

City to apply for \$18.6 million in GRE bonds to fund public projects

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The City of Gallup has developed a plan to fully finance the new public safety building.

During the Oct. 12 city council meeting, City Manager Maryann Ustick explained that the city could use Gross Receipts Tax bonds to fund the project. First, however, the council had to decide between two options; one that would give the city \$12.8 million now and \$5.8 million in FY24, and another that would provide \$9 million now and \$9.5 million in FY24.

The city will then go on to apply for the money through the New Mexico Finance Authority.

Ustick told the council that not all of the allotted funds would go toward the public safety building and that it would be necessary to designate where the remaining money would be spent. The city staff recommended using the remaining funds for turfing/returfing sports fields and milling/repaving streets.

“Returfing is cheaper than a new field because of the drainage and design and all that,” Ustick explained.

She said that Assistant City Manager Jon DeYoung received an estimate that indicated building a new field would cost about \$1 million, while returfing the park would cost only about \$500,000 per field.

Councilor Fran Palochak, Dist. 4, was in favor of fixing up the sports fields, especially the ones at Ford Canyon Park.

“We’ve had to close our soccer field out west because of prairie dogs; it was too dangerous for kids to play in those fields because of the holes, and they need that to be in tip-top shape to play their very best,” Palochak said during the Sept. 28 council meeting, when the issue of the bonds was first addressed. “So we need to invest money to upkeep our parks, so that our kids can continue to get exercise and play games and learn good sportsmanship.”

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As for the streets that would be resurfaced as part of the project, Ustick said the city would need to know how much funding was left over from the other projects before deciding how many of Gallup's streets can be repaved.

During the Oct. 12 meeting, Public Works Director Robert Hamblen reminded the council that a three-street repavement project that was completed over the summer cost about \$9,000.

Before they made their decision, Gallup's Chief Financial Officer Patty Holland told the council that option two would basically only cover the costs for the public safety building, leaving only \$3 million for other projects.

The council ultimately decided to go with the first option.

"Today's money is worth more today than tomorrow[s], and with the cost of construction going up, it's important that we get the police department building up," Councilor Yogash Kumar, Dist. 3, said when he supported the first option during the Sept. 28 council meeting.

Ustick informed the council that the city currently has \$11 million put away for the construction of the public safety building. About \$6 million of that came from the governor's office, and Ustick said that amount expires on June 30, 2023.

During the Sept. 28 council meeting, when these options were first presented to the council, Erik Harrigan, the managing director at RBC Capital Markets' in Albuquerque, noted that 55 percent of the money must be spent within three years of receiving it. Five percent of the funds have to be committed within six months.

RBC has been the municipal advisor to the City of Gallup for at least 10 years. As municipal advisor, RBC advises about debt for public projects.

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“[Because] the bonds do enjoy tax exemption, the New Mexico Finance Authority don’t (sic) want you sitting on the money for a long time” Harrigan explained.

Ustick stated that the public safety building is “shovel-ready” and that the city is just waiting to make sure they have adequate funding for the project before they can go out to bid for it. She said the building is estimated to cost about \$20 million in total and that they have until the end of the year to work on the GRE bonds.

She estimated that the public safety building would go out for bid in either January or February of next year. The new public safety building will be constructed at the current location at the back of the property.

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