

Capital Improvements Advisory Committee

Minutes for the Meeting on

April 21, 2022

1:30 p.m.

Utilities Center

Board Room 225

Committee Members Present:

Jason Lorenz, Chairman
Mark O'Neill, Committee Member
Don Curnutt, Committee Member
Steve Newby, Committee Member
Adam Roberts, Committee Member

City Staff Present:

William Blanchard, Budget Analyst
Melanie Castaneda, Administration
Kiri Daines, LCPD
Sonya Delgado, Parks and Recreation
Director
Erika Jaquez, Treasurer
Delilah Leyva, Senior Office Assistant
Larry Nichols, Community Development
Director
Jose Provencio, Deputy Director Business
Services
Jacqueline Rubalcava, CLC Finance
Alma Ruiz, Senior Officer Manager
Delilah A. Walsh, Director Utilities
Adrienne Widmer, Assistant Utilities Director

Others:

Becky Baum, RC Creations, LLC
Cassie McClure, Public Outreach Consultant
Carlos Villarreal, Willdan
John Moscato, Sierra Norte Development
Niel Campbell, Hakes Brothers

Chair Lorenz called the regular meeting to order at approximately 1:30 p.m.

1. Conflict of Interest:

Chair Lorenz: First thing on the agenda is the Conflict of Interest. Is there any member of the committee or member of the City staff that has any known Conflict of Interest with any item on the agenda? I hear none.

There were none.

2. Acceptance of the Agenda:

Chair Lorenz: Now, before we Accept the agenda, we had some discussion. Mark, would you like to make a motion for an amendment to that agenda?

O'Neill: Yes. We will have our, Chief Jason Smith will be running late, so we need to make a, move some items on the agenda. We would like to move item 4 A. I would make a motion to move item 4 A to New Business under five, no to the end of, after E. To move item 4 A after 4 E would that work? Then we keep it as Old Business.

Chair Lorenz: Yes.

O'Neill: Okay. Also, to move the Public Participation item seven up to, before item six, which would be to take action or Action Item, to move Public Participation before 6 Action Item.

Chair Lorenz: Do I hear a second?

Curnutt: I Second.

Chair Lorenz: Thank you Mr. Curnutt. All in favor.

The Amendment to the Agenda was Accepted Unanimously 5-0.

Chair Lorenz: Now I will need a motion to accept the agenda as amended.

Newby: So, moved Mr. Chair.

Curnutt: Second.

Chair Lorenz: Thank you Mr. Newby. Thank you, Mr. Curnutt. All in favor.

The Amended Agenda was Accepted Unanimously 5-0.

3. Acceptance of the Minutes:

A. Regular Meeting on March 17, 2022.

Chair Lorenz: There were Minutes sent out this month as every month which I appreciate very much. Do I hear a motion to accept the minutes as written?

Newby: I will Move.

O'Neill: I will Second

Chair Lorenz: Thank you. All in favor

The Minutes were Approved Unanimously 5-0.

4. Old Business:

B. Update on Public Safety Impact Fee Funds regarding the Month of July's Year-to-Year Fluctuation by City Budget/Treasury Staff

Chair Lorenz: All right. Well, that will take us to item 4 B, Update on the Public Safety Impact Fee regarding the month of July year-to-year fluctuation. City budget staff What is your name sir?

Blanchard: William Blanchard.

Chair Lorenz: Thank you William.

Blanchard: We were asked to explain how we budget for the Public Safety expenditures. The process is that the City's Treasury Department, and I have Erika Jaquez here from the City's Treasury Department, they determine the debt payments that the Public Safety Impact Fees are going to pay for, and they budget it in the Debt Service Fund. Then they budget the transfers from the Public Safety Fee. Then every month we take one twelfth of that budgeted transfer and we transfer it from the Public Safety Impact Fee fund into the Debt Service Fund.

Chair Lorenz: Is it adjusted according to the anticipated revenue from the fund, or is it adjusted according to the need from the debt service?

Blanchard: I would defer that to Erika.

Chair Lorenz: Is that question clear?

Jaquez: Yes. Erica Jaquez, Treasury. It is a little bit of both. We budget for the revenues, and we know what the debt service is going to be. If the revenues are not enough to cover that debt service, like right now because the Public Impact Fees can not cover 100% of the debt service, we have General Fund contributing a portion of that. It is based on the budgeted revenues, and then on the debt service that is going to be for that year. That does fluctuate from year to year.

Chair Lorenz: Do you know what percentage of that debt service the Impact Fee pays for?

Jaquez: For Fiscal Year 2022 it is 75% of the debt service. Which for year 2022 it is about \$914,000.00.

Chair Lorenz: Thank you. That answers my question from last month completely. Thank you.

Jaquez: Okay.

Chair Lorenz: Anybody else have anything?

O'Neill: Is that in our packet, or no?

Chair Lorenz: I do not think so.

Jaquez: It is not. These are the 2014 bonds that were used for the East Mesa Public Safety Complex. I can provide that debt service if you would like.

O'Neill: No, I think that is fine.

Jaquez: That is fine.

O'Neill: Yes.

Jaquez: Okay.

O'Neill: Percentage.

Chair Lorenz: Thank you very much.

C. Parks and Recreation Tour by Sonya Delgado

Chair Lorenz: Ms. Sonya Delgado from Parks and Recreation.

Delgado: Good afternoon, Mr. Chair, Members of the Board. Sonya Delgado, Director of Parks and Recreation. We have scheduled a tour for you for May 5th. It is in the afternoon. We will be picking you up here. Are there any specific areas you would like to see, or do you want to see a little bit of everything as far as what we pay on PIF, what we pay with GO Bond, or GO bond projects, legislative funding, grants? Is there anything specific or a little bit everything?

Chair Lorenz: I would like to see the administrative part of it. I mean I see the parks.

Delgado: Okay.

Chair Lorenz: I would like to see where the projects are created and the people that are doing that work.

Delgado: Okay.

Chair Lorenz: Anybody else?

Newby: Yes, I would like to see, certainly not all parks, that might take a while, but parks perhaps where Impact Fees have either already paid for improvements or that are in process.

O'Neill: Or GO Bond or grant.

Newby: Right. Yes, any of the funding.

Delgado: Okay, we can do that.

Chair Lorenz: Thank you so much.

O'Neill: We will let you put it together.

Delgado: Excuse me.

O'Neill: We will let you put it together.

Delgado: We will take care of you. Thank you.

Newby: Sonya, do you know what time?

O'Neill: May 5th.

Delgado: It is in the afternoon. I believe we are scheduled from 1:00 to 4:30, and I think we are picking you up here, I think at 1:15 or 1:30. I will double check that.

Chair Lorenz: Excellent. Thank you very much.

Delgado: You are welcome.

O'Neill: Thanks.

D. Discuss Standardizing the Impact Fee Process by Alma Ruiz

Chair Lorenz: Item 4 D is Discuss Standardizing the Impact Fee Process by Alma Ruiz.

Ruiz: Good afternoon, Chairman, Members. I really just wanted to give you a verbal update as to what we have done internally. Last Thursday, the Public Safety Chiefs as well as Parks and Rec, Utilities Department Directors and staff met, just to kind of, all of us to get on the same page as far as you know is there a standardized process that we want to present at the work session when we hold it? I think we have a good base that we came up with as an internal team. That will be presented to you when we hold the work session agenda as part of your packet.

Lorenz: Great.

Ruiz: Do you have any questions? I stand for any questions.

Chair Lorenz: No, I am looking forward to that. You know we spoke earlier on the phone today about how accelerated this process for the Public Safety fee was compared to what we experienced with either Utilities or Park Impact Fee. Mr. Curnutt's suggestion of looking at a standardized process, I welcome very much.

Ruiz: Okay.

O'Neill: I have a question Mr. Chair.

Chair Lorenz: Go ahead.

O'Neill: Would this include how we interrelate with the Utilities Board?

Ruiz: Yes sir. We added two steps specific to Utilities.

O'Neill: How we should or?

- Ruiz: Yes. In that step we have that the CIAC will make a presentation recommendation to the LCU Board, because ultimately the LCU Board makes the recommendation to the City Council. You report to the Board.
- O'Neill: Right.
- Ruiz: The Board reports to Council.
- O'Neill: Just want everybody to be on the same page.
- Ruiz: Yes sir. We captured that as part of the process. That is only for the Utilities. Now we did add a step for Parks and Rec that they will take their Impact Fees to the Parks and Rec Advisory Board prior to coming to you all. That is another step.
- Next, I can go over the process verbally. I kind of have it already, but like I said, this is going to be all in your packet when we hold the ...
- O'Neill: No, that is fine. I do not need it right now. It is just that I wanted to see if there is any ongoing communication with our Board and the Utilities Board being that we are presenting things, recommending things to them.
- Ruiz: Correct.
- O'Neill: We are not in contact at all during the year.
- Ruiz: You are more than welcome as citizens to attend our Utility Boards meetings; however, it would be as a public citizen. Until you make a presentation to them. They know about the CIAC. They know about you.
- O'Neill: That is good. That is a step in the right direction.
- Ruiz: You know we did just recently fill our last vacancy on our Board. You know if, if when you make that presentation, or even if you would like we can put you on an agenda as an introduction, you know just one of the further meetings, maybe at the beginning of our Utility Impact Fee process. We can do an introduction, because then later on they will be seeing a presentation from you. me. We are open to that.
- O'Neill: Whatever the Board would like. You know whenever the Board should decide would be a step that might be needed in that regard.
- Curnutt: Well, I would like to just comment that I think that on the next agenda item that we discuss, I will highlight some concerns I have in relationships to that. If we can just table this.
- O'Neill: Sure.

Curnutt: This discussion and we will pick it up.

O'Neill: Yes, no we are not here to ...

Chair Lorenz: Sounds good.

Ruiz: Okay.

O'Neill: Perfect.

Ruiz: Thank you.

Chair Lorenz: Thank you Alma.

O'Neill: Thank you.

E. Discuss Work Session Agenda by CIAC Members

Lorenz: Finally, item 4 E is for us to Discuss the Work Session Agenda. Mr. Curnutt, I know this was kind of your idea, so I like to give you the floor.

Curnutt: Okay. Well, I appreciate it. Thank you. As you know we discussed over the last few months the opportunity that, or I suggested we take an opportunity to review some of the duties and responsibilities of our Board or our committee, and I would like to, you know at the last session we talked about presenting agenda topics for that meeting. That is what I would like to read in at this time if I could. These are my thoughts on what that agenda might look like. When I say agenda, it might be a, take a series of sessions to evolve through this, but the topics include review of all relative ordinances, resolutions, regulations, and laws defining and/or assigning responsibilities, duties, and expectations to the CIAC. Second item is to summarize all responsibilities, duties, expectations of the CAIC, as well as relationships to the City departments and other boards and committees. I think that addresses your concern.

O'Neill: Yes.

Curnutt: Third item is, is once we have gone through steps one and two, then we need to have the items identified in number two, validated by the City. In essence, validate those responsibilities, duties, and expectations with the City Manager or City Council, if significantly different than the general perception currently assumed. I am assuming that there is, that the City Manager and the Council believes there are certain expectations from us. If we go through all those rules and regulations and what have you, and redefine that, we may find that we, there is different expectations than what is been historically articulated.

Then number four, would be to define all processes with steps, timelines, checkpoints, data points, with required standardized information formats, actions, etc., for all responsibilities, duties, and expectations. I think that what Alma was referring to just a few minutes ago, they have already, some of

them, the Utilities groups have started working through that, working with I think it was Utilities, and Parks and Rec, and I forgot who all it was Alma. They have started defining those processes. Until you go back and validate the rules and regulations first, we need to make sure that we do that before we move into the processes. I think that, that you know working with those groups we need to define what those processes are, the data, standardize all of this so that we know exactly what to expect, when to expect it, and the format that the information should come in. Once we do that, is establish operational guidelines and instructions. Then once we complete that, validate those operational guidelines and instructions to City Manager and Council. It is significantly different from the general perceptions currently assumed. That is my ideas of what we need to do, or at least that is what I need to have a vision of before I can really be a productive member of this committee.

Chair Lorenz: Thank you sir. I think that is comprehensive at a minimum.

O'Neill: Yes, well done. I am wondering if we need to, first before we start on this, is find out what the current perception is.

Curnutt: Well, whether we have it before or whether we get it. You know sometimes if you read something first, then that taints your perspective.

O'Neill: Okay.

Curnutt: I would suggest that you go through it first, through all those rules, regulations, etc., and highlight what we perceive, and then we compare the two. Because if you do it the other way around I think you would have a tendency to just line yourself back up with what the existing perception is.

O'Neill: Makes sense.

Chair Lorenz: I agree. I think the more relaxed atmosphere of a work session is the perfect time to have that discussion. Absolutely. Anything else from anybody else?

Newby: I thought about this. At your first meeting you and I had this conversation, and I was in a totally unrelated appeals board meeting at the City a few weeks ago. I was not the person appealing, but I was helping the person who was. I was told by the City Purchasing Manager that anyone who sits on any Board, any Board, including this one, is a City employee. Then he said unpaid City employee. Because you are a City employee, you have many restrictions on who you can talk to. I raised my hand and said, I have never heard that. We have someone in the City Attorney's office at every meeting, and we talk to anybody we want to. He said, well you should not be doing that because you are a City employee.

O'Neill: Might as well pay us.

Newby: In this process, I hope we hear more about being a City employee, and who we are and are not allowed to talk to, because I was unaware of that restriction.

Chair Lorenz: I like this for an agenda. Absolutely. I would like to add that you know the people that need to be at that meeting, if at all possible, definitely needs to be representation from the law department, as well as from each of the departments that have an Impact Fee, and somebody from budgeting, from the finance office. This is called the Capital Improvements Advisory Committee, and in my, how long have I been here, three years, four years?

Newby: Seems like forever.

Chair Lorenz: The only subjects we have attempted to advise upon are Impact Fees, although those are only a small portion of the Capital Improvements projects that exist. I have never seen this committee attempt anything beyond Impact Fees and some definition and guidance from Legal as to whether we have authority to do so. I think there is a case to be made that we can. I think that would be a great subject to add as well. I think it does kind of cover that in here in his, all relative ordinances, resolutions, regulations, and laws defining or assigning responsibilities. I think that falls under your first agenda item. That is really in my mind, the biggest question about what we can do as a committee is that that one right there. I think this is great. Nobody has anything else; we can move on. I noticed that Chief Smith has arrived.

O'Neill: Perfect timing.

Newby: Good work.

Curnutt: Do we need to have an approval of that agenda or do we?

O'Neill: Not till next meeting I do not think.

Chair Lorenz: I do not think so. I would like to maybe discuss a little bit about this as to when do you want to do it? I guess we are going to need some feedback from Alma and department heads as to when they are available to do it. I think we are going to be taking action today on the Impact Fee and we probably will not have another action item of significant value for a while. I think we can maybe replace next month's; well, you are going to be gone next month are you not? Okay, so maybe when you get back, I think that maybe. May, June, July, in replacement of July's meeting might be a good time to do that. We will see how the agenda develops and we can make that decision over the next couple of months. I really think that we need to hold that at a time when all five of us can be here. All right.

A. Public Safety Impact Fees Update

Chair Lorenz: Next, item number 4 A the Public Safety Impact Fees Update by Chief Jason Smith. The less than virtual or more than virtual maybe, Carlos Villarreal.

Smith:

Good afternoon. Fire Chief Jason Smith. Today's meeting, we are going to cover some of the updates on the Public Safety Impact Fee. Here to present along with me will be Carlos Villarreal Willdan Financials. First, as we discussed last month, I was going to give you the update that we provided at the City Council work session on the City growth and the changes to the Census based on the Fire Department's outlook. I will cover that.

We went back and we looked at our historical data going back to 2010 up till 2021, where we have the full year worth of information. There in the blue line you can see our call volume trend line. The one dip that you noticed in 2013, we had a change to the Fire Alarm Ordinance as well as response changes, we stopped going to behavioral health calls, those became primary of the ambulance service. That's the drop in call volume that you see in 2012/2013. After that we have a steady climb all the way up to last year's 21,700 calls.

You can see the population growth as reported in the 2020 Census and the 2010 Census. Population expanded to about 1.3, 1.4%. Our call volume more than doubled that percentage increase over that same amount of time. 2020 was a flat year. We did notice that that was due to COVID. Initially when COVID broke out and became a pandemic, people were a little worried about calling for emergency services and visiting the hospital. Even to the point where hospital ER admissions became more critical, and hospital staff locally were asking you know what is going on, how do we educate the public that they should not be waiting to call us if they are having signs and symptoms of chest pain or stroke, high blood pressure, some of the more critical calls.

At the same time, we looked at our response times and compared to population growth. Our average response time in 2010, five minutes and 52 seconds, increasing all the way to eight minutes in one second. As the City has continued to grow in landmass and size, our response times have decreased. We are not as efficient as we were before for covering the City.

This video that you are going to see here play talks about the City growth and it compares our response times based off of GIS data, to where permits are being pulled and where there is construction. Everywhere you see in the dark green is a one-minute response time, anything that is red is a 10-minute response time, anything that is not shaded is more than 10 minutes. You can see here at the beginning of 1963 we have Station 1; center part of our City is all green, the outlying areas are yellow to red. This increases till 1967 when you see the addition of Stations 2 and 3, you will see those pop up and then kind of the map change just slightly. You can see the infill with population growth and permits being pulled and new construction. You will not see another station added until the late 1980s with Station 4. I would like to point out that these areas here on the outskirts of the east side of our response area are all yellow and red. This here shows Centennial High School in its current location. You have all the growth out here on the East Mesa that has more than a 10-minute response time. Everything North Elks, North Main is also 10 minutes.

You can see the drastic change in the bottom right corner, our southeast corner of our town when Station 4 is added. All those areas that are yellow and red with very long response times, now are turning green right there in 1986. We can see now we are having a lot of growth in the north part of town. There is the annexation of the east side and the addition of Station No. 5. What was a more than 10-minute response time now is all within that kind of six-minute range that we have. It is also important to note right now in our strategic plan, we try to get a paramedic on scene and a transport unit on scene within nine minutes. We try to have a seven-minute response time for all emergency responses.

Here you have North Sonoma Ranch, the area that is going to be growing through the late '90s and 2000s. Still the center part of town along Sonoma Ranch where we are seeing a lot of growth for the Sonoma Ranch golf course, it is all more than a 10-minute response time. We will see a little bit of change here in the late '90s when we add Station 6. That was funded through a General Obligation Bond. Now you will not see much growth until the early 2000s when we add Station 7 to cover LRU, which is our International Airport. Just along the highway is a 10-minute response. Getting onto the airport itself was much longer. That station will be added here pretty shortly. There it is right there.

The next one you are going to see in 2016 is the addition of Station 8. Before we add the station, you can see the Sonoma Ranch area yellows and reds, a lot of population growth. We see the station being added, once I hit play, definitely changes the response time. That one bright band of red that you see, this is behind the dam, so the flood control dam where there is no road access. Here in Centennial, you can kind of see the same thing, the main part of Centennial is red is because there's no roads there. The actual pathway along where we would be parking apparatus is right in that six-minute response time from Station 8. It is important to note that Station 8, the debt service is being paid fully through the Public Safety Impact Fee. I think the video does a great job of illustrating the impact of that, sorry for the pun, the impact of it, building a station, having PD and Fire there, Public Safety building, to serve that part of town. We have a lot of growth here in the north part of town, North Sonoma Ranch, it is all yellows and reds and then times that are beyond 10-minute response.

Just to cover some of our capital needs, these are items directly off of our capital improvement plan. You have our CIT (Crisis Intervention Team) and MIH (Mobile Integrated Healthcare) building, we estimate that at \$3.7. Those numbers were pre-COVID pricing, so there is probably an increase there that we need to factor in. Same thing with Fire Department Station 9, that would cover the area of North Sonoma Ranch and Engler. A training tower, fire station equipment, that is all 10-year lifespan, capital items. Then Public Safety vehicles and equipment just showing \$1.5 million there, that is enough to cover either two engines or one ladder truck. Pretty much \$10.7 million that the Fire

Department sees that we need in capital to maintain our current level of service.

Again, just to review the last budget report that was presented to this Committee, revenues are in green, expenditures are in red. I did get an update yesterday on January, February, and March but I did not have time to get that into your packet to meet the timelines. The trend has continued. I believe February was a very good month for revenue. I think it was over \$70,000.00, and the expenditures are continuing at 57.8. Again, this line you should be familiar with, our year-to-date total revenues and expenditures. Again, our expenditures are outpacing the revenue. Then the fund balance over time. The last midpoint in this fiscal year you can see the fund balance at \$540,000.00, expenditures are \$347,000.00 and revenues of \$324,000.00.

Our debt service is being used for the East Mesa Public Safety Complex. As the was discussed the last mid fiscal year report, just over \$4 million in principle \$287,000.00 of interest. We are going to be paying this debt off until 2026. There are other funds that are being added to those payments to help the Public Safety Impact Fees pay the debt.

Additional funding can be seen that it is needed to meet the continued growth in our City to make sure that we can get our response times back down to where they were previously, as well as provide a higher level of service to our City as a whole. Our response areas have been greatly impacted by the City's growth and our lack of density, as we spread out it is harder for us to maintain really good response times without adding infrastructure. That is the first part of the presentation. I will leave that there. Then I will call up a Carlos Villarreal to update you on where we are at with the Public Safety Impact Fee process. Unless we need a break for questions right now at this point

Chair Lorenz: I think we are okay.

Smith: Okay.

Villarreal: Good afternoon. Carlos Villarreal here with Willdan Financial Services. We have been working on the Development Impact Fee update for Public Safety Facilities, including police and fire. I am here to give you an update on the status of the draft. We have got some initial results and would like to receive some feedback from you as well.

Here is the Impact Fee project process. I just wanted to correct some confusion I may have caused at the last time I presented this. I had referred to an ordinance needed to be passed by the City Council to update the fees, that would be if you are establishing the fee program from scratch, which you are not. The City Council current ordinance allows the fees to be updated by resolution. I have corrected that here in step seven. The two italicized points there are where we are at currently on the process. We have come up with the draft Impact Fee analysis, and we are here to review the CIP draft analysis

with you all to receive and incorporate your feedback. Once we have gotten the draft analysis to a point where it is ready to share with the larger stakeholder community, that would be next on the Impact Fee project process. Then point number six there would be a key point for you all to consider, at least five business days prior to the Impact Fee adoption hearing your committee needs to provide written comments on both the proposed CIP which Chief Smith has presented partially to us today, and also the Impact Fee analysis. That is really a point where you can make your opinions and your thoughts known to the City Council. Then finally step seven would be the CIP and the Impact Fee would be scheduled for a resolution to be adopted at a City Council hearing.

Again, here is a quick high-level look at our basic methodology. I will walk through each individual step of the process in the subsequent slides. First, we want to estimate demand for facilities and that is you know, existing and future development, which you have already been able to review in terms of the land use assumptions. From there we will identify facility standards, basically an amount of facilities relative to demand for facilities. We then have the determination of new facilities needs and costs. Chief has already presented some of that to you. There is a little bit more that I will be presenting as well. We can allocate a share to accommodate growth, in the case where there are more needs than the Impact Fee will fund, we would identify the amount needed to be funded through other funding sources to make the capital plan whole. Then finally we will calculate the fee by allocating the cost per unit of new development.

This first table, this is a summary of the land use assumptions, and it calculates a weighted service population. Let me explain that to you. The first two items there, residents, and workers, these are again it is just a summary of what you have already reviewed in the land use assumptions. That third column, the worker weighting factor, here is where we want to express demand for Public Safety facilities for workers, as opposed to residents. People that only work in the City as opposed to someone who lives in the City, have different amounts of demand. As you can imagine, someone who is homeless here, they might call or they might have a certain demand for facilities, they might call at all hours of the night, whereas someone who is only working here would only be making a call for services while they are at work. What we did is we took call data, those provided by the Fire Department, and you can see there in the footnote, it is based from November 2017 through October 2021. They were able to categorize whether or not a call went to a residential location or a nonresidential location. We then compared the calls going to each type of location to the population of each, so employees, people that work in the City and residents, and then figured out the relative demand in terms of calls per employee or calls per resident.

In this case, it was 0.29, so someone who works in the City on average during this time period generates a little less than a third of the amount of calls than a resident who lives in the City during that same time period.

Curnutt: Could you say that one more time for me?

Villarreal: Okay. Someone who works in the City would generate about a 0.29, so a little bit less than a third of the amount of calls than someone who lives in the City. Worker demand is less than resident demand.

Curnutt: Okay.

Chair Lorenz: Since you were clarifying that ...

Villarreal: Yes.

Chair Lorenz: Do you define the workers differently if they live in the City or not?

Villarreal: No, we do not. It is just workers as a whole, and residents as a whole.

Chair Lorenz: Okay.

Villarreal: Because the idea there being someone who lives and works in the City, they probably do not generate more demand considering your home is in the City that would generate the calls. That is a point where we could maybe clarify or dig into a little bit more. The analysis as presented does not distinguish between someone who lives and works in the City.

In any event, the fourth column there, the service population, that is residence multiplied by one and the worker is multiplied by the worker demand factor that gives us our service population for today for 2030. The difference between the two is new development share of service population. You can think about that as resident equivalence. If everyone was a resident, if all those workers were a resident, how many residents would there be in terms of demand for Public Safety facilities.

This next slide shows the occupancy density assumptions. These were part of the land use assumptions packet; nothing has changed here. Again, we show an estimated number of residents per dwelling unit in the various sizes of dwelling units by square footage, and then employees per 1,000 square feet for the different nonresidential land use categories, and employees per room for hotels and motels.

This next slide shows the entire Public Safety facilities existing inventory. We collected data from the Fire Department and the Police Department to get a handle on what these departments currently own and what is in service. You can see the list is quite comprehensive. It includes all of the fire stations, police facilities, there are several appendix tables that list all of the rolling stock and police department vehicles. To condense it all the individual detail is not shown here but you can see the total facility value. The land value per acre and the

building costs per square foot were provided by the departments for use in this analysis and they are meant to reflect replacement cost for these facilities. At the end of the day, when we sum everything together, the entire replacement value of the system as it currently operates is about \$99.3 million.

Just a couple notes that are shown there in the footnotes, I just wanted to highlight for example the old fire station, there is no value shown for the building because it is going to be demolished, but the land will be reused for another purpose. The land value is shown there but the building value is excluded. Fire Station 8 and the Police Department Safety Complex, let us see here, no acreage are shown because the acreage is federal land, but the building is owned by the City. That is why the building cost is shown, but the land value is excluded.

This next table shows the calculation of the existing facility standard. We can think about this as the quantity and replacement cost of the current system of Public Safety facilities relative to existing demand for facilities. We take the total value of the facilities calculate it in the prior table, divide that by your existing service population, calculate it in the service population table, that gives us an existing cost per capita. Again, you can think about this as the amount that the City has invested in Public Safety facilities to date. We multiply the cost per worker by that worker weighting factor of 0.29 to get, I am sorry, we take the cost per resident and multiply it by 0.29 tonight to get the cost per worker, and that gives us the \$231.00.

Curnutt: Okay, on that, I am sorry, on cost per resident I do not understand why it is the same as the facility standard per capita, you know and you have got a different, I can understand the cost per worker, but to me it seems like the cost per worker plus a number, the summation would be the \$798.00. Educate me. I do not understand how you come up with \$798.00 cost per resident.

Villarreal: The service population, the 124,351.

Curnutt: right.

Villarreal: Again, that is resident equivalents. We divide the \$99.3 million by the 124 351, that gives us \$798.00. You know I think you made a good point; the table is a little confusing having it repeated there. The cost per resident is essentially the facility standard per person.

Chair Lorenz: Then that makes the cost per worker just gravy on top.

Villarreal: No, well the cost per worker is, if you think about it, workers have less demand, so we need to weight that cost per resident using the same factor that we weighted the workers to calculate the service population, should be 0.29, and that is where we get the cost per worker. We are deconstructing the service population in terms of per workers.

- Chair Lorenz: \$99,252,140.00 divided by 124,351. You are saying in that existing service population is the worker and the resident.
- Villarreal: Yes, it was weighted workers and residents. If we go back to the ...
- Chair Lorenz: I got you. I am okay.
- Villarreal: Okay.
- Curnutt: Well, I am not with you.
- Chair Lorenz: Okay.
- Curnutt: I still do not to see if you have got a cost per resident.
- Villarreal: Yes.
- Curnutt: That that is the same as the total cost between worker and resident, and that is what the facility standard per capita is, if I understand you correctly.
- Villarreal: Yes, so the service population, the 144,351, that includes 111,385 residents, plus a weighted amount of workers, right. In order to get the cost per capita, we divide the value of the Public Safety facilities by that service population, which again includes residence plus a weighted amount of workers, and the cost per resident, because if you think about that service population as resident equivalents, that is merely equal to the replacement costs of your system divided by your service population, and then to unpack the worker portion, we need to weight the cost per resident by 0.29.
- Curnutt: I am not following this. Go ahead.
- O'Neill: The figure is weighted.
- Curnutt: Well, I understand that but to come up with \$124,000.00, I am sorry, the service population of 124,351, you have already added in the weighted factor. Correct?
- Villarreal: Yes.
- Curnutt: If you have got that 124,000, which we have on the next one, on slide seven, table four, the existing population service is 124,351. That is what we get from that table up here that shows that we have included the weighted portion for the workers. I agree with that number. When you come down to the facility standard per capita, I can understand how you get that number. When you go to the next line, cost per resident, to me it looks like you would use a different resident population than you would the total service population.

Villarreal: No, the reason why is because residents are included in the service population. They are a portion of that service population. When we divide the value of facilities by the service population, we are already dividing it by the number of residents.

Curnutt: That gives you your facility standard per capita.

Villarreal: Yes.

Curnutt: That is right. Go to the next line where it says per resident, you know you are saying that already has the cost per worker weighed into that.

Chair Lorenz: Let me take a stab at that for you. If you go back to page four and you look at the existing number of residents, not this equivalent resident, but actual residents, of 111,385.

Curnutt: Right.

Chair Lorenz: You multiply that by your \$798.00.

Curnutt: I am sorry, you are multiplying by \$798.00?

Chair Lorenz: Right, our facility standard per capita number, that gives you 88,885,230. Now we are going to take this cost per worker of \$231.00 and multiply that times the number of workers at 44,712. That gives you 10,328,472. You add those two together and it brings you to something slightly different. It is 99,213,702. They just built the table poorly. The \$798.00 times the number of actual residents plus \$231.00 times the number of numbers of actual workers brings us to the same place. They just built a poor table.

Villarreal: Yes, and I can rearrange the table to explain that more clearly. Also, I just wanted to note that the facility standard per resident, or worker, and per worker are rounded to the nearest dollar, which is why there is a little bit of rounding error in summing it back to the total. Yes, I can work to make this table more clear. I appreciate the help in reconstructing the math there. Thank you. Yes.

Newby: While we are asking dumb questions. Could you go back to slide six?

Villarreal: Sure.

Newby: Just a quick question. On the building cost per square foot of all the existing ...

Villarreal: Yes.

Newby: ... facilities, other than \$475.0 a square foot on Fire Station 1, these are all the same. Is this just a valuation across the board based on just square feet times \$505.00? Because it seems like, which by the way I have designed three of

these stations, that police department academy is not going to be near the cost of the fire station, etc. Is this just a way to norm this? I noticed the \$505.00 is to the penny how much fire station three cost per square foot?

Villarreal: Yes

Newby: That is a good number.

Villarreal: Well, these figures were provided to us by the Fire Department as a way to come up with a rough replacement cost for all of the buildings. To the extent that the figures may need to be refined and there are certain facilities that you do not think these are representative costs, you know we are happy to adjust them and happy to take feedback on that.

Newby: No, and I am not saying that necessarily need adjusting, because you have to pick a number at some point and say let us value these at X and therefore going into the future you know we know what kind of dollars we are going to need for the remainder.

Villarreal: Yes.

Smith: Chair, Committee Members. Fire Chief Jason Smith. The \$505.00 was provided to us from Public Works based off of some of the most recent projects that have been undertaken. Their estimate that they use for the capital improvement plan is the \$505.00 per square foot.

Newby: All right. Thank you.

Chair Lorenz: I need to stop building houses and start building Fire Stations.

Newby: You do not want to build Fire Stations; they are complex little buggers.

Chair Lorenz: Thank you. Sorry for the interruption.

Villarreal: Sure. No problem. Happy to answer all these questions. Like I said, we are here to get your feedback as well, so I am glad that folks are looking closely at the numbers. Well, I will keep moving in that case. In the next slide, we can project based on the land use assumptions and the existing facility standard per capita, we can project what the fee could generate if the City Council chose to adopt the fees at the maximum justified levels in the study. We would take the facility standard per capita from the prior table, multiply that by the service population growth, again that includes residents and weighted workers, and that gives us the total projected Public Safety Facilities Impact Fee revenue. Just slightly more than \$12 million in this timeframe.

Here is the list of Public Safety facilities that are currently being contemplated. The chief touched on some of these, this also includes police facilities and some new public safety vehicles. It is a much more expanded list than what was

shown in the prior presentation. All told, it is coming close to \$23.4 million under the current estimates. If you compare that to the prior slide, it would far outpace the Impact Fee revenue generated by the fee. What that says to me as an Impact Fee you know analyst person, that would say that the planned Public Safety Facilities represent a higher level of service than the existing facility standard and there would probably need to be some prioritization done to figure out which of these facilities would be funded with the projected fee revenue as the analysis currently shows. I think that is another place where some feedback from your committee would be warranted.

Newby: One question, probably for the chief, these are your numbers. I am sure all of these are going to be developed over a period of eight or 10 years. Has inflation of costs been titrated into these numbers based on which year you would probably build these? In other words, something that might cost \$5 million today, if it is in year nine is probably going to cost double that.

Smith: Chair, Committee Member Newby. In our numbers from the Fire Department, no, we do not have that high of an inflation number built into it. They are off of our capital improvement plan worksheets. There is a small percentage of inflation built into that. I cannot recall it standing up here before today, but there is a little bit, but I do not think it matches the inflation that we have seen over the past year, which is unexpected.

Newby: Yes, and hopefully transitory.

Smith: Hopefully.

Newby: Okay. Thank you.

Smith: I could, I would like to call it DC Daines because she has a point on the Public Safety Facility.

O'Neill: Mr. Chairman. I have a question.

Daines: Deputy Chief Daines, Las Cruces Police Department. Also, with the, and this may probably also affect Fire in the future, especially under a Public Safety vehicles and equipment, obviously, our stuff is a little more motor vehicle based on the large apparatus that the chief uses. The rising cost and with kind of the Council's focus towards electric vehicles, that is probably going to add 25% to our vehicle acquisition costs, with infrastructure and things of that nature as well

Newby: You answered my question before I asked it.

Chair Lorenz: Those vehicles do not have the lifespan to use Impact Fees for, correct.

- Daines: Right, but some of the stuff may if we are going to increase our facilities, then we are going to have to increase our personnel, which we are going to have to equip those folks as well, just like we would with apparatus, so I try to give ...
- Chair Lorenz: Correct, you cannot use Impact Fees to buy it.
- Daines: Right, but when we, probably as far as actual buildings, now we are going to have to look at charging stations and things of that nature. It is probably a lot of unseen costs that we do not know what they are going to be. I kind of gave a generic number, but I think we are low, just for transparency.
- Chair Lorenz: Thank you.
- Daines: Thank you.
- Chair Lorenz: Mark, you had a question.
- O'Neill: Yes, I have a question from page eight. You mentioned that you use the maximum justified fees allowed. Do you always do that? You always use the maximum justify fees allowed.
- Villarreal: For the analysis, yes. The analysis that we do identifies the maximum justified fees, and then it is up to the City Council, they can adopt anything less than the maximum, they cannot adopt anything more. That is the purpose of the analysis.
- O'Neill: We are not involved in that at all, our Board.
- Villarreal: You get to, your written comments on the CIP and Impact Fee analysis, you can make recommendations in that, those written comments.
- O'Neill: That goes to Council.
- Villarreal: Yes.
- O'Neill: I know there is rising costs and inflation, so I know they have to make sure they have enough money, but also have to look at what we are spending, what the revenue and so forth is.
- Villarreal: Absolutely.
- O'Neill: If we need to set it at the maximum justified.
- Villarreal: I will say you know I calculated Impact Fees all over the place. It is a common approach that something less than the maximum justified fees be adopted in some cases. If the City Council were to do that, it would not be out of the ordinary but that is their policy decision.

O'Neill: Thank you. I had one other request I guess or question or request.

Villarreal: Sure.

O'Neill: Being that the fire stations themselves are such a big part of Public Safety, and we are looking at all the figures from the fire stations. I thought it would be nice in our packets or at least on a one-page thing is to locate the fire stations for us so our Board knows where each fire station is so we know we are looking at these figures and that fire station is at this location. I was going to ask when you were talking about Fire Station 8, 6, but I thought that would be something that would be helpful for us.

Villarreal: Yes.

O'Neill: Just to chart it where they are all at.

Villarreal: A couple things, I can add addresses in the tables and then, you are just looking at the, you know the nuts and bolts of the math ...

O'Neill: Right.

Villarreal: ... for our purposes today, but there is certainly going to be a full report with a narrative, and we can have a figure in there showing ...

O'Neill: Thank you.

Villarreal: ... locations of all the facilities.

O'Neill: Thank you.

Newby: Can you go back to slide five? I forgot to ask a question. There on your occupancy density assumptions and nonresidential.

Villarreal: Yes.

Newby: The number that you have there on hotels, number of you employees per room is 0.56 employees per room. If I had 100 room hotel, which is a standard Marriott nowadays, that means I would have more than two employees per room. I can assure you that hotels do not have anything close to 50 employees for 100 rooms.

Villarreal: Okay.

Newby: There appears to be something amiss in the math.

Villarreal: Yes, I am happy to take another look at that. You know we derive these figures from the latest ITE trip generation manual. They do have various land use categories for different types of hotels. There is full service and resort. Yes, I

could take another look and see if there might be a more appropriate assumption.

Newby: This would be more in the five-star range.

Villarreal: Okay. Point taken. This brings us to the next table; this is where we show you what the maximum justified fees would be given the assumptions that we have presented so far today. Basically, we multiply the cost per capita, you know the cost per resident, or the cost per worker, by the density assumptions that we were just discussing. Residents per dwelling unit by dwelling unit size, or workers per 1,000 square feet, or per hotel room. That gives us the base fee. We are including an additional 2% for fee program administration. That would be the City's costs in tracking the Impact Fee revenue, any legal costs, any fee justification analyses in the future, so that is what that administrative charge could be used for. We sum the base fee plus the administrative charge, and that gives us the total fee per dwelling unit, and the total fee per 1,000 square feet or per hotel room. We can divide that fee per 1,000 square feet by 1,000 to get the fee per square foot, which is shown there in the last column.

In and of itself you know I am sure this table does not give you too much context, but the next table. I am sorry. Let me describe the next table. In discussions with the Fire Department, there were some thoughts that perhaps the fee schedule that matches the City's current fee schedule in terms of land use categories could be simplified to you know ease fee program administration, make it a little bit easier for folks paying the fee to understand. What that would look like would be condensing some of the fee categories. In this alternative fee schedule, we have the same cost per capita used to drive the fee, but we condensed the residential fee categories from five down into three. Then we combined the warehouse and the mini warehouse nonresidential categories into a single category because they had a pretty similar density in terms of employees per 1,000 square feet. This alternative fee schedule again is just a slightly simplified version of the prior fee schedule.

Now here is what I was going to talk about before. To give you some context, I am showing the current fee schedule here in the first column, the maximum justified fees under the draft fee schedule if we kept the exact same land use categories, would be in those middle two columns. Showing you the maximum justified fee and the difference compared to the current fee schedule. Then the third column or the third you know two sets of columns would be comparing the alternative fee schedule where some of the land use categories are condensed, comparing that to the current fee schedule. As you can see, the residential land use categories would all be increasing, some of the nonresidential land use categories would be decreasing, some would be increasing. The alternative fee schedule is a little bit more friendly to larger dwelling units because you take the average, so lower dwelling units would be paying slightly higher within a square footage range, and larger dwelling units within that range would be paying slightly lower. This is of course something that we would like to receive your feedback on. It was just an idea that

obviously the fire department had that might simplify the fee program administration. Just wanted to present that to you. I believe that is the end of my presentation. Happy to answer any questions or address any other concerns you all might have.

Chair Lorenz: Thank you. I will start with the committee to my left and just let Adam, and well kind of run through the group. If you have got any questions.

Roberts: No, I do not.

Chair Lorenz: Mr. Newby. Or did you ask them all along the way?

Newby: One here on your last slide on 12, since you do this for a living, your company does this, the percentage difference between the current fee schedules and the new fee schedules, are these within the norm as far as percentage increases from one step to the next? Is there any comparison in other words that you can give us?

Villarreal: Well, I would say that every community is different. A lot of times the percentage increase is a function of how long it is taken for that community to update the fees. You know for some of these categories it is a pretty sizable increase. I would say it is not anywhere near the largest increase that I have seen for these types of fees. You know it is in roughly within the range of what I would expect to see, given the last time that fees were adopted. That said, we can also put together a fee comparison and look at other comparable jurisdictions in the region, if you all have any ideas on what those might be. You know see where the maximum justified is comparing there. I hear your question, obviously the increase is always of concern.

Newby: How many years has it been since these were last updated?

Villarreal: About six.

Newby: Six. I think it would be helpful to see some comparisons of peer cities.

Villarreal: Sure. If you all have some ideas of which cities might make sense to compare, let me know. You do not have to say now, but certainly you know happy to hear what your thoughts might be on those.

Chair Lorenz: That it Steve?

Newby: Yes.

Chair Lorenz: Mark.

O'Neill: I see, we are talking about, well we can always look at that and look at that further and so forth, but what I show here is we are taking action on this, is that correct?

Chair Lorenz: No.

O'Neill: Because we put this ...

Chair Lorenz: We are asking questions on the presentation.

O'Neill: Okay because we have number six as an action.

Chair Lorenz: No, we are up here.

O'Neill: Okay. I thought we were taking action on this. Okay, I was going to say, it is a little premature.

Villarreal: Just wanted to fill you in on where we were in the draft process.

O'Neill: Yes. Good. Thank you.

Newby: Sometime this year we will probably take action on this.

Villarreal: At some point, yes.

Newby: Just kidding.

Chair Lorenz: Thank you Chief Smith. Any other questions?

Curnutt: No, I just want to go on record of saying that I am still not following the cost per capita because, and I have concerns because it just rolls forward in everything that we are doing. If there is anybody that is willing to share a little bit of time after we adjourn today that can enlighten me, I would appreciate it.

Chair Lorenz: Well, I share with you because I had to figure out that math myself before I was going to be comfortable with it as well. I will go through it with you later and kind of backwards and forwards to see where we are at.

Curnutt: All right. Thank you.

Chair Lorenz: Where that kind of made sense because it felt redundant to me. It felt like we were having one fee for an individual when he was paying, for buying a house, and then another fee for that same individual when we he was being calculated as a worker. I was looking for sense in that redundancy. I made it eventually. I will do the math for you.

Curnutt: Thank you.

Chair Lorenz: Later. Chief, did you have something?

Smith: Thank you Chair, Members of the Committee. I would like to press you all for more feedback and direction on this. The next step is we are presenting to Council on Monday as part of their work session on our capital needs and where we are at with the Impact Fee schedule analysis. The next time you will see this next month, in May, will be for getting your recommendation on what to take to Council for action through resolution. If there are any questions that you have, or guidance that you would like to give us, things you want to look at, I believe now is the time to do that so that we stay on track so that we do not run into the issue of our Impact Fees expiring.

Chair Lorenz: Excellent. I guess I have got a few questions. One is a simple one. Where is Fire Department Station No. 9 going to be? You said off of Sonoma Ranch North. I am just curious if that actual location is defined. I love this video by the way.

Smith: I am getting the GIS money out of it, that is for sure. Honestly, on this one because this video has been, I think illustrates very well the challenges that we face in providing Public Safety. Chris Petzold in our GIS section who is assigned to Public Safety, we kind of threw out an idea to him and he took that and somehow from our rambling turned it into something really effective.

Station 9 is actually, we are looking at a PUD and land donation, just under three acres at Sonoma Ranch North and Engler. That is the proposal location. Somewhere on this map right in this area, as you can see here in the north part of town. I know that is really hard to see but this will do for that area what we saw with Station 8, once we added Station 8 before 2018. You can see in '16 that area that it serves in the middle of the Sonoma Ranch area, all in the red and yellow. It is very similar to what we are facing up here. Then once that station was added see green.

Chair Lorenz: Yes, I was curious if maybe Sonoma Ranch and Peachtree or Sonoma Ranch and Arroyo would be a more appropriate location. I was just curious. Certainly not going to advise where to put it. Thank you.

My next question was answered by a previous presenter. I believe you said the June meeting is when you want to take this for resolution. In June to City Council.

Smith: Chair. Yes. June 6th is what we are planning on for resolution for them. The extension we received last year expires June 30th, so July 1st we have to have something in place to update the Impact Fee, which is why it is very important for guidance on what that fee looks like not exceeding the maximum, which I would argue in calculating our needs to maintain the level of service those needs we identified exceed the maximum that we can increase the Impact Fee. I know we need to be aware of, and the changes with all of our Gas Utility Impact Fees as well as Parks and Rec.

Chair Lorenz: On page nine of Willdan's presentation here, there is a list of Public Safety facilities needed \$23.4 million worth. I am curious how many of these or which of these items are items where we already have one or some and we need more, and how many of these things or which of these items are things that we have never had before, like a Bearcat or a rook or a critical incident command vehicle.

Smith: I am going to let DC Daine's address the PD items first.

Daines: Deputy Chief Kiri Daines, Las Cruces Police Department. Some of these pieces of equipment we own but they are already at the end of their useful life. Some we are asking for, that we would like to have. It is always on our CIP requests through the City. Just for example, the Bearcat, that is an armored vehicle that we have it is.

Chair Lorenz: You have got one, but it is near the end of its life.

Daines: It is already, yes, we tried to tow it. I am just kidding. Not that bad, sir. It is part of our SWAT team, and we are part of the regional response, so everything from Socorro down we respond to. It gets a lot of mileage. Our mobile operations command vehicle, which is right below our evidence building, is also at the end of its useful life. The Rook is a different type of vehicle that we do not currently have, which we would like to have. The critical incident command vehicle, we have one, but it will probably be at the end of its life in about three years. We are just trying to anticipate upcoming things of that nature. Some we have and some we would like to acquire. Most are at the end of their useful life.

Chair Lorenz: I am not quite sure and without our legal adviser here maybe we will not know but replacing a vehicle, like for instance that Bearcat, is that an allowable use for Impact Fees?

Villarreal: I will jump in here. One to one replacement is not an allowable use of Impact Fees. We do need to clean up this list a little bit now that I am more fully aware of the situation. Certainly, there are capacity expanding improvements here, but yes, I think the list can be cleaned up a little bit.

Chair Lorenz: Like department Fire Department Station 9, obviously that is to service a new area where new residents are, and new commercial will follow someday. There is definitely a need, just like we needed that East Mesa Safety Complex, right.

Smith: Mr. Chair. Would you like me to address the Fire Department?

Chair Lorenz: Sure. Great. Please.

Smith: The CIT and MIH building that is new capacity. That is a new service and a new building.

Chair Lorenz: Can you tell me what those letters?

Smith: The Crisis Intervention Team (CIT) and the Mobile Integrated Healthcare (MIH) program. This is an actual station to house them so they can respond to calls. The team is being funded for partial this year and next year. Hopefully by the start of 2023 that team will be in operation. Our Mobile Integrated Healthcare, right now they are using office space, so getting them in a more clinical type setting is a new and expanded service which is allowable under Impact Fee.

Station 9, obviously we talked about it. The training towers is to expand capacity so that we can train more firefighters as we continue to grow. This obviously, the amount of \$219,000.00 does not build a brand-new training tower, but it does allow us to add additions, more props, more areas to training firefighters. Fire station equipment, that goes inside the apparatus and the station for growth. That is like items, but new ones to cover expanded capacity, Energy efficiency and sustainability \$934,000.00, this is for infrastructure at the Fire Station. This is all new as we continue to see more demand of our fossil fuel resources, we thought it was appropriate to list here in the big list for Public Safety Impact Fees. I will go down to a training facility is all brand new for Fire and Police. Looking at the Public Safety vehicles and equipment that is for apparatus to put into the new stations.

Chair Lorenz: Thank you. It looked like that (inaudible 1:11:44) ...

O'Neill: When you are done. When you are done or now.

Chair Lorenz: ... I guess just the more global question of how was the financial impact of raising fees on homebuilders showing up in the price of housing factored into any of this?

Villarreal: That is not factored into the analysis. The analysis is merely based on maintaining that level of service in terms of facilities to demand. The impact on homebuilders, it can be varied, and it really depends on the market. You know, to the extent that there is additional capacity in terms of the profit margin on a given product. You know it really varies by builder. You are correct, there was no analysis done on what the effect on an individual builder might be.

Chair Lorenz: Or not on the builder, but really on the consumer because the builder just passes it on.

Villarreal: One could argue that the consumer pays what the market rate is. It is really a matter of the costs, including all the construction costs, plus the Impact Fees and any other Impact Fees compared to what the market will support.

Chair Lorenz: I will have that argument with you someday.

Smith: Mr. Chair. I believe today is the day I mean like to have that discussion. Because if you look at you know the median price for homes and how they have gone up and what it costs now to build, we do need to be aware of that. That is where we look for this committee for expertise to give us guidance on where to set these fees. Trying to demonstrate our need as we see it from Public Safety servants, exceeds the maximum from what we are providing now, that \$12 million that Willdan Financial pointed out. That is where the fee is maxed out. Our need is greater than that. I believe it always will be because we want to continue to push the envelope of what we provide. For this committee, I think sort of your spot on this, let us talk about where that fee should be set, get closer to numbers that we can come back and present next month to you so that we could actually earn your recommendation based off of your recommendation and expertise.

O'Neill: Thank you.

Chair Lorenz: Any more questions? Because I have a whole bunch of comments.

O'Neill: Okay. A couple of questions with the Chief. You may have mentioned it, but I did not remember it, the mobile units. How many are there now, vehicles? How many staff members do you have involved with that? The mobile integrated.

Smith: Mr. Chair, Committee Member O'Neill. For the Mobile Integrated Healthcare program, right now we have a coordinator, firefighter/paramedic. We also have a social worker through a contract service. We are in the process of getting that as a full-time employee. We also have two other firefighter paramedics that are going to be assigned to that. one is working on off duty overtime from shift work, they will be coming over at the end of May. The second firefighter has been part of MIH for quite some time. Altogether, that team has three in the field providers and a coordinator who often spends most of his time out in the field.

O'Neill: Is that Mr. Ford?

Smith: That is Mr. Ford? Firefighter Medic Ford.

O'Neill: Okay.

Smith: Right now, they have three vehicles. They have one that is a small passenger van that has the ability for a small wheelchair lift in the back, so they can get people into their homes, to appointments. They also have what we call a Type 2 ambulance, this is a small, it is not too small, but it is a van conversion ambulance. It is a smaller ambulance, but it fits their needs. Then they have basically a staff vehicle, a Ford Explorer for running around.

O'Neill: Thank you. That is an improvement. That was one vehicle, now three and even increase the staff and I liked seeing that.

Smith: Yes sir.

O'Neill: I think it is a good program.

Smith: We are following a similar model with the Crisis Intervention Team. That team once it is fully staffed will have two social worker/caregivers and two firefighters' staff with them. Looking at six days a week coverage, and they also have clinical oversight, a case manager with them. I believe altogether that team has five or six people.

O'Neill: That is great.

Smith: They have apparatus that we have already ordered for them, other transit vans, the Type 2 ambulances.

O'Neill: I think that is very important for the community. I commend you for working on that.

Smith: Thank you sir. The ARPA funding that the City is receiving is actually going to pay for the design of the CIT and MIH building. The design portion of that is coming through ARPA funding.

O'Neill: Okay. Unrelated. A couple questions. One, are you bringing in, I know you are replacing vehicles, are you bringing any new vehicles which are electric vehicles?

Daines: Chief Smith or myself sir?

O'Neill: Do the two electric vehicles? Either department.

Smith: We right now we are doing a study on one of our staff vehicles for electrifying it. Recently we moved most of our employee vehicles, our investigators, inspectors, chief officers to F-150s that in the hope once like the electronic the EFFUSION-150 is more readily available or the hybrid that we can transition to that, which is why you see the energy efficiency and sustainability line item. That is to provide the infrastructure. The end of these lifespans of these vehicles we hope to move into EV or hybrid or some other.

O'Neill: Okay, but none are being purchased now.

Smith: None of ours are being purchased now.

O'Neill: Okay. My ... go ahead.

Daines: Deputy Chief Daines, Las Cruces Police. Mr. Chair, Mr. O'Neill. We have ordered four electric vehicles through the ARPA funding for our civilian staff, as part of our LCPD Cares program, so our social workers and for our victims assistance, because those are not take home cars, they are easily charged. We are going

to be working through, we have been tasked to determine how we can integrate electric vehicles into our fleet. It is going to be a little bit of a bigger challenge because the vehicles are take home and there is some infrastructure issues.

O'Neill: Great.

Daines: We are looking at for ones that are not take home or for staff vehicles, civilians, things that are not marked units ...

O'Neill: Mostly cars not trucks you are talking about.

Daines: Correct. Well, the problem is too is even if I wanted them, 24 months out.

O'Neill: Right.

Daines: We did order 17 hybrid units, and they are working out very well. We are making a step in that direction. I think we will probably be one of the last departments of Public Safety to come fully go electric just if the grid goes down we still have to respond. There is infrastructure issues we will probably have to work through ...

O'Neill: Certainly.

Daines: ... over the next 10 years or so, sir.

O'Neill: Thank you.

Chair Lorenz: We had a client show up seven hours late to a ...

O'Neill: Because of battery.

Chair Lorenz: To a walk through because he tried to drive his hybrid and got stranded in the middle of West Texas and could not get in.

O'Neill: Yes, they still need more charging stations I guess. My last question is, any of the fire departments run on solar energy? Any of the fire departments? The fire houses.

Smith: Yes sir. Chair, Committee Member O'Neill. We have solar at East Mesa Public Safety Complex. It provides a certain percentage. It is not a large percentage of that use. Station 3, the new Fire Station 3, also has electric solar panels in the parking lot. I believe that one is 1% or 2% of the estimated energy demands for that. Both of these buildings are LEED certified. I do not recall the level of LEED certification for either building, but along with City direction and resolution all of our buildings are built to LEED.

Newby: I believe the Public Safety; the East Mesa Public Safety was LEED solar.

- O'Neill: Okay. Is there thoughts of that for future Fire Stations, Fire Houses? More solar.
- Smith: More solar. Yes sir. We want to pursue solar on our buildings. It works great for both reducing our energy consumption and also for our employees. They enjoy parking under something with shade.
- O'Neill: Great. So, it is planned?
- Smith: Yes. We are incorporating that into our buildings. I think all future buildings that we have in the City will have some level of solar.
- O'Neill: Just curious. Thank you.
- Daines: Mr. O'Neill. If I can also respond.
- O'Neill: Yes.
- Chair Lorenz: Please.
- Daines: Just so you all know too our main station next to Fire Station 1, our parking area was retrofitted and we are also solar. Again, I cannot tell you the percentage, it is probably going to be very similar 1% to 2%. We just got to figure out the pigeon problem, but it will be okay.
- O'Neill: Fantastic. Thank you.
- Chair Lorenz: Any more questions before we can relieve them?
- Newby: Carlos.
- Villarreal: Yes.
- Newby: Can you bring up page 12. From the two columns listed, maximum justified draft difference and maximum justified alternative. Do these amend, if you added these all together come up with the same amount of Impact Fees, it is just distributed differently, these two columns?
- Villarreal: Well, in theory yes. The thing that we do not have is a detailed breakdown of projected land use in the particular Impact Fee categories. We do not know exactly how many 1,300 square foot dwelling units are going to be built. We do know, or we have a projection of the service population, and to the extent that service population is housed in some combination of units that can be housed in this fee schedule, it will generate the \$12 million. You know we cannot predict with any certainty the exact mix of uses so it is just an estimate.

Newby: Back on the slide 10 and 11. Slide 10 was the Public Safety Facilities Impact Fee - Existing Standard. On page 11, Table 7, it has the same title there.

Villarreal: It has the alternative at the top that not in the table, but I should have made that little bit more clear.

Chair Lorenz: That is the only difference.

Newby: Thank you.

Chair Lorenz: If there is no further questions, I think we will have our discussion once we get a motion on the action. If you have got anything else to add Chief..

Smith: Thank you Chair. Fire Chief Jason Smith. I believe the action we set up today is for action on the capital plan. I think to your point that would be right on for a path going forward on that. If there is items that we would like to have removed or added to, any changes that we could amend that to and then move forward on recommendation. Before we leave the fee schedule, on the Fire Department side, we are looking at trying to simplify some of these Impact Fees. In discussion with Willdan, they tried to capture what we had here on the alternate, having three residential, one that is nonresidential. Here is the existing standard. Is there anything that the committee would like to talk about or address on how they would like to see these changed or combined? Or is the committee comfortable with this number of subgroups? That is just one of the questions I have.

Chair Lorenz: I think anything you know having multiple categories under 1,500 is pointless, because it is just not done anymore. I know that even, I guess in apartments but for regular residential, I mean nobody builds anything smaller than 1,200 square feet. I think your alternative fee schedule makes a lot of sense. Your other question is the one that you did drop out is mini warehouse and warehouse. I do not really see the point in having two of those either, so I am with you. The density was almost the same anyway.

Villarreal: That is why we combined it.

Chair Lorenz: Yes.

Villarreal: It is similar effects.

Chair Lorenz: That is just my opinion. I think we are going to have to have a little more discussion before we are ready to vote. I think we can go on through and get the rest of the presentations and have that at the time when we get to the action item on the agenda.

Villarreal: Thank you.

Smith: Thank you Mr. Chair.

O'Neill: We may want to just like Mr. Newby was saying the hotel/motel number.

Chair Lorenz: Yes. We will get to all that discussion stuff when we get to the action item on the agenda.

O'Neill: Recommending.

Chair Lorenz: Then I am glad to they are going to come back with some adjustments made. Thank you all three.

5. New Business:

A. Community Development Summary Fiscal Year 2020/2021 (FY21), Q1 FY22 Construction Activity Update by Larry Nichols

Chair Lorenz: New Business, Community Development Summary Fiscal Year 2020 to 2021 and Quarter 1 Fiscal Year '22 Construction Activity Update. Mr. Nichols, it is good to see you.

O'Neill: Hello Mr. Nichols.

Nichols: Good afternoon. Let me get my presentation available here.

****Chair Lorenz departed 2:53 p.m.***

Nichols: I will wait a moment for the Chair to return. Maybe you want to call a three-minute recess.

O'Neill: He said go ahead.

Nichols: Okay. Good afternoon, Capital Improvement Advisory Committee, members of the Utility Administration staff, and the public. For the record my name is Larry Nichols. I am the Community Development Director. I always look forward to this presentation to the Capital Improvement Advisory Committee, because I will speak in terms of a few numbers and statistics, but I always asked myself the question, what is going on here with the City? Because what is going on is we are in an exponential growth pattern. I think that is going to continue for a while. How does that impact how we react in the City? How does it impact the Utility Department in terms of the services that they are going to supply? How does that impact the Fire Department, the Police Department? All of this is, I am going to talk about a little bit today.

Let us spotlight on Las Cruces. I showed this slide to you a time or two before. I update it with current information. One of the reasons I do that is we say, well Las Cruces is growing, but folks here is why. Our climate, our sunshine, we are one of the safest cities in New Mexico, one of the best runs cities in New Mexico. These other magazines and other people that study our activity are recognizing us for that. The cost-of-living index you see in the bottom of this slide shows the different metrics for the cost of living. This says like

grocery says 100.5, that means groceries here in Las Cruces cost about the same as they do across the United States. Look at housing, we are about 25% less in terms of cost of housing. We are going to speak with that in a moment, a little further.

***Chair Lorenz returned 2:55 p.m.**

Nichols:

That is one of the reasons that we are experiencing the exponential growth as I described. Utilities are about 17% less than the other parts of the country. Surprisingly, transportation is a little bit above. Healthcare, we are just about even. The overall composite index were about 12% less than we see in other parts of the United States, maybe with the exception of the Deep South.

Some of the development impacts caused by this growth is we have a shortage of housing right now. All types of housing, single-family dwellings, townhouse, condominium, apartments. The market demand in 2021 is at all-time record. There were 2,764 residential closings of properties last year, compared to 2006 where there were 2,400, and 2006 was a banner year. I imagine most everyone here can remember that year. 29 days, average time on the market now. In some cases that can be 29 hours. 179 Total site built home residential properties are available at this point in time today, which is not very many for a population of 111,000. In March of '22, there were 193 closing of properties. The median price of a single-family dwelling now, this is on market price is \$292,520.00.

We hear a tremendous amount of discussion and rhetoric about affordable housing for our City. We say, well, \$292,000.00 is a very expensive home. That is much less than just about anywhere else in the United States, by far. The impact of the pandemic '19 to '21, we know the governor ordered declared construction activities as essential operations. What did that mean for our home building, our commercial building, our subdivision development, all of this, they never closed operations. Now the Community Development Department, Utility Department, Police Department, Fire Department, we did not close operations, we maintained staff. Some of our staff worked remotely. We had our offices open, we approved subdivisions, we issued permits, performed inspections, and issued certificates of occupancy.

The Community Development team as an essential operation during the pandemic, in alignment with private sector developers and builders, kept development moving forward regardless of these circumstances. Game changers during the pandemic. I call them the five L's: Land - building site increases \$1,000.00 a square frontage square foot I am told now. For a 40-foot lot that would be about \$40,000. Labor - shortage in the workforce. COVID saw a lot of illness, quarantine time, we had shortages of skilled labor that impacted the development. Lumber prices - I cannot tell you how many stories I heard about this. Not only lumber, but other supplies, but they went up as much as 300% in several cases. Windows, doors, mechanical equipment, are also shortages for the developers and builders to work with. Then Lending -

lending availability agencies and funding. They did continue operations lending agencies, but I was told by several developers and builders that there were more difficulty in working with that through the pandemic. Then the last L is Legal - code compliance. Some people say the last L should be Larry, because I am the one that does a lot of the code compliance work.

Then I want to spend just a moment. You heard a little bit about it earlier today from the previous presentation about the census report. That was a very, had a great influence on construction activity. Here is where we are, in the 2020 census there are 2,117,522 people in the state compared to 2010. That was about a 58,000 increase in population or about 2.8%. Probably still in a healthy type of percentage. Nevertheless, that is 58,000 more folks that we had in the state. What was the composition there? The ages of the population by age group 18 to 24. We had, you see the two metrics there between 2010 and 2020, a slight decrease from '10 to '20.

***Vice-Chair O'Neill departed 3:00 p.m.**

Nichols:

Why would that be? Well, they gravitated to the next age group, the 25 to 64. A similar situation there we see a slight decrease between the 2010 and the 2020 by about 20,000. Where did they go? They gravitated to the next group. The age 65 and over. There you see an increase. We often hear that Las Cruces in particular, but that we are a retirement community. It is not as much of a retirement community as we might think sometimes. Right now, I am told the percentage of retirement folks in Las Cruces is about 18% to 20% of the population. Median age group in New Mexico, about 39 years, which we have a younger population in the state. The median household income which does impact the affordability, the development, \$51,900.00 is the census metric for the household income. Income of \$49,000.00 in 2010, you can see there was a slight increase. As we all talk about inflation obviously the income has also increased, maybe not proportionately. Compared to the national median income, you can see there is quite a difference in New Mexico, we refer to it at poverty rate is 19%, while the national rate is at 12%.

***Vice-Chair O'Neill returned 3:02 p.m.**

Nichols:

I want to show you this slide, you are going to see, this as 1830. The little dots you see coming up on the screen there represent a structure. As Las Cruces talks about population increase, how it occurred, nothing much going on in the 1860s. We generated this map and GIS Community Development just to kind of give us an idea of how a city can grow. We are coming up; you know we are coming up to 1900. We still kind of centered downtown. Look here, World War 1, right, coming up and things are kind of starting to grow a little bit, still downtown, right in the center. Go through the Depression 1931, '32. Keep growing. World War II, things started happening a little bit. Still, we start to see an increase in density and population growth up until '57, '60, '61. Look what is happening here, we are going to jump over I-25. Then we get up to 1970 and 1980s, and '90s, now these are times, oh, wow, things are really,

really intensifying and gravitating and moving. 2000, 2005 you can see what is happening up on the East Mesa. You can see where the population is pretty much filled in downtown, but we are up there. A lot of development in that area.

Now I am going to speak a little bit, but I thought that was a pretty interesting graphic as to how we can see this population grow. Initially over a few years not much change, but then interest in the community population can grow very rapidly. Let us talk about the '21 construction activities. It was a record setting year. This graphic shows that on the upper left-hand corner is a study for 2019, 2020, and 2021. Those were project evaluations. In '19 we had \$218 million in project valuation. In '20, it jumped to \$253. Then in '21 we broke the \$300 million mark, we went to \$321 million for the year. You can see the graphic, the red, the amber, and the blue line, you can see that there was quite an increase in activity as construction valuation, as well as the occupancies. We had 920 new homes built in 2021. That was a very comparable, maybe even eclipsed what was done back in 2008 and 2007. Jason could probably help me with that figure, but it is pretty close to, equal to or almost ...

Chair Lorenz: It was 1,200.

Nichols: I think you used 1,200 for that year in 2000. That is a separation but since 2006, last year was the most active. Just kind of gives you an idea. I said 2010, I mean 907. Look what happened from '16 on the right-hand bar graph, you kind of see this upward sweep and that causes me to use that term of exponential growth. It is continuing to do that.

Subdivision development increased the past two years. Some of the more active areas were Metro Central Phase 1, Red Hawk Estates, Legends West, Rincon Hills 2, Apodaca Blueprint Master Plan, and now the East Lohman Master Plan. The vision and activities, we adopted the Elevate Las Cruces Comprehensive Plan. We are currently working on what we call the Realize Las Cruces, which is an update of our zoning code, our land use code. That will continue to go on for about another 11 or 12 months. There has been an ad hoc committee formed with developers, builders, real estate agents, architects, design professionals, that will be helping us with the zoning code update. New subdivisions, there were 70, Legends West, Metro Central, PUD Finals. Rezoning's, a couple of specifics, East Lohman Shopping Center, EL Paseo Multi Dwelling complex in the works for rezoning. Infill Districts, not quite as active but a few. We would like to see a few more of those. Then what we call community blueprints, which are new master plans that are going to be coming forward in the next year or two. East Lohman Master Plan is completed. The El Paseo Ad Hoc Committee Study is completed to develop that part of the City. Then Sierra Tract Development Blueprint which is a blueprint for development of about 50 units, multifamily complex, single-family dwellings, apartments, and condominiums next to the Sierra School.

The most active development areas, residential construction are obvious as we know and has been for some time now is in the East Mesa, Metro Park, Red Hawk, Rincon Hills. The valley and Legends West and University Meadows. Central Las Cruces have been primarily medical facilities, hospitals, clinics, apartment complexes, The Flats, and the new units are in review as well. We have a couple of the submittals this past month for additional apartment complexes that will be built over the next 10 to 12 months. Subdivision/zoning, Metro Verde PUD has been reviewed and discussed, is nearing its completion. City planning initiatives, on East Mesa, Metro Park, East Lohman Master Plan, Apodaca Blueprint Master Plan. That has recently gone through a re zoning, and they will be seeking some developers to begin work on the Apodaca Blue. Then Central Las Cruces, rezoning/special use permitting for infill is the most active area there.

Solar voltaic systems did 640 in 2019, and the pandemic influenced that greatly in '20 and '21 but it is now picking up again. We are going to see about 644, well last year we saw 644 permits issued for solar voltaic. You see this slide, there is nearly a solar panel on every single one of those structures. The majority of the solar voltaic systems are on existing structures, not on new construction. We are having a real interest in people using solar voltaic to supplement their electrical expense.

Roll on - Las Cruces - Roll on. 2021 development trend has been record setting. \$321 million in permit valuations. 907 new homes built. 9,640 permits issued, all permits which is not only for residential properties but commercial, electrical, plumbing, and mechanical, rock walls. 9,640 permits. 18,800 inspections performed. 137 planning developments. The 644 solar system permits I mentioned. \$2.4 million in building fees. \$778,000.00 in Public Safety fees that was discussed earlier today. \$2.3 million in utility fees that have been discussed I think earlier. \$1.9 million in Park Impact Fees.

As I mentioned previously, but it has not changed that much, Community Development works with Peak Performance standards. We mentioned earlier in your discussion with the Public Safety folks, you are talking about, well do you need these new replacement vehicles? Do you need other things? When I became a certified public manager my thesis, I wrote it was, Mark was a very simple formula. I have an engineering architectural background, but the formula was this, $W \text{ sub } L \text{ plus } R \text{ sub } A \text{ equals } CS \text{ sub } L$. $W \text{ sub } L$, your workload, all of you have. The $R \text{ sub } A$ is resources available. Equals your customer service level. We talk about new fire stations, we talk about increased customer service for Police and Fire, Community Development, Utilities. If your workload increases, and your resources stay level or going down, your customer service level will stay the same or lessen. If your resources, go up with your workload you are going to be able to produce world class customer service.

What is new in '22? Program policies. Continuation, we have the three C's here, continuation, the first quarter '22 statistics are up due to the lessening of

COVID restrictions. We are seeing our permitting, our closings, all of the things I mentioned in the first part of this presentation are at levels or above what they were last year. January, February, March construction activity above '21. Primarily the new subdivisions in the residential sector, not as much in the commercial sector. Our codes, I have been advised by the regulations and licensing bureau construction industries division, the State of New Mexico is in the process of updating building codes. They have adopted the Uniform Plumbing and Mechanical Code. They are now working on the 2021 International Residential Code and the commercial code. I expect that is going to take them about a year to do that. Once they do it, we are mandated by the state to apply those codes to our jurisdiction in Las Cruces. Cannabis, been a topic of discussion and we have been hearing a lot about it. As you know the City Council adopted a cannabis ordinance earlier this year or end of the last year. The legislature legalized recreational cannabis, and so we are seeing the cannabis business were permitted to begin on April the first of this year, 2022. We currently have issued 34 cannabis licenses, business licenses of various types, some retail, some storage, some manufacturing, some growth. We have not issued any for extraction or lab. As I mentioned the retail, they were micro business and in transport.

First quarter of '22. The fast facts, permit valuations are \$30,900,000.00, 18% increase from March of '21. Permits issued are 976. New residential valuation at \$24.8 million. Residential CO's for March we are at 80. Commercial evaluation \$1.6 million. We issued nine CO's on commercial properties in March. Folks, let us build. I stand for questions you may have on this report.

Chair Lorenz: Adam. Steve.

Newby: Larry, great report. Smiles all on all of us. So thorough. On the slide 2021 you have the Development Vision and Activity continuing items there master plan. Were RFPs put out on that recently, as far as developers coming in to?

Nichols: Yes sir. The East Lohman Master Plan.

Newby: Yes sir.

Nichols: Yes. We completed that master plan. They are in the process of, the RFP has gone through first review with a selection advisory committee, and they will complete that work and then it will be put out for publication.

Newby: Second question, in the last two years permitting keeps going up and up. How many new employees do you have?

Nichols: We have been, I submitted for this year's budget, I submitted seven new positions. I will be very candid and honest with the Advisory Committee; I have been approved for three. A building official, that is the position that as the Director I hold as well right now, but a building official was approved. Two permit technicians, and one engineering tech. The other, the few that we

requested had to do with a seller manager to help us with our software so we do not have some of the glitches and delays that we have to work through from time to time. That is going to be pushed to next year. Another combination building inspector will be pushed to next year. We have filled the vacancy of our building inspector that was vacated earlier, I think in January by Mr. Cole's retirement. We have also filled, conducted our interview and that is complete, and we believe we have a candidate this last week for the electrical inspector vacancy we have. I have done one more thing with that, with the electrical, I have been given clearance to hire a part time electrical inspector that could be on standby, so when we have these surges that we do not get as far behind on inspections as we do occasionally. This has been a real challenge for us because the electrical folks that have their credential, a journeyman or master electrician, quite honestly and candidly can make a higher salary in the private sector than they can have working with the City.

Newby: Thank you.

Nichols: Yes sir.

Chair Lorenz: Mr. Curnutt.

Curnutt: No comment other than it was a good, insightful presentation. Thank you.

Nichols: Well, thank you sir.

O'Neill: All Right.

Chair Lorenz: Yes, Mark.

O'Neill: Thank you for the great, precise presentation like usual, with the figures and charts and so forth. I did include in our triannual report, a lot of your figures. I thought they were valuable for City Council and so forth. Thank you for ...

Nichols: I am pleased they were useful for you.

O'Neill: Yes. You said that they are going to replace the building official and that you are a building official, so I hope that is not replacing you.

Nichols: Currently ...

O'Neill: Hope you are going to be around.

Nichols: Currently, well you know Mr. Chairman and Mark.

O'Neill: Your hem hawing a little bit. That worried me.

Nichols: No, I am not hem hawing. I was just reflecting back. I have been a building official for 22 years so it kind of is in my blood. I am the Community

Development Director, as well as a building official. When growth patterns begin to develop like they are, I am recognizing that we do need, we do need a staff member to better serve our development and building community. I am not ready to hang up my sword.

O'Neill: Okay. You do not have any immediate plans as always. Okay. Good. One last thing that I wanted to point out because it is really not exactly in the report, but I think it is important to point out, especially since my birthday is 4/20, which was yesterday, that is a pot day, and you talk about cannabis.

Nichols: Now, well that is a very important day cannabis society I am told.

O'Neill: One thing that I am noticing is that I do not know how many brick and mortar buildings for, I know you said 34 permits were issued retail. I do not know exactly how many are brick and mortar, but I know one thing, It is helping a lot of the infill problems. I mean it is there; I see that they are renting and refurbishing a lot of buildings in some not so great areas of town as well. I think that is a great, great thing you know that; besides the tax revenue we will receive I mean.

Nichols: Mr. Chairman and Committee Member Mark. What we are experiencing there with the cannabis industry is primarily they are obtaining tenant improvement permits on existing buildings. We are not seeing as many new structures. There is some discussion about some very large structures that would be primarily growth facilities. Those have not been presented, the plans have not been submitted. What we are seeing is an existing building, as you mentioned, that is being improved to address their operation.

O'Neill: Were those businesses given any subsidies for opening a business, like the general ones that you give out sometimes, some of them were?

Nichols: Mr. Chairman and Mark. This could be considered a subsidy or an incentive.

O'Neill: Incentive I mean.

Nichols: We meet every Wednesday after, it is a standing open meeting for anyone interested in developing a cannabis business. We meet every Wednesday afternoon at three o'clock. We have had the general attendance to that to discuss their registration procedures, to discuss their building ...

O'Neill: I also read that.

Nichols: What building codes may apply to their operations, but land use might apply, their zoning, that type of thing. We meet to assist folks every Wednesday at three o'clock. What has been the attendance? We it has ranged from 14 attendees to three. Since April the first which was the opening date, it has diminished to about three folks. No monetary incentives. Nothing of that nature.

O'Neill: Thank you. That is all I have.

Chair Lorenz: I have no questions for you.

Nichols: Yes sir.

Chair Lorenz: It was good to see you. Good to hear the report.

Nichols: Thank you.

Chair Lorenz: I get to live in this stuff.

Nichols: I know.

Chair Lorenz: Thank you very much Larry.

Nichols: Yes sir.

O'Neill: Thank you Larry.

7. Public Participation:

Chair Lorenz: Well, that brings us to Public Participation. I do see one possible public participation. John, are you here to speak? Please. I am sure Alma would like me to have you state your name.

Moscato: Sure, John Moscato. Thank you, Mr. Chair, Committee.

O'Neill: Hello John.

Moscato: Hi. When I noticed the CIP list of items, a question came to mind how many of those items are needed today? Because already in going through the list we have heard a couple of the items clearly are needed today. I think it would be helpful if when the presentation is supplemented or revised for your next meeting, if we go through item by item and look at what is needed today. Because when I look at the Development Fee, the Impact Fee act, it clearly states that the items must be necessitated by and attributable to new development. Well, if there is a need today then I do not see how those items could be attributable to new development if the need already exists. In other words, if development where to stop today, are those items still needed? If they are, then they are not attributable to new development. They should not be on the list. They should not be calculated into what is being revised as the new fee. I hope maybe we can get a list of what is needed today and what is not.

I was also struck by a comment early on that I think the number was \$900,000.00, \$925,000.00 from the payable toward the Public Safety Complex, is being paid for by Public Safety Impact Fees that are being collected

now. Again, if Public Safety Impact Fees being collected now, that should be attributable to new development. The Public Safety complex was built five, six, seven years ago. Unless we are in a time machine, how can it be justified to pay for that portion of the Public Safety Complex principal and interest pay off? How can that be paid for by current currently collected and prospectively collected a Public Safety Impact Fees? Because that Public Safety Complex predated the buildings that are generating the fees today to pay for principal and interest payments. I am not sure if anybody here can explain that or if that is just a question that needs to be answered perhaps at your next meeting.

O'Neill: Can we respond Alma, or does that have to be on the agenda for another meeting? Not that we have all the answers.

Ruiz: Chairman, Committee Members. Alma Ruiz, Senior Office Manager for the record. Typically, public participants are only allowed to speak to the committee or board members. You all can provide some feedback if you would like, and/or it is your prerogative to then inquire of staff for answers. They cannot ask staff directly.

Chair Lorenz: Good. Thank you.

Ruiz: Sure.

Chair Lorenz: Anything else John? No, thank you very much.

Moscato: Thank you.

Chair Lorenz: Is there any other public participation? No.

6. Action:

A. Vote on Public Safety Capital Improvement Plan by CIAC Members

Chair Lorenz: I guess we will move down to item number six, Vote on the Public Safety Capital Improvement Plan. I think we need to at least get a motion to open discussion here.

Newby: So, moved.

Chair Lorenz: And a Second.

O'Neill: I will Second.

Chair Lorenz: Well, where would you like to start gentlemen? I guess I have a few comments here if you do not mind if I start. I think I do share Mr. Moscato's concern about that list. I do not think that lists on page nine of Willdan's presentation, I do not think that list was really used in the calculation of creating the fee. It does concern me how many things on this list are not either allowable expenses that we can spend Public Safety Impact Fees on, or there are may be demands

that exist now. I think the like the Bearcat for instance, that we talked with Deputy Chief from police about, you know we are, there is a lot of things here where it is replacing old equipment. We have vehicles and equipment on here and some of that maybe can be used, but some of it cannot. We cannot buy cars with this. We cannot buy police cars with this. You know some of those things cannot be there. I think we have made that; I think pretty clear as maybe we need to revise this list a little bit and kind of hone in on what can be there if we are going to avoid the inspection of that from the public. I think that will help you get it past City Council, especially if we have a larger group of public participation at the time it comes before City Council.

I think page 10 versus page 11. Right, are we going to go with this fee schedule as it exists now or are we going to remove some categories, as is suggested in the alternative? I think the alternative makes a lot of sense because there is very little residential building that happens where you are building something smaller the 1,300 square feet, there is some, but there certainly is not anything 900 or less. Maybe a tiny you know condo or like style apartment complex, but I think that falls under multifamily. I think the alternative makes sense. I think if you were to present something to City Council, and I would only present one rather than two options, then I would go with the alternative. The numbers do kind of not make a lot of sense to me when we are talking about density. I guess my experience is probably pretty limited because the only customers I see are the ones that buy my houses. The ones that buy my houses it is really rare to see less than two people, really rare. Two of your three categories show a density of less than two people. 1.02 is in my estimation, I think that is off by a bit. I think for 1,300 and smaller we are probably closer to two there, and larger as you go up. That number seems a little bit off to me.

I do not have the expertise to really define how many workers exist per 1,000 square feet in these different quantities. One thing on page 12 that came to mind is the differences. When I see a difference from the way we used to do things, the way we want to do things in the future, I ask myself, why? How could this happen? Did the cost of Public Safety double for homes 2,100 square feet and up? Maybe. Then how for commercial did it go down by 50%? How did the cost to protect a commercial place get reduced by half? How in the same table did the cost for institutional almost double? There is a big discrepancy there that does not make any sense to me. I would like to understand why that exists that way. What changed to cause some things to more than double and other things to be cut in cost by half? Maybe the densities changed, maybe the way we use these. I mean certainly if we were to look back 10 years ago, I bought a lot less on Amazon than I do today. There are some behaviors that have changed and maybe that plays into it. It does not make a lot of sense to me that most of the nonresidential fees are going down sometimes by 50%, where all of the residential fees are going up and some of them by more than double.

I do not know how to affect, how to incorporate it. I think some analysis of what this does to the local economy matters. How it affects what a Las Crucen

pays for a house; I think that matters. To completely ignore that factor is I think an oversight. Committee members, what do you think?

O'Neill: I think there are you know discrepancies in those figures, like you said, which I would like to see addressed, and I know Mr. Villarreal is taking active notes over there. I think he has got your point on that. I have some comments on as far as the buying of equipment, not so much here on the graph right now, so I do not have any more on that.

Chair Lorenz: Well, I am just kind of all over the place, so wherever you would like to make comments. We need to discuss what we are going to do with this because we either need to, I guess the action item here today is to vote on Public Safety Capital Improvement Plan. In other words ...

O'Neill: Move forward with the plan.

Chair Lorenz: ... the only way we can accept it is to amend it ourselves or accept it as is. I do not think either one of those are going to happen today. We are certainly not going to deny it. We either need to have some discussion, give the feedback that Chief Smith is so eagerly requested so that next time we meet we can feel confident in putting forth a recommendation to City Council as to whether we like what is there, or whether we can recommend to City Council that we do not like what is there. I think in earnest they have come before us today requesting feedback and comments, rather than a thumbs up or a thumbs down.

O'Neill: Well, by voting yes on this, this is just to move forward with the plan or is it actually approving it as it is? It is not approving anything yet. It is just to move forward.

Chair Lorenz: My interpretation is to accept it as is.

Smith: Mr. Chairman and Committee Members. If I could have Carlos Villarreal come in and really explain that the action that we are looking for today because I believe it is more feedback and guidance before you make it a recommendation.

O'Neill: Right. I have a little before you do on, you know on the topics we are talking about like equipment purchase and so forth. I just like to note that those items that you are purchasing are used now and also the same items are used for future, so it is not like you know you have to buy it for new development. I mean it is like those same items are going to be used, they are using now, and they are used for the future. The way I understand Impact Fees, also they can be used for improvement on additional items or buildings or so forth, improvement those Impact Fees, so it is not just strictly, now maybe staff can help me here. I see Alma coming up. She is running away from that one. That is way I understand existed, it is kind of addressed Mr. Moscato. Anyway.

Chair Lorenz: It has to increase, and I wish the legal representative was here. The concept is you cannot upgrade. What you can do is expand to accommodate ...

O'Neill: Right.

Chair Lorenz: ... the greater demand. The measurement is, what is our level of service today? What does it take to sustain that level of service with the additional demand that exists? Right. We could not use Impact Fees to upgrade everything that we have without expanding that level of service for the demand. Does that make sense?

O'Neill: Okay. Makes perfect sense.

Chair Lorenz: Nor can you replace anything that is worn out, nor can you change the oil in a police cruiser, because that is maintenance. It must be, and that is why, and correct me if I am wrong Carlos, that is why you are using the phrase maximum allowable fee, because what you are attempting to determine if, and again please correct me if I am wrong, what you are attempting to determine is what level of service exists and how are we going to quantify that? What measurement can we use to say this is what exists?

Villarreal: Absolutely. That is a great way to summarize it. We are looking to maintain the level of service or the cost per capita that we were discussing earlier, that represents your existing level of service in terms of existing facilities relative to your existing demand. Using the existing facility standard, we are looking to extend that same level of service to new development. The project list does not drive the calculation of the fee that explains how the City plans to use the fee revenue. We absolutely need to make sure that the projects and facilities listed on that list meet the acceptable definitions of use of your revenue.

Chair Lorenz: You know, one of the things that this fee really makes sense to me is, especially with that map, the GIS map, and you can see where we are, please excuse the expression, but failing because we do not have the facilities for where there is people living now. I mean, if you were to drive north of Highway 70 on Sonoma Ranch 10 years ago, and you drive north of Highway 70 on Sonoma Ranch today, there is no more police stations, there is no more fire stations, but there is a whole lot of rooftops, and I think it makes sense. You know, I can physically see the demand. I am out there, three or four times a week. I see it. I think that is where you are going to spend the money. It is one of the things, the way Impact Fees are spent, is something that really gets to me, because in some of the other Impacts Fees, like Parks for instance, we can collect Impact Fees from a house built in Sonoma Ranch, and then go build a park on North Alameda if we want to. I guess you can too with yours. You know, you could build a new station in the South Valley if you wanted to.

The approach that you are looking for is for that expanded area, where those new people are living, where those new businesses are going in, those people need fire services. I think that map really illustrated it well. Are we charging a

fee appropriately? That is the big question. I think Chief's right, you are never going to be able to collect enough from new construction to pay for all of the expanded services. I guess you could put a ticket booth on the way into town as people move to Las Cruces because it is one of those things right. Right now, we run about 45% of the people that I built homes for are Las Cruces. These are people that are not increasing the demand, but yet they are paying the fee because they are buying a new house instead of a used house. The other 55% are moving here from out of town. I am sure the experience is different depending on the price range of home that we are talking about, but in the price range of home that I am building, now just over half of our people are relocating here. We are pricing out Las Cruces from being able to buy new homes because costs have increased so much. If you were going to truly charge a fee for the expansion of town, right, that expansion of town is caused by the people relocating here, we would not be charging 45% of my customers, we would only be charging the 55. It is one of the many flaws in the Impact Fee system if you ask me, but at least the new fire station is going to go on the East Mesa where the new houses are. Thoughts?

Newby:

Sure. We always seem to come to this Rubicon as we get more and more information, and we ask more and more questions. I certainly concur with the Chair on using the alternative schedule, compressing those. I am very concerned about many of the commercial categories going down by more than 50%, while the residential go up. I know a lot of this is math and calculus and algorithms, but it just does not make any sense. You know some of your references that you use, or for instance ITE, I use ITE all the time. I found they are not always right, even though it is a compendium of incredible amount of statistics. Especially on the commercial side where, as the Chair said, commercial/retail is being cut by more than 50%. I keep trying to figure out a path to understand that and I just cannot. I can certainly see the increases that are suggested here, but it does seem counterintuitive that in general, on all of your projections that residential is going up in some cases more than 50%, and commercial is going down in some cases more than 50%. There just seems to be a dichotomy there that I cannot explain, but I am sure you guys will figure it out, or change it, one of the two.

On future demand and what John had to say. That is what we are here for. That is our job to make sure we are not backfilling money for projects that were created by previous demand but we are just now getting to. That list is confusing. Maybe it was not meant to say, this is what the projects are based on these numbers. If you all could address that and show us what future facilities based on future demand would be financed by the Impact Fees. That is all.

Chair Lorenz:

Adam. You are the quiet one man. You know, there was, and I was looking for, pardon me for looking at my phone, but I was looking for a court case. I thought I would of saved the link. There was a court case that happened in Florida. I think it was towards the third or fourth quarter of last year. There was an Impact Fee in that community, it was actually a county wide Impact

Fee, and it was for schools. It caused a court case that a smaller community, one where they were paying Impact Fees for schools, but the schools were not being built anywhere near where they were paying the fees. It caused a lot of problems. They had to figure out what to do with this money that we have collected and how to reimburse it, and how to make those people whole. Because in some cases the schools were being built 40, 50 miles away from where the fees were being collected. I think it is smart of us as a committee and as a City and as a government to be mindful of that and make sure that when those fees do come in, we are spending them where we are charging, because I think it really could come back and bite us someday.

Smith: Mr. Chair. If I could add on to your point, there. I do not think I have it on this slide. Fire Chief Jason Smith. I believe that is what we have the time limit on when we need to spend the funds from when they are collected, is that that is the time that we are being held to, as you all know, as being part of the committee and in construction for a long time. You have those costs; the East Mesa Public Safety Complex is a big upfront capital investment. As you can see from the response time map, it really put that Impact Fee to use where it was needed. The fees that we have been collecting, as I think Carlos has shown in his report, based off of what we are providing, I might get the wrong page wrong. There we go. Based off our existing service, what we provide today, their calculation shows that we need \$12 million to sustain it. Obviously, what we look at for our service exceeds that. I think a conservative approach has been applied here to keep that Impact Fee reasonable. Like Carlos kind of commented on why the industrial, commercial, nonresidential ones are changed so much. My firefighter instinct says, where do we go to most of our calls? A lot of our commercial buildings, there is a sprinkler protection system, they are inspected differently, there is a different occupant load, there is not as many people there. It is typically working-class individuals who tend to be healthier, but they wait till they get home to have some sort of issue. Whereas residential and institutional, we are going to a lot, especially institutional since the last couple of years with changes, and we are looking at our data, our response data. Where are we going now, I think drives a part of that calculation. Just my take on it sorts of.

Chair Lorenz: Before you walk away, and I do want to hear what you have to say. How many of those calls are not to a structure at all?

Smith: I would have to go back and look at the data set that our Battalion Chief sent over.

Chair Lorenz: You know what I mean because it seemed to me not having any expertise in your field, but it would seem to me that a lot of your calls are to traffic accidents.

Smith: There is a portion, it is a portion of our EMS calls. Of like 16,000 there is a smaller portion of that that is MVAs, but I could definitely get that information from what we pulled and present that. Because that is good information to

know. Where are we going to that is car accident, or just an EMS call or fire call on a vacant lot or a corner street.

Chair Lorenz: You think about police you know, a portion of those is shoplifting calls or you know crime happening at a business. You know I think it probably happens a lot more, a lot more calls to residences. Again, a good portion of your calls are not actually to a building at all.

Daines: Deputy Chief Daines. Mr. Chair. Yes, the way we function is a little bit different, obviously from the Fire because they are at fixed locations, and then they respond. What we are seeing is our calls for service have been relatively, especially with COVID, flattened out, we are increasing certain calls. When we are looking for the future is probably increased staffing, which is going to have increased equipment costs, etc, is that the calls we are taking are actually getting more complex. We are having more officers having to spend time on those calls. We have, even now we are looking at a shortage of other officers being able to respond to other calls for service and some calls for service we do go with the Fire Department, or we arrive and then realize this is a Fire/EMS or they need us there, for example if there is a structure fire we have got to be there for traffic control. I think as we go forward too, the complexity and type of calls we respond to are really good to change to what we are looking at as far as how we project as well. We probably are going to be looking also. I had a little, my fault I had some confusion with some of the stuff I provided Mr. Villarreal. Now I understand, kind of got stuck in on this at the last minute to respond to this, some of this stuff. We are also going to be looking at the same thing with more facilities, then we are going to have to have an increase in personnel which bring on those upcoming costs that we will be looking at. Then just the way we investigate what is going on. A simple shoplifting, yes, it is not as time consuming. There is your commercial calls. I mean 85% of our calls are at three locations and I think they all end in mart, so I can give you (*inaudible 2:24:00*) for shoplifting calls.

O'Neill: I am glad you did not call them out.

Drs A GRT. I am not going to say anything. What we go to is also changing and is more complex. Which is you know coming along now people are expecting more especially with technology, you know DNA things of that nature. Everything gets more complex.

Chair Lorenz: Thank you.

Villarreal: Just generally speaking, I touched on it in one of the slides earlier, but what drives the allocation between residential and nonresidential is the worker demand factor. You know I am happy to take a look or retake a look at the data that was provided and see how those calls were classified. I am also happy to dig into the prior report and see where our assumptions may differ. It is probably trends over time, but certainly the prior study was done by a different consultant, they could have taken a different approach. I am happy to dig into

that and get you a more solid answer as to the differences. Yes, generally speaking that we are going, demand factor really does drive the difference between the residential and nonresidential fees, to the extent that that worker demand factor comes up that would shift the burden more towards nonresidential and away from residential.

Chair Lorenz: Anybody else have any more comments or discussion? I think I have kind of shed mine.

O'Neill: Just I have a question. We have, just a point of order, we have a motion and second on the floor right now. Can we take action on this approving it under the contingency there is going to be amendments?

Chair Lorenz: I think ...

O'Neill: Amendments or not.

Chair Lorenz: I think we need to table it. Is that correct?

O'Neill: All right.

Chair Lorenz: Alma. I think we need to table.

O'Neill: We cannot do amendments unless there are specific amendments that we know what they are I imagine.

Newby: Next will be aforementioned amendments to whatever.

O'Neill: At least they understand what our concerns are.

Walsh: Mr. Chair. As they discussed that, can I make a comment.

Chair Lorenz: Sure. Yes.

Walsh: When you are looking at the current residents moving into new homes and less than half our residents are building, you cannot make the assumption that the homes they are leaving are vacant, or that the apartments they are leaving are vacant. That is why we still have to consider that increase in population, because we are not really seeing, as Larry mentioned, the vacant inventory with that 29-day turnaround. You know, I think it is a different discussion when we do see vacancy rates go high.

Chair Lorenz: I think you are right. I think they change; you know we are charging the house instead of the person. The demand for services is still there, we are just not charging the person that caused the demand.

Newby: Are you making a motion then to charge by person?

- O'Neill: First we need to get our original motion off the floor.
- Newby: Yes.
- O'Neill: I will renege my second on your motion to approve. Do not we need to do that before we table it?
- Chair Lorenz: Yes.
- Villarreal: If I may, I do not think we need to approve or vote on the action today. I think we were just looking for comments. What we will need from you before the fees go to the City Council for adoption is your written comments, at least five business days before that hearing. Today I think we were just looking to solicit feedback, and it may have been poorly worded on the agenda. Just wanted to clarify that.
- Chair Lorenz: Good. We can just table that. We will vote on what you bring to us next month. Then we can prepare the comments that we want to take to City Council.
- Newby: Do you need a motion to table?
- Chair Lorenz: I think I do.
- O'Neill: We have to take our other motion off first. We have a motion now and a second.
- Newby: I think you just ...
- O'Neill: We have to reverse that.
- Newby: Thank you just do a motion to table.
- Chair Lorenz: Yes, a motion to table that.
- O'Neill: That is a new motion.
- Chair Lorenz: You are the expert.
- O'Neill: That is a new motion.
- Ruiz: Yes, I apologize because I did not hear the motion. I did not know if it was to approve or to open discussion on the item to be taken for action. We needed a motion to open discussion, and then he second it, because you have to do that to start the discussion.
- Chair Lorenz: I believe that I exactly how I requested the motion was ...
- Newby: If it was not, it is now.

O'Neill: Yes, we can just ...

Newby: Let the minutes reflect.

Ruiz: My apologies because I did not quite hear that, the motion how it came. I believe it was to start the discussion because that is how you started it.

O'Neill: Okay, I thought it was to approve.

Ruiz: Then ... no. Then now you can make the motion to table. I would suggest to table to a date certain to the next meeting.

Chair Lorenz: Next meeting. Absolutely.

Ruiz: Okay. Thank you.

Chair Lorenz: I would like to hear a motion to table the Public Safety Impact Fee Approval to next month's meeting for May of 2022.

O'Neill: So, Moved.

Newby: Second.

Chair Lorenz: All in favor. I will give you enough input. You did. Thank you. Thank you.

The vote on to Table the Public Safety Capital Improvement Plan was Approved Unanimously 5-0.

O'Neill: Did we give you enough input?

Villarreal: You did. thank you.

Chair Lorenz: Thank you. Thank you so much.

8. Board Comments:

****Vice-Chair O'Neill departed 3:55 p.m.***

Chair Lorenz: Board Comments. I have got one for you guys. I have a conflict in schedule that affects this meeting. I sit on another board for an insurance company, a worker's comp insurance company, and I was assigned to the Finance Committee for that board, which meets the third Thursday of every other month. Every other month it would fall on the same day, in fact that meeting started two hours ago. My request of you is that the next time we meet we will have an agenda item on considering rescheduling this meeting to some other day or time of the month. If you guys would consider that and look at your schedules and see if there is maybe a particular day or time that would work

better or not as well for you, and we will have Alma add it to the agenda next time. I think Mr. Roberts over there probably has the tightest schedule of all of us. Maybe Steve, he is a busy guy. If you would please consider that as an opportunity next month, I would appreciate it. Any other Board Comments?

***Vice-Chair O'Neill returned 3:57 p.m.**

Curnutt: I have one. You know, I really appreciate the effort that the Chief has gone through in putting together his packet and working with his consultant on their recommended fees. I guess I would like to just highlight the fact that my concern is, is I perceived that we as a committee are reactive and not proactive in this. Because they have a certain timeline, I am not sure it is our timeline, and we get caught in situations just like we did today. The Chief probably left today thinking he did not get what he wanted or needed. I really emphasize the importance of taking that step that we talked about, and 4 E agenda item, in developing our processes and make sure everybody understands those. Because what we are doing is responding to theirs, and by doing that we then lose control and they do too, because we are controlling the (*inaudible 2:31:46*).

Chair Lorenz: Lack of ability to schedule the time appropriately ...

O'Neill: To move forward.

Chair Lorenz: ... so that they can get what they need.

Curnutt: That is right.

O'Neill: Exactly.

Curnutt: That is just my comment.

Chair Lorenz: I agree. Thank you. Anything else?

9. Next Meeting Date - May 19, 2022:

A. Old Business:

i. Public Safety Impact Fees Update

B. New Business:

C. Action:

i. Vote on Recommendation of Impact Fee Schedule by CIAC Members

Chair Lorenz: Next meeting May 19, 2022. I believe Mr. Curnutt will not be able to attend, but the rest of us should be here. We will have a very important matter to take action on.

O'Neill: Is this going to be, you are going to miss your other meeting then or are we okay for another month?

Chair Lorenz: Next month I do not have the other meeting.

O'Neill: Okay.

Chair Lorenz: If we can make a decision next month, that will sure help me in the future.

O'Neill: Well, we will need it on the agenda then.

Chair Lorenz: Yes, and Alma will get it there for me. The meeting is in Albuquerque, so I think I am going to miss it.

10. Adjournment:

Chair Lorenz: If there is nothing else then we are adjourned today. Do I need a motion to adjourn? I got to read that.

O'Neill: She said yes.

Newby: Go do something productive.

Chair Lorenz: Can I have a motion?

O'Neill: I will make a motion that we adjourn the meeting.

Chair Lorenz: Thank you Mark.

Curnutt: Thank you.

Newby: Second.

Chairperson