

MINUTES OF THE CITY OF LAS VEGAS SPECIAL CITY COUNCIL MEETING HELD ON THURSDAY, MAY 4, 2023 AT 11:00 A.M. IN THE CITY COUNCIL CHAMBERS.

MAYOR: Louie A. Trujillo

COUNCILORS: David G. Romero
Barbara Casey
Michael L. Montoya *via Google Meet*
David Ulibarri

ALSO PRESENT: Leo Maestas, City Manager
Casandra Fresquez, City Clerk
Elias Rael, Sergeant at Arms

CALL TO ORDER

Mayor Trujillo called the meeting to order at 11:00 am.

ROLL CALL

PLEDGE OF ALLEGIANCE

MOMENT OF SILENCE

Mayor Trujillo took a moment of silence to recognize the sudden passing of a City of Las Vegas employee, Mr. Tim Nix.

APPROVAL OF AGENDA

Councilor Casey made a motion to approve the agenda as presented. Councilor Ulibarri seconded the motion. Mayor Trujillo asked for roll call. Roll Call Vote was taken and reflected the following:

David G. Romero	Yes	David Ulibarri	Yes
Barbara Casey	Yes		

City Clerk Fresquez advised the motion carried.

PUBLIC INPUT

There was no public input.

BUSINESS ITEMS

1. Discussion and Consideration of an emergency water lease contract for bulk purchase of water from Storrie Lake shareholder, Michael Quintana.

Mayor Trujillo advised they have discussed occupying storage space or bulk water from Storrie Lake and would like to move forward.

Councilor Romero asked about the proposed contract that they were given, and advised the original intent was for a lease and asked for an explanation.

City Manager Maestas advised the title does state, "lease contract for bulk purchase". City Manager Maestas advised that was the language Attorney Pete Domenici chose to put into the document.

Councilor Casey advised sale and lease mean two different things. Councilor Casey advised she thought it should say, "water sale through two year lease or water lease through two year lease".

City Manager Maestas advised they should ask Water Rights Attorney Pete Domenici.

Councilor Romero advised he wanted the experts' opinions and would like to see a long term agreement instead of band-aiding the problem like the past.

City Manager Maestas advised Mr. Domenici, Mrs. Gilvarry and himself were given direction to sit down and discuss what needed to be in the document. City Manager Maestas advised they also included State Water Engineer Mike Hamman for any of his knowledge or language to be included in the document.

Hydrologist Jay Lazarus with Glorieta Geoscience discussed wanting a long term agreement with Storrie Lake. Mr. Lazarus advised they need that security for a long term water supply for the city to grow. Mr. Lazarus advised his recommendation would be for a 40 year lease and mentioned the leasing statute for bulk water purchase. Mr. Lazarus advised they need to consider Mr. Quintana and other farmers in the area that any arrangements with the City won't affect their ability to farm or make a profit off their land. Mr. Lazarus advised the way the agreement was written, for the next two years the State would pay and it would not come out of the City's pocket.

Mayor Trujillo asked for Mr. Lazarus to discuss what was meant by the agreement not setting a precedent price of the water.

Mr. Lazarus advised there was language in the agreement on section 12 stating, "nothing in this agreement is intended to create a precedent for future bulk water purchases and/use of the Storrie Intake Canal by the City from SPWUA, this Emergency water lease is due to the conditions set forth in the recitals above and it is unknown if such conditions will apply in the future".

Councilor Montoya discussed the town of Red River selling water rights to the ski valley for fifty dollars an acre and advised the City is paying ten times more than the average price for water rights. Councilor Montoya advised he had asked Mr. Quintana if they would be interested in leasing or selling their water rights and selling wasn't an option at the time. Councilor Montoya stated that he also asked about having a 40 year lease and that wasn't an option. Councilor Montoya

advised that he asked City Manager Maestas and with the approval of Council that he attend the Storrie Lake Water Association Board meetings because they are members and own 37 acres. Councilor Montoya advised he has not been invited to attend any of the meetings or been advised when the dates are for those meetings. Councilor Montoya stated that the Federal Government started the fire and they owe it to us to agree that we have an emergency water lease from the U.S. Federal Government, the Fish and Wildlife Refuge and at Storrie Lake. Councilor Montoya further stated that they have more water than Mr. Quintana and more water than any shareholder. Councilor Montoya advised the reservoirs are 80% full and if they don't use the bulk water from Storrie Lake then they lose out on that water and also lose 2 million dollars. Councilor Montoya voiced his concerns regarding procurement issues and not including the other Storrie Lake Water Association members who may want to sell or lease any of their water rights.

Councilor Montoya advised that he hasn't seen any confirmation from the State regarding funding this purchase. Councilor Montoya advised that they cannot go into an agreement without having that documentation. Councilor Montoya advised that the City of Las Vegas has never had an individual lease before which is concerning to him and thinks it should go out as an RFP to allow anyone in the area to apply. Councilor Montoya discussed the application permit needing to be changed before purchasing the water. Councilor Montoya asked what happens after the two years and the possibility of water rate increases to come up with one million dollars year after year which is not feasible. Councilor Montoya stated that this is just a temporary fix and they need a long term plan. Councilor Montoya advised that the 2 million dollars could be spent on repairs to the treatment plants and doesn't think the budget can afford this type of purchase. Councilor Montoya mentioned the previous discussion was for a 15-20 year term and now it's down to 2 years, which is not acceptable.

State Water Engineer Mike Hamman discussed all the high level concerns that took place last year in regards to water issues. Mr. Hamman discussed the needs for the City such as infrastructure for the Storrie Project. Mr. Hamman advised he

was in the process of working with Homeland Security and Emergency Management to get FEMA moving forward to confirm that the 2 million dollars would be reimbursed. Mr. Hamman advised Senator Pete Campos stated he would do what he needs to do to ensure the funding is there for reimbursement. Mr. Hamman advised that funding is not an issue and they would figure it out. Mr. Hamman advised he would have answers within 45 days. Mr. Hamman advised this would be an emergency one time purchase, which is covered by the State and FEMA. Mr. Hamman further advised it could be true that they don't use the full 500 acre feet of water but it's there if the monsoons hit hard or the runoff causes problems. Mr. Hamman recommended using the time to continue building a relationship with the Storrie Lake members, get an agreement in place for storage and an agreement to use the diversion to divert the 800 acre feet and anything else in the future from the river.

Mayor Trujillo asked if the two year agreement would allow them to negotiate a longer term with Mr. Quintana.

Mr. Domenici advised one way to look at the two year lease would be like an insurance policy in case of emergency. Mr. Domenici advised he drafted the contract the way he was instructed to do at the last meeting. Mr. Domenici advised it was a one million dollar purchase, Mr. Quintana agreed to two years as he was sitting there with him. Mr. Domenici advised he added language that the water could be used for a 12 month period as Mr. Quintana advised he did not have control of storage in that reservoir but he is trying to get the Storrie Project to agree that Mr. Quintana's water can be used under the lease for a 12 month period and then start again when the next irrigation season starts. Mr. Domenici advised the permitting is easy and they worked through that with Mr. Hamman and there won't be a delay. Mr. Domenici advised if there are a series of thunderstorms that start tonight and next week, they would have the tools in place in the contract, should Mr. Quintana accept what's in the contract then Utilities Director Gilvarry would have water if needed. Mr. Domenici advised if there are minor adjustments needed on the contract they could revise it. Mr. Domenici stated they had input from the State Engineer's Office, his legal counsel,

the commitment from the State for funding, a time period of when they can use the water, they have permitting in place and it gives two years to work on other pieces to have a carryover of the water that they would be obtaining in the lease which could make it more valuable and using their diversion.

Mayor Trujillo thanked Mr. Domenici for his advice.

Councilor Romero asked what water would be used should the City get a \$100 million pre-treatment plant if they don't go with the lease agreement.

Utilities Director Gilvarry advised it would be river water from Storrie and they have 800 acre feet at Storrie, the reservoirs are at 97% full.

Councilor Romero advised the point was should something happen then we won't have water. Councilor Romero advised he reached out to Mr. Quintana because last year the negotiations were going nowhere. Councilor Romero mentioned had they purchased acres from the Quintana family 20 years ago then maybe we wouldn't be in this situation today.

Mayor Trujillo discussed their goal for the community to have plenty of water and this opportunity doesn't come around often. Mayor Trujillo discussed the monsoon season and the condition of the water during that time and the possibility of lowering the water restrictions.

Councilor Casey discussed the language on pg. 2, number 13, regarding the agreement is contingent on the State of New Mexico making complete payment of the amounts, and asked Mr. Hamman how he would help them get money for a longer term lease.

Mr. Hamman discussed there having to be a strong case made under the Hermit's Peak relief act.

Councilor Montoya discussed the worst case scenario of the water from Storrie Lake being contaminated and not being able to use the water. Councilor Montoya thanked everyone for their efforts, for coming to Las Vegas and for paying attention to us.

Councilor Casey advised she would like to hear from Mr. Quintana.

Mr. Quintana discussed always being open to a long term lease and advised the two year lease came out of nowhere. Mr. Quintana advised he hadn't seen the lease agreement and it was never sent to him. Mr. Quintana discussed his water attorney, personal attorney and himself needing to look over the agreement. Mr. Quintana discussed being open to a long term lease and advised the City needs to start standing on their own legs and start figuring out the future. Mr. Quintana advised if they want the city to continue to grow they are going to need more water. Mr. Quintana advised he did address the rest of the members of the association that he was possibly entering into a lease. Mr. Quintana discussed the association having an annual meeting once a year and a member from the City of Las Vegas was more than welcome to go. Mr. Quintana advised his family was the largest private shareholder in the lake.

Mayor Trujillo thanked Mr. Quintana for being there and advised if they pass the agreement then it would give them time to work on a long term agreement to be brought back to Council in the next month or so.

Mr. Quintana advised a short two year lease would be hard for him if he plants his crops, which was why he had also done a 10 year lease.

Councilor Romero asked about the reimbursement cycle qualifying the two year lease agreement but asked if they could give direction or approve a long term lease within this two year lease.

Mr. Quintana discussed his letter of intent.

Mayor Trujillo advised moving forward with the lease agreement and giving direction to City Manager Maestas, staff and attorneys to work out a long term deal with Mr. Quintana for 20 years.

Councilor Casey asked Mr. Quintana if he was open to that.

Mr. Quintana advised he was and it would be beneficial for the City if they did a long term lease.

Councilor Casey advised that would be the way to go and to be fair for Mr. Quintana and to provide for the citizens of the community. Councilor Casey advised she liked Mayor Trujillo's suggestion and if Mr. Quintana was willing to work with them.

Mr. Hamman advised they would back their efforts to try to find the long term funding associated with Hermit's Peak effort.

Mr. Lazarus suggested seeing a 40 year lease with another 40 year option because if they're going to grow, they need water security. Mr. Lazarus discussed the opportunity to purchase the whole non-federal share 20 years ago but the council then decided not to. Mr. Lazarus suggested going for a 40 year lease with another 40 years added and maybe another 40 years after that.

Mayor Trujillo advised that his primary meeting with Mr. Quintana included the language of 40 years whether its renewable for the next 40 years would be up to the City's attorneys and Mr. Quintana's attorneys.

Councilor Romero discussed the Enterprise fund and the responsibility of the City Manager and the Finance Director to be able to come up with the million dollars they would have to pay after the 2 years.

Councilor Casey made a motion to approve the emergency water lease contract for bulk purchase of water for two years as per the language that State Engineer

Hamman added with the proviso that at the May 17th meeting they have an additional lease agreement for anywhere from 25-40 years so they can have something more permanent for the community. Councilor Romero seconded the motion.

Councilor Romero asked Mr. Quintana if he would be okay with a longer lease should it be brought back.

Mr. Quintana advised he would be.

Councilor Montoya asked since they do not have a City Attorney, would the motion state if they don't have a 40 year plan within one month then the agreement won't go through.

Mr. Domenici advised it is based on the language in the motion and also the issue with the procurement code. Mr. Domenici advised he thinks with the emergency of the purchase they would be okay but would like to discuss with City Manager Maestas about the requirements associated with a 40 year lease. Mr. Domenici advised last time they met along with Mr. Quintana, they discussed the two year lease because they wanted to get him paid before he closed the window on the deal. Mr. Domenici advised May 17th is too quick to draft out a 40 year commitment and they may have a procurement issue involved. Mr. Domenici asked that the motion be clear that the Council is approving the contract regardless of what happens in the next 40 days. Mr. Domenici advised the contract be presented and executed as soon as possible so there is a two way commitment binding, so they know they have the water and Mr. Quintana knows he has his money. Mr. Domenici asked for more time perhaps the next meeting after May 17th so they can come back and negotiate with Mr. Quintana, review the procurement issues and come back if able to, to present a proposed long term lease document and discuss options if there is a procurement issue. Mr. Domenici discussed the advantages of buying water from one person rather than multiple transactions.

Councilor Montoya asked where do they leave the other stakeholders in the motion because it's only pertaining to Mr. Quintana.

Mayor Trujillo advised yes, the agreement is strictly between Mr. Quintana and the City of Las Vegas.

Councilor Montoya advised that he was interested in a long term plan.

Mayor Trujillo advised that was what they're working on, if it gets passed right now with the provision that Councilor Casey change her motion that within a month's time or the second meeting in June, they would have prepared and looked at the long term contract for 40 years.

Councilor Montoya mentioned that Mr. Domenici stated that 30 days was not enough time to prepare a long term contract.

Mayor Trujillo advised that Mr. Domenici stated 10 days was not enough time to prepare the long term contract.

Mr. Domenici advised they should be able to engage in negotiations and perform a procurement analysis within 30 days.

Councilor Montoya asked if they don't come to an agreement on a long term plan then the deal still goes through.

Mayor Trujillo advised yes.

Councilor Casey amended her motion to accept the emergency water lease contract for bulk purchase of water for the two year lease with the proviso that was just discussed with the recommendations Mr. Domenici made and they have the subsequent lease agreement come before Council at the second meeting in June. Councilor Romero agreed to the amended motion. Mayor Trujillo asked for roll call. Roll Call Vote was taken and reflected the following:

David G. Romero	Yes	David Ulibarri	Yes
Barbara Casey	Yes	Michael L. Montoya	No

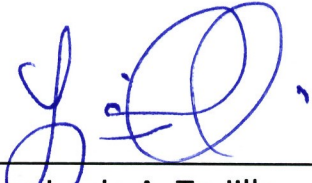
City Clerk Fresquez advised the motion carried.

ADJOURN

Councilor Casey made a motion to adjourn. Councilor Ulibarri seconded the motion. All were in favor.

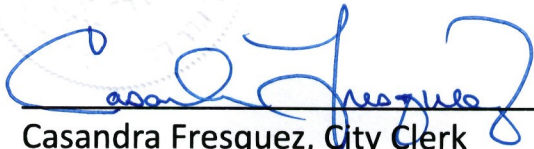
City Clerk Fresquez advised the motion carried.

Meeting adjourned at 12:18 pm.



Mayor Louie A. Trujillo

ATTEST:



Casandra Fresquez, City Clerk