Subject to approval at the December 19, 2023 Utilities Board Meeting

BOARD OF UTILITIES COMMISSIONERS – November 21, 2023

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, November 21, 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 Mike Bourget, Commissioner Gary Cranson, Vice-Chairman Frank McKenzie, Chairman Paul Velasquez, Council Member
Absent:	None
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

MINUTES OF PREVIOUS MEETING
Chairman McKenzie asked if there were any corrections or additions to the minutes of the Regular Meeting of October 17, 2023. Hearing none, the chairman asked for a motion to approve the minutes as published.

MOTION TO ACCEPT THE OCTOBER 17, 2023 MINUTES AS PUBLISHED: Ayala

SECOND: Cranson

DISCUSSION: There was no discussion

VOTE: The motion carried 5-0

PRESENTATION OF YEARS OF SERVICE PLAQUE TO OUTGOING COMMISSIONER, CHAIRMAN FRANK MCKENZIE. City Manager Klein presented Chairman McKenzie with a plaque for his years of service from November 2015 through November 2023.

OATH OF OFFICE TO NEWLY ELECTED COMMISSIONER. The City Clerk administered the oath of office to newly elected Utility Board Commissioner Patrick Berg.

CITIZEN PARTICPATION
1. There was no citizen's participation.

REPORTS

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

1. **Summary of September 2023 Financial and Operating Statements:** During the month of September, revenue from power sales was more than budget by $14,356 (0.6%) and total revenue was more than budget by $55,723. Total cost of goods sold was under budget by 7.7%. Purchased power costs were under budget by $81,095 (7.8%). Transmission expenses were under budget by $43,315. Net Revenue from Operations for the month was $600,891.

2. **Year to Date Income Statement:** Revenue from power sales was less than budget by $712,643 (3.3%). Total revenues were less than budget by $481,317 YTD. Interest income was $227,016 which is better than budget. Total cost of goods sold was less than budget by $1,080,726 (7.5%). YTD purchased power costs were under budget by $740,037 (8.6%). YTD Transmission expenses were under budget by $377,181. Total YTD A & G expenses are under budget by $61,119 (1.2%). YTD Net Revenue is $3,388,439. Debt Service Coverage YTD is 1.45X.

3. **Operating Report:** ARPA paid $52.24 per mWh for 23,600 kWH reported as produced by member solar installations.

4. Member Energy sales for September was 1.88% less than budget and 0.5% more than 2022. Energy Sales YTD was 3.8% less than budget and 2.3% less than 2022. *Coincidental peak demand* was the same as 2022 at 58.5 mW and occurred on September 1st in hour ending 4:00 p.m. All in cost of power to members YTD is $0.10019 per kWh; 2.2% lower than 2020.

5. **Next Meeting –**December 7, 2023, 10:00 a.m. at Otero College in La Junta. The 2024 Budget will be approved.

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

1. R.O. Plant
    - Routine maintenance: Checked all belts, packing/nozzles, and greased motors on air handlers, checked Y-strainers on all control and pressure reducing valves at plant and replaced shut off valve on RW control valve, changed oil, filters, and greased wells 3, 8, 10, 15, and air base booster pumps.
    - Well #9 returned to service.
    - Continuing quality analysis of field-testing equipment with lab bench equipment.
    - Changed needle valves in well #4.
    - Scale inhibitor meter went down on 10/14. Seeking replacement.
    - Winterized irrigation systems.
    - Meter reading and installation, building maintenance, and groundskeeping.

2. Distribution
    - Service connection repairs on San Juan and Bradish.
    - New service install on south San Juan.
    - Service repairs and reconnects on North Highway 109.
    - Meter reading and utility billing office generated work orders, equipment maintenance.

3. Financials (Water Fund)
    - October water revenues were $316,276.19. Compared to 2022, revenues showed a $26,500 increase. Year-to-date revenue is at $3,186,000. This is $233,000 more than projected. Budget is at 71%, we should be at 83%. The city billed 53,119,000 gallons of water compared to 71,566,000 in 2022.
    - Total expenses were $302,700 with a monthly budget of $425,800. Expenses were $123,100 less than the budgeted amount for October.
    - Compared to 2022, assets decreased $1,535,100 and liabilities decreased $995,200. Net change in fund balance is ($539,800) for year-to-date 2023.

4. Wastewater
    - Treated 29.401 million gallons. Removed 47.0 ft^3 of screenings and 40.0 ft^3 of grit.
    - RO concentrate discharge to plant was 12.066 million gallons.
    - Jetted 8,962 feet of line for seven emergency calls and twenty-eight manhole locate requests.
    - Continued draining, cleaning, and maintenance on north clarifier.
    - Cleaned UV channel, scum pumps in RAS blower buildings.
    - Electrical repair to switches on sludge lift station.
    - Manhole inspection pilot project completed. Awaiting results.
    - Additional plant, collection system, grounds maintenance.

5. Financials (Waste Water Fund)
    - October sales were $235,600. This was $31,600 more than the anticipated budget of $199,700. However, compared to 2022 sales were up $26,700. Year-to-date revenue is at 60%. Budget shows we should be at 83%. Revenues are up YTD.
    - Total expenses for October were $331,500. This was $2,900 less than budgeted and $73,500 more than 2022. Expenses are at 85%. Budget shows we should be at 83%.
    - Compared to 2022, assets decreased $1,017,000 and liabilities decreased $104,600. Net change in fund balance is ($912,300) for year-to-date 2023.

6. Other Notables:
    - SCADA upgrade project on schedule. Hardware should arrive before end of 2023. Installations should occur after programming is complete in March of 2024.
    - Assisted with motor pool shop and yard clean up.
    - Attended confined spaces entry safety, defensive driving, and mental health training.
    - Several employees taking and passing certification tests.
    - Successful year with Halloween decorations.
    - Meeting held with water resource engineers with the AVC. SECWCD plans to schedule system meetings in early 2024.

7. Holbrook Revegetation Plan
    - All planning and progress is limited due to budget and availability of personnel. There is no definitive completion date to this project. Current scope of work planned for 2024:
        - Have electrical service installed for irrigation pump.
        - Purchase and install irrigation pump and additional gated pipe to extend to the top of the field.
        - Obtain use of a non-till wildland seed mix seed drill and plant the remainder of the current field.
        - Discuss proposals to contract with local farms to assist with revegetation project.
        - Obtain permission/cooperation from Ft. Lyon and Holbrook canals to develop and utilize Dye Spillway for augmentation station.
        - Engineer designs for Dye Spillway augmentation station and aquifer recharge ponds.
        - Property maintenance, weed control, etc.

City Manager Klein asked the Board if they would consider rescinding their recommendation to city council regarding the Ark Valley Conduit in order for them to have further discussion. It was decided that this decision will rest with city council.

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

1. Line Crew
    - Daily reads, disconnects and maintenance.
    - The crew installed new varmint protection in the Light Plant Substation and the Air Base Substation.

- A 25 kVA transformer off Highway 50 and Frontage Road was set to feed a house behind Felicia's Restaurant. A 40-foot lift pole was added between the restaurant and the hotel.
- We had a 50-amp fuse blow in the 1400 block of Adams Avenue. Replaced the old cut-out with a 200-amp one.
- The crew prepped thirty-three hot sticks and blankets and seven trucks for our annual inspection with CFS inspectors.
- Two new security cameras were installed at the Brick and Tile Park; more lights were added along the trail.
- A three-phase secondary service at 118 San Juan Avenue was relocated.
- More Nighthawk Disconnect Meters were added to our system.
- The crew did some troubleshooting on fusing behind Family Dollar so that more cut-outs can be added.
- We started inspecting our Christmas decorations.

2. SOLAR Accounts
    - The total kWh returned to the system was 11,141 from 23 customers. A total of $602.00 was rebated at the avoided costs. There are currently 35 solar customers.

3. Financials (Electric Fund)
    - Total revenue was $990,600. This is less than the October budget of $1,033,300 by $42,700. Compared to 2022 sales were up 4%. Kilowatt usage increased compared to 2022. Total kilowatts billed was 6,546,975. Year-to-date was $10,118,600 which was below the $10,511,200 budget by $329,600. This is a 4% decrease for the year-to-date.
    - Expenses were $927,800 for October. This is $200 less than the budget. Expenses were decreased by 7% compared with 2022. Expenses exceeded revenue by $62,800 for October 2023. Year-to-date, revenues have exceeded expenses by $362,400.
    - Compared to 2022, assets increased $112,326.99 and liabilities increased $739,101.63. Net change in fund balance is $851,176.64 for year-to-date 2023.

D. Sanitation. Martin Montoya gave the following report:

1. Some number from the October City Clean Up:
    - 17 tons of metal
    - 95 tons in the open top
    - 2 tons of paint
    - 10 tons of TVs/monitors
    - 55 gallons of antifreeze
    - 330 gallons of oil
    - 66 units of refrigerators/air conditioners
    - 1400 tires (State picked up the tab on most of the tires)

    Vice-Chairman Cranson: Clean Valley Recycling cleaned up the King Arroyo on Sunday. The city crews were out there before the sun came up on Monday to load some fifty bags of trash. Thank you. Also, there are times people leave things that won't fit into the slot of the SECRA bins and the trash blows in. Maybe a simple hog fence on the concrete behind it would help the trash from blowing in.

    Director of Engineering Montoya: SECRA is also discussing moving the bins further south to help with that situation.

2. Financials (Sanitation Fund)
    - September revenues were $109,600. This was $24,000 above the estimated budget of $85,600. Comparatively, it is a 20% increase from 2022. Year-to-date revenue is at 77%. Budget shows it should be at 83%. Recycling revenues have increased steadily since its inception. There were 243 accounts participating in curb side pick-up in Octo-

ber. In 2022, only 234 residents participated. Total revenues were above the 2022 by $22,200.

- Total sanitation expenses were $144,700. This is $41,000 above the October budget of $103,700. Year-to-date expense is $71,200 less than budgeted and $33,700 more than 2022. Expenses are at 76%. Budget shows we should be at 83%. Net change in fund balance is $700 for year-to-date 2023.

NEW BUSINESS

A. A Resolution Recommending to City Council the Amendment of the 2023 Operating Budget for the Electric Fund and the Waste Water Fund. Resolution No. RUB-3-2023 was presented for the Board's consideration as follows:

WHEREAS, the Board of Utilities Commissioners of the City of La Junta have determined that it would be necessary to make additional expenditures in various City Utility Funds; and

WHEREAS, the Electric Fund and Waste Water Fund, anticipates expenditures not otherwise anticipated at the time of the creation of the 2023 budget; and

BE IT THEREFORE RESOLVED AS FOLLOWS:

BE IT RECOMMENDED by the Board of Utilities Commissioners of the City of La Junta that the City Council amend the 2023 operating budget as follows:

SECTION 1. Electric Fund – That an additional $147,000.00 be appropriated for the following expenditures:

A. That the expenditures shall be for the following:
   1. Atwell Service ....$ 40,000.00
   2. Airport Substations $107,000.00

B. That the revenue sources shall be as follows:
   1. Retained Earnings $147,000.00

SECTION 2. Waste Water Fund – That an additional $187,600.00 be appropriated for the following expenditures:

A. That the expenditures shall be for the following:
   1. Phase 1 Repairs to Emergency Generator ....$ 53,700.00
   2. Sludge Disposal $133,900.00

B. That the revenue sources shall be as follows:
   1. Retained Earnings $187,600.00

MOTION TO ADOPT RESOLUTION NO. RUB-3-2023: Ayala

SECOND: Velasquez

DISCUSSION: There was no further discussion

VOTE: The motion carried 5-0

B. Promissory Note from the City of La Junta Water Fund to the City of La Junta Internal Services Fund. Per the auditors, you cannot run a fund with a negative balance. This note will bring cash to zero making the City compliant with the State of Colorado. Repayment of the loan will be based on the audit to bring it to zero until the cash balance is at a positive.

C. City Manager's Comments.

1. Wish everyone a Happy Thanksgiving.
2. Welcome aboard Pat. Looking forward to working with you.
3. Thank you to the Board for your due diligence in the hard decisions that had to be made this year.
4. Congratulations to Mayor Ayala, Council Member Velasquez and new Commissioner Berg.

D. Governing Body's Comments.

1. Commissioner Berg: Thank you. It's been a warm welcome from everybody. It's exciting because it's a great opportunity for me to learn more about the city and to contribute. Thank you for everyone's support.

There being no further business, the meeting adjourned at 5:43 p.m.

ATTEST: CITY OF LA JUNTA

Melanie R. Scofield, City Clerk

Gary Cranson, Vice-Chairman