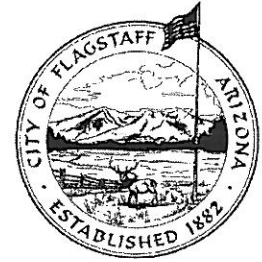


CITY OF FLAGSTAFF STAFF SUMMARY REPORT



To: The Honorable Mayor and Council
From: Randy Pellatz, Utilities Director
Date: January 6, 2009
Meeting Date: January 20, 2009

Title: Consideration to approve reclaimed water connection rebates to Flagstaff Unified School District and Lonetree Investment, L.L.C.

Recommended Action:

Approve reclaimed water connection rebates to Flagstaff Unified School District for \$ 2,403.15 and Lonetree Investment, L.L.C. for \$ 107,495.19.

ACTION SUMMARY:

In accordance with established "reclaimed water user agreements" with Flagstaff Unified School District (FUSD) and Lone Tree Investment (Pine Canyon Golf Course) these reclaim water customers receive annual rebates of 10% of the cost incurred by them to convert their systems to reclaimed water and/or to extend reclaimed waterlines to their sites. They are eligible for these rebates until their conversion costs are recovered.

DISCUSSION:

Background/History:

This will be the seventh of ten payments of \$2,403.15 to the Flagstaff Unified School District for the second phase of reclaimed water conversions they constructed (Thomas School).

This will be the seventh of ten payments of \$107,495.19 to Lone tree Investment, L.L.C. for the extension of a 16" reclaimed water line along Lone Tree and the extension of a 12" reclaimed water line across the Pine Canyon development to the future regional park boundary.

Key Considerations:

The rebate program provides an incentive for customers to extend the City's reclaimed water system and avoid using potable water. The policy has been in place for approximately fourteen years and the rebates are part of agreements executed by the City Council. From the City's perspective, the rebates offer a low cost method of financing reclaimed water extensions. The City incurs no interest or issuance costs as with bond programs.

Community Benefits and Considerations:

The use of reclaimed water for irrigation is an effective means of reducing potable water demands. Use of this alternative source of water supply reduces the need to pump additional groundwater or treat additional surface water supplies for irrigation.

Community Involvement:

NA

Financial Implications:

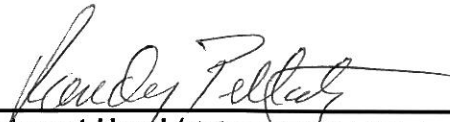
The Utilities Department has \$110,000 budgeted in account 5801 for reclaimed water rebates in FY 08.

Options and Alternatives:

- Authorize the payment of reclaimed water rebates
- Decline To Authorize the payment of reclaimed water rebates
- Instruct Staff to seek other options

Attachments/Exhibits:

- None



Department Head (*Acknowledgment that all reviews have been completed and required approvals initialed below.*)

INITIALS	RESPONSIBILITY	DATE	INITIALS	RESPONSIBILITY	DATE
_____	BIDS/PURCHASES	_____	_____	FINANCE/BUDGET	_____
_____	GRANTS	_____	_____	CONTRACTS	_____
_____	LEGAL	_____	_____	IGAS	_____
_____	_____	_____	_____	_____	_____

DATE OF COUNCIL APPROVAL: _____