

## Council Meeting Staff Report

January 4, 2022

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<b>Agenda No.:</b>	A.
<b>Indexes (Council Goals):</b>	DPU FY2020 - 2.0 Achieve and Maintain Excellence in Financial Performance
<b>Presenters:</b>	Philo Shelton; Heather Garcia
<b>Legislative File:</b>	CO0622-21b

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### Title

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 Council adopt Incorporated County of Los Alamos Code Ordinance No. 02-324; and ask staff to assure that it is published in summary form.**

### County Manager's Recommendation

The County Manager recommends that Council adopt Incorporated County of Los Alamos Code Ordinance No. 02-324.

### Board, Commission, and Committees Recommendation

The Board of Public Utilities unanimously recommended 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, Department of Public Utilities (DPU) staff had prepared a 10-Year Profit Transfer Budget Options for renewal and replacement of utility infrastructure in coordination with road projects that supports the need to extend this period for an additional ten years. The Board of Public Utilities (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 requires that the dates under Section 40-63 (12) (c) be modified 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

County Council 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, County Attorney's Office (CAO), County Manager's Office (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 Code Ordinance No 02-324

B - Publication Notice