

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
(SSCAFCA)

MINUTES OF JANUARY 3, 2017
BOARD OF DIRECTORS SPECIAL MEETING

CALL TO ORDER.

The special meeting of the SCAFCA Board of Directors was called to order by James Fahey, Chairman, at 9:05 a.m.

ROLL CALL OF DIRECTORS.

Directors in attendance were John Chaney, James Fahey, and Michael Obrey. Charles Thomas, Executive Engineer, Bernard Metzgar, SCAFCA's attorney, and members of the public were also present.

Mark Conkling was absent, and Steve House was not present at call to order.

PLEDGE OF ALLEGIANCE.

The Board was led in the Pledge of Allegiance by James Fahey.

ANNOUNCEMENTS.

An announcement was made by James Fahey that all electronic devices needed to be turned off during the meeting and that the microphones are voice activated.

SELECTION OF CHAIR OF THE BOARD OF DIRECTORS/PRESIDENT OF THE AUTHORITY.

- Passing of the Gavel

John Chaney nominated James Fahey as Chairman of the Board and President of the Authority. It was seconded by Michael Obrey and passed unanimously electing Mr. Fahey as Chairman and President of the Authority.

Mr. James Fahey resumed his position as Chairman of the Board of Directors and President of the Authority.

APPROVAL OF AGENDA.

A motion was made by John Chaney to approve the Agenda as presented. It was seconded by Michael Obrey and passed unanimously.

ELECTION OF OFFICERS.

Chair Pro Tem of the Board of Directors/President Pro Tem of the Authority.

- Steve House, alternate John Chaney

Secretary of the Board of Directors.

- Mark Conkling

Treasurer of the Board of Directors.

- Michael Obrey

A motion was made by John Chaney to nominate and elect the officers as set forth above. It was seconded by Michael Obrey and passed unanimously electing the officers of the Authority as set forth above.

ASSIGNMENT OF COMMITTEE MEMBERSHIPS BY THE CHAIRMAN.

Mr. Fahey made the following committee appointments:

1. Executive Committee. James Fahey appointed James Fahey as Chair and Steve House as Chair Pro Tem, with Bernard Metzgar and Chuck Thomas also as members of the committee. He appointed John Chaney as the alternate.
2. Budget Committee. James Fahey appointed Michael Obrey as Chair/Treasurer and Mark Conkling, Debbie Casaus and Charles Thomas as the Budget Committee, with James Fahey as the alternate.
3. Personnel Committee. James Fahey appointed John Chaney as Chair and Mark Conkling, Catherine Conran and Charles Thomas as the Personnel Committee, with Steve House as the alternate.
4. Lobbyist/Legislative Liaison Committee. James Fahey appointed James Fahey as Chair and John Chaney, Catherine Conran and Charles Thomas as the Lobbyist/Legislative Liaison Committee, with Mark Conkling as the alternate.
5. Quality of Life Committee. James Fahey appointed Mark Conkling as Chair and John Chaney, Jim Service, and Charles Thomas as the Quality of Life Committee.

6. Mid Region Council of Governments (MRCOG) Board Representatives.
 - a. Water Resources Board. James Fahey appointed James Fahey to the Water Resources Board, with Steve House as the alternate.
 - b. Board of Directors/Executive Board. James Fahey appointed James Fahey to the Executive Board with Steve House as the alternate.
 - c. Metropolitan Transportation Board. James Fahey appointed Steve House to the Metropolitan Transportation Board with Charles Thomas as the alternate.

A motion was made by Michael Obrey to approve the committee memberships as set forth above. It was seconded by John Chaney and passed unanimously.

RESOLUTIONS FOR APPROVAL.

1. Resolution 2017-1, Notice for Meetings.
Resolution 2017-2, Designation of Official Newspaper.
Resolution 2017-3, Check Signing Authorization.
Resolution 2017-4, Designation of Legal Holidays.

Mr. Thomas presented Resolution 2017-1 and stated that the Resolution complies with the Open Meetings Act and sets the location and date and time for all the Board meetings. A motion was made by John Chaney to pass and approve Resolution 2017-1 as presented. It was seconded by Michael Obrey.

Roll call vote: John Chaney, yes; James Fahey, yes; Michael Obrey, yes. The motion carried 3-0.

Mr. Thomas presented Resolution 2017-2. He stated that there are no changes from the previous year with the Albuquerque Journal designated as SSCAFCA's official newspaper and The Observer designated as an additional newspaper. A motion was made by John Chaney to pass and approve Resolution 2017-2 as presented. It was seconded by Michael Obrey.

Roll call vote: John Chaney, yes; James Fahey, yes; Michael Obrey, yes. The motion carried 3-0.

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Mr. Thomas presented Resolution 2017-3 and stated that all checks must be signed by two people and that all checks exceeding \$20,000.00 will need to be countersigned by at least one Board member. A motion was made by John Chaney to pass and approve Resolution 2017-3 as presented. It was seconded by Michael Obrey.

Roll call vote: John Chaney, yes; James Fahey, yes; Michael Obrey, yes. The motion carried 3-0.

Mr. Thomas presented Resolution 2017-4 which sets out SSCAFCA's legal holidays. A motion was made by John Chaney to pass and approve Resolution 2017-4 as presented. It was seconded by Michael Obrey.

Roll call vote: John Chaney, yes; James Fahey, yes; Michael Obrey, yes. The motion carried 3-0.

STAFF REPORTS.

Executive Engineer:

1. Discussion of acquisition of Rio Rancho Golf Course property for flood control.

(Steve House arrived at 9:27 a.m.)

Mr. Charles Thomas stated that Mr. Bryan Godfrey, an on-call appraiser, was scheduled to be here to present a brief discussion on this, however, he is ill and was unable to attend in person. However, Mr. Godfrey did email an outline to the Board, which was read to the Board by Mr. Thomas. A copy of this outline is attached hereto. Mr. Thomas stated that the Board had directed staff to have Mr. Godfrey discuss the general approaches to valuing the golf course property. At the time of this discussion, SSCAFCA did not have knowledge of any activity going on around the property with regard to a firm concept of what was happening. It had appeared as if the property was going into foreclosure and that the golf course was not being watered. However, since the last Board meeting, it has been confirmed that the golf course was shut down as of December 31, 2016. It is also SSCAFCA's understanding that the property is in foreclosure. Lastly, it is staff's understanding that Mr. Joshua Skarsgard and company are looking into acquisition of the property. Mr. Skarsgard is present.

Mr. Joshua Skarsgard stated that the current ownership group has provided a Deed in Lieu of Foreclosure to the bank for the property. His team is in negotiations to acquire the property this week. He reached out to Mr. Thomas last week and is looking forward to working with SSCAFCA with regard to its drainage importance. He would be happy to work with SSCAFCA on a purchase or trade for its drainage goals. A mixture of residential uses is the highest and best use of the property and they will begin a campaign to talk with all the residents and resident groups who about the property. He believes a SSCAFCA drainage facility will be welcomed by the residents. This is a great opportunity for the three basins to have a drainage facility in the area.

In response to a question from Mr. Conkling, Mr. Skarsgard stated that the surveyor who did the old plat had over 30 pages. They will engage a surveyor to compile all the property into one survey, which will take approximately three to four weeks. Their plan is to put together a Site Plan for the City that makes sense. He won't know what the community wants until at least 60 days. The property is not in good condition, including the clubhouse that is falling down. There would have to be about 35,000 to 40,000 rounds of golf per year to continue a golf course that would break even; the golf course is currently operating at less than 18,000 rounds per year.

Mr. Skarsgard stated that they want to create a great asset for the community, rather than the failing golf course. It will not continue to be run as a golf course. There is no real solid plan yet because they are still collecting information and data. Mr. Fahey stated that if there is water running off the golf course right now and SSCAFCA is happy with that. By adding homes, it increases the runoff by 50%. This water must be kept on the property. Mr. Thomas stated that the Montoyas takes approximately 1/4 of the flow from the existing golf course. The difficulty with the property is that the golf course is separate from the Montoyas, so there is a problem getting the drainage to the arroyo. The most problematic portion would be that in the NM 528 watershed. Most of this watershed, instead of draining into an open arroyo course, is directed into an underground pipe system along 528. The difficulty with a pipe system is that there is only so much capacity within a pipe, and it is very restrictive on the upper end.

In response to a comment from the Board regarding opposition from the community with doing anything with the property, Mr. Skarsgard stated that they just received this file and will be meeting with the Homeowners Associations to find out what their goals are with the property. Mr. Thomas stated that the office of the State Engineer requires any large detention facility to release all flow within 96 hours, and long term retention is not allowed. Mr. Skarsgard stated that the east and west ponds are both used for drainage runoff, but they are also used for the City of Rio Rancho reclaimed water for watering the grass. Mr. Fahey stated that SSCAFCA is very much in favor of quality of life

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projects and would like to partner with them as much as it can, and dual-use facilities are definitely an option.

SWEARING IN NEWLY ELECTED BOARD MEMBERS:

- James F. Fahey, Jr.
- Steven M. House
- Reading and Signing of the "Oath of Office"

James F. Fahey, Jr., and Steven M. House were sworn in as newly elected Board Members by reading and signing the Oath of Office as required.

STAFF REPORTS (continued).

Executive Engineer:

2. Action/Acceptance of Regular Committee Meeting Schedule.

Mr. Charles Thomas stated that the committee meeting schedule is identical to last year's meeting schedule. The Executive Committee will meet monthly; the Budget Committee will meet bi-monthly; the Personnel Committee will meet bi-monthly on the off months of the Budget Committee; the Lobbyist/Legislative Committee will meet tri-annually in January, May, and October; and the Quality of Life Committee will meet monthly, barring a change by the Chairman.

Mr. Chaney stated that the staff should prepare a proposed Open Space Drainage Plan for the golf course property and bring it to the Quality of Life Committee. Mr. Thomas stated that it would be smart to do a more substantial drainage study of the impacts of the area to identify the degree of sensitivity within each basin to the development in the area. He believes there is a need for further analysis that can be pursued at this time. Right now there is a low spot where it drains down to an open space area on the south side. There is an opportunity to cross under High Resort and then cross through the Sportsplex Complex to the arroyo.

A motion was made by John Chaney to accept the regular committee meeting schedule as presented. It was seconded by Michael Obrey and passed unanimously.

CHAIRMAN'S REPORT.

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None.

BOARD OF DIRECTOR'S COMMENTS.

None.

ATTORNEY'S REPORT.

None.

PROPERTY MATTERS.

1. Action/Acceptance - Unit 07, Block 57, Lot 22 - 1.0 Acres - Cactus Ponds.

Mr. Charles Thomas stated that it is necessary to obtain this property for the Cactus Pond project. This is at the corner of 5th and 11th, which is a key location for a key drainage location and a pipeline alignment. SCAFCA will receive federal grant money from FEMA in the amount of approximately \$1.4 million for this project.

A motion was made by John Chaney to approve the property acquisition as presented. It was seconded by Michael Obrey and passed unanimously

FOR YOUR INFORMATION.

None.

PUBLIC FORUM.

None.

OTHER BUSINESS.


- Next Regular Board Meeting is on Friday, January 20, 2017 at 9:00 a.m.

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ADJOURNMENT.

With no further business, Mr. Fahey declared the meeting adjourned. Meeting adjourned at 9:51 a.m.


JAMES FAHEY
CHAIRMAN


MARK CONKLING
Secretary

DATE APPROVED: 1/20/17

I was asked to provide an outline of the most likely approach or approaches that would be employed in an appraisal of the "Club Rio Rancho" golf course property. I will start off with an assumption that continued use of the property as a golf course is not financially feasible. That is, the costs of restoring the property to an operational golf course, and operating the property as such, are not supported by the revenues that are likely to flow from golf course operations.

Under the premise outlined above, the property consists of predominantly unimproved land, with surface landscaping and water features in various levels of physical condition, plus a handful of structures including the clubhouse, possibly some maintenance-class structures, and recreational infrastructure (pool, tennis courts, etc.). Although I do not have precise land or building areas, it is clear that land is the dominant component of the Club Rio Rancho property. Therefore, valuation of the land would be the primary focus of an appraisal.

Any appraisal of land, unless performed under specialized instructions (such as value the property as open space regardless of other possible uses) is driven by the concept of "highest and best use". Highest and best use is the use which is legal, physically possible, and is economically feasible. If more than one use is economically feasible, then that use which returns the highest value to the land is the maximally productive use and the specific highest and best use of the land.

The legal use of land is typically determined by zoning. If the land is not subject to conventional zoning, then it is appropriate to conduct an analysis of how that land might reasonably be expected to be zoned. In the case of the subject land, its physical features and surroundings are highly influential. The property is physically comprised of relatively narrow strips of land that once attracted residential development to its perimeters, and now winds through the residential subdivisions that surround it and/or exist as "islands" within it. These site shapes and the fact that access to these sites is almost exclusively from within residential neighborhoods strongly indicates that a residential use is most likely. It seems unlikely that anything other than a residential-class use would be able to achieve zoning approval.

The physical attributes of the sites that comprise the subject were touched upon above. The shape of the various sites, the access available to them, and the status of utility services (what will the existing water, sewer and other utility lines support) is unlikely to support anything more intense than residential-class uses.

Economic feasibility is fundamentally a test of whether or not the value of a completed development exceeds the costs of production (land, construction costs, related soft costs, and developer incentive/profit). It is sometimes the case that more than one type of development must be tested. And in the case of the subject, which collectively comprises a large amount of land, the development could be mixed, include more than one type of residential development, or possibly residential and some form of non-residential development. Factors to be considered include market supply and demand, and reasonably probable changes that could influence existing supply and demand factors.

Once a conclusion of highest and best use is reached, then sales data consistent with the concluded highest and best use are gathered and analyzed to develop an indication of market value.

If a special instruction is issued to an appraiser, an analysis of highest and best use may not be needed or appropriate. If the land is to be valued as "X", regardless of its highest and best use, then the highest and best use analysis is pointless and would logically be excluded. In such an event, the instructed property use becomes the use for which appropriate sales data is gathered and analyzed to develop an estimate of value.

The property also includes some physical improvements. It would be reasonable to analyze these structures and improvements with proportionally support land areas, to see if the improvements have any contributory value above and beyond the value of the underlying land. If concluded to be viable, the improvements would be value through a process of sales comparison and possibly income capitalization to estimate the value of the improvements.

I hope this outline covered the major issues regarding how an appraiser would evaluate the property in order to develop an estimate of market value. I regret that I could not attend the Board meeting as originally planned, but I remain available to answer questions via telephone or email, or would be happy to arrange an in person meeting at another date.

Respectfully,

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