Buckman Direct Diversion Project

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

Date:	**December 6, 2012**
To:	**Buckman Direct Diversion Chairperson and Board**
From:	**Erika Schwender, Acting BDD Facilities Manager** ES
Via:	**Brian Snyder, P.E., Utilities Director**
Subject:	**Proposed Operations, Maintenance, Repair and Replacement Budget for Fiscal Year 201-14**

Item and Issue:

Introduction to and discussion of proposed Operations, Maintenance, Repair, and Replacement (OMR&R) Budget for FY 2013/14.

Background and Discussion:

The BDD is pleased to present the proposed Buckman Direct Diversion (BDD) project Operations, Maintenance, Repair, and Replacement (OMR&R) Budget for FY 2013/14. The OMR&R Budget accounts for all functions necessary to meet the Board's service level objectives and provide high quality water supplies to Santa Fe County, City of Santa Fe, and Las Campanas.

The budget links cost to key performance metrics and strategic initiatives. This Outcome-based practice allows stakeholders to assess how well the BDD executes its core business functions and sets the framework for continuous improvement.

Many factors, such as the previously approved budgets, actual expenditures for FY2011/12, and anticipated changes in operations, were taken into consideration during the development of this budget proposal. An assessment of the approved budget for FY2011/12 and the actual expenditures for this timeframe revealed that excess funds in

the amount of $3,027,475 were collected by June 30, 2012. During the development of the proposed budget for FY2013/14 it has been our focus to minimize this difference. We would like to point out, however, that various changes in the operation of the BDD will result in overall increases of the proposed budget. Key differences between FY2011/12 and FY2013/14 include: increase (21%) in water calls, expiration of warranty agreements, implementation of an asset management program, and the addition of 2 FTEs.

Budget Highlights:

- O&M budget $7,576,371
- Emergency Fund $583,338
- Major Repair and Replacement Fund $240,219
- Total FY2013/14 Budget $8,399,929
- Total **reduction** of FY2013/14 O&M budget over FY2012-13 budget ($8,464,512): **$888,141**
- Total **reduction** of FY2013/14 budget over FY2012-13 budget ($9,876,324): **$1,476,395**
- For FY2013/14 predicted chemical costs associated with the treatment of 1000gal are $0.1794 vs. $0.2061 FY2011/12 (actual)
- Water calls for FY2013/14 total 2.199 billion gallons vs. 1.812 billion gallons for FY2011/12 (actual)

Recommended Action:

We would like to request review and discussion of the proposed FY2013/14 budget.

Buckman Direct Diversion Project

Proposed Annual Operating and Maintenance Budget FY2013/14

December 6, 2012

Erika Schwender

Introduction

The Project Management and Fiscal Services Agreement (PMFSA) requires the Project Manager to submit an Annual Operating Budget, including a 5 year projection, by December 15th of each year.

BDD's performance based budget

- Links resources to key business strategies and performance indicators
- Connects financial decisions to interdependent concepts of strategy, planning, execution, and measurement
- The BDD established 6 key programs within its operation, each of which developed and continuously evaluates its own key performance measures
- Detailed information is listed in the "Program Performance Measures" section of the Budget Proposal

FY2013/14 budget development process

- Review of approved FY2012/13 budget
- Evaluation of actual expenditures during FY2011/12
- Desire to close difference between proposed budget and actual expenditure
- Assess operations mode and anticipated future changes

Consideration and adjustments

- Water call increases since FY2011/12

			Raw water		Budget	
Volumetric flow (acft)	City	County	Las Campanas	Total	Delivered	% Increase
FY2011/12	4,765.10	436.18	150.37	5,351.65	98%	N/A
FY2012/13	4,677.75	714.49	589	5,981.24		12
FY2013/14	5,236.46	819.24	695	6,750.70		13

Consideration and adjustments

(continued)

- Change in operational policies – increase of on-peak pumping

Hours of day	On-peak	Off-peak	Cost per kwh	
			June through August	September through May
Monday through Friday 8 am to 8 pm	X		$ 0.1903167	$ 0.1226231
Monday through Thursday 8 pm to 8 am, Friday 8 pm to Monday 8 am		X	$ 0.036741	$ 0.036741
On-peak cost increase over off-peak cost (mulitplication factor)			5.18	3.337

Consideration and adjustments
(continued)

- Expiration of warranty agreements
- Asset Management Program
- Additional permitting needs
- Capital improvement needs

Proposed FY2013-14 budget summary

- O&M budget $7,576,371
- Emergency Fund $583,338
- Major Repair and Replacement Fund $240,219

- Total FY2013/14 Budget $8,399,929

- Total **reduction** of FY2013/14 O&M budget over FY2012-13 budget ($8,464,512): **$888,141**

- Total **reduction** of FY2013/14 budget over FY2012-13 budget ($9,876,324): **$1,476,395**

Proposed FY2013-14 budget summary (continued)

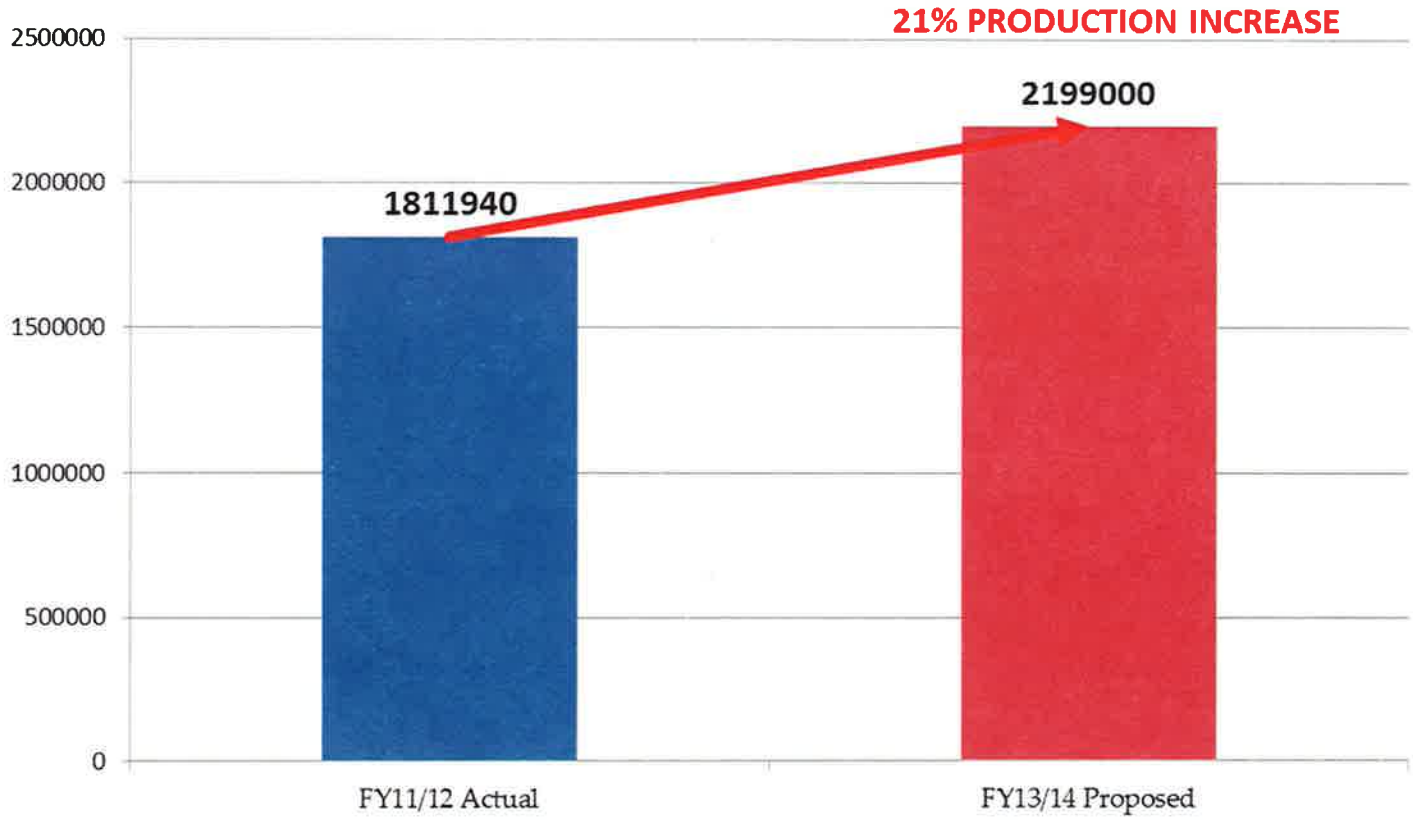
BUDGET SUMMARY - PARTNER SHARE OF TOTAL PROPOSED FY2013/14 BUDGET

Entity	Fixed	Variable	Total	Pct
City of Santa Fe	$ 4,055,863	$ 1,583,789	$ 5,639,652	74.4%
Santa Fe County	$ 1,328,021	$ 254,849	$ 1,582,871	20.9%
Las Campanas Entities	$ 234,919	$ 118,929	$ 353,848	4.7%
TOTAL	$ 5,618,804	$ 1,957,567	$ 7,576,371	100%
Pct	74%	26%	100%	

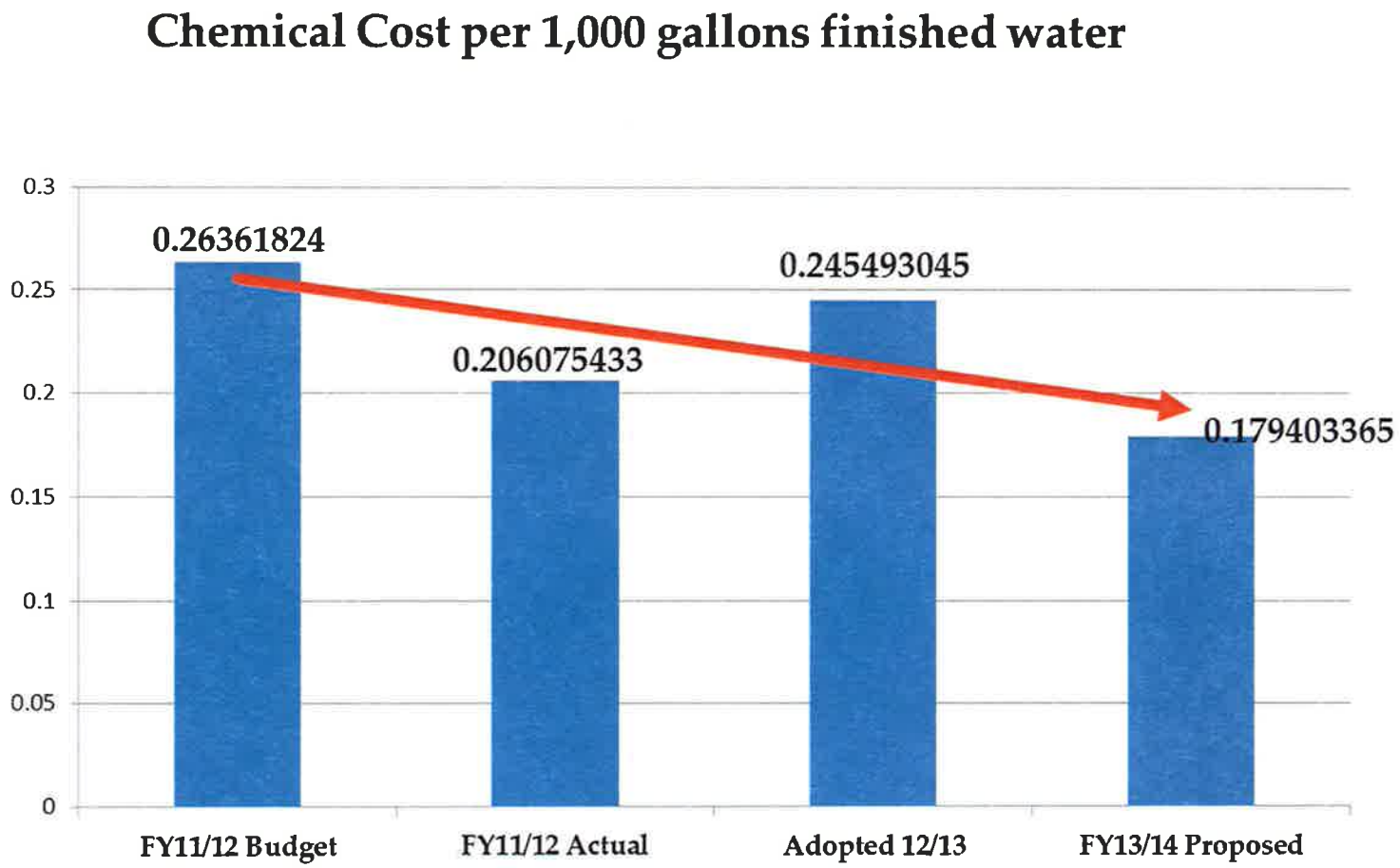
PARTNER SHARE BY EXPENDITURE CATEGORY	City of Santa Fe	Las Campanas Entities	Total
Personnel	$2,242,036	$165,701	$3,141,852
Electricity	1,009,683	119,157	1,298,000
Chemicals	341,138	0	394,508
Solids	236,738	0	273,985
Materials & Supplies	479,274	17,231	653,435
Other Operating Costs	1,330,784	51,759	1,814,591
TOTAL	$5,639,653	$353,848	$7,576,372

Water call comparison

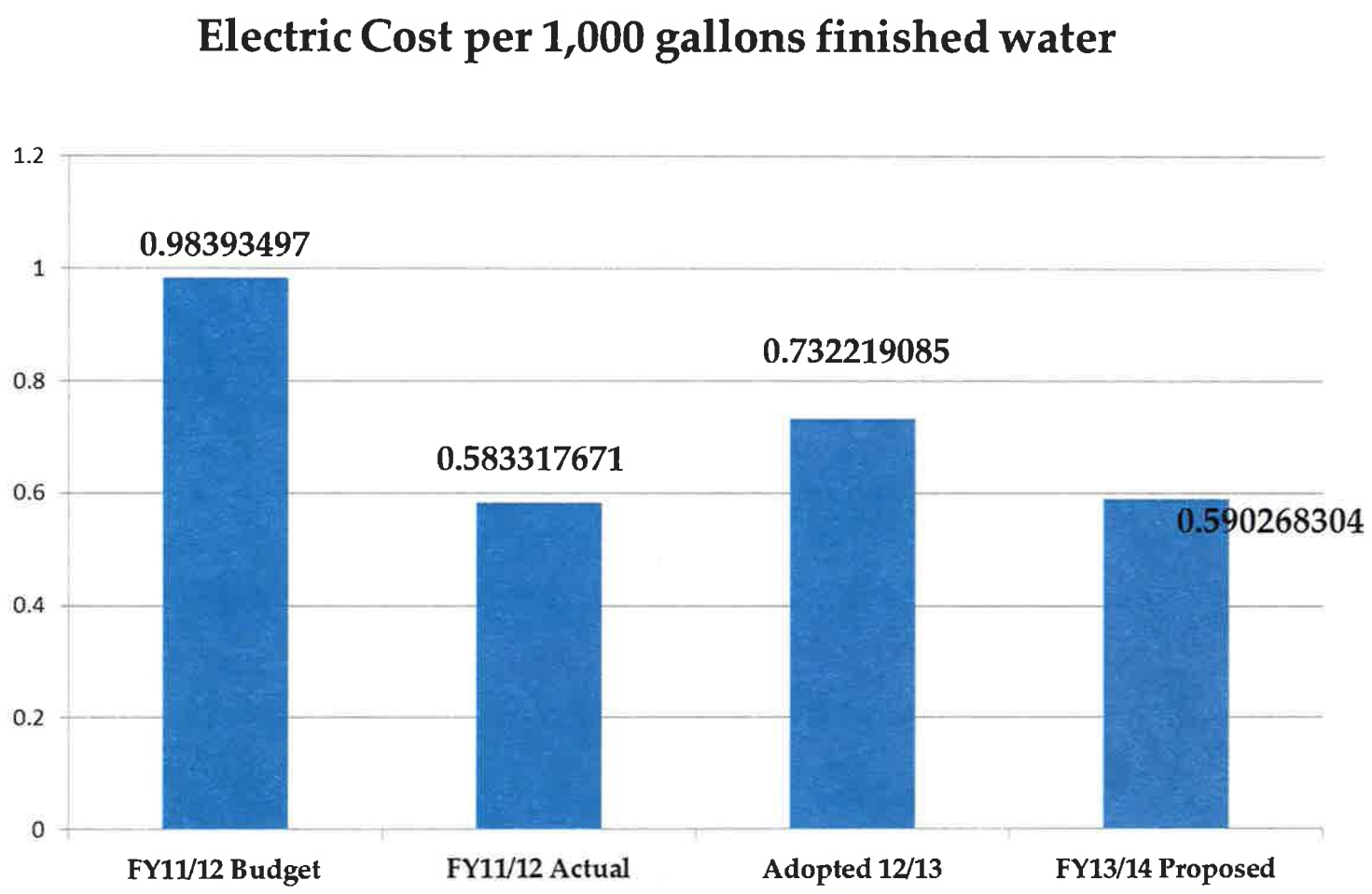
Total finished gallons produced in 1,000's



Chemical expense comparison



Power expense comparison



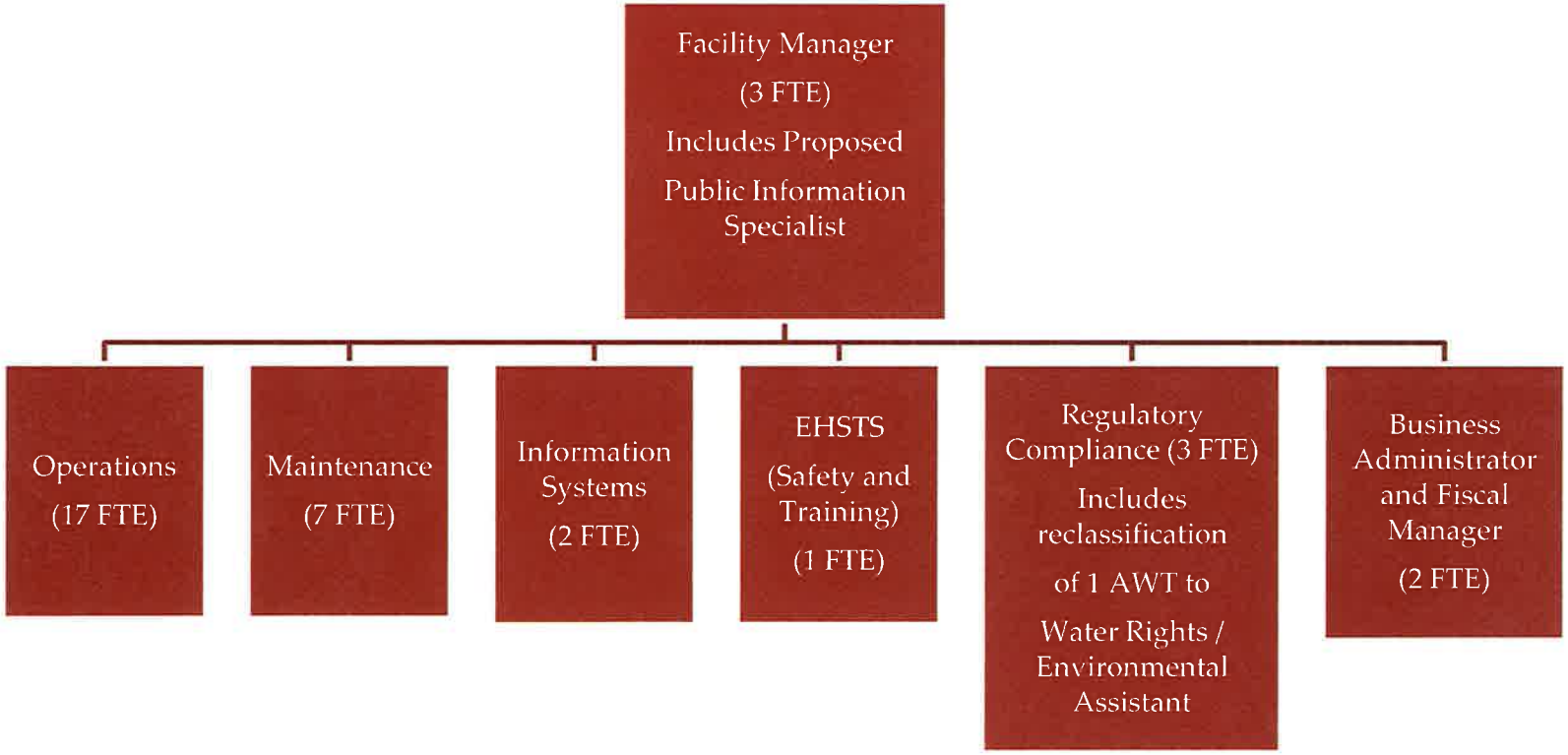
Key differences between FY2011-12 actual and proposed FY2013-14 budget

- Total addition of 2 FTEs
  - Fiscal Analyst FY2012/13
  - PI Specialist FY2013/14
  - Potentially reclassify existing vacant AWT position to better meet the BDD's needs in water rights management / accounting and environmental data management. Funding for this position has been included in O&M budget since (2011/12)

Key differences between FY2011-12 actual and proposed FY2013-14 budget

(continued)

BDD Organizational Chart



Key differences between FY2011-12 actual and proposed FY2013-14 budget
(continued)

- Stocked up inventory at time of acceptance (May 2011)
- Warranty expiration
- One time expenditures

Significant changes from FY2011/12 actual to proposed FY2013/14 budget

- **Operations:**
  - Professional services required to maintain and calibrate instrumentation - previously covered under warranty agreements ($40,000)
  - Installation of Finished Water Tank mixing and monitoring system – one time expenditure ($75,000)
- **Maintenance:**
  - Supplies and parts to perform repairs – previously covered under warranty agreements ($235,292)
  - Install new sampling port and return line for NPDES monitoring, install new hydrant at pre-sed basin – one time expenditure ($40,000)

Significant changes from FY2011/12 actual to proposed FY2013/14 budget

(Continued)

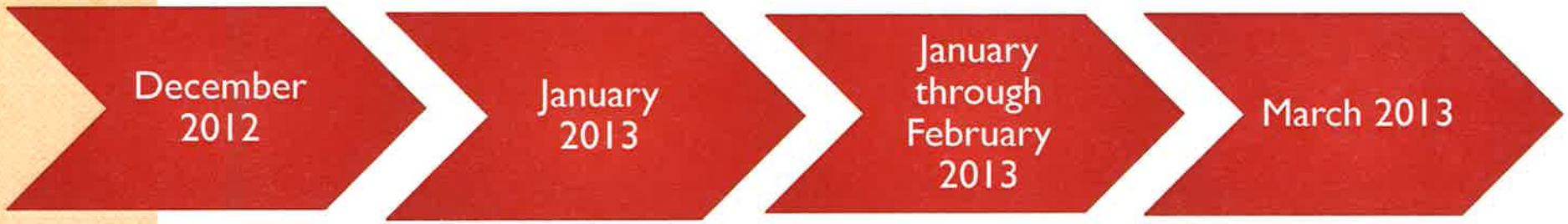
- **Information Systems:**
  - Water and Laboratory Information Management System to provide adequate data management and reporting software – one time expenditure ($54,000)
  - Perform upgrades to instrumentation - previously covered under warranty agreements ($36,500)
- **Safety and Training:**
  - Potential increase in cost of Security Services coming up for rebid at the end of 2012 (?) – ($25,000)
  - Training for Hazardous Materials handling and emergency response – not included in previous budgets ($3,500)

Significant changes from FY2011/12 actual to proposed FY2013/14 budget

(Continued)

- **Regulatory Compliance:**
  - Purchase of lab field testing instrumentation / equipment – new expenditure ($30,000)
  - Professional Services for Aquatic and Geomorphic monitoring, a NPDES permit requirement – previously covered by carve out budget ($85,000)
- **Facilities Management:**
  - Leadership and strategic planning training – not budgeted since start up in 2011 ($12,500)
  - Increase to BDD Board Attorney services – ($20,000)
- **Itemized list** located on page 52 and 53 of budget proposal

Anticipated budget approval process



- 12/4/12 FSAC – proposed budget review & discussion
- 12/6/12 BDD Board – introduction to proposed budget & discussion
- 12/18/12 (?) FSAC – proposed budget discussion

- 01/03/13 BDD Board - discussion and approval of proposed budget

- BDD Board members recommend proposed BDD budget and seek formal adoption / approval by appropriate committees (PUC, FC) and Boards (BCC, SFCC)

- 03/07/13 – BDD Board's final approval of BDD budget

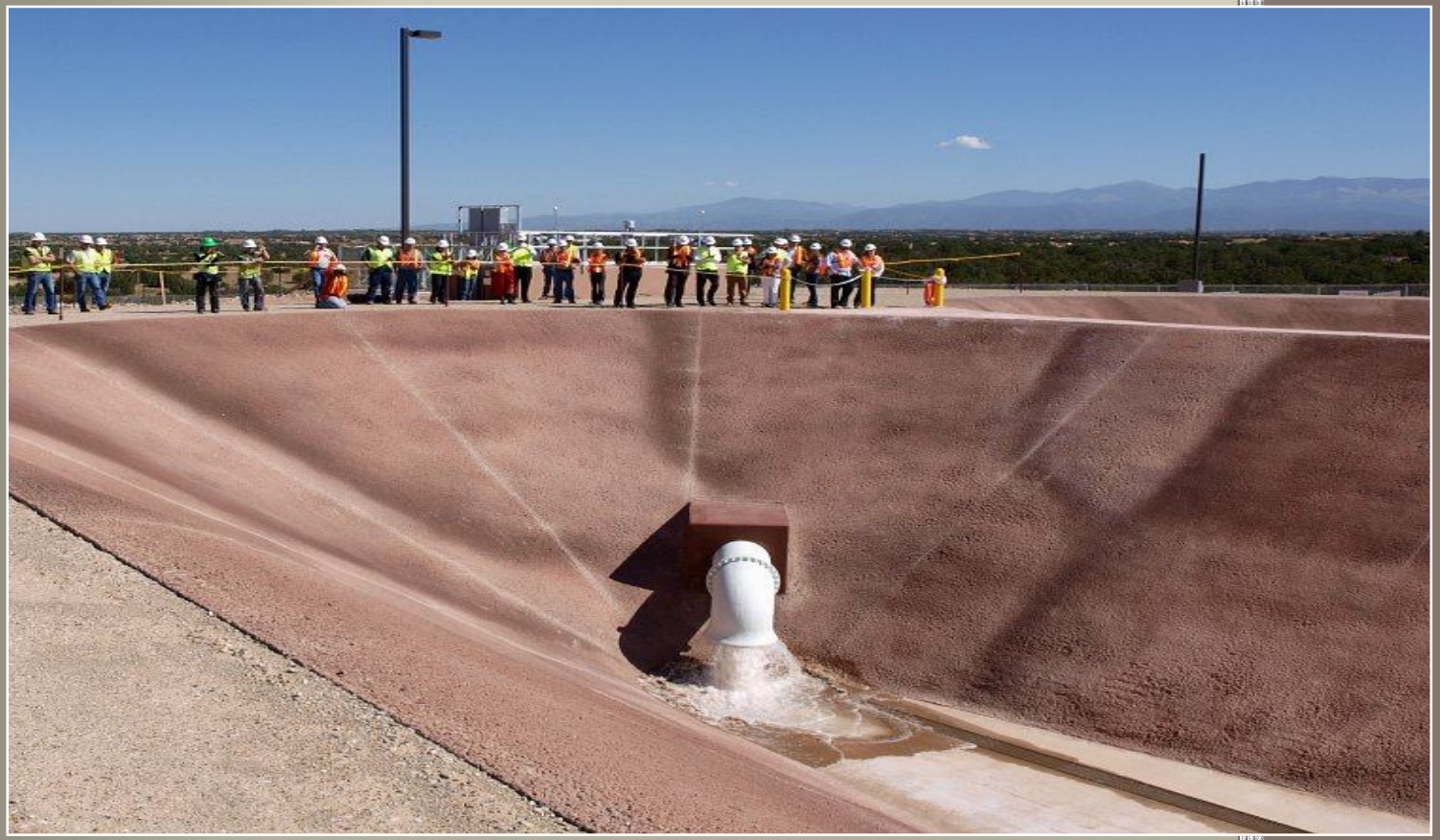
Buckman Direct Diversion Project

Proposed Annual Operating and Maintenance Budget FY2013/14

Questions?

FY 2013/14

Buckman Direct Diversion Project
Proposed Annual Operating Budget



Prepared by: Erika Schwender, Interim BDD Facilities Manager, & Brian Shelton, BDD Business Administrator and Fiscal Manager

Buckman Direct Diversion Project

Fiscal Year 2013/2014 Operating and Maintenance Budget

Chris Calvert
Chair, Buckman Direct Diversion Project Board
City Councilor, District 1

Liz Stefanics
Vice-Chair, Buckman Direct Diversion Project Board
County Commissioner, District 5

Carmichael A. Dominguez
City Member, BDD Board
City Council, District 3

Kathy Holian
County Member, Buckman Direct Diversion Project Board
County Commissioners, Vice-Chair, District 4

Consuelo Bokum
At-Large Member, Buckman Direct Diversion Project Board

Patti Bushee
City Alternate Member, BDD Board
City Councilor, District 1

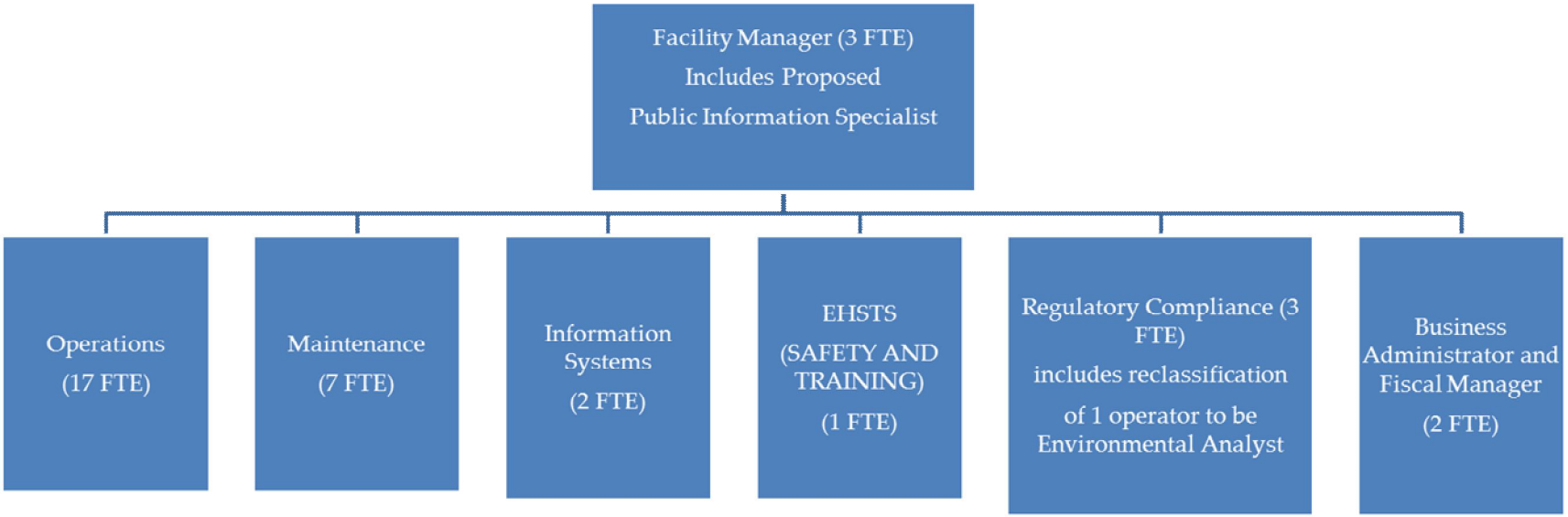
Daniel Mayfield
County Alternate Member, BDD Board
Board of County Commissioners, District 1

Erika Schwender, Interim BDD Facilities Manager

TABLE OF CONTENTS

	Page Number
ORGANIZATIONAL CHART……....	4
BUDGET MESSAGE……	5
BUDGET SUMMARY……...	13
PROGRAMS……..	16
EMERGENCY RESERVE FUND AND REPAIR AND REPLACEMENT FUND TARGETS	25
PROGRAM PERFORMANCE MEASURES……..	28
SUMMARY TABLES……	43
• GRAPHICAL PRESENTATIONS: OPERATING EFFICIENCIES……	48
• BUDGET SUMMARY OF SIGNIFICANT CHANGES……...	50
• FULL-TIME EQUIVALENTS (FTEs) BY PROGRAM BY YEAR……..	52
• EHSTS – SAFETY AND TRAINING PROGRAM BUDGET BY YEAR……	53
• INFORMATION SYSTEMS PROGRAM BUDGET BY YEAR……...	54
• MAINTENANCE PROGRAM BUDGET BY YEAR……	55
• OPERATIONS PROGRAM BUDGET BY YEAR……..	56
• REGULATORY COMPLIANCE PROGRAM BUDGET BY YEAR……..	57
• ADMINISTRATIVE SERVICES PROGRAM BUDGET BY YEAR……	58
FIVE-YEAR COST PROJECTION……..	59

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT ORGANIZATIONAL CHART



Buckman Direct Diversion Project (BDDP) Proposed Annual Operating Budget, FY2013/14

Budget Message

The *Project Management and Fiscal Services Agreement* (PMFSA) requires the Project Manager to submit an Annual Operating Budget, including a 5-year projection, no later than December 15th of each fiscal year. With this submittal, the Project Manager requests the Buckman Direct Diversion Board (BDDB) adopt the Fiscal Year 2013-14 Operating Budget of $7,576,372. The portion of fixed vs. variable costs and the partner share by major expenditure category is presented below.

BUDGET SUMMARY - PARTNER SHARE OF TOTAL PROPOSED FY2013/14 BUDGET

Entity	Fixed	Variable	Total	Pct
City of Santa Fe	$ 4,055,864	$ 1,583,789	$ 5,639,653	74.4%
Santa Fe County	$ 1,328,022	$ 254,849	$ 1,582,871	20.9%
Las Campanas Entities	$ 234,919	$ 118,929	$ 353,848	4.7%
TOTAL	$ 5,618,805	$ 1,957,567	$ 7,576,372	100%
Pct	74%	26%	100%	

PARTNER SHARE BY EXPENDITURE CATEGORY	City of Santa Fe	Santa Fe County	Las Campanas Entities	Total
Personnel	$2,242,036	$734,115	$165,701	$3,141,852
Electricity	1,009,683	169,161	119,157	1,298,000
Chemicals	341,138	53,371	0	394,508
Solids	236,738	37,247	0	273,985
Materials & Supplies	479,274	156,930	17,231	653,435
Other Operating Costs	1,330,784	432,048	51,759	1,814,591
TOTAL	$5,639,653	$1,582,871	$353,848	$7,576,372

Consistent with previously adopted budgets, this budget includes provisions for an annual contribution of $583,338 to the *Emergency Fund* and $240,219 to the *Major Repair and Replacement Fund* bringing the total funding request to $8,399,929.

In the table appearing on the next page, the column structure used is defined as follows:

- Column 1: The revised expenditure budget for FY2011/12
- Column 2: The actual expenditures (unaudited) for FY2011/12
- Column 3: The BDDB adopted budget for FY2012/13
- Column 4: The Proposed Budget Request under consideration for FY2013/14. This is the column under consideration for board action.
- Column 5: The potential additional contingency funding that may be needed if worst case scenario of weather and on-peak pumping requirements occurs. This is not part of the budget request that we are asking the Board to adopt. This amount is included to help educate the reader and decision makers on potential weather and storm event impacts on electric and chemicals that are unpredictable.

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS - BEST ESTIMATES**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Reimbursement Revenues by Fund:					
BDD Operating 7280000	$ 8,868,402	$ 8,780,577	$ 8,464,512	$ 7,576,372	$ 84,625
BDD Repair and Replacement 7415	171,593	167,213	411,812	240,219	$ -
BDD Emergency Reserve Fund 7416	416,662	372,710	1,000,000	583,338	$ -
BDD Capital Improvement Fund					
Total Revenues by Fund	$ 9,456,657	$ 9,320,500	9,876,324.20	**$ 8,399,929**	84,625.00
Expenditures by Program:					
Administrative Services	$ 1,032,677	$ 751,576	$ 1,044,831.68	$ 951,432	$ -
Safety and Training (EHSTS)	298,915	239,668	342,015	391,782	-
Information Systems	412,161	160,551	426,682	341,053	-
Maintenance	1,401,273	819,725	1,369,564	1,288,900	-
Operations	5,063,699	3,434,502	4,630,971	3,869,724	84,625
Regulatory Compliance	659,676	434,873	650,448	733,480	-
Total Expenditures by Program	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,576,372**	84,625
Monthly "Burn Rate" (Avg. Exp/Month)	$ 739,033	$ 486,741	705,376.00	**$ 631,417**	

The budget development for FY2013/14 has presented many challenges and opportunities for the Buckman Direct Diversion Project (BDDP) staff to closely collaborate with our partners, the County of Santa Fe, City of Santa Fe, and Las Campanas. As discovered during the beginning of FY2012-13, the BDDP's actual expenditures for FY2011/12 ($5,840,895)

were $3,027,507 lower than the approved budget for FY2011/12 ($8,868,402). Closing this gap has been a prime consideration in developing the BDDP's budget for FY2013/14.

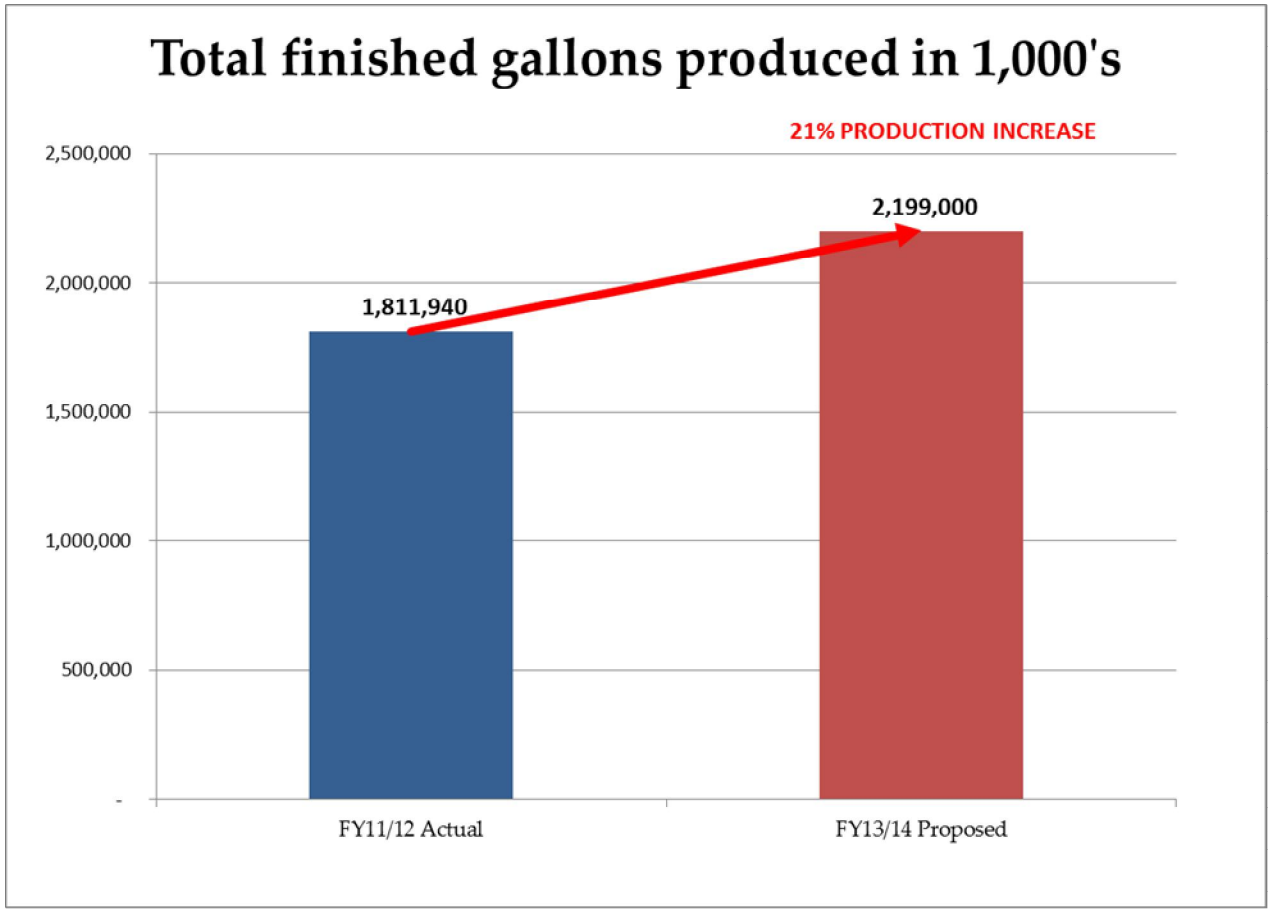
The BDDP actively collaborated with its partners on the development of this budget and, due to valuable discussions with the partners, was able to significantly decrease its proposed budget for FY2013/14. The proposed Annual Operating Budget for FY2013/14 is $7,576,372 which represents $888,140 in reductions from the previous year budget of $8,464,512.

One of the biggest challenges in the budget development of a start-up facility is the lack of operating history. Without this information predictions are mostly based on modeling and assumptions, which in the past has resulted in a significant difference between the approved budget and the actual expenditures. While the BDDP has significantly reduced several expenditures, such as for chemicals, solids management, and power, it was also necessary to include several new expenditures, which had not been included in previous operating budgets. The majority of these expenditures are due to the fact that most of the BDDP's warranty coverage on equipment will expire in April 2013, which will require new, additional coverage on specialized professional services and warehouse supplies.

The BDD's annual operating budget consists of fixed and variable costs, which are determined by percentage allocations contained in the Facility Operations and Procedures Agreement (FOPA). Annual volumetric flow predictions provided by the partners provide the basis for certain variable costs primarily related to chemicals, power, and solids management.

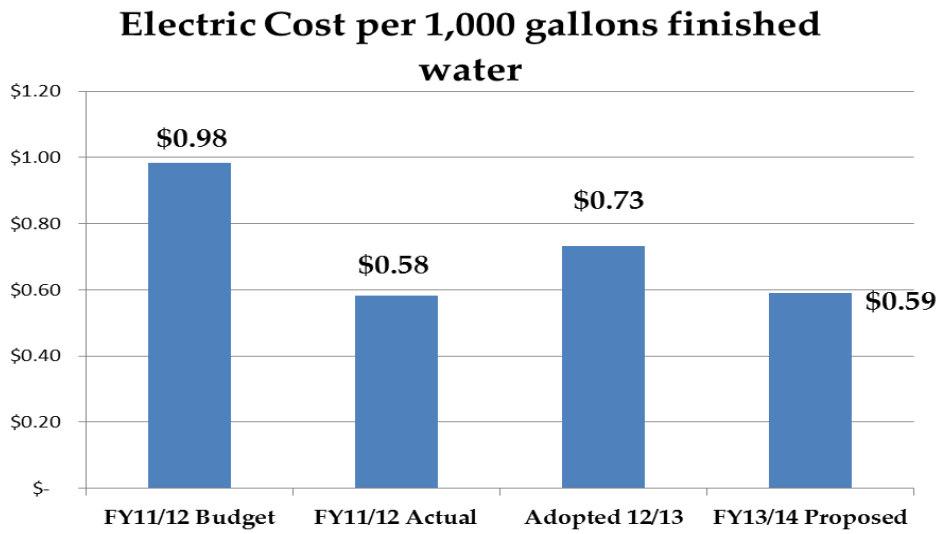
The BDDP has completed a budget analysis for FY2011/12 and FY2013/14. The total actual cost per one thousand gallons of finished water production for FY2011/12 budget was $3.22/1,000 gallons, and the total flow was 1,811,940,000 finished

gallons, for a total baseline expenditure of $5,840,895. The proposed budget for FY2013/14 is based on a proposed total flow of 2,199,000,000 finished gallons. This is a 21% increase in finished water production over the FY2011/12 water call.



The BDD's budget development utilizes several complex engineering models to determine solids management, power, and chemical costs, which make up 26% of the total FY2013/14 proposed budget. Variable costs are associated with the

amount of water delivered and are closely related to raw water quality. Raw water carrying elevated levels of solids require increased chemical dosing, create increased maintenance activities, and result in greater solids management costs. Power costs are directly influenced by varying on-peak and off-peak rates. Current partners' requests resulted in a modification of the BDD's operational policy to assure adequate raw water supply to Las Campanas during prolonged periods of impaired river water quality as frequently experienced during monsoon season. This new approach has the potential to significantly increase the overall number of hours of on-peak pumping and may result in increased power expenditures.



Tabular presentation of the budget items for FY2013/14 requested in addition to last year's actual expenditures:

BUDGET SUMMARY of SIGNIFICANT CHANGES FROM FY11/12 ACTUAL TO FY13/14 PROPOSED

TOTAL FY2011/12 ACTUAL $ 5,840,895

(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
OPERATIONS	Increased electric power requirements due to 21% increase in water call	$ 258,539	4.4%
OPERATIONS	Increased solids landfill tipping fees due to 21% increase in water call	209,689	3.6%
OPERATIONS	Operations: costs of maintaining and calibrating instrumentation, previously covered by warranty Agreements.	75,000	1.3%
OPERATIONS	Increase in parts and supplies to perform maintenance	43,045	0.7%
OPERATIONS	Operations: installation of a mixing and monitoring system in the Finished Water Tank, which is necessary to prevent short circuiting in the tank, and will allow operations to make more accurate and timely adjustments to control pH and chlorine levels of the finished drinking water.	70,000	1.2%
OPERATIONS	Operations: overtime budget.	40,000	0.7%
OPERATIONS	Training 3 new operators to meet BDD requirements, ongoing certification.	26,000	0.4%
OPERATIONS	Operations: professional tank inspection on the Finished Water Storage Tank.	5,500	0.1%
OPERATIONS	Purchase of AWWA Standards on CD	2,000	0.0%
MAINTENANCE	As facilities and equipment roll off of warranty coverage this is for anticipated increases in supplies and parts to perform repairs.	235,292	4.0%
MAINTENANCE	Maintenance: Mechanical contractor for emergency repair of mechanical and electrical equipment coming off of warranty.	50,000	0.9%
MAINTENANCE	Maintenance: Install new sampling port and return line, install new hydrant at the Pre-sed basin, and perform emergency line repair.	40,000	0.7%
MAINTENANCE	Maintenance: Flow meter certification.	18,000	0.3%
MAINTENANCE	Maintenance: Increased grounds keeping requirements throughout the facilities.	17,000	0.3%
MAINTENANCE	Various contracts for crane certifications, cathodic protection and tank inspections	$ 20,000	0.3%
MAINTENANCE	equipment and machinery to fix the valve exerciser	55,000	0.9%
MAINTENANCE	Capital outlay for systems equipment to improve the sed separator	20,500	0.4%

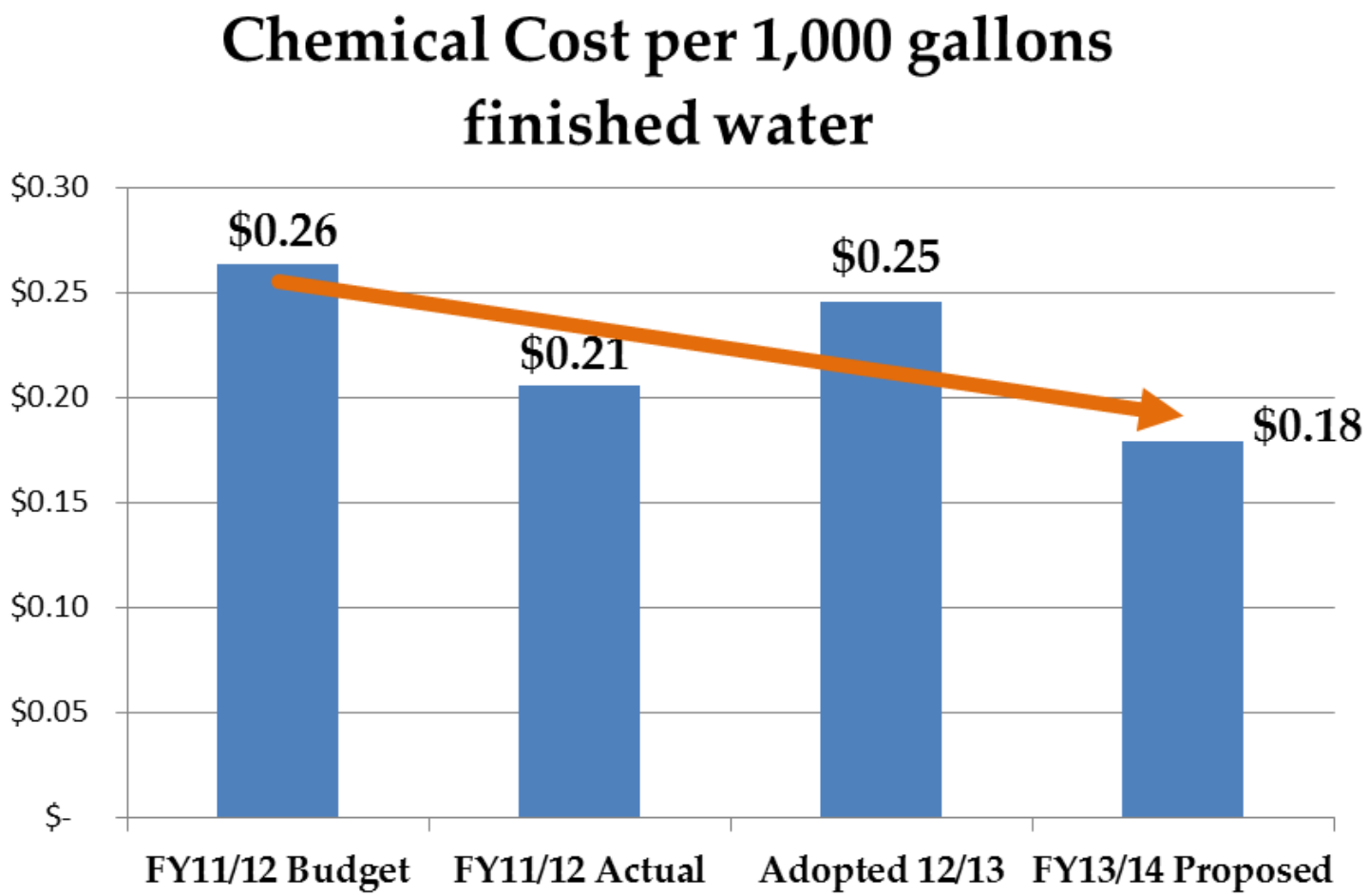
(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
MAINTENANCE	Inventory exempt purchases of replacement tools and instrumentation	25,000	0.4%
MAINTENANCE	new tires for the trucks	3,600	0.1%
INFORMATION SYSTEMS	Information Services: The BDDP's reporting and data management capabilities have been limited by the current software systems. The BDDP has neither a Water Information nor a Laboratory Information Management System (WIMS, LIMS) in place. The BDDP is in the process of researching a better, more comprehensive and robust data management system.	54,004	0.9%
INFORMATION SYSTEMS	Information Systems: Perform upgrades to instrumentation and control systems coming off of warranty.	36,500	0.6%
INFORMATION SYSTEMS	Information Systems: Computers, telephones, and furnishings for new positions.	9,000	0.2%
FACILITY MANAGEMENT	Facility Manager: Leadership and strategic planning training.	12,500	0.2%
FACILITY MANAGEMENT	Facility Manager: Advertising vacant positions and requests for proposals.	9,000	0.2%
SAFETY AND TRAINING	Increase to security contract at re-bid	25,000	0.4%
SAFETY AND TRAINING	Environmental, Health, Safety, Transportation, and Security Program: costs associated with hazardous materials and emergency response training not included in previous budget	3,500	0.1%
REGULATORY COMPLIANCE	1 proposed new FTE Public Information Specialist	94,000	1.6%
REGULATORY COMPLIANCE	Increases to SWAC contract for Aquatic and Geomorphic	85,000	1.5%
REGULATORY COMPLIANCE	Purchase of IC, other lab instrumentation and autosamplers	30,000	0.5%
REGULATORY COMPLIANCE	Increase to Board Attorney services	20,000	0.3%
REGULATORY COMPLIANCE	Permit review negotiations	10,800	0.2%
REGULATORY COMPLIANCE	Harwood Consulting increase	5,400	0.1%
REGULATORY COMPLIANCE/FACMGR	new cellphone services for Public Info Spec. and Environmental Compliance	2,700	0.0%
ACCOUNTING AND BUDGET	1 prior year approved FTE "Fiscal Analyst" to support budget checking, procurement and accounting activities.	98,000	1.7%
ACCOUNTING AND BUDGET	Increase in office supplies for copier/print contract	3,000	0.1%
ACCOUNTING AND BUDGET	Maintenance contract for 2 new color copier/printer mfps.	2,013	0.0%
VARIOUS	miscellaneous - Uniforms for new FTE's; NMGRT on contractual services;	20,895	0.4%
	Total 2013/14 Budget Increase (Decrease) Compared to FY2011/12 Actual	$ 1,735,477	29.7%
	TOTAL FY2013/14 BUDGET REQUEST	$ 7,576,372	

Budget Summary

The BDD's actual expenditures for FY2011/12 ($5,840,895) were $3,027,507 lower than the approved budget for FY2011/12 ($8,868,402). Closing this gap has been a prime consideration in developing the BDD's budget for FY2013/14. Most predictions for FY2013/14 are based on a combination of engineering models specifically designed for the BDD and actual expenditures experienced in FY2011/12 (the baseline). The BDD's annual operating budget consists of fixed and variable costs, which are determined by percentage allocations contained in the Facility Operations and Procedures Agreement (FOPA). Annual volumetric flow predictions provided by the partners provide the basis for certain variable costs primarily related to chemicals, power, and solids management.

Water calls in acre-feet (acre feet) by Partner and year

Volumetric flow	City	County	Raw water Las Campanas	Total	Budget delivered	% Increase
FY2011/12	4,765.10	436.18	150.37	5,351.65	98%	N/A
FY2012/13	4,677.75	714.49	589	5,981.24		12%
FY2013/14	5,236.46	819.24	695	6,750.70		13%


Chemical Cost per 1,000 gallons finished water
$0.30
$0.25
$0.20
$0.15
$0.10
$0.05
$-
$0.26
$0.21
$0.25
$0.18
FY11/12 Budget
FY11/12 Actual
Adopted 12/13
FY13/14 Proposed

Tabular presentation of expenditures and proposed budget request by line item category:

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 1,999,941	$ 1,981,294	$ 2,042,681.42	$ 2,059,378	$ -
Overtime	196,285	161,326	198,817	217,532	-
Benefits and Payroll Taxes	1,319,326	875,460	1,360,594	864,941	-
Contractual Services	1,093,034	552,598	1,043,920	1,095,829	-
Utilities	1,795,204	1,074,462	1,443,961	1,333,001	64,900
Communications	30,305	16,987	21,420	25,540	-
Landfill Tipping Fees & Solid Waste	511,508	64,296	615,462	273,985	-
Chemicals	459,542	373,396	478,245	394,508	19,725
Materials and Supplies	989,747	368,590	645,874	683,209	-
Water Conservation Fee	-	-	60,209	65,968	-
Software	36,358	30,779	35,000	55,700	-
Books/Subscriptions/Periodicals	5,300	3,699	5,745	4,350	-
Gasoline and Fuel	32,406	17,663	22,000	22,000	-
Insurance	172,500	182,033	205,650	187,590	-
Registration	6,180	615	6,180	6,180	-
Employee Training and Tuition	17,900	8,869	17,500	31,000	-
Advertising	1,288	(1,028)	9,500	11,950	-
Rental	45,396	12,873	7,000	83,000	-
Instate travel	-	-		3,000	-
Capital Outlay/Inventory Exempt	63,420	29,189	102,000	82,700	-
Fiscal Charges	92,764	87,793	142,754	75,011	-
Total	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,576,372**	84,625

While the BDD has significantly reduced expenditures for chemicals, solids management, and power, it was also necessary to include several new expenditures, which were not included in previous operating budgets. These additional expenditures are mostly due to the fact that the BDD's warranty coverage on equipment will expire in April 2013, which will require new additional coverage on specialized professional services and warehouse supplies previously covered by contractually warranty.

Programs

As the focal point for key resource decisions, the budget process is a powerful tool. The *National Advisory Council for State and Local Budgeting* (NACSLB) was created in 1997 to provide assistance to governments to improve their budgeting processes. In fulfilling that role, the NACSLB set forth a voluntary framework that provides budgeting guidance for state and local governments. The NACSLB established "Best Budgeting Practices" (BBP) which link budget decisions to desired outcomes consistent with organizational goals. This budget incorporates many BBP's set forth by NACSLB.

While local governments struggle with declining revenues, *Outcome-based* budgeting has become an increasingly important national budgeting standard. This type of advanced budgeting links resources to key business strategies and performance indicators. This "performance-based" approach connects key financial decisions to interdependent concepts of strategy, planning, business execution and measurement. Hence, this budget document contains more than a tabulation of financial figures. Rather than narrowly focusing on expenditures, we've established a structure for measuring the "value" citizens receive for their dollars by quantifying organizational achievement. In other words, the heart of this budget centers on determining how well the BDD executes its core business functions. We've shifted the focus from

"paying for costs" to "buying results". In addition, this budget simultaneously unifies our financial planning efforts with the *High Performance Organization* (HPO) principles which have become thriving core values of the BDD's working culture.

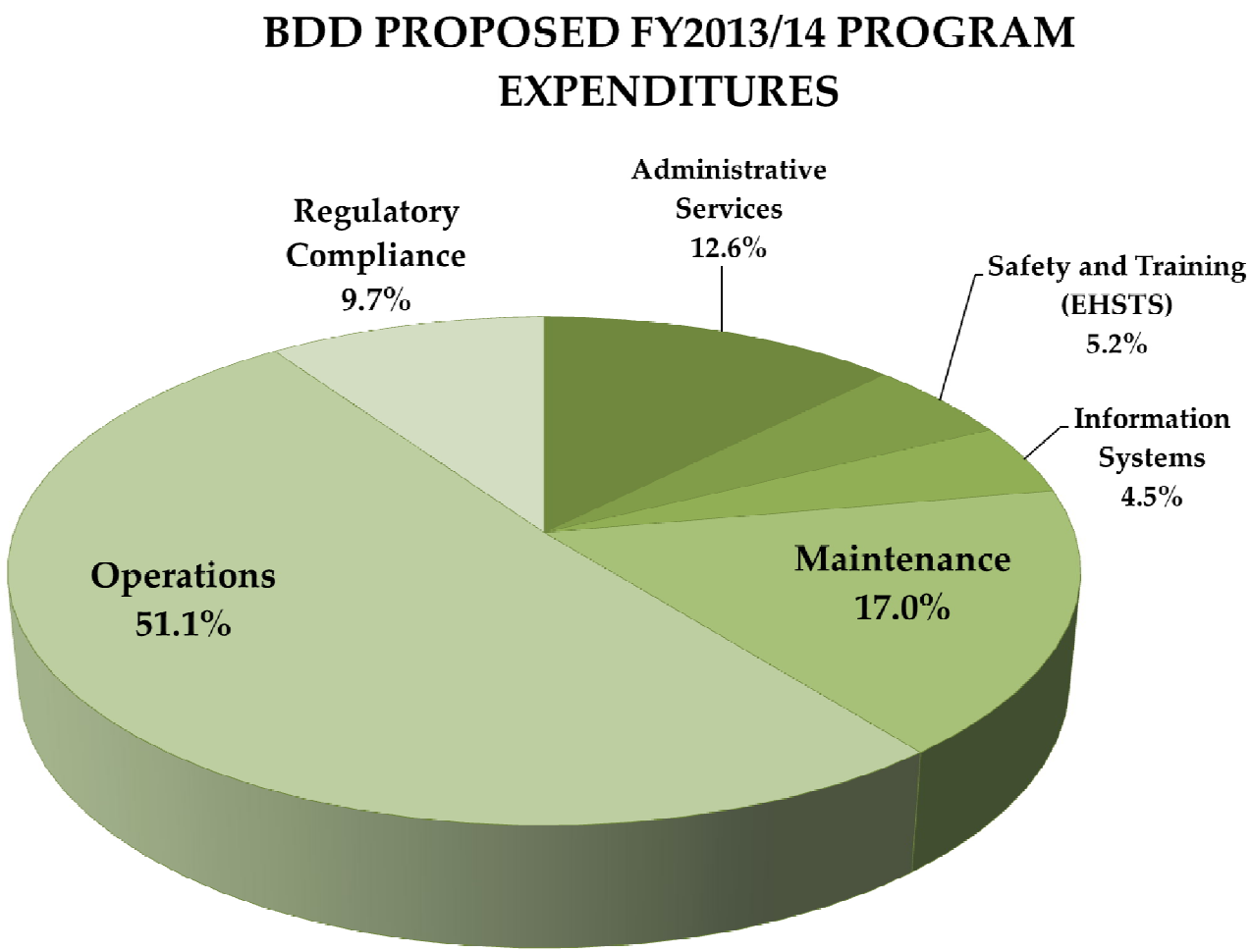
The BDD Operation and Maintenance (O&M) is divided into six (6) key Programs with explicit business functions as shown in Figure 1. Each Program was developed to support specific goals and objectives. These business activities encompass all functions necessary to operate the regional water treatment plant, maintain full regulatory compliance, execute Fiscal Agent responsibilities, and optimize infrastructure investments through comprehensive asset management.

FIGURE 1

Key Program	Business Function
1. **Facility Management/ And Accounting and Budget Services**	Provides general oversight and management support. Provides accounting, budgeting, procurement and payroll services as well as records management
2. **Information Services**	Provides automation, security, and communications services
3. **Environmental Health, Safety Transportation and Security**	Provides full compliance with State and Federal Health and Safety Regulations
4. **Asset Management (Maintenance)**	Provide cost-effective maintenance services to BDD Operation and optimize

	infrastructure life-cycle costs
5. **Operations**	Produce high quality drinking water
6. **Regulatory Compliance**	Provide full compliance with State and Federal water quality standards

Key Programs and Cost Allocation Percentages



The expenditure budgets for these six key programs are presented below, and these programs are presented in more detail in the Department Summary and in the Performance Reports. Total program funding includes all employee wages and benefits, and associated overhead expenses. These key programs incorporate all business expenses necessary to execute core business functions, and allow the reader to understand how limited resources are allocated within the project. In the Performance Reports section, expenditure budgets are linked to specific strategic initiatives and performance measures.

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS - BEST ESTIMATES**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Program:					
Administrative Services	$ 1,032,677	$ 751,576	$ 1,044,831.68	$ 951,432	$ -
Safety and Training (EHSTS)	298,915	239,668	342,015	391,782	-
Information Systems	412,161	160,551	426,682	341,053	-
Maintenance	1,401,273	819,725	1,369,564	1,288,900	-
Operations	5,063,699	3,434,502	4,630,971	3,869,724	84,625
Regulatory Compliance	659,676	434,873	650,448	733,480	-
Total Expenditures by Program	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,576,372**	84,625
Monthly "Burn Rate" (Avg. Exp/Month)	$ 739,033	$ 486,741	705,376.00	**$ 631,417**	

Full Time Equivalents

A major component of program resources is the expenditures for salaries and benefits and the alignment of full time equivalent employees who perform the work.

FULL TIME EQUIVALENTS (FTE) POSITION SUMMARY BY PROGRAM

Position Summary	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget
FTE Summary:				
Regular (full time)	33	34	34	35
Total FTE	33	34	34	**35**
FTEs by Program:				
Administrative Services	3	4	4	5
Safety and Training (EHSTS)	1	1	1	1
Information Systems	2	2	2	2
Maintenance	7	7	7	7
Operations	18	18	18	17
Regulatory Compliance	2	2	2	3
Total FTE	33	34	34	**35**

The following section will address significant changes, increases as well as decreases, to the individual program's funding requests from the prior year budget.

1. **Facilities Management:** This program has previously been included in Administrative Services but it has been determined that these activities should be addressed separately. Significant changes associated with this program for FY2013/14 include a decrease in expenditures for insurance fees ($20,000) and increases associated with potential increase of legal services ($26,500) associated with governing documents review and LANL / DOE MOU negotiations, continuing training in leadership and high performance organizations principles ($12,000), and advertisement ($8,500), Furthermore, this budget includes funding for one additional FTE ($94,000), the Public Information Specialist.

2. **Safety and Training:** Salary and benefit expenditures during FY2011/12 were lower than anticipated due to a 2 month vacancy of this position. This program decreased its office supplies expenditures by $3,950 but experienced an overall 63% over the actual expenditures of FY2011/12. These increases are expected to cover the anticipated increase for security services for the BDD ($25,000), hazardous materials disposal fees ($13,000), and additional training costs associated with hazardous material handling and disposal ($3,500).

3. **Information Systems (IS):** In prior years' budget proposals this program was included in the Administrative Services Program; however, due to its significance to the overall operation of the BDD it has been determined that these activities should be covered under an independent program. Drastic reductions in expenditures for repairs and maintenance activities ($90,000), and cuts to office and operating supplies

($21,500), were off-set by costs associated with additional requirements for software support, communication, and hardware. Overall expenditures increased by $180,000 over the actual expenditures of FY2011/12. This increase will address several software support activities ($63,000 – including WIMS / LIMS) which, in previous budget proposals were covered under other programs budgets but have been moved to IS for FY2013/14. Additional expenses are related to communication activities ($10,720) which includes two way radios as well as a cost share for the SCADA radio system site lease for Tesuque Peak, an essential component of the Early Notification System placed in Los Alamos Canyon. Expenses to purchase additional computers and hardware for new positions and a large screen monitor for the security system ($8,000) are also included in this budget.

4. **Maintenance:** Significant changes associated with this program for FY2013-14 include a decrease in expenditures for Professional Contracts ($85,000) stemming from reduction in services for Industrial Cleaning Service Contract ($60,000) , Landscape Maintenance ($43,000) and Corrosions Services ($5,000), transfer of responsibility for Instrumentation and Software Update and Support to Information Services created a ($17,000) reduction. Increase in services for Point Repair Contracts ($30,000) and Meter Calibration ($11,000). Other significant decreases were based on 1.5 years of actual expenditures; Overtime ($17,910), Repair and Maintenance of Vehicles ($10,000) and Vehicles > 1.5 ($25,000) totaling ($52,910). Significant increases for FY20313-14 consist of Repair and Maintenance of Buildings and Structures ($25,000) is based on projected target of facilities work orders (350) and actual existing work orders (624). Repair and Maintenance of System Equipment ($67,000) is based on the BDD Asset Management Plan.

5. **Operations:** This program accounts for nearly 50% of the total BDDP budget. Costs are primarily driven by finished water production levels.

   a. The Operations overtime (OT) budget consists of several components. The BDD is a 24/7/365 operation. The first and most expensive is scheduled OT. Of the $177,673 proposed, $118,976 is part of the normal schedule. Most Operators work a 36 hour week and a 48 hour week each pay period. The extra 8 hours of the 48 hour week are OT. The shift lead also is paid for an extra 15 minutes each day requiring them to come in early to facilitate a good shift handoff from the preceding shift. Holiday OT also totals up to $19,889 each year. The amount left to cover Sickness and Annual leave is $38,808 for 16 employees who have at least 15 days of Annual leave every year and 12 days of sick leave.

   b. $19,950 – Operations: funds to provide parts and supplies previously covered by the warranty agreement
   c. $75,000 – Costs of maintaining and calibrating instrumentation, previously covered by warranty Agreements.
   d. $5,000 – Professional tank inspection on the Finished Water Storage Tank.
   e. $70,000 – Installation of a mixing and monitoring system in the Finished Water Tank, which is necessary to prevent short circuiting in the tank, and will allow operations to make more accurate and timely adjustments to control pH and chlorine levels of the finished drinking water.

f. $26,000 – Employee Training/Tuition to cover expenses associated with the recruitment of three new operators, who are required to participate in the BDD certification program. Additional continuing education expenses are associated with the maintenance of current operators' certification levels.

6. Regulatory Compliance: This program reduced expenditures for laboratory services ($108,500), operating supplies ($24,500), PR services (15,500), office supplies ($11,000), advertising ($7,500), and in state travel ($3,250). Overall increases are composed of costs for additional professional services associated with aquatic and geomorphic monitoring for the NPDES permit ($91,800), permit negotiations ($10,800), and LANL activities ($5,400), as well as the purchase of additional field and lab instrumentation to assure accurate water quality monitoring ($30,000). Furthermore, during FY2012-13 the BDD reclassified one AWT operator position to an Environmental Compliance Assistant ($55,823) and moved the associated FTE expenses from the Operations Program to the Regulatory Compliance Program.

Emergency Reserve Fund (ERF) and Major Repair and Replacement Fund (RRF)

The Project Management and Fiscal Services Agreement, Article 3. (E.) requires the BDD Board create an Emergency Reserve Fund, and establish procedures for its management. The Emergency Fund provides immediate reserves for unforeseen or catastrophic infrastructure failures that render facilities unable to deliver water at the needed capacity. The Project Manager, in consultation with the partners, must submit to the BDD Board an analysis of the funds required for an emergency reserve and suggest procedures for creation of and management of the Emergency Fund.

The BDD Board previously approved the Emergency Fund, and the Major Repair and Replacement Fund as part of the FY 2011/12 Budget. The BDD pre-bills the partners on a monthly basis for these costs.

The Emergency Fund will be built to a target balance of $2,000,000 by the end of fiscal FY2013/14, and will be replenished as dollars are spent according to a previously approved Board policy.

The Major Equipment Repair and Replacement Fund will be built to a target balance of $823,624 by the end of fiscal FY2013/14. As actual expenses are incurred, contributions to the fund in "out years" can be adjusted accordingly.

The fund target balances presented herein are unchanged from those presented last year in the FY 2011-12 Budget.

Emergency Reserve Fund Target Balance

Emergency Fund Target	City of Santa Fe	City of Santa Fe	Las Campanas	Total
Total Emergency Fund Target	$1,306,350	$429,950	$263,700	$2,000,000

Major Equipment Repair and Replacement Fund Target Balance

Repair and Replacement Fund Annual Contribution Targets	City of Santa Fe	Santa Fe County	Las Campanas	Total
Annual Contribution	$291,840	$96,797	$23,175	$411,812

Government shall measure and report its performance to provide stakeholders with data for the purpose of evaluating program effectiveness and efficiency.

Program Performance Measures

Program Performance Measures

Publicly reporting actual program performance data on a routine basis apprises stakeholders of results. This document contains performance measures that stakeholders can use to determine whether programs are efficiently and effectively accomplishing goals. Performance standards can be periodically evaluated and refined to adapt to stakeholder priorities, and data driven decision making establishes the framework for continuous improvement, accountability, and transparency. The Buckman Direct Diversion Project is organized into 6 programs which are

1. Administrative Services/Accounting and Budget
2. Safety and Training (Environmental, Health, Safety, Transportation and Security – EHSTS)
3. Information Services
4. Maintenance
5. Operations
6. Regulatory Compliance

This section of the budget presents a performance report for each program organized into subsections as follows

- ***Program Purpose*** – Presents a cogent statement of program activities, customers, and benefits delivered.
- ***Strategic Goals Supported by the Program Resources*** – Presents the strategic goals primarily served by program resources.
- ***Program Expenditures, Budget and Full Time Equivalents (FTE's)*** – Presents program financial and personnel resources.
- ***Results and FY 2013-14 Targets*** – Presents measurements to describe how the program is achieving its program purpose.

Operations

Program Purpose

The Purpose of the Operations Program is to produce drinking water to the BDD partners so they can have confidence in the quality and quantity of water delivered by the Water Treatment Plant

Strategic Goals Supported by Program Resources

1. To ensure that water quality is kept to a very high standard
2. To minimize electric power and chemical costs

Program Expenditures, Budget and Full Time Equivalents (FTE's)

	FY11/12 Year End Actual**	FY2012/13 Adopted Budget	FY2013/14 Proposed Budget	% Variance FY13/14 Proposed FY11/12 Actual
Expenditures/Budget	$ 3,434,502	$ 4,630,971	$ 3,869,724	13%
Full time equivalents (FTEs)	18.0	18.0	17.0	(6%)

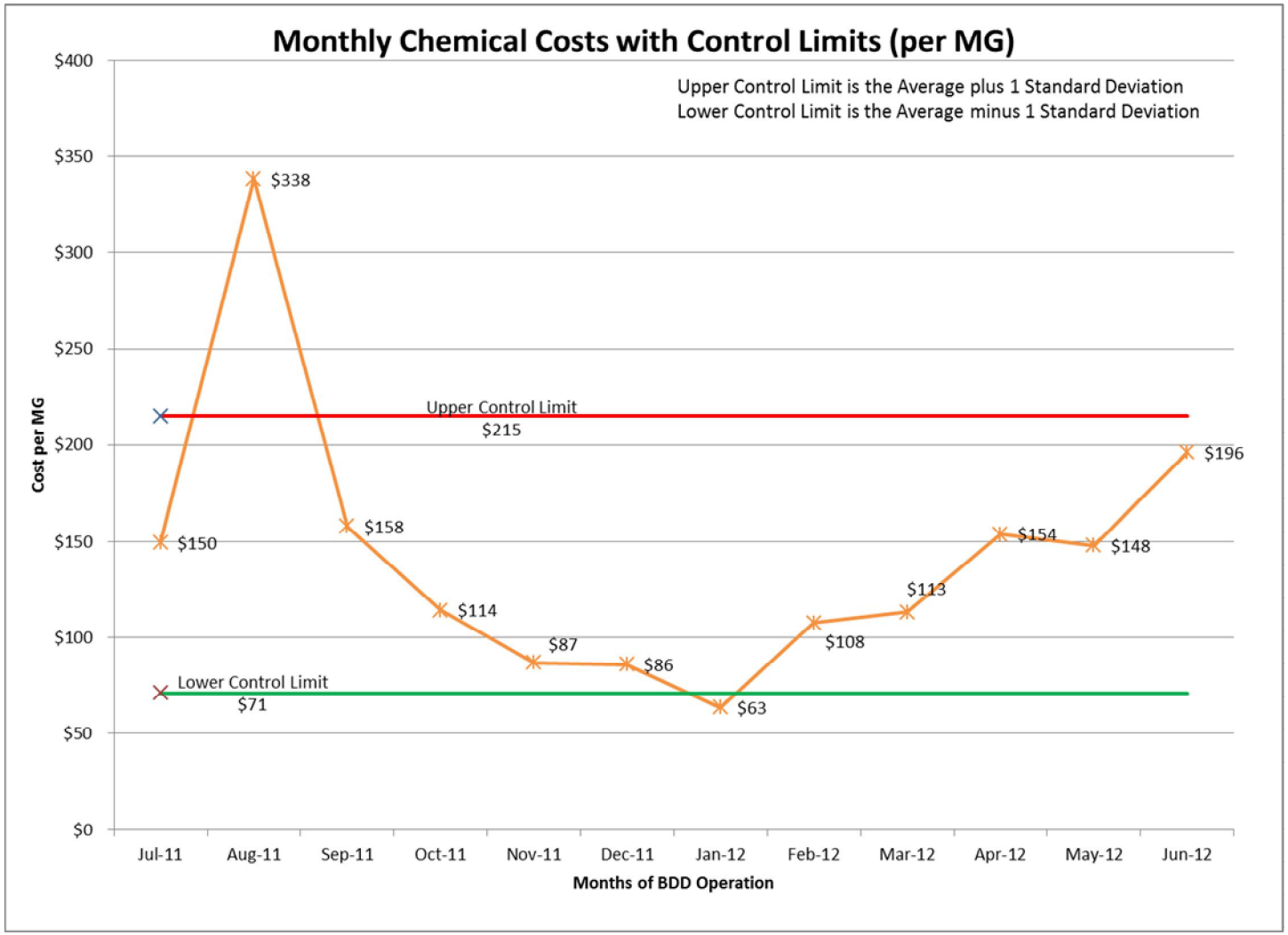
**unaudited financial results based on best estimates. Does not include prior period or year end adjustments.

Operations Results and FY2013/14 Targets

Performance Measures	FY11/12 Year End Actual	FY12/13 Adopted Target	FY13/14 Proposed Target
Results/Outcomes			
95% of all turbidity measurements less than or equal to 0.3 NTU.	99.6%	100%	100%
Maintain total electric power cost per million gallons produced below Upper Control Limit** 100% of the time.	92%	100%	100%
Maintain total chemical cost per million gallons produced below Upper Control Limit** 100% of the time.	92%	100%	100%
Output			
Number of turbidity samples collected	1969	NA	1969

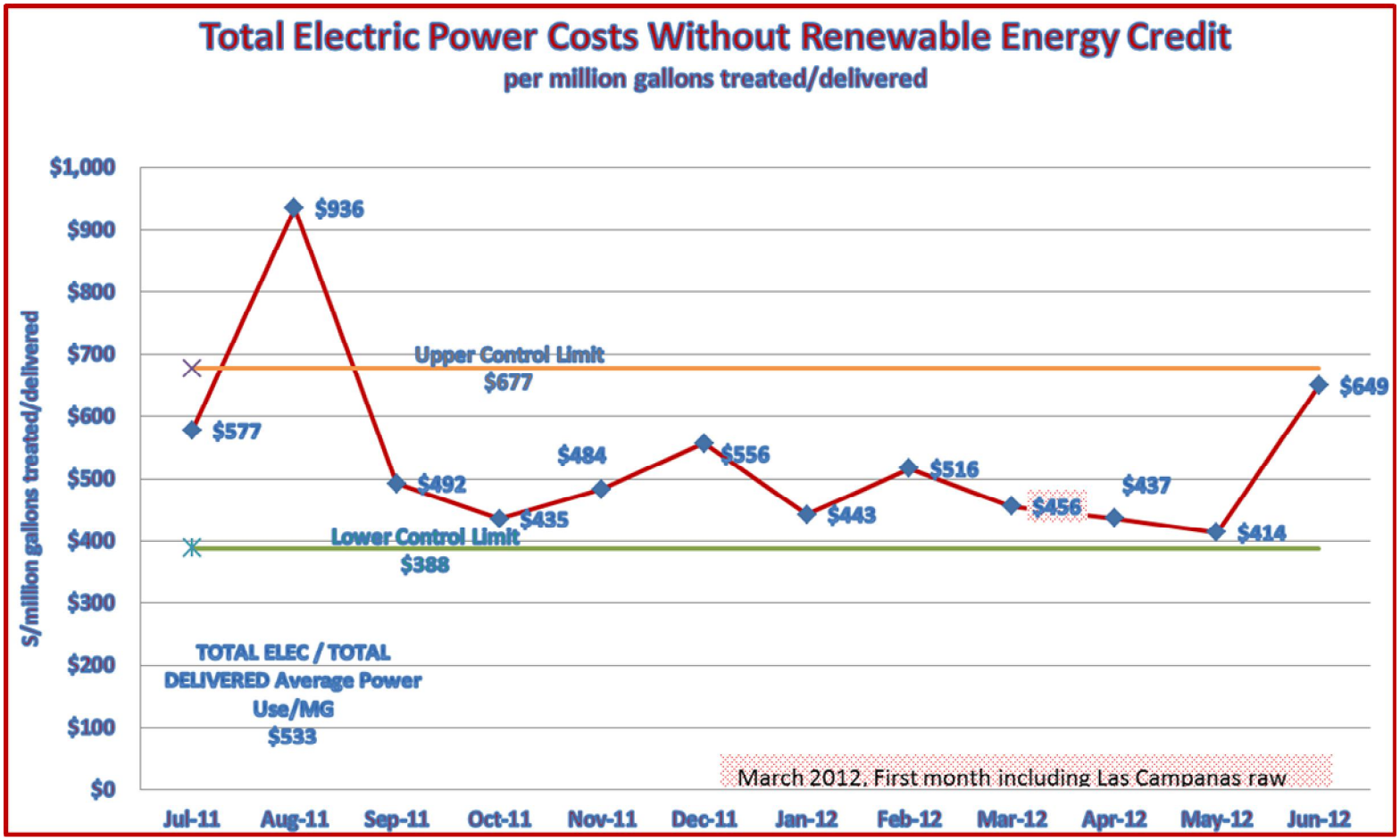
Data-driven performance indicators are an important process optimization tool. This section contains control charts developed to trend and evaluate on-going power and chemical consumption. This method applies statistical principles to determine target cost ranges. The *Upper Control Limit* and the *Lower Control Limit* represent one standard deviation above and below the mean value. The initial work contained herein provides the basis for long-term continuous improvement as larger data sets are compiled and refined to target cost saving opportunities.

Operations Results continued…



During the month of August 2011 water delivery was significantly reduced by water quality issues while recirculating water through the treatment plant to keep it ready for public consumption.

Operations Results continued…



During the month of August 2011 water delivery was significantly reduced by water quality issues while recirculating water through the treatment plant to keep it ready for public consumption.

Regulatory Compliance

Program Purpose

The purpose of the Regulatory Compliance Program is to provide sound compliance programs with respect to environmental and water quality regulations as well as compliance and process control lab services to BDD partners, its customers, and regulatory agencies to assure a reliable and high quality drinking water supply.

Strategic Goals Supported by Program Resources

1. Develop, and implement the Safe Drinking Water Act (SDWA) Compliance
2. Develop, and implement the National Pollutant Discharge Elimination System (NPDES) Compliance
3. Develop and implement residual Solids Management and Compliance
4. Develop and Implement the LANL / DOE Monitoring

Program Expenditures, Budget and Full Time Equivalents (FTE's)

	FY11/12 Year End Actual**	FY2012/13 Adopted Budget	FY2013/14 Proposed Budget	% Variance FY13/14 Proposed FY11/12 Actual
Expenditures/Budget	$ 434,873	$ 650,448	$ 733,480	69%
Full time equivalents (FTEs)	2.0	2.0	3.0	50.0%

**unaudited financial results based on best estimates. Does not include prior period or year end adjustments.

Performance Results and FY2013/14 Targets

Sub-Program	Performance Measures	FY11/12 Year End Actual	FY12/13 Adopted Target	FY13/14 Proposed Target
	Results/Outcomes			
SDWA	Percent compliance with SDWA monitoring and reporting standards.	100%	100%	100%
NPDES	Percent compliance with NPDES monitoring and reporting standards.	100%	100%	100%
SMCP	Protect the environment and maintain 100% compliance with monitoring frequency requirements; 1 sample per 100 cubic yards landfill solids disposal **[1]**	100%	100%	100%
	Outputs			
SDWA	Number of SDWA sampling events completed	4	4	4
NPDES	Number of NPDES suite sampling events completed	3	2	4
NPDES	Number of bio-assay sample events completed	4	4	4
NPDES	Number of geomorphic aquatic studies completed	4	4	4
SMCP	Number of landfill solids disposal sampling events completed **[1]**	30	270	45

[1] Estimated 4500 cubic yards solids annually for which NMED requires a sample per each 100 cubic yards resulting in 45 sampling events.

Asset Management and Maintenance

Program Purpose

The purpose of the Asset Management and Maintenance Program[i] is to provide reliable, cost-effective maintenance and repair services to BDD Operations for the purpose of minimizing equipment lifecycle costs, maximizing equipment reliability and dependability, and eliminating regulatory actions or water quality violations due to equipment failures.

Strategic Goals Supported by Program Resources

1. Minimize equipment life-cycle costs
2. Maximize equipment reliability and dependability
3. Eliminate regulatory actions or water quality violations due to equipment failures

Program Expenditures, Budget and Full Time Equivalents (FTE's)

	FY11/12 Year End Actual**	FY2012/13 Adopted Budget	FY2013/14 Proposed Budget	% Variance FY13/14 Proposed FY11/12 Actual
Expenditures/Budget	$ 819,725	1,369,564	1,288,900	57%
Full time equivalents (FTEs)	7.0	7.0	7.0	0%

**unaudited financial results based on best estimates. Does not include prior period or year end adjustments.

Asset Management and Maintenance Program Results and FY2013/14 Targets

Performance Measures	FY11/12 Year End Actual	FY12/13 Adopted Target	FY13/14 Proposed Target
Outputs			
Number of workdays backlog of incomplete work orders	12	NA	12
Number of facility and equipment work orders completed.	4,919	5,028	4,950

Safety and Training/ (EHSTS)

Environment, Health, Safety, Transportation and Security

Program Purpose

The purpose of the Safety and Training/(EHSTS) program is to provide compliance, program development, and site-specific training to BDD Operators and Maintenance personnel in compliance with applicable Federal, State, and local regulations.

Strategic Goals Supported by Program Resources

1. Maintain the *OSHA Incident Rate* below the industry standard of 3.2%. The OSHA Incident rate tracks the number of work related injuries normalized to the number of person-hours worked.

Program Expenditures, Budget and Full Time Equivalents (FTE's)

	FY11/12 Year End Actual**	FY2012/13 Adopted Budget	FY2013/14 Proposed Budget	% Variance FY13/14 Proposed FY11/12 Actual
Expenditures/Budget	$ 239,668	$ 342,015	391,782	63%
Full time equivalents (FTEs)	1.0	1.0	1.0	100.0%

**unaudited financial results based on best estimates. Does not include prior period or year end adjustments.

Safety and Training Results and FY2013/14 Targets

Note: Actual results not available due to vacancy in the Safety and Training position since May 2012.

Performance Measures	FY11/12 Year End Actual	FY12/13 Adopted Target	FY13/14 Proposed Target
Results/Outcomes			
OSHA INCIDENT RATE	0%	0%	0%
INPUTS			
Number of program policies and procedures reviewed		10	
Number of training hours delivered per employee		41	

Note: The OSHA Incident Rate tracks the number of work related injuries normalized to the number of person hours worked.

Administrative Services/Accounting and Budget

Program Purpose

Provide management oversight and supervision to the entire facility, and, in compliance with the Project Management and Fiscal Services Agreement (PMFSA) and the Fiscal Operations and Procedures Agreement (FOPA), assist with the developing and monitoring the use of the annual operating budget; deliver monthly partner invoicing in accordance with Generally Accepted Accounting Principles (GAAP); to perform records management and coordinate procurement and requisition processing in accordance with State and local laws and regulations, and to maintain oversight of expenditures within the working capital fund, the major repair and replacement fund, and the emergency reserve fund.

Strategic Goals Supported by Program Resources

1. Operate and maintain the Buckman Regional Water Treatment Plant within Budget 100% of the time.

Program Expenditures, Budget and Full Time Equivalents (FTE's)

	FY11/12 Year End Actual**	FY2012/13 Adopted Budget	FY2013/14 Proposed Budget	% Variance FY13/14 Proposed FY11/12 Actual
Expenditures/Budget	$ 751,576	$ 1,044,832	$ 951,432	27%
Full time equivalents (FTEs)	4.0	4.0	5.0	25%

**unaudited financial results based on best estimates. Does not include prior period or year end adjustments.

Accounting and Budget Results and FY2013/14 Targets

Performance Measures	FY11/12 Year End Actual	FY12/13 Adopted Target	FY13/14 Proposed Target
Results/Outcomes			
Percent compliance with adopted budget measured as percent of adopted budget dollars requiring budget revision	96%	NA	100%
BDD Payment processing float in calendar days	4.4	NA	4
Procurement float in processing days (from entry to print)	5	NA	5
Outputs			
Number of invoices approved for payment	905	NA	1,177
Number of purchasing requisitions processed	246	NA	320
Efficiencies			
Average Days Payables Outstanding	53.9	NA	38

Information Systems

Program Purpose

The purpose of the Information Systems program is to maintain and support all automation and security systems, especially the Supervisory Control and Data Acquisition system (SCADA), so that the BDD can provide reliably clean drinking water.

Strategic Goals Supported by Program Resources

1. Eliminate regulatory actions or water quality violations due to equipment failures caused by software, connectivity, or information systems.

Program Expenditures, Budget and Full Time Equivalents (FTE's)

	FY11/12 Year End Actual**	FY2012/13 Adopted Budget	FY2013/14 Proposed Budget	% Variance FY13/14 Proposed FY11/12 Actual
Expenditures/Budget	$ 160,551	$ 426,682	341,053	112%
Full time equivalents (FTEs)	2.00	2.00	2.00	0%

**unaudited financial results based on best estimates. Does not include prior period or year end adjustments.

Information Systems Program Results and FY2013/14 Targets

Performance Measures	FY11/12 Year End Actual	FY12/13 Adopted Target	FY13/14 Proposed Target
Results/Outcomes			
Percent of time the SCADA system is online	99.86%	NA	99.90%
Percent of time the security system is online	99.88%	NA	99.90%
Percent of time that Antivirus and Windows Updates are current	94.24%	NA	99.90%
Percent of time that system backups are current	99.17%	NA	99.90%

SUMMARY TABLES

PROPOSED FY2013/14 OPERATING BUDGET

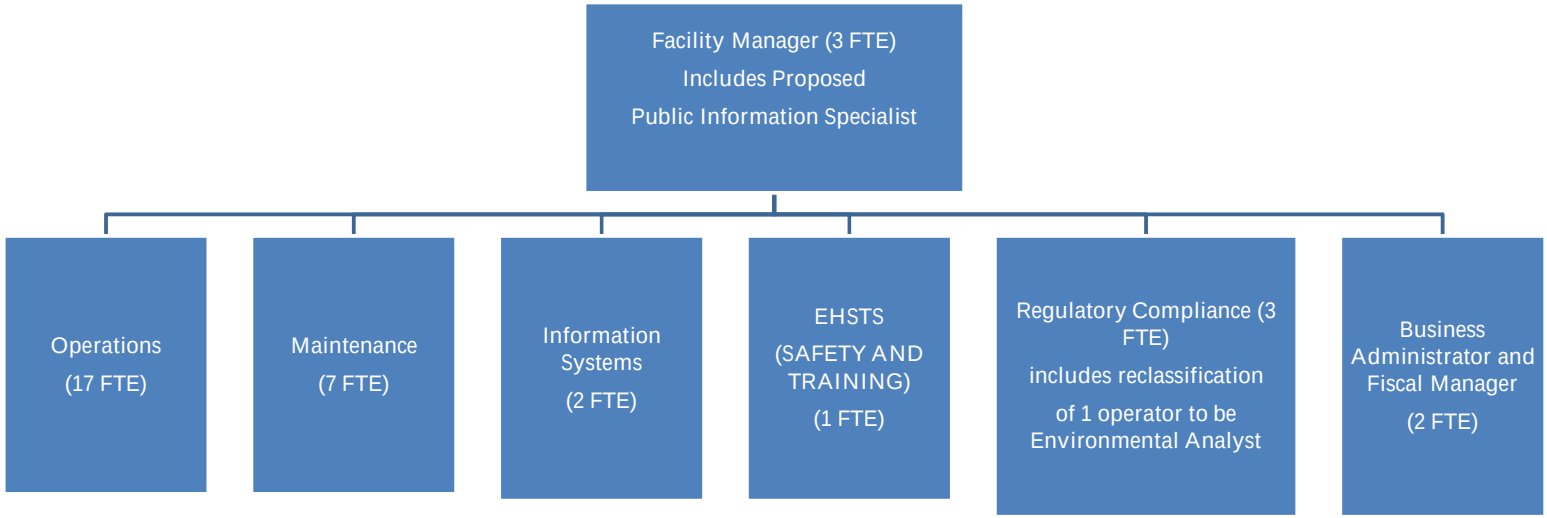
BUCKMAN DIRECT DIVERSION

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

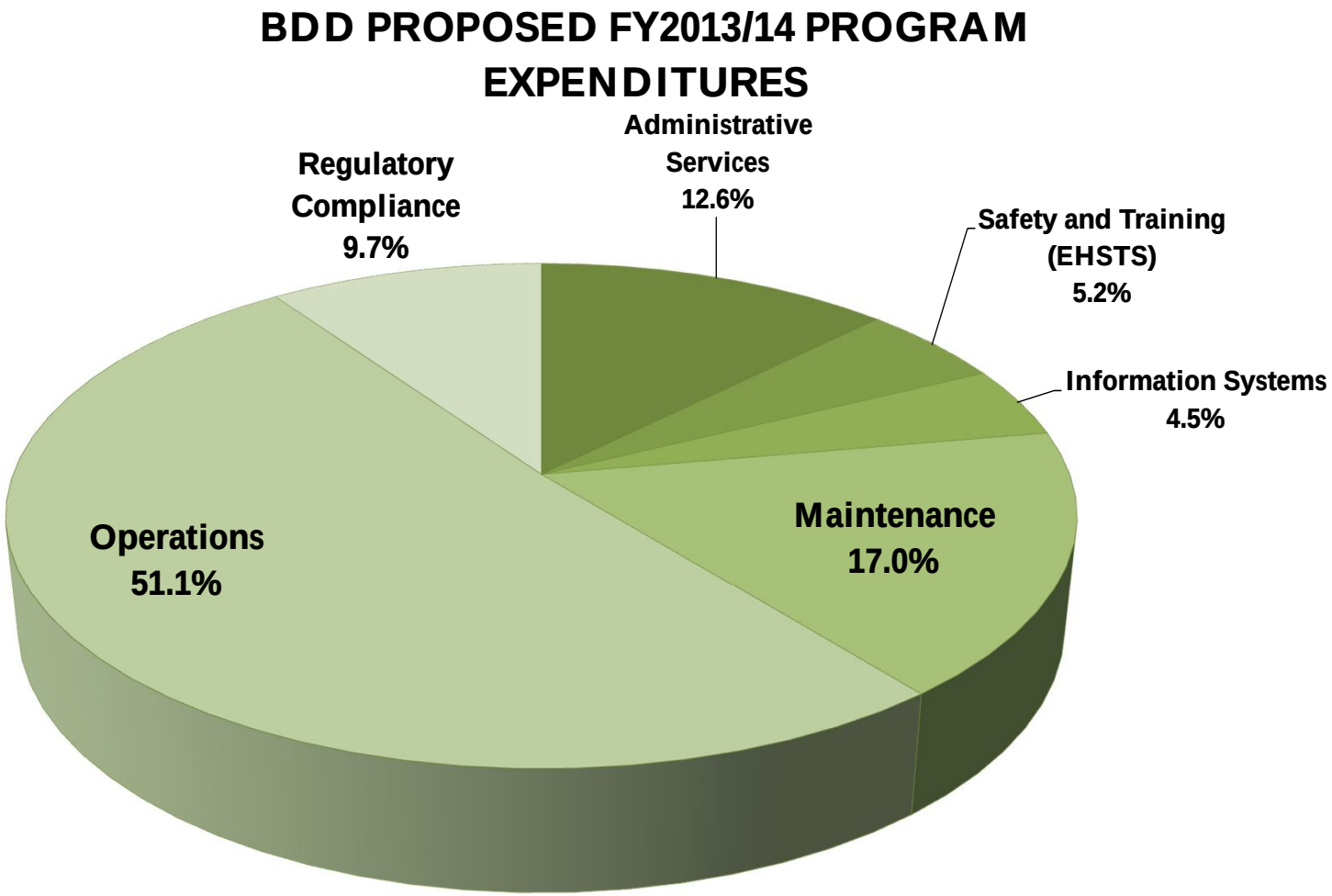
FY2013/14 PROPOSED BUDGET TABLES AND GRAPHICAL PRESENTATIONS OF DATA

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

ORGANIZATIONAL CHART



BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT



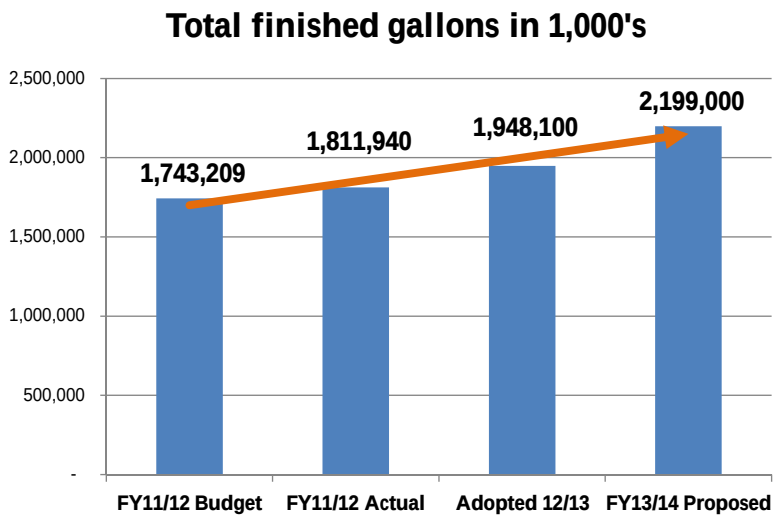
BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

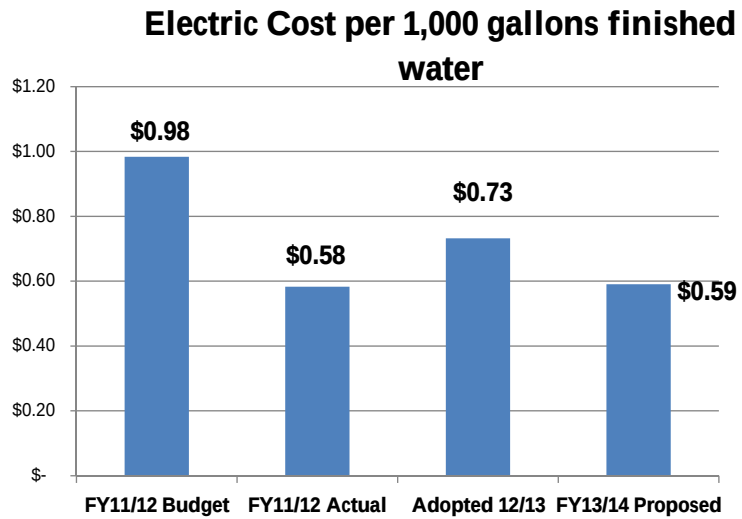
***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS - BEST ESTIMATES**

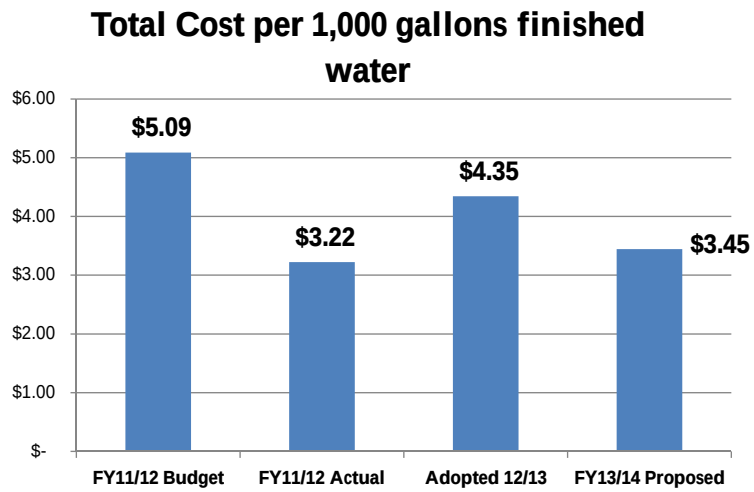
	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Reimbursement Revenues by Fund:					
BDD Operating 7280000	$ 8,868,402	$ 8,780,577	$ 8,464,512	$ 7,576,372	$ 84,625
BDD Repair and Replacement 7415	171,593	167,213	411,812	240,219	$ -
BDD Emergency Reserve Fund 7416	416,662	372,710	1,000,000	583,338	$ -
BDD Capital Improvement Fund					
Total Revenues by Fund	$ 9,456,657	$ 9,320,500	9,876,324.20	**$ 8,399,929**	84,625.00
Expenditures by Program:					
Administrative Services	$ 1,032,677	$ 751,576	$ 1,044,831.68	$ 951,432	$ -
Safety and Training (EHSTS)	298,915	239,668	342,015	391,782	-
Information Systems	412,161	160,551	426,682	341,053	-
Maintenance	1,401,273	819,725	1,369,564	1,288,900	-
Operations	5,063,699	3,434,502	4,630,971	3,869,724	84,625
Regulatory Compliance	659,676	434,873	650,448	733,480	-
Total Expenditures by Program	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,576,372**	84,625
Excess/(Shortfall) Reimbursements by Fund:					
BDD Operating 7280000	$ -	$ 2,939,682	$ -	$ -	
BDD Repair and Replacement 7415	$ 171,593	$ 167,213	411,812.00	$ 240,219	
BDD Emergency Reserve Fund 7416	$ 416,662	$ 372,710	1,000,000.00	$ 583,338	
Total Revenues	$ 588,255	$ 3,479,606	1,411,812.00	**$ 823,557**	
Operational Efficiencies					
Total gallons delivered in 1,000's	1,743,209	1,811,940	1,948,100	2,199,000	
Total Cost per 1,000 gallons	$ 5.09	$ 3.22	$ 4.35	$ 3.45	
Chemical Cost per 1,000 gallons	0.26	0.21	0.25	0.18	
Electric Cost per 1,000 gallons	0.98	0.58	0.73	0.59	
Monthly "Burn Rate" (Avg. Exp/Month)	$ 739,033	$ 486,741	705,376.00	**$ 631,417**	

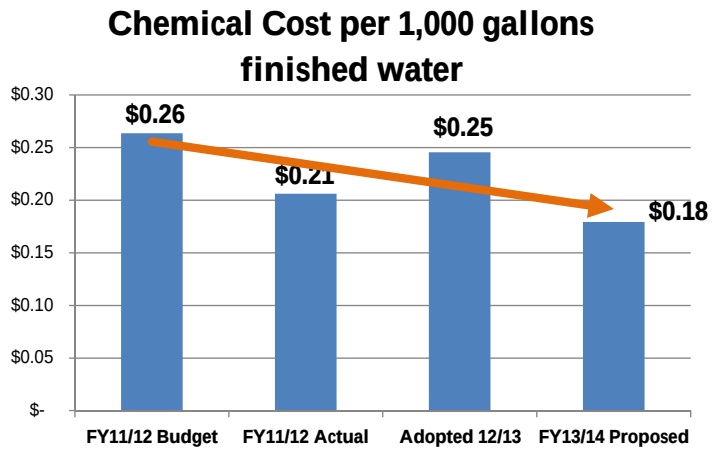
BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

BUDGETARY COMPARISONS: OPERATING EFFICIENCIES AND PRODUCTION









BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 1,999,941	$ 1,981,294	$ 2,042,681.42	$ 2,059,378	$ -
Overtime	196,285	161,326	198,817	217,532	-
Benefits and Payroll Taxes	1,319,326	875,460	1,360,594	864,941	-
Contractual Services	1,093,034	552,598	1,043,920	1,095,829	-
Utilities	1,795,204	1,074,462	1,443,961	1,333,001	64,900
Communications	30,305	16,987	21,420	25,540	-
Landfill Tipping Fees & Solid Waste	511,508	64,296	615,462	273,985	-
Chemicals	459,542	373,396	478,245	394,508	19,725
Materials and Supplies	989,747	368,590	645,874	683,209	-
Water Conservation Fee	-	-	60,209	65,968	-
Software	36,358	30,779	35,000	55,700	-
Books/Subscriptions/Periodicals	5,300	3,699	5,745	4,350	-
Gasoline and Fuel	32,406	17,663	22,000	22,000	-
Insurance	172,500	182,033	205,650	187,590	-
Registration	6,180	615	6,180	6,180	-
Employee Training and Tuition	17,900	8,869	17,500	31,000	-
Advertising	1,288	(1,028)	9,500	11,950	-
Rental	45,396	12,873	7,000	83,000	-
Instate travel	-	-		3,000	-
Capital Outlay/Inventory Exempt	63,420	29,189	102,000	82,700	-
Fiscal Charges	92,764	87,793	142,754	75,011	-
Total	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,576,372**	84,625

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

BUDGET SUMMARY of SIGNIFICANT CHANGES FROM FY11/12 ACTUAL TO FY13/14 PROPOSED

TOTAL FY2011/12 ACTUAL $ 5,840,895

(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
OPERATIONS	Increased electric power requirements due to 21% increase in water call	$ 258,539	4.4%
OPERATIONS	Increased solids landfill tipping fees due to 21% increase in water call	209,689	3.6%
OPERATIONS	Operations: costs of maintaining and calibrating instrumentation, previously covered by warranty Agreements.	75,000	1.3%
OPERATIONS	Increase in parts and supplies to perform maintenance	43,045	0.7%
OPERATIONS	Operations: installation of a mixing and monitoring system in the Finished Water Tank, which is necessary to prevent short circuiting in the tank, and will allow operations to make more accurate and timely adjustments to control pH and chlorine levels of the finished drinking water.	70,000	1.2%
OPERATIONS	Operations: overtime budget.	40,000	0.7%
OPERATIONS	Training 3 new operators to meet BDD requirements, ongoing certification.	26,000	0.4%
OPERATIONS	Operations: professional tank inspection on the Finished Water Storage Tank.	5,500	0.1%
OPERATIONS	Purchase of AWWA Standards on CD	2,000	0.0%
MAINTENANCE	As facilities and equipment roll off of warranty coverage this is for anticipated increases in supplies and parts to perform repairs.	235,292	4.0%
MAINTENANCE	Maintenance: Mechanical contractor for emergency repair of mechanical and electrical equipment coming off of warranty.	50,000	0.9%
MAINTENANCE	Maintenance: Install new sampling port and return line, install new hydrant at the Pre-sed basin, and perform emergency line repair.	40,000	0.7%
MAINTENANCE	Maintenance: Flow meter certification.	18,000	0.3%
MAINTENANCE	Maintenance: Increased grounds keeping requirements throughout the facilities.	17,000	0.3%
MAINTENANCE	Various contracts for crane certifications, cathodic protection and tank inspections	$ 20,000	0.3%
MAINTENANCE	equipment and machinery to fix the valve exerciser	55,000	0.9%
MAINTENANCE	Capital outlay for systems equipment to improve the sed separator	20,500	0.4%

(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
MAINTENANCE	Inventory exempt purchases of replacement tools and instrumentation	25,000	0.4%
MAINTENANCE	new tires for the trucks	3,600	0.1%
INFORMATION SYSTEMS	Information Services: The BDDP's reporting and data management capabilities have been limited by the current software systems. The BDDP has neither a Water Information nor a Laboratory Information Management System (WIMS, LIMS) in place. The BDDP is in the process of researching a better, more comprehensive and robust data management system.	54,004	0.9%
INFORMATION SYSTEMS	Information Systems: Perform upgrades to instrumentation and control systems coming off of warranty.	36,500	0.6%
INFORMATION SYSTEMS	Information Systems: Computers, telephones, and furnishings for new positions.	9,000	0.2%
FACILITY MANAGEMENT	Facility Manager: Leadership and strategic planning training.	12,500	0.2%
FACILITY MANAGEMENT	Facility Manager: Advertising vacant positions and requests for proposals.	9,000	0.2%
SAFETY AND TRAINING	Increase to security contract at re-bid	25,000	0.4%
SAFETY AND TRAINING	Environmental, Health, Safety, Transportation, and Security Program: costs associated with hazardous materials and emergency response training not included in previous budget	3,500	0.1%
REGULATORY COMPLIANCE	1 proposed new FTE Public Information Specialist	94,000	1.6%
REGULATORY COMPLIANCE	Increases to SWAC contract for Aquatic and Geomorphic	85,000	1.5%
REGULATORY COMPLIANCE	Purchase of IC, other lab instrumentation and autosamplers	30,000	0.5%
REGULATORY COMPLIANCE	Increase to Board Attorney services	20,000	0.3%
REGULATORY COMPLIANCE	Permit review negotiations	10,800	0.2%
REGULATORY COMPLIANCE	Harwood Consulting increase	5,400	0.1%
REGULATORY COMPLIANCE/FACMGR	new cellphone services for Public Info Spec. and Environmental Compliance	2,700	0.0%
ACCOUNTING AND BUDGET	1 prior year approved FTE "Fiscal Analyst" to support budget checking, procurement and accounting activities.	98,000	1.7%
ACCOUNTING AND BUDGET	Increase in office supplies for copier/print contract	3,000	0.1%
ACCOUNTING AND BUDGET	Maintenance contract for 2 new color copier/printer mfps.	2,013	0.0%
VARIOUS	miscellaneous - Uniforms for new FTE's; NMGRT on contractual services;	20,895	0.4%
	Total 2013/14 Budget Increase (Decrease) Compared to FY2011/12 Actual	$ 1,735,477	29.7%
	TOTAL FY2013/14 BUDGET REQUEST	$ 7,576,372	

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

FULL TIME EQUIVALENTS (FTE) POSITION SUMMARY BY PROGRAM

Position Summary	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget
FTE Summary:				
Regular (full time)	33	34	34	35
Total FTE	33	34	34	**35**
FTEs by Program:				
Administrative Services	3	4	4	5
Safety and Training (EHSTS)	1	1	1	1
Information Systems	2	2	2	2
Maintenance	7	7	7	7
Operations	18	18	18	17
Regulatory Compliance	2	2	2	3
Total FTE	33	34	34	**35**

Environment, Health, Safety, Transportation and Security (EHSTS)

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 61,074	$ 34,984	$ 61,074.00	$ 62,061	
Benefits and Payroll Taxes	38,479	17,227	38,479	26,066	
Contractual Services	177,813	171,523	197,813	257,995	
Communication	-	-	-	960	
Materials and Supplies	21,550	15,910	44,650	40,700	
Books, Subscriptions and Periodicals	-	24	-	500	
Employee Training and Tuition	-	-	-	3,500	
Program Total	$ 298,915	$ 239,668	$ 342,015.30	**$ 391,782**	

Information Systems

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 136,138	$ 95,213	$ 136,138	$ 138,328	
Overtime	7,851	297	7,953	6,609	
Benefits and Payroll Taxes	81,691	43,137	81,691	58,098	
Contractual Services	40,000	-	40,000	50,500	
Communications	3,720	3,720	2,000	10,480	
Repair of Machinery and Equipment	95,000	4,340	95,000	14,340	
Materials and Supplies	22,900	598	22,900	1,998	
Software	13,858	8,541	35,000	52,200	
Registration	-	615	-	-	
Employee Training and Tuition	6,000	-	6,000	2,000	
Capital Outlay/Inventory Exempt	5,003	4,091	-	6,500	
Program Total	$ 412,161	$ 160,551	426,682	**$ 341,053**	

Maintenance

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 399,491	$ 413,127	$ 399,490.78	$ 405,910	
Overtime	47,108	22,424	47,716	29,806	
Benefits and Payroll Taxes	275,903	183,693	275,903	170,483	
Contractual Services	230,000	3,648	230,000	145,000	
Utilities	-	-	-	-	
Communications	12,800	168	10,000	5,000	
Rep and Maint Build/Struct	30,000	10,177	30,000	55,000	
Rep & Maint System Equipment	60,000	40,089	60,000	127,000	
Rep & Maint Grounds/Rd	5,000	-	33,224	33,224	
Rep & Maint Furn/Fix/Equip	5,000	-	5,000	9,400	
Rep & Maint Machin & Equip	110,000	71,916	15,000	22,200	
Rep & Maint Vehicles	11,340	-	43,500	33,500	
Materials and Supplies	121,400	43,949	121,500	112,597	
Books/Subscrpts/Periodicals	550	-	1,200	1,200	
Gasoline and Fuel	32,406	17,663	22,000	22,000	
Insurance	-		3,150	-	
Registration	6,180	-	6,180	6,180	
Employee Training/Tuition	8,700	-	8,700	8,700	
Advertising	-	-	-	1,200	
Rental	45,396	12,873	5,000	55,000	
Capital Outlay/Inventory Exempt	-	-	52,000	45,500	
Program Total	$ 1,401,273	$ 819,725	$ 1,369,564.25	**$ 1,288,900**	

Operations

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 1,049,832	$ 1,099,279	$ 1,049,832.20	$ 941,039 [1]	
Overtime	133,474	136,075	135,196	177,673	
Benefits and Payroll Taxes	723,596	484,809	723,596	395,237	
Contractual Services	-	51,559	-	162,281	
Utilities	1,795,204	1,074,462	1,443,961	1,333,001	$ 64,900
Communications	9,503	9,503	6,520	5,500	
Landfill Tipping Fees & Solid Waste	511,508	64,296	615,462	273,985	
Chemicals	459,542	373,396	478,245	394,508	19,725
Materials and Supplies	350,569	108,455	64,950	151,500	
Water Conservation Fee	-	-	60,209	-	
Software	22,500	22,239	-	3,500	
Books/Subscriptions/Periodicals	3,000	2,343	3,000	1,500	
Gasoline and Fuel	-	-	-	-	
Insurance	-	-	-	-	
Registration	-	-	-	-	
Advertising	-	190	-	2,000	
Employee Training and Tuition	-	6,481	-	26,000	
Instate travel	-	-	-	2,000	
Capital Outlay/Inventory Exempt	-	1,416	50,000	-	
Fiscal Charges	4,971	-	-	-	
Program Total	$ 5,063,699	$ 3,434,502	4,630,971	**$ 3,869,724**	84,625

[1] PROPOSED RECLASSIFICATION OF 1 FTE TO REGULATORY COMPLIANCE

Regulatory Compliance

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 134,020	$ 143,629	$ 134,020.37	$ 175,489 [1]	
Overtime	7,851	2,530	7,953	2,548	
Benefits and Payroll Taxes	80,975	64,713	80,975	73,705	
Contractual Services	290,500	157,662	305,500	304,420	
Communications	801	801	700	1,600	
Materials and Supplies	141,400	63,681	107,650	72,850	
Water Conservation Fee	-	-	-	65,968	
Books Subscriptions and Periodicals	1,350	798	1,150	1,150	
Insurance	-	-	-	250	
Employee Training and Tuition	2,000	413	2,000	2,000	
Advertising	-	-	8,500	1,000	
Room Rental	-	-	2,000	2,000	
Instate travel	-	-	-	500	
Capital Outlay/Inventory Exempt	779	648	-	30,000	
Program Total	$ 659,676	$ 434,873	$ 650,448	**$ 733,480**	

[1] RECLASSIFICATION OF 1 OPERATIONS FTE TO BE A PROPOSED ENVIRONMENTAL DATA ANALYST

Administrative Services

***UNAUDITED RESULTS FY2011/12 ENDED JUNE 30, 2012 - ACCRUAL BASIS**

	(1) FY2011/12 Revised Budget	(2) FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	(3) FY2012/13 Adopted Budget	(4) FY2013/14 Proposed Budget	(5) FY2013/14 Potential Contigencies
Expenditures by Line Item:					
Salaries and Wages	$ 219,386	$ 195,063	$ 262,126.48	$ 336,551 [1]	
Overtime/Comp Time	-	-	-	896	
Benefits and Payroll Taxes	118,682	81,882	159,949	141,352	
Contractual Services	354,721	168,207	270,608	175,632	
Communications	3,482	2,796	2,200	2,000	
Materials and Supplies	15,588	9,477	2,500	8,900	
Books/Subscriptions/Periodicals	400	535	395	-	
Insurance	172,500	182,033	202,500	187,340	
Employee Training and Tuition	1,200	1,975	800	12,800	
Advertising	1,288	(1,218)	1,000	9,750	
Instate travel	-	-	-	500	
Capital Outlay/Inventory Exempt	57,638	23,033	-	700	
Fiscal Charges	87,793	87,793	142,754	75,011	
Program Total	$ 1,032,677	$ 751,576	1,044,832	**$ 951,432**	

[1] New Public Information Specialist FTE

The Project Management and Fiscal Services Agreement (PMFSA) for the Buckman Direct Diversion Project Article 4, paragraph D states "D. Prepare and submit to the BDD Board, the City, the County and Las Campanas....an Annual Operating Budget which shall include annual and 5 year projected OMR&R costs...."

Five-year Cost Projection

Five-year Cost Projection

Paragraph D of Article 4 of the Project Management and Fiscal Services Agreement (PMFSA) states that the Annual Operating Budget shall include a five-year projection of OMR&R costs. The purpose of providing this information herein is to aid decision makers and stakeholders in their planning. In future year budget development cycles, staff plans to present more detailed, longer-term projections that would also include potential capital improvements, the operating impacts of such improvements, and detailed requests for sources and uses of funds to construct necessary major repairs and replacements to the facilities.

In Table A (next page), the annual budgets are assumed to be held relatively flat for the foreseeable future, all else being equal, at approximately $7.6 million. Additionally, the expenditures are estimated based on a monthly average expenditure of approximately $583,000 based on 18 months of operating history and should be regarded as a very general and preliminary estimate subject to future refinement and clarification. Annual operating expenditures are forecasted by multiplying them year over year with a very modest inflation factor of 1.8 - 2.0% annually based on the Gross Domestic Project (GDP) Index. The GDP Index is a broad indicator based on major industrial sectors, including utilities. The GDP Index is maintained and published on the worldwide web by the Congressional Budget Office and also by Blue Chip Economic Indicators, a division of Aspen Publishers Inc.

As depicted in Chart B (2 pages ahead), it is reasonable to expect the trend between annual budget requests and annual expenditure levels to practically converge at some point in the next five years since staff will have more historical data upon which to base its forecasts and budget requests. The actual figures used are less important than the desired trend being presented by the convergence of the blue (budgets) and red (expenditures) trend lines presented in the subsequent graph. Fund equity, demonstrated by the green trend line in the graph, should ideally stabilize due to the convergence between budgeted pre-bills and actual expenditures.

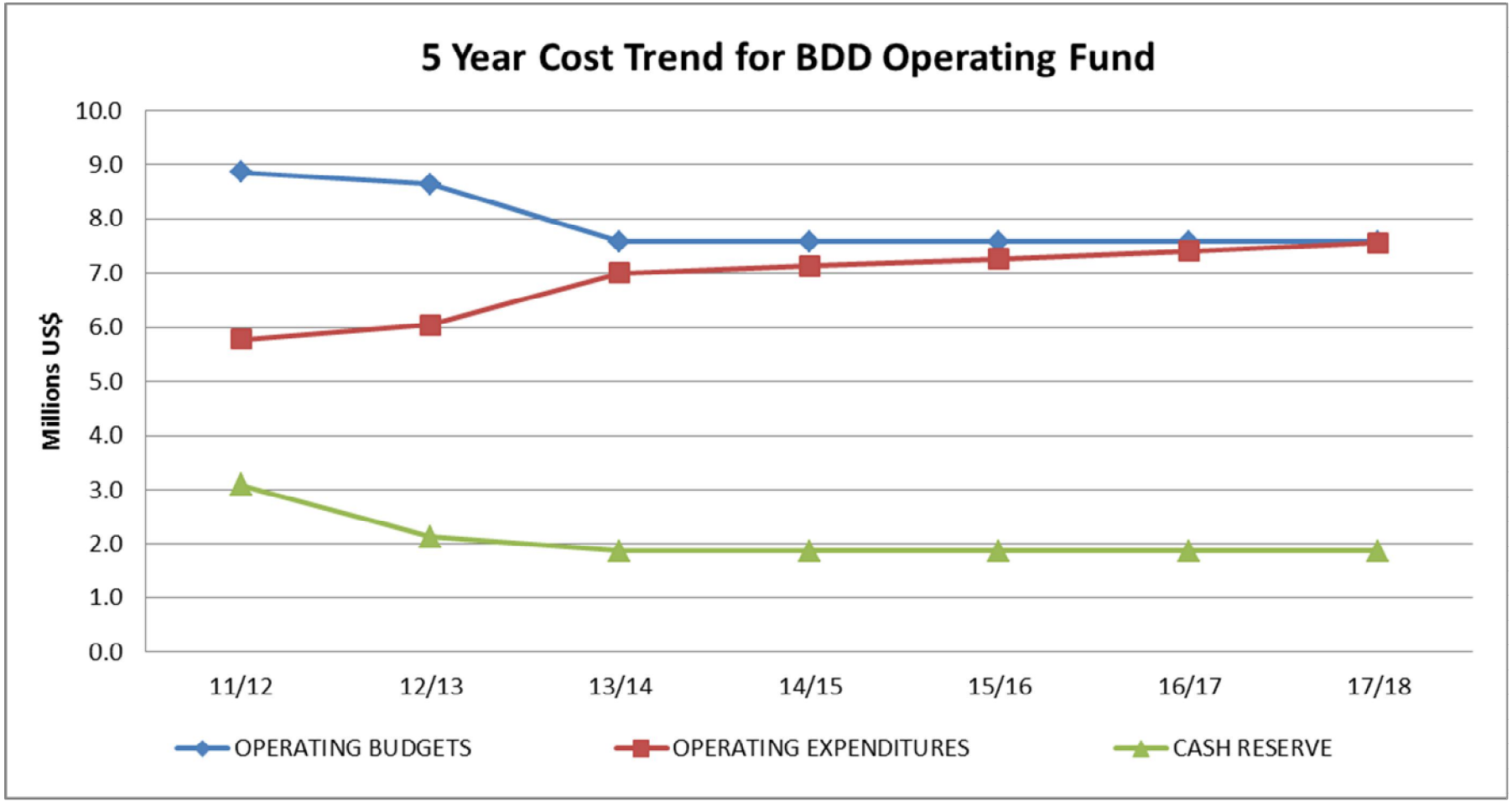
Table A

5 Year *Forecast* BDD OPERATING Budget in Millions $US

FORECAST YEAR	Actual	Estimate	1	2	3	4	5
FISCAL YEAR	11/12	12/13	13/14	14/15	15/16	16/17	17/18
BUDGET	$ 8.9	8.6	7.6	7.6	7.6	7.6	7.6
EXPENDITURES							
ACTUAL EXPENDITURE	5.8						
1st Qtr ACTUAL EXPENDITURE		1.1					
BURN RATE ($/mo.)	$ 0.49	0.58	0.58	0.59	0.61	0.62	0.63
*X % Inflation Factor****			1.8%	1.8%	1.9%	2.0%	2.0%
X MONTHS	12	9	12	12	12	12	12
=EXPENDITURES	5.9	5.2	7.0	7.1	7.3	7.4	7.5
- FTE VACANCY "SAVINGS"	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0
=TOTAL NET EXPENDITURES	$ 5.8	6.0	7.0	7.1	7.3	7.4	7.5
EXCESS REIMBURSEMENT REVENUE TO CREDIT PARTNERS (budget less net expenditures)	$ 3.1	2.6	0.6	0.5	0.3	0.2	0.0
CASH-ON-HAND TARGET		$ 2.1	1.9	1.9	1.9	1.9	1.9

***GDP PRICE INDEX: Sources Congressional Budget Office and Blue Chip Economic Indicators, Aspen Publishers Inc.

Chart B


5 Year Cost Trend for BDD Operating Fund
Millions US$
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
11/12
12/13
13/14
14/15
15/16
16/17
17/18
OPERATING BUDGETS
OPERATING EXPENDITURES
CASH RESERVE