



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

4TH QUARTERLY BOARD MEETING

Open Session Meeting Minutes

October 28, 2020/10:00 A.M.

Directors Present: Stephen Raab, President
Barbara Shoemaker, Vice-President
Steven Miller, Secretary
James Lightfoot, Treasurer
Shawn McCoy, Director
Michael Walsh, Director

Also, Present: Kim Visser-Weinmann, General Manager
Bryan Romero, Consultant for Water Co-op
Jayme Shelton, Controller
Heather Roybal, Administration

Members Participating: Three (3)

I. **CALL TO ORDER:**

The open session meeting of the Board of Directors of the Las Campanas Water Cooperative (“Co-op”) was called to order by President, Stephen Raab, with a quorum present at 10:34 a.m. on October 28, 2020 via Zoom teleconference service.

II. **OLD BUSINESS:**

A. **Approval of the January 29th, 2020 Open Meeting Minutes:**

Stephen Raab entertained a motion to approve the July 29, 2020 Open Meeting minutes. James Lightfoot moved to approve the July 29th, 2020 Open meeting minutes as submitted. Shawn McCoy seconded the motion. The motion carried unanimously.

III. **NEW BUSINESS:**

A. President's Report:

I welcome you to the Q4 2020 Las Campanas Water Co-op meeting. In July of this year I was deeply honored to be elected as the President of the Las Campanas Water Co-Op's Board. It is a privilege to be working with such a highly motivated and engaged Board and with Kim Visser and the staff of the Water Co-op.

Following our open election process in July 2020, Shawn McCoy was elected to our Board. Shawn's addition to the Board is welcomed and he has made an immediate positive impact. As the chair of the Operations Committee I am very pleased that Shawn is supporting our operations effort as well as several other key areas of the Co-op.

The staff and Board have accomplished a great deal of work in 2020 and as we close in on year's end we find ourselves on schedule, and in many areas, ahead of schedule for a number of our key projects which includes a cost-of-service analysis, a refinement of our reserve policy, the development of a three year capital improvement program and the negotiation of a long-term contract with Jacobs Engineering, our operations service provider, to name a few. In support of the Water Co-op commitment to continuous improvement the 2020 effort on process improvement will carry into 2021 with a strong focus on enhancing the budgeting process and refining the modeling for the long-term maintenance of our infrastructure. The planning and budgeting for 2021 has already begun and the community can expect a detailed update at the Q1 2021 meeting.

You have our commitment that the Water Co-op's staff, and the Board will continue to dedicate ourselves to managing this vital service in the most efficient and cost-effective manner possible.

B. Financial Reporting:

As of September 30, 2020

Jayme Shelton discussed the financials year-to-date through September.

Income Statement:

Net ordinary income in September was \$45,588, compared to \$67,901 in August. (Ordinary income does not include investment income or depreciation.) Most of the difference is in Water, Operations and Administrative. Water revenue decreased 21.11%. Residential water revenue decreased 16%; commercial water revenue decreased 26%. Water surcharges decreased from \$35,619 to \$21,381. Water repairs

were \$6,873 and sewer repairs were \$1,834 in September. Year-to-date, repairs are \$42k over budget.

Balance Sheet and Reserve:

In September, the reserves were separated from the equity section on the balance sheet. Note that the reserve total of \$6,050,331 at the end of September matches the balance in the Vanguard accounts, less than the unrealized fair market value adjustments. Periodically, there will be differences between Vanguard and the reserve balance due to lags in moving cash back and forth between New Mexico Bank and Trust and Vanguard. The only reserve activity in September was investment earnings which totaled \$16,954.

C. Operations Report:

Stephen Raab presented the 4th Quarter 2020 Operations Report:

2020 Operations Goals & Objectives and Preparing for 2021:

Thanks to Kim Visser, the staff at the Water Coop, and the Operations Committee we are finishing the year on schedule for the completion of our 2020 Operations goals & objectives. Well done. Preparing the goals & objectives for 2021 began in August with a combined meeting of the Finance and Operations Committees. Continuous improvement is an important part of the culture and focus of the Water Co-op and the work already taking place for the 2021 calendar year shows a strong focus on process improvement. The two key areas of process improvement slated for Q4 2020 are the ongoing improvement to the goals & objectives process and the Operations Committee's enhanced support of the 2021 budgeting process. In support of the Finance Committee, the Operations team is refining inputs into the coming year's budget which will support the Finance Committee's effort to provide a refined budget for the coming year. The status of our major goals & objectives for 2020 at the end of Q3 is as follows:

- **Continue with installation of the AMR Implementation System** - The EyeOnWater program has met its 2020 goal of an 85% participation rate across the community! When most communities are struggling to achieve double-digit participation, this truly is an impressive achievement and we thank the community for their support of the program and for their continued focus on water conservation. As we look towards 2021, we are considering a goal of a 90% participation rate. We would like to remind the households in our community that are not utilizing the EyeOnWater program that this easy-to-install and operate software allows every customer the ability to view water usage and, most importantly, determine if they have a leak.

- **Replacement of the Aging Pond Liner** – As noted in our Q2 Operations Report our pond liner replacement project has been completed. The 20+ year old liner was replaced and my thanks to Bryan Romero, our operations consultant, for completing this project in this very challenging, pandemic year.
- **Sewer Line Cleaning Project** - The sewer line cleaning and scoping project has been completed for Estate I, our oldest community. The results of the Estate 1 effort are very promising. The scoping element of the project determined that the subsurface sewer line infrastructure supporting Estate I remains in good condition with no areas of concern. Currently the plan is to clean and scope another 10% of the subsurface infrastructure every year until the project is complete. Before proceeding with the proposed next step in the project the Operations Committee is going to thoroughly review the results for Estate I. If we proceed as planned, the 2021 budget will contain necessary funding for the cleaning and scoping of another 10% of the community, likely to be Estate II.
- **Implementation of the Asset Management Project** – The Water Co-op is proceeding with the roll-out a multi-faceted asset management program which will help the Co-op to meet the challenges of providing service to the community over the coming years by allowing for a more refined approach to managing the business to better address challenges such as changes in our population and continued economic development, the potential for extreme weather events (droughts), to name a few. The scope for this project was refined by the Operations Committee and Board, ultimately saving about 30% of the initial projected cost for the project.

Las Campanas Water Co-op Operations Committee:

Stephen Raab (Chair)
 James Lightfoot
 Shawn McCoy
 Steven Miller
 Bryan Romero
 Kim Visser

Stephen Raab also announced that Jacobs Engineering received the Rocky Mountain Water Environmental Association Award and received the Plant Performance Award for Outstanding Results in Plant Operations, Maintenance, and Public Relations.

D. Sustainability Update:

James Lightfoot presented the 4th Quarter 2020 Communications / Sustainability Report.

In past years, the Co-op has promoted sustainability through educational programs providing information on landscaping, improved plant selection, and plant care in our high desert environment. Unfortunately, the ongoing COVID crisis has prevented our opportunities for face-to-face meetings in 2020. We look forward to resuming these educational seminars when social distancing guidelines permit.

Drought and climate change are not new concepts. Historically, those who reside in the desert Southwest know that we've always had to face periods of drought.

A couple of years ago we enjoyed an "El Niño" winter. It gave us a hefty snowpack that our forests, wildlife, aquifers, and skiers were craving. In the summer that followed, our rivers were full, aquifers were partially replenished, the wildfire risk decreased, and our high-desert urban forest was vibrant with life. It was a great year, precipitation-wise, but all that moisture didn't last.

We're now in the midst of a "La Niña" weather period, characterized by warm and dry weather, particularly during winter. Our monsoon was disappointing this summer and experts are predicting a dry winter ahead.

State Climatologist Dave DuBois stated that the city of Santa Fe typically receives around 13 inches of rain from January to October in a given year. In the last year, only 5 inches of rain have fallen in Santa Fe.

The Buckman Direct Diversion (BDD) diverts water from the Rio Grande river for use in the Santa Fe area. In July of this year, a temporary shutdown of diversions from the Rio Grande was anticipated due to low flows in the river. This suspension of water diversion was forecast to be between two to eight weeks.

Through overall water management of the Rio Grande, including rationing water for irrigation and rotating irrigation areas, the BDD was able to continue operating through the summer and into the fall. In October, the flow in the Rio Grande dropped to 280 cubic feet per second, again causing concern a shutdown of the BDD might be

imminent. Currently the opinion is that BDD will continue to operate as the growing season comes to an end and the use of river water for irrigation declines.

Santa Fe's diverse water supply portfolio includes three other sources, and these will continue to meet the drinking water needs of the Santa Fe area during any BDD shutdown. These sources include:

- Canyon Road Water Treatment Plant (CRWPT) accessing water from the Santa Fe watershed reservoirs.
- City of Santa Fe well / aquifer system (in city limits).
- City of Santa Fe Buckman well / aquifer system.

Since the BDD came online in 2011 the wells have been rested, and the aquifers have seen substantial recovery, ready to fill the gap when and if surface water supplies are not available. With the ongoing drought conditions, water rationing or other reductions in available water may be in our future. Moving into 2021, the Co-op will be reviewing its drought plans and ensure they are in alignment with applicable state and county programs.

As a point of reference, a past audit of our water consumption indicated that approximately two-thirds of the potable water the Co-op delivers to residences is used for landscape irrigation and only about one-third of our water consumption is used indoors. The percentage of landscape irrigation water usage has been essentially constant since at least 2013.

IV. **Resident Open Forum**

The Board President called for an Open Forum:

- A member asked how the Co-op forecasts moisture delivery quarter-to-quarter and year-by-year. Does the Co-op forecast, and if so, are the forecasts reasonably accurate? The Co-op does not project moisture forecasts. The City and County meets with the Bureau of Reclamation quarterly to discuss how much water is coming into New Mexico and how to utilize the water flowing to the Buckman Direct Diversion (BDD).
- A member asked how all the new developments in Las Campanas impacts the demand for water in the community. When Las Campanas was originally platted, the community was assigned 709 acre-feet of water to serve the community. 332 acre-feet of water rights have been transferred to Santa Fe County to serve the Las Campanas community, leaving the Co-op 377 acre-feet of water rights. With Las Campanas more than half built-out sufficient water rights remain to cover the community's needs through full buildout.

- A member asked how the Co-op would handle drought restrictions in Las Campanas. Las Campanas is required to follow the Santa Fe County Drought Management Plan.

V. **Adjournment:**

There being no further business, the meeting was adjourned at 11:17 a.m. The next scheduled meeting is TBD.

Stephen Raab, President

Date

Steven G. Miller, Secretary

Date