

Las Cruces Utilities Board of Commissioners
Minutes for the Meeting on
Thursday, February 11, 2016
3:00 p.m.
Utilities Center
Conference Room 225

Board Members Present:

Gill Sorg, Chair
William Little, Vice-Chair
Steven Baumgarn, Commissioner
Jim Carmichael, Commissioner
Harry Johnson, Commissioner
Olga Pedroza, Commissioner

Board Members Present:

Jim Ericson, Commissioner

Ex-Officio Members Present:

Jorge Garcia, Utilities Director
Robert Garza, City Manager

Others:

Suzanne Michaels, Public Outreach
Consultant

City Staff Present:

Robert A. Cabello, Assistant City Attorney
Susan Cerny, Business Systems Analyst
Carl Clark, RES/TS Administrator
Carol Conners-Lyons, Billing & Receivables Supervisor
Marcy Driggers, Senior Assistant City Attorney
Paul Edwards, Business Systems Analyst
Lucio Garcia, Gas Administrator
Klaus Kemmer, Solid Waste Administrator
Diana Montoya, Rate Analyst Senior
Viola Perea, Utilities Internal Auditor
Jose Provencio, Administrative Services Administrator
Mario Puentes, Gas Business Analyst
Domonique Rodriguez, Rate Analyst Senior
Alma Ruiz, Office Manager Senior
Dania Soto, Office Assistant Senior
Adrienne Widmer, Water Resources Administrator

Chair Sorg called the regular meeting to order at approximately 3:00 p.m.

1. CONFLICT OF INTEREST

Chair Sorg: Conflict of interest is first on the Agenda. Is there anyone on the Commission or in staff that has known conflict of interest with any item on the Agenda?

Dr. Garcia: Mr. Chairman.

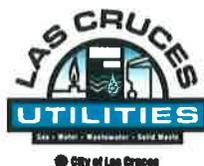
Chair Sorg: Yes.

Dr. Garcia: Resolution 15-16-093 affects my neighborhood.

Chair Sorg: That's the Shadow Run?

Dr. Garcia: Yes.

Chair Sorg: I thought so.



Dr. Garcia: I've mentioned it before at meetings.

Chair Sorg: Yes you have, that will be alright. If that's the only one then we'll go to an acceptance of the agendas.

2. ACCEPTANCE OF AGENDA

Dr. Garcia: Also Mr. Chairman, we have one item from staff.

Chair Sorg: I don't see it on the Agenda.

Dr. Garcia: No, before you accept the Agenda, I'd like to remove an item Mr. Chairman.

Chair Sorg: Sure.

Dr. Garcia: We have to finalize some contractual issues with Item A, Resolution 15-16-086A that we couldn't resolve by today so I'm asking that it be removed in its entirety.

Chair Sorg: Which A?

Dr. Garcia: 15-16-086A, Item 7a.

Chair Sorg: 7a, okay removing 7a. With the removal of that item, is there a motion to accept the Agenda?

Johnson: So Moved.

Little: Second

Chair Sorg: Moved by Commissioner Johnson, seconded by Commissioner Little.

I'll call roll: Commissioner Carmichael – Aye; Commissioner Pedroza – Aye; Commissioner Little – Aye; Commissioner Baumgarn – Aye; Commissioner Johnson – Aye; Commissioner Ericson – Absent; and Chair Sorg- Aye.

The Agenda was Unanimously Approved 6-0.

3.*ACCEPTANCE OF MINUTES

- a. Regular Meeting of December 10, 2015.
- b. Work Session Meeting of January 14, 2016
- c. Regular Meeting of January 14, 2016

Minutes approved on consent.



4. PUBLIC PARTICIPATION

Chair Sorg: Does any member of the public want to speak to the Commission? Seeing none, Administrative Report, go ahead.

5. ADMINISTRATIVE REPORT

Provencio: Good afternoon Chairman, Commissioners. I'll brief you on the activity ongoing in Customer Service, and Billing and Collections. Moving into that summary, I want to brief you on the progress that we are to-date as of the end of January. As you recall we have a General Fund to assist customers to pay their utility bills. The report that we've conducted or that we extracted from the system shows that we distributed \$29,000 of that fund, which is about 39% of the budget. This is just a progress report and the Department's objective is to distribute this budgeted and assistance by the end of the FY (fiscal year).

Next item I want to talk to you about is the final phase, the last phase of our Meter Date Import Project. I briefed you last month about what we've completed, the Gas side, we completed with assistance of our Business Systems Analyst, Paul Edwards, the importation of water meter data for our new meters that we have and we still will receive. As a brief reminder this will electronically bring in a greater amount of information more-timely and more detailed into the meter date inventory and to just list some of the items that are coming in that will be done electronically without having to be relied on manual entry and it's a lot faster, more accurate. This process completes everything so that everything new meters we do receive now will be imported into the system in this matter. We kind of moved away from manual entry into electronic entry for thousands of meters that we received and put in to the system every year.

Another briefing that I want to update you on is our progress for Billing and Collections. For this report you are looking at balances as of December comparison between the years 2013-2015. If you examine the progress from 2013 to 2014, it shows the progress that we've had and accomplished in terms of reducing the amount of late and unpaid balances. The total dollar basis you'll see that go up slightly for the report we ran for December 2015, moving toward the percentages you can see that a little bit clearer. I want to brief you on this regard is efforts and the work still is ongoing in Billing and Collections. During this period I want to briefly remind you that we had a very large customer that defaulted and left us with a \$46,000 unpaid balance, that would be the Las Cruces Country Club.

This also presents what some of the short term impacts are with the policy that we have in Utilities where we do not shut off gas service in the middle of winter when the overnight lows dot below freezing. This year as you may recall or remember it's a lot colder than what it was back in 2014 so we have more days where we did not suspend or cut off service for gas until the weather starts warming up. This will correct itself going forward, this is what it shows in terms



of the uncollected balances. I will brief you again later on as to how we progressed at a later time, probably the mid-year and kind of show you what the progress is. This provides a very concise presentation of our Collections activity and little nuances like suspending cut off of services during the winter months.

With that I will stand by with any questions you may have.

Chair Sorg: Yes, Commissioner Pedroza.

Pedroza: Thank you, would it be at all something that we should do if there are any utilities customers, for instance in District No. 3, if you could tell me who they are I could advise them; about going to Casa De Peregrinos (CDP). If it's not something that's a good thing to do then...

Provencio: Customers that do qualify for LIHEAP we have on record.

Pedroza: Oh you do?

Provencio: Those customers are not cut off. As long as the customers have come to us and let us know that they're qualified under the LIHEAP program they are not shut off until the end of the shut off period, which is in March 15th.

Conners-Lyons: I think she is referring to the City Fund that we have.

Dr. Garcia: Mr. Chairman.

Chair Sorg: Dr. Garcia.

Dr. Garcia: I'd like to answer, the answer is yes. I know the City Councillors have multiple data basis or emailed lists. We can provide information on the CDP program so that information is available, we've sent it on the billing and we continue with Suzanne as in articles. But yes we can provide you the information because I know that many of the Councillors if not all the Councillors have massive data base of emails to your constituents so you can inform them as to what programs are available and how to prevent getting into trouble by contacting Customer Service early on in the process.

Pedroza: Thank you.

Dr. Garcia: So we'll provide you that.

Conners-Lyons: Also have your constituents come to Collections first because we give them a referral that they take.

Pedroza: But I don't know which constituents to refer.



- Conners-Lyons: Well I don't know either, if you can give me the streets in your area, I'll know that.
- Pedroza: I can do that, absolutely okay.
- Dr. Garcia: Mr. Chairman, Commissioner Pedroza. You can even do on an individual basis but I think you could send general information to your constituents, whoever qualifies or wants the information because we've been trying to disseminate a lot of the information and we still get some customers that say: "I didn't know that is how I could prevent getting myself into this situation." Anything that we can do to educate the public is welcomed.
- Pedroza: Okay, thank you.
- Chair Sorg: Any other questions? Commissioner Carmichael.
- Carmichael: Seems like last time there were some questions about if and how to place a lien on the Las Cruces Country Club and/or whoever is taking it over now, has that been resolved?
- Provencio: Chairman, Commissioner. As far as we know the lien is still in place with the balances, which was transferred or part by the new ownership but it's still a non-resolved matter.
- Driggers: Joe correctly stated that we filled a municipal utility lien on the property because the State Statute deems the property to have benefited from the utilities service. We don't care who owns it, it's that the delinquent account was on that property at the time the account was rendered delinquent to what we call Sonoma Ranch Golf Course it was owned by the Las Cruces Country Club and they for whatever reason defaulted and transferred the ownership back to prior owners. Now it's in the Sonoma Ranch Golf Course and we're working with Dale Schueller on behalf of the owners of the Sonoma Ranch Golf Course to basically just sit tight. They're hoping to get monies from the Las Cruces Country Club, for which they could pay off the lien, possibly with the lien or any interest added to it.
- Carmichael: Good, thank you.
- Driggers: Certainly sir.
- Chair Sorg: Okay, any other questions? I have a quick one, on the assistance, of everyone who would ask for assistance, do they all get the assistance or were there any turned down?



Conners-Lyons: The only time they're turned down is if they've used it within a year. If it's within a calendar year, they can use it once per calendar year so if they've already used it they're not illegible until that calendar year is up.

Chair Sorg: Thank you Carol.

Conners-Lyons: Yes sir.

Chair Sorg: Let's proceed, next.

Provencio: Okay, the next topic for the Administrative Report is the 2nd Quarter Financial Report. I'll walk you through the performance for the Utility. All in all we're within budget projections that we set out since the beginning of the year. At the mid-point I'll give you the summaries of each of the utilities performance with respect to the budget projections. The first line always presents the overall utility position and we're within the budget expectations as we check at the mid-points of the FY.

I'll take you to the detailed presentation for the Gas operations. The Gas operations on the expense side are well within budget projections and on the revenue side what you see on the effect of the lower cost of commodity in gas price. This time last year the cost of gas was a lot higher than it is right now so really what may look like it's a slight decrease in revenues really reflected what the cost of gas. We're still within the budget projections for the Gas utility.

Water also reflects the budgeted projections are well within what we would've expected both on the expense side as well as the revenue side. At mid-point we're still doing okay for this utility.

Wastewater operations are also well within the budget projections and we expect it to continue going forward.

The performance for Solid Waste clearly indicative on the revenue side well within the projections and the expense side shows some good expense management there for the Solid Waste side.

Shared Services slightly below the projected point at this time. Mostly driven by vacancies that are in the effort of being filled.

With that I'll stand by with any questions you may have.

Chair Sorg: Any questions? Seeing none.

Dr. Garcia: Just a comment Mr. Chairman.



Chair Sorg: Sure.

Dr. Garcia: In your packet you also have a detailed report, which you had asked before, that is the report that I present to upper management on a quarterly basis of that. Number of vacancies for the quarter and all those things so I'm sure if you look in your PDF files it's in there if you want more detail it's plenty of it so we'll be glad to answer any questions now or later on anything that is on that report, this is the report that goes to the City Manager.

Chair Sorg: Okay, thank you.

Dr. Garcia: Sue is next.

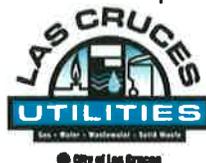
Cerny: Good afternoon Chairman and Commissioners. I'm here to give an update on some of the projects that we've been working on with the Munis Reimplementation project, a huge endeavor that the whole City is taking on. If you're on the second floor of City Hall in the mezzanine you'll see a nice display, it looks nautical and, that's because we've adopted a nice motto of B.O.A.T. (Better, Organization, Accountability through Teamwork). We're working together and the results for this reimplementation will be in a better place for the City because of all the teamwork between departments.

This particular project is a prime example of that. We had a task force of 13 people that have been working on this continuous about since August 2015. We did a lot of work and the result is cleaning up the mailing addresses on our customer file, this customer file is shared by Community Development, General Billing, and Utility Billing. If you notice on the before side, look down the address one column, you'll see some of the South Main Streets; South is spelled out, street is spelled out, or missing. The North or South is there or not just all kinds of random stuff for North or South Main Street. Then if you look in that first column on the after you see how nice and made it clean edits, all the directional are there and the street is always St. and the apartments or units are always included in that first spot. We also cleaned up a lot of the zip codes, we got zip plus four. Along with this you'd never think that there were before 59 different spellings of Las Cruces.

Pedroza: How can that be?

Cerny: Yes, I know. They're just all over the place, you've got Las Cruces with extra s's, with extra c's, missing the u, or missing the first c, just Las Rucess with two s's on the end, all kinds of lovely stuff so all that's nice and clean.

That sets us up for the next phase of this customer cleanup, which is merging duplicate customers, those that are the same name and address and really the same person or resident at that place and I'm really proud of the task force in



getting this done on time. We had a lot of work to do and this part of what we call the phase zero, which isn't even on this chart, which I presented to you before.

Here's a snapshot of the whole project and we will be going to a new Chart of Accounts at the end of April, the new version of our Munis software will be in the beginning of May and we're working right now on elements on the Financial Section which is our inventory and our accounts receivable. Then we'll start on Work Orders in April and the rest of Utility Billing the bulk of work for Utilities and advantages that we'll get for Utilities will be down there at the last option. BPC on there, stands for Business Process Consulting, we're actually going back in and looking at all of our processes so that we'll improve those along with not just cleaning up the data but we're going to clean up our processes. With that I'll stand for any questions.

Chair Sorg: Thank you. Any questions?

Pedroza: Doing really good.

Chair Sorg: Thank you very much that was good. Next on the Agenda?

Dr. Garcia: Suzanne is going to give us a report on 2015 Public Outreach.

Michaels: Good afternoon Chairman and Commissioners. My name is Suzanne Michaels, I'm your Public Outreach person and we'd like to give you an overview of what it is we've been able to accomplish during the past year. Public Outreach of course is connecting with the Community in a way that generally goes above and beyond. During the past year we've published 52 newspaper articles for Las Cruces Utilities, half of those were published in the Sun News, half of those were published in My Las Cruces. All of the articles are posted to the internet by the Sun News as well as the staff here at Utilities also publishes every one of those articles in the City website so we get lots of use out of them. During the regular, all the time, we have three buses that are running with messages that are bus wraps for Las Cruces Utilities. We also have print ads in the Sun News that run every other week along with the articles that we run and on KRWG radio we do underwriting messages, those are the ones that say: "This program made possible by Las Cruces Utilities" and then it's dealing with Water Conservation or calling 811 and we try to be very timely with those so it's appropriate for the time of year.

We also have produced different extras during this past year that weren't originally part of what the idea was to do. Tu Revista Magazine is a very classy magazine that is put together here in Las Cruces. Las Cruces Utilities runs ads in that quarterly magazine as well as publishing articles so that gives us an



extra way of outreach. Those magazines are generally available in places like doctors' offices all over town.

Our marketing survey which I believe we're going to be doing every year, this year we added electronic version in addition to the face-to-face survey's and we ran articles encouraging people to go online right now and take the electronic version of the survey so that you could provide Las Cruces Utilities with some feedback about different programs that we've got going on.

The Demonstration Garden Guide is an amazing publication that was coinciding with the grand opening of the garden that we have outside. It really showcasing plants that thrive in this area, it was put together by the Water Conservation Program and you can't believe how in depth that was trying to get just the right plants and get the text just right to be sure it was succinct people could take any information easily. Those plants are showcased here in front of the Utilities building as well as in the demonstration garden. The Annual Report is something that we do every year, every sections gets to put in three different projects they think are the most important projects for this year, and I'm involved in that.

Neighborhood Expo is something that Utilities Staff is over there, this year we actually showcased the posters that have to do with the water cycle that we put in was easy for anybody to take in even children could understand it.

The Consumer Confidence Report is something that's published every year by the Water Resources Section. This year we took special care to go word by word to be sure every word was updated as well as succinct and was very clear for people to read. The information is the same consistent information that we provide every year about the water quality.

One thing we did new this year is we worked with an ad agency to get a radio ad out there, this was a 60 second radio spot for Water Conservation, we tried to use humor 'avoid the water guilt' it ran for five weeks it was heard on four radio stations. The ad agency was able to not only run the paid spots but 154 matching spots so we got a really good outreach there and they showed us that we reached 62% of the radio listening market.

There the water cycle poster that was so popular using papa drop to say: "Hi" to everybody. Those are the main things that we were able to accomplish this year.

If you have any questions or suggestions for next year I am ready to write. Yes ma'am.

Chair Sorg: Go ahead, Commissioner Pedroza.



- Pedroza: I've enjoyed it and certainly benefited from it. People who come to my office say: "Hey I want one of those." We have been able to get them the posters, the children absolutely love them as well as the little comic book about the Mayor's new something but I can't remember. In addition I imagine you already know but I would love to see us working with Professor Lois Stanford from the University.
- Michaels: Okay.
- Pedroza: She's going to be teaching a class on cooking.
- Michaels: I saw that article today.
- Pedroza: Yes and she is the person who pretty much founded, convinced some of her students to form La Semilla, and I'm on their Board. I think that they're doing a wonderful job but somehow or other working together I think would benefit everybody.
- Michaels: I'll talk to Dr. Garcia and maybe that could be a Water Conservation project also get information of there, thank you.
- Pedroza: Thank you.
- Michaels: Any other questions? Thank you very much.
- Chair Sorg: Thank you Suzanne.
- Dr. Garcia: That's you Marcy, Copper Flats give a brief update of what didn't happen.
- Driggers: Well as the State said, no reported developments on the United States Supreme Court involving Texas v. New Mexico and Colorado. Again there is the outstanding motions and the Special Master assigned to that case has given no indication of when he might rule.

The second item, the update on the Copper Flats you remember that Copper Flats is a copper mining operation that seized utilizing and perfecting water rights a number of years ago and in part because their copper price has plummeted, the facility was purchased, the new owners are trying to perfect those old mining water rights and the question is whether they have waited too much time and whether those water rights have expired. If you remember from last time you'll remember me mentioning Ted Turner is the Turner Ranch is financially paying to extensively oppose the application of Cooper Flats to seek to perfect those old water rights.



The City wanted an opportunity to participate just in the oral arguments, Judge Wechsler, the Judge assigned to hear this particular case from the New Mexico Court of Appeals denied the City's motion because he felt that it was precedent to allow others to jump in after the time for officially joining the suit had expired. But as the Attorney for the Turner Ranch properties wisely indicated, "Mr. Stein the Judge read your grief and that bell cannot be un-rung." She is of the opinion that the Judge heard our brief although you won't allow us to participate in oral argument.

That's the update on pending water litigation.

Chair Sorg: Thank you Mrs. Driggers.

Dr. Garcia: Mr. Chairman, Commissioners. On our Mesa Development we are still in the same place we were last month. Mesa Development's process of subdividing the land to provide us or deed to us the well site are still in the process. Our staff hasn't seen the review process yet so we're not sure why it is taking so long so we will see what happens. We can't acquire the system and pay for the system until they can provide deeds to the well property. After that we'll take over the system, we're ready to do all the things that come next but we can't move forward until they can provide us the title to the land so that's where we are on that.

Chair Sorg: Understand.

Dr. Garcia: Carl.

Clark: Chairman, Commissioners. I'm here to give you the February 2016 Projects Update. The three projects that I selected are the Picacho Avenue 12-inch Waterline Extension, the Drilling and Developing Replacement Water Wells 29, 31, 32, and the Echologics Water Leak & Pipe Condition Pilot Study.

The first project, the Picacho Avenue 12-inch Waterline Extension. The Resolution approving that construction came to you all in December of 2015. The contractor for this project is DuCross Construction. The contract cost of \$444,435.59. The contract time for that project is 120 working days with a start date of January 26th, with an estimated completion of July 14, 2016. If you look at the start date, January 26th, they got started they already installed 1,400 lineal feet of 12" C-900 so they are moving on pretty quickly. I installed a couple of photos, the upper right photo is looking East on Picacho Avenue that would be on the West Side of Bamert looking towards the Pic Quik and Dickerson's. They already installed the waterline and they're compacting the material above that waterline. The lower picture is the contractor installing the gate valves right around that same area as well, that was installed and it's already been back filled and compacted, all drive ways are open at this time.



Any questions on this project?

Chair Sorg: No.

Clark: Moving on.

Chair Sorg: Yes.

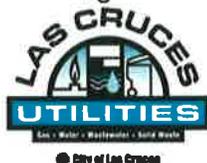
Clark: The next project is the Drilling and Developing Replacement Water Wells 29, 31, 32. The Board approved that project October 2015, as you all recall this project is funded by the 2014 State Legislature Grant money that we received. The contractor is Rodgers & Company, Incorporated out of Albuquerque. The contract cost is \$2,483,839.73. The contract time is 270 calendar days. They started that project December 14, 2015, there's an estimated completion of September 27, 2016. Right now in regards to the payments, they're about 6% complete however they're further along in regards to construction, I didn't list on there. The wells are a little tough to estimate but they are way past that. They already plugged and abandoned wells 29, 31, and 32 all those are completed. Well 29 pilot hole is complete and waiting for reaming before the casing and screen is installed.

I've installed a couple of photos. The sound blankets that you see up on the upper right photo, that's the white ones up in here, those are out there in between the old Fire Station and the drilling rig and actually it's worked really well, I'm surprised at those. The lower photo I have in here is the actual process of drilling mud being processed so you can see the backhoe in the back and that's capturing all the drill cuttings off the shaker screen and all the water being pumped around and dropped into another pit there. It's a pretty neat set up, we went out there and had a little tour ourselves, went through the whole thing and it's really unique and really modern, I would say. We're going to continue to keep you all posted of the progress and hope to see you out there when we start installing casings and other items. There's a couple of requests that came through and we will accommodate all the requests.

Any questions on that one?

Chair Sorg: No.

Clark: Okay, the next project that I have in here is the Echologics Water Leak & Pipe Condition Assessment project. Basically the contractor is moving in, we finally got all the paper work and got them on contract with us. The Leak Assessment Survey at the Pines, Vista De La Montana and Vista De La Luna Subdivision is where we're going to be working. They'll be on site February 16, that's Tuesday of next week. They'll be surveying the area initially and then they'll begin doing their field testing with the vibration sensors. They'll record all this



information, they'll give us some information of where some of these leaks are. They're going to take that data back to their offices and they're going to process it further and they'll be able to analyze fully all the leaks in that area. We'll be getting a report from them about three weeks after they leave from the site over here and they'll define all of the leaks in those pipe lines in those subdivisions. Staff can move forward with that information and put up construction projects together to go repair those leaks in addition to repairing some of the trenches that have failed over at Vista De La Luna and Vista De La Montana. I know that Chairman Sorg is the one that is interested in that portion.

Chair Sorg: You bet.

Clark: They will be onsite if anybody wants to go and see some of this, basically there's not much to see but a guy with head phones on and his computer.

Chair Sorg: About how long will it take them to do that in the field I mean?

Clark: That'll be about four days worth of work.

Chair Sorg: Four days?

Clark: Yes, four to five days worth of work of analyzing all that information, for gathering the information data.

Little: Question.

Chair Sorg: Thank you Carl, Commissioner Little.

Little: Is this the place where the lines actually could be so bad as to warrant complete replacement rather than a leak repair?

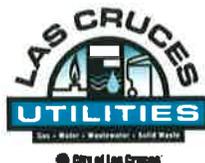
Clark: Chairman, Commissioners. We feel our lines out there, they're fairly new, the main lines are fairly new and we don't feel we have any issues with the main line. It happens to be in all the service lines that we have those failures.

Little: Where the connections are?

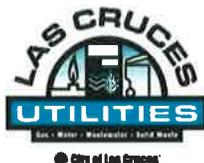
Clark: Yes where the corp stops and the service probably come together. There are situations where we get pinholes in the service line as well. We'll know with this study, at least we hope we're going to know exactly which ones are leaking and we'll go fix those exact ones instead of just doing a random guess as to which ones it may be.

Little: Thank you.

Clark: You're welcome.



- Chair Sorg: It'll detect both kinds of leaks that you're talking about?
- Clark: It should detect both of those leaks, it's going to listen where the water is moving through the system that it shouldn't be.
- Chair Sorg: Okay.
- Dr. Garcia: If I may Mr. Chairman just add that as part of the last bond issuance that you recommended and the Council approved. We have \$1.5 million dollars to repair this problem. We have the monies for going out there and fixing the service lines that are leaking but we didn't want to do a whole subdivision when we have the technology to detect where the worst parts are and what needs to be replaced.
- Chair Sorg: A thought comes to my mind, will this system be able to detect future leaks or just current leaks?
- Dr. Garcia: Carl.
- Clark: Chairman, actually that will require a crystal ball, it will only handle the existing leaks something that's already leaking it listens to that sound. If this information is as good as we hope it is then we're going to consider bringing them back to do some pipelines assessments our old AC and ductile pipes so we can determine the age left in these pipes.
- Chair Sorg: Okay, thank you.
- Dr. Garcia: The second part Carl is not future leaks but in the sense age of the pipe.
- Clark: Age of the pipe, yes.
- Dr. Garcia: They have the ability through this methodology to determine for us to find out where all of the AC lines are for sure, is one thing.
- Clark: For sure.
- Dr. Garcia: And potentially update our GIS with the age of those pipes.
- Clark: Correct and the condition of that and you can get into an AC pipe and they look great once you dig the grate open so that may not have been necessary to replace at that time.
- Chair Sorg: What's an AC pipe?
- Clark: Asbestos Cement.



Chair Sorg: Oh yes, okay. Thank you Carl.

Clark: You're welcome.

Chair Sorg: Is that it?

Dr. Garcia: I believe we can go into Resolutions Mr. Chairman.

Chair Sorg: Okay, very good.

6. RESOLUTIONS ON CONSENT AGENDA:

*a. Resolution 15-16-LCU002A: A Resolution Approving an Amendment to Resolution 15-16-LCU002 for Professional Legal Services with Keleher & McLeod, P.A., Law Firm, in Matters Related to the El Paso Electric ("EPE") Rate Case Intervention Process and in Addition Any Other EPE Rate Matters as Authorized by Management, and Authorize an Indefinite Quantity and Indefinite Cost Subject to Approved Budget Appropriations.

Resolution 15-16-LCU002A was Approved on Consent.

*b. Resolution 15-16-LCU015: A Resolution Documenting the Conditional Donation of Outdated Operator Qualification Training Modules to New Mexico State University ("NMSU"), the Conditional Sale of a Tub Grinder to Northwest New Mexico Regional Solid Waste Authority for \$25,000, and the Conditional Sale of Two Side Loaders to the North Central Solid Waste Authority for \$108,000.

Resolution 15-16-LCU015 was Approved on Consent.

*c. Resolution 15-16-030A: A Resolution Awarding a Contract for Jornada Water Tank Rockwall Project No. 15-16-030A, to Renegade Construction, LLC, of Las Cruces, New Mexico, for a Total Award Amount of \$150,828.12.

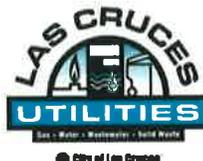
Resolution 15-16-030A was Approved on Consent.

*d. Resolution 15-16-076A: A Resolution Authorizing Amendment No. 1 to Increase the Contract Amount to Souder, Miller & Associates for the Mesa Development Water System Rehabilitation Design and Construction Administration, Project No. 15-16-076 by \$11,848.81, for a New Total Contract Amount of \$227,058.82.

Resolution 15-16-076A was Approved on Consent.

7. RESOLUTIONS FOR DISCUSSION

Chair Sorg: The first Resolution for discussion is **7b. Resolution 15-16-093**. A Resolution Awarding a Contract for Shadow Run Force Main Rehabilitation Project No. 15-16-093, to DuCross Construction, LLC, of Las Cruces, New Mexico, for a Total Award Amount of \$323,801.64.



Little: Move approval.

Pedroza: Second.

Chair Sorg: Moved by Commissioner Little and Seconded by Commissioner Pedroza. Go ahead, give us a little briefing on the history of this.

Clark: Chairman, Commissioners. There were eight bids received, DuCross Construction was determined to be the responsible and responsive bidder. The project is basically replacing an existing 3-inch PVC forcemain with a new 4-inch forcemain. The project to start until we get the lift station off Las Alturas. Just after the Geothermal, the lift station is right there. It lifts the weight up into this area it'll back up on to Telshor, we're changing that alignment a bit by going to Don Roser so there's approximately 3,500 lineal feet of that new 4-inch forcemain. We are going to head to bore crossings, one on Geothermal and one on University and Las Alturas, to cross University. We're also going to install a forcemain flow meter and vault, they'll be about a five vault cleanouts with the cleanouts in them along their alignment so we can clean that line whenever we need to. The contractor is approximately 120 working days for this project, we are estimating to be completing this project around August 2016, if we can get through all the paperwork quickly. Any questions?

Chair Sorg: Any questions? Commissioner Little.

Little: That's big enough for the foreseeable future?

Clark: Chairman, Commissioners. I believe once you get out in this area or further up in this area we don't have any anticipated subdivisions at this time. We did upsize it from a three to a four, we haven't had issues with the size of the line right now so we're just going to up to the four and more common material, that's a better material and that why we went up in that really.

Little: Okay, thank you.

Chair Sorg: How old is the existing pipe?

Clark: Dr. Garcia would know that better since he helped take it over, I believe.

Dr. Garcia: The Chair wanted a little history. This neighborhood used to be, before my time living in the neighborhood, it was a neighborhood association that had their own lift station. I think it was built by Mr. Steinborn, after a few years the owners left and people changed and they couldn't run the system so obviously it was built not to City standards. First of all it has 3-inch pipe that is kind of odd. Over the years we upsized the pumps, the system dates back to the mid-80's, 88-87. The power had to be upgraded to three phase power and we did that 5-6



years ago maybe more. Some of the Board members may remember that we did some improvements at the beginning of the existence of this Board because we couldn't put industrial type pumping systems. It was just a home type system and we continued to have problems over and over after the City Council decided to take over. It is inside City limits so that association went to the Council and said: "Please take this over because there's no one to operate this little lift station." Since then we don't accept any sewer systems or associations, we own it from day one because this was one of the bad experiences and this is the last part of the retrofit. Staff has fixed the 3-inch pipe in different places but it was time to just upgrade it to our standards and you're going to put 4-inch C900 pipe, I assume.

Clark: Yes sir.

Dr. Garcia: This is the last part of this retrofit of a long standing problem that the City inherited because the citizens had no way of operating a sewer system. It worked great I guess when it was new. The system was paid by an assessment and the City Council suspended the assessment a few years back. There was a \$6 amount assessment to pay for the system so the citizens did pay the Utility for the takeover but those \$6 a month for, I don't know Marcy we didn't get to the 20 years probably 15 years or something like that, obviously it didn't pay for all of the Capital Improvements to bring it to City standards. They paid some to help towards that objective so that's a little bit on the history.

In terms of the service area there's only about 106 homes in the service area a little further east is the County. The area considered limit is really limited so we don't have an issue with the capacity at this point. I doubt that any of the citizens would get together in the County and request to be connected, most of the lots up the street are acre lots or larger so most of them have septic systems in the County.

Chair Sorg: A very familiar story, I've heard it over and over again.

Clark: Over and over again.

Chair Sorg: Thank you very much if there is no further questions we'll go ahead and vote.

Called for the roll on the Motion to Approve **Resolution 15-16-093**.
Commissioner Johnson-Aye; Commissioner Baumgarn-Aye; Commissioner Little-Aye; Commissioner Pedroza-Aye; Commissioner Carmichael-Aye; and Chair Sorg-Aye.

The motion was Unanimously Approved 6-0.



- Chair Sorg: Next Resolution for discussion is **7c. Resolution 15-16-LCU016: A Resolution Recommending to City Council to Adopt a New Utility Rate Setting Process.**
- Johnson: Move to approve.
- Pedroza: Second.
- Chair Sorg: Moved by Commissioner Johnson and Seconded by Commissioner Pedroza. I thought this was one that we need to be on top of here, this is going to be a big change and this goes to the City Council after we're done with it here?
- Provencio: Chairman, Commissioner, yes. This is the recommendation to take the new Utility Rate Setting Procedures to Council for an acceptance.
- Chair Sorg: Okay.
- Provencio: Just to brief you this is a culmination of a lot of work over the past several months. It is the procedure in the process that we've outlined with the additional general Financial Criteria for rate design that was added to the initial draft or the initial document.
- Chair Sorg: I'll stand by with any questions you may have.
Is everybody satisfied? Commissioner Pedroza, I saw first and Commissioner Johnson second.
- Pedroza: Do we have an idea of when this will be brought before the City Council?
- Dr. Garcia: Mr. Chairman, Commissioner Pedroza. Mr. Garza has agreed to take this to the Work Session on the 28th.
- Pedroza: Oh, the 28th?
- Dr. Garcia: Agenda of March 28th.
- Pedroza: That's the same day as the Vet's Theater?
- Dr. Garcia: Yes, we're last on that Agenda and I will be presenting the old process, the new process, advantages and disadvantages, nightmares, and recommending that we then at the following meeting in April we would go to Council adopting the process.
- Pedroza: Thank you very much.
- Dr. Garcia: That's the plan unless they have big changes then we have to regroup.
- Garza: Let me clarify Dr. Garcia it not the last item, it's the featured presentation.



- Dr. Garcia: The featured okay.
- Chair Sorg: Commissioner Johnson.
- Johnson: I just had two or three, we can call them knit picks in there. On the first page is says January and I don't think that date strung out there has any meaning at all and it ought to be taken out.
- Provencio: We're on Page 1?
- Johnson: Think it'd be Page 206 in the hand out. That's the Title Page and then there's January on it. I think it's a hangover from when we had it in the last Work Session.
- Dr. Garcia: Mr. Chairman, Commissioner. We kept the date from when we started this process remember you could always update the date to February 2016. Ultimately it will have the date of when City Council approves the procedures, which will be hopefully March so we can either to change it to February because of today but ultimately it will be the date of the approval.
- Johnson: Yes well today's February seemed more appropriate because that's when we're actually doing it.
- Dr. Garcia: Yes I realized that we kept the original date from when we started discussing this and then we had the Work Session.
- Johnson: But I'd say this is a knit pick and I'm sure it doesn't change anything.
- Chair Sorg: Couldn't we administratively change it?
- Dr. Garcia: Yes certainly. We can change that in the attachment that goes to the City Council to match the Resolution because your Resolution recommending will be attached. In fact I'll attach it to the Work Session packets so they have the whole packet.
- Johnson: Then on Page 208 the rate setting process. The request submitted by LCU staff based on industrial accepted methodology. I'm trying to remember what industrial accepted methodology you need to give it to us in. It seems like instead you should be here's some information from the budget it shows we have a problem here, here's some drivers to the cost and so forth and that you don't have to fit it to a methodology because this is the start of the process.
- Dr. Garcia: Mr. Chairman, Commissioner Johnson. We discussed that and I thought the consensus was to keep it general. If you use the budget that's just as one methodology, which is the cash basis. But our recommendation was you don't



want to box yourselves because we may want to go back to utility basis and use depreciation in one of the utilities that had a large plan.

Johnson: Yes but I think when you present it to us that you probably don't really fulfill like methodology anyways.

Dr. Garcia: Correct, we did utility basis in the Water/Wastewater cases, we did sort of a hybrid in the Gas case and we did mainly a cash basis on the Solid Waste.

Johnson: Solid Waste, yes but that didn't start the process. It had been many months of work before we got to that.

Dr. Garcia: Yes.

Johnson: What I'm concerned is this sounds like we are going to do a lot of work just to get it started that I don't think you really need to I think you need to give us an overview. We have a problem here's the drivers that are causing us to need to get a rate increased. You probably still are following the methodology in general term but you're not creating another 400 page documents that you have to bring to us to get it started.

Dr. Garcia: Correct and the whole idea was that even before we select the consultant you will determine what methodology you want to use.

Johnson: Right.

Dr. Garcia: We feel that you still have to use industry accepted methodologies because otherwise we will all agree in 10 minutes that everybody should have a 3% increase without the math without the firm step-by-step process. The reason the industry accepted is there is so that we don't deviate from the good things we have in the present process. That is in the current rate setting procedures. We have industry accepted methodology even in the By-Laws, I believe, of the Utility Board and in the present procedures.

Johnson: Okay well I can live with that it just sounded like it was laying out more work than I anticipated you would do before we started the process.

Dr. Garcia: You are correct in that you need to determine, which methodology we will use even before we do the request for proposals because you don't want to propose five different prices depending on what methodology you use.

Johnson: Right.

Dr. Garcia: The second thing, which I know Commissioner Pedroza brought up, is we agreed that outside this process we were going to have re-training on all the



methodologies before we ask you to look at Water for example, which is the next to be considered.

Johnson: Right.

Dr. Garcia: Advantages and disadvantages of all the different methodology we could use to set rates the next time we do Water before you decide, which one to use and before we go out to with a RFP for a consultant. That would be narrowed down before we even go out.

Johnson: Okay.

Dr. Garcia: So it's very broad but there will not be a lot of work before we even cut to chase.

Johnson: Good that was the concern I had that this still would be a lot of work that you didn't need because the consultant will eventually do all of that work.

Dr. Garcia: Correct but we want the consultant to use the methodology you all agreed on. Otherwise it will be a much higher price to do it five different ways.

Johnson: Right.

Dr. Garcia: Before you decide that we need to probably bring back the University and have a Work Session or a Training Session, all of us, to go over the different methodologies, different options we can use for Water, which is going to be next.

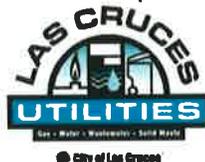
Chair Sorg: Okay.

Dr. Garcia: Then in the Work Session you all can decide, which one you want to follow and then we're going to do a RFP requesting that service.

Johnson: Remember back to what we had to do at least with the RAC, we ended up with two consultants and you to say a consultant now.

Dr. Garcia: Correct.

Johnson: A consultant could be a firm and they'll have all of that but we have the financial side and then the rate structure side. Fortunately Joe can do the rate structure here and you didn't have to have two consultant for LCU. But the RAC had to have two consultants and the one produced the financial and Mr. Kalcic came back and developed the rate structure. I just wondered if the word consultant instead of consultant's matters there that it could be split into two different people putting it together or a firm that has the capability but my impression was Dirmeier wasn't going to be able to put together the rate structure though he put together the financial aspects very well.



Dr. Garcia: When we had Mr. Dirmeier we had the expertise in house to do Rate Design. Our concept now, because we don't want to get into the situation where Mr. Provencio is biased or accused to be biased and saying, "You're doing the rate design wrong," our idea is to get the RFP with both: revenue requirement and rate design with a given methodology that we use right now.

Johnson: And with just the word consultant versus consultants.

Dr. Garcia: You may have two firms, one is the lead firm and the other one doing the rate design or you may have one firm that does both because there are several firms that do both.

Johnson: But when you the RFP together it could be general enough you can get either way of responding.

Dr. Garcia: Correct you could have two firms getting together, one is the lead firm and the other ones is going to do rate design and that's a sub-consultant. Our process allows that flexibility, you don't need to have one firm that absolutely has all the different areas so yes. The RFP will be comprehensive enough, because as you know, the RAC brought up the fact that we want to make sure that the RFP or whoever is the responder has the checks and balances of the internal review processes. Many accounting firms when they do an audit. We don't hire two accounting firms to do the audit; one to perform the audit and the other one to check. They have internal processes in house to have another set of experts looking at this set as used because remember the RAC brought that up specifically here and we said that doesn't mean you need two consultants, you built that into the RFP process, which is just a general internal review process.

Johnson: That's all I have.

Chair Sorg: Okay very good. Any others? Commissioner Little.

Little: I think this is generally doable and we should proceed with this considerable improvement over the prior practices.

Chair Sorg: Alright then I guess we'll vote on it.

Called for the roll on the Motion to Approve **Resolution 15-16-LCU016**. Commissioner Carmichael-Aye; Commissioner Pedroza-Aye; Commissioner Little-Aye; Commissioner Baumgarn-Aye; Commissioner Johnson-Aye; and Chair Sorg-Aye.

The motion was Unanimously Approved 6-0.



Chair Sorg: Next item on the Agenda is item **7d. Resolution 15-16-LCU017: A Resolution Recommending that the City Council Repeal Las Cruces Municipal Code Section 2-1347 Entitled "Water Acquisition and Management Fund" and Enact a Replacement Section 2-1347 to be Entitled "Water Rights Fund"**.

Is there a motion to approve?

Baumgarn: So moved.

Little: Second.

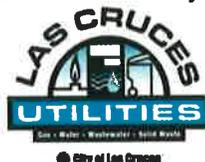
Chair Sorg: Moved by Commissioner Baumgarn and Seconded by Commissioner Little.

Dr. Garcia: Mr. Chairman I think the title sounds much more complicated and scary as to what it really is. Over the years Marcy and I have revised this Ordinance probably once or twice maybe? It was originally established Marcy, in '85. The Water Rights Fund what we would like to propose to the City Council is provide some flexibility in the use of existing Water Rights Funds. What is happening is that we have currently two Water Rights Funds we collect 11 cents per customer, which we have for many years, 11 cents per thousand gallons but 6 cents go to the acquisition end, 5 cents to the management end. We're not doing much acquisitions on Water Rights right now because for a while we were acquiring Surface Water Rights and with everything that happen legally and the operating agreement there is no surface water so we abandoned that process. And we're not acquiring groundwater rights because we have to perfect and go through the adjudication for about 45,000 acre feet and we've used 20,000. It would be wrong to recommend to you to buy groundwater rights in a basin that is over appropriated right now and with a lot of litigation.

One potential use of the funds would assist the overall water program is using the funds for Water Conservation. Today as the Ordinance reads I can't use this money for Water Conservation. Water Conservation creates more water so that's one things that we missed when we did the Ordinance and we'll fix it.

The other one is lobbying for water rights, we've done lobbying for water rights under contract with Mr. Stokes that was a separate request for proposal and a separate contract. If I were to ask Mr. Garza to have the lobbyist, Mr. Horan to address some water rights issues I couldn't pay him directly with this fund. We're adding that as a second item that is Water related. Sometimes in a short section like this one you don't have water rights matters but in long sessions you do have water rights matters and we need to watch.

We're keeping all the current uses, the acquisition of rights, paying EBID assessments, paying hydrologists, paying some of the legal expenses strictly on water rights matters like the adjudication some of it is being paid with this



fund. What we're doing is comingling the two funds into just one fund and not separating the 6 cents into 5 cents just let us budget through the budget process you will all see where the 11 cents are going but right now they are segregated by Ordinance so we can't move the money around.

Those are the changes that we're doing, we're keeping the current expenditures and acquisitions, we're current expenditures in management, and we're combining the sub-funds to allow this new expenditures like I said, lobbying in water conservation, so those are the only expenses. Currently the Water Conservation Program is about \$150,000 a year program, I think we can do more if we had these funds available I don't expect to have a half a million dollars a year but we could use a \$200,000-\$250,000 a year Water Conservation Program. There is more we can do so these funds would come very useful in enhancing the program and without impacting directly the Water Operating Fund because we're already collecting this money but we cannot use the money.

It is a better use of the funds and that's how I would recommend the Council to do as well, if you all agree, we'll take this and ask Council to change that, we're not changing the impact on the public we're just adding flexibility to the use of those 11 cents for a good purpose, which is Water Conservation and occasionally we may need lobbying outside these other special contract with Mr. Stokes. Right now we couldn't do that. Other than that we're keeping all the main uses, some of the bullets at the end Marcy designed it how to best do this and you will repeal and replace the section, you may want to elaborate on that Marcy a little bit, it's just that it's cleaner from the tracking point of view of the Ordinance.

Driggers: I kept with the City Clerk's office and they agreed that it's much easier when you're making a few words changed in every line, is to repeal it and come up with a new version. It's just cleaner looking and that's why exhibit A to your Resolution is the new version and Exhibit B is the existing version.

Chair Sorg: Well it makes a lot of sense to me. Commissioner Pedroza.

Pedroza: I do have a couple of questions and this one is one I was going to ask before but then I didn't. Is there any, in the State Statue of New Mexico, is there any time period set for how long you have in order to perfect the Water Right?

Driggers: 40 years.

Pedroza: 40? 4, 0?

Dr. Garcia: 4, 0.



- Pedroza: Okay.
- Dr. Garcia: For Municipalities and Public entities.
- Driggers: Nobody knows where it comes from except we think it's a biblical reference, 40 years.
- Pedroza: Does that give us any kind of pressure?
- Dr. Garcia: Mr. Chairman, Commissioner Pedroza. We're getting close, I'm not promising next month, but probably in April, we should be ready to have some form of Work Session on the 40-Year Water Plan.
- Pedroza: Okay.
- Dr. Garcia: That's where we're going to put the justification in all of the growth patterns and all of the things that are needed. The 40-Year Water Plan is the document that shows how you will use these water rights and therefore why you should keep them. We're getting there, in fact, a lot of this information you will see it in the Work Session form when we work the hydrologist on the 40-Year Water Plan. It is critical that we show that we actually need all those 45,000 acre feet in the next 40 years.
- Pedroza: Alright, thank you very much that makes me much more comfortable about it. The other thing was, so management is simply the word is going to include Water Conservation, etc., etc. etc.
- Dr. Garcia: It's for acquisition management, hydrology engineer, all the uses are there except for Water Conservation. We missed it, Marcy, way back when we had a chance to amend it. The other thing was I had staff pull some of the documents and I have the sheets here, the conditions of approval of our water rights and I tabbed all of those tabs are the places where Water Conservations are required for water rights. We have a water rights fund. Water rights have a condition of having a viable in highest technology in water conservation and I can't use those monies for that. It's time to change it and that's why I'm recommending this and I'm hoping that the City Council will agree that it's the best use of that money. We're not impacting the public we are just making best use of the funds where we need to.
- Pedroza: Thank you.
- Chair Sorg: Okay, good. Commissioner Johnson.
- Johnson: Yes I have three hopefully small points on it. It wasn't clear to me, you said there was part of the funds you could not use by making this change does that



- Dr. Garcia: give you access to accumulated funds from previous years that you're not going to use or is it just starting forward you're going to use all the money?
Mr. Chairman, Commissioner Johnson that's a great question. Once we comingle the funds, all the fund balances will be in one fund.
- Jonson: Henceforth.
- Dr. Garcia: No, we'll move the remainder, you cannot leave money in a fund that no longer exists.
- Johnson: You do recoup.
- Dr. Garcia: Yes.
- Johnson: Do you have any idea how big that amount being recouped is?
- Dr. Garcia: I think in terms of fund balance combined we should have about \$1.7 million - \$1.8 million.
- Johnson: So this opens up initially for a fairly decent chunk of money but going forward year-by-year it won't be that large?
- Dr. Garcia: Correct because when we go through the budget, which by the way I'm going to a Work Session next month it's time for the Work Session for budget, I'll sure you that fund with the little boxes that we have I'll use that one with the assumption that Council approves it. Then I'll show the 5320-21 become one and the fund balances get joined. I'll show you what the estimated revenue in each line will be estimated revenue one. We're no longer going to split it so we don't lose the money we just open up the use of the funds.

We still need to maintain, I'm not proposing spending the fund balance, I'm not proposing spending more than what has come in. I'm just saying the \$150,000 Water Conservation Program could be a \$200,000 program enhancement with some of these funds, which today we cannot do. I believe we always have to have a fund balance for Water Rights, 40-Year Water Plan may determine and you all may agree that it is time to start acquiring groundwater rights in other basins like Corralitos, the Uvas, basis that are not fully appropriated. We need cash balance to do that because the current basin what we have at 45,000 acre feet is heavily litigated as you well know.

It's just flexibility on the funds mainly for Water Conservation but not necessarily to have this, you will notice I'm not proposing here to use this money for operations. This is not going to remove the need to look at the Operating Expenses in the Water Utility. But since it's a condition of a water right it should



be right and Water Conservation generates more water. It seems right to use those funds for that program.

Johnson: Also did you look at the 11 cents to see if that was still appropriate or you just roll over and you're still using the 11 cents as previously looked at?

Dr. Garcia: We're not recommending changing the number right now. If we ever have to acquire massive amounts of groundwater rights say 10-years from now in another basin, I would recommend changing that but I think the revenue stream is fine for now to pay for the things we're paying. Again we're accumulating a little fund balance that I said in talking to staff we could be doing more in Water Conservation with some of this money.

Johnson: The third thing is, I don't know what to do with this, Pages 221 to 225 and then Pages 226 to 229 is a duplicate to what's in 221 to 225 minus Exhibit B.

Dr. Garcia: If there was a duplication of pages we can clean that up.

Johnson: There is if 221 to 225 seem to be complete, 226 to 229 is the same thing almost except it varies a little bit, one place you spelled out Las Cruces Municipal Code and on the other place you only use LCMC by itself. It's just duplicated and it's just something that needs to be cleaned up.

Dr. Garcia: That must be in the PDF Mr. Chairman because I don't see it on hard copy.

Johnson: I may have opened the wrong file when you withdrew some of these and I may be in an old file.

Dr. Garcia: Yes my packet has just a two page Resolution and the two Exhibits so we'll check that.

Johnson: Okay.

Dr. Garcia: We'll make sure.

Johnson: The next page after that you don't start over?

Dr. Garcia: No, the next page is the next Resolution that Joe's going to present.

Chair Sorg: Dr. Garcia I think what we're seeing here is that the Resolution is printed out twice. Is it? Yes it's printed out twice.

Dr. Garcia: We'll check the PDF, it's a PDF issue the copy that the Chair will sign will be clean.



Johnson: That's fine it's just duplicated and it doesn't need to be.

Dr. Garcia: Thanks for bringing that up.

Johnson: That's all I have.

Dr. Garcia: Thank you sir.

Chair Sorg: Okay. Commissioner Carmichael.

Carmichael: Sounds like the right thing to do and one of my questions was answered here. I assume that there is no absolute, there's no violation of public trust, the Covenants, Ordinances, State Law, where it was collected under one set of rules and then it's changed. I assume that's clear.

Dr. Garcia: Mr. Chairman I will let Marcy answer that that's exactly why we cannot touch those funds until the City Council changes the Ordinance.

Carmichael: Okay.

Chair Sorg: We don't have the authority to do that.

Dr. Garcia: The City Council has the authority to change the use of those funds.

Carmichael: Alright thank you.

Chair Sorg: Anything else on this Resolution? I'll just add my two sense worth. I paid over \$4.00 into this water fund here, just last month. Then we'll have a vote.

Called for the roll on the Motion to Approve **Resolution 15-16-LCU017**. Commissioner Johnson-Aye; Commissioner Baumgarn-Aye; Commissioner Little-Aye; Commissioner Pedroza-Aye; Commissioner Carmichael-Aye; and Chair Sorg-Aye.

The motion was Unanimously Approved 6-0.

Chair Sorg: The last Resolution in the, I believe it's the last one, yes the last one is **Resolution 15-16-LCU018**. A Resolution Authorizing Las Cruces Utilities Staff to Make Administrative Revisions to the "Bill Adjustments," which is Part of the Las Cruces Utilities Billing and Service Regulation Tariff.

Is there a motion?

Johnson: So moved.



Baumgarn: Second.

Chair Sorg: Commissioner Johnson moves and Commissioner Baumgarn seconds. I have a feeling this was writing here just because of me. Did you really have this in mind here before I had my problems?

Dr. Garcia: Chairman, actually we had this in the Agenda way before. Joe, you may want to explain what it is, give an example of what we've been dealing with.

Chair Sorg: You can use me as an example.

Dr. Garcia: No, we've been dealing with a situation that is going on that is really serious and our system doesn't work when someone has a leak over a long period of time and several billing periods.

Provencio: Chairman, Commissioners. This introduces some revised language to assist us greatly to administer billing adjustments that are associated with water leaks. To explain what we've ran into, not just recently but, over the last couple of months is for small leaks that the residential customer can address to quickly and usually resolve within a month. The customer sees it, contacts us: "I have a problem, can you help me adjust my bill?" We have the processes to fully make the adjustment. When we have large leaks on some large commercial properties, it's not just within a month, they usually span two months maybe three months. Now we're looking at our existing language, which is where do we draw the line here? What do we do? How do we administer this? On large commercial properties is harder to locate the leak because it's a much bigger network on the customers side of the service.

This language is a compilation of what's the best practices by other Municipal Utilities and it definitely locks in the adjustment for a one month period. We want the customer to fix the leak because some of these leaks involve thousands and thousands of gallons and this gets this thing resolved and fixed. These revisions address those points so that we have a more definitive process to handle not just small leaks but large leaks too on customer property.

Chair Sorg: Commissioner Pedroza.

Pedroza: There is a mobile home park in my district and I don't know how many mobile homes are in there but I imagine several hundred and the residents are saying that there are leaks and that they're very worried about what the cost to them eventually might be, how should I handle that?

Provencio: Chairman, Commissioner Pedroza. Most of these mobile home parks are served by a master meter, a single meter, a service point, that the property owner takes care of from that point on to distribute it and maintain. Really



there's only one bill that's regular to that property they are not individually metered much like single family homes are or some other mobile home parks where the water services ends at your meter and we send a regular bill for that. It depends on what the situation for that particular property is for that.

Pedroza: I think that's the situation but they're worried.

Provencio: If it's the single master meter that goes to the property owner.

Pedroza: Right and I think that's what they have told me but they're worried that whoever it is finds one or more leaks that then they will be fixed but then that they, the residents, are going to be charged by the mobile home owner or park owner - but I guess that's not a Utilities issue.

Provencio: Unfortunately, that's exactly right.

Pedroza: Okay, never mind.

Chair Sorg: Any other further questions? Commissioner Little.

Little: I understand and agree with the changes that were proposed and shown with the existing red line. But in the part was not changed the section on Metering Accuracy Error, if a meter is tested and is shown to registering low the utility will then turn around and compute how much water was delivered but not properly measured and charge the customer for the difference. That seems to me to be poor form.

Provencio: Chairman, Commissioner. Most of these regulations address both sides of the metering error. We rarely see the one that is on the low side because there are few issues involving low consumption. But we can't create regulations for Metering Accuracy with only addressing one side of the problem and not addressing the other.

Little: That's true but as an alternative, if the meter is registering low, we'll replace the meter and forgive the water that was delivered but not properly measured. Here you have provisions for back charging for a year for that water. In all good faith I'm sitting here with a single family dwelling and my meter sitting out there at the curb and the bill comes and I pay it. Sometime during the year the City comes out and tests that meter because it's 3,000 years old and says this meter is reading low about 5% and you have been receiving 5% more water than you have been charged for. We're now going to charge you for the other 5%. That does not appear to me to be playing fair.

Dr. Garcia: Mr. Chairman, Commissioner Little are you proposing that this would be only one side?



Little: No, the other side is if it's measured low obviously it's the City's meter that's measuring low and there should be no financial burden placed on the customer who has been receiving and paying for water in good faith.

Dr. Garcia: If the meter is measuring high, what do we do?

Little: If the meter is measuring high then somehow that doesn't seem like...

Dr. Garcia: It may not happen but what if it does and that's what we struggle with this question, do we do it one way? It's your policy decision, we will have to bring it back you can't change it right now. We did it two ways so if we're going to give money back, we can go and get money back. We give back, we get back, with the same time period. We didn't do it one sided, which is what most Utilities do, I think we modeled this after the City of El Paso?

Provencio: City of El Paso and numerous other Utilities, you look at both sides of the equation with Metering Accuracy. If I can just elaborate, the point is when the issue of the Meter Accuracy comes into play that's when this is applied. When we just replace the meters per say as part of our replacement program we do not run the meter check at that point. If it was high or low it's okay but when it comes to changing out the meter we don't apply this provision in regulation. It's only when the question of the accuracy of the meter is called into play when somebody sees a problem with their billing.

Dr. Garcia: Excuse me Mr. Chairman, Commissioner. It's when somebody questions the meter, I think I can think of an example that we used this policy sometime recently and you may want to refresh my memory. It was a metering issue but with a pressure factor in the gas meter and we ended up with the 12 months reimbursing a lot of money because of the pressure factor. The read was high and we had over billed, in fact it happened to be the County, we've had a situation with one of the industries as well. We had a situation with one of the industries I don't know if the chile processor that we had the meter slow of the water and they admitted that they knew that the bill couldn't be that low so they paid back. We've had both sides of this situation in both Water and Gas but again it's your policy decision, it would take a separate action to change it.

Little: Of course I understand that. It isn't part of this action at all but you're asserting that in no case does the utility initiate a meter test in place?

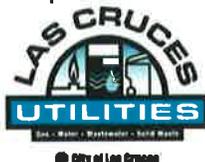
Dr. Garcia: It is when someone complains or comes and says your meter is wrong let's have it tested I'm questioning all the measurements then we proceed.

Little: That's different.

Dr. Garcia: Yes.



- Little: If a meter is being replaced because it's 3,000 years old but no back billing occurs at that time than the fairness measure is met. So that's fine.
- Dr. Garcia: Yes and maybe we need to make sure it's clear in billing and service regulations because if you're asking the question maybe others may ask that question. We replace meters every day, we have staff in Water and Gas replacing meters. We are not going back, once we replace that meter we don't even test it. It's time to replace and it's out. We wouldn't even have a measurement or a basis for going back and saying this meter that was higher is wrong.
- Little: The very first sentence of the section says: "In the event of either an LCU or customer initiated accuracy test."
- Dr. Garcia: I think maybe we need to clarify that because with the meter change out it's not. But again there was a situation for example, let me bring up the example of the chile processor that the water bill was ridiculously low. We knew that there was something wrong from the meter reader, so there's a situation that we initiated because of the reading was totally unreasonable. In that sense we initiated that but not in a regular meter replacement program. In fact because the customer will not come to us saying: "My bill is too low," I can guarantee you that especially an industry. So we said something is not right here and they admitted it and they did a payment plan.
- Maybe we need to clarify the language and bring it at another time maybe spelling out when we initiate and why and not because when it's due for a meter replacement.
- Little: Okay bear in mind the fairness issue and we'll go on.
- Dr. Garcia: Okay we'll take a note of that Mr. Vice-Chair.
- Chair Sorg: Okay any other comments on this Resolution? Then we'll take a vote.
- Pedroza: I thought we were going to wait.
- Chair Sorg: Wait for what? These changes?
- Pedroza: Yes.
- Chair Sorg: No, that'll be an amendment.
- Dr. Garcia: We will have to bring back clarification of that Mr. Chairman, Commissioner Pedroza. We can't do it with action. This action just changes what Joe redlined, we would have to make clarification to what Commissioner Little brought up and bring it back as a separate action.



Pedroza: Then I'm still not understanding. Are we going to take action on this as it is and then come back later?

Dr. Garcia: Yes.

Pedroza: Oh, I see.

Dr. Garcia: We can bring the other change showing the existing word proposal to clarify what Commissioner Little brought up.

Pedroza: Okay.

Chair Sorg: Okay very good.

Called for the roll on the Motion to Approve **Resolution 15-16-LCU018**. Commissioner Carmichael-Aye; Commissioner Pedroza-Aye; Commissioner Little-Aye; Commissioner Baumgarn-Aye; Commissioner Johnson-Aye; and Chair Sorg-Aye.

The motion was Unanimously Approved 6-0.

Chair Sorg: Just as a footnote, I never did find my leak. Never found it and I had to replace all the pipe. Just a side note.

8. OLD BUSINESS

Chair Sorg: Next order of business is Old Business. Is there any Old Business?

Dr. Garcia: Nothing from staff Mr. Chairman.

Chair Sorg: Commissioner Carmichael.

Carmichael: Give us an idea about the Co-Generation problem, is that going to be resolved do you feel like soon and brought back?

Dr. Garcia: Mr. Chairman, it's a contractual issue I'm hoping that Carl can bring it next month. We were hoping that the legal details in the procurement details of the maintenance contract would be resolved. Because we have a lag in submitting the Agenda so we said let's put it in the Agenda. But we didn't resolve the issue, most of the time we can resolve issues quickly. I'm hoping that Carl will bring it back. In fact, Carl has promised me he's going to bring it next month.

Chair Sorg: Okay.

Carmichael: One other thing, I don't know if this is Old Business or New Business. Could we get an update on the next month or so on the Solar Energy project?



Dr. Garcia: Mr. Chairman we'll include that one as part of our project report next month.

Carmichael: Okay, thank you.

Dr. Garcia: Yes.

Chair Sorg: Very good. Any other Old Business? Seeing none.

9. NEW BUSINESS

Chair Sorg: Any New Business?

Dr. Garcia: Mr. Chairman an announcement for Klaus to put something on the record for disposal remember, explain why we're doing this Klaus.

Kemmer: Mr. Chairman and Commissioners. If you'll remember any time I have a vehicle sale to another City I let you know about this because the Department of Finance wants to know that you all have been informed about it. What I've got here is the last one that I know about, which is the City of Las Vegas, New Mexico is going to be purchasing our 1999 Roll-off Truck and the agreed price there is \$25,000. I just wanted to let you all know that we'll be moving forward with that paperwork. Mr. Garza, the City Manager, gets to see it and approve it and then we go forward with Marcy who's been working very hard on this. It's a big process so I just needed to inform you about it.

Chair Sorg: Sure, thank you Klaus. Any more New Business?

Dr. Garcia: Yes, the Work Session, it's Budget time again. Work Session for the Budget we could start at 1:30 p.m. on the 10th of March, I believe is the next meeting, and then we can do the Regular Meeting immediately following the Work Session. We think that an hour and a half, we can start at 1:30 p.m. and that should be plenty of time to go through the Budget proposals and some of the changes.

Chair Sorg: All in agreement with the Work Session? Okay, let's proceed.

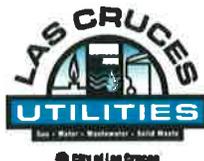
Dr. Garcia: That's all we have for New Business Mr. Chairman.

11. BOARD GENERAL DISCUSSION

Chair Sorg: Anybody have anything in General Discussion?

Little: One item.

Chair Sorg: Commissioner Little.



Little: As a follow up to the Utility Rate. I would advise you not to bother with that until there were an opportunity for a more general review and update. It's not worth the administrative cost to deal with it now.

Chair Sorg: Thanks, you understand?

Dr. Garcia: No I didn't.

Little: Okay, I was complaining about whether the thing is fair or not and in general I was satisfied with the explanation of circumstances. Although the language could be clearer, it is such a minor point that I would advise you not bother working on it now.

Dr. Garcia: Now, okay yes.

Little: Until as such time that there's an option to be thorough.

Dr. Garcia: General review of that section, okay I got it.

Little: Okay.

Dr. Garcia: I was hoping you were not talking about the Rate Making Procedures. I still have them in my mind, we're making big progress that I think it's a good document. In fact if I may Mr. Chairman, I think staff left already but, that was a work product of a team of staff that worked very hard over the holidays. Everybody pitched in something especially the ladies, the Analysts, I think they left they were sitting there, they did all the leg work. We came up with ideas but then they went in and wrote it up and brought the language. We think this is going to work and I'm hoping that I can convince the City Council that this is better, we're keeping the good things of the old system and we're removing the bad things, which is the cost, the litigation, and the animosity.

Chair Sorg: Okay.

Little: We're grateful for the effort and I'm sure that as time goes we'll be more grateful.

Dr. Garcia: Yes.

Chair Sorg: Well put.

12. ADJOURNMENT

Chair Sorg: Okay if there is no more further discussion we can move to adjourn.

Baumgarn: So Moved.



Little: Second.

Chair Sorg: Moved by Commissioner Baumgarn, Seconded by Commissioner Little. Those in favor say Aye. Meeting is adjourn.

The motion to adjourn was Unanimous 6-0.

Meeting adjourned at approximately 4:32 p.m.



Gill Sorg
Las Cruces Utilities Board Chair



Date

