

**MINUTES OF A
SPECIAL MEETING – 2016/2017 BUDGET
OF THE
BOARD OF DIRECTORS OF THE
MIDDLE RIO GRANDE CONSERVANCY DISTRICT
May 23, 2016**

Directors having been duly notified, Vice-Chairman Oglesby called the special meeting to order at 1:10 pm at the MRGCD General Office. The following Directors and Staff were present:

DIRECTORS:

Derrick J. Lente	Chair	Absent
Adrian Oglesby	Vice-Chair	
Glen Duggins	Director	
Karen Dunning	Director	
John P. Kelly	Director	
Chris Sichler	Director	
Beverly Romero	Director	

STAFF:

Michael A. Hamman	Chief Engineer/CEO
Lorna Wiggins	General Legal Counsel
David Fergeson	Secretary-Treasurer
Jeanette Bustamante	Administrative Officer
Tom Thorpe	Public Information Officer
Joe Brem	Albuquerque Division Manager
Lorenzo Benavidez	Socorro Division Manager
Jim Russell	Belen Maint./Equipment Supervisor

The following individual(s) were interested viewers and/or participants:

Pat McCraw, South Valley Ink	
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AGENDA ITEM NO. 1 – PLEDGE OF ALLEGIANCE

Vice-Chairman Oglesby requested that Director Sichler lead the Pledge of Allegiance.

Vice-Chairman Oglesby welcomed the guests and declared a quorum.

AGENDA ITEM NO. 2 – APPROVAL OF THE AGENDA

Vice-Chairman Oglesby called for approval of the agenda.

Director Dunning made the **MOTION TO APPROVE THE AGENDA AS PRESENTED**. Director Kelly seconded the motion. The **MOTION CARRIED** unanimously.

AGENDA ITEM NO. 3 – REVIEW & DISCUSSION OF 2016/2017 BUDGET

Mr. Hamman gave highlights of what he, the MRGCD Finance Committee and Mr. Fergeson would be presenting to the Board and public this afternoon on the 2016/2017 budget. He said the budget has been a process of unfolding a general strategy that was discussed with the Board on where they wanted to take the MRGCD as a whole and a lot of effort has been put into designing the budget this year to be a comprehensive compilation of all the different factors within the organization. Mr. Hamman said staff has several cost saving measures planned for this year with a comprehensive approach toward the fleet and equipment replacement program and they will get into these strategies as they go through a review of the budget.

David Fergeson, MRGCD Secretary/Treasurer first reviewed the FY Budget Summary of Revenues and Expenses. He explained the Ad Valorem Collections and Water Service Charge Collections and how they were calculated. He said during this process he also worked on scenarios for an increase in both the Ad Valorem and water service charges.

Mr. Fergeson reviewed general Total Expected Expenditures for the FY17 budget explaining the increase/decrease for the following categories: Salaries & Benefits, Board expenses i.e. specifically the 2017 election, Building/Operations & Maintenance, Grants/Consulting and Capital Outlay. He then reviewed the Detail of Consulting Costs and highlighted the Corrales Siphon Project, Corps Levee Project, architectural services for a new building for ER&T. Director Kelly said the Finance Committee had quite a discussion on ESA Conservation Measures and he said that Mr. Hamman has plugged in \$95,000 as a placeholder for a Water Resource Development Environmental Study with the Corps and he feels Mr. Hamman should explain this for the other Board members. Mr. Hamman said this is not yet final and what the Corps is trying to do is line up the prospective local governments and others and are looking to the MRGCD to be the local sponsor on the project. He and Vice Chairman Oglesby submitted additional information on this expenditure. Director Kelly said he has concerns with this project and he said they need to be looking at some additional things beyond what he understands the scope to be and he went on to detail his concerns. Vice Chairman Oglesby also expressed a concern. Director Kelly and Mr. Hamman gave input on the Completion of the Rate Study line item. Director Kelly said the Finance Committee's direction to Mr. Hamman on the Rate Study was they would place this in the budget with the caveat that there would be an addendum to the original contract to spell out the details.

Mr. Fergeson reviewed some of the increases/decreases in the Budget Expenditures by Line Item spreadsheet. Mr. Hamman said he had a lengthy discussion on the Contract Payments to the BOR line item and told Reclamation about how the MRGCD is budgeting and the strategy going forward. He said there is a concerted effort to keep this expenditure fairly flat and he explained the process. Mr. Hamman said that part of the discussion he was pressing Reclamation on, as well as some of the other San Juan Chama contractors, is a potential different kind of hydrology that needs to be planned for and a comprehensive reconfiguration to capture the water that is running off so that it is not spilled out of the system. Directors Kelly and Oglesby had input into this line item. Mr. Fergeson presented the Capital Outlay & Leases line item and then Detail of Capital Purchases spreadsheet. Discussion followed on equipment leasing and Director Sichler requested that Mr. Fergeson continue to research the hard numbers of leasing programs. Director Sichler said \$330,000 is a lot of money and he thinks the Division Managers can figure out how to save that somewhere. He said if more money can be saved then everything is looking good and the MRGCD is plenty ahead. Mr. Fergeson said at some point the MRGCD needs to look at making a plan to rebuild equipment inventory and infrastructure and discussion followed. Mr. Fergeson said staff is also looking into leasing of GPS units for tracking equipment and vehicle use. He said he is hoping these GPS units can be used in conjunction with the current work order system to determine cost, fuel use, preventive maintenance, etc. Director Dunning asked the question regarding current servers used by the MRGCD and Mr. Hamman said there is an IT Risk Assessment in the budget and hopefully there will be recommendations coming out of this to determine where the MRGCD currently stands.

Mr. Fergeson presented a comparison graph for the past several years and it showed the MRGCD was tracking pretty close with last year as far as cash goes.

Director Dunning asked about slide gates and Langemann Gates and are these replacements gates? Mr. Hamman said the ones that are being requested are not replacement gates. He said the ones already installed are working pretty well and are resilient structures. Director Dunning said does staff know in the long term how many of these gates will be needed and Mr. Hamman said Director Sichler requested a comprehensive analysis of operational and water efficiency items and staff wants to move in that direction. Director Sichler said he would like to get advice on doing this before spending all the money and doing it the right way.

Mr. Fergeson said there is some risk involved in this budget; i.e. fuel prices could go up, equipment repair could go up, employment costs could go up, but staff will continue to monitor costs throughout the year and that is their commitment.

Director Kelly said that Mr. Ferguson spoke to some of the exposures he had on the expenditure side and he has cut those down and the Finance Committee and staff are doing something new this year by taking a look at what the collections have been and rather than hiring a financial advisor to forecast what the assessed valuations have been, they just looked at what the older budget performance has been over the last five years and that is the major change rather than using assessed valuations that are a year old. He said they essentially have made a forecast that they are going up based on past history and so there is a real tight budget with regard to expenditure forecasts as well as revenue forecasts. Director Kelly said there is one new revenue item shown for film license revenues and there will be a resolution on this for the Board to consider at some point in the near future. Mr. Hamman said the Board election is a non-recurring item that exceeds the \$300,000 deficit. He said the election is every other year and presuming that it is not going to change, Director Sichler suggested that this cost be equalized yearly and this may help. He said the other \$205,000 will go away and Mr. Ferguson explained that process.

Director Dunning said no one likes a raise in rates, however, everyone forget that there was a tax break and Director Sichler said that is an important point to make. He said the Ad Valorem in 2001 was 5.191 mills and the Water Service Charge; the Legislature originally intended the MRGCD keep up with inflation. Mr. Hamman said the public doesn't realize the MRGCD is being asked to do more and more stuff than in the past; ESA, trails, etc. and expenses that deal with the modern water management role. Director Sichler said there are also levees that aren't certified and an 80 year old dam that is in need of a lot of repair. Vice Chairman Oglesby said he voted against the first rate hike because back then the MRGCD just needed more money and that wasn't enough for him and now with the information that has been given to him, he is on board with this. Director Kelly said the Finance Committee was presented with scenarios using higher percentages, and with this better information, they are working towards those rates that will balance the recurring expenditures and in the next year there will be a true capital equipment replacement program and perhaps in the future any surplus can be used for debt service on bond issues and that is one of the components the Committee looked at for consideration. He said the \$6.5 million endowment fund could be used as a backstop for issuing these bonds or they can just do the pay as you go that has been done since 1955. Director Kelly said the Finance Committee was pleased with the cutting and whittling that was done before they saw the numbers. He said hopefully staff can live with this budget this year and start picking off some of the needed equipment requests next spring. Director Dunning said she is grateful to the Finance Committee for getting into the weeds rather than involving the entire Board like in the past and she commends the process that was used this year. Director Sichler said the Board is responsible to the people paying taxes and he thinks they are showing constituents that they are being frugal and responsible with the money they are collecting.

Mr. Ferguson gave the Board a synopsis of the cash balances at this point in time. Director Dunning asked about bank fees and asked if there is a better place to keep the money. Mr. Ferguson said he analyzed this and gave the Board a brief overview of the current fees. Director Sichler said when he was paying his taxes in Socorro County there was a sign at the County Courthouse that said according to State Statute if the payee choose to use a credit card, they can be charged 3-5% and that might be something the MRGCD should look at. Mr. Ferguson explained some of the other items they are looking at when processing credit card payments.

AGENDA ITEM NO. 4 – ITEMS FROM THE FLOOR (Comments are limited to three (3) minutes)

There were no Items From the Floor.

AGENDA ITEM NO. 5 – CONSIDERATION/APPROVAL OF 2016/2017 BUDGET RESOLUTION BA-05-23-16-71

Mr. Fergeson presented the 2016/2017 budget resolution for approval.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MIDDLE RIO GRANDE CONSERVANCY DISTRICT
BUDGET ADOPTION FISCAL YEAR 07-01-16 TO 06-30-17**

No. BA-05-23-16-71

WHEREAS, the Governing Body of the Middle Rio Grande Conservancy District, State of New Mexico, has developed a budget for fiscal year 2016/2017; and

WHEREAS, said budget was developed on the basis of need and through cooperation with all user departments and department supervisors; and

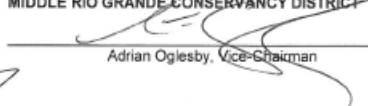
WHEREAS, at the special meeting of the Board held on May 23, 2016 where the budget was discussed and evaluated; and

WHEREAS, the Governing Body determined that the assessed property tax mill rates to meet the Middle Rio Grande Conservancy District's fiscal 2016/2017 budget needs should be increased 5% when compared to fiscal year 2016 and shall be at 4.598 mills for residential property and 5.7446 mills for non-residential property, and the Water Service Charge increased to \$37 per acre, and


NOW, THEREFORE, BE IT RESOLVED, that the Governing Body of the Middle Rio Grande Conservancy District, having adopted the fiscal year 2016/2017 budget hereinabove described, respectfully requests approval from the Local Government Division of the Department of Finance and Administration to levy mill rates at 4.598 mills for Residential Property and 5.7446 mills for Non-residential Property and the Water Service Charge to be \$37, all to be effective for FY 2016/2017.

RESOLVED: in session this 23rd day of May, 2016.

MIDDLE RIO GRANDE CONSERVANCY DISTRICT


Adrian Oglesby, Vice-Chairman

ATTEST:

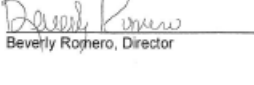

David Fergeson, Secretary/Treasurer


John P. Kelly, Director


Karen Dunning, Director


Glen Duggins, Director


Chris Sichler, Director


Beverly Romero, Director

Director Dunning made the **MOTION TO APPROVE RESOLUTION BA-05-23-16-71 BUDGET ADOPTION FISCAL YEAR 07-01-16 TO 06-30-71**. Director Romero seconded the motion. The **MOTION CARRIED** unanimously.

Vice Chairman Oglesby adjourned the meeting at 2:40 pm.

Approved to be the correct Minutes of the Special Meeting-Budget of the Middle Rio Grande Conservancy District Board of Directors of May 23, 2016.

Attested:

David M. Fergeson
Secretary/Treasurer

Adrian Oglesby, Vice- Chairman
MRGCD Board of Directors