

TPWUC Annual Meeting

Should we reorganize as a MDWCA?

May 8, 2025

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Introduction of Board Members and Positions

- Current Directors:

Gary Ashcraft	- President	Term expires with annual meeting 2027
Richard Rondeau	- Vice President	Term expires with annual meeting 2025
Carl Walker	- Sec./Treas.	Term expires with annual meeting 2027
Harvey Peel	- Member	Term expires with annual meeting 2026
Charles Davidson	- Member	Term expires with annual meeting 2025

- Heads up - two Board member's terms will expire tonight
- Please consider nominating qualified members later this evening

Two Board Positions Open

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Desired Qualifications of Board Members

- Attend and contribute to monthly Board meetings
- Attend required training 10-20 hours/year (most available as on-line classes through NMED)
- Working knowledge of computers & Microsoft Office products: Outlook, Word, Excel, etc.
- Act as Secretary and/or Treasurer
- Write and review documents
- Help with procurement of materials and services
- Help with field testing

Difficult decisions ahead

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Agenda

- Read minutes from February's meeting
- Updates on:
 - Water loses and leak detection
 - Financial status and water hauling costs
 - Compliance
 - Fluoride remediation recommendation from NMED and estimated cost of remediation
 - Potential loan and grant sources
- Review pros and cons of becoming a Mutual Domestic Water Consumer Association (MDWCA)
- Member discussion and questions
- Review of documents
- Nominations of Directors
- Voting and elections

Please hold questions until the end

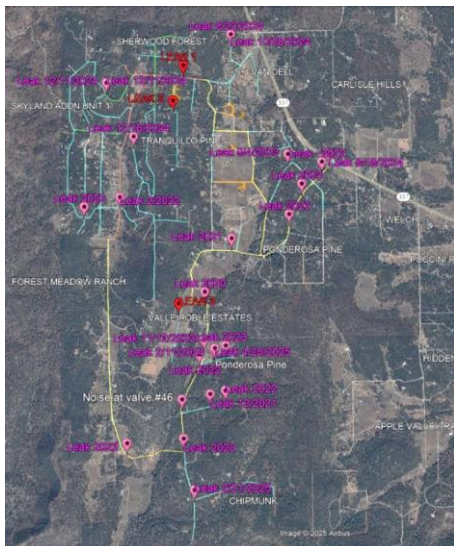
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TPWUC Leak Detection Updates

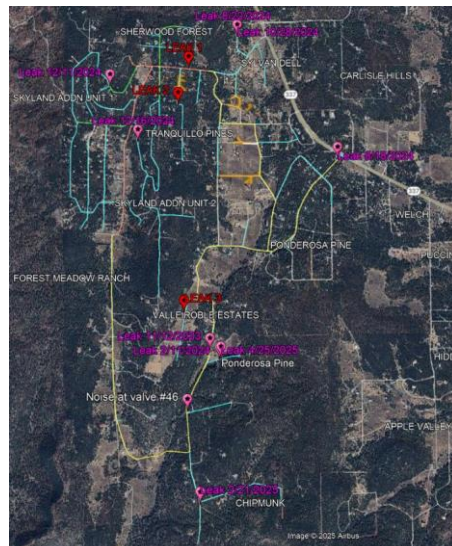
May 8, 2025

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5-year Leak History (20)



18-mo Leak History (10)

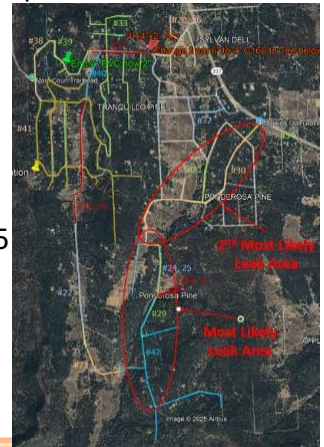


Leaks are the root of the problem

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Leak Detection Update

- Albuquerque Bernalillo County Water Utility Authority Update
 - District 5 Commissioner Eric Olivas engaged ABCWUA to help
 - We directed ABCWUA to start with most likely leak areas
 - Used correlators to locate and acoustics to pinpoint
 - Dug up one potential leak and nothing was found
 - Located two other potential leaks (estimated to be small)
 - ABCWUA stopped work due to other priorities Feb. 18, 2025
 - ABCWUA covered ~3-miles of 19-miles of pipeline
 - (1 day/wk, 4 wks, 16%)



No significant leaks found

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Leak Detection Update

- Feb. 10 – Attempted test of tank pipeline.
 - 6" valves didn't work. Test aborted. ~1,300 gallons lost.
- Mar. 26 - Overnight test of Big Dipper again. No leak identified
- NMED engaged ASTERRA to use satellite-based SAR to locate leaks
 - April 25, 2025, ASTERRA field checked potential leak areas acoustically with our manager and board members.
 - Two leaks at ~0.1gpm located at previously known acoustic sites
 - Big Dipper checked again. No leak identified.
- All professionals we've worked with agree that we have taken the right approaches to finding leaks

No significant leaks found yet

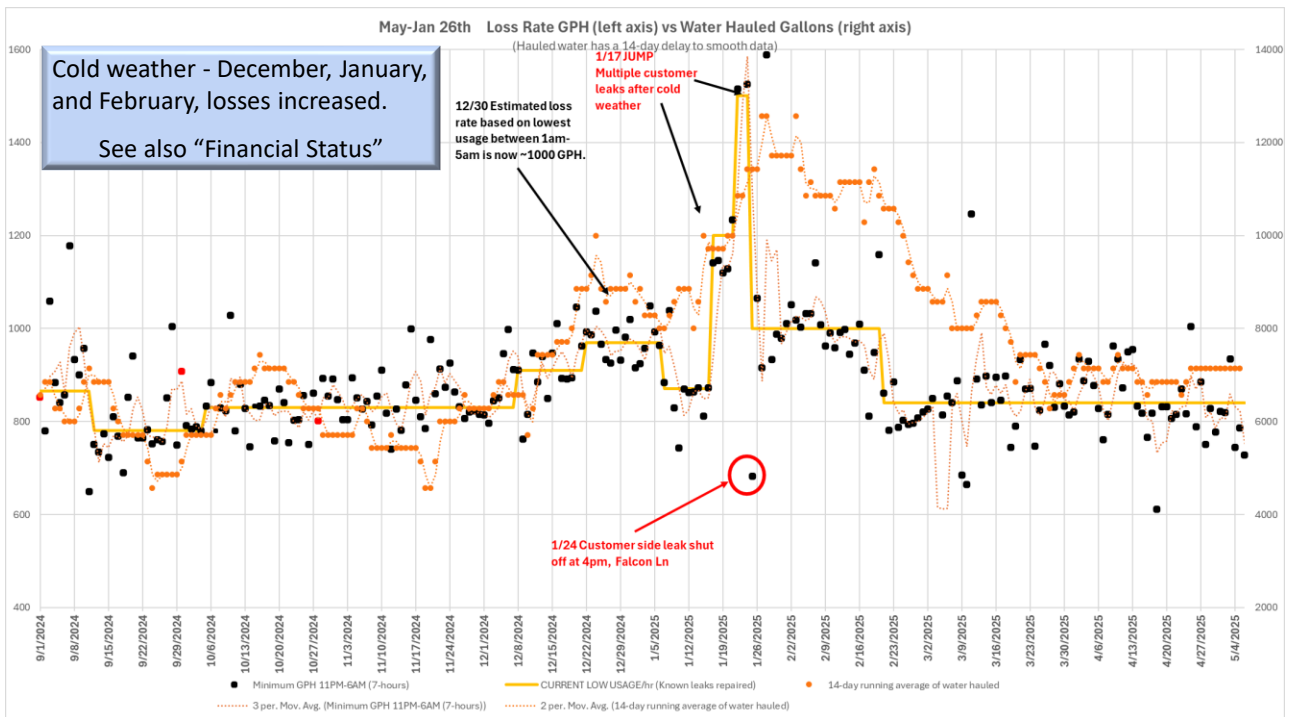
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TPWUC

Water Losses and Hauling

May 8, 2025

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TPWUC Financial Status

May 8, 2025

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Financial Status 2025

- January cold snap increased hauling from 8,000 gpd to 12,000 gpd
 - \$862/day to \$1,293/day
- January leaks put us in a dire financial position!
- Leak repairs brought hauling down to 7,000 gpd
- Leak repairs \$8,000 in March (avg. is \$3.5k/mo)
- Biggest expense is water hauling (avg. is \$29K/mo)
- The Board has reduced costs as far as we can in the past year
 - Management salary reduced
 - 50% reduction in office rent
 - Increased dependency on volunteer's time and materials
 - There isn't anything else to cut

The "hauling" assessment is now 150%

NM3561101	TPWUC				
Revenue	Budget	Jan	Feb	Mar	Apr
Customer Payments	\$ 537,862	\$ 42,045	\$ 45,070	\$ 53,440	\$ 38,731
Bank Fees and RTN check fees	\$ -	\$ (17)	\$ (18)	\$ (18)	\$ (16)
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Past Due Accounts	\$ -	\$ 20,969	\$ 17,696	\$ 15,697	\$ 14,585
Total Revenue	\$ 537,862	\$ 42,028	\$ 45,052	\$ 53,422	\$ 38,715
Expenses					
Fixed Costs (Indirect)					
Debt Service	\$ 5,108	\$ -	\$ -	\$ 1,277	\$ 1,277
Manager Salary	\$ 33,600	\$ 1,245	\$ -	\$ 2,494	\$ 2,392
Water Rider Salary	\$ 33,600	\$ 3,726	\$ 2,485	\$ 2,485	\$ 2,483
Billing Software,Website service	\$ 600	\$ -	\$ -	\$ -	\$ 710
Postage	\$ 2,000	\$ 198	\$ 112	\$ 168	\$ 768
Rent - Storage	\$ 2,400	\$ 200	\$ 200	\$ 200	\$ 200
Rent - Office	\$ 4,800	\$ 400	\$ 400	\$ 400	\$ 400
Utilities - Electric,phone,internet	\$ 19,000	\$ 1,627	\$ 1,530	\$ 1,456	\$ 1,520
Tank Maintenance	\$ 15,000	\$ -	\$ 1,254	\$ 2,509	\$ -
Insurance BOD Liability annual	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,870
Insurance - Workmans Comp monthly	\$ 2,400	\$ -	\$ 198	\$ -	\$ -
Insurance - Vehicle monthly	\$ 2,500	\$ 208	\$ 208	\$ 499	\$ -
Fuel Only	\$ 1,200	\$ 49	\$ 109	\$ 270	\$ 125
Truck Maintenance	\$ 1,200	\$ -	\$ -	\$ 25	\$ -
Legal/Accounting (mo fee plus filings)	\$ 6,500	\$ 538	\$ 538	\$ 538	\$ 538
Financial Audit	\$ 3,000	\$ -	\$ -	\$ -	\$ -
Dues (NMRWA,WARN) annual	\$ 700	\$ 321	\$ -	\$ 236	\$ -
Office Supplies	\$ 1,200	\$ -	\$ -	\$ 130	\$ 1,412
Operator Fee	\$ 6,400	\$ 531	\$ 531	\$ 531	\$ 531
Reserve Fund-Emergency Fund	\$ 24,000	\$ -	\$ -	\$ -	\$ -
Total Fixed Costs	\$ 166,208	\$ 9,042	\$ 7,565	\$ 13,219	\$ 14,226
Variable Costs (Direct)					
Labor and System Testing overtime	\$ 3,500	\$ -	\$ -	\$ -	\$ -
Technical Support	\$ 5,000	\$ -	\$ -	\$ -	\$ -
O & M					
Parts, Supplies, Equipment	\$ 10,000	\$ 1,516	\$ 1,349	\$ 1,447	\$ 174
Contractor Repairs	\$ 45,000	\$ 2,163	\$ 2,000	\$ 8,172	\$ 1,179
Water Hauling	\$ 200,000	\$ 27,087	\$ 35,773	\$ 30,954	\$ 21,119
Gross Receipt Tax	\$ 10,500	\$ 2,031	\$ -	\$ 933	\$ -
NM State Employer Taxes	\$ 4,500	\$ 307	\$ 412	\$ 74	\$ 117
Federal Taxes	\$ 10,000	\$ 778	\$ 454	\$ 694	\$ 1,449
Conservation Tax	\$ 300	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total Variable Costs	\$ 288,800	\$ 33,881	\$ 39,988	\$ 42,274	\$ 24,038
Total Expenses	\$ 455,008	\$ 42,924	\$ 47,554	\$ 55,493	\$ 38,264
Net Revenue	\$82,854	(\$896)	(\$2,502)	(\$2,071)	\$451

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Financial Status

- Twenty-five customers are in arrears to tune of \$14,585
 - Disconnect notices are being sent regularly
 - Some progress this year
 - The Board will remove the meter, cancel the membership for non-payment, and file a lien against the property
 - Cannot vote tonight if you're in arrears (i.e. not in good standing.)
- What members can do to help:
 - **Bills are due upon receipt (not on the 10th of the following month)**
 - This helps us more accurately monitor cash flow and project to YE
 - As warmer weather approaches remember no outdoor watering is allowed
 - Keep watching for theft
 - Keep watching for leaks
 - Insulate your water lines!
 - Call the office if you're leaving your house vacant. We will shutoff your meter.
 - Keep up your conservation efforts

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Financial Status

- Can members volunteer, or at least work at a lower rate, to help reduce costs even further?
 - We need a CPA that can do our taxes and audits
 - We occasionally need an attorney (property liens, easements, water law)
 - We need Professional Civil Engineers familiar with water systems
 - We need Professional Electrical Engineers
 - Licensed plumber
 - We occasionally need Notary services close to home
 - Computer and Zoom setup
- Any members interested in training to become a manager and/or water operator?
 - High School graduate or GED
 - Skills are portable to any water system in the state

Needed Skills

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TPWUC Compliance

May 8, 2025

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Compliance

- 2024 Consumer Confidence Report
 - NMED Requirement
- Lead Service Line Inventory
 - NMED/EPA Requirement
- Sanitary Survey
 - NMED Requirement
- Updated Routine Sampling Plan
 - NMED Requirement
- Updated Operations and Maintenance Plan
 - Best Practices/Loan Requirement
- Updated Emergency Response Plan
 - Best Practices/Loan Requirement
- Initiated Source Water Protection Plan
 - Best Practices/Voluntary
- Business filings with Secretary of State
 - State requirement/Loan Requirement

Public Water System Compliance

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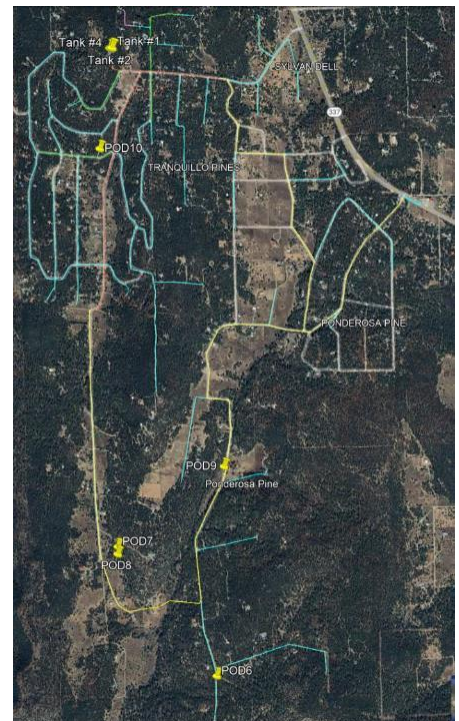
TPWUC Fluoride Remediation

May 8, 2025

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Fluoride Remediation

- Well #7 is in violation at 4.8 mg/L (4 mg/L maximum)
- **NMED recommends drinking and cooking with bottled water, especially children**
- The highest concentrations from #7 are southern Skyland
- The Board has been working with NMED on potential solutions
 - All are expensive
 - Will revisit Well #8 (POD8) mixing with NMED



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Fluoride Remediation

- The Board has been working with NMED on potential solutions
- All require professional engineering (See PER)

Not Recommended

- Filter System
- Reverse Osmosis
- Redrilling of #8 to mix (risk of low production/high fluoride)

Might Accept

- Hauled water to mix
 - Min 3000gpd = \$323/day forever
 - Results in 3.4 mg/L, acceptable, but high
 - 8,600gpd to get to 2 mg/L = \$927/day
 - Cost of below grade tank, plumbing, pump, electrical

Recommended

- Install separate pump pipeline to tanks
 - ~3 miles of pipeline
 - Mixing occurs in tanks
- Drill in a different area
 - But where?

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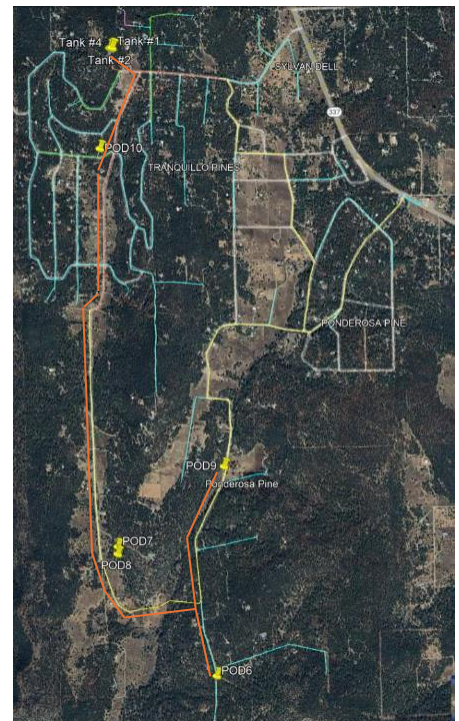
Fluoride Remediation

- Mixing at tanks recommended by NMED
 - Level reduced to 2.87 mg/L
 - Acceptable but above 2 mg/L
- It appears that deeper wells have more fluoride
- POD7 and POD8 are close together

	hrs/day pumped	Production gal/min	Production Liters/min	Fluoride Level mg/L	Total mg/min	Total mg/L Need<4	Depth feet
POD6	12	3.8	14.2	2.85	40.5	2.85	450
POD7	24	5.0	18.9	4.54	85.9	4.54	700
POD8	24	0.0	0.0	2.41	0.0	2.41	620
POD9	24	4.0	15.1	3.96	60.0	3.96	748
POD10	24	5.6	21.2	0.60	12.7	0.60	560
Total		18.4	69.5		199.1	2.87	

Mix only POD7 and POD8 at same pumphouse. POD8 at 2gpm.							
POD7	24	5.0	18.9	4.54	85.9	4.54	700
POD8	24	2.0	7.6	2.41	18.2	2.41	620
Total		7.0	26.5		104.2	3.93	

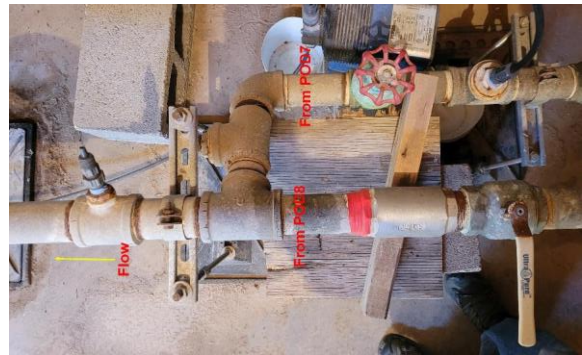
Three of four wells have high fluoride concentrations



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Fluoride Remediation

- Well #8 was always mixed with #7
- Well #8 shutdown in 2022 due to low production (0.5 gpm)
- Will revisit Well #8 mixing with NMED



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TPWUC Potential Loan and Grant Sources

May 8, 2025

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Loan and Grant Sources

- There are many sources of loans and grants
- More sources, more funding, and better rates are available to MDWCA vs Co-op
- Typically consist of low interest loans with 20-40 year terms
- Grants awarded as funds are available (no guarantees)
- Preferential rates available to low-income communities
 - We're not eligible
- Representative Stephanie Lord said she could help with funding opportunities if we were an MDWCA
- Preliminary Engineering Report (PER) is required by all funding sources at an estimated cost of \$50-60k
- Asset Management Plan (AMP) is required by all funding sources at an estimated cost of \$50-60k

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Loan and Grant Sources

Drinking Water State Revolving Fund

- Applicants: **Municipal and community water systems**
- Administration: NMED and NMFA
- Applicants: Municipal and community water systems
- Projects: Water System Infrastructure and Equipment
- Amounts: Up to \$150K
- Mutual Domestic Terms: fixed low interest loans (.01%) up to 30 years may be eligible for principal forgiveness
- Private Co-op Terms: fixed low interest loans (3%) up to 30 years no principal forgiveness

The Board has applied for this loan to help with leak repair and paying for the PER & AMP

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Drinking Water State Revolving Fund

After months of preparation, the board applied for this loan as a Co-op around January 25, 2025

- NMED was a key partner in application process
- Applied for \$150k for PER, fluoride remediation, valve replacement, and leak repair
- TPWUC listed at #1 priority for a loan of \$60k for PER from NMFA on 3/17/25
 - <https://service.web.env.nm.gov/urls/WHRJMXmz>
- Multiple questions from credit analysts have been fielded by board members the past few months
- As of 5/7/2025, terms have not been offered

Terms we expect:

- Mutual Domestic Terms: fixed low interest loans (.01%) up to 30 years may be eligible for principal forgiveness
- **Private Co-op Terms:** fixed low interest loans (3%) up to 30 years no principal forgiveness

The Board has applied for this loan to help with leak repair and paying for the PER & AMP

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Loan and Grant Sources

USDA Rural Development Water and Waste Disposal Program

- Applicants: **Private non-profits and state entities**
- Administration: NM office USDA
- Projects: Drinking water storage, treatment, distribution
- Terms: Low interest fixed rate loans, grants
- Notes: year-round applications accepted

The Board may apply for this next

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Loan and Grant Sources

Water Project Fund

- Applicants: Mutual Domestics and other state entities
- Administration: Water Trust Board and NMFA
- Projects: Water Storage and Conveyance
- Terms: Mandatory loan component between 10%-40%
- Notes: Substantial funding opportunity, 12-month lead time for application

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Loan and Grant Sources

Public Project Revolving Fund

- Applicants: Mutual Domestics and other state entities
- Administration: NMFA
- Projects: Infrastructure
- Terms: Low interest fixed rate 30 years
- Notes: Substantial funding opportunity, Monthly application review


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Loan and Grant Sources

Rural Infrastructure Revolving Loan Fund

- Applicants: Mutual Domestics and other state entities
- Administration: NMED Construction Programs Bureau
- Projects: Water system planning, design, construction
- Terms: Low interest fixed rate 30 years
- Notes: Substantial funding opportunity, low interest loans, grants

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A presentation slide with a light blue background and a decorative geometric pattern of overlapping squares and circles in shades of green, yellow, and blue at the bottom. The text is centered in a large, bold, black font.

TPWUC Pros and Cons of becoming a MDWCA

May 8, 2025

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Opportunities (Pros)

- The key advantage of a MDWCA is that, as a local government, it is eligible for public funding and potentially large grants
- MDWCAs are eligible for a wider range of funding options with access to state and federal dollars, which could help with:
 - Project construction oversight
 - Upgrading aging infrastructure
 - Improving water quality
 - Managing system leaks
 - Streamlining operations, and automation
 - Long term engagement of State and County entities
- Tax rate 5% instead of BernCo rate
- More transparency to the public (not just the membership)

Substantial Funding Opportunities

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Burdens (Cons)

- A MDWCA is a subdivision of the State, or a local government
- Substantial regulatory requirements pertaining to governance and administration
- Stringent Procurement Codes
 - All significant purchases must go through the Request For Proposal process
 - Adds cost and delays
 - Some contractors refuse to work with MDWCAs because of the RFP process, oversight burden, and slow payment
- Board of Directors will need substantially more help
 - Funding Coordinator
 - Accounting services
 - Legal advice
 - Legislature liaison
- Project costs on a per foot basis are orders of magnitude higher than Co-op

Substantial Oversight Increases Costs

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Burdens (Cons)

- Funding vehicles require a Preliminary Engineering Report and Asset Management Plans (\$50-\$100K, and 6 months to generate)
 - Funding tends to be a mix of low interest loans, grants, and a matching component passed on to the membership
 - Ponderosa Pine median household income affects eligibility as disadvantaged system, grant status, and principal forgiveness
- Likely 12-18 months from re-organization to first funding

Reorganizing is a long-term solution, not short-term

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Summary of Options

- Continue as is:
 - Keep rates high and increase rates as needed to pay for hauling, repairs, and upgrades
 - Decrease rates when we have a strong balance sheet
 - Continue our testing with some changes that Jack has suggested
 - Requires short-term outages
 - Repair leaks as we find them
 - Average monthly repair cost is \$3500
 - System continues to age and will continue to degrade
 - We have applied for a \$60k loan as a Co-op but it can only be used for the preparation of the PER
 - Loan terms are unknown at this time. We may not accept them.
 - **Loan cannot be used to pay for hauling water**

Reorganizing is a long-term solution, not short-term

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Summary of Options

- MDWCA
 - Increased operational costs
 - Yet to be determined up front costs (depends on funding made available)
 - PER and AMP are required at ~\$50k each, minimum of 6-months
 - The Board has already gathered most of the information for the PER and AMP
 - Increased grant opportunities and potentially lower interest rate loans
 - Funding is at least 12-24 months out
- Short-term Reality
 - Rates increased to base + 150% in February just to pay for hauling and we're still losing money (more rate increases likely in 2025 to keep up with inflation, pay for loans, fund reserve)
 - Rely on the ABCWUA and NMRW to help us find leaks or purchase our own equipment at a cost of \$40k to speed it up?
 - Requires Board members, manager, and volunteers to learn and deploy equipment
 - False positives have been noted
 - We must continue our current test methodology

Reorganizing is a long-term solution, not short-term

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TPWUC Questions from Members?

May 8, 2025

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Question submitted prior to the meeting

- Since we don't have a Preliminary Engineering Report yet and therefore don't have any idea of what will be recommended for repair and replacement, or estimates of cost, isn't it premature to reorganize if there is a possibility that we can pay for upgrades ourselves, which would reduce overhead and oversight costs?

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TPWUC Process of Becoming an MDWCA

May 8, 2025

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Process of Becoming a MDWCA

- To reorganize as an MDWCA, the Co-op (i.e. Board of Directors) must create the following documents that comply with Sanitary Projects Act (3-29-20 NMSA 1978):
 - Certificate of Association
 - Bylaws
 - Rules
- The Certificate of Association must state that it supersedes the Articles of Incorporation of the cooperative association
- Reorganization must be approved by a majority vote of a quorum of the members. (52 members make a quorum)
 - This vote must occur at an open meeting
 - Notice of the meeting and a copy of the proposed Certificate of Association must be sent to each member at their last known address at least 15 days prior to the meeting.
- The Certificate of Association must be filed with the Secretary of State, once filed the system is an MDWCA and must operate as an MDWCA

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Process of Becoming a MDWCA

- The Board, with significant help from Karen Lithgow, Drinking Water Bureau Assessment & Policy Team Lead, prepared the required documents after February's meeting, where a majority of the quorum present indicated they wanted the Board to proceed.
- The four documents were mailed to each member at their last known address, Friday, April 18th, with the Annual Meeting agenda and the billing postcard.
- The next step is to review the documents for completeness, and correctness and answer any questions,
 - If minor changes are needed, the Secretary will note them and the vote to approve or disapprove of them can proceed.

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TPWUC

Document Review and Questions

May 8, 2025

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Document Review and Questions

- **Certificate of Association** of Tranquillo Pines Mutual Domestic Water Consumers Association.
- **Bylaws** of Tranquillo Pines Mutual Domestic Water Consumers Association.
- **Rules and Regulations** of Tranquillo Pines Mutual Domestic Water Consumers Association.
- **Open Meetings Act Resolution** of the Board of Directors of the Tranquillo Pines Mutual Domestic Water Consumers Association.

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TPWUC

Nominations for Board of Directors

May 8, 2025

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Basic Rules for Nominations

- Nominees must be in good standing
- Nominations must be seconded
- In five minutes or less, each nominee should tell the members about themselves, their skills, and how they want to help the association.

Two Board Positions Open

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Desired Qualifications of Board Members

- Attend and contribute to monthly Board meetings
- Attend required training 10-20 hours/year
- Working knowledge of computers & Microsoft Office products: Outlook, Word, Excel, etc.
- Act as Secretary and/or Treasurer
- Write and review documents
- Help with procurement of materials and services
- Help with field testing

Two Board Positions Open

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TPWUC Voting and Ballots

May 8, 2025

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Voting and Ballots

- Each member was given a ballot at sign-in
- Each member can vote for two Board members from the list of nominees
 - Please write neatly
- Fill out the ballot now and drop it in the ballot box
- Once all ballots are in, voting will be closed
- Counting will commence and members are welcome to wait for the results.

Two Board Positions Open