



## Council Meeting Staff Report

July 9, 2024

<b>Agenda No.:</b>	A.
<b>Indexes (Council Goals):</b>	Quality Excellence - Effective, Efficient, and Reliable Services, Quality Excellence - Infrastructure Asset Management, Quality Governance - Fiscal Stewardship, DPU FY2022 - 1.0 Provide Safe and Reliable Utility Services, DPU FY2022 - 2.0 Achieve and Maintain Excellence in Financial Performance
<b>Presenters:</b>	James Alarid
<b>Legislative File:</b>	OR1025-24

### Title

Introduction of Incorporated County of Los Alamos Ordinance No. 734; An Ordinance Authorizing the Incorporated County of Los Alamos (Borrower) to Enter Into a Loan Agreement with the New Mexico Environment Department (NMED) for the Purpose of Obtaining Project Loan Funds in the Principal Amount of \$1,500,000, Plus 1% Accrued Interest and Loan Subsidy Grant Funds in the Amount of \$500,000; for a Total Funded Amount of \$2,000,000; Designating the Use of the Funds for the Purpose Defined in the Most Current Project Description Form as Approved by NMED; Declaring the Necessity for the Loan; Providing that the Loan will be Payable and Collectible Solely from the Borrower's Pledged Revenues Defined; Prescribing Other Details Concerning the Loan and the Security for that Purpose (*Water Production Mechanical and Electrical Upgrades*)

### Recommended Action

**I introduce, without prejudice, Incorporated County of Los Alamos Ordinance No. 734; An Ordinance Authorizing the Incorporated County of Los Alamos (Borrower) to Enter Into a Loan Agreement with the New Mexico Environment Department (NMED) for the Purpose of Obtaining Project Loan Funds in the Principal Amount of \$1,500,000, Plus 1% Accrued Interest and Loan Subsidy Grant Funds in the Amount of \$500,000; for a Total Funded Amount of \$2,000,000; Designating the Use of the Funds for the Purpose Defined in the Most Current Project Description Form as Approved by NMED; Declaring the Necessity for the Loan; Providing that the Loan will be Payable and Collectible Solely from the Borrower's Pledged Revenues Defined; Prescribing Other Details Concerning the Loan and the Security for that Purpose and ask staff to assure that it is published as provided in the County Charter.**

### Utilities Manager's Recommendation

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

### Board, Commission or Committee Recommendation

The Board of Public Utilities approved Ordinance No. 734 at their regular session on June 26, 2024 and recommends that Council introduce and approve as presented.

### Body

The funding from this loan and grant will be applied to the Water Production Wells Electrical and Mechanical Upgrade project. The project was awarded on March 27, 2024 and is ongoing. The bid received required an additional \$2,073,000 above the available funding. The project was awarded using funds from other budgeted projects until additional financing could be secured. This \$2,000,000 loan and grant will allow the majority of the project to be financed, combined with the \$500,000 grant and a \$73,000 capital improvement contribution.

The project will construct a variety of mechanical and electrical upgrades in eight (8) water supply wells. The motor control centers for each of the eight wells will be replaced, a variety of work including check valves, isolation valves, air vacuum/release valves, pressure transducers, switches,

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meters and miscellaneous hardware will be replaced and the well piping will be re-painted. The wells vary in age from 25 years to 58 years. The older wells typically require more refurbishment than the newer wells based on a detailed condition assessment performed in 2022. The improvements in this project are the highest priority deficiencies identified in the condition assessment required to maintain reliable operation of the county's wells.

### **Proposed Public Hearing Schedule: July 30, 2024**

#### **Alternatives**

If the Ordinance is not approved, the project will be completed using the \$2,000,000 capital improvement funds obligated for the project when awarded.

#### **Fiscal and Staff Impact/Planned Item**

A Drinking Water State Revolving Loan (DWSRL) has been secured in the amount of \$2,727,000. The bid received required an additional \$2,073,000 above the DWSRL funding. This Rural Infrastructure Program (RIP) award of a \$1,500,000 loan (20 year @ 1%) combined with a \$500,000 grant totals \$2,000,000. Once the RIP loan/grant agreement is executed, the project will be funded almost entirely by low interest loans and grant funds, with the exception of \$73,000 which will come from the Water Production fund.

#### **Attachments**

- A - LAC Ordinance 734
- B - Budget Form
- C - Project Description