BOARD OF UTILITIES COMMISSIONERS – February 20, 2024

Subject to approval at the March 19, 2024 Utilities Board Meeting

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, February 20, 2024, 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, Vice-Chairman Paul Velasquez, Council Member
Absent:	None
Also present:	Rick Klein, City Manager Bill Jackson, Asst. City Manager Melanie Scofield, City Clerk Paula Mahoney, Admin. Asst. Aliza Libby, Director of Finance Tom Seaba, Director of Water/WW Martin Montoya, Director of Engineering Edward Vela, La Junta

MINUTES OF PREVIOUS MEETING

Chairman Cranson asked if there were any corrections or additions to the minutes of the Regular Meeting of January 16, 2024. Hearing none, the Chairman declared the minutes approved as published.

CITIZEN PARTICPATION

1. Edward Vela, La Junta: Back in June, the Board decided that there should be an increase in water and electricity rates. At that same meeting, there was discussion about taking a look at it at the end of the year. I was wondering if that had been done yet and how much revenue was increased compared to the previous six months. Is there a possibility of not keeping it the entire year? Also, Rick Klein, goodbye and congratulations. Hope everything goes well for you and your future.

   City Manager Klein: There were actually two rate increases for water and wastewater and the first one was going to be 10.1%, which was passed. Then it had another 10.0% to look at in six months, which would have been January, then a third one in 2025 of 2%. We need to get 20% of our water system replaced but we need money to do that. Next month I would implore you to put that 10% on the agenda and look into the wastewater side also. Wastewater was for 5.8% then another 2%.

REPORTS

A. ARPA Board. Gary Cranson gave the following report:

1. **Summary of December 2023 Financial and Operating Statements:** During the month of December, revenue from power sales was less than budget by $30,806 (1.4%) and total revenue was less than budget by $7,475. Total cost of goods sold was right on budget. Purchased power costs were over budget by $1,988 (0.2%). Transmission expenses were under budget by $24,889. Net Revenue from Operations for the month was $395,478.

2. **Year to Date Income Statement:** Revenue from power sales was less than budget by $752,152 (2.7%). Total revenues were less than budget by $404,721 YTD. Interest income was $347,359 which is better than budget. Total cost of goods sold was less than budget by $1,134,579 (6.1%). YTD purchased power costs were under budget by $723,835 (6.5%). YTD Transmission expenses were under budget by $476,985. Total YTD A & G expenses are under budget by $48,696 (0.7%). YTD Net Revenue is $4,027,911. Debt Service Coverage YTD is 1.38X.
3. **Operating Report:** ARPA paid $53.16 per mWh for 128.8 mWH produced by member solar installations. (109.4 mWH were produced in 2023 by Lamar solar installations.) Energy sales for December was 0.66% greater than budget and 3.9% less than 2022. Energy Sales YTD was 2.9% less than budget and 2.0% less than 2022. *Coincidental peak demand* was 39.0 mW. It occurred on December 13th in the hour ending 5:00 p.m. and was 1.3% less than the 2022 peak. All in cost of power to members YTD is $0.9994 per kWh; 2.2% lower than 2020.
4. **Next Meeting –**February 29, 2024, 10:00 a.m. at Otero College in La Junta.

B. Finance Department. Aliza Libby explained the new formatting of the financials.

C. Water & Wastewater Treatment. Tom Seaba gave the following report:

1. R.O. Plant
   - Routine maintenance: Flushed air relief valves, changed oil and greased finished water pump and RO motors, checked media depth on manganese filters. Checked well static levels.
   - Replaced lid on manganese filter #1.
   - Fixed leak on finished water pump #1 and chlorine pump #4.
   - Replaced corroded needle valves on wells.
   - Updated maintenance and SOP manuals.
   - Rebuilt bearings for flow meters.
   - Meter reading and facilities maintenance.

2. Distribution
   - Assisted numerous customers with frozen services/pipes. Most were from customer tampering when they opened their pit to turn the water off for frozen pipes inside the house and did not replace the lid correctly. Please call the water department for assistance.
   - Repaired one fire hydrant and installed a new one near the large hangar at the Industrial Park. Also repaired the hydrant at 8th and Colorado Avenue.
   - Removed old services at Sheriff's office.
   - Meter reading and utility billing office generated work orders, equipment maintenance.

3. January 2024 Water Fund Financials

BALANCE SHEET

ASSETS		**LIABILITY**	
Cash	(378,771.59)	Accountys Payable	(61,010.43)
Investment	519,398.48	Accrued Benefit	(173,581.98)
Accounts Receivable	276,454.43	Notes Payable	(1,306,250.00)
Inventory	543,054.25		
Fixed Assets	11,766,163.23	Fund Balance	(11,116,458.42)
TOTAL	***12,726,298.80***	***TOTAL***	***(12,657,300.83)***
		FUND BALANCE	(68,997.97)
		TOTAL	***(12,726,298.80)***

STATEMENT OF REVENUE/EXPENSES

REVENUE	MTD	YTD	EXPENSES	MTD	YTD
RESIDENTIAL	66,048.71	66,048.71	WELLS	4,196.11	4,196.11
COMMERCIAL	34,011.36	34,011.36	POWER & PUMPING	14,002.95	14,002.95
INDUSTRIAL	2,277.28	2,277.28	HOLBROOK	641.51	641.51
MUNICIPAL	4,368.33	4,368.33	PURIFICATION	34,217.37	34,217.37
FACILITY INVEST	76,554.81	76,554.81	STORAGE	1,564.45	1,564.45
OTHER SALES	2,212.87	2,212.87	DISTRIBUTION	25,930.22	25,930.22
OTHER REVENUE	28,410.42	28,410.42	ADMIN & GEN	64,333.20	64,333.20
			DEPRECIATION	-	-
			OTHER CHARGES	-	-
TOTAL	***213,883.78***	***213,883.78***	***TOTAL***	***144,885.81***	***144,885.81***

BUDGET TO ACTUAL

The 2024 budget is $3,793,700 less $144,885.81 in expenses and $230,160.74 in encumbrances, leaving a remaining budget of $3,418,653.45. Revenue exceeds expenses by $68,997.97.

4. Wastewater
   - Treated 33.139 million gallons. Removed 25.0 ft³ of screenings and 30.0 ft³ of grit.
   - RO concentrate discharge to plant was 9.268 million gallons.
   - Jetted 4,587 feet of line for seven emergency calls and seven manhole locate requests.
   - All flow meters calibrated.
   - HVAC at headworks building repaired. One sensor needs to be moved, per technician.
   - SCADA equipment and screen survey by Brown's Hill Engineering.
   - Additional plant, collection system, and grounds maintenance.

5. January 2024 Wastewater Fund Financials

BALANCE SHEET

ASSETS		LIABILITY	
Cash	(466,621.41)	Accountys Payable	29,673.60
Investment	105,436.25	Accrued Benefit	(114,361.48)
Accounts Receivable	330,225.55	Notes Payable	(14,400,534.36)
Inventory	21,508.74		
Fixed Assets	20,813,095.30	Fund Balance	(6,558,466.61)
TOTAL	***20,803,644.43***	***TOTAL***	***(21,043,688.85)***
		FUND BALANCE	240,044.42
		TOTAL	***(20,803,644.43)***

STATEMENT OF REVENUE/EXPENSES

REVENUE	MTD	YTD	EXPENSES	MTD	YTD
SERVICE SALES	233,588.40	233,588.40	COLLECTION	13,584.36	13,584.36
OTHER REVENUE	3,622.41	3,622.41	PUMPING	2,344.08	2,344.08
			TREATMENT	28,933.09	28,933.09
			ADMIN & GEN	141,631.70	141,631.70
			DEPRECIATION	-	-
			OTHER CHARGES	290,762.00	290,762.00
TOTAL	***237,210.81***	***237,210.81***	***TOTAL***	***477,255.23***	***477,255.23***

BUDGET TO ACTUAL

The 2024 budget is $3,503,900 less $477,255.23 in expenses and $167,137.16 in encumbrances, leaving a remaining budget of $2,859,507.61. Expenses exceeds revenue by $240,044.42.

6. Other Notables:
    - Monthly safety meeting topic was winter driving/alcohol and drugs in the workplace.
    - Second notice of violation mailed to businesses not in compliance with 2023 backflow testing.
    - Continued work on lead and copper survey of the city.
    - Began weekly inspections on all vehicles.

    ADDITIONAL DISCUSSION:
    - SRF (State Revolving Fund): The original plan was for $16.5 million. Since they changed the manner in which they're allocating funds, we've decided to take a step back from that. We're currently reworking our pan to reduce that amount significantly, find out what would work best and then we'll resubmit that plan. We're probably going to be splitting the amount into two separate tranches, keeping what we would request not more than $10 million. At that time, principal forgiveness was going to be $5 million. They've now reduced the principal forgiveness down to $2 million. Also, the planning and development grant, which we had been awarded $300,000, the State took it away. They took those back to try to afford and be able to offer more loans. We've applied to a couple different grants that are either technical assistance or for planning and development. Hopefully, we can be awarded one of those but just like us, anyone else in the state who lost their grant will be going to apply for these too.
    - Mike Weber with Hazen and Sawyer Engineering is going over all of the conduit information to ensure we're requesting the appropriate amount of water through the conduit that would be needed, if we went with the conduit, to take care of our selenium issues and also all the emerging contaminants that are coming down the pipeline. That would be your PFAS chemicals, manganese, arsenic, anything of that nature. They're also going to cost out what the alternative treatment options would be if we were not part of the conduit. They're hoping to have that report and study completed for the March utility board meeting.

D. Electric Department. Bill Jackson gave the following report:

1. Line Crew
    - Daily reads, disconnects and maintenance.
    - Christmas decorations have been put in storage.
    - A security pole was temporarily removed at the new Brick & Tile Park so that TLM Construction could set the bridge.
    - Maintenance was performed by the crew on all the bucket trucks and digger trucks.
    - Three linemen are participating in drone training for a new maintenance program.
    - A tree was removed at 218 Harriet Avenue for the Street Department.
    - A three-phase service burned down at 705 W. 4th Street.
    - The crew built a new riser pole and added a 500 kVA transformer at 100 Smithland Avenue.
    - A jumper burned at 410 Belmont Avenue.

2. SOLAR Accounts
    - The total kWh returned to the system was 6,928 from 25 customers. A total of $360.25 was rebated at the avoided costs. There are currently 34 residential and 2 commercial solar customers.

3. System Update
    - Continue to work with ARPA and Sand Hills Energy on the solar project.
    - Still working with DOE & DOLA as to the status of our grant for 4 MW Battery storage and Micro Grid Resilience Funds with Colorado Energy Office.

4. January 2024 Electric Fund Financials

BALANCE SHEET

ASSETS		LIABILITY	
Cash	1,202,195.87	Accounts Payable	(35,070.03)
Investment	2,782,008.37	Customer Deposits	(184,145.64)
Accounts Receivable	1,448,588.99	Accrued Benefit	(209,125.73)
Inventory	1,785,966.82	Deferred Revenue	(251.98)
Fixed Assets	4,274,550.82	Fund Balance	(10,285,134.66)
TOTAL	***11,493,310.87***	***TOTAL***	***(10,713,728.04)***
		FUND BALANCE	(779,582.83)
		TOTAL	***(11,493,310.87)***

STATEMENT OF REVENUE/EXPENSES

REVENUE	MTD	YTD	EXPENSES	MTD	YTD
RESIDENTIAL	316,182.14	316,182.14	TRANSMISSION	5,280.04	5,280.04
COMMERCIAL	102,873.26	102,873.26	ARPA	-	-
INDUSTRIAL	462,380.10	462,380.10	DISTRIBUTION	44,871.72	44,871.72
MUNICIPAL	50,562.05	50,562.05	CUSTOMER ACCT	11.73	11.73
OTHER SALES	20,707.68	20,707.68	ADMIN & GEN	136,844.65	136,844.65
OTHER REVENUE	13,885.74	13,885.74	OTHER CHARGES	-	-
			DEPRECIATION	-	-
TOTAL	***966,590.97***	***966,590.97***	***TOTAL***	***187,008.14***	***187,008.14***

BUDGET TO ACTUAL

The 2024 budget is $12,206,700 less $187,008.14 in expenses and $254,942.53 in encumbrances, leaving a remaining budget of $11,764,749.33. Expenses exceeds revenue by $779,582.83.

E. Sanitation. Martin Montoya gave the following report:

1. Sanitation is still just over $12,000 in the red through the six months of the increase last year. This year we should be in the black.
2. The trash truck went down again and had to be towed to Pueblo last week.
3. January Summary

CUSTOMER INFORMATION

CUSTOMERS	2024	2023	DIFF	PERCENT CHANGE
RESIDENTIAL	2796	2779	17	0.61%
COMMERCIAL	430	505	(75)	-17.44%
INDUSTRIAL	10	19	(9)	-90.00%
MUNICIPAL	28	23	5	17.86%
	3264	**3326**	**(62)**	**-88.98%**

LANDFILL

TONS	2024	2023	DIFF	PERCENT CHANGE	TONNAGE	
OTERO COUNTY LANDFILL	448.62	503.6	41.26	8.12%	OPEN TOP	26.28
SOUTHEAST RECYCLING	16.65	20.26	1.34	7.07%	COMPACTOR	5.45
CLEAN VALLEY - CURBSIDE	3.16	5.23	(0.13)	-3.66%	RESIDENTIAL	222.6
CLEAN VALLEY - TRAILER	3.09	2.06	(0.18)	-9.57%	COMMERCIAL	141.76
					ROLL OFFS	66.93
	471.52	**531.15**	**42.29**	**1.95%**		463.02

OTHER INCOME

ITEM	2024 JANUARY	2023 JANUARY	2024 YTD	2023 YTD	DIFF	PERCENT CHANGE
SPECIAL PICK-UP	0	2	0	2	-2.00	
40-YD BOXES	2	2	2	2	0.00	0.00%
20-YD BOXES	9	9	9	9	0.00	0.00%
OVERAGES	13	13	13	13	0.00	0.00%
COMPACTOR	4	4	4	4	0.00	0.00%
TRX STATION (OPEN BOX)	26.28	30.84	26.28	30.84	-4.56	-17.35%
TRX STATION (COMPACTOR)	5.45	10.54	5.45	10.54	-5.00	-93.39%
TOTE REPLACEMENT	12	0	12	0	12.00	-100.00%

4. January 2024 Sanitation Fund Financials

BALANCE SHEET

ASSETS		**LIABILITY**	
Cash	121,478.61	Accounts Payable	(213.97)
Investment	1,428,031.33	Accrued Benefit	(41,218.85)
Accounts Receivable	128,416.97	Post Closure Costs	(504,000.00)
Inventory	2,201.64		
Fixed Assets	199,173.76	Fund Balance	(1,274,784.54)
TOTAL	***1,879,302.31***	***TOTAL***	***(1,820,217.36)***
		FUND BALANCE	(59,184.95)
		TOTAL	***(1,879,402.31)***

STATEMENT OF REVENUE/EXPENSES

REVENUE	MTD	YTD	**EXPENSES**	MTD	YTD
SALES REVENUE	93,359.48	93,359.48	EXPENSES	43,918.59	43,918.59
OTHER REVENUE	20,952.25	20,952.25	ADMIN & GEN	11,208.19	11,208.19
			DEPRECIATION	-	-
			OTHER CHARGES	-	-
TOTAL	***114,311.73***	***114,311.73***	***TOTAL***	***55,126.78***	***55,126.78***

BUDGET TO ACTUAL

The 2024 budget is $1,513,500 less $55,126.78 in expenses and $5,876.25 in encumbrances, leaving a remaining budget of $1,452,496.97. Expenses exceeds revenue by $59,184.95.

NEW BUSINESS

A. Approval For ARPA Scholarship in the amount of $700.00. All member cities offer scholarships with ARPA matching each city. Applications are due April 12th and can be picked up from Paula Mahoney.

MOTION TO APPROVE ARPA SCHOLARSHIP IN THE AMOUNT OF $700.00: Ayala

SECOND: Velasquez

DISCUSSION: There was no discussion

VOTE: The motion carried 5-0

B. City Manager's Comments.

1. Thirty-four years. It's hard to believe that it's coming to an end. Thank you, guys. We've done some good things on the utility side. The Reverse Osmosis Plant and the Wastewater Treatment Plant. There's always going to be something. We just keep on trying the best that we can to serve the citizens and make the best decisions that we can. Good luck to everybody here. I'm so glad that Ed brought up about the rate increases because that was on the top of my mind. We

got that done for you guys to look at next month. My party will be the 29th from 10:30 to 2:30. We're going to open the trail at 1:00. Channel 5 will be there to see the ribbon cutting.

Chairman Cranson: We appreciate your years of service to the city. You've been dedicated and always had our best interest.

City Manager Klein: It's a hard job but when you're trying to make a difference for the people you really care about, there's no better job in American. Thank you for allowing me to assist. We couldn't have done any of the jobs without Dean Malouff. The man went way up and beyond for a lot of years for the people of this community. Thank you, Dean, for everything you've done. We couldn't have done it without you. Also, to my supervisors, I couldn't have done it without you guys. So, thank you and I wish the best for you.

C. Governing Body's Comments.

1. There were no governing body comments.

There being no further business, the meeting adjourned at 5:08 p.m.

ATTEST: CITY OF LA JUNTA

Melanie R. Scofield, City Clerk

Gary Cranson, Chairman