Las Cruces Utilities
Minutes of the Regular Meeting on
Thursday, August 8, 2019
3:00 pm
Utilities Board Room 225

Board Members Present:
Ed Archuleta, Vice-Chairman
Steven Baumgarn, Commissioner
Jim Carmichael, Commissioner
Dr. Harry Johnson, Commissioner
Gabriel Vasquez, Commissioner *(arrived at 3:01 p.m.*)

Board Members Absent:
William Little, Chairman
Gill Sorg, Commissioner

Ex-Officio Members Present:
Jorge A. Garcia, Utilities Director

Ex-Officio Members Absent:
William Studer, Interim City Manager

Others Present:
Becky Baum, RC Creations, LLC
Cassie McClure, Public Outreach Consultant
Suzanne Michaels, Public Outreach Consultant
Susan Schmugge, League of Women Voters
Greg Shervanick, Resident

City Staff Present:
Carl Clark, Deputy Director Environmental & Technical Support
Rhonda Diaz, Water Conservation Program Coordinator
Jeff Dillard, Business Systems Analyst
Robert Cabello, Senior Assistant City Attorney
Paul Edwards, Business Systems Analyst
Lucio Garcia, Deputy Director Natural Gas
Charlene Gomez, Business Systems Analyst
Luis Guerra, Water Quality Lab Manager
Robin Lawrence, Deputy Director Solid Waste
John Mrozek, Deputy Director Wastewater
Viola Perea, Internal Auditor
Jose Provencio, Deputy Director Business Services
Mario Puentes, Gas Business Analyst
Donomique Rodriguez, Rate and Economic Analysis Manager
Joshua Rosenblatt, Regulatory Environmental Analyst
Alma Ruiz, Senior Officer Manager
Estella Saucedo, Customer Service
James Stafford, Management Analyst
Victoria Strouse, Senior Office Assistant Temp.
Steven Valdez, Billing and Receivables Supervisor
Adrienne Widmer, Deputy Director Water

Vice-Chair Archuleta called the regular meeting to order at approximately 3:00 p.m.

1. **Conflict of Interest:**
Vice-Chair Archuleta: The first order of business is to inquire as to whether any member of the Commission or staff has a Conflict of Interest.

*Commissioner Vasquez arrived 3:01 p.m.*
There were none.

2. **Acceptance of Agenda:**
Vice-Chair Archuleta: Next item is the Acceptance of the Agenda. Are there any corrections or additions to the agenda?

Carmichael: Move for approval.

Johnson: Second.

Vice-Chair Archuleta: Roll call for Acceptance of the Agenda:

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

Motion passed.

**The Agenda was Accepted Unanimously 5-0.**

3. **Acceptance of Minutes:**
a. **Regular Meeting on July 11, 2019:**
Vice-Chair Archuleta: Next item is the Acceptance of the Minutes of the regular meeting on July 11, 2019.

Carmichael: Move approval.

Baumgarn: Second.

Vice-Chair Archuleta: Roll call for Acceptance of the Minutes:

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

**The Minutes were Approved Unanimously 5-0.**

4. **Public Participation:**
Vice-Chair Archuleta: Item number four is Public Participation. Is there a member of the public here that would like to address the commission? Seeing none.

**There was none.**

5. **Administrative Report**
Vice-Chair Archuleta: We’ll go onto item number five which is the Administrative Report.

Dr. Garcia: Mr. Chairman. The first order of business is to introduce you to the new Assistant Utilities Director. I’ll let her tell you a little bit about her
background and we're very glad to have her here. She's hit the ground running. She's already very busy so that's very good. With that, Delilah, I'll let you give some background.

Walsh:

Thank you sir. Hello Mr. Chairman, Commissioners. My name is Delilah Walsh and as Dr. Garcia mentioned I am the new Assistant Utilities Director. I started on July 29th and he's very, very certain that I've hit the ground running. My first day of work they pulled me out to start the blue-collar union negotiations. It was a very nice welcome to Las Cruces. We do have a lot of work that needs to get done.

I've had over 20 years of management and supervisory experience. I've got a pretty strong background in accounting, finance, banking, HR (Human Resources), that's been one of my favorite realms, strategic planning. My last position was as the Socorro County Manager. In Socorro County, since we were a small county, I've done everything from budget preparation to strategy planning to building the jail to baling tires. I've got a pretty robust experience there.

That said in addition to background I'm a graduate of New Mexico Tech. If you know of New Mexico Tech it's our smallest public university in New Mexico, in Socorro, New Mexico. I received my Bachelor of Science and my Engineering Management Masters at New Mexico Tech. Go Nerds.

What I really want to communicate to you is how very grateful and thrilled I am to have been offered this position and to have been that finalist candidate. This change is not just a new job for me. I've done a lot. I've been in banking. I've been in county government. I've worked in local government. I've sort of run the gamut, but it was really an opportunity to work with a very well high functioning organization that has an excellent reputation. In that I mean not only the City of Las Cruces but the Utilities Department in particular.

Like I said, a very excellent reputation not only in the state of New Mexico but nationwide. I did a lot of homework prior to applying and again I can't fully articulate how excited I am to actually be here and part of this team. This utilities team, all of whom have just in the short weeks that I've been here have truly demonstrated their passion as well as their commitment to make a difference to the citizens of the City of Las Cruces. I've never really met such a hardworking group who truly believe in what they're doing in order to make their community better.

Like all organizations I know we're going to have our issues and challenges. Dr. Garcia's outlined them all for me and told me what his priorities are, but I also understand we have a very knowledgeable Board. I was going through your backgrounds as well as the past minutes and your contributions to this and I've got to say this is a very impressive organization in our Board leadership in that you all have been truly public
servants. Everything you've done, every decision you've made has not just been to make this Utility better but to make Las Cruces as a whole better. Again, I just want to thank you for being a part of that. Do you have any questions for me?

Vice-Chair Archuleta: Any questions from the Commission?

Walsh: My husband works for Public Works. He was hired also. Mr. Maestas and I, he's already challenged to who the best department is in the City of Las Cruces and I don't think he realized how competitive I was. We're going to make sure we demonstrate that Utilities is number one.

Vice-Chair Archuleta: Well Delilah we're delighted to have you on board and welcome you to our high-performance team. As you said I think you'll find a lot of very strong, very able people here. Very committed to what we do.

Walsh: Absolutely.

Vice-Chair Archuleta: We look forward to working with you and support you.

Walsh: Thank you so much.

Dr. Garcia: Thanks Delilah. Mr. Provencio, you're next.

Provencio: Good afternoon Chairman, Commissioners. Jose Provencio, Deputy Director for Business and Services. I will brief you and update you on activity in Customer Service, and Billing and Receivables as well as the Fourth Quarter Budget Review which will be closing out the fiscal year.

First up as part of our regular review and reporting the assistance programs that we have for the department. Starting a new fiscal year some of the activity measured and presented here for your review. We've gone through, present this every month. The one that is key for this year or starting new fiscal year is the new budgeted amount for actual Income Payment Assistance for our Utility customers, administered by Casa de Peregrinos

If you look at the initial budgeted amount what's been expense, we have a target that we're looking at and that's a little over $81,000.00 to be available to assist our customers going forward for this fiscal year. Just present in this in a graphic form as to what we're expecting. I have a question here.

Johnson: Yes. If I did the math right, we're about 8% of the way through the fiscal year and we've got 20% of this spent. Does that give us concern?

Provencio: Chairman, Commissioner Johnson. It does not. We did have some holdover assistance from the prior fiscal year since we expended the entire amount last fiscal year. There was some holdover that we brought forward to this
fiscal year. At $81,000.00 at least we have much more than what we've had in the past and we're prepared to, the goal is to extend this fully as we did last year.

Johnson: There is a tendency for the assistance to be front-end loaded where people apply quickly?

Provencio: Not necessarily. We went through our program aggressively last year. We just had a little bit held over that we moved over to this fiscal year that we wanted to honor and assist our customers with, so to speak. This is the first time we've got to this point by having that rolled over. Billing and Receivables has accepted the challenge and they are looking forward and looking for customers to assist with their bill payment with their utility bills.

Next item is the report and progress of the status of our non-connected wastewater services, associated with septic system remediation projects. These are the main projects that have been completed over the past few years. More recently some of the ones that are highlighted in Salopek/Sunrise Subdivisions and Willow Glen. Those are the more recent ones. However, the whole point here of this report here is to show the unrealized potential or unrealized connections for wastewater service. At 33% of the total potential wastewater services, these are items that we are, or a topic that we want to address. I know a couple of the other Deputy Directors are involved with City Council to revise some ordinances to facilitate and get customers off septic systems and onto the wastewater system.

Johnson: I was trying to remember, is there a grandfathered system when you, if you already have it when that area's brought in? You can stay with it but if you sell the property then the new owner has to get onto the City's?

Provencio: I will defer to the Director on that one.

Dr. Garcia: Mr. Chairman. When Ms. Widmer gets ready to discuss the actual changes in the ordinance that we will be proposing, there is as you know part of the issue we discussed before is there's no mandatory connection within the City, and she'll explain what the ordinance says. You all already voted to recommend to Council to make some changes. Ms. Widmer will explain why we haven't taken that to Council as part of our big changes in the Policy Review Committee's at the City Council level before we take ordinance and changes. You already agreed that we should change it so that people do connect. Adrianne why don't you elaborate what the ordinance says and what it will say later,

Widmer: Vice-Chair, Commissioner. Typically, right now in accordance with the New Mexico Environment Department (NMED) regulations, if you have a septic tank you can continue to use it. If there's a community wastewater system in front of you and your septic system fails, they will not renew a permit.
They say you must go ahead and hook in, so that's about as far as you can go as far as NMED is required. Right now, you all had originally voted for us to take to Council a change in the ordinance that says, "if you have sewer in front of you with one of these projects, with new projects, your mandatory hook in within a year". We've put that ordinance revision together and it's in legal for review. We did put a portion in there to clarify when it takes affect so that way it's not necessarily going to impact those that are already there until of course their septic system fails and then there's absolutely no choice. We've put it that it becomes effective as soon as the ordinance is approved.

That has not been taken to Council at this point. Number one, legal is still taking a look at it before we move forward. The other thing is with they're reorganizing the PRC committees. Once those get back together and I think they are rearranging them and they're also working with legal on those. Then we'll be more prepared to go ahead and go forward with it to the Council. I'm hoping that I'm answering the question that you requested an answer to.

Johnson: I was trying to remember if there was a grandfather procedure. If you came in and you already had it, you didn't have to hook up and I had forgotten about the "unless it fails."

Dr. Garcia: Correct.

Johnson: I was wondering if it also if you sold the property and the new owner came on if they had to automatically come in.

Widmer: Mr. Vice-Chair, Commissioner. Right now, there's nothing that that says that occurs.

Vice-Chair Archuleta: Mr. Carmichael.

Carmichael: Just out of curiosity, those first three are the lowest connections. Were they real old or more current or some of both? Do you know?

Dr. Garcia: Mr. Clark. You built those systems.

Clark: Yes. Vice-Chair Archuleta, Commissioner. I was a part of all of these projects for some reason. Clifford Avenue was built, Public Works constructed that because they were going to pave that roadway, so we went in and installed the sewer, this was about three years ago. Then it's a small section. There're not many homes on that as you can see the potential. Homestead, Hacienda, that one was completed recently. That was part of the $2 million that we received from the state that you followed along with that I gave you updates on. Then Jefferson Lane and Davis Road, wow. That's an old one back from 2006 I believe, 2006, 2007, when I worked with Public Works. I built both of those. They've been around for a
little bit, those three items. The rest of them too, looking at the rest of them they're all within the last two to three years.

Carmichael: Yes, there's no...

Clark: The oldest is Jefferson/Davis and that was built in 2006.

Carmichael: ...there's no logical reason why it's more why that percentage.

Clark: Jefferson and Davis were an odd thing because the customers couldn't tie in. We put in the sewer because it had a full roadway installation, pavement, curb, and gutter, and sidewalk, but the sewer went to nowhere until we received the $2 million. Then we did Pecan Lane that tied the sewers in and that was two to three years ago.

Carmichael: Right. Okay, thanks.

Vice-Chair Archuleta: Any other questions on this particular item? No, go ahead, proceed.

Provencio: Next item for discussion and presentation is the Fourth Quarter Budget Reports. Vice-Chair and Commissioners, I want to preface this presentation for the fiscal year end 2019. As you look at the revenues and expenses comparison, both the actual and budget but particularly for actual. If you recall over the past several meetings, we've briefed you on the impact of the external auditors' requirement or adjustment to our accounts receivable. The actual revenues as presented have that impact or reduction or restated revenue so as you start comparing levels of revenue and expense, it's looks slightly tilted. We call that entire adjustment affected utility to the level of $3 million.

Accounting for those changes or that effect, the books and what's been recorded tilts this, the revenue portion, slightly in a downward direction so that it would appear that revenues are not sufficient to cover expenses. As I go through each one in the Utilities, I'll provide the number that actually aligns or synchronizes that revenue effect and shows that there is sufficient revenues to cover expenses and aligns within the budget projections that we had provided earlier in the year.

Now for Gas, if you look on the revenue side it's understated by $576,000.00. With that addition for Fiscal Year 2019, the performance lines up with what the expectations were on the revenue side and also factoring some of the better news coming from the cost of gas and the commodity cost. The revenues are clocking in at slightly less than that driven mainly by vacancies. However, the key point here is it's all within a budget projection and expectations for the gas utility.

If we move forward to the Water. Water was more severely impacted by this auditor adjustment in the order of $1.2 million. With that in mind,
adding that affect into the revenue portion of Fiscal Year 2019, again the performance comparison lines up with both revenue and expenses. Water pretty much was fairly well projected in terms of how the performance would be for the budget year except for that one adjustment.

On the Wastewater side, again they were impacted by the tune of $532,000.00. If you factor that again it lines up like the other previous presentations in terms of revenue, revenue projection, and budget performance. One thing with Wastewater is that discharge volume was a lot less this past fiscal year than in the prior fiscal years, so that affected some of the revenue generation. It all fairly and it does line up with the expectations and what we planned for when we prepared the budget for Fiscal Year 2019.

Examining the Solid Waste. Solid Waste exhibits the same impact. They were impacted to the tune of $689,000.00. Even with that on their revenue side they are doing very well. Even not accounting for that adjustment they did extremely well, slightly exceeding their budgeted revenue. Their expenses display pretty good management of a lot of the expenses in their operation.

Shared Services. The main driver here with it being below budgeted projection are vacancies and one major expenditure that hasn't been delivered yet, which would be the upgrade of the radio system for our dispatch center. That's taken a little bit longer to arrive, but I've been informed by our dispatch and new Connection Supervisor that we should be getting the equipment and ready for installation in about three weeks. I stand by for any questions you may have.

Vice-Chair Archuleta: Any questions from the Commission? Mr. Carmichael.

Carmichael: Joe. A couple things, we're seeing the full impact obviously now of the Rate Review on Water and going back before that on Solid Waste. We're not seeing it so much yet in Wastewater, I guess.

Provencio: Vice-Chair and Commissioner. That's correct. Wastewater did not go into effect until the beginning of May.

Carmichael: Right.

Provencio: Water does reflect some of the, it reflects the revenue increase which we did at mid-year. We adjusted revenue to account for the known and approved rates that went into effect.

Carmichael: I couldn't remember exactly.

Provencio: It was December 1st, that's when the rates went into effect.
Carmichael: Okay. Finally, the catch up in the accounting adjustment, that occurred in July then. Have we seen that or does that recover somewhere else later on?

Provencio: We are expecting the adjustment to be made at the end of this fiscal year. When we ran these reports, that adjustment to mirror what happened earlier in the year has not been made. We expect that to be made here soon as finance starts closing out the fiscal year.

Carmichael: Okay, thank you.

Dr. Garcia: On the water litigation, Chair and Commissioners, no activity on TX v New Mexico. I expect some news from the water attorneys potentially next month. We may want to think about bringing them down sometime in October to give you an annual review as to what is going on. That one may have to be an Executive Session for you to ask the necessary questions.

Regarding the Griggs Walnut, we have two closed sessions; one with the City Council and one with the Doña Ana County Commission to brief them on what is going to transpire next Thursday on the settlement conference. We will brief you as to later after the conference has proceeded if we have achieved any form of settlement. At this point we don't anticipate a full settlement but maybe there's promise to continue discussions and get something done in terms of getting contributions from the National Guard and other potential responsible parties. More to come after the 15th. We're actively preparing for that meeting and the attorneys are circulating some position papers so that we can discuss before the judge. That's going to happen all day on Thursday the 15th. Mr. Clark.

Clark: Vice-Chair, Commissioners. I'm here to give you the August 2019 projects update. The three projects that I have are the Water Service and Road Rehabilitation Project, the Vista de la Montana, Vista de la Luna, Pines, Sonora Springs; the Talavera 8-inch Steel High Pressure Gas Extension; and the Jacob Hands Wastewater Treatment Facility Primary Feeder No. 1.

The first project is the Water Service Road Rehab Project. That project is still ongoing. The contractor is Smith and Aguirre Construction with a contract cost of $1.8 million. Contract time is 200 working days. They started this project back on November 5, 2018 with an estimated completion date of August 23rd. They are pretty much ready to pave back everything. They have one last street that I walked, as promised to Councilor Sorg that I re-walked and looked at all the asphalt again so we can capture all the asphalt and get the roadway looking good again.

There was some curb and gutter replaced and some sidewalk replaced on that street as well. Then once they complete that we're going to, and I'll go over it a little bit more, but we're going to continue this contract. As I said, I'll go over it a little bit more. The percent complete in regard to
construction is 90% and regards to payment is 68%. I think I've explained to you in the past that Smith and Aguirre are very slow at billing for some reason.

We've completed approximately 11,500 feet of poly pipe has been installed and 427 are service lines that have been connected. There's 19,640 square yards of asphalt that has been completed. It's a little short. Reason being is that there were two streets, Lonestar and Sonora Springs. They've already been micro-surfaced by Public Works. We relooked at those streets and we didn't have any more leaks in there. We choose to pull those streets so there is some remainder funding that's available still on that project.

Just to continue a little bit more, I showed you a couple photos here and those two photos are, I believe, they're two different streets. The one on top is Organ Peak Drive. That's the one that I re-walked. It has a lot of repairs that needed to be done. Hopefully Sorg and the residents there will be happy with the work that we're leaving behind. In fact, Public Works has notified me that they're going to go in with their micro-surfacing in September I believe. We're just going to finish up and then they'll get in there and they'll put the micro-surface on top of all the patchwork. The other roadway, I'm not exactly sure of that location, doesn't look too familiar to me. You can see they already completed all the base course in there. Up on top is the subgrade prep and then the base course compaction and then they're ready for asphalt paving. You can see the lines are very nice and square out there to apply that asphalt in.

I will be coming back to the Board next month with a possible Change Order. Just depending on my budget because we are going to add in some additional line leak repairs. Our new AMI system, a lot of it's been installed, and we are seeing leaks in our leak detection system. We're going to be helping with operations because we have about 40 leaks in our system that we're going to have to go and replace service lines. This is a perfect contract because it was competitively bid, we have good prices because of quantity, and the contractor said, "Yes I'd like to do that additional work," and so we'll be piecing something together to bring back to the Board to talk about this. There should be some budget there to take care of these items. We won't have to increase the budget at all to do this work. Operations, this is their busy season. They have a lot of service leaks in the summer because of high usage and so we're going to help them out in that aspect like capture these AMI service line leaks that come from the leak detection system.

Vasquez: Mr. Vice-Chair.

Vice-Chair Archuleta: Mr. Vasquez.

Vasquez: Thank you. If I may. Mr. Clark. It would be good to know for your next presentation about the leaks I guess in terms of money gone down the drain. A monetary figure on what those have cost the department. I guess
I don't know how we can tell how long they've been leaking, but maybe on an annual basis lost revenue based on the leakage, would just be interesting to find out.

Dr. Garcia: Mr. Chairman, Councilor Vasquez. If you recall one of the performance measurements on the AMI project with Johnson Controls is exactly that. Of course, we don't have, we don't know when they started but now, we're supposed to replace those and we'll be measuring. One of the things they will be reporting to you as we audit annually is those leaks and how fast we can fix them so that we can quantify that dollar amount. That's exactly what we have to be doing and Johnson Controls will certify to you that we did repair the leaks. I was telling staff we don't have a choice of waiting for those leaks to be done later because we will have the first performance measurement at the end of all the construction. Then annually from there on.

Vasquez: Okay.

Dr. Garcia: We're trying to quantify some of that for you but annually you will get a report from the performance contract, from Johnson Controls directly.

Vasquez: Okay. Thank you, Mr. Clark. Thank you.

Clark: If there's no other questions on this one I'll move onto the next slide. The Talavera 8-inch High Pressure Gas Extension Project. The contractor is DuCross Construction. The contract cost is approximately $1.5 million with a contract time 136 working days. The start day was March 4, 2019 with an estimated completion of September 12, 2019.

They're approximately 66% complete in regard to construction and 43% in regards to payment. They've already done 230 feet of the 8-inch steel casing that's being installed out there on their crossing. There's approximately almost 5,000 lineal feet of 4-inch poly pipe that was a part of this high-pressure gas line. There was some low-pressure gas, 4,820 feet of that and that's already been installed and tested. The high-pressure steel gas line they've already installed 4,500 lineal feet of that so they're about 32% complete. There's around 14,000 lineal feet of steel high pressure gas line that has to be installed as part of this project.

We did recently have a public meeting on Tuesday with the residents of Talavera at the Farm and Ranch Museum there. We had a pretty good turnout. They filled up the theater room again. Different faces, I didn't recognize anybody from the last time, not that I probably would, but the majority of the people in the crowd I would say were there because they want service. They want to hear about what it was going to cost them. Some went to hear are they forced to connect? I had to explain to them they're not forced to do any of that. If they're happy with propane they can stay with propane. I provided them every piece of information that I could
so that way they could make a good judgement as to if they want to tie onto the system. We also showed some numbers showing that natural gas is cheaper than propane and so I think they were all quite happy with it.

Various questions such as repair of the landscape after we complete this project. We do have budget in there for reseeding. We will be utilizing Bureau of Land Management (BLM) recommendation on the seeding that is required with what is their right-of-way actually. County road is in BLM land. They don’t own that property.

It was a very productive meeting I thought it was. I had the consultants on board, and we met with everybody, quite a few people afterwards and looked at the plans. Showed them where we were going to provide a stub out. They seemed to be happy and if there was a change, we’d change it right there. The consultants going to update the plans that take care of that. I thought it was very productive and we moved along well.

I put a couple photos in here on the high-pressure gas line. You can see here they’re doing the Holiday Detection on the pipe coating of the steel gas line. Then here they’re installing the high-pressure steel gas line into the trench there.

Vice-Chair Archuleta:  Commissioner Vasquez has a question.

Clark:  Okay.

Vasquez:  Mr. Clark. Thank you. Mr. Vice-Chair thank you. Yes, in regard to the public meeting you mentioned most of the comments were positive. Negative comments are related to "Do I have to hook up?" You mentioned as well. Were there other negative comments? I'm thinking like any environmental concerns or anything related that you didn't discuss.

Clark:  Yes, I didn't really have anything besides the reseeding efforts.

Vasquez:  Okay.

Clark:  Putting the landscape and materials back. We did have that. That was really I think probably the strongest one was that one there. We talked about landscaping on the next phases, the low-pressure side, because we will be out of the roadways but still in county right-of-way. But a lot of the residents have landscape right up to the back of curb and so we'll address that in the plans. They were concerned for their landscaping and the efforts they put out there. We let them know that that will be put back the way we found it. That was some of the biggest concerns I believe.

Vasquez:  Okay. Thank you, Mr. Clark.
Dr. Garcia: If I may add, Mr. Chairman, Councilor Vasquez. Carl there is one resident that doesn't like the idea of paying the $4,000.00, even though it's over a 20-year period. He's posted in social media inaccurate statements about the project being an $8 million project and no one is going to connect. In fact, Councilor Smith sent me that link as to what this individual was posting was totally incorrect, number one. Number two the residents are calling in to see when they can connect. I want to let you know that on social media there is this one person that he's welcome to stay with propane as long as he wants.

Vasquez: I appreciate that.

Clark: Yes. Vice-Chair, Commissioner. That's correct.

Vice-Chair Archuleta: Commissioner Carmichael.

Carmichael: What's the earliest date that we project they will be able to begin connections?

Clark: Actually, we had a tentative schedule for this project provided at that public meeting and I believe we were indicating August 20, 2020, if we can get out that far. It is 35 miles of pipe. That doesn't necessarily mean, that would be the end of the project. That doesn't necessarily mean that I won't have gas to residents because they're in different zones. I have Organ Mesa, there's a couple of phases and they stand alone. The contractor can go in there, install lines, purge the lines, and have the service stub outs in and if our rec stations ready, which it should be, they're ready to tie on so it could be sooner for them. Same thing with Desert Mirage and then the other phases of Desert Mirage, it just all depends. We're going to try and word it in the contract. The contractor goes in there and we're not waiting for him to install everything and then purge everything. We want to hit one street, purge it, get the stubs outs in place, and now service is ready to go and accept it like that. We're looking at contractual means to make this happen faster.

Carmichael: Thanks.

Vice-Chair Archuleta: Carl. I have a question. I'm surprised that some of the contractors are so far behind on getting paid. Does this 43% complete, does that mean that there's a check been cut, or does that mean that they're submitted their payment plan?

Clark: Chairman, Commissioners. When we prepare the slides for the Board there is payout meetings that happen, that could happen after the slide is prepared. That happen and they get caught up. It's just a timing thing. This contractor is pretty good about sending his invoices in. We've been good. I haven't had a call from him yet complaining about being paid on time.
Vice-Chair Archuleta: Payment complete means that they have received payment?

Clark: Correct.

Vice-Chair Archuleta: Okay, thank you.

Clark: If there are no more questions on it. To add with Dr. Garcia, I had one gentleman call me and insisted upon paying the $4,000.00 now. I don’t know if you know Mr. Pritchler? He was an astronomer and he just insisted upon that. I told him I can’t do that. I won’t take your money yet.

Carmichael: Have him put it into escrow.

Clark: The next project is the Jacob Hands Wastewater Treatment Facility Primary Feeder No. 1 Replacement. As you all recall this project basically was needed in order to replace our original primary feeder which is very old and in poor condition. Contractor for this project is Carver Electric Company. Contract cost is almost $600,000.00 with 210 working days. They started this May 13 with an estimated completion of March 13, 2020. They’re about 27% completed in regard to construction and in regard to payment is 22%, so it’s a little tighter there on that.

The photos I included are basically that’s what the job is, a lot of trenching and conduit installation in the trenches. As you can see the three conduits; one will have all the primary feeders in it, another one is for fiber optic cabling, and the other one is an empty conduit for future use. Once they install the conduits then they put a concrete wrap around it because it is high voltage electricity. They don’t want anybody cutting into it accidentally in the future. That’s a protected measure that we have on that.

This photo was taken between the generators and the storage building. If you all recall where the generators are. They’re coming around there and going in between those two buildings or those two pieces of equipment. Any questions? I believe that’s all I have for you today.

Vice-Chair Archuleta: Thank you Carl.

Dr. Garcia: Mr. Chairman. There's no resolutions today.

6. Old Business:
Vice-Chair Archuleta: The next item is Old Business.

Dr. Garcia: Lucio.

Garcia: Good afternoon Chairman, Commissioners. Lucio Garcia, Deputy Director Gas Utilities. During the June Utility Board meeting I had announced that the City of Las Cruces Gas Utilities had been awarded the SOAR award. Just as a recap SOAR is an acronym for System Operational Achievement
Recognition, which is an award that gives recognition to the American Public Gas Association members that have demonstrated a culture of operational excellence. The four categories that they scored us on were system integrity, employee safety, workforce development, and system improvement. At the time we received 88%, the benchmark for bronze level was 80 to 89 so we're a couple of points shy of silver but we're working towards that in our goal.

The award was presented during their annual conference, which took place last week in Stowe, Vermont. Andy Sanchez, Pressure and Service Supervisor and myself were present to receive the award. I just brought it here to show it to you. Give you a look at the award that we received. With that I'd like to thank the Board for the support to allow us to perform at that level and the leadership of Dr. Garcia, and also management for providing us the resources to allow us to travel to Stowe, Vermont and receive the award.

Carmichael: Congratulations.

Dr. Garcia: Mr. Chairman. That's all we had for Old Business.

7. New Business:
Dr. Garcia: On New Business I'd like Mr. Provencio to give us a little bit of an idea of the schedule on the Solid Waste Review so that we can start putting meetings in your calendars.

Provencio: Vice-Chair, Commissioners. I'll give you a brief update on our progress with the Solid Waste Rate Review. We are scheduled to take the proposal for Revenue Requirement and unit rate charges to the UCAG (Utilities Customer Advisory Board) next month. The consultants have completed the Revenue Requirement and are completing the unit rate charges system. How much a pick up is for residential, commercial, dumpsters, and roll offs. They're at that stage and they will have that completed for the next month's UCAG meeting.

Looking ahead we're planning to schedule the outreach and where we present the pertinent points of the makeup of the Rate Review for Solid Waste. The preliminary, at least on an overall Revenue Requirement is 6% increase over existing revenues. It is a good move. Realizing that on the Solid Waste side it's the review for rate services and to cover your adequate revenues is pretty much in line and kind of reflective of they were the last ones that were more recently reviewed for rate levels.

Back to the schedule for UCAG as well as the Board. In November our plan is to bring the entire portion to present to you on the Revenue Requirement and rate design in terms of summary of the key points for the Rate Review. On staff's side, we're scheduling a public outreach discussions and meetings to provide all the background as to what makes up the changes and the
increase for Solid Waste service. At the latter part of the year we should have at least a tentative, a more firm schedule as for resolutions to be approved for recommendation. That's probably latter part of the year to gauge and set your calendars by.

Dr. Garcia: Mr. Chairman. One of the things we may want to do, just so that we can put it into your calendar is tentatively an October Work Session for assuming. We can block that time and then November a recommendation. Unless you have other changes that would need to go back to the consultant of course.

Vice-Chair Archuleta: I think that October.

Dr. Garcia: That's the earliest that I think we could put in calendars.

Vice-Chair Archuleta: I think in October we also ought to have the Executive Review of the litigation that you mentioned. Right?

Dr. Garcia: Yes.

Vice-Chair Archuleta: I could do that.

Dr. Garcia: I'm thinking, yes Mr. Chair. I'm thinking in discussions with Mr. Stein we thought that we might want to review basically whole 12 months of developments and see what else has transpired by then.

Vice-Chair Archuleta: Okay. All right.

Dr. Garcia: We could go both because I don't anticipate we could start with an Executive Session and then go into the Work Session.

Vice-Chair Archuleta: All right. Okay.

Dr. Garcia: We'll calendar those in your, put those in your calendar.

Vice-Chair Archuleta: Put down October, right. Work session. Thank you Mr. Provencio.

Dr. Garcia: We have one more New Business. Adrianne.

Widmer: Mr. Vice-Chair, Commissioners. Just wanted to remind everything. Pretty soon you all are going to getting your invite for the Seventh Annual Open House of the Griggs Walnut Superfund Project. That will be September 26th, it's from 10:00 until 1:00. You will be getting an invite and I know that it's actually after our next Board Meeting, but we'd thought we would plant the seed now so that you could start planning and then we'll remind you again next month. We hope to see you there. Thank you.

Dr. Garcia: That's all for the staff, Mr. Chairman.
8. **Board's General Discussion:**

Vice-Chair Archuleta: Okay. Board's General Discussion. Any Board Member have something they want to bring up.

Vasquez: Yes Mr. Chairman.

Vice-Chair Archuleta: Commissioner Vasquez.

Vasquez: Thank you Mr. Vice-Chair. Yes, I wanted to just bring this topic up for discussion. Thinking about how we might think long term about our Gas Utility. I’ve been in conversations a lot lately with renewable energy folks, both advocates and industry, that talk about the electrification of homes, in particular for heating, for water, and that kind of being the wave of the future as we try to deal with the effects of climate change. Natural gas is one of the emitters of methane and so industry seems to be moving in a way and new homebuilders and developers seem to be moving in a way where homes are being electrified rather than powered by natural gas. Also, assuming that that electricity would come from clean power sources, right? As we build up solar energy farms and wind farms. Looking at the long-term viability of the City’s Gas Utility and looking at, I think our revenues were down over last year. I know we're putting in new infrastructure to serve new customers with gas.

Doing kind of a long-term planning in terms of can we expect from industry and for developers to be less of a demand on natural gas in the future? I don't know if somebody can do that type of analysis for us in terms of what the market for natural gas looks like in 10 years. Because the type of methane emission reductions that, not just Las Cruces, but the nation will have to do to meet the demands of climate change has to include the reduction of natural gas. I know that we use that for our bombing capacity as a strength of the Utility for infrastructure, but I would like to have a presentation on the long-term financial outlook and market outlook on the Gas Utility, if that makes sense.

On that note as well Mr. Vice-Chair, thinking about the Johnson Controls performance contract that we approved for Water and Gas. I’m not sure if this is accurate or not Dr. Garcia, would love information, but the state, there seems to be some confusion at the state in terms of if the gas part of the AMR contract was approved by the regulatory body of the state for that particular contract with Johnson Controls. I had an indication that it wasn't, but I just would like some clarification on that in case questions arise.

Vice-Chair Archuleta: Dr. Garcia.

Dr. Garcia: Mr. Chairman. We had long discussions between management and legal and all the attorneys and the state regarding the gas meters. The gas meters are not being replaced. If they're replaced, they are replaced by us. The only change was the instrumentation in the gas. As far as I'm
concerned that was resolved because after Mr. Ed, City management, and the attorneys all sent letters back. The only question was whether in addition to the State Engineer review for the water we had to have a review of energy minerals for the energy component. There's no energy savings in this project when you replace instrumentation on a gas meter and don't touch the gas meter. That was the question. I thought after the last communication after maybe the last six or eight months. I'm surprised you're bringing that up at this point.

Vasquez: Yes. Just new information I recently learned in terms of the process. I was asked if Mr. Ed had brought that up to the Commission or to you Dr. Garcia. I never heard of that but just wanted to clarify because I heard that we may be out of compliance within that particular project. It sounds like we are.

Dr. Garcia: That is correct because the state after all this, the problem is on this AMI projects they, I think it was the first time they had AMI at the state level under the state contract that was installing a gas system. When they said gas, they said, "Oh well, maybe we need to review it again because it's energy" but we're not changing anything on the gas meter. What we're doing is in house and that's why Johnson Controls did not touch the gas system. We were doing it ourselves.

Vasquez: Got you. Okay.

Dr. Garcia: Now the next utility that wants to do gas maybe will require a double review; one for the water on the State Engineer and the other one on the gas by Energy and Minerals.

Vasquez: Okay, yes.

Dr. Garcia: Because they were unprepared for that. We're the only utility in the state that has gas and water together.

Vasquez: That's right.

Dr. Garcia: I anticipate changes next time around, but I haven't heard any after we had the contract attorneys in Albuquerque review the contract. We respected those concerns and they responded to the state and I haven't heard about it again.

Vasquez: Okay. Great. No, that's good. I'm very happy to hear that. Then on that same note, Mr. Vice-Chair is that you mentioned that Johnson Controls would be coming back with a performance report or performance update that would have cost savings allocated as to see how we're performing with that particular performance contract which I'm looking forward to. I know one of the conversations we've had around staff costs was that we would have to replace, not replace but we would have to shift position from meter
readers into other parts of the utility system to avoid job loss, employment loss there. Would love to get an update on that as well in terms of how many employees have been relocated to what positions and if that is the case that we haven’t had employment loss. Because I know that could be a big part of the savings to even out that performance contract. I know we talked about not employees essentially losing their jobs.

Dr. Garcia: Mr. Chairman. We can bring you an account the next time. We started this project in the attrition about five years ago, Carl, the pilot project. It’s almost six years ago since we started with AMR. There will be some temporary staff that could apply for other jobs, but permanent positions FTE’s are being retrained on the technology. Nobody with an FTE is going to lose a job.

Vasquez: Okay. Very good.

Dr. Garcia: The savings, some of the savings come from obviously through attrition. We have fewer FTE’s in the meter reading because now it’s instrumentation. It’s not people walking the streets. That’s part of the savings, but like I said we started the reduction of FTE’s and moving the FTE’s away from meter reading a long time ago when we went to the drive by type. Then they were driving instead of walking and now it’s fixed and prescribed. We gradually, but we can give you a count because Joe has that and we can bring it next time, what it was five years ago and what is now in terms of count.

Vasquez: How we got there.

Dr. Garcia: Yes. Temporary personnel is through a temp agency and usually we use them in other parts of the Utility as they need, or other parts of the City.

Vasquez: Okay. Thank you Dr. Garcia.

Dr. Garcia: No FTE person is losing their jobs.

Vasquez: Thank you Dr. Garcia. I appreciate that, and Mr. Vice-Chair thank you.

Vice-Chair Archuleta: Thank you. Good comments. I just want to say that we’ve got a beautiful ribbon cutting ceremony last week at the Water Quality Laboratory. It’s an impressive facility. I think a congratulations go to Dr. Garcia, to Carl, Alma we know is support. All the support that goes into putting together a ribbon cutting ceremony. We had good attendance from our City Council members and the Board. It’s just a beautiful facility. Something to be very proud of and I think something that’s going to pay off long term for the Utility. I just wanted to kind of again just to thank those involved and reiterate the fact that this is a major new facility for the Utility that’s going to assure continuous water quality of our product for our customers.

Are there any other general comments from the Board?
9. **Next meeting Date:**
a. **September 12, 2019:**
Vice-Chair Archuleta: Our next meeting is September 12, 2019.

10. **Adjournment:**
Vice-Chair Archuleta: Unless there's further business, I would entertain a motion to adjourn.

Carmichael: So moved.

Baumgarn: Second.

Vice-Chair Archuleta: All in favor. Any opposed? Meeting is adjourned. Thank you very much.

Meeting was adjourned at approximately 3:56 p.m.

_________________________  12 Sep 2019
William M. Little            Date
Las Cruces Utilities Board Chair