

BOARD OF UTILITIES COMMISSIONERS – January 14, 2025

CITY OF LA JUNTA)
COUNTY OF OTERO) SS
STATE OF COLORADO)

A Regular Meeting of the Board of Utilities Commissioners of the City of La Junta, Colorado, was called to order by Chairman Gary Cranson on Tuesday, January 14, 2025, at 4:00 p.m. in the Council Chambers of the Municipal Building.

Roll was called and the following Board Members were present:

Present: Joe Ayala, Mayor
 Patrick Berg, Commissioner
 Mike Bourget, Commissioner
 Gary Cranson, Chairman
 Paul Velasquez, Council Member/Vice-Chair

Absent: none

Also present: Bill Jackson, Asst. City Manager
 Erin Harris, City Attorney
 Melanie Scofield, City Clerk
 Tom Seaba, Director of Water/WW
 Chris Arguello, Electric Superintendent
 Martin Montoya, Director of Engineering
 Aliza Libby, Director of Finance
 Paula Mahoney, Admin. Asst.
 Maureen Rikhof, Council Member
 Dee Hostetler, Clean Valley Recycling
 Bob Houston, La Junta
 Bette McFarren, RF Gazette



Subject to approval at the
February 11, 2025
Utilities Board Meeting



MINUTES OF PREVIOUS MEETING

Chairman Cranson asked if there were any corrections or additions to the minutes of the Regular Meeting of December 10, 2024. Hearing none, he declared the minutes approved as published.

CITIZEN PARTICIPATION

1. Bob Houston, owns property at 413/415 E. 12th Street: Keeps his rental property clean by using the 5th Street Transfer Station and it's been a great help. Back in October, we had the clean-up for the month and he took it upon himself to get more stuff cleaned up during that time. When he went to the Transfer Station, he explained that he was cleaning up his rental property and was told that makes him commercial. So, he wasn't allowed to use it, even though he's used it for years. Mr. Houston would like to know where he stands. (Discussion continued amongst the board members, City Attorney, Martin Montoya and Mr. Houston.) It was decided that a solution would be reached regarding policy.

REPORTS

A. ARPA Board (Gary Cranson): Gary Cranson submitted the following report:

1. **Summary of November 2024 Financial and Operating Statements:** In November, revenue from power sales was \$61,624 (3.1%) better than budget. Cost of goods sold was \$92,531 over budget. Net operating revenue for November was \$374,841.
2. **Year to Date Income Statement:** Revenue from power sales was better than budget by \$432,772 (1.7%). Total revenues were better than budget by \$900,223. Total cost of goods sold

was greater than budget by \$21,487 (0.1%). Total A & G expenses are under budget by \$252,707 (4.1%). YTD Net Revenue is \$4,216,432. Average of 121 days cash on hand. Debt service coverage year to date is 1.41 X.

3. **November Operating Report:** Member Energy sales were 3.9% better than budget in November and 3.9% more than they were in 2023. Member energy sales YTD are about 1.5% better than budget and about 4.2% better than sales in 2023. Member demands of 40 mW was about 3.3% higher than November 2023. All in cost to members YTD is \$0.10017 per kWh which is 2.1% lower than 2020 when ARPA last changed its rates. The avoided cost rate for December is \$52.91 per mWh.
4. **General Update:** ARPA rate reduction begins January 5, 2025. The ARPA wholesale rate is reduced by approximately 8.6% from a composite rate of \$0.1023/kWh to \$0.09348/kWh.
5. **Next Regular Meeting:** February 27, 2025 10:00 AM at Otero College in La Junta.

B. Water & Wastewater Treatment (Tom Seaba):

1. R.O. Plant
 - Routine maintenance: changed oil in chemical pumps, clearwell inspection, PM on modulating valves, facility safety checks.
 - Monitoring leak in transmission line from well field.
 - Tightened packing on well #7.
 - Began gathering data for annual CCR and backflow prevention reports for CDPHE.
 - Meter Reading, additional facilities maintenance.
2. Distribution
 - Repair leaks in meter pits.
 - Inventory and reduction of unused parts stored in warehouse.
 - Discussion on farms and begin planning for 2025.
 - Meter Reading and utility billing office generated work orders, equipment maintenance.
3. Wastewater
 - Treated 25.066 million gallons. Removed 18ft³ of screenings and 24ft³ of grit.
 - RO concentrate discharge to plant was 8.72 million gallons.
 - Jetted 7,597 feet of line for nine emergency calls and thirty manhole locate requests.
 - Routine maintenance: PM on RAS pumps 1 & 2.
 - Clarifier troughs scrubbed and UV channel jetted.
 - Began data collection for annual Industrial Pretreatment report for EPA. Report due in March.
 - Additional plant, collection system, and grounds maintenance.
4. Other Notables:
 - Continue Lead and Copper surveys. Unknown lines notice to be submitted to CDPHE before November 15th.
 - Sewer line and manhole repair/installation on 6th Street.
 - Jetter/Vac truck in Denver for refurbishment/repairs.
 - Water storage level on December 31st was 4158.95 af.
 - RO Plant tour to discuss design, functionality, and possible expansion and renovation concerning emerging contaminants and reducing concentrate outflow.
 - Planning sessions with CDMSmith Engineering in preparation for being awarded D&E grant. This grant will fund design and engineering costs of plan for water main replacement, lead line replacement, water meter replacement, and water storage tank rehabilitation/replacement.

- Arkansas River Basin Water Forum is in Pueblo in 2025. Local Leaders Dinner and Reception is on Tuesday, March 4, 2025 at 5:00 p.m., with the forum running March 5th and 6th at the Pueblo Convention Center.

5. Additional Information:

- The fund balance with water is looking good ending the year around \$360,000 in the positive. We will be able to make some decent payments against the loan that we have with Internal Services and are able to meet every obligation of the Water Department this year. We continue to look forward with those amounts to better leverage our position as we explore the possibilities of various grants and low interest loans that have some type of matching component to it.
- SRF funding will probably be the primary source of funding that we look for. We were finally given the go ahead to begin utilizing the engineering and development grant that was passed by final reading by city council last week. Through that, we can begin to explore how to begin replacing distribution lines and lead and copper. The last discussion with the state, which we will now be having more kickoff meetings coming up, is they currently look at any work up to \$10 million dollars that is conducted towards the remediation of lead and copper lines. In our system, the city side, is up to \$10 million dollars. That's 100% principal forgiveness. Any other work that is done, as long as it is funded through the BIL, is up to 51% principal forgiveness or \$3 million dollars whichever comes first. So, we're looking at a potential package putting in against all that of somewhere in the neighborhood of \$16 million where we would only walk away with the burden of \$3 million. There may be additional work that we put in on that but it would all depend on how that is accepted by the SRF people and how we view the necessity of that work prior to approval.
- We're also currently working with the emerging contaminants grant. We have a 3-month testing cycle to gather data for the engineers to look and see exactly which methodology for treatment will be best. You have to know how the different elements in the water work with or against each other to be able to remove whatever contaminants we would be looking at. Most of that comes down currently to the PFAS family of chemicals. We also would be looking to see how we can remove selenium and working to help reduce our loads of manganese and iron. Those are some of the big grants that we're currently operating under.
- On the Waste Water side, the gap that's between liabilities and revenues have shrunk significantly showing just about \$65,000 in the red. We still have one outstanding invoice from Bio Solids Handling. Which everyone know has been our main beast of burden when it comes to costs. We will have spent well over half a million dollars in 2024 to haul these bio solids which is why we're excited to be moving forward with that screw press in 2025. We hope to get that established no later than June and then we can begin operating that and terminate the contract with Denali.
- Regarding the conduit, the \$250 million dollars puts them somewhere around half a billion in current funding levels. That might put them somewhere through Ordway or down to about the Fowler areas since that the reach they're currently doing the majority of their engineering studies on and the majority of their focus on. That's why we have not yet had additional meetings scheduled or additional real talks with the conduit folks. As far as the \$1.3 billion dollars, that number will probably continue to be a little bit fluid as we've seen the way the costs are for anything in construction. I can only see that the cost in the end would probably go up. How often they will revisit that number to reevaluate what the total projected cost for the conduit will be I do not know. We just know that they had to do that this last year just to try to get caught up to see where they were at after super high inflation and the recommendation of the Bureau of Reclamation.
- Mr. Seaba continued to answer questions of the board members regarding the conduit.

C. Electric Department (Chris Arguello/Bill Jackson):

1. Line Crew
 - Daily reads, disconnects and maintenance.
 - The crew added a support guy wire on a leaning pole at the Cemetery.
 - HPS lights were retrofitted to LED lights at the call center.
 - Broken traffic lights were replaced at 3rd Street and Colorado Avenue.
 - Three poles were set at the 2500 block of Raton Avenue and #4 triplex wire was hung for a new home.
 - Crew members worked with contractors on the transformer at the new Otero County jail.
 - We worked on staking out a job for Lewis Bolt & Nut (Anchor Plant) for a future build.
 - The crew responded to forty-eight underground locate calls.
2. SOLAR Accounts
 - The total kWh returned to the system was 9,735 from 40 customers. A total of \$506.60 was rebated at the avoided cost. There are currently 38 residential and 2 commercial solar customers.
3. System Update
 - The PPA with Clay Creek on the Industrial Park Solar is with the ARPA Board.
 - Working on systems infrastructure, replacing line and cross arms.
4. Christmas Lighting Contest
 - 1st Place – 3 Sierra Drive
 - 2nd Place – 7 Cactus Drive
 - 3rd Place – Chaparral Circle
5. Christmas Lighting Contest Honorable Mention Awards
 - 310 San Juan Avenue
 - 1218 San Juan Avenue
 - 1815 Colorado Avenue
 - 2013 Carson Avenue
6. The money year-to-date, revenues have exceeded expenses by over half a million dollars.

D. Sanitation (Martin Montoya):

1. Had a metal grate built to put over the top of the open top at the Transfer Station for when people go to dump so that way they're not just stepping on plywood and have an actual platform. This was an accident waiting to happen.
2. Emailed a form for the Board to look over regarding costs for customers who were not within city limits and even commercial accounts to use the Transfer Station.
3. Regarding recycling, the state is going to start collecting fees from big manufactures. Dee Hostetler is working on what that means for the City of La Junta.
4. A cardboard recycling program for commercial accounts is a good idea. It is a 1-cubic yard container and we can charge a minimal fee. This takes the cardboard out of the waste stream by it not going out to the landfill. It will be recycled with Clean Valley Recycling.
5. Shared numbers from the customer information sheet focusing on the open top compactor and 20- yard boxes year-to-date totals. Will be looking into something smaller than the 20 and 40-yard boxes to make it more affordable to the public.
6. Revenue YTD is \$1.337 million and expenses were \$1.672 million. If you take the \$300,000 trash trucks out, we're pretty close to revenue and expenses for the year being about the same and actually under budget.

NEW BUSINESS

A. Announcement of Resignation of Chairman Creating an Officer Vacancy. Gary Cranson read his letter of resignation from the Utility Board effective at the close of the January 14, 2025 board meeting. He will remain on the ARPA board at this time.

B. Election of Officers for 2025

1. **Chairman.** The Chairman opened the floor for nominations. Ayala nominated Patrick Berg for Chairman, seconded by Bourget. Hearing no further nominations, the Chairman closed the nominations and called for the vote. Patrick Berg was unanimously elected as Chairman.
2. **Vice-Chairman.** The Chairman opened the floor for nominations. Ayala nominated Paul Velasquez for Vice-Chairman, seconded by Bourget. Hearing no further nominations, the Chairman closed the nominations and called for the vote. Paul Velasquez was unanimously elected as Vice-Chairman.

C. Clean Valley Recycling. Dee Hostetler talked about the Extended Producer Responsibility bill that will be coming into effect January 2026. Recycling will be free for everybody in the State of Colorado, including rural and urban areas, for residential customers. It should and can be as convenient as your trash service. It won't all happen on January 1st but it will begin the process. Commercial recycling will roll out in a couple of years.

This is paid for by the producers and they have created an organization called the Producer Responsibility Organization or PRO. The PRO is the organization that will collect the funds from producers and distribute those funds to the entities that actually do the work of recycling. The recycling rate here and throughout the state is about 15%. If it's made free and convenient for everybody, that number can double fairly quickly. The goal is to get up to 50% by 2030.

The City will benefit by having lower landfill fees. You're going to be sending less to the landfill, making less trips to the landfill. So, the more households we can get to participate, the better it is for the City. Nobody is mandated to participate. Clean Valley Recycling would like to see it as an opt-in so people have to sign up through them.

This next year, Clean Valley Recycling will be adding conveyor belts to sort faster. They hope to purchase a compacting trash truck to compact the material to avoid making so many trips to Swink and back. They're also hoping to switch from the bag recycling to toters. They want to service the Tri-County area and possibly partner with Sugar City Disposal for the rural areas.

Currently, Clean Valley Recycling has a contract with the City where the City charges \$9.00 a month and then pays CVR \$8.50 a month. Next year, January 1, 2026, there won't be any money exchanged. What kind of agreement would be best since there's not going to be any money exchanged? (City Attorney Harris suggested a Memorandum of Understanding would be sufficient.) CVR wants to maintain a good relationship with the City because they'll need our help in promoting this program. This coming fall, they want to start signing people up, getting the word out that this is now going to be free because we want to be able to add that service the new recyclers starting in January 1st and according to this bill, all the educational costs, promotions, etc. are part of the expense of recycling which can be reimbursed. The more households that participate, the more money the city saves.

Because of these big changes, CVR feels it would be beneficial to both parties to have a city representative attending their board meetings so that there would be more communication and we can make sure we're all on the same page.

(Dee Hostetler answered questions of the board.)

D. La Junta Solar Land Lease. Bill Jackson explained that there are two agreements that will require the mayor's signature. One of them is for the lease and easement agreement for the actual site and the other is a generator interconnection agreement with Clay Creek Energy. These agreements, actual drawing and procedures have all been reviewed by ARPA and our engineer. The lease agreement is unique to La Junta along with the amount that we get per acre per year for the site rent. The

title policy was to make sure there were no encumbrances on the property after they spend all the money to put that stuff there. They didn't want anybody to object to it. The duration of this lease goes along with the ARPA contract of 2043 because it all matches with the purchase power agreement that ARPA just approved.

(Mr. Jackson answered questions of the board.)

E. Interim City Manager Comments.

1. The Interim City Manager was not present.

F. Governing Body's Comments.

1. Mayor Ayala:

- Spoke to Aliza last month about the dormant fee. You forgive one time a year on the dormant fees?

Aliza Libby: If you have a property that has a dormant fee and you come and talk to the city and you rehabilitate that property and you put it on the grid, then, it is my understanding that its within my power to waive what is on the system for that particular year. We write off and send to the property tax once a year everything that's on the system and they put it on the property tax. I have waived dormant fees for three people who have rehabilitated their property and connected utilities and are now running a business out of it and one was a house they are now living in.

Mayor Ayala: That's maybe not the way I understood that. I didn't think you had that ability.

Chairman Cranson: So, basically, they get billed for however long the property isn't connected to the city. At the end of the year, whatever they haven't paid, you write it off. You attach a lien to their property by sending it to the county. If in January, they finish rebuilding and connect services, you're asking if its okay . . .

Aliza Libby: I'm not asking, I'm saying I have forgiven six or seven months of dormant fees for somebody who got their property fixed.

Chairman Cranson: So, you tell the county . . .

Aliza Libby: I never tell the county. I don't undo the county at all. I only do what's on the current books.

Chairman Cranson: So, who gets the money?

Aliza Libby: We get the money.

(Aliza Libby then gave an example to the board of the process. After some further discussion, the consensus was for Ms. Libby to discontinue this practice.)

2. Commissioner Bourget:

- MOTION TO GO INTO EXECUTIVE SESSION FOR A CONFERENCE WITH THE CITY ATTORNEY FOR THE PURPOSE OF RECEIVING LEGAL ADVICE ON SPECIFIC LEGAL QUESTIONS UNDER C.R.S §24-6-402(4)(b): Bourget

SECOND: Velasquez

DISCUSSION: There was no discussion

VOTE: The motion carried 5-0

The Board went into executive session at 6:09 p.m. and reconvened at 6:42 p.m.

There being no further business, the meeting adjourned at 6:42 p.m.

ATTEST:

CITY OF LA JUNTA

Melanie R. Scofield, City Clerk

Gary Cranson, Chairman