

ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
WEDNESDAY, MAY 21, 2014
5:12 PM

ALBUQUERQUE BERNALILLO COUNTY GOVERNMENT CENTER
ONE CIVIC PLAZA, NW
ALBUQUERQUE, NM 87102

A P P E A R A N C E S

COUNCILLOR KLARISSA J. PENA, Chairwoman
COMMISSIONER MAGGIE HART STEBBINS, Vice Chairman
COUNCILLOR REY GARDUNO, Member
COMMISSIONER DEBBIE O'MALLEY, Member
COUNCILLOR TRUDY E. JONES, Member
COMMISSIONER ART DE LA CRUZ, Member
TRUSTEE PABLO RAEL, Ex-officio Member
MAYOR RICHARD BERRY, Member (Excused)
MR. ROB PERRY, Admin. Officer, Alternate Member

1 CHAIRWOMAN PENA: I call this May 21st,
2 2014 meeting of the Albuquerque Bernalillo County
3 Water Utility Authority to order. Let the record
4 reflect that all members are present with the
5 exception of -- oh, okay. We're expecting
6 Councillor Garduno. He's not -- he's not in yet.

7 With that, we'll go to the invocation and
8 the Pledge of Allegiance, so we'll have a moment of
9 silence and then the Pledge led by Commissioner De
10 La Cruz.

11 [Whereupon the Invocation and Pledge of
12 Allegiance were observed.]

13 CHAIRWOMAN PENA: Next item on the agenda,
14 we have approval of the minutes. I make a motion to
15 approve the April 23rd minutes. Is there a second?

16 COMMISSIONER DE LA CRUZ: Second.

17 CHAIRWOMAN PENA: Second by Commissioner De
18 La Cruz. All in favor signify by saying yes.

19 ALL MEMBERS: Yes.

20 CHAIRWOMAN PENA: Opposed? Motion passes.

21 [6-0 vote. Motion passes.]

22 CHAIRWOMAN PENA: Proclamations and awards,
23 we do not have any?

24 Public comment. Ms. Jenkins, how many
25 people do we have signed up to speak?

1 MS. JENKINS: We have four.

2 CHAIRWOMAN PENA: Four people?

3 MS. JENKINS: Yes.

4 CHAIRWOMAN PENA: Okay. Well, everyone,
5 you'll have three minutes to speak with a warning at
6 two and a half minutes.

7 Ms. Jenkins, will you call the first
8 speaker?

9 MS. JENKINS: Dave McCoy followed by Jim
10 McKay.

11 MR. McCOY: Good evening. I'm Dave McCoy
12 with Citizen Action New Mexico. We're happy to see
13 an update on the Water Authority activities and a
14 proposal set forward by the Water Utility Authority.
15 However, we do agree with the data gaps that are
16 identified and feel that there is still a lack of a
17 conceptual site model for the Kirtland jet fuel
18 spill and that until -- that there can't be an
19 appropriate remediation plan for the EDB.

20 Due to these data gaps, the leading edge of
21 the plume is unknown and the area between the
22 municipal wells and the EDB front has not been
23 investigated. We believe that the monitoring wells
24 are insufficient in number and that, as per
25 resolution 12-14, the monitoring wells still need to

1 be in place, installed near the municipal wells, and
2 that hasn't been done.

3 Recently John Stomp made the representation
4 on PBS Nightly News that ethylene dibromide would
5 not be allowed to enter into the water utilities,
6 water being delivered to the public. And Citizen
7 Action would like to see that put into a formal
8 resolution. So I drafted something that you could
9 look at, and hopefully somebody on the Water Utility
10 Board will introduce this. It's basically asking
11 that in order to protect the public health
12 environment the City of Albuquerque and its Water
13 Utility Authority will not allow ethylene dibromide
14 to enter the municipal supply wells and will not
15 allow public exposure to ethylene dibromide in
16 municipal water.

17 Now, we all appreciate John Stump's
18 recommendations, but if he retires or he's not here
19 or leaves for a higher paying job then we have no
20 assurance other than those statements. So we'd like
21 to see this put into a formal resolution.

22 Thank you.

23 MS. JENKINS: Jim McKay followed by Michael
24 Jensen.

25 MR. McKAY: Good evening. I'm here for

1 what I'm usually here for, the Kirtland spill, two
2 and a half years doing this now. I applaud what I
3 read in today's paper. I have no idea if you people
4 have read it. I would think you should have.

5 There's going to be a presentation tonight
6 of stuff we've been calling for for 18 months or so.
7 This is the largest toxic spill in the public water
8 supply in the U.S. history and things have moved way
9 too slow. I applaud the Water Authority, the people
10 who have done the work, not the Board, for what
11 they're going to be saying tonight, stepping out and
12 saying what needs to be done. The things that are
13 going to be said are things here, of course, has not
14 even discussed or proposed or even entertained nor
15 have they entertained the notion that -- why these
16 things are being proposed are because EDB's eminent
17 arrival at the Ridge Crest pumping stations.

18 I also think that I'm still shocked that
19 myself and a bunch of other professional people that
20 have put so much into this come up against brick
21 walls for so long. And this Board is long past due
22 making public statements to the community about
23 what's going on with this still.

24 You know, board members have come and gone
25 but I have not heard a single public statement from

1 individuals other than Rey or collectively just what
2 this means to Albuquerque. And I don't know -- you
3 have a quizzical look on your face, Mr. Perry. I'm
4 curious what that might be.

5 But the things that are being proposed
6 tonight are no secrets to people who have been
7 paying attention to them. And this is the Water
8 Authority. You know, the Water Authority. You're
9 here to look after the water. And it's really time
10 to start thinking about putting your heads together,
11 really finding out what's going on with this thing,
12 and make public statements to the people of
13 Albuquerque about what's going on with this and what
14 needs to be done and to get our senators -- and it
15 looks like Udall is starting to move a little bit
16 finally.

17 I've had meetings with him since Christmas.
18 It looks like something is starting to happen there
19 because the Air Force is not capable of getting this
20 job done. And being told forever, "We're talking to
21 the Air Force, we're talking to the Air Force, we're
22 talking to the Air Force," it's a conversation with
23 no talk -- nothing but talk and action that's not
24 coming close to getting the job done.

25 Thanks.

1 MS. JENKINS: Michael Jensen followed by
2 Lynn Anderson.

3 MR. JENSEN: My name is Michael Jensen.
4 Just as a reminder, I've been here -- I've lived in
5 Albuquerque for 24 years and hope to live here for a
6 long time more.

7 Usually I come up here and I know you
8 expect me to beat up on the Water Utility Authority,
9 but actually right now I want to thank them for what
10 people have already talked about, for getting out
11 ahead of Kirtland Air Force Base and the NMED with
12 this presentation that Rick Shean will give that
13 identifies these really important data gaps and --
14 and managing in just a few months to come up with
15 this independent remediation plan that seems to have
16 alluded, you know, the Air Force for many years.

17 Some of you have been to those public
18 meetings out at Kirtland Air Force to talk about
19 this over the last couple of years. If you've heard
20 those presentations and you listen closely to the
21 one you hear tonight, they're talking from two
22 different worlds.

23 You're going to get a presentation tonight
24 from Katherine Yuhas on the drought advisory.
25 Thanks again for doing that. It may or may not have

1 taken a little nudge from me and Elaine or it might
2 have just been coincidental that our e-mail went out
3 when Katherine notified you all that she was going
4 to do this. But it's a good thing. Maybe a story
5 in the Journal would be good.

6 And I want to thank the Water Utility
7 Authority for the work that they put in along with
8 the pueblos and the agencies that manage the river
9 for getting a little minnow pulse in the last couple
10 of weeks. It's still trickling down the river. I
11 hope it's a sign of things to come, that maybe we
12 can start change in the way we manage water on the
13 river. I know it's outside of the Water Utility
14 Authority's purview but maybe it would be nice to
15 get Colorado to let some of their water out a little
16 bit earlier.

17 That's it. Thanks.

18 MS. JENKINS: Lynn Anderson.

19 MS. ANDERSON: Good evening, Chairperson
20 Peña, Governing Body.

21 My name is Lynn Anderson. I'm representing
22 NAIOP, the Commercial Real Estate Development
23 Association as well as the Homebuilder's of Central
24 New Mexico tonight. I have provided a letter for
25 you from NAIOP, but the Homebuilder's have endorsed

1 that as well.

2 Essentially I am speaking on the rate
3 increase. NAIOP is in full support of the requested
4 rate increase. We believe in a sustainable water
5 supply, which requires both wise management of water
6 supply and use as well as an efficient timely
7 investment in aging infrastructure. We also believe
8 that the Water Authority understands both the needs
9 of protecting our water resources as well as
10 providing for planned growth and development.

11 The middle Rio Grande Council of
12 Governments is projecting regional population growth
13 over the next century and is incumbent on all of us
14 to support maintaining our existing infrastructure
15 as well as planning for that growth. It would not
16 be prudent or fair to expect our children and
17 grandchildren to bear the full cost.

18 NAIOP is a trade association that
19 represents a broad range of professionals involved
20 in the development, management, and ownership of
21 commercial real estate. Our members include
22 engineers, architects, contractors, developers,
23 brokers, water and land use attorneys, planners,
24 financiers, and other related professionals.

25 We urge the governing body of the Water

1 Utility to vote for this rate increase in the
2 interest of our current residents and our future
3 citizens. It is simply good business and good
4 environmental best practices.

5 Thank you.

6 CHAIRWOMAN PENA: Okay. So we'll move on
7 to the next item, item 6, announcements,
8 communication. Our next meeting is scheduled for
9 June 18th, 2014 at 5:00 PM in the Vincent E. Griego
10 chambers.

11 Next, item 8, approval of the consent
12 agenda. I move approval of the consent --

13 COMMISSIONER DE LA CRUZ: Second.

14 CHAIRWOMAN PENA: All in favor say yes.

15 ALL MEMBERS: Yes.

16 CHAIRWOMAN PENA: Opposed, same sign.

17 Motion passes.

18 [7-0 vote. Motion passes.]

19 CHAIRWOMAN PENA: I have here Stan. Is
20 Stan going to report something here, or --

21 MR. SANCHEZ: Madame Chair, I believe at
22 this point we get public comment on items 9A, B, and
23 C, and then Mr. Allred will do a presentation.

24 CHAIRWOMAN PENA: Yeah, it's under approval
25 of the consent agenda. I have Stan's name

1 highlighted, so that was just my error.

2 So on item A, approvals. So, Ms. Jenkins,
3 again is anyone here signed up to speak?

4 MS. JENKINS: We have Michael Jensen signed
5 up to speak on both items. He's the only person
6 signed up for that.

7 CHAIRWOMAN PENA: Okay. Welcome back.

8 MR. JENSEN: Hey, I'm supposed to be at a
9 family gathering. I'm taking some time out here.

10 Michael Jensen, thanks. You know, back in
11 2008 and 2009 there were discussions about rate
12 increases and conservation and stuff like that. And
13 I was there, Elaine was there, NAIOP and the other
14 builders were there. And we were actually kind of
15 on opposite sides.

16 So when I saw Martin here I was kind of
17 expecting that he would speak out against the rate
18 increase, so I'm extremely excited that everybody
19 seems to be on the same page about the importance of
20 the rate increase. And I for one am hoping that
21 perhaps we, them, I mean, you know, you all, we can
22 get together and find a way to move forward in a
23 sort of more rational and planned way about rates
24 and stuff like that.

25 And I also have one more little shout out

1 to the Water Utility Authority. Thanks for starting
2 an education campaign around this issue. That's all
3 on the rates.

4 And then I was going to talk just about the
5 budget but it also feeds into some of the stuff
6 you'll see in some other presentations. So you're
7 going to see this chart tonight when Katherine Yuhas
8 talks about the water goals. And there seems to be
9 an error here. You know, this shows a high -- maybe
10 it's been fixed since I got this the other day, but,
11 you know, it shows a higher number but a smaller,
12 you know, bar on the graph.

13 So the actual amount is -- for this year is
14 8.28 billion gallons, which is, you know, less than
15 last year. It's about a 3.5 percent decrease. So
16 with a 5 percent rate increase on a 3.5 percent use
17 decrease, you know, the amount of revenue won't
18 quite be reflected in that 5 percent.

19 And then there's another chart that says
20 that the plan is for San Juan Chama water to amount
21 to 60 percent. But if you do the math on the
22 numbers that are here it looks like it's closer to
23 67 percent. I know this sounds sort of, you know,
24 quibbling but we've had problems with linking the
25 conservation numbers up with the budget numbers.

1 Apropos of that in the KAFR, the FY '13 KAFR that
2 you all have in your packet, it talks about, you
3 know, the budget for FY '13 and it says that the
4 approval was for an excess of revenues of
5 9.76 million with an actual deficit.

6 And they said that when that budget was put
7 together that certain assumptions were made, one of
8 which was that projected revenue took into account
9 continued conservation. Apparently it didn't in
10 FY '13, and we know that it didn't in FY '14 because
11 we had that discussion earlier this year. So I'm
12 kind of concerned that you're being told that we're
13 going to have a \$24 million increase in revenue this
14 year from last year. I don't know where that's
15 coming from. Honestly, I haven't had time to read
16 the entire budget document because I actually have
17 other things to do besides pay attention to the
18 Water Utility Authority.

19 But that question is just out there.

20 Thanks.

21 CHAIRWOMAN PENA: Okay. With that,
22 Mr. Sanchez, do we move the items first and then
23 have Stan come up and do the presentation?

24 MR. ALLRED: Madame Chair, Members of the
25 Board, I'm going to do one presentation for all

1 three items, just kind of lump it together and I'll
2 just not ramble as much as I did last month.

3 The budget highlights for FY '15 is we have
4 a 5 percent rate revenue adjustment proposed, which
5 we've been talking about. Our goal is to get our
6 operating working capital balance to one-twelfth of
7 our operating expenditures. And then we're going to
8 continue to add \$2 million to the rate reserve fund
9 and spend \$51 million for capital projects. Budget
10 assumptions is nominal growth in a service area.
11 Consumptions is assumed to be at 135 GCPD, and we've
12 talked about that.

13 Growth in the operating expenses only
14 include essential items, and we continue to increase
15 capital spending for rehab work at the south side
16 reclamation plant. Projected revenues for FY '15 is
17 203.9 million. Of that the majority is for water
18 and sewer, and then San Juan Chama. This includes
19 the 5 percent rate increase.

20 The operating expenditures is
21 196.8 million, very nominal increases in
22 expenditures from FY '14. Primarily those increases
23 will be for salaries and for -- primarily for
24 benefits due to the Affordable Health Care Act and
25 increases in PERA and other benefits.

1 Going to the finance plan, there is an
2 increase. The 181 million that's in 2014 included a
3 negative fund balance from FY 2013. We project,
4 based on the non-transfer of 8 million of capital of
5 this year and about \$5 million in savings from our
6 operating expenditures along with using the rate
7 reserve fund that we would have in any working
8 capital balance in FY '14 of \$1 million giving us a
9 beginning capital balance or revenue of 205 million
10 in FY '15.

11 So our goal is at the end of FY 2015 to get
12 about 10.6 million in working capital balance, which
13 would be one-twelfth of our operating expenditures.
14 And then we have the 5 percent rate increase
15 included for 2016, 2018, and we've put one in out to
16 2021.

17 Our CIP appropriations is \$51 million.
18 48 million is for the basic water and sewer
19 programs. We're going to spend \$3 million for
20 special projects. And with that 3 million is
21 2 million for our AMI work and 1 million for steel
22 lines. And included in the 48 million for basic
23 water is 5 million for growth-related items.

24 So this is a little breakout of where the
25 money would go for CIP in FY 2015. We would do

1 about 14, or almost 15 million for basic pipeline
2 renewal. The basic plant renewal on the water side
3 about 4 million. Basic growth projects that we've
4 talked about is 5 million. Construction of the
5 pretreatment facility water -- water reclamation of
6 10 million, and then other south side water
7 reclamation work of 14 million. And then we have
8 the 1 million for steel line replacement and the
9 2 million for the AMI project.

10 The rate increase really is to allow us to
11 do this right here, and it is to invest in our
12 infrastructure. In the next set of rate increases,
13 the one that's proposed for 2015, the one in 2016,
14 and the one in 2018 is to allow us to ramp up what
15 we transfer to CIP to pay for our capital and our
16 infrastructure. And the goal is to spend an
17 additional \$3 million each year going forward.

18 So in FY 2015 we have \$43 million. We
19 would take that to 46 million in 2016, 49 in 2017,
20 and our goal is at about 2026, 2027 we'd be at about
21 76 to \$79 million to be spent on our capital
22 programs and invest in our infrastructure. And this
23 is just a graphic depiction of -- the increase in
24 transfers is the black line of the cash coming from
25 the operating. That's coming from the rate

1 increases. The blue line is our increase in our
2 rehab to our capital program, and they basically
3 escalate at about the same level. And then we have
4 other spending such as growth, which is the green
5 line. And then we have the 2 million for our steel
6 waterline replacement and the 1 million -- well,
7 1 million for steel line replacement and 2 million
8 for our AMI.

9 The rate increase is about \$2.73 for a
10 residential customer with a five-eighths inch meter,
11 which is a service sign one. That is probably about
12 50 percent plus of our customers. So they will see
13 each month a \$2.73 increase. So their rates will --
14 basically on the base will go from 283 -- 20.83 to
15 23.55.

16 The water commodity rates, I just wanted to
17 touch on something with this a little bit, and I'm
18 concentrating on the 150 percent of the average
19 winter class average. Last year in the rates we
20 took that from 20 percent to 50 percent. And this
21 is one of the things that our customers really
22 responded to as far as conservation. On an average
23 in the heavy waters months of July, in August and
24 September, between 80 to 90,000 of our residential
25 customers fall within this class. And, again, a

1 50 percent reduction to their commodity rate.

2 In the other months, such as May and April
3 and then the months of October, about 100,000 of our
4 customers fall within this range. So what it is is
5 last year our class average was 7 -- 7 units for a
6 residential customer. So any customer that used
7 11 units or less got 50 percent of the commodity for
8 those units. This year the winter average is now
9 6 units, so that ceiling has dropped to 9 units. So
10 any customer this year that uses 9 units or less in
11 a month will get 50 percent of the commodity. And
12 we estimate that will probably be between 80 to
13 70,000 of our customers will get that. That equates
14 to about \$3.5 million a year annually.

15 A lot more customers, when Carol Maleski
16 did this, reacted to this feature more than anything
17 else. So the 200 percent level helped us reduce our
18 consumption levels for conservation. And this
19 150 percent class really was a huge, huge kicker.

20 So our recommendation is to increase the
21 fixed service charge to meet the 5 percent revenue
22 requirement that was proposed for FY '14, maintain
23 the 50 percent low usage discount on commodity
24 charges for residential service size, one customer.
25 And then we adjusted our utility expansion charges

1 and water supply charge by 2.4 percent, and that was
2 based upon the April 1st, 2014 ENR building and
3 construction cost indexes as by the rate ordinance.

4 And I stand for any questions.

5 CHAIRWOMAN PENA: Any questions?

6 Commissioner O'Malley?

7 COMMISSIONER O'MALLEY: Madame Chair.

8 Mr. Allred, you mentioned that because
9 people took advantage or reduced their water
10 consumption to the -- you know, the little slide
11 there, that essentially that the water utility did
12 not get our 3-point-something million dollars in
13 revenue. Was that for the last fiscal year?

14 MR. ALLRED: Commissioner O'Malley and
15 Madame Chairman, that is correct. So when we talked
16 about at the end of the third quarter the
17 \$8.6 million deficit in revenue, of that about
18 3.5 million of that is made up of customers reacting
19 and not using as much water as they had before to
20 get to -- to take advantage of the 50 percent
21 reduction in the commodity rate.

22 COMMISSIONER O'MALLEY: Okay. Because I
23 remember when we proposed that -- in fact I proposed
24 that -- was that we were looking at a very nominal
25 change in a water bill. I mean, I think people's

1 expectations were pretty high. But really it did
2 not account for a very large portion and did not
3 reduce the -- you know, not significantly. But
4 you're saying because 90,000 folks took advantage of
5 this it basically came to about \$3 million?

6 MR. ALLRED: Commissioner O'Malley and
7 Madame Chairman, that is correct. Part of that,
8 too, is you think about we've reduced consumption by
9 2.5 billion gallons. We went from a GCPD of 148
10 down to 135 in one year. We reached our goal in one
11 year. So I think there's a combination of things.
12 But I think a lot of customers took advantage of
13 that 50 percent reduction to their commodity rate to
14 get to that level. And you can see that in the
15 reduction in our consumption levels.

16 COMMISSIONER O'MALLEY: Okay. So,
17 Mr. Allred, I'm assuming that -- and this was a
18 concern I had, and it's probably been expressed by
19 other members, is that we make sure that we -- that
20 the projections are, I guess, conservative as much
21 as possible so we don't end up with some -- a
22 shortfall. So I'm assuming that you feel
23 comfortable with your projections. Are you
24 projecting the same loss in terms of revenue based
25 on the 50 percent reduction as well?

1 MR. ALLRED: Commissioner O'Malley and
2 Madame Chairman, in the discussions with John Stump
3 and Katherine Yuhas and that group about where they
4 believe our GCPD is I feel comfortable. I have to
5 rely on them of what they believe would be our
6 reduction in consumption.

7 Historically we have been projecting a
8 2 percent reduction in consumption. Our goals were
9 to have a 2 percent reduction in consumption each
10 year. So the projections of our revenue was based
11 upon that level of consumption. Obviously we went
12 from 148 to 136, so we had a drop of 12 -- 12, in
13 that number, which was, you know, what we were
14 expected to do in 10 years.

15 So when we did our projections for 2014 I
16 would have never accounted for, nor would anybody, I
17 believe, on staff would have accounted for that
18 level of reduction to our consumption levels.

19 COMMISSIONER O'MALLEY: But the reduction
20 in consumption levels is very close to that number
21 now, which is 130 -- what was it, 130 -- what are
22 you projecting now?

23 MR. ALLRED: Commissioner O'Malley and
24 Madame Chairman, I'm projecting 135. But you're
25 correct, May's numbers are less than May's numbers

1 of last year. April's numbers have been less than
2 the April before but not dramatically. For the
3 month of April we were probably about 55 million
4 gallons less than the April before. That's probably
5 one day's worth of consumption. In May we're
6 probably about 26 to -- at this point -- million
7 less than the May before.

8 In the months of January through March
9 there was a very nominal difference between the two.
10 They were pretty much at that same level. So we had
11 a lot of rain in July. Consumption levels in July
12 dropped off dramatically. If we have rain in July I
13 would expect we'd get the same levels they were this
14 fiscal year. If it's dry in July I would expect
15 that we would probably start seeing an increase in
16 our consumption levels.

17 So -- but, again, the rates in the budget
18 were based upon -- the projected revenues were based
19 upon generating a GCPD of 135.

20 COMMISSIONER O'MALLEY: Okay. Well, so
21 there's this -- there is the challenge or there is
22 the concern that because people listened and still
23 are concerned about water and conservation that they
24 could conserve even more and therefore your revenues
25 would go -- it's an interesting dynamic that we have

1 here. The more we conserve the less revenue we
2 receive and thus -- but our expenses are, you know,
3 like everyone else so that every other organization
4 goes up. So that was the concern I had. Thank you.

5 CHAIRWOMAN PENA: Thank you.

6 Councillor Garduno.

7 COUNCILLOR GARDUNO: Thank you, Madame
8 Chair.

9 Mr. Allred, you mentioned -- well, let me
10 stay on what Commissioner O'Malley was talking
11 about, and that is consumption. The hope is that
12 people will consume less. I mean, really that's one
13 of the things we're trying to accomplish. I don't
14 think we'd be doing our job if we weren't really
15 pushing for that. And, yes, it does have the
16 adverse effect of reducing.

17 So what are we seeing? If it drops to 125,
18 I don't know what that represents, but probably
19 another 2 million a year?

20 MR. ALLRED: Councillor Garduno, Madame
21 Chairman, that is correct. Also remember, you know,
22 you talk about 2 million a year. We put away
23 \$2 million a year for the rate reserve fund, and
24 that's why we created the rate reserve fund. So we
25 did leverage the rate reserve fund in 2013. We'll

1 leverage off of that again in 2014. And if rates --
2 if consumption levels drop to those levels, as you
3 may suggest may happen, we would use the rate
4 reserve fund to offset those revenues. We do have
5 another chance to look at rates.

6 For fiscal 2016 Carol Maleski will be in
7 here. We'll reevaluate the rates. There's a
8 multitude of things that we can maybe put in place
9 so we can mitigate those types of drops in the
10 future. And then we would reevaluate what an
11 increase would be to get us back to the levels we
12 need in the finance plan.

13 COUNCILLOR GARDUNO: Mr. Allred, there is a
14 finite number as to when we can continue putting
15 rate reserves in place, isn't there? I mean, we
16 can't put 2 million aside in the hopes that we catch
17 up with any reduction in consumption, which is
18 really what we should be imploring people to do.

19 MR. ALLRED: Councillor Garduno and Madame
20 Chairman, that would be correct. But that's why the
21 rate reserve was put into place. I mean, at some
22 point in time I think we're going to get to a level
23 where we won't see that kind of reduction in
24 consumption levels. You can only go to a certain
25 place. And, again, we're relying on -- you know,

1 I'm relying on staff and their expertise to kind of
2 determine where we might -- so, you know, at this
3 point staff believes that the levels will be about
4 135. If they drop to 130 that would be -- it's
5 possible. We do have the rate reserve to try to
6 take care of that and then we'd have to reevaluate
7 the rates again for 2016 and ensure that we would
8 look at a GCPD of 130 or maybe 125 and adjust the
9 rates accordingly.

10 I mean, we can continue to go that
11 direction, and at some point in time we could go the
12 opposite direction.

13 COUNCILLOR GARDUNO: And, Madame Chair,
14 that takes me to another question, which I can't
15 remember what slide it was, but you showed the
16 growth. And I think it was considerable. It was a
17 line there. I think that's the next graph that you
18 just passed. No, the other direction. No. There.

19 You're showing growth to be nominal.
20 That's the green, correct?

21 MR. ALLRED: That is correct.

22 COUNCILLOR GARDUNO: So what does that
23 represent? I mean, does that represent 1,000
24 households?

25 MR. ALLRED: Councillor Garduno, Madame

1 Chairman, that represents basically what we would
2 believe getting from utility expansion charges. So
3 those would be new connections to the system. I
4 basically left it flat. We assumed, when the market
5 dropped back in the day, that it would start going
6 up. It was about \$6 million a year for two years.
7 It's crept upwards to \$8 million in the last two
8 years. And it's approaching \$9 million this year.

9 So it's fairly flat. Unless we see some
10 type of, you know, Mesa Del Sol takes off or
11 something like that where we have a lot of growth.
12 But at this point in time it's not projecting a
13 whole lot of new homes and new developments and
14 those types of things in our service area.

15 And, again, that will be adjusted if
16 something happens going forward in the future. But
17 as for now we just -- in talking with the economists
18 with the City of Albuquerque as well, we just really
19 don't see a whole lot of growth in the service area.
20 So we leave it fairly flat at what we've been
21 generating from one year to the next.

22 COUNCILLOR GARDUNO: But I didn't hear what
23 the number was that you used as -- to get us to this
24 format. Is it 1,000 homes?

25 MR. ALLRED: Councillor Garduno, Madame

1 Chairman, no, it's based upon what we've generated
2 in revenue from the prior years, and I basically
3 don't really increase it.

4 COUNCILLOR GARDUNO: And then it shows that
5 steel line stays flat even though the growth is
6 growing. So is this the steel line for only new
7 places, new areas of growth?

8 MR. ALLRED: Councillor Garduno, Madame
9 Chairman, in the rate ordinance it mandates that we
10 spend at a minimum each year \$1 million for steel
11 line replacement and \$2 million for the automatic
12 meter infrastructure, which is reading our meters
13 electronically. So that million is dedicated to
14 what the rate ordinance requires us to provide for
15 steel lines. And the other line is the 2 million
16 for -- while we may spend more for steel lines, but
17 we're required by ordinance at a minimum to spend a
18 million on steel lines, and that's what that lines
19 reflects.

20 COUNCILLOR GARDUNO: And I guess the
21 question I have is where are the steel lines going
22 to go, in new areas, new areas of service or are
23 they replacement?

24 MR. ALLRED: Councillor Garduno, Madame
25 Chairman, those are to replace existing old steel

1 lines in our aging infrastructure. So it's not for
2 growth. It's to replace the miles such as this area
3 that has steel lines that are no longer -- we
4 evaluate which ones are starting to crumble and we
5 replace steel lines. And we've replaced more than
6 \$1 million a year. It's just that we set a sight at
7 a minimum of \$1 million a year based upon what's
8 mandated by the rate ordinance.

9 COUNCILLOR GARDUNO: And, Madame Chair, one
10 more thing.

11 Mr. Allred, do you foresee a time where
12 we're going to be really charging a lot of money
13 for -- that a lot of people won't be able to afford?

14 MR. ALLRED: Councillor Garduno, Madame
15 Chairman, I think that's something we don't want to
16 do. And I think we've been told sometimes we
17 haven't raised rates quick enough or fast enough,
18 but we try to look at what our existing expenditures
19 we're spending and what we think is growing and we
20 try to do our diligence to make sure that when we
21 raise rates we do it only if we really need to do
22 that. And, you know, as consumption levels drop and
23 those types of things we'll just have to, you know,
24 reevaluate each year and come back here. But we try
25 to do our due diligence each year and make sure

1 that, you know, we -- we're just not raising rates
2 to raise rates. But we also know we're raising
3 rates because we have to take care of our aging
4 infrastructure.

5 It is a need. The next set of rate
6 increases, that's exactly what it's for is to take
7 on that additional spending to take care of this
8 infrastructure. And so that is our goal. But the
9 goal is to do it in a planned and appropriate
10 manner.

11 COUNCILLOR GARDUNO: And, Madame Chair,
12 just one last statement. I guess the thing we need
13 to figure out is who is going to pay and who can
14 afford to pay. Those are two very different things
15 because who is going to pay is everyone except those
16 who get, for some reason, some kind of incentive or
17 some way that they're able to save. And then who
18 can afford to pay is the other grouping of folks who
19 it doesn't matter if it goes up or not. They can
20 afford it.

21 So that's the dilemma that I think we face
22 as a society, but I think it's something we need to
23 fit into a discussion.

24 MR. ALLRED: Councillor Garduno and Madame
25 Chairman, you know, we also have the low income

1 credit. For those customers that basically can
2 prove a low income, and we talked about that last
3 month where we've brought on the storehouse to offer
4 that, we do offer pretty substantial discounts for
5 those customers that qualify. Going with storehouse
6 actually gives us a larger outreach to connect with
7 those customers that may have the need for financial
8 help to pay for their water rates.

9 And we're going to continue to try to
10 promote that and advertise that more in the future.

11 CHAIRWOMAN PENA: Any other questions? No
12 other questions.

13 Well, Mr. Allred, thank you. I really
14 appreciate it. I think you guys have done an
15 outstanding job with this. I know, you know,
16 everybody hates to see rate increases, but I think
17 because of our aging infrastructure it's something
18 that we need to do at this point. And to really
19 thank the citizens of Albuquerque for conserving
20 because, you know, that's ultimately our long-term
21 goal.

22 And if you would do me the favor, because
23 Mr. -- Councillor Garduno talked about it, about the
24 low income credit for people who can't afford it so
25 there are avenues for them to get the help to pay

1 their bills. And then can you talk a little bit
2 about -- because you mentioned about the rate
3 increase and, you know, us not being able to, you
4 know, sustain and then having to have several
5 increases.

6 But can you talk a little bit about the
7 fact that our rates are much lower than surrounding
8 areas just briefly.

9 MR. ALLRED: Madame Chairman and Members of
10 the Board, our rates are significantly lower than
11 our neighbors in Santa Fe and in Rio Rancho.
12 Rio Rancho in the next, I believe, seven years
13 have -- it was 8 percent. I think they've changed
14 that to 7 percent, but each year they're having a
15 7 percent increase. A lot of that is to keep up
16 with some of their operating costs and some of their
17 debt service costs.

18 Santa Fe has even larger issues. We're
19 fairly even with our neighbors down in El Paso. But
20 if we compare ourselves with other communities in
21 Texas and Colorado and Arizona our rates are
22 significantly lower. So, again, it's our due
23 diligence to try to maintain rates at an affordable
24 level for our ratepayers and bring in, though, the
25 appropriate level of revenue to take care of

1 operating this system and taking care of our aging
2 infrastructure.

3 CHAIRWOMAN PENA: Thank you. Thank you,
4 Mr. Allred.

5 So I guess with that we will move each
6 item, A, B, and C-01, amending the Albuquerque,
7 Bernalillo County Water Utility Authority water and
8 sewer rate ordinance. All in --

9 COMMISSIONER DE LA CRUZ: Second.

10 CHAIRWOMAN PENA: Second by Commissioner De
11 La Cruz. All in favor signify by saying yes.

12 COMMISSIONER O'MALLEY: Madame Chair, I did
13 have -- I'm sorry. Okay. I had an amendment that I
14 wanted to propose.

15 CHAIRWOMAN PENA: Oh, okay.

16 COMMISSIONER O'MALLEY: It's the next item.
17 Okay, I'm sorry. I apologize.

18 CHAIRWOMAN PENA: It's okay.

19 All in favor signify by saying yes.

20 ALL MEMBERS: Yes.

21 CHAIRWOMAN PENA: Opposed, no.

22 COUNCILLOR GARDUNO: No.

23 CHAIRWOMAN PENA: Motion passes with a 6 --
24 5-1?

25 [6-1 vote. Motion passes.]

1 CHAIRWOMAN PENA: Okay. Next item, item
2 B-R-8, appropriating funds for operating the
3 Albuquerque Bernalillo County Water Utility
4 Authority for fiscal year beginning July 1, 2014,
5 ending June 30th, 2015.

6 COMMISSIONER O'MALLEY: Madame Chair, I
7 asked for the amendment to be passed. I wanted to
8 move this amendment. Is this already moved, the --
9 has somebody already moved the --

10 CHAIRWOMAN PENA: So did we move -- yes.

11 COMMISSIONER DE LA CRUZ: Second.

12 COMMISSIONER O'MALLEY: Okay. Sorry.

13 CHAIRWOMAN PENA: So there's a motion -- a
14 second by Commissioner De La Cruz for approval of
15 R-8.

16 Commissioner De La Cruz. So with that we
17 have an amendment --

18 COMMISSIONER O'MALLEY: Yes, I would like
19 to move amendment number one. Essentially what it
20 says is in the page 3, line 1, insert the following,
21 it would be section 5, in the event that working
22 capital balance exceeds one-twelfth of operating
23 expenses and debt service payments, debt service
24 coverage are met, remaining working capital shall be
25 earmarked for capital projects.

1 Essentially the capital balance is
2 basically the working cash balance. I want to make
3 sure that, you know, we're not looking at expansion
4 or that this would go to other operating expenses,
5 that we make sure that if there is a balance beyond
6 what we require to take care of our payments in
7 terms of debt service and of course our one-twelfth
8 requirement, that it absolutely should be earmarked
9 for capital projects.

10 On the second one is on page 3, line 4,
11 insert the following, section 6, executive director
12 shall organize and host a community forum. This
13 would be something along the lines of a town hall
14 for customers on rates, conservation, and
15 infrastructure prior to this submission of the
16 FY '16 budget.

17 As was mentioned, the Water Authority is
18 working with a professional organization that
19 proposes rate structures. We're looking at that
20 structure, and I think we should have -- as was
21 mentioned by other folks who have come to speak to
22 us that there should be a community conversation
23 about that. I think that would also help in terms
24 of support for the rate structure moving forward and
25 in terms of support for ultimately the budget.

1 Okay. So -- and then number 3 says to
2 renumber the subsequent section. I don't know if
3 anybody had any questions about this, but --

4 CHAIRWOMAN PENA: Any questions?

5 MR. PERRY: Madame Chair.

6 CHAIRWOMAN PENA: Mr. Perry.

7 MR. PERRY: Councillor O'Malley, just a
8 quick question regarding the amendment. I noticed
9 in the first paragraph, paragraph 1, it says the
10 remaining working capital balance shall be earmarked
11 capital projects.

12 When you use the term earmark, what are we
13 contemplating there?

14 COMMISSIONER O'MALLEY: Essentially it
15 would be dedicated to the capital projects. As we
16 know, all of us know, we have a huge, what's the
17 word, deficiency, backlog in terms of capital
18 projects. And we're saying that rather than it go
19 to, oh, I don't know, salaries or whatever, it's
20 going to go to -- or to operating or to growth,
21 those areas that will be dedicated to the capital
22 needs of the Authority.

23 MR. PERRY: Madame Chairwoman, Councillor
24 O'Malley, I absolutely agree with the spirit of
25 that. It's a very wise thing to do. I'm just

1 concerned with the term earmarked. It would be
2 through the City's budget process. We would
3 typically reserve that project and that would be
4 appropriated and appropriated itself. I'm just
5 looking at the term itself earmarked.

6 COMMISSIONER O'MALLEY: The director is
7 here. We could use the term dedicated if that's --
8 if people feel more comfortable with that term.

9 MR. SANCHEZ: Madame Chair, Commissioner
10 O'Malley, and Mr. Perry, I think what would occur --
11 I think the assumption is if consumption is not at
12 the 135, as Mr. Allred said we projected, and say
13 it's at 145, there would be incremental revenue
14 attached to that. As I interpret the amendment it
15 would simply say that additional revenue could not
16 go to operating expenses but rather would have to go
17 to the capital program.

18 We would typically come to the Board and
19 amend the capital improvements budget to include
20 that additional appropriation. So it would require
21 us to come back and adjust those appropriations.

22 MR. PERRY: And, Madame Chairwoman,
23 Mr. Sanchez, I understand that. I support it fully.
24 I think it's a very prudent amendment by the
25 Councillor.

1 However, the terminology earmark, I mean,
2 I'm used to seeing money that is in excess of --
3 or -- well, we reserve its additional legislative
4 action for the appropriation. And here what we have
5 is earmarking. And I don't think there's any
6 nefarious thing going on. I just want to be clear
7 about this. I just think the terminology
8 earmarking -- then obviously in this paragraph 2,
9 because you move to forum for customer rates and
10 infrastructure prior to submission of the FY '16
11 budget.

12 So, you know, I think it should be
13 submitted now. Submit it to me legally and I think
14 it should be established.

15 MR. SANCHEZ: Madame Chair, Mr. Perry, I
16 think reserve is fine. I think that's the same
17 intent from the amendment.

18 COMMISSIONER O'MALLEY: Madame Chair -- I
19 guess you still have the floor. Go ahead,
20 Mr. Perry.

21 MR. PERRY: No.

22 COMMISSIONER O'MALLEY: Oh, okay. So, you
23 know, maybe it's -- to me it's just semantics. So
24 it's fine. So I can just go ahead and, you know,
25 make that change. I don't have to --

1 MR. PERRY: I propose a friendly amendment,
2 Madame Chair.

3 COMMISSIONER O'MALLEY: Okay.

4 CHAIRWOMAN PENA: Okay.

5 COMMISSIONER DE LA CRUZ: What was the
6 amendment?

7 COMMISSIONER O'MALLEY: The amendment was
8 to change the term from earmark to reserve.

9 CHAIRWOMAN PENA: Okay. Councillor
10 Garduno?

11 COUNCILLOR GARDUNO: Madame Chair,
12 Commissioner O'Malley, and Mr. Sanchez, I don't know
13 who has the correct terminology for this, but to me
14 earmarked means it's going to be for that. It's
15 earmarked for that issue. Reserve means that it's
16 reserved in this area but not necessarily for what I
17 think the amendment is trying to get to. And I'd
18 like to find out if somebody has a true sense of
19 what earmarked versus reserve is.

20 MR. SANCHEZ: Madame Chair, Councillor
21 Garduno, I think to us it means the same thing.
22 It's just a process issue I think Mr. Perry is
23 raising that it would legally technically require us
24 to come back to make the appropriation, and we would
25 do that regardless based on his direction.

1 COUNCILLOR GARDUNO: And, Madame Chair,
2 Mr. Sanchez, or whomever, by a majority vote it
3 could be changed from the reserve for that to
4 something else, which it couldn't if it was
5 earmarked.

6 MR. SANCHEZ: No. I think the intent of
7 the amendment, Madame Chair, Councillor Garduno, is
8 that if revenues exceed our projections that those
9 revenues shall go into our capital improvements
10 decade plan to address the deficiencies that we've
11 identified and that this Board would have to
12 formally appropriate that into that purpose.
13 Whether it's earmarked or reserved that would have
14 to occur.

15 I think Mr. Perry's language simply leaves
16 no question that that would have to occur.

17 CHAIRWOMAN PENA: Okay. Well, with that
18 there's a motion on the floor for -- Commissioner
19 O'Malley, for floor amendment number one. There's a
20 second by Commissioner De La Cruz. All in favor of
21 the amendment say yes.

22 ALL MEMBERS: Yes.

23 CHAIRWOMAN PENA: Opposed? So the
24 amendment passes.

25 COUNCILLOR GARDUNO: No.

1 CHAIRWOMAN PENA: So it's --

2 COMMISSIONER STEBBINS: Madame Chair, were
3 we voting on the term earmarked versus reserved or
4 were we voting on the amendment?

5 CHAIRWOMAN PENA: No. No, just the
6 amendment.

7 COMMISSIONER STEBBINS: Okay, thank you.

8 CHAIRWOMAN PENA: Okay. So with that we'll
9 go on --

10 MR. PERRY: Madame Chair, a point of order.

11 CHAIRWOMAN PENA: Yes.

12 MR. PERRY: I proposed a friendly
13 amendment, and I thought we were going in that
14 direction. I think a friendly amendment could be
15 accepted by the sponsor. I'm saying -- I'm sorry, I
16 don't mean to --

17 CHAIRWOMAN PENA: I'm sorry. She had
18 accepted it. She had accepted it. So do we have to
19 vote on it?

20 MR. PERRY: No.

21 CHAIRWOMAN PENA: No, she had accepted it.

22 MR. PERRY: Very good. Thank you.

23 CHAIRWOMAN PENA: So for the record, sorry
24 if you didn't hear that.

25 Okay. I know exactly. That's the way I

1 feel.

2 So the amendment passed.

3 [6-1 vote. Motion passes.]

4 CHAIRWOMAN PENA: So now we're going to go
5 on to R-8, appropriating funds for operating the
6 Albuquerque Bernalillo County Water Authority for
7 the fiscal year beginning July 1, 2014 ending
8 June 30th, 2015. All in favor say yes.

9 ALL MEMBERS: Yes.

10 CHAIRWOMAN PENA: Opposed?

11 COUNCILLOR GARDUNO: No.

12 CHAIRWOMAN PENA: So, again, that's 6-1.
13 Motion passes.

14 [6-1 vote. Motion passes.]

15 CHAIRWOMAN PENA: So then we'll go on to
16 R-9, appropriating funds for the capital
17 implementation program for the Albuquerque
18 Bernalillo County Water Authority for the fiscal
19 year beginning July 1, 2014 and ending June 30th,
20 2015.

21 Any discussion?

22 COMMISSIONER DE LA CRUZ: Move approval.

23 COMMISSIONER O'MALLEY: Second.

24 CHAIRWOMAN PENA: There was a first and a
25 second, Commissioner De La Cruz and Commissioner

1 O'Malley. All in favor say yes.

2 ALL MEMBERS: Yes.

3 CHAIRWOMAN PENA: Opposed?

4 COUNCILLOR GARDUNO: No.

5 CHAIRWOMAN PENA: 6-1, motion passes.

6 [6-1 vote. Motion passes.]

7 CHAIRWOMAN PENA: And then with that we
8 will move on to other business. Item A, OB-8,
9 drought and water use update.

10 Katherine Yuhas. Hi.

11 MS. YUHAS: Hi. Madame Chair, Members of
12 the Board, I have several things to talk about with
13 you tonight and I'm so excited that I'm not last.
14 We have drought, water use, and the annual operating
15 plan.

16 So you'll see on the left side of the
17 screen the drought map from January and on the right
18 the map from May 13th. And what you'll see is the
19 drought has gotten worse throughout much of
20 New Mexico. And in Bernalillo County we've gone
21 from being in moderate drought, that tan color, to
22 severe drought, the orange. And that has some
23 implications for us and the drought management
24 strategy.

25 This next is a few slides from the National

1 Oceanic and Atmospheric Administration on their
2 predictions for increases in precipitation. This
3 map for June looks good. You know, we've got some
4 green into New Mexico. But I've been looking at
5 these maps for months and this green keeps getting
6 pushed out in time. It was going to be May it
7 started raining. Now it's going to be maybe June.
8 This next slide shows you the prediction for June,
9 July, and August. So that's really starting to look
10 better for New Mexico.

11 So all that I'm saying with this, and I
12 think we're seeing, is that it might be a real
13 monsoon season type of rain, maybe not quite so
14 early in the year. And then finally we have July,
15 August, and September. And, wow, if this comes to
16 pass what a nice thing that would be.

17 And with all of those rain predictions this
18 is the drought map for the end of August. And
19 you'll see New Mexico is all tan, and that means
20 improvement in the status of the drought throughout
21 the state of New Mexico. And there's even a little
22 green blob, which I think might sort of be where we
23 are. I'm not sure. And that is drought removal
24 completely. So certainly the National Oceanic and
25 Atmospheric Administration is very hopeful about

1 improvement of the drought conditions.

2 This next is -- again, this factors into
3 the rainfall predictions, and it is a map showing
4 the development of El Nino. And it goes through all
5 the way February of 2015. So the red bars are
6 El Nino. And for people who haven't been looking at
7 this for the past four years with me, El Nino
8 typically brings us rain. The blue bars are
9 La Nina. Those are the conditions that typically
10 make it drier here. And the green bars represent
11 neutral conditions.

12 And so these are based on a bunch of
13 different models that they run about the atmosphere.
14 And so what we're seeing is a shift from right now
15 where that green bar dominates, the farthest on the
16 left of your screen, to the red bars dominating. So
17 a lot of confidence in El Nino conditions developing
18 and continuing through the winter, which would be
19 wonderful in terms of the snow pack for us.

20 And I'll take a second to ask if there are
21 any questions about the drought before I switch to
22 my next topic.

23 COMMISSIONER O'MALLEY: I think someone who
24 has been looking at projections for a number of
25 years now, how do the projections for the last year

1 jive with what really happened?

2 MS. YUHAS: Well, what we had last year was
3 a prediction of dry conditions. We were actually in
4 neutral conditions last year and the rain that we
5 got was not predicted. The reason we went to a
6 drought watch and had some mandatory measures last
7 year was just for the reason that we thought it was
8 going to be very dry. And then July and September
9 really surprised us. So, you know, that's how good
10 the predictions are.

11 Anything else? Okay.

12 MR. PERRY: The slide that shows July,
13 August, and September, you said was really great.
14 How did we look last year at this time?

15 MS. YUHAS: Last year at this time this
16 slide was white, equal conditions. So this is
17 certainly favorable. You know, and it's supposed to
18 even rain this weekend. So there's, you know -- I
19 don't want to be too much of a doomsayer. I just
20 don't want to -- so now we're moving on to our
21 annual goal for the year and conservation and water
22 use.

23 This slide is from the conservation plan
24 that we adopted last year. And as Stan talked
25 about, the goal was to get to 135 gallons per person

1 per day by 2024. And we got to 136 last year in
2 2013. A lot of that savings came from outdoor
3 watering being curtailed. A lot of the savings came
4 from our big turf customers last year. So if we
5 don't have that same rainfall we won't have that
6 same savings this year. Dependable water
7 conservation savings comes at one or two gallons per
8 person per day each year as people change their
9 landscapes, change their toilets, do things that are
10 long term sustainable.

11 The type of savings we saw last year were
12 kind of a fluke, I would characterize it as. We may
13 maintain that if we get more rain, but it's not the
14 way things usually happen.

15 So the goal, I point out for 2014 from the
16 plan, is 146. So we looked at and we talked about
17 amongst the staff what should the goal be for this
18 year. What's appropriate? Should we stick with the
19 plan and say the goal is 146? Should we have it be
20 lower than last year? Should it be somewhere in
21 between? And after discussion we decided that the
22 prudent thing, because conservation is always good
23 and it's a drought, was to aim to keep water use the
24 same as last year, and so to aim for that 136
25 gallons per person per day.

1 Now, if we don't get that rain that's
2 predicted I don't think that will happen because,
3 you know, we had such a dramatic drought last year.
4 But nevertheless that's what we're aiming for.

5 So when we look at water use we're going to
6 be comparing just to last year's use, and that's
7 what this slide shows. And Michael Jensen was
8 correct. There was a typo on this slide. And the
9 bar on your left should say that total use is
10 8.276 billion gallons. Sorry that I missed the 2.
11 But you can see that from the graph itself that
12 water use is lower this year than last year. It's
13 actually 308 million gallons lower.

14 Another positive thing is that our surface
15 water use is actually higher than last year's. So
16 surface water, you know, that gets -- flows through
17 gets renewed that we want to increase so that we can
18 decrease our groundwater, keep that supply. That's
19 going the way we want it to.

20 And now I'll talk a little bit about the
21 drought advisory that was put in place at the
22 beginning of May. We adopted an updated drought
23 management strategy in 2012. And the way the
24 drought stages are decided upon is two criteria.
25 One is groundwater pumping, and that goes across the

1 top of this graph, and then our anticipated GPCD,
2 which goes down the side of the graph.

3 And it's those two factors together that
4 help us decide where we should be in terms of a
5 drought stage. So it's not just a flat, you know,
6 one number, one trigger. It really has to do with
7 customer behavior and what we anticipate for the
8 rest of the year. So where we are right now is
9 we're at our groundwater pumping goal and we're less
10 than two gallons per capita per day over our goal,
11 so we're in that green area. That's wonderful.

12 And when we're in that green area we can
13 enter into a drought advisory, and that happens
14 whenever the majority of Bernalillo County enters
15 into severe drought. And that's not something the
16 Board has to even act on because there are no
17 mandatory measures associated with it. All it is is
18 an increase in advertising and awareness for our
19 customers. So we went into that at the beginning of
20 the month. And you'll see the drought messaging on
21 all the TV and radio and billboards.

22 And finally, the annual -- oh, I'll stop
23 and ask if there are any questions before I move
24 into the annual operating plan. Nope, okay. Good.

25 So the annual operating plan is submitted

1 to the Fish and Wildlife Service each year in the
2 spring. And the purpose is to let them know what we
3 are doing in terms of surface water usage. So the
4 first column in this shows the drinking water
5 project and what we anticipate using from that. The
6 thing to note on that is that in July, August, and
7 September we anticipate not being able to use the
8 drinking water project because of the drought and
9 flow being low in the river. Everything else on
10 this chart comes out of what we're planning to do
11 with the surface water use.

12 So the next column is our groundwater
13 pumping. The one after that is the non-potable
14 project. And that's the water that's used on the
15 north side of town for irrigation. It comes from
16 the horizontal wells that go underneath the river,
17 very shallow.

18 And then the last column is the wastewater
19 reuse at the water reclamation plant. And that
20 fourth column, that can increase as much as we want
21 without affecting our gallons per capita per day
22 usage because that's a second use. That water has
23 been already been counted the first time and so the
24 Office of the State Engineer does not require us to
25 consider that usage when calculating the GPCD.

1 Now, ultimately our water use probably
2 won't look exactly like this. But this is our best
3 guess about what things are going to happen over the
4 next year. This is an increase in our drinking
5 water project usage. This is about a 45 percent
6 supply and last year it was only 40 percent. So
7 that's positive too. We're increasing the use of
8 surface water.

9 And the last slide is that same information
10 just shown to you on a graph. The yellow is the
11 demand, red is groundwater, the blue with the black
12 squares is surface water. And down at the bottom
13 the green is the non-potable and the purple is our
14 wastewater. Those are significant even though they
15 look small just because of the scale of the graph.

16 And I'd be happy to answer any questions
17 about any of this.

18 CHAIRWOMAN PENA: Any questions for
19 Ms. Yuhas?

20 Councillor Garduno.

21 COUNCILLOR GARDUNO: Thank you, Madame
22 Chair.

23 Katherine, again, thanks very much for
24 putting all this together. It's really informative.
25 On this very last slide these are accumulative

1 sources that we have of water; is that right? So
2 demand is -- although it's the highest line, we
3 offset that demand by the other uses?

4 MS. YUHAS: That is correct. So all the
5 uses underneath the yellow demand line add up to the
6 yellow line.

7 COUNCILLOR GARDUNO: Right.

8 MS. YUHAS: Uh-huh.

9 COUNCILLOR GARDUNO: So that we could have
10 an accumulative line shadow, if you will, the demand
11 line?

12 MS. YUHAS: Yes, that is correct. Uh-huh.

13 COUNCILLOR GARDUNO: Okay. Thank you.

14 Thank you, Madame Chair.

15 CHAIRWOMAN PENA: Okay. Commissioner
16 Stebbins.

17 COMMISSIONER STEBBINS: Thank you, Madame
18 Chair.

19 So, Ms. Yuhas, I'm not sure I understand
20 this slide, and I'm sure it's just my ignorance.
21 The blue line that shows the diversion --

22 MS. YUHAS: Uh-huh.

23 COMMISSIONER STEBBINS: -- why does that
24 drop to zero in the months of July, August, and
25 September?

1 MS. YUHAS: Because of the drought, and we
2 are anticipating the worst-case scenario. Now, if
3 we don't have to shut down the project, wow, that
4 would be great and we'll use more surface water,
5 less groundwater. But to be conservative we are
6 anticipating not being able to use it for July,
7 August, and September.

8 COMMISSIONER STEBBINS: Okay. That answers
9 my question. Thank you.

10 Thank you, Madame Chair.

11 CHAIRWOMAN PENA: No other questions?

12 Thank you. I appreciate it. Look forward
13 to the rain this year.

14 Okay. With that OB-9, Kirtland jet fuel
15 spill update. Rick Shean and Eileen Marcillo?
16 Sorry. Marcillo.

17 MR. SHEAN: Madame Chair, Members of the
18 Board, thank you and good evening. Thank you for
19 the opportunity. I apologize. My name is Rick
20 Shean, water quality hydrologist with the
21 Albuquerque Bernalillo County Water Utility
22 Authority. I'll be joined by Eileen Marcillo of
23 Interra, Inc. a little later to sort of go through
24 some of the more technical discussion.

25 Tonight I'm providing you with the status

1 on the activities that Water Authority staff had
2 gone through related to the Kirtland Air Force Base
3 spill and also an independent conceptual site model
4 and a plume containment strategy for this bulk field
5 facility spill that Interra, who has been working
6 with us since November of 2010 to provide us some
7 independent third-party expert evaluation of the
8 data that's being produced from the investigation of
9 this site.

10 Just some basic general activities. We've
11 had ongoing discussions with the Air Force Civil
12 Engineering Center located in San Antonio on the
13 development of a contingency plan. We were very
14 hopeful that at the next meeting of this Board we'll
15 have a plan to propose and somewhere beforehand
16 we'll have a public meeting to allow the public to
17 view the contingency options that we're looking at
18 and considering in the event that any of the jet
19 fuel spill reaches one of our production wells.

20 We've also been reviewing and providing
21 input on interim measure proposal documents that
22 have been prepared by Kirtland Air Force Base's
23 contractor. We've been preparing with Interra an
24 independent conceptual site model, that is just a
25 picture of what's going on, and a conceptual

1 remediation plan, a strategy. You know, so a
2 concept that could be, you know, hopefully grabbed
3 on by, you know, either Kirtland's contract or just
4 sort of incorporate within the development of their
5 interim measures.

6 We've also been collaborating with the
7 New Mexico Environment Department regularly. And I
8 noticed Mr. Tom Blaine of the Environment Department
9 here earlier who is a senior project manager with
10 NMED and leading the task. And I have to say I'm
11 very, very appreciative of his leadership on this
12 project in making sure that the Water Authority's
13 input is involved in the process. We're getting our
14 money's worth that we're spending on Interra to --
15 included.

16 I will jump to what the purpose of the
17 conceptual plan was, the strategy that Interra will
18 be describing tonight. It came about, you know, as
19 we looked at the conceptual site model. And the
20 Water Authority is going to have to make some
21 operational decisions in the future, and a lot of it
22 depends on the movement of this plume, the aquifer
23 health in the area of this plume. Everything from
24 what's the state of our drought reserve to what can
25 we do with the expansion of drinking water wells or

1 replacement of wells and sort of our asset updating.

2 What this plan shows, it demonstrates that
3 there's an effective site for remediation that can
4 be a potential interim measure. And it also
5 demonstrates that the capturing of this EDB plume is
6 possible in an effective manner and in a manageable
7 manner, and most importantly in a location that's
8 close to the estimated edge of this plume.

9 Now, I would note that -- again, and
10 reiterate this is individual or independent, a
11 third-party idea that we're putting out there. It's
12 not a part of the formal RCRA process that Kirtland
13 Air Force Base and NMED are, you know, overseeing
14 and participating in. But as a stakeholder, I mean,
15 this is something that we submit as something that
16 should be considered.

17 With that I would like to invite Eileen
18 Marcillo up to sort of go in and start with the
19 conceptual plan. But I'd also like to reintroduce
20 Interra to you because they have been working with
21 us and I think they've presented us -- presented
22 once to us back in 2011. But they have been working
23 with us closely in a part of the evaluation process
24 all along.

25 MS. MARCILLO: Thanks, Rick.

1 Madame Chair and Members of the Board, as
2 Rick said I'm Eileen Marcillo with Interra. And
3 we've been supporting the Water Authority as a
4 third-party reviewer of the Kirtland fuel spill
5 since November 2010. And to give some background,
6 we've reviewed the majority of the documents that
7 have been submitted on the project and provided
8 technical input to the Water Authority on these
9 documents.

10 We've performed environmental and Water
11 Resources work throughout the United States and
12 Europe for over 40 years and in New Mexico for 20.
13 We've worked extensively on the investigation and
14 remediation of fuel spills throughout New Mexico and
15 the United States. And we also have experts in
16 numerical contaminant stimulations used to evaluate
17 and design remedial alternatives.

18 So prior to going into the conceptual
19 remediation plan I'm going to present the
20 contaminant -- sorry, the conceptual site model that
21 we're currently developing for the site. The
22 purpose of developing a conceptual site model is to
23 understand the processes and the features that are
24 controlling the migration of the fuel contamination.
25 So in doing so we identified three contaminant

1 domains that we focused on.

2 And here's a little a brief -- a little
3 cartoon to kind of illustrate what these contaminant
4 domains look like in the sub surface. In the upper
5 right-hand corner there's the aerial photograph of
6 the site. And we have a cross section line. A is
7 within the source area, the bulk fuel facility site,
8 and extends up to A prime. Beyond A prime is where
9 the Ridge Crest water supply well field is located.

10 Along this line we have monitoring wells
11 that have been installed by the Kirtland Air Force
12 Base consultant. Looking at these larger pictures,
13 what these wells look like in the sub surface. So A
14 is on the left and A prime is on the right. We have
15 our ground surface at the top extending down to our
16 water table. And each of these lines corresponds to
17 a monitoring well or a monitoring well cluster.

18 And as you can see we have pink blocks, and
19 those correspond to the screened interval for the
20 shallow monitoring wells. The yellow blocks
21 represent the intermediate monitoring wells. And
22 the blue blocks represent the deeper monitoring well
23 network.

24 In the shading here, the red, the orange,
25 and the pink shading corresponds to the ethylene

1 dibromide or the EDB dissolve phase or dissolve
2 contamination plume. So the three contaminant
3 domains that we looked at are light non-acerous
4 phase liquids. This is what I'm going to refer to
5 as LNAPL or the fuel located within the vadose zone.
6 And that's represented here by the yellow rectangle.
7 It's also shown how it falls on that cross section
8 line in the aerial photograph.

9 And the LNAPL and the vadose zone -- and
10 vadose zone is that unsaturated volume of earth that
11 extends from the ground surface to the water table.
12 And at the site this is about 480-feet thick. Our
13 second contaminant domain is represented by this red
14 rectangle. And we estimate -- and this is the LNAPL
15 located at or below the water table, and we estimate
16 this to be about 7 to 11 feet at a minimum. And
17 this corresponds to the rising water level that
18 we've seen since 2009. As we've seen this rising
19 water level the LNAPL is being smeared below the
20 water table.

21 And the third contaminant domain poses the
22 highest threat to the water supply well field, and
23 that's the dissolved contamination domain. And
24 that's represented here by the blue rectangle. And
25 as you can see it extends -- it's about 15 feet

1 thick below the source area and it gets thicker as
2 you move down gradient. And we don't know the depth
3 or how deep does this EDB contamination truly
4 extend. We know it's greater than 60 feet.

5 So in developing this conceptual site model
6 it's really important to understand, well, what is
7 the mass within each of these contaminant domains
8 and how is it distributed. Not only what is the
9 mass within each domain but how is it being
10 transferred between domains? So if you look at this
11 yellow arrow with a question mark, this is just
12 representing, well, how much mass is being moved
13 from within the vadose zone into the saturated zone
14 on LNAPL and at what rate.

15 And same goes between the saturated zone
16 LNAPL into the dissolved contamination, how much and
17 at what rate? It's important to understand the
18 quantity and the rates that are being transferred
19 between these contaminant domains to really assess
20 the implications of the current and future impact to
21 the aquifer health as well as being able to identify
22 clean up strategies that could be effective within
23 each of these domains.

24 So as we're developing this conceptual site
25 model we identified several key data gaps within

1 each domain. Some of the key data gaps that we
2 identified within the LNAPL and the vadose zone is
3 that we are very limited on LNAPL saturation and
4 chemical data for soil. Less than 6 percent of the
5 soil within each soil boring has been characterized.

6 If we had a better understanding of
7 characterizing this vertical thickness of the vadose
8 zone we'd understand how much fuel is really located
9 in this volume of earth and do we have migrating
10 LNAPL that is still moving towards the water table.
11 Not only what is that mass but what is the chemical
12 composition. Does this fuel that potentially is
13 migrating towards the water table contain EDB and
14 how is that going to implicate the dissolved
15 contamination domain and how long is it going to
16 take for that mass to potentially reach the water
17 table.

18 For LNAPL within the water -- at or below
19 the water table similar data gaps are identified.
20 It's really what is that mass that's below the
21 current water table. Understanding this mass really
22 will allow us to understand how long this plume is
23 going to last, what is the life span of this plume,
24 and what could potentially be the mass below the
25 water table in the future. We've seen water levels

1 rise. At this potential we'll continue to see water
2 level rise. As the water level rises what is that
3 additional mass that we're going to be adding this
4 domain.

5 NMED is currently reviewing the RCRA file
6 investigation reports that were submitted to
7 March -- submitted at the end of March. And we're
8 also, on behalf of the Water Authority, reviewing
9 these to see if these data gaps have been
10 identified.

11 And the third contaminant domain data gaps
12 is for the dissolved contamination domain. And
13 these figures are illustrating the shallow EDB
14 plumes. On the left we have the end of 2012 and on
15 the right we have the end of 2013. Each of these
16 dots represents either a water supply well or a
17 monitoring well. The two purple dots in the upper
18 right-hand corner are your Ridge Crest 3 and Ridge
19 Crest 5 monitoring wells.

20 The gray dots are locations that do not
21 have EDB detected at them or detected above the
22 laboratory reporting limits. And these colored dots
23 represent monitoring wells where EDB has been
24 detected in the shallow aquifer. Red being our
25 higher concentrations and that deep blue being the

1 locations where the EDB has been detected right
2 below the MCL, the EPA MCL.

3 You might be able to see that there's black
4 triangles in some of these dots. And those
5 represent the monitoring well locations that the
6 water table has risen above the top of the screen.

7 There's three features that I want to point
8 out, the first being the two red question marks.
9 And that is we don't have an understanding of how
10 far this plume has migrated to the northeast. So
11 the plume extent has not been defined. We don't
12 know where to draw that line. The second important
13 feature is we're seeing -- we're losing our ability
14 to monitor the higher concentration plume as we see
15 additional monitoring wells, screens being
16 submerged.

17 And the third being although you may look
18 at this and say, well, the plume boundaries look the
19 same it's important to understand that the
20 concentrations within the plumes are fluctuating and
21 there is no apparent trend.

22 So the data gaps that we identify for the
23 dissolved contamination domain is the EDB plume is
24 still not fully delineated, and that's shown by the
25 two red question marks on the previous slide. But

1 also we don't have an understanding of how deep this
2 plume extends. And the current deep monitoring
3 network will not be able to fill this data gap.

4 The dissolve plume is not stable. We're
5 seeing the source mass is likely increasing. And as
6 I stated before it's very important this is -- will
7 expand the lifetime of this plume. It's important
8 that long-term monitoring is required to show these
9 plume changes. As we see the water levels
10 potentially rising we're going to start to lose our
11 ability more and more to be able to assess the
12 higher concentration plume as these well screens get
13 submerged.

14 And then we do not have aquifer test data
15 near the downgrade and edge of the plume. And this
16 is really important in understanding, well, what are
17 the hydraulic properties at this? And that will
18 allow us to assess how the plume is approaching and
19 migrating towards the water supply well field.

20 So in developing this conceptual site model
21 and filling these data gaps we'll be able to assess
22 the impacts to the aquifer health as well as
23 identifying clean up strategies. And so we're
24 looking at remediation plans for all contaminant
25 domains. But our primary focus right now is looking

1 at a potential remediation plan for the dissolved
2 contamination domain as this poses the highest
3 threat.

4 So we're evaluating several different
5 remedial alternatives to contain and remove
6 dissolved EDB approaching the Ridge Crest well
7 field. The one alternative that we're looking at
8 more closely is installing extraction wells at that
9 downgrading edge of that plume and extracting the
10 contaminated groundwater thus mitigating the risk to
11 the water supply well and hydraulically containing
12 the EDB dissolved plume.

13 And I'm going to present to you our
14 preliminary results, and it's important to -- that
15 the Water Authority has been collaborating with NMED
16 and state in developing these for medial options.

17 So we created a simple model that's
18 consistent with the other models that have been
19 developed for this site. This model was used to
20 identify the locations that these extraction wells
21 could be placed, the number of potential extraction
22 wells needed to successfully contain the plume, and
23 determine the pumping rates that would be required
24 to capture the plume.

25 Some assumptions that went into the

1 development of this model include that we used
2 available data for hydraulic properties, porosity,
3 gradient, and we used a conservative estimate for
4 hydraulic conductivity. Groundwater flow is driven
5 by the regional gradient. And the water supply well
6 field is Ridge Crest, and those located beyond
7 really play a large role in driving this regional
8 gradient.

9 And the last assumption was that no
10 contaminant contribution from the source, that the
11 source was cut off. And this will not affect the
12 number of wells or how hard we have to pump. It
13 really affects how long we're going to have to pump.

14 So preliminary results show that we could
15 install seven capture wells at the downgrading edge
16 of the plume and we could pump these wells at
17 60 gallons per minute. So that's a total of
18 420 gallons per minute, which is a manageable volume
19 of water. For comparison purposes, if you look at
20 the Ridge Crest well field one of these wells can
21 pump up to 3,000 gallons per minute. And on a
22 higher -- high estimate of domestic household well
23 is 5 gallons per minute.

24 So I'm going to show you actually the model
25 simulation. But prior to showing that I want to

1 kind of present what you guys will be looking at.
2 So I presented below all these shallow and
3 intermediate and deep wells. And here on the left
4 we have the known extent of what we know now of the
5 shallow dissolved phase plan. In the middle we have
6 the extent of the intermediate dissolved EDB plume.
7 And on the far right we have the deep EDB dissolved
8 plan. The black dots located at the downgraded
9 edge, those are locations where we identified as
10 extraction well -- potential locations for
11 extraction wells.

12 Within these plume extents we placed little
13 contaminants or particles. And so it's important as
14 we ran and simulated the model that we capture all
15 these particles and none of these particles escape
16 past these extraction wells. The design would not
17 be robust enough if we saw that particles were
18 escaping. So the goal was to really capture all
19 these particles and effectively contain the
20 dissolved phase plan.

21 So, yes, as you can see as the pumping
22 wells turn on you'll see the particles move towards
23 these extraction wells. And these are the seven
24 that we identified that are pumping at 60 gallons
25 each and they're containing and they're capturing

1 each of these particle traps. And it's important to
2 see that, you know, none of these particles move
3 past and escape, I guess, to say through.

4 So this is, you know, our preliminary
5 results of -- and we're not proposing this as a
6 final remedy, but that it's an effective method that
7 can be used to mitigate risk and that it is possible
8 with a manageable volume of water to contain and
9 capture the EDB dissolved plume.

10 MR. SHEAN: Thank you, Eileen. I just want
11 to follow her and conclude. Our conceptual site
12 model prepared by Interra shows there is still some
13 critical gaps, data gaps. And perhaps the RCRA
14 facility investigation reports that were submitted
15 at the end of March that are being reviewed by NMED,
16 maybe they'll answer many of the questions that we
17 have but maybe they won't. Interra, on our behalf,
18 will be reviewing that document.

19 A slow progress in development of the
20 containment remediation plan for this down gradient
21 EDB plumes really is sort of the driver. I mean,
22 that statement is based on my observations working
23 for the Water Authority for three years. I had --
24 there had not been a proposal, you know, submitted,
25 you know, to deal with this. But I would say, and

1 take you back to the August meeting where NMED and
2 Kirtland stood up here and pledged that they would
3 get three primary tasks complete by the end of 2014.

4 The last one, being December 31st, is
5 having an interim measure plan to deal with this
6 plume. So what we've submitted tonight and what
7 we'll do once it's final and given to the rest of
8 the stakeholders is here's an option and here's what
9 we would expect. Here's an area in the aquifer that
10 we want the spread of the contamination to stop at.

11 We believe that there are other activities
12 certainly that need to be evaluated to protect our
13 wells but we would -- we have appreciated the
14 collaboration that we've had at NMED and seated at
15 the table and the working -- the work we've been
16 able to do with the stakeholders, Kirtland Air Force
17 Base included. I think that's going to lead to a
18 successful solution at least until we get to the end
19 of the year when we have these tasks completed or at
20 least in earnest completed December 31st. They may
21 call and we may see more tasks added.

22 With that, Madame Chair, I'm open to
23 questions and Eileen will also be available.

24 CHAIRWOMAN PENA: Thank you. Thank you for
25 the presentation. Commissioner Stebbins has a

1 question.

2 COMMISSIONER STEBBINS: Thank you, Madame
3 Chair.

4 So I want to say thank you to both of you
5 for being here tonight. I think it's important to
6 have this presentation tonight to give kind of
7 everybody an idea of what the Water Utility has been
8 doing on this issue. I think there are some of us
9 who -- you know, I follow this very closely. I know
10 Councillor Garduno does because this plume is
11 located in our districts. But I think obviously
12 it's clear to everybody that this is something that
13 affects all water users throughout the county.

14 And I've been following this. I know that
15 Interra has been on board since November of 2010
16 doing this work and yet I hear from time to time
17 comments from the community that the Water Utility
18 Board hasn't been doing anything, we don't care.
19 You know, why are we not doing more.

20 And I think it's important to point out --
21 and I think it's my personal MO not -- you know, I
22 don't do a press release. I don't make a speech
23 every time. I write a letter any time I take an
24 action that moves us along. And so I think that has
25 led to the impression that we're not doing anything.

1 So I think it's really valuable to have you here and
2 make it clear that I think the Water Utility staff,
3 Interra as our contractor, Rick, you as the point
4 person on this, really has been focused on this and
5 been making sort of concrete steps towards some kind
6 of resolution. And I think we all recognize you
7 have been presenting -- doing this work, presenting
8 it to NMED, presenting it to Kirtland and to
9 Kirtland's contractor with various levels of
10 success. And I think that's important.

11 I think you have been out there on a
12 regular basis saying this is what we see in the
13 data. These are the problems we see. These are the
14 solutions that we think might be practical. And
15 sometimes you are at the table and sometimes you are
16 not. I think that's a really important issue to
17 bring out.

18 It's not that the Water Utility has not
19 been doing anything. I think it's important to
20 point out that you have, you know, with varying
21 degrees of acceptance by the two parties who
22 actually have a role in this process. So I want to
23 say thank you for that.

24 And I'm not sure whether -- I know Tom
25 Blaine is here. I don't know whether he is willing

1 or available to answer some questions tonight. I
2 don't want to put you on the spot, Tom, but I do
3 have a couple questions as it relates to what we've
4 seen tonight.

5 MR. BLAINE: Madame Chairman, Board
6 Members, my name is Tom Blaine. I'm with the
7 New Mexico Environment Department. I am the
8 division director for the Environmental Health
9 Division under Secretary Flynn.

10 COMMISSIONER STEBBINS: Well, thank you
11 very much for being here. So I know that in a
12 letter that was sent to the Air Force contractor on
13 April 24th the secretary expressed some concerns
14 about the quality of the work that was being done by
15 the contractor. Given the -- I guess are you
16 satisfied with the contractor's characterization
17 efforts given the data gaps that have been presented
18 to us tonight?

19 MR. BLAINE: In following the RCRA process
20 the Air Force has submitted what's called an RFI,
21 and that's a RCRA facility investigation report.
22 And that is a report that's required to be submitted
23 for the New Mexico Environment Department's review.
24 And we're in the process of reviewing that document
25 now. And I don't have -- I think it would be

1 premature to have any comments on whether there's
2 data gaps or additional site characterization that's
3 going to be needed that comes out of that.

4 That report was submitted to us on
5 March 31st, and our staff -- I've asked our staff to
6 have it reviewed by the end of June. That was
7 before the WIPP facility had their problems and LANL
8 had their problems, so that time may have to be
9 adjusted. But we are committed to moving this
10 document through our process quickly.

11 Just so you have an appreciation for the
12 magnitude of the document that needs to be reviewed,
13 the problem -- there's two volumes, one that deals
14 with the soil vapor and one that deals with the
15 groundwater, and they're both about 1,000 pages
16 each. The text in the report is small in comparison
17 to the volume of the report. Most of it is data.
18 And so each of that -- each of those data sets need
19 to be evaluated and confirmed through a review
20 process.

21 COMMISSIONER STEBBINS: Thank you. And,
22 again, I want to thank you for being here and your
23 willingness to answer these questions.

24 MR. BLAINE: Oh, you're welcome.

25 COMMISSIONER STEBBINS: I also want to say

1 that I -- you know, I hear from the Water Utility
2 staff, from Interra, from Rick Shane, from Mark
3 Sanchez that you have really been very receptive to
4 the input from our experts on this process, which I
5 think is a departure from the past, so we really
6 appreciate that.

7 So the last time you were here, I think and
8 when Secretary Flynn was here, there was some
9 discussion about an agreement between NMED and the
10 Air Force that certain benchmarks would be met in
11 2014. And I know one of those benchmarks was -- or
12 one of those deadlines was June 31st. I'm just
13 wondering of the -- I know one of those goals was an
14 expansion of the SVE system.

15 MR. BLAINE: Yes.

16 CHAIRWOMAN PENA: Can you bring us up to
17 date on where each -- where those three projects
18 are?

19 MR. BLAINE: Madame Chairman, Commissioner,
20 there were three tasks that were identified that had
21 deadlines. The first was expansion of the soil
22 vapor expansion system, which essentially vacuums
23 soil -- vacuums hydrocarbons or gasoline vapors out
24 of the soil and treats them through a burning
25 process.

1 The second task that was identified was the
2 treatment of the LNAPL and EDB plume in the region
3 of the release area. The third task was to develop
4 and implement a treatment of the ethyl dibromide
5 plume itself.

6 The first task, the soil vapor expansion,
7 was slated to have been completed by March 31st.
8 And the Air Force did meet that commitment by adding
9 additional wells and expanding the footprint of
10 extraction of vapors from the area.

11 COMMISSIONER STEBBINS: Was that expansion
12 what you had expected?

13 MR. BLAINE: You know, it's the first step
14 in what we have -- what we're expecting. Once they
15 provided that expansion of the footprint and
16 additional wells we did require of them to develop a
17 work plan that will show expansion to the
18 destruction unit that is used to destroy the
19 hydrocarbons. And so we've given them until the end
20 of the fourth quarter, the end of December 2014 to
21 have that operational.

22 And that may or may not be the end of that
23 too. We need to go in and evaluate, watch and see
24 the performance of that to really make any
25 determinations.

1 COMMISSIONER STEBBINS: And the reason I
2 ask you about that, I think it's been explained to
3 me that the SVE system, the soil vapor extractors
4 are a much more cost effective way of dealing with
5 this contamination, that it's cheaper to pull it out
6 of the soil before it reaches the groundwater. And
7 so I think I was very optimistic when I -- when that
8 discussion came up. I hope that that continues,
9 that expansion continues beyond what I would
10 consider a very modest expansion that has happened
11 to date.

12 MR. BLAINE: Madame Chair, Commissioner,
13 yes, that will be -- that is on our radar is to
14 continue to press forward for the expansion of the
15 destruction and destruction rates for that system.

16 COMMISSIONER STEBBINS: Uh-huh. All right.
17 So the LNAPL removal plan, how would you say that's
18 going?

19 MR. BLAINE: The target date on that was
20 June 30th of 2014. And there -- like anything else,
21 a couple of false starts on some direction that the
22 Air Force wanted to pursue. And one of the false
23 starts was looking at what's called an anaerobic
24 destruction or anaerobic degradation of the plume.

25 Because of concentrations in the level of

1 hazardous waste constituents that's in the water at
2 that location they were proposing to extract some
3 water, treat it, and then reinject it and allow some
4 nutrients that they were going to place in this
5 injected water to feed the bacteria that will expand
6 the population and let it do its job faster.

7 Well, part of the problem with that is
8 going through the permitting process and getting the
9 proper permits for the injection of this water
10 through our groundwater quality bureau and through
11 our hazardous waste bureau. So any time you pump
12 out hazardous waste, and because of the location of
13 the proposed wells that they were going to be using
14 to extract this water, because of those locations
15 it's in the highest concentration areas of the
16 plume.

17 And it required what was called a -- and
18 I -- it's called a rap. It's a plan, it's a permit
19 that they have to get to extract water and reinject
20 it. And the other permit they need is a groundwater
21 discharge permit, and that's through our groundwater
22 bureau. So the permitting process on that, because
23 of the levels of contamination, required what's
24 called a permit modification or an expansion to the
25 permit to allow them to do it, which would require

1 public input, which requires public notice.

2 And then if there's sufficient public
3 interest in this it could go to hearing. And so the
4 process to develop that as a treatment technique
5 could take as much as a year. And so we advise the
6 Air Force that we felt that even though that they
7 were making progress in this area and doing some
8 bench testing of some of the nutrients that they
9 were going to inject it wouldn't meet the
10 requirements that New Mexico Environment Department
11 had placed on them or the expectations to meet the
12 success for task number two.

13 And so we met with the Air Force and their
14 contractor and talked about another option, which
15 would be an anaerobic treatment or an air sparging
16 system that would inject air down into the aquifer
17 which would volatilize the constituents into the
18 air. And then there would be a well that would
19 create a vacuum that would suck those constituents
20 out. And that can be accomplished by the end of
21 June.

22 I'm sorry for the -- for the long --

23 COMMISSIONER STEBBINS: No. I appreciate
24 that level of detail, I really do. And I won't ask
25 you about the EDB plume because I see that and it's

1 still a little ways away.

2 So just one final question. So I realized
3 earlier this year that the contract that I had
4 been -- what I thought was a final contract was
5 actually a draft, and I'm talking about the
6 performance based contract between Shaw
7 Environmental, now CB&I, and the Air Force that I
8 actually didn't have the final one. And some of the
9 deadlines that were contained in the version I had
10 may or may not be in the final version.

11 Do you have a copy of the final version of
12 the contract?

13 MR. BLAINE: We do not have a copy of the
14 contract, and it's not important to us. Our
15 responsibility is to ensure that the RCRA process is
16 followed and that this site is fully remediated.
17 Whatever contractual agreement the Air Force has
18 with their contractor does not play into any of the
19 decisions that we make. We're not going to be
20 guided by a contract. We will be guided by the
21 public law which is the RCRA process.

22 COMMISSIONER STEBBINS: So the goals and
23 objectives of the clean up are very clear under the
24 RCRA process, complete remediation, is that --

25 MR. BLAINE: Yes.

1 COMMISSIONER STEBBINS: Okay. And so how
2 that gets done is really between Kirtland and
3 Kirtland's contractor.

4 MR. BLAINE: That is correct.

5 COMMISSIONER STEBBINS: Okay. All right.
6 I think that answers my questions. Again, thank you
7 so much for coming and for being willing to answer
8 these questions.

9 MR. BLAINE: You're welcome.

10 COMMISSIONER STEBBINS: Thank you, Madame
11 Chair.

12 CHAIRWOMAN PENA: Thank you. Commissioner
13 O'Malley had a question.

14 COMMISSIONER O'MALLEY: Thank you, Madame
15 Chair.

16 Well, I had a question for the consultants.
17 You had a little -- I just need to start talking
18 louder. Thank you.

19 So you had a little -- so you have this
20 proposal and you have this -- you've outlined --
21 well, you have the -- you've modeled the plume to a
22 certain extent but you say there's these gaps in
23 data. You don't have the information about the
24 edge. You don't know where the edge is necessarily,
25 and that would require that some more wells be

1 constructed or drilled.

2 So who would make that decision on -- and
3 who would have to do that? I mean, it seems like we
4 have a proposal from an independent third-party
5 consultant but yet the responsibility, it doesn't
6 seem to be with the Water Authority to make this
7 happen because it's under the jurisdiction of the
8 state as its groundwater. We have the responsible
9 party, which is Kirtland Air Force Base, and they
10 have a contractor. So how does this work?

11 MS. MARCILLO: Yeah, thank you.

12 MR. BLAINE: I apologize, Madame Chair and
13 Commissioner O'Malley.

14 COMMISSIONER O'MALLEY: Because I really
15 like that whole thing going on there.

16 MR. BLAINE: I'll answer the question for
17 Eileen. Actually NMED would make the call and how
18 they feel about the RCRA facility investigation
19 report, whether they feel a data gap does exist
20 where we suggest there's one and whether or not new
21 wells need to be drilled.

22 COMMISSIONER O'MALLEY: Okay. Because as a
23 layperson, you know, I could see how people who live
24 around there who have been working on this could get
25 very excited about this proposal after all the plume

1 is gone in something like 10 seconds or so
2 especially if you do this modeling.

3 And I find it interesting about that plume.
4 I guess it's -- now, I don't know enough about it,
5 but is this plume -- has this plume dissipated? Is
6 it getting bigger or is it like an amebae that just
7 is kind of out there floating about? Because when
8 you're looking at this modeling and you're removing
9 it, it looks like it doesn't break up, that the
10 edges don't, you know, break apart and go into other
11 areas. It looks like it stays intact. Is that the
12 way it really works?

13 MR. BLAINE: Madame Chair and Commissioner
14 O'Malley, I mean, the model doesn't -- it cannot
15 simulate everything, any degradation that can occur
16 as its moving. As Eileen mentioned earlier in her
17 presentation, I mean, there was an assumption that
18 the source in the groundwater where the fuel hits
19 the aquifer, that something was being done. So as
20 we see the footprint now that's what's being carried
21 by the groundwater and moving toward those wells.

22 So this model does not simulate it. I
23 mean, there can be other sophisticated models that
24 may be able to do that, but this one, I mean, just
25 due to the location where these wells are right at

1 the edge it has the benefit of showing where water
2 would flow immediately downgrading of the plume.

3 COMMISSIONER O'MALLEY: Okay. And so you
4 have two of the water wells, water supply wells.
5 You had put Kirtland Air Force Base water well and
6 also Ridge Crest not very far from this plume. So
7 these wells are still active? We're still pumping
8 water in these wells?

9 MR. BLAINE: Yes, Kirtland 3, their well,
10 production well is actually right behind Cesar
11 Chavez Community Center, Ridge Crest Well Number 5,
12 a little further north, approximately 4,000 feet
13 away from the estimated edge.

14 COMMISSIONER O'MALLEY: These are under
15 full production?

16 MR. BLAINE: And they are under full
17 production, that's correct.

18 COMMISSIONER O'MALLEY: Wow. So this is,
19 my understanding, some of the highest quality
20 pristine water in that area in the aquifer.

21 MR. BLAINE: Well, we believe it is high
22 quality and that these are high-yield wells.

23 COMMISSIONER O'MALLEY: I bet, yeah. Well,
24 I think it's important that, you know, from a
25 layperson's point of view and when we see this and

1 having to deal with the plume in my neighborhood
2 many years ago with all kinds of decontaminants and
3 trying to understand, you know, what can be done,
4 it's very, very frustrating. And to be honest, you
5 know, I've listened to this for a while too.

6 The last year I wasn't on the Water
7 Authority but we were hearing presentations. And
8 understandably the community was frustrated because
9 it seemed to -- that over and over again it was like
10 we have a problem, we understand the problem, but we
11 don't really have an idea of what to do about it.
12 It's too complex or because of the contaminants we
13 don't have really good extraction methods. On and
14 on we'd hear this. And I could see how people would
15 get frustrated.

16 I know we've had some testimony earlier
17 that -- from folks who have followed this, have
18 worked on it, have been very frustrated with the
19 Water Authority and the other agencies about not
20 getting it cleaned up right away. So sometimes when
21 something like this is presented it's like, wow,
22 this seems like the solution. Let's get on it.
23 Let's move. Let's get this going, but it's not that
24 easy is what you're saying. It's not that simple.

25 That said, I also wanted to comment because

1 I happen to know that -- and this is in Commissioner
2 Stebbins' district and Councillor Garduno's
3 district, I don't know all the work and
4 conversations Councillor Garduno has had but I
5 happen to know that Commissioner Stebbins has been
6 on this. She has talked with the federal
7 delegation. She has read all the reports. She is
8 looking for and has tried to figure out how to move
9 this forward and find solutions to this problem.

10 So I want to make that clear that, you
11 know, there's people here and also the staff that
12 have not said, oh, you know, this is a problem that
13 we can't deal with. It's too complicated or they've
14 been dragging their feet, because I have not seen
15 that happen. I see that people are very interested
16 in finding a solution to this. This, after all, is
17 so important to the city. These wells are, as I
18 said, so high quality, and of course we don't want
19 contaminations in the wells.

20 Thank you. That's all I have to say.

21 MR. BLAINE: Thank you.

22 CHAIRWOMAN PENA: Councillor Garduno.

23 COUNCILLOR GARDUNO: Thank you, Madame
24 Chair.

25 And I'm not going to put out a news

1 release, but I am going to invite people to a forum
2 tomorrow night at Cesar Chavez where this issue will
3 be discussed in detail and from other perspectives.
4 So that invitation is out there. And it would be
5 nice to see some of these folks out there just so we
6 don't feel so lonely.

7 You know, it says here that Interra was
8 asked to develop a conceptual remediation plan to
9 address the groundwater contamination, but it was
10 based on extend -- information, information that's
11 been given to these folks. And how do you get new
12 information out of old and how do you say, you know,
13 this is a new model with old information? And how
14 do you say we are able to then predict contaminant
15 removal when we've been given whatever it is we've
16 been given and we can't really vet it. We can't say
17 this is wrong or right. It's just what we have.

18 So that's, you know, problematic for me
19 already. The other part that I think we need to be
20 talking about is that there is -- and as
21 Commissioner O'Malley said and Commissioner Hart
22 Stebbins, there's a lot of cross talk. For instance
23 it says here in an article just -- in today's
24 article actually base spokesman Carl Grusnick said
25 that the Air Force had not received information

1 about the proposal and declined to comment on it.

2 Would we not give them any information for
3 a reason or they would not know about this?

4 MR. BLAINE: Madame Chair and Councillor
5 Garduno, no, this document has not been finalized as
6 of yet. I mean, this update comes at a time that we
7 are probably -- we're close to releasing it. We
8 wanted to give the Board, you know, sort of the
9 first chance to sort of hear about it and understand
10 it because basically the input I've gotten after the
11 article went out this morning, it seemed to be a
12 very important juncture certainly for the Water
13 Authority so we wanted you to hear it first.
14 Certainly the concept --

15 COUNCILLOR GARDUNO: But -- but we didn't
16 hear it first.

17 MR. BLAINE: Well, that --

18 COUNCILLOR GARDUNO: I mean, it was in the
19 paper this morning. Not the report, but certainly
20 knowledge that it was out there.

21 MR. BLAINE: Councillor Garduno, I
22 recognize that. I know that once we put the agenda
23 and the meeting packet out it's for anybody to find.

24 COUNCILLOR GARDUNO: It also -- in that
25 same article it also said that the State Environment

1 Department said that they are reviewing a new report
2 from Kirtland and will determine whether the base
3 needs to provide additional data. So if NMED thinks
4 that there's data that's not been forthcoming or at
5 least that there should be more data available,
6 wouldn't that impact this modeling report?

7 MR. BLAINE: Councillor Garduno, I would
8 agree. Yes. I mean, if there was new information
9 about the extent, whether it's a little further than
10 we believe it is, whether, you know, it's closer to
11 the base boundary than we believe it is, that would
12 adjust, you know, any proposal to deal with the
13 downgrading.

14 COUNCILLOR GARDUNO: And as much as I enjoy
15 seeing the -- as Commissioner O'Malley said, seeing
16 the plume disappear by looking at this model and
17 this animation, I'd like to go back to where the
18 vertical wells are shown on -- it's back pretty far.
19 If you could -- further. It's there.

20 MR. BLAINE: That?

21 COUNCILLOR GARDUNO: Right. Now, it talks
22 about as if people knew where the plume is and what
23 the characterization is and then how it's going to
24 be remediated. And in fact it shows -- in fact at
25 the end of A prime it shows three wells that exist

1 where there's no plume ostensibly. So we would, I
2 guess, guess that that's it. I mean, that's the
3 head of that plume and that would be where you would
4 drill the seven wells that you were talking about
5 and start drawing water that's contaminated.

6 And I guess you would draw the
7 contamination towards those wells and then pump,
8 treat, and disburse, however that's going to happen.
9 It talked about irrigating, landscaping, and other
10 things. And it's been known for quite a while.
11 We've seen this modeling in other presentations and
12 by the Air Force, as a matter of fact, where they've
13 talked about, you know, where they think things are,
14 how deep the plume is, and how they could get to it,
15 but they were going to do it through vapor
16 dispensing and then vapor burn off.

17 And that in the article it also said that
18 to this day, 15 years since the discovery, no
19 contaminated water has been cleaned up. So there's
20 been some fumes that have been burned off, but the
21 water continues to be contaminated. So how, by
22 presenting a new bigger engine, is that going to
23 help? And I guess that's sort of a rhetorical
24 question. Nobody knows. And in fact they tried a
25 bigger one, I think, and then it didn't work or

1 something happened so they continued to -- or they
2 disbanded that idea.

3 Since we know all that why hasn't anything
4 happened in the last 15 years? You know, and that's
5 the thing that I think everyone is asking, not
6 whether you're right or wrong or bad you and good
7 us, but you know what it is. You know it's water
8 that's contaminated. Remove it, treat it, get it
9 done. You know, and I'd say that to NMED and I'd
10 say that to Kirtland Air Force Base also. But
11 whenever you say that all of a sudden you're
12 antimilitary, you're anti whatever. And that's sort
13 of the characterization that happens rather than
14 getting to the job of getting things done.

15 And it's tiring just because it's
16 non-productive. You know, I don't cherish the idea
17 of getting into an argument with big guns from
18 Kirtland Air Force Base. That doesn't get us
19 anywhere, you know. But yet 15 years later not a
20 gallon of contaminated water has been treated.
21 Vapor has been burned off but that's it.

22 So, you know, I appreciate this
23 presentation and I think it's informative, but it
24 doesn't get us to the point where the Water
25 Authority is telling Kirtland Air Force Base get

1 your act together, get it done, because we get into
2 another little argument about whether the Water
3 Authority has authority to say that. I venture to
4 say we do. We are the Water Authority. And why we
5 haven't been a little more strident, a little more
6 out there in saying to those folks, listen, you
7 know, this has to get done.

8 So, again, the invitation holds for
9 tomorrow night.

10 Thank you, Madame Chair.

11 CHAIRWOMAN PENA: Thank you, Councillor
12 Garduno.

13 So with that we don't have any other
14 questions. Just thank you for your presentation.
15 You know, I just want to reiterate what Commissioner
16 O'Malley said is that, you know, I'm new to the
17 Water Authority but since I've been here there was a
18 comment earlier about what's being done and not
19 being done. But since I've been on this board I
20 know that Commissioner Stebbins and Commissioner
21 Garduno, although it's important to all of us,
22 they've really been strong advocates for resolving
23 this issue. And the staff, you guys have been on
24 it. So thank you, appreciate it.

25 And with that, seeing no other business, we

1 are adjourned. Thank you.

2 [The meeting adjourned at 7:13 PM.]

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REPORTER'S CERTIFICATE

I, Lisa Reinicke, court reporter, do hereby
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Lisa R. Reinicke,
Court Reporter