

SOUTHERN SANDOVAL COUNTY ARROYO FLOOD CONTROL AUTHORITY
(SSCAFCA)

MINUTES OF MARCH 21, 2014
BOARD OF DIRECTORS REGULAR MEETING

CALL TO ORDER.

The regular meeting of the SSCAFCA Board of Directors was called to order by Donald Rudy, Chairman, at 9:05 a.m.

ROLL CALL OF DIRECTORS.

Directors in attendance were Mark Conkling, James Fahey, Steve House and Donald Rudy. John Chaney was noted as absent. Charles Thomas, Executive Engineer, Bernard Metzgar, SSCAFCA's attorney, and members of the public were also present.

ANNOUNCEMENTS.

Announcements were made by Donald Rudy that all electronic devices needed to be turned off during the meeting and that the microphones are voice activated.

PLEDGE OF ALLEGIANCE.

The Board was led in the Pledge of Allegiance by Donald Rudy.

APPROVAL OF AGENDA.

A motion was made by Jim Fahey to approve the Agenda as presented. It was seconded by Steve House and passed unanimously.

ACTION/APPROVAL OF THE MINUTES OF FEBRUARY 21, 2014.

A motion was made by Jim Fahey to approve the Minutes of February 21, 2014 as presented. It was seconded by Steve House and passed unanimously.

PUBLIC FORUM.

None.

STAFF REPORTS:

Fiscal Services Director:

1. Discussion/Action of Bond Refunding and Sale.

Deborah Casaus introduced Erik Harrigan, from RBC to discuss this issue. Erik Harrigan stated that SSCAFCA has \$1.25 million of remaining voter authorized, but unissued, bonds available. In addition, SSCAFCA also has four series of bonds that are callable within the next 18 months; i.e, the 2005, 2005-A bonds which are callable this year and the 2007, 2007-A bonds which are callable next year.

Mr. Harrigan stated that in 2008, voters authorized the issuance of up to \$18 million in general obligation bonds. Most of those have been sold. Last year, SSCAFCA placed \$1.25 million with New Mexico Environment Department and also received a grant last year under very favorable conditions. On the 2005 and 2005-A bonds, RBC looked at interest rates as of March 13, 2014. To be conservative, they added 25 basis points to those rates. Based on those rates, the present value savings of refunding those bonds would be about \$195,000.00 or about 5.4%. If SSCAFCA priced those bonds yesterday, the savings would be about \$220,000.00 or about 6.3%. The 2007 and 2007-A bonds are callable as of August 1, 2015. Again, using the conservative assumption on the interest rate, those savings would be about \$113,000.00 which is about 3.18%. Industry standard is considered at a 3% minimum threshold at which refunding a bond is economically beneficial. If you priced yesterday based on the rates, those savings would be about \$165,000.00 or 4.64%. Even by applying the conservative interest rates, SSCAFCA would still meet the minimum target of present value savings. Mr. Harrigan stated that since these bonds aren't callable until 2015, if SSCAFCA refunded those bonds, the proceeds of the bonds have to be placed into a third party escrow bank. That money would then be invested so that on August 1, 2015, the bonds would then be paid off. The issue with this is negative arbitrage, which leads to an inefficient refunding. The negative arbitrage is equal to about \$48,000. This means that if interest rates didn't move from today and SSCAFCA waited until August 1, 2015 to refund the 2007 bonds, SSCAFCA would realize \$48,000 more of present value savings. However, there is no way to know where interest rates will be a little over a year from now.

Mr. Harrigan stated when considering a refund, they also look at 1) what your annual cash flow savings will be (if it really warrants doing the refunding); and 2) is the present value savings in excess of the negative arbitrage that would be realized by refunding early. In this case, the savings is a little over two times what the negative arbitrage would be. With that in mind, you start thinking of the assessed value and what it will look like next year. Again, you don't know what it will be. Historically, SSCAFCA was seeing substantial double digit growth in the early 2000s, but that has now changed to where there is very little or negative growth in assessed value. To that end, if SSCAFCA did nothing and the assessed value stayed the same, the debt service tax rate would go from about \$1.24 to about \$1.30. When contemplating whether or not to do the refunding, when you structure the refunding, you want to be aware of the impact on the debt service tax rate and whether or

not you can restructure those bond issues so that you would have no impact on your tax rate. It can be structured this way.

Mr. Harrigan stated that the preliminary assessed values will be available in late July. The tax rate will be set in August and then approved by the County Commission in September and then tax bills go out in October. When the number comes in in July that is what the DFA will use to set the tax rate for fiscal year 2015. The other consideration is interest rates. Right now, the interest rate is pretty attractive, especially for bank qualified bonds, which these are. This means banks can bid on those bonds and purchase them and write up to 80% of the cost to carry them. This brings more investors into the market and more demand for the bonds. Governmental entities that are able to issue bank qualified bonds will perform better in the market. Right now, there is a big demand for bank qualified paper in the municipal market. This will also help stem the volatility in other municipal bonds. Mr. Harrigan stated that the savings is based on the more conservative assumption of interest rates. The total combined savings of refunding the 2005 and 2007 bonds is a little over \$300,000 or about 4.3%. This generates about \$40,000-\$45,000 on an annual basis in interest rate savings. Ultimately, this means that it gives SSCAFCA a little more capacity to take advantage of the savings.

Mr. Harrigan stated that the first alternative (#1) in the overview handout would be to wait until July when the preliminary assessed valuation comes in. At that point, the refunding can be restructured so that next year there wouldn't be any impact to the current tax rate. It can be structured so that enough debt service savings will be realized next year so that the debt service tax rate can be maintained at \$1.24. For future years, there won't be a lot of flexibility to affect that interest rate because there won't be any authorized bonds. Since the real estate market is a little more robust than in the past, the hope is that there will be some growth coming back into SSCAFCA's tax rolls. The big negative impact on SSCAFCA last year was the non-residential values. The only negative with this alternative is the interest rates. It is unknown what they will be at in July. There is a strong likelihood that if SSCAFCA waits, it could realize those more conservative savings assumptions.

Mr. Harrigan stated that another alternative (#3) would be to issue refunding bonds as soon as possible and take advantage of the low interest rate market and then wait until July to issue the new money so that it can be structured based upon SSCAFCA's assessed valuation at that time. The pro is that SSCAFCA can take advantage of today's low interest rates. The con is that SSCAFCA is separating the two transactions. The new money will price not as efficiently as if it was combined with the refunding and the new money. This will create a lower par amount. There would also be issuance costs associated with this that SSCAFCA would need to pay.

Mr. Harrigan stated that alternative #2 is to issue the refunding and the new money bonds as early as possible. The assessed valuation would be guessed at and the bonds would be structured accordingly. If the assessed value grew faster than anticipated, the tax rate would fall; if the assessed value grew less, the tax rate would be higher. The con on the new money is that once SSCAFCA does the refunding, it is locked into that structure; whatever happens to SSCAFCA's assessed valuation, it won't really have a lot of ability to restructure the refunding so that it can not have an increase in the debt service tax rate if there is no growth in assessed value. The other con is that there is slightly increased negative arbitrage; if SSCAFCA waits until July, it will save about \$14,500 in negative arbitrage.

The pro to this is that SSCAFCA could take advantage of the current good market conditions and the bonds would be sold together.

Debbie Casaus stated that there are risks associated with both scenarios. She would always go conservative and opt to wait until July. She doesn't see either one as a major impact at this point. Mr. Harrigan stated that by structuring it and doing the refunding today, SSCAFCA is taking advantage of the interest rate market, but it's leaving the risk of not knowing what will happen to the assessed value. His recommendation is to sell both the refunding and the new money bonds together. The tax rate will end up being what it will be after the final evaluation. If SSCAFCA waits, it will be able to structure it without an impact to the debt service tax rate.

Mr. Conkling stated that he would like to go ahead and do everything now and get the money in the bank. Mr. Fahey stated that since this is taxpayer money, he would be more inclined to be a little less aggressive and wait until SSCAFCA has an idea of the tax base. This will provide a little better package to present to the public on how SSCAFCA is handling public money. In response to a question from Mr. House, Mr. Harrigan stated that if SSCAFCA refunded the 2007 and 2007-A bonds today, the negative arbitrage is about \$48,000. That is the inefficiency of the escrow. These bonds cover from now until August 2015. By waiting until July, assuming all things equal with the interest rates, then SSCAFCA would gain about \$14,500 in present value savings; this makes about \$34,000 in negative arbitrage if SSCAFCA waits. As a whole, the \$14,500 is a pretty small component of the total savings. Mr. Rudy stated that since there is no real urgency he would like to wait until SSCAFCA has the most information available, which would be in July. Mr. Harrigan stated that the Federal Reserve met on Wednesday and basically said it would continue to reduce treasury purchased by \$10 million per month. The impact of that alone isn't going to have a lot of impact on interest rates, but removing the 6.5% unemployment rate at some point in time the Federal Reserve will then start to consider raising the overnight lending rate.

Mr. Conkling asked about the impact on SSCAFCA's current activities and if any of the funds now would serve as matching toward any current grant applications or anticipated activities.

Mr. Thomas stated that, at this time, the refunding savings that would be realized would affect the tax levy by lowering the tax rate, but does not necessarily free up any funds for additional projects. It does help balance the tax impact from issuing new bonds which can be used for other projects. SSCAFCA is booked for construction projects for the next two years. In terms of seeking additional funding, staff will use the additional bonding authority to match funds, but in terms of their immediate short term need, they are not necessary. Mr. Rudy stated that if the situation comes up where SSCAFCA needs to move immediately on something, the Board has already granted staff the authority to do so.

A motion was made by Mark Conkling that SSCAFCA proceed with Alternative Number 1 as presented. It was seconded by Jim Fahey and passed unanimously.

Mr. Thomas stated that it would be helpful to provide clarification on the different methods for sale. He stated that the adoption of a blanket notice of sale has not been passed. That would need to take place in order for staff to proceed if the market suddenly starts shifting. This matter can be brought to the April meeting for approval.

Mr. Harrigan stated that the methods of sale available are a competitive sale, a negotiated sale, and a private sale. SSCAFCA has historically done a competitive sale, which is where SSCAFCA adopts a notice of sale, which is posted to an online bidding site, and then underwriting firms throughout the country bid on the bonds. The underwriter that provides the lowest rate is then awarded the bonds. On a negotiated sale, SSCAFCA would select an underwriter to issue and market the bonds on behalf of SSCAFCA. There are some subtle differences on how SSCAFCA approves these sales. A notice of sale is not required for a negotiated sale. The private placement is where SSCAFCA places the bonds through a bank or a finance authority. Given SSCAFCA's strong bond rating and that they will be bank qualified, he anticipates that the best alternative would be either a competitive sale or a negotiated sale.

Mr. Harrigan stated that the reason to use a competitive sale is that you have a standard structure. There won't be a lot of movement in the par amounts, there is a strong demand for bonds, and there is not a lot of borderline savings. The advantages are that it provides assurance that SSCAFCA will know that it received the lowest rate from those who bid on the bonds on that particular day and it promotes an open and fair process. The disadvantages are that there is less flexibility in the sale and it also eliminates the ability that local investors have preference to purchase the bonds. Typically, someone from outside of the area will buy the bonds on a competitive basis. There is also limited flexibility in modifying the financial terms, such as an optional call date. The underwriter may include a risk premium as well.

Mr. Harrigan stated that when you have either a complex transaction, an interest rate sensitive transaction, or a borderline savings transaction, a negotiated sale will provide a little more flexibility. For instance, if the 2007 bonds were not going to bring the 3% savings, they could be dropped from the sale. If the bond market is volatile or the demand for the bonds is weak, a negotiated sale can be better. The disadvantage is how the underwriter is selected. If this route is chosen, he suggested that a Request for Qualifications be sent out to underwriters that have participated in New Mexico bonds and then select the team based on those responses. It's pretty low risk where the underwriters don't perform on the bids. Market conditions can sometimes come into effect that can impact the sale.

Mr. Fahey stated that he thinks it's important that New Mexico people be able to bid on SSCAFCA's bonds. He likes the idea of a negotiated sale so that local people can be included. Mr. Harrigan stated that the selection of underwriters is not subject to the Procurement Code so it doesn't have to be a public process, but it can be. Mr. Thomas stated that a public advertisement can be done in the paper that is similar to an RFP with the RFQ process for underwriters. That can be followed up with specific, individual invitations similar to the invitation to bid process. If SSCAFCA goes the competitive sale method, a blanket notice of sale would need to be adopted, but it would be vague because it allows the 2005 & 2007 refunding and the remaining bond authority sale. The notice would include all the details. It is up to SSCAFCA to decide on how long to retain the underwriters. If SSCAFCA wants to proceed with a negotiated sale, Mr. Harrigan's suggestion is to get the underwriting team on board prior to going out to the bond rating so the team is set.

A motion was made by Jim Fahey to have a negotiated sale with a Request for Qualifications being sent out. It was seconded by Steve House and passed unanimously.

2. Recognition/Acknowledgment of the Fiscal Services Report for February 28, 2014.

Deborah Casaus presented the Fiscal Services Report for February 28, 2014 in the Board's packets. She stated that operating property tax revenue is about 2% higher than last year and debt service is about 3.1% higher. General fund expenditures, fiscal year to date, are about 31% of the total budget. SSCAFCA is currently 67% through fiscal year 2014. At the time of this report, the cleanup costs were about \$3.2 million. It is hopeful that SSCAFCA will receive FEMA reimbursement for 75% of those expenditures. There were about 59 single family residential permits issued by the City of Rio Rancho for the month of February. That brings the total for calendar year 2014 to 99 permits. This is slightly higher than last year. Interest earned on the State Treasurer's funds was at a rate of .10% for the month of February and the U.S. Treasury Bill rate is .046%.

The Fiscal Services Report for February 28, 2014 was recognized and acknowledged by the Board.

Executive Engineer:

1. Presentation on Proposal for Multi-Use Facility on Venada Dam Property.

Mr. Charles Thomas stated that the individual from Sandoval County who was to do this presentation is unavailable due to a family emergency. There is no time urgency on this issue so this matter is deferred to the next Board meeting.

2. Presentation on Infiltration in Arroyos.

Mr. Gerhard Schoener stated that this presentation was given at the National Groundwater Association Conference last month. The topic was concrete channel versus natural arroyo. SSCAFCA has been trying to keep its arroyos as natural as possible for a number of reasons. Something SSCAFCA hasn't really assessed much in the past is infiltration. Many of SSCAFCA's channels are almost perfectly flat at the bottom and are very sandy channels. SSCAFCA has known that infiltration rates in arroyos can be very high, but it's never really been assessed on what kind of impact that has on flood control. They ran across this issue as they were working on the Watershed Management Plan for the Calabacillas Arroyo. Infiltration is accounted for in each of the sub-basins as rainfall. Once the runoff reaches the arroyo, in the past, infiltration had not been accounted for as the filtration flows downstream. After the model was built, they looked at actual storms in the watershed and compared the model against measured data in an effort to calibrate the model. One of the storms they looked at was a storm in August 2013. There is considerable development in the lower portion along the edge of the watershed. The model predicts runoff from those developed areas because it treats impervious surfaces as impervious. They didn't actually see any runoff when they went into the field. They took those areas out of the model and the fit improved somewhat. Usually at this point, he would say that the models are based on so many assumptions, there's no way of knowing what is causing the differences. There used to be a privately owned stock pond in the basin that received the most intense rainfall. The pond stored about 20 acre feet and the model predicted 25 acre feet. In the storm, the pond failed the next day. They also went out and measured high water marks and calculated peak flows. Compared to the model results, SSCAFCA may be under-predicting peak flows. There were also records of a 911 call where someone was stuck at Northern Boulevard. The timing of the call and the timing of the peak flow coincides very well. Based on all this information, he feels that the model is really not that bad, but was still wondering why they were seeing the big differences.

Mr. Schoener stated that one of the explanations can be infiltration in the arroyo itself. Other studies and literature indicates that, on average, for similar conditions, infiltration rates of about 3/4 of an inch to 1 1/2 inch per hour. They started looking for more indications of infiltration rates. Most of the time, there is only one gauge per channel. They did find one example where there were two gauges - at the Albuquerque Academy. They were operating simultaneously for one year between 1996 and 1997. During that year, there were eight recorded storm events with flows at both gauges and the pattern is always the same. The blue hydrograph is the upstream gauge and the red is the downstream gauge. There is significantly less flow at the downstream gauge. The upstream flows at about 15 cfs and there is no flow at the downstream gauge. There is nowhere for the water to go but to infiltrate throughout that reach. Calculating the area of that reach, the average infiltration reach is about 2 inches per hour. This is in line with other published literature.

Mr. Schoener stated that this is what the comparison in the model looks like when they account for infiltration through the arroyo itself - at about 1 inch per hour. Infiltration can decrease peak flows, but this effect is largest during very small storm events. During a large storm event, the percentage that will infiltrate will be smaller. There is limited applicability for flood control in the traditional sense, but most of the storms that we see in our area are very small. 90% of all storms based on SSCAFCA's gauge records is less than 1/2 inch. The largest amount of storms are very small, and for those infiltration can play a considerable role, especially when you're talking about water quality.

Mr. Schoener stated that pollutants are washed into the arroyos from urban areas from high frequency storm events. Infiltration can take a big portion of the volume of the water out of the question if there are natural channels. If the water never reaches the Rio Grande, then it benefits SSCAFCA with respect to water quality. There is also the potential for ground water recharge. Throughout this reach, 80% of the runoff penetrated through one mile of arroyo. The model does not account for evaporative losses. It is unknown how much of that portion went to recharge the ground water. ABCWUA did a pilot project in the Bear Canyon in Albuquerque and they basically discharged water into that arroyo out of reclaimed waste water at about 5 cfs and then they tracked the movement of that water through the unsaturated zone down to the water table. They had a number of different instruments to track the water. Only 3% of that evaporated and it took about 50 days to move through 500 feet of unsaturated soil. Ground water recharge is very feasible using natural channels.

Mr. Schoener stated that based on the average width of a half mile of a channel, and an average infiltration rate of one inch per hour, this would have an infiltration potential of about 10 cfs, or 4,500 gallons per minute. In other words, if the inflow was 10 cfs or less, there would be no water to leave the downstream end of that reach. If the entire Callabacillas is looked at, more than 10 miles

long, there is an infiltration rate of about 190 cfs. If there was a facility at the top of the Calabacillas to reduce the discharge to 190 cfs, he would expect that no water would ever reach the bottom end of that reach

Mr. Schoener stated that there are at least 80 miles of unlined arroyo in SSCAFCA's jurisdiction alone. Staff has not quantified other watersheds. All of the arroyos need to be mapped. There is a large potential of utilizing the infiltration to SSCAFCA's advantage. The infiltration rate does not stay constant over time and is typically higher initially and then reaches a constant number. The model is not sophisticated enough to account for that. There is also variability within a reach. All of the numbers mentioned are averages. Development would impact everything that happens outside of the arroyo. His main take home point is that if SSCAFCA can preserve the channel itself in as natural a state as possible, SSCAFCA can take advantage of the infiltration once the water reaches the channel. Development has another effect on runoff in that it increases the frequency of runoff events because it increases the amount of impervious surface. A greater impact will occur in the arroyo after development occurs because more water will reach it than under pre-developed conditions. The problem here with infiltration basins is that there is a lot of suspended sediment in the runoff. Once the water hits a basin and slows down, a lot of the suspended sediment fall out and create an impervious layer. This is another really big benefit of channels because the water moves at high velocity.

Eric Maddy, of Rio Rancho, asked if SSCAFCA had any discussion with the State Engineer's office on any way to measure the water that is going back in and use that as a measure of the water being injected into the aquifer so that the City would have less of a burden to purchase water rights to cover its obligation with the State. At the moment, delivering water to the part of the river that flows underground is not in any of the State Engineer's models. Mr. Schoener stated that there is a way of tracking it and that is exactly what the Water Utility Authority did. The State Engineer's office required them to gather all of that information in order to reclaim that water as recharged water which can later be withdrawn to use.

Mr. Thomas stated that it is a goal to get some of this information published in the future. This concept does give SSCAFCA a second target. Traditionally, a lot of the flow reduction is achieved for safety. This gives an opportunity to target a different number for flow numbers. This will give alternatives on how to size and structure SSCAFCA's facilities in the future.

3. Legislative Update.

Mr. Larry Horan stated that the 2014 Legislative Session ended on February 20, 2014. This year was a 30 day short session. The Legislators are supposed to pass a budget and do anything

at the call of the Governor. This year, the Governor's call list was around 120 messages in each house. There was not a significant amount of legislation and what was introduced was pretty low. There was around 400 pieces of legislation introduced in the House and about 370 in the Senate. That's less than half of what has been in short sessions in the past. One of the significant issues that came up is that in the House, a Democratic Representative passed away and the seat was replaced by Republican, which made the make up of the house 37 Democrats to 33 Republicans, so it was pretty close. Then you had two Democrats who were sick and could not appear at the session, so there were only 35 Democrats. The possibility for deadlock was there - and that was very significant for this session. For the second time in the last 30 years, the budget came out of the Senate because the House couldn't pass a budget because the numbers were too close. This impacted on committees as well. Kiki Saavedra, the Chairman of the Appropriations Committee, is not seeking re-election, so the dynamic will change. There are also others who are not seeking re-election this year.

Mr. Horan stated that SSCAFCA proposed three projects to its local legislators for funding. The first two were for Alberta and Saratoga. As the session neared, it was noted that there was probably a problem with the federal funding for the Saratoga project so SSCAFCA came up with an alternative project to propose, which was the Upper SLO Dam. Requests were made for all three of those projects early. SSCAFCA was successful this year in obtaining \$400,000 in capital outlay funding for the Alberta Project. This is the full funding requested for the Alberta Project. This year, they spent about \$220 million on capital outlay projects. The Governor wanted \$112 million just on water projects. SSCAFCA also worked on getting on the statewide water list. They funded \$89 million in water projects and some of the statewide projects that would have come from the Governor's money for other statewide capital outlay were replaced with water projects. SSCAFCA's legislators have been very positive with SSCAFCA and the model that it has adopted in the last few years of coming up with a small number of projects that can be completed. Those pre-legislative, pre-election meetings are very beneficial for SSCAFCA.

Mr. Horan stated that the fight about the budget was over/above the funding line for education. It came down to about \$25 million which was a difference on whether or not the money went to the school districts or if it went to the Public Education Department which is more strict on how it is spent. The Senate came up with a compromise budget that put about \$20 million into the funding that goes to PED. Once that was taken care of, the budget passed. There were a couple other big issues in education including the confirmation of Skandera. The other issue that was of significance had to do with Obamacare and Healthcare and Indigent Care Funding for hospitals. These took up a lot of time, but were all taken care of before the end of the session.

Mr. Horan stated that there was a piece of legislation passed to deal with copper theft. It basically says if there is damage to communication or public utility equipment that causes a

disruption of service, or damages of more than \$1,000 they increase the penalty from a first or second offense as a misdemeanor and then after that it goes to a fourth degree felony. Prior to passage of that legislation, anything that happened with copper theft was only covered under criminal damage to property.

In response to a question, Mr. Horan stated that from MRCOG's perspective, it was also a successful session. The most significant piece of legislation on COG's list would have to do with the change in the elimination of hold harmless on food and medicine. That legislation did not pass; it stalled in the House Appropriations Committee. There is also some economic development projects that COG was in support of and they did fairly well this session.

4. Discussion of Sandoval County Rio Rancho Estates Area Plan.

Mr. Charles Thomas stated that he and Director Fahey attended the February County Commission meeting to speak in favor of the plan as currently proposed. Although the Rio Rancho Estates area is essentially the far western portion of Sandoval County and one of the overriding concerns that was identified by the County is that the water resources currently available would only suffice to allow development of about 50% of the property within the entire region. This is a very significant issue. The County is focused on identifying a way to plan the development out to allow that area to develop with as few minimal impacts from the lack of available water as is possible. One of the strategies was to try to retain as much property as possible as open space which does not require water resources to be used. SSCAFCA is one of the agencies they have reached out to, particularly looking at expanding the arroyo corridors with open space around the corridors. This would mainly be the Callabacillas Arroyo and would maximize the conversion of that property to open space property. Some of their long term efforts would involve seeking federal funding to allow acquisition of that property either through negotiated sale or eminent domain. That aligns quite well with SSCAFCA's goals to maintain the arroyos as parks. The Commission did not take any action to approve or disapprove the plan. They felt that there was enough complexity that a work study is the next appropriate step to take. SSCAFCA has been invited to be a participant at the work study for the plan. AMREP has a significant holding in this area of arroyo property and, therefore, AMREP remains a significant player in the acquisition of that property. The rest of the property is individual property owners, which can be problematic. The timing for the County is the 50 - 100 year planning effort and they are taking this in small steps.

5. Update on FEMA Storm Cost Reimbursement.

Mr. Charles Thomas stated that SSCAFCA does have a dedicated FEMA staff member assigned to it. She has been tremendously helpful in filling out the forms for SSCAFCA. Staff is providing her with all the necessary information. To date, for the July storm event, SSCAFCA has received \$22,000. The reimbursement is 75% out of the award from the federal portion and then, as long as the money holds out, an additional 12 ½% from the state. At this point, SSCAFCA could receive 87% reimbursement on the requests that have been processed.

6. Discussion of FEMA Hazard Mitigation Grant Program Projects.

Mr. Charles Thomas stated that SSCAFCA is seeking other sources of funding to match its bond funds and capital outlay funds. One of the primary sources, that seems to be one of the most stable and matches SSCAFCA most closely, is the FEMA Hazard Mitigation Grant Program. This grant program does have limitations. The eligible projects such as detention ponds, bank stabilization projects, culverts and crossings, and traditional drainage work and streets similar to the Alberta Project are standard eligible projects. The one ineligible project is anything that contains a large embankment, such as a dam. The funding is 75% grant, 25% match.

Mr. Thomas stated that there are two funding categories, and one is the 404 Section funds. This is classified as non-disaster specific funds. They can be used on any qualifying project. It is a retroactive program. As the government declares disasters within a state, the amount of money available is based on the amount of damages from those federal disaster declarations. The idea behind this program is to look at areas where repetitive losses occur, to mitigate the problem. Five percent of those funds are generally available for non“brick and mortar” projects, such as education and outreach projects. One of the major criteria is to show the benefits proposed will be at least equal to the cost of the project. Although the funding is state specific, it is a competitive program. FEMA identifies which projects get funded first by the cost-benefit ratio. The higher the ratio, the more likely you will get funded. Any application SSCAFCA submits in this category will compete with all other entities from the state which also submit applications.

Mr. Thomas stated that the other section of funding is 406 Section funds. These are disaster specific funds and are related to the particular event that is categorized a disaster. Any project SSCAFCA requests for reimbursement it could apply to do an improvement project to resolve that recurring damage from occurring again. The amount available for the project is equal to the cost of restoration that is being submitted, plus 15%. It is not considered competitive because it is related to a specific event.

Mr. Thomas stated that staff has not yet received final approval on any of its projects, but SSCAFCA is at the federal level on several of them. The first project recently submitted was the Montoyas Arroyo Bank Stabilization Project. There are several households that are at risk along the erosion area. The application has been turned in with a total funding cost of the project of about \$830,000, \$628,000 of which will be provided by FEMA if the application is successful. The remaining funds will be matched from bond funds and this was a project that was identified and money was allocated prior to his coming on board with SSCAFCA. The application has been accepted and approved by the people in Santa Fe and is in review with FEMA.

Mr. Thomas stated that the second project is Alberta Road, Phase II drainage. The plans were finished by Huitt Zollars under a prior contract and the project has been submitted for funding. Because of the issues with ensuring maintenance of a cost-benefit ratio of at least 1.0, they did not include the roadway improvements in the application process. The \$1.3 million cost is to complete all the drainage improvements and provide some stabilization of the road surface, but does not look at doing the full curb and gutter and full asphalt of the roads in question. SSCAFCA hopes to receive a little over \$1 million from FEMA and the matching fund requirement is \$334,000, which has been met in this legislative session with the 2014 capital outlay that SSCAFCA received. This will complete the funding package for this project and has been approved by the local government in Santa Fe and is currently in review by FEMA.

In response to a question from the Board, Mr. Thomas stated that, when dealing with FEMA, the benefit cost ratio seems to be the driver of the funding. The first non-“brick and mortar” program that has been submitted is for arroyo safety. There are four major project scopes. The first is the creation of a flood hazard curriculum to incorporate into the ongoing educational programs. The second is the creation of a phone app for watershed rain alert. This would tie our GIS watershed coverage with the local weather service rainfall, which would send an alert using your phone location. This funding would also be used to update the arroyo safety brochures to help develop some public service information. This would also allow education and safety signs placed along the arroyos. This is currently in review at the state level and so far the review has been favorable.

Mr. Thomas stated that the second non-“brick and mortar” program is the rain gauge network, which is approximately a \$200,000 project. Staff hopes to install about 20 real time rain gauges that will report through either a cellular or satellite network and will be fed directly to a website or phones, and also upgrade SSCAFCA’s existing flow gauges to real time. Staff hopes to partner with the Rio Rancho Public Schools to place many of these rain gauges at the schools and allow the schools to use the data as part of their educational experience. The idea for this came out of the September storms because it was unknown how to deal with the Harvey Jones Channel problem. Real time tracking will allow a better idea of how the water is flowing.

Mr. Thomas stated that SSCAFCA was contacted by FEMA and has submitted an additional two projects under the 2011 and 2012 funds that were available. The first is Lomitas Negras Phase II. Staff hopes to be able to put in some grade control structures, particularly at the entrances to the crossing structures to improve the hydraulics of those facilities, as well as put in some advance bank protection. Lining the entire channel would be prohibitive, so they are trying to target the bank protection in the areas where it is expected that the flow would be the worst. The approximate cost of that project is about \$3.6 million; and SSCAFCA will be seeking \$2.7 million in funds from FEMA. One of the sources of funds is the Water Trust Board Application, which was for the Lomitas Negras channel stabilization. The first phase is now going to construction and, based on the bids received, SSCAFCA should have about \$600,000 of that application to apply toward this project, which takes care of about 2/3 of the match required for this project. The remainder would come from bond funds. The application is currently under review by the Department of Homeland Security.

Mr. Thomas stated that the other project that was submitted is the Patchogue Road Improvements in the Mariposa area. The bottom area has dropped at least another five feet in terms of the amount of degradation. Staff has been talking with the City about partnering with them before seeking outside funding. When the opportunity came up to apply for the FEMA funds, they felt like it was a worthwhile project. The idea is to go in downstream and put in some elevated grade control structure and then fill the area in. This will restore the edge of the road. Staff has been working with the City to ensure that the road stays as safe as possible and suggested that the City install barriers to keep cars from going off the edge. Right now there is orange webbing up in the area. The City has committed to providing some in kind services to help with this project. Mr. Conkling suggested that SSCAFCA get a quote to put in some sort of barrier on the road to keep the public as safe as possible. The culvert crossing was never hardened on the downstream end, so it just keeps undercutting the roadway. It was constructed by the developer of Mariposa and is actually under the jurisdiction of the City of Rio Rancho. SSCAFCA has an easement over it for maintenance. It is not heavily traveled, but does contain 5 to 10 households.

Mr. Thomas stated that some of the other projects that are being looked at, but that don't have applications in right now include the Lower Venada Channel Improvements from 528 to the river. As the channel was constructed, it has come to light that the grade of that channel is too flat for sediment laden flow. What has repetitively happened over the years is that the channel has tried to re-establish a natural flow grade. This has resulted in the channel silting up every time there is a storm event. Staff has discussed with FEMA the fact that if SSCAFCA takes that natural grade and looks at improving the channel to be able to handle the flow to see if it would qualify as a Section 406 project, which is a disaster specific mitigation project. FEMA said that, of all the projects

SSCAFCA had showed them, this one was the best possible 406 project. SSCAFCA is in the middle of doing the hydraulics to identify exactly what improvements would be needed, and then a cost estimate would be done to compare it to the cost of the repetitive clean-outs in that channel. The hope is to go in and re-establish a new grade in the channel and then build up the side walls of the channel. This will hopefully resolve any clean out efforts in that area.

Mr. Thomas stated that another project with the possibility of applying for 406 grant funds is the Corrales Heights Dam Diversion improvements. The diversion structure that was put in place was clogged with sediment in the July storm. The original concept was to take the flow out of Corrales Heights Dam in a closed pipe and make that a closed system into the diversion. The alternative version has functioned effectively until this last summer. Although some fixes were done to the system to ensure that it would work going forward, even in conditions of sediment, one of the options is to do a retrofit to the outlet structure to make it a permanent closed system so it is not susceptible to any effects of sediment.

Mr. Thomas stated that two other projects that have been identified that fall within 404 fund category are the Lisbon Channel Improvements and the Callabacillas Bank Stabilization. Lisbon snakes through an older subdivision just to the North of SSCAFCA's office. It is a very deep channel and the potential for side bank erosion could impact all the properties where it abuts Southern. There are areas in the upper reach where the 100 year flow does exceed the channel capacity. Some bank stabilization needs to be done in the Callabacillas, particularly adjacent to Northern Boulevard. The bank is as low as two feet from the bottom of the arroyo.

7. Capital Projects Review.

Mr. Charles Thomas stated that at last month's meeting, the County had requested that SSCAFCA bring them up to speed on where the capital projects were, so he has put together a list of projects that are likely to proceed within the next two to three years subject to Board approval. He stated that there are ten projects identified that he is hopeful can be completed within that time frame. There are certain projects that are not included on the list, but if the funding for the projects is successful, they could fall within this time frame as well.

Mr. Thomas stated that the first one is the Lomitas Negras Water Quality Improvements. SSCAFCA received bids this past week and are proceeding with construction within the next few weeks. This will gain about 35,000 - 40,000 cubic yards of additional sediment storage. The second is the Harvey Jones Channel Improvements. Staff is working its way successfully through the various hurdles and hope to take this project out to bid again in the March/April time frame. This will slightly lag behind the Lomitas Negras Project. It is hoped that the project will be

completed before the monsoon season. The next project is the Lower Montoyas Water Quality Improvements. It is expected that the design for this will be complete in the fall and completion in the winter. If this schedule is met, then all three legs of the solution to the Harvey Jones problem will be in place before the 2015 monsoon season.

Mr. Thomas stated that the next project is the Black Arroyo Wildlife Park Open Space Phase I. That funding was received through the Council of Governments for the transportation alternative program and the legislative capital outlay for the pedestrian bridge. This phase of the project is currently in design. It is hoped that bid and construction will begin in the fall. This project is not hampered by the monsoon season, but the timing of the federal funds is such that it is likely that this won't be ready to proceed until the fall. At present, they are hoping that the entire process can be built at once instead of breaking it down into two separate phases.

Mr. Thomas stated that SSCAFCA has not yet received final approval from FEMA on the Alberta Road Phase II Project. This pond has been excavated by the City of Rio Rancho Public Works Staff, and this has removed the immediate threat of significant flooding for the upcoming monsoon season. As the capital outlay was only received this year, SSCAFCA has to wait for the bonds to be sold in July, so the funding probably won't become available until October anyway. Best case is that SSCAFCA can go for bid in the fall on this project.

Mr. Thomas stated that the next project is the Upper SLO Dam. It is about a \$2.1 million project and is currently in design. There are two significant events which are adding time to the design process; one is clarification from the Corps of Engineers on whether or not this will require an individual permit. SSCAFCA is seeking to avoid that if at all possible. If it is required, it will add time to the permitting process. Any time you're in a natural channel that has been designated as waters of the U.S., the Corps provides a permit to document the work that you're not changing the nature of the floodway. The nationwide permit is a low level general permit and the timing is much less. The individual permit is very specific and will add significant time to the project. The other event is that there is an eligible archaeological site and an undetermined site in the bank of the arroyo. The actual structure is being moved slightly upstream to avoid the sites. The second site will most likely have to be mitigated rather than avoided. Right now, the funding is 100% in place, but there might be issues which could come up that would impact this. Right now, the construction time frame is in the fall of 2015.

Mr. Thomas stated that the Montoyas Bank Stabilization Project is conditional funding pending the application, but the matching funds are in place. This project must be done outside of the monsoon season, so depending on the approval from FEMA for the project, will determine whether

or not construction can be done this winter or the following winter. The timing issues are out of SSCAFCA's control.

Mr. Thomas stated that the property for the Sheriff's Posse Road Water Quality Park has been completed. The initial surveying of the utilities and the work has also been done. SSCAFCA has begun partnering with the Town of Bernalillo on this project, which identifies why the funding is at 65%. The Town had hoped to provide in-kind support and their application was not successful. Most of the pieces are in place to do the project, but a lot will depend on the partnership timing with the Town of Bernalillo.

Mr. Thomas stated that the final project which has some potential to be funded is Guadalajara Phase II. Staff has taken advantage of some engineering design when the County went in and did the engineering improvements down to Sonora to pave the road and install curb and gutter. This was done to protect the drainage components that SSCAFCA installed in 2006 and 2007. The City completed the main line design to Saratoga in the hope of completing the project at one time, but they were unable to achieve full funding for the entire project. SSCAFCA currently owns the property needed for the detention pond, so there is an opportunity to complete Phase II of the process. SSCAFCA would look to partner with the City and the County on this project.

Mr. Thomas stated that the County Commission's reaction was very favorable to this list and the time frames.

8. Development Review.

Mr. Charles Thomas stated that a large percentage is some basic summary plats, but there were some significant items of note. One of them, the Edinburgh Area Plan, which was an approved subdivision plan in 2009, has seen a lot of movement. The Plan is being enacted as expected. Loma Colorado continues to move forward with their development. SSCAFCA has approved the Unit 2 construction, but there are still some questions on Unit 1 that they are working on addressing. The CNM Summary Plat, SSCAFCA's easement dedication for the Upper SLO Dam was approved, as well as the update to the City Center Development Plan with the PDV conceptual design. On the southern end of Gateway Pond, there is a nursing and rehabilitation center being constructed right now. All of SSCAFCA's concerns with this project were addressed.

Environmental Services Director:

1. Update on Harvey Jones Channel Project.

Mr. Dave Gatterman stated that since his last update, SSCAFCA has obtained the Environmental Certification, the Right-of-Way Certification, and the Local Government Agreement. One of the concerns that has arisen in the Environmental Certification was the concern of the Fish & Wildlife Service with regard to the Endangered Species Act and the potential for disruption of the Southwest Willow Flycatcher nests in the Bosque. Fish & Wildlife has said that they don't mind if SSCAFCA does the project, but that it needs to be done before May 10 as far as the sedimentation basin part in order to establish a buffer. By the time the bid is out, and then received, and then the contract is awarded, that puts the time frame toward the end of April and gives a very short time frame to complete that pond. Staff spoke to the Department of Transportation about the possibility of separating the project from the concrete portion, the actual hammering of the channel; and the thought is to use the state appropriation for this project and proceed with procurement through SSCAFCA's on-call contractors. The Department has agreed, but wanted SSCAFCA to identify a contractor and send them a contract so they could review it. The bid was just received from PG Enterprises yesterday on the excavation of the sediment pond and removal of soil cement. He has forwarded the contract to the State for their review. He stated that a production package is also being put together for the State's review. Hopefully, this will happen very quickly. The time line on doing just the concrete portion is 45 days from Notice to Proceed. It is still possible to complete the entire concrete project before the next monsoon season. If there is a delay, they will start from the east end, take the sill out and start working west. If the monsoon season starts approaching, at that point, a change order can be done to put in a cut off wall to stabilize the channel.

2. Action/Acceptance of Task-Order for Construction of Sediment Pond Below the Harvey Jones Channel Outlet.

Dave Gatterman stated that SSCAFCA received a bid from PG Enterprises to perform the work and it is contained in this task order. The price before tax is \$169,900. The engineer's estimate, before tax, is \$172,430, so this is in line with the engineer's estimate. The total price, with gross receipts tax, is \$182,748.68. Once SSCAFCA has a completed task order, staff will need to file a Notice of Intent with the EPA. This is a fourteen day wait period, which would have the project starting about April 7th.

A motion was made by Jim Fahey to accept the task order for construction of the sediment pond below the Harvey Jones Channel Outlet. It was seconded by Steve House and passed unanimously.

3. Update on Lomitas Negras Water Quality Project.

Dave Gatterman stated that they have gone through the entire bid process and have had the pre-bid meeting, which had 14 contractors in attendance. On the 18th of March, the one bid received from Salls Brothers Construction was opened. The bid was below the budgeted amount for this project. The base bid on the project was \$1,129,753; and the engineer's estimate was \$1,351,478. The other consideration on this project was to tint the concrete, and was added as alternative 1. The engineer's estimate on that was \$73,938; the bid price was \$347,210.50. He is not sure how this estimate was so high. Staff does not wish to do a color mix on this concrete at this time, but maybe investigate this option through a change order process for a spray on application. The bid, including tax, is \$1,213,779.05 and staff wishes to enter into a contract with Salls Brothers Construction. Salls Brothers can start as soon as the NOI is complete. In response to a question, Mr. Gatterman stated that the reason for just receiving one bid is the soil cement requirement and that Salls Brothers really has cornered the market. The Board has already approved staff to move forward on this project. It is a 60 day contract to reach substantial completion, and 75 days to reach final. This is toward the end of June for the end of the project.

4. Update on MS4 Permit and Cooperative Agreements.

Dave Gatterman stated that SSCAFCA still does not have a permit. As far as the cooperative agreements with the other entities that would be covered under the Agreement with the Technical Advisory Group, every non-tribal entity within the jurisdiction has signed with the exception of Kirtland Air Force Base and Expo New Mexico. He has spoken with KAFB and they can't sign it for internal political reasons, but would like to attend and work with SSCAFCA on issues. This means that there are about 12 signatories to this Agreement.

Field Services Director:

1. Update on Copper Theft Protection.

Mr. Jim Service stated that with the copper theft that was happening around town, SSCAFCA decided to take proactive steps. The fencing contractor has a guy who does wrought iron. It was decided to do a wrought iron protection for the boxes that contain copper. They'll need to work pretty hard to get at any of the copper wire in SSCAFCA's boxes and he feels pretty confident that SSCAFCA is protected.

2. Update on Storm Cleanup.

Jim Service stated that they removed about 130,000 cubic yards of material and have moved about 230,000 cubic yards of material. All of the invoices are in and it is about \$3.2 million

BOARD OF DIRECTORS REGULAR MEETING

MARCH 21, 2014

for the final total of the cleanup. This is more than normal storm cleanups, but this is the first time that every one of the facilities have been at design. He showed the Board pictures of the cleanup. All of SSCAFCA's facilities are ready for the next monsoon season.

Administrative Services Director:

1. Presentation of new Roskos Education Outreach Panels.

Catherine Conran stated that once SSCAFCA worked on retrofitting Roskos Field and Haynes Park, the signs needed to be done. There are five signs that were redone to explain the work that SSCAFCA had done and to educate the public.

BUDGET COMMITTEE REPORT.

None.

OTHER COMMITTEE REPORTS.

None.

ATTORNEY'S REPORT.

None.

CHAIRMAN'S REPORT.

None.

BOARD OF DIRECTOR'S COMMENTS.

None.

PROPERTY MATTERS.

1. Action/Acceptance – Unit 12, Block 28, Lot 7 – 1.00 acres – North Hills Off-Channel Facility.

BOARD OF DIRECTORS REGULAR MEETING

MARCH 21, 2014

2. Action/Acceptance – Unit 12, Block 28, Lot 8 – 1.36 acres – North Hills Off-Channel Facility.
3. Action/Acceptance – Unit 12, Block 20, Lot 20 – 1.00 acres – North Hills Off-Channel Facility.
4. Action/Acceptance – Unit 21, Block 115, Lots 9 & 10 – 2.52 acres – PDV Dam.
5. Action/Acceptance – Unit 21, Block 115, Lot 7 – 1.02 acres – PDV Dam.

Mr. Thomas stated that the above-referenced properties need to be purchased by SSCAFCA. The cost is not significant because property values have remained low. The appraisals have come in around \$10,000 - \$15,000 per acre, so these purchases are about \$60,000 total.

A motion was made by Mark Conkling to approve the purchase of the properties as presented. It was seconded by Jim Fahey and passed unanimously.

FOR YOUR INFORMATION:

None.

OTHER BUSINESS.

- Next Regular Board Meeting is on Friday, April 18, 2014 at 9:00 a.m.

ADJOURNMENT.

A motion was made by Jim Fahey and seconded by Mark Conkling to adjourn the meeting. It was carried unanimously. Meeting adjourned at 12:30 p.m.



STEVE HOUSE
Secretary

DONALD RUDY
CHAIRMAN

DATE APPROVED: 4/18/14

C:\my documents\data\sscafca\2014\minutes 3-21