



# County of Los Alamos

## Council Meeting Staff Report

November 17, 2021

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<b>Agenda No.:</b>	7.A.
<b>Indexes (Council Goals):</b>	DPU FY26 - 2.0 Achieve and Maintain Excellence in Financial Performance
<b>Presenters:</b>	Steve Cummins
<b>Legislative File:</b>	15085-21

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### **Title**

Recommendation to Council for Approval and Adoption of Incorporated County of Los Alamos Code Ordinance No 02-324, An Ordinance Amending Chapter 40, Article II, Division 2, Section 40-63 to Extend the Option of Redirecting Department of Public Utilities Profit Transfers by Council Action to the Joint Utility System Fund for Purposes Designated by the Council.

### **Recommended Action**

I move that the Board of Public Utilities recommend to Council approval and adoption of Incorporated County of Los Alamos Code Ordinance 02-324 as presented.

### **Utilities Manager & Staff Recommendation**

The Utilities Manager and Staff recommends approval of the motion as presented.

### **Body**

On February 25, 2020, Incorporated County of Los Alamos Code Ordinance No 02-302 was adopted by County Council to redirect profit transfer from both the gas and electric utilities for a period of three years from FY 2020 until FY 2022. As part of the FY 2022 Budget preparation, DPU staff had prepared a 10-Year Profit Transfer Budget Options for renewal and replacement of utility infrastructure that supports the need to extend this period for an additional ten years. The BPU/Council sub-committee discussed in October 2021 and recommended to extend this period for another 10 years. To extend this Ordinance for another ten years it requires the ordinance modify the dates under Section 40-63 (12) (c) until 2032. This simple revision enables the Council to redirect the profit transfers within the DPU for purposes as specified by the Council for accelerating investment in utility infrastructure.

### **Alternatives**

The BPU could elect to wait to endorse these items pending further discussion, however because of the budget preparation, review, and approval process and schedule, such action would result in having to prepare two drafts of the FY23-24 Budget, one including the profit transfer, and another with no profit transfer. The BPU/Council sub-committee, CAO, CMO and DPU staff have reviewed the proposed revisions and collectively endorsed moving forward as proposed.

### **Fiscal and Staff Impact**

As part of the FY22 Budget, Staff presented a 10-year capital improvement plan that exclusively used the profit transfer proceeds that are redirected back to the DPU for renewal and replacement CIP projects. This program is approximately \$820,000 per year that benefits the Utility. Most of these renewal and replacement projects proposed on this CIP list are designed in house and coordinated with Public Works road construction projects.

### **Attachments**

A - Incorporated County of Los Alamos Draft Code Ordinance No 02-324