

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, April 19, 2011 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

RESOLUTION NO. 2011-1386/NAVAJO INDIAN IRRIGATION PROJECT

Providing opening remarks, City Attorney Jay Burnham explained that the proposed resolution was drafted at the request of the Mayor in response to a letter from Navajo Agricultural Products Industry ("NAPI") asking the Council to support the completion of the Navajo Indian Irrigation Project ("NIIP") and to urge the Federal Government to restore funding for the project to an amount sufficient for its completion.

Mayor Roberts introduced Tsosie Lewis, Chief Executive Officer for NAPI. Mr. Lewis reviewed the current financial status of NAPI and the economic benefits that it provides to the Farmington community through employment opportunities and economic diversity. He asked the Council to adopt Resolution No. 2011-1386 to afford NAPI the opportunity to fully develop the 110,630 acres of land that was authorized by Congress in 1962. Furthermore, he stated that NAPI is considering the expansion of its feed yard, the construction of a milling plant, the planting of additional corn and/or wheat, and the exporting of products to Mexico or Japan as a means for increasing its business activities.

In response to inquiry from Councilor McCulloch and Mayor Roberts, Mr. Lewis reported that five percent of NAPI's land is leased and confirmed that railroad transportation would be beneficial to its operations due to the rising costs of diesel.

Councilor Fischer stated that she cannot support the proposed resolution because no one at the State can tell her how much water is available for San Juan County. She also questioned whether that the high amounts of nitrates being used by NAPI and the feedlots are contributing to the contamination of the San Juan River. Furthermore, Councilor Fischer reported that hundreds of diseased or starved animals are picked up during sweeps at the NAPI housing project and suggested that NAPI work to figure out a better animal welfare program. Lastly, Councilor Fischer asked if NAPI has ever considered growing corn for an ethanol plant. In response, Mr. Lewis stated that they have considered it but determined that they cannot grow enough corn to support such an operation. Furthermore, he stated that an ethanol plant would require a railroad system since they produce large amounts of byproducts.

There being no further discussion, a motion was made by Councilor Darnell, seconded by Councilor Sandel to adopt Resolution No. 2011-1386 as presented. The roll was called with the following result:

Those voting aye:	Dan Darnell Gayla McCulloch Jason Sandel
Those voting nay:	Mary M. Fischer

The presiding officer thereupon declared that three Councilors having voted in favor thereof, the said motion was carried.

SEWER/WATER LINE WARRANTY SERVICE

Assistant City Manager Bob Campbell explained that at the suggestion of Councilor Darnell staff has researched and is now recommending that a request for proposals be issued for the operation of a sewer and water line warranty program. He explained that homeowners would have the option of paying approximately \$5 per month for each water and/or sewer line and if a break occurs between the house and the meter/tap, the cost to repair the services would be covered through the warranty.

Discussion followed concerning the City's role and the options for offering the program. Purchasing Officer Eddie Smylie cautioned the Council about authorizing a request for proposals whereby the City is not a party to the program.

In response to inquiry from Councilor Fischer, Mr. Campbell stated that he has not heard of any downsides to the program and noted that it has the potential of generating about \$125,000 per year in revenue if the City administers the program.

Councilor Darnell stated that he is a proponent of the program because he experienced a situation on a rental property whereby the waterline broke and he was left with a hefty repair bill.

Councilor Fischer voiced hesitation with implementing the program, contending that it appears to be "too good to be true."

Councilor Sandel stated that he believes that the City should be offering the service instead of contracting with an outside provider.

Following further discussion, a majority of the Council indicated that they are not supportive of the program at the present time without further information being provided.

COUNCIL BUSINESS

Potential Infestation of Invasive Mussels at Farmington Lake

Councilor Fischer reiterated her concern about the possibility of the City's water supply being hindered by the use of boats in Farmington Lake that are contaminated with invasive mussels. She strongly urged staff to develop a contingency plan in the event of an infestation and suggested that a ban on the use of boats in Farmington Lake be considered. In response, City Manager Rob Mayes announced that staff will be attending a community meeting sponsored by the New Mexico State Parks Department later this week to obtain additional information.

Community Input Meeting

Mayor Roberts reminded staff and the audience members that the second community input meeting to discuss the FY 2012 proposed budget will be held on Thursday, April 21, 2011 from 7:00 p.m. to 8:30 p.m. at the Farmington Public Library.

General Fund Cash Reserve Policy

Administrative Services Director Andy Mason asked that he be given an opportunity to further explain the comments that he made at the April 12, 2011 regular City Council meeting concerning the recently-adopted General Fund Cash Reserve Policy. He explained that it is his personal opinion that the General Fund cash reserve should be set at 25 percent (or 3 months) of the Fund's current annual expenditure budget. However, he acknowledged that 25 percent is not practical in this economic environment and stated that he believes that 20.8 percent (or 2.5 months) is more fiscally prudent. Furthermore, he noted that the State requires a minimum General Fund cash reserve balance of 8.3 percent (or \$4 million) but stated that staff feels confident that \$10 million (or 2.5 months) is more appropriate and will allow for excess revenue to be transferred to the 408 Fund for use on General Fund capital projects.

Councilor Fischer reiterated her position that the most prudent cash reserve policy should be adopted and stated that she supports a 25 percent cash reserve balance in the General Fund.

Councilor McCulloch explained that she would have been supportive of the 20.8 percent cash reserve balance but agreed to 25 percent because of Mr. Mason's comment. In response to inquiry, Mr. Mason noted that a high cash reserve balance in the General Fund could be construed as hoarding, but assured Councilor McCulloch that it will not affect the City's bond rating.

Councilor Sandel contended that it is more fiscally responsible to maintain a higher cash reserve balance due to the volatility of the local and national economies.

City Attorney Jay Burnham reminded the Council that the General Fund Cash Reserve Policy was adopted by resolution and can be amended at any time at the request of the Council by the adoption of an amending resolution.

FISCAL YEAR 2012 BUDGET HEARING - CAPITAL IMPROVEMENT PLAN

Providing opening remarks, City Manager Rob Mayes explained that the purpose of today's budget hearing is to discuss the Capital Improvement Plan for all departments except for Electric, Water and Sewer which will be discussed tomorrow during the Joint Meeting of the Council and the Public Utility Commission scheduled for 11:00 a.m. at the Municipal Operations Center.

Public Works Director Jeff Smaka reviewed the capital improvement projects being planned for the 201 and 401 Funds. He explained that the primary need is to replace old and worn-out vehicles such as dump trucks and snow plows. In response to inquiry from Councilor Fischer, he explained that construction of the Porter Arroyo detention pond will prevent future flood damage similar to that incurred this past August. Lengthy discussion followed concerning the benefits of having sediment drain into detention ponds versus the installation of erosion control devices. Mr. Smaka noted that a comprehensive hydrological and drainage study is being conducted and should be completed in the summer of 2012.

Councilor Sandel stated that he is concerned that there are no funds being earmarked for roadway improvements at the intersection of Piñon Hills Boulevard and Dustin Avenue or for the installation of flashing lights at park crosswalks. He also questioned the status of the proposed Piñon Hills Boulevard bridge extension project. In response, Mr. Smaka reported that the intersections of Sunset Avenue and 30th Street and Sullivan Avenue and 30th Street have met warrants but explained that the intersection of Piñon Hills Boulevard and 30th Street is a higher priority because it is not being controlled by a four-way stop. Mayor Roberts stated that he would prefer to install all traffic signals at intersections that meet warrants instead of installing only one signal per fiscal year. He also stated that he would like to see more money budgeted for street resurfacing projects.

Parks, Recreation and Cultural Affairs Director Jeff Bowman presented the capital improvement plan for the 202 and 211 Funds. In response to Mayor Roberts, he reported that adequate funding is being budgeted for annual maintenance and general upkeep of the parks but stated that the construction of a new animal shelter facility and improvements to the Civic Center are critical projects that could use additional funding.

Councilor Fischer stated that she would like to see the Electric Utility Fund dividends used to fund one-time capital projects in the General Fund instead of on operating expenses. Referring to comments that were made by Felix Briones at the first Community Input Meeting, she questioned whether the bleachers at Ricketts Park are safe for use. In response, Mr. Mayes reported that staff is working on a proposal to add improvements to the bleachers.

Councilor Sandel questioned the amount of funding that is being set aside each year for roof repairs on City-owned buildings.

In response to inquiry from Councilor Sandel, Mr. Bowman stated that his department has not actively pursued the median improvement program because of the ongoing maintenance costs that are required by the

City. He contended that this program should be restructured to require the sponsors to contribute to the annual maintenance costs.

Councilor Fischer suggested that additional funds be allocated for the Meals on Wheels program. She also suggested that staff not commit to any Community Development Block Grant (CDBG) projects that last longer than one year due to the cutbacks being proposed for the CDBG program.

Mr. Mayes addressed the Council with regard to the 408 Fund. He stated that there is approximately \$402,000 available for General Fund capital projects and stated that the Fire Department is requesting \$150,000 for construction of a warehouse.

Airport Manager Ben Trujillo responded to questions from the Council concerning the 409 Fund. He assured Councilor Sandel that he is aggressively seeking funds to extend the runways in an effort to secure jet service at the Four Corners Regional Airport. Councilor Sandel announced that he recently hired a private airport consultant to determine the feasibility of securing jet service from Farmington to either Dallas or Houston. He stated that he will make the findings of the report available to the Mayor and Council.

In response to inquiry from Councilor Fischer, Mr. Trujillo reported that he is seeking alternative funding sources for the construction of hangars but stated that it would be helpful if additional funds were allocated.

In closing, Mr. Mayes reported that Waste Management will be making a presentation to the Council asking that they be allowed to construct the new recycling center instead of the City.

There being no further business to come before the Council, the meeting was adjourned at 11:57 a.m.

APPROVED this 10th day of May, 2011.

Tommy Roberts, Mayor

SEAL

ATTEST:

Dianne Fuhrman, City Clerk