



REGIONAL COALITION OF LANL COMMUNITIES

City of Española - Los Alamos County - Ohkay Owingeh - Pueblo of Jemez
Rio Arriba County - Santa Fe County - City of Santa Fe - Taos County - Town of Taos

REGIONAL COALITION MEETING MINUTES

CITY HALL COUNCIL CHAMBERS - ESPAÑOLA, NM

August 17, 2018

- A. Call to Order** – Chair Henry Roybal called meeting to order at 1:43 pm
- B. Confirmation of Quorum**
Attendees: Commissioner Henry Roybal (Santa Fe County), Councilor Morrie Pongratz (Los Alamos County), Mayor Javier Sanchez (City of Espanola), Councilor Peter Ives (City of Santa Fe), and Councilor Darien Fernandez (Town of Taos) attended telephonically.
- C. Approval of Agenda**
- Action:** Councilor Ives moved for approval of the agenda with amendment to note that there will be no briefing from NM Congressional delegation and the briefing on state auditors report is now a discussion led by the Executive Director. Agenda approved at 1:45.
 - Approved:** Motioned by: Councilor Ives, City of Santa Fe; Second by Councilor Pongratz, Los Alamos County.
- D. Approval of Minutes**
- Action:** Approval of the minutes from the July 20, 2018 RCLC meeting
 - Approved:** Motion made by Councilor Ives of City of Santa Fe to approve minutes. Councilor Pongratz amended motion to include change to item G. to note the Board had asked the ED to review and then if appropriate “recommend” approval of ECA dues, not approve on his own. Councilor Ives accepted the amendment and Councilor Pongratz seconded the motion to approve as amended.
- E. Public Comment**
None. No one had singed up. Chair invited audience to public comments. None asked to speak.
- F. Treasurers Report**
Councilor Ives explained that the RCLC Treasurer would be making a regular report at each meeting going forward, and as part of a regular treasurers report the newly adopted procedures established a review and approval of all expenditures. Councilor Ives reported that there have been two expenditures, both reviewed and approved by the ED:
- The ED and Treasurer recommend payment of ECA dues in the amount of \$950.

2. The ED and Treasurer recommend payment of billing from State Auditor for \$10,000 for the recently completed special audit.

Following review of expenditures, Councilor Ives then stated that he had instructed the fiscal agent to present the Board with the updated RCLC budget, dated Aug 17 2018. Copies were made available to board and members of the public. Councilor Ives then reviewed the updated budget.

Mayor Sanchez, City of Espanola asked for detailed explanation for why the budgeted amount for the ED service contract was more expensive than in previous years. Councilor Ives and Executive Director Eric Vasquez stated it was due to the changes adopted following the state auditor examination, and the need for the ED to absorb more of the expenses directly.

Mayor Sanchez asked about projected budget shortfall. The Executive Director Eric Vasquez stated that there are sufficient reserves to carry the organization thru this transition year.

- a. **Action:** Motion to approve ECA dues in the amount of \$950, and to approve payment to the Office of State Auditor in the amount of \$10,000.
- b. **Approved:** Motioned by: Councilor Pongratz, Los Alamos County; seconded by Councilor Fernandez.

G. Discussion/Action Items

1. Special Guest Presentation:

- a. **Doug Hintze**, manager of the DOE Environmental Management Los Alamos Field Office

Mr. Hintze gave an overview of DOE EM activity in overseeing the N3B takeover of cleanup activities during 2018.

Since last update the new contractor has come onboard, but the transition was delayed from intended transition of last fall until April of this year. This means this year has been spent on ramping up operations. Mr. Hintze stated that their number one priority is safety, so although efforts to speed up transfer have been implemented, they doing so in manner to ensure public safety, meaning activity is slower to start than some would like.

Mr. Hintze stated that the DOE EM budget request for LANL site cleanup was \$192 million and “ through the efforts of you folks here and many other folks, including our congressional delegation our appropriation was actually \$220 million, a 16% increase over what was requested”. The delayed transition has created a bottleneck in their ability to spend the increase, but revenues are rolling over into the next year and activities are ramping up to take full advantage of the increase.

This year has been focused on building the infrastructure to support ongoing cleanup activities in future years.

Mr. Hintze reported the new contract is a 5-year contract with two options for renewal for total of 10 years.

Execution perspective focused on meeting compliance of the consent order. The big projects under that campaign are the chromium plume campaign, which is an interim measure to arrest migration of the plume into the aquifer and is the number one priority.

There is also a transition on the NNSA side, with switch to a new M&O contractor in November. Mr. Hintze said “We are working closely with all parties involved during the transition as we will all be in this together for a long time”.

Board Questions:

Councilor Peter Ives asked how the additional funding (\$31 million) over 20 years- how does this relate to projects, ongoing and in the future.

Mr. Hintze responded that the current spending of resources is developing the baseline operations for the contractor and building the infrastructure to last the projected lifetime of the cleanup operations, currently estimated to take 20 years. This means the spending now accelerates future operations. He clarified that their current mission is for legacy waste, defined as any waste created before 1999. Mr. Hintze also clarified that there may be unknown waste that will be discovered and could affect the overall plan for cleanup.

Councilor Peter Ives expressed concern over the unknown volume of legacy waste that may still be discovered and asked if a portion of the funding can be dedicated to identifying unknown waste or needs, such as in Area G.

Commissioner HENRY Roybal asked what the balance is for the current fiscal year of spending. How much has been expended, and how much is carrying over?

Mr. Hintze responded that the EM cleanup funds are different than other funding and can be continually carried over until fully used or the project is completed. He then provided an overview of this year’s spending. The new contractor is expected to spend around \$ 76 million this year; DOE spends \$25 for waste storage in Texas and other expenses, and then community regulatory expenses of around \$3 million. Mr. Hintze estimated total operating expenditures around \$160 million, and then spending additional on infrastructure buildup. His estimate for carryover is “around \$20 million once all the other expenses are accounted for”.

- b. **Frazer Lockhart**, Regulatory & Stakeholder Interface Program Manager
Newport News Nuclear BWXT-Los Alamos, LLC.

Mr. Lockhart presented a slideshow to board members, which was made available on the RCLC.org website for downloading. Update focused on activities since January 2018.

Mr. Lockhart also focused on reviewing their top priority areas that they are actively working in, including TA-54, the Chromium plume, and the RDX area. There is also ongoing activity around the entire site.

Mr. Lockhart also spoke in detail about N3B structure, mission values and scope. Mr. Lockhart stated that the N3B partnership is focused on three values that drive how they operate. Safety is their first and primary concern, followed by land stewardship and communication/collaboration with all stakeholders.

Mr. Lockhart also said that the standup from scratch is a unique and somewhat difficult process at Los Alamos, because lab is still there and we are working around all their activities and systems as we create a similar operation in parallel. For example, standing up a parallel badge office to run activities such as badge transfer, and clearance process turned out to be a very complex process. Cleared LANL employees who were transferred had to give up their LANL badge and then go through the clearance process again, causing things to go slower than desired.

Mr. Lockhart described the N3B "Safe in 90 plan" for transitioning former LANL workers and new hires to the culture and safety and work expectations.

Mr. Lockhart also described budget challenges, some related to working with the current M&O contractor to determine which services they would provide. It required education on both sides to determine how things would work. N3B also recognized that there are LANL mission priorities that they need to work around and support.

IT also has proven to be a challenge, as LANS systems remained in LANS operations, necessitating new fiber run and servers built.

Hiring and benefits turned out to be harder than expected. There were around 350 FTE working on the Bridge contract. N3B has anticipated getting half of them, but due to LANL hiring they got less than ¼ of those workers. N3B has currently hired 470 people, including subcontractors. Of this number 85% are New Mexico residents.

They expect to peak between 525 and 550, a number that would allow people to stay consistently busy without having to wait for work to be ready.

Mr. Lockhart also described the process of transferring all the permits for work to N3B and from LANS. Extensive work with the New Mexico Environment Dept.

Field activities are ramping up. Consent order milestones include Groundwater report is completed, and most milestones for 2018 have been completed. The one incomplete item was not in our original

proposal, but in the time between proposal and award data from Well R-68 showed need for more monitoring data in the RDX area, so we were given the additional assignment of drilling a new monitoring well, R-69. Fire restrictions have slowed that process and there have been challenges drilling the well.

Most CH TRU activities have been in infrastructure buildup.

Looking ahead, Mr. Lockhart says N3B sees the challenges, including some stopgap solutions that need to be reviewed. They also will continue to hire and also in the midst of working with the LANS/Triad transition. As always the top priority is safe performance.

Board Questions:

Councilor Morrie Pongratz asked if all employees were required to have Q-Clearances.

Mr. Lockhart responded that not all employees required them, depending on the work, but many sites do require a clearance for unescorted access. Escorted uncleared workers is a very expensive process. The transition challenge is getting all the paperwork straight so as to be able to issue badges back to formerly cleared people who transferred over from LANL.

Mayor Sanchez asked about anticipated additional hires over the next year.

Mr. Lockhart answered they are look at about another 100, vast majority in CH TRU activities in Area G, and also some in environmental remediation. Whether it goes up beyond that will depend on if there are additional increases in funding.

Mayor Sanchez asked if N3B can share some information of their social and community giving activities

Mr. Lockhart responded on N3B's observation for the opportunity to work with the communities in education and training for jobs and apprentice program at Northern New Mexico College. The first class is to begin this fall.

Additional activities would include k-12 activities, first student into college support.

Councilor Morrie Pongratz asked for the schedule when TA 21 would be released as clean.

Mr. Lockhart responded that TA 21 is one of their top priorities, behind the chromium plume. He said they are currently in planning activities and will start in Phase 1 in late August in advance of actual remediation work, meaning prepping the land for remediation activity. After this they move into underground facilities, buried waste lines, and building 257 that needs to be demolished. It is a big project area.

Mr. Hintze interjected saying that TA 21 actually has two different campaigns in the consent order. One is the site cleanup of the land, and then there are separate cleanup sites.

Councilor Ives asked about possible correlation with increased funding to the LANL EM sites with overall DOE funding or mission plans.

Mr. Hintze responded saying that there was no real correlation. This year's funding increase was more a result local stakeholders working with the delegation to work on unified messaging for more funding.

Eric Vasquez asked a follow-up question regarding hiring asking of the additional hiring, what fraction will be subcontractors.

Mr. Lockhart stated the ration would remain similar to current hiring; around 45% are subcontractor workers. This is expected to remain throughout the life of the contract. The contract with DOE calls for at least 35% to be subcontractors. Councilor Pongratz asked for the information on employee rates to be provided.

2. Presentation of the State Auditor Report

Eric Vasquez, the RCLC Executive Director informed the Board that the fiscal agent, Los Alamos County asked to delay presenting any update on the LA County contracted Adams + Crow report. Rather, that for this presentation and briefing we would focus on the Office of the State Auditors (OSA)'s audit and findings. Specifically, Eric Vasquez asked to focus on the recommendations and response from the RCLC to the OSA. The OSA identified 18 findings, most of which related to reimbursement procedures. Other findings regarded mileage reimbursements, the mixing of DOE grant funds with unrestricted funds that possible could have resulted in grant funds being used for restricted activities, The RCLC concurs with all OSA recommendations and is working to implement policies to prevent any future problems as this audit highlighted.

These changes include the adoption of a new travel policy that drastically reduces the opportunity for reimbursements and cuts travel expenditures. The first step in this change is in the language of the RCLC contract with the new executive director team that stipulates there will be no reimbursements for meals, travel, or general operating expenses. In addition, in accordance with the OSA recommendation, the executive director will no longer be authorized to approve reimbursements. Any reimbursements would have to be approved by the treasurer, reviewed by an independent accountant, and voted on by the full board.

The RCLC will also be implementing, in collaboration with the fiscal agent a policy to ensure all parties responsible for financial interactions are fully

aware of all applicable laws and regulations, and that there are procedures in place to more thoroughly review all transactions. By reducing most reimbursements, RCLC new policy eliminates most transactions making it less onerous to thoroughly review all transactions. The OSA also found that the RCLC potentially non-compliant with DOE grant requirements and possibly mixed moneys, making it possible that some funds were used for restricted purposes.

The OSA said that the RCLC paid for meals of fed employees, which is a violation of federal regulations for their employees.

The OSA also found that the fiscal agent did not fulfill their fiduciary responsibilities fully, failure to comply with the state audit act, and there was a possible violation of the state anti-donation clause.

The RCLC concurred with all 18 of OSA recommendations and will be implementing a number of measures to address this finding.

Going forward, all RCLC invoicing will track what activities occurred and which funding source they are permitted to be charged to.

The RCLC will also move to open separate bank accounts, outside the fiscal agent's accounts to segregate money and prevent mixing of grant funds with unrestricted funds.

The RCLC will also be contracting with a third party accounting service that will provide a segregated review of all expenditures.

Councilor Pongratz noted that although the RCLC agreed with the recommendations, they dispute the finding as only a fraction of the activities funded would have been considered prohibited, and that at all times there was sufficient unrestricted funds in the account to cover all the questionable expenses.

The OSA also found the fiscal agent did not fully fulfill their fiduciary responsibilities and so in line with their recommendation the RCLC will require the Board to review and approve all reimbursements.

The OSA also found that the RCLC did not comply with the state audit act. The RCLC concurs and is moving to work with the OSA to contract with an approved auditor to bring the organization into compliance.

There was also a finding about improper filing of 1099 forms with contractors. The RCLC concurs and the fiscal agent has begun a review of all contractors to ensure the proper filing of 1099's.

In addition the OSA found that the RCLC and the fiscal agent were unable to find or provide copies of all documents or contracts. Eric Vasquez stated this is true and the RCLC is working with the fiscal agent to adopt policies to ensure all documentation is properly maintained and stored to ensure this does not happen again.

In addition, the OSA found that the budget did not always foot properly so the RCLC will be contracting with a third party accountant to help in

drafting and tracking the annual budget to ensure all allocated funds are expended as intended.

The OSA also said the RCLC reimbursement policy resulted in possible violation of the anti-donation clause. The RCLC concurs with the improper reimbursement procedures and is eliminating most reimbursement and as mentioned earlier tightening up procedures for approval.

Councilor Pongratz asked if when the ED team travels, would they be subject to state rules.

Eric Vasquez responded that the contractor is a private contractor, and not subject to state

Mayor Sanchez asked if Eric Vasquez has a contract with the contracting entity, Chicanos por La Causa.

Eric Vasquez responded that in reviewing how best to fulfill the duties the CPLC team opted to make Mr. Vasquez a fulltime employee and not a contractor.

Mayor Sanchez asked if the salaries for all positions were provided in the bid.

Eric Vasquez responded that yes, all salaries and expenses were itemized in the bid. He noted that the fiscal agent negotiated the price down, meaning some of the line items have been reduced from the original bid.

Commissioner Roybal asked if the fiscal agent had reviewed the travel and reimbursement policy to prevent future mistakes. He also asked that all reimbursements come before the board first and then the treasurer. and that any proposed reimbursement should include detailed information necessary to review.

Eric Vasquez responded that yes, the fiscal agent has amended their procedures and that under the new travel policy no person will be receiving reimbursements. The RCLC is cutting out almost all areas where reimbursements can occur.

Councilor Ives stated that all the findings have been addressed in the RCLC's new policies and procedures and that the RCLC can bring forward recommendations for an RFP at the next board meeting. Councilor Ives also responded to Commissioner Royal's request for detailed information and said that any reimbursement can be presented in the treasurer's report, including detailed information.

Commissioner Roybal also requested that the RCLC publish the new travel policy and make it a training item for any new board members and staff or contractors.

3. Proposed special meeting for review of RCLC work plan & strategic planning

Eric Vasquez asked the RCLC board to consider scheduling a strategic planning / work session meeting to review the organization's overall mission, vision and

joint powers agreement, and to possibly adopt amendments to better serve the region. Board members indicated interest and asked the ED to look into scheduling a session.

4. Planning of Members travel to ECA National Cleanup Workshop

Eric Vasquez informed board members of the upcoming Energy Communities Alliance National Cleanup Workshop in mid September. Mr. Vasquez said he would be attending on behalf of the RCLC and invited elected members to also attend the workshop, as it is a useful way to engage directly with DOE leadership and partner communities.

5. Discussion & Possible Action On Proposal To Hire Legal Counsel

Councilor Ives asked that the Board consider issuing an RFP for legal counsel to assist the board in issues with complex legal ramifications. Councilor Ives explained that he envisioned this role being a contractual relationship with a firm on retainer and only consulted as needed.

The board expressed interest and asked the ED and Counselor Ives to research the proposal further.

6. Executive Director Update

The Executive Director, Eric Vasquez provided a short update. The executive director team, contracted to Chicanos por La Causa hired Eric Vasquez to serve as the executive director for the RCLC. The organizations had taken control of the contract on August 1, 2018 and were working on logistical setup. Mr. Vasquez described difficulty in securing control over the website, grant accounts, and the email system. Mr. Vasquez provided an interim email account for all business purposes: RegionalCoalitionNM@gmail.com.

Mr. Vasquez detailed meeting the team has held with DOE-EM, LANL, local elected officials, and other stakeholders.

Mr. Vasquez briefed the board on communications with discussions with DFA on procedures to amend the JPA, as the board had previously voted to amend the agreement.

Mr. Vasquez also alerted the board to an IPRA request received in mid August, requesting financial records and contracts dating back two years. Mr. Vasquez said he was working on fulfilling the request.

7. Election of Officers or Scheduling of Elections

Commissioner Roybal opened discussions for elections of new officers, but noted that it appeared a quorum had been lost. He recommended that the elections be postponed until the following meeting. The board concurred.

8. Adjournment

The board adjourned the meeting at 3:44 p.m.