

Minutes of the Work Session of the Gallup City Council, City of Gallup, New Mexico, held in the Council Chambers at City Hall, 110 West Aztec, at 6:00 P.M. on Tuesday, March 23, 2010.

The meeting was called to order by Mayor Harry Mendoza.

At such meeting, the following were present, constituting a quorum:

Mayor:	Harry Mendoza
Councilors:	John J. Azua Mike Enfield Allan Landavazo E. Bryan Wall
Also present:	R. David Pederson, Acting City Manager/ City Attorney

Presented to the Mayor and Councilors were the following discussion items:

1. Proposed Grant Application for Phase II of the All Terrain Vehicles/Off Highway Vehicles (ATV/OHV) Park Project – Clyde (C.B.) Strain, Community Planner

Mr. Strain said the City was successful in securing a grant from the Recreational Trails Program (RTP) to plan and construct an ATV/OHV park on City property at the existing motocross track north of town. The City has received environmental and archeological clearances and the project is now in the planning and designing phase with a construction start date expected to be in July 2010. There is grant money available through RTP for the expansion of the current project if the Mayor and Councilors would like to proceed to a Phase II project. Mr. Strain said the City could apply for an additional \$150,000, which would require a match from the City in the amount of \$30,000, for Phase II of the project. Phase II of the project would expand the park further north to an additional 15 miles of multi-use tracks and trails. The goal of the project is for the City to design and build the facility and then lease the facility to a private organization to operate and maintain.

Mayor Mendoza said many people are excited about Phase I of the project and recommended expanding the project to Phase II.

Councilor Azua asked if the location is currently being used as a motocross track. Mr. Strain responded yes; however, the existing track would need to be re-designed to address safety issues and an additional 10 miles will be added for ATV/OHV uses. Mr. Strain said the ultimate goal is to have a multi-use facility to accommodate motocross, ATV/OHV, rock climbing, hiking and biking trails. Councilor Azua said the park is a great project.

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Councilor Landavazo also said the park is a great project. Councilor Landavazo said he attended a planning meeting for the project and was impressed with the work performed by the project's consultant. He also said there has been many challenges in his district concerning the use of four wheelers on residential streets and has had several discussions with community members concerning the need for the facility.

Councilor Wall liked the project also. He asked if there will be a lease agreement with the company that will operate the facility. Mr. Strain responded yes and the proposed lease agreement would be similar to the shooting range lease agreement.

Councilor Enfield said he was in full support of the project. He commended the members of Red Rock Motor Sports for their work towards the project.

The following items that will be considered during the next Regular Session were presented to the Mayor and Councilors for discussion only:

1. Resolution R2010-12; A Resolution Supporting the Efforts of Gallup Solar to Work with Public Service Company of New Mexico (PNM) to Construct One of the Proposed Five Utility Scale Plants in the Gallup Area – Bill Bright, Sustainable Energy Board and David Brunt, Gallup Solar

Mr. Bright said the Sustainable Energy Board discussed, reviewed and unanimously voted in favor of the proposed Resolution.

Mr. Brunt said PNM is under a mandate to develop certain solar resources and to produce 20% of its power generation from renewable energies by 2020. During the past three years, Gallup Solar has been working with PNM to construct a plant in the Gallup area; however, PNM previously changed its mind. For a second attempt, he asked for an active involvement from the City to encourage PNM to reconsider the Gallup area to locate one of the five proposed plants. Once the five plants are developed, it is most likely PNM will expand the plants to meet their future requirements.

Mayor Mendoza recommended Pete Kelly, Economic Development Director, as the contact person for the City concerning this matter. Councilor Landavazo asked about the likelihood of a solar plant being built in the Gallup area. Mr. Brunt responded about a 20% chance. Councilor Landavazo asked what the Mayor and Councilors could do to encourage PNM to construct one of the plants in the Gallup area. Mr. Brunt said Mayor Mendoza should invite PNM's representatives to visit the Gallup area and if PNM accepts; organize a reception the representatives. Mr. Pederson said he and Lance Allgood, Executive Director, Gallup Joint Utilities, will contact PNM concerning the possibility of locating one of the plants in the Gallup area.

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2. Construction Agreement Between Public Service Company of New Mexico (PNM) and City of Gallup to Facilitate the Design, Construction and Interconnection of the Gallup Substation Switchgear Equipment to the PNM Mendoza Substation and to Address Ongoing Operation, Maintenance, Capital Replacements and Capital Betterments of New and Existing Facilities – Lance Allgood, Executive Director, Gallup Joint Utilities Division
  
3. Second Amended and Restated Agreement for Electric Service Between PNM and the City of Gallup – Lance Allgood, Executive Director, Gallup Joint Utilities

Mr. Allgood said staff completed an analysis of the City's electric distribution system in April, 2009. Based on the analysis, it has been determined that additional capacity in the City's electrical distribution system is greatly needed in the eastern portion of the city. Without additional capacity, the ability to shift loads in the event of a substation outage would be limited and would result in power outages in the City's system. He proposed the construction of a new 28 megawatt substation at the southwest corner of the Red Rock Park property. The proposed location is located within 100 feet of Tri State Generation's transmission line and within the proximity of existing easements and alignments. The proposed location is also in close proximity within one-half mile of the City's existing feeder lines going to and returning from the Ft. Wingate Substation into Gallup. All-weather improvements to the Padre Canyon Road leading to the substation will also be required. There have been minor changes made in the construction agreement concerning the clarifications of the names of the easements listed in the contract. In addition to the proposed construction contract, the existing service contract with PNM has been modified to include the new Mendoza Substation within the facilities charge and as a point of service. The City would need to execute a new Network Integration Transmission Service Agreement (NITSA) and Network Operating Agreement (NOA) in the event the City does not renew the service contract in 2013. The estimated cost for the substation is about \$4.7 million and the switchgear equipment is about \$1.3 million.

Mayor Mendoza asked about the size of the property and substation. Mr. Allgood said the PNM easement is one acre in size which abuts the Tri State Generation 100 foot easement. Mr. Pederson said the substation itself will cover less than 5,000 square feet, which is similar to the Noe Substation. Mayor Mendoza said the Church Rock Chapter is working with the Navajo Tribal Department of Transportation and McKinley County concerning the roadway improvements for Padre Canyon Road. Mayor Mendoza asked about the possibility of PNM selling the PNM facilities to the City. Mr. Allgood said the City would be required to purchase the substations in the event the City does not renew the service agreement with PNM when the contract expires in

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2013. If the City cannot come to an agreement with PNM, there would be a binding arbitration between the two parties. The City is positioned well to be able to purchase the facilities at fair market value either directly with cash or through a bond issue in the event the City does not renew the service agreement. If the City renews the service agreement with PNM, the substation would most likely remain with PNM or the City may choose to purchase the facilities. The City is currently unable to own and operate five substations since it does not have the staff or the technical expertise to do so.

Councilor Enfield asked if the City maintains any of the existing substations. Mr. Allgood responded no since PNM is responsible for the maintenance of the facilities. Councilor Enfield asked what the advantages are for the City to own the substations. Mr. Allgood said if the City does not renew the service contract with PNM, the City will need to own the substations since it will need to purchase power from another source. Mr. Allgood said by owning the facilities, the City would own the delivery points and the City would not have to pay for any line losses. Discussion followed concerning the City's future options when the current service contract with PNM expires in 2013.

4. Ordinance C2010-3; An Ordinance Concerning Zoning; Amending Title 10 (Land Development Standards) Chapter 4 (Zoning Regulations) of the Gallup Municipal Code by Repealing Article H. (Floodplain Zoning) in its Entirety and Adopting a New Article H. (Floodplain Zoning) – Stan Henderson, Executive Director, Public Works Division

Mr. Henderson said as a condition of participating in the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency (FEMA), the City must adopt measures that meets or exceeds minimum NFIP requirements. He recommended the repeal of the City's existing Ordinance in its entirety, which was adopted in 1987 and to replace it with current standards as required by FEMA for participation in the NFIP.

Mayor Mendoza asked if the floodplain maps changed. Mr. Henderson said the floodplain maps were incorporated into new floodplain maps; however, the specifics of the maps did not change.

Councilor Landavazo asked about the February 17, 2010 deadline set by FEMA. Mr. Henderson said language concerning the reference to the new floodplain study and maps were approved last month which satisfied the deadline. Mr. Henderson also said the City was required to complete the remaining updates by the end of March 2010. Mr. Pederson said the update also includes the recommendations made by the regional representatives of FEMA.

Councilor Wall asked if culverts and basins for certain areas are required for insurance

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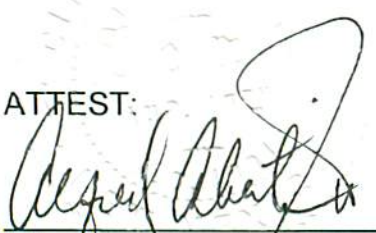
purposes. Mr. Henderson said in order to change the flood maps, improvements must be included to reveal the alleviation of the flood conditions described by the maps. Mr. Henderson also said the City has improvements that have never been incorporated into the FEMA maps; specifically, the flood control dikes in the Little Puerco and the flood control dam on top of Little Puerco Canyon. When the Army Corps of Engineers conducted the project in the 1980's, FEMA did not accept the Corps' hydrology calculations. Mr. Henderson said he is hopeful that the changes will be included in the new flood maps.

5. Resolution R2010-13; Fiscal Year 2009-10 State Cooperative Funding Agreement – Stan Henderson, Executive Director, Public Works Division

Mr. Henderson said the proposed Cooperative Agreement will be used for the mill and overlay of City streets. The New Mexico Department of Transportation has made \$34,396.00 available with requires a City match of \$11,465.33 for a total of \$45,861.33. He said the State's funding is a severe shortfall of over \$100,000 from previous State funding.

There being no further business, the Work Session adjourned.

ATTEST:

  
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Alfred Abelta, City Clerk

  
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Mayor Harry Mendoza

Approved 4/13/2010