

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, January 3, 2012 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 Gayla McCulloch Jason Sandel

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
CITY CLERK	Dianne Fuhrman
DEPUTY CITY CLERK	Melody Coyner

ANNUAL AUDIT/COMPREHENSIVE ANNUAL FINANCIAL REPORT

Administrative Services Director Andy Mason introduced Chris Garner, Senior Manager for Moss Adams, LLP.

Utilizing a powerpoint presentation, Mr. Garner presented the FY 2011 annual 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.

In response to inquiry from Mayor Roberts, Mr. Mason stated that the deficiencies identified through the audit have been corrected, with the exception that the Information Technology Department is continuing to update and test a disaster recovery plan.

Mr. Mason also recognized Controller Eric Schlotthauer, Enterprise Accountant Sheree Wilson, Staff Accountant II Krista Martin and Budget Officer Steve Ellison for their involvement in preparing the CAFR.

There being no further discussion, a motion was made by Councilor Darnell, seconded by Councilor McCulloch to accept the FY 2011 audit report and Comprehensive Annual Financial Report, as presented, and upon voice vote the motion carried unanimously.

UPDATE ON REGION II ACTIVITIES

Providing opening remarks, Region II Narcotics Task Force Director Lt. Neil Haws briefly reviewed the activities of the Siniloa and Michoacan drug cartels in San Juan County, noting that San Juan County is a hub for narcotics distribution. He pointed out the benefits of federal participation in the investigation and prosecution of drug-related activities and offenses and emphasized the need for a local federal magistrate.

Responding to Mayor Roberts, Lt. Haws stated that a local federal magistrate would reduce travel time and costs for agents who are required to testify in grand juries and/or trials in Albuquerque and will allow for federal sentencing enhancements on gun possession charges. In addition, he stated that cartel members are afraid of federal prison time because there are no sentence reductions.

Mayor Roberts announced that local mayors, city managers and law enforcement officials have recently formed a steering committee to pursue the appointment of a federal magistrate in San Juan County.

Following brief discussion, Lt. Haws reviewed the status of HIDTA (High Intensity Drug Trafficking Area Program) and JAG (Edward Byrne Memorial Justice Assistance Grant) funding, noting that federal funding is being reduced.

Lt. Haws responded to numerous questions from the Council regarding Region II agents, JAG compliance, diversion of prescription drugs, narcotics enforcement efforts on the Navajo reservation and money laundering in Indian casinos.

STATE OF NEW MEXICO'S PROPOSED BAN ON FIREWORKS DURING SEVERE DROUGHT CONDITIONS

Providing opening remarks, City Manager Rob Mayes stated that the Bureau Chief of the New Mexico Forestry Division has requested letters of support from municipalities for proposed legislation that will allow municipal officials to enact a ban on fireworks during severe drought conditions, while exempting professionally-licensed and municipally-sponsored public displays. He noted that the Fire and Police Chiefs recommend support to allow local officials to enforce a ban on fireworks during severe drought conditions and stated that the item is before the Council for discussion and direction to staff regarding the City's position on the proposed legislation.

Fire Chief Terry Page pointed out that the biggest change in the proposed legislation is in the terminology used for determining when the governing body of a municipality can impose fireworks restrictions, replacing "affected by extreme or severe drought conditions" with "where the fire danger rating is deemed to be high, very high or extreme, as determined by the national fire danger rating system".

Mayor Roberts expressed support for making fireworks restriction decisions at the local level and pointed out the potential for conflicting views between the governor's office and a municipality regarding when to impose restrictions.

In response to inquiry from Councilor Sandel, Chief Page confirmed that a municipality currently has the authority to declare an emergency and to impose fireworks restrictions, but explained that the proposed legislation will make the process easier because the national fire danger rating system is more accurate for this area than the national drought scale.

Following discussion, City Attorney Jay Burnham echoed Chief Page's comment regarding the accuracy of the national fire danger rating system. In addition, he stated that staff recommends support of the legislation because the national fire danger rating system adapts quicker and is easier to access than the national drought scale.

Following further discussion, it was the consensus of the Council to provide a letter in support of municipalities having the authority to ban the use or sale of fireworks.

Responding to Councilor Fischer, Chief Page stated that he will investigate whether other states ban fireworks on a nuisance basis, noting that there are very few states as dry as New Mexico that allow fireworks at all.

Councilor Sandel asked that staff be directed to investigate the City's obligation to follow the drought condition index that has been used in the past and whether the City could declare by resolution that a drought exists within the city and invoke the right to ban fireworks. There were no objections from the Council.

RECESS

The Mayor called a recess at 10:32 a.m.

The meeting was reconvened by the Mayor at 10:42 a.m. with all members of the Council being present.

408 FUND CAPITAL PROJECTS AND INFRASTRUCTURE INVESTMENT PLAN

Directing the Council's attention to the memo from Paul Cassidy and Erik Harrigan of RBC Capital Markets contained in the agenda materials, City Manager Rob Mayes noted that Mr. Cassidy recommends that capital projects that do not have an asset life exceeding the life of the proposed bond debt extension (e.g., maintenance type improvements, smaller projects and investments such as for the Metropolitan Redevelopment Area ("MRA")) be funded with available cash balances and that capital projects with a longer asset life (replacement of Fire Station #1, Farmington Museum expansion, construction of a new animal shelter and Civic Center exhibit hall remodel) be funded with proceeds from the bond debt extension. In addition, he noted that the Streets Fund will continue to make contributions to payment of debt service allowing all capital improvements related to street infrastructure improvements to be funded with bond extension proceeds. He requested direction to staff on which projects the Council wishes to pursue.

In response to inquiry from Mayor Roberts, Mr. Mayes stated that contingencies for cost projection overruns should be considered when discussing the proposed projects.

Responding to inquiry from Mayor Roberts regarding the proposed remodel of the Civic Center exhibit hall versus construction of a new convention center, Councilor Sandel announced that he supports the construction of a new convention center. Councilor Darnell stated that he supports a convention facility in conjunction with the MRA, but questioned whether it makes more sense to remodel the current facility and expand it in the future or to build a new facility in a different location. Councilor McCulloch expressed support for the construction of a new convention center, but questioned how it would be funded. Councilor Fischer contended that she does not believe that the City can afford to remodel the Civic Center.

Councilor Sandel expressed concern that decisions made today will "tie up" the City's bonding capacity and negatively affect the funding of future "big ticket" items, such as the construction of Piñon Hills Bridge, Fire Station #7 and the airport runway extension.

In response to inquiry from Mayor Roberts, Mr. Mayes stated that the proposed 10-year bond debt extension obligates the current \$1.5 million annual debt service to 2024. He reminded the Council that Mr. Cassidy reported at the December 6, 2011 Work Session that the City has additional bonding capacity, but that it must identify a revenue source to repay any additional bond debt.

Following discussion, Mayor Roberts pointed out that there are two options available to fund "big ticket" items; 1) additional bonding and 2) a gross receipts tax increase.

Councilor McCulloch expressed a desire to pursue a new revenue source and questioned when the next opportunity would be to put a gross receipts tax increase on the ballot. She also noted that the City would recoup the \$1 million cost of the Civic Center exhibit hall remodel before a new convention center could be built.

In response to inquiry from Councilor Fischer, Parks, Recreation and Cultural Affairs Director Jeff Bowman stated that the Civic Center exhibit hall remodel would include upgrades to the electric and heating and lowering of the ceilings to make the area more like a ballroom setting.

Following further discussion, Councilor Darnell expressed a desire that the Civic Center exhibit hall remodel remain on the capital improvements list ("list").

Referring to the list of proposed bond projects, Councilor Darnell stated that he would consider removing the city limits entry monuments, MOC parking lot, Piñon Hills Boulevard medians, Animas River pedestrian bridges, airport banquet/meeting room and facilities energy efficiency study from the list and requested that additional information on these projects be provided prior to the Council making a decision.

Following further discussion, Councilor Fischer stated that she believes that the animal shelter, storm water system and the replacement of Fire Station #1 are the only projects that should be funded with bond

proceeds. She reiterated her belief that construction of a gas-fired power plant would create a new revenue source and contended that the proposed \$3.5 million for the construction of a new animal shelter is inadequate.

In response to inquiry from Councilor Fischer, Mr. Mayes stated that the MOC parking lot project is for resurfacing of the existing parking lot.

Responding to comments from Mayor Roberts, Councilor Fischer stated that she is not convinced that the City should bond projects in the current economy and announced that she would like to see what projects would fit within a gross receipts tax referendum. She also stated that she would like additional information on the proposed Civic Center exhibit hall remodel project and the proposed computer modules for Planning & Engineering and Building Permits before making a decision.

Councilor Sandel expressed concern with designating \$500,000 for MRA investment without having a plan for the money and with spending all of the cash in the 408 Fund, noting that the 408 Fund was created to "sweep" money from the 101 Fund to be used for emergencies. In addition, he questioned whether federal or state funding is available for purchasing the fire equipment/inventory building for Fire Station 3, the replacement of fire engine #5 and the purchase of a building for fire PPE clothing at Station 5. He also requested an update on the status of the fiber and median plans; suggested that the Electric Utility pay for the facilities energy efficiency study; contended that the IT analysis/strategic plan should be budgeted; and suggested that the proposed \$2.5 million for the Farmington Museum Expansion-Phase 2 be used for essential infrastructure projects (e.g. widening Foothills Drive). In closing, he encouraged the Council to use bonding capacity for "big ticket" items only.

In response to inquiries from Councilor McCulloch concerning the proposed MRA improvements, Mayor Roberts explained that the "MRA gateway features" would be placed at the boundaries of the MRA and that the city limits entry monuments would be placed at the outskirts of the city limits. He explained that if the proposed \$500,000 is appropriated for MRA investments, the MRA Commission would be required to make recommendations to the Council on how the money is spent.

In response to inquiry from Councilor Sandel, City Attorney Jay Burnham stated that there is an economic development exception to the anti-donation clause allowing the City to make the MRA investment.

Councilor McCulloch questioned the Information Technology projects, traffic signals, medians, pedestrian bridges and facilities energy efficiency study as capital projects. In addition, she suggested that the Council consider requesting that median maintenance be paid by the parties who originally funded the median.

Staff responded to inquiries from Mayor Roberts regarding the unfunded Indian Center Market Place and the Senior Center Annex Phase 2 projects. Following brief discussion, Mayor Roberts expressed a desire to fund the Indian Center Market Place.

Following further discussion, Mayor Roberts suggested that the Capital Projects and Infrastructure Investment Plan be scheduled for further discussion and direction at the January 17, 2012 Work Session. There were no objections from the Council.

REAPPOINTMENTS TO THE AIRPORT ADVISORY COMMISSION

Mayor Roberts asked the Council's consideration of the reappointments of Richard Neely and Tony Bennett (terms to December 2014) and the reappointment of John Arrington (term to December 2013) as members of the Airport Advisory Commission and the reappointment of Wayne Mangum (term to December 2013) as an alternate member of the Airport Advisory Commission.

Motion made by Councilor Darnell, seconded by Councilor McCulloch to confirm the reappointments of Richard Neely, Tony Bennett and John Arrington as members of the Airport Advisory Commission and the reappointment of Wayne Mangum as an alternate member of the Airport Advisory Commission, as recommended by the Mayor, and upon voice vote the motion carried unanimously.

There being no further business to come before the Council, the meeting was adjourned at 12:09 p.m.

APPROVED this 24th day of January, 2012.

Tommy Roberts, Mayor

SEAL

ATTEST:

Dianne Fuhrman, City Clerk