Utilities Customer Advisory Group
Minutes for the Meeting on
September 11, 2019
3:00 p.m.
Utilities Center
Conference Room 225

Committee Members Present
Shirley Clark, Vice-Chairman
Frank D. Gomez, Committee Member
Paul Royalty, Committee Member
Robert Snyder, Committee Member

Committee Members Absent
Eugene Suttmiller, Chairman

Others:
Jason Mumm, TischlerBise
Susan Schmugge, League of Women Votes
Cassie McClure, Public Outreach Consultant
Suzanne Michaels, Public Outreach Consultant
Becky Baum, RC Creations, LLC
Gregory Schervanick

City Staff Present
Robert Cabello, Sr. Assistant City Attorney
Tanya Cereceres, Administrative Assistant
Jorge A. Garcia, Utilities Director
Robin Lawrence, Deputy Director Solid Waste Administrator
Jose Provencio, Business Services Mgr.
Domonique Rodriguez, Rate Econ. Analyst Mgr.
Mario Puentes, Gas Business Analyst Mgr.
Alma Ruiz, Senior Office Manager
Delilah Walsh, Utilities Assistant Director

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

1. **Conflict of Interest:**
Vice-Chair Clark: I'd like to know if anyone on the Committee or any member of City staff has any known Conflict of Interest with any item on the agenda? Seeing none.

There were none.

2. **Acceptance of Agenda:**
Vice-Chair Clark: Acceptance of the Agenda. I'll take a motion to approve.

Gomez: I'll motion.
Snyder: I'll second.
Clark: All in favor.

The Agenda was Accepted Unanimously 4-0.

3. **Acceptance of Minutes:**
Vice-Chair Clark: Acceptance of the Minutes. I need a motion and a second.

Royalty: Make a motion that we accept the minutes as stated.
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Gomez: I second that.
Clark: All in favor.

**The Minutes were Approved Unanimously 4-0.**

4. **Public Participation:**
Vice-Chair Clark: Is there anyone that has any Public Participation at this time during the meeting? If not you'll have some time later on to do that.

There was none.

5. **Solid Waste Rate Review:**
   a. **Presentation of the full Solid Waste Rate Review**
Vice-Chair Clark: Our fifth item on the agenda is the Solid Waste Rate Review and we have Jason Mumm here to do the presentation of the Solid Waste Rate Review.

Rodriguez: Jason Mumm is the consultant that's been helping us along with Grant who was unable to attend so Jason will be giving the presentation today for the rate proposal. This includes the Revenue Requirements, the Cost of Service, and the Rate Design is all included in this presentation.

Vice-Chair Clark: Okay. Thank you Domonique.

Mumm: Great. Thank you for having me back again. I have the great fortune sometimes, misfortune to constantly be telling my municipal friends about all the rate increases that they can expect to see from all of their utilities. Sometimes it's difficult. I think this time though it's less difficult. I think what you have in front of you right now today is something very modest and probably quite workable.

I'll go through a few things with you today. As Domonique said we have really the full package here for you. For those of you who participated in the Water and the Wastewater Rate Reviews, we kind of broke it up into little pieces and we came to you with each one and then we took those to the Board. I think the preference here, because it is such a modest proposal, is to put them all together for you. You can see all at the same time, ask whatever questions that you have, we'll certainly respond to them and hopefully be able to move it on from here.

We'll talk a little bit about the review process just to recap. We'll go through the major components of that process. The Revenue Requirement, the Cost of Service, the proposed Rates. We have a little bit of benchmarking comparing things to some of your neighbors in this. I'll get another slide actually. The three big pieces for today would be the Revenue Requirement, Cost of Service, and Rate Design. We talk about these in three different sections of today's presentation.
Revenue Requirement is how much money we need in total from the Solid Waste System to meet all of the costs of the Solid Waste System. The Cost of Services is the part where we allocate those costs. We break them down into the different classes of service that you provide. You have carts, you have dumpsters, you have roll offs and you'll see how all that breaks down. Then we have a Rate Design which takes the information from the Cost of Service and kind of molds that into what the Proposed Rate will be, to put it simply, but let's go through a couple of details.

We'll start with the Revenue Requirement. As you're looking at these what you'll find is that we started out with 2018, the actual results. That's the starting point for our analysis. From there we make some changes. We call them the known and measurable or known and adjustments. A couple that were important for this update was updating the salary and salary related costs. I would just call them personnel related costs and things that are salary related are things like benefits, taxes, employment taxes, things of that nature. Those all got updated to reflect the 2020 budget.

Annualized routine replacement of all vehicles and equipment. I guess if there's anything in this proposal that you might find more interesting than the rest is probably that part. We'll get to this but there's some features in here that are both interesting but also quite affordable. Estimated Debt Service. We're going to see here that there's some new recycling carts that need to be purchased. They'll be some borrowing that takes place so that we can go and do that and a little bit of debt service that comes with it.

Estimated Annual Post Closure. What is post closure? Post closure is what you need to do when you're taking care of your landfill after it's been closed. This is just monitoring things that are required in order to meet environmental law. I swear I just turned this thing off. I apologize for that. Let me make sure it's off. All things related to taking care of your post closure reporting.

Projected fee for disposal at the transfer station at $44.10 per ton. Transfer station charges their own fees to you. It's a pass through so it has to make its way into our rates, and other miscellaneous operating costs. That included a full review of everything in your budget. Everything that's going to happen. We made some adjustments there.

Domonique do they have the tables in their packet from the model? They do, okay. I just wanted to refer to those if you're interested. The tables that we're talking about come from the rate model that's been prepared here. If you want to go and look and see what all of those are I think they're on Schedule 3 in your packet of information. As chance would have it, we have most of it right here for you. This would be the Summary Revenue Requirement. This still isn't going to give you a line by line, blow by blow detail of what's going on for everything. It is a little bit summarized. For example the operating and maintenance expenses, that's the sum of all the operations and maintenance
expenses that come by all of the line items that are in your budget. What this table's going to show you is where we started FY2018 actuals. We show you a projection for the year end 2019 and then when we show you test year there, that's what we're assuming will be the costs for the test year. The test year would be for next year 2020. The year for which we want to implement the rates.

I think the first thing that you probably note from the table here is you've got some drops in your Operating and Maintenance expenses that are expected. A couple of items in here that are additions. We'll go into some of these in a little bit more detail. By and large what we see is that the test year Revenue Requirement not getting to be particularly large. If you look in the middle there at where it says Total Revenue Requirement, this is sort of what's driving the costs here. What you see is from 2018 we were at about $14.5 million in the total Revenue Requirement there. 2019 has a bit of a spike there for some items but then settling back down into somewhere in that $14 million range. What we do from that total then is we back out non-rate related revenues that the system earns and that gives us a net. Then we can measure that against the expected revenues at the current rates. That's what on this slide here. The difference between those then would be the amount of additional funds we need to make it work. For the test year we're seeing that we would need about $1.3 million additional dollars in total annual revenue to make the system work and meet all of its costs.

Looking at the operating costs from a graphical perspective. This gives you a few more data points, so you've got 2016 starting out there as an actual as a point of comparison and then you can look at 2017, 2018, those are all actuals. Then look at the test year which kind of skips past 2019 and goes right to 2020. The progression of those operating costs really pretty modest over the last few years.

I mentioned one of the things that's a driver for the Cost of Service for Solid Waste Utilities is about the equipment purchases. When we talked about Water and Wastewater we spent some time discussing the importance of the infrastructure and a lot of it's underground, it's hard to see. With Solid Waste it's really about your fleet. It's about the heavy equipment that's operated day to day to take care of the services. What this table is showing you, and it's actually over here as one of the billboards, is how much money comes in from the operating fund. We make transfers every year to this equipment purchase account if you will the contributions is what that number is. That's coming from your operating fund. Sale of property is as equipment ages and gets old and it gets replaced it can be sold for salvage and make a little bit of money off of that. The subtotal there then is the total amount that's available and then the purchases is what's anticipated in terms of replacing vehicles and adding vehicles to the fleet.

You can see that in the test year the expectation, and this is a normalized value that we spent some time trying to figure out, is from year to year we're
expecting it to be something in the neighborhood of $1.3 million per year for the heavy equipment. Now imbedded in that number are some interesting additions that have to do with eco-friendly vehicles and there is some additional costs that comes with that. Sort of getting out in front of that message right now is this is something that the City wants to go to is to replace some of these vehicles as they reach the end of their lives with more eco-friendly vehicles. There is an additional cost to it. At the end of this I can come back to this again but I wanted to put one number in your head while we're on it right now is the addition of the eco-friendly vehicles, although there is some additional expense, I think it's about $280,000.00 per year more for the eco-friendly vehicles. It comes to about $0.37 a month for a typical residential account. That's what we're talking about in terms of impact for that kind of thing.

An interim step here before we get into Cost of Service is to take these Revenue Requirements and sort them out into the different sorts of service categories. You could call these Cost Centers and if you look down the list you'll see some that probably make a lot of sense. Some of them probably make a little bit less sense. We'll start with administration. Administration happens to be one of those that applies to all of the services so what you're going to see in subsequent slides is that we're going to be allocating a little bit of that administration expense to all of the different kinds of services that are offered in the Solid Waste Utility.

We have direct cost related to cart collection. Direct cost related to residential recycling and brush collection and so on and so forth. You can kind of go down the list here and see. What you'll see next is how we've grouped these things together into the different kinds of services that are offered that match to the Rate Tariff sheets. You'll see exactly how we go about calculating Rates. We do that through this Cost of Service process. For those of you who were part of the Water Cost of Service this will look quite a bit different to you. Although all of the principals are the same I would say for Solid Waste it tends to be a little bit more straightforward because it's easier to measure some of these things. For example, this is for cart Cost of Service. This is a typical residential service, your cart, and the direct cost that we see there if you were to match them to that last list we were looking at, you can go back and do that. You've got the cart collection cost there, the brush, the bulky, and the composting and the residential container maintenance. Those are all direct cost related to this cart service.

The next grouping there that falls below the middle line there are things that are indirect that go into this service. What we have here is we've got some of the allocation of the administration cost, some of what we are calling Community Benefit. Community Benefit costs aren't that, there's not a lot of Community Benefit costs but I do want to explain what it is for a minute. This is about when the Solid Waste Utility is called out to just take care of something that's been dumped somewhere it shouldn't be. They have to go and take care of that. I think there's something like $40,000.00 a year that goes into that
kind of service. That's what that is. Landfill post closure, that gets allocated a good bit to the service and then Refuse Disposal. The Refuse Disposal is what the Landfill charges.

What you see then in this column is all the costs. The annual costs associated with these things. Then here in the next two columns what you see is the basis of allocation that's being used for these. I'll just give you the top example here. We're taking the cart collection costs and we're dividing that by the total number of residential and commercial carts that use this service, happens to be 35,866. When we look at that we find that it's, we convert that to a cost per month. It's $5.44 a month for that cart collection cost. We can kind of go down the list and you can do the same kind of math in each case. What we're converting all of this to is a cost per month. Assumes, I have a note on this, I think it assumes one pickup per week. I'll make sure I'm right about that. Is that right Joe? Okay. Yes, one pickup per week.

All right so I think I've got one more piece here for you. This is an extension of the page we were just looking at. We've taken the total dollars from the far right column there, we're bringing them in here. We've got different size carts that get charged different amounts because of their size. In the very first column you'll see the 96-gallon cart. You'll see that these costs and the column right next to it is a 64-gallon cart. These are residential carts and then you've got the extra carts that come after that. For the first cart that you have, these are the first two columns. If you have a 96-gallon cart you go down the list there and you can see what each charge is for each one of those costs the way down to $15.41 per month. Now it's going to look a lot like the 64-gallon cart all the way until you get to the last couple lines. There what we're doing in that case is we're allocating the costs a little bit differently because you have a smaller cart, you have a smaller capacity for dumping there. Those two costs, the landfill closure and the refuse disposal are directly related to the size of that cart, that's why for a 64-gallon cart it's less. Which should make sense.

Now when you have an extra cart what we're doing is we're collecting a lot of those pickup costs for the first cart. If you've got an extra cart there's no additional charge for those things but there is an additional charge for additional landfill post closure, all of the dumping fees that you would normally have, those are allocated there as well. You do avoid the cost of the residential recycling, the brush and bulky, and the composting. Everything else though gets another fee. If you have an extra 96-gallon cart it's an extra $9.10 a month and these are Costs of Service. These will be a little bit different than the rates that are proposed. Here what we're trying to show you is how much we know it costs. Then we also have the commercial carts there. You've got the last two columns that are commercial 96 gallon and you've got a commercial two by 96 gallon. The breakdown works the same way for those. Okay. That's carts.

The other type of service that we have is dumpsters and we kind of go through the same process here. We're able to identify the direct cost. Commercial
dumpster collection and commercial container maintenance. Those things belong directly into this service. That's about $2 million a year and then the indirect costs, so there's an allocation that goes to them of Administration, Community Benefit, Landfill, and Refuse just like for everyone else.

The total is $4.3 million and the billing units that we use here is typically the number of annual collections for these dumpsters. There's about 47,388 involved here. In this case what we're looking at for the commercial dumpster collection is it's $37.40. That's not per month, that's per pickup, so anytime that they come out to pick it up they would be paying that much for that part of the service. Each of these here are per pickup all the way until you get down to these last couple. In that case we're talking about measures of capacity again. The dumpsters each have a different amount of capacity involved with them. This is a per cubic yard charge so $0.89 per cubic yard here and $5.88 per cubic yard for the disposal fee.

Next page shows it a little bit easier I think about how that all works and you've got, the thing that can be confusing about Solid Waste service is there's so many different kinds of services. You've got everything in dumpsters from 1.5 cubic yards all the way up to 8, and then you've got a couple of services at 2 and 4 cubic yards that are also compacted. That means the trash is pushed into a really small, very dense brick of refuse. Those last two columns.

All that's going on when you look at this though is you're paying almost the same for all of these services. If you have 1.5 through 8 cubic yards and you look down the list you get really bored really quickly because everything looks exactly the same until you get to the Landfill and the Refuse part. Again that's the part that's related to the capacity of the disposal. It should make sense that if you have an 8 cubic yard dumpster you're going to be paying more for the landfill and for the refuse disposal than you would if you had a 1.5 cubic yard dumpster. That's exactly how it works so you can kind of get a sense of that by looking at the difference between those costs there.

One thing I would add about the compacted service is typically it's about 3X. If you got a 2 cubic yard compacted service versus the 2 cubic yard normal service. If you take a look you got $35.30 on the 2 cubic yard compact for the refuse disposal versus 2 cubic yards normal at $11.77. It's roughly a three to one ratio there. That's because when it's compacted it's got different density involved with it and so you pay more for that but you also have fewer pickups. That's the theory anyway. All right so you can kind of see the cost array, how that works for the dumpster service. Another level of service you have is roll off service. A little bit different.

**Vice-Chair Clark:** I have a question on the dumpster service. You were talking it's the compacted one is three times?

**Mumm:** Yes.
Vice-Chair Clark: What it comes down to is 2 cubic yards is actually 6 cubic yards and that is the same as a 6 cubic yard same rate?

Mumm: Looks like it came out to be about the same. Yes.

Vice-Chair Clark: On the 4, if it's 3-times that would be the 8 and the 4 and that should be $180.00 instead of $133.00.

Mumm: Let's see 4 cubic yards, $23.50 by 3, it's about $70, okay. We'll take a look at it. Let me mark that down.

Royalty: Also is the dumpsters that's for the cardboard or the boxes and that sort of thing is that included in this?

Rodriguez: No that's considered recycling.

Royalty: Okay. All right.

Mumm: Any other questions on dumpsters? No? Okay. Roll-off service, same kind of thing going on here. We only have one direct cost category there. It's about $1 million a year and then it's all the indirect cost. Again here we're looking at annual collections as the basis and that's why you'll see it's $260.00 per pickup for the service. Most of these are per pickup until you get down to the Refuse Disposal. In that case we're able to charge by ton. It's $44.10. That happens to be exactly the cost of the Landfill service so there's no markup or anything like that on the Refuse Disposal. It really works out to a pretty simple calculation when we're done. It's $348.71 per collection. You get as many collections as you want.

Then we have Clean Fill which is really just dirt. This is the disposal cost for that. I think I've gone through how this works. In this case we're doing it all by tons and so it's $9.50 per ton for the Clean Fill service. I think this might be the last one. We have Composting. This is the commercial Composting that we're talking about. Commercial drop off only. We've already taken care of the residential side with the cart service. We kind of go through all of the same analyses here. We have a direct cost for Composting that relates to this commercial drop off service. We do have the administration and Community Benefit piece that we still need to make some recovery on. About $387,000.00 a year is really all we're talking about here. It comes out to about $196.00 per ton for the Composting service for drop off.

I guess the point to take away from that part of the presentation is that there is a process in place where we can take all of these costs that are incurred by the Solid Waste Utility, it can be allocated out to the different kinds of services, exactly like we did for Water and Sewer and we will do for the Gas case coming up. It's a pretty straightforward process of doing it. We're able from that process to determine about how much it costs to provide each one of these things. Now when we did Water and Wastewater what we talked about was
the Cost of Service and the Rate Charge for service. We would hope would be roughly the same at any point and we knew from that analysis that we had some work to do in order to make that happen. In this case the Cost of Service is more of a guideline for us in terms of the rate that we charge and maybe less so of more of a strict rule. I think you'll see that here.

Part of what goes on with the Refuse service and the Solid Waste services that you do have competing services out there. The costs that you have in certain cases isn't something that you could charge directly and still incentivize the right behaviors for people to make proper disposal of all of their garbage. If you take a look at here what we've got two proposals for you. One we're going to call the full costs which is a Rate Proposal that's meant to get you to the full Cost of Service. Which should accomplish a couple of things; one is it should get the full Revenue Requirement recovered that we talked about earlier. Second is that we want to try to use the Cost of Service approach as a guideline and try to get close to those numbers as we can. In some cases we're able to do that, some cases we're not.

Take a look at the 96 gallon cart here. The current rate is $13.25, that's the first line on this chart. If you remember the proposed rate was $15.41 per month. We're going to propose to get it to $15.25, so $2.00 increase per month for most people. That does come to about 15% change although it is just $2.00. You'll see that that's the same approach and the same proposal that we're making for all of the residential services. That it's really a $2.00 increase to get to what we call the full cost scenario. With respect to the additional 96 gallon cart we didn't see a need to increase that.

Then you get into the commercial services and this is where you have quite the array of services available there. You can see that there are some changes proposed there as well. Most of it ranges below 10%. We do have a slightly larger increase in mind out there at the 2 cubic yard and 4 cubic yard dumpster services. Then the commercial roll-off fee. All in all this is the array of full cost adjustments that we would make. There are some additional services. That didn't include 100% of them. Here's some of the others that also fit in there but not a lot of difference here either until you get down to the commercial green waste and the Clean Fill. About 10% changes there so nothing large.

We also have done a proposal for phase in. We did that with Water and Sewer. There were bigger changes involved there and we wanted to show you what that might look like here as well for Solid Waste. The Rate Proposal here with the phase in would go through two years. With full cost the idea would be to go to that immediately so starting in 2020. With this one it would be stepped. You'd do year one for 2020, you'd do year two for 2021. This gets you to the same place just in two years instead of one. We're eventually going to be at that $15.25 rate but at the end of two years instead of one. Really for what we're talking about we're really talking about taking a half step for year one and then take the next half step into year two for each of these.
This table gets pretty crowded pretty quickly. Trying to show a couple of years here. Starting at $13.25 here, that’s column one. Year one we would go to $14.25, and what these next two columns show you is what the change is. It's a dollar change, it’s a 7.5% increase for that service. In year two it would go to $15.25 and when then these last two columns are measuring is how much this has changed from today. Right, so from today, from all the way back here it's still a 15% overall increase. Although in that particular year after you've already gone through previous years of increases it's just another 7.5% on top of the first years' increase. That's the same for all of these proposals.

Royalty: When was the last time that we had an increase in this? Has it been four years, five years?

Rodriguez: It’s been about four years.

Royalty: Been four years, 15% increase over four years is not bad and that's a way that you can look at it.

Mumm: Yes, good point. We also wanted to show you if you went with this phase in, sort of what that impact would look like. This is an estimate of the cost that would be incurred versus the revenue that would be earned. It gives you a bit more detail, gives you quite a bit of detail actually than we just looked at. This is taking you back now to the Revenue Requirement. Now what you’re looking at is the table that we looked at right from the beginning. It shows you what the Revenue Requirements are and what we're seeing there now is for year one; if you look at year one and year two you'll see that a lot of the costs look to be the same. The numbers that are going to be different are going to be kind of hidden here where we’re talking about the Solid Waste Rate Revenue. This line right here. Right before you get to the subtotal there. There we go, highlighted. Those numbers would be different because we're going to step up into year one and then step up again into year two. What it's going to show you is how we perform at each one of those steps. What you can see from this is that you reach a higher level of debt service coverage by the end of year two. That’s a pretty good indicator that the margin is increasing.

Really what it means for you is about how much can be used to fund the vehicles and the replacement of the vehicles. What we’re trying to do is to get to $1.3 million a year of availability of cash to do those vehicle replacements. If we step from year one to year two the way that this plan would do it, we’re not going to get the $1.3 million in year one. We won't get it until year two. We'll get about $670,000.00 in year one. Will it delay some of the plans? It could, but this is one of the proposals that we're putting up there to see if it will work in case going all at once is thought to be too much.

There's a last line on there I'd like to draw your attention to. It says Delayed Capital Spending. $646,000.00 that is our estimate of the amount that would have to be deferred if you went with the phase in plan. We would have to not
proceed with about $650,000.00 worth of Capital and the Capital Spending again is related to the vehicles. All right. There is an impact related to phasing it in. It does produce a lower rate impact but there are things that will happen with the Utility.

Okay. Benchmarking. As we did with Water and Sewer we went out and we did a rate survey. Making rate comparisons in Solid Waste is challenging. There's a lot of different services available out there and they're packaged differently. For example some of them include or exclude recycling. If we're trying to make a straight comparison to the same services that the City's providing we are challenged to do that because we're not privy to the inside information in every case about how much they're charging for each one of these things when they're publishing a rate of, in Alamogordo's case, $15.19. What does that mean exactly? What are you getting for that service?

We didn't have as many comparisons as we were able to get for Water and Wastewater. We do have a few. The colorful bars that you see are yours. The blue ones are your neighbors. $13.25 is where you're at today and the two red ones are showing you what would occur in the phase in, so $14.25 for year one, $15.25 for year two. Then the green one shows you what it would be if you just went with the full cost approach which would be the implemented immediately. $15.25 then and the other ones all compared to the blue bars that you see which are some of your neighbors, or maybe not too close neighbors in the case of Lubbock that's a bit farther away. It kind of gives you a sense of where apples to apples services are being offered and how much those cost. It gives you a good sense of where you fit.

Vice-Chair Clark: Jason did you take the rates they have and take the recycling amounts out of them? Because ours don't have the recycling amounts in them.

Mumm: Right. That's right. Some of them won't, these compare side to side.

Vice-Chair Clark: Okay, so there's no recycling cost in these?

Mumm: That's correct. We only were able to find three that could be a side to side comparison. That's what I was stumbling and fumbling about earlier.

Vice-Chair Clark: Okay. That's why I was confused.

Mumm: Me too. Then this gives you a little bit different comparison. It's showing you the standard 96 gallon cart. This is a residential service and what that looks like today with the phase in and with full cost. Then it shows you the 64 gallon cart. It's just meant to give you a really quick look and this is also one of the charts that's used in the billboards. Over here on the bottom on the left hand billboard. It's just meant to show you what the typical residential impact is from what we've come up with here.
As I've said as we started the presentation we felt like these outcomes were relatively modest given it's been four years since they've been looked at. If you recall from the Water and Wastewater review been more like 10 years or seven years since we've done anything and that's one of the reasons why those impacts were so large. I think it's a good reason why these are so little is we've been able to stay on top of this a little bit better. It's only been four years since the last time they were reviewed.

I think that's all we have for you today except for trying to answer your questions. We'll try to make a good effort at that. I did have a good person working with me on this who could not be here today. If there's anything I cannot answer I can promise you that we'll get you an answer very shortly. I'll have to take it back and we'll work with Domonique to make sure you get what you need.

Vice-Chair Clark: Is there any questions from anyone in the Committee?

Snyder: Very good presentation.

Vice-Chair Clark: You said you were going to go into further discussion on the green disposal trucks.

Mumm: We can do that, yes. Let me go back here. This is also one of the charts that is brought into the billboard here. I think this is the same one here, right here. What's going on with Solid Waste is annually there is a need to retire some of these vehicles from the fleet, replace them with new ones. What we did is we took a pretty big review of all of the vehicles and their estimated service lives and what their needs were in terms of replacement. We did the same kind of thing when we looked at Water and Wastewater so we had a long list of all the rolling stock and how much service life those each had left and what we expected to pay when those vehicles would be replaced. We did the same kind of analysis here.

What we came up with was if you look at the test year and you look at the line that says purchases there, our estimate for the normal amount that the Utilities should be planning for is about $1.3 million per year. Now inside that number we've got, so what we have inside that number is a factor that includes replacing some of these vehicles, not all of them, but some of them with eco-friendly designs. What that is precisely the City will have to figure out when they go to actually purchase the vehicles but bio-diesel, things of that nature, even electric vehicles I suppose.

There was a good bit of work that was put into it. I think Robin might be able to help discuss that a little bit further. I'm just going to say that we factored in some the replacement with eco-friendly vehicles. I think the annual amount difference came to just around $300,000.00. We wanted to see what the impact of that was all by itself with the entire rates proposal and we determined that it was about $0.37 a month for residential account. In other words if you
didn't do the eco-friendly vehicles, you just did traditional vehicles it would cost $0.37 less for a residential account per month by our estimate. If you have any more questions about the technical specs or anything like that for these vehicles I think Robin might be your better resource. We just wanted to know what the dollar amounts were and she was very helpful in helping us figure that out.

Vice-Chair Clark: Okay, thank you.

Mumm: Anything else?

Gomez: Good job.

Mumm: Okay thank you. Always happy to be here.

b. Customer Outreach Items for Approval by the UCAG

Rodriguez: I believe we can move to the next item on the agenda which is public outreach I believe.

Vice-Chair Clark: The customer outreach items.

Rodriguez: Yes. I have a couple of things. I also have, and my name is Domonique Rodriguez. I'm the Rate and Economic Analysis Manager. I apologize for not introducing myself first. This is the presentation that we have given to the public when we do our meetings and it's found and it's a hard copy that we give because as the UCAG members are talking to the public sometimes they don't want to go through these long presentations so we give it as a take home if they would like to review it. This gives the history of the UCAG but then it also incorporates items from the presentation that Jason just gave us. We did this for Water and Wastewater and I wanted to present it that way the UCAG could approve it and this can then be used for the public outreach events. I can go through this presentation.

The first slide is the title slide. The second slide Vital Services Provided by LCU (Las Cruces Utilities Board) here are what is provided. Water, Wastewater, Gas, and Solid Waste. The next couple of slides again go through the history of the Utilities and our rate making process and how the UCAG came to be so that's on slide three. What was done before, slide four. I get the history slide five. Here is your picture of when the UCAG became an ad-hoc Committee. It was very nice. The next slide is again the UCAG Members are all LCU customers. Here's a couple of pictures from some of our other meetings that include you all. Then reaching out to involve you as the customers, so here are some pictures from other public outreach events that were taken, and publications that we have had previously.

The reason why the customer's input is important to the rate making process. It describes what you're going out there to do. Then here is the process from one to nine to make it a little bit easier to follow. Then here we get into some
terms. You know a lot of our general public may not know what a Revenue Requirement or Cost of Service so we try to give examples and definitions to make it easier for them so they can understand it. There's rates 101. Here I put in the Solid Waste customer classes. These are our current customer classes from our tariffs and that's how they are broken out. That was updated.

Vice-Chair Clark: Do we have extra new services or different types of services?

Rodriguez: No.

Vice-Chair Clark: Okay so it's still just the same as we've had?

Rodriguez: Correct. The next is the order of Rate Review. We had Water. We put in there that it's been implemented over a three year period. Wastewater the same. Solid Waste is currently underway, Gas is expected for calendar year 2020. That way they also have a timeline of where we're at in this process. This describes the budget and expenses and what is included in a Revenue Requirement and what we are looking at. Looking at revenues, operating and maintenance expenses. This also gives them examples that are relatable to the average customer. This is a continuation of the previous slide, and again.

Then here are the tables that I pulled from the proposal that Jason just presented. Here is your Rate Proposal highlights. This is your Revenue Requirement that shows in a real quick glance this is what the Revenue Requirement is saying. At the end additional funding needed for the test year of $1.3 million. It lists out all of the things that we are looking at and how we came to that number on one sheet to summarize it for the customer. The next is then the operating expense again was taken so that way we can show the trend of what our operating expenses are in the Solid Waste Utility. The next one is the equipment purchases. Because Solid Waste infrastructure is vehicles I thought it was important to include this one as well so they could see it.

Then here is our average residential Solid Waste bill. This right now with tax franchise fees, this is what it comes out to. We include this that way as they're going through it they can look at this and look at their bill to say, "okay where are they at" and it's just a quick reference too. The final is the proposed rate saying now "this is where we're moving to." This one does not include franchise fees or tax but is the base amount. Then if they have any questions please contact or reach out to the following e-mail address. This is the UCAG presentation. Again I updated it as to where we are now with the Solid Waste Rate Review. If the UCAG is okay I believe we have this as an action item to be approved so that way we can then start printing and include this in the packet that will be used for the public outreach events.

Snyder: I'll move.

Vice-Chair Clark: We have a second for that?
Royalty: I'll second it.

Vice-Chair Clark: Okay, all in favor?

The Presentation for the Solid Waste Rate Review was Accepted Unanimously 4-0.

Vice-Chair Clark: Okay, Other Items of Interest.

Rodriguez: I have more, I'm sorry.

Vice-Chair Clark: You've got more? Okay. You're never done Domonique.

Rodriguez: I'm sorry. I also have the bill insert. I'm sorry, let me pull that one up. This is also another that is in your packet that I would need your approval in order to include this in the bills. Again we did this similar to what was done for Water, Wastewater. It is in English and then the backside is Spanish. This goes into our bills as I believe like the last two pages in the actual bill that goes out to our customers. If you would like to read it.

Along with this bill insert I also have the schedule which was given out because I want to ensure that everything that we have scheduled we will have one of the UCAG or two, usually we have two UCAG members present before I push anything out that has to do with the dates. If you want, I don't know if you'd like to approve this or if you would like to look at the schedule first. Because then the dates, they go along with each other so I want to make sure that we are okay. I can go to the other one. Would you like me to move to the schedule? Here is the schedule.

Vice-Chair Clark: I will be unavailable the 24th, 25th, and 26th, but I can make the rest of them.

Rodriguez: Real quick what we were able to come up with, with the help of Suzanne and Cassie, they really helped with this, is the first day would be September 23rd at the Regional Aquatics Center in their lobby. They'll have a table and it'll be from 9:30 to 11:00. We'll do that on Monday during the day and then the following would be, I need to change this need to Community Conversations, for City Hall for number two through five. I have those colored because those will be from 4:00 to 5:00 p.m. there in the City Hall lobby right in front of the City Clerks office. As customers are coming in to pay their utility bills they're coming in to do business with the City then the UCAG will be set up and can seek input from customers. When we had discussed this in our last meeting.

The first week Monday will be at the Regional Aquatic. Tuesday, Wednesday, Thursday, Friday will be at the City Hall in their lobby. Then Saturday of that week will be at the Farmer's Market. Then it's the following week which would start on Monday again which is September 30th will be in the Aquatic Center for the same time, 9:30 to 11:00. Monday will be at the City Hall lobby and then the Farmer's Market, my day is wrong here, it will be actually the
Wednesday. It'll be October 3rd, may apologies on that. October 3rd will be the Farmer's Market for that week.

Vice-Chair Clark: All the ones at City Hall are 4:00 to 5:00 correct?
Rodriguez: That is correct. All the ones that are colored are 4:00 to 5:00.
Vice-Chair Clark: Okay.
Rodriguez: Anything that is not that is why I put the time there by the address to help.
Vice-Chair Clark: Okay.
Rodriguez: Are we okay?
Snyder: Your Farmer's Market is going to be on 10/3?
Rodriguez: Yes that is correct.
Snyder: You're going to be at the City Hall the same day?
Rodriguez: Yes.
Vice-Chair Clark: Does anybody else got any problems with attending any of these sessions?
Snyder: No.
Michaels: Suzanne Michaels, Public Outreach. I just wanted to add in the Farmer's Market so there's no confusion. They do have a Wednesday evening event but it is like every other Wednesday so it is Saturday morning at Farmer's Market on Main Street and it is Wednesday morning Farmer's Market on Main Street. It's two slightly different locations. On Saturday you'll be over by the COAS Bookstore where we've been before. You might remember. But on Wednesday morning you're down by the splash pad and we have specific people.

Vice-Chair Clark: You've got that in the third on Wednesday.
Rodriguez: It's the second. Sorry. Wednesday is the 2nd, October 2nd.
Michaels: That is correct. It is October 2nd. You're at City Hall, that would be Tuesday, Wednesday, Thursday, Friday in the evening. You're at the Aquatic Center Monday's. Those two Monday's in the morning and then we set up the two Farmer's Markets events because those seem to be.

Vice-Chair Clark: And the Farmer's Market at the COAS is on Wednesday.
Michaels: Saturday.
Vice-Chair Clark: That's not the way this is done.

Rodriguez: Yes it's Wednesday.

Vice-Chair Clark: We've got it on Wednesday.

Rodriguez: The splash pad.

Vice-Chair Clark: The splash pad is on Saturday.

Michaels: You know what, you're quite right. You're absolutely right. My mistake. Adding to the confusion when I was trying to.

Vice-Chair Clark: Adding to the confusion yes.

Michaels: Okay. That's all I wanted to add.

Vice-Chair Clark: That Farmer's Market is on Wednesday October the 2nd.

Michaels: If there are not two members who are available to be at said Farmer's we need to know so that we don't move forward with those.

Vice-Chair Clark: I can do both of those. I'm not sure if Gene's going to be available at all. I'm going to need some help guys.

Gomez: The more the merrier?

Vice-Chair Clark: Well no we can't have three.

Snyder: We can't have a quorum.

Vice-Chair Clark: If we have a quorum we're in trouble.

Gomez: Sorry about that. That's why I ask.

Snyder: What we did before was then two.


Vice-Chair Clark: Yes we split them up in half and then did two.

Rodriguez: We can always issue out the potential quorum notice just in case that way we do not violate. You're covered.

Vice-Chair Clark: Yes. Thank you.

Rodriguez: Then these days are okay. You'll e-mail me then, or e-mail Tanya to say yes I can attend these dates?
Vice-Chair Clark: Yes.

Rodriguez: Does that work best?

Vice-Chair Clark: That's a very good idea.

Rodriguez: Okay. This is, I will fix this and I will resend this out to you with the corrected ones. Then this goes back to the bill insert so that's how those dates coincide. In the bill insert that's why it starts September 23rd and ends October 4th. If you're okay this one also is an approval item. An action item on your agenda so we could move forward with this.

Royalty: I'd like to make a motion that we accept the document as well as the timing is this.

Vice-Chair Clark: The corrected schedule of meetings.

Gomez: I'll second that.

Vice-Chair Clark: All in favor.

The Bill Insert for the Solid Waste Rate Review was Accepted Unanimously 4-0.

Rodriguez: Okay last thing. I also have poster boards. These will be used at the public outreach. This is what was taken, this is the equipment purchases Jason kind of referenced this as directly from the presentation as well as the benchmarking. For the other two Rate Reviews we had these boards and it was really a good way for people to come up and ask questions and explain things. It helped us to talk with them but also show them "okay this is where we're at and this is where we're going and why." It's also a way to bring the public in to speak with you. That's why I did equipment purchases because that's what their infrastructure is, the benchmarking to see how they compare to other municipalities or cities near us. This one is the, it says "Solid Waste Services are a critical component of keeping our City clean, beautiful, and healthy." It gives them pictures of what we do and some more background to it as well as how many tons we pick up and then here is what it would be for the residential customer who has a 96 gallon container and the residential customer who has a compact saver of the 64 gallon container. These are also on your agenda for approval. I wanted to make sure you had a chance to view them and then let me know if these are okay or if you would like anything changed.

Vice-Chair Clark: Do we have a motion to approve the poster?

Gomez: I would like to make a motion that we approve the, what are we calling them?

Vice-Chair Clark: The poster boards.
Gomez: The posters or proposal of the powers that be.

Snyder: I'll second it.

Vice-Chair Clark: All in favor.

**The Poster Boards for the Solid Waste Rate Review were Accepted Unanimously 4-0.**

Rodriguez: For the next ...

Vice-Chair Clark: You've got more.

Rodriguez: Yes one more thing.

Vice-Chair Clark: Okay. It's not on the agenda. Are you sure you have something?

Rodriguez: For the next meeting we should have all of our community outreach complete before next meeting. When we do come back the same that I've done before I will show all of the events and the attendance. The numbers that we had. We will have sign in sheets so we can track the amount of customers and then we will discuss what the UCAG was able to get from the customers. Whether it's full cost, phase in, because that's what we're showing them and then what we would like to do moving forward. What the recommendation would be to the Board because that is the next step.

Vice-Chair Clark: For those of you that have been out on the public outreach before, a lot of people will not sign the things but if we can keep count of how many people we talk to that helps. Just keep a check sheet and if you talk to somebody just check it off.

Rodriguez: Yes.

Vice-Chair Clark: Do the four down and one across like we used to do a lot of other things. Yes.

Rodriguez: That's all I have.

Vice-Chair Clark: Okay. Is there any other questions on anything?

**6. Other Items of Interest:**

Vice-Chair Clark: Is there any Other Items of Interest that need to be brought up?

Gomez: Madam Chair. If I may. This may be for Mr. Provencio or is Dr. Jorge here?

Vice-Chair Clark: Yes he's back in the corner. He's hiding.

Dr. Garcia: I'm hiding in the corner sir.
Dr. Gomez: Dr. Jorge please step up to the podium. Just a curiosity question but it is vitally important to some of the people that I know including family and some friends. The new meter system, water system that you advocate that we have is registering even drop by drop by drop by drop, not necessarily like the old system as a gallon, right? Are you following what I'm saying?

Dr. Garcia: Yes. Let me clarify one thing. This item is not on the agenda. I'll answer your question but so are we on Other Items of Interest?

Vice-Chair Clark: We are on Other Items of Interest, yes.

Dr. Garcia: Okay yes these meters are ultrasonic meters that record extremely small amounts of water, yes.

Gomez: Which is good so as not have the loss right? Yes.

Dr. Garcia: Correct. We can show the customer the actually they might have a very small loss in the bathroom or somewhere else. The old meters the old propeller meters were not as accurate.

Gomez: If you have a leak the size that I'm pointing out here which is I don't know, a quarter inch or what have you if I may point that out, about how much water do you suppose may be going through that meter in say a 12 to 24 hour period?

Dr. Garcia: It depends. I mean That meter will give you a few gallons, 10 gallons, eight gallons, six gallons over a 24 hour period.

Gomez: Okay one point. For the water pressure that the City is putting out for each customer along a full forced, am I correct in assuming that it's still six gallons per minute?

Dr. Garcia: About. That's an average number. One thing we should give and I'll ask Alma the little ruler that we have. Can you bring a few copies of that ruler? We have a little ruler that has little pin holes and it tells you an estimate of how much water you lose per hour. Let us give you some of those. It will give you an idea. Regardless of the meter. Our meter will catch some of those, the old meters don't, but you can estimate based on the size of the leak you have. You can estimate how much.

Gomez: I am using again what I was told before that in full force supply of water at the pressure that the City has.

Dr. Garcia: That's at the average pressure because we have from 50 to 100 pounds, so 100 pounds you could have 10 gallons.

Gomez: You don't supply 100 pounds.

Dr. Garcia: We do in some places, yes.
Gomez: Well yes if you're using a fire hydrant. For my home. I've never seen more than six gallons a minute.

Dr. Garcia: Okay so you must be in the mid-range of the pressure zone.

Gomez: I don't pretend to be a water expert.

Dr. Garcia: Our pressure zones vary from 50 to 100 pounds.

Gomez: Okay.

Dr. Garcia: Give them copies of that.

Gomez: Thank you very much.

Dr. Garcia: Can you pass it to them?

Gomez: Should I? I thought they were all for me.

Dr. Garcia: We'll give you extras to take.

Gomez: No that's fine. Suppose then that the maybe this is just a close estimate if you could give it to me. What if, say for example, my full flow of water goes in at the rate of six gallons per minute what would the flow be, and I don't have my calculator in tech today. What would the flow be in say a 12 hour span?

Dr. Garcia: Are you, do you think you have a leak?

Gomez: No I'm not asking on that account. I'm saying because of several things that have come up. To be well informed I'm asking you.

Dr. Garcia: If you could tell us what has come up because we have a service where we can go to an address and we tell you exactly what's going on. Rather than doing a calculation right now of so many minutes times 24 hours. We can tell you exactly how much you're losing over a 24 hour period and we can look all the time back to when we installed the new meters. Mr. Provencio has had many customers call in and we can tell them how much they're losing. Those meters are extremely accurate and since they are with continuous monitoring we know if you're using water all the time or maybe at certain times. If it's a leak most likely it's all of the time and if it's a tiny amount we can tell you that rather than using estimates of "well what's the size of the leak and how much?"

Gomez: That's what exactly I'm trying to get at because I have had two parties come to me and say "this month I got a billing from the City for 40,000 gallons at my domestic usage" whereas I have been not even one third of that. 40,000 in a months' time, I don't know exactly way, way above any.
Dr. Garcia: That's pretty high. Yes. That customer needs to call customer service.

Gomez: They've done it.

Dr. Garcia: And?

Gomez: No answer yet.

Dr. Garcia: Okay. I need to know what the address is and the name.

Gomez: I'm going to get with Provencio on that.

Dr. Garcia: Give us a name and the address and we can provide a history. What happened is some of the old meters were not accurate and they were old and now we put very accurate in. Very brand new meters.

Gomez: That's very good. It's a good innovation.

Dr. Garcia: 40,000 is too much for a small property.

Gomez: All I've got to say is one hell of a good improvement because that way you're not going to be going into the hole like you did for the past nine years and son on. Which is good.

Dr. Garcia: We want to make sure if a customer has a leak than we can detect that.

Gomez: Obviously the leak is going to be on the customer side and not on the City side because the meter is recording where that leak is at.

Dr. Garcia: Correct. Well the system was put in also detects leaks on the City side.

Gomez: On the other side.

Dr. Garcia: Yes. Of course the meter shows continuous movement and if it's continuous movement it's a leak. If you can give us some names or address and we'll be glad to look at it and in fact we can tell customers that they have a leak even without going out there by just looking at the data and you tell.

Gomez: Obviously the way I'm, the reason I'm pointing it out is because they come to me and say "well you're connected with the committee that can give us some answers. Get them for us." That's what I'm trying to do.

Dr. Garcia: Correct.

Gomez: No pun intended. This is positive critique always.

Dr. Garcia: It's always good to look at those customers because, and I don't know Joe what the new statistics are but for a while as soon as we installed the meters
in a block of 10 houses probably nine had a tiny leak. Initially in some areas especially the older parts of town. When we advise customers saying, "by the way you have continuous usage, you might have a leak." It detects even small flow in your toilet.

Gomez: This is what I'm asking. Is what would the amount be in say a quarter inch flow and a full force? I've been proposed and told and I've measured roughly right at six gallons per minute with a full at say what 40, 50, 60 pound pressure.

Dr. Garcia: Correct.

Gomez: Okay thank you very much.

Dr. Garcia: We're detecting much smaller leaks that you can barely see. They may be under the home. They may be underneath the sink. Landscape were a lot of them.

Gomez: Dr. Jorge. Last but not least, have you had a big amount of these things happening since the new meter system went in? Have you heard, have you had to go to a lot of customers that are wondering?

Dr. Garcia: Yes. Lots of them. First they say "no I don't have a leak. Absolutely no." Then we prove with the data, they thank us, they call their plumber and sure enough they find it. Small leak sometimes but it adds up over months and months and months. Those meters are the best technology there is for residential meters.

Gomez: Okay. Thank you very much for the input.

Dr. Garcia: You're welcome. Give us a name or address and then we'll follow up with them.

Gomez: I'll let them handle it themselves because I mean. I just wanted to ask that for my information and for the answers I can give to my one dozen relatives.

Dr. Garcia: Very well. Thanks for bringing that up Mr. Gomez.

Gomez: Thank you.

Vice-Chair Clark: Jorge I have a question. What happened to the natural gas vehicles that the City had 10, 15 years ago? I know we had the gas station out here for them.

Dr. Garcia: They were sold in auction, some of them.

Vice-Chair Clark: They didn't work out because?
Dr. Garcia: We used them until the end of its useful life. The problem is there was no way to repair them locally. Even a Honda Civic Borman wouldn't repair them. We had to more than once put the car in a flatbed and go to Albuquerque. It wasn't cost efficient. There is no service for compressed natural gas.

Vice-Chair Clark: We're looking at a new technology now for these garbage trucks which may have the same issues.

Dr. Garcia: Correct. What we were thinking is more some form of hybrid or electric or something along those lines and Robin is researching that. Right now C & G repair and maintenance was the problem. That's why our program failed. The program we had failed.

Vice-Chair Clark: I hadn't seen them around and I knew the gas station was closed.

Dr. Garcia: We couldn't work on the station. We had to have an outside contractor. It was out of Texas somewhere that they would come and repair the compressor and nobody could work on the vehicles. After the compressor, we decommissioned the compressor we had that individual fillers for the, it's almost like a piece of equipment that you just fill the car.

Vice-Chair Clark: We already tried to green type things.

Dr. Garcia: We tried that and kept the vehicles until the end of its useful life and then sold them.

Vice-Chair Clark: Sold them off. Okay.

Dr. Garcia: The City is going mainly to electric now. Hybrids and then electric.

Vice-Chair Clark: I know early on 10, 15 years.

Dr. Garcia: The City is going to be converting a lot of their buses to full electric.

Vice-Chair Clark: They're talking about putting gas, natural gas on buses which to me seemed like a bomb going down the street.

Dr. Garcia: Well you need the compression stations and the filling stations and that is, and then the operation and maintenance. The new City policy is moving towards electrics and hybrids.

Vice-Chair Clark: Okay, thank you.

Gomez: If I may add one other comment I haven't been involved with conversion of pickups and cars onto propane usage since the price of propane kind of came up where gasoline is it was prohibited. Plus as you were saying the involvement of somebody who had the technology to do the repairs and what have you on those vehicles. I had one. I had a two quarter ton pickup with a
couple of tubes along with gas main. I used it both ways and I could make a trip from Socorro to Frederick, Oklahoma and back and I didn't even have to stop at a fueling station. Which was great back in those years but it did not continue on. I guess virtually almost even individuals are all for propane now. The one thing I'm hoping and praying for is that we can contain and bring in the solar which would be even cheaper than electric. All right thank you much for the input.

Dr. Garcia: Thank you.

7. Committee Member Discussion:
Vice-Chair Clark: Is there any other Committee Members that have anything that they'd like to discuss?

8. Next Meeting Date:
a. October 9, 2019
Vice-Chair Clark: The next meeting date will be October 9th and we'll have all of our Committee output done or what is it called? Outreach in the community conversations. Okay, did you have anything else?

Rodriguez: I do not.

Gomez: Well good job.

Vice-Chair Clark: Anybody else have anything that they'd like to add to the conversation today?

9. Adjournment:
Vice-Chair Clark: If not I'll entertain a motion for adjournment.

Royalty: I'll make that motion.

Snyder: I'll second.

Vice-Chair Clark: It's fast.