BOARD OF UTILITIES COMMISSIONERS – September 19, 2023

Subject to approval at the October 17, 2023 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 Frank McKenzie on Tuesday, September 19, 2023, 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 – arrived at 4:05 p.m. Mike Bourget, Commissioner Gary Cranson, Vice-Chairman Frank McKenzie, Chairman
Absent:	Paul Velasquez, Council Member
Also present:	Rick Klein, City Manager Bill Jackson, Asst. City Manager Phil Malouff Jr., City Attorney Melanie Scofield, City Clerk Paula Mahoney, Admin. Asst. Tom Seaba, Director of Water/WW Martin Montoya, Director of Engineering Aliza Libby, Director of Finance Betty McFarren, RF Gazette

MINUTES OF PREVIOUS MEETING

Chairman McKenzie asked if there were any corrections or additions to the minutes of the Regular Meeting of August 15, 2023. Hearing none, the chairman declared the August 15, 2023 minutes approved as published.

CITIZEN PARTICPATION

1. Aliza Libby, Director of Finance: Handed out the budget for 2024. The budget work session will be held on Wednesday, September 20th at 5:00 p.m. in the Council Chambers.
2. Attended a conference regarding our software and we're going to be upgrading our online. Lots of new things coming down the pipeline soon.

REPORTS

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

1. **Summary of July 2023 Financial and Operating Statements:** During the month of July, revenue from power sales was less than budget by $177,967 (5.8%) and total revenue was less than budget by $137,116. Total cost of goods sold was under budget by 12.6%. Purchased power costs were under budget by $192,696 (15.9%). Transmission expenses were under budget by $53,220. Net Revenue from Operations for the month was $889,594.
2. **Year to Date Income Statement:** Revenue from power sales was less than budget by $769,036 (4.7%). Total revenues were less than budget by $599,866 YTD. Interest income was $164,964 which is better than budget. Total cost of goods sold was less than budget by $876,587 (8.1%). YTD purchased power costs were under budget by $624,574 (9.8%). YTD Transmission expenses were under budget by $287,874. Total YTD A & G expenses are under budget by $51,235 (1.3%). YTD Net Revenue is $2,283,127. Debt Service Coverage YTD is 1.37X.

3. **Operating Report:** ARPA paid $49.77 per mWh for 17,830 kWH reported as produced by member solar installations.
4. Member Energy sales for July was 6.9% less than budget and 5.3% less than 2022. Member Energy Sales YTD was 4.9% less than budget and 3.7% less than 2022. *Coincidental peak demand* was 1.2% higher than 2022 at 66 mW and occurred on July 25th in hour ending 4:00 p.m. All in cost of power to members YTD is $0.0999 per kWh; 2.1% lower than 2020.
5. **Next Meeting –**October 26, 2023, 10:00 a.m. at Otero College in La Junta. The 2024 Budget and Preliminary Cost of Service Study results both will be reviewed.

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

1. R.O. Plant
    - Routine maintenance: clean sodium hydroxide injectors and flushed all chemical injection systems, flushed pressure transducers, checked well static levels, replaced all cartridge filters.
    - Repaired leak on RO “A” end cap.
    - Installed new control valve on Prairie View booster pump #1.
    - Conducted PFAS sampling on all wells and distribution entry point.
    - Replaced damaged section of column pipe on well #15, flushed well and put it back into service after it passed a bacteriological sample.
    - Troubleshooting finished water chlorine analyzer. It did not provide consistent reading for several hours.
    - Meter reading and installation, building maintenance, and groundskeeping.

2. Distribution
    - Maintenance on 12” transition line in Industrial Park. Plugged/capped old 6” line that used to serve Oliver Manufacturing.
    - Installed two new services.
    - Participated in confined space and shoring training.
    - Preliminary work to repair leak on 12” line that goes under Fort Lyon Canal and feeds Industrial Park.
    - Meter reading and utility billing office generated work orders, equipment maintenance.

3. Financials (Water Fund)
    - August water revenues were $334,600. The budget for August was $342,800. Revenues were $8,200 below the monthly budget. Compared to 2022, revenues showed a $7,300 increase. Year-to-date revenue is at 85%. Budget shows we should be at 64% ($638,500 of this is grant monies). The city billed 63,902,000 gallons of water compared to 77,438,000 in 2022.
    - Total expenses were $346,100 with a monthly budget of $317,200. Expenses were $28,900 more than the budgeted amount for August.
    - Compared to 2022, assets decreased $1,562,900 and liabilities decreased $993,000. Net change in fund balance is ($569,900) for year-to-date 2023.

4. Wastewater
    - Treated 28.941 million gallons. Removed 27.0 ft^3 of screenings and 44.0 ft^3 of grit.
    - RO concentrate discharge to plant was 21.429 million gallons.
    - Jetted 7,597 feet of line for eight emergency calls and forty-two manhole locate requests.
    - Troubleshoot and repair issues with control panel on grit removal system.
    - Diagnosed issues with the McDonald’s lift station and control panel. New floats orders, researching issues with motor and control board.
    - Additional plant, collection system, grounds maintenance.

5. Financials (Waste Water Fund)
    - August sales were $235,100. This was $35,400 more than the August anticipated budget of $199,700. However, compared to 2022 sales were up $27,400. Year-to-date revenue is at 68%. Budget shows we should be at 67%. Revenues are up YTD.
    - Total expenses for August were $238,100. This was $21,000 more than the anticipated budget of $217,100. Year-to-date expenses is $23,700 less than budgeted and $212,100 more than 2022. Expenses are at 70%. Budget shows we should be at 67%.
    - Compared to 2022, assets decreased $953,600 and liabilities decreased $99,200. Net change in fund balance is ($857,400) for year-to-date 2023.

6. Other Notables:
    - Level 1 water restrictions began on May 1st and continue until October 15th. Any resident requiring additional watering time may request a 20-day exemption by calling the Water Department at 384-7358.
    - Public presentation by CDMSmith concerning SRF funding was held on August 22nd.
    - CDPHE conducted a sanitary survey, which is an onsite inspection of our water sources, treatment, distribution system, finished water storage, pumping facilities and controls, monitoring and reporting data, system management and operation, and operator compliance with department CDPHE and EPA requirements. No significant deficiencies were noted. Initial report will be submitted within four weeks.
    - Prehearing statement for DSV for selenium submitted.
    - Well #12 is no longer a viable well, is out of commission, and will need to be redrilled.

Commissioner Bourget: How many people in the Water Department take their vehicles home?

Tom Seaba: There would be a total of four. There are two on-call vehicles, one for operations which is the Water Treatment Plant and then you have the Distribution which takes their vehicle home. Our Water Quality Technician who is technically on-call 24/7 to go and attend to any issues. Also, the foreman at the RO Plant, Megan, she is also on-call 24/7.

Chairman McKenzie: Question for Rick. As far as the water restrictions are concerned and code enforcement is concerned, I've gone all summer and not brought this up. We have a situation on Colorado Avenue where water runs down the street every day. If you can check that out.

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

1. Line Crew
    - Daily reads, disconnects and maintenance.
    - The crew did some troubleshooting on a string of lights at Prairie View Ct. there was an underground fault, so we had to pull in all new wire.
    - We started tagging power poles to identify Phasing; it helps with troubleshooting to know if it's A Phage, B Phase, or C Phase.
    - A secondary lift pole was set for a new home at 2218 Belleview Avenue.
    - The Water Department was assisted with the removal of a roof from a pump house so that they could perform maintenance; we also assisted the Park & Rec. Department with the replace of a flag pole.
    - Bad suspension insulators have been replaced along with some old arrestors on the system.
    - The crew changed out a broken cross-arm in North La Junta.
    - We traced out and located a temporary underground service for the new nursing home.
    - Tree trimming under the power liens on the West side of town continues.

2. SOLAR Accounts
    - The total kWh returned to the system was 6,064 from 20 customers. A total of $301.38 was rebated at the avoided costs. There are currently 25 solar customers.

3. System Update
    - Looked at a demonstration model of a digger truck for 2024.
    - The Atwell engineer is testing Breaker and SCADA updates.
    - We are working on AB-Sub upgrades.

4. Financials (Electric Fund)
    - Total revenue was $1,144,700. This is less than the July budget of $1,368,100 by $223,400. Compared to 2022 sales were down 10.92%. Kilowatt usage decreased compared to 2022. Total kilowatts billed was 7,768,735. Year-to-date was $7,725,400 which was below the $8,220,900 budget by $495,500. This is a 0.04% increase for the year-to-date.
    - Expenses were $1,213,800 for August. August ARPA bill is included. This is $2,500 more than the budget. Expenses were increased by 7.8 % compared with 2022. Expenses exceeded revenue by $41,200 for August 2023. Year-to-date, revenues have exceeded expenses by $797,300.
    - ARPA: Energy increased 2.53% from 2022. Overall kWh was increased 2.57% from 2022. Avoided cost rate for 2022 was .06680/kWh while in 2023 it was .04956/kWh.
    - Compared to 2022, assets decreased $40,500 and liabilities increased $720,400. Net change in fund balance is $797,300 for year-to-date 2023.

Commissioner Bourget: Same question for you as I asked Tom. How many vehicles go home.

Bill Jackson: That will be the superintendent, the foreman, and the on-call. There is also the Substation Technician foreman because he's the first guy to come in when we have any calls at the plant.

Chairman McKenzie: For anybody out their listening, the reason for these questions, if they don't appear obvious, perception becomes reality and it always needs to be explained. I think we kind of have a double-edged sword because we take really good care of our equipment. Our trucks look nice and we've got a lot of them. People think that all the employees are driving company vehicles home and have personal use. That really hurts us when we're saying that we need more help. We need a sales tax increase and that's why we ask hard questions and give truthful answers.

Bill Jackson: In the enterprise funds, such as the Electric Department, those fellas are subject to call and they're always out in the middle of the night. That saves them from having to go to the shop and get a truck and then go out. They're able to respond right to the outrage or to the problem. These guys are really taking care of the system and they're trying to minimize the outage to the customer. That's why we take those home.

Chairman McKenzie: In transparency, people gotta know that they're being used for what they're intended for. They're not being sued for personal sue. Taxpayers have that right to ask those questions.

Bill Jackson: I want everybody to know that those men who take those home, that's because of work. That's required of them.

Rick Klein: The utilities have no part of the general fund. These are lines of business. That has nothing to do with the 1% tax. You can either get equipment that may not work and when you need it, you're having to work on it. Then you have to have a fleet of mechanics or you have a newer equipment where you know it's going to work. Then when it starts needing repairs to where it's costing you, there's a break even point there and its better to buy that equipment that's going to be there when you need it and you sell that other one off as a trad in. The system does work. I remember when they were saying that Electric Department had too much equipment and we were looking at trying to cut back on some equipment. We had a storm come through and we had every piece of equipment along Frist Stret because of the water coming in, Holding up the poles. We were at the point we had Black Hills and Southeast put on notice if we needed help.

Bill Jackson: I would like to add that our crews are very diligent about taking care of their equipment and making sure its operable. They take a lot of pride in their job.

D. Sanitation. Martin Montoya gave the following report:

1. Sanitation has zero take home vehicles.

2. Responding to a concern of a citizen at last night's council meeting where he wanted to cut out the transfer station and things that sanitation does to help assist with the 1%. I wanted to let everybody know that that's part of the Sanitation Enterprise Fund and would not affect the general fund in any way, shape, or form. It would not help the 1% in any way. Keeping it open allows the public to keep that trash off the streets, off their properties, and we take care of that.

3. City Clean Up is the month of October Monday through Saturday for La Junta residents. It gives the community the opportunity to bring items that they can't normally bring. Such as refrigerators, TVs, white goods, all kinds of different things that we've listed in the flyer.

4. Financials (Sanitation Fund)
   - August revenues were $113,800. This was $28,400 above the estimated August budget of $85,400. Comparatively, it is a 33% increase from 2022. Year-to-date revenue is at 82%. Budget shows it should be at 77%. Recycling revenues have increased steadily since its inception. There were 242 accounts participating in curb side pick-up in August. In 2022, only 230 residents participated. Total revenues were above the 2022 by $26,200.
   - Total sanitation expenses were $95,800. This is $1,500 below the August budget of $97,300. Year-to-date expense is $73,900 less than budgeted and $54,600 more than 2022. Expenses are at 59%. Budget shows we should be at 67%. Net change in fund balance is $12,990 for year-to-date 2023.

NEW BUSINESS

A. City Manager's Comments.

1. Been impressed with Martin redoing 1st through 5th Street on Carson Avenue. Should be ready to start paving in a couple of weeks.

2. The county's spread box for chips broke and they couldn't get it fixed. So, we have shifted over to rebuild a street that has good infrastructure underneath it. We're showing people that if we have the money, we can rebuild this and we can get ahead of it. We want to build our streets after we get those mains in and not just repair the street. We're doing this in-house with only four guys. It's been a pretty good project.

B. Governing Body's Comments.

1. Commissioner Bourget: Question for Bill and Tom and somewhat ties into the sales tax but the golf course and the potential closure of the golf course. The golf course has a budget of $395,000 for 2023. Any idea of what percentage or how much of that was water that was purchased from the Water Department?

   Bill Jackson: One-third of the cost of operating a golf course is water, actually more like almost half. The cost of the water is $130,000. We cut our budget this year by 25% down to $110,000 for just the water. We'll come in real close because the good Lord gave us some extra water this year. We're not running the sprinklers. We're not watering the edges but one time a week. We're trying to narrow the green and just use it for the tees, fairways and greens.

Commissioner Bourget: So, what I'm getting at is if we pull $150,000 of revenue out of the Water Department which has a fixed cost, it costs money to keep the pipes open whether there's water running through them or not. That fixed cost is going to be burdened by the citizens, the taxpayers.

Chairman McKenzie: The Water fund has been in trouble already. We're raising rates on it. If we close the golf course, the, all of a sudden, just another shoe dropped on the Water Department. Our sales are gone.

Commissioner Bourget: If that goes away, there's going to be an incremental addition to every water bill in town because the golf course is not buying water and distributing some of the fixed costs. That's what I'm trying to get at.

Bill Jackson: Sure, you've got dominos all in a line, you take one out and all the rest of them fall over.

Vice-Chairman Cranson: I don't know the impact but surely, there's a lot of people who come to town and eat lunch and buy things and all that sales tax does go to the city operating.

Bill Jackson: It will affect a lot of things Gary.

Vice-Chairman Cranson: So, that makes it even worse for the city.

Bill Jackson: Sales tax, lodging tax, the fuel, groceries. A typical example of Otero College. They pay scholarships for kids to come. When they had their Region 9 Golf Tournament and everybody from Wyoming and Arizona and everyone else were all here, they stayed in the hotels. They bought in our restaurants. It's just dominos.

Chairman McKenzie: If you don't have a golf course and all of a sudden, OJC has lost some students who came here just to golf.

Bill Jackson: There's a lot of things that you don't see on the surface that are hurt because of that.

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): Cranson

SECOND: Ayala

DISCUSSION: There was no discussion

VOTE: The motion carried 4-0 (Velasquez absent)

Council went into Executive Session from 5:11 p.m. until 5:30 p.m.

There being no further business, the meeting adjourned at 5:30 p.m.

ATTEST: CITY OF LA JUNTA

Melanie R. Scofield, City Clerk

Frank McKenzie, Chairman