

Council Meeting Staff Report

August 29, 2017

Agenda No.:	A.
Indexes (Council Goals):	2018 Council Goal – Quality Governance – Operational Excellence – Maintain Quality Essential Services and Supporting Infrastructure Including Updated Enterprise Software and Permitting
Presenters:	Bob Westervelt
Legislative File:	CO0501-17

Title

Incorporated County of Los Alamos Code Ordinance No. 02-277; An Ordinance Amending Chapter 40, Article III, Section 40-173 of the Code of the Incorporated County of Los Alamos Pertaining to Nonpotable Water Rates

Recommended Action

I introduce, without prejudice, Incorporated County of Los Alamos Code Ordinance No. 02-277; An Ordinance Amending Chapter 40, Article III, Section 40-173 of the Code of the Incorporated County of Los Alamos Pertaining to Nonpotable Water Rates, and ask the staff to assure that it is published as as provided in the County Charter.

Utilities Manager Recommendation

The Utilities Manager recommends that Council introduce the ordinance as presented.

Board, Commission or Committee Recommendation

The Board of Public Utilities recommends that Council introduce the ordinance as presented.

Body

The FY2018 budget includes an increase in non-potable rates from \$1.15 per 1,000 gallons delivered to \$2.50 per 1,000 gallons delivered. The attached ordinance is required to effect implementation of that budget.

In fiscal year 2015 the Department began an aggressive program to refurbish and upgrade the non-potable system to maximize utilization of this important resource, as every gallon of surface or reuse water we utilize is a gallon we do not need to pump out of the aquifer. This fits with the Department's stated mission to operate in an environmentally sustainable fashion. The non-potable function was previously simply absorbed by the water production sub fund. We now have accounting in place to track non-potable costs separately. Initially staff presented to the Board of Public Utilities supporting documentation for this rate proposal based on that initial budgetary breakdown of costs.

At the July 2017 Utilities Board meeting, County Manager Harry Burgess raised some questions about the presentation and the rate calculation based on that initial budget estimate. To allow time to fully explore these concerns with Mr. Burgess the item was tabled at that meeting. Rather than working from the original budget, we have reworked the rate calculation to accurately reflect the currently anticipated costs specifically related to non-potable water delivery. That worksheet is attached herewith as attachment B. Department Manager Tim Glasco met with Mr. Burgess to review the calculation, and at the August 16 Utilities Board meeting Mr. Burgess acknowledged that his concerns had been addressed and he has no objection to the rate proposed. At that meeting the ordinance was approved in Public Hearing and forwarded to Council for adoption.

Currently the County is the only customer utilizing the non-potable water resource, primarily at the North Mesa ball fields, the Golf Course, and the Overlook Baseball and Soccer fields. As other

resources, most notably the LA Reservoir, come on line, there is potential for additional County facilities and possibly some Los Alamos Schools property to utilize the non-potable resource as well. This rate would apply to all non-potable consumption.

Alternatives

If not approved, we will continue to bill for non-potable consumption at the current rate. Decisions would have to be made about curtailment of maintenance and operations of the non-potable system and/or continued or increased subsidization of the function by the potable water production sub-fund.

Fiscal and Staff Impact

The budgeted increase is expected to generate \$116,640 additional revenue annually. There is no staff impact.

Attachments

A - Incorporated County of Los Alamos Code Ordinance 02-277

B -Non Potable Rate Calculation Worksheet