A. CALL TO ORDER

The meeting was called to order by Mayor Steve Green at 1:30 p.m., who presided and Renee Cantin, City Clerk-Treasurer, acted as Secretary of the meeting.

B. INTRODUCTION

1. ROLL CALL

Upon calling the roll, the following Commissioners and PUAB Members were reported present.

City Commission
Hon. Steve Green, Mayor
Hon. Sandra Whitehead, Mayor Pro-Tem
Hon. Rolf Hechler, Commissioner
Hon. Joshua Frankel, Commissioner

Public Utility Advisory Board
George Szigeti – Chair
Jeff Dombusch – Vice Chair
Ron Pacourek – Member
Randy Ashbaugh - Member

Absent: Hon. Kathy Clark and Gil Avelar are absent.

Also Present: Renee Cantin, City Clerk-Treasurer
Angela Torres, Deputy Clerk

There being a quorum present, the Commission and PUAB proceeded with the business at hand.

C. INTRODUCTIONS

Mayor Green asked that The City of Truth or Consequences staff introduced themselves as follows:

Ruby Otero-Vallejos – Water/Wastewater Administrative Assistant
Jesus Salayandia - Water/Wastewater Director
Arnie Castaneda - Water/Wastewater Supervisor
Marty Davis – Water Department Forman
PUAB Chairman Szigeti introduced Scott Griffith who introduced the others from YESCO in attendance.

Colby Geer – General Manager
Alex Montano – Project Director

Mr. Griffith also introduced the Vendors who helped work on the project which included:

Paul Carrol & Jerry Uhlman – MSPS (Mountain States Pipe & Supply) Awarded Vendor
Toby Leafgreen – RTS, Auditing work for project
Kamstrup Meters – Phoenix
El Paso – Electric & Gas Meters, Alamogordo – Electric Meters

D. PRESENTATION BY SCOTT GRIFFITH, YEAROUT ENERGY SERVICES COMPANY (YESCO)

Mr. Griffith began with the presentation that is part of the agenda packet.

One of the issues and challenges that we are dealing with in Truth or Consequences, just like any small town, is that we’re really having a decline of natural resources, physical constraints of what is happening with the budgets, legislative demands that were under, as well as the environmental stewardship, sometimes in cases dealing with climate changes especially here in the Southwest. Our point to this process was to be able to deliver a project that has uninterrupted reliable service, immediate response time to the highest quality customer service. This will help create the lowest possible utility rates and persistent maintenance and replacement of

The Challenge

Issues:

- Declining Natural Resources (Water & Fuel)
- Fiscal Constraints / Lack of Resources
- Legislative Demands / Compliance
- Environmental stewardship / climate change

Unwavering Expectations:

Despite these challenges, you are still expected to deliver:
Uninterrupted reliable service
Immediate response time / Highest quality customer service
Lowest possible utility rates
Persistent maintenance and replacement of aging equipment and infrastructure
Financial stability and health

The Opportunity:

Utility Meter Replacement
- Avoid increasing rates to compensate for inaccurate meters
- Immediately resolve lost revenue issues due to inaccurate meters (Customer Billed for Actual Consumption)
- Reallocate annual meter replacement budgets to other needed capital improvements
- Assure constituents and staff that resources are generated, delivered and accurately measured. (Not wasted)
- Lead-Free metering devices

AMI System
- Improve billing accuracy / reduce accidental human errors
- Provide better and faster customer service
- Full Integration with Billing Platform
- Enhance leak detection capabilities
- Reduce operational costs (vehicles, personnel, inventory, safety)
- Redeploy staff to maintain the system (Leak Detection & Remediation) rather than read & replace meters
- Increase awareness, real-time monitoring for staff and customers

Mayor Green introduced Finance Director Melissa Torres who arrived at 1:38 P.M.

Grants Projects Coordinator Burnette addressed the Commission and PUAB. In regards to funding availability, as you all know, Water Trust Board, Colonias, USDA, and our Capital Outlay, there is no guarantee that we are going to apply for funds and get them. For the last couple of years we have been unsuccessful in getting Water Trust Board money. Part of that is due to the lack of funding availability verses the amount of funding requests that they have been receiving. A lot of their requests are for cities that have much more critical needs than we do. Colonias funds are tied up in our Wastewater Plant, and we cannot apply for funds until we expend those funds, and USDA is currently funding our Wastewater, as well as looking at funding our Water. This next year we are possibly looking of a decrease in availability of USDA funding. There is a possibility that they could lose their Colonias funding. So all of these funding sources are pretty much all focused on infrastructure needs that pertain to Wastewater Treatment Plant improvements, Waterline Improvements, or expansions, and they all require some type of a cash match or a loan component which uses up some of our revenue in a tight budget that the Water and Wastewater Department have already. As
far as electrical goes, we have been working really hard with the Electric Department, and unfortunately there's not a lot of grant funding availability for electrical. Mayor Green asked about the period of time we are talking about for the applications for USDA funding. Grants Projects Coordinator Burnette responded the completion date is April 2018.

Mr. Griffith noted that one of the other issues with using performance contracting vs. self-performing is that the bond issues that you have to put out for new equipment, you don't have to do under a performance contracting.

Finance Director Torres said procurement wise it would be more strenuous to ensure a bond for this kind of project is needed. Mr. Griffith added this is a different form of procurement than people are used to doing.

Mr. Colby Geer reported on Silver City's project and advanced metering solutions in NM.

PUAB Member Pacourek asked about Silver City and if it was water only. Mr. Geer responded it was water only.

PUAB Vice-Chairman Dombusch asked about the work crews and whether the crew was local or from out of town. Mr. Geer responded in Silver City about 50% to 60% of the crew was local which was a benefit when the residents saw people they knew.

Commissioner Hechler asked about integrating it with our Tyler System. Mr. Geer responded neither one have Tyler, they have HTE/SunGard. So basically we will get a sample data file from them and the data file says "this is how I want my data filled out." So when you upload it to the Tyler he can ping and query the right column, pull that in, and administer a bill based on that. So they will have to know the serial number, account number, and all additional information that they need to see. So as they are going through the system, they will have iPads or tablets of some sort to upload that information, and take pictures of the meter pit to show a meter went in there, and then upload the data accordingly. As we look to integrate into the billing software, we will do pilot runs tests, they'll run some water through them to see what it looks like, and then make sure that it corresponds back to the meter billing software appropriately. They will need access to the city's IT department in order to help give them access through your fire walls so they can send that information out.

Commissioner Frankel asked on the Silver City project what were the biggest hurdles and what challenges are they still dealing with. Mr. Geer responded mostly on the development side up front, the installation went well. There were a couple of things that were addressed very quickly, but no major problems.

Mr. Griffith went on to the next phase of the project.

Alex Montano talked about the IGA Baseline water loss.
Mayor Green asked a question for Commissioner Clark who could not be here. The meters are not going to help us with our 26% loss. All that they are going to do is capture more accurately whatever the customer is using that goes through a new meter. Mr. Montano responded yes and no. One part of that 26% is whatever the use is. There is water not being sent all of the way to the user. The other part of the 26% is water that is being sent to that user, but those inaccurate meters are just not registering that water. So you are not billing customers for their actual consumption today because those meters that are currently installed do not pick up the consumption information.

PUAB Chairman Szigeti said basically this will reduce the loss.

PUAB Vice-Chairman Dombusch asked what percent we are at the meters. Mr. Montano responded they are all at different flow rates and different sizes. It would be cost prohibitive to test every single meter. PUAB Vice-Chairman Dombusch said these numbers are shocking, and asked if there is a contingency plan for citizens who are upset. Mr. Griffith responded it happens in increments.

Mr. Montano said it is just billing them for what they are actually using. Their numbers apply a conservation pressure for them to work to save water.

Commissioner Frankel said there is a possibility that some readings may go up and some will go down. Mr. Montano said it’s less likely you will see it on the other side.

Mr. Montano went on to the Sewer Revenue Increase and the Investment Grade Audit findings.

PUAB Chairman Szigeti wanted to know exactly what was involved in the O & M. Mr. Montano responded they are not attempting to eliminate any operations, but to allow them to work better, and to focus on other areas by taking the manual stuff out, and automate them. PUAB Chairman Szigeti asked for clarification. Mr. Montano gave an example of doing a shut off and what it entails.

Mayor Green asked about the $92,000 for O & M savings. Mr. Montano said the $200,000 is based on the projected revenue. Mayor Green wanted to make sure the guarantee was $200,000.

PUAB Member Ashbaugh added what you mean is you can flip a switch and not be in the line of fire. Mr. Montano replied there is actually a lot of technology in those meters and the answer is yes you are doing it now but the difference is that you don’t have to be in the line of fire anymore.

PUAB Member Pacourek had a question about the contingency plan. In his experience he has never seen an electronic cut clean ever. Mr. Montano said in the project cost there are some contingency dollars. One thing that was in your packets, but not quite discussed today, is that the project price number has not changed and it is a guaranteed number. Once the amount is locked in then it cannot be changed.
Mayor Green asked if it includes the cost of the water meter, other meters, and installation of meters and if it is a turnkey price. Mr. Montano agreed it is turnkey price.

Electric Department Director Easley said he Melissa, and Sonya all went to Aztec. He gave a report as to their system. It was a very good system and they were doing theirs in house, it had been ten years, and they were still installing it.

Finance Director Torres added to Electric Department Director Easley’s comments. They were very impressed with the customer service and their numbers. One of the things they noticed is they sent staff to iTron to learn their product. She added right now our operation is based on being reactive, and being proactive, we can schedule some types of repairs. That is something that’s very positive for us.

Mayor Green asked can you give us an idea of what the payback period was. Where was the profit modem to do this if they were just spending the money on the savings to buy the meters and the cost of installing the meters? Finance Director Torres said it was definitely in the water side, and they got pay off because they were losing just as much as we were. She doesn’t know if it would be the second or third year where they would start to see an increase on the revenue side.

Commissioner Hechler asked about the struggles with Tyler. Finance Director Torres responded this system is something that is continuously a learning system for us. She would be a lot more nervous if we were doing this in house, but if they do it, she would feel comfortable with it.

Mr. Montano shifted to talk about projects now.

PUAB Member Pacourek asked about bi meters. One of the vendors said they are available. He thinks there have been more applications for people adding solar. PUAB Chairman Szigeti said we have 6 residential, and 1 commercial with solar.

Mr. Montano explained what AMI means and then went over the Project Financial Benefits.

Mayor Green asked if what he is guaranteeing is a 6.6 return on a 5.5 investment. Mr. Geer responded that there is insurance and a bond on the project.

PUAB Chairman Szigeti asked about the city’s monthly cost. Mr. Geer responded you will pay on an annual basis, and it depends on how they set the financing.

PUAB Member Ashbaugh asked if the turnkey price is $5.4 million dollars. Mr. Geer responded this is an investment grade audit, which they will take out to the market for an RFP to find funding. PUAB Member Ashbaugh asked how long the system will work before it needs an upgrade. Mr. Geer responded we anticipated a 20 year term at 3% interest on this project so far.
Mayor Green wanted to follow up on Mr. Ashbaugh’s question. Mr. Geer said they can provide that to them. For us to make a sound financial decision, we need to know the cost of the project to the penny. Mr. Geer said we know the cost is the $4.4 million, what we don’t know is the cost of the funding.

Mr. Montano went on to present the Cost/Benefit Analysis.

Mr. Griffith presented the strategies for funding. Next we will go through technology and what type of scope will be preferred by the city. He added they have been supported a great deal by staff.

E. PRESENTATION BY PAUL CARROL & JERRY UHLMAN – MOUNTAIN STATES PIPE & SUPPLY (MSPS)

Mr. Paul Carroll discussed the AMI (Advanced Metering Infrastructure) which is a two way communication. Technology was discussed on the ITron Openway RIVA Platform.

PUAB Vice-Chairman Dombusch said with all of the hacking going on he would hate to see them get hacked.

Mayor Green asked who would do the replacement. Mr. Geer said inside of our warranty of one year, they will provide the material, and if it’s after that one year, they would provide the labor and material.

F. QUESTIONS FROM PUAB

PUAB Member Ashbaugh projected what it will cost it the City which he’s saying will be about $340,000 to $400,000 a year for this system. Mr. Geer responded he has built a pro formula with the rates escalated on an annual basis. Mr. Montano said the PUAB & Commission has put in a 5% increase, but they only used a 3% increase in projections.

G. QUESTIONS FROM COMMISSION

There were no additional comments from the Commission.

H. QUESTIONS FROM THE PUBLIC

Mr. Klaus Wittern submitted his questions on a handout.

Mr. Ron Fenn commented he feels that the 9 Gentleman here from YESCO, most of them look like they eat very well, and he doesn’t want to buy them dinner for 20 years. He asked if they know who Clay M. Bidinger is, because he is the man who is responsible for the electric in the solar farm. He lives in Florida and is collecting
between $2 million to $4 million dollars from the City of T or C. Mayor Pro-Tem Whitehead called for point of order.

PUAB Member Ashbaugh left the meeting at 3:23 p.m.

Mayor Green suggested that Mr. Fenn bring his concerns up to the Commission and stated that this is not the place we are talking about. That is an entire different project.

I. NEXT STEPS FOR THE PROJECT

Mr. Griffith said the state has given them funding to do this, and the city can certainly do this by yourselves. This process helps you to allocate this new equipment to help you pay for this process. There is a guarantee for this funding, and this is a way to do it which will not impact your current budget.

Mayor Green wanted to let them know, the gentleman was talking about a Power purchase agreement. He asked the PUAB to take this item back to their board and take the lead on this and send it back to the Commission when they are ready. We are obligated to do due diligence to make sure we looked at everything to make a knowledgeable decision that is best for our community.

J. ADJOURNMENT

Mayor Green adjourn the meeting at 3:30 p.m.

Passed and Approved this 23rd day of August, 2017.

Steven Green, Mayor

ATTEST:

Reneé L. Cantin, CMC, City Clerk