

MEMORANDUM

To: Bill Studer, Interim City Manager

From: Jorge A. Garcia, Ph.D., P.E., Utilities Director **Initials:** 

Date: August 15, 2019 **File #:** UD20-012

Subject: LCU Board Action Memo – August 2019

The Las Cruces Utilities (LCU) Board met for a Regular Meeting Thursday, August 8, 2019.

The Regular Meeting was called to order at 3:00 p.m.

- No conflict of interest among Board Members or Staff.
- Acceptance of Agenda: Was approved 5-0. **Commissioners Little and Sorg were absent.**
- Regular Meeting Minutes from July 11, 2019, were approved 5-0.
- Public Participation: There was none.

The Board was briefed on the following items as part of the **ADMINISTRATIVE REPORT:**

Delilah A. Walsh, assistant utilities director, introduced herself to the Board.

Jose F. Provencio, deputy director Business Services, provided updates on:

- Billing and Receivables:
 - Utility Assistance Programs Report as of July 2019.
- FY19 4th Quarter Budget Financial Reports, with City Manager Budget Reports as backup.

I updated the Board on the following litigation matters:

- Texas v New Mexico & Colorado. No new developments this month.
- Griggs Walnut Federal Litigation.

Carl N. Clark, deputy director RES/TS, presented the following Projects:

- Water Service and Road Rehabilitation Project, Vista de La Montaña, Vista de La Luna, Pines, and Sonora Springs, Project No. 17-18-070.
- Talavera 8-Inch Steel High-Pressure Gas Extension, Project No. 18-19-061.
- Jacob Hands Wastewater Treatment Facility (JHWWTF) Primary Feeder No. 1, Replacement, Project No. 18-19-068.

Old Business:

Lucio M. Garcia, deputy director Natural Gas, updated the Board on:

- The American Public Gas Association's System Operation Achievement Recognition Bronze Award the Gas Utility received.

New Business: There was none.

Jose F. Provencio, deputy director Business Services, informed the Board on:

- The upcoming Solid Waste Rate Review schedule.

Adrienne L. Widmer, deputy director Water, invited the Board to:

- The 7th Annual Griggs Walnut Superfund Project Open House. September 26th from 10:00 a.m. to 1:00 p.m.

Board's General Discussion:

Commissioner Vasquez shared comments regarding:

- The long-term viability of our Gas Utility with respect to electrification of homes, for heating and water due to the effects of climate change. Natural gas is one of the emitters of methane and so industry, new home builders, and developers seem to be moving in a way where homes are being electrified rather than powered by natural gas.
- Regarding the Johnson Controls performance contract that was approved for Water and Gas. Are we in compliance with the state regulatory body pertaining to the gas meters?
 - ***I replied with the following statement:*** We had long discussions between management and legal and all the attorneys and the state regarding the gas meters. The gas meters are not being replaced. If they're replaced, they are replaced by us. The only change was the instrumentation in the gas. As far as I'm concerned that was resolved because after Mr. Ed and City management and the attorneys all sent letters back. The only question was whether in addition to the State Engineer review for the water, if we had to have a review of Energy and Minerals for the energy component. There's no energy savings in this project when you replace instrumentation on a gas meter and don't touch the gas meter. That was the question. I thought after the last communication after maybe the last six or eight months. I'm surprised you're bringing that up at this point.
 - ***Commissioner Vasquez commented as a follow up to my response:*** "Just new information I recently learned in terms of the process. I was asked if Mr. Ed had brought that up to the Commission or to you Dr. Garcia. I never heard of that but just wanted to clarify because I heard that we may be out of compliance within that particular project. It sounds like we are."
- Also, regarding Johnson Controls performance report on cost savings allocated. One of the conversations was around staff savings and the need to shift position from meter readers into other parts of the utility system to avoid job loss, employment loss. An update on how many employees have been relocated to other positions and if no employment loss has occurred. There was talk about no employees essentially losing their jobs.
 - ***I replied with the following statement:*** We can bring an account the next time. We started this project in the attrition about 5-years ago, Carl, the pilot project. It's almost 6-years ago since we started with AMR. There will be some temporary staff that could apply for other jobs but permanent positions FTE's (Full-Time Employees) are being retrained on the technology. Nobody with an FTE is going to lose a job. The savings, some of the savings come obviously through attrition. We have fewer FTE's in the meter reading because now it's instrumentation. It's

not people walking the streets. That's part of the savings, but like I said, we started the reduction of FTE's and moving the FTE's away from meter reading a long time ago when we went to the "drive by type". Then they were driving instead of walking and now it's fixed infrastructure. We can give you a count because Joe has that and we can bring it next time, what it was 5-years ago and what is now in terms of count. No FTE person is losing their jobs.

Vice-Chair Archuleta stated: "We had a beautiful ribbon cutting ceremony last week at the Water Quality Laboratory. It's an impressive facility. I think a congratulations go to Dr. Garcia, to Carl, Alma we know is support. All the support that goes into putting together a ribbon cutting ceremony. We had good attendance from our City Council members and the Board. It's just a beautiful facility. Something to be very proud of and I think something that's going to pay off long term for the Utility. I just wanted to kind of again just to thank those involved and reiterate the fact that this is a major new facility for the Utility that's going to assure continuous water quality of our product for our customers."

Next meeting Date:

- **September 12, 2019.**

The Board Meeting adjourned at 3:56 p.m.

Links to presentation materials are included. If you have any questions or require additional information, you may contact me at x3636.

JAG/ajr

Attachments:

- Administrative Report:
 - FY19 4th Quarter Budget Financial Report with City Manager Budget Report as backup.
- Outreach Report August 2019.