



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

2020 | FALL

Las Campanas Fall Newsletter

President's Report | 4th Quarter Board Meeting | Stephen Raab, President

We're dedicated to managing this vital service in the most efficient and cost-effective manner possible.

In July of this year I was deeply honored to be elected as the President of the Las Campanas Water Co-Op's Board. It is a privilege to be working with such a highly motivated and engaged Board and with Kim Visser and the staff of the Water Co-op.

Following the Co-op's open election process in July 2020, Shawn McCoy was elected to our Board. Shawn's addition to the Board is welcomed and he has made an immediate positive impact. As the chair of the Operations Committee I am very pleased that Shawn is supporting our operations effort as well as several other key areas of the Co-op.

As a result of the "off-cycle" election process, Michael Walsh has agreed to join the Board of Directors. Michael is the former President of the Water Cooperative and served two terms in previous years. Michael's background in owning and operating a utility on the East Coast brings a vast knowledge as well as high level experience to the Co-op and we are very lucky to have him on board.

The staff and Board have accomplished a great deal of work in 2020 and as we close in on year's end we find ourselves on schedule, and in many areas, ahead of schedule for a number of our key projects which includes a cost-of-service analysis, a refinement of our reserve policy, the development of a three year capital improvement program and the negotiation of a long-term contract with Jacobs Engineering, our operations service provider, to name a few. In support of the Water Co-op commitment to continuous improvement the 2020 effort on process improvement will carry into 2021 with a strong focus on enhancing the budgeting process and refining the modeling for the long-term maintenance of our infrastructure. The planning and budgeting for 2021 has already begun and the community can expect a detailed update at the Q1 2021 meeting.

You have our commitment that the Water Co-op's staff, and the Board will continue to dedicate ourselves to managing this vital service in the most efficient and cost-effective manner possible.

Stephen Raab

Board President



Operations Update | 4th Quarter Board Meeting | Stephen Raab, President

2020 Operations Goals & Objectives and Preparing for 2021:

Thanks to Kim Visser, the staff at the Water Co-op, and the Operations Committee we are finishing the year on schedule for the completion of our 2020 Operations goals & objectives. Well done. Preparing the goals & objectives for 2021 began in August with a combined meeting of the Finance and Operations Committees. Continuous improvement is an important part of the culture and focus of the Water Co-op and the work already taking place for the 2021 CY shows a strong focus on process improvement. The key two areas of process improvement slated for Q4 2020 is the ongoing improvement to the goals & objectives process and the Operations Committee's enhanced support of the 2021 budgeting process. In support of the Finance Committee, the Operations team is refining inputs into the coming year's budget which will support the Finance Committee's effort to provide a refined budget for the coming year. The status of our major goals & objectives for 2020 at the end of Q3 is as follows:

- **Continue with installation of the AMR Implementation System** - The Eye On Water program has met its 2020 goal of an 85% participation rate across the community! When most communities are struggling to achieve a two-digit participation rate this is truly an impressive achievement and we thank the community for their support of the program and for their continued focus on water conservation. As we look towards 2021, we are considering a goal of a 90% participation rate. We would like to remind the households in our community that are not utilizing the Eye-on-Water program that this easy-to-install and operate software allows every customer the ability to view water usage and, most importantly, determine if they have a leak.
- **Replacement of the Aging Pond Liner** – As noted in our Q2 Operations Report our pond liner replacement project has been completed. The 20+ year old liner was replaced and my thanks to Bryan Romero, our operations consultant, for completing this project in this very challenging, pandemic year.
- **Sewer Line Cleaning Project** - The sewer line cleaning and scoping project has been completed for Estate 1, our oldest community. The results of the Estate 1 effort are very promising. The scoping element of the project determined that the subsurface sewer line infrastructure supporting Estate 1 remains in good condition with no areas of concern. Currently the plan is to clean and scope another 10% of the subsurface infrastructure every year until the project is complete. Before proceeding with the proposed next step in the project the Operations Committee is going to thoroughly review the results for Estate 1. If we proceed as planned, the 2021 budget will contain necessary funding for the cleaning and scoping of another 10% of the community, likely to be estate 2.
- **Implementation of the Asset Management Project** – The Water Co-op is proceeding with the roll-out a multi-faceted asset management program which will help the utility to meet the challenges of providing service



Operations Update | 4th Quarter Board Meeting | Stephen Raab, President

to the community over the coming years by allowing for a more refined approach to managing the business to better address challenges such as changes in our population and continued economic development, the potential for extreme weather events (droughts) to name a few. The scope for this project was refined by the Operations Committee and Board ultimately saving about 30% of the initial projected cost for the project.

Las Campanas Water Co-op Operations Committee:

Stephen Raab (Chair)

James Lightfoot

Shawn McCoy

Steven Miller

Mike Walsh





Finance Committee | 4th Quarter Board Meeting | Barbara Shoemaker, Chair

Our goal is to stabilize rates with a higher degree of predictability for both the Co-op and our Members.

The Finance Committee is presently engaged in the 2021 budget cycle, working closely with our new controller, Jamey Shelton and General Manager, Kim Visser.

A key focus of the Committee is to build a replicable budget model to memorialize the assumptions behind Board decisions year-over-year and create a 5-year planning document to provide a longer-term view of anticipated operating and capital expenses.

In terms of administrative expense, the staff has gone through every line of the budget to find ways to cut back on expenses through greater efficiencies or new approaches. Their willingness to creatively find ways to do things better, faster, and with less expense has resulted in a significant paring of the administrative budget for 2021.

In terms of non-discretionary spending, most of the increased cost will continue to come from higher water purchase rates and the contracted administration of our sewer and water operations through Jacobs. The recently signed 10-year contract with Jacobs has minimal escalation clauses and is an important step in controlling costs while ensuring continuous service excellence.

Once the asset condition study is completed, the Operations Committee will provide a detailed projection of anticipated capital requirements year-by-year well into the future. Based on these projections, Finance will review the Co-op's reserve levels to determine adequacy based not only on industry norms but the clearer picture our on-site study provides. At present, our reserves appear to be more than adequate for any anticipated need in the near term.

Going forward, the rate structure for both the sewer and water services will be reviewed annually to ensure that we cover our operating expenses for both lines of business and pass on increases in cost of services (such as increased charges for purchased water) on a timely basis. We believe this will help stabilize rates with a higher degree of predictability for both the Co-op and our Members.

Finance Committee

Barbara Shoemaker ~ Chair, Stephen Raab, Shawn McCoy and Mike Walsh.



Water Sustainability Update | 4th Quarter Board Meeting | Jim Lightfoot

We're now in the midst of a "La Niña" weather period, characterized by warm and dry weather, particularly during winter.

In past years, the Co-op has promoted sustainability through educational programs providing information on landscaping, improved plant selection, and plant care in our high desert environment. Unfortunately, the ongoing Covid crisis has prevented our opportunities for face to face meetings in 2020. We look forward to resuming these educational seminars when social distancing guidelines permit.

Drought and climate change are not new concepts. Historically, those who reside in the desert Southwest know that we've always had to face periods of drought.

A couple of years ago we enjoyed an "El Niño" winter. It gave us a hefty snowpack that our forests, wildlife, aquifers, and skiers were craving. In the summer that followed, our rivers were full, aquifers were partially replenished, the wildfire risk decreased, and our high-desert urban forest was vibrant with life. It was a great year, precipitation-wise, but all that moisture didn't last.

We're now in the midst of a "La Niña" weather period, characterized by warm and dry weather, particularly during winter. Our monsoon was disappointing this summer and experts are predicting a dry winter ahead.

State Climatologist Dave DuBois stated that the city of Santa Fe typically receives around 13 inches of rain from January to October in a given year. In the last year, only 5 inches of rain have fallen in Santa Fe.

The Buckman Direct Diversion (BDD) diverts water from the Rio Grande for use in the Santa Fe area. In July of this year, a temporary shutdown of diversions from the Rio Grande was anticipated due to low flows in the river. This suspension of water diversion was forecast to be between two to eight weeks.

Through overall water management of the Rio Grande, including rationing water for irrigation and rotating irrigation areas, the BDD was able to continue operating through the summer and into the fall. In October, the flow in the Rio Grande dropped to 280 CFS, again causing concern a shutdown of the BDD might be imminent. Currently the opinion is that BDD will continue to operate as the growing season comes to an end and the use of river water for irrigation slows.



Water Sustainability Update | 4th Quarter Board Meeting | Jim Lightfoot

Santa Fe's diverse water supply portfolio includes three other sources, and these will continue to meet the drinking water needs of the Santa Fe area during any BDD shutdown. These sources include:

- Canyon Road Water Treatment Plant (CRWTP) accessing water from the Santa Fe watershed reservoirs
- City of Santa Fe well/aquifer system (in city limits)
- City of Santa Fe Buckman well/aquifer system

Since the BDD came online in 2011 the wells have been rested, and the aquifers have seen substantial recovery, ready to fill the gap when and if surface water supplies are not available.

With the ongoing drought conditions, water rationing or other reductions in available water may be in our future. Moving into 2021, the LC Co-op will be reviewing its drought plans and ensure they are in alignment with applicable state and county programs.

As a point of reference, a past audit of our water consumption indicated that approximately two-thirds of the potable water the Co-op delivers to residences is used for landscape irrigation and only about one-third of our water consumption is used indoors. The percentage of landscape irrigation water usage has been essentially constant since at least 2013.

