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A. Discussion of Proposed Utility Rate Changes.

THE CITY COUNCIL OF THE CITY OF PORTALES held a Town Hall meeting on Tuesday, January 6, 2015, at 5:30 p.m., in the Memorial Building Auditorium. The following persons were present at which there was a quorum of the Council:

MAYOR: Sharon L. King

MAYOR PRO-TEM: Michael G. Miller

COUNCIL MEMBERS: Matthew Tod Hunton Oscar H. Robinson
Leo Lovett Antonio O. Salguero
Lenard Michael Lucero Keith A. Thomas
Dianne Y. Parker

The following City staff members were present:

STAFF PRESENT: Doug Redmond, City Manager John DeSha, Public Works Director
Joan Martinez-Terry, City Clerk Marta Quiroz, Admin. Assistant
Mike Parkey, General Svcs. Dir. Susan Baysinger, Public Wks. Adm.
Sammy Standefer, Planning Director Randy Knudson, City Attorney
Matthew Wilson, Water Supt.

CITIZENS PRESENT: Stan Livengood, RCCDC Jeff Hardt, RCWC
Keith Ryberg Delores Campbell
James Reed Mary F. Robinson
Sherri DeWitt Thomas DeWitt
John Montgomery, ENMU Cori Snobble
Michelle Bailey, HomeSpot Amber Hamilton, Roosevelt County
Robert Garcia Corey Cole
Amanda Cole Stephen Kemp
Alisa Boswell, Press John Pugh, Something Different Grill
Lonnie Berry, Berry Patch Apts. Eddie Hiner,
Clarence R. Smith, RCWC Jeannie Barnes
Wesley Barnes Greg Privett, RCWC
Donna Rutherford, RCWC Kelly Nordloh, Greyhound Apts.
David Nordloh, Greyhound Apts. Sandra Newsom, Newsom Rentals
Amelia Redmond, HomeSpot Paul Newsom, Newsom Rentals
Joe Brezovsky Jerry DeSha
Stuart Ingle, State Senator

(A) DISCUSSION OF PROPOSED UTILITY RATE CHANGES

Mayor King asked John DeSha to speak about the purpose of the proposed utility rate increase. Mr. John DeSha told the group that in 2006 the wastewater treatment plant (WWTP), which was not designed to handle industrial waste, began to have issues. The plant was modified over the years but was not working well and was making its permit monthly. Then dairy related industries came into the area. He stated that

the state Environment Department told the City that it needed a new wastewater treatment plant. He commented that the plant, which was built in 1972, cannot meet 2010 specifications. Mr. DeSha told the group that the City decided that it needed to design a new plant and selected the simplest option to treat waste and to build the plant to carry the City into the future to serve 80 to 85 years. He stated that with added design specifications for wastewater reuse, the City could increase the life of the aquifer. The reuse component can bring wastewater to a standard class 1-A effluent which can be used to irrigate parks and green areas.

Eddie Hiner, local apartment owner, asked how much the cost would be to make the wastewater drinkable. DeSha responded that the City cannot do this yet because state laws have not caught up to capabilities. Mayor King introduced John DeSha as the City's Public Works Director to the group. Mr. DeSha commented that the process is possible, that the reclaimed water must go into an aquifer or a river, which he called an environmental break. He added that, if the City chose to do so, reclaimed water could go into a well field we have and put it back in. He stated that Cloud Croft, NM is close to doing this process. DeSha told the group that the state is willing to work with us. Eddie Hiner asked why we don't do it now. Mr. DeSha answered that the process has been started.

Lonnie Berry, local apartment owner, asked what the percentage of reclaimed water was estimated in the reuse process. Mr. Desha responded that the percentage was 95 to 98%. Berry asked what the rest of the water would be used for since that is more than can be used by the parks. Desha stated that an impoundment site is included in the plans. Berry asked if industries could use the reuse water. DeSha responded that they cannot use it, that irrigation will be the main purpose per the state.

Eddie Hiner asked if there would be additional engineering services required. Mr. DeSha responded that the only further engineering needed would be on the re-injection process. He stated that the infrastructure is there and that it would depend on the state.

Lonnie Berry commented that industrial users should have to pay their share of the cost for the new wastewater treatment plant.

Mayor King asked Finance Committee Chairman/Mayor Pro-Tem Miller to present the proposed rate increase. Miller commented that the scarcity of water will demand that water rates continue to go up. He told the group that the City was successful in acquiring an interest free 20-year loan to build the wastewater treatment plant. He commented that after construction, the debt service on the loan is a little over \$1 Million Dollars a year. He stated that the loan was in the amount of \$27 Million Dollars, but that the direction of the Council was that the plant be built not to exceed \$24.5 Million Dollars. Miller told the group that the loan requirements included a reserve of \$1 Million Dollars built up within 6 years of the end of construction. Mr. Miller told the group that the recommendation, which has not yet been made to the full Council, is an increase each year for the next 3 years, that the increase be set aside to be used only for payment of the debt service and that it will sunset at retirement of the debt (fees will go away when debt is retired).

Robert Garcia, citizen, commented that he did not understand how the Council can do this without figuring out how to pay for it before it was started. He told the Council that for many people \$10.00 is a lot of money.

Mayor King asked Public Works Committee Chairman/Councilor Hunton to comment. Mr. Hunton responded that the Public Works Committee had looked at the method of payment and worked through the numbers in Committee. The numbers started at \$30 to \$36 a month. He commented that water is precious and the Committee looked at the need to extend the life of the water supply. He stated that water rates in Portales are much lower than other places. He stated that the City will be better off because we are ahead of the curve.

Thomas DeWitt, citizen, told the Council that they are asking the elderly to invest in something that they will never realize. He added that it will be a hardship on them. He questioned whether the water rates are really lower than in other places, and commented on the sunset of rates--that he had never seen rates not continue. Mr. Miller responded that this is the recommendation of the sunset clause, but he stated that they could not guarantee that it will happen, but that this is their intent. He commented that the City is dealing with an issue such as this from the state. Mr. DeWitt commented that he doesn't think that its fair that a customer with one toilet should pay the same as the nursing home.

Robert Garcia asked the amount of the rate increase. Mr. Miller responded that the recommendation is an increase of \$8.00 a month the first year; not more that \$9.00 a month in the second year; and not more than \$9.00 a month the third year. He stated that it could be at \$26.00 a month by the third year. He commented that the Council could back off the rates if General Fund gets flush. He said that it could be less than \$9.00 a month in the second or third year and will not be more than \$26.00 a month by the third year.

Jeff Hardt and Clarence Smith of the Roosevelt County Water Cooperative asked about the increase to their water rate. Hunton responded that, since the co-op does not have sewer, the increase would be \$3.00 the first year, \$3.00 the second year and \$3.00 the third year.

Jim Reed, citizen, asked for clarification of the reserve amount to be secured over 6 years. Miller answered that the City must bank the amount of 2 debt service payments and a reserve amount as required by the loan. He commented that figures are based on a \$25 Million Dollar loan. Mr. Reed suggested that the reserve and debt service set-aside should be invested for retiring the loan quicker. Michael Miller commented that this would be beneficial but that he was unsure if that would be allowed by the language of the loan.

A lady in the audience (not recognized by recorder) commented that it is extremely difficult to ask the tenants to pay the difference in water rates. Eddie Hiner complained about the rates charged to him regardless of whether he has rented units or not. Mayor King responded that they would review his account. Lonnie Berry questioned an increase in rates due to the Ute water project. Mayor King responded that the increase for this contingency will be about \$3.00 and that they are confident that it will be enough. Keith Thomas commented that the two Council committees have tried to make this as easy on the customer as possible.

Question from a member of the audience was what the benefit to the water supply would be due to the reuse project. Mayor King responded that the City's water consultant had estimated 3 to 4 more years. Michael Miller commented that every gallon saved is a gallon conserved. Someone in the audience commented on the fact that the City is putting a lot on the backs of the elderly and young families. Mayor King asked City Manager Redmond to have copies of the rates in the lobby at City Hall for those who are interested in seeing them. Mr. Redmond responded that staff would do so, and that the rates are on the City's website. The audience was in agreement with making the industrial customers pay more than the residential customers. Mr. Redmond and Mr. DeSha commented that there are about 5,500 residential accounts, 300 commercial accounts and 6 industrial accounts. Another question was asked about the possibility of any increase to the trash rates. Eddie Hiner asked when the City would put in a landfill and not have to transport trash to Clovis. Mayor King responded that was an expensive proposition. John DeSha commented that the City has to monitor the City's closed landfill for 30 years.

Mayor King adjourned the meeting at 6:30 p.m. to move into the Regular Council meeting set for the Council Chambers. She told the group that they could join that meeting if they wished.