

**CITY OF CLOVIS
WATER POLICY ADVISORY COMMITTEE
AGENDA**

**8:30 a.m.
Tuesday, February 13, 2018**

**Assembly Room
321 N. Connelly
Bert Cabiness City Government Center**

1. Call to Order
2. Roll Call
3. Approval of Minutes of December 1, 2017
4. Discussion and action regarding fees for delivering reuse water to customers and who will be responsible for the cost of completing the reuse pipeline (Action Plan #1), Commissioner Clayton
5. Discussion and action regarding the Land and Water Trust (Action Plan #4), Commissioner Clayton
6. Discussion and action recommending committee members to review the submitted requests for information for water banking (Action Plan #2), Commissioner Clayton
7. For the good of the order
 - Date & Time of next meeting
8. Adjournment

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the City Clerk at 321 Connelly at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the City Clerk at 321 Connelly if a summary or other type of accessible format is needed.

STATE OF NEW MEXICO)
CITY OF CLOVIS) ss.

The City of Clovis Water Policy Advisory Committee met in regular session at 8:30 a.m., Tuesday, February 13th, 2018 in the Assembly Room, Bert Cabiness City Government Center, 321 N. Connelly in full conformity with the laws of the State of New Mexico and the ordinances and resolutions of said city with the following members present:

Commissioner Chris Bryant, Chairman
Commissioner Fidel Madrid
Commissioner Sandra Taylor-Sawyer
Commissioner Ladona Clayton
Mr. Justin Howalt, City Manager
Mr. Jack Muse, City Resident
Mr. Vince Demaio, County Resident
Mr. Gene Hendrick, City Resident
Mr. Harry Pomeroy, City Resident
County Commissioner Chet Spear

ALSO PRESENT:

Ms. Vicki Reyes, Administration
Mayor David Lansford
Commissioner Tom Martin
Members of the public

Commissioner Bryant called the meeting to order at 8:32 a.m. and established the presence of a quorum.

Agenda Item No. 3 - Approval of minutes of December 1, 2017

Commissioner Spear made a motion to approve the minutes of December 1, 2017 as presented; Mr. Muse seconded the motion, which passed by acclamation.

Agenda Item No. 4 - Discussion and action regarding fees for delivering reuse water to customers and who will be responsible for the cost of completing the reuse pipeline (Action Plan #1)

Commissioner Clayton stated they looked at a rate analysis based on current potable rates and the current potable rate charged by EPCOR is \$6.68 per thousand gallons. The city established rate is \$2.34 per thousand gallons. Mr. Howalt stated EPCOR had various rates for various customers. The schools, for up to 135 million gallons, pay \$3.54 per 1,000 gallons and over that they go up to \$4.25 per thousand gallons. If and when they start accepting reuse water for their playgrounds the schools will have additional requirements from the NMED so they will have to acquire discharge permits. Instead of establishing a rate he recommended that the city starts visiting with the schools and find a rate that is acceptable with them.

Commissioner Bryant asked if the schools have given any indication they would purchase the water. Mr. Howalt stated they did indicate they would. They are in the process of acquiring their discharge permit. The first delivery would be to Yucca Middle School.

Commissioner Spear asked if the county had a hydrant. Mr. Howalt stated they county does have a hydrant at their road department but have not utilized it. Commissioner Bryant asked if that was something the county would be interested in as well. Commissioner Spear stated he would check.

Mr. Howalt stated as they take meters offline from EPCOR there will be meters coming online that they were using well water on. Commissioner Clayton asked if the city had a budget for water. Mr. Howalt stated they do. Commissioner Clayton asked what happens after that becomes the city's water. Mr. Howalt stated they have not charged themselves currently. Once they start delivering there will be additional operation costs. Mr. Muse asked if there was a need to charge themselves. Mr. Howalt stated there could be a time where they need to charge themselves. They are able to cover expenses but if they are unable to cover them the citizens paying the sewer rates shouldn't have to cover that.

Commissioner Bryant asked if anyone other than the city, schools or county would be able to use the reuse. Mr. Howalt stated there was a possibility of a third party. Commissioner Clayton stated when they consider other third user parties then the rate might be revisited. Mr. Muse asked if the water could be used for firefighting. Mr. Howalt stated they don't have the infrastructure set up for that.

Commissioner Madrid stated this could be used for infrastructure for other industries that come in. Commissioner Bryant stated that was something they would have to decide when any company comes in.

Mr. Muse asked if the water quality was good enough to use in feed manufacturing. Mr. Howalt stated it was. Mr. Muse asked if that would be a possible customer. Commissioner Bryant stated that was another possible user. Mr. Howalt stated the first goal was not industrial sales but to use for irrigation purposes.

Mr. Howalt recommended visiting with the schools and discussing rates. Commissioner Clayton recommended a range of opportunity rather than setting it in stone. The feasible rate is \$2.34 but suggested leaving opportunity for negotiations up to \$3.30 per thousand gallons. Mr. Hendrick asked if they were not able to dedicate a certain amount of wastewater for industrial and commercial use then they are putting the economic development people out of business. Mr. Howalt stated it would depend on the company. Commissioner Bryant stated once they get on board with the schools and see what the city needs then they will know what they have to put out to industry. Mr. Hendrick stated that wouldn't answer it for the prospect because they are looking for a community that can provide what they need. Mr. Howalt stated they have always answered the question. They generate 2.85 mgd out of the wastewater plant daily. Mr. Hendrick asked if they could dedicate a certain amount. Commissioner Bryant thought they could down the line. Commissioner Clayton stated the Ad Hoc Task Force envisioned that they would have excess water available for commercial sale. Mr. Prather stated the parks and schools would use 2.5 MGD and they would have an additional 1.7 MGD available.

Commissioner Clayton stated they have been discussing how to pay for the reuse pipeline and it comes in the way of charging for the reuse water. Mr. Howalt presented for a \$2.9 million loan to complete phase 1C. They would still need \$7 million to complete the rest of the pipeline. If they fall in the range of \$2.34 per thousand gallons to \$3.30 per thousand gallons it is still going to pay for itself.

Commissioner Clayton made a motion to set the fee cost for reuse water at a range between \$2.34 per thousand gallons to \$3.30 per thousand gallons, negotiations would be considered throughout, give the lower cost to the schools, continue looking for loans to finance the cost to complete the reuse pipeline beyond the current loan that is in progress, and ensure there are conversations with the schools as the end users to ensure their interest in purchasing the water. Mr. Hendrick asked if they want to include anything addressing the possibility that EPCOR may have a rate case raising the fresh water to \$7 per thousand gallons. Mr. Howalt stated they would be two independent water providers at that time. Mr. Pomeroy seconded the motion. Commissioner Madrid stated they need to talk to all the schools before they look for loans. Commissioner Spear asked if the revenue anticipated from reuse water would cover the infrastructure cost. Commissioner Clayton stated it would. Commissioner Spear said Commissioner Thornton informed him that it would happen through the revenue of reuse water. Commissioner Clayton stated there may be some additional available funds through this that could help, but it won't cover the cost. Upon a roll call vote, with all voting in the affirmative, the motion carried unanimously.

Agenda Item No. 5 - Discussion and action regarding the Land and Water Trust (Action Plan #4)

Commissioner Clayton recommended rather initiating their own land and water trust that they would seek a partnership with the NM Land Conservancy. It would save considerable funds and legal costs. Commissioner Taylor-Sawyer asked if they would be looking at financial resources from the city. Commissioner Clayton stated she didn't think they would. The Land and Water Trust create its own. There may be some legal fees but it could be noticeably reduced. Commissioner Taylor-Sawyer asked if the travel cost of \$2,500 would be reduced. Commissioner Clayton stated it could, but they would still pay them some travel.

Mr. Demaio asked if once they go into this trust would it be locked in forever. Commissioner Clayton stated they would have to have those conversations. Mr. Demaio stated they want to look into that. Commissioner Clayton stated they need to ask what the benefits are versus what the cost is.

Commissioner Clayton made a motion to continue to work with NM Land Conservancy; Commissioner Taylor-Sawyer seconded the motion. Mr. Demaio asked if it was solely to this land trust. Commissioner Clayton stated that was the one they have already been in conversations with. Mr. Prather stated they want to make the conservations easements assignable. Commissioner Clayton stated it was possible but starting with NM Land Conservancy was the best way to go. Commissioner Taylor-Sawyer asked if they were assigning their trust to anyone with this motion. Mr. Howalt stated they are starting the conversation. Upon a roll call vote, with all voting in the affirmative, the motion carried unanimously.

Agenda Item No. 6 - Discussion and action recommending committee members to review the submitted requests for information for water banking (Action Plan #2)

Mr. Muse made a motion that this committee to take no action to form an RFI Review Committee until

- A. After the municipal election is over and the new commission is seated.
- B. Until the city has a firm and viable financial plan to finance water banking or water rights purchase.
- C. All details of water banking or water rights purchases are established from initial contract to delivery to EPCOR's pipeline.
- D. Until the Plan 2 title and description is revised to clarify that all water rights owners are eligible to participate whether they are currently pumping their wells or not.
- E. And that no one who served on the Ad Hoc Committee be on the RFI review committee.

Commissioner Taylor-Sawyer seconded the motion.

Commissioner Clayton asked why Mr. Muse was making a recommendation to delay moving forward. Mr. Muse stated about a month ago he was discouraged about the water issue and the way it was going. He heard that Mr. Prather was campaigning for someone to run against Randy Crowder because Mr. Crowder wasn't on board with the water plan. He spoke with one person that confirmed that Mr. Prather went to him asking him to run against Mr. Crowder. He stated he was insulted that Mr. Prather would try to get someone to run against him. Mr. Muse stated he spoke with Mr. Prather about getting someone to run against Mr. Crowder and at the end of the discussion Mr. Prather issued him a personal and convincing invitation to address the commission and to say everything he had on his mind.

Commissioner Spear stated his understanding of Robert's Rules of Order was that they allowed Mr. Muse to make a motion on an item that was not on the agenda and then allowed the item that is on the agenda to be open for discussion. He stated they were out of order. Mr. Muse stated his motion is related to the action recommending committee members to review the submitted RFI's for water banking. Commissioner Bryant asked that he stay on topic and not make it personal. Mr. Muse stated he was not making it personal.

Mr. Muse stated they are not ready to do the committee because they don't have anything for the review committee to work with. He asked a month ago at the Commission study session for an explanation of how the water deal works from banking or purchase to getting it to EPCOR. There are a group of people that own water and don't have a clue of what the plan is. Only the ten people chosen by Mr. Prather know what the deal is and Mr. Prather couldn't explain it. They have the election coming up and the city commission is going to change so that is an adequate reason not to form the committee right now.

Mr. Muse stated the reason he is so opposed to this is because he has had conversations with Mayor Lansford and Commissioner Clayton about the conflict of interest in the ad hoc committee. The reason he believed there is a conflict is because of Mr. Prather's words to him. He spoke to Commissioner Clayton and explained this to her then received a phone call from Mr. Prather a few days later. He asked Mr. Prather if he drew a commission on the wall water and he said he did. Mr. Muse asked if the City Commission knew that he was getting a commission. Mr. Prather stated some of them did. Commissioner Bryant asked if there was a point to this. Mr. Muse stated there was. He asked Mr. Prather if he had a contract with the guys in the paleo channel and Mr. Prather told him he had no written contract. He asked Mr. Prather if he had a verbal agreement or a sideline agreement that if this was approved that he would get a commission. Mr. Prather said he was not going to say if he did or didn't. Mr. Demaio stated there was no deal, handshakes or anything behind the door. Discussions about selling water go on all of the time. There is nothing in place and this is nonsense. They need to move on and get going on the plan in place.

Commissioner Madrid stated he would like to hear from Commissioner Clayton regarding this item and what her idea was. Commissioner Clayton stated the motion that was made does not address this item because it took on the RFI, which is not on this agenda. She has set up a meeting with Mr. Howalt, Ms. Burroughes, herself, Mr. Richards and Mr. Bryan Jones, the new purchasing agent for an RFI. She never saw this agenda item as a character assassination. A lot of accusations have been made that were not warranted. She told Mr. Prather she was very sorry that this was allowed to happen today. She stated their goal always was and remains to be the implementation of a Master Water Assurance Plan that secures the future of the City of Clovis. She stated the one plan that Mr. Muse keeps bringing up again and again is this plan, although he approved this plan the first time it came out and then approved it the second time it came out. He is revisiting all of the issues that he thinks went awry with the ad hoc committee and where they have been deceptive, acted inappropriately and where they have a personal, ulterior motive. No deals were ever made.

Mr. Muse stated one of the ad hoc committee members told him that none of the farmers had been to the committee. He was told that Mr. Prather gave them information. He asked what Mr. Prather's relationship was with the farmers and he was told Mr. Prather was their agent. Mr. Muse stated Commissioner Clayton told him the only farmer they talked to was Danny Fish and his understanding was that the city didn't make an offer to the farmers. Commissioner Spear stated this was all hearsay and they need to give Mr. Prather a chance to defend himself.

Mr. Prather stated in the committee Mr. Hendrick made the statement that he's spent 20 years on these committees and nothing has been done about water. He stated he approached one of the land owners and was told what he wanted for his water. He went to another landowner, told him that same price and asked this landowner if he would take the same amount and was told he would. He stated he was instructed by the Ad Hoc Task Force to do this. He stated Mr. Muse had been assassinating him since day one because Mr. Muse is in disagreement with the plan and has an ulterior motive. He stated Mr. Muse wanted to get water from Kaplan, NM. Mr. Muse has never supported this plan, voted for it twice, he destroys everything he touches, he destroyed his marriage and his business. Commissioner Bryant stated they are not going to make this a personal attack on anyone. Mr. Demaio asked if they could make a motion to move on.

Commissioner Taylor-Sawyer stated they are adults and do not need to have this personal. What she has heard from both Mr. Prather and Mr. Muse is very disturbing. She puts the information that they give the committee in high regard, but to assassinate each other is not good because it dilutes the expertise they are bringing. Commissioner Taylor-Sawyer called for the vote.

Commissioner Bryant stated there was a motion made by Mr. Muse and seconded by Commissioner Taylor-Sawyer. Mr. Muse reread his motion. Commissioner Spear asked if that was a motion dealing directly with number six on the agenda. Mr. Howalt stated yes and no. Commissioner Spear asked if that closed the discussion for item six. Mr. Howalt stated it did not. Upon a roll call vote with all voting against except Mr. Muse who voted in favor and Commissioner Madrid who abstained, the motion failed.

Commissioner Clayton stated action plan 2 step 5 states "appoint a committee of five officials to review and/or negotiate all proposals and determine who shall be awarded contracts for the sell and/or lease of water." They are recommending two city commissioners, one county commissioner, one from the ENMWUA, one from EPCOR, and city manager as a non-voting member. Commissioner Taylor-Sawyer stated if they were looking at names then she wants to put her name in. Mr. Muse recommended Commissioner Casaus as the other commissioner. Commissioner Spear stated he would like to serve from the County. Commissioner Clayton asked if they should allow each of the individual entities appoint a representative. Commissioner Bryant stated he was fine with that. Commissioner Taylor-Sawyer asked if the other entities could come back with their recommendations to this committee.

Commissioner Taylor-Sawyer made a motion for each entity to select their own representative and report back to the Water Policy Advisory Committee; Mr. Demaio seconded the motion, which passed by acclamation.

Agenda Item No. 7 - For the good of the order

Commissioner Bryant stated Mr. Muse had a few questions at the last commission meeting and they are continuing to work on those. Mr. Muse asked if they were any closer to having an explanation of what banking is and how it works. Commissioner Bryant stated that could be an agenda item at the next meeting.

Mr. Bill Reed, 3761 Glenfield, asked if there was a select farmer that agreed to bank their water, but the surrounding ones do not agree, what would the consideration be then. He asked how they would get people on board. Mr. Howalt stated as part of the plan they have outlined criteria that they would like to see met as part of this request for information. Their first step is to see if there is anyone out there that is willing to be able to meet the criteria. They have opened this up to make it available to anyone and everyone. Commissioner Clayton stated if a single landowner comes forward but the surrounding neighbors don't want to shut off their pumps that is not even a possibility. The condition is for contiguous land owners to come together. Mr. Reed asked what they foresee as city revenues to carry out the Ute Water project or dairies closing. Mr. Demaio stated they need to look at sustainable agriculture.

Mr. Jose Griego, 118 Lydia, stated it was healthy to discuss undercard issues. This community needs to discuss the discussion on reflectiveness. To deny it this community will continue to hurt.

Mr. Lon Sultmeier, Melrose, asked if they have determined the size of the radius. Commissioner Clayton stated that would have to be determined as they consider the RFI and be sure they give that very specific parameters.

Mr. Wayne Martin stated he had a property in the channel and was told he would have to do something outside of the group. He stated he was interested in selling his water rights on that property. The city should look at purchasing water rights so that the water will belong to the city.

Mr. Muse stated Mr. Sultmeier is part of the Blackburn family and they have excellent water. There are people on both sides of the line that can keep irrigating so they are not controlling a contiguous area. This plan looks like they are rewarding the people that pump the hardest with big dollars and have ignored the people that have been good conservationists. They need to buy water and test wells. He believed the parameters were a little too strict for the general public. There are several things to consider like how many of these places are proposing to sell water and do they have electricity or natural gas. They need to look at the saturated thickness and where the flow comes from because they may be buying on the wrong side. They need to look at every source of water they can. T. Boone Pickens people offered his water to Clovis and the former mayor told them they didn't need their water.

Commissioner Madrid stated he agreed with water banking, but they still need to figure out where they are going to get the money for this. Commissioner Bryant stated they all understood that. Mr. Muse stated he would like to see the city put out a blank form to anyone in the county saying they are interested in buying water for \$1,000 an acre. He thought they would get offers.

Ms. Merritte asked how wide the paleo channel was or if there was a map. Mr. Howalt stated the actual channel formation is an underground formation and varies throughout the area. The best way to tell is by looking at aerial photos. Commissioner Clayton stated it may not even end up being in the paleo channel. She stated they have looked at a map, but it varies.

Mr. Muse asked if someone has a well that is viable and there is nothing harmful in it can it be used or do they have to reinvent the wheel at every well. Mr. Huerta stated they would enter into a lease with that well owner and put into their system as being regulated by the PRC. They have to permit that well and it has to be brought up to NMED standards for municipal drinking water wells. Mr. Demaio stated buying water and adding more leased wells does not address their principle problem.

Mr. Muse stated the elephant in the room is still how does banking work. They have to answer that question. He cannot see any advantage to banking over purchasing. To him banking is just putting off the inevitable that they will have to buy someday. Mr. Prather stated the city owns the water when they initiate the contract and it's a perpetual lease. Mr. Muse asked at the end of the banking when they want to use is it there an extra charge. Mr. Prather stated there isn't. Mr. Muse stated it would be good to reward the people that are banking it.

Commissioner Bryant advised the next meeting would be at 8:30 a.m., March 13th.

Agenda Item No. 8 - Adjournment

There being no further business to come before the committee the meeting adjourned at 10:14 a.m.

Chairman

SEAL
(ATTEST)

City Clerk

**CITY OF CLOVIS
WATER POLICY ADVISORY COMMITTEE
AGENDA**

**8:30 a.m.
Tuesday, April 10, 2018**

**Assembly Room
321 N. Connelly
Bert Cabiness City Government Center**

1. Call to Order
2. Roll Call
3. Approval of Minutes of February 13, 2018
4. Update regarding Clovis Municipal Schools reuse rates, Justin Howalt
5. Update regarding bulk water purchase
6. Discussion and recommendation regarding RFI Committee
7. Update regarding production of wells at Ned Houk Park
8. Updates
EPCOR Update - Mark Huerta
City update - Justin Howalt
9. For the good of the order
 - Water Conservation Month
 - Date & Time of next meeting
10. Adjournment

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the City Clerk at 321 Connelly at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the City Clerk at 321 Connelly if a summary or other type of accessible format is needed.

STATE OF NEW MEXICO)
CITY OF CLOVIS) ss.

The City of Clovis Water Policy Advisory Committee met in regular session at 8:30 a.m., Tuesday, April 10, 2018 in the Assembly Room, Bert Cabiness City Government Center, 321 N. Connelly in full conformity with the laws of the State of New Mexico and the ordinances and resolutions of said city with the following members present:

Commissioner Chris Bryant, Chairman
Commissioner Fidel Madrid
Commissioner Sandra Taylor-Sawyer
Commissioner Ladona Clayton
Mr. Justin Howalt, City Manager
Mr. Jack Muse, City resident
Mr. Vince Demaio, County resident
Mr. Gene Hendrick, City resident
Mr. Harry Pomeroy, City resident
County Commissioner Chet Spear

ALSO PRESENT:

Ms. Vicki Reyes, Administration
Mayor David Lansford
Commissioner Rube Render
Members of the public

Commissioner Bryant called the meeting to order at 8:32 a.m. and established the presence of a quorum.

Agenda Item No. 3 - Approval of minutes of February 13, 2018

Commissioner Bryant stated there have been changes to the minutes. He asked Ms. Reyes to send the revised minutes to the committee and would like to table them until the next meeting. Commissioner Clayton made a motion to table; Commissioner Spear seconded the motion, which passed by acclamation.

Commissioner Bryant stated there was one change to Item Number 6. This will only be a discussion item.

Agenda Item No. 4 - Update regarding Clovis Municipal Schools reuse rates

Mr. Howalt stated he had been working with Ms. Bunch at Clovis Municipal Schools. The existing rate is \$3.54 and the proposed rate is \$2.34 as a starting rate. He is going to recommend to the commission to start with the \$2.34 and then review it over the years. As water rates increase over time they could increase the amount.

Agenda Item No. 5 - Update regarding bulk water purchase

Mr. Howalt stated the City of Clovis has two wells that were put into the purchasing program, one located at Wheaton and Llano Estacado and a second well located next to American Self Storage. EPCOR requires the wells to produce at a certain amount and if they are not producing they back out of those contracts. The one at Wheaton was producing at 39 gallons per minute and per the agreement it has to produce 55 gallons per minute. EPCOR is opting to not make the minimum purchase. Sorgen Playa was producing 48 gallons per minute, however, they have agreed to keep that well online. \$8,668 is what they will receive for that well for the year.

Mr. Huerta stated with the one well it goes into the Sandia pumping station so operationally it makes it more difficult to run that well longer. They are going to pump them as much as they can and the other well they can use up and above the minimum.

Agenda Item No. 6 - Discussion regarding RFI Committee

Commissioner Clayton stated the RFI committee members have been put in place. Mr. Howalt stated the committee is made up of Commissioner Taylor-Sawyer and Commissioner Madrid, Commissioner Thornton, Commissioner Clayton for the Water Authority, Mr. Huerta from EPCOR and he will sit on the committee as an ex-officio member. Commissioner Clayton stated she has met with Mr. Richards

several times and she sent back her last piece with corrections for the RFI last week. The proposed final draft will go to the commission on April 19th and they will launch that the next day for 45 days for any respondents to submit their packet of information.

Commissioner Clayton stated they stayed away from anything that would ask their agricultural producers to expose private information at this point. They believe this document will help them garner information to help them make a decision.

Commissioner Taylor-Sawyer asked by someone not submitting an RFI does that not preclude them from submitting a proposal. Commissioner Clayton stated it did not. She stated they set some fundamental principles that would help them as they move forward with the request for information.

Mayor Lansford stated they need guiding principles to apply to all of their interactions when moving forward when talking about acquiring property.

Principle number 1 - Consider regional impacts and solutions. What is good for our neighbors is good for Clovis. He stated he does not just represent the City of Clovis as Mayor he represents nine jurisdictions as chairman of the Water Authority.

Principle number 2 - Only negotiate and contract with willing sellers. The City of Clovis could condemn water rights. In HB 15 someone had the foresight to not allow the Water Authority to create immanent domain.

Principle number 3 - Value and respect the long standing contributions of area land owners in sustaining our way of life. Agriculture has been the back bone of this community forever. They want agriculture to thrive and add value to lives.

Principle number 4 - Identify and secure sources of revenue that are primarily derived from the consumer of public and industrial water resources and invest those revenues in water supply and related infrastructure assets. The City of Clovis has a landfill and wastewater treatment plant that are the only enterprises they have where they can obtain responsible revenues that they can invest in the future.

Mr. Demaio asked if the commission approves this will there be a set of guidelines put out. Commissioner Clayton stated that would follow. Their intent is to analyze the requests as they come in.

Mr. Muse asked if the RFI should come before this committee before it goes to the commission. He thought that the ad hoc committee was supposed to make recommendations that are filtered through the Water Policy Committee and then this committee would make a recommendation to the City Commission. Mr. Howalt stated the ad hoc committee was set up to develop the Master Water Assurance Plan and that has already been developed so the ad hoc committee no longer functions. Now since the commission has approved that, staff will work on the remaining and take it back to the city commission for approval. Mr. Muse agreed with everything the mayor said. When they put the RFI out they are addressing a group of people that don't know what is going on. He thought they needed a better handle on the financing before they put anything out. He didn't think anyone understand the water trust plan. He asked for someone to explain how the plan for banking works from the day they sign the contract until they put it into EPCOR's pipeline and they don't have a handle on that. Mr. Howalt stated as far as the RFI all they are doing is gathering information. It does not involve any financing or funding of any particular project at this point but they will need to have the finances lined up when it goes out to purchase. Regarding the conservation easements part of the request for information is would they be willing to participate in a program of that nature. If there are questions from the community there is a section that allows them to ask questions. Commissioner Clayton stated when they developed the Master Water Assurance Plan they knew they would need to buy themselves time to review all funding sources. The fourth principle is a vital principle. They knew they would need to be doing what they are doing now. They have 45 more days they are adding from the time they launch it on April 19th if the commission approves it and during that time that gives them the opportunity to find those funding sources. To not move forward would be irresponsible. The beauty of that document is that it will pull forth the essential information. Mr. Howalt stated the bidding process always allows the city to reject all bids. Mr. Demaio stated from the RFI they should get some handle on what the costs will be.

Commissioner Madrid asked if they had a meeting with the RFI committee. Commissioner Clayton stated they haven't met. They would use the document as it's designed to analyze the packets as they come in. She stated they will set a meeting date once this is released.

Commissioner Taylor-Sawyer asked what the RFI Committee's duties would be. She asked if that was something the commission needed to do. Mr. Howalt stated there are some in the Master Water Assurance Plan. He stated he could put that together formally. They will map the locations and the RFI Committee will review the data and see if this is a process that they can move forward with.

Commissioner Taylor-Sawyer asked if the RFI committee would have the opportunity to ask additional questions after the packets come in. Mr. Howalt stated they would. Mr. Muse asked if all the packets would be held until the deadline. Commissioner Bryant stated until the 45 days. Mr. Muse asked if the RFI Committee would be open. Mr. Howalt stated that would be up to the committee. Typically with RFPs they are all closed. Commissioner Taylor-Sawyer asked if they are following the unspoken word of the City Commission to have all meetings open. Mr. Howalt stated they don't have to follow the Open Meetings Act because they will not have a quorum. Commissioner Taylor-Sawyer stated she thought that all meetings would be open and wondered why this would be up to the Committee. Mr. Howalt stated he would defer to the committee. Commissioner Bryant stated that first meeting would be more of an educational meeting and they could decide then if they want to have it open or closed.

Mr. Demaio stated in the initial stages they want to be careful about having them open because of the type of information they will receive. It should be a little more confidential otherwise they may not get as much information submitted. Mayor Lansford stated the city is trying to ascertain what the financial responsibilities may be. This is intelligent, sensible things to do to in order to figure out what they need to do. No one has figured this out and they are in the process of trying to figure it out. They have to find a way to find more groundwater for the future until the Ute Water Project is built. An ultimate decision will be at a public meeting, but procurement law allows intelligent evaluation without people looking over their shoulder.

Commissioner Render asked when the RFI would be available for the commission members to review. Mr. Howalt stated they can put this out to the commission at any time. Commissioner Render asked if he could get a copy of it today. Commissioner Clayton stated she would like to review her updates before it gets sent out.

Agenda Item No. 7 - Update regarding production of wells at Ned Houk Park

Mr. Howalt stated they have 3 wells at the park and one at the motor speedway. Two of the wells at Ned Houk Park produce 140-150 gallons per minute, the third pumps 20 gallons per minute and the one at motor speedway also pumps 20 gallons per minute. Mr. Muse asked if they had any information on saturation. Mr. Howalt stated they don't have any. Commissioner Madrid stated they will drill another well for the shooting range and they could check then. Mr. Howalt stated when they drill the well they have saturated thickness on that particular well.

Agenda Item No. 8 - Updates

EPCOR Update

Mr. Huerta stated they are averaging 5.9 mgd which 53% pumping capacity. March average was 5.4 mgd, which is 48% total pumping capacity. They are starting to see the gradual ramp up. They recently completed work on the 5th Street project. They are currently working on the CRK line extension going south to CR 6. They also completed work for the Curry County Detention Center and are nearing completion on four more lease wells that will go into production this summer.

Mr. Huerta stated April is Water Conservation Month and EPCOR partners with the city. One thing they have been doing is the water rebates. They have three rebates available that are funded by a surcharge. In 2016 they had 40 applications come in, in total. They estimate that is 1.1 million gallons saved annually. In 2015 they had a total of 76 applications. The biggest decrease is in their landscaping rebates.

Mr. Muse asked if they could get information to the plumbers and Lowes that might help with the toilet rebates. Mr. Huerta stated at one time they provided information to Lowes on the washer updates. Mr. Muse asked what the location of the new wells was. The Hartley well is north of Pheasant Run Subdivision and GBK wells are at CR E and CR 10

City Update

Mr. Howalt stated they are wrapping up phase 1B of the reuse project and will be closing that out with the Water Trust Board. Funds have been allocated to the Water Trust Board and they will be divvying that up to the approved projects. RBC will start looking at potential debt services to bond the remainder

of that project. Continue to work with Curry County with their use of the reuse water for the road department. WWTP continues to work with SWC and taking on their effluent. It varies between 700-900 gallons per day. They have made improvements to the plant and they continue to make progress.

Mr. Hendrick asked where they stood with the people that are out of water south of town. Commissioner Spear stated pipeline that is being installed was increased from a 6 inch to a 12 inch line at the expense of EPCOR. The citizens south of town may tie into that line at their expense. There are grants and low cost loans available to those families to aid them in paying for the infrastructure to tie into that line. There is a gentleman in town trying to get a delivery services as well. Mr. Hendrick asked if they had a time table. Commissioner Spear stated it would depend on when they get the water line done. The county cannot assist due to the anti-donation clause. Mr. Huerta stated they are looking at a May time frame. EPCOR upsized the line at their cost and installed additional spurs for future line extensions. It will help some people faster than others. He has started to receive some calls from people that are interested. Mr. Howalt asked if that would impact city rates. Mr. Huerta stated they would have to put in to extend their service area.

Mr. Demaio asked what the production was of the leased wells that are coming online. Mr. Huerta stated the wells north of Pheasant Run is around 140 gallons a minute, the other is 75 gallons a minute and no numbers on the GBK wells yet.

Mr. Hendrick asked what the max demand was last year. Mr. Huerta stated the peak day was July 18th and it was 9 million gallons.

Agenda Item No. 9 - For the good of the order

Commissioner Bryant thanked Commissioner Spear and the county commission for the Water Conservation Month proclamation. They have information at City Hall and the library. This is something they need to continue to educate people on. Mr. Huerta stated they also had the magician that goes to the Clovis schools and he does a magic act that is about water conservation.

Mayor Lansford stated they visited with the State Engineer about a week ago and was also unclear on water banking. He suggested a new name, ground water banking. Commissioner Clayton provided a clear term on what water banking was. He read "ground water banking seeks to stop irrigation wells from pumping in one contiguous well field where little or no competition from other water users exist. So the depletion of the localized ogallala aquifer can be slowed down and the water can be saved to meet future domestic water needs. To achieve this goal the city secures, reserves, buys and/or leases wet water from agricultural water rights owners and saves or banks this water, much like keeping money in a savings account for future needs." That is still in draft form but he would like to have this on the next agenda.

Commissioner Bryant stated the next meeting would be at 8:30 a.m., May 8th.

Agenda Item No. 10 - Adjournment

There being no further business to come before the committee the meeting adjourned at 9:28 a.m.

Chairman

SEAL
(ATTEST)

City Clerk

**CITY OF CLOVIS
WATER POLICY ADVISORY COMMITTEE
AGENDA**

**9:30 a.m.
Tuesday, July 24, 2018**

**Assembly Room
321 N. Connelly
Bert Cabiness City Government Center**

1. Call to Order
2. Roll Call
3. Approval of Minutes of February 13, 2018 and April 10, 2018
4. Discussion regarding Playa Lakes Joint Venture, Christopher Rustay
5. Discussion regarding conservation easements & tax credit program
6. Discussion regarding conservation trust
7. Update on RFI, Commissioner Clayton
8. Updates
EPCOR Update - Mark Huerta
City update - Justin Howalt
9. For the good of the order
- Date & Time of next meeting
10. Adjournment

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the City Clerk at 321 Connelly at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the City Clerk at 321 Connelly if a summary or other type of accessible format is needed.

STATE OF NEW MEXICO)
CITY OF CLOVIS) ss.

The City of Clovis Water Policy Advisory Committee met in regular session at 8:30 a.m., Tuesday, July 24th, 2018 in the Assembly Room, Bert Cabiness City Government Center, 321 N. Connelly in full conformity with the laws of the State of New Mexico and the ordinances and resolutions of said city with the following members present:

Commissioner Chris Bryant, Chairman
Commissioner Fidel Madrid
Commissioner Ladona Clayton
Mr. Raymond Mondragon, City resident
Mr. Vince Demaio, County resident
Mr. Gene Hendrick, City resident
Mr. Harry Pomeroy, City resident
County Commissioner Chet Spear

ABSENT: Commissioner Sandra Taylor-Sawyer

EX-OFFICIO: Mr. Justin Howalt, City Manager

ALSO PRESENT: Mayor David Lansford
Commissioner Rube Render
Claire Burroughes, Assistant City Manager
Doug Dunham, EPCOR by phone
Peter Nichols, Berg Hill Greenleaf Ruscitti LLP
Ariel Steele, Tax Credit Connections
Christopher Rustay, PLJV
Members of the public

Commissioner Bryant called the meeting to order at 8:38 a.m., introduced guests Christopher Rustay, Peter Nichols, Ariel Steele and Orlando Ortega, and established the presence of a quorum. Mr. Huerta introduced Doug Dunham, Water Resources Manager for EPCOR, a new addition to EPCOR, who will be involved in Clovis projects.

Agenda Item No. 3 - Approval of minutes of February 13, 2018 and April 10, 2018

Commissioner Clayton moved to approve the minutes of February 13th, and April 10th, 2018 as presented; Mr. Hendrick seconded the motion which passed by acclamation.

Agenda Item No. 4 – Discussion regarding Playa Lakes Joint Venture

Mayor Lansford gave an introduction, stating that it was easy to take the easy road, do nothing, and let future leadership deal with these problems. Fortunately they are in a situation where city, county, and state officials are ready to address the challenges, and not push them down the road to the next generation. They are going to deal with it, as complicated, challenging, and frustrating as it is, and continue to press on.

How they got to where they are today is a relevant question to ask. He is in his 18th year as Mayor. When he came in it was apparent the Ute reservoir project was not likely to happen in the next 2-3 decades. With inflation, the cost of the project will be a trillion dollars, and Clovis is a small community and cannot afford it. He looked for plan B to buy time, and extend the life of the aquifer. In 2012 the city had started the reuse project, and EPCOR ratcheted up their conservation efforts. 90% of the water mined is outside the city for irrigation purposes. What are they going to do to slow down the aquifer and prolong the reserves for future use. This was his motive when he came back in 2012. He attended a conference in Colorado 2 years ago and learned about conservation easements to incentivize the water rights owners to manage the easements for the common good. They are looking for voluntary methods to save water for future generations. They are looking for heroes who want to convert irrigation to provide adequate water until the surface project is done. When it is built it will provide water 85-90% of the time, or less if there is a drought. PLJV is a layer of incentive to encourage landowners to change practices. The military has REPI dollars they can buy easements with. There are a lot of different things that have come into view to allow them to create a voluntary incentive package to slow down irrigation

and save water for municipalities. He was excited to have experts present today, and they have some of the very best people to assist. They are moving in the right direction, and persistence is going to be key.

Mr. Rustay advised PLJV is bird habitat conservation program working in the western Great Plains. Playa Lakes are the sole source of recharge for the Ogallala Aquifer. They were called four years ago by an individual involved in city efforts for conservation, and they have been assisting since then. They are excited to see the Water Assurance Plan, and as a result of that they applied for a National Fish and Wildlife grant to help with playa lake restoration. The resilient community grant was funded - \$50,000 for education and \$200,000 for playa lake restoration. They held a workshop in May attended by Commissioners Clayton and Bryant, Mayor Pro Tem Garza, Mr. Hendrick and Claire Burroughes. Some projects came from landowners as a result of that.

Mr. Rustay said they wanted to vet the priorities as to where they will put their money, in support of the water assurance plan. He presented the Clovis NM Playa Restoration Opportunities map (attached). Looking at the direction of flow in the aquifer, the area inside the grey area would be their area of focus.

He noticed some things giving priority near to EPCOR and City wells. Wells nearer to playa lakes tend to do better and keep their water longer, than wells that are not. Proximity within ½ a mile to the City and EPCOR would be a priority for their dollars. The committee agreed.

Mr. Rustay reviewed the RFI and knew they had received 19 responses. He asked if the landowners responding from the RFI would be a priority. Commissioner Clayton said that was yet to be determined, but several of the applicants had playas. Mr. Rustay asked if they should look at the applications that mentioned that, or would they be handled under the current priorities. Mr. Howalt said knowing the capabilities for recharge, they should look at EPCOR's well field, identifying those closest to the well field as exists today, and focus on those first, and see where they are at that point, as there are so few dollars. Prioritizing would be getting EPCOR's well field and seeing what is closest to it.

Mr. Rustay provided another map (unnamed). All the playas above 2 acres or more in the area and could tell whether in grass, cropland, whether pitted, or a combination. All of these effect the ability of a playa to recharge. This will include the EPCOR city wells. This could be used by any entity, not just the City but other resources, so they can come back to the committee, and supply that information for reference for other areas. Commissioner Bryant thought that would be good information to have.

Mr. Mondragon said CAFB was in the box. The area to the north and northwest of CAFB was where the Wall water rights were purchased. Before John Rebman left CAFB, Mr. Mondragon spoke with him, and he advised since the wells were shut down there was an increase in Cannon's wells. Mr. Mondragon said they completed a source water protection plan, and did water studies regarding the quality of water in the area. He said he would be happy to provide that information to Mr. Rustay. Mr. Rustay said they work throughout Eastern New Mexico, and could work on additional studies. Mr. Mondragon said the quality of the water in the paleo channel was really good.

Mr. DeMaio thought landowners should be seeking it out, and this could be for private agreements with landowners, and others in seeking grants to seek funding for the playas. Mr. Rustay said one of the purposes of the meeting yesterday was to look at leveraging existing funds into much larger funds from NRCS and others.

Mr. Rustay said there was a chart showing the charges to fill pits and a 150 foot grass buffer. There are generally no ongoing maintenance needs after that, except to maybe have a conservation easement.

Mr. Nichols asked if EPCOR was going to be involved in funding the playa. Mr. Howalt advised it was not playas within the city as they are being used for stormwater management. EPCOR's well field is outside the City of Clovis, and it is up to the individual landowner as to whether they want to participate.

Mr. Rustay said pits cost around \$5,000 to restore, and you do not need to bring in extra fill. NRCS has determined that grass buffers \$120.00 to \$150.00 per acre to reseed back to grass. There may be issues related to roads, and he did not have any cost estimate to remediate that.

Mr. Nichols said there had been discussion regarding redirecting the water in the bar ditches along the roads to the playas, that would be advantageous in terms of recharging the aquifer, and the State Engineer has recommended the city consider filing new water rights on that water to insure if that were done then the water it would be available in perpetuity for the city to funnel into the playas to recharge the aquifers. Mr. Rustay said they had discussed it with the city but had not gone too far down that road. It would ensure the most water in the watershed went into the playas for infiltration and it would

help with flooding issues with roads and road maintenance. The county has agreed and has started to work with a few playas to do just that.

Mr. DeMaio asked if the city would file water rights on rainfall in the bar ditch. Mr. Nichols said collecting in the bar ditch that would be directed to the playa, so the water could not be used for some other purposes. They are a couple of preliminary conversations they had with the State Engineer.

Agenda Item No. 5 – Discussion regarding conservation easements & tax credit program

Mr. Nichols had developed some expertise in conservation issues and ran into Mayor Lansford and Blake Prather at a conference in Denver.

There is an analogy that real property is a bundle of sticks, which is what they use in law school. One right is the right to use the surface, which include the right to exclusive use of the surface, and the right to use the surface consistent with local land use regulations, such as for agricultural production or commercial or industrial development. There are sub-surface rights, such as mineral rights, which may be separate rights, for example, oil & gas, hard rock minerals, and construction materials, and groundwater rights, if granted by the state to overlying landowner. Each right in the “bundle of sticks” is independently transferrable. The landowner may lease the use of the land for crop production or grazing, may sell or lease the right to extract certain minerals. The permit holder may sell or lease their rights to pump and use the groundwater. Each right in the bundle of sticks has a separate value, for example, the right to irrigate crops, the right to exclude others (e.g. hunting), the right to develop the surface for commercial or industrial use, and the right to use the permitted groundwater.

Mr. Nichols advised Clovis’ challenges/opportunities are that the wells mining the Ogallala Aquifer. Replacement or the renewable surface water supplies are decades away. The City needs additional water supplies to sustain current and future economic base and population until the Ute Pipeline is online. The City wants to work with willing farmers and ranchers to forgo irrigation pumping to conserve groundwater for future municipal use.

Mr. Nichols advised a conservation easement is a voluntary legal encumbrance granted by the landowner that limits one or more uses of the property to preserve or protect statutory “conservation values” such as open space, including farm and ranch land, and relatively natural wildlife habitat or ecosystem. The conservation easement is an interest in real property granted to conservation trust or city. The landowner retains all rights not granted under the conservation easement. Clovis could use conservation easements to create a conservation land and water trust by obtaining conservation easements with willing farmers and ranchers to limit irrigation to conserve the Ogallala Aquifer groundwater to meet future municipal needs and secure the protection or restoration of playa lakes to recharge the Ogallala Aquifer.

In regard to pairing conservation easements and municipal option agreements; Mr. Nichols advised the purpose of the conservation easement is to conserve land and/or water. It would tie permitted water rights to formerly irrigated land, constrain pumping to conserve the Ogallala aquifer and permit landowner’s to lease water for the City’s use. The landowner would retain ownership of the permitted groundwater for lease to the city. Groundwater is historically used for irrigation becomes alternate “crop” that replaces former irrigation production. Water lease provides predictable non-cyclical ag cash flow.

The use of the water under the conservation easement would be consistent with conservation values. It would be the preservation of farmland pursuant to federal, state or local government conservation policy by transferring rights to use groundwater to the city. An example of how this would be accomplished would be the State Engineer approving a conservation reserve program, and the state of New Mexico recognizing a federal conservation reserve program. The program would provide the protection of relatively natural habitat of wildlife, plants or similar ecosystems, protection/restoration of playa lakes to recharge the aquifer, and protection/restoration of habitat for the lesser prairie chicken.

Mr. Nichols advised funding conservation easements is a bit of a challenge. The farmer donates the value eligible for state tax credit and federal charitable tax deductions. The donation must meet requirements of the IRC 170(h), the conservation value is defined by federal and state law, and is perpetual. The New Mexico State conservation easement tax credit program is limited to 50% of the fair market value of the donation, is limited to \$250,000 and may be sold, exchanged or transferred.

Mr. Nichols advised a landowner would benefit from granting a conservation easement by being compensated for the reduced value of their property as a result of granting the conservation easement.

For example, through state conservation easement tax credits, federal tax deductions, cash payments for the conservation easement, and cash payments for city use of the water.

Mr. Nichols advised an example of a conservation easement on groundwater alone, based on the fair market value of the water without the land of \$700.00 an acre would be the land trust paying 50% easement at \$350 an acre, and the farmer/rancher claiming state tax credit of \$175.00 an acre for the donation of the value of the water (50%). The farmer/rancher net would be \$525.00 an acre plus future water sales (\$350.00 conservation easement plus \$175.00 tax credit) plus future lease or sale of the water for municipal use.

Mr. Mondragon asked on the \$1,000 an acre with the available tax credits, was that a combination of, or included in, the \$1,000 an acre. Mr. Nichols said the \$1,000 acre value would be the fair market value before the conservation easement.

The committee asked for a copy of the powerpoint presentation. Mr. Howalt said they would post it on the City website and send to the members. Ms. Burroughes advised it would be in the minutes.

Mr. DeMaio asked if it had to be perpetual. Mr. Nichols said it did to qualify for federal tax deductions and state tax credits. The federal tax law came in the 1970s.

Mr. DeMaio said if you take the tax credit out, you have only cash payments, then you have the ability to structure term. Mr. Nichols said you could do that. He couldn't think of any examples of term easements. Ms. Steele said there were federal ones – wetland and conservation reserve. They are cash based and 20 years. Mr. Nichols said he would think the city would want it for at least 40 years as that is the aquifer life.

Mr. DeMaio said it was a tough sell when you start thinking of forever as it is a long time. Mayor Lansford said they are talking with the state engineer to reduce from 3 acre feet to 1.29, taking the irrigation component out, but reserve the ability to sell that water, so you maintain 42% of your water right, you give up the irrigation right, and that would be in perpetuity, but you would still have the potential of the sale of water for municipal and industrial use. The conservation easement on any given piece of land can be crafted specifically, and would allow the water to be used or sold to the city or EPCOR. Mr. DeMaio said you are effectively changing your water rights.

Mr. Mondragon asked if they were seeing activity in conservation easements within the Ogallala Aquifer mapping area in other states. Mr. Nichols said not in Colorado. He thought there may be something in communities in Kansas. Mayor Lansford said in Kansas they got volunteers and paid them to reduce their pumping to reduce the volume being extracted, although he did not think they were conservation easements in perpetuity. Mr. Rustay said it was done through a Lima in Kansas to raise the water level. The aim was for a 20% reduction in water pumping, but there was a 32-38% reduction in water usage through volunteer conservation efforts across the farms in the irrigation district. There were no conservation easements attached to that, and they still will wind up mining the aquifer.

Agenda Item No. 6 – Discussion regarding conservation trust

Ms. Ariel Steele with Tax Credit Connection, Inc. gave a presentation regarding conservation trusts. She had worked with tax credits in Colorado and New Mexico since 2005 as a broker of credits, bringing buyers and sellers of tax credits together. They have worked in New Mexico since 2008, and that is all her company does.

Generous state and federal tax benefits are available to people who voluntarily preserve their land and water with a conservation easement donation, and certain criteria you have to reach. The State tax benefits can be as much as \$250,000 depending on the value of the donation, and is available for donations of land in fee or conservation easements. You can sell them for cash.

A tax credit is used against your tax bill, dollar for dollar. Everyone is familiar with tax deduction, where you write off items to lower your income. The tax credit is used to pay off your bill and is more valuable than a deduction as it is worth \$1.00 to \$1.00.

The landowner rights are really important. They retain all the rights they have not given away. There is a myth that you have to give the public rights to your property – you can choose to if you want to – but you don't have to. You can still sell the land and mortgage it.

In order to qualify, you have to be a US tax payer. If someone lives out of state, but owns land in New Mexico, they can qualify for the tax credit program. You can do one donation a year. You apply to

Energy Minerals and Natural Resources and you firstly do an assessment (before the appraisal). This way you can learn if you can qualify. You have a hearing where it is approved or denied. If it is denied you can find out why it was denied, and you can resubmit. If they feel you are not protecting adequately, or allows too much development, they will deny the request. After you are approved you administratively get a tracking number through the state.

The appraisal determines how much you are giving up. There is a before and after evaluation. If it was worth a million dollars before, the appraiser will determine on what you were giving up. The conservation easement value could be \$400,000 as the “after” value of the land could be \$600,000. Tax and revenue are engaged in the appraisal part and determine if it qualifies.

Sometimes you can get money to pay for a conservation easement in a bargain sale, as that will change how much you donated. For example a \$400,000 conservation easement, and for example the DoD gives \$100,000 to the closing table, and pay the landowner that in cash, donating the difference, so the tax benefits will be based on the \$300,000 rather than the \$400,000 number.

Total tax credits cannot exceed 50% of the donated land or conservation easement value. An example is:

\$2,000,000 – CE donate by 10 individual owners

X 50%

\$1,000,000 tax credit

\$1,000,000/10 individual owners = \$100,000 tax credit each

Ms. Steele advised if you have two owners, for example husband and wife, each of them can get \$250,000 if you have enough donation value.

Donors can use their conservation easement income tax credits against their own tax liability for up to 20 years. They can transfer some or all of the credit to another taxpayer for approximately 82% of the face value. An example is:

\$200,000 value of the tax credit x 82% = \$164,000 cash.

Ms. Steele advises her company helps with this. If they do not have that money owed to the state, they can get money for the easement placed on their land. Credits can be sold up to December 31st of that year. You can sell all the credits, or just sell some and keep the rest for use against your tax bill. Credits must be sold in increments of \$10,000 or greater, and must be transferred by a qualified intermediary who notifies taxation and revenue within 10 days of the transfer (RPD-41336).

Requirements for a donation to qualify for a tax credit under New Mexico Statutes state that the qualified intermediary cannot be previously convicted of a felony, have a revoked professional license, engaged in practices under Public Accountancy Act, be a real estate broker or salesman, or an entity owned wholly in part or employing any of the above persons.

The benefits to taxpayers for purchasing tax credits is that the tax credits can be purchased at a discount (rate varies based on the time of year). Credits can be applied towards taxes dollar for dollar. If you plan ahead, there are no quarterly payments. An example is:

\$100,000 tax credit

X 87% June rate

= \$87,000 purchase price

The taxpayer therefore saves \$13,000 on their tax bill.

If you sell your tax credits you are still eligible for your federal tax deduction. If you are a qualified farmer or rancher, you can deduct 100% of your income.

Ms. Nichols said if you sell the tax credits, that is a taxable event, and you will have to pay taxes due on this. If you sell them in the first year it is a short term capital gain, if you sell them in the second year, it is a long term capital gain.

Mr. Mondragon asked how engaged the City/County be in a conservation easement. Does it go before the governing body to approve a conservation easement. Ms. Nichols said it depends on who is holding

the easement. If the city holds the easement, they would vote to accept the easement. If Clovis holds the easement and Curry is pitching in \$100,000 then Curry would vote whether to do this. If it is held by NM Land Conservancy then the City and County does not have to vote, just the NM Land Conservancy. The holder of the easement will check every year that the easement is being adhered to. Mr. Mondragon said it could be pretty complicated.

Commissioner Bryant advised Mr. Nichols and Ms. Steele will be present at the presentation this evening.

Agenda Item No. 7 – Update regarding RFI

Cancelled due to time.

Agenda Item No. 8 - Updates

EPCOR Update

Mr. Huerta stated they are averaging 5.9 mgd which 53% pumping capacity. March average was 5.4

City Update

Agenda Item No. 9 - For the good of the order

August 14th, 2018, 8:30 a.m. City Hall

Agenda Item No. 10 - Adjournment

There being no further business to come before the committee the meeting adjourned at 9:50 a.m.

Chairman

SEAL
(ATTEST)

City Clerk

**CITY OF CLOVIS
WATER POLICY ADVISORY COMMITTEE
AGENDA**

**8:30 a.m.
Tuesday, October 9, 2018**

**Assembly Room
321 N. Connelly
Bert Cabiness City Government Center**

1. Call to Order
2. Roll Call
3. Approval of Minutes of July 24, 2018
4. Updates
EPCOR Update - Mark Huerta
City Update - Justin Howalt
ENMWUA Update - Orlando Ortega
5. For the good of the order
- Date & Time of next meeting
6. Adjournment

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the City Clerk at 321 Connelly at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the City Clerk at 321 Connelly if a summary or other type of accessible format is needed.

STATE OF NEW MEXICO)
CITY OF CLOVIS) ss.

The City of Clovis Water Policy Advisory Committee met in regular session at 8:30 a.m., Tuesday, October 9, 2018 in the Assembly Room, Bert Cabiness City Government Center, 321 N. Connelly in full conformity with the laws of the State of New Mexico and the ordinances and resolutions of said city with the following members present:

Commissioner Chris Bryant, Chairman
Commissioner Fidel Madrid
Commissioner Sandra Taylor-Sawyer
Mr. Raymond Mondragon, City resident
Mr. Gene Hendrick, City resident
Mr. Harry Pomeroy, City resident
County Commissioner Chet Spear

ABSENT: Commissioner Ladona Clayton
Mr. Vince Demaio, County resident

EX-OFFICIO PRESENT: Mr. Justin Howalt, City Manager

ALSO PRESENT: Vicki Reyes, Assistant City Clerk
David Kube, Curry County
Mark Huerta, EPCOR
Orlando Ortega, ENMWUA
Kevin Wilson, ENM News
Members of the public

Commissioner Bryant called the meeting to order at 8:31 a.m. and established the presence of a quorum.

Agenda item No. 3 - Approval of minutes of July 24, 2018

Mr. Mondragon made a motion to approve the minutes of July 24, 2018 as presented; Mr. Hendrick seconded the motion. The motion passed by acclamation, with the exception of Commissioner Taylor-Sawyer who abstained.

Agenda Item No. 4 - Updates

EPCOR Update

Mr. Huerta stated for the month of September they had an average pumping of 5.5 mgd and they are currently in the middle of their upgrades. In the month of September they were able to bring well 17 and 20 onto the system. This will put them in line with their counterparts in Arizona. It is a very large undertaking to do all the booster stations and approximately 80 wells. With these two it brings them up to six that they have on the new system. They completed 210 and 211 lease wells and they are in use. They completed maintenance for the year, which is 758 valves and hydrant maintenance is also complete for the year. They are preparing for tank inspections at their Norris and Brady pump station and the Sandia pump station. They will take both tanks down, drain them, inspect and do any maintenance. They are moving out of the pumping season so some of the wells go offline to rest them for the winter. Commissioner Bryant asked what was going on with the work south of town. Mr. Huerta stated they completed a large line extension for the county building and are completing one for the shuttle yard across from Southwest Cheese. They have done a small line extension on CR 6 and are currently doing another small line extension on CR J.1. There are approximately 15-20 customers on that one and 10-12 on CR 6. Commissioner Bryant asked if citizens have approached EPCOR regarding cost on that side of town. Mr. Huerta stated they received a lot of calls and he has everyone's contact issue.

Mr. Mondragon stated he spoke with Johnnie Jones at Western Bank and they had figured out loan agreements that homeowners south of town could use. Commissioner Spear stated Commissioner Thornton had a meeting with several land owners on how to apply to the USDA for a low cost loan as well.

Commissioner Bryant stated they have continued to send updates to the committee, but he has not had any action items to bring to them. They decided to give everyone the opportunity to discuss the projects that have been ongoing.

City Update

Mr. Howalt stated the city is out to bid on the Reuse Project IC and that will extend the reuse pipeline from Yucca Middle School to Greene Acres Park and will add 12 additional end users. The bid opening is scheduled for October 18th. Phase ID is from Greene Acres to Bob Spencer Park and they have submitted the application to the Water Trust Board. They will go to Santa Fe for presentations on October 23rd. The most important part of that project is the construction of the 1 million gallon elevated storage tank located at Bob Spencer Park.

The RFQ for groundwater banking was approved by the City Commission and will be advertised on October 10th and 14th with responses due on November 19th. The RFP Committee will review those responses from November 26th to December 7th and will make a recommendation to the City Commission on December 20th. They received 19 responses to the Request for Information from landowners around the community. The city then developed the Request for Qualifications, which asked more technical questions so that the committee can rank those land owners. They have also hosted town hall meetings on conservation easements and tax credits. Based on those town hall meetings they had two individuals that were interested in participating in a pilot project with the city. The city is working with Peter Nichols, attorney from Colorado that has done a lot of conservation easements. The plan is to sit down with each landowner and talk more intimately about the details. The city has an agreement with the county for their environmental gross receipts tax to utilize those funds for this pilot project.

Mr. Mondragon asked if anyone from the Water Policy Committee would sit on the RFP Committee. Mr. Howalt stated Commissioner Taylor-Sawyer, Commissioner Clayton, Mr. Huerta, Commissioner Thornton and Commissioner Madrid are the voting members on that committee.

ENMWUA

Mr. Ortega stated they are in the process of moving towards construction for finish water 2. They are still attempting to secure funds for finish water 2. There is a possibility of the city assisting with this and using membership contributions to assist with alternate 8. The Water Authority should be able to fund alternate 7 with the money in the general fund. The services during construction from the engineering firm are charging the same amount of money no matter how much of the project is done. As they move forward they will approach the agreements differently with the engineering firm so that they will only get paid for the pieces that they are able to fund.

They are looking at the debt that the authority has and they are 2.5 million in debt. They have 8 outstanding Grant/Loans that have been awarded in past years. His intention was to pay their 10% up front and he was told they couldn't do that, but he hopes to pay the debt of past Grant/Loans. They want the community members to be happy and want to answer all of their questions and concerns.

They have submitted an application for another Grant/Loans for next year. They are relying on 75% from the federal government, 15% from the state and 10% from local communities. The only way they are able to secure the 15% from state government is through the Water Trust Board loan and grants. They have been working diligently with the Congress and the Bureau of Reclamation and feel they are making progress. They have reached out to the other four Bureau of Reclamation Rural Water projects that they compete against for federal dollars and have started a coalition of working together. They have moved towards asking Congress to up the annual funding of the five authorized projects to \$125 million per year.

He would like to do more community outreach and educate the community on the project. Commissioner Bryant stated Mr. Ortega has done a wonderful job with moving this project forward in the last 6 months. Mr. Ortega stated he had a great foundation to work on and appreciates all of the work that Mr. Howalt did while he was there.

Mr. Hendrick asked if there was any pipe in the ground. Mr. Ortega stated they did not. The intake structure was completed in 2016 and that is basically the straw into the lake. The idea that came before the Authority was building the interim pipeline and heading north toward the reservoir. He stated they hope to break ground in November or early December with finish water 2. Mr. Hendrick asked what the

size of that was. Mr. Ortega stated the main pipeline was 33 inches and the lateral, for example, going to Cannon Air Force Base is 16 inch. Most of it depends on where you are.

Commissioner Bryant stated the commission did agree to pay to move that project forward.

Commissioner Taylor-Sawyer asked about maintaining the intake at Ute Lake and what the cost is. Mr. Ortega stated they have hired a person to manage that. The \$30,000 covers all of the maintenance and utilities.

Mr. Ortega stated they have the opportunity to go beyond the Water Trust Board and ask for Capital Outlay and they will be doing that this year.

Agenda Item No. 5 - For the good of the order

Mr. Howalt stated this would be Mr. Hendrick's last meeting as he would be moving. He thanked Mr. Hendrick for everything he has done. Commissioner Bryant wished him the best. Commissioner Taylor-Sawyer stated he has served on other committees and ad hoc committees and appreciated everything he has done.

Commissioner Bryant stated normally in November and December they don't hold meetings due to the holidays. He did not see any action items coming up. The Committee agreed to reconvene in January unless something arises before then.

Agenda Item No. 6 - Adjournment

There being no further business to come before the committee the meeting adjourned at 9:16 a.m.

Chairman

SEAL
(ATTEST)

City Clerk