

**CITY OF ALAMOGORDO, NEW MEXICO
CITY COMMISSION REGULAR MEETING MINUTES
6:30 PM, DONALD E. CARROLL COMMISSION CHAMBERS
November 19, 2024**

**SUSAN PAYNE, MAYOR
SHARON MCDONALD, MAYOR PRO-TEM
NICHOLAS PAUL, COMMISSIONER
STEPHEN BURNETT, COMMISSIONER
WARREN ROBINSON, COMMISSIONER**

**JOSHUA RARDIN, COMMISSIONER
MARK TAPLEY, COMMISSIONER
RICK HOLDEN, CITY MANAGER
ASHLEY SMITH, CITY ATTORNEY
RACHEL HUGHS, CITY CLERK**

CALL TO ORDER & ROLL CALL

Mayor Payne called the meeting to order at 6:30 PM. Roll Call was taken by the Deputy City Clerk. Deputy City Clerk Aleshire announced there was a quorum present.

INVOCATION & PLEDGE OF ALLEGIANCE

The Invocation was given by Pastor Tyler Grace of Christ Community Church, and the Pledge of Allegiance was led by Commissioner Rardin.

APPROVAL OF AGENDA

Deputy City Clerk Aleshire said that Item 5 was to be pulled. The representative for the case was ill and had requested this to be moved to a meeting next month.

Commissioner Rardin moved to approve without Item 5.

Commissioner Paul seconded the motion.

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

PRESENTATIONS

1. Presentation on homelessness and panhandling on Alamogordo streets. (*Cory Schmidt, Retired Master Sergeant*)

Mr. Schmidt said he was here for the health and safety of the residents of Alamogordo. The panhandlers on the streets are a detriment to our health, safety, and prosperity. I lived here sixteen years ago; I originally moved to Alamogordo in 1997 and grew up here. I enlisted in the Army at the White Sands Mall on my eighteenth birthday. I saw a lot of the world during my service, and it sucks. Alamogordo was my home and I felt safe there. Now I am back, and I realize it is not the same as when I left. I've seen residents harassed daily on the streets. I've seen panhandlers curse at families in their vehicles at intersections on the roads. They discourage people from shopping at businesses in town by camping outside the doors. They throw rocks at people's cars when they refuse to give them money. Residents call the police to deal with this but to no consequence for the offenders. This affects our families, economy, business owners, and the Commission. You may be thinking of surveys or data that suggest these are minor and rare incidents, but the number of panhandlers does not matter. From experience, it is easy to make one dozen people feel like a hundred, and it is about where they are. The panhandlers are located at every major chokepoint in town, and they do this intentionally to make their presence felt, seen, and to affect the community at the highest level possible with as few people as possible. Alamogordo is allowing citizens to be at risk and hurting the economy. I understand some citizens want to provide relief to panhandlers, so let them. I understand what it is like to struggle, and that sometimes it is just nice to help somebody. As the leaders of this city, you have an obligation to the rest of the citizens who do not feel the same. Some citizens simply want to buy groceries for families without being harassed in the parking lot or approached by strange men and women when they are alone. The panhandlers are residents of Alamogordo as well, and your positions require that you consider their well-being too. I am not saying panhandlers deserve punishment or relief. I am saying Alamogordo deserves a way to mitigate their impact on my hometown. I do not like to complain without having solutions to recommend. You can allow people to beg for money, but designate a place for them to do so. This allows people to go about their daily lives unimpeded, while also informing charitable people and organizations of exactly where they can go to help. I bring this up because many in town feel it is pointless to do so. Pointless to try and change the situation. That the City will not do anything about it. Some feel uncomfortable even voicing the stance I am presenting to you. They may agree with what I am saying, but they do not want to be seen as the bad guy for fear of being the only one to feel that way. I may sound harsh, but again, I am not saying panhandlers do not deserve relief. I am saying

designate a place for them to receive it. I disagree that it is pointless to ask, because if you do not ask, then you do not receive. You are in those Commission seats because you demonstrated leadership. I ask that now is the time to show it. I know this presentation is not a call to action, but using your official channels, we can work together to make it a reality. We are not enemies. We all want this to be a better place to live. If you were to ask my recommendation for a place to designate for panhandling, I would recommend the parking lot of City Hall. If you are not comfortable with that, then you understand the point of this presentation. If anyone in Alamogordo has been harassed or avoided a business in town because of panhandlers, I hope they hear my words. They are not alone. They do not have to tolerate it. I will not. I want my hometown to be the place I remember and grew up in. For my children to now grow up in.

Mayor Payne asked how long he had been back. Mr. Schmidt said he and his family moved back in early May or June of this year. Mayor Payne said she agreed with what Mr. Schmidt had said but wanted him to know some things. Mayor Payne asked Acting City Manager Hernandez what she had called her about this morning. Acting City Manager Hernandez said the homeless camp off Florida. Mayor Payne said I called Acting City Manager Hernandez about that homeless camp and told her to get it out of there because it should not be there. Every single day I am on the lookout. When we see it, and it is on City property, they are gone. If you sound heartless, then I do too. I run a nonprofit human services in town and help the homeless and people in need every day. I look at this from two perspectives. One, I do not believe just handing and giving things out is the way to do it. You are taking away people's dignity, and there should not be any designated place for that. We have plenty of nonprofits in this town that help people, and that is where they need to be directed. Also, we do not want this either. It is not good for our City. We received a report from Acting City Manager Hernandez this past weekend. You said they sit there and harass you until you give them what they want. I have said they do that because if they sit there long enough, you will give them what they want to get rid of them. It is called manipulation, and it happens all the time here. I do not disagree with you, and I do not like it either. I do not like driving by street corners and seeing people camped out. We are working on it. We recognize that if we do not, then we will have a serious problem. Not everybody agrees with me, and some think I am mean. I work with this every day, and it is something we have to be mindful of. I see and hear your passion, but this is something we are talking about. It is a problem. When people say the City will not do anything, that is an excuse. I cannot speak for my fellow Commissioners, but I get very few emails and phone calls on this. When I get a phone call, I am on it. We say Alamogordo is not a big city until you have to clean it up. We do not have enough officers and people to be everywhere. We count on citizens to let us know. We need more people like you to say what is going on and ask us to take care of it. We are not turning a blind eye to it. It takes away a person's dignity to see them sleeping on the street. They can do better. Everybody has potential. When they sleep on the street because they think that is all there is, it kills me.

PUBLIC COMMENT

None.

CITY MANAGER'S REPORT**Acting City Manager Hernandez made the following comments:**

1. We normally cancel the second meeting in December. However, we have a lot of things to cover before the end of the year. We are going to keep the second meeting if the Commission allows it. By the end of the year, we have: our water loan coming up, the status of the Alamogordo Police Department and future policing, the audit, Commissioner Paul's Recognition, a vacancy resolution, the calendar for next year, a public camping ordinance, possible LEDA information, intersection upgrades, project awards, and officer recognitions. I am sure the Commission does not want that all in one meeting, but it is your decision.
2. There will be changes to future meetings. Tonight, we have Public Works Director Vargas and Streets Manager Garza here to speak about citizen concerns. As a Commission, you will be able to ask the department directly dealing with those concerns. A lot of information goes back and forth between the Commission and myself, and it sometimes takes a while to get back or gets lost in translation. It is better for the departments to come here and discuss this because then it gets the right information on the record and out to citizens.
3. We are opening our budget season. Finance Director Huff had workshops on Friday and Monday. We believe we will need at least two days.

REMARKS AND INQUIRIES BY THE CITY COMMISSION

Commissioner Paul asked when the anticipated December meeting dates were. Acting City Manager Hernandez

said the third and seventeenth. They are on the first and third Tuesdays.

Mayor Payne said the Saturday after Thanksgiving is Small Business Saturday. Shop small, shop local, and do not forget that the businesses downtown are still open. I am very impressed with the downtown area. Go check it out. Three new businesses are going in there, including a bakery. Also, Mayor Pro-Tem McDonald and I were on a Zoom meeting for the re-accreditation of Alamogordo Main Street. They will be recommended for re-accreditation. Those folks work very hard. Next year will be very exciting with great things happening.

CONSENT AGENDA

2. Approve the minutes for the Regular Commission meeting on November 5, 2024. (*Rachel Hughes, City Clerk*)

3. Consider, and act upon, Ordinance 1708 Case M-2024-0001(A) for adoption and final publication of a de-annexation of parcels known as Highway 82 Subdivision Lots 1-4, 17 US Hwy 82-Account Number R022812, 19 US Hwy 82-Account Number R022839. (*Stella Rael, City Planner*) (Roll Call Required)

4. Consider, and act upon, a \$10,287.08 State Grants-In-Aid award from the NM State Library to the Alamogordo Public Library. (*Kim Underwood, Library Manager*)

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

ITEMS REMOVED FROM CONSENT AGENDA

None.

UNFINISHED BUSINESS

5. Consider, and act upon, Ordinance 1707 Case Z-2024-0005(A) for first publication of a map amendment to rezone 1701 Cuba Ave. from R-1 Single Family Dwelling District to R-3 Two Family Dwelling District. (*Stella Rael, City Planner*) (Roll Call Vote Required)

Pulled during the Approval of the Agenda. To be brought back at a December meeting.

NEW BUSINESS

6. Discussion and update on Road Conditions and Maintenance Improvements. (*Jimmy Vargas, Public Works Director, and Eddie Garza, Streets Manager*).

Public Works Director Vargas said he was here to discuss road conditions, updates, changes, and different things being done to increase production. Changes have been made to staffing and scheduling to increase maintenance efforts. Street Maintenance utilizes two crews for patching, and we are maximizing all available resources. In October, mandatory overtime was implemented to give crews more time to patch as needed. We assign a certain number of patches, and if they have to stay past their time, they do. It is mandatory. Employee schedules were adjusted to allow more time in the afternoon to patch. They were typically coming in earlier when it was darker, but now they are coming in later to stay later. It is warmer in the afternoon, which is ideal for asphalt patching. Weed and Drainage have been assisting us, and they have been very helpful and cooperative. Since the changes were implemented, daily patching has increased. From September 9th to October 25th, fifty-nine patches were completed. That is about seven weeks. From October 28th to November 15th, forty-nine patches were completed. In that span of three weeks, they almost eclipsed the previous number done in seven weeks. We went up from averaging two patches a day to five patches a day. As of September 9th, three hundred and fifty-one patches were identified throughout the City. As of November 18th, two hundred and sixty-six asphalt patches remain. Seventy-five are on projects titled WSRP, or Water Sewer Replacement Projects. Fifty-five are tentatively scheduled, and one hundred and thirty-six have not started. One hundred and ninety-nine are still in progress and being worked on.

These numbers include all repairs that Utilities have made in the last seven weeks. Utilities constantly open holes to do repairs and replacements. Street Maintenance focuses on repairing patches in areas that are not scheduled for WSRP. Some of those projects will have new utilities and asphalt. We are avoiding patching those roads because the projects are moving forward or in progress. Patching those roads now is doing double work. The patching schedule consists of the oldest to newest. We have revamped our work order system to target older patches. Roads that are heavily traveled have priority and can interrupt scheduling, like Florida and Indian Wells. Other priorities include school zone crossings. The Utilities Department averages about eleven patches per week. In other words, they usually open about eleven holes to do repairs. Street Maintenance has the goal of twenty patches per week with a goal to overlap Utilities repairs. Utilities have allowed Street Maintenance to use some equipment for patching, like dump trucks. Concrete Repair is a separate type of crew that does sidewalk curbs and gutters. They do their own work orders and are separate from asphalt. Concrete Repair is moving forward more consistently due to changes in work order processes where we targeted the oldest to the newest. Weed and Drainage has also been helpful with Concrete Repair. The City's Technical Standards have been implemented and are utilized by both Street Maintenance and Concrete Repair. These technical standards are guidelines designed to provide more durability and the longer-term quality of street maintenance work. Examples include expansion joints between concrete so that it does not crack. Concrete expands and contracts, and so these joints are put between pieces. The asphalt and concrete projects on 10th Street, done around October, were left to stand for a week. The road was blocked so these project areas could be cured. Previously, asphalt would get opened up right away, it would be driven on, and the patches would be compromised. Now we wait until patches cure to keep quality up. Lastly, we would like to introduce a new tracking map tool developed by Project Manager Boyle and GIS/Land Management Coordinator Pistilli. This map provides information and transparency to City Management and Street Maintenance staff. It has been very helpful to our staff to see every day. It improves morale and provides a sense of accomplishment and productivity.

Commissioner Rardin said at the current patch rate, how long will it take to be caught up? Public Works Director Vargas said we are pushing as hard as we can, but by around the middle of December, it will be too cold to patch. Realistically, we are looking at late February to early March. Getting that number down below one hundred to around seventy-five will be a positive thing. A difference will be seen out on the streets. Asphalt gets cold sitting in a dump truck and becomes hard to manage. Commissioner Rardin asked if we still had a trailer specifically heated for asphalt. Public Works Director Vargas said that was the pothole patcher. We do, and it is in for repair. We use it for smaller items. The patching I am talking about is bigger areas. Commissioner Rardin said to help with staff time, we previously did a bid on this and awarded it. However, it was not at the scope we wanted. If we put out an RFP for another contractor to come in to help us, well, it seems like you all have gotten a handle on it, once it is back to a normal workload. I do not know if it would be in our best interest to get a contractor to help you guys get caught up. Public Works Director Vargas said we have a Mesa Verde contract in place and we have been using that. It is slow-going because they have a lot of work, and it has been tough to get them to do our patches. Our patches are smaller and they are dealing with roadways with crews out in Las Cruces. Commissioner Rardin asked if that was the same contract done a few months ago. Public Works Director Vargas said yes. Commissioner Rardin said we have a contract, but they are not fulfilling it. Public Works Director Vargas said we are trying to work with them. They said they would do some patches for us in December. They just did about nine of them for us. We will try to get them to do another dozen or so around the holidays, which helps. They said they would be able to assist after the holidays, around January or February. Mesa Verde is the only plant and source for asphalt in our town. There have been days when we simply cannot run asphalt because they are not providing it. That happened on Monday. All of our crews were ready to go, we called, and no asphalt. It is tricky. Mesa Verde has been pretty good and helpful. Commissioner Rardin said they only run one plant. Do they not run the other one they have? Public Works Director Vargas said no, they only did one. It would be really helpful if we had our own asphalt plant at the City Yard, but that is a future consideration. Commissioner Rardin said Ruidoso has their own patch plant and they do their own. I was just wondering if it would be beneficial to get a contractor. It sounds like we already have, but it is not quite working as intended. One of the biggest complaints I get is patches. There are some between Cuba and Oregon that I asked about back when former City Manager Cesar was around. They are still not patched.

Acting City Manager Hernandez said I had a meeting with Public Works Director Vargas and Streets Manager Garza about this. It is not just about us being behind, it is about the citizens. At the end of the day, we are affecting the quality of life for our citizens with these potholes. We are doing a better job of communicating that to staff.

Commissioner Rardin said there are smaller asphalt contractors in town. Could we break this into pieces and bid it out? Maybe with CES or something along those lines? Acting City Manager Hernandez said we met in October

about this and said we were going to reevaluate around December to see what the next step is. We will look at everything that comes in. Commissioner Rardin said he thought that staff could handle it once caught up, but it had gotten so far behind. At one time we had five hundred to six hundred patches around town. Public Works Director Vargas said it was at four hundred at one point. I saw the two hundred and sixty-six number today and thought it was great in comparison. Commissioner Rardin said that number was actually pretty good. I had a job on Thunder Road and there were twelve on that road alone. Public Works Director Vargas said we were up there for about a month. Mayor Payne said the citizens up there were happy. I was told by a citizen that the City was showing up every day to fix the roads. Public Works Director Vargas said they were happy up there, but right after we left, another water leak sprung up.

Commissioner Robinson asked Public Works Director Vargas if the department had received any compliments. Public Works Director Vargas said yes. I have received thank-you letters about Thunder Road which I passed along to staff. They need to hear that. The message we keep giving staff is, we need to push forward and provide for the city. On Sunday I drove through a patch in town that was muddy and went down. I understand what the citizens are complaining about. Staff morale has been good. Let's get this done and make roads safe again for the public. Commissioner Robinson said we greatly appreciate the crew's efforts. Please pass that along to them.

Acting City Manager Hernandez said that Street Manager Garza is over Weeds and Drainage too. Some of the Commission has come with concerns from the citizens. Public Works Director Vargas, can you address some of those? Public Works Director Vargas said with everything that Weeds and Drainage are doing to help with asphalt, you must keep in mind that their main work is ditches and basins. With everything they are doing to help out, ditches are failing by the wayside a little. We are hoping it will dry out this week, so those guys can do some items that have been brought up. We have two asphalt crews, one of which is the signs crew. These guys fix signs and stripe roads, but now they are doing our asphalt. They are doing a good job, but now their normal work is not being done on a consistent basis. That includes Weed and Drainage, who are doing what they can. I asked them to come in on Saturdays to do ditches and run mowers. I am working with a contractor to get the ditches sprayed now before they get big in spring. A big point is, with all the help we are getting, some of the normal jobs of those guys are not getting done consistently. I ask you to be patient so we can get the work done as best we can. Mayor Payne said she had received complaints about the ditches not being cleaned. We have to help our citizens understand.

Commissioner Burnett asked if there was a timetable for between 13th Street and Indiana. The road is unpatchable and needs to be redone. Public Works Director Vargas said we will look at the map. I do not know if it is on a WSRP. Project Manager Boyle said that was WSRP-003. It will be going out for design in January. Hopefully, it will go out in June, give or take on the design. It will be 13th, 14th, and 15th Streets. Commissioner Burnett said he received the most complaints on the 13th. Project Manager Boyle said quite a few are involved in that one.

Commissioner Rardin asked about Hawaii from 10th to 11th, by the Post Office. Project Manager Boyle said it is being designed now and will be done in January. Commissioner Rardin said so we are looking at getting it awarded in the spring of next year? Project Manager Boyle said it will be in construction around February or March. Commissioner Rardin said a block of that road was horrible, but the rest was not too bad. Project Manager Boyle said anything on the color, based on 002, 003, and 004, as you go down, is basically the timing of what will be next.

Commissioner Rardin asked how they could get access to this. Project Manager Boyle said he would get with GIS/Land Management Coordinator Pistilli to give read access. Acting City Manager Hernandez said the Commission could email her, and we could then give access to whoever wants it.

Mayor Payne said it was refreshing to ask a question and get the answer that it was in the design phase or to be completed on a date. Kudos to all of you.

Commissioner Rardin said at the intersection of Florida and 10th, will the concrete itself be on the agenda soon? Project Manager Boyle said he had seen nothing on the intersection of Florida and 10th. Commissioner Rardin said the concrete there is starting to fail. Pieces of it were redone around twelve to fourteen years ago.

Acting City Manager Hernandez said it was important for the Commission to pass the water rates because we would not have been able to afford the Street Maintenance Projects on the map. We are already behind, and I think we could not get to twenty-two. It was a hard decision for the Commission, but passing those water rates allowed these things to get done.

Mayor Pro-Tem McDonald said she wanted to get the color coding of the map and know what it represents. Public Works Director Vargas said colors were previously green and red, but he is colorblind, so the GIS Department changed the colors used. The Water and Sewer Replacement Program, WSRP, has different color codes. WSRP areas mean new utilities and/or repaving. Those areas are not being scheduled to be patched at this time. The map also has striping projects. There are three colors at the bottom of the map. Blue means not patched or scheduled. Red means a patch in progress or scheduled. If you click the dots corresponding to these colors, you see additional information, such as an address, when the patches were turned in to Public Works, the creation date, and an ETA. Yellow means they have been completed. Acting City Manager Hernandez said this map gets updated every Monday. It is continuously being monitored. Public Works Director Vargas said the map is not one hundred percent accurate, but it is very close and it has been very helpful.

Acting City Manager Hernandez said Commissioner Rardin asked for access to this map. Do any other members of the Commission want access? Mayor Payne, Mayor Pro-Tem McDonald, Commissioner Paul, Commissioner Tapley, and Commissioner Burnett indicated they wanted access. Commissioner Rardin asked what system this was and how access would be given. Acting City Manager Hernandez said an email would be sent to you. It is a web-based system. You will need to set up a password.

Mayor Pro-Tem McDonald said when you get ready to go to Phase II, will you announce that or point out that area? Will it be noted on this map? Project Manager Boyle asked if this was for FY24 or FY25 Phase I. FY24 Phase I was just completed. Mayor Pro-Tem McDonald asked if Phase II was going into FY25. Project Manager Boyle said no, FY25 Phase I will be the next one to go out. FY24 was because the design happened right before July. We divided different striping projects into different phases for FY25, this fiscal year. FY25 is ninety-nine percent completed on design; it has one markup and that is it. Then it will be shovel-ready to go out for striping when the director gives the go-ahead. FY25 Phase II is in design at the moment; it will be at maybe thirty percent design sometime in January. There are three different striping jobs up there. Commissioner Burnett asked if Cuba and Florida would be FY25 Phase I. Project Manager Boyle said correct. Technically, the Florida intersection on 1st Street is 1st Street as well. That whole intersection will be redone. Commissioner Rardin said on the phase we just completed on Lavelle, as you turn onto US HWY 70, the heavy rainstorms caused all those turn arrows to disintegrate. It is just the head of the turn arrow. Project Manager Boyle said when it comes to projects, even though they are completed, I have warranty inspections. Every month or two I go out and check my projects. I will take a look at that. It is under warranty for a full year. Commissioner Rardin said it started to deteriorate with that first rain we had about a month ago. Project Manager Boyle said he double-checked everything at least four times within the year as a part of warranty checks to ensure that if anything goes wrong, we can get it fixed within that first year and not spend more money on it. Mayor Pro-Tem McDonald said she would show Project Manager Boyle what she was talking about later. Project Manager Boyle said she was talking about the striping to put on her card. That is part of FY25 Phase I. The design should be done this week.

Commissioner Paul said it was refreshing to hear Public Works Director Vargas talk about quality. It could get lost when you are talking about more than four hundred patches that need to be done. At the end of the day, if you take the time to do it right, it will last five to ten times longer. Thank you for putting quality over getting things done. That saves money in the long run. Public Works Director Vargas said our guys take pride in their work and make sure the patches are done correctly to last.

7. Discuss and consider the next steps for the Fun Center located at 3751 Mesa Village, Alamogordo, NM 88310, including potential action items. (Stephanie Hernandez, Acting City Manager)

Ballot Question, Voter Results, General Information, Closure Announcement, City Efforts Post-Closure, Options Previously Presented

Acting City Manager Hernandez said the GO Bond passed back in 2014, and the actual question on the ballot is in the presentation. People have asked why it was done in Mesa Village, and it is because that was the location on the ballot. It passed by around seven hundred votes. Mayor Payne said she wanted to read the question for the people watching online. The original question on the ballot in 2014 was, "Shall the City Alamogordo issue up to \$6,000,000 of general obligation bonds, to be repaid from property taxes, for the purpose of building, beautifying, improving, acquiring, constructing, equipping, and improving land and buildings for public parks and related recreation

facilities? (Project includes: a family recreation center to be located at [Site 8, Mesa Village])". Acting City Manager Hernandez said as of today, the current balance of the bond is a little over five million. The payoff is August 2034. The approximately thirty-five thousand square foot building was appraised at \$5,500,000. The City was never officially notified about the closure. Via the contract, notice needed to be written to the City Manager. We were notified on November 30th via Facebook. We are still under litigation for breach of contract. Post-closure, multiple departments are involved in this. We have been maintaining the building, spraying, taking care of weeds, cleaning the kitchen, and handling rodent control. Utilities are active and registered under the City's name. There was concern the building was being neglected, but we are taking care of it on a regular schedule. We came to the Commission back in May 2024, and three options were posed to the Commission. The Commission gave directions to staff to review all those options and come back with more information. Options posed were to sell the property, release a new Request for Proposal (RFP), or have staff operate the Fun Center.

Option 1 - Sale of Property

Moving onto the sale of the property, I may have to rely on Commissioner Paul to help, who was on the call, and who additionally has expertise in real estate. We always ask the Commission who may be best to help us understand some of this. There are different options to sell the building. There is a conventional sale where you put up a for-sale sign, and it goes on the market. There is selling the note, which is difficult without a current vendor there. There is also putting it out for auction, which we were told is the most feasible option because it gives immediate feedback. The cons of selling this are there is no current vendor, and we do not know what the profits are. Boxes of receipts were found in the back, so if we go down that route, we will need a forensic auditor or someone who specializes in going through receipts. We still have not been able to get accurate financial data. Cons also include that the business has to generate a minimum of \$400,000 annually to be a viable investment for companies coming in. Lastly, realtors depend on their sales percentage rate. Two companies have mentioned that they would not even take this on as a sale because, in the market, there are issues with the building, such as it is still bonded, is restricted by voters, the economy in Alamogordo is uncertain, and there is limited use of the building. In order to sell it, and let them do what they want with it, we have to sell it at the \$5,000,000 owed. According to them, that amount is not feasible, and they say we would take a \$2,000,000 hit to sell. Paying off the bond would lift voter-approved restrictions and reduce property taxes. If we sell it, there is no guarantee the facility would remain a Fun Center, and incorporating that as a condition into the sale might make it less appealing.

Option 2 - New RFP

There has been interest from lots of people, but once we tell them about the restrictions and rent, they feel differently. If you remember, the audit finding was specific to the Fun Center, and it was because we did not give a market value rent. We went out for appraisal because we had to lease or rent at fair market value. According to that appraisal, we have to rent it out at \$9 to \$134 per square foot, or \$26,250 to \$40,830 a month. Fifty percent of the fair market value would be \$13,125 monthly. We would have to carefully document, justify, and request Commission approval for anything below fair market value. Also, the City cannot offer our liquor license due to pending litigation. Lastly, litigation with the former tenant is ongoing.

Option 3 - City-Run Fun Center

City salaries are restricted by what we can pay. In the private sector, you can pay what you need to, but we are restricted. The City currently has sixty job vacancies, so turnover and filling these jobs would be difficult. That would affect the operation of the Fun Center.

Option 4 - Repurpose the Building

We took several months going through the above options and felt we should include another. With the way it was voted for, technically, it would be the voter's option. Staff feels this would be the most feasible option that would make the best use of this building. Things that could go into this Public Safety Complex include: Fire Station #8, Code Enforcement, Municipal Court, a police substation, City Clerk records, Police evidence, a training room, and MCRT. The City needs a ladder truck on the north side of town for ISO ratings. It would support growth in the north side of town. Building an entirely new fire station of this size would cost over \$20,000,000. Pros of repurposing the building include: it is a better use of taxpayer funds, better access to Holloman Air Force Base, which may unlock Department of Defense funding, redesigning the building and adding a fire truck bay is more affordable, public

safety is a high priority for federal and state funding which means numerous grants are available, and the City would no longer be competing with private industry.

The City of Las Cruces is working on a new small fire station and is paying \$9,400,000 for it. It only has two bays and firefighter accommodation with no administration. Commissioner Rardin said it is fifteen thousand square feet with four bays and a four-story training facility. I looked at the project when they bid. It is a fairly large building. Acting City Manager Hernandez said that it is still half the size of our building.

Vote approval is required to repurpose the building, leaving us with two options. We can wait until the next election cycle and put it on the November 2025 ballot, or it could be a special election with a mail-in ballot. The schools did something similar, and we believe this would cost approximately \$50,000. Another concern is about reduced youth activities.

Option 5 - Repurpose the Building into a City-run Recreation Center

There would be no restaurant, but a possible snack bar. This could house NBA regulation basketball courts, volleyball courts, pickleball courts, and a climbing wall. Staffing would be an issue. This would be a second Recreation Center, and the City would have problems subsidizing two of those, so the cost would be significantly higher. Access would still be a concern too.

Looking to Future Activities for the Whole Family

We look at the big picture in terms of what is best for the City and provide you with that information. Revitalizing downtown has been a big project, and the City and Main Street have worked alongside business owners who invested in Alamogordo. RAD Retrocade is one of these businesses. RAD purchased the old Broadway fashion building at 819 New York Avenue. The owner also has successful businesses in Las Cruces and El Paso. Another business is Zia Comics. The business owner purchased the old White Sands Theater and intends to turn it into a family center with e-tournaments, comic-con, movies, and pop culture entertainment. He also has another location in Las Cruces. On the corner of the Avis building, there will be a winery, restaurant, and event space. Lastly, the Natatorium passed, which is the next item on the agenda.

Discussion

Acting City Manager Hernandez asked the Commission which direction they wanted to go. It is the Commission's decision. Commissioner Paul regarding Option 1, selling the building, what is the impact on the City if that option is chosen? The property sells at fair market value, you take it to auction, there is a bidder, you don't put any restrictions and terms on a minimum bid, you see what is out there, and have the option to review those offers. Somebody offers \$2,500,000 to \$3,000,000. We are then left with the difference, about \$5,900,000. Acting City Manager Hernandez said if it sells, it would be about \$5,000,000 for simplicity. If it sells, and it is on the auction, and we get feedback it is \$3,000,000, then we cannot sell it because of the bond. We have to pay the bond off to turn it over. Commissioner Paul said the difference would have to be made up of City funds to pay for whatever it sold for and what is still owed on those bonds. Acting City Manager Hernandez said correct.

Commissioner Paul said regarding Option 2, would the City be able to justify a lease to someone, if taken out for RFP, where the lease is below fair market value? If so, what would that involve from the City? Looking at Alamogordo as a whole, getting \$13,000 for any space would be hard. Acting City Manager Hernandez said yes, we would have to take that to the Commission. In the appraisal, they took buildings around New Mexico of similar size and demographics, which is how they came up with \$9-\$14 per square foot. I believe one of those buildings was from Alamogordo. If you would like to do it at twenty-five percent, that is about \$6,000 to \$7,000. Going lower than that causes issues for us. That would be a long conversation with our auditors and the AG. It would be a collaborative effort. He said Option 2 says the City cannot offer its liquor license because of pending litigation. If and when the litigation is settled, will that option be on the table? She said the concern is the insurance. We have minimal insurance on a liquor license. We no longer do it for City events. We have to go out and get a vendor to do it. He said in Option 3, it was mentioned that the City is understaffed as-is. Has the City looked into what the staffing needs would be to bring operations in-house? How many people would be needed to run that? What does payroll look like? What expenses would be incurred? She said we have higher-level payroll reports we received. We did not receive financial reports, but we do have some payroll reports. Depending on operations, it will cost upwards of

\$1,000,000. He asked if that was on an annual basis. She said yes. Commissioner Rardin asked if staff had reached out to the City of Deming, New Mexico, to see their operating costs. Don't they still run theirs? They had a similar situation where they bought one and brought it in-house. I believe it is the County that runs it over there. It would give us a close guess of the costs to run it. If we brought it in-house, then the liquor license wouldn't be an issue. We could probably figure out how to utilize the City's liquor license. She said we are not doing any liquor licenses right now. The only one we have right now is Grant Dalpes. He said if we can do it for the Golf Course, we can probably do it out there. She said that Mr. Dalpes is able to provide his own insurance. That is where the issue is. Commissioner Rardin said referring back to the twenty-five percent on the lease, in the past with former City Attorneys, they said you could go to a lower cost if you could show the benefit to the community. That can be used in the agreement to offset costs. She said there is a way to do that but we would have to provide a lot of information. If you wanted to go with the \$6,000, we would have to really work with our auditors. Again, the Fun Center is the reason we got the audit finding of not having a fair market value. \$6,000 is not a fair market value at twenty-five percent. Commissioner Rardin said you can offset that by saying the benefit to the citizens as a whole. When they construct the lease or RFP, the attorney can say these are the positive things for the community this lease is allowing that way. It has been done in the past. Mayor Payne asked how this would be a benefit to the citizens as a whole. Commissioner Rardin said it gives them something to do. It was always busy when it was open. Finance Director Huff said regarding the audit finding for this, if you have a for-profit company operating this as a for-profit retail space, it is not a benefit to the community. Commissioner Rardin asked how we managed the Golf Course. Finance Director Huff said we do profit-sharing with the Golf Course. We own the building, he charges everyone, and we take a share of the profits. We do not lease him the building. We subsidize the Golf Course at a very high rate because of the profit-share agreement. Technically, we pay Mr. Dalpes about \$1,000,000 a year. He has operating costs that come out of that, so he doesn't net that amount, but on our expense sheet, on our income statement, it looks like over \$1,000,000 a year. The Golf Course is different because it is not a straight lease. To prove a community benefit to DFA, like using the Plaza Pub as an example, they have to log volunteer hours and community events. It is the same with COPE. We have to show that COPE is providing community outreach. DFA will not approve that for a for-profit business running in a retail situation.

Commissioner Burnett asked why we previously did not go off fair market value. Acting City Manager Hernandez said she was not here for that, but Finance Director Huff was. Mayor Payne said she was also here for that. Finance Director Huff said there was an opinion written by the former City Attorney about two paragraphs long about how they got to that number. However, an appraisal was not done. That was one of the things documented in the audit findings. There was nothing to go off that. They made some comparisons to other rent found in other places, but it was nothing directly tied to our building. Mayor Payne said to be more specific, that amount came from our former Planning and Zoning Director. Finance Director Huff said he was involved in it too. Mayor Payne said to be perfectly honest, it appears he had an ulterior motive but we did not know that at the time. That is where the \$2000 a month came in. I was so shocked we were only charging \$2000 a month, and I specifically asked how we do this. I remember they told us, "The building is only worth what someone is willing to pay for it." That resonated with me. Former Commissioner Nadia Sikes is in the audience tonight, and she is nodding her head. It was a huge controversy at the time. The reason I justified it was this was never meant to be a moneymaker. This bond was passed in 2014, and from then to 2016, \$200,000 of that money was spent, and the dirt had not even been turned. By the time we got it in 2016, there was only \$5,800,000 left, not \$6,000,000. The \$5,800,000 was absolutely wasted. By 2016, a fairly new Commission with three new Commissioners had to figure out how to build a Family Fun Center with \$5,800,000. We built a Family Fun Center because the people voted for it. I was brand new at the time, and for us, it was not about what we wanted at the time. The point was the voters voted for it. As a private citizen, I did not vote for it or want it. I thought and still think it was a terrible idea. I want everyone to understand that from the time it passed to when we decided to do something, we were paying about \$40,000 a month. For two years, there was nothing, no plan. In 2016 was said we had to get this thing built, and we didn't build anything until close to 2017. When it came to awarding someone to run it, they told us the rent would be \$2000 a month. I thought that made sense because we were paying \$40,000 a month, and we were never going to get that much. That building was never going to be profitable, and it was not meant to be. We were not going to break even on it. It was a quality-of-life project the voters voted on. For me, looking back, I do not think the voters understood what they were voting for. When you talk about private business, that does not make good business sense, and there is no way to justify that. It is a frustration for me. Our job was to take the money from these bonds the voters voted on, and turn it into a building. Now we are stuck with the building. Our decision is, do we continue to run it like a Family Fun Center or do something different? It does not really matter. We are losing money every month whether the building is occupied or not. We could charge \$6,000 a month for rent, but we are still losing \$34,000 a month just on paying these bonds. Even if we charge \$24,000, we are still losing money every month. It was never going to be a

building that pays for itself.

Commissioner Rardin asked if we do an RFP or RFQ with Mr. Dalpes at the Golf Course. The intent was for this to be set up exactly like how the Golf Course is. Acting City Manager Hernandez said it is an RFP. He asked how we got around anti-donation at the Golf Course with us supplementing him. She said we do the maintenance part, and Mr. Dalpes handles the restaurant and shop. When Finance Director Huff talks about subsidizing, we are talking about the maintenance operations of it. Finance Director Huff said there was no profit-sharing in this contract, which makes it different from Mr. Dalpes, who runs all the operations. Mr Dalpes comes in every day, brings money in, and deposits it. As an example, he can say we took in \$10,000 today, and he is depositing \$4,000 because that is my different percentage. There are different percentages on all his stuff. The restaurant and green's fees are different percentages. That covers his expenses. What he keeps, we record as an expense. Commissioner Rardin said I do not know how they set it up, but the City of Deming, New Mexico, had a similar situation where they contracted it out to have it run. Do we know how they structured their agreement? Finance Director Huff said she had not seen Deming's agreement. Acting City Manager Hernandez said she requested their RFP but had not received it. Commissioner Rardin said that was years ago and I think they still run it in-house there. Mayor Payne said they did not start out running it in-house. Commissioner Rardin said no, they had an operator that ran it the first few years. Mayor Payne said that Commissioner Rardin was on the Commission when this started. Then you had a four-year break. Is there anything in writing about the original intent or was it just something that was talked about? Commissioner Rardin said it was talked about and pushed to the public that way. It was originally to be built where Albertson's is. She said that is not what was on the bond. He said a former Mayor got involved in it and pushed it out there. The original intent was either at the old TG&Y or Albertsons. She asked what that former Commission tried to do. There were seven people on that Commission. He said there was turmoil at the time. If I remember right, the City Manager had just quit, and we had an Acting City Manager. It got snuck in like that. She asked how it got snuck in when there were seven Commissioners that had to approve it. He said she slipped it on there that way. It is in the past. We need to focus on today. She said that did not make sense. We can not do that today. He said it only takes four.

Commissioner Paul said regarding Option 4, has City staff estimated the cost to repurpose that building? Acting City Manager Hernandez said yes, it is under \$2,000,000. \$260,000 for design, and \$1,400,000 for actual renovations. He asked how that would be funded. She said we have a tax dedicated to public safety buildings, we would look for grants, and we would put it on ICIP. There is money for public safety. Commissioner Rardin said that would still have to go to a vote of the people. She said if we repurposed the building, it has to go out for a vote because the voters voted for a recreation center. The ballot question said a family recreation center. It does not necessarily say a bowling alley or fun center. Commissioner Paul said he had received comments stating that the City should never have been involved with this to begin with. Other folks are saying we want that Fun Center. That is what the Commission is faced with. The community supposedly wanted this and voted for it. It passed with a sixty percent vote. It is tough to make this decision and do what is in the best interest of the community as a whole. I feel there is more information that could be dug up to explore some options for RFP. Is there any way to get creative if we are to potentially dump funding sources for a public safety complex, but none of that is guaranteed? Maybe it gets to a point where the City has to move, and it has to come out of City coffers to change it into a safety complex. What is the difference between selling that for whatever you can get and shoring up the difference in what is due on bonds to get the City out from under it? I do not know if there is a way to get creative with that RFP. Is there a way to have someone lease space with access to a liquor license that could potentially turn it profitable? For a period of time, their lease rate could be structured for a lower rate for the first twelve months, and then it escalates after they get their feet under them. I do not think the previous operator was at all concerned about making it a successful place; he saw an opportunity at \$2,000 a month for thirty-five thousand square feet and ran with it and did not care. COVID hit, he could not recover, and that led to shutting the doors. He never had an interest in making that a grand place. I have been there and saw the quality and condition of things there. If you had an operator that cared, they could turn that around and make something profitable. They would have to be creative and think outside the box. Acting City Manager Hernandez said Option 4 is a reasonable recommendation because that would say you voted for this, do you still want it, or do you want the City to repurpose it?

Mayor Pro-Tem McDonald said she has not heard how people want to keep the Fun Center. Commissioner Rardin said it is all over social media. Mayor Pro-Tem McDonald said the social media is not what I have heard. Commissioner Paul said people are texting me right now asking how we can keep the Fun Center. There are people in the community that want it. Acting City Manager Hernandez said in fairness regarding the social media comments, I have seen some that say let's just do something with the building. Commissioner Paul said it goes both

ways. Mayor Pro-Tem McDonald said she has heard that if the Fun Center were more centrally located, it would have benefited and been more accessible to citizens. When I talked to people, they said it might be a good idea to start bringing things back to being centrally located, where kids can have access. I am just talking about District Five. I do not think anybody is trailing out to the highway to have a beer, or to eat, or to bowl. This was a bowling alley, and none of the leagues were bowling there. Most of the cost is being absorbed by people who go out there. My grandson and I went out there, bowled two games, bought something, and it was \$50. I am not getting the same feedback others on the Commission are. The feedback I am getting is that people want something more centrally located, where everybody can enjoy it, and parents do not have to drive out on the highway. I hear different things than other districts do. Mayor Payne said everybody is dismissing the fact that the movie theater is out there and kids are getting to that. This has been an argument since they decided to build it. That argument does not hold weight with me because the movie theater is next door and kids are getting to it. The other issue I have is that the Family Fun Center is a Family Entertainment Center, not a Recreation Center. It was designed for families to utilize, not to drop off and pick up children. I can't tell you what the original intent of that Commission was because I was not here, but in 2016 when we decided to build this, it was not to drop off and pick up children. It is next to a movie theater where kids are dropped off every weekend. Going back to Commissioner Paul's comments, when Jay Chun came on board, he provided us with an incredible sample of food. I went to his facility in Los Angeles and saw what he was capable of. I do not agree that he did not care, I think he cared in the beginning, but I do not know what happened to him. In the beginning, it was a nice facility with good food and a good time. In terms of what he charged, we do not have any control. If we go out for RFP again we still won't have control of what the operator charges. I do not think the public is interested in paying a lot of money for that. It was not cheap then, and it is even worse now. It is important we look at all the pros and cons.

Commissioner Rardin said as I said back in May when staff brought this to us, let's put out an RFP and have some responses. If we do not like them, we can reject them, and then either sell or bring it in-house. Mayor Pro-Tem McDonald asked if it was okay to spend \$40,000 a month. He said we are spending that right now. She said so it is okay to keep spending that? Commissioner Burnett said that was not the point. Back in May, we asked them to do this, and it has not happened. Commissioner Paul said isn't this funded by a property tax? We are not spending anything. The residents of Alamogordo are spending the money. Commissioner Rardin said that comes from City coffers. Commissioner Paul said the City coffers are not, in essence. It is not like we are losing \$40,000. Mayor Pro-Tem McDonald said we already know what the results will be if we send out the RFP. We will not get what we need to keep that center going. Commissioner Rardin said it was never intended to pay for itself. Let's use the REC Center as an example. We have to supplement that, it's a quality-of-life issue for our residents. We provide that knowing it costs us more money per year to run it than generate. The Golf Course is the same way. Mayor Pro-Tem McDonald said but you do not have actual data. Commissioner Rardin said it costs us more to run than to generate. Mayor Pro-Tem McDonald said you did not have that number for the bowling alley. Commissioner Rardin said we could put the RFP out and see responses. If we do not get any responses, we need to go in a different direction. Mayor Pro-Tem McDonald said even if we send out the RFP, we already know how much money we are going to be losing every month. She gave us two, the top and bottom part. Commissioner Rardin said it does not matter because we are losing the money either way. If we turn it into a fire station, we are still paying the bond. Mayor Pro-Tem McDonald said but it is more functional. It would actually save us money. Commissioner Rardin said it would cost us an additional \$50,000 for a special election or we wait until the next election cycle in November. Mayor Pro-Tem McDonald said let's do it. We are spending \$40,000 a month anyway. What is \$50,000 to do an election? Commissioner Rardin said what if the election fails? Mayor Pro-Tem McDonald said what if it does not? Commissioner Rardin said it doesn't cost staff a lot of money to put an RFP out. If we do not like what we see come in, then we can always reject it and go in a different direction. Mayor Payne said if we go out for RFP, we need to learn from what has happened in the past with our prior operator. Commissioner Burnett said be we asked them to do this. Mayor Payne said we need to learn from this. Commissioner Burnett said that is \$240,000. Commissioner Rardin said we asked six months ago to put an RFP out. Mayor Payne said she is not saying do not do it. If we do that, we need to be much more careful this time. The operator we hired was a good business person and I do not know what happened to him. Due diligence was done, and I am not sure what else we could have done. If we go out for RFP again, we need to be prepared and make sure we do it right. My concern is being right back in this position again. Commissioner Rardin said we could get lucky and get another operator like the one at the golf course who has run it for thirty years and who has a passion for it. Acting City Manager Hernandez said to be fair to staff, it was to bring information back. We were not sure what our options were because of pending litigation. Staff were not just sitting there twiddling their thumbs. Commissioner Rardin asked if an RFP had already been drafted. She said yes. He said he did not know if this would be an RFP or RFQ. She said an RFP. Chief Procurement Officer Pyeatt and I were working on that but it is not finalized. He said if you do it as an RFQ, where you have

operators come in and give their qualifications, then you can negotiate with whoever has the highest qualifications to run the facility for us. So we could do it either way. That is what I personally would like to see. If we do not have anything that looks quality, then we reject everything and put it up for sale or look at bringing it in-house. Commissioner Burnett said he had only heard that people want something to do. Some people have told me we are getting a firehouse now, but I did not know what they were talking about. Mayor Payne said she received an email from someone who said we were turning it into City and County offices, but I do not know where that came from. Mayor Payne said this is consumer-driven. The only way it will work is if people want to pay for it. We do not have control over what an operator charges. Whether RFP or RFQ, we cannot put that they are only allowed to charge so much in the contract. Commissioner Burnett said he agreed with that. However, going to the movies isn't cheap either. So to say it costs too much because of this or that, well, people pay hundreds to go to a concert in Albuquerque and stay at a hotel. Mayor Payne said you cannot make someone utilize the Family Fun Center. We just need to be aware that part of the reason it failed was because people did not want to pay for it. Commissioner Paul said qualified operators will do their due diligence, including market studies. If they do not find the demand here, then nobody will submit anything. So I do not see the harm in putting it out there to test the waters. It is short-term and allows us to see if there is interest. Mayor Payne said whether it succeeds or fails depends on the operator, how well they operate, and our citizen's willingness to use the facility and pay the price. Mayor Pro-Tem McDonald said you have to look at all citizens, not just ones that have money and go out. Commissioner Burnett said well, not everyone wants to go to the movies. Who can afford it and who cannot really cannot be your driving factor. Mayor Pro-Tem McDonald said but you want to make it affordable for all citizens. Mayor Payne said we cannot do that.

Commissioner Paul said if go the RFP route, can staff get some numbers together regarding what it looks like to run this in-house? We can present to the public the positions we would need and the payroll costs. I do not know if the previous operator provided high-level expense numbers like electric, but that way, all options can be weighed and exhausted before trying to go some other route and pivot to a public safety complex. Also, considering repurposing it, what will the true cost be? We can say today it is \$1,500,000, but then later we could be at \$2,800,000 to do what the Commission voted on. Acting City Manager Hernandez said we have got an engineer that works on our projects. The \$1,400,000 cost is the cost today. Commissioner Paul asked for a breakdown of that cost and updates proposing to be done like bays for trucks, offices, and courts. Commissioner Rardin said you are killing two birds with one stone there. You will be getting the RFP numbers and the in-house numbers, and then bringing them back to us at the same time. Acting City Manager Hernandez asked if Commissioner Rardin wanted the actual RFP that would go out. Do you want us to go out for RFQ, then bring it in-house as Plan B? Commissioner Paul said his interest in the in-house is, if we as Commissioners do not ask for the details of these options, how can we then best decide? Some information has been presented, but I do not know what it costs from the City's perspective. What are the numbers and data that make it hard for the City to achieve? Acting City Manager Hernandez said on the salaries and benefits part, it was about \$300,000 a quarter. That includes beverage servers, waitresses, a bowling alley, and all of that. It would fluctuate based on how busy it was, but \$300,000 a quarter was the average. Commissioner Rardin said he would like to see that information. RFP or RFQ do not cost much to put out. If we get national operators that respond, well, what does it hurt to ask? Acting City Manager Hernandez said that putting an RFQ/RFP out would be a good option. Then we can come back and say what did or did not get. Just because we have an RFQ/RFP out does not mean you have to accept it. If that is the direction, I believe that would be the best option. Commissioner Rardin said the only way we can dictate what is charged is if the City runs it. We are nonprofit and do not need to make a profit. That would keep the cost lower. I see social media posts and receive calls asking when this will open back up. Acting City Manager Hernandez said to be clear, we were in litigation. In a previous Executive Session, that was when we felt confident to move forward. However, we are not through the litigation. I want to make it clear that we are just leaving the building there because we do not want to do anything. Mayor Payne said she had no problem going out for RFP. I do not think it is a bad idea. I do not know about in-house though. If we decide on going in-house for sure, we need to be able to hire people to run it, which makes me nervous. Acting City Manager Hernandez said we will try to get an RFP or RFQ. I will work with Chief Procurement Officer Pyeatt and Finance Director Huff to see what the best route is. Hopefully, we can get more information by the end of the year or in January. We want to get information quickly. We were waiting but now we feel good to move forward. Commissioner Tapley said he was a bowler, and the League Secretary had approached Mr. Chun about having leagues out there, but he had responded absolutely not. So he was approached and denied any leagues. There are many people here in town who will bowl leagues because they cannot get on the Base. The Base has four to five leagues a week. Sixteen to twenty lanes, ten people a line, and they pay \$15 a person every night. Mayor Payne said she believed the Base was going to make it accessible to all leagues by giving them Base access. Commissioner Tapley said to get Base access you have to pass a background check. Commissioner

Burnett said you could not be a felon. Commissioner Tapley said when they passed that deal, they had every lane full. Then they said to be on the Base you have to have a background check, and that cut the number of people bowling by half. Commissioner Rardin said he thought you would see a lot of kids leagues too. Commissioner Tapley said absolutely. When an owner says they do not want your business, that is a problem. There is not a bowler here except me, and everybody out there wants that Fun Center. Acting City Manager Hernandez said we will put out the RFP or RFQ, and bring back what we have received or not. At the same time, I will look at the reports and try to get ahold of Deming. Hopefully, we will have something within the next forty-five days.

8. Consider, and act upon, approving the construction of a new natatorium with sprung structure. (Belinda Bass, Parks and Recreation Director; Regina Michaud, Aquatics Coordinator Alamogordo Recreation Center; Heather Casebolt, Recreation Center Manager; Justen Boyle, Project Manager).

Parks & Recreation Director Bass said we are here to ask you for approval of a new natatorium with a sprung structure.

Commissioner Burnett said the proposal for \$4,000,000 passed, but what about the other \$6,000,000? Acting City Manager Hernandez said it is the tax dedicated that we will get bonded. Finance Director Huff said our financial advisor ran the numbers. We had them run it at \$6,000,000, \$15,000,000, and \$12,000,000 for fifteen and twenty years. We basically have the \$4,000,000 in cash. My suggestion is to look at funding for \$12,000,000. If we do that with \$4,000,000, that gives us \$16,000,000 to design and construct the natatorium. If we do that at a twenty-year debt service, that will give us about \$920,000 a year. The rededicated gross receipts tax is budgeted this year to come in at \$1,100,000. Over the last several years it has been \$1,240,000, \$1,175,000, \$1,114,000, \$1,000,000, and \$1,000,000. We feel that doing twenty years for \$12,000,000 would be able to comfortably cover the debt service, plus we would have a little excess for other things. The \$15,000,000 and added \$4,000,000 is out of our price range at \$19,000,000 but more than what everybody here is interested in. We hovered around the \$15,000,000 to \$16,000,000 price tag. For the \$6,000,000, we added \$4,000,000 for a total of \$10,000,000, which is under the initial estimate of \$12,000,000. If a different combination comes up tonight, we can ask our financial advisors to run that. However, I feel the \$12,000,000 gives you an idea of the upper ceiling on debt service.

Commissioner Burnett asked what that debt service would do to our bonding capacity or later debt service. Finance Director Huff said it would not impact and it would not be a bond. It does not count against our general obligation because we are not paying for it with property taxes. We would still have our \$10,000,000 to \$12,000,000 in general obligation bonding capacity, and it would grow as we did it. Because it is a dedicated tax we are paying with a dedicated GRT, it will not affect our borrowing ability if want to go out and borrow. We are coming back in December with the Water Rate Loan. This does not affect that. That is user rates and this is a GRT. It keeps general obligation open.

Commissioner Rardin said you mentioned that the tax generates about \$1,100,000 a year. What do we do if we have an economic downturn and do not make enough to service the debt? Finance Director Huff said we are still required to service the debt, so we would have to use another GRT or increase the GRT rate. Commissioner Rardin said you said \$12,000,000 for a twenty-year note would be \$900,000 a year. Finance Director Huff said yes, it starts at \$920,000 and the highest it gets to is \$923,000. Commissioner Rardin said so we have about \$200,000 worth of buffer. Finance Director Huff said yes. Based on the financial analyst's work, it would give us about \$230,000 worth of excess revenue a year.

Commissioner Rardin asked what if we borrowed \$10,000,000 plus the \$4,000,000. Finance Director Huff said she did not have that information in hand. We only asked them to do \$6,000,000, \$12,000,000 and \$15,000,000. I would have to go back and ask them. Commissioner Rardin said it would give us more of a buffer. Finance Director Huff said it would be less by doing \$10,000,000 plus the \$4,000,000 for \$14,000,000 total. The debt service would be closer to \$858,000.

Commissioner Rardin asked what if this was built in a different location, like either Washington Park or past City Hall around 1st Street? Parks & Recreation Director Bass said part of the reason for the current location is keeping recreational facilities tied together. If a family comes, you could have kids that swim and a dad playing basketball. They could park in the same parking lot and use the facilities. The family would not have to go around town to participate in different activities. They would still have all of the Family Recreation Center activities within a central

location. We are also designing it with expanding in mind where we can add onto that sprung structure and go north with it. Our current REC Center is getting older. We are trying to plan for future eventualities and not box ourselves in without a way to do future expansions. We are trying to keep pickleball and the tennis courts all in the same area. It is not that we will never do stuff down Washington, but I am trying to protect as much green space as I can. Commissioner Rardin asked if this would be built south of the existing basketball courts. Would those courts then go away? Parks & Recreation Director Bass said the basketball courts will remain until or unless we do a big expansion. If we do a natatorium in Washington, we would end up boxing ourselves in for future expansions. We have the futsal and skate park there already, which we want to do more with.

Mayor Payne said the question tonight is if we are going for sprung structure or brick-and-mortar, correct? Acting City Manager Hernandez said we put the sprung structure on there. Commissioner Burnett said he visited the Red Hawk Golf Club in Las Cruces, and the sprung structure there was a really cool building. Commissioner Rardin asked if he talked to anyone over there. Commissioner Burnett said he did not get the chance. Parks & Recreation Director Bass said when we did a field trip to the Red Hawk, we spoke to the person who manages and maintains all of those facilities. He was a wealth of information. Mayor Pro-Tem McDonald went with us on that field trip. We had a lot of questions and they had a lot of answers. The takeaway was, they love the building, and it is the lowest maintenance building they have. It was supposed to be temporary fifteen years ago. The new brick-and-mortar maintenance buildings next to it, at seven years old, have already had to be repainted along with roof work. Commissioner Burnett said he did not see any issues with the building. No fading or tearing.

Commissioner Rardin said on the estimates, you needed \$14,000,000 for the facility as designed before, right? Acting City Manager Hernandez said we needed to get that finalized because those were proposals. Once you approve the sprung structure, we will get the final design finalized, and we will bring it back once we go out for the loan. As for what we had, I believe it was \$14,000,000. Parks & Recreation Director Bass said the sprung structure will allow us to have a slightly larger pool. We are trying to the most mileage for dollars with the best longevity for the whole facility. The designs we submitted earlier were preliminary.

Mayor Pro-Tem McDonald asked how many lanes there were. Aquatics Coordinator Michaud said the current concept is one pool with eight lanes. That will facilitate competition for the high school, and it will have plenty of deck space for small team competitions while satisfying the need of the community for fitness. There is a small opening that goes into a shallower recreation area, which opens up space for little ones, eight years old and under. Mayor Pro-Tem McDonald said so eight lanes. Aquatics Coordinator Michaud said yes. Mayor Payne asked if it was like a walk-in area. Aquatics Coordinator Michaud said yes, there is just one pool, so just one system, one cost, to maintain the pool. Parks & Recreation Director Bass said it would have zero entry, so there is no need for ADA lifts. We are trying to make it as accessible as possible.

Commissioner Rardin said ESA is doing the design. Are we going to stay within that \$14,000,000, or will we design the Taj Mahal? Acting City Manager Hernandez said no. We are going to try to stay within and leave a contingency in case something comes back with additional costs. We got this design about a year ago. Finance Director Huff said the same thing with the debt service. There are two avenues we are looking for tonight. Approve the the sprung structure so they can finalize the design, and approve the money so I can go back to our financial advisors and ask for the final debt schedules for \$14,000,000 or \$10,000,000. Commissioner Rardin said we already have \$4,000,000. Do we go and borrow \$10,000,000 or \$12,000,000? Mayor Payne asked if \$14,000,000 was realistic. Finance Director Huff said we could make it realistic. Parks & Recreation Director Bass said the \$2,000,000 is contingency. Mayor Payne said so you need a number tonight. The next time we bring this up, we can talk about the loan. Acting City Manager Hernandez said once you approve tonight, we will get with our financial advisors, who will get with ESA. The next time you see this will be the loan. Finance Director Huff said then we could have a final package with a final design along with how much it is, how much is in contingency, and how much we are putting out to bid.

Commissioner Rardin asked if the concept designs brought before were for \$14,000,000. Finance Director Huff said yes, plus or minus. Commissioner Rardin said if it comes in higher, can we value engineer it down? Finance Director Huff said yes, we can look at base bids and additive alternates of things that are must-haves. Commissioner Rardin said so the sprung structure is over the pool and then you will have the other facilities built. Will those be sprung structures or brick-and-mortar? Parks & Recreation Director Bass asked if he was asking about the areas that house the pumps. Commissioner Rardin said the locker room area. Parks & Recreation Director Bass said in the original design, he added a brick-and-mortar facade. We were trying to get the most

mileage. We can actually do all of that in the sprung structure. We do not need a special extra part of the building for offices or locker rooms. Commissioner Rardin said so you can do just one large building and break it up. Parks & Recreation Director Bass said yes. It is all one nice unit.

Commissioner Rardin asked for the Commission's thoughts on the dollar amount. Commissioner Robinson said the recommendation was right on. Acting City Manager Hernandez said we are recommending \$14,000,000. Mayor Payne said \$4,000,000 was coming from the re-dedication. Commissioner Burnett said so we are looking to borrow \$10,000,000 or \$12,000,000. Mayor Pro-Tem McDonald said \$10,000,000. Acting City Manager Hernandez said we will bring back a \$10,000,000 and a \$12,000,000. Finance Director Huff said rates change. Commissioner Burnett said he had a feeling it would need to be \$12,000,000, not \$10,000,000. Finance Director Huff said you could approve a \$14,000,000 to \$16,000,000, and that would give me flexibility. I could have our financial advisors do \$10,000,000, \$11,000,000, and \$12,000,000. That way, we can see. That gives Parks and Recreation Director Bass enough to go to ESA and say we are looking at \$14,000,000, \$15,000,000, and \$16,000,000. Commissioner Rardin said if you tell them you have a \$10,000,000 budget you will end up with \$14,000,000. Commissioner Burnett said so no more than \$16,000,000 total.

Commissioner Robinson moved to approve the sprung structure with a cap of no more than \$16,000,000 total for final approval, and financing details to be brought back at a later date for final approval.

Commissioner Burnett seconded the motion.

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

9. Consider, and act upon, Resolution 2024-70 requesting written approval from the Local Government Division of the Department of Finance and Administration, State of NM for the revised budget numbers computed as of November 19, 2024. (Evelyn Huff, Finance Director) (Roll Call Vote Required)

Finance Director Huff said two of the three revisions need to be highlighted. The first is a correction to cash. While doing the first quarter reporting for FDA, the due-to and due-from of FY224 were not properly reversed in FY24. We had to go back and do corrections, which required us to come back and correct our beginning cash. It affected five funds total, the biggest being a plus to the General Fund of about \$1,100,000. It is a net-zero because the cash number is still the same. It is just moving it between different funds. The second is a reprojection of salaries and benefits for all the different funds. This is usually done as part of the final budget rollover in July, but we had a lot of changes that happened in July of this year, so we postponed it. We had an increase in health insurance. There was a change in PERA laws that increased the employer share of PERA. There was also an increase in Worker's Comp where the modifier went up. We went ahead and reprojected all the salaries and benefits based on the current pay plan and current rates. We will do another reprojection of salaries and benefits as we get closer to the year-end, and we bring you new preliminary budget stuff for FY26.

Mayor Payne said the insurance has gone up. Finance Director Huff said insurance has gone up twice in the last year and a half. Unfortunately, when you have a police officer pass away, it counts against your worker's compensation. It made our mod rate increase, and we will deal with that for at least three years.

Commissioner Burnett moved to approve.

Commissioner Robinson seconded the motion.

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

ADJOURNMENT

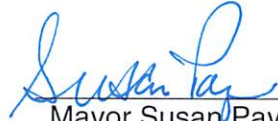
Mayor Payne said she should have mentioned this earlier under Remarks and Inquiries by the City Commission, but there was a trial for the person who murdered our officer. It ultimately resulted in a conviction with a life sentence. I wanted to give a shout-out to the District Attorney's Office. Commissioner Rardin asked if we could write a letter requesting the death penalty instead of life in prison. Acting City Manager Hernandez said we could write a letter if Commissioner Rardin wanted to. Mayor Payne said the Governor was coming for a town hall in January. Acting City Manager Hernandez said we do not have the death penalty, but we could write a letter to our new senators.

Mayor Pro-Tem McDonald moved to adjourn.

Commissioner Burnett seconded the motion.

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

ATTEST:



Mayor Susan Payne



City Clerk Rachel Hughs

(Prepared by Dylan Aleshire, Deputy Clerk)
Approved at the Regular Meeting held on December 3, 2024.

