Alto Lakes Water & Sanitation District
Final Meeting Minutes for March 24, 2011

Alto Lakes Water & Sanitation District held a Regular Board Meeting on **Thursday, March 24, 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 District Manager Edington conducted roll call. Director Adamy attended telephonically, Directors Parker, Knorr, Decker and Pope were present.

Pledge of Allegiance

Approval of minutes for February 24, 2011 Regular Meeting
Director Knorr made a motion to accept the minutes of the February 24, 2011 Regular Board Meeting as presented. The motion was seconded by Director Pope and carried unanimously.

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

Public Hearing on Ordinance 2011-02
Director Knorr made a motion to open the Public Hearing on Ordinance 2011-02. The motion was seconded by Director Decker and carried unanimously. Chairman Adamy declared the Open Hearing in session and reviewed Ordinance 2011-02, outlining the following revisions:

Ordinance 2011-02 replaces requirement for a stop & waste valve with a water shut off valve to be installed between the meter and customer premises, provides a more lenient leak credit policy under "Normal" water conservation conditions, and determines a time limit on application for a leak credit.

Chairman Adamy asked if there were any board comments or discussion on the Ordinance; there was none. He then asked if there was any interested party who had not had an opportunity to be heard; there were none present. The Public Hearing was closed on a motion by Director Knorr and seconded by Director Pope.

Director Knorr made the motion: "I move to adopt Ordinance 2011-02 which amends previously adopted Ordinance(s) and will affect all properties located within the Alto Lakes Water & Sanitation District boundaries as well as external water customers. This Ordinance provides for requirement of water shut off valve installation, an adjustment in leak credit provisions establishing no limit on number of gallons for full leak credit application when the District is under normal conditions, and reduction of number of gallons not eligible for leak credit consideration from 100,000 to 50,000 gallons if the District is under anything other than normal conditions. The motion was seconded by Director Parker. Upon a roll call vote all Directors present indicated a yea vote and Chairman Adamy declared the motion unanimously carried. Following the signing by the Board Chairman, the Ordinance and Affidavit of Publication for the Ruidoso News shall be filed with the Lincoln County Clerk, and notice of adoption shall be published in the Ruidoso News for three consecutive weeks. The effective date of Ordinance 2011-02 shall be March 21, 2011 and the changes will be retroactive to January 1, 2011.
The Ordinance was approved unanimously on a roll call vote.

Consent Agenda

1. **Expenditures** Purchases/Payroll/Accounts Payable. There were no purchases, payroll, or accounts payable requiring Board approval.
2. **Approve Leak Credits** Chairman Adamy presented ten qualifying leak credit requests totaling $10,153.99.
3. **ACH Payments** Chairman Adamy presentedonline payments totaling $15,447.63 were made during the month of February, 2011.

Director Parker made a motion to approve the consent agenda items as presented. 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. Gallons flushed totaled 50,200. Gallons produced totaled 9,391,492 gallons in February, and gallons sold totaled 6,595,462 after billing adjustments. Production vs Sold shows losses of 30%, adjusted to 15% after factoring in 1,398,000 gallons for line leaks that occurred before customer meters during the freeze. Operations Supervisor Osborn is obtaining quotes to pull Well #12 due to electrical controls that have been tripping.

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. Souder Miller & Associates engineering report, regarding the discharge of treated WWTP effluent into the golf course irrigation supply pond with subsequent application on the golf course through the existing irrigation water distribution system, is in process; due date by April 27th. Manager Edington is obtaining quotes on composite samplers.

Solid waste update The February lease payment from Greentree Solid Waste Authority was received as required. Manager Edington presented solid waste pull statistics for January; there were 6 pulls with 75 cy's of green waste from the Greentree Collection Center, generating $97.68 collected fees. There were 2 pulls with 13.24 tons of Trash, no Cardboard pulls, 4 pulls with 64 yds of paper, 1 pull with 0.71 yds Ash, no aluminum can pulls, no miscellaneous pulls, with $150.70 Misc. fees collected, and no metal pulls with $5.25 Metal fees collected.

Manager Edington reported that the extremely heavy metal yard entry gate swings open in high winds, posing a danger to customers and workers. The Board instructed Edington to:

1. Cut alternating slats out of the gate to allow air flow for immediate results
2. Long term - remedial work to align the pavement with installation of roller gate

Edington was also instructed to question the new fuel surcharge, $2 per month per customer, being charged to each Alto solid waste customer, and to find out if this charge was approved by the County. The Board does not believe this is equitable in view of the fact that Alto solid waste is transported out in bulk and that there is no individual household pickup service.

Customer issues Manager Edington reported a customer frustrated with "excessive time" spent by ALWSD personnel checking and working on Site C Lift Station, located near his condominium. Site C LS will eventually be redone.

Personnel update None

Regulatory update Manager Edington reported that the NMED Drinking Water Bureau ALWSD remediation efforts that eliminate findings found during last fall's Sanitary Survey. A letter to that effect will be sent out soon.

Edington also reported that NMED had nominated Alto Lakes Water & Sanitation District for an Excellence in Operation Award, which is presented by the New Mexico Rural Water Association each year. He had received notification that ALWSD has been chosen as the reward recipient and will be recognized at the NMRWA annual conference next month.

Update on Surplus property sales:

- Appraisals were sent to NM Taxation & Revenue Department, Property Tax Division, for validity of appraisal report
- Mr. Joe Benke, with the Property Tax Division, conducted additional onsite property appraisals on each lot. Upon ALWSD receipt of these second appraisals, the required documentation will be submitted to the Finance Board of New Mexico with request for permission to sell the lots.

Projects report None – project discussion under Regular Business Agenda

Office Manager's report

Administrative update Office Manager, Dee Brewington was not present due to attendance at the NM State Auditor's conference on annual audit procedures and Audit Rule changes.

Financial reports Manager Edington presented and reviewed the February 2011 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 Water Treatment Plant - Phase I

Manager Edington reported that the Water Treatment Plant ("WTP") was started up on March 15th and has been running during the day only to catch and work any bugs out of the system. The contractor is working with the treatment supplier to solve a detected problem with one of the treatment vessels. The treatment material ("media") in this vessel is being changed out and inspected on Wednesday, March 30th and it should be back online on April 1st after new bacterial testing. Director Knorr advised switching to full plant operation at this time, utilizing two of the three treatment vessels. Edington expressed gratitude for Parkhill, Smith & Cooper's programmer, Mr. Dean Lackey, who completed the programming, accommodating ALWSD's specific needs.

On March 9th Manager Edington, Director Knorr, and Field Supervisor Osborn met with Anthony Valdez and Dave Ayers with Southwest CM ("SWCM") and Keith Rutherford with Parkhill, Smith & Cooper ("PSC") to discuss any and all claims for extra cost associated with this project before substantial completion was reached. SWCM reported eight additional cost for reimbursement. After discussion, SWCM will create detailed change requests for PSC review. On March 23rd Edington received the SWCM change order requests which he forwarded to PSC for review.

The Alto Lakes Golf Course submitted a request to SWCM for additional construction damage to cart paths after the contractor had already spent time and money making repairs and had moved their equipment offsite. District Manager Edington reported that the cart path was in poor condition prior to the construction and that the contractor had performed repairs as requested by the Club. Consensus of the Board was to dismiss Contractor responsibility and for Chairman Adamy to discuss, with Bob Allen, an equitable solution to any remaining issues.

Discussion and possible action on Phase 1- A Distribution upgrades
Currently, there is a 6" AC pipe from the tanks to just past French Drive. Disposal costs are very high for removal of AC pipe. Manager Edington, Director Knorr and Director Decker met with Souder, Miller & Associates to discuss alternatives. They propose leaving the AC section of pipe in service and tie into the finished water line in front of the Water Treatment Plant and go 8" from there. This will also save 4 to 5 thousand feet of pipe which can be added at the end. SMA technical evaluation of the proposal is due tomorrow. Project final design is scheduled to be presented at the April board meeting.

Discussion and possible action on action on PRV Project
Souder, Miller & Associates reviewed the PRV project and has recommended not replacing PRV's which must be up-sized to accommodate future construction. Economically they advise not doing the full project at once; instead to replacing current PRV's at current size as required (21 ea. PRV's are now working properly at only 50% of capacity). Directors discussed and agreed with SMA's assessment.

Discussion and possible action on independent compensation review
Chairman Adamy presented a "Proposal to Conduct a Salary and Employee Benefits Survey" which had been requested of S Resource, Incorporated. The company conducts job function analysis, position classification and compensation plan development studies. The quoted price for the study was increased to $4,700. Due to the increased cost, Chairman Adamy recommended that the District revisit consideration of an in-house wage & benefits analysis. The Board agreed.

Discussion and possible action on FY 2012 budget assumptions
Chairman Adamy presented the Budget Assumptions Report, the first step in the FY2012 budget planning cycle. Manager Edington outlines assumptions taken in projecting FY 2012 Operating revenues and expenses, i.e. an anticipated 24.5% increase in vehicle fuel costs. The first preliminary budget draft will be presented to the Board at the April 28, 2011 regular meeting for review and comment.

Edington also presented Capital Budget assumptions with expenses split into three project categories:

1. High Priority - Items dealing with continued operation, water quality, regulatory compliance , and that could affect the District's ability to provide service, to include: Wastewater Treatment Plant water reuse, Upgrade of Site C Lift-Station, and Water Storage Tank rehab.
2. Moderately High Priority - Items dealing with operations, water quality, regulatory compliance which are in need of attention, but are not currently impeding operations, water quality or regulatory compliance, to include: Water Treatment Plant phase II, PRV Project, and Meter Replacement.
3. Moderate Priority - Items that need to be addressed to provide better overall service, but are not currently inhibiting operations, to include: Distribution Phase A, Distribution Phase B, and Distribution Phase C.

Executive Session for Discussion of limited personnel matters under 10-15-1H-8
Director Knorr made a motion to enter into executive session to discuss limited personnel matters under 10-15-1H-2. Director Parker seconded the motion which carried unanimously.

Director Pope made a motion to close executive session in which only limited personnel matters were discussed under 10-15-1H-8. The motion was seconded by Director Parker and carried unanimously.

Signing of Official Documents
Chairman Adamy and Secretary Parker executed Ordinance 2011-02. Office Manager Brewington will facilitate the required filing of Ordinance 2011-02 with Lincoln County and required newspaper publication scheduling.

Board Comments None

Announcement of next meeting
Chairman Adamy announced the next Regular meeting of the ALW&SD Board will be conducted on April 28, 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 Parker made a motion to adjourn the meeting. The motion was seconded by Director Knorr and carried unanimously. Meeting adjourned at 12:25 p.m.

Submitted by:

Delores Brewington
District Board Assistant Secretary