

## Capital Improvements Advisory Committee

Minutes for the Meeting on

May 16, 2019

1:30 p.m.

Utilities Center

Conference Room 225

### Committee Members Present

William Beerman, Chairman  
Jason Lorenz, Vice-Chairman  
Steve Newby, Committee Member  
Mark O'Neill, Committee Member  
Eugene Suttmiller, Committee Member

### City Staff Present

DesiRae Arellano, Office Assistant Sr.  
Liam Beasley, Accountant  
Paul Brock, Police Deputy Chief  
Sonya Delgado, Parks & Recreation Director  
Lizeth Nanez, Office Assistant Sr.  
Jose Provencio, Business Services  
Administrator  
Alma Ruiz, Officer Manager Senior  
Josh Saffell, Accountant  
Ted Sweetser, Fire Deputy Chief

### Committee Members Absent

### Others:

Becky Baum, RC Creations, LLC  
Steve Montanez, Las Cruces Home Builders  
Association  
John Moscato, Sierra Norte Development  
Ben Beard, Red Cliff Homes

Chair Beerman called the regular meeting to order at approximately 1:30 p.m.

### 1. Conflict of Interest:

Chair Beerman: As usual the first item on the agenda is the Conflict of Interest question. I'm supposed to ask if any member of the Committee or any member of the City staff has any known conflict of interest with any item on the agenda. Hearing none I'll proceed.

There were none.

### 2. Acceptance of the Agenda:

Chair Beerman: The next item is Acceptance of the Agenda.

Suttmiller: I make a motion to accept the agenda as it is.

Lorenz: I second.

Chair Beerman: All in favor?

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

### 3. Acceptance of the Minutes:

a. Regular Meeting on April 18, 2019.

Chair Beerman: Now we have Acceptance of the Minutes. Do I have a motion?

O'Neill: I'll make a motion to accept the minutes as presented.

Lorenz: I'll second.

Chair Beerman: All in favor?

Newby: Mr. Chairman. I'll abstain since I missed the last meeting.

Chair Beerman: It's four votes for and one abstention.

**The Minutes were Approved Unanimously 4-0-1.**

**4. CIAC Action:**

**a. Parks and Recreation Impact Fee Approval by CIAC:**

Chair Beerman: The next item is new business. It looks like we're coming to the end of a long journey with the Parks and Recreation Impact Fee approval. At the last meeting, I read a long statement. I'm not going to do that again. Everyone will be happy to hear, but I'll just bring us up to date.

Suttmiller: It was in the minutes, I think.

Chair Beerman: I hope the Members who weren't here had a chance to look at that. Just to bring us up to date, during the last cycle we reviewed the Public Safety Impact Fee and at the end of that process this Committee voted 4-1 to accept TischlerBise's recommendation for that Impact Fee. It went over to City Council and they also accepted it as recommended without any changes. That one went relatively smoothly. In the case of the Parks and Recreation Impact Fee, we had on the table for almost 2-years recommendation from the consultant TischlerBise that called for a \$7,000.00 Impact Fee to cover Parks and Recreation as new developments' fair share of the cost of infrastructure associated with new development. As about 10,000 more people move into Las Cruces over the next 6-years, I believe. After many delays and many meetings where we were supposed to meet with TischlerBise, and it just didn't work out. Time went by and we didn't have an opportunity to discuss TischlerBise's report.

Late last year, early this year, some Committee Members started raising questions and concerns about the \$7,000.00 Impact Fee being too high and that the \$130,000.00 price estimated cost for an acre of land - that was figured into the calculation was way too high. In fact, one Committee Member thought it was 10 times as high as it should be. In April, I believe, we got a rewrite of the plan that was put together by the consultant, TischlerBise, the Parks and Recreation staff, and also some other City staff, I believe. That slashed the recommended Impact Fee from \$7,000.00 down to \$3,000.00 and something. It cut it more than in half.

Since last meeting, I had a chance to look at the rewritten report with the revised fee and I paid particular attention to page 31, which is called Land Cost Estimates. That seems to be, it's one of the two big controversies, whether the land cost estimates are realistic. Again, the initial TischlerBise report valued the land, Parks and Recreation undeveloped land at \$130,000.00 per acre. During the rewrite process the consultants and the City went park type by park type coming up with individual estimates for each type of park land.

One thing that I noticed is that in the rewrite where they come up with the values of land cost for Parks and Recreation land, in the area of community park land the latest report uses three park sites as comparable for the value of community park land. The first one is the Metro Verde Splash Pad Park and it shows a value of \$731,000.00 for 2.93 acres. This comes from the County Assessor. The report says, "There were three pieces of land that the County Assessor had values for." The first one, as I said, was Metro Verde. That value, according to the County Assessor, works out to \$249,000.00 per acre compared to the \$130,000.00 figure used in the original TischlerBise report. There is a case where the land far exceeds the value used by TischlerBise in their report.

Suttmiller: Excuse me, is that the land or the land and improvements to the land?

Chair Beerman: It says, "Park land value." I believe normally the County Assessor does separate the land and improvements when they do assessments. According to the language here literally, this is the land.

Suttmiller: This is just the land.

Chair Beerman: Right. Briefly, I'll just show you the other two examples. Valley View and Munson Complex with drainage pond. Now that shows 21 acres at \$1.4 million and I'm not sure what that is with the drainage pond. Then there's another one for Desert Trails, 25 acres at \$381,000.00. What we end up with these three pieces of land from the County Assessor's valuations is an average value of \$50,000.00 per acre for those three; including the relatively expensive one at Metro Verde. That average there for those three pieces falls way below the TischlerBise value of \$130,000.00 per acre.

The only thing I would point out there is they used three parks. When they did the rewrite, they used those three parks, community parks with the \$50,000.00 per acre average value. Then they projected that to all 12 community parks. I don't think that's a valid way to come up with a value of all the community park land. I don't think that's a valid sampling method.

Then just briefly, this isn't going to go on forever, but moving on to neighborhood park land. The County Assessor apparently didn't have values for neighborhood park land; and incidentally I just wondered why the County Assessor had values for only the three parks out of the 12 community parks. Why they happened to be in the Assessor's records.

Anyway, during the rewrite process, the consultant and the City people looked at two, four, six, eight, I think, 11 neighborhood parks and there were no records in the Assessor's office for the neighborhood parks. They looked at the land adjacent to the park to come up with a value. Of course they don't say whether it was adjacent to a junk yard or a trailer park or the college campus. That seems to be a little, it doesn't really assure me that this was a good way to value the land. Again, they took those 11 pieces, which averaged \$110,000.00, by the way, and this might be getting hard to follow unless you're on top of all the issues. They came up with a value of \$110,000.00 looking at the adjacent property for 11 parks. To me, the \$110,000.00 is fairly close to the \$130,000.00 that TischlerBise used. It's not unrealistic.

Suttmiller: If I may interject Mr. Chairman. It hit me because I just got my tax notice. My land I have one-third of an acre is \$25,000.00 for the cost of my land. If you could multiply that by three, it'd go to \$75,000.00 and I'm in a fairly upscale neighborhood.

Lorenz: But not the cost, but rather its current value.

Suttmiller: Yes, its current value. The land and I've got a house that was built years ago. That just triggered it. I just looked at the thing this morning. It's \$25,000.00 for a third of an acre and now we're up to \$100,000.00 plus.

Chair Beerman: How many homes can be, or generally say at Metro Verde, how many homes go on an acre?

Lorenz: Anywhere from two to five. If you don't include streets.

Chair Beerman: Right, so that's kind of getting off on a sidetrack. Again, they took the 11 neighborhood parks, for which they used the value of the adjacent property, which itself is questionable. Then they projected those 11, which were 14 acres I believe, to the whole 109 active acres. Worth 36 neighborhood parks. They projected that limited sample out to 36 neighborhood parks.

I have a background as a certified internal auditor and I worked with statistical sampling on things like this and that is just not, basic logic tells you that that is not a good way to value land. Technically, for an auditor, they wouldn't be allowed to do something like this.

Lorenz: Other than the thin air argument they have for the \$130,000.00 though, right?

Chair Beerman: Well, I wasn't going to bring that up, but the \$130,000.00 figure was used in the 2012 Impact Fee Study done by TischlerBise, the same consultant. It says right in there that they got that number from the City Parks and Recreation Department. At least we know where it came from. It might be, I don't think it was thin air at the time but wherever it came from seems to have been lost. At least it's consistent from the previous study to this study.

That's it for the value of the land. I talked about the deletion or the decision to exclude all of the inactive land last month. I'll just comment that in April of 2012, 7-years ago TischlerBise recommended an Impact Fee for Parks and Recreation of \$4,100.00. This current rewrite version of the study for this year is \$1,000.00 less. It's \$3,100.00. Just for perspective I'd thought I would mention that. Again, after I took so much time last month I'll stop there. Before we vote, does any other Committee Member have comments?

O'Neill: Mr. Chairman, before we vote maybe someone here from Parks and Recreation or someone can respond to your questions, to your statement. I don't know if that if just anyone here that for more information?

Lorenz: Mr. Chairman. There was in the agenda packet that we received by e-mail there was a presentation attached to this. Is somebody going to present that today?

Delgado: Whenever the Board is ready, I'll go through it.

O'Neill: I think we should maybe have that before we take action. Probably would be a good thing. I mean I have some responses to that and some ideas as well, but I'd rather hear the report. That may mean changing the agenda.

Suttmiller: I have just one question for Parks and Recreation. Do you have the total cost of the splash park or do you happen to know off the top of your head?

Delgado: No, but we have the person who built it who's here. He might know that.

Lorenz: I can tell you as well. Mr. Moscato was the...

Delgado: Based on the reimbursement agreement, but that's a little bit different.

Lorenz: ...What was charged for the land? For the splash pad?

Moscato: Zero dollars. I'm not sure how that \$700,000.00 figure came. It could have been, I'm just trying to do the math here. That number is approximately the value of the improvements. When we build a park like that for the City, we document what the cost of improvements is and we certify that to the City and there's actually a closing, a deeding of the property to the City for that amount of dollars. I would imagine what might have happened was the City reported to the County what the City paid for, but that amount that the City paid did not include any value at all for the land itself.

Suttmiller: It was all improvements, right sir?

Moscato: 100% just the improvements.

Suttmiller: They used that then to figure land cost.

Moscato: Right and similarly you mentioned, Mr. Chairman, neighborhood parks. I know this is restating what I was stated at previous meetings here, but in all of the neighborhood parks that have been built in Metro Verde, which I believe would be the majority of the neighborhood parks in recent years, there has been zero cost in the land to the City. Only the cost of improvements have been charged.

Chair Beerman: Okay. Thank you. The study does say that the \$700,000.00 is the value of the land and there two other parks there included in the statistics for the cost of the land and I don't know if they're also erroneous. The \$700,000.00 figure for the 3-acre park, 2.9, and the \$1.4 million figure for the three parks in Metro Verde that the City paid for, it shows the value of these parks and how much infrastructure costs. When you want to bring in, when you're going to bring in 10,000 people and you need to provide infrastructure. So, whether you're talking about raw land or the whole completed park, it shows it's a lot of money and its money that needs to be paid either by the development community or the taxpayers to provide the Parks and Recreation facilities for the new people coming in.

I don't want to keep answering everything that everyone says, but that's kind of a key point there. If the land is donated, the land portion of that \$700,000.00 even if it's donated the 10,000 people coming into the City who are going to need parks facilities, we're looking forward not back. There's no guarantee that someone, another developer is going to be as generous as you are in donating property. I think we even had some comments from the Parks Director about some big parks requirements coming, 30 acres or something and she was kind of skeptical on whether anybody was going to be willing to donate something that valuable. Thank you for listening.

Moscato: You just referred to infrastructure. I'm not quite sure what infrastructure. Are you talking about related infrastructure, streets, utilities? Because all of that is paid for by the developer. There's no cost to the City for any of that.

Chair Beerman: Again, the Development Impact Fee law talks about infrastructure made necessary by new development and they include Parks and Recreation infrastructure, utilities, roads. There was a distinction even the New Mexico Association of Home Builders said, "Impact fees are supposed to be used for offsite improvements, like the main collection line that needs to be brought to the development to serve." The developers pay for the onsite water lines and sewer lines, but the collection lines, the main lines, the high pressure gas lines that have to be brought to the development, that's not paid for as far, correct me if I'm wrong, but I don't think the developers pay for that.

Moscato: High-pressure gas is the only utility that's not paid for by the developer. Roads, water, sewer, low pressure gas, all of those infrastructure items are paid for by the developer and in most cases if there are offsite requirements, those are also paid for by the developer.

Lorenz: High pressure or gas lines in general are not subject to Impact Fees period.

Chair Beerman: That is based on the law. Okay. Fortunately, right now we're only talking about Parks and Recreation Impact Fees.

Lorenz: Shall we hear our presentation?

Chair Beerman: Yes. I don't see that on the agenda by the way.

Suttmiller: I would like to make a comment before we move to it and I'll be very fast. I look at this, what's been delivered here for us and there's obviously a problem with cost of land. They used the cost of a finished park to determine the cost of the land. That's not good progress. Like you say, from an auditing point of view that's, it's sloppy. I'm upset with TischlerBise. One of the things that has to be done, no matter what we do here today, is there's got to be a thing that says, "When you buy the land, or you donate the land, that land is worth so much money." Now I know darn well that that park, the Splash Park did not cost \$700,000.00. The land was not worth \$700,000.00. They were talking about when the County Assessor took the value of the park and reported the value of the park, basically what it cost to build that park, and the land was included in that of course, but it was donated land.

What does the land cost for a park or a recreation facility in this City? Nobody seems to know and I know it's going to be, excuse me sir, and I'll get right with you and I'll cede the floor to you I won't get with you. I'll cede the floor to you. We're making decisions based on basically phony data, okay? The data is not right. That's not acceptable. It's not acceptable from any consultant or anything else. It just isn't acceptable that they can't tell us even if it shifts in park or where it's at in the City. When you get the land, when we get the land from Bureau of Land Management (BLM) for the shooting range but if we had bought that land out there it'd be a lot cheaper than if you were buying it in the inter-center of the city or out at Metro Verde right now. It's in the middle of a major boom in construction. It's going to change. They need to look at that and say, "Okay, when we look at these parks this is what the land costs overall." If we have to buy the land in the parks where we had to buy the land and they should have looked at that. When they bought this land, this is what it cost. A blank piece of land in this area would be assessed at this value and we go from there. Not something drawn from the air or, and TischlerBise didn't look at that. The first figure was so far off, that even I could catch it was wrong. Well that's all I've got to say. It bothers me and I personally would not recommend that the retention of TischlerBise unless they can clean that up. Yes sir?

Montanez: Steve Montanez. I just wanted to address your comment on where we're going to find this data on what an acre of park land costs. To address that is just looking at some of the newer parks that have been built. Not just developed by Sierra Norte but the Parkhill and Del Rey park, that was donated land by the Parish and Fishback group. There's also 5-acres of land in Dos Lados that's also going to be donated. What we've seen in the past it's not just new

development. The majority of the development in Las Cruces are donating their land. We'd love to see that continue, but just to remind everybody that the City has not purchased park land in a very long time because of it's donated. Just want to reiterate that.

Suttmiller: I agree, but the City cannot work when, if they have to buy land what is the land worth? Like I said, you come into my neighborhood and you want to build a park it's going to cost you \$75,000.00 an acre and that's assessed cost of land in that neighborhood basically. If I wanted to go buy, I'm going to put out at least \$75,000.00 to \$100,000.00 for that acre would be my guess. We're not seeing that kind of data which is what we should see and what the City Council should see when they're making a decision on this. That's my point and I've talked long enough.

O'Neill: I have a few things Mr. Chairman.

Suttmiller: Excuse me. I didn't mean.

O'Neill: No, no, no when you're done.

Suttmiller: No, I'm done.

O'Neill: TischlerBise when they presented us with their first report, there was this problem with the land classification. That's why we sent it back. This Board wanted to go back to TischlerBise saying that the valuation was too high and that we needed to relook at that land and consider land values only for active use acreage. That's why we took out all the BLM land and a lot of land that's not going to be possible active acreage in the future. Then considering that land is donated and they considered all these factors and land that's, there's some land that's figured in there that's not worth anywhere near that. They balanced, they averaged that land. That's my understanding. I don't think TischlerBise is here right now today, but that's why they came back with a different.

I'm saying that the impact fees their recommendation was quite a bit less based on what we sent to them saying we want this reclassified because we think this \$130,000.00 figure was way too high because you need to balance out some land is worth more, some land as worth a lot less. Then also a lot of land is donated from the, so that's why they came with this. I think it's an accurate report. I'd like to hear from our other Board Members here who had a look through it as well. I think they're pretty right on what they came back with and that was at our direction. Also the fact that Impact Fees are only one source of money that goes to parks. There are also grants, bonds, general fund, money generated from park programs. Impact Fees is one source. I asked last meeting what percentage it is and no one could kind of put a figure on that, but I'm looking at it just and it's really hard to put a figure on it because Impact Fees are only used for improvements. Adding items, amenities. That's not good for repair or maintenance. It's only good for those



items. I'm thinking around 25%. Now I could be way to low on that, I'm not sure, I'm just guessing based on other sources of income. Maybe in a report we can learn more before we take action on this item. I'd like to hear from the other Board Members. My two cents.

Lorenz: Would it be alright with the Committee if we heard the presentation before I made my comments?

Chair Beerman: I don't see that presentation on the agenda. I'd be happy to have it, but I just don't see it.

O'Neill: This is an item on the agenda and people can address items on the agenda.

Chair Beerman: That's fine.

Ruiz: It being linked is, that's why it's in blue because there's a hyperlink for that to the presentation and it's in your packet.

O'Neill: We probably should've reversed it probably on the agenda. Anyway we can talk about this. It is an item on the agenda and people can talk about.

Chair Beerman: Sure. I didn't mean to skip it.

Suttmiller: If we're going to change the agenda, we need to make a motion.

Chair Beerman: I don't think we have to.

O'Neill: I don't think we have to, now that I'm thinking about it.

Lorenz: It's not a change. It just didn't list the presenter.

O'Neill: At least she can address what we're talking about right now.

Chair Beerman: Sonya. Director.

Delgado: Good afternoon Mr. Chair, Members of the Board, Sonya Delgado I have a presentation here just go briefly over the history of Park Impact Fees, your options for today. Park Development and Impact Fees also known as PIF, has required by municipal code to update at least every five years. We update the Capital Improvement Plan, we also update the PIF and of course use of land assumptions that will be used that were done with Fire Department when they did their safety fees.

Our history, City Council adopted Park Impact Fees in July of 1995. The fee at that time was set at \$249.00 per dwelling unit. Again as we have spoken before, these fees can only be used for adding new levels of service, and at this point in time new neighborhood parks. It specifically calls it out. In 2006 and 2007 the PIF was raised to \$550.00 per dwelling unit. In 2007-2008 it was

raised to \$800.00 and in 2012-2013 it was raised to \$2,600.00. I'll have a copy out with this one because the \$2,600.00, the CIAC Board at that time sent forward the recommendation to have the PIF at \$1,300.00 per dwelling unit. At the Council meeting Council doubled it. That's where the \$2,600.00 came from. These are one-time payments that are used to accommodate new growth for Capital Improvements not operating or maintenance. We periodically update our fees per State statute and to maintain a current rate schedule.

Again we've been in place since 1995. Our consultant was TischlerBise. Public input meetings were two, and we had community and committee input. It is supposed to be based on the incremental methodology which runs the City's General Fund exposure. Fee based on population, facility, demand, and cost. Proposed fee is to help meet the current level of service. I don't know if you remember but I did say that Parks and Recreation lives in the General Fund. Our other source of income that comes in for new levels of service is the Park Impact Fee, and we do go after grants when appropriate and when we can get them to help fund either special projects or finish projects or to assist a park that just needs some new improvement that already exists.

These next few slides were taken out of the study directly so you've had them before. This talks about the proposed fees that TischlerBise. Current fee again is \$2,600.00 for single-family and \$2,600.00 for multi-family. The proposed fee from TischlerBise is \$3,185.00 for single-family and \$2,392.00 for multi-family. In the past I looked to see if they had split single-family and multi-family out and to have two different fees and it appears that they just kept it at one. My guess is probably because it was probably a little bit easier to keep track of. Didn't have a split fee. I know they proposed them before but it appears that we've always taken just one.

Some adjustments that were made to report that were talked about earlier. We reclassified some of the parks to make them consistent with the Parks and Recreation Master Plan that is also moving simultaneously with this one. We removed some, we do not call them athletic fields we call them the Complex. That's where most of them reside which is the Hadley Complex and it's called the Regional Park. That was something different and we changed that in here as well, again to align to the same language that we are using with the Parks and Recreation Master Plan.

We only included active acres. Active acres was defined as acres that we currently have programming on or allowed to use as in programming. The one example we've been using is the shooting range. We do not use all the acres we have out there, so we only counted the active acres that are currently being used for that program. The park land value per acre has also been lowered and that was determined based on the park classification and we did work with Land Management. Yes the information comes through Parks and Recreation Department. We don't have those tools, we go through our Land Management

Department section within the City of Las Cruces to help us get that information back over to the consultants.

Council must take action by June 30, 2019 of this year. Parks and Rec Advisory Board will recommend approval of the plans but will follow your lead. Parks and Rec Board meets the same day but in the evening and if you are the body that recommends the approval and or changes to the Park Impact Fee to City Council. Your options are: 1) to continue the collection of existing fees which is \$2,600.00 per dwelling unit; 2) adapt new fees that were suggested by TischlerBise to maintain the same level of service and use for development of neighborhood parks; 3) to change the level of service and adjust the Impact Fees accordingly, that is also your right to do; 4) eliminate the Park Impact Fee and require the construction of neighborhood parks as a part of development which would cause us to amend the Design Standards to make a regulatory requirement; and lastly 5) eliminate Park Impact Fees altogether and seek other funding sources. I'll stand for any questions.

Chair Beerman: Could I propose another option? The TischlerBise recommended Impact Fee in 2012 was \$4,100.00 and incidentally that was at a time when there was no Wetlands Park, which is a sore point. The huge ten zillion acres of Wetlands Park that wasn't in the formula. That kind of eliminates one of the questions that we have today with the rewritten report. In 2012, eight years ago, seven years ago the recommended Impact Fee as developments' fair share was \$4,126.00 with no Wetlands Park and that's a \$1,500.00 difference. I'm sorry, that's about \$1,000.00 difference.

The way I understand it, there's no reason that we couldn't recommend a certain fee and recommend that it be reviewed again in a year. Meanwhile the City could clean up all of the data about the values of the parks and I'm not sure where to get the assessments or appraisals from to get good numbers on that, so that in a year we could do an update based on good data and have that going forward forever with a good foundation. Also take a look at the special use or inactive property. Make sure that that's all, because I think this plan was rewritten in a month or probably a few weeks after the last one sat on the table for a couple of years. It's just the thought I had that maybe we could recommend a fee and also recommend that it be reviewed in one year instead of five and the numbers be cleaned up in the meantime.

Delgado: Mr. Chair, Members of the Board. It is your responsibility to provide a recommendation to City Council and if that is the recommendation then I will take it forward.

Chair Beerman: It would be up to the Board, up to the Committee.

Lorenz: Mr. Chairman. Are you ready for my comments?

O'Neill: Yes.

Chair Beerman: Sure.

Lorenz:

Sonya would you mind putting that on slide number seven? I think that would be the most benefit for everybody for what I've got to say here. Many of these items are about land, the rest of the items are about facilities and improvements. I think facilities are improvements with the one exception of the recreation center. For some reason they mixed up the recreation center land with the recreation center improvements. Why for that one category they did that. For the Aquatic Center they just ignored land altogether. I'm not really sure why they did that. Regardless of those two odd occurrences in this report the rest of the land is in the first five items and I think that's where our discrepancies lie.

In the world of real estate the number one thing that determines the value of a piece of real property is an appraisal. We don't have any appraisals, I think. I think every Committee Member that's spoken so far today has wondered why not or wished we had some. A couple of months ago I brought one for a very real piece of land that could very realistically be used as the next park in Las Cruces. I brought the executive summary for that appraisal and it valued land at \$20,000.00 per acre.

These days if we're going to be adding a park it's probably going to be on the outskirts of town. It's probably going to be in the new developed areas. I can't see us going and putting in a new park off of Solano. It's too dense. There's not enough space to do it. The new land comes to us by the developers or by the BLM or by the State Land Office. I'm not sure of what all the other government entities are that have been giving us all this land, but thank goodness they've been doing it. The special facilities land has all been donated. The neighborhood park land has all been donated. The natural area and open space has all been donated.

I can see that if we wanted to do something like, say, another aquatic center or another rec center where it would maybe go into an area that's semi-developed like, let's say, Sonoma Ranch or something. Where's there's already thousands and thousands of houses. I can see there being a possibility that we might have to buy some land and I don't think we can say "all land for all parks will always come to us for free forever," but right now most of it does. Take for example some of the most recent parks. We talk a lot about Metro Verde because Metro Verde's been developing much faster than anything else in town and they've been building more parks than anybody else does and he's been donating all the park land. The Splash Pad which for some reason they qualified as a community park, but there was also I believe it was called, what was the other one called? The Monument Park, or Sculpture Park which they classified as a neighborhood park. Not really sure why one was one and one's the other, but nevertheless the land was all donated.

The developers recently, I had a conversation with another developer recently about how they look at these Impact Fees and how they affect their decisions on parks. They say "okay we look at how many homes are going to be built in

this neighborhood, we multiply that by what the park fee is and then we try to put as many improvements on that park as we can for that amount of money because we'd rather see that spent in the neighborhood where we're selling houses than to see that spent in some other neighborhood where some other developers are selling houses." If we were to increase or decrease the fee in this developer's opinion, all that would do would be to affect how fancy the parks are. The one building more parks, they would just say "alright are we just going to put a soccer field or are we going to put a splash pad?" The difference in fees would basically be affected that way. That's kind of a side note.

Back to the land value. A few months ago I provided you guys with some calculations that I'd made. When TischlerBise came out with their new report last month, they changed a lot. Not just land values, they moved values around on park improvements, they moved values around on aquatic facilities, on rec center facilities. There was no justification for why they did any of that. They just changed the numbers, but I have no way to, I have no expertise in those realms. The only expertise I have is in this realm is in the land values. I think it's possible that we could use that appraisal to justify the price of land we would spend on regional parks or community parks. Neighborhood parks, special facility land, natural area, open space; that stuff is all just given to us. It has been for quite a while. I couldn't find a single example of us paying for it. Ever. Maybe it did happen and I couldn't find it but nobody could show me a time when that happened.

All the rest of this stuff, the trails the rec center facilities, the aquatic facilities, the Elephant Butte Irrigation District (EBID) General Obligation (GO) Bond credit that TischlerBise calculated to be \$24.00. I have no way of saying any of that is anything but correct. I brought a copy of my recalculated figures for all of you. **(Reference Attachment A)** I'm not sure if Sonya or Alma wanted one but I certainly brought some for you guys as well. If anybody else wants a copy. It's the same table that you see here, just I didn't format mine quite as pretty probably. When you look at that first green bar where it says Total Cost Per Person. Their cost came up to \$1,300.00 with their sort of haphazard land value of sometimes it's \$50,000.00, sometimes it's \$110,000.00. I either gave it \$20,000.00 or zero because either we're paying for it or it's this appraised value that we have an appraisal for. That comes up with an infrastructure cost per person of \$1,009.00. That would slightly lower the fee on single-family dwellings and dramatically lower the fee on multi-family as well to either \$2,473.00 for single-family or \$1,857.00 for multi-family.

A second point is the fee as we have it is working. We see examples of it Chairman Beerman and John Moscato and Sonya Delgado have all talked extensively about the way these projects have been working in Metro Verde. Where the developer donates the land, the developer builds the park, the Impact Fees are calculated and collected, and then the developer is reimbursed and everybody goes along, and the City gets a park and it's built well and it's built for half the cost that the City can build it for, and it's done really efficiently

by the developers and at less cost for the City to do it the way we're doing it and it works. It's been working great.

O'Neill: They've had a surplus.

Lorenz: That's my third point. According to the year-end 2018 Financial Summary the surplus was \$3.4 million.

O'Neill: All that was used.

Lorenz: That's just Impact Fees. That's not the rest of the Parks budget. That's just Impact Fees. Then in the report that I think we're going to hear later today that was sent to us by e-mail for the mid-year Fiscal Year 2019 summary, it's now \$3.7 million. I understand, you don't spend every Impact Fee dollar as it comes in. You collect it together for a while and then you spend a whole lot of it at once. Like we saw with the Public Safety. They collected fees for quite a while and then spent a big wad of it to build this great new complex on the East Mesa. You couldn't have done it a brick at a time. You had to do it in big chunks. I understand that's why there's a surplus, but there's a surplus because the fees are working.

In summary, we have to review it to make sure it's working and it's working. We don't need to change it. I'm not suggesting we lower it. I'm not suggesting we raise it. It works. If we want to go through and piecemeal the numbers, I think it's probably a little too high. Especially for the multi-family guys. I think they're paying too much, but I don't see in this reality that City Council is going to even consider lowering a fee. To propose that would be a waste of our time in my opinion. I think it's working, leave it alone. My motion would be A), continue the collection of the existing fees at \$2,600.00 per dwelling unit. I don't know if there's a second, or if Steve would like to talk.

Newby: I'll second that.

Chair Beerman: All right, so we have a motion and a second to keep the fee as it is. We're still open for discussion on that.

Suttmiller: He motioned. Who second it?

Chair Beerman: Mr. Newby.

Suttmiller: Okay, I didn't hear the second.

Newby: I'm way at the other end.

Suttmiller: I was willing to second it.

O'Neill: I would like to say a few things while we're on discussion. At first, when this first started I'm thinking "well, we need to look ahead and see how much we're

going to have to spend and how much money we're going to need" but that's not the case with Impact Fees. That's a case with master plan, when they're doing their master plan for the parks district. Impact Fees are to maintain current levels of service and I agree Mr. Lorenz that the current fee is doing that. I also understand that, don't count this as a surplus, this other money. This is spent already I'm sure. I'm sure that money is already spent, that \$3 million. When I came in today I'm thinking "well I certainly don't want it to be raised too high." I thought the TischlerBise was a good report and I thought that was a good recommendation but I wouldn't hesitate to vote on leaving as they are as well. I see that that would do what we want done to maintain current levels of service, and the fact that it is also not the only source of income for parks. That's my input on it. I might, I'd have to think about leaving it as it is. I like TischlerBise's report and their recommendation, but maybe we don't need to increase the fee. Maybe we don't need to increase the fee the more I'm thinking about it. That's all I have.

Suttmiller: My concern is I have no concern if we keep the same fee. That I'd be more willing to go along with. My real concern is on this Committee and most of the other committees you need to make decisions based on good data. We hire people and pay them large amounts of money to provide us with that data. I don't see that data here being as precise as it should be. I'll be kind. I like the Chairman's thing of can we do that and push it off and then make a decision based on good data? Right now we're, either way we go and I tend to think my colleague here is exactly right, we're doing good, let's move on. We're also tying that up for five years. Again we're basing it on data that I don't have confidence in and that's my point on it. It sort of off to the side here, but is there a way we can get this fixed? Because the land values and all of this are pushing the level, the decisions and level of service and everything else and if we don't have that right the bedrocks that you're building your house on is quicksand.

Delgado: Mr. Chair, Members of the Board. I would need to set a fee, so we could set a fee and you could ask that we come back in a year or whatever the time frame you give to look at it again. Can you make an amendment to it? Yes I do believe so, but I would have to make sure and check with legal and check with the other department to make sure we could. I don't see why you couldn't come back and review it. I don't think that would be an issue. However, I'm not the authority on that so I wouldn't say that that word is.

Chair Beerman: I think Mr. Suttmiller you would be in your rights to offer an amendment to the motion on the table that this be reviewed again or whatever in you're thinking.

Suttmiller: I am more than willing to do that. However, this gentleman has done a large amount of work on it. I don't want to step on his amendment. I mean I don't want to amend him. I'd like to give him an opportunity to withdraw his first one and he can amend it if he agrees.

- Lorenz: I think it's, I think you're right. I think there's a lot of bad data, but I think it's mostly moot. Because a lot of the areas that we're talking about to not having the values right for are given to us anyway.
- Suttmiller: I understand that, but when they're making all their calculations, a large part of it is based on it so the next time they do it, if they're using the same data, we're getting, we or another committee is getting bad data. That needs to be, and I think what I proposed would meet that.
- Chair Beerman: Jason would not have to withdraw.
- Suttmiller: It's not exactly moot. It's moot for us if we keep it.
- Lorenz: I think the best data we have is how is it working? I think that's something we do have accurate data on.
- Suttmiller: We do. I'm not arguing with that. The only point I want is movement towards getting good data. That was it. Now whether, the easiest way I think to do that is to say "hey, let's keep them where they're at. It's working and then let's get data that either shows we can reduce it, which would probably make some people in this room dance in the aisles, or they need to be increased." Because we're apparently having a fairly large influx of people into Las Cruces with the rate houses are being built.
- Chair Beerman: Where do we stand? We can leave the motion that's on the table. The motion that's active now, the primary motion and you could amend it so that we would combine Jason's motion and yours into a final motion.
- Suttmiller: I'm not sure we can.
- Ruiz: I think you have to vote on the motion first and then if it's voted down then the second motion can be.
- O'Neill: With amended version.
- Chair Beerman: We can amend a motion, can't we?
- Lorenz: Mine's fine as it stands. I would like it voted.
- O'Neill: I'd like to say I think we got a good report from TischlerBise. I think that what you've done is even more is accurate as well and I like the figures. I don't think we need new data or new figures. If we're going to come back and review it, I wouldn't think it would need to be done for sooner before three years at least. No sooner than three years. We're talking about six years anyway, so this is.
- Lorenz: Took us two years to get this far.



Newby: Mr. Chair. I concur with pretty much everything that's been said up here since I'm the freshman of the bunch. I designed a lot of these facilities so I know what they cost. I'm a big proponent, as you're well aware Sonya, of parks and public facilities. I concur with most of the Members concerns that when we see a Metro Verde cost of land at \$1.4 million and it obviously isn't there's a certain level of responsibility. Being a consultant that's been hired by the City many times, there's a certain responsibility not just on the consultant's part to get it right but also on the City staff's part. When I saw that number that jumped off the page at me as that is ridiculous that my good friend John Moscato charged them \$1.4 million for land when we all knew number one he gave it to them and even if he didn't, even John could not get that amount of money for those 2.3 acres.

Char Beerman: That's not the price of the land. That's the price of the park.

Newby: I know it's the price and that's my point. The price of the improvements, but in the report it said cost of land and not improvement. I've only attended two meetings but it seems to be kind of a constant refrain that the data is questionable. Therefore it's very hard sitting on this side of the table for us to make a good judgement. If we're given good data and this is what it says, then I think everybody on this table will say "that's great." When mistakes like that are made, it makes you question the other data behind that. I do support the motion for leaving the cost of the same \$2,600.00. I would encourage both staff and the consultants to make sure the data is pristine. It's not that hard. It really isn't.

Chair Beerman: Okay, well I'll just add my final comments if Mr. Suttmiller doesn't want to offer an amendment to Jason's motion.

Suttmiller: I'm good. I just I really think we're going to be doing, what's next on this thing, Utilities I think. You land cost again in Utilities is a large jump. Nobody's donating it. Nobody's donating that land. Like I just, I am extremely bothered, let me put it that way, that we did not have good data here. I think we're reaching a good decision and I can wholly support his, but if nothing else I want it on record that I think this is not acceptable. The data we got and the way it was presented and the manner in which it was presented.

Sorry I missed the last meeting, I was in the hospital protecting my doctors from lawyers. I would've, I thought we would've gotten better, again it just doesn't make sense. It just doesn't crack for me what I'm seeing. I did a lot of, in my career, I've done a lot of process auditing kind of thing where you look at the whole thing and you see what's working, what's not and this is not acceptable. Something needs to be done about it. Because every time we go we're going back with the, I'm wondering how much they would have said the Police Center cost if they're valuing the land at \$100,000.00 an acre up there. In addition to the money that was actually spent on it. We were asked to base the police one on the cost of land up there. You see what I'm saying? It skews everything and it needs to be, that park needs to be fixed. We must have

complete confidence in the data we're getting and that's in rate increases, that's in everything else. If we don't have confidence and the data's not good, one if you're going ahead you're not too smart and two you're going to get bad results all the way across. I'm finished. I've been preaching long enough. I'm sorry. I will support his motion fully.

O'Neill: Mr. Chairman. May I ask a question of Ms. Delgado before we vote on this?

Chair Beerman: Sure.

O'Neill: Ms. Delgado, In your knowledge of all this, if we maintain these fees of the \$2,700.00 the way they are, do you think that would drastically impact the amount of money that you receive to maintain consistent level of service that we're at now?

Delgado: Mr. Chairman, Members of the Board. Board Member O'Neill. No, I mean it's working as Board Member Lorenz said. It's working right now and it is. Right now we really can't, we're right, we're working right with them as quick as we can and yes, Moscato's development is pushing us the fastest. We're bringing more online a lot quicker from parks to trails to medians. There's a lot going on up there and there are a lot of expectations. I have other parks coming online in other places which are also going to increase. Right now we're doing okay and I know that you're about to get your report. We're a little over \$3.5 million I believe. We have \$2.8 million probably getting close to \$3.2 that is already slated and is already in design. We have seven projects working out of PIF right now that are in design. That money's not being spent but it's already been allocated. We have less than a million. I've got a couple of other projects that are coming around the bend, but as the development continues I'll have more funds and we're spending them as they're coming in. That's about the level we can do. If I had more money, could we spend it? Absolutely, but it would take us a little longer. Right now everything seems to be working really well.

The comment to Board Member Suttmiller, we can come back. We can give you a yearly report. We have no problem with that. We can do that, so we can make adjustments and we can give you a report so you can see that. There are a couple other items I wanted to do with you as well as we progress throughout the year, but we can certainly add that. I don't have an issue with that at all whatsoever.

O'Neill: I'm thinking that we could use TischlerBise, it's about a 12 to 15% increase which they're recommendation. Which is not on the floor right now. Yes, I know you could use that money and that might build up that little extra surplus for next time when you need it, but is it really necessary that we raise it to that do you think? Just your opinion.

Delgado: Mr. Chair, Members of the Board.

O'Neill: It's hard to tell what kind of grants you're going to get. What kind of bonds. I understand. Never mind, you don't have to answer.

Delgado: As I said before, it's working great right now. Your responsibility I understand is large, but I will work with whichever you give me and however the Council wants to go, continue forward. I'm okay with that. I just need to get some direction on which way to go.

O'Neill: They're going to raise it again. We know that. They're going to raise it.

Delgado: I'm okay.

Chair Beerman: Okay, well I guess I'm last. I'll make some brief comments and then we'll vote. It's hard to argue when the Director of Parks and Recreation said everything's working fine and I think she did say that she doesn't have a surplus though, much to speak of. I've seen lists of Parks and Recreation projects in our prior briefings that total probably 20 or 30 times what we collect in Impact Fees. I have a problem with sticking with the, actually we're going for a reduction. We're sticking with, we're going with the current fee, right?

O'Neill: Right.

Chair Beerman: We're not reducing the multi-family?

Lorenz: No. My motion was to just continue the fee as it is.

Chair Beerman: I have a problem with sticking with the \$2,600.00 fee when eight years ago the consultant recommended a fee of \$4,100.00. That's really not the way things work. We hear from the Utilities Department that the reason they had to raise rates is they haven't raised rates in nine years. It's kind of an over simplification but it just kind of runs contrary to intuition to say that we can go eight years down the road with a fee that's lower than what was recommended eight years ago. There's been a lot of discussion about land values and what we're really providing to the new residents is parks and recreation facilities. We're not providing them with land. Jason's chart that he just passed out has some zeroes in it for different types of land. Value of community park land, zero. I presume that's because it's donated, but when we're looking at level of service we're looking at what the community has now and what they need to add to satisfy the demand from the new residents. We're looking at the value of the parks, total parks, recreation facilities. We're not looking at a piece of land that someone donated years ago. It's kind of irrelevant I think, the value of the land, and we shouldn't be using zeroes as the value of say community park land.

Lorenz: Cost.

Suttmiller: It's the cost.

Chair Beerman: As far as it's not going to be in the motion at hand, but I agree with Mr. Suttmiller. I really don't like to make negative comments, but I was kind of mulling over myself. I've thought in the past that the City needs to do a study on the value cost versus benefit of development. TischlerBise does those kinds of studies. I found myself saying "well based on the Parks and Recreation experience, I don't know if I would really want TischlerBise to do a study like that on the overall cost benefit analysis of development versus not growing the City."

I guess one more thing about the issue of consultants, maybe TischlerBise was at a disadvantage because over these last two years we didn't have an opportunity to meet with them, but I think the City staff was at least communicating with them. These issues that came up at the last minute about active versus inactive land and the value of land being grossly inflated, this could have been brought up a couple of years ago and it wouldn't have to have dragged on until the last minute. Where they had to make some changes in two or three weeks. Whoever the consultant is for the utilities study, is that going to be TischlerBise again?

Provencio: Yes.

Chair Beerman: They've already been hired.

Provencio: That is correct.

Chair Beerman: If that choice has been made then I think we do need to have them involved with this Committee earlier. We should pretty much learn things at the same time the City staff learns them. I don't know if it's, it would be nice to say upfront that we want to have another look at this in a year and that City Council would know that they're only approving something that's going to be in effect for a year, but even if that doesn't happen, if no one makes that motion or we don't vote on that, we can always a year from now say "we want to review the Parks and Recreation Impact Fee again." Those are my comments and I guess the motion that's been moved and seconded is to maintain the Parks and Recreation Impact Fee at the current level of \$2,600.00 per home, per single-family or multi-family residence.

Lorenz: Yes. Continue the collection of existing fees at \$2,600.00 per dwelling unit. That is my motion.

Chair Beerman: All right, all in favor say.

O'Neill: You have a roll call vote.

Chair Beerman: Roll call. Sonya or shall I call the roll?

Lorenz: How about you start Mr. Suttmiller?

Suttmiller: I vote aye.

O'Neill: I say yes.

Chair Beerman: I vote no.

Lorenz: I vote yes.

Newby: I vote yes.

Chair Beerman: The motion passes. We're recommending the \$2,600.00 Impact Fee be continued by a four to one vote. Thank you Director.

***The Motion was Approved 4-1.***

**5. New Business**

**a. Utilities Department Impact Fee Process:**

Chair Beerman: The next item on the agenda is the Utilities Department Impact Fees process by Mr. Provencio.

O'Neill: Thank you Jason for doing all that work.

Lorenz: My pleasure.

Provencio: Good afternoon Chairman, Commissioners. Jose Provencio, Deputy Director for the Business Services for Utilities Department. I will provide you a process or status of our current update of Impact Fees for Water and Wastewater Utilities. We'll follow that up with the update for the financials with respect to the revenue collected and the status of where we're at this point, which would be the third quarter for Fiscal Year 2019.

We have initiated the required 5-year review for Water and Wastewater Development Impact Fees. We've hired TischlerBise. We have initially provided the financial operating data back in March. We had a scheduled conference call where we clarified and provided and defined the Capital Improvement Program (CIP) projects that would be affecting the capacity expansion over the next five years. Approximate time line for the first deliverables would be within two to three weeks from our conference call and then shortly afterwards we'll have the second deliverable for preliminary assumptions and fees.

To keep you updated as to where the status are as we progress. I will roll into, oh I'm sorry. That's right, I'm sorry.

O'Neill: That was a good presentation.

Provencio: I'll stand by for any questions for that section of the presentation.

- Lorenz: Mr. Chairman. I have a question. Two to three weeks from now for the first deliverable of Land Use Assumptions from TischlerBise?
- Provencio: Yes. That is correct.
- Lorenz: For review by the Utilities.
- Provencio: By the Utilities staff.
- Lorenz: Should I expect at our meeting next month we will have those Land Use Assumptions? At this meeting.
- Provencio: That's the objective. That's the plan as we discussed with TischlerBise.
- Lorenz: Great.
- Chair Beerman: Are those new or a reuse of the land assumptions?
- Provencio: My understanding Mr. Chairman is that is the updated land use assumptions study.
- Chair Beerman: They did a new study.
- Provencio: Yes. That's correct.
- Newby: Mr. Provencio, based on previous comments from this Board about the doubtful voracity of some of TischlerBise's numbers, please vet those numbers first to make sure they're not listing land value of \$1.4 million. That might be a typo, but it's still very hard from this side of the Board to trust numbers when something is missed that large.
- Provencio: Yes sir. Chairman and Commission Newby. We will look at those with a fine-toothed comb and under a microscope.
- Newby: I also know the Utility Department, you have people that really have a lot of skill at that whereas Sonya doesn't have quite so many people to look at those complex numbers.
- Provencio: That's correct. We've had staff here that has gone through several updates of the development impact fee rates and fees.
- O'Neill: This would be a special report when you come back in a month? Because we had agreed you would come only quarterly. You were going to make your presentation quarterly to our Board or that'll be part of this?
- Provencio: Chairman, Commissioner O'Neill. The quarterly updates are the financials.
- O'Neill: Okay, I was thinking of something different.

Provencio: Which is the second half of my presentation.

O'Neill: Thank you.

Chair Beerman: That really was the end of the presentation. Do you have the schedule laid out of anything further besides the land use assumptions? Do you have a target date on when to get the final study from TischlerBise?

Provencio: Chairman, Commissioners. Not at this point. The initial discussion was focused on providing the information and the data of the projects that will be put into service over the next five years. That was the focus of it. We did ask at least a preliminary timeline which what I provided here. In three weeks we'll have the results of the land use study and then three weeks afterwards, after that we should have some preliminary numbers for review.

Chair Beerman: You're working personally with them?

Provencio: Myself and my staff.

Chair Beerman: Because we had that issue that's been raised over and over again for years about the Development Impact Fee rider on people's utility bills and that doesn't seem to be an appropriate place to be. The impact fees are supposed to be paid by the builders at the permit office not by somebody, not by a customer of the water company. Maybe we could fix that during this process.

Provencio: Chairman, Commissioners. With the conclusion of the Wastewater Rate Review and we had concluded the review for rates. For Water would be about three months earlier. That was one item that we cleared in terms of outstanding Development Impact Fee rate that had to be recovered for Development Impact Fee projects. That was the purpose of the entire, everything that should be placed into rate base and to part of service. If you look at your bills that rider has been cleared out. There is no value or no charge being assessed through that rate rider.

Chair Beerman: Great.

Lorenz: Excellent.

Provencio: Just to provide you some background, the more frequent, when I say more frequent two to three year cycle for reviewing overall rates for service, Water and Wastewater. As well as the other two Utilities will ensure and make sure that that is really just an emergency fall back for the Utility. That services and plant that's in service serving customers today are recovered through your regular tariff standards or tariff rates for all your utility services.

Chair Beerman: Okay. Thank you.

## 6. Old Business

### a. Utilities FY19 Mid-Year Financial Review:

Provencio: Okay, Chairman, Commissioners. Now I'll bring in the second half of my presentation. The first set of slides provides the collection of the revenue for each one of the different components in the fee structure for Water and Wastewater. The current data or the collection in revenue does reflect some of the seasonality that does occur. I would expect that the latter part of the quarter would be a mirror of the prior quarter. At this point we have and should be concluding the final quarter over the next couple of months and have the information to present to you and at least compare it with the budget expectations and projections.

Slide two presents the Water Development Impact Fee revenue and Wastewater Development Impact Fee revenue collection up to the third quarter for this current Fiscal Year. If you compare it over the past several years, this...

Chair Beerman: Excuse me. On the previous chart, that green bar is going to go away?

Provencio: No sir.

Chair Beerman: The one that says rates?

Provencio: Chairman, Commissioners. This still is part of the Development Impact Fee Fund, which separates any collection of Development Impact Fees into three different categories. The builder, the customer - that's paid by the buyer, and what's allocated to the rate-base or current rates.

Chair Beerman: That comes from utility bills.

Provencio: I'm sorry, I don't think I understand where that comes from.

Chair Beerman: That comes from the line item on the water and sewer bills that says, "Development Impact Fee Rider."

Provencio: No, that was a separate line item. Not associated with the Development Impact Fee Fund. The Fund still is separated by the three categories and collected by the three different contribution sources.

Chair Beerman: There still will be ratepayers contributing to the Development Impact Fee Fund.

Provencio: That's correct.

Chair Beerman: Even though in concept, State law establishes Development Impact Fees as a way for builders to compensate the City for the cost of their development.

Provencio: Chairman, Commissioners. That is correct. However, this structure was established by City Council back in the 1990s.



Chair Beerman: I realize that.

Provencio: We carried that forward and that's remained the policy.

Chair Beerman: That's why I was hoping that we could recommend that they stop doing that.

O'Neill: Does this Board have any say in that?

Provencio: That was policy set by Council. That ordinance that's set by Council is what the Department and the Board abides by.

Chair Beerman: It was a half a million dollars a year, I believe the last time I checked, that the Utility customers were contributing to the Development Impact Fees.

Provencio: I have that in upcoming slides to look at that, but we'll get to that. I'll show what the rate-based portion was contributed to the Development Impact Fee as well as the customer and the builder.

Chair Beerman: All right.

Provencio: Okay. If I can go back to, okay, slide four provides the historic trend over the past several years in terms of the magnitude of the revenue we've collected in Development Impact Fees. Which serves to provide covering of the cost and the debt service for Water development projects and services, not services but projects. The same information for Wastewater is presented on slide five. It shows the projected end changes over years in terms of collection of the fees to meet the obligations in both the Water and Wastewater funds.

Where I have some of the detail as the question you raised Chairman, you have the total revenues that were collected by each category for Water and Wastewater. For last Fiscal Year what was collected for Water was at \$202,000.00 for Water and \$1.3 million for Wastewater. That's recovered through existing rates and the contributions that came from the respected builder and customer sources for Fiscal Year 2018. It's a snapshot looking at last year and this is the progress that we're accounting for, for this current Fiscal Year. We should end up with final numbers here within the next couple of months. Then we'll provide the summary for the Fiscal Year 2019 Water and Wastewater Financials.

Slides eight and nine provide the budget. Both the revised Fiscal Year 2019 and the initial Fiscal Year 2020 budget for the revenues and the expenditures. The expenditures include the bond principal and interest obligations. It's a projection that has and checks that the fund balances are positive. The expectation and the plans going forward for the next Fiscal Year. With that sirs I will stand by for any questions you may have.

Lorenz: Mr. Chairman. If you don't mind?

Chair Beerman: Sure.

Lorenz: Great budgeting. \$2,600.00? I'd say you're on the money.

Provencio: Most of the expenditures are fairly well known. The debt service schedule is fairly known. The other is what I would, ancillary expenses to administer the fund.

Lorenz: I'm not sure if this is the appropriate time for this, but if you do receive your information from the consultant and can present it to us with the updated land use assumptions for our next meeting, I think that's fantastic. If that's not able to happen, I don't see a point in us getting together next month. That's up to the rest of the Committee to decide.

O'Neill: It depends what else might be on the agenda.

Lorenz: It's just this for the next year pretty much.

O'Neill: For the next meeting?

Chair Beerman: You mentioned earlier, it's later on the agenda that you'd like to tour the facilities?

Lorenz: Yes, I think I would.

Provencio: I'm sorry.

Chair Beerman: Jason wanted to tour the Utilities.

Provencio: The tour. The facilities.

Chair Beerman: We might want to do that in June before it gets too hot. If that would be all right with you.

Provencio: I'm at your discretion sirs.

Chair Beerman: That'll come up on the agenda at the end, but tentatively it looks like we'll be doing a tour in June then. Same day as our meeting. Maybe we can start a little earlier like, earlier than 1:30.

Lorenz: 9:00? Something like that for the tour?

Ruiz: I'd like to, as point of clarification, add to the record, I discussed your question with Dr. Garcia about whether or not this Board could recommend to change the allocation for the rates for the (Development Impact Fee) DIF. This Board could recommend to the Utilities Board of Commissioners and that is how the flow of information goes. If you wanted to make a recommendation it would

be to the Board of Utilities Commissioners and then they, if they agreed would move it up to City Council; if not they would not.

Chair Beerman: Now does that apply to the entire Impact Fee recommendation? Does that go directly to City Council?

Ruiz: No, Chair, it goes to the Utilities Board of Commissioners.

Chair Beerman: Interesting. First, I've heard of that.

Ruiz: They are a policy making Board.

Chair Beerman: Okay. All right.

O'Neill: Thank you.

Chair Beerman: Thank you sir.

**b. Parks and Recreation FY19 Mid-Year Financial Review:**

Chair Beerman: The next item is the Parks and Recreation Mid-Year Financial review by Mr. Beasley.

Beasley: Good afternoon Board. I'm Liam Beasley. I'm an accountant with the City of Las Cruces. I'm just here to quickly run through some of the mid-year Impact Fee figures for Fiscal Year 2019.

If you look at this first page right here, through December 31, 2018, so the first half of Fiscal Year 2019. The total revenues for the Park Development Impact Fees were about \$770,000.00 and of those \$733,000.00 were the actual Impact Fees. About \$36,000.00 was money earned on the Fund balance from investment income. If we look at expenditures, we only had about \$373,000.00 in expenditures for the first half of Fiscal Year 2019 and if you consider those too, with a beginning fund balance of \$3.36 million. The ending fund balance as of December 31, 2018 was \$3.75 million.

I have a six-year comparison right here and these percentage changes between Fiscal Year 2019 and 2018 incorrectly factors in the entire Fiscal Year, but I have some of the figures if you were just to compare the first half Fiscal Year 2018 to the first half of Fiscal Year 2019 as well. For all revenues, we were up 17.5% from last year through December. If we just looked at the Impact Fee revenues we were up 16.03%. I apologize that these numbers aren't on there. Looking at expenditures, if we were just to compare the first half of Fiscal Year 2018 to that of 2019, this would be up about 614% at the same point that year. If you have any questions, I can field those.

Chair Beerman: Looks like no questions.

O'Neill: Thank you.

Beasley: Thank you.

**c. Public Safety FY19 Mid-Year Financial Review:**

Chair Beerman: That brings us to Public Safety mid-year financial review by Mr. Saffell.

Saffell: Good afternoon Mr. Chair, Members of the Board. My name is Josh Saffell. On behalf of the Finance Department of the City of Las Cruces I'd like to present the financial summary for the Public Safety Impact Fees.

Very similar to Mr. Beasley. Here we show total revenues of about \$388,000.00. Actually \$375,000 of that is directly related to the impact fee collection. We have interest earnings of about \$13,000.00. Our expenditure, we had total expenditures of \$644,000.00. Here, of course, we're looking at the mid-point so December 31st is the time frame. Our beginning fund balance was \$1.4 million. When you take your revenues less your expenditures our ending fund balance for that point of December 31st is about \$1.2 million. We see a slight decrease in the fund balance.

Same thing too with the six-year comparison. We use the full year, but if we were to look at as of December 31st between Fiscal Year 2018 and Fiscal Year 2019 there's actually an increase in revenue. Total revenues of about 37% increased between Fiscal Year 2018 and Fiscal Year 2019 at the December 31st time period. Looking at just impact fees, it's actually the same. Between 2018 and 2019 December it would be a 37% increase as well for that December 31st time frame.

Expenditures is well perhaps one of the highest percentages I've ever seen. When you look at this point in time between 2018 and 2019 for December 31st, the percentage increase is 2,457%. We didn't have a whole lot of expenditure last year, but we've been doing a lot better this year for that. That completes my presentation. Are there any questions?

Chair Beerman: You might not be prepared to talk about this, but the new Public Safety building. About how much of that was paid? Do you know the percentage of that that was paid for with impact fees?

Saffell: I do not know that, but I can try and get you that information. Perhaps through e-mail.

Chair Beerman: I don't think you need to do any research. I just was curious.

Saffell: Yes, not off hand I do not know that. I'm sorry.

Lorenz: I have two questions. Would you mind going back one slide? Because I think your information on your slide is just different from what we have in our book. You're showing, because we're showing no expenditures at all.

- Saffell: That's my fault. I apologize for that. When I sent the original one out last week as requested, we did not capture the expenditures. We sent corrected ones yesterday and so my guess is that you guys did not receive the corrected ones. I apologize. That was my mistake and I got it to staff yesterday but apparently you guys did not receive it.
- Lorenz: Not in time to make it into our packets. That's fine.
- Saffell: Again, that's my fault because I missed that one.
- Lorenz: Next I noticed there's only one revenue. The only revenue you have for this fund is Impact Fees? Other than interest.
- Saffell: Yes, this fund is specifically designed for the Impact Fees.
- Lorenz: That's all. Thank you.
- O'Neill: Thank you for the projections. That helps too.
- Newby: Mr. Chair. One question on your last slide. Looks like in Fiscal Year 2018 only \$35,000.00 was spent. Can you help us understand the flow from previous years of \$600,000.00 to \$700,000.00 and last Fiscal Year was only \$35,000.00?
- Saffell: That kind of follows the life of the project for the East Mesa. The first two years 2016-2017 is actually probably when you saw the majority of the work being done. Fiscal Year 2018, it was kind of just finishing up. It was just a little bit that was done. Now in Fiscal Year 2019 a lot of those expenses are actually Debt Service, paying off debt that was incurred for that construction. We're seeing those fees now.
- Lorenz: We'll sort of stockpile this again until the next time we need a fire truck or a tank?
- Saffell: I believe so, yes. I don't know if we'll ever need a tank, but who knows.
- Suttmiller: Is there any major project on the planning for the police department right now? I'd look at him too.
- Saffell: I don't know if there is or not any major projects coming up for police.
- Suttmiller: In the planning stages?
- Saffell: Anything?
- Suttmiller: They need to buy cars with this, can they not? If I remember right. Those are Capital items.

Lorenz: I think it has to have a lifetime of 10 years or something like that. A pumper truck for instance would qualify but a police cruiser wouldn't.

Suttmiller: I know the fire trucks qualify.

Saffell: The police cars actually only have, I believe a useful life of about 3-years.

Suttmiller: Then they'd be out.

O'Neill: Aren't we taking over the ambulance service? Did that go through? We were going to take over the ambulance service. That could be used for that, right?

Suttmiller: I think the chief almost ducked under the table on that one.

O'Neill: Or that's news to you yet.

Sweetser: Ted Sweetser with the Las Cruces Fire Department. We have not taken over the ambulance service. Right now we're just looking at a Certificate of Need. That doesn't mean that we're taking over the ambulance service it just identifies that we would like to potentially at some point participate in transport. How we do that is a whole different conversation. As far as new growth from the Fire Department, we are actually working with a developer to identify some land for another station at some point which that would be a new service, which would potentially qualify for the Public Safety Impact Fee. That could be something that we talk about.

O'Neill: Thank you.

Chair Beerman: Thank you Mr. Saffell.

#### **7. Next Meeting Date:**

Chair Beerman: Next meeting day June 20th and we had it scheduled for a Utilities Impact Fee update which I guess was going to be the land use assumptions. Jason earlier mentioned that we've been delaying touring the facilities. The Utilities Facilities especially and so we're thinking that since the agenda is light for June 20th and we might not even have the Land Use Assumptions by then maybe we can do a tour of the Utilities facilities on that day. We can make arrangements to meet some more time. Need to show up a little earlier or stay a later. We can be aware that that might happen.

Lorenz: It's sweltering hot in June, so I would say let's do it at the crack of dawn.

Chair Beerman: It's even more sweltering hot in July and August I think. Okay. Anybody have any comments about the future agenda from July on?

Suttmiller: Just a note Mr. Chairman, I will be out of state for the July meeting.

Chair Beerman: Okay.

Suttmiller: Just if you want to make a note on there.

O'Neill: Thank you.

Chair Beerman: Thanks for that.

Ruiz: Can I propose for the June 20th that we meet here at 8:30 a.m.?

Chair Beerman: Okay.

Ruiz: Then we will start here with an overview of what we will go see and then we'll all get into one or two of our utility vehicles and we'll take you to the locations.

Chair Beerman: Great. Sounds like fun. I won't mention again how the last time I took one of those tours the sewage plant operator reached in the pile at the end of the process and said, "This stuff is totally sterile."

Suttmiller: Just so long as they don't ask me to do that.

#### **8. Public Participation:**

Chair Beerman: It's time for public participation. Does anyone have anything they'd like to bring up?

Ruiz: Yes, as a point of clarification I did send an e-mail to the City Clerk regarding the motion, just for future meetings so that we're all on the same page. She did agree in that if there is a motion on the table it needs to be voted on before any amendment or new motion can be set. Okay?

Chair Beerman: I'll take your word for that.

Newby: Point of clarification. It would have to be voted on and defeated in order to be amended.

Ruiz: That is correct. Yes, thank you. She put on there a vote needs to occur on approval of the one, on the initial one they chose because it is on the table and then they can make a new motion to amend or to change. That's what the Deputy City Clerk said. I just wanted to put that on the record so for the future meetings that we have, if there is a motion out on the table, we vote on that and then a new motion can be.

Chair Beerman: Okay. I had a thought that slipped my mind when we were talking about the June meeting. Some of these things I wonder if we need to have, for example the Work Product, the Land Use Assumptions. Do we actually have someone come and since we're going to be having the tour on the 20th for example, can we just get that information by e-mail? Instead of having someone come and make a presentation?

Ruiz: Joe?

Chair Beerman: On the 20th we're going to be doing the tour, but if the Land Use Assumptions are ready you can shoot them to us by e-mail.

Provencio: I will route that to Alma, and she'll take care of the rest.

Lorenz: Then if we have that discussion, we can bring it up in July.

Chair Beerman: Sure. Anything else from the public?

O'Neill: Excuse me one second Chairman. We're not taking action on that anyway, right? It's just information for the Board so we don't have to take action. Okay, thanks.

### **9. Board Comments:**

Chair Beerman: Board comments before we adjourn.

O'Neill: I have something Chairman. I would like to recommend, and I don't think we have to take action on it, that Mr. Lorenz' figures and report that he did for us be included in our minutes and in our packet that we send to City Council on a recommendation that this is also part of it. If the Board agrees. So when they get our recommendation they also get our figures too.

Ruiz: If I may again. Jason I didn't receive your initial recommendations. Do you only want today's numbers included or did the previous one as well?

O'Neill: Yes. No, just the final after we had the new TischlerBise report.

Lorenz: Today's is really the only one that would correlate to the correct, to the current report.

Ruiz: Okay.

Newby: Mr. Chairman? I'd like to apologize to the Board as well as to all the staff members for missing last month's meeting. I would love to say, "I just forgot about it, but I showed up here the following Thursday exactly on time and no one was here. I didn't know where you were. I just pushed the wrong button on my calendar. My apologies."

O'Neill: The call I requested came through. Worked today, all five members are here.

Newby: Thank you for that call. Yes, it works.

Chair Beerman: Now as far as the data sheet, I don't know that that represents the, the Board didn't vote on that. I think there's some information in there that I wouldn't necessarily agree with. Like the zeroes for the land value.

Ruiz: We can probably...



- Lorenz: How does that recommendation go to City Council? Do we need to write something up? Do we have to... who does that? Do I need to do that?
- Ruiz: I can look at the previous one that we did for Fire and Public Safety. I believe it was a letter from the Chairman and then the Chief at the time took as part of his presentation/documentation. I will verify that...
- Lorenz: Okay.
- Ruiz: By going through past presentations.
- Suttmiller: Alma. I believe that any documents presented to us become part of the record of the proceeding regardless.
- Lorenz: It should at least be included in the minutes.
- Suttmiller: Yes. That was brought to the Board and just like if anything, I say, whether it's pertinent or not goes in the record.
- O'Neill: Just remember that the City Council doesn't read off through our minutes and they don't get that record. That's why we have to decide as a Board what we're going to present and how we're going to present it. What we did with the Parks and Recreation Board was we actually physically two times a year the Chairman made a presentation and took questions from the City Council. Maybe since we did that, Impact Fee was an important part of what we do, main thing we do. Maybe we should, we can handle it that way or however the City Council wants us to. That has to be separate, something like one or two pages.
- Suttmiller: Our senior Board is the Utilities Board.
- Ruiz: Only for Utilities. That Parks and Recreation Impact Fee recommendation is directed to City Council.
- Suttmiller: That's right.
- O'Neill: Anyway, just a suggestion we might want to think about as a Board if we want to do that. Make a presentation in front of City Council once a year or something, or just present them with our decision.
- Ruiz: I will have legal look at the Bylaws and how it's...
- Suttmiller: Previously the Chairman would meet with the City Manager. Because the City Manager presents to the Council.
- Ruiz: That is correct. Thank you for bringing that up.
- Chair Beerman: We have a meeting pending on the Annual Report, I believe.

Ruiz: That is correct. Therefore, I did receive last week a notice that they were going to distribute the Annual Report with the minutes attached to it, formal minutes to the Mayor and City Council. After that, their Senior Office Manager was supposed to get back with me to schedule a meeting. I'll follow up with that.

Chair Beerman: Thank you. Something Jason?

Lorenz: I just have something for you after we adjourn. It's not pertinent to this meeting.

Chair Beerman: Okay. I have something for you after we adjourn too. Anymore Board Comments before we adjourn?

**10. Adjournment:**

Chair Beerman: Motion to adjourn.

Lorenz: So made.

Suttmiller: Second.

Chair Beerman: All say aye?

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William Beerman, CIAC Chairman

Date