

MINUTES OF THE REGULAR MEETING OF THE BOARD OF WATER AND SEWER COMMISSIONERS AUGUST 15, 2019, AT 8:30 A.M., IN THE PLANNING ROOM AT THE MUNICIPAL BUILDING, 101 N. HALAGUENO STREET, CARLSBAD, NM

VOTING MEMBERS PRESENT:	Fred Beard Larry Henderson Dennis Miehls Gary Perkowski	Member Member Member Member (left @ 8:58)
VOTING MEMBERS ABSENT:	Craig Stephens	Chairman
EX-OFFICIO MEMBERS PRESENT:	Michael A. Hernandez	Ex-Officio/City Administrator/Secretary
EX-OFFICIO MEMBERS ABSENT:	Eddie Rodriguez	Ex-Officio/Mayor Pro-Tem/ Member
OTHERS PRESENT:	John Lowe Eileen Riordan Wendy Austin Ron Myers Wes Nichols Joe Harvey Richard Aguilar Olga Ramirez Kevin Powers Loren Haug Maria O'Brien	Deputy City Administrator City Attorney Director of Finance & Investments Director of Utilities Utilities Deputy Director WWTP Superintendent Environmental Services Superintendent Assistant to City Administrator Stantec Stantec Moddrall

Time Stamps and headings below correspond to recording of meeting and the recording is hereby made a part of the official record

0:00:01 1. Roll Call and Determination of Quorum

G. Perkowski called roll and it was determined that there was a quorum of voting members.

0:00:20 2. Approval of Agenda

The motion was made L. Henderson and seconded by D. Miehls to Approve the Agenda. The vote was as follows, Yes: G. Perkowski, D. Miehls, L. Henderson, F. Beard No: None Absent: C. Stephens The Motion passed.

0:01:10 3. Approval of Minutes of the Board of Water and Sewer Commissioners Regular Meeting held July 18, 2019

The motion was made by L. Henderson and seconded by D. Miehls to approve the minutes of July 18, 2019. The vote was as follows, Yes: G. Perkowski, D. Miehls, F. Beard, L. Henderson No: None Absent: C. Stephens The Motion passed.

0:01:24 4. Review of RFP for a Multi-Year Sales Agreement to purchase non-potable water from the three existing Tatum Well sites

G. Perkowski said they would be reviewing the RFP and if it is the wish of the board then recommend that it go to Council. M. Hernandez stated this has been in the works for a few years. He said the RFP shows the location of the wells and says the city is interested in seeking proposals from interested parties for those wells with potential use of the other well sites in the immediate area to purchase water. He went over the potential revenue the city would receive. G. Perkowski asked what water was selling for these days. F. Beard said it's not what it used to be it ranges from \$0.20 to \$1.50. It also depends on how much drilling activity is in the area that will determine how many will bid. L. Henderson asked if this revenue would be used to get Tatum Water into the City water system. M. Hernandez responded yes, that project is estimated at about 10 million. He said the bigger issue is putting the water to beneficial use and getting real pumping data. L. Henderson said also exercising those Water Rights will help. F. Beard said the long term goal is to bring that water into the city.

G. Perkowski said they need to look for a good price. D. Miehl asked if there was any other money from the city to help fund the project. M. Hernandez said it really depends on the revenues, he doesn't like getting loans and putting the city in debt but that would be another possibility. D. Miehl stated so basically this is a base line to see how much water it would bring. G. Perkowski said he thinks they need to put it out there and see what offers the city gets.

0:10:15 5. Consider Approval to recommend to City Council to advertise RFP for a Multi-Year Sales Agreement to purchase non-potable water from the three existing Tatum Well sites

The motion was made by L. Hendreson and seconded by D. Miehl to recommend to Council to advertise RFP for a Multi-Year Sales Agreement to purchase non-potable water from the three existing Tatum Well sites. The vote was as follows, Yes: D. Miehl, F. Beard, L. Henderson, G. Perkowski No: None, Absent: C. Stephens. The Motion passed

0:10:42 6. Review of Draft proposal regarding Ancillary Fees for Water and Sewer connections

J. Lowe introduced Loren Haug and Kevin Powers from Stantec. J. Lowe mentioned the city has contracted with Stantec and he has been working with them for the past 8-9 months on a three part process. The first step is a Public Improvement District Policy. That has been completed and approved by Council. The second part is Ancillary Fees to redo all the Ancillary Fees and make a recommendation. The third part is the Utility Extension Plan Policy.

L. Haug gave an overview of the Draft proposal. She said there are several Revenue sources but they were only looking at New Connection Fees which is a type of Ancillary fee. She said the Utility Connection Fees is a method for recovering the costs of installing and maintaining new user connections. As the city grows and the system expands this is a method to recover some of those costs. It does protect current residents from the financial burden of subsidizing that through rates. She stated this was not an impact fee, this is mostly looking at material and labor costs from the new connections.

L. Haug said the objective was to provide a justifiable method for calculating the new connection fees. They will create a fee schedule that recovers the cost of new connections and reduce the financial burden on the City.

L. Haug said the calculator will take into effect three different things to calculate the cost of the new fees. First would be the initial installation, the second would be the operation & maintenance, and then the first replacement.

J. Lowe asked if there is a failure with a meter now who's responsibility is it to replace it. R. Myers said historically the city just replaces it. M. Hernandez said the fees they are discussing will only be for new services/new connections.

W. Austin asked how much the deposit for a new service would be. J. Lowe said for three quarter inch meter it would be roughly \$499. He said 80% of the meters that the city installs are usually three quarter inch meters. E. Riordan clarified that was not the deposit that was the connection fee for new services.

L. Haug gave an overview of the estimated costs for installing a meter either by the customer or a developer.

L. Haug gave an overview of the estimated cost for a Sewer Tap Fee if the city did the complete work. J. Lowe asked currently what the Sewer Tap fee was. L. Haug said currently it's \$4.00. M. Hernandez stated a Sewer Tap inspection is usually more than a one-time trip. L. Haug said the current cost to have the Sewer Tap inspected is \$500 so right now the city isn't meeting cost.

F. Beard asked what the net benefit to the city would be. L. Haug stated net revenue of over 20 years would be about \$1 million a year that's estimating with a couple hundred new developments over the next 20 years. She stated the fee is meant to capture the cost of new connections; therefore the revenue that has accumulated will have to be paid out to repair the systems. She stated this is only for subdivision projects.

J. Lowe stated this is only a Draft proposal from Stantec if anyone has questions or comments contact him. L. Haug said this is meant to be a tool that the city can use to inform how they build their fee schedule.

0:40:23 7. Utilities Department Monthly Reports and Project Updates presented by Ron Myers

R. Myers gave a brief overview of the Utility Monthly reports. He stated they pumped a little more water. He reported they pumped less water this year than the same time as last year. So overall the water pumped is down. He said Revenue is down from septage.

J. Harvey reported Revenue was down in July, and it was really going to drop during August. He said they are not getting the haulers like they had been. R. Myers said they have implemented the .10¢ per gallon fee for septage. J. Harvey said the haulers are going somewhere else. M. Hernandez asked if that was due to the fee increase. J. Harvey replied he

doesn't think so, some other facilities have opened up in the area and they don't have nearly as many restrictions on dumping that the city has. R. Myers mentioned regardless of the increase in fees there were other facilities that were opening and that would have affected the plant.

M. Hernandez asked about the status of Well #9. R. Myers they are still reviewing different options. They are considering having Well #9 re-drilled possibly in the same hole or a different area. They are still reviewing their options.

R. Myers gave an update on the Double Eagle project. He said they are building a 5 million gallon concrete tank and a new chlorination building. He is working on getting a number of how many water lines they have put in the ground. L. Henderson asked if he had a percentage of waterlines that are underground. R. Myers said he would try to get that information for the next meeting. M. Hernandez asked what the completion date for Double Eagle was. R. Myers said around December 2020.

R. Myers said they just installed a new generator at the Primary Lift Station. W. Nichols mentioned to the board they replaced one that was put in back in the late seventies.

L. Henderson asked about the status on the Algae problem with the recycled water. J. Lowe stated he believes its non-existent. He said with the assistance of the Water Dept. K. Britt, J. Harvey they put in a formula to treat it and it seems to be working.

0:46:23 8. Financial Reports for June 2019 presented by Wendy Austin

W. Austin said there is a comparison of revenues from last year to this year. They are up about 13%. Escalation was only about 4%. She mentioned the city did receive a \$50,000 donation from XTO. W. Austin reported the fund is favorable to budget. She stated there is still about \$10 million in projects. The year ended well, Revenue was above budget and costs were below budget.

0:48:14 9. Adjourn into Closed Session Pursuant to Section 10-15-1(H)(8), N.M.S.A. 1978, discussion of the Purchase, Acquisition, or Disposal of Water Rights

The motion was made by F. Beard and seconded by D. Miehlis to adjourn into Closed Session. The vote was as follows, Yes: F. Beard, L. Henderson, D. Miehlis, No: None, Absent: C. Stephens, G. Perkowski. The Motion passed

Chairman