



Doña Ana Mutual Domestic Water Consumers Association
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The following are the minutes of the Special Board Meeting of the Doña Ana Mutual Domestic Water Consumers Association Board of Directors, July 29, 2019 convened at 9:01 a.m. in the Doña Ana Mutual Domestic Water Consumers Association Board Room located at 5535 Ledesma Dr., Las Cruces, NM 88007:

Call to Order & Roll Call

President Melton called the meeting to order at 9:01 a.m. and called roll:

Vice President – Jamie Stull, Present

Secretary/Treasurer – Kurt Anderson, Absent

Board Member – Paul Maxwell, Present

A Quorum was declared

Others in Attendance:

Executive Director – Jennifer Horton

Approval of Agenda

Dr. Maxwell moved to approve the agenda for the July 29, 2019 Special Board Meeting as presented; the motion was seconded by Mr. Stull. The Chair called for discussion of the motion. Discussion was made by President Melton to address the change from Regular Board Meeting to Special Board Meeting however, changes were made in the handouts provided. The Chair called for discussion. No further discussion.

The Chair called for a vote on the motion. The motion carried by roll call vote 3-0.

Customer Issues and Public Input

None

Board President Report

President Melton deferred to the Executive Director for Staff Reports

Staff Reports

Ms. Horton discussed the reports.

Ms. Horton referred to the Fourth Quarter Balance Sheet Account Summary item #130; Inventories. Ms. Horton stated the year-end inventory might have some changes to it. It currently is not complete with the input of all the numbers. There were multiple inventory counts due to newly hired staff who participated in the annual inventory and now have submitted a final count. Ms. Horton stated it would be the only one on the report that will have a change, however; it should be minimal. Ms. Horton asked if there were any questions to the balance sheet. There were no questions.

Ms. Horton addressed the Income Statement; total revenue for the year end at 4.9 million, with total expenses of 3.9 million and carrying approximately ½ million receivable for grants. This is money paid out for applications that have not been received for reimbursement, however, it will arrive in the new fiscal year. Restrictive Expenses at \$444,897.72 and a net surplus of \$58,239.65 with the grant receivables. All capital purchases plus grant expenditures were covered. Ms. Horton explained the timing for reimbursements varied, it could be anywhere from 30 – 60 days.

Ms. Horton discussed the bank transaction report. This reported all checks written for the month of June 2019. Ms. Horton referred to the pages 6 and 7, showing the larger checks

for engineering and construction services, tying back to the grant receivables discussed previously. Ms. Horton explained this is all very normal and standard in purchases and planned purchase. Ms. Horton asked if there were any questions regarding the checks. There were no questions.

Ms. Horton stated since the last meeting held a week ago, she did not have any new project updates. However, Ms. Horton did mention Well 15's paper work was found and Well 11 and 15 were approved and ready to go. She also mentioned Well 7 went down and was pulled. Ms. Horton stated it will be back online in approximately 8 to 10 days. Well 16 is currently running and keeping up. Ms. Horton mentioned she had nothing further and asked if there were any questions. There were no questions.

New Business

None

Unfinished Business

Dr. Maxwell motioned to approve the Resolution 2019 – 16; 4th Quarter Report with the suggested amendment to the date. The amendment in the final resolution should read: in the Governing Board Session this 29th day of July, 2019. Mr. Stull seconded the motion. The Chair called for discussion. Discussion was made by Ms. Horton toward the budget that is sent to the state of New Mexico every quarter; the approved budget per quarter, year to date and overages. She stated that the format is different from what they were familiar with and showed where the format now combined items. The state requires it be certified so they know the Board sees all year end numbers for all of the agencies. Dr. Maxwell addressed Ms. Horton with his concerns to the connection / reconnection fees that showed an overage. Ms. Horton stated that there were more connections than she planned with the new construction at Legends West. The subdivision sold out faster than she thought.

Therefore, more people connected sooner than expected. Ms. Horton explained it is a bit challenging to predict when developers or subdivisions will be ready for connections and assured them it was not a bad thing to see more revenue come in than what was projected. The overall projections show that we were within 8% and Ms. Horton expressed that she is pleased where we have ended up for the year. She again reminded the Board that there is still a ½ million dollars that is coming in. Ms. Horton asked if there were any questions to the 4th Quarter Report. Dr. Maxwell asked if something happened to the training and asked why we did not invest into it. Ms. Horton stated that we did not have as much training or travel out of town this year. She expressed the focus was on the in-house training. She mentioned it has saved the Association quite a bit of money. President Melton stated the in-house training program has been very beneficial and Ms. Horton added it has been more successful. She also mentioned the vacancies in the department created an impact on out of town travel; being under staffed made it difficult to send staff to school or conferences, since that time can take several days up to a week. She also mentioned the information given to the staff is crammed within a short time, where with our in-house 6-week training program, the staff has 12 training sessions with more focus on each need to know criteria. It is designed to specifically cover water or wastewater and prepare them for the testing level certification they seek. Ms. Horton asked if there were any further questions to training. There were no further questions.

Miscellaneous was next to review. Ms. Horton explained that the miscellaneous category is a preset format that combines any grant revenues, grant expenditures, water rights purchases and capital purchases. President Melton asked if there were any further questions. There were no further questions. Dr. Maxwell motioned to approve the Resolution 2019 –16; 4th Quarter Financial Budget with the suggested amendment to the date of the resolution. The changing of the date from the 16th to the 29th day. Mr. Stull

seconded the motion. The Chair called for a vote on the motion. The motion carried by roll call vote 3-0.

President Melton called the next item on the agenda; Resolution 2019 – 17 FY 2020 Final Budget. Dr. Maxwell motioned to approve the Resolution 2019 – 17 FY 2020 Final Budget with the same amendment to the date, changing it from the 16th to the 29th day. Mr. Stull seconded the motion. The Chair called for discussion. Ms. Horton began the discussion with the proposed budget for the fiscal year 2020 showing a slight increase in revenue due to the grant revenue; ½ million dollars; the Wastewater Treatment Plant, Radium Springs, and the Southeast Collection projects. She reviewed water sales and indicated the sales went up slightly. Connections/reconnections fees, memberships/meters sales, late fees/penalties, gross receipts taxes and other operating revenue with a total revenue of 11.5 million; whereas last year it was 11 million. Ms. Horton stated these were just projections and she does not anticipate any major changes from last year to this year, short of subdivisions moving at a fast rate. Ms. Horton stated she expects to be fairly close to last year. Ms. Horton asked if there were any questions on the revenue projections. There were no questions.

Ms. Horton proceeded to review the expenditures. She brought to the attention of the Board of Directors the big change in expenditures from last years 11.4 million to 12.3 million this year. This resulted in the contract for purchase of water rights for \$922,000. Ms. Horton addressed the impact it made to the budget for this year.

Dr. Maxwell asked about salaries and raises. Ms. Horton address the salaries, last year at \$969,000 and this year at \$998,000, leaving a 3% increase in the budget for the office staff pay increases and expressed she does not have that same increase for operations. Ms. Horton stated operations have the opportunity to test and get pay increases. Ms. Horton

mentioned she is having a difficult time trying to level the playing field with the admin staff. Admin staff does not have the same opportunities to gain pay increases, the way operations does. Ms. Horton sought the input of the Board of Directors with regards to pay increases for the admin staff. She suggested the admin staff receive pay increases through merit, based on evaluations. Ms. Horton advise operations staff is currently eligible for pay increases through certifications. Operations staff have to ability to take certifications and their pay increases are ranged from a 1% to 3% pending the level of certification. Ms. Horton continued with the exception to the one operator who is currently a double 4; he has obtained all 4 certifications in both water and wastewater, therefore there is no other opportunity for pay increases. She expressed that she would like for him to be grouped into the same category of pay increase as the admin staff; 3% merit, based on evaluations. Ms. Horton explained again, this was the best way she could see fit to try to level out the playing field in salaries. Ms. Horton further discussed how she looked into trying to develop a curriculum for the admin staff somewhat like that of the operations. The issues with that, for operations it is state mandated, where the state does the testing and the curriculum. Among creating classes and trainings for the admin office to keep it equal, has posed many challenges. Unfortunately, it is a lot to take on and looking into Customer Service training programs, they are not as easy to come across. Most of the programs for the Customer Service is geared toward the sales industry and this is a service industry. Ms. Horton continued to show the difference and the challenges she has encountered. Dr. Maxwell asked Ms. Horton how she determines what percentage is to be given. Ms. Hortons explained she uses an evaluation scale. The evaluations are ranked between 1-5. Each manager will evaluate and rank the employee, Ms. Horton inputs that ranking into a system and the system then gives an overall summary score between 0-5, from the rating criteria. For example, you have an employee whose summary score ranked between a 4.5 and 5 and that employee goes above and beyond and exceeding the expectations, that employee would mostly likely receive the 3% pay increase. Dr. Maxwell suggested to Ms. Horton

Colas pay. Ms. Horton expressed she did not like an even pay across the field. She prefers a pay for performance. She does not believe everyone performs the same and should not get the same pay increases. However, if the Board of Directors feels otherwise she will follow the direction of the Board. Dr. Maxwell addressed the benefits for staff. Ms. Horton added being a small entity, and currently paying 100% of the health benefits for the staff with the pay increases helps to equalize and has been a huge help to the staff. This is how she tries to balance everything out. To switch to a Colas pay and not covering the health benefits for the staff it could be detrimental, due to being on an age rated insurance plans with flex rates due to having less than 50 employees. Ms. Horton stated this was her plan going forward and asked the Board of Directors their thoughts or any questions with regards to merit increases for the office/admin staff. Mr. Stull commented, it is hard to spend the time in training and developing good people to have them leave due to a small increase in pay elsewhere. It is important to stay competitive. Ms. Horton agreed and explained she often will pull jobs and pay scales with other entities to ensure she is staying inline with the competitors.

Ms. Horton continued to review the expenditures and discussed overtime. She stated the overtime is kept to a minimal. Admin runs about 4,000 and roughly about 30,000 to 34,000 in field staff.

Ms. Horton mentioned Employee benefits and expenses will show a projected increase of 10% - 12% this year due to the 17% increase in the benefits we had last year. Ms. Horton stated the benefit renewal takes place at the end of August and that is when she will see what the increase will be. She also mentioned she would like to shift the benefit plan date to the July 1st, to stay in line with the fiscal year. This will also help keep the budget inline. Dr. Maxwell suggested to add a column to indicate a percent of change to the report and Ms. Horton stated she would make that update.

Ms. Horton continued with the review electricity and other utilities; gas, water, sewer and telephones, with slight increases to electric, gas, water and sewer. The electric, which is usually a big expense due to the wells and booster stations has been fairly stable on the electrical usage.

Ms. Horton discussed the system parts and supplies; all the things to run the system that flow in and out to service members. She mentioned the meter prices have gone up and pipe prices fluctuate. President Melton inquired about the meters for West Mesa. Ms. Horton advised the 112 meters for West Mesa were ordered and have arrived. They are changing them out and it will also double up as a training opportunity with hands on experiences in installations for the new hires.

Ms. Horton continues with the system repairs and maintenance line item on the expenditures. She explains the increase due to some of the challenges on the wastewater side; the force main issues and the anticipation of having to replace it. Ms. Horton stated she does expect to continue to have these issues and is planning for it. Ms. Horton addressed the continued challenges with the Los Venados manholes being clogged and having to jet them every six months. Therefore, Ms. Horton mentioned she did plan for a little increase to the budget to support the maintenance.

Vehicle expense is next on the list. Ms. Horton stated we have received a newer fleet and got rid of an older one. That did result in a decrease to the budget. This line item also includes the basic maintenance and repairs such as oil changes, tires and equipment.

Ms. Horton addressed the Office and Administrative expenses such as office supplies, paper, postage and mailing. This will also cover the expense to cover the main building roof repair and to bring it to code.

Professional Services were reviewed by Ms. Horton. This includes but not limited to engineering, audit and legal. The increase here is the contract with New Mexico Rural Water for Kevin Grassel; field management with double 4 certifications in water and wastewater systems. Kevin does the inspections, fire hydrant maintenance and valve program. He oversees the operations in Picacho, West Mesa and Fairview on the water and wastewater side. He has been a great asset and a huge help to the Association.

Ms. Horton stated the line item of Insurance should stay the same and renew in about 45 days.

Ms. Horton discussed the Licenses and Permits. She mentioned this goes hand in hand with system repairs. County permits need to get pulled and there have been numerous permits due to the repairs. Ms. Horton pointed out county permits is an item we struggled the most from the budget stand point.

Gross Receipts Tax and Water Conservation fee was addressed by Ms. Horton. She stated with revenue increasing gross receipt taxes increases. The leak insurance that is additional and optional has generated good responses and increase in members who have signed up for it. The Water Conservation fee is 3 cents per 1,000 gallons. This is not necessarily what is delivered to the customer, but total gallons pumped.

Ms. Horton stated she decreased the amount of the training line item due to the in-house training program. She mentioned she would like to take some of the staff to the National

Wastewater Conference this year pending on the staffing of the department. Ms. Horton mentioned she thought the wastewater operators could benefit from the conference with the new plant and new air vac system coming online.

Lastly, Ms. Horton discussed the miscellaneous expense. She referred to the grant revenue. Ms. Horton explained the differences between the revenue and the expenditures; grant expenditure dropped a little and the decrease was due to the water rights purchased which impacted the bottom line of the budget. Ms. Horton also addressed the additional items that fall into the miscellaneous line item include the capital purchases; the replacement of the one-ton truck, a dump truck, valve exerciser and compressor, bullet; a boring tool, parking lot and covered storage. Ms. Horton advised that the items listed were wish list items and those wish list items only get brought to the attention of the Board of Directors when the funds are available, otherwise they will be pushed into the following year pending the finances. Ms. Horton concludes that she is very pleased with the budget for this upcoming year. She realizes the \$900,000.00 is a big difference, however; she acknowledged it was a good opportunity for the purchase of the water rights. President Melton agreed and stated it was a very wise decision. President Melton asked if there were any further questions. There were no further questions. Dr. Maxwell motioned to approve the Resolution 2019 – 17 FY 2020 Final Budget with the same amendment to the date, changing it from the 16th to the 29th day. Mr. Stull seconded the motion. The Chair called for a vote on the motion. The motion carried by roll call vote 3-0.

Open Discussion

Dr. Maxwell ask if there was a fall conference coming up. Ms. Horton commented the conference is set for November 19th – 21st. Ms. Horton also informed Dr. Maxwell the following conference is already set for April 14th – 16th 2020. Dr. Maxwell inquired about

the dates of the National Meeting and Ms. Horton stated the Nashville Conference held this year is the 9th – 11th of September. President Melton expressed interest in the conference next year. Ms. Horton stated the conference will be held in Phoenix, Arizona next year. There was no further discussion on the conferences.

Dr. Maxwell asked if the Association would proceed with the scheduled Regular Board Meeting on Thursday, August 1, 2019. It was discussed and decided since the Special Board Meeting was held on the 29th day of July and there was no new agenda or customer input scheduled, the Regular Board Meeting would be published as cancelled.

President Melton inquired about the subdivisions and how things were moving along. Ms. Horton reported Legends West is doing well and the Elks subdivision is done. They are now working on the streets and putting in curbs. Ms. Horton stated the other two subdivisions are not progressing as well.

President Melton asked where things stood with File Construction. Ms. Horton stated they are still waiting on El Paso Electric and assured the Board of Directors the time waiting is very normal.

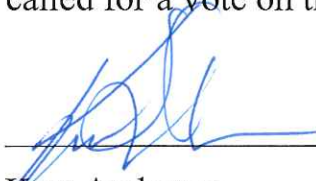
President Melton inquired about the Wastewater Treatment Plant and Dr. Maxwell was also interested in an update. Ms. Horton mentioned the elevation issues have been corrected and Souder Miller and Associates were footing the bill to fix it. However, there is now an issue with the dimensions of the clarifier. She continued with how the dimensions differed. On one page the dimension are size and on another it is a different size, which has resulted in the rebar being built in one dimension, which could result in the incorrect dimension of the rebar.

President Melton asked for an update on the Radium Springs project. Ms. Horton responded, the project for the most part it is done with very little left. She continued with letting the Board of Directors know they are waiting on a few parts for the wells, however, once they arrive it should run smoothly. Ms. Horton also mentioned the project is still on track to complete by November.

President Melton inquired about the Phase III Southeast Collection project. Ms. Horton advised the Board of Directors made an award recommendation to Morrow Enterprises. She explained the engineer bid the project based on 2018 wage rates not 2019 wage rates. Ms. Horton mentioned the contractor could not hold their price based on 2018 wage rates, therefore, there will be a change in price. Ms. Horton continued to explain that Morrow Enterprises will need to provide a cost. Pending on the cost and how it may affect who the actual low bidder would be, Ms. Horton would have Ms. Lopez; Chief Procurement Officer decide what would be in the best interest of the Association. Ms. Lopez would need to decide if she would rebid the project or allow a change order through counsel with legal and through regulations. President Melton asked if there were any further discussion. There was no discussion.

Adjournment

Dr. Maxwell motioned to adjourn at 10:31 a.m., with a second from Mr. Stull. The Chair called for a vote on the motion. The motion carried by roll call vote 3-0.



Kurt Anderson
Secretary/ Treasurer



Date