



## Council Meeting Staff Report

November 10, 2020

<b>Agenda No.:</b>	D.
<b>Indexes (Council Goals):</b>	* 2019 Council Goal - Investing in Infrastructure
<b>Presenters:</b>	Bob Westervelt
<b>Legislative File:</b>	RE0449-20

### Title

Incorporated County of Los Alamos Resolution No. 20-19 and No. 20-20 Authorizing and Approving Submittal of Completed Applications to the New Mexico Finance Authority for Financial Assistance and Project Approval for Projects Designated as Otowi Well #2 Pumphouse and Equipment and Otowi Well #4 Motor Control Center.

### Recommended Action

**I move that Council adopt Resolution No. 20-19 and Resolution No. 20-20 as presented.**

### Utilities Manager Recommendation

The Utilities Manager recommends that Council adopt the resolutions as presented.

### Board, Commission or Committee Recommendation

On September 16th, 2020, the Board of Public Utilities approved staff to submit applications.

### Body

The New Mexico Finance Authority (NMFA) has available extremely low-cost loan funds for drinking water projects (1% interest rate, no admin fee, with potential for a supplemental stipend). The Department of Public Utilities has identified several maintenance and replacement needs in the water system that we have had to spread out over many years due to funding and cash flow constraints. With the availability of this very low financing interest rate, staff is recommending that we fund some of the larger projects in our budget with loan funds and use the cash that was earmarked for these projects on a back log of repairs and replacement water line projects. The Board of Public Utilities approved the plan and authorized that we proceed with the loan application process at their regular meeting of September 16, 2020. As noted, the Water fund does have adequate cash, which was earmarked for these large projects. The projects were included in our FY21 and FY22 budgets. The loans allow us to spread the cost of those projects up to thirty years (twenty-five is contemplated), and use the cash on hand for more urgent repairs and replacement projects that we have been scheduling piecemeal over several years. The current rate structure and revenues allows for coverage for the additional debt service. The new loans will obligate only the revenues of the water system. Note, the Guaje Well #1a replacement was shown in the long range plan with debt financing. That project is included here to earmark this loan program as a probable source of funding for that project. The application for that, and the FY2022 projects, will be made at a later time.

As mentioned, there is potential for supplemental stipend award from the program. Staff had been told that all of the current fiscal year stipend funds had been awarded, but that we would be eligible for such funds in subsequent years. However, it is noted that on the just published "fundable priority list" we were proposed to receive an award of \$80k on the Otowi Well #2 project.

### Projects contemplated are:

- Otowi Well #2 Pumphouse and Equipment \$2,101,542 - Fall FY2021
- Otowi Well \$4 Motor Control Center \$325k - Fall FY2021
- Paint Barranca Tank #2 (the Golf ball tank) \$675k - Fall FY2022
- Replace four water system MCCs \$2M - FY22

The first two projects are urgent as we need to have them under construction by spring 2021, so we received special accommodation from NMFA to get them placed on the Fall FY21 Supplemental Fundable Priority List to be approved by the NMFA Board provided that we can get all of our applications and documents submitted before their meeting on November 19. One of the initial submittal requirements are Council resolutions authorizing us to apply for the loans. Resolutions for these two items are presented for Council's consideration at this time. The Application Certifications indicating Governing Body approval (attachments C and F) are required to be submitted with the applications as well.

**Alternatives**

If these resolutions are not adopted the projects will be completed using available cash on hand, and the department will continue to delay infrastructure upgrades and repairs, scheduling instead over time as cash balances permit.

**Fiscal and Staff Impact/Unplanned Item**

These loans would add \$110k debt service to the water fund budget for twenty-five years beginning in FY22, but would provide \$2.427M in funds and budget authority available for other system repairs and replacements in the current budget period.

**Attachments**

- A - Resolution 20-19
- B - Resolution 20-19 Notice of Publication
- C - Otowi Well #2 Pumphouse and Equipment Loan Application
- D - Application Certification Otowi Well #2 Wellhouse and Equipment
- E - Resolution 20-20
- F - Resolution 20-20 Notice of Publication
- G - Otowi Well #4 MCC Loan Application
- H - Application Certification Otowi Well #4 MCC
- I - FY21 and FY22 Project Summaries
- J - Drinking Water State Revolving Loan Fund