

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, June 8, 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
Absent:	E. Bryan Wall, Councilor
Also present:	R. David Pederson, City Manager & City Attorney

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

1. Discussion Concerning the Necessity of Partially or Fully Closing the Fox Run Golf Course Due to Problems with the Irrigation System – R. David Pederson, City Manager/City Attorney

Mr. Pederson said the pumps for the irrigation system at the golf course run a high risk of failing. If the antiquated pumps fail, he is uncertain if there will be a playable course for the upcoming golf tournaments this year. He said the golf course will remain open and is not suggesting that tournament sponsors cancel their tournaments. He wanted to advise the public of the current condition at the golf course in the event the pumps fail as it will take several months to repair. Even if the pumps are replaced, there is a high probability the irrigation system will fail since the original piping is old and deteriorated. Councilor Enfield said there has been a large amount of money spent at the golf course and asked why the problems with the pumps were not addressed. Councilor Landavazo agreed and since the problem has existed over a year, he also asked why the problem has not been addressed. Mayor Mendoza said there is enough blame to go around since the problem began with the golf course over 50 years ago when the course was constructed in the wrong place and at the wrong time to begin with. Mr. Pederson said he has a copy of a report from the company that services the pumps that the company recommended to the City about 20 years ago that the irrigation system be replaced. The company also reported that significant repairs be made to the irrigation system about 3 ½ years ago. As of this date, the irrigation system was never significantly improved or replaced. Mr. Pederson said the unlined irrigation ponds at the golf course are also out of compliance with state regulations. Mr. Pederson is uncertain why the problem was never addressed or brought forcefully to the attention of the Mayor and Councilors. Mr. Pederson said the two viable options for the golf course are: 1) to partially close down the golf course and to rehabilitate it from

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scratch and to rehabilitate the second half at a later time or 2) to find a superior location and build a new golf course. Councilor Enfield said if nine holes of the golf course is closed the same old pumps will be left remaining. Mr. Pederson said he met with the City's engineering consultant Marc DePauli, Lance Allgood, Executive Director, Gallup Joint Utilities and Bob Weekes, Director of Golf Operations, concerning an interim plan to keep one-half of the golf course operational until a permanent solution is determined. The cost for the emergency repairs for the irrigation system will be \$100,000. Mr. Pederson said he believes the City has adequate resources to address the problem if it has the will to do it. Mr. Pederson is looking forward to obtaining opinions on the matter through the meetings conducted by the proposed Golf Course Task Force. Councilor Enfield asked how it would be possible to keep nine holes open with the existing irrigation system. Mr. Pederson said one-half of the golf course could remain open while a discrete number of repairs were done to the system as a short-term solution. Councilor Enfield asked if the front or back nine would remain open. Mr. Weekes said he does not see a reason not to leave the entire golf course open unless it is absolutely necessary to close the course. Mr. Weekes said they are trying to forewarn the public of possible closure of the golf course if the pumps to the irrigation system should fail. Maintenance crews at the golf course have to address 1 to 3 mainline breaks per day with the pumps having mechanical problems which occurred earlier this spring. One irrigation system is about 50 years old while the other system is about 30 years old. Councilor Enfield asked how much one pump costs. Mr. Weekes said it costs about \$250,000 for a modern, standardized pump system. When repairs were made to the irrigation system on the front nine, irrigation piping was replaced with electrical conduit which is not designed to hold high water pressures. Councilor Enfield asked if the front nine or the back nine is in better condition. Mr. Weekes said the back half is the better side based on reports from the company that services the pumps. Councilor Enfield asked how many pumps are at the golf course. Mr. Weekes said there are two large pumps with one jockey pump that services the front nine and one large pump with one jockey pump to service the back nine. On the back nine, the jockey pump failed which leaves the only the remaining large pump for irrigation. Councilor Azua asked about selecting the best nine holes to remain open. Mr. Weekes recommended keeping the golf course open as long as possible and to evaluate potential problems as the need arises. Councilor Azua asked if it was possible to focus maintenance efforts on specific holes to make them push throughout the golf season. Mr. Weekes responded no since one or both pump houses may fail. Councilor Azua asked about the possibility of manual operations for irrigation. Mr. Pederson said the golf course cannot be manually irrigated. Mr. Weekes said his crew is scrambling around the golf course with water trucks to manually irrigate the greens as needed. Councilor Azua asked if tournaments could be held with a nine-hole golf course. Mr. Weekes said it is possible to hold tournaments with only nine-holes but it would depend on the preferences of the tournament organizers. Mr. Weekes also said once the necessary repairs are made to the pumps then repairs can be made with the piping of the irrigation systems. Councilor

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Azua asked if a relatively good golf season can be achieved without having to do a major renovation of the golf course. Mr. Weekes responded yes and recommended keeping the entire golf course open for the remainder of the season. Mayor Mendoza asked about the dangerous environment for maintenance crews working on certain pumps. Mr. Pederson said the pumps that service the south side of the golf course are out of compliance with the electrical code and creates a dangerous environment to maintenance personnel. Mr. Pederson stressed that he is not trying to encourage anyone to cancel their tournament and is trying to inform the public of the current situation at the golf course which requires significant, emergency repairs to be made to the irrigation system. Mr. Pederson does not want the City to be blamed if the pumps fail, the golf course has to be closed down and golf tournaments have to be canceled. Mr. Pederson also said another possibility to consider is relocating the golf course to another site. Councilor Enfield said if the pumps fail, he asked how long it would be before the golf course dies. Mr. Weekes said depending on the weather, it may be within a month before the golf course dies. Mr. Allgood presented technical information concerning the rehabilitation for both pump stations. The pump station on the back nine requires a new pumping motor for the jockey pump and a new control panel. The pump house on the front nine requires the replacement of the electrical controls which also requires changing the building configuration. There are two different control systems for both pump stations with a hydraulic system on the front nine and an electrical system on the back nine. Mr. Allgood said staff is working on plan to get through the summer and once the golf course task force presents its recommendation, a long-term plan will be developed. Councilor Azua asked about liability issues for the danger that exists for maintenance personnel. Mr. Allgood said if proper procedures are followed for de-energizing the pump station, the hazardous conditions will subside for maintenance personnel entering the pump station. If a pump fails it would take six to eight weeks or longer to get a replacement pump. Councilor Landavazo asked why it takes so long to get a new pump. Mr. Allgood said a pump has to meet a specific design in order to develop a certain amount of pressure and flow. Mayor Mendoza said costs have to be determined by the end of the golf season concerning options for the future of the golf course. Mr. Pederson said he is gathering information for the Golf Course Task Force members to evaluate. Mr. Pederson also said finding fault and casting blame is useless in addressing this situation. Councilor Landavazo referred to Maslow's Hierarchy of Needs and said the City has not addressed the basic needs of the golf course in the past. In moving forward, Councilor Landavazo said prior to addressing higher needs such as improvements on Hole #17 or repaving the parking lot, basic needs such as water must be the future focus for the golf course. Mr. Pederson agreed and said if the recommendation is to rehabilitate the golf course he would recommend bringing in the appropriate soil for the course or if the recommendation is to build a new course, then he would recommend building the course in the correct and proper manner.

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Mayor Mendoza asked if there were any comments from the audience concerning the golf course. There were none.

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

1. Resolution R2010-22; Bond Sale Resolution – Chris Muirhead, Modrall, Sperling, Roehl, Harris & Sisk, P.A.

Mr. Muirhead presented the final version of the Sale Resolution for the City's Improvement Revenue Bonds, Series 2010A and the City's Refunding Revenue Bonds, Series 2010B. The Sale Resolution includes the pricing of the bonds which took place earlier in the day. The Series 2010A Bonds were priced at a par amount of \$11,910,000 and the Series 2010B Bonds were priced at a par amount of \$3,520,000. The net interest costs for both series of bonds are well below the maximum statutory limit of 12% as the net interest costs for the Series 2010A Bonds is 4.0632% and the Series 2010B Bonds is 2.3637%.

Mark Valenzuela of George K. Baum & Company, said the City's prior bond rating was "A2" from Moody's Investors Service and now has achieved an upgrade of an "AA-" rating from Standard and Poor's. The "all-in" true interest costs for the Series 2010A Bonds is 4.12% and due to the City's upgraded bond rating, a cash fund or bond fund reserve was not required as well as bond insurance. For the Series 2010A Bonds, the maximum annual debt service payment for the life of the bonds (20 years) will be \$892,782 in contrast to the earlier projected range of \$925,000 to \$950,000 per year. The "all-in" true interest costs for the Series 2010B Bonds is 2.69% with a net present value savings of \$302,058 or 8.38% in contrast to the earlier projected net present value savings of \$240,000. The average annual savings for the Series 2010B Bonds will be about \$50,000 per year for the remaining term of the debt (6 years). Mr. Valenzuela presented an overview of how the City's bond rating upgrade improved the financing position of the City, allowed the City to forego bond insurance and allowed the City to issue debt without the need for a bond-funded debt service reserve.

Kit Caldwell of Southwest Securities, Inc., said the City's credit was well received in the market. The time and energy was well spent to improve the City's bond rating and it translated into a very strong pricing of the bonds today. Based on the numbers presented by Mr. Valenzuela, Mr. Caldwell said they beat all of the forecasts and projections previously presented to the Mayor and Councilors.

Mayor Mendoza thanked and commended Mr. Muirhead, Mr. Valenzuela and Mr. Caldwell for their hard work during the bond process. Councilor Landavazo concurred with Mayor Mendoza's statements and also commended Mr. Pederson and Judi

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Starkovich, Executive Director, Administrative Services Division, for their work in improving the City's bond rating.

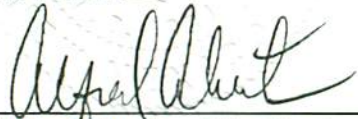
Due to time limitations, the Work Session adjourned.





Mayor Harry Mendoza

ATTEST:



Alfred Abeita, City Clerk