

AGENDA

GALLUP CITY COUNCIL REGULAR MEETING TUESDAY, NOVEMBER 8, 2022; 6:00 P.M. CITY COUNCIL CHAMBERS



Louie Bonaguidi, Mayor

Linda Garcia, Councilor, Dist. 1

Michael Schaaf, Councilor, Dist. 2

Sarah Piano, Councilor, Dist. 3

Fran Palochak, Councilor, Dist. 4

Maryann Ustick, City Manager

Curtis Hayes, City Attorney

The meeting will be accessible through the City of Gallup's Facebook Page:

[City of Gallup, New Mexico Government - Home | Facebook](#)

Members of the public may submit comment on non-agenda items either in person or by telephone. To submit comment by telephone, please call (505) 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. Presentation Of Proclamation

Native American Heritage Month - November, 2022

D. Consent Agenda

These items are placed on the Consent Agenda so City Council can designate by unanimous consent those routine items they wish to be approved or acknowledged by one motion. If any item does not meet the approval of all Council members or if a citizen so requests, it will be heard as a separate item.

Action Needed:

Motion to approve or acknowledge Items 1-12 on the Consent Agenda by unanimous vote:

1. Certification Of FY 2022 Asset Inventory

In accordance with Section 12-6-10 NMSA 1978, requires the inventory to be certified by the governing authority as to correctness. Required Certification forms and a complete asset listing updated as of June 30, 2022 is attached.

Fiscal Impact: None
Recommendation: Approval of Certification of Assets for Fiscal year 2022
Speaker's Name Patty Holland

Documents:

[ASSET CERTIFICATION 2022.PDF](#)
[ASSET MAST LIST FY 22 SUMMARY COUNCIL CERTIFY.PDF](#)
[ASSET MAST LIST FY 22 DETAIL COUNCIL CERTIFY.PDF](#)

2. Budget Adjustment For Capital Purchase

The Fire Department seeks approval to reallocate existing 209 capital account meant for the purchase of self-contained breathing apparatus (SCBA) equipment, project CI2218 of \$25,000; to purchase a new set of vehicle extrication equipment (Jaws of Life).

In addition to reallocating existing funds, the Fire Department requests approval of a budget transfer of \$7,000 from current 209 operations to 209 capital. A potential new set of vehicle extrication equipment is projected to cost \$30,000 - \$32,000.

Fiscal Impact: Reallocation of current capital budget funds of \$25,000; a budget transfer of \$7,000 from 209 operations to 209 capital.
Recommendation: Staff recommends approval
Speaker's Name Jesus "Chuy" Morales, Fire Chief

3. Request For Street Closures For The Annual Christmas Parade To Be Held On Saturday, December 3, 2022 At 1:00 PM

The Gallup-McKinley County Chamber of Commerce, in partnership with the Red Rock Balloon Rally, are requesting approval of the closure of Aztec Avenue from 8th Street to Puerco Drive for the Annual Christmas Parade. The proposed street closures are set in accordance with the City's standardized parade route.

Fiscal Impact: TBD - City staff to provide support services for the event.
Recommendation: Approve the request for street closures
Speaker's Name Ben Welch

Documents:

[EVENT PERMIT 2022 CHRISTMAS PARADE.PDF](#)

4. Capital Projects Budget Transfer For Roof Replacement

Both buildings were approved for a new roof this fiscal year. The building and construction roof was assessed and only requires room maintenance.

Due to inflation and high cost the vehicle shop roof replacement is higher than initially expected.

Both departments are general fund and we are asking to transfer \$60,000.00. from one project to the other to cover the cost of the roof replacement project.

Fiscal Impact: None Transfer only
Recommendation: To approve transfers
Speaker's Name Amanda Carey

Documents:

[GALLUP VEHICLE SHOP RECOVER 2022 UPDATE 10.6.22.PDF](#)
[CITY OF GALLUP CONSTRUCTION BUILDING REPAIR AND MAINTENANCE PROPOSAL.PDF](#)
[TRANSFER REQUEST 11082022.PDF](#)

5. Budget Transfer For Custodian Supervisor

Our Lead Custodian position is currently only 42 cents more than the employees they supervise. We need to increase the hourly rate of pay. The current classification is at a GS06. The responsibilities and job description actually fit under a W09 classification. The total amount to make this comparable to the correct classification and to the other supervisors with in the city would be in the amount of \$15,000.00. We have worked to save money on other projects therefore the money will come from our operating budget account for facility maintenance.

Fiscal Impact: \$15,000 transfer from operating account building maintenance
Recommendation: Staff recommends budget transfer in the amount \$15,000
Speaker's Name Amanda Carey

6. Budget Adjustment For Equipment & Vehicle Maintenance

Requesting a budget adjustment to Equipment Maintenance for \$30,000. This will be for the replacement of the Derrek units faulty gearbox. The invoice came in much higher than was estimated at \$29,898.10 (no tax).

Another budget adjustment for account Vehicle Maintenance for \$20,000 for the transmission repair for our double bucket. Estimate came in at \$9,249.33 which does not include the PM request we put in for the unit while it's out of service.

We are asking for double the amount for what the estimate came in at due to material increases. When we estimated the gearbox for the Derrek unit, the actual invoice ended up being twice what the estimate was and we are anticipating the same could happen with this estimate as well. To recap this, we anticipate the invoice for the transmission replacement could come in at \$18,498.66 with the PM request coming in at \$1,000 totaling \$19,498.66.

Fiscal Impact: Budget Adjustment to Equipment Maintenance in the amount of \$30,000 from the Operating Cash in Fund 507.
Budget Adjustment to Vehicle Maintenance in the amount of

\$20,000 from the Operating Cash in Fund 507.

Recommendation: "See Description Above"

Speaker's Name Chuck Nourse

Documents:

[ALTEC PO 97358 INVOICE 51089336.PDF](#)

[LONESTAR ESTIMATE.PDF](#)

7. Budget Adjustment For Project JU1510 SCADA Improvement

Budget Adjustment to Project JU1510 SCADA Improvement for \$115,500 for the purchase of the Noe station relays and the purchasing and fabrication of the replacement doors for the new equipment.

- o \$30,000 for the purchase of the SEL relay equipment [see document labeled 'SEL Quote']
- o \$75,000 for the replacement panel doors [see document labeled 'T&D Email Materials Estimate']
- o 10% contingency for \$10,500

This project is needed to finish tying in the Noe substation feeders into the SCADA. This addition to the SCADA will greatly assist with our load forecasting.

The reason we are moving forward with this now is the increasing lead times and pricing on the materials. We have seen the lead times for the SEL equipment continuing to climb and we are also watching steel prices on the rise as well and want to lock it in at the current price it is at as soon as we can.

Fiscal Impact: Budget Adjustment to Project JU1510 in the amount of \$115,500 from the Operating Cash in Fund 507.

Recommendation: "See Description Above"

Speaker's Name Chuck Nourse

Documents:

[SEL QUOTE.PDF](#)

[T_D EMAIL MATERIALS ESTIMATE.PDF](#)

8. Approval Of Water Well Design And Construction Management Services To DePauli Engineering And Surveying LLC For Two (2) Water Wells Under The Interstate Stream Commission (ISC) Grant

The City of Gallup and New Mexico Interstate Stream Commission (ISC) entered into an agreement for the total amount of \$8 million in funding, that was approved by City Council action on September 13, 2022.

Project includes design and drill two (2) wells at the same time under the Office of the State Engineer G-80 permits within the City's Yah-Ta-Hey well field near existing wells. The proposed wells will be drilled to a depth of approximately 3,500 feet. The work to be done under this agreement includes, but not limited to: Drilling, casing, and equipping two groundwater wells; Interconnecting the wells to the City's existing water supply system; Construction oversight, surveying, reporting; Engineering and design, bidding assistance.

DePauli Engineering and Surveying, LLC was the designee for Professional services on this project and has submitted a fee proposal in the total amount of \$524,979.84, including NMGRT.

Scope of Work: Design and Construction Management services - prepare water well specifications, bid documents and construction management for two (2) water wells. Building and equipment are not included.

Fee proposal attached

Fiscal Impact: Budget revenues and expenditures in the amount of \$262,489.92 for each well in the total amount of \$524,979.84. Funding will be reimbursed by the Interstate Stream Commission (ISC) agreement.

Recommendation: Approval of professional services proposal

Speaker's Name Adrian Marrufo - Acting Director SW/W/WW

Documents:

[WATER WELL DESIGN FOR ISC GRANT.PDF](#)
[WATER WELL DESIGN FOR ISC GRANT.PDF](#)

9. Budget Adjustment For HROD, INC. To Continue Providing Professional Lobbying And Governmental Relations Services Related To The Navajo Gallup Water Supply Project (NGWSP)

The City of Gallup and HROD, INC have extended the Agreement through April 30, 2023 in the amount of \$60,000.

Scope of Services and Contractor's Responsibilities. The responsibility of the Contractor shall be to render professional lobbying and governmental relations services for the City during the term of this Agreement (hereinafter referred to as the "Services"). The Contractor will be responsible to the City services required, including, but not limited to, the following:

Represent the City and advocate its legislative goals in Washington, D.C. before the Congress and federal agencies as appropriate during the 117th Congress related to issues affecting the benefits to and obligations of the City under provisions of the Omnibus Public Lands Management Act of 2009, Title X Part III (P.L. 111-11).

The Contractor will be responsible to the City for all legislative and federal agency services required.

Agreement attached.

Fiscal Impact: Budget adjustment in the amount of \$60,000 from Fund 506 Operating Cash into budget acct: #306-6063-444.45-30; Project #JU1240

Recommendation: Staff recommends approval of the requested budget adjustment

Speaker's Name Curtis Hayes - City Attorney

Documents:

[FY2023_HROD INC.PDF](#)

10. FY23 Lodgers Tax Event Grant Awards

Due to transitions in city staff, the Lodgers Tax Committee has not had a chance

to meet and review two applications requesting Lodgers Tax funding. City staff would still like to proceed and request action from Council for these events:

- o Friends of Hubbell Native American Art Auction (May 3-6, 2023)
\$5600
- o 41st Annual Red Rock Balloon Rally (December 2-4, 2022) \$35,000

City staff is recommending funding in full of these two events.

Fiscal Impact: \$40,600 in funding from available grant funds within 214 grant budget.

Recommendation: Approval of \$40,600 for these two events.

Speaker's Name Everett Homer, Acting Tourism & Marketing Manager

Documents:

[RED ROCK BALLOON RALLY LT APPLICATION - COPY.PDF](#)
[FRIENDS OF HUBBELL LT APPLICATION.PDF](#)

11. **Cancellation Of The December 27, 2022 Regular Council Meeting**

Due to the holiday season, staff recommends the cancellation of the December 27, 2022 Regular Council Meeting.

Fiscal Impact: None.

Recommendation: Cancel the Dec. 27, 2022 Regular Council Meeting.

Speaker's Name Maryann Ustick, City Manager

12. **Resolution No. R2022-43; NMDOT Special I-10 & I-40 Planning Funds Application Submission**

Attached for City Council consideration and approval is NMDOT Special I-10 & I-40 Planning Funds Application for funding for planning and preliminary engineering for Interstate 40 & NM118 East & West Interchanges to improve safety and provide seamless access to and from Interstate 40 and NM118. Total project cost is estimated at \$4,000,000 and no local match is required.

As part of the application, an approved resolution of project support is required by NMDOT from the City of Gallup.

Fiscal Impact: None at this time.

Recommendation: Staff recommends the approval of the attached resolution of support #R2022-43

Speaker's Name Evan Williams, Executive Director, NWNMCOG

Documents:

[PFF I-10 I-40 EAST WEST INTERCHANGES 10042022.PDF](#)
[RESOLUTION NO. R2022-43.PDF](#)
[LETTER I-40 EAST WEST.PDF](#)

E. Discussion/Action Topics

1. Ordinance No. C 2022-4 Enacting Water Commodity Rates And Meter Charges

On April 26, 2022, the Gallup City Council heard a presentation and the written report prepared by RBC Capital Markets that evaluates the City of Gallup's current water rate structure in light of the projected expenditures deemed necessary to reliably provide water to the Water Department's current and future customers, and does so in a fiscally prudent manner by achieving 180 days of cash on hand over the long term and achieves debt service coverage of 1.5 times or greater for all of the City's debt attributable to the Water Department. The RBC report determines the revenues that will be required for Water Department to achieve those goals by the end of Fiscal Year 2028 and recommends to City Council a rate structure for the next seven fiscal years that allows to obtain the necessary revenues.

A rate study has also been prepared by Depauli Engineering & Surveying. Those findings were most recently presented at the October 11, 2022 Council meeting.

The rate study revealed that the residential commodity charge is currently lower than the cost to deliver that water. We also have determined that the funding from meter charges is insufficient to maintain debt service and needed capital investments to properly maintain the system. Further, it Council is aware that we are not able to achieve and maintain 180 days cash on hand with the current rate structure that is in place.

A new industrial rate is included in the ordinance. There are two tiers based upon consumption. The rate is 70% of the lowest commercial rate for the first tier and 70% of the >XXXXX rate for the second tier is 15% higher.

Two options are proposed at this time, option 1 is a higher increase in the commodity charge (22.5%) but allows for a larger investment in the capital needs of the system. Option 2 reflects a lower increase in the commodity charge (15.5%) and will decrease the funds available for capital investment by nearly \$5 million. The meter charge with either option will increase by 22%. These rate changes will be effective January 1, 2023 with the following years' changes scheduled on July 1 of each year. The charts are included in the proposed ordinance for each option.

Fiscal Impact: Adoption of an increase will allow for proper funding to invest in the system while providing necessary cash to maintain a fiscally prudent level of cash on hand.

Recommendation: Staff recommends adoption of the 2022 Water Rate Ordinance Option 1 or Option 2

Speaker's Name Patty Holland and Curtis Hayes.

Documents:

[2022 WATER RATE ORDINANCE OPTION 1.PDF](#)

[2022 WATER RATE ORDINANCE OPTION 2.PDF](#)

2. PNM Network Integration Transmission Service (NITS) Reimbursement

On May 18th, 2022 Continental Divide Electric Cooperative (CDEC) agreed to a

settlement that relieved them of their energy forecasting duties. Shortly after this, we contracted Enchantment Energy Consulting to handle all load forecasts from this point on. In the month of August, 2022 we noticed a significant increase in the NITS invoices we received from PNM and decided to investigate the reason for this.

It was discovered that CDEC was still submitting the load forecasting after the settlement agreement relieved them from this. When the forecast from CDEC and Enchantment Energy Consulting was compared, there was an element that was not included in CDEC's forecasting which caused the increased NITS bill. This exclusion from the load forecasting dates back to April of 2021. We submitted the ticket with PNM and they acknowledged the overpayment and we received the refund in the amount of \$1,088,852.37.

Fiscal Impact: Revenue in the amount of \$1,088,852.37
Recommendation: "See Description Above"
Speaker's Name: Chuck Nourse

Documents:

[PNM CREDIT.PDF](#)

3. **Award Of Contract For Long Term Power Supply And Scheduling Services**

The City of Gallup currently receives the majority of its electric power supply under a Power Purchase Agreement ("PPA") with Continental Divide Electric Cooperative that expires June 30th, 2025. Each year the City will purchase power from Continental Divide at a fixed rate. Currently we are purchasing power at \$54 / MWh and at the start of Fiscal Year 2025, we will be paying at a rate of \$56.50 MWh. In preparation for the expiration of the CDEC contract we sought out other Power Suppliers and received an offer from Guzman who can supply the wholesale power for us at a rate of \$47 / MWh for 15 years. Their offer was to begin delivering the power supplies on immediately following the expiration of the CDEC, July 1, 2025. In addition to this, Guzman has agreed to supplement the City for \$1.45 million to help offset the cost to be incurred to finish the remainder of the term of the contract with Continental Divide Electric Cooperative.

A Request for Proposal (RFP) was published on November 29, 2021 and the City received proposal responses. The RFP Evaluation Committee evaluated the proposals and met on February 1st, 2022 to score the proposals using criteria developed and included in RFP No. 2021/2022/06/P. After thorough review and discussion the Evaluation Committee selected Guzman Energy LLC ("Guzman") as the successful party and began negotiations of a new PPA under which Guzman will be the next Long Term Power Supplier for the City of Gallup. The reason for this selection is based on the reliability of proposed power supply, delivery, and cost of power.

Executable Contract to follow.

Fiscal Impact: -Revenue in fund 507 budgeted in the amount of \$1,450,000 (total for FY2023 -FY2025)

Recommendation: RFP Evaluation Committee recommends approval of award of contract to Guzman Energy LLC

Speaker's Name Edwin Reyes

Documents:

[TABULATION 2021.2022.06.P LONG TERM POWER SUPPLY AND SCHEDULING SERVICES.PDF](#)
[GUZMAN-CITY OF GALLUP - POWER PURCHASE AGREEMENT EXECUTION VERSION - FINAL 11-03-22 WITH EXH.PDF](#)

4. Resolution No. R2022-47 To Submit Application For NMDOT Special Planning Funds For Gallup Trade Port

Northwest New Mexico Council of Governments (COG) and the Greater Gallup Economic Development Corporation (GGEDC) have requested that the City of Gallup approve a resolution declaring the intent to submit an application to the New Mexico Department of Transportation (NMDOT) for NMDOT Special I-10 and I-40 Planning Funds for the Gallup TradePort. This funding in the amount of 1 million would be used to pay the cost to provide a Customs official to staff a User Fee Airport.

Recommendation:

Approve Resolution No. R2022-47 of Sponsorship for NMDOT Special I-10 and I-40 Planning Funds Application Submission for Gallup Tradeport.

Fiscal Impact: None at this time.

Recommendation: Recommendation in the summary.

Speaker's Name Maryann Ustick, City Manager

Documents:

[RESOLUTION NO R2022-47_GALLUP TRADE PORT.PDF](#)

5. Approval Of Revenue And Expenditures For Eligible Activities As Defined In HB68 For Recruitment And Retention Stipends For The Gallup Police Department In The Amount Of \$750,000 Be Expended By June 30, 2023.

The New Mexico legislature in the 2022 regular session passed the Omnibus Crime Bill, HB 68. As part of this bill, on September 8, 2022, Chief of Police Franklin Boyd received a notice of award of funding from the Law Enforcement Fund for the City of Gallup. On October 18, 2022, Chief Boyd received a revised grant agreement identifying expenditures of eligible activities per HB68 for "Recruitment and/or Retention". Chief Boyd presented the revised grant agreement on October 25th which was subsequently approved by Mayor and Council.

House Bill 68 Section 1 "DISTRIBUTION OF FUNDS" states: The department of finance and administration shall establish a program to distribute funds for local law enforcement agencies to provide recruitment and retention stipends to law enforcement officers. The program shall establish criteria for distribution of funds

appropriated for that purpose, prioritizing recruitment and retention of personnel to increase investigative capacity. The program shall also establish appropriate guidelines on the use of those funds, including recruitment and retention stipends that may be distributed to:

1. a person who is not certified as a law enforcement officer pursuant to the Law Enforcement Training Act upon employment with a law enforcement agency; provided that the recipient successfully obtains such certification;
2. a person who is certified as a law enforcement officer pursuant to the Law Enforcement Training Act upon employment with a law enforcement agency; provided that the recipient remains employed with that agency for three months; and
3. a person who is certified as a law enforcement officer pursuant to the Law Enforcement Training Act currently employed by a law enforcement agency; provided that the law enforcement officer remains employed with that law enforcement officer's current agency for one additional year."

It is now the intent of the Gallup Police Department to utilize this funding for recruitment and retention stipends for certified officers, officers currently in the police academy, new recruits, and recruiting initiatives. The approved agreement includes "Detail Expenditures of Eligible Activities per HB68: Recruitment and/or Retention" to be submitted quarterly to the DFA. The Gallup Police Department has worked with the finance department to identify a working (stipend) budget for the referenced categories in compliance with the revised grant agreement.

The first of three allocated funds will be \$750,000 the first year and must be expended by June 30, 2023. Any amount not expended will be returned to the State of New Mexico, Department of Finance and Administration in the year that it is scheduled for reversion. All expenditures must occur prior to the reversion date.

The Gallup Police Department intends to disburse this first allocation in the following manner:

1. Each officer (49) will receive a stipend of 23 percent of their annual base salary dependent on the current vacancy rate.
2. Up to \$100,000 for recruitment incentives at \$ 10,000 per each new recruit. *See attachment: Sign-on incentive agreement (Certified and Uncertified new hire)
3. Any remaining funding will be utilized for recruiting efforts such as advertisements for vacancies, radio and newspaper ads, outreach, promotional recruitment materials, Etc.

Attachments: Sign-on incentive agreement

Fiscal Impact: Budget adjustment in revenue and expenditures for eligible activities as defined in HB68 in the amount of \$750,000.

Recommendation: Acceptance of budget adjustment for \$750,000 in reference to HB68.

Speaker's Name Franklin Boyd - Chief of Police

Documents:

[SIGN-ON INCENTIVE AGREEMENT.PDF](#)

F. Comments By Public On Non-Agenda Items

Members of the public are invited to comment on matters not appearing on the meeting agenda.

G. Comments By Mayor And City Councilors

H. Comments By City Manager And City Attorney

I. 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.