

El Creston Mutual Domestic Water Consumers' Association

SPECIAL Board of Directors' Meeting

Saturday, March 22, 2014 1-4 PM

Sheridan Fire Station

Topic: USDA Application

- 1. Call to order and proof of quorum:** The meeting was called to order at 1:15 Pm by President Joe Zebrowski. A quorum was established with three out of five board members present.
In attendance: Ramon Lucero, Brigido Ortega, Marvin Stussel, Dick Breedlove, Ken King, Joe Zebrowski, Jim Peters, Gene Solyntjes, Crystal Gallegos, Lupita Gonzales, Blanca Surgeon.
- 2. Proof of notice of meeting:** Flyers posted at regular sites and at Charlie's, the East Post Office and in the Optic.
- 3. Approval of Agenda:** notation made in correction of time slot. Agenda approved. Gene/Lupita
- 4. 2013 WTB Loan/Grant Agreement Resolution (re-do)** April 3- will discuss impact of changes – changed to 1st of May- on loan agreement; dropped for now.-administrative changes needed.
- 5. Review and approval of amended PER:** Information was sent out to board members. Joe indicated that the final phase is not really described and asked Ramon to clarify amendment made- USDA requires clarity on application to Phase 1 of entire project. Ramon indicated that the application provides \$355,000 for distribution. Supplement recent funding from WTB. Ramon explained the Supplement to the Preliminary Engineering Report. He said that it does not clarify for lower El Creston and that he is seeking funding for Upper El Creston, Sub-Phases 1 and 2....Essentially what will be submitted. Joe indicated that there will be a significant difference re: Water Fill Station. Phase 1- System to Subdivision, toward the Sheridan Fire House. There will be a change which will lower cost and provide potential for more connections. Cost estimates have changed, which is important for revenue generation. Accessibility is the key feature: it will enhance convenience. Jim Peters questioned the plan for running a line under Highway 25 as identified in the original PER. Joe stated that the idea was to be able to provide a second well. Ramon indicated that we can quote the section the original in which this is addressed and that he will add this to the PER. Gene asked if it would be worthwhile to connect the two potential wells in case one ceased to function. Ramon indicated that it is do-able, but there was concern about pressure. Joe noted that on the original map, there appears an indication of two connections. Discussion continued, and it pointed out that USDA uses water rights of community as collateral, and do we (as an association) have that. It was indicated that we have secured a commitment-projection of water rights. To go forward, there's a need to document support with the 2014 application- not just water rights, but having a successful well is the key. Blanca asked if all elements are identified in the PER. She suggested changes, listing of long/short term effects, valves, meters, pump, well house, etc. and suggested that the association come up with how to finance costs in future years. We have to match our terms to those of the PER. Ramon said he would review the document and refine the elements. He will turn in paperwork to the Environmental Department. The contract documents must be signed by the Board and ready by May 1. This will lead to a meeting with the construction officials. The pre-construction meeting will take place sometime after the first week of May, but the actual work in the ground will probably be in June. Discussion continued on issues such as

contingencies re:funding. Ramon indicated that each decision will be weighed and that he would contact ECMDA. He added that the USDA wants addenda, attachments, eg. Rates, water rights, etc. now. He indicated that for now, the additions and appendices will be accepted, but there is a need for a Letter of Conditions up front and we need to comply with that. The next tep would be that this information would be sent to the engineers. Once USDA issues a letter of conditions, the funding is virtually guaranteed.

Motion made – To accept the supplement to PER with revisions to the exhibits.

Lupita/Gene..approved unanimously.

The board called for a short break in the proceedings.

Phase 2 of meeting

- 6. 5 year Budget Discussion:** Joe indicated that the focus of the discussion would be to support the USDA application, and then turned the meeting over to Blanca Surgeon, RCAE-Santa Fe. Blanca indicated that we have more numbers and an operation (water hauling) and a 5-year projection re: changes. She said we need to come up with a rate structure based on 6,000 gal/monthly delivered. The current rate is \$60/\$70, but the national average is lower- \$38.00. Jim Peters and Blanca discussed details of the proposed budget which could be modified for positive results, eg. loan capacity, rate structures, etc. Discussion ensued re: fair rates and implications on future rates.

Ramon indicated that net reserve is what funders consider. Further discussion ensued re: rates, revenue from hookups, costs, match verifications based on 40 connections by the beginning of 2016. It was pointed out that we currently have 28 members. Further discussion involved implications of hook-up for property holders and revenues. Joe indicated that there were concerns on assessments. The assumption is that everyone is assessed \$60.00 yearly whether they are hooked up or not. Question arose: If someone is hooked up, will that be their only fee. There need to be incentives providing making it affordable to people to hook up. Jim worked on suggestions made and explained his calculations. Discussion ensued, including membership assessments, implications of signing up or not, phasing in new connections, system operating reserves....As the system builds, the need for setting up monies for contingencies, implications on reserves, particularly capital reserves.

Further discussion ensued re: Rate Schedule Resolution. Blanca explained the elements of Water Rate Structure- Rates must be tier rates, signifying conservation.

The 2009 resolution was revamped to reflect board considerations- to reflect 2014 specifications. \$36./monthly rates, 1 rate schedule.

Resolution 2014-07 ECMDWC: To approve a one-rate schedule and adopt the rate schedule.

Gene/Crystal

Ramon and Blanca will send the information and the Supplement to the PER will be submitted ASAP.

- 7. Public comment:** Brigido offered commendation for work that has been done on the project.
- 8. Adjourn:** So moved...Lupita/Crystal. Meeting was adjourned at 3:45 PM.

Respectfully submitted, Lupita P. Gonzales, Recording Secretary