

**Las Cruces Utilities Board of Commissioners**  
Minutes for the Meeting on  
Thursday, March 10, 2016  
Immediately following the Work Session  
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  
Daniel Avila, Assistant City Manager

**Ex-Officio Members Absent:**

Robert Garza, City Manager

**City Staff Present:**

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  
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

**Others:**

Suzanne Michaels, Public Outreach Consultant

Chair Sorg called the regular meeting to order at approximately 3:10 p.m.

**1. CONFLICT OF INTEREST**

Chair Sorg: First business is Conflict of Interest. Is there any member of the Commission of a member of the City staff, have a conflict of interest with any item on the Agenda?

*There were none.*

**2. ACCEPTANCE OF AGENDA**

Chair Sorg: Then the next item is the Acceptance of the Agenda.

Pedroza: Move to accept.

Johnson: Second.



Chair Sorg: Moved by Commissioner Pedroza, Seconded by Commissioner Johnson to accept the Agenda.  
Roll call: 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 February 11, 2016.

***Minutes approved on consent.***

### **4. PUBLIC PARTICIPATION**

Chair Sorg: Is there any member of the public that wants to speak? Wants to give the Commission any information or questions? Okay.

### **5. ADMINISTRATIVE REPORT**

Chair Sorg: Moving on to the Administrative Report, Dr. Garcia.

Dr. Garcia: Mr. Provencio will start with the first item Mr. Chairman.

Provencio: Good Afternoon Chairman, Commissioners. I'll give you an update on the activity in the Administrative Services side. On Customer Service some staff members as well as other individuals in the City have been involved in the data cleanse project for Customer Information System (CIS). What's occurred over the past couple of weeks is a merging of 40,000 duplicated account names and records in the database. This reduced the level of extra information out there that was relevant and the end result is a reduction of duplicate accounts and records. No information is ever lost it's all merging for the master CID record. That's a measure of work and the majority has been done and there's going to be some additional passes to continue to clean up the CIS database.

On the Billing & Collections side, we completed the annual customer rate classification review for commercial accounts. February and March are our busy time in terms of getting everything set going forward for the new billing year. Every year we go through and examine all the commercial accounts for the classification, we look at the prior 12 month consumption records for Gas, Water, and Wastewater. We're required to reclassify those customers that have either increased or decreased consumption over the past year and categorize them into the right class of service, which is small commercial, large commercial, or industrial service. This is done every year, it involves looking through all records and commercial accounts and it sets everything up for



appropriate billing and tariff administration for the rest of the year until we view this again next year.

We also at this time update the residential and small commercial winter quarter average. This is the average that we use to bill for sewer service. That involves a lot of calculations and work within the billing section.

Also at this time we calculate the system wide average for sewer discharge flow for all rate classes. We do this as the default billing value for each one of these classes of service that we have to bill for customers that have or provided water by other water providers in systems and utilities. That we have everything up and consistent and in line with the rest of the in-City billing values.

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

Little: Question.

Chair Sorg: Commissioner Little.

Little: On this last item the system wide average sewer discharge flows. Where is that measured or calculated?

Provencio: Chairman, Commissioner. That's based on the information that we have within the City customers. City customers we provide the water and we can calculate what the winter total average is. We do that for small commercial and residential. We also do that for our large commercial and industrial customers, so that we bring everything consistently within our customers that are likely served for that class of service.

Little: It's just a calculation for the purposes of establishing this, it doesn't really speak to Wastewater discharge rates at Jacob Hands and such?

Provencio: Chairman, Commissioner Little that's correct. That's a default value where we can't get access to water records to calculate sewer flow.

Little: Okay thank you.

Chair Sorg: Okay, any others? Continue.

Dr. Garcia: I'll let Marcy jump in if necessary. There were not reported developments in TX v. NM. Marcy updated you last time regarding Copper Flats and we were denied oral argument for any intervention. One thing that has changed in consultation with Legal and our water rights attorney we made the administrative decision not to comment on the EIS (Environmental Impact Statement). There was a little bit of pressure for the City to jump in and probably pay for a hydrologists or someone to do a complete EIS commentary, I decided not to do it, I don't have the budget right now to do that and spend \$10,000 to \$12,000 commenting on the EIS. Didn't seem necessary, EBID did



a good job commenting on that but at the same time we did not want to use the comment of the EIS to insert some of the legal arguments. My belief is that that's not the purpose of an EIS so I told Jay Stein no don't comment and I'm not going to hire Lee Wilson or John Shomaker to do the analysis. EBID did a good commentary on the various aspects and on the impact of the mine. So we're sort of staying out of it so if any of you, especially the Councillors, get calls because there was an attempt to call the Mayor's office. Luckily the Mayor directed that person to my office or to our attorneys. The City is a City and some use the City name to comment on something but I don't believe that was necessary. The EIS itself that the commentary by EBID is very technical, very reasonable, so I don't see necessarily spending funds duplicating efforts just to put our name behind it.

Chair Sorg: Dr. Garcia did you know that the pecan growers have intervened?

Dr. Garcia: Yes. The pecan growers are involved with EBID but, when I saw the EIS comments of the different parties, I didn't see it necessary for us to pay someone to do it.

Chair Sorg: Okay, thank you.

Dr. Garcia: The big change I think is on the Mesa Development, we went to two pages and Marcy is going to tell you all about it. You want to come up here Marcy.

Driggers: Just a quick review when the Board recommended and the Council approved us acquiring Mesa Development one of the specific conditions was that they give us warranty deed basically guaranteeing title to the three separate well sites along Mesa Drive. Additionally it was a requirement that all three deeded sites comply with the City's subdivision requirements. That component of the Purchasing Sales Agreement is what Mesa is not fully able to comply with.

One of the three well sites, which we call the first one, well site one, two, and three. One is the closest to Highway 70, it is a stand-alone beautiful subdivision lot so they can convey it to us in compliance with the subdivision requirements. Well site number two, which is in the middle, is the one that they are completely unable to comply with the subdivision requirement. They legally own the site but previously they had conveyed a portion of a bigger tract that they owned, of which the well site was a part of and that early conveyance violated the City's subdivision code. Now they will have to come back and correct the prior mistake and do a new subdivision showing the site being conveyed to the City. The site previously legally as far as ownership but illegally as far as subdivision compliance conveyed to a property owner to the north and then the remaining portion would just be an un-platted tract.

We worked carefully with the City's Community Development Department, they came up with a number of creative options. Mesa Development incurred the expense of hiring an engineering firm, it's still called Moy Survey but Mr. Moy is no longer a participant he sold the company to Henry Magallanes. They incurred expenses with Henry re-platting it and they had expectation that the adjacent property owner to the

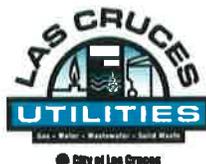


north to whom they had improperly conveyed the lot a few years ago would agree to the subdivision plat. They would have to give up some land towards Mesa Drive but the Pettes' were willing to give them additional lands to make up for the difference to the back and to the side. But the property owner to the north, I think, saw it as a chance to make some money and said they'd only do it for \$100,000 so it became quickly apparent that they weren't going to cooperate. What we're going to do is unofficially put, commonly called, a friendly condemnation. We see it occasionally for tax purposes because if the government takes your property it's not considered a negotiated sale and you get a different basis for capital gains treatment.

In this particular instance we drafted the necessary paperwork authorizing the condemnation because under the City's Charter, which is the equivalent of the Constitution to the United States, it's to the enabling document. The founders of the City Charter, specifically require Council approval for all condemnations whether adverse condemnations, in which we're taking somebody's property because we can't agree on an acquisition price or friendly condemnations. I had drafted the paper work and Rusty Babington the City Attorney was going to the City Council for a closed meeting this past Monday for a number of other litigation matters and thought it best just to give the Council an upfront warning that a Resolution would be coming down the pipe indicating that we will be condemning.

As Councillors Pedroza and Sorg are aware, a number of people on the Council were concerned when they saw the big "C" word the "condemnation" word so they came up with some suggestions to make it even clearer, just in the title itself, so in case some member of the public read a summary of the title for agenda items, they would see that the City was seeking authorization to condemn to Mesa Development well site and adjacent right-of-way. Because remember when you do a lot split and there is a subdivision you have to give land for the future development of the street adjacent to your property. To be made clear in the title that this was a cooperative venture with Mesa Development and not the adverse avenger and the body of the Resolution says so.

The reason we're seeking to acquire two parcels is the third well site to the north, as Councillor Sorg is aware, is along a street that everybody calls Jameson but it's not a real street and it's not paved. For the Pettes family, they own an acre lot there, they would split the lot in half, we only need a half an acre for our well site and they were able to comply with the subdivision requirements. But because nobody wants to pave the street, which is used by property owners to the east for access. We would have to go to Planning and Zoning Commission for a waiver of the paving requirements and then go to City Council for approval of the waiver of the paving requirements. The Planning Department said, "Oh let's just throw it in to the condemnation." That's why the condemnation shows condemnation of two of the well sites and two adjacent right-of-ways. It's scheduled for approval and hopefully adoption by the City Council at its first meeting in April, which is Monday, April the 4<sup>th</sup>.



That's a long-winded summation of the recent developments with Mesa, as soon as that is acquired, and what will happen if Mesa, we will file the friendly Condemnation Action, Mesa's attorneys will file an Answer, and suddenly we'll have an agreement. We'll file what's called a stipulated judgement quite quickly with the court not the day after we have to put a respectable distance between it and the filling and then once the judge enters a condemnation for these two sites the property will be given to the City in four pieces. Mesa Development attorneys came up with a creative idea. We were just going to do it in one parcel than split the parcels between the right-of-way and the well site, and Mesa said, "No they would have their engineer do four separate but contiguous legal descriptions. One would be for the well site and one would be for the adjacent right-of-way. The well site would go to the City on behalf of the Utilities Department, the right-of-way would be for the City for future development of Mesa. Then the same would happen for the well site to the north along Jameson.

There would be a deed to the City for the Utilities Department for the well site and then the remaining property would remain as right-of-way that will be unpaved. Once that is done, that is the last impediment to keep the acquisition of the company from going through Utilities Department staff, Carl's Section has worked with the construction for the Water System Improvements. The City's Billing subsection have worked with trying to smooth the transition of conversion of customers from the Mesa system to the City system. They are all standing by waiting for the company to be able to legally convey the three well sites to the City.

Chair Sorg: Commissioner Pedroza.

Pedroza: I don't think I understood Marcy. Is there a third party involved?

Driggers: No, that property owner to the north, they're just out of luck.

Pedroza: Have they not purchased?

Driggers: They have a lot that does not comply with City subdivision requirements and they will have trouble deeding it in the future. They could have joined.

Pedroza: I suspect that third party is not going to just sit there and say, "Oh well, poor me."

Driggers: No, they have no basis for objecting.

Pedroza: They don't?

Driggers: No. Mesa Development's property is being condemned.

Pedroza: It's their property?

Driggers: We're just condemning Mesa's property, we're not condemning the adjacent property owner to the north.



Pedroza: Okay.

Driggers: They're just a stand-alone tract that is not a legal subdivision lot.

Pedroza: We're not touching their property, this is their property?

Driggers: Correct, Mesa deeded it to them without going through a title company.

Chair Sorg: Is it zoned?

Driggers: I don't know.

Chair Sorg: Okay.

Driggers: I would hope so because there is a residential house there.

Chair Sorg: Very good.

Driggers: Adjacent to what will soon become the Utilities Department well site.

Chair Sorg: Yes, thank you Marcy that's great. Next.

Dr. Garcia: Projects, Carl.

Clark: Chairman, Commissioners. I'm here to give you the March 2016 Projects Update. I selected three projects. The East Mesa Water Reclamation Facility Solar Photovoltaic Design; Drilling and Developing Replacement Water Wells 23, 31, 32; and then the Septic Replacement Projects. I highlighted two projects: The Hacienda/Homestead Estates Sewer Improvements Phase I and the Salopek/Sunrise Subdivision Sewer Improvements Phase II. The reason for that is that Lantana is complete, like I told you earlier so that's kind of left out of the picture on that one.

The first project is the East Mesa Water Reclamation Facility Solar Photovoltaic Design project. This project is basically for a 300kw solar photovoltaic system. This is the overall layout that the consultant has provided to us, Molzen Corbin. As I stated earlier that project is 100% complete, we're making final touches and comments back to the consultant to wrap this thing up, get it prepared, and put out to bid. We originally estimated this project at \$2.1 million. We're waiting to see how it is going. There is quite a bit of dirt work that needs to be done out there so that never really change is going to go lower in price usually it goes up in price and some erosion control that needs to take place. You can see that the roadway has been changed a bit. It's going to be changed up here so we can allow El Paso Electric access to the big transmission system out there. The big white curve in here is in case they have big equipment and they have to make that turn. We're at 100% design and we're ready to get prepared to move forward with the bidding process. Any questions on this?



Pedroza: Just one question.

Chair Sorg: Yes Commissioner Pedroza.

Pedroza: Is it anticipated that the energy that the solar panels can produce will be sufficient for all of the needs of the reclamation center?

Clark: Chairman, Commissioner. No, the 300kw system will not provide the total amount power needed to run that plant. We'd have to upgrade all the way up to the 500kw is what it would take to offset all that power.

Pedroza: I see. About double the size?

Clark: Yes, it would include these featured pad sites in here. They would have to be filled in with panels to get to that level.

Pedroza: But there are already future pad sites?

Clark: As part of the design, this is just looking at the design, the design doesn't have any earth work in these pad sites. That's strictly up in here right now until we decide to move forward with the remainder of the panels we'll design this lay out. There's erosion control matters in place and move forward with that segment of that portion.

Chair Sorg: Commissioner Carmichael.

Carmichael: Carl what are you thinking in terms of timing? Would you go out to bid, get bids back, construction starts, and all that are you thinking six months, a year?

Clark: Chairman, Commissioners. Once we get it out to bid and then approved it takes us another 2 to 3 weeks to get all the contracts executed, that's always the fun part. That's about 2 month's right there and probably another 6 months for construction, so I'm going to say anywhere between 8 to 12 months, like you said.

Carmichael: Good, thank you.

Chair Sorg: Okay.

Clark: The next one is Drilling and Developing Replacement Water Wells 23, 31, 32. As you're all aware this is that the large State Legislative Funded project. We had to supplement a little of money in there to complete construction project. The contractor is Rodgers & Company. The contract cost for the well drilling portion is approximately \$2,483,000. The contract time is 270 calendar days and the start date was December 14<sup>th</sup>, when they mobilized onsite and started to plugging and abandoning wells. The estimated completion date is September 27, 2016. They're about 7% in regards to payments, we're rushing some more payments through so it'll go out from there.



They've already plugged and abandoned Wells 29, 31, and 32, that's complete. They drilled the pilot hole or the borehole for Well 29.

I've installed a couple of photos in there. The large satchels that you see up on the upper right, that contains the gravel pack that you all are looking at in the little glass jars there. Somebody mentioned it's a superstition that you have to collect that up before we drill a well or you'll get a bad well. I listened to Dr. Garcia and we went and grabbed some. That's the gravel pack there that they are going to be utilizing, 8/16<sup>th</sup> is what they call it, and it has to do with the sieves size of the grains passing through the sieves. The funny thing about wells, is everybody wants to know that drop dead date, when is the casing going in? Well that's harder to say, because we have to drill the hole first, look at all the sieves, someone has to analyze everything and then make the recommendation, and then we got to go order it. The premier company that puts that material together has to have that perfect size. It's a natural product so it doesn't always fall into place really well but we are anticipating the last of the materials to come in today.

We do anticipate them reaming the hole out starting Friday and they said it would take about four days. Just at the right time on Tuesday when we're supposed to have the tour, we hope. Myself and the other project managers who are working on this, when we get these requests, we're like we can't always make that happen all the time. We're trying our best to make it work. The contractor is really good to work with, they've been very flexible with us, and happy to help us as well to let you all take a look at what we're doing.

Chair Sorg: How deep are the Wells about?

Clark: Those are around 800 feet deep.

The next project is the Septic Replacement projects. I'm showing you the overall picture, because I wanted to let you know once again, Lantana Phase II is complete, that project is done. There's 26 possible connections in that area, 13 people have signed up already.

The other project, which is the 2013 portion of the State Legislative Funding, which was Salopek/Sunrise Phase I, if you recall, that is up in this area here at Powers and then Wall down here, that one is complete and has been accepted. Out of the 34 possible connections there's 10 customers that have jumped on board with that already so we're hoping that they'll keep coming in and signing up. They are slowly but surely coming in, I'm sure it's a matter of condemning their own septic's and paying the Impact Fees to get this stuff on board.

We still have two other projects out of this 2014 State Legislative Funding that would be the Salopek/Sunrise Sewer Improvements Phase II and then Hacienda Homestead Acres Phase I. I'm going to talk about both of those.



Hacienda Homestead Estates Sewer Improvements Phase I, the contractor is Renegade Construction. The contract cost is \$309,623.62 with 80 working days to contract time. They started February 2<sup>nd</sup> with an estimated completion date of May 24<sup>th</sup>. They're about 25% complete with construction and I haven't processed any payments through my side yet. I know that they've had their pre-construction meeting and their working on the pay requests so we'll be doing that shortly. They've already installed approximately 1,200 lineal feet of 8-inch SDR-35 on Porter Drive and they've moved on over to the next site, which is Rising Sun Road, that is the next one that they moved to. I've installed a couple of photos, one of them is the trench up here on Porter being backfill and compacted. Then the lower one is the same road but a service line being installed there going underneath the existing sidewalks they have out there. That one is moving along quickly it's a pretty good contractor and hopefully he's going to meet his deadline like he's supposed to and we'll get this things wrapped up just as quick as the other ones.

Salopek/Sunrise Subdivision Sewer Improvements Project, Phase II. The contractor is Timberland Constructions. The cost on that one is slightly larger, it's approximately \$1,648,000. The contract time is 130 working days, they started November 30<sup>th</sup> with and estimated completing of August 31<sup>st</sup>. That will be the last one of those 2014 State Legislative Projects, if we meet that deadline then we'll have it all wrapped up by the end of the summer. The percentage complete is 10% in regards to construction and 8% in regards to payments. They've already completed the water and sewer installed on O'Hair Drive they're currently working on Salopek Boulevard, and Marcy Circle. They're installing manholes over here off of Marcy Circle, right now, as you see in a couple of photos made available to me from Public Works.

Any questions? Okay, thank you very much.

Chair Sorg: Thank you Carl.

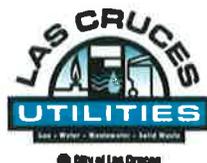
Clark: You're welcome.

Dr. Garcia: We're ready for Board Resolutions Mr. Chairman.

## **6. RESOLUTIONS ON CONSENT AGENDA:**

**Resolution 15-16-013:** A Resolution Approving an Indefinite Quantity, Indefinite Cost Price Agreement for Ferrous Chloride to Kemira Water Solutions, Inc. of Atlanta, Georgia, for One (1) Year with Two (2) One-Year Renewals Subject to Approved Budget Appropriations and Annual Renewals for the Use in Controlling Corrosion and Odor in the City's Wastewater Collection Systems.

***Resolution 15-16-013 was Approved on Consent.***



Resolution 15-16-108: A Resolution Awarding a Contract for the Zone 1 Interconnect Phase B, Project 1, Project No. 15-16-108, to Morrow Enterprises, Inc. of Las Cruces, New Mexico, for a Total Award Amount of \$750,080.66.

***Resolution 15-16-108 was Approved on Consent.***

## **7. RESOLUTIONS FOR DISCUSSION**

Chair Sorg: Okay, finishing the Administrative Report, the first Resolution on the Agenda for Discussion is **7a. Resolution 15-16-LCU019**. A Resolution Authorizing Las Cruces Utilities Staff to Make Administrative Revisions to the Water Tariff.

Baumgarn: So moved.

Chair Sorg: Move to approve by Commissioner Baumgarn.

Pedroza: Second.

Chair Sorg: Seconded by Commissioner Pedroza. Go ahead.

Provencio: Thank you Chairman and Commissioners. Resolution LCU019 is modifying the current water tariff so that the Litigation and the Development Impact Fees are not applicable to Reclaimed Water Service sales or Bulk Water Service sales. The genesis for this change evolves from the time when the Water Rate Review was happening back about six years ago the intention of the Riders was to recover or impose incidental types of expenses involved in Litigation and Development Impact Fees. As we progressed we have Litigation, of course has gone up, it has been increasing, as well as, some of the development funding and has also been recovered through the Rate Riders.

We've gotten to a point where it's imposing as we develop the tariff imposing recovery of these Riders for all water sales, which include Reclaimed Water and Bulk Water sales. It's become uneconomic or not attractive in terms of promoting the sale and use of Reclaimed Water. This revision to the tariff will exclude the application of the Riders to Reclaim Water and Bulk Water sales. Going forward that's how it'll be applied and it requested that it be made retroactive back to March 1<sup>st</sup>, which is the beginning of the billing cycle for this Resolution.

Chair Sorg: Okay, thank you. That explains it pretty well but can you tell us. So you're dropping the Riders for those two classes of Water sales?

Provencio: Yes, that's correct Chairman. We're not applying the Rate Rider charges to these class sales.

Chair Sorg: And of course those rates are based on per 1,000 gallons use?



Provencio: That's correct.

Chair Sorg: Okay, any questions on this one? Yes, Commissioner Johnson.

Johnson: Your explanation to me makes sense for the Reclaimed Water completely we're trying to get more people to use that economic enhancement. But the Bulk Irrigation Water, I'm losing the squirrel on. Why is that?

Provencio: Chairman, Commissioner Johnson. It's Hydrant Metered Sales that this is applying to. If you recall Hydrant Meter Sales or Bulk Water Service sales are temporary sales for that use of water, it's not a fixed point of service. Those are temporary sales that are applied to that kind of service.

Chair Sorg: That's mainly for construction right?

Provencio: That's correct, yes.

Chair Sorg: Dr. Garcia.

Dr. Garcia: Mr. Chairman, Commissioner Johnson. The one thing I want to add is the reason we're suggesting Bulk Water or Hydrant sales is really because we have purple hydrants too. We're trying to promote the use of Reclaimed Water. We didn't want to have two categories of Bulk Water so we're saying, "Let's just not apply to both volumes because basically we want to encourage the use of Reclaimed Water through purple hydrants, at least in the vicinity of the plant. It makes sense to just have both rather than having two types or two classes and that's going to get into modifying too many things in terms of the applicability.

Johnson: Both Water sales or Hydrant sales are infrequent? We're not encouraging a lot of use of water and cutting the rate?

Dr. Garcia: Mr. Chairman, Commissioner. Actually Bulk Water for fresh water is priced pretty high compared to other rate classes. All we're doing is not applying the Rider so that when the Bulk Water is taken as Reclaimed Water, it's 50% of the other number, we're not applying another packet. Even from the computer system point of view, we can remove the Riders from the current customer class, so it made sense so that we wouldn't have two types of Bulk Water customers because we do have a few. I don't know, Adrienne, four or five purple hydrants? In other words we can use Reclaimed Water, purple pipe water for construction as well. We can't use it for drinking or anything else, you can use it for irrigation or construction so that's where the other one comes in, we said, "Let's just propose both because it's going to be otherwise two types of Riders." One has the Rider and the other one doesn't have the Rider service. It seemed easier to do it this way. We're not changing the base price, which is higher than residential and commercial, the base price for fresh construction water.



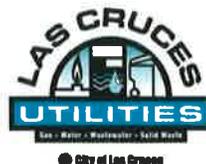
- Johnson: Okay, so we have a definite price differential?
- Dr. Garcia: Yes.
- Johnson: That drastically encourages the purple hydrant rather than regular hydrant water?
- Dr. Garcia: Yes, it's half price.
- Johnson: Half price.
- Dr. Garcia: Let me tell you what the problem is. If the basic problem is we have a handful of customers almost six by now. One of the customers, which is the golf course takes about between 85% to 90-98% of the water depending on the season. The golf course can produce their own water, they have their own Well, but they use primarily our water but they can produce their water at .70 cents. The price of reclaimed water is 50% of the golf course rate of fresh water, which is only \$1.03 meaning about .51 cents. If I add Riders to the tune of 42 cents almost 43 cents total guess what? Over the last few months, in fact this first month, the golf course used zero water. We're dumping water in the arroyo right now and we're not selling water what we're producing.
- Johnson: You're talking about grey water, right?
- Dr. Garcia: I don't call it grey water, it's Reclaimed Water.
- Johnson: Reclaimed Water, okay.
- Pedroza: Purple water.
- Dr. Garcia: It's purple pipe water. It is imperative, this is business decision we're keeping the price low because we want to keep operating the plant. The anchor customer, the biggest customer, has an alternate water source and they manage to use zero in January and February. I'm estimating, either way, forget about the revenue loss of this volume maybe \$50,000-\$60,000 of non-recovery because we won't sell the water anyway, you see what I mean? If we don't sell the water we need to have a serious discussion about running the plant only seasonally because right now you get lots of questions. Even though it's still infiltrating into the aquifer, they have a permit to put it into the arroyo.
- That plant was designed to use the water for irrigation but again 70 cents versus 90 cents, if I were a golf course owner I would just pump my own well, which is what they're doing. They can't do that year round so they would use some of our Reclaimed Water but I just don't want to be their peak during the summer. I want to continue to be their base load, which we have been until the Riders were implemented. When we did the Riders way back when we were in that



- Johnson: case, we settled the case, we said all volumes but we never thought if you apply a Rider that is almost as big as the cost of the Reclaimed Water the Reclaimed Water is not good anymore. That's why we're here and the other one is just to make it a mirror image because we want to sell some of the Reclaimed Water. And because the fresh water price is twice the Reclaimed Water already, we're not opening up people getting a run our Reclaimed Water -versus our fresh water?
- Dr. Garcia: No we're not changing the base charge that stays there. It's just the applicability of the Rider itself.
- Johnson: Okay.
- Chair Sorg: Okay.
- Pedroza: One other question.
- Chair Sorg: Commissioner Pedroza.
- Pedroza: Thank you. I understand that in addition to the golf course, Centennial High School also has some use.
- Dr. Garcia: Yes, Centennial. The ones that use water in January and February, which I think February was 1.1 million gallons in the month. We are producing about 250,000 gallons a day. In the summer we crank the plant down in the winter months. It is a million gallon a day plant, we don't have enough wastewater to get to a million so it's about 750,000 in the winter. We can bypass some water to this plant and reduce it to 250,000. We can't operate that plant with 20,000 gallons a day. The high school uses the water, Mr. Kemmer for the compost operation, and then the three parks Veteran, Sage Crest, and then the Restoration Project of the core built and the City manages; those are the customer's we have at this time and the golf course, of course.
- Pedroza: Are there any plans to expand the purple pipe system?
- Dr. Garcia: Not from the Utilities point of view. I think you've seen a presentation that if there is a Geo Bond issued, one of the Geo Bond Committee recommended that maybe as one of the major projects we could expand the use of purple pipe leading to another park up on East Mesa, so that's a possibility. In the Utility Budget or plans, we don't have plans to expand the plant yet because we still could use another 250,000 gallons to max out the capacity. We need more wastewater.
- Pedroza: Unless if we wouldn't have the means to distribute it?
- Dr. Garcia: Correct, I don't have more wastewater to treat, to clean, and to distribute.



- Pedroza: I see.
- Dr. Garcia: We're maximizing in the summer all the wastewater we have. We need to have more growth on the East Mesa to collect additional 250,000 gallons a day so that it can treat the plant at capacity.
- Pedroza: Okay, thank you.
- Dr. Garcia: I don't even have the wastewater to produce the water, to sell. But it is an option in the future. There is potential for some parks, there's a park there, what's the road going toward our tank site on the Jornada tank site, there is a little park.
- Baumgarn: Sonoma Hills.
- Dr. Garcia: Sonoma Hills, there's a little park there. We could get there through the back probably with a purple pipe. I think there's options but first we need to have more wastewater to produce more clean water and then distribute it.
- Pedroza: Right, thank you.
- Chair Sorg: None of the wastewater from the North side of Highway 70 ends up in there?
- Dr. Garcia: No.
- Chair Sorg: Okay, it all goes down here?
- Dr. Garcia: Yes.
- Chair Sorg: Okay.
- Dr. Garcia: If I may, Mr. Chairman, we collect the wastewater on the north and south end of the Las Cruces arroyo and then about half of the wastewater that flows southward from the High Range and Sonoma Ranch. Imagine Sonoma Ranch Boulevard going down the other side, from the top to the north goes down over a sewer line that crosses under the dam by Sam's and that area right there. The outfall channel goes back goes to the outreach. Out of the terrain, visualize the terrain, the top of the hill either Roadrunner Parkway or Sonoma Ranch Boulevard it flows south and that's what goes to the plant and there isn't a million gallons a day of sewage.
- Chair Sorg: I was questioning when you have this extra water where the golf course doesn't take it. Can you add more water or use more water in the restoration area?
- Dr. Garcia: They use about, looking at the data on a monthly basis, they use pretty much in uniform amount, more obviously in the summer, but not the volumes. When



you have an anchor customer of using, like I said, from 85% to about 95%-98% of the volume you produce.

Chair Sorg: I'm just thinking the water would be put to good use down there.

Dr. Garcia: Well let me tell you, Mr. Chairman, if I may. One of the things that we will be thinking about for next FY18, and I have staff already thinking about right now, right Carl? The problem with Reclaimed Water systems is that they're designed for irrigation, irrigation has seasonality. Wastewater systems don't have seasonal, they are constant. We're matching a constant hydrograph to a peaking hydrograph. So what do you do with the rest of the water on the non-peaking months? That's a problem with any Wastewater system and any Reclaimed Water system so we were hoping that by now the regulations of the state level would allow the injection of this water. This water is fairly clean, it's not potable because it has more nitrogen but it is almost tertiary treatment. We do filtration treatment on a 1/3 of it.

One of the things we want to look at is would it be worth and economical to further treat part of the flows on the off season of the non-irrigation season and inject that water into that the aquifer. It would need a membrane system but we would design a membrane system for the volumes that are in the off-peak not for the total volume because if we do it for the total volume, might as well drink the water right? Or put it in a tank, it's 100% potable.

Chair Sorg: Right.

Dr. Garcia: But if we add additional treatment to meet, the bare minimum for the state to allow us to inject, we have three old Wells behind the flood control dam - Wells 45, 54, and 57 - that could use as injection. The purple pipes are parallel to those Wells so I know we can put the water back into the system, we're not allowed to do that. We're think with thinking caps, can we do some kind of mini treatment system with additional treatment of the off-peak months so that we can run the plant at 750,000 and eventually at a million gallons a day. That is the way to go.

As you know about biological treatment, we have to gradually lower the flows for the winter months from 750,000 to 250,000 by bypassing the flows slowly then they have to feed it back up to build the microbial population. It's not like a switch that we just change the flow to bypass and come down here versus putting it into the plant. It is a managing nightmare the way we're doing it right now. It is not a long term solution either. The state won't issue regulations, they won't tell you what we can or cannot do, there's not regulations in New Mexico for Reclaimed Water, there's guidelines. They can almost make it as they go. The immediate solution would be a cost benefit analysis of doing that and putting a small membrane treatment and injecting in the Wells that we already have.



- Chair Sorg: Okay.
- Dr. Garcia: That's for next year's CIP discussion.
- Chair Sorg: Okay.
- Carmichael: I don't suppose the Fire Station uses very much water neither?
- Dr. Garcia: No, actually now that you bring up the Fire Station. The next customer is the Public Safety Facility that's being built, it's minor but they will use some Reclaimed Water for that facility.
- Johnson: Or Walmart the neighborhood store?
- Dr. Garcia: The landscape used compared to the golf course, is so small.
- Johnson: I know.
- Chair Sorg: We could maybe have better medians though by adding that irrigation go to all the medians on Sonoma Ranch Boulevard.
- Dr. Garcia: There is so much you can use Mr. Chairman before the water runs on the street.
- Chair Sorg: Well I'm thinking of the un-landscaped medians.
- Dr. Garcia: The purple pipe is available on Sonoma Ranch up to about where the golf course is, not all the way.
- Chair Sorg: Why don't we have purple pipe mandated for all boulevard's and parkway's?
- Dr. Garcia: Mr. Chairman because we don't have enough purple water to put in the purple pipe so mandating it wouldn't do any good.
- Chair Sorg: Okay, enough. Anymore questions. I'll take a vote.

Called for the roll on the Motion to Approve **Resolution 15-16-LCU019**. 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 is **7b. Resolution 15-16-086A**: A Resolution Awarding a Contract for Jacob Hands Wastewater Treatment Plant Co-Generation System Project No. 15-16-086A, to Smith Power Products, Inc., of Salt Lake City, Utah, for a Total Award Amount of \$2,571,134.73.



Is there a motion to approve?

Johnson: So moved.

Little: Second.

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

I just wanted to discuss a final word on this, this is it, we're getting it done so if you'll just briefly tell us one more time. I know we've gone over this before. It's a pretty big thing.

Clark: Chairman, Commissioners. Basically this is the acquisition phase of the Co-Generation project, is what it is. In this acquisition we're going to acquire two 334kw Natural Gas/Bio Engine Generators, a Heat Recovery System, a Gas Digester Blending System, a Biogas Pretreatment System, a Gas Compression Moisture Removal System, and a 25kV Utility Tie Paralleling Switchgear, along with two 2-year warranties; one for the Generator and one for the Gas Purification System, is the way we have that set up.

Chair Sorg: How is the heat capture?

Clark: Chairman, Commissioner. Basically they're taking the excess heat from the engine that is produced by the engines and then running it back through the sludge.

Dr. Garcia: The bio-reactors.

Clark: Yes, they get heated up to a certain level without having to use natural gas or other kind of gas to do that for you. It's the waste heat that it'll be recovering.

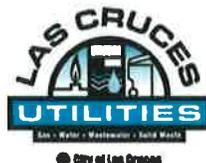
Chair Sorg: That's part of the Co-Generation, isn't it?

Clark: It is a piece of the Co-Generation.

Chair Sorg: Very good, any questions from the Commission?

Driggers: Excuse me Carl, can you just show the person that's on the picture so that they can see how huge that is.

Clark: Yes here it is, they're standing right in here, working on that engine set. This is a little larger than what we'll be getting, this is a 380kw and we're getting two 334kw engines. It's going to be a little bit smaller, it's not going to be green, I don't think. Not the color for us over here in the Southwest but the units in Gas Purification System is pretty similar to that, I've seen a couple of them in El Paso very similar. They're all kind of the same throughout the Country.



- Chair Sorg: Commissioner Carmichael.
- Carmichael: Carl did I see in there where there is something like a little over 300 day schedule, I can't remember where that was stated if it was calendar or working.
- Clark: Yes Chairman, I believe that's a calendar day schedule but that's the time that they're telling us they need to manufacture these engines. They get manufactured overseas, I believe, these ones. GE Jenbacher gets these made in Germany.
- Carmichael: So that's in addition to installation?
- Clark: I'd have to go back and look at this very complicated schedule. We were talking about around six months to get those engines shipped over here then you still have to have the enclosure units manufactured. Those have to be set up in those enclosure units and then get delivered onsite. Scheduling wise it's very complicated so we'll try to nail that down completely with the manufacturer here shortly. Once we get moving forward on that design end, then we'll have a better idea, and we can give you a nailed down date of when we'd be expecting to get these in, as far as nothing else happens.
- Carmichael: Sounds like over a year or more.
- Clark: Yes, these are not off the shelf engines, we're trying to work with them.
- Carmichael: Especially if there's only one bidder, he's kind of got you.
- Clark: Yes, Smith Power is the one that was the bidder. I was hoping for GE Jenbacher's so at least I got what I wanted, I think.
- Carmichael: Very good.
- Chair Sorg: I suppose it'd be interesting to know how much money we're going to save with this system.
- Clark: Yes sir and we will get those numbers for you here. We have a consultant that will be working on those numbers for us.
- Chair Sorg: Okay.
- Clark: We need to get passed this phase first and understand where we are getting.
- Chair Sorg: Good. Commissioner Little.
- Little: In the final analysis though, these units come in, they're skid mounted right? They just bring them in and stand them up?



Clark: Chairman, Commissioner Little. Yes sir, they're similar to that skid mounted, we'll build some pad sites for them before they get here, so when they get here we'll mount them to the pad sites, and we'll have hopefully all the utilities plumbed to it ready to go.

Chair Sorg: Okay, any other last comments? Dr. Garcia.

Dr. Garcia: Carl you may want to add also that we're revamping the gas system in the vicinity of the plant and Lucio's group were doing that in house so that's not part of this project.

Clark: Exactly, we're going up to a 4-inch mainline out in the roadway on Amador from the EBID drainage ditch to the Transfer Station. We're going to be upgrading that pipeline in there in preparation for this project. It will be done in house, Lucio has already met with me a couple of times in regards to that. They'll be ahead of us and we leave our stub outs there for us and then we'll take it from there, when it's inside the facility and we'll design to that.

Chair Sorg: Okay, good. If there's no further questions I'll take a vote.

Called for the roll on the Motion to Approve **Resolution 15-16-086A**. 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.***

## **8. OLD BUSINESS**

Chair Sorg: Any Old Business?

Dr. Garcia: Not from staff Mr. Chairman.

Chair Sorg: Any Old Business from the Commission? Seeing none.

## **9. NEW BUSINESS**

Chair Sorg: Any New Business?

Dr. Garcia: Mr. Chairman I want to mention, we've gotten a couple of questions regarding lead in water because of what you hear in the news about Flint, Michigan. We provided some information to the Sun News, the City Manager was contacted. There's going to be a national article, Sun News contributes to U.S. Today, it's going to be a national article. Wasn't going to come this week, its next week I believe. We provided information and we have a little Fact Sheet. Alma will email you the Fact Sheet, it's going to be on the web page. Suzanne and I



already talk about it, she's writing an article on that so that we don't have an issue where to look we have a CCR (Consumer Confidence Report) that shows that our levels are pretty low but the public asks so we need to have a repository of information as to where we're going to have it.

You are going to get a copy of the Fact Sheet for now, Suzanne will write an article, and then we're having staff plot some of the latest data, the Environment Department requires that we example 40 homes. The sampling is done at the home not necessarily at the tap at the utility but the home. We can show how those results are below the AL (Action Level) actual limit because there's not MCL (Maximum Contaminant Levels) for either copper or lead. It's the Lead Copper Rule, the LCR that's what they call it. Some information on that, we didn't too many questions, I don't think that Customer Service is loaded. We had a couple of questions but since the paper asks we said, "Okay we need to be proactive." If any of you get questions refer them to the website and we'll give you a PDF file of the Fact Sheet so you can mail it if someone contacts you.

That's all I have in New Business.

Chair Sorg: Thank you Dr. Garcia. Any other New Business from the Commission?

#### **11. BOARD GENERAL DISCUSSION**

Chair Sorg: Is there any discussion from the Commission? Commissioner Little.

Little: First of all thank you for the Lead/Copper update that took away most of what I was going to ask about. Are we on a cycle where we only sample every few years or are we big enough that we do it every year.

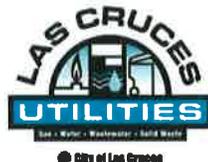
Dr. Garcia: Mr. Chairman, Commissioner Little, every three years but they recently increased the sampling from 40 to 50 sites. You're last CCR for this year probably shows 40 sites. I understand that the next cycle we're going to have 50.

Little: And where are we in the three year cycle?

Dr. Garcia: We're starting, I believe, right?

Clark: We're starting a new cycle.

Dr. Garcia: Right because it's recent data. As part of what we're going to put on the webpage, we want to plot the data in an understandable form, the lab data, so that's what Joshua is working on right now. It's going to be good information for customers, it's not there basically and that's the answer. There's a little bit but they take the 90<sup>th</sup> percentile and then they apply that to the whole system but



that's why it could be one point up here and that get applied to the system but even at that point, I think, it's half the AML or something like that.

Little: Okay, good enough.

Dr. Garcia: We'll disseminate that, I think Suzanne's article is going to help disseminate and clarify the information.

Little: Okay, the other thing I wanted to bring up was that over the next year we as a Board ought to be considering enhanced or expanded water conservation efforts for the City. Not just education and reporting of waste but whether or not we believe that there's an opportunity or necessity for more robust measures such as taken in other Cities. I'd like to see that happening well in advanced of the next budget cycle so that there are fiscal impacts we can have it incorporated in the next year's budget.

Chair Sorg: Good point, very good. Any other questions? Dr. Garcia.

Dr. Garcia: I apologize Mr. Chairman, I did have one item of Old Business that I meant to bring up. I was thinking Commissioner Little was going to ask that. I'm supposed to get the first draft of the 40-Year Water Plan this week. If it's good enough for the Board, we don't sent it back, we may need a short Work Session before your April meeting just an hour maybe start at two o'clock. Alma will send you a notice saying, "Yes, we think it's clean enough to show you the first draft of the 40-Year Water Plan."

Chair Sorg: Okay.

Little: I was going to give you a month's leeway.

Dr. Garcia: I beat you this time. We may be ready, if it's good product so we can have enough input from you, we don't sent it back or if it's minor changes so that you can see it and we can send it to you prior to the Work Session, I'd like one hour before the April Board meeting.

Little: That's great.

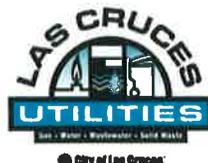
Chair Sorg: Thank you Dr. Garcia. Is that it?

Dr. Garcia: That's it for staff.

## **12. ADJOURNMENT**

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

Baumgarn: So Moved.



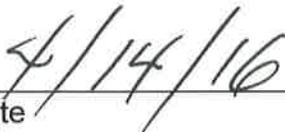
Little: Second.

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

***The motion to adjourn was Unanimous 6-0.***

Meeting adjourned at approximately 4:08 p.m.

  
\_\_\_\_\_  
Gill Sorg  
Las Cruces Utilities Board Chair

  
\_\_\_\_\_  
Date

