

*Subject to approval at
the November 14, 2017
Utilities Board Meeting*

CITY OF LA JUNTA)
COUNTY OF OTERO) SS
STATE OF COLORADO)

A Special Meeting of the Board of Utilities Commissioners of the City of La Junta, Colorado, was called to order by Chairman Lorenz Sutherland on Thursday, October 19, 2017, at 3:00 p.m. in the Power Board Room of the Municipal Building.

Roll was called and the following Board Members were present:

Present Mike Bourget, Commissioner
 Lynn Horner, Mayor
 Frank McKenzie, Vice-Chairman
 P. Lorenz Sutherland, Chairman

Absent: Scott Monaco, Commissioner

Also present: Rick Klein, City Manager
 Bill Jackson, Asst. City Manager
 Phil Malouff Jr., City Attorney (arrived 3:41 p.m.)
 Debra Fraker, Admin Assistant
 Tom Seaba, Water/WW Quality Tech
 Joe Kelley, Director of Water & Wastewater
 Reuben DeLeon, Electric Superintendent
 Darren Adame, Director of Engineering
 Aliza Libby-Tucker, Director of Finance
 Jeffri Pruyn, Council Member
 Aimee Hill, Engineering Dept
 Bette McFarren, Tribune-Democrat

UNFINISHED BUSINESS

A. A Resolution Recommending to City Council the Adoption of the 2018 Proposed Budget for the Electric Fund, Water Fund, Sewer Fund and Sanitation Fund. Resolution No. RUB-5-2017 was presented for the Board’s consideration as follows:

WHEREAS, the proposed budget for the City of La Junta for 2018 has been prepared in conformance with the La Junta City Charter; and

WHEREAS, the Board of Utilities Commissioners has reviewed the proposed budget for the Electric Fund, Water Fund, Sewer Fund and other funds associated with the budget over which the Board of Utilities Commissioners has review and authority;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF UTILITIES COMMISSIONERS OF THE CITY OF LA JUNTA that the proposed 2018 budget for income and expenditures for all funds be recommended to the City Council for the Council’s consideration and adoption:

- | | |
|--------------------|-----------------|
| 1. Electric Fund | \$12,539,600.00 |
| 2. Water Fund | \$ 3,951,200.00 |
| 3. Sewer Fund | \$12,559,100.00 |
| 4. Sanitation Fund | \$ 1,459,900.00 |

City Manager Klein handed out information regarding the budgeted revenues and expenses and the actual revenues and expenses, (with and without depreciation) for the Electric, Water, Sewer and Sanitation Funds.

Chairman Sutherland: I believe the primary concern for a couple of board members are regarding what we're taking out of retained earnings for 2018.

City Manager Klein: Since we have three council members here I'll talk about the general fund too. I wasn't going to start this until the first of the year but I've already started on going line item by line item and I started with the uniform maintenance line. Then I'll start looking into the telephones. I'll be going over every line item to reduce that \$1.4 million deficit. If we can't get this deficit down, then I'll be telling council that we'll be shutting down the Senior Center and the Library because we're going to get this budget in order. It will have to be quality of life items to be cut if we can't find additional funds. Capital Outlay has been cut down to \$250,000. I've got to cut as much as I can before I turn to personnel.

These are all things affecting the General Fund. This Board takes care of the Enterprise Funds which each work as a separate business.

Vice-Chairman McKenzie: It's tough to see the trend that's going on. We're eating up our reserves. There's reasons why these funds are sliding and we can only let it slide for so long.

City Manager Klein: We did have a rate study done on the Electric Fund and they wanted us to lower it by 2% and then start raising it up to 5% afterwards. That's not what we want to do. We need to be getting more efficient and that's where the Power Plant comes into play. We didn't know it would take as long and there's a cost for everything. We'll get it done.

Chairman Sutherland: We're able to hold on to our retainage but we're still hemorrhaging. What are we going to do in 2018 and 2019 to fix this?

City Manager Klein: In 2018, I anticipate our revenues coming up in electric. We will have to bump that fund up by 2%. The goal for me is money in and money out to stop the hemorrhaging. We'll work on keeping our rates down but if we have to we'll come back with a recommendation. I still believe we need to finish up the SCADA system. This makes the system automatic but it doesn't make the operation automatic.

Vice-Chairman McKenzie: We still need to close the plant. It doesn't do what we need it to do. There's got to be more savings than the salary of three people than having that thing sit down there. It seems like there should be better economic gain to it.

REUBEN DELEON: ELECTRIC - SCADA SYSTEM:

Once we have SCADA and we're comfortable with it and running smooth, we could probably get rid of everybody. As an old lineman, unless I have a visual, it's not good practice. We wouldn't have to go out to the airbase, a guy could do it from the plant, but we're still going to be at that substation to get a visual. It's a safety issue. It will almost be fully automated; we'll still need somebody to go check. It's going to work. It's just going to take some time. The system could be complete depending on if you guys say we're going to give you the rest of the money, then we'll have to have all the engineering, it could be done by the end of next year.

JOE KELLEY: CRITICAL LOAD ANALYSIS

The cost of equipment based on the engineer's estimates is somewhere around \$650,000 and that doesn't provide 100% of what we're doing but it provides a significant amount that we feel we can continue to operate on an emergency basis. We have a \$2 or \$2.5 million dollar budget that says to get the whole package installed. The question is, what is the installation costs. Then does HDR do this work or does somebody else. If the Water Fund has to pay for this; we would have to borrow the money.

JOE KELLEY: WATER FUND

Typically I've operated off a ten-year plan. That's what this budget is. I can push things off but that doesn't mean that something won't break down. We've cut a lot of money out by doing that. There are also some projects that we can push off; the engineering of the Holbrook project being one example. We can cut some of these capital outlay projects but it still needs to be done sometime. We can cut the R.O. membranes from the budget to make it look good but if our membranes break down, then we'll have to get together and get emergency dollars for it. On the other hand, if we budget the money and we don't need it then we haven't spent the money. There are some things I can squeeze. We can save \$50 on uniforms in some way. But we still have to keep the guys looking good and professional and safe. I've been doing an analysis, to determine how much I typically spend out of the operation budget without capital outlay. Typically I'm running between 95.5% - 99% of the budget. So I have an implied cushion of maybe 2-3%. I could also cut a bunch out of salaries and benefits and that's a real easy one to do because I can retire at the first of the year and you don't have to pay my salary.

JOE KELLEY: WASTEWATER

Wastewater is a little different. I could cut the camera inspections next year, which is \$50,000 and that's probably about all I can cut out from this budget. The way the money of the loan comes in and the construction goes, it's going to be difficult to determine what we need, other than money for the loan.

DARREN ADAME: SANITATION

The only thing we're going to have is replacing the two sanitation trucks, which will eliminate four of the other trucks. Our partnership with OCLI is going strong.

MOTION TO ADOPT RESOLUTION NO. RUB-5-2017 WITH THE AMENDMENT OF THE WATER FUND TO READ AS \$3,716,200.00: McKenzie

SECOND: Bourget

DISCUSSION: There was no further discussion.

VOTE: The motion carried 4-0

There being no further business, the meeting adjourned at 4:33 p.m.

CITY OF LA JUNTA

ATTEST:

P. Lorenz Sutherland, Chairman

Melanie R. Scofield, City Clerk