Capital Improvements Advisory Committee
Minutes for the Meeting on
March 21, 2019
1:30 p.m.
Utilities Center
Conference Room 218

Committee Members Present
William Beerman, Chairman
Jason Lorenz, Vice-Chair
Steve Newby, Committee Member
Mark O'Neill, Committee Member
Eugene Suttmiller, Committee Member
Desirae Arellano, Utilities Office Assistant
Senior, Temp
Paul Brock, Las Cruces Police
Donald Bustos, Economic Development
Specialist
Carl Clark, Utilities RES/TS Administrator
Sonya Delgado, Parks & Recreation
Director
Dr. Jorge A. Garcia, Utilities Director
Cathy Mathews, Parks & Recreation
Landscape Architect
Larry Nichols, Community Development
Jose Provencio, Business Services
Administrator
Alma Ruiz, Officer Manager Senior

Committee Members Absent
N/A

Others:
Becky Baum, RC Creations, LLC

City Staff Present

Chair Beerman called the regular meeting to order at approximately 1:30 p.m. I guess the first thing I should do is welcome our new member, Mr. Newby. He's an architect in town and maybe sir you'd like to say a few words about your background.

Steve Newby said I’ve been an architect here in Las Cruces for about 45 years, at a construction company for about 20 years. Done everything from the aquatic center, to the convention center, to the plaza downtown and also built a lot of buildings as well as subdivisions. I hope I can bring my expertise to the table here, help with everything you do. I think it's a very important thing that just goes totally unknown to most people. Great decisions are made here. Looking forward to it.

1. Conflict of Interest:
Chair Beerman: The first item on the agenda is a question about whether any Member of the Committee or any member of the City staff has any known Conflict of Interest with any item on the agenda?

There were none.

2. Acceptance of the Agenda:
Chair Beerman: The next item is Acceptance of the Agenda.

Lorenz: I move to make a motion to Accepted as is.

Suttmiller: I second.
The Agenda was Accepted Unanimously 5-0.

3. Acceptance of the Minutes:
Chair Beerman: The next item is Acceptance of the Minutes from February 21st.

Suttmiller: I make so motion.

Lorenz: I'll second.

O'Neill: I abstain. I haven't had a chance to read them yet because it didn't come out
      clear when they sent it. I couldn't read it.

Suttmiller: Want to pause until you read it?

O'Neill: No, I don't want to hold up the meeting, but I just won't vote, I'm sure it's
      fine.

Chair Beerman: Four to one.

Ruiz: Chair, no, Mr. Steve Newby abstained.

The Minutes were Approved Unanimously 3-0-2.

4. New Business
   a. Parks & Recreation Impact Fee Update
Chair Beerman: New Business. Parks and Recreation Impact Fee Update by Director Delgado.

Delgado: Good afternoon, Board Chair, Members. I just wanted to let you know that
we have been in speaking with, since the last meeting, with TischlerBise and

      got a lot of their answers. They're still working on updating it, but they will
be her next month along with Halff Associates to give you an update on the

      Parks and Recreation (Rec) Master Plan. We have the Parks and Rec Advisory
Board who are reading the chapters for the Parks and Rec Master Plan. They

      will give you an overview of where they're at, and of course you'll go through
the report for TischlerBise with regards to the Park Impact Fees. I think we've

      got everything they needed, and I just spoke with them yesterday and things
are going to be good. They'll be here next month. Then there will also be a

      Council Work Session in May.

Chair Beerman: Okay. If we're going to be discussing things with them next meeting, I'm

      wondering if we'll need to move back our vote.

Delgado: That'll be up to you. That's why I put on their it'll be both so if you still need

      more information, if you're still not quite sure, you want to wait, we still have
until May. We'll be okay.
Chair Beerman: There were two key issues, I guess. One would be the value of the land used in the formula to calculate the Impact Fee. Has anything been decided on that yet?

Delgado: We've been working with Land Management and we took how much the land would be after the park has been developed and the different types of parks, so we just sent them some information yesterday to make sure that’s what they were thinking. We're both on the same page. I expect to hear from them sometime today.

Chair Beerman: Okay.

Suttmiller: Excuse me, Mr. Chair. They're now saying, they're putting the two things together, the cost of the equipment and installment of the equipment and the cost of the land itself.

Delgado: Right.

Suttmiller: As one thing. It's not going to come up again later and say, "Okay we now also have the cost of equipment."

Delgado: No. That's what they're doing.

Lorenz: That's quite a different methodology from their first approach.

Suttmiller: Yes.

Delgado: Well they're trying to breakdown, so it'll be a little bit easier to digest. They did want to know how much it costs right now when the park is already developed in this particular area, is this going to be different. For example, Metro Verde from downtown, from downtown to the west, so we've given them some different options, all the way around. We've been working with them and we're going to see if that makes a little more sense. I expect to hear from them again and they do some work and then we talk about it and so we're going to continue that process until they come back down in May.

Suttmiller: We might be out till May. I've got some questions on that.

Delgado: They still need, if you still aren't satisfied, if you want some more information, we still have May as well. We're okay.

Chair Beerman: It sounds like they're taking the right approach. I think in the past they just took a number that they got from the City, while this time they're actually calculating.

Delgado: Well what they've done in the past is they give you, what they did was they put every single amenity, right, you have a community park, you have a specialty park, etc., etc. and that's what all those costs are. What I asked them to do is to break it all out. Then you can see it and if you start putting
the menu together you would see how much it would cost for each area. That's what we've been talking about.

Chair Beerman: They won't have an average, they'll have a specific number for each type of park.

Delgado: We're going to see. That's what they're working on now.

Chair Beerman: Then the other issue is the specialty land, specialty parks.

Delgado: Yes, because those specialty parks are slightly different, but they will have costs for those as well, for every single type of park that we have or could have.

Suttmiller: That's much more reasonable I'd say.

O'Neill: They're not using acreage as a thing, the actual acreage. They're using value of acreage only developed parks. They're not including all the other land.

Delgado: No, we took out all the other...

O'Neill: Everything else is taken out.

Delgado: ...Open space, we took that out.

O'Neill: Okay.

Delgado: You can have your open space, for example Butterfield Shooting Range. There's approximately 600 acres out there. We don't develop all 600, we took out the percentage that is developed.

O'Neill: Okay.

Delgado: Then we, but we do have it accounted for, it's just open space total acreage and where it's located. When it came down to the fee, we only took those areas that actually have amenities of some sort or is being utilized by the community.

O'Neill: Okay. I think that's what we were looking for.

Suttmiller: Also, since like I'll take Butterfield Range, that's BLM (Bureau of Land Management) land. It didn't cost us anything. Right?

Delgado: Right.

Suttmiller: It's only the development of the park itself.

Delgado: Correct. Only the piece that are utilizing per program.
Suttmiller: They don't need the work that's been done so it can function as a safe range.

Delgado: Yes.

O'Neill: Thank you.

Chair Beerman: Thank you.

Delgado: You're welcome. I did have one question from Board Member Lorenz I believe.

Lorenz: Yes.

Delgado: Regarding, the question was what percentage of the Park Impact Fees are utilized for a park in a particular area. We don't necessarily have it written in stone, but it's been about, between 65% and 75%, depending on the type of amenities, depending on how large the park is. We do not use 100% of those fees because as you know the Park Impact Fees are in one pot of money and so we do have it by District, so it's available to do things in other parts of our City, for example downtown area. There is no more free land. People aren't building. Everything's been built out, so for us to use Park Impact, they're never going to bring in Park Impact Fees, I shouldn't say never. Right now, they're not going to be able to bring in Park Impact Fees to utilize, so we have to use them from other areas. We don't use 100% of them.

Lorenz: My question really was, I know that sometimes when I buy a lot, I pay the Park Impact Fee to the developer rather than to the City because they had some sort of agreement where those Impact Fees were going to be used in our community for that park. I know that sometimes I've had Impact Fees vary by community because of an agreement between the developer and the City on how they were going to use those Impact Fees, but I know that there are other developments where there is no agreement between the City and the developer on how those Impact Fees are going to be used. I was curious really from not so much, let me see if I can clarify the question to make sure I'm asking it in a way that makes sense. Of the fees that we collect, there are some that are under agreement with the developer and there are some that are not under agreement with the developer, and is that the 65% ratio that you're talking about? Sixty-five percent staying in agreement with the developer? I figured it would be much, much less than that.

Delgado: Okay. First let me say that from here on moving forward all agreements will go to Council for approval. Okay.

Lorenz: Okay.

Delgado: With that being said, there have been agreements that were made with developers many, many, many years ago, well before us that they didn't collect fees. They only collect a portion of the fees. People who were buying
homes paid the developer for a certain portion and they had a lot less than what you would pay, for example if it was $2,600.00 maybe they only paid $800.00, what have you. A lot of those things have happened. I have been running into them a lot lately trying to build parks and I've had individuals coming forward, "We need a park in these areas." Upon digging and doing some research we found these things to be true.

I have spoken with my supervisor who is David Dollahon, who is the Assistant City Manager for Operations, and we are bringing all agreements forward with developers with regards to homes and Park Impact Fees to City Council. If those agreements are made that we have them in writing and the Council agrees to it and then what does that mean. When will the park be built? How will it be built? Where will the funds come from? Etcetera, etcetera. I can't answer to how the agreements were done before, why they picked the number they did, and what type of percentage if any was used, but I can tell you moving forward that all those things will be answered, and they will be taken to Council for final. They will definitely have to decide whether or not they want to do it or not. I'm sorry I can't give any more information than that, but that's exactly where we're at.

Lorenz: No, that's okay. It doesn't seem like it was really governed very well. I think you would agree.

O'Neill: Mr. Chair. There were deals made with the developers so that the discount applied to all the homes in development, or was it certain individuals that were given that rate deduction on the Impact Fee?

Delgado: I have a couple I've been working with and that particular subdivision.

O'Neill: The whole subdivision.

Delgado: From what I understand. Again, I don't know. I don't have the particulars. I don't have it in writing. Like I said moving forward all those things will be in writing.

Suttmiller: I understand that, but what confuses me is the City collects the Impact Fees, right, so you are getting those regardless of the deals. Because the deal is between you and the developer giving the developer or letting the developer use the funds to go but the funds were collected, were they not?

Delgado: In some cases, the deal that was made they did not pay Impact Fees when they came to pull permits for homes. Why? I can't answer that.

Suttmiller: Who was supervising that, because Impact Fees are?

Delgado: That was way before me. Some of those were a long, long time ago.

Suttmiller: I'm just curious how they got away with it.
Chair Beerman: As part of the City's annual audit or in a special audit. Has there been an audit of this or is there one going on now?

Delgado: I know the City went through an audit. I don't know all the findings of that, but they do look at everything.

Chair Beerman: Sounds kind of helter-skelter.

Suttmiller: Depends on the audit. They file down instead of going all the way across things where they've got something to make them suspicious.

O'Neill: I can only assume they were giving incentives to developers to come and develop. That's the only thing I can think of.

Delgado: I have no idea. I'm sorry I can't answer.

Suttmiller: No, and I'm not, believe me I'm not attacking you in any way. You're the one that came in and found it. You don't kill the messenger. I'm just astounded that it was allowed to go on. It's done. It's corrected. That's my major.

Lorenz: In my experience it wasn't discounts, it was just a matter of where it was paid and where it was spent. I've never seen the discount. I did however collect together some information to share with you guys and I brought an extra copy for our new member here. I brought one for you too Sonya or for anybody else who might want one. What I did here was I tried to recreate TischlerBise's math. There were a few little, I think it came out to rounding, that made some small adjustments, but I was able to recreate their math from their methodology in their report. You'll find that on the first page. This is essentially the same thing that they found. Using $130,680.00 as the value of any vacant acre that might be used for parkland.

On the second page you'll find what I feel to be the true cost of the parkland because neighborhood parkland, community parkland, athletic facility land and special facility land has all been given to the City. They haven't paid a dime for any of that, let alone $130,000.00. Although, recreation center land tends to come later, not usually with development. You'll find on the last few pages an appraiser's recent report from February 2018 when tasked to appraise 323.3 acres on Sonoma Ranch Boulevard. In fact, Sonoma Ranch Boulevard goes through the middle of this parcel that was appraised. They gave the vacant land, if it had no improvements, as if Sonoma Ranch Boulevard didn't run through it, a value of $2.3 million for 300 acres. Considering it does have utilities and a main thoroughfare running right through the middle of it, they increased the value of that land by $4 million because of the improvements and gave it a value of basically $6.4 million.

When you do the math on that it comes out to about $19,900-something per acre. I just rounded that to $20,000.00 to say it's pretty valuable land being right on Sonoma Ranch Boulevard, it has Sonoma Ranch Boulevard running
through it. It has main arterial utilities running right through it. I think it would be a good example of vacant land in Las Cruces. I've also included the executive summary from that report. I used that report as my basis for the $20,000.00 value of land.

If you flip to your third page, this uses all of TischlerBise's math with the exception of correcting the land value. Now I don't believe that the dam open space, the dam wetlands and the Butterfield shooting range, I mean those were basically just all of a sudden called parks a year or two ago, where two years ago they weren't. It didn't cost the City a dime. They just all of a sudden now this is part of Parks and Rec. I excluded those areas from this report. The math comes out to say that fee for per person should be $951.00, if you use TischlerBise's math of 2.45 occupants per single-family dwelling and 1.84 occupants per multifamily dwelling. It suggests a fee of $2,330.00 for a single-family or $1,750.00 for multifamily. If you use the actual value of the land or the actual cost of the land which we didn't pay for those, it reduces those fees a little bit more. All of those come out less than what is currently being charged right now.

O'Neill: Much less than the proposed increase.

Lorenz: That is TischlerBise's proposal.

Chair Beerman: I'm still not clear myself and I certainly asked this of TischlerBise and maybe you know from your discussions with them, but it doesn't seem to make sense to me to be basing calculations on the value of raw land because we're talking about the need to provide parks and recreation facilities for the 9,000 people that are expected to come in here and they're not going to be getting raw land. It just occurred to me, and again I'm not sure that I'm right on any of this, but I just have questions.

It occurred to me that the City wrote a check to Metro Verde I believe and I'm not exactly sure about this either, but it's my understanding they wrote a check for $1.4 million for the Metro Verde parks. From what I can see in the TischlerBise report, and again I'm just wondering about this, it looks like those parks total six acres. I could be way off, I could be forgetting some big park, but if those parks total six acres and the City paid $1.4 million, or gave the developer $1.4 million for those six acres, that's a value of $233,000.00 an acre, it's almost twice what TischlerBise was using. I'm sure that people here with more experience in the industry or the City officials they could find out what's wrong with my thinking, but that is what I'm thinking now. Just again to reiterate it doesn't make sense to use raw land when you're trying to figure out how much parks and recreation infrastructure you're going to have to provide for new residents because you're not getting empty parcels of land.

Lorenz: Well I can explain that too. That's what park improvements are called. Park improvements, they separated that from the parkland and that's why they're
using raw land. These first four-line items are just the land. The later line items are describing the improvements. Park improvement is the grass, the utilities, the water fountain, the playground, whatever it is that they've done for it. That $1.4 million you're describing was park improvements. The land was just donated.

Chair Beerman: All right. That could be the answer, but we also need to look at what they're showing as park improvements in the same context of $1.4 million for six acres.

Suttmiller: I'm looking at that park improvement as $29,192.00, and when I was a principal and we built my school the playground cost just short of $100,000.00 just for the equipment. You're not getting, there's something missing here. I'm not sure what a park improvement is but I know if you put a playground in, you're looking at major money.

Delgado: Right. I was going to ask what that $30,000.00 was. Is that per facility?

Lorenz: If you go their report on page 20 and 21, so they took all of the park improvements that exist on all of the parks throughout the City and they totaled up the unit costs and they counted the number of units. Now granted, their use of the word "unit" is varied widely. Everything from an archery target could be a unit, a bandstand could be a unit, a softball field could be a unit. A unit is a very vague term. What they did is they totaled up the costs of all of these things and the number of units and so that $29,000.00 that they've provided, because that's their number, not mine. That is the average cost of a unit of park improvements. They total 1,420 total units for a value of $41.452 million and they just divide. That division is where the $29,000.00 came from. I'm not sure I would agree with their methodology, but I didn't want to challenge their methodology. I used all of their methodology, I just corrected the land value.

Suttmiller: I want you to know I deeply appreciate the work you did on this. I really do. It made it understandable. Like I said from my experience though, if you put a playground in, you're cutting it close to $100,000.00 for it.

Delgado: That is our experience as well. We can't replace playground equipment without spending at least $75,000.00. That's per unit. I am going to talk to TischlerBise because I don't think that's the definition for park improvement, but I'm going to talk to them about that, what that means exactly because equipment alone, we spend several hundred-thousand dollars on equipment that's on playable equipment, be that the play structure as you stated plus you have the anti-fall protection on the bottom.

Suttmiller: Then you put the safety surfaces and everything in there.

Delgado: Correct. That alone is about anywhere between, it's starts at $75,000.00 and goes all the way up. That's by age group.
Suttmiller: Pretty soon you're talking about real money.

Delgado: I will find out and I will send that question so that we are prepared to answer it. I'll also send them this as well.

Chair Beerman: I think the precise question is did the City pay $1.4 million for six acres of parks? How does that reconcile with the numbers that TischlerBise, which is $233,000.00 per acre?

Delgado: Well the other thing to remember about that is that number was negotiated with the developer.

Chair Beerman: Well theoretically that would be a good baseline, fair negotiations would be a good basis.

Suttmiller: That would be the cost of the finished parks, right?

Delgado: For that finished, that particular piece of land.

Suttmiller: We wouldn't pay until they were all finished.

Delgado: We don't pay for the land. That's part of the negotiation. If we want to put a park in, usually the developer will give us whatever's leftover. We don't get to pick that land. Usually it's not, you're not able to build anything on it so that's usually what we get. We also sometimes have to get the piece of land that also doubles up as a ponding area or something to that effect, which makes it difficult for maintenance and for other programming to happen on those particular pieces of land.

When in particular with Metro Verde, what they got paid and what they put down was all a negotiation with them. Usually they come to us and tell us "This is what we're going to put down and this is how much we're going to spend, and this is how much you're going to give us back." That's how that conversation begins. We're trying to change that. We're trying to get out in front so that we can pick the land that we want to have and have developer work with us and around us if we put it in the middle so there's more walkability and connectivity, but that is still down the road. That is totally different thought process and philosophy that we've been dealing with in the last 15, 20 years. It's going to take some time, but that would be our end goal is if we want to create connectivity, then we're going to have to start doing that here in the very near future.

Chair Beerman: I just have one more question and that's I'm wondering, I've heard it said many times that the Impact Fee is paid when the builder gets his permit. Now it sounds like that's not really what's been happening.

Delgado: Well that didn't happen 20 years ago in some instances. It does happen now.
Chair Beerman: It does happen now? Okay well that's good then. I thought, I had the impression that that's not.

Delgado: No, I'm dealing with subdivisions that were built 20, 30 years ago and now individuals are wanting a park there and I'm having to go back and trying to figure out what Park Impact Fees were collected so I know what I'm dealing with. That is when I found out that either no Park Impact Fees were collected for whatever reason, partial Impact Fees were collected for whatever reason, or other deals were made, that's what I'm speaking to, but that was 20, 30 years ago. We're dealing with those now. As of right now we are collecting Park Impact Fees. Case in point, Metro Verde. That's been the one area that's been growing the fastest and so we have collected Park Impact Fees and those Park Impact Fees have been used to develop those parks and create new levels of service throughout the community.

Chair Beerman: I think I misunderstood Jason then when you said that you were somehow...

Lorenz: Well what she's referring to are those old, old developments. It's not often I build in one of those really old developments, but from time to time that happens, and when that happens the Impact Fees get weird sometimes. Anything that's been developed in the last decade it's just $2,600.00 every time I go to the permit desk.

Newby: Sonya, going forward then is there a mechanism piece in place to make sure that the appropriate fees are paid?

Delgado: Yes.

Suttmiller: Thank you.

Delgado: You're welcome.

Chair Beerman: Thank you.

Lorenz: Thank you, Sonya.

5. **Old Business**
   a. **Utilities Current Projects Update**

Chair Beerman: Next on the agenda is Utilities Current Projects Update by Mr. Clark.

Clark: Thank you Chairman, Committee Members. Those of you that don't know me, I'm Carl Clark. I'm the Regulatory Environmental Services and Technical Support Section Administrator for Las Cruces Utilities. Probably 98% of the construction projects come through me for Utilities – they all come through my section unless they're done by the operations side, but I participate in that as well with engineering.
One thing I wanted to state, and we already know this, you'll see on some of these projects, on the gas projects in particular it shows Gas Development, there are no Impact Fees collected for gas lines. I just wanted to make that clear. This presentation that I have for you is the construction projects that we have either ongoing or we just recently completed. I just wanted to let you know that.

The first project I have for you is the Talavera 8-inch Steel High-Pressure Gas Distribution Extension and Low-Pressure Distribution Network Phase II. This is a multiphase project that we took on. Talavera area is part of our gas service area, that's why we're outside the city limits doing the gas line extensions. Phase I of that project was Soledad Canyon Road where we installed a 4-inch low-pressure gas line ahead of the County road widening project that's going on out there right now. Phase II of that project is the high-pressure gas line and approximately 5,000 lineal feet of low-pressure gas line that's going to be installed in Dripping Springs Road. That project is underway right now.

Then we have the final Phase III, which is like breaking into two phases, two pieces which is Phase IIIA and Phase IIIB. That's in Talavera itself and we're really, to understand it the northern portion, north of Soledad Canyon Road is Phase IIIA and south of Soledad Canyon Road is Phase IIIB. Phase IIIA will be letting here, I'm hoping in the next month and then Phase IIIB, which is the final phase will let in the new fiscal year for us. We have approximately $1.1 million in gas development and $2.4 million slated for that project with our 2015A Bonds we're moving on.

If you all have any questions go ahead and ask, I can stop at each one and talk about it. I did put some detail on that Talavera, there's approximately 35 miles of low-pressure gas line that we're going to be installing in the Talavera area.

Chair Beerman: That's $3.5 million for gas pipelines and is that for the purpose of facilitating development or is it serving existing.

Clark: I'd say about 80% of the lots maybe are developed out there. There has been a lot of interest in City gas out there, a lot of the residents out there are on propane. It is our service area. We had polled that area to see who was interested in gas and we had I think it was around 50% of the people there were interested in the gas, so we decided we were going to go ahead and serve that area. It was either that or hand it over to Zia Natural Gas and let them go ahead and serve that area. We moved on our service area. It was part of the agreement we had when Zia bought out...

Chair Beerman: It's 80% for existing already developed.

Clark: Yes, it's pretty well developed. There are still lots that can still be subdivided in certain areas and then we'll take advantage of that as well. It shows 960
parcels out there and we had about half of them respond to us and we had a large interest in natural gas.

Lorenz: You're going to have a bunch of very happy residents.

Clark: Yes, and it's kind of a mixed bag. I am getting calls right now "When will you be here? My new house is going in." Then I have other residents that ask me "How do I get my house retrofitted?" Well you have to call a plumber for that. We had quite a bit of interest in it and that's why we moved forward that project.

The next project is the Vista de la Luna/Vista de la Montaña, Pine Subdivision Water Service and Pavement Patch Replacement. We had approximately $1.5 million in bonds in what we call our Water Rehab and Rates Funds. This project was specifically to repair failed patches. These three subdivisions we've had quite a few issues with water service leaks. That's in the old poly tubing that was installed with the developers. That was at one time our standards, we allowed polyethylene tubing. We have since changed our standards to PEX, which is a cross-link poly tubing which is more resilient, but we're still dealing with some of these issues with water leaks. Our staff went out and repaired the leaks, unfortunately the patches they left behind settled and don't meet our current City standards. This project was specifically to go back and repair those patches that have settled, and then replace the remaining service lines that we had in those specific subdivisions, that way we can make sure that when we get out of there we don't have to go back and see those service lines again. It's a permanent fix. After this we'll be funding micro surfacing that will take place in those subdivisions because we have a series of patches just all over the street, so we want a nice homogeneous end product when we get finished.

Lorenz: Was that all polybutylene from the '80s?

Clark: Polyethylene.

Lorenz: It was polyethylene.

Clark: Polyethylene. Yes, we did away with copper many years back due to environmental rules and regulations for copper lead. That's why we switched over to polyethylene. Since then the market has advanced and cross-linking has come about and just way better product. It's the next best thing to copper.

O'Neil: When was that new order put in to use this new product?

Clark: This new PEX is a recent change to the standards. Any new subdivisions we ask the developer to utilize PEX tubing and any of our work that we go back and do is PEX tubing and it contracts.
O'Neill: It's real current.

Clark: Yes.

O'Neill: Over the last year or so.

Clark: Yes. Probably within the last year. I would say it's been about a year, a full year.

Chair Beerman: Is this the development that was only 10 years old or so and has?

Clark: Vista de la Luna/Vista de la Montaña were built in, I think, 2006.

Chair Beerman: Is it failure of relatively new water supply system?

Clark: Yes. 2006, there was that construction boom that was going on, still going on in those areas. Development was happening fast and everybody, there were a lot of spin off companies that were doing land development and construction. This is some of the issues that are coming about now because of that.

Lorenz: Except the Pines. The Pines, that's from the '80s.

Clark: The Pines is an older one. Pines Subdivision is off of I believe Del Rey and there are several phases to the pines. This is the older, I believe one of the older subdivision portions of The Pines.

Lorenz: I'm going to guess mid '80s.

Clark: I would probably say that's about right. It had at least 50% failure rate, I would say also due to some of the age of the service line, so we threw that one into our project, but the newer subdivision is like Visa de la Luna/Vista de la Montana, that one had a 50% failure for a fairly new subdivision.

Chair Beerman: How much is a $1.5 million is Visa de la Luna and Vista de la Montana?

Clark: It'll be two-thirds of that, because they're relatively almost the same size.

Chair Beerman: It's a million dollars that the City is paying to correct bad construction.

Clark: Bad construction and then also could be a materials issue.

The next project I have is a new project that it's barely started. It's in the construction phase, the Airport Booster Station Improvements Project. Basically, you can see the Airport Booster Station that we have in the slide there. It's an existing building. We used to use it many, many years ago. We had different I guess hydraulic arrangement. We're going back to that similar hydraulic arrangement, but that booster station will mimic our elevated tank
there. We need to get into that tank and do some rehab and without a booster station we can't provide that or sustain that pressure that we need in that area. This booster station will help us with that effort and then we can get into that tank do an inspection and if needed we'll do some kind of rehab to that tank.

The Portland Drive Water Quality Project is just like it sounds. It's approximately $102,000.00. That project is almost complete. It's paid for with rates and our water rehab funds. Basically, on Portland Drive we had an issue with, as you can see on the slide it's kind of a dead-end road and so we had issues with water stagnation in there. We're hoping that doing this tie-in here into that Happy Trails Subdivision will allow the water to start circulating more. We do have some food industry type businesses in Certified Place, so we're concerned for our customer and we want to go ahead and get ahead of that and try and improve that water quality. With conservation we see a lot of water quality issues, people not using as much water as they used, so the water stays in the lines for a long time and it could cause water quality issues. This is one of those instances.

The next project is a rather large project. You have heard about this. We have a lot of media attention to it. It's the Energy and Water Saving Performance Contract. That's a $22 million project that we recently bonded. Basically, it's for automatic metering infrastructure that we're installing throughout the City. We have a few photos of the meters that we have, Kamstrup meters that we're using for residential up to 2-inch meter sizes. It's a smart meter. Along with the ERG device that goes on the meter lid and that basically sends the meter information to our repeaters collectors that are in the street light poles that you can see in the middle photo there. Then it sends all the information to the Cloud and then we can gather that information from another party and understand what the water use is going on and for billing purposes. Basically, the savings are we're eliminating some positions that our meter readers that we had plus we're saving large amount of water that helps offset the cost for this. It helps us pay back the bond that we have for this.

Suttmiller: These can also help you locate leaks and everything?

Clark:  
As part of this project we also included leak sensors. Those leak sensors are going on almost every other residential lot. It's very accurate and does help us identify any leaks, such as a service line leaks. It has sensitive equipment, it's sounding equipment. It can hear the leak and it knows how to distinguish between the two. The sensor itself is on the lower right photo. You can see it's tethered and tied on to just underneath the valve that you see there. We have found that when we get information in our analytics and our software and it indicates there's a possible leak in these areas. When we go out there to look, we've been very accurate at finding where those leaks are in the street, so you don't have to tear up the whole street. We can pinpoint it within a few feet, dig that spot, and there's the leak.
Suttmiller: If I remember rightly the cost of this will actually come from saving through that.

Clark: That is correct. That's part of the energy and water savings performance of the contract. Johnson Controls is the contractor and they're going to guarantee that savings as long as we do our part of the deal. We follow-up on leaks and we take care of them in an expedited manner, then we'll see the savings. If we don't, then they won't guarantee that savings. If we don't save that money by doing what we're supposed to, they'll pay us. It's kind of a win-win for us. We're going to stay on top of that. We like the system. It's really worked out well for us.

Chair Beerman: Is there a payback period that you're expecting?

Clark: I think that was 16 or 18 years. I think it was about 18 years.

Chair Beerman: The leak detector. I think I have this in my house.

Clark: You have one at yours?

Chair Beerman: I believe so. They came through and did something with the meters.

Clark: You'll see that little leak detector sensor underneath the valve, just about an inch below the valve.

Chair Beerman: That only detects in the street not in my yard if I have a leak.

Clark: No, it actually is sensitive enough that it'll let us know if you have a leak on your side. In addition, the meter itself is a very smart meter and it tells us, it knows when you've seen 24-hours of flow. Nobody's ever shut the water off. It'll indicate it on the meter itself. We'll get that signal back through our system, we'll go visit you and say, "Hey, you might have a leak in your house." Or we get a call back, typically the way it's been lately is: "How come my water bill so high? It's never been this high before." We investigate and we go and look and it's like "Well you have a leak." "I never had the leak until you changed the meter." Well these meters will read up to 1/16th of a gallon, so yes you have it on your side and we can prove it to you.

Chair Beerman: It's very hard to determine if the needles moving.

Clark: These don't have a dial, so that's why we rely on the sensors on top of the meter.

Suttmiller: Just curious on my part. My meter's down in the ground. Does it read that? The meter's under.
Clark: Yes, all the meters are set at grade, so with the little ERT (Encoder Receiver Transmitter) device that you see hanging off the lid on the upper left photo, we show a brand new one there.

Suttmiller: Unless you changed it, it used to have a steel thing on top of it. I've never looked at it since they came by and did it.

Clark: We've done a propagation study and when we close out with the contractor, he double checks through his computer that everything’s reading on the block to the collector and repeaters.


Clark: Yes. Occasionally we won't get, they're very smart, occasionally we won't get a reading and we'll go check it and there may be car parked on top of it, but the minute the car moves, it'll start spewing all the information that it was gathering for the last two or three days and then we'll get that information anyways.

Suttmiller: Nifty little devices.

Clark: They're very good. They're very accurate. Our project manager on these calls, he's been batting 100, so far on these "Why is my water bill so high?"

Chair Beerman: Does this affect the charge to the developer for the meter, for the hookup for a new home?

Clark: No.

Chair Beerman: Does this cost a lot more than the old meters?

Clark: No. This has not affected the developers in this instance. These are all being installed in new development. Right now, actually when a new home is built. We've been dealing mostly with the plumbers coming in and tampering with their boxes and damaging our device. We've had meetings with certain homebuilders and trying to educate them and to educate the plumbers. We think we're making headway.

The next project I included is not under construction, but it'll be hitting the streets here I hope by the end of the month here. Sandhill Wastewater Interceptor. This project was tough. We couldn't get the necessary right-of-way to move forward with the project. We finally acquired the right-of-way we needed. Phase I is slated to go out to bid this fiscal year. Phase I starts down from the valley and comes all the way up past Del Rey Boulevard. Then in the next fiscal year we have budgeted for Phase II. This new line is going to help with development off to the east there, in particular the Metro Verde. This will help transfer some of the collected waste down to where our treatment plan is.
Chair Beerman: That's $2.7 million all together.

Clark: Yes. They're expensive. These are large interceptors. The first Phase I is approximately 10,000 lineal feet of 15-inch, along with about 40 manholes, and then the Phase II is about 10,500 lineal feet as I recall with about 30 manholes that are in there. It's a large line, interceptor lines and it's not difficult construction, but it is going to be, we do move those into the arroyos. That's why it's called Sandhill, it's in the Sandhill Arroyo. It's common practice for us to put those at the lowest point in the City, right, and so that's where we put our collectors there. This is a needed line. We have an existing line in place and it's near capacity. We have to put a supplemental line in there and it's going to parallel the existing, and then we should be able to handle the future development that goes on to the east there.

Chair Beerman: It's a gray area. How much is attributable to development? How much is serving new development in the context of what we're here to talk about?

Clark: Right. Exactly. Well as you can see, we're using Wastewater Development so it is picking up the additional development that going on. The current line that's in there has already served, is up to capacity on what's out there. We have new development coming back on board right, and so we have to put this interceptor in there to handle the additional development that's out there. Yes, this is textbook Development Impact Fee monies being used.

Chair Beerman: The ratepayers are paying.

Clark: Impact Fees. Yes, I believe this one's strictly Impact Fees, development fund, development fund, yes these are strictly the Impact Fees that we had seen.

Chair Beerman: That's the line item on the water bill that says Development Tax Fee Should be Development Impact Fee Rider.

Clark: On the wastewater bill. That would be, Joe would be able to answer that more closely, but the Impact Fees I believe that's correct.

Lorenz: I think the difference he's trying to delineate is, is this coming from the utility bills that the residents that are already living in a home and have been through the years.

Clark: No, these should be Impact Fees charged to the developer.

Lorenz: Okay, these are the one's that I pay, as a homebuilder, I go in and pay that at the front door.

Clark: That expansion system.

Lorenz: It's not the one from the utility.
Clark: Not from the current utility user's bill. This is all expansions. It would be to the developers. This is all the money collected from the developers to expand our system. This is like I said a textbook.

Chair Beerman: Okay, so when we look at Wastewater Impact Fees in a lot of the charts I've seen repeatedly, there is a breakdown of three parts to that; one part is paid by the builder.

Clark: Right.

Chair Beerman: One part is paid by the homeowner.

Clark: Homeowner.

Chair Beerman: One part is paid by the ratepayers.

Clark: The two first parts that you talked about are all new construction. Then the third one, the third bill is, it would be if it's by ratepayers then it's going to be existing customer.

Chair Beerman: I think that was a half a million dollars a year.

Clark: I don't know what the actual dollar amount is. I don't delve into that.

Chair Beerman: That's not the part of this project.

Clark: Those are part of this project. Yes.

Chair Beerman: The ratepayers are paying some of it.

Clark: They would pay a portion of it, but not anywhere near what the actual cost is. The two-thirds of that is paid by the homebuilders.

Chair Beerman: Development Impact Fee.

Clark: The new homeowner.

Suttmiller: Excuse me gentlemen. I'm going to have to depart. Thank you. I apologize to you Carl. Great briefing.

*Eugene Suttmiller departed 2:19 p.m.*

Newby: The recent rate increase in water and wastewater, does that change the calculation to the customer piece of wastewater?

Clark: This is Joe Provencio, he's the Business Services Administrator. His section handles the rate increase.
Provençal: Good afternoon Chairman, Commissioners. What you have seen going on in the press and what's been communicated to the press on the water and wastewater rate increase is strictly the operations side for water and wastewater service. Development Impact Fees as you all know is a complete separate fund administered on its own terms and conditions. That service really addresses the Revenue Requirement's and additional revenue to continue to provide water and sewer services.

Chair Beerman: Since you brought that up, if the City Utilities are operating at a loss of $4 or $5 million for water, $4 or $5 million for wastewater, is that simply because it's been nine years since the last rate increase, or what is the cause of that? Why are you operating at a loss?

Provençal: Chairman Beerman, Commissioners. Rate Review and rate setting looks at certain periods to review. What your standing is in terms of covering your expenses. Part of the driver is as you say, is it's been 10 years since we looked the revenue adequacy to cover operating expenses and construction projects and rehab. As you look over that period there was a shortfall in revenue. We were still relying on reserves to continue the operations because we do have established reserve for capital. We have reserves for vehicles. We have reserves for various pieces of the operation.

When you look at a rate review you look at how and your conditions in terms of covering your expenses. That's what drives the review and the setting of rates. To answer your question is, it shouldn't have been that long, but we were going through a complete revamping and redesign of the rate setting process. I'm not sure if you've been involved with a lot of the communication and outreach, but the prior system that was in place that maybe there was probably three or years before, was closely modeled to how rate review and setting is done at the state level. It's expensive, incredibly expensive and lengthy. The rate review process was redesigned and revamped and approved by Council that it's a lot more formulaic, it provides the definitions of what is to be recovered over a rate review.

Now that we have that process in place the water was the first one that we went through in terms of the water rate review, the wastewater was the second. We're starting to see the gain in efficiency in terms of less lengthy review and process to get it in place. Those type of changes, the outcome of that was the plan is to not experience such large increases as we go forward.

O'Neill: Hope not.

Chair Beerman: I'd be happy to hear, probably inclined to accept it, for someone to say that the need for the rate increases isn't because of things like these new service lines. I think lines going in for the developments like the water lines and the sewer lines.
Provenio: In terms of improvement and adding capacity to the system, be it water and wastewater, that's a Development Impact Fee process. When you're adding capacity to the system.

Chair Beerman: Are they high enough so there's no sharing of costs between the Impact Fees and the people's water and sewer bills? There's no intermingling there.

Provenio: The two funds are separate and support the contributions are the costs required for the Debt Service on the development side as opposed to ongoing operations side.

Chair Beerman: That service comes out of Development Impact Fees.

Provenio: That's correct.

Chair Beerman: Which, also includes a half a million a year that comes from water bills.

Provenio: That's correct. Yes, the portion that's recovered through regular base rates. Yes.

Chair Beerman: One third of it.

Provenio: That's correct.

Chair Beerman: Okay. Sorry to be asking so many questions today.

Provenio: It's okay. It's all right.

Chair Beerman: Thank you.

Clark: The next project I have for you is the Jacob Hands Wastewater Treatment Facility Reinvestments Projects. Basically, it's just reinvesting in our infrastructure, the treatment plant. We went after bond money to do some improvements, actually it's rehab at the treatment plan. The first phase project is already completed where we went and replaced a gate over at the Equalization (EQ) Basin, Influent and then the East Aeration Basin and West Aeration Basin. We replaced all the gates in those locations and then we also did some upgrades or updates to our disinfection controls out at the treatment plan which is chlorine gas that we use out there to disinfect and then dechlorinate. There are some meter improvements that had to be done and some automation that had to be done to that disinfection control system out there. We bonded that portion, or those construction projects totaled $2.4 million.

The next project is more reinvestment into the Jacob Hands Wastewater Treatment Facility, Primary Feeder No. 1 is being replaced. That primary feeder is approximately 35-plus years old. We had some testing done to the primary feeder and it indicated a few hot spots and some weaknesses in the primary feeders that power the plant. We decided that we needed to upgrade
that primary feeder. That project is going on right now. Cost is approximately $600,000.00. We used NMFA (New Mexico Finance Authority) loan monies for that reinvestment. We'll be replacing primary feeder No. 1. The new line will be a primary feeder and then the two remaining lines will be backup secondary feeders and if we ever need them in case, we lose the primary feeder, we can fail over to the secondary feeder and still power the plant and keep it going. The water never stops there. It always continues to come through.

The next project is, that project is completed. That is the Jacob Hands Wastewater Treatment Facility Co-Generation Project. We used Wastewater Rehabilitation Funds for that, approximately $3 million. We installed two new engine Co-Generators out there that utilize all of the methane gas produced by the digesters. It's only about 40% of the fuel needed to run the plant, but we are utilizing that fuel. It's renewable fuel is what we consider it as or green fuel. That project like I said is completed. Those engines have been running and we're already in the maintenance and service period for one of those engines already. We are seeing a benefit for use of that co-gen system.

The next project is the New Water Quality Lab. See it's a mix of funds to pay for that project. There's $2.1 million or almost $2.2 million in Wastewater Development and Bonds, as well as $1 million in Water Development and Bonds on the water side. Basically, this is expansion of our existing lab. Right now, we have a lab that's maybe a little over 1,000 square feet running about 10,000 samples a year and everybody is elbow-to-elbow. That lab was first created back when the facility started and it's in dire need of upgrade and a new facility. This new lab will, the lab itself is twice the size of the existing lab in actual lab tables and equipment, and then we have offices that will now house employees. In fact, our Wastewater Section that's housed over here will be moving to the treatment plant along with the supervisor and administrators. That project will hopefully finish up in the next month and a half on the new Water Quality Lab and then we'll have our ribbon cutting.

The Las Cruces Utilities Metal Buildings. This is basically paid for by rates. Approximately $1.2 million. We're building five metal buildings to house various equipment; two of them at the treatment plant. Like I said we're moving the wastewater, all the wastewater's moving to the treatment plant. They have several vector trucks that are going to be parked inside of those during cold says because they do have water in them. Gas Section is getting a building here and so is water section where they have potholing machines that have water in them that they need to house them in buildings during freezes and stuff like that. Just helps the equipment last longer. Then finally Foothills Landfill is getting a building, that's to park their solid waste equipment in the building as well. They have loaders and stuff and dump trucks that need to be parked in there during inclement weather. That's what this project is for. We did see some efficiencies when we bid them all together, it came out to $1.2 million for five buildings, so we thought we did fairly well.
As usual the Utility tags along with Public Works to upgrade our utilities when they're going to go ahead and do a full roadway rehab. It saves us money. As you know the downtown area is very old and so are utilities, they met their lifespan and so we went in there and followed along and this one has approximately $228,000,000 in gas lines that we're replacing out there, along with $1.5 million in water lines. It's all AC water line in that area. It's all being upgraded around the racetrack. You can see the blue lines on the photo. We're replacing all that water line in that area and then a million dollars' worth of wastewater that we're upgrading as well.

The next project is the New Mexico Department of Transportation (NMDOT) Valley Drive Project Phase II. Once again, the Utility participates with the NMDOT whenever we have our infrastructure under their right-of-way. We hadn't done an upgrade there in a very long time. We are installing 12,000 lineal feet of gas line and services along with 4,500 lineal feet of sewer lines and services, and 9,000 feet of water lines and services. The cost for that was paid for with 2015A Bonds. Gas was half a million dollars approximately, and water was $1.1 million with wastewater at half a million. That project, like I said, is with the DOT and they're in the accelerated schedule now where they're working every day of the week to try and hurry up and get out of that area. This challenges us because we have calls all the time on stuff that we didn't know was there. Nobody's seen it. We don't have anybody that's been around that long that knows what's going on exactly on Valley Drive. There's a lot of mystery stuff that happened out there that we're having to correct.

Lorenz: I think I heard something about that one.

Clark: No bodies. There's actually some monuments and stuff found too and just different things that just show up. Fun stuff, right? If you all have any questions, I'm welcome to entertain them. I'm complete with my presentation.

Chair Beerman: Thank you very much. I'm always impressed with your expertise. You make it clear what a complicated operation.

Clark: Thank you. As usual I usually present maybe twice a year and maybe next time. I'll be able to give you the CIP budget that's going to be, or the CIP projects that are going to be presented to Council here soon for next fiscal year.

O'Neill: Mr. Chairman. Question for you sir. Thank you for the good report. Appreciate it. On that Valley Drive project, is that project mainly for the gas and the water and wastewater, and also for relining streets and sidewalks and other things?

Clark: It's a DOT driven project so they're objective is to redo the roadway and the sidewalks involved and handle the drainage that's going on out there. There's some drainage work that going to take place. Then I believe what I hear in
the end is that once it's all upgraded then they're going to try and have the City take over, Public Works like take over the roadway and permanently maintain it, that roadway.

O'Neill: You're going to have everything done that you guys are doing and so it doesn't have to be tore up again for a long, long time.

Clark: Yes Chairman, yes Committee Member. We don't want to go back in there. We never want to go back and tear up a new street, new roadway. Never ever, ever do we want to do that. That's why we move forward and budget. We had to bond this one to go along with NMDOT. We did what we had to do and we'll have nothing but new utilities under that new roadway.

O'Neill: Thank you for your report.

5. Old Business
   b. Parks & Recreation Current Projects Update
Chair Beerman: Next we have the Parks and Recreation Current Projects Update by Catherine Mathews.

Mathews: Mr. Chair, Members of the Committee. My name is Cathy Matthews. I'm the Landscape Architect with the City in the Parks and Recreation Department. I wanted to go over our Capital Projects that we're working on currently with you, that includes those that are on the CIP. Also I wanted to include those that aren't on the CIP and also the GO Bond projects so you can get an idea of the number of projects that are underway currently.

Here's a list. I'll just go through them one at a time. National Fitness Campaign Outdoor Gym. That one is completed. It's built on Hadley Avenue near to Hardy Field and the skate park as well. It's been very successful. We had a great opening ceremony where we had our staff who was trained in use of the equipment, giving demonstrations, and showing people how to use the app and how to use the equipment and get the best workout they can. We were also featured in an article in the Sun News. We do have ongoing training sessions there on Wednesday afternoons with the trained staff.

Highland Park is also underway. It's in District 5. It's near Highland Elementary school. There's a 10-acre piece of land that the City has leased from the Bureau of Land Management and we are under design for seven-acres of turf and multiuse sports fields, as well as walking paths and landscape and picnic facilities in that vicinity as well. That's being paid for from Park Impact Fees and also the HHGRT tax. That's the Hold Harmless Gross Receipts Tax. Both those sources of funding are being used for that park.

Pueblos at Alameda Neighborhood Park. We call it Calle Abuelo because it's on Calle Abuelo Street in the neighborhood called Pueblos at Alameda. It's a one-acre park that will serve the neighborhood. We're being very careful with this very small budget for one-acre. It's very minimal budget that will get us
mostly landscape improvements, pathway. We'll be reusing some benches that we already have in stock. We'll be reusing shelters that come from Triviz walking path. Those shelters will be removed as part of the NMDOT's project at University Avenue and so we will be reusing those. We're also proposing to use a piece of sculpture that we have had in storage as well and so we're really pinching our pennies and making that $100,000.00 go as far as it possibly can.

East Mesa Public Safety Area Park. We have $100,000.00 designated for that project. It's not underway currently. We're in planning and the consideration is to use that funding for trail improvements or trailhead improvements as well in the East Mesa Public Safety Area. That's 350 acres of which the Public Safety Complex on Sonoma Ranch Boulevard anchors the southwest corner at that 350 acres. Most of the property is covered by informal walking paths that the neighbors use regularly and so the idea is to improve those to bring in some signage and create tailheads to make them more useful to more people.

Our next project is also in District 5 we have $500,000.00 designated for land acquisition, planning, and design for parks. We are in discussions on a potential piece of property to be purchased from a developer in the District 5 as well and that's ongoing right now, so I count that one as in planning stages because we're still trying to acquire that property. We've just begun discussions with that developer.

The next project, $500,000.00 in Park Impact Fees (PIF) and sustainability funds. Our sustainability office has contributed to this project significantly, allowing us to actually accomplish the project. That will be sport field lighting for the Provencio-Van Dame multiuse fields. Those are the fields at the corner of Solano Drive and Hadley Avenue. They're the soccer fields. They're typically used as soccer fields and we've been working closely with the soccer community to make sure that we can get the lights on the types of fields that they will want in that area. That project is about to go into construction. We are working on negotiating the contract for construction right now.

Chair Beerman: Can I ask how many acres that is?
Mathews: I'm afraid I don't know off-hand, but I suspect it's like three or four acres.
Chair Beerman: I was just looking at the cost for planning, for land acquisition, planning and design is $500,000.00, so maybe that's an indicator, divide the number of acres into $500,000.00 as the cost for an acre of whatever kind of facility this is.

Lorenz: Are you asking about...
O'Neill: Sports fields.
Lorenz: ...This one or this one.

Chair Beerman: I'm asking about land...

Mathews: Land acquisition, planning, and design for parks?

Chair Beerman: ...$500,000.00

Lorenz: For District 5.

Chair Beerman: Yes, District 5.

Lorenz: Okay.

Mathews: That $500,000.00 will, we're still negotiating for the land prices, but a significant portion of that is probably, in my opinion, likely to go for land. The negotiations have just started and I'm not negotiating, but significant portion of that will go for purchasing the land.

Chair Beerman: Okay. How many acres again was that?

Mathews: Two acres.

Chair Beerman: Two. Okay. I'm just trying to get concrete, tangible examples of how much things cost.

Mathews: Yes. This negotiation Mr. Chair for sure will give you a concrete feel of what it's going to cost to buy land.

Lorenz: How much did the land cost for the Highland Park?

Mathews: That was from BLM. It's on lease from BLM through the Recreation and Public Purposes Lease, and so the cost is very minimal. It's a lease of...

Lorenz: Almost zero.

Mathews: ...$10.00 an acre or something like that.

Lorenz: Yes. How about the park at Pueblos at Alameda? How much did that land cost?

Mathews: That land was donated by the developer to the City.

Lorenz: How about the East Mesa Public Safety area Park, do you know how much that one?

Mathews: That's also Bureau of Land Management land. It's the most cost-effective way to get land in areas that are not already developed.
Lorenz: Right. Okay.

Delgado: Mr. Chair, Members of the Board. That Calle Abuelos is an interesting little piece we didn't know that was there. That was one that came to us when I first came on board as the Director and the group that was there, the developer was supposed to build them a park. It was actually supposed to be a pretty large park with quite a few amenities and they only left $50,000.00. They did collect some fees, so there's an example of where a developer collected them, they did set them aside, they gave them to the City to hold aside in the PIF and that's all we had earmarked. We came up with another $50,000.00 plus whatever we could find to help offset that cost. It's very, very tiny. When we had the meetings with them, they wanted something. We were looking at a little over a million and a half right, when it was all said and done, and we told them this is all we have. We don't have any more. I didn't have other money available at that time. Staff did a great job of putting all this together, but there's an example of that. We have an example of land that we're going to have to purchase up in an area where a developer did not give us any land and I've got to go back and find it. As Cathy mentioned, we're in that negotiation process and a significant portion of that $500,000.00 probably, well more than half is going to go towards getting those two acres. That's the bare minimum right now, two acres. We're not going to go any smaller. We'll see in the end how much it's going to cost us. Those are two examples of some of the things that I had spoken about earlier, just wanted to.

Lorenz: Kind of one on each side, right.

Delgado: Yes.

Lorenz: I'm just, out of curiosity, which parcel is it off of Calle Abuelo, is it on the east side or the west side of the road?

Mathews: It's on the east side of the road just before you cross Alameda Arroyo.

Lorenz: Right by the arroyo.

Delgado: Right by the arroyo.

Lorenz: Okay. I can remember that piece.

Mathews: It's a triangular piece.

Lorenz: Yes, I think there's supposed to be a tennis park originally.

Delgado: Right, they had, they originally wanted a swimming pool there, tennis courts, basketball court, large playground, pickleball. They had a ton of things they wanted there, but it's not going to fit and it's right against the arroyo, but
there was nothing else. That was the left over piece that they gave to the City, so that makes it a little more difficult as well.

Mathews: The last project on this list is an Outdoor Gym II and the first has been so successful and so popular that Council was interested in pursuing another one and so we're pursuing that at the East Mesa Rec Center, not the same as the Public Safety area, but the East Mesa Rec Center on Porter Drive. That will be going in there and can serve our gymnastics program as well.

In addition, CIP projects with PIF funding, in District 5 we also have more Metro Verde Neighborhood Parks including trail, four triangular neighborhood parks, a little less than quarter acre each, and two-acre neighborhood park as well. The trail is just getting under construction. The triangle parks are under design, and then two-acre neighborhood park is still in planning stages, so we're still talking about what kind of amenities will be included there and what kind of design will be included.

The total for all these projects including PIF funds but also some other funding is $2.75 million.

Wanted to show you some of the other projects we're working on as well. These are also on the CIP, but they are funded through other sources of funding.

O'Neill: Mr. Chair. A question before we move ahead. If I may.

Mathews: Yes.

O'Neill: You don't have listed for Metro Verde neighborhood parks. Those are all neighborhood parks. Isn't there a community park that you're talking about a community park involved with that? Or is it all neighborhood parks? I thought there was a bigger community park involved.

Mathews: Mr. Chair, Community Member O'Neill. We're in planning stages for a larger community park, but it's not in the...

O'Neill: Planning stages.

Mathews: ...Planning stages of the subdivision. The whole subdivision.

O'Neill: Okay. That's down the road then.

Mathews: Correct.

O'Neill: That's not going to be Impact Fees. Or will it?

Mathews: Yes.
O'Neill: It will be Impact Fees as well. Okay. My other comment I will ask. When you give us these reports which is very well done and appreciate breaking it down like you have, can you please include acreage on each project and also the street or cross streets. I think that would beneficial to the Board and would help to know where they're at and what the acreage is. Thank you.

Delgado: Mr. Chair, Members of the Board. Just to kind of talk about that community park. That was an idea that we have. We're still talking with the developer out there. They haven't quite finished out that subdivision yet. That is our hope because we need a community park out there, a much larger park. We're hoping that we can make that happen. If not, neighborhood parks, developers don't have an issue with helping us get those and that relationship is going well. It's when you get the larger parks, community parks, especially parks, we're probably going to have to go out and purchase that land and put it all together which is a significant dollar when we do it. We're hoping that we can make this one work out. We'll keep our fingers crossed on that one.

O'Neill: Thank you.

Mathews: I just wanted to go through these ones fairly quickly. Veterans Park on Roadrunner Parkway the City is working on acquiring that land adjacent just to the north of Veterans Park and that will be used for a parking lot.

We did receive a New Mexico Legislative Grant for parks equipment and improvements. We are in the process of using that money currently to repair rubberized safety surfacing at a number of neighborhood parks, and then the balance will be used to install new play equipment at Benavidez Community Center. It's been a while since that one has had play equipment and so we'll be installing new equipment there.

The next few projects are partnerships with NMDOT. The interchange at University Avenue and I-25 is going to be completely redone by NMDOT and the City is contributing funding for the landscape improvements. Then also the DOT is working on erosion control improvements at Lohman and I-25. The City is contributing money as well to enhance their erosion control funds. We'll be redoing the landscape in that area as well to enhance those efforts.

Another project on NMDOT property is with state legislative funding. We'll be doing landscape improvements and creating a welcoming environment into Las Cruces at the intersection of I-10 and I-25.

Also, we're finishing up Klein Park electrical improvements through a state legislative grant as well.

Then we are in the process of doing a master plan for the Pioneer Women's Park. That's in Alameda Historic District. That also is using legislative funding as well.
City bond funding is being used for median improvements, median landscape improvements throughout the City. Each of the districts will be receiving a portion of that funding for improvements on the un-landscaped medians in each of those districts.

Then our final project we're working on is the Nevada Avenue Cool Corridor/Green Infrastructure. This is on Nevada Avenue between Solano and Walnut. We'll be installing what are called chicanes, they're areas within the street right-of-way where we'll be able to harvest stormwater that runs on that street and to the benefit of creating a cool corridor, a shaded area with trees and shrubs as well to create a more walkable environment for the neighbors.

**Newby:** Quick question. On the two median landscapes, is stamped red concrete considered landscape?

**Mathews:** As a matter of fact, yes. Mr. Chair, Members of the Committee. In the case of the City Bond Median Landscapes, yes. For instance, on Lohman near Walnut there are two or three medians that are too narrow to safely plant anything. They would be impossible to maintain if we put plants out there. It would become a safety hazard for our staff if they were to try to go out there and do any kind of maintenance, and there will be potential as well to create hazards for drivers. In those particular instances in order to create a neat, tidy, attractive as we can look, we are going to be installing colored stamped concrete in those areas. Also typically at the noses of medians, and the nose are at the ends where it narrows down and becomes too narrow to install plants or could create a sight-line problem for vehicle drivers, we are also including stamp colored concrete there as well.

**Newby:** Does it have to be red?

**Mathews:** No. It's not going to be red

**O'Neill:** Bright lime green.

**Newby:** Red turns to pink.

**Mathews:** Mr. Chair, Members of the Committee. We're looking at a darker brown color. An intense color but something that could last.

**Chair Beerman:** Since the medians were brought up. The median on East Lohman between Foothills and Roadrunner, otherwise known as the Las Cruces Speedway, I've been hearing people say things like, "It's a Valley Fever Farm" with all the dust that blows off of there. The last I heard they were hoping, City was hoping for money from the state legislature.

**Mathews:** Correct.

**Chair Beerman:** Now that session. Did the legislature, that's not one of these ones on the list?
Mathews: Mr. Chair. No, it's not. I'm only reporting on projects that we have in hand where we have funding available and that was just a hopeful thing. We of course requested $2 million to complete all the medians on Lohman and all those on Roadrunner. We not going to get it.

Chair Beerman: Okay. Nothing's going to happen there.

Mathews: Not through that source of funding.

Delgado: Mr. Chair, Members of the Board. We'll have to find other sources of funding for that, so we'll go back to Council. I know that's one of their objectives is to get all the un-landscaped medians landscaped, but they'll have to have funding for it. When they find funding for us, they send it our way and they say go get those done, so that's what we've been doing. They did send it to the state and asked for that money but it doesn't look like we're going to have all that.

Chair Beerman: Okay. Is there an estimate of the cost of that?

Delgado: For all the medians when we did the estimate based on what we've been putting there now, it came out to approximately $2 million for the rest of Lohman and all of Roadrunner that needs to be completed.

Chair Beerman: Okay. I think the City Councilor chose Roadrunner to do.

Delgado: On the other two phases, each Councilor got one median for each one. The one in District 6, the one they chose on Roadrunner was the one right in front of Veterans Park. That's in Phase 1. As we move forward it's all the others that are going to be left undone. That's what we put in for the state legislature.

Chair Beerman: Okay, because I think the City Manager made a remark about doing the same thing over and over again, cleaning out the runoff from that big strip of dirt and I think they put some berms and I wonder if they mixed concrete, cement in with the dirt.

Delgado: Mr. Chair, Members of Board. Public Works helps us with those, and they create the berms, but I don't think they put concrete. I think they just kind of moved the dirt.

O'Neill: Put some gravel in there.

Chair Beerman: Just got hard.

Delgado: That's what they're hoping for. We'll see, once funding becomes available of course we will go out there and get those done as quickly as possible, but at this moment in time we don't have funding for those particular ones.
Chair Beerman: Somebody mentioned the entrance to the City for the highway and I think that will qualify. I guess, how long it's been there, 15 years maybe. All right. Thank you.

O'Neill: Quick question Mr. Chairman. Cathy. Now I see your budget sources for all of these projects. I take it that none of these projects now or ever will require any Impact Fees assigned to them. You don't use Impact Fees for any of these projects. The ones on page four and five. They would never come into play. Is that correct?

Mathews: Mr. Chair, Members of the Committee. The parks that are listed under the CIP projects not funded by PIF, could receive Park Impact Fees, but for instance like the landscaping at the interchanges. That's landscape and it doesn't qualify under park improved level of service for Park Impact Fees. Of course, we're using other sources of funding to do those landscape improvements. For instance, like the medians, they do not qualify as an acceptable expenditure for Park Impact Fees because they're...

O'Neill: Right, I understand.

Mathews: ...They're important for our community but they're not a park or for recreational purposes.

O'Neill: But some of these are related to parks, could you use Park Impact Fees for even though it's not listed here? Like at one time was Veterans Park, did they use Park Impact Fees for that?

Mathews: Mr. Chair, Members of the Committee. Yes. That is true.

O'Neill: They could use it again.

Mathews: Yes, for increased level of service we definitely could use Park Impact Fees.

O'Neill: Thank you.

Chair Beerman: I was thinking about myself and it looked like the first chart projects totaling $2.7 million looks like these are grouped by Impact Fee and others, so the $2.7 is the Impact Fee.

Mathews: Correct.

Chair Beerman: Then the next chart, the next group, $6.3 million that's not Impact Fee.

Mathews: Correct.

Chair Beerman: Then the third chart, that's the total.

Mathews: Yes, $19.6 million.
O'Neill: You're saying a part of the $6 million could be Impact Fee even though it's not right now. If it's park related.

Mathews: Right.

Chair Beerman: Then there's the Capital Improvement, the Bond issue.

Mathews: Right. The first two were sectioned off, of course the first projects I talked about are funded by Park Impact Fees and other fees as well. The second group are funded by other sources, strictly by other sources at this point in time. I just wanted to show you these ones as well, the General Obligation (GO) Bond projects. The General Obligation Bond, two of the questions relate directly to Parks and Recreation and those total $19.6 million and they include the trails, $2.7 million for trials and we'll be building trails mostly on Elephant Butte Irrigation District (EBID) facilities; on the Mesilla Drain, on the Armijo Lateral, and on portions of the Las Cruces Lateral. We'll be building recreational trails as well. Then the $16.9 million are for many different kinds of projects; sport court rehabilitation, park improvements at Young and Apodaca and Desert Trails Community Park, also building a traditional park with sport courts and sport fields at the East Mesa Public Recreation Complex which is again where we do have some other funding available as well, but the large majority of that funding would be spent there for like I said a traditional park, sport courts, sport fields, as well as other improvements.

Chair Beerman: I haven't thought this through completely, but it looks like of the $28 million in Parks and Recreation Capital Improvement Projects, $28.7 million, it looks like according to these charts $2.7 million are through Impact Fees.

Mathews: Correct.

Chair Beerman: Okay.

Mathews: Mr. Chair, that's correct.

Newby: Cathy of that $28 million what timeline are you looking at for completion of spending that money?

Mathews: Working as fast as we can. Mr. Chair, Members of the Committee. The GO Bond projects, we're looking to be completed within about three and a half to four years. Those are the ones we have of course the most clear deadline and clear schedule. All the others have their own project schedules going on. For instance, with the City Bond Phase I we're about to go out to bid probably towards the middle of April, well go out to bid for construction. It'll take probably between four to six months for construction, and then the same time we'll be starting design on Phase II. All at various different stages with the exception of the GO Bond projects and those of course, those individual projects are at various stages, but the whole GO Bond funding, the intention is to spend within three and a half to four years.
Newby: Thank you.

Mathews: If there are any other questions, I'd be happy to answer them. Thank you very much for your attention.

O'Neill: Thank you.

5. Old Business:
   c. 2018 Construction Activity Monthly Update
Chair Beerman: Next is Director Nichols on construction activity.

Nichols: Good afternoon Mr. Chairman and Committee Members. I was with you last month and I gave you the annual development and construction activity report. During that session you said you would be interested in knowing a little bit more about it rather than an annual, so we discussed monthly. I have to clarify something there. When I discussed that with you I said, “I produced a monthly report for City Manager and for the City Council.” That was the report I was referring to. I’m going to give a website for you to be able to do that for yourselves on a monthly basis.

What I did want to do as from that statement is to come back and say we’ll let me bring you the January and February reports, but from that I would like to know if I could go quarterly rather than monthly with you.

O'Neill: I think quarterly would be fine. I think quarterly is more than enough.

Nichols: I did state it as it was brought to my attention through the minutes, so I wanted to honor that statement with you. Here we are.

This report is going to be with the January and February of '19. We have new commercial number of permits year to date for these two months of course, would be new commercial, we had six new commercial buildings. We had additions and alterations activity at nine different projects. The residential we had 66 new single-family dwellings permitted curing that time, and then another 25 additions or alterations to existing residential. New business registrations we’re at 59. We seem to have quite a bit of activity with folks starting businesses. About 60% of those 59 are home occupations and we keep track of that because those are businesses that may change fairly quickly as opposed to folks that have a separate building structure for their business.

Existing renewals for business, 339. That is an activity that is very common to most renewals. It's about, averages about 300 a month for our City. They're renewed at different times throughout the year. Then our total permits issued which includes not only structures themselves but also mechanical, electrical, plumbing, rock walls, all types of permitting. We had 891 permits in total for the month.
*Steve Newby departed 3:02 p.m.*

Nichols: The little asterisk at the bottom right hand corner is, I have provided you with handouts that are, list all of these other permits that I mentioned here on the report. Those are the ones that will be available online every month for you.

The valuation for these two months and the activity I just mentioned, $24.8 million. Building permits again at 891. New homes 66. Commercial at six. I wanted to mention and highlight the medical facilities because that seems to be one area that we are having reoccurring activity and the projects are fairly good sized. Of course, the Mountain View Hospital renovation was at $12 million and that's ongoing. It will continue through the year, probably be complete about the end of this year. Then the Three Crosses Regional Medical Center which is a large-scale project, $44 million, it is currently, it was advertised as a 18-month project, it's in about, it started groundbreaking in November in '18, and so we're maybe four or five months into it. You already see they have gone vertical. You'll see some steel framing out there on the site. They're about a month ahead of schedule. Hopefully they'll maintain that. If they do maintain that the schedule date would be May 2020, but I think they're probably looking at more like the end of this year, maybe in December or January.

Then I wanted to bring a little more information because I've been listing to a number of your conversations in your meetings and we talk about Impact Fees. Normally we focus on Park Impact Fees, but there are other fees that the builder and developer experiences for the permit. Before I go down the table there, during 2019 February, January and February, the residential construction was valued at $15.4 million. That's similar to 2018 for about the same time period. A little bit behind what we were last year, different factors influence that, but fairly, fairly similar. Then the activity between the two years I think is attributed to the availability of building sites. We have about 70 subdivisions last year, some of them large scale, some smaller scale, but it did increase the inventory for building sites for builders, for developers and builders to build on.

The residential construction to date has kept pace with the previous year. Given historical data, we normally see a slowdown in construction in the winter months, December, January, February, but then starting March, right about now activity picks up. They build, it's very active and very strong during the summer and fall.

The last target, bullet there before we go to the table, it says the average building permit all fields, all fees is approximately $6,000.00, up to $7,000.00, or up to $8,000.00 depending on size and scope of the project.

Now if we go to the table on the residential, I listed here the valuation, but I listed, these are the different fees that are collected when a permit is issued.
Currently our building fee is based on a square footage. We're using $0.14 a square foot. I should have it noted that the last time that fee was looked at or increased was 17 years ago. I'd like to say that again. We have not had an increase in building, the building fee itself in 17 years. We do have a resolution becoming before our City Council April 1st that is asking for the $0.14 per square foot to be increased to $0.20 a square foot which is the same as Doña Ana County, but still less than nearly every other jurisdiction within the state.

The Park and Rec fee, this figure is mentioned often, but it's $2,600.00 currently. Public Safety Fee, that $639.00 is kind of representative of the Public Safety Fee. Those vary according to different types of activity, different types of structures, facilities. The Utility Fees, we mentioned a little bit earlier today. The Water Development Fee, $1,210.00, the Wastewater Development Fee $971.00, and then there are a few meter fee changes, the Water Meter Fees, that was based on a typical residential, and the Gas as well. Then we have another fee we call Water Rights Fees that are collected. All of those on a residential property come to about anywhere depending on the size, about $6,000.00 to $7,000.00.

Under the commercial, that is a completely different character for fee structure, but basically our building fee varies according to valuation. It's a scale that we use from the International Code Council and then we use a local area modifier. The current local area modifier for Las Cruces is about 11% less than what the other average for the nation is. That's primarily due to labor cost. There are no Park and Rec Fees on commercial. Public Safety, a representative there would be about $735.00. Then the rest of them, the Water Demand Development Fee is based on demand. Wastewater Development based on demand. Water Meter fees based on the size of meter that is used, whether it's three-quarter inch or larger, and the same for gas. Then the Water Rights Fees as well. It's a little hard to put stipulated sums on commercial because it depends on the size of the project, the complexity of the project, but those are the different fees that are collected when we issue a building permit. When Committee Member Lorenz says, "You know I pay more than $2,600.00 for my impact fees." He's absolutely correct. That would conclude my update for activity for January and February Mr. Chairman.

O'Neill: A couple of questions. Thank you for your presentation. It's hard to pinpoint these fees for the commercial, I understand. Is there any way to get averages? Like an average to get an idea what they are?

Nichols: Yes, I probably could. I'll do that for you sir.

O'Neill: For the next time.

Nichols: I'll pick out, how about I'll do it this way. I'll pick out a medical clinic of 10,000 square foot and I'd have to go to my tables but there's a base fee up
to 100,000 and then 100,000 to 125,000, it's another increment. It goes like that for the building portion of it. Then the utility I might be able to approximate now.

O'Neill: I don't need it now but just...

Nichols: The utility fees are...

Clark: Those fees are already established and published on the website. You'll see all those fees for the different meter sizes. It goes by different meter sizes. A six-inch meter has a larger Impact Fee than a two-inch meter that's going to tax our system more.

O'Neill: Right. I understand. Thank you.

Nichols: I probably should have given you an example and I'll do that next time for both residential. I'll pick out a 2,000 square foot dwelling and calculate the fees down.

Lorenz: I did one for you.

Nichols: Oh good.

Lorenz: Let's say we were building a typical Las Cruces home what was 1,900 square feet because that would be commensurate with the Impact Fees that you described here. The permit would cost $266.00 and the Impact Fees would cost $6,377.00 for a typical home to give you an idea of what that looks like to the consumer after paying gross receipts tax and real estate fees and stuff like that. That's roughly $9,500.00 worth of the cost of that 1,900 square foot home.

Chair Beerman: Including real estate fees.

Nichols: I talked to a number of the homebuilders and maybe you could help me with this, but they mention that right now the, about that size of home the sales price is somewhere in the area of $215,000.00, $225,000.00, something like that.

Lorenz: That's correct.

O'Neill: Okay. I had a couple other questions. The Public Safety, is that a one-time fee or is that a combination of fees, what. Can you give me an example?

Nichols: That's a fee that's sorted on each project. As I said they like the utility company, they have a listing of about four or five different types of categories depending on the type of structure it is, but that is a one-time fee for that permit. That's primarily police and fire fees for the public safety.
O’Neill: I see. Thank you. Back to your first page and I wish these were numbered by page if we could do that it’d be good. On the January/February activity, you said, no I’m sorry, the very first page, new business registrations, you have 59. How many of those did you say were home businesses?

Nichols: I said the, what the average composition of that figure is about 60% of our new business registrations are home occupation businesses.

O’Neill: Okay. Then we could figure 40% are regular stand-alone businesses.

Nichols: Yes sir.

O’Neill: Okay.

Nichols: Or locations outside of their home.

O’Neill: I don't know if it would be helpful for the Board, it might be for me to also on these lists when we’re talking about development and businesses coming in, new business and new residents and so forth, there’s also during every period there are businesses that close. Can we include those on our list? Because I was reading in the paper where there was like 30 businesses that have closed this past year. There was a whole laundry list and I think it would be good to get an idea also how many businesses have closed, even if it's not, maybe quarterly wouldn't be bad, when you make your report.

Nichols: Yes sir. We do track that. Mr. Chairman and Committee Members. We do track that. We have our Code Enforcement Officers are a component of the Police Department that we’d have a delinquent list. The delinquent list means a business renewal has not been paid, the $35.00 for the year. We send out a notice. We don't get a response, we send out a second notice and then we go look.

O’Neill: It takes a while to find out.

Nichols: It takes a while to find out. We go and we find well the business is no longer there. Then we remove that from our business registrations.

O’Neill: All right. Thank you.

Nichols: There are a number. The reason I mentioned the home occupation aspect is a number of those non-renewals are home occupation. Those don't mean the folks left the City, maybe they got a job and went to work on a job or maybe they just decided that being your own boss is not what at all it’s cracked up to be and they changed their mind.

Lorenz: Maybe Amway just didn't sell as good as they thought.

Nichols: Yes, whatever it is. Thank you.
Chair Beerman: Anything else Jason?

Lorenz: I just wanted to kind of shed a little bit of light there because about your question about commercial development. The thing about residential is the land use is so similar from one project to another. Where with commercial it varies so drastically. Let's say you were building a 5,000 square foot fast food restaurant. You know your demand for water would be significantly different than if were building a 5,000 square foot laundromat. To average these would be almost a futile effort. I think picking a recent project and listing the fees would shed some light. I appreciate that.

O'Neill: Right.

Nichols: That would give you an idea. I don't know, maybe for the Committee, Mr. Chairman and for the Committee, understanding that the different fees that are assessed to a project would be information for you, but I thought it might be because so many times we speak primarily about one particular Impact Fee or one particular surcharge fee, yet the developer or the builder is faced with a number of them.

Lorenz: I think that's fantastic and I appreciate that. I think it's helpful for perspective to see that the new proposed park fee is greater than the entire fee for building a whole house and all the Impact Fees put together. I think that helps with understanding the scale of the proposed increase.

Nichols: I have folks that come to talk to us about bringing their business or bringing themselves to the City and they talk about, particularly businesses talk about "Well what are your fees? What type of fees am I expected to see?" They're nothing like California. Nothing at all like California. You can build a 2,000 square foot home in California and your building permit will be $80,000.00. The big part of that fee is Impact Fees. We have nothing like that. Yet as was mentioned, $7,000.00, $9,000.00 fee charge with your gross receipts tax to the home purchaser, it will take a number of people out of ability to be eligible or qualify for that purchase.

O'Neill: Thank you.

Chair Beerman: I think I just have two questions. On this list of fees, one number that's not here is the sales price, the average sales price of a new home and I think somebody threw out a number, $215,000.00 to $225,000.00. If you look at that $6,000.00 in fees, put it in perspective, I think that's about 3% of the sales price of the home. We're supposed to be looking out for everyone here, not just the development community and there's a competition regarding home sales in Las Cruces. Not only do we have people selling new homes, but we have people selling their existing homes. I just roughed out a number before I heard the $215,000.00 to $225,000.00 using $200,000.00 as the price of a new home and that came out to $120 million, I think we said last time that about 60 homes, or 600 homes are going to sell in a year.
Nichols: Last year's count was 511 new homes.

Chair Beerman: All right. I think that somebody was speculated it could be 600 to 625.

Nichols: Yes.

Chair Beerman: That's $120 million in home sales and one way of looking at that is that's a $120 million being spent on new homes that's not going to be spent on existing homes. It's competition. The prices of existing homes haven't really risen much in Las Cruces. I would think that it's logical it's because there are 600 new ones being put into the market.

Nichols: Mr. Chairman, you're absolutely right. I experienced this same phenomenon in El Paso. There the home price was similar. It's a little bit less than here I think primarily it's because, well there's two reasons, one I think Las Cruces and I have experience with this, Las Cruces builds a better product. Las Cruces builders build a better product, it's because for one thing they're required to have license. Same building code, but they're not required to have license in Texas. Secondly, so the labor market is less there. They're a little bit lessor price in El Paso, but what people would tell me often times, "Well I can buy an existing property, resale, that's 25 or 30 years old for about the same price I can buy a brand new one." With new wiring, new plumbing, new everything and that caused the new home sales to be very active and the existing home sales to be less active.

Chair Beerman: That's one possible partial explanation, but without getting too much into the weeds, a lot of these existing homes in neighborhoods that are only 20 years old, a lot of those have been upgraded. I'm just wondering if we should be careful about going too far to avoid raising the price of a new home by keeping down the Impact Fees which if the calculations are done correctly, those fees are the cost to the City to accommodate those new homes. I don't think the City should be entering into a private/public partnership with the development community and the homebuilders to compete against the people selling their existing home. Pardon me for making my personal comment there.

My other question was the Gross Receipts Tax and this is sort of looking at the builder's side, how much is the Gross Receipts Tax? Is it the same 8% on a house?

Nichols: I don't believe it's changed recently. It's 8.25%.

Lorenz: It's calculated on anything between selling price and lot cost. What you paid for the land is taken out; let's say, you sold at $250,000.00 house, you paid $50,000.00 for the lot, you pay gross receipts tax on the $200,000.00. Gross receipts tax is actually the largest line item on my budget for a house by far.

O'Neill: Just on the home itself.
Chair Beerman: Just one more observation. That's a lot of money, but that's going to the City government. That's not going to...

Nichols: A portion of it.

Chair Beerman: ...The average resident of Las Cruces. Those are my only two questions.

Lorenz: Taxes taken away from the people not provided to.

Nichols: Yes sir. I fully understand everything you've just said.

Chair Beerman: Just to try to take a balanced approach.

Nichols: I do know that what you are saying that the cost of housing continues to rise it makes it more difficult for people to obtain a home because it's all based. I gave a presentation to the mortgage lenders last month and some of the feedback I got from that was for every increment of increase in price, it eliminates so many folks from eligibility to acquire a loan. That a definite factor.

Chair Beerman: Well thanks again for taking the trouble to put this together for us.

O'Neill: Thank you Mr. Nichols.

Nichols: I'll come back to you quarterly then.

Chair Beerman: That would be great. I was thinking initially that monthly, you might not have enough data in a month to really see where things are going.

Nichols: Just in a simple term, it's about $12 to $15 million a month right now everything thrown together. We're seeing that type of change.

Lorenz: We'll see you in June.

Nichols: We'll see you in June. Thank you.

6. Next Meeting Date:
Chair Beerman: We have the schedule of our meeting dates. Anybody have any comment about the next schedule, what's coming up at the next meeting?

7. Public Participation:
Chair Beerman: Public Participation. Anyone have anything that they'd like to bring up?

8. Board Comments:
Chair Beerman: Next is Board Comments.

O'Neill: I have a couple of things on Board Comments. Thank you first of all for putting this together so well for us. We really appreciate that. Thank you for
doing this. This is very helpful. I couldn't read my minutes and I was wondering if I could pick up a hard copy? Can you call me when a hard copy might be available to pick up from City Hall or even if it's done in time, mail it to me or whatever, something like that? I'd appreciate that. I couldn't even read the minutes. It was all.

Ruiz: Yes, we could also plan on delivering a copy to you if that will be helpful.

O'Neill: That'd be great if you could do that. I don't live that far from City Hall so I can always pick it up too.

Ruiz: Okay. We can drop it off at City Hall. Whatever's more convenient for you.

O'Neill: I'd like to get the hard copy and read. Appreciate it. That's all I have.

9. Adjournment:
Lorenz: Do we need a motion to adjourn?

Chair Beerman: Yes.

Lorenz: So moved.

O'Neill: Do we have a quorum of three?

Chair Beerman: Yes, we do.

O'Neill: I second.

Chair Beerman: All in favor, say Aye.

It was unanimous in favor.

William Beerman, Chairman

Date: 18 April 2019