will sue? Mr. Martinez said they did for a while. Mayor Payne said if we know about this as a City and understand it is a potential liability, which is why Code Enforcement Manager Sides went out there, and if we do not do something, then we are just as culpable. It is about someone being injured or killed in here. Mr. Martinez said Mr. Summers is not going to get insurance. He does not have insurance on his rentals. They will not insure it.

Commissioner Robinson asked Mr. Martinez if Mr. Summers had a family. Mr. Martinez said Mr. Summers has a son. Commissioner Robinson said as City officials, we are trying to protect the City. If Mr. Summers cannot understand that you may want to talk to Mr. Summers's son about moving this on. Mr. Martinez said that Mr. Summers's son already told Mr. Summers to sell everything and get rid of it. Mayor Payne said we are not picking on Mr. Summers, but it is not fair to homeowners in that area and is also a huge liability to him.

Commissioner Robinson said we have to move on. We cannot be mired in confusion. Code Enforcement Manager Sides said we must make the City safe. Mr. Martinez said I understand where that is coming from; I used to deal with housing and inspectors. So, does Mr. Summers have two years to work on this house? Commissioner Burnett said one year. Mr. Summers asked why the way it looks on the inside matters. Commissioner Robinson said it is not about how it looks; it is not in compliance. Mr. Martinez said the whole house has to be done in one year. Commissioner Robinson said Code Enforcement Manager Sides gave you that information. It's one year. Mayor Payne said there was obviously a fire here. The whole thing has to comply with our ordinances, which are on our website.

Mayor Pro-Tem McDonald moved to uphold the resolution.

Commissioner Burnett seconded the motion.

Roll Call Vote was taken.

Motion carried with a vote of 6-1-0. Commissioner Rardin noted nay.

NEW BUSINESS

7. Presentation and Discussion on new Natatorium. (Belinda Bass, Parks & Rec Director, ASA Architects)

Public Comment

Cheyenne Cervantes said she was here to discuss getting the Natatorium for the swim team and the general public. We have been struggling all year with being able to practice. We have gone to four pools, and training our athletes to reach their full potential is difficult. We have been training on the Base, at the New Mexico School for the Blind, and it is hard for us to train correctly. I believe the Natatorium would be a wonderful thing for everyone. It would also be good for the general public because swimming has many health benefits.

Cruz Hernandez said we have come a long way. About thirty times this season, we needed to move to a different location on the fly. Having a set location would be helpful for us. A core aspect of swimming is diving. We do not have a proper place to dive. We had to travel to WSMR to practice diving. Our girls made State this year without a defined pool. I believe with a proper pool for diving, we could make State on the boy's team.

Erin Carmody said she was a swim team parent and thought the pool would have multiple benefits for the community. We loved practicing in the REC Center pool through October. After that, we planned on using the Base's pool, but they were using it in the evening for kids' lessons. It would be great to have our own pool. It benefits the community because kids can learn to swim throughout the year. The elderly and disabled could also benefit.

Maura Kuhn said she was a parent to one of the swimmers. It would be great for us to have a year-round pool, and swimming has outstanding benefits.

Parks and Recreation Director Bass said our swimming pool is at the end of its life, and it is only a half-year pool. We want to get a replacement and mileage out of our dollars. George Deines and Rob

Price are going to do a presentation. Aquatics/Recreation Coordinator Michaud and Facility Manager Casebolt from the REC Center are here to answer questions about programming.

Mr. Price said he was from ASA Architects and is the principal architect in the Las Cruces Office, and George Deines is with Counsilman-Hunsaker, a national aquatic consultant. We were selected as architects and design team for this project through a City-issued RFP. We met with City staff and understood funding was not available yet. I suggested we do a needs assessment to home in on priorities, importance, funding, and the issues with the old facility. An assessment was done on the existing pool. We prepared some concepts, sight plans, floor plans, and renderings of the new pool. There was back and forth on what exterior the building should have. We also have preliminary cost estimates.

Mr. Deines said Counsilman-Hunsaker specializes in aquatic facility planning and design. He proceeded to give the presentation along with Mr. Price. Commissioner Rardin asked what the outside skin of the structure would be. Is it fabric? Mr. Deines said it is a tension fabric. I believe it is proprietary. Commissioner Rardin said so it is a steel structure with fabric stretched over it? Is it similar to the bubble we had? Mr. Deines said correct, but it was of higher quality than the bubble. There is no take-up and teardown that hurts the integrity of the structure. Commissioner Rardin said it says we will get a twenty-five year warranty on the fabric, but with our UV and climate, how long does it last? Mr. Deines said he would have to get more information from them to answer that. We did Castle Rock in the early 2010's, and it is still in really good shape. Commissioner Rardin said that is about fourteen years old. Mr. Deines said correct. That is something to consider with that type of structure.

Commissioner Paul asked if they had done any sprung structures in New Mexico. Mr. Deines said his firm has not. Commissioner Paul asked for the cost of something that is more of a traditional building. Mr. Price said you can take that \$12,250,000 and up to about \$15,000,000, give or take. He gave examples of different materials and said that given consideration of varying factors, it was roughly a \$2,500,000 difference. There are also escalation costs and contingencies tacked on.

Mayor Pro-Tem McDonald said one of the questions was about air conditioning or heating. Does this stay at a certain temperature, so you don't need air conditioning and heating? Mr. Deines said this would have a dehumidification system. In some pictures, you can see the ductwork around the sides. You can also open the garage doors on a seasonal day to cut off the dehumidification system, but we recommend the system to help mitigate corrosion from chlorine in the pool environment. An indoor natatorium's air temperature is about two degrees warmer than the pool. You want about fifty-five percent relative humidity. Mayor Pro-Tem McDonald asked if air conditioning or heating was needed in the winter. Mr. Deines said the dehumidification would take care of that and regulate the temperature. She asked what the average temperature in the building would be. He said it would be around the eighty-five degree mark. Comfortable enough for people in street clothes watching their kids in swimming lessons, but the majority of people are getting in and out of the pool soaking wet, so you cannot have it too cold. Mr. Price said the rest of the building would have central. Commissioner Robinsons asked about the officer areas. Mr. Price said correct.

Commissioner Rardin said if we were to build this structure, what would we do with the existing structure? It looks like we are building an entirely new REC Center. Parks and Recreation Director Bass said the existing REC Center will remain. The only thing that will change there is that the pool will go away. It is at the end of its life. A natatorium is just that. It will not have a gym or those components. Commissioner Paul asked if the existing pool would be filled in and what would happen to that space. Mr. Price said the existing pool would stay open until this is built. Once built, the existing pool will be filled in. That would become a full recreational center that is not the pool. The pool would be a second space, and between them, a conjoined parking lot for everybody going between either building. Mayor Payne asked if the existing pool would become a parking lot. Mr. Price said no, the existing pool would become an option for other types of recreational space. Commissioner Paul asked

for the anticipated cost of filling the pool in and if that would be included in this project's cost. Would it be another \$1,000,000 to fill that in? Mr. Deines said demolition costs for pools range from \$200,000 to \$500,000. Commissioner Rardin asked if that was included in this estimate. Mr. Price said not at the moment, but it could be. At this point, these numbers are fluid.

Mayor Payne asked if there was any diving. Aquatics/Recreation Coordinator Michaud said we considered the diving area, but that is a low-use area. So, we put more towards the shallow end because that is where we get most of our recreational users. The diving component needed for competitive swimming is in the deep end. We are trying to keep the cost low for the pool area and the footprint small, yet we carry over a lot of programming. That was one area that we do not have now, so it is not something we have had other than a small diving board from years ago that was grandfathered in. It is not a loss, but not a gain, and not a necessary component to hit all four areas. Parks and Recreation Director Bass said there is also a huge liability with diving boards. We are trying to get the most bang for our buck. Aquatics/Recreation Coordinator Michaud said high dives is not something we have had for a long time. Mr. Price said the one we did in Las Cruces was a fifty-meter competition pool, and we had this same conversation with the university, City, and swim teams. The cost was considered, and we do not have it.

Mayor Payne asked if we could have competition with this pool. Aquatics/Recreation Coordinator Michaud said yes.

Mayor Pro-Tem McDonald asked how many meters this pool would be. Aquatics/Recreation Coordinator Michaud said it is in yards, so it meets short-course requirements for high school and college for competition, which is twenty-five yards.

Commissioner Paul asked what the target budget was. We are looking at a structure with a limited useful life running \$12,500,000. For another \$3,000,000, you get a potential structure that can be maintained and last forty to fifty years. Is there some budget constraint capping it at \$12,500,000 and not going above that? What is the reason? If you are going to spend the money, at the end of the day, we are going to do whatever we need to pay for this thing. Mr. Price said this was the starting point, and we wanted to be as reasonable as possible. For an institutional building, you would get forty to fifty years out of the building for another \$3,000,000. If \$15,000,000 was something this could be funded at, it would be well worth having a brick-and-mortar building. That said, we wanted you to know there are less expensive options so you can get the things you need. Over the course of an institutional building's life, you are going to buy the sprung structure twice. Mayor Payne said if you do the brick and mortar, would you have the same thing with how it is built? Mr. Price said all the program requirements and features would stay the same. Commissioner Paul said on the render, I assume the lobby and locker room spaces are stick frame portions. The actual cover over the pool is the sprung structure part. Mr. Price said yes. Commissioner Paul said at some point in the future, could that be replaced itself? What cost are you looking at to basically reskin the thing? Mr. Price said whether we do the natatorium out of brick and mortar or sprung structure, the other spaces like the equipment, storage, and locker rooms would be load-bearing stud walls with bar joists and a TPO roof in parapets. The sprung structure, yes, at some point, can be taken down and replaced, but that is more challenging than building a building around it and the pool there interfering. Trying to get a lift out there where the pool is to put lights hung on bar joists up in the air is surgical. Commissioner Rardin asked if they had looked at a pre-engineered metal building. You could incorporate the whole deal if you did one hundred and fifty by one hundred and fifty. I am just not sure how the structure would hold up with humidity. Mr. Price said that is the challenge. This type of structure is the pool version of the pre-engineered metal building you use in other instances for that type of solution. Commissioner Rardin said it would be more cost-effective if it could be done like that. Mr. Price said the red iron creates a challenge; you must do things for it. Commissioner Rardin said they could galvanize it, but I do not know how long it would last. Probably not fifty years. Mr. Price said a brick-and-mortar building is the best option if it is affordable. You get the most lifespan out of it and will not have to replace it before the fifty years are

up. You will have to maintain it, and you will have to replace the roof at twenty-five years, maybe thirty if lucky. You will have to do maintenance to the exterior, too. The building itself will last longer, but it is a capital investment on the front-end. We want to be sure the Commission knows there are options. It could be as low as a \$12,500,000 project.

Commissioner Rardin said we own that whole area out there. If we moved the pool to the other side of the existing REC Center and just did the pool portion, how much cost savings would be seen there? Where could we utilize existing facilities? Demolish the existing pool, then put a new one on the south side. Mr. Price asked if that meant not doing the parking lot. Commissioner Rardin said to expand the parking lot a little, but not quite as much. The project is a lot of money, and I do not know if we have the bonding capacity for something like that. Mr. Price said they considered that approach, and sketches were done. We wanted to see what it could be. The other challenge is having enough parking to meet the City's requirements. Could that be reduced some? Yes. I have seen who is going to the pool now, and you are not filling up that much parking. Could you move the pool closer and reduce some of that? Yes. Commissioner Burnett asked the maximum number of teams at a competition. Mr. Deines said two to three. Commissioner Rardin said the site construction cost is \$579,973. Mr. Price said that is where we are for the building pad and utilities available at the site. We are guessing a little bit, but utilities are available. All of that is building pad, landscaping, and the parking lot. You reduce the parking lot, and that number comes down. Commissioner Rardin said an existing pool is a little further north of that parking lot. I am not sure where it is, but it was the old one before this one. It is either under that parking lot or just outside it. Commissioner Rardin said they bulldozed the top of the pool in, filled it in, and covered it up. I do not think they removed the existing pool when they did that. Mr. Price said that is the way to do it.

8. Presentation and discussion on the City's financing capacity. (Evelyn Huff, Finance Director, John Archuleta, Bosque Advisors LLC and Chris Muirhead, Modrall Sperling)

Mr. Archuleta said they put together a brief overview of the present situation. You would probably want to hear what your bonding capacity is. You presently have a bonding capacity of a little over \$15,000,000. Numbers thrown around earlier were at \$12,500,000. We could do anywhere between \$12,500,000 and \$15,000,000. The next important thing you folks were concerned about was what the cost would be as far as being able to have additional debt. With the \$12,500,000 financing, as far as a general obligation bond issue, we would wrap it around the present outstanding existing debt. This would allow you to issue the \$12,500,000, pay it back on a twenty year basis, and increase your taxes by about the same amount you are paying now, which is \$1.79 per \$1000 of assessed valuation. We will be looking at increasing the taxes by \$1.79 for the next ten years. After the next ten years, we drop it down. We are not looking at any assumptions as far as growth in your assessed valuation. You have had constant growth in your assessed valuation, which is what is being used in being able to pay off the debt. That is the route going to the general obligation bond issue. The other option is to consider a gross receipts tax bond issue, but that is an avenue we have not done a really good analysis to come up with numbers. As far as interest cost right now, we are probably looking somewhere less than five percent, which would go through the New Mexico Finance Authority or the process of a public sale. We have several options depending on your best possible deal regarding the overall cost and efficiency of financing. The bottom line is, if you are going to do \$12,500,000 or \$15,000,000 financing, you could. The difference between the two is that if you go the \$15,000,000 route after ten years, your mill levy will not drop down that much because we would have to pay off the additional amount. Your rate would probably remain the same for the twenty years of financing.

Commissioner Rardin asked how the gross receipts tax bond issue worked. Would we have to put that on the ballot, get it passed, and then that is what we pledge to pay the bond back? Mr. Muirhead said the difference between the general obligation bond and the gross receipts tax bond is a general obligation bond requires voter approval. You would have to take that step to put it on the ballot, and everyone would have the chance to vote on it. The gross receipts tax bond does not require voter

approval, so you could look at existing gross receipts tax options. The most prominent one that municipalities use is your state-shared gross receipts tax revenue, which is your 1.225. It is based on the State gross receipts tax imposed on goods and services within the city. You also have about two percent local option gross receipts taxes. Those are imposed over the years for particular purposes. Recently, the legislature changed that those could be used for general purposes. However, they are still governed by the initial ordinance that put them in place at the municipal level. You would have to look at individual gross receipts tax ordinances to see what they are for. Generally, you have already dedicated them for specific purposes. They were either for infrastructure, public safety, and things of that nature. That is the norm when a governing body adopts those and puts them in place. They like to put some restrictions and have a clear dedication to how it works. To change those, most of them would just be an act of the Commission. However, if they were approved, and some were through an election, it would require an election to change those purposes. Issuing the GO debt on the bonds itself would require a vote. The gross receipts tax, let's use State share, is your largest, and you would not need a vote. You could do it as a Commission, and it would require three-quarters majority to approve, and it is subject to petition for referendum. If they got enough signatures, they could make it go to a vote. It is extremely rare, but it does happen. Generally, the gross receipts tax would not need a vote. With the GO bond, you are raising your tax rate to make it happen on ad valorem taxes. On gross receipts tax, that 1.225 does not fluctuate. That is the statutory gross receipts tax rate set by the State. So, you have to operate like a family budget. What are you using that money for already? You have some outstanding debt already with that gross receipts tax. There are three or four current New Mexico Finance Authority loans, and you pledged that. A lot of times with municipalities that is your primary source for operations. Commissioner Rardin said I am asking because I believe we have what they used to call a hold harmless, so we still have an additional one-eighth of a percent we could pass we have left. We have already passed a quarter of a percent for other things. In the past, I believe any GRT increase within City limits had to go through a vote. There is an ordinance or something people in the past brought forward. Could that one-eighth we have be pledged to the debt? We do not need a vote on that. We could just pass that by ordinance. Mr. Muirhead said yes, you could dedicate it for this. Commissioner Rardin said this would basically max us out if we bond this. Mr. Muirhead said yes, that would max you out on the GO bond at your maximum, \$15,000,000. Commissioner Rardin said if we run this to the max, we cannot do anything for ten to twelve years. Mr. Muirhead said that is correct. Assistant City Manager Hernandez said they took away the hold harmless; we no longer call it that, and we no longer pass by one-eighths. We do have a total of .1875 that can still be passed, but of that, the Commission can pass .1125 without going to referendum. However, .075 has to go through a referendum. In addition, we have other taxes that can be reallocated that allow you to reauthorize that money.

Commissioner Rardin asked how much the debt service would be on this, how much it would be generated yearly, and where we are at. Finance Director Huff said the debt service would depend. Do you want to do \$12,500,000 or \$15,000,000? Commissioner Rardin said the worst-case scenario on the full \$15,000,000. Run the numbers of the \$12,500,000 and \$15,000,000, and that will get us a ballpark of where we are and what we have. Finance Director Huff said conservatively, with what we have left to pass, it would probably bring in \$1,500,000. Remember, if we pass it, it will not go into effect until a certain point in time. We will not receive the first payment for the gross receipts tax we passed for law enforcement until March. We do not have the money yet. Commissioner Rardin said if we pass something, it will not go into effect until July 1st, so we would not see it until September. Assistant City Manager Hernandez said if you want it July 1st, we have to have it to the State by April 1st. They will give us some wiggle room if they know it has passed the first reading and is going to the second, but it has to happen quickly if that is what you want. Finance Director Huff said some of it is dedicated by ordinance taxes that go into Fund 49, 61, and some of those. We can get you information on that as well. An option is rededicating to something that is not currently paying debt service but could be. There is some discussion regarding what can be done with the LEDA tax. Commissioner Rardin asked if that sunsets this year. Assistant City Manager Hernandez said December 2025, and it went to referendum. Do you want to let that sunset and take it back out to referendum, or in

November, do you want to say, we are dedicating this tax early? You would have to put that on the ballot, and what would happen to the fund balance? Commissioner Rardin asked what the one-eighth percent generated a year now. It used to be about \$750,000. Finance Director Huff said \$1,200,000 a year. Mayor Payne said so there is a possibility we could rededicate that. Commissioner Rardin said if we put that on the ballot in November. Assistant City Manager Hernandez said we talked with the State and they said the best practice would be to take it to referendum to let the voters decide on rededicating it. Commissioner Rardin said I think we have to on those. According to the State's auditors and lawyers, we do not have to if it sunsets. If you want to rededicate it tomorrow, it does. Finance Director Huff said if you go out to referendum and have them revote on it, you are talking about opening up \$5,000,000 to \$6,000,000 that would go quite a ways to brick and mortar. Then you are talking about being able to put \$5,000,000 down and finance \$11,000,000. That is a plus, but there are minuses on the economic development side. Mayor Payne said there is still a State LEDA. Finance Director Huff said right, those are some of the options. We wanted to let the Commission know where we were in terms of our general obligation bonding. The last time we issued a general obligation bond was in 2017. As Commissioner Rardin pointed out, that maxes us out. Commissioner Rardin asked if a mix could be done, like part GRT and part GO bond. Mr. Archuleta said sure, but the only bad thing about it is if you were to split out the GO portion and the voters did not approve it, then you are back to square one. Commissioner Rardin said in the event we have an emergency, then we would not be maxed out.

City Manager Holden said we have had a number of potential projects, including the natatorium. You are going to get to pick and choose projects. If you are not careful, you could bond yourselves out of business for a good while on other things that may come about, some of which may be equally essential. We have brought you a strong project tonight. Commissioner Rardin said we looked at the champagne version; we could always look at value engineering or scaling it back to something more budget-friendly, but we still get a pool, correct? City Manager Holden said yes. If you want to try to get the size of the pool to meet the needs of everyone from the REC Center to school, we could probably do some things, but I do not know if there will be a lot there to scale back. Assistant City Manager Hernandez said the pool proposed to you is much smaller than the current one. You could scale it back, but you lose functionality. There could be a loss of the zero-entry part or not being able to do starting blocks. This is not the champagne version; we cannot afford the champagne version.

Commissioner Rardin asked if there were any talks with the school board to help pay for that. Assistant City Manager Hernandez said they support it but have no interest in helping us fund it. Commissioner Rardin asked what about the Sacramento Mountain Foundation. City Manager Holden said they do not want to do any major projects entirely. If we talked to them, there may be a possibility we could ask them to consider a part of this. They did come to us and wanted to put a dome up. They would be willing to spend on that, so I think they may be willing to spend other money. Commissioner Rardin said it sounds like we have options where we could pull money together and not have to max ourselves out financially. City Manager Holden said we need to get the right mix of people and contributions. Do we want to use the GRT or bonding capacity? If you do the GO, you will have a tax increase whether you like it or not. Commissioner Rardin asked if we could do that on the primary in June, or if that was too close. Assistant City Manager Hernandez said if we pass it by May, it will be in time for the November Election.

Mayor Payne asked staff to put numbers together to rededicate LEDA and the GRT. Those are not bad options available to us. If we are going to build it, we should build it right. We have to think about the future. I do not like the idea of maxing out our bonding capacity. Assistant City Manager Hernandez said our direction was how the City could do this and not depend on anyone else. We tried to get a champagne version, but when it came down to dollar signs, nobody put in. Assistant City Manager Hernandez asked if the GO was completely out. Commissioner Rardin said we need to leave it on the table. I would like to look at all options. We could rededicate LEDA and use it as a portion of the downpayment, then maybe the GO bond for the financing portion so it is more secure. Our GRT goes

up and down. Assistant City Manager Hernandez said we will present options for all GO bond, all GRT, and a combination. Commissioner Rardin asked for more information on this sprung structure. Where was one built? City Attorney Smith said it looks like there is a sprung structure in Church Rock, New Mexico. It is a casino, not a pool. They have had it since November 19, 2008. Commissioner Rardin said ours would be different because of the humidity inside the building. Assistant City Manager Hernandez said we will get the \$16,000,000 and \$12,500,000, all bond, all GO bond, all GRT, and a combination. City Manager Holden said we will also compare the brick and mortar with the sprung.

9. Consider, and act upon, the budget process and documents for the FY2024 - FY2025 preliminary budget. (Evelyn Huff, Finance Director)

Finance Director Huff said we had City Manager and Director budget meetings, and we are cleaning that up before moving on to personnel and capital before we bring the recommendation to the Commission in the first week of May. For several years, we gave every commissioner a binder with the summary sheets. Last year, we also sent it out electronically. Are you comfortable with that? We usually leave a few detail binders in the Commission office for you to take home if you choose, versus creating seven of those. We have a new software system, so it is not quite as cumbersome. We could send it electronically as well. So, you could receive the summary book and detail book electronically, a summary book for each person, and three detail books on loan. Commissioner Robinson said we are happy with that and will make it work. Commissioner Rardin asked if we were doing a bunch of capital this year. Finance Director Huff said we have not finished our first recap; we will probably have that by tomorrow. The departments have until March 17th to finish their capital submissions and submit them, then City Manager Holden will look at capital and personnel requests and make recommendations.

Commissioner Rardin asked if we received any ICIP money this year. Finance Director Huff said from this last session, yes, preliminarily, because nothing has been signed, we received all the projects we had requested. We received \$400,000 for the zoo project, \$350,000 for the zoo restroom, \$147,000 for Dudley School, \$350,000 for golf course irrigation, \$125,000 for the library patio, and \$340,000 for the police vehicles. We received an additional \$695,000 for the golf course irrigation on a separate request. The County got some substantial money, and so did the college and Space Hall. Finance Director Huff said the first budget night is scheduled for May 6th. We also plan to bring additional information about the water rates and ask for action on the second night. It will be at least two nights.

Commissioner Rardin moved to adjourn at 9:04 p.m.

Commissioner Robinson seconded the motion.

Motion carried with a vote of 7-0-0.

ADJOURNMENT

ATTEST

Rachel Hughes
City Clerk Rachel Hughes

Susan L. Payne
Mayor Susan L. Payne

(Prepared by Dylan Aleshire, Deputy City Clerk)
Approved at the Regular Meeting held on March 12, 2024.