

SUBJECT TO APPROVAL AT THE DECEMBER 9, 2025 UTILITIES BOARD MEETING

BOARD OF UTILITIES COMMISSIONERS – November 18, 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, November 18, 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
 Mike Bourget, Commissioner
 Paul Velasquez, Council Member/Vice-Chair

Absent: none

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
 Paula Mahoney, Admin. Asst.
 CaSandra Thomas, La Junta

MINUTES OF PREVIOUS MEETING

Chairman Berg asked if there were any corrections or additions to the minutes of the Regular Meeting of October 14, 2025. Hearing none, the Chairman asked for a motion to approve the minutes as published.

MOTION TO APPROVE THE OCTOBER 14, 2025 MINUTES AS PUBLISHED: Ayala

SECOND: Velasquez

DISCUSSION: There was no discussion

VOTE: The motion carried 4-0

CITIZEN PARTICIPATION

1. CaSandra Thomas, La Junta: Dropped off her Letter of Interest for the vacancy on the Utilities Board and read her letter.

REPORTS

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

1. **Summary of September 2025 Financial and Operating Statements:**
 - In September, revenue from power sales was less than budget by \$28,530 (1.3%).
 - Cost of goods sold was under budget by \$92,998 (6.8%).
 - Net operating revenue for September was \$671,034.
2. **Year to Date Income Statement:**
 - Revenue from power sales was better than budget by \$289,700 (1.5%).
 - Total revenues were better than budget by \$525,441.

- Total cost of goods sold was under budget by \$203,365 (1.6%).
- Total A & G expenses are under budget by \$147,324 (3.0%).
- YTD Net Revenue is \$3,889,444 (29.1%) better than budget.
- Average of 128 days cash on hand.
- Debt service coverage year to date is 1.47X.

3. **September Operating Report:**

- Member Energy sales were 3.8% less than budget in September and 3.84% less than they were in September 2024.
- Member energy sales YTD are 0.93% better than budget and 1.26% less than YTD 2024 sales.
- Member demands of 55 mW were 4.0% lower than September 2024.
- All in cost to members YTD is \$0.09283 per kWh which is 7.4% lower than 2024 and 9.4% lower than 2020.
- The avoided cost rate for October will be \$41.80 per mWh.
- The 2025 YTD blended rate for power is \$42.55 per mWh compared to \$52.65 per mWh in 2024, about 19% cheaper.
- Budget for 2026 was discussed and will be approved (with amendments, if any are presented and approved) at the December board meeting.

4. Next Regular Meeting: December 4, 2025 at 10:00 a.m. at Otero College in La Junta.

B. Water & Wastewater Treatment (Tom Seaba):

1. R.O. Plant

- Routine maintenance: PM on Cla-Val y-strainers, well and booster pump oil and grease, drawdown on wells, generator batteries, and calibrated lab equipment. Tightened reserve booster #1 packing.
- Replaced RO membranes in vessel #31 in RO "B". Failed seals caused concentrate bypass.
- Replaced airplane avoidance lights on Prairie View tank.
- Divers inspected reserve and west tanks. All tanks inspected this year.
- Winterized well houses.
- Troubleshoot issues with PLC in well #8 and well #10 transformer; needs replaced.
- Additional facilities and grounds maintenance; meter reading.

2. Distribution

- Installed 6" tap on 10" main and installed new fire hydrant at 14th & Park Avenue. Also replaced sidewalk.
- Repaired leaking fire hydrant service at 1st & Steen Avenue.
- Service repairs in the 800 block of Daniels Avenue and 500 block of Lincoln Avenue.
- Meter Reading and utility billing office generated work orders, equipment maintenance.

3. Wastewater

- Treated 24.478 million gallons. Removed 38ft³ of screenings and 29ft³ of grit.
- RO concentrate discharge to plant was 16.366 million gallons.
- Jetted 8962 feet of line for eight emergency calls and forty-three manhole locate requests.
- Cleaned UV channel and 001A discharge channel.
- Terra Gensis pressed 800,000 gallons of sludge. Hopefully this is the last time we will need a contractor to press sludge.
- Additional facilities and grounds maintenance.

4. Other Notables:

- Received PFAS settlement payment from DuPont.
- Continued work on engineering for potential SRF loan.
- Continued work on engineering for EC level 2 grant.
- Continued work on DSV review.
- Working towards potential pilot program for new RO concentrate treatment technology with CU Boulder.
- AWWA training held at Otero College

5. Financials:

- The financials are looking pretty good because of the settlement moneys from the PFAS lawsuit.
- In the Water Fund, Power & Pumping, Equipment & Maintenance: there was a \$11,000 charge for a new controller pad for the emergency generator at the south booster station.
- Under Holbrook: there's a \$4,300 charge for a new starter and pump accessories on one of the water pumps.
- Under Purification, Utilities: this is one of the highest expenses we have and last month it was \$14,000.
- Under Purification, Equipment Maintenance: there were charges for the turbines, new rings, bearings and seals have been put on them.
- In Distribution: they're running high due to the leaks being repaired and services replaced.
- In the Waste Water Fund, revenues are looking high because of the moneys coming in from the lawsuits.
- The building to the sludge press is slated for delivery on December 18th and hopefully we'll have the concrete pad ready to start getting that set up.
- We are still using a local vendor to help us keep a lot of the liquid sludge hauled out to our lagoons instead of having Denali do it. We've negotiated a price and their charges are about a third of Denali's.

Commissioner Bourget: The PFAS money somewhat dilutes or convolutes our summaries but just looking at our monthly expense vs monthly revenue, we were about \$11,000 shy and you mentioned a couple items that we had purchased. As a board, we would like managers to take a closer look at our monthly expenses vs revenue and meet with Aliza and have a grasp and answers as to why we're above budget on some of these. Wastewater is worse. You take out the PFAS money, we're \$37,000. I don't know what purchases or whatever's in there that makes that but that's something that we would like to have explained to us as to why and make sure that you're aware of it. I think there's a disconnect between Aliza and the managers as to looking at these so we can get some hard answers.

Tom Seaba: The negatives that are showing up in the wastewater, as far as monthly revenue vs expense, comes down to our sludge handling. That's always been the bear that we've been trying to manage. Then on the water side, people's consumptive use this year has been lower than it was last year. Also in the revenue, when we had set our rate on January 1st. One of the things we had done to ease customers into that rate change was to establish the first 1,000 gallons of water that people use as included in that customer charge that got raised. So, it's every single customer that we have on a monthly basis saves \$3.15 on their first 1,000 gallons. When we start looking at our 2027 budget and potential rate increases, we may suggest that we remove that first 1,000 gallons being offered as part of the customer fee and put it back as a chargeable expense.

Commissioner Bourget: Something else with water, on the liabilities on the balance sheet, we have \$1.2 million on notes payable and of that it is \$535,000 that the water

department borrowed from the internal services. Now that we're flush with cash from this PFAS, should we be looking at paying off that loan?

Tom Seaba: We have and we're exploring that, we're just unsure if we want to pay it off in its entirety or if we would like to keep a lot of that revenue that we've had come in and set it in an investment and earn as much as we can off of an investment for a short period of time. The main thing about wanting to be sure our loans were taken off of the books as much as possible was when we were and still striving for our SRF funding to do some distribution work. We had very little savings but we had a reasonably high amount that we were owing and nothing that could cover that. Now, that scale has tipped to where we've received those PFAS moneys so we know what we have in savings. If we need to, we could cover all of our debt to be able to take on new debit if the CWRPDA wanted us to do that. As of right now, they're satisfied with how our financial statements look and they're looking forward to our package submittal in January. We'll have all of our engineering done in mid-December so we can give that a once over to be sure it satisfies them and fix any red flags. At the same time, our financials will have been revised to go along with that package

Mayor Ayala: To Mikes point, we all have to do a better job of watching our expenses and how we're spending money.

Commissioner Bourget: That and communication between the managers and the finance department. There are a couple times last month with discrepancies. I think the managers should find those errors. We shouldn't see them here.

Chairman Berg: What we're asking of all of the departments is you give a really detailed report of your department and then we ask questions and you're able to speak to those very well. What we'd love to see is before this meeting so that we're not having to tease that information out is, you highlighted in your report but we'd also like that in conjunction with the financials to be highlighted in some way with a note to the financial. Especially as we get newer people on the board. It takes a while for us to be able to really catch these things and have a meaningful conversation within the hour that we're doing this on a monthly basis. So, we're asking if you guys would participate in making sure that these are highlighted so that we are told, if we didn't make money this month, we know why. We can anticipate these things. We know exactly where that money had gone so that we can see if upfront and I think that that's being done to a reasonable level. We'd like to step that up a little bit more so that we can be more efficient with our help in advising of the departments.

C. Electric Department (Chris Arguello):

1. Line Crew

- Relocated two primary poles for the new walking path on 10th Street.
- Replaced a damaged cross arm and cut out at the Industrial Park.
- Fixed multiple lights at the CDS on South San Juan Avenue.
- Had a slight interruption on the system caused by a bird and replaced a cutout in the alley of Garfield Avenue.
- Added a new transformer for Otero College.
- Started working on a new build with a pad-mount transformer at 322 Santa Fe Avenue for the new apartment.
- Started hanging Christmas decorations throughout the town.
- Have three new employees: John Grinstead, Joe Zamora, and Clint Herman.

2. SOLAR Accounts

- There are currently 40 residential and 2 commercial customers. A total of \$2,728.48 was rebated at the avoided cost.

3. System Update
 - SF5 Breaker Replacement Project: Have sent substation drawings and relay settings for the project engineer and discussed a fault-current study.
4. Solar Farm
 - We are waiting on a new consent contract for the bank investors.
5. Financials
 - We're trying to make money when we do jobs because I don't want my budget to hurt. Everything that I'm investing in, our system, I have to make sure.

Commissioner Bourget: Looking at this month, I don't see anything wrong at all. It shows that we spent \$860 some thousand and our revenue was just over a million. That's the way it should be. We buy electricity, we pay for your guys and our infrastructure. We mark it up. We sell it. We make a little bit of money. That's the plan. But, then last month, it's not like that. There are some big swings. Things that should have been seen.

Chris Arguello: I'll pick that apart now that I know that's what you guys are wanting. So I'll have an explanation of what and why.

D. Sanitation (Martin Montoya):

1. Financials
 - Revenue is less than expenses. That's probably due to the purchase of the cardboard containers. Otherwise, it's looking good and I should be under budget.

Commissioner Bourget: I think you should come up with a better explanation of why we lost \$10,000. That doesn't make sense.

Martin Montoya: Expenses are going to stay relatively close but our revenue can go up or down depending on how many roll-offs, etc. we're doing. We also did a project at the transfer station putting in a concrete slab.

Commissioner Bourget: Same thing we asked Tom and Chris. Just be able to explain the why, if we lost money.

2. The cardboard program will be rolling out on December 1st.
3. SECRA and Clean Valley Recycling are still in the process of merging. We have monthly meetings and our next one is tomorrow. The date that they're looking for to complete the merger is July 1st, 2026.
4. EPR is a program called Extended Producer Responsibility. Essentially the state is now going to be charging large manufacturers upfront for recycling their packing and things like that. They're going to take this money, collect it, and then distribute it out to recycling programs throughout the state. They're generally going to be funneling that money through municipalities, whether the municipality is doing the recycling program or someone else. For our example, we would be paying either SECRA or Clean Valley Recycling. It will be rolling out sometime next year.

NEW BUSINESS

A. Reappointment of Gary Cranson to the ARPA Board (4-year term beginning January 1, 2026 – December 31, 2029).

MOTION TO RECOMMEND TO CITY COUNCIL THE REAPPOINTMENT OF GARY CRANSON TO THE ARPA BOARD: Bourget

SECOND: Velasquez

DISCUSSION: There was no discussion

VOTE: The motion carried 4-0

B. City Manager's Comments

1. There were no City Manager comments.

C. Governing Body's Comments

1. Commissioner Bourget: Regarding the Holbrook Revegetation Project, thank you for the information. What I gather from this is that there's time constraints. Everything is very timely. When we have to cut the weeds, when the water comes in. They recommend dedicated individuals to do that. What's your thoughts?

Tom Seaba: So far, the main hindrances to progressing with Holbrook are time and money. Under time is always personnel because it's a distribution crew not a farming crew. They go out there whenever they've been free. We have been able to manage water with guys going out sometimes at 2:00 a.m. to change the gated pipe. We've been able to mow and keep the weeds down as we're supposed to. Most of it just comes down to being able to manage the new grass when we need to lay seed in and then to manage it carefully enough so that it doesn't get overgrown with the weeds. So, that comes into the expense of herbicides, weed control, etc. Right now, we also need to replace head gates or at least get them fixed. One of the things that we plan to do is after Thanksgiving is meet with Rich and Jerry and start laying out our plans that we would like to do next year. Once we get done with it. We're going to take that plan to Michael and if he approves it then we're going to come with a budgetary amendment to take some of that money out of savings and utilize it on the farms. Perhaps we could get a couple more pieces of equipment that we need or if we're able to work out with something with a couple of farmers that are there to assist us or hire our own dedicated employees.

Commissioner Bourget: So, we're not going to plant any this winter for fall?

Tom Seaba: We have not had time to get anything else in the ground this fall. It had been a little bit dry. Our allotment of water had been used. When we saw the rain that was coming up, we wanted to try to get around to it but our crew has just not been able to get out there.

Commissioner Bourget: I understand, if a water line breaks, the City of la Junta takes priority over farming but we also have an end date on this project.

Tom Seaba: Every six years, the project is evaluated by the court and as long as we're able to show some form of progress, then, it's approved to continue for an additional six years.

Commissioner Bourget: But, as we've experienced in the past few years with our extraordinary inflation, I would think that the sooner we get it done, the cheaper now that we have a windfall.

Tom Seaba: We completely agree and that's what Carl and I have fronted several of our conversations along with trying to make money off of a little bit by having it in the bank and the rest of it can be used to develop the farms. Especially with the looming decisions whether its in a couple of years or way down the road with the conduit. But for us to get there, we're well aware we need to get the farms completely revegetated and get that final decree to change the water to where we can use it as we need. That's hopefully with some of the PFAS money can help.

Mayor Ayala: As for me, my opinion on the whole thing, is that we should have a local farmer or agriculture, or contractor that performs all of these duties and the city kind of oversees it. We monitor it. I don't like that we're using our employees to do this. Especially when stuff comes up like a pipe break and they're over here. Now, we can't do weed control We can't plant seeds. We have irrigation failure. I just think its too much risk in my opinion.

Tom Seaba: That's part of the reason why we completed this management plan. It points those things out but when we don't have the resources to engage either farmers or agricultural specialist into that, then, we just had to let time pass and be patient until we get to this point. The vast majority of all of our monetary resources have been needed to keep our system going. We made the big purchases and everything, all the resources that the city had at that time went to making that purchase, now, we've re-cooed some of the monetary resources we need and now we can focus at finishing the program. We know that we want to have farmers there and then either Carl would be the dedicated overseer or whomever but then we can manage that project whilst they can focus and do the work.

Commissioner Velasquez: Is Carl a revegetation specialist that the decree actually says you can use or recommends to use? Someone that is skilled and knowledgeable in the drought resistant prairie grasses, shrubs and plants. It doesn't have to be just grass. It can be shrubs and plants.

Tom Seaba: The approved mix has a little bit of all of that into it. Carl is not a court recognized specialist, but he's farmed some. He has been familiar enough to keep this project going. That's why we brought on our consultants, Jerry and Rich, because they are court recognized specialists.

Commissioner Velasquez: You used the term beneficial use. It is actually stipulated in the water decree, beneficial use, no water would be wasted. So, we're putting water on plants that aren't growing, one could argue or may ask a water attorney saying that that is not a beneficial use of the water.

Tom Seaba: As the court looks at it, there are attempts that are being made. That's what we have to do showing progress. Everyone knows that the volume of water that comes down to Holbrook may not necessarily be enough to sustain positive growth without assistance from mother nature. Establishing prairie grass can be challenging but once it's established and becomes generational, it becomes a whole lot easier and it basically takes care of itself. For it to turn generational, it generally has to be in the ground a minimum three but sometimes up to five to seven years.

Commissioner Velasquez: Have we talked to the CSU extension office?

Tom Seaba: They've done soil studies for us and that's what helped determine what blend would best grow out there.

Commissioner Velasquez: It sounds like a great science project for a freshman in high school specializing or wanting to do a science project in growing prairie grass. I know there's somebody out there that probably does it.

Tom Seaba: Probably in January we'll be able to tell you what direction we're looking to go on the farms. We've also been working a lot with Lex Nichols for our 1041 plan that we have to have at the county. He assisted us a lot getting our GPS done on the maps showing what our boundaries are and which portions of the farms need to be revegetated and which other ones have been out of agricultural use so we can focus our energies on the other areas.

There being no further business, the meeting adjourned at 5:13 p.m.

ATTEST:

CITY OF LA JUNTA

Melanie R. Scofield, City Clerk

Patrick Berg, Chairman