



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, May 18, 2022

5:30 PM

Boards & Commissions - Rm 110

AND

<https://us06web.zoom.us/j/89776087849>

REGULAR MEETING (Closed Session 5:30-6:30 pm)

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, May 18, 2022. Board Chair Cornell Wright called the meeting to order at 5:30 p.m. The meeting was held in Room 110 of the Municipal Building and via Zoom videoconferencing platform. 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 - Board Member Stromberg, Board Member Tobin, Board Member Shelton, Board Member Lynne, Board Member Wright, Board Member Walker and Board Member McLin

1.A. Closed Session - 5:30 to 6:30 pm

15784-22 Utilities Manager Performance Review

Pursuant to § 10-15-1 (H)(2) of the New Mexico Open Meetings Act, NMSA 1978, the Board of Public Utilities will meet in closed session to discuss information pertaining to limited personnel matters.

At 5:32 p.m. the Board met in closed session. The meeting was reconvened in open session at 5:43 p.m.

Member Walker moved that the Board of Public Utilities convene in closed session as authorized by the limited personnel matters exception to discuss the Utilities Manager performance review and planning. The motion PASSED by the following vote:

Yes: 5 - Board Member Stromberg, Board Member Tobin, Board Member Wright, Board Member Walker and Board Member McLin

1.B. Reconvene

Chair Wright moved that the Board of Public Utilities approve the following statement for inclusion in the minutes: "The matters discussed in the closed session were limited only to those topics specified in the notice of the closed session, and no action was taken on any matter during the closed session." The motion PASSED by the following vote:

Yes: 5 - Board Member Stromberg, Board Member Tobin, Board Member Wright, Board Member Walker and Board Member McLin

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 were no comments.

3. APPROVAL OF AGENDA

Chair Wright called for a motion on approval of the agenda. Member Stromberg asked that item 6B be removed from the Consent Agenda.

Member Walker moved that the agenda be approved as amended. The motion PASSED by the following vote:

Yes: 5 - Board Member Stromberg, Board Member Tobin, Board Member Wright, Board Member Walker and Board Member McLin

4. BOARD BUSINESS

4.A. Chair's Report

Chair Wright stated that he had no items to report. He also stated that he was looking forward to the IRP presentation on June 1st. He later reported that he, Mr. Garcia, and Councilor Reagor attended the UAMPS NuScale Tour in Coravallis on May 2-3, 2022. He urged board members to take the tour in the future as it greatly increased his understanding of the project.

4.B. Board Member Reports

There were no board member reports. Member Tobin commented that he did have some questions about PNM quantitative modeling but he would follow-up with Mr. Shelton.

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 reported on the following items:

1). Update on Cerro Pelado Fire. He thanked Mr. Shelton and the DPU staff for addressing concerns regarding water supply. He also thanked Ms. D;Anna for assisting

- with public information support. All efforts were very much appreciated.
- 2). Council approved disaster funding for fire response related costs such as the generator rental that Mr. Shelton was able to secure from UAMPS.
 - 3). Thanks to successful fire containment efforts the county was reverted back to the "Ready" stage and he discontinued maximum telework for employees.
 - 4). Stage 3 Fire Restrictions have been enacted which limit outdoor trail activity. The National Park Service and Forest Service have similar Stage 3 restrictions.

There were no questions from board members.

4.E. Council Liaison's Report

Council Liaison Derkacs participated via Zoom. She also acknowledged the outstanding efforts by county employees in the fire response and reported on the following items:

- 1). Council approved disaster relieve funds for fire related expenses.
- 2). Council approved a proclamation restricting the use of fireworks which will be in effect for 30 days with the option to extend or issue a new proclomation dependent upon weather conditions and fire patterns.
- 3). Council will be interviewing candidates for the BPU at their next regular meeting.

Councilor Derkacs and Mr. Lynne responded to board member questions (specifically fireworks) and provided clarifying information as appropriate.

4.F. Environmental Sustainability Board Liaison's Report

Ms. Emerson was not in attendance and did not provide a written report.

4.G. General Board Business

There was none.

4.H. Approval of Board Expenses

There were none.

4.I. Preview of Upcoming Agenda Items

15792-22 Tickler File for the Next Three Months

Chair Wright reviewed the items included in the tickler for June - August 2022. He asked board members for comments or additions to the agendas. There were no additional items identified.

5. PUBLIC HEARING(S)

5.A. CO0638-22-a

Introduction of Incorporated County of Los Alamos Code Ordinance No. 02-328; An Ordinance Amending Chapter 40, Article III, Sections 40-151, 40-152, 40-171, 40-173 and 40-175 of the Code of the Incorporated County of Los Alamos Pertaining to Gas Service Rates and Potable and Non-Potable Water Rates and Bulk Delivery Rates

Ms. Garcia provided a detailed report in the meeting packet that included the following information:

The ten-year forecast for the water utility presented with the FY2023 budget included a series of rate increases to generate revenues needed for current operations and to build cash reserves necessary for future infrastructure needs. Detailed in the Water fund 10-year forecasts were four consecutive years of increases of five percent for bulk, potable, and non-potable rates. Rate increases proposed in the Gas fund were three consecutive years of eight percent increases, followed by five percent in FY 2026. The Gas Rate Scheduled has been unaltered since 2016, in which the commodity rate was decreased from .29 cents per therm to .23 cents per therm. Prior to this change, in 2013, the commodity rate was decreased from .55 cents per therm. The gas rates for service charges have not been changed since 2009. And in 2018, several alternative long-term scenarios for water rates were prepared by staff and presented for Board consideration. After scenarios were selected which were intended to represent the most reasonable balance between increased rates and necessary system expenditures. This has been the foundation upon which the ten-year budgetary projections have been established. The rate trajectory was considered in the long-range proposals discussed in 2018 and has been reviewed and adjusted each year since as appropriate to account for adjustments in capital planning, actual project costs, and to reflect actual operational experience since first implemented. It is the latest iterations of analysis, large increases to costs due to inflation and supply chain shortages have greatly impacted fund balances. In review of the short to mid-term rate trajectory proposed in the FY2023 budget, it is appropriate to consider a four-year rate adjustment at this time. Therefore, four years projected rate increases are included in the proposed ordinance.

The advantages to implementing the multi-year proposal are numerous. Importantly, it provides for the rate adjustments to be scheduled and effective with advanced notice to customers. It allows our customers to plan and budget for future anticipated utilities costs, rather than experience the "rate shock" of unanticipated rate increases on a more frequent basis. Without the multi-year approach, that is difficult to accomplish, and complicates fiscal planning needs from year to year. Doing a multi-year incremental rate adjustment also allows planned revenues to match the timing of planned expenditures, rather than accumulating excess cash early on for expenditure in a later period. This also allows for the advanced planning of rates in the billing system, helping staff ensure billing accuracy when the new rates become effective. Enacting a multi-year ordinance in no way limits the Board from later proposing another ordinance to change rates, either up or down, during that four-year period if operational experience necessitates such action. Should it become apparent that the rates proposed are either not achieving the revenue targets, or are exceeding them, there is no reason why they could not be adjusted in the interim. This multi-year proposal simply provides for seamless and timely implementation of the rate projections should future results tie within reasonable variation to budget projections.

Included in the presentation attached as Exhibit C were the rate comparisons with neighboring and similar communities, costs as a percentage of median household income, and long-term utilities costs projections normally presented with proposed rate adjustments. These continue to demonstrate that even with the challenges of our complicated system and mountainous terrain, consumer costs for water services remain competitive and reasonable for our community.

The proposed rates should restore cash flow to an acceptable level within the projected time frame in the gas and water systems. While it may take some additional time to reach our target levels in the Water Utility overall, this plan will provide adequate funding

for necessary repairs and replacements and continuing operations and provide for movement toward our long-term cash reserve goals. Once achieved, it is anticipated that rate adjustments simply to account for inflation will suffice for the foreseeable future.

Ms. Garcia and Mr. Shelton responded to board member inquiries and provided clarifying information as appropriate. The Board discussed the proposed ordinance in great detail and ultimately recommended that staff separate the ordinance into two: one for gas and another for water. Chair Wright opened the floor for public comment on this item. There was none.

Member Wright made the following motion: I introduce, without prejudice, Incorporated County of Los Alamos Code Ordinance No. 02-328; An Ordinance Amending Chapter 40, Article III, Sections 40-151, 40-152, 40-171, 40-173 and 40-175 of the Code of the Incorporated County of Los Alamos Pertaining to Gas Service Rates, Potable and Non-Potable Water Rates, and Bulk Delivery Rates. The motion FAILED by the following vote:

Yes: 1 - Board Member Stromberg

No: 4 - Board Member Tobin, Board Member Wright, Board Member Walker and Board Member McLin

RECESS from 8:05 - 8:15 p.m.

6. CONSENT AGENDA

Member Tobin moved that the Board of Public Utilities approve the items on the Consent Agenda as 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:

Yes: 5 - Board Member Stromberg, Board Member Tobin, Board Member Wright, Board Member Walker and Board Member McLin

6.A. 15785-22 Approval of Board of Public Utilities Meeting Minutes

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

6.C. 15586-22a Award of Bid No. IFB 22-56 for the Purpose of the Los Alamos Wastewater Treatment Plant Tertiary Treatment Building Project.

I move that the Board of Public Utilities approve the Award of Bid No. IFB 22-56 for the Purpose of the Los Alamos Wastewater Treatment Plant Tertiary Treatment Building Project with RMCI, Inc in the Amount of \$3,016,609.00, plus Applicable Gross Receipts Tax, and a Contingency in the amount of \$301,660.00, for a total project budget of \$3,538,858.53, and forward to Council for approval. I further move that the Board of Public Utilities approve Budget Revision 2022-60 and forward to Council for approval.

6.D. 15588-22a Award of the Utility Portion of Bid No. IFB22-59 for the Purpose of the

Canyon Road Roadway and Utility Upgrades Project

I move that the Board of Public Utilities approve the Utilities Portion of Bid No. 22-59 for the Purpose of Canyon Road Roadway and Utility Upgrades Project with TLC Plumbing and Heating in the Amount of \$768,633.00, plus Applicable Gross Receipts Tax, and a contingency in the amount of \$115,300.71, for a total project budget of \$940,140.00, and forward to Council for Approval.

7. BUSINESS

7.A. 15930-22 Discussion and Approval of Inflation and COVID Pay

Mr. Shelton reported that this item has already gone before Council and is a consideration for all county employees. Council asked that the BPU and review and provide their recommendation. Following is a synopsis of the information provided:

The County's current work environment and our employees' compensation are currently being negatively impacted by both inflation and the ongoing impacts associated with the COVID pandemic. During the past few months, inflation has more than doubled and now has surpassed 8%. As part of this, fuel prices have almost doubled. COVID is still with us and continues to impact our work. In order to partially recognize and address these current impacts, we are proposing a one-time lump-sum Inflation and COVID payment. Because these factors tend to have a larger impact on lower paid employees as well as employees that commute from out of the County, the proposal recommends two tiers of payments, with the higher dollar amount provided to the tier more greatly impacted. In addition, there would be a third tier for temp and casual employees.

County Council gave Staff tentative approval of this proposal for non-union staff and direction for management to discuss with the exclusive representatives all 4 of our collective bargaining units about this concept and asked to return on May 24th to seek final approval from County Council. For DPU, both the International Brotherhood of Electrical Workers and the Plumbers and Pipefitters Unions have agreed to this proposal.

Proposal

Eligibility: Employees (regular, limited-term, temporary, and casual) that are active as of May 29th and remain active, and working or on approved leave, from May 29th through June 25th. The payments below are subject to tax withholding.

Tier 1 - \$2,000

Non-Exempt Employees, and Exempt Employees with base salaries under \$80,000.

Tier 2 - \$1,000

Exempt Employees with base salaries of \$80,000 or higher

Tier 3 - \$250

Temporary and Casual

There would be a small amount of staff time needed to process this as an additional pay. The estimated total cost as currently outlined is approximately \$1,150,000 (\$~570K General Fund, ~\$280K Fire, ~\$180K Utilities, ~\$120K other funds). If approved by County Council on May 24th, the Utilities salary vacancy savings will cover the \$180,000 required to implement this proposal and no budget revision would be required.

Mr. Shelton and Mr. Lynne responded to board member inquiries and provided clarifying information as appropriate. Some board members shared their personal opinions on the item. Chair Wright also opened the floor for public comment on this item. There was none.

Member Walker moved that the Board of Public Utilities approve the proposal as presented and forward to Council for final approval. The motion PASSED by the following vote:

Yes: 4 - Board Member Stromberg, Board Member Tobin, Board Member Wright and Board Member Walker

No: 1 - Board Member McLin

6.B. [14161-22a](#)

Award of Bid No. IFB 22-62 for the Purpose of the Los Alamos & White Rock Gas Border Station Metering, Overpressure Protection, SCADA Project.

Mr. Alarid presented this item and provided the following information:

This project will take place at the gas border stations where gas is delivered from New Mexico Gas Company (NMGC) to Los Alamos and White Rock. There are two border stations in Los Alamos and one in White Rock. At each of the three locations new metering, overpressure protection and supervisory control and data acquisition system (SCADA) will be installed. Currently the only metering and over pressure protection at these locations is on NMGC facilities. Addition of the metering will provide a check of the quantities/billing from NMGC and provide 24hr/7day usage data. The new pressure relief valves will ensure protection of the gas systems by relieving pressure in the event that a 5 PSI overpressure is sensed. The new SCADA system will monitor real-time and archive the flow, pressure and temperature readings in 5-minute increments. The data will be hosted on a cloud server where it is available to DPU operations and engineering staff. The availability of the data and monitoring capabilities will provide alarms if there are irregularities in the supply or distribution system and provide valuable data for planning and operating the system. One bid was received for the project from DUB-L-EE. DUB-L-EE has performed quality work for DPU for over a decade and has qualified staff to perform this specialty work. If the project is not approved the project will be deferred and considered in future capital planning. He also reported that \$600,000 is budgeted in FY22 for the project. An additional \$350,679.00 from unspent AMI contingency will be applied to the project, and \$155,409.72 from a planned FY24 project to install pressure monitoring on the gas system will be applied to this project.

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

Member Stromberg moved that the Board of Public Utilities approve the Award of IFB 22-62 for the Purpose of the Los Alamos & White Rock Gas Border Station Metering, Overpressure Protection, SCADA Project with DUB-L-EE, LLC in the Amount of \$942,856.66 plus Applicable Gross Receipts Tax, and a contingency in the amount of \$94,285.66, for a total project budget of \$1,106,088.72, and forward to Council for approval. The motion PASSED by the following vote:

Yes: 5 - Board Member Stromberg, Board Member Tobin, Board Member Wright, Board Member Walker and Board Member McLin

8. STATUS REPORTS

8.A. 15789-22 Status Reports

Mr. Shelton reported that 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

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

9. PUBLIC COMMENT

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

10. ADJOURNMENT

The meeting adjourned at 8:29 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board