



LOS ALAMOS

County of Los Alamos

Minutes

Board of Public Utilities

1000 Central Avenue
Los Alamos, NM 87544

*Cornell Wright, Chair; Steve Tobin, Vice-chair; Stephen McLin,
Eric Stromberg and Carrie Walker, Members
Philo Shelton, Ex Officio Member
Steven Lynne, Ex Officio Member
Denise Derkacs, Council Liaison*

Wednesday, January 19, 2022

5:30 PM

Remote meeting:
<https://us06web.zoom.us/j/86761105539>

REGULAR SESSION

1. CALL TO ORDER

The regular meeting of the Incorporated County of Los Alamos Board of Public Utilities was held on Wednesday, January 19, 2022 via Zoom video conferencing platform. Board Chair Cornell Wright called the meeting to order at 5:32 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 6 - Chair Wright, Vice Chair McLin, Board Member Stromberg, Board Member Tobin, Board Member Shelton, Board Member Lynne

Absent 1 - Board Member Walker

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

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

Yes: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

4. BOARD BUSINESS

4.A. Chair's Report

Chair Wright reported on the following items:

- 1). He welcomed County Council Vice Chair Denise Derkacs as the new BPU Liaison. He also encouraged her to participate in discussions and provide the Council viewpoint. Chair Wright also commented that topics are often complex, so please ask questions of the Board and/or Mr. Shelton.
- 2). Made a recommendation to the board to consider adding work sessions to the meeting calendar. He is concerned with how full meetings have become and suggested moving presentations to a work session. Chair Wright asked Ms. Casados to draft a revised meeting calendar and include potential work sessions. He would like the board to discuss in February.

4.B. Board Member Reports

Only Member Tobin had a report.

4.B.1 [15347-22](#) Discussion of Advancing to a Request for Proposal for Solar + Storage

Chair Wright commented that this item grew out of some comments made during the self-evaluation. It seems to some board members that items are "spoon fed" and members would like to provide some board sponsored content. For this reason, Member Tobin prepared a presentation, and his slides were included in the meeting packet. Member Tobin commented that the presentation is not about the CFPP, except that, unless we create options of comparison, we will again be voting on the CFPP in isolation. Member Tobin summarized that the BPU owes it to the residents of LAC to have a competitive energy selection process. The 2017 IRP recommended Solar + Storage, both of which have experience large cost reductions since 2017, 33% and 50%, respectively. The NREL study, using data based on deployed equipment, puts the cost of solar plus storage above our average rate, yet with yearly falling prices. Member Tobin responded to board member inquiries and provided clarifying information as appropriate. Chair Wright would like to meet with Member Tobin and Mr. Shelton to draft a preliminary proposal and develop a motion for the board to discuss in February

4.C. Utilities Manager's Report

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

4.D. County Manager's Report

Mr. Lynne reported on the following items and responded to board member inquiries as appropriate:

- 1). He provided an update on the County's COVID response
- 2). State Legislative session began earlier in the week

4.E. Council Liaison's Report

Mr. Lynne introduced newly elected Council Vice-Chair Denise Derkacs. She reported on these recent Council agenda items:

- 1). Council's possible action for filling Councilor Robinson's vacancy.
- 2). 2022 Strategic Priorities Discussion
- 3). Approval Uniper & DPU Agreement
- 4). Approval of El Vado Transformer and Field Services
- 5). Approval of the White Rock Water Resource Reclamation Facility (WRRF) Construction Project
- 6). ARPA funds for DPU projects.
- 7). Approval of Bayo Booster Non-Potable Water Storage Tank Construction Project -

Phase I

8). Code Ordinance No 02-324, Redirecting DPU Profit Transfers by Council Action to the Joint Utility System Fund

Ms. Derkacs responded to board member inquiries as appropriate.

4.F. Environmental Sustainability Board Liaison's Report

Ms. Emerson reported on the following items and responded to board member inquiries as appropriate:

- 1). Collaborating with PEEC on Bee City.
- 2). Food Waste composting feasibility presentation by Mr. Cocher on commercial composting. Members looked at various sites, discussed pros/cons, and collections options.
- 3). Yard projects are continuing including distribution of yard trim roll carts and bear bins.
- 4). ESB participation in education and media at some local events.

4.F.1. [15345-22](#)

Los Alamos Resiliency, Energy and Sustainability (LARES) Task Force Budget Request

Mr. Shelton introduced Ms. Katie Leonard, a member of the Los Alamos Resiliency Energy & Sustainability Task Force. The LARES Task Force seeks to gain Board of Public Utilities feedback on the budget request items for FY23. The final report will be delivered to County Council by February 1, 2022. A copy of the presentation slides were included in the meeting packet.

The LARES Task Force approved the interim report on August 6, 2021. The interim report contains six sections of recommendations: General Recommendations, and recommendations in the areas of Community Planning & Zoning, Electricity Supply and Demand, Natural Gas Reduction, Transportation & Mobility, and Waste, Consumption & Natural Resources, all aiming to reduce our carbon footprint and mitigate climate change. The General Recommendations are presented in order of priority and action: Recommendations 2-5 will depend on recommendations zero (0) and one (1) being put into place.

Ms. Leonard responded to board member inquiries and provided clarifying information as appropriate.

4.G. General Board Business

4.G.1 [14957-21](#)

Affirmation of the Incorporated County of Los Alamos Open Meetings Resolution No. 22-01

Chair Wright reminded members that at the first County Council meeting of a new calendar year, Council passes an Open Meetings resolution that establishes minimum standards of reasonable notice to the public for all meetings of County boards, commissions, and policy making bodies. After the resolution is passed, the Board of Public Utilities reviews the resolution at the next regularly scheduled meeting and affirms the standards.

Board of Public Utilities Procedures Manual

Section 2.12.c Open Meetings Policy

"Each January the County Council passes and the BPU will affirm a resolution establishing minimum standards of reasonable notice to the public for all meetings of the council, the county indigent hospital and county health care board and of all county boards, commissions, and policy-making bodies."

Member McLin moved that the Board of Public Utilities affirm Incorporated County Of Los Alamos Resolution No. 22-01; A Resolution Establishing Minimum Standards of Reasonable Notice to the Public for All Meetings of the Council, the County Indigent Hospital and County Health Care Board and of all County Boards, Commissions and Policymaking Bodies. The motion passed by the following vote:

Yes: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

4.G.2 [14959-21](#)

Election of Board of Public Utilities Chair and Vice-chair for 2022

Chair Wright reported that the Board is required by Ordinance to elect a chair and vice-chair annually in January.

LAC Ordinance Sec. 40-41. Board of public utilities - Organization

The Board of Public Utilities shall annually elect its chair and such officers as it desires from among its members. The election shall occur at a regular meeting in January of each year. (LAC Ordinance Sec. 40-41. Board of public utilities - Organization.)

The board members reviewed and agreed to abide by the following procedure:

First use the following steps to elect a new Chair, and then repeat the process for the Vice-chair. After the Vice-chair is elected, the previous Chair continues to conduct the meeting. The outgoing Chair will continue to Chair the remainder of the January meeting through its conclusion, with the incoming Chair assuming Chair responsibilities immediately following conclusion of the January meeting.

- 1). The current Chair says "nominations are now in order for the office of Chair of the Board of Public Utilities"
- 2). Any member, including the chair, can nominate one person. After each nomination, the current Chair states that "[NAME] is nominated by Member [NAME]. Are there any further nominations?"
- 3). When it appears that there are no further nominations, the current Chair will ask once more for any final nominations. If there is no further response, the Chair will then declare the nomination closed.
- 4). Have a roll call vote for the Chair position.
- 5). If no one receives a majority of the votes and more than two nominations received votes, drop the nomination that received the fewest number of votes and the nominations that receive no votes and go back to step 4.
- 6). If there are only two nominations and the vote is a tie, try a second roll call vote. If that also results in a tie, the current Chair chooses between the two nominees.
- 7). If the person elected declines the position, go back to step 1 with the provision that said elected person may not be nominated again.

Nominations for Chair

Mr. Tobin nominated Mr. Wright.

Roll Call Vote

Mr. Tobin – Yes

Mr. Stromberg – Yes

Mr. McLin – Yes

Mr. Wright – Yes

Mr. Wright was re-elected Chair of the Board of Public Utilities with a vote of 4-0.

Nominations for Vice Chair

Mr. Stromberg nominated Mr. McLin

Mr. Wright nominated Mr. Tobin

Roll Call Vote

Mr. Tobin – Mr. Tobin,

Mr. Stromberg – Mr. McLin

Mr. McLin – Mr. Tobin

Mr. Wright – Mr. Tobin

Mr. Tobin was elected as Vice Chair of the Board of Public Utilities with a vote of 3-1.

4.G.3. [14949-21](#)

Approval of Meeting Agenda Outline for 2022

Chair reminded board members that Section 3.3 of the Board of Public Utilities Procedures Manual outlines an annual calendar of BPU activities. Annually at the January meeting, the Board is to review and approve the standard meeting agenda outline in section 3.4. The board discussed possible changes but then agreed to keep the same agenda format and may discuss changes to the procedural rules that would take care of issues with the agenda.

Mr. Wright moved that the Board of Public Utilities approve the 2022 meeting agenda outline as presented and stated that the board would consider changes to procedural rules to clarify that the consent agenda content will be considered at the same time. The motion passed by the following vote:

Yes: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

4.G.4. [14961-21](#)

Appointment of Board Member to Audit Committee for 2022

Mr. Stromberg volunteered to serve on the Audit Committee. Chair Wright accepted and formalized the appointment.

None

4.G.5. [15344-22](#)

Approval of Board of Public Utilities Annual Self-evaluation for 2021

Chair Wright collected evaluation notes from all board members included them and averaged the scores on the attachment provided in the meeting packet. He commented that the discussion was more useful to him than the scores. Chair Wright suggested that next evaluation consist of completing individual scoring and answering of open-ended questions ahead of time, then having a public discussion. He thought this would be a more meaningful way to conduct the evaluation. Chair Wright also summarized some of the answers to the open-ended questions in the attachment.

Mr. Stromberg moved that the Board of Public Utilities approve the 2021 Self-evaluation as presented. The vote passed by the following vote:

Yes: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

4.H. Approval of Board Expenses

There were none.

RECESS from 7:33 – 7:43 pm

4.I. Preview of Upcoming Agenda Items

4.I.. [14964-21](#) Tickler File for the Next Three Months

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

- 1). 02/16/2022: Member Wright would like to move the Electrical Vehicle item from Consent to Business
- 2). 04/20/2022: Options for Funds from the LA Green Program, Member Tobin

5. PUBLIC HEARING(S)

5.A. [CO0624-21-b](#) Incorporated County of Los Alamos Code Ordinance No. 02-325; An Ordinance Amending Chapter 40, Article III, Sections 40-201 and 40-202 of the Code of the Incorporated County of Los Alamos Pertaining to the Sewage Service Rate Schedule and Determination of Charges

Ms. Garcia highlighted some key points from the introduction of the Code Ordinance. Mr. Richardson the good news is that rate adjustments are inflationary reached a stable point with the wastewater fund and are excited to be able to maintain that. After the presentation, Chair Wright opened the floor for public comment on this Code Ordinance. There was none.

Mr. Tobin moved that the Board of Public Utilities approve Incorporated County of Los Alamos Code Ordinance No. 02-325; An Ordinance Amending Chapter 40, Article III, Sections 40-201 and 40-202 of the Code of the Incorporated County of Los Alamos Pertaining to the Sewage Service Rate Schedule and Determination of Charges, and forward to Council for adoption. The motion passed by the following vote:

Yes: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

6. CONSENT AGENDA

Member Stromberg 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: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

6.A. [14966-21](#) Approval of Board of Public Utilities Meeting Minutes

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

6.B. [AGR0825-21](#) Approval of AGR22-930 with Paymentus Corporation in the Amount of \$120,000 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 Services Agreement AGR22-930 with Paymentus Corporation in the amount of \$120,000.00 plus applicable gross receipts tax and forward to Council for consideration.

7. BUSINESS

7.A. [15416-22](#) Approval of Budget Revision 2022-43 for Purchased Gas in the Gas Utility.

Ms. Garcia reported that Global demand on natural gas and increased reliance on gas as an alternative to coal, in addition the risk of severe weather events, has impacted supply of natural gas. Estimates used during the FY 2022 budget planning period, which were adjusted after the February Polar Vortex weather event in Texas, were \$2.80 per MMBTU. Prices have averaged \$4.76 per MMBTU for FY 2022, with prices hitting \$6.30 per MMBTU in January. FY 2022 total cost of gas purchases was budgeted at \$2,138,175, as of January 12th, 2022, \$1,766,232 has been spent. This is approximately eighty three percent of the budget with only fifty percent of the year completed.

Because several estimates are included in the year-end projection and there is a potential for further market response, staff is recommending an expenditure budget adjustment of \$3,000,000 for gas purchases. If these budget increases are not approved the only real alternative is to curtail projects and maintenance activities for the remainder of the year to cover these increased commodities expenditures with budget planned for other activities. The fiscal and staff impact would be \$3M additional for gas commodity cost in gas. All of the gas increase will be recovered through additional revenue, although some of that recovery may cross over into next fiscal year.

Member McLin moved that the Board approve Budget revision 2022-43 to authorize an increased budget for purchased natural gas in the Gas utility in the amount of \$3,000,000; as summarized on Attachment A, and that the attachment be made part of the minutes of this meeting. I further move that these actions be forwarded to Council with a recommendation for approval. The motion passed by the following vote:

Yes: 4 - Members Stromberg, Tobin, McLin, and Wright

Absent: 1 - Board Member Walker

8. STATUS REPORTS

8.A. [14885-21](#) Quarterly Conservation Program Update (Rescheduled from 12/15/2022)

Mr. Alarid reported that the Water and Energy Conservation Coordinator position was advertised this quarter and an offer has been made to the selected applicant. The position should be filled early in the new year, allowing our conservation program to be greatly expanded. One of the first assignments will be to update the existing conservation plan. Another is the implementation of the new customer portal included in the advanced metering infrastructure (AMI) project. We anticipate the portal to be online in the first quarter of 2022. The availability of 24/7 consumption data and the customer portal allowing customers to view their own consumption data provides a number of potential conservation opportunities.

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

8.B. [15271-21](#) Quarterly Update on Utility System - Water System

Mr. Richardson reviewed a slide presentation with detailed information on the GWS operations for the previous quarter. A copy of his presentation was included in the meeting packet.

Following are his summarized remarks:

The Board has requested a system assessment on a different utility each quarter. This quarter, Jack Richardson, Deputy Utilities Manager for Gas, Water and Sewer, will present an update on the water system. This year's report is similar in scope and format to previous reports. Primary performance measure dashboard data, with trends and comparisons to national standards and DPU goals (Conservation, Strategic Plan & Budget), are included. Discussion including both the physical and financial condition of the water system sub-systems: Water Distribution (DW), Water Production (WP) and Non Potable (NP) System as well as the overall Water Fund itself are reported. Also included are recent AMT (Asset Management Team) achievements and challenges and some significant planned near term (FY23 & FY24) O&M Goals, Action Items and Major Projects.

The physical condition of each sub-system (DW = FAIR, WP = FAIR & NP = GOOD) are all basically unchanged from last year's report. A major difference is that now the physical condition assessment is calculated using the GWS GIS Asset Management Reporting tool developed over the previous 3 years. These new reports calculate a numeric value based on all individual asset's physical condition and risk assessment compiled into an

overall system Condition & Risk Assessment Score. The plan is to track these overall system scores on an annual basis to trend improvement (or deterioration) of the systems over time.

Capital improvements are proceeding as planned and it will be informative to track these numeric values for overall system condition to see the effects of infrastructure improvements on a year to year basis. Additional revenue from the Profit Transfer return agreement continues to benefit the DW system and very low interest State loan program have enabled DPU to develop a more aggressive CIP program for both the DW & WP systems. In addition to the CIP R&R work on critical infrastructure such as well and booster station pumps & motor controls CIP R&R work on major pipelines that exhibit a history of pipeline breaks also continues to be prioritized for the near term future (10-year planning period).

Planned growth/expansion of the NP system along the Diamond Drive corridor is still limited until the second Group 12 Tank can be added to the NP system. However, a new approach to storage by re-purposing the Barranca Tank 1 storage tank from a WP asset to a NP asset would enable the NP system to expand to serve the Guaje Pines Cemetery. Also, with the completion of the upgraded Overlook Park Booster Station, NP system expansion throughout the White Rock area is now possible and planned within the current 10-year planning period.

The overall Water Fund financial condition is FAIR. Cash balances are well below the recommendations set by BPU financial policy - but with the proposed rate increases they trend very well over the 10-year planning period; consistently climbing to eventually meet financial policy goals. This is due to the continued positive effect of the policy to debt finance future major WP CIP projects and to begin a program of debt financing major DW CIP projects. By eliminating annual significant cash balance deductions through debt financing of major CIP projects the Water Fund's cash balances increase annually until meeting the financial policy goals. At the same time, the proposed rates and debt financing policy create a financial climate where the finances for all three sub-systems (DW, WP & NP) are aligned and all trending consistently toward meeting BPU financial policy goals. At any time in the future a reduction in debt financing can be implemented, once the cash balances have stabilized at recommended policy levels, when it is determined the cash balance reduction from a cash financed CIP project does not adversely affect the long term Water Fund's cash balance amount.

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

8.C. [14965-21](#)

Monthly Status Reports

Because of the length of the meeting Chair Wright recommended that board members review the reports provided in the meeting packet at their leisure. He suggested that they submit any questions to Mr. Shelton. Reports for December 2021 were provided on the status of:

- 1). Electric Reliability
- 2). Accounts Receivable
- 3). Safety

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 8:53 p.m.

APPROVAL:

Board of Public Utilities Chair Name

Board of Public Utilities Chair Signature

Date Approved by the Board