

ALBUQUERQUE BERNALILLO COUNTY  
WATER UTILITY AUTHORITY MEETING  
Wednesday, December 4, 2019, 5:05 p.m.

VINCENT E. GRIEGO CHAMBERS  
ALBUQUERQUE-BERNALILLO COUNTY GOVERNMENT CENTER  
ALBUQUERQUE, NEW MEXICO 87102

A P P E A R A N C E S

COMMISSIONER DEBBIE O'MALLEY, Chair (excused)

COUNCILOR KLARISSA J. PENA, Vice Chair

COMMISSIONER MAGGIE HART STEBBINS, Member

COUNCILOR TRUDY E. JONES, Member

COMMISSIONER STEVEN MICHAEL QUEZADA, Member

COUNCILOR KEN SANCHEZ, Member (excused)

MAYOR TIMOTHY M. KELLER, Member (excused)

PABLO RAEL, Trustee (excused)

SARITA NAIR, Alternate

COUNCILOR PAT DAVIS, Alternate

BEFORE: KIM KAY SHOLLENBARGER, RPR  
Paul Baca Professional Court Reporters  
500 4th Street, Northwest, Suite 105  
Albuquerque, New Mexico 87102

1                   VICE CHAIR PENA: Good evening. I call this  
2   December 4th, 2019 meeting of the  
3   Albuquerque/Bernalillo County Water Utility Authority  
4   to order.

5                   Commissioner O'Malley and Trustee Rael are  
6   excused. Councilor Davis is serving as an alternate  
7   for Councilor Sanchez, and all other members are  
8   present.

9                   We are now on a moment of silence followed  
10   by the Pledge of Allegiance led by Councilor Jones.

11                   (Silence/Pledge of Allegiance)

12                   VICE CHAIR PENA: We are now on Item 3,  
13   Approval of Minutes. I make a motion to approve the  
14   October 23, 2019 minutes. Is there a second?

15                   COUNCILOR JONES: Second.

16                   VICE CHAIR PENA: There's a motion and a  
17   second. All those in favor say yes.

18                   MEMBERS: Yes.

19                   VICE CHAIR PENA: Opposed? Motion passes.  
20   Item 4, Proclamation and Awards, there are none this  
21   evening, so I am going to move the Agenda around  
22   little bit and we're going to go to Item 10, Other  
23   Business. OB-19-29, Status Update for the Kirtland  
24   Air Force Base Bulk Fuels Facility Fuel Leak Cleanup.  
25   Secretary James Kennedy.

1           SECRETARY KENNEDY: Thank you. Good  
2 evening, everybody. Thank you for having me here  
3 tonight to talk about what is one of New Mexico  
4 Department of Environment's top priorities, which is  
5 the cleanup of the legacy contamination from the  
6 release at the Kirtland Air Force site.

7           This is something, when I came into office  
8 in January, something that has been a top priority of  
9 mine, not only here in Albuquerque, but the notion of  
10 cleaning up legacy contamination across the State of  
11 New Mexico, which this definitely qualifies as  
12 legacy contamination. So whether we're talking about  
13 uranium mining up in Grants or the contamination that  
14 is more recent down in the southeast part of the  
15 state, this is something that we're working very  
16 quickly on to bring some resolution to.

17          I'm excited to announce, one of the things  
18 specific to Kirtland is, is that we are working with  
19 the Air Force now to propose a final remedy in 2021,  
20 that is a recent development from our conversations  
21 with them. That kind of shows you the way in which  
22 we're aggressively moving forward and working, as  
23 best as we can, to maintain a collaborative  
24 relationship with Kirtland Air Force Base.

25          So what that remedy looks like has yet to be

1     selected. And I know the way this has unfolded over  
2     the many years in which the bulk fuel release had  
3     occurred is that we, as a state, we, as the City of  
4     Albuquerque, all kind of got together and said the  
5     most important thing here is to make sure that people  
6     are protected, and those interim measures that we  
7     had put in place were really what drove the process,  
8     but now it's time that we actually move forward and  
9     pick the final remedy and that's what we're moving  
10    towards.

11           The main message that I want to deliver  
12    tonight is, that is what we're doing. We value, and  
13    we have sent letters to this effect, the relationship  
14    that we have with Bernalillo County and the City of  
15    Albuquerque to be partners in this. We recognize  
16    that we are the regulatory agency, but that does not  
17    mean it's at the expense of not having stakeholder  
18    engagement. We value all the expertise that has  
19    come through the City and the County in working with  
20    us on this, and we want to continue in that vain.

21           So in closing I just want to reiterate that  
22    this is our number one priority. I spend a good deal  
23    of my day talking to folks at the U.S. Air Force. I  
24    spend a good deal of my time talking to folks who are  
25    here tonight actually. But with that, I will finish

1 my remarks and take any questions that you may have.

2 Thank you.

3 VICE CHAIR PENA: Thank you. I'm going to  
4 defer to Commissioner Stebbins, she's the expert on  
5 this.

6 COMMISSIONER HART STEBBINS: Thank you,  
7 Madam Chair. That's exciting news. A final remedy  
8 perhaps by next year, 2020, you said.

9 SECRETARY KENNEDY: 2021.

10 COMMISSIONER HART STEBBINS: Still, I think  
11 sooner than we had been led to believe in the past.  
12 So the Corrective Measures Evaluation, you're  
13 satisfied with the progress of that work?

14 SECRETARY KENNEDY: Madam Chair and  
15 Commissioner, as the information comes in and we  
16 quantify whether we scientifically believe or  
17 understand that the interim measures are as  
18 efficient, that's something that we go through on a  
19 day-to-day basis. So we do believe that the plume  
20 has retracted, if you will, on the side north of  
21 Ridgecrest and, therefore, leaving our biggest  
22 concern now is what's on Base, or south of  
23 Ridgecrest. So that's the area that we're continuing  
24 to focus on. But I don't want to give you or leave  
25 you with the impression that we are not thinking or

1     that we're not going to continue to monitor and make  
2     gains on the north side of Ridgecrest as well.

3                 COMMISSIONER HART STEBBINS:   So the Water  
4     Utility Authority Board and the Air Force have had, I  
5     think, a difference of opinion on what would be  
6     considered complete remediation.   So I think the Air  
7     Force says they're only required to clean up to the  
8     EPA MCL.   We believe it should be restored to  
9     pre-spill condition.   Is the Environment Department  
10    going to take a position?   Well, what will your  
11    position be on that?

12                SECRETARY KENNEDY:   Madam Chair and  
13    Commissioner Hart Stebbins, that is a good question  
14    and that is something that we require clean up to  
15    water quality standards to what the preexisting  
16    conditions were.   That is something that I don't know  
17    that I'm prepared to say tonight what we understand  
18    the baseline to be and which cleanup would  
19    necessarily -- I know my staff will be able to answer  
20    that question better than I.   But I don't know if  
21    we're talking about taking it down to -- or  
22    remediating down to the preexisting conditions or to  
23    a -- it would be rare that we would require to a  
24    non-detect, you know what I'm saying, and saying  
25    it's a 100 percent remediated.   Typically there is a

1 certain amount that is permissible under our water  
2 quality standards or under federal law as well.

3 COMMISSIONER HART STEBBINS: Again, with  
4 this new 2021 final remedy, this may not be as  
5 important, but there also has been some disagreement  
6 between the Air Force and the Water Utility Authority  
7 about what the target capture area is. In recent  
8 statements the Air Force has been saying that the  
9 Water Authority and NMED had agreed that the target  
10 capture area for EDB was just that portion that was  
11 north of Ridgecrest. That still leaves a significant  
12 amount that is off of Base, but not north of  
13 Ridgecrest. I just want to express that as a  
14 concern. Again, the Air Force makes the statements  
15 that we somehow were in agreement on that. I think  
16 that continues to be a concern, certainly for the  
17 Water Authority and the people who live in that  
18 part of town, because it is over Bullhead.

19 SECRETARY KENNEDY: May I respond?

20 COMMISSIONER HART STEBBINS: Yes.

21 SECRETARY KENNEDY: Madam Chair and  
22 Commissioner Hart Stebbins, the notion that someone  
23 can leave something in the ground that wasn't there  
24 before is not something that we are going to agree  
25 with. Meaning, that when an entity like the U.S. Air

1 Force or a private entity or anyone else releases a  
2 contaminant into groundwater in New Mexico, our job,  
3 my job is to make sure that it's cleaned up to those  
4 preexisting conditions. And if we can clean it up  
5 because the technology will continue to work or there  
6 will be natural attenuation, then even better that  
7 we would get below that. So we're not going to agree  
8 to leave anything in the ground that could otherwise  
9 be cleaned up that we would call contamination. That  
10 is something we would first want to have  
11 conversations with stakeholders, including the folks  
12 here tonight, as well as the community. This is our  
13 job, is to make the situation right, as well as  
14 engage with the community so they understand what's  
15 happening.

16 COMMISSIONER HART STEBBINS: I think from  
17 our Water Utility staff there is some question about  
18 the estimate of the EDB mass capture, whether that is  
19 based on modelling or actual well readings and  
20 whether some of the wells that they are using are  
21 actually submerged, has your staff looked at that?  
22 When they say it's now at 90 percent captured, would  
23 you agree with that?

24 SECRETARY KENNEDY: Madam Chair,  
25 Commissioner, would I agree with that? The



1 complications with understanding exactly where the  
2 remediation has gotten to and what has been pulled  
3 out is not something that is -- it requires a lot of  
4 understanding of what was there through groundwater  
5 modelling, a lot of understanding of hydrology  
6 because of the water table movement in those wells.  
7 Again, I apologize, I'm not prepared to say that I  
8 agree or disagree with that. I do think that is  
9 something that we have had many discussions as to  
10 whether we agree with the numbers that the Air Force  
11 has given. We have also had a number of discussions  
12 if we agree with the assumptions that go into that  
13 modelling. So this is going to be an area in which  
14 we're going to have to continue the dialogue on in  
15 moving forward.

16 COMMISSIONER HART STEBBINS: Thank you. And  
17 I just have one final question, Madam Chair, if  
18 that's all right. Mark Correll, under the Secretary  
19 of the Air Force, came and spoke to the Water  
20 Authority Board several months ago. We had some  
21 follow-up questions that we addressed to  
22 Mr. Henderson of the Air Force, and there was  
23 something very concerning in his response to us. I  
24 don't know if you had the opportunity to see it. But  
25 for years the Air Force has made the statement that

1 they will not allow any of the contaminants, any of  
2 the constituents to reach drinking water wells. And  
3 this Board has taken a position that wellhead  
4 treatment is not acceptable. Mr. Henderson's letter  
5 had a statement that said, it's important to note  
6 that interim measures to protect drinking water  
7 wells include more than just pump and treat,  
8 including, but not limited to, alternative water  
9 sources, which I'm guessing would be the Water  
10 Utility Authority, or treatment at the wellhead. And  
11 that is something that the Air Force made statements  
12 they would not entertain. Is that a concern?  
13 I'm assuming they're talking about the V.A. well,  
14 because there really is quite a ways before the Water  
15 Authority's drinking water wells are affected. But  
16 again, that is a very stark reversal from what we  
17 have been told in the past.

18 SECRETARY KENNEDY: Madam Chair and  
19 Commissioner, our goal, again, would be to pump and  
20 treat, or to treat that water and remove it such that  
21 we're diminishing any potential of the contaminated  
22 water reaching a drinking water well. Your concern  
23 has been our concern all along about the V.A.  
24 drinking water well and making sure the EDB and the  
25 other pollutants are retracting away from that. I

1 would want the Air Force to be accountable to the  
2 remediation not only technically, but in its  
3 commitment through its budget so that it was  
4 demonstrating that it was not going to allow that to  
5 happen, and it's our job to make sure that doesn't  
6 happen. However, I would want them to be responsible  
7 that should it happen, that they would be doing the  
8 wellhead protection as well as finding alternative  
9 water sources and supplying that so that it was not  
10 put on New Mexicans to have to do that.

11 COMMISSIONER HART STEBBINS: Thank you. I  
12 really appreciate you being here to answer these  
13 questions and for your work on this.

14 Thank you, Madam Chair.

15 VICE CHAIR PENA: Thank you. Councilor  
16 Davis.

17 COUNCILOR DAVIS: Thank you, Madam Chair.  
18 Mr. Secretary, thanks and welcome, it's good to see  
19 you again. I just want to say how much we appreciate  
20 your office and the administration and you in  
21 particular welcoming partners back to the table to  
22 look at this in a comprehensive way. That was one of  
23 our very first meetings with the new administration  
24 and you welcomed us and listened to us.

25 You mentioned, to follow up on Commissioner

1 Hart Stebbins question a little bit, I wanted to ask,  
2 since you got into this, your comfort level in terms  
3 of, are we getting the adequate data we need to make  
4 those decisions before we get to final remedy. We've  
5 talked about the number of wells that maybe are  
6 submerged and figuring out the right models. We've  
7 seen a number of proposals from the Air Force of how  
8 they would propose to remedy those. When I last  
9 checked in with this, and I've been off this Board  
10 for a few months, we had not yet come to a  
11 resolution on how to acquire that data. Can you give  
12 us, just in plain English because that's how I am,  
13 an answer in where we think we are in terms of  
14 getting data that informs the right final remedy  
15 here?

16 SECRETARY KENNEDY: One of the things that  
17 we had to do when I came into this position was reset  
18 the relationship. And I think I may have even said  
19 this to you before, in my hindsight view, it appears  
20 the Environment Department was working on this  
21 project in a science experiment kind of way. Again,  
22 that was somewhat necessary to make sure that the  
23 contamination did not reach anybody through vapor  
24 intrusion or drinking water. We are very clear that  
25 this is a permitted facility and that this is a

1 hazardous waste cleanup action in which we are  
2 embarking on. That means that the permittee is  
3 responsible for providing, under regulation and  
4 permit, the Environment Department, the data we need  
5 to assure compliance with the permit and ensure that  
6 things are moving forward. They're also responsible  
7 to ensure that they are funding the Environment  
8 Department in a way that is unbiased in terms of our  
9 ability to conduct oversight. We are getting data.  
10 We do feel that the data that is being provided is  
11 sufficient. It does not mean we always agree with  
12 the data. In fact, we've actually sent letters to  
13 the Air Force saying that some of your plans were  
14 unclear and we are rejecting these plans and we want  
15 you to go back to the drawing board. We do that. We  
16 don't take that position haphazardly, because it does  
17 postpone the longer term effort of getting to that  
18 final remedy.

19 COUNCILOR DAVIS: Thank you. That makes  
20 total sense. I think we were trying to figure out  
21 what the timeline would start to look like, because  
22 we are starting to, for the first time, hear about  
23 good timelines that might get us to the end of this.  
24 Madam Chair, I just want to say, and last question  
25 is, you mentioned being sure that the Air Force has

1 funded this at an adequate level to get to where we  
2 need to be and to maintain that commitment. I see a  
3 representative from Congresswoman Haaland's office,  
4 she worked really hard to ensure that we got new  
5 appropriation this year. But from your perspective,  
6 is the Air Force showing the financial commitment  
7 that's necessary to fix the submerged wells or to  
8 create new ones and to get us to the place where you  
9 can adequately determine a final remedy by 2021?

10 SECRETARY KENNEDY: Madam Chair. Thank you  
11 for that question. It is going to take an investment  
12 to move forward and get to that final remedy by 2021.  
13 That is the conversation that we are actually now  
14 having this December and into January with the Air  
15 Force, not only here at Kirtland, but in Washington,  
16 D.C. as well. Being a former federal employee  
17 myself, I have two questions. What's the  
18 appropriation? And do you have a contractor on  
19 board? If those two answers are anything but  
20 certain, then we don't have a plan and we don't have  
21 a commitment. And everything we're doing is a waste  
22 of time. So those are the questions that we are  
23 working in the Environment Department to get answers  
24 to. I would be happy to come back and report to  
25 you if we feel that we are getting the commitments we

1     need to move it forward. In a serious way by 2021.

2               COUNCILOR DAVIS: Thank you. It's great to  
3     have you here. Thanks so much.

4               Thank you, Madam Chair.

5               VICE CHAIR PENA: Thank you. Commissioner  
6     Quezada.

7               COMMISSIONER QUEZADA: Thank you, Madam  
8     Chair. I know that you've taken on a big job and I  
9     know that it's probably fairly difficult to navigate  
10    through the Air Force and working in collaboration.  
11    My concern is more about when there's a discharge  
12    into the arroyos. As you know, those discharges will  
13    go through my district and eventually end up in the  
14    Rio Grande River. And I think as a community, I know  
15    that Commissioner Stebbins, this really affects her  
16    district. But when you do discharge into the arroyos  
17    it's really going to affect everybody and everybody  
18    flowing down the Rio Grande. My question to you is,  
19    what certainties are we going to have in place? Who  
20    is going to be monitoring the discharge into the  
21    arroyos? Are we going to collaborate together  
22    through the State, the Water Authority and the County  
23    to make sure that that job is being done of the  
24    utmost importance when it comes to discharging  
25    through that cleanup.

1                   SECRETARY KENNEDY: Madam Chair and  
2 Commissioner, thank you again for that question. I  
3 believe you're referring to the National Pollutant  
4 Discharge Elimination Permit that the Air Force had  
5 petitioned the EPA in terms of having an  
6 alternative to the pump and treat system where  
7 they're pumping the water out, then cleaning it,  
8 injecting it back in. So my understanding in talking  
9 to the Air Force about that is, is that they had  
10 wanted that as sort of a belt and suspenders  
11 approach. And in terms of the need for discharge, if  
12 there was going to be a discharge, then that is  
13 something that largely EPA, as well as NMED would  
14 be overseeing. That is something that EPA has  
15 inspectors in the State of New Mexico that would be  
16 looking at that. We have our inspectors here that do  
17 work and then assure compliance with EPA permits,  
18 because that would be a federal permit. We would be  
19 happy to continue to partner with the County and the  
20 City. Our resource base, as you may know, is fairly  
21 thin and we have to rely on these collaborations and  
22 these partnerships, as well as a lot more innovation  
23 around technology to ensure compliance is actually  
24 below levels. I will tell you, I am not of the  
25 mindset that we remove it from groundwater to put it



1     into the Rio Grande. We are going to actively make  
2     sure that what is destined for clean up is cleaned  
3     up and then what is discharged is clean enough to be  
4     discharged.

5             COMMISSIONER QUEZADA: Thank you for that.  
6     I just wanted to make sure that was said publicly to  
7     answer a lot of the questions and emails that I get  
8     from the community. So I appreciate that.

9             Thank you.

10            VICE CHAIR PENA: No other questions? Thank  
11    you. Thank you for being here.

12            The next item is OB-19-21, Update on Low  
13    Income Assistance. Adrienne Candelaria.

14            MS. CANDELARIA: Good evening, Madam Chair,  
15    Members of the Board. My name is Adrienne Candelaria  
16    and I am the Customer Services Division Manger. I  
17    just wanted to review with you this evening a couple  
18    of our Customer Assistance Programs. I'm going to  
19    describe those to you and highlight why it's  
20    important that we have partnerships to make these  
21    programs successful.

22            The first is our Low Income Credit Program.  
23    Customers who meet household income and other  
24    requirements can qualify for ongoing assistance. We  
25    have two administrators of this program. One of

1 those is the Rio Grande Food Project and the other is  
2 the Storehouse. So if you are a customer that  
3 qualifies, every month you can get a bill credit off  
4 your water, sewer and trash bill of up to \$21.93.  
5 That qualification is good for a full year and you  
6 can renew that annually. To be eligible you need to  
7 be an owner/occupant of your home. You need to meet  
8 income qualifications and your account has to be  
9 current. The funding is actually included for this  
10 program in our rate ordinance and we get an annual  
11 appropriation in our operating budget for that.

12 On this slide it shows you over the last  
13 five years where we have been at in terms of our  
14 number of households that qualify for low income  
15 credit. So in 2016 we were just below 700. And then  
16 in 2017 we did a review and cleanup of that to make  
17 sure we were complying with our guidelines. So we  
18 saw a dip to under 600. And then maintained that in  
19 2018. Then in 2019 we saw an increase back up into  
20 700 and that also happens to be the year that we  
21 added our second partner, the Rio Grande Food  
22 Project. So we have two partners screening people  
23 and outreaching to folks who could be eligible to  
24 qualify for the low income credit. And then through  
25 halfway this year we're already up to around 800. So

1 we're looking to see those numbers continue.

2 Our second community assistance program is  
3 called the Water Assistance Fund and this was rolled  
4 out in 2018. This is for customers who, again, have  
5 to meet some household income requirements. And it's  
6 a one-time emergency assistance fund. It's like what  
7 PNM does with the Good Neighbor Fund. The Rio Grande  
8 Food Project administers and screens people  
9 qualifying for this program. So if you're awarded  
10 the grant it can be up to \$150. If you are a low  
11 income participant you can actually receive \$300 in  
12 order to help you maintain your status as being  
13 eligible for the low income credit program.  
14 In order to be eligible for the Water Assistance Fund  
15 you can be either the owner/occupant, like low income  
16 credit, or a tenant, and that's a key difference  
17 between the two programs. So as long as you're a  
18 tenant who is responsible for paying the water bill  
19 in a residential home you can qualify for the Water  
20 Assistance Fund. You still have to meet some income  
21 requirements. You have to have a qualifying  
22 emergency. Again, this is a one-time assistance.  
23 And your account needs to be past due. And you can't  
24 qualify twice in the same 12-month period to receive  
25 the Water Assistance Fund.

1           The funding for the Water Assistance Fund  
2 actually comes from our customers. You're able to  
3 make donations through paying your bill, through our  
4 employees here at the Water Authority, through United  
5 Way, and then this year the Board appropriated funds  
6 to support that program as well.

7           On this slide you get to see a 13-month  
8 period. Again, this was started in 2018. In the  
9 first year of the program we had a limited amount of  
10 funding available. Through May of fiscal year '19,  
11 you can see those numbers -- excuse me, through June  
12 we're not very high in terms of dollars awarded, and  
13 then you see a pretty significant increase starting  
14 in July, August and September. That was based on two  
15 things. Again, the Board's funding and two, the  
16 opening up of the eligibility to tenants who are  
17 responsible for the water bill. The large spike I  
18 want to point out to you was in October. Some of my  
19 staff went to the PNM Assistance Fair, which was held  
20 down at the National Hispanic Cultural Center and we  
21 awarded over \$21,000 in grants in a two-hour period.  
22 So that explains that large spike in that month.

23           On the next slide, really this is just  
24 similar. It's just the number of grants awarded. So  
25 the first slide was dollars and this is the number of

1 grants. So you can see the first year we have a very  
2 low number of grants awarded, and then in July  
3 through October we were able to award many more  
4 grants. One, because of the funding and two, because  
5 you can be a tenant. So to wrap it up, it's just  
6 important to know that the success of these programs  
7 really relies on our partnerships with Rio Grande  
8 Food Project, the Storehouse and more recently PNM.  
9 In fact, we based our guidelines for the Water  
10 Assistance Fund off of their Good Neighbor Fund.  
11 And, of course, we were very appreciative to be a  
12 part of their community assistance fair back in  
13 October. And looking to the future we're exploring  
14 options of even partnering with the City of  
15 Albuquerque. As part of their health and social  
16 services they also operate what I would call mini  
17 fairs and so that's also a potential for us to,  
18 again, outreach to our customers.

19 I stand for any questions.

20 VICE CHAIR PENA: Any questions? Thank you.

21 MS. CANDELARIA: Thank you.

22 VICE CHAIR PENA: The next item is 5, Public  
23 Comment. Ms. Carreon, how many people do we have  
24 signed up to speak?

25 MS. CARREON: We have one.

1           VICE CHAIR PENA: One, okay. I don't know  
2 if I should go through the speal. I know who it is.  
3 You have three minutes.

4           MS. HEBARD: Thank you. My name is Elaine  
5 Hebard and I'm a long-time observer of the Water  
6 Utility Authority. Welcome, Pat Davis. I'm going to  
7 quickly summarize some issues which lead into my  
8 recommendations. So excuse me if they seem sort of  
9 really brief. Pumping for the last decade, since  
10 2010, has been about three times what has been  
11 projected. Likewise, the diversions from the river  
12 have been quite a bit less than was projected. If  
13 that happens in the future, obviously there will need  
14 to be some adjustments. The drought information that  
15 you are usually given doesn't have the temperature  
16 map, just the precipitation map. And yet,  
17 temperature is expected to be much warmer next  
18 year. That information should be given to the Board  
19 as well as how much groundwater usage there is so  
20 that you can decide whether or not policies need to  
21 be emphasized or changed. The GPCD, the Water  
22 Utility uses a figure which now actually exceeds what  
23 the U.S. Census has for the entire County and shows  
24 growth four times what the census and GPCD shows.  
25 Those numbers that are used will affect a whole lot

1 of different policies that the Board chooses. Water  
2 2120 projects, including ASR and the Reuse Project  
3 are on the priorities for tonight's approval, but  
4 there doesn't seem to be any selection in terms of  
5 which one to select. So all of those different  
6 issues lead me to make several recommendations so  
7 that the Board can do its duty. One is, how can you  
8 determine whether Water 2120 is being successful?  
9 And following Policy A I think gives you that  
10 ability. It allows for an adaptive management  
11 approach. An adaptive management approach needs to  
12 set objectives so that when you're doing a process of  
13 checking the numbers you can actually see whether or  
14 not those targets are being set. The adaptive  
15 management approach has not yet been established, so  
16 that might be an objective for next year to set that.  
17 Targets for reuse and groundwater management, they're  
18 in the appendices of the Water 2120 Plan, but they  
19 could be pulled out and really emphasized to the  
20 public and the Board has a better idea. Developing  
21 those objectives could be a public process just like  
22 the AMA and it could be an objective for next year,  
23 as well as customer conversations. Changing the  
24 metric for GPCD to be more robust and address  
25 specific users and uses would, again, be something

1     that would be very helpful, another objective. And  
2     finally, a progress report on the objectives that  
3     have been adopted. The City gets one. And a final  
4     one, one would never know, for example, that in FY18  
5     the Groundwater Management Plan was supposed to be  
6     written, but it still isn't done. And finally, the  
7     TCAC could be looking at these objectives, as well  
8     as five-year goals. They haven't been changed since  
9     2004. Maybe one could be a resiliency goal. And the  
10    2016 changes to the effective management plan. So if  
11    they were to look at those things with a new  
12    management in place for the TCAC that would be  
13    wonderful. Thank you.

14           VICE CHAIR PENA: Thank you. We are now on  
15    Item 6, Announcements and Communication. Our next  
16    scheduled meeting is on January 29, 2020 at 5 p.m. in  
17    the Vincent E. Griego Chambers.

18           Item B, Technical Customer Advisory  
19    Committee Vacancy. There is a vacancy on the  
20    Technical Customer Advisory Committee. If Board  
21    members have any nominations, please direct them to  
22    the online application on the Water Authority's  
23    website at [www.abcwua.org](http://www.abcwua.org).

24           We are now on Item 7, Introduction of  
25    Legislation. O-19-3, Authorizing the Issuance



1 and Sale of Albuquerque Bernalillo County Water  
2 Utility Authority Senior Lien Joint Water and Sewer  
3 System Revenue Bonds. Mr. Eric Harrigan, and then we  
4 have someone signed up to speak.

5 MR. HARRIGAN: Good evening, Madam Chair,  
6 Councilors and Commissioners. Eric Harrigan with RBC  
7 Capital Markets. We're the Water Authority's  
8 municipal advisor. As mentioned, this is the First  
9 Reading of an ordinance to issue system revenue bonds  
10 in the amount not to exceed \$86 million. The  
11 estimated borrowing rate based upon current interest  
12 rates is about 2.89 percent with a final maturity of  
13 12 years. This does conform with the Authority's  
14 debt policy. The Authority's bonds are rated Triple  
15 A by Standard and Poor's and Double A3 by Moody's and  
16 Double A by Fitch. However, we will not be getting a  
17 Fitch rating similar to what the Authority has done  
18 on the last couple of transactions. For this bond  
19 sale they will fund 56 million of general basic  
20 needs projects. 10 million for customer service  
21 field operations building. 10 million for  
22 clarifier. 8 for a treatment plant, and then for  
23 information technology. The estimated maturity  
24 schedule for the proposed 2020 bonds is shown below.  
25 And again, 12-year maturity and this meets the

1 Authority's debt policies.

2           Page 3, I think it's important to see the  
3 Authority's debt profile. I think one of the really  
4 important things to note about the Authority's  
5 profile is that it is rapidly declining. So it  
6 allows for the issuance of future debt with very  
7 little impact to the annual debt service that the  
8 Authority is currently paying because of how rapidly  
9 declining the debt service is. I think one other  
10 thing of importance to note is that the Authority's  
11 debt to operations has declined over the last five  
12 years. One of the reasons that the Authority has  
13 such strong ratings is because of the rapidly  
14 declining debt service, the strong debt service  
15 coverage that the Authority enjoys and the strong  
16 financial health that the Authority has.

17           From a timing perspective we would be back  
18 before you in January to approve the ordinance and  
19 delegation, and then with bond pricing in the middle  
20 of February and closing at the beginning of March and  
21 that would be when funds would be available for the  
22 Authority to expend on the projects.

23           From a market standpoint we still continue  
24 to see pretty attractive interest rates. Although,  
25 rates have picked up a little bit since October,

1     there's still significant demand for tax-exempt  
2     municipal bonds and we continue to see that occurring  
3     into 2020. Around this time last year interest rates  
4     hit nearly a four-year high and since that point in  
5     time they have come down for several reasons. One,  
6     due to reversal of what the Federal Reserve was  
7     planning to do with interest rates. Two, with some  
8     of the geopolitical issues around the world and also  
9     some of the trade issues that have been going on  
10    between Europe, the U.S. and China. Rates did bottom  
11    out in the September/October time frame. And they've  
12    kind of picked up a little bit, but we do anticipate  
13    that the Authority will be able to achieve very  
14    attractive rates in February.

15           If you take a look at where rates have been  
16    looking historically all the way back to the 1960S,  
17    the interest rates now -- or interest rates have been  
18    higher, if you will, than it is right now, 99.5  
19    percent of the time when you look back historically.

20           And with that I would be happy to answer  
21    questions from the Board.

22           VICE CHAIR PENA: Before I ask for  
23    any questions, I just want to add, R-19-26, I think  
24    you've covered the bases for both of those. So if  
25    there's any questions? Thank you for being

1 here.

2 Our next item is 8, Consent Agenda, there's  
3 none. Oh, I'm sorry, there's one speaker.

4 MS. CARREON: Elaine Hebard is our only  
5 speaker.

6 MS. HEBARD: My name is Elaine Hebard. I'd  
7 like to address the borrowing of 86 million. If you  
8 go back and look at the FY20 budget the plan was to  
9 borrow 56 million, so I don't know how come now it's  
10 86 million. In fact, in the last four borrowing  
11 cycles every one of the borrowing has been  
12 substantially more than what the plan had called for.  
13 Usually the plans are for \$56 million out every two  
14 years, now it's been every 18 months. In fact, it's  
15 94 million more than what had been planned. So it's  
16 like a third more than what had been planned. How is  
17 it being spent? Well, in the material, it looks like  
18 the majority of it is going to be spent on  
19 maintenance and upkeep of the assets, but there's \$10  
20 million for the administrative building that's tacked  
21 in there. That's not in the FY20 budget, nor is it  
22 in the FY18 budget. In the FY19 budget, however, the  
23 FY18 budget was sort of redone and a \$7.4 million  
24 piece was added for the admin building, but it was  
25 not really ever approved by the Board. The only clue

1 that you might get as to how much is now being spent  
2 is that in the adjustment that was just recently  
3 approved there was a change in the miscellaneous  
4 category from 3.7 to 23.8 million, big jump. Well,  
5 most of that was for this admin building. In the CP  
6 expenditure summary, which I get every month, which  
7 is not given to the Board evidently, there's a  
8 negative 18.9 balance for the admin building. Never  
9 been budgeted, never been approved. And yet, now the  
10 Utility is online for \$18.9 million. That just goes  
11 to show that there's a lot more oversight I think  
12 that is necessary. The budget shows total debt last  
13 June was \$789 million. That's actually about the  
14 same as the City, but the City has five times the  
15 revenue. Also, since 2009 revenue bonds have  
16 continued to go up. So, yes, the debt has declined a  
17 little bit, revenue bonds have gone up. All of this  
18 shows that there's need for some changes very  
19 quickly. Address the admin building project. Have  
20 the Board actually talk about it and approve it. Get  
21 the Asset Management Plan in place before some new  
22 projects are actually considered so that you can see  
23 how those fit in. And finally, have a mechanism to  
24 show the priorities of which projects should be  
25 chosen. There are five in the State Legislative

1 priority list which ones should be evaluated and put  
2 online first. Thank you.

3 VICE CHAIR PENA: Thank you. With that, we  
4 are on Item 9, Approvals. R-19-25, Establish a  
5 Reserve of Fund Balance to Provide Funds for the  
6 Future Closure and Post-Closure Care Costs for the  
7 Waste Water Treatment Plant Division Compost  
8 Facility. Mr. Allred.

9 MR. ALLRED: Madam Chair and Members of the  
10 Board, we're requesting your approval, per rules,  
11 from the New Mexico State Solid Waste Rules we are  
12 required to apply for a registration for our compost  
13 facility. Part of the requirement is that we create  
14 a restricted fund balance for an amount if we had to  
15 close the compost facility and do some abatement to  
16 the facility. Staff came up with an amount of  
17 \$1,486,000,000. We need to reevaluate that every  
18 year. We will take that balance from our  
19 unrestricted general fund balance and restrict that  
20 amount for this means.

21 And I stand for any questions.

22 VICE CHAIR PENA: Are there any questions?  
23 With that, I'll make a motion for approval of  
24 R-19-25.

25 COUNCILOR JONES: Second.

1                   VICE CHAIR PENA: There's a motion and a  
2 second. All those in favor say yes.

3                   MEMBERS: Yes.

4                   VICE CHAIR PENA: Opposed? Motion passes.  
5 And it's you again, Mr. Allred, with C-19-36,  
6 Approval of Contract for On Call Engineering and  
7 Related Services.

8                   MR. ALLRED: Madam Chair, Members of the  
9 Board, I'll take off my accounting hat and I'll put  
10 on my engineering hat, which is very uncomfortable,  
11 but I'll do it anyway. This is seeking approval for  
12 an RFP for on call engineering. This is probably the  
13 largest contract that we have. We looked at a  
14 selection of engineering firms. We selected the top  
15 15. From that top 15 they will do most of our  
16 engineering projects. The 15 have the ability to do  
17 any type of project that we could ever imagine doing.  
18 This is funded by the FY20, 21 and 22 budgets. I  
19 seek your approval.

20                  VICE CHAIR PENA: Are there any questions?  
21 Seeing none, I'll make a motion for approval for  
22 C-19-36.

23                  COMMISSIONER QUEZADA: Second.

24                  VICE CHAIR PENA: There's a motion and a  
25 second. All those in favor say yes.

1 MEMBERS: Yes.

2 VICE CHAIR PENA: Opposed? Motion passes.

3 Thank you, Mr. Allred. C-19-37, 2020 Federal  
4 Legislative Priorities. Ms. Liz Anderson, and then I  
5 think I will add in C-19-38 for the 2020 State  
6 Legislative Priorities and we'll vote on them  
7 separately.

8 MS. ANDERSON: Thank you, Madam Chair,  
9 Members of the Board. My name is Elizabeth Anderson.  
10 I'm the Chief Innovation and Performance Manager for  
11 the Water Authority. We have before you the Federal  
12 Legislative Priorities. These are pretty much the  
13 same as they were last year.

14 Under the water reclamation and recycling  
15 program we're seeking the Tijeras Reuse Project and  
16 the Bosque Reuse Project. Tijeras Reuse Project is  
17 the one that's over near Kirtland Air Force Base and  
18 Mesa Del Sol, Bosque would serve the West Side. We  
19 are seeking approval of annual appropriations for the  
20 Kirtland Air Force Base Bulk Fuels Facility Spill  
21 corrections, actions, and for the Sandia National  
22 Laboratories environmental restoration activities,  
23 waste, land fill and other groundwater contamination  
24 sites. We also seek continued support for San  
25 Juan-Chama and native storage and Abiquiu Reservoir



1 and the Endangered Species Act Collaborative Program.

2 I stand for any questions.

3 VICE CHAIR PENA: Are there any questions?

4 With that, I will make a motion for approval of

5 C-19-37.

6 COUNCILOR JONES: Second.

7 VICE CHAIR PENA: There's a motion and a

8 second. All those in favor say yes.

9 MEMBERS: Yes.

10 VICE CHAIR PENA: Opposed? Motion passes.

11 I will make a motion for approval of C-19-38, the

12 2020 State Legislative Priorities.

13 COUNCILOR JONES: Second.

14 VICE CHAIR PENA: There's a motion and a

15 second. All those in favor say yes.

16 MEMBERS: Yes.

17 VICE CHAIR PENA: Opposed? Motion passes.

18 We are now on C-19-39. This is the FY2020 First

19 Quarter Performance Indicator Report. Ms. Anderson.

20 MS. ANDERSON: So the First Quarter

21 Performance Indicators for FY20, you have before you

22 the performance indicators score card. What you see

23 here is basically a summary of the goals and

24 objectives that we do for the quarter. The results

25 of the goals and objective and this summarizes them

1     into five categories. We have regulatory,  
2     reliability, quality, customer service and finance.  
3     Of these 22 indicators 16 are on target. 6 are a  
4     work in progress. I wanted to do a deep dive into  
5     the areas here, Water System Inspection  
6     Effectiveness. This just gives you a sense of what  
7     we do with these indicators and why we track these  
8     particular metrics.

9             So under this program, with the waterline  
10    system optimization, what you see on the slides in  
11    front of you is a description of a pilot study that  
12    we're doing right now that was a result of the  
13    partnership for Safe Water Program that we  
14    participate in. We mentioned the award for the  
15    partnership for Safe Water Directors Award for  
16    2018 during the August board meeting. One of the  
17    outcomes of this partnership is this pilot with  
18    Ecologics. We use sensors and we mount them inside  
19    hydrants and we use that data that comes back from  
20    the sensors to identify potential leaks in the water  
21    distribution system. It's pretty cool. We get a lot  
22    of data.

23            So what these three maps are showing you is  
24    that, for example here, you might find about 30,000  
25    network noises identified. From that they would use

1     their advanced analytics program. It's an artificial  
2     intelligence that they use to identify potential  
3     persistent noises and then they dig down into sites  
4     for investigation. So in this example they  
5     identified eight investigation sites. I believe  
6     right now we're seeing about five. But we are seeing  
7     a lot of good data come out of this pilot.

8             Here's a summary of the Leak Detection  
9     Program statistics since FY12. You can see that  
10    we've been increasing the mileage year after year.  
11    This is cumulative total miles that we've surveyed.  
12    The surveyed miles are what we do actually walking  
13    out there in the field. The patrolled miles are more  
14    of the automated leak detection equipment that we  
15    have. So you can see the mileage totaling over time,  
16    and we've identified a lot of leaks, so that's the  
17    orange graph there. And the successes we've found at  
18    this point in time, we've come to about 470 million  
19    gallons of water saved as an estimated number based  
20    on the number of leaks that we found and the size of  
21    the leaks. In addition to that, you can see that  
22    with the renewal trend for waterline spending, this  
23    is the renewal funding either for emergency repairs  
24    or planned repairs.

25            Over time since FY14 we have significantly

1 increased the number of planned repairs shown in blue  
2 versus the amount of money spent on emergency repairs  
3 and that's attributed to good practices and leak  
4 detection, identifying these leaks soon before they  
5 become a catastrophe and then also due to the  
6 increased renewal spending that we've done on the  
7 waterlines program, so thank you for the funding for  
8 that. It's paying off.

9 And that's all I have for that. I stand for  
10 any questions.

11 VICE CHAIR PENA: Thank you. Any  
12 questions? With that I move approval of C-19-39.

13 COUNCILOR JONES: Second.

14 VICE CHAIR PENA: There's a motion and a  
15 second. All those in favor say yes.

16 MEMBERS: Yes.

17 VICE CHAIR PENA: Opposed? Motion passes.  
18 We are now on C-19-40, FY2020 First Quarter Operating  
19 Financial Reports. Mr. Allred.

20 MR. ALLRED: Madam Chair, Member of the  
21 Board. I'll try to go through this very quickly.  
22 First slide is just for the first quarter operating  
23 revenues. Revenues are up about one half a million  
24 dollars above what it was in FY18. It's projected in  
25 FY20 to be at budget or just a million or two above

1 budget of what we projected.

2 Year-to-date operating expenses. The  
3 increase primarily for FY20 from FY19 is the increase  
4 in the transfer to capital of \$3 million. As you  
5 remember, the Board approved that we increase our  
6 transfer of cash to the capital program by \$3 million  
7 a year. We increased our CIP spending by \$3 million  
8 a year. So over the last several years we've  
9 increased \$3 million a year to a level right now it's  
10 \$67 million in FY20. Of that 67 million, 28 million  
11 is from debt financing and 37 million is from cash.  
12 Next year we'll go to close to \$70 million, \$40  
13 million will be from cash for the basic program  
14 and \$28 million will be from debt financing. So as  
15 we increase our capital spending it's really being  
16 done by cash.

17 Some of the other financing that we had been  
18 doing is for special projects or special things that  
19 come up, and I'll talk about that a little bit. The  
20 next slide is our operating expenses by month  
21 compared to an estimate. We just straight line an  
22 estimate. One-twelfth of our budget expenditures.  
23 The spike really in August is that we ran the Water  
24 Treatment plant full board, so that's a lot of  
25 chemical costs and power costs to run the plant. And

1     then back to September we come back to normal. We'll  
2     probably be under actual a little bit in the winter  
3     months and then it will start spiking back up when we  
4     start ramping up the Water Treatment Plant.

5             The next slide is our days cash on hand.  
6     We've set a target where we have 365 days of cash on  
7     hand. We have that through the first quarter of  
8     FY20. We had about 480 days cash on hand. At the  
9     end of FY19, July 1st, we made our debt service  
10    payments and that kind of decreased the balance a  
11    little bit for FY20, but it's now starting to grow  
12    again.

13            Year-to-date capital expenses. This is  
14    basically what we actually spend or what we encumber.  
15    So when we encumber, we commit actual dollars to a  
16    project because we committed to spend that. You can  
17    see on off years where we don't spend as much on  
18    other years. Some of these projects take two, three,  
19    four years. So this Board actually appropriates for  
20    these projects upfront and then we actually track and  
21    we do that because the way our financial system  
22    works is, we cannot go out and do a contract if we  
23    don't have an appropriation for an amount for a CIP  
24    project. So every CIP project we're doing we have an  
25    appropriation for. Now, we may not have the cash for

1     it yet, and sometimes that will show some negative  
2     balances, but the revenues come in later and we apply  
3     the revenues as they come in through these projects.  
4     But once a commitment to spend for expenditures, the  
5     other one is a revenue and a cash flow, so there's a  
6     cash flow component to our capital program where we  
7     get cash when we need to spend it. But we don't need  
8     to -- I see questions, so I'll stop rambling for a  
9     second.

10                 VICE CHAIR PENA: Commissioner Quezada.

11                 COMMISSIONER QUEZADA: Thank you, Madam  
12     Chair. I just have a question on the growth on this  
13     particular slide. What do you mean by growth?

14                 MR. ALLRED: Growth is primary projects that  
15     can get funded by revenue that comes in through from  
16     utility expansion charges. So the growth really are  
17     projects that we spend money on to grow the system.  
18     A lot of that is our MIS projects or our IT projects.  
19     We consider those growth-like projects. A lot of  
20     projects would for growth is through development  
21     agreements that the Board approves. A lot of that  
22     right now is us reimbursing the developer. As we  
23     collect we seize for those projects so we outside  
24     our existing service area.

25                 COMMISSIONER QUEZADA: So it's basically

1 growth within your own systems and growth from the  
2 city growing is what you're telling me?

3 MR. ALLRED: Madam Chair and Commissioner  
4 Quezada, that's correct.

5 COMMISSIONER QUEZADA: I find it odd for a  
6 city that's not growing. Thank you.

7 VICE CHAIR PENA: Thank you. Do you want to  
8 continue, Mr. Allred.

9 MR. ALLRED: On the next slide is our debt  
10 coverage ratio. Our coverage by covenants is 1.33  
11 for senior debt and 1.20 for senior subordinate debt.  
12 At the end of FY19 we were at about 2 for our senior  
13 coverage and 1.75 for senior subordinate. We're  
14 probably about that same level estimated for FY20.  
15 As we do this last debt finance, one of the things  
16 that we're looking at is that as we increase our  
17 debt service that we continue to maintain these  
18 levels and we will do that without minimizing any  
19 type of rate increase.

20 The water use production, the next slide.  
21 You can see that in FY20 we used more water than in  
22 the prior four years. So revenue kind of went up a  
23 little bit because there was an increase in water use  
24 production. And as you can see on the other slide  
25 water use consumption.



1           The last slide is just a quick picture  
2   showing precipitation and the correlation between  
3   lots of precipitation and how much we pump from our  
4   wells and from our Water Treatment Plant.

5           I stand for any questions.

6           VICE CHAIR PENA: Thank you. Any  
7   questions? With that I move C-19-40.

8           COUNCILOR JONES: Second.

9           VICE CHAIR PENA: There's a motion and a  
10   second. All those in favor say yes.

11          MEMBERS: Yes.

12          VICE CHAIR PENA: Opposed? The motion  
13   passes. There being no further business, this  
14   meeting is adjourned.

15          (Meeting adjourned at 6:01 p.m.)

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REPORTER'S CERTIFICATE

I, Kim Kay Shollenbarger, Registered Professional Reporter, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings taken to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this matter and that I have no interest in the final disposition of this matter.

---

Kim Kay Shollenbarger, RPR