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**1. Call to Order and Roll Call**

Chairman Hernandez called the Regular Board Meeting to order at 10:01 a.m. Thursday, April 28, 2011. Roll was noted as follows:

Directors present: Chairman Danny Hernandez  
Director Ronald D. Brown (arrived at 10:10 a.m.)  
Director Bruce Thomson  
Director Tim Eichenberg  
Director Daniel Lyon

Directors excused: None

Others present: Jerry M. Lovato, P.E., Executive Engineer  
Attorney Marcus Rael, Jr.  
Staff  
Other attendees on file at AMAFCA

A quorum was present. Chairman Hernandez stated that he would delay agenda item 2 until Director Brown was present.

**3. Approval of Agenda**

Mr. Lovato stated that there were late mailouts on agenda items 9a, 9b, 11 (supplemental), 20b, 21 (supplemental), 24b (supplemental), and 24f, and a handout on agenda item 24a.

Director Lyon made a motion to approve the agenda. Director Thomson seconded the motion, which passed (4-0).

**4. Meetings Scheduled**

- a. **Thursday, May 26, 2011, 10:00 a.m. – Regular Meeting**
- b. **Thursday, June 23, 2011, 10:00 a.m. – Regular Meeting**
- c. **Thursday, July 28, 2011, 10:00 a.m. – Regular Meeting**

There were no changes to the meeting schedule.

**5. Items from the Floor / Public Comment**

None.



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**6. Approval of Minutes**

**a. March 24, 2011**

Director Thomson made a motion to approve the minutes of the March 24, 2011 Regular Board Meeting. Director Eichenberg seconded the motion, which passed (3-0). Director Lyon abstained from the vote, as he was not present at the meeting.

**7. Financial Matters**

**a. Approval of March 2011 Expenditures**

Irene Jeffries, AMAFCA Business Manager, presented the March 2011 Expenditure Report. There were no questions from the Board.

Director Lyon made a motion to approve the March 2011 Expenditure Report. Director Eichenberg seconded the motion, which passed (4-0).

**b. Investment Report for March 2011**

Ms. Jeffries presented the investment report for March 2011. There were no questions, and no Board action was required.

**c. Financial Recap March 16, 2011, through April 15, 2011**

Ms. Jeffries presented the Financial Recap for March 16, 2011 through April 15, 2011. She noted that the Construction Fund recommended actions had included several payments to contractors, which were made. There were no questions, and no Board action was required.

**d. Financial Forecast April 16, 2011, through May 15, 2011**

Ms. Jeffries presented the Financial Forecast for the period April 16, 2011, through May 15, 2011. She noted that the Construction Fund recommended actions includes payments to contractors on three projects.

Director Thomson made a motion that the Board approve the Financial Forecast. Director Lyon seconded the motion, which passed (4-0).



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**8. Legal**

**a. Status Report**

Attorney Marcus Rael, Jr., briefed the Board on the status of various legal matters. There were no questions from the Board.

**9. Executive Engineer's Report**

**a. Notification of past month's activities**

Mr. Lovato highlighted significant activities of the past month.

He stated the Flood Fighting Workshop to be held May 11 and 12 has over 150 registered participants to date, the final items to be addressed on the Black Mesa Phase I project have been addressed, Letters of Map Revision (LOMR) have removed floodplain from the South Valley phase I and South Valley phase II (Albuquerque West Levee) areas, and the Volcano Cliffs Sector Development Plan has been approved by the City's Environmental Planning Commission and has received a "do pass" recommendation by the City Council's Land Use Planning and Zoning Commission. It will be considered by the full Council next.

He also stated that AMAFCA continues to work with the City of Albuquerque on the Boca Negra Dam, El Bordo, and Osuna projects.

There were no questions from the Board.

**b. Notification of On-Call Services Task Orders**

Mr. Lovato stated that five on-call task orders had been issued this month as outlined in his memo, giving the Board details on each. There were no questions from the Board.

Director Brown arrived at 10:10 a.m.

**2. Moment of Silence – In Memory of Bernie Swinburne**

Chairman Hernandez called for a moment of silence in memory of Bernie Swinburne, former Chairman of the Board of Directors, who had passed away on March 25. Mr. Swinburne was one of the original AMAFCA Board members, and had served on the Board for 26 years.



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Former Executive Engineer Col. Richard Leonard, former AMAFCA employee and Chair of the Board Geneva Meeker, and Directors Brown and Eichenberg shared a few words regarding Mr. Swinburne.

Chairman Hernandez asked those present to stand for a moment of silence for Mr. Swinburne and for those who lost their lives in the severe weather in the midwest in the last few days.

Chairman Hernandez noted that the Board was wearing their white AMAFCA shirts to honor Mr. Swinburne. A card was passed for signatures. He invited all those present to sign the card as well.

***Consent Agenda***

**10. Out of State Travel Request EPA Region 6 MS4 Conference, San Antonio, Texas, July 5-8, 2011**

The memo from Mr. Lovato stated that Chairman Hernandez was scheduled to give a presentation at the Environmental Protection Agency Region 6 MS4 Conference in San Antonio, Texas, on July 6, 2011. His presentation discusses the conflicts that arise when differing federal mandates are trying to regulate the same resource, along with state and local laws. As a presenter, the Chairman receives a discount on the conference registration fee. Mr. Lovato requested Board approval of out of state travel for Chairman Hernandez to attend the conference, July 5-8, 2011.

**11. AMAFCA Audit Services – Consideration of first extension of agreement with Ricci & Company, LLC**

The memo from Ms. Jeffries stated that the agreement with Ricci & Company, LLC, for Audit Services was for one year, with up to three one-year extensions of the agreement upon the mutual consent of the parties. The agreement was approved by the Board at the May 27, 2010 regular Board meeting. Ricci & Company, LLC, had agreed to extend the contract with no increase in fees. A copy of the completed AMAFCA Campaign Contribution Disclosure Form was provided to the Board. The memo stated that, if the Board approved, this would be the first extension of the original contract. She noted that audit recommendations are due to the Office of the State Auditor by May 15, 2011, and requested Board approval of extension of the agreement.

**12. AMAFCA Designee at City of Albuquerque – Appointment of primary and alternate designees**

The memo from Mr. Lovato stated that the AMAFCA Designee at the City of Albuquerque is authorized to act on AMAFCA's behalf on drainage and plat approvals within the City limits,



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and has been allowed since the 1975 Memorandum of Understanding between AMAFCA and the City. Bradley Bingham, P.E. served as AMAFCA's designee from 2004 until he became the AMAFCA Drainage Engineer. Richard Dourte, P.E., served as the alternate designee during that time. Curtis Cherne, P.E., has been promoted to the City Hydrologist position and is qualified to serve as the AMAFCA Designee. Mr. Lovato requested the Board appoint Curtis Cherne, P.E., as the primary AMAFCA Designee, with Richard Dourte, P.E., continuing as the alternate designee.

**13. Barelas Flood Relief – Consideration of *Third Amendment to "Barelas Flood Relief Agreement for Construction of the El Bordo Siphon and Barelas Storm Drain Rehabilitation"***

The memo from Kurt Wagener, AMAFCA Field Engineer, stated that, at the March 24, 2011 Board meeting, the Board directed staff to draft an amendment to extend the contract date for the Barelas Flood Relief Agreement. The *Third Amendment to "Barelas Flood Relief Agreement for Construction of the El Bordo Siphon and Barelas Storm Drain Rehabilitation"* extends the date for the City to award the construction contract to December 31, 2011. The amendment had been approved by legal counsel for the City and for AMAFCA. Mr. Wagener recommended that the Board approve the amendment.

**14. Consideration of *First Amendment to "Agreement for Construction of the Coal Avenue Phase I Storm Drain"***

The memo from Bradley Bingham, AMAFCA Drainage Engineer, stated that, per Section 2.5 of the *Coal Avenue Phase I Storm Drain Agreement*, the City of Albuquerque was to prepare and submit the necessary FEMA Letter of Map Revision (LOMR) to remove properties from floodplain. Reviewing the September 2008 FEMA maps, the floodplains in the area were truncated to the Right of Way. The City has proposed to issue letters to the adjoining property owners informing them they are no longer in the floodplain, in lieu of submitting the LOMR. This would be a better use of the City's resources and satisfy the intent of the Agreement that properties be removed from the floodplain. In addition, Section 4.4 stated that AMAFCA and the City were to cooperate in the funding of Phase II of the project. This work has been added to the Lead/Coal project and no further funding is required. Mr. Bingham recommended that the Board approve the amendment making these changes.

**15. AMAFCA Manual Trash and Debris Removal from Flood Control Facilities – Award of service contract to Black Forest Tree Service**

The memo from Mr. Wagener stated eight firms submitted bids on the Manual Trash and Debris Removal from Flood Control Facilities project. The contract is for one year, with up to three one-year extensions. The work is scheduled throughout the year as needs arise, and is funded



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and approved by the Board. The low bidder was Black Forest Tree Service, with a bid of \$40,635.00, and they provided a signed AMAFCA Campaign Contribution Disclosure Form. Staff verified the bid results, and he recommended award of the contract to the lowest responsible bidder, Black Forest Tree Service.

**16. Mechanical Trash and Debris Removal from Flood Control Facilities 2011 – Award of contract to Southwest Sewer Service, Inc.**

The memo from Mr. Wagener stated two firms submitted bids on the Mechanical Trash and Debris Removal from Flood Control Facilities 2011 project. The contract is for one year, with up to three one-year extensions. The work is scheduled throughout the year as needs arise, and is funded and approved by the Board. The low bidder was Southwest Sewer Service, Inc., with a bid of \$45,000.00, and they provided a signed AMAFCA Campaign Contribution Disclosure Form. Staff verified the bid results, and he recommended award of the contract to the lowest responsible bidder, Southwest Sewer Service, Inc.

**17. Award of Bid for Compact Track Loader**

The memo from Mr. Wagener stated four firms submitted bids for purchase of a Compact Track Loader with Mulcher. The low bidder was Adobe Truck and Equipment, Inc., with a base bid of \$77,948.00, and they provided a signed AMAFCA Campaign Contribution Disclosure Form. Adobe listed no specification exceptions on the bid forms. He recommended the Board award the bid of the Compact Track Loader with Mulcher to Adobe Truck and Equipment, Inc., in the amount of \$77,948.00 not including New Mexico Gross Receipts Tax.

**18. Design, Bidability and Constructability Agreements – Consideration of first extension of Agreements**

The memo from Mr. Wagener stated that Agreements of Engineering Services – Design, Bidability, and Constructability Reviews were approved by the Board at the May 27, 2010 meeting. Those agreements were with Salls Brothers Construction, RMCI, Inc., AUI, Inc., New Mexico Underground, TLC Plumbing & Utility, and Mountain States Constructors. The agreements provide for three one-year extensions upon mutual agreement, and are up for their first extensions. Staff is satisfied with their services to date. All have agreed to extend at the same rates, and all have provided the signed AMAFCA Campaign Contribution Disclosure Forms. Mr. Wagener recommended that the Board extend the agreements another year at the same rates.



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There being no further items on the Consent Agenda, and there being no questions, Director Lyon made a motion that the Board take action on consent agenda items 10-18, as follows:

- Authorize out of state travel and expenses for Chairman Hernandez to attend the U.S. Environmental Protection Agency Region 6 MS4 Conference in San Antonio, Texas on July 5-8, 2011, not to exceed \$2,000.00, pursuant to Resolution 1998-16;
- Authorize the Executive Engineer to extend the audit contract with Ricci & Company, LLC, for a one-year term for submission of AMAFCA's recommendation to the Office of the State Auditor by the May 15, 2011 deadline;
- Appoint Curtis Cherne, P.E., as the primary AMAFCA Designee, with Richard Dourte, P.E., continuing as alternate designee;
- Approve the *Third Amendment to "Barelas Flood Relief Agreement for Construction of the El Bordo Siphon and Barelas Storm Drain Rehabilitation,"* and authorize the Chair to execute the same on behalf of AMAFCA;
- Approve the *First Amendment to "Agreement for Construction of the Coal Avenue Phase I Storm Drain,"* and authorize the Chair to execute the same on behalf of AMAFCA;
- Accept Black Forest Tree Service as the lowest responsible bidder and authorize the Chair to execute a contract with Black Forest Tree Service in the amount of \$40,635.00 for the Manual Trash and Debris Removal from Flood Control Facilities project;
- Accept Southwest Sewer Service, Inc., as the lowest responsible bidder and authorize the Chair to execute a contract with Southwest Sewer Service in the amount of \$45,000.00 for the Mechanical Trash and Debris Removal from Flood Control Facilities 2011 project;
- Award the bid to Adobe Truck and Equipment, Inc., and authorize the Executive Engineer to execute a purchase order for the purchase of the Compact Track Loader with Mulcher in the amount of \$77,948.00; and
- Authorize the Executive Engineer to extend each of the above listed Design, Bidability and Constructability Agreements for a first one-year extension at the same rates as per the provisions of the agreements.

Director Brown seconded the motion, which passed unanimously (5-0).



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Mr. Wagener pointed out that Ed Powell of Black Forest Tree Service was present. Mr. Powell thanked the Board for awarding the contract to Black Forest Tree Service, and for the opportunity to continue to be of service to AMAFCA.

***Regular Agenda***

**19. Ecosystem Preservation and Maintenance Contract – Authorization to advertise Request for Proposals for services**

Mr. Lovato stated that the AMAFCA Ecosystem Preservation and Maintenance Contract 2011 will allow AMAFCA to comply with existing agreements with the City of Albuquerque that require AMAFCA to maintain landscaping and the surrounding ecosystem for up to four years after a project is completed. In addition, AMAFCA uses vegetation, bio swales, and secondary and tertiary ponds to reduce pollutants that can travel to the Rio Grande, under the NPDES/MS4 Stormwater permit and the agreement with the Bureau of Reclamation and the Middle Rio Grande Conservancy District. This contract will provide for maintenance of those features.

He noted that AMAFCA has in-house forces to address sediment removal and repair of flood control facilities, but lacks the specialized training needed to maintain live plant material, maintain irrigation systems, and if needed, modify landscaping and the surrounding ecosystem to address high pollutant load.

Mr. Lovato stated that the proposed Request for Proposals will include a pre-qualification statement and technical specifications needed to ensure the needed services will be provided, including planting and mowing grasses and alfalfa.

He estimated that it would cost about \$50,000 per year to maintain the landscaping of the Hahn Arroyo, Parkway, La Presa, West I-40 Channel, and phase one of the South West Valley Flood Reduction Projects. The FY-2012 Operating Fund Budget includes \$50,000 for this maintenance contract.

Mr. Lovato stated that the contract will be for one year, with up to three one-year extensions. The cost of power and water used by the irrigation systems will be borne by the City of Albuquerque. He requested approval to advertise the Request for Proposals (RFP) during the month of May, with the recommendation of award to be made at the June Board meeting.

He noted that the proposed schedule will coincide with the completion of the Hahn Arroyo Rehabilitation Project and the need to provide initial landscape maintenance on that project.





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Director Thomson made a motion that the Board authorize the Executive Engineer to advertise a Request for Proposals to provide services associated with the Ecosystem Preservation and Maintenance Contract. Director Brown seconded the motion.

Discussion followed. Mr. Lovato and Mr. Wagener answered a number of questions from the Board.

Mr. Lovato stated that, system-wide, projects will be finished and handed over to the City, and new projects will potentially be added to the contract as AMAFCA becomes contractually obligated to maintain landscaping on them. 90% of the contract in the first year or two will be landscape maintenance, similar to the West I-40 Landscape Maintenance contract. The rest will be work related to EPA mandates affecting AMAFCA's BMPs system-wide.

He added that this contract will allow AMAFCA to respond to EPA mandates in a timely manner, within the short time frame allowed by the EPA. Work will be assigned by task order, and paid on an hourly basis (time and materials), depending on the work done.

Mr. Wagener also commented that monitoring this contract will be similar to tracking the Agency and Area-Wide Maintenance of Flood Control Facilities project, and the former West I-40 Landscaping project.

Director Brown stated that approving this RFP would be better than hiring a new person just to do landscape maintenance.

The motion passed unanimously (5-0).

**20. City of Albuquerque Osuna Project Update**

**a. Osuna Boulevard / Singer Road Bridge Crossings – Proposed Right of Way Dedication to the City of Albuquerque**

Mr. Lovato stated that, at the March Board meeting, the Board directed staff to draft an agreement with the City which provides that AMAFCA will dedicate the arterial roadway sections of Osuna and Singer to the City, retaining a drainage easement under each for the North Diversion Channel. The City will maintain the roadway and storm drain elements; AMAFCA will continue to maintain the North Diversion Channel.

He noted that AMAFCA's Resolution 2003-4, *Disposal of Excess Lands*, allows conveyance of real property to another public agency without compensation. In this case, the deed must require the property to be put to a public use by a certain date, the property must revert back to AMAFCA if it is not so used, and the property cannot be subsequently sold without written



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permission from AMAFCA. The deed will contain those provisions, along with the retained drainage easement.

There were no comments against the proposal. Mr. Lovato stated that he would bring the document to the Board for their approval at the May meeting.

**b. Feasibility Study Update for channel roadway along North Diversion Channel north of Osuna**

Mr. Lovato introduced Ed Adams, Michael Riordan, and Melissa Lozoya, of the City of Albuquerque, and Paul Lindberg, of the New Mexico Department of Transportation (NMDOT). Mr. Lovato stated that he had received a copy of the feasibility study, a rather thick document, the day before.

Mr. Adams, Mr. Riordan, and Ms. Lozoya gave the Board an update on the feasibility study for the channel roadway along the North Diversion Channel north of Osuna.

Mr. Riordan stated that the feasibility study is now final. They were able to address the Board's concerns in the document before finalizing it. As background, he stated that, as the NMDOT was looking at making improvements in the I-25/Paseo del Norte interchange, they began by looking at the local transportation network, looking for improvements which could be made to relieve pressure on the interchange. The proposed roadway along the North Diversion Channel from Osuna to Alameda was one such option.

He stated that the feasibility study looked at vibration, which was a primary concern of the AMAFCA Board, and concluded that vibration during construction has the potential to create problems in a concrete channel, but that normal traffic does not cause vibration of the sort that can cause problems. Vibration monitoring can be done during construction, as the City is doing on the Lead/Coal reconstruction.

In response to a question from Chairman Hernandez, Mr. Riordan stated that heavy trucks, busses, and garbage trucks are all in the same vehicle category. The City cannot eliminate just one type of vehicle from the roadway, which is a commercial/industrial area dependant to some extent on truck traffic. Their study showed that there are only problems when vibration reaches a 2 mm/sec threshold or more. Modeling shows that traffic, even heavy trucks, does not reach this level, while construction can get close to that threshold.

Mr. Adams clarified that it is the velocity of the energy waves that causes issues. Compaction of trenches and asphalt during construction causes the highest levels, but they are still below the threshold. Modeling did not show the vibration from traffic reached anywhere near the



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magnitude of vibrations that might cause issues. The City will monitor vibration during construction, as they have done on the Lead/Coal project.

Mr. Riordan noted that another concern of the Board was water quality. The street project will incorporate storm drain inlets, water quality manholes with filters, and other water quality features. Asked for his feedback, Kevin Daggett, AMAFCA's Stormwater Quality Engineer, stated that these water quality features have been shown to be very efficient if maintained on a routine basis. Mr. Adams noted that the City will continue to monitor them, maintain them, and improve the water quality features as needed.

Responding to a question from Director Thomson, Ms. Lozoya stated that the exact number of water quality manholes will be determined by the number of storm drain inlets. The design is currently at only a 15% design, so all of the details have not been worked out yet. Mr. Riordan stated there are 4 to 6 inlets at Ellison and Hawkins, and a similar number would be used at the intersections on this roadway.

Mr. Lovato pointed out that the San Juan Chama water line is buried along the east side of the North Diversion Channel, leaving limited space for water quality features. This will result in the water quality features being closer to the surface than they usually are.

Mr. Riordan stated that the City would like to do a logical segment of the roadway (one lane in each direction, a center turn lane, and a six foot sidewalk on the east side) from Osuna to Hawkins. This will allow them to use impact fee funds to test the concept and relieve traffic. Going as far as Hawkins gives access into the Journal Center area. The right of way for this segment is entirely owned by AMAFCA. They would like to begin discussions with AMAFCA for the Board to consider a memorandum of understanding allowing the City to design a road on the AMAFCA right of way.

Discussion followed.

Director Eichenberg expressed concern over vehicles going into the channel. Mr. Adams stated that the area is considered an urban environment and urban criteria prevail. He agreed that AMAFCA's pipe rail along the channel would not prevent someone intent on driving into the channel from doing so. The alternative would be jersey barrier. Mr. Lovato stated that jersey barrier would limit AMAFCA's access to the maintenance road, and therefore would not be acceptable.

In response to a question from Chairman Hernandez and pedestrian/bicyclist safety, Ms. Lozoya stated that the design speed limit would be approximately 30-35 mph.



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Mr. Lovato stated that AMAFCA staff does not want a multiuse trail on the east side of the channel. There already is a paved multiuse trail on the west side of the channel. AMAFCA needs to monitor the channel via the maintenance road on the east side of the channel, which is a use incompatible with its also being a multiuse trail. There are bridges across the channel for pedestrians and bikers to access the existing multiuse trail. It would be cheaper to install additional bridges than it would be to pave and maintain the maintenance road.

Responding to a question from Director Brown, Mr. Riordan stated that the east side of the road will have a 6 foot sidewalk for pedestrian traffic. Director Brown and Chairman Hernandez both noted it would be likely that pedestrians would use the sidewalk, especially if amenities such as shade trees and benches were located on that side of the road.

Consensus of the Board was that staff continue discussions with the City, and begin drafting a memorandum of understanding for the Board's consideration.

**21. Boca Negra Detention Dam / Unser Boulevard**

**a. Update on the Boca Negra Detention Dam Project**

Mr. Lovato stated that the Boca Negra Detention Dam is being jointly financed by AMAFCA, the City, and private developers. AMAFCA is currently awaiting a final land transfer from Longford, and is waiting for the final dam design to be completed before submitting it for final approval from the Office of the State Engineer (OSE). An agreement for the dam has been obtained, but a reciprocal encroachment agreement between AMAFCA and the New Mexico Gas Company will be necessary.

Staff has met with the gas company to review results of the geotechnical investigation. The design will be modified to include chemical grouting of the pipe backfill to enhance the soil structure around the existing pipes and address possible corrosion conditions within the dam pool. New Mexico Gas Company has agreed to a reciprocal encroachment agreement with AMAFCA to address emergency and regular maintenance of the gas lines and the dam.

He added that AMAFCA expected to send the dam design to the OSE by the end of the month. He hoped to be ready to put the project out for bid by September, 2011.

No Board action was required.



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**22. Real Estate**

**a. Notice of issuance of three short term recreational licenses**

Loren Hines, AMAFCA Real Estate Manager, stated that three short term recreational licenses were issued within the past month, for two run/walk events at the North Diversion Channel, and for a bicycle race at the Balloon Fiesta Park that will utilize about 30' to 40' of AMAFCA maintenance road right of way. The bike events are to be held in May and June.

No Board action was required.

**b. Report on Kinney Dam inlet potential surplus parcel – Request authorization to obtain an appraisal**

Mr. Hines stated that the parcel identified as the "Kinney Dam Inlet Channel" was acquired to provide a channel to divert storm water into the Kinney Dam. With the development of adjoining properties and roadways, the water now flows into the channel from a pipe and out of the channel in a pipe. The installation of a pipe connecting the two pipes would allow the channel to be back filled and the property to be put to another beneficial use. He recommended retaining a drainage easement for the new pipe, which could be conveyed to the City of Albuquerque for maintenance, if the property were to be sold.

He noted that the property is two platted North Albuquerque Acres lots that do not require any replatting action to be sold. An appraisal is recommended to establish an estimate of the current market value of the property. No public agencies have expressed an interest in the property, but AMAFCA has received a purchase offer from a private party. Installation of the pipe would cost the new owners a little over \$100,000. Mr. Hines recommended that the "negotiated sale" method of disposal be used, and requested that the Board authorize an appraisal of the property.

Discussion followed.

Responding to a question from Director Brown about zoning, Mr. Hines stated that the property is currently zoned SU-2/R-2, but it is adjacent to developed properties zoned O-2. He opined that the purchaser would likely seek a zoning change from the City.

Director Brown stated that, if an appraisal is obtained, the property should be appraised with the reasonably expected land use rather than limited to the current zoning. He noted that the properties across Holly are currently all businesses.

Director Eichenberg agreed. He stated that the appraisal should be at the "highest and best use" which is not going to be SU-2/R-2.



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Mr. Hines stated that he expected there to eventually be commercial development all along Paseo del Norte, with offices in this block.

Director Eichenberg stated that he had no problem with a negotiated sale, but would like the property to be advertised and legal notice posted after the appraisal is obtained. He noted that there may be others interested in the property as well. He also commented that this sale might come a year early for AMAFCA, if the potential sale were to be pursued at this time, as values are considerably less than they were two years ago. He cautioned that AMAFCA not lock the sale in to a certain buyer, and requested that AMAFCA give an opportunity for the public to bid on the property.

Director Brown stated that AMAFCA could have the property appraised at the highest and best use, and then the Board could decide whether to put it up for sale. Chairman Hernandez agreed, stating Mr. Hines should let the other party know that AMAFCA is not anxious to sell the property right now.

Mr. Hines stated he would let them know that the Board is still in the process of evaluating whether or not to sell the property.

Director Brown made a motion that the Board authorize the Executive Engineer to request an appraisal of the property by one of AMAFCA's on-call appraisers, for use of the Board to decide whether or not to declare the property surplus. Director Lyon seconded the motion.

Further discussion followed. Director Eichenberg noted that an appraisal would likely cost \$3,000 - \$5,000, and questioned whether the Board wanted to spend those funds right now. Director Thomson stated that could be about 1% of the sales price, which might be a good deal if the Board wished to sell the property.

Chairman Hernandez stated that the Board might not choose to sell the property right now, in which case spending the money on an appraisal might not make sense, financially. He suggested a closed session to discuss the potential sale of real property in greater detail.

Chairman Hernandez made a motion that the meeting be closed, pursuant to the Open Meetings Act, §10-15-1 NMSA 1978, Subsection H, to preserve the confidentiality of the information to be discussed, and as further described in "*The Open Meeting Act, A Compliance Guide for New Mexico Public Officials and Citizens*," seventh edition, 2010, to discuss the potential sale of real property. Director Eichenberg seconded the motion.



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Chairman Hernandez stated that the closed session would be for purposes of discussion only, regarding the potential sale of real property. The motion passed unanimously (5-0), on a roll call vote.

Chairman Hernandez closed the meeting at 11:09 a.m. Mr. Hines and Mr. Rael remained in the closed session.

Director Brown made a motion that the meeting be re-opened. He stated that the Board had made no decisions during the closed meeting, but had discussed the potential sale of real property. Director Eichenberg seconded the motion, which passed unanimously (5-0), on a roll call vote.

Chairman Hernandez reopened the meeting at 11:25 a.m., and called the original motion.

The original motion, to authorize appraisal of the property, failed unanimously (0-5).

**23. Field Highlights**

**a. Construction Report**

The memo from Kurt Wagener, AMAFCA Field Engineer, contained a summary of current construction projects. There were no questions.

**b. Field Report**

Mr. Wagener gave a report of various projects and events over the past month, answering several questions from the Board during his presentation, with assistance from Mr. Lovato and Mr. Daggett.

Chairman Hernandez called a brief recess at 11:58 a.m. The meeting resumed at 12:06 p.m.

**24. AMAFCA FY 2012 Budget**

**a. Personnel and Salary Committee Recommendations for FY-2012 Operating Fund Budget**

Mr. Lovato noted that the Personnel and Salary Committee (PSC) met on April 26, 2011. The PSC's recommendations for the FY-2012 Operating Fund budget were to suspend the COLA for FY-2012 as was done last year, given the state-wide economic climate, and include 2.0% in the salary budget to provide funding for potential merit increases. Merit increases, if granted, may be reduced below 2.0% if requested by the PSC, and would be effective January 1, 2012.



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Director Brown made a motion that the Board approve the Personnel and Salary Committee recommendations for the FY-2012 Operating Fund budget. Director Lyon seconded the motion, which passed (4-1). Director Eichenberg voted against the motion.

**b. Draft FY-2012 Operating Fund Budget**

Mr. Lovato and Ms. Jeffries, with assistance from Erik Harrigan of RBC Capital Markets, AMAFCA's Financial Advisor, presented the draft FY-2012 Operating Fund budget.

Mr. Lovato showed a chart that demonstrated that AMAFCA's Operating Fund budgets have decreased every year since 2009. If AMAFCA were to use the same mill levy rates as in previous years, Yield Control results in decreased revenue for AMAFCA in FY-2012, as it did in FY-2011. Thus the FY-2012 budget has been further reduced.

Chairman Hernandez expressed concern that a decrease in revenue, even though accompanied by a smaller budget, might adversely affect AMAFCA's bond ratings. Revenue was down last year. If it is also down this year, AMAFCA has established a downward trend in revenue that will be difficult to reverse.

Mr. Harrigan stated that AAA bond ratings are hard to come by. The bond rating agencies look at whether the projected revenues meet projected expenses. If a downward revenue trend were to continue to occur, this could potentially have an adverse effect on AMAFCA's bond ratings. AMAFCA's relatively large tax base compared to its debt level will help cushion this effect, but downward revenue trends are still an issue with bond rating agencies. He stated that RBC Capital Markets recommended avoiding a downward revenue trend.

Director Brown stated that fighting New Mexico Department of Finance and Administration (DFA) over the mill levy rate issue has been fruitless and potentially expensive in the past.

Director Eichenberg stated that, in the past, AMAFCA was fortunate that New Mexico had a governor that agreed with AMAFCA's stance: that if additional revenues were not needed, AMAFCA should not be forced to raise its mill levy rates. The governor actually ordered DFA to let AMAFCA set its own mill levy rates. At the time, the Board hoped this order was permanent, but DFA obviously disagreed. The situation is complicated by AMAFCA now bumping against its mill levy rate ceiling. Since last year's rate was lowered, that lower rate has become the basis for calculating this year's rate. Residential and non-residential rates have become unbalanced, which is made worse by properties losing value in the last couple of years.

In response to a question from Director Brown, Mr. Lovato stated that if the same mill levy rates as last year are used, approximately \$3.4 million to \$3.5 million in revenue would be generated,





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which is more than the FY-2012 budget. If the Board elects to decrease the mill levy rates from what it was last year, based on DFA recommendations, the downward spiral that had been discussed would result.

Chairman Hernandez expressed dismay that using the mill levy rates suggested by the DFA would increase the downward trend in revenues. AMAFCA is given the choice by the DFA to either accept higher mill levy rates on non-residential properties, or reduce them on residential properties, rather than keeping them the same. Reducing the rates on residential properties starts the downward trend. Every year the downward trend gets steeper. He opined that AMAFCA could not afford to cut more from its budget, without beginning to affect salaries or services.

Mr. Lovato noted that last year, AMAFCA wanted to set the non-residential rate at .488, but DFA required AMAFCA to lower it to .477. This year, AMAFCA would like to keep it at .477, and DFA is asking for it to be increased to .488.

Mr. Lovato, Mr. Rael and Director Eichenberg discussed the effects of Yield Control and proportionality. Mr. Rael stated that he and AMAFCA staff, along with Chairman Hernandez, would be meeting with DFA soon to discuss this issue.

Mr. Lovato noted that, without accurate revenue projections, it is difficult to get the budget completed by the June 1 deadline.

Director Eichenberg commented that the non-residential abstract would not even be available from Bernalillo County until later in June, so it is impossible to estimate non-residential valuation with any certainty.

Chairman Hernandez opined that a taxing authority should be allowed to keep their mill levy rates the same if they so wished. When the DFA changes those rates, they impose a tax increase on the authority's constituents, contrary to the wishes of the authority.

Director Brown suggested a proactive approach: AMAFCA should tell DFA that the Board is keeping its mill levy rates the same, and that if DFA tries to increase them, the discussion will be taken public, and will be taken to the Governor. As a matter of principle, a taxing authority should not have to raise its tax rate if it does not want to raise it. Director Lyon agreed with both points, as did Director Thomson.

Chairman Hernandez explained to Director Thomson that revenues were down last year because the Board lowered the residential rate rather than raising the non-residential rate. DFA had requested that AMAFCA raise the non-residential rate.



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Director Lyon reminded the Board that, at that time, he felt there was a third option: to fight the DFA in order to keep the mill levy rates the same. Director Brown noted that AMAFCA adopted their resolution with the new rates at the 11<sup>th</sup> hour. There was no time to do anything else.

Mr. Lovato noted that, despite revenues being down in FY-2011, there still was enough revenue to cover the FY-2011 budget. Last year's reduction in revenue will not be a "trend" unless rates are lowered again.

Director Eichenberg stated that assessed values have gone down, so revenues will trend downward even if the mill levy rate stays the same.

Mr. Lovato pointed out that, as directed by the Board, AMAFCA uses very conservative estimates when preparing the budget which has put AMAFCA on sound financial ground. The actual economy has been healthier than the assumptions made by AMAFCA.

Director Brown opined that if foreclosures hold steady and AMAFCA's budget holds steady, he did not think the bond rating agencies would change AMAFCA's bond rating.

Director Eichenberg noted that AMAFCA was ahead of the curve, acting before the slowdown in the economy became a big problem.

Chairman Hernandez summarized the consensus of the Board to stand firm on the tax rates it chooses to impose, on principle.

Responding to a question from Director Thomson, Ms. Jeffries stated that the FY-2012 budget needs to be at DFA by the June 1, 2011 deadline. She had provided the Board with the latest draft of the Operating budget.

Director Eichenberg reminded the Board that last year, AMAFCA discovered that our rates had been changed by DFA when DFA submitted them to the Bernalillo County Commission. They did not notify AMAFCA of the change.

Mr. Lovato stated that the FY-2012 budget is \$60,189 less than the FY-2011 budget. Costs have been updated from last month's draft budget. Revenue is based on .165 residential and .477 non-residential mill levy rates. Sediment Sales have been reduced to \$5,000. \$50,000 is transferred to the Contingency Fund to cover anticipated redistricting costs.

He proposed a hybrid solution to the redistricting issue. Some of the data reduction could be done in-house, and that information could be sent to the consultant. He was unsure how much money this might save.



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Chairman Hernandez noted that the data would need to be reduced to the precinct level.

Kevin Troutman, AMAFCA's GIS Technician, stated that the crux of the hybrid plan lay in discovering how well the census blocks lined up with existing precinct lines. Director Brown noted that, if they do not match up, the data will need to be extrapolated.

Director Eichenberg noted that the Legislature got the population data from Brian Sanderoff at Research and Polling. The data that House members received was broken down by District, along precinct lines. He wondered how the City Council, the School District, and the Conservancy District were handling redistricting.

Chairman Hernandez asked if this data given to the legislators was proprietary. Director Eichenberg stated he thought it was public information. Director Brown suggested asking Mr. Sanderoff for the cost of the data within AMAFCA's boundaries, broken down by precinct. AMAFCA could then overlay the existing district boundaries to assist in redistricting.

Chairman Hernandez suggested asking the Mid-Region Council of Governments, the City of Albuquerque, and other agencies what they plan to do for redistricting.

Director Thomson asked staff to prepare a rough cost estimate comparing the cost to obtain the data, and the cost to do the redistricting in-house, so the Board could make an informed decision.

**c. Draft FY-2012 Contingency Fund Budget**

Mr. Lovato briefed the Board on the draft FY-2012 Contingency Fund Budget. He stated that he would request four resolutions in May, to reserve monies in the Contingency Fund to cover redistricting, compensated absences payable, fuel cost spikes, and for the North Diversion Channel repair.

Director Brown noted that AMAFCA had added a lot of funds to the Contingency Fund budget in the past. Although the amount was smaller this year, AMAFCA was continuing to add to the fund, with a \$100,000 transfer this year.

Erik Harrigan stated that bond rating agencies look very favorably on AMAFCA's commitment to continue to fund the contingency fund. Many agencies are currently tapping their contingency funds to meet expenses, and AMAFCA is adding to theirs instead.



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**d. Draft FY-2012 Building and Yard Improvement Fund Budget**

Briefing the Board on the Building and Yard Improvement Fund budget, Mr. Lovato stated that he was interested in continuing to fund the Building and Yard Improvement fund, with an eye towards buying some property and expanding the maintenance yard in the future. This would be done via a \$50,000 transfer into the fund. No expenditures were planned for FY-2012

The Board supported this action. Director Brown noted that if the budget became really tight somewhere else in the future, the fund might be tapped.

**e. Draft FY-2012 Debt Service Fund Budget**

Ms. Jeffries briefed the Board on the draft Debt Service Fund budget.

Mr. Lovato commented that the DFA assumes a 97% collection rate and 3% growth. AMAFCA is using a 95% collection rate and 0% growth when calculating revenue projections. Ms. Jeffries demonstrated that AMAFCA has kept the same Debt Service mill levy rates for the past ten or eleven years.

The Board supported the proposed budget as presented.

**f. Draft FY-2012 Construction Fund Budget**

Mr. Lovato presented the draft FY-2012 Construction Fund budget. He stated that the McCoy Channels A & B were removed from the budget, and the Black Mesa Three Dam Outlet construction and the West I-40 Channel Phase IV projects were added. This was due to project sequencing and progress.

He noted that the City of Albuquerque would like to improve the bike trail between 98<sup>th</sup> Street and Unser, at their cost, and would like to "piggyback" on AMAFCA's construction project to accomplish that.

The Board supported the proposed budget as presented.

**25. Unfinished Business**

Mark Fleisher, consultant to Alarid Consulting, AMAFCA's Legislative Liaison, gave the Board a final report on the legislative session. He stated that they had followed 30 bills at the direction of the Board. Five of the bills passed both houses, and three of those were signed by the Governor. Two were vetoed.



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He stated that the bills which were signed into law were the ESCAFCA bill, the bill requiring engineering firms to call one-call before excavating, and the law that stated that any contract executed in New Mexico would be under New Mexico law.

Mr. Fleisher stated he had also talked with a number of other elected officials about AMAFCA. They expressed appreciation for their good working relationships with AMAFCA. He added that the Chair of the Bernalillo County Commission, Commissioner Michelle Lujan Grisham, would like to address the AMAFCA Board at a future meeting.

**26. New Business**

None.

**27. Adjourn**

There being no further business to come before the Board, Chairman Hernandez adjourned the meeting at 1:09 p.m.

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Bruce M. Thomson, Secretary-Treasurer, 5/26/11

Recorded by Pamela Woodruff, Executive Secretary