

Work Session of the City Council, City of Farmington, New Mexico, held Tuesday, November 15, 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 Jason Sandel

PRESENT ONLY FOR A  
PORTION OF THE MEETING  
BY TELEPHONE PURSUANT  
TO RESOLUTION NO. 94-772      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
CITY CLERK	Dianne Fuhrman
DEPUTY CITY CLERK	Melody Coyner

A moment of silence was observed in memory of Electric Utility New Service Representative Margie Boyd who passed away on November 13, 2011 following a lengthy battle with cancer.

RECOGNITION OF THE PURCHASING DIVISION FOR RECEIVING THE  
DISTINGUISHED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT AWARD BY  
THE NATIONAL PURCHASING INSTITUTE

Mayor Roberts proudly announced that the Purchasing Division has received the 2011 Achievement of Excellence in Procurement Award from the National Purchasing Institute for four consecutive years, noting that the City of Farmington is one of 57 cities nationally and one of only two governmental agencies in New Mexico to receive the award. Administrative Services Director Andy Mason proudly introduced Purchasing Officer Eddie Smylie, Purchasing Supervisor Kristi Benson, Contracts Administrator Bill Harrell, Administrative Aide DeAmber Montoya, Buyers I Sharron Dunn and Denise Gibson and Buyers II Polly Waresback, Rosalyn Potter and Jennifer Rowland. Mr. Smylie commended the Purchasing staff for their expertise in procurement and the Mayor and Council expressed their appreciation to the Purchasing Division for their efforts on behalf of the City.

The Mayor announced that Councilor McCulloch is absent from this meeting and directed that she be contacted by speaker telephone for participation in the meeting, pursuant to paragraph C, Section 10-15-1, NMSA 1978, and City of Farmington Resolution No. 94-772.

MAJOR THOROUGHFARE PLAN

Community Development Director Mary Holton introduced Associate Planner Fran Fillerup. Providing brief opening remarks, Mr. Fillerup stated that staff is presenting the City's Major Thoroughfare Plan ("MTP") for discussion and direction prior to staff beginning the MTP amendment process.

In response to inquiry from Councilor Fischer, Ms. Holton explained that the MTP is a long-range planning device that is used to anticipate the City's transportation needs for up to 35 years. She stated that its purpose is to identify the rights-of-way needed for future streets and roadway improvements and pointed out that developers usually pay the costs associated with roadway construction. Following brief discussion, Councilor Fischer suggested that staff develop a schedule that prioritizes the construction of roadway projects.

Councilor Sandel pointed out that the MTP does not reflect previous amendments approved by the Council, such as the connection of English Road to Hill N' Dale and Crestwood Drive in an effort to provide as many east/west connections as possible. He expressed concern with the Foothills Drive classification (minor arterial south of Lakewood Drive and collector north of Lakewood Drive) and its ultimate build-out design, contending that neighborhood involvement is crucial when making decisions that impact the area. He questioned how the proposed northern route will impact the north Foothills area, the impact of traffic near the City's water supply at Farmington Lake and the ultimate use of Farmington Lake. In closing, he expressed a desire for the MTP to adequately address recommendations of the Metropolitan Redevelopment Agency for traffic in the Metropolitan Redevelopment Area ("MRA") and for planning organizations to work together to provide consistency in planning traffic flow.

In response to inquiry from Mayor Roberts, Councilor Sandel stated that he has concerns with the break in English Road north of Red Rock Drive and the impact that the development of the Johnson Subdivision will have on English Road.

Mayor Roberts reminded the Council that the Metropolitan Planning Organization ("MPO") presented to the Council the proposed amendments to the regional MTP at the October 25, 2011 regular City Council meeting and that the Council approved the revisions with the exception of the removal of Glade Road and with a recommendation to the MPO Policy Committee that Glade Road be put back on the MPO MTP as a proposed collector. Noting that the Glade Recreation Area ("Glade") user groups oppose classifying Glade Road as a proposed collector, he stated that staff has suggested a compromise that would show Glade Road as an unpaved proposed collector and suggested adding a map notation that it is unpaved and is anticipated to remain unpaved until such time as the use of the road/area dictates a change.

Councilor Darnell stated that he is not opposed to designating Glade Road as a collector at some point in the future, but argued that its purpose is to provide access to a recreational area and does not fit the classification of collector. In response, Mr. Fillerup explained that a collector is intended to carry a certain volume of traffic and pointed out that Glade Road collects the traffic for all the uses that occur in the Glade and, therefore, qualifies for collector status.

Following brief discussion, Councilor Sandel expressed an interest in finding out the number of wells accessed from Glade Road and the resulting traffic impact.

Councilor McCulloch agreed with Mayor Roberts' suggestion to include a map notation regarding the unpaved status of the road.

Discussion followed concerning notification of affected residents regarding the proposed northern route tying into Foothills Drive, the MPO change of classification of Foothills Drive from collector to minor arterial and proposed changes to English Road.

At the February 26, 2008 regular City Council meeting, Councilor Sandel stated that he remembers discussing the provision contained within the recommendation from Planning and Zoning Commission that, "if the proposed subdivision north of Crestwood Estates (formerly known as Johnson Subdivision) is constructed before Lakewood Drive, Hood Mesa Trail and College Boulevard (as proposed in the study), that English Drive within the subdivision shall be constructed as two discontinuous segments, north and south of Hood Arroyo. Following construction of the three aforementioned road segments, the City should periodically review the advisability of constructing the through connection on English Drive across Hood Arroyo." He noted, however, that the minutes of that meeting do not reflect the discussion. In response, Mr. Fillerup suggested that a note be added to the MTP regarding the 2008 MTP conditions of approval that were "lost". Mayor Roberts stated that with his reading of the documents and minutes, it appears that there was a condition attached that if the Johnson Subdivision was constructed before the three road improvements, then English Road would be shown in two discontinuous segments. He noted that the three road improvements were constructed before the subdivision, which implies that English Road is intended to be continuous. Councilor Darnell agreed with the Mayor's interpretation of the condition related to English Road and the Johnson Subdivision and

stated that any confusion should be resolved prior to the development of the Johnson Subdivision. Following brief discussion, Ms. Holton agreed to contact the developer/engineer to notify them of the issue with English Road and the proposed subdivision.

Following further discussion, Ms. Holton stated that notice of public meetings pertaining to proposed amendments to the MTP will be placed in the *Daily Times* and posted to the City's website. Councilor Darnell suggested that there be additional public meetings advertised on available media sources to allow all interested parties to attend. Expressing concern with providing specific notification to some areas and not to others, Mayor Roberts suggested that staff make a broad effort to publish notice to all impacted areas in northeast Farmington and that Councilor Sandel make whatever efforts he deems necessary to provide additional notification. There were no objections from the Council.

Councilor Fischer recommended that staff be prepared to tell the people attending the meetings how the amendments to the MTP will impact them and how projects will be funded. Following brief discussion, Mayor Roberts stated that if a roadway is expanded for the benefit of the connectivity and disbursement of traffic within the city limits, it is his belief that the City should pay for the improvements.

In response to inquiry from City Manager Rob Mayes, City Attorney Jay Burnham stated that a paving district can only be used to fund improvements that will increase the value of property and noted that, to his knowledge, the City has only used paving districts where properties fronted on unpaved streets. Councilor Fischer suggested that staff research the option of paving districts.

PROPOSED ORDINANCE DEALING WITH APPOINTMENT OF THE CITY CLERK

City Attorney Jay Burnham introduced a proposed ordinance amending Section 2-3-96 of the City Code dealing with appointment of the city clerk. He requested permission to proceed with publication of a Notice of Intent to Consider said ordinance.

Following brief discussion, a motion was made by Councilor Darnell, seconded by Councilor Sandel to direct the City Attorney to publish notice of intent to consider adoption of a proposed ordinance in accordance with State Statutes. The roll was called with the following result:

Those voting aye:	Dan Darnell Mary M. Fischer Gayla McCulloch Jason Sandel
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Those voting nay:	None
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The presiding officer thereupon declared that four Councilors having voted in favor thereof, the said motion carried.

PROPOSED ORDINANCE/NEW MEXICO ENVIRONMENT DEPARTMENT/WASTEWATER CONSTRUCTION LOAN

Mr. Burnham also introduced a proposed ordinance authorizing the City to enter into a loan agreement with the New Mexico Environment Department to obtain wastewater construction loan funds. He noted that the security for the loan is a lien on the wastewater revenues and stated that there may be amendments to the proposed ordinance regarding the seniority of this lien in regard to other liens on wastewater revenues prior to publication. He requested permission to proceed with publication of a Notice of Intent to Consider said ordinance.

In response to inquiries from Councilor Fischer, Public Works Director Jeff Smaka stated that the \$370,000 annual payment on the \$5.5 million loan will be funded by existing revenues from the wastewater system. However, he noted that wastewater base rates were not changed when the City amended the water and wastewater rate structure in 2006 and stated that it will be necessary to review the wastewater base rates at some point in the future.

Following brief discussion, Councilor Fischer requested an economic analysis of an increase in wastewater base rates prior to final action on the proposed ordinance.

Thereupon, a motion was made by Mayor Roberts, seconded by Councilor Sandel to direct the City Attorney to publish notice of intent to consider adoption of a proposed ordinance in accordance with State Statutes. The roll was called with the following result:

Those voting aye:	Dan Darnell Mary M. Fischer Gayla McCulloch Jason Sandel
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Those voting nay:	None
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The presiding officer thereupon declared that four Councilors having voted in favor thereof, the said motion carried.

#### DISCUSSION/CAPITAL PROJECTS/INFRASTRUCTURE INVESTMENT PLAN

Mayor Roberts stated that the purpose of today's discussion is for staff to report on additional capital project funding options, as directed by the Council at the November 1, 2011 Work Session.

City Manager Rob Mayes reminded the Council that the Capital Projects and Infrastructure Investment Plan ("Plan") that was presented consists of four priority tiers, with Tier 1 projects being funded by the current cash balance in the 408 Fund and projects in Tiers 2, 3 and 4 being funded through an extension of the current gross receipts tax ("GRT") bond debt by three, eight and ten years, respectively. He assured the Council that the bond extension would not increase the debt payment of approximately \$1.5 million per year. He noted that the economic and GRT analysis related to potential revenues from annexation of Crouch Mesa prepared by accountant Brandon Jakino was distributed to the Council prior to today's meeting. Directing the Council's attention to the *Plan* workbook, he reviewed the financing options which include 1) funding Tier 1 projects with monies from the 408 Fund; 2) refinancing current revenue bonds; 3) issuing a new revenue bond; 4) issuing a new General Obligation ("GO") bond; 5) issuing a new GRT revenue bond; 6) approving an internal loan from the Electric Utility Fund; and 7) pursuing federal and state funding. He asked the Council to identify the financing options that they support and recommended that Paul Cassidy of RBC Capital Markets be scheduled to provide a full briefing on the current GRT bond debt and the available bond extension options.

Discussion followed concerning a potential conflict of interest for Mr. Cassidy. In response, Mr. Mayes agreed that there could be a conflict of interest if the discussion included the issuance of new bonds, but pointed out that Mr. Cassidy is the City's agent for the current GRT bonds and assured the Council that he will only provide options in regard to those bonds. City Attorney Jay Burnham offered to discuss the conflict of interest issue with Mr. Cassidy.

Following further consideration, it was the consensus of the Council to have Mr. Cassidy address the current GRT bond debt and available bond extension options at the December 6, 2011 Work Session.

Responding to Mayor Roberts regarding the financing option of a new revenue bond issue, Councilor Darnell expressed concern that the payment on a new bond financing could affect the City's ability to maintain its current level of service to the community. Mayor Roberts stated that a key element of this type of financing option is an infusion of revenue that does not currently exist. In response, Councilor Sandel announced that he has several ideas for allowing the City to dedicate one-eighth of one percent from the existing GRT revenue into a dedicated fund for the purpose of bonding, they include 1) halt growth and dedicate GRT revenue; 2) explore the potential for growth through an annexation plan of Crouch Mesa; and 3) dedicate a percentage of the money being transferred to the General Fund from the electric utility dividend.

Discussion followed concerning the annexation of Crouch Mesa.

Mayor Roberts stated that a new revenue bond issue and the "set aside" of a portion of new GRT revenue are the types of financing options that can be used to fund large items, such as the Piñon Hills Bridge/roadway extension or the construction of a new fire station.

Mayor Roberts initiated discussion concerning GO bonds, stating that he does not support this type of financing because it only affects city of Farmington property owners. Following brief discussion, it was the consensus of the Council to remove GO bonds from the list of financing options.

In response to inquiry from Mayor Roberts, Administrative Services Director Andy Mason reported that the City's current bond rating is AA-.

Following further discussion, staff was directed to provide the Council with information on the total indebtedness of the City.

Mayor Roberts pointed out that the Council has not recently shown an interest in incurring new GRT revenue bond debt. However, he stated that, while he would not support imposition of a GRT increase by vote of the Council, at some point in the future the Council could consider a referendum to determine whether to increase the gross receipts tax. Councilor Darnell echoed the Mayor's comments. Councilor Fischer stated that she is opposed to a GRT increase and contended that if one is considered in the future, it should be dedicated to a specific project. Councilor Sandel stated that he opposes a GRT increase and Councilor McCulloch stated that the Council should begin the referendum discussion.

Following further discussion, it was the consensus of the Council to remove new revenue bonds funded by a new GRT tax from the list of financing options.

In response to inquiry from Councilor Darnell regarding an internal loan from the Electric Utility Department, Councilor Fischer explained that she requested an analysis of this option to determine what the payment would be on a \$5 million loan at three percent interest and what, if any, consequence there would be if the loan was not repaid in a timely fashion.

Discussion followed concerning a potential revenue source from the construction of a new gas-fired power plant.

Following further discussion, it was the consensus of the Council to remove an internal loan from the Electric Utility from the list of financing options.

Referring to memoranda contained in the reference materials, Mayor Roberts noted a lack of potential federal and state funding for City projects.

In response to inquiry from Mayor Roberts, Mr. Mayes stated that staff is actively pursuing a Federal Aviation Administration ("FAA") grant for the airport runway extension project.

Councilor Sandel expressed a desire to prioritize the larger projects that the community has identified as a priority (e.g. the Piñon Hills Bridge/roadway extension) rather than looking for projects to spend money on. In addition, he requested a financial analysis on new revenue bonds based on dedicating one-eighth of one percent and a financial review of the electric dividend and suggested that the extension/widening of Foothills Drive to allow for bike paths be added to the list of proposed projects.

Councilor Fischer requested an analysis of the amendments to the regional animal shelter project, including where cost savings have occurred and the pros and cons of the two proposed locations.

#### CANCELLATION OF DECEMBER 27, 2011 REGULAR CITY COUNCIL MEETING

Due to the Christmas holiday, a motion was made by Councilor Darnell, seconded by Councilor Sandel to cancel the December 27, 2011 regular City Council meeting, and upon voice vote the motion carried unanimously.

COUNCIL BUSINESS

Transparency in Government/Posting of Employee Name, Position and Salary on the City's Website

Noting that there is a movement in New Mexico for greater openness and transparency in government, Mayor Roberts proposed that the City post employee names, positions and salaries on the City's website. Following brief discussion, it was the consensus of the Council to direct staff to proceed with this project.

Paul Cassidy Presentation/December 6, 2011 Work Session

In response to inquiry from Councilor Fischer, City Manager Rob Mayes explained that there is no cost to the City if Paul Cassidy is asked to address the Council on the current GRT bond debt and available bond extension options at the December 6, 2011 Work Session.

Employee Travel

Due to the uncertain conditions of the economy, Councilor Fischer suggested that employee travel and training expenses be analyzed to determine the benefit to the City.

The telephone call with Councilor McCulloch was terminated at 11:21 a.m.

There being no further business to come before the Council, the meeting was adjourned at 11:22 a.m.

APPROVED this 13th day of December, 2011.

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Tommy Roberts, Mayor

SEAL

ATTEST:

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Dianne Fuhrman, City Clerk