



# Agenda

Finance Committee Meeting  
City Council Chambers  
June 1, 2009

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**TO COMMENCE IMMEDIATELY FOLLOWING THE 5:00 P.M. SPECIAL CITY COUNCIL MEETING**

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1. CALL TO ORDER

CITY CLERK'S OFFICE

2. ROLL CALL

DATE 5/29/09 TIME 2:05pm

3. APPROVAL OF AGENDA

SERVED BY Yolanda Gran

4. APPROVAL OF CONSENT AGENDA

RECEIVED BY [Signature]

5. APPROVAL OF MINUTES:

MAY 14, 2009 STUDY SESSION – FY 2009/2010 OPERATING BUDGET REVIEW

**CONSENT AGENDA**

6. BID OPENINGS:

A. BID NO. 09/28/B – CANYON ROAD POWER PLANT (WATER HISTORY MUSEUM) – STEP II AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; AIC GENERAL CONTRACTORS, INC. (CHIP LILIENTHAL)

1. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND

B. BID NO. 09/29/B – WATER TRANSMISSION AND DISTRIBUTION SYSTEM REHABILITATION PROJECT FOR WATER DIVISION; TLC PLUMBING AND UTILITY (BRIAN SNYDER)

7. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – WATER RATE EVALUATION SERVICES PROJECT (RFP #09/22/P); STEPWISE UTILITY ADVISORS (BRIAN SNYDER AND MAYA MARTINEZ)

8. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 (REVISED) – PUEBLOS DEL SOL TRAIL SYSTEM AND PARK IMPROVEMENTS; ADVANTAGE ASPHALT AND SEAL COATING, LLC (MARTIN VALDEZ)

9. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – 2009 SUMMER PAVEMENT MAINTENANCE PROGRAM – CRACK SEALING; DISMUKE CONSTRUCTION (DAVID CATANACH)

10. SANTA FE MUNICIPAL AIRPORT (JIM MONTMAN)

A. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – ARFF BUILDING CONSTRUCTION; AIC GENERAL CONTRACTORS, INC.



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- B. REQUEST FOR APPROVAL OF AGREEMENT – TERMINAL BUILDING OFFICE, COUNTER AND FLOOR SPACE; AMERICAN EAGLE AIRLINES, INC.
11. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – 2009/2010 1% LODGERS' TAX; COMMUNITY ARTS PROMOTION PROGRAM; EIGHT (8) VARIOUS VENDORS (DEBRA GARCIA Y GRIEGO)
12. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – PREVENTATIVE MAINTENANCE PROGRAM AT GCCC; TRAVERS MECHANICAL SERVICES (LIZ ROYBAL)
13. REQUEST FOR APPROVAL OF FUNDING RECOMMENDATIONS FOR HUMAN SERVICES PROVIDERS FOR FY 2009/2010 (TERRIE RODRIGUEZ)
14. REQUEST FOR APPROVAL OF A RESOLUTION APPROVING THE DESIGN AND INSTALLATION PLAN FOR THE 400<sup>TH</sup> ANNIVERSARY BANNERS (COUNCILORS TRUJILLO AND ROMERO) (JEANNE PRICE)

**Committee Review:**

Historic Design Review Board (Approved)	May 12, 2009
Public Works Committee (Approved)	May 26, 2009
City Council (Scheduled)	June 10, 2009

***Fiscal Impact – No***

15. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 26-1.16 SFCC 1987 ADJUSTING THE SANTA FE HOMES PROGRAM SALE PRICES FOR ENERGY EFFICIENCY; AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY (COUNCILOR CALVERT) (TED SWISHER)
- A. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE ADMINISTRATIVE PROCEDURES FOR THE SANTA FE HOMES PROGRAM (SFHP) TO ADJUST THE SANTA FE HOMES PROGRAM SALE PRICES FOR ENERGY EFFICIENCY

**Committee Review:**

Public Works Committee (Approved)	May 26, 2009
City Council (Request to Publish)	June 10, 2009
City Council (Public Hearing)	July 8, 2009

***Fiscal Impact – No***



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16. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING THE NEW MEXICO LITTER CONTROL AND BEAUTIFICATION ACT OF 1985 WHICH PROVIDES PUBLIC FUNDS IN THE FORM OF GRANTS FOR THE PURPOSE OF ENHANCING LOCAL LITTER CONTROL AND BEAUTIFICATION PROGRAMS (COUNCILOR TRUJILLO) (GILDA MONTANO)

**Committee Review:**

Public Works Committee (Approved)  
City Council (Scheduled)

May 26, 2009  
June 10, 2009

***Fiscal Impact – Yes***

17. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING CERTAIN SECTIONS OF THE SANTA FE RESIDENTIAL GREEN BUILDING CODE, BEING EXHIBIT A OF CHAPTER VII SFCC 1987; TO CLARIFY AND CORRECT TEXT; AND TO PROVIDE EQUITABLE REQUIREMENTS FOR DIFFERENT HEATING AND AIR CONDITIONING EQUIPMENT THAT RESULT IN HIGHER GREENHOUSE GAS EMISSIONS THAN THE EQUIVALENT CODE-MINIMUM EQUIPMENT (COUNCILOR CALVERT) (KATHERINE MORTIMER)

- A. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING CERTAIN ITEMS IN THE ADMINISTRATIVE PROCEDURES FOR THE SANTA FE RESIDENTIAL GREEN BUILDING CODE TO CLARIFY AND CORRECT TEXT; AND TO PROVIDE EQUITABLE REQUIREMENTS FOR DIFFERENT HEATING AND AIR CONDITIONING EQUIPMENT THAT RESULT IN HIGHER GREENHOUSE GAS EMISSIONS THAN THE EQUIVALENT CODE-MINIMUM EQUIPMENT

**Committee Review:**

Public Works Committee (Approved)  
City Council (Request to Publish)  
City Council (Public Hearing)

May 26, 2009  
June 10, 2009  
July 8, 2009

***Fiscal Impact – Yes***

18. REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING ARTICLE 20-25 SFCC 1987 MAINTENANCE AND INSTALLATION OF ALARM DEVICES AND SYSTEMS AND CREATING A NEW ARTICLE 20-5 SFCC 1987 REGARDING ALARM SYSTEMS, FALSE ALARM REDUCTION AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY (COUNCILORS CALVERT AND DOMINGUEZ) (MELISSA BYERS AND LYDIA LIOCE)



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**Committee Review:**

Public Safety Committee (Approved)	May 19, 2009
City Business & Quality of Life (Approved)	May 20, 2009
Public Works Committee (Approved)	May 26, 2009
City Council (Request to Publish)	June 10, 2009
City Council (Public Hearing)	July 8, 2009

***Fiscal Impact – Yes***

***END OF CONSENT AGENDA***

**DISCUSSION**

19. **(PUBLIC HEARING) REVIEW AND REQUEST FOR APPROVAL OF NORTHWEST QUADRANT PRO-FORMA (KATHY MCCORMICK)**
20. **OTHER FINANCIAL INFORMATION**
21. **MATTERS FROM THE COMMITTEE**
22. **ADJOURN**

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6520 five (5) working days prior to meeting date.

**SUMMARY OF ACTION  
FINANCE COMMITTEE MEETING  
Monday, June 1, 2009**

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT CALENDAR LISTING		2-4
<b><u>CONSENT CALENDAR DISCUSSION</u></b>		
BID OPENINGS: BID NO. 09/28/B – CANYON ROAD POWER PLANT (WATER HISTORY MUSEUM) – STEP II AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; AIC GENERAL CONTRACTORS, INC. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND	Approved	4
REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING ARTICLE 20-25 SFCC 1987, MAINTENANCE AND INSTALLATION OF ALARM DEVICES AND SYSTEMS AND CREATING A NEW ARTICLE 20-5 SFCC 1987, REGARDING ALARM SYSTEMS, FALSE ALARM REDUCTION AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY *****	Approved [amended]	5
END OF CONSENT CALENDAR DISCUSSION *****		
<b><u>DISCUSSION</u></b>		
<b><u>PUBLIC HEARING</u></b>		
REVIEW AND REQUEST FOR APPROVAL OF NORTHWEST QUADRANT PRO-FORMA	Report accepted	5-12
OTHER FINANCIAL INFORMATION	None	13
MATTERS FROM THE COMMITTEE	Information/discussion	13
ADJOURNMENT		13

**MINUTES OF THE  
CITY OF SANTA FE  
FINANCE COMMITTEE  
Monday, June 1, 2009**

**1. CALL TO ORDER**

A meeting of the City of Santa Fe Finance Committee was called to order by Chair Matthew E. Ortiz, at approximately 7:15 p.m., on Monday, June 1, 2009, in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico.

**2. ROLL CALL**

**MEMBERS PRESENT:**

Councilor Matthew E. Ortiz, Chair  
Councilor Christopher Calvert  
Councilor Miguel Chavez  
Councilor Carmichael A. Dominguez  
Councilor Rebecca Wurzbarger

**OTHER COUNCILORS ATTENDING:**

Councilor Patti J. Bushee

**OTHERS ATTENDING:**

David Millican, Finance Director  
Yolanda Green, Finance Division  
Melessia Helberg, Stenographer.

There was a quorum of the membership in attendance for the conducting of official business.

**NOTE: All items in the Committee packets for all agenda items are incorporated herewith by reference. The original Committee packet is on file in the Finance Department.**

**3. APPROVAL OF AGENDA**

**MOTION:** Councilor Calvert moved, seconded by Councilor Wurzbarger, to approve the agenda, as published.

**VOTE:** The motion was approved unanimously on a voice vote.

**4. APPROVAL OF CONSENT AGENDA**

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve the following Consent Agenda as amended.

**VOTE:** The motion was approved unanimously on a voice vote.

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**CONSENT AGENDA**

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**6. BID OPENINGS:**

A. *[Removed for discussion by Councilor Dominguez]*

B. **BID NO. 09/29/B – WATER TRANSMISSION AND DISTRIBUTION SYSTEM  
REHABILITATION PROJECT FOR WATER DIVISION; TLC PLUMBING AND UTILITY.  
(BRIAN SNYDER)**

**7. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – WATER RATE  
EVALUATION SERVICES PROJECT (RFP #09/22/P); STEPWISE UTILITY ADVISORS. (BRIAN  
SNYDER AND MAYA MARTINEZ.**

**8. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 (REVISED) – PUEBLOS DEL SOL  
TRAIL SYSTEM AND PARK IMPROVEMENTS; ADVANTAGE ASPHALT AND SEAL COATING,  
LLC. (MARTIN VALDEZ)**

**9. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – 2009  
SUMMER PAVEMENT MAINTENANCE PROGRAM – CRACK SEALING; DISMUKE  
CONSTRUCTION. (DAVID CATANACH)**

**10. SANTA FE MUNICIPAL AIRPORT (JIM MONTMAN):**

A. **REQUEST FOR APPROVAL OF CHANGE ORDER NO. 1 – ARFF BUILDING  
CONSTRUCTION; AIC GENERAL CONTRACTORS, INC.**

B. **REQUEST FOR APPROVAL OF AGREEMENT – TERMINAL BUILDING OFFICE,  
COUNTER AND FLOOR SPACE; AMERICAN EAGLE AIRLINES, INC.**

**11. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENTS – 2009/2010 1%  
LODGERS' TAX; COMMUNITY ARTS PROMOTION PROGRAM; EIGHT (8) VARIOUS  
VENDORS. (DEBRA GARCIA Y GRIEGO)**

12. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO PROFESSIONAL SERVICES AGREEMENT – PREVENTATIVE MAINTENANCE PROGRAM AT GCCC; TRAVERS MECHANICAL SERVICES. (LIZ ROYBAL)
13. REQUEST FOR APPROVAL OF FUNDING RECOMMENDATIONS FOR HUMAN SERVICES PROVIDERS FOR FY 2009/2010. (TERRIE RODRIGUEZ)
14. REQUEST FOR APPROVAL OF A RESOLUTION APPROVING THE DESIGN AND INSTALLATION PLAN FOR THE 400<sup>TH</sup> ANNIVERSARY BANNERS (COUNCILORS TRUJILLO AND ROMERO). (JEANNE PRICE) Committee Review: Historic Design Review Board (Approved) May 12, 2009; Public Works Committee (Approved) May 26, 2009; and City Council (Scheduled) June 10, 2009. Fiscal Impact – No.
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  - A. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING THE ADMINISTRATIVE PROCEDURES FOR THE SANTA FE HOMES PROGRAM (SFHP) TO ADJUST THE SANTA FE HOMES PROGRAM SALE PRICES FOR ENERGY EFFICIENCY. Committee Review: Public Works Committee (Approved) May 26, 2009; City Council (Request to Publish) June 10, 2009; and City Council (Public Hearing) July 8, 2009. Fiscal Impact – No.
16. REQUEST FOR APPROVAL OF A RESOLUTION SUPPORTING THE NEW MEXICO LITTER CONTROL AND BEAUTIFICATION ACT OF 1985, WHICH PROVIDES PUBLIC FUNDS IN THE FORM OF GRANTS FOR THE PURPOSE OF ENHANCING LOCAL LITTER CONTROL AND BEAUTIFICATION PROGRAMS (COUNCILOR TRUJILLO). (GILDA MONTANO) Committee Review: Public Works Committee (Approved) May 26, 2009; and City Council (Scheduled) June 10, 2009. Fiscal Impact – Yes.
17. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING CERTAIN SECTIONS OF THE SANTA FE RESIDENTIAL GREEN BUILDING CODE, BEING EXHIBIT A OF CHAPTER VV SFCC 1987; TO CLARIFY AND CORRECT TEXT; AND TO PROVIDE EQUITABLE REQUIREMENTS FOR DIFFERENT HEATING AND AIR CONDITIONING EQUIPMENT THAT RESULT IN HIGHER GREENHOUSE GAS EMISSIONS THAN THE EQUIVALENT CODE-MINIMUM EQUIPMENT.
  - A. REQUEST FOR APPROVAL OF A RESOLUTION AMENDING CERTAIN ITEMS IN THE ADMINISTRATIVE PROCEDURES FOR THE ANTA FE RESIDENTIAL GREEN BUILDING CODE TO CLARIFY AND CORRECT TEXT; AND TO PROVIDE EQUITABLE REQUIREMENTS FOR DIFFERENT HEATING AND AIR CONDITIONING EQUIPMENT THAT RESULT IN HIGHER GREENHOUSE GAS EMISSIONS THAN THE EQUIVALENT CODE-MINIMUM EQUIPMENT. Committee Review: Public Works Committee (Approved) May 26, 2009; City Council (Request to Publish) June 10, 2009; City Council (Public Hearing) July 8, 2009. Fiscal Impact – Yes.



18. *[Removed for discussion by Councilor Dominguez]*

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**END OF CONSENT AGENDA**

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5. **APPROVAL OF MINUTES: MAY 14, 2009 STUDY SESSION – FY 2009/2010 OPERATING BUDGET REVIEW.**

**MOTION:** Councilor Wurzburger moved, seconded by Councilor Dominguez, to approve the minutes of the May 14, 2009 Study Session as presented .

**VOTE:** The motion was approved on a voice vote, with Councilors Calvert, Chavez and Wurzburger voting in favor, none voting against and Councilor Dominguez abstaining.

**CONSENT CALENDAR DISCUSSION**

6. **BID OPENINGS**

A. **BID NO. 09/28/B – CANYON ROAD POWER PLANT (WATER HISTORY MUSEUM) – STEP II AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; AIC GENERAL CONTRACTORS, INC. (CHIP LILIENTHAL)**

1. **REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND**

Councilor Dominguez asked the source of funds to do this project, and asked if this is part of the Parks Bond.

Mr. Lilienthal said \$700,000 is from the Parks Fund, and \$150,000 is from the 2008 CIP bond issue.

**MOTION:** Councilor Dominguez moved, seconded by Councilor Wurzburger, to approve this request.

**DISCUSSION:** Councilor Wurzburger received an inquiry about this, and asked if the City is applying for federal stimulus funds or Historic Preservation funds in connection with this project.

Mr. Lilienthal said he is unaware of any applications, but he will speak with Vic Johnson about this and get back to Councilor Wurzburger.

Councilor Wurzburger said the person got the impression we were supposed to be applying for a grant.

**VOTE:** The motion was approved unanimously on a voice vote.

18. **REQUEST FOR APPROVAL OF AN ORDINANCE REPEALING ARTICLE 20-25 SFCC 1987, MAINTENANCE AND INSTALLATION OF ALARM DEVICES AND SYSTEMS AND CREATING A NEW ARTICLE 20-5 SFCC 1987, REGARDING ALARM SYSTEMS, FALSE ALARM REDUCTION AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY (COUNCILORS CALVERT AND DOMINGUEZ). (MELISSA BYERS AND LYDIA LIOCE) Committee Review: Public Safety Committee (Approved) May 19, 2009; City Business & Quality of Life (Approved) May 20, 2009; Public Works Committee (Approved) May 26, 2009; City Council (Request to Publish) June 10, 2009; City Council (Public Hearing) July 8, 2009. Fiscal Impact – Yes.**

A copy of an amendment to the bill proposed by Councilor Dominguez, is incorporated herewith to these minutes as Exhibit "1."

**MOTION:** Councilor Dominguez moved, seconded by Councilor Wurzbarger, to approve this request, as amended.

**VOTE:** The motion was approved unanimously on a voice vote.

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**END OF CONSENT CALENDAR DISCUSSION**  
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## **DISCUSSION**

### **PUBLIC HEARING**

19. **REVIEW AND REQUEST FOR APPROVAL OF NORTHWEST QUADRANT PRO-FORMA (KATHY McCORMICK)**

A copy of the text of the power point presentation, "Northwest Quadrant – Update of 11/07 Financial Pro-forma and Proposed Alternatives," prepared by Business Futures Ltd., dated June 2009, is incorporated herewith to these minutes as Exhibit "2."

Kathy McCormick said this evening there will be a full review of the financial information which would inform part of the decision for the Northwest Quadrant [NWQ]. She said it is important to staff to have an iterative process, continuing to review all of the potential costs and revenue for the NWQ. She said the work initially was done by Design Workshop testing many assumptions, including is it better to have a non-profit or for-profit developer, sell the land or have a land lease, and such. She said in all of the options it appeared the project would break even. As the economy began to change, staff became increasingly concerned and retained Michael Halsey from Business Futures, Ltd., who was highly recommended by many of the developers. Staff wanted one last look at the pro forma for the NWQ. She said Mr. Halsey will walk the Committee through the information, noting a gap has been identified and options have been identified to close the gap.

Ms. McCormick said it was always anticipated that this development would be built by a master developer, who would potentially negotiate any kinds of concessions or what they are facing in financing. She said all developers have said there are different ways to cut costs, but unless they can really "dig into" the pro forma there's no way to know, so this is the best estimate of cost at this time.

Councilor Bushee asked if the pro forma is available to members of the public, noting there is nothing on the website for the NWQ.

Chair Ortiz asked if the text of this presentation in the packet.

Ms. McCormick said no, but it will be on the website by tomorrow.

Mr. Halsey presented information via power point. A copy of the text of this presentation, is incorporated herewith to these minutes as Exhibit "2." Please see Exhibit "2" for the text of this presentation.

Councilor Dominguez said Mr. Halsey said, in looking at the infrastructure and the graph, there were infrastructure costs associated with Santa Fe Estates which are special, and asked what those costs are.

Mr. Halsey said the master developer of Santa Fe Estates had a process of having builders come in and build most of the spine to lot infrastructure. He said Santa Fe Estates set very rigid standards for the appearance of the infrastructure.

Councilor Dominguez said then most of it was esthetic. Mr. Halsey said this is correct.

Councilor Calvert said he was having trouble following the presentation, and would like to get the presentation in color. He said at one point Mr. Halsey mentioned a deficit of \$27 million and then \$18, and asked the reason for the differences.

Mr. Halsey said the \$27 million includes doing 40 high end condos which will lose \$200,000 each to the project, so it is a bad product program

Councilor Calvert asked if something would take the place of the condos, and if so, would that be more single family type homes.

Mr. Halsey said they looked at the mix of the homes and at the profitability, and tried to develop scenarios which loaded more on the profitable end of the project. They increased workforce housing to the extent it would be profitable and increased three-bedroom, high end units or market rate units.

Councilor Calvert said then we didn't decrease the number of units, the mix was changed, and Mr. Halsey said this is correct.

Councilor Calvert said the rebound of the market will impact costs and costs will catch up, and asked how long the reduced building cost scenario will stay in place.

Mr. Halsey said he never would have expected costs to come down. He said in 2007, Isaac Pino of SunCorps gave an estimate of \$105 sq. ft. He spoke with Mr. Pino a month ago, and Mr. Pino told him they were able to do a group build, which builds multiple units at the same time rapidly, at \$65 sq. ft., which is a 40% reduction in costs. He said Mr. Pino said they are consistently able to do the one off units at \$85 sq. ft., and this is the number he used for the affordable units.

Councilor Calvert said this reflects current conditions, and Mr. Halsey said it does.

Mr. Halsey said he then asked Mr. Pino if he thinks this will turn around and start to go up in the next two years. He told him, because the trades are repricing themselves, the cost will stay down, and they will keep it at the lower level, even as we start to see increased demand in the market.

Councilor Calvert said Mr. Halsey said he wants to see certain indicators before he would start the project, and asked if start means putting it out to bid, or the start of construction.

Mr. Halsey said because the City is soliciting a master developer, it will be necessary to go through an RFP process which will take about a year. He said, before issuing an RFP, the City needs to closely monitor the statistics about the market and try to identify the point where it clearly has "bottomed out," and has started to climb upward. Mr. Halsey said he doesn't think the market is ever going to be as heated as it was in 2006, and doesn't believe we will ever see the kind of "screwy" financing which allowed people to qualify for 110% mortgages with subprime interest rates and no ability to make loan payments.

Councilor Calvert asked if the reduction of building costs would hold true throughout the ten year period to full buildout.

Mr. Halsey said he has to speak to the relationship in this particular financial projection of cost to revenues, and no inflation is assumed. If inflation becomes prevalent, you will see a symmetric increase in the selling cost as well as construction. Given that, there would be increases in cost at an inflationary level which would be offset completely by the increases in [inaudible].

Councilor Calvert said we saw asymmetrical costs when the cost of gasoline was \$4 which translated throughout the supply chain, and we might see that again which would argue against "supply and demand" marching hand in hand.

Mr. Halsey said SunCorps was finding was that there are people in the trades without work who were willing to undercut the existing subcontractors, and they used low bidders. He said he just doesn't see those people working at the reduced price points raising their prices to the point they are too high again.

Responding to Councilor Calvert, Mr. Halsey said the 1% contingency is for unknown things that will happen in the future and it's a contingency on the total sales revenue for the project. He said he is

trying to hedge against legislative changes such as the increase of affordability to 30%, or the requirement to bring water rights for development.

Councilor Calvert said his concern is that some of the things which would be needed to close the gap will work against what we're hoping in terms of affordability.

Mr. Halsey said Lee DePietro has looked at that closely and determined that the amounts which will be borne by the residences are reasonable in terms of maintaining the affordability of the product, both from the affordable housing component and the market rate component.

Responding to Councilor Calvert, Mr. Halsey said Ms. McCormick talks about the actual ranges in her Memorandum on page 5.

Councilor Bushee asked if the project he analyzed contained commercial. Mr. Halsey said no. Councilor Bushee asked if the project will be analyzing commercial as well.

Ms. McCormick said the master plan calls for some commercial space, but staff was looking to see if the economics work, based solely on residential, and this is what they've done since the beginning of the project.

Councilor Bushee said if commercial is to be included, you need to start including some of the off-site infrastructure, such as roads, which we've been discussing which would be required by commercial, and asked if that shouldn't be in the analysis.

Ms. McCormick said no. Since commercial would most typically be built by the owner of the property who will be incurring the expense and leasing it, that cost isn't included, commenting it is not a revenue or expense to the project.

Councilor Bushee asked if all of costs for the improvements to #599 and other off-site infrastructure road improvements which would be required for commercial would be passed on to the developer.

Ms. McCormick said this is correct, and then commercial will pay its pro rata share of the costs for those improvements, just as the residential units would. She said the information on commercial is prepared for the presentation before the Public Works Committee on Monday.

Councilor Bushee said there was no mention in previous analysis that there would be a commercial developer willing to take on \$12 million in outside infrastructure. Ms. McCormick said staff will be presenting an option which doesn't have a \$12 million impact to the project.

Responding to Councilor Bushee, Ms. McCormick said the commercial is shrinking to 70,000 sq. ft. of non-residential planned for the site. She said all of this information went out in the Public Works packet today.

Responding to Councilor Calvert, Ms. McCormick said the commercial is being reduced by about 50%. She said originally there was 70,000 sq. ft. of commercial in the neighborhood center and 125,000 sq. ft. allocated as part of live/work.

Ms. DePietro said mixed use has been reduced to a total of 70,000 sq. ft., about 50%, noting they applied land uses to them as well, and neighborhood center has been reduced to 40,000 sq. ft., which is a little less than 50%.

Councilor Calvert said this isn't the original project we envisioned in terms of mixed use, saying it is becoming more and more a residential development.

Ms. McCormick said they were asked to do the worst case scenario in terms of the traffic analysis, which is where they started, when there was 125,000 sq. ft. of non-residential use in the live/work component which staff never anticipated to be that high. So, the traffic generation analysis was done on this basis. Staff was always concerned about whether we needed 70,000 sq. ft. of commercial space for a neighborhood center.

Councilor Calvert thought the mixes came out of the master planning and the talks with the neighborhood. Ms. McCormick said the uses came from that planning, but they had always described it as being an organic portion of the project which would allow it go from some kind of residential to some kind of non-residential use over time.

Chair Ortiz said this discussion is on the pro forma, and the appropriate time to talk about traffic impacts would be at Public Works, and asked Councilor Calvert to ask that question instead of continuing a debate on the traffic impacts.

Councilor Calvert said he didn't ask about traffic impacts. He said the bottom line for the pro forma is that you are reducing the commercial so you don't have to make those improvements, so they will then make sense on the pro forma for whoever does the commercial part of the development.

Councilor Bushee said there will be plenty of questions at Public Works which are related to the pro forma around commercial and others.

Councilor Bushee asked the source of the calculation of the developer fees. Mr. Halsey said in the 2007 pro forma, the developer fee is a percentage of cost. Councilor Bushee asked the industry standard for a developer fee. Mr. Halsey said for a non-profit development you possibly could get away with 5%, but it is higher for market rate.

Councilor Bushee said the old pro forma says .4% in profit, and Mr. Halsey said this pro forma uses the same assumption as the old pro forma. He asked Councilor Bushee if she is sure that is the percentage across market rate units as well as the affordable units. Councilor Bushee said this is from a 2007 analysis which says .4% profit.

Mr. Halsey said the profit levels that are imputed in the projections, which create the expense side of the equation, are remaining unchanged from what was done in November 2007, so there is basically no profit.

Councilor Bushee expressed concern about land leases, noting they are fairly hefty at the Railyard. She said one of the issues in affordable housing is to avoid association fees and other fees which can really "tack on" costs to affordable users. She asked those projected costs to the consumer.

Ms. McCormick said Ms. DePietro has done an analysis of what the land lease would be if an HOA were included, noting this isn't in the packet. They did a back check on that because of concern about the land leases. She said the cost for an affordable unit would be \$80 monthly up to \$200 monthly for the market rate unit, for additional costs for the PID and HOA. She agrees there are affordable buyers living in very high end projects in town who have been priced out because of the increase in the HOA. However, because this has a strong emphasis on entry level and step-up homes, staff doesn't anticipate that happening and can be written into the document.

Councilor Bushee asked if the land lease options go hand in hand with the lower gap assumption of 30% affordability. Chair Ortiz said no, this is combining two different things. Councilor Bushee wants to know the recommended options, and if we go to 30% does that mean we don't have to offer the land lease option.

Ms. McCormick said the intent of testing the different options is to understand what happens when you change the affordability mix, and what Mr. Halsey was asked to do. Staff wanted to know what happens when there is 30% affordable under Santa Fe homes, but you increase the number of step-up homes market.

Responding to Councilor Bushee, Ms. McCormick said all of the options would be needed for 30% affordability, including land lease. What is recommended here is that at each phase of the project which is in the Memo, that the master developer be required to do a market assessment and we would fix the range of affordability. She said it is clear that we need a floor, and this project is sensitive to shifts in the market.

Councilor Bushee said she understands the situation, but we aren't going to demand what we demand of the private sector, in terms of affordability. Ms. McCormick said staff always looks at step-up and entry level housing together, noting that the step-up starts at \$200,000 and goes up to \$350,000.

Councilor Bushee said from the start, this project sounded too good to be true – green, water efficient, \$140,000 per unit, without any of the "tack on" cost to the consumer. She asked if this is still going forward to the Planning Commission on June 18, 2009, and Ms. Price said yes.

Councilor Bushee said this project is looking less viable than the College of Santa Fe at this point, and it will be interesting to see where the dialogue continues.

## **Public Hearing**

**Nichole De Jurnev, Vice-President, Casa Solana Neighborhood Association.** She said the Association has been watching this project with great interest. It seems Mr. Halsey has given us nice guesstimates, but nobody can predict what is going to happen in this economy. We don't know how long it will take to move up. She said, after the budget meeting, when you don't have any money, it strikes her as odd that the City would be interested in taking on a project that could be in the hole by \$18 million. She said the City is cutting fire essential medical services, and now you want to build a development that nobody knows whether or not will work. She is shocked as a taxpayer because she will be the one the City comes back to for more money, or a bail out, or there will just be sticks sitting on the lot unfinished. She is concerned about the judgment you are using with our tax dollars. She said "we" would like more input about how you are going to be spending our money. In particular, Casa Solana is very upset that the City is not putting in the infrastructure and roads they believe are necessary. She said the Association finds this totally irresponsible and believe that the project should be shut down.

**Rick Martinez, 725 Macia Road,** said we are creating a bedroom community here. We aren't building the right road connections which are needed for the project, which is to get it to town and make it more viable. He asked why we are creating a bedroom community. He believes the costs will increase, and this doesn't seem to him to be a viable project. He said the contractors doing the work on Zafarano are all bused in from Albuquerque and are the ones giving the lower prices. The Santa Fe people aren't working here, it is the people from Albuquerque. He said everyone working on the River Trail came in from Albuquerque. He wants to be sure any project we do is done with the "real local" people. This project doesn't make financial sense. He asked where the condos came from, noting there was never a mention of condos, it was only live/work and residential homes. He said commercial is viable for this project. He said the City should take this project off the gas and put it on the back burner.

### **The Public Hearing was Closed**

**MOTION:** Councilor Wurzbarger moved, seconded by Councilor Dominguez, to accept this report as additional background for our deliberations.

**DISCUSSION:** Councilor Wurzbarger thanked staff and Mr. Halsey for bringing out new variables. She hopes that we would recognize that what has been said here is not that it does or it doesn't work, but we've had a further elaboration under what conditions it might work, which is always what is true with respect to development. She said people against the project have inferred that all of the costs are being paid by the City. Councilor Wurzbarger understands the options are being presented and the whole purpose of the analysis was to see the conditions under which this might work, so the risk which may be taken by a separate developer could be clarified., noting we will have to do more work.

Councilor Calvert understands that this is background information. However, it has to do with timing. He asked, if we accept this information at this point in time, then will we update this before we proceed, so that the assumptions, "ups and downs and pluses and minuses," are sufficiently accurate to move forward – when we get some indication that the market is turning around.

Chair Ortiz asked Councilor Calvert if his question is rhetorical or if he is asking about a particular point.



Councilor Calvert said he is asking whether we should amend this before moving forward, because some of the assumptions and a lot of information is now based on the presumption that we won't put it out to bid until we get an indication that the market has either bottomed out or is starting to go up. He doesn't know how much time will elapse before the City will proceed, and if we are basing it on some of this information.

Councilor Wurzbarger said she would argue that we do not need to continue to do financial feasibility studies on this project which are based on a future projection that we don't know. She believes we need to take the advice that we have received in this report and that these are the conditions under which we would need to proceed to issue an RFP. She said this is up to the market. The true test of whether this project is viable can be determined only once we issue an RFP, and if no one responds, "it's a done deal." She is arguing that we've done enough background and we don't need to wait for a year and do our own projects. We have something which provides sufficient information to move forward with respecting to deciding the timeline, and move forward in terms of process.

Councilor Calvert clarified that he was suggesting to update the information on this report, and not to do another study..

Chair Ortiz said he is interested in seeing some of the information to which some of the Councilors have privy to at Public Works. He said that Committee has been getting information about a proposal which none of us have seen and will need to vote on. He wants everybody to be on the same page and see the same information. He looks forward to the Planning Commission review and when this comes before the full City Council so we can weigh this project. He said he takes exception to some of the conditions, and believes we need to seize opportunities, not delay them. He said the pro forma speaks for itself. He agrees that we can't build this project absent market conditions, and without market conditions this project will not be built, and without a bidder the project won't be built. He said this is disappointing to him to see that the market crashed and we didn't move more quickly, because we were responding in a public dialogue with the members of the community who are most concerned with this project, and we lost an available avenue of time to take advantage of market conditions in the mid-2000's.

Chair Ortiz said he realizes, after seeing this report, that this project will not be accomplished until the market conditions dictate it, noting he supports the motion with reservations.

Councilor Calvert said if we had moved at the pace suggested by Councilor Ortiz, we might have started building in the middle of a down market and we would be in a worse situation that we are now.

Chair Ortiz said this project predates Councilor Calvert's term on this Council, noting he believes we would be in the middle of phase 2 of the development.

**VOTE:** The motion was approved on a voice vote, with Councilors Dominguez and Wurzbarger voting in favor of the motion, and Councilor Calvert voting against the motion.

Councilor Bushee said Public Works Committee has no special information. It is only the master plan which should be on the website.

## **20. OTHER FINANCIAL INFORMATION:**

There was no other financial information.

## **21. MATTERS FROM THE COMMITTEE**

Chair Ortiz said there is an ongoing dispute about how to fund the winter overflow shelter, and the Interfaith community has come forward with a sound, bona fide proposal, noting St. Elizabeth's provided this service last year. He understands some community members have come together to mediate the issues. He said Ms. Rodriguez has worked on this as well, but there are still problems. He is unclear that the issue of the winter overflow shelter has been addressed in the budget. He said the City manager and Finance Director need to make recommendations in this regard, including the process. .

Ms. McCormick said Lee DePietro is working with Ms. Rodriguez and can assist in this effort.

Chair Ortiz wants an answer which is totally consistent with the proposal the City received from the interfaith community without creating administrative problems vis a vis Santa Fe Shelter.

Mr. Millican said then the Chair wants a staff recommendation on the necessary funding level, and in terms of providers, whether a single provider should be selected, or whether more than one should be selected.

Councilor Calvert suggested choosing a budget figure, and then decide who will do this at a later time.

Chair Ortiz said this is one recommendation, noting he believes there is clear consensus on the amount to be spent, but the mechanism of how to get this funding to the right people needs to be researched and recommended by staff.

Mr. Millican said he is unsure staff has clarity on the amounts to be included.

Chair Ortiz said, and the Committee concurred, the ballpark figure is \$65,000.

Mr. Millican said there were a number of items listed in the failed motion, and he will prepare a list of those for the Governing Body.

## **22. ADJOURNMENT**

There was no further business to come before the Committee, and having completed its Agenda, the meeting was adjourned at 8:30pm.

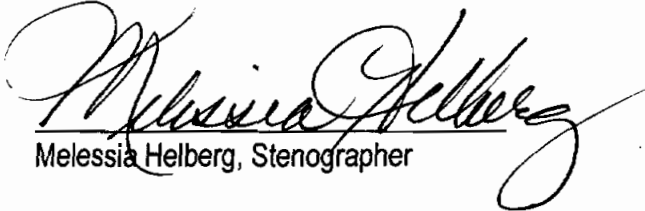
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Matthew E. Ortiz, Chair

Reviewed by:

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David N. Millican, Director  
Department of Finance



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Melessia Helberg, Stenographer