

BOARD OF UTILITIES COMMISSIONERS – August 12, 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 Patrick Berg on Tuesday, August 12, 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, Chairman  
Paul Velasquez, Council Member/Vice-Chair

Subject to approval at the  
September 9, 2025  
Utilities Board Meeting

Absent: Mike Bourget, Commissioner  
Keith Manweiler, Commissioner

Also present: Michael Hart, 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.

MINUTES OF PREVIOUS MEETING

Chairman Berg asked if there were any corrections or additions to the minutes of the Regular Meeting of July 8, 2025. Hearing none, the Chairman asked for a motion to approve the minutes as published.

MOTION TO APPROVE THE JULY 8, 2025 MINUTES AS PUBLISHED: Ayala

SECOND: Velasquez

DISCUSSION: There was no discussion

VOTE: The motion carried 3-0

CITIZEN PARTICIPATION

1. There was no citizen participation.

REPORTS

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

**1. Summary of June 2025 Financial and Operating Statements:**

In June, revenue from power sales was \$ 186,135 (8%) better than budget. Cost of goods sold was \$ 8,756 (0.6%) over budget. Net operating revenue for June was \$ 819,310. **Year to Date Income Statement:** Revenue from power sales was better than budget by \$129,793 (1.1%). Total revenues were better than budget \$ 234,731. Total cost of goods sold was under budget by \$ 37,816 (0.5%). Total A & G expenses are under budget by \$77,825 (2.4%). YTD Net Revenue is \$ 1,704,844, 25.8% better than budget. Average of 113 days cash on hand. Debt service coverage year to date is 1.26X.

2. **June Operating Report:**

Member Energy sales were 5.6% better than budget in June and 6.2% less than they were in June 2024. Member energy sales YTD are 1.3% better than budget and 1.5% less than YTD 2024 sales. Member demands of 64 mW were 4% lower than June 2024. All in cost to members YTD is \$0.09216 per kWh which is 7.6% lower than 2024 and 9.8% lower than 2020. The avoided cost rate for July is \$40.01 per mWh. The 2025 YTD blended rate for power is \$43.92 per mWh compared to \$52.27 per mWh in 2024, **about 16% cheaper.**

3. **Fitch Upgraded Credit Rating.** *ARPA has been notified that Fitch upgraded our credit rating from BBB- to BBB, a full notch upgrade. The rating outlook is Stable.* This brings the Fitch rating up to par with our S&P rating which is also a BBB with Stable outlook. Fitch stated that the upgrade of ARPA's revenue bond rating to 'BBB' reflects its consistent midrange financial profile in the context of strong revenue defensibility and operating risk. ARPA's leverage improved to 9.7x in 2024 from 10.9x in 2021, and Fitch expects the rating case leverage to be consistently below 10x by 2027. The authority's strong operating risk profile reflects consistently low operating costs.

4. **Solar Installations.** After a few final updates to the Solar Interconnection Agreements it's our understanding that they will all be approved by the middle of August. The solar modules have been ordered, and Clay Creek (Solar Operator) believes they may be able to start construction in La Junta and Lamar in October, with commissioning completed in June 2026.

5. **Next Regular Meeting:** August 28, 2025 at 10:00 AM at Otero College in La Junta.

**B. Water & Wastewater Treatment (Tom Seaba):**

1. R.O. Plant

- Routine maintenance: Flushed air relief valves, tested all wells pH, conductivity and hardness, load tested generators, calibrated lab equipment.
- Troubleshooting vessel #40 on RO "B." Vessel is showing high hardness numbers. New membranes ordered and received and will be inserted after an acid wash is performed.
- New parts ordered for starter on well #13.
- Comprehensive inspection conducted on all tanks and plant contact chamber, except for the reserve and west tanks.
- Additional facilities and grounds maintenance; meter reading.

2. Distribution

- Completed fire hydrant testing/flushing.
- Additional work on bulk water filling station.
- Raised valve boxes at 2<sup>nd</sup> & Smithland.
- Farm weed control/irrigation.
- Service repairs.
- Meter Reading and utility billing office generated work orders, equipment maintenance.

3. Wastewater

- Treated 25.181 million gallons. Removed 45ft<sup>3</sup> of screenings and 29ft<sup>3</sup> of grit.
- RO concentrate discharge to plant was 26.431 million gallons.
- Jetted 6,960' of line for 9 emergency calls and 20 manhole locate requests.
- Hauled liquid sludge to the industrial lagoons to alleviate a blooming filaments issue.
- Additional sludge pressing scheduled for August.
- Oil changed on gravity thickener motor.
- Troubleshooting air displacers in the headworks building. Main program loses connection to system.
- WET (Whole Effluent Toxicity) tests delivered to lab in Denver.
- Additional facilities and grounds maintenance.

## 4. Other Notables:

- Two employees attended the Leadville Operator School.
- Continue engineering and data requests for EC grants and distribution D&E grant.
- Water quality meeting with Colorado Springs Utilities.
- Drafting Statement of Opposition concerning Aurora/Otero Canal change case.

**C. Electric Department (Chris Arguello):**

## 1. Line Crew

- Daily reads, disconnects and maintenance.
- The Crew continues tree trimming around electric circuits and pole enforcement of transmission poles.
- We responded to a burnt service at 721 West 5th Street.
- Burnt fuses were replaced at the Police Department's Memorial Gun Range.
- The Line Crew performed maintenance on all ball field lights.
- We troubleshot primary cutouts at the Golf Course.
- There was a pole on fire at 1221 San Juan Avenue.
- The Line Crew cleared a tree in the power lines at 2nd Street and Carson Avenue.
- Maintenance was performed at the Kids Rodeo grounds.

## 2. SOLAR Accounts

- There are currently 40 residential and 2 commercial solar customers.
- Approved two new solar plans.

## 3. System Update

- SF6 Breaker Replacement - Eaton has to redesign two new breakers to fit the existing concrete slabs in the substation.

## 4. Proposal

- Increase customer surcharge in 2026; per JK Study.

**D. Sanitation (Martin Montoya):**

1. Sanitation rate schedule. Added the new cardboard container rates. We will be opening the transfer station to other people than just the public and provide the ability to bring some of these things in that they normally can't but they would have to pay for them. Nothing is changing for the residents. They can still bring their normal trash to the transfer station at no cost. That's not changing but we are also going to open this up to people outside the city limits. We're not taking trailers or massive amounts of trash. Both inside and outside city limits can bring stuff like tv's, refrigerators, tires, those kind of things throughout the year and pay for those things. We are still not going to change our month of October where we will offer basically the same things free of charge to the public for residents. That gives us the opportunity to take in more revenue for the sanitation fund.

MOTION TO APPROVE THE UPDATED SANITATION RATE SCHEDULE: Ayala

SECOND: Velasquez

DISCUSSION: There was no discussion

VOTE: The motion carried 3-0 (Bourget and Manweiler absent)

2. South East & East Central Recycling. There have been talks between SECRA and Clean Valley Recycling at possibly merging the two organizations. They are looking to see if C3 (Colorado Circular Communities Enterprise, a Colorado government organization, would be interested in funding things like wages and maybe even providing money for a new building.

## NEW BUSINESS

**A. Proposed Rate Increases for 2026.****1. Electric (Chris Arguello).**

The Electric Department recommends increasing the customer charge by \$1.00 per customer in 2026. This adjustment is expected to generate approximately \$45,891.80 in revenue. In 2023, the JK Rate Study suggested increases of \$1.55 and \$1.70 for 2024. The additional revenue will be allocated toward the installation of more Nighthawk disconnect and smart meters. These meters allow for disconnection of a customer from the office, eliminating the need to send a lineman to a potentially irate customer's property, which not only enhances safety but also reduces costs associated with after-hours calls. Additionally, these smart meters are capable of pinpointing outages. Another important item is the upgrade of the control panel that manages the traffic lights at 3<sup>rd</sup> and Colorado Avenue and Santa Fe Avenue. This upgrade will remove the need to send a lineman to reprogram the lights following system disturbances, ultimately saving money on after-hours calls and addressing safety concerns related to traffic management.

**2. Sanitation (Martin Montoya).**

The Sanitation Department is requesting a 3% rate increase for FY 2026. Per the Cost-of-Service Rate Design Study, conducted by JK Energy Consulting, a 3% annual rate increase (beyond the initial increase given in FY 2023) is necessary in order to cover projected expenses through 2026. Unfortunately, a 3% rate increase was not issued in FY 2024 and the first of the three annual rate increases was issued in July of 2025. The rate increase raised the residential sanitation rate from \$13.50/month to \$13.91/month. The proposed 3% increase for FY 2026 will raise the residential sanitation rate from \$13.91/month to \$14.33/month (a \$0.42 increase per month and approximately \$5.00/year). This increase is needed in order to maintain the Sanitation Department's fund balance and ensure money is available for future equipment purchases. For reference, the surrounding areas are paying much higher sanitation rates than the residents of La Junta (Rocky Ford \$31.50/month, Las Animas \$23.75/month, Ordway \$21.50/month, Lamar \$20.50/month).

These proposals will help direct management in the budget process.

**B. City Manager Comments.**

1. Suggested tying rate increases to the consumer pricing index. CPI has endless pages of statistics that are put together by the Bureau of Labor and Statistics at the federal level. They look at everything from food, clothes, paper, water, sewer, sanitation and electricity. It would take us out of the equation and we wouldn't be hiring somebody else to figure it out.

**C. Governing Body's Comments.**

1. Chairman Berg:
  - Read letter from Keith Manweiler that he will not be able to seek re-election. His insight, time and attention are greatly appreciated.

There being no further business, the meeting adjourned at 4:59 p.m.

ATTEST:

CITY OF LA JUNTA

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Melanie R. Scofield, City Clerk

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Patrick Berg, Chairman