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**VILLAGE COUNCIL WORKSHOP  
DRAFT MINUTES  
EDELWEISS LODGE CLUB ROOM  
106 SUTTON PLACE  
TAOS SKI VALLEY, NEW MEXICO  
TUESDAY, MARCH 5, 2019 2:00 P.M.**

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**1. CALL TO ORDER & NOTICE OF MEETING**

The Council Workshop was called to order by Mayor Brownell at 2:00 p.m. The notice of the meeting was properly posted.

**2. ROLL CALL**

Ann Wooldridge, Village Clerk, called the role and a quorum was present.

**Governing Body Present**

Mayor Christof Brownell  
Councilor Jeff Kern  
Councilor Roger Pattison  
Councilor Chris Stagg  
Councilor Tom Wittman, Mayor Pro Tem

**Village Staff Present**

Administrator John Avila  
Clerk Ann Wooldridge  
Finance Director Nancy Grabowski  
Public Works Director Anthony Martinez  
Administrative Assistant Christina Wilder  
Attorney Susan Baker

**3. APPROVAL OF THE AGENDA**

**MOTION: To approve the agenda**

**Motion: Councilor Wittman                      Second: Councilor Stagg                      Passed: 4-0**

**4. WORK STUDY: WATER AND SEWER UTILITY RATES**

• **Introduction**

Administrator Avila introduced Anthony Martinez, who has recently accepted the position of Public Works Director for the Village. He also introduced Former Mayor Neal King who presented his amended methodology for calculating water and sewer rates for each customer.

• **Revised Volume Methodology**

Mr. King said that the Council had requested a rate estimator, for budget purposes, which would allow customers to better plan for the coming year's expenses, but which also rewarded customers who attempt to conserve water.

The rate structure consists of a fixed charge and a usage charge. The Village has no control over the usage charges for a customer. The Village does have control over the fixed charge, which is based on usage history. Currently the fixed charge is based on the previous year's usage for each

customer. This does have the disadvantage that yearly usage varies due to the quality of the snow year and the amount of water used by each customer. The yearly usage can be made less volatile by using the last 5-year average for calculations

Rates for next year can be calculated as follows, proposed Mr. King:

1. Total gallons used by all customers will be compared against the last 5 year average. This will determine if the last year was above or below average. For example it could show that the last year was 10% lower than the 5-Year average.
2. Each customer's gallons for the last year will be adjusted by the factor from above. In this case each will have their gallons increased by 10%, causing the total for all customers to approach the 5-year average.
3. Next, each customer's adjusted gallons will be compared against their 5-year average to see if they conserved or used more (conserved often means more efficient plumbing, higher may mean adding bedrooms). Their gallons will be adjusted again to reflect changes. The adjustment will not be the full difference but a fraction of the difference. Proposed is a factor of 4 for increased usage (only 1/4 of the increase is applied) and 2 for decreased usage (1/2 the difference will be applied).
4. This final adjusted number of gallons will be used to calculate their next year's fixed charge. This will minimize fixed rate changes due to bad or good snow years while allowing changes due to customer changes.

At the moment the ratio between fixed and a usage charge is almost 50%. Fixed is 46 % and usage is 54% so it is probably wise to increase fixed more than usage.

A graph of previous years' gallons sold showed that the usage ranges between 8,684,200 gallons to 10,216,092 gallons for the previous five years. During the 1990s, it appears that over 11,000,000 gallons were sold in several years.

- **Enterprise Costs/Revenues**

Public Works Director Martinez explained that the operating costs for the new treatment plant are not known, and might not necessarily be less. Director Grabowski said that the costs for the bonds and the USDA repayments will also need to be accounted for.

Administrator Avila explained that the water and wastewater utilities operate as Enterprise Funds in the Village finances. In governmental accounting, this means that these are funds where goods and services are provided to the public for a fee that makes the entity self-supporting. He said that several factors could be taken into account in proposing any new rates:

- Transfers out from budgeted categories 01 Water and 02 Sewer go to cover expenses for system upgrades, such as loan payments.
- Transfers out cover current projects to improve the water and sewer facilities, which may grow in the future.
- Transfers out are constant numbers and predictable.
- The percentage increase to the rates will approximate the percentage increase to revenues. 2.58% has been the 5-year average rate increase.
- Employee costs and plant costs historically average about 3% growth but other estimators could be used.
- Enterprise Fund costs currently covered by the General Fund should be charged to the utility budgets.
- Volume deviations can be covered by sufficient fund balances.
- A yearly rate increase of 2.5% could cover expenses with current projects, volume fluctuations, and expected operations costs for the next 5 years, based on the previous assumptions.

- **Rates Options**

Discussion took place about the financial result of several rate options.

- **Public & Staff Input**
- **Discussion**

Representatives from the Snakedance Condominiums explained that they had been the exception in that they had reduced the water usage in their building, but when the rates stayed the same for FY19, they were penalized by not receiving a reduction in their rates. A letter will be submitted to the Village explaining the circumstances and requesting a credit for the difference between their old fixed rate and what would have been the new fixed rate, because of specific identifiable measures that were taken to reduce water use at the Snakedance.

A rates proposal will be brought to the Council in May-June.

**6. ADJOURNMENT**

**MOTION: To Adjourn**

**Motion: Councilor Wittman**

**Second: Councilor Kern**

**Passed: 4-0**

The meeting was adjourned at 3:30 p.m.

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Christof Brownell, Mayor

ATTEST: \_\_\_\_\_  
Ann M. Wooldridge, Village Clerk