



# City of Las Cruces®

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## Capital Improvements Advisory Committee

Minutes for the Meeting on  
Thursday, January 21, 2016  
1:30 p.m.  
Utilities Center  
Board Room 225

### Committee Members Present:

Lonnie Hamilton, Chair  
Max Bower, Vice-Chair  
William Beerman, Committee Member  
Ronald Johnson, Committee Member  
Eugene Suttmilller, Committee Member

### Other:

Dr. Dwayne Guthrie, TischlerBise  
Consultant  
Jason Lorenz, Las Cruces Homebuilders  
Association  
John Moscato, Las Cruces Homebuilders  
Association

### City Staff Present:

Travis Brown, Fire Chief  
Carl Clark, RES/TS Administrator  
Marcy Driggers, Esq., Sr. Assistant City Attorney  
Justin Dunivan, Deputy Police Chief  
Mark Johnston, Parks & Recreation Director  
Jaime Montoya, LCPD Chief  
Carolynn Rouse, Utilities Office Assistant Senior  
Alma Ruiz, Utilities Office Manager Senior  
Ted Sweetser, Fire Marshal  
David Weir, Community Development, Director

Chair Hamilton: Called the meeting to order at approximately 1:30 p.m. We have Quorum present so we will start the meeting. I would like ask anyone who has anything to address today, to please come up to the podium. I understand that Carolynn Rouse has a handheld microphone unit, however, sometimes it works well and other times it doesn't. Therefore, it's best to come up to the podium if you have something to relay to us.

### Acceptance of the Agenda:

Chair Hamilton: Has everyone had a chance to review the agenda for the day?

Beerman: Mr. Chairman?

Chair Hamilton: Yes sir.

Beerman: I would just like to say I've read every word of the minutes, and I was really impressed at how well done they were. I think it's a very useful document, there's a lot of good information in there and it's kind of easy to follow. I'll just mention that we had two Mr. Johnsons, and we had some exchanges where

maybe there are three Mr. Johnsons in a row. One is allowed to write checks and one isn't. It might be good to put an initial in for Mr. Johnson.

Chair Hamilton: Thank you.

Johnson: Mr. Chairman, regarding the agenda. There's a great start in the agenda that you have, but I would like to suggest that the agenda be taken out through December of 2016 so that we can see what presentations are going to be put forward for the whole year. If at any point there's a critical vote that one of the departments sees coming up, we want to make sure we have a quorum. Some of us do travel and maybe we can adjust it back into the year for that. This is a great start, I'd just like to see it extended through December.

Chair Hamilton: I agree, Ron. For today, we're looking for approval of this agenda, but I think that under new business we need to bring that up.

Johnson: Okay, remind me. I make a motion we Approve the agenda.

Suttmiller: I second it.

Chair Hamilton: Thank you, Gene. All in favor? Aye.

Suttmiller: Aye.

Johnson: Aye.

Vice-Chair Bower: Aye.

Beerman: Aye.

Chair Hamilton: The agenda is Approved as presented.

**The Agenda was Accepted Unanimously. 5-0**

**Acceptance of the Minutes:**

**a. Regular Meeting of November 19, 2015.**

Chair Hamilton: Has everyone had a chance to look at the minutes of the previous meeting? If you have, and you concur there are no adjustments or amendments to the minutes, we will entertain a motion.

Suttmiller: I make a motion that we Approve the minutes.

Vice-Chair Bower: Second.

Chair Hamilton: All in favor? Aye.

Suttmiller: Aye.

Johnson: Aye.

Vice-Chair Bower: Aye.

Beerman: Aye.

**The Minutes were Accepted Unanimously. 5-0**

**New Business:**

Chair Hamilton: I'm going to take these two items under New Business in reverse order here. I think that we started a discussion at the last meeting. We have asked Ms. Driggers to prepare comments on what I had presented as a discussion item, whether or not it would be agreeable with the CIAC to extend the term of the Chairman through June so we could wrap up the Fire and Police package looking at Impact Fees that we've been in discussions about and just approved the Land Use Assumptions. I know that creates a little bit of a challenge as Ms. Driggers has presented and sent to everyone. It's pretty clear that I called it By-Laws in error, I think that's in the Municipal Code and it's derived from State Statute, if I'm correct on that Ms. Driggers. It appears as though we need to have an election in March and establish the new Chairman and Vice-Chairman at that point, and any other offices that we feel like this Board needs to cover. With that said, Ms. Driggers, what are your feelings?

Driggers: Like I told you before, I am so appreciative that we have a Chair that's willing to run for election again. The only comment I might use to supplement the memo I had sent out is that you need to have an election. The ordinance calls it a selection, but it's an election come March for the positions that you choose to have which appear to be a Chair, a Vice-Chair, and I guess that's the extent. Then, if you have the votes, you would be elected as the Chair for the second time. Again, there are no term limits. You can be a Chair for 20 years if you have the votes come March. But if your goal is to pass the baton on to somebody else upon the completion of the pending matters, you could resign the Chair position when that was accomplished. Then the Board would just have to have a special election for that position that would be vacant, and you could continue in it until a successor was appointed. So that might be an option for you to consider come June or July of this year.

Chair Hamilton: Okay. Thank you very much, Ms. Driggers, we sure appreciate all of your time and effort that you put into that for us.

Driggers: You did have Alma and I scurrying for By-Laws. We kept looking and I had the file, but I looked and couldn't find any By-Laws. You were pretty clear and with your banking background, I was sure there were By-Laws somewhere, but we could not find any.

Chair Hamilton: My mistake in terminology. I apologize. Thank you so much.

Driggers: If you don't need me for any further purpose?

Chair Hamilton: That's the reason I wanted you to speak first.

Driggers: It's called excusing the witness.

Chair Hamilton: Thanks again.

Driggers: Certainly, gentlemen.

Chair Hamilton: With that all said, we won't have to address this until March, but we had some questions that came up over that. The only reason I proposed this extension was strictly to keep continuity until we finalize what we're looking at with Impact Fees for Fire and Police at this point. With that said, I'm going to turn this over to Chief Brown and let him start the conversation.

Chief Brown: Good afternoon, Mr. Chairman, members of the Committee. Before I turn it over to Dr. Guthrie for the presentation, I wanted to just have a quick recap because we started down this journey about a year ago. We came to you and worked together to come up with a plan and develop, project out what we were going to be doing in order to meet our timeline of August 1<sup>st</sup>, 2016, for City Council to take action. I'm very happy to say that with the diligent work of TischlerBise and with this group keeping us on track, the schedule that we established over a year ago said that as of today we were going to be reviewing the draft Impact Fee Capital Improvement Plan, and that's exactly what we're doing. We are on schedule for what we identified as our timeline.

Just as a recap, some of the things we accomplished over the last year was much discussion about the Land Use Assumptions, which were recommended by this body for approval by City Council, which subsequently was accomplished. We also went out and I believe did a diligent job of outreach to the public, I want to say 22 or 24 opportunities for public input and meetings, and thanks again to Mr. Bower for making available the Homebuilders Association as a meeting place on several occasions. I think that we have tried our best to be as transparent as we could through this process, and provide as much information out to the community and the stakeholders, which is something that we will continue to do after the presentation today over the course of the next few months.

That's where we're at, we are on track. It's still pretty tight moving forward, we have roughly five or six months to ideally get a recommendation from this body and go forward to City Council for them to take some form of action. We are scheduled for a Work Session on February 22<sup>nd</sup>, and our goal is between now

and then to go out and have at least two or three public meetings, try to share the information that Dr. Guthrie is going to present today along with input from the group and any slight adjustments or changes that come forward from today's interaction.

If there are no questions for me, I would go ahead and turn it over for the presentation.

Chair Hamilton: Travis, before you go, this Work Session you're talking about is with City Council, is that correct?

Chief Brown: Yes, Mr. Chairman, and thank you. I forgot you inquired about what was on the agenda today. I think that's probably just either me typing in the wrong months for Carolynn when she requested information, but we're looking at, more likely, May coming back to this body with hopefully a final draft for review and some type of action by the Committee. I believe the Agenda that you have in front of you shows a March date for the final to come back here, but especially now based on your request of extending that out a year, we will go ahead and make that correction when we add the additional months for the remainder of the year and send that out for the next meeting. I'll work with Utilities staff to try and get that corrected.

Chair Hamilton: We appreciate that, Travis.

Johnson: For City Council, will it be at one? The Work Session?

Chief Brown: Yes, Mr. Chairman, Mr. Johnson, one o'clock. I believe there are a number of items on the agenda for that day, I am not sure where we fall in the order, but it's going to be a full day. If there's nothing else for me, I'll turn it over to Dr. Guthrie.

Chair Hamilton: Thank you. Welcome, Dr. Guthrie.

Dr. Guthrie: Good to be back. We were here before, we presented the Land Use Assumptions and we made some changes. If I remember right, we dialed back the projections a little bit and we also made some adjustments to the house size ranges, and then they were approved. That was a good process, now we're into the CIP actual fee updates. I will have ten slides to go over and then we also have a draft report that has a little more details if you want to get into that.

Basically, we're using the same methodology approach for both Police and Fire and we're just calling it the Public Safety Fee, so those are really packaged together. We're doing City-wide fees, and we're using the incremental expansion method, which if you remember is more of a snapshot of the way things are today. We're documenting our current levels of service and then the

assumption is that the fees will maintain that level of service, which we've measured, and I'll show in a minute how we came up with those. For the cost allocation we first split the capital costs for growth-related items to residential and non-residential using what we call functional population. We went over that as part of our Land Use Assumptions, it was basically a combination of people that live and work in Las Cruces with some adjustments for commuting patterns, that type of thing. Then we further went down on the residential side to break down by dwelling size based on the number of people per dwelling, and then the breakdown on the non-residential side is based on vehicle trips to non-residential development.

I'm going to give you the bottom line first, and then we'll drill down into the details. This is a summary of the current fees shown in that column with blue letters, the proposed fees in green, and then the change. You'll see on the residential we are proposing a switch from fees by type of house to fees by dwelling size and that's measured in square feet of living space. These numbers that you're looking at exclude garages, patios, or any kind of outdoor space. It's just the heated, cooled, finished space that you could get off the building permits when you show up at the City.

The reason that we repeated those rows in the middle there with the gray shading is to help point out the difference between the way the fees are done today, for instance, if you have a multi-family apartment building you would pay \$466 per dwelling, and then if you have a single-family it would be \$639. There probably is some overlap there in that middle size range of 1,300 to 1,700 square feet, so for instance if you did a 3-bedroom apartment, then the fees would actually be a little bit higher, it would be \$712 under the new approach and so that would actually be an increase. If you were doing a small detached house, a lot of them are actually in that range, it would be 1,300 to 1,700 square feet and might be a two or small three bedroom house, the fees would only be going up \$73. It's really under the new system not paying attention to the type of house, it's just the size.

On the non-residential, those are the same categories that we've been using in the past. I noticed something when I was preparing for the presentation, we probably should change that second to the last row to say "Office and Other Services" just to make it clear that that's the broader kind of catch-all so it's not just offices. We also would include business services in that category like banks, and also personal services like places to get your hair cut or health care would all fall into that category. That's just a clarification to make these clear. Any questions on this summary table before we go on?

Chair Hamilton: Clarification, please. In the 1,300-1,700 square foot deal where we have the overlap, the \$466, that's the single family?

Dr. Guthrie: That's the multi-family.

Chair Hamilton: That's the multi-family. My apologies, I misunderstood.

Dr. Guthrie: The multi-family is the lower amount that's \$466, and the detached single-family is the \$639. Whether it's an increase or decrease in how much, we wanted it to repeat because mostly those few smallest thresholds are going to be apartments. For instance, I live in a one-bedroom apartment at 750 square feet, that's going to be in that very smallest size. Most two-bedrooms will be in that next category but then you'll be overlapped, there will be three-bedroom units, like you might have 3 New Mexico State University students sharing an apartment. That would actually be an increase of \$246 over what you're paying today.

Now we're going to drill down into how we derived the fees based on two categories, public safety buildings and then vehicles and equipment. For buildings we documented the current floor area of the buildings we have today. You'll see them listed there, we have 135,000+ square feet of fire stations and police buildings in the City. What we did was allocated that square footage to residential and non-residential using the functional population split at 72% to the residential side and 28% to non-residential, and then we divided that by the number of service units in 2015 to come up with standards that for instance on the residential is under 1 square foot of public safety building, .95, per service unit per person.

The cost per service unit, how we derived that is in that box with the orange border around it. We have two buildings that we used here in Las Cruces, the new East Mesa Public Safety Complex is opening and has cost about \$12.5 million, 37,000 square feet so that's an average of \$338. That's at the high end of the range. You can see in the column at the far right that we've got it sorted from high to low. At the bottom end is Fire Station 7, that was built in Las Cruces and that's the cost per square foot without land. The Public Works and Public Safety folks went out and found some other examples in New Mexico that we plugged in, more recent fire stations to give you some other ones to compare to.

The Las Cruces numbers are bookends on the high and low end, and the other ones are in between. We wanted to make it clear that the \$300 per square foot is not just construction costs, it's more like a total project cost because it has design fees, site work, construction, furniture equipment, and includes all the electronic goodies to finish things off. That's not just building the shell, which would be less than \$300 per square foot. Any questions about this slide before we go on? We can always double back so let's proceed.

On public safety vehicles, we also documented our current list of what we're using actively and we have a total of 29 different items there. Most of them are single unit items but there are several Class A pumpers so there are some

duplications there. According to state law in New Mexico, they have to have at least 10 years of use of life and \$10,000 minimal cost so we excluded some of the really small items off the list and some of the older items. We did the same kind of process because we only had nine units that we're doing, we scaled it so the level of service standard is expressed per 10,000 service units just so we don't have so many zeros to look at. Basically you have two public safety vehicles for every 10,000 service units or 10,000 people. Every 10,000 people we need to add another two units to make the current level of service maintained. Like we did on the building side, it's not just buying the vehicle, it's all the add-ons necessary to make it ready for service, so that's all the electronics and other equipment that go into the vehicles. We just did a weighted average cost based on what we currently are spending divided by the 29 units to come up with an average. \$321,000 is the weighted average cost.

Chair Hamilton: Again, that includes all of the equipment in the trucks?

Dr. Guthrie: Fully loaded, ready to go.

Then we did some math to show more of a generic need for improvements just to maintain our levels of service. Those numbers that you see at the top are carried over from the previous two slides where we took the level of service standards and the cost factors there and just repeated. Then we had the projected population and the projected increase in vehicle trips to non-residential, so we can see that on the buildings we have 135,000 square feet today and it grows to almost 159,000 square feet in ten years. The net increase is roughly 23,400 square feet of additional building space just to maintain our current level of service standards over ten years.

On the vehicles, we have 29 today, we'd need to grow to 34 and that would be five additional items. Using the cost factors, you see in the blue shaded boxes at the bottom, you need about \$7 million worth of additional buildings and another \$1.6 million in vehicles so roughly \$8.6 million over ten years added together.

Average annual expenditures is lumpy, the buildings you don't do every year, and you probably go a couple years and then do a building or add on to something. Average annual expenditure would be \$860,000 but that's probably not the way it's going to happen.

Just to translate that generic need for improvements into what we might actually do, this is a general CIP summary. The two columns are one for buildings and one for vehicles. You can look at the bottom numbers there, the subtotals, the building was a little bit higher just because of the lumpiness of the buildings that it's actually a little more, but the vehicle subtotals are right in line with what we projected the need would be. Basically this gives you an idea of how the Police and Fire departments are thinking of spending the money over the next

10 years, and we can get back into specifics about that and they are here to answer those questions after we're done with this presentation.

Because we are using the incremental expansion method, there would be a possibility of double payment because we bond finance several buildings and also pumpers. That's using our current levels of service and so because we've used those bond finance items in the level of service we don't want to double charge for the gross share. That code at the top in the left column EMPSC, that's the East Mesa Public Safety Center. We actually had two bond issues on that and then on pumpers we have three of them that we're still paying off, so we added up the principal payments for all of those and have shown them there. Then we have allocated it back to residential/non-residential based on the functional population, basically the same thing we did on the cost side, divided it by the number of service units to come up with the principal payment per person or principal payment per trip.

Then you'll see at the bottom right, because that is a revenue stream over time we have just a little bit of a present value adjustment. For instance, on the residential the gross amount is \$77 per person but interest rates are so low now it's not much of a discount but there is a discount from using the average annual interest rate on the most recent bond that the City did to reduce that from \$77 to \$69 per person. That cost factor will get carried over into the summary table so you see at the top are the two cost components that we went through, the cost per person on the buildings, vehicles for inbound trips, and then the credit that we just went over shown in red there.

What we can do according to the New Mexico State Law is you can have a surcharge on the fees for professional studies related to the fees and the CIP preparation and also administrative costs, that can be up to 3%, and that's what we've used there. The 3% can be just for the administration but we just used 3% to cover both professional fees and administrative costs. It's just \$9 per person. We add those together to give us a total cost per person, \$307 and then that's multiplied by the average number of people in a house so you can see the size ranges there from 900 square feet at the bottom to 2,100 or more square feet at the largest unit.

The number of people per dwelling roughly goes from 1.1 person to a little less than 3, so even at the top end we're still not meeting that average of 3 people per house. That's how we come up with the fee range. As far as the increase, if you're in the middle of the pack and mid-range buildings it's hardly any increase at all, \$73, less than \$100 per house. If you're at the upper end of the spectrum its adding \$248 per unit as the proposed increase, but again as a percentage of a \$200,000 house or whatever the average is here in Las Cruces, it's not much of an increase.

On the non-residential side you'll see that the fees go up. It's not a consistent percentage. The reason the mini-warehouse fee changed so much, again it's only \$90 per 1,000 square feet, 9 cents a square foot, a very small number. It's a big percentage increase because it has such a small base but that's because the trip generation rate was updated by the ITE Institute of Transportation Engineers and that's why that big increase. Hotel/motel, the main reason that went down is that the previous study had a little different methodology. It considered hotel/motel to be residential and so it was weighting the hotel/motel more like housing. We'll be using a little different approach, regarding the hotel/motel to be more like a non-residential development, so from an economic development perspective it's probably a good thing that it's a little less for hotel/motel rooms. The other ones are just relatively modest changes up.

The last slide here is just to show where the money is coming from as far as projected development and using the proposed fees multiplied in the major categories of residential in that left hand column and then we add a column for industrial, commercial, institutional, and office. If you look at the bottom, staff just caught this where it says five-year increase, it should be ten-year increase. It's got ten years' worth there so it's a labeling thing I need to fix in the next draft. Over the next ten years, the residential will generate over \$5 million of the \$7 million, and so clearly most of the revenue is coming from residential development. The next largest category is commercial, roughly \$1.2 million of the \$7 million.

That's kind of the overview of the update on the fees, I'll be glad to answer questions or have Public Safety staff give you any more details.

Beerman: If I understand it right, Slide 7 shows the 10-year cost at almost \$10 million but the last slide you had on showed the revenue at \$7 million.

Dr. Guthrie: Right. This one has \$8.6 million. There are little differences in the methodology. The reason that's higher is because of the lumpiness, doing a fire station is a big project or adding a new training facility. That's why that number is higher. It would probably just mean that we could either push off one of those expenditures to beyond the 10 years or we might break that up into buying land and then go on to erecting the buildings. I don't think it's that critical of a difference. The reason that this revenue projection is a little less is just because how we estimated the non-residential fee, we took a conservative approach there that the amount that we're assuming using the average household side. I think we might be under-estimating the residential just a little bit, but this is just to make sure that our costs and our revenues are in the right ballpark and again this is a 10-year revenue estimate. If it comes anywhere near \$7 million I'll be really impressed.

Beerman: \$3 million less in revenue will come in compared to the cost, or where the cost is a \$3 million difference, is that bond issues or something?

Dr. Guthrie: Those are pretty lumpy if you look at this slide here. We might be able to do those facilities with cash if we wait and see how the revenue comes in. It's not like we did the big East Mesa Public Safety Facility, that was a \$12 million expenditure and we had to bond finance that. But these we might be able to do on a cash basis. What I'm trying to say is it's not a \$3 million difference. I'd be more concerned with this, it's probably more that this is the critical one. I think that's the best estimate of what we're actually going to need, about \$8.6 million and not \$9.8 million. I think this is the better estimate of what the growth-related need is.

Chief Brown: Mr. Chairman, just to add a little bit to that. The way that we understand the State law and the local ordinance as confirmed by our Legal department is that in order for us to be able to use Impact Fees on an item, it has to be on the approved Capital Improvement Plan. We have three buildings on there as Dr. Guthrie stated based on his methodology and assumptions, there would be two additional buildings needed over the next ten years. It may be a case that only two of those are built, or would be required, but we wanted those three items that are up there as far as the buildings are the ones that right now would be on our radar over the next five years, or in this case over possibly the next ten years.

Really, if you remove either one of those and we build two structures which is in essence outlined the need would be based on this methodology, then that puts that number much closer now to that. Even if you take out the Metro Narcotics at the lowest cost, now you're right back to that \$8 million dollars. I would agree that there are some differences but I think part of the reason this seems a little higher is because there are a few more items on here so that we have the ability to select the ones that have the greatest need and will provide the greatest benefit to the community moving forward because there's also I believe eight vehicles on here, this estimate is that we would need six or seven vehicles so this is a little elevated for that reason if that helps.

Beerman: Thank you, yes that does help, thank you Chief.

Chair Hamilton: Thank you, Travis.

Vice-Chair Bower: Mr. Chair, a couple questions. I agree, I'm glad we switched the methodology to be more as far as for the fee, to be more in line with how you all are coming up with the cost per square foot because those were disconnected, which was causing some confusion. Maybe this is more directed at David or Chief Brown, at one of the open forums that we had at the Homebuilders building, one of our constituents was questioning the valuation of the assets as far as the methodology related to that. I don't remember, were any of those concerns addressed in this newer version?

- Dr. Guthrie: The previous study base had valuations of the buildings, this is a little different approach. This is saying our level of service standards expressed by the square footage, and then we're going to build new buildings so the critical question is "What's it going to cost us to build a new building"? We're not trying to go back and put a value on Fire Station 3 or 2, that's really not relevant. It's the size of those stations that are being used to set the level of service. On the vehicles, it's the current cost of each unit, what it would currently cost to buy a Class A pumper, not the depreciated value of the ten that we have.
- Vice-Chair Bower: Right. Could you run through, for my sake and the Committee's, the level of service calc one more time?
- Dr. Guthrie: Sure. Let's start with this one, it's the 29 items, that's being allocated 72% to residential and then you'd be dividing that by the population and that should give you 2 per 10,000. If you want to express the population in units of 10,000 it would be 10.2954 would be the number you'd be dividing by. You'd have to move the decimal place over to make that math come out right. Then the non-residential side is the 29 multiplied by 28% and divided by the average weekly vehicle trips to non-residential, that 133,000 number that you see there to give you the .6. Then that's multiplied by the cost factor to give you the cost per service unit so it's the \$321,000 per item.
- Vice-Chair Bower: What we're saying is if we go back a few layers in all of this, is that based off of the projected growth rate?
- Dr. Guthrie: Right. That's our demographics from the Land Use Assumptions that have been approved.
- Vice-Chair Bower: Right. Then what we're saying is, those are the anticipated needs whether building or vehicles or whatever based off the growth rate?
- Dr. Guthrie: Right. I think this is the best indicator of what the Impact Fees should fund and then it's a matter of the actual construction of the projects, the City might have to come up with some other revenues or we affect the timing, slow things down or speed things up depending upon the actual budgets that are approved by the City Council.
- Chair Hamilton: Ron, you're deep in thought.
- Johnson: I'm following the line completely.
- Chair Hamilton: Gene?
- Suttmiller: I have no problem with what he's provided in the report.
- Chair Hamilton: Any questions?

- Beerman: I just have one question. We've been reading about the synchronization of the traffic signals in town that's \$1 million, and also that a traffic signal costs \$500,000 for an intersection. Would they be Public Safety issues or Streets issues?
- Dr. Guthrie: I don't think it's being done for public safety, is it? It might help your response time.
- Chief Brown: Mr. Chairman, Committee members. That would not qualify for Public Safety Impact Fees. Yes it does affect our ability to respond to public safety in the sense of just traffic safety, but that would not be an eligible expense under Public Safety Impact Fees if that was your question.
- Beerman: Why wouldn't it be eligible?
- Chief Brown: Based on the State statute and the City ordinance, the definition of buildings, lands, and equipment of \$10,000 and a 10-year life expectancy for public safety purposes, at least at this point the interpretation of that language would be that street lights would not qualify into that for an eligible expense.
- Beerman: They would exceed the dollar threshold and would their life be less than 10 years?
- Chief Brown: Mr. Chairman, Mr. Beerman, I believe it's just more because at least currently the interpretation is that is not a specific public safety infrastructure expense. It is more related to our traffic system and it's an infrastructure expense and equipment on that side as opposed to what is generally considered a public safety item.
- Dr. Guthrie: Just to clarify, in the New Mexico enabling legislation, which they call the Development Fee Act, you could do that, but it would be called a roadway facility because under the definition of roadway facility traffic signals is part of the list. You could do it, it would just be a road fee and not a public safety fee.
- Beerman: Thank you.
- Johnson: Mr. Chairman, is it the role of this Board to approve the capital improvements that are here, or is it just an assumption that these are the capital improvements that are needed and this Board doesn't have any comment on that?
- Chair Hamilton: Actually, Ron, in the long and short of this, we're going to be approving whatever the Capital Improvement Program that the Fire Department and the Police Department have in this total package, and then we're going to have to look at the level of service with the growth rates that are included in this report. If I'm wrong, Dr. Guthrie, jump in there anytime.

- Dr. Guthrie: I think you're the Advisory Committee, so you're supposed to give elected officials advice if it makes sense or not and make changes. They can still overrule you even if you said sure.
- Johnson: Definitely. But if there was a building that we did not agree to, that would impact the nature of your numbers.
- Dr. Guthrie: You're here to help them make good decisions.
- Johnson: Yes, so I'm just trying to make sure that we know what our job is. I have no problem with these buildings or these vehicles, I just want to hypothetically know what we could do.
- Chair Hamilton: Good point. Other questions?
- Vice-Chair Bower: Yes, Mr. Chairman. I can't remember how far back it was that you were here last, but when we were looking at the Land Use Assumptions, there were some questions I had but at the end of the day it seemed like we needed to get through the Land Use Assumption portion of the study first. Now as we're rolling into the fee itself, one of the questions that I had was, because it's not apparent in the study, is there a metric that can be put together that can study affordability? Because it doesn't exist in the study.
- Dr. Guthrie: Correct. I guess two prongs are the way to approach that. New Mexico enabling legislation specifically says you can waive fees for affordable housing projects, but that's kind of like a special case. Structuring the fees by size I think helps with that, because usually the more affordable units are the smaller units and so the fees, it's a difference on a couple hundred dollars between category. So it's not going to make or break a project, I wouldn't think, but it's a step in the right direction and if you do a small house it would pay less than a large house so that helps.
- Vice-Chair Bower: I think you might be misunderstanding what I'm saying. I'm saying I believe that we need to look at some sort of an affordability metrics on the fee in total. And what I mean by that is that we're solving for a level of service where at some point, we're going to have to study whether or not the community as a whole based off of what median income is in the community can afford the level of service that they're expecting.
- Dr. Guthrie: This is just going to maintain your current levels of service with fees. You might want to either maintain it from some other revenues or ask the community.
- Vice-Chair Bower: We're specific to Capital Improvement Committee and that's what we look at, specifically to the Impact Fee but one of the other things in our charter is to offer advice on possibly looking at other things. It's not something that we can necessarily structure, but we can say, "Maybe you need to look at this." Each

fee is different. I appreciate the subtleties of this fee in particular because you're dealing with a level of service that's being paid for by the citizens, the property owners, however you want to look at it here, but yet there's a lot of influx where that service is used by people that don't live here. Someone comes here, they get in a car wreck; our level of service is affected. It's not someone that's a taxpayer here and those kind of things so I do see that, and it seems to me like we are rapidly approaching a point where we need to make some choices on in order to maintain X level of service. We either need to diversify where that revenue source comes from, or we need to look at taking some of the frosting off the cake. I don't know how else to say it.

I don't know that that's something that we're going to get into today, but I do think that we're at the point now where we need to maybe engage staff, and I don't know if this is something you can help us with on how do we structure some sort of metric based off global household income. Because if we don't do that, we could be structuring a fee set for a municipality that's got a lot higher disposable income. I think that we've given that there's a lag of a five-year deal here as we review Land Use Assumptions and if we don't get that right now, we're just going to deal with this again in a couple years and we're going to be right back where we were with the last set where the projections were X and Y with reality.

Given the subtleties of the Capital Improvements Statute, where you're so limited on where you can and can't spend money, it puts the City in a position to where they have to allocate that money within a specific time and that can lead to waste. I'm not saying that that's what happens, I'm just saying I don't know that that's the best route to go.

Chair Hamilton: I appreciate that, Max. Mr. Weir and I had this discussion and it was taken to TischlerBise early on where we decided that was not the appropriate time. I think this is the appropriate time for this discussion. Thank you for bringing that up.

Johnson: Mr. Chairman, it would be interesting to know what the growth has been of income in the community as it relates to what the growth is that we're asking for in this increase in Impact Fees. In other words, are we asking for greater increase in Impact Fees whereas the growth in the community that was five years ago hasn't occurred? There are all kinds of metrics that we can look at.

Chair Hamilton: Max is right on point. We don't want to price ourselves to the point that the level of service is over here but we can't afford the level of service at this point, so how do we determine that? I think there has to be a...

Vice-Chair Bower: It doesn't need to be a zero sum game. It could be that we want to maintain the level of service yet how much, maybe a percentage of what we consider to be the metric for household income affordability on a global scale, has X percent

of impact on the fee? It doesn't need to be the whole thing, it can be a portion of it.

For example, the single-family residence portion of this is 72% so maybe it needs to be some factor off of that. Commercial I'm not nearly as concerned about. For example, when we went through the Utility Impact Fees a year ago and went through the conversion to AWWA standard, that's a metric that the commercial market is used to and it's a little bit more transparent on that side to where it's not as big a factor because it's not related to, either they're going to come into the market and make the investment or they're not. I think we need to be cognizant of that is all.

**Chair Hamilton:** I agree and I don't think there's a way to put parity there until you know what those income levels have increased and what the costs are going to be related to that income increase. If there's some way that we can get that information, then we can have an in-depth conversation about that to see where our recommendations might lead.

**Vice-Chair Bower:** I'm not interested in short-changing the emergency services. I want to make sure they are getting what they need at the right time because if we project out this revenue stream and it doesn't materialize, I would rather them going in know that here's some other options that they have.

**Suttmiller:** Mr. Chairman, several years ago I asked and I think they prepared it at that time if I remember right, that when we do these, we don't look just at this fee but what is the total fee that's being charged on a house at this time? We've got Facilities, we've got Parks and Recreation, and they tend to add up. I'm not so much worried, the kind of house I've got, when I bought the house I didn't have to worry whether it was another \$50 or \$100 on a mortgage. But there's a whole lot of people in this City who do have to worry about that and would not qualify if it pops up enough. I think we need to keep our eye on that and the only way to do that is, and I could probably go back and pull out this stack of things I have and add it all up but it would tax my mind horribly. If these were what we recommended and the City Council went with, what is the total cost of each level of house in Impact Fees? What are we adding to the cost of somebody to live in decent housing?

**Lorenz:** My name is Jason Lorenz. Five years ago, I used to be able to pull a permit and my total fee that I would pay to the City including the permit fee, Impact Fees, beginning all the utilities, etc. was a shade over \$2,000, about \$2,300. Today, it's over \$8,000. When Impact Fees increased for every little one of these and one of those, I've been able to increase the prices of my homes one time since 2007. I took all of the Impact Fees and all of the gross receipts tax increases, this isn't including the most recent one, and I added \$8,000 to the price of every home that I build. Costs go up, prices have not other than that one factor. I hope that answers your question.

Chair Hamilton: Thank you. It does, to a degree. I guess my question would be, when you pay those fees, are you reimbursed somehow or just in the sale of the house you get your fee built into the cost that you're selling that house?

Lorenz: Exactly. I don't really pay the fee, you're charging the people that are buying the house. I wish I'd brought it with me today because I've recently graphed the difference between resale home performance and new home permits. We don't really have MLS data on new homes, all we have are how many permits are being pulled. Very few new homes actually show up in the MLS. That's kind of good because it allows us to look at the two markets individually. You can see the point on the graph where new homes continue to drop where resale made the rebound and that was the last time we said we'd move Impact Fees. For instance, the Park fee went from \$800 to \$2,600.

Vice-Chair Bower: That wasn't us, by the way. They overruled us.

Lorenz: It's visible if you look at the graph of Las Cruces' performance on new home sales vs. resale, you can see it happen. In fact, I then changed the way I trained my salespeople, to stop selling against my competition and start selling against resale because now they're the ones that are taking our business.

Since I'm talking I'll share the only other point I wanted to share with you and the reason I'm here today, and that was that I was at a public input meeting with our Fire Chief presenting and something hit me that had never hit me before. I understand the general concept of an impact fee to be a fee to be charged for those that are causing the need for the additional services. I kind of agree with that, but what happened at that meeting was it came to light that one of the areas where the greatest need for a new fire station is the Elks Club area, and nobody builds new homes in Elks Club. I asked the question very point blank, and Chief thankfully answered it completely honestly. He said yes, I can collect an Impact Fee from somebody building homes in Sonoma Ranch and spend it to build a fire station in the Elks Club area where nobody's built a house in 30 years. I really find a lot of issues with that, but that's all I have to say. Thank you.

Chair Hamilton: Thank you, Jason. I think that again just reinforces the fact that we need that income comparison to what these Impact Fees increases will lead to. Thank you, Max, for bringing that up again and letting us have an opportunity to hear from Jason to see how that really impacts the community because it's an important issue in my opinion.

I was reading the other day in the Albuquerque Journal that Las Cruces doesn't have the strongest wage base in the State of New Mexico. We're probably as stable as most, but we're not having huge increases and I think that we have to take that into consideration when we're looking at levels of service and new

projects going on in the City. I'm not sure how we need to go about getting that comparison of the information, Travis, do you have an idea?

Chief Brown:

Mr. Chairman, we can provide a chart that shows you the total Impact Fees I think fairly easily at the next meeting. That's just a matter of going back and collecting that information. As far as trying to come up with anything related to the change in median household income over the last five years or something along those lines, I will visit with David Weir from Community Development and see if there's something that we can draw from that might give you some ideas of what that change has been so you can compare that to what we're talking about with the fees.

If I could, two things I would like to point out. Part of the reason that we're seeing this increase is because there has been a significant level of increase in our service over the course of the last five years. That was shown on one of the charts just by the East Mesa Public Safety Complex, which is a \$12.5 million project and Station Number 7. The majority of those, only approximately \$1.5 million out of that \$14 million investment into our level of service was actually paid for by Impact Fees. When we talk about other sources of revenue or there needs to be other things considered, I would just throw that out for you to mull on that a little bit. We did not see this increase in these additional facilities and additional infrastructure based on Impact Fees, we saw it based on bond cycling and other things that the City did find other revenue streams.

That is considering that considerable change in our level of service. I would just also ask that maybe you weigh that when you look at the increases we're seeing here compared to the fact that when we came to you and these fees were established over five years ago, it had been over 13 years since a fire station had been built in our community and about 20 years before a police facility had been constructed. So we had maintained a very flat level of service for a lot of years, and the fee was established at that point through that methodology based on that level of service that I am very comfortable saying and I believe Chief Montoya would agree with me, we were behind by 10 or 12 years. Yes, this is an increase, we recognize that but again, if you look at the size of the increase compared to the true improvement in the level of service we're taking about, in my perception they are not out of whack. Those couple of things I wanted to add.

And yes, what was stated earlier, the question that was asked about the ability to build a police station or fire station specifically in the Elks Club area with these Impact Fees that could be done. All I can say is what we have said from day one when these fees were talked about five years ago, our commitment at that time was that we would spend Impact Fees in the area where they were coming from. We could have spent Impact Fees on Fire Station 7 and the training structure that was up there, we did not, that was a conscious decision on the part of the City and the Chief and I as Public Safety leaders because we

did not feel that was appropriate. We did not feel that was where the need was so really, to date, all of the money that has been gathered from Public Safety Impact Fees and is projected for the next several months will go into the East Mesa Public Safety complex and then also a portion to pay for this update.

I will never say never, but our goal would be to truly use the fees in the growth areas as best we could. Even though the second part of my answer was there would be a service improvement if we built a station in the Elks Club area that would service some of the newly built homes just across on Camino del Rey and some of those areas. And so it would still be a service improvement and that's why it would be eligible for that if that came about.

The intent today as we saw it was to provide information, give you an opportunity to ask any questions you have. Similar to the Land Use Assumptions, Dr. Guthrie will take that under advisement and we'll have discussion with staff and he can start working on a second draft based on input, questions, or those sorts of things. From that point, it's our intent to go out and start sharing this information with the stakeholders as I said earlier, come back to you hopefully within the next couple of months with input we've got from them and maybe some changes that came from those discussions, and ultimately get some type of action by this Committee, a recommendation to approve or a recommendation to not approve, to move forward to City Council for their final action.

Chair Hamilton: Travis, I appreciate that. I think more than anything, we are looking to have a foundation to make decisions and recommendations to City Council and I think the better prepared we are with information, the better off we'll be able to do those things. We're not questioning the need necessarily, but we just need to know the impact and I think that what Dr. Guthrie has prepared through TischlerBise has been very important to us today. I think that us all getting on the same page as far as square footage and the methodologies used to try to create these fees on some logical base is good. I think that it's much better than the seat-of-the-pants kind of environment that we had once before and I think that the more we work on these things and try to specialize and put things in a context that you can hang your hat on, the better off we're going to be. There are always things in the community that are going to impact those decisions, in my opinion, and revenues to the household is one of them. You've got to have people that are going to be able to buy the new assets we're creating and we've still got to provide the level of service from the City standpoint to do that. I think that's the function of our Committee is to make those recommendations based on all the good information that we can have.

Chief Brown: Mr. Chairman, our goal is to try to gather and provide that to you so if there are other specific items that you would like to have as far as information that you feel you need in order to make that final decision or help us come up with that final project, please, that's what we're here for today.

Also, I'm glad to hear that you like the new methodology because that is also something if you say, "We think it's better to have the one fee for residential," those are the types of comments also we're looking for today on this draft. If something has been done up to this point, the methods that TischlerBise has used or is recommending is not agreeable to this group or you think we need to look at other prospective ways of coming up with those numbers, now is the time to provide that information so we can work with Dr. Guthrie and come back with something in a different format for you to evaluate at that point in time.

Chair Hamilton: Travis, I appreciate all that you've said. The thing that I've been impressed with, and when we spoke with Dr. Guthrie before, we had all of the varied places in the City that we address impact with and for and we asked the question, "Is this going to be an amicable process going forward for everyone to base off of?" To get that consistency in place, I feel like it's very important. We're not questioning the methodology, I don't believe, we're just wanting the information to see how it correlates. That may not vary one bit on the outcome of this, but it very well could sure shed some light on things going forward that we need to understand. It's not just from CIAC's point of view, it's from the City of Las Cruces, it relates back again to the City of Las Cruces to be able to provide those services in the best manner possible.

Johnson: Mr. Chairman. Just for clarification, did you say that the revenues from the new Impact Fees are going to go to East Mesa largely for the next three or four years, rather than some of the projects you have listed in here?

Chief Brown: Mr. Chairman, Mr. Johnson, three or four months.

Johnson: Okay.

Chief Brown: Yes Sir. The revenue that is being generated currently and is projected when I say three or four months because that's hopefully when the project is going to be done. It probably will be a little longer than that, but the revenue up and to that point. Once the facility has been completed, the only way we could use Impact Fees at that facility was if we were going to expand, add some type of service delivery in the future. We would expect that once that facility has been completed, then we would start accumulating fees again to go towards the projects that were identified on this CIP.

Johnson: That's what I wanted to know.

Chair Hamilton: Just one more comment from me. Travis, I appreciate everything that we've done. We've had a lot of information shared today for the first time related to the CIP and to the Impact Fee per se. We have heard a lot of the information on bases and how we're going to make these projections through the Land Use Assumptions. As we're working through this, there may be additional questions

that come up, so bear with us a little on that. We're just trying to understand as we go and build our questions so we can ask meaningful questions on the future.

Chief Brown: Right. Mr. Chairman, it wasn't my intent to give the impression this is your only opportunity to ask questions or offer suggestions by any means.

Chair Hamilton: Thank you.

Vice-Chair Bower: It's just the latest opportunity. I did want to, for both you and the Police Chief and if Dr. Garcia was here and Mark was still here, I do remember from some of the early meetings on that originally the way the Impact Fees were set up is it was divided up by district. They then switched it when they realized there's probably not going to be a whole lot of subdivisions built in this one vs. that one. That caused some confusion at the beginning and that wasn't you all, I know you all are making the effort to equitably distribute when you can with what you've got, and I just want you to know that we do realize that.

Chair Hamilton: Thank you very much, Travis. Is there anything else? My apologies, John, I didn't see your hand raised.

Moscato: John Moscato, member of the Las Cruces Homebuilders Board and a land developer in the area. I had a couple of questions about the presentation and then if I could just make a general observation. The questions pertain to in the list of \$9-10 million dollars' worth of items, one was a Training Facility and one was a Narcotics Building. Together those take up about half the total expense that the Impact Fees would be going toward. But it doesn't seem to me that the little bit of growth that's projected in the next ten years would, by any stretch of the imagination, trigger the need for those facilities. I guess I wasn't quite sure why half of the justification for the Impact Fee over the next ten years appears based on the slide that it was going toward those two items. That was one question I had.

Chief Brown: Mr. Chairman, Mr. Moscato. A couple of things for clarification, my apologies for not sharing this with Dr. Guthrie so he could have covered that. Both the Police Department and Fire Department currently have some form of training structure, so this would be an expansion. The Metro Narcotics Building would be an expansion over existing. In both cases, some of these services are already in place or there is already some level of infrastructure. This would be an expansion of that newer facility, larger facility, and in that case only the portion on top of what's already existing could be charged to Impact Fees. Specifically the Metro Narcotics, I believe is about 10,000 square feet right now, Chief?

Chief Montoya: Yes.

If we built a 15,000 square foot facility, only that additional 5,000 square feet could be charged to Impact Fees and not the total cost of the building because it's again that incremental change and increase in service level. That would be the case under the Police and Fire Training Facilities as well, it would be additional on top of what we currently have. Police Department has two old portables over behind the Hadley Complex that were donated by MMC years ago and currently we are using the old Tea Time metal building that is up on the corner of Northrise and Del Rey up in that area. Those are the facilities that would basically be replaced.

Johnson: At this value that's in the chart?

Chief Brown: Yes, Mr. Chairman, Mr. Johnson, that's what we would estimate those additional costs and expansions would be.

Moscato: Well, I think I understand what I just heard, but it still doesn't seem to me that the little bit of growth that's going to occur would be a triggering factor for that great an expense. Since the two items there make up more than half the total, it just seems that these Impact Fees, which I guess maybe I'm not understanding what the general purpose of them is. I thought it was to keep up with the level of service that exists and not to increase it. If we're adding, if we're catching up with that over \$5 million dollars' worth of expense in those two items, I'm not sure why the burden for catching up should be on the new development. That's just a general comment.

The other question I had related to the different categories of home size and charging for different, larger homes get hit with the larger fee. As a land developer, I probably review and approve 75 to 100 house plans a year and I can tell you that 90% or more are the typical three bedroom, two bath. The difference between a 1,600 or 1,700 square foot and a 2,100 square foot house is simply those rooms are larger. To say that is going to be more traffic generated from a slightly larger home 2,100 square feet vs. 1,500, 1,600, 1,700 because there are more people in that house, I think is totally misplaced. It might sound logical at first but if you're living in the real world here it's not. There's no correlation between more people living in a typical new home being built at 2,100 square feet and at 1,600 or 1,700 square feet. That just isn't the real world here.

I guess just in terms of general comments, the new home industry here has been decimated over the last seven, eight, nine years. The decrease is about 75% from what it was eight or nine years ago. That's not to say by any stretch of the imagination that this Public Safety Impact Fee, which was imposed for the first time five years ago or the increase in the Park Impact Fee is the only reason or maybe even a major reason behind that. Is it a contributing factor? I think people like Jason who are in the trenches every day would say yes, definitely. There have been figures put forth by the National Association of

Homebuilders that ties affordability to every \$1,000 increase in fees and taxes in different metropolitan areas and there is an impact that was measured in Las Cruces of about 75 households who were priced out of the new home market for every \$1,000 increase in fees or taxes. I think that's an important consideration to keep in mind.

I think too it's not just housing. Economists and government officials typically look at new home construction as a leading economic indicator. It gives you the pulse of the economic health and the state of economic development in an area. I think here you see in Las Cruces as the homebuilding industry has been decimated and new home starts have plummeted, you see the impact on the economy city-wide. You see unemployment rates significantly higher than the national average, economic development way below what would be a healthy level, and it's a triggering effect because it's not just a new home sale that helps the economy in terms of employment and gross receipts, it's the ripple effect. The people who come to town and buy cars, furniture, eat at restaurants. I think it might seem like a little bit of an increase, but it's the old dripping water theory of torture. Every little bit hurts.

I think I speak for the Homebuilders Association or at least I speak for myself, there was some hope that in recognition of the depressed state of the homebuilding industry here and the role that it could play more positively in economic development if we were allowed to flourish a little more, we wouldn't mind seeing a recommendation for some kind of moratorium on this fee. After all, up until five years ago, there wasn't a Public Safety Impact Fee. The world continued to turn and maybe the level of service wasn't what it was like but I think we have to question the major negative impact that this fee might have combined with other fees compared to at least some relief that could be given if there were a moratorium on this fee or at the very least, not increasing it. Just general comments.

Chair Hamilton: Thank you very much for your observations. We appreciate it, John. Jason, thank you, yes, sir?

Lorenz: The total Impact Fees as of today is \$5,420.

Chair Hamilton: I appreciate the correction.

Lorenz: Lastly, I wish it wasn't Public Safety that we were talking about today. If I'm going to come up here and fight one of these fees, that's not the one I'd like to fight. These guys are my friends, they protect my family, and I love them for what they do.

Chair Hamilton: Thank you. Appreciate it very much. That's a dramatic drop from \$8,500 and those are the kind of numbers that we're trying to back into to understand exactly where we are. We want to understand the impact related to the income of the families in the Las Cruces area.

Dr. Guthrie: For the record, I just want to make sure that everybody is real clear. We're just using our current levels of service, which are documented at the top there in the map. To maintain our current levels of service we'd need about 23,400 square feet of additional Public Safety buildings. If it were like two fire stations, then everybody would be real clear that I could see that, where it's fairly geographically and we can see it. But we're not really limited to that. It could be that we just need space for labs and evidence for the Narcotics and Training Facilities and stuff like that. But it's not an increase in the level of service, we're just maintaining it.

I had an idea on what we've done in some communities, if you just look at the dollar increase between the 1,700 to 2,100 square feet to the 2,100 or more, it's not that large of a step, only looking at a \$50-something dollar increase there, it's not that big of a change. Its .2 people so it's not even talking a whole person, but if there is so much heartburn over that \$50 you could cap it at that second category and just not collect at that top level. Some communities have done that too. They still give a break to the smaller units that have fewer people, but basically then you'd be saying we're just going to cap it at the average and we're not going to go up past that. There are some compromises if you really think that's a deal-breaker.

Chair Hamilton: Thank you. Appreciate it, Dr. Guthrie. One question that is lingering in my mind, if I recall, we were looking at one point at something like a 2.5% growth rate. Didn't we chisel that back to like 1.8? 1.54?

Dr. Guthrie: Yes, that's in the Land Use Assumptions, in the Appendix.

Chair Hamilton: Exactly, but they correlate with these numbers, correct?

Dr. Guthrie: Right. They are the same numbers.

Suttmiller: 1.54, right?

Dr. Guthrie: It's at the very back and also the demographics that you were just asking about, about the documentation of the differences in number of people by house size, that's in the very back of the document there so if you are looking at that, that's where it would be.

Chief Brown: 1.52.

Chair Hamilton: Okay.

Dr. Guthrie: It's at the beginning of the Land Use Assumptions, there's a chart that has that, which is right there.

- Johnson: Mr. Chairman. I'm looking at the logic. Is the issue with the logic of keeping things just the way we used to do it and we just extended them out, and is the issue with the projects that we have? If there were different projects, would there be less of a concern? I'm just responding to a comment that I've heard. The reason I asked the question is, are we going to review the projects as related to the Impact Fees because without getting overly sensitive, that's something we need to make sure that we publicly got something that everybody can swallow. I think the comment that we might spend Impact Fees although we legally could outside of who is driving them is an important one for us to be aware of.
- Chair Hamilton: I certainly agree.
- Vice-Chair Bower: I think it depends on what Impact Fee.
- Johnson: That's a good point.
- Vice-Chair Bower: This is a tough one because there is an expectation for a level of service regardless of growth.
- Johnson: I totally agree with you.
- Vice-Chair Bower: There is more crime because there are more people coming and going, and they need the tools to be able to do it. I have a question. Just out of curiosity, if someone gets pulled over for a speeding ticket, they are utilizing your level of service, utilizing the system. Do all those fees, does anything come back to the Police Department or is there anything for the contracts, for the EMS services that comes back to the City in the form of some sort of a revenue stream? I don't know if that even happens, but because there's your direct link to the level of service used, I have no idea though.
- Chief Brown: Mr. Chairman, Mr. Bower. The revenue that's generated from citations and those things to the Police Department, I just checked with Chief Montoya, it goes back into the General Fund. Now what I would say though is the General Fund is about 98% of what supports Fire and Police salaries and so forth. In a roundabout way, we're bringing a lot more from the General Fund than we're putting back in. That is a relatively small amount, according to Chief Montoya, but it does go back to the City in one form or another.
- As far as is there anything specifically for EMS, currently, there is not. We do not charge directly for that service and we do not charge for responding to a fire. At this point in our community it's seen as that's being provided by the government to the citizens at that level. Those are possibilities that have been discussed and talked about previously at City Council, the possibility for charging for some services related to Public Safety.

I will also throw out the False Alarm Ordinance. That was an effort to try to start saying there are people who are directly getting service from us for a very specific reason, and so they now have a permit fee that they need to pay annually to try to help offset some of that, because they are directly using our service in a way beyond just the typical emergency. I don't know if that covers it.

Vice-Chair Bower: I was just curious.

Johnson: Mr. Chairman? Do we have an idea that if we stayed with a Hold Harmless in increasing the fee, how that would harm or what impact would that have on the Police and Fire? So that they look at us and say, "We couldn't do this, we couldn't do that?" It needs to be clear on both ends because I am totally in support of these guys, but on the other hand we're in a public trust here. We probably need to know what the null hypothesis might be.

Chair Hamilton: I agree with you, Ron. Here's my point of view. I think that we're an Advisory-only Committee. We're not trying to micro-manage what the Fire Chief and what the Police Chief have to do, and we have to assume that they have done their homework in identifying these Capital Improvement Projects as they come up. If there's an issue with that, then I think that's going to be an issue that Mr. Garza is going to have to deal with. From our perspective as an Advisory Group, we're going to have to make the best decision on the information we've got to make a recommendation to the City Council for approval or not.

I think it's pretty apparent that we don't roll over and buy into everything, we ask questions and I think that's our role. I think we're supposed to challenge Travis and Chief Montoya from time to time and let them explain to us where their rationale comes from. Then we've got TischlerBise as the guiding force out here that brings all these statistics together from other communities to try to help us make decisions as to what's the best way to proceed to keep the level of service with the City to the citizens, and not harm anyone in the meantime.

Yes, there's additional costs involved every time that we talk about things. A fire truck, I don't know what they cost five years ago, let's say it was \$100,000, today it's probably \$125,000 or \$130,000. Our growth rates, we've trimmed back, I think that we can logically assume that there will be increases along the way. We've put that at a minimum in my opinion, 1.5% growth over a 10-year period per year is a pretty nominal growth factor.

We're not trying to dictate, we're just trying to ask the appropriate questions to come up with a rationale that we can make good decisions from. I appreciate very much the input from the building community today, I appreciate what TischlerBise has brought to us, I appreciate the comments from the CIAC. We're not near a point of making decisions for recommendation at this time, so

I think with the questions that we've generated, once we get that information on the board, we'll be able to take that information and do something with it. I appreciate very much all of the input we've got.

Chief Brown: And Mr. Chairman, our intent with Dr. Guthrie is that we're going to use him sparingly over the course of the next couple of months for presentations. At the next meeting after you've had some time to think and digest and come up with questions, anything that comes forward from the group we will get to him and we will get you a response just as we did on the Land Use Assumptions. He is still going to be very involved with adjusting and making any changes moving forward even if he's not here before the Committee, so I just want to make sure you recognize that he is at our disposal until this project is finished and we'll continue to communicate via email and so forth. We are going to request that he make the presentation at the Work Session on the 22<sup>nd</sup> and so if there are things that come forward within the next couple weeks, by all means please get those to us. We can get that to him so that if there's some adjustments that perhaps can be made for that Work Session, then the more updated information can be taken to City Council.

Chair Hamilton: Travis, I'm really pleased to hear you say that. That's been our intent all the way along. We know how critical it is to have the input from the professionals. Our consultants cost money, and the least amount of time that we can spend of their time, the better off we're going to be. We have to have certain questions answered, but we do have GoToMeeting, and other sources, so that if it comes down to needing a face-to-face we can do that instead of travel expense. I appreciate the information that you just shared and that I know Dr. Guthrie will provide us with.

Suttmiller: One second, please? Mr. Chairman, Chief, it would seem to me that on those projects like the Metro Narcotics and the Training Facility, if it was broke out, because I understand you've got to have a capital improvements list, it goes to the Legislature, it goes to the Governor, it goes to everybody in the world because you get money from them. That Metro Narcotics is going to be built by federal money, state money, local money, capital improvements money, but how much of that? It's not shown in there. You're saying we're going to spend, I'll say \$15 million to build Metro Narcotics, but only \$5 million of that is eligible to come from, and I think if you broke that out and made it a little plainer it might be easier for people to understand. That should be the money that goes against the needs. It should be balanced against the needs and the growth rate, in my mind.

Just as a side comment, it's my understanding that the Courts get about 40% of that money, the State gets 30%, and we get 30%, or something like that? It's almost not worth stopping somebody. Am I close on those figures? It's been awhile since I've read them.

Chief Montoya: Chairman, Eugene. I'm not sure of the exact figures but we just had a meeting with the Municipal Court about two weeks ago where they went over the fees. One thing I understand, if we write a citation and it goes to Municipal Court, that goes into the Municipal General Fund. A small portion of that because a portion goes to Municipal Court, a portion goes to the State, and so forth. If you write a citation and it goes to Magistrate Court, the City sees none of that money, it goes to the State. There's a small portion that goes to the City's General Fund, which is spread out through the organizations.

Suttmiller: I know it comes down to almost nothing. The Courts get the majority of it in either case, if not the majority, it's close to the majority, and then the State gets another big chunk and you only get what's left.

Chief Montoya: Thank you very much.

Chair Hamilton: Thank you, Chief.

Beerman: Mr. Chairman, may I make a comment?

Chair Hamilton: Mr. Beerman, please.

Beerman: It seems to me that the central issue is the accuracy of the calculation of the cost impact that new development has on the City and also whether that's being reasonably allocated to the different projects in the City, for example, on a per house basis. It seems like our consultant has done a reasonable job, although we have had some questions by Mr. Moscato that do address the calculation of the cost of the development on the City regarding the Training Facility and whether the square footage of a house really impacts the cost to the City. We also had a comment about affordability and actually an explicit comment about competitiveness. If we want to modify the Impact Fees in consideration of whether they're going to make a new house too costly to be affordable, we're getting into a different area. If we're going to suppress the Impact Fee to make a new home more affordable, aren't we shifting that cost on to the taxpayers of the City and also aren't we making it more difficult for the owner of an existing home to compete with a new home?

I'm just wondering if, being new on the Committee here, should we be focusing on the accuracy of the calculation of the cost and the fair allocation of the cost of new development rather than trying to keep down the prices of the new homes by minimizing the Impact Fees? If the fees are accurately calculated, wouldn't it be up to City Council if they want to artificially suppress the Impact Fee? Those are just some comments, some thoughts that I had as I've listened to everyone else's comments.

Suttmiller: My only comment on that would be that I'm in total agreement, that's a City Council function. Our function is making recommendations on those matters to the City Council, and I feel quite comfortable with that.

Chair Hamilton: I think you nailed our charge. I think that the reason we're trying to define the affordability factor is just to have in our mind how it's going to impact. It may not alter our decision related to what TischlerBise is preparing for us and what the needs of the City are, but if we understand affordability I think it just helps us with our judgement going forward better.

Vice-Chair Bower: I just feel like it's an area we've never really explored as a Board, at least since I've been here, is looking at it through that lens. It might not do anything, we might end up looking at it and looking at the flip side of the argument, and saying, "This is what we can afford yet are we willing to sacrifice level of service?" That too has a value.

Chair Hamilton: It could be that it works out that the percentage of income will support more in fees, too. Until we get the number we don't know.

Vice-Chair Bower: I just think that it will help fill out this study, this exercise that we're doing and give us a little bit more well-rounded picture of what we're looking at.

Chair Hamilton: Thank you, appreciate it, Mr. Beerman.

Johnson: Mr. Chairman, I agree with Mr. Beerman. Does this proposal make technical sense from the Commission's point of view and if we say, "Yes, this looks logical, it's prepared logically." We've got to keep that in our focus.

Chair Hamilton: Thank you, Mr. Johnson. Okay, is there anything else from TischlerBise that we have questions, comments, or concerns over? Thank you all for your input. Again, thank you from the community at large, from the City. We appreciate all the comments today and we'll take those under advisement and try to do the best we can with them.

**Old Business:**

There was none.

**5. Next Meeting Date:**

Chair Hamilton: Looking at our agenda, our next meeting is February the 18<sup>th</sup>. Travis, you'll be the lead again bringing us up to speed with any new information that you have coming forth.

Chief Brown: Mr. Chairman, I will be the lead. Hopefully we'll have some feedback from public meetings that have taken place between now and that point.

Chair Hamilton: Do you have a schedule of those public meetings that you're going to have with stakeholders?

Chief Brown: Mr. Chairman, we do not. Since this is kicking off the report, we will try to start getting those scheduled, working with the stakeholders as we did last time. We will share that with the Utilities staff as was requested previously so they can make you aware.

Chair Hamilton: That would be good. We may not all be able to attend, but I think if we could have one member attend one of those stakeholder meetings and bring that information one-on-one back, it's helpful. Not that we are not believing everything you're telling us, that's not the point, Travis. For us to be there and listen to the comments from the community, I think is a good thing, and so we appreciate that opportunity to do those meetings with you.

#### **6. Public Participation:**

After the presentation, we had participation by two Las Cruces Homebuilders Association Board of Directors Members, Jason Lorenz and John Moscato.

#### **7. Committee General Discussion:**

Chair Hamilton: Anything else to come before this meeting today?

Johnson: Mr. Chairman, when are you going to assign having the Annual Report prepared?

Chair Hamilton: That needs to start today. Max, would you mind taking that responsibility this year?

Vice-Chair Bower: Preparing it? Okay.

Chair Hamilton: I appreciate that. Matter in check. Anything else to come before this Committee today?

#### **8. Adjournment.**

Chair Hamilton: If not, I'll entertain a motion?

Johnson: So moved.

Suttmiller: Seconded.

Chair Hamilton: All in favor? Aye.

Vice-Chair Bower: Aye.

Suttmiller: Aye.

Beerman:           Aye.

Johnson:          Aye.

Meeting was adjourned at approximately 3:06 PM.

A handwritten signature in cursive script, appearing to read "Lonnie Hamilton, Chairman". The signature is written in dark ink and is positioned above a horizontal line.

Lonnie Hamilton  
CIAC Chair

Date