Las Cruces Utilities
Minutes of the Regular Meeting on
Thursday, June 13, 2019
3:00 pm
Utilities Board Room 225

Board Members Present
William Little, Chairman
Steven Baumgar, Commissioner
Jim Carmichael, Commissioner
Dr. Harry Johnson, Commissioner
Gill Sorg, Commissioner

Board Members Absent:
Ed Archuleta, Vice-Chairman
Gabriel Vasquez, Commissioner

Ex-Officio Members Present:
Barbara De Leon, Interim Asst. City Mgr.
Jorge A. Garcia, Utilities Director

Others:
Becky Baum, RC Creations, LLC
Dennis Lyon, Utility Service Partners
Cassie McClure, Public Outreach Consultant
Suzanne Michaels, Public Outreach Consultant
Greg Shervanick

City Staff Present:
Waleed Abu-issa, Operations Engineer Sr.
Carl Clark, Deputy Director RES/TS
Rhonda Diaz, Water Conservation Program Coordinator
Jeff Dillard, Business Systems Analyst
Marcy Driggers, Sr. Assistant City Attorney
Paul Edwards, Business Systems Analyst
Lucio Garcia, Deputy Director Natural Gas
John Mrozek, Deputy Director Wastewater
Javier Ortega, Solid Waste Supervisor
Jose Provencio, Deputy Director Business Services
Mario Puentes, Gas Business Analyst
Domonique Rodriguez, Rate and Economic Analysis Manager
Joshua Rosenblatt, Reg. Environmental Analyst
Alma Ruiz, Officer Manager Senior
Estella Sauceda, Customer Service Supervisor
James Stafford, Management Analyst
Victoria Strouse, Office Assistant Senior Temp.
Adrienne Widmer, Water Administrator

Chair Little called the regular meeting to order at approximately 3:00 p.m.

As we call the meeting of the Board of Commissioners to order, it is my sad duty to inform that Commissioner Archuleta's son has passed away this past week. We will keep him in our thoughts.

1. **Conflict of Interest:**
Chair Little: The first order of business is to ask if any member of the Board or any member of the staff has any Conflict of Interest with any item on the agenda.

There were none.

2. **Acceptance of Agenda:**
Chairman Little: Next order of business is Acceptance of the Agenda.

Johnson: So moved.
Chair Little: Thank you. A second?

Baumgarn: Second.

Chair Little: Any additions or corrections to the agenda? Hearing none. Ready for a vote.

Commissioner Johnson - Aye; Commissioner Carmichael - Aye; Commissioner Baumgarn - Aye; Commissioner Sorg - Aye; and Chair Little - Aye; Commissioner Archuleta - Absent; Commissioner Vasquez - Absent.

The Agenda was Accepted Unanimously 5-0.

3. *Acceptance of Minutes:*
   *a. Regular Meeting on May 9, 2019*

The Minutes were Approved Unanimously 5-0.

4. Public Participation:

Chair Little: The next item of business is Public Participation. Are there members of the public present that would care to have anything to say?

Dr. Garcia: Joe do you want to introduce our..

Provencio: Chairman and Commissioners. Jose Provencio, Deputy Director for Business Services. We've got Mr. Dennis Lyon here who is providing a presentation in regard to a program that some of the municipal utilities participate in. With that I'll introduce Mr. Lyon so you can provide the presentation and he'll take it from there. Mr. Lyon.

Lyon: Thank you very much.

Chair Little: Okay. Thank you. I understand that it will take you about 10 minutes.

Lyon: Yes, I can present in about 10 minutes time.

Chair Little: Okay. Good. Thank you.

Lyon: Do I just click the mouse to advance this?

Ruiz: Either that or the arrows.

Chair Little: There may be some questions afterwards.

Lyon: Certainly.

Chair Little: Other than that, we will just say thank you. Please proceed.

Lyon: Very good. Thank you so much. May name is Dennis Lyon. I'm here to discuss the National League of Cities Service Line Program which is the only Service
Line Program that is endorsed by the National League of Cities as well as 17 state leagues and various other councils of governments, U.S. Mayor Association, and so on. I work for a company called Utility Service Partners and we administer this program. The purpose of this presentation really is to explain how our program works; how it is that we partner with a community to make it available; how it benefits the community and homeowners within the community and so on.

I'd like to tell you a little bit about us. The company I work for, Utility Service Partners, we've been offering this service for about 16 years now. We have an A+ rating with the Better Business Bureau. We've also twice been awarded the Torch Award for Market Place Ethics from the Southwestern Pennsylvania Better Business Bureau, once in 2013 and again in 2018. Which is something we're very proud of because we strive to make our program available in a very ethical and transparent and above-board manner, so when we get awards like that that tells us we're doing what we set out to do. That really covers our experience and our reputation.

What we mean by partnership is we partner with a community to make our proactive education program available at absolutely no cost to a city. What our program does is it educates homeowners on their lateral line responsibilities and then provides them with voluntary protection for their portion of the water line, sewer line and even their in home plumbing, so I'm going to kind of explain how that all works in the partnership method.

How this came about is this was a program that we offered, and the National League of Cities had heard about similar type services and wanted to make one like ours available to communities all across the United States. They really did the research and the vetting, and we were the company that they selected to make the program available by using their name and their endorsement.

We conduct Harris Polls, just kind of take a pulse on economic situations for homeowners and so on and you can read through this at your leisure of course. What I like to point to is that last bullet point which I have bolded in which 80% of respondents either strongly or somewhat agreed with the statement that local community government should be responsible for educating homeowners about external water lines on their property. Basically, the property lines that are not covered by their homeowner's insurance or the city, town or utility, or what have you. Meaning if something goes wrong with it me as a homeowner, I'm responsible for it myself. They're just saying just educate us, because most of the time they don't know it's their responsibility until they have a problem. That's the worst possible time to find out that it's yours to deal with.

Our program benefits; it helps address the public policy issue of aging underground infrastructure. Again, on the public side, the public infrastructure is maintained and upgraded on a regular basis but private lines are kind of left behind in that process. There's absolutely no cost to the municipality to
participate. We provide the program with a complete turnkey approach, so we administer every aspect: The marketing, the billing, the claims, and the customer service, we handle all of that.

There's a component of our program that's an ongoing revenue stream for the municipality as well and when I talk about the benefits, I'll explain how that dovetails into that. What I like to point out is at a bare minimum what our program functions as is a free public awareness campaign for a community. What we do is we send out a letter to homeowners, it explains to them what their lateral line responsibilities are; explains to them that the City has partnered with us to make this completely voluntary program available for them. What that does is it accomplishes two things; one homeowners who decide not to participate in the program have still been proactively educated, so it should reduce the number of calls that the utility or the City receives from homeowners when they have issues on those lines, so you're not wasting man hours sending somebody out to investigate an issue that's clearly on the homeowner's property.

What it also does then though for those who do choose to participate is they get the peace of mind of knowing that they have transferred the risks of the lines over to us and with one toll free phone call they're going to reach one of our two call centers that are both here in the United States; one is just outside of Pittsburgh, Pennsylvania, the other is in Chattanooga, Tennessee. They're staffed 24 hours a day, every day of the year including holidays with live human beings that you get to speak to. We dispatch a local contractor to handle the repair.

Another benefit of our program for communities is by using local contractors we pay those contractors directly for performing those services, so we're infusing revenue into your local economy by doing business that way. The other thing of course is local contractors are going to know the codes, they know what permits they need, so the work is all going to be done up to your standards, and as our contractors like to say, it's going to be done right the first time. Those contractors undergo a very vigorous vetting process because we have a reputation at stake. We want City officials to be comfortable with who we're sending. We want homeowners to be comfortable. We make sure these contractors are licensed, bonded, insured, have all the necessary equipment, have no open complaints with the Better Business Bureau, and then we go a step further and we conduct background checks and drug screens on the individuals as well. That's something we take very seriously. We're not going to just send anybody out to handle this business.

To go over the coverage briefly to explain what homeowners get for their participation; cover the water and sewer line at the same time, even though they're two separate programs, because they're set up basically the same. This is protection for a homeowner for broken, cracked, leaking pipes, tree root penetration. I don't know if you have this issue here or not but frozen external
water lines that might need to be thawed, or even just a clog that needs to be cleared out.

What our coverage provides for that homeowner, and it's from the point of the utility connection to where the line enters the home is what's covered, so everything the homeowner's responsible for. We provide them up to $8,500.00 per occurrence, which includes coverage for public street and sidewalk cutting if it's necessary. We also then provide unlimited service calls. We don't limit the number of times they can call us when they have an issue. We do not charge them a service fee when we send that contractor out either, we absorb that cost. There is no change to the homeowner for the contractor to come out. There's no deductible that they have to meet before their coverage begins, and unlimited annual and lifetime benefits, meaning there's no cap on the coverage per calendar year or for the lifetime that somebody is working with us.

We don't do long-term contracts. Everything is a month-to-month-agreement with the homeowner, so they're able to opt out at any time. We also don't do a pre-inspection when someone enrolls in our coverage. After a 30-day waiting period that coverage begins. As I said our 24/7/365 availability for the homeowner to reach out to us.

Then the third product that we provide is that interior plumbing and drain coverage. This is for all water, sewer, and drain lines that are inside the home after the point of entry; including lines that are imbedded under the concrete slab or under the basement floor. This provides up to $3,000.00 worth of coverage per occurrence. It includes even coverage for clogged toilets. Again, unlimited service calls, unlimited annual lifetime benefits, no service fees, no deductibles, no contracts, no pre-inspection, etc. Our coverage is set up in this manner so as not to deter homeowners who participate from calling to have their issues taken care of. What we've noticed is homeowners that participate in our coverage are much more proactive in resolving those issues before they make their way over to the public side where things then get dicey between now who's responsible.

I mentioned the revenue stream that's a component of our program. The way that would work is the City would receive $0.50 per month per each one of the those paid warranty agreements. That accrues throughout the course of the year and we pay that out in the form of a royalty every January. Some examples of how existing partners that participate in this aspect use those funds; low-income utility assistance programs, water leak protection or to offset the cost of water bill when somebody has a leak, some donate it to local charities, use it towards National League of Cities (NLC) or State League due, really whatever you want to use it for. You can also decline that revenue, and in the case that you decline that revenue that savings is passed directly onto the residents who participate, each one of the products would be $0.50 less per month as a result of your declining that income.
Our marketing approach, we only market by direct mail, so when you decide to make our program available, you're not unleashing door-to-door salespeople or telemarketers on your homeowners. We do a maximum of three mail campaigns per year, so we're not going to overwhelm them with direct mail either. It's important to know that in this partnership method the way we work with you is we would never mail anything to a homeowner without your review and approval of that marketing material before each and every one of those mailing campaigns. That's part of that partnership. The marketing that we send out educates homeowners as to what their responsibilities are, explains to them that all the products are separate. They can choose any combination they like. They can enroll in whatever manner they would like. It's very clear to them that the program is completely voluntary for them and also that it's not being offered by the City, it's offered by an outside company through a partnership with the City and it directs them to contact us with any questions that they have about the program.

What the City's roll is in the partnership is we ask for the use of the City logo and a generic signature from the City of on that marketing material. Again, I like to stress because we do that, we would not mail anything to homeowners here first without the partnership with the City, and second without the approval of that information before it's ever sent, so you really have the control over whether or not we send mail out to homeowners.

We do this for two reasons; one it creates an economy of scale that allows us to provide better benefits at a lower cost, because we tend to get a higher participation when people investigate the program. The other reason is when the National League of Cities not only gave us their endorsement, but allowed us to use their name, they did so with the requirement that we continue to operate in this high-level transparent manner of having this partnership where the City sees and approves all materials before they're sent.

We are currently working with over 650 municipal partners in 41 states. In New Mexico we are currently working with those partners, seven. A few things I’d like to point out at the bottom currently there's over 4,400 New Mexico residents that are currently enrolled. We paid out over $321,000.00 in repair costs over the last three years, over $725,000.00 paid out in repair costs since 2011, and over 1,200 repairs completed in that time.
Then just kind a few odds and ends. Your endorsement does not equal exclusivity. What I mean by that is when a city chooses to work with us, we don't ask you to keep out any other companies that might offer similar services. It's just that our program is only available through that partnership.

Currently we're serving over four million customers. We've completed 1.34 million jobs over the last three years, so that's about one job every 63 seconds. We have saved customers over $454 million in repair costs over the last three years. We have a 97% claim approval rating; 99.6% claim satisfaction rating. We currently have over 1,400 contractors in our network and the one that I really like, nine out of every 10 of our customers surveyed has recommended
our program to friends, family, neighbors, etc. With that if there are any questions or comments. I know it's a lot of information in a pretty short amount of time.

Chair Little: Commissioner Johnson.

Johnson: I remember getting two or three different mailings about a similar service, but I assume they're not from you since you don't do this until you sign up with the City.

Lyon: Correct.

Johnson: Okay. Just your logo looks slightly familiar, but I can't remember who in the world these people were, but they say about the same thing; are you aware that this is your responsibility etc. and so forth.

Lyon: I'm not sure who else might do it in this area. Do you all have American Water here? Because American Water resources.

Johnson: Don't think so.

Dr. Garcia: Not locally, but I believe that in the northern part of the state there are some.

Lyon: Okay. You may see mailings from them. They're really the only competitor who will that we have because there are just not a lot of companies that do this type of thing to be honest.

Johnson: I think I've seen it maybe every two or three years I get one in the mail, so it's not constant bombardment or anything. I was just curious.

Chair Little: Any other questions? Commissioner Sorg.

Sorg: Thank you Mr. Chair. For me, you're a little too late.

Lyon: You had an issue.

Sorg: I know another person that just had a water leak he didn't detect for months. He doesn't pay his bill, he doesn't see his bill each month, it automatically gets paid. I don't know how many dollars of water, but he got it fixed here earlier this year. Yes, I think this would be okay. It'd be a good thing for some people. I know there are a lot of old pipes in the City here.

Lyon: Can I ask a question?

Chair Little: Certainly.

Lyon: As far as repairs go, do you have any type of ordinances at all about if it's a certain material it can't be repaired it has to be completely repaired with a more modern material or something like that?
Dr. Garcia: Mr. Chairman, Mr. Lyon. No. We do not. Now there are certain rules for redevelopment that are subject to the plumbing code. We don't do plumbing code. The Utility works up to the meter.

Lyon: Okay.

Dr. Garcia: There are no requirements that we go back. For example, now we have educated customers from lead services, but we don't mandate that they remove their lead services and put copper or PVC.

Lyon: Okay.

Dr. Garcia: We stop our responsibility and rules stop at the meter.

Lyon: Some communities do have those types of ordinances. What I like to point out is all of our work is done to code, so to use your example even if that was a leak and let's say it was a material that there was an ordinance that it can't be repaired, it has to be replaced, then that's what we do because all of our work is done up to code.

Sorg: Yes, I understand. I know exactly what you're talking about. Been through it, to the $2,000.00 to $3,000.00.

Lyon: I'm sorry.

Chair Little: Okay. Other questions? Commissioner Carmichael.

Carmichael: Could you talk just a little bit more about the interior plumbing and drainage coverage of like up to what point? I'm thinking of faucets and other than main water lines to the faucet.

Lyon: That's a good question. The coverage is for the lines themselves not for the fixtures, so it wouldn't include things like faucets or spigots or those types of things, but for the lines themselves.

Carmichael: I could see some confusion on people's part trying to figure out what's covered and what's not perhaps. I guess that's well explained and identified.

Lyon: Yes. The terms and conditions that we provide for homeowners when they enroll in the coverage is very specific in showing what it is that will cover and what it is that's outside of that scope of coverage.

Carmichael: Can you talk about the fees?

Lyon: Certainly. I'm trying to recall if I had provided you the royalty or the non-royalty, but either way I'll go over both. You'll have to refresh my memory, water line responsibility here is to the meter, correct?
Provencio:  Right, to the meter.

Lyon:   Okay. Water line coverage with the royalty is only $5.75 a month, sewer line coverage is only $7.75 a month, and the in-home plumbing coverage is only $9.99 a month. If the City passed on the royalty each one of those would decrease by $0.50. Our pricing is structured in a way that homeowners who are most vulnerable, meaning least likely to be able to afford these types of repairs or replacements, can participate at very little cost. Since the coverages are separate and they can choose any combination that they would like. Somebody has a brand-new sewer line, but they don't know how old their water line is, know they can just participate in the water line coverage if they would like. Very flexible.

Chair Little:   Okay. I'm going to say thank you. We'll proceed with the meeting. Are there other ...

Driggers:   I just had a general comment on behalf of the department as their attorney. This appears to me to be need the credibility of the City behind your product in order to generate profit from an insurance policy. I can't speak to why the other municipalities in New Mexico signed up for your service. But you will have other solicitation from other companies that have come through and I'm not aware that the City has ever let its credibility for a private profit venture such as you are proposing.

Lyon:   Understood. Many communities that work with us, it's the first time that they've entered into such an agreement as well, so it's familiar territory for us.

Driggers:   In fact, I remember having talked with the City of Farmington and at that time the solicitations went out on City of Farmington letterhead.

Lyon:   I can't speak to that, but what I can say is our process is the cities that we work with, they provide us with the logo typically electronically via JPEG and they're printed in a direct mail house. I don't know of a City that's ever actually provided us with their official letterhead. They provide us with their logo that we then print and then of course before that letter's ever sent, we send it back to the city for their review and approval and they can make suggestions on customizing it for their community as well. I mean Farmington has been working with us for a while, so maybe that was something that they did before I started with the company. I'm not familiar with that process now. I know it's all electronic.

Chair Little:   Again, thank you. For the Board, we'll give ourselves time to digest this and take up the idea at a later date.

Lyon:   My contact information is on the front page of the PowerPoint presentation, so if any of you have any questions you can call me or e-mail me directly and I'm happy to answer.

Chair Little:   Okay. Great.
Lyon: Thank you for having me. I really appreciate it.

Carmichael: Thank you.

Chair Little: Are there other members of the public present that would care to be heard? Seeing none.

5. Administrative Report

Chair Little: The next item is the Administrative Report.

Dr. Garcia: We'll start with Mr. Provencio.

Provencio: Good afternoon Chairman, Commissioners. Jose Provencio, Deputy of Business Services for the Utility Department. I'll provide you or brief you on activity in the Customer Service and Billing and Receivables area.

First off, this time of the year or this time or this month we are renewing the Budget Payment Plan subscriptions. It's a busy time for Customer Service. We should be completed by the end of the month. A preliminary head count shows that we're still at the same level of participation for Budget Service Plans. We'll continue to monitor it as we go through the year. It's just the time of the year where these plans are renewed for those customers that want to start with the new year under the Budget Payment Plan.

Moving to the Billing and Receivables update. This is the May report. We started in the standard reporting here last month. That'll give you an idea and gage the participation and activity with the assistance programs that we have for our customers. You can pretty much read some of the new activity and get down to the point of the Charitable Fund Sources and the Casa de Peregrinos (CDP) assistant program has been well administered and well received and we're at this point here for this month. We'll be prepared starting the new fiscal year with a larger funding level of $100,000.00. We'll keep you briefed every month on the participation and levels that we're at.

Just give you a pretty much graphic overview of the CDP program. That's good news for a lot of people. I'll stand by for any question you may have.

Chair Little: Seeing none. Thank you.

Dr. Garcia: We will tag team with Ms. Driggers in the water litigation. She has the longer portion. There was an initial settlement meeting unfortunately I couldn't attend, it was in Denver on June 3rd on the technical group. All the agencies listed there attended and it was basically to show the technical work that New Mexico has done regarding the groundwater and surface water in the Lower Rio Grande. Apparently, the meeting went very well and they've agreed to continue the discussions. I think they discussed a lot of detail in terms of calibrations and the data that was used. It was all shared. It was all in the
There's hope that maybe there's going to be future meetings with the Texas parties that are interested in what we've done in terms of the modeling effort. That's good news.

Regarding the April 2nd hearing in Denver which I attended with the Special Master. We did not have; we filed the amicus curiae brief, but the Master has not made any decisions regarding those briefs. As soon as we know something whether our brief was even taken into consideration, we will let you know. There are on going depositions from the State Engineer and other OSE (Office of the State Engineer) staff. As you know City staff got deposed some time back, both Ms. Widmer and myself and Rhonda Diaz were deposed. We did receive expert reports from Texas and the U.S. There are very voluminous reports and I'm having the hydrologist and our historian review those reports so we can provide comments to the state as to what our thoughts are regarding those technical documents.

One last thing regarding the Texas v. New Mexico, these documents came with the list of experts from Texas, is that what it's called Marcy.

Driggers: Yes sir.

Dr. Garcia: Interesting to note that EBID (Elephant Butte Irrigation District) members; one the general manager and two Dr. King who is their hydrologist or engineer are listed as experts on behalf of Texas. We were wondering if EBID was on defense, they're no longer on defense. Now we know for sure they're on the side of Texas so that's all I can say at this point. In closed session in the future we might have to discuss the implications of that. With that, Marcy do you want to talk about our other litigation that, Marcy has been, you want to come up here. She's been very busy with the progress on this Federal litigation. We briefed you on this sometime back, but now there seems to be a lot of movement. Marcy will brief you on that.

Driggers: My PowerPoint presentation is wordier than Dr. Garcia's was because I thought I would just give you some background as to how, what sometimes we call the JSP (Joint Superfund Project) and it turns out in retrospect to have been an excellent way to align the City and the County jointly in the cleaning up of the Superfund project. That prevents the parties from pointing fingers at each other. I call it the three musketeers only the two musketeers. One for all and all for one. We're in it together regardless of liability. Initially the liability looked more like it was on the County's potential side, but now EPA (Environmental Protection Agency) is pointing to uses of the old Crawford Municipal Airport, which is where Hadley Avenue is.

Hadley Avenue used to be the east/west runway for the old Crawford Airport and their contentions that maintenance of these tiny, tiny little piper club single engine planes are a potential contaminant of the groundwater underneath.
What has happened as far as litigation is concerned. The City and the County filed suit against what we call the Federal Defendants almost two years ago seeking to recover all of the past costs that we have paid to construct that treatment facility that Adrienne has the annual open house for every year, our ongoing costs in maintaining that facility, and the future costs. This facility is what they call a "Pump and Treat" facility. You keep pumping water and treating it until eventually all the water that you pump out has met the minimum or MCL (Minimum Contaminant Levels) for PCE contamination. As far as I know, I believe we're on progress meeting our projected cleanup costs, but these costs are past, present, and future and we're seeking to recover it from the Federal Defendants contending that it was the activities of the Federal National Guard when it operated the armory site which is formerly located at Hadley and Solano. It's where our aquatic center is now. They operated hundreds and hundreds of track vehicles there as part of the Federal Armory's job obligations and they utilized a PCE component to clean out those pieces of equipment.

The National Guard also utilized that facility but because of various legal restraints, the City cannot sue the State National Guard, so we had to sue the Federal Government for the operations of the Federal Guard at that facility.

As more and more time passed, we decided that it was to our strategic advantage to join what were former and some current dry clean sites that are located in the Downtown area. EPA in its earliest search for potential contaminants when the City found PCE in its routine monitoring of wells in that area; classically EPA looks to dry cleaning sites because they are historically the biggest contaminator of groundwater because PCE is a solvent classically used in dry cleaning operations. They identified all of these sites as potential significant contributors of PCE to the groundwater, but the dry-cleaning sites are downgradient from the Griggs Walnut. EPA had the City and the County as owners of this site and so they need go no further than finding an owner of a site. You don't have to be a polluter; you simply have to own the site under which the PCE has been found. I don't blame them. These dry-cleaning sites, only one of the five is still a laundry and that's American Linen. They used to be a dry-cleaning operation but they're no longer a dry-cleaning operation.

You have defunct operations with potential little chance of recovery. You have the City and the County with their deep pockets, so EPA opted not to name these dry-cleaning sites along the City as potentially responsible parties. They identified them and they showed mathematically they were a source, but they didn't join them.

For strategic purposes we have joined five of the dry-cleaning sites. We have left one of them off the hook because it was the lesser of the five contributing sites and it was owned by a husband and a wife. They had no idea it'd been a dry-cleaning establishment years ago.
Discovery is ongoing. In fact, it has been massive. Lots of depositions and expert reports. In most litigation involving these topics you rely on experts to tell you how a particular entity did or could not have been a contributor to the groundwater contamination. Then once you have one side's expert, the other side experts have to rebut to them. We're still going on with the expert. In Federal Court where this litigation is pending, you are obligated to have mandatory settlement conference. It's not a mediation, but it's a settlement conference and it's conducted by the U.S. Magistrate assigned to the particular case. This case has been set for a mandatory settlement conference on August 15th in Federal Court here, but you all are not privy to those conferences.

We will be having a closed meeting of the City Council on Monday July 22nd and the County will be having a closed meeting on July 23rd in which the City's outside counsel, the Martin Law Firm out of Seattle, Washington will be flying in and will be giving a detailed briefing to the Council. Because when you go into these settlement conferences you have to go into them in good faith. You have to be willing to put something forward and that involves all of the parties. I think the Martin Law Firm would have preferred that everybody agree to use professional mediators with Superfund experience because the complexity of these cases, some of the expert reports and the rebuttal reports, I'm lucky to get through the executive summary on the first page, least of all to understand the graphing and the complexity that are involved with the hydrologist involved in this case.

You're looking at several discussions between City attorneys and their staffs and the County and their staffs throughout the summer, but the crux of the decision making will be made during these closed meetings of the respective bodies with the idea that on August 15th we will be meeting with the U.S. Magistrate. These are all the parties. These are the four remaining dry-cleaning parties, the attorneys representing the Federal Guard, and attorneys representing EPA will all be in close proximity to one another in these settlement rooms. Again, the U.S. Magistrate will break parties out, we'll basically see what they're willing to offer. Have the parties confidentially address their weakness and strength as they perceive them. Then we'll be back probably to the Board in its September meeting advising them as to what if any, I guess you always hope that something magical will come of this. I know that they're hoping for potentially what's called the global settlement.

Just as a reminder we have another case pending in Federal Court handled by another law firm involving claims against, it was initially against a number of insurance companies, just as a reminder. Decades and decades ago insurance companies provided coverage for what amounted to pollution claims till they realized, "Uh oh, this is causing us massive liability." Therefore, after that in the last '70s, if you wanted pollution coverage in your property insurance policy you had to pay an additional premium for that. The old policies didn't exclude pollution, so through the assistance of what they call an insurance archeologist trips were made to offices in Santa Fe looking for proof of premium payment for insurance coverage. We've settled with all of the companies except for
Travelers Insurance Company. There’s a pending massive lawsuit against them but it’s on hold pending possibly a resolution of this. Because as you may be aware, the Martin Law Firm representing us in the Superfund case is a nationally ranked Superfund insurance firm, but their attorney fees mercifully are being paid for by Travelers Insurance Company because for lots of these insurance cases the insurance company provides under what they call a reservation of rights insurance defense cost. Even though the liability claim could be very small, but they have an obligation to defend under the coverage of the policy even when the insurance claim could be like $25,000.00. The Martin Law Firm bills can exceed $25,000.00 a month.

The insurance coverage paying the attorney fees and the expert fees is massive. That's why that case is on hold, but they would like to have sort of a global settlement of the Superfund cases as well as the Travelers Insurance Company case and that's what they mean, you'll hear the expression a global settlement. That just means more than one case is at the table and will be at the table during the settlement conferences. That's sort of a bullet highlight of what's ahead for us this summer concerning the Superfund case.

Chair Little: Dr. Johnson.

Driggers: Dr. Johnson.

Johnson: Yes. If they use PERCLEAN in the facility, there how could they deny that there was no contamination coming from that facility?

Driggers: You're talking about the dry cleaning.

Johnson: No, no. I'm talking about the armory.

Driggers: No, they're not disputing that it was utilized, but they have a number of defenses; one is that they were not the only source of the PCE. Lots of these cases you don't have one party potentially 100% responsible, you have an allocation of liability. Then with the dry-cleaning defendants, so they may be liable, but they have no ability to pay. They are what are called the orphan shares.

Johnson: But they're located downstream from.

Driggers: Downstream but hydrologically as Dr. Garcia can indicate, common sense would say well how does the pollution downtown make its way up hill to the Superfund site. Well it's not, the roads go up hill, but the water stays at a constant level.

Dr. Garcia: Well actually, if I may Mr. Chairman. It is downhill but up gradient regarding groundwater. Slight gradient from the river towards the boundary with the other aquifer. A lot of the dispute is which direction was the groundwater...
moving back in the 40s, 50s, 60s and today because it's changed. It's very convoluted in terms of the hydrology basically.

Johnson: Do we know when the armory was built?

Driggers: Yes.

Johnson: Do you remember what approximately?

Driggers: The City owns the land under which the armory was located, and we leased that property to the armory in the 50s. Then over time that property got conveyed to the armory, they owned it was part of a complicated land exchange, then we ended up getting the property back. We owned it, then we got rid of it, and now we have it back. In fact during the deposition of the City's witness a couple of weeks ago the armory was making the allegation that we were the landlord in the '50s and '60s and we should've known about the armory's operations and how they cleaned their tanks and that we should've come in and told them "Don't clean your tanks that way. Don't you know that PCE is going to be declared a hazardous substance in 20 years?" That was how far reaching they were claiming because see we were the landlord back then and they were contending that we should've controlled the activities of our tenant, even though PCE was not a banned substance back when it was being used. We want to claim that the armory was the polluter. It was their PCE that they used and as part of their operations it fell all over the ground and it was an unpaved surface and over time it migrated hundreds of feet to the groundwater underneath.

Johnson: The reason I ask about construction date, PCE also was used in a number of different constructions of facilities to clean things that, then that's how the NASA site managed to get a lot of their groundwater contamination up there is when the facility was built the common practice was clean the piping, throw the PCE on the, let it run down the gulley. That could be another source of the PCE in that site if it was used during the construction. I have no idea whether it was or not.

Driggers: That allegation has not been raised, but of course the Feds are pointing to the County's yards over there, transportation yards on Griggs as a source because they also use PCE as a solvent to clean engines. Ironically the City's witnesses indicated PCE was too expensive, we used diesel fuel to clean engines because apparently it is a very effective solvent also. They also claim that there was PCE in some of El Paso Electric's transformers that were on City property and that it may have leaked out contaminating the groundwater underneath. These are really egregious stretching claims.

Dr. Garcia: If I may add Mr. Chairman to the Commissioner Johnson's comment. They did bring up the construction of the well, Well 18 and the construction practices since a lot of the PCE was used also during the drilling process to clean some of the equipment. They have a claim that part of the construction of the well
penetrated the area where PCE was already there and we contributed going down further to the lower zones. That claim is there and it's a fairly new one.

Chair Little: Any other questions? Commissioner Carmichael.

Carmichael: I assume the terminology mandatory settlement conference; did I understand that right?

Driggers: Yes.

Carmichael: It's mandatory that you attend.

Driggers: Mandatory that you ...

Carmichael: Come in good faith but not necessarily mandatory that you settle. Is that correct?

Driggers: Correct. That's absolutely correct sir. Mandatory that you come in good faith.

Carmichael: Right. Okay. Then a question, probably Dr. Garcia. I assume that it's virtually impossible technically with any finite conclusion to prove where the contaminants came from. Is that a reasonable statement?

Dr. Garcia: Mr. Chairman, Commissioner Carmichael. I reviewed our report and I reviewed their report; both are very convincing. Meaning there are different theories as to what the source was and the travel times and groundwater. Having a 100% proof, no, you're not going to have it. We're making some assumption as to some of the data regarding groundwater.

Carmichael: Right.

Dr. Garcia: We didn't have as good data as we have today, so there could be argument on the assumptions used in terms of their models. Both sides, both reports read very, they're very convincing technically. I know the Chair has done a lot of groundwater and hydrology work and he knows that depending on your assumptions you can end up with different answers. It's going to be very interesting to see how it goes even if we get to trial because they have a good witness and a good consultant, and we have good one too. It's going to be interesting to see who prevails.

Carmichael: Thank you.

Chair Little: We will look forward to September.

Driggers: September update.

Chair Little: Yes. Thank you so much.
Dr. Garcia: We have projects now. Where's Mr. Clark?

Clark: Chairman, Commissioners. Carl Clark for the record. Here to give you the June 2019 Projects Update. The three projects that I selected are the Jacob Hands Wastewater Treatment Facility Water Quality Lab Building Construction, the Airport Booster Station Improvements, and the Water Service and Road Rehabilitation Project, Vista de la Montana, Vista de la Luna, Pines, and Sonora Springs project.

The first project, the Jacob Hands Wastewater Treatment Facility Water Quality Lab Building. The contractor is Jaynes Corporation. The contract cost is $4.4 million with a contrast time of 434 calendar days. The start date of April 18, 2018, estimated completion of June 4th. Actually, they're substantially complete June 4, 2019. They have five more contract days in which they're going to be able to complete the punch list items. We have yet to have that final inspection. I'll be explaining that down below. They're approximately 100% in regards to construction and 93% in regards to payment on this project. The final inspection is scheduled for June 18th in which we'll have facilities with us and the groups that will be in that building we'll all be walking the building and inspecting it and making comment back to the contractor for repairs or clean up or what have you, whatever we find out there.

The furniture is to be delivered and installed mid-July, after that point we'll set the date for the ribbon cutting. Hopefully I'll have more information come the July meeting and let you know that exact date that we're going to have the ribbon cutting ceremony. I've actually had some calls from residents that go by to the transfer station asking when it's going to be. I tell them I'll let you know when the ribbon cutting's going to happen so you can come and attend. They've been watching the construction go on and they think it's a marvelous building.

Carmichael: It's a very nice-looking facility.

Clark: Yes. I installed a couple of photos here. The upper right photo is actually the water side of the lab and then I have a nice photo of the exterior of the building looking south from the roadway or from the back of the parking lot there. We did have a nice rainfall that we got to watch all the ponds work and we made note of a small ponding in the asphalt that the contractor gets to fix now. No issues with the building so that's a good thing. Yes, it is complete and we are expecting the furnishings to come in mid-July. Question?

Johnson: By furniture you mean the laboratory equipment that needs to be installed, right?

Clark: No, all the furnishings, in fact yes, lab equipment as well, but furnishings such as office furnishings, chairs, chairs for the lab, tables, stuff like that. A lot of the equipment has been, some of it has been, for the lab has been included in the contract itself with Jaynes. They had to buy a few pieces. Then we'll be
transferring a couple of pieces from the existing lab and then we're adding in other items as well for that lab.

Johnson: We're going to do the ribbon cutting before those pieces are in there?

Clark: No. It'll be fully furnished and geared up for.

Johnson: Operational in a sense. Okay.

Clark: Yes. Staff has been asking that every day now. We're trying to get everything in there. Like I said, we're waiting on the furnishings and then we'll have that ribbon cutting immediately so that way we can start transferring staff over. If there are no more questions, I’ll move on to the next one.

The Airport Booster Station Improvements. The contractor is Diamond Construction Incorporated of Las Cruces. The contract cost is $647,000.00. The contract time of 180 working days. They started this project April 23, 2019 with a completion date of January 13, 2020. They're approximately 30% in regards to construction and 17% complete in regards to payment. The old booster station equipment and components have been removed. Some of the pieces have been salvaged. The contractor has already done the rehabilitation on the roof. There has been some pressure valves and vaults, underground piping that's completed. The upper right photo that you see there is one of the vaults there that has a check valve in it. The ceilings and walls have been repainted. What's remaining is the installation of the Booster pump and Jockey pump skid. That's being constructed at the manufacturer and then it'll be delivered over and installed into the building. It's a complete self-contained unit so it has all the disconnect and some of the PCL equipment on that skid. At that point in time when we get it in then we'll have the remaining electrical tied into it and the SCADA equipment tied into it and it'll get operational. The lower right photo there you can see they're pouring some exterior sidewalk that needed to be done as part of the building improvements around that booster station as we're going to be using it. Any questions?

Chair Little: Thank you.

Clark: I have one more. The Water Service and Road Rehabilitation project. Smith and Aguirre Construction is the contractor on this project. Contract cost is $1.8 million with a contract time of 196 working days. We started this project November 5, 2018. We had an estimated completion date of August 19, 2019. The percent complete is 60% in regards to construction and 18% in regards to payment.

Basically, a summary of the project, they've already installed about 10,000 lineal feet of 3/4-inch water service line by now since this slide was put together. They also have installed 362 of the water service lines out of the 483 and 14,000 square yards of asphalt payment that's been replaced out on the site now. The two photos I have is one of the new installed water service lines
on Blue Mountain you can the depth of that water line. We had talked about a change in scope or a change in the project that the contractor brought forth to us. The water line ended up being deeper than what was expected. It was around six feet, when it's typically three. Then we also had to avoid a storm drain just happened to be on the opposite direction where we were trying to go towards the residents, so we had to dig a separate hole to receive the bullet and then push the bullet from that hole over towards the residents and tie onto the water meters there. The lower right photo is the asphalt patching over on N. Vista Drive. You can see it's a very large section of patching there. There were several leaks that occurred in there and got patched. Some of those leaks created some severe damage to the asphalt so in order to clean up that entire area it was a large cut that had to be done and repaired because it was something pretty bad in that area. As I let you know before, once we complete these projects Public Works has it on their list this September, we'll be doing a micro surface in these areas. That micro surfacing is going to put another layer of material on there and leave the neighborhoods with a homogenous look instead of a checkered pattern going on out there.

Chair Little: Okay. Questions?

Sorg: Yes. Does anybody in the City know why the pipe was buried so deep?

Clark: Chairman, Commissioners. I'm not exactly sure. That was a change in that subdivision back in 2006. I'm assuming that it is because of the storm drain, issues with the storm drain there and conflicts of the water line installed as deep as that. That's the only thing I can speculate on that project. I believe that subdivision was designed by Southwest Engineering, but I don't know any more than that.

Sorg: That has an underground storm drain there?

Clark: That has one, I think there's two there and it delivers water west towards Porter Drive.

Sorg: The ponding is there.

Clark: The pond's right there in between those walls, you know exactly where that is.

Sorg: Just to comment. In the streets that you finished, the contractor's finished, the surface is so uneven still. I don't see how a micro surface treatment to it is going to smooth out the street, because it's really hilly.

Clark: I know we've expected; we've installed more asphalt than we anticipated in those areas just to try and alleviate that. I haven't gone back to see the actual finished product at this time, and it hasn't been final inspected either. There are opportunities there for us to fix any areas that we may have missed. The micro surface does cover up some minimal undulations in the roadway. It won't cover up everything. We looked at trying to do full pavement reconstruction, but it was another million and a half I thought, to try and do that. In order to
extend our funds as far as we could, we felt the micro surface would be able to alleviate a lot of those problems.

Sorg: Some streets are pretty bad. Very very bad.

Clark: I'm aware of it. Some of them are due to the storm drain that was initially installed as well. It's shallow and one street I know there's some storm drain that's shallow.

Sorg: These are mainly the patches that were done before you started this project. Old pipe breaks that go back 10 years.

Clark: Right. I know there was a patch up over the storm drain as well, so I'd have to look at it the area you're talking about. There was some due to the water line breaks, and the type of soil that's in this specific, in Vista de la Luna, Vista de la Montana, it's a real heavy clay soil so it got overly saturated and it just did not go back together the way it should have. Then I think also too during the construction of the project, of the subdivision itself, there could've been more effort in compacting probably in those areas.

Sorg: Would a different sublayer underneath the pavement have fixed that? Where you know down in the valley here you have a lot of clay soils underneath the streets too.

Clark: Yes.

Sorg: I know they take out a certain amount of it and put in this, I forget the name of it, that millings or not millings but the gravel that's.

Clark: Yes, they'll install a base course.

Sorg: Base course.

Clark: Then it could be engineered fill as well to alleviate some of those issues. I know that the area over there, and there's some pockets of expansive soil, soils that pass the 200 sieves, at least 25-30% passing the 200 sieve which would warrant them removing some of that material to a certain depth. The depth of the water line they probably wouldn't have removed to that depth.

Sorg: I ask you just do the best you can.

Clark: We're giving it our best shot and I'm walking everything I can.

Sorg: Okay.

Clark: I think of the budget every time I say "Yes, take that out too."

Sorg: I know. Okay. Thank you.
Chair Little: Other questions? All right. Thank you.

Clark: Thank you.

Dr. Garcia: Gas and Lucio, your turn. Gas lines.

Garcia: Good afternoon Chairman, Commissioners. Lucio Garcia, Deputy Director of Gas. At our last Board meeting a question came up about the abandonment of lines and cutting service lines up to the main line. I'd like to start off by citing some of the codes that we follow as far as 49 CFR 192.127 (d) which provides guidance as to how to treat abandoned lines. Then also the City of Las Cruces Operating Maintenance and Emergency Plan specifically 4.72 is one that we've put in place also to address abandoned lines or abandoned services, so we cut those back to the main and they don't present a threat to our system.

I'd just like to cite a couple of examples that have happened recently. At 815 E. University Avenue there's a Burger King that's going in place right now, that's being constructed. It used to be an apartment complex, so there were several gas lines that went into those apartment complexes. Those we've cut back all the way back to the main line to eliminate any threat in the future. The reason I say they're a threat is because once they all become underground then they're sited off the main line they're difficult to locate because we disrupt the continuity when they use the equipment to locate those.

We found one at Picacho during the NMDOT (New Mexico Department of Transportation) project at Picacho and Valley Drive this last March. There used to be an old drive-thru bank teller, I think it was Western Bank at the intersection of Picacho and Valley and when that building was demolished the gas line was left in place. During the construction it was found, it was cut, and we had a blowing gas situation there. We went there also to remove that back to the main.

Then one that happened back in 2017 it was at 705 E. University Avenue and that was a resident that was at the corner of El Paseo and University which is now Pioneer Bank. During a boring of an internet line that was being placed in there, that line was left in place and it was hit by the borer and we had to secure the area and evacuate the building because the gas was migrating into the building. Common practice for us, and of course guidance provided by the code is to cut every service line that is not going to be used back to the main line. I'll stand for any questions.

Chair Little: Thank you for the explanation.

Carmichael: Makes sense.

Garcia: Thank you.

Dr. Garcia: Next item Lucio.
Garcia: Next item is annually the APGA (American Public Gas Association) solicits applications for the SOAR (System Operation Achievement Recognition) Award. What we did this year is we were looking at this as a group in the Gas Section and as we looked at it we realized that we were doing many of these things and the criteria and requirements that are required for this award is something that we were doing. We formed a committee in the Gas Section which was comprised of the supervisors; that would be Joe Atencio from Locating and Mapping, Pete Duran with Construction and Maintenance, Ramiro Pereyra with Compliance, and Andy Sanchez which is Pressure and Service, and then we also had Richard Madrid who is a Gas Locator and Union President, and myself. We went through the whole application series and filled it out, submitted it in March to the American Gas Association. Then from March to May there was an interactive process where they requested documentation to verify some of our responses. As a result of that in May they informed us that we had received a Bronze award for our application. With the score of 88% is where the City of Las Cruces Gas Section landed. To give you an indication of what the ranges are, the Gold award is for 97-100%, Silver is 90-96%, and Bronze is 80-89%. We're on the high end of Bronze and I think next year we're going to pursue this, and we'll be in the Silver probably next year. The good thing about this exercise was it gave us a good indication of some of the things that we're doing that we could be doing to improve our system and improve in these four categories. If you look at our scoring in employee safety, we rank pretty high; system improvements is one that we were at 68% but I'd like to touch on a couple of those because it's really not system improvements, it touches more financial. One of the things that they asked as far as questions was have you had a rate review in the last five years. The last rate review that we had was in 2012, but we budgeted for rate review this year, so we'll be able to answer that one for next year.

Additionally, they asked if we provided any promotional efforts towards the use of natural gas which is something we don't do as a utility currently. Then the other thing is whether we provide rebates for switching over to natural gas. We don't do that here at the utilities as well.

The result of this, the City of Las Cruces will be receiving an award at the APGA Annual Conference in Stowe, Vermont July 28, 2019. We're currently in the process of requesting approval to have a couple personnel travel up there to represent us and receive the award. The two that we're requesting are Mr. Andy Sanchez with Pressure and Service, the Supervisor, and Richard Madrid, Gas Locator, which is the Union President. Thank you.

Chair Little: Thank you. Congratulations.

Garcia: Thank you.

Dr. Garcia: Mr. Chairman. Just a comment. The title that said System Improvement, the first thing in my mind said well we're not investing enough in the system and
Chair Little: Any other comments or questions? Commissioner Carmichael.

Carmichael: Can I go back just a minute to the gas line abandonment?

Garcia: Yes sir.

Carmichael: I was just wondering do the property owners have any responsibility in that when either redevelopment or change in the use of the property occurs? Or is that all our line responsibility?

Garcia: It depends on how it's treated contractually. Many of the projects that are done by the contractor are typically in the construction documents. For example, some of these rehab projects, the contractor would take care of those. When it's done individually, I can remember one that took place at Campo, I don't remember the intersection street but there were three facilities there and the owner was going to file three and put a better building on there so we were moving those. There they asked us to do that and we go out and at no cost to the customer cut and cap back to the line.

Carmichael: So, our nickle.

Garcia: Our nickle, yes sir.

Carmichael: Thank you.

Chair Little: Any other questions? Thank you again.

Garcia: Thank you.

Dr. Garcia: Where's Rhonda? The Stroll.

Diaz: Good afternoon Mr. Chairman, Commissioners. Rhonda Diaz, Water Conservation Program Coordinator. We just had our 4th Annual Spring Stroll in the Demonstration Garden and I'd like to briefly update you on that. We had approximately 180 participants that signed in. This is an event that is embraced by the community and participation just keeps on increasing, so we love to do that. We had a demo garden book that we gave away, a drought resistant plant, low water use plant, we also gave away composted bio-solids and our green compost was available for anybody that wanted to take some home. Also, experts that participate with us in a lot of our outreach events. We had some NMSU experts to answer bug and weed questions and also John White, an arborist came up from El Paso to talk to anybody that had any tree
questions. I was also available to talk about water conservation which I love talking about.

The last two items are just something I'd like to highlight about something that we brought new to the demonstration at this Spring Stroll this year. These are some pictures. It was a beautiful morning. We offered coffee and some pastries, which is always good. The garden is just a beautiful place to have this not only for the educational elements that are out there but also, it's just a really good venue. In the picture here with the plant material, those are plants that were provided by Sunland Nursery and what we came up this year is this plant tag that you can see that's in this plant material and what we'd like to do is work with our garden centers in the community to have the Papa Drop approved plant tag incorporated into the plant material that is used in the landscape that is low water use and drought tolerance. We're working with local garden centers there. We're starting that.

The next item is in the top right corner there we unveiled our educational corner if you will in the garden. It now has a canopy and some pavers so that it can also be another venue that we can use for talking about outdoor water use and efficient irrigation and low water use plant material out in the garden itself. It was a really great event.

Chair Little: Very good. Thank you. Questions?

Sorg: Thank you.

Diaz: Thank you.

Dr. Garcia: Next we have one of our consultants, Cassie McClure is working with Suzanne Michaels and she participated in the Neighborhood Leadership Academy and she was taking pictures for the story, so we asked her to do both. She was as a student participated in the whole program, so she'll tell us and show us what she observed.

McClure: Okay, again for the record I'm Cassie McClure. I work with Suzanne Michaels. I have covered this event three times and actually kind of poked me to go into do this as a class. For full disclosure I'm also on the Parks and Rec Advisory Board. I wanted to know more about the City, and this was a really great way to do it and seeing how Utilities did it I also kind of wanted to see how's everybody else doing.

What's interesting about this is that you have similar types of people. Just my background is journalism, I'm going to be the question asker. You have similar kind of people who all are going to be question asker. These are the type of people you want to be (inaudible). It's this sort of authentic community outreach. It's not tabling. It's not where you're catching somebody's eye and you're trying to get them to come over and talk to you. It's where everybody's going to ask questions. They really want to know. This is a lot more genuine,
a lot more where they're going to ask questions that are relevant because they want to know, they truly do. It's demystifying it as well. I think there's always a bit of it where it doesn't matter how old you are, seeing those trucks up close you just get giddy and you're like "They're big and I can't stare at these when they come by," but now I get to actually look at it and ask questions.

That's the thing, if you really want to create knowledgeable people who go out. Mayor Miyagishima made the joke twice that we are the people that when something goes up in the City that we can say "no, no, no, we know a little bit more, let me tell you." Here's a place where we get all of our information. We get to ask the questions. You get to see how does the water meter work. We're trying to promote "don't open the water meter please." Right. Tell them why, show them why, right the crosscut section that you guys have seen too. You get to see that up close. It also sort of, you get to talk about how is mulch made, right. People are kind of squeamish about bio-solids. Talked to them that we cook it for a real time, right, so things like that.

Again, these are the people you want to go out there because they're the people. I think about the people who you know you talk to who know everything your neighborhood has to offer; like from my area it's the mechanic on the corner, he knows everything. My mother who's watching the kids all day. She knows everybody that goes down the street. These are the people who are going to say "Oh, I'm paying attention. I can tell you more." The people who don't have time to go out to things like this, these are the people who go into the community. It's really valuable to get this information out to say "Hey, we're keeping our infrastructure safe, by we monitor it all day long." We have the sniffer truck. It's amazing. Look at it. Touch it if you want to.

This is what I personally like the most and what I have enjoyed the most about working with Utilities, is that you can tell the people are super passionate. Like the no joke. People walk out of there and they're like "I want to learn more about what a conservationist is." That everybody can feel that. Everybody walks away with that. John too, what I, ran over to take that picture because he actually picked up the water and he was showing them, here this is the process that your waste goes through, what actually comes out of it. It's a great way to show that people are passionate about the work they do, and this is what they also said, some of my fellow students. They said you know these people know their stuff. I can ask them pretty much any random question and they know it and they're really happy to be here, like they really are knowledgeable, they're excited about it, so that is by far the best.

This is a really good place to like to have back and forth discussions I think too for Utilities that kind of get caught up in its chambers. It's ability to ask "What do you guys know? What do you need to know? What are you confused about?" For example, Miguel was telling them how much I really need to scrub my recyclables and they're like not that much. You don't have to scrub it that much. Perfect. Again, these are the people who are going go out and tell all their neighbors this.
This too, customer service. People were able to kind of say hey these are different options of payment. They might not necessarily need to use it but these are the people who are going to say "Did you know that there is X, Y, Z?" That is kind of the roundup for that. I very much enjoyed it. I would recommend it to anybody. I was going to do it and then I had to coordinate with my husband who's going to take care of the kids at night. You have to kind of push that in, it's 13 weeks and it's from 6:00 to 8:30 at night. The last half hour is kind of a killer, but it's definitely worth it. I'll stand for any questions.

De Leon: Can I make a comment?

Dr. Garcia: Go ahead.

De Leon: Jamey Rickman who produces this event has been reporting to me and my Chief of Staff position, so I've actually attended every NLA graduation since we started this. I just want to make the comment maybe you've heard this before, but the Utilities evening always get so much enthusiasm from the students. They're always so impressed with the knowledge, the passion, the sharing of the information. Jamey has continued to let everybody know that Utilities is the department to beat in terms of class appreciation. I'm not going to put Cassie on the spot to see if Utilities still was number one this year, but I will tell you that the other departments have upped their game in terms of the types of demonstrations and activities they put on and it is all due to the Utilities leadership in this area. Thank you very much and congratulations for your participation in this.

Sorg: Mr. Chairman.

Chair Little: Go ahead.

Sorg: I want to speak a word too about Jamey Rickman. She put this whole program together and it's awesome what she has done. It's a yeoman's job and so many people as Cassie said are so enthusiastic about it. To see how the City works is really amazing.

Chair Little: Thank you. We're not surprised that Utilities is, but we're gratified. Thank you.

Dr. Garcia: We're ready for the Resolutions Mr. Chairman.

6. *Resolutions for Consent Agenda:*

6a. *Resolution 18-19-LCU024:*

The Resolution was Approved Unanimously 5-0.

7. Resolutions for Discussion:

7a. Resolution 18-19-076:
Chair Little: All right. Thank you. Okay the first Resolution is Resolution 18-19-076: A Resolution Awarding a Construction Contract for the Sandhill Sewer Interceptor Phase I, Project No. 18-19-076, to Timberland Construction, Inc., of Silver City, New Mexico, for a total Contract Award Amount of $1,477,392.04.

Sorg: Move to approve.

Baumgarn: Second.

Chair Little: Thank you. Discussion.

Clark: Yes. Thank you, Chairman. Sandhill Sewer Interceptor Phase I. As you all are aware, I presented this more than a few times in the CIP. We were tied up in right-of-way acquisition that we went, it was a long process, wasn't it Marcy? We finally got past that and just getting past that now here we are pushing this first phase out. The existing sewer interceptor that is out there is approximately 80% full. It's at its peak now and there is nothing but development going on in the East Mesa that we need additional pipeline in the ground for. This is the start of it. The majority cost is the 15-inch SDR-35, there's approximately 8,760 lineal feet of SDR-35 that's going to go in the ground. That cost alone is about half a million. We have about 31 sewer manholes that are going to be installed. Then a couple of large bores, a very large bore across I-25 that's going to take place out there to get us from the west side of I-25 to the east side.

This project starts off down in the Effie Brown Farm off of El Camino Real and then takes us across I-25, gets close to I believe that's Del Rey Boulevard. Like I said this project has been a long time coming, in fact the Director always told me he'd never see this project get done while he was here. I proved him wrong, again.

Carmichael: How many times that happen?

Clark: It happens quite a few times. Yes. He always makes that challenge to me when he says that statement and so then I make it a point to get it done. Thank you for voting yes on this.

Chair Little: Questions? Commissioner Carmichael.

Carmichael: Carl just, this deals a lot with the development on the East Mesa right, north of 70. I'm just sort of curious as to how we study the future capacity when we do this.

Clark: Chairman, Commissioners. There was a Water and Wastewater Master Plan that identified the need for this pipeline upon expansion of the East Mesa. We had actually been dealing with right-of-way issues for several years now to get this done. This should have been done several years ago but here we are now
to pass that right-of-way. It was identified in the Water/Wastewater Master Plan.

Carmichael: Right. I guess I'm just curious about the East Mesa is obviously growing and it's going to grow a lot more so how far is this going to carry us before we're back doing something else?

Clark: Chairman, Commissioners. I mean we're going to have to go back and update our Wastewater Master Plan, but this should take us out quite while with this 15-inch line. We're not abandoning the old line, we're keeping it, and so this is the additional capacity for additional growth out there on the East Mesa. This should handle everything that Metro Verde is going to deal out to it.

Carmichael: Good.

Clark: There will be other considerations in the new master plan will tell us what we're going to have to do in the future.

Chair Little: Other questions?

Dr. Garcia: Mr. Chairman. Just to add the growth south of Highway-70, a lot of it is scheduled or planned to go to the reclamation facility. As you know the million dollar a day reclamation facility is running at about 750,000 gallons a day at peak. We have additional sewer capacity in that plant. That plant is also expandable for any flows that are sort of south of Highway-70. This one carries some of the growth north of Highway-70. It's all in the Master Plan like Carl said, both the north and south growth projections.

Chair Little: Question. The flow in this is from east to west and south.

Clark: Chairman. That is correct. Yes sir.

Chair Little: Anything else? Okay. No further discussion. Ready for a vote.

Commissioner Sorg - Aye; Commissioner Baumgarn - Aye; Commissioner Carmichael - Aye; Commissioner Johnson - Aye; and Chair Little - Aye; Commissioner Archuleta - Absent; Commissioner Vasquez - Absent.

The motion was Unanimously Approved 5-0.

7b. Resolution 18-19-132:

Chair Little: Next Resolution is Resolution 18-19-132: A Resolution Approving the Utility Cooperative Agreement Between the City of Las Cruces Utilities Department as the Utility Owner and the Town of Mesilla for the Bowman Street Waterline Construction Project, Project Number 18-19-132, for the Total Award Amount of $185,152.31.

Sorg: Move to approve.
Chair Little: Thank you.

Baumgarn: Second.

Chair Little: And second. Discussion.

Clark: Thank you Chairman. I believe I had brought this to the Board once before. We talked about this. It's in our CIP (Capital Improvement Plan). Town of Mesilla received grant funding from I believe it's an NMDOT fund, a grant that they got to replace the roadway, do an entire rehab and improve the drainage and sidewalks out there. We were notified by their consultant and asked, because they knew we owned the utilities in that location, and we started doing our work and identifying any needs. We realized that the sewer was rehabbed in the '90s, so we don't feel that it needs to have any kind of rehab. The gas line is in good condition and it's new, it's the yellow poly. We have a couple of service lines that needed to be addressed and they were addressed prior to this project. We did find that our water line which was built sometime in the '60s needed to be replaced. We felt that that was prudent to do that if they were going to remove all the asphalt and we didn't want to leave an old water line in place and have to cut the road if it had a leak or needed repair.

We have been criticized that we have been slowing the project down. After review of the consultant project schedule that's not the truth. Well we added two more days to the schedule. We felt that it was justified in changing that out. Our project, our side is already 100% complete on the review side of the utilities. They anticipate getting this project here in July, but yet the town still needs to make their comments on the plan. We're done on our side. We wanted to let the Board know that. It was kind of an unneeded criticism of the Utility Department. We didn't deserve that. We moved quickly on this project. The Town of Mesilla, the Public Works Director there agreed too. Yes, this project consists of approximately 1,800 lineal feet of AC water line that we're going to replace. We'll replace with an in-kind size of 10-inch C-900 PVC water line and all the services that go with it and all the tie ins that are part of that project. We're ready to move forward when the Town of Mesilla is ready to bid.

Chair Little: Okay. Comments or questions?

Sorg: Yes.

Chair Little: Commissioner Johnson.

Johnson: Yes. I was just looking at the New Mexico Gross Receipts Tax rate and normally we see 8.3125% on that. On this one it's 8.1875 and I assume that's because there's some sort of ...

Clark: That's the Town of Mesilla Gross Receipts Tax.

Johnson: Okay. Their Gross Receipt instead of our Gross Receipt.
Clark: Chairman, Commissioner. Yes, that's correct. It's where the work is done and so we pay the Town of Mesilla Gross Receipts Tax on that.

Johnson: Okay.

Chair Little: Other comments or questions?

Sorg: Yes.

Chair Little: Commissioner Sorg.

Sorg: Thank you. You said a 10-inch line this is going to be?

Clark: Chairman, Commissioners. That's correct. It's a 10-inch water line.

Sorg: Are you aware the fact that W. University Avenue is going to be redone by the DOT?

Clark: Chairman, Commissioners. Yes, we've been a part those coordination meetings with the Department of Transportation.

Sorg: Okay. Good.

Clark: Yes, we are aware of that. We'll be tying into University so that work will be completed before they move forward with their project. We are coordinating with the Department of Transportation on that area. I believe we're tying in to a PVC line on University, so I don't think we'll be coming over here to do any work in University on the utilities.

Sorg: Okay. Thank you.

Clark: You're welcome.

Chair Little: Other comments or questions? Commissioner Carmichael.

Carmichael: I assume that we've done this kind of cooperative agreement with the Town of Mesilla before and it's been successful?

Clark: Chairman, Commissioners. I haven't ever been a part of one of those agreements with the Town of Mesilla. I don't know if Dr. Garcia has.

Dr. Garcia: Mr. Chairman, Commissioner Carmichael. Long time ago we have had. We have a model agreement that Marcy has that we've had with other entities, so that's the one we're using.

Carmichael: It seems like there's a little risk hanging out there. All we have right now is an engineering estimate. I guess we'll see all the bids as they come in.
Dr. Garcia: Mr. Chairman, Commissioner Carmichael. You are correct. We have an estimate, that's the amount of money, it's no different than what we do with the Transportation Department. You approve the agreement. We have to basically see where the bids come in. If there's a small change that we need to amend the agreement to fund, because we've committed to fund 100% of the construction. We hire the engineering firm separately because we have them in the Open Services Agreement. We need to cover all the costs, you are right. The bids are going to be what they are. We've seen them all over the place. We would have to come back to you if it exceeds its amount and explain why, what the bids were.

Carmichael: Thank you.

Chair Little: Other comments or questions? I have one. The AC pipe just stays in the ground, right?

Clark: Chairman, Commissioners. Yes. We abandon it in place is what we do with that. Only in situations where we have to remove it because another utility's crossing it and can't stay in that location, it can be moved. There are provisions in the bid items to remove small pieces of asbestos cement pipe and haul it to the proper landfills.

Chair Little: Okay. Thank you. Ready for a vote.

Commissioner Johnson - Aye; Commissioner Carmichael - Aye; Commissioner Baumgarn - Aye; Commissioner Sorg - Aye; and Chair Little - Aye; Commissioner Archuleta - Absent; Commissioner Vasquez - Absent.

The motion was Unanimously Approved 5-0.

6c. Resolution 18-19-137:
Chair Little: Next Resolution is Resolution 18-19-137: A Resolution Awarding a Contract for the Implementation of a 10-Year Water Development Action Plan for Water Supply Development to John Shomaker & Associates, Inc. of Albuquerque, New Mexico, for a Total Award Amount of $95,132.16.

Sorg: Move to approve.

Chair Little: Thank you. A second.

Carmichael: Second.

Chair Little: Thank you. Discussion.

Widmer: Thank you Chairman and Commissioners. Adrienne Widmer, Deputy Director for Water. As you know back in 2017 you all approved the 40-Year-Water Development Plan. Since then we had the 10-Year and the 20-Year Action Plan developed and presented to you, and from that you all requested for us to go ahead and move forward to implement the 10-Year. This one is to actually say
"Okay, let's move forward with Shomaker and Associates to implement the 10-Year Action Plan" which is going to include the draw-down warning indicator, the water supply availability in the Corralitos, the Nutt-Hockett and the Mimbres Basins to look at reclaimed water and ASR which is the Aquifer Storage and Recover evaluation, any kind of recommendations associated with that. We will be getting quarterly status reports. Then based on that they will also be coming and presenting to you to let you know what is going on and then therefore if we need any kind of strategic guidance to move even further we will be able to present to you and you all will be able to provide that to us.

At this point it looks like it's going to take about 18 months to complete, so we're looking forward to it and looking forward to any kind of input that you all will have as we go through with any of our status reports. I'll stand for questions.

Chair Little: Comments or questions? Dr. Johnson.

Johnson: Yes, this is another question on the Gross Receipts Tax rate. This one has 7.8750 as the tax rate instead of the normal 8.3125 that we see. Is that again because it's the Gross Receipt Rate in a different City or?

Widmer: Mr. Chairman, Commissioner Johnson. That is correct. Because the majority of the work will be completed in Albuquerque.

Johnson: Okay. That's why I was looking at. The first one we did had our rate here because the work was going to be done here and the other one that's their rate because they're doing the work in their area, and then this one is all done off site or almost all off site so it has yet again a different rate.

Widmer: Mr. Chairman, Commissioner. That is correct.

Johnson: Okay. Well I think maybe I finally understand this sort of, until the next time it comes up.

Chair Little: Other comments or questions? I have one question. Part of the ASR study is going to involve the need for new legislation and is that supported in anyway in this study or is that something that we need to be considering separately in and firing up our cannons?

Widmer: Mr. Chairman, Commissioners. They are going to look at that, and I'm sure as we go through one of the things that we'll be doing is obviously requesting help in having those discussions with the regulatory agencies.

Chair Little: Okay. Thank you. Anything else?

Dr. Garcia: If I may add Mr. Chairman. We will have all of the information necessary to get through, if we need to do a legislative change, if we determine that's needed, we will make recommendations to the City Manager's office to use our lobbyist to help us change certain things. Some of the things we may be able to change with the agency themselves, because at this point, we only have
guidelines for reclaimed water. That is administrative changes that potentially they could make some administrative changes to those guidelines. There is no law on the reclaimed water as far as I know. It's all guidelines that they develop internally within NMED. I'm hoping we can modify those and get moving on this.

Chair Little: Okay. Thank you. More and more interesting. Any other comments or questions? Ready for a vote.

Commissioner Sorg - Aye; Commissioner Baumgarn - Aye; Commissioner Carmichael - Aye; Commissioner Johnson - Aye; and Chair Little - Aye; Commissioner Archuleta - Absent; Commissioner Vasquez - Absent.

The motion was Unanimously Approved 5-0.

7. Old Business:
Chair Little: All right, next item is Old Business.

Dr. Garcia: Mr. Puentes, tell us about gas.

Puentes: Mr. Chairman, Commissioners. Good afternoon. Mario Puentes for the record. Last couple of months I've updated you all on Natural Gas prices in the Permian Basin. This past month and this current month they are low enough such that if you're the ones that open up your utility bill, you'll see a commodity rate of zero. It's not a mistake. We don't anticipate that it'll continue for long as the cooling load in West Texas, Central Texas and East Texas starts ramping up then you'll see the demand for that Permian gas will pick up. The gas can move eastward. Right now, it's trying to get to California but there's just not enough demand coming this way so that's the price that we pay is the Permian onto the El Paso Natural Gas system. I think I'm going to frame my bill. I don't think it will happen again.

Then the other item I wanted to brief you on Mr. Chairman is that we did price the NMMEAA Bonds on Tuesday. We were able to generate a discount of $0.297, slightly above what we were but it's an exercise that we had to do because the bonds that we're paying for the gas that we currently are receiving mature on August 1, so this was an anticipated process. We won't have to do this again until approximately May 2025. I'm glad that we are at that stage. We could've waited until next week but then we're expecting the Feds to maybe indicate that interest rates will go down and that would work adverse to this transaction. I'll stand for any questions.

Chair Little: Questions?

Sorg: Thank you.

Puentes: Thank you.

Chair Little: Very good news. Thank you.
Dr. Garcia: There's one more Old Business, Carl on the old landfill.

Clark: Yes Chairman, Commissioners. We're going to have a public meeting on the Assessment of Corrective Measures for the old Foothills Landfill. I believe I brought this to you before and we had to cancel that meeting. We had to make some changes and now we're ready to go. That meeting's going to happen June 20th at 6:30 p.m. at Desert Hills Elementary. Basically, we're just presenting our findings and our measures. Our measures are to do nothing, continue monitoring. That's what we're going to tell the public. It's a chance for our consultants to be there as well and address anything the public may ask. Right now, we're just going to continue monitoring. We haven't had any real exceedances so there's nothing to do out there at this time with the monitoring wells.

Sorg: Carl. Which landfill is that?

Clark: That's the, where the Airplane Park is.

Sorg: Okay.

Clark: Say the Airplane Park Landfill, that's easier for everybody to recognize any more. Thank you. That's it.

Dr. Garcia: That's all we have for Old Business Mr. Chairman.

8. New Business:

Chair Little: Okay, the next item is New Business.

Dr. Garcia: Yes, New Business Mr. Chairman. As you probably saw the announcement from PIO, we did hire our Assistant Utilities Director and she's a current County Manager of Socorro County. She brings a lot of financial and operational background. She will be starting July 22nd. She most likely will be introduced to the Board at the August meeting or at the ribbon cutting of the Lab, one of the two. That's all I have for New Business Mr. Chairman.

Sorg: Mr. Chairman.

Chair Little: Yes.

Sorg: I have a piece of New Business. Last night I attended a public hearing by the International Boundary and Water Commission. It was their presentation of considering identifying, designing, and construction of aquatic lab habitat and restoration of projects along the Rio Grande channelization project.

Just very brief background, there was an environmental impact statement done many years ago and out of that came a record of decision and part of that record of decision was to establish some aquatic habitat along the Rio Grande in the channelization area. There has been a lot of work on it, but this
one was a special environmental assessment that had seven, eight different alternatives to establish wildlife habitat along the Rio Grande. Out of those eight which included a no action alternative, four were chosen to be developed. One is at the Yeso Arroyo Alternative, the Broad Canyon Arroyo, excuse me the Yeso was not one of them. The Broad Canyon Arroyo Site, the Selden Point Bar Site down stream of and I'm going to pronounce this wrong, Courchesne Bridge site, are you familiar with that one? That's right down there on the Texas border. Then the last one was the Las Cruces Effluent site which is the reason why I wanted to bring it up here.

They're proposal, they gave an artist's rendition of what it would look like is a meandering stream of the effluent coming out of our plant on the other side of the levee and then would deposit the water from there out into the channel of the Rio Grande. One thing interesting I thought and we recall some time ago we asked the State Engineer's opinion or their recommendation or their, what do you call it, their decision I guess is of how much water would be necessary to set aside for this project and they wanted 15 acre feet per year. The consultants that designed this came to a conclusion that compared to what is being evaporated from that effluent now is what would be if it goes through the stream with vegetation and so forth as a total of 6.5 acre feet per year, which we thought was kind of high anyway, but that's what they came to. The added evapotranspiration from this wetland habitat. It's in the process of having public comments right now. A lot of other work has to be done before these four sites would be developed. That was a start.

Last but not least is I want to welcome Barbara De Leon to our table here today. She is the Interim Assistant City Manager. I'm going to ask her after we're done here what she thinks of our Utilities.

Chair Little: Okay. Any other New Business?

Dr. Garcia: Not from staff Mr. Chairman.

9. Board’s General Discussion:

Chair Little: Board’s General Discussion.

Sorg: I have just one real quickie. I want to compliment the HVAC system in this room. It does a yeoman's job in these hot days, a little too much as far as I'm concerned.

Chair Little: Anyone else? Okay. I have one. Referring back to the gentleman's presentation on the insurance. Next month during the Board's General Discussion I'm going to ask us to indicate whether we have any interest in considering this, and if so how. Not as a decision but as a general direction that we think we might want to go forward. Think about his presentation over the next month and we'll come to some kind of a notion during General Discussion and then take it from there. Anything else?

10. Next meeting Date:
a. July 11, 2019
Chair Little: The next meeting is on July 11th. Do we have any contemplated work sessions?

Dr. Garcia: Not at this time Mr. Chairman. I don’t anticipate anything coming that will require that.

Chair Little: Okay. Thank you.

11. Adjournment:
Chair Little: I’ll entertain a motion for adjournment.

Sorg: So moved to adjourn.

Baumgarn: Second.

Meeting was adjourned at approximately 4:50 p.m.

____________________________________  ________________________________
William M. Little                           Date
Las Cruces Utilities Board Chair