ITEM:

Approve the minutes of the Public Utility Advisory Board for August 21, 2017.

BACKGROUND:

None.

STAFF RECOMMENDATION:

Approve the minutes.

Submitted by: Renee Cantin, City Clerk-Treasurer  Meeting date: 09/27/2017
CITY OF TRUTH OR CONSEQUENCES
PUBLIC UTILITY ADVISORY BOARD
MONDAY, AUGUST 21, 2017

REGULAR MEETING

(A portion of the audio recording for this meeting was not captured. The portion lost is based on notes taken by Deputy Clerk Torres.)

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, August 21, 2017 at 5:30 P.M.

INTRODUCTION:

PRESENT:

George Szigeti, Chairman
Jeff Dornbusch, Vice-Chairman
Ron Pacourek, Member
Gil Avelar, Member
Randy Ashbaugh, Member

ALSO PRESENT:

Juan Fuentes, City Manager
Scott Griffith, YESCO
Alex Montano, YESCO
Melissa Torres, Finance Director
Bo Easley, Electric Division Director
Jesus Salayandia, Water/Wastewater Director
Ruby Otero-Vallejos- Water/Wastewater Administrative Assistant
Traci Burnett, Grant Project Coordinator
Sonya Williams, Utility Office Manager
Tammy Gardner, Electric Division Administrative Assistant
Angela A. Torres, Deputy City Clerk

APPROVAL OF AGENDA:

Chairman Szigeti called for approval of the agenda.

Member Pacourek moved approval of the agenda.

Vice-Chairman Dornbusch seconded the motion. Motion carried.
APPROVAL OF MINUTES:

Regular meeting of Monday, July 19, 2017:

Chairman Szigeti mentioned a few revisions to the minutes, prior to the meeting.

Member Pacourek moved approval of the July 19, 2017 minutes with changes previously noted by Chairman Szigeti.

Member Avelar seconded the motion. Motion carried unanimously.

COMMENTS FROM THE PUBLIC:

Klaus Wittern – Thanked YESCO for providing the information in a timely matter. He requested permission to speak during or after the YESCO presentation, because he has some questions that need to be addressed.

Chairman Szigeti – We will see once we get into the discussion.

RESPONSE TO COMMENTS FROM THE PUBLIC:

Chairman Szigeti – Mr. Wittern has asked if it would be permissible for him to speak during discussion on the YESCO proposal, and he would like to ask the board of that was a reasonable request.

The board agreed to allow Mr. Wittern, or any other member of the public, to speak after the presentation from YESCO.

City Manager Fuentes - Just for purposes of minute taking and organization, if that option is opened up, then this board sets itself up for allowing the same opportunity in future meetings. Not just for Mr. Wittern, but for anybody coming before the board and asking for the same request. That’s why we normally allow public comments at the beginning of the meeting.

Member Ashbaugh – He thinks that they should hear Mr. Wittern’s view regarding the presentation, but limit it to 3 minutes. He doesn’t believe that they are setting a precedent because this is a very large expenditure.

Chairman Szigeti – On this occasion they will allow Mr. Wittern’s input, and in the future they can make the exception to allow public comment during discussion, but it would have to be decided by the board prior to the meeting.
Discussion/Update: Sanitation Department – Andy Alvarez, Sanitation Director:

Sanitation Department Director Andy Alvarez reported the following:

- They had several commercial dumpsters that were overflowing downtown and he believes that most of it had to do with illegal dumping. If any member of the public should see illegal dumping to please report it to the city. He has been driving around alleys and such, looking for any illegal dumping. The alleys have been clear of mattresses, chairs, and stuff like that, but they look bad because of the vegetation. His large trucks used to go through the alleys and knock down the weeds, but it is the responsibility of the household owners to keep the half of the easement and half of the alley clean.
- He has been working on refurbishing dumpsters around town so that they look nice.

Chairman Szigeti asked if he is still looking for a Deputy Sanitation Director.

Andy Alvarez- Yes, the position is still open.

Member Avelar – Can commercial dumpsters be locked?

Andy Alvarez – They have some commercial dumpsters that have locks on them and the owner will lock and unlock for them on trash day. The city will provide the chain and the hasp, but the owners will need to provide their own deadbolt.

Member Ashbaugh – At his store in Williamsburg, they have the chain and lock, and they keep it locked. Otherwise, they would not be able to get their own trash in the dumpsters. He suggested that Mr. Alvarez go and see businesses that have several dumpsters to see if they will let you weld on the chains and put on locks. He thinks that would help considerably to discourage people from coming in to town, and throw stuff in the commercial dumpsters. And as far as the alleys, he has requested for the city to grade the alleys for 3 plus years. They used to grade them every 6 months. One of his workers mowed Marie Street, and there were 3 desert willows trees growing in it. He asked for some cooperation with the city.

Member Pacourek – He noticed that there are people coming in from outside of the city, and using the dumpsters. He would like to get pictures of that. He suggested that Mr. Alvarez go around and take pictures. Then maybe they can get the newspaper to print the pictures and explain what’s acceptable and what is not acceptable. From his understanding, if the lid is not shut on the Polycarts when the truck driver comes, then they shouldn’t pick it up.

Andy Alvarez – That is correct sir.

Member Pacourek – Where he comes from, they had Polycarts, and if the lid wasn’t shut then they would leave you a note saying that they weren’t going to pick up your trash, and if it wasn’t closed next time you would have to decide what to do with your trash. It just takes training for these people. It may cost some money to do so, and the truck driver may have to get out and put a sticker on their dumpster/Polycart, and not pick it up, but that’s the only way people are going to learn.

Andy Alvarez – That is a good thought.
Vice Chairman Dornbusch – A lot of the overflowing dumpsters are probably people who don’t recycle. Are we moving forward with getting a single stream recycling program?

Andy Alvarez – That is something we are looking into. They need to look at some grants to cover Blue Polycarts, because they are $65 each. However, he is not going to force that on everyone. It will be available to those who want to recycle. We could maybe work something out with the rate of trash on the recycling part. But that service goes into effect, then we are looking at 3200-3500 Polycarts at $65 apiece, and then he is also looking at a Polycart Truck at $250,000 plus they would need to hire another employee to drive the Polycart truck. He would also need to extend the facility, and add new sorting equipment.

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

Electric Department Director Bo Easley reported the following:

- This coming Wednesday, they will be 80% complete with the Hospital Project. The underground wire pulled was pulled last week.
- Hopefully by the end of this month they will start working on the High School Fitness Center Building.
- Construction is in progress for the new Animal Shelter.
- They received 3 quotes from engineers for the Camino Cielo Vista Subdivision. The engineer will be onsite the 29th of this month to go over the project and replace the primary underground and transformers.
- They will soon be doing inspections on 150 poles in the downtown area as well as on Riverside.

Discussion/Update: Water/Wastewater Department - Jesus Salayandia, Water/Wastewater Director:

Water/Wastewater Director Jesus Salayandia reported the following:

- Due to water breaks, and meter leaks, they have had 46 after hour calls this month alone.
- Well #7 has been cleared up. However, they took three Bac-T samples, and none of them passed, so they are going to re-chlorinate, and flush it out. Hopefully that will help. They plan to get it back online if the testing passes.
- They received a few cost estimates for well #8 which came out to $15,000 to $20,000 to clean it out, and $50,000 to replace the well.
- Well #4 should be up soon and the Cook Street Booster is up and running 100%.
- The two lift stations in Williamsburg and Clancy are in.
- They have been averaging a little over 350,000 gallons of effluent (re-use) water.
- He is currently looking for funding to repair wells.

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

Mr. Griffith - Introduced Alex Montano, YESCO Project Director, as well as additional members working on the YESCO project.
Mr. Griffith explained that they assembled the questions the board had from the previous meeting which will be addressed by Alex Montano.

Alex Montano reviewed the Automated Meter Reading Project for Electric and Water System which included:

- Average age of meters
- Summary of annual fees
- IGA – Baseline Meter Accuracy Testing Results
- IGA- Percent of total volume per flow rate
- Estimated Additional Benefits Summary
- Preliminary Project Pro-Forma
- Improved customer service
- Improved Operations
- Leak Detection
- Outage Detection and Restoration

Member Ashbaugh- The average age for meter productivity is 20.7 years. When Vice Chair Jeff Dornbusch looked through the meters that were tested a lot of them tested at 97% and 98% accurate even though they were old meters.

Alex Montano – The low flow test results for all of the three meter sizes tested came out to 52%, 60% and 78% average. The medium flow tests showed 96%, 89% and 91% average. The high flow test showed 94%, 91% and 92% average. Yes, there are meters that tested 97%, 98% and 99% and those would be at the higher flow. So regardless if you have mechanical displacement type meters; meters do not tend to fail in accuracy at higher flow rates. The primary points of failure for meters are low flow and medium flow meters. For a 3 ¼ inch, 1 inch and 2 inch, 20% of the flow at low flow is 65% which comes out to 85% of the total flow through the meters that are at the lower accuracy flow rates. That’s what’s driving the improvement in revenue.

Vice-Chairman Dornbusch – The low flow testing that you did at 1 quart a minute is right at the threshold of these meters operation. So when you add the 51% number in there, what you’re not telling us is that you’re doing it at a flow rate that the meters will not operate on anyway. His understanding in the meter field is that a low flow rate should be 1 gallon a minute, or 2 gallons a minute. And the flow rate of .25 gallons a minute is pushing the meters ability to the point to where it isn’t going to work, and it reflects that in your data.

The second problem he has is that these numbers were given to them on the 13th. He asked if these were the correct numbers, and he was told that they were. Then later on he was told that there was a mistake made. So where is all of this revenue going to be generated by replacing our meters? He is beginning to wonder if this is just bait & switch to sell us a communication system.

Alex Montano - All of their testing is done to AWWA standards. They do not define the rates at which they test. Those are industry standards, independent of them, and they are there for a reason being that most of the flow through these meters is at those flow rates. So if a 20 year old mechanical displacement meter does not operate well, then that’s opportunity for you guys and for us to do a project.
Vice Chairman Dornbusch – His concern is that you choose a low flow rate which is right at the threshold of operations for these meters. If you were to take a brand new meter and start running it and run it down to a quart a minute, even a brand new one may not operate at that low of flow rate because there is not enough pressure differential through the meter to make it work. These readings are not an accurate reflection of our low flow rate.

Alex Montano – A quart a minute is the standard test flow.

Member Ashbaugh – Using your own figures 80% of the water flowing through the meters is like 94% or more accurate according to your numbers correct? Only 20% low flow which you estimate as 20% is not very accurate. He asked the Finance Department what are the total gross sales of water for a year? Let’s take the gross water sales and take 5% if we are going to gain 5% accuracy.

Sonya Williams – The cost per 1000 gallons is around $2.00.

Member Pacquerek – He noticed that the calculations are based on the sewer rate increasing 5% forever. That compounds every year because you add 5% annually. He has a feeling that someday down the road, there is not going to be a 5% increase on the sewer, but you base the numbers on that also.

Alex Montano – The calculation is based on 3% escalation on the sewer. That is the potential additional benefit to the city because the city has already agreed to increase their rate by 5% annually on sewer. The calculation that we ran, was ran at 3% for that very reason, and that you may not continue to increase that at 5% annually.

Member Ashbaugh – If his figures are right, we are talking about $800 at max, a year, in water.

City Manager Fuentes – As far as revenue from the water side it is more than that.

Member Ashbaugh – How do we verify after the new meters are in that we are saving all this money.

Alex Montano – That’s part of what measurement verification entails. Your questions on how do you trust us, how do we trust that, ultimately we owe you the difference if it doesn’t meet the achieved accuracy. This analysis was independently done by three separate engineers, and we came to the same results.

Member Pacquerek – He feels that this is just an automated system that we’re buying, and we’re not really saving anything on water. He would like to know where all of that water that we are losing is going.

Vice Chairman Dornbusch – With these accuracies of the meters that are existing now, he really doesn’t see the need to replace our meters. He needs to find out where that 21% of the water is going that’s going missing, because we are missing 26%. We’re only inaccurate on our meters by 5% at best, but that’s still not going to cover that missing amount of water. He feels that the city should be focusing its resources and revenue on replacing the failing infrastructure in this city.

Member Ashbaugh – He believes a lot of the water we’re missing in our system, in the downtown area, is because we are floating on water anyway, and he believes that is something we need to address.
City Manager Fuentes – He hears this thing about replacing and fixing infrastructure, but how do you do that if you do not have the revenue sources to do so. Right now staff is working very hard to fill out an application to the Water Trust Board for the Cook Pump Station, and that is moving forward. I think we need to remember how this project came about, and that we have been working on it for probably going on 2 years. Some of the things that led to this project were issues regarding the loss of water. Where is that water that we are losing? We don’t know because we don’t have the technology to track that. So with the loss of water, there is loss of revenue in the Water and Wastewater system, because we are not charging for that. There is also a safety issue for staff.

If you remember the presentation where Mr. Easley and staff were coming to the City Commission and this board and showing us the number of keys that we have to use, as well as going through these obstacle courses of customers who have fences. When he talked to one of our meter readers in the Electric Department, he said that the biggest safety issue for him is getting bitten by dogs. He’s been bitten 6 times. That’s a concern. The other thing is customer service. We are not the only community doing this. Whether it is the City of Roswell, Albuquerque, El Paso, or Las Cruces, this is something that is now getting us caught up to the 21st century. We’re still in the old fashioned way of meter readings and there are better ways to do it which is more efficient, and provides better customer service which in turn increases our revenue stream by being able to save in the losses and that’s part of the savings.

Member Ashbaugh – He doesn’t believe that we are going to be saving that much money.

City Manager Fuentes – The City did fund, and the Public Utility Advisory Board did agree to fund a $53,000 study which is what they did. They did an investment grade audit that will be adopted and meets the State standards so now they are presenting their presentation. In looking at what the electric share is and the water, you are looking at almost a 60/40 split. 60% belongs to the water and 40% belongs to the electric. Obviously the way this project is being presented all of the funding comes from the water side, and it works, but that doesn’t mean that all of the $261,000 payment is going to come from water. 40% will come from the electric fund. So if the payment of 40% belongs to the electric fund then that comes out to be around $104,000 which means that even though this project is being funded by the savings in the water side, 40% of that is going to be paid by the electric because part of the project is electric. The City Commission and the Public Utility Advisory Board said we need to fix our infrastructure because we have water lines that need to be fixed. Well, these are the tools that we are trying to give staff to be able to have resources, revenue, to fix the waterlines and to be able to identify where those leaks are. Right now these guys are struggling out there, and unless somebody from this board, or even anybody in the public saying here’s the revenue stream, here’s the money where you can find it, by all means please share with us because we just can’t find it.

Member Ashbaugh- The payment is roughly $30,000 a month for the finance part correct? Then you add $160,000 a year, that’s not 40% of the $260,000. The $260,000 is only the 59.4% and that’s the point he was making, it’s not 59% of the $260,000. We’re going to roughly spend over 25% of our income and so the income is going to have to go up to the 1.16 million dollars to make the payments and the fees.

Alex Montano – Your revenue and operational savings will always exceed your debt service.
Member Ashbaugh – There is something wrong in the numbers.

Scott Griffin – One of the issues we go into on this audit is when we started looking at water efficiency, there were problems with your billing in your electric side, and we got a request to ask if we could incorporate the electric side into the water study. So we did, and in that process you had a line study
done with your electric side and one of the issues that study showed is that they did not have good billing to be able to take a look at what the needs were. So Smith Engineering came up with the idea of having to double your rates for the next 10 years to pay for any infrastructure problems that were out there including the cost of the meters. So through this 2 year process we have had funded studies that you got from Smith Engineering which we've used, we used the TD study which is for the electric line loss, and we took a look at all of it and we are trying to figure out how to fund the project because there is no money to do it.

Vice Chairman Dornbusch made motion to not recommend the Automated Meter Reading Project to the City Commission.

Motion seconded by Member Ashbaugh.

George Szigeti, Chairman – Voted nay
Jeff Dornbusch, Vice-Chairman – voted aye
Ron Pacourek, Member – voted nay
Gil Avelar, Member – voted nay
Randy Ashbaugh, Member – voted aye

Motion failed by a vote of 2 to 3.

Ron Pacourek made a motion to forward the Automated Meter Reading Project to the City Commission with reservations and the stipulation that the “guarantees” on the contract be reviewed by the City Attorney.

Motion seconded by Member Avelar.

Brief discussion ensued regarding the motion made by Member Pacourek.

George Szigeti, Chairman – voted aye
Jeff Dornbusch, Vice-Chairman – voted nay
Ron Pacourek, Member – voted aye
Gil Avelar, Member – voted aye
Randy Ashbaugh, Member – voted nay

Motion carried with a 3 to 2 vote.

COMMENTS FROM THE BOARD:

*Audio not captured.*

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 September, 2017, on a motion duly made by Ron Pardue, seconded by Jeff Ombush and carried.

George Szigeti, Chairman
Public Utility Advisory Board