



Agenda

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**PUBLIC UTILITIES COMMITTEE
MEETING
CITY COUNCIL CHAMBERS
WEDNESDAY, JUNE 20, 2007
5:15 PM**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA

INFORMATIONAL ITEMS

4. Update on Current Water Supply Status. (Michael Gonzales)
5. Update on Solid Waste Division (Bill DeGrande)
6. Report on Evaluation of Commercial Water Users. (Daniel Ransom)
7. Update on Canyon Road Water Treatment Plant Phase III Residuals Handling Improvement Project. (Bryan Snyder)

DISCUSSION ITEMS

8. Request for Approval of Resolution No. 2007-____. A Resolution Amending Resolution No. 2003-106; the Annual Water Budget Administrative Regulations and Procedures Regarding the Designation of Water Rights for Low Priced Dwelling Units. (Councilor Ortiz and Councilor Wurzburger) (Kathy McCormick)
9. Request for Approval of Resolution No. 2007-____. A Resolution Designating Water Rights for Low Priced Dwelling Units in the Northwest Quadrant and for the Low Priced Dwelling Unit Credit Pool. (Councilor Ortiz and Councilor Wurzburger) (Kathy McCormick)

10. Request for Approval of Resolution No. 2007-_____. A Resolution Directing Staff to Develop a "Water Smart" Education and Rebate Program. (Councilor Heldmeyer and Councilor Calvert) (Dan Ransom)
11. Northwest Quadrant Tank
 - a. NW Quadrant Tank & Replacement Facilities Update. (Kyle Harwood)
 - b. Consideration and Possible Action of Amendment No. 5 to the NW Quadrant Water System Extension Agreement. (Kyle Harwood)

MATTERS FROM THE CITY ATTORNEY

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MATTERS FROM THE COMMITTEE

NEXT MEETING: TUESDAY, JULY 3, 2007

ADJOURN

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June 20, 2007**

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
June 20, 2007**

1. CALL TO ORDER.

A meeting of the Public Utilities Committee was called to order by Councilor Miguel Chavez, Chair, at approximately 5:15 p.m., on June 20, 2007, in the Council Chambers, City Hall, Santa Fe, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

MEMBERS PRESENT

Councilor Miguel Chavez, Chair
Councilor Patti J. Bushee
Councilor Karen Heldmeyer
Councilor Ronald S. Trujillo

MEMBERS EXCUSED

Councilor Carmichael A. Dominguez

OTHERS ATTENDING

Galen Buller, City Manager
Stephanie Trujillo, Public Utilities
Melessia Helberg, Stenographer

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Committee packet is on file in the Public Utilities Department.

3. APPROVAL OF AGENDA

Ms. Trujillo said Gary Martinez will be presenting Item #11 instead of Kyle Harwood.

MOTION: Councilor Trujillo moved, seconded by Councilor Bushee, to approve the Agenda as amended.

DISCUSSION: Chair Chavez noted there are people in attendance for the NW Quadrant Tank issues, which is Item #11. Responding to the Chair, Rick Martinez said he is here with regard to Items #8 and #9.

Chair Chavez said he will allow brief public comment on #8 and # 9, and some comment on Item #11.

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

INFORMATIONAL ITEMS

4. UPDATE ON CURRENT WATER SUPPLY STATUS (Michael Gonzales)

A copy of the Weekly Water Report for the week ending April 29, 2007, is incorporated herewith to these minutes as Exhibit "1."

Mr. Gonzales reviewed the information in Exhibit "1."

5. UPDATE ON SOLID WASTE DIVISION (BILL DeGRANDE)

A copy of a Memorandum dated June 20, 2007, to the Public Utilities Committee, from William DeGrande, Solid Waste Management Division Director, is incorporated herewith to these minutes as Exhibit "2."

Bill DeGrande presented information in Exhibit "2."

Councilor Trujillo asked why the down time for the trucks is three weeks, and what is wrong with them.

Mr. DeGrande said they are removing the bodies off the old trucks and putting a new chassis under them.

Councilor Chavez said some of the senior population is having difficulties with the bigger carts and rolling them into the street, and asked if we are assisting people on this level.

Mr. DeGrande said there are 840 60-gallon carts on order, which are much smaller and should be easier with which to deal. If the seniors cannot get their refuse to the curb because of infirmity, once they produce a letter from their physician, the workers will go into the yard to pick it up, but permission is needed to do that.

Responding to Councilor Chavez, Mr. DeGrande said the smaller carts are 64 gallons, and there are a few in stock which will be provided on request. He said this hasn't been

advertised, but they will be advertised once he received the 840 carts. He noted the polymer used to make the carts on hand makes them brittle and the new ones will be more pliable. He prefers to put those out because the old ones will have to be replaced.

Councilor Heldmeyer said Tuesday, she saw trash truck #555, going the wrong way down Galisteo for at least two blocks, and their line is that they were backing up. She asked what can be done.

Mr. DeGrande said he will do something about it.

6. REPORT ON EVALUATION OF COMMERCIAL WATER USERS (Daniel Ransom)

A copy of the Rate Schedules distributed to the Committee by Mr. Ransom is incorporated herewith to these minutes as Exhibit "3."

Mr. Ransom reviewed the information in Exhibit "3."

Chair Chavez asked if the meter is upsized what, if any, savings would there be on the water bill. Mr. Ransom has not included UEC charges, but noted there are different scenarios on the last page for the water bills.

Councilor Bushee asked if staff has come to any conclusions about the businesses such as El Ice Plant.

Mr. Buller said no, but he has been talking with Mr. Alarid last week and this week, with regard to what might happen. However, this Committee has taken no action to change any of the rates based on those kinds of flow comparisons. Mr. Alarid's complaint is that although he uses a lot of water, it comes through at a low flow rate so he is at a low GPM. However, because there is a high volume of use over 24 hours, it costs him a lot of money and he can't go to a higher meter because there is no engineering basis for it.

Mr. Buller said staff has discussed whether or not there could be an administrative fix for people who have high water usage and don't need a large meter, but no action has been taken.

Councilor Bushee didn't expect the Committee to take action, but was asking if the staff would bring forward an administrative change.

Mr. Buller said this has been examined from a legal point of view, and it will need to be an ordinance change and can't be done administratively.

Chair Chavez said we do know the current water rates are revenue neutral, so anything done to the rates must be approved by bond counsel. It will be a lot of work if this is what we

want to do, but it was felt it wasn't right to do it just for a handful of high end water users. This is the reason Mr. Ransom is giving this report.

Responding to Councilor Bushee, Mr. Ransom said he has met with some of the businesses to see how they fit in the conservation portion of the businesses. For example, all of El Ice Plant's machines are very efficient, air cooled, noting a water-cooled machine uses more water for this purpose. There is cooling on top of the building which makes it even more efficient because of the cooling. Luna Laundry also has a very good system.

Councilor Bushee would like staff to bring forward some kind of policy incentives we can consider offering to this unique class of businesses we are discussing with the idea of providing them some kind of relief.

Mr. Buller said there could be recommendations ranging from administrative relief for certain kinds of business. They have been talking to Luna Laundry about technical fixes for the problem, so we can both get the benefits of conservation while reducing the costs to the laundry. There might be possibilities under Option B of the retrofit program to do this, but staff is still looking at the feasibility. Staff may propose amendments to that ordinance rather than to the one we are discussing because there is more flexibility in the kind of retrofitting which can be done to get lower costs here. Responding to Councilor Bushee, Mr. Buller said there are companies which will allow for recycling 80% of the water, which is just one example for conservation.

Councilor Heldmeyer asked why the car washes haven't been complaining.

Mr. Ransom looked at one car wash by Wendy's and they aren't complaining because it has a two-inch water meter and falls within its allotment of water.

Councilor Heldmeyer said we are focusing on businesses which use a lot of water by the nature of their business. There have been complaints about some of the "do it yourself," car washes and the amount of water used and wasted there.

Mr. Ransom said these are on the list of those to be checked.

Councilor Heldmeyer spoke about a constituent with a legal B & B which is on two meters, and there are all kinds of charges indicated if the meter is changed out. Is there any charge if you get rid of the one meter and have all water come through the larger of the two meters.

Mr. Ransom said he can't answer this, and may have to get back to the Committee with this information.

Councilor Heldmeyer asked, presuming there is capacity and such, can they just get rid of the little meter, and if there are charges for getting rid of a meter as opposed to adding a new one or a different one. She asked Mr. Ransom to email her the information.

Responding to Councilor Trujillo, Mr. Ransom said one of the things he couldn't get was his maximum flow from firefly information, and it was recommended to install one so we could flow and determine that. He said he could be doing the same thing as Luna Laundry, maxing the 5/8" meter. He said a guestimate would be a one inch meter.

Councilor Trujillo would like a firefly to be put on the El Ice Plant meter as soon as possible. He asked Mr. Ransom to tell him the cost with a one inch and a 1½ inch. Mr. Ransom said this information is on the last sheet of the handout [Exhibit "3"]. He said the average use for El Ice Plant is 148,000 gallons, so you can see what his bill would be.

Councilor Trujillo wants to do something to help these businesses, and asked about doing it retroactively, saying we have to do something.

Mr. Buller said these monthly charges don't include the UEC charge, the up front \$30,000, to get the 3-inch meter, and this has to be factored in and then run the numbers to get the actual cost.

Chair Chavez noted information was presented to the Council that there would be a \$1 million fiscal impact if we adjust or change any of the rate structure as it exists now, and asked if he has this information. Mr. Ransom said he does not have this information from the last packet.

Chair Chavez said this was part of Gary Martinez's report at the last Committee meeting, and asked Mr. Martinez to comment.

Mr. Martinez said staff had done an analysis to see what it would cost to change some of the commercial accounts in Tier 1 to the next level of the Tier 2, noting there is a certain level of usage before it goes into Tier 2. He said staff evaluated several accounts, and the conclusion was if we changed the business so it hit the next level, Tier 2, there would be an impact on 367 accounts with a potential revenue loss to the City of \$1 to 1.3 million.

Chair Chavez asked Mr. Martinez to provide this memorandum to the other Committee members, and said it is relevant to this discussion.

Chair Chavez said if we decided to change the rates, he doesn't believe we want to do it piecemeal for only the commercial users. We need to look at both commercial and residential and look at a rate structure which will be fair for all ratepayers. He asked when the rate analysis is scheduled to be updated. Mr. Martinez believes in Fall 2007.

Chair Chavez suggested moving this up a little bit, noting we are heading in that direction and we will need to involve bond counsel and go through the entire rate structure. He said the current rates have been in place since January 2007, and perhaps we could revisit the rate structure.

Councilor Bushee said she does not believe anyone on the Council is interested in

reopening the debate on rates, noting we just completed a 2-3 year process, pointing out that this impacts perhaps a dozen unique businesses. She would like staff to explore incentives and/or UEC charge breaks to get people where they need to be in meeting our conservation messages. She wants some administrative relief proposed by staff, reiterating that she doesn't want to go through this process again right now.

Chair Chavez pointed out that Mr. Martinez has told us that this would result in a \$1 million deficit.

Mr. Martinez said this is his concern, and if we did it for certain categories, then we would have to look at most of the commercial categories which are where the 367 accounts came into play, with customers such as El Ice Plant and Luna Laundry.

Chair Chavez said with regard to The Water Boys, Good Water Company and The Water Man, a lot of this bottled water is being trucked to other places up north, and this is the business they're in. We're interested in conservation and encouraging people to use the least water possible. We need to look at this holistically. If we are going to have to look at those water rates, we might as well do it sooner rather than later.

MOTION: Councilor Bushee moved, seconded by Councilor Trujillo to move Item #11 to the top of the Discussion Items after the next Informational item.

There was no vote because Chair Chavez exercised the prerogative of the Chair to move Item #11 to be heard next on the agenda.

DISCUSSION ITEMS

11. NORTHWEST QUADRANT TANK

A. NW QUADRANT TANK & REPLACEMENT FACILITIES UPDATE. (~~KYLE HARWOOD~~ GARY MARTINEZ)

A copy of a Memorandum dated June 20, 2007, to the Public Utilities Committee, from Gary Martinez, Water Division Director, is incorporated herewith to these minutes as Exhibit "4."

Information presented by Gary Martinez from his June 20th Memorandum. Recommended Action:

- Staff recommends the Northwest Quadrant Water System Design Evaluation by Brown and Caldwell (April 2007).

- Staff recommends and requests the approval from the committee to proceed with a Closed Loop Variable Pump Station alternative at the 10 million gallon tank site instead of a storage tank on Barranca Road.

Councilor Bushee said in the second Memorandum, Mr. Martinez mentions a discrepancy of \$160,000 plus change, and asked if this has been resolved.

Chair Chavez said this is part of 11(B) and Mr. Martinez will cover this in that presentation.

Councilor Bushee said she is glad staff has come to the conclusion that the variable pumping system will be suitable for their purposes as well as not needing the big tank which was in controversy. She applauds all efforts to go the extra mile to try to ensure both the City and the neighbors got what they would like.

MOTION: Councilor Bushee moved, seconded by Councilor Trujillo, to approve the Recommended Action by staff to use the variable pumping system and the replacement facilities as outlined in the Memorandum.

DISCUSSION: Chair Chavez said this is the best we could do, but the City still is modifying its system, changing from gravity feed to a pump system. He said staff and the neighborhood have figured out a way to work this, but the City still will be responsible for the maintenance of the pump system. It isn't the gravity system, so it is a change. The City was negligent in not getting the tank build on the site, and houses were built around it which made it difficult to build a tank. There also were legal challenges and a time factor, so this is proposed as a way out.

Chair Chavez said he hopes we learn from this experience and we don't repeat this again. If there are future sites for water tanks, they need to be built before the homeowners build. He said these residents are getting their water from a tank in somebody else's neighborhood. He said we all invested in our homes and our community. He said there is an out because of the legal challenges and the time. He doesn't want this to happen in the future. He said this could start to chip away at the gravity feed system we've worked so hard to keep in place, and hopes this doesn't set precedence.

Mr. Martinez said staff agrees, and have learned from this. He said the staff preference has always been for an elevated storage. Under the circumstances, the City has to move forward and staff is recommending a variable pump station which is reliable as long as it is designed accordingly. There are many variable pump stations within the City system, and staff is comfortable with those, although it wasn't a matter of choice. He said given the options in some future date to make the same decisions, staff will be looking at an elevated storage facility, and not a pump station.

Chair Chavez asked Mr. Martinez to speak to the storage capacity which will be needed.

Mr. Martinez said in order to make a fair evaluation, Brown and Caldwell designed a 2.5 million-gallon storage tank along with the pump station. It doesn't mean they recommended a 2.5 million-gallon storage tank at the desired location of the 10 million gallon tank. In the next item, he will touch on that, and give a recommendation.

CLARIFICATION OF THE MOTION: Councilor Bushee said for the record she is recommending what staff is recommending which is the Brown & Caldwell design, just to be clear.

Councilor Bushee thanked Don Beauregard and HMB partners for their patience as they have held off getting their infrastructure in place until this was resolved.

Mr. Martinez said he wants Councilor Bushee also to consider that Brown & Caldwell really didn't give a design, they gave a design evaluation. The design will be coming forth, if that's the route we take on the next amendment, and then the City will be looking at several phases of design that will be approved by the City.

Councilor Bushee said she just means a system which we need to design. Mr. Martinez said they will be looking at this very closely.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

B. CONSIDERATION AND POSSIBLE ACTION OF AMENDMENT NO. 5 TO THE NW QUADRANT WATER SYSTEM EXTENSION AGREEMENT. (~~KYLE HARWOOD~~ GARY MARTINEZ)

A copy of a Memorandum dated June 20, 2007, to the Public Utilities and Finance Committees, with attached Amendment No. 5, from Gary Martinez, Water Division Director, regarding Amendment 5 to the NWQWSEA regarding replacement facilities, is incorporated herewith to these minutes as Exhibit "5."

Information was presented by Gary Martinez from his June 20th Memorandum [Exhibit "5"]. Staff Recommendation:

- Water Division Staff is recommending committee approval for the proposed Amendment #5 to the NWQWSEA.
- Recommend and approval to forward this item to the Finance Committee and then to City Council.

Chair Chavez said if everything has been worked out, perhaps there is no need for public comment, but he will allow it.

Jim Jennings speaking on behalf of TAG said they very much agree with what the City and developer have agreed to, and appreciate very much what was done

Don Beauregard, owner, said this has been a long process. He worked to find a resolution to the issue. He said this is a fair deal for the City. He said from his perspective, everybody came together. He would like to have paid a lot less to resolve this problem than he is going to pay. He said he is not 100% happy with the settlement, nor is the City.

Chair Chavez wants everyone to learn from this and not have to compromise in the future, and not put people such as Mr. Beauregard and the homeowners in this situation again. He would like the City to be proactive and build these tanks ahead of time.

MOTION: Councilor Bushee moved, seconded by Councilor Trujillo, for approval of Amendment No. 5 to the Northwest Quadrant Water System Extension Agreement.

DISCUSSION: Councilor Bushee asked if the \$1 million pump station which was built could aid the City.

Mr. Martinez said no.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer]

INFORMATION ITEMS

7. UPDATE ON CANYON ROAD WATER TREATMENT PLANT, PHASE III RESIDUALS HANDLING IMPROVEMENT PROJECT (Bryan Snyder)

A copy of the Proposed Milestone Schedule is incorporated herewith to these minutes as Exhibit "6."

A copy of the "Project Briefing & Progress Update," dated June 20, 2007, prepared by EE&T, Inc., is incorporated herewith to these minutes as Exhibit "7."

Bryan Snyder presented information regarding this matter to the Commission, and introduced the member of the team.

Gary Witten, Environmental Engineering & Technology, Inc, from Tempe, Arizona, reviewed the information in Exhibit "7."

Responding to Councilor Trujillo, Mr. Witten explained how this works with the City system.

Responding to Councilor Trujillo, Mr. Martinez said we are discussing sludge disposal

with SWMA. Currently, it is being trucked to Rio Rancho which is a designated site. When SWMA is approved, we will truck it there instead of to Rio Rancho.

Responding to Councilor Trujillo, Mr. Witten said it is anticipated to purchase 2-3 centrifuges and incorporate them into the process. The budget for these units is between \$500,000 to \$1 million for the equipment only, not installed.

Chair Chavez asked in what phase is the proposed budget.

Mr. Witten said the contracts for phases are with EE&T for engineering services. Phases 1-8 are under his contract with the City and represent the engineering fees of \$1.7 million. He referred to the Milestone Schedule [Exhibit 6], and noted this is just for construction activities and doesn't include his engineering services. He noted that the schedule on page 9 of Exhibit "7," corresponds to the construction costs.

Chair Chavez noted the total project cost of \$13 million, and asked about the other \$3 million. Mr. Witten said this is for the contract manager and an upgrade in the electrical services at the Canyon Road plant.

Chair Chavez asked if there were discussions about using solar assisted energy for the project.

Mr. Martinez said it was discussed, but with the volumes of usage, there is no solar unit which can handle that kind of demand. They are looking at a hydro unit run by water line pressure which could generate some electrical for small projects such as rehabilitation, and that is in the rough stages now.

Responding to the Chair, Mr. Martinez said this is the 3rd phase. Mr. Martinez said the gallons treated per day currently are based on demand, with the last amount about 7 million gallons a day, noting the daily design flow for the facility is about 8 million gallons a day. Mr. Martinez said the facility will limit the operations on the flow it can produce, and will vary from 6-8 million a day depending on demand.

Chair Chavez said this item will be ongoing on the agenda for the next two months

DISCUSSION ITEMS

- 8. REQUEST FOR APPROVAL OF RESOLUTION NO. 2007-_____. A RESOLUTION AMENDING RESOLUTION NO. 2003-106; THE ANNUAL WATER BUDGET ADMINISTRATIVE REGULATIONS AND PROCEDURES REGARDING THE DESIGNATION OF WATER RIGHTS FOR LOW PRICED DWELLING UNITS (COUNCILOR ORTIZ AND COUNCILOR WURZBURGER). (KATHY McCORMICK)**

A copy of the proposed amendments to the Resolution submitted by the Finance Committee is incorporated herewith to these minutes as Exhibit "8."

Kathy McCormick presented information regarding this matter to the Committee. The general purpose of the Resolution is to allow the City to acquire water rights and designate it for use into the Water Retrofit Fund for the affordable housing pool. She said the changes will be limited only to non-profits. She reiterated this Resolution allows designation of water rights for all affordable units.

Councilor Bushee asked if this is not possible without this resolution.

Ms. McCormick yes, and is her understanding in working with Mr. Harwood and Ms. Price that the former resolution allowed only for the toilet retrofits. We hit that point in the water wise program where we will need to acquire water to supplement what's left in the pool.

Councilor Bushee said then we're just amending the Administrative Procedures to add this. Ms. McCormick said yes.

Responding to Councilor Bushee, Ms. McCormick said she worked with Mr. Harwood and Ms. Price who are two of the most thorough, thoughtful people with whom she has worked on staff. It is possible they might have missed something, but she hasn't seen anything from the affordable housing which would require another change.

Councilor Chavez asked the cost of the "below market rate unit." Ms. McCormick said it currently is established at \$189,700.

Chair Chavez said the term "low priced dwelling unit," is new to him and terminology we haven't used until recently, noting we had been setting aside water from the retrofit program for the affordable units, but now it is for both the affordable units and the low priced dwelling unit.

Ms. McCormick said it was always for the affordable units under the inclusionary zoning program, as well as the low priced dwelling units. The low priced dwelling units have at least 13 locations to which it is referred in the units, noting she worked very closely with Jeanne on this.

Responding to the Chair, Ms. McCormick said the low priced dwelling unit allows for the creation of a below market rate price, but it doesn't tie it to bedroom size, nor to household size, but merely says you have to produce a unit which is affordable to a three-person household earning 80% of the AMI. However, if a single person wants to buy that unit, and isn't earning more than 100% of AMI they can do so under the low priced dwelling unit designation. It creates an incentive for the developer to produce some low priced dwelling units. There isn't as much activity under the Homes Program as under HOP, with the exception of the non-profit developers who are doing a combination of low priced dwelling units and Santa Fe Homes Program Units.

MOTION: Councilor Bushee moved, seconded by Councilor Trujillo, to approve the Resolution as amended by the Finance Committee.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

9. REQUEST FOR APPROVAL OF RESOLUTION NO. 2007-____. A RESOLUTION DESIGNATING WATER RIGHTS FOR LOW PRICED DWELLING UNITS IN THE NORTHWEST QUADRANT AND FOR THE LOW PRICED DWELLING UNIT CREDIT POOL. (COUNCILOR ORTIZ AND COUNCILOR WURZBURGER). (KATHY McCORMICK)

Ms. McCormick said she put copies of a Memorandum in Councilors' boxes last week. Ms. McCormick distributed copies to the Committee of this Memorandum dated June 6, 2007, to Mayor Coss, City Councilors and Galen Buller, City Manager, regarding Water and Affordable Housing Information, which is incorporated herewith to these minutes as Exhibit "9."

A copy of the proposed amendments to the Resolution from the Finance Committee, are incorporated herewith to these minutes as Exhibit "10."

Kathryn McCormick presented information regarding this matter to the Committee, noting the proposed amendments from the Finance Committee [Exhibit "8"]. She said this is an effort to deliver a comprehensive package on water with regard to the Northwest Quadrant to support the success of this particular development. She worked with Mr. Harwood, who worked with the City WBO staff, and identified roughly 132 afy of water which is listed here, which had not been allocated for any other purpose, and requests this be set aside for the affordable units and amenities at the Northwest Quadrant. This includes the water for the parks, primarily for the parks, and any other community amenity which might be available at the park project. It is estimated 126 afy will be needed to cover the two affordable housing categories in the NW which is the intent of the Resolution.

Public Comment:

Rick Martinez, said he supports the set aside of water for affordable housing, but doesn't agree it should be used for the "other set of market rate housing," and believes it is another part of the developer giveaway of this piece of property in the NW Quadrant. He is concerned about other giveaways in the future. He said we are still doing a master plan for the NW Quadrant, and a developer isn't lined up. He said in allocating this water, we are maxing out everything in the City, and there will be no water left for other developments who would want to provide 100% housing in the City. He believes it sets a bad precedent and doesn't happen anywhere else in the City. He said we need to watch how this project goes so we won't be giving away the roads, and the sewers, and wonders if we will be giving away the green building and the sustainability of the project just to get it done. He wants the City to take baby steps at this point. He believes this is a step in the wrong direction.

Councilor Bushee asked where this leaves any remaining water rights for other affordable projects.

Ms. McCormick referred to her June 6th Memorandum [Exhibit "9"], which estimates there is 75 afy remaining in the retrofit pool. It would add about 6 afy to that pool, and staff will be recommending that the City actively begin acquiring water for the retrofit pool.

Councilor Bushee asked if the 75 afy is just in retrofits. Ms. McCormick said it is at this time. She said the City will need to begin acquiring water for the affordable housing pool. She has discussed the possibility of using a portion of the Housing Trust Fund to begin looking at acquiring water for this pool. Councilor Bushee said other infrastructure will be needed in the NQ Quadrant, roads, protection of the existing neighborhoods through infrastructure, and she wants to ensure it is moving on the same track.

Ms. McCormick said she spent the day reviewing the pro forma for the Northwest Quadrant, which does include all of the infrastructure, roads, water. There are questions with regard to wastewater and options for on-site treatment which she will discuss with the City Manager. The challenge at the NW Quadrant is that there will be a lot of up-front infrastructure costs, and others which can be taken down as the project is built out, so staff is evaluating the options for financing which they will bring forward to the City Council.

Councilor Bushee said representations were made that the water use for the development would be lower than the average water use here. She asked if the water allocated for the NW Quadrant is based on the same, reduced water use.

Ms. McCormick said no, it is based on a slightly higher standard, because staff wanted to be conservative. It is based on 20 afy, and Tierra is doing it at .17, and staff believes it can be delivered lower than that.

Councilor Bushee said then staff won't be coming back saying we didn't meet the goal and need more water. Ms. McCormick said no, unless something happens which she can't foresee. Everything is leading toward very good water harvesting, reuse of graywater in certain situations, and recapturing water. Responding to Councilor Bushee, Ms. McCormick said it adds an additional up front cost, but there will be water savings and cost over time.

Councilor Bushee said we're dedicating the majority of our water for the project, and a lot of promises have been made as to what the City will deliver. She wants to hold the developers accountable to those promises, and wants to know right now if this won't happen as promised.

Ms. McCormick said this should happen in two ways. One is through the master plan and the design guidelines and the requirements that it will place on the developer to meet those guidelines. The developer will be required to put certain things into the project. It is also one of the things which overloads it with public purpose, but it's something we really want, so it is a cutting edge project. The second will be in the RFP and selection process, and when we

negotiate the development rights. Staff is envisioning a master developer with individual builders, and this is the place you hold their “feet to the fire,” through bonding or any kinds of means on that project.

Councilor Bushee wants to ensure she has checked-in with the numbers and things still seem on target.

Ms. McCormick said things still seem on target, but she won’t “kid you,” that this is the world’s least expensive project to build, but nobody ever thought it would be.

Councilor Bushee doesn’t want it tacked-on in the end on the cost of the home.

Ms. McCormick said staff is doing its best to try to capture every single cost and then look at the options. She said Design Workshop has someone who runs these numbers for them. Staff is checking with the local builders, and there is also the engineering.

Councilor Bushee asked if any of these people might potentially bid to build.

Ms. McCormick said this is a possibility.

Responding to Councilor Bushee, Ms. McCormick said she had a focus group meeting with developers who were very forthright and all of them cautioned about what to do to make the project come under cost, and none were saying it was no problem. She said they were very clear, understood the topography, what we are trying to achieve in green building, and they shared what they thought was important. She said the estimated buildout is 7-10 years on this development. She has been advised that a non-profit developer is the way we should go to keep costs down and to get the public amenities we will be demanding. She said the mid-priced units are targeted toward the group of Santa Feans who are leaving town. She said Tierra Contenta is required to set aside 40% of affordable comparable to the Santa Fe Homes Program. Here, we’re requiring 70%.

Councilor Bushee said we’ve set precedence with these kinds of changes, and it is a break for a different priced unit. Councilor Bushee said she doesn’t want to cut corners on things which will protect the existing neighbors, because there are political costs, social costs, and she wants to ensure she is on tracks with those.

Ms. McCormick said she is looking at lots of different options for moving traffic through the site and the related costs, noting there are “some costs that if we were required to build it might not make this project feasible.”

Councilor Bushee doesn’t want the “easy out” to be running it through Casa Solana. Ms. McCormick said she understands. Ms. McCormick said of the three options to move traffic through the site, one includes going through Casa Solana. Councilor Bushee said it is her bottom line that the existing neighbors not be impacted adversely. She doesn’t want an adverse impact

on an old existing neighborhood who has been promised through all of the public processes that it won't happen, and already sees it starting to happen. She said she is hesitant to vote for this at the moment.

Councilor Chavez said he recalls that the Northwest Quadrant supposed to stay as open space. He said this focuses on the NW Quadrant, in the Whereas on page 2, line 3, which provides, "...Resolution 2006-119 giving first priority to city employees, in particular to public safety employees, and second priority to teachers, health care employees and other governmental public safety employees for affordable housing within the proposed city owned Northwest Quadrant..."

Chair Chavez said this is good, but his question is why is this targeted only to the NW Quadrant, when we have the Southwest sector and the Southwest Area Master Plan which has been sitting on the shelf. We haven't dealt with that in a timely fashion, but we are going to deal with this in a timely fashion. His position is that until we finish the Southwest sector and do a better job with Tierra Contenta and our infill projects in this way, he isn't ready to "jump onto" this Northwest Quadrant development. The Southwest sector, for him, is more critical, noting this is the fastest growing part of the City in Districts 3 and 4. This is an area in which we have failed miserably, and we want to do a good job there first.

Chair Chavez said we have heard about "cutting edge" projects, public amenities and the people in Tierra Contenta are still waiting for these amenities 10-13 years later. He said he wants to see the same green building initiative just as strong in the southwest sector and in Tierra Contenta, because if we can do it in one part of town, we can do it somewhere else.

Councilor Chavez said if this is approved and we have a second tier, what guarantee does the City have that those units will stay in the affordable housing pool for the next person, so these people don't "flip" these houses. He said if given a choice and he had the money, he would choose to live in the Northwest Quadrant, saying it is going to be very desirable now and in the future. He asked what's to keep them from flipping the homes and making money because of the location.

Ms. McCormick said other communities carry a requirement for this kind of unit that it has to be owner occupied for a period of time, 5-7 years, and that its resale formula is based on some sort of AMI, similar with what we do in the SF Homes Program.

Chair Chavez asked Ms. McCormick if she is confident that we won't get people there who are interested in living there only for 5-7 years, and then flipping the house.

Ms. McCormick said even if they flipped it in 5-7 years, they would have to go through the same process they did to buy it, which is a preference for a local employee.

Chair Chavez reiterated his question: Why is this not for everyone in the City and why is it only for the Northwest Quadrant.

Ms. McCormick said the changes coming through for the Santa Fe Homes Program do set a priority and a preference for the same group of employees. She said last November, the changes proposed for SF Homes was to give preference to essential workers, difficult to recruit and retain, which fall into this category.

Chair Chavez understands, and asked again why the program is focused only on the Northwest Quadrant, and why aren't we offering homes in Tierra Contenta and elsewhere.

Ms. McCormick said Tierra Contenta sets its own priorities by virtue of how the initial contract was established, and she doesn't have the authority to ask them to establish this as priority for who homes are sold to. She said TC isn't under the SF Homes Program, and its only requirement is to sell 40% of its homes as affordable to households earning 80% or less of the AMI.

Chair Chavez asked why can't the City Homes Program still direct people to TC to buy homes there within that development. If TC can't address this Resolution or what the NW Quadrant is trying to address, he doesn't understand why we can't use the TC development to address the problem of our City employees not being able to afford a house in Santa Fe, and why do they have to wait for the NW Quadrant to develop to do that.

Ms. McCormick said many employees are purchasing in TC. She said the SF Homes Program allows them to establish preferences. However, the annexation agreement with TC does not provide for us to go back and require them to establish a preference for who purchases its affordable units.

Chair Chavez reiterated that his focus will first be on the Southwest sector and other infill projects to provide units for employees.

Councilor Trujillo said he has the same concerns as Councilor Chavez does on the South side.

MOTION: Councilor Trujillo moved, seconded by Councilor Bushee, to send the Resolution forward to Council without recommendation.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

10. REQUEST FOR APPROVAL OF RESOLUTION NO. 2007-____. A RESOLUTION DIRECTING STAFF TO DEVELOP A "WATER SMART" EDUCATION AND REBATE PROGRAM (COUNCILOR HELDMEYER AND COUNCILOR CALVERT). (DAN RANSOM)

Dan Ransom presented information regarding this matter to the Committee.

MOTION: Councilor Bushee moved, seconded by Councilor Trujillo, to approve this resolution.

VOTE: The motion was approved on a voice vote [Absent: Councilor Bushee.]

MATTERS FROM THE CITY ATTORNEY

There were no matters from the City Attorney.

ITEMS FROM STAFF

There were no matters from staff.

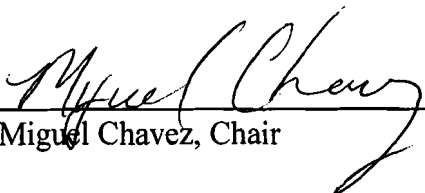
MATTERS FROM THE COMMITTEE

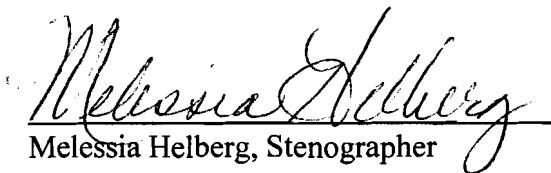
Councilor Bushee asked what happened with regard to the letter from George McLoughlin on trash which she gave to the City Manager. Mr. Buller said he will follow up.

NEXT MEETING: Tuesday, July 3, 2007.

ADJOURN

There being no further business to come before the Committee, and the Committee having completed its agenda, the meeting was adjourned at 7:11 p.m..


Miguel Chavez, Chair


Melissia Helberg, Stenographer