

Minutes of the Regular Meeting 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 Thursday, October 14, 2010.

The meeting was called to order by Mayor Harry Mendoza.

Upon roll call, the following were present:

Mayor: Harry Mendoza

Councilors: John J. Azua
Mike Enfield
Allan Landavazo
E. Bryan Wall

Also present: R. David Pederson, City Manager &
City Attorney

Mayor Mendoza advised Discussion/Action Topic #4 from the Regular Meeting Agenda will be presented at this time.

4. Resolution R2010-33; A Resolution Declaring the Intent of the City Council of the City of Gallup to Consider for Adoption an Ordinance Authorizing Issuance of the City of Gallup General Obligation Refunding Bonds, Series 2010 – Chris Muirhead, Modrall Sperling Law Firm

Mr. Muirhead said the proposed Resolution will allow the City's financial advisors to move forward the preparations and requirements for the proposed bond issue. By refunding the 2003 General Obligation Bonds the City's property owners will achieve a present value debt service savings over the life of the debt based on lower interest rates in the current market.

Mark Valenzuela of George K. Baum & Company said the proposed bond issue will be well received in the market. Since the City received a two step upgrade in its previous bond issue this past summer, his company will be in contact with bond rating agencies for the proposed bond issue as well.

Although the proposed bond issue will not produce any proceeds for the City's General Fund, Mayor Mendoza said by refunding the 2003 General Obligation Bonds, it will help save money for the City's property tax payers. Mr. Valenzuela concurred.

Councilor Wall asked about the amount of money that will be refinanced. Mr. Valenzuela said there is currently \$4.135 million in principal that is outstanding on the debt. Mr. Valenzuela said based on the strong management of the state's financing program, the City will have cash available to pay down the bonds and will only issue about \$3.7 million in principal.

MINUTES

Regular City Council Meeting – 10/14/2010

Page 2

Following discussion, Councilor Azua made the motion to approve Resolution R2010-33. Seconded by Councilor Landavazo. Roll call: Councilors Azua, Landavazo, Enfield, Wall and Mayor Mendoza all voted aye.

The Mayor and Councilors continued their discussion from the previous Work Session concerning the following item:

2. Presentation on the Four Corners Region Geo-Tourism Project – Bob Kuipers, Northwest New Mexico Council of Governments

Mr. Kuipers presented a video to the Mayor and Councilors on the project.

The Mayor and Councilors returned to the Agenda of the current Regular Meeting.

Presented to the Mayor and Councilors were the Minutes of the Special Session of September 21, 2010, Work Session and Regular Session of September 28, 2010 and the Special Session of October 5, 2010.

Councilor Azua made the motion to approve the aforementioned Minutes. Seconded by Councilor Enfield. Roll call: Councilors Azua, Enfield, Wall, Landavazo and Mayor Mendoza all voted aye.

Presented to the Mayor and Councilors were the following Consent Agenda Items:

1. Appointment of Frank Chiapetti to the Gallup Sports and Youth Commission – Mayor Harry Mendoza
2. Request for Street Closure for the Veterans' Day Parade – Bill Martinez, American Legion Post 8

Councilor Enfield made the motion to approve Consent Agenda items 1 and 2. Seconded by Councilor Wall. Roll call: Councilors Enfield, Wall, Landavazo, Azua and Mayor Mendoza all voted aye.

Presented to the Mayor and Councilors were the following Discussion/Action Topics:

3. McKinley County's Immortal Heroes 2011 Summer Streetlight Program – Dennis Gardner, American Legion Post 8

Since Mr. Gardner was not present at this time, the Mayor and Councilors proceeded to the next item.

MINUTES

Regular City Council Meeting – 10/14/2010

Page 3

5. Resolution R2010-34; A Resolution Approving Submission of a Funding Application to the New Mexico Water Trust Board for Funding of Phase 5 of the Gallup Regional System Component of the Navajo-Gallup Water Supply Project – Jeff Kiely, Executive Director, Northwest New Mexico Council of Governments

Mr. Kiely said the application for funding in the amount of \$8.5 million will be used for the construction of a new water storage tank at Gamerco and will serve as an essential distribution hub in the Regional System Master Plan.

Councilor Landavazo made the motion to approve Resolution R2010-34. Seconded by Councilor Enfield. Roll call: Councilors Landavazo, Enfield, Wall, Azua and Mayor Mendoza all voted aye.

Councilor Wall asked Mr. Kiely if there was an agreement to be executed by the end of the month with one of the tribal governments on the Navajo-Gallup Water Supply Project. Mr. Kiely said the Jicarilla Apache Nation has become a potential third partner in the Navajo-Gallup Water Supply Project since the Jicarilla Apache Nation received a settlement of their water rights before the Navajo Nation. Mr. Pederson said the City recently entered into a Memorandum of Agreement (MOA) with the Jicarilla Apache Nation to conduct formal negotiations for the purchase of water. Mr. Pederson also said the purpose of the (MOA) is that the City is required by federal legislation to enter into an agreement for a 40-year water supply contract with another entity. The Cutter Lateral, which is the eastern side of the Navajo-Gallup Water Supply Project will supply water to the Jicarilla Apache Nation and to the northeastern portion of the Navajo Nation. Councilor Wall asked if the project is on schedule and if the City has met the required deadline. Mr. Pederson said the project is on schedule; however, there is no arbitrary deadline in place to comply with federal legislation.

3. McKinley County's Immortal Heroes 2011 Summer Streetlight Banner Program – Dennis Gardner, American Legion Post 8

Mayor Mendoza presented the item since Mr. Gardner was not in attendance for the meeting. Mayor Mendoza said the American Legion is proposing the program to place 18" X 36" banners on streetlight poles to honor soldiers from McKinley County who served in the Armed Forces. The American Legion will sell the sponsorships for the program and will have the banners ready for display three times during the year. The American Legion is also requesting the City's assistance to hang the banners on the streetlight poles.

Councilor Landavazo asked about the time frame for the display of the banners on the street poles. William Martinez of the American Legion said the banners will be on

MINUTES

Regular City Council Meeting – 10/14/2010

Page 4

display one week before and one week after Veteran's Day and beginning around May 10, 2011 for the Run for the Wall Event through Memorial Day to the end of May. Councilor Landavazo asked if there will be any conflict with the Gallup Lions Club when they begin hanging their banners on streetlight poles beginning the first part of June. Mr. Martinez said the Immortal Heroes Banners should be down in time for the Gallup Lions Club to hang their banners. Mayor Mendoza and Mr. Pederson said the time frames for the display of the banners can be worked out.

Councilor Enfield made the motion to approve the McKinley County's Immortal Heroes 2011 Summer Streetlight Banner Program as long as there are no conflicts with any other organization in the display of streetlight banners. Seconded by Councilor Wall. Roll call: Councilors Enfield, Wall, Landavazo, Azua and Mayor Mendoza all voted aye.

Comments by Public on Non-Agenda Items:

None.

Comments by Mayor and City Councilors:

Councilor Wall requested a report for the Council on every grant the City's Grant Writer has worked on by himself and the grants in which the Grant Writer is planning to pursue. Pete Kelly, Economic Development Director, said since the Grant Writer's position falls under his direction, he will compile the information for the Council. Mr. Kelly said a majority of the grant applications that are handled by his department are collaborative in nature since grant applications require partnerships with other organizations. Mr. Kelly also said Kevin Killough, the City's Grant Writer, will almost always handle the bulk of the grant writing; however, the collection of data is handled by personnel that possess the technical understanding for the subject of the grants. Councilor Wall said he would like to see a true picture of what Mr. Killough is working on and what he has planned for future grant applications. Mr. Kelly also said Mr. Killough also does not take it upon himself to assign his own duties and responsibilities and if Mr. Killough finds grants that may be of interest to the City, Mr. Killough will provide the information to him and will ask for direction on the matter.

Mayor Mendoza expressed his concerns with a statement made by Councilor Wall during an interview with John McBreen of Millennium Media on September 29, 2010. He said Councilor Wall's interview included a statement that there was no accountability on how department heads handle their budgets and how City funds are spent. Mayor Mendoza said Councilor Wall's statement is entirely false and Councilor Wall is sending the wrong message to the public. Mayor Mendoza said there is accountability in the expenditure of City funds as all City departments process their expenditures through the Purchasing and Finance Departments and the expenditures go through an auditing process at the end of the year which is conducted by a certified auditor. Mayor Mendoza said Councilor Wall's statements are also false that the City will have more

MINUTES

Regular City Council Meeting – 10/14/2010

Page 5

water than it needs and will have to give the water back to the State when the Navajo-Gallup Water Pipeline and the G-22 Project are complete. Mayor Mendoza said the City has been able to have an adequate source of water than previously projected based on the conservation efforts under the Rosebrough, Pena and Galanis Administrations. Mayor Mendoza asked Lance Allgood, Executive Director, Gallup Joint Utilities Division, to explain the process of the Navajo-Gallup Water Pipeline and the G-22 Project.

Mr. Allgood explained the process involving both projects by providing an overview on the difference between wet water and paper water, declared water rights and uses by entities within the Gallup Underground Water Basin and maintaining a 40-Year Water Supply Master Plan. Overall, water levels in all of the wells from the Gallup Sandstone and Dakota Westwater aquifers have been declining at a very high rate. When the first well was drilled in the Yah-ta-hey well field years ago, the water level was 7 feet below the ground surface. Currently, the water level in the Yah-ta-hey field is 700 feet below the water surface as the water levels have been declining about 20 feet per year. It is possible that the City may get to the point where an aquifer will not give up the water once the aquifer becomes depressurized. Water that is taken out of the aquifers cannot be returned. The only long-term option for Gallup is the Navajo-Gallup Water Pipeline which will be a renewable supply of water. If there is a sufficient amount of rainfall and a winter snowpack, there will be sufficient amount of water available through the Navajo-Gallup Water Pipeline. If there is not sufficient rainfall and a winter snowpack, there will not be enough water available through the Pipeline and Gallup will have to rely on underground water sources. Based on future projections, 7,500 acre feet of water from the Navajo-Gallup Water Pipeline will not meet the City's demands in 2040 and the City will have to rely on underground water sources including the G-22 water supply. Overall, Mr. Allgood said the City currently has a finite supply of water that will eventually run out. The City is also looking at re-use options to augment the City's water supply as a sustainable water source; however, re-use options are not considered a renewable water source.

Mayor Mendoza said the Council needs to be careful in providing information to the public.

Councilor Wall said he believes the City needs all of the water that it can possibly obtain. He said the City has 13,500 acre feet of water from the City's existing wells and with the new G-22 well there will be 5,500 acre feet of water. When the City brings in water from Navajo Dam there will be 4,500 acre feet. The City currently is using about 4,000 acre feet of water. Mr. Allgood said the City is currently using a little less than 4,000 acre feet of water. Councilor Wall said if the City takes all of the water wells it has, wet and dry water, the total water amount is 13,500 acre feet of water. Once the water is brought in from Navajo Dam the City will need to cap-off the other wells the City

MINUTES

Regular City Council Meeting – 10/14/2010

Page 6

has since the State will not allow the City to keep all of the water. The City will need to forecast its water needs under a 40-year plan based on the City's projected population, which will determine the amount of wells that will need to be capped-off. If there are several droughts and if there are many entities tapping into the water source, the City may not be able to obtain enough water from the San Juan River. The City needs to drill as much as it possibly can from different sources. He said he never received a solid answer if sonar tests can be used in artesian wells to determine the actual depth of the wells.

Mr. Allgood said all of the City's wells are all artesian in which the aquifers are located between combined underground layers that produces pressure which causes the water to rise within the well. The static levels of the wells have declined which means the entire water table has been drawn down. He also said the City's hydro-geologist believes the City currently has a limited supply of water as the aquifers receive little to no recharge. The City utilizes electric logs, videos and other methods of evaluating its wells to obtain information on the underground formations and the water-bearing characteristics of the aquifers.

Councilor Wall said when the Navajo-Gallup Pipeline and the G-22 Water Supply is completed the state or federal government is going to require the capping of the City's wells. Mr. Allgood said there is a possibility the City may have to give up some of its declared water rights as the City is looking at future conjunctive water use in its pending applications with the State Engineer. Councilor Wall asked if the City is able to tell how much water it has available. Mr. Allgood said the City's hydro-geologist is able to determine how much water is available for recovery in the Gallup Underground Water Basin; however, he does not have the figures with him.

Councilor Wall also said he requested information from department heads concerning the projects they are working on to determine the amount of money that is budgeted for their departments. He was advised that department heads do not submit such information to substantiate the funds they are requesting for their departments. Mayor Mendoza said department heads submit information to substantiate the funds they are requesting. Councilor Wall said he would like to see the projects each department worked on last year and the projects they are currently working on this year. Mayor Mendoza advised Councilor Wall to meet with Judi Starkovich, Executive Director, Administrative Services Division, to obtain a copy of the City Budget. Councilor Wall said a copy of the City's budget is not sufficient and wants the information for each of the department's projects. Mayor Mendoza said Mrs. Starkovich can verify the departmental projects and how each department expends City funds. Mrs. Starkovich said she can provide information how each department utilizes their budgets; however, her department does not handle the goals and objectives of each department. Councilor Wall said his comments were based on the fact that department heads do not

MINUTES

Regular City Council Meeting – 10/14/2010

Page 7

submit information concerning the projects they complete or information concerning their departmental goals. Mrs. Starkovich also said the City does not conduct project budgeting since the project initiatives comes from the Council itself. Councilor Wall said he has seen in government practices where departments have identified the projects they have completed during the previous year and have specified the amount of money needed for future projects as the basis of justifying their budgets. Mr. Pederson said the City's budget is designed to cover operational expenses and capital outlay projects are assigned to a particular department when the money becomes available. Mr. Pederson said if a department is tasked with a project, the funds will come from a separate source other than the operating budget from the department. Stan Henderson, Executive Director, Public Works Division, said the Mayor and Councilors will review the master list of the City's needs by department during budget hearings and will provide direction to City staff on how to handle those needs. Mr. Henderson said staff is currently working on the list of projects that were included in the recent bond issue this past summer.

Councilor Wall said he believes his statements from his recent radio interview are correct. Mayor Mendoza said the public is receiving wrong information and needs to be corrected.

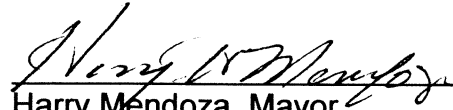
Mayor Mendoza apologized to Dennis Gardner for informing him of the wrong time of the Council meeting. Mayor Mendoza and Mr. Pederson informed Mr. Gardner of the approval of the McKinley County's Immortal Heroes 2011 Summer Streetlight Banner Program as long as there are no conflicts with any other organization in the display of streetlight banners.

Comments by City Manager:

Mr. Pederson thanked the Mayor and Councilors for moving the current regular meeting to the current date. Mr. Pederson apologized to Mr. McBreen for harshly grousing at him for leaving his cellular phone turned on during the previous Regular Meeting. Mr. Pederson also proposed moving the second regular meeting from November 23, 2010 to November 30, 2010 due the Thanksgiving Holiday.

There being no further business, Councilor Enfield made the motion to adjourn the meeting. Seconded by Councilor Landavazo. Roll call: Councilors Enfield, Landavazo, Azua, Wall and Mayor Mendoza all voted aye.

MINUTES
Regular City Council Meeting – 10/14/2010
Page 8



Harry Mendoza, Mayor

ATTEST:



Alfred Abeita, City Clerk

Approved 11/9/2010