

## AGENDA

### GALLUP CITY COUNCIL REGULAR MEETING TUESDAY, JULY 28, 2020; 6:00 P.M.



Louie Bonaguidi, Mayor

Linda Garcia, Councilor, Dist. 1      Michael Schaaf, Councilor, Dist. 2  
Yogash Kumar, Councilor, Dist. 3      Fran Palochak, Councilor, Dist. 4

Maryann Ustick, City Manager  
Curtis Hayes, City Attorney

**PUBLIC NOTICE:** In accordance with the public health order issued by the New Mexico Department of Health, the meeting will be physically closed to the public; however, it will be accessible to the public via the following technology service:

Facebook Live stream through the City of Gallup's Facebook Page:  
<https://www.facebook.com/CityOfGallup/>

**Members of the public may submit comments on non-agenda items toward the end of the meeting. Please call 863-1254 to leave your name and a return phone number.**

**A. Pledge Of Allegiance**

The members of the body and the public are invited to recite the Pledge of Allegiance.

**B. Roll Call**

**C. Approval Of Minutes**

Regular Meeting of July 14, 2020

Documents:

[DRAFT MINUTES JULY 14 2020 REG MTG.PDF](#)

**D. Discussion/Action Topics**

**1. Ordinance No. S2020-7; Authorizing The Execution And Delivery Of A Loan Agreement And Intercept Agreement By And Between The City Of Gallup And NMFA To Refinance GO Bonds**

We are requesting approval of Ordinance 2020-7 AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT AND INTERCEPT AGREEMENT BY AND BETWEEN THE CITY OF GALLUP, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), EVIDENCING A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF UP TO \$7,500,000, TOGETHER WITH INTEREST THEREON, FOR THE PURPOSE OF FINANCING THE COST OF REFUNDING, PAYING AND DISCHARGING THE GOVERNMENTAL UNIT'S OUTSTANDING GROSS RECEIPTS TAX IMPROVEMENT REVENUE BONDS, SERIES 2010A; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE DISTRIBUTIONS OF THE REVENUES RECEIVED BY THE GOVERNMENTAL UNIT PURSUANT TO SECTION 7-1-6.4, NMSA 1978 (THE "STATE-SHARED GROSS RECEIPTS TAX"); PROVIDING FOR THE DISTRIBUTIONS OF THE REVENUES OF THE STATE-SHARED GROSS RECEIPTS TAX FROM THE STATE TAXATION AND REVENUE DEPARTMENT TO BE REDIRECTED TO THE FINANCE AUTHORITY OR ITS ASSIGNS PURSUANT TO THE INTERCEPT AGREEMENT FOR THE PAYMENT OF PRINCIPAL AND INTEREST DUE ON THE LOAN AGREEMENT; DELEGATING AUTHORITY TO MAKE CERTAIN DETERMINATIONS CONCERNING THE TERMS OF THE LOAN AGREEMENT AND THE INTERCEPT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT AND THE INTERCEPT AGREEMENT.

This refunding will reduce our current year financial obligation significantly and reducing the payments for the remaining life of the bond to allow the City general fund some flexibility to help manage the impact of the covid crisis.

A budget adjustment to pay for issuance costs of \$90,000 will be necessary. The reduction in bond payments has already been implemented in the FY 2021 budget.

Fiscal Impact: Bond obligation will reduce by and estimated amount of \$793,015.07 before issuance costs of roughly \$90,000.00.  
Recommendation: Approval of Ordinance No. S2020-7 and budget adjustment for issuance costs  
Speaker's Name Patty Holland

Documents:

[DRAFT LOAN AGREEMENT \(W3796550X7A92D\).PDF](#)  
[LOAN ORDINANCE \(SSGR REFUNDING\) \(W3785892X7A92D\).PDF](#)  
[DRAFT INTERCEPT AGREEMENT \(W3796554X7A92D\).PDF](#)

**2. Resolution No. R2020-24; 4th Quarter FY 2020 Budget Adjustments And Report Of Actuals**

Each quarter, the Finance department reviews any changes to the budget and submits these changes to council for approval. The following areas are reviewed: personnel, operations, capital outlay and transfers in and out of each fund. The Department of Finance and Administration (DFA) requires Council to pass a resolution for all budget increases, decreases, and transfers between funds. DFA further requires approval of the report of actuals showing cumulative activity for the fiscal year. The report to DFA regarding budget revisions is due July 31, 2020.

This revision encompasses all budget changes processed April 1, 2020 thru June 30, 2020 (Quarter 4 of FY 2020).

Fiscal Impact: None  
Recommendation: Staff recommends approval of the budget adjustments and report of actuals.  
Speaker's Name Patty Holland

Documents:

[BUDGET RESOLUTION FY 20 Q4.PDF](#)  
[REPORT RECAP - FISCAL YEAR 2019-2020 - GALLUP ROA Q4.PDF](#)  
[4TH QTR BA RECAP.PDF](#)  
[ADJUSTMENT RECAP FOR FISCAL YEAR 2019-2020 - GALLUP Q4.PDF](#)

**3. AVA LLC, ABA Land Ltd. Co. And Love's Travel Shops & Country Stores Inc., Final Subdivision Plat Approval**

Case No. 2020-00300005, request for final plat review and approval of the AVA, LLC, ABA Land Ltd. Co. and Love's Travel Stops & Country Stores, Inc., minor subdivision.

See attached briefing memo.

Fiscal Impact: None  
Recommendation: Recommend approval of the AVA LLC, ABA Land Ltd. Love's Travel Stops & Country Stores Final Plat  
Speaker's Name C.B. Strain

Documents:

[2020\\_07\\_20\\_11\\_08\\_46.PDF](#)  
[AVA ABS LOVES MNSB GTF COMMENTS.PDF](#)  
[AVA, ABA, LOVES FINAL PLAT REC 07.01.2020.PDF](#)

**4. NGWSP Reach 27.11 Easement Agreement With Rico Land & Cattle Co.**

The City in the process of obtaining easements for Reach 27.11 of the Navajo Gallup Water Supply Project. This reach will extent south from Gallup to supply water to the Navajo Tribal Utility Authority so that it can provide water to chapters south of Gallup. A sketch map showing the location of Reach 27.11 and the location of this particular easement is attached. This item is being presented to City Council for approval as Gallup City Code Section 8-1-7 requires Council approval for any agreement to provide water to any location outside of the city limits. Paragraphs 2 and 3 of this agreement allow the Rico Land and Cattle Co. to purchase water in the future at "in-city" rates. Also attached to this agenda item is the Grant of Easement by the Rico Land and Cattle Co. which requires acceptance by the City.

Fiscal Impact: None  
Recommendation: Approval of the agreement and acceptance of the easement  
Speaker's Name Curtis Hayes

Documents:

[RICO LAND EASEMENT AGREEMENT 1.PDF](#)  
[RICO - GRANT OF EASEMENT 1.PDF](#)  
[RICO LAND AND CATTLE EASEMENT-1.PDF](#)

**5. Resolution No. R2020-25; Request For Water Service Outside Of City Limits**

Per a request from Kachina Rentals, LLC (Attachment 1), two locations for water service outside City Limits are shown in

Attachment 2.

City of Gallup Code, specifically 8-1-7 B (3), states " *Nothing in this chapter shall prohibit or prevent the city council from authorizing by written resolution or contract, the furnishing of water service to any user outside the corporate limits that may be individuals or private legal entities upon conditions set by the city council in its sole discretion.*" (Ord. 2016-6, 5-24-2016)

With respect to water usage, Kachina Rentals, LLC could use up to 7,500 gallons of water per month at 20 W. NM Highway 118 and up to 100,000 gallons per month at 34 W. NM Highway 118 . With respect to fiscal impacts, it will mean additional revenue between \$650-2,000 per month for for the water enterprise fund.

There will be no additional costs to the City to produce and supply water to Kachina Rentals, LLC. The only additional cost incurred by the City is the installation of the meter and meter can; however, this cost will be borne by the customer (\$1,385 - \$3,870)

Resolution No. R2020-25 is attached, with conditions for temporary service.

Fiscal Impact: Increased revenue for both Water and Wastewater Enterprise Funds by the addition of two new commercial customers.  
 Recommendation: Staff recommends approval of Resolution No. R2020-XX.  
 Speaker's Name Dennis Romero

Documents:

- [ATTACHMENT 1 - KACHINA RENTALS LLC LETTER REQUESTING WATER SERVICE \(1\).PDF](#)
- [ATTACHMENT 2 - KACHINA LLC WATER LOCATIONS MAP \(1\).PDF](#)
- [R2020-25 CITY OF GALLUP WATER SERVICE TO KACHINA RENTALS LLC.PDF](#)
- [R2020-25 CITY OF GALLUP WATER SERVICE CONDITIONS KACHINA RENTALS LLC.PDF](#)

**6. Request To Approve Amendment No. 4 To The Wastewater Treatment Facility Design, Build And Operate Contract With CH2M Hill (Jacobs)**

The Design, Build and Operate (DBO) contact between the City of Gallup (City) and CH2M Hill for operation and maintenance of the Wastewater Treatment Plant (WWTP) was set up to be renewed on a calendar year basis and has provisions in it for annual adjustments due to the consumer price index (CPI) and pass through costs (insurance, performance bond and the repair and replacement fund.

Contract Amendment No. 4 covers the following two items:

1. The City requested that the contract terms be amended to the City's fiscal year (July 1 - June 30), vice the calendar year (January 1 - December 31) and CH2M/Jacobs agreed to this.
2. In addition, the annual pass through costs were amended, as seen in the table below:

ITEM	FY 20 ANNUAL COST	FY 21 ANNUAL COST	CHANGE
1. Performance Bond Cost Amount per million (Bond size will be equal to the annual Service Fee, including pass-through costs.)	\$ 5,472	\$ 7,876	\$ 2,404
2. Insurance	\$ 11,822	\$ 11,871	\$ 49
3. Repair & Replacement (R&R) Capital Fund	\$ 70,000	\$ 70,000	

4.

The adjustment(s) to the annual service fee do not require documentation in the form of a contract amendment. Please note that due to the completion of the WWTP Capital Project upgrades, there is a net reduction of \$107,552 in the annual service fee, per the terms of the DBO contract. Annual service fee will be set at \$1,443,833 vice \$1,541,435 due to this provision of the original contract.

Fiscal Impact: No fiscal impact noted, as slight increase in fees was included in Wastewater budget. Decrease of \$107,552 in the annual service fee.  
 Recommendation: Staff recommends approval of Contract Amendment No. 4.  
 Speaker's Name Dennis Romero

Documents:

- [GALLUP\\_AMND 4\\_11216\\_OMM\\_FINAL.PDF](#)

**7. Request For Budget Adjustment For Change Order No. 1 - Highway 491 16-Inch Waterline Replacement Project**

In February 2020, Council approved the award of the Highway 491 16-inch Waterline Replacement project to Adame

Construction in the amount of \$2,022,058.98 (202-1525-474.48-99, Project JU1846).

On July 8th, the boring subcontractor encountered extremely hard rock in the project alignment, while attempting to bore under Highway 491, which is considered an unforeseen field condition, and is seeing additional compensation for time and equipment. The subcontractor has experienced a lack of progress due to this hard rock. The subcontractor notified the Engineer of Record that continuing with the current equipment could result in equipment damage which is a cost the subcontractor is unwilling to accept. In addition, the subcontractor has raised the issue of safety for the subcontractor's employees working around this equipment and in the bore pit.

The attached cost proposal is for approximately 120 hrs of extended overhead and mobilization of other equipment. The proposed subcontractor cost is \$92,160.45. This does not include the prime contractor's profit and overhead, or tax which could potentially increase the total cost by approximately \$22,634. This would have a final cost for this change order of \$114,794. A review of the contract balance sheet shows approximately \$16,542 of unearnable funds that can be used to cover a portion of the costs associated with this change order. This leaves an approximately \$98,300 deficit in the project budget to complete the work associated with the proposed change order.

Staff requests a budget adjustment of \$108,000 from the Water Enterprise Fund (Fund 506) cash reserve to proceed with this proposed change order.

A budget adjustment of \$108,000 would cover costs associated with the change order and leave a balance of \$9,700 for any other minor project issues that may arise. Change Order No. 1, in the unfunded amount of \$98,300 represents an increase of 4.86% in the contract amount of \$2,022,059.

**Recommendation:**

Staff recommends approval of budget adjustment of \$108,000 from the Water Enterprise Fund (Fund 506) cash reserve to proceed with proposed Change Order No. 1.

Fiscal Impact: Budget adjustment and expenditure of \$108,000 from the Water Enterprise Fund (Fund 506) cash reserve.  
Recommendation: Please see above.  
Speaker's Name: Dennis Romero

Documents:

[ATTACHMENT 1 - CHANGE ORDER NO 1 COST PROPOSAL HIGHWAY 491 WATERLINE PROJECT.PDF](#)

#### 8. Budget Adjustment For FY 21 Fire Protection Fund Distribution Award

The Gallup Fire Department is requesting a budget adjustment of FY 21 Fire Protection Distribution for a total of \$616,698.00.

Specific Break-Down:

- FY'21 Fire Fund budget was originally budgeted with the State Fire Marshal's projected minimum distribution of \$408,043.
- Budget increase of \$208,655 in revenue and expenditure
- Payment to New Mexico Finance Authority (NMFA) for the amount of \$142,352.00.
- Total distribution to the fire department 209 Fire Fund is \$474,089.00 for continued operations. This amount includes: NMFA payment and a budget increase.

Fiscal Impact: Fund 209 revenue increase of \$208,655 and expenditure increase will be \$474,089.00  
Recommendation: Staff Recommends Budget Adjustment Approval of 209 Fund  
Speaker's Name: Jesus "Chuy" Morales, Fire Chief

Documents:

[FY 21 GALLUP 1ST DISTRIBUTION LETTER.PDF](#)

#### 9. Walmart Community Grant Award

The Gallup Fire Department is pleased to announce that we have been selected to receive a Walmart Community Grant in the amount of \$2500.00 for the purchase two Automated External Defibrillators (AED's).

If approved, the fire department will coordinate with Finance to budget award in approved account as revenue and expenditure.

Fiscal Impact: Approved Fund; Budget increase of \$2500.00  
Recommendation: Staff recommends approval  
Speaker's Name: Jesus "Chuy" Morales, Fire Chief

Documents:

[2020\\_07\\_06\\_13\\_28\\_16.PDF](#)

**E. Comments By Public On Non-Agenda Items**

The public is invited to comment on matters not appearing on the published meeting agenda.

**F. Comments By Mayor And City Councilors**

**G. Comments By City Manager And City Attorney**

**H. Motion To Adjourn**

Pursuant to the "Open Meetings Act", NMSA 1978, Section 10-15-1 through 10-15-4 of the State of New Mexico, this Agenda was posted at a place freely accessible to the public 72 hours in advance of the scheduled meeting.