CITY OF TRUTH OR CONSEQUENCES
PUBLIC UTILITY ADVISORY BOARD
MONDAY, NOVEMBER 20, 2017

REGULAR MEETING MINUTES

Regular meeting of the Public Utility Advisory Board of the City of Truth or Consequences, New Mexico to be held in the City Commission Chambers, 405 W. Third, Truth or Consequences, New Mexico, on Monday, November 20, 2017 at 5:30 P.M.

INTRODUCTION:

PRESENT:

George Szigeti, Chairman
Jeff Dornbusch, Vice-Chairman
Ron Pacourek, Member

ABSENT:

Gil Avelar, Member
Randy Ashbaugh, Member

ALSO PRESENT:

Juan Fuentes, City Manager
Jesus Salayandia, Water/Wastewater Director
Bo Easley, Electric Division Director
Robbie Travis, Building Inspector
Traci Burnette, Grant Project Coordinator
Ruby Otero-Vallejos, Water/Wastewater Administrative Assistant
Susanna Diller, Planner/GIS Tech.
Melissa Torres, Finance Director
Sonya Williams, Utility Office Manager
Angela A. Torres, Deputy City Clerk
Scott Griffith, YESCO
Alex Montano, YESCO

APPROVAL OF AGENDA:

Chairman Szigeti called for approval of the agenda.

Vice Chairman Dornbusch moved approval of the agenda as submitted.

Member Pacourek seconded the motion. Motion carried unanimously.
APPROVAL OF MINUTES:

Regular meeting of Monday, October 16, 2017:

Chairman Szigeti mentioned an error that Vice Chairman Dornbusch found in the minutes under “comments from staff.”

Vice Chairman Dornbusch moved approval of the October 16, 2017 minutes with changes noted by Chairman Szigeti.

Member Pacourek seconded the motion. Motion carried unanimously.

COMMENTS FROM THE PUBLIC:

Klaus Wittern - He would like to request the board to allow him to make a 20-30 minute presentation at the next Public Utility Advisory Board meeting.

RESPONSE TO COMMENTS FROM THE PUBLIC:

Chairman Szigeti - Does Mr. Wittern’s request have to be approved by a vote from the board, or can it just be added to the agenda?

City Manager Fuentes – There is no action on this agenda item, so it would be at the discretion of the Chairman and Members of the board.

The board requested for Mr. Wittern’s presentation to be added to next month’s agenda.

Presentation – GIS Mapping-Susanna Diller, Planner/GIS Tech.:

Robbie Travis, Building Inspector, introduced the City’s new Planner/GIS Tech. Susanna Diller to the board.

Susanna Diller gave a brief presentation on what Geographic Information Systems is, what kind of data we have available, and some of the capacity we have for using that. She explained that GIS is the relationship of people, technology, software, and information that allows you to analyze, capture, manage, present, organize and store spatial data, which is any data that is referenced to a real position on the earth.

Discussion/Action: Automated Meter Reading Project for Electric and Water System - Yearout Energy Services Company:

Scott Griffith, Yearout Energy Services Company – The City Commission recommended that they bring this item back to the Public Utility Advisory Board for any questions they may have. With the request of City Council, they added a price for just the meter project that would not require any escalation on the water side, but would include the sewer side. The intent on the water side was always a healthy project.
The idea was to be able to pay for the electric meters inside one project, which would require some creative funding and finances to make that happen. We added both in the packet, so you can take a look at what the priority would be moving forward.

Chairman Szigeti – The comment the Mayor made during the presentation had him thinking about it. He really needs to understand what the guarantee is, and how that works. So let’s say... the system has been in place for a year, and you come back for that first evaluation, what happens?

Scott Griffith, Yearout Energy Services Company – This project is being done under a State Statute, and that State Statute requires that we have a heavy measurement verification of the project on a yearly basis, so that we reconcile it on the water side of it, because it is a revenue capture project and every M&V protocol is a little bit different, you design it per project. There are 4 different versions of an M&V Plan. One of the things we do is develop the baseline, and so what we do is the offset after the first year, and then we look at what the revenues are against what the revenues were predicted to be.

Alex Montano, Yearout Energy Services Company – Reviewed the following:

- **Description of Guarantee:** The completely described guarantee will first describe how the baseline was established, and then how the guarantee is applied against the baseline.

- YESCO reviewed several years of billing history to establish the baseline 3-Year average annual billed water and sewer consumption from 2014 to 2016.

- **Baseline Meter Accuracy:** YESCO performed testing per AWWA standards of a statistical sample of existing water meters to establish the baseline average accuracy by meter size. YESCO determined that the \( \frac{3}{4}'' \), 1” and 2” meter sizes accounted for 96.6% of the baseline annual billed water consumption, and therefore elected to focus the testing on these meter sizes.

- The tested meters had an average age of 20.0 Years, whereas the total meter populate has an average age of 20.7 Years.

- **Water and Sewer Utility Rates** - YESCO reviewed the current effective water and sewer rates, and elected to conservatively set the baseline water rate at the lowest billing tier of $1.75/kgal. The sewer billing rate is a level $3.44/kgal.

- The City has established a plan to escalate sewer utility rates by 5.0% annually, and is intending to implement a similar plan for water utility rates in the near future. This project conservatively includes an annual utility escalation rate of 0.000% on Water and 5.000% on Sewer to align with the City’s approved plan.

- **Proposed Meter Accuracy:** The key parameter driving the estimated increase in water and sewer revenues is the improvement in new meter accuracy. Therefore, this key variable must serve at the foundation for the guarantee. YESCO guarantees the proposed new meter accuracy for the \( \frac{3}{4}'' \), 1” and 2” meter sizes for the duration of the project finance period as depicted in the following table.

- **How the Guarantee is applied:** The testing of the new meters will be performed per AWWA standards on a recurring basis during the performance period. The results of this testing will
determine if the average new meter accuracies are performing above the guaranteed meter accuracies detailed in the previous table.

- If the measured new meter average accuracy is above the guaranteed meter accuracy for that specific year, then the guarantee will be deemed as met.

- In the event the measured new meter average accuracy falls below the guaranteed meter accuracy for that specific year, the methodologies detailed in the IGA Report will be followed to determine the monies owed to the City by YESCO to fulfill the guarantee. It is important to note the following:

- The baseline average annual water and sewer consumption values shall remain flat for the duration of the performance period. An overall increase or decrease in delivered water will have no effect on the guarantee.

- YESCO has accounted for a 5% reduction in water consumption as the result of implementing this project.

- From the previous tables above, the water and sewer rates for the corresponding year will applied against any shortfall in savings. Therefore, any escalation to the water and sewer rates shall also increase the guaranteed amount owed to the City in the event of a shortfall.

- To clearly restate, YESCO guarantees the accuracy of the new meters for the duration of the finance period. The estimated increase in revenue is fundamentally based on the recovered access to billable gallons through the installation of more accurate meters. YESCO does not guarantee changes in consumption or changes in revenue.

Vice Chairman Dornbusch made a motion to not recommend the proposed Automated Meter Reading Project for Electric and Water System, to the City Commission for approval, and they drop this project right here, right now.

Motion seconded by member Pacourek.

City Manager Fuentes - He understands the motion that was made by this board to not support this item. However, the item will be added to the December City Commission Agenda if the motion carries, because the intent of the City Commission was not for this board to avoid sending this item back them.

Member Pacourek - Well, that's our opinion.

City Manager Fuentes - The motion will be recorded, but the way it was made was for it not to be sent back to the Commission. His job is to present it here, then take it back to the Commission.

Chairman Szigeti - He does not think that they have the authority to "kill an item."

Vice Chairman Dornbusch - This should be really simple. You came in here telling us that we have inefficient meters, and you had this plan to replace our water meters and electric meters with the cost of the efficiency increase. By taking our inefficient meters, and putting more efficient meters in, that
would generate the revenue that would pay for the system. But, I can’t help but look at all these numbers we are cascaded with. Some are pertinent, and a lot of them are not. “The cost will be covered by the increase efficiency of the new meters.” He has heard that so many times, but when he looks at the efficiency of the new meters at a 95.5% guarantee, that’s only 3%, maybe 4% above what we have going right now. So when he looks at the math, and looks at the 3% or 4%, that’s only $30,000 of generated revenue off of our dollar efficient meters. That comes nowhere close to the $96,128 that all of this is predicated on, that we were told would be everything that we would need to pay for this over the next 20 years. He looks at these numbers, and he looks at the cost of the meters themselves, and just to pay for the meters for this community would cost us less than half a million dollars ($480,000 roughly). Now if we put them only in the residences that are occupied, we would drop that by 20%. These meters cost $130 a piece. How much have you raised that cost, 4%, 400%...quite a bit? Now with the AMI System, he understands staffs wish to have the human error out of the equation, and he agrees, but we don’t live in a world where we have money raining down on us so we can’t afford this, even at their proposed plan which is to have the meter efficiency pay for the system. It doesn’t work out with his mathematics. So with that being said, he is totally against this system.

Chairman Szigeti – Ron, do you have anything to add?

Member Pacourek – We’re a dying community. We’ve lost 1000 people in the last census. There are less people in the community, so our utilities have to go up because there are less people to pay for the growing utility departments that we have. That’s a fact. And things have been kicked down the road so long it has now come to either get off the pot or do something. Yes, he would like to come into the 21st century with automatic meters, but he also thinks that “Tyler” cannot handle this system, because it cannot even handle budget billing. And he also thinks that this can be done “in-house” and cheaper.

Sonya Williams - Member Pacourek, your solar was put on a separate billing because of the fact that if you were getting a credit, it wasn’t going to come out of the water, sewer or trash, and you and I discussed that. But there was a time when the solar wasn’t even on your bill, so because of the Tyler System, it is now, and you can see it. And as far as the budget billing, you signed an agreement saying that you would make a payment every month (that’s what budget billing is) and you skipped a payment. Even if you had a credit, the system still shows that a payment wasn’t made that month.

The board voted as follows, to not recommend the proposed Automated Meter Reading Project for Electric and Water System, to the City Commission for approval.

Chairman Szigeti voted nay.
Vice Chairman Dornbusch voted aye.
Member Pacourek voted aye.

Motion carried with a 2 to 1 vote.

COMMENTS FROM THE BOARD:

Member Pacourek – Where are we at on this Electric Cost Adjustment with City Attorney Rubin?

Chairman Szigeti – At the last meeting he reported that the pass-thru charge and the calculations are in an internal document within the Electric Department Procedures, it’s not in the ordinance. The ordinance just authorizes the charge. At the last meeting it was requested that the Electric Department
revise their documentation to change the name to the Electric Cost Adjustment, and to update the way in which it is listed. He offered his assistance to help with that if needed. Since that time, he has not heard anything back from the city. It has been 6 months since the City Commission approved it, so hopefully we can get this in place for the 2018 billings.

COMMENTS FROM STAFF:

There were no additional comments from staff.

ADJOURNMENT:

There being no further business to come before the Public Utility Advisory Board, George Szigeti, Chairman, declared the meeting adjourned.

APPROVAL:

PASSED AND APPROVED this 18th day of December, 2017, on a Motion, duly made by [signature], seconded by [signature], and carried.

George Szigeti, Chairman
Public Utility Advisory Board