

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, January 15, 2013 at 9:00 a.m. in the Executive Conference Room at City Hall, 800 Municipal Drive, Farmington, New Mexico, in full conformity with the rules, regulations and ordinances of the municipality.

At such meeting the following were present, constituting a quorum:

MAYOR	Tommy Roberts
COUNCILORS	Dan Darnell Mary M. Fischer Jason Sandel
ABSENT	Gayla McCulloch, Councilor

Constituting all the members of the Governing Body.

Also present were:

CITY MANAGER	Rob Mayes
ASSISTANT CITY MANAGER	Bob Campbell
CITY ATTORNEY	Jay B. Burnham
DEPUTY CITY CLERK	Melody Coyner

PRESENTATION/SAN JUAN MEDICAL FOUNDATION

San Juan Medical Foundation Special Events Coordinator Audra Winters and Executive Director John Oliphant thanked the City for their participation in the "Get Pinked San Juan County" fundraiser that was held during the month of October 2012 and announced that the City was the top business participant, raising \$21,253.91 for the Cathy Lincoln Memorial Cancer Fund. Ms. Winters provided plaques for each City department and Mr. Oliphant presented the City with a Bev Taylor painting titled "Awakening One."

Responding to Mayor Roberts, Mr. Oliphant reported that there was approximately \$87,000 raised during the 2012 "Get Pinked" campaign.

UPDATE/BHP BILLITON NAVAJO MINE

BHP Billiton ("BHP") Asset President Pat Risner reported that BHP has entered into a memorandum of understanding with the Navajo Nation to transfer ownership of Navajo Mine ("Mine") to the Navajo Nation. He noted the significance of the decision to all of the stakeholders in the Mine, including the local communities, stating that the intent of the transaction is to preserve 800 high-paying jobs at the Mine and Four Corners Power Plant ("FCPP") for another 15 years after FCPP's coal supply agreement with the Mine expires in 2016. He pointed out the capital investment decisions faced by the owners of FCPP to comply with federal environmental regulations related to regional haze and to take up the ownership stake of Southern California Edison and noted the impact on the Mine when FCPP shuts down Units 1, 2 and 3 in mid-2013. He pointed out that the Navajo Nation is the "natural owner" of the Mine because it is located on tribal land; 85 percent of the employees are Navajo; and that a little over 30 percent of the Navajo Nation's General Fund comes from the Mine and FCPP. He stated that the Navajo Nation will pay for the Mine through ongoing operations; that BHP will operate the Mine for the Navajo Nation until the coal supply agreement expires in 2016; that employees will continue to work for BHP under existing employment terms; and that the estimated ownership transfer is July 1, 2013. In closing, he reported that nothing will change at San Juan Mine at this time; that BHP/San Juan Mine has a coal supply agreement with the owners of San Juan Generating Station ("SJGS") through 2017; and that the future of San Juan Mine is dependent on capital investment decisions currently facing the owners of SJGS, much the same as the decisions faced by the owners of FCPP.

Responding to Mayor Roberts, Mr. Risner stated that the 30 percent reduction in demand for coal when FCPP shuts down Units 1, 2 and 3 will result in a loss of about 100 jobs at the Mine.

In response to inquiries from Councilor Sandel, Mr. Risner explained that a tribally-owned corporation that only owns and operates the Mine will

have a different cost structure than that of a multi-national corporation and will allow the Navajo Nation to negotiate a new coal supply agreement that ensures continued operation of the Mine and FCPP past 2016. In addition, he stated that BHP does not anticipate reductions in the work force other than the 100 jobs that will be lost when FCPP shuts down Units 1, 2 and 3.

Responding to Mayor Roberts, Mr. Risner briefly reviewed options explored by BHP to "grow coal production" in New Mexico.

In response to inquiry from Councilor Fischer, San Juan County Executive Officer Kim Carpenter stated that the County estimates that \$1.8 to \$2.1 million in tax revenue will be lost when the Navajo Nation assumes ownership of the Mine but noted that they must apply for an exemption from state and local taxes.

DIRECTION TO STAFF/RICKETTS PARK RENOVATION

City Manager Rob Mayes reminded the Council that at the March 1, 2011 Work Session it was the consensus of a majority of the Council to support the Connie Mack World Series Board's project to improve the façade and parking lot at Ricketts Park with \$215,000 in-kind contribution from the City to bury overhead power lines that run down the middle of the parking lot (\$100,000) and parking lot improvement and maintenance (\$115,000) to be expended from the 202 Fund over a period of several years. He reported that, to date, in-kind contributions from San Juan County are \$29,000 and \$60,000 from the City. In addition, he reported that the Homerunners Club has contributed \$46,000 (\$28,000 to replace the scoreboard and \$18,000 to replace the walk-in refrigerator). He stated that what is before the Council today is staff's recommendation to use funds from the 202 Fund to hire an electrical contractor to connect the fixtures at the Recreation Center and the buildings at the stadium (\$54,500) and an alternate project to replace the failing message unit under the scoreboard (\$29,000).

Mayor Roberts introduced Connie Mack World Series ("CMWS") Executive Board member Kim Stradling and CMWS Board President and General Chairman Kim Carpenter.

Mr. Stradling reported that the Board has raised approximately \$200,000 for the Ricketts Park renovation project since fundraising efforts began a little over two years ago and stated that the CMWS Association has committed another \$200,000.

Responding to Mayor Roberts, Mr. Stradling briefly reviewed the original \$1 million proposed improvements to completely renovate the entrance to Ricketts Park on the south end facing the parking lot and the parking lot itself. He stated that after two years of fundraising, the Board has decided to begin construction in order for donors to see their money being spent and to provide incentive for future fundraising efforts. Therefore, he stated that the project has been broken into phases. Mr. Carpenter briefly reviewed phase 1 of the proposed renovation project, noting the need to comply with the Americans with Disabilities Act ("ADA"), and what is anticipated for future phases.

In response to inquiries from Mayor Roberts, Mr. Carpenter stated that completion of the renovations is contingent on the success of fundraising efforts and that the governor supports the project and wants to provide funding when available in the future. In addition, he stated that the "main crux" of the renovations is being completed now.

Following discussion, Councilor Sandel expressed a desire to use the 408 Fund for the recommended expenditures (\$54,500 to hire an electrical contractor and \$29,000 to replace the failing message unit under the scoreboard). Councilor Darnell agreed.

Following brief discussion, Councilor Fischer expressed a desire to consider the recommended expenditures during the upcoming budget process.

Following further discussion, it was the consensus of a majority of the Council to schedule the proposed expenditures from the 408 Fund for Ricketts Park renovations on the January 22, 2013 Consent Agenda for consideration.

Responding to Councilor Sandel, Mr. Carpenter agreed to provide him with the cost of the ADA upgrades.

COUNTYWIDE EMS/911 TAX RENEWAL

San Juan County ("County") Executive Officer Kim Carpenter introduced County Communications Authority Director David Ripley, San Juan Regional Medical Center ("SJRMC") Director of EMS Ed Horvat and SJRMC Chief Strategy Officer Mike Phillips who were present in the audience.

Referring to the handout provided to the Council, Mr. Carpenter stated that voters will be asked to re-approve a 3/16th percent Emergency Communications and Emergency Medical and Behavioral Health Services Gross Receipts Tax on March 12, 2013. He reported that the tax was originally implemented in 2003; is less than one cent on every \$5 spent in San Juan County; and that revenues provide operational funding for EMS/ambulance services, the San Juan County 9-1-1 Consolidated Dispatch Center ("Dispatch Center"), and behavioral health services. He noted that if the tax is denied, there is only enough cash available to operate the ambulance and communications center for about 18 months. However, when the reserves are exhausted, he stated that the County and the cities of Aztec, Bloomfield and Farmington will be required to pay for the operation of these services and that, based on the current budget, the County and Farmington's responsibility will be \$3.8 million apiece and Bloomfield and Aztec's responsibility will be \$522,000 apiece.

Following brief discussion, Mr. Carpenter noted that if the tax is approved, it will not have to go out to vote again.

In response to inquiry from Mayor Roberts, Mr. Carpenter stated that 58 percent of the funding goes to the County Communications Authority and 42 percent goes to EMS services and that he has made the County Commission aware that, based on the current economy, there will be no funding available for behavioral health services.

Mr. Horvat reported that emergency calls for ambulance service have increased by 70 percent since 2000 and that in 2011 SJRMC EMS Services responded to over 14,000 calls.

Mr. Ripley reported that during Fiscal Year 2011/2012 the Dispatch Center processed 55,556 9-1-1 emergency calls, over 320,000 calls for non-emergency service and just under 70,000 outgoing calls.

Responding to Councilor Sandel, Mr. Carpenter agreed to provide him with the "mechanics" of the election.

Councilor Sandel left the meeting at 10:35 a.m.

Mayor Roberts emphasized the importance of making the public aware of the consequences if the tax fails.

Following discussion, Councilor Darnell expressed a desire to further discuss behavioral healthcare services with Mr. Carpenter outside of the meeting.

ANNUAL AUDIT/COMPREHENSIVE ANNUAL FINANCIAL REPORT

Administrative Services Director Andy Mason introduced Moss Adams Partner Brandon Valentini and Senior Manager Jaime Rumbaoa.

Utilizing a PowerPoint presentation, Mr. Valentini presented the Fiscal Year 2012 audit and Comprehensive Annual Financial Report ("CAFR"). He provided a brief overview of Moss Adams' responsibility under government auditing standards and advised that the City has received an unqualified or "clean" opinion from his firm concluding that the financial statements fairly represent the financial position of the City and that City operations are in accordance with the accounting principles generally accepted in the United States of America. He noted that of the seven audit findings related to the FY 2011 financial statements, five have been cleared and two have been revised and repeated and that there was one 2012 audit finding. In closing, he commended the accounting staff for being one of nine governmental entities in the State to receive the Certificate of Achievement for Excellence in Financial Reporting.

City Manager Rob Mayes pointed out that the two findings that were revised and repeated are related to 1) disaster grants (FEMA), which was corrected but covered two fiscal years; and 2) an Information Technology ("IT") disaster recovery plan, noting that the IT Department has budgeted for a consultant to write a disaster recovery plan.

Controller Eric Schlotthauer and Mayor Roberts recognized Grant Accountant Sarah Talley, Enterprise Accountant Sheree Wilson, Staff Accountant II Krista Martin, Staff Accountant I Earlene Roquemore, Budget Officer Teresa Emrich and Financial Analyst Linda Flores for their involvement in preparing the CAFR.

In response to inquiry from Mayor Roberts, Mr. Valentini stated that the audit is not designed to detect fraud but explained that if they become aware of fraud during the audit, it is communicated to the governing body.

There being no further discussion, a motion was made by Councilor Darnell, seconded by Councilor Fischer to accept the FY 2012 audit report and Comprehensive Annual Financial Report, as presented. The roll was called with the following result:

Those voting aye:	Dan Darnell Mary M. Fischer
Those voting nay:	None
Those absent:	Gayla McCulloch Jason Sandel

The presiding officer thereupon declared that a majority of the Councilors present having voted in favor thereof, the said motion carried.

COUNCIL BUSINESS

Intersection of Dustin Avenue and Piñon Hills Boulevard

Responding to concern expressed by Mayor Roberts regarding a recent accident at the intersection of Dustin Avenue and Piñon Hills Boulevard ("PHB"), City Manager Rob Mayes reported that staff has updated the warrant studies of key intersections and that Dustin Avenue and PHB does not meet warrants. He further stated that the updated warrant study will be reviewed prior to budget discussions.

Responding to Mayor Roberts, Mr. Mayes stated that staff will determine whether the Council has authorized a signal at an intersection that did not meet warrants in the past.

In response to inquiry from Mayor Roberts, City Attorney Jay Burnham stated that the City could potentially be held liable for an accident at an intersection that met warrants and was not signalized.

Following discussion, Councilor Darnell stated that he is moving closer to supporting some type of traffic control mechanism at Dustin Avenue and PHB.

Councilor Fischer Records Request

Stating that she needs the records she requested on January 9, 2013 to review prior to an upcoming discussion on the pay plan, Councilor Fischer stated that she has not received the records or an explanation as to why she has not received them.

Following brief discussion, Deputy City Clerk Melody Coyner stated that she will provide a letter to Councilor Fischer requesting additional time in which to respond to the request.

In response to inquiry from Councilor Fischer, City Manager Rob Mayes stated that discussion of the pay plan will likely be at the February 5, 2013 Work Session.

Governmental Conduct Act

Referring to a records request asking for information regarding gifts received by the Mayor, Council, City Manager and Assistant City Manager, Councilor Fischer questioned whether the Governmental Conduct Act ("GCA") covers such gifts and if the City is in compliance with the GCA. In response, City Attorney Jay Burnham stated that he is not aware of any violations.

In response to inquiry from Councilor Fischer, Mr. Burnham stated that it is not necessary to adopt the GCA because it is State law and is binding on the City. In addition, he stated that he has drafted a

disclosure form to be completed by elected officials and filed with the City Clerk's office but has yet to complete it.

Following discussion, Councilor Fischer asked that Mr. Burnham complete the disclosure form in order to come into compliance with the GCA. Mayor Roberts concurred.

Following further discussion, Councilor Fischer asked that staff check with other communities to find out their procedure for complying with the GCA.

Cold weather/water drip allowance

In light of the extremely cold weather, Councilor Fischer asked that the Council consider implementing a water drip allowance to avoid frozen water pipes. Following brief discussion, staff was directed to review the ordinance and make a recommendation to the Council.

Affordable Care Act/City Health Insurance Fund

Responding to Councilor Darnell regarding the impact of the 2014 implementation of the Affordable Care Act on the City Health Insurance Fund, City Manager Rob Mayes stated that staff and City consultants are monitoring the situation and will be making a recommendation for Council consideration during the upcoming budget process.

CLOSED MEETING

A motion was made by Councilor Darnell, seconded by Councilor Fischer to close the meeting to receive advice from the City's legal counsel regarding a matter of pending litigation (San Juan Generating Station environmental litigation). The roll was called with the following result:

Those voting aye:	Dan Darnell Mary M. Fischer
Those voting nay:	None
Those absent:	Gayla McCulloch Jason Sandel

The presiding officer thereupon declared that a majority of the Councilors present having voted in favor thereof, the said motion carried.

The Mayor convened the closed meeting at 11:45 a.m. with Councilors Darnell and Fischer being present.

Following the closed meeting, during which meeting the matter discussed was limited only to that specified in the motion for closure, a motion was made by Councilor Fischer, seconded by Councilor Darnell to open the meeting, and upon voice vote the motion carried unanimously.

The open meeting was reconvened by the Mayor at 12:26 P.m. with Councilors Darnell and Fischer being present.

There being no further business to come before the Council, the meeting was adjourned at 12:27 p.m.

APPROVED this 12th day of February, 2013.

Tommy Roberts, Mayor

SEAL

ATTEST:

Dianne Fuhrman, City Clerk