



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

QUARTERLY BOARD MEETING

Open Session Minutes

JANUARY 16, 2019 / 3:30 P.M.

Directors Present: Ken Kirk, President
Stephen Raab, Vice-President
Jack Keely, Treasurer
Virginia "Ginny" Selvin, Secretary
James Lightfoot, Director
Steven Miller, Director
Barbara Shoemaker, Director
Robert Taber, Director (left Open Session at 4:39 p.m)

Also Present: Kim Visser-Weinmann, General Manager
Linda Spingler, Controller
Bryan Romero, Consultant for Water & Sewer Co-op
Gerardo Gonzalez-Ortiz, Jacobs
Heather Roybal, Administration

I. CALL TO ORDER:

The open session meeting of the Board of Directors of the Las Campanas Water & Sewer Co-operative ("Co-op") was called to order by Board President, Ken Kirk, with a quorum present at 3:34 p.m. on January 16, 2019 at The Club at Las Campanas.

A. PRESIDENTS REPORT:

Let me start by commending the Las Campanas Water Co-op staff—Kim, Bryan, Heather and Linda—for a job well done over the past several months. It is clear to me, our Board and our members that moving out on our own and asserting our independence has been an incredible morale builder for the staff. We are now on much firmer footing and prepared to work hard to achieve our objectives and goals, which you will hear more about shortly. The Co-op hosted an Open House last month that was well received and attended by our members and is now in the process of rebranding with a new website, logo and newsletter format. I would also like to acknowledge the hard work of Jacobs Engineering which continues to operate

and maintain our treatment system in compliance with our permit and regulatory requirements.

I would also like to take this opportunity to thank and commend my fellow Board members for a job well done. Each of our Board members brings a great deal of experience as well as a unique perspective to our deliberations and has contributed greatly to the Co-op. We have a very active Board of Directors which has identified numerous objectives and goals for this year and beyond, and a very active set of Committees which, working in tandem with the staff, are committed to achieving our targeted initiatives. You will hear from Steve Raab, our Vice-President and Chair of our Operations Committee, and Barbara Shoemaker, Chair of our Sustainability and Communications Committee, later in the open session. Steve will give you an update on the installation of the Eye on Water system, the status of our conditional assessment initiative, and our efforts to renegotiate our contract with Jacobs Engineering. Barbara will focus on our efforts to communicate with our members on the value of the Eye on Water program, to underscore the need for best practices in sustainable landscaping and water conservation, and to work with the entire Las Campanas community to build awareness for sustainable water practices. You will also hear from Kim Visser, our General Manager, who will provide you with an update on where we stand regarding our recently adopted objectives and goals, and Bryan and Barbara who will share with you everything you need to know about the Eye on Water program and why it is so important to our community.

As you know, we are in very good shape financially. We work within our budget and have significant reserves. While some of you may question the need for the level of reserves we have, I can assure you that we can't rest on our financial laurels. For the last 10-15 years or so, the American Society of Civil Engineers—an organization I worked with for many years in Washington, D.C.-- has studied and graded the various components of the Nation's infrastructure. In 2017, ASCE's Report Card gave the Nation's drinking water infrastructure a grade of "D" and the Nation's wastewater infrastructure a grade of D+. These grades connote an infrastructure that is in poor shape and at risk of failure. The ASCE 2017 Report Card also notes that drinking water and wastewater needs in New Mexico amount to \$1.16 Billion and \$320 Million respectively over the next 20 years and delaying investment in this critical infrastructure will only escalate the costs and risks of our aging water infrastructure system.

In contrast to ASCE's Report Card grades, I would give the Las Campanas drinking water and wastewater systems a solid B or B+, which means that the infrastructure in our system or network is in good to excellent condition with some elements showing signs of general deterioration that require attention. But while our infrastructure is in good shape now, it will continue to decline as it ages and we are going to have to make significant investments over the next 3-5 years and beyond to ensure its

maintenance and our ability to continue to provide safe and clean water to our members. The water business is very complicated in many ways and it gets much more complicated if you don't make the necessary investments to maintain the infrastructure. Las Campanas is fortunate to have solid reserves and needs to continue its commitment to maintaining its water infrastructure in the future. While it's easy to view water infrastructure as "out of sight and out of mind," it's a mistake considering the value of water to our community.

The value of water is also a hot topic for Santa Fe and Santa Fe County. I am fortunate to be the County's representative on the City's Water Conservation Committee and, with Bryan, to serve on the County's Water Policy Advisory Committee. These two Committees have recently begun to meet jointly to talk about how best to combine their resources and work together on conservation, reuse and other issues. Santa Fe is also engaged in developing a 5-10 year plan to enhance its water conservation efforts in the face of anticipated tough climate change impacts, and you may have also read recently that Mayor Webber is in the process of establishing a task force to help evaluate the City's current rate structure, which has received national attention for its impact on keeping water consumption low in a high-desert environment. And please mark your calendars for the Next Generation Water Summit on June 12-14, an annual conference sponsored by the City's Water Conservation Committee which is designed to highlight their ongoing water conservation and sustainability initiatives.

As I mentioned earlier, the water and sewer business is subject to the "out of sight, out of mind" syndrome because most of its infrastructure is hidden underground. This might explain why we have a hard time encouraging attendance at our meetings because if everything is working the way it should, why bother? Well, here in Las Campanas we know that we can't take this precious resource for granted. We know that we are going to have to do our homework, assess our infrastructure needs, and prioritize our investments in the future. We know that we are going to have to ensure that we have the financial capability to meet our needs. And we know the importance of water as we continue to educate our members on the value of water and the need to conserve and sustain this treasured resource. We have a committed staff, a committed Board of Directors and members who understand the value of water and who will work with us to sustain our water future and our way of life here in Las Campanas.

II. OLD BUSINESS

A. Approval of the October 17, 2018 Open Meeting Minutes:

Jack Keely moved to approve the October 17, 2018 Open Meeting minutes as submitted. Stephen Raab seconded the motion; the motion carried unanimously.

III. NEW BUSINESS

A. FINANCE REPORT

November 2018 Financial Report: Linda Spingler presented a summary of the 4th Quarter Financial Statement. As of November 30, 2018, the Co-operative remains in very good standing to date and has a total cash position of \$6.4m, an increase of \$118k from October. This is somewhat inflated by \$40k as a check to Santa Fe County Water Utilities was lost in the mail and had to be re-issued.

The Vanguard Money Market account balance as of November 30, 2018 is \$1.28m and the Reserve balance is \$4.7m.

The Accounts Receivable balance is \$149k, and includes \$6k of Members over 60 days, as well as \$6.1k of Members over 90 days. Payment has subsequently been made toward the balance over 90 days. The Board has approved a write-off of \$1,021.38 for an ongoing delinquent account where the owner has been non-responsive and cannot be located.

The water and sewer service income year-to-date is \$1.76m which is lower than last year by (\$170k) as expected as a direct result of the decrease in sewer rates effective January 1, 2018. Overall, the sewer revenue is in line with the budget.

When compared to year-to-date through November, income had a variance of \$3k, and a (\$75k) difference in the bottom line.

Revised 2019 Budget: The Finance Committee had a meeting and is proposing the following increases to Budget, which total \$113.9K be added to the 2019 Budget:

- Operations \$40k
- Administration \$10k
- Communications \$10.2k
- Depreciation \$1.3k
- Other Contingency \$20k
- Pond Liner \$10k
- PRV Valves \$22.4k

B. 2019 GOALS AND OBJECTIVES REPORT:

Kim Visser-Weinmann presented the 2019 Goals and Objectives Report. Thirty one (31) goals have been created for staff to complete in 2019, and then subdivided into eight (8) line items: Operations, Finance, Communications and Sustainability, Training Programs and Technical Updates, Legal Affairs, Employee Development, Customer Service, and Infrastructure Development. A majority of these line items have been started, are a work in progress, or completed.

C. **OPERATIONS REPORT:**

Barbara Shoemaker and Bryan Romero performed a PowerPoint presentation to introduce the Co-op's new Eye on Water system.

D. **COMMITTEE REPORTS:**

- i. Stephen Raab presented the 1st Quarter 2019 Operations Report. In 2019 our Operations effort has nine Goals and Objectives which focus on the following high priority areas: (1) operational excellence; (2) risk-based capital improvements; and, (3) the support of our sustainability program. We have a very active Board of Directors and our Operations Committee is working hard at directly supporting the nine Goals and Objectives. Three of the key Goals & Objectives for 2019 are as follows:
 - Support the installation requirements for the **Eye on Water** program which has two components: (1) the installation of the meters at each of our households; and, (2) the communications and sustainability program.
 - Replacement of the pond liner which is one of our larger capital improvement projects for 2019.
 - Replacement of the liner is needed at this point in time – simply repairing the aging liner is not cost effective.
 - The need to have a fully functional pond liner is a regulatory requirement and we (the Las Campanas community) need to maintain compliance with all of the applicable regulations and maintain a positive relationship with the regulatory agencies.
 - The replacement of the liner is part of our risk-based capital improvement program (aligning our capital improvement program with a risk-based approach to spending).
 - Implementation of a Conditional Assessment Program beyond CY 2019.
 - Complete a thorough review of our equipment and through the application of predictive maintenance develop a three-year program (2020, 2021 & 2022) for capital improvements.
 - Implementation of this program will greatly reduce the likelihood of system and process failures by allowing us to replace aging equipment prior to a malfunction.
 - A structured three-year program allows us to better manage our capital expenditures which will allow us to provide uninterrupted, quality service as cost-effectively as possible.

ii. Barbara Shoemaker presented the 1st Quarter 2019 Sustainability / Communications Report. In 2019, the committee's focus is to facilitate community-wide support of water conservation and sustainability through a variety of initiatives that support our overall goal through the following objectives:

- Successful implementation of **Eye on Water** by clearly communicating how residents may participate, highlighting the benefits of the program, and reporting on progress with a goal of 75% participation within the first year.
- Best practices in sustainable landscaping and water conservation by offering
 - Classes that address plant selection and care specific to Las Campanas.
 - Guidance on effective revegetation practices after construction.
 - Quarterly "Conservation Guidance" reports that provide seasonal recommendations.
- Build greater LC Community awareness of sustainable water practices through:
 - An updated website with easy-to-access archives.
 - Quarterly newsletters that will provide updates on all aspects of the Co-op's activities.
 - Quarterly welcome orientation coffees for newcomers.
 - collaboration with the LC HOA, Club at Las Campanas, Club Casitas, and local realtors to reach a broader audience and encourage participation in sustainability efforts.

E. RESIDENT OPEN FORUM:

When the Board President called for an Open Forum, there were no comments.

F. ADJOURNMENT:

There being no further business, the meeting was adjourned at 4:56 p.m. The next scheduled meeting is April 17, 2019 at 3:00 p.m.


Board President


Date


Board Secretary


Date