

*Revised
signature is
on original*



Regular Board Meeting Minutes
October 15, 2025

The Regular October Board meeting of the Lee Hammond MDWCA was called to order at 18:01 on Oct. 15, 2025, at 414 RD 5500 by Barbara Kiipper.

Present

Barb Kiipper
Teresa Steven
Russell Cloer
Joe Lewis
Aaron Lee
Tiffany Alcon

After the review of the minutes of Aug. 20, 2025, Barb asked if there were any questions or concerns, The July meeting minutes had the additions to the audit added per Doug's request. Teresa Stevens approved the amended July minutes, Russel Cloer seconded the motion, all in favor.

August meeting minutes approved by Teresa Stevens, Russel Cloer seconded the motion, all in favor.

Approval of Agenda

The agenda included, Approval of agenda, Consideration and approval of July's revised meeting minutes, and August meeting minutes, Financial report, Operational report, Presentation and discussion of Aaron's goals/objectives for next year. Discussion of a date for a strategic and capital planning workshop. Presentation of our current infrastructure Capital improvement plan. Presentation and approval of our 40 year plan. Presentation of our 2026 Calendar year draft budget. Member/customer issues.

Barb asked for Motion to approve Agenda. **Teresa Steven moved, Joe Lewis seconded to approve the agenda, all in favor. Motion carried.**

System Report

Financial Report

Aaron gave a financial report for August, Revenue was \$153,447 100% of the budget. Expenditures were \$100,741 103% of budget. Other Revenue was \$1290 which was interest income, which was about 172%. Total Net Revenue for August was \$53,997.

September: Revenue was \$153,590 120%, Other \$3656 487%, Expenditures were \$84,518 84%, no other. Net revenue for September was \$72,728

Few things about the numbers, now that we have gone from accrual to cash basis. The expenses get accrued when we pay for them, and the money gets accrued when the money gets put in the bank, instead of when the bill goes out. Cash is cash now.

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This is what the board asked for in Aaron's review. The 1st goal is to reduce our back office costs by \$1500 a month. This will be done by moving our billing software. We are going to be using the software Aaron wrote. Also a little bit included in that will be by moving our phone to a new provider, Aaron thinks we only have to pay for the phone number, but this will be looked into further. 2nd Meet with stakeholders about expanding the system to help out our neighbors, but will also help us out, especially on Sullivan road where expansion can still grow significantly. It would take 5-6 years, not something we would do overnight. If the board is interested in pursuing this Aaron will get with Teresa and look into this. 2026 Budget by November board meeting, actually seeing it tonight, don't know if it will get approved tonight but we have it. We should have our capital asset inventory to the board for our Dec. meeting if we have one. That is up to the board. We do have some objectives here. Electrical and aeration to all the tanks, fences around the 2 that don't have fences. We did finally get quotes from COF, Aaron did email everyone about 2 ½ months ago about all that stuff. We are still working on a couple of things on 2 of those. The City is gonna take a little while to get the Right of ways all done. We are going to try to get the Cottonwood tank refurbished, and replace the roughly 2,000 ft. section of pipe that we have yearly leaks on. Shop expansion in the shop building at the plant.. Going to try and get good pricing for what that will cost, and timeline and see what other capacity needs we might need over the next 10-20 years. It's on the list later.

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factors ;like regulatory, which is probably our biggest one. And then political climate and customer service factors, then set goals based on those things we analyzed and decided we probably need to do something about. Planning and strategy development, define how long we are going to look (10-20 years) Identify the critical process, (what it takes to get water to this house) analyze what kind of strategic options we might have. .Develop a water balance which we already kind of have with the 40 year plan. Then develop a long-term strategy for asset management. Then implementation and evaluation plan. We will look at , at least once a year or once a quarter to see how we are doing.

These are the things Aaron is looking at, need to try and set a date to go over this with all the board members. Cant set a date tonight, not all board members are at the meeting. We will discuss it again probably in January.

Infrastructure Capital Improvement Plan:

Power to the tanks, 2 tanks refurbished. The state awarded us \$400,000 that we need to use. We do have to use that money this year or the state might take it back. We have to have it under contract by the end of December 2026. We get twice a year to where we can say ok we are going to use it this year. We have 2 years once awarded the money.

Presentation and approval of our 40 year plan:

The first thing is: the point of a 40 year plan is to protect our water rights, and has nothing to do with anything else. This is all about legal protection of our water, of the rights we have right now. So in NM and most of the western states, if you don't use your water rights you can lose them. The 40 year plan is only good for water use providers, so if you are a drinking water provider, you can accrue water rights

for purposes that you aren't using today, and you can protect your rights by having a plan to use those rights some time in the future. So that is what this plan is for. Aaron was asked a few questions in regards to this, 1st question was there is talks about ground water quality and surface water, point and non-point sources. So a point source is actually pollution or discharge permits, its pollution into our water. Example: COB sewer plant dumps back into the river, that's a source point. A non point source is for example, all the animals that urinate into the river, all the farmers that have run off that goes into the river along the river bank, all the septic tanks that go in somewhere, although septic tanks could be a point source if we knew what each one was doing, but we don't and there is not really a good plan for that, they are considered a nonpoint source. Luckily we are up far enough before Bloomfield dumps there and now sewer plants ahead of us, we are a non point source. That is what the pollution and water quality is about. 2nd there was a question about that eh map on page 7 is, it is a map of our ground water resources. We don't need ground water, we have Navajo lake. 3rd, asked about some of the data, State of NM is out of date, but that was the latest they had and that is what was put in the plan. 4th water demand. On page 14 there is a chart with billed/unbilled, etc. This kinda shows how our water came out in 23 and 24, we will do another water audit next year for this year. Can't do it until the year is over. We have pretty good numbers most of the time we do sometimes have some water loss when we can't find a leak right away. On the last page there is a base data for the water audit overview. Residential water use trends on page 15 talks about the state engineer calculator, which talks about how much water people use. Page 16 and 17 is the projected population growth, this is where we get into what this whole 40 year plan is for, is to project our annual growth rate out to see how many people we are going to be servicing, on these pages you can see there is a high and low growth number, this is basically what San Juan county uses for growth. So we are going to be somewhere between 12,000-18,000 people in 40 years or by 2060. Page 18 has a graph and table to show our water use. If we have that high growth we are looking at somewhere in the neighborhood of 730 ac/ft per year. We have legal rights to

935 ac/ft of water right now, and that is with the decrease from the Animas/LaPlata project already calculated there. There is a table on pages 21 and 22 that talks about where all those water rights come from. At the top of the chart, the first one is Lee Acres water users owned rights they had 281 consumptive usage is the number can use, but the next one you'll see we have a diversion that is 266 but consumptive is only about 132, and this was actually the water rights West Hammon got from the Animas/Lapata project. You can see that with that number we get to sue about half of what the diversion was, because we don't have a way to calculate how much water we take out goes back into the river. We have been working on that for close to 20 years, still trying to get the State Engineers office to accept the plan. The test case was lower valley, but had been sitting at the State Engineers office for about 7 years now. But until we get that back we can only use about half of what the diversion is. On the next page you will see what Lee Acres portion is for the Animas/LaPlata project was 441 and we have consumptive usage of 297m little more than half but not much, then there is 95 ac/ft also from Animas/LaPlata, the the last one is 129 ac/ft that is leased from hammond conservancy. That water is owned by the conservancy but it's in the river, not the ditch. We will continue the lease as it is only \$1 per year. On the second to last page there is water supply priorities and strategies, basically things we can do to increase how much water we have available/ On of them is to construct the second holding pond, purchase or lease additional water rights, ensure the return flow plan is in place, and continue tracking water use efficiency through water audits. We actually use less than what the state engineers say that's what households are supposed to use. We are well under that number, assuming that a lot of our customers use irrigation instead of drinking water to irrigate. We try to rotate our water rights usage.. We do try to use the Animas/LaPlat first, because most of that is the spring run off. If the water is not in the Animas when it gets to the San Juan, we don't get to use it.

Joe Lewis made motion to approve the 40 year plan, Russel Cloer seconded, all in favor, Motion carried.

2026 Calendar year draft budget:

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