

**TYRONE WATER & WASTEWATER ASSOCIATION BOARD MEETING
JULY 19, 2023 – 6:30 P.M. – TYRONE COMMUNITY CENTER
DRAFT MINUTES**

Website: tyronenmwater.org

1. Call to order and declare a quorum – Alan Berg-President

i. Meeting was called to order. Mandy Lilla, Doug Gorthy, and Angie Roach were present in-person; Alan Berg attended via Zoom. Alan Berg declared a quorum.

a. Legal requirements for public notice have been met-A. Berg

i. Alan Berg noted that the legal requirements for public notice have been met with advertisements placed in the locations shown in Item 1b.

b. Grant Count Beat, tyronenmwater.org website, bulletin boards

2. Approval/disapproval of Agenda-Deletions-A. Berg

a. Doug Gorthy moved to approve the agenda as presented. Mandy Lilla seconded the motion. All members approved the agenda as amended.

3. Approval/disapproval of minutes of the June 21, 2023 TWWA Board Meeting

a. Doug Gorthy made a motion to approve the minutes as presented. Angie Roach seconded the motion. The motion carried unanimously.

4. Approval/disapproval of the June 2023 financial reports

a. Alan Berg initiated the discussion of the Financial Reports. He noted that the reports shown were still a draft version.

b. The most important highlight of the Financial Reports is the fact that we were forced to suspend our payment of 35% of the income to the Tyrone Community Association (TCA). This was done in order to reconcile our cash flow. As a utility, we must have enough cash flow to cover our expenses and reserve payments, and we were having trouble doing that due to the continued failures of the lift station.

c. Eddie Mendoza, Water Operator, discussed the recent 6-7 days' worth of issues at the lift station: First, the old pump went out briefly followed by a complete failure of the gear box on the pump. The new pump was installed with the assistance of Freeport-McMoran. The pump ran for a day, and then we began to have electrical issues with the control boxes. We then changed over from the old VFD controller to the secondary VFD controller (which has less hours on it). While recovering from this, we had an airlock issue with the pump, and we spent several days running on a Rain-for-Rent pump until the airlock was resolved. Currently, everything is running normally.

d. Eddie Mendoza noted that the damaged pump contained a "ton" of wipes – both at the entrance of the pump and in the seal. This likely bound up the pump and caused the failure of the gearbox.

e. Alan Berg discussed the hiring of Carney Foy, auditor for the State. Carney Foy has begun looking into our records. So far, he has discovered that our assets are outdated.

- f. For the year-to-date, we are averaging a revenue of approximately, \$30,000 per month, and we have a net increase in cash of \$73,328.28. However, the latter number does not include the payments that need to be made to the TCA and to our Reserve accounts.
- g. Questions from the Board:
 - i. Are all the repairs from this month (item 4c) included in this financial statement? No, the bills are still coming in and will likely total over \$20,000.
 - ii. Have we ever had an audit (i.e. Carney Foy, item 4e) before? No, we were initially told that we didn't need it, but then, the Colonias said that we did. The lack of an audit was the reason that we didn't get the \$115,000 grant-loan for the water tower assessment from them.
 - iii. Did the old Tyrone Property Owners' Association have an audit? Yes, in 2019. As a private Homeowners Association, they had different rules regarding audits. Several other towns in our area also have not had audits done either.
 - iv. Will this be a yearly audit from now on? Is it mandated by the State? Yes, and yes. The "level" of audit depends on our projected income. It is not clear if the \$1.9 million for our lift station will be counted in our budget. If so, we will be required to have the highest level of audit.
 - v. Why is this a draft Financial Statement? Morones was not available to sign the documents. If these statements change, we will discuss again in the next meeting, but we need to approve them today for our various Resolutions.
- h. Doug Gorthy motioned to approve the financial reports as presented. Mandy Lilla seconded the motion. A roll-call vote was taken. Doug Gorthy, Angie Roach, Mandy Lilla and Alan Berg all voted yes. The motion passed unanimously.

5. Old Business

- a. **Update from Bohannan Huston Inc. on the status of the first phase of the field work for the new water system**
 - i. Alan Berg provided an update on the work for a new water system. Bohannan Huston (BHI) is scheduled to submit at 60% design on July 28th. We will have time to review and comment, and then BHI will come out to discuss our comments and feedback.
 - ii. Questions from the Board:
 - 1. Will you send the 60% designs to the Board for review? Yes.
 - 2. Have you been in contact with BHI? And are you satisfied with their responsiveness? Yes, and yes.
- b. **Status of new lift station project "Files Construction"**
 - i. Richard Maynes of Stantec provided an update on the new lift station. They received 3 bids from contractors, and File Construction was the lowest responsive bidder. A pre-construction meeting is being scheduled for early August; attendees will include File Construction, Stantec, TWWA, and Southwest New Mexico Council of Governments (SWNMCOG). At that time, they will go over the contract and discuss the schedule – especially long-lead time items.

The contract is slated for 150 calendar days; the construction at site should take about 5 months but could be delayed by supply chain issues.

ii. Questions from the Board:

1. What are the solutions to all of the lift station issues that we've been having? Will the new lift station address them? The contractor is accountable to follow design specifications which include lightning protection and a back-up generator. The pump design for the new lift station is different and "unwantables" like wipes are more likely to pump through. Additionally, there is a different basket system to catch the wipes. The plans include a shade structure on a slab for the control panel; an air-conditioned building would exceed project funding.
2. Is there a risk of the control panel overheating? While he cannot guarantee that it won't, Richard Maynes pointed out that the control panels are designed to be outside. Additionally, they have installed one ~10 years ago with a similar design in Deming, and they have not heard of any overheating issues. Also, the plan for the AC-cooled building are designed and could be utilized if additional funding is obtained.
3. Did we ask for some kind of complicated design for a building to protect the control panel? The original budgetary quote for the lift station was worked up several years ago. Other lift stations do not have buildings, so the quote did not include them. The quote did include contingency funds (that may have been used for a building) but the cost increases in construction supplies over the last few years have used all the contingency funds.
4. Does anything prevent us from enclosing the control panels ourselves at a later date? The concrete pad for the shade structure is different than that for a metal building. The designed pad for the shade structure would likely support a wood structure. Or we could request that the pad under the shade structure be modified so that it could potentially support a metal building in the future.
5. Who will be at the pre-construction meeting? Stantec, File Construction, SWNMCOG and TWWA. Alan Berg noted that we will need to do a public notification that a quorum of the Board may be present.
6. Will the new lift station be insured? There is a 1-year warranty on the construction. Manufacturers may also have warranties on the individual pieces of equipment. This is a good question to take to the pre-construction meeting.

c. **Report on lift station emergency repair and leak on Bornite-Eddie M.**

- i. Alan Berg noted that we are starting to see frequent water leaks in our system. When Eddie and crew exposed the line to repair this last leak (on July 10th), the line was very fragile and corroded. The Bohannon Huston project will determine a cost to replace the entire water system.

- ii. The sewer lines are all vitreous clay with bell-spigot connections. We're seeing lots of tree roots in to the laterals. It would be wise to replace the sewer lines at the same time as the water lines.
- iii. Alan Berg provided a rough estimate of \$21 million dollars to replace both the water and sewer lines; that's almost \$70,000 per house! We cannot do this on our own; we must obtain outside funding.
- iv. Question: With flushable wipes causing havoc to sewer systems throughout the country, are municipalities raising the issue with the manufacturers of these wipes? Every municipality is struggling with "flushable" wipes; even our new lift station will require daily maintenance. But a petition to remove the wipes from manufacture would require going up against major corporations like Johnson & Johnson.

6. New Business

a. Approval/disapproval of Resolution 2024-01 TWWA Annual Budget for 2023-32024

- i. Alan Berg stated that we had discussed this item last month, but we need an official Resolution to provide to the State. Alan then read the Resolution aloud.
- ii. Doug Gorthy made a motion to accept Resolution 2024-01. Angie Roach seconded the motion.
- iii. Alan Berg stated that the budget was submitted on July 1st for \$272,880, and that this budget has not changed since we discussed it last month.
- iv. A roll-call vote was taken. Doug Gorthy, Angie Roach, Mandy Lilla and Alan Berg all voted yes. Resolution 2024-01 passed unanimously.

b. Approval/disapproval of Resolution 2024-02 Approval of 4th and Final fiscal year 2023 financial report

- i. Alan noted that we had discussed the financial report previously (Item 4) and then read the Resolution aloud.
- ii. Doug Gorthy made a motion to accept Resolution 2024-02. Angie Roach seconded the motion.
- iii. Alan Berg stated that we are operating under the assumption that the draft financial reports will not change. If there are any deviations, we will have to modify this at the next Board Meeting.
- iv. A roll-call vote was taken. Doug Gorthy, Angie Roach, Mandy Lilla and Alan Berg all voted yes. Resolution 2024-02 passed unanimously.

c. Approval/disapproval of Resolution 2024-03 Purchase of insurance for Directors & Officers, Cyber Security, Crime Coverage, and pollution liability insurance policies. Estimated cost: \$22,707

- i. Alan Berg noted that our insurance policies do not follow our fiscal year, and that we need to get our policies lined up for next year. Alan then read the Resolution aloud.
- ii. Mandy Lilla made a motion to accept Resolution 2024-03. Angie Roach seconded the motion.
- iii. Alan Berg stated that our insurance premiums include \$11,012 for Pollution Liability insurance. This is the first time that Tyrone has had Pollution Liability

insurance. There has been some debate as to whether we can go without the Pollution Liability insurance, but the other insurance coverage (e.g. Property; Directors and Officers Liability) is required. See Attachment for information on Insurance coverages.

iv. Questions from the Board:

1. Will we retain the Pollution Liability Insurance after the new Lift Station is built? Probably not. What happens if there is a release of sewage? NM Environment Department would sample the soil and direct us how to clean it up. We would hire a contractor to conduct the clean-up. If we failed to conduct the clean-up, the State would do the clean-up and then fine us. It would have to be a large spill to leave our property.
2. The premiums for these policies are about 8% of our revenue? Yes.
3. Does the State require all of these policies? No, we are only required to have a Directors and Officers Liability policy, but the others are good business practice.
4. What kind of issues would cause us to utilize our Directors and Officers Liability policy? Several farcical examples of Director malfeasance were given.

v. Alan Berg stated that, while we did not use our insurance policies last year, we did provide notification to the insurance companies several times regarding possible claims including several lift station failures and the TCA's stated threats to sue the TWWA. He also noted that the insurance policies include many exclusions such as water loss from pipe failure.

vi. A roll-call vote was taken. Doug Gorthy, Angie Roach, Mandy Lilla and Alan Berg all voted yes. Resolution 2024-03 passed unanimously.

vii. Alan Berg ended the discussion by stating that, next year, we need to go out for bid on these policies.

d. **Approval/disapproval or Budget Adjustment Request BAR 2024-01 for the amount of \$8,650.00 for budget year ending June 30, 2022**

- i. Alan Berg stated that the first year of TWWA, we had a previously unidentified surplus, so we need to make a request to the State to adjust the budget. Then, Alan Berg read Budget Adjustment Request BAR 2024-01 aloud.
- ii. Doug Gorthy made a motion to accept Budget Adjustment Request BAR 2024-01. Angie Roach seconded the motion.
- iii. Alan Berg re-stated that this is just a housekeeping matter. Monies were not properly identified in one of the previous budgets, and we need to move \$8650 to the last budget year (not the current one that we're in). When questioned further on how this happened, Alan Berg stated that when TWWA was formed from the former TPOA, the monies were not all moved into the correct budget year. This is not "found money"; it's just money that was not reconciled to the proper year.
- iv. A roll-call vote was taken. Doug Gorthy, Angie Roach, Mandy Lilla and Alan Berg all voted yes. Budget Adjustment Request BAR 2024-01 passed unanimously.

- e. **Application submitted on July 12, 2023 for a first-year grant of \$122,000 to the Freeport-McMoRan Community Investment Fund for the initial year of the proposed water tower assessment and repair project. The total project is estimated at \$235,000.**
 - i. Alan Berg reported that on July 12th, he submitted a request to the Freeport-McMoRan Community Investment Fund for assessment and repairs to the water tower. Freeport-McMoRan's Community Liaisons helped us and allowed us to submit an application for \$122,000 (as opposed to the \$50,000 that we thought we were limited to). Alan Berg also reported that Freeport-McMoRan will fund multi-year projects, but they also urge us to go back to the Colonias for assistance as well.
 - ii. Alan Berg reminded the Board and Community Members that the water tower was built in 1967 and is showing its age. Freeport McMoRan has been very helpful to our Community (e.g. Item 4c), and these grants are very generous. If we receive the grant, we can spend it on the water tower without all the paperwork and rigamarole associated with State Funding.
 - iii. Alan Berg stated that the application was officially accepted, and we will hear in August whether we advance to the next step. The next step would require that we give an interview/presentation in October.

7. Report and Approval of Officers and Committees

- a. **President's Report-Alan Berg-new webpage progress**
 - i. Alan Berg reminded everyone that we have a new website: tyronenmwater.org, and he urges everyone to take a look at it. They've been working on putting up a lot of information.
 - ii. Alan Berg stated that Carney Foy is our auditor (see also Item 4e).
 - iii. Alan Berg discussed the need for a committee to create a Joint Power Agreement with the TCA say that we can proceed with bifurcation. He asked that if anyone wanted to be on the committee to let him know. (After the meeting was over, Angie Roach volunteered.)
 - iv. Alan Berg stated that we have created a postcard on the subject of "flushable" wipes to send to all residents of Tyrone. Only about 100 people (out of over 300 homes) uses Facebook, so we need to do a mass mailing. The repeated lift station failures are exceeding our budget, and this cannot continue. The State would require us to a special assessment on all homes before they would allow us to go bankrupt or insolvent. We must get the word out about the severity of our situation.
- b. **Vice President's Report-** No Vice President at this time.
- c. **Secretary's Report-Angie Roach-** Nothing to report.
- d. **Treasurer's Report-** No Treasurer at this time.
- e. **Doug Gorthy-member** - Nothing to report.
- f. **Mandy Lilla-member** - Nothing to report.
- g. **Dr. Jesse Lewis-member-** Not present.

h. Water Operator - Eddie Mendoza

- i. Eddie Mendoza reported that all of our water samples have been completed for the year; we are just waiting for the official approval from appropriate government agencies.
- ii. The control box for the lift station was overheating; we have added a shade structure and an A/C unit. The lift station is operating as best as we can make it.
- iii. Eddie Mendoza's last day performing daily water operations for the Tyrone community will be August 4th. He has accepted a position with Freeport-McMoRan. He will only be able to assist occasionally on weekends.
- iv. Alan Berg noted that we will need someone else for daily water operations activities. If anyone knows someone who can help, please contact Alan Berg. In the meantime, we will be relying on J&S Plumbing, and we may need people to assist with opening the gate, etc. Please contact Alan if you know someone who can help!

8. Public Input (limited to 3 minutes/person)

- a. On the topic of Pollution Liability Insurance, we will be insured this year. If we choose to self-insure in the future, we need to build a Reserve fund. From experience, spill as very expensive and "nobody will take that waste for free".
- b. If TCA does not have Director's and Operator's Insurance, they should consider it.

9. Adjournment-A. Berg

- a. Doug Gorthy made a motion to adjourn the Board Meeting. Angie Roach seconded the motion. The motion carried unanimously.

Attachment

TYRONE WATER & WASTEWATER ASSOCIATION



| | 2023-2024 |
|---|------------------------------------|
| Property 02/01/2023-02/01/2024 | Cincinnati Insurance |
| Blanket Building Limit | \$1,296,171 |
| Business Personal Property (\$1,000 Deductible) | \$29,152 |
| Deductible | \$5,000 |
| Property Form | Special Form |
| Valuation | Replacement Cost |
| Contractors Equipment And Tools 02/01/2023-02/01/2024 | Cincinnati Insurance |
| Total Scheduled Equipment | \$26,230 |
| Valuation | Actual Cash Value |
| Deductible | \$1,000 |
| General Liability 02/01/2023-02/01/2024 | Cincinnati Insurance |
| Occurrence | \$1,000,000 |
| General Aggregate | \$2,000,000 |
| Medical Payments | \$5,000 |
| Commercial Auto (Polaris Ranger) 02/01/2023-02/01/2024 | Cincinnati Insurance |
| Bodily Injury/Property Damage | \$1,000,000 |
| Medical Payments | \$5,000 |
| Uninsured/Underinsured | \$1,000,000 |
| Other Than Collision Deductible | \$100 |
| Collision Deductible | \$500 |
| Directors & Officers Liability 08/19/2022-08/19/2023 | Ace American Insurance |
| Limit of Liability Each Claim/Aggregate | \$1,000,000 |
| Sublimits | Per Policy Schedule |
| Deductible | \$10,000 |
| Cyber Liability 02/01/2023-02/01/2024 | Cincinnati Insurance |
| Aggregate | \$50,000 |
| Sublimits | Per Policy Schedule |
| Deductible | \$1,000 |
| Crime Coverages 08/19/2022-08/19/2023 | Travelers Insurance |
| Employee Theft - Per Employee/Per Loss | \$100,000/\$1,000,000 |
| Forgery or Alteration | \$1,000,000 |
| Money Orders and Counterfeit Money | \$1,000,000 |
| Computer Crime | \$1,000,000 |
| Funds Transfer Fraud | \$1,000,000 |
| Deductible | \$10,000 |
| Umbrella Liability 02/01/2023-02/01/2024 | Cincinnati Insurance |
| Per Occurrence | \$1,000,000 |
| General Aggregate | \$2,000,000 |
| Extends General Liability & Auto Limits | |
| Pollution Liability 08/19/2022-08/19/2023 | Crum & Forster Specialty Insurance |
| Third Party Pollution Liability Each Pollution Condition | \$1,000,000 |
| Onsite Cleanup Each Pollution Condition | \$1,000,000 |
| General Aggregate | \$2,000,000 |
| Deductible/Self-Insured Retention | \$25,000 |
| Premium | |
| Property / Liability | \$7,837 |
| Contractors' Equipment And Tools | \$262 |
| Directors & Officers Liability | \$9,971 |
| Crime/Fidelity | \$1,277 |
| Commercial Auto | \$1,655 |
| Commercial Umbrella Liability | \$1,542 |
| Cyber Liability | \$447 |
| Pollution Liability | \$11,012 |
| Total Premium | \$34,003 |