CITY OF TRUTH OR CONSEQUENCES  
PUBLIC UTILITY ADVISORY BOARD  
TUESDAY, FEBRUARY 20, 2018  
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 Tuesday, February 20, 2018 at 5:30 P.M.

INTRODUCTION:

PRESENT:
George Szigeti, Chairman  
Jeff Dornbusch, Vice Chairman  
Ron Pacourek, Member  
Gil Avelar, Member - Arrived at 5:47  
Randy Ashbaugh, Member

ABSENT:
None.

ALSO PRESENT:
Juan Fuentes, City Manager  
Melissa Torres, Finance Director  
Jesus Salayandia, Water/Wastewater Department Director  
Andy Alvarez, Sanitation Director  
Traci Burnette, Grant Project Coordinator  
Boaz Easley, Electric Division Director  
Sonya Williams, Utility Office Manager  
Chelsea LeClair, Utility Billing Clerk  
Kristin Weddle, Sanitation Department Administrative Assistant  
Kathy Eisen – Level 4 Water/Wastewater Operator  
Salvador Martinez - Level 4 Wastewater Operator  
Gary Gaylord -CPA  
Angela A. Torres, Deputy City Clerk
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 Tuesday, January 20, 2018:

Chairman Szigeti verified the Merchant Testing portion of the minutes with Electric Department Director Easley.

Electric Department Director Easley verified that the minutes were correct.

Member Pacourek moved approval of the January 20, 2018 minutes as submitted.

Vice Chairman Dornbusch seconded the motion. Motion carried unanimously.

COMMENTS FROM THE PUBLIC:

There were no comments from the public.

RESPONSE TO COMMENTS FROM THE PUBLIC:

There was no response to public comment.

Discussion/Update: Project Loans/Grant Funding Applications – Traci Burnette, Grant/Project Coordinator:

Traci Burnette, Grant/Project Coordinator reported on the following projects:

- Cook Street Treatment Facility Improvements - We are actively seeking funding for that, and we currently have an application in through Colonias. Since we have current Colonias funds that we have not expended, they are in the process of reviewing a waiver request.
- Water Distribution Line Replacement - The Water Trust Board application we submitted was not approved because the Water Trust Board had way more application requests, than they had available funding.
- Downtown MainStreet Roadway Improvements - She is quite sure that we will be receiving funding through Capital Appropriation for some of our downtown streets. It looks like they might be allocating $100,000 for that.
- Downtown Storm Surface Control - Commissioner Frankel is currently looking into that.
- Swimming Pool Improvements - Resurfacing of the swimming pool has been completed, and they are doing some generalized clean up and maintenance at the pool.
- **Airport Fuel Farm Storage Tank Replacement** - We are looking at starting a notice to proceed to the contractors around May 1st, 2018.
- **Corona & Camino Del Cielo Underground Upgrades** - Electric Department is currently working on the underground upgrades, and they are also working on the battery enclosure replacement.
- **The Animal Shelter** should be completed on Friday.
- **Wastewater Treatment Plant Renovation** - The bids and specs have been reviewed by USDA, and they did request that our engineering firm go back and make a few changes on those, so we're hoping to go out to bid no later than July 2018. We want to do the same thing we did with Phase 2A and overlap that, so when they complete construction of Phase 2A, we will already have our contractor in place, and be able to move right into Phase 2B.

**City Manager Fuentes** - He believes that one of the other applications we are going to pursue is the USDA, for the Water System. As we have discussed in the past, we have not increased our water rates for a number of years, and USDA will require a rate analysis. So as you can see from the list, there is a lot more need, and as Traci mentioned, we have some applications for the water distribution line, but that doesn't mean that we are going to get the funding necessary to replace every single distribution line. Therefore, we will have to do it in phases.

**Chairman Szijeti** - The residents of the City pay about $150,000 every year, to the County Flood District for the Downtown Storm and Surface Water Control, and we have flooding in our downtown streets. He doesn't see where it wouldn't be appropriate to go after the County, because they get millions of dollars every year to spend pushing dirt around, out in the County, replacing washed out levees, and such that affect a hand full of property owners out in the County. He believes it would be in our best interest to pursue some of those funds with the County.

**City Manager Fuentes** - In regards to that suggestion, this is something he addressed with the County Manager, and he also spoke to the Flood Plain Administrator for the County. There is a particular critical project on the bridge by Cuchillo Negro, on 3rd Street. So you are all aware, there is quite a bit of erosion on that creek, and the erosion has compromised not only the old bridge, but it is compromising the new bridge as well. Therefore, it will take a lot of the County's efforts and resources to fix that bridge.

**Member Ashbaugh** - That water has always been under the jurisdiction of the Bureau of Reclamation. They used to clean out the river and take care of that. The water that runs through there is coming from the lake, and he thinks that County and the City ought to address the Bureau of Reclamation to take a look at that, instead of taking funds from the State or from the City. That is a Bureau of Reclamation problem, and he doesn't know why we are addressing it. That water comes from underground (from the lake) and it has been washing that out for years, and the Bureau of Reclamation is obligated to maintain the channel through the Rio Grande (through the city), at 5000 cubic feet per second.

**Grant/Project Coordinator Traci Burnette** - In regards to the previous Colonias funding, she also submitted an application for a Downtown Drainage Master Plan, but unfortunately we had 2014 and 2015 Colonias Funding, so we are not eligible at this time.

**Member Pacourek** - He would like to request that we take a look at rates, at the next meeting.
Discussion/Update: Water/Wastewater Department - Jesus Salayandia, Water/Wastewater Director:

Jesus Salayandia, Water Director reported the following:

- Phase 1 - We were having a few issues with the belt filter press, but he thinks we have those taken care of.
- Manhole Project - DuCross Construction installed a manhole yesterday at the Animal Shelter.
- Phase 2B - They will soon be going out to bid for Phase 2b, which is the lift-station.
- Introduction of new employee - Mr. Salayandia introduced their new Level 4 Water/Wastewater Operator, Kathy Eisen.

Discussion/Update: Electric Department- Bo Easley, Electric Division Director:

Electric Division Director Easley reported the following:

- High School Fitness Center - They will start ground breaking this week for the High School Fitness Center.
- Animal Shelter - The electric portion of the Animal Shelter Project is complete.
- Cielo Vista Subdivision - They will meet with Bohannon Huston Inc. next week on the 100% plans.
- Roundabout - He has been working with Lee Engineering, to do a survey for a possible roundabout by Sonic.
- Internet Service - He has been working with TDS to install new internet service at the city.

Discussion/Update: Sanitation Department – Andy Alvarez, Sanitation Director:

Andy Alvarez, Sanitation Director and Kristen Weddle, Sanitation Department Administrative Assistant reported the following:

- Introduction of new Admin. Assistant - Mr. Alvarez introduced his new Administrative Assistant, Kristen Weddle.
- Swap-o-Rama - On April 21st they will be holding a Swap-o-Rama at the Geronimo Springs Museum, from 9 a.m. - 12 p.m.
- Trash Pickup during the windy season - When winds are high, he has to pull a worker to ride with the driver, so the extra worker can go out and pull the Polycart to empty it.
- Painting Dumpsters - His crew is working on painting all of the Trash and Recycle Dumpsters throughout town.
- Recycle report - Kristen reviewed the tonnage of recycle materials they have received from 2016 to present.
- Rubberized Asphalt - He wants to apply for rubberized asphalt, so they can resurface the Sanitation/Recycle Facility.
Discussion/Update: Energy Cost Adjustment - George Szigeti, Chairman:

Chairman Szigeti - He met with city staff several times, and came to the conclusion as to why nobody has messed with this in the past, and that's because it is a much more complex issue than it appears at the surface. The graph on the handout he provided shows the monthly electric cost per kilowatt-hour from 2014-2018.

We know that both the solar rates and the Sierra Electric rates will be going up this next month. That deficit that would have occurred in 2017, likely will not occur in 2018, because the rates are going up, and if we stay with the old pass thru, then we will probably be going into the "red" after this next year, and that's why it is important to put something into place to adjust for that cost. This comes out to $60,000 out of $3,205,000 that we spent to purchase electricity, which comes out to about 2%, and if our costs go up, at 2%, it's going to disappear very quickly.

Vice Chairman Dornbusch - I'm trying to figure out if this is going to hurt the consumer, if it is going to hurt the city, or is going to come out in the wash?

Chairman Szigeti - What we wanted to make sure of, when we do this, is we are not placing a financial burden on the city, and pre-calculating the numbers for last year, it would have been a $60,000 deficit, but if there is a deficit next year, it's not going to be nearly as much. Right now, the current pass-thru rate is .0414% and when the cost of the electricity is higher than $0.067 per kWh, the other customers are subsidizing the City Department's use of electricity. So the thought was that maybe we should put something into place on the municipal accounts, because the municipal accounts do not pay on the pass-thru, and we really don't want our residential and commercial customers subsidizing the city on electrical usage. I think we need to have another adjustment in there, so when the rate goes up above $0.067 per kWh, the City Departments would pay their fair share as well or at least pay the cost.

City Manager Fuentes - He understands that, and he thinks it would make sense if the General Fund could support that. Which may be a reason why many, many, years ago, they calculated it the way they did, because obviously increasing the municipal rate, will increase our overall expenses in each department, which in turn will have to come from the Electric.

Member Ashbaugh - The Electric Department subsidies the General Fund, between $1,000,000 and $2,000,000 a year, so a little adjustment there is minimal, and not worth looking at.

Chairman Szigeti - The recommendation would be that, we go using the Electric Energy Cost Adjustment, we calculate the value twice a year, based upon the cost of the electricity that the city purchases in April and October, and take that value and apply it to the bills for the next 6 months.

Utility Office Manager Williams - I believe when we discussed this, we also talked about raising some of the other costs like the meter base fee, the connection fees, and maybe some other fees, because those fees haven't been changed... probably longer than the pass thru.

Finance Director Torres - Right now, the Electric Department is taking a loss on the meters. The amount we pay for the meters is a lot more than what we sell them for.

Chairman Szigeti - In order to do that, we need to have the Electric Division come up with a recommendation, and present to us their actual costs for this, as well as a proposal for increasing those other fees. He spoke to the City Attorney about changing the ordinances, and the City Attorney
informed him, because this is already accounted for in the Ordinance, we don’t have to do anything, but we do have to make a change, because the ordinance says we are only allowed to increase the cost, and if the cost of electricity goes down, we cannot legally, by code, decrease the cost adjustment. He doesn’t want to take this to the City Commission until we have the information from Sierra Electric on what their new rates are going to be. He wants to be able to give the Commission a better idea of what the new costs are going to be, and then we can look at the potential additional cost to the city. Once we get that information from Sierra Electric, he would like to take this back and re-present it to the Commission. He would also like this item added on the March PUAB agenda, for Discussion/Action.

COMMENTS FROM THE BOARD:

Member Pacourek requested an Impact Board Meeting in March.

City Manager Fuentes - We have contracted an engineer to help us upgrade that study, so we will be calling for an Impact Fee Board Meeting next month, and the Engineers will be here to start laying out the agenda, and frame work for an update on the study.

Chairman Szigeti - If you have a particular issue that you would like to discuss, please let Deputy Clerk Torres know so that she can get it onto the agenda.

City Manager Fuentes - Because it is going to be the first meeting, and we have an engineering firm on board, they will be the ones leading the discussion, agenda, and so forth. So that will be a great opportunity to get a dialog with them, and become coordinated in regards to the fees.

Member Ashbaugh - This board voted not to approve the YESCO Project, and he wants to personally state that he doesn’t see how the city can afford to pay out $40,000 a month, over a 20 year period. We’re going to pay $40,000 a month, and then we’re going to save $40,000 a month by putting those meters in? That’s absolutely preposterous. That is half of the income from the Water Department, almost $1,000,000 or a little less than $1,000,000 (comes in on the dollar revenue) and we’re going to pay half of that out: per year (for savings) that’s crazy.

Member Pacourek - He would like the water rates added to the agenda for next month’s meeting.

Chairman Szigeti - He just wanted to thank staff for their assistance with this, and he also wanted to report that last week he went in and spent a couple hours with Sonya in the Utility Office while she was doing the billing for the current cycle. She very patiently, sat down, and showed me all the steps they went through, and how they are now doing everything in house. We’re saving the City quite a bit of money by doing this all in house. He was really impressed their double and triple checking everything, and there was other business going on at the time, and he would have to say that our Utility Department is more concerned, and sympathetic to the customers, than any of the big utility companies would be. I mean, you hear people complain about being red tagged, and this and that, but if you see what these people go through dealing with some of the customers, and they still make adjustments, and accommodations for them. If the customers were dealing with Sierra Electric Cooperative, or PNM, they’d be disconnected, sitting out there in the cold, and be left without electricity in a heartbeat because they’re businesses, they’re worried about the bottom line, and customers there don’t get a lot of sympathy. Our Utility Department goes through a lot of effort, and puts up with a lot, that he personally, would not deal with if they were his customers. If anybody says that the city goes out, and just red tags people and denies people services, and pulls meters for no good reason, that’s bologna.
They go through great lengths to continue to provide service to the customers, make accommodations, and give them a chance to get their bills paid, which other utility companies would not.

Member Ashbaugh - He thinks that the city is very lucky to have its own Electric Department. It creates jobs, and he thinks that all the billing should always stay here.

Vice Chairman Dornbusch - He would like to say that they do a great job, being representatives for the City.

Utility Office Manager Williams thanked the Board, and invited them to go to her office and do a billing cycle with her, if they would like.

COMMENTS FROM STAFF:

Kathy Eisen - Water/Wastewater Level 4 Operator - She worked for New Mexico and Oklahoma Rural Water for a couple of years, so she has participated in some Water/Wastewater rate reviews. So she can assist with research, should we do it in house.

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 19th day of March, 2018 on a Motion, duly made by __________, seconded by __________, and carried.

George Szigeti, Chairman
Public Utility Advisory Board