

## **Utilities Customer Advisory Group**

Minutes for the Meeting on

December 11, 2019

3:00 p.m.

Utilities Center

Conference Room 225

### **Committee Members Present**

Eugene Suttmiller, Chairman

Shirley Clark, Vice-Chairman

Frank D. Gomez, Committee Member

Paul Royalty, Committee Member

Robert Snyder, Committee Member

Jorge A. Garcia, Utilities Director

Robin Lawrence, Deputy Director Solid Waste

Jose Provencio, Business Services

Administrator

Mario Puentes, Gas Business Analyst

Domonique Rodriguez, Rate Econ. Analyst

Mgr.

Alma Ruiz, Officer Manager Senior

Delilah Walsh, Utilities Assistant Director

Tanya Cereceres, Administrative Assistant

Melissa Miranda, Office Assistant

### **Others:**

Becky Baum, RC Creations, LLC

Beth Bardwell

Cassie McClure

Susan Schmugge

Gregory Schervanick

### **City Staff Present**

Chair Suttmiller called the regular meeting to order at approximately 3:00 p.m.

#### **1. Conflict of Interest:**

Chair Suttmiller: First thing I'll do is Conflict of Interest and I'm asking if any Member on the Committee or any member of the City staff has any known conflict of interest with any item on the agenda. Silence will be an indication that nobody has. Okay.

**There were none.**

#### **2. Acceptance of Agenda:**

Chair Suttmiller: Acceptance of the agenda. Do I have a motion to?

Clark: Move to approve.

Gomez: Second.

Chair Suttmiller: All in favor?

**The Agenda was Accepted Unanimously 5-0.**

#### **3. Acceptance of Minutes:**

Chair Suttmiller: Acceptance of the Minutes of the regular meeting of October 9, 2019.

Clark: Move to approve.

Snyder: Second.

Chair Suttmiller: All in favor?

**The Minutes were Approved Unanimously 5-0.**

**4. Public Participation:**

Chair Suttmiller: Public Participation. Anybody here that wants to say something? I'll follow my usual thing that you can say it now or when you wish pretty much as long as it's not an interruption of the business that's going on. Anybody have anything they want to say? Okay.

**There was none.**

**5. Solid Waste Rate Review:**

**a. Discussion of Rate Design Options for Recommendation to the LCU Board**

Chair Suttmiller: Moving on to Solid Waste Rate Review. Postponement of the adoption of the Solid Waste Rates as tabled from the October 9, 2019 meeting.

Rodriguez: Good afternoon UCAG. I am Domonique Rodriguez. I'm the Rate and Economic Analysis Manager. I figured what I would do is go through the presentation that was given on October just to see kind of the numbers again and then that would move into your discussion and then approval of the Solid Waste Rate Review.

PERSON SPEAKING, IN AUDIENCE.

Rodriguez: The public outreach update. We had public outreach events from September through October. There was a total of 41 participation that we received during these events. Here is a list of all the events that were held and then the number of attendees for each event. This presentation is also included in your hard copy packet.

At the last meeting what we discussed also is about different venues. There was discussion that the Aquatic Center wasn't too good of an outcome. That the City Hall was done very well with the cookies. that the Farmer's Market was done really well except for maybe we could eliminate the Wednesday that we did. Then that will move on to your discussion for the Solid Waste Rate Review.

Chair Suttmiller: Anybody have any questions about anything?

Clark: I have some comments.

Chair Suttmiller: Okay.

Clark: On October the 9th I asked for a postponement of the vote because it was only three of us here and if we had gone to a vote I had planned on voting against the Solid Waste Rate increases. I had some good reasons but I wasn't willing to discuss them at that time but I am willing to discuss them at this time.

I have looked at the reason for a lot of the rate increase which is the hybrid vehicles and we're changing regular cost vehicles for \$250,000.00 for a hybrid acquisition cost of \$565,000.00. It's more than double. It's an additional cost of \$1.4 million on vehicles. I've done some research, haven't found a whole lot of information. The one thing that concerns me is we have four vehicles on here which are the large vehicles, which are the first three and then the last one also. The costs on those are more than double the cost and a lot of it is based on the maintenance cost because there's nobody here to work on the vehicles. We're going to have to ship them out which is costing extra or hire somebody in to work on the vehicles and that's going to be additional cost also.

I'm concerned about purchasing vehicles that are a test. I saw the City go through this 15 years ago with natural gas vehicles. They didn't work out. We ran them until the end of the, they were good and got rid of them. I'm not sure this is a good test for us to get into. It's an awful expensive thing to do with, it's \$1.45 million of additional cost with maintenance and the purchase of the vehicles. I'm not sure that the vehicle itself is going to be worthy. These are long-term ... how long do we amortize these vehicles?

Rodriguez: They're usually about seven years.

Clark: Seven years. Even for the big ones?

Rodriguez: Those it's between five to seven.

Clark: Okay, so we're going to spend an additional \$1.4 million for a seven year vehicle. It's only \$0.34 a month increase with these vehicles but that's over a seven year period also. That came from Stantec. I'm concerned about purchasing vehicles that may or may not be what we're looking for. I understand that there is a good intent to try to go a little bit greener on our vehicles but I don't know if it's worth \$1.5 million. Anybody wants to ask me questions or make comments or whatever I'm willing to take them.

Chair Suttmiller: I have some comments. \$1.4 million.

Clark: Yes.

- Chair Suttmiller: A good deal with that is for sending the vehicles out to be repaired or worked on. That we don't have, we're buying vehicles that we don't have the capability to maintain.
- Clark: Correct. The acquisition cost, the difference is \$1.3 million so it's \$100,000.00 worth of extra, well it's more than that.
- Chair Suttmiller: If we, how long before we would have the, what I'd like to know is how long will it take us to get the capacity to maintain new trucks.
- Clark: I couldn't find any of that. Maybe.
- Chair Suttmiller: That's \$100,000.00 up there, that's \$700,000.00.
- Dr. Garcia: Mr. Chairman, Ms. Clark. Let's clarify this because the total revenue requirement per year is \$1.3 million so you can't have. Let's clarify that it is. There were several vehicles that are double the cost, you are right there.
- Clark: Correct.
- Dr. Garcia: It's better to think in terms of out of the \$2.00, \$0.34 is attributable to the green vehicles.
- Clark: Correct.
- Dr. Garcia: That is the correct number.
- Clark: \$0.34 a month for seven years.
- Dr. Garcia: Let's not say \$1.4 million because the total request is \$1.3 million per year. You're looking future years, yes it will add up to.
- Clark: Yes. I'm looking long term for the seven year period.
- Dr. Garcia: Correct. It's for a seven year period.
- Clark: Correct.
- Dr. Garcia: On an annual basis it's easier to think that you're absolutely right, out of the \$2.00, \$0.34 are attributable to those, I think it was about 17 vehicles out of the total that are going to be.
- Clark: There's eight vehicles here that are hybrids.
- Dr. Garcia: There's eight out of the 17 I believe are.
- Clark: Are hybrids.

- Dr. Garcia: Hybrids or some better technology.
- Clark: Correct.
- Dr. Garcia: Yes. It's \$0.34 out of the \$2.00 that is.
- Clark: Correct. For 12 months times seven years. That's 84 months. \$0.34 a month extra for 84 months.
- Chair Suttmiller: I'm sorry. I'm out of date on a lot of this.
- Clark: That's okay.
- Chair Suttmiller: I will be asking some questions that maybe have been answered before. We're going to purchase these what eight vehicles if I remember?
- Clark: There's eight vehicles, yes.
- Chair Suttmiller: Eight vehicles.
- Clark: Eight out of 17.
- Chair Suttmiller: How long a period will we be purchasing them? Are they all going to be purchased as a group or are they going to be purchased over the?
- Dr. Garcia: Mr. Chairman. We'll go through the schedule that they're going to be purchased over the next few years as we replace them. We're not going to buy all up front or all at the end of the period. These are replacement vehicles. These are not new. They're not new for new service. They're replacements.
- Clark: They're replacement for the garbage truck.
- Chair Suttmiller: One is cost benefit. What's the benefit for the cost is the question in my mind. The second question is it really worries me that we don't have the capability to maintain them. Again my question is when will we have that capability or are we going to be an entire seven year period be required to send those vehicles at a large, at a much higher cost I believe? Meanwhile the people that we've got who can work on vehicles will no longer have the vehicles to work on, or is there a plan in place to move them through to become qualified?
- Dr. Garcia: Mr. Chairman. The whole City government, the reason we put that in there for a few of the vehicles because it's a mandate from the City Council that buses are already going electric. We've been asked to put certain vehicles hybrids. We already have hybrids that are being maintained right now. We don't know if the large trucks are going to end up. We're going to try to have some of those as hybrids. Some of the hybrids are being maintained by our fleet department and they are setting up a whole set of buses that are going to be electric. That was a mandate from the City Council. The reason we

included that in there because I will be mandated to do it and if it's not in rates we'll have to go back to the table before the four year period. It's either we do it now or we do later.

Chair Suttmiller: I'm not somebody who likes to kick the can down the trail as you know.

Royalty: My contention is and I'm looking at it, you're going to have to take a bite out of this apple now or later okay. You might as well bite the bullet and go ahead and approve this. If City maintenance is already doing some maintenance on the hybrids now, that is an issue that just goes away.

Chair Suttmiller: City maintenance doesn't take care of the vehicles here.

Clark: Yes they do.

Chair Suttmiller: They do?

Dr. Garcia: They do. We own the facility and it's direct billing to the utility, but City-wide fleet runs this operation.

Chair Suttmiller: Okay.

Dr. Garcia: We pay a management fee for doing it but they run it. It's only for Solid Waste but they run it, operate it like with the rest of the City fleet.

Chair Suttmiller: I'd be much more comfortable if there was a plan in place to; 1) train the people and; 2) when are they going to arrive? What's the cost of across time as they arrive? However, I understand what you're saying. I've been in organizations where it's been mandated. Shut up and move on kind of thing.

Dr. Garcia: Now if you recall when the consultant was here on a work session we discussed the fact that obviously when we explore the technology we're not going to go and buy eight at one time. Not all eight are the big vehicles in any case.

Clark: True.

Dr. Garcia: We would buy one or two and then see how that works and then over that five to seven year period we would see how they work. In order to do that we need to have the funding ...

Chair Suttmiller: Available.

Dr. Garcia: ... to be able to do it. That's why we had included that. We asked the consultant to do that because it is City-wide that we're doing that. I know we have to follow all of the City rules.

Clark: We don't have to agree with them.

- Dr. Garcia: That is correct. You can recommend to the Utility Board whatever you feel you want to recommend. You have that option before you of the \$2.00 up front or over a two year period, \$1.00 a month, right for residential. You can qualify your recommendation with the concerns if more than one of you has a concerns about the vehicles that are with technology.
- Clark: I have found very few garbage trucks hybrids on the research that I did.
- Dr. Garcia: Correct.
- Clark: Very, very few. It's an untested type thing. I'd like to make a recommendation that we not do the garbage trucks but we do the other four vehicles. I don't have a problem with those and those being hybrids. The garbage trucks, there's four units that are the big ones. One's a commercial one and three are residential and put them off for a couple of years until the technology is better and we don't have to pay the cost for bad technology up front. I'm going to make a motion to amend the motion for the rates is to adjust the rates and remove four units: Unit 32282, 32283, 32153, and 32304 and remove those from a purchase.
- Chair Suttmiller: I would like to hold off on asking an amendment until discussion finishes and then we'll take the time.
- Clark: Okay. It was an option I had.
- Chair Suttmiller: Yes, right. I think it's a good option. It really worries me that we're, you know one if we collect all this money and 60 days, 180 days from now the City Council decides "jeez we've researched some more and we don't want them." Where's the money go? Is the money, would the money be fenced somewhere? I guess that's my question, until such time as the vehicles are purchased. In a separate account that couldn't be touched for anything else.
- Dr. Garcia: As you know from the presentation, of course it's been a while since we had the work session with the consultant, but each utility has its own vehicle fund. If we have funding for vehicles it stays in that fund which is the 5560 fund which is for vehicle acquisition. What happens is if let's say that the City changes direction and they will not mandate all vehicles or we can get away with only those four smaller vehicles that the technology's proven and the utilities left alone on that policy. What happens is that if you approve the \$2.00 then that additional monies, part of those \$0.34 would go to that fund. What happens is next time we do the rates on Solid Waste the Revenue Requirement should be lower, right?
- Chair Suttmiller: Okay.
- Dr. Garcia: In other words next time the rate adjustment maybe smaller because you don't need additional money for vehicles.

Chair Suttmiller: What does it take to move money from that account to another account? In other words if it comes in and, that's what I'm afraid of.

Dr. Garcia: Staff cannot do that. It's the Utility Board recommends to City Council. Only the City Council can approve ...

Clark: Budget changes.

Chair Suttmiller: Budget changes.

Dr. Garcia: ... movement of monies and budget changes. Especially between funds.

Chair Suttmiller: Like I said I'm not a proponent of kicking the can down the trail.

Clark: I'm not either. I'm not either.

Chair Suttmiller: If it's coming, it's coming. My concern is that the money, we don't put money away. Obviously you can tell that's my concern is that we put the money away does it disappear someplace else? If it's still there for vehicles then that's what it was designed for I can support that.

Royalty: The majority of the people that we talked to in these sessions that we had, okay, the \$2.00 was not significant enough or a concern that I got from the people that I talked to. Everybody said "well \$2.00 is not a big deal" and so my consensus is you do the \$2.00. If we find when we get down the road that we don't need those vehicles or we don't buy those vehicles and we still have \$0.34 left then out of the \$2.00, then it will go onto the next rate. My comment is we should go ahead and make a motion to either do the \$2.00 or do the graduated \$1.00.

Clark: Okay, we have a motion on the table from October the 9th that says we adopt the rates and then I made the motion to postpone. We already have a motion on the table that we approve the rates as discussed.

Chair Suttmiller: Okay.

Clark: I was concerned because there was only three of us here and I was going to vote against it, that it wouldn't be a fair hearing to this Board for me to kill it by voting no because that's what would've happened. It wouldn't have gone further and that's why I did a postponement so that we could wait until we have a full Board and do discussions. We've already got a motion on the table to approve the Board.

Royalty: The rate.

Clark: The rate increases, the \$2.00.

Royalty: Okay.

Clark: That's parliamentary feature.

Chair Suttmiller: Sir, do you have any comments?

Gomez: Not in so far that, no.

Snyder: No.

Chair Suttmiller: No further discussion?

Gomez: I was going to just ask a question of Dr. Garcia. There was an article in the paper I believe it was this morning or maybe yesterday whereby all of the discussed vehicle in trash pickups had gotten some new technology in there with monitors, etc, etc. That in a sense is in defense of some of the expenditures probably that are going to be coming forth. Is it right or am I wrong? In other words what I'm understanding is that every, say for example my trash picker-upper has got a monitor in there or a computerized type thing. He can report, for example he can take pictures and report for example when somebody complains that their trash bin was not picked up and he reports that it wasn't there how in the heck did they pick it up. Am I correct in assuming that? I mean, it seems like by legal thoughts in mind and I'm not that familiar with all of the computerized type of stuff but it's quite expensive. So each vehicle is probably upwards of what a couple three grand expenditure for that thing?

Lawrence: The total was about \$120,000 to \$135,000.

Dr. Garcia: Mr. Gomez. That technology is state of the art technology to optimize our operation, provide better customer service. We budgeted that under the current Revenue Requirement. You can go to any of the papers we gave you and the schedules we gave you of the last few months and you will not find a line item in that Revenue Requirement that asks for additional software. We budgeted that and found those monies in our existing budgets to be able to make it work. We believe that's going to save us money over time.

Gomez: I believe.

Dr. Garcia: That is not built in the \$2.00 if that's what you're.

Gomez: If I'm going back to when I first moved to Las Cruces, you know, 32 years ago what we had the driver and two people ...

Dr. Garcia: We had three people in the trucks.

Gomez: ... picking it up and we don't have that now. We've got the automated equipment, great. That's what I'm saying. I'm looking at that as a.

- Dr. Garcia: It is a new technology for Solid Waste and you're right it takes pictures. It tells us if a customer did not get things out or we can't service the containers so when the customer calls we know exactly what the problem was. It's real time interaction with the drivers in the field and like you said, how much was it?
- Lawrence: \$121,000.
- Dr. Garcia: \$121,000 for 30, 35 trucks. It wasn't bad to generate that technology for that price but we had to find that money in our budget. It wasn't part of the request.
- Gomez: In so far as I'm concerned that's a good positive and I appreciate that.
- Dr. Garcia: It is working very well. We're still in the learning curve of staff interacting with the machine because they need to do their work too and make a note as to what happened in the field and why the customer didn't get serviced and things like that. It's working well.
- Gomez: Thank you.
- Chair Suttmiller: Any further questions by anybody?
- Dr. Garcia: One other comment before you go for a vote or. We will be glad not only the transcript that you have and even though the Board will entertain your recommendation tomorrow, we will explain your concerns. We'll not only explain what the majority vote or the vote is but the concern about the technology and the \$0.34 and all that.
- Clark: I just hate to get.
- Dr. Garcia: We'll be glad to convey the information to the Board of the concerns, particularly about the vehicles that are double the cost.
- Clark: I'd hate to get stuck with \$2 million worth of vehicles.
- Dr. Garcia: If the technology doesn't work for us.
- Clark: The technology is not going to be a benefit to the purpose.
- Dr. Garcia: We will convey that to the utility Board, your concern.
- Clark: I still would like to make an amendment to the motion and if I get a second that's fine, if I don't that's fine too. Only do the hybrid technology on the four lower cost vehicles and I'll repeat the unit numbers that I'd like to take out of the cost is 32282, 32283, 32153, and 32304.
- Gomez: I would like to second that that motion if I may, Mr. Chair.

- Clark: Now we can discuss that. We can discuss, that can be discussed because we have a different motion on the table. Amended by taking those four.
- Chair Suttmiller: Right. Yes I want to vote on that before we.
- Clark: Yes, we have to vote on the amendment before we vote on our main motion.
- Chair Suttmiller: I was going to say however it goes we can't entertain a minority report if necessary.
- Clark: That's fine.
- Chair Suttmiller: He's already covered that.
- Clark: It's covered. It's fine.
- Dr. Garcia: Correct. We will, even though it's going to be in the minutes but since the Board meeting is tomorrow.
- Clark: Yes, they won't see the minutes.
- Dr. Garcia: We'll at least verbally convey the concern about the large vehicles with the new technology.
- Clark: I figure our purpose here as this Board is to be an advocate for the consumer and I'm not sure the consumer really wants to take on this heavy a debt long term over a seven year period. That's my concern.
- Royalty: My comment on that is the fact that we got absolutely no pushback when we were at the meetings.
- Clark: No, but they didn't know.
- Royalty: From anybody. It doesn't make any difference that we're still talking about \$2.00. Right?
- Clark: Yes, \$2.00
- Royalty: If we got no pushback on the \$2.00 so why is, so the consumer is not concerned about that \$2.00 is what I'm saying. Regardless that \$2.00 comes into Utilities and they all saw our poster boards that we had up out there. We talked about that, okay. I have a hard time then thinking that and you talk about the consumer. The consumer had any reluctance in this and we talked about buying new trucks as part of that. Actually the posters actually had pictures of the new trucks.

Clark: While we were doing all the public outreach I was supportive and gave all the information to the people that we talked to about we will be purchasing new vehicles. I did not say we're going to purchase new vehicles and they're going to cost twice as much as the ones we have now. That was my concern. We had the information available. All they had to do was read it but my concern is I'm uncomfortable with it. That's okay. I don't have to agree with everybody and neither do you.

Chair Suttmiller: Okay, we have a motion and a second.

Clark: For the amendment.

Chair Suttmiller: For the amendment. Who would like to start voting?

Clark: Aye.

Gomez: Aye.

Snyder: Nay.

Royalty: Nay.

Chair Suttmiller: I'm going to have to go nay.

### **The Amendment Failed 3-2.**

#### **b. Approval of Rate Design Option as a Recommendation to the LCU Board**

Clark: Okay. That fails now you go back to the main one.

Chair Suttmiller: Now go back to the main motion and second that we have on the table from the previous meeting to accept the \$2.00 rate. Would you like to vote? Who would like to start?

Gomez: Aye.

Clark: No.

Snyder: Aye.

Royalty: Aye.

Chair Suttmiller: Aye. It passes four to one.

### **The Minutes were Approved Unanimously 7-0.**

Dr. Garcia: Let's clarify just for the record. I know there was a prior discussion. You're recommending the one time not the phased in?

Clark: We're recommending the one time not the phased in.

Royalty: That is correct.

Chair Suttmiller: Okay. Onward and upward folks. Thank you though. I appreciate the comments. They were interesting and I'm torn.

Clark: I know.

## **6. Other Items of Interest:**

Chair Suttmiller: Other items of interest. Does anybody have anything they want to bring up or any comments they would like to make? Committee Member.

Royalty: When are we going to do the Gas? Are we going to get to the Gas? When is that going to start?

Dr. Garcia: If I may Mr. Chairman. We'll go to the Utility Board tomorrow. Depending on what their recommendation is we will take, I have a work session of the City Council with the Utility Board recommendation in February. As you know we have two new Councilors so there's going to be orientation (*inaudible*) the first month. We're going to do some utility orientation on the Enterprise funds. We didn't take it in January, so it's going to be February before Solid Waste is in the Council and out of here and the process is complete. We anticipate that probably the working committee will be working with the consultant late January maybe. I don't think you're going to need a January meeting for sure and maybe just the working group would get together with the consultant sometime in February. We'll let you know about that.

Clark: Okay. Sounds good.

Dr. Garcia: It is likely that you may not need UCAG meeting January and February until we get going with the Gas Utility. Which is the last utility we need to look at.

## **7. Committee Member Discussion:**

### **9. Next Meeting Date:**

#### **a. January 8, 2020**

Chair Suttmiller: That brings up the next meeting date that here says January 8, 2020.

Clark: Why don't we just go ahead and cancel that one and do the February meeting instead?

Dr. Garcia: Yes I think you should cancel it because given that you've acted today you don't need that meeting. Chair can always set up a meeting with appropriate notice.

Clark: If we need it.

Dr. Garcia: Yes.

Clark: I don't think we will.

Chair Suttmiller: Okay. Do we need a motion for this?

Gomez: I do make a motion.

Clark: To change it.

Snyder: I'll second.

Chair Suttmiller: All in favor?

**The Motion to Cancel January Meeting was Approved Unanimously 5-0.**

Chair Suttmiller: Passed unanimously.

Clark: Okay, I was going to look at that date.

Gomez: February.

Chair Suttmiller: Okay. I'd like to take the opportunity since we're not going to see.

Clark: February 12th.

Chair Suttmiller: February 12th. I'm sorry, yes. Our next meeting date will be February 12, 2020.

Gomez: Close to Valentines Day. I hope my Valentine's still happy.

Chair Suttmiller: I'd like to take the opportunity since we won't be here to wish everybody a Merry Christmas. Happy New Years. Happy Holidays. Thank you for everything you did for us this year. We appreciate it. May life go a lot easier.

Clark: I would like to say that the staff members that you guys have that come and support us out in the field are absolutely amazing.

Dr. Garcia: Yes they are. Thank you.

Clark: They're always there on time. They do anything we ask them to do and they never complain and they're wonderful. They give us some great support out there.

Dr. Garcia: Thank you for your time out there.

Clark: That's what we volunteered for.

**10. Adjournment:**

Royalty: I'd like to make a motion that we adjourn.

Clark: Aye. You got it.

Chair Suttmiller: We need a second somewhere, don't we?

Clark: No we don't.

Chair Suttmiller: We're out of here.

---

Chairperson