

Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memorandum

Date: July 7, 2016
To: Buckman Direct Diversion Board
From: Mackie Romero, BDD Financial Manager *MR*

Item and Issue:

Presentation of completed “Financial Statements with accompanying Independent Auditor’s Reports” for Buckman Direct Diversion Facilities Operations as of fiscal year ended June 30, 2015.

Background and Summary:

Under the Project Management and Fiscal Service Agreement (PMFSA) Article 7. Fiscal Agent Responsibilities, item 6 states:

“with 90 days after the end of each fiscal year, provide copies of financial statements to the City, County and Las Campanas, showing the assets, liabilities, revenue, expenses, equity balances and budget comparisons for the Project Fund on an annual basis for the prior fiscal year in accordance with GAAP and GASB, complete the Management’s Discussion and Analysis (MDA) for the annual report, and provide upon request, a monthly general ledger report but may recommend that its auditors produce the financial statements, dependent on staff available and the complexity of the report requirements”

On May 10, 2016 a report of independent certified accountants was issued by Accounting and Consulting Group, LLP for the operations of the facility as of June 30, 2015.

The Buckman Direct Diversion uses four fund types to account for its fiscal activities, below is a description and summary of account balances at the end of each fiscal year as detailed in the accompanying Financial Statement.

- ❖ Enterprise Fund – BDD Operating Fund
- ❖ Special Revenue Fund – Operation and Maintenance Emergency Fund
- ❖ Capital Projects Fund – Habitat Restoration Project and BS 2A Solar Project
- ❖ Agency Fund – Emergency Reserve Fund and Major Repair and Replacement Fund



Major Enterprise Fund at June 30, 2015

- The *Buckman Direct Diversion Project Operations Enterprise Fund* which is used to account for the operations of the Buckman Direct Diversion facilities and reimbursement from user partners.

Fiscal Year Ended June 30, 2015

(Budgetary Basis - Cash)

Revenue	Original Budget	Final Budget	Actuals	Variance (Unfavorable)
City of Santa Fe	4,626,136	4,776,579	4,199,653	(576,926)
Santa Fe County	1,491,378	1,540,651	1,428,242	(112,409)
Las Campanas	227,086	232,501	130,858	(101,643)
PNM Solar Rebates	180,000	180,000	117,597	(62,403)
Total Revenue	6,524,600	6,729,731	5,876,350	(853,381)
Operating Expenses				
Personnel Services	3,410,700	3,177,594	2,919,462	258,132
Electricity	1,378,000	1,378,000	1,139,331	238,669
Chemicals	265,000	265,000	235,509	29,491
Solids	60,800	80,800	64,048	16,752
Materials & Supplies	415,300	623,329	592,726	30,603
Other Operating Costs	930,200	1,140,408	860,674	279,734
Fiscal Agent Fee	64,600	64,600	64,600	-
Total Operating Expenses	6,524,600	6,729,731	5,876,350	853,381

Partner Credit Balances at June 30, 2015

	City of Santa Fe	Santa Fe County	Las Campanas Entities	Totals
AR/Credit Carryover prior year	1,232,199	620,298.00	83,585	1,936,083
Cash Receipts	3,835,478	1,077,753	109,910	5,023,142
Less Reimbursements	(4,199,653)	(1,428,242)	(130,858)	(5,758,753)
Partner's Credit Balances	868,025	269,809	62,638	1,200,472

Special Revenue Fund at June 30, 2015

- The *Operation and Maintenance Emergency Fund* which is used to account for expenditures approved by the BDD Board that meet the specified requirements per the established policy from the Emergency Reserve Agency Fund.

Fiscal Year Ended June 30, 2015

Operating Revenue	Actuals
City of Santa Fe	274,102
Santa Fe County	113,014
Las Campanas	54,343
Total Operating Revenue	441,459
Operating Expenses	
Emergencies	441,459
Total Operating Expenses	441,459

Capital Projects Fund at June 30, 2015

- The *Capital Projects Fund* is used to account for disbursement of specific contribution or reimbursements from user partner for committed resources or construction of capital assets.
 - Habitat Restoration Project (Carve-out budget expenses)
 - Capital construction of Booster Station 2A Solar Array

Fiscal Year Ended

(Budgetary Basis - Cash) - Cummulative

Revenue	Approved					Cummulative
	Budget	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	Variance
City of Santa Fe	3,162,589	192,215	226,524	2,607,792	54,052	(82,006)
Santa Fe County	3,162,589	192,215	226,524	2,607,792	54,052	(82,006)
Las Campanas	75,756	19,764	17,323	26,378	4,039	(8,252)
Total Revenue	6,400,934	404,194	470,371	5,241,962	112,143	(172,264)
Operating Expenses						
Habitat Restoration	1,558,772	404,194	356,449	542,755	83,110	172,264
Capital Outlay (FY13)	4,842,162	-	113,922	4,699,207	29,033	-
Total Operating Expenses	6,400,934	404,194	470,371	5,241,962	112,143	172,264

Capital Outlay - Buckman's Solar Project was completed in July 2014 and capitalized in the 2015 fiscal year.

Habitat Restoration- Project funds continue to be budgeted.

- **Fiduciary Funds** are used to account for partner contributions to Buckman's agency funds which are purely custodial and are held in trust for the partners until it is needed for emergencies or repairs.
 - The Emergency Reserve Fund
 - The Major Repair and Replacement Fund

**Agency Fund Balance
at Fiscal Year Ended**

Emergency Reserve Fund

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	Cummulative Balance
Deposits held in trust					
City of Santa Fe	272,155	653,172	382,038	(270,783)	1,036,582
Santa Fe County	89,575	228,190	148,887	(111,893)	354,759
Las Campanas Entities	54,940	118,646	53,977	(53,795)	173,768
Emergency Reserve Fund Balance	416,670	1,000,008	584,902	(436,471)	1,565,109

Major Repair & Replacement Fund

	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	Cummulative Balance
Deposits held in trust					
City of Santa Fe	121,600	291,840	170,696	293,303	877,439
Santa Fe County	40,335	99,113	60,681	106,673	306,802
Las Campanas Entities	9,658	20,851	9,556	13,822	53,887
Major Repair & Replacement Fund	171,593	411,804	240,933	413,798	1,238,128

The Buckman Direct Diversion received two findings as stated in the Financial Statements.

- FS 2011-001 Late Completion of Audit Report
- FS 2012-001 Project-Wide Cost Allocation to Partners

BDD will continue to work closely with our partners and our fiscal agent, the City of Santa Fe to ensure all financial activities have been reconciled and are ready for review within the approved budgets and protocols established by the Project Management and Fiscal Service Agreement (PMFSA).

The BDD has been in operations for five years and as our operations continues to grow and evolve, staff will continue to ensure policies, accounting practices and procedures are efficient and effective, as we strive to provide full transparency to our BDD Board, our partners and our community.

BDD staff would like to thank all of those involved, as this has been a major achievement of the Buckman Direct Diversion and its Fiscal Agent, the City of Santa Fe. The Financial Statements and Report of Independent Certified Public Accountants are available on our website.



Buckman Direct Diversion

**Buckman Direct Diversion Project
Water Treatment Facility Operations
Financial Statements
With Accompanying Independent Auditors' Reports**

Year Ended June 30, 2015



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
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 June 30, 2015

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STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Directory of Officials
June 30, 2015

<u>Name</u>	<u>Board Members</u>	<u>Title</u>
Miguel Chavez		Commissioner, Santa Fe County
Carmichael Dominguez		Councilor, City of Santa Fe
Liz Stefanics		Commissioner, Santa Fe County
Joseph Maestas		Councilor, City of Santa Fe
Consuelo Bokum		At-Large Member

Fiscal Agent Administration

Oscar Rodriguez	Finance Director, City of Santa Fe
Teresita Garcia	Assistant Finance Director, City of Santa Fe
Erica Martinez	Senior Financial Analyst, City of Santa Fe

Buckman Administration

Charles Vokes	Facility Manager, Buckman
Mackie Romero	Fiscal Manager & Business Administrator, Buckman

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board Members
Santa Fe County
City of Santa Fe
Las Campanas
Buckman Direct Diversion Project
Water Treatment Facility Operations
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Buckman Direct Diversion Project Water Treatment Facility Operations (Buckman) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Buckman's basic financial statements, as listed in the table of contents. We also have audited the budgetary comparison of the major capital projects fund and proprietary fund presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Buckman's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Buckman's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Buckman as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for the capital projects fund and the proprietary fund of Buckman for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other information

Our audit was conducted for the purpose of forming opinions on Buckman's financial statements, and the budgetary comparisons. Schedules I and II are presented for purposes of additional analysis and are not a required part of the basic financial statements. Schedules I and II are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules I and II are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016, on our consideration of Buckman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Buckman's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, NM
May 10, 2016

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Statement of Net Position
 June 30, 2015

Exhibit A-1

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash, investments, and cash equivalents	\$ 307,782	\$ 2,354,237	\$ 2,662,019
Partner's accounts receivable			
City of Santa Fe	8,094	-	8,094
Las Campanas	7,334	-	7,334
Accrued interest receivable	-	1,559	1,559
Chemical inventory	-	127,302	127,302
Total current assets	323,210	2,483,098	2,806,308
Noncurrent assets			
Capital assets	-	230,884,648	230,884,648
Accumulated depreciation	-	(19,051,120)	(19,051,120)
Total noncurrent assets	-	211,833,528	211,833,528
Total assets	\$ 323,210	\$ 214,316,626	\$ 214,639,836
Liabilities			
Current liabilities			
Partner's credit balances			
City of Santa Fe	\$ -	\$ 868,026	\$ 868,026
Santa Fe County	220,411	269,808	490,219
Las Campanas	-	62,637	62,637
Accounts payable	102,799	606,803	709,602
Accrued payroll	-	72,521	72,521
Compensated absences	-	107,386	107,386
Total current liabilities	323,210	1,987,181	2,310,391
Total liabilities	323,210	1,987,181	2,310,391
Net Position			
Net investment in capital assets	-	211,833,528	211,833,528
Unrestricted	-	495,917	495,917
Total net position	-	212,329,445	212,329,445
Total liabilities and net position	\$ 323,210	\$ 214,316,626	\$ 214,639,836

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Statement of Activities
 For the Year Ended June 30, 2015

Exhibit A-2

	Governmental Activities	Business-type Activities	Total
Program expenses:			
Buckman Direct Diversion Project Operations	\$ -	\$ 11,206,457	\$ 11,206,457
Habitat restoration and compliance	83,110	-	83,110
Emergencies	441,459	-	441,459
	<u>524,569</u>	<u>11,206,457</u>	<u>11,731,026</u>
Program Revenues:			
Reimbursements			
City of Santa Fe	328,154	4,199,653	4,527,807
Santa Fe County	167,066	1,428,242	1,595,308
Las Campanas	58,382	130,858	189,240
PNM solar rebates	-	123,279	123,279
Miscellaneous revenue	-	62	62
Total program revenues	<u>553,602</u>	<u>5,882,094</u>	<u>6,435,696</u>
<i>Net program revenue (expense)</i>	<u>29,033</u>	<u>(5,324,363)</u>	<u>(5,295,330)</u>
General Revenues:			
Investment income	-	14,537	14,537
Total general revenues	<u>-</u>	<u>14,537</u>	<u>14,537</u>
Special Item-transfer of completed solar array project (See note 6)	<u>(4,842,162)</u>	<u>4,842,162</u>	<u>-</u>
Change in net position	(4,813,129)	(467,664)	(5,280,793)
Net position, beginning	<u>4,813,129</u>	<u>212,797,109</u>	<u>217,610,238</u>
Net position, ending	<u>\$ -</u>	<u>\$ 212,329,445</u>	<u>\$ 212,329,445</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Balance Sheet
Governmental Funds
June 30, 2015

	Operation and Maintenance Emergency	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash, investments, and cash equivalents	\$ 86,906	\$ 220,876	\$ 307,782
Partner's accounts receivable			
City of Santa Fe	-	8,094	8,094
Las Campanas	-	7,334	7,334
<i>Total assets</i>	\$ 86,906	\$ 236,304	\$ 323,210
 LIABILITIES AND FUND BALANCES			
<i>Liabilities</i>			
Partner's credit balances			
Santa Fe County	\$ -	\$ 220,411	\$ 220,411
Accounts payable	86,906	15,893	102,799
<i>Total liabilities</i>	86,906	236,304	323,210
 <i>Fund balances</i>			
Spendable:			
Committed	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities and fund balances</i>	\$ 86,906	\$ 236,304	\$ 323,210

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	Operation and Maintenance Emergency	Capital Projects Fund	Total Governmental Funds
REVENUES			
Reimbursements			
City of Santa Fe	\$ 274,102	\$ 54,052	\$ 328,154
Santa Fe County	113,014	54,052	167,066
Las Campanas	54,343	4,039	58,382
<i>Total revenues</i>	<u>441,459</u>	<u>112,143</u>	<u>553,602</u>
EXPENDITURES			
Current			
Habitat restoration and compliance	-	83,110	83,110
Emergencies	441,459	-	441,459
Capital outlay	-	29,033	29,033
<i>Total expenditures</i>	<u>441,459</u>	<u>112,143</u>	<u>553,602</u>
<i>Net change in fund balance</i>	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Exhibit B-2
Page 2 of 2

Net Change in Fund Balance - Governmental Funds \$ -

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Transfer of completed solar array project to business-type activities (4,813,129)

Change in Net Position (Exhibit A-2) \$ (4,813,129)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Statement of Net Position
 Buckman Direct Diversion Project Operations Enterprise Fund
 June 30, 2015

Exhibit C-1

Assets

Current assets

Cash, investments, and cash equivalents	\$	2,354,237
Accrued interest receivable		1,559
Chemical inventory		127,302
<i>Total current assets</i>		2,483,098

Noncurrent assets

Capital assets		230,884,648
Accumulated depreciation		(19,051,120)
<i>Total noncurrent assets</i>		211,833,528

<i>Total assets</i>	\$	214,316,626
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Liabilities and net position

Current liabilities

Partner's credit balances		
City of Santa Fe	\$	868,026
Santa Fe County		269,808
Las Campanas		62,637
Accounts payable		606,803
Accrued wages payable		72,521
Compensated absences		107,386
<i>Total current liabilities</i>		1,987,181

<i>Total liabilities</i>		1,987,181
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Net position

Net investment in capital assets		211,833,528
Unrestricted		495,917
		212,329,445

<i>Total net position</i>		212,329,445
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<i>Total liabilities and net position</i>	\$	214,316,626
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Statement of Revenues, Expenses and Changes in Net Position
 Buckman Direct Diversion Project Operations Enterprise Fund
 For the Year Ended June 30, 2015

Exhibit C-2

<i>Operating revenues</i>	
Reimbursements	
City of Santa Fe	\$ 4,199,653
Santa Fe County	1,428,242
Las Campanas	130,858
PNM solar rebates	123,279
Miscellaneous revenue	62
	<hr/>
<i>Total operating revenues</i>	5,882,094
	<hr/>
<i>Operating expenses</i>	
Personnel costs	2,937,578
Depreciation	5,317,474
Electricity	1,139,331
Chemicals	235,509
Solids	64,048
Materials and supplies	587,243
Contractual services	550,692
Fiscal agent fee	64,600
Uniforms	16,473
Software	22,347
Gas	34,733
Insurance	207,404
Training and subscriptions	14,227
Communication	14,798
	<hr/>
<i>Total operating expenses</i>	11,206,457
	<hr/>
<i>Operating (loss)</i>	(5,324,363)
	<hr/>
<i>Non-operating revenues (expenses)</i>	
Investment income	14,537
	<hr/>
<i>Total non-operating revenues (expenses)</i>	14,537
	<hr/>
Special Item-transfer of completed solar array project (See note 6)	4,842,162
	<hr/>
<i>Change in net position</i>	(467,664)
	<hr/>
<i>Total net position - beginning of year</i>	212,797,109
	<hr/>
<i>Total net position, end of year</i>	\$ 212,329,445
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Statement of Cash Flows
 Buckman Direct Diversion Project Operations Enterprise Fund
 For the Year Ended June 30, 2015

<i>Cash flows from operating activities</i>	
Cash received from partners and PNM	\$ 5,146,483
Cash paid to suppliers for goods and services	(2,898,862)
Cash paid to employees for services	<u>(2,899,250)</u>
<i>Net cash used by operating activities</i>	<u>(651,629)</u>
<i>Cash flows from capital and financing activities</i>	
Acquisition and construction of capital assets	<u>(5,484)</u>
<i>Net cash used by capital and financing activities</i>	<u>(5,484)</u>
<i>Cash flows from investing activities</i>	
Investment income	<u>15,884</u>
<i>Net cash provided by investing activities</i>	<u>15,884</u>
<i>Net decrease in cash, investments, and cash equivalents</i>	(641,229)
<i>Cash, investments, and cash equivalents - beginning of year</i>	<u>2,995,466</u>
<i>Cash, investments, and cash equivalents - end of year</i>	<u><u>\$ 2,354,237</u></u>

The accompanying notes are an integral part of these financial statements

Reconciliation of operating loss to net cash used by operating activities

Operating loss	\$ (5,324,363)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	5,317,474
Changes in assets and liabilities:	
Decrease in partner's credit balances	(735,611)
Increase in chemical inventory	(21,019)
Increase in accounts payable	73,562
Increase in accrued wages and compensated absences	<u>38,328</u>
Total changes in assets and liabilities	<u>(644,740)</u>
Net cash used by operating activities	<u><u>\$ (651,629)</u></u>

Supplemental non-cash disclosure

A transfer of capital assets from governmental activities increased capital assets in the enterprise fund in the amount of \$4,842,162 during fiscal year 2015. See note 6 for more information.

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STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2015

	Emergency Fund	Major Repair and Replacement Fund	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 1,564,124	\$ 1,134,014	\$ 2,698,138
Partner's accounts receivable			
City of Santa Fe	-	72,960	72,960
Santa Fe County	-	26,540	26,540
Las Campanas	-	4,041	4,041
Accrued interest	985	573	1,558
<i>Total assets</i>	<u>\$ 1,565,109</u>	<u>\$ 1,238,128</u>	<u>\$ 2,803,237</u>
<i>Liabilities</i>			
Deposits held in trust and other amounts due to partners			
City of Santa Fe	\$ 1,036,582	\$ 877,439	\$ 1,914,021
Santa Fe County	354,759	306,802	661,561
Las Campanas	173,768	53,887	227,655
<i>Total liabilities</i>	<u>\$ 1,565,109</u>	<u>\$ 1,238,128</u>	<u>\$ 2,803,237</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Buckman Direct Diversion Project
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NOTE 1. Organization

Under a joint powers agreement for the Buckman Direct Diversion Project dated January 11, 2005 (JPA), the City of Santa Fe (City) joined Santa Fe County (County) to design and construct the Buckman Direct Diversion Project in order to divert surface water from the Rio Grande River to the independent water systems of the City and County to reduce reliance on over-taxed ground water resources. Operations of the Buckman Direct Diversion Water Treatment Facility (Buckman) commenced May 15, 2011. The Buckman site is located 15 miles northwest of Santa Fe, approximately 3 miles downstream from where Route 3 crosses the Rio Grande River at the Otowi Bridge. Buckman is considered under the provisions of the Joint Powers Act to be an entity separate from the individual parties named in the JPA as prescribed by State Statute Section II 1-5(B) NMSA 1978. The City and County each own 50% of the diversion facilities of Buckman and have established a board to oversee the planning, procurement, financing, permitting, design, and construction of the Buckman Direct Diversion Project as well as the operations and management of Buckman. The Board is comprised of two members of the governing body of the City of Santa Fe, two members of the governing body of Santa Fe County Commissioners, and one citizen member at large appointed by a majority vote of the four other members. Other project participants include Las Campanas Limited Partnership, who retains no ownership interest in Buckman but pays for its proportional share of that system (diversion structure, sediment pond, and related infrastructure) it actually uses. The City of Santa Fe, Santa Fe County, and Las Campanas Limited Partnership are referred to in these financial statements as the user partners. Buckman Direct Diversion Project is jointly owned by the City of Santa Fe and the County of Santa Fe. Construction of the facility was completed in December 2010 and the project was completed under the terms of the construction contract on May 15, 2011 which is the approximate date upon which operations commenced.

NOTE 2. Summary of Significant Accounting Policies

This summary of significant accounting policies of Buckman is presented to assist in the understanding of the Buckman's financial statements. The financial statements and notes are the representation of Buckman's management who is responsible for their integrity and objectivity. The financial statements of Buckman have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the year ended June 30, 2015, Buckman adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. Compliant with the requirement of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the City (Fiscal Agent for Buckman) has implemented the standard for fiscal year ending June 30, 2015. Buckman, as part of the City is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for Buckman funds apply to the City as a whole, and as such this information will be presented the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the City will be contained in the CAFR and will be available, when issued, from the City of Santa Fe. Questions concerning any of the information provided in the report or request for additional financial information should be addressed to the City Finance Director, P.O. Box 909, City of Santa Fe, NM 87504.

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NOTE 2. Summary of Significant Accounting Policies (continued)

The more significant of Buckman's accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define Buckman, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 as amended by No. 39 and No 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, Buckman does not have any component units required to be reported under GASB Statements No. 14, No. 39 and No. 61.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services provided.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. Buckman's Net Position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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NOTE 2. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements--(continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Program revenues included in the Statement of Activities are derived from reimbursements for the user partners. Program revenues reduce the cost of the function to be financed from Buckman's general revenues.

Buckman reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable within a function. Buckman does not currently employ indirect cost allocation systems. Depreciation expenses are specifically identified by function and included in the direct expense of each function.

Reimbursements from the user partners are recognized as revenue each month based on the monthly expenditures that have been incurred. A prebilling precedes the month of billing on an estimated basis for cash flow purposes. A final billing is made based on actual costs and expenses incurred for fixed, variable, and project-wide costs. Amounts that may be paid in excess of billings are recorded as partner's credit balances in the Statement of Net Position.

Governmental funds are used to account for Buckman's general government activities, including the collection and disbursement of specific contributions or reimbursement from user partners for committed resources, or the acquisition or construction of capital assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of Buckman's enterprise fund is reimbursements from user partners for the cost of operations. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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NOTE 2. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting and financial statement presentation-(continued)

Buckman uses fiduciary funds to account for partner contributions to Buckman's Emergency fund and Major Repair and Replacement fund which are described below. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations. Pursuant to the joint powers agreement the money is held in trust for the partners until it is needed for emergency or repairs.

Buckman reports the following agency funds:

The Emergency fund and Repair and Replacement fund are agency funds and were approved by the Board on February 3, 2011. Both the Emergency fund and the Repair and Replacement Fund are to be funded through specific contributions from the user partners and utilized for specified purposes. The Emergency fund target balance is \$2,000,000 and was funded over a two-year period and fully funded at June 30, 2014. During fiscal year 2015, \$441,459 was utilized and transferred to the Operation and Maintenance Emergency special revenue fund for emergency purposes. For the Repair and Replacement fund, Buckman established an accumulation target of \$1,235,428 with \$411,812 in annual contributions for fiscal year 2015.

The Board approved the Emergency Fund Reserve Policy and the Major Repair and Replacement Fund Policy on February 3, 2011.

Emergency Reserve Fund Policy: In order to secure resources assuring Buckman's timely response to emergencies, which could potentially threaten, reduce, or eliminate Buckman's capacity to meet its customers' demands, Buckman established an accumulation target amount of \$2,000,000 to fund the emergency reserve fund. While insurance may provide reimbursement of costs associated with some emergency situations, the Emergency Reserve Fund will provide an immediate infusion of the fund that are necessary to address the situation without having to first solicit funding from the partners. The total amount funded as June 30, 2015 was \$1,564,124. \$441,459 was utilized and transferred to Operation and Maintenance Emergency special revenue fund during fiscal year 2015.

Major Repair and Replacement Fund Policy: In accordance with the Buckman's intergovernmental agreements and in order to secure resources assuring Buckman's ability to cover the repair and replacement cost of capital assets already in existence within Buckman, this policy ensures funding is available to repair or replace capital equipment when the capital equipment has reached the end of its effective useful life. Buckman established an accumulation target of \$411,812 in annual contributions to be fully funded by the end of each fiscal year. The total amount funded as of June 30, 2015 was \$1,134,014.

The *Operation and Maintenance Emergency* special revenue fund was established in fiscal year 2015 to account for emergency and repair related expenditures and related reimbursements from the partner's agency funds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities, as well as for the maintenance of facilities for Buckman Direct Diversion Project. The Board on March 1, 2012 approved the carryforward of their construction budget because it was necessary to fund on-going work efforts, and because Buckman is required to carry out certain tasks pursuant to environmental regulatory mandates including habitat restoration required by Buckman's federal environment permit. These on-going work effects and task pursuant to regulatory mandates were included in the original construction budget to ensure compliance with the National Environmental Policy Act, Environmental Impact Statements, and the Endangered Species Act. In addition, Buckman utilizes the Capital Projects fund to account for the reimbursements and construction of a large solar panel within the Buckman utility system at the Booster Station 2a facility.

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
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NOTE 2. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position

Buckman reports the following major enterprise fund:

The *Buckman Direct Diversion Project Operations Enterprise fund* is used to account for the operations of the Buckman Regional Water Treatment Plant and other Buckman related facilities and reimbursements from user partners.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is Buckman's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Investments, and Cash Equivalents: Cash is pooled into one common account maintained by the City of Santa Fe, Buckman's fiscal agent, in order to maximize investment opportunities. Buckman's monies deposited in the pooled cash account have equity therein, and interest earned on any of the investment of these monies is allocated based upon relative equity at month end. Cash and cash equivalents is considered to be a share of the City's pooled cash and short-term investments with original maturities of three months or less from the date of acquisition. Please refer to the City of Santa Fe's financial statements for the year ended June 30, 2015 for a complete description of permissible investments and risk disclosures concerning cash investments.

Partner's Accounts Receivables / Partner's Credit Balances: A prebilling precedes the month of billing on an estimated basis for cash flow purposes based on the monthly approved budget. Outstanding amounts owed to Buckman from prebilling activities are reported as Partner's Accounts Receivable in the Statement of Net Position. Revenue from the user partners is recognized each month based on the monthly expenses that have been incurred. A final billing is made based on actual costs and expenses incurred for fixed, variable, and project-wide costs. Amounts paid by partners in excess of final invoiced amounts are recorded as Partner's Credit Balances in the Statement of Net Position and used to offset future billings.

Chemical Inventory: Chemical inventory recorded in Buckman's enterprise fund is stated at the lower of cost of market and totals \$127,302 at June 30, 2015. The cost of consumption is billed to each individual partner monthly, and is determined using the average cost method.

Capital Assets: Capital assets are recorded at cost. The fiscal agent's (City of Santa Fe) policy is to capitalize all assets with a cost of \$5,000 or greater. Major outlays for capital assets and improvements are capitalized as projects as they are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives as follows:

Assets	Years
Buildings and Structures	50
Equipment and machinery	7
Vehicles	8
Data processing equipment	3

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NOTE 2. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position-(continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures including the useful lives of depreciable assets and the estimated usage of leave balances by employees. Accordingly, actual results could differ from those estimates.

Compensated Absences: It is the Fiscal Agent's (City of Santa Fe) policy to permit employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and overtime. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of Buckman and its employees is accrued as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a special event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or when such events take place. Compensated absences are recorded as an expense and a liability of Buckman. In prior year's all of the related expenses associated with compensated absences have been liquidated by the Buckman Direct Diversion Project enterprise fund.

Pensions: Buckman, as part of the City, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for Buckman apply to the City as a whole, and as such this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the City of Santa Fe. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the CAFR and will be available, when issued, from City of Santa Fe. For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to /deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment is reported at fair value.

Fund Balance Classification Policies and Procedures:

Nonspendable Fund Balance: This fund classification represents amounts that are not in spendable form. At June 30, 2015, Buckman has no fund balances not in spendable form.

Restricted Fund Balance: This fund classification represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Enabling legislation includes a legal enforceable requirement that resources be used only for specific purposes stipulated in the legislation. Legal enforceability means the government can be impelled by an external party to use resources for the purpose specified by the legislation. At June 30, 2015, Buckman has no fund balances that are classified as restricted.

STATE OF NEW MEXICO
Buckman Direct Diversion Project
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NOTE 2. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position-(continued)

Committed Fund Balance: This fund classification represents amounts that can only be used for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for Buckman. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At June 30, 2015 Buckman has no fund balance amounts that are classified as committed.

Assigned Fund Balance: This fund classification represents amounts that are constrained by the Board's intent to use them for a specific purpose, but are neither restricted nor committed. The Board has not established a policy regarding the assignment of funds. For assigned fund balance, the Board or an official or body to which the Board delegates the authority is authorized to assign amounts to a specific purpose. At June 30, 2015 Buckman has no fund balances that are classified as assigned.

Unassigned Fund Balances: This fund classification represents all other spendable amounts that are not classified in the above categories. At June 30, 2015 Buckman has no fund balances that are classified as unassigned.

For the classification of fund balances, Buckman considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, Buckman considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Minimum Fund Balance Policies: Buckman has minimum fund balance policies that apply to its agency funds which are described in Note 2 (C) above

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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NOTE 3. Stewardship, Compliance and Accountability

Budgetary Information

Buckman's annual operating budget for the enterprise fund is adopted on a basis other than generally accepted accounting principles (Non-GAAP basis). Depreciation is not budgeted for the enterprise fund. Buckman's budget for the capital projects fund is adopted on a modified accrual basis which is the same basis of accounting used for the financial statements. There is no adopted budget for the Operation and Maintenance Emergency special revenue fund during fiscal year 2015. The budget includes both the proposed City and County portions and requires approval from both the City Council and the Santa Fe County Commission. The budget must also be approved by the BDD Buckman's Board. The budget and any adjustments are subject to the regular budget requirements and calendar cycles of the City and the County. Budgetary control is at the fund level for both the enterprise fund and the capital projects fund. Encumbrance accounting is employed in all funds. Encumbrances (purchase orders, contracts and other commitments for the expenditure of resources) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

NOTE 4. Cash, Investments, and Cash Equivalents

Buckman does not have a separate bank account. At June 30, 2015, Buckman had cash, investments, and cash equivalents totaling \$5,360,157 which represents Buckman's portion in cash and investment pooled accounts maintained by the City of Santa Fe. This amount includes \$1,564,124 committed for emergencies and \$1,134,014 committed for future repairs or replacements of capital assets pursuant to Buckman policies. The City invests its pooled cash into US Government securities, repurchase agreements, municipal bonds, certificates of deposit, the State Treasurer's investment pool and US Government security mutual funds. Please refer to the Comprehensive Annual Financial Report for the City of Santa Fe, New Mexico for the disclosure information regarding the custodial credit risk and other risks that may apply. The report may be obtained from the City by contacting the Assistant Finance Director at 200 Lincoln Avenue, P.O. Box 909 Santa Fe, New Mexico 87504-0909.

NOTE 5. Partner's Accounts Receivable / Partner's Credit Balances

The following table shows the balances outstanding from each partner or partner credit balance as of June 30, 2015.

	Partner's Accounts Receivable			Total
	City of Santa Fe	Santa Fe County	Las Campanas	
Governmental activities:				
Habitat restoration, compliance and construction	\$ 8,094	\$ -	\$ 7,334	\$ 15,428
Total	<u>\$ 8,094</u>	<u>\$ -</u>	<u>\$ 7,334</u>	<u>\$ 15,428</u>
	Partner's Credit Balances			
	City of Santa Fe	Santa Fe County	Las Campanas	Total
Governmental activities:				
Habitat restoration, compliance and construction	\$ -	\$ 220,411	\$ -	\$ 220,411
Business-type activities:				
Buckman operations	868,026	269,808	62,637	1,200,471
Total	<u>\$ 868,026</u>	<u>\$ 490,219</u>	<u>\$ 62,637</u>	<u>\$ 1,420,882</u>

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June 30, 2015

NOTE 5. Partner's Accounts Receivable / Partner's Credit Balances-(continued)

	Partner's Accounts Receivable			Total
	City of Santa Fe	Santa Fe County	Las Campanas	
Agency fund:				
Major Repair and Replacement fund	\$ 72,960	\$ 26,540	\$ 4,041	\$ 103,541
Total	<u>\$ 72,960</u>	<u>\$ 26,540</u>	<u>\$ 4,041</u>	<u>\$ 103,541</u>

No allowance for doubtful accounts has been recorded, as Buckman expects to fully collect all outstanding receivables.

NOTE 6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Business-type activities

	Beginning Balance June 30, 2014	Additions	Transfers	Ending Balance June 30, 2015
	Capital assets, being depreciated:			
Buildings and structures	\$ 225,550,531	\$ -	\$ -	\$ 225,550,531
Equipment and machinery	162,741	5,484	4,842,162	5,010,387
Vehicles	277,342	-	-	277,342
Data processing equipment	46,388	-	-	46,388
Total capital assets being depreciated	<u>226,037,002</u>	<u>5,484</u>	<u>4,842,162</u>	<u>230,884,648</u>
Less accumulated depreciation:				
Buildings and structures	13,533,032	4,511,011	-	18,044,043
Equipment and machinery	62,158	755,347	-	817,505
Vehicles	99,273	43,911	-	143,184
Data processing equipment	39,183	7,205	-	46,388
Total accumulated depreciation	<u>13,733,646</u>	<u>5,317,474</u>	<u>-</u>	<u>19,051,120</u>
Total capital assets being depreciated, net	<u>212,303,356</u>	<u>(5,311,990)</u>	<u>4,842,162</u>	<u>211,833,528</u>
Total capital assets	<u>\$ 212,303,356</u>	<u>\$ (5,311,990)</u>	<u>\$ 4,842,162</u>	<u>\$ 211,833,528</u>

Depreciation expense totaled \$5,317,474 and was recorded in the Buckman Direct Diversion Operations fund for fiscal year ending June 30, 2015.

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
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 Notes to Financial Statements
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NOTE 6. Capital Assets-(continued)

Governmental activities

	Beginning Balance June 30, 2014	Additions	Transfers	Ending Balance June 30, 2015
Capital assets, not being depreciated:				
Construction in progress	\$ 4,813,129	\$ 29,033	\$ (4,842,162)	\$ -

Construction in progress relates to Buckman’s solar array project that commenced in May of 2013. The project includes design, acquisition, construction, permitting and installation of a solar photovoltaic system to service the Buckman Diversion Project at its Booster Station 2a facility. The actual cost of the project totaled \$4,842,162 and the project was completed in fiscal year 2015. The completed project was transferred from governmental activities to Buckman’s Water Treatment Facility Operations enterprise fund in fiscal year 2015. The transfer is reported as a special item in the statement of activities for fiscal year 2015.

NOTE 7. Compensated Absences

Business-type activities

Compensated absences activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Compensated absences	89,270	314,474	296,358	107,386	107,386
Total	\$ 89,270	\$ 314,474	\$ 296,358	\$ 107,386	\$ 107,386

NOTE 8. Economic Dependence and Related Party Transactions

1. Buckman is economically dependent on three entities - City of Santa Fe, Santa Fe County, and Las Campanas (the user partners). These entities account for 100% of its funding for the period ending June 30, 2015.
2. See note 5 for outstanding balances owed from user partners and credit balances outstanding as of June 30, 2015.
3. The City of Santa Fe as fiscal agent for the Buckman Direct Diversion Project receives a fee of 1% of the annual operating budget of the project. The City of Santa Fe received \$64,600 of fees for services as fiscal agent for the year ended June 30, 2015.

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NOTE 9. Risk Management

Pursuant to the Joint Powers Agreement section 23, Buckman is required to carry insurance coverage separate and apart from the partner's respective insurance policies. Buckman carries public liability insurance coverage (including directors and officers coverage) consistent with its responsibilities as a public entity under the New Mexico Tort Claims Act, NMSA 1978, Section 41-1-1 with combined single limits of \$1,000,000. Buckman carries a public liability commercial insurance policy with occurrence-based coverage against losses arising out of all operations conducted on the premises, contractual liability coverage, crime, automobile, directors and officers' coverage and other appropriate coverages. Buckman carries commercial property insurance on all of Buckman's buildings, structures, equipment, improvements, and vehicles to protect itself from losses arising from fire, earthquake, and flood disasters. Buckman also has commercial insurance for potential losses arising from excess liability and failures to supply materials needed to operate Buckman facilities.

Buckman Staff, as employees of the City of Santa Fe participate in the Santa Fe Health Fund and the Workers' Compensation Fund, which are self-insured programs administered by the fiscal agent. Buckman makes pro rata payments to the City based on actuarial estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for catastrophic losses. Health claims are handled by a professional third-party claims administrator. The fiscal agent maintains specific stop loss coverage for individual claims in excess of \$200,000 with a \$1,000,000 statutory limit. Workers' compensation claims are handled by a professional, third-party claims administrator. Buckman maintains specific stop loss coverage for individual claims in excess of \$500,000 with a \$1,000,000 statutory limit. There was no reduction in amount of coverage for 2015.

NOTE 10. Pension Plan-Public Employee Retirement Association (PERA)

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at

<http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366PublicEmployeesRetirementsAssociation2014.pdf>

Contributions. The contribution requirements of plan members and the Board are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at the following website address:

<http://osanm.org/media/audits/366PublicEmployeesRetirementAssociation2014.pdf>

STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Notes to Financial Statements
June 30, 2015

NOTE 10. Pension Plan-Public Employee Retirement Association (PERA) –(continued)

The PERA coverage option that applies to the Board is Municipal General. Statutorily required contributions to the pension plan were \$352,568 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions:

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The State of New Mexico's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts.

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68 Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for fiscal year ending June 30, 2015. Buckman as part of the City (Fiscal Agent), is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA).

Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the City will be contained in the CAFR and will be available, when issued, from the City of Santa Fe. Questions concerning any of the information provided in the report or request for additional financial information should be addressed to the City Finance Director, P.O. Box 909, City of Santa Fe, NM 87504.

STATE OF NEW MEXICO
Buckman Direct Diversion Project
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June 30, 2015

NOTE 11. Post Employment Benefits –State Retiree Health Care Plan

Plan Description. Buckman contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary.

For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) [10-12B-1 NMSA 1978], during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary.

In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Buckman's contributions to the RHCA for the years ended June 30, 2015, June 30, 2014, and June 30, 2013, were \$34,344, \$30,562, and \$31,465 which equal the required contributions for each year.

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Buckman Direct Diversion Project
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June 30, 2015

NOTE 12. Project Manager / Fiscal Agent Agreement

In November 2007, the Buckman Direct Diversion Board entered into an agreement with the City of Santa Fe to act in the capacity as project manager and fiscal agent for the Board. Duties of the City include:

Project Manager

- Carry out the directives and policies of the BOD Board, make recommendations to the BOD Board related to the Project, provide support staff for BOD Board meetings, contract with independent legal counsel selected by the BOD Board, contract with specialized legal counsel as needed to support design, construction, operation and maintenance of the Project, and, as directed by the BOD Board, implement the Project during design and construction and, following completion of construction, manage, operate, and maintain the Project;
- Seek and apply for funding (except for funding to be provided by the City and the County pursuant to the Project Agreements) in the form of grants, loans or loan guarantees, or other funding sources as may be deemed appropriate by the BOD Board, for the Project as directed by the BOD Board and manage any such grants, loans or loan guarantees;
- Administer all funds loaned, granted or contributed by the City, the County, or Las Campanas in connection with the Project, and respond to related audits as may be necessary;
- Prepare and submit to the BOD Board, the City, the County, and Las Campanas no later than December 15 of each Fiscal Year, an Annual Operating Budget, which shall include annual and 5-year projected Operations, Maintenance, Replacement & Reserve (OMR&R) costs, including a 5-year schedule with the Project Manager's proposed facilities and equipment major maintenance and replacement costs, proposed allocation of costs among the City, the County, and Las Campanas as provided in the Facilities Operations and Procedures Agreement (FOPA), a facilities and equipment major repair and replacement fund, and an emergency reserve fund;
- Develop and implement prior to initial operation a cost accounting system to apportion the total fixed and variable cost of OMR&R to the City, the County, and Las Campanas in accordance with the cost sharing provisions of the FOPA;
- Develop a document retention and protection policy for adoption by the BOD Board;
- Act as fiscal agent for the Project;
- Once an Annual Operating Budget is approved by the BOD Board, implement the budget, adhere strictly to the budget, and make recommendations for necessary budget adjustments throughout the Fiscal Year, and contract for an annual independent audit, consistent with GMP and GASB and with the New Mexico Audit Act, NMSA 1978, Sections 12-6-1-, et seq., and 2.2.2. NMAC, et seq., as amended, and report the results of the audit to the BDD Board;

STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Notes to Financial Statements
June 30, 2015

NOTE 12. Project Manager / Fiscal Agent Agreement-(continued)

Project Manager-Continued

- Prepare and submit to the BOD Board for approval all documentation to be used for procurement in the Project including, but not limited to, documents related to design, engineering, construction, operation and maintenance of the Project, including, without limitation, requests for proposals, requests for qualifications and contracts in amounts greater than \$20,000;
- Develop all procurement documents in accordance with the City's Purchasing Manual and present same to the BOD Board;
- Consult with staff of the City, the County, and Las Campanas regarding the planning and design and OMR&R of the Project;
- In consultation with the BOD Board, apply for, manage and maintain, including the preparation and submittal of all required compliance reports, all necessary permits for the operation of the Project, including, without limitation, those permits, easements, and rights-of-way held in the name of the BOD Board, and those permits required to be obtained by the BOD Board pursuant to Section 6 of the FOIPA;
- Maintain communication with the BOD Board, the City, the County, and Las Campanas, primarily via monthly BOD Board meetings, and keep these entities informed of important matters as may be necessary in the interim between monthly BOD Board meetings;
- As directed by the BOD Board, act as liaison for the BOD Board and represent the BOD Board in Project matters involving tribal governments, state and federal government agencies, and non-governmental organizations;
- Perform other duties as assigned by the BOD Board consistent with funding and the Project Agreements
- Maintain segregated books and records consistent with GAAP to account for all separate funding sources, including, without limitation, funds provided by the City, the County, or Las Campanas in support of construction or subsequent OMR&R of the Project and funds secured by the Board pursuant to grants or loans from funding agencies;
- Within 90 days after the end of each fiscal year, provide copies of financial statements to the City, the County, and Las Campanas, showing the assets, liabilities, revenues, expenses, equity balances and budget comparisons for the Project fund on an annual basis for the prior fiscal year in accordance with GMP and GASB, complete the Management's Discussion and Analysis (MDA) for the annual financial report, and provide upon request, a monthly general ledger report; and
- Procure, contract, and pay for as budgeted an annual independent audit, consistent with GAAP and GASB and with the New Mexico Audit Act, NMSA 1978, Sections 12-6-1-, et seq., and NMAC, et seq., as amended, and report the results of the audit to the BOD Board.

The agreement expires on December 1, 2015.

STATE OF NEW MEXICO
Buckman Direct Diversion Project
Water Treatment Facility Operations
Notes to Financial Statements
June 30, 2015

NOTE 13. Subsequent Events

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is May 10, 2016, which is the date on which the financial statements were available to be issued.

NOTE 14. Subsequent Pronouncements

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2016. The Board is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Board is still evaluating how this pronouncement will affect the Board.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Board's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Board expects this pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2016. The Board expects the pronouncement to have a material effect on the financial statements.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2017. The Board is still evaluating how this pronouncement will effect the financial statements.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Statement of Revenues, Expenditures and
 Changes in Fund Balance-Budget (Modified Accrual Basis) and Actual
 Capital Projects Fund
 For the Year Ended June 30, 2015

Statement A-1

	Budgeted Amounts		Actual (Modified Accrual) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Reimbursements				
City of Santa Fe	\$ 268,653	\$ 268,653	\$ 54,052	\$ (214,601)
Santa Fe County	268,653	268,653	54,052	(214,601)
Las Campanas	27,446	27,446	4,039	(23,407)
<i>Total revenues</i>	564,752	564,752	112,143	(452,609)
<i>Expenditures:</i>				
Current:				
Habitat restoration and compliance	564,752	564,752	83,110	481,642
Capital outlay	-	-	29,033	(29,033)
<i>Total expenditures</i>	564,752	564,752	112,143	452,609
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Internal transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	\$ -	\$ -	-	\$ -
			-	
Net change in fund balance GAAP basis			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Buckman Direct Diversion Project
Schedule of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP Budgetary Basis) and Actual
Buckman Direct Diversion Project Operations Fund
For the Year Ended June 30, 2015

Statement A-2

	Budgeted Amounts		Non-GAAP Budgetary Basis	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Operating revenues</i>				
City of Santa Fe	\$ 4,626,136	\$ 4,776,579	\$ 4,199,653	\$ (576,926)
Santa Fe County	1,491,378	1,540,651	1,428,242	(112,409)
Las Campanas	227,086	232,501	130,858	(101,643)
PNM Solar Rebates	180,000	180,000	123,279	(56,721)
Miscellaneous revenue	-	-	62	62
<i>Total operating revenues</i>	<u>6,524,600</u>	<u>6,729,731</u>	<u>5,882,094</u>	<u>(847,637)</u>
<i>Operating expenses</i>				
Personnel services	3,410,700	3,177,594	2,937,578	240,016
Electricity	1,378,000	1,378,000	1,139,331	238,669
Chemicals	265,000	265,000	235,509	29,491
Solids	60,800	80,800	64,048	16,752
Materials & Supplies	415,300	623,329	587,243	36,086
Other operating costs	930,200	1,140,408	860,674	279,734
Fiscal agent fee	64,600	64,600	64,600	-
<i>Total operating expenses</i>	<u>6,524,600</u>	<u>6,729,731</u>	<u>5,888,983</u>	<u>840,748</u>
<i>Non-operating revenues (expenses)</i>				
Investment income	-	9,865	14,537	4,672
Interest expense	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>9,865</u>	<u>14,537</u>	<u>4,672</u>
<i>Excess (deficiency) of revenues and sources over expenses and uses</i>				
	<u>-</u>	<u>9,865</u>	<u>7,648</u>	<u>(2,217)</u>
Designated cash	<u>\$ -</u>	<u>\$ (9,865)</u>	<u>-</u>	<u>\$ 9,865</u>
Change in net position (Non-GAAP budgetary basis)			<u>\$ 7,648</u>	
Adjustments for GAAP basis (non-budgeted items)				
Depreciation			(5,317,474)	
Special Item-Transfer of completed solar array project (See note 6)			<u>4,842,162</u>	
<i>Change in net position, Exhibit C-2</i>			<u>(467,664)</u>	
<i>Net position - beginning of year</i>			<u>212,797,109</u>	
<i>Net position- end of year</i>			<u>\$ 212,329,445</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 Emergency Fund
 For the Year Ended June 30, 2015

Schedule I

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash, receivables, and accrued interest				
City of Santa Fe	\$ 1,307,365	\$ 3,319	\$ 274,102	\$ 1,036,582
Santa Fe County	466,652	1,121	113,014	354,759
Las Campanas	227,563	664	54,459	173,768
<i>Total assets</i>	\$ 2,001,580	\$ 5,104	\$ 441,575	\$ 1,565,109
 LIABILITIES				
Deposits held in trust and other amounts due to partners and accounts payable				
City of Santa Fe	\$ 1,307,365	\$ 3,319	\$ 274,102	\$ 1,036,582
Santa Fe County	466,652	1,121	113,014	354,759
Las Campanas	227,563	664	54,459	173,768
<i>Total liabilities</i>	\$ 2,001,580	\$ 5,104	\$ 441,575	\$ 1,565,109

See independent auditors' report

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Schedule of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 Major Repair and Replacement Fund
 For the Year Ended June 30, 2015

Schedule II

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash, accounts receivable, accrued interest				
City of Santa Fe	\$ 584,136	\$ 293,303	\$ -	\$ 877,439
Santa Fe County	200,129	106,673	-	306,802
Las Campanas	40,065	13,822	-	53,887
<i>Total assets</i>	<u>\$ 824,330</u>	<u>\$ 413,798</u>	<u>\$ -</u>	<u>\$ 1,238,128</u>
LIABILITIES				
Deposits held in trust and other amounts due to partners				
City of Santa Fe	\$ 584,136	\$ 293,303	\$ -	\$ 877,439
Santa Fe County	200,129	106,673	-	306,802
Las Campanas	40,065	13,822	-	53,887
<i>Total liabilities</i>	<u>\$ 824,330</u>	<u>\$ 413,798</u>	<u>\$ -</u>	<u>\$ 1,238,128</u>

See independent auditors' report

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COMPLIANCE SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Board Members
Santa Fe County
City of Santa Fe
Las Campanas
Buckman Direct Diversion Project
Water Treatment Facility Operations
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Buckman Direct Diversion Project Water Treatment Facility Operations (Buckman), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Buckman's basic financial statements, and related budgetary comparisons of Buckman presented as supplementary information, and have issued our report thereon dated May 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buckman's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckman's internal control. Accordingly, we do not express an opinion on the effectiveness of Buckman's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

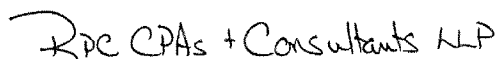
As part of obtaining reasonable assurance about whether Buckman's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 2011-001 and FS 2012-001.

Buckman's Response to the Finding

Buckman's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Buckman's response was not subjected to the auditing procedures applies in the audit of the financial statements and, accordingly we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckman's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buckman's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, NM
May 10, 2016

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Schedule of Findings and Responses
 June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

1. Type of auditors’ report issued	Unmodified
2. Internal Control over financial Reporting	
a. Material weaknesses identified?	None Noted
b. Significant deficiencies identified not considered to be material weaknesses?	None Noted
c. Noncompliance material to the financial statements?	None Noted

SECTION II-STATUS OF PRIOR YEAR FINDINGS

FS 2011-001 Late Completion of Audit Report-	Repeated and Modified
FS 2012-001 Project-Wide Cost Allocation to Partners	Repeated and Modified

SECTION III-CURRENT YEAR FINDINGS

FINANCIAL STATEMENT FINDINGS

FS 2011-001 Late Completion of Audit Report-Repeated and Modified- Other Matter

Condition: The June 30, 2015 audit report was not completed in the time frame contemplated by the Project Management and Fiscal Services Agreement between the Buckman Direct Diversion Project Board and the City of Santa Fe and Santa Fe County.

Criteria: The Project Management and Fiscal Services Agreement, And Fiscal Services Agreement, Article 7 Sec. (4) and (77) specify that books and record be complete within 90 days (September 30, 2015) after the end of the fiscal year for all external users and to allow the timely performance of the annual audit.

Effect: Buckman is not in compliance with the Project Management and Fiscal Services agreement.

Cause: The prior fiscal year audits were not released until October 23, 2015 and beginning balances and the proper reporting framework needed to be established before the fiscal year 2015 audit could be finalized. In addition, management evaluated the fund presentation and determined changes were necessary based upon the operating environment and entries were necessary along with new funds were established in the spring of 2016.

Auditors’ Recommendation: We recommend Buckman evaluate whether there is adequate personnel resources to produce a timely audit and identify areas where additional training and procedures could be established.

Management Response: The City agrees that this audit was not in compliance with the Project Management and Fiscal Services Agreement. The City and BDD staff will continue to evaluate the procedures and the process pertaining to the accounting for Buckman’s billing and receivable transactions. The City will work with BDD personnel to coordinate a review of the Project Management and Fiscal Services Agreement to see if an amendment is necessary to better organize the reporting dates and cycles.

STATE OF NEW MEXICO
 Buckman Direct Diversion Project
 Water Treatment Facility Operations
 Schedule of Findings and Responses
 June 30, 2015

FS 2012-001 Project-Wide Cost Allocation to Partners-Repeated and Modified- Other Matter

Condition: During our review of 12 monthly billings that occurred in fiscal year 2015 we noted there was not a documented agreement between partners on how project-wide costs (i.e. indirect costs) were to be billed to each partner. A calculation was performed by the fiscal manager that allocated project-wide costs totaling \$2,433,873 to the City of Santa Fe, Santa Fe County, and Las Campanas using the percentages detailed in the table below.

Partner	Project-Wide Cost Allocation Percentage
City of Santa Fe	73.34%
Santa Fe County	24.02%
Las Campanas	2.64%

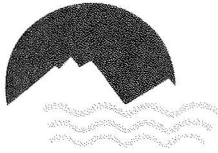
Criteria: Paragraphs 20 through 23 of the facility operation procedures agreement dated September 7, 2006 provide specific guidance on how fixed and variable costs should be billed to each partner; however, there was no specific provision that addressed how project-wide costs should have been billed to each partner.

Effect: Since there was no specific provision that addressed how project-wide costs should have been billed to each partner the fiscal manager had to determine the appropriate costs to be billed to each partner instead of the partners determining and approving the project-wide costs allocation percentages. The potential outcome is that partners could question the appropriateness and accuracy of the project-wide costs allocation and demand reimbursement.

Cause: The billing of project-wide costs and allocation was not contemplated during preparation of the original facility operation procedure agreement dated September 7, 2006.

Auditors' Recommendation: We recommend management and the Board consider and agree upon how project-wide costs should be billed and incorporate that agreement into the facility operations procedures agreement.

Management Response: BDD management and the City of Santa Fe, as fiscal agent concur with the audit finding. BDD management, BDD Partners and the BDD Board shall review, evaluate, and recommend how the cost sharing principle Project-Wide Costs, shall be allocated amongst all BDD Partners. Upon concurrence and BDD Board approval the allocation methodology shall also be incorporated into the Facility Operations and Procedures Agreement. In addition all cost-sharing principles shall be reviewed by BDD management and its partners annually and in connection with the budget process to ensure allocation is reasonable and appropriate.



Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memorandum

Date: July 7, 2016
To: Buckman Direct Diversion Board
From: Matthew Sandoval, Interim Operations Superintendent *MS*
Subject: Update on BDD Operations for the Month of June 2016

ITEM:

1. This memorandum is to update the Buckman Direct Diversion (BDD) Board on BDD operations during the month of June 2016. The BDD diversions and deliveries have averaged, in Million Gallons Daily (MGD) as follows:
 - a. Raw water diversions: 3.02 MGD Average
 - b. Finished Drinking water deliveries through Booster Station 4A: 1.15 MGD Average
 - c. Finished Drinking water deliveries through Booster Station 5A: 0.868 MGD Average
 - d. Raw water delivery to Las Campanas at BS2A: 27.01 MG Total.
2. The BDD is providing approximately 27 percent of the water supply to the City and County for the month.
3. Please see the following pages from the Monthly report to the Office of the State Engineer (OSE) for accurate information up to June 15, 2016.
4. Please note all prior years are also included for reference.
5. The current Drought Update Summary is attached and reservoir storage status.



BACKGROUND AND SUMMARY:

Buckman Direct Diversion Monthly SJC and Native Diversions

Jun-16

In Acre-Feet

Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03638 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	378.873	50.648	0.066	328.159	328.159	0.000	3.029
FEB	326.352	66.609	10.811	248.933	248.933	0.000	2.303
MAR	587.746	123.812	4.622	459.312	459.312	0.000	4.304
APR	708.538	130.463	0.000	578.076	578.076	0.000	5.329
MAY	587.344	179.527	0.000	407.817	407.817	0.000	3.625
JUN	162.171	19.353	0.000	142.818	92.600	50.218	1.337
JUL	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AUG	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SEP	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OCT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NOV	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DEC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	2,751.025	570.412	15.498	2,165.114	2,114.897	50.218	19.926

In Acre-Feet

Month	Native COUNTY	Native Las Campanas	SJC CITY	SJC Las Campanas	All Partners Diversions BDD
JAN	50.648	0.066	325.131	0.000	375.844
FEB	66.609	10.811	246.630	0.000	324.049
MAR	123.812	4.622	455.008	0.000	583.442
APR	130.463	0.000	572.747	0.000	703.210
MAY	179.527	0.000	404.192	0.000	583.719
JUN	19.353	0.000	91.733	49.748	160.834
JUL	0.000	0.000	0.000	0.000	0.000
AUG	0.000	0.000	0.000	0.000	0.000
SEP	0.000	0.000	0.000	0.000	0.000
OCT	0.000	0.000	0.000	0.000	0.000
NOV	0.000	0.000	0.000	0.000	0.000
DEC	0.000	0.000	0.000	0.000	0.000
TOTAL	570.412	15.498	2,095.441	49.748	2,731.099

Dec-15

In Acre-Feet

Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03638 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	312.687	66.122	0.000	246.565	246.565	0.000	2.400
FEB	328.880	49.882	6.848	272.150	272.150	0.000	2.358
MAR	358.212	169.870	8.149	180.193	180.193	0.000	1.602
APR	40.134	40.134	0.000	0.000	0.000	0.000	0.000
MAY	465.403	238.729	0.000	226.674	226.674	0.000	2.145
JUN	692.311	128.544	0.000	563.767	452.444	111.323	5.043
JUL	448.317	148.671	0.000	299.646	237.065	62.581	2.701
AUG	493.158	213.727	0.000	279.430	279.430	0.000	2.538
SEP	683.013	130.850	0.000	552.163	552.163	0.000	4.983
OCT	677.884	80.409	0.000	597.475	597.475	0.000	5.300
NOV	494.573	66.158	0.000	428.415	428.415	0.000	3.893
DEC	308.669	111.017	0.000	197.652	197.652	0.000	1.764
TOTAL	5,303.242	1,444.113	14.997	3,844.131	3,670.227	173.904	34.726

In Acre-Feet

Month	Native COUNTY	Native Las Campanas	SJC CITY	SJC Las Campanas	All Partners Diversions BDD
JAN	66.122	0.000	244.165	0.000	310.287
FEB	49.882	6.848	269.792	0.000	326.521
MAR	169.870	8.149	178.592	0.000	356.610
APR	40.134	0.000	0.000	0.000	40.134
MAY	238.729	0.000	224.529	0.000	463.258
JUN	128.544	0.000	448.397	110.327	687.268
JUL	148.671	0.000	234.928	62.017	445.616
AUG	213.727	0.000	276.893	0.000	490.620
SEP	130.850	0.000	547.180	0.000	678.030
OCT	80.409	0.000	592.175	0.000	672.585
NOV	66.158	0.000	424.522	0.000	490.681
DEC	111.017	0.000	195.888	0.000	306.905
TOTAL	1,444.113	14.997	3,637.061	172.344	5,268.515

Buckman Direct Diversion Monthly SJC and Native Diversions

Dec-14

Month	Total SJC Release (AF)	SJC Conveyance Losses (AF)	Total SJC Available at BDD (AF)	SJC Diversion, SP-2847-E (AF)	SJC Diversion, SP-2847-N-A (AF)	Total Native Rio Grande Diversion SP-4842 (AF)	Release of SJC in Elephant Butte (AF)	Total BDD Surface Diversion (all permits)	SJC from SP-2847-E used to offset Buckman Wells RG-20516 (AF)	SJC from SP-2847-N used to offset Buckman Wells RG-20516 (AF)
JAN	383.35	3.74	390.34	390.34	0.00	12.68	0	403.01	0	0
FEB	349.51	3.28	341.55	341.55	0.00	11.38	0	352.93	0	0
MAR	373.88	3.66	381.69	357.07	34.09	148.83	0	530.52	0	0
APR	178.75	1.70	176.78	92.46	84.47	227.22	0	404.00	0	0
MAY	491.46	4.61	480.35	389.13	91.22	374.86	0	855.21	0	0
JUN	427.50	3.96	412.65	295.07	117.58	292.84	0	705.49	0	0
JUL	425.22	4.14	431.96	399.51	32.46	72.32	0	504.28	0	0
AUG	496.68	4.60	479.66	479.66	0.00	96.07	0	575.74	0	0
SEP	552.71	5.40	562.83	562.83	0.00	84.85	0	647.68	0	0
OCT	381.93	3.63	378.30	378.30	0.00	142.46	0	520.76	0	0
NOV	441.14	4.09	426.17	426.17	0.00	11.59	0	437.76	0	0
DEC	423.99	4.13	430.74	430.74	0.00	19.56	0	450.30	0	0
TOTAL	4,926.12	46.93	4,893.03	4,542.84	359.82	1,494.66	0.00	6,387.69	0.00	0.00

Source of SJC releases in reporting month. Includes conveyance losses.

Month	Total Release (AF)	ABIQUIU		
		City of Santa Fe (AF)	Santa Fe County (AF)	Club at Las Campanas (AF)
JAN	383.35	383.35	0.00	0.00
FEB	349.51	349.51	0.00	0.00
MAR	373.88	346.37	0.00	27.37
APR	178.75	93.42	0.00	85.41
MAY	491.46	399.41	0.00	92.41
JUN	427.50	307.54	0.00	120.28
JUL	425.22	397.13	0.00	28.09
AUG	496.68	496.68	0.00	0.00
SEP	552.71	552.71	0.00	0.00
OCT	381.93	381.93	0.00	0.00
NOV	441.14	441.14	0.00	0.00
DEC	423.99	423.99	0.00	0.00
TOTAL	4,926.12	4,573.19	0.00	353.55

Buckman Direct Diversion Monthly SJC and Native Diversions

December 2013

Month	Total SJC Release (AF)	SJC Conveyance Losses (AF)	Total SJC Available at BDD (AF)	SJC Diversion, SP-2847-E (AF)	SJC Diversion, SP-2847-N-A (AF)	Total Native Rio Grande Diversion SP-4842 (AF)	Release of SJC in Elephant Butte (AF)	Total BDD Surface Diversion (all permits)	SJC from SP-2847-E used to offset Buckman Wells RG-20516 (AF)	SJC from SP-2847-N used to offset Buckman Wells RG-20516 (AF)
JAN	439.04	4.24	441.79	441.79	0	44.09	0	485.88	0	0
FEB	261.03	2.47	257.94	257.94	0	10.49	0	268.42	0	0
MAR	353.69	3.30	343.57	343.57	0	75.66	0	419.23	0	0
APR	680.73	6.34	661.33	661.33	0	89.47	0	750.80	0	0
MAY	1045.27	9.88	1030.46	1030.46	0	22.86	0	1053.32	0	0
JUN	817.91	7.85	818.00	734.56	83.44	260.03	0	1078.03	0	0
JUL	606.85	5.90	614.73	397.47	78.83	0.00	0	476.30	83.70	54.73
AUG	108.68	0.91	95.34	41.68	36.91	0.00	0	78.59	5.58	11.18
SEP	136.77	1.43	149.29	63.86	53.76	0.00	0	117.61	25.36	6.32
OCT	255.24	2.46	256.53	213.87	42.66	72.92	0	329.45	0	0
NOV	196.45	1.88	195.50	187.02	8.48	117.33	0	312.83	0	0
DEC	293.76	2.63	274.19	274.19	0.00	12.25	0	286.44	0	0
TOTAL	5195.42	49.29	5138.67	4647.73	304.07	705.09	0.00	5656.89	114.64	72.23

Source of SJC releases in reporting month. Includes conveyance losses.

Month	Total Release (AF)	ABIQUIU		
		City of Santa Fe (AF)	Santa Fe County (AF)	Club at Las Campanas (AF)
JAN	439.04	439.04	0	0
FEB	261.03	261.03	0	0
MAR	353.69	353.69	0	0
APR	680.73	680.73	0	0
MAY	1045.27	1045.27	0	0
JUN	817.91	729.30	0	88.60
JUL	606.85	473.27	0	133.58
AUG	108.68	65.21	0	43.47
SEP	136.77	83.87	0	52.90
OCT	255.24	211.15	0	44.09
NOV	196.45	186.31	0	10.15
DEC	293.76	293.76	0	0.00
TOTAL	5195.42	4822.62	0.00	372.79

Buckman Direct Diversion Monthly SJC and Native Diversions

December 2012

Month	Total SJC Release SP-2847-E (AF)	Conveyance Losses (AF)	Total SJC Available at BDD Diversion (AF)	Total SJC Diversion SP-2847-E (AF)	Total Native Rio Grande Diversion SP-4842 (AF)	Release of SJC in Elephant Butte (AF)	Total BDD Surface Diversion SP-2847-E plus SP-4842 (AF)	SJC used to offset Buckman Wells RG-20516 (AF)
JAN	448.09	4.06	447.00	411.56	5.02	0	416.59	35.44
FEB	210.29	1.97	216.94	208.13	32.21	0	240.34	8.81
MAR	335.75	2.94	323.61	312.85	59.21	0	372.06	10.76
APR	528.63	4.72	519.90	519.90	108.61	0	628.51	0.00
MAY	660.18	6.24	651.05	651.05	145.51	0	796.55	0.00
JUN	722.36	6.79	692.21	692.21	120.92	0	813.12	0.00
JUL	152.03	2.23	191.75	157.16	0.00	0	157.16	34.60
AUG	86.08	0.58	60.90	60.90	239.96	0	300.87	0.00
SEP	637.17	6.05	630.92	630.92	110.07	0	740.99	0.00
OCT	747.21	7.14	744.87	744.87	50.82	0	795.69	0.00
NOV	479.19	4.63	482.65	482.65	120.91	0	603.56	0.00
DEC	442.67	4.17	434.71	434.71	119.44	0	554.15	0.00
TOTALS	5449.67	51.53	5396.51	5306.90	1112.67	0.00	6419.57	89.61

Source of SJC Releases in reporting month. Includes conveyance losses.

Month	Total Release (AF)	HERON		EL VADO		ABIQUIU	
		CITY	COUNTY	CITY	COUNTY	CITY	COUNTY
JAN	448.09	0.00	0.00	0.00	0.00	448.09	0.00
FEB	210.29	0.00	0.00	0.00	0.00	210.29	0.00
MAR	335.75	0.00	0.00	0.00	0.00	335.75	0.00
APR	528.63	0.00	0.00	0.00	0.00	528.63	0.00
MAY	660.18	0.00	0.00	0.00	0.00	660.18	0.00
JUN	722.36	0.00	27.21	0.00	0.00	695.15	0.00
JUL	152.03	0.00	21.42	0.00	0.00	130.61	0.00
AUG	86.08	0.00	0.00	0.00	0.00	86.08	0.00
SEP	637.17	0.00	0.00	0.00	0.00	637.17	0.00
OCT	747.21	0.00	0.00	0.00	0.00	747.21	0.00
NOV	479.19	0.00	0.00	0.00	0.00	479.19	0.00
DEC	442.67	0.00	0.00	0.00	0.00	442.67	0.00
TOTALS	5449.67	0.00	48.63	0.00	0.00	5401.04	0.00

Note: Grey fields indicate revisions to previous monthly report

Drought, Monsoon/El Nino, and ESA Update

Drought conditions have eased this past year due to the reappearance of a strong El Nino, although February – June has been relatively dry. NOAA has recently issued an **“Alert System Status” (June 20, 2016) which indicates that ENSO (El Nino) neutral conditions are now present with increasing likelihood for La Nina conditions (hot/dry) to develop by the summer, with about a 75% chance of La Nina during fall and winter 2016/17.** The dynamic model average indicates La Nina by June-July-August, while the statistical models predict a transition to La Nina around September-October-November. Dry conditions in 2016/17 could present significant challenges to all water purveyors, water utilities, and irrigators if there is not significant filling and carry-over storage in regional reservoirs from the current run-off season and/or monsoon rains. Regional reservoir levels on the upper Santa Fe, Rio Grande, and Chama Rivers are still low but rising due to warmer temperatures and resultant snowmelt runoff. Preliminary estimates are for an approximate 90% delivery of full firm-yield of San Juan-Chama Project water. There are no water-related Endangered Species Act (ESA) updates. Updates on ESA issues will be made as needed. Rio Grande Compact Article VII storage restrictions went back into effect 4/22/16, which means the City will not be allowed to impound “native” runoff into Nichols and McClure Reservoirs above the pre-Compact pool of 1,061 AF (unless an exchange for water is made with the NMISC). Updates to this condition will be made as needed.

Current City of Santa Fe 2015/2016 SJCP Reservoir Storage:

Heron:

6,392 AF (2015 SJCP water must be vacated by September 31, 2016 pursuant to a BoR waiver).

El Vado:

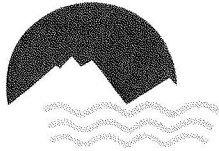
0 AF

Abiquiu:

9,047 AF SJCP carry-over from previous years, no time limit to vacate due to storage agreement with ABCWUA

TOTAL:

15,439 AF



Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memorandum

Date: July 7, 2016
To: Buckman Direct Diversion Board
From: Mackie Romero, BDD Financial Manager 
Subject: ALS Global, Amendment #1

Item and Issue:

Request approval of Amendment #1 with ALS Global in the amount of \$120,000.00 inclusive of NMGRT.

Background and Summary:

On August 6, 2015 the Buckman Direct Diversion Board approved our request to award RFP #15/40/P' for analytical testing services to ALS Global. This amendment will increase compensation for the new fiscal year in the amount of \$120,000 inclusive of NM Gross Receipts Tax. This request will authorize the funding needed for services July 1, 2016 to June 30, 2017, which is year two within the allowed extension period.

This agreement is partially funded by the DOE/LANL awarded federal grant for \$96,000, for the BDD Surface Water Monitoring Program.

The Scope of Services consists of:

- ✚ Conduct analytical testing of surface water and sediment, and provide results to the BDD Regulatory Compliance Officer;
- ✚ Meet the minimum requirements for laboratory report and electronic data deliverables;
- ✚ Meet US Environmental Protection Agency and NM Environment Department compliance requirements;
- ✚ Apply US Environmental Protection Agency and NM Environment Department approved analytical methods;
- ✚ Meet US Environmental Protection Agency and NM Environment Department approved QA/QC requirements.



RECOMMENDED ACTION:

Staff recommends approval of Amendment #1 with ALS Global in the amount of \$120,000 inclusive of NMGRF for services through June 30, 2017. Funding is available in our approved FY 2016/2017 operating budget.

BU/Line Item: Compliance Contracts # 7280000.510250.753030

Approved by BDDDB July 7, 2016

Councilor Carmichael Dominguez,
BDDDB Chair

**BUCKMAN DIRECT DIVERSION BOARD
AMENDMENT No. 1 TO THE PROFESSIONAL SERVICES AGREEMENT
WITH ALS GLOBAL**

THIS AMENDMENT No. 1 (the "Amendment") to the PROFESSIONAL SERVICES AGREEMENT, dated September 22, 2012, (the "Agreement"), is made between the Buckman Direct Diversion Board (the "BDDDB") and ALS Global, ("Contractor"). The effective date of this Amendment shall be as of the date it is executed by the BDDDB.

RECITALS

A. Under the terms of the Agreement, Contractor has agreed to provide laboratory analysis of environmental samples.

B. Pursuant to Article 18 of the Agreement, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the BDDDB and Contractor agree as follows:

1. SCOPE OF SERVICES

Article 1 of the Agreement is amended to include "Table A" listing the specific tasks to be performed by Contractor, in accordance with this Agreement.

2. COMPENSATION

Article 3 of the Agreement is amended to increase the amount of compensation by a total of one hundred twenty thousand dollars (\$120,000.00) inclusive of gross receipts tax, so that Article 3, paragraph A reads in its entirety as follows:

a. The BDDDB shall pay to Contractor in full payment for services rendered, a sum not to exceed two hundred forty thousand dollars (\$240,000.00), inclusive of gross receipts tax.

3. AGREEMENT IN FULL FORCE

Except as specifically provided in this Amendment, the Agreement remains, and shall remain, in full force and effect, in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the Professional Services Agreement.

***[BALANCE OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]***

BUCKMAN DIRECT DIVERSION BOARD

By: _____
Carmichael Dominguez,
BDDDB Chair

Date: _____

APPROVED AS TO FORM



Nancy R. Long, BDDDB Counsel

APPROVED

Oscar S. Rodriguez, City Finance Director

7280000.5102510.753030

ATTEST

Yolanda Y. Vigil, City Clerk

File Date: _____

CONTRACTOR:

ALS Global

Signature: _____

Printed Name: _____

Title: _____

Date: _____

NM Taxation & Revenue
CRS # 03-185297-00-1

City of Santa Fe Business
Registration # _____

“Table A”

Scope of Work

Task	Number of Sub-Task	Sub-Task Descriptions
Laboratory Provided Equipment & Services	1A 1B 1C 1D	<ul style="list-style-type: none"> ▪ Laboratory shall provide ice chests, sample containers (with appropriate preservatives); ▪ Laboratory shall provide Chain-of-Custody (COC) form; ▪ Laboratory shall provide sample labels; and ▪ Laboratory shall bear all shipping cost for shipment of five (5) or more samples.
Laboratory Handling & Documentation of Samples	2A 2B 2C	<ul style="list-style-type: none"> ▪ Laboratory shall handle & document all samples for analyses according to generally accepted chain-of-custody procedures; ▪ BDD shall ship samples to laboratory or sub-contracted laboratory unless laboratory specifies its own pick-up service; ▪ Any work requested by BDD through submission of the COC form will become part of this Contract.
Laboratory Provided Analyses	3A 3B 3C 3D	<ul style="list-style-type: none"> ▪ Upon request of BDD, the laboratory shall perform analysis on solid (soil or sediment) and water samples. ▪ Attachment 1 contains a blank fee schedule with a list of the analyses. All sub-contracted laboratories must be listed on the form for specific analyses. Specific analyses may be upgraded or replaced to comply with EPA or industry-accepted upgrades. Additions, modifications, or deletions of analytical methods or specific analytes by the laboratory or sub-contracted laboratory are subject to approval by BDD. ▪ Laboratory shall analyze the samples within the method-specific holding time following appropriate COC, preparation and method QA/QC procedures; ▪ Upon completion of analyses, the laboratory shall be responsible for the disposal of all samples, but shall not dispose of the samples for at least thirty (30) days after delivery of the final laboratory reports.

“Table A”

Laboratory Provided Deliverables	4A 4B 4C	<ul style="list-style-type: none">▪ Laboratory shall provide complete data packets to BDD as soon as possible after analyses are completed but no later than thirty (30) days, unless a delay in delivery was approved by BDD in writing;▪ The data packet shall include a detailed lab report if requested by BDD and an electronic data deliverables (EDDs) of all analyses in the format specified by BDD. The laboratory must transmit data packets electronically; and▪ The data packet shall include a Level III quality control description at no additional cost.
Laboratory Provided Technical Services	5A 5B	<ul style="list-style-type: none">▪ Upon request by BDD, laboratory shall make available to BDD laboratory personnel for the purposes of providing oral or written testimony in administrative or legal proceedings; and▪ Laboratory shall make available its premises at mutually-agreed times for inspection by BDD or designated third party for the purposes of data verification and validation.



Buckman Direct Diversion Board Summary of Contracts, Agreements, & Amendments

Section to be completed by department for each contract or contract amendment

1 **FOR:** ORIGINAL CONTRACT or CONTRACT AMENDMENT

2 Name of Contractor ALS Global

3 Complete information requested Plus GRT
 Inclusive of GRT

Original Contract Amount: \$120,000.00

Termination Date: June 30, 2017

Approved by BDDB Date: August 6, 2015
 or by Project Manager Date: _____

Contract is for: To provide laboratroy analysis of environmental samples.

Amendment # 1 to the Original Contract# 15-1063

Increase/(Decrease) Amount \$ \$ 120,000.00

Extend Termination Date to: _____

Approved by BDDB Date: pending
 or by Facilities Manager Date: _____

Amendment is for: Increase comp and add table A to scope of services

4 **History of Contract & Amendments:** (option: attach spreadsheet if multiple amendments) Plus GRT
 Inclusive of GRT

Amount \$ 120,000.00 of original Contract# 15-1063 Termination Date: 06/30/2017
Reason: _____

Amount \$ 120,000.00 amendment # 1 Termination Date: 06/30/2017
Reason: Increase comp and add table A to Scope of services

Amount \$ _____ amendment # _____ Termination Date: _____
Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____
Reason: _____

Total of Original Contract plus all amendments: \$ 240,000



Buckman Direct Diversion Board Summary of Contracts, Agreements, & Amendments

5 Procurement Method of Original Contract: (complete one of the lines)

RFP# 15/40/P Date: June 15, 2015

RFQ _____ Date: _____

Sole Source _____ Date: _____

Other _____

6 Procurement History: Year 2 of 4 year contract
example: (First year of 4 year contract)

7 Funding Source: BDD Operating / DOE Funding **BU/Line Item:** 7280000.5102510.753030

8 Any out-of-the ordinary or unusual issues or concerns:
none
(Memo may be attached to explain detail.)

9 Staff Contact who completed this form: Mackie Romero
Phone # 955-4506

10 Certificate of Insurance attached. (if original Contract)

Submit to City Attorney for review/signature

Forward to Finance Director for review/signature
Return to originating Department for Committee(s) review or forward to City Manager for review
and approval (depending on dollar level).

To be recorded by City Clerk:

Contract # _____

Date of contract Executed (i.e., signed by all parties): _____

Note: If further information needs to be included, attach a separate memo.


Comments:



Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memorandum

Date: July 7, 2016
To: Buckman Direct Diversion Board
From: Mackie Romero, BDD Financial Manager 
Subject: Professional Services Agreement with Hall Environmental Analysis

Item and Issue:

Request for approval of Professional Services Agreement with Hall Environmental Analysis Laboratory for the amount of \$30,000 exclusive of NMGR.T.

Background and Summary:

Yearly, the Buckman Direct Diversion Board enters into a Professional Service Agreement with Hall Environmental Analysis Laboratory, to provide water quality and process control analysis services. The estimated amount of services needed for the new fiscal year is projected to be \$30,000 plus NMGR.T. This amount has been reduced from previous year, as The Removal Efficiency & Assessment of Treatments study, will be procured using a different laboratory. The terms of the contract are to begin July 1, 2016 through June 30, 2017. The procurement method utilized are existing New Mexico State Price Agreements.

The Buckman Direct Diversion requires services from a certified laboratory to analyze and report results for both regulatory requirements and process analysis for quality assurance and fact based decision making.

Action Requested:

Staff recommends approval of Professional Services Agreement with Hall Environmental Analysis Laboratory in the amount of \$30,000 plus NMGR.T. This amount has been included in our FY16/17 Approved Operating Budget.

BU/Line Item: Compliance Contracts # 7280000.510250.750010

Approved by BDDDB July 7, 2016

Councilor Carmichael Dominguez, BDDDB Chair



**BUCKMAN DIRECT DIVERSION BDDDB
PROFESSIONAL SERVICES AGREEMENT WITH
HALL ENVIRONMENTAL ANALYSIS LABORATORY**

THIS AGREEMENT is made and entered into by and between the Buckman Direct Diversion Board (“BDDDB”) and Hall Environmental Analysis Laboratory (“Contractor”). The effective date of this Agreement shall be the date when it is executed by the BDDDB.

1. SCOPE OF SERVICES

Contractor shall provide water quality and process control analysis services for the BDDDB as follows:

A. Conduct water analysis and provide results to the BDD Regulatory Compliance Officer, as soon as possible after the analyses are completed, but in no case later than thirty (30) days, unless a delay in delivery has been requested by Contractor and approved by the BDD in writing.

The complete data packet shall include:

- (1) An Electronic Data Deliverable of all analyses in the format specified by the BDDDB.
- (2) A letter and table format of all analyses, including Level III quality control (unless otherwise specified) at no additional cost and a cover letter.
Contractor must be able to transmit reports electronically.

B. Must meet Environmental Protection Agency and New Mexico Environment Department monthly/quarterly/yearly compliance requirements;

C. Must apply Environmental Protection Agency and New Mexico Environment Department approved analytical methodologies;

D. Must meet Environmental Protection Agency and New Mexico Environment Department approved QA/QC requirements.

2. STANDARD OF PERFORMANCE; LICENSES

A. Contractor represents that Contractor possesses the personnel, experience and knowledge necessary to perform the Scope of Services described in this Agreement. Contractor shall perform its services in accordance with generally accepted standards and practices customarily utilized by competent consulting firms in effect at the time Contractor's services are rendered.

B. Contractor agrees to obtain and maintain throughout the term of this Agreement, all applicable professional and business licenses required by law, for itself, its employees, agents, representatives and subcontractors.

3. COMPENSATION

A. Compensation under this Agreement shall be thirty thousand dollars (\$30,000) plus applicable gross receipts tax. Contractor will provide services pursuant to the Scope of Services under Paragraph 1 herein.

B. Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums paid under this Agreement.

C. Invoices for services will be made on a monthly basis. Payment to Contractor will be made within thirty (30) days after the date of billing. Billing will be made in accordance with the New Mexico, General Services Department Price Agreement #40-667-14-22753 and 60-667-15-26554 (see Attachment 1- Fee schedule).

4. APPROPRIATIONS

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the BDDB for the performance of this Agreement. If sufficient appropriations and authorization are not made, this Agreement shall terminate upon written notice being given by the BDDB to Contractor. The BDDB's decision as to whether sufficient appropriations are available shall be accepted by Contractor and shall be final.

5. TERM AND EFFECTIVE DATE

This Agreement shall be effective when signed by the BDDB and terminate June 30, 2017.

6. TERMINATION

A. This Agreement may be terminated by the BDDB upon 30 days written notice to Contractor. In the event of such termination:

(1) Contractor shall render a final report of the services performed up to the date of termination and shall turn over to the BDDB original copies of all work product, research or papers prepared under this Agreement.

(2) If payment has not already been made, Contractor shall be paid for services rendered and expenses incurred through the date Contractor receives notice of such termination. If full payment has been made, Contractor agrees to prorate for work accomplished and refund all amounts earned.

7. STATUS OF CONTRACTOR; RESPONSIBILITY FOR PAYMENT OF EMPLOYEES AND SUBCONTRACTORS

A. Contractor and its agents and employees are independent contractors performing professional services for the BDDB and are not employees of the BDDB. Contractor, and its agents and employees, shall not accrue leave, retirement, insurance, bonding, use of BDDB vehicles, or any other benefits afforded to employees of the BDDB as a result of this Agreement.

B. Contractor shall be solely responsible for payment of wages, salaries and benefits to any and all employees or contractors retained by Contractor in the performance of the services under this Agreement.

C. Contractor shall comply with the City of Santa Fe Minimum Wage, Article 28-1-SFCC 1987, as well as any subsequent changes to such article throughout the term of this Agreement.

8. CONFIDENTIALITY

Any confidential information provided to or developed by Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by Contractor without the prior written approval of the BDDB.

9. CONFLICT OF INTEREST

Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Contractor further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

10. ASSIGNMENT; SUBCONTRACTING

Contractor shall not assign or transfer any rights, privileges, obligations or other interest under this Agreement, including any claims for money due, without the prior written consent of the BDDB. Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the BDDB.

11. RELEASE

Contractor, upon acceptance of final payment of the amount due under this Agreement, releases the BDDB, the City of Santa Fe and Santa Fe County and their officers, officials and

employees, from all liabilities, claims and obligations whatsoever arising from or under this Agreement. If not completed at the time of final payment, Contractor shall remain obligated to complete the Scope of Services and other obligations of this Agreement. Contractor agrees not to purport to bind the BDDDB to any obligation not assumed herein by the BDDDB unless Contractor has express written authority to do so, and then only within the strict limits of that authority.

12. INSURANCE

A. Contractor shall not begin the Professional Services required under this Agreement until it has: (i) obtained, and upon the BDDDB's request provided to the BDDDB, insurance certificates reflecting evidence of all insurance required herein; however, the BDDDB reserves the right to request, and Contractor shall submit, copies of any policy upon reasonable request by the BDDDB; (ii) obtained BDDDB approval of each company or companies as required below; and (iii) confirmed that all policies contain the specific provisions required. Contractor's liabilities, including but not limited to Contractor's indemnity obligations, under this Agreement, shall not be deemed limited in any way to the insurance coverage required herein. Maintenance of specified insurance coverage is a material element of this Agreement and Contractor's failure to maintain or renew coverage or to provide evidence of renewal during the term of this Agreement may be treated as a material breach of Agreement by the BDDDB.

B. Further, Contractor shall not modify any policy or endorsement thereto which increases the BDDDB's exposure to loss for the duration of this Agreement.

C. **Types of Insurance.** At all times during the term of this Agreement, Contractor shall maintain insurance coverage as follows:

- (1) **Commercial General Liability.** Commercial General Liability (CGL) Insurance must be written on an ISO Occurrence form or an equivalent form providing

coverage at least as broad which shall cover liability arising from any and all bodily injury, personal injury or property damage providing the following minimum limits of liability.

General Annual Aggregate(other than Products/Completed Operation)	\$2,000,000
Products/Completed Operations Aggregate Limit	\$2,000,000
Personal Injury Limit	\$2,000,000
Each Occurrence	\$2,000,000

(2) **Automobile Liability.** For all of Contractor's automobiles including owned, hired and non-owned automobiles, Contractor shall keep in full force and effect, automobile liability insurance providing coverage at least as broad for bodily injury and property damage with a combined single limit of not less than \$2 million per accident. An insurance certificate shall be submitted to the BDDDB that reflects coverage for any automobile [any auto].

(3) **Professional Liability.** For Contractor and all of Contractor's employees who are to perform professional services under this Agreement, Contractor shall keep in full force and effect, Professional Liability insurance for any professional acts, errors or omissions. Such policy shall provide a limit of not less than \$2,000,000 per claim and \$2,000,000 annual aggregate. Contractor shall ensure both that: (i) the policy retroactive date is on or before the date of commencement of the first work performed under this Agreement; and (ii) the policy will be maintained in force for a period of three years after substantial completion of the project or termination of this Agreement whichever occurs last. If professional services rendered under this Agreement include work relating to

environmental or pollution hazards, Contractors policy shall not contain exclusions for those activities.

(4) **Workers' Compensation.** For all of Contractor's employees who are subject to this Agreement and to the extent required by any applicable state or federal law, Contractor shall keep in full force and effect, a Workers' Compensation policy & Employers Liability policy. That policy shall provide Employers Liability Limits as follows:

Bodily Injury by Accident	\$500,000	Each Accident
Bodily Injury by Disease	\$500,000	Each Employee
Bodily Injury by Disease	\$500,000	Policy Limit

Contractor shall provide an endorsement that the insurer waives the right of subrogation against the BDDB, City of Santa Fe and Santa Fe County and their respective elected officials, officers, employees, agents, volunteers and representatives.

D. **Cancellation.** Except as provided for under New Mexico law, all policies of insurance required hereunder must provide that the BDDB is entitled to thirty (30) days prior written notice (10 days for cancellation due to non-payment of premium) of cancellation or non-renewal of the policy or policies as evidence by an endorsement to the policies which shall be attached to the certificates of insurance. Cancellation provisions in insurance certificates shall not contain the qualifying words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives." In the event Contractor's insurance carriers will not agree to this notice requirement, Contractor will provide written notice to the BDDB within four working days of Contractor's receipt of notice from its insurance carrier(s) of any cancellation, nonrenewal or material reduction of the required insurance.

E. **Insurer Requirements.** All insurance required by express provision of this Agreement shall be carried only by responsible insurance companies that have rated “A-” and “V” or better by the A.M. Best Key Rating Guide, that are authorized to do business in the State of New Mexico, and that have been approved by the BDDB. The BDDB will accept insurance provided by non-admitted, “surplus lines” carriers only if the carrier is authorized to do business in the State of New Mexico.

F. **Deductibles.** All deductibles or co-payments on any policy shall be the responsibility of Contractor.

G. **Specific Provisions Required.**

(1) Each policy shall expressly provide, and an endorsement shall be submitted to the BDDB, that the policy or policies providing coverage for Commercial General Liability must be endorsed to include as an Additional Insured, the BDDB, City of Santa Fe, County of Santa Fe, Las Campanas, LP and their respective elected officials, officers, employees, agents, volunteers and representatives.

(2) All policies required herein are primary and non-contributory to any insurance that may be carried by the BDDB, City of Santa Fe and Santa Fe County and their respective elected officials, officers, employees, agents, volunteers and representatives, as reflected in an endorsement which shall be submitted to the BDDB.

(a) Contractor agrees that for the time period defined above, there will be no changes or endorsements to the policy that increase the BDDB’s exposure to loss.

(b) Before performing any Professional Services, Contractor shall provide the BDDDB with all Certificates of Insurance accompanied with all endorsements.

(c) The BDDDB reserves the right, from time to time, to review Contractor's insurance coverage, limits, and deductible and self-insured retentions to determine if they are acceptable to the BDDDB. The BDDDB will reimburse Contractor for the cost of the additional premium for any coverage requested by the BDDDB in excess of that required by this Agreement without overhead, profit, or any other markup.

(d) Contractor may obtain additional insurance not required by this Agreement.

13. INDEMNIFICATION

General Indemnification. To the greatest extent permitted by law, Contractor shall indemnify, hold harmless and defend the BDDDB, City of Santa Fe and Santa Fe County and their respective elected officials, officers, employees, agents, volunteers and representatives from all losses, damages, claims or judgments, including payments of all attorneys' fees and costs on account of any suit, judgment, execution, claim, action or demand whatsoever arising from Contractor's performance or non-performance under this Agreement as well as the performance or non-performance of Contractor's employees, agents, representatives and subcontractors or any tier.

Indemnification for Professional Acts, Errors or Omissions. Except for professional acts, error or omissions that are the result of established gross negligence or willful misconduct on the part of Contractor, or its employees, agents, representatives or sub-consultants, the

General Indemnification shall not apply to professional acts, errors or omissions unless covered by Professional Liability insurance required in this Agreement.

14. NEW MEXICO TORT CLAIMS ACT

Any liability incurred by the BDDDB in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, § 41-4-1, *et seq.*, as amended. The BDDDB and their “public employees” as defined in the New Mexico Tort Claims Act, do not waive sovereign immunity, do not waive any defense and do not waive any limitation of liability pursuant to law. No provision in this Agreement modifies or waives any provision of the New Mexico Tort Claims Act.

15. THIRD PARTY BENEFICIARIES

By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the BDDDB and Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

16. RECORDS, DOCUMENT CONTROL AND AUDIT

A. Contractor shall conform with and participate in the Document Control policies of the BDDDB or the City of Santa Fe. Contractor shall maintain, throughout the term of this Agreement and for a period of three years thereafter, all records that relate to the scope of services provided under this Agreement.

B. Detailed records that indicate the date, time and nature of services rendered shall also be retained for a period of three years after the term of this agreement expires. These records shall be subject to inspection by the City of Santa Fe, the Department of Finance and Administration, the State Auditor. The BDDDB and the City of Santa Fe shall have the right to

audit the billing both before and after payment to Contractor. Payment under this Agreement shall not foreclose the right of the BDDDB or the City of Santa Fe to recover excessive or illegal payments.

17. APPLICABLE LAW; CHOICE OF LAW; VENUE

Contractor shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the BDDDB. In any action, suit or legal dispute arising from this Agreement, Contractor agrees that the laws of the State of New Mexico shall govern. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

18. AMENDMENT

This Agreement shall not be altered, changed or modified except by an amendment in writing executed by the parties hereto.

19. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the services to be performed hereunder, and all such agreements, covenants and understandings have been merged into this Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said services. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

20. NON-DISCRIMINATION

During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of services by Contractor hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin,

ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

21. SEVERABILITY

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

22. NOTICES

Any notices requests, demands, waivers and other communications given as provided in this Agreement will be in writing and will be deemed to have been given if delivered in person (including by Federal Express or other personal delivery service), or mailed by certified or registered mail, postage prepaid, and addressed to Seller or Buyer at the following addresses:

BDDB: Charles M. Vokes
Facilities Manager
Buckman Direct Diversion
341 Caja Del Rio Road
Santa Fe, NM 87506
Email: cmvokes@ci.santa-fe.nm.us

With a copy to: Nancy R. Long, Esq.
BDDB Independent Counsel
Long, Komer & Associates, P.A.
2200 Brothers Road
P. O. Box 5098
Santa Fe, NM 87502-5098
Email: nancy@longkomer.com

CONTRACTOR: Hall Environmental Analysis Laboratory
Attn: Andy Freeman, Laboratory Manager
4901 Hawkins NE, Ste D
Albuquerque, NM 87109
Email:

Any such notice sent by registered or certified mail, return receipt, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notice sent by recognized overnight delivery service shall be effective only upon actual receipt thereof at the office of the addressee set forth above, and any such notice delivered at a time outside of normal business hours shall be deemed effective at the opening of business on the next business day. Notice sent by email shall be effective only upon actual receipt of the original unless written confirmation is sent by the recipient of the email stating that the notice has been received, in which case the notice shall be deemed effective as of the date specified in the confirmation. Any party may change its address for purposes of this paragraph by giving notice to the other party as herein provided. Delivery of any copies as provided herein shall not constitute delivery of notice hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

***[BALANCE OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]***

BUCKMAN DIRECT DIVERSION BOARD

CONTRACTOR:

Hall Environmental Analysis Lab

By: _____
Carmichael Dominguez,
BDDDB Chair

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM

NM Taxation & Revenue
CRS # _____



Nancy R. Long, BDDDB Counsel

City of Santa Fe Business
Registration # _____

APPROVED

Oscar S. Rodriguez, City Finance Director

7280000.5102510.750010

ATTEST

Yolanda Y. Vigil, City Clerk

File Date: _____



Buckman Direct Diversion Board Summary of Contracts, Agreements, & Amendments

Section to be completed by department for each contract or contract amendment

1 **FOR:** ORIGINAL CONTRACT or CONTRACT AMENDMENT

2 Name of Contractor Hall Environmental Analysis Laboratory

3 Complete information requested Plus GRT
 Inclusive of GRT

Original Contract Amount: \$30,000.00

Termination Date: June 30, 2017

Approved by BDDDB Date: Pending

or by BDD Facilities Manager Date: _____

Contract is for: Lab analysis

Amendment # _____ to the Original Contract# _____

Increase/(Decrease) Amount \$ _____

Extend Termination Date to: _____

Approved by BDDDB Date: _____

or by Facilities Manager Date: _____

Amendment is for:

4 **History of Contract & Amendments:** (option: attach spreadsheet if multiple amendments) Plus GRT
 Inclusive of GRT

Amount \$ _____ of original Contract# _____ Termination Date: _____

Reason: lab

Amount \$ _____ amendment # _____ Termination Date: na

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Amount \$ _____ amendment # _____ Termination Date: _____

Reason: _____

Total of Original Contract plus all amendments: \$ 30,000



Buckman Direct Diversion Board Summary of Contracts, Agreements, & Amendments

5 Procurement Method of Original Contract: (complete one of the lines)

RFP# _____ Date: _____

RFQ _____ Date: _____

Sole Source _____ Date: _____

Other State Price Agreement _____

6 Procurement History: 1 year contract
example: (First year of 4 year contract)

7 Funding Source: _____ BU/Line Item: 72410.5103

8 Any out-of-the ordinary or unusual issues or concerns:
none
(Memo may be attached to explain detail.)

9 Staff Contact who completed this form: Maya Martinez

Phone # 955-4271

10 Certificate of Insurance attached. (if original Contract)

Submit to City Attorney for review/signature

Forward to Finance Director for review/signature

Return to originating Department for Committee(s) review or forward to City Manager for review and approval (depending on dollar level).

To be recorded by City Clerk:

Contract # _____

Date of contract Executed (i.e., signed by all parties): _____

Note: If further information needs to be included, attach a separate memo.

Comments:



Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memorandum

Date: July 7, 2016
To: Buckman Direct Diversion Board
From: Mackie Romero, BDD Financial Manager *MR*
Subject: Request to Authorize Funding

Item and Issue:

Request approval to extend authorized of \$500,000 from the BDD Major Repair and Replacement Fund to the 2016/2017 Fiscal Year.

Background and Summary:

In November 2015, the BDDDB authorized \$500,000 from the BDD Major Repair and Replacement fund to purchase four new raw water pumps. In March 2016, the BDD Board also approved a professional services agreement with Deere & Ault Consultants to prepare the necessary design and technical specifications needed to issue a request for bid for the purchase of the pumps, per the City's purchasing policies. The RFP has been issued and is due to City purchasing on July 7, 2016, which will awarded to the lowest apparent bidder. Once these pumps are purchased it will take 240 days to construct and install, therefore the availability of these funds need to carry forward to the new fiscal year.

Action Requested:

City Finance is requiring all carry forward funds for ongoing projects to be re-appropriated by the governing board. Therefore we are requesting that the BDD Board extend authorization of the \$500,000 from the Major Repair and Replacement Fund to the 2016/2017 budgeted fiscal year.

Funds will be budgeted based on the actual amount awarded and allocated to our partners based on the cost sharing principle "Shared facilities".

Approved by BDDDB July 7, 2016

Councilor Carmichael Dominguez, BDDDB Chair

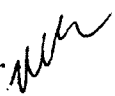




Buckman Direct Diversion

A joint regional project of the City of Santa Fe and Santa Fe County to build a reliable and sustainable water supply.

Memorandum

Date: July 7, 2016
To: Buckman Direct Diversion Board
From: Mackie M. Romero, BDD Financial Manager 
Subject: Contract with American Alternative Insurance Corp.

ITEM AND ISSUE:

Request approval to accept a policy with American Alternative Insurance Corp. for insurance coverage including real property for a premium of \$140,053.

BACKGROUND AND SUMMARY:

Under the *Joint Power's Agreement, Section 23*, the Board is required to carry coverage separate and apart from the partner's respective policies:

"The BDD Board shall obtain and carry public liability insurance coverage (including directors and officers coverage) consistent with the responsibilities of a public entity under the New Mexico Torts Claims Act, NMSA 1978...the BDD Board shall carry and maintain fire and extended coverage on all of the BDD Project buildings, structures and improvements, and upon all of the contents and other personal property..."

In 2011, the Board retained Daniels Insurance, Inc. to serve as its *Agent/Broker of Record* for the purpose of providing insurance services.

Daniels currently has the following policies in place with American Alternative Insurance, with a premium of \$139,087 and effective date of July 1, 2015 to July 1, 2016.

- Auto Policy (placed under the name of the Board)
- Property insurance for real property, boiler and machinery, personal property & mobile equipment.
- Commercial General Liability & Directors & Officers Liability (placed in the name of the Board).
- Excess Liability (placed under BDD Board)



Daniels has re-marketed the account for the next policy period, effective July 1, 2016 to July 1, 2017.

EVALUATION:

Daniels approached 6 companies; however only 1 of those companies was able to provide a competitive bid based on all expiring premiums. Travelers provided a bid of \$131,331, however it could not offer failure to supply on the Excess Liability, nor did they provide a quote on our boiler and machinery.

American Alternative Insurance Company provides coverage for over 3,900 water utilities nationally, including numerous joint power agreements, such as Shoshone Municipal Water Joint Powers Board (WY), Water Quality Improvement JPA of the Dos Palos Area (CA), Central Wyoming Regional Water System Joint Powers Board (WY) and others as listed in the proposal.

Coverage	American Alternative
	2016-2017
	AM Best Rating A+XV
Property/Boiler Premium	incl
Equipment	incl
Commercial Crime	incl
Cyber Liability	incl
General Liability	incl
Automobile	incl
Public Officials	incl
Umbrella	incl
Total Annual Premium	\$ 140,053

Daniels Insurance negotiated coverage and deductibles with American Alternative, as shown below, with an overall premium increase of less than 1%.

Coverage	American Alternative
Real Property, amount of coverage	\$179,115,125
Deductible	\$75,000
Equipment Breakdown (Boiler & Machinery)	\$100,000,000
Software	\$500,000
General Liability	\$1,000,000/\$3,000,000 (\$5,000 deductible)
Cyber Liability	\$1,000,000 (no deductible)
Professional Liability	\$1,000,000/\$3,000,000 (\$10,000 deductible)
Flood / Earthquake Coverage	\$1,000,000
Flood Deductibles	\$75,000
Earthquake Deductibles	\$75,000
Failure to Supply	\$1,000,000/\$3,000,000
Excess Liability	\$5,000,000 Including "Failure to Supply"
Business Auto	\$1,000,000
Auto Comprehensive Deductible	\$100
Auto Collision Deductible	\$1,000

RECOMMENDATION:

Based on the proposal provided by American Alternative, staff recommends the BDD Board accept and place insurance coverage with American Alternative at an annual premium rate of \$140,053.

Our approved FY16/17 budget request includes sufficient funding for this request.

<u>Fund Source</u>	<u>Business Unit/Line Item/Description</u>	<u>Amount</u>
FY 2016/2017	7280000.555250 Gen Liability Assessment	\$140,053

Approved by BDDDB July 7, 2016

Councilor Carmichael A. Dominguez, BDDDB Chair

ATTACHMENTS

- Acceptance of Proposal

PAYMENT OPTIONS

BILLING: The insured will be billed by Daniels Insurance for the premium.

- Boiler is Prepaid/Full Pay (\$20,810)
- Package – (\$119,243) Monthly (25% down and 9 monthly installments)

CONTINGENCIES: Each of the following items is needed in order for Daniels Insurance to order the proposed insurance coverages.

- Advise any additional coverage to be quoted at this time
- Compliance with Loss Control recommendations (if any)

ACCEPTANCE OF PROPOSAL and any modifications to the proposal, Payment Terms and Contingencies:

Signature: **Insured: Buckman Direct Diversion Board**

By: _____

Date: _____

Your preferred method of delivery of Policies by Daniels Insurance, Inc.

_____ Email	_____ Mail	_____ In Person
Your preferred method of delivery of all other items by Daniels Insurance, Inc.		
_____ Email	_____ Mail	_____ In Person



This proposal is a brief outline of coverage proposed based on the information you provided to us. A material change in the information provided could affect this proposal, including but not limited to the price and availability of coverage. This proposal does not list all conditions, limitations and exclusions that apply to the described coverage. The actual wording of the policy(ies) governs all situations.