



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; Paul Frederickson, Kathleen Taylor and
Carrie Walker, Members
Tim Glasco, Ex Officio Member
Harry Burgess, Ex Officio Member
Susan O'Leary, Council Liaison*

Wednesday, July 19, 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, July 19 at 5:30 p.m. at 1000 Central Ave., Council Chambers. In the absence of the Chair, Board Vice-chair, Steve McLin, called the meeting to order at 5:30 p.m.

Present 6 - Board Member McLin, Board Member Frederickson, Board Member Taylor, Board Member Walker, Board Member Glasco and Board Member Burgess

Absent 1 - Board Member Johnson

2. PUBLIC COMMENT

Mr. McLin 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. Frederickson moved that item 4.G.3. be removed from the agenda and that item 6.B be moved after 7.B. and the agenda be approved as modified. The motion passed by the following vote:

Yes: 4 - Board Member McLin, Board Member Frederickson, Board Member Taylor and Board Member Walker

Absent: 1 - Board Member Johnson

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Johnson was absent. No report was given.

4.B. Board Member Reports

Board members reported on the following items:

1) Mr. McLin - Mr. McLin was assigned to the Audit Committee. They had a preliminary kick-off meeting about two weeks ago. They will be doing their annual audit again for all County business. There will be periodic reports.

4.C. Utilities Manager's Report

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

Mr. McLin asked if the releases of water into Heron Lake are uniform throughout the year and how that might impact the electricity from El Vado. Mr. Glasco responded.

4.D. County Manager's Report

Mr. Burgess reported on the following items:

1) Mr. Burgess clarified that the Clerks Office sent the upcoming water and sewer rate Council public hearing notices to the Los Alamos Daily Post in a timely fashion. The Post admitted that they had received them, but the individual responsible for publishing those was on vacation and did not see them. It was an external problem that resulted in us having to postpone those two hearings.

2) A BPU/Council subcommittee was previously created. The County Manager's Office (CMO) tried to schedule a meeting of that subcommittee earlier in the summer; however, with all the vacations during the summer, they have been unable to get all those appointed representatives together. They are looking at the month of August right now, anticipating that people will be back from vacation. Jackie from the CMO will be reaching out to Mr. McLin and Ms. Taylor, who are the BPU subcommittee representatives, to try to schedule the first meeting. At Council Leadership Monday, they discussed possibly having a joint BPU/Council meeting during the September 19th Council work session, which could possibly morph into the first quarterly joint BPU/Council meeting, as had been discussed in the past. However, the subcommittee needs to meet first and whether or not to have the joint session in September can be determined after that.

Referring to a topic from Mr. Glasco's report, Ms. Taylor asked if J.R. Merit had been debarred from working with the County again after a contract dispute related to a project at El Vado hydroelectric plant. Mr. Glasco and Assistant County Attorney, Mr. Kevin Powers, responded.

4.E. Council Liaison's Report

Ms. Susan O'Leary was absent. No report was given.

4.F. Environmental Sustainability Board Liaison's Report

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

4.G. General Board Business

4.G.1 [9353-17](#) Annual Review and Revision of Board of Public Utilities Policies and Procedures Manual

Presenters: Jeff Johnson

Board Vice-chair, Mr. Stephen McLin, presented this item. The following is the

substance of the item being considered.

The Board of Public Utilities Policies and Procedures Manual (PPM) Section 1.5 states, "These policies will be reviewed and revised as necessary at least annually at the regular July BPU meeting." At this meeting, members were asked to propose any changes to be considered by the Board, which could then be incorporated into a revised PPM by staff. At the August meeting a revised PPM will be given to the Board to either approve or continue discussion.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

1) Members will send any proposed revisions to staff for the Board to consider at the August meeting.

4.G.2 [9351-17](#)

Annual Affirmation of the Board of Public Utilities Policies and Procedures Manual

Presenters: Jeff Johnson

Board Vice-chair, Mr. Stephen McLin, presented this item. The following is the substance of the item being considered.

Article 1.9 of the Board of Public Utilities (BPU) Policies and Procedures Manual (PPM) states that each year during the July BPU meeting each board member will affirm that he/she has received, read, understands, and agrees to abide by the PPM and the applicable documents referenced in its Appendix.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

1) Board members will sign the affirmation and return it to Ms. Jaime Kephart at the end of the meeting.

4.G.3 [9352-17](#)

Planning for Upcoming Board of Public Utilities Annual Boards & Commissions Presentation to Council on September 19th, 2017

Presenters: Jeff Johnson

Item 4.G.3. was removed from the agenda to be discussed at the August meeting when Mr. Johnson returns.

4.G.4 [9642-17](#)

Quarterly Update on Utility System - Electric Distribution

Presenters: Rafael De LaTorre

Deputy Utility Manager of Electric Distribution, Mr. Rafael De LaTorre, presented this item. The following is the substance of the item being considered.

Staff presented an update to apprise the Board of Public Utilities on the department's existing strategic plan for managing the electrical distribution system.

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 [9706-17](#) Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

No additional items were identified for the tickler.

5. PUBLIC HEARING(S)

5.A [CO0500-17](#) Approval of Incorporated County of Los Alamos Code Ordinance No. 02-277; An Ordinance Amending Chapter 40, Article III, Section 40-173 of the Code of the Incorporated County of Los Alamos Pertaining to Nonpotable Water Rates

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 FY2018 budget includes an increase in non-potable rates from \$1.15 per 1,000 gallons delivered to \$2.50 per 1,000 gallons delivered. The proposed ordinance presented to the Board is required to effect implementation of that budget. As has been discussed previously, the non-potable function was previously absorbed by the water production subfund. There is now accounting in place to track non-potable costs separately. On a purely cost based basis, the rate proposed still does not completely cover the anticipated costs for FY2018. In fiscal year 2015 the Department began an aggressive program to refurbish and upgrade the non-potable system to maximize utilization of this important resource. This fits with the Department's stated mission to operate in an environmentally sustainable fashion. These upgrades and system improvements continue through FY2018, but by year-end it is anticipated that the Department will be able to budget continuing operations and maintenance at a level that can be sustained by the rate proposed. Thus, staff is not proposing an increase in the rate for "full cost recovery" of the FY2018 budget, but rather to establish a rate that is anticipated to sustain the function for the next several years without adjustment. There is also some value to the water production system in terms of reduced pumping at the well-head, reduced treatment and storage costs, and reduced consumption from the aquifer. While these benefits are hard to quantify economically, leaving the non-potable as a subfund and supplemented by water production makes sense.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) Staff will meet with Mr. Burgess to further discuss the concerns he expressed at the meeting and will come back to the Board again with the non-potable ordinance at the August meeting.

Ms. Taylor moved to table this item until the August meeting. The motion passed by the following vote:

Yes: 4 - Board Member McLin, Board Member Frederickson, Board Member Taylor and Board Member Walker

Absent: 1 - Board Member Johnson

Mr. McLin called for a recess at 7:43 p.m. The meeting reconvened at 7:55 p.m.

Mr. Burgess left the meeting at 7:43 p.m.

6. CONSENT AGENDA

Ms. Taylor moved that the Board of Public Utilities approve the items on the Consent Agenda as amended. The motion passed by the following vote:

Yes: 4 - Board Member McLin, Board Member Frederickson, Board Member Taylor and Board Member Walker

Absent: 1 - Board Member Johnson

6.A [9709-17](#) 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 June 21st, 2017 as presented.

6.C [RE0344-17](#) Approval of Incorporated County of Los Alamos Resolution No. 17-15. A Resolution Removing Uncollectible Utility Accounts from the Incorporated County of Los Alamos' Accounts Receivable List for Fiscal Year 2012 and Fiscal Year 2013

Presenters: Bob Westervelt

I move that the Board of Public Utilities approve Incorporated County of Los Alamos Resolution No. 17-15. A Resolution Removing Uncollectible Utility Accounts from the Incorporated County of Los Alamos' Accounts Receivable List for Fiscal Year 2012 and Fiscal Year 2013 and forward to the Council with a recommendation for approval.

6.D [9650-17](#) Approval of Task Order No. 1 Under Services Agreement No. AGR17-37 with Stantec Consulting Services, Inc. in the amount of \$149,236.00, plus Applicable Gross Receipts Tax, for the Purpose of Year 1 Services for the Geographic Information System and Asset Management Upgrade

Presenters: Jack Richardson

I move that the Board of Public Utilities approve Task Order No. 1 Under Services Agreement No. AGR17-37 for the Purpose of Year 1 Services for the Geographic Information System and Asset Management Upgrade with Stantec Consulting Services, Inc. in the Amount of \$149,236.00 and a contingency in the amount of \$50,000.00 for a total not to exceed \$199,236.00, plus Applicable Gross Receipts Tax.

- 6.E [AGR0514-17](#) Approval of Services Agreement No. AGR17-41 with Viking II, Inc. in the amount of \$250,000.00 plus Applicable Gross Receipts Tax, for the Purpose of Professional Services for Water Distribution Back Flow Prevention (BFP)/ Cross Connection Control (CCC) Program Development and Maintenance

Presenters: Jack Richardson

I move that the Board of Public Utilities approve Services Agreement No. AGR17-41 with Viking II, Inc. in the amount of \$250,000.00, plus applicable gross receipts tax, for the purpose of Professional Services for Water Distribution Back Flow Prevention (BFP)/ Cross Connection Control (CCC) Program Development and Maintenance, and forward to Council for approval.

- 6.F [AGR0517-17](#) Approval of Services Agreement No. AGR17-42 with Yukon & Associates, Ltd. in the amount of \$140,000.00, plus Applicable Gross Receipts Tax, for the Purpose of Professional Services for Wastewater Treatment Plant Supervisory Control and Data Acquisition (SCADA) System Maintenance

Presenters: Jack Richardson

I move that the Board of Public Utilities approve Services Agreement No. AGR17-42 with Yukon & Associates, Ltd in the amount of \$140,000.00, plus applicable gross receipts tax, for the purpose of Professional Services for Wastewater Treatment Plant Supervisory Control and Data Acquisition (SCADA) System Maintenance.

7. BUSINESS

- 7.A [9374-17](#) White Rock Wastewater Plant Path Forward

Presenters: James Alarid

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

The White Rock Waste Water Treatment Plant has been in continuous operation for over fifty years. Staff has developed four basic alternative plans to begin the detailed analyses and discussion needed to select a path forward that minimizes the adverse impact to all sewer rate paying customers. The potential for modifications to or derivatives of these plans is expected as a result of the planned Board of Public Utilities and Council joint sessions planned for August 2017.

The Board discussed this item and requested clarification where necessary.

- 6.B [9564-17](#) Approval of San Juan Generating Station (SJGS) Additional Ownership Restructuring Agreements Necessary to Reflect the Departure of the

Existing Owners in December 31, 2017

Presenters: Steve Cummins

Deputy Utility Manager of Power Supply, Mr. Steve Cummins, presented this item. The following is the substance of the item being considered.

In July, 2015 the County Council and the Board of Public Utilities approved a Restructuring Agreement for the ownership of the San Juan Generating Station (SJGS) and related agreements. The Restructuring Agreement provides for the closure of two of the four generating units and for the exit of four of the nine owners on or about December 31, 2017 ("Exit Date"). The agreements being presented for approval reflect a change in ownership that occurred after the July, 2015 approval and address certain "housekeeping" changes that need to be made to accomplish closing the restructure of ownership.

The Board discussed this item and requested clarification where necessary.

Ms. Taylor moved that the Board of Public Utilities approve the Assignment, Assumption, Termination and Release Agreement; New Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement; Amended and Restated San Juan Project Designated Representative Agreement; and Amended and Restated Delegation Agreement and Acknowledgment; and forward to County Council for approval. The motion passed by the following vote:

Yes: 4 - Board Member McLin, Board Member Frederickson, Board Member Taylor and Board Member Walker

Absent: 1 - Board Member Johnson

8. STATUS REPORTS

8.A [9707-17](#) Status Reports

Presenters: Board 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. McLin opened the floor for public comment on any items. There were no comments.

10. ADJOURNMENT

The meeting adjourned at 9:12 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

JULY 19, 2017

1. The Corps of Engineers brought their contractor back on June 23rd and readjusted the leaking butterfly valve on one of the vent shafts at Abiquiu dam. The leak was stopped, but at the same time the contractor readjusted the other valve. It subsequently began to leak, so we are waiting for another period of low water releases to have the valve set back to a non-leaking status.
2. JR Merritt showed up on July 7th at the El Vado hydroelectric plant to begin repairs to a leaking oil seal and the leaking water seal. The oil leak was rapidly repaired when it was discovered that an undersized O-ring had been installed. When the correct O-ring was installed the leak stopped. Voith showed up on the site the next week and JR Merritt began to replace the shaft seal. When the old seal was removed, it quickly became apparent that the seal installed by JR Merritt was cracked in numerous places. The new Voith-designed seal was installed and the plant put through its start-up sequence. No excessive leakage was observed at 25%, 50%, 75% and 100% of load. Vibration analysis also was within acceptable tolerances. As of noon on July 19th, El Vado is back to normal run-of-the river operations.
3. Meetings with staff concerning the employee focus committee were concluded in July. Numerous concerns were identified and will be taken up by senior staff in the coming months.
4. UAMPS is anticipating having both the Power Sales Contracts and the Engineering, Procurement and Construction contracts for the Carbon Free Power Project ready for distribution to the members by the August 16th meeting. We are told that UAMPS expects to begin accepting adopted Power Sales contracts during the first quarter of 2018.
5. I will be attending the August UAMPS meeting, which means I will miss the next BPU meeting.
6. The newspaper missed the deadline for advertising the water and wastewater rate ordinances, so instead of being heard on July 25, they will both be considered at the August 8th Council meeting.

Environmental Sustainability Board (ESB) liaison report

Susan Barns, ESB Liaison 7/19/2017

Recent activities include:

- Presentation and passage of Refuse, Recycling and Solid Waste fees rate change ordinance for FY18 by County Council.
- Members of the ESB will be touring the wastewater treatment plant in Bayo Canyon tomorrow afternoon (7/20). Thanks to the DPU for arranging that.
- At our meeting on 7/20, we will be having a presentation on composting by Walter Dods of Soilutions, a commercial composting facility in Albuquerque. The ESB is looking at expanding our municipal composting to include food waste, as a way of diverting and recovering more of our waste stream.
- The County is still accepting applications to fill two vacancies on the ESB. Please encourage family and friends to apply, if they are interested in helping Los Alamos County meet its sustainability goals!