



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Jeff Johnson, Chair; Stephen McLin, Vice-chair; Andrew Fraser, Paul Frederickson and
Kathleen Taylor, Members
Tim Glasco, Ex Officio Member
Harry Burgess, Ex Officio Member
Susan O'Leary, Council Liaison*

Wednesday, May 17, 2017

5:30 PM

1000 Central Avenue
Council Chambers

REGULAR SESSION

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, May 17th at 5:30 p.m. at 1000 Central Ave., Council Chambers. Board Chair, Jeff Johnson, called the meeting to order at 5:30 p.m.

Present 7 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson, Board Member Taylor, Board Member Glasco and Board Member Burgess

Mr. Johnson reported to staff that as authorized by §10-15-1 (H)(2) of the New Mexico Open Meetings Act, NMSA 1978, the Board of Public Utilities met in closed session on April 26th, 2017 to discuss information pertaining to limited personnel matters - Utilities Manager performance review and planning. As authorized by §10-15-1 (H)(2) & (5), the Board met again on May 9th, 2017 to discuss information pertaining to limited personnel matters and collective bargaining - Utilities manager performance review and planning and the United Association of Plumbers and Pipefitters Local Union No. 412 negotiations. The Chair reported that the matters discussed in these closed meetings were limited only to those specified in the meeting notices.

2. PUBLIC COMMENT

Mr. Johnson opened the floor for public comment on items on the Consent Agenda and for those not otherwise included on the agenda. There were no comments.

3. APPROVAL OF AGENDA

Mr. McLin moved to approve the agenda as presented. The motion passed by the following vote:

Yes: 5 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson and Board Member Taylor

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Johnson reported on the following items:

- 1) At last night's Council meeting, Council appointed Ms. Carrie Walker to replace Mr. Fraser when his term expires in July. Next month, Ms. Walker will sit at the dais to participate in discussions as a non-voting member.
- 2) Ms. Taylor expressed desire to go to the Abiquiu plant to see it in operation. Mr. McLin and Mr. Johnson would also like to attend. Mr. Johnson invited Ms. Walker, who was in the audience, to attend as well. Mr. Glasco will ask staff to send out a DoodlePoll to determine availability.
- 3) Mr. Johnson requested volunteers for the joint committee between the Board and Council. He invited Ms. Walker to also feel free to voice her interest in volunteering. Two volunteers from the Board are needed. Mr. McLin and Ms. Taylor volunteered. Mr. Johnson thinks this will be an interesting Board to be on.

4.B. Board Member Reports

Board members had nothing to report.

4.C. Utilities Manager's Report

Mr. Glasco provided a written report, which is included in the minutes as an attachment.

4.D. County Manager's Report

Mr. Burgess reported on the following items:

- 1) Next week he will be traveling to Washington, DC with the County's Federal Legislative Committee. The committee is comprised of three councilors. They typically do an annual lobbying effort this time of year, post budget introduction. It just so happens that the committee will be there the day that they anticipate releasing the budget, so it will be an interesting time. Specific to the Utilities Department, they are on the Federal Legislative agenda. Council approved support for the extension of the nuclear production tax credit. They have some information prepared, which Mr. Glasco has reviewed, that they anticipate delivering to our various elected representatives. They also will meet with a variety of appropriators and other committee members while they are there. They anticipate pressing for the passage of that extension, hopefully in support of the Utah Associated Municipal Power Systems (UAMPS) Carbon Free Power Project (CFPP). They will be in DC the first couple days of the week.

4.E. Council Liaison's Report

Ms. Susan O'Leary reported on the following items:

- 1) Ms. O'Leary thanked the Board for attending the Council meeting last week. She thinks it was a good discussion. She knows the Councilors appreciated their attendance and look forward to working with the Board on this new committee.
- 2) Last night, Council selected Carrie Walker to replace Mr. Fraser. There was a really impressive slate of candidates that applied for this position, and that's a great thing for all of us in our community. She felt Ms. Walker did a great job and knows she is going to do a terrific job on the Board.

4.F. Environmental Sustainability Board Liaison's Report

Ms. Susan Barnes provided a written report, which is included in the minutes as an attachment.

4.G. General Board Business

4.G.1 [9412-17](#) Review of Department of Public Utilities Quarterly Report

Presenters: Tim Glasco

Utilities Manager, Mr. Timothy Glasco, presented this item. The following is the substance of the item being considered.

The Board requested that the quarterly report be presented each quarter, with salient features explained.

The Board discussed this item and requested clarification where necessary.

4.G.2 [9413-17](#) Quarterly Conservation Program Update

Presenters: James Alarid

Deputy Utility Manager of Engineering, Mr. James Alarid, presented this item. The following is the substance of the item being considered.

Upon approval of the Energy and Water Conservation Plan in March 2015, the Board requested that staff provide quarterly updates on the Conservation Program and on progress towards the goals and actions identified in the plan.

The Board discussed this item and requested clarification where necessary.

4.H. Approval of Board Expenses

There were no expenses.

4.I. Preview of Upcoming Agenda Items

4.I.1 [9473-17](#) Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

No additional items were identified for the tickler.

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

Mr. Fraser moved that the Board of Public Utilities approve the items on the Consent Agenda as presented and that the motions contained in the staff reports be included in the minutes for the record. The motion passed by the following vote:

Yes: 5 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson and Board Member Taylor

6.A [9464-17](#) Approval of Board of Public Utilities Meeting Minutes

Presenters: Board of Public Utilities

I move that the Board of Public Utilities approve the meeting minutes of April 19th, 2017 as presented.

6.B [AGR0506-17](#) Approval of Services Agreement No. AGR17-45 with Alpha Southwest, Inc. in the amount of \$300,000.00, plus Applicable Gross Receipts Tax, for the Purpose of Supply and Installation of On-site Sodium Hypochlorite Generation System Parts Needed for the County's Water Production System

Presenters: James Alarid

I move that the Board of Public Utilities approve, in a form acceptable to the County Attorney, Services Agreement No. AGR17-45 with Alpha Southwest, Inc., in the amount of \$300,000.00 and a contingency in the amount of \$30,000.00, for a total of \$330,000.00, plus applicable gross receipts tax, for the purpose of Supply and Installation of On-site Sodium Hypochlorite Generation System Parts Needed for the County's Water Production System, and forward to Council for Approval.

6.C [9443-17](#) Approval of Sub-Grant Agreement FEMA-4199-DR-NM-26 in the amount of \$120,000 for the Los Alamos Canyon Road Stabilization Project Phase I and Approval of Budget Revision 2017-24.

Presenters: James Alarid

I move that the Board of Public Utilities approve execution of Sub-Grant Agreement FEMA-4199-DR-NM-26 in the amount of \$120,000 for Design and Environmental Assessment for the Los Alamos Canyon Road Stabilization Project and forward to Council for approval. I further move that the Board of Public Utilities approve Budget Revision 2017-24 and forward to Council for approval.

6.D [AGR0505-17](#) Approval of Amendment No. 2 to Services Agreement No. AGR15-4166 with Daniel B. Stephens and Associates, Inc. in the Amount of \$22,420.00 for a Revised Total Agreement Amount of \$102,669.00, plus Applicable Gross Receipts Tax, for the Purpose of the Long-Range Water Supply Plan

Presenters: James Alarid

I move that the Board of Public Utilities approve Amendment No. 2 to Services Agreement No. AGR15-4166 with Daniel B. Stephens and Associates, Inc. in the amount of \$22,420.00, for a revised total agreement amount of \$102,669.00, and a contingency of \$4,000.00, plus applicable gross receipts tax.

7. BUSINESS

7.A 9197-17 Preliminary Discussion on Sewer Rate Ordinance

Presenters: Bob Westervelt

Deputy Utility Manager of Finance and Administration, Mr. Bob Westervelt, presented this item along with Deputy Utility Manager of Gas, Water and Sewer, Mr. Jack Richardson. The following is the substance of the item being considered.

The ten-year forecast for the sewer utility presented with the FY2018 budget included a series of incremental rate increases to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure replacements, most notably the needed replacement of the White Rock waste water treatment facility. Staff considered several alternatives as to timing of that plant replacement. Each has different long term cash impacts, and each was presented in the discussion. The main differences are the timing of the White Rock plant design and construction and whether the existing debt on the Los Alamos treatment plant is refinanced. While the timing and magnitude of future rate increases varies by scenario, three of the four scenarios presented show the budgeted 8% increase in FY2018 is necessary. It should be noted that for the commercial rate class the projected rate increases are offset by an equivalent decrease in the surcharge added to consumption based billings, so sewer charges for the commercial rate class in aggregate will remain essentially flat for the first several years of whichever scenario one considers.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) Staff will return to the Board in June with an ordinance to revise the sewer rate for FY2018 as described in the staff report.
- 2) Taking into consideration suggestions from individual members, staff will continue to refine the scenarios presented, flesh out new possible scenarios, discuss ideas with the new joint Board and Council committee and return to the Board in June for more discussion.

Mr. Johnson called for a recess at 7:58 p.m. The meeting reconvened at 8:07 p.m.

Mr. Burgess left the meeting at 7:58 p.m.

7.B 9198-17 Preliminary Discussion on Water Rate Ordinance

Presenters: Bob Westervelt

Deputy Utility Manager of Finance & Administration, Mr. Bob Westervelt presented this item. The following is the substance of the item being considered.

The ten-year forecast for the water utility presented with the FY2018 budget included a series of incremental rate increases to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure needs. Over the course of several meetings of the Board of Public Utilities in the fall of 2016, several alternative scenarios were considered. After discussion, "scenario 40" was selected as the most reasonable balance between increased rates and necessary system expenditures, and

was the foundation upon which the ten-year budgetary projection was based. An 8% increase in both retail and wholesale rates is proposed, plus an increase from \$1.15 per 1000 gallons to \$2.50 per 1000 gallons for non-potable water sales. These rate increases were included in the FY2018 budget, and are proposed for implementation effective with the customer's first billing period beginning after July 1st, 2017.

The Board discussed this item and requested clarification where necessary.

1) Staff will return to the Board in June with an ordinance to revise the water rate for FY2018 as described in the staff report.

7.C [9433-17](#)

Annual Condition Assessment of Each Utility Infrastructure

Presenters: Jeff Johnson

Board Chair, Mr. Jeff Johnson, presented this item. The following is the substance of the item being considered.

So the Board of Public Utilities has awareness of utility system deficiencies as they pertain to operational and functional operability of the physical infrastructure, and to understand the risks and opportunities associated with these deficiencies, Mr. Johnson is recommending that the Department of Public Utilities prepare a an annual report detailing the condition assessment of each utility infrastructure. He is also recommending that the schedule be structured so no more than one utility per meeting is discussed.

The Board discussed this item and requested clarification where necessary.

Mr. Fraser moved that the Board of Public Utilities request the Director of the Department of Public Utilities to schedule annual condition assessment and infrastructure reviews of each utility. The review will contain an overview of the system, known deficiencies to include system derogation, poor system performance, undersized infrastructure, poorly designed infrastructure, and any other performance issue related to the operational functionality of each utility. Include plans for managing or repairing noted problems. The schedule, as determined by the DPU shall be integrated into the BPU schedule. The motion passed by the following vote:

Yes: 5 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson and Board Member Taylor

7.D [9432-17](#)

Recommend Approval of Collective Bargaining Agreement (CBA) with the United Association of Plumbers and Pipefitters (UAPP), Local Union No. 412, Covering the Period of July 1, 2017 Through June 30, 2021.

Presenters: Tim Glasco

Utilities Manager, Mr. Timothy Glasco, presented this item. The following is the substance of the item being considered.

Los Alamos County and the United Association of Plumbers and Pipefitters Local 412 entered into negotiations on April 10, 2017 for the purpose of developing a new CBA as the current agreement is set to expire on June 30, 2017. Negotiations were conducted over a period of 5 meetings and came to a tentative agreement on May 10, 2017, with the end result being an agreement for a four-year CBA, including non-economic and economic

items. The Union ratified this proposed agreement on May 10, 2017.

The Board discussed this item and requested clarification where necessary.

Mr. Fraser moved that the Board of Public Utilities recommend approval of the Collective Bargaining Agreement between the County of Los Alamos and the United Association of Plumbers and Pipefitters (UAPP), Local Union No. 412, for the Period of July 1, 2017 Through June 30, 2021 by the County Council. The motion passed by the following vote:

Yes: 5 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson and Board Member Taylor

7.E [9060-17](#)

Approval of Western Area Power Administration (WAPA) Rocky Mountain Region (RMR) Western Area Colorado Missouri Balancing Authority (WACM) Services Agreement No. 17-RMR-2821

Presenters: Steve Cummins

Deputy Utility Manager for Power Supply, Mr. Steve Cummins was absent. Senior Management Analyst, Mr. Jordan Garcia, presented this item. The following is the substance of the item being considered.

Los Alamos County (LAC) has a lifetime of the plant participation agreement in Laramie River Station with Lincoln Electric System (LES). Since the inception of the County's involvement in (LRS), Basin Electric Power (BEP), handled all plant operations on behalf of all plant participants. As part of plant operations, energy accounting/generator imbalance functions for the participants in LRS were prorated back to each of the members. BEP has changed its operations and is now requiring the participants to manage their own energy accounting/generator imbalance responsibilities. LAC must use the generator imbalance to manage hourly fluctuations in scheduled energy vs. actual plant output. As LRS resides in one of WAPA's balancing authorities, LAC is required to establish an agreement with WAPA to manage the imbalance. This type of agreement is not unusual for LAC, as this is the current manner of operating with San Juan Generating Station and Public Service Co. of New Mexico as the Balancing Authority.

The Board discussed this item and requested clarification where necessary.

Ms. Taylor moved that the Board of Public Utilities approve Western Area Power Administration (WAPA) Services Agreement NO. 17-RMR-2821, and forward to Council for their consideration with a recommendation for approval. The motion passed by the following vote:

Yes: 5 - Board Member Johnson, Board Member McLin, Board Member Fraser, Board Member Frederickson and Board Member Taylor

7.F [9435-17](#)

Reconfiguration of Customer Care Center

Presenters: Bob Westervelt

Deputy Utility Manager of Finance and Administration, Mr. Bob Westervelt, presented this item. The following is the substance of the item being considered.

The current configuration of the Customer Care Center (CCC) has been, since moving into the Municipal Building, problematic. While it is convenient for those customers that just want to come in and drop off a payment or pick up a permit, it is very difficult for any more complex or sensitive customer interaction. The hallway gets loud and crowded at times, making it difficult to transact business of any nature in a professional manner that is comfortable for customers. There are also significant security and safety concerns. In addition to the CCC being located in the direct "line of fire" in possible hostile intruder situations, every cashiering function for the County is routed through the CCC. Sitting in an unsecured, open hallway right next to the public entrances, which in turn are in close proximity to a major thoroughfare is risky. Mr. Westervelt has worked with the Police Department on the design features to maximize the security, and extensively with the County's on-call architect and staff to maximize the functionality and customer interface features. Finally, there is staff comfort and productivity to be considered. Sitting in a hallway is not conducive to effective workflow. There are constant interruptions, not just from customers, but from everyone who walks by. Every time the exterior doors are opened in the winter, the staff gets a new blast of cold air. There are frequent events in the lobby/hallway, which make it virtually impossible to concentrate on complex projects like billing or collections, to work with a customer on a difficult billing or service issue, or to talk on the phone, which is approximately 40% of the CCC Representative's job.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) Mr. Westervelt will continue with the architectural design and estimating. Once designs and costs are finalized, he will return to the Board for approval.

8. STATUS REPORTS

8.A [9465-17](#) Status Reports

Presenters: Department of Public Utilities

The following informational status reports were provided to the Board in the agenda packet:

- 1) Electric Reliability Update
- 2) Accounts Receivables Report
- 3) Safety Report

9. PUBLIC COMMENT

Mr. Johnson opened the floor for public comment on any items. There were no comments.

10. ADJOURNMENT

The meeting adjourned at 9:25 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

MANAGER'S REPORT

MAY 17, 2017

1. We received a visit from Mr. Burt Kalisch, CEO of APGA on April 28, 2017. Mr. Kalisch updated us on efforts of the APGA related to the furnace rule, NG vehicles and general industry issues and trends.
2. The Change Order implementing the negotiated agreement on the El Vado contract dispute was signed by JR Merritt on April 28, 2017. Their attorneys have informed us that they will be asking the Court to dismiss their appeal of the County Council's decision. We also appealed the decision, so DPU will also have to petition the Court for dismissal.
3. Discussions were held with NNSA/LANL on completion of Mod 20. We expect to have this Mod to the BPU at the June meeting. Questions related to planning for post-2025 generation are on-going. Expect to have another Mod to deal with interim generation facilities such as the Combined Heat and Power project at LANL and their solar farm they are planning.
4. The Customer Satisfaction Survey is almost complete. All residential customers questioning is finished, and only a few commercial customer responses are left to be obtained. We expect the contractor to present the findings at the June BPU meeting.
5. UAMPS will be meeting with Fluor corporation in Dallas, TX on May 26 to further negotiate a fixed price of the SMR. Recalculation of the LCOE for the SMR is presently at \$67.15/Kwh, which is still on the high side. So far NuScale has had no requests for additional information from the NRC in the five months since the design certification application was submitted. This is unheard of in the nuclear power industry, where typically by this time over a hundred such inquiries would have been issued.
6. The DPU Safety Employee of the Quarter for Q3 of FY17 is David Rodriguez, a Service Worker in GWS. Mr. Rodriguez was nominated by his Supervisor, David Gomez, who noted that Mr. Rodriguez is exemplary in his safe work practices and always enforces on-the-job safety at the project sites where he is in charge.

Environmental Sustainability Board liaison report

Susan Barns, ESB Liaison 5/17/2017

At our March and April meetings, the ESB discussed:

- FY17 Budget deficit and FY18 rate increase
- Food waste collection and composting
- A variable rate structure, to give residents more control over what they pay for trash collection.
- Los Alamos Business Recycler of the Year. Nominations closed May 5, and voting will begin soon. Watch for announcements on social media and local papers. Winners will be announced at Chamber Fest on June 10.
- Bear season! We're already having bear sightings and issues. Sign up through the EcoStation to receive bear resistant trash rollcars.
- Clean Up Los Alamos Day on May 13 was a huge success, with more than 300 residents signed up to participate, and 10.5 tons of solid waste was collected.
- Environmental Services collaborated with PEEC to host a tour of the Friedman Recycling facility in Albuquerque on April 7, which was well attended by LAC residents.
- Angelica Gurule of LAC Environmental Services worked with Chamisa School teachers to hold a "Waste Free Lunch Challenge" for students in April. More than 100 students participated in the week-long challenge. Angelica hopes to expand the program to other schools.

Agenda for 5/18 meeting includes:

- Approval of the proposed Environmental Services rate changes
- Selection of finalists for the 2017 Business Recycler of the Year
- Review of revisions to the FY18 ESB Work Plan