



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, February 15, 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, February 15, 2017 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

Ms. Taylor joined the meeting at 5:32 p.m.

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 that items 4.G., 4.H. and 4.I. be moved after item 8.A. and the agenda be approved as amended. The motion passed by the following vote:

Yes: 3 - Board Member Johnson, Board Member McLin and Board Member Fraser

No: 1 - Board Member Frederickson

Absent: 1 - Board Member Taylor

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Johnson reported on the following items:

1) At the September 27th Council meeting, Council contemplated a gas rate. At that time, the Department proposed a continuation of the pass-through rate with no sunset clause. Due to a variety of reasons, the motion was brought to Council three days away

from when the current rate was set to expire. There was no contingency for another gas rate if Council declined to accept the proposed rate. At that meeting, the request passed unanimously by the Council. However, two members expressed regret at having the rate brought to them so late. They didn't feel that they had adequate time to debate the merits of having a pass-through rate or whether there was a need to continue to have a sunset clause. It was brought to Mr. Johnson's attention that these Councilors were still interested in having a discussion. Councilor Izraelivitz and Councilor O'Leary were two of the Councilors who mentioned that they would like to see a continuation of the sunset clause. Councilor Chrobocinski and Councilor Reiss specifically said that they did not see a need to come back with a sunset clause. Since then, there has been an election and there are two new Councilors, so Mr. Johnson does not know how this Council feels about sunset clauses on rates. Councilors Izraelivitz and O'Leary have had discussions with Mr. Johnson about the Board bringing to them the concept of a sunset on the gas pass-through rate. He told them he would discuss it at a Board meeting during the Chair's report to get a sense from Board members how they feel. Mr. Johnson invited Councilor Izraelivitz to come and speak as a member of Council, but not for Council. Councilor Izraelivitz gave a prepared statement, clarifying that he was speaking as an individual, not on behalf of or in any way representing the Council.

The following actions were identified for follow-up:

- 1) Because this topic was not published on the agenda as a business item, the Board agreed through general consensus to add this topic to the March regular meeting agenda for further discussion.

4.B. Board Member Reports

Board members reported on the following items:

- 1) Mr. McLin - Mr. McLin has lived in Los Alamos for almost thirty years. He lives in White Rock. Over that time, most of the people he has talked to who live in Los Alamos are unaware of the sandhill cranes that are moving north this time of year along the river. The official end of winter is hooted every afternoon from about 1:30 p.m. to 3:30 p.m. He encouraged those who have never heard the sandhills as they move north to go down to listen to them. They also come down from September to around Thanksgiving, which is the official beginning of winter.

- 2) Mr. McLin - Board members received in January a Utah Associated Municipal Power Systems (UAMPS) 2016 annual report. Looking through it with interest, he noticed that the Utilities Manager, Timothy Glasco, was listed on the UAMPS Board of Directors. He thought it would be appropriate for public airing for Mr. Glasco to explain why this is not a conflict of interest for the County. He brought up this topic in the interest of complete public disclosure. He believes the UAMPS annual report is considered a public document, so in that sense, it is public disclosure. Mr. Glasco and Assistant County Attorney, Mr. Kevin Powers, both explained why Mr. Glasco's position on the UAMPS Board of Directors is not a conflict of interest.

- 3) Ms. Taylor - Ms. Taylor attended the American Public Power Association (APPA) Winter Academy. She took two classes: Distributed Generation Cost of Service and Rate Design Implications and Advanced Cost of Service & Current Topics in Electric Rate Design. They were both presented by Mark Beauchamp who recently gave a presentation to the Board on the value of solar study. She thought they were good classes with a lot of in depth information. She asked Mr. Glasco if there was a 12-month rolling ratchet for people who are away for months at a time and close down their houses. He responded that there is not. A lot of the emphasis was on breaking down the rates and being very

accurate about how costs are charged to each customer category. Distributed generation isn't always solar; sometimes a company has its own generating resource, and so it has its own standby rate. There are a lot of special rates that are aimed at trying to make each category of rate payer pay accurately.

The following actions were identified for follow-up:

1) Mr. Glasco will look into getting the APPA Winter Academy course materials to send to the rest of the Board if possible.

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) Mr. Burgess attended a Council meeting the previous evening, during which Council approved a resolution for a bond election for a variety of capital improvement projects primarily focused on recreation projects. There will be a mailout election in the month of May. Ballots will be due back on May 23rd. It is important to the Board because several of the projects require coordination with the Utilities Department. Mr. Burgess commended the Department staff who have helped to obtain estimates and look at different schedules for these projects. They have been very agreeable to work with and have allowed County staff to proceed with a variety of those initiatives. There were also some preceding economic development initiatives, for which additional information was required from the Utilities Department. Mr. Burgess spoke with Councilor O'Leary, who had a conflicting meeting with a citizen advisory group that meets to discuss these efforts, which is why Ms. O'Leary could not attend the Board meeting.

Given the various different separate elections that have recently occurred between November and February, Mr. McLin asked Mr. Burgess if there is a way to combine all these different types of elections. Mr. Burgess explained the laws prohibiting the combination of certain types of elections.

4.E. Council Liaison's Report

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

4.F. Environmental Sustainability Board Liaison's Report

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

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

Mr. McLin 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 [9081-17](#) Approval of Board of Public Utilities Meeting Minutes

Presenters: Department of Public Utilities

I move that the Board of Public Utilities approve the meeting minutes of January 10th, 2017 and January 18th, 2017 as presented.

7. BUSINESS

7.A [8978-17](#) Approval and Ratification of Quote No. 40429 for \$106,131.06 from Milsoft Utility Solutions for Software Licensing, GIS Database Conversion and Server Setup, and Training, Configuration; and for Ongoing Annual Software Maintenance and Support Services

Presenters: Rafael De LaTorre

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

During 2008, staff considered and evaluated three geographical information system (GIS) engineering modeling software systems that incorporate electrical distribution system mapping and modeling capabilities. Under the small purchase provisions of the County's procurement code, licenses for the Milsoft Windmill engineering modeling, contingency analysis, and light table were purchased. The Board of Public Utilities approved the purchase at that time through the normal Departmental budgeting process. Over the course of 4 months, an electrical model of the County's entire electrical distribution system was created for electrical engineering analysis purposes. In 2010, the Department budgeted an additional \$120,000.00 to advance the software's abilities and functions. During April 2011, the Milsoft purchase order was approved for payment in the amount of \$114,000.00 with \$57,000.00 to be paid in September 2011. The Milsoft quote also contemplated that the County would then pay Milsoft another 40% for additional work to be completed over the next 4 years. In October 2016, Milsoft submitted for payment invoices totaling \$33,681.06. It was then that current County and DPU accounting processes flagged the invoices because current procedures now require that all project costs such as these (possibly exceeding \$50,000.00 in total) be combined as one procurement item. Thus it was recommended that the DPU seek Board ratification and approval in lieu of continuing under individual signed Quote #40429.

The Board discussed this item and requested clarification where necessary.

Ms. Taylor moved that the Board of Public Utilities approve and ratify the invoiced costs of Milsoft Utility Solutions, quote No. 40429, for \$106,131.06 for work performed to date. She further moved that the Board of Public Utilities approve the procurement of ongoing but optional software maintenance and support services of the Milsoft software in the amount of \$25,400.00. 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.B [9092-17](#)

Approval of the Long-Range Water Supply Plan

Presenters: James Alarid

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

DPU contracted with Daniel B. Stephens & Associates, Inc. (DBS&A) to revise the Long-range Water Supply Plan. Using the original format and data from the Council-adopted 2006 Long-range Water Supply Plan as a starting point, DBS&A updated the Plan to: reflect current population and water demand projections; evaluate potential climate change impacts; and assess various water supply options, including the timing for development of the County's San Juan-Chama water rights. The revised Long-range Water Supply Plan was presented to the Board of Public Utilities at a public meeting on November 15, 2016 and to the County Council on November 29, 2016. The final step, as required by the Office of the State Engineer, is to get County Council approval for adoption of the final revised Plan on February 28, 2017. Considering input from the Board, Councilors and members of the public, adjustments were made to the plan and were presented to the Board.

The Board discussed this item and requested clarification where necessary.

Mr. Johnson opened the floor for public comments. Members of the public gave the following summarized comments:

1) Mr. Craig Martin, 3100 Arizona Avenue and the Pajarito Conservation Alliance (PCA) - The PCA is concerned about the high/low scenarios involving the return flow credits related to the [Mortendad Canyon] chromium plum remediation. He also feels there were other areas of the plan that could benefit from looking more at reasonably possible scenarios rather than just at worst case scenarios.

2) Mr. Ed Jacobson, 607 Meadow Lane - Mr. Jacobson believes the County has plenty of water for hundreds of years. He does not believe the San Juan-Chama (SJC) water is needed now nor in the foreseeable future. He believes the plan should state that the County will continue to lease the water to the Bureau of Reclamation. He believes that spending more money for consultants to examine SJC water utilization options is a waste.

The following actions were identified for follow-up:

1) The Board agreed that it would be best to table approval of this plan to allow more time for citizen input and to give the consultant additional time to prepare a more complete final report.

Mr. Fraser moved that the Board of Public Utilities table this [approval of the Long-Range Water Supply Plan] until next month. 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.C [9091-17](#) Discussion of Wastewater Fund Status, Rate and Future Capital Needs

Presenters: Tim Glasco

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

The flow of wastewater into the County treatment plants has been steadily decreasing over at least the past ten years. As this has occurred, the old original plants the County inherited from the Atomic Energy Commission have reached, and passed, their design life. The County borrowed \$12 million from the New Mexico State Revolving Loan Fund to construct the Los Alamos Wastewater Treatment Plant. Repayment of that loan began in FY09 and added almost \$1 million per year debt service payments to the wastewater budget. In examining the income statement of the wastewater utility, it is apparent that revenues have not kept up with system needs, and the utility is barely financially solvent. At the present income level, the utility can function, but is not accumulating money to bring reserves up to the amount called for in the DPU financial guidelines adopted by the Board. When payments on the estimated \$14 million loan that will be required to construct the White Rock Wastewater Treatment plant are included, the fund flow into the wastewater utility becomes deeply negative. The wastewater utility faces two large capital investments in the next five years: replacement of the White Rock Wastewater Treatment Plant and reconfiguring of the Los Alamos Wastewater Treatment Plant to achieve Class 1A effluent. If the design and construction of the White Rock plant is delayed until FY20 and 21 and a rate increase of 8% for FY2018, followed by lesser increases in the following six years is pursued, then the fund will be allowed to grow and be in a condition to absorb the additional debt.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) When staff returns to the Board with proposed rate changes, they will include a comparison of rate variations among different rate classes.

Mr. Johnson called for a recess at 7:53 p.m. The meeting reconvened at 8:05 p.m.

Mr. Burgess left the meeting at 7:53 p.m.

7.D [9093-17](#) Department of Public Utilities FY2018 Budget Presentation

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.

Staff presented the proposed budget for FY2018. Mr. Westervelt presented a summary for general administration and each Deputy Utility Manager presented the budget for his own division. The budget as presented is a reduction of 1% from the FY2017 budget and a reduction of 5% from the preliminary FY2018 budget presented last year. This is a preliminary draft, some inputs are still being finalized and some numbers are likely to change between this presentation and the final presentation given to the Board for approval in March.

The Board discussed this item and requested clarification where necessary.

The following actions were identified for follow-up:

- 1) When staff returns for budget approval at the March meeting, the information presented will show how the Department's financial policies are being implemented.

8. STATUS REPORTS

8.A [9084-17](#) 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

Deputy Utility Manager for Electric Distribution, Mr. Rafael De La Torre, presented the 2016 OSHA Incident Report.

4.G. General Board Business

4.G.1 [8985-17](#) Quarterly Conservation Program Update

Presenters: James Alarid

Items 4.G., 4.H. and 4.I. were moved after item 8.A.

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.G.2 [9083-17](#) Review of Department of Public Utilities Quarterly Report

Presenters: Tim Glasco

Items 4.G., 4.H. and 4.I. were moved after item 8.A.

FINAL - APPROVED

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.H. Approval of Board Expenses

Items 4.G., 4.H. and 4.I. were moved after item 8.A.

There were no expenses.

4.I. Preview of Upcoming Agenda Items

4.I.1 9082-17 Tickler File for the Next 3 Months

Presenters: Board of Public Utilities

Items 4.G., 4.H. and 4.I. were moved after item 8.A.

In addition to the items already listed in the tickler provided in the agenda packet, the following items were identified for the tickler for upcoming meetings:

1) 03/15/2017 - Approval of the Long-range Water Supply Plan (James Alarid)

2) 03/15/2017 - Sunset Clause on Gas Pass-through Rate Discussion (Jeff Johnson)

9. PUBLIC COMMENT

There were no comments.

10. ADJOURNMENT

The meeting adjourned at 10:15 p.m.

APPROVAL

Jeff Johnson
Board of Public Utilities Chair Name

[Signature]
Board of Public Utilities Chair Signature

March 15, 2017
Date Approved by the Board

ATTACHMENT
OFFICER REPORTS
SUBMITTED AT THE MEETING

FINAL - APPROVED

MANAGER'S REPORT

FEBRUARY 15, 2017

1. Just received a proposal from Voith for work at the El Vado Hydroelectric plant. They proposed to supply the correct seal for the generator, with an estimated 12-week delivery time. We may ask the Board for a special meeting to approve the purchase if it exceeds the Utilities Manager authorization.
2. Negotiations with the Plumbers and Pipefitters Union, Local 412 are scheduled to begin in early March. The contract expires at the end of June. This union represents the water production, wastewater treatment, and GWS field workers.
3. Pajarito Well No. 4 malfunctioned in the early fall of 2016. The pump has been removed and examined and determined to be a total loss. Quotes are being solicited for a new pump that can handle the deep setting. It is not anticipated that a replacement can be installed before late May at the earliest.
4. We received the easement from the local DOE office for the Los Alamos Substation. It still needs to be cleared by Albuquerque DOE before adoption by the County. We expect the easement back by the end of February.

Environmental Sustainability Board liason report

Susan Barns, ESB Liason 2/15/2017

At last night's meeting, the County Council enthusiastically approved our proposal for changing the Brush and Bulk Collection program. Almost two years in the making, the new program will use a third rollcart for weekly curbside collection of yard trimmings, and offer collection of bulk items for \$25 per pick up. This approach should increase efficiency and reduce cost to LAC, while reducing unsightliness and improving diversion. Implementation is expected to take 18-24 months, and in the interim, we will go to a quarterly collection schedule for brush, and a paid collection for bulk items.

At our January meeting, the ESB:

- Re-elected John Bliss and Sarah Terrill as our Chair and Vice-Chair
- Drafted our FY2018 Work Plan, to include projects such as:
 - Develop and promote food waste minimization educational materials, and investigate potential for food waste collection
 - Continue to investigate waste-to-energy methods
 - Work with LA Public Schools to educate and implement waste diversion programs including reduce, reuse, recycle and composting
 - Implement a Technical Widget Award which promotes sustainability
 - Implement a Bike to Work week
 - Investigate incentives to improve recycling and diversion rates
 - Participate in county sustainability events such as Earth Day, Bear Festival, Rodeo Festival, and others
 - Host LA Clean Up day, the Recycle Fashion Show, a Recycled Art Workshop, Business Recycler of the Year awards
 - Research Pay-As-You-Throw programs

At our meeting tomorrow night, Charles Bowman will present to the ESB about the GEM*STAR Demonstration Subcritical Reactor for Los Alamos County. The GEM*STAR facility, located at LANCE, would burn waste plutonium and generate biodiesel fuel from wood refuse.