

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

DRAFT Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, December 10, 2014 at our East Mesa Office, 9774 Butterfield Park Blvd

Note: Minutes are not final until approved by the board.

- I. **Sign-in sheet and agenda are attached.** Directors present were Vice-Chairman John Holguin (District 4), Director Cali Tellez (District 3), Director Mike McMullen (District 6) and Director Furman Smith (District 7). Absent were Chairman Robert “Marty” Nieto (District 5), Secretary Santos Ruiz (District 2) and Director Arturo Terrazas (District 1). Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager, Mike Lopez, Projects Manager Karen Nichols and Adm Asst. Joan Ferguson. Also present was Joshua Smith, attorney. With a quorum established the meeting was called to order by Mr. Holguin at 9:34 am.
- II. **Pledge of Allegiance** {0:40}
- III. **Motion to approve the Agenda** Mr. Nieto asked that New Business be moved until after the Closed Session. Mr. Tellez moved to approve the agenda with item IX (New Business) be moved until after IX (Closed Session). Mr. McMullen seconded the motion and it passed 4–0. {1:45}
- IV. **Approval of Minutes: Motion to approve the Minutes of November 12, 2014 Regular Board Meeting** Mr. Smith moved to approve the minutes of the November 12, 2014 Regular Board Meeting. Mr. Tellez seconded the motion and it passed 4–0. {3:27}
- V. **Guest Presentations** —none {3:33}
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes time limit per person—none** {3:37}
- VII. **Managers’ Reports**
 - A. **General Manager** Mr. Martin Lopez submitted a report and stood for questions
 1. The documentation for the easement for the El Centro Well has been received and is for five years. Mr. Martin Lopez has requested longer lease periods in the future (10-15 years).
 2. RCAC is having a board training seminar and Mr. Martin Lopez distributed the flyer. Rural Development has made board training a requirement of loans. RCAC’s trainings are aimed mostly at smaller mutual domestics so the GM has gotten permission for training from the Municipal League or county training for elected officials.
 3. Mr. Holguin asked Mr. Martin Lopez if anyone from High Valley MDWCA had contacted him concerning their wells. High Valley is located just east of the Vado interchange and consists of around 15 households/members. Mr. Martin Lopez said that various board members over the years had spoken with him about their issues. Olga Sanchez of RCAC and Espy Holguin of HUD are helping them. {13:44}
 - B. **Operations** Mr. Mike Lopez submitted a report and stood for questions
 1. The state DOT is conducting backhoe and trenching training for the Authority.
 2. Mr. Smith recommended adding sales and water loss figures to the production report.
 3. There is a final walk-through of the Organ project with USDA on the 16th of December. {17:45}
 - C. **Projects** Ms. Karen Nichols submitted a report and stood for questions
 1. After the close of the Organ Project, not all of the funds had been expended so they were approved for the purchase of 57 more radio read meters.
 2. Mr. Holguin asked if there would be any legislation to keep an eye on in the upcoming legislative session. Ms. Nichols reviewed:

- a) The Authority's legislation from the last session would be up for a vote this session (dealing with liens and making combine/comingle of water right optional rather than required).
 - b) A contingent from Doña Ana MDWCA is asking that the Public Regulation Commission oversee mutual domestics. Their proposal has the potential of negatively affecting the Authority.
 - c) She also mentioned that Colonias Day will be Feb 20. {24:10}
3. Mr. Holguin also asked if it would be beneficial for staff and a board member to talk with the staff of NMFA staff about the 2014 Colonias grant/loans for which the closing has been delayed. (See Projects Report) Mr. Martin Lopez explained that when they had gone to the Water and Natural Resources Conference they had been able to sit down with NMFA staff and clarify the issues. Our auditor had grouped all expenses, (operating, extraordinary, project and capital), together which made it appear that operating expenses were much higher than they actually are. Ms. Jackson has gone through the audit and reclassified expenses that were not operating and will be submitting those numbers to NMFA. See attachment. There is an additional issue about permission for additional indebtedness that needs clarification by USDA. Research on these issues and procedures is ongoing. {28:37} (also at {31:15-37:35})

D. Finance Ms. Kathi Jackson submitted a report and stood for questions. Mr. Holguin congratulated Ms. Jackson on two consecutive audits with no findings. {30:40}

VIII. Unfinished Business—none

Closed session follows this item. New Business is after the Closed session

IX. New Business Motion to Authorize employee incentives for calendar year 2014 The Chair of the Board had asked Ms. Jackson to calculate a series of incentives from \$100/employees to \$500. Ms. Jackson had room in her budget for an incentive of \$300 for full time employees. Director Tellez had asked an unnamed group of employees their opinion on the subject and he said they were happy with a \$200 incentive. He also asked the opinion six of the members in his district about the \$300 figure. They were not happy. A poll was taken and Mr. Tellez, Mr. Smith and McMullen settled on \$200; Mr. Holguin preferred a \$250 incentive. Mr. Tellez moved to authorize a \$200 incentive for full time employees and managers. Mr. McMullen seconded the motion and it passed 4-0. {54:00}

X. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation: Roll Call Vote Mr. Tellez moved to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation. Mr. Smith seconded the motion and the roll call vote was as follows: Mr. Holguin aye, Mr. Tellez aye, Mr. McMullen aye and Mr. Smith aye. The session was closed at 10:30. {31:24}

A. Motion to reconvene in open session. Mr. Smith made a motion to reconvene in open session. Mr. Tellez seconded the motion and it passed 4-0 and the meeting reconvened at 10:31. {31:36}

B. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure Mr. Holguin stated that the matters discussed in the closed meeting were limited to threatened or pending litigation. {32:12}

C. Action, if any, related to threatened or pending litigation No action was taken. {32:13}

New Business was after this item

XI. Other discussion and agenda items for next meeting, 9:30 a.m. January 21 at the Berino Office

- A. contract with Doña Ana County for wastewater treatment
- B. election proclamation

- C. LRGPWWA will be an EPA case study (see Project Report)
- D. 4th Quarter Budget for approval
- E. Audit {55:45}

XII. **Adjourn** Mr. Smith moved to adjourn the meeting. Mr. Tellez seconded the meeting and the meeting was adjourned at 10:55am.

Minutes approved January 21, 2015

Absent

Roberto Nieto, Chairman (District 5)

John Holguin, Vice-Chairman (District 4)

Absent

Santos Ruiz, Secretary (District 2)

Absent

Arturo Terrazas, Director (District 1)

Carlos Tellez, Director (District 3)

Michael McMullen, Director (District 6)

Furman Smith, Director (District 7)



Lower Rio Grande Public Water Works Authority

Sign In Sheet Page 1 of

Date: Dec 10, 2014 Time: 9:30

Places: Est Mesa Office

Event: Regular Board Meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
<i>Jean Ferguson</i>	Jean Ferguson LRGPWWA	233-5742, xt 123	jean.ferguson@lrgauthority.org
<i>John Holguin</i>	John Holguin LRGPWWA	575-635-9007	j.holguineg.cup
<i>Carlos Zeller</i>	Carlos Zeller	233-4140	
<i>Josh Smith</i>	Josh Smith, Attorney	508-0500	j.smith.watsonlawk@gmail.com
<i>Michael Lopez</i>	Michael Lopez LRGPWWA	(575) 635-3921	mike.lopez@lrgauthority.org
<i>Kathie Jackson</i>	Kathie Jackson Finance Manager	(575) 640-4330	
<i>Martin G Lopez</i>	MARTIN G LOPEZ LRGPWWA	(575) 571-3628	mlopez@lrgauthority.org
<i>Furman Smith</i>	FURMAN SMITH	382 5982	SAME
<i>Kara Nichols</i>	Kara Nichols LRGPWWA	915 203 2057	Kara.Nichols@lrgauthority.org
<i>Mike McMurthen</i>	MIKE MCMURTHEN	970.302-7862	

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

Meeting Notice & Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, December 10, 2014 at our East Mesa Office, 9774 Butterfield Park Blvd

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. Call to Order, Roll Call to Establish Quorum: District #1 (Mr. Terrazas)___, #2 (Mr. Ruiz)___, #3 (Mr. Tellez)___, #4 (Mr. Holguin)___, #5 (Mr. Nieto)___, #6 (Mr. McMullen)___, & #7 (Mr. Smith)___
- II. Pledge of Allegiance
- III. Motion to approve the Agenda
- IV. Approval of Minutes: Motion to approve the Minutes of November 12, 2014 Regular Board Meeting
- V. Guest Presentations
- VI. Public Input—15 minutes total allotted for this item, 3 minutes time limit per person
- VII. Managers' Reports
 - A. General Manager
 - B. Operations
 - C. Projects
 - D. Finance
- VIII. Unfinished Business—none
- IX. New Business—Motion to authorize employee incentives for calendar year 2015
- X. Closed Session
 - A. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.7—threatened or pending litigation: Roll Call Vote
 - B. Motion to reconvene in open session.
 - C. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure
 - D. Action, if any, related to threatened or pending litigation
- XI. Other discussion and agenda items for next meeting, 9:30 a.m. January 21 at the Berino Office
 - A. contract with Doña Ana County for wastewater treatment
 - B. election proclamation
- XII. Adjourn

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aide or service to attend or participate in the hearing or meeting, please contact the LRGPWWA office at 575-233-5742, PO Box 2646, Anthony NM 88021 OR 215 Bryant St., Mesquite NM at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the LRGPWWA office if a summary or other type of accessible format is needed.

Si es un individuo con una incapacidad esta en necesidad de un lector, amplificador, lenguaje por señas, o cualquier otra forma de asistencia o servicio para atender o participar en las juntas, por favor llame a la oficina LRGPWWA, 575-233-5742, PO Box 2646, Anthony NM 88021 O 215 Bryant St., Mesquite NM una semana antes de la junta o en cuanto posible. Documentos públicos, incluyendo la agenda y minutos, están disponibles en varios formatos. Por favor opóngase en contacto con la oficina LRGPWWA si un resumen o otro tipo de forma accesible es necesario.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

DRAFT Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, November 12, 2014 at our Vado Office, 325 Holguin Rd.

NOTE: Minutes are in DRAFT form until approved by the board

- I. **Call to Order, Roll Call to Establish Quorum** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Vice-Chairman John Holguin (District 4) (via telephone), Director Cali Tellez (District 3) (via telephone), and Director Furman Smith (District 7) (via telephone). Absent were Secretary Santos Ruiz (District 2), Director Arturo Terrazas (District 1) and Director Mike McMullen (District 6). Staff members present were General Manager Martin Lopez, Projects Manager Karen Nichols and Adm Asst. Joan Ferguson. With a quorum established the meeting was called to order by Mr. Nieto at 9:31 am.
- II. **Pledge of Allegiance**
- III. **Motion to approve the Agenda with Item IX. B moved up following V.** Mr. Smith made a motion to approve the Agenda with Item IX.D (corrected from IX.B) moved up following V. An additional correction, moving item IX.A, B & C to after III. Mr. Tellez seconded the motion and it passed 4–0. {1:12}
- IX. **New Business**
 - A. **Resolution #FY2015-12: Closing Documents for #3155-CIF–Brazito Water System Improvements Project** The approval of this resolution would provide funding to finish the Brazito Water System Improvements Project. It consists of a grant for \$142,106.40 and a loan of \$15,789.60 for a total of \$157,896.00. Mr. Holguin made a motion to approve Resolution #FY2015-12: Closing Documents for #3155-CIF–Brazito Water System Improvements Project. Mr. Tellez seconded the motion and it passed 4–0. {3:38}
 - B. **Resolution #FY2015-13: Closing Documents for #3156-CIF–Waterline Extension Project** The approval of this resolution would provide funding for the Veteran’s Rd. extension and consists of a grant for \$931,122.00 with a loan component of 103,458.00 totaling \$1,034,580.00. Mr. Holguin made a motion to approve Resolution #FY2015-13: Closing Documents for #3156-CIF–Waterline Extension Project. Mr. Smith seconded the motion and it passed 4–0. {4:18}
 - C. **Resolution #FY2015-14: Closing Documents for #3161-CIF–Mesquite-Brazito Sewer Project** The approval of this resolution will provide funding for the design of a sewer system in the Mesquite-Brazito area and consists of a grant of \$486,547.20 and a loan for \$54,060.80 for total funding of \$540,608.00. Mr. Smith made a motion to approve Resolution #FY2015-14: Closing Documents for #3161-CIF–Mesquite-Brazito Sewer Project. Mr. Tellez seconded the motion and it passed 4–0. {5:06}

Mr. Tellez moved to adjourn the meeting until 9:30 am on Friday, November 14, 2014 at the Vado office. Mr. Smith seconded the motion. The motion passed 4–0 and the meeting closed at 9:36. {5:50}

Meeting Reconvenes 9:30 am November 14, 2014 at Vado. Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Director Arturo Terrazas (District 1), Director Mike McMullen (District 6) and Director Furman Smith (District 7). Absent were Vice-Chairman John Holguin (District 4), Secretary Santos Ruiz (District 2), Director Cali Tellez (District 3). Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager, Mike Lopez, Projects Manager Karen Nichols and Adm Asst. Joan Ferguson. Also present were Joshua Smith, attorney; Matthew Thompson, Bohannan Huston; Lila J. Reid, Adrian Renteria and Marty Howell from SouderMiller Associates; Carl Pinnock, NMED-DWB. With a quorum established the meeting was called to order by Mr. Nieto at 9:55 am.

IV. Approval of Minutes

- A. Motion to approve the Minutes of September 17, 2014 Regular Board Meeting** Mr. Smith made a motion to approve the Minutes of September 17, 2014 Regular Board Meeting. Mr. McMullen seconded the motion and it passed 4–0. {1:34}
- B. Motion to approve the Minutes of October 15, 2014 Regular Board Meeting** Mr. Smith made a motion to approve the Minutes of October 15, 2014 Regular Board Meeting. Mr. McMullen seconded the motion and it passed 4–0. {2:06}

- V. Guest Presentations—Matt Thompson, Bohannon Huston Inc. RE: Agenda Item IX. B** Mr. Matt Thompson from Bohannon Huston discussed the brackish water aspect of the Surface Water/Brackish Water Treatment Facility Project with the board and the scope of the amendment to the engineering services agreement. He reviewed the history of the project and the recommended steps forward by NMED CPB which will consist of ground water modeling and projections in the Vado area. Mr. Smith made a motion to approve Amendment #2 to Engineering Services Agreement with Bohannon Huston, Inc. for Surface Water/Brackish Water Treatment Facility Project. Mr. McMullen seconded the motion and it passed 4–0. {21:00}

- VI. Public Input—15 minutes total allotted for this item, 3 minutes time limit per person** Mr. Martin Lopez said that a member who is a staff member asked that procedures be worked out concerning how a member might have an item placed on the agenda. Ms. Nichols mentioned that funding applications sometimes ask whether there is a board policy in place where the board sets up “board housekeeping.” {23:56}

VII. Managers’ Reports

- A. General Manager** Mr. Martin Lopez submitted a report and stood for questions.
Mr. Terrazas asked about the McAnnaly abatement meeting. The meeting was to select an abatement option that will result in reaching ground water standards. {25:52}
- B. Operations** Mr. Mike Lopez submitted a report and stood for questions.
The SCADA issues in the Organ project have been resolved so that project can be closed out.
The issues with the tank at the La Mesa well (#12) are still in the process of being resolved. Because the issue had been discovered while the tank was still under warranty, the cost of the repair will be covered. Work includes sand blasting the floor and up the walls, resealing and recoating. {33:30}
- C. Finance** Ms. Kathi Jackson submitted a report and stood for questions.
Ms. Jackson discussed her report on reserves with the board. LRG currently has 45 days of operating reserves.
The NMDOT realignment will affect reserves.
Colonias Infrastructure loans may affect reserves. {37:44}
- D. Projects** Ms. Karen Nichols submitted a report and stood for questions.
LRG will be going before the Water Trust Board on December 3 to request a one-year extension on funding for the Berino/Mesquite-Del Cerro Water Project. More than half of the funds have already been expended.
On Dec 3 the Water and Natural Resources Committee of the Legislature will hear draft legislation on regionalization developed by Rural Communities Assistance Corporation, Santa Fe County, the El Valle Alliance and several state agencies. If timing permits, management will try to attend this meeting as well as the Water Trust Board meeting. There is strong support from legislators but opposition from the Picacho Hills district of Doña Ana MDWCA. {43:01}

VIII. Unfinished Business—none

IX. New Business

- A. Resolution #FY2015-12: Closing Documents for #3155-CIF–Brazito Water System Improvements Project**
See IX.A above.
- B. Resolution #FY2015-13: Closing Documents for #3156-CIF–Waterline Extension Project** See IX.B above.
- C. Resolution #FY2015-14: Closing Documents for #3161-CIF–Mesquite-Brazito Sewer Project** See IX.C above.
- D. Motion to approve Amendment #2 to Engineering Services Agreement with Bohannon Huston, Inc. for Surface Water/Brackish Water Treatment Facility Project** See V.
- E. Motion to approve contract and Amendment #1 with Vencor Engineering for Mesquite-Brazito Sewer Project planning documents** Rural Development has approved this contract and amendment. Mr. McMullen made a motion to approve contract and Amendment #1 with Vencor Engineering for Mesquite-Brazito Sewer Project to add additional work to the PER. Mr. Smith seconded the motion and without further discussion, it passed 4–0. {45:05}
- F. Motion to approve contract for software purchase & implementation with Tyler Technologies** NMED-Construction Programs Bureau has yet to approve this contract. Mr. Smith made a motion to approve contract for software purchase and implementation with Tyler Technologies contingent on the approval of Construction Programs Bureau. Mr. McMullen seconded the motion and it passed 4–0. {46:22}
- G. Motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights: Roll Call Vote** Mr. McMullen made a motion to convene in closed session pursuant to NMSA 1978 10-15-1 H.8—real property and water rights. Mr. Terrazas seconded the motion. The roll call vote was as follows: Chairman Robert “Marty” Nieto (District 5) aye, Director Arturo Terrazas (District 1) aye, Director Mike McMullen (District 6) aye and Director Furman Smith (District 7) aye. The meeting was closed at 10:40 am. {47:40}
- H. Motion to reconvene in open session** Mr. Smith made a motion to reconvene in open session. Mr. Terrazas seconded the motion and it passed 4–0. The meeting was opened at 11:19 am. {47:15}
- I. Statement by the Chair that the matters discussed in the closed meeting were limited only to those specified in the motion for closure** Mr. Nieto stated that the matters discussed in the meeting were limited to real property and water rights. {48:07}
- J. Motion to authorize the General Manager to enter into negotiations for purchase of real property and water rights** Mr. Terrazas made a motion to authorize the General Manager to enter into negotiation for purchase of real property and water rights. Mr. McMullen seconded the motion and it passed 4–0. {48:40}
- K. Other discussion and agenda items for next meeting, 9:30 a.m. December 10, 2014 at the Butterfield Park Office—contract with Doña Ana County for wastewater treatment.**
- * closed session for legal issues
 - * The audit is complete and has been submitted to the State Auditor’s and will be presented to the board when it has been approved.
 - * The disposal committee needs to meet. Management needs to dispose of additional vehicles and request the purchase three trucks. {51:18}

- X. **Adjourn** Mr. Smith moved to adjourn the meeting. Mr. McMullen seconded the motion and it passed 4–0. The meeting adjourned at 11:22 am.

Minutes approved December 10, 2014

Roberto Nieto, Chairman (District 5)

Absent
John Holguin, Vice-Chairman (District 4)

Absent
Santos Ruiz, Secretary (District 2)

Arturo Terrazas, Director (District 1)

Absent
Carlos Tellez, Director (District 3)

Michael McMullen, Director (District 6)

Furman Smith, Director (District 7)

LRGPWWA
Manager's Report
December 10, 2014

- Transfer of Assets from Associations
 - Organ: Tierra Alta Drive transfer of facilities-Bill of Sale for Facility has been recorded-inquired if DAC Tax Exempt needs to be requested again-no response from DAC
 - Mesquite: located BNSF Railroad permit which will need to be transferred to LRGPWWA (water line crossing)
 - USDA has approved a Release of Lien which was recorded at DAC for the Brazito Property to be reverted back to Chris Jimenez and Nicolasa Jimenez, Request for concurrence submitted to State Auditor and DFA Budget Division-DFA has responded, State Auditor has until Dec 10, 2014
- Renewal application for Easement No. W.37 with NM State Land Office for LRG-65-S-4 (El Centro Well) submitted-verbally approved by agent, await formal documentation
- Preparation of Election Protocol for Districts 1, 2 and 6 have been initiated

RCAC invites you to a one-day workshop designed for small water and wastewater board of directors and decision makers.

**December 17, 2014
Class begins at 9 a.m.**

**Holiday Inn Express & Suites
Alamogordo, New Mexico**

Funded by:



New Mexico
Environmental Department

Conducted by:



December 17, 2014
Holiday Inn Express and Suites
100 Kerry Avenue
Alamogordo, NM 88310

Registration starts at 8:30 a.m.;

The training is 9 a.m.- 5 p.m.; lunch is one hour and on your own

The Small System Board Training will cover:

DECISION MAKERS 10 LEGAL DUTIES & RESPONSIBILITIES

This workshop can earn you 6.0 credit hours:

- 2.0 Board Responsibilities;
- 1.5 Safe Drinking Water Act; 1.0 Open Meetings Act;
- .5 Inspection of Public Records Act;
- 1.0 Sanitary Projects Act.

**The Small System Board Training will be conducted by
Olga Morales, RCAC.**

For more information and to register, please contact Olga Morales,
RCAC at 505/640-3386 or by email at OMorales@rcac.org

Fee: There is no fee to attend this training.

It is funded by New Mexico Environmental Department (NMEQ)

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LOPEZ, MARTIN
LOWER RIO GRANDE PUBLIC WWA
PO Box 2646
ANTHONY, NM 88021

RCAC invites you to a one-day workshop designed for small water and wastewater board of directors and decision makers.

December 17, 2014

Holiday Inn Express & Suites

Lower Rio Grande PWWA

Operators Report

December 10, 2014

System Problems and Repairs.

- Backflow inspections are current.(Mesquite District)
- The East Mesa SCADA has been completed, I was with them every step of the way to make sure we got what we wanted.
- My operators have finished installing 95% of the Brazito meters and we will finish when we get meters from East Mesa project.
- My Operators have finished installing all 450 meters in Butterfield park.
- For the month of Oct my operators and I were issued 161 work orders.
- For the Month of November we have been issued 127 work orders.
- The Well #2 has been running fine I have changed the start/stop set points, It is best to have a long runtime rather short, and now that we have SCADA we can do that.

NMED: All of our Monthly Bac-T-Samples were taken and all samples were negative.

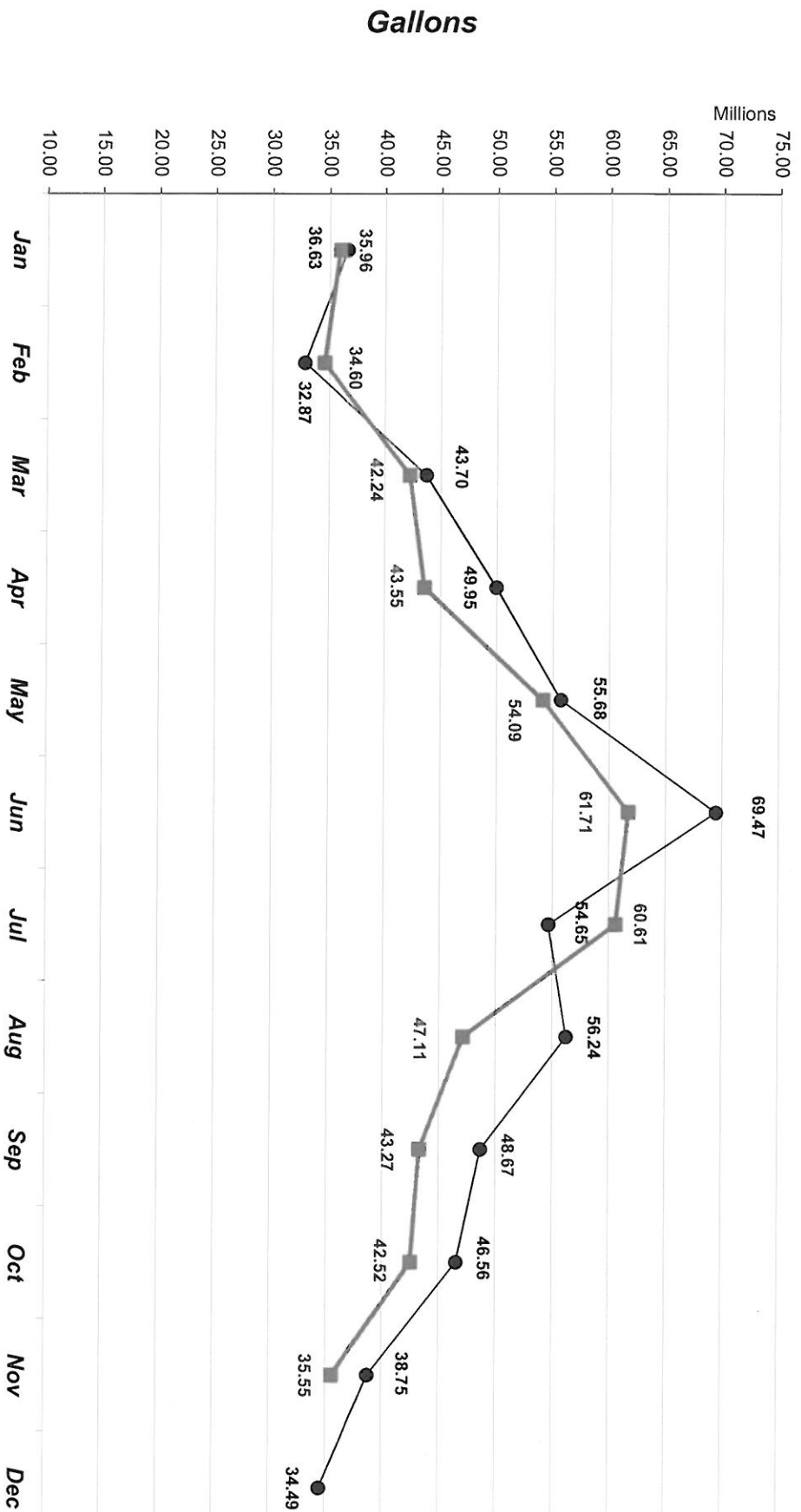
Mesquite district Wetlands: My Operators have begun demo of the wetlands according to our closure plan.

Mesquite Sewer Report.

Chlorine: No problems.

Reports: NMED, State Engineers, and the water conservation reports have been sent.

Lower Rio Grande PWWA Water Production Report



● 2013 Production ■ 2014 Production

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY
PROJECTS REPORT – 12/10/14 BOARD OF DIRECTORS MEETING**

Authority Construction Projects:

LRG: 11-02.1 -Mesquite Wastewater Project – Gannett Fleming– CONSTRUCTION Stage – Layne Southwest - RD \$7,262,081, CITF \$1,670,257: Construction was substantially complete at the end of February. The contractor continues to address outstanding issues. We are withholding final payment until the issues have been addressed and a final inspection can be completed. Final inspection of the services was completed on 6/12/14. There were substantial remaining issues, so the contractor agreed to complete the work and request future approval. The contractor has submitted some of the missing closeout documents, and has assigned a new project manager to expedite the remaining items. The engineer continues to press the contractor for the items remaining for completion and have seen pressure being exerted on them from their executives to complete the project. We don't have a timeline, but are hopeful that we will be able to complete the project and closeout very soon.

LRG-11-02.2 – Mesquite-Brazito Sewer Project – Vencor – Pre-Design/Funding Application Stage – NMFA PG/SAP funded Planning, \$30k 2014 SAP, \$540,608 2014 CITF (10% Loan), USDA-RD Loan \$357,000 @ 3.250%, Grant \$1,194,919, Colonias Grants of \$6,356,474 & \$119,407: We have had two phone conferences with USDA RD regarding progress on the Letter of Conditions. Closing on CITF funds is delayed until we provide additional information to NMFA staff regarding current outstanding loans and separately identify project funds and expenditures in the audit. They have concerns with regard to our retaining adequate coverage under the terms of our PPRF debt consolidation loan, but updated information and clarification of operating funds & expenses vs. project funds & expenses should address their issues.

LRG-11-03 – Interconnect & Looping Project – see 12-01 Authority PER

LRG-11-04 – Berino/ Mesquite-Del Cerro Water System Project WTB #223 – Vencor – Construction Stage - Smithco – RD - \$5,420,147/WTB - \$4,371,630: December progress meeting is set for today at 2:00. Secured a 9 month extension on the Water Trust Board funds at their 12/3/14 meeting in Santa Fe. Fourth contractor's pay application has been approved and three have been paid to date. Contractor now has 5 crews working. CITF closing is pending – see Mesquite-Brazito Sewer Project.

LRG-11-05 – Surface Water Treatment Plant WTB #252– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match – Amendment #2 to the Engineering Services Agreement has been approved by NMED-CPB and executed. Additional work on the PER has been initiated.

Authority PERs/EAs/40 Yr. Water Plan, Equipment:

LRG-12-01 – Authority Water System Improvements PER 2013 – Vencor – Planning Stage - CDBG Planning Grant \$50,000, NMFA Planning Grant \$37,500 & \$12,500 Local Match: PER is a complete, planning grant have both closed.

Forty-Year Water Plan – CE&M – complete – needs update for new mergers: pending NM-OSE comments/approval.

LRG-13-02 – System-wide Information Technology Standardization - \$175,000 NM STB: Tyler Contract was approved by NMED-CPB on 11/20/14. Grant Agreement for 2014 SAP for SCADA project has been submitted to NMED-CPB and is pending review and approval.

LRG-13-03 – Water System Purchase Project – for RFP – Planning Stage - \$37,500 NMFA Planning Grant – on DWSRLF Priority List: Closing on Planning Grant is pending submission of invoices once we receive a final one from the attorney. GM will initiate negotiations with owner later this month.

LRG-13-01 – Brazito Water System Improvements – Souder, Miller & Associates. – Design Phase - \$523,354 NM CTF Grant, \$58,150 Loan, \$58,150 Match Requirement, 2014 CTF \$157,986 (10% loan): Ms. Cross with NMED-Drinking Water Bureau has completed her review and approval of the plan set. Project is ready to bid. Closing on CTF funds is delayed – see Mesquite-Brazito Sewer Project.

LRG-14-01 – Waterline Extension Project (incl. Veterans Road) – Design/Build - \$882,430 CTF incl. 10% Loan: CTF Closing is pending – see Mesquite-Brazito Sewer Project

Individual MDWCA Projects:

LRG-12-04 - Organ Water & Sewer Project – Bohannon Huston – Construction Phase – Morrow - \$2,990,382 RD Colonias Grant, \$101,000 RD Loan: Project can be closed out and final draw submitted upon receipt of Timber Line invoices.

Other projects:

USDA-RD Transfer & Assumption Application Packages: Application packages for Butterfield Park, Organ & Brazito were submitted 1/7/13 and are still under review at RD at national level. Updated financial information was requested and has been provided. RD is working on these, and we anticipate receiving Letters of Conditions soon. Still.

Infrastructure Capital Improvements Plan 2016-2020: Complete and posted on our website.

Documents Retention & Destruction – Sorting of old association documents for storage or destruction is ongoing, and staff is implementing approved retention/destruction schedules for LRGPWWA documents. Desert Sands, La Mesa, Vado, Berino, Brazito, Organ and Mesquite files have all been sorted and stored or destroyed. Butterfield Park is pending. Two more containers have been sent out for shredding.

Website and Email – Notices and Board Minutes pages are current. Other updates are ongoing.

Training –

Lower Rio Grande Water Users Organization – Regional Water Plan Update is in process

RCAC Work Group on Regional Authority Legislation – Draft legislation is at Legislative Counsel Services for bill drafting.

Funding Applications Pending:

- Three 2014 Colonias Infrastructure Trust Fund applications have been approved for funding with a 10% loan component, and closing is pending
- Grant Agreements for three 2014 Capital Outlay (SAP) appropriations have been executed and are pending NMED-CPB approval:
 - Mesquite Brazito Sewer Project \$30,000
 - Information Technology Project \$130,000
 - Waterline Extensions in Berino area \$152,150
- No 2015 applications are being considered for Colonias, Legislative Capital Outlay or USDA Rural Development

US-EPA Regionalization Case Study – I was contacted by EPA to participate on behalf of the LRGPWWA for a case study on regionalization which should be posted at their website by the end of December. I have submitted some information, and will be interviewed by their staff next week.

FINANCE REPORT

OCTOBER 2014

- Preliminary numbers, likely to change slightly
- Depreciation still needs to be recorded
- Other income includes proceeds from FEMA and tower rent
- Electricity expenses seem low and need to be researched
- Extra expenses were incurred for well rehab
- 3 payrolls fell in October which make expenses higher than normal
- Over all we are in good shape
- I should have complete financials for October thru December ready for the January board meeting.
- Our new staff member, Delmy is doing well and we are pleased with her
- The contract for the new billing system has been finalized and we will be getting started with the transition after the holidays.

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12/08/14

Accrual Basis

LRGPWWA
Profit & Loss
October 2014

	<u>Oct 14</u>	<u>Jul - Oct 14</u>
Ordinary Income/Expense		
Income		
Credit Card Fees	879.18	3,575.32
Interest	48.25	171.29
Non-Operating Revenue		
Copy/Fax	45.50	285.50
Other Income	7,638.15	15,852.22
Tower Rent	1,000.00	1,400.00
Total Non-Operating Revenue	8,683.65	17,537.72
Operating Revenue		
Activation & Connection Fees	2,652.50	13,362.50
Contract Services	3,582.68	9,836.88
Impact Fees	0.00	5,550.00
Installation Fees	0.00	6,087.42
Membership Fees	585.00	1,685.00
Monthly Services	176,569.94	789,474.62
Monthly Services-Sewer	12,751.60	53,668.39
Other Income	0.00	750.00
Penalties-Sewer	403.79	1,768.35
Penalties-Water	4,168.66	20,810.55
Returned Check Fees	0.00	675.00
Tampering Fee/Line Breaks	0.00	500.00
Total Operating Revenue	200,714.17	904,168.71
Other Types of Income		
Miscellaneous Revenue	110.00	110.00
Other Types of Income - Other	0.00	100.00
Total Other Types of Income	110.00	210.00
Professional Fees-Other	3,032.23	11,012.27
Total Income	213,467.48	936,675.31
Cost of Goods Sold		
Cost of Goods Sold	0.00	-504.04
Total COGS	0.00	-504.04
Gross Profit	213,467.48	937,179.35

LRGPWWA
Profit & Loss
October 2014

	Oct 14	Jul - Oct 14
Expense		
Accounting, Auditing, Legal		
Advertising	0.00	370.47
Audit	0.00	7,824.60
Bad Debts	0.00	-1,755.02
Bank Service Charges	883.47	3,106.75
Cash Short/Over	0.00	73.62
Dues and Subscriptions	0.00	500.00
Legal Fees	195.00	2,225.72
Licenses & Fees	75.00	75.00
Meals	38.87	247.92
Permit Fees	0.00	2,766.67
Postage	2,597.48	7,044.21
Professional Fees-Other	0.00	238.73
Reconciliation Discrepancies	50.00	50.00
Retirement Account Fees	0.00	187.50
Training	0.00	984.61
Total Accounting, Auditing, Legal	3,839.82	23,940.78
Debit Service		
Interest paid to NMFA	6,166.96	12,052.99
Interest paid to USDA	11,104.74	44,593.46
Total Debit Service	17,271.70	56,646.45
Depreciation Expense		
Sewer	0.00	17,080.53
Water	0.00	172,703.10
Total Depreciation Expense	0.00	189,783.63
Salaries		
401K 10% Company Contribution	0.00	0.00
Accrued Leave	2,290.75	11,026.58
Administrative Labor	30,255.18	90,321.62
Clerical Labor	21,063.03	59,741.58
Employee Benefits-401K Contrib	3,199.35	9,707.57
Federal Income Tax Withholding	0.00	0.08
HISC-Blue Medicare Rx.	0.00	179.80
Insurance-Dental	744.58	3,124.03
Insurance-Health	8,743.94	35,296.54
Insurance-Life,Disability	0.00	2,553.75
Insurance-Work Comp	1,849.00	5,199.00
Operations Labor	42,996.56	125,640.71
Payroll Taxes-Federal Unemploym	0.00	1,174.50
Payroll Taxes-Medicare	1,162.36	3,128.45
Payroll Taxes-Social Security	4,970.09	13,376.79
Payroll Taxes-State Unemploymen	0.00	0.00

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12/08/14

Accrual Basis

LRGPWWA Profit & Loss October 2014

	Oct 14	Jul - Oct 14
Payroll Taxes-Worker's Comp Fee	938.25	938.25
Salaries - Other	0.00	74.40
Total Salaries	118,213.09	361,483.65
Sewer		
DAC Waste Water Flow Charge	3,424.32	14,092.20
Electricity-Sewer	159.98	4,109.83
Lab & Chemicals-Sewer	3,358.38	10,250.21
Supplies & Materials	2,306.00	2,306.00
Total Sewer	9,248.68	30,758.24
Supplies		
Automobile Repairs & Maint.		
LRG-02	0.00	189.00
LRG-06	392.32	392.32
LRG-08	0.00	180.00
LRG-09	40.00	40.00
LRG-10	0.00	364.43
LRG-11	1.31	1.31
LRG-14	0.00	861.33
LRG-20	202.11	202.11
LRG-22	249.55	249.55
LRG-23	24.40	174.40
LRG-26	0.00	130.00
Automobile Repairs & Maint. - Other	151.10	6,978.33
Total Automobile Repairs & Maint.	1,060.79	9,762.78
Computer Maintenance	2,942.27	12,570.77
Fuel	6,380.25	25,980.71
Lab, Chemicals-Water		
Chemicals	0.00	4,088.79
Laboratory Fees	47.87	696.55
Total Lab, Chemicals-Water	47.87	4,785.34
Locates	0.00	682.25
Maint. & Repairs-Infrastructure	18,209.75	21,021.09
Maint. & Repairs-Office	0.00	6,286.95
Maintenance & Repairs-Other	0.00	1,021.20
Materials & Supplies	5,459.92	19,524.67
Office Supplies	834.48	3,747.34
Printing and Copying	786.08	3,104.03
Tool, Furniture	0.00	70.74
Uniforms-Employee	2,702.67	4,816.34
Total Supplies	38,424.08	113,374.21

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Accrual Basis

LRGPWWA
Profit & Loss
October 2014

	<u>Oct 14</u>	<u>Jul - Oct 14</u>
Taxes, Liability, Insurance		
Cobra Fee	15.30	61.20
Government Penalties & Interest	0.00	136.15
Insurance-General Liability	13,447.00	26,624.00
Property Insurance	860.00	860.00
Water Conservation Fee	1,298.09	6,380.97
Taxes, Liability, Insurance - Other	170.97	170.97
Total Taxes, Liability, Insurance	<u>15,791.36</u>	<u>34,233.29</u>
Utilities		
Cell Phone	1,062.81	4,844.44
Electricity-Lighting	1,997.44	3,781.64
Electricity-Offices	1,143.88	7,036.55
Electricity-Wells	10,199.56	71,129.09
Garbage Service	116.00	764.00
Natural Gas	128.97	507.82
Telephone	995.02	4,051.95
Wastewater	88.20	352.80
Total Utilities	<u>15,731.88</u>	<u>92,468.29</u>
Total Expense	<u>218,520.61</u>	<u>902,688.54</u>
Net Ordinary Income	<u>-5,053.13</u>	<u>34,490.81</u>
Net Income	<u><u>-5,053.13</u></u>	<u><u>34,490.81</u></u>

2011			Exhibit
Computer/Software	52,295	Reclassified from operating expense to Fixed Assets	A-1
Water & Sewer System	75,053	Reclassified from operating expense to Fixed Assets	A-1
Transportation Equipment	28,776	Reclassified from operating expense to Fixed Assets	A-1
Bad Debts	18,367	Merger related expenses	A-2
Total	174,491		

2012		Profit & Loss FYE 2012	B
Bad Debt	43,290	Write off penalties and interest causing A/R to be overstated	B-1
Engineering fees	16,046	Reclassified from operating expense to Construction in Progress	B-2
Railway Crossing permits	3,088	Reclassified from operating expense to Construction in Progress	B-3
Professional Fees-Other	3,972	Reclassified from operating expense to Construction in Progress	B-4
Computer Work	57,056	Reclassified from operating expense to Fixed Assets	B-5
Chlorine Building	11,409	Reclassified from operating expense to Fixed Assets	B-6
Total	134,861		

2013		Profit & Loss FYE 2013	C
Audit	19,303	Merger related expenses	C-1
Engineering Fees	10,816	Reclassified from operating expense to Construction in Progress	C-2
Legal Fees	1,155	Reclassified from operating expense to Construction in Progress	C-3
License & Fees	2,009	Reclassified from operating expense to Construction in Progress	C-4
Permits	5,152	Reclassified from operating expense to Construction in Progress	C-5
Project Development	3,539	Reclassified from operating expense to Construction in Progress	C-6
Computer Upgrades	50,000	Merger related expenses	C-7
Total	91,974		