



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Cornell Wright, Chair; Stephen McLin, Vice-chair;
Eric Stromberg, Steve Tobin and Carrie Walker Members
Philo Shelton, Ex Officio Member
Harry Burgess, Ex Officio Member
James Robinson, Council Liaison*

Wednesday, June 16, 2021

5:30 PM

Due to COVID-19 concerns this meeting will be conducted remotely. Citizens may attend via Zoom or view proceedings at <http://losalamos.legistar.com/calendar.a.spx>.

REGULAR SESSION

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, June 16, 2021. Board Chair Cornell Wright called the meeting to order at 5:30 p.m. Due to COVID-19 restrictions, this meeting was held remotely via the Zoom platform. Members of the public were able to live-stream the meeting online and submit public comment during the meeting.

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

1.A. SPECIAL CLOSED SESSION

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

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

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

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

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

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

2. PUBLIC COMMENT

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

3. APPROVAL OF AGENDA

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

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

4. BOARD BUSINESS

4.A. Chair's Report

Mr. Wright reported on the following items:

1) He attended the County Council meeting on June 8, 2021 and was reappointed for a five-year term on the Board of Public Utilities.

2) He is interested in attending the UAMPS Conference and asked what the process would be to request approval from the board. Ms. Walker responded that the item could be brought up in section 4.H. of the Agenda (Approval of Board Expenses).

3) He stated that he has been discussing the DPU's cybersecurity posture with Mr. Shelton and asked whether another member of the board would like to volunteer to research this topic further. Mr. McLin volunteered. Chair Wright and Mr. McLin will continue to meet with Mr. Shelton to discuss matters of DPU cybersecurity and will report back to the board.

4.B. Board Member Reports

Mr. McLin did not have a report but thought that it was important to call attention to item 6.C. under the consent agenda. He recommended that any members of the public participating in the meeting read pages 80-91 and he commended Mr. Westervelt for his explanation of how the Resource Pool Budget is derived.

4.C. Utilities Manager's Report

Mr. Shelton reported on the items detailed in the attached report. There were no additional items identified during the meeting.

4.D. County Manager's Report

Acting County Manager Mr. Steve Lynne reported on the following items:

- 1) The County was awarded \$3.7 million from the Federal Government's American Rescue Plan. Half of the award (\$1.8 million) was received the week of June 7th. County leadership will now work on identifying eligible projects to fund and Utilities projects will be considered.
- 2) He thanked Utilities Department staff who worked over the Memorial Day Holiday and responded to the water line break at Elk Ridge Community. He also mentioned Ms. Williams-Hill's support in getting the word out to the public. Mr. Wright also mentioned that he was impressed with the County's response and how several departments assisted in the effort.

4.E. Council Liaison's Report

Councilor Robinson reported on the following Council action items.

- 1) The Recruitment to fill the County Manager vacancy is underway and Mr. Lynne has been appointed as the Acting County Manager.
- 2) There was a discussion about the Open Meetings Act and how it applies to boards and commissions, task forces, and committees on which Council serves.
- 3) A few meetings ago Council approved the MRA for White Rock.
- 4) There was an update on the Downtown Master Plan and possible adoption later this year.

There were no questions from board members.

4.F. Environmental Sustainability Board Liaison's Report

Mr. Loechell reported on the following items:

- 1) The ESB received a presentation on herbicide (glyphosate or Roundup) use by staff
 - a. Parks, Recreation and Open Space manages 201 acres of standard development parkland, 588 acres undeveloped or non-standard parkland (natural area within developed parks) and 205 acres of golf course
 - b. Staff is trained annually in pesticide application; seven members are licensed.
 - c. Staff wear PPE (eye, skin, and respiratory protection)
 - d. Used on areas not typically inhabited by citizens or visitors and on medians, rock landscaping, and right-of-ways.
- 2) Approved the FY22 ESB Work Plan. One thing that was added was bear cart review for implementation The LARES (Los Alamos Resiliency, Energy and Sustainability Task Force) should provide some liaison opportunities for our group.
 - a. We would like to increase outreach to businesses on waste reduction, recycling, composting, etc. and partner with the Chamber of Commerce

- b. Continue supporting yard trimming roll cart program
- c. Continue public education on the Recycle Coach App
- d. Continue to work with LA schools to educate
- e. Public outreach
- f. Assist Environmental Services in the municipal food waste composting feasibility study

4.G. General Board Business

4.G.1. [14399-21](#) Resuming In-Person BPU Meetings

Chair Wright opened up the floor for discussion of the pros/cons of resuming in-person meetings.

1) Chair Wright stated that he attended the June 8th County Council meeting which was run in a hybrid format. Councilors and staff reporting were in Council Chambers and public comment was received via Zoom. He felt that the format worked well and it would be a good way to resume in-person BPU meetings. He welcomed everyone to share their thoughts and if BPU, members of the public, or staff would like to comment privately, please send a message to his email.

2) Mr. Tobin stated that he is flexible either way. He did ask if there is an added cost for continuing to use Zoom for public comment. Mr. Shelton responded that staff use Zoom for other meetings that often include participants from other states. Because of this DPU will continue to keep a Zoom subscription so there would be no added cost to use it for public comment at BPU meetings. Mr. Tobin also stated that often the challenge with public comment is that BPU cannot respond during the meeting. But if public comment were provided in writing, direct response to the citizen could be coordinated.

3) Mr. Stromberg stated that he is fine continuing on Zoom or in-person.

4) Ms. Walker also stated that she is ok with either format.

5) Mr. Shelton stated that he has attended two council meetings with the hybrid format and he agreed that it worked well. He also commented that Council is looking at continuing to allow public comment either in person or via Zoom. He observed that at one of the meetings a Council Member that was on travel was still able to participate via Zoom.

6) Chair Wright closed the discussion by stating that he is leaning toward an in-person meeting for July.

Chair Wright then called for public comment on the matter:

1) Mr. Greg White, 600 San Ildefonso Rd - commented that he is in favor of the hybrid meeting for two reasons: First, it helps the County meet its goal of net zero carbon emissions. Second, he also likes to attend the Juvenile Justice Advisory Board meetings but they usually occur at the same time as BPU. With the remote option he is able to listen to the BPU meeting over the County Website broadcast and watch JJAB over Zoom.

4.H. Approval of Board Expenses

Chair Wright restated his desire to attend the Utah Associated Municipal Power Systems (UAMPS) Annual Conference. This year's conference will take place in California from August 15-18, 2021. Since DPU is a member of UAMPS there is no registration fee and most of the meals are provided. Other expenses include airfare, rental car, and hotel for three nights.

Ms. Walker stated that in the past, members have approved travel even though price quotes were not available at the time of the meeting.

Mr. McLin moved that Mr. Wright (and other members who wish to attend) the 2021 UAMPS conference be allowed to have their expenses approved. The motion passed by the following vote:

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

4.I. Preview of Upcoming Agenda Items

4.I.1. [14412-21](#) Tickler File for the Next Three Months

No additional items were identified for the tickler.

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

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

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

6.A. [14251-21](#) Approval of Board of Public Utilities Meeting Minutes

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

6.B. [14129-21](#) 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, 2021 through June 30, 2026.

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, 2021 through June 30, 2026 and forward to County Council for approval.

- 6.C. [14276-21](#) Approval of DOE/LAC Resource Pool Budget for Fiscal Years 2022 & 2023

I move that the Board of Public Utilities approve the 2022-2023 Resource Pool budget as presented and forward to the County Council with a recommendation for approval.

- 6.D. [AGR0758-21](#) Approval of Amendment No. 8 to Services Agreement AGR16-4289 with Paymentus Corporation in the Amount of \$75,000 for a Revised Total Agreement Amount of \$400,000, plus Applicable Gross Receipts Tax for the Purpose of Credit Card and Electronic Bill Payment Services.

I move that the Board of Public Utilities approve Amendment No. 8 to Services Agreement AGR16-4289 with Paymentus Corporation in the amount of \$75,000.00 for a revised total contract value of \$400,000.00 plus applicable gross receipts tax and forward to Council for consideration.

- 6.E. [AGR0744-21](#) Approval of AGR21-31 General Services Agreement with GreatBlue Research for the DPU Customer Satisfaction Survey Program for a period of seven (7) years.

I move that the Board of Public Utilities approve Agreement No. AGR21-31 between the Incorporated County of Los Alamos and GreatBlue Research in a total amount not to exceed \$329,000 plus applicable NMGR for a period of seven years and forward to County Council for final approval.

7. BUSINESS

- 7.A. [14159-21](#) **Award of IFB 21-43 Otowi Well #2 Well House & Equipment and Otowi Well #4 MCC Replacement Project**

Mr. Alarid, Deputy Utility Manager-Engineering presented the following information:

This project will construct the new well house, vertical turbine pump and electric gear to bring the new Otowi Well #2 online. The new well will produce 1,300 gallons-per-minute when in service and will provide water to White Rock and LANL. This project was initiated in 2016 to supplement the Pajarito Well field which has three existing wells which are nearing the end of their service life. The well drilling, development and water transmission line were completed in 2019. In addition, the motor control center (MCC) at Otowi Well #4 will be replaced. This well is located about a mile west of Otowi Well #2, and is also in Los Alamos Canyon, and was added to the project to take advantage of the economy of scale while performing similar work in the vicinity. The MCC at Otowi Well #4 is at the end of its service life and in need of replacement for continued reliable operation of the well. The construction drawings are provided as Attachment A.

The Otowi Well #2 site is adjacent to an existing natural gas line owned and operated by New Mexico Gas Company. Prior to beginning the design of the new well house an

evaluation (Attachment E) was performed to compare a natural gas driven well versus an electric driven well and a hybrid design. The results were presented to the Utility Board on July 15, 2020. The evaluation recommended a hybrid design which included an electric drive with a natural gas powered generator that could serve as a back-up power supply or be run as the primary power source when gas is more economical than electricity. The well house was designed to accommodate the natural gas generator and furnishing the generator was bid as an additive alternate. Based on the discussion during the presentation of the evaluation in July 2020, and given the significant cost of the generator, DPU proceeded to further explore the need and justification of installing the gas powered generator now. As part of an ongoing Risk and Resiliency Study of the water production system, we asked our consultant to evaluate if installing the generator now was justified based on the risk of failing to meet our water supply needs. Based on the available supply and the redundancy in our water production system, the expense of installing the generator at this time is not justified. The price for the generator in RMCI's bid is \$668,000 (less GRT). We are not recommending award of the additive alternate for the generator. The evaluation is provided as Attachment B.

Two bids were received which were both significantly higher than the engineer's estimate. This has been typical given the drastic price increases in construction materials in recent months due to the supply shortages with the economy reactivating after the COVID-19 Pandemic. The second bid was over \$500,000 higher than the bid submitted by RMCI, Inc. A bid tabulation is provided as Attachment C.

If the project is not awarded staff will assess whether to re-bid the project immediately or defer for a short time, considering the terms of the existing Drinking Water State Revolving Loan. Completing the well in a timely manner is critical to maintaining an adequate water supply.

A Drinking Water State Revolving Loan has been secured in the amount of \$2,852,444 based on the engineer's estimate prepared six months ago. DPU is pursuing an amendment to the loan to increase the amount to \$3,780,444 (base bid, contingency and NMGRT). Budget Revision 2022-02, Option A, for the purpose of increasing the water production revenues and expenditure budget (from loan proceeds) by an amount of \$928,000 for the base bid is provided as Attachment D. Option B is also included in Budget Revision 2022-02 which will increase the water production revenues and expenditure budget (from loan proceeds) by an amount of \$1,644,848 for the base bid and additive alternate if the Utility Board chooses to award the additive alternate. Utility Board authorization is being sought to proceed with the loan modification as a separate agenda item in this meeting. The loan amendment process will take months to finalize. For the purposes of this award additional funding will be directed from other planned FY2022 capital projects temporarily until the loan is amended, or permanently if the additional loan funds are not secured. Proposed FY2022 water capital funds to be applied to this award are: NM-4 Transmission Line Design \$180,000; Tank Pipe Upgrades \$300,000; 33rd & 34th Street Waterline Replacement \$448,000; for a total of \$928,000.

The Board discussed this item and requested clarification where necessary.

Mr. McLin moved that the Board of Public Utilities approve the Award of IFB 21-43 with RMCI, Inc. for the purpose of Otowi Well #2 Well House & Equipment and Otowi Well #4 MCC Replacement Project in the amount of \$3,240,836, and a contingency of \$282,001, plus New Mexico Gross Receipts Tax, and approve related Budget Revision 2022-02, Option A, as summarized on Attachment D and that the attachment be made part of the minutes of this meeting, and forward to Council for approval.

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

7.B. [14400-21](#)

Approval to take a resolution for approval by Council authorizing an application to modify loan agreement DW-5456 to increase the loan amount by \$928,000.00, for a revised loan amount of \$3,780,444.02 (which amount includes \$79,832 program subsidy which is not required to be repaid), and a revised loan ordinance and supporting loan documents in a form acceptable to the County Attorney's office, to provide increased funding for the Otowi Well #2 Pump House and Equipment and Otowi Well #4 Motor Control Center (MCC), required because the final bids came in over the original estimated project cost and loan amount.

Mr. Westervelt, Deputy Utility Manager-Finance presented the following information:

As a separate agenda item this evening, BPU will consider award of the contract with RMCI for the Otowi Well #2 Pumphouse and Equipment and Otowi Well #4 MCC. As noted in that discussion, the low bid came in significantly above the initial engineer's estimates, upon which the original loan for the project was based. The explanation for the higher project costs is discussed in that agenda item and is not repeated here. The NMFA has acknowledged that they have seen similar escalation in most of the projects they have provided funding for, have acknowledged that they have additional loan funds available, and are working to expedite modifying loan agreements so these important projects can proceed. They do require the governing body to approve a resolution authorizing the application for such funds and execution of new or revised loan documents. Staff has been working with NMFA on the specific form of those requirements, but we do not have them finalized yet. To avoid delays in obtaining this important financing and moving forward with the project, the recommendation is for the BPU to authorize staff to work with NMFA and the County Attorney's office to ensure the form and content are acceptable to the County, and then take those documents to Council for approval/execution upon receipt.

Note, as an "add/alternate" a gas-powered backup generator for the well was proposed, at an additional cost of \$668,000 plus NMGR. Staff is not proposing or recommending award of that addition at this time, but if the Board elects to approve that addition that amount should be included in the motion as well.

It is noted further that the term "approximately" is included in the motion to accommodate slight variances that may result from differences in how taxes, subsidies, or contingencies are calculated. The final, actual amounts will be known and included in documents provided to Council for approval.

If the loan is not increased, we will have to fund the excess project costs by canceling or delaying other planned projects in the Capital Plan to make up the funding shortfall, or

cancel this project indefinitely hoping for a better bid environment in which to pursue the project, in which case the existing loan would have to be cancelled and the favorable loan terms and subsidy may not be available later when re-bid.

The only alternative would be to increase the loan amount by \$928,000, which will increase the annual debt service for the project by approximately \$42,137.47 per year.

The Board discussed this item and requested clarification where necessary.

Ms. Walker moved that the Board of Public Utilities authorize staff to take a resolution for approval by Council authorizing an application to modify loan agreement DW-5456 to increase the loan amount by approximately \$928,000.00 (plus or minus one percent), for a revised loan amount of approximately \$3,780,444.02 (plus or minus one percent - which amount includes approximately \$79,832 program subsidy which is not required to be repaid), and a revised loan ordinance and supporting loan documents in a form acceptable to the County Attorney's office, to provide increased funding for the Otowi Well #2 Pump House and Equipment and Otowi Well #4 Motor Control Center (MCC).

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

- 7.C. [AGR0745-21](#) Approval of Services Agreement No. AGR21-41 with FTI Consulting, in the amount of \$243,743.00, with a contingency of \$24,374.00 for a total contract amount of \$268,117.00 plus Applicable Gross Receipts Tax, for the Purpose of Developing an Integrated Resource Plan and Approval of Related Budget Revision 2021-50.

Mr. Cummins, Deputy Utility Manager-Electrical Production presented the following information for Board consideration:

The County has partnered with DOE-LANL through the Electric Coordination Agreement since 1985 to meet the electrical power needs of both parties. The term of the current agreement is through June 30, 2025. The partnership is often referred to as the Los Alamos Power Pool (LAPP). Since 1985 the LAPP has developed and maintained a Power Supply Study for planning purposes. This type of study is commonly referred to as an integrated resource plan.

An *integrated resource* plan, or IRP, is a utility plan for meeting forecasted annual peak and energy demand, plus some established reserve margin, through a combination of supply-side and demand-side resources over a specified future period. The plan will compare the Levelized Cost of Electricity (LCOE) for generation resource options while also considering utility specific goals and objectives in the planning process.

The last IRP was completed in 2017 with an additional focus on the benefits of the LAPP. Los Alamos County and Los Alamos National Laboratory believe it is beneficial to continue the ECA post 2025, potentially with a change in philosophy on generating assets. Today, LANL and the County have different goals and objective to meet their current and forecasted energy demands. Each party is considering different replacement resources, either through owning generation assets or through power purchase agreements. In addition, the County and DOE-LANL have different targets for reducing greenhouse gas (GHG) emissions, particularly carbon dioxide emissions although DOE-NNSA would like to reduce its GHG emissions in pace with the County.

The Development of an Integrated Resource Plan (IRP) will help guide near-term and long-term decisions in multiple areas as the County and DOE-NNSA LANL plan for meeting the current and future power demands of the power pool in the most environmentally sustainable fashion while also considering the cost to the County citizens and to the Laboratories operation. The IRP will evaluate a comprehensive range of demand-side and supply-side resources over the period 2021-2041.

Currently DPU is evaluating their further participation in the Utah Association of Municipal Power Systems (UAMPS) Carbon Free Power Project (CFPP) developing a small modular reactor nuclear power plant. DPU is also looking for options to exit the Laramie River Station coal fired power plant when economically feasible per the BPU 2016 adopted strategic policy. The IRP will assist DPU staff, Board and Council in making these decisions by looking at all of the options available to the County for meeting their electric demands while considering DPU's strategic initiatives. The IRP will compare the options based on cost, stability and environmental stewardship.

DOE-NNSA is also considering approximately 8 MW of solar PV to be installed on DOE land and connected to the 13.2 kV distribution system. The IRP will assist DOE-NNSA with this decision by comparing alternative options for meeting their growing electric demand while also considering resiliency as a National Laboratory.

A draft of the IRP is scheduled to be completed by December 2021 to support a decision on the next phase of the CFPP. The Operating Committee for the Electric Coordination Agreement approved the recommendation to award this contract to FTI at the May 11, 2021 operating committee meeting. The cost will be shared base on the demand and energy split between the County and LANL, approximately 20/80.

If the board chooses not to approve this contract, DPU and DOE-NNSA will need to rely on other options for power generation resource planning.

This study was estimated to cost upwards of \$275,000 for the initial study and the planned update in 2023. The IRP will require a budget adjustment in FY2021 in the amount of \$287,757 which is included in the motion. This study was approved as a pool expense and DOE-NNSA will pay for approximately 80% of the cost. This contract will authorize DPU at its discretion to have the contractor provide an update of the IRP 18 to 24 months after completion of the IRP in 2021/2022. The update will coincide with a critical decision point related to the Carbon Free Power Project using the most current information available at that time (i.e. cost of fuel, changes in environmental regulation and changes in technology options available). The development of the IRP will greatly assist staff in navigating the multitude of options available to the LAPP for meeting the electrical energy resource needs.

The Board discussed this item and requested clarification where necessary.

Mr. McLin moved that the Board of Public Utilities approve Services Agreement No. AGR21-41 with FTI Consulting, in the amount of \$243,743.00 and a contingency in the amount of \$24,374.00, for a total of \$268,117.00, plus applicable gross receipts tax, for the purpose of Development of an Integrated Resource Plan, and forward to Council for approval.

I further move that the Board of Public Utilities approve a budget adjustment of \$287,757 to Electric Production FY2021 budget for the purposes of developing an Integrated Resource Plan and forward to Council for approval.

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

8. STATUS REPORTS

8.A. [14253-21](#) Monthly Status Reports

The following informational status reports were provided to the Board in the agenda packet:

- 1) Electric Reliability Update
- 2) Accounts Receivables Report
- 3) Safety Report

8.B. [14369-21](#) Summer Peak Power Demand: Briefing of Planned Activities

Mr. Jordan Garcia, Power System Supervisor prepared a presentation for the Board. A copy of his slides were included in the meeting packet. At the conclusion of his presentation Mr. Wright asked if he could present to the Board again in September and report on the Actuals versus Planned Activities. Mr. Garcia agreed.

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**Mr. Wright called for a short recess. The meeting went into recess at 7:45 p.m. and reconvened at 7:50 p.m.**

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8.C. [14387-21](#) Receivables Status and Post Moratorium Collections Plan

Mr. Westervelt prepared a presentation for the Board. A copy of his slides were included in the meeting packet.

8.D. [14283-21](#) Quarterly Conservation Program Update

Mr. Alarid provided a written updated in the meeting packet and went over highlights during the meeting.

8.E. [14269-21](#) Department of Public Utilities Quarterly Report - FY21/Q3

Mr. Shelton highlighted information from Quarter 3. A copy of the full report, which Ms. Williams-Hill compiled and designed, was included in the meeting packet.

9. PUBLIC COMMENT

Chair Wright opened the floor for public comment on any items. There was no public comment.

10. ADJOURNMENT

The meeting adjourned at 8:24 p.m.

* APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board