

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., Monday, July 11, 2022 in the North Annex, Clovis-Carver Library, 701 N. Main 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:

Mayor Pro Tem Chris Bryant, Chairman
Commissioner Lauren Rowley (virtual)
Mr. Harry Pomeroy, City resident
Mr. Raymond Mondragon, City resident
Dr. Marcus Smith, City resident (virtual)
County Commissioner Chet Spear

ABSENT: Mr. Vince Demaio, County resident

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

ALSO PRESENT: Ms. Vicki Reyes, Assistant City Clerk
Mr. Orlando Ortega, ENMWUA
County Commissioner Seth Martin

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

Agenda Item 3 – Approval of minutes of April 11, 2022

Mr. Mondragon made a motion to approve the minutes of April 11, 2022 as presented; Commissioner Spear seconded the motion, which passed by acclamation.

Agenda Item No. 4 – Discussion and recommendation regarding EPCOR's request for the City of Clovis to act as an applicant for a New Mexico Environment Department Drinking Water Revolving Loan Fund Pre-Application

Mr. Huerta advised they have been working with Highland Dairy, which was most heavily impacted by the PFAS. There was an opportunity to take the water and use it for municipal purposes. EPCOR put together a preliminary study and there is a chance to get money through the NMED. This project would not be in competition with any other initiatives that are ongoing. These are funds that were earmarked for this type of project and they do not currently have a project like this on their books. The first phase is to get the pre-application in and it would progress from there. EPCOR is privately owned so they are not allowed to apply for these funds. This is a good project in the sense that there are a large number of wells that are in a confined area. They based the conceptual at 2,500 gallons per minute with 15-16 wells.

Mayor Pro Tem Bryant asked if there was a timeline. Mr. Huerta advised it would be based on when they get the application in and how long it takes to review. They have already started conversations internally, but they will need to select an engineer to help get the study done.

Mayor Pro Tem Bryant advised this sounded like a great conservation tool. Mr. Huerta advised being able to pump and treat the PFAS and putting the water to beneficial use would kill two birds with one stone.

Commissioner Spear asked if they could filter so that it is acceptable for drinking purposes. Mr. Huerta advised they have seen cases where it can be done. They would be looking at the granulated activated carbon because it is the most affordable and best way to do this.

Commissioner Spear asked what the total cost would be. Mr. Huerta advised he didn't know, but they came up with an amount from previous projects that were similar. Commissioner Spear asked who was going to pay for this. Mr. Huerta advised they were still working on that as well.

Mr. Mondragon asked how much they considered applying for. Mr. Huerta advised it would be just for the study, which is around \$1 million. The pre-application is one page and has very high level information they need to get the review process started. Mr. Mondragon asked if there was a match requirement. Mr. Howalt advised he wasn't aware of one. This will allow EPCOR to be eligible. He advised this was already being done in the Colorado Springs area and they've treated their water down to non-detect. Mr. Mondragon advised EPCOG assisted the Village of Floyd on water financing and got them the funds to clean their water.

Mr. Mondragon asked if any of the wells have been filtered. Mr. Huerta advised Mr. Schaap put in some filtration systems on his wells. They'll know more as it progresses. Mr. Mondragon asked if they would make a full application for the grant at some point. Mr. Howalt advised they would need to get their name on the list first and then they could apply for grant funding. If there were any match requirements, EPCOR would be responsible for finding matching funds.

Mr. Howalt asked how the proposed 2500 gallons per minute compared what they currently have. Mr. Huerta advised the 2500 gallons per minute is above and beyond what the southern well is able to produce so it could potentially replace that well. They are able to produce a little over 7,000 gallons per minute or about 10.5 million gallons a day with the 67 wells that they have in use.

Commissioner Bryant asked what the current use was. Mr. Huerta advised 7.3 million gallons in June was the average. Their peak days have gone down and their average use has gone down over the last 5 years. Commissioner Spear asked if the reuse water has reduced their use. Mr. Huerta advised it significantly helped.

Mr. Mondragon moved for approval; Commissioner Spear seconded the motion, which passed by acclamation.

Agenda Item No. 5 - Updates

City Update

Mr. Howalt advised there were meters they have to have installed at Barry Elementary and the golf course. They are still delivering water to the golf course. They delivered around 31.5 million gallons of water for the month. They delivered 15.3 million gallons of water to the golf course in May and 10.4 million in April. That brings them to a total delivery for the year of 127.3 million compared to 114 million gallons from the previous year. Mr. Mondragon asked what numbers were for 2021. Mr. Howalt advised 13.7 million gallons in May. Mr. Mondragon advised this was saving the drinking water. Mayor Pro Tem Bryant advised it was saving over 1 million gallons a day. Mr. Howalt advised they put out 800,000 gallons of water a day on the golf course.

Mayor Pro Tem Bryant asked about the school's participation in the reuse project. Mr. Howalt advised they met with the school board and reaffirmed the locations they wanted to tie into. He will meet with their new operations manager to discuss locations.

Commissioner Spear asked what the total cost of the reuse project was. Mr. Howalt advised around \$16 million. He advised he could email the board the exact amount.

EPCOR Update

Mr. Huerta advised they hope to break ground in August for the airport water line extension project. They are working on the 7th Street project as part of the storm drain improvement the city is doing. They completed the annual performances on their wells. Their average day demand is staying consistent. They are working on valve and fire hydrant maintenance.

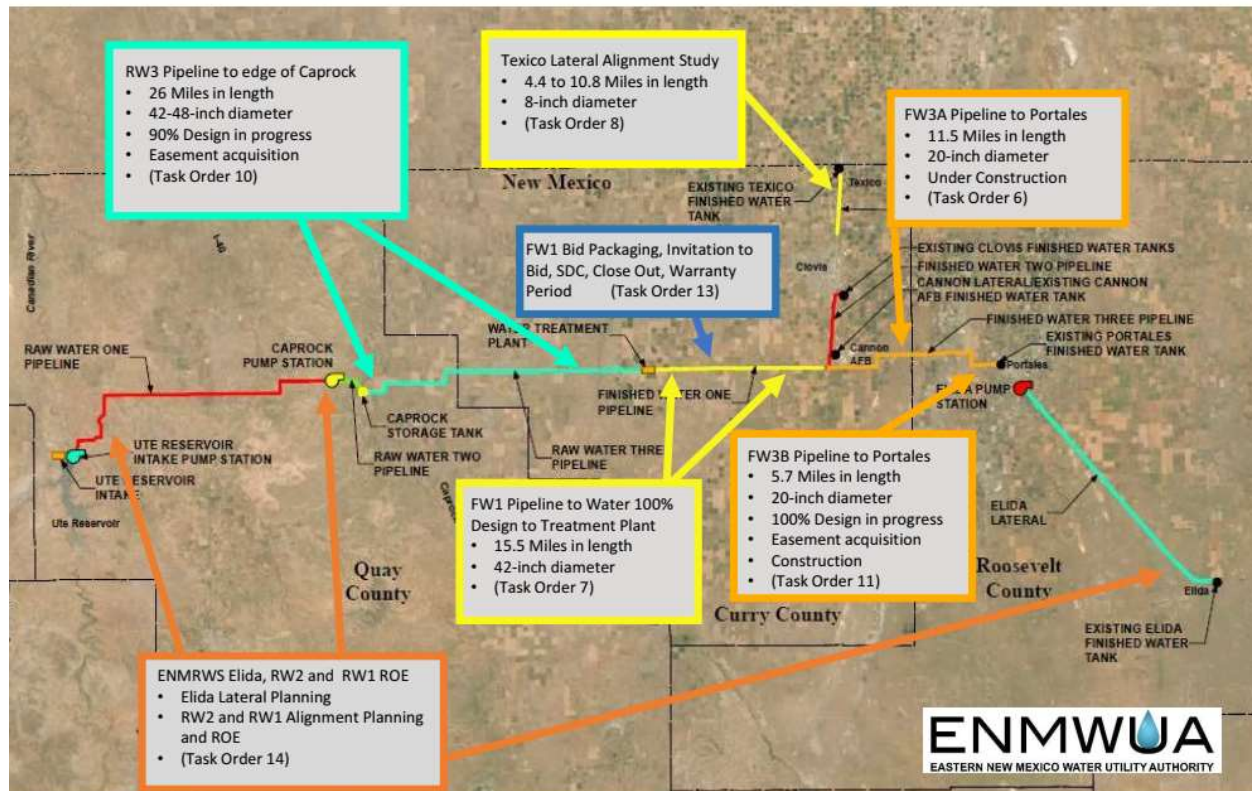
Mr. Mondragon asked if there was any more activity south of Clovis. Mr. Huerta advised nothing other than the line extension and making it available to those that could connect to the line. The need is still there. Mayor Pro Tem Bryant asked how many connected to the line. Mr. Huerta advised 12-15. Mayor Pro Tem Bryant asked what the cost was to tie into the line. Mr. Huerta advised it was a set rate. Mr. Mondragon advised EPCOG worked with Western Bank who created packages for citizens to apply for a low interest rate loan.

Commissioner Spear asked if once the pipeline is completed do they know how much the rates will increase. Mr. Huerta advised he wasn't sure. There will be a cost of getting it to Clovis and the cost of the treatment. That is something that EPCOR and the member communities will have to work on.

ENMWUA Update

Mr. Ortega showed a powerpoint of their current activity. They have seven projects they have been working on.

➤ FY2022/2023 Budgeted Projects (Currently Underway)



Current projects underway include:

- **Finished Water 3 (FW3)** construction, 17.2-mile 20-inch diameter water transmission pipeline connecting FW2 to Portales. (Under construction)
- **Finished Water 1 (FW1)** 100 percent design is complete. RFP published June 15, 2022 with proposals due on September 7, 2022. This involves 16 miles of 39-inch diameter water transmission pipeline begins at the north end of FW2 and will connect to the proposed water treatment plant. Construction on FW1 is planned to begin fall/winter of 2022.
- **Raw Water 3 (RW3)** is currently being designed to a 90 percent level. This includes 26 miles of 42-48-inch diameter pipeline. RW3 begins on the north end of the proposed water treatment plant and continues to the edge of the caprock.
- **Texico Lateral** planning study conducted by ENMWUA stakeholders. The conclusion of this planning has allowed for a decision of best alignment option. ENMWUA will commence on design after this planning is complete and best lateral option is approved by all stakeholders.
- **Raw Water 2 (RW2)** is a three-mile section of 42-inch diameter pipe currently under alignment planning and Right-of-Entry activity. Geotech and surveys will commence.
- **Raw Water 1 (RW1)** is a 28-mile pipeline of 42-inch diameter that connects from RW2 to the Intake Facility at Ute Reservoir. Current activity includes alignment planning and Right-of-Entry. Geotech and surveys will commence.

- **Elida Lateral and Pump Station** planning, Right-of-Way, and Lateral alternatives study are currently taking place. This is a 30-mile pipeline, 4 to 6-inch in diameter.

➤ FY2022 Infrastructure Investment and Jobs Act Funding and FY2022 Federal Appropriations

FY2022 Infrastructure Investment and Jobs Act Funding -	\$160,000,000.00
FY2022 Federal/Administration/Congressional Funding -	<u>\$ 17,400,000.00</u>
FY2022 total Federal Appropriations -	\$177,400,000.00

➤ 2022 New Mexico Legislative Session

New Mexico SB212 Capital Outlay -	\$20,000,000.00
New Mexico HB2 Capital Outlay -	<u>\$10,000,000.00</u>
2022 total NM Legislative Capital Outlay -	\$30,000,000.00

➤ 2022 ENMWUA Match \$20,740,000.00

(In the form of DWSRLF loan of \$32 million
plus City of Clovis DWSRLF loan of \$15 million)

➤ 2022 Total Funding \$228,140,000.00

➤ Added Activity beginning July 2022 (FY2023)

Task Order 15

Obtain Survey and Geotechnical data for remaining project phases.

Task Order 16

Obtain ROE, easements, and property for remaining project phases.

Task Order 17

Complete pipeline design for remaining portions of the project to 90% or 100% level.

Task Order 18

Complete pump station designs for remaining portions of the project to 90% level.

Task Order 19

Complete design of WTP to 90% level.

Task Order 20

Provide Services during Construction for upcoming RW3 and Texico packages.

Task Order 21

Special Services, Permitting, Construction Management, Project Management.

FW1

Begin Construction of FW1 Pipeline connecting FW2 to proposed Water Treatment Plant

Texico Lateral Pipeline

Begin Design and Construction on Texico Lateral Pipeline

Commissioner Bryant asked what the cost savings were for the Texico lateral. Mr. Ortega advised alternative 1, which connected to Finished Water 2 on Brady and MLK and traveling east on Brady to Texico, is estimated around \$24 million. If they can go with alternative 3 that would reduce that to about 4 miles of pipeline and would eliminate them from having to purchase easements. That project would reduce to \$8 million.

Commissioner Spear asked where the water treatment plant would be located. Mr. Ortega advised at the end of Finished Water 1 pipeline, 15 miles north of base housing. Commissioner Spear asked who owned the property. Mr. Ortega advised it was the Palla property. Commissioner Spear asked if they were going to compensate the property owner. Mr. Ortega advised they would compensate. They have to go through the process of appraising the property and determining the compensation. Commissioner Spear asked if they have decided what that amount was. Mr. Ortega advised they haven't.

Commissioner Spear asked if the land owner was the father-in-law of Commissioner Palla. Mr. Howalt advised he was. Commissioner Spear asked if it was conflict of interest for Commissioner Palla to be voting or discussing anything to do with the payment or construction of the pipeline. Mr. Ortega advised the City of Clovis doesn't approve that, it's the Authority. Commissioner Spear asked if it would be in the process of approving tax increases to help pay for this. Mr. Ortega advised then every tax payer would be a conflict of interest. Commissioner Spear advised if his father-in-law was being compensated for allowing a water treatment plan to built on his property and he's making money from the Authority and tax payers then he thought it would be a conflict. He stated they should check with their attorney. Mr. Howalt advised they have checked with the city attorney and there was no conflict. It would only be a conflict if she was directly profiting from this and she is not.

Commissioner Spear advised they have a County Commissioner that has a conflict of interest on a different issue and their attorney stated if there is any direct or indirect through a family member it would be a conflict. Mr. Howalt advised the negotiations are between the Water Utility Authority and the property owner. The commissioner is not involved with the Authority. Commissioner Spear advised the money being paid to the property owner are tax dollars. Mr. Howalt advised everything they do in government is paid with tax dollars. Anything the County Commission does would be a direct conflict because it's paid for with tax dollars. Commissioner

Spear advised he wasn't making anything off anything. Mr. Howalt advised Commissioner Palla wasn't either.

Commissioner Spear asked what the anticipated operation and maintenance costs would be once completed. Mr. Ortega advised they were working to update those costs. Commissioner Spear advised he had been told around \$12 million. Mr. Ortega advised it was hard to say.

Commissioner Spear advised he was concerned because Mr. Ortega has been working on this for years and didn't have an amount. Mr. Ortega advised they had estimates, but they weren't updated. Commissioner Spear asked what the estimates were. Mr. Ortega advised he didn't have them with him.

Commissioner Spear asked if the \$228 million for this year included the \$47 million. Mr. Ortega advised not all of it. Commissioner Spear asked what the total amount spent to date was on the pipeline. Mr. Ortega advised they have expended a little over \$50 million on construction and the remaining project estimation is about \$730 million. Commissioner Spear asked if they had that funding. Mr. Ortega advised they would have it with the funding that is in place.

Commissioner Spear asked when they would have the funding. Mr. Ortega advised within the 5 year time frame.

Commissioner Spear asked if they had any idea what the increased cost would be to the customers. Mr. Ortega advised he didn't. He advised the raw water cost per gallon is \$2.23 in future value and future value was 15 years down the road. They hope to have the project complete in 6-8 years so that would reduce the timeframe. Treated water cost is \$5.03 in the future value per 1,000 gallons. At this point the Authority says that the water cost will be delivered at the same price to all members and the member community can do what they want to with that rate.

Commissioner Spear asked who was going to pay for the operation and maintenance. Mr. Ortega advised the system will pay for itself. The plan is that the system itself, in water sales, will end up paying for itself.

Commissioner Spear asked how much the water company made now for the water they sell versus adding another \$12 million for operation and maintenance. Mr. Howalt advised it comes down to cost per gallon. EPCOR's current rates are between \$4-\$5 on a tiered system. He advised, for example, if it is \$3 per gallon and they are selling it to EPCOR for \$2 per gallon then the cost to the customer would be \$5 per gallon. Mr. Ortega advised once delivery of surface water is coming through the system EPCOR won't have to expand as much money on their current system. Mr. Howalt advised EPCOR's operation and maintenance costs could decrease which would help offset the increase of purchasing the water from the Authority. EPCOR's rates are regulated by the PRC, so they are not allowed to mark that water up and generate any profits from the Authority.

Mr. Ortega advised they would not sale to EPCOR, they will deliver to the city. Commissioner Bryant advised this was just a pass through and EPCOR won't be doing any markup. Mr. Ortega advised that would be between the City of Clovis and EPCOR. Mr. Howalt advised this was similar to EPCOR leasing their wells. The purchase of the water is not allowed to be marked up.

Mr. Huerta advised their rates are very structured. They will do cost studies before they go into a rate case and it is similar to a quasi-trial. They only get a rate of return on infrastructure that is already in ground and in service. Mr. Howalt advised it was quite the process to go through a rate case.

Commissioner Spear asked how the Authority would make money to pay for operations and maintenance. Mr. Ortega advised it would be paid by the customers. Mr. Howalt advised since the city doesn't own the water company, the Authority would deliver water to the city and the city would have a contract with EPCOR to deliver the water.

Mr. Mondragon asked if they have had supply issues with the piping. Mr. Ortega advised the PVC was contracted early enough that it was delivered on time. Mr. Mondragon asked if the members of the Water Authority were still Clovis, Portales, Elida and Texico and if they all have members on the Authority. Mr. Ortega advised they do. Clovis has 3 members, as the largest entity, Portales has two members and Elida and Texico rotate one member every year.

Agenda Item No. 6 – For the good of the order

Mayor Pro Tem Bryant advised the next meeting would be at 8:30 a.m., Monday, October 10th.

Agenda Item No. 7 – Adjournment

There being no further business to come before the committee the meeting adjourned at 9:37 a.m.