



County of Los Alamos

1000 Central Avenue
Los Alamos, NM 87544

Agenda - Final Board of Public Utilities Work Session

*Robert Gibson, Chair; Matt Heavner, Vice Chair
Eric Stromberg, Charles Nakhleh and Jennifer Hollingsworth,
Members
Philo Shelton, Ex Officio Member
Anne Laurent, Ex Officio Member
Ryn Herrmann, Council Liaison*

Wednesday, June 3, 2026

5:30 PM

Municipal Building, Room #330
(or Council Chambers)

Public Participation ~ in person or <https://us06web.zoom.us/j/87563449773>

Members of the public may also participate remotely and provide public comment via Zoom.

Link ~ <https://us06web.zoom.us/j/87563449773> | Webinar ID ~ 875 6344 9773

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PUBLIC COMMENT:

Oral comments are accepted during the periods identified on the agenda and after initial board discussion on a business item, prior to accepting a main motion on an item. Public comments are limited to three minutes per person. For those participating over Zoom, please use the raise hand function. If you are participating by phone enter *9 to raise your hand. Please submit written comments to the board at bpu@lacnm.us.

1. CALL TO ORDER

1.a. [21651-26](#) Action to Suspend Procedural Rules for Work Session

Presenters: Board of Public Utilities

2. **PUBLIC COMMENT**

3. **APPROVAL OF AGENDA**

4. **PRESENTATIONS**

- 4.a. [18394-26b](#) New Mexico Environment Department (NMED) Update on the Hexavalent Chromium Plume

Presenters: Philo Shelton

Attachments: [A - NMED Presentation 20260603.pdf](#)

- 4.b. [21644-26](#) Presentation of On Bill Financing Program and Possible Action

Presenters: Abbey Hayward, Public Relations Manager and Angelica Gurule, Sustainability Manager

Attachments: [A - On Bill Financing Presentation](#)

5. **PUBLIC HEARINGS**

6. **DEPARTMENT BUSINESS**

- 6.a. [21724-26](#) Approval of the Collective Bargaining Agreement (CBA) with the United Association of Plumbers and Pipefitters (UAPP), Local Union No. 412, Covering the Period of July 1, 2026, through June 30, 2031

Presenters: Joann Gentry, Deputy Utility Manager-Finance & Admin. and Bernadette Martinez, Human Resources Manager

Attachments: [A - UAPP Agreement 2026-2031](#)

- 6.b. [21725-26a](#) Approval to Execute a Power Purchase Agreement in an Amount not to Exceed \$4,725,000 Plus Applicable Gross Receipts Tax, to supply power and energy to the Los Alamos Power Pool for the Month of July 2026

Presenters: Ben Olbrich, Deputy Utility Manager-Finance & Admin.

- 6.c. [21287-26](#) Annual Review of the Utilities Assistance Program (UAP)

Presenters: Joann Gentry, Deputy Utility Manager-Finance & Admin.

Attachments: [A - UAP Presentation](#)

- 6.d. [21291-26](#) Department of Public Utilities Quarterly Report for Fiscal Year 2026 - Quarter 3

Presenters: Abbey Hayward, Public Relations Manager

Attachments: [A - DPU Quarterly Report FY20Q3](#)

- 6.e. [21743-26a](#) Approval of Budget Revision 2026-80 for FEMA Grant to Fund the Jemez Mountain Fire Protection Project - Electrical Undergrounding in the Federal Share Amount of \$2,632,746.18 and accept sub-grant agreement DR-4652-0006-NM

Presenters: James Martinez, Deputy Utility Manager-Engineering and Joann Gentry, Deputy Utility Manager-Finance & Admin.

Attachments: [A - Approval Notification of FEMA Grant](#)
[B - Sub-Recipient Grant Agreement](#)
[C - Budget Revision 2026-80](#)

7. **BOARD BUSINESS**

- 7.a. [21201-26b](#) Initial Review of the Board of Public Utilities Annual Presentation to County Council

Presenters: Robert Gibson, Chair-Board of Public Utilities

Attachments: [A - BPU Presentation to County Council Draft](#)

8. **PUBLIC COMMENT**

9. **ADJOURNMENT**

CLOSED SESSION: To follow in the DPU Conference Rm #135.

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Human Resources at 505-662-8040 as soon as possible.

Complete Board of Public Utilities agenda packets, past agendas, videos, legislation and minutes can be found online at <https://losalamos.legistar.com>. Learn more about the Board of Public Utilities at <https://ladpu.com/BPU>.



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Staff Report

June 03, 2026

Agenda No.: 1.a.
Index (Council Goals):
Presenters: Board of Public Utilities
Legislative File: 21651-26

Title

Action to Suspend Procedural Rules for Work Session

Recommended Action

I move that the Board of Public Utilities suspend their procedural rules for the June 3, 2026 work session so that formal action may be taken.

Body

This action would suspend the rule for this work session and enable the board to take formal action on agenda items.

The Board of Public Utilities Procedural Rules identifies a Work Session as follows:

3.4.b. Work Sessions - work sessions will generally be held on the first Wednesday of each month at 5:30 p.m. The board may schedule work sessions on a regular basis under the requirements of the annual Open Meetings Resolution. Board meetings designated as work sessions will be held for the primary purpose of discussing issues at length with staff in an informal setting without taking formal action, except for required procedural actions such as approving minutes from a prior meeting or adopting a statement for inclusion in the minutes regarding a closed session. Public comment will be taken only at the beginning and ending of the session, and by available written methods.



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Staff Report

June 03, 2026

Agenda No.: 4.a.

Index (Council Goals):

Presenters: Philo Shelton

Legislative File: 18394-26b

Title

New Mexico Environment Department (NMED) Update on the Hexavalent Chromium Plume

Body

Mr. Russell Lashley, Director of the Resource Protection Division, and Ms. Caitlin Martinez, Ground Water Quality Bureau, of NMED, will present and be available to answer questions.

Attachments

A - NMED Presentation 20260603



New Mexico Environment Department

Presentation to Los Alamos County Board of Public Utilities June 3, 2026

Presented by New Mexico Environment Department
Resource Protection Division
Director Russell Lashley



Universal Principle

Common Ground



We all want clean drinking water



Topic for Today's Public Information Session

- Hexavalent Chromium from a LANL power plant persists and is:
 - Present in the Soil and Water
 - Present in Los Alamos County
 - Present in Santa Fe County



LANL'S Use of Hexavalent Chromium

From 1956 to 1972, LANL periodically flushed hexavalent chromium-contaminated water into Sandia Canyon and Mortandad Canyon.





Hexavalent Chromium Contamination

- The hexavalent chromium contamination spread and expanded into the aquifer (effluent driven water flows)
- In the ~54 years since 1972, the plume spread both horizontally and vertically



Hexavalent Chromium Contamination Risks

Long-term ingestion of hexavalent chromium can cause serious health problems, including an increased risk of certain cancers





LANL's Remediation System

- ❑ LANL's remediation approach is to extract contaminated water and treat it through a Pump-and-Treat system
- ❑ Hexavalent Chromium Contamination is measured in parts per billion ("ppb")



LANL's Disposal of Treated Water

- LANL evaluated ways to dispose of the treated water:
 - Remove the treated water and deposit it into lined ponds
 - Evaporative systems
 - Deposit the treated water onto soil
 - Inject the treated water back into the aquifer



HWB and GWQB Regulate LANL's Operation of Pump-and-Treat System

- The Hazardous Waste Bureau (HWB) of the New Mexico Environment Department regulates LANL's extraction and treatment under the NM Hazardous Waste Act and its rules
 - Executed through the Compliance Order on Consent
- The Ground Water Quality Bureau (GWQB) of the New Mexico Environment Department regulates the injections of treated water under the NM Water Quality Act and its rules



LANL's Theory of Containment

- LANL hypothesized the designed pump-and-treat system could keep hexavalent chromium contamination levels within facility property and prevent spread of the plume
 - For multiple years, the Ground Water Quality Bureau expressed concern that the ground water samples showed increasing contaminant levels and spread of the plume
 - For multiple years, LANL pushed back and asserted that its system was containing the hexavalent chromium plume
 - But data showed otherwise



Hexavalent Chromium Plume Violated Regulatory Requirements in Los Alamos County

- **Hexavalent Chromium Contamination Levels in Groundwater Exceeded Regulatory Requirement of 50 ppb**
 - In 2004, ground water samples showed hexavalent chromium contamination trends at Well R-28
 - In 2019, ground water samples showed hexavalent chromium contamination trends at Well R-70
 - In 2021, ground water samples showed hexavalent chromium contamination trends at Well R-45
 - These wells are in Los Alamos County



Monitoring Well of Primary Concern

- At R-45, LANL exceeded 50 ppb (12/2020)
 - Continued to increase up to almost 70 ppb (10/2022)
 - Independent Review Team concluded that the trends are plausibly resulting from injection (12/2024 Report)
 - Injection into CrIN-1 and CrIN-2 increased vertical downward gradients
 - Drove mass horizontally to the east and vertically downward
 - Cessation of injection in the eastern side of the plume caused detections to decrease and begin to stabilize (12/2022 GWQB Cease Injection Directive)



LANL Failed to Contain the Hexavalent Chromium Plume

- Proven hexavalent chromium contamination in groundwater samples from Pueblo de San Ildefonso lands
 - Monitoring Well SIMR-3 is in the northern part of Pueblo de San Ildefonso
 - SIMR-3 samples showed the hexavalent chromium plume had spread beyond LANL and into Pueblo de San Ildefonso
 - Hexavalent chromium concentrations:
 - 98.9 ppb in May 2026
 - 90 ppb in March 2026
 - 72.9 ppb in October 2025



LANL Violated Regulatory Requirements

- Monitoring Well SIMR-3 Samples Prove the Plume is Not Contained Within LANL Property
 - Violated Primary Goal of Interim Measures
- Monitoring Well R-45 Samples Prove LANL exceeds regulatory requirements downgradient of operations
- Injections adjacent to R-45 likely increased the spread of the plume



Regulatory Response – Ground Water Quality Bureau

- In response to regulatory exceedances, the Ground Water Quality Bureau of the New Mexico Environment Department required LANL to stop injecting treated extractions back into ground water
 - Trends, like those at R-45, showed uncontrolled migration of hexavalent chromium into previously uncontaminated areas due to injections
- On February 11, 2026, the Ground Water Quality Bureau served LANL with an Administrative Compliance Order that listed violations and penalties
 - Violation 1. Failure to meet regulatory water quality standards in NMAC 20.6.2.3103
 - Violation 2. Failure to meet the requirements of Discharge Permit 1835, Permit Condition 19



Resumption of Injections Urged by LANL in between the 2022 and 2026 Cease Injection Directives

LANL repeatedly argued for immediate resumption of injections after the 2022 Ground Water Quality Bureau cease injection directive

- The Ground Water Quality Bureau conditioned the resumption of injections on these requirements:
 - LANL shall evaluate and propose additional, alternative injection sites
 - To ensure that injection does not increase migration of hexavalent chromium
 - LANL shall use data from Monitoring Well SIMR-3 to evaluate if injections should continue in the southern boundary
 - LANL shall install Monitoring Well R-80 to determine if injection should be allowed in the east



LANL Pushed Back with Skewed Data from Flooded Monitoring Well

- Monitoring Well R-50 is located directly north of the southern Injection Wells CrIN-3, CrIN-4, CrIN-5
- Flooding the area near R-50 with treated water injections produces cleaner ground water samples
 - LANL used R-50 samples to argue that its methods worked
 - LANL used R-50 samples to push for resumption of injections
 - New data from Monitoring Well SIMR-3, south of injection wells, indicate that LANL's injections spread the hexavalent chromium plume



LANL Pushed Back on System Modifications

LANL pushed back and refused to commit to additional, alternative injection locations

- The Ground Water Quality Bureau allowed injections again in 2024 provided that LANL agree that:
 - Monitoring Well SIMR-3 would inform future actions
 - An Independent Review Team would study options and its recommendations would inform the path forward



Regulatory Response – Hazardous Waste Bureau

- On February 11, 2026, the Hazardous Waste Bureau served LANL with an Administrative Compliance Order that listed regulatory violations, penalties, and correction action plan requirements
 - Violation 1. Failure to submit revised interim measures work plan
 - Violation 2. Failure to implement corrective measures beyond the facility property boundary where necessary



Corrective Action Plan in ACO

- Hazardous Waste Bureau's Corrective Action Plan for LANL is in the Administrative Compliance Order
- The Corrective Action Plan aligns with recommendations by the Independent Review Team
 - Supports follow through with the actions Hazardous Waste Bureau has been requiring, with push back from LANL, since 2022



LANL Impasse

- LANL refused to act on multiple directives for remedial measures without a blank check, aka, a “Final Remedy” that would reduce the exercise of regulatory authority and public involvement
- But there is not enough data for a Final Remedy
 - e.g., the plume is not well-characterized and the center of the plume is not known
- NMED proposed that LANL act on multiple remedial measures under an “Interim Measures” model – this allows for adaptive management while necessary data is collected to inform additional remediation decisions
- LANL continued to refuse to improve the efficacy of its Pump-and-Treat system



Independent Technical Review

- New Mexico Environment Department and LANL agreed to have the facts reviewed by an Independent Technical Review Team
 - Jointly developed the scope of analysis
 - Purpose: resolve differences of opinion between the New Mexico Environment Department and LANL on:
 - Hexavalent chromium migration
 - Containment of the hexavalent chromium plume
 - Remediation of the hexavalent chromium contamination in groundwater



Independent Technical Review Team Selections

The New Mexico Environment Department and LANL agreed on the following experts:

1. **Scott Ellinger, *U.S. EPA Region 6***
2. **Matthew Tonkin, *S.S. Papadopoulos & Associates, Inc.***
3. **John Devlin, *University of Kansas***
4. **Charles Newell, *GSI Environmental Inc.***
5. **Sorab Panday, *GSI Environmental Inc.***
6. **Ines Triay, *Florida International University***
7. **Fred Day-Lewis, *Pacific Northwest National Laboratory***
8. **Inci Demirkanli, *Pacific Northwest National Laboratory***
9. **J. Alexandra Hakala, *DOE's National Energy Technology Laboratory***
10. **Brian Looney, *Savannah River National Laboratory***
11. **Mark Rigali, *Sandia National Laboratories***
12. **Daniel B. Stephens, *Daniel B. Stephens and Associates***
13. **Haruko Wainwright, *Massachusetts Institute of Technology***
14. **David Wilson, *Longenecker & Associates***



Independent Technical Review Goals

ITR GOALS: Evaluate the existing data and provide answers to these five technical topics:

1. Interim measure hydraulic control
 - Evaluate trends for adverse impacts from injection
 - Determine if current interim measure will be protective and hydraulically control hexavalent chromium plume
2. Hexavalent Chromium Plume modeling
 - Review of software and technical defensibility of assumptions and inputs
3. Review of conditions precedent for restart
 - Review of technical basis for regulatory directives
 - Alternative injection location
4. Regulatory matters
 - Interim measures vs. corrective measures evaluation
 - Adaptive management strategy
5. Well design
 - Dual screen wells sealed with bentonite



Report by Independent Technical Review Team - December 2024

ITR Team Determinations:

LANL's Interim Measures do not hydraulically control hexavalent chromium plume

- Improperly managed injections do not serve remediation
- Injections of treated water appear to be expanding plume boundaries
- Injections into the plume cannot be the only way to dispose of treated water

LANL's current system, as is, is not protective of the environment

- The current system has critical data gaps
- The critical data gaps undermine LANL's modeling reliability
- The system needs modifications to address the deeper contamination

Link to Report: <https://www.env.nm.gov/hazardous-waste/wp-content/uploads/sites/10/2026/02/Attachment-53-December-30-2024-1.pdf>



Independent Technical Review Team Conclusions and Recommendations - #1

- **Interim measure hydraulic control**
 - Existing system will not contain all hexavalent chromium migration and needs to be modified, reconfigured and possibly expanded
 - More than likely that injection adversely impacted ground water at Well R-45 and could have enhanced downward migration
 - Recommended a partial restart of Injection Wells CrIN-4 and CrIN-5 and Extraction Wells CrEX-4 and CrEX-5
 - Recommended converting CrIN-1 into an extraction well
 - Recommended potentially another extraction well in the eastern area



Independent Technical Review Team Conclusions and Recommendations - #2

- Hexavalent chromium plume modeling
 - Recommended converting FEHM model to a MODFLOW model
 - To increase transparency
 - Reevaluate representation of key parameters to adequately reflect site data
 - To address data gaps in current model



Independent Technical Review Team Conclusions and Recommendations - #3

- Review of conditions proposed by Ground Water Quality Bureau for Restart of System
 - Independent Review Team agreed that the Ground Water Quality Bureau's conditions were technically defensible and should be implemented
 - Agreed with the Hazardous Waste Bureau that the increased extraction capacity would improve hydraulic control (and thus plume containment)
 - Supported immediate expansion of the pump-and-treat system, reference multiple options to do so
 - Recommended partial restart of the pump-and-treat system while LANL constructs additional, alternative injection location(s) at the earliest practical date



Independent Technical Review Team Conclusions and Recommendations - #4

□ Regulatory Matters

- Existing information from LANL is not enough for LANL to propose and evaluate final remedy alternatives
 - Data gaps persist
 - Not enough information to select a final remedy
- Independent Review Team concluded that remediation and investigation should occur using adaptive management under interim measures
 - Use ground water samples to guide future decisions and modifications to the system



Independent Technical Review Team Conclusions and Recommendations - #5

- **Well Screens**
 - Recommended Dual Screens for Wells where appropriate
 - This is under the jurisdiction of the Office of the State Engineer



October 2025 – Present: SIMR-3 Results After the Independent Technical Review Team Report

Knowledge of contaminated water from monitoring well SIMR-3 on Pueblo de San Ildefonso land:

- Came after the Independent Review Team Report
 - Which supported the Department's proposed adjustment of operations based on SIMR-3 results
- Highlighted the necessity for immediate action and adaptive management to improve remediation



LANL Halted Progress on Hexavalent Chromium Plume Workshops

- LANL canceled Hexavalent Chromium Plume Workshops after NMED served Administrative Compliance Orders in February 2026
- NMED urged the resumption of collaborative workshops
 - These participants met in May 2026 to resume implementation of the Independent Review Team recommendations and conclusions:
 - Pueblo de San Ildefonso
 - New Mexico Indian Affairs Department
 - New Mexico Office of the State Engineer
 - New Mexico Environment Department
 - LANL rejected the invitation to join the resumed workshops



LANL Hesitation to Implement Independent Technical Review Team Recommendations

To date, LANL has not implemented Independent Review Team recommendations





Questions?





County of Los Alamos

Los Alamos, NM 87544
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Staff Report

June 03, 2026

| | |
|-------------------------------|--|
| Agenda No.: | 4.b. |
| Index (Council Goals): | Environmental Stewardship - Carbon-Neutral Energy Supply; Quality Excellence - Effective, Efficient, and Reliable Services; DPU FY26 - 3.0 Be a Customer Service Oriented Organization that is Approachable, Communicative, Efficient, and Transparent; DPU FY26 - 5.0 Continuously, Conscientiously, Work Toward Environmental Sustainability |
| Presenters: | Abbey Hayward, Public Relations Manager and Angelica Gurule, Sustainability Manager |
| Legislative File: | 21644-26 |

Title

Presentation of On Bill Financing Program and Possible Action

Recommended Action Motion

I move that the Board of Public Utilities receive the presentation regarding On-Bill Financing and direct no further action at this time.

-OR-

I move that the Board of Public Utilities direct staff to pursue On-Bill Financing program and return to the Board with additional program details.

Body

On-Bill Financing allows utility customers to pay for eligible energy improvements, such as heat pumps, electrical panel upgrades, heat pump water heaters, insulation, or other energy-efficient technologies, through their monthly utility bill instead of paying the full cost upfront. Costs are spread out over time, helping make upgrades more affordable while potentially reducing energy use, improving comfort, and reducing barriers to adopting more efficient technologies.

The concept aligns with broader County goals related to energy efficiency and electrification. Financing tools such as on-bill financing may provide customers with a mechanism to pursue upgrades that otherwise may be financially difficult to achieve due to high initial costs.

Staff have been working with the New Mexico Climate Investment Center and the Coalition of Sustainable Communities New Mexico to explore program concepts and potential funding structures. As discussed during the presentation, the intent would be for external financing partners to provide capital for any future program, and Los Alamos Department of Public Utilities would not act as the lender. The utility's role would primarily focus on education, coordination and billing administration should a program ultimately move forward.

The concept of on-bill financing was presented to the Environmental Sustainability Board (ESB) on May 21, 2026. No formal recommendation or action was taken by the Board. However, members generally expressed support for the concept and discussed its potential as a tool to help improve home energy efficiency, safety, and comfort while reducing financial barriers

associated with energy upgrades. Members noted that the program could help remove barriers that often prevent residents from pursuing energy improvements. The Board also discussed several considerations requiring additional evaluation, including financing mechanisms, loan structures and terms, repayment processes, eligibility criteria, and overall program administration. Questions from the ESB are included at the end of Attachment A.

Staff are seeking direction regarding whether the Board of Public Utilities would like staff to further evaluate this opportunity as a potential mechanism to support electrification efforts, facilitate the transition from natural gas where appropriate, and encourage energy efficiency improvements in homes.

Fiscal and Staff Impacts

The New Mexico Climate Investment Center has identified a potential \$1 million capital investment to provide seed funding for a future On-Bill Financing program. These funds could help support the initial financing pool for eligible energy efficiency and electrification upgrades. Additional grant funding would likely be needed to support program administration, outreach, coordination, and implementation activities to ensure the long-term success and sustainability of the program.

Attachments

A - On Bill Financing Presentation

ON-BILL FINANCING OVERVIEW

Board of Public Utilities

June 3, 2026

Angelica Gurule & Abbey Hayward | Climate Investment
Center | Coalition of Sustainable Communities New Mexico

Overview



Introduce the concept of On-Bill Financing



Discuss potential benefits for DPU and customers



Request BPU guidance on next steps

What is On-Bill Financing?

On-Bill Financing Overview

- On-bill financing allows customers to finance energy upgrades through their utility bill rather than personal credit required by traditional loans
- On-bill financing programs are used by utilities across over 30 U.S. states

Key Characteristics

- On-bill financing can solve one of the biggest barriers to electrification: upfront cost
- Payments appear as a line item on the utility bill (familiar payment mechanism)
- Financing often tied to the meter/property
- Projects focus on energy efficiency and electrification

Typical Eligible Upgrades

- Heat pumps
- Insulation and air sealing
- Electrical panel upgrades
- Efficient water heating

Benefits of On-Bill Financing

Strategic Alignment with County goals

- Incentivizing the transition from natural gas to electrification
- Helping customers invest in upgrades that improve efficiency and resiliency

Incentives for customers

- We are currently prohibited by the anti-donation clause to provide traditional incentives to encourage energy efficient retrofits. However, On-bill financing provides a funding source for customers while remaining in compliance with the anti-donation clause
- Provides low-interest loans (0% - 5%)
- No increase to the individual property owners debt-to-income ratio, there is no personal debt acquired

Energy Upgrade Financing Gap



Many households cannot easily finance large energy upgrades



Heat pump installations often exceed \$15k–\$20k

Many households are cash-flow constrained

On-bill financing can solve one of the biggest barriers to electrification: upfront cost



On-bill financing allows customers to pay for upgrades gradually through their utility bill

Low interest loans

No personal debt acquired

Why Utility Conservation Financing Matters

Los Alamos County has several infrastructure hurdles:

- ~86% of Los Alamos's households rely on natural gas for heating
 - Natural gas usage accounts for roughly 32% of the County's total community greenhouse gas emissions.
- Many homes built 1950s- 1970s have poor insulation, single-pane windows, and aging gas furnaces.

Governance & Capitalization

- **Capital Partner:** Identify capital pool for the program
 - Identify grant program and other financing opportunities
- **Program Administrator:** New Mexico Climate Investment Center or a third-party partner could manage:
 - Contractor vetting
 - Project qualification
 - Application processing
 - Loan servicing and inspections
- **Utility Role:** DPU would provide the billing mechanism, program coordination & DPU would not act as the lender

Administrative Process

- Customer submits application through program administrator
- Eligibility review based on program design
- Collaborate with qualified contractors
- Project installation completed and verified
- Contractor payment disbursed by the capital provider
- Loan repayment begins through the utility bill
- Customer receives education on maximizing efficiency benefits

Repayment Mechanism

- Loan would be repaid through a charge on the utility bill (5-10 years)
- Programs typically demonstrated low default rates
- The goal is projects are designed so energy savings offset loan payments where possible
- Obligation can be settled at time of sale of property

Example of On Bill Financing for Mini Splits

| Mini Splits | | |
|--|------------|-------------|
| Electricity Rate (\$/kWh) | | \$0.1463 |
| Proposed Natural Gas Rate (\$/Therm) | | \$0.4500 |
| Gross Installation Cost | | \$18,000.00 |
| Federal Tax Credit (25C) <i>Must be income qualified</i> | | \$2,000.00 |
| HEEHRA/HEAR Rebate <i>Must be income qualified</i> | | \$1,750.00 |
| Net Financed Amount | | \$14,250.00 |
| Current Situation | | |
| Annual Gas Usage (Therms) | | 900 |
| Annual Gas Cost | | \$405.0000 |
| Cooling (Swamp Cooler) | \$0.0000 | No |
| Cooling (Window units) | \$292.6000 | Yes |
| With Mini Splits | | |
| Annual Electricity Usage (kWh) for Heating | | 9767 |
| Annual Electricity Usage (kWh) for Cooling | | 1500 |
| Est. Annual Electric Increase | | \$1,648.31 |
| Interest Rate (Annual) | | |
| | | 4.00% |
| Repayment Term (Years) | | 7 |
| Monthly Tariff Payment | | \$194.78 |
| Monthly Gas Cost Savings(Avg) | | \$33.75 |
| New Net Monthly Electric Cost (Avg) | | \$112.98 |
| Monthly Tariff Repayment | | \$194.78 |
| NET MONTHLY CASH IMPACT | | -\$274.01 |

Examples of On-Bill Programs

- **Traverse City Light & Power – Michigan:**
 - Launched in 2020
 - Loans from \$5k-\$30k
 - Term: up to 10 years
 - Interest rate: 3%
- **Ipswich Electric Light Department (ELD) – Massachusetts:**
 - **Launched in 2023**
 - Interest rate: 0% on-bill loan where the monthly charge is less than the estimated money saved from the energy efficient upgrades
- **City of Tallahassee Utilities – Florida:**
 - Est. 1983.
 - Interest rate: 5% interest financing for more than 25 energy-efficiency measures and solar PV.
 - Terms: Up to 7 years for most measures, and up to 10 years for solar measures
- **Fort Collin’s Epic Homes program**
 - Integrates directly into existing billing systems and utilizes a CDFI to handle loan administration and credit checks.
 - Capitalized through a mix of internal reserves, bank loans, and grants with on-bill interest rates around 5%

Potential Barriers

- Identifying capital partners
- Developing revolving loan fund
- Ensuring contractor pricing remains competitive
- Program administration capacity
- Robust program participation is necessary for program success
- Must have buy-in from contractors

Key Program Focus Areas

- Los Alamos has long, cold winters and relatively mild summers, which means most home energy use goes toward heating rather than cooling
- Summer temperatures have been gradually increasing, and more residents are beginning to install air conditioning for comfort
- The most beneficial upgrades are technologies that address both heating and cooling needs:
 - Cold-climate heat pumps that provide both heating and cooling
 - Insulation and air sealing to reduce heat loss in winter and heat gain in summer
 - Electrical panel upgrades to support electrification

Staff Recommendations

- Staff propose developing a program and pursuing grant funding to stand up the program
 - The program components could include:
 - Energy audits to identify the most effective upgrades
 - Heat pumps for heating, ventilation and cooling
 - Heat pump water heater
 - Insulation and air sealing
 - Energy-efficient windows and doors
 - Wiring and electrical panel upgrades where needed

Summary

- On-Bill Financing is a proven financing model used by utilities nationwide
- Helps overcome upfront cost barriers
- Supports beneficial electrification & conservation and helps spur the transition away from natural gas

Next Steps

To move forward, we recommend the Board of Public Utilities take the following actions:

- Direct staff to stand up the program to include:
 - Memorandum of Understanding with New Mexico Climate Investment Center and Coalition of Sustainable Communities New Mexico to explore program design and secure a capital allocation
 - Apply for supporting grants
 - Develop on-bill financing program

ESB Questions & Concerns

- Are we the first in NM to participate in On-Bill Financing?
- Regarding tax credits & rebates:
 - In general, there are income eligibility qualifications.
 - Some rebates only certain brands are eligible; there are very specific criteria.
- What is the time frame from application to product implementation?
- Would a contractor lien be placed on the home?
- Will you be checking home equity?
- How are you securitizing the loan?
- Who is underwriting the loan?
- What happens if the borrower defaults? Is it foreclosure?
- What happens if the borrower suffers from a job loss?
- What if the housing market goes up-side down?
- What happens if the home burns?
- Who is responsible for collections?

ESB Questions & Concerns

- What is the participation rate in other places with On Bill Financing?
 - Tallahassee has a 18% participation rate.
- Could eligible products include solar and batteries? (Could be helpful especially with time of use)
- Traverse City received \$1.8M in funding.
- Regarding Energy Audits – They are good because its good opportunity to educate homeowners on energy efficiency. It can also be used as a tool to qualify projects. It can demonstrate Return on Investment.
- On Bill Financing will provide better comfort, improve electrical safety, and improve lives.
- Ensure the borrower understands risk of not paying the monthly bill.
- Concerns were raised regarding the anti-donation clause and the proposed approach of working directly with the Climate Investment Center rather than pursuing a competitive process.

Thank you!
Questions?





County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Staff Report

June 03, 2026

| | |
|-------------------------------|---|
| Agenda No.: | 6.a. |
| Index (Council Goals): | DPU FY26 - 4.0 Sustain a Capable, Satisfied, Engaged, Ethical and Safe Workforce Focused on Customer Service; DPU FY26 - 2.0 Achieve and Maintain Excellence in Financial Performance; Quality Excellence - Employee Recruitment and Retention; Quality Governance - Fiscal Stewardship |
| Presenters: | Joann Gentry, Deputy Utility Manager-Finance & Admin. and Bernadette Martinez, Human Resources Manager |
| Legislative File: | 21724-26 |

Title

Approval of the Collective Bargaining Agreement (CBA) with the United Association of Plumbers and Pipefitters (UAPP), Local Union No. 412, Covering the Period of July 1, 2026, through June 30, 2031

Recommended Action

I move 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, 2026, through June 30, 2031, and forward to County Council for approval.

Utilities Manager's Recommendation

The Utilities Manager recommends that the Board of Public Utilities endorse County Council approval of the Agreement as requested.

Body

Los Alamos County and the United Association of Plumbers and Pipefitters Local 412 entered into negotiations on April 24, 2026, for the purpose of developing a new Collective Bargaining Agreement (CBA), as the current Agreement is set to expire on June 30, 2026. Negotiations were conducted over five (5) sessions and resulted in a tentative agreement reached on May 19, 2026. The Union ratified the tentative agreement on May 26, 2026. Attachment A shows the proposed collective bargaining agreement (CBA). The highlights of the CBA include:

The significant changes to the contract include:

- 1) Term of July 1, 2026 to June 30, 2031.
- 2) GWS Alternate Standby has been added to provide supplemental support to the Primary Standby. Employees assigned to Alternate Standby are not required to remain within Los Alamos County but must be fit for duty and able to report to work within sixty (60) minutes. Alternate Standby compensation will be twelve (12) hours of straight-time pay for each full standby week.
- 3) Rest periods were extended from eight (8) hours to ten (10) hours after working a 16 hour shift.
- 4) Salary adjustments are structured as percentage increases by job classification over the

five-year term. The cumulative increases are:

- Trainee: 9%
- Apprentice I: 10%
- Apprentice II: 17.5%
- Operator: 12.5%
- Senior Operator: 15%
- Pipefitter: 12.5%
- Senior Pipefitter: 21.5%

5) No Change to PERA contributions.

The salary structure increase over the next five (5) years will keep Los Alamos County competitive with LANL and other surrounding areas.

Alternatives

The alternative is to not approve the negotiated Agreement and direct the County to return to the negotiations table.

This proposed CBA is the result of good-faith negotiations between the County and UAPP. Although the parties could continue to negotiate different terms, the staff believes that approval of this contract is in the Parties' best interests.

Fiscal and Staff Impact

The FY27 costs of the CBA add approximately 2.9% to wages based on the classification-specific salary adjustments scheduled for the first year of the contract. Across the full five-year term, the contract results in an overall average wage increase of approximately 14% for the represented classifications.

Attachments

A - UAPP Agreement 2026-2031

AGREEMENT BETWEEN

The Incorporated County of Los Alamos



and

The United Association of Plumbers and Pipefitters
Local Union No. 412



Effective
July 1, 2026 – June 30, 2031

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Article 1 - PREAMBLE

Section 1. Parties: This Agreement made and entered into by and between the Incorporated County of Los Alamos in the State of New Mexico, hereinafter referred to as the "County", and The United Association of Plumbers and Pipefitters Local Union No. 412, hereinafter referred to as the "Union". When referred to jointly, the County and the Union shall be referred to as the "Parties".

Section 2. Purpose: The purpose of this Agreement is to establish wages, hours, and other conditions of employment, and to protect the rights of Los Alamos County, The United Association of Plumbers and Pipefitters Local Union No. 412 and ensure the provision of quality services to the citizens of this County. The Parties agree to strive toward the achievement of harmonious and beneficial relationships by the adjustment of differences through positive and professional interactions.

Section 3. Copies of Agreement: Each Party to this Agreement shall print sufficient copies for its own use. Distribution of copies of this Agreement by the Union to its members shall not be performed during normal work hours.

Article 2 - NONDISCRIMINATION

The Parties agree to the extent allowed by law that neither the Union's nor the County's respective policies or activities will discriminate against any employee based upon race, color, religion, sex, age, national origin, sexual orientation, gender identity, disability, veteran status, Union or non-union affiliation, or as otherwise prohibited by law. The Parties shall not discriminate against Bargaining Unit Employees on the basis of Union membership.

Article 3 - RECOGNITION

Section 1. Recognition: The County recognizes the United Association of Plumbers and Pipefitters Local Union No. 412 as the sole and exclusive collective bargaining agent on behalf of all employees as certified by the Los Alamos County Labor Management Relations Board in the designated bargaining unit in the positions of non-probationary Senior GWS Pipefitter, GWS Pipefitter, GWS Apprentice I and II, WWTP Operator, Senior WWTP Operator, WWTP Apprentice I, II, GWS/WWTP/Water Systems Trainee, Water Systems Operator, Senior Water Systems Operator, and Water Systems Apprentices I, II (Bargaining Unit Employees).

For purposes of this article and identification of the position titles in this bargaining unit only, the position titles recognized and designated in this bargaining unit have been changed for title purposes only as follows:

- GWS Pipefitter changed to Senior GWS Pipefitter
- GWS Service Worker changed to GWS Pipefitter
- GWS Apprentice I and II there is no change
- Senior WWTP Operator there is no change
- WWTP Apprentice I and II there is no change
- WWTP Apprentice III changed to WWTP Operator
- GWS/WWTP/Water Systems Trainee there is no change
- Water Systems Operator changed to Senior Water Systems Operator

- Water Systems Apprentices I, and II there is no change
- Water Systems Apprentice III changed to Water Systems Operator

The above changes reflect title changes only; there is no financial, economic, job description or content, or promotional gain as a result of these title changes.

Section 2. Severability: If any provision of this Agreement is determined by final order of an administrative body or court with jurisdiction over the Parties to be contrary to State or Federal law, the affected provision shall be rendered null and void. All other provisions not affected by the illegal provision shall remain in full force and effect. The provision determined to be contrary to law shall be subject to renegotiations by the parties provided either party submits a written request to reopen negotiations no later than 30 days after the parties knew or reasonably should have known on that issue only that the provision was contrary to law.

Article 4 - NO STRIKE, SLOWDOWN OR LOCKOUT

The Parties acknowledge that the New Mexico Public Employee Bargaining Act and the Los Alamos Labor Management Relations Ordinance make strikes illegal. The Union, its officers, agents, representatives and members agree that they shall not instigate, lead, engage in, or encourage a strike, slowdown, work stoppage or other interference of the County operations. The County shall not lockout Bargaining Unit Employees.

Article 5 - MANAGEMENT RIGHTS

Unless limited by the provisions of this Collective Bargaining Agreement or by other statutory provisions, the County may:

- A. Direct the work of, promote, hire, assign, transfer, demote, suspend, discharge or terminate a bargaining unit employee;
- B. Determine qualifications for employment and the nature and content of personnel examinations;
- C. Take lawful actions as may be necessary to carry out the mission of the County in emergencies;
- D. Retain all rights not specifically limited by this Collective Bargaining Agreement or by the Public Employee Bargaining Act [10-7E-1 to 10-7E-26 NMSA 1978].

Article 6 - UNION RIGHTS

The County recognizes the right of the Union to designate Bargaining Unit Employees as Stewards. Such Stewards will be granted leave without pay (when it does not interfere with their assigned duties and with the supervisor's approval) to see that the terms of this agreement are enforced or for other Union business. The County will recognize one (1) lead Steward and one (1) back-up Steward authorized to conduct business on behalf of the Union. The back-up steward will only conduct business on behalf of the union, only if the lead Steward is unavailable. The Union agrees to provide the County with the names of the authorized steward on July 1st of each year the Agreement is in

effect and at each time a change in stewards occurs. If the County requests the assistance of the steward in addressing or resolving a matter, such time spent while on duty will be considered time worked.

Article 7 - UNION DUES

The County will collect and forward dues and death assessment (if elected) deductions for Union membership from Bargaining Unit Employees who submit a written authorization form provided by the Union for this purpose. Such dues deductions shall be per job classification as defined by the Union for all Union members and shall not include any penalties, assessments, or arrears payments. Employees who desire to have dues and death assessments (if elected) deducted or cancelled may do so by submitting appropriate written notice that is signed and dated to the Human Resources Division fourteen (14) calendar days prior to the beginning of the pay period for which the action is to be effective. Such dues will be forwarded to the United Association of Plumbers and Pipefitters Local Union 412 at 510 San Pedro Dr. SE Albuquerque, NM 87108. The Parties agree the County assumes no further responsibility in connection with this authorized deduction except to act as remitting agent in forwarding lists and deductions to the Union. The Union, its membership, and individual members of the Bargaining Unit agree to hold the County safe and harmless of any legal action concerning the deduction of the Union dues or failure to deduct Union dues.

Article 8 - SAFETY COMMITTEE

- A. The County of Los Alamos Utilities Department (DPU) and the Union recognize that there is a common interest in improving employee safety and agree to cooperate in the promotion of that common interest and to continue their effort to reduce and eliminate hazardous workplace conditions.
- B. The - DPU Safety policies and practices shall meet or exceed all OSHA regulations. The most restrictive provisions will apply. All Bargaining Unit Employees are responsible for adhering to all safety policies, rules and regulations. The County is responsible for enforcing safety policies, rules and regulations.
- C. Bargaining Unit Employees who believe their work assignment requires that they perform an illegal or unsafe act should contact their supervisor. All Bargaining Unit Employees will comply with all Safety Regulations.
- D. The County has implemented a Utilities Department Safety Committee. The Union may designate a Bargaining Unit Employee to attend the DPU Safety Committee meetings. This committee shall meet at least quarterly and at other times by mutual agreement. The committee shall recommend the formulation of safety rules, regulations, and practices to improve upon the health and safety in the workplace.
- E. Any recommendations of the Safety Committee shall be submitted in writing to the Utilities Manager.

Article 9 - COUNTY PERSONNEL RULES

The County Personnel Rules and Regulations and DPU Policies and Regulations will apply to

Bargaining Unit Employees, unless they conflict with the provisions of this Agreement. If a conflict exists, this Agreement will govern.

If the County proposes a new rule or a change in existing Personnel Rule or to the Safety and Loss Control Manual or DPU Policies and Regulations which affects Bargaining Unit Employees, the County will provide notice of the proposed change to the Union, and allow the Union to provide written input prior to the implementation of the changes.

Bargaining Unit Employees will not be discriminated against for their lawful participation in the political process of adoption and change of County Personnel Rules.

Article 10 - GENERAL PROVISIONS

When a Bargaining Unit Employees' direct supervisor is not available, the Bargaining Unit Employee may contact a supervisor in accordance with the chain of command, if needed. After hours, the primary standby employee, as defined in DPU policies, is the initial point of contact. If the primary standby employee determines additional support is needed beyond the secondary standby employee, as defined in DPU policies, the primary standby employee will contact the Superintendent or designee, and thereafter follow the chain of command. Job briefings will be conducted in accordance with County rules and policies.

The County will not require Bargaining Unit Employees to work outdoors during heavy or continuous storms or during exceptionally cold weather, unless such work is necessary to protect life or maintain service to the public. The superintendent or designee will make the decision as to whether work will be performed during inclement weather. During such time as the Bargaining Unit Employees are held in or instructed to return to the shop because of inclement weather, the Bargaining Unit Employees may be assigned other duties.

Article 11 - GRIEVANCE PROCEDURES

Section 1. Purpose: There shall be no other grievance or appeal procedures for Bargaining Unit Employees other than those contained in this Article. All proposed disciplinary action shall be subject to and governed by Article 12 below.

Section 2. Definitions:

- A. The following disputes may be eligible for grievance:
 - 1. An alleged violation of this Agreement, involving the interpretation and application of its provisions.
 - 2. An allegation that a Bargaining Unit Employee has been adversely affected as a result of a violation of the County Personnel Rules, the County Charter, the County Code, or State or Federal Statutes relevant to the Bargaining Unit Employee's terms and conditions of employment.
- B. Grievant: A grievant may include the Union or any employee or group of employees within

the Bargaining Unit, or the County.

C. Days: Days referenced in this Agreement will mean Monday through Friday, not including holidays observed by the County.

Section 3. Representation: A Grievant and the Party charged may have any individual of the Grievant or Party's choosing to act as their representative at any hearing or meeting conducted under this procedure. If the Union is the grievant or representing an employee during Steps 1 or 2 of this process, representatives outside the Union and Utilities Management may be allowed to attend but may not participate.

Section 4. Process: Grievances will be filed on the grievance forms attached hereto in Appendix A. If the County fails to comply with the time limit requirements as set forth under any of the steps, the grievance shall be considered denied on the last day of the period and the grievant may move the grievance to the next level as set forth in this Article.

If the grievant fails to comply with the grievant's time-period requirements as set forth under any of the steps, the grievance shall be considered abandoned, null and void.

Step 1. Informal meeting

A grievance shall not be considered unless the grievant files the grievance in writing on the grievance form no later than five (5) days after the grievant knew, or reasonably should have known, of the action that precipitated the grievance. Such grievance will be considered filed upon receipt and signature of the Superintendent or designee. When a grievance is initiated, the Union or the grieving Bargaining Unit Employee and the Superintendent of the appropriate division will meet to attempt to settle the grievance as promptly as possible. The grieving Bargaining Unit Employee may request the presence of a steward. If a settlement is not reached within five (5) days from the initiation of the grievance, the grievant may submit such grievance to Step 2 within five (5) days of the date of the informal hearing.

Step 2

The grievance will be submitted in writing, by hand delivery, registered mail, or both mail and fax to the Deputy Utilities Manager of GWS operations or designee by the grievant or the Union. A copy will also be provided to the County's Human Resources Manager. Such grievance will be signed as received by the Deputy Utilities Manager of GWS operations, or designee. The letter will list the facts of the grievance and the requested remedy. The grievance shall contain what provisions of the Collective Bargaining Agreement, if any, is alleged to have been violated. The Deputy Utilities Manager of GWS operations, or designee, will respond to the written grievance not more than five (5) days after receipt of the grievance either concurring or denying the grievance and the reason for the decision.

Step 3

Within five (5) days of the date of the decision denying the grievance in Step 2, the Manager, Bargaining Unit Employee, and the Union Steward and/or Union Representative may submit their specific position in writing to the County Utilities Manager. The Utilities Manager may

request additional information as needed. The Utilities Manager will hold a meeting with all parties present. The Utilities Manager will have 10 days to respond to the grievance from the date of receiving the grievance.

Step 4

If no resolution to the grievance is reached in Step 3, the local Union and/or Grievant, within 10 days of the date of the decision denying the grievance, or within 20 days of the delivery of the grievance request to the Utilities Manager, whichever is earlier, may file for arbitration by requesting a panel of seven (7) arbitrators from the Federal Mediation and Conciliation Service. Within 10 days of receipt of the panel the parties will select an arbitrator. Each party will in turn strike a name until only one (1) name remains. The first strike will be determined by a coin toss and the last remaining arbitrator shall be selected to hear the case. The arbitrator, after hearing the case shall make a judgment based on the merits of the case. If the arbitrator finds a violation of the agreement with respect to the dispute or difference, they shall fashion an appropriate remedy, which shall include the decision, the rationale, and if appropriate, the relief. The arbitrator's decision shall be in writing. The arbitrator's decision will be final and binding, except as provided by law. The arbitrator will have no authority to detract from, alter, amend, or modify any provision of this agreement. There shall be no other grievance or appeal procedure for employees in the bargaining unit other than that contained in this article.

Section 5. Arbitration Fees: The fees and expenses of the Arbitrator will be divided equally between the County and the Union. Each party will pay their own expenses for all other costs incurred.

Section 6. Individual Arbitration: In the event the Union should decide not to proceed to arbitration with a particular grievance and should the grievant choose to proceed on their own to arbitration, the Union shall not be responsible for any cost associated with such arbitration. The grievant in this instance shall be responsible for all costs, including depositing in currency or cashier's check one-half of the anticipated fees and expenses of the arbitrator with the County's Human Resources Division prior to the commencement of such arbitration. Should the cost of the arbitrator be less than the deposit, such funds will be reimbursed to the grievant.

Section 7. Miscellaneous: Court reporters are permitted in arbitration but not required. If a court reporter is utilized, the cost will be split by the Parties. If a Party requests a copy of the transcript, the requesting party will pay for the transcript.

Section 8. Time Limits: All time limits referred to in this article may be extended upon mutual written agreement of the parties.

Article 12 - DISCIPLINE

- A. The County has the exclusive right to investigate and discipline Bargaining Unit Employees for cause.
- B. Discipline shall be administered in accordance with the following provisions:
 - 1. Discipline shall be fairly and equally applied. A Bargaining Unit Employee may be placed

on administrative leave with pay, if appropriate, during an investigation involving that Bargaining Unit Employee.

2. Discipline, to be effective, should be designed to correct and improve a Bargaining Unit Employee's performance and/or behavior. When discipline is to be imposed, progressive discipline shall be considered. The action to be taken depends on the seriousness of the incident and the whole pattern of the employee's past performance, length of service, and previous conduct. Because of the serious nature of some infractions, the first disciplinary action may skip some steps of the disciplinary process and result in termination. The level of discipline to be imposed shall be an exclusive determination of the County.
3. "Days" referenced in the Article will mean Monday through Friday, not including holidays observed by the County.
4. Within five (5) days of receipt of the notice of proposed disciplinary action, the Bargaining Unit Employee shall be provided the opportunity to respond, in writing or request in writing to be heard at an informal hearing conducted by a designee of the Utilities Manager, to the notice of proposed disciplinary action(s) prior to the imposition of any suspension without pay, involuntary demotion or termination.
5. The Bargaining Unit Employee may be accompanied by a representative of their choosing when responding to any notice of proposed suspension without pay, involuntary demotion or termination. Any other discipline imposed shall not require adherence to this procedure.
6. Following the Bargaining Unit Employee's response to any notice of proposed suspension without pay, involuntary demotion or termination, the County shall issue a notice of final determination within 10 working days.
7. In accordance with the County's Personnel Rules and Regulations, an Employee who has been terminated, involuntarily demoted or suspended has the right to an appeal. The Bargaining Unit Employee shall make an irrevocable election to have the appeal decided by the County's Personnel Board, or to have the appeal decided by an Arbitrator, but not both.
8. Notice of appeal must be filed with the Human Resources Manager no later than 10 days after receipt of notice of final determination. The notice of appeal must:
 - a. be in writing;
 - b. set forth the reason(s) why the disciplinary action is thought to be improper; and
 - c. indicate whether the Bargaining Unit Employee is choosing to have the County's Personnel Board or an Arbitrator decide the appeal.
9. If the Employee chooses to have the County's Personnel Board decide the appeal, the appeal hearing will proceed in accordance with Section 608.2 of the County's Personnel Rules and Regulations.
10. If the Bargaining Unit Employee chooses to have an Arbitrator decide the appeal, the

following shall apply to the appeal hearing:

- a. Within seven (7) days of the receipt of notice of appeal indicating the irrevocable election to have the appeal decided by an Arbitrator, the Human Resources Manager shall notify the Bargaining Unit Employee, the Union and the County of receipt.
- b. Within seven (7) days of the receipt of notice from the Human Resources Manager, the Union shall make a request for a panel of seven (7) Arbitrators from the Federal Mediation and Conciliation Service ("FMCS") with a copy to the Human Resources Manager. Within seven (7) days of the receipt of a list of Arbitrators by both Parties, the Parties will select the Arbitrator. The Union shall strike the first name from the list. The Parties shall alternatively strike names thereafter and the last remaining name shall be the Arbitrator selected.
- c. The hearings on appeals from disciplinary action are administrative and shall be closed to the public unless otherwise requested in writing by the Bargaining Unit Employee to the Human Resources Manager at least three (3) days before the hearing.
- d. The Bargaining Unit Employee and the County have the right to present witnesses, and give evidence before the Arbitrator. The Human Resources Manager must be given the list of witnesses from both Parties at least five (5) days before the hearing, a copy of which shall be provided to both Parties and the Arbitrator. Required prior notice of the hearing and the time for submission of a witness list may be modified by the Arbitrator as necessary to assure that the hearing is timely held.
- e. The appeal hearing before the Arbitrator is intended solely for the purpose of receiving evidence to refute or to substantiate specific charges which the Arbitrator has been requested to review. The Arbitrator shall admit evidence only relevant to those allegations against the Bargaining Unit Employee included in both the notice of proposed action and the notice of final action.
- f. The Arbitrator shall first determine if there is cause for the disciplinary action. The disciplinary action taken shall be affirmed unless the Arbitrator finds that there was not sufficient cause for the disciplinary action, in which event the disciplinary action taken shall be overturned. If cause is found, the Arbitrator shall uphold or impose a lesser disciplinary action based upon the finding of mitigating circumstances.
- g. The Arbitrator's decision shall be in writing and shall include the decision, the rationale and, if appropriate, relief. The Arbitrator shall not have the authority to make an award that includes a fine or other punitive damages or award of attorneys' fees.
- h. The Arbitrator's final action shall be recorded within 30 days of the decision at the Clerk's Office and with the County Manager, a copy of which shall be immediately furnished to the Bargaining Unit Employee and the County.
- i. The Arbitrator's fees and costs shall be shared equally by the Parties. The party canceling an arbitration will pay in full any cancellation charges/fees absent any

agreement. All other expenses shall be assumed by the Party incurring the costs, including the cost of witnesses.

- j. The Arbitrator's decision shall be final and binding on the parties, subject only to judicial review in accordance with New Mexico law.

11. There shall be no other disciplinary appeal procedure under this Article for Bargaining Unit Employees other than the procedures contained in this Article.

Article 13 - SENIORITY

Section 1. Occupational Groups: The occupational group, for the purposes hereof, shall consist of the following Gas, Water, and Sewer (GWS), Water Production and Wastewater Treatment.

Section 2. Termination of Seniority: The seniority of a Bargaining Unit Employee shall terminate under any of the following conditions:

- A. When the Bargaining Unit Employee quits; or
- B. When the Bargaining Unit Employee is discharged.

Section 3. Active Service: Active service, for the purposes of this Article, is herein defined as the actual amount of time for which a regular employee received compensation for full-time employment from the County, to which shall be added:

- A. Approved leave of absence for service in the military forces of the United States,
- B. Approved absence while convalescing from an accident, sickness or injury,
- C. Approved absence provided for under the Family Medical Leave Act (FMLA) and any accompanying administrative regulation related to the FMLA issued by the County,
- D. Leave of absence for Union business may be granted based on availability of coverage by other employees, adequate delivery of services to the citizens and maintenance of the County workload.

Article 14 - TRANSFERS AND REASSIGNMENTS

The County retains the right to assign employees in the best interest of the Utilities Department and in ensuring uninterrupted service to the citizens of Los Alamos County. Bargaining Unit Employees shall be notified at least seven (7) days prior to any change in their job assignment. In the event of emergencies, notification shall occur as soon as possible.

Article 15 - DRUG/ALCOHOL TESTING

- A. The Parties agree that employees are subject to the requirements of the Department of Transportation Anti-Drug and Alcohol Act, as administered by the Federal Motor Carrier Safety Administration (FMCSA) and /or the Pipeline and Hazardous Materials Safety

Administration (PHMSA). These regulations apply to employees that perform both CDL functions and pipeline maintenance functions and cover random, post-accident, pre-employment, and return-to-duty drug and alcohol testing.

- B. The County will administer drug/alcohol testing in conformity with the County-wide Drug and Alcohol Testing Policy and Testing Procedures, incorporated herein by reference for all purposes or any reiteration thereof during the term of this Agreement.

Article 16 - UNIFORMS

- A. The DPU Uniform, consists of pants, shirts, and winter work jacket/coat as provided by the County, and shall be worn by Bargaining Unit Employees at any time the Bargaining Unit Employee is on duty. Uniforms shall not be removed from the worksite.
- B. Uniform items including pants, shirts, winter work jackets/coats, and gloves will be replaced as needed when they become worn or damaged through normal job-related use. This Article does not cover items that are lost, stolen, or damaged due to negligence or intentional acts.
- C. Bargaining Unit Employees must turn in worn or damaged uniform items and obtain supervisor approval to receive a new issue.
- D. Bargaining Unit Employees shall receive a \$500.00 boot allowance once annually no sooner than 12 months from prior allowance received.
- E. Bargaining Unit Employees will receive reimbursement for up to \$150.00 for the purchase of safety prescription glasses as needed, but not more frequently than bi-annually

Article 17 - COMPENSATORY TIME

Bargaining Unit Employees will be offered Compensatory Time in accordance with the Provisions of the County Personnel Rules and Regulations.

Article 18 - STABILITY PAY

Bargaining Unit Employees will be offered Stability pay in accordance with the Provisions of the County Personnel Rules and Regulations.

Article 19 - MEALS AND EXPENSES

Travel expenses and per diem will be paid to a Bargaining Unit Employee in accordance with applicable County policy. When held over or called out, the Bargaining Unit Employee will be entitled to a meal after four (4) hours and every five (5) hours after that until released from work.

Article 20 - ANNUAL LEAVE

Annual leave shall be accrued and utilized in accordance with the provisions of the County Personnel Rules and Regulations.

Article 21 - SICK LEAVE

Sick leave shall be accrued and utilized in accordance with the provisions of the County Personnel Rules and Regulations.

Article 22 - HOLIDAYS

Holidays shall be granted and compensated for in accordance with the provisions of the County Personnel Rules and Regulations.

Article 23 - CERTIFICATIONS

Bargaining Unit Employees will be required to obtain and maintain licenses as required by the State of New Mexico and the County as a condition of employment. Obtaining and maintaining such licenses will be the responsibility of the Bargaining Unit Employee. Bargaining Unit Employees will be reimbursed by the County for the cost of each required license, with a receipt from the appropriate State Agency as well as verification of a passing score, if applicable.

Article 24 - STAND-BY DUTY

- A. Stand-by duty will be applied in accordance with the provisions of the County Personnel Rules and Regulations for stand-by pay for the primary and secondary employees assigned each week. Both the primary and secondaries shall remain in Los Alamos County and will be paid equivalent of 24 hours pay at their regular rate for a full calendar week of stand-by duty.
- B. When the primary and secondary Bargaining Unit Employees are required to be on stand-by duty on a holiday (per County Personnel Rule 720) but are not called-out, those stand-by hours will be considered time worked only for the purposes of overtime calculation.
- C. When the primary and secondary Bargaining Unit Employees are required to be on stand-by duty on a holiday (as defined by Rule 720) and are called-out, called-out hours actually worked will be compensated in accordance with the provisions of the County Personnel Rules and Regulations.
- D. GWS Alternate Standby

The GWS Alternate Standby Crew is assigned on a rotating Friday-to-Friday schedule to provide supplemental support to the Primary Standby team when operational demands exceed available resources. In accordance with Personnel Rule 314, alternate personnel are not required to remain within Los Alamos County and may hold standby from home but must remain immediately available by phone or approved communication at all times. While on standby, Bargaining Unit Employees must remain fit for duty and capable of responding to emergency service requests as soon as possible, with a maximum response time not to exceed 60 minutes from initial contact.

Alternate Standby Bargaining Unit Employees will receive 12 hours of straight-time pay for

each full standby week. If activated, Bargaining Unit Employees will be compensated in accordance with applicable callout and overtime policies, with standby pay remaining separate and not counted as hours worked. If a County-recognized holiday occurs during the standby period, the employee will be granted one (1) additional day off with pay, to be used within 90 days subject to operational needs. Failure to maintain availability or meet response requirements may result in disciplinary action.

Article 25 - CALL-OUT ADMINISTRATIVE LEAVE

- A. If a Bargaining Unit Employee works 16 consecutive hours, the Bargaining Unit Employee is entitled to a 10 consecutive hour rest period, inclusive of travel time. If the rest period overlaps the Bargaining Unit Employee's normal work schedule, the Bargaining Unit Employee shall receive paid administrative leave for the overlapping period of time between the Bargaining Unit Employee's normal work schedule and the rest period at their regular rate. The overlapping period shall be considered time worked for overtime purposes.
- B. If an employee works at least two (2) hours between the hours of midnight and 5:00 a.m. , or gets called out between 2:00 a.m. and 5:00 a.m., they will be eligible for a 10-hour rest period. Bargaining Unit Employees on standby shall remain on standby until the start of their next regular shift. The rest period will start at the end of the last hour worked on call-out. Any portion of the rest period that overlaps the Bargaining Unit Employees' regular work shift will be paid as administrative leave at the Bargaining Unit Employee's regular rate of pay. If the initial call out is after 5:00 a.m., there is no rest period. Stand-by pay shall not be considered time worked and will not count toward overtime.
- C. If the Bargaining Unit Employee is holding standby and is called out, and becomes eligible for a rest period, the employee shall contact supervisor at least two (2) hours in advance of such eligibility, to be relieved of standby during the rest period. Stand-by pay shall not be considered time worked and will not count toward overtime.
- D. Call-Out: When a Bargaining Unit Employee is called back to work after departing at the end of the normal workday and reports to work, the Bargaining Unit Employee shall be paid the actual hours worked, for a minimum of four (4) hours, excluding travel time to and from the reporting site (Pajarito Cliff Site or LA Wastewater Treatment Plant).
- E. Extension of Workday: When a Bargaining Unit Employee is held over at the end of the normal workday, the Bargaining Unit Employee will be paid for actual hours worked, including waiting time when the Bargaining Unit Employee is required to remain on the job site.

Article 26 - OPERATIONAL NEEDS

The Parties acknowledge that at times the County may have a need to bring in additional help to complete a project in the form of Temporary, Casual, and Limited-Term Employees, or Contractors. The Union, its officers, agents, representatives, and members agree that these individuals are not part of the collective bargaining group and that they are not regular employees.

Article 27 - PAY

A. Salary Adjustments

Effective the first full pay period after June 30, 2026, or following ratification and signature of this Agreement by both Parties, or resolution of any impasse, whichever is later, Bargaining Unit Employees will receive a salary adjustment as identified below. Hourly rates for each classification are identified in Exhibit A.

| Salary Adjustment | | | | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Classification | FY27 | FY28 | FY29 | FY30 | FY31 |
| Trainee | 1.5% | 1.5% | 2.0% | 2.0% | 2.0% |
| Apprentice 1 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Apprentice 2 | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| Operator | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Sr. Operator | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Pipefitter | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Sr. Pipefitter | 5.0% | 4.5% | 4.0% | 4.0% | 4.0% |

B. Temporary Retention Incentive

Bargaining Unit employees will receive a temporary hourly retention incentive. This temporary incentive will remain static, and in effect through the end of the contract term.

| Temporary Retention Incentive | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Classification | FY27 | FY28 | FY29 | FY30 | FY31 |
| Trainee | \$ 2.40 | \$ 2.40 | \$ 2.40 | \$ 2.40 | \$ 2.40 |
| Apprentice 1 | \$ 3.37 | \$ 3.37 | \$ 3.37 | \$ 3.37 | \$ 3.37 |
| Apprentice 2 | \$ 4.33 | \$ 4.33 | \$ 4.33 | \$ 4.33 | \$ 4.33 |
| Operator | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 |
| Sr. Operator | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 |
| Pipefitter | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 |
| Sr. Pipefitter | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 | \$ 8.65 |

C. PERA Contributions

The County shall provide eligible employees with Public Employees Retirement Association (PERA) benefits under the Municipal General Plan 3. The County implemented a 60/40 PERA split (employer 60% / employee 40%) of the total contribution amount required for both County and employee PERA contributions, which resulted in County assumption of roughly 5% of the employee’s contribution obligation to PERA as outlined below.

| Municipal General Plan 3 | | | |
|---|------------------------------|------------------------------|--------------------------------------|
| PERA Contribution Amounts | | | |
| After Employer Pick up (Effective Split - Employee 40% / Employer 60%) | | | |
| FY 27 | | | |
| | Employee Contribution | Employer Contribution | Employer Pick up contribution |
| | 11.38% | 11.80% | 5.27% |
| Total ER % | 17.07% | | |
| Total % | 28.45% | | |

Article 28 - CERTIFIED API 1104 WELDING PAY– GAS DISTRIBUTION SYSTEM

Section 1. Incentive Pay for API 1104 Welding: Each certified API 1104 welder shall receive incentive pay as defined in Section 2 , in addition to regular wages, on call, or other contractually defined pay rates for the employee completing the weld project. Incentive pay shall be per weld. Definitions of weld types and the incentive pay associated with each weld type is listed in Section 2. All listed weld type projects shall include all preparation work necessary to prepare for and execute the weld per all applicable regulations and codes; including actively setting up and preparing the weld, etc. Incentive pay shall be for the individual actually completing the welding. No additional incentive pay shall be provided to any individual providing assistance to the certified welder. The County will provide all necessary tools, equipment and supplies to perform the weld.

Section 2 . Incentive Pay Weld Types and Description (Field Welding)

1. \$300 - (Most Common type of weld) ¾” or smaller diameter service tee with transition fitting and cap on existing service.
2. \$500 - (Most Common type of weld) 1” service tee with transition fitting and cap on existing service.
3. \$700 - (Most Common type of weld) 1-1/4” service tee with transition fitting and cap on existing service.
4. \$750 - 2” through 4” Short stopper plug line and install pup piece or transition fitting.
5. \$900 - 2” through 6” Saddle tee and transition fitting.
6. \$200 - 3/4” through 2” Butt weld only.
7. \$400 - 4” through 6” Butt weld only.
8. \$600 - 8” through 12” Butt weld only.
9. \$400 - 3/4”through 2”Oxy Acetylene weld.

10. \$50.00 per hour - Rate for payment of API 1104 welding activities on special projects that do not fit the description of the listed typical field weld definitions listed above an in shop fabrication welds. Rate of pay is additional to regular, on call or other contractually defined pay rates for the employee completing the welding. Payment at this rate is for time spent actually welding and actively setting up and preparing the weld, etc. The maximum number of hours for any individual special project shall be 12 hours.

Article 29 - COMPLETE AGREEMENT

The Parties acknowledge that during the negotiations that resulted in this Agreement, each has had the unlimited opportunity to make demands and proposals with respect to all proper subjects of collective bargaining. All such subjects were discussed and negotiated upon. The Agreements contained in this contract were arrived at after the free exercise of such rights and opportunities. The County and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right and each agrees that the other will not be obligated to bargain collectively with respect to any subject or matter not specifically referred to in this Agreement, even though such matter may not have been within the knowledge or contemplation of either or both Parties at the time of negotiation and/or signing of this Agreement. The parties may not take actions which conflict with any provision of this Agreement.

Article 30 - SCOPE AND PROCEDURES

Section 1. Scope: This Agreement and the provisions hereof shall constitute the total agreement in force and effect between the Union and the County as herein set forth, all subject to applicable provisions of law.

Section 2. Negotiating Procedures:

- A. Either Party may initiate negotiations for a successor agreement by submitting a written notice to the other party, requesting the commencement of negotiations. The notice shall be sent no earlier than 120 days and no later than 60 days prior to the Agreement's expiration date. Within a reasonable time period after receiving notice, the Party receiving the request for bargaining shall respond in writing and shall suggest a date at which time the parties shall meet and determine a mutually agreed upon time and place to begin negotiations.
- B. Negotiations shall be conducted in closed sessions.
- C. The parties shall negotiate ground rules.
- D. During negotiations, the parties shall meet at mutually acceptable times and locations.
- E. The parties agree to proceed to negotiate non-economic issues first.
- F. When tentative agreements are reached, they will be reduced to writing and signed and dated by the respective spokesperson of each party. Such agreements are conditional and may be withdrawn or amended by mutual agreement of the parties should subsequent discussions change either party's intent or understanding of the language as it relates to another part of the Agreement.

- G. In the event an impasse is reached, the party declaring impasse shall, within 10 business days from the date of declaration, provide the other Party a written list of the issues that remain unresolved. The list can contain only mandatory subjects of bargaining. The other Party shall provide a written list of their issues within 10 days of receipt of the issues submitted by the party declaring impasse. Only the items on this list will be addressed in mediation and presented as unresolved issues at Arbitration.
- H. In the event mediation does not resolve the impasse, the Parties shall proceed to Arbitration pursuant to the Los Alamos County Labor Management Relations Ordinance.
- I. Complete agreement on negotiations is accomplished when the Union membership ratifies the Agreement, the Utilities Board and the County Council approves it, and the respective representatives sign it, or by the decision of an arbitrator that is not appealed.

Section 3. Mutual Agreement: During the term of this Agreement, either Party desiring a change in the working rules, conditions, or wages or any other term set forth in this Agreement shall give written notice to the other Party and upon mutual consent, the Parties agree to endeavor to arrive at a satisfactory adjustment of the proposed change or changes within a reasonable time thereafter, and this Agreement may be amended upon terms mutually satisfactory to the Parties. Amendments to this Agreement may be reached exclusively by written agreement between the Utilities Manager for the County and the Business Manager, or designee, for the Union.

Article 31 - TERM OF AGREEMENT

This Agreement shall become effective upon its date of signature by the Parties following ratification by the Union and approval by the Utilities Board and the County Council, and remain in effect through June 30, 2031.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed this _____ day of _____, 2026.

UNITED ASSOCIATION OF
PLUMBERS AND PIPEFITTERS
LOCAL UNION 412

INCORPORATED COUNTY
OF LOS ALAMOS

Arthur Sparks
Business Representative

Philo Shelton
Utilities Manager

Anne W. Laurent
County Manager

Attest:

Michael Redondo County Clerk

Exhibit A - UAPP COMPENSATION

| UAPP HOURLY RATES | | | | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Classification | FY27 | FY28 | FY29 | FY30 | FY31 |
| Trainee | \$ 25.29 | \$ 25.67 | \$ 26.19 | \$ 26.71 | \$ 27.24 |
| Apprentice 1 | \$ 28.63 | \$ 29.20 | \$ 29.79 | \$ 30.38 | \$ 30.99 |
| Apprentice 2 | \$ 32.28 | \$ 33.41 | \$ 34.58 | \$ 35.79 | \$ 37.04 |
| Operator | \$ 38.37 | \$ 39.32 | \$ 40.31 | \$ 41.32 | \$ 42.35 |
| Sr. Operator | \$ 44.25 | \$ 45.58 | \$ 46.94 | \$ 48.35 | \$ 49.80 |
| Pipefitter | \$ 38.37 | \$ 39.32 | \$ 40.31 | \$ 41.32 | \$ 42.35 |
| Sr. Pipefitter | \$ 45.11 | \$ 47.14 | \$ 49.02 | \$ 50.98 | \$ 53.02 |

| Temporary Retention Incentives | |
|---------------------------------------|---------|
| Trainee | \$ 2.40 |
| Apprentice 1 | \$ 3.37 |
| Apprentice 2 | \$ 4.33 |
| Operator | \$ 8.65 |
| Sr. Operator | \$ 8.65 |
| Pipefitter | \$ 8.65 |
| Sr. Pipefitter | \$ 8.65 |

| Salary Adjustment | | | | | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Classification | FY27 | FY28 | FY29 | FY30 | FY31 |
| Trainee | 1.5% | 1.5% | 2.0% | 2.0% | 2.0% |
| Apprentice 1 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Apprentice 2 | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| Operator | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Sr. Operator | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Pipefitter | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Sr. Pipefitter | 5.0% | 4.5% | 4.0% | 4.0% | 4.0% |

Appendix A - GRIEVANCE FORM

United Association of Plumbers and Pipefitters
Local Union No. 412

Incorporated County of Los Alamos

GRIEVANCE FORM

Date _____ Grievance # _____ Site: _____

Grievant
Name: _____
Employer: _____
Agreement: _____
Violation: _____

| | <u>Outcome</u> |
|--------------------------------|----------------|
| Step One _____ Date _____ | _____ _____ |
| Step Two _____ Date _____ | _____ _____ |
| Step Three _____ Date _____ | _____ _____ |

Remedy: _____

Received by: _____ Date: _____

Grievant Name: _____ Accept Reject

Grievant Signature: _____



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Staff Report

June 03, 2026

| | |
|-------------------------------|---|
| Agenda No.: | 6.b. |
| Index (Council Goals): | Quality Excellence - Effective, Efficient, and Reliable Services; Quality Governance - Fiscal Stewardship; DPU FY26 - 1.0 Provide Safe and Reliable Utility Services; DPU FY26 - 2.0 Achieve and Maintain Excellence in Financial Performance |
| Presenters: | Ben Olbrich, Deputy Utility Manager-Finance & Admin. |
| Legislative File: | 21725-26a |

Title

Approval to Execute a Power Purchase Agreement in an Amount not to Exceed \$4,725,000 Plus Applicable Gross Receipts Tax, to supply power and energy to the Los Alamos Power Pool for the Month of July 2026

Recommended Action

I move that Council approve a Power Purchase Agreement with a yet-to-be determined provider, competitively selected not later than June 26, 2026, in an amount not to exceed FOUR MILLION SEVEN HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$4,725,000.00) plus applicable gross receipts tax, for the purpose of supplying power and energy to the Los Alamos Power Pool for the month of July 2026.

Utilities Manager's Recommendation

The Utilities Manager recommends that Council approve the motion as presented.

Board, Commission or Committee Recommendation

The Board of Public Utilities approved this request at their work session on June 3, 2026 and recommends that Council approve the motion as presented.

Body

DPU's current Power Purchase Agreement (PPA) with Mercuria Energy America, Inc. ends on June 30, 2026. An average of 80 megawatts (MW) of power is needed throughout July to supply the Los Alamos Power Pool's forecasted load.

DPU is seeking the lowest-priced offer for a new PPA to meet this need. At the time of publication of this staff report, indicative pricing is \$63 per megawatt-hour (MWh). Staff will solicit offers until the end of the day on June 26, 2026. This pricing is presented as an estimate because the price will change along with market power prices, up until the day that the agreement is fully executed. An approximately 25% contingency of \$15.75 per MWh is added to the indicative price to account for a potential market price increase, increasing the price to \$78.75 per MWh. Approximately 60,000 MWh of energy will be purchased, and at \$78.75 per MWh amounts to \$4,725,000 excluding GRT. GRT at 7.0625% is \$334,000, for a total amount of \$5,059,000.

The selected power supplier will be party to the WSPP AGREEMENT, dated October 31, 2025,

and the PPA will be executed pursuant to this WSPP AGREEMENT, with the specific terms and conditions stated in a confirmation letter prepared immediately before execution of the agreement.

The ECA Modification #26 expiration date is July 31, 2026 and this additional month of purchased power is covered under this modification.

Alternatives

If the PPA is not approved, staff will not have time to seek approval of another PPA. Staff will use economy purchases to buy power, which comes with a price risk.

Fiscal and Staff Impact

No immediate fiscal impact because the approved budget for power purchases is sufficient for this proposed PPA. There is no anticipated staff impact since all associated work is a part of normal electric production work functions.



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Staff Report

June 03, 2026

| | |
|-------------------------------|--|
| Agenda No.: | 6.c. |
| Index (Council Goals): | Quality Excellence - Effective, Efficient, and Reliable Services; DPU FY26 - 3.0 Be a Customer Service Oriented Organization that is Approachable, Communicative, Efficient, and Transparent |
| Presenters: | Joann Gentry, Deputy Utility Manager-Finance & Admin. |
| Legislative File: | 21287-26 |

Title

Annual Review of the Utilities Assistance Program (UAP)

Body

As Utility costs increase, the burden on lower-income households becomes increasingly challenging to manage. The “Energy Assistance Program” was initially intended to provide heating assistance to low-income customers through the winter months. In 2015, the program was expanded to provide year-round assistance to Senior Citizens (over 65), to add water to eligible services, and one-time assistance to households demonstrating unusual and unanticipated hardship. Accordingly, the program was renamed the “Utilities Assistance Program”. In 2019, further expansion of the program was approved to include year-round assistance to account holders qualified through the Social Security Administration as disabled or eligible for Supplemental Security Income (SSI). This change also expanded the assistance program to include sewer charges.

The purpose of the UAP is to assist qualified low-income residential customers of the Utility during the periods of October 1 through March 31, or year-round for citizens over age 65 or account holders qualified through the Social Security Administration for Supplemental Security Income (SSI), or one-time assistance to account holders who demonstrate need due to unforeseen and unusual circumstances. Funding is provided voluntarily by customers.

Assistance is limited by the amount of contributions. The Utility shall attempt to distribute assistance based on need. Assistance provided will be up to 30% of the customer’s average bill for electricity, gas, water, and sewer consumption during the previous winter months of October through March, with a maximum of \$158.00 per month and a minimum of \$20.00 per month.

A single lump sum assistance credit may be applied to a qualified customer’s bill if they have a demonstrated need due to unforeseen circumstances (e.g., layoff, illness, major household repairs) and are at risk of having their utility services turned off for non-payment. A brief statement of income and anticipated expenses, a statement of need or hardship as to why available resources are not sufficient to pay the utilities bill, and details of other assistance resources sought or expended will be required. A single lump sum payment will generally be granted only once in a rolling twelve-month period and only after all other assistance programs

have been exhausted. The maximum amount will be \$350.00. Each application will be judged on its own merit. Staff will make a recommendation after reviewing the hardship documentation provided to ensure compliance with the requirements stated in this provision, for final approval by the Deputy Utilities Manager for Finance and Administration.

In September 2025, the minimum and maximum assistance amounts were increased to \$20 and \$158, respectively. With the current rate increase in place for Electric and Sewer and the anticipated rate increase for Gas and Water, comparing December 2025 to December 2026 anticipated rates. To align with these increased rates and ensure adequate support for low-income households, we will be propose raising the minimum assistance to \$22 and the maximum to \$174. DPU staff will bring back changes to the DPU Rules and Regulations in July, after the Gas and Water rate ordinances have been introduced and the anticipated rate ordinance approvals are in place by Los Alamos County Council. DPU staff will not be recommending any modifications to the one-time assistance benefit: the maximum amount will remain at \$350.

Fiscal and Staff Impact

The Utility Assistance funds beginning balance for Fiscal Year 2025 was \$26,014.

Attachments

A - UAP Presentation

Utility Assistance Program (UAP)

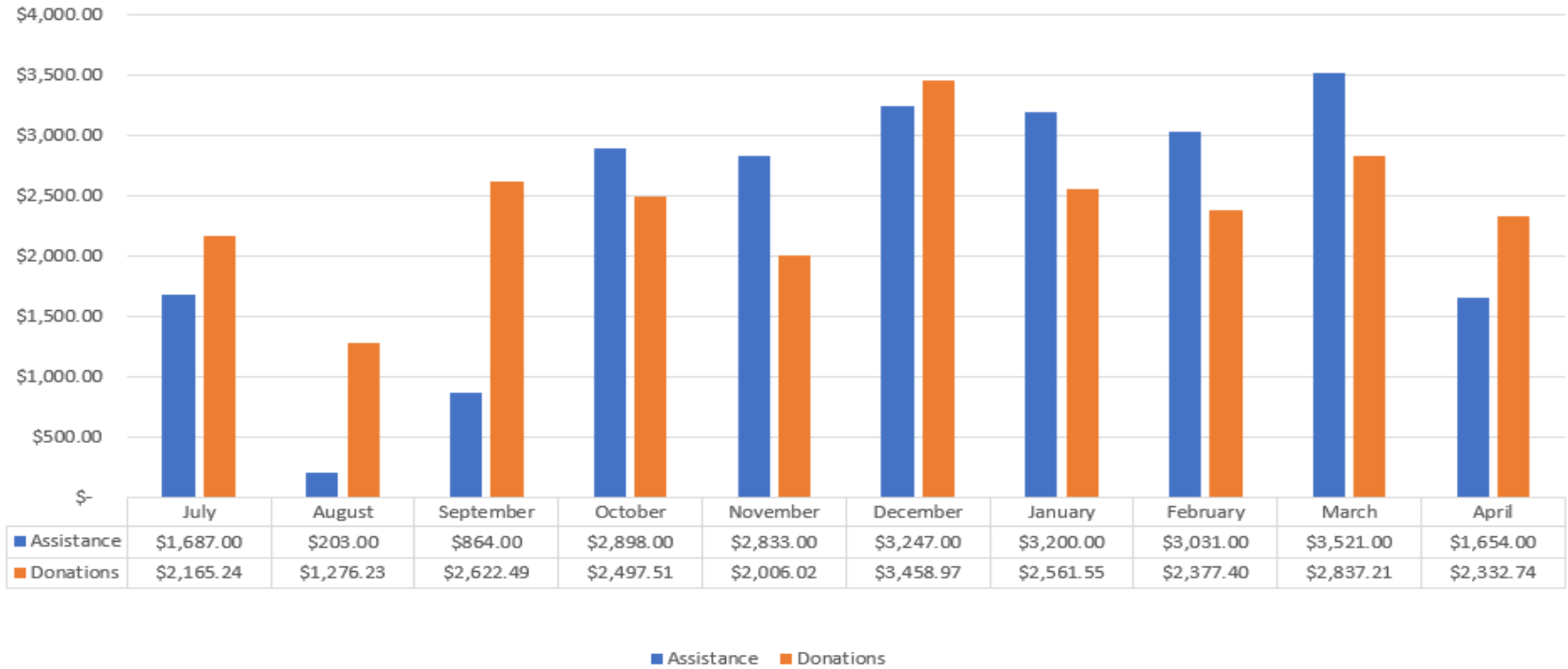
June 3, 2026

Utility Assistance Program

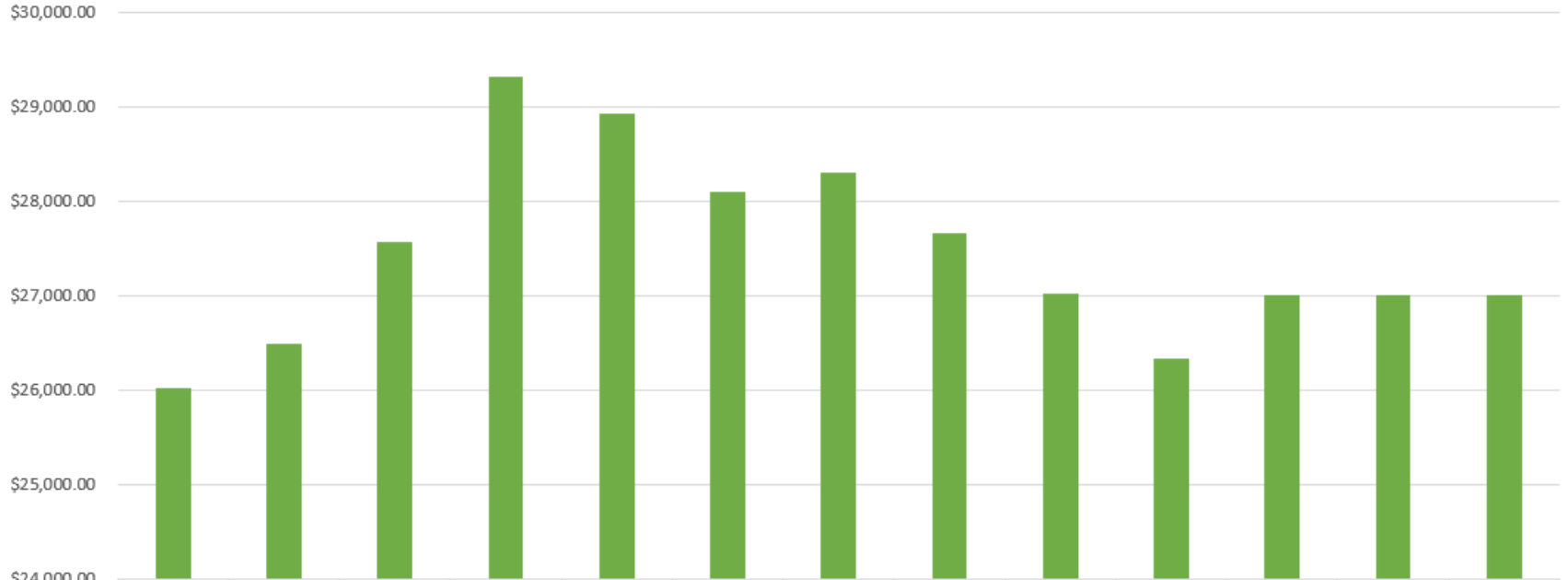
UAP is designed to aid qualified low-income residential customers

- ❖ Winter Assistance – October through March (\$20 - \$158)
 - ❖ To qualify, the resident will need to provide one of the following: a current LIHEAP benefit letter, a SNAP benefit letter, a previous year's tax return, or copies of 2 two most recent pay stubs.
- ❖ Year-Round Assistance – October through September (\$20 - \$158)
 - ❖ To qualify, the resident will need to provide: Supplemental Security Income award letter
- ❖ One-Time Assistance
 - ❖ Demonstrate hardship or unforeseen circumstances (e.g., layoff, auto repair, illness, etc.) and are in danger of utility services being disconnected for non-payment. Lump sum payment up to \$350.
- ❖ Median Household Income
 - ❖ $\$143,188 \times 50\% = \$71,594$

Utility Assistance & Donations



Utility Fund Balance for FY2026

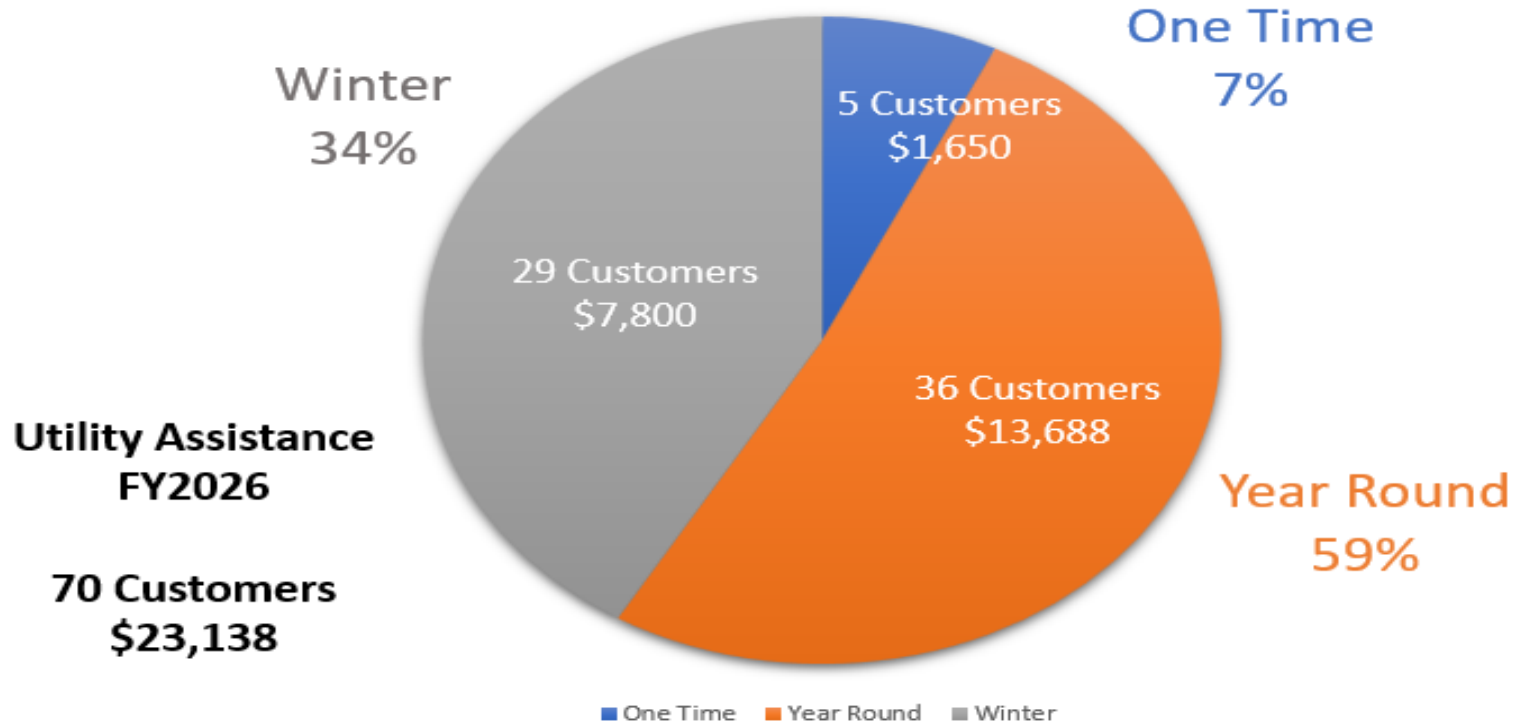


| | FY2026 Beginning Fund Balance | July | August | September | October | November | December | January | February | March | April | May | June |
|----------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ■ Fund Balance | \$26,013.65 | \$26,491.89 | \$27,565.12 | \$29,323.61 | \$28,923.12 | \$28,096.14 | \$28,308.11 | \$27,669.66 | \$27,016.06 | \$26,332.27 | \$27,011.01 | \$27,011.01 | \$27,011.01 |

UTILITY ASSISTANCE FUND BALANCE BY FISCAL YEAR



FY2026 Household Assisted by Category



Additional Resources

- ❖ Low Income Home Energy Assistance Program (LIHEAP)
- ❖ Self-Help
- ❖ LA Cares
- ❖ Los Alamos County Social Services

Amount of Assistance from additional resources from July 2025

- ❖ LIHEAP - \$6,184
- ❖ LA Cares - \$23,288

Increase of Minimum and Maximum UAP Assistance Amount

| December 2025 | | | | | | |
|---------------|-----------|-------------|----------------|------------------|------------------|----------------------------|
| | Average | Service Fee | Commodity Rate | | | |
| Electric | 500 | \$ 17.60 | \$ 0.1463 | \$ | 90.75 | |
| Gas | 126 | \$ 14.25 | \$ 0.76 | \$ | 110.01 | |
| Water | 6,000 | \$ 16.69 | \$ 7.53 | \$ | 61.87 | |
| Sewer | Flat Rate | \$ 14.03 | \$ 50.77 | \$ | 64.80 | |
| | | | | | <u>\$ 327.43</u> | |
| December 2026 | | | | | | |
| | Average | Service Fee | Commodity Rate | Increase | Minimum | Maximum |
| Electric | 500 | \$ 22.50 | \$ 0.1970 | \$ 97.99 | 7.98% | \$ 20.00 \$ 22.00 |
| Gas | 126 | \$ 15.53 | \$ 0.90 | \$ 128.93 | 17.20% | \$ 158.00 \$ 174.00 |
| Water | 6,000 | \$ 18.03 | \$ 8.13 | \$ 66.81 | 7.98% | |
| Sewer | Flat Rate | \$ 15.10 | \$ 54.32 | \$ 69.42 | 7.13% | |
| | | | | <u>\$ 363.15</u> | 10.91% | |

Increase of 11% rounding up to the nearest dollar

How to Donate

- Monthly Support – Residents can opt to add a designated amount to their monthly utility bill.

<https://www.losalamosnm.us/Services/Public-Utilities/Utilities-Assistance-Program/Support-UAP>

- Residents may also make one-time donations by filling out the UAP donation amount on their bill stubs.

You can support the Utility Assistance Program (UAP) by shopping for DPU merchandise on Zazzle! DPU's four utility mascots are featured on apparel and more! All profits from sales are directed to the UAP fund to benefit qualified DPU customers struggling to pay their utility bills.

Shop here: <https://www.zazzle.com/store/losalamosdpu>



Questions?



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Staff Report

June 03, 2026

| | |
|-------------------------------|---|
| Agenda No.: | 6.d. |
| Index (Council Goals): | Quality Governance - Communication and Engagement; DPU FY26 - 3.0 Be a Customer Service Oriented Organization that is Approachable, Communicative, Efficient, and Transparent |
| Presenters: | Abbey Hayward, Public Relations Manager |
| Legislative File: | 21291-26 |

Title

Department of Public Utilities Quarterly Report for Fiscal Year 2026 - Quarter 3

Body

The Board requested that the quarterly report be presented each quarter that shows the status of the utility and provides project updates. Compiled by Public Relations Manager Abbey Hayward, this report is for the third quarter of FY2026, covering the months of January, February and March.

Highlights from the report:

Page 3 - Utilities Manager's Report: Philo Shelton discusses an overview of the rate process, the need for rate increases and the importance of supporting UAP to reflect rate changes.

Page 12 - Safety Employee of the Quarter: DPU recognized GWS Apprentice Michael Salazar with this honor.

Page 16 - Electric Reliability: DPU's SAIDI continues to recover closer to the 60 minutes goal.

Page 17 - We are seeing a slight slowing of residential solar with a total of 3.1 MW of distributed generation in Quarter 3.

Page 22 - The draft elbow tube installation can be viewed in photo. It took a lot of inching and wiggling to get into place.

Page 23 - Clay Moseley, Deputy Utility Manager - GWS Services discusses progress with various booster station projects and the belt press replacement at the LA WWTP.

Page 28 - Reclaimed water use was fairly slow for Q3, but stormwater (from the Reservoir) was much higher than Q2.

Page 31 - James Martinez provided his first summary of current project work as Deputy Utility Manager - Engineering.

Page 46 - A performance report from the Rep'd (Ask the County chatbot on the website) tool shows that the tool has saved an estimated 305 hours of staff time since its inception and received over 1000 queries in Q3 alone.

Page 51 - Joann Gentry, Deputy Utility Manager - Finance & Administration gives a quick glimpse of the annual budget process before jumping into discussion of financials.

Page 67 - Staffing News: DPU brought on three new employees, promoted seven employees, and celebrated a 20-year work anniversary and a retirement.

To read the report on the web, visit <https://ladpu.com/FY26Q3>.

Attachments

A - DPU Quarterly Report FY26Q3

2026: Jan 1 - Mar 31

Q3 REPORT FY26

LOS ALAMOS
Department of Public Utilities



WE ARE

ABOUT THE DPU

The Department of Public Utilities is county-owned. It provides Los Alamos County with electric, natural gas, water and wastewater services. Established under Article 5 of the 1968 Charter for the Incorporated County of Los Alamos, the DPU falls under the jurisdiction of the Board of Public Utilities.

Serving a population of 19,675 citizens with an authorized budget of approximately \$108 million*, the DPU operates and maintains assets totaling \$332 million with about 100 employees.

Los Alamos is situated at the foot of the Jemez Mountains on the Pajarito Plateau with an elevation ranging from 6,200 to 9,200 feet. Because of this unique topography, the DPU's assets are incredibly complex for the population served. For example, Santa Fe serves its 88,000 citizens with four lift stations. Here in Los Alamos, our population is a fifth of that size but 25 lift stations are required to properly serve our citizens with wastewater services.

*updated to adopted budget in April 2025

WHO



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PHILO SHELTON / UTILITIES MANAGER

June 2019 through present

Professional Engineer
Master of Science, Civil Engineering
Bachelor of Science, Civil Engineering
Master of Public Administration
Certified Public Manager

#HIGHLIGHTS

Budgets

This quarter, DPU completed a two-year budget proposal that BPU recommended on March 18, 2026 be forwarded to Council for consideration and approval. County Council approved this budget on April 28, 2026, with no changes. Now we have the great task to implement this budget. This 2027-28 fiscal year budget proposed both gas and water rate increases by BPU. Staff have prepared the required rate ordinances in the fourth quarter of FY 2026 so that the revised rates will be in place on July 1, 2026, for the start of Los Alamos County fiscal year 2027.

Rates, the Art and Science

As a community owned utility, DPU does not make a profit and shall operate on a compensatory basis, as outline in County Charter. Rate setting is a blend of science and art: science in the cost-of-service studies and art in projecting customer usage in the future. External factors like inflation, commodity costs and climate change are also all contributing factors in rate setting. For example, we experienced an unseasonably warm winter season and this last quarter DPU sold nearly 30% less natural gas than the year before. As a result, the department did not collect sufficient revenues to cover the yearly operation and maintenance costs, and this resulted in using gas fund reserves.

In using the cost-of-service approach for rate setting, DPU breaks rates into a monthly service charge and then a charge for the commodity consumed. DPU is working toward the monthly service charges to cover administration and interdepartmental charges regardless of how much of the commodity is consumed. This will be accomplished over the next two years for gas and water, while electric was implemented in the last

round of rate setting. For the commodity charge, DPU looks at past revenues and sales to help estimate how much DPU will sell. The department used a five-year average of commodity usage and did not account for any growth in customer numbers to be conservative. The commodity charge also includes expenses to operate and maintain the utility, debt service, 10-year capital renewal costs, and building up required cash reserves. For gas, these factors are included in the

fixed consumption charge per therm sold. The purchase of the natural gas commodity is calculated separately each month based on the actual cost of purchasing gas and then this cost is passed onto the customer at actual costs. This component is called the variable cost of gas per therm.

Increasing UAP

Why do we need rate increases now? When inflation was relatively calm at around 2%, DPU had proposed planned rate

increases over a three-to-four-year period. However, given today's inflation uncertainties, it is difficult to project rates for more than two years. Once BPU and Council finally approve the rate changes for gas and water, staff will return with a recommendation to increase the utility assistance program (UAP) to help offset the differences for the customers in need.

Checking out the new screw press installed at the Los Alamos Wastewater Treatment Plant.



#MISSION

To provide safe, reliable, economical, and environmentally responsible utility services

#VISION

Continually earn community trust through exceptional utility services

#ETHICS

Our Customers place their trust in the Department to fulfill our Mission. To promote and maintain the highest ethical standards of personal and professional conduct, we are committed to our Values.

#VALUES

WE VALUE

community, employees, partners and the environment through:



Safety



Trust



Professionalism



Customer Service



Fiscal Responsibility



Ethical Behavior



Communication



Collaboration



Innovation



Fairness

STRATEGIC FOCUS AREAS

O OPERATIONS & PERFORMANCE

GOAL: Provide utility services safely, reliably and efficiently

- Efficiently implement and maintain secure and reliable business systems
- Ensure utility control and mapping systems and processes are accurate, safe and secure
- Establish a plan to upgrade electric supply and distribution systems that replaces aging assets, meets the needs of all-electric buildings and electric vehicles, and maximizes benefits of distributed energy resources
- Develop a culture of continuous improvement
- Be flexible and adaptable in delivering all utility operations

F FINANCIAL PERFORMANCE

GOAL: Achieve and maintain excellence in financial performance

- Control costs and maintain adequate revenue to provide a high level of service, now and into the future, while keeping rates competitive with similar utilities
- Take advantage of favorable loan/grant opportunities
- Meet financial reserve targets within our 10-year financial policy, with a debt coverage ratio of 1.3 or greater every fiscal year
- Conduct cost of service studies for each utility at least every 5 years

C CUSTOMERS & COMMUNITY

GOAL: Be a customer service-oriented organization that is approachable, communicative, efficient and transparent

- Customer service processes and systems are efficient, secure and user-friendly
- Inform customers about Utilities operations and plans affecting the community and create opportunities for constituents to engage
- Utilize customer feedback to improve utility plans and operations
- Educate Board Members on markets, contracts and production options for all utility resources

#GOALS

W WORKFORCE

GOAL: Sustain a capable, satisfied, engaged, ethical and safe workforce focused on customer service

- Sustain an environment where employees are empowered, engaged, satisfied and fairly compensated
- Promote a culture aligned with the DPU's Mission, Vision and Values
- Promote workforce retention by investing in employee training and professional development

E ENVIRONMENTAL SUSTAINABILITY

GOAL: Continuously, conscientiously, work toward environmental sustainability

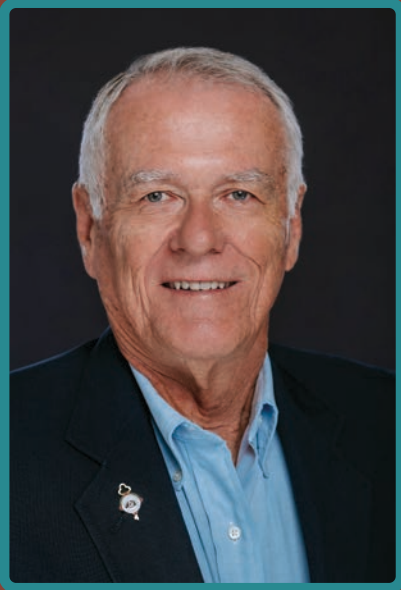
- Promote utility efficiency through targeted conservation programs
- Be a net carbon neutral electric provider by 2040
- Support phase-out of natural gas service by 2070 with at least a 10% reduction in usage by 2030 as measured by annual therms per heating degree day compared to a 2016-2020 average
- Reduce potable water use by 12% from 143 gallons per capita per day (GPCPD, 2020 calendar baseline) to 126 GPCPD by 2030
- Expand use of Class 1A effluent water
- Support customer electrification and other sustainability efforts with education and technical support

P PARTNERSHIPS

GOAL: Develop and strengthen partnerships

- Strengthen existing partnerships (e.g. community members, LANL, DOE, pueblos, NM and federal government, neighboring municipalities, LAC schools, County Council) and identify new potential partnering opportunities
- Collaborate with other Los Alamos County departments on implementation of County sustainability goals including the Climate Action Plan
- Continue to coordinate infrastructure construction projects as early as possible between DOE, San Ildefonso Pueblo, DPU and Public Works, especially for communications infrastructure
- Pursue timely renewal of Energy Coordination Agreement (ECA)

BOARD OF PUBLIC UTILITIES



ROBERT GIBSON
Chair

Appointed: July 2023

1st Term: July '23 - June '28

Chair: 2024, 2025, 2026

Council liaison to BPU: 2008

Previous term: 2001-2006

Chair: 2 years

Vice Chair: 2 years



MATT HEAVNER
Vice Chair

Appointed: January 2024

1st Term: Feb '24 - June '26

Vice Chair: 2026



CHARLES NAKHLEH
Member

Appointed: July 2022

1st Term: July '22 - June '27

Consisting of five voting members and appointed by the Los Alamos County Council, the Board of Public Utilities is the governing body for the DPU. Members reside in Los Alamos and are customers of the department. For calendars, policies and procedures, agendas, minutes and videos of meetings, visit LADPU.com/BPU.



ERIC STROMBERG
Member

Appointed: July 2020

1st Term: July '20 - June '25

2nd Term: July '25 - June '30

Vice Chair: 2024, 2025



JENNIFER HOLLINGSWORTH
Member

Appointed: July 2024

1st Term: July '24 - June '29

The BPU normally holds work sessions on the first Wednesday and regular sessions on the third Wednesday of each month. Meetings begin at 5:30 p.m. in Council Chambers. Agendas are published at least 72 hours prior to each meeting. Members of the public are encouraged to attend and can participate either in person or via Zoom. Proceedings are also streamed online at [LADPU.com/BPUliveproceedings](https://www.ladpu.com/BPUliveproceedings). The BPU calendar is available online at [LADPU.com/BPU](https://www.ladpu.com/BPU).

BOARD

OUR

SAFETY



Safety Culture Vision

The DPU seeks to create a safety culture where employees practice safety every hour on the job, while no one is watching, because they want to and not because they have to. To create this safety culture, DPU employees believe in:

- Putting safety first
- Leading by example
- Establishing and enforcing a high standard of work performance
- Briefing or tailgating before every job
- Making work and safety suggestions

Safety Committee

DPU employees representing each utility division comprise the 13-person Safety Committee. They hold a committee meeting quarterly to review and share best practices. They also analyze accidents, incidents and near misses, and discuss and implement appropriate prevention measures. Each member of the Safety Committee is responsible for moving that discussion forward to the rest of the staff at the next weekly group meeting and sharing agreed-upon prevention measures.

Safety Employee

The Safety Employee of the Quarter program was developed by the Safety Committee with an intent to reward those who most clearly and effectively demonstrate the DPU's Safety Culture Vision.

DPU employees may nominate fellow employees who exemplify the Safety Culture Vision at any time. Safety Committee members review the nominations each quarter and select one person to recognize and reward with an extra day of administrative leave.

SAFETY EMPLOYEE OF THE QUARTER

Q3 / FY26

MICHAEL SALAZAR

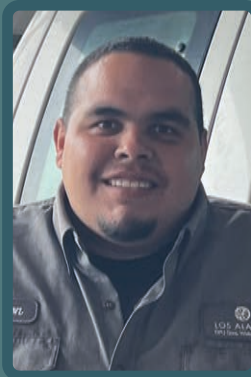
GWS Apprentice 1
Gas, Water & Sewer



The GWS team is prepared to handle a lot in their line of work. This quarter's nominee probably didn't expect rescue to be high on that list, however. Michael, and his standby partner Myron Cordoca, jumped into action after they witnessed a car accident. This duo saw a car flip on the road in front of them and when they moved in to help, they could see that the occupants were trying to get out of the car but were trapped. Michael and Myron grabbed tools, broke out the windshield and safely helped two children and their father out of the car. They untapped these heroic actions and then went back to competing standby duties like true GWS professionals!

Q2 / FY26

MYRON CORDOVA
GWS Pipefitter
Gas, Water & Sewer



Q1 / FY6

VICTOR TANUZ
Water Sys Supervisor
Water Production



Q4 / FY25

DIEGO MIRAMONTES
Water Sys Apprentice 1
Water Production



Q3 / FY25

JOSH RODRIGUEZ
Journeyman Lineman
Electric Distribution



ED

#HIGHLIGHTS



**DENNIS ASTLEY /
DEPUTY UTILITY MANAGER**

Registered Professional
Engineer

Bachelor of Science, Electrical
Engineering

PROJECTS

The loss of the T1 Transformer in White Rock last year was unplanned; however, DPU secured an agreement for a replacement sized to meet anticipated growth identified in the Electrification Study. Substation design has taken longer than expected but is nearing completion.

An emergency tie-line between White Rock and LANL has been completed and will provide backup power in the event of a total substation failure.

Electric Distribution (ED) has begun upgrades to overhead power lines in support of the Community Broadband Network project. A consultant evaluated existing structures and identified necessary improvements prior to fiber installation. Crews are now implementing these upgrades, including pole replacements for clearance issues. ED is also coordinating with Procurement to establish an on-call line contractor for additional support if needed.

Construction on the first phase of electric infrastructure upgrades along Piedra Loop will begin this summer, replacing the section from Piedra Drive to Mariposa

Court and connecting it to the existing system. Future plans will extend improvements along Piedra Loop to enhance reliability and place new conductor in conduit for easier maintenance.

Work continues on connecting the new LASS switching station near the LANL gate. A vault has been installed on East Jemez Road and connected to conduits crossing Los Alamos Canyon. Crews plan to prepare the conduits this spring for conductor installation and to energize the switching station. The design includes five circuits across the canyon from LASS, with capacity for a sixth in the duct bank.

The Electric Distribution department has a project to replace some bad cable between Oppenheimer and Timber Ridge Apartments. Included will be cable across Trinity to the Ponderosa Pines Apartments. The total project length is about 2,500 feet of new cable. This project was bid and awarded last year and we have been working with the New Mexico Department of Transportation to get the permit to start construction. This project will be completed this summer.

OPERATIONS

Staff continue working with customers to properly size residential solar systems and with County departments to design electrical service for fleet and public EV charging. The new municipal building chargers are operational and widely used, and a new fast charger is planned at the library with design complete.

ED and Engineering are pursuing grant funding for system upgrades and are

close to securing the first award.

This quarter, power was delivered to two new Verizon towers, with another small tower planned for the quarter.

Engineering staff are also supporting several new housing developments by coordinating electrical service design to ensure safe, reliable power for future residents.

STAFFING

Sam Martinez was promoted

from Lineman Supervisor to the new Line Superintendent role, which is critical for field coordination, resource management, and collaboration with LANL. The transition has already improved workflow and coordination.

The Lineman Supervisor position has been filled by Timo Martinez, previously a Journeyman Lineman. The Journeyman position remains vacant.



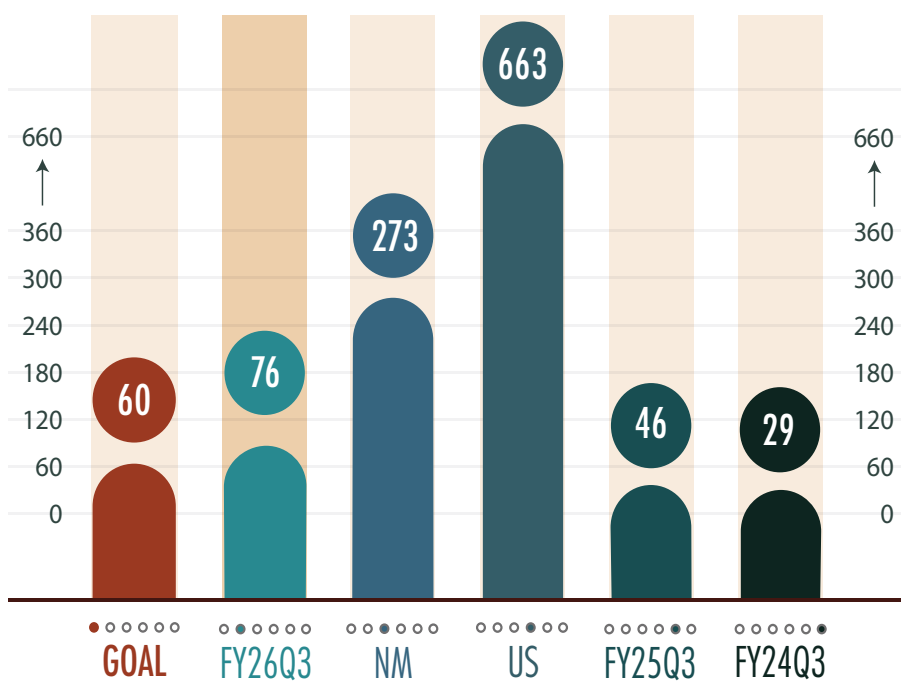
Electric Distribution staff from the DPU worked with LANL crews when a new transformer was delivered. This transformer is part of the tie line constructed between LAC and LANL in case backup power to White Rock is necessary.

#SAIDI

SAIDI BASICS

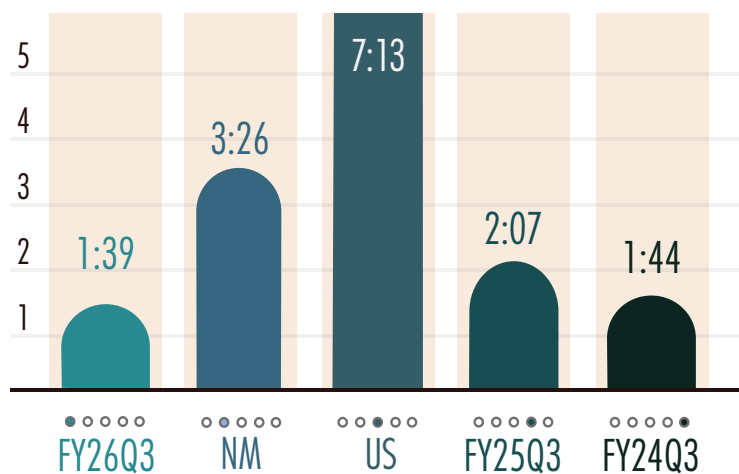
The DPU measures its System Average Interruption Duration Index (SAIDI) as a reliability indicator. This is a measure of the average time that any of the DPU's customers could expect to be without power per year. According to the Energy Information Administration (EIA), the mean SAIDI in 2024 was 132 minutes without major events and 663 minutes with major events for utilities across the nation (excluding U.S. territories). The DPU set a goal in 2008 to keep its SAIDI below 60 minutes (including major events). At the end of quarter 3 of FY2026, the DPU's SAIDI was 76 minutes* including major events, which is well below the 2024 national SAIDI of 663 minutes and New Mexico's 2024 SAIDI of 273 minutes.

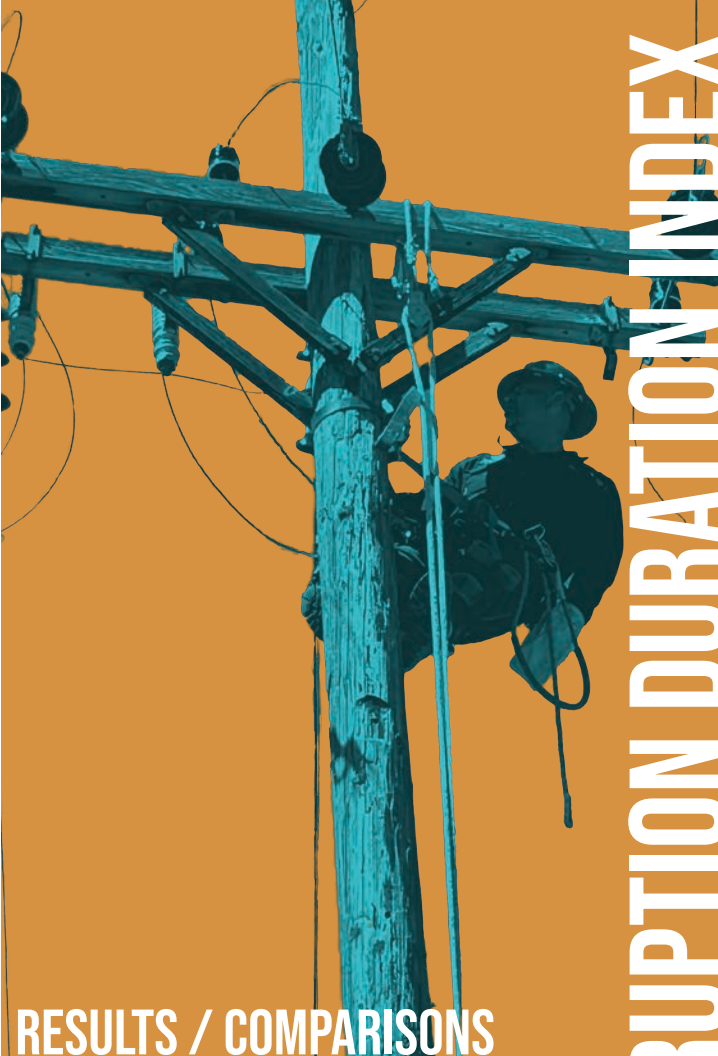
**The DPU's SAIDI does not include outages caused by failures with power supply transmission lines.*



CAIDI

An additional measure that gives insight into the impact of power interruptions from the customer's perspective is the CAIDI, or Customer Average Interruption Duration Index. This data point demonstrates the average amount of time, in hours and minutes, interruptions lasted for impacted customers. The rolling annual average for Q3 was 1 hour and 39 minutes for Los Alamos County customers who experienced outages.





SYSTEM AVERAGE INTERRUPTION DURATION INDEX

RESULTS / COMPARISONS

As of Mar. 31, the DPU's rolling 12-month SAIDI for Q3 was 76 minutes in FY2026; 46 minutes in FY2025; and 29 minutes in FY2024.

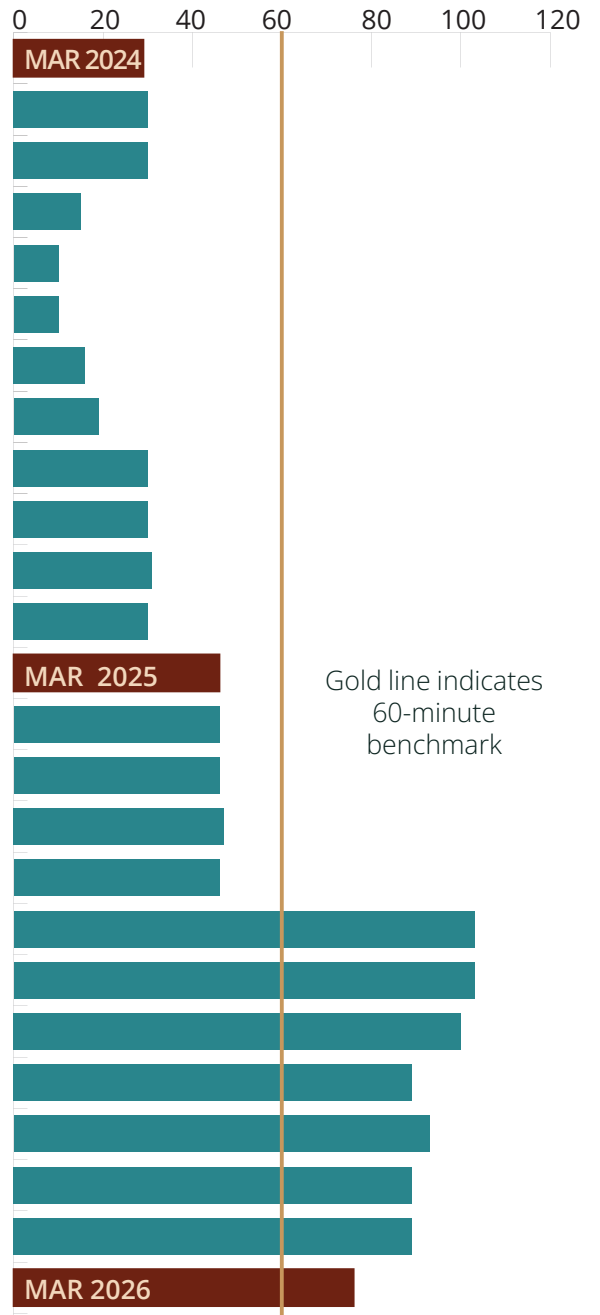
Reliability reports issued by the Energy Information Administration* demonstrate that the DPU's current SAIDI is below the average of combined New Mexico utilities (includes New Mexico cooperatives, investor- and municipal-owned utilities) and lower than the average of combined U.S. utilities through March 2026.

*Note that the EIA will release calendar 2025 SAIDI data in Oct. 2026.

EIA website
www.eia.gov/electricity/annual/

EIA SAIDI annual results
www.eia.gov/electricity/annual/html/epa_11_01.html

SAIDI 2-YEAR HISTORY



Gold line indicates 60-minute benchmark

PRIOR Q
DEC 25
93
MAR 26
76

#SOLAR

DISTRIBUTED GENERATION

Unlike conventional power generating stations that are centralized and require transmission lines, distributed generation resources are decentralized and close to the load, such as rooftop solar systems. Los Alamos has many commercial and residential customers who have opted to install small solar distributed generation systems. The end of Q3 brings 562 customers connected to the grid.

Total Distributed Generation

At the end of Q3, distributed generation resources totaled 3,793 kW connected to the distribution grid.

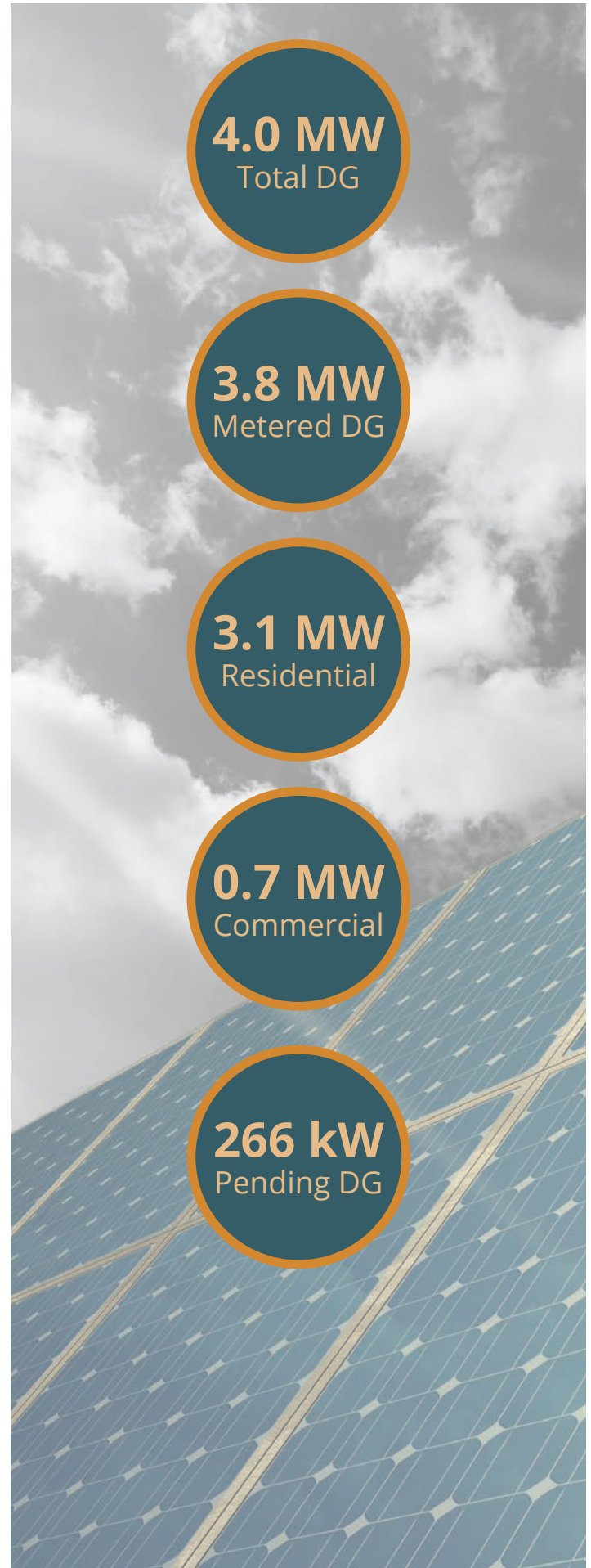
- Residential systems = 3,079 kW
- Commercial systems = 714 kW

New Distributed Generation

A total of 84 kW of distributed generation were added to the DPU's electric distribution grid during Q3.

Pending Distributed Generation

Currently 32 customers are in the process of adding another 266 kW of distributed generation to the DPU's electric distribution.



CARBON-NEUTRAL ELECTRICAL ENERGY PROVIDER

In recognition of the need to move away from CO₂-producing electrical energy sources, the Board of Public Utilities adopted a strategic goal in September 2013 that the DPU will be a carbon-neutral electric provider by 2040.

In January 2016, the BPU adopted the following definition for carbon-neutral electrical energy provider: "The Department of Public Utilities will be a carbon-neutral electrical energy provider when the electricity distributed to Los Alamos County consumers is generated or purchased from sources that in their normal operation cause no net release of carbon dioxide to the atmosphere."

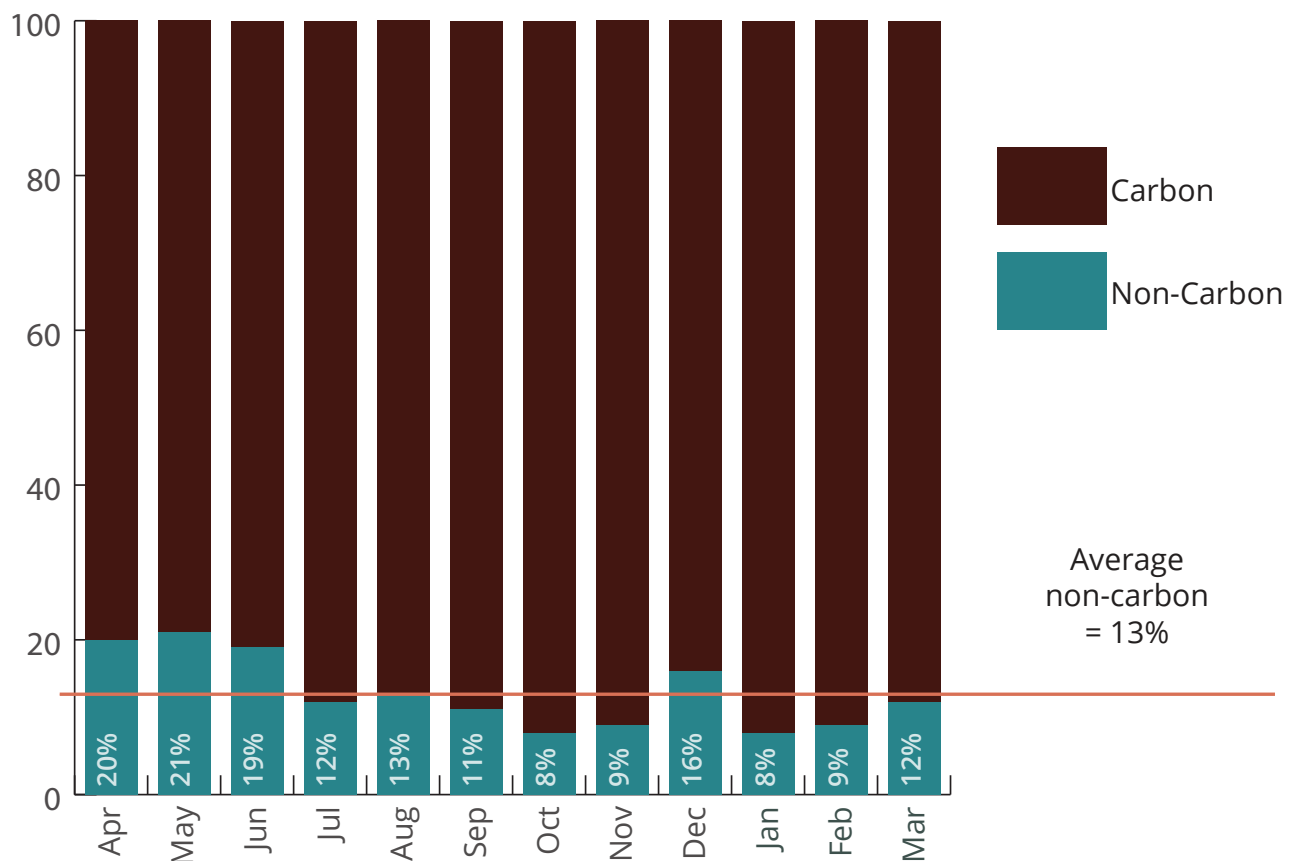
1. "Los Alamos County customers" means those customers scheduled in the Los Alamos County Code of Ordinances Section 40-121; this does not include DOE/LANL.
2. "No net release of carbon dioxide" means that purchases or generation of carbon-based electrical energy, necessary when carbon-free supplies are not practically available to supply Los Alamos County consumers, will be fully offset from previous sales of surplus carbon-free electricity to other entities.

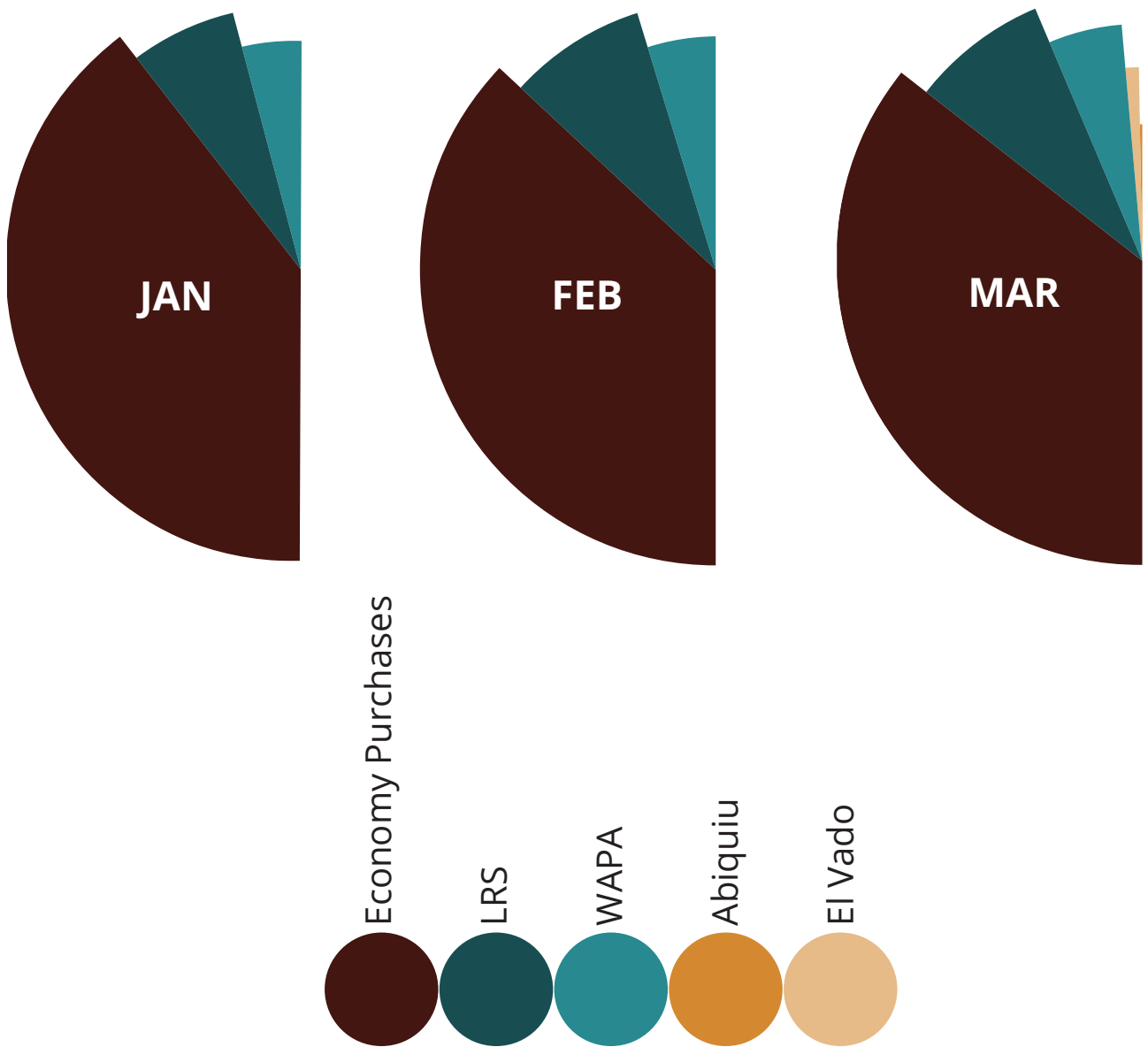


NET CARBON NEUTRAL INITIATIVE

The DPU plans to meet the carbon-neutral goal through the addition of non-carbon emitting generation resources such as solar, wind, geothermal and nuclear energy, and energy storage systems. Some energy from carbon-emitting sources will be needed to meet the County’s load while new resources are developed, and to manage intermittency of wind and solar resources as well as planned or unplanned electric generation outages.

Total Load: Carbon vs. Non-Carbon Resources





| | | GENERATION SUPPLIED | | | |
|--|--|----------------------|--------|--------|--------|
| <u>Carbon-Emitting Resources</u> | | RESOURCE | JAN | FEB | MAR |
| LRS: Laramie River Station | | Econ Purchases | 33,566 | 28,066 | 25,194 |
| Econ Purchases: Mercuria and Tenaska contracts & open market purchases | | LRS | 5,408 | 6,509 | 5,569 |
| <u>Non-Carbon-Emitting Resources</u> | | WAPA | 3,463 | 3,410 | 3,405 |
| Mercuria: Non-carbon economy purchases | | Abiquiu | - | - | 353 |
| WAPA: Western Area Power Assn. | | El Vado | - | - | 712 |
| Abiquiu: Hydroelectric Plant | | NON-CARBON % of load | 8% | 9% | 12% |
| El Vado: Hydroelectric Plant | | | | | |

The DPU calculates non-carbon percentages based on load rather than supply. Non-carbon resources are considered distributed first.

EP

#HIGHLIGHTS



BEN OLBRICH /
DEPUTY UTILITY MANAGER

Bachelor of Science, Electrical
Engineering

PROJECTS

Foxtail Flats Solar and Storage

The Foxtail Flats photovoltaic power purchase agreement and energy storage agreement are major parts of the Electric Production (EP) team's path to becoming a carbon-neutral electricity supplier before 2040. The current project development schedule has 85 MW (megawatts) of PV (photovoltaic) capacity being delivered April 2027 and the full contracted 170 MW PV capacity and 80 MW / 320 MWh (megawatt hours) of BESS (Battery Energy Storage System) capacity being delivered in June 2027.

As of May 5:

- Construction activities have started, specifically focused right now on civil components, including staking, site grading and roads
- All cultural protection measures are complete and will be monitored throughout construction
- All major equipment has been procured: inverters, racking, piles, battery energy storage system, photovoltaic panels, main power transformers

- All pre-construction studies and designs are complete.

HYDROS

Abiquiu Operations & Maintenance

Andritz Hydro's work to replace the low flow unit 3 draft tube elbow was completed on April 27. The coincidental failure of an obsolete control system component is preventing the operation of unit 3; staff are working to identify a replacement for the obsolete component.

Unit 1 has been generating when flows allow. Flows were too low to generate in January and February. 372 megawatt hours (MWh) were generated in March and 2,821 MWh were generated in April.

The Short-Circuit, Protective Device Coordination, & Arc Flash Incident Energy Analysis, a study conducted by Eaton, evaluated electrical equipment at both hydroelectric plants in accordance with National Fire Protection Association Rules. The resulting Abiquiu arc flash study report was received by staff on May 1. Staff are evaluating the report to plan follow-up work.

El Vado Operations & Maintenance

- Flows were too low to generate in January and February. 750 MWh were generated in March and 1,197 MWh were generated in April.
- As with the Abiquiu report, the El Vado arc flash study report was received by staff on May 1. Staff are evaluating the report to plan follow-up work.
- The replacement of the oil head seals by Voith is being scheduled for completion by the end of the fiscal year.

POWER OPERATIONS

2026 Electric Coordination Agreement

EDPU and the Department of Energy/ National Nuclear Security Agency (DOE/NNSA) executed modification 26 to the Electric Coordination Agreement (ECA) to extend the term through July 31. Staff, Board of Public Utilities members and legal counsel have made significant necessary revisions



to the draft agreement. Staff are focused on finalizing the revisions for delivery to the DOE/NNSA contracting officer.

Turnover & Recruitment

The significant staffing turnover of Senior Power Systems Operators that began in fiscal year 2025 is mostly behind us now. All four staff recruitments are complete. The operations team now consists of one senior power system operator, three acting power system operators, and one apprentice power operator. EP’s two resource coordinators continue to provide shift coverage as needed to staff the operations desk 24/7. EP’s Power System Supervisor is working closely with LANL’s Electric, Steam, and Turbine Operations Group Leader (UI-EST) to update and improve the County and LANL power system operators’ roles, responsibilities and training.

EV Charging Stations

This was the first full quarter with the new ChargePoint level 2 EV chargers following their installation at the Municipal Building parking lot in December. The Muni L2 #1 charger is consistently the most utilized. The Muni L2 #6 charger is consistently the least utilized, likely because it is the only Americans with Disabilities Act accessible charger and drivers are respecting the signage to use this charger last.

Wholesale Natural Gas Supply Management

EP buys most of the County’s wholesale natural gas supply through a prepaid gas supply agreement administered by the New Mexico Municipal Energy Acquisition Authority (NMMEAA). This quarter ends an extraordinarily warm winter for Los Alamos. In the third quarter, 2,659,900 therms were metered into the County, which is just 68% of the average 3,118,750 therms metered across these same months over the past three years. This low consumption of natural gas is causing gas revenues to fall far below projections and necessitating a gas rate adjustment.

A replacement elbow for the draft tube in Abiquiu’s low flow unit 3 was recently installed.

GWS

#HIGHLIGHTS



**CLAY MOSELEY/
DEPUTY UTILITY MANAGER**

Bachelor of Science, Applied Mathematics

Master of Science, Engineering Construction Management

Certifications:

NM Water Treatment Operator 3

NM Wastewater Operator 3

PROJECTS

Elk Ridge gas system replacement

During Q3 2026, gas crews focused on switching residents over to the new gas system from the old system, which will be shut off and abandoned in May. This project has weathered many challenges.

- Scheduling residential gas system inspections for manufactured homes is difficult because there is a lack of inspectors in New Mexico.
- Old, non-compliant appliances and non-compliant installations within homes added hurdles to completing the system replacement.
- Every home is different. Many homes required the attention of professional plumbers before systems could be replaced, particularly when it came to appliance connections and heating systems.
- Achieving switchovers required coordination among residents, CID inspectors, the plumbing/mechanical contractor, and the County.

At the end of March, only 10 homes remained to be switched over. We expect to

complete those remaining conversions by early May.

Bayo Booster Station rehabilitation

The long-awaited rehabilitation of the non-potable water booster station kicked off in late fall 2025. This station receives treated effluent from the Los Alamos Wastewater Treatment Plant and pumps it up into town for irrigation use on public spaces. After our dry, warm winter, we're seeing an unprecedented early demand for irrigation water. On top of that, we're experiencing delays in equipment availability and delivery dates. Nonetheless, the project has been managed well and is scheduled for completion in May. Even with some short-term issues, the benefits will be seen immediately. The old station was in continuous service since 1992 and was experiencing many operational problems, including a severe loss of efficiency and pumping capacity. The upgraded system should provide a more stable supply of non-potable water within a more efficient pumping range, saving operational costs in the long run.

Water Production well & booster station electrical & mechanical upgrades

After more than a year of work on this project, some of the wells are finally back online with vastly upgraded electrical motor controls, motor protection systems, electrical wiring, and mechanical device upgrades (such as pump control valves.). Like so many of our projects, the progress on this one comes after many years of planning, design work, material/equipment procurement, and orchestrating. Prior to this project, many of the wells and booster stations had equipment that had been in continuous operation since the 1980s and were severely in need of replacement or rehabilitation. Through this project, WP conducted motor health evaluations that prompted the decision to rebuild motors while the facility was offline. WP's extra efforts on this project should result in more stability and longer life expectancies for the wells and boosters in the system. While many of the primary facilities were the focus during this initial phase, some of the secondary booster stations demonstrated why this long-term project was so necessary

as we've seen failures requiring immediate attention in those facilities on top of the proactive work that was already planned. It is a bit of a blessing in disguise because we have many processes and procurement already in place to handle these additional issues.

Water Distribution pressure reducing valve replacement

Three PRVs in White Rock were replaced last year as described in the previous quarterly report. After getting them into service, we requested another inspection by Bill Curb (Armystick LLC) to ensure they are all set and functioning properly. Because he did not perform the startup process after the installations were complete, it was important that he come back to ensure the settings were proper. He found a few things needing attention. Working with GWS, the settings were synchronized to ensure proper pressure management in a large pressure zone serving the northern area of White Rock, and two PRVs were reconfigured with the proper settings. He also inspected two other PRVs that will be put on a rehabilitation plan in Q4.



The new belt press at the Los Alamos WWTP is operational after a large replacement project.

GWS

#CONTINUED...

LA WWTP solids belt press replacement project

The LA WWTP saw the completion of the replacement of the solids dewatering belt press. This complicated project required bypassing the process with a temporary unit, while the new dewatering screw press was installed. This process involved replumbing work under and through the dewatering building, along with reconfiguration of the 480V electrical supply. The project was successfully completed in February and is a welcome change to the treatment process. Operators can now “waste” (remove solids from the upper process train) continuously rather than in batches as was necessary previously with the belt press. This installation

gives us the means to manage the concentration of the right types of bacteria much more precisely, resulting in an improved process and better treatment results.

NMED Sanitary Survey - findings mitigation

During the fall of 2025, the NMED Drinking Water Quality Bureau conducted a thorough survey of all water production facilities and operations. They documented 36 findings and set forth a deadline for mitigation. Out of the 36 findings, 18 were items that could be mitigated through in-house work, and the other 18 required specialty water tank maintenance contractor work. Water Production laid out a plan and schedule to meet the deadline in March, while the Engineering Division assigned a project



Pipefitters, always a motley crew!

manager to oversee the contract work with the help of WP operators. WP staff worked tirelessly to successfully accomplish work tasks: repairing security fences, replacing bug-proof protective screens over tank vents, repairing access hatches and installing seals, excavating tank footings that had slowly been covered by encroaching soil and rocks, cleaning out vegetation from around tank facilities, repairing access roads, and working with the contractors on the other work items.

Contract tank maintenance specialists were hired to perform “live” tank cleaning operations, removing sediment and debris that accumulates from pumping over a long period of time. They also performed tank inspections which are required by the NMED, which revealed that two of the booster tanks on the Guaje Canyon production line will require new coating work very soon.

OPERATIONS

Winter weather in Q3 typically gives crews time to catch up on training and operator qualification requirements. The high-impact work--gas regulator station component replacements, hydrant replacements, valve rehabilitations and replacements, sewer line repairs--slows down. These types of operations require processes such as shut-downs, significant excavations, traffic control and other disruptions that are not as manageable in the winter due to shorter days, frozen ground, and critical gas system use. We pivot our focus to lower impact items like water meter replacements, inspections, atmospheric corrosion prevention and coatings, lift station cleaning, in-street sewer main flushing, and of course, training.

GWS supervisors evaluated multiple options for the replacement of the old vector unit, one of two maintained and operated by GWS, that has become inoperable and is headed toward retirement and auction. Quotes were submitted from two regional vendors. We have evaluated the proposed prices and amenities, and the next step is to encumber budgeted funds and compile purchase agreements in May.

GWS sewer crews received an integrity award under the leadership of Steven Martinez, who received a commendation from his

supervisors for exemplary work. Steven Martinez led the crews to perform some of the most difficult flushing and repair projects in hard-to-access areas of town, which was a major accomplishment with great results.

WP staff were challenged with an irrigation conundrum when the winter weather was so warm and dry that LAC Parks and LAC Golf Course staff wanted to start watering in February. All irrigation supply systems are normally emptied and shut down during the winter when there is typically no need to water the golf course or the North Mesa Ball Fields. On top of that, the Bayo Booster Station was out of service. Fortunately, WP had performed repairs to the LA Reservoir supply system earlier in the fall, so it was ready and available, and it completely served the irrigation needs without supplementary water for about a month. During March, the heat became intense enough to require longer irrigation periods, so the water from the reservoir was then supplemented with potable water through a fire hydrant on North Mesa. This system will remain in place until the Bayo Booster station is complete in May.

All pump motor and mechanical work in the Guaje booster stations, except for one remaining motor in booster #3, was completed by WP staff. The remaining motor coincidentally failed just prior to taking it offline for inspection. It is set to be back in service in May.

The WWT operations were quick to get up to speed with the operation of the new screw press dewatering equipment at the LA WWTP that was described in the projects section. They had worked closely with the installation contractor to ensure it was exactly what they needed, and even made some containment baffles themselves to keep all solids material within the limits of the discharge belt that carries it up a conveyor and into the hauling truck. The dewatering area remains very clean and tidy and is easier to maintain for the operators. Also, they no longer must wait for a “batch” to build up to send it to the dewatering equipment but rather keep a steady flow when they are ready to waste – this results in a cleaner treatment process and provides more control for the digestion bacteria.

STAFF DEVELOPMENT

Michael Salazar, with GWS, passed his Wastewater Level 1 certification and was promoted to Apprentice 1 as a result.

Estevan Trujillo, with waste water treatment, passed his Wastewater Level 3.



Workers from contractor File Construction and D&R Tank weld a flange to the steel core of a large water pipe.

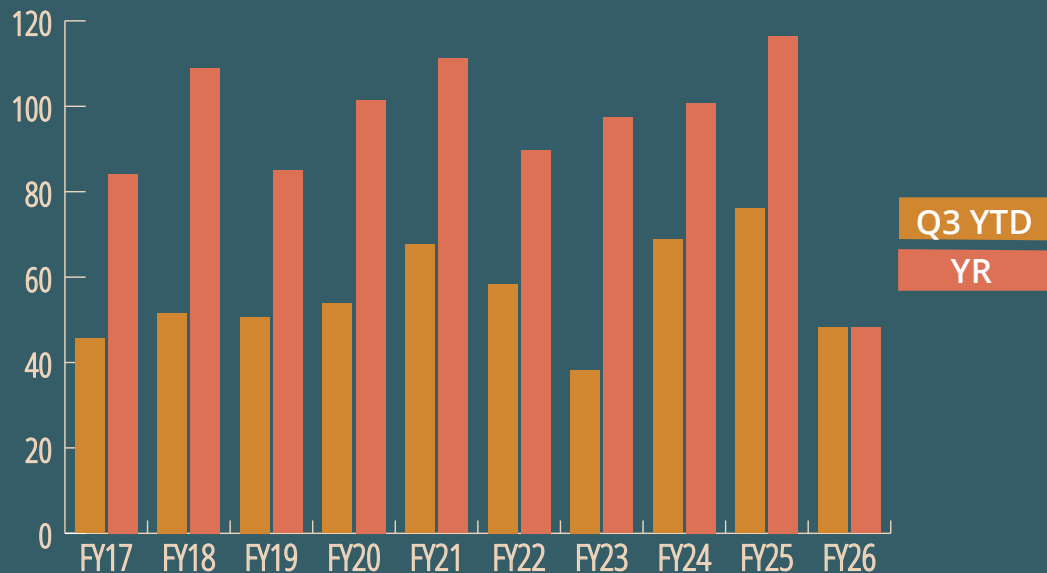
RECLAIMED WATER

Reclaimed water is a blend of treated effluent from the wastewater plants and collected stormwater from the Los Alamos County Reservoir and the Pajarito Mountain stormwater collection system. This water is used for irrigation on parks, ballfields and the Los Alamos County Golf Course, as well as for snow making and fire protection at the Pajarito Mountain Ski Area. This water is a great substitute for groundwater to meet the County’s demand to irrigate public spaces. It is also an integral part of the DPU Water & Energy Conservation Plan.

The total reclaimed wastewater used through the third quarter of FY2026 was 48.2 Mgal and 7.5 Mgal of stormwater was also used. Stormwater is only metered and used during stormwater production season, which is typically in the 3rd and 4th quarters. When available, it’s particularly beneficial to use stormwater at the golf course before using reclaimed wastewater because it goes through gravity-fed tanks and avoids the expense of pumping. Regardless of type, golf course irrigation is the largest use of reclaimed water in the county.

The DPU’s treated effluent meets the class 1A standard—the highest standard possible. This achievement was made possible through installation of a filtration system at the Los Alamos plant and the replacement of the White Rock wastewater plant with the Water Resource Recovery Facility (WRRF). Both projects were completed in FY2025.

Reclaimed Water Used for Irrigation, Snowmaking, & Fire Protection (Mgal)



ENG

#HIGHLIGHTS



**JAMES MARTINEZ/
DEPUTY UTILITY MANAGER**

Registered Professional Engineer
Bachelor of Science, Civil
Engineering
Master of Science, Environmental
Engineering

Memberships:
American Society of Civil
Engineers
NMSU Civic, Agricultural, and
Geological Engineering Academy

PROJECTS

Water Production SCADA system replacement

The existing water production Supervisory Controls and Data Acquisition System (SCADA) is 30 years old, and many features are no longer supported. The project will be completed by a combination of contractors and in-house personnel. The existing system is a proprietary system which communicates through a microwave system. The new system is being built on an open architecture format which will allow staff to program and maintain the system internally. The communications will be through new fiber optic lines. To date, 11 wells have been transitioned to the new SCADA system, with eight already fully operational. New SCADA programmable logic controllers (PLCs) have been installed at all the Guaje and Pajarito wells. The work is set to be completed in early May.

Abiquiu Hydroelectric Plant draft tube repairs

The existing draft tube on generator #3 in Abiquiu has been degrading due to cavitation in the structure. The air injection system is the cause of cavitation, and it will be re-designed to prevent further cavitation.

Andritz Hydro, the turbine manufacturer, has been hired to replace a section of the draft tube and aeration system. The new draft tube has been engineered with the new air injection ring that is on the outside perimeter of the tube rather than an injection pipe across the circular cross section, the new design will eliminate the areas of turbulence that were causing cavitation. The draft tube arrived in mid-April and has been assembled. A test run will be completed by the end of April, and the system will be ready to go back online.

Los Alamos WWTP belt press replacement

The belt press at the Los Alamos Wastewater Treatment Plant had been in service for 20 years and was at the end of its service life. Under this project, we replaced the existing belt press with a modern and more efficient sludge dewatering screw press system. The new screw press is fully operational, and the project is working on closeout documents. A time lapse video of the project is online at ladpu.com/sludge.

Bayo non-potable booster station rehabilitation

The existing Bayo Non-Potable Water Booster Station adjacent to the composting facility has been in service since 1995. This project will replace the electric components, valves, controls and the chlorination system. The facility was shut down for the winter on November 1, and demolition of the old equipment has been completed. Though work is progressing, there have been a couple of issues. The contractor had to remove the new electrical equipment after a gasket failure caused water damage in the building. One of the motor starters had to be returned to check

the electrical equipment to ensure the County keeps the warranty on the equipment. The contractor was also informed by the electrical equipment supplier that the second electric motor starter equipment was delayed and would be shipped in mid-May. This delay pushes the substantial completion to the end of June.

Jemez Mountain Regional Fire Protection Project

This project to build a connection between Los Alamos County's water supply system and the water storage tank at Pajarito is necessary for fire protection to enable the delivery of water to the 10-million-gallon storage

reservoir on top of Pajarito Mountain. This full reservoir of water will benefit not only Pajarito but also surrounding lands.

- Phase I of the project began in spring 2025 and included approximately half of the waterline, fiber optic duct bank and electric duct bank up the mountain along a stretch that extended over 2 miles.
- Phase II was incorporated into the Phase I contract in Q2, saving the DPU more than \$1.2 million from the avoided cost of installing temporary paving through the winter. These savings came from holding the pipe and

National Engineer's Week is the last week of February. Below is a collection – but not all! – of DPU's engineer-focused employees.



conduit costs to 2024 prices and from mobilization and traffic control associated with bidding the work later. All waterline, electric conduit and fiber optic conduit was installed by the end of January. The contractor remobilized this spring for the installation of the electric and fiber optic vaults, pull boxes and conduit. All paving and cleanup will be completed by early May.

- Under Phase III, DPU will construct four water booster stations and equip the new underground electric distribution system. Bidding opened in late April and a contractor will be selected for the construction based on the lowest bid. We are awaiting notification from FEMA regarding a portion of project funding, \$3.5 million to be exact, for the electric distribution improvements.
- Phase IV of the project is complete. During this phase, we constructed the new 500,000-gallon water tank at the base of the mountain along West Jemez Road.

When all phases are complete, the project will extend water service to the Pajarito Ski Area for domestic use, fire protection and snow making. The project's anticipated targeted completion is mid-December 2026.

Water Production wells electric and mechanical upgrades

Under this project, DPU is upgrading the electrical and mechanical equipment in eight existing wells. The electric upgrades have been completed. The mechanical upgrades include new valves, meters, vaults and instrumentation, but were delayed due to the long lead time on the large valves and fittings. Mechanical upgrade work is complete and will be closed out by early May.

Wastewater lift station upgrades

Two of the oldest lift stations in the system will be upgraded with new pumps, valves, electric equipment and controls. Rehabilitation of the North Road lift station is complete. The Los Arboles lift station is scheduled for completion in early May pending minor electrical permit approval from the Construction Inspection Division (CID).

Trinity Drive utility upgrades

The Public Works Department will conduct mill-and-overlay work on Trinity Drive from Knecht Street to Oppenheimer Drive in the summer. As part of the project, DPU will replace water lines and gas lines and construct some electric improvements. The project has been bid and will be awarded for construction in mid-May with completion expected by winter.

San Ildefonso Road waterline replacement project

The existing waterline along San Ildefonso Road will be replaced from Los Alamos Middle School to North Mesa Road. The existing cast iron waterline experiences regular leaks because it is located on the edge of the paved road and salts used for de-icing find their way into the pipe trench causing the pipe to corrode. The replacement waterline will be upsized to add capacity to support two proposed housing developments that could add up to 500 new homes in the North Mesa community. The project will be bid and awarded. Construction is anticipated to start in July.

NM-502 14" water transmission line replacement project

Constructed in 1949, the existing 14" steel waterline is located along NM-502 south of the airport. It has begun to fail on a regular basis due to corrosion of the steel. The pipeline is a critical transmission line that conveys water to the community of Los Alamos from a high yield water supply well. The project has been bid and awarded. We expect construction to start in June.

Denver Steels waterline replacement phase II

The project is a joint effort with the Public Works Department who will be repaving the roads. The waterlines have been replaced prior to paving due to their deteriorating condition. The existing lines were cast iron with galvanized steel service lines that were installed in the early 1950s. The project is ongoing with all new 9" C900 main distribution pipe installed. The contractor is currently working on service line tie-ins, and we are looking to replace service lines between old meter cans and new meter cans. We discovered that many of the galvanized service

lines are extremely brittle and need to be replaced. Project completion is anticipated in August.

Denver Steels waterline replacement phase III

This will be a continuation from Phase II. It is a joint effort with the Public Works Department who will be repaving the roads. Design is underway and construction is expected to begin in spring 2027.

Quemazon and East Gate lift station refurbishment

The existing Quemazon lift station has been in service for 26 years and is operating with the original equipment and controls. The East Gate lift station has been in service for almost 30 years. Both lift stations will be refurbished by replacing the pumps, valves, controls and instrumentation. These refurbishments will provide an additional 20 years of reliable operation. The project has been awarded, and construction is anticipated to start in late April.

Guaje Canyon fiber optic extension

As part of the ongoing Water Production SCADA replacement project, a new fiber optic line is being constructed in Rendija and Guaje canyons to provide SCADA communication to eight water production facilities. The new fiber optic line will replace the existing microwave communication system. The contractor has set the new poles with guy wires and installed splice vaults. They anticipate stringing the new fiber and being finished by July.

Tank piping upgrades - phase II

This second phase of work will upgrade the tank piping at the Twin Tank site. This project will replace pipeline segments, valves, rehabilitate vaults and phase out an unused pipe gallery which is leaking. Transmission lines serving the Pajarito Tanks 4 & 4A will be reconfigured in preparation for painting Pajarito Tank 4A in 2027. The project is currently out to bid and will be awarded in June. Construction is anticipated to be completed by November.

Hydro crane and PRV gate

The hydro crane at the Abiquiu Hydroelectric Plant was found to be undersized during an inspection triggered when a new load block needed replacement. The inspection found



Contractor Dub-L-EE continued work on the Jemez Mountain Fire Protection Project before shutting down for the winter in mid-January.

that the existing 4-ton crane was undersized. A structural engineering consultant was contracted to analyze the vertical and horizontal beams to verify that the existing structural system can handle a larger size crane to match the proper loading of the gates. Furthermore, the chamber housing two 54" by-pass valves at the plant must be de-watered periodically for inspections, maintenance and replacements. The old bulkhead gates that isolate the chambers are worn and misaligned, allowing excessive seepage during de-watering operations. Two new bulkhead gates will be fabricated to replace the old gates. The structural engineer is assisting with the design of the new bulkhead gates and a storage/locking mechanism.

Fairway

This project will be a joint project between DPU and the Public Works Department to repave the Fairway roadway in Western Area after replacing utility infrastructure beneath it. 1950's vintage sections of waterlines and sewer will be replaced or relocated before roads are paved. Design is under way and we expect this project to be bid in July.

Sanitary Survey Tank Inspection

Last fall, the DPU had a site visit with NMED to look at and inspect the potable water tanks. The county had not had a site visit from NMED since before COVID. Needless to say, NMED found some issues requiring corrective action. Initially the County addressed 18 of the 36 items identified. Los Alamos County consulted with our contracted engineering consultant for tank maintenance and inspections. The remaining 18 items were tasked to the consultant and subcontractor who completed the work entirely. The

consultant is now assisting with updating tank inspection reports to meet the 5-year inspection requirements.

Los Alamos Wastewater Plant improvements

- The aeration basins at the Los Alamos Wastewater Treatment Plant have developed cracks that are beginning to show signs that water is seeping through. The services of an on-call structural engineer have been secured to prepare specifications and drawings for the repairs. It is scheduled to go out to bid in May. Construction is expected to start this summer.
- Replacement parts will be purchased for the Lakeside Fine Screen equipment. This equipment has several key parts the need to be replaced. It has been in operation since the plant was commissioned in 2004. The fine screen is in the entrance works building and removes rags and debris from the influent before it enters the aeration basins. New parts will be installed by WWTP staff.
- Replacement equipment for the Trojan UV system has been procured. WWTP staff and DPU's electricians will work together to install the new UV unit when it arrives this summer.
- Blower room improvements are needed in the hot summer months to prevent the Aerzen blowers from overheating and tripping. We will consult with the Aerzen technicians regarding the installation of intercoolers. Other improvements may include the upgrade of fans and installation of heat insulation blankets on the piping to reduce the heat in the room.

These four projects are being funded with \$2 million from the Rural Infrastructure Program (RIP).

Long Range Water Plan

The Long-Range Water Supply Plan was last updated in January 2018. The plan is typically updated every 10-15 years or when there are significant changes in water demand. The plan is mandated by the Office of the State Engineer to ensure eligibility for state funded grants and to protect unused water rights. Since the last update we have shut down our highest producing water well due to groundwater contamination and Los Alamos National Laboratory recently released its Site-Wide Environmental Impact Statement (SWEIS) which projects a significant increase in water use. An update to the plan is needed now to evaluate the available water supply and water rights based on changed circumstances, renewed projected water demands and

environmental conditions. A request for proposal went out in April and will advertise for a month. A consultant will be selected to assist with the updates needed.

STAFF DEVELOPMENT

Project Manager Casey Aumack and Engineering Associate Sam Herceg continue their college coursework in pursuit of their respective degrees. Engineering Associate Jennifer Baca is set to walk for her bachelor's degree in environmental science in late April. She will finish course work and obtain her diploma in May.

In February, the DPU and Bohannon Huston were awarded the Project of the Year award for the White Rock WRRF. It was presented at the E Week Conference hosted by the National Society of Professional Engineers (NM chapter) in Albuquerque.



Shortly before his retirement, Deputy Utility Manager James Alarid accepted the Project of the Year award from the National Society of Professional Engineers, NM Chapter, on behalf of the DPU. In recognition of the White Rock WRRF project, the award was jointly presented to contractor Bohannon Huston, represented by the company's engineering staff standing alongside James.

| | BUDGETED | QTR 1 | | | QTR 2 | | | QTR 3 | | | QTR 4 | | |
|---|--------------------|----------|-----|------|-------|-----|-----|-------|-----|-----|-------|-----|------|
| | | JULY | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUNE |
| WASTEWATER COLLECTION | \$635,000 | | | | | | | | | | | | |
| N. Community Backyard Sewer Mains/Services R&R PH I | 285,000 | | | | | | | | | | | | |
| East Gate Lift Station Rehabilitation | 200,000 | | | | | | | | | | | | |
| Denver Steels Phase III | 150,000 | | | | | | | | | | | | |
| WASTEWATER TREATMENT | \$2,060,000 | | | | | | | | | | | | |
| Monitoring Well Replacement at Composting Site | 60,000 | COMPLETE | | | | | | | | | | | |
| LA WWTP Improvements | 2,000,000 | | | | | | | | | | | | |

The new water tank constructed as part of the Jemez Mountain Fire Protection Project was completed during the third quarter.



FY2026

CAPITAL

UTILITY

IMPROVEMENT

PROJECTS

ABIQUIU AIR RELIEF VALVE REPLACEMENT

The Abiquiu Hydroelectric Dam has been in operation for nearly 40 years. The 36" air relief valve, which acts as both an air release valve and air inlet/vacuum relief valve for the penstock, is located above ground in a small room that is exposed to the elements. This valve is leaking and must be replaced. A blind flange was installed in lieu of a new valve.

Budget: \$180,000
 Actual: \$ 13,000
 Schedule: Complete



ABIQUIU WICKET GATE HYDRAULIC SERVO MOTOR REPLACEMENT

The hydroelectric plant in Abiquiu has two turbine/generators that were installed in 1987 and have two servos per turbine that operate the wicket gates. All four servos were rehabilitated about 10 years ago. They are now leaking hydraulic oil again and will be replaced or refurbished.

Budget: \$400,000
 Schedule: Fall 2026



ABIQUIU PRV CHAMBER GATES

The chamber housing two 54" by-pass valves at the Abiquiu hydroelectric plant must be de-watered periodically to perform inspections and maintenance as well as to replace equipment. The old bulkhead gates that are used to isolate the chambers are worn and misaligned, allowing excessive seepage during de-watering operations. Two new bulkhead gates will be fabricated to replace the old gates.

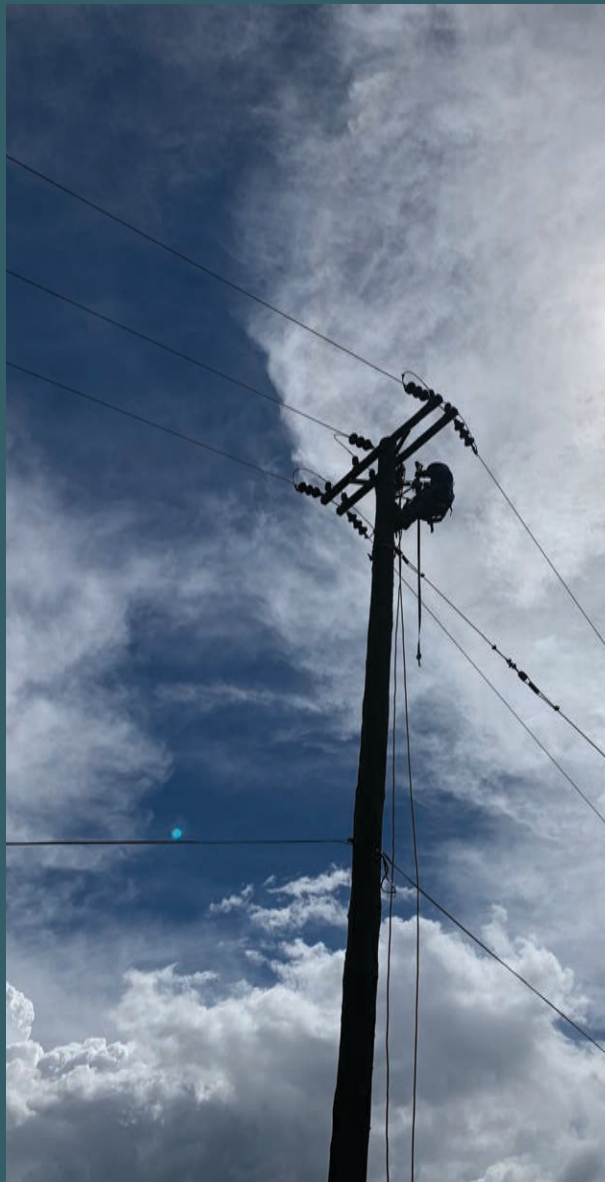
Budget: \$200,000
 Schedule: Spring 2026



OVERHEAD ELECTRIC SYSTEM REPLACEMENTS

Many components of the utilities' overhead infrastructure operate near or past their useful life, which is greater than 50 years. The department's Asset Management Program (AMP) prioritizes O&M projects on (a) root cause analysis after power outages, (b) quarterly line patrols, and (c) year-end assessments. The O&M program includes replacement of power poles, cross-arms, and revamps (wire & transformer upgrades). Areas to be included are: Ski Hill, West Jemez Road, and Rover Boulevard and Beryl Street.

Budget: \$450,000
 Schedule: Year-round



UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION REPLACEMENTS

The underground system contains 1970s infrastructure which was direct-buried in contact with the earth. When portions or segments of the system which have experienced 3 or more failures, they are targeted for replacement because they will fail again. In FY2026, the primary area of focus will be on Los Pueblos in Los Alamos and on Piedra Loop in White Rock.

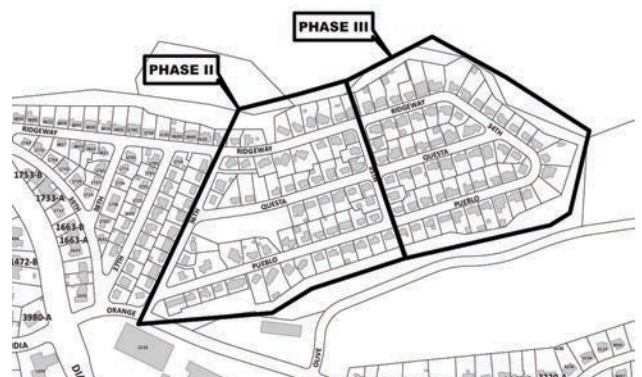
Budget: \$1,550,000
 Schedule: Year-round



DENVER STEELS PHASE III

This is a joint project between the DPU and the Public Works Dept. to repave the roadway and replace utility infrastructure beneath it. Sections of water lines from the 1950s will be replaced. The water distribution portion of the project will be funded by Drinking Water State Revolving Loans (DWSRL).

Budget:
 DW (DWSRL) \$1,500,000
 WWC \$ 150,000
 Schedule: Summer 2027



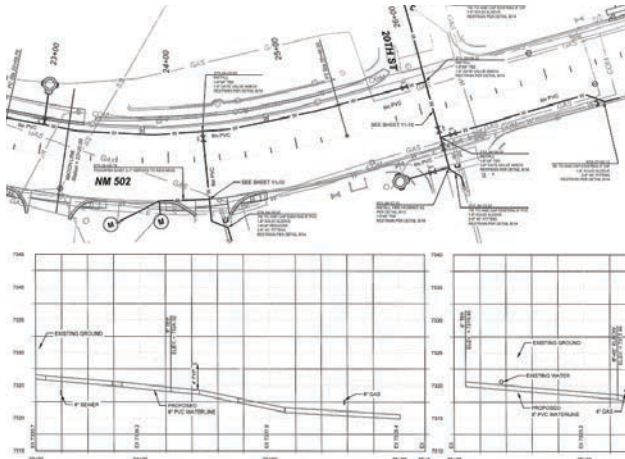
TRINITY DR ROADWAY/UTILITY UPGRADES

The aged waterline in Trinity Drive will be replaced from Oppenheimer to 20th Street. Gas valves will be replaced at six locations outside of the roadway. Electric conduits will be installed across Trinity Drive at two locations for future use. The project design is complete and final certification/permitting from the NMDOT will be complete in Spring 2026.

Budget:

DW \$1,100,000
 Gas \$ 350,000

Schedule: May-Oct 2026



SAN ILDEFONSO RD 8" WATERLINE REPLACEMENT

The DPU will manage replacement of approximately 4,600 linear feet of 8" cast iron pipe with new 12" PVC pipeline along San Ildefonso Road. The existing 8" pipe, which is aged and deteriorated, regularly requires repairs. The new 12" pipeline will increase the water supply to the North Mesa, improve reliability and fire protection, and add additional capacity to serve two proposed large housing developments.

Budget: \$2,000,000 Water Trust Board
 \$ 300,000 CIP

Schedule: Summer/Fall 2026



GAS PIPE LINE REPAIR & REPLACEMENT

Miscellaneous improvements will be made to the natural gas system throughout the year. The nature of work includes leak repairs, pressure regulating station improvements, valve replacements and other unforeseen issues which may occur throughout the year and require contractor support.

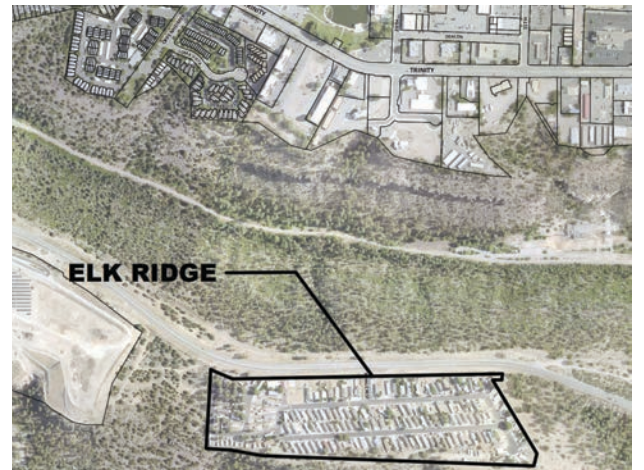
Budget: \$75,000
Schedule: Year-round



ELK RIDGE GAS SYSTEM

The Elk Ridge Mobile Home Park owners are designing and installing a new gas distribution system, compliant with DPU standards, that will be conveyed to the DPU for operation and maintenance when it is complete. Budgeted funds are intended to cover costs that may arise in conveyance of the system.

Budget: \$400,000
Schedule: Fall 2025 - Spring 2026



BOOSTER STATION BUILDING RENOVATIONS

Several buildings housing wells and booster stations in our Water Production system need roof, floor, HVAC and structural repairs. Through this project, we will identify the most urgent needs and address them. Most of the facilities in the system were constructed in the 1950s and 1960s.

Budget: \$500,000
Schedule: 2025/2026



TOWNSITE 14" PIPELINE REPLACEMENT PH I

The DPU will oversee replacement of approximately 6,700 linear feet of 14" steel pipe installed in 1949 with a new 14" ductile iron pipe along NM-502. The existing 14" steel pipe is aged and deteriorated and experiences regular leaks. This line is a critical transmission line that conveys water from Otowi Well #4 to the Townsite area of Los Alamos.

Budget: \$2,500,000 Water Trust Board
 \$ 383,500 CIP
Schedule: Summer 2026



WHITE ROCK IRRIGATION POND COVER

The effluent non-potable water from the White Rock Water Resource Reclamation Facility (WRRF) fills the Overlook Irrigation Booster Pond. This water is used to irrigate the Overlook Park ballfields. In the summer, algae growth and sediment/debris accumulate in the pond and then plug the ballfield sprinkler heads. The pond cover will minimize algae growth and sediment.

Budget: \$40,000
Schedule: Deferred



WATER PRODUCTION SCADA FIBER OPTICS PROJECT

The existing SCADA system was installed in the early 1990s and will be replaced because it is proprietary and at the end of its service life. Many of the components are no longer supported and cannot be repaired or replaced. The new system will be developed with open-architecture software which does not require a proprietary service provider. The communication system will be replaced with a fiber optic network and over 40 remote sites will be equipped with new programmable logic controllers (PLCs) and/or telemetry. Budgeted project funds will be used to extend fiber optic lines to various facilities.

Budget: \$530,000
 Schedule: 2025/2026



DESIGN OF NEW WATER WELL AT OVERLOOK PARK

Due to the loss of water supply from Pajarito Well No. 3, which was taken offline due to groundwater contamination, and the need to plan for projected increases in water use by Los Alamos National Laboratory and Los Alamos County, preparation to permit and construct a new water supply well is necessary. Budgeted funds will cover the engineering and hydrologist services to design a new exploratory well and perform the analysis necessary to harvest the County's San Juan Chama water right from a water supply well located at Overlook Park in White Rock. In 2012, the DPU commissioned an engineering study to evaluate the alternatives to develop the San Juan Chama water allocation of 1,200 acre-feet annually. This is a surface water right and must be drawn from the Rio Grande. The recommended alternative was to drill conventional water wells close to the Rio Grande to harvest the surface water from the river.

Budget: \$230,000
 Schedule: 2026-2027



EAST GATE LIFT STATION REHABILITATION

The East Gate Lift Station in the Bayo Canyon receives wastewater from the Camino Entrada/ Pajarito Cliffs area. It has been experiencing an increased number of failures, resulting in overflows. The station's pumps and control panel will be replaced. The lift station will also be upgraded with SCADA to notify operators of overflow risk with high-level alarms.

Budget: \$200,000
Schedule: Design - Fall 2025
Construction - Spring 2026



NORTH COMMUNITY BACKYARD SEWER MAINS/SERVICE R&R, PHASE I

The DPU will repair or replace segments of the sewer lines in North Community that have proven to be recurring problems and threaten to overflow. This will be the first of multiple phases over the next three fiscal years.

Budget: \$285,000
Schedule: Design - Spring 2026
Construction - Fall 2026



LONG-RANGE WATER SUPPLY PLAN UPDATE

The Long-Range Water Supply Plan, which was last updated in January 2018, is typically updated every 10-15 years or when there are significant changes in water demand. The plan is a requirement of the Office of the State Engineer for the DPU to be eligible for state-funded grants and to protect unused water rights. Since the last update, we have shut down our highest producing water well due to groundwater contamination. Additionally, Los Alamos National Laboratory recently released its Site Wide Environmental Impact Statement (SWEIS) which projects a significant increase in water use. An update to the plan is needed now to evaluate the available water supply and water rights based on changed.

Budget: \$75,000
Schedule: 2025/2026

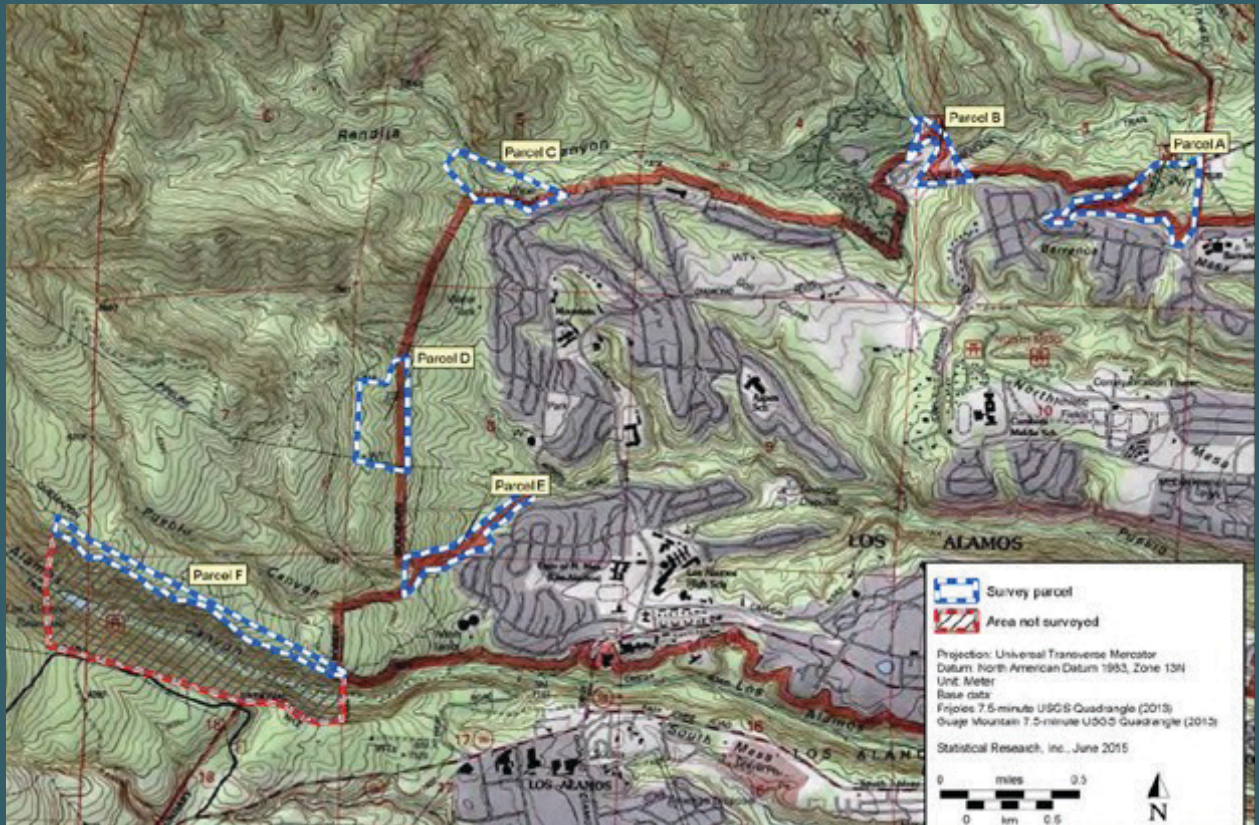


USFS LAND TRANSFERS

Los Alamos County has a collection agreement with the U.S. Forest Service to convey six parcels of land containing 365.3 acres that are owned by the U.S. Forest Service. The DPU is finalizing the environmental work required prior to the conveyance. The cost of the parcels will be split 50% by the general county and 50% by the DPU. The DPU owns multiple water production facilities on these parcels. Access for maintenance and improvements to these facilities will be greatly simplified when the land is owned by the County.

Budget: \$200,000 DPU
 \$200,000 County General Fund

Schedule: 2026



MONITORING WELL REPLACEMENT AT COMPOSTING SITE

When the Bayo Wastewater Treatment Plant was abandoned in 2005, the New Mexico Environment Department required that the DPU install a monitoring well downstream of the abandoned sludge drying beds. The monitoring well is used to sample for nitrogen in the groundwater. The well installed in 2005 dried up in 2023. This project covered installation of a new monitoring well to a deeper depth to enable continued sampling.

Budget: \$60,000
 Actual: \$37,000
 Schedule: Complete, October 2025



LOS ALAMOS WASTEWATER TREATMENT PLANT IMPROVEMENTS

The Los Alamos Wastewater Treatment Plant was commissioned in 2004 and has been in operation for 20 years. The equipment at the plant has maintenance issues and is nearing its life expectancy. With several items needing to be addressed, the DPU will apply for a \$2,000,000 Rural Infrastructure Program (RIP) loan to fund these projects together.

| | | |
|-----------|--|-----------|
| Budget: | Aeration Basin Crack Repair | \$800,000 |
| | Motor Controls Centers – Miscellaneous | \$200,000 |
| | Fine Screen | \$500,000 |
| | Blower Building HVAC | \$200,000 |
| | UV Disinfection Replacement | \$300,000 |
| Schedule: | Construction - 2026 | |



An update from
 Water & Energy
 Conservation Coordinator
Abbey Hayward
 &
 Public Relations Manager
Cathy D’Anna

#HIGHLIGHTS

STAFFING

The third quarter is generally slower for the PR and Conservation Team. This time of year is used to recharge from a year of outreach events, complete reports, and begin to prep for the next year of events.

Our education and outreach partner, PEEC, is busy in the schools and doing community outreach.

Abbey has been working closely with Angelica Gurule, the County sustainability manager, and consultant Firebrand on marketing and engagement strategies for the Climate Action Plan. A community-voted tagline for the campaign—Give a Shift—was released in tandem with Earth Day activities shortly after the quarter ended.

Abbey continued education opportunities by taking a half-day heat pump water heater course and a full-day air-sourced heat pump workshop through Santa Fe Community College.

Cathy gave notice of her intent to retire from Los Alamos County and Abbey was recently promoted into the public relations manager position. We hope we’ll be able to announce a new water and energy conservation coordinator in the Q4 report!

OPERATIONS

The Rep’d chatbot and video messaging tool that the BPU and Council approved last fall has been up and running for over half a year now. This tool sits on the Los Alamos County website as an “Ask the County” button on every web page. AI-generated answers are provided after a quick internal scrub of the site. Short videos feature answers to community questions and are highlighted by the chatbot when the video topic aligns with the question.

The public utilization of the tool has been impressive, with 8,800 engagements from the early October launch through March, and reports from the Rep’d team that Los Alamos

| Rep'd Performance Report | | |
|----------------------------|---|-------------------------|
| | Oct through Mar (implementation to date) | Jan through Mar (Q3) |
| Resident engagement | 8.8k | 3.2k |
| Engagement rate | 262% | 301% |
| Query volume | 3.7k | 1.1k |
| Staff hours saved* | 305 | 91 |
| Video completed watch rate | 50.7% | 54% |
| Video average watch time | 1:17 | 1:16 |

**Staff hours saved is calculated as total queries x 5 minutes. Rep'd is the software company behind the "Ask the County" chat button on the County's website. The program was soft-launched in October 2025.*

County is outperforming peer agencies across every key metric, generating nearly 6 times more resident engagements than comparable communities. Rep'd defines engagements as a measure of how many meaningful actions a user takes per visit to the site. The Rep'd team reports that Los Alamos has consistently shown the highest video retention rates of all their clients. Los Alamos residents are using Ask the County as a front door for everyday services and inquiries, especially those related to Public Works, utilities, permits, meetings, and parks. The strongest themes are practical, task-based questions regarding trash/ recycling, water restrictions, utility billing, Council meeting details, permit applications, facility hours, and public safety guidance.

After over a decade, we've finally run out of efficiency kits, the little welcome-type kit handed out to new residents. With such a long shelf life, ordering new kits was no small task! With great debate about what

would be most useful, we ordered kits with some new tools picked to showcase the cost of operating appliances within a spectrum of extremes. The giant order arrived in late January. Many thanks to the GWS crew for helping to sort out the delivery driver and unload the cargo.

EVENTS

PEEC hosted a workshop to demonstrate these new efficiency kits. The PEEC educators wanted to make sure that users understood how all the tools worked, and how they should be a benefit to a more efficient home life.

DPU sponsored the "Common Ground" movie at PEEC in early February. Nearly 50 people turned out to watch the documentary on regenerative farming, which is crucial for water conservation.

To support development of the next iteration of the Water and Energy Conservation Plan, community speed engagement sessions

#CONTINUED...

were held in Los Alamos, White Rock, and on several bus routes in early March. We know our community members are super busy so these sessions were designed to model speed dating sessions. Unfortunately, attendance was low.

We decided to kick off 2026 with another effort to boost the DPU's Utilities Assistance Program (UAP). Because new pennies are longer being produced and that little copper warrior has begun its long, slow trek into obscurity, we decided to see if a penny drive might bring in some extra funds for UAP. Between a competitive challenge organized for County employees and a public penny drive, we raised \$240 for the program.

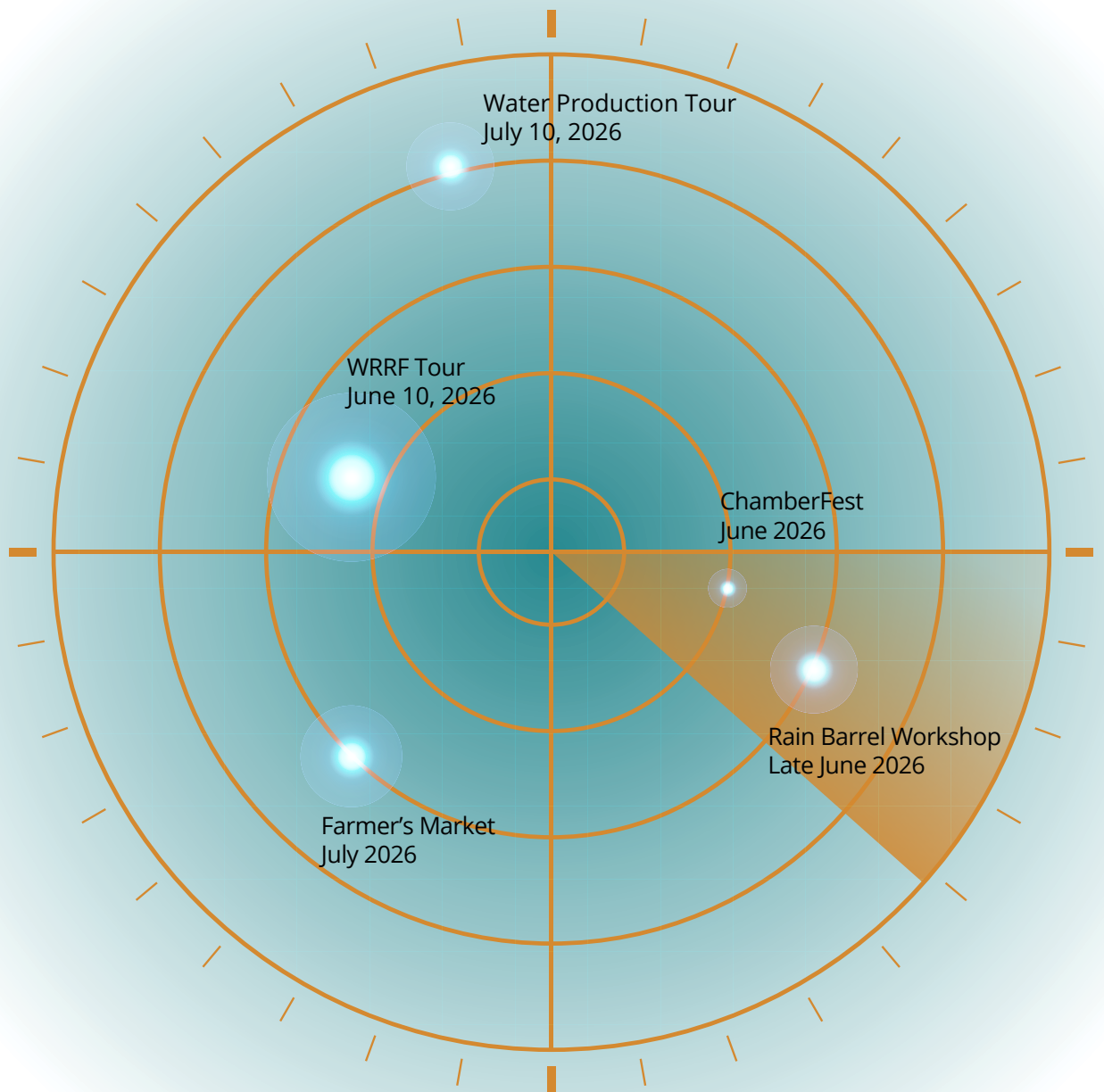


ABOVE: A winter penny drive to benefit the Utilities Assistance Program raised more than \$200 for the voluntarily funded program.

BELOW: Community members were encouraged to stop in to provide speedy feedback regarding updates to the Water and Energy Conservation Plan.



on the radar



#BASICS

Natural gas prices are mainly a function of market supply and demand, which causes fluctuations. Multiple factors affect the price of gas, one being weather. Cold temperatures, for example, increase demand for heating while hot weather increases demand for cooling, both of which increase natural gas demand by gas-fired electric power plants.

To mitigate some of the fluctuations, the DPU joined the New Mexico Municipal Energy Acquisition Authority (NMMEAA). Created by local

governments in 2008 through a Joint Powers Agreement, the purpose of NMMEAA is to obtain reliable, long-term gas supply under favorable terms, conditions and price. NMMEAA benefits government-owned utilities like the DPU and through this membership, The DPU is able to pass its savings directly to customers.

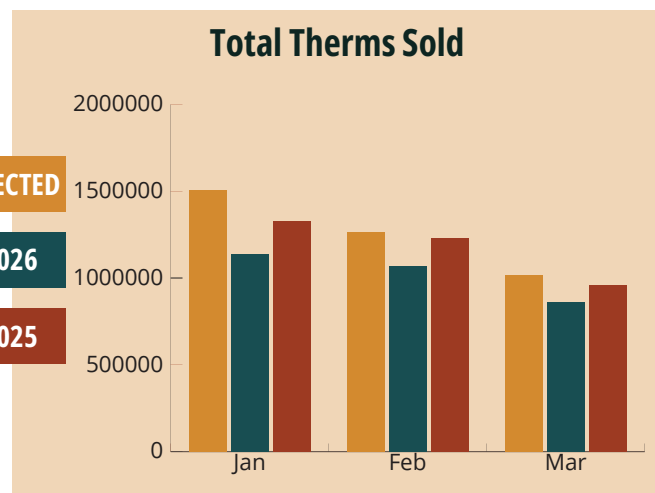
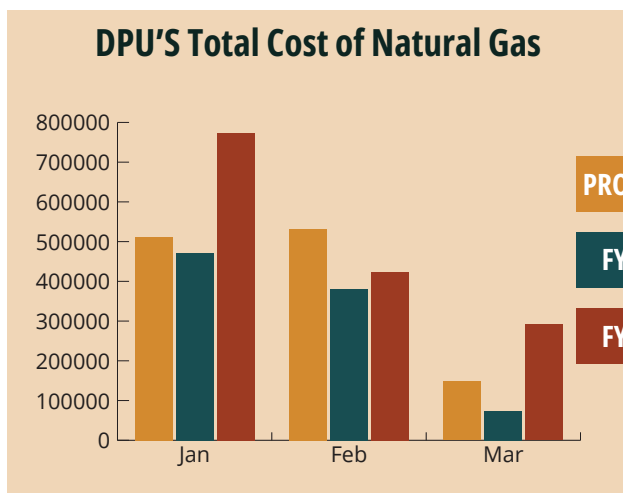
PASS-THROUGH MODEL

Since 2013, the DPU has included a “pass-through” cost of natural gas in its rate. In addition to a monthly service

fee, the gas consumption charge comprises a fixed cost fee per therm to cover the DPU’s gas maintenance and operations expenses and a cost-of-gas pass-through rate per therm. This allows the DPU’s true cost to purchase the natural gas commodity to be passed directly to the customer.

This price is calculated each month based on the San Juan Index and then adjusted based on the actual cost from the prior month. Historically, customers benefited from this approach as the DPU did not

| San Juan Index/MMBTU | | | Total Cost of Gas for Q3 | | | Total Therms Sold for Q3 | | |
|----------------------|------|------|--------------------------|------------------|--------------------|--------------------------|------------------|------------------|
| | FY26 | FY25 | | FY26 | FY25 | | FY26 | FY25 |
| Mar | 1.44 | 3.17 | Mar | 73,095 | 291,572 | Mar | 863,221 | 957,395 |
| Feb | 4.14 | 3.62 | Feb | 380,974 | 423,711 | Feb | 1,065,935 | 1,231,700 |
| Jan | 3.36 | 4.12 | Jan | 471,866 | 772,876 | Jan | 1,139,930 | 1,329,864 |
| | | | Total | \$925,935 | \$1,488,159 | Total | 3,069,086 | 3,518,959 |



need to maintain a substantial rate stabilization fund to absorb the volatile, fluctuating gas prices. However, 2022 brought unprecedented high costs that weren't captured under the DPU's \$0.99 variable rate cap. At the end of March 2023, the

BPU recommended, and Los Alamos County Council adopted, a new ordinance that raised that cap to \$4/therm. Additionally, a temporary recovery rate mechanism began in the 4th quarter of FY2023 to recover recent costs not collected with

the lower cap in place. These costs reached full recovery in February 2024 and the rate was discontinued the next month. Each month the DPU posts the new variable cost of gas rate on the website at: ladpu.com/GasRateNow.

TOTAL GAS CHARGE COMPRISES FOUR COMPONENTS:

$$\begin{aligned}
 & \text{1 Monthly Service Fee} \\
 & + \frac{[(\text{2 Fixed Component} + \text{3 Variable Cost of Gas}) \times \text{4 Total Therms}]}{} \\
 & = \text{TOTAL CHARGE}
 \end{aligned}$$

SCHEDULE OF CUSTOMERS
 7A: Residential
 7E: Commercial
 7L: County
 7N: Schools



1. MONTHLY SERVICE FEE **1**

| Schedule | Meter Rated | Charge |
|----------|-------------|---------|
| ALL | ≤ 250 CFH | \$14.25 |
| ALL | > 250 CFH | \$41.25 |

2. FIXED COST RECOVER FEE/THERM

| Schedule | Fee/Therm |
|----------|-----------------|
| 7A & 7E | \$0.34 2 |
| 7L & 7N | \$0.30 |

3. VARIABLE COST OF GAS/THERM (Pass-Through Cost of Gas)
 Calculated each month based on the San Juan index and then adjusted based on the actual cost from the prior month. It is capped at \$4/therm.

RESIDENTIAL EXAMPLE:
 7A Customer used 18 therms in March 2026
 $\$14.25 + [(\$0.34 + \$0.18) \times 150] =$
\$92.25 **4**

COMMERCIAL EXAMPLE:
 7E Customer used 135 therms in March 2026
 $\$14.25 + [(\$0.34 + \$0.18) \times 500] =$
\$274.25 **4**

| Date | Projected Variable Cost of Gas | | Adjust Prior Month Estimate | Variable Pass-Through Cost of Gas/Therm 3 |
|----------|--------------------------------|---|-----------------------------|--|
| Jan 2026 | \$0.34 | + | \$0.05 | \$0.39 |
| Feb 2026 | \$0.42 | + | (\$0.01) | \$0.41 |
| Mar 2026 | \$0.15 | + | \$0.03 | \$0.18 |

F&A

#HIGHLIGHTS



JOANN GENTRY / DEPUTY UTILITY MANAGER

Bachelor of Business
Administration - Finance

Master of Business Administration

Membership:
Government Finance Officers
Assn.

OVERVIEW

The BPU approved the FY2027 proposed budget and the FY2028 projected budget on March 18 and further recommended County Council approval. The annual budget hearings are scheduled for April 27-29. You can find the Citizen's guide and the complete FY2027 budget book on the County's web site at lacnm.com/budget.

As of March 31, the balance in the Utilities Assistance Program fund was \$26,853. Thank you to all the generous donors who provide this critical assistance. If you want to donate to the UAP fund, call the Customer Care Center at 505-662-8333 or visit ladpu.com/assist on the web. One-time and regular monthly donations are essential in keeping this important program running.

Los Alamos County customers can pay their utility bills through Automated Clearing House (ACH) by signing up through DPU's online form at ladpu.com/pay or by visiting the Customer Care Center. This free service automatically

drafts the amount due from your bank account every month. ACH simplifies your life by offering a convenient, automated, and secure way to pay your utility bill.

OVERALL OPERATIONS

Through March 31, the Joint Utilities Fund operating revenues were \$58.6 million. Operating expenditures were \$54.2 million. The net operating income gain was \$4.5 million. Capital expenditures were \$18.6 million. Other financing uses were \$11.8 million. The total net income loss was \$2.4 million.

Electric Operations

Electric revenues were \$27.0 million for wholesale, \$13.8 million for retail, and \$1.2 million in other revenues, for a total of \$41.9 million through Q3. Operating expenditures were \$39.8 million. The net operating income gain was \$2.1 million. Capital expenditures were \$1.2 million. The total net income gain was more than \$890,000.

Gas Operations

Gas revenues were \$4.7 million for retail, and \$14,600 in other revenues, for a total of \$4.7 million through Q3. Operating expenditures were \$2.5 million and the cost of gas was \$1.9 million. The net operating income gain was over \$350,000. Capital expenditures were almost \$67,000. The total net income gain was \$284,000.

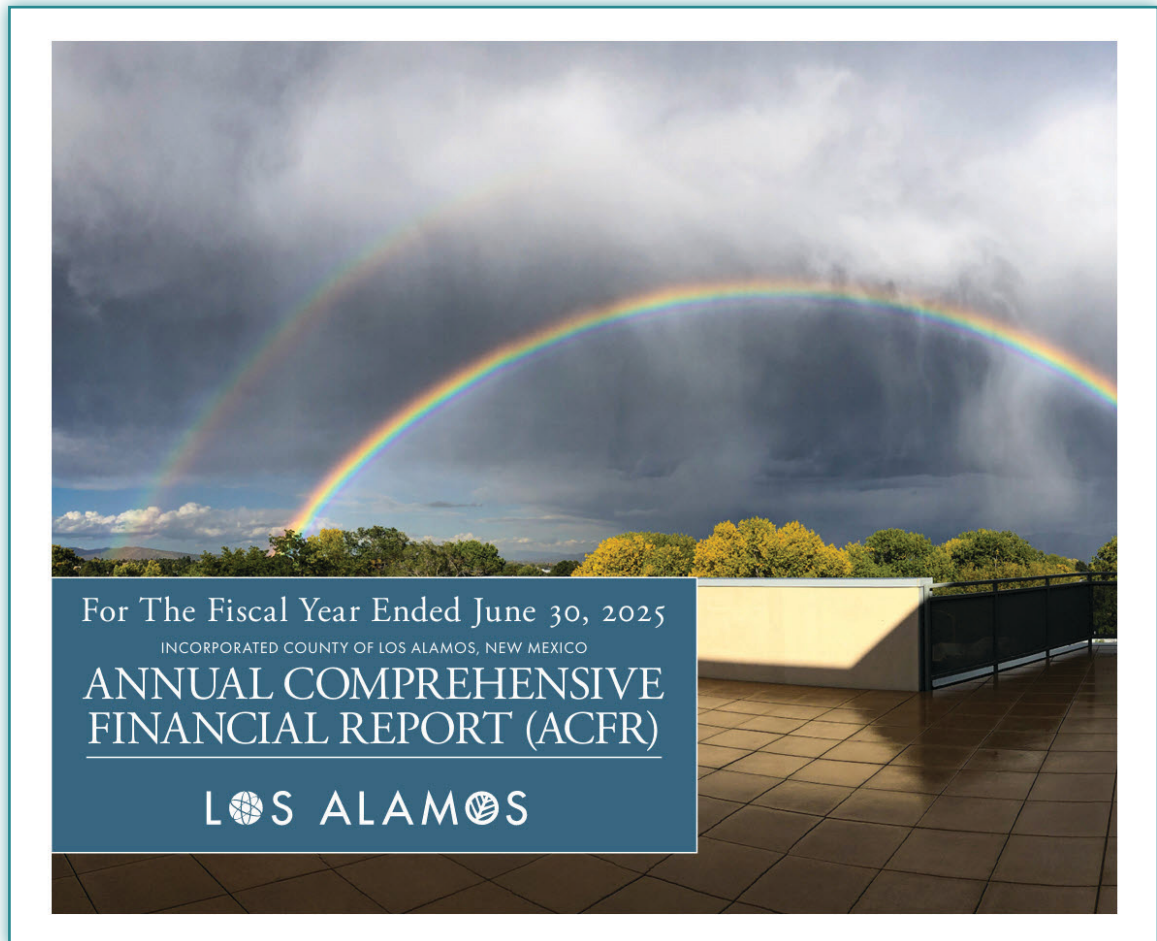
Water Operations

Water revenues were \$1.2 million for wholesale, \$5.3 million for retail, and \$232,000 in other revenues, for a total of \$6.7 million through Q3. Operating expenditures were \$5.8 million. The operating net income gain was \$890,000. Capital expenditures were \$14.6 million. Other financing uses were \$10.5 million. The total net income loss was \$3.2 million due to capital expenditures.

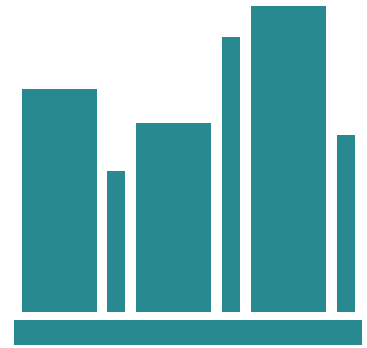
Wastewater Operations

Wastewater retail revenues were \$5.3 million with \$500 in other revenues through Q3. Operating expenditures were \$4.2 million. The total net operating income gain was \$1.1 million. Capital expenditures were \$2.7 million. Other financing uses were \$1.3 million. The total net income loss was \$341,723 due to capital expenditures.

The FY2025 ACFR was accepted by the Los Alamos County Council on January 27.



F FINANCIAL PERFORMANCE



GOAL: Achieve and maintain excellence in financial performance

- Control costs and maintain adequate revenue to provide a high level of service, now and into the future, while keeping rates competitive with similar utilities
- Take advantage of favorable loan/grant opportunities
- Meet financial reserve targets within our 10-year financial policy, with a debt coverage ratio of 1.3 or greater every fiscal year
- Conduct cost of service studies for each utility at least every 5 years



FOLLOWING PAGES:

- Debt Profile
- Financial Statements by Utility
- Consumption Detail by Utility



Unaudited quarterly reports may include changes to prior quarters' data. Financial data is not final until audited following the close of the fiscal year.

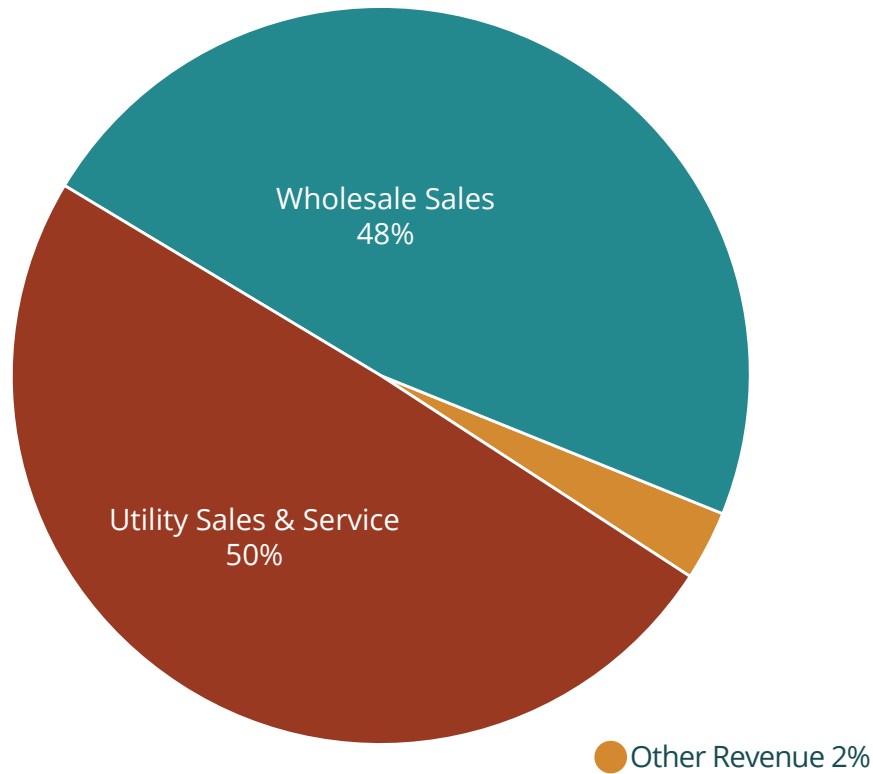
CURRENT DEBT PROFILE: Q3

Net System Revenue of the Joint Utility System

| Year | Total Senior Debt Service | Total Subordinate Debt Service | Total Super Subordinate Debt Service | Total Debt Service | Total Operating Net Revenue | Total Debt Service Coverage Ratio |
|------|---------------------------|--------------------------------|--------------------------------------|--------------------|-----------------------------|-----------------------------------|
| 2026 | \$1,210,048 | \$969,922 | \$1,227,193 | \$3,407,163 | \$8,461,607 | 2.48 |
| 2027 | \$1,189,720 | \$1,172,027 | \$2,541,666 | \$4,903,414 | \$7,831,411 | 1.60 |
| 2028 | \$1,177,264 | \$1,174,928 | \$2,541,903 | \$4,894,095 | \$8,760,210 | 1.79 |
| 2029 | \$1,152,072 | \$1,172,108 | \$2,541,900 | \$4,866,080 | \$10,580,855 | 2.17 |
| 2030 | \$1,129,752 | \$1,173,747 | \$2,541,897 | \$4,845,396 | \$10,893,363 | 2.25 |
| 2031 | \$0 | \$1,169,669 | \$2,541,895 | \$3,711,563 | \$12,451,425 | 3.35 |
| 2032 | \$0 | \$1,168,685 | \$2,510,216 | \$3,678,900 | \$13,652,625 | 3.71 |
| 2033 | \$0 | \$1,171,932 | \$2,503,030 | \$3,674,962 | \$14,623,417 | 3.98 |
| 2034 | \$0 | \$1,169,218 | \$2,503,031 | \$3,672,248 | \$14,981,906 | 4.08 |
| 2035 | \$0 | \$535,733 | \$2,503,031 | \$3,038,764 | \$13,425,742 | 4.42 |

*FY2026 based on FY2024 Annual Comprehensive Financial Report (ACFR)
 FY2027 based on FY2025 projected actuals
 FY2028-FY2035 based on 10-year financial projection*

REVENUES



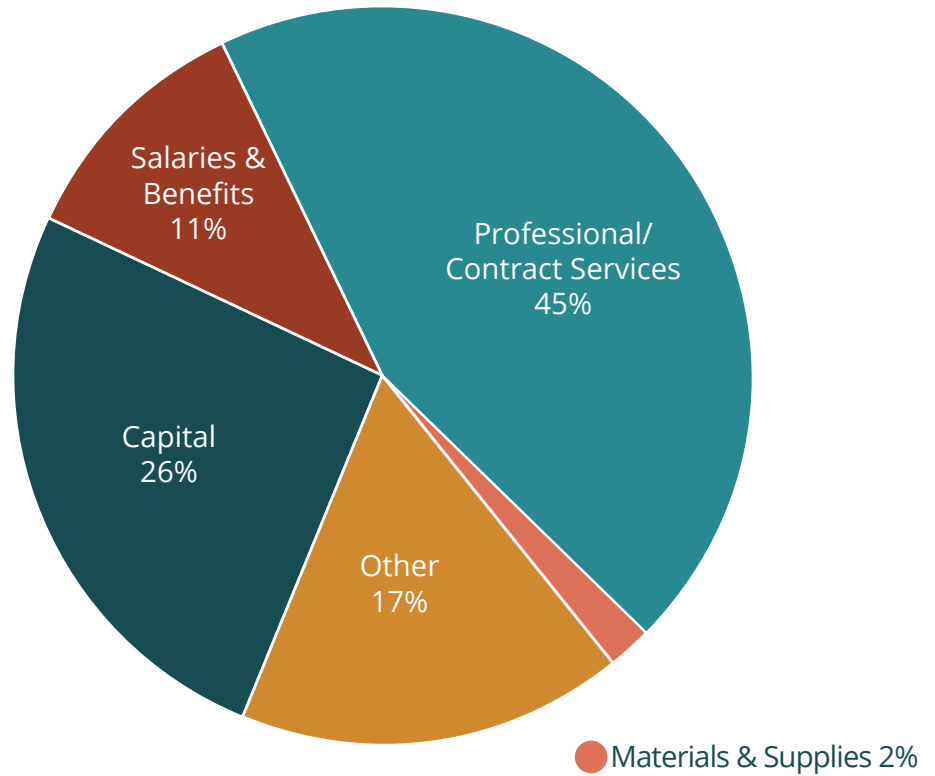
* "Other" revenues include interest income, federal bond subsidy, revenue on recoverable work and miscellaneous revenue.

OVERALL PERFORMANCE:
Q3 YTD FY2026 Financial Status - Unaudited

| | Adopted Budget | Revised Budget | |
|------------------------------------|-----------------------------------|-----------------------|---------------------|
| OPERATING REVENUES | Utility Sales & Service | \$42,515,988 | \$42,515,988 |
| | Wholesale Sales | 53,008,007 | 53,008,007 |
| | Other Revenue | 3,422,900 | 3,422,900 |
| | Total Operating Revenue** | \$98,946,895 | \$98,946,895 |
| OPERATING EXPENSES | Employee Salaries & Benefits | \$11,402,096 | \$11,402,096 |
| | Prof'l & Contract Services | 58,374,050 | 59,056,356 |
| | Materials and Supplies | 2,058,914 | 2,083,917 |
| | Other * | 21,171,275 | 21,310,951 |
| | Net Operating Expenditures | \$93,006,335 | \$98,853,320 |
| NET OPERATING INCOME (LOSS) | \$5,940,560 | \$5,093,575 | |
| Capital Expenditures | 15,733,500 | 46,211,145 | |
| Other Financing Uses | 6,879,916 | 14,041,958 | |
| NET INCOME (LOSS) | \$(2,913,024) | \$(27,075,612) | |

**Operating revenue does not include Cost of Power or Cost of Water.

EXPENSES



* "Other" expenses are interfund charges, capital outlay and fiscal charges.

| Electric | Gas | Water | Wastewater | Total Q3 YTD | % Left |
|---------------------|--------------------|----------------------|--------------------|----------------------|------------|
| \$13,751,776 | \$4,676,674 | \$5,297,438 | \$5,308,269 | \$29,034,157 | 32% |
| 26,954,387 | - | 1,178,556 | - | 28,132,943 | 47% |
| 1,221,242 | 14,662 | 231,765 | 500 | 1,468,169 | 57% |
| \$41,927,404 | \$4,691,336 | \$6,707,760 | \$5,308,769 | \$58,635,269 | 41% |
| \$3,664,695 | \$1,035,631 | \$1,809,859 | \$1,663,726 | \$8,173,912 | 28% |
| 31,384,081 | 271,055 | 594,661 | 225,148 | 32,474,946 | 45% |
| 470,873 | 137,402 | 394,534 | 206,675 | 1,209,485 | 42% |
| 4,303,186 | 2,896,677 | 3,018,743 | 2,103,620 | 12,322,226 | 42% |
| \$39,822,835 | \$4,340,766 | \$5,817,798 | \$4,199,169 | \$54,180,568 | 42% |
| \$2,104,569 | \$350,570 | \$889,962 | \$1,109,599 | \$4,454,701 | |
| 1,214,390 | 66,568 | 14,627,152 | 2,736,459 | 18,644,569 | 60% |
| - | - | 10,512,179 | 1,285,137 | 11,797,315 | 16% |
| \$890,179 | \$284,002 | \$(3,225,011) | \$(341,723) | \$(2,392,553) | |

ELECTRIC ELECTRICELECTRICELECTRIC **ELECTRIC PRODUCTION**

| Through Mar. 31, 2026 | FY2026 BUDGET | | ACTUALS | % Left |
|--------------------------------|---------------------|---------------------|---------------------|------------|
| | Adopted | Revised | | |
| REVENUE | | | | |
| MWh Sales to LANL | 485,207 | 485,207 | 297,494 | 39% |
| MWh Sales to ED | 123,455 | 123,455 | 93,065 | 25% |
| Total MWh Sales | 608,662 | 608,662 | 390,559 | 36% |
| DOE Revenues | \$43,668,618 | \$43,668,618 | \$23,407,986 | 46% |
| Economy Sales | 7,500,000 | 7,500,000 | 3,546,401 | 53% |
| Sales to ED | 11,110,992 | 11,110,992 | 9,369,068 | 16% |
| Other Revenue | 2,024,080 | 2,024,080 | 722,580 | 64% |
| Total Revenue | \$64,303,690 | \$64,303,690 | \$37,046,035 | 42% |
| OPERATING EXPENSES | | | | |
| Salaries | \$1,781,619 | \$1,781,619 | \$1,239,414 | 30% |
| Benefits | 707,228 | 707,228 | 478,555 | 32% |
| Prof'l/Contract Services | 54,389,646 | 54,390,955 | 30,861,747 | 43% |
| Materials/Supplies | 225,952 | 225,952 | 79,484 | 65% |
| Interfund Charges | 2,484,063 | 2,484,063 | 1,032,359 | 58% |
| Capital Outlay | 64,361 | 64,361 | - | 100% |
| Fiscal Charges | 577,462 | 577,462 | 316,323 | 45% |
| Total Operating Expense | \$60,230,331 | \$60,231,640 | \$34,007,882 | 44% |
| Operating Income (Loss) | \$4,073,359 | \$4,072,050 | \$3,038,153 | 25% |
| Capital Expenditures | \$780,000 | \$2,029,904 | \$861,392 | 58% |
| Other Financing | | | | |
| Transfer to ED | \$(2,000,000) | \$(2,000,000) | - | 100% |
| NET INCOME (LOSS) | \$1,293,359 | \$42,146 | \$2,176,761 | |

ELECTRIC DISTRIBUTION DISTRIBUTION DISTRIBUTION DISTRIBUTION

| <i>Through Mar. 31, 2026</i> | FY2026 BUDGET | | ACTUALS | % Left |
|--------------------------------|---------------------|----------------------|----------------------|------------|
| | Adopted | Revised | | |
| REVENUE | | | | |
| KWh Sales | 123,455,462 | 123,455,462 | 91,375,780 | 26% |
| Sales Revenue | \$19,288,456 | \$19,288,456 | \$13,751,776 | 29% |
| Other Revenue | 561,653 | 561,653 | 484,069 | 14% |
| Total Revenue | \$19,850,109 | \$19,850,109 | \$14,235,844 | 28% |
| OPERATING EXPENSES | | | | |
| Salaries | \$1,913,867 | \$1,913,867 | \$1,410,618 | 26% |
| Benefits | 836,414 | 836,414 | 536,108 | 36% |
| Prof'l/Contract Services | 1,004,568 | 1,043,881 | 522,335 | 50% |
| Materials/Supplies | 582,886 | 594,020 | 391,389 | 34% |
| Interfund Charges | 2,920,034 | 2,960,034 | 2,006,296 | 32% |
| Capital Outlay | 242,900 | 315,298 | 71,770 | 77% |
| Fiscal Charges | 1,178,311 | 1,178,311 | 876,437 | 26% |
| Cost of Power | 11,110,992 | 11,110,992 | 9,354,475 | 16% |
| Total Operating Expense | \$19,789,972 | \$19,952,818 | \$15,169,428 | 24% |
| Operating Income (Loss) | \$60,137 | \$(102,709) | \$(933,584) | |
| Capital Expenditures | \$2,075,000 | \$6,269,918 | \$352,998 | 94% |
| Other Financing | | | | |
| Transfer from EP | 2,000,000 | 2,000,000 | - | 100% |
| Revenue (Profit) Transfer | (829,404) | (829,404) | - | 100% |
| NET INCOME (LOSS) | \$(844,267) | \$(5,202,031) | \$(1,337,495) | |

WATER PRODUCTION

| Through Mar. 31, 2026 | FY2026 BUDGET | | ACTUALS | % Left |
|---------------------------------|----------------------|-----------------------|----------------------|------------|
| | Adopted | Revised | | |
| REVENUE | | | | |
| Potable KGal prod. | 1,150,000 | 1,150,000 | 799,491 | 30% |
| Non-potable KGal prod. | 136,500 | 136,500 | 50,872 | 63% |
| Total kgal Production | 1,286,500 | 1,286,500 | 850,364 | 34% |
| Potable Sales to DW | \$4,200,000 | \$4,200,000 | \$3,170,752 | 25% |
| Potable Wholesale Sales | 1,839,389 | 1,839,389 | 1,178,556 | 36% |
| Other Revenue | 509,342 | 509,342 | 192,425 | 62% |
| Total Revenue | \$6,548,731 | \$6,548,731 | \$4,541,734 | 31% |
| OPERATING EXPENSES | | | | |
| Salaries | \$1,136,438 | \$1,136,438 | \$797,152 | 30% |
| Benefits | 474,938 | 474,938 | 296,222 | 38% |
| Prof/Contract Services | 974,439 | 1,389,021 | 414,145 | 70% |
| Materials/Supplies | 186,790 | 190,657 | 207,971 | -9% |
| Interfund Charges | 2,045,825 | 2,045,825 | 1,714,587 | 16% |
| Capital Outlay | 34,535 | 34,535 | 17,891 | 48% |
| Fiscal Charges | 888,118 | 888,118 | 469,916 | 47% |
| Total Operating Expense | \$5,741,083 | \$6,159,532 | \$3,917,884 | 36% |
| Operating Income (Loss) | \$807,648 | \$389,199 | \$623,850 | |
| Capital Expenditures | \$4,458,500 | \$24,961,140 | \$13,572,120 | 46% |
| Other Financing | | | | |
| Grants/Loan Proceeds | \$2,500,000 | \$6,742,142 | \$8,512,179 | -26% |
| County/Ext Reimb | - | 2,919,900 | 2,000,000 | 32% |
| Transfer: Gen Fund/ Econ Dev | 100,000 | 100,000 | - | 100% |
| NET INCOME (LOSS) | \$(1,050,852) | \$(14,809,899) | \$(2,436,091) | |

WATER DISTRIBUTION DISTRIBUTION DISTRIBUTION DISTRIBUTION

| <i>Through Mar. 31, 2026</i> | FY2026 BUDGET | | ACTUALS | % Left |
|--------------------------------|----------------------|----------------------|--------------------|------------|
| | Adopted | Revised | | |
| REVENUE | | | | |
| KGal Sales | 800,000 | 800,000 | 540,159 | 32% |
| Sales Revenue | \$7,611,636 | \$7,611,636 | \$5,297,438 | 30% |
| Other Revenue | 85,000 | 85,000 | 53,934 | 37% |
| Total Revenue | \$7,696,636 | \$7,696,636 | \$5,351,372 | 30% |
| OPERATING EXPENSES | | | | |
| Salaries | \$790,528 | \$790,528 | \$521,061 | 34% |
| Benefits | 320,606 | 320,606 | 195,424 | 39% |
| Prof/Contract Services | 574,447 | 782,604 | 180,516 | 77% |
| Materials/Supplies | 368,743 | 378,745 | 186,564 | 51% |
| Interfund Charges | 1,385,409 | 1,385,409 | 816,350 | 41% |
| Cost of Water | 4,200,000 | 4,200,000 | 3,185,345 | 24% |
| Total Operating Expense | \$7,639,733 | \$7,857,892 | \$5,085,260 | 35% |
| Operating Income (Loss) | \$56,903 | \$(161,256) | \$266,112 | |
| Capital Expenditures | \$4,900,000 | \$5,967,860 | \$1,055,032 | 82% |
| Other Financing | | | | |
| Grants/Loan Proceeds | \$3,500,000 | \$3,500,000 | - | 100% |
| NET INCOME (LOSS) | \$(1,343,097) | \$(2,629,116) | \$(788,920) | |

NATURAL GAS DISTRIBUTION

| <i>Through Mar. 31, 2026</i> | FY2026 BUDGET | | ACTUALS | % Left |
|---|--------------------|--------------------|--------------------|------------|
| | Adopted | Revised | | |
| REVENUE | | | | |
| Therm Sales | 8,400,000 | 8,400,000 | 5,380,595 | 36% |
| Sales Revenue | \$8,365,728 | \$8,365,728 | \$4,676,674 | 44% |
| Other Revenue | 57,825 | 57,825 | 14,662 | 75% |
| Total Revenue | \$8,423,553 | \$8,423,553 | \$4,691,336 | 44% |
| OPERATING EXPENSES | | | | |
| Salaries | \$918,856 | \$918,856 | \$760,886 | 17% |
| Benefits | 377,184 | 377,184 | 274,745 | 27% |
| Prof'l/Contract Services | 562,633 | 562,747 | 271,055 | 52% |
| Materials/Supplies | 198,357 | 198,357 | 137,402 | 31% |
| Interfund Charges | 1,412,684 | 1,412,684 | 1,028,671 | 27% |
| Capital Outlay | - | - | 1,368 | |
| Cost of Gas | 3,444,000 | 3,471,278 | 1,866,638 | 46% |
| Total Operating Expense | \$6,913,714 | \$6,941,105 | \$4,340,766 | 37% |
| Operating Income (Loss) | \$1,509,839 | \$1,482,448 | \$350,570 | |
| Capital Expenditures | \$825,000 | \$1,025,000 | \$66,568 | 94% |
| Other Financing Revenue (Profit) Transfer | (390,680) | (390,680) | - | 100% |
| NET INCOME (LOSS) | \$294,159 | \$66,768 | \$284,002 | |

WASTEWATER COLLECTION & TREATMENT

| <i>Through Mar. 31, 2026</i> | FY2026 BUDGET | | ACTUALS | % Left |
|--------------------------------|----------------------|----------------------|--------------------|------------|
| | Adopted | Revised | | |
| REVENUE | | | | |
| KGals Processed | 400,000 | 400,000 | 265,813 | 34% |
| Sales Revenue | \$7,250,168 | \$7,250,168 | \$5,308,269 | 27% |
| Other Revenue | 185,000 | 185,000 | 500 | 100% |
| TOTAL REVENUE | \$7,435,168 | \$7,435,168 | \$5,308,769 | 29% |
| OPERATING EXPENSES | | | | |
| Salaries | \$1,526,820 | \$1,526,820 | \$1,209,427 | 21% |
| Benefits | 617,598 | 617,598 | 454,299 | 26% |
| Prof/Contract Services | 868,317 | 887,149 | 225,148 | 75% |
| Materials/Supplies | 496,186 | 496,186 | 206,675 | 58% |
| Interfund Charges | 2,088,931 | 2,088,931 | 1,516,471 | 27% |
| Capital Outlay | 280,000 | 280,000 | 7,768 | 97% |
| Fiscal Charges | 2,124,642 | 2,124,642 | 579,381 | 73% |
| Total Operating Expense | \$8,002,494 | \$8,021,326 | \$4,199,169 | 48% |
| Operating Income (Loss) | \$(567,326) | \$(586,158) | \$1,109,599 | |
| Capital Expenditures | \$2,695,000 | \$5,957,323 | \$2,736,459 | 54% |
| Other Financing | | | | |
| Grant/Loan Proceeds | 2,000,000 | 2,000,000 | 1,285,137 | 36% |
| NET INCOME (LOSS) | \$(1,262,326) | \$(4,543,481) | \$(341,723) | |

UTILITY UTILITY UTILITY UTILITY UTILITY SERVICE: ELECTRIC

| | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------------------------|-------------------|-------------------|-------------------|----|-------------------|
| SALES (KWh) | | | | | |
| Residential | 16,651,955 | 15,053,404 | 16,853,759 | | 48,559,118 |
| Private Area Lights | 9,354 | 9,354 | 9,354 | | 28,062 |
| Commercial | 9,852,397 | 8,838,415 | 9,129,011 | | 27,819,823 |
| Municipal | 2,470,317 | 2,284,439 | 3,554,125 | | 8,308,881 |
| Water Production | 2,318,449 | 1,316,089 | 2,015,852 | | 5,650,390 |
| Educational | 1,031,121 | 1,254,835 | 1,136,550 | | 3,422,506 |
| DG received by DPU* | (1,006,293) | (764,402) | (642,305) | | (2,413,000) |
| Total | 31,327,300 | 27,992,134 | 32,056,346 | | 91,375,780 |
| BILLED LOCATIONS (average) | | | | | |
| Residential | 9,034 | 8,940 | 9,086 | | 9,020 |
| Commercial | 723 | 715 | 718 | | 719 |
| Municipal | 215 | 211 | 219 | | 215 |
| Educational | 66 | 64 | 64 | | 65 |
| Total | 10,038 | 9,930 | 10,087 | | 10,018 |
| REVENUE/KWH (average) | | | | | |
| Residential | \$0.1544 | \$0.1623 | \$0.1519 | | 0.1562 |
| Private Area Lights | 0.4628 | 0.4939 | 0.4271 | | 0.4613 |
| Commercial | 0.1456 | 0.1491 | 0.1445 | | 0.1464 |
| Municipal | 0.1494 | 0.1531 | 0.1383 | | 0.1469 |
| Water Production | 0.1068 | 0.1144 | 0.1078 | | 0.1097 |
| Educational | 0.1504 | 0.1464 | 0.1308 | | 0.1425 |
| Cost for DG received** | (0.0922) | (0.0914) | (0.0911) | | (0.0916) |
| Average | \$0.1497 | \$0.1564 | \$0.1461 | | 0.1507 |
| LOSS CALCULATION | | | | | |
| Power Rec'd, KWh | 31,170,369 | 32,069,314 | 28,429,473 | | 91,669,156 |
| PV Power Rec'd, KWh | - | - | - | | - |
| Qtrly Losses <gains>, KWh | (156,931) | 4,077,180 | (3,626,873) | | 293,376 |
| % Qtrly Losses <gains> | -0.50% | 12.71% | -12.76% | | 0.32% |
| Cumulative Losses <gains> | -0.50% | 6.20% | 0.32% | | 6.20% |

* DG received by the DPU: Total distributed generation added to the electric grid by solar customers. These customers also received 1,048,169 kWh from the grid during Quarter 2.

** Cost for DG received: Solar customers are credited for the distributed generation added to the electric grid at the current wholesale equivalent cost.

UTILITY SERVICE: NATURAL GAS

| | Q1 | Q2 | Q3 | Q4 | YTD |
|--|----------------|------------------|------------------|----|------------------|
| SALES (Therms) | | | | | |
| Residential | 331,167 | 1,284,691 | 2,334,997 | | 3,950,855 |
| Commercial | 132,355 | 336,744 | 535,113 | | 1,004,212 |
| Municipal | 31,749 | 69,929 | 114,455 | | 216,133 |
| Water Production | 55,759 | 7,853 | 1,940 | | 65,552 |
| Educational | 6,431 | 54,831 | 82,581 | | 143,843 |
| Total | 557,461 | 1,754,048 | 3,069,086 | | 5,380,595 |
| BILLED LOCATIONS (average) | | | | | |
| Residential | 7,636 | 7,560 | 7,758 | | 7,651 |
| Commercial | 417 | 408 | 409 | | 411 |
| Municipal | 45 | 43 | 45 | | 44 |
| Educational | 25 | 26 | 26 | | 26 |
| Total | 8,123 | 8,037 | 8,237 | | 8,132 |
| REVENUE/THERM (average) | | | | | |
| Residential | \$1.5376 | \$0.9150 | \$0.8298 | | 1.0941 |
| Commercial | 0.8573 | 0.7490 | 0.7919 | | 0.7994 |
| Municipal | 0.7325 | 0.6704 | 0.7312 | | 0.7114 |
| Water Production | 0.2406 | 0.2853 | 0.3670 | | 0.2976 |
| Educational | 0.8492 | 0.6651 | 0.6408 | | 0.7184 |
| Average | 1.2323 | 0.8627 | 0.8141 | | 0.9697 |
| LOSS CALCULATION | | | | | |
| Gas Rec'd, therms | 607,190 | 2,313,130 | 2,680,830 | | 5,601,150 |
| Qtrly Losses <gains>, therms | 40,783 | 559,082 | (388,256) | | 220,555 |
| % Qtrly Losses <gains> | 7.08% | 24.17% | -14.48% | | 3.94% |
| Cumulative Losses <gains> | 7.08% | 20.85% | 3.94% | | 3.94% |

LITYUTILITYUTILITYUTILITYUTILITYUTILITYUTILITY **UTILITY SERVICE: WATER**

| | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------------------------|-----------------|------------------|------------------|----|------------------|
| SALES (KGAL) | | | | | |
| Residential | 195,434 | 124,643 | 87,858 | | 407,935 |
| Commercial | 25,295 | 17,034 | 15,611 | | 57,940 |
| Municipal | 39,356 | 18,681 | 3,576 | | 61,613 |
| Educational | 9,165 | 2,696 | 810 | | 12,671 |
| Total | 269,249 | 163,054 | 107,856 | | 540,159 |
| BILLED LOCATIONS (average) | | | | | |
| Residential | 7,173 | 7,056 | 7,180 | | 7,136 |
| Commercial | 327 | 328 | 324 | | 326 |
| Municipal | 93 | 89 | 93 | | 92 |
| Educational | 31 | 30 | 30 | | 30 |
| Total | 7,624 | 7,503 | 7,627 | | 7,585 |
| REVENUE/KGAL (average) | | | | | |
| Residential | \$9.2769 | \$10.6562 | \$11.0888 | | \$10.3406 |
| Commercial | 8.7451 | 9.9206 | 10.2291 | | 9.6316 |
| Municipal | 7.5679 | 8.4743 | 12.0144 | | 9.3522 |
| Educational | 8.6519 | 13.2029 | 22.3153 | | 14.7234 |
| Average | \$8.9558 | \$10.3715 | \$11.0794 | | \$10.1356 |
| LOSS CALCULATION | | | | | |
| Water Rec'd, Kgal | 277,824 | 156,070 | 149,355 | | 583,248 |
| Qtrly Losses <gains>, Kgal | 8,575 | (6,984) | 41,499 | | 43,090 |
| % Qtrly Losses <gains> | 3.09% | -4.47% | 27.79% | | 7.39% |
| Cumulative Losses <gains> | 3.09% | 0.37% | 7.39% | | 7.39% |

UTILITY SERVICE: WASTEWATER

| | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------------------------|----------------|----------------|----------------|----|----------------|
| SEWER TREATED (KGAL) | | | | | |
| Los Alamos | 65,304 | 64,497 | 62,211 | | 192,012 |
| White Rock | 24,648 | 24,773 | 24,380 | | 73,801 |
| Total Treated | 89,952 | 89,270 | 86,591 | | 265,813 |
| BILLED LOCATIONS (average) | | | | | |
| Residential | 6,977 | 6,856 | 6,979 | | 6,937 |
| Commercial | 236 | 233 | 234 | | 234 |
| Municipal | 35 | 33 | 35 | | 35 |
| Educational | 21 | 21 | 21 | | 21 |
| TOTAL | 7,269 | 7,143 | 7,269 | | 7,227 |
| REV PER KGAL TREATED* | \$19.74 | \$20.69 | \$19.47 | | \$19.97 |

** Effluent revenue is reported on the financial statements under Water Production*



DPU

#WORKFORCE

NEW HIRES/TRANSFERS

- **Consuelo Quintana** transferred from Community Services to Customer Care where she is a Billing & Services Specialist.
- Joining the WP team are **Justin Martinez**, as a Water Systems Operator and **Miguel Martinez**, as Water System Electrical Technician.

PROMOTIONS

- In the Gas, Water & Sewer Division, **Michael Salazar** was promoted to GWS Apprentice 1.
- **Paula Nelson**, in Finance & Administration, was promoted to Senior Management Analyst.

- **Norman Salazar** was promoted to WWTP Operator.
- **James Martinez** was promoted to Deputy Utility Manager of Engineering.
- **Edgar Castillo** was promoted to AMI-MSDS Supervisor in GWS.
- In PR and Conservation, **Abbey Hayward** was promoted to Public Relations Manager.
- **Dennis Astley** was promoted to Deputy Utilities Manager of Electric Distribution.

ANNIVERSARIES

20 Years:

Cathy D'Anna, PR Manager, Admin

10 Years:

Tyler Randolph, WWTP Operator, Waste Water

5 Years:

- **Myron Cordova**, GWS Pipefitter, Gas, Water, and Sewer

RETIREMENTS

- **James Alarid**, Deputy Utility Manager of Engineering, 23 years



Below: James Alarid, James Martinez, Paula Nelson, Norman Salazar, Michael Salazar

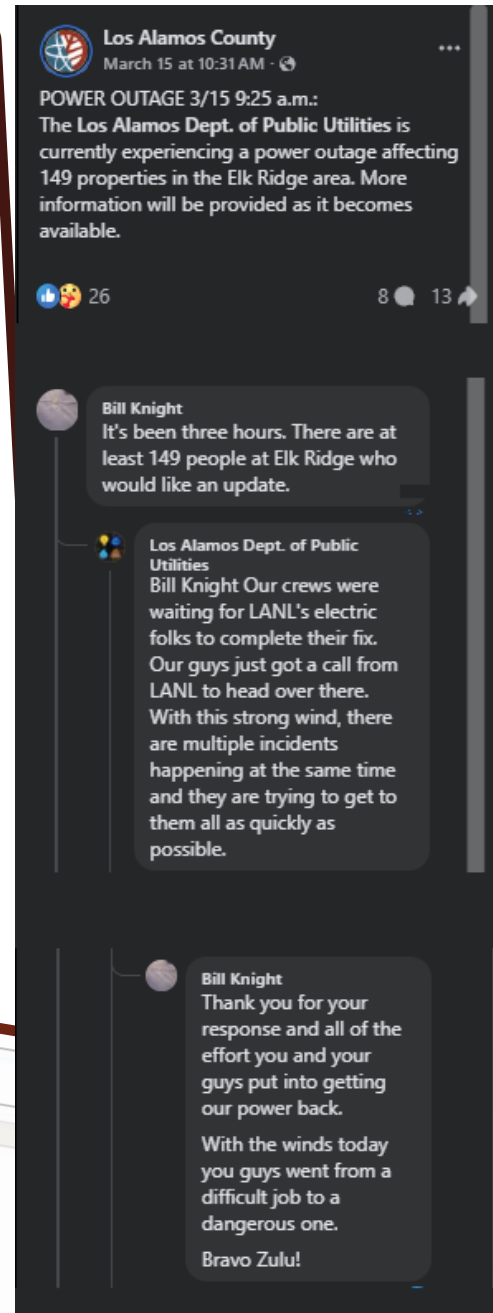
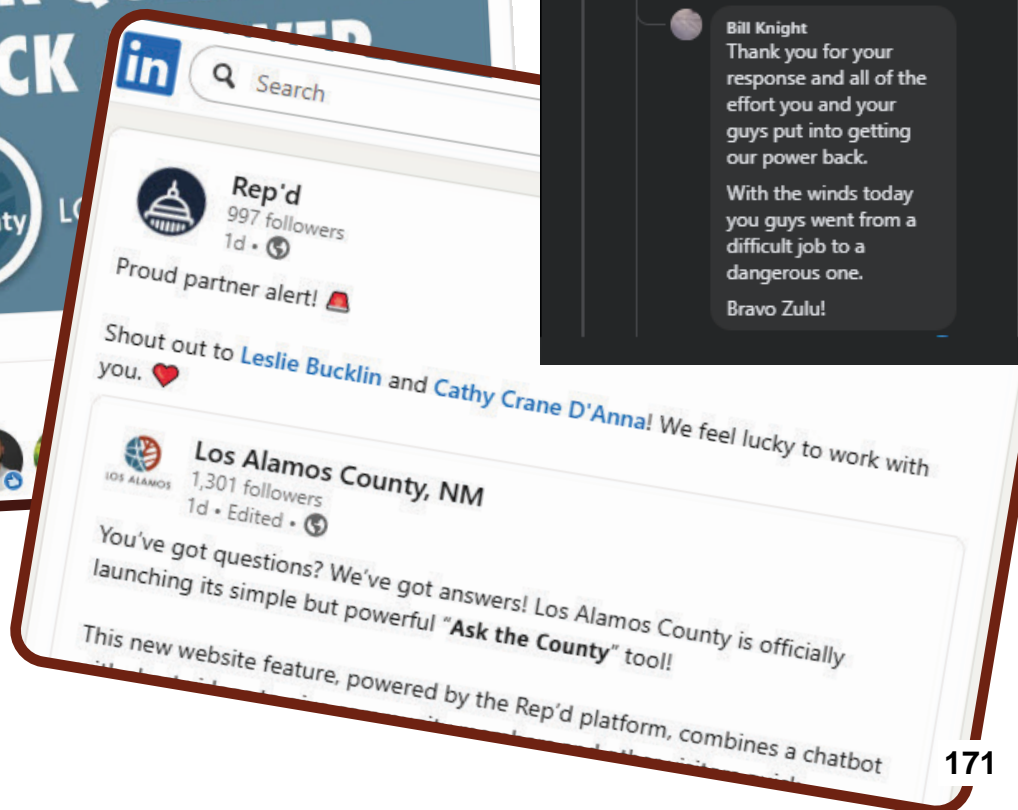
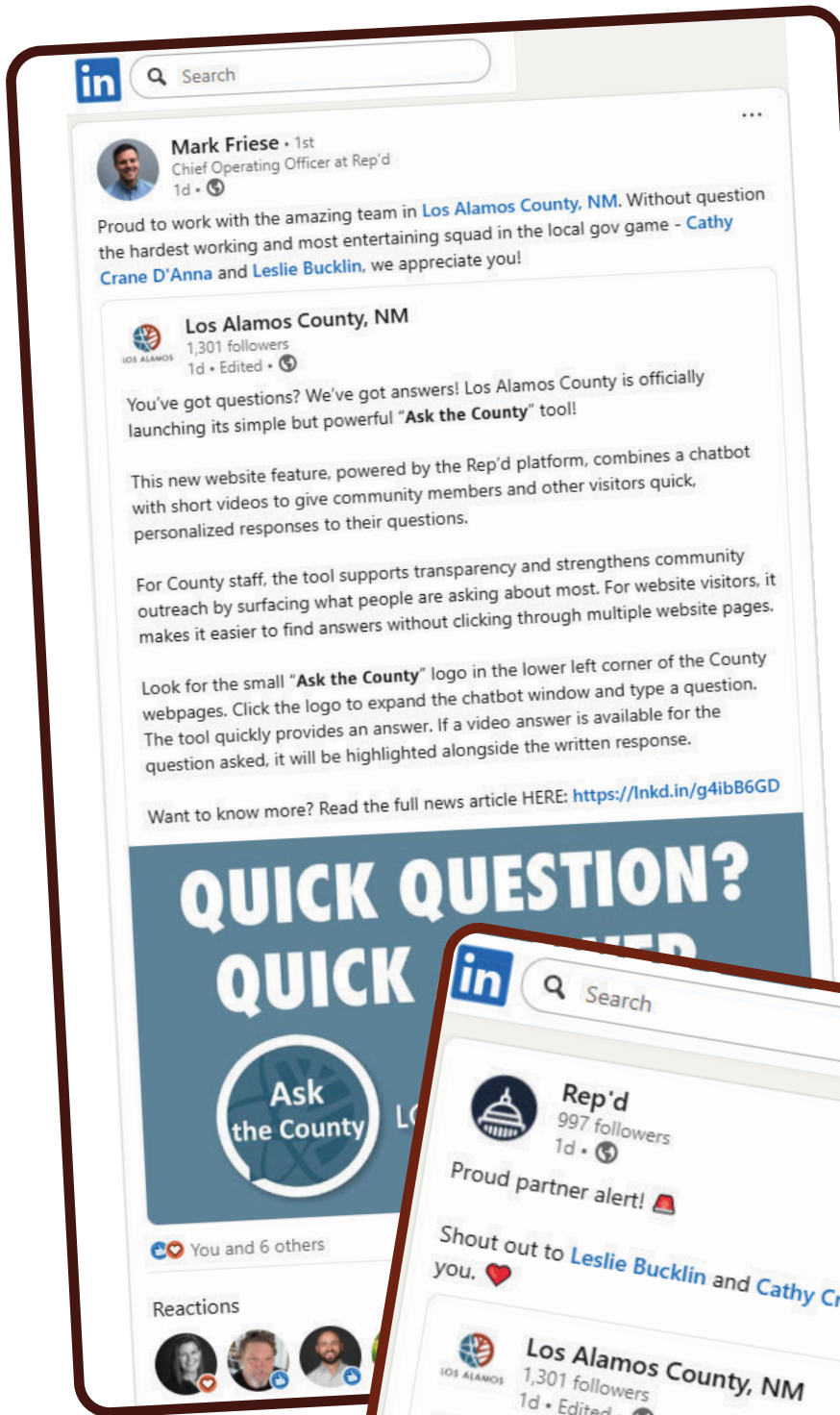


Right: County Intergovernmental Affairs Manager Danielle Duran, Utility Manager Philo Shelton, and County Councilor Randall Ryti visited Capitol Hill during the spring legislative session.

Below: Cathy D'Anna, Miguel Martinez, Myron Cordova, Tyler Randolph, Abbey Hayward, Justin Martinez, Consuelo Quintana, Edgar Castillo, Dennis Astley



#POSITIVEFEEDBACK



From: Matteson, Linda <linda.matteson@losalamosnm.gov>
Sent: Tuesday, January 20, 2026 1:27 PM
To: D'Anna, Catherine <catherine.danna@losalamosnm.gov>
Cc: Moseley, Clay <clay.moseley@losalamosnm.gov>
Subject: RE: VIDEO: What is causing the recent water breaks in White Rock?

Cathy and Clay,
Great video—very helpful at explaining the issue. As a White Rock resident, I was very curious about what I saw over the weekend so it is good to know what happened.

Appreciate all of DPU's hard work over the weekend.
Linda

From: D'Anna, Catherine <catherine.danna@losalamosnm.gov>
Sent: Tuesday, January 20, 2026 1:00 PM
Subject: VIDEO: What is causing the recent water breaks in White Rock?

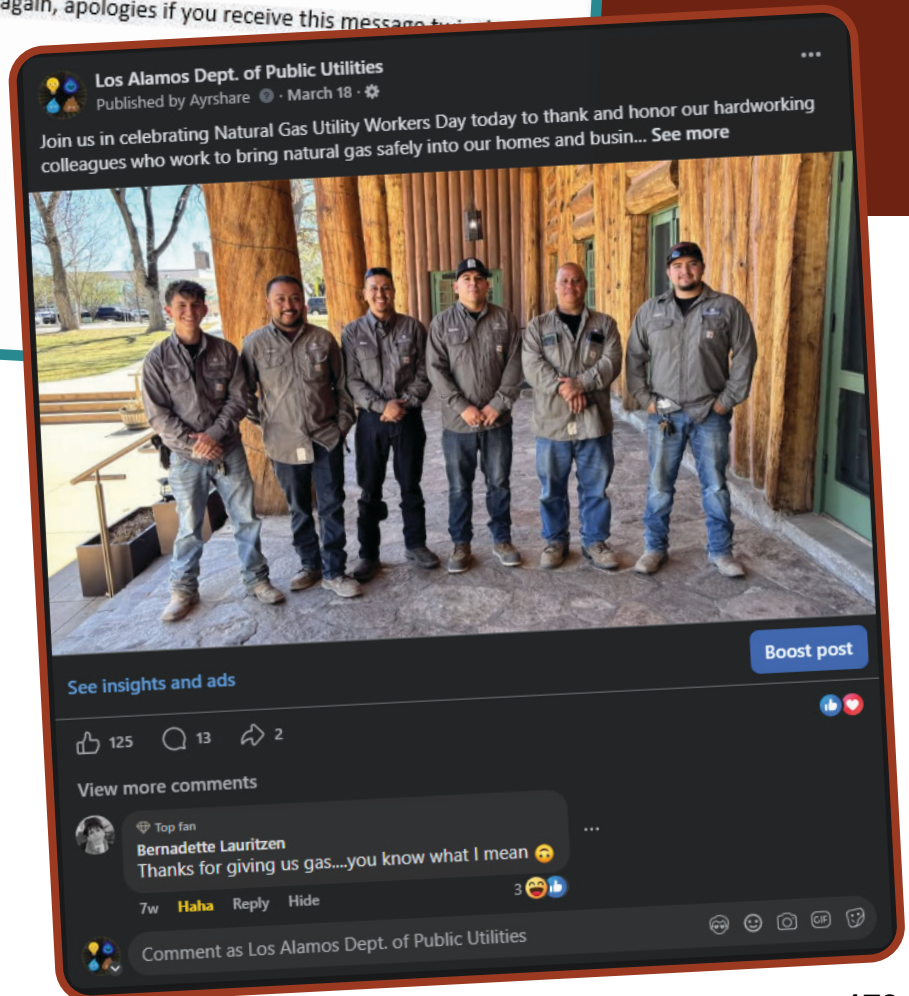
I tried to send this via our Rep'd dashboard but I don't think it has gone out yet. In the interest of time, I'm sending straight from Outlook as well. Apologies if you get it twice!

Clay Moseley recorded a video this morning addressing the water line breaks that have been happening in White Rock. The video can be found in a few spots.

- It is on the County website: <https://www.losalamosnm.us/Home>. Click on the "Ask the County" icon in the lower left corner and it will be the first video after you click.
- It can be found under the News page on the County website: <https://www.losalamosnm.us/News-articles>
- It can be found on YouTube: <https://youtube.com/shorts/-E9ktyL5nPc?feature=share>

Please let me know if you have any questions and again, apologies if you receive this message twice.

Cathy Crane-D'Anna
Public Relations Manager
Department of Public Utilities
O: (505) 662-8002 C: (505) 709-8646
Ladpu.com/links



Los Alamos Dept. of Public Utilities's Post

Los Alamos Dept. of Public Utilities
Published by Ayrshare · March 6 ·

Drumroll...
Can we have a round of applause for the women of DPU? Sunday will be International Women's Day and we would like to celebrate the women whose dedication and talent strengthen our organization. As Rihanna once said, "there's something so special about a woman who dominates in a man's world. It takes a certain grace, strength, intelligence, fearlessness and the nerve to never take no for an answer."
(Not pictured: 4 additional incredible DPU women)
#WomenOfDPU #InternationalWomensDay #WomenInAMansWorld #15PercentOfDPU



See insights and ads Boost post

👍 127 💬 7 ➦ 5

All comments ▾

Ronald Mayhill
Jennifer, Congratulations! ...
9w Like Reply Hide

Clay Moseley
You guys... er, uh, LADIES... are awesome. We know who really gets the work done, but just won't admit it. 😊 ...
9w Like Reply Hide

3 👍 😊

KUDOS

Los Alamos Dept. of Public Utilities
Published by Ayrshare · March 19 · 🌐

Hey, Los Alamos High School sophomores and juniors, listen up! We've helped carve the way to scholarships and a youth leadership camp in Idaho for LAHS students every y... See more

This is who earned a sponsorship to the Youth Rally in 2025

Boost post

See insights and ads

👍 15 🗨️ 🔄 1

Comment as Los Alamos Dept. of Public Utilities

Los Alamos Dept. of Public Utilities's Post
Published by Ayrshare · January 2 · 🌐

It's a new year and time to catch up on the miscellaneous odds and ends that have been nagging us. This swim mask is at the top of our list. Does this baby look familiar? We would love to know how it made it through the wastewater system to arrive at the White Rock Water Resource Reclamation Facility in such great shape. More importantly, why? Remember, if it's not pee, poop, or toilet paper, it shouldn't be flushed! And to those who have been deaf to our PSAs about so-called "flushable" wipes, stop clogging up community pipes!

DPU Lost & Found

- Swim mask
- Found in wastewater plant influent tank

To claim, reply in comments.
Questions will be asked.

See insights and ads

👍 40 🗨️ 5 🔄

Boost post

👍 🗨️ 🔄

Comment as Los Alamos Dept. of Public Utilities

Paula Hewitt
Good Grief Charlie Brown!! ...

18w Haha Reply Hide 1 🤔

Carol Anne Byrnes
As a former sailboat sailor, I like the sign often found posted above marine toilets: "Do not put anything into the head unless you have eaten it first." ...

18w Haha Reply Hide 3 🤔

Author
Los Alamos Dept. of Public Utilities
Carol Anne Byrnes that's wise guidance!

18w Like Reply

Cyndi Wells
Oh, my! I hope a person was not attached. 🤔 ...

18w Haha Reply Hide 1 🤔

Top fan
Bernadette Lauritzen
PREACH!!

18w Like Reply Hide 1 🤔

Comment as Los Alamos Dept. of Public Utilities

Los Alamos Dept. of Public Utilities
 Published by Ayrshare · January 13 · 🌐

Who loves stickers? We love stickers! It's National Sticker Day and we're all about it! Today and every weekday be sure to grab a sticker when you walk by the Customer Care Center windows in the Los Alamos County Municipal Building.
 #StickerMeUp #NationalStickerDay See less



See insights and ads

👍 13 💬 2 ➦ 1

- Top fan
Meredith Horner
 This is awesome!!
 16w Love Reply Hide 1
- Author
Los Alamos Dept. of Public Utilities
 Meredith Horner much appreciated!
 16w Like Reply 1

Los Alamos Dept. of Public Utilities's Post

Los Alamos Dept. of Public Utilities
 Published by Ayrshare · January 9 · 🌐

Hey, it's cold again! On days like this, a hot shower can feel so nice. Time slips away and that quick-shower intention becomes a 20...30...40...minute ordeal.

Low-flow shower heads have come a long way from their trickling past. Some work so well it seems like you could wash an elephant! The pressure feels great at 1.5 gallons per minute (gpm). And at that pressure, you can enjoy that 20-minute shower and still use less water than a standard bath (40 gallons).



See insights and ads

Boost post

👍 11 💬 7 ➦ 1

Most relevant ▾

- Jon Teague**
 If you are taking a 40 minute shower please seek help.
 17w Like Reply Hide 5 🗨️
- Snow Panther**
 Jon Teague From who, exactly? And what do I say to them? 🤔
 17w Like Reply Hide
- Jon Teague**
 Snow Panther lol. Some sort of professional? Maybe a life coach? I mean who has time for a 40 min shower. 🤔
 17w Like Reply Hide 2 🗨️
- Snow Panther**
 Jon Teague You think a life coach would stop me from self care? 🤔 I mean, I got the time just not the water heater for it. 🤔
 17w Like Reply Hide
- Jon Teague**
 Snow Panther a tankless would do it. 🤔
 17w Like Reply Hide
- Debbie DeSimone**
 Jon Teague problem solved! She can get a tankless water heater and continue 40 minute showers!!
 17w Like Reply Hide 1 🗨️





Los Alamos County

Utilities PR Cathy D'Anna · 17 Apr

To our DPU linemen: thank you for climbing high, working in all conditions, and keeping our community's lights on and homes powered safely. Your hard work and sacrifices are seen and appreciated today and every day.

[#NationalLinemanAppreciationDay2026](#) [#PublicPower](#)
[#CommunityOwned](#) [#NationalLinemanAppreciationDay](#)



Posted to **Subscribers of Los Alamos County**



22



1

· 2,049 Impressions



w

Wendy H. 3w · Yosemite

Yes! They're the best.



Like



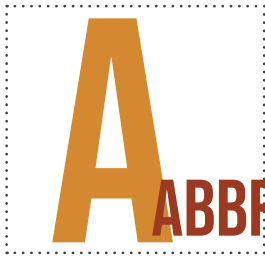
Reply



Share

c

Add a comment...



ABBREVIATIONS USED IN DPU REPORTS

| | |
|-------|---|
| ACFR | Annual Comprehensive Financial Report |
| AMI | Automated Metering Infrastructure |
| APPA | American Public Power Association |
| AWWA | American Water Works Association |
| ATC | Around the Clock |
| BGAL | Billions of Gallons |
| BPU | Board of Public Utilities |
| CAISO | California Independent System Operator |
| CAP | Climate Action Plan |
| CGTG | Combustion Gas Turbine Generator |
| DG | Distributed Generation |
| DOE | Department of Energy |
| DOT | Department of Transportation |
| DPU | Department of Public Utilities |
| DW | Water Distribution |
| DWSRL | Drinking Water State Revolving Loan |
| ECA | Electric Coordination Agreement |
| ED | Electric Distribution |
| EIA | Energy Information Administration |
| EMNRD | Energy, Minerals and Natural Resources Department |
| EP | Electric Production |
| EPA | Environmental Protection Agency |
| EV | Electric Vehicle |
| FERC | Federal Energy Regulatory Commission |
| FER | Future Energy Resources Committee |
| FTF | Foxtail Flats Solar and Storage Power Project |
| FY | Fiscal Year |
| GPCD | Gallons Per Capita Daily |
| GWS | Gas, Water, & Sewer Division* |
| HVAC | Heating, Ventilation and Cooling |
| IRP | Integrated Resource Plan |
| KGAL | Thousands of Gallons |
| KWH | Kilowatt Hours |
| LAC | Los Alamos County |
| LANL | Los Alamos National Laboratory |
| LAPP | Los Alamos Power Pool |
| LASS | Los Alamos Switch Station |
| LARES | Los Alamos Resiliency, Energy & Sustainability Task Force |
| LRS | Laramie River Station |

#ABBR

| | |
|-------|--|
| MCC | Motor Control Center |
| MCM | Thousands of Circular Mils (wire gauge measurement) |
| MGAL | Millions of Gallons |
| MW | Megawatts |
| MWH | Megawatt Hours |
| NMED | New Mexico Environment Department |
| NMGC | New Mexico Gas Company |
| NMMEA | New Mexico Municipal Energy Acquisition Authority |
| NNSA | National Nuclear Security Administration |
| NP | Non-Potable |
| NPV | Net Present Value |
| NPDES | National Pollutant Discharge Elimination System |
| O&M | Operations & Maintenance |
| PEEC | Pajarito Environmental Education Center |
| PHMSA | Pipeline & Hazardous Materials Safety Administration |
| PPA | Power Purchase Agreement |
| PRV | Pressure Regulating Valve |
| PSIG | Pounds per Square Inch Gauge |
| PV | Photovoltaic |
| RFP | Request for Proposals |
| SAIDI | System Average Interruption Duration Index |
| SCADA | Supervisory Control and Data Acquisition |
| SLS | Sewer Lift Station |
| TOU | Time of Use |
| UAP | Utility Assistance Program |
| UAMPS | Utah Associated Municipal Power Systems |
| UM | Utilities Manager |
| USBR | United States Bureau of Reclamation |
| USFS | United States Forest Service |
| WAPA | Western Area Power Administration |
| WWC | Wastewater Collection |
| WP | Water Production |
| WR | White Rock |
| WRRF | Water Resource Reclamation Facility |
| WWT | Wastewater Treatment |
| WWTP | Wastewater Treatment Plant |

*Sewer = Wastewater Collection

2026: Jan 1 - Mar 31

Q3 REPORT FY26



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ladpu.com/links

LOS ALAMOS
Department of Public Utilities

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Los Alamos, NM 87544
(505) 662-8333
CustomerCare@losalamosnm.gov
ladpu.com/DPU



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Staff Report

June 03, 2026

| | |
|-------------------------------|--|
| Agenda No.: | 6.e. |
| Index (Council Goals): | Quality Governance - Fiscal Stewardship; Quality of Life - Open Space, Parks, and Recreation; Quality Excellence - Effective, Efficient, and Reliable Services; DPU FY26 - 1.0 Provide Safe and Reliable Utility Services; DPU FY26 - 2.0 Achieve and Maintain Excellence in Financial Performance |
| Presenters: | James Martinez, Deputy Utility Manager-Engineering and Joann Gentry, Deputy Utility Manager-Finance & Admin. |
| Legislative File: | 21743-26a |

Title

Approval of Budget Revision 2026-80 for FEMA Grant to Fund the Jemez Mountain Fire Protection Project - Electrical Undergrounding in the Federal Share Amount of \$2,632,746.18 and accept sub-grant agreement DR-4652-0006-NM

Recommended Action

I move that the Board recommend approval of Budget Revision 2026-80 (Attachment C) for a FEMA grant to fund the Jemez Mountain Fire Protection Project - Electrical Undergrounding in the Federal share amount of \$2,632,746.18, available through the Hazard Mitigation Grant Program (HMGP) under FEMA-DR-4652-NM; the non-federal match requirement is \$842,770.27 for a total project cost of \$3,475,516.45. I further move that the Board recommend to Council to accept New Mexico Department of Homeland Security & Emergency Management (DHSEM) sub-grant agreement DR-4652-0006-NM and authorize the County Manager to sign this agreement in Attachment B.

Utilities Manager's Recommendation

The Utilities Manager recommends that the Board approve the motion as presented.

Body

Los Alamos County was awarded by the Department of Homeland Security and Emergency Management, Assistance Listing 97.039 Hazard Mitigation Grant Program to receive a Federal share in the amount of \$2,632,746.18, which is available through the Hazard Mitigation Grant Program (HMGP) under FEMA-DR-4652-NM. The non-federal match requirement of \$842,770.27 will be provided by Los Alamos County. Total amount awarded is \$3,475,516.45. These numbers represent a 25% local match with FEMA's 75% federal match for electrical undergrounding and removal of the overhead power lines. During windstorms there have been trees that have crossed the overhead powerlines and have caused fires. The additional benefit is bringing power to the four water booster pump stations that will allow for water to be pumped to the top of the Ski Hill where a 10-million-gallon water storage reservoir exists and available for fire protection.

The attached memo (Attachment A) outlines the scope of work that was approved for reimbursement utilizing these funds for the Jemez Mountain Fire Protection Project - Electrical

Undergrounding work. Quarterly progress reports are due at the end of the quarter in order to be eligible for reimbursement.

Alternatives

If the Board could choose not to recommend approval of the budget revision and the sub-grant agreement, then the grant funds would not be available for project expenses. The County would need to fund this electrical work from county funds to complete the Jemez Mountain Project Phase - Electrical Undergrounding.

Fiscal and Staff Impact

The \$2,632,746.18 FEMA grant will be applied to the project funds to complete the remaining electrical undergrounding and removal of the overhead power line work to complete the project. Fiscal impact is detailed in Attachment B and C.

Attachments

- A - Approval Notification of FEMA Grant
- B - Sub-Recipient Grant Agreement
- C - Budget Revision 2026-80



May 12, 2026

Ali Rye, State Director
Department of Homeland Security and Emergency Management
P.O. Box 27111
Santa Fe, NM 87502

ATTN: Jeremy Klass, Mitigation and Recovery Bureau Chief

RE: DR-4652-0006-NM – Los Alamos County, New Mexico
Jemez Mountain Fire Protection Project Approval
Assistance Listing 97.039 Hazard Mitigation Grant Program

Dear Ms. Rye,

This letter provides official notification that the Federal Emergency Management Agency (FEMA) approves the application submitted by Los Alamos County, New Mexico for the Jemez Mountain Fire Protection project. The total project cost is \$3,371,081.09. The Federal share in the amount of \$2,528,310.82, is available through the Hazard Mitigation Grant Program (HMGP) under FEMA-DR-4652-NM. The non-federal match requirement of \$842,770.27 will be provided by Los Alamos County, New Mexico.

Pursuant to Section 1215 of the Disaster Recovery Reform Act of 2018, which amended Section 324 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, subrecipient Management Costs (MC) in the amount of \$104,435.36 are available to Los Alamos County at a Federal Cost Share of 100%.

The following is the approved Scope of Work (SOW) and MC activities for the above-referenced project:

Los Alamos County proposes the replacement of an above-ground electrical line with an underground line installed in an electrical conduit along Camp May Road under a Special Use Authorization and Right-of-Way agreement. Burying a power line offers permanent wildfire risk reduction by eliminating ignition risk, as buried lines are not susceptible to damage from high winds, falling trees, or fire-related outages. The electrical line will be installed to meet the current State and County building codes, replacing an undersized line.

The proposed action will occur within the Jemez Mountains of the Santa Fe National Forest and Department of Energy National Nuclear Security Administration lands, as well as Pajarito Mountain Ski Area (Pajarito), located on privately-owned lands within Los Alamos County, New Mexico along Camp May Road. The installation will occur along the currently disturbed north side of West Road near the intersection with Camp May Road (35.876800, -106.335659) to the

existing Camp May Water Tank (35.893537, - 106.394139) located on private land at the Pajarito Mountain Ski Area for a total distance of 4.3 miles.

The existing overhead line to be replaced is 21,948 feet long of overhead 13KV three-phase powerline and 81 power poles. The existing powerline will be replaced with a new underground powerline installed in PVC conduit, 29 concrete vaults, eight electric switches, and miscellaneous apparatus to complete the installation.

The project will install underground fiber-optic and electrical lines to include 105,000 feet of three-phase 500 MCM conductor, 8 electric switches, seven electric transformers, and all associated terminations, transformer pads, switch pads, and incidental equipment. In addition, trenching, conduits, conductors, and risers are required to transfer existing services from the overhead system to the new underground system. 24,754 feet of the existing overhead electric system will be taken out of service and demolished as part of the project. The proposed fiber-optic line is an operational communication system needed to properly monitor the electric system. It will allow the electrical engineers to monitor the status of the electric lines installed in the mountain. It is not a public service line; it is for utility communications only.

Immediately after the completion of construction, revegetation of the terrain will occur with Forest Service-approved native seed mixes. Mulch socks and filter fences will be used to minimize erosion and sediment transport until vegetation takes root. The approved subrecipient MC activities include grant administration, procurement compliance activities, monitoring and reporting, and closeout processing tasks.

In accordance with FEMA Instruction 108-1-1, an Environmental Assessment (EA) was conducted for the proposed project in order to comply with National Environmental Policy Act (NEPA). The EA resulted in a Finding of No Significant Impact (FONSI). The Applicant must ensure it complies with all conditions set forth in the attached Record of Environmental Consideration (REC) and FONSI. Failure to comply with these conditions may jeopardize federal assistance including funding.

Environmental Conditions for the project include:

- Clean Water Act
 - Prior to construction, Los Alamos County, in coordination with the Forest Service and the Department of Energy, will acquire all relevant Army Corps of Engineers and State of New Mexico permits.
- Migratory Bird Treaty Act
 - Prior to any tree-cutting activities to occur between April 1 and August 30, project areas shall be surveyed for migratory birds by a qualified biologist, in

consultation with the Forest Service and Department of Energy / National Nuclear Security Administration resource specialists.

- National Historic Preservation Act
 - The site location for LA 199267 must be avoided during project implementation and the south side of West Road will not be used for equipment staging or vehicle parking.
- NEPA Determination
 - Los Alamos County, in coordination with the Forest Service and the Department of Energy, will comply with the Project Design Criteria set forth in Table 3 of the USFS Final Environmental Assessment for the Camp May Waterline Pipeline Project dated November 2021.
- Standard Environmental Conditions
 - Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
 - This review does not address all federal, state and local requirements. Acceptance of federal funding requires the Recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize federal funding.
 - If ground disturbing activities occur during construction, the Applicant will monitor ground disturbance and if any potential archeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.

Technical Conditions for the project include:

- Subrecipient must coordinate with the local floodplain administrator to obtain required permits. The subrecipient must comply with any conditions of the permit(s) prior to initiating work. All permits and coordination pertaining to these activities must be retained by the subrecipient. Submit permits and documentation of coordination to FEMA at closeout.
- Subrecipient must ensure that the project and all associated works are built to industry standards and in compliance with latest edition of codes and standards required by Federal, State and Local Rules and regulations. All permits and coordination pertaining to these activities must be retained by the subrecipient.

- Subrecipient must ensure to submit the signed and sealed as-builts plans by licensed engineer/architect at the closeout to FEMA.
- Subrecipient must acquire all applicable federal, state, tribal and/or local permits.

Programmatic Conditions for the project include:

- All work occurring on federal lands must be within the applicable easement(s) and completed in compliance with all Special Use Authorization(s) and Right of Way agreement(s).
- Federal funding awarded for the DR-4652-0006-NM project may not be used for activities beyond what is detailed in the approved SOW and budget.
- In accordance with the 2015 HMA Guidance Part III E.2, no work completed prior to the transmission of this approval letter from FEMA to the Recipient is eligible under this grant.

The milestones included in the application indicate that the time to complete this subaward will be 24 months from the date of this letter. FEMA will not establish activity completion timeframes for individual subawards. The Period of Performance (POP) for DR-4652-NM is May 14, 2028, 36-months from the close of the application period. It is the responsibility of the Recipient and subrecipient to ensure all approved activities associated with this sub-award are completed by the end of the POP. Any costs incurred prior to the date of this approval or after the POP will be disallowed.

A change to the approved SOW requires prior approval from FEMA. The National Environmental Policy Act stipulates that additions or amendments to a HMGP SOW shall be reviewed by all state and federal agencies participating in the NEPA process. NEPA sign-off for all SOW additions or amendments is essential before the revised SOW can be approved by FEMA or implemented by the HMGP subrecipient.

In accordance with FEMA Policy #104-11-1 Interim Hazard Mitigation Grant Program Management Costs, any MC provided will be obligated in increments sufficient to cover Recipient and subrecipient needs for no more than one year unless contractual agreements require additional funding. Actual subrecipient MC are to be reconciled quarterly during the review of expenditures submitted by the subrecipient through quarterly report process. Subrecipient MC can be expended for a maximum time of 180 days after work is completed for the subaward or the end of the Period of Performance (POP), whichever is sooner.

The initial quarterly progress reports for the HMGP project are due at the end of the approving quarter. Please include this HMGP project in your future quarterly reports. Note that Title 44 of

Ms. Rye
May 12, 2026
Page 5

the Code of Federal Regulations (C.F.R.) § 206.438(c) indicates the State must provide a quarterly progress report to FEMA indicating the status and completion date for each project funded. The report will include any problems or circumstances affecting completion dates, SOW, or project cost that may result in non-compliance with the approved grant conditions.

In accordance with HMGP rules and policy, we require the submittal of all closeout documentation within 120 days of the project completion, not to exceed POP. Section 206.438(d) of 44 C.F.R. requires the Governor's Authority Representative to "certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, and that the mitigation measure is in compliance with the provisions of the FEMA-State Agreement."

The Obligation Report, Project Cost Line-Item Report, Project Management Report, REC, FONSI, and Technical Recommendation Report are included for your records.

If you have any questions regarding the information, please contact Mike Garcia, HMA Branch Chief, at (940) 383-7386 or Mike.Garcia@fema.dhs.gov.

Sincerely,

**JOHN R
GARVIN**

Digitally signed by
JOHN R GARVIN
Date: 2026.05.18
09:14:14 -05'00'

FOR:

Roosevelt Grant III
Mitigation Division Director

Enclosures: Obligation Report #1
Obligation Report #2
Project Management Report
Project Cost Line-Item Report
REC
FONSI
Technical Recommendation Report



State of New Mexico
**DEPARTMENT OF HOMELAND SECURITY &
 EMERGENCY MANAGEMENT**

P.O. Box 27111
 Santa Fe, NM 87502

**SUB-RECIPIENT GRANT AGREEMENT
 HAZARD MITIGATION ASSISTANCE GRANTS**

Assistance Listing 97.039: Hazard Mitigation Grant Program

| | | | | |
|---|---|---|---|--|
| 1. SUB-GRANT NO. | 2. SUB-RECIPIENT NAME | | 3. PROJECT NAME | |
| DR-4652-0006-NM | Incorporated County of Los Alamos | | Jemez Mountain Fire Protection - Electrical Undergrounding | |
| 4. STATE DFA VENDOR NUMBER | 5. EIN NUMBER | 6. SAM UEI NUMBER | 7. CAGE CODE | |
| 54457 | 85-6000679 | NUDDNPTPSE45 | 3VPG1 | |
| 8. SUB-RECIPIENT PHYSICAL ADDRESS | | 9. SUB-RECIPIENT REMIT ADDRESS | | |
| 1000 Central AVE STE 300 Los Alamos, NM 87544 | | 1000 Central AVE STE 300 Los Alamos, NM 87544 | | |
| 10. DHSEM CONTACT NAME: | 11. CONTACT DESK PHONE: | | 505-639-6597 | |
| Yolanda Buckles | | | | |
| | CONTACT EMAIL ADDRESS: | | DHSEM.mitigation@dhsem.nm.gov cc: yolanda.buckles@dhsem.nm.gov | |
| 12a. PERFORMANCE PERIOD START DATE | 05/12/2026 | 12b. PERFORMANCE PERIOD END DATE | 05/14/2028 | |
| 13. TOTAL AWARD AMOUNT: | \$3,475,516.45 | | | |
| 13a. FEDERAL SHARE | 13b. LOCAL SHARE | 13c. STATE SHARE | | |
| \$2,632,746.18 | \$842,770.27 | \$0.00 | | |
| 14a. NAME OF PROJECT AWARD | | 14b. FEDERAL SHARE | 14c. NON-FEDERAL SHARE | |
| 1 | Other Architectural & Engineering Fees | \$41,994.00 | \$13,998.00 | |
| 2 | Demolition and Removal | \$272,128.49 | \$90,709.50 | |
| 3 | Construction | \$2,214,188.33 | \$738,062.78 | |
| 4 | Sub-recipient Management Costs (SRMC) | \$104,435.36 | \$0 | |
| TOTAL AMOUNT OF PROJECT | | \$2,632,746.18 | \$842,770.27 | |

WHEREAS The State of New Mexico will serve as the “pass-through entity” with respect to the State’s role in providing sub-awards and administering grant assistance provided to sub-recipients and may, subject to a Memorandum of Agreement, directly support project development and administration.

WHEREAS funding has been obligated from the Federal Emergency Management Agency pursuant to a request by the applicant, The Sub-Recipient, [Incorporated County of Los Alamos](#).

NOW, THEREFORE, it is mutually understood and agreed between the recipient NMDHSEM, and [Incorporated County of Los Alamos](#), hereinafter referred to as “sub-recipient,” as follows:

ARTICLE 1: REQUIREMENTS AND ASSURANCES

- A.** The sub-recipient hereby agrees that the performance period for the grant identified on Page 1, Box 1. is consistent with the performance period identified on Page 1, Box 12a. and 12b. This Sub-recipient Grant Agreement, as amended, shall remain open for administrative purposes if necessary to achieve final payment and financial reconciliation.
- B.** The sub-recipient hereby agrees that the sub-recipient official signing this Sub-recipient Grant Agreement certifies that all financial expenditures, including all supporting documents submitted for reimbursement, have been incurred by the sub-recipient and are eligible and allowable expenditures consistent with the guidelines for this award. The sub-recipient agrees to follow reasonable professional standards in all financial management and bookkeeping procedures necessary to carry out this agreement.
- C.** The sub-recipient hereby agrees that no member, officer, or employee of the sub-recipient organization, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his or her tenure or for one year after that, shall have any interest, direct or indirect, in any contract or subcontract, or the process thereof, for work to be performed in connection with this Sub-recipient Grant Agreement; the sub-recipient shall incorporate in all such contracts a provision prohibiting such interest pursuant to the purposes of this Sub-recipient Grant Agreement.
- D.** The sub-recipient hereby agrees that it understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of government, without the express written approval of the State of New Mexico or FEMA.
- E.** The sub-recipient hereby agrees that FEMA reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and authorize others to use, for federal government purposes: (1) the copyright in any work developed under this Sub-recipient Grant Agreement; and (2) any rights of copyright to which the sub-recipient purchases ownership with federal support. The sub-recipient agrees to consult with FEMA through NMDHSEM regarding allocating any patent rights that arise from or are purchased with this funding.
- F.** The sub-recipient hereby agrees that signatures of the sub-recipient officials on this Sub-recipient Grant Agreement attest to the sub-recipient’s understanding, acceptance, and compliance with Lobbying, Debarment, Suspension, and Other Responsibility Matters; Drug- free Workplace; Conflict of Interest, and Non-Supplanting certifications. Federal funds will not be used to supplant state or local funds. Federal funds will be used to supplement existing sub-recipient funding to augment

program activities and not replace those funds which have been appropriated in the budget for the same purpose.

- G. The sub-recipient hereby agrees that their accounting system allows for the separation of fund sources. Funding provided under this Sub-recipient Grant Agreement cannot be commingled with funds from other federal, state, or local agencies, and each project must be accounted for separately.
- H. The sub-recipient hereby agrees that it shall comply with applicable Federal Civil Rights Laws and Regulations: Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, Age Discrimination Act of 1975, and Americans with Disabilities Act of 1991. The sub-recipient will take reasonable steps to ensure Limited English Proficient (LEP) persons have meaningful access to its programs and activities. Executive Order 13379 Individuals with Disabilities in Emergency Preparedness, requires the government to support safety and security for individuals with disabilities in situations involving disasters, including earthquakes, tornadoes, fires, floods, hurricanes, and acts of terrorism.
- I. The sub-recipient hereby certifies that for its employees, it has an Affirmative Action Plan/Equal Employment Opportunity Plan (EEO) if not exempted by the Federal Government or New Mexico rule or statute. An EEO is not required for sub-recipients of less than \$25,000 or fewer than 50 employees.
- J. The sub-recipient hereby certifies that its employees are eligible to work in the United States as verified by Form I-9, Immigration & Naturalization Service Employment Eligibility.
- K. The sub-recipient hereby agrees that it is the responsibility of the sub-recipient to fully understand and comply with the requirements of the following, where such requirements apply to the sub-recipient set forth in:
 - 1. 2 C.F.R. § 200: Code of Federal Regulations
 - 2. 44 C.F.R. parts 7, 9, 10, 13, 14, 17, 18, 25, 206, 220, 221, 44 C.F.R. Part 209, 2 C.F.R. Part 200 and any other applicable FEMA policy memoranda and guidance documents
 - 3. FEMA Hazard Mitigation Assistance Program and Policy Guide
 - 4. New Mexico State Procurement Code
New Mexico Administrative Code Title 2 – Public Finance <https://www.srca.nm.gov/nmac-home/nmac-titles/title-2-public-finance/>

ARTICLE 2: REIMBURSEMENT OF FUNDS

The NMDHSEM will apply the following procedures for making payments to sub-recipients:

- A. **Payment of Funds, General:** Once FEMA has obligated funds and NMDHSEM has budgeted and encumbered those funds, the Cabinet Secretary is authorized to advance funds, as permissible, and to consider requests for payments for progress and completion based on proper review and approvals, in accordance with the sub-grant agreement or amendment as described below. Review and audit of expending and accounting of federal awards and state funds will be conducted to ensure records, reports, and documentation for compliance and tracing of funds are accounted for; 2 C.F.R. §§ 200.302(b)(6), 200.305(a). The State Department of Finance and Administration (DFA) may require additional supporting data and documents prior to disbursement of funds.
- B. Reimbursement shall be based upon authorized and allowable expenditures consistent with the project narrative, grant guidelines, and timely submission of Financial and Performance Progress

Reports. Reimbursement of expenditures shall be requested quarterly or monthly if need be for expenditures within the performance period. A minimum of 25% (of the total project cost) in the non-federal match must be included on each request for reimbursement. All expenditures must be supported with source documentation (e.g., copies of proof of payment, invoices, receipts, timesheets with name/rate/hours and certified, breakdown of expenditures based on FEMA approved budget, warrants, a brief description of work done, required deliverables, etc.). Request for reimbursement will not be processed if quarterly financial or performance reports are delinquent. The final payment of 15% will not be made until DHSEM verifies that all activities are complete. All payments shall be made on an actual cost reimbursement basis.

- C. **Contracts:** All requests for proposals/bids, sole-source procurements, single vendor responses to a competitive bid, and contracts require DHSEM pre-approval prior to implementation. The relevant contract must accompany requests for reimbursement for contractual services.
- D. **Local Match:** Local matching funds must clearly support the source, the amount, and the timing of all matching contributions. When requesting reimbursement, the match percentage must be shown on each invoice. Copies of proof of payment, invoices, receipts, purchase orders, timesheets with name/wage/hours, cost allocation, general ledger, warrants, etc., must be submitted as a backup for the match.
- E. **Non-reimbursable Expenses:**
- Transfer of funds between any programs. Contracts, single vendor response to a competitive bid, sole source contracts, and any procurement documentation not pre-approved by DHSEM.
 - Training and related travel costs not pre-approved by DHSEM.
 - Supplanting (using federal funds to purchase items previously budgeted for with state or local funds).
 - Maintenance and/or wear and tear costs of general use vehicles and emergency response apparatus.
 - Equipment purchased for an exercise cannot be used for permanent installation and/or beyond the scope of an exercise.
 - Weapons and ammunition.
 - Entertainment and sporting events
 - Personal items such as laundry, personal hygiene items, magazines, in-room movies, personal travel, and personal phone calls.
 - Travel insurance, visa, and passport charges.
 - Lodging costs in excess of State per diem, as appropriate.
 - Lunch when travel is wholly within a single day.
 - Standalone working meals.
 - Bar charges, alcoholic beverages.
 - Finance, late fees, or interest charges.
 - Lobbying, political contributions, and legislative liaison activities.
 - Organized fundraising, including salaries of persons while engaged in these activities.
 - Expenditures not supported with appropriate documentation when submitted for reimbursement. Only properly documented expenditures will be processed for payment. Unsupported expenditures will be returned to the jurisdiction for resubmission.
- F. **Payment Conditions.** The sub-recipient must certify that in requesting and accepting a sub-grant payment, they have spent those funds on eligible expenditures; that the work performed was within the scope of work allowed for specific projects; and that all records pertinent to specific projects will be retained for at least the periods required under record retention regulation requirements from the

closeout of the last project. The period of record retention for grant and financial data is three years if state funds are paid.

G. Delays and Denial of Payment. Reasons for delays in FEMA processing of payment requests include, but are not limited to, the following:

- Vendor identification number is missing or incorrect;
- Disaster and project number is missing;
- Period of performance (POP) listed is incorrect;
- Service delivery dates do not agree with invoices or outside of contract period;
- Dollar amount on forms do not agree;
- Mathematical errors;
- Full address of sub-grantee is not included;
- Sub-recipient did not provide required back-up documentation; or

Reasons for NMDHSEM declining payment requests include, but are not limited to, the following:

- The POP has expired;
- The amount exceeds the remaining funding available for disbursement prior to the final financial and program compliance reviews (the hold or funding retention amount);
- Request for payment requires a state and/or budget amendment, and cannot be processed until the amendment request is received/approved;
- The reimbursement requested is for an activity outside of the approved scope of work;
- Forms are not signed by an authorized person, or are signed by only one signatory;
- Reimbursement of awarded funds have been suspended due to a non-compliance issue such as failure to submit quarterly reports; or
- Reimbursements of awarded funds have been suspended due to noncompliance activities.

Sub-recipients can reduce the likelihood of delays in processing of payment requests by checking for accuracy prior to submission.

ARTICLE 3: AUDITING AND REPORTING REQUIREMENTS

A. Quarterly Reports. In accordance with 2 C.F.R. § 200.328, the Applicant shall submit quarterly reports to the NMDHSEM beginning with the first full quarter after the signature date on the Sub-recipient Grant Agreement. The NMDHSEM will provide sub-recipient a form for this report. Quarterly reports are due no later than the 15th of the month following the end of the quarter - January 15, April 15, July 15, and October 15.

In order that NMDHSEM may adequately evaluate the progress and status of each sub-grant, quarterly reports shall contain a description of the work accomplished to date, the methods and procedures used, the anticipated completion date, a summary of all project costs to date, and other such information as may be of assistance in its evaluation of the project.

Reports shall be sent to the Department of Homeland Security & Emergency Management, Recovery Unit, P.O. Box 27111, Santa Fe, NM 87502, or electronically to DHSEM.mitigation@dhsem.nm.gov.

B. Additional Reporting Requirements. The sub-recipient must immediately report in writing to the NMDHSEM Mitigation Unit any alleged acts or allegations of fraud or misappropriation of funds for work authorized under this Sub-recipient Grant Agreement. This extends to reporting any legal action, lawsuit, bankruptcy, or other action that may jeopardize the successful completion of any authorized project. Additional reporting and financial reconciliation requirements may also be requested at

NMDHSEM and FEMA's request. Failure to comply with these requests may jeopardize funding and may be a breach of this Sub-recipient Grant Agreement.

- C. Enforcement.** The NMDHSEM may suspend drawdowns, impose other special conditions, or take other authorized action pursuant to 2 C.F.R. § 200.339 (Remedies for Noncompliance) if the sub-recipient does not submit accurate and timely reports. This may include, among other things, the administrative closeout of a grant and/or any projects under a grant when the sub-recipient is not responsive to reasonable efforts NMDHSEM makes to collect required reports needed to complete closeout. Administrative closeout is a unilateral mechanism by NMDHSEM to move forward with project or grant closeout using available grant information in lieu of final reports. This can require NMDHSEM to make cash or cost adjustments and ineligible cost determinations, which may result in identifying a debt owed to FEMA and/or NMDHSEM.
- D. Financial Procedures.** The sub-recipient agrees to maintain financial procedures and support documents and to establish and maintain a proper accounting system to record expenditures of disaster assistance funds in accordance with generally accepted accounting principles or as directed by the Governor's Authorized Representative, to account for the receipt and expenditure of funds under this Agreement. If applicable, RECIPIENT / SUBGRANTEE shall conduct audit(s) pursuant to the Single Audit Act of 1984, 31 U.S.C. § 7501 et. seq., 44 C.F.R. Part 14, 2 C.F.R. Part 200, OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations," and applicable New Mexico laws, rules and regulations. Further, sub-recipient must provide a hard copy of the Single Audit Report within sixty (60) days of the close of its fiscal year. Otherwise, pursuant to 44 C.F.R. § 13.43, NMDHSEM may withhold or suspend payments under any grant award.

The sub-recipient shall retain all financial records, supporting documents, statistical records, and any other documents pertinent to this contract for a period of five years after the date of submission of the final expenditures report. However, if litigation or an audit has been initiated prior to the expiration of the three-year period, the records shall be retained until the litigation or audit findings have been resolved.

- E. Authorizing Statute.** This award is made under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Pub. L. No. 93-288 (1974) (codified as amended at 42 U.S.C. §§ 5121-5207) (Stafford Act), in accordance with 44 C.F.R. § 206.44.

All scopes of work and costs approved as a result of this Sub-recipient Grant Agreement, whether as estimates or final costs approved through subawards, PWs, or otherwise, will incorporate by reference the terms of this Sub-recipient Grant Agreement and must comply with applicable laws, regulations, policy, and guidance in accordance with this Sub-recipient Grant Agreement.

Pursuant to Executive Order 13858 Strengthening Buy-American Preferences for Infrastructure Projects, FEMA encourages recipients to use, to the greatest extent practicable and consistent with the law, iron and aluminum as well as steel, cement, and other manufactured products produced in the United States in Public Assistance and HMGP eligible public infrastructure repair and construction projects affecting surface transportation, ports, water resources including sewer and drinking water, and power. Such preference must be consistent with the law, including cost and contracting requirements at 2 C.F.R. Part 200.

- F. Additional Terms and Conditions.** The following additional sub-grant agreement documents are fully incorporated into this Sub-recipient Grant Agreement and thereby constitute additional terms and conditions of this agreement.
- The Stafford Act, its implementing regulations contained in Title 44 of the C.F.R., and FEMA policy and guidance.

- **Hazard Mitigation Assistance Guide (March 2023)**
- The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth at 2 C.F.R. Parts 200 and 3002.
- Attachment 1 United States Department of Homeland Security (USDHS) Standard Terms and Conditions (January 24, 2022) in effect on the date of the Declaration, which are incorporated by reference into this Sub-recipient Grant Agreement
- Attachment 2 Reimbursement Checklist
- Attachment 3 Glossary and Definitions
- Attachment 4 Acronyms

ARTICLE 4: SCOPE OF WORK

- A.** As authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act), as amended (42 U.S.C. § 5121 et seq.), and Section 662 of the Post Katrina Emergency Reform Act of 2006, as amended (6 U.S.C. § 762), the [Incorporated County of Los Alamos. The Incorporated County of Los Alamos has been awarded funds to replace an overhead electrical line with an underground line along Camp May Road to reduce wildfire risks. The 4.3-mile project will install new infrastructure, including a fiber-optic communication line, and will adhere to State and County building codes. An Environmental Assessment found no significant impact, and the area will be revegetated post-construction. Compliance with all environmental conditions is required.](#) Funds shall be utilized as outlined in the approved budget as awarded by FEMA on **05/12/2026**. The Sub-recipient shall match the Federal Award Amount of **\$2,632,746.18**, with a local jurisdictional amount of **\$842,770.27**, for a total project cost of **\$3,475,516.45**. All work performed pursuant to this agreement must comply with the approved FEMA application. All work must be completed within the performance period, between **05/12/2026 - 05/14/2028**. The [Incorporated County of Los Alamos.](#) shall not sub-grant any part of this award to any other entity or organization. Within the first reporting quarter, all awards require confirmation that expenditures in the budget category toward this project will be made. If not, DHSEM may execute a de-obligation of Federal funds without recourse by the [Incorporated County of Los Alamos.](#)
- B.** Approved projects must commence within the first reporting quarter. If a project cannot commence and be operational within the first reporting quarter of the approved award date, the sub-Recipient must submit a written statement to DHSEM, signed by the sub-recipient signatory officials, justifying the delay in implementation, the expected starting date, and a formal request to extend the project start date past the first reporting quarter. At the sole discretion of DHSEM, the grant award is subject to cancellation, and funds may be de-obligated and reallocated to other projects.

ARTICLE 5: PUBLICATIONS

- A.** Publications created with funding under this grant shall prominently contain the following statement or a DHSEM pre-approved modification: **This Document was prepared under a sub-grant from the FEDERAL EMERGENCY MANAGEMENT AGENCY and the NEW MEXICO DEPARTMENT OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of the Federal Emergency Management Agency and the New Mexico Department of Homeland Security and Emergency Management.**

ARTICLE 6: PERFORMANCE PERIODS

The performance period for this sub-grant award is **05/12/2026 - 05/14/2028**. Further, all personnel-related grant activity must be completed between **05/12/2026 - 05/14/2028**. Funds may not be obligated outside of these time periods. An obligation occurs when funds are encumbered, as with a purchase order and/or commitment of salaries and benefits. **All obligated and encumbered funds must be liquidated within 45 days of the end of the performance period when the *Final Progress and Financial Reports* are due.**

ARTICLE 7: RECOVERY OF FUNDS FOR DUPLICATION OF BENEFITS AND INELIGIBLE ACTIVITIES

- A. Ineligible Activities.** The FEMA and/or NMDHSEM may disallow costs and recover funds based on the results of the audit or review during or after the performance of the award to ensure compliance with the terms of the Sub-recipient Grant Agreement and award document. The FEMA and/or NMDHSEM is required to recover funds when the sub-recipient has ineligible underruns (for example, actual costs for a PA large project are less than the amount awarded based on initial estimates); knowingly or negligently withholds or misrepresents material information; fails to complete work and comply with the terms of this Sub-recipient Grant Agreement or the approved award; expends federal funds in error; or incurs costs that are unreasonable or otherwise disallowed. If, after exhaustion of appeal rights, FEMA and/or NMDHSEM determines a debt is owed, the State has 30 days to resolve the amount owed before the debt is referred to the FEMA Finance Center for collection. The State may do so by directly paying FEMA. The State may also deposit the amount owed directly into the applicable subaccount in the U.S. Health and Human Services (HHS)/Smartlink and notify FEMA when it has reimbursed that subaccount, after which FEMA will de-obligate that amount in the subaccount. Alternatively, the sub-recipient may request to substitute unallowable costs for other costs that are allowable (e.g., necessary, allocable, and reasonable under the same award and have not yet been reimbursed by FEMA).
- B. Duplication of Benefits.** In accordance with the provisions of 42 U.S.C. § 5155 (Section 312 of the Stafford Act), duplication of benefits is prohibited. The NMDHSEM must take all actions necessary and reasonable to ensure that all who receive federal assistance are aware of their responsibility to repay federal assistance that is duplicated by amounts available from insurance or any other source for the same purpose. The FEMA and/or NMDHSEM may at any time, pre-award or post-award, adjust the level of funding provided to account for financial assistance provided from any other source for the same purpose as the federal assistance or to account for benefits available for the same purpose from another source, irrespective of whether they are actually received. The sub-recipient shall notify NMDHSEM, as soon as practicable, of the existence of any insurance coverage for the costs identified in the application and of any entitlement to or recovery of funds from any other source for the project costs, including Small Business Administration funding, United States Department of Agriculture (USDA), and other Federal, State, and private funding. The amount of duplicate sources available shall reduce allowable costs. The sub-recipient shall be liable to NMDHSEM to the extent that the sub-recipient receives duplicate benefits from any other source for the same purposes for which the sub-recipient has received payment from the NMDHSEM.
- C. Cooperation.** The NMDHSEM agrees, on its behalf and on behalf of its political subdivisions and others that receive federal assistance, to cooperate with the Federal Government in seeking recovery of federal assistance against any party or parties whose intentional acts or omissions or whose negligence or other tortious conduct may have caused or contributed to the damage or hardship for which federal assistance was provided under this Sub-recipient Grant Agreement. If applicable, FEMA will treat recovered funds as duplicated benefits available to NMDHSEM/sub-recipient in accordance with Section 312 of the Stafford Act (codified as amended at 42 U.S.C. § 5155).
- D. NMDHSEM Responsibilities.** The NMDHSEM is responsible for recovering federal assistance expended in

error, misrepresentation, fraud, or for otherwise disallowed or unused costs.

- a. The NMDHSEM must notify FEMA of any potential debt resulting from federal funds expended in error, misrepresentation, or fraud or for costs otherwise disallowed or unused.
- b. The NMDHSEM must report all cases of suspected fraud to the USDHS Office of Inspector General, cooperate with any investigation conducted by the USDHS Office of Inspector General, and cooperate with FEMA regarding any and all lawsuits that may result from the NMDHSEM or FEMA's attempt to recover funds or disallow costs.

E. Statute of Limitations. The 3-year statute of limitations limiting FEMA's ability to initiate an administrative action to recover funds paid as provided for in Section 705(a) of the Stafford Act (codified as amended at 42 U.S.C. § 5205(a)) begins with:

- a. **Initiation of an Administrative Action to Recover Payment.** The initiation of an administrative action to recover payment includes FEMA's written notice to the NMDHSEM or a sub-recipient of a questioned or disallowed cost or improper payment (including a request for information concerning such cost or payment) and written notice to the NMDHSEM or a sub-recipient of a FEMA or 3rd party review or audit.

F. Refunds, Rebates, and Credits. The NMDHSEM must transfer to FEMA the appropriate share, based on the federal support percentage, of any refund, rebate, credit, or other amounts arising from the performance of this Sub-recipient Grant Agreement. The NMDHSEM must take necessary action to collect all monies due promptly or which may become due and, if applicable, to cooperate with the Federal Government in any claim or suit in connection with amounts due.

G. Non-Compliant Sub-recipients. As per 2 C.F.R. §§ 200.207, 200.303(d) and 200.338(A-F), NMDHSEM can selectively use any or all the following remedies and prompt actions for non-compliance with any term of an award to include audit finding(s):

- a. Increased monitoring of projects and required additional financial and performance reports.
- b. Disallow the advance payment process.
- c. Temporarily withhold payments pending correction of the deficiency.
- d. Disallow or deny the use of funds and matching credit for all or part of the cost of the activity or action not in compliance.
- e. Request FEMA to entirely or partially de-obligate funding for a project.
- f. Temporarily withhold payments pending correction of the deficiency by the sub-recipient.
- g. Withhold further awards for the grant program.
- h. Take other programmatic or legally available remedies.

ARTICLE 8: CONSTRUCTION REQUIREMENTS

A. The NMDHSEM must ensure that all applicable federal, state, and local permits and approvals are obtained and all permit conditions are addressed before the start of any construction activity, including FEMA and NMDHSEM/sub-recipient compliance with the National Environmental Policy Act, the National Historic Preservation Act, the Endangered Species Act, and all other applicable environmental laws and executive orders. All construction should be in accordance with approved permits, project plans and specifications, applicable building codes, and program guidance.

ARTICLE 9: NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)/ENVIRONMENTAL PLANNING AND HISTORIC PRESERVATION (EHP) COMPLIANCE

- A. The sub-recipient must provide information to FEMA on the legally required environmental planning and historic preservation (EHP) review and to ensure compliance with the applicable EHP laws and Executive Orders (EO). These EHP requirements include but are not limited to the National Environmental Policy Act, National Historic Preservation Act, Endangered Species Act, E 11988 Floodplain Management, EO 11990 Protection of Wetlands, and EO 12898 Environmental Justice. The sub-recipient must comply with all federal, state, local, tribal, and territorial EHP requirements and obtain applicable permits and clearances. [See FEMA Policy: Grant Program Directorate Environmental Planning and Historic Preservation, FEMA Policy #108-023-1, Revision 2 for more information.](#)
- B. Sub-recipients shall not undertake any activity from the project that would result in ground disturbance, facility modification, or related to the use of sonar equipment without the prior approval of FEMA. These include but are not limited to communications towers, physical security enhancements involving ground disturbance, new construction, modifications to buildings that are 50 years old or older, construction projects inside buildings less than 43 years old, and exercises. The sub-recipient must comply with all mitigation or treatment measures required for the project due to FEMA's EHP review. An EHP Screening Form does not need to be provided for exercises planned to take place at previously approved facilities, such as fire and police academies, search and rescue training facilities, and explosive testing centers. Any exercise that requires land, water, vegetation disturbance, or building of temporary structures must undergo an EHP review.
- C. Any change to an approved project description will require re-evaluation to comply with EHP requirements before proceeding. If ground-disturbing activities occur during project implementation, the sub-recipient must ensure monitoring of ground disturbance. If any potential archeological resources are discovered, the sub-recipient will immediately cease construction in that area and notify NMDHSEM, FEMA, and the New Mexico Historic Preservation Division. Initiation of these activities prior to completion of FEMA's EHP review will result in a non-compliance finding and may result in ineligibility of grant funding.

ARTICLE 10: PROPERTY AND EQUIPMENT MANAGEMENT

- A. The sub-recipient will follow the property standards articulated in 2 C.F.R. § 200.310 through 2 CFR 200.316. The sub-recipient shall, when practical, prominently display the following on any equipment purchased with award funds: **PURCHASED WITH FUNDS PROVIDED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY**. No equipment purchased with these grant funds may be assigned to other entities or organizations without the expressed approval in writing from DHSEM prior to the jurisdiction's encumbrance or expenditure for that equipment.
- B. The sub-recipient will follow the property standards articulated in 2 C.F.R. § 200.310 through 2 C.F.R. § 200.316. The sub-recipient shall maintain an effective property management system; safeguards to prevent loss, damage, or theft; maintenance procedures to keep equipment in good condition; and disposition procedures. A Property Inventory Report shall be submitted to NMDHSEM annually each January 30 with the Financial Progress Report during the performance period, and continued submission is required annually until final disposition of the equipment. The sub-recipient shall, when practical, prominently display the following on any equipment purchased with award funds: Purchased with funds provided by the **FEDERAL EMERGENCY MANAGEMENT AGENCY**. No equipment purchased with these grant funds may be assigned to other entities or organizations without the expressed approval in writing from NMDHSEM prior to the jurisdiction's encumbrance or expenditure for that equipment.
- C. Any disposition of property or equipment must be in accordance with 2 C.F.R. § 200.313(e) and pre-

approved by FEMA through NMDHSEM.

ARTICLE 11: SUB-RECIPIENT MONITORING POLICY

- A.** In accordance with 2 C.F.R. § 200.328, NMDHSEM may periodically monitor a sub-recipient's projects to ensure that program goals, objectives, timelines, budgets, and other related program criteria are being met. The NMDHSEM reserves the right to periodically review and conduct an analysis of the sub-recipient's financial, programmatic, and administrative policies and procedures. This monitoring may include a review of accounting for receipts and expenditures, cash management, maintaining adequate financial records, means of allocating and tracking costs, contracting, procurement, records management, payroll, means of allocating staff costs, property, and equipment management system, the progress of project activities, etc. This may include unscheduled desk audits and field inspections. The sub-recipient shall accommodate all such requests within reason. If the sub-recipient encounters any unanticipated problem with the Scope of Work, allowed costs, procurement, permitting, or other difficulty, the sub-recipient must communicate that problem to NMDHSEM promptly. Work on affected projects must be suspended until the problem is resolved. Technical assistance is available from NMDHSEM staff.
- B.** The sub-recipient will immediately, no later than 24-hours upon notice, report to NMDHSEM allegations of wrong-doing on the part of any contractor, sub-contractor, agent or employee of the sub-recipient, or other interested party in reference to the work authorized under this Sub-recipient Grant Agreement. This extends to any legal action, lawsuit, bankruptcy, or other action that may jeopardize the successful completion of any authorized project.

ARTICLE 12: PROCUREMENT

- A.** Procurement shall comply with all federal, state, and local procurement requirements including 2 C.F.R. § 200.320 and the [New Mexico Procurement Code](#) for expenditure of funds under this Agreement. The sub-recipient must conform to applicable state and federal law and the Procurement Standards Sections 2 C.F.R. § 200.317-327, and Appendix II to Part 200. Contractors that develop or draft specifications, requirements, Statements of Work, and/or Requests for Proposals (RFP) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Local bidder's preference is not allowed for federally funded procurements. Procurement transactions shall be conducted to provide maximum open and free competition.
- B.** When procuring property and services under this agreement, the sub-recipient will follow 2 C.F.R. § 200.318 through 2 C.F.R. § 200.326 and Appendix II. The sub-recipient must use its own documented procurement procedures which reflect applicable state, local, tribal, and territorial laws, and regulations, provided that the procurements conform to applicable federal law and the standards identified in 2 C.F.R. § 200. As such, the sub-recipient must use one of the methods of procurement identified in 2 C.F.R. § 200.320.
- C.** Also, per 2 C.F.R. § 200.318(i), sub-recipients are required to maintain and retain records sufficient to detail the history of procurement covering at least the rationale for the procurement method, selection of contract type, contractor selection or rejection, and the basis for the contract price. States and territories are encouraged to maintain and retain this information as well and are reminded that in order for any cost to be allowable, it must be adequately documented per 2 C.F.R. § 200.403(g). Examples of the types of documents that would cover this information include but are not limited to:
 - a.** Solicitation documentation, such as requests for quotes, invitations for bids, or requests for proposals;
 - b.** Responses to solicitations, such as quotes, bids, or proposals;
 - c.** Pre-solicitation independent cost estimates and post-solicitation cost/price analyses on file for review by federal personnel, if applicable;

- d. Contract documents and amendments, including required contract provisions; and
 - e. Other documents required by federal regulations applicable at the time a subgrant is awarded to a sub-recipient.
- D. Procurement from Minority Owned and Women Owned Business is encouraged and must be tracked and reported to NMDHSEM on the quarterly reports. Procurement transactions shall be conducted to provide maximum open and free competition. Each sole-source procurement single vendor response to a competitive bid, and all purchases require prior approval of NMDHSEM.
- E. The sub-recipient will follow the property standards articulated in 2 C.F.R. § 200.310 through 2 C.F.R. § 200.326. The sub-recipient shall maintain an effective property management system; safeguards to prevent loss, damage or theft; maintenance procedures to keep equipment in good condition; and disposition procedures. Property and equipment records shall be maintained for a period of three years following the final disposition, replacement or transfer of the property and equipment.

ARTICLE 13: CONTRACTS

- A. Contractors that develop or draft specifications, requirements, Statements of Work, and/or Requests for Proposals (RFP) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Local bidder's preference is not allowed for federally funded procurements. Procurement transactions shall be conducted to provide maximum open and free competition. Each sole-source procurement, single vendor response to a competitive bid, and all purchases require prior approval of DHSEM.
- B. Any contract shall comply with the requirements of Procurement Standards Sections of 28 C.F.R. Parts 66 and 70, 2 C.F.R. Part 200 and OMB Circulars A-102 "Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments" for expenditure of Federal funds under this Sub-recipient Grant Agreement. Applicants shall submit procurement and contracts to NMDHSEM for review prior to approval. Contracts for professional services must meet applicable local, state, and federal requirements. All contractors must be licensed in New Mexico for the type of work that is required. Prior to any contracted work beginning, the sub-recipient shall provide NMDHSEM with a copy of the contractor's license. Contract work must not exceed the scope of work and PW awarded amount prescribed by FEMA, unless requested through a scope of work change and approval from FEMA.
- C. Any contract entered during this sub-grant period shall comply with local, State, and Federal government contracting regulations. Professional and consultant services contracts must include local, State, and Federal government-required contract language, a project budget, SOW, and a pay schedule. **All contracts require pre-approval by DHSEM prior to execution.** Contract deliverables must meet the intent of the grant application and grant requirements. Justification is required for compensation for individual consultant services, which must be reasonable and consistent with the amount paid for similar services in the marketplace. Detailed invoices and time and effort reports are required for consultants.

ARTICLE 14: COMPETITION AND CONFLICTS OF INTEREST

- A. Among the requirements of 2 C.F.R. § 200.319(b) applicable to all non-federal entities other than states, in order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. The FEMA considers these actions to be an organizational conflict of interest and interprets this restriction as applying to contractors that help a sub-recipient develop its grant application, project plans or project budget. This prohibition also applies

to the use of former employees to manage the grant or carry out a contract when those former employees worked on such activities while they were employees of the non-federal entity.

- B.** Under this prohibition, unless the sub-recipient solicits for and awards a contract covering both development and execution of specifications (or similar elements as described above), and this contract was procured in compliance with 2 C.F.R. §§ 200.317 – 200.327, federal funds cannot be used to pay a contractor to carry out the work if that contractor also worked on the development of those specifications. This rule applies to all contracts funded with federal grant funds, including pre-award costs, such as grant writer fees, as well as post-award costs, such as grant management fees. Additionally, some of the situations considered to be restrictive of competition include, but are not limited to:
- a. Placing unreasonable requirements on firms for them to qualify to do business;
 - b. Requiring unnecessary experience and excessive bonding;
 - c. Noncompetitive pricing practices between firms or between affiliated companies;
 - d. Noncompetitive contracts to consultants that are on retainer contracts;
 - e. Organizational conflicts of interest;
 - f. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
 - g. Any arbitrary action in the procurement process.
- C.** Per 2 C.F.R. § 200.319(c), the sub-recipient must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, tribal, or territorial geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. **When contracting for architectural and engineering services, geographic location may be a selection criterion, provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.**
- D.** Under 2 C.F.R. § 200.318(c)(1), the sub-recipient is required to maintain written standards of conduct covering conflicts of interest and governing the actions of their employees engaged in the selection, award, and administration of contracts. **No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.** Such conflicts of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The non-federal entity's officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, sub-recipient entities may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-federal entity.
- E.** Under 2 C.F.R. § 200.318(c)(2), if the sub-recipient has a parent, affiliate, or subsidiary organization that is not a state, local, tribal or territorial government, the sub-recipient must also maintain written standards of conduct covering organizational conflicts of interest. In this context, organizational conflict of interest means that because of a relationship with a parent company, affiliate, or subsidiary organization, the sub-recipient is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. The non-federal entity must disclose in writing any potential conflicts of interest to FEMA or NMDHSEM in accordance with applicable FEMA policy.

ARTICLE 15: CONTRACTS

- A. Contracts for professional and consultant services executed during this grant period must include federal, state, local, tribal, and territorial government-required contract language and a project budget and require pre-approval by NMDHSEM prior to implementation. Contract deliverables must meet the intent of the grant application and grant requirements. Justification is required for compensation for individual consultant services, which must be reasonable and consistent with the amount paid for similar services in the marketplace. Detailed invoices and time and effort reports are required for consultants. See 2 C.F.R. § 200.1, 2 C.F.R. § 200 Appendix II to Part 200.

ARTICLE 16: AUDIT REQUIREMENTS

- A. As a federal grant recipient, the State of New Mexico requires a sub-recipient expending \$750,000 or more in federal funds in the organization's fiscal year to conduct an organization-wide audit in accordance with the Single Audit described in 2 C.F.R. § 200.501. The sub-recipient will permit state or federal officials and auditors to have access to sub-recipient and contractor records and financial statements as necessary for the state to comply with 2 C.F.R. § 200.501. Copies of audit findings must be submitted to NMDHSEM within 30 days after the sub-recipient receives its audit report, or within a 9-month period of the grant closeout date, whichever is earlier. Include the federal agency name, program, grant number, the CFDA title and number, and the name of the pass-through agency (NMDHSEM) in all documents.

ARTICLE 17: RECORDS RETENTION

A. Records Retention.

- a. **State Requirement.** The State must retain records for three years after all projects are complete and the federal disaster is formally closed out, except in certain rare circumstances described in 2 C.F.R. § 200.334 (Retention requirements for records), from the date it submits the final Federal Financial Report (SF-425) to FEMA in compliance with 2 C.F.R. § 200.334. If FEMA administratively closes the grant where no final SF-425 was submitted, FEMA uses the date the grant was administratively closed as the start date for the three-year record retention period.
- b. **Sub-recipient Requirement.** The sub-recipients must retain project or subaward records for at least three years from the date that the NMDHSEM submits to FEMA the final expenditure report for a project or subaward. If, however, there is any litigation, claim, negotiation, audit, request for information, or other action involving the project or subaward that starts before that date, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the three-year period, whichever is later.
- c. The sub-recipient will follow the record retention and access standards articulated in 2 C.F.R. § 200.333 through 2 C.F.R. § 200.337. The grant financial and administrative records shall be maintained for a period of three years following the date of the closure of the grant award, or audit if required. Time and effort, personnel and payroll records for all individuals reimbursed under the award must be maintained. Property and equipment records shall be maintained for a period of three years following the final disposition, replacement or transfer of the property and equipment.
- d. The sub-recipient will be required to maintain project records until the expiration of the appropriate retention period. This includes records related to Management Costs, procurement, contracting, accounts payable, engineering, inventory, force account (materials, labor, and equipment), insurance

settlements or other records related to the project scope of work. Retention procedures are outlined in the Hazard Mitigation Assistance Grant Programs Administrative Plan.

ARTICLE 18: CHANGES TO AWARD

- A.** In keeping with 2 C.F.R. § 200.308, the sub-recipient must report deviations from the approved budget, project or program scope, or objective(s) in accordance with 2 C.F.R. § 200.329. The sub-recipient must request prior approvals for budget and program plan revisions in accordance with this section. The sub-recipient must request prior written approval for the following program and budget-related reasons:
- a. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
 - b. Change in key personnel (including employees and contractors) that are identified by name or position in the Federal award.
 - c. The disengagement from a project for more than three months, or a 25 percent reduction in time and effort devoted to the Federal award over the course of the period of performance, by the approved project/program director.
 - d. The inclusion, unless waived by the Federal agency, of costs that require prior approval in accordance with 2 C.F.R. Subpart E as applicable.
 - e. The transfer of funds budgeted for participant support costs to other budget categories.
 - f. Subaward activities not proposed in the application and approved in the Federal award or NMDHSEM sub-grant agreement.
 - g. Changes in the total approved cost-sharing amount.
 - h. The need arises for additional Federal funds to complete the project.
 - i. Transferring funds between the construction and non-construction work under a Federal award.
 - j. A no-cost extension (meaning, an extension of time that does not require the obligation of additional Federal funds) of the period of performance
- B.** All change requests must be submitted either in writing or electronically to the NMDHSEM contact for review 90 days before this Sub-recipient Grant Agreement is terminated. A justification narrative and a budget and spending plan must accompany all change requests. All change requests must be consistent with the scope of the project and grant guidelines. Change requests will be considered only if reporting requirements are current and all other terms and conditions of this Sub-recipient Grant Agreement have otherwise been met at the time of the request. If approved by NMDHSEM and FEMA, changes in the programmatic activities, the purpose of the project, key personnel specified on the grant award, contractual services for activities central to the purposes of the award, change in the project site, or release of special conditions, will result in an amendment to this award. Requests for changes must be formally submitted to NMDHSEM and FEMA.
- C.** Changes to this Sub-recipient Grant Agreement will be made via a Sub-recipient Grant Agreement Amendment. The NMDHSEM will prepare each Amendment when needed. No Sub-recipient Grant Agreement Amendment is valid until fully executed.

ARTICLE 19: REMEDIES FOR NONCOMPLIANCE

- A.** For the reasons listed below, special conditions may be imposed, reimbursements may be partially or wholly withheld, the award may be wholly or partly suspended or terminated, or future awards, reimbursements, and award modifications may be withheld. The NMDHSEM may institute the following, but is not limited to, withholding authority to proceed to the next phase of a project, requiring additional or more detailed financial reports, additional project monitoring, and/or establishing additional prior approvals. The

NMDHSEM shall notify the sub-recipient of its decision in writing, stating the nature and the reason for imposing the conditions/restrictions, the corrective action required the timeline to remove them, and the method of requesting reconsideration of the imposed conditions/restrictions. The sub-recipient must respond within five days of receipt of notification.

- a. Unwillingness or inability to attain project goals or scope of work.
 - b. Unwillingness or inability to adhere to Special Conditions of this Sub-recipient Grant Agreement.
 - c. Failure or inability to adhere to grant guidelines and federal compliance requirements.
 - d. Improper procedures regarding contracts and procurements.
 - e. Failure to submit reliable and/or timely reports.
 - f. Fiscal management which does not meet reasonable professional standards.
 - g. Failure or inability to adhere to the terms and conditions of this Sub-recipient Grant Agreement.
 - h. Unwillingness or inability to obtain permits required by law to perform the eligible work.
 - i. Noncompliance with any and all federal, state, local, and tribal grant requirements.
- B.** The NMDHSEM shall notify the sub-recipient of any non-compliance issues in writing and shall attempt to arrive at a resolution in a timely and reasonable fashion. If corrective action is required, NMDHSEM and the sub-recipient shall determine a timeline and landmarks for remediation. The NMDHSEM may require additional detailed financial reports or additional project monitoring. The ultimate penalty for non-compliance with the terms and conditions of this Sub-recipient Grant Agreement is for payments to be withheld or for the award to be suspended or terminated. The sub-recipient agrees to make restitution if necessary.
- C.** The NMDHSEM may take action as it determines appropriate under the circumstances, including but not limited to withholding of payments, disallowance of costs, suspension or termination of the award if the sub-recipient fails to comply with applicable Federal and State statutes, regulations, or the terms of this Sub-recipient Grant Agreement pursuant to 2 C.F.R. § 200.339.
- D.** Nothing in this section abrogates the sub-recipient's right of appeal.

ARTICLE 20: TERMINATION

- A. For Cause:** In compliance with 2 C.F.R. § Part 200.340(a)(1), the award may be reduced or terminated without compensation for reduction or termination costs if performance is not occurring as agreed. The NMDHSEM will provide five days' notice to the sub-recipient stating the reasons for the action, steps taken to correct the problems, and the commencement date of the reduction or termination. The NMDHSEM will reimburse the sub-recipient only for acceptable work or deliverables, necessary and allowable costs incurred through the date of reduction or termination. Final payment may be withheld at the discretion of NMDHSEM until completion of a final NMDHSEM review. Disposition of any equipment acquired under a terminated grant must be in accordance with 2 C.F.R. § 200.313(e).
- B. For Convenience:** In compliance with 2 CFR Part 200.340(a)(4), this Agreement may be terminated without cause by the sub-recipient upon written notice setting forth the reasons for such termination and the effective date at least 30 days prior to the intended date of termination. A termination pursuant to this provision does not nullify a party's obligations for performance or liabilities for failure to perform already incurred prior to the termination date. Any project may be terminated upon convenience, in whole or in part, for the convenience of the sub-recipient. However, a partial termination notification must specify the portion of the project which is to be terminated. Allowable costs obligated and/or incurred through the termination date shall be reimbursed. Disposition of any equipment acquired under a terminated grant must be in accordance with 2 C.F.R. § 200.313(e).

ARTICLE 21: CLOSEOUT OF SUB-GRANT

A. Closeout of Projects. Per 2 C.F.R. § 200.344, sub-recipients must submit all costs and supporting documentation for completed projects. The NMDHSEM will review and verify all costs and supporting documents to validate compliance. Failure to comply will result in the project's de-obligation. The NMDHSEM will close each sub-recipient file once it has conducted a full review and approval of all supporting documents for compliance, all projects are completed, and project activity is closed out.

a. Management Costs. Management Costs will be used for internal staff salaries, contractor payments and other support costs associated with this grant. This will be in accordance with all laws, rules, and FEMA regulations. Management Costs will be processed in accordance with the Hazard Mitigation Assistance Program and Policy Guide.

The NMDHSEM commits to the closeout of all grants regardless of the availability of management costs.

ARTICLE 22: SPECIAL CONDITIONS

- A.** The terms of this Sub-recipient Grant Agreement are contingent upon sufficient appropriations and authorizations being made by the USDHS FEMA under the Robert T. Stafford Disaster Relief and Emergency Assistance Act U.S.C. §§ 5121-5207. If sufficient appropriations and authorizations are not made by FEMA this Sub-recipient Grant Agreement shall terminate immediately upon written notice being given by NMDHSEM to the sub-recipient. The decision of NMDHSEM shall be final.
- B.** If NMDHSEM proposes an Amendment to the Sub-recipient Grant Agreement to unilaterally reduce funding, the sub-recipient shall have the option to terminate the Sub-recipient Grant Agreement or agree to the reduced funding within 30 days of receipt of the proposed Amendment.
- C.** Each party shall be solely responsible for fiscal or other sanctions occasioned because of its own violation of requirements applicable to the performance of this Sub-recipient Grant Agreement. Each party shall be liable for its own actions or inactions in accordance with state law, and nothing herein shall be deemed a waiver, indemnity, or otherwise create or effect liabilities between the parties.
- D.** The grant award amount is a funding allocation and is not to be interpreted as expenditure authorizations or approvals.
- E.** All awarded projects must be planned for, conducted, budgeted, and expended within the designated performance period.
- F.** Quarterly financial and progress reports within the POP are due on October 15, January 15, April 15, and July 15. Final reports are due 15 days after the end of POP.
- G.** All revision requests must be reviewed and approved by NMDHSEM staff. All requests must meet the original scope of the project which may result in a sub-recipient grant amendment.
- H.** A revision of a project's SOW must be pre-approved by NMDHSEM staff before the jurisdiction can proceed with the request for approval process. If the revision is approved, NMDHSEM staff may request additional documentation to proceed with a recommendation to NMDHSEM Leadership for final approval.

- I. The beneficiary of this award is solely responsible for all expenditures that are incurred outside of the award performance period. All expenditures that are incurred above and beyond the amount of this Sub-recipient Grant Agreement are the sole responsibility of the sub-recipient of this award.
- J. Procurement from Minority-Owned and Women-Owned Businesses is encouraged and must be tracked and reported to NMDHSEM on the quarterly reports.
- K. Upon completion of all awarded projects, any remaining funds will be de-obligated and reverted to NMDHSEM for return to FEMA.
- L. NMDHSEM will determine extensions due to exigent or emergency circumstances on a case-by-case basis.



State of New Mexico
Department of Homeland Security & Emergency Management
 P.O. Box 27111
 Santa Fe, NM 87502

The acceptance of a subgrant from the United States and the State of New Mexico creates a legal duty and obligation on the part of the sub-recipient to use the funds or property made available in accordance with the conditions of the grant as administered by and through the New Mexico Department of Homeland Security and Emergency Management. By signing this obligating award document, the sub-recipient certifies it has read, understood, and accepted these documents as binding.

SUB-RECIPIENT GRANT AGREEMENT
Signatures of Acceptance

| | | | |
|---|------------------------|------------------------|--------------------------------|
| SUB-GRANT NO: | DR-4652-0006-NM | | |
| | | | |
| JURISDICTION GRANT PROGRAM MANAGER PRINTED NAME: Philo Shelton | | | |
| OFFICIAL SIGNATURE: | | | DATE: |
| CONTACT NUMBER: | 505-662-8148 | E-MAIL ADDRESS: | philo.shelton@losalamosnm.gov |
| JURISDICTION CHIEF <u>FINANCIAL</u> OFFICER PRINTED NAME: Melissa Dadzie | | | |
| OFFICIAL SIGNATURE: | | | Date: |
| CONTACT NUMBER: | 505.662.8018 | E-MAIL ADDRESS: | melissa.dadzie@losalamosnm.gov |
| JURISDICTION SIGNATORY OFFICIAL PRINTED NAME: Anne Laurent | | | |
| OFFICIAL SIGNATURE: | | | DATE: |
| CONTACT NUMBER: | 505-663-1750 | E-MAIL ADDRESS: | anne.laurent@losalamosnm.gov |
| | | | |
| NMDHSEM MITIGATION PROGRAM BUREAU CHIEF PRINTED NAME: | | | |
| NMDHSEM MITIGATION PROGRAM BUREAU CHIEF OFFICIAL SIGNATURE / DATE: | | | |
| NMDHSEM GRANTS MANAGEMENT BUREAU CHIEF PRINTED NAME: | | | |
| NMDHSEM GRANTS MANAGEMENT BUREAU CHIEF OFFICIAL SIGNATURE / DATE: | | | |
| NMDHSEM DEPUTY CABINET SECRETARY OFFICIAL PRINTED NAME: | | | |
| NMDHSEM DEPUTY CABINET SECRETARY OFFICIAL SIGNATURE / DATE: | | | |

Sign and email to DHSEM.MITIGATION@DHSEM.nm.gov

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ATTACHMENT 1
FY 2024 U.S. Department of Homeland Security Terms and Conditions
Version 3 dated April 4, 2024

The Fiscal Year (FY) 2024 Department of Homeland Security (DHS) Standard Terms and Conditions apply to all new federal awards of federal financial assistance (federal awards) for which the federal award date occurs in FY 2024 and flow down to sub-recipients unless a term or condition specifically indicates otherwise. For federal awards that may involve continuation awards made in subsequent FYs, these FY 2024 DHS Standard Terms and Conditions will apply to the continuation award unless otherwise specified in the terms and conditions of the continuation award. The United States has the right to seek judicial enforcement of these terms and conditions.

All legislation and digital resources are referenced with no digital links. These FY 2024 DHS Standard Terms and Conditions are maintained on the DHS website at <https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions>.

- **Assurances, Administrative Requirements, Cost Principles, Representations, and Certifications**
Recipients must complete either the Office of Management and Budget (OMB) Standard Form 424B Assurances – Non- Construction Programs, or OMB Standard Form 424D Assurances – Construction Programs, as applicable. Certain assurances in these documents may not be applicable to your program and the DHS financial assistance office (DHS FAO) may require applicants to certify additional assurances. Applicants are required to fill out the assurances as instructed by the federal awarding agency.
- **General Acknowledgements and Assurances Recipients are required to follow the applicable provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in effect as of the federal award date and located at 2 C.F.R. Part 200 and adopted by DHS at 2 C.F.R. § 3002.10.**

All recipients and sub-recipients must acknowledge and agree to provide DHS access to records, accounts, documents, information, facilities, and staff pursuant to 2 C.F.R. § 200.337. Recipients must cooperate with any DHS compliance reviews or compliance investigations.

Recipients must give DHS access to examine and copy records, accounts, and other documents and sources of information related to the federal financial assistance award and permit access to facilities and personnel.

Recipients must submit timely, complete, and accurate reports to the appropriate DHS officials and maintain appropriate backup documentation to support the reports.

Recipients must comply with all other special reporting, data collection, and evaluation requirements required by law, federal regulation, Notice of Funding Opportunity, federal award specific terms and conditions, and/or federal awarding agency program guidance.

Recipients must complete the DHS Civil Rights Evaluation Tool within thirty (30) days of receiving the Notice of Award for the first award under which this term applies. Recipients of multiple federal awards from DHS should only submit one completed tool for their organization, not per federal award. After the initial submission, recipients are required to complete the tool once every two (2) years if they have an active federal award, not every time a federal award is made. Recipients must submit the completed tool, including supporting materials, to CivilRightsEvaluation@hq.dhs.gov. This tool clarifies the civil rights obligations and related reporting requirements contained in these DHS Standard Terms and Conditions. Sub-recipients are not required to complete and submit this tool to DHS. The evaluation tool

can be found at <https://www.dhs.gov/publication/dhs-civil-rights-evaluation-tool>. [DHS Civil Rights Evaluation Tool | Homeland Security](#).

The DHS Office for Civil Rights and Civil Liberties will consider, in its discretion, granting an extension to the 30-day deadline if the recipient identifies steps and a timeline for completing the tool. Recipients must request extensions by emailing the request to CivilRightsEvaluation@hq.dhs.gov prior to expiration of the 30-day deadline.

- **Standard Terms & Conditions**

Acknowledgement of Federal Funding from DHS

Recipients must acknowledge their use of federal award funding when issuing statements, press releases, requests for proposal, bid invitations, and other documents describing projects or programs funded in whole or in part with federal award funds.

Activities Conducted Abroad

Recipients must coordinate with appropriate government authorities when performing project activities outside the United States obtain all appropriate licenses, permits, or approvals.

Age Discrimination Act of 1975

Recipients must comply with the requirements of the Age Discrimination Act of 1975, Pub. L. No. 94-135 (codified as amended at 42 U.S.C. § 6101 *et seq.*), which prohibits discrimination on the basis of age in any program or activity receiving federal financial assistance.

Americans with Disabilities Act of 1990

Recipients must comply with the requirements of Titles I, II, and III of the Americans with Disabilities Act, Pub. L. No. 101-336 (1990) (codified as amended at 42 U.S.C. §§ 12101– 12213), which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities.

Best Practices for Collection and Use of Personally Identifiable Information

Recipients who collect personally identifiable information (PII) as part of carrying out the scope of work under a federal award are required to have a publicly available privacy policy that describes standards on the usage and maintenance of the PII they collect. DHS defines PII as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. Recipients may also find the DHS Privacy Impact Assessments: Privacy Guidance and Privacy Template as useful resources respectively.

Civil Rights Act of 1964 – Title VI

Recipients must comply with the requirements of Title VI of the Civil Rights Act of 1964, Pub. L. No. 88-352 (codified as amended at 42 U.S.C. § 2000d *et seq.*), which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. DHS implementing regulations for the Act are found at 6 C.F.R. Part 21. Recipients of an award from the Federal Emergency Management Agency (FEMA) must also comply with FEMA's implementing regulations at 44 C.F.R. Part 7.

Civil Rights Act of 1968

Recipients must comply with Title VIII of the Civil Rights Act of 1968, Pub. L. No. 90-284 (codified as amended at 42 U.S.C. § 3601 *et seq.*) which prohibits recipients from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex, as implemented by the

U.S. Department of Housing and Urban Development at 24 C.F.R. Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units— i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)—be designed and constructed with certain accessible features. (See 24 C.F.R. Part 100, Subpart D.)

Copyright

Recipients must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 to any work first produced under federal awards and also include an acknowledgement that the work was produced under a federal award (including the federal award number and federal awarding agency). As detailed in 2 C.F.R. § 200.315, a federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes and to authorize others to do so.

Debarment and Suspension

Recipients must comply with the non-procurement debarment and suspension regulations implementing Executive Orders (E.O.) 12549 and 12689 set forth at 2 C.F.R. Part 180 as implemented by DHS at 2 C.F.R. Part 3000. These regulations prohibit recipients from entering into covered transactions (such as subawards and contracts) with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Drug-Free Workplace Regulations

Recipients must comply with drug-free workplace requirements in Subpart B (or Subpart C, if the recipient is an individual) of 2 C.F.R. Part 3001, which adopts the Government-wide implementation (2 C.F.R. Part 182) of the Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 8101-8106).

Duplicative Costs

Recipients are prohibited from charging any cost to this federal award that will be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior budget period. (See 2 C.F.R. § 200.403(f)). However, recipients may shift costs that are allowable under two or more federal awards where otherwise permitted by federal statutes, regulations, or the federal financial assistance award terms and conditions.

Education Amendments of 1972 (Equal Opportunity in Education Act) – Title IX

Recipients must comply with the requirements of Title IX of the Education Amendments of 1972, Pub. L. No. 92-318 (codified as amended at 20 U.S.C. § 1681 *et seq.*), which provide that no person in the United States will, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving federal financial assistance. DHS implementing regulations are codified at 6 C.F.R. Part 17. Recipients of an award from the Federal Emergency Management Agency (FEMA) must also comply with FEMA's implementing regulations at 44 C.F.R. Part 19.

E.O. 14074 – Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety Recipient State, Tribal, local, or territorial law enforcement agencies must comply with the requirements of section 12(c) of E.O. 14074. Recipient State, Tribal, local, or territorial law enforcement agencies are also encouraged to adopt and enforce policies consistent with E.O. 14074 to support safe and effective policing.

Energy Policy and Conservation Act

Recipients must comply with the requirements of the Energy Policy and Conservation Act, Pub. L. No. 94-163 (1975) (codified as amended at 42 U.S.C. § 6201 *et seq.*), which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this

Act.

False Claims Act and Program Fraud Civil Remedies

Recipients must comply with the requirements of the False Claims Act, 31 U.S.C. §§ 3729- 3733, which prohibit the submission of false or fraudulent claims for payment to the Federal Government. (See 31 U.S.C. §§ 3801-3812, which details the administrative remedies for false claims and statements made.)

Federal Debt Status

All recipients are required to be non-delinquent in their repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. (See OMB Circular A-129.)

Federal Leadership on Reducing Text Messaging while Driving

Recipients are encouraged to adopt and enforce policies that ban text messaging while driving recipient-owned, recipient-rented, or privately owned vehicles when on official government business or when performing any work for or on behalf of the Federal Government. Recipients are also encouraged to conduct the initiatives of the type described in Section 3(a) of E.O. 13513.

Fly America Act of 1974

Recipients must comply with Preference for U.S. Flag Air Carriers (a list of certified air carriers can be found at: [Certificated Air Carriers List | US Department of Transportation, https://www.transportation.gov/policy/aviation-policy/certificated-air-carriers-list](https://www.transportation.gov/policy/aviation-policy/certificated-air-carriers-list)) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974, 49 U.S.C. § 40118, and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B-138942.

Hotel and Motel Fire Safety Act of 1990

Recipients must ensure that all conference, meeting, convention, or training space funded entirely or in part by federal award funds complies with the fire prevention and control guidelines of Section 6 of the Hotel and Motel Fire Safety Act of 1990, 15 U.S.C. § 2225a.

John S. McCain National Defense Authorization Act of Fiscal Year 2019

Recipients, sub-recipients, and their contractors and subcontractors are subject to the prohibitions described in section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232 (2018) and 2 C.F.R. §§ 200.216, 200.327, 200.471, and Appendix II to 2 C.F.R. Part 200. The statute – as it applies to DHS recipients, sub-recipients, and their contractors and subcontractors – prohibits obligating or expending federal award funds on certain telecommunications and video surveillance products and contracting with certain entities for national security reasons.

Limited English Proficiency (Civil Rights Act of 1964, Title VI)

Recipients must comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*) prohibition against discrimination on the basis of national origin, which requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services. For additional assistance and information regarding language access obligations, please refer to the DHS Recipient Guidance: <https://www.dhs.gov/guidance-published-help-department-supported-organizations-provide-meaningful-access-people-limited> and additional resources on <http://www.lep.gov>.

Lobbying Prohibitions

Recipients must comply with 31 U.S.C. § 1352 and 6 C.F.R. Part 9, which provide that none of the funds

provided under a federal award may be expended by the recipient to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal action related to a federal award or contract, including any extension, continuation, renewal, amendment, or modification. Per 6 C.F.R. Part 9, recipients must file a lobbying certification form as described in Appendix A to 6 C.F.R. Part 9 or available on Grants.gov as the Grants.gov Lobbying Form and file a lobbying disclosure form as described in Appendix B to 6 C.F.R. Part 9 or available on Grants.gov as the Disclosure of Lobbying Activities (SF-LLL).

National Environmental Policy Act

Recipients must comply with the requirements of the National Environmental Policy Act of 1969, Pub. L. No. 91-190 (1970) (codified as amended at 42 U.S.C. § 4321 *et seq.*) (NEPA) and the Council on Environmental Quality (CEQ) Regulations for Implementing the Procedural Provisions of NEPA, which require recipients to use all practicable means within their authority, and consistent with other essential considerations of national policy, to create and maintain conditions under which people and nature can exist in productive harmony and fulfill the social, economic, and other needs of present and future generations of Americans.

Nondiscrimination in Matters Pertaining to Faith-Based Organizations

It is DHS policy to ensure the equal treatment of faith-based organizations in social service programs administered or supported by DHS or its component agencies, enabling those organizations to participate in providing important social services to beneficiaries. Recipients must comply with the equal treatment policies and requirements contained in 6 C.F.R. Part 19 and other applicable statutes, regulations, and guidance governing the participations of faith-based organizations in individual DHS programs.

Non-Supplanting Requirement

Recipients of federal awards under programs that prohibit supplanting by law must ensure that federal funds supplement but do not supplant non-federal funds that, in the absence of such federal funds, would otherwise have been made available for the same purpose.

Notice of Funding Opportunity Requirements

All the instructions, guidance, limitations, scope of work, and other conditions set forth in the Notice of Funding Opportunity (NOFO) for this federal award are incorporated by reference. All recipients must comply with any such requirements set forth in the NOFO. If a condition of the NOFO is inconsistent with these terms and conditions and any such terms of the Award, the condition in the NOFO shall be invalid to the extent of the inconsistency. The remainder of that condition and all other conditions set forth in the NOFO shall remain in effect.

Patents and Intellectual Property Rights

Recipients are subject to the Bayh-Dole Act, 35 U.S.C. § 200 *et seq.* and applicable regulations governing inventions and patents, including the regulations issued by the Department of Commerce at 37 C.F.R. Part 401 (Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Awards, Contracts, and Cooperative Agreements) and the standard patent rights clause set forth at 37 C.F.R. § 401.14.

Procurement of Recovered Materials

States, political subdivisions of states, and their contractors must comply with Section 6002 of the Solid Waste Disposal Act, Pub. L. No. 89-272 (1965) (codified as amended by the Resource Conservation and Recovery Act at 42 U.S.C. § 6962) and 2 C.F.R. § 200.323. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R.

Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition.

Rehabilitation Act of 1973

Recipients must comply with the requirements of Section 504 of the Rehabilitation Act of 1973, Pub. L. No. 93-112 (codified as amended at 29 U.S.C. § 794), which provides that no otherwise qualified handicapped individuals in the United States will, solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Reporting of Matters Related to Recipient Integrity and Performance

If the total value of any currently active grants, cooperative agreements, and procurement contracts from all federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of the federal award, then the recipient must comply with the requirements set forth in the government-wide Award Term and Condition for Recipient Integrity and Performance Matters located at 2 C.F.R. Part 200, Appendix XII, the full text of which is incorporated by reference.

Reporting Subawards and Executive Compensation

For federal awards that equal or exceed \$30,000, recipients are required to comply with the requirements set forth in the government-wide award term on Reporting Subawards and Executive Compensation set forth at 2 C.F.R. Part 170, Appendix A, the full text of which is incorporated by reference.

Required Use of American Iron, Steel, Manufactured Products, and Construction Materials

Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

all iron and steel used in the project are produced in the United States—this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;

all manufactured products used in the project are produced in the United States—this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and

all construction materials are manufactured in the United States—this means that all manufacturing processes for the construction material occurred in the United States.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

Waivers

When necessary, recipients may apply for, and the agency may grant, a waiver from these requirements. The agency should notify the recipient for information on the process for requesting a waiver from these

requirements.

- (a) When the Federal agency has determined that one of the following exceptions applies, the awarding official may waive the application of the domestic content procurement preference in any case in which the agency determines that:
- (1) applying the domestic content procurement preference would be inconsistent with the public interest;
 - (2) the types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or
 - (3) the inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.

A request to waive the application of the domestic content procurement preference must be in writing. The agency will provide instructions on the format, contents, and supporting materials required for any waiver request. Waiver requests are subject to public comment periods of no less than 15 days and must be reviewed by the Made in America Office.

There may be instances where an award qualifies, in whole or in part, for an existing waiver described at ["Buy America" Preference in FEMA Financial Assistance Programs for Infrastructure | FEMA.gov.](#)

Definitions

The definitions applicable to this term are set forth at 2 C.F.R. § 184.3, the full text of which is incorporated by reference.

SAFECOM

Recipients receiving federal financial assistance awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications. The SAFECOM Guidance is updated annually and can be found at [Funding and Sustainment | CISA.](#)

Terrorist Financing

Recipients must comply with E.O. 13224 and applicable statutory prohibitions on transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. Recipients are legally responsible for ensuring compliance with the E.O. and laws.

Trafficking Victims Protection Act of 2000 (TVPA)

Recipients must comply with the requirements of the government-wide financial assistance award term which implements Trafficking Victims Protection Act of 2000, Pub. L. No. 106- 386, § 106 (codified as amended at 22 U.S.C. § 7104). The award term is located at 2 C.F.R. § 175.15, the full text of which is incorporated by reference.

Universal Identifier and System of Award Management

Recipients are required to comply with the requirements set forth in the government-wide financial assistance award term regarding the System for Award Management and Universal Identifier Requirements located at 2 C.F.R. Part 25, Appendix A, the full text of which is incorporated reference.

USA PATRIOT Act of 2001

Recipients must comply with requirements of Section 817 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), which amends 18 U.S.C. §§ 175–175c.

Use of DHS Seal, Logo and Flags

Recipients must obtain written permission from DHS prior to using the DHS seals, logos, crests, or reproductions of flags, or likenesses of DHS agency officials. This includes use of DHS component (e.g., FEMA, CISA, etc.) seals, logos, crests, or reproductions of flags, or likenesses of component officials.

Whistleblower Protection Act

Recipients must comply with the statutory requirements for whistleblower protections at 10 U.S.C § 470141 U.S.C. § 4712.

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ATTACHMENT 2 Reimbursement Checklist

DHSEM reserves the right to update this check list throughout the life of the grant to ensure compliance with applicable federal and state rules and regulations. *Please only check the categories that apply to the reimbursement you are currently requesting.*

EQUIPMENT

- Have all invoices been included?
- Has AEL # been identified for each purchase?
- If service/warranty expenses are listed, are they only for the performance period of the grant?
- Has proof of payment been included? (e.g., canceled check, Electronic Funds Transfer (EFT) confirmation, or P-Card back up documentation which will include receipt with vendor, copy of credit card statement showing expense charged, and payment to credit card Company for that statement)

CONSULTANTS/CONTRACTORS

- Does the amount billed by consultant add up correctly?
- Has all appropriate documentation to denote hours worked been properly signed?
- Have copies of all planning materials and work product (e.g., meeting documents, copies of plans) been included? (If a meeting was held by recipient or contractor/consultant of recipient, an agenda and sign-up sheet with meeting date must be included).
- Has the invoice from consultant/contractor been included?
- Has proof of payment been included? (e.g., canceled check, Electronic Funds Transfer (EFT) confirmation, or P-Card back up documentation which will include receipt with vendor, copy of credit card statement showing expense charged, and payment to credit card Company for that statement).

SALARY POSITIONS (Note: this applies to positions billed under M&A)

- Have the following been provided: signed time sheet by employee and supervisor and proof that employee was paid for time worked (statement of earnings, copy of payroll check or payroll register)?
- Has a time period summary sheet been included for total claimed amount?
- Has a general ledger payroll report been included for total claimed amount? Ensure this report includes both employee and employer payroll information (i.e., benefits/contributions).
- Does the back-up documentation include a copy of the check stub per employee for the time period covered?
- Does the back-up documentation provided match the time period for which reimbursement is being requested?

OTHER:

- If EHP form needed – has copy of it and approval from USDHS/FEMA been included?

MATCHING FUNDS (IF APPLICABLE)

- Contributions are from Non-Federal funding sources.
- Contributions are from cash or in-kind contributions which may include training investments.
- Contributions are not from salary, overtime, or other operational costs unrelated to training.

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ATTACHMENT 3 Glossary and Definitions

Applicant: When an entity applies for PA funding, it is the **Applicant**. Once the Applicant receives funding, it is either the **recipient, pass-through entity, or a sub-recipient**.

Authorized Equipment List (AEL): The Authorized Equipment List (AEL) is a list of approved equipment types allowed under FEMA's preparedness grant programs.

Backfill: The act of filling a position left by another employee who has been moved to another role.

Cost Match: Recipient or sub-recipient contribution. This can be cash (hard match) or third party in-kind (soft match). 2 C.F.R. 200.306.

Cost Sharing or Matching: The portion of project costs not paid by federal funds or contributions (unless otherwise authorized by federal statute). 2 C.F.R. 200.1 Cost sharing or matching.

Declared fire: An uncontrolled fire or fire complex, threatening such destruction as would constitute a major disaster, which the FEMA Regional Administrator has approved in response to a state's request for a fire management assistance declaration and in accordance with the criteria listed in 44 C.F.R. 204.21. Fire Management Assistance Declaration Criteria.

Disallowed costs: Those charges to a federal award that the federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable federal statutes, regulations, or the terms and conditions of the federal award. 2 C.F.R. 200.1 Disallowed costs.

Demobilization: The process and procedures for deactivating, disassembling, and transporting back to their point of origin all resources that had been provided to respond to and support a declared fire.

Disaster: An emergency condition affecting all or part the state, overwhelming local resources, in which there is likely to be a significant recovery period. The Governor may request a Robert T. Stafford Act (Stafford Act) Disaster Declaration through FEMA, asking for the Public Assistance Program, Fire Management Assistance Program, Individual Assistance Program and Mitigation based upon known and estimated damage assessment data.

Disaster Recovery Reform Act of 2018 (DRRA): The DRRA represents the most comprehensive Emergency Management reform since the Post-Katrina Emergency Management Reform Act in 2006. It includes a larger and more reliable funding stream for pre-disaster mitigation, expanded assistance for individuals and households, and support for states, localities, tribes, and territories (SLTTs) to develop their own emergency management capabilities.

Emergency: A condition in which local and state emergency response agencies are overwhelmed by an incident to the point that federal assistance is needed. Unlike a disaster, an emergency does not have a recovery phase. The Governor may request a Stafford Act Emergency Declaration through FEMA, asking for the Public Assistance Program and/or Fire Management Assistance Grant.

Emergency Work: Work which must be done before, during and immediately after a disaster event to save lives and to protect improved property and public health and safety or to avert or lessen the threat of a major disaster. The FEMA Public Assistance emergency work Categories are:

- Category A (Debris Removal)
- Category B (Emergency Protective Measures)

Equipment: Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal entity for financial statement purposes, or \$5,000. 2 C.F.R. 200.1 Equipment.

Expenditures: Charges made by a non-federal entity to a project or program for which a federal award was received. 2 C.F.R. 200.1 Expenditures.

Federal Award: The federal financial assistance that a recipient receives directly from a federal awarding agency or indirectly from a pass-through entity. 2 C.F.R. 200.1 Federal award.

Federal Emergency Management Agency (FEMA): The federal agency responsible for coordinating disaster recovery efforts in partnership with state, local, and tribal governments.

Federal Share: The portion of the federal award costs that are paid using federal funds. 2 C.F.R. 200.1 Federal share.

FEMA/State Agreement: A formal, legal document between FEMA and the state or a tribal government giving the understandings, commitments, terms, conditions, and timelines for assistance resulting from a federal disaster, emergency, or fire declaration, declared by the President.

Governor's Authorized Representative (GAR): The person designated by the Governor to execute all necessary documents for disaster assistance programs on behalf of the state and local grant recipients. The GAR is responsible for state compliance with the FEMA/State Agreement. The GAR may also be designated as the State Coordinating Officer.

Hazard Mitigation: Mitigation is the effort to reduce loss of life and property by lessening the impact of disasters.

Hazard Mitigation (Sections 404 and 406): Section 406 Mitigation measures are specific to the mechanism of the declared disaster and are an integral part of the reconstructed work on a facility or will protect or benefit the repaired portion of the facility. These are different from mitigation measures that are considered for eligibility under the Hazard Mitigation Grant Program (HMGP) of Section 404 of the Stafford Act. In the HMGP program, measures are proposed that may involve facilities other than those damaged by the disaster, new facilities, or even non-structural measures such as the development of floodplain management regulations.

Incident Period: The time interval during which the declared disaster occurs. The Regional Administrator, in consultation with the Governor's Authorized Representative and the Principal Advisor will establish the incident period. Generally, costs must be incurred during the incident period to be considered eligible.

The declaration designates the incident period. The incident period is the span of time during which the federally declared incident occurs. This period varies in length, depending on the incident.

Improved Project: When performing restoration work on a damaged facility, a sub-recipient may use the opportunity to make improvements to the facility. Projects that incorporate such improvements are improved projects. The improved facility must have the same function and at least the equivalent capacity as that of the pre-disaster facility. Federal funding for improved projects is limited to the lesser of the following: the federal share of the approved estimated costs to restore the damaged facility to its pre-disaster design and function or the federal share of the actual cost of completing the improved project.

The sub-recipient must obtain FEMA approval, via the NMDHSEM, for an improved project prior to construction.

Indirect Costs: Costs a recipient or sub-recipient incurs for a common or joint purpose benefitting more than one cost objective that are not readily assignable to the cost objectives specifically benefited.

Joint Field Office (JFO): A temporary facility established in or near a declared disaster area to serve as the field headquarters for FEMA, other federal and state recovery personnel, and serve as the focal point for federal disaster operations, direction, coordination, and information.

Large Project: An approved project estimated to cost the same as or more than the large project threshold amount. The large project threshold is a dollar amount adjusted annually to reflect changes in the Consumer Price Index for all urban consumers. The large project threshold amount, applicable to all projects, is the amount in effect on the declaration date of the disaster, regardless of when project approval is made or when the work is performed.

Management Costs: Management costs are any indirect costs, any direct administrative costs, and any other administrative expenses associated with the administration of HMA awards and subawards. Management costs are provided under HMGP, HMGP Post Fire, BRIC and FMA. For the Hazard Mitigation Grant Program (HMGP) and Hazard Mitigation Grant Program Post Fire (HMGP Post Fire), recipients will be reimbursed no more than 15% of the total amount of the award, of which not more than 10% may be used by the recipient and 5% by the sub-recipient. Under HMGP and HMGP Post Fire, recipients' Administrative Plans must include procedures for monitoring and reporting on sub-recipient management costs before receiving funding for management costs. For Building Resilient Infrastructure and Communities (BRIC) and Flood Mitigation Assistance (FMA), recipients may apply for a maximum of 10% of the total funds requested in their application cost estimate (federal and non-federal shares) for management costs to support the sub-applications included as part of their award. Subapplicants for BRIC and FMA may apply for a maximum of 5% of the total funds requested in a sub-application for management costs. Additional information is available in FEMA Policy #104-11-1, Hazard Mitigation Grant Program Management Costs (Interim).

Pass-through Entity: A non-federal entity that provides a subaward to a sub-recipient to carry out part of a federal program. 2 C.F.R. 200.1 Pass through entity (PTE).

Performance Period for Hazard Mitigation Assistance: The period of time stipulated in the Sub-recipient Grant Agreement, as amended, during which the sub-recipient must finish the approved work. Projects completed after the active Period of Performance deadline will be considered ineligible.

Quarterly Financial Progress Report: The information in this report is used by NMDHSEM to monitor sub-recipient cash flow, performance, and project implementation to ensure proper use of federal funds.

Recipient: Formally referred to as the grantee or sub-grantee or applicant. Federally Recognized Indian Tribal Governments may also be Recipients if they so desire and if they meet FEMA requirements.

Recovery Officer: Aids in the administration of disaster recovery grant programs for statewide disasters and emergencies. Coordinates and co-administers disaster recovery grant programs, ensuring that they are implemented and carried out according to state and federal program requirements.

Recovery Unit: This is the unit within the NMDHSEM Response and Recovery Bureau designated as responsible for the programmatic administration of the FEMA PA and FMAG Programs.

Recovery Unit Manager: Responsible for administering and supervising staff responsible for federal and state disaster recovery programs and serves as the Deputy State Coordinating Officer (SCO) for emergencies or major disaster declarations.

Response & Recovery Bureau Chief: Responsible for supervising staff responsible for federal and state disaster recovery programs and staff that provides operational response capabilities to support the citizens of New Mexico. This position also serves as State Coordinating Officer (SCO) for emergencies or major disaster declarations.

Request for Approval Form: Used by sub-recipient to request approval from NMDHSEM to expend funds for previously identified and approved projects. Approval must be received prior to expenditure.

Small Project: An approved project estimated to cost less than the large project threshold amount.

State Coordinating Officer (SCO): The person designated by the Governor to coordinate state and local disaster assistance efforts with those of the federal government. The GAR may also be the SCO. The Governor will name the GAR and the SCO in the FEMA/State Agreement.

Sub-recipient: Formally referred to as the sub-grantee or applicant, is a state agency, local government, tribal government, other legal governmental entity, or a private non-profit (PNP) organization that receives a sub-grant award and which is accountable to the state for the use of the funds provided. The FEMA reserves the final decision as to sub-recipient eligibility.

Supplanting: When a state or unit of local government reduces state or local funds for an activity specifically because federal funds are available (or expected to be available) to fund that same activity. When supplanting is not permitted, federal funds must be used to **supplement** existing state or local funds for program activities and may not replace state or local funds that have been appropriated or allocated for the same purpose. Additionally, federal funding may not replace state or local funding that is required by law. If a question of supplanting arises, the sub-recipient or grantee will be required to substantiate that the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds. US Department of Justice Office of Justice Programs, Grants 101.

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ATTACHMENT 4

Acronyms

AEL: Authorized Equipment List
AGAR: Alternate Governor's Authorized Representative
ASB: Administrative Services Bureau of NMDHSEM
CFDA: Catalog of Federal Domestic Assistance
DAC: Direct Administrative Costs
DOT: Department of Transportation
DPS: Department of Public Safety
DRRA: Disaster Recovery Reform Act of 2018
DSCO: Deputy State Coordinating Officer
DSIBD: Deputy State Infrastructure Branch Director
DSPAGS: Deputy State Public Assistance Group Supervisor
EMAC: Emergency Management Assistance Compact
EMMIE: Emergency Management Mission Integrated Environment
EMNRD: Energy, Minerals and Natural Resources Department
FEMA: Federal Emergency Management Agency
FFATA: Federal Funding Accountability and Transparency Act
FMAG: Fire Management Assistance Grant
GAR: Governor's Authorized Representative
IMAS: Intrastate Mutual Aid System
INF: Immediate Needs Funding
IOF: Initial Operating Facility
JFO: Joint Field Office
NSPO: Net Small Project Overrun
NMDHSEM: New Mexico Department of Homeland Security and Emergency Management
ONA: Other Needs Assistance
OMB: Office of Management and Budget
PA: Public Assistance
PAGS: Public Assistance Group Supervisor
PAPPG: Public Assistance Program and Policy Guide
PDA: Preliminary Damage Assessment
PDMG: Program Delivery Manager
PIO: Public Information Officer
PNP: Private Non-Profit
POP: Period of Performance
PW: Project Worksheet
QPR: Quarterly Progress Report
QFR: Quarterly Financial Report
R&R: Response & Recovery Bureau
REC: Record of Environmental Consideration
RO: Recovery Officer
RP A: Request for Public Assistance
SCO: State Coordinating Officer

SOW: Scope of Work

SHARE: New Mexico Statewide Human Resources, Accounting, and Management Reporting System

SIBD: State Infrastructure Branch Director

SPAGS: State Public Assistance Group Supervisor

SPAO: State Public Assistance Officer

USDHS: United States Department of Homeland Security

USFS: US Forest Service

VFO: Virtual Field Office

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Budget Revision 2026 - 80

BPU Meeting Date: June 3, 2026

Council Meeting Date: June 9, 2026

| | Fund & Department | Org | Object | Revenue (decrease) | Expenditures (decrease) | Transfers In(Out) | Fund Balance (decrease) |
|----|---|----------|--------|-----------------------|----------------------------|----------------------|----------------------------|
| 1 | Joint Utilities Fund - Water Production | 54285699 | 8369 | | \$ 3,475,517 | | \$ (3,475,517) |
| 2 | Joint Utilities Fund - Water Production | 54285695 | 3479 | \$ 2,632,747 | | | \$ 2,632,747 |
| 3 | | | | | | | \$ - |
| 4 | | | | | | | \$ - |
| 5 | | | | | | | \$ - |
| 6 | | | | | | | \$ - |
| 7 | | | | | | | \$ - |
| 8 | | | | | | | \$ - |
| 9 | | | | | | | \$ - |
| 10 | | | | | | | \$ - |

Description: The purpose of this budget revision is to increase FY2026 expenditure authority for the Jemez Mountain Fire Protection Phase III Project. The project includes a FEMA Hazard Mitigation Grant Program (HMGP) award of \$2,632,747 under FEMA-DR-4652-NM. The non-federal match is \$842,770, bringing the total project cost to \$3,475,517.

Fiscal Impact: The net fiscal impact to the Joint Utilities Fund is an increase in expenditures of \$3,475,517 and an increase in revenue of \$2,632,747, resulting in a decrease to fund balance of \$842,770.

Joann Gentry 5/27/2026
Preparer Date

Anne W. Laurent 5/28/2026
County Manager Approval if Required

Philo S. Shelton III 5/27/2026
Department Director Signature

[Signature] 5/28/2026
Budget Manager/Analyst Signature



County of Los Alamos

Los Alamos, NM 87544
www.losalamosnm.us

Staff Report

June 03, 2026

Agenda No.: 7.a.
Index (Council Goals):
Presenters: Robert Gibson, Chair-Board of Public Utilities
Legislative File: 21201-26b

Title

Initial Review of the Board of Public Utilities Annual Presentation to County Council

Body

On July 14, 2026, the Chair of the Board of Public Utilities is scheduled to give the Annual Boards & Commissions Presentation to Council. The agenda will be a presentation of 2026 DPU/BPU initiatives and actions. In preparation for the upcoming presentation, the Board discussed possible topics. Chair Gibson prepared a draft presentation for BPU's review and consideration prior to the presentation to Council. This is a review of the final draft. The BPU is scheduled to approve the final version at the regular session scheduled for June 17, 2026.

Attachments

A - BPU Presentation to County Council_Draft



Presentation to County Council

Robert Gibson, Chair
July 14, 2026

Board Members



Member

Position

Term Ends

Robert Gibson

Chair

2028

Matt Heavner

Vice Chair

2031

Jennifer
Hollingsworth

Member

2029

Charlie Nakhleh

Member

2027

Eric Stromberg

Member

2030

Senior Management



Philo S. Shelton, III
Utilities Manager

Deputy Utility Managers



James
Martinez
Engineering
Division



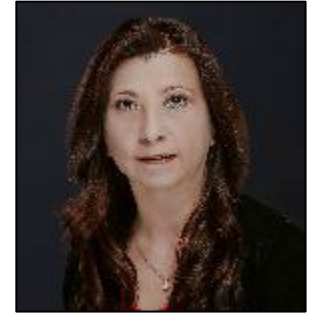
Ben
Olbrich
Electric
Production



Dennis
Astley
Electric
Distribution



Clay
Moseley
Gas, Water
and Sewer
Services



Joann
Gentry
Finance and
Administration

DPU from 100,000 ft.

- Department scope:
 - provide electricity, natural gas, water, and wastewater services;
 - 107.65 employees; \$95M FY27 budget.
- Basic responsibility: keep the lights on and all fluids flowing when and where they should.
- Routine operations and maintenance are by far the largest part of DPU's job.
- This report focuses on current and future major challenges.



Wastewater

- No major issues; routine repairs and replacements are on-going
- More uses for non-potable effluent water could require more pipelines
- Blockages and back-ups
- PFAS litigation



Water

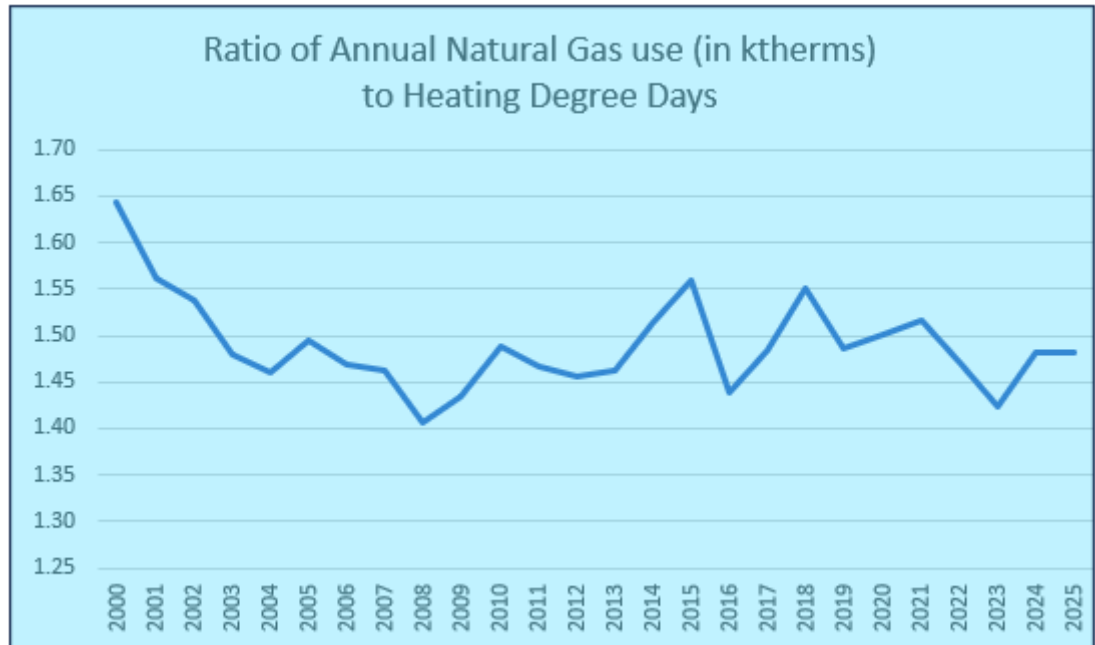
- Water rights and usage (past, present, and projected), Los Alamos County and LANL
- PM-3 out of service / Cr Plume
- Potential new well into SJ-C water
 - Federal funding needed
 - Agreement w/DOE needed
- Distribution system in good condition
- PFAS Litigation

(Insert Water Usage Chart)



Natural Gas

- System in good condition
- Elk Ridge neighborhood addition *(Update w/ current info)*
 - Physically complete; new system operational
 - Legal and financial issues outstanding
- Goal: Phase out NG by 2070;
 - Milestone: 10% reduction by 2030
 - Little progress →
 - Focus on new construction
 - Continue education for existing properties



Electric - Supply

- ECA Follow-on (*Update w/ present status*)
- Demand projections (LARES and B&M): 2-3X current use
- Goal: Carbon-neutral electrical provider by 2040
- Foxtail Flats
 - Solar: 170 MW solar @ \$37.88 / MWh
 - Storage: 320 MWh @ \$110.96 / MWh
 - Construction status and schedule (*Update to most current*)
 - Business Plan development to follow ECA approval
- Other potential carbon-free sources and storage
- IRP (Integrated Resources Plan) with dynamic updating
- Extended Day Ahead Market (EDAM) – Fall 2027

{ 20 yr. fixed cost (no escalator)
Present avg. cost ~\$75/MWh

Electric - Transmission

- National and NM problem
- Third transmission line into LA County
 - Any 2 of 3 lines can fully supply LAC and LANL
 - Construction status and schedule (*Update to most current*)

Electric - Distribution

- Current system reliable, but aging
- “Plug-In Solar” policy to be developed
- Renewal over next 20-30 years
 - Goals: extend lifetime, increase reliability, increase capacity
 - Current projects: LASS, WR Substation, WR-LANL tie-line
 - Near-term projects: improve system models, EA-4 feeder line rebuild
 - Long-term projects: increase conductor and transformer capacity
 - Additional underground?



Organizational Challenges

- Financial

- Rate hike drivers: inflation (>CPI), compliance, catching up
- Scrubbing of costs needed
- Review of reserve policies in progress (*if it is by meeting date*)

- Hiring

- 7 current vacancies (*Update to current at meeting date*)
- Acute in Electric Distribution
- Adds stress to current staff



Questions?

**Robert Gibson, Chair
Board of Public Utilities**
robert.gibson@losalamosnm.gov
505.412.3176

Philo Shelton, Utilities Manager
philo.shelton@losalamosnm.gov
505.662.8148

DPU Quarterly Report
<https://ladpu.com/FY26Q3>

LOS ALAMOS
Department of Public Utilities

Electric, Gas, Water, and Wastewater Services