

ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY

May 17, 2017
5:00 p.m.
Vincent E. Griego Chambers
Albuquerque, New Mexico 87102

Councilor Klarissa Pena, Chair

Commissioner Debbie O'Malley, Vice Chair

Councilor Pat Davis

Commissioner Maggie Hart Stebbins

Commissioner Wayne Johnson

Councilor Trudy E. Jones

Trustee Pablo Rael

Executive Director Mark Sanchez

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1 CHAIR PENA: I call this May 17 meeting of
2 the Albuquerque Bernalillo County Water Utility
3 Authority to order.

4 Let the record reflect that Member Perry
5 is excused this evening.

6 Next item, Item 2, Pledge of Allegiance.
7 We will have a moment of silence and the pledge led
8 by Counselor O'Malley.

9 (Whereupon the Pledge of Allegiance was
10 said.)

11 CHAIR PENA: Okay. Next item, we have
12 Item 3, approval of the minutes.

13 I make a motion to approve the April 19
14 minutes.

15 MEMBER: Second.

16 CHAIR PENA: There's a motion and a
17 second.

18 All those in favor say yes.

19 MEMBERS: Yes.

20 CHAIR PENA: Opposed, no.

21 Motion passes.

22 The next item is proclamations and awards.

23 We have no proclamations and awards this
24 evening, so we will move on to public comment.

25 Ms. Jenkins, how many people do we have

1 signed up to speak?

2 MS. JENKINS: We have two.

3 CHAIR PENA: Two? Okay.

4 If you could read them out. The speakers
5 have three minutes with a two-and-a-half-minute
6 warning.

7 MS. JENKINS: Michael Jensen, followed by
8 Elaine Hebard.

9 MR. JENSEN: Hi. My name is Michael
10 Jensen. This is what the City chose to believe the
11 aquifer looked like in 1961. That orange area was
12 just something you could stick a straw in and suck
13 water out of, which was very nice for developers, so
14 they advertised all over the country about the Lake
15 Superior of water underneath us. Who knew that you
16 could surf here.

17 Then in 1990, Kelly Summers, the
18 hydrogeologist for the City of Albuquerque, started
19 pushing back against this idea fairly strongly and
20 got fired for it.

21 A couple of years later a study proved
22 that he was right, and the Water Utility Authority
23 said that, "We all knew it used to look like this,
24 but now it looks like this." It's a lot harder to
25 manage than figure out how much water you've got.

1 Something strange happened a couple of
2 years ago. We got the lake back. Pretty cool. And
3 a hard limit on the bottom, all red and everything,
4 got this nice, kinder, gentler color. And then this
5 year, oh, my God, it's not even a lake, it's a
6 freakin' ocean.

7 And being from California and all, I have
8 to say surf's up for all, and note that there's no
9 bottom limit. There's no western limit -- or
10 eastern. There is no western limit. We have no
11 more limits. There's water running everywhere.
12 It's even filled up in the mountains here.

13 So I don't think that the numbers that the
14 utility uses necessarily reflect this, but this is
15 what people see. Okay? It matters a whole lot.

16 So another thought here. This is a USGS
17 monitoring well that the utility put out in their
18 report. It starts in 1996 and shows that when the
19 utility took over everything got awesomely better.

20 This is the whole history of that
21 monitoring well. It goes back before 1960. And it
22 shows that in 1961 was when the highest level in
23 that well occurred, which is also when Lake Superior
24 appeared and we pumped the crap out of that well.

25 But in 1996 the federal government said we

1 had to use low flow fixtures in our house and things
2 leveled off and then they got better, and that well
3 has recovered by about 12 feet.

4 But we've got 25 feet more to go, and we
5 aren't going to get there because groundwater
6 pumping has leveled off. Okay?

7 So I urge you to listen to the Kelly
8 Summers, or dare I say the Elaine Hebards of this
9 world, and not to the people that fire them, dismiss
10 them, or talk behind their backs.

11 Thank you very much.

12 MS. HEBARD: Wow, what an awesome
13 reference. Thank you.

14 My name is Elaine Hebard. As you know,
15 I've been coming here for a long time.

16 That graphic for 11 in the new plan was
17 added to the final version, and it is scary. It's
18 not funny to see little waves in the graphic itself.
19 It's not funny to see the words "threshold of
20 irreversible land subsidence" changed to "potential
21 subsidence threshold." It changes the perspective
22 for future generations and future decision makers
23 that look at that.

24 So we don't want to adopt and go back to
25 the good old days.

1 My suggestion would be that this board
2 could take some action to move us forward. Such as:

3 There is a statement in the plan that says
4 that the water level is projected to rise to 50 feet
5 below predevelopment level. In other words, there's
6 still a hole of 50 feet, but we are going to rise.
7 And that's going to happen by the 2020s.

8 To do that, we mean that we would have it
9 rise more than three times what it has already risen
10 to date in a similar time frame. That's probably
11 not going to happen.

12 But if that were to be a target, 50 feet
13 below predevelopment level, then you could say,
14 "Well, in 20 years, maybe we could hit that and set
15 some metrics and set some objectives to reach that
16 goal."

17 Why is that important?

18 Then you don't have the drawdowns, you
19 don't have the depletions in river flows that will
20 continue and augment if we continue pumping and
21 increase pumping. And that's going to be really
22 important, as climate change occurs and we see less
23 and less river flows we already can't -- we can't
24 divert for about a month a year. That's going to be
25 more. We're going to see more of that.

1 So instead of pumping and relying on the
2 pumping and those return flow credits, which is
3 pouring 12,000 to 17,000-year-old water into the
4 river, why not aim to reduce that pumping to the
5 10,000 feet, acre feet, that the utility has
6 suggested.

7 That's just one of several ideas. But if
8 that were the rallying cry, to be resilient and to
9 live within our means, we would be good neighbors to
10 everyone, since we all -- the basin itself
11 over-consumes by about 50,000-acre feet.

12 By the way, I don't think the TCAC ever
13 saw that graphic. It was just put into the plan,
14 and we never voted on the plan.

15 Thank you.

16 Any questions? Sorry.

17 CHAIR PENA: Thank you. With no further
18 public comment we will move on to announcements and
19 communication.

20 Item A, we have the next scheduled meeting
21 June 21, 5:00 p.m., in the Vincent E. Griego
22 chambers.

23 Next we have introduction, first reading,
24 legislation.

25 We have no -- no items. So then we'll

1 move on to the consent agenda.

2 And the consent agenda, everyone has had a
3 time to review them. I think, if no one is pulling
4 anything off of the consent agenda, we will make a
5 motion to accept the consent agenda.

6 COUNCILOR JONES: Second.

7 CHAIR PENA: There's a motion and a
8 second.

9 All those in favor say yes.

10 MEMBERS: Yes.

11 CHAIR PENA: Opposed, no?

12 Motion passes.

13 Next item -- we are on Number 9,
14 approvals. Item A, 0-17-1, amending the Albuquerque
15 Bernalillo County Water Utility Authority water and
16 sewer rate ordinance to adjust water and sewer rates
17 by a 5 percent rate revenue adjustment for FY18,
18 update the utility expansion charge, water supply
19 charge, septic tank and chemical toilet charge by
20 3.45 percent, based on the Engineering News Report
21 Index.

22 Mr. Stan Allred.

23 Should we have presentation first or
24 public comment first?

25 MS. JENKINS: It's up to you.

1 CHAIR PENA: I think we will do the
2 presentation.

3 Welcome, Stan.

4 MR. ALLRED: Welcome, Madam Chairman.

5 Just really quick, what you have before
6 you is the rate ordinance. In the rate ordinance
7 there's a 5 percent rate increase that was approved
8 by the board in fiscal year 2015. We vetted that
9 and ran it against our cost of service model.

10 We also discussed that with the technical
11 advisory committee, and we had three meetings with
12 them.

13 It was run through with the audit
14 committee as well.

15 This really -- really quickly, the rates,
16 EPA has a standard for affordability. It's an index
17 from zero to 4.5. Anything under 4.5 is a very
18 affordable rate, and that's what EPA recommends.

19 Standard & Poor's also uses this metric as
20 part of our rating criteria, and we rated extremely
21 high when we went to the rating agencies in
22 December.

23 So existing is 1.22 percent. And with the
24 proposed increase, it will go to just basically
25 .06 percent to 1.28 percent, so the rate is still

1 remaining extremely affordable.

2 We chose a scenario where 75 percent of
3 the rates will be received from the sewer rates,
4 kind of back with the cost of service. And that's
5 where all of our rehab work is being done. The
6 rates primarily are to increase our infrastructure
7 renewal projects.

8 A residential customer who uses about
9 6,000 gallons will see about a \$2.72 a month
10 increase on their bill; whereas, a customer that
11 uses about 22,000 [sic] gallons of water a month
12 will see about \$3.21.

13 A multifamily that has more than one --
14 one unit, so uses about 9.2 or 9,200 gallons of
15 water would see about a \$4.44 increase in their
16 water bill.

17 The next slide is an indication of how our
18 rates compare with other rates in the community.

19 And I apologize. So there's the bill
20 changes that I was talking about from a residential,
21 8 units, down to multifamily, 13 units.

22 For a customer that uses about 8 units
23 residential, we rank in almost the bottom -- bottom
24 three, as far as affordability. You'll see that
25 Rio Rancho charges about \$108 a month for that level

1 of consumption, and we would be charging \$50.35.

2 If you look at a customer that uses a
3 little bit more water, which is 30 units, with an
4 average winter consumption of 8 units, we actually
5 rank last as far as the level of the rates.

6 Santa Fe, the rates would be \$380 a month.
7 Our rates would be \$120.66. Rio Rancho would be
8 \$228.92. And you can see Austin all the way back
9 down to Denver.

10 The rate revenue increase was primarily
11 used for -- to generate \$10.3 million. It was
12 primarily for our infrastructure renewal, for our
13 capital project to work on our aging infrastructure.

14 Also, it's a target in the rate ordinance
15 and demanded by the rate ordinance to get to 1/12th
16 of our working capital balance, and this rate
17 increase will get us there.

18 We've had increases in our -- primarily in
19 our chemical costs that will cover our risk, our
20 risk cost, power and chemical costs.

21 And just -- roughly, just so you know,
22 95 percent of all of our costs are fixed. So no
23 matter what the fluctuation in what the consumption
24 levels are, our rates, such as salaries, debt
25 service, our risk costs, they remain stagnant.

1 If we didn't have the rate increase we
2 would have a risk of falling out of compliance with
3 the rate ordinance and our bond covenants. And
4 there is also an expectation that was given to our
5 rating agencies and shared with the investors that
6 bought our bonds in our last borrowing in January.

7 So this achieves target for financial
8 metrics and for a highly regulated utility by bond
9 agencies.

10 The other thing, just real quick that's in
11 it, there's a slight increase to our extra strength
12 surcharges. They've averaged about a penny.

13 We made some changes to the language for
14 our septic haulers and we increased by -- based upon
15 what's mandated by the rate ordinance, we increased
16 the water supply charge and the true expansion
17 charges by the ENR index.

18 That was at the -- it was on April 1st.

19 And I stand for any questions.

20 CHAIR PENA: Thank you, Stan.

21 Are there any questions for Stan?

22 Commissioner Hart Stebbins?

23 COMMISSIONER HART STEBBINS: Thank you,
24 Madam Chair.

25 Stan, do you have the graph that shows the

1 backlog of capital projects that the Water Authority
2 faces at this point in time?

3 MR. ALLRED: I don't. In this
4 presentation today I don't have the picture of the
5 backlog. This is in the budget presentation.

6 Basically the idea is is that we would
7 ramp up at \$3 million a year to pay for our aging
8 infrastructure.

9 It's based on a 100-year plan. There's
10 levels back out 30, 40, 50 years from now, where
11 it's really huge amounts. So our idea is to get
12 this 7 to 8 million dollars a year. The intention
13 is is that we would increase our cash transfer every
14 year by \$3 million to raise our capital spendings by
15 \$3 million a year to get to a level of about 76 to
16 78 million dollars by 2027.

17 MR. KELLY: Madam Chair, Commissioner
18 Stebbins, that chart is in a later presentation, and
19 we could probably advance the presentation and get
20 to that chart if you'd like.

21 COMMISSIONER HART STEBBINS: I'm just
22 trying to get a sense of what's the amount of the
23 backlog that we're trying to address.

24 And I guess the water authority has
25 prioritized capital spending.

1 Is that correct?

2 I don't want to jump ahead, but if we're
3 going to be voting on the funding first, it might be
4 good to know about it.

5 MR. ALLRED: And I'll let Dave Price
6 explain this graphic.

7 MR. PRICE: Can you see that? This is the
8 graphic that came out of the 2011 asset management
9 plan for the utility wide. And it looked at all of
10 our assets, our pipes and plants and wells and
11 reservoirs, and judged when they needed to be
12 rehabbed and what the costs would be to rehab them
13 or replace them.

14 And they forecasted out 100 years, and
15 that's what is shown in the graph here. As you can
16 see, there's a vertical bar for each of the hundred
17 years, starting in 2011 going up to 20-- 2111.

18 And for each of those years they predicted
19 how much we should be spending in that particular
20 year to replace the assets that were coming due for
21 replacement. Basically, they are reaching the end
22 of their lives.

23 And with that, they estimated that we
24 needed to be spending about \$76 million per year
25 every year for that hundred years, and that is 2010

1 dollars, in order to take care of our assets,
2 including the -- the backlog, which they
3 projected -- they placed in the first -- I believe
4 in the first ten years they added the backlog that
5 had accumulated to 2011, in order to spread it out.

6 The issue here, if we don't get on top of
7 this thing, in the future we're going to have to
8 spend a whole lot more to bring our assets back up
9 to the point where they're meeting the levels of
10 service that our customers require.

11 For instance, the past -- since we met a
12 month ago, we've had four separate interceptor
13 collapses, where you have a sinkhole open up and we
14 have to shut down a road and dig out the pipe and
15 put a new pipe in.

16 Typically, when you -- when the pipe gets
17 to the point where it's collapsing or the roof of
18 the pipe is gone, it's much more expensive to
19 replace it than if we had gotten in there five years
20 earlier and relined it. In fact, it cost us about
21 two, three, maybe even four times as much to replace
22 a pipe by digging up the entire length of that pipe.
23 And obviously, it's very disruptive to traffic and
24 businesses. They have to close down the road or one
25 lane of the road.

1 And again, it costs us a lot more to do it
2 that way than if we were more proactive, recognizing
3 that a sewer line, a concrete sewer line, where we
4 normally get, on average, about 40 years out of,
5 well, we've got a lot of lines that are 50 --
6 50 years plus that are past due. They're ready to
7 collapse. And we've -- we go in there, we have a
8 program that videos them, sends a little robot down
9 the pipeline and looks at the roof and stuff and
10 identifies where we have real problematic pipes.

11 And we've got a lot of interceptors and a
12 lot of collection systems, smaller-diameter pipes,
13 that have no roof in them. And these are pipes that
14 are typically underneath our roadways. And the big
15 ones are underneath our big roadways.

16 And so when one of those things collapses,
17 which happened a couple or three years ago on Coors,
18 we had to shut down Coors for months in order to dig
19 it up.

20 Now if we had gotten in there 5 years, 10
21 years earlier and relined it, well, we'd have to --
22 we could do that, basically, without much of the
23 road dug up, and it would have cost us a third of
24 what it cost us to actually dig up the old pipe and
25 put in brand-new pipe.

1 So that's why it's important to keep up
2 with this and get ahead of it.

3 You can see out there that the really tall
4 bars on the graphic is -- I believe that's when our
5 San Juan-Chama project plant is coming due for a
6 good renewal.

7 But we need to -- we need to get ahead of
8 it before we see something like that where we would
9 have to undoubtedly have to raise rates tremendously
10 in order to be able to pay for that.

11 Otherwise, the plant is not going to
12 provide the service. It's not going to be able to
13 treat the water properly, and we're going to
14 continue to have one more of these emergencies.

15 Even with the rate increases that we are
16 requesting and the spending that we are hoping to
17 get up to, the \$76 million level, we're still going
18 to be in emergency mode for the next two decades
19 because we just don't have the money to go in there
20 and fix everything all at once. And it's just one
21 of those things, until you get caught up with this,
22 it's going to be much more expensive on a
23 year-to-year basis rather than addressing it
24 proactively.

25 Just like your car. You know if you

1 change the oil every three months, spend the -- you
2 know, a couple hundred dollars a year or whatever
3 doing that versus waiting -- you know, don't change
4 it and then waiting to replace the engine which is
5 going to cost you, you know, \$4,000 or something.
6 So it's just the same analogy.

7 CHAIR PENA: Thank you, Mr. Price.

8 Commissioner Stebbins.

9 COMMISSIONER HART STEBBINS: Thank you.
10 So -- so thank you for that.

11 So you say \$76 million is the annual
12 amount we need to keep up with our -- with our
13 infrastructure. How much are we spending now?

14 MR. PRICE: Right now it's about
15 60 million.

16 COMMISSIONER HART STEBBINS: Okay. So
17 with this, if this were to pass, we would get up to
18 66 million, so we'd still be below the estimated
19 need.

20 MR. PRICE: Correct. Until, I think it's
21 2023, 2024, when it gets up to the \$76 million
22 level.

23 And again, I want to emphasize that's in
24 2010 dollars. When you add in inflation, it's going
25 to be a higher number.

1 And part of the -- one of the projects we
2 want to do in 2018 is to update the utility-wide
3 asset management plan that will both address that
4 number and bring it up to, you know, 2018 dollars.
5 It would also take another look at our
6 infrastructure overall, to make sure that we
7 included everything.

8 For instance when we did the 2011 study,
9 we didn't have New Mexico Utilities included in that
10 study. So that's another thing we have to include.

11 And I can tell you that in the past --
12 since we've taken over that system, we've had to
13 spend a lot more money there to bring that system up
14 to our standards. It's one of the areas of our
15 water system where we struggle in the summers to
16 meet demand. If we lose a well out there or one of
17 our pump stations goes down, we -- we won't be able
18 to provide enough water for the people out there.

19 So we've got several projects under
20 construction now that are in design phase now, to
21 augment that system.

22 But that was sort of above and beyond
23 what -- it's not so much a renewal, it's more of an
24 improvements project, more to bring their system up
25 to our standards.

1 COMMISSIONER HART STEBBINS: And how much
2 of this will go to the South Valley sewage treatment
3 plant?

4 MR. PRICE: Right now we divert about --
5 or spend about, I would say, roughly a third or a
6 little bit more per year of our rehab budget down
7 there.

8 And we had that commitment to spend about
9 \$250,000 over about a ten-year period, and we're
10 about halfway through that now. And we'll continue
11 spending at a higher rate down there, 20, 25 million
12 a year, for the next three or four years.

13 And then that will taper off to about
14 \$14 million a year, and we'll start being able to
15 address some of the other areas.

16 The ramp up, the \$3 million of the ramp
17 up, that mostly goes towards interceptors and our
18 sewer collectorships in the small diameter and our
19 water pipelines.

20 And if you look at our overall assets,
21 when they look at the utility-wide asset management
22 plan and looked at all our assets, the vast majority
23 of the -- they estimated it will take about
24 \$5 million dollars -- \$5 billion dollars to replace
25 all of our assets and -- sort of the value of our

1 assets.

2 I would say about 2/3rds of that is in our
3 pipelines. That's the vast majority of our assets,
4 is that true infrastructure is buried, out of sight,
5 but still needs to be addressed.

6 COMMISSIONER HART STEBBINS: Well, thank
7 you. And I want to thank you for being proactive in
8 bringing this to us.

9 I understand, you know, it's never easy,
10 it is never fun to ask for a rate increase. But I
11 think you've pointed out the investment now is
12 actually going to save money, and I think we cannot
13 ignore the fact that there are some really
14 catastrophic collapses that are going on now, the
15 ones that you've mentioned.

16 I know in my district there have been some
17 where there's been significant damage as a result of
18 a broken line.

19 And then this situation -- was it down on
20 Broadway where the sewage was sloshing into the
21 schoolyard where the children were playing?

22 I think these are some issues that really
23 need to be addressed, and so I thank you for putting
24 together this plan and the explanation. Thank you.

25 Thank you, Madam Chair.

1 CHAIR PENA: Thank you.

2 Any other questions?

3 Councilor?

4 COUNCILOR DAVIS: Thank you, Madam Chair.

5 Could you just educate me a little bit?

6 As we're talking about it, I know -- this is just to
7 clarify and to catch us up from previous meetings.

8 The rate increase that's proposed here was
9 one that was planned several years out, and we've
10 kind of made those commitments over the years to get
11 us to the place that we need to do our capital work.

12 But is there a requirement that we apply
13 that 5 percent equally to both use charges and fixed
14 charges, or can we -- in other words, can we adjust
15 that to be more of a fixed charge fee so that we're
16 not raising rates on folks as they become more
17 responsible with their water use and sort of not
18 charging them more for using less?

19 MR. ALLRED: Councilor Davis and Madam
20 Chairman, so what we've done is we have a cost of
21 service rate model, and we make sure that our rates
22 among our customers -- and within our class of
23 customers.

24 And what we did is, when we had the
25 dropoff in 2014 with our rates, we made a conscious

1 effort to put more on the fixed rate.

2 So with this rate increase, 49 percent of
3 the -- of the -- of what we're going to receive is
4 coming from the fixed rates. 51 percent is from the
5 commodity.

6 We're basically still trying to create a
7 conservation driven rate structure, but then also
8 allow us the kind of flexibility to make sure that
9 our rate structure is stable.

10 What we've also done is we've looked at
11 what we're spending our money on. And primarily
12 we're spending most of our rehab, as Mr. Price said,
13 on wastewater.

14 So 75 percent of the increase this year,
15 or on this cycle, is going to the sewer rates.

16 On the water side, there will not be an
17 increase to the commodity rate. There will be an
18 increase to the base rate, but not an increase to
19 the commodity rate. And then you'll have an
20 increase on both the base and the commodity rate on
21 the sewer side.

22 COUNCILOR DAVIS: Thank you.

23 CHAIR PENA: Any more questions?

24 If not, we will move on to public comment.

25 Elaine Hebard?

1 MS. HEBARD: I have a little frog in my
2 throat.

3 My name is Elaine Hebard.

4 Rates shouldn't reflect the goals,
5 objectives, budgets, plans, priorities, and policies
6 of the water utility.

7 And so we've seen the water decade plan,
8 which is a good guide to our infrastructure
9 planning, but there's not really a performance
10 report on the goals and objectives that you pass
11 every year. There's not a report back to the board.
12 And that would be, I think, useful when you're
13 setting both the budgets and the rates.

14 I would like to mention a couple of other
15 things.

16 It would be good to use the quarterly
17 meetings, that are going to be happening under the
18 new objective, to talk about the CIP program, so
19 that you're asking the public what they see, our
20 needs, and not just going out and informing. And
21 that would be a good change, and it could follow the
22 County's CIP program. They have a meeting in each
23 district to collect input and have that sort of
24 discussion.

25 I want to also point out a study that just

1 came out today. And I don't know if this is going
2 to pick up the light.

3 But there was a study on overall
4 satisfaction, water quality, and price that was
5 issued by J.D. Power today.

6 And what I've put up here is the list of
7 the 87 water utilities that they study that serve
8 400,000 or more people.

9 And I want to show you where the utility
10 is located. It's at the bottom, almost. There's
11 only seven that are at that same level or lower.

12 That's not a good standing. And so when
13 we are talking about rates, we're talking about
14 infrastructure, and we're talking about goals and
15 objectives, helping the public be involved and
16 engaged, I think will help bring that statistic up.

17 This is what it looks like graphically.
18 And you can see that there's only one utility in the
19 state of New Mexico that serves over 400,000 people,
20 and that's us. And we don't look very good in that
21 map.

22 So with that, I do think that the -- that
23 the rates need to be raised for the reasons that
24 they have been put out. The TCAC did follow the
25 recommendation of the staff and suggests that as

1 well.

2 But I also want to leave this new study
3 and the results with you to do more and to try
4 harder with the customers so that we don't have
5 these really negative rates again.

6 Thank you.

7 Any questions of me?

8 CHAIR PENA: Thank you.

9 Are there any other questions?

10 If not, was there a motion already made?

11 Did I make a motion yet?

12 So I'll make a motion to approve O-17-1.

13 All those in favor say yes.

14 MEMBERS: Yes.

15 CHAIR PENA: Opposed, no.

16 MEMBERS: No.

17 CHAIR PENA: A show of hands.

18 Did you get that?

19 Yes?

20 Say yes to approve it.

21 MEMBER: Yes.

22 CHAIR PENA: Yes?

23 Nos?

24 Say no.

25 That passes.

1 Three yes, three no.

2 Okay. That motion fails.

3 Okay. The next item we have is B, R-17-9,
4 appropriating funds for operating Albuquerque
5 Bernalillo County Water Utility Authority fiscal
6 year beginning July 1 and ending June 30, 2018.

7 Mr. Stan Allred presenting on 17-9 and
8 R-17-10 together.

9 So I guess we'll make one motion on that
10 one?

11 We'll decide to vote for two motions?

12 Okay. Stan?

13 MR. ALLRED: What you have before you is
14 our FY18 budget. It assumes a rate revenue
15 adjustment, assumes nominal growth in our service
16 area. It also assumed a GCP level of 129 gallons
17 per person per day.

18 It does have a capital spending increase
19 of \$6 million from the prior year, \$3 million as
20 part of the ramp up, and then an additional
21 \$3 million for an EPA line in the South Valley.

22 We would reincrease the rate reserve by
23 \$2 million. And that's to be used for years when
24 offsetting declines in rate revenue.

25 And it would bring our fund balance to

1 1/12th of our operating expenditures as a target,
2 per our rate ordinance, and as a -- as something we
3 had discussed with the rating agencies.

4 So what are the priorities in FY18?

5 We would do the enhanced outreach and
6 communication plan.

7 We would begin implementation of the water
8 2120 plan.

9 We have begun work and continue to do work
10 with the groundwater reserve by injecting purified
11 surface water at the San Juan-Chama plant.

12 Continue to do the increase of
13 infrastructure investment plan by \$3 million a year.

14 And we would create a round-up program
15 where customers would round up their bills and we
16 would take that money and set it aside for emergency
17 needs for low income customers.

18 The projected revenues for FY18 would be
19 \$229 million. Of that, 127 million would be for
20 water, 88.3 for wastewater. It would generate what
21 we need to pay for the franchise fee to the City of
22 Albuquerque, Bernalillo County, the Village of
23 Los Ranchos, and the City of Albuquerque, of
24 8.6 million.

25 And then we have miscellaneous income of

1 about 5 million, which is a transfer from solid
2 waste for billing services, a transfer from DMD from
3 the City of Albuquerque for doing storm -- storm
4 work, and interest and compost and other
5 miscellaneous type of activities.

6 Our working capital balance, it was a
7 negative. It was a negative \$10 million at the end
8 of FY15.

9 At the end of FY16 we got it close to
10 5 million.

11 At the end of FY17 we estimate it to be
12 about 11 million.

13 And then we would estimate it to be about
14 1/12th of our operating expenditures by the end of
15 FY18.

16 Our budget expenditures is 222 million.
17 Primarily, it's debt service. Debt service is
18 expected to increase to about \$6 million next fiscal
19 year.

20 We have wages and benefits of
21 58.8 million. That does include a 2 percent
22 increase, or a step increase, for our employees.

23 Transfer of other funds is \$27 million.
24 That's an increase of \$6 million. And that's a
25 transfer to capital.

1 We have risk costs of \$2.8 million.

2 Workers' comp of 707,000.

3 And other capital, which is primarily
4 vehicles, of 618,000.

5 The next is just a quick duplication of
6 where we would see the finance plan.

7 You can kind of see that our revenues
8 exceed our expenditures, along with what our ending
9 working capital balance would be for each year, and
10 then what the beginning -- and we would keep that at
11 about -- at a level of 1/12th of our operating
12 expenditures going forth through 2026.

13 Next is our FY18 capital improvement.
14 \$64.1 million. It includes \$52 million for our
15 basic rehab program. 6 million of that was for the
16 completion of the salty watering facility at the
17 wastewater treatment plant; \$4 million to start
18 replacing our aging fleet in our heavy equipment;
19 \$3 million for EP compliance, reuse pipeline project
20 that we're required to complete per the EPA.

21 Per the rate ordinance, we do \$2 million a
22 year for our automatic leader infrastructure, and
23 we're about 50 percent built out.

24 We're required to do \$1 million for steel
25 line, and we're also required to do \$350,000 for

1 renewal energy projects per an agreement with the
2 State of New Mexico and the Public Service Company
3 of New Mexico.

4 So this is how we would increase -- we had
5 our discussion on capital spending -- is that we
6 would increase \$3 million a year. That increase
7 would come from cash transfers and not from debt --
8 from debt payments.

9 So you can see that red line is the
10 increase in cash that we would need to have to get
11 to the level of CIP spending, and we would need to
12 get to -- by 2027.

13 And I stand for any questions.

14 EXECUTIVE DIRECTOR SANCHEZ: Madam Chair,
15 based on the action taken on Item A, my
16 recommendation would be that Items B, C, and D be
17 deferred until June 21, because those budgets are
18 all going to have to be reworked to reduce them by
19 \$10.3 million.

20 And I would also suggest that Item A
21 either be amended -- I have an amendment that
22 would -- because this rate adjustment was
23 preapproved and all of the numbers are recalculated,
24 so there is going to have to be an amendment to
25 delete the language off each page where it appears

1 to allow that rate ordinance to go forward.

2 So someone who voted in -- I guess you
3 both voted in the majority, but someone is going to
4 have to move an amendment or, either way, reconsider
5 that item and either amend it tonight, which we have
6 an amendment, if you choose to do that, or defer it.

7 CHAIR PENA: Councilor Davis?

8 COUNCILOR DAVIS: Mr. Sanchez, do we have
9 an obligation to submit a budget by a certain
10 deadline? Remind me. I just don't recall from last
11 year.

12 EXECUTIVE DIRECTOR SANCHEZ: Madam Chair,
13 Councilor Davis, June 21 would be sufficient.

14 COUNCILOR DAVIS: Okay.

15 CHAIR PENA: Commissioner O'Malley?

16 COMMISSIONER O'MALLEY: Madam Chair, I
17 move to defer.

18 EXECUTIVE DIRECTOR SANCHEZ: Madam Chair,
19 first, you would have to vote to reconsider that
20 item.

21 CHAIR PENA: Reconsider Item A?

22 Is there a motion to reconsider Item A?

23 I'll make that motion to reconsider
24 Item A.

25 COMMISSIONER HART STEBBINS: Second.

1 CHAIR PENA: There's a motion and a
2 second.

3 All those in favor say yes.

4 MEMBERS: Yes.

5 CHAIR PENA: Opposed?

6 Motion passes.

7 So now there needs to be a motion to
8 defer.

9 Commissioner?

10 COMMISSIONER JOHNSON: Thank you.

11 Madam Chair, what are we deferring on this
12 action?

13 We're reconsidering and now we're going to
14 defer action on the rate increase.

15 EXECUTIVE DIRECTOR SANCHEZ: Madam Chair,
16 Commissioner Johnson, what you've done basically is
17 put the matter back on the table.

18 So now the question is, do you amend it
19 here today or do you defer it so that it could be
20 cleaned up? Because there's language in there,
21 based on this vote, that has to be removed.

22 COMMISSIONER JOHNSON: The language in the
23 ordinance?

24 EXECUTIVE DIRECTOR SANCHEZ: Yes.

25 COMMISSIONER JOHNSON: Okay. So --

1 EXECUTIVE DIRECTOR SANCHEZ: Because
2 that's what's suggesting the rates to reflect the
3 revenue adjustment.

4 COMMISSIONER JOHNSON: I would imagine, if
5 it's an ordinance, we couldn't make an amendment
6 today anyway, correct?

7 EXECUTIVE DIRECTOR SANCHEZ: Well, it was
8 introduced and it has been published. So yes, you
9 could.

10 COMMISSIONER JOHNSON: Okay. Thank you.

11 CHAIR PENA: Commissioner Stebbins?

12 COMMISSIONER HART STEBBINS: Thank you,
13 Madam Chair.

14 Mark, from the perspective of water
15 utility management, would you prefer that we defer
16 this until our next meeting or make the amendment
17 tonight so that you can move forward?

18 EXECUTIVE DIRECTOR SANCHEZ: Madam Chair,
19 Commissioner Hart Stebbins, I don't think it
20 matters. I think we can do it either way.

21 COUNCILOR DAVIS: Madam Chair, if I could
22 make a motion that we could table this item until
23 the end of our agenda, and let's take up the other
24 items that aren't related, perhaps Item E, for a
25 moment.

1 CHAIR PENA: Is that in the form of a
2 motion?

3 COUNCILOR DAVIS: Yes, ma'am.

4 CHAIR PENA: Okay. There's a motion on
5 the floor to table this to the end of the agenda.
6 So all those in favor say yes.

7 MEMBERS: Yes.

8 CHAIR PENA: Opposed, no.

9 Motion passes.

10 So we will move on to Item E. And that is
11 C-17-17, approving agreement with the City of
12 Rio Rancho and Intel for emergency sanitary sewer.

13 Mr. John Stomp.

14 MR. STOMP: Madam Chair, and members of
15 the board, the agreement before you is an emergency
16 sewer agreement, that Rio Rancho asked if we would
17 be willing to accept some sewage from their Plant
18 Number 1, which is going to undergo construction.

19 And this would only be in an emergency
20 situation, if something happened during the
21 construction and they needed to reroute the flows,
22 which would have to go through Intel and then end up
23 back into our sewer system. So that's why there's a
24 three-party agreement.

25 There could be nothing that happens or

1 there could be an emergency where they have to
2 discharge for a certain period of time.

3 We have an agreement with Intel on certain
4 standards that have to be met in terms of what they
5 can discharge to our system, and so Rio Rancho would
6 be responsible for meeting -- meeting those
7 requirements.

8 And I stand for questions.

9 CHAIR PENA: Thank you, Mr. Stomp.

10 Actually, I think this is great, you know.
11 And I guess we're going to get reimbursed if there's
12 any emergency.

13 We don't anticipate or hope that that will
14 happen, but if there's an emergency we've got
15 Rio Rancho's back, right? Okay.

16 Well, then we have Item C-17-17. I make a
17 motion to approve.

18 All those in favor -- second?

19 COUNCILOR JONES: Second.

20 CHAIR PENA: This motion is seconded. All
21 those in favor say yes.

22 COMMISSIONER HART STEBBINS: Madam Chair?

23 CHAIR PENA: Yes.

24 COMMISSIONER HART STEBBINS: I'm sorry to
25 interrupt you.

1 Mr. Allred if I have some kind of
2 financial relationship with Intel, do I need to
3 recuse myself from this vote?

4 MR. AUH: Commissioner Hart Stebbins, if
5 you're disclosing that you have a financial interest
6 or some relationship with Intel, it's up to you, if
7 you think that relationship will prevent you from
8 voting, you know, in an unbiased and impartial
9 manner.

10 If you feel that you can go ahead and
11 participate, you may. And that is subject to
12 challenge by anybody else on the dais.

13 MR. STOMP: But, Madam Chair, could I
14 just -- I would just add that there is no benefit
15 for Intel on this agreement. Intel is not
16 benefiting financially. All they were doing is
17 passing Rio Rancho's sewage through their system.
18 We would be metering those flows separately and
19 billing Rio Rancho separately for that, and it
20 wouldn't affect Intel's current agreement with us,
21 nor would they benefit in any way.

22 COMMISSIONER HART STEBBINS: Thank you for
23 that explanation.

24 Thank you, Madam Chair.

25 CHAIR PENA: So there's a motion and a

1 second.

2 All those in favor say yes.

3 MEMBERS: Yes.

4 CHAIR PENA: Opposed, no.

5 Motion passes unanimously.

6 Next, Item A OB-17-6, the water report,
7 the annual operating plan.

8 Mr. John Stomp. If -- Mr. Stomp, if you
9 can kind of keep it brief, I think we have some
10 other big issues on the table right now. So thank
11 you.

12 MR. STOMP: Madam Chair, members of the
13 board, I will do that.

14 I have three slides, and then Mr. Kelly is
15 going to come up and talk about the consumer
16 confidence report that we just sent to our
17 customers.

18 I just have three slides to talk about.
19 And really, these are slides that you've seen
20 before, but it's a good educational opportunity to
21 show you how successful I think we've been overall
22 in water management.

23 I would like to address the issues with
24 the aquifer situation that was brought up earlier
25 during public comment, but I won't do that tonight.

1 I'll be glad to come back and talk about that in
2 another situation, so I could set the record
3 straight.

4 This picture that's here before you shows
5 the difference in outdoor consumption and savings
6 that we've had since 1995.

7 We had a 60,000 acre foot of consumption.
8 That is how much water people are using. That's
9 outdoor use, swamp coolers. And last year we were
10 only about 37,000 to 38,000 acre feet.

11 So in 20 years we've actually reduced the
12 actual consumption of water that we use, and that's
13 actually quite amazing, when you consider we
14 purchased San Juan-Chama water, 48,200 acre feet, so
15 we can't fully consume the amount that we get on an
16 annual basis.

17 This slide is a graphic you've seen
18 before. We've seen a reduce in our use over time.
19 You see the blue there, and contrasting with the
20 green, the green being the groundwater use, the blue
21 being the surface water use.

22 You can see that we've increased our
23 surface water use over time, while at the same time
24 we've reduced our per capita use and increased our
25 customers.

1 We implemented the San Juan-Chama
2 drinking water project over a period of time and
3 reached a 65 percent surface water use last year.

4 So in terms of our annual operating plan,
5 which we're required to submit to our official
6 wildlife service as part of our permit, we are
7 anticipating that we should be able to use surface
8 water all year long.

9 We were more conservative than that. We
10 showed the month of October potentially being shut
11 down for a month, but we don't anticipate that's
12 going to happen. But it's better for us to be
13 conservative than not be conservative.

14 So that's what this picture shows is a
15 limited amount of groundwater use and more surface
16 water use.

17 I anticipate with a good year we're going
18 to exceed our 65 percent surface water use that we
19 did last year.

20 And unless there's more I would be glad to
21 answer any questions.

22 CHAIR PENA: Are there any questions of
23 Mr. Stomp?

24 No questions? Thank you.

25 MR. STOMP: Thank you, Madam Chair.

1 CHAIR PENA: So next we have the consumer
2 confidence report with Mr. Mark Kelly.

3 MR. KELLY: Madam Chair, members of the
4 board. I'm here again about a year later to talk
5 about the customer confidence report that all
6 customers got in their mail within the last few
7 weeks.

8 And I'm pleased to present it this year
9 again. It was another great year in terms of water
10 quality for our drinking water, and there's not that
11 much to talk about.

12 The customer confidence report is required
13 by the Safe Drinking Water Act. It lets our
14 customers know about the quality of the water that
15 we're all drinking. And it also lets the Water
16 Authority show the customers that the drinking water
17 is in compliance with all regulations.

18 There's certain parts that are required:
19 Water system information, sources, definitions, what
20 contaminants were detected.

21 We have to talk about compliance with
22 other drinking water regulations, as well as certain
23 educational information is required.

24 The first part that's required is the
25 water system information. All of your names are on

1 there as members of our board. Phone numbers and
2 ways of contacting the Water Authority are included
3 as well as websites where people can get additional
4 information.

5 We have to tell the customers about the
6 sources of their water, which for us are groundwater
7 and surface water.

8 We have to define our terms, because not
9 everyone that is reading the customer confidence
10 report is a water professional. We have to include
11 definitions.

12 The most important ones are the maximum
13 contaminant level. These are the levels set by the
14 Safe Drinking Water Act, that contaminants over
15 these concentrations are a violation of the Safe
16 Drinking Water Act. We didn't have any MCL
17 violations in our system again this year.

18 And we also have to define things like
19 parts per million, which is a milligram per liter,
20 and parts per billion, which is a microgram per
21 liter. And we're measuring very small amounts.

22 If you want to think about it, an M&M is
23 about a gram. If you cut an M&M into a thousand
24 pieces and put it into a liter of wastewater, you've
25 got 1 milligram per liter, or one part per million.

1 And if you cut that M&M into a million
2 pieces and put that 1 millionth in a liter of water,
3 you have got a part per billion, which we can sense
4 even -- we can detect contaminants at lower levels
5 than that. So it is very, very low levels of
6 contaminants.

7 We tell about what was detected in all of
8 our entry points. We do sampling. The environment
9 department conducts sampling in conjunction with us,
10 but we sample more than is required by the
11 environment department, and we tell the average
12 detected as well as the maximum detected, and we
13 didn't have any Safe Drinking Water Act MCL issues
14 this year.

15 We -- we test not only at our entry
16 points, our reservoirs, but also in the distribution
17 system. We're taking 240 bacteriological samples
18 every month that my staff collects. In 2016 we
19 didn't have any hits for bacteriologicals at all,
20 which is very good.

21 We're also testing inside people's homes,
22 not only for bacteriological, but for lead and
23 copper. We'll get into that a little bit more.

24 We test at the surface water treatment
25 plant. We have to test for various things there

1 like Cryptosporidium coming into the source water,
2 as well as we test for turbidity, which is the
3 actual cloudiness of the water leaving the plant.
4 And all of the surface water treatment plants met
5 all of the requirements all the time last year.

6 We do have additional information
7 available online. Customers can go and look up
8 their particular zone and find out the special blend
9 in their part of the system and see what -- what the
10 water quality looks like at their particular house.
11 And that red dot is my house.

12 We also have to tell about compliance with
13 other drinking water regulations, like our
14 unregulated contaminant monitoring rule.

15 We have to test for substances that don't
16 have maximum contaminant levels set by the EPA yet,
17 but EPA requires that we test for those and give
18 them the data so that they can determine if safe
19 levels are needed for those contaminants. So we do
20 those.

21 We also test for things like the
22 Cryptosporidium, that are a little above and beyond.

23 We have to include educational information
24 in there. This is boilerplate from the US EPA.
25 It's the same in every customer confidence report.

1 There's also an EPA hotline to call if
2 people would like to call that one.

3 We also include our own water quality
4 information line in there.

5 Like I said, we go above and beyond. We
6 have optional information that's not required by EPA
7 that we still tell our consumers about. This
8 includes water 2120. It talks about some of our
9 schematics for our processes, what we're doing in
10 terms of conservation, and then some issues in the
11 news like our voluntary lead testing.

12 Last year I appeared before you and
13 announced that we are going to have voluntary lead
14 testing for people's homes that were concerned about
15 their lead levels.

16 177 customers took us up on that and the
17 results are presented here. They are very similar
18 to our -- our required testing done in 2015. We did
19 have a maximum of 13PPB found for lead in one home,
20 which is near the action level of 15PPB, but still
21 below it. That was in an old home. It -- the
22 service line was verified to not be a lead service
23 line, and the water authority went out and talked to
24 that customer and let them know that they had some
25 kind of issue inside of their home.

1 The lead testing is continuing this year.
2 Customers can sign up online. It's in the consumer
3 confidence report where they can do that, where they
4 can call our water quality information line to sign
5 up.

6 So far, 31 -- 31 customers have requested
7 it this year.

8 And lastly, we're going to be doing some
9 additional monitoring. The second unidentified
10 contaminant monitoring rule is coming up, and we're
11 also revamping and redoing a report that we did in
12 2011 concerning pharmaceutical and personal care
13 products monitoring from our source water through
14 our treatment plant into the wastewater treatment
15 plant, and then looking at the levels that get
16 discharged through there.

17 That's all I have, and I will stand for
18 questions.

19 CHAIR PENA: Thank you.

20 Are there any questions for Mr. Kelly?

21 No questions?

22 Thank you. I appreciate all the
23 information.

24 So next we are going back to Item A
25 O-17-1, amending the Albuquerque Bernalillo County

1 Water Utility Authority and sewer rate ordinance for
2 reconsideration. So...

3 Yes, Councilor.

4 COUNCILOR JONES: I make a motion to
5 approve.

6 CHAIR PENA: There's a motion on the floor
7 to approve O-17-1.

8 All those in favor say yes.

9 MEMBERS: Yes.

10 EXECUTIVE DIRECTOR SANCHEZ: You need a
11 second.

12 CHAIR PENA: That's the second time
13 tonight I did that.

14 MEMBER: Second.

15 CHAIR PENA: So there's a motion and a
16 second.

17 All those in favor say yes.

18 MEMBERS: Yes.

19 CHAIR PENA: Opposed, no.

20 MEMBER: No.

21 CHAIR PENA: Motion passes.

22 Okay. So now I guess we can go back to
23 Item B R-17-9 and R-17-10.

24 There was a motion and a second on the
25 floor already. Do --

1 EXECUTIVE DIRECTOR SANCHEZ: Madam Chair,
2 I think the motion was to defer or postpone. So I
3 think a motion to reconsider those items would be
4 required.

5 CHAIR PENA: The same thing. Okay.
6 Is there a motion to reconsider Items B,
7 C, and D?

8 COMMISSIONER HART STEBBINS: I make a
9 motion we reconsider Items B, C, and D.

10 COUNCILOR JONES: Second.

11 CHAIR PENA: We have a motion and a second
12 to reconsider Items B, C, and D.

13 All those in favor say yes.

14 MEMBERS: Yes.

15 CHAIR PENA: Opposed, no.

16 Motion passes.

17 So do we take each one individually?

18 EXECUTIVE DIRECTOR SANCHEZ: Yes.

19 CHAIR PENA: Okay. So is there a motion
20 to approve R-17-9?

21 COMMISSIONER HART STEBBINS: Move
22 approval.

23 CHAIR PENA: There is a motion and a
24 second.

25 COMMISSIONER JOHNSON: I have an amendment

1 to R-17-9.

2 CHAIR PENA: Yes, sir.

3 COMMISSIONER JOHNSON: On page 3, the end
4 of the resolution, section -- a new Section 6 would
5 be added, and it would read:

6 "Based on savings of power and chemical,
7 supplemental fluoride will be added to achieve the
8 national guideline established by the Centers for
9 Disease Control and the US Environmental Protection
10 Agency.

11 COMMISSIONER HART STEBBINS: Second.

12 CHAIR PENA: There's a motion and a second
13 to add the fluoride recommendation.

14 All those in favor say yes.

15 MEMBERS: Yes.

16 CHAIR PENA: Opposed, no.

17 MEMBER: No.

18 CHAIR PENA: That motion passes three-two.
19 Okay.

20 So then we're back on the resolution, so
21 the amended resolution. So...

22 COMMISSIONER JOHNSON: I move approval as
23 amended.

24 COMMISSIONER HART STEBBINS: Second.

25 CHAIR PENA: There's a motion and a

1 second.

2 All those in favor say yes.

3 MEMBERS: Yes.

4 CHAIR PENA: Opposed, no.

5 MEMBER: No.

6 CHAIR PENA: Motion passes.

7 Next item, we have Item C R-17-10.

8 I'll --

9 COUNCILOR JONES: Move approval.

10 MEMBER: Second.

11 CHAIR PENA: There's a motion and a

12 second.

13 All those in favor say yes.

14 MEMBERS: Yes.

15 CHAIR PENA: Opposed?

16 MEMBERS: No.

17 CHAIR PENA: Motion passes.

18 Last, Item D C-17-8.

19 Is there a motion for approval of the

20 decade plan?

21 COUNCILOR JONES: Move approval.

22 MEMBER: Second.

23 CHAIR PENA: There's a motion and a

24 second.

25 All those in favor say yes.

1 MEMBERS: Yes.

2 CHAIR PENA: Opposed, no.

3 Motion passes.

4 With that, I see no further business.

5 This meeting is adjourned.

6 Thank you.

7 (Proceedings concluded at 6:03 p.m.)

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CERTIFICATE

I, Paul Baca, RPR, CCR in and for the
State of New Mexico, do hereby certify that the
above and foregoing contains a true and correct
record, produced to the best of my ability via
machine shorthand and computer-aided transcription,
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