



# County of Los Alamos

1000 Central Avenue  
Los Alamos, NM 87544

## Minutes

### Board of Public Utilities Work Session

*Cornell Wright, Chair; Steve Tobin, Vice Chair;  
Eric Stromberg, Stephen McLin and Charles Nakhleh, Members;  
Philo Shelton, Ex Officio Member  
Steve Lynne, Ex Officio Member  
Denise Derkacs, Council Liaison*

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Wednesday, July 6, 2022

6:30 PM

Zoom

<https://us06web.zoom.us/j/87082501877>

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#### Business & Action Items

#### 1. CALL TO ORDER

This work session of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, July 6, 2022, via Zoom video conferencing platform. Board Chair Cornell Wright called the meeting to order at 6:30 p.m. BPU members, staff and the public participated remotely. Members of the public were notified of the ability to watch and submit public comment online. The following board members were in attendance:

Present 7 - Wright, Tobin, McLin, Nakhleh, Stromberg, Shelton and Lynne

#### 1.A. 16106-22

##### Statement Regarding Closed Session

Pursuant to § 10-15-1 (H)(2) of the New Mexico Open Meetings Act, NMSA 1978, the Board of Public Utilities met in closed session at 5:30 pm to discuss information pertaining to limited personnel matters: Utilities Manager Performance Planning

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Member Wright moved that the Board of Public Utilities approve the following statement for inclusion in the minutes: "The matters discussed in the closed session on July 6, 2022 were limited only to those topics specified in the notice of the closed session, and no action was taken on any matter during the closed session. I further move that the Board of Public Utilities approve the Utilities Manager's performance planning document developed in tonight's closed session and ask the Board Chair to review the same with the Utilities Manager."

The motion passed by the following vote:

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Yes: 4 - Board Member Wright, Board Member Tobin, Board Member McLin, Board Member Nakhleh and Board Member Stromberg

#### 2. PUBLIC COMMENT

Chair Wright opened the floor for public comment on items not otherwise included on the agenda. There was no public comment.

**3. APPROVAL OF AGENDA**

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

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**Yes: 4 - Board Member Tobin, Board Member McLin, Board Member Nakhleh, Board Member Stromberg and Board Member Wright**

**4. BUSINESS**

**4.A. 16024-22 Water and Energy Conservation Plan**

Ms. Hayward presented the Draft 2022 Water and Energy Conservation Plan and shared that it has been submitted to the State Engineer for review and comments. Staff is also seeking comments from the BPU before the plan is brought back in final form for approval. This plan used the 2015 water and energy conservation plan as a starting point and was updated to meet current state regulations, incorporate DPU's Strategic Goals and Objectives, and includes relevant goals and ideas presented by the Conservation Task Force and the LARES Task Force. She also provided a copy of the document in the meeting packet.

Ms. Hayward responded to board member inquiries and provided clarifying information as appropriate. Chair Wright opened the floor for public comment; there was none. The final plan will be presented to the BPU for approval at the August 17th regular meeting.

**4.B. 15878-22 Review of the Department of Public Utilities Rules & Regulations**

Mr. Powers reviewed the Department of Public Utilities Rules & Regulations. He reiterated that this was an opportunity for board members and staff to review and discuss any potential revisions to the DPU Rules & Regulations with input from the attorney. Mr. Powers responded to Board member inquiries and provided clarifying information as appropriate

**4.C. 15877-22 Annual Review of the Board of Public Utilities Procedural Rules**

Mr. Powers presented the Annual Review of the Board of Public Utilities Procedural Rules and requested any updates or changes to them that will be incorporated for adoption by the BPU at the regular meeting on July 20, 2022.

Additionally, article 1.9 of the PR states that each year during the July BPU regular meeting each board member will affirm that he/she has received, read, understands, and agrees to abide by the PR and the applicable documents referenced in its Appendix. Appendix A is the reaffirmation signature sheet.

The following documents were also provided in the meeting packet:

A - Board of Public Utilities Procedural Rules

B - Appendix A - Reaffirmation Signature Sheet

Mr. Powers responded to Board member inquiries and provided clarifying information as appropriate.

- 4.D. [15800-22](#) Planning for Upcoming Board of Public Utilities Annual Boards & Commissions Presentation to Council on September 20, 2022.

Chair Wright reminded the board that the Board of Public Utilities Annual Boards & Commissions Presentation to Council is scheduled for September 20, 2022. In preparation for the upcoming presentation, the Board should discuss possible topics. A draft presentation will be prepared and presented at August's BPU meeting, prior to the presentation to Council. The following documents were also provided in the meeting packet:

- A - Guidelines for 2022 B&C Presentations
- B - Schedule for the 2022 B&C Presentations

## 5. PUBLIC HEARING(S)

- 5.A. [OR0948-22a](#) **Approval of Recommendation to Council to incur the debt obligation as outlined in the attached draft Ordinance No. 720 authorizing the Incorporated County of Los Alamos ("borrower") to enter into a loan agreement with the New Mexico Environment Department ("NMED") for the purpose of obtaining project loan funds in the principal amount of up to \$25,000,000 *plus accrued interest*; designating the use of the funds for the purpose defined in the most current project description form as approved by NMED; declaring the necessity for the loan; providing that the loan will be payable and collectible solely from the borrower's pledged revenues defined below; prescribing other details concerning the loan and the security for that purpose.**

Ms. Garcia requested that the board approve the recommendation and supported that request by providing the following information:

- The Clean Water State Revolving Loan CWSRF #110 will be replacing Loan CWSRF #083. NMED has agreed to reduce the original 2.38% interest rate down to 0.01%, resulting in significant savings.
- The Clean Water State Revolving Loan CWSRF #083 was executed on April 12, 2019, through Ordinance No. 687, approved on October 30, 2018, amended by Ordinance No. 689, approved on February 19, 2019, and amended by Ordinance No. 712, approved on November 9, 2021. Loan CWSRF #083 funds the design and construction of a replacement wastewater treatment plant in White Rock, New Mexico. The existing plant is an antiquated trickling filter plant that was constructed in 1966 and is at the end of its useful life. The loan amount is a maximum of \$30 million, plus accrued interest.
- Loan CWSRF #083 will be closed out with a projected balance of \$6.5 million. Approval of Ordinance No. 720 is the first step to finance the balance of project expenses at a lower interest rate of 0.01%. Loan CWSRF #110 will be entered

into with a maximum of \$25 million, plus accrued interest, to complete the project. The annual interest rate on that principal amount shall not exceed 0.01% percent per annum. Joint Utility System Revenues will be pledged, and the term of CWSRF #110 will remain at 20 years.

- Loan CWSRF #110 includes the addition of \$1.5 million to fund the Bayo Lift Station Elimination Pipeline Project. The Bayo Lift Station pumps sewage from all of Barranca Mesa to the Los Alamos Wastewater Treatment Plant. This represents approximately 20% of the sewage treated at the Los Alamos Wastewater Treatment Plant. The lift station is due for some major upgrades and rather than reinvest in the lift station, funds will used to build a gravity sewer line to replace the lift station and eliminate the cost and risk associated with pumping the sewage. This project was approved in the FY2023 CIP budget, and staff proposed financing through the CWSRF program at that time.
- Issuance of the loan agreement and promissory notes for CWSRF Loan #110 are needed to enter into the agreement for funding. Resolution 22-13 for signatory authorization on loan documents will also be presented to Council.
- If debt is not incurred as outlined in CWSRF Loan #110, the Bayo Lift Station Elimination project will be delayed. The existing project funding through CWSRF Loan #083 for the Wastewater Treatment Facility will remain with the 2.38% interest rate.
- The reduced annual interest rate of 0.01% will result in significant savings to the Wastewater fund. A \$6.2 million savings is expected over the life of the loans if the refinance of CWSRF Loan #083 is not available for the lower interest rate. Savings with both loans with the 0.01% interest rate is projected to be \$8 million over the 20 years if the refinance of CWSRF Loan #083 is available.

The following documents were also provided in the meeting packet:

A - Proposed Draft CWSRF Loan 110 Loan Agreement (*Pending NMED and County Attorney's Office Approval*)

B - Proposed Draft CWSRF Loan 110 Promissory Note (*Pending NMED and County Attorney's Office Approval*)

C - Proposed Draft Incorporated County of Los Alamos Ordinance No. 720 (*Pending NMED and County Attorney's Office Approval*)

D - Credit and Debt Analysis

Ms. Garcia responded to board member inquiries and provided clarifying information as appropriate. Chair Wright opened the floor for public comment; there was none.

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**Member Stromberg moved move that the Board of Public Utilities recommend Council incur the debt obligation as outlined in the attached draft Ordinance No. 720, in a form acceptable to the County Attorney's Office and forward to Council for final approval. The motion passed by the following vote:**

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**Yes: 4 - Board Member Wright, Board Member Tobin, Board Member McLin, Board Member Nakhleh and Board Member Stromberg**

5.B. [RE0500-22](#) **Approval to take Incorporated County of Los Alamos Resolution No. 22-13, A Resolution Authorizing the Assignment of Authorized Officer(s) and Agent(s), Pursuant to Ordinance 720, for Loan No. CWSRF 110 for approval by Council.**

Ms. Garcia requested approval and supported that requested by providing the following information:

- The DPU proposes to close the Clean Water State Revolving Fund (CWSRF) Loan Number 083 as enacted by Ordinance No. 687, and amended by Ordinance No. 689 and No. 712, and enter into Loan CWSRF 110, as proposed by Ordinance No. 720. The New Mexico Environment Department (NMED) has agreed to reduce the current 2.38% interest rate down to 0.01%.
- Resolution No. 22-13 approves the assignment of authorized Officers and Agents. The County Council Chair, designee or successor, would be authorized to sign the Loan Agreement and Promissory Note for project #CWSRF 110. The Utilities Manager, designee or successor, or the Deputy Utilities Manager of Finance and Administration, designee or successor, would be authorized to sign all other documents necessary to fulfill the Loan Agreement and the Promissory Note requirements (Borrower's Intention, Project Description, Budget, Disbursement Requests) and to act as the project contact. The Engineering Project Manager, designee or successor, or the Business Operations Manager, designee or successor, would be authorized to sign reimbursement requests only for project #CWSRF 110.
- Resolution No. 22-13 is required by NMED in order to authorize the assignment of Officers and Agents to complete the documents necessary to finalize Loan CWSRF 110 as proposed by Ordinance No. 720.
- The current interest rate will remain at 2.38% if Loan CWSRF 083 is not closed and Loan CWSRF 110 is not entered into. Los Alamos County will forego interest savings of up to \$8 million for the duration of Loan CWSRF 083.

Ms. Garcia also provided a copy of Proposed Draft Resolution No. 22-13 (*Pending NMED and County Attorney's Office Approval*) in the meeting packet. She responded to board member inquiries and provided clarifying information as appropriate. Chair Wright opened the floor for public comment; there was none.

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**Member McLin moved that the Board of Public Utilities approve Resolution No. 22-13, A Resolution Authorizing the Assignment of Authorized Officer(s) and Agent(s), Pursuant to Ordinance 720, for Loan No. CWSRF 110, and forward to Council for final approval. The motion passed by the following vote:**

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**Yes: 4 - Board Member Wright, Board Member Tobin, Board Member McLin, Board Member Nakhleh and Board Member Stromberg**

**6. PUBLIC COMMENT**

Chair Wright opened the floor for public comment on any item; there was none.

**7.     ADJOURNMENT**

The meeting adjourned at 8:49pm

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**APPROVAL**

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**Board of Public Utilities Chair Name**

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**Board of Public Utilities Chair Signature**

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**Date Approved by the Board**