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# Memo

**DATE:** September 11, 2014  
**TO:** Buckman Direct Diversion Board  
**FROM:** Mackie Romero, BDD Financial Manager *MR*

**ITEM AND ISSUE:**

Information Update on Financial Statements and Report of Independent Certified Public Accountants, Final Construction Costs of the Buckman Direct Diversion Project at June 30, 2012.

**BACKGROUND AND SUMMARY:**

Under a joint powers agreement dated January 15, 2005, the City of Santa Fe joined Santa Fe County to design and construct the BDD Project in order to divert surface water from the Rio Grande River to the independent water systems of the City and County. The City and County each own 50% of the BDD Project.

The Buckman Direct Diversion Project has one capital project fund, which receives capital contributions by the City, County and Las Campanas for purposes of designing and construction of the BDD Project. These contributions are held in trust in their respective agency funds, which are then used to reimburse the BDD capital project fund for expenses.

On March 27, 2012 a release agreement was executed, which provided for final allocations of grants and fiscal agent compensation of the BDD Project.

On April 24, 2014 a report of independent certified accountants was issued by Atkinson & Co. LTD.

Total Capital Contributions for the BDD Project is as follows:

*City of Santa Fe	107,230,876		
Santa Fe County	105,446,983		
Las Campanas	13,287,204		
	<b>225,965,063</b>		
Other Revenues	15,421		
Capital Assets	<b>225,980,484</b>		
*City of Santa Fe incurred \$1,781,239 of pre-JPA costs			



Capital assets consist of infrastructure, vehicles, machinery and equipment, which was transferred to the Buckman Water Treatment Plant Operations. Capital Assets are depreciated using the straight-line method over the assets useful life.

Capital Assets:

	Balance June 30, 2012
Infrastructure	225,550,529
Data Processing	24,259
Machinery and Equipment	137,791
Vehicles	267,905
	<u>225,980,484</u>
Depreciation	(36,254)
<b>Net Capital Asset</b>	<b><u>225,944,230</u></b>

Any remaining receivable balances held in trust, will remain within each partner's respective agency funds per the terms of the release agreement.

Agency Fund Balances at June 30, 2012

	City of Santa Fe	Santa Fe County	Total
Intergovernmental Payable	1,370,700	1,370,700	2,741,400
Due to the City of Santa Fe	1,050,000	1,050,000	2,100,000
Held by Fiscal Agent			
for future project expenditures		870,014	870,014
Total	<u>2,420,700</u>	<u>3,290,714</u>	<u>5,711,414</u>

Intergovernmental Payables will be used to pay obligated debt for grants received to fund the project. Amounts due to the City of Santa Fe's general Fund, will be used to pay the fiscal agent fee which is shared equally amongst partners. Amounts held in trust for future project expenditures will be used to reimburse operations for the Habitat Restoration project.

BDD strives to provide full transparency to our Board, our partners and our community, if you should have any questions please contact me. The Financial Statements and Report of Independent Certified Public Accountants is available on our website.






Buckman Direct Diversion

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

# Memo

**Date:** August 8, 2014  
**To:** Buckman Direct Diversion Board  
**From:** Shannon Jones, BDD Interim Facility Manager   
**Subject:** Public Service Company of New Mexico (PNM) Fuel Adjustment Clause

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## **ITEM AND ISSUE:**

Informational Item on PNM Fuel Cost Adjustment true up.

## **BACKGROUND AND SUMMARY:**

Approximately five (5) years ago, PNM received permission from the Public Regulatory Commission to implement a fuel cost adjustment. This adjustment or surcharge allows PNM to pass along the cost of fuel (coal and natural gas) that is above the agreed rate set in the 2008 rate case. As part of the original agreement, PNM was not allowed to increase the fuel surcharge rate for a period of 18 months.

PNM has not modified the fuel cost adjustment since it was first implemented. Because the cost of fuel (both coal and natural gas) is higher than when the rate was first set, PNM will be billing all of its customers for the past uncollected fees. PNM has received approval to bill its customers for the back fees, and they intend to break up the past debt over an eighteen (18) month period.

The attached table shows the estimated financial impact to the Buckman Direct Diversion's PNM accounts.



**Evaluation and Projection for FY 2014/2015 Fuel Cost Adjustment**

<b>PNM Account Location</b>	<b>Annual Estimated Average Cost (based on fy 13/14)</b>	<b>Annual Estimated Rate Increase (5%)</b>
Raw Water Lift Station	\$150,000	\$7,500.00
Booster Station 1A	\$380,000	\$19,000.00
Booster Station 2A	\$320,000	\$16,000.00
Water Treatment Plant	\$370,000	\$18,500.00
	<b>Total</b>	<b>\$61,000.00</b>

**DISCUSSION**

The Buckman Direct Diversion is equipped with 2.5 megawatts of solar arrays. In budgeted fiscal year 14/15, staff anticipates an estimated electrical saving of \$200,000 from the 2A Solar Array. In addition, staff anticipates an estimated \$180,000 in revenue to be generated from the treatment plant solar array. Based upon this estimates, staff remains confident that the increase for fuel cost adjustment will be funded this fiscal year without a request for budget increase.

**Financial Implications**

Cost: \$61,000 plus NMGRT  
 Long Term Cost: The increase will also apply to six (6) months of operations in fiscal year 15/16

<u>Fund Source</u>	<u>Business Unit/Line Item</u>	<u>Amount</u>
FY 2014/2015	Electric/#7280000.514050	\$61,000.00+ NMGRT

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## 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.

### MEMORANDUM

Date: August 26, 2014

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Project Manager 

Subject: **Habitat Restoration Efforts for the BDD Project**

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### BACKGROUND

The BDD Project is required to perform certain environmental mitigation measures pursuant to the Project's NEPA Environmental Impact Statement. Generally, the BDD is required to remove certain non-native vegetation, re-vegetate the areas with native riparian and upland species, and maintain the newly restored habitat until it becomes naturally self-sufficient. The BDD Project is required to restore approximately 7 acres of riparian habitat and 25 acres of upland habitat. The BDD has collaborated with Las Campanas and Santa Fe High School, under the guidance of the USFS and BLM. The restoration effort has been comprised of the following basic phases, with a budget of approximately \$1,000,000:

1. Implement and Enforce Access and Use Restrictions, including new fences/gates
2. Construct Parking Area and Information Kiosk/trails
3. Non-Native Tree Removal
4. Construct Backwater Channel and Seasonal Wetland
5. Revegetate Riverside Habitat Area (including irrigation)
6. Revegetate Upland Habitat Area
7. Implementation and Effectiveness Monitoring

Items 1 and 3 - 5 have been completed, and items 2, 6 and 7 are either ongoing or will take place over the coming 1 to 2 years.







Livestock and ATV enclosure fence erected across Canada Ancha to prevent trespass into BDD mitigation area.



Small openings in fence segments were made to allow hikers and picnickers access to the river area.



Non-native trees were cut from 15 acres along the river.



Mulch from cut and chipped trees were spread across former spur roads and are designated walking trails.



A 0.3-acre willow wetland was constructed in an area formerly dominated by non-native saltcedar and Russian olive trees.

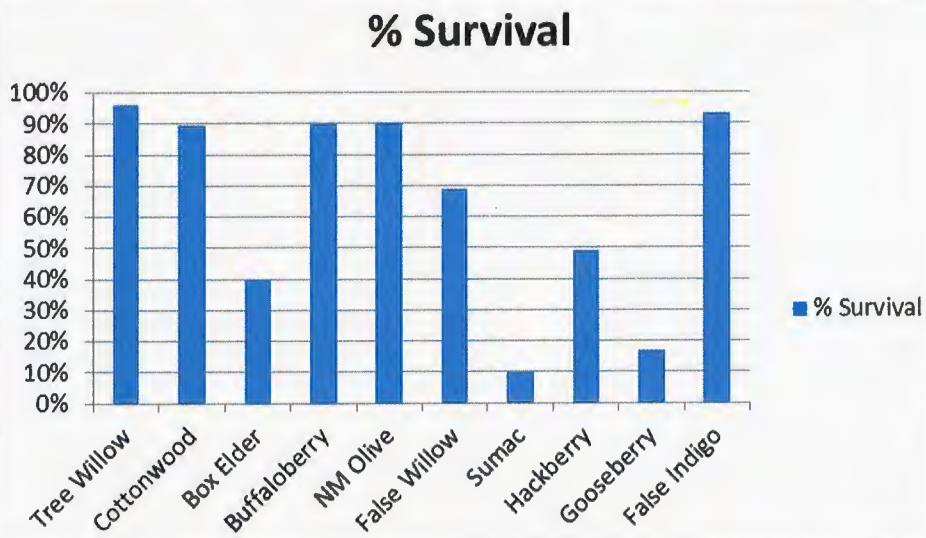


The willow wetland is developing into good habitat for birds, reptiles and amphibians.





Over 5,000 native trees and shrubs were planted in winter 2014.



First year survival is good for most species. For all species combined, approximately 86% survived the first growing season.