



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

1ST QUARTERLY BOARD MEETING

Open Session Meeting Minutes

January 19, 2021/10:30 A.M.

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

Directors Not Present: James Lightfoot, Treasurer

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

Members Participating: Two (2)

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 10:36 a.m. on January 19, 2021 via Zoom teleconference service.

A. I would like to take this opportunity on behalf of the Board of the Directors, Kim Visser-Weinmann and the staff of the Las Campanas Water Co-op to wish everyone a healthy and happy New Year. Thanks to the hard work of Kim Visser, the staff of the Water Co-op and our very dedicated and active Board, we enter 2021 with a comprehensive set of goals and objectives that adhere to our policy of continuous improvement.

The planning process for 2021 began in August of 2020. We reviewed every aspect of our business looking for opportunities to improve both the effectiveness and efficiency of each major area of the Co-op’s operation. The

planning process went well beyond the routine activities needed to run the Co-op. Our goals and objectives include detailed plans to enhance the Co-op's performance in the areas of community engagement; customer service; sustainability; operations; finance; security; and regulatory compliance. We (the Board) will be reviewing our year-to-date performance on a monthly basis and with Kim Visser to make certain that we once again meet our established goals. Kim has established a very structured and comprehensive process for managing a very challenging set of goals.

As a reminder to our very environmentally conscious community, climate forecasters have accurately predicted that the world has entered into a La Niña year, the opposite of the climate pattern that also brings us the heavier rains associated with an El Niño year. Among other impacts associated with La Niña it has the potential in the winter to worsen what is already severe drought conditions in the American Southwest. La Niña's strongest influence is usually felt in winter and this year is no exception. The precise effects are unpredictable, La Niña can result in warmer and drier conditions across the Southern United States and this clearly seems to be the case this year. As we all face this challenge of the ongoing drought please note that the Co-op will be supporting your conservation efforts through online classes and literature available through our website.

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.

II. OLD BUSINESS:

A. Approval of the October 28th, 2020 Open Meeting Minutes:

Stephen Raab entertained a motion to approve the October 28th, 2020 Open Meeting minutes. Steven Miller moved to approve the October 28th, 2020 Open meeting minutes as submitted. Michael Walsh seconded the motion. The motion carried unanimously.

III. NEW BUSINESS:

A. Committee Reports:

i. Operations Report:

Thanks to Kim Visser, the staff at the Water Co-op, and the Operations Committee we finished the year on schedule for the completion of our 2020 Operations goals & objectives. We enter into the 2021 calendar year with another comprehensive set of goals and objectives. The development of our goals and objectives is part of a very formal process which began in August 2020. It is certainly worth noting that the Operations Committee has benefited greatly from a close relationship with the Finance Committee and by working together we have been able to design a cost-effective, risk-based, operations program which will allow us to continue address potential threats and assure operational readiness for water and sewer infrastructure. Our key focus in 2021 will be as follows:

- Continued implementation of a proactive (predictive) Asset Management Program with a reliability centered and risk-based approach to maintenance.
- Completion of the initial Asset Management Report and the 5-year Capital Improvement Plan (CIP) recommendations
- Development of a three, five, and ten- year CIP based on the Asset Management report.
- Establishment of electrical boundary protection for Lift Station #4.
- Completion and submission of our “discharge permit” DP944 permit application to (NMED) New Mexico Environmental Department.
- Completion of the SCADA assessment to inform CIP recommendations.
- Completion of review of Estates I sewer line cleaning and inspection report and videos.
- Make the results of the Estates I sewer line inspection accessible through the GIS.
- Identify and quantify under-utilized assets (e.g., retention pond) and produce an Asset Utilization Report to support findings.
- Advancement of requirement that all new projects adopt a risk-based approach supported by a cost benefit analysis.
- Geolocate water meters serving commercial customers and enter data into the GIS.

My thanks to Kim Visser, the staff of the Water Co-op and the Operations Committee for their hard work and dedication.

Las Campanas Water Co-op Operations Committee:

James Lightfoot
Shawn McCoy
Steven Miller
Mike Walsh
Stephen Raab (chair)

Staff Members:

Bryan Romero
Kim Visser

ii. **Finance Committee Report**

Over the past months, the Finance Committee has worked collaboratively with staff to prepare and review the operating budget for 2021 along with projections through 2025.

Given ever-escalating costs for water purchases and our contract with Jacobs, staff was asked to prepare a comprehensive recommendation for ways by which costs could be capped or reduced. As a result, we are pleased to report that general & administrative expenses are projected to be reduced by 3% in 2021.

The Committee is also working collaboratively with staff and the Operations Committee to complete a comprehensive review of requisite capital improvements projected out through the next 10 years, precedent to an update of the reserve policy including a more formalized way to measure reserve adequacy and a process for annual review of our reserves. We have reviewed the analysis provided by a national consultant and are in close consultation with Jacobs to best determine the condition of our plant/equipment, replacement costs, and the likely timeline for replacement. This reserve review will be completed by the end of the first quarter of 2021. We are confident that our present reserves are adequate and will not require augmentation in the near-term.

Presently under consideration is transition to a new auditing firm and to identifying an investment firm with local representation. Both initiatives reflect a desire to ensure that our audits are comprehensive and that the Treasurer & General Manager have the benefit of local access to investment advice, reporting, and more responsive service than we presently receive.

iii. Sustainability Report

The Covid Pandemic continues to limit face to face interface between individuals. Planning for in-person educational seminars, classes or facility tours for our Co-op Members has been placed on hold. We are planning to offer online landscaping classes later this spring. Our quarterly Board meetings continue to be virtual.

As the build out of Las Campanas continues, our total water usage is climbing. Currently the water-use forecasts indicate the Co-op has enough water rights to meet their needs.

With the ongoing drought in the Southwestern United States, there is a concern that Las Campanas water rights may be at risk. A meeting between board members and Seth Fullerton, the Co-op water rights attorney, has been scheduled this quarter to provide a better understanding of these risks. Based on the results of the meeting, a risk mitigation plan will be developed.

The Eye On Water program continues with 85% of Members participating. The water abatement program has had 3 requests in Q4 2020 with all 3 requests being approved.

B. Financial Reporting:

- i. Jamey Shelton discussed the financials year-to-date through December 31, 2020.

Income Statement:

Net ordinary income in December was \$16,242.45, compared to \$14,715.94 in November. (Ordinary income does not include investment income or depreciation.) Most of the difference is Water Surcharges. Water revenue increased 1% from November to December. Residential water revenue increased \$200; commercial water revenue decreased \$450. Water surcharges increased from \$15,662 to \$19,117. There were no water and sewer repairs in December. Year-to-date, repairs are \$14,865 over budget.

Balance Sheet and Reserve:

In December, Vanguard Reserve account balance is \$5,386,922.67, while the Money Market account balance is \$793,702.44. Both balances match the reconciled balances in the Vanguard account. There were no Reserve activities in December. Please note there is a liability for Gross Receipts Tax due of \$59,631.26. This is normally paid each month, however, since COVID began, and the departure of the former

Controller, Jamey Shelton has not been able to access the account. Documents were mailed to the state requesting the change in early October. The State has acknowledged the request and will process in order of the receipt. Also, Santa Fe County has sent us the corrected water rate invoices covering July 2019 through December 2020. Santa Fe County raised the water rates in July 2019, however, the County did not pass the rates onto the Co-op. The Co-op has been accruing for this rate increase since July 2019. The total amount due after the County rate correction is \$184,051.41 which will be debited from the current accrued expense balance of \$275,231.75, thus creating a 2020 year-end balance of \$91,180.34 of accrued expenses.

ii. 2021 Ratified Operating Budget

The Board of Directors has ratified the 2021 Operating Budget during the Executive session this morning.


IV. Resident Open Forum

The Board President called for an Open Forum:

- A member asked if there was a written emergency drought plan to put in place if needed. The Co-op is required follow Santa Fe County's drought management plan. The Co-op does not currently have a formal plan in place to address those Members who do not voluntarily reduce water consumption during a long-term drought. The Co-op will develop a plan with certain prescriptive reductions to implement to the Membership. This item will be on the agenda for the next Sustainability Committee.
- A member asked about the number of homes under construction and to confirm these new developments were in the initial Master Plan for Las Campanas. These new developments were included in the original Master Plan and there is enough water rights to serve these new areas.

V. Adjournment:

There being no further business, the meeting was adjourned at 11:27 a.m. The next scheduled meeting is April 20, 2021 at 10:30am.

 on behalf of Stephen Raab, Pres

Stephen Raab, President

2/3/2021

Date



Steven G. Miller, Secretary

2/5/2021

Date