



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
Steven Lynne, Ex Officio Member
James Robinson, Council Liaison*

Wednesday, October 20, 2021

5:30 PM

Remote Zoom Meeting:
<https://us06web.zoom.us/j/81247300908>

REGULAR SESSION

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, October 20, 2021 via Zoom video conferencing platform. Board Chair Cornell Wright called the meeting to order at 5:33 p.m. BPU members, staff and the public participated remotely. This social distancing was to comply with the recommendations of the Centers for Disease Control (CDC) to prevent the spread of COVID-19. Members of the public were notified of the ability to live-stream the meeting online and submit public comment during the meeting. The following board members were in attendance:

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

2. PUBLIC COMMENT

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

3. APPROVAL OF AGENDA

A motion was made by Chair Wright, seconded by Member Tobin, that the agenda be approved as presented. The motion passed with the following vote:

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

4. BOARD BUSINESS

4.A. Chair's Report

Chair Wright reminded members of the Special Meeting scheduled for November 5, 2021 which will consist of an update on the Integrated Resource Plan.

4.B. Board Member Reports

Member Tobin requested additional information about the balancing area at a future meeting. Mr. Shelton responded that this could be accomplished by presenting this topic at the November 5th meeting on the IRP presentation since it is a related topic.

4.C. Utilities Manager's Report

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

4.D. County Manager's Report

Mr. Lynne provided updates on the following County issues:

- 1). County action plan in response to the NNSA mandate of COVID-19 vaccination for LANL contractors, visitors, and guests is being formulated.
- 2). Two new Deputy County Managers have been selected: Ms. Linda Matteson and Ms. Anne Laurent commenced their duties this week.
- 3). Recruitments are underway and in different stages of progress for the vacancies of Broadband Manager, Communications & Public Relations Manager and Business & ERP Manager.
- 4). He and Mr. Shelton met with the current and previous US Forest Service District Rangers to discuss the transfer of six parcels of land to the County. This process has been underway for a few years and has been stalled due to the pandemic.

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

4.E. Council Liaison's Report

Councilor Robinson provided updates on the following Council agenda items:

- 1). Downtown Master Plans for Los Alamos & White Rock were approved at the October 19th meeting.
- 2). Progress on Mirador subdivision
- 3). Presentation by the Historic Preservation Committee
- 4). Starting October 26, 2021, County Council will return to a Zoom-only format in response to the rising number of COVID-19 positive cases within Los Alamos County.
- 5). Council is in the process of identifying a single point of contact for COVID-related matters since this has become a long-term issue.
- 6). The Utility Policy Committee will meet on Friday, October 22nd.
- 7). Council may consider a Vacancy Ordinance by the end of this year.

There were no questions from board members.

4.F. Environmental Sustainability Board Liaison's Report

Mr. Eric Loechelle, ESB Chair updated the Board on the following topics:

- 1). Ms. Dina Pesenson was elected Vice Chair of the ESB
- 2). Los Alamos County Landfill Gas Update: received a presentation by the Vice President of SCS Engineers on the Los Alamos Closed Landfill Gas Extraction System. Methane concentrations are being monitored are within EPA standards. The current system may need to be replaced with a smaller one in five to ten years. May be option to sell current one to cover cost of a smaller system.
- 3). Pesticide Presentation and Discussion of Proposed Recommendation: received a

presentation from Vice Chair Pesenson on pesticide and herbicide use in Los Alamos County. She asked that the board consider passing a recommendation to the Council that Los Alamos County operations stop using Glyphosate containing products. The recommendation will be discussed at the October ESB Meeting. Some questions asked included how much of an impact would not spraying cause in terms of labor and will there be a need for more employees? Would the County and residents be ok with more dandelions and weeds? Councilor Williams noted that he would support the recommendation to Council.

4). Bear Cart Public Information Involvement Plan (PIIP): Carts should arrive July 2022-September 2022. Will be deployed July 2022-July 2023 county wide with high bear traffic areas the priority. The ESB is tasked with identifying exceptions for community members not wanting a bear resistant cart. ESB will conduct a community Open Forum Survey for the community to provide public comments regarding the deployment of bear carts. The results will be shared with the ESB to help us refine the deployment process. Mr. Loechelle responded to board member inquiries and provided clarifying information as appropriate.

4.G. General Board Business

There were no items for this meeting.

4.H. Approval of Board Expenses

There were no items for this meeting.

4.I. Preview of Upcoming Agenda Items

In addition to the items already listed in the tickler provided in the agenda packet, the following items were identified for the tickler for upcoming meetings:

- 1) 11/17/21 - NuScale presentation
- 2) 11/17/21 - LARES presentation

5. PUBLIC HEARING(S)

There were no public hearings scheduled for this meeting.

6. CONSENT AGENDA

Member McLin 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 - Members McLin, Stromberg, Tobin, Walker, and Wright

6.A. [14740-21](#) Approval of Board of Public Utilities Meeting Minutes

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

- 6.B. [14981-21](#) Amendment to Memorandum of License and Agreement Between the Bureau of Reclamation Department of Interior, Incorporated County of Los Alamos, New Mexico And the Middle Rio Grande Conservancy District for the Construction, Operation and Maintenance of a Hydroelectric Power plant at El Vado Dam.

I move that the Board of Public Utilities endorse the Middle Rio Grande Project Amendment Memorandum of License and Agreement, Intergovernmental Agreement No: 6-AG-53-05370_AMD1(2021) and forward to County Council for approval.

- 6.C. [AGR0788-21](#) Approval of Task Order No. 95 Under Services Agreement No. AGR16-044 with Parker Construction, LLC for Trench and Installation of Conduit at Connie and Cheryl

I move that the Board of Public Utilities approve Task Order No. 95 Under Services Agreement No. AGR16-044 with Parker Construction, LLC in the amount of \$81,772.41, plus Gross Receipts Tax, and a Contingency in the amount of \$8,177.00 for a total of \$89,949.41 for Trench and Installation of Conduit at Connie and Cheryl

7. BUSINESS

- 7.A. [OR0913-21a](#) Ordinance No. 711: Loan/Grant Agreement with the New Mexico Finance Authority for Wastewater Plant Filtration System (Water Trust Board Loan/Grant)

Deputy Utility Manager-Engineering, Mr. James Alarid presented this item. Following is the substance of the item being considered:

Los Alamos County was awarded \$2,500,000 in the 2021 legislative session from the Water Trust Board to construct a filtration treatment process at the Los Alamos Wastewater Treatment Plant. The new filtration process will improve the water quality of the effluent to achieve Class A effluent which will allow Los Alamos County to expand the use of effluent water and conserve potable water. The higher quality water can be used in closer proximity to populated areas and with less restrictions on the times when irrigation can occur. The filtration improvements have been planned for a number of years in the capital improvement plan prepared as part of the Non-Potable Water Master Plan in 2013. Upon notification of the successful award in June 2021 the Department of Public Utilities (DPU) engaged Bohannon-Huston Inc. to design the new filtration process to have a shovel ready project to bid when the loan/grant agreement is executed in January 2022. The design is complete and has been approved by the New Mexico Environment Department Construction Programs Bureau. The project will be under construction through the summer of 2022 and be complete in the fall of 2022.

The award includes a combination loan and grant totaling \$2,500,000. The grant component is \$1,200,000 and the loan is \$1,300,000 at 0% interest with a 0.25% annual fee on the balance. In addition, the DPU must contribute \$210,000 in matching funds. The closing of the loan/grant agreement is scheduled for January 14, 2022. If **Ordinance No. 711** is not approved, the project will not be awarded and staff will continue to pursue grant opportunities to fund the project. \$900,000 has been budgeted in this fiscal year to fund the County's required match of \$210,000. The first of 20 annual payments will be

made when the construction is completed.

The Board discussed this item and requested clarification where necessary.

Chair Wright opened the floor for public comment on this Ordinance. There was no public comment.

If approved by BPU, **Ordinance No. 711** will be Introduced at the November 9th regular Council Meeting and a Public Hearing will be held on December 7, 2021.

Member McLin moved that the Board APPROVE INCORPORATED COUNTY OF LOS ALAMOS ORDINANCE NO. 711, AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A WATER PROJECT FUND LOAN/GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY AND THE INCORPORATED COUNTY OF LOS ALAMOS, NEW MEXICO, IN THE TOTAL AMOUNT OF \$2,500,000, EVIDENCING AN OBLIGATION OF THE BORROWER/GRANTEE TO UTILIZE THE LOAN/GRANT AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF CONSTRUCTION OF A FILTRATION TREATMENT PROCESS AT THE WASTEWATER TREATMENT PLANT AND PAYING AN ADMINISTRATIVE FEE, AND SOLELY IN THE MANNER DESCRIBED IN THE LOAN/GRANT AGREEMENT; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE LOAN AMOUNT SOLELY FROM NET REVENUES OF THE WATER AND WASTEWATER UTILITY FUND; CERTIFYING THAT THE LOAN/GRANT AMOUNT, TOGETHER WITH OTHER FUNDS AVAILABLE TO THE BORROWER/GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN/GRANT AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS ORDINANCE; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN/GRANT AGREEMENT AND FORWARD TO COUNCIL WITH A RECOMMENDATION FOR APPROVAL.

The motion passed by the following vote:

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

7.B. [OR0917-21a](#) Ordinance No. 712: NMED Loan Refinance for Project CWSRF 083 (White Rock Water Resource Reclamation Facility Construction Project)

Sponsor and Deputy Utility Manager-Engineering, Mr. James Alarid indicated that Deputy Utility Manager-GWS, Mr. Jack Richardson and Engineering Project Manager, Mr. Clay Mosely would present this item. The following is the substance of the item being considered:

The Clean Water State Revolving Loan #CWSRF 083 was executed on April 12, 2019, to fund the design and construction of the project. The design contract was executed on July 31, 2019, in the amount of \$2,199,144 (including NMGR). The remaining funds in the loan for construction is \$14,800,856, which is the current approved budget for the project. Upon completion of design in May 2021, the engineer's construction estimate for the project was \$16,173,717 (including NMGR) which when combined with the design costs was \$1,384,387 over the \$17,000,000 loan. Prior to issuing the bid staff, staff's plan to fund the shortfall between the established budget and Engineer's Estimate was to seek \$1.3 Million in County ARPA Funds that County Council tentatively approved DPU to request and fund the remaining balance with reserves.

This year, DPU is experiencing significant cost overruns on other utility projects due to the COVID-19 pandemic impacts causing material shortages and supply chain delays leading to significant cost increases. DPU received two bids on October 11, 2021, for Bid No. IFB 22-27 for the Purpose of the White Rock Water Resource Reclamation Facility (WRRF) Construction Project. While the bid results are still under review, both bids well exceeded the engineer's estimate and budget authority for the project. Next, DPU approached the NMED Construction Programs Bureau, who administers the CWSRF loan, about other funding opportunities and the possibility to increase the existing loan amount. NMED has also experienced large bid increases with other New Mexico cities and counties and per staff's request, NMED prepared the Ordinance (*Attachment A*) to increase the loan amount to a maximum of \$30 Million while maintaining the original interest rate at 2.38%. \$30 million is a worst-case scenario for the purpose of establishing adequate budget authority by ordinance and avoid delays by having to revise the ordinance again in the future. The final loan amount will be established by the final actual costs for design and construction.

DPU realizes this is a huge cost increase and therefore staff prepared a Financial Narrative presented as *Attachment B*. Mr. Mosely and Mr. Richardson reviewed what has occurred to date with the project and the need for additional budget authority. Without budget authority, the bid committee must recommend the cancellation of this bid. If the ordinance is not approved, the project will be delayed. The existing project funding and including existing wastewater fund reserves are not sufficient to build a replacement wastewater treatment facility. There are \$14,800,856 dollars budget in this fiscal year. The project intent is to finance the entire cost to design and construct the project. If progress is not made to bring the wastewater plant into compliance with the EPA discharge permit limit there is a potential to incur fines from EPA. Given this is a plant replacement, there are no additional staff impacts. The Budget Forecast provided in *Attachment C* shows that there will need to be a 2% per year rate increase over the next four years to cover the increased payment for principal and interest associated with a \$30 million loan.

The Board discussed this item and requested clarification where necessary.

Chair Wright opened the floor for public comment on this Ordinance. There was no public comment.

If approved by BPU, **Ordinance No. 712** will be introduced at the October 26th regular Council Meeting and a Public Hearing will be held on November 9, 2021. Amended loan documents will then be finalized and closing scheduled 30-days later.

Member McLin moved that the Board approve Incorporated County of Los Alamos Ordinance No. 712, An Ordinance authorizing the Utilities Manager to submit a request and necessary documents to the New Mexico Environment Department to increase the loan amount as authorized in County Ordinances 687 and 689, up to a maximum loan amount of Thirty Million Dollars (\$30,000,000.00) for the NMED Project CWSRF 083 under the same terms and conditions set forth for the original loan, and forward to the County Council for Approval. The motion passed by the following vote:

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

8. STATUS REPORTS

8.A. [14748-21](#) 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) Risk & Safety Report

OSHA data was not available at the time of the agenda packet publication.

8.B. [14398-21](#)

Quarterly Update on Utility System - Gas Distribution System

Deputy Utilities Manager-GWS, Mr. Jack Richardson provided detailed information during his hour-long slide presentation. A copy of his slides was included in the agenda packet. The Board discussed this item and requested clarification where necessary. Chair Wright thanked Mr. Richardson for his detailed and informative presentation.

9. PUBLIC COMMENT

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

10. ADJOURNMENT

Chair Wright adjourned the meeting at 8:08 p.m.

APPROVAL

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board