

**MINUTES OF THE  
SPECIAL MEETING  
OF THE  
BOARD OF DIRECTORS OF THE  
MIDDLE RIO GRANDE CONSERVANCY DISTRICT  
MAY 22 2017**

Directors having been duly notified, Chairman Lente called the regular meeting to order at 3:05 pm at the MRGCD General Office. The following Directors and Staff were present:

**DIRECTORS:**

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

**STAFF:**

|                     |                              |
|---------------------|------------------------------|
| Michael A. Hamman   | Chief Engineer/CEO           |
| Dr. DuMars          | Chief Water Counsel          |
| Lorna Wiggins       | General Legal Counsel        |
| David M. Fergeson   | Secretary/Treasurer          |
| Jeanette Bustamante | Administrative Officer       |
| Ray Gomez           | Engineer Supervisor          |
| Alicia Lopez        | Engineer Technician          |
| Sloan Washburn      | Belen Division Manager       |
| Jason Casuga        | Engineer I                   |
| David Gensler       | Water Operations Manager     |
| Joe Brem            | Albuquerque Division Manager |
| Daniel Arquero      | Cochiti Division Manager     |
| Lorenzo Benavidez   | Socorro Division Manager     |
| Becky Burnham       | Budget Analyst               |
| Doug Strech         | GIS Supervisor               |

The following names of individuals were interested viewers and/or participants:

|  |  |
|--|--|
| Orlando J. Lucero<br>Joaquín Baca<br>Valerie Moore<br>James Martin |  |
|--|--|

**AGENDA ITEM NO. 1 – PLEDGE OF ALLEGIANCE**

Chairman Lente requested that Director Romero lead the Pledge of Allegiance.

Chairman Lente welcomed the guests and declared a quorum.

**AGENDA ITEM NO. 2 – APPROVAL OF THE AGENDA**

Chairman Lente called for approval of the Agenda.

Director Dunning made the **MOTION TO APPROVE THE May 22, 2017 AGENDA AS MODIFIED.** Director Oglesby seconded the motion. The **MOTION CARRIED** unanimously.

**AGENDA ITEM NO. 3 – APPROVAL of RESOLUTION M-05-22-17-149 AUTHORIZING CEO TO FINALIZE AND EXECUTE A MEMORANDUM OF AGREEMENT WITH VILLAGE OF CORRALES FOR THE COMPLETION AND IMPLEMENTATION OF THE VILLAGE MASTER TRAIL PLAN**

- a. Mr. Hamman advised the Board that this resolution was discussed in depth at the May 8, 2017 Board meeting and approval of the resolution was deferred to the next Board meeting because the approval was not detailed on the formal agenda for that meeting.

Chairman Lente called for approval of Resolution M-05-22-17-149.

Director Dunning made the **MOTION TO APPROVE RESOLUTION M-05-22-17-149 AUTHORIZATION THE CEO TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH VILLAGE OF CORRALES FOR THE VILLAGE MASTER TRAIL PLAN.** Director Oglesby seconded the motion. The **MOTION CARRIED** unanimously.

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE MIDDLE RIO GRANDE CONSERVANCY DISTRICT**

**AUTHORIZING CEO TO ENTER INTO MEMORANDUM OF AGREEMENT WITH THE VILLAGE OF CORRALES REGARDING THE  
CORRALES TRAILS MASTER PLAN**

**M-05-22-17-149**

**WHEREAS**, the Village of Corrales (Village) has developed a community-wide Corrales Trails Master Plan (Master Plan) that was last updated by the Master Plan Task Force in September, 2016 showing roadways, open space and District facilities as existing corridors for traditional and recreational uses; and

**WHEREAS**, the Village requested staff review of its Master Plan in order to get the District's comments, concerns and recommendations regarding the draft master plan in anticipation of plan finalization and presentation to the full Village Council in 2017; and

**WHEREAS**, District staff has met with Master Plan Task Force members and submitted extensive comments to assist in the finalization of the Trails Master Plan and to share recommendations regarding designation of formal trails on District facilities; and

**WHEREAS**, District staff recommends and prefers that all District facilities that have only a prescriptive easement (historic acequias) be designated as "historic features for traditional uses" that implies and includes recreational purposes but not be formally designated as a "trail"; and

**WHEREAS**, other District facilities may be formally designated as a "trail" in the Master Plan only if the District has a clear fee interest or other real interest, determines there is adequate rights-of-way for the performance of operations and maintenance while providing for an improved trail, and it is in compliance with District policies in the licensing procedures; and

**WHEREAS**, the Village and the District have committed to work together on determining the best location for the Corrales segment of the State's Rio Grande Trail to be located and other conditions as consistent with the Master Plan and District policies; and

**WHEREAS**, the District staff recommends that a Memorandum of Agreement (MOA) be jointly developed to address roles and responsibilities in the finalization of the Master Plan, future amendments to the Master Plan, and any implementation of features and timelines within the Master Plan that involve District facilities.

**NOW, THEREFORE, BE IT RESOLVED:** the Middle Rio Grande Conservancy District Board of Directors agrees with staff recommendation to develop an MOA jointly with the Village of Corrales to further address Master Plan development and implementation and hereby makes a request to Mayor Kominiak and the Village Council to consider this instrument as a means to work cooperatively on this effort; and

**BE IT FURTHER RESOLVED:** that the Board of Directors further authorizes the Chief Executive Officer and his staff to work with the Village of Corrales to develop an MOA that outlines jurisdictional responsibilities and obligations during Master Plan finalization, future amendments to the Master Plan, and implementation of Plan actions that involve District facilities.

**DATED AND RESOLVED** this 22<sup>nd</sup> day of May 2017.

**MIDDLE RIO GRANDE CONSERVANCY DISTRICT**

Derrick J. Lente, Chairman

**ATTEST:**

\_\_\_\_\_  
David M. Ferguson, Secretary/Treasurer

**AGENDA ITEM NO. 4 – REPORT FROM THE BOARD OF DIRECTORS**

a. Report – MRGCD Finance Committee Meeting May 15, 2017 – Directors Kelly, Sichler & Romero  
Director Sichler advised the Board that the committee met to go over the final proposed budget with the administration and that the committee provided a recommendation memorandum to the Board in their board packet, and turned over the meeting to the Secretary/Treasurer to make the budget presentation.

Chairman Lente called for approval of the Finance Committee Report.

Director Oglesby made the **MOTION TO APPROVE THE FINANCE COMMITTEE REPORT FOR MAY 15, 2017**. Director Dunning seconded the motion. The **MOTION CARRIED** unanimously.

**AGENDA ITEM NO. 5 – REVIEW, DISCUSSION AND APPROVAL OF THE FY18 BUDGET**

Mr. Ferguson proceeded to go through the proposed budget that was provided to the Board on Tuesday May 16, 2017. The budget presentation was in sequence as follows:

1. Budget Summary
2. Revenue Schedule
3. Revenue Schedule Recurring & Non-Recurring
4. Ad Valorem
5. Other Revenue
6. Expense Schedule
7. Expense Schedule Recurring \* Non-Recurring
8. Salary & Benefits
9. Professional Services
10. Computer Maintenance & Costs
11. Grants
12. Capital Outlay
13. Other Information

Mr. Ferguson stated that the FY18 Budget reflects a rate increase of 5% for Ad Valorem and a \$3 per acre increase for the Water Service Charge. This increase is in keeping with the desire to continue to move back to the 2003 5 mill rate and to provide sufficient operating capital for the District. The residential rate would increase from 4.598 to 4.8279 and the non-residential and centrally assessed rate would increase from 5.7446 to 6.0318. The Water Service Charge would increase by \$3 per acre effective January 2018 for the billing cycle in November 2018 bringing the total to \$40 per acre. The increase in revenues from this change would be reflected in the FY19 Budget.

Expenditures have also increased but are needed to achieve the mission of the District. The expense portion of the budget includes a 2% cost of living increase and 1% for the new performance management system.

The District is working to centralize processes around the GIS/Mapping functions. Therefore investment in infrastructure, hardware and software is required to become a geocentrically integrated organization. The cost of this investment is about \$130K spread throughout the budget with a large portion in computer and software costs. There will be annual fees to maintain the system that will be reoccurring in future budgets of approximately \$50K. This will fully integrate the District from field to assessments to finance, also benefit the work orders and streamline the ISOs, Assessment Office and property owner's communication.

The District's equipment is old, with high maintenance costs, and must be replaced on a scheduled basis during the next five to ten years as a recurring capital cost. The initial request for this year's capital equipment exceeded \$2.8M. The District cannot include this amount so we are looking at other opportunities to replace this equipment. To ease this burden we are able to buy 3 pieces of equipment with excess funds in the FY17 budget (approved by the Board at the May 8, 2017 meeting). This leaves us with requests totaling \$2.2 M as follows; Heavy Equipment \$1.2M, 2-20 Yd. Dump Trucks \$.4M; light duty vehicles \$.6M. To cover these needs we are recommending leveraging the use of "leases or lease/purchases".

We are also in the process of developing a replacement plan for computers and servers. Developing this plan will allow us to spread out the replacement of computers over several budget cycles and minimize the impact in one particular year. This is especially important for servers which can be in the \$10,000-\$15,000 range and higher. This summarizes the FY18 Budget. The Chairman asked if there are any questions. Director Dunning expressed that in the past budget workshops were a whole day and this presentation was very clear and detailed. Ms. Dunning commented that the bank fees went up 30% and if it is possible to invest with local banks. Mr. Ferguson responded he would look into it. Chairman Lente also thanked the Finance Committee and remarked how efficient the budget presentation was laid out. Director Sichler said that all the thanks go to Mr. Ferguson and Mr. Hamman as they put it all together.

**AGENDA ITEM NO. 6 – ITEMS FROM THE FLOOR**

There were no items from the floor.

**AGENDA ITEM NO. 7 – APPROVAL OF FY18 BUDGET/RESOLUTION BA-05-22-17-72**

Director Sichler made the **MOTION TO APPROVE THE FY17 BUDGET AND RESOLUTION BA-05-2-17-72**. Director Romero seconded the motion. The **MOTION CARRIED** unanimously.

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE MIDDLE RIO GRANDE CONSERVANCY DISTRICT  
BUDGET ADOPTION FISCAL YEAR 07-01-17 TO 06-30-18**

**No. BA-05-22-17-72**

**WHEREAS**, the staff of the Middle Rio Grande Conservancy District, State of New Mexico (the "District"), has prepared a budget for fiscal year 2017/2018; and

**WHEREAS**, said budget was developed on the basis of need following consultation with all departments, department supervisors and a committee of the Board of Directors; and

**WHEREAS**, the Board of Directors, being the Governing Body of the District, discussed and evaluated the budget at a special meeting held on May 22, 2017; and

**WHEREAS**, the Board of Directors determined that the assessed property tax mill rates need to be increased 5% and the Water Service Charge increased by \$3 per acre to meet the Middle Rio Grande District's fiscal 2017/2018 budget and such rates shall be set at 4.8279 mills for residential property and 6.0318 mills for non-residential property, and the Water Service Charge increased to \$ 40 per acre,

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors, being the Governing Body of the Middle Rio Grande Conservancy District, hereby adopts the fiscal year 2017/2018 budget as presented, and directs the Chief Executive Officer and Treasurer of the District to request approval from the Local Government Division of the Department of Finance and Administration to levy mill rates of 4.8279 mills for Residential Property and 6.0318 mills for Non-residential Property and the Water Service Charge of \$ 40 per acre, all to be effective for FY 2017/2018.

**RESOLVED:** in session this 22<sup>nd</sup> day of May, 2017.

**MIDDLE RIO GRANDE CONSERVANCY DISTRICT**

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Derrick J. Lente, Chairman

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Glen Duggins, Vice-Chair

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Adrian Oglesby, Director

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Karen Dunning, Director

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Chris Sichler, Director

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John P. Kelly, Director

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Beverly Romero, Director

ATTEST:

\_\_\_\_\_  
David M. Fergeson, Secretary/Treasurer

**AGENDA ITEM NO. 8 – REVIEW AND DISCUSSION AND APPROVAL OF RESOLUTION M-05-22-17-150  
USE OF BUDGET SURPLUSES TO ESTABLISH A CAPITAL RESERVE FUND – CEO, MIKE  
HAMMAN**

Mr. Hamman indicated that the Finance Committee also discussed a concept for establishing a Capital Revenue Fund, which would allow the District to use any portion of the reserves to be established as a Capital Reserve Fund. It would initially be established utilizing budget surpluses including surpluses for FY17, and staff would also investigate use of some of the District's other reserve funds and make recommendations to the Board for use for its large capital improvement projects. There was discussion on the wording in the resolution with minor changes being recommended and legal counsel revised the draft resolution as requested.

Director Oglesby made the **MOTION TO APPROVE RESOLUTION M-05-22-17-150 USE OF BUDGET SURPLUSES TO ESTABLISH A CAPITAL RESERVE FUND WITH THE RECOMMENDED APPROVED CHANGES**. Director Romero seconded the motion. The **MOTION CARRIED** unanimously.

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE MIDDLE RIO GRANDE CONSERVANCY DISTRICT  
AUTHORIZING THE ESTABLISHMENT OF A CAPITAL RESERVE FUND**

**M-05-22-17-150**

**WHEREAS**, the State of New Mexico enacted legislation in 1993, NMSA 1978, §§ 73-18-6.1, 73-18-7.1 and 73-18-8.1, the "Legislation", authorizing the Board of Directors to set ad valorem rates and water service charges for the purposes of managing the District in a fiscally sound manner through a unitary classification system for setting ad valorem assessments and establishment of a water service charge on properties within the benefitted area; and

**WHEREAS**, NMSA 1978, § 73-18-8.1(c) provided for a service charge of \$28 per acre, known as the Water Service Charge (WSC), to be levied upon all property owners in the district whose property has access to irrigation and is considered irrigable on District records; and

**WHEREAS**, the Legislation provided that the WSC rate of \$28 per acre could be further increased based upon the needs of the District through a process of cost indexing to determine annual adjustments; and

**WHEREAS**, by resolution of the Board of Directors dated June 30, 1995, the District implemented a WSC of \$28 per acre upon all irrigable lands; and

**WHEREAS**, from 2003 thru 2008, the Board incrementally reduced the ad valorem mill rate of 5.01 mil which was set in 2003 to 3.97 mil to reduce accrued surplus revenues that had resulted from decreases in spending on system-wide improvements; and

**WHEREAS**, the reduction of the mil rate and subsequent increase in expenses caused the District to operate at a deficit; and

**WHEREAS**, in 2014 the Board of Directors took action to gradually increase mil rates by 5% annually and to increase the WSC by \$3.00 per acre annually to return the District to a balanced annual operating budget as well as to address deferred maintenance, facility rehabilitation, aging fleet replacement, large capital improvement needs and to meet new commitments under the Endangered Species Act; and

**WHEREAS**, the current District staff has initiated a long term capital improvement plan to address out-year capital requirements of the District amounting to tens of millions of dollars of projects and commitments that will require funds in excess of those needed for annual operating, maintenance and administrative expenses with the intent of establishing a Capital Reserve Fund to address future capital improvement needs; and

**WHEREAS**, the Middle Rio Grande Conservancy District Board of Directors has determined that there is sufficient need for a continuing commitment to increase the residential ad valorem by 5% annually until reaching a rate of approximately 5.0 mils and to increase the WSC to a rate that is consistent with the Legislation; authorizing a "catch up" period and thereafter adjusting the WSC annually at appropriate inflation indices; and

**WHEREAS**, following the "catch up" period it is the intention of management and the Board to provide annual budgets that are consistent with not increasing ad valorem assessments or the WSC in excess of appropriate inflation indices;

**WHEREAS**: the District has increased the ad valorem mil rate by 5% and increase the WSC by \$3.00 per acre for the FY 18 District budget; and

**NOW, THEREFORE, BE IT RESOLVED**: the Chief Executive Officer, the Secretary Treasurer, and Senior Engineering and Management staff complete the District Capital Improvement Plan to address long-term capital needs that includes but not limited to drainage, irrigation, and flood control facility rehabilitation, El Vado Dam spillway replacement and faceplate modifications, MRG levee reconstruction, Endangered Species commitments, system efficiency improvements, and watershed protection; and

**BE IT FURTHER RESOLVED**: the Board of Directors hereby directs the Chief Executive Officer and the Secretary Treasurer to create a Capital Reserve Fund, initially to be funded by annual budget surpluses, for the purpose of funding capital projects identified in the District's Capital Improvement Plan; and

**BE IT FURTHER RESOLVED**: the Board of Directors directs the Chief Executive Officer, the Secretary Treasurer, and its General Counsel to determine the extent to which existing endowment funds may be converted into the Capital Reserve Fund and to advise the Board accordingly.

**DATED AND RESOLVED** this 22nd day of May 2017.

**MIDDLE RIO GRANDE CONSERVANCY DISTRICT**

\_\_\_\_\_  
Derrick J. Lente, Chairman

**ATTEST:**

\_\_\_\_\_  
David M. Ferguson, Secretary/Treasurer

**AGENDA ITEM NO. 9 – EXECUTIVE SESSION**

- a. NMSA 1978 Open Meetings Act Section 10-15-1-(H)2  
 1. Limited Personnel Matters

Chairman Lente requested a motion to move into Executive Session at 4:14 pm.

Director Dunning made the **MOTION TO MOVE INTO EXECUTIVE SESSION PURSUANT TO NMSA 1978 OPEN MEETINGS ACT (SECTION 10-15-1(H)7)**. Director Romero seconded the motion.

Chairman Lente requested a roll call vote:

|                  |     |                  |     |
|------------------|-----|------------------|-----|
| Director Dunning | Yes | Director Sichler | Yes |
| Director Oglesby | Yes | Director Romero  | Yes |
| Director Duggins | Yes | Chairman Lente   | Yes |

The **MOTION CARRIED** unanimously.

Chairman Lente requested a motion to move back into the regular Board meeting.

Director Oglesby **MADE THE MOTION TO MOVE BACK INTO REGULAR SESSION**. Director Romero seconded the motion.

Chairman Lente requested a roll call vote:

|                  |     |                  |     |
|------------------|-----|------------------|-----|
| Director Dunning | Yes | Director Sichler | Yes |
| Director Oglesby | Yes | Director Romero  | Yes |
| Director Duggins | Yes | Chairman Lente   | Yes |

The **MOTION CARRIED** unanimously.

Chairman reconvened the regular meeting at 4:33 pm.

Chairman Lente said for the record that the Board discussed the Secretary-Treasurer, David Fergeson annual performance evaluation and formally the Board recommends a 4% salary increase.

Directors Sichler said that he has been a Director for 8 years and that this is his last meeting that he will be attending as a Board member and went on to say that the MRGCD staff has been great and have enjoyed working with this Board and strongly expressed that this Board is doing a good job. Director Oglesby also stated that this is also his last meeting and that it has been a joy and honor to be here, and appreciated his peers. The Chairman thanked them for their devoted service and expressed they will be missed.

With no further comments, questions or concerns Chairman Lente requested a motion to adjourn, Director Oglesby made the **MOTION TO ADJOURN THE MEETING**. Director Sichler seconded the motion and the **MOTION CARRIED** unanimously.

The meeting was adjourned at 4:43pm.

Approved to be the correct Minutes of the Board of Directors of May 22, 2017.

**Attested:**


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David M. Fergeson  
 Secretary/Treasurer

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Derrick J. Lente, Chairman  
 MRGCD Board of Director