

Las Cruces Utilities
Minutes of the Regular Meeting on
Thursday, March 14, 2019
3:40 pm
Utilities Board Room 225

Board Members Present

William Little, Chairman
Ed Archuleta, Vice-Chairman
Steven Baumgarn, Commissioner
Jim Carmichael, Commissioner
Dr. Harry Johnson, Commissioner

Board Members Absent:

Gill Sorg, Commissioner
Gabriel Vasquez, Commissioner

Ex-Officio Members Present:

Stuart C. Ed, City Manager (departed at 4:28 p.m)
Jorge A. Garcia, Utilities Director

Others:

Becky Baum, RC Creations, LLC
Cassie McClure, Pubic Outreach Consultant
Suzanne Michaels, Public Outreach Consultant
Susan Schmutge, League of Women Voters
Greg Shervanick

City Staff Present:

Maria Cheng, Interim Budget Analyst
Carl Clark, RES/TS Administrator
Jeff Dillard, Business Systems Analyst
Marcy Driggers, Sr. Assistant City Attorney
Paul Edwards, Business Systems Analyst
Berta Garcia, Office Assistant Senior
Lucio Garcia, Gas Distribution & Construction Administrator
Robin Lawrence, Solid Waste Administrator
John Mrozek, Wastewater Administrator
Jose Provencio, Business Services Administrator
Mario Puentes, Gas Business Analyst
Domonique Rodriguez, Rate Econ. Analyst Manager
Alma Ruiz, Officer Manager Senior
Estela Saucedo, Customer Service Supervisor
James Stafford, Management Analyst
Victoria Strouse, Office Assistant Senior, Temp
Steven Valdez, Billing and Receiving Supervisor
Adrienne Widmer, Water Administrator

Chair Little called the Regular Meeting to order at approximately 3:40 p.m.

1. Conflict of Interest:

Chair Little: First order of business is to inquire of the Board and staff if there is any Conflict of Interest in any item to come before the Board today.

There were none.

2. Acceptance of Agenda:

Chairman Little: The next item of business is acceptance of the agenda. A motion to accept.

Carmichael: So moved.

Chair Little: A second.

Archuleta: Second.

Chair Little: Thank you. Any additions or corrections to the agenda? Seeing none.

Commissioner Johnson - Aye; Commissioner Carmichael - Aye; Commissioner Archuleta - Aye; Commissioner Baumgarn - Aye; and Chair Little - Aye; Commissioner Sorg - Absent; and Commissioner Vasquez - Absent.

The Agenda was Accepted Unanimously 5-0.

3. *Acceptance of Minutes:

***a. Work Session Meeting on February 14, 2019**

***b. Regular Meeting on February 14, 2019**

The Minutes were Approved as part of the Consent Agenda.

4. Public Participation:

Chair Little: Next item of business is public participation. Are there any members of the public that would care to be heard? Okay. Seeing none.

There was none.

5. Administrative Report

Chair Little: The next item is the administrative report.

Provencio: Good afternoon Chairman, Commissioners. I'll update you on activity ongoing in the Customer Service and Accounts Receivable areas. First off, staff in the Billing and Customer Service are thoroughly testing all the modules associated with utility billing and customer service for the upcoming upgrade to version 2018.1. This involves a lot of detailed testing to make sure all the many moving parts within the billing system are working and functioning properly.

The next item is in the Billing and Receivables area. I just wanted to update you on at least the final head count on the assistance program that we had with our furloughed federal employees. The ultimate count was we processed 39 accounts for special handling. At this point, as of March 6, 2019, earlier this month, 32 accounts are already up and current and we're working with the remaining accounts to make sure they're up and ready and up-to-date on their account.

Two other items that occur at this time of the year, we're conducting the Annual Rate Reclassification Review. This is for all non-residential gas, water, and wastewater accounts as we review the proper categorization. By this I mean Small Commercial, Large Commercial, and Industrial for the upcoming year so that the tariffs and service conditions are applicable, correctly applied to all of our customers for our utility services.

The next item is the update in Winter Quarter Average is now being applied. It started at the beginning of the billing month for this month in March, and that's bringing in this billing unit for wastewater service for Residential and

Small Commercial service. That concludes my portion. I stand by for any questions you may have.

Chair Little: Are there questions? Thank you.

Dr. Garcia: Marcy, would you like to where it, Joe can you roll the next slide please and I'll ask Marcy to make some commentary on the brief. You all have hard copies and you received the .pdf file via e-mail of this document that you should have a hard copy, second page, behind this. We have three handouts today but one's the thick brief that we just filed, and Marcy will make a little commentary on what's down the road. By the way, of this we had to move the Executive Session to April. This time we have commitment from Mr. Roman so I'm hoping that they'll honor that commitment so that before the April Board meeting, we may schedule that Executive Session to discuss. That will be after the April 2nd hearing. Marcy if you'd like to elaborate a little bit on this.

Driggers: Well just briefly to bring you up to speed, remember in 2014 the United States Supreme Court granted Texas permission to file its complaint, which is considered an Original Action because one state is suing another state. The U.S. Supreme Court has to give you permission to file that. They gave Texas permission to file its lawsuit and they gave the State of New Mexico the option to file a Motion to Dismiss the Texas lawsuit. Those Oral Arguments were conducted in Washington, D.C. and I believe that City Manager Ed attended those oral arguments on the cold and soggy day.

Ed: I froze while I was there so that's right. It was about eight degrees, so I barely survived.

Driggers: As a result of those Oral Arguments the Supreme Court denied the State of Texas' Motion to Dismiss. Then this lawsuit proceeds just like a regular lawsuit with both Texas and the United States, remember the lawsuit that's originally filed by Texas but the United States came in and was given permission to Intervene or to join the lawsuit. Now it's both Texas and the United States against Colorado and New Mexico, but Colorado at the top of the line really doesn't have much to fear from this lawsuit. The focus of this is on the State of New Mexico.

Motions were filed by Texas and the United States and Responses to those Motions were due, and that is what you've received a copy of. Remember the City of Las Cruces is an *amicus*, which means Friend of the Court. We're not a named defendant in the lawsuit but we're entitled to file certain types of Responsive Pleadings on behalf of the State. It's interesting to watch when those briefs are all due. You sit watching your computer and they start ticking, ticking, ticking coming in and they have until 11:59 at night so some of them are coming in at 11:50 at night in the Federal Court system, so the next day you spend an hour or so just printing the pleadings that are coming in. You've received the Pleading that the Stein and Brockman law firm filed on behalf of the City. You get the gist when you read Jay's brief is that the City of Las

Cruces is really putting all of its eggs into the validity of the State process and the State's determination of groundwater rights. The State of Texas has asserted that New Mexico, and when I say, "New Mexico" they're saying the State Engineer's Office has granted too many well permits. I think everybody would agree that if every entity drilled or pumped all the water that its well permit gave it a right to pump, you would suck the groundwater dry because of the volume. Remember, a permit gives you a right to drill a well at a specific location for a certain volume of water to be put within what they call a Beneficial Use Area.

The City is again putting its eggs in the Stream Adjudication process because as an exhibit attached to Jay's brief is the LRG-430 permit that we were given or recognized in the adjudication process that is the primary source of our groundwater rights. State Engineer's Office controls groundwater pumping and the Rio Grande Project, which is referenced of course as the crux of this lawsuit, controls surface water deliveries to the compact participants. Colorado at the top gets a certain amount, New Mexico North of Elephant Butte gets a certain amount, and then Southern New Mexico and Texas get a certain amount. Remember, Southern New Mexico is part of the Texas delivery requirements.

As a result of that you have the Compact controlling surface water and the State Engineer's Office controlling groundwater, which are fine if they did not have a relationship. The more that you pump from wells the more you deplete the surface water flows and that is the crux of Texas' complaint against New Mexico being the State Engineer's Office. The basis for that is that the Rio Grande Compact between the three states has been in existence almost 80 years and that's why you see in Jay's brief the reference to "equitable" defenses. Equitable defenses are what are traditionally not formal legal assertions, they're basically asking for fairness. The City maintains through the briefing that the State Engineer's Adjudication process and the State's right to control groundwater pumpage in the state should have supremacy over the Rio Grande Project obligations that control surface water deliveries.

Again, there is an Oral Argument on April 2nd in Denver and I honestly don't know if Jay or the *amicus* will be given, they were given permission to file Briefs but whether they are given permission to argue before the Special Master in Denver is uncertain. At the Board meeting next month that Special Master hearing will have already occurred, but it is not likely that he will have issued a decision. He has to rule on the three pending Motions, one by Texas and two by the United States and he is not likely to have ruled before I believe it's, I'm not sure if it's David Roman who is coming down on April 11th. He had previously looked at coming down, but he too was in the process of submitting the Briefs in response and he had the same deadline as Jay Stein and the next available Board meeting was April 11th. We'll get a feel from him and then from Mr. Stein who will be at the hearing but may not be able to argue on behalf of the City and we'll have a better feel on August 11th as to at least Mr. Roman's gut reaction to questioning from the Special Master and the attorneys

will be talking. They watch the body language of the Special Master and the questions that are asked by him as follow-up to arguments by the attorneys. Again, there are lots of parties involved and the courtroom will be packed. We'll get a better feel from Jay and from Mr. Roman at the April 11th hearing as to what they think may happen.

Again, the Technical Committee, I believe I've characterized it correctly that Dr. Garcia is a member of, is proceeding I understand diligently to work out settlement options for consideration of the different parties. I think it became apparent in the Depositions that were recently undertaken that because the drought has expanded the desperate nature of this litigation. The City maintains that it has its groundwater rights that are being affected adversely by the increased pumping as the result of some, I'm not sure if they're deficiencies in the Operating Agreement but the drought has aggravated. When the Depositions were taken recently involving Board Members from Elephant Butte Irrigation, who are also farmers, all of them indicated that they get, maybe the reduced acreage in cultivation or they're relying 100% on groundwater pumping because there is not enough river water. All of these farmers have surface water rights, but they are entitled to get supplemental well rights to meet the deficiencies in the surface water delivery. If there's no surface water delivery, they can make up that deficiency with what they call "supplemental wells," and those supplemental wells are what is the main contributor to the depletion of the deliveries to El Paso.

Again, we should know a lot tomorrow and April 11th and Mr. Stein will be giving us a preliminary assessment of the hearing on April 2nd. On April 11th I'm not sure if Mr. Stein will be able to participate, but Mr. Roman who was one of the contracted attorneys representing the State of New Mexico and he will be arguing at the hearing for certain. Keep drinking your water.

Chair Little: Are there questions? We look forward to the 11th. Thank you for the update.

Driggers: You're welcome sir.

Dr. Garcia: Next, Mr. Puentes, Gas Contracting.

Puentes: Mr. Chairman, Commissioners. Good afternoon. This is an update of the natural gas supply contract that the City has with New Mexico Municipal Energy Acquisition Authority (NMMEAA). It's tied directly to some of the activity that's going on at the NMMEAA level. Let me just briefly kind of go over what NMMEAA is and what they do, and that way we kind of determine why we are where we are.

NMMEAA is the New Mexico Municipal Energy Acquisition Authority. It is a joint powers authority that was organized and created by the Cities of Las Cruces and Gallup in 2008. Its primary purpose is to acquire long-term energy supplies at a discount from market prices, so that's the key, that it's at a discount. Then it would sell those supplies to municipally owned either natural

gas or electric utilities in the state of New Mexico. To date, NMMEAA has just one transaction under its belt and it is a gas transaction that was completed in November of 2009 and then it was restructured in 2014.

The main parties to the transaction are the Royal Bank of Canada (RBC) as the gas supplier and NMMEAA as the gas purchaser. NMMEAA issued the bonds, paid RBC, and RBC agreed to provide gas to NMMEAA for the next 30 years. That is the, I guess that's where the name Prepaid Natural Gas Transaction comes from. The three municipally owned participants that are then buying gas from NMMEAA for the 30-year period of November of 2009 through October of 2039 and those participants are the Cities of Las Cruces, Farmington, and the County of Los Alamos.

As the first slide indicated that the transaction was restructured in 2014. The main driver behind that was the changes to banking regulations that made the initial structure unworkable. As part of the restructuring the participants were required to amend their Natural Gas Contracts, so we brought that resolution to the Board in 2014. The Board approved it and so the way the restructuring works, it kind of goes in 5-year increments with the ultimate goal of completing 30-years. The initial reset period was from 2014 to 2019 and we have realized a discount of just shy of \$0.29 per dekatherm that ends later this year. Again, the transaction retains the potential to continue beyond 2019 so in the restructuring phase NMMEAA refunded its 2009 bonds and then issues a series 2014 bonds that mature on August 1 of this year.

Before the end of the initial reset period which is now, RBC and NMMEAA will evaluate the economics to determine if it makes sense to continue after the bonds are refunded no later than August 1st of this year. If the answer to that is yes, then NMMEAA will refund its bonds, issue a new one, a new series, and a new gas discount will be determined, and it'll be in place for the next 5-years. Obviously if the answer is no, it does not make sense then the transaction will terminate.

In the participants agreements there's a term, a defined term called the "minimum discount" and that's what we set forth 5-years ago, said, "In 2019 we want a minimum discount of \$0.37 and if that cannot happen then we at least have the option to elect to have RBC remarket our gas," and in effect walk away from the transaction. Staff's opinion is that any discount is better than no discount. Currently NMMEAA and RBC are both going down the path of preparing themselves to transact and it probably has to happen prior to June 30, 2019. Our plan Mr. Chairman is to bring forth a resolution at the next Board meeting to request the Board to authorize staff to accept a discount that would be less than \$0.37.

Lastly, I just kind of wanted to show you a couple of charts. This first chart is showing you the supply that NMMEAA provides relative to the City's average daily demand by month. When we first entered this transaction, we structured it to be about 10% of our average daily demand on a monthly basis. You can

see that depicted there on the horizontal axis in blue. Then obviously in 10-years the system has grown so we're now maybe doing about 8% of the City's total requirements. This next chart is very similar except this one here shows a comparison of NMMEAA and PEAK to the actual metered flow in the year of 2018. With that Mr. Chairman, I'll stand for questions.

Chair Little: Questions?

Johnson: This is just a compliment. Thank you spelling out the acronym at the beginning of the slide.

Puentes: Did I do that?

Johnson: Yes, you did.

Puentes: Good. Thank you.

Chair Little: Okay. Any other compliments or questions?

Dr. Garcia: Thank you Mr. Chairman. I believe we have Projects Update.

Clark: Chairman, Commissioners. I'm here to bring you the March 2019 Project Update. The three projects I selected are the Portland Drive Water Quality Project, City of Las Cruces Utilities Metal Buildings, and the Water Service and Road Rehab Project Vista de la Montaña, Vista de la Luna, Pines, and Sonora Springs.

The first project, the Portland Drive Water Quality Project, the contractor's Caliper Construction. The project cost or construction cost is \$78,777.00. The contract time is 30 working days. They had a start date of March 4th with an estimated completion of April 12th. Right now, the percent complete, as of last week they were at 5% in regards to construction and 0% in regards to payments. The contractor has mobilized onsite and they have removed the concrete rundown. The upper right photo shows where that concrete rundown was before until it was removed. The backhoe is sitting where it would've been. The contractor beginning to install the ductile iron pipe, believe it's an 8-inch ductile iron pipe. You can see it on the sidewalk here on the right of that photo, getting ready to install that. The lower right photo is the installation of that pipe itself. You can see the gentleman has it in the ground and they have already started backfill compacting around that. There's approximately 150 lineal feet of 8-inch ductile iron pipe that's going to be installed and then approximately 600 lineal feet of 8-inch PVC water line. This is a water quality project. We're hoping to improve the water quality on Portland Drive which is off of Lakeside by allowing it to move over to I believe its Sunny Acres mobile home park. Any questions in regards to this one?

Chair Little: No questions.

Clark: No questions. The next project is the City of Las Cruces Utilities Metal Buildings. If you all recall this is for five metal buildings in various locations. The contractor is WestCon Commercial, they're a local contractor. The contract cost was \$1.1 million with 235 calendar days as the contract time. They started this project back on August 20th and we have a completion date of April 12th. They're approximately 81% complete in regards to construction and 67% complete in regards to payments. Probably with the heavy weather we've had the last few days they're going to ask for a weather day because they couldn't be out there moving panels and stuff. The project of five buildings, there are two of them that are going to be installed over here for the Gas and Water Section in the backyard area. Then two that are installed over at Jacob Hands Wastewater Treatment Facility. Then one that will be installed out at the Foothills Landfill. As you see the upper right photo here, the roof installation going on the south building at the Jacob Hands Wastewater Treatment Facility and then you see the framing of the storage area and the break room and the restrooms inside the north building in that same location. The contractor's moving along really well, and we plan on hitting those target dates. Any questions?

Chair Little: Thank you.

Clark: I have one more, the Water Service and Road Rehab Project for Vista de la Luna, Vista de la Montaña project. This is one that I always bring to the Board until it's completed. Councilor Sorg has asked for that and so we are doing that. The contractor's Smith and Aguirre. Contract cost is \$1.8 million with a contract time of 120 working days, a start date of November 5th, with an estimated completion of May 14th. Contractor's approximately 40% complete in regards to construction. They've installed all the service lines within The Pines subdivision, and they should have already wrapped up or will be wrapping up the asphalt repairs in The Pines. They've already started the water service line replacement in Vista de la Luna/Vista de la Montaña area. Again, moving along down there at the bottom is a summary of the project. They've installed approximately 3,200 lineal feet of three-quarter-inch water service line out of the 14,000. They've done 125 services out of the 493. I have installed a couple photos, you can see that's the upper right photo is the asphalt replacement in The Pines. It's a rather large patch. Probably there were numerous patches next to each other in that area, so they replaced the whole section in order to get a nice, smooth patch. The lower right photo is a pinhole leak that was discovered when they actually exposed the water line that we were going in to replace. It was already leaking. You can barely see the mist to the left of the pipe. This has since been replaced and fixed. Any questions?

Chair Little: No.

Clark: If none then...

Chair Little: Thank you.

Clark: ...Thank you.

Dr. Garcia: I believe the next item is naming the roadrunner. Carl, because Rhonda's out Carl will do that.

Clark: The roadrunner. Yes. Let me grab my notes on that.

Ed: Is it too late for nominations?

Clark: No, it isn't.

Dr. Garcia: It's never too late, Mr. Ed.

Clark: Never too late. This project is a little project, Rhonda Diaz, our Water Conservation Program Coordinator, always finds ways to stimulate the youth in thinking about water conservation. This was one of them. She did a good job at that. She asked the local elementary schools to come up with a name for the metal roadrunner, I'm not sure if you all have seen it, out at the West Mesa Industrial Park. There's a photo of it right there. It was done by a local artist and it was installed as part of a median beautification project that Utilities spearheaded.

They were asked to write a story about the roadrunner; whether it was a boy or a girl, what the story was behind it, how did the roadrunner become a mascot for water conservation, how do roadrunners live in our desert, so they had to address some of these items. What do they eat and where do they sleep and they did use creativity to come up with the best name, that's for sure. I believe Victoria put something as part of your packet as to how they came about with those names as some background information and then next to that information is a check box. Here's where the tension comes in. Five names and five voters. We could have a tie. Then we'd have to go back to the Bylaws, I believe Marcy will have to verify this but then the City Manager gets to break that tie. I just want to let you all know we do have a way to come up with one answer on that. Hopefully you all can read through that and select who you think has the best name. I have my own favorite, but you all select who has the best name. We'll take it over to Victoria, she'll tally up the winner and then hopefully we won't have a split here and we can do it once.

Chair Little: We just go ahead and mark and...

Clark: Go ahead and mark and then I'll even pick them up from you and give them over to, because I don't want to peek and cheat, so we'll let Victoria tally it up.

Ed: How about H2RoRo?

Clark: I like that. I like that. That's a good one. That is a good one.

Ed: Well if it was a dog that would've been a good one.

- Chair Little: I understand there's a pizza party at stake.
- Clark: Yes, for the winner there is a pizza party and I haven't given you the name of the elementary school because we don't want to create any bias.
- Dr. Garcia: Mr. Chairman. While they're tallying that we can move into the next and last, one of the last few items.
- Chair Little: Go ahead.
- Dr. Garcia: If it's the wishes of the Board we can move into the next item.
- Chair Little: Please.
- Dr. Garcia: We put an item, where's Robin? Next slide. This is just a slot for you to get some more input on the Strategic Plan or any comments. Robin will be taking notes and we will be marking those parts of the report that you want clarification or additions. Then, after we hear from the Board, I'll ask Carl to describe a change that we made at the suggestion of Mr. Ed to address the projects performance in terms of change orders rather than the budget and so we had some language to that effect. We want to throw that out because last time I believe Commissioner Archuleta brought that up. I think we found a better way of doing it and we'll try to do it City-wide in terms of monitoring the change orders rather than the project budget and staying with the change orders that are below the allotted limits on the ordinance. With that we're open to any commentary and Robin agreed to moderate this input.
- Lawrence: I was voluntold.
- Chair Little: Well that's a good word.
- Lawrence: Any questions you have we'll kind of call up if it's out of one of those other sections that can better answer it, we can call that person up if I don't have the answers.
- Chair Little: I was quite content.
- Lawrence: Awesome.
- Chair Little: Do you have, Commissioner Carmichael.
- Carmichael: Just a thought, in the Mission Statement I was thinking that maybe it might be well there or somewhere to put down thoughts about long-range or sustainability, where we say "The mission of the Las Cruces Utilities Department is to provide natural gas, water,...blah blah blah...ratepayers so they can enjoy a safe, healthy, productive environment." Every time I think about that I think about it's not just for today but, that Mission Statement, but

it's for tomorrow, it's for 20-years from now, so forth. I don't know if that makes any sense or not but we're here to...

Archuleta: Just to add the word "sustainable?"

Carmichael: Yes, we're here to make things sustainable, hopefully. Maybe that's just because to assume ...

Chair Little: That sounds as though that could just be added at the end, say "on a sustainable basis."

Carmichael: Yes. Something to think about.

Chair Little: "With a sustainable goal," or something of that sort.

Dr. Garcia: Yes. We're making a note of that, yes and then we'll present you some options.

Chair Little: Anything else?

Carmichael: Another thought, under the Rate Review process was mentioned as being four years or less, I'm still wondering if there's not a need perhaps at some point for us to have some kind of discussion about what that process might look like, considering how the Utility Customer Advisory Group (UCAG) continues to be involved. Do we always have a rate consultant involved? Just discussing what that process long-term objective might be. I don't know if that makes sense or not but just doing it every four years or less, maybe that says enough but I'd like to hear some discussion about how we expect that to unfold perhaps.

Dr. Garcia: Mr. Chairman. Let me add a couple of things before the Chair may ask others to comment. We have a process that you all approved and the City Council approved. In this recent case the idea came up saying, "Once you have the models why don't we do it ourselves?" Even though it's not in the Strategic Plan we've committed to review the financial aspects with those models on an annual basis as part of the budget so we're not doing it in '20 but when we bring the budget in '21 we should show you those models and see where we are, right. That's the commitment we've made but it's not in the Strategic Plan. We left the current process that doesn't have to be a consultant. I don't believe that you always have to have a consultant. However, there's a lot of expertise that goes into developing those models and those models change based on the composition of your customer base, based on the composition of the usage patterns, and those things. That's why we put that as every four years but once that model is set, we can and we will do it on an annual basis using the same model. However, the risk is the cost allocation can change, the distribution of the usage by customer class changes, the configuration of your different classes changes and it's kind of a risky thing to use the same model for 10-years or something. That's why we only put that formal review in the Strategic Plan. The annual review is going to be done internally. Now, if you all want to change the process we have, which I don't recommend because

we've used it only twice right now in the two utilities, if later we find out we need to fine-tune it after we finish those four then you all would have to change your resolution and then go to Council and amend the process, because that process is approved by Council.

Carmichael: Yes. Maybe that's the correct way to pursue that, is let that play out under the existing process. I think, I guess what was going on in my mind is to be sure that we're still adhering to our objectives in that process and having to do with not only our objectives but our responsibilities to the community.

Dr. Garcia: The consultant was provided that process to follow in the determination of the reports and the models.

Carmichael: Okay. Thank you.

Chair Little: Anything else?

Archuleta: Well I think, just to add, I think we could amend that just a little bit to just kind of say that with annual reviews during the budget process or something. That's what we're talking about, right?

Carmichael: Well that was one thought when it'd come up at a prior discussion.

Archuleta: Right.

Dr. Garcia: Yes, Mr. Chairman, Commissioner Archuleta. We can certainly do that. We could add what came about after we did this report and that is the commitment of through the budget process to do annual reviews through the budget process as well. In addition to that. I don't have a problem putting that back in there, yes. It's not in there because that discussion happened after we had the draft report but we can certainly insert that with the annual reviews.

Chair Little: Anything else?

Johnson: I think it's a good idea to put in, do it annually that you get used to the process and know how to run it, and I think we'll learn a lot doing it annually.

Dr. Garcia: We can certainly add that Mr. Chairman.

Chair Little: My turn. I'm disquieted by putting too much specificity of methodology in a Strategic Plan. I would recommend against nailing down any nuts and bolts of implementation. I certainly wouldn't say, "Well let's plan on forgoing the services of a consultant," or something like that. The second thought is that inherent in the budget process is a review of all of these items and so it's already in there.

Dr. Garcia: Yes, Mr. Chairman. I think what is missing if I may, when we do our budget, we show you the picture of the ending year and the next year. One thing we

don't do is that, show you what the Cost of Service looks like for that year, right. We could add that as part of the budget process as well. We'll have the models, I'm sure Domonique's group already are experts on the model, aren't you?

Chair Little: Okay then...

Dr. Garcia: She's nodding "yes" so.

Chair Little: I would guess that the sense of the Board is that you incorporate in some manner most appropriate the concept of an annual review of the Cost of Service details.

Dr. Garcia: Yes. Mr. Chairman. The way that would change, on page 49 is you don't change the main Purpose Statement the way it's written but you add another result and then that result will be as part of the budget we do also the annual review of Cost of Service with the budget.

Chair Little: Okay. If you take that language and chew on it for a day and come up with that which seems in a final analysis most appropriate.

Dr. Garcia: Okay.

Chair Little: Anything else? No?

Dr. Garcia: With that, Carl can you mention the recommended change we had, read the old one and what we would measure instead of the percentage of projects within budget which was the original language that...

Clark: Okay. That's located in the Utilities Support and Project Management Line of Business under Technical Support. Originally, we had 90% projects completed on time and within budget, right. Our new proposal on this is 90% of all above-ground utilities projects will not exceed 3% of budget contingency and then 90% of below-ground utilities projects will not exceed 7% of project contingencies. We will have to bring to the Board projects that will indicate either a 10% or a 5% contingency because those are minimum requirements by the ordinance, by the rules. Our goal here is to not exceed these two numbers that I just mentioned now for above-ground and below-ground.

Johnson: What was the above-ground number again? I didn't...

Clark: The above-ground was 3%.

Johnson: Three percent and seven. Okay.

Dr. Garcia: So, 90% of projects will be 3% or less rather than hitting the max of 5%.

Clark: Correct.

- Dr. Garcia: I think that's a pretty good goal.
- Johnson: Yes.
- Dr. Garcia: Mr. Ed is that okay with you? You suggested that, and I've worked with Public Works so that we'll mimic them.
- Ed: Yes, certainly.
- Dr. Garcia: Look at the contingency more so that project budget could change so thank Stuart for the suggestion of that piece.
- Chair Little: Very well.
- Dr. Garcia: I think we're going to change that, and we'll work with Public Works so that City-wide we're measuring the same things.
- Chair Little: Okay.
- Dr. Garcia: Very good.
- Chair Little: Do we circle back to the roadrunner?
- Dr. Garcia: Yes, if we have numbers. You have some?
- Clark: I wanted to save that for the very end just to keep everybody in suspense. Right? I'm going to make a couple of announcements first though to...
- Dr. Garcia: We're at the end of the Administrative Report.
- Clark: Well I have my announcements I've got to make in regards to Lush and Lean.
- Dr. Garcia: Yes, but that's as part of the Old Business, yes.
- Clark: Okay, it's the old, okay. All right so if everybody is ready. The winner of the pizza party will be a class from Hillrise Elementary with the name of Aguacito. There we have our winner and we'll be notifying the school of that. I like that suggestion that we put a little nameplate on that roadrunner out there and maybe even mention where the name came from, yes. I think the kids would be even more excited about that than the pizza.
- Johnson: Especially if you take them out there.
- Clark: Yes. Exactly. Well thank you all for voting. We appreciate that.

6. Old Business:

Dr. Garcia: We're ready for Old Business Mr. Chairman and we have a staff report. Lucio. You have a little brochure on the Gas Workers' Day. This is just a reminder.

Garcia: Good afternoon Chairman, Commissioners. Lucio Garcia with the Gas Section. In February's Board meeting we announced Gas Workers' Day. I just want to remind you that the date is Thursday March 21, 2019, with a slight change in the time. Initially I had mentioned it'd be from 12:00 to 2:00. We're going to start a little early and be 11:45 to 2:00. I'd like to invite you, if you have time and if your busy schedule allows, to attend. Briefly, I just wanted to describe what the purpose of the Gas Workers' Day is and it's to give recognition to the employees who provide one of the most valuable assets which is natural gas. I look forward to seeing you there and thank you very much.

Chair Little: Looking forward to it. Thank you.

Dr. Garcia: The next item Mr. Chairman on Old Business, I already mentioned that the Wastewater Rate Review is on the Council agenda for Monday the 18th so looking forward to getting that one done. Once that gets approved the next step is to bring you the tariffs because that's the Board's function, update the tariffs, get those approved and then we can put it into the billing system. If we bring that at the April meeting, right, if you're ready, and then so we will do billings of May and June on the new rates.

Chair Little: Very good.

Dr. Garcia: That's all we have on staff for Old Business Mr. Chairman.

7. New Business:

Chair Little: New business.

Dr. Garcia: I have one item and then I'll have staff move, Carl will have a couple of announcements but some of the Board Members that have been with us for a long time remember that 20-years ago there was an initiative to utilize surface water for potential water supply and the Utility acquired surface water rights. Those surface water rights are pertinent to land. We acquired approximately 1,400 acres of water-righted land, obviously after the 2008 Operating Agreement. As you well know the new 40-Year Water Plan doesn't contemplate in any near future because there is water in the river for a short period of time so that's not going to happen.

Over the years we've moved some of those rights for simplicity more than anything to a parcel of land that was acquired in the early '90s, it's called the Santo Tomas de Yturbe Colony Grant. It's 3,000 acres of land that the Utility bought from the State of New Mexico, like I said, in the early '90s. We annexed that land into the district and therefore that land can be used to park or attach water rights, even though it's in the escarpment sort of west and south of Stahmann Farms, but it is in the district.

There're other remaining parcels and one parcel that we are proposing to the City Council because the Board cannot dispose of assets is there was one parcel of about 100 acres called the Mohs Farm. There're about 50 out of the 1,400 water-righted acres that are there but that parcel is a maintenance nightmare now. We used to lease it because it had a well. The well collapsed and I'm not ready to recommend to you to build an \$80,000.00 well because we'd never recoup the cost. We're recommending that we dispose of that parcel without necessarily deciding to sell all the surface water rights. Those may be good offsets for the future. That particular parcel costs us about \$5,000.00 a year in terms of the tax to EBID (Elephant Butte Irrigation District) but more so about \$8,000.00 a year to just keep the weeds away from it if it's not farmed because we get complaints from the adjacent property owners.

The process of selling is we have to ask permission from the City Council in closed session, then it gets appraised, and then we'll have action from the Board and the Council in open session. I'm letting you know that staff wants to get rid of that one parcel because it is a maintenance nightmare and I'm not advocating to put a well just to lease it because we'll never recoup the money on the lease payments. I wanted to let you know that because the appraisal starts but then we'll brief you in open session as to, "This is where it is. This is what we're doing, and this is the offer." There appears to be some interest and monies that will more than cover our cost. It's going to be more than what we bought it for, but we still need to do an appraisal and the Council needs to act in open session and it's a long process but for disposal of assets but just letting you know that. We're not advocating relinquishing surface water rights. It's just that that one parcel we need to cut our losses basically.

Driggers: If I might intercede, this spot has an interesting history. It used to be an ostrich farm. That was a trendy thing to sell ostrich eggs and then the owner went under and moved to Florida and that's how Utilities Department acquired it. We really wanted it just for the water right. They literally threw in the land with the water rights.

Dr. Garcia: Yes, and so now since there's no surface water, in order to lease a parcel, you need to have a well and the well doesn't work anymore. Anyway, that's just one comment. We'll bring more information as it moves forward because there has to be an appraisal and so we'll have discussions and actions on that. The next item is Lush and Lean information Carl, and the Water Festival.

Clark: Correct. Chair and Commissioners. We're back into the spring schedule again for Lush and Lean. We already had one Lush and Lean program that occurred last week and there's another one tonight. I will tell you, you will have to get there early because it is standing room only. We had 70 people show up to that one. These are all held at the Branigan Library so yes, if you're interested in any of these programs please show up early so you can get a seat. They go on every week with the exception there's a lull in April and then they start again every week in May. You'll see one next week and the following week after that, and then April 4th, and then it kind of dies out, and then it starts

up again May 2nd. We hope to see you all there or at least come and learn something over there and we do have experts in the field.

Carmichael: Experts are impressive.

Clark: Yes, they are. They are. The first one, I didn't get to make it to that one, that was the one I wanted to make it to but that one was very impressive. It was outstanding presentation.

Chair Little: The one tonight is "Bulletproof Plants," is that right?

Clark: Bulletproof Plants, yes, I don't know about bulletproof but yes, they did give us some great water conservation tips on the way to do these things.

The next one is the Children's Water Festival. The date has been set. It is for April 18th at Young Park once again. That is the week after the Board meeting, which is the 11th so that way whoever wants to participate or show up can make it. We hope that all the wind will be done by then so we can go and enjoy the day and enjoy the activities. We hope to see you all there.

Chair Little: Thank you.

Clark: Thank you.

Dr. Garcia: That's all from staff Mr. Chairman.

8. Next meeting Date:
a. April 11, 2019

9. Board's General Discussion:

Chair Little: Okay. Board General Discussion. Anything? Okay, I have one. Commissioner Archuleta is chairing a border water conference coming up this spring and a pretty impressive list of speakers and certainly a reasonable registration fee. I would urge us all to consider attending. The website is onewater.org, is that right?

Archuleta: twonationsonewater.

Chair Little: All run together?

Archuleta: Yes.

Chair Little: Okay, twonationsonewater.org. I'm hoping that enough people will go that we will need a PQN (Potential Quorum Notice) for that.

Archuleta: Yes, it's April 24th and 25th.

Carmichael: Dot org?

Archuleta: Yes. It's at the Las Cruces Farm and Ranch Museum.

Chair Little: It begins the afternoon before.

Archuleta: Right.

Chair Little: With a field trip to Alamogordo to the Bureau of Reclamation's Desalinization Test Facility. If you haven't been it's an interesting concept and worth the trip.

Archuleta: I think Alma sent out an e-mail recently, right, to the Board with the information and other stuff. If you look at your old e-mails you might see it.

Chair Little: Okay. Anything else?

10. Adjournment:

Chair Little: I'll entertain a motion to adjourn.

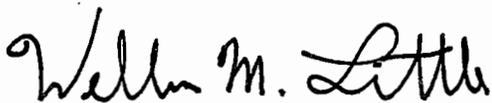
Johnson: So moved.

Chair Little: Thank you. A second?

Baumgarn: Second.

Chair Little: Those in favor say "aye." Thank you all.

Meeting was adjourned at approximately 4:34 p.m.



William M. Little
Las Cruces Utilities Board Chair



Date