



LOS ALAMOS

# County of Los Alamos

## Minutes

### Board of Public Utilities

1000 Central Avenue  
Los Alamos, NM 87544

*Cornell Wright, Chair; Steve Tobin, Vice-chair;  
Stephen McLin, Eric Stromberg, and Carrie Walker Members  
Philo Shelton, Ex Officio Member  
Steven Lynne, Ex Officio Member  
Denise Derkacs, Council Liaison*

Wednesday, February 16, 2022

5:30 PM

Remote meeting:  
<https://us06web.zoom.us/j/85020738435>

### 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 16, 2022 via Zoom video conferencing platform. Board Chair Cornell Wright called the meeting to order at 5:30 p.m. BPU members, staff and the public participated remotely. This social distancing was to comply with the recommendations of the Centers for Disease Control (CDC) to prevent the spread of COVID-19. Members of the public were notified of the ability to live-stream the meeting online and submit public comment during the meeting. The following board members were in attendance:

Present 7 - Chair Wright, Vice Chair McLin, Board Member Stromberg, Board Member Tobin, Board Member Walker, Board Member Shelton and Board Member Lynne

#### 2. PUBLIC COMMENT

Chair Wright opened the floor for public comment on items on the Consent Agenda and for those not otherwise included on the agenda. There was no Public Comment.

#### 3. APPROVAL OF AGENDA

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Member Wright moved that the agenda be approved as presented. The motion passed by the following vote:

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Yes: 5 - Members Stromberg, Tobin, McLin, Walker and Wright

#### 4. BOARD BUSINESS

##### 4.A. Chair's Report

Chair Wright reported that Mr. Shelton has scheduled a meeting with Shawn Hughes, UAMPS regarding the CFPP for March 3rd over Zoom. Chair Wright and Vice Chair Tobin will participate.

##### 4.B. Board Member Reports

There were none.

**4.C. Utilities Manager's Report**

Mr. Shelton reviewed his written report which is **attached** to the minutes. He provided summarized comments and responded to board member inquiries as appropriate.

**4.D. County Manager's Report**

Mr. Lynne only had one item to report: He has received inquiries regarding COVID wastewater monitoring. There is a state grant and program associated he will be holding discussions exploring the county joining that program. If it is as simple as it seems the County may be able to enroll. Member McLin commented that a citizen has previously reported on wastewater monitoring. Mr. Shelton commented that citizen Prisca Tiasse submitted a grant to ETA and the DPU worked with her to get her some samples. That is the extent of the testing that DPU has performed to date.

**4.E. Council Liaison's Report**

Ms. Derkacs was absent and did not submit a written report.

**4.F. Environmental Sustainability Board Liaison's Report**

Ms. Emerson reported on the following items:

- 1). The ESB passed their work plan for the year. She listed their goals, which are also available in the latest ESB meeting minutes.
- 2). The ESB continues to explore the Bee City USA certification program. She stated statistics on the importance of pollinators in every ecosystem. She also shared that there are only 50 Bee Cities in whole US. Albuquerque was the first in the southwest. Santa Fe is now also certified. ESB members will work with contacts from those communities and develop a plan to present to County Council. .

**4.G. General Board Business****4.G.1. [15346-22](#) Presentation and Discussion of NMED - Hazardous Waste Bureau - Hexavalent Chromium Plume Control Interim Measures Overview**

Mr. Shelton introduced Christopher Krambis, Jr., Water Resource Professional with the New Mexico Environment Department. Mr. Krambis works with Hazardous Waste Bureau - Los Alamos Field Office. This is the second presentation to the BPU on Hexavalent Chromium Plume Control Interim Measures. A copy of Mr. Krambis' slides were provided in the meeting packet. Mr. Krambis responded to board member inquiries and provided clarifying information as appropriate.

**4.G.2. [15516-22](#) Approval of Revised Board of Public Utilities Meeting Calendar for 2022**

Chair Wright led a discussion regarding adding monthly work sessions to the BPU meeting calendar. He proposed that these meeting be held as needed, but be regularly

scheduled for the first Wednesday of each month. Since there is already another B&C meeting on the first Wednesday of the month, Granicus broadcast of the work sessions through the public website is not possible. Chair Wright would like to hold these work sessions virtually over Zoom and a public link would be provided for each meeting.

Also, at the regular County Council meeting on February 1st, two additional holidays were approved that will be observed by Los Alamos County: Juneteenth (June 19th) and Indigenous People's Day (2nd Monday in October). These holidays have also been included on the revised calendar.

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**Member Tobin moved that the Board of Public Utilities approve the proposed revisions to the 2022 BPU meeting calendar and defer to the Chair to make modifications as necessary. The motion passed by the following vote:**

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**Yes: 5 - Members Stromberg, Tobin, McLin, Walker and Wright**

**4.G.3. [14963-21](#) Schedule and Selection of Members to Attend Boards & Commissions Luncheons for 2022**

Chair Wright asked members if they would like to volunteer to attend a particular B&C luncheon. Members volunteered as follows:

March 17, 2022: Ms. Walker

May 19, 2022: Mr. McLin

September 22, 2022: Mr. Stromberg

November 17, 2022: Mr. Tobin

**4.H. Approval of Board Expenses**

There were none.

**4.I. Preview of Upcoming Agenda Items**

**[15207-21](#) Tickler File for the Next Three Months**

Mr. Shelton stated that since some agenda items will now be moved to work sessions he would send the BPU a revised tickler.

**5. PUBLIC HEARING(S)**

There were none.

**6. CONSENT AGENDA**

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

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Yes: 5 - Members Stromberg, Tobin, McLin, Walker and Wright

[15211-21](#) Approval of Board of Public Utilities Meeting Minutes for January 2022

I move that the Board of Public Utilities approve the meeting minutes as presented.

**RECESS: 7:03 – 7:13 pm**

**7. BUSINESS****7.A. [15213-21](#) FY2023 & FY2024 Budget Presentation**

Ms. Garcia reported that this is a two-year budget cycle with a proposed budget for FY2023 and a projected budget for FY 2024. Two years are presented to assist with the analysis of trends and spending. Next year, the projected budget for FY2024 will be updated and presented for approval. She noted that that the documents presented are only for discussion purposes. The budget will be presented to the board at the regular March meeting for approval.

Ms. Garcia provided the following documents in the meeting packet and reviewed them in detail:

A - FY2023 & 2024 Fund Flows

B - Ten-Year Forecast FY2023 through FY2032

C - Ten-Year Revenues, Expenses, and Cash Balance Graphs FY2023 through FY2032

D - Ten-Year Capital Plan

E - Schedule of Funds FY2024 through FY2032

F - Five-Year Profit Transfer - Budget Option

G - Financial Guidelines Approved by BPU 8/17/16

The FY2023 expenditure budget overall as presented is \$1,846,224, or 2.09%, higher than the FY2022 budget that was approved in last year's budget process. This is primarily due to increases in labor costs, interdepartmental charges, and contractual services.

Projected FY2024 budgets are \$4.1 million or 4.59% higher than FY2023 proposed budgets. This is largely in part to increases in debt service for bonds and increased capital costs proposed in Electric Distribution.

Budget revisions and carryovers have been included in FY2022 approved budgets. This adjustment has been added to calculate the projected ending cash balances more conservatively for FY2022. If these expenses are excluded there is a potential to overstate cash balances and underestimate needed increases in revenues.

Specifics and budget highlights for each Utility sub-fund were also discussed. Ms. Garcia

reiterated that this is a preliminary draft of the budget. Some input is still being finalized and some numbers are likely to change. All changes will be noted when the Board considers the final budget for adoption in March.

Ms. Garcia also discussed staffing changes. Currently DPU has 95 regular term FTEs, two limited term FTEs, and 3.65 FTEs Casual, Student and Temps. FY2023 budgets show an additional FTE being added to the GWS division. This was presented to the board in the Water Systems Quarterly Update in January 2022. This position is included in budgets of labor and salaries for the gas, water, and sewer funds. Also, included in the proposed budget for FY2023 is to convert 1 limited term FTE to a regular term FTE because this Associate Engineer who manages the profit transfer projects now has certainty to have funded profit transfer projects for the next five-year term with annual renewals according to the recently passed ordinance by Council. Finally, the administrative budget allows for double filling the Deputy Utilities Manager for Gas Water Sewer because of a planned retirement.

Per County Budget Office guidance, salary adjustments for the coming year are estimated at a 5% increase, this increase is a combination of 3% adjustments to the salary grades and 2% for performance. A 3% increase is projected in the FY2024 salary and benefit costs. These increases are for employees outside of the collective bargaining agreements with DPU. Salary increases negotiated in existing union agreements with the United Association of Plumbers and Pipefitters and the International Brotherhood of Electrical Workers have also been included in both proposed and projected labor costs.

Ms. Garcia also reported that the budget does not include projects proposed to be funded with Profit Transfer funds. A ten-year schedule of projected project recommendations was included as Attachment E. For FY2023, two projects are proposed to coordinate utilities infrastructure replacements with planned road construction along Arkansas and Rose St. Profit Transfer funding for FY2023 from sales totals \$1,099,466, and \$844,172 in projects are proposed. The recommended motion for budget approval, when presented, will include a clause for approval of use of profit transfer funds for these projects and approval of spending authority for these projects as "budget options".

Ms. Garcia responded to board member inquiries and asked for assistance from the other managers to provide clarifying information as appropriate.

Chair Wright opened the floor for Public Comment on this topic. There was none.

**7.B.**     [15547-22](#)

**Approval of Amendment No. 1 to New Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement and the Extended Operations Agreement**

Mr. Garcia reported that Power Operations is attempting to manage a large gap in generation with the impending San Juan Closure. The market is forecasted to behave much like the prior two years during the third quarter of 2022 (July, August, and September). On-peak futures are trading above \$230.00/MWh of Energy for this time period. In addition to market pricing, supply chain issues are plaguing the energy sector by delaying new generation resources throughout the west. These factors have led the current ownership of San Juan Generating Station to request an extension of operations for this three-month period.

The following documents were provided in the meeting packet:

A - Amendment No. 1 To New Exit Date Amendment

B - Extended Operations Agreement

A San Juan extension allows Los Alamos County to meet the Power Pool's energy needs in the most economic fashion. Current projections place a conservative savings value to the Power Pool in the amount of \$7,000,000. Without this extension LAC can only fill this energy gap in one manor, a short-term market-based energy product that is most likely generated by coal or natural gas. Los Alamos County has entered in a Purchase Power Agreement (PPA) with UNIPER Global for delivery of 25MW around the clock from October 1, 2022 - June 30, 2025, to fill the gap left by San Juan's retirement. This extension of San Juan Generating Station to shut down on September 30 will match up well with the Uniper PPA beginning on October 1st.

For an extension to occur, the remaining participants must agree and seek approval from their respective governing bodies. The approvals must be unanimous for the extension to occur. Tucson Electric Power (TEP) does not wish to take any of the energy output during this time frame. They have agreed to allow an extension, however San Juan Unit 1 will not operate during this three-month period. TEP ownership share is reserved to Unit 1 only. While the continued operation of Unit 4 is not guaranteed, the line of questions from the Public Regulation Commission (PRC) of PNM appear to support three months of continued operations of SJGS. The PRC's consideration is due to PNM's replacement resources being delayed due to supply chain issues resulting in these projects not achieving their original commercial operation date. These delays leave PNM short on capacity during the peak summer months when market power is scarce and most expensive. Extending the operation of the SJGS will save PNM native customers tens of millions of dollars and provide more stability to the western interconnect during this high demand period.

An alternative would be to replace this capacity with a short-term market power purchase at an estimated additional cost of \$7,000,000 during this period based on the energy futures. The fiscal impact would be an estimated \$7,000,000 savings to the Los Alamos Power Pool. This effort is considered a normal part of operations for Electric Production staff.

Mr. Garcia and Mr. Cummins responded to board member inquiries and provided clarifying information as appropriate. The board then discussed and shared information and opinions. Mr. Powers clarified that the Attorney's Office does not make any substantive changes to documents. All substantive changes would be presented to the board at a future meeting.

Chair Wright opened the floor for Public Comment on this topic. There was none.

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**Member Stromberg made the following motion:**

**I move that the Board approve Amendment No. 1 to the New Exit Date Amendment, Amending and Restating the Amended and Restated San Juan Project Participation Agreement, as drafted and attached, but may be subject to minor modifications, only if the final form is approved by the County Attorney**

**I further move that the Board approve the Extended Operations Agreement, as drafted and attached, but may be subject to minor modifications, only if the final form is approved by the County Attorney**

**I further move that the Board authorize the Utilities Manager to execute the final drafts of Amendment No. 1 to New Exit Date Amendment Amending and Restating the Amended and Restated San Juan Project Participation Agreement and the Extended Operations Agreement**

**I further move that the Board forward these documents to County Council for final approval.**

**The motion passed by the following vote:**

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**Yes: 5- Members Stromberg, Tobin, McLin, Walker and Wright**

7.C. [15528-22](#)

**Approval of Task Order No. 4 to AGR20-48b with CDM Smith for Engineering and Construction Oversight Services for the Pajarito Road / TA-50 Waterline Replacement Project, and Approval of Budget Revision 2022-46.**

Mr. Alarid reported that The Department of Energy (DOE) has requested DPU relocate an existing County owned 16" water transmission line to facilitate construction of planned facilities. The waterline is located along Pajarito Road in Tech Area 50. Approximately 2,000 feet of existing 16" waterline will be relocated into the Pajarito Road corridor and the existing waterline will be abandoned in place. The design and construction costs to relocate the waterline will be paid for by the DOE, per the provisions in the current water sales agreement between the County and DOE. Consistent with the agreement, these costs for design and construction oversight have been reviewed and accepted by the DOE. The work will be designed in the spring of 2022 and constructed over the fall and winter of 2022. CDM Smith will provide full-time construction inspection on the project to facilitate permitting, traffic control, access coordination and LANL utility coordination since the work will take place in a busy mission critical area of LANL. Construction is scheduled to begin in September 2022 and take 6 months to complete.

The following documents were provided in the meeting packet:

A - Task Order No. 4 AGR20-48b

B - Budget Revision 2022-46

If the Task Order is not approved, the project will be delayed past DOE's requested time frame. DPU will then coordinate the delayed schedule with DOE and evaluate options to complete the work. This project was not planned or budgeted. The cost for these engineering services and construction of the project will be paid by the DOE. We are seeking approval of Budget Revision 2022-46 to establish spending authority for the Task Order.

Mr. Alarid responded to board member inquiries and provided clarifying information as appropriate.

Chair Wright opened the floor for Public Comment on this topic. There was none.

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**Member Stromberg moved that the Board of Public Utilities Approve Task Order No. 4 to AGR20-48b with CDM Smith for Engineering and Construction Oversight Services for the Pajarito Road / TA-50 Waterline Replacement Project in the Amount of \$321,631.47, which includes Gross Receipts Tax, and a Contingency in the amount of \$58,322.53, for a Total Project Budget of \$379,954, and forward to Council for approval. I further move that the Board of Public Utilities Approve Budget Revision 2022-46 and forward to Council for approval, and that Budget Revision 2022-46 be included in the meeting minutes for the record. The motion passed by the following vote:**

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**Yes: 5- Members Stromberg, Tobin, McLin, Walker and Wright**

**8. STATUS REPORTS**

15209-21 Monthly Status Reports

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

Chair Wright suggested that board members review at their leisure and submit inquiries to Mr. Shelton.

**9. PUBLIC COMMENT**

Chair Wright opened the floor for public comment on any items. There was none.

**10. ADJOURNMENT**

The meeting adjourned at 9:10 p.m.

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**APPROVAL**

Cornell G. Wright, Jr.

Board of Public Utilities Chair Name



Board of Public Utilities Chair Signature

March 16, 2022

Date Approved by the Board



**Utility Manager's Report  
February 16, 2022**

1. Staff attended a meeting with Emergency Management and reviewed the December snowsquall storm event that caused an extended power outage. One of the challenges identified was the outage began around 6 AM before customer care staff who start at 8 AM. This placed pressure on police dispatch during the period between 6 AM to 8 AM. We discussed that Code Red would have been an appropriate use of this service since it was a large outage, and we will use this tool in the future. Another issue was the power outage had caused the customer care phone system to not function. Staff is working with Information Management on how to best back up the customer care phone and computer system with uninterrupted power supply. Some interim measures include establishing a direct cell phone line to customer care so timely information from the line crews can be received and purchased a hot spot to allow access to social media pages for updating. Finally, we agreed to hold quarterly communication meetings with Emergency Management to review and improve our processes.
2. On Wednesday, January 26<sup>th</sup> a ten-year employee with the gas water sewer crew, Paul Gonzales died in a car accident on his way to work. We held a grief counselling session for staff to attend and I want to express my condolences are extended to LAC staff and his family.
3. As of today, county employees are allowed to return to the office since the Omicron surge has subsided. Masking will continue to be required at county facilities and when employees are in vehicles. Next week, DPU will return all staff to a regular schedule.
4. Held several meetings with staff and they worked very hard to prepare the proposed 2023-24 budget that is before the Board tonight. Also, staff helped put together a detailed CIP presentation at last week's Council Work Session. Thank you!
5. Attended the UAMPS Project Management Committee (PMC) meeting regarding the CFPP. The project continues to remain on schedule. The level three cost estimate is due by the end of September 2022. LAC's subscription remains at 2.15-MW based on the investment cap of \$1.26 million.
6. Participated in additional meetings regarding the informal hearings on the PNM Transmission Formula Rate Case. It looks like we are close to reaching a settlement with PNM this month.
7. The SJGS ownership group has held a few meetings on extending the operation of the SJGS for three months and held one meeting on the term sheet with Farmington and Enchant. The extension of SJGS continue operation is before BPU's consideration tonight. Once all the term sheet details are finalized, the term sheet will be brought back to BPU and Council for consideration.

8. Attended the N3B Technical Working Group meeting and the discussion was on how to interpret water and soil sample results. Several of my team members attended this presentation since we frequently use these data from LANL Intellus data management system.
9. The Camp May Waterline Project received no comments during the Environmental Assessment comment period. It is anticipated the Forest Service will issue a record of decision within a month.
10. Sensus is still waiting to receive the balance of commercial meters to install due to supply chain issues and the current projection is now for UMS to return in June to complete their installations. The Sensus Customer Portal is now in the testing and staff training phase of the project.
11. Staff completed the Tyler questionnaire required to help build the County's customized system. The Tyler 311 and MyCivic software programs are schedule to be installed on the County's servers in March. The goal remains to roll out its implementation by July 1, 2022.
12. Participated in the Police Commander assessment and recruitment.
13. Continued participation in the Board of Appeals (BOA) and the BOA finalized the Sirphey hearing.