Alto Lakes Water & Sanitation District
Final Meeting Minutes for January 27, 2011

Alto Lakes Water & Sanitation District held a Regular Board Meeting on **Thursday, January 27, 2011** in the Conference Room of the ALW&SD Office located at 214 Lake Shore Drive, Alto, NM.

Call to order and roll call
Chairman Adamy called the meeting to order at 9:00 AM, and Asst. Secretary Brewington conducted roll call. Directors Adamy and Pope attended telephonically, Directors Parker and Decker were present. Director Knorr was absent.

Pledge of Allegiance

Approval of minutes for November 18, 2010 Regular Meeting
Director Pope made a motion to accept the minutes of the November 18, 2011 Regular Board Meeting as presented. The motion was seconded by Director Parker and carried unanimously.

Approval of minutes for December 8, 2010 Special Meeting
Director Parker made a motion to accept the minutes of the December 8, 2010 Special Board Meeting as presented. The motion was seconded by Director Decker and carried unanimously.

Approval of agenda
Director Parker made a motion to approve the Agenda as presented with the exception to allow the Chairman to address the other agenda items in the order that best facilitates the meeting. The motion was seconded by Director Decker and carried unanimously.

Consent Agenda

1. **Expenditures** Purchases/Payroll/Accounts Payable. Office Manager Brewington reported that there were no purchases, payroll, or accounts payable requiring Board approval.
2. **Approve Leak Credits** Office Manager Brewington reported there were four qualifying leak credit requests totaling $5,076.13.
3. **ACH Payments** Office Manager Brewington reported that online payments totaling $32,671.74 were made during the months of November and December 2010.

Director Parker made a motion to approve the consent agenda items as presented, with discussion of a leak credit appeal to follow. Motion was seconded by Director Decker and carried unanimously.

Reports
District Manager's report
Water system update The system is currently operating well with all production goals being met for domestic, commercial and irrigation demands. Flushed gallons was minimal at 57,663 gallons. Gallons produced totaled 6,781,718 in December gallons sold totaled 5,764,461 after billing adjustments. Production vs Sold shows losses of 15.0%, adjusted to 12.2% after factoring in leaks and flushing. Residential usage per meter was up from November by 26%. Residential usage per month is down 847 gallons per meter over the same period last year. All wells are back on line and in operation. The well house by #14 tee box has been removed.

Wastewater system update The system is meeting required treatment goals at this time, but is still in violation of permit due to the discharge location. The crew has been collecting Chloride and TDS data as requested by the Board to determine if water softener usage and chlorides added to the water contributes to the high Chlorides and TDS effluent of the wastewater treatment plant. Softeners add about 1.7 lbs salt to the wastewater system on the low end. On the high end they can add about 6 lbs salt per regeneration. In order to differentiate between Clubhouse and Residential chloride contribution levels to the plant 24 hour composite grab sampling would be required, at the raw sewage influent to the treatment plant for the Clubhouse, and at the Moss and Site C lift stations for the residential usage. Manager Edington will research sampling monitors required for composite grab sampling.

Solid waste update The December lease payment from Greentree Solid Waste Authority was received as required. Manager Edington presented solid waste pull statistics for December; there were 19 pulls with 570 cy's of green waste from the Greentree Collection Center, generating $1,222.20 collected fees. There were 4 pulls with 29.01 tons of Trash, 1 pull with 9.73 yds Cardboard, 4 pulls with 64 yds of paper, 1 pull with 1.5 yds Ash, 1 pull with 3 yds aluminum cans, 1 rolloff was pulled with 5.3 tons miscellaneous, with $169.08 Misc. fees collected, and 1 roll-off was pulled with 30 yds of metal, with fees of $45.15 collected.

Customer issues Leak Credit appeal to be discussed during Regular Business Agenda

Personnel update Mike Yeager has completed the correspondence course required by his employment contract. He has passed all the chapter tests and is awaiting his final score and certificate of completion. Joe Saiz started his correspondence course on January 3rd; his completion date is June 6th.

Regulatory update Manager Edington reported that fencing has been ordered for a small gated enclosure around the tanks' ladders as required by NMED.

Update on Surplus property sales:

- Sales agreement with the bidder has been signed
- Earnest money has been deposited in GSV Title Services escrow account
- Appraisal has been ordered
- Submission to DFA for approval of sale is in progress

Projects report

Distribution A: NMED approved selection of Souder, Miller & Associates for Engineering Services, reviewed and approved contract for Engineering Services. Manager Edington issued notice to proceed to Souder, Miller & Associates effective December 27, 2010. SMA survey crew has been working since December 29th.

Water Treatment Plant Phase I: SWCM replaced their job superintendent on ALWSD WTP Phase I project this week; they have assured Edington that the project will not suffer because of this action. Construction of the raw water tank at the site has been completed. It still needs to be tied-in to the water line and treatment process. The building shell has been completed with interior work, framing, electrical rough-in, plumbing, doors, windows, etc. progressing. Pipelines have been installed from the building site to the storage tank site. Tie-in at storage tanks is complete; the line needs testing then can be tied to tank. Clean-up on the golf course is coming along. Timing on pavement replacement at road crossings depends on weather conditions.

Office Manager's report

Administrative update Office Manager Brewington presented a Certificates of Deposit Status Report through December 2010 for Directors' review.

Financial reports Brewington presented and reviewed the December 2010 Balance Sheet which includes year-to-date comparison with previous year, the breakout of capital reserves, and the Revenues and Expenditures with comparison to Budget Report by category.

Regular Business Agenda

Board Member Reports None

Discussion and possible action on annual Open Meetings Resolution

Chairman Adamy presented Open Meeting Resolution 2011-06 for review. Director Decker made a motion to approve Open Meeting Resolution 2011-06 as presented. Motion was seconded by Director Parker and carried unanimously.

Approve Holiday Schedule for Solid Waste Collection Center

Chairman Adamy presented the 2011 Holiday Schedule from Greentree Solid Waste Authority with proposed dates the Alto Collection center will be closed as follows:

- New Years Day Saturday January 01, 2011
- Veterans Day Friday November 11, 2011
- Thanksgiving Day Thursday November 24, 2011
- Christmas Day Sunday December 25, 2011
- New Years Day Sunday January 01, 2012

Director Pope made a motion to accept the GTSWA 2011 Holiday Schedule as proposed. Motion was seconded by Director Decker and carried unanimously.

Presentation of Fiscal Year 2010 Audit Report

Office Manager Brewington presented the FY 2010 final Audit Report comprising audited financial statements, ALW&SD management's discussion & analysis, and the independent auditors' report. The final audit was approved by the New Mexico Office of the State Auditor, with "No Findings" status. Brewington expressed appreciation for her finance office staff's meticulous work ethic, and for District Manager Edington's continual support. The directors complimented management on the good audit results.

Discussion and possible action on Ordinance 2011-01

Chairman Adamy presented for discussion Ordinance 2011-01 which proposes reducing the Water Meter fees and imposing a Utility Expansion Fee in an amount equal to the reduction in the water meter fees on new meter connections, to be considered for adoption at the ALW&SD February 24, 2011 regular meeting. Director Decker made a motion to schedule a Public Hearing on Ordinance 2011-01 to be held in conjunction with the ALW&SD regular meeting on February 24, 2011. The motion was seconded by Director Pope and carried unanimously. Notice of the Public Hearing will be published four times in the Ruidoso News prior to the meeting.

Discussion and possible action on Water Treatment Phase 1 change orders

Manager Edington presented Change Order No. 2, from Southwest CM, LLC. The change order, as originally presented, included additional work and the payment of Otero Electric's Contribution in Aid of Construction cost. Recommendation had been made by Dan Knorr to remove the contribution in aid of construction to Otero Electric from the Southwest CM change order request, to instead be paid by ALW&SD directly to Otero Electric, saving approximately $1,492 on contractor profit, overhead and bonds/insurance costs. Director Decker made a motion to approve the change order, increasing the contract by $5,088.17 plus tax. The motion was seconded by Director Parker and carried unanimously. Director Decker made an additional motion to approved ALW&SD expenditure of $7,764.71 to Otero Electric. The motion was seconded by Director Pope and carried unanimously.

Discussion and possible action on Phase I Distribution

Mr. Eric Krch and Ms. Judith Gallardo, the design team representing Souder-Miller & Associates (SMA) on the Phase I Distribution project, were in attendance to present preliminary plans and cost based on data gathered. Mr. Krch reported that they had completed their field work and that base mapping was almost complete based on 10,820 ft. of water main on High Mesa, 2,375 ft. on French Dr. and 8,250 ft. on Deer Park Dr. The flow models have not yet been set up. Mr. Krch also presented a preliminary budget; once the mapping is completed they will be able to develop a more accurate budget for Water Trust Board funding application. Within current estimated funds available he felt that all of High Mesa could be completed and most of French, but not Deer Park. The Directors discussed road section priorities for completion within budget. The section along High Mesa Drive from the water tanks to Incredible Lane and along French to Deer Park Drive were designated critical due to 3" line replacement. Therefore, the design work could proceed on these sections, approximately 2.1 miles, without the modeling data and with funds on hand. Ms. Gallardo pointed out that SMA's preliminary budget was estimated on averages; once they have finished modeling necessary road cuts, driveway replacements, etc. the preliminary budget may be reduced. The preliminary design should be ready during February.

Director Pope made a motion to appoint Directors Knorr and Decker as the Design Review Committee. The motion was seconded by Director Parker and carried unanimously.

Director Pope made a motion to proceed with detail design from High Mesa to Incredible and French to the main line on Deer Park Drive route, and for the SMA design team to facilitate the models for guidance as to where the remainder of the project would be most beneficial. The motion was seconded by Director Parker and carried unanimously.

Manager Edington informed the Directors that although Frank Coppler is our legal counsel, he is also counsel to the Water Trust Board; therefore, he cannot represent ALWSD on Phase 1 Distribution during WTB closing. Counsel recommendations: Coppler had recommended Mr. Bob McNeil as alternative counsel for ALWSD during WTB closings. Director Pope made a motion to enter into a contract with Mr. Bob McNeil, or other counsel if he is unavailable, for the Water Trust Board closing documentations. The motion was seconded by Director Parker and carried unanimously.

Director Pope made a motion to authorize the ALWSD Board President to sign a contract with counsel for Phase I Distribution WTB closing documentation. The motion was seconded by Director Parker and carried unanimously.

Discussion and possible action on PRV and tank upgrades
Manager Edington updated the Directors on the previous State mandate to upgrade the tanks at an estimated cost of $100,000. ALW&SD can instead clean and paint the tanks, at approximately $35,000, which will maintain them for about 5 years. Director Parker made a motion to move forward with the PRV Replacement Project independent of the tanks, and to paint the tanks instead of upgrading them at this time. The motion was seconded by Director Decker and carried unanimously.

Director Parker made an additional motion to authorize Edington to complete the uniform funding application. The motion was seconded by Director Pope and carried unanimously.

Discussion and possible action on appeal of leak credit finding
Manager Edington presented a leak credit appeal from water customers, Mr. and Mrs. Fielding Reiner. The pressure relief valve on their water heater had malfunctioned and the hot water heater tank split. The resulting leak ran for approximately 4 days before being discovered as they were out of town that week. Their house sustained major water damage and their homeowners insurance does not cover excessive water use charges. 198,930 gallons were lost; under the current leak credit policy only the first 100,000 gallons qualify for leak credit adjustment with the remainder billed at the regulated tier levels. The Reiner's appeal requests an exception allowing credit computation on the entire gallons lost. Chairman Adamy pointed out that the board has received other appeals that were declined, and that uniform application of the leak credit policy must be maintained per ordinance. Director Decker made a motion to disallow the Reiner appeal per current policy and to make payment arrangements for extended payments of the balance if requested. The motion included scheduling a discussion of the current ALWSD leak credit policy in a future meeting, and to revisit the Reiner appeal if policy changes are made that affect their request. The motion was seconded by Director Parker and carried unanimously.

Signing of Official Documents

Board Comments None

Announcement of next meeting
Chairman Adamy announced the next Regular meeting of the ALW&SD Board will be conducted on February 24th, 2011, to be held at the District Office located at 214 Lake Shore Drive, Alto, NM. Meeting will begin at 9:00 AM in the District Office conference room.

Adjournment
Director Pope made a motion to adjourn the meeting. The motion was seconded by Director Parker and carried unanimously. Meeting adjourned at 11:28 a.m.

Submitted by:

Delores Brewington
District Board Assistant Secretary