



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

1st QUARTERLY BOARD MEETING

Open Session Meeting Minutes

January 29, 2020/10:00 A.M.

Directors Present: Ken Kirk, President
Virginia "Ginny" Selvin, Secretary
Jack Keely, Treasurer
James Lightfoot, Director
Steven Miller, Director
Barbara Shoemaker, Director
Robert Taber, Director

Directors Not Present: Stephen Raab, Vice-President

Also Present: Kim Visser-Weinmann, General Manager
Bryan Romero, Consultant for Water & Sewer Co-op
Heather Roybal, Administration
Gerardo Gonzalez-Ortiz, Jacobs Project Manager
Matthew Kear, Jacobs Regional Business Manager

I. **CALL TO ORDER:**

The open session meeting of the Board of Directors of the Las Campanas Water & Sewer Cooperative ("Co-op") was called to order by Board President, Ken Kirk, with a quorum present at 10:00 a.m. on January 29, 2020 at The Community Center located in the Aldea Plaza.

II. **OLD BUSINESS**

A. **Approval of the October 30, 2019 Open Meeting Minutes:**

Ken Kirk entertained a motion to approve the October 30, 2019 Open Meeting minutes. Barbara Shoemaker moved to approve the October 30, 2019 Open Meeting minutes as submitted. Jack Keely seconded the motion; the motion carried unanimously.

III. NEW BUSINESS

A. PRESIDENTS REPORT:

At the outset, I would like to welcome you to our inaugural 2020 quarterly meeting and wish you all a healthy and productive New Year.

Our capable staff and hard-working and committed Board accomplished a great deal last year. With your support, we rebranded the Coop, implemented the “eye on water” program and updated our Bylaws. Even more important, we reviewed our cost of service analysis, took a hard look at our reserves policy, and developed a three-year capital improvement program that focusses on what requires our immediate attention. With the assistance of Black and Veatch, we also renegotiated a long-term, ten- year contract with Jacobs Engineering that will allow us to address our water and sewer needs proactively, guided by a systematic and cost-effective infrastructure asset management and renewal program. And towards the end of the year, we initiated the development of a long-range strategic plan, which we plan to share with you over the course of the next couple of months.

Our work last year facilitated the development of our 2020 budget, which the Board approved earlier this morning. It also underscored the need for us to review and modify our rate structure for the future. Taking into account our aging infrastructure, enormous growth which we expect will continue, inflation and the fact that we have not increased our rates for the last five years, the need to raise our rates is critical to achieving our long-term water sustainability goals. It also helped us to determine that reserves in the amount of \$5 million is appropriate for the size and needs of our utility, especially considering that our assets are valued at over \$20 million and we are going to need our reserves down the road to replace assets that become obsolete and ensure the long-term viability of our infrastructure.

Later this year, we are proposing to raise our water rates 10% and our sewer rates 15%. And we may have to recommend similar type increases for 2021, 2022, and 2023. We plan to discuss this possibility in more depth at our April quarterly meeting.

As you know, the Coop provides a vital service to our community and it is imperative that we increase our infrastructure investment now to ensure a sustainable water future. Living in a water stressed environment as we do, it is extremely important for us to think about the value of water and what it would mean to live without this precious resource, even for one day. Looked at from this perspective, I would hope that you would agree that our proposed rate increases are justifiable and make sense!

B. Operations Report:

In Stephen Raabs absence, Jim Lightfoot presented the 1st Quarter 2020 Operations Report.

2020 Operations Goals & Objectives:

The Water Co-op and the Operations Committee move forward with a commitment to continuous improvement utilizing a risk-based approach to managing the operational aspects of the utility. For 2020 the Operations Committee has identified an aggressive list of goals & objectives which are supported by the Water Co-op's Board of Directors. The major goals & objectives for 2020 are as follows:

- **Continue with installation of the AMR Implementation System** - The Eye on Water app that allows every customer the ability to view water usage and, most importantly, determine if they have a leak. The majority of our community is now using the app which has identified a number of potentially significant leaks and has allowed our community to better understand and manage their water usage.
- **Replacement of the Aging Pond Liner** – Plans for the replacement of the pond liner were submitted to the New Mexico Environment Department in 2019 and the liner will be replaced in Q1 2020. A functioning pond liner is a regulatory requirement and the aging pond liner is in need of replacement.
- **Sewer Line Cleaning Project** - A long-term project to clean and inspect the Las Campanas sewer lines begins in 2020. The long-term plan is to clean and inspect 10% of the lines every year for the next ten years. The project is necessary based on the age of our infrastructure and goal to provide uninterrupted service to our community.
- **Capital Improvement Program (“CIP”)** – The Operations Committee will develop of three-year conditional assessment program which will be a risk-based effort to allocate capital for operational improvement in years 2020, 2021 & 2022. The CIP will be revised every year to maintain a refined three-year plan each and every year.
- **Implementation of the Asset Management Project** – The Water Co-op will roll out a multi-faceted asset management program which will help the utility 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.

Support for the Sustainability and the Eye-On-Water Programs:

The Operations Committee will continue to support the “Eye-on-Water” program by providing direct support to the Communications Committee’s effort to promote and expand the program across the community. Thanks to the Water Co-op staff and our communication efforts the program is exceeding all of our expectations and exceeded the 2019 goal of a 75% sign-up rate (75% of the households install and utilize the app).

Support of Long-Term Strategic Planning:

The Operations Committee will support the newly created Long-Term Strategic Planning Committee. This committee will focus on a number of key areas such as customer & community engagement, overall organizational enhancements, product issues such as sustainability and our supply/demand management strategy and responsible financial management.

C. Communications / Sustainability Update:

Barbara Shoemaker presented the 1st Quarter 2020 Communications / Sustainability Report.

We are in the process of collecting responses from the Las Campanas Co-op Member Services Survey that was launched on Thursday, January 16th with 1472 recipients.

As of January 21, we have received 268 responses (18%). The survey will remain open until February 9th with 2 reminders scheduled to be sent out to those who have not responded. The results will be summarized and distributed to the Board and Staff.

Note: The Communications and Sustainability Committee will meet on February 18th to review the results with the goal of identifying areas where the Board/Staff may want to take actions and to also determine how best to communicate and respond to survey results.

A preliminary review of Member comments provides a number of topics that we can address to help Members better understand the Co-op’s activities, responsibilities, and priorities.

As a follow-up to the Survey, the Communications and Sustainability Committee will provide a summary report to all Members in late February/early March and also develop a plan for subsequent communications about specific issues raised in the survey to be integrated into our regular communications vehicles.

As part of our continued efforts to encourage sustainable landscaping practices we have invited Tracy Neal to offer two classes (the same class each time) for our members. The classes are scheduled for March 11 and April 15th from 1-3pm at the Aldea Community Center. We will notify the community and request sign-ups beginning in February.

Eye on Water continues to be successfully implemented and its usage adopted by 75% of our residents. Staff will continue to address specific challenges with connectivity to the system and will also continue to follow up with Members who have yet to sign up for the Eye on Water app.

As part of our continued efforts to highlight the value of this program, we will include an article in our upcoming Sustainability newsletter that will share the impact of Eye on Water through examples of specific “success stories” contributed by Members. We will also identify ways to effectively conserve on indoor water usage.

**D. Financial Reporting: As
of December 31, 2019**

Ginny Selvin presented the December 31, 2019 Financial Statement. As of December 31, 2019, the Cooperative remains in very good standing and has a total cash position of \$6.4m. New Mexico Bank & Trust balances total \$263k.

The Vanguard Money Market account fund for the excess operating cash balance is \$1.05m, an increase of \$1k from November.

The Vanguard Reserve balance is \$5.087m, a decrease of \$11k from November.

The Accounts Receivable balance is \$201k and includes a balance of \$500 of Members delinquent over 60 days, as well as a balance of \$200 of Members delinquent over 90 days.

The Fixed Asset balance is \$14.6m with December purchases totaling \$11k for the Pond Liner Project.

The Accounts Payable balance is \$37k. All vendor accounts payable are current.

The Accrued Expenses balance is \$163k and includes:

- Santa Fe County Purchased Water accruals:
 - a. \$28k in excess billing in December 2018 reviewed by County and final approval.
 - b. \$16k for July 2019 potential water increase (waiting for bill).
 - c. \$19k November 2019 purchased water (waiting for bill).
 - d. \$81.5k September 2019 purchased water (waiting for bill).
- BDD, strategic planning, Jacobs, and other monthly expenses.

IV. **Resident Open Forum:**

The Board President called for an Open Forum:

- There was a lot of discussion regarding many different subjects pertaining to the Operations of the 2019 fiscal year to include reserves, money that was spent on varying contractors that the Co-op engaged, a possible rate increase due to the County imposed increase and the revised ten year contract that was put into place with Jacobs Engineering.
- The Co-op has been working diligently over the past year with the Club and the City to turn over the Co-op's stranded assets to the City for them to provide effluent water to the Club. There were many questions inquiring if the Co-op would be increasing the rate it charges the Club for effluent and the response was that this deal is a "work in progress" and that no agreements have been executed at this point.

V. **Guest Speakers**

The Mayor of the City of Santa Fe, Alan Webber, and Councilor Carol Romero-Wirth discussed water sustainability efforts the City of Santa Fe is undertaking to help plan for water shortages in the future.

VI. **Adjournment:**

There being no further business, the meeting was adjourned at 12:00 p.m. The next scheduled meeting is April 29, 2020 at 10:00 a.m.

Board President

Date

Board Secretary

Date