

ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
Wednesday, January 28, 2015

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

Before: Paul Baca
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

COMMISSIONER MAGGIE HAR STEBBINS, Chairman

COUNCILLOR TRUDY JONES, Vice Chairman

COUNCILLOR REY GARDUNO, Member

COMMISSIONER DEBBIE O'MALLEY, Member

COMMISSIONER ART DE LA CRUZ, Member

COUNCILLOR KEN SANCHEZ, Member

TRUSTEE PABLO RAEL, Ex-officio Member

MAYOR RICHARD BERRY, Member (Excused)

MR. ROB PERRY, Admin. Officer, Alternate Member

1 VICE CHAIRWOMAN HART STEBBINS: Good
2 evening. I call to order this January 28, 2015,
3 meeting of the Albuquerque Bernalillo County Water
4 Utility Authority. Let the record reflect that
5 all members of the board are present, with the
6 exception of Trustee Pablo Rael, who is excused
7 from this evening's meeting.

8 We're going to begin tonight's meeting
9 with a silent invocation, followed by the Pledge
10 of Allegiance, led by Councillor Sanchez.

11 (Whereupon, there was a moment of.
12 silence.)

13 (Whereupon, the Pledge of Allegiance
14 was led by Councillor Ken Sanchez.)

15 VICE CHAIRWOMAN HART STEBBINS: Our first
16 order of business is to approve the minutes of
17 November 19, 2014. I move approval.

18 COMMISSIONER DE LA CRUZ: Second.

19 VICE CHAIRWOMAN HART STEBBINS: We have a
20 second from Commissioner De La Cruz. All in
21 favor, say aye.

22 ALL MEMBERS: Aye.

23 VICE CHAIRWOMAN HART STEBBINS: Opposed?

24 That motion passes unanimously.

25 (7-0 vote. Agenda Item 3 approved.)

1 VICE CHAIRWOMAN HART STEBBINS: At this
2 point in time, I would like to start by
3 recognizing a very important individual who's
4 joined us tonight. I think many of you may have
5 expected to see her here in this chair. But I
6 would just recognize City Councillor Klarissa Pena
7 for her year as chair of the water utility
8 authority.

9 So, Councillor Pena, I was pretty sure I
10 saw you here. I'd like to just invite you up. At
11 the beginning of last year, it was kind of baptism
12 by fire. I don't know if you might be the first
13 board of this chair in your first term. But I
14 want to thank you and say that you were a seasoned
15 pro at running these meeting. So I want to thank
16 you for all of service and we're going to miss
17 you.

18 COUNCILLOR PENA: Thank you. It was an
19 interesting year. Yes, baptism by fire. I really
20 appreciate serving on the board. I just really
21 want to thank Mr. Sanchez, all his staff. They
22 worked diligently.

23 Ms. Yuhas, I'm going to miss the drought
24 report.

25 And, really, to thank people like Elaine

1 and Michael who come all the time to all the
2 meetings and attend. And they're really advocates
3 for the community, as well as the work that you
4 guys do. I think you put your heart and soul into
5 making sure that you protect our precious
6 resource, which is water.

7 So thank you all. I really appreciate
8 it. I've enjoyed it. And like I told Mr. Sanchez
9 earlier, hopefully I'll be back.

10 VICE CHAIRWOMAN HART STEBBINS: Commissioner
11 De La Cruz.

12 COMMISSIONER DE LA CRUZ: Madam Chair.
13 Thank you, Madam Chair.

14 Councillor, I would like to also thank
15 you for your service last year. You did a great
16 job as the chair.

17 And I don't know, Madam Chair, if we
18 could maybe have Mr. Sanchez have Katherine Yuhas
19 give Councillor Pena her person drought report.

20 Thank you, Madam Chair, Madam Chair.

21 COUNCILLOR PENA: Thank you.

22 VICE CHAIRWOMAN HART STEBBINS: Thank you.

23 Councillor Sanchez.

24 MR. SANCHEZ: Thank you, Madam Chair.

25 I wasn't on the board last year,

1 Councillor Pena, but I want to thank you for your
2 work as chairman of the board. And I think this
3 board can drink to that, but that's going to be a
4 glass of water.

5 VICE CHAIRWOMAN HART STEBBINS: Thank you.

6 So if you would join us, we have a
7 little token of our appreciation. Thank you.

8 And next, Councillor Jones.

9 COUNCILLOR JONES: Thank you, Madam Chair,
10 Madam Acting Chair. Thank you.

11 Along the lines with Councillor Pena,
12 former chair, we have a little token of
13 appreciation for you as the vice chair, the 2014
14 vice chair. Thank you so much.

15 VICE CHAIRWOMAN HART STEBBINS: Well, thank
16 you, Madam Chair for that. I appreciate it.

17 Now, we go on to -- if there is no
18 objection, we will move Item 10A, the election of
19 officers, up to this point in the agenda. Are
20 there any objections?

21 All right. Seeing none, we will start
22 with nomination for chair. Are there any
23 nominations?

24 Commissioner O'Malley.

25 COMMISSIONER O'MALLEY: Madam Chair, I kind

1 of dropped the ball a little bit there. I would
2 like to nominate our acting chair, Commissioner
3 Stebbins, for chair position.

4 COMMISSIONER DE LA CRUZ: Second.

5 VICE CHAIRWOMAN HART STEBBINS: Thank you.
6 We have one nomination. Are there any other
7 nominations? Councillor.

8 COUNCILLOR GARDUNO: Thank you, Madam Chair.
9 I move the nominations cease.

10 VICE CHAIRWOMAN HART STEBBINS: We have a
11 motion to cease nominations. All in favor, say
12 aye.

13 ALL MEMBERS: Aye.

14 CHAIRWOMAN HART STEBBINS: Opposed?

15 That motion passes unanimously.

16 We have one nomination for chair. That
17 would be me. So I guess by acclimatation, I will
18 be chair for the next year. So by acclimation.

19 (7-0 vote. Motion approved.)

20 CHAIRWOMAN HART STEBBINS: Commissioner De
21 La Cruz.

22 COMMISSIONER DE LA CRUZ: Thank you, Madam
23 Chair. I may be out of order at this point, but I
24 wanted to make a nomination for vice chair.

25 CHAIRWOMAN HART STEBBINS: I would like to

1 hear that nomination for vice chair.

2 COMMISSIONER DE LA CRUZ: Thank you, Madam
3 Chair. I nominate Councillor Jones Councillor
4 Jones.

5 MR. PERRY: Second.

6 CHAIRWOMAN HART STEBBINS: We have a motion
7 and a second to nominate Councillor Jones. Are
8 there any other nominations?

9 Councillor Garduno.

10 COUNCILLOR GARDUNO: Thank you, Madam Chair.
11 I move nominations cease.

12 CHAIRWOMAN HART STEBBINS: We have a motion
13 to cease nomination. All in favor, say aye.

14 ALL MEMBERS: Aye.

15 CHAIRWOMAN HART STEBBINS: Opposed?

16 All right. Nominations are closed. We
17 have one nomination for vice chair. That is
18 Councillor Trudy Jones, and she is elected by
19 acclimatation.

20 Congratulations, Councillor.

21 COUNCILLOR JONES: Thank you.

22 (7-0 vote. Motion approved.)

23 CHAIRWOMAN HART STEBBINS: We are now on to
24 Item Number 4, proclamations awards. It's time
25 for the water utility's quarterly employee awards.

1 We're going to start with Emerson Silva, who is
2 being recognized with \$250 plus eight hours of
3 time off. Emerson worked tirelessly to enhance
4 the current computer-aided assisted drawing file
5 accessibility system and organization of the
6 system. He created a step-by-step guide for all
7 staff to use. His effort saves numerous man hours
8 in searching drawings and other information that
9 is now easily accessible and critical for realtime
10 use in the field.

11 That's outstanding. Thank you for that.
12 And I think all of our ratepayers thank you for
13 that.

14 MR. SILVA: Thank you very much. I
15 appreciate this.

16 CHAIRWOMAN HART STEBBINS: We are also
17 recognizing Mauricio Correion, Ronnie Lovato, Amy
18 Ashton, Steve Medina, and Portfilio Maestas. \$100
19 each. If you are here, we'd like to invite you
20 up.

21 They're each receiving \$100 for their
22 extreme efforts to repair the critical conveyor
23 system at the Southside Reclamation Plant. The
24 efforts kept the plant running. Failure would
25 have resulted in devastating effects on all the

1 upstream processes, such as solids would have
2 backed up in secondary digesters, primary
3 clarifiers, wasting activated sludge was
4 impossible without anyplace to put it and
5 potentially causing a permit violation.

6 These employees demonstrated a
7 dedication to the plant, their teammates and their
8 leadership and the commitment to the success of
9 Southside Reclamation Plant and concern for the
10 environment.

11 I want to thank you for that. That is
12 really outstanding.

13 Next we're recognizing Christopher
14 Cadena with \$250 plus eight hours of time off.
15 Mr. Cadena created an online application for the
16 service availability process. This allows
17 customers to simply follow a process online to
18 request service, streamlines the approval process
19 used by the water authority, saving time,
20 resources and substantially improves customer
21 service.

22 Mr. Cadena, thank you for your excellent
23 work.

24 MR. CADENA: Thank you, Madam Chair, members
25 of the board.

1 CHAIRWOMAN HART STEBBINS: Next we're
2 recognizing Loretta Lente-Montez with \$100.
3 Loretta continues to go above and beyond the call
4 of duty in her willingness to do what is necessary
5 and never complains about what is required to get
6 the job done. Loretta has a strong work ethic and
7 operational knowledge of the Southside Water
8 Reclamation Plant. Always eager to train other
9 employees, she's an asset to the organization and
10 helps improve the contributions of everyone around
11 her. So we want to thank Loretta for that.

12 Next we recognize Deborah Waltz-Burkett
13 and Clifford Hidalgo. They are being recognized
14 with \$300 each for taking the incentive -- the
15 initiative to troubleshoot problems with the
16 customer service database, which was experienced
17 problems with program runs. Due to their efforts,
18 the customer services division is operational at
19 all times during work hours and continues to be
20 100 percent accurate for billing. So thank you
21 for work. And I apologize if I mispronounced your
22 last name. Thank you very much for your service.

23 Next we honor Dennis Baldonado and
24 Robert Moraga, \$250 each plus eight hours of time
25 off. Dennis and Robert performed the first

1 in-house rebuild of an industrial engine at the
2 cogeneration facility of the reclamation plant,
3 saving the water authority over \$79,000 on
4 potential contractor costs and eliminating any
5 down time.

6 That's fantastic. Thank you so much for
7 your service.

8 UNIDENTIFIED MALE EMPLOYEE: Thank you.
9 Appreciate it.

10 CHAIRWOMAN HART STEBBINS: You deserve that.

11 And next we recognize Joseph Vargas, \$50
12 plus four hours. Joseph has worked for the water
13 authority for over 23 years. I think we might be
14 missing a name here.

15 I'm sorry, sir. I think we recognized
16 somebody named George as well. I don't have
17 George on here. George Romero, please.

18 George, you were not on my list. I
19 apologize.

20 Both George and Joseph have gone above
21 and beyond their duties of sludge hauling and
22 disposal of bio-solids, working long hours to keep
23 up with large compost contracts and sludge
24 disposal. Their knowledge and understanding of
25 regulatory requirements for disposal or compost

1 production helps eliminate potentially costly
2 violations.

3 So thank you.

4 Bianca Nunez, Celeste Rael and Barbara
5 Romero. Bianca will be recognized with \$175, 250
6 each for Celeste and Barbara. All three employees
7 were instrumental in changing the newly
8 implemented cash-handling functions in the
9 customer services division, which consisted of
10 integrating the billing and cashiering systems in
11 customer service. Their work saved over \$125,000
12 in recurring costs.

13 So you are rightly recognized for that
14 outstanding effort. Thank you.

15 Commissioner De La Cruz.

16 COMMISSIONER DE LA CRUZ: Thank you, Madam
17 Chair. I have to admit that I was a instructor at
18 CNM once upon a time, and Celeste was one of my
19 students. Congratulations, Celeste.

20 CHAIRWOMAN HART STEBBINS: All right. Next
21 we have Timothy Chavez, Bianca Nunez and Trina
22 Mooneyham.

23 Bianca is being recognized with \$175,
24 and \$300 each for Time and Trina for their work in
25 developing the infrastructure and implementing a

1 new phone network and system. The rollout began
2 Friday after hours and was completed in time for
3 Monday morning calls and will save \$190,000 in
4 recurring costs.

5 So thank you. That is really
6 outstanding.

7 And then we recognize David Carruthers,
8 Louie Sanchez, Jimmy Vigil, David Trujillo, David
9 Archibeque, Martin Ruiz-Sena, Chi Marquia and
10 Ruben Martinez, with \$100 each.

11 The water participates in the PNM
12 Summertime EnerNOC Peak Saver Program. PNM pays
13 the water authority to shed power loads around the
14 utility, which helps PNM have power availability
15 to other customers throughout the state. In order
16 to be successful without jeopardizing water
17 service to the community, the control center
18 operations and SCADA staff juggle the requirement
19 of maintaining the broader reserves in the tanks
20 by selecting and shutting off the right pump
21 within the required ten minute response time from
22 EnerNOC's phone call.

23 During each shedding event, the staff
24 successfully recovered the system to normal
25 operating status. PNM called for seven load shed

1 events from June through September. Over the last
2 60 years, the team has managed to earn more than
3 \$1.7 million for the authority.

4 Again, that is really outstanding. And
5 thank you very much for your work.

6 And last, but not least, we recognize
7 Julie Glasser with \$100, one of our water quality
8 specialists. Julie is recognized for successfully
9 completing an entire year of low-level mercury
10 monitoring at the Southside Water Reclamation
11 Plant with no violations of the most stringent
12 permit limit. This monitoring is extremely
13 challenging, due to the numerous sources of
14 mercury that could contaminate the sample, such as
15 smoke and ambient air and mercury fillings.

16 So congratulations, and thank you for
17 your work.

18 We are now on public comment. How many
19 people do we have signed up.

20 MS. JENKINS: We have two people signed up.

21 CHAIRWOMAN HART STEBBINS: We have two
22 people signed up. Just a reminder, each speaker
23 will have three minutes, with a warning at two and
24 a half minutes.

25 Ms. Jenkins, will you please call the

1 first speaker.

2 MS. JENKINS: Michael Jensen, followed by
3 Elaine Hebbard.

4 MR. JENSEN: Hi. I haven't been here for a
5 little while so it's nice to see you all. The
6 last time I was here I was probably working for
7 Amigos Bravos, and I'm no longer working for them.
8 I am now the Middle Rio Grande Urban Water's
9 ambassador for the Urban Water Federal
10 Partnership, which is 14 federal agencies, 28
11 national nonprofits, and 19 sites around the
12 country.

13 So I would like perhaps to have the
14 opportunity at some future meeting to do a brief
15 presentation about that to the board, and I will
16 make appointments to talk with staff about ways
17 that the water utility authority can join in this
18 collective effort to improve urban waters in the
19 communities that depend on them in this region.

20 Now, since it's me, I also have to say
21 some things about stuff on the agenda, if you'll
22 bear with me a little bit.

23 You're going to get a water use update
24 that has a report on the drought status, and I
25 know that Ms. Yuhas likes to be upbeat, and I have

1 a lot of sympathy with that. So you'll hear that
2 precipitation is expected to be above normal for
3 the next three months, which I have no reason to
4 doubt that, but multiple agencies -- in January,
5 the USDA, the Rio Grande Basin Supply Outlook
6 Report and MRCOG just the other day are all saying
7 that snowpack is going to be below normal again.
8 Runoff and stream flow in the Rio Grande are going
9 to be below normal again, kind of like last year.

10 So you all need to know that as early as
11 you can because it impacts conservation, drought
12 management, rate setting, or how the rates might
13 play out, and the budget. So I'm just sort of
14 presenting the other side of that. Not all
15 precipitation is snow, so...

16 Then the other thing that's on the
17 agenda tonight is the customer advisory committee,
18 and you all know from other comments I've made in
19 the past that I would have preferred the customer
20 advisory committee to follow the original
21 resolution, that it represent the broad interests
22 and diversity of this community that's served by
23 the water utility authority. But it seems like
24 there's going to be a customer technical advisory
25 committee. And in that light, I have a couple of

1 comments.

2 The summary in the agenda says that the
3 point is to have outside experts, but at least
4 three of the people that are on customer advisory
5 committee right now are not exactly outsiders.

6 And this is not meant at all to demean those as
7 individuals or their technical capacity, which I
8 know is quite high. But there's somebody
9 representing Carnuel that's trying to get that
10 contract completed to get service from you all.

11 And it will just take me like 15 more
12 seconds.

13 And there's somebody who works for a
14 senior manager in the company that's marketing the
15 Santolina development. And Mark Sanchez just
16 wrote a letter to the county planning commission
17 saying that you all, the water utility authority,
18 will provide water to those 90,000 residents and
19 the associated businesses. And the chair is the
20 lead on the ASR project.

21 So there's ways to deal with conflicts
22 of interest within the resolution for the CAC.
23 But it's just this appearance that a lot of the
24 members are working for entities that really
25 depend on contracts or promised services from the

1 water utility authority. That's all.

2 MS. HEBBARD: Good afternoon. My name is
3 Elaine Hebbard, and I, too, would like to suggest
4 that the CAC needs to represent that geographic
5 and broad interest in the service area so that the
6 advice provided to this council or this board
7 really does represent a lot more than just the
8 technical or just the feedback from a controlled
9 environment such as the customer conversation.
10 You need to have a group that has a deep and
11 common understanding of the issues that not only
12 face the utility but also face the region.

13 And so that would mean, I think, that
14 the CAC has to be much more involved than they
15 are. Right now, once a month they come together,
16 listen to two or three PowerPoint presentations,
17 make a few comments, and that's about it. I know
18 because I have been going to virtually every one
19 of them since they were formed.

20 And I think that the fiscal or the
21 financial picture that is facing the utility right
22 now is a really good reason as to why the CAC
23 needs to have timely information as well as the
24 board does. The presentation of the FY14 CAFR is
25 listed on consent agenda so far, and it says that

1 it has no fiscal impact. But if you'll look at
2 Pages 14 and 15, for example, of the CAFR, the
3 revenues for FY14, instead of what was budgeted,
4 which was 199 million, actually were 182 million.
5 Meanwhile, the expenditures, which were budgeted
6 at 193 came in at 199. So you had a huge
7 difference between revenue and expenditure,
8 something like \$16.8 million in FY14. And I think
9 that has a fiscal impact.

10 The year before that the gap was 13 --
11 sorry, 15.7 million. This has been ongoing since
12 2009. So it's not just a matter of consumption in
13 one year or not. And then you look at next -- at
14 FY15. I was given information up through November
15 of last year, and it still projects that there
16 will only be a \$2.5 million shortfall between what
17 was budgeted and what was going to be received.
18 That would mean that revenue would have to jump
19 \$20 million almost. I don't see how it can when
20 at the same time, Ms. Yuhas' report is showing
21 consumption went down. So if consumption is water
22 production and water sales aren't going up, how
23 can you make 20 million more dollars?

24 So, again, having timely, good
25 information is really needed. Not only for today

1 but also to be able to fill all those gaps in the
2 asset management plan and to project for the
3 future needs. Thank you.

4 CHAIRWOMAN HART STEBBINS: Thank you.
5 Mr. Sanchez, if it would be appropriate at this
6 time, could you address the discrepancy that
7 Ms. Hebert just raised between the budget and the
8 CAFR numbers.

9 MR. SANCHEZ: Madam Chair, I don't have much
10 of a voice due to a cold. I'll have Stan Allred
11 do that.

12 But one thing I would say is, if you
13 recall, the rate adjustment that occurred was on
14 the fixed portion of the bill, not on the
15 commodity. And, therefore, consumption will not
16 regulate the amount of revenue derived from that.

17 But Stan can elaborate more.

18 MR. ALLRED: Madam Chair, Members of the
19 Board, we're discussing 2015's revenue. Through
20 November, so the first five months of fiscal
21 year '15, revenues were a little over \$6 million
22 above the same period from the prior year. That
23 only equates to four months' worth of revenue.
24 The rates went into effect July 1st, so it was
25 based on July's consumption. So they basically

1 kicked in on that August. So for the first four
2 months, really, we generated a little over
3 \$6 million in additional revenue from the prior
4 year.

5 Take into account an estimate of about a
6 million dollars a month going forward and base
7 rate, that's an additional \$7 million. That takes
8 us to approximately 11 million. We're still
9 planning on selling Yale Reservoir for \$3 million.
10 I did reduce projections through the first quarter
11 by two-and-a-half-million dollars. The difference
12 is not \$20 million; it's approximately 17 to 18
13 million. We still have \$4 million in the rate
14 reserve if revenue drops off. I don't anticipate
15 that at this point in time. But we do have the
16 \$4 million in rate reserve. We did not use the
17 rate reserve in 2014. We met our debt coverage
18 without having to use that.

19 We are also currently through November.
20 We're almost \$3 million under budget on the
21 operating side. Of that 3 million, 2 million is
22 due to the refinancing that we just did in
23 September when we closed. So it's \$2 million in
24 savings from that debt service payments. We have
25 that 2 million as well.

1 So at this point, based on how we're
2 doing with our expenditures, and we still
3 anticipate with the revenue, with the rate
4 increase, I think our projections through the
5 first quarter are pretty reasonable. Little bit
6 of reduction to the projections as was due to the
7 consumption levels due to the fourth quarter of
8 last year.

9 So that's kind of where we stand.
10 That's kind of the difference. But a lot of it's
11 been made up of the rate increase that went into
12 effect on July 1st.

13 CHAIRWOMAN HART STEBBINS: Can you explain
14 the difference between the 2014 budget numbers and
15 what's reported in the CAFR? There's a
16 significant difference.

17 MR. ALLRED: Madam Chair, Members of the
18 Board, if you remember, you were part of the exit
19 conference when we had our exit conference, the
20 CAFR, the expenditures don't tie to what's in the
21 budget because the expenditures on the CAFR
22 include depreciation expense and amortization
23 expense. So those expenses, when we look at our
24 debt coverage and stuff way back, those expenses
25 are operating expenditures. So they're never

1 really going to tie, because what we're looking at
2 when we do the budget is we're looking at the
3 expenditures of the operating expenditures, we're
4 looking for debt service, and what we pay as our
5 transfers to capital.

6 The expenditures on the CAFR, just a
7 little bit different animal. They're two
8 different types ways to look at it. And those
9 expenditures include depreciation expense and
10 amortization expense, which are quite substantial.

11 CHAIRWOMAN HART STEBBINS: All right. Thank
12 you.

13 Any other questions?
14 Councillor Sanchez.

15 MR. SANCHEZ: Thank you, Madam Chair.

16 I want to first state that I'm really
17 please to see -- it's been a long time since we've
18 gotten the CAFR to the auditor's office in a
19 timely manner. When the city was doing the audits
20 for the water authority, it was running late and
21 that became a problem with some of our bonding
22 also.

23 But thank you for your work and your
24 staff's work in assuring that this comprehensive
25 annual financial report was filed in a timely

1 manner with the state auditor. Appreciate the
2 work.

3 MR. ALLRED: Madam Chair and Commissioner
4 Sanchez, just to reiterate on that, we were
5 probably one of the first entities in New Mexico
6 this year to file the CAFR. We filed the CAFR in
7 early November. It was approved by the state
8 auditor for us to go ahead and print it, send it
9 back up to them by November 29th. It was released
10 by the state auditor's office after their review
11 by December 12th.

12 Our prior audit, we had approximately 11
13 audit findings on that audit. We knocked six of
14 those audit findings off. We ended up having five
15 audit findings. And of the five, we've already
16 cleared up three of those for the next fiscal
17 year.

18 The ones that are just still outstanding
19 is, they would like us to bar code all of our
20 moveable assets and make sure we have an inventory
21 of all our moveable assets. And we do that for
22 all the vehicles, but with our generators and
23 those types of things, we need to just kind of do
24 a little bit more work to get those under control.

25 CHAIRWOMAN HART STEBBINS: Councillor

1 Garduno.

2 COUNCILLOR GARDUNO: Thank you, Madam Chair.

3 Mr. Allred, and I don't know, I'll ask
4 the board, I was going to pull C-15-2 and C-15-3
5 off of consent for discussion. We could either
6 continue the discussion here or wait till we get
7 to that place.

8 CHAIRWOMAN HART STEBBINS: What is the will
9 of the board?

10 Since we're on this, why don't we just
11 have that conversation now, if that's appropriate.
12 Is that okay with you, Councillor? Or shall we
13 just defer this until we get to that agenda item?

14 COUNCILLOR GARDUNO: Why don't we do that.

15 CHAIRWOMAN HART STEBBINS: We shall do that.

16 Thank you, Mr. Allred.

17 We are now on announcements and
18 communications. Next scheduled meeting of the
19 water utility board will be February 25th, 2015,
20 at 5:00 p.m. here in the Vincent E. Griego
21 Chambers.

22 I would also like to announce a vacancy
23 on the customer advisory committee the board
24 members or the public have any nominations, please
25 direct them to the online application or the water

1 authority's website, at www.abcwua.org.

2 We are now on first introduction or
3 first reading of legislation, Item 7A. We have a
4 request to move that, to suspend the rules and
5 move Item 7A to approvals.

6 COUNCILLOR JONES: Second.

7 CHAIRWOMAN HART STEBBINS: We have a motion
8 and a second to suspend the rules and move Item 7A
9 to approvals. All in favor, say aye.

10 COUNCILLOR GARDUNO: Madam Chair.

11 CHAIRWOMAN HART STEBBINS: Councillor
12 Garduno.

13 COUNCILLOR GARDUNO: Madam Chair, what is
14 the urgency?

15 CHAIRWOMAN HART STEBBINS: Mr. Sanchez,
16 would you like to address that?

17 MR. SANCHEZ: Madam Chair, Councillor
18 Garduno, this ordinance amendment relates it will
19 Carnuel project. If you recall, we had received
20 some state funding from the state finance
21 authority. We had requested a three-month
22 extension, which they've granted, and you've spent
23 the funds. They're requiring us to amend the
24 ordinance to reflect that additional time. That's
25 all this ordinance does.

1 COUNCILLOR GARDUNO: Madam Chair.

2 CHAIRWOMAN HART STEBBINS: Councillor.

3 COUNCILLOR GARDUNO: Mr. Sanchez, so what
4 we're doing is reversing the timeline so that we
5 can comply with the amount of time we've used?

6 MR. SANCHEZ: Madam Chair, Councillor
7 Garduno, yes, in a way. However, we have a
8 specific time frame for us to spend the money they
9 granted to us. We need an additional three months
10 because of public meetings citing the reservoir in
11 the East Mountains. They granted it. They
12 require us to amend the ordinance to reflect the
13 actual amount of time that we need.

14 Duane Brown from the Modrall law firm is
15 here, if you want more detail.

16 COUNCILLOR GARDUNO: I just wondered whether
17 we were in arrears, as it were --

18 MR. SANCHEZ: No.

19 COUNCILLOR GARDUNO: -- with the timeline or
20 -- if you want to say something about it fine, but
21 if I'm --

22 MR. BROWN: If you're good, I'm good.

23 COUNCILLOR GARDUNO: I'm comfortable with the
24 fact that we are within time.

25 Thank you, Madam Chair.

1 CHAIRWOMAN HART STEBBINS: All right. We
2 have a motion and a second to suspend the rules
3 and move Item 7A. All in favor, say aye.

4 ALL MEMBERS: Aye.

5 CHAIRWOMAN HART STEBBINS: Opposed?

6 That motion passes unanimously.

7 (7-0 vote. Motion approved.)

8 CHAIRWOMAN HART STEBBINS: We are now on
9 Item B. Mr. Allred, Duane Brown and Eric Harrigan
10 are here to present this item.

11 MR. ALLRED: Madam Chair, Members of the
12 Board, what you'll be presented is an ordinance
13 and a resolution for a plan borrowing that will
14 close plant in April of this year. It's got two
15 parts to it. The first part is for no money.
16 It's \$57 million for the next two years for our
17 basic program CIP spending. That was in the
18 fiance plan through the budget. And that would be
19 the capital match to the cash transfer.

20 Also, \$15 million on the makeup because
21 of the CIP shortfall for FY14 and '15 that we have
22 discussed before. And also in the new money, we
23 have \$6 million for the interceptor for odor
24 control at Central and Yucca.

25 We also plan on refinancing the 2007 MFA

1 loan, 2008 revenue bonds, and 2009 A-1 revenue
2 bonds in the amount of about \$196 million. Based
3 on yesterday's interest rates, the net present
4 value savings would anticipate to be \$16 million.
5 If we add the 16 with the \$20 million in the
6 present value savings from the loans we refinanced
7 in September, total savings will be about
8 \$37 million. And all these loans, there's no
9 change to the terms of those loans, so they won't
10 be extended in time and such.

11 The savings also are enough to offset
12 the 15 million and the \$6 million of new money
13 going forward and then still have approximately
14 \$10 million left in savings after those two are
15 paid for. We still plan on -- with this is the
16 ramp up of our CIP spending by \$3 million a year
17 and the rate increases that we'll go forward with,
18 fund the cash transfer and the ramp will be
19 through cash and not through bond proceeds.

20 And I stand for any questions. And if
21 none, I have Mr. Eric Harrigan with RBC Capital
22 Markets to go through the terms of the pending
23 deal.

24 CHAIRWOMAN HART STEBBINS: Councillor
25 Garduno.

1 COUNCILLOR GARDUNO: Thank you.

2 Mr. Allred, so am I hearing you say that
3 the amount of money that you mentioned, which is
4 the savings of 37 million, are you able to then
5 apply that to deficits going forward?

6 MR. ALLRED: Councillor Garduno and Madam
7 Chairman, it's over the life of those six loans.
8 There was six loans we refinanced. They range
9 anywhere from eight years to 15 years, I believe
10 Mr. Harrigan can correct me if I'm wrong. So it
11 would be through the life of those. The 15 and
12 the 6 million would be over a 12-year period.
13 Interest rates are about 2.1 percent as of
14 yesterday, and those moneys, the debt service
15 would be about 26 million versus the 37 million in
16 savings. So it's the life of all these loans we
17 would save us still about \$11 million and still be
18 able to do the 15 and the six.

19 The first loan that closed in September
20 of last year had for this fiscal year net present
21 value savings of about 2.6 million. The net
22 present value savings anticipated for this fiscal
23 year for the next three loans was to anticipate a
24 savings of approximately 2.4 million, which I
25 believe Mr. Harrigan will discuss as well.

1 COUNCILLOR GARDUNO: Madam Chair, if I may.

2 CHAIRWOMAN HART STEBBINS: Yes, please.

3 COUNCILLOR GARDUNO: Mr. Allred, I just want
4 us to make sure that I, for one, don't
5 misunderstand that this 37 million being amortized
6 over 12, 20, or whatever the numbers are, that
7 they don't get confused or conflated with debt
8 service that will we have right now and that's the
9 reason we continue going forward. And I think
10 sometimes we hear these numbers and we think,
11 well, we're in fine shape. But we're not
12 necessarily, are we?

13 Thank you, Madam Chair.

14 CHAIRWOMAN HART STEBBINS: Councillor
15 Sanchez.

16 COUNCILLOR SANCHEZ: Thank you, Madam Chair.

17 I'd like some clarification based on
18 fiscal impact I'm looking at here in the write-up.
19 It says: Based upon current market conditions,
20 the refunding will generate approximately
21 \$7.2 million in present value savings or
22 10.212 percent.

23 MR. ALLRED: Councillor Sanchez, Madam
24 Chairman, those numbers were based on the market
25 as of January 9 of this year, so when we wrote the

1 report. What I just told you was based on the
2 market values as of yesterday.

3 There's a lot of volatility in the
4 market today. There's anticipation that the muni
5 rates may drop tomorrow. I believe, we were just
6 talking about it, the ten-year treasuries at 1.75
7 and the 30 is 2.92. So we're talking about with
8 these three loans, they've got interest rates of
9 like a 5.5 percent interest rate, and taking them
10 down to 2.2 and 2.1 percent. So it's still worth
11 going to market and trying to get these savings.

12 COUNCILLOR SANCHEZ: And I'm very pleased to
13 see in this ordinance that we are finally going to
14 address the issue -- I know that we've done a good
15 job with the chemicals that have been used on
16 Yucca and Central, but that's been a problem for
17 nearly 20 years, and it looks like there's \$6
18 million added for that project.

19 MR. ALLRED: Councillor Sanchez and Madam
20 Chairman, that is correct. It's to realign the
21 interceptor. I'm not an engineer, but from what I
22 understand, it's the way it's designed. So the
23 odors will not be trapped anymore and it will
24 eliminate the problem.

25 COUNCILLOR SANCHEZ: Well, Councillor Pena

1 and myself and especially Louie Tafoya, the
2 president of the West Mesa Neighborhood
3 Association, is going to be very pleased to hear
4 this news.

5 CHAIRWOMAN HART STEBBINS: Thank you.

6 Mr. Allred, did you have others who
7 wanted to speak on this, Mr. Harrigan?

8 MR. ALLRED: Eric Harrigan of RBC Capital
9 Markets. And then we also have Duane Brown, with
10 Modrall, to discuss the bond ordinance.

11 MR. HARRIGAN: Good evening, Madam Chair,
12 Members of the Board. My name is Eric Harrigan
13 with RBC Capital Markets. We're the authority's
14 financial advisor.

15 Mr. Allred did a very good job of
16 summarizing the two transactions that are in the
17 ordinance, the refunding and the new money, so
18 I'll try to keep my comments brief.

19 The ordinance authorizes the refunding
20 of the seven NMFA loans, the 2008 bonds, the 2009
21 A-1 bonds. We are constantly monitoring the
22 market, as Councillor Sanchez was just pointing
23 out. In the information that's in your packet, a
24 savings with 7.1 million. The update that was
25 done yesterday, savings have dropped a little bit.

1 That volatility was going to continue to exist up
2 through till we price these bonds, but we'll
3 continue to monitor those. And if interest rates
4 aren't where they are to make sure that the
5 savings are sufficient and to target the savings
6 that we're looking for, we would potentially drop
7 out of either maturities or drop out of refunding
8 some of those bonds.

9 And I'll kind of go through the numbers
10 that we'll see in your packet here. Again,
11 they're a little bit on the old side; they're
12 about a week old. I don't know what I did, but I
13 reset the your iPad. But I will say that the
14 bonds for the 2007, '08 A's and the '09 A's, the
15 average interest rate on those bonds is
16 5.81 percent. Under current markets, the average
17 rate on that borrowing would be 2.72 percent.
18 That's a difference of 246 basis points, and
19 that's what's generating the present value
20 savings.

21 On the new money, the average borrowing
22 rate on that is about 2.03 percent, based upon
23 current markets. Both of these, both the
24 refundings and new moneys, comply with the
25 authority's debt policy in that the new money has

1 a final maturity of 12 years, and refunding
2 savings meet all of the tests laid out within the
3 authority's debt policy.

4 On Page 3, if you have it before you,
5 this is a breakdown of each of the series of
6 bonds. The 2007 NMFA loan generates net present
7 value savings of about 4.27 million or
8 11.36 percent. The 2008 A bonds generates about
9 6 million in present value savings, or about 10.85
10 percent, and the 2009 A generates about
11 6.85 million and about 8.9 percent in present
12 value savings, for a total of 17.1, or about
13 10 percent.

14 As was just talked about a little bit
15 before, that 17 million, that is on a present
16 value basis; that's in today's dollars over the
17 life of the refunding bond issue. If you look at
18 the table on the -- right here, in nominal
19 savings, over the life of the bonds, in actual
20 cash flow, based upon current interest rate
21 environment, those savings are about
22 \$20.4 million. That translates into annual
23 savings to the authority of about a million
24 dollars over the life of the loan.

25 From a timing standpoint, we would be

1 back before you in February meeting to consider
2 approving the ordinance and confirming the
3 resolution, and then pricing the bonds in mid
4 March. We come back to the authority with the
5 final interest rates and terms of both the
6 refunding and the new money transaction. Closing
7 would be on April 2nd. The escrow would be funded
8 for the refunding, and funds for the capital
9 projects will be available to the authority.

10 We've also included a couple of slides
11 relating to the market. I won't through them
12 other than to say that the market is very strong.
13 Interest rates are low. With the exception of the
14 summer of 2013, I believe that municipal interest
15 rates are at their lowest points since then. The
16 federal reserve did meet today and they basically
17 came out and announced they pledged to be patient
18 with raising interest rates. The treasury market,
19 as Stan mentioned, they received that with very
20 good news, ten-year treasure valued at
21 1.72 percent on a 30-year dropped to an all-time
22 low of 2.92 percent.

23 With that, I would be happy to answer
24 any questions that you have or turn it over to
25 Duane Brown to go over the draft ordinance and

1 resolution before you.

2 CHAIRWOMAN HART STEBBINS: Members, any
3 questions? Seeing none, please proceed.

4 MR. BROWN: Thank you. Madam Chair, Members
5 of the Board, I'm Duane Brown with the Modrall
6 Sperling law firm. We're working as your bond
7 counsel on this transaction.

8 And what you have in your packets is, as
9 Mr. Harrigan described, the bond parameters
10 ordinance which authorizes issuance of the bonds
11 and basically starts the process so that we could
12 issue bonds in an amount up to 196 million for the
13 refunding and up to 79 million for the new money
14 projects.

15 And there's lots of detail in here with
16 respect to how the bonds are secured and rate
17 covenants and things of that nature. But those
18 matters have been established in your prior bond
19 ordinances and we're continuing to go forward on
20 that basis.

21 You may recall that last year, when we
22 did the refunding that we have, that Mr. Allred
23 was speaking about, we sorted your lien levels
24 from a senior lien level only to include also a
25 subordinate lien level; that so we could change

1 some of the rate covenants and some of additional
2 bond status. This finding to me is contemplated
3 to be done all at the senior lien level.

4 Now, one of the things that we might
5 discover as we go forward over the next two months
6 with this rating and pricing process and because
7 of the volatility in the interest rate markets, we
8 might be in a situation where we come back to you
9 in February and say, "We need you now to split
10 this into part of it being senior and part of
11 being subordinate." We don't know that at this
12 point, but I want you to be aware that now in the
13 ordinances that we're conducting a first reading
14 is an ordinance all done, all of the financing
15 done at the senior lien level.

16 I can go through more detail, but I
17 think that sort of summarizes it. And I'd be
18 happy to stand for questions with respect to the
19 ordinance, then we can move to the resolution,
20 Madam Chair.

21 CHAIRWOMAN HART STEBBINS: Councillor
22 Garduno.

23 COUNCILLOR GARDUNO: Thank you, Madam Chair.

24 Thank you for explaining that. One of
25 the things that I thought about is strategically

1 you talked about dividing it in two and maybe
2 bringing it back to us. For what reason? To take
3 advantage of the market in two different states?

4 MR. BROWN: Madam Chair, Mr. Garduno, it's
5 possible that one -- as the process goes forward,
6 it might be that some rates have gone up at a
7 particular part of the yield curve, something else
8 could have happened in the market where we would
9 say it's going to be more financially advantageous
10 for the authority to do part of the bonds at the
11 senior lien, part at the seniority lien level
12 level for future planning and borrowing purposes.

13 I don't know that. I just want to make
14 sure that the board is aware that that is a
15 possibility.

16 COUNCILLOR GARDUNO: So the caveat is that
17 you're looking at that and at that point, you'll
18 decide whether senior completely or senior and
19 subordinate?

20 MR. BROWN: Madam Chair, Mr. Garduno, that's
21 correct. As part of the entire finance team, the
22 underwriters, financial advisors, and Mr. Sanchez
23 and Mr. Allred as well.

24 COUNCILLOR GARDUNO: Who is bond counsel?

25 MR. BROWN: Madam Chair, Mr. Garduno, my law

1 firm, Modrall Sperling, is bond counsel to the
2 authority.

3 COUNCILLOR GARDUNO: Thank you.

4 Thank you, Madam Chair.

5 CHAIRWOMAN HART STEBBINS: Thank you.

6 Any other questions?

7 Seeing none, Mr. Sanchez, do we need
8 additional discussion on 7C?

9 MR. SANCHEZ: Madam Chair, I think it would
10 be prudent for Mr. Brown to go over what that
11 resolution is.

12 CHAIRWOMAN HART STEBBINS: That would be
13 OR-15-3.

14 MR. BROWN: Yes. Madam Chair, Members of
15 the Board, the resolution that is in 7C basically
16 confirms the terms of the ordinance. Under the
17 water authority statute, as it was created 10 or
18 12 years ago, there's a reference there that bonds
19 of the authority will be issued pursuant to a
20 resolution. The practice of the water authority
21 over the years has been to adopt an ordinance just
22 because of the gravity of borrowing this much
23 money; that an ordinance is a better vehicle to
24 go. So what we do with this confirming resolution
25 is simply make reference to the fact that the

1 statute uses the word "resolution" and so we have
2 this confirming resolution just to make sure all
3 the I's was are dotted and the T's are crossed.

4 CHAIRWOMAN HART STEBBINS: Any questions,
5 comments?

6 COUNCILLOR SANCHEZ: Madam Chair.

7 CHAIRWOMAN HART STEBBINS: Councillor
8 Sanchez.

9 COUNCILLOR SANCHEZ: I have one question for
10 Mr. Brown or staff. I'm looking at these bonds
11 that we were paying 5.1 percent for back in 2008.
12 And now it looks like we're going to get a very
13 good rate at 1.7 percent, 1.8 percent.

14 Weren't any of these bonds callable
15 prior to what we're doing now, where we could have
16 done some sooner and we could have saved
17 additional money?

18 MR. BROWN: Madam Chair, Mr. Sanchez, I'll
19 take a stab at that, and then if I need to get
20 bailed out, Mr. Harrigan will do that. Typically,
21 all municipal bonds are sold with what's ten-year
22 call protection, which means we can't prepay them
23 for 10 years. So in 2008, we would have had the
24 first optional payment date coming up in 2018.
25 And now that interest rates have gone so low, we

1 can actually do an advance refunding of the bonds,
2 set the money aside in an escrow account and still
3 obtain savings. But practically speaking, this is
4 about the earliest opportunity that the authority
5 would have had to refinance the 2008 bonds with
6 those higher interest rates.

7 COUNCILLOR SANCHEZ: Thank you.

8 CHAIRWOMAN HART STEBBINS: Seeing no other
9 questions, thank you, Mr. Brown.

10 (Member Perry leaves meeting.)

11 CHAIRWOMAN HART STEBBINS: We are now on
12 Item 7D, R-15-4.

13 Mr. Porter.

14 MR. PORTER: Good evening, Madam Chair,
15 Members. I'm here tonight to introduce a
16 development agreement with Affinity Housing.
17 Affinity at Albuquerque is a developer and owner
18 of approximately 6.6 acres of land located
19 immediately northeast of the intersection of Unser
20 and McMahon Boulevards within the city limits.

21 The planned development is for 160,000
22 square foot age-restricted apartment complex. The
23 apartment complex will consist of 154 total units.
24 New water and wastewater infrastructure will be
25 constructed as part of this development. The new

1 infrastructure will tie the existing water and
2 wastewater infrastructure that borders the
3 property. All of the new infrastructure can be
4 considered as in-fill development.

5 Service to the property is contingent on
6 developer paying all applicable utility expansion
7 charges and waters supply charges. The utility
8 expansion charge will be based on a multiple-unit
9 formula, as detailed in the current water and
10 sewer rate ordinance. There's no UEC
11 reimbursements, as it's not considered master
12 planned facilities. The execution as developed
13 will not have a fiscal impact on the water utility
14 authority.

15 With that, I'll sit for any questions.

16 CHAIRWOMAN HART STEBBINS: Any questions,
17 comments?

18 Councillor Garduno.

19 COUNCILLOR GARDUNO: So being the first
20 reading, we'll have an opportunity to ask
21 questions next time around also?

22 MR. PORTER: Certainly.

23 COUNCILLOR GARDUNO: Before my questions,
24 till then, but just quickly, I'm wondering why
25 we're doing that at this time. Did somebody come

1 to us and said, "We're going to build this. We
2 have everything in place. All we need is the
3 allocation of water"?

4 MR. PORTER: That's correct. We make to
5 commitments to service until the development
6 agreement is passed by the board.

7 COUNCILLOR GARDUNO: Thank you.

8 CHAIRWOMAN HART STEBBINS: All right. We
9 are now on approval of the consent agenda.
10 Councillor Garduno has requested that Item D be
11 taken off the consent agenda and moved under
12 approvals. So this would be approval of R-15-1,
13 R-15-2, C-15-1, and C-15-3.

14 I move approval.

15 COMMISSIONER DE LA CRUZ: Second.

16 CHAIRWOMAN HART STEBBINS: We have a second
17 from Commissioner De La Cruz.

18 Then we are approving just the first
19 three items on the consent agenda.

20 We have a motion and a second. All in
21 favor, say aye.

22 ALL MEMBERS: Aye.

23 CHAIRWOMAN HART STEBBINS: Opposed?

24 That motion passes unanimously.

25 (6-0 vote. Motion approved.)

1 CHAIRWOMAN HART STEBBINS: We are now on
2 approvals, so we'll start with 9A, which is O-15-1
3 which was moved from first reading.

4 Mr. Brown.

5 MR. BROWN: Madam Chair, Members of the
6 Authority, I believe we discussed this thoroughly
7 when we were moving it from the first reading to
8 the approvals. But I'd be happy to stand for
9 questions if there are any. Otherwise, I think
10 it's appropriate to proceed with adoption.

11 CHAIRWOMAN HART STEBBINS: Any questions?

12 COMMISSIONER DE LA CRUZ: Move approval.

13 CHAIRWOMAN HART STEBBINS: We have a motion
14 and a second to approve O-15-1. All in favor, say
15 aye.

16 ALL MEMBERS: Aye.

17 CHAIRWOMAN HART STEBBINS: Opposed?

18 That motion passes unanimously.

19 (6-0 vote. Agenda Item 9A approved.)

20 CHAIRWOMAN HART STEBBINS: We are now on 9B,
21 amending the customer advisory committee.

22 MS. EWING: Thank you, Madam Chair and
23 Members of the Board. My name is Amy Ewing and
24 I'm the chair of the customer advisory committee.

25 On the water authority board's request,

1 the customer advisory committee reviewed and
2 discussed the provisions of CAC resolution at our
3 November meeting. We reviewed that again at the
4 December meeting and we recommended approval of
5 that. We reviewed that again at our December
6 meeting and we recommended approval, with some
7 changes.

8 The main changes included establishing a
9 technical advisory committee and renaming that
10 committee as the customer technical advisory
11 committee, and this change was made because of the
12 technical nature and topics of the committee. The
13 members are a technical group of volunteers that
14 represent the core function areas of the utility,
15 and the purpose of our committee is to advise the
16 water authority on those matters.

17 The second main change to that is a
18 clarification of the selection process. We now
19 submit applications for review by the board chair.

20 The third main change to that is a
21 change in the business conduct section to allow
22 for having at least four members constitute a
23 quorum. We have nine members, but in some
24 instances, we have vacancies and we want to be
25 able to conduct meetings with a quorum of as many

1 as four.

2 Also, the customer advisory committee
3 has been participating in the recent customer
4 conversations. There have three of those to date
5 in the recent cycle, so there was one in November,
6 one in December and one in January. There will be
7 one more in February. These events have been very
8 well attended. We've been getting quite a lot of
9 positive feedback. I went to the one in November;
10 it was very well run. So we've very involved also
11 in those outreach efforts.

12 CHAIRWOMAN HART STEBBINS: All right. Any
13 questions, comments?

14 Councillor Garduno.

15 COUNCILLOR GARDUNO: Thank you.

16 Under -- in the -- what you're bringing
17 forward, it says that, and you just mentioned it,
18 conduct business, says a majority shall constitute
19 a quorum. This is to transact business.

20 What is a majority.

21 MS. EWING: The majority of nine, but as a
22 many as four. But we've had instances in the past
23 where there were multiple vacancies and it took a
24 couple of meetings to get those filled. So the
25 quorum would be met with four members in

1 attendance.

2 COUNCILLOR GARDUNO: But it doesn't say that
3 here. It just says fill the CTAC positions shall
4 constitute a quorum, on Page 3, under conduct of
5 business.

6 What I don't want to have happen is that
7 we end up with a majority being two if we have
8 that many vacancies.

9 MS. EWING: I think the intent of the text
10 would be that there would be at least four.

11 COUNCILLOR GARDUNO: Madam Chair, I don't
12 see anywhere where it alludes to that. It just
13 says a majority. And if a quorum is established,
14 a quorum remains if three people leave and there
15 were only five to begin with, so that leaves two
16 folks to constitute a majority.

17 I would feel more comfort if we could
18 add what you just said and what the intent, I
19 heard you say, was to have a majority of four,
20 taking into consideration some of the either
21 vacancies or nonattendance by CTAC folks. Does
22 that make sense?

23 MS. EWING: Yes, it does.

24 COUNCILLOR GARDUNO: Madam Chair, is that
25 something that the board would entertain?

1 CHAIRWOMAN HART STEBBINS: Would you like to
2 propose an amendment, Councillor Garduno?

3 COUNCILLOR GARDUNO: Well, there's more
4 discussion, sounds like.

5 COMMISSIONER O'MALLEY: Thank you. I just
6 wanted to bring up -- so this -- the committee
7 votes on things and brings them forward for
8 discussion. So if you have a majority of four,
9 you could end up with a situation where nothing
10 happens because you could have a 2-to-2 vote and
11 nothing happens.

12 So you probably need to have a
13 five-member majority. And so I think that that
14 probably makes more sense. I realize it might be
15 hard to get members there. Why is it hard to get
16 members there? What were some of the challenges
17 there?

18 MS. EWING: I think that actually the
19 challenges is that in the event that those seats
20 are absent. So when new members are being
21 selected and then brought before the board for
22 approval, the lag time between when those seats
23 are made vacant and approved, it's really for
24 assessing, you know, that instance rather than
25 nonattendance by members that are sitting.

1 COMMISSIONER O'MALLEY: I think we're just
2 talking about one more person, you know, if you
3 were -- that you're going to end up in a position
4 where you may not be able to move any items if
5 there's disagreement.

6 So it probably makes sense to have a
7 five-member majority, even though it might be
8 challenging, because you have a nine-member
9 committee. And that would reduce the members of
10 the committee, I would think, but I think that you
11 would need five to move forward.

12 Those are just my comments.

13 CHAIRWOMAN HART STEBBINS: Councillor
14 Garduno, I think you still have -- are you --

15 COUNCILLOR GARDUNO: That's all.

16 CHAIRWOMAN HART STEBBINS: Councillor
17 Sanchez.

18 COUNCILLOR SANCHEZ: Thank you, Madam Chair.
19 I agree with Commissioner O'Malley and also
20 Councillor Garduno. And regarding having the nine
21 members, you've got to have five for a quorum.
22 I'm not sure how often you do not have the five
23 members to conduct business, but it sounds like
24 it's been problematic on behalf of the committee.
25 But again, when you've got five committee members

1 who can attend these meetings, I think that's
2 going to be the important thing. You want people
3 that are going to be there. When they commit to
4 these committees, they should be there. We should
5 have five members at least voting on these
6 initiatives.

7 CHAIRWOMAN HART STEBBINS: All right. Would
8 someone like to propose an amendment? I guess we
9 can move and second this, or we can take an motion
10 to defer it, redraft and bring it back at a future
11 meeting.

12 COMMISSIONER DE LA CRUZ: Move to defer.

13 MR. ZDUNEK: We have a motion to defer.

14 COUNCILLOR JONES: Second.

15 CHAIRWOMAN HART STEBBINS: We have a second
16 from Councillor Garduno.

17 Any discussion.

18 COUNCILLOR GARDUNO: Madam Chair.

19 CHAIRWOMAN HART STEBBINS: Councillor
20 Garduno.

21 COUNCILLOR GARDUNO: Thank you. The only
22 think I would add is that there are a couple
23 questions, I have. And I don't know if there's
24 any other questions.

25 CHAIRWOMAN HART STEBBINS: I think now would

1 be a good time to raise them.

2 COUNCILLOR GARDUNO: On 1.B, in fact, it's
3 the last paragraph, and it talks about a conflict
4 of interest. And it talks about the resolution,
5 which has been changed from an ordinance, that
6 conflict of interest means that the member has a
7 financial interest which could be affected by the
8 outcome of any policy decision or determination by
9 the CATC or one of the committees or work groups
10 on which the member serves.

11 And we heard earlier that there was
12 concern that there might be membership of folks
13 who might have a conflict of interest. And if
14 that were to be established, we go back to the
15 other discussion at point, which is, if they were
16 to recuse themselves, we would end up again in a
17 place where we have four folks and we have a vote
18 of 2-2 and it nullifies the policy wanting to be
19 moved forward.

20 So I don't know whether we need to have
21 a more descriptive portion of this so that we find
22 out who, in fact, has a conflict of interest and
23 how that's established. I'd hate to find out
24 after the fact if somebody doesn't know that they
25 are in a position or in a place where they might

1 have a conflict of interest and vote only to find
2 out that their vote is nullified. So I would like
3 for someone, again, in this deferral to look at
4 that. And I don't know what the exact amendment
5 would be, but it would be something that would
6 speak to that issue.

7 CHAIRWOMAN HART STEBBINS: All right. Thank
8 you.

9 Any other questions, concerns?

10 Commissioner O'Malley.

11 COMMISSIONER O'MALLEY: Thank you, Madam
12 Chair. The item that deals with the conflict of
13 interest, it says that the member shall not --
14 well, it doesn't say "shall," it just says a
15 member voluntarily disqualifies himself or
16 herself.

17 And maybe as we look at this ordinance
18 to make some recommendations, you might want to
19 have some stronger language there that basically
20 puts more teeth in this. This voluntary
21 disqualification maybe needs to have stronger
22 language, "should," or something like that, or
23 "shall," or whatever. That's just something to
24 think about. Thank you.

25 CHAIRWOMAN HART STEBBINS: Thank you,

1 Commissioner.

2 So, Mr. Sanchez, if the vote to defer is
3 successful, then you have these comments and can
4 work on another draft that can come back before
5 the board.

6 We have a motion and a second to defer
7 Item 9B, OR-15-5. All in favor, say aye.

8 ALL MEMBERS: Aye.

9 CHAIRWOMAN HART STEBBINS: Opposed?

10 That motion passes unanimously.

11 (6-0 vote. Item 9B deferred.)

12 CHAIRWOMAN HART STEBBINS: All right. We
13 are now on 10B, which is the New Mexico
14 Environment Department's 2015 strategic plan for
15 the Kirtland Air Force -- did I skip something?

16 Oh, I apologize. Yes, we do have two
17 other approvals, forgive me, two items taken off
18 that consent agenda, 8D, C-15-2, the CAFR.

19 Mr. Allred.

20 MR. ALLRED: Madam Chair, Members of the
21 Board, at the beginning of November, we finished
22 the audit of 2014. We had an exit conference with
23 Rogoff, Erickson, Diamond and Walker. It was with
24 the audit committee. Chairman Pena was there, as
25 well as Vice Chairman Stebbins. We went through

1 the audit, but I kind of go through some of those
2 things in the audit.

3 One thing I'd like to say is that this
4 was the first audit done by the authority on its
5 own, on its own financial system. We had some
6 growing pains, but we did get it done on time.
7 But the system allowed us, as managers of the
8 utility, to try to manage our expenditures a
9 little bit better, look at our revenues a little
10 bit better, and, therefore, we see some issues
11 where we had to do some things.

12 And one of those things, we had an issue
13 with our revenue and we came to the board and
14 asked for a rate increase for 2015 on the base.
15 And at this point, it looks like that may have
16 solved some of the issues we had in 2014. The
17 audit, we had a clean opinion from the auditor.
18 It was approved by the state auditor as well
19 through our new audit adjustments, our new
20 financials. We had no material weaknesses
21 reported on our audit.

22 We had one significant deficiency that
23 was reported. It was with our accounts payable
24 controls. This is an internal control problem
25 with not having enough staff do our accounts

1 payable. We realigned the way the staff actually
2 does that work, and that audit finding should come
3 off on the 2015 audit.

4 The other findings that were on there
5 was reporting of unclaimed property in the State
6 of New Mexico. We do do that now. So that
7 finding will be removed. We do have a CAFR asset
8 inventory. That finding will be removed. I take
9 that back. I'll go back. Cash collateralization,
10 that finding, we fixed that.

11 The two findings that we're currently
12 working on is controls over equipment tagging and
13 the capital assets inventory. And, basically, as
14 I said before, those were the issues with our new
15 equipment. We do have an inventory of all our
16 vehicles, all our off-road equipment, such as our
17 backhoes and trailers and Bobcats and those types
18 of things. The things that we need to try to get
19 our arms wrapped around is the generators, the
20 equipment that's on the vehicles going out into
21 the field. We need to try to capture those in
22 inventory. All those assets that are movable like
23 that, we need to begin bar coding. And so we're
24 creating a bar coding system to get all those
25 assets in an inventory and have them captured with

1 bar coding.

2 We did have six audits that were
3 resolved from the prior year. We had an issue
4 with out bank reconciliation process. When We
5 moved away from City of Albuquerque, our bank
6 separated under the water authority. We worked
7 very diligent with our new system and, in turn,
8 with the bank to work on those -- the
9 reconciliation process in 2014, and we were able
10 to do that. So that audit finding was removed.

11 We had a finding for timely closing of
12 general ledger and reconciliation of ledgers. We
13 never closed our financials. We thought we would
14 do that on our own. A closed process takes about
15 a month after the end of the month, but we do
16 close on each month as quickly as possible, but it
17 normally takes us about a month to do so.

18 There's some rules with New Mexico
19 public law requirements. That's how we do our
20 rate -- moneys that go with the state of
21 New Mexico, how we resolve that issue. We were,
22 again, primarily moving all of our banking stuff
23 with ourselves.

24 We had an issue with Workers'
25 Compensation claims. One of the things we did in

1 2014, too, was, we shared our Workers'
2 Compensation with the City of Albuquerque, and we
3 basically brought all that in-house, along with
4 our tort. And the way we handle our Workers'
5 Compensation stuff has allowed us to eliminate
6 that audit finding.

7 Audit report due date, this was the
8 first audit we filed timely in the last ten years.
9 So we do have some work to do, we continue to have
10 some work to do, but that's a big achievement to
11 get this CAFR done on time, especially the time we
12 did it this year.

13 So those are the audit findings that
14 were removed. So we started off with about ten
15 audit findings and finished the year with five.
16 And we've already eliminated three of the five, so
17 we're still working on two.

18 The current ratio is at the high point
19 in 2014 than it has been to the last five years.
20 There's still work on that ratio. It's the
21 measure of having enough resources to pay our
22 debts for the next 12 months. We will continue
23 work on that and try to make that stronger and
24 stronger. But we are showing improvements, and
25 through FY15 that ratio has been improving.

1 Our days cash on hand and investments on
2 hand went from 25 days in FY 2013 to 176 days in
3 FY 2014. We had over 60 days of unrestricted cash
4 available at the end of FY 2014, which was a vast
5 improvement from FY 2013. Our debt service
6 coverage ratio maintains at about 1.33, so we feel
7 we're right where we need coverage. So that's a
8 big achievement, because back in 2010, 2011, based
9 on what was going on with our financials with the
10 city and the city system and where we were at, we
11 had had some issues.

12 So I think that's a quick snapshot
13 overview of the CAFR. So we were improving and
14 we've got one year under our belt with this new
15 system. We're in the second year. We continue to
16 improve and we'll continue to strive so be what
17 you expect of us. I stand for any questions.

18 CHAIRWOMAN HART STEBBINS: Questions?

19 Councillor Sanchez.

20 COUNCILLOR SANCHEZ: Again, I just want to
21 compliment you and your staff for your work and
22 you getting the CAFR in in a timely manner. But I
23 have one question regarding Table 4, the schedule
24 of infrastructure and capital assets.

25 In 2014, we are had 1,232,000,000. In

1 FY13, we had 1,271,000,000, which was a decrease
2 of about 38,449,000. Why such a large decrease
3 crease in capital assets?

4 MR. ALLRED: That will continue to decrease
5 as assets start depreciating. So it really
6 decreased during 2008, 2007, when we started
7 building the San Juan Chama project. We haven't
8 really brought on a bunch of brand-new assets.
9 That may change as we start working on the asset
10 management plan and doing some things at the
11 wastewater treatment plant.

12 Right now, we're working on the
13 pretreatment facility, which is about a \$30
14 million project. We also have dewatering, which
15 is about a \$20 million project, so that's going to
16 fluctuate a little bit. But over the last couple
17 years, we haven't really brought on a lot of new
18 investments. So that's just depreciation expense.

19 COUNCILLOR SANCHEZ: Thank you.

20 CHAIRWOMAN HART STEBBINS: Councillor
21 Garduno.

22 COUNCILLOR GARDUNO: Thank you, Madam Chair.

23 Mr. Allred, and I, like Councillor
24 Sanchez, want to make sure that everybody
25 appreciates the kind of work that you took over,

1 because as you said and has been mentioned, the
2 CAFR was always late when you were under another
3 agency. I won't mention that agency, but thanks a
4 lot. I think that's the kind of thing that's
5 needed for us to know where we stand. It doesn't
6 say very much for the city at this point because
7 we still suffer under that late CAFR reporting.

8 But the other thing I was wondering
9 about is that this audit being completed, or at
10 least talked about at this point in the year,
11 fiscal year, when you report it to the then
12 auditor, does it change now that we have a new
13 auditor, or does it just go through without having
14 to necessarily have the new audit office, if you
15 will, revisit a lot of this work?

16 MR. ALLRED: Councillor Garduno and Madam
17 Chairman, I think I understand the question.

18 You will not be rereviewed by the new
19 state auditor. It was reviewed by State Auditor
20 Hector Balderas' regime. That's one of the
21 benefits of us getting it done as quickly as we
22 did. When you're those CAFRs that get submitted
23 on December 1st, that's the due date, you'll fall
24 under State Auditor Keller's review. Obviously,
25 the City of Albuquerque, when they file theirs,

1 that will fall under his review. Our next audit
2 for 2015 will be reviewed by our internal auditor
3 -- or our internal/external auditor, which is
4 Rogoff, Erickson, Diamond and Walker, and they,
5 again, will submit that to the state auditor's
6 office and we will have that submitted before
7 December 1st, and state auditor Keller's staff
8 will review that.

9 And we also have an internal auditor,
10 and he also worked with external auditors pretty
11 in depth through a lot of this audit, so we do
12 have an auditor that looks at us on a monthly
13 basis. He will make a presentation to the audit
14 committee next month, with next year's work plan
15 and discussions of anything that he's looked at in
16 the last quarter.

17 COUNCILLOR GARDUNO: Thank you, Madam Chair.

18 COUNCILLOR SANCHEZ: Madam Chair, one more
19 question.

20 CHAIRWOMAN HART STEBBINS: Councillor
21 Sanchez.

22 COUNCILLOR SANCHEZ: Normally during your
23 exit, many times you will have somebody from the
24 state auditor's office sitting in on those exit
25 audits; is that correct?

1 MR. ALLRED: Councillor Sanchez and Madam
2 Chairman, only if the state auditor's office is
3 also conducting the audit. So I believe it was
4 three or four years ago for two years the state
5 auditor, in conjunction with Moss Adams, was
6 auditing the water authority and the city of
7 Albuquerque in conjunction with Moss Adams. After
8 two consecutive years, the state auditor no longer
9 found the need to do so with both entities. And
10 then at that point in time, both the city and
11 water authority went with Rogoff, Erickson,
12 Diamond and Walker. This fiscal year we're still
13 with that firm and I believe the City of
14 Albuquerque is with Moss Adams.

15 COUNCILLOR SANCHEZ: Thank you.

16 CHAIRWOMAN HART STEBBINS: All right. Any
17 other questions, comments?

18 Mr. Sanchez, do we need a motion to
19 accept the CAFR?

20 MR. SANCHEZ: Yes.

21 COUNCILLOR GARDUNO: So moved.

22 CHAIRWOMAN HART STEBBINS: We have a motion
23 from Councillor Garduno.

24 COUNCILLOR SANCHEZ: Second.

25 CHAIRWOMAN HART STEBBINS: Second from

1 Councillor Sanchez to accept C-15-2. All in
2 favor, say aye.

3 ALL MEMBERS: Aye.

4 CHAIRWOMAN HART STEBBINS: Opposed?

5 That motion passes unanimously.

6 (6-0 vote. Agenda Item 9C approved.)

7 THE COURT: We are now on Item 8E, service
8 connection agreement for water and sewer service.
9 Mr. Sanchez, would you like to explain this item?

10 Or Mr. Porter.

11 COUNCILLOR SANCHEZ: Madam Chair, while
12 Mr. Porter comes down, this is simply a
13 connection. It is not a development agreement.
14 It's in a developed area within the city
15 boundaries. It is by the Lowe's in the 528 and
16 Coors area. Within that development there is a
17 commercial building being constructed and they've
18 requested water service.

19 COMMISSIONER DE LA CRUZ: Move approval.

20 COUNCILLOR SANCHEZ: Second.

21 COUNCILLOR GARDUNO: I have a question.

22 CHAIRWOMAN HART STEBBINS: Councillor
23 Garduno.

24 COUNCILLOR GARDUNO: Thank you. The reason
25 I asked for it to be pulled off was that it talked

1 about how it's out of the service area right now;
2 is that correct?

3 MR. SANCHEZ: Madam Chair, Councillor
4 Garduno, keep in mind that what we call the
5 service area is a fully built-out area. So we
6 have a geographic area where anything outside of
7 that requires extraordinary expenses on the part
8 of the developer. So in other words, the existing
9 ratepayers are not subsidizing those connections.

10 COUNCILLOR GARDUNO: And, Madam Chair, if I
11 may.

12 So they have paid for any expense that
13 would have been incurred or has been incurred to
14 make that connection?

15 MR. SANCHEZ: Madam Chair, Councillor
16 Garduno, that's correct.

17 COUNCILLOR GARDUNO: And will they now be
18 carved into the service area, or what's going to
19 be the relationship?

20 MR. SANCHEZ: Madam Chair, Councillor
21 Garduno, no, that boundary does not change. It
22 will continue. So any development that occurs
23 outside that fully built area will continue to
24 require a development agreement or connection
25 agreement that this board approves.

1 COUNCILLOR GARDUNO: So having this
2 agreement with the present folks that we're
3 talking about does not preclude anyone having to
4 go through the process of having all the things
5 you just described?

6 MR. SANCHEZ: No.

7 COUNCILLOR GARDUNO: We do not then extend,
8 as it were, the boundary?

9 MR. SANCHEZ: I'd be happy to sit down and
10 go through this in detail with you.

11 COUNCILLOR GARDUNO: Thank you, Madam Chair.

12 CHAIRWOMAN HART STEBBINS: All right. Do we
13 have a motion? We have a motion and a second.

14 With an abundance of caution, I'm going
15 to recuse myself from this vote.

16 So we have a motion and a second to
17 approve C-15-3. All in favor, say aye.

18 FIVE MEMBERS: Aye.

19 CHAIRWOMAN HART STEBBINS: Opposed?

20 That motion is approved 5, with one
21 recusal.

22 (5-0 vote. Agenda Item 3 approved.

23 Commissioner Hart Stebbins recused.)

24 CHAIRWOMAN HART STEBBINS: We are on to
25 other business, OB-15-2, the New Mexico

1 Environment's 2015 strategic plan.

2 Welcome, Mr. Dennis McQuillan.

3 MS. ROBERTS: Madam Chair, Members of the
4 Board, while Dennis is getting our PowerPoint up,
5 I wanted to introduce myself. My name is
6 Catherine Roberts. I'm the new resource
7 protection division director for New Mexico
8 Environment Department. And Dennis and I are here
9 to present to you on the Kirtland Air Force Base
10 fuel spill cleanup strategic plan. Thank you for
11 allowing us to present to you this evening.

12 I also want to convey the sincerest
13 apologies from the secretary. Clearly, I am not
14 him. He actually injured his back and was unable
15 to drive down to Albuquerque this evening. So,
16 again, his sincerest apologies for not being able
17 to be here tonight.

18 I'm going to go through a couple of high
19 level slides, and then I'm actually going to allow
20 Mr. McQuillan to take you through the meat of the
21 strategic plan.

22 So as you can see, actually, from this
23 slide, the strategic plan is really the product of
24 several organizations' efforts and expertise, and
25 specially scientific expertise. NMED simply has

1 the privilege of being able to put it together and
2 present it to you. As you can see, there are
3 quite a few entities on this page who helped us
4 put this together.

5 So what is the strategic plan? The
6 strategic plan really presents two things: Where
7 do we want to go on Kirtland, and how do we get
8 there? And the plan will discuss work plans that
9 are going to be required to be submitted to NMED
10 as the work proceeds into the future. However,
11 the due dates are not going to be explicitly
12 called out in the strategic plan.

13 The reason for that is that the
14 strategic plan, itself, is not a technical work
15 plan. It doesn't contain engineering
16 specifications or Gantt charts or anything of that
17 nature. So you'll see in the plan that there will
18 be general due dates. And one of the things --
19 this was actually brought up in several of the
20 comments that we've received so far, public
21 comments that we've received so far on the plan,
22 which have been very constructive. The plan was
23 issued for public comment on December 19th. It
24 will continue through Friday, January 30th. So
25 that has been very, very helpful to us.

1 One other quick thing to mention is that
2 the plan will also have links to project
3 documents. And those will be included in the
4 plan.

5 And finally, for me, I wanted to give
6 you a little bit of background information as it
7 relates to the strategic plan and where we are.
8 So the RCRA, or Resource Conservation Recovery
9 Act, I'm sure some of you are familiar with that
10 acronym, the corrective action process. To
11 Kirtland Air Force Base as issued and reinforce
12 through the department a RCRA permit.

13 In that permit, we include corrective
14 action requirements. As you can see from this
15 chart, Kirtland is pretty much right towards the
16 tail end of their site assessment and
17 characterization process. Concurrently, we're
18 also in the development and implementation of
19 interim measures. And basically what that means
20 is this allows Kirtland Air Force Base to take
21 some more immediate steps and so we can get that
22 project moving forward. But, clearly, those --
23 the development and the implementation of interim
24 measures will go concurrently into potentially the
25 public notice for the final remedy that we decide

1 on for Kirtland Air Force Base.

2 With that, I'm actually going to turn it
3 over to Dennis and he will give you the much more
4 detailed information that you are looking for
5 related to the strategic plan. Thank you.

6 MR. MCQUILLAN: Madam Chair, Members of the
7 Board, good evening. I'm Dennis McQuillan, a
8 geologist with the New Mexico Environment
9 Department. I wanted to highlight a couple of the
10 technical issues. The oil that was released we
11 call a light nonaqueous phase liquid. And once it
12 was released into the subsurface, it partitions
13 into additional phases. The vapor or the volatile
14 constituents go into the soil vapor, water soluble
15 constituents dissolve into the groundwater and
16 the soil moisture, and some contaminants actually
17 attach themselves to the soil.

18 And the reason I'm telling you this is
19 because this is very important in terms of the
20 migration and fate of these compounds and also the
21 remedies we choose to clean the plume up. We can
22 take advantage of these transfers between phases.

23 So you can see in this diagram, the fuel
24 spill is -- the fuel moved down through about 500
25 feet of soil we'll call the vadose zone. Vaporous

1 contaminants diffused into the vapor phase. The
2 oil had been floating on the water table and in
3 the beginning of 2009, thanks to the wonderful
4 water conservation, the extraordinary efforts
5 through this board was done and the people that
6 live in Albuquerque, which is a great thing, the
7 water level rose up because they're pumping the
8 wells less and it slowed the oil that had been
9 floating into the shallow water table. This is a
10 really difficult thing to clean up and it's one of
11 the challenges we have.

12 Then if we go the water soluble
13 hydrocarbons, we have ethylene dibromide, which is
14 an additive to the aviation gasoline. It's the
15 most toxic of all the constituents.

16 And that yellow zone there shows a
17 mixture of dissolved ethylene dibromide, or EDB,
18 and dissolved hydrocarbons. The hydrocarbons are
19 biodegrading very rarely, and some of the EDB is
20 getting taken out in that yellow area. And from
21 -- the ethylene dibromide migrates beyond that
22 reaction zone, and as far as we can tell, in that
23 red area, there's no degradation of EDB occurring,
24 and that's why it smoothed out way farther than
25 the hydrocarbons, and this is what's threatening

1 the water supply lines in that area.

2 We also have upper hydraulic gradients
3 that the water utility and the USGS and others
4 supposed. This means that the water deep in the
5 aquifer is under greater pressure than the water
6 in the shallow zone, and it means that the water
7 is going to try and find a path upward. This is a
8 good thing for the protection of your wells,
9 because the water is going to want to move up and
10 not down if there's a hydraulic connection. So at
11 least we have some things going in our favor.

12 So the summary of the plan, we have a
13 goal, one goal, and that is simply to protect your
14 aquifer and to protect the water wells in the
15 area, which is the Kirtland Air Force Base wells
16 and the VA Hospital. And we have established
17 proposed strategies to achieve that goal, to
18 protect the groundwater and the wells. And I'm
19 going to go through each strategy separately. And
20 this is also explained in the written plan.

21 So we have proposed and we're actually
22 conducting robust monitoring. The water utility
23 is monitoring the wells in the area on a monthly
24 basis, and the base commander has ordered that the
25 VA well and the Kirtland wells also be tested on a

1 monthly basis. The law only requires testing once
2 every three years. So we have very robust
3 monitoring.

4 And this monthly testing is continuing
5 to show no detections in any of the supply wells
6 in the immediate area. The detection limit is
7 about .01 micrograms per liter. And the state and
8 federal standards are both set at .05. So I can
9 just -- we've also created sentinel wells, and
10 I'll show you that in a minute, located between
11 the plume and the water supply wells, that should
12 give us early detection of any contaminant
13 migration towards those wells. We are not going
14 to allow the EDB to hit anybody's drinking water.
15 That's the bottom line.

16 So here are the sentinel wells. The
17 wells that are in the blue, aqua, are the water
18 supply wells. That includes yours, as well as
19 other parties. The purple surface are the
20 sentinel wells, typically three wells, shallow to
21 deep, and the ones in purple that are
22 cross-hatched, those are wells that are being
23 drilled by the U.S. Geological Survey. And so
24 we're surrounding this plume, putting these wells
25 in between and these well nests between the plume

1 and the drinking water supply wells.

2 We also are going to collapse this
3 dissolved phase, that red area that I showed you
4 in the diagram. And I have an animation that I'm
5 about to show what we mean by that. And we're
6 going to fill data gaps. As you saw in the
7 monitoring well network, we don't have good
8 control of the north and east side of the plume.
9 So the Air Force is putting in 16 new monitoring
10 wells. There are actually two drill rigs drilling
11 today, this week, and Monday there should be four
12 drill rigs putting in wells up in that area of
13 Louisiana and Gibson.

14 And we're going to -- after we find the
15 bottom of the plume in the area of Gibson and
16 Louisiana, because it's not known how deep is it
17 there, we're going to put in the first of eight
18 extraction wells. And we're going to pump the
19 water out, pipe it out to the base, treat it with
20 granular-activated carbon, and our experience in
21 Santa Fe is that nothing is going to get through
22 that, and then inject the treated water, which
23 will be of drinking water quality, back into the
24 aquifer. And the Air Force is also going to use
25 some for landscape irrigation and dust control.

1 So here's the diagram from that view of
2 collapsing the plume. And here's that ethylene
3 dibromide plume. Here's the very first extraction
4 well. And our locations of the other extraction
5 wells are not determined yet because we haven't
6 put in those 16 other wells and we don't know how
7 deep the plume is at that location.

8 Now, the first one that's going in
9 should be operational by the end of June. That's
10 the location right there. They'll put in a
11 conveyance system from that extraction well onto
12 the base, the pipe, double pipe system, leak
13 detection system. They're going to put a
14 granular-activated carbon system in there, which
15 indiscriminately removes all contaminants that
16 have carbon, organic contaminants.

17 And then they're going to put that
18 treated water into an infiltration gallery,
19 distributing it through the perched aquifer
20 system. So the treated water is going to have to
21 take a very torturous path to get from the
22 infiltration gallery, go through the perched
23 aquifer, then down to the regional aquifer that
24 your well is pumped from.

25 And then, after we complete these 16

1 wells, get the extraction well and see how it
2 performs, up to seven additional extraction wells
3 will be put in in that dark red circle that's
4 within that dissolved EDB plume.

5 So what does collapsing the plume
6 actually mean? And this is an animation that was
7 developed by the U.S. Environmental Protection
8 Agency. You can see on the right are the
9 Ridgecrest wells, and then -- I'm showing you this
10 to show you what a collapsing plume looks like,
11 and I'm also showing it to you to illustrate this
12 very powerful modeling tool that we can use to
13 locate the wells. And they're not all going to
14 pump at a hundred gallons per minute. We're going
15 to optimize the pumping so that we can move this
16 stuff back to the source area and move it away
17 from your water supply wells.

18 So here's the animation. Now, if you
19 look at -- look at the dissolved EDB, that green
20 up there by the wells. You can see initially,
21 some of the dissolved phase moves towards those
22 extraction wells, then it get pulled back. And
23 this is very important. Anything we do there,
24 ladies and gentlemen, we're going to be moving
25 stuff around. We're going moving dissolved phase,

1 inducing hydraulic gradients, and we're going to
2 capture and we're going to be transferring
3 contaminants from phases, from LNAPL into aqueous
4 phase, and so on. And so if you saw that, you can
5 now see that the extraction wells on the
6 right-hand side are clean, and we've extracted --
7 this is the view from here, is underground.
8 You're looking up at the bottom of the plume. The
9 gray area is the land surface. So you're buried
10 deep underground. I'm going to play this for you
11 again.

12 So you're actually looking upwards into
13 the rest, looking at the belly of this plume. So
14 you can see that dissolved EDB is being extracted
15 and it's being just pulled out of the aquifer. So
16 this is not the configuration we're going to use,
17 but I wanted to show you this as one -- there's
18 going to be a lot more modeling before we decide
19 where to locate these other seven wells and how
20 many gallons per minute to pump them. But this is
21 a very powerful tool that we're going to use to do
22 that.

23 Strategy 3, this is the most technically
24 challenging. How are we going to get the LNAPL
25 out of the groundwater. We don't know how we're

1 going to do it. We are vetting out technologies,
2 screening them for suitability and interim
3 measures, and then the ones that look promising,
4 we'll scale up laboratory and field testing and
5 hopefully ends up with the answer on how we're
6 going to do this. This is going to be a very
7 expensive, a very technically challenge product.

8 This is what the LNAPL looks like.
9 These are core samples on the left. You can see
10 the core in visible light. If you hit it with
11 ultraviolet, the oil actually florescences. And
12 so that blue is the oil that's been trapped by the
13 water table. You can see the green is the water
14 table. And those right side bars are about 1 foot
15 in length.

16 One possible option is to do --
17 institute treatment, either with biological agents
18 or chemical agents, to create a circulation cell
19 and destroy the LNAPL in place. That's one of
20 many options that's being looked at right now. On
21 the lower right, you can see the laboratory
22 technician doing some microcosm studies, where you
23 take samples of the water and soil, put it in a
24 bottle and add amendments and see what happens,
25 what the bacteria do.

1 Soil available cleanup, this has been
2 ongoing since 2003. And the Air Force has
3 recovered half-a-million gallons of fuel by
4 vacuuming the vapor out of the soil. And we're
5 going to be shutting the system down in middle to
6 late February and see whether we get rebound. And
7 we're going to go attack those hot spots that
8 rebound. And we're actually going to measure the
9 generation of CO₂ and the consumption of oxygen to
10 see how the bacteria are biodegrading this. And
11 by the end of the year, hopefully by fall or so,
12 we should have a much more robust vapor extraction
13 system. It will be designed based on the results
14 of this testing.

15 This is a diagram of soil vapor
16 extraction. It's basically apply vacuum in the
17 soil above the water. You extract the vapors and
18 you treat it. And this process has to be
19 permitted by the City of Albuquerque Environment
20 Health Department, so we're not going to be taking
21 a ground level soil problem and making it your
22 problem out of it.

23 And Strategy Number 5, we're going to
24 meet and exceed all the public requirements of the
25 law. We do meetings, we have a list of -- we have

1 field trips, and we talk to anybody who invites
2 us. The next public meeting that the Air Force is
3 holding, it's on March 12th at the
4 African-American Performing Arts Center by the
5 state fairgrounds. And our next field trip will
6 be on Saturday, April 18th.

7 Thank you.

8 CHAIRWOMAN HART STEBBINS: Councillor
9 Garduno.

10 COUNCILLOR GARDUNO: Madam Chair, I have a
11 number of questions, but the first one that comes
12 to mind is, how did the NMED go out and get
13 information? What kind of outreach did you do,
14 the meetings that you talked about?

15 MR. MCQUILLAN: Madam Chair, Councillor
16 Garduno, we have published these work plans on our
17 website and we published the work plan approvals
18 on our website. Jill Turner is our information
19 officer. We posted all appropriate plans. If you
20 want to see the plans and specs, and the Gantt
21 charts, that's all available.

22 The public meetings are a big part of
23 this. And we are putting the strategic plan out
24 for public comment.

25 COUNCILLOR GARDUNO: How many of those

1 meetings have you had?

2 MR. MCQUILLAN: The Air Force holds
3 quarterly meetings, and we participate in those.
4 We also have had a number of meetings with
5 neighborhood associations, at their invitation.

6 COUNCILLOR GARDUNO: What do guess is the
7 number of folks that attend these?

8 MR. MCQUILLAN: We have had 50 to 100 maybe
9 at some of the meetings. We had a very well
10 attended meeting out at West Mesa where there were
11 a number of neighborhood associations represented.

12 COUNCILLOR GARDUNO: And I've been through
13 virtually every one of them, I think. At least I
14 hope I have.

15 I wanted to go also to, well, Page 4 in
16 our printout. But it's the slide that has the --
17 the scaled -- or rather -- I think it's RCRA
18 corrective action process. And it has an assumed
19 start point and an end point. But can you tell us
20 what those points are.

21 MS. ROBERTS: So, Councillor, that's a
22 little bit of a difficult question to answer.
23 We're moving as quickly as possible because we do
24 understand how critical a project this is. Right
25 now, Dennis actually alluded to some of the dates

1 that we have for the shut-down work plan being
2 implemented. Hopefully mid February to late
3 February.

4 But in terms of completion and final
5 implementation of a run date, that's a very
6 difficult assessment to make at this time. I
7 don't like to speculate.

8 COUNCILLOR GARDUNO: But when I see a graph
9 like this, that leads me to believe there is a
10 start point and an end point. And was this sort
11 of put together just to show that there's going to
12 be progression at one point or another?

13 MS. ROBERTS: Correct. It's supposed to
14 just give a general idea of the corrective action
15 process and generally speaking, where we are.
16 These four boxes on the top, they give you --
17 they're general assessments of the individual
18 phases of the corrective action process.

19 So site assessment and characterization
20 has been going on at this site for quite some
21 time. But in terms of a final resolution, it's
22 going -- it's going to be quite some time before
23 we get there.

24 MR. MCQUILLAN: And, Councillor Garduno,
25 Madam Chair, if I may. The individual work plans

1 have more specific start and ending dates. We
2 have a work plan right now in place for the
3 drilling of the 16 additional wells and the
4 installation of the first extraction well that
5 have very specific dates.

6 The soil vapor extraction upgrades will
7 have three different work plans, and we should be
8 getting the first one for the shut-down and
9 rebound testing I think by today or tomorrow. And
10 the information gathered from that testing will be
11 used to develop the second work plan, and so on.

12 And then, after the drilling is
13 completed, we'll get another -- we'll plan for
14 three additional extraction wells. And then in
15 2016, four additional extraction wells. So we
16 should have eight in place.

17 COUNCILLOR GARDUNO: Madam Chair, if I may.
18 The thing that I want to be very careful about is
19 that when I go to neighborhood association
20 meetings or any other kind of meeting and
21 constituents, because they are the ones that live
22 on top of this spill, and if they were to see
23 something like this, they would react just like
24 I'm reacting, and that is, it sounds like
25 characterization has occurred at this point and

1 continues, and you've mentioned a second ago that
2 characterizations has been going on for a while,
3 and for -- if I recollection is correct, I know
4 about it, that it's been going on for five years.

5 So if it's five years, then just sort of
6 a glance at this would lead me to believe that
7 that would be another 25 years before we get to
8 implementing corrective measures. So I don't know
9 if we should be careful that we put something like
10 this out and lead people to think, like I'm
11 thinking, that corrective actions will occur in 20
12 years, for two reasons. One is, that's a long
13 time before it starts. And it is other is, if
14 it's not going to be finished at that point, then
15 I think we could be misleading people.

16 So that's just a reaction and an
17 observation that I just had.

18 And, Madam Chair, I would be glad to
19 yield the floor if somebody else has other
20 questions, because I have some other ones.

21 CHAIRWOMAN HART STEBBINS: Councillor, why
22 don't you continue.

23 COUNCILLOR GARDUNO: Okay. Thank you.

24 And thank you for the presentation. I
25 think this, up to this point, has been most

1 elucidating than we've had in the past. Because
2 in the past, I think it's been a lot of verbiage
3 about characterization and all those things, which
4 I'm sure had to happen. But at this point, it
5 feels to me like at least we're getting to talk
6 about end points, even though they're hard to pin
7 down.

8 So you mentioned that you will not allow
9 EDBs to get into the drinking water, whatever it
10 is you have to do to make sure of that. And I
11 guess my cynical question would be, what if it
12 does get to that point? What is the alternative?
13 What can we do?

14 MR. MCQUILLAN: Councillor Garduno, Madam
15 Chair, the water utility has a contingency plan if
16 that were to occur. And my -- addressing that,
17 the well would shut down, and you're not going to
18 consider treatment. If it affects a Kirtland well
19 or a VA well, they have to comply with the
20 drinking water standard, no matter what, because
21 we enforce the Safe Drinking Water Act. We have
22 primacy from EPA, and no matter what happens to
23 anybody's well, the water system has to comply
24 with the drinking water act, Safe Drinking Water
25 Act. It would be up to them to decide whether to

1 shut it down or to, in the case of the VA, to buy
2 water from you all as opposed to treatment.

3 COUNCILLOR GARDUNO: So did I hear you
4 correct? The one remedy that we have, if you want
5 to call it a remedy, is to shut down the wells?

6 MR. MCQUILLAN: Yes, sir.

7 COUNCILLOR GARDUNO: So we're now going to
8 shut off whatever the numbers are, you hear all
9 kinds of things, from 25 percent to 30 percent of
10 the water that is being right now used throughout
11 the service area from those wells. And it would
12 lead me to believe that we would be closing down
13 about 25 to 30 percent production and going
14 somewhere else. And we know that going somewhere
15 else takes us to other wells or other fields,
16 water fields, that are -- have other contaminants,
17 like arsenic, and that's why we're not using them.

18 So it's not a real good solution, I
19 don't think, to say, well, we'll just cut them off
20 and make sure that no EDBs get in the water.

21 MR. MCQUILLAN: Councillor Garduno, if I may
22 refer to the slide of the animation. This plume,
23 the fuel may have started leaking in the '50s, and
24 we don't know exactly when it hit the groundwater,
25 but it's probably somewhere about 35 to 50 years

1 ago. So in 35 to 50 years, we have a plume, and
2 you can see that green. And one of the things we
3 decided to do was the have the monitors shift
4 their -- the computer monitors shift their
5 attention from modeling how many decades it's
6 going to take to reach one of the wells, to
7 modeling various configurations of extraction
8 wells we can put in to pull it away from the
9 wells.

10 And that's why I'm saying to you
11 tonight, we're not going to let it hit anybody's
12 well. If we can capture, extract this dissolved,
13 EDB, it's going to buy us more time. Because
14 we're going to be pulling it away from the wells
15 and not let it continue to migrate towards your
16 wells. We're going to be watching these wells
17 very closely.

18 COUNCILLOR GARDUNO: Madam Chair.

19 So you would feel comfortable with me
20 answering questions of constituents when they say,
21 "When is this going to be taken care of?" or even,
22 more pointedly, "Will this ever close down
23 Ridgecrest wells?"

24 And I would be safe to say, "It will
25 never close Ridgecrest wells"?

1 MR. MCQUILLAN: You can refer to us,
2 Councillor, Madam Chairman. And if you trust your
3 technical staff, and you have some great people
4 working for the utility -- you saw that second
5 slide with the ten different agencies of
6 expertise, we're saying we're not going to let it
7 hit the well. We're going to put in this capture
8 system. This was -- also, I should point out,
9 this is a ten-year animation.

10 So although I appreciate, Councillor,
11 your concern about how long is this going to take,
12 the first extraction well is going to go in this
13 summer. It should be up and running. So then
14 we'll go in and we're going to pull this stuff
15 away from the wells.

16 COUNCILLOR GARDUNO: And so the timeline for
17 the wells, extraction wells?

18 MR. MCQUILLAN: The timeline for the
19 extraction wells, Madam Chair, Councillor Garduno,
20 this well goes in, becomes operational -- in fact,
21 the first well will probably be started in --

22 COUNCILLOR GARDUNO: I see the -- I see the
23 derrick in this.

24 MR. MCQUILLAN: Yes, sir. And there will be
25 four rigs drilling on Monday. And that extraction

1 well, the first extraction well will be one of the
2 wells drilled by the mobilization that's occurred.
3 And then -- then we're going to put in three more
4 extraction wells by the end of this year. We'll
5 have four wells running by the end of this year.

6 Now -- and we're going to use all that
7 data to locate four more extraction wells,
8 indicated by those green lines there, by the end
9 of -- or sometime during 2016. And I'm -- in my
10 professional judgment, we've got a lot of -- as
11 Cathy said, we -- this plan respects a lot of work
12 by a lot of experts. We just have the privilege
13 and honor of presenting it to you tonight.

14 I am confident, if we can get these
15 extraction wells in, we're going to keep it out of
16 anybody's water supply. The VA well is actually
17 the one that's closest to the plume. And the most
18 recent data show that the plume is moving to the
19 northeast, away from the VA well.

20 COUNCILLOR GARDUNO: So -- Madam Chair, can
21 I pursue that for just a second?

22 Are you saying that now the plume is
23 being collapsed -- I think is the term you used --
24 away from Ridgcrest and away from VA?

25 MR. MCQUILLAN: Madam Chair, Councillor

1 Garduno, the plume will be collapsed away from the
2 wells by these eight extraction wells. We're
3 going to go into the heart of the plume, extract
4 it, and pull the contamination by pumping back to
5 the dry LNAPL area. That's going to buy us time
6 as we figure out how to attack the LNAPL.

7 Right now, it appears, based on the
8 quarterly sample that's being done at the
9 monitoring wells, that the plume is already moving
10 away from the VA well.

11 COUNCILLOR GARDUNO: That's good, good news.

12 Madam Chair.

13 The only other thing at the moment that
14 I would like to pursue is that you mention that
15 the SVEs have been extracting the vadose and the
16 vapor and being burned off. I think the SVEs have
17 been shut down for quite a while. And I don't
18 know, maybe Kirtland can answer that question.
19 But it was a gap of time when the SVE were not
20 being operated for I guess a myriad of reasons,
21 but one of them was that they weren't that
22 effective. And the other one was that I think
23 some of the machinery was not as powerful as they
24 thought it was going to be, and therefore they
25 shut it down. So I don't know if that's being

1 effective and whether that's going on right now.

2 And then the other thing that I wanted
3 to mention, Madam Chair, and you know full well
4 that area is right now, very concerned.

5 And Madam Chair and myself represent
6 that area, and we just, I think at many times,
7 find ourselves in a place where we're playing
8 defense with an offense team. And it doesn't work
9 out that well. Because I think a lot of times, at
10 least for myself, I do get pinned down and I don't
11 have a good answer. This goes a long ways towards
12 that. But I want to make sure that when I say any
13 of these things that it is something that you feel
14 really comfortable about saying.

15 MR. MCQUILLAN: Councillor Garduno, Madam
16 Chair, I do. I think there are a lot of other
17 experts that feel the same way. Colonel Lanning
18 was the first one who said, "We're not going to
19 let it" -- "we don't care about the modeling, or
20 do this or do that, we're not going to let it hit
21 the wells." And that's been our marching orders
22 at the Air Force level, at my level. And I'm
23 pretty darn confident, if we can get this system
24 constructed, we're going to pull it away from the
25 wells, and that's going to buy us time to decide

1 what to do with the LNAPL.

2 Your question, sir, on the soil vapor
3 extraction, we are aware that the system has not
4 been running as actively as possible. It has had
5 a number of shutdowns and startups. It will be
6 replaced with a far more robust system this year.

7 COUNCILLOR GARDUNO: Madam Chair, I think I
8 mislead you when I said it was the last question.
9 One other question.

10 And it's -- based on the fact that you
11 said there may be some differences, and therefore,
12 like closing down wells, what kind of pressure
13 does that put on the water authority to expend
14 some of their own money to make some of these
15 things work, like moving over to another well
16 where arsenic has to be removed?

17 And throughout this whole conversation,
18 it's been, at least my recollection, that the Air
19 Force has said on many occasions that they own the
20 problem and that they will make sure that
21 everything is taken care of and paid for.

22 And I just don't want to find out
23 sometime in the future where, like you said, the
24 VA well becomes well and they start using that and
25 they say, "Well, that other stuff over there is

1 not really our problem." So how do we make sure
2 that that doesn't happen?

3 MR. MCQUILLAN: Madam Chair, Councillor
4 Garduno, I can't speak for the water utility, what
5 the operations people will do in the unlikely
6 event that the well becomes contaminated. But I
7 can tell you we're going to keep it out of your
8 wells.

9 With regard to the VA, they only have
10 one well. It's continuing to operate, and it's
11 remarkable that it hasn't pulled it in. I think
12 it's because it really doesn't pump a whole lot
13 compared to the other production wells in the
14 region.

15 COUNCILLOR GARDUNO: Thank you, Madam Chair.

16 CHAIRWOMAN HART STEBBINS: Councillor
17 Sanchez.

18 COUNCILLOR SANCHEZ: Thank you,
19 Mr. Chairman. I just have a couple of comments.

20 First of all, I want to thank you both
21 for being here. I was at the meeting with the
22 West Side Coalition when you presented. And the
23 secretary was here when I was in the water
24 authority two years ago. I've served on this
25 board many years. I didn't serve last year, but

1 I'm glad to be back on this board.

2 I want to thank the secretary for his
3 work. He said this was going to be a priority,
4 and he has made it a priority. So I want you to
5 send that message to the secretary, that we're
6 very pleased. And when I see this plan in place,
7 I think we're all taking this very, very seriously
8 and I think moving in the right direction.

9 And Councillor Garduno was stating, you
10 know, we've heard a lot of talk, and it's been a
11 lot of talk. But it's been a lot of planning at
12 the same time. And I want to thank our staff for
13 their work and working on these plans. These
14 things take a lot of time. And this goes back,
15 you know, years and years ago, and now we're
16 finally trying to get this problem cleaned up.
17 And we can't give any specific dates. But I'm
18 pleased to see the work that being done,
19 especially now with the drilling of these wells
20 and, you know, protecting the residents of the
21 community and protecting our water. I think it's
22 vital and important to the citizens of this city.

23 But, again, I think this plan is a plan
24 that will send us and move us in the right
25 direction. I want to thank you for being here.

1 MR. MCQUILLAN: Thank you, sir.

2 CHAIRWOMAN HART STEBBINS: All right. Thank
3 you. I also want to say thank you for being here.
4 I want to compliment you on your new graphics. I
5 think these are some -- you know, over the five
6 years, they've really improved, especially in the
7 last few months, in making these issues visible.
8 Like this one, I think, is exceptional. So thank
9 you for that. I think I might need to invite you
10 back. You came to one of my neighborhood
11 meetings. And I think, again, this data is so
12 well represented, I'd like to maybe have the
13 opportunity to invite you back and --

14 MR. MCQUILLAN: Madam Chair, I accept.

15 CHAIRWOMAN HART STEBBINS: I will do that.
16 Thank you.

17 I understand that -- I don't know the
18 exact term, but the qualified expert that has been
19 promised by the Air Force, that person may be
20 appointed sometime soon, by the end of the month
21 perhaps. Do you have any information about that?

22 MR. MCQUILLAN: Madam Chair, we have the Air
23 Force here, but I'll tell you what I know, is that
24 the advertising is closed and they have a number
25 of -- they have a hire list and they have I think

1 four candidates that may be suitable.

2 CHAIRWOMAN HART STEBBINS: Okay.

3 MR. MCQUILLAN: They haven't accepted
4 anybody yet.

5 CHAIRWOMAN HART STEBBINS: Do you know if
6 when that person arrives if Dr. Bodour will leave
7 us?

8 MR. MCQUILLAN: Madam Chair, my
9 understanding is that Dr. Bodour is going to stay
10 on the project.

11 CHAIRWOMAN HART STEBBINS: Good. That's
12 really good news, because I think she's been a
13 tremendous factor in this progress that we see
14 today.

15 I want to say thank you for addressing
16 the data gaps. I mean, I know that is part of the
17 strategic plan. I think for a period of time
18 there was some question about whether those
19 existed. I know our staff always insisted that
20 there was some information that was needed, and I
21 want to thank you for recognizing that and taking
22 steps to fill those gaps.

23 So on the LNAPL cleanup, that's shown as
24 a goal for 2015, or at least some work on the plan
25 for that, do you have a schedule, so like an

1 expectation of when there might be a decision made
2 about what the appropriate treatment would be.

3 MR. MCQUILLAN: Yes, Madam Chair, that's a
4 really good question. We have required that the
5 Air Force submit a work plan 90 days after the
6 completion of the new drilling that's going to go
7 into the LNAPL area.

8 Yeah, the LNAPL I think we need to be
9 really cautious not to go charging in here without
10 having really good data, because we can make
11 things worse. And I think capturing and
12 collapsing this dissolved phase is going to buy us
13 time to do that. But we need to be really
14 cautious.

15 We also don't want to make the Air Force
16 spend \$500 million doing something that's not
17 effective.

18 CHAIRWOMAN HART STEBBINS: Right. So you
19 say 90 days after the drilling of which well?

20 MR. MCQUILLAN: Madam Chair, this would be
21 90 days after completion of the pilot testing and
22 the drilling of the new SVE wells later this year.
23 And we're to be getting core samples, continuous
24 core, using sonic rig, through the LNAPL area, and
25 will be running test on the LNAPL that haven't

1 been done before. And we'll have a better idea of
2 where the LNAPL is and learn about the physical
3 and chemical properties of it. And at that point,
4 we'll be in a much better position to go and
5 attack it.

6 CHAIRWOMAN HART STEBBINS: So would you
7 expect that in 2015?

8 MR. MCQUILLAN: I think, Madam Chair, the
9 schedules, the way that they are now, we should
10 probably get the work plan around the end of this
11 year.

12 CHAIRWOMAN HART STEBBINS: Okay. So it
13 could be 90 days of that, so 2016? Okay.

14 MR. MCQUILLAN: Madam Chair, yeah. We could
15 either get the work plan around the end of the
16 year or shortly into 2016.

17 CHAIRWOMAN HART STEBBINS: Okay.

18 MR. MCQUILLAN: But we should have full
19 extraction wells pulling the dissolve phase away
20 from the well, which is going to give us all a
21 little comfort and buy us time and make us more
22 comfortable om giving you sort of assurance and
23 your constituents that we're not going to let this
24 hit your well.

25 CHAIRWOMAN HART STEBBINS: That is great.

1 And I really appreciate your focus on the dissolve
2 phase. I mean, going back five years, when
3 CH2M HILL give its presentation here, that was one
4 of my questions, dissolve phase. And I think that
5 has always been a priority for the water utility.
6 So I appreciate you starting with that. So that's
7 great.

8 So just one last question. So in the
9 strategic plan, there's some goals for 2015. You
10 have specific measures for performance on those,
11 unambiguous measures for whether or not the Air
12 Force has met those goals.

13 MR. MCQUILLAN: Madam Chair, I think we do
14 in terms of the -- some of the work plans, and you
15 can see these on our website, are very
16 prescriptive. Drill 16 wells. The screen is
17 going to be set and these will be put in and now
18 there are teeth attached to some of these work
19 plans. And we're being as prescriptive as we can.

20 The one thing we haven't been as
21 prescriptive is how deep are the deep wells. And
22 until they find the bottom of the plume, we're not
23 going to know. The well that's being drilled over
24 about Louisiana and Gibson, the one that
25 Councillor Garduno referenced today, during

1 unannounced inspection, if they don't find the
2 bottom of the plume, if they still find EDB above
3 standards, they to drill a fifth well. And if
4 that well comes up dirty, they have to drill a
5 sixth well. And so everything is tied in the
6 future to the information we're gathering today.

7 And I think you're right, Madam Chair,
8 when the Air Force Civil Engineer center came in
9 in July, it's a different ball game. They have
10 some world-class experts. I know your experts,
11 Enterra is sitting at the table, your staff, you
12 know, we've got some great people on board,
13 consultants, so everybody is working together on
14 this.

15 CHAIRWOMAN HART STEBBINS: I have to say I
16 have seen just 180-degree difference since AFCEC
17 has been on the project, so I think that's great.

18 And the reason I raise that issue about
19 unambiguous measures is, if you recall in 2013,
20 there was an agreement between the Air Force and
21 NMED about certain goals that were to be met.
22 There was -- in the end.

23 So, for example, the expansion of the
24 SVE system, I think the expectation that many of
25 us had was very different from what actually

1 occurred in the ground. And so I think that is
2 where it would be great to say in very specific
3 terms what it means to have met those goals. So I
4 appreciate that you are really putting a lot of
5 effort into that.

6 So with that, that is the end of my
7 questions. If there are no others, I, again, just
8 want to say thank you for being here and a very
9 good presentation.

10 MS. ROBERTS: Madam Chair, Members of the
11 Board, I will certainly pass along your comments
12 to the secretary. I know he'll be happy to hear
13 that.

14 And, Councillor Garduno, just to follow
15 up on your comment about having information, we
16 are here for you to make sure to arm you with the
17 information that you need to help convey that to
18 your constituents. So anytime you need us to
19 present or be present to answer questions, we are
20 certainly happy to do so. So thank you for having
21 us.

22 CHAIRWOMAN HART STEBBINS: Councillor
23 Garduno.

24 COUNCILLOR GARDUNO: Is there contact
25 information anywhere in here? I didn't see

1 anything.

2 MR. MCQUILLAN: Madam Chair, Councillor
3 Garduno, my contact information is on the front
4 page of the strategic plan. Comments, we welcome
5 comments from everybody. Comments should be
6 there. My e-mail is there. I can give you my
7 office phone number if you'd like that.

8 COUNCILLOR GARDUNO: No, e-mail is fine.

9 MR. MCQUILLAN: Okay.

10 COUNCILLOR GARDUNO: Thank you.

11 CHAIRWOMAN HART STEBBINS: All right. We
12 are now on OB-14-20, response plan to surface
13 water contamination events.

14 MR. LEDER: Thank you, Madam Chair. My name
15 is Charlie Leder. I manage plant operation
16 divisions for the water authority, and that
17 includes water production and wastewater treatment
18 operations.

19 In a previous meeting, there was a
20 gentleman from the public that expressed some
21 interest in how the water authority would respond
22 to an event in case our surface water supply
23 became contaminated. And it's a good question,
24 because we do need to be prepared for such
25 occurrences. My presentation tonight is going to

1 focus specifically on our response plan to surface
2 water source contamination.

3 This briefing considers our response to
4 two different types of contamination that could
5 occur. One is natural events, that is algal
6 blooms that impact source water quality. The
7 citizen that I remember specifically referenced
8 what happened to the city of Toledo's water supply
9 when there was an algal bloom, little green algae
10 that raised some problems with Lake Erie water,
11 treating it.

12 And then also there's a possibility of
13 events caused by manmade features. For example,
14 what would happen if one of the pipeline crossings
15 across the Rio Grande broke and began
16 contaminating river water? What would our
17 response plan be?

18 Well, a couple things to remember here.
19 Depending on the season and river flow conditions,
20 the surface water facility normally supplies
21 between 50 and 80 percent of customer demand. The
22 balance is being supplied by groundwater. Also,
23 if needed groundwater can supply 100 percent
24 demand.

25 Let's talk about what would happen with

1 an algal bloom. An algal bloom is kind of a
2 slowly occurring event. The first thing we'd so
3 is we'd shut off our intake pumps at the river.
4 We would temporarily run our system using
5 100 percent groundwater, and we would resume
6 withdrawals from the river when river conditions
7 improved. It would be pretty easy to implement.

8 I want to point out that if we observed
9 a fish-kill event in our storage water ponds at
10 the water treatment plant, we have the same
11 response planned. So to natural events, we've got
12 a pretty good plan in place.

13 Let's look at what might happen if there
14 was a pipeline crossing break of the Rio Grande.
15 First of all, if you're not aware, there are a
16 number of petroleum product pipelines that cross
17 the Rio Grande. They're all about 15 miles
18 upstream from where our intake is. They're in a
19 little cluster. It's about two to three miles
20 north of the Bernalillo bridge that carries
21 Route 550 over the Rio Grande.

22 If that were to occur, we would get a
23 notification from the Sandoval County Emergency
24 Operations Center, and, as before, our first
25 response to be to shut off the river, stop taking

1 in water from the river, and temporarily run our
2 of system using 100 percent groundwater.

3 Once the condition cleared and we were
4 sure that the contamination event had passed, then
5 we could resume withdrawal from the river and
6 begin using our surface water plant again.

7 Believe it or not, we actually do
8 participate in tabletop drills such as that so
9 that we are prepared. And we do have some
10 practice in responding to this type of emergency.

11 That's basically it, how we would handle
12 contamination events. For any questions that you
13 may have, I'd be happy to answer them at this
14 time.

15 CHAIRWOMAN HART STEBBINS: Councillor Jones.

16 COUNCILLOR JONES: Thank you, Madam Chair.

17 Mr. Leder, I'm not sure if this would
18 apply to a contamination, but we literally had
19 some issues when the Conchas fire floods hit and
20 we had all the runoff. Did that come into play in
21 this, or is it more of a -- did it affect our
22 drinking water portion of the river?

23 MR. LEDER: The water authority -- Madam
24 Chair and Councillor Jones, the water authority's
25 plan to respond -- our response to the Conchas

1 fire was essentially the same thing. We were
2 treating the water and when it became clear
3 that -- and we were doing a good job of it, too, I
4 might add in terms of cleaning up of the
5 additional of settlement load that resulted from
6 the fire. When it became clear that it was not
7 cost effective to continue, we simply shut off our
8 river pumps and began supplying the system with
9 groundwater.

10 So it's the same type of event. When it
11 becomes apparent that it's just not a good water
12 source to put it into our system or attempting to
13 treat, we turn off our pumps.

14 CHAIRWOMAN HART STEBBINS: Please continue.

15 COUNCILLOR JONES: Thank you. So this plan
16 can be put into effect for all sorts of causes,
17 not just a catastrophic contamination issue? I
18 mean, it sounds like this is a pretty good plan
19 and we've proven it works already.

20 MR. LEDER: Thank you. That's -- appreciate
21 the compliment.

22 COUNCILLOR JONES: Thank you.

23 CHAIRWOMAN HART STEBBINS: All right. Any
24 other questions?

25 Thank you very much for coming in. I

1 know this has been a question for some people for
2 a long time, so I appreciate your presentation.

3 MR. LEDER: My pleasure. Thank you.

4 CHAIRWOMAN HART STEBBINS: All right. We
5 are now on water use and conservation update.
6 Katherine Yuhas.

7 MS. YUHAS: Madam Chair, Members of the
8 Board, you've been looking at these drought maps
9 for a long, long time. And you may not see any
10 more of them this year. That is the good news, I
11 hope.

12 If you look at Bernalillo County, you'll
13 see that it's tan. Tan represents moderate
14 drought. And this is the prediction for the
15 precipitation for the month of February.
16 New Mexico is all green and there's an "A." That
17 means above average precipitation.

18 And this is for the next three months,
19 so February, March and April. And, again,
20 New Mexico is all green, with that big A, so the
21 expectation is above average precipitation. So
22 the drought map on the right, which if you locate
23 New Mexico, you can see is now all kind of tan and
24 green and white, and that represents improving
25 drought conditions or removal of drought

1 conditions in New Mexico by the end of April.

2 And if you look at the map on the top
3 left, that's where we were last January, where it
4 was all brown and yellow and either a drought is
5 there or is developing. So we're in a much
6 different situation than we were last year.

7 And now on to the good news for 2014.
8 Our GPCD for 2014 was 134 gallons per person per
9 day. That's down two gallons per person per day
10 from 2013, when we were at 136.

11 And this is done using the calculator
12 from the state engineer's office that we are
13 required to use and we have used for the about the
14 past ten years.

15 This is just some other statistics that
16 we have on water use. This is showing where our
17 water goes. The water that we sold, we used it.
18 About 55 percent is single-family residential,
19 18 percent is multi-family, 17 percent commercial,
20 5 percent parks and golf and athletic fields,
21 4 percent is institutional, so our schools,
22 hospitals, and then 1 percent for industrial.

23 And then this is just a breakdown
24 showing indoor and outdoor water use before the
25 conservation program started and then last year.

1 And while both categories have gone down, indoor
2 and outdoor has gone down, outdoor has gone down
3 in the most. A map is really where we've been
4 targeting. We don't get that outdoor water back
5 to reuse, to put back to the river, to use for
6 irrigation. And so we've really been targeting
7 that, to get that down. So we're seeing that
8 that's been very effective.

9 And this last slide is just another
10 thing we track in terms of conservation, and
11 that's peak-day usage. And this is in the
12 millions of gallons. So prior to the beginning of
13 the conservation program, the peak day was over
14 200 million gallons in a day. And last year, the
15 peak day was 143 million gallons in a day. And
16 that's great for conservation. But it's also
17 great because we didn't need to build additional
18 infrastructure to deliver that extra water to our
19 customers had we continued to use at that high
20 rate.

21 And then the last thing to look at on
22 this is that the peak day is now a month later.
23 And by having that peak day a month later, it
24 means that our customers are starting to have that
25 really high usage later in the year. That

1 encourages savings also. The later you start, the
2 less time there is to continue with that high
3 water use.

4 And those are all my slides. I'd be
5 happy to answer any questions, if you have them.

6 CHAIRWOMAN HART STEBBINS: Councillor
7 Garduno.

8 COUNCILLOR GARDUNO: Thank you, Madam Chair.

9 And, Katherine, thanks a lot for the
10 presentation. On your circle graph that you have,
11 about three in, slides, and it has the
12 percentages, it says parks, golf and athletic
13 fields. Is that city, city and county, city
14 county, private?

15 MS. YUHAS: That is city, county, private,
16 any entity that has an irrigation-only account.
17 And so irrigation-only accounts can be any one of
18 our customers.

19 COUNCILLOR GARDUNO: So you're aggregating
20 all those?

21 MS. YUHAS: They're aggregated all into that
22 one category, that's correct.

23 COUNCILLOR GARDUNO: Same thing with every
24 other category, as it were, that you have in here?

25 MS. YUHAS: That is correct.

1 COUNCILLOR GARDUNO: It applies?

2 MS. YUHAS: Uh-huh.

3 COUNCILLOR GARDUNO: So when it talks about
4 institutional, you're talking about UNM, city,
5 county, Intel, whomever?

6 COUNCILLOR JONES: Other than Intel, yes,
7 uh-huh.

8 COUNCILLOR GARDUNO: Why isn't Intel in
9 there?

10 MS. YUHAS: Intel would be under commercial
11 or industrial, and we don't give them water, as
12 far as I know.

13 COUNCILLOR GARDUNO: And then just one
14 other -- when it says multi-families, you're
15 talking apartment buildings, primarily?

16 MS. YUHAS: Anything that says three or
17 bigger falls under multi-family.

18 COUNCILLOR GARDUNO: Okay. Thank you.

19 Thank you, Madam Chair.

20 CHAIRWOMAN HART STEBBINS: All right. No
21 further questions?

22 Thank you very much, Ms. Yuhas.

23 Thank you to staff. And with that, this
24 meeting is adjourned.

25 (Proceedings adjourned.)

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
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