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:	**January 3, 2013**
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 2013/14**

Item and Issue:

Continued discussion and request of possible action to recommend approval of the BDD Operating 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 $7,037,603
- Emergency Fund $583,338
- Major Repair and Replacement Fund $240,219
- Total FY2013/14 Budget $7,861,160
- Total **reduction** of FY2013/14 O&M budget over FY2012-13 budget ($8,464,512): **$1,426,909**
- Total **reduction** of FY2013/14 budget over FY2012-13 budget ($9,876,324): **$2,015,164**

Recommended Action:

We would like to request discussion of and possible action to recommend approval of the BDD Operating Budget for FY 2013/14.

Buckman Direct Diversion Project

Proposed Annual Operating and Maintenance Budget FY2013/14

January 3, 2013

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.

On December 6, 2012, BDD staff presented a draft Annual Operating Budget.

Introduction

Continued discussion lead to consensus among all partners and resulted in the final budget proposal presented to the BDD Board today.

FY2013/14 budget development process

Development of the FY2013/14 budget is a collaborative effort among all partners

- All Partners meetings on November 9th and 20th
- FSAC meeting on December 4th
- BDD Board meeting on December 6th
- All Partners meeting on December 17
- FSAC meeting on December 27th

FY2013/14 budget development process

(continued)

Key considerations during the budget development process include:

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

Proposed FY2013-14 budget summary

- O&M budget $7,037,603
- Emergency Fund $583,338
- Major Repair and Replacement Fund $240,219

- Total FY2013/14 Budget $7,861,160

- Total **reduction** of FY2013/14 O&M budget over FY2012-13 budget ($8,464,512): **$1,426,909**

- Total **reduction** of FY2013/14 budget over FY2012-13 budget ($9,876,324): **$2,015,164**

Proposed FY2013-14 budget summary

Budget Summary – Partner Share of Total Proposed FY 2013/14 Budget

Entity	Fixed	Variable	Total	Pct
City of Santa Fe	$ 3,878,632	$ 1,334,110	$ 5,212,742	74.1%
Santa Fe County	$ 1,269,990	$ 212,179	$ 1,482,169	21.1%
Las Campanas Entities	$ 226,780	$ 115,912	$ 342,692	4.9%
TOTAL	$ 5,375,401	$ 1,662,201	$ 7,037,603	100%
Pct	76%	24%	100%	

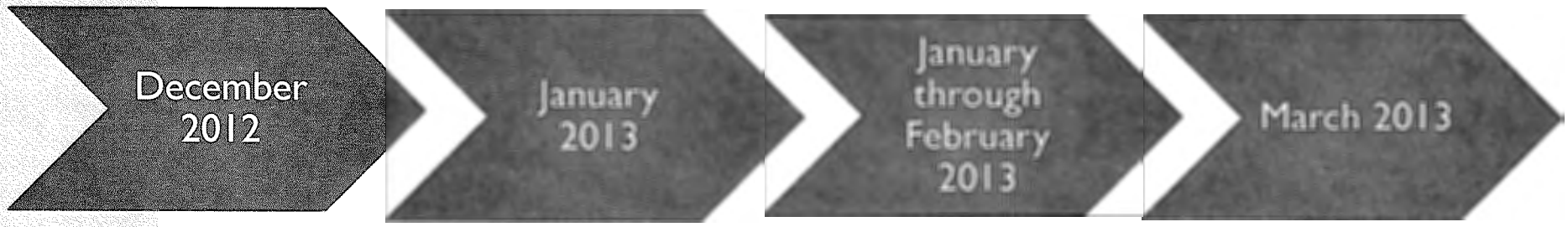
Partner Share By Expenditure Category	City of Santa Fe	Santa Fe County	Las Campanas Entities	Total
Personnel	$2,242,035	$734,114	$165,701	$3,141,851
Electricity	$958,328	$159,258	$116,169	$1,233,755
Chemicals	$324,081	$50,702	$0	$374,783
Solids	$68,015	$9,785	$0	$77,800
Materials & Supplies	$414,754	$135,804	$14,911	$565,469
Other Operating Costs	$1,205,530	$392,506	$45,910	$1,643,945
TOTAL	$5,212,742	$1,482,169	$342,692	$7,037,603

Budget summary

(continued)

- Budget proposed at $7,037,603
- Additional expenditures may be incurred due to unforeseen circumstances such as higher chemical or solids disposal costs due to lowered raw water quality
- These potential additional cost are estimated to be $472,147
- If necessary these potential expenditures would be covered by the 90-day cash-on-hand fund

Anticipated budget approval process



- 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, and 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 Schewnder, Interim BDD Facilities Manager

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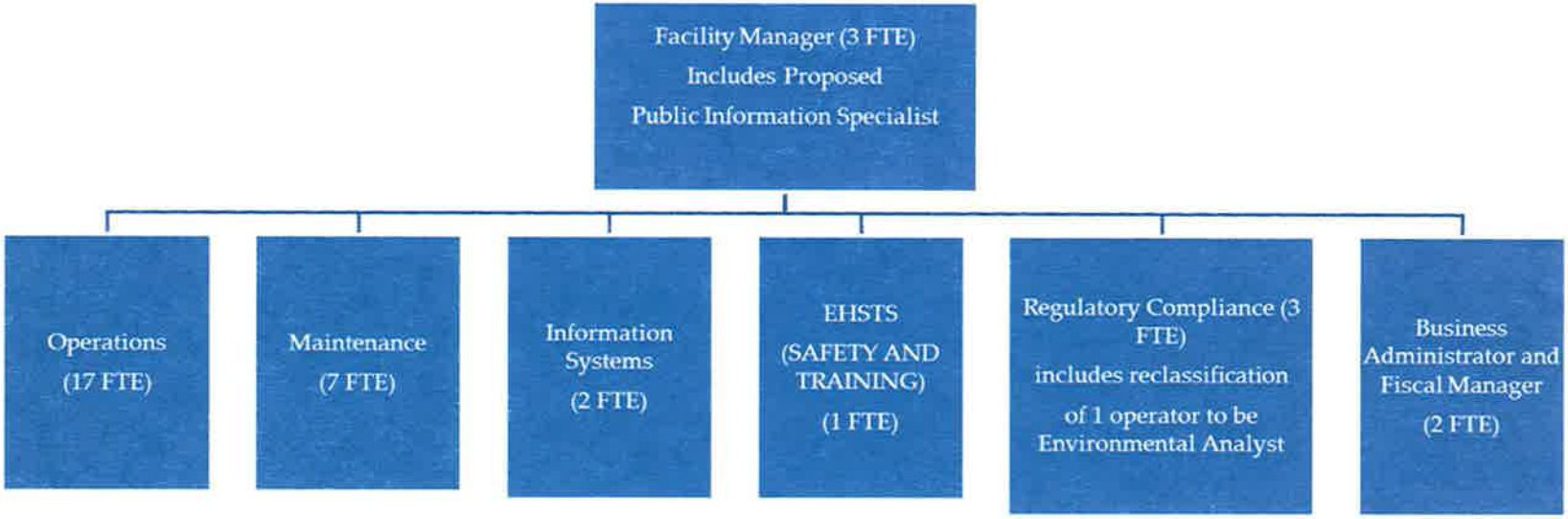
BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT ORGANIZATIONAL CHART



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

Budget Message

The *Project Management and Fiscal Services Agreement* (PMFSA) requires that the Project Manager 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) recommend a Fiscal Year 2013-14 Operating Budget of $7,037,603. The portion of fixed vs. variable costs and the partner share by major expenditure category is:

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

Entity	Fixed	Variable	Total	Pct
City of Santa Fe	$ 3,878,632	$ 1,334,110	$ 5,212,742	74.1%
Santa Fe County	$ 1,269,990	$ 212,179	$ 1,482,169	21.1%
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TOTAL	$ 5,375,401	$ 1,662,201	$ 7,037,603	100%
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PARTNER SHARE BY EXPENDITURE CATEGORY	City of Santa Fe	Santa Fe County	Las Campanas Entities	Total
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Solids	68,015	9,785	0	77,800
Materials & Supplies	414,754	135,804	14,911	565,469
Other Operating Costs	1,205,530	392,506	45,910	1,643,945
TOTAL	$5,212,742	$1,482,169	$342,692	$7,037,603

Consistent with previously adopted budgets, this budget includes a request for an annual contribution of $583,338 to the *Emergency Fund* and $240,219 to the *Major Repair and Replacement Fund* therefore bringing total funding to $7,861,160. In this document, tables presenting budget figures will commonly appear 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 for board action.**

The table on the following page presents the budgetary analysis and FY2013/14 proposed budget request by fund and program.

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
Reimbursement Revenues by Fund:				
BDD Operating 7280000	$ 8,868,402	$ 8,780,577	$ 8,464,512	$ 7,037,603
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
Total Revenues by Fund	$ 9,456,657	$ 9,320,500	9,876,324.20	**$ 7,861,160**
Expenditures by Program:				
Administrative Services	$ 1,032,677	$ 751,576	$ 1,044,831.68	$ 925,330
Safety and Training (EHSTS)	298,915	239,668	342,015	351,757
Information Systems	412,161	160,551	426,682	341,053
Maintenance	1,401,273	819,725	1,369,564	1,194,195
Operations	5,063,699	3,434,502	4,630,971	3,576,576
Regulatory Compliance	659,676	434,873	650,448	648,691
Total Expenditures by Program	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,037,603**
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	$ 3.20
Chemical Cost per 1,000 gallons	$ 0.26	$ 0.21	$ 0.25	$ 0.17
Electric Cost per 1,000 gallons	$ 0.98	$ 0.58	$ 0.73	$ 0.56
Monthly "Burn Rate" (Avg. Exp/Month)	$ 739,033	$ 486,741	705,376.00	**$ 592,017**

Potential Operating Budget Shortfalls

On December 17, 2012, financial professionals from the City of Santa Fe, Santa Fe County, and the three Las Campanas entities met with BDD management, and it was agreed that additional operating funding in the amount of $472,147 may be required in the event of unforeseen operating conditions or permitting requirements which would exhaust proposed line items for landfill tipping fees, electric usage, chemicals, materials, and contractual services. The BDD staff recommends that the BDD Board pre-authorize, with the adoption of this budget, the immediate release of this additional cash in the event that the money is needed. Notification of the need will occur via staff memo presented to the BDD Board during its normal monthly business meeting.

A separate contingency fund will not be established as staff considers that to be an unnecessary step. If needed, the $472,147 will not come from pre-bills, and this amount will be a set-aside from 2 sources of existing cash within the BDD Operating Fund: (1) a $351,715 reduction in the 90-day cash-on-hand target for the BDD operating fund; and (2) $120,431 in current operating credits. Both sources are in accordance with the Working Capital and Billing Policy adopted by the BDD Board on November 1, 2012. The policy additionally provides that if the actual costs ever exceed pre-bills that these additional amounts are due and payable.

- **Source 1: BDD Operating Fund Annual Cash-on-hand Target**

  With the adoption of the proposed FY13/14 budget of $7.037 million, the 90-day cash-on-hand target for the BDD operating fund would be $1,735,299 which is $351,715 less than the FY12/13 90-day cash-on-hand target of $2.087 million.

- **Source 2: Operating Credits Accrued in the BDD Operating Fund**

  The remaining balance of $120,431 needed to arrive at the $472,147 will most likely be available from operating credits due to the partners at the end of FY12/13. An operating credit occurs when the cash paid on the pre-bills exceeds the actual costs of running the plant.

Calculation of the Additional Funding by Partner

The following 4 tables present exactly how the $472,147 was calculated and how it will be shared among the partners in the event the extra cash is required. Table A presents a summary by partner for subtotals in Tables B, C, and D. Table B presents variable costs. Table C presents fixed costs for separate City/County facilities, and Table D presents project wide costs for shared facilities.

TABLE A

Proposed Allocation of Operating Fund Set-aside	City	County	Total
	$ 389,358	$ 75,009	$ 472,147
	82.47%	15.89%	100%

TABLE B

Proposed Variable Cost Portion of the Estimated Set-aside	City	County	LC	Total
Variable Landfill Tipping Fees	175,370	20,815	-	196,185
Variable Chemicals	17,829	1,896	-	19,725
Variable Electric on RWLS, BS1A, BS2A	55,658	6,282	2,959	64,900
Subtotal	248,857	28,993	2,959	280,810

TABLE C

Fixed Cost Portion of the Estimated Set-aside for Separate Facilities	City	County	Total
Materials and Supplies	6,603.00	2,162.00	8,765.00
Subtotal	6,603.00	2,162.00	8,765.00

TABLE D

Fixed Cost Portion of the Estimated Set-aside for Projectwide Activities	City	County	LC	Total
Contractual Services	61,310.00	20,080.00	2,207.00	83,597.00
Materials and Supplies	72,588.00	23,774.00	2,613.00	98,974.00
Subtotal	133,898.00	43,854.00	4,820.00	182,572.00

The figures presented in Tables A through D were based on study and analysis of nineteen (19) months of actual invoiced expenditures for the specific line items. The analysis was presented to the attendees of the December 17, 2012 meeting.

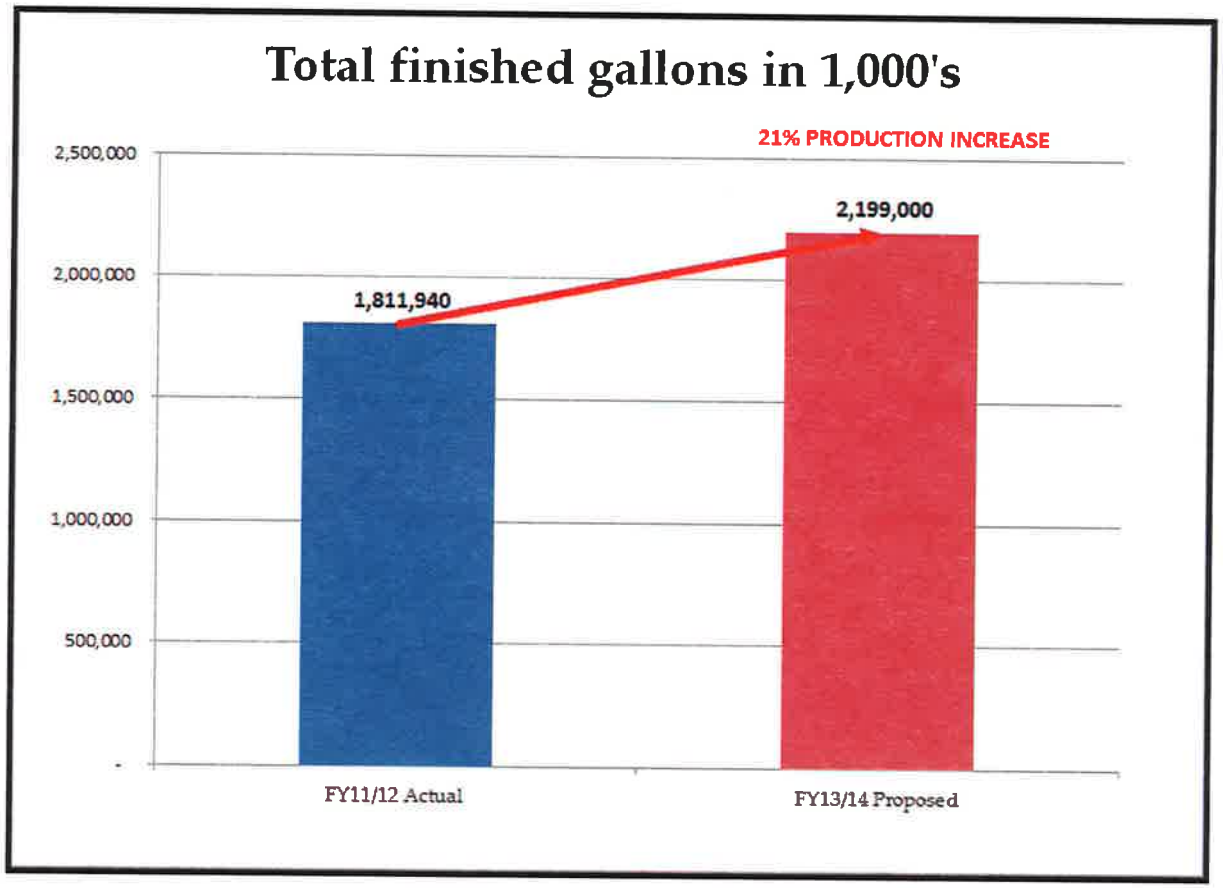
Budget Summary and Analysis

The budget development for FY2013/14 has presented many challenges and opportunities for the Buckman Direct Diversion Project (BDDP) staff to closely collaborate with the County of Santa Fe, City of Santa Fe, and the three Las Campanas entities. 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, was able to significantly decrease its proposed budget for FY2013/14. One of the biggest challenges in the budget development of a start-up facility is the lack of operating history. Without this data, 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 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.

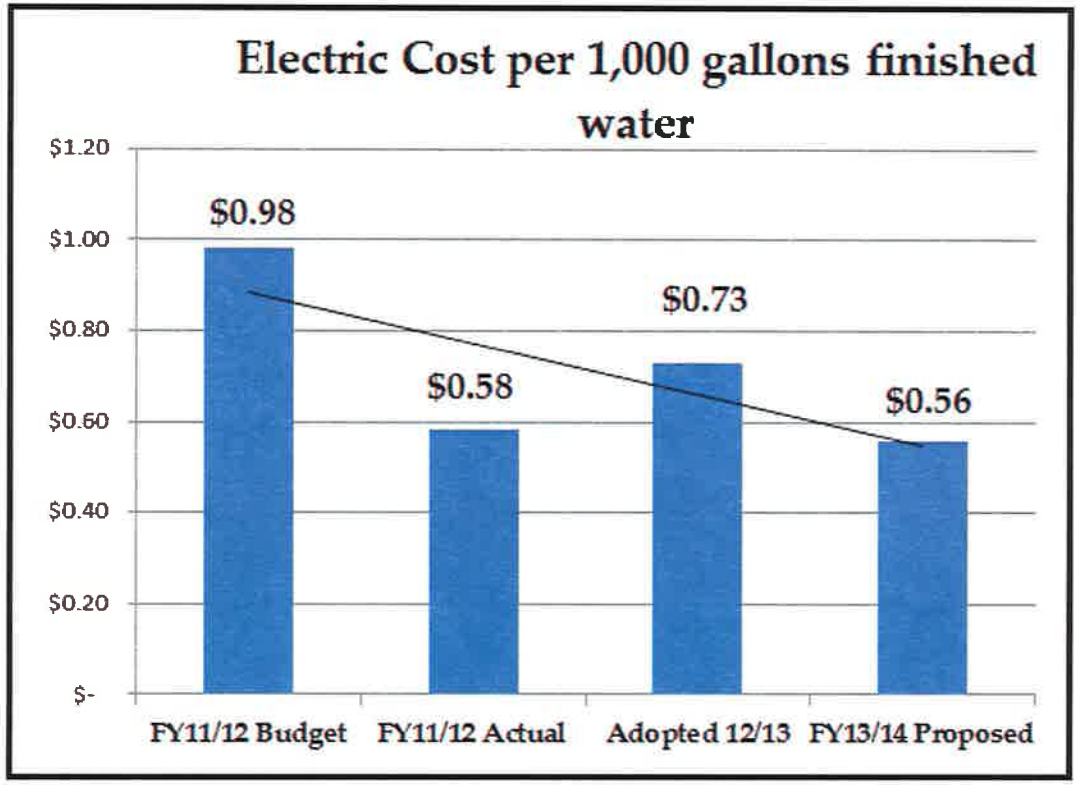
The BDD's annual operating budget consists of fixed and variable costs, which are determined by percentage allocations contained in the Facility Operations and Procedures Agreement (FOPA). Annual volumetric flow predictions provided by the partners provide the basis for certain variable costs primarily 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 which is a +21.3% increase in finished water production over the FY2011/12 water call. In line with budgeted water production, the proposed FY2013/14 budget of $7,037,603 is a +21.9% increase over FY2011/12 actual expenditures.



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	$ 194,336	3.3%
OPERATIONS	Operations: costs of maintaining and calibrating instrumentation, previously covered by warranty agreements.	75,000	1.3%
OPERATIONS	Install 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	Increase in parts and supplies to perform maintenance	30,010	0.5%
OPERATIONS	Training 3 new operators to meet BDD requirements, ongoing certification.	26,000	0.4%
OPERATIONS	Increased solids landfill tipping fees due to 21% increase in water call	13,504	0.2%
OPERATIONS	Operations: professional tank inspection on the Finished Water Storage Tank.	5,500	0.1%
OPERATIONS	Purchase of AWWA Standards on CD	2,000	0.03%
MAINTENANCE	As facilities and equipment roll off of warranty coverage this is for anticipated increases in supplies and parts to perform repairs.	131,392	2.2%
MAINTENANCE	Equipment and machinery to fix the valve exerciser	55,000	0.9%
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%

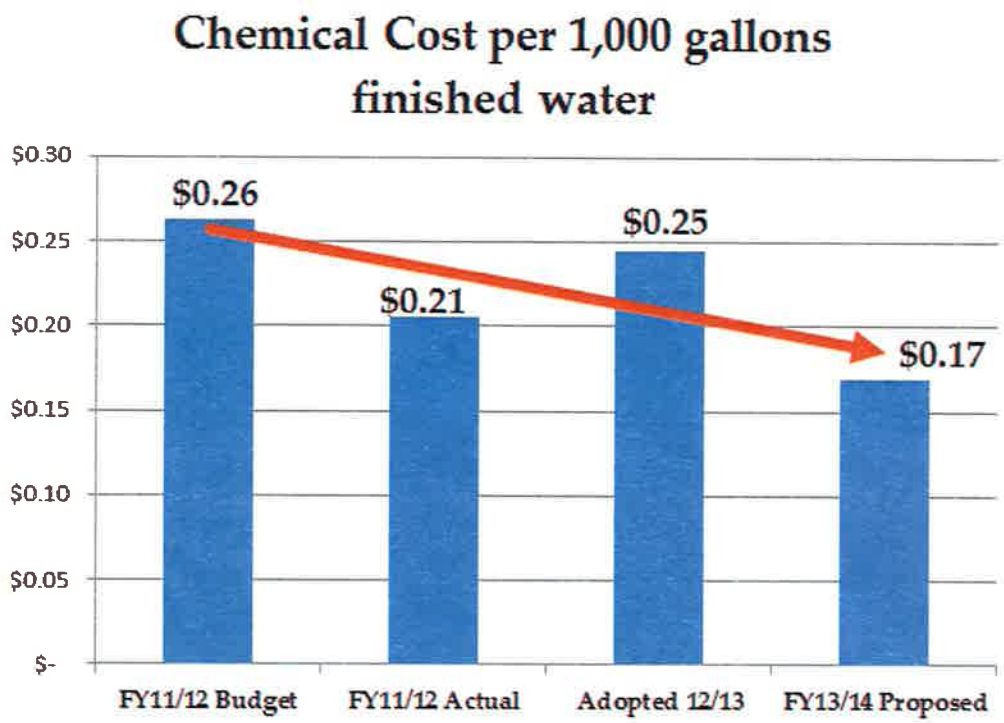
(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
MAINTENANCE	Inventory exempt purchases of replacement tools and instrumentation.	25,000	0.4%
MAINTENANCE	Capital outlay for systems equipment to improve the sed separator.	20,500	0.4%
MAINTENANCE	Maintenance: Flow meter certification.	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.	10,000	0.2%
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	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	Increase to SWAC contract for Aquatic and Geomorphic Monitoring for NPDES offset by eliminating requirement to budget the Water Conservation Fee of $66K.	15,649	0.3%
REGULATORY COMPLIANCE	Purchase of IC, other lab instrumentation and autosamplers	30,000	0.5%
REGULATORY COMPLIANCE/FACMGR	New cell phones and cell services for Public Info Spec. and Environmental Compliance Analyst	2,700	0.05%

(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
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	0.03%
	Total 2013/14 Budget Increase Over FY2011/12 Actual	$ 1,196,708	21.9%
	TOTAL FY2013/14 BUDGET REQUEST	$ 7,037,603	

Annual volumetric flow predictions provided by the partners provide the basis for certain variable costs primarily related to chemicals, power, and solids management. Chemical costs per 1,000 gallons finished drinking water are projected to be considerably less in FY2013/14 than in prior years.

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%



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.

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
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	1,016,211
Utilities	1,795,204	1,074,462	1,443,961	1,268,798
Communications	30,305	16,987	21,420	25,540
Landfill Tipping Fees & Solid Waste	511,508	64,296	615,462	77,800
Chemicals	459,542	373,396	478,245	374,783
Materials and Supplies	989,747	368,590	645,874	575,469
Water Conservation Fee	-	-	60,209	-
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	69,681
Total	$ 8,868,402	$ 5,840,895	$ 8,464,512	$ 7,037,603

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.

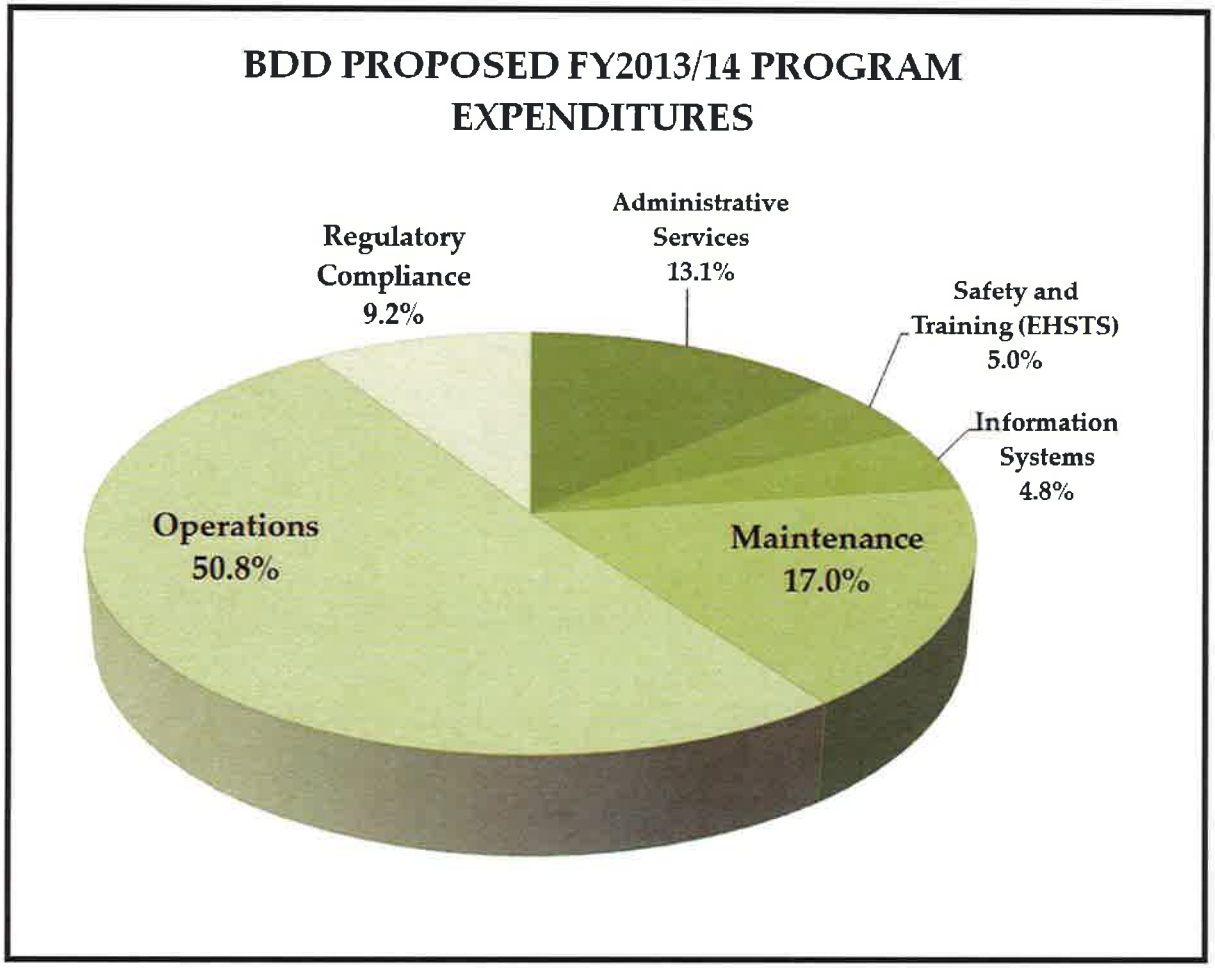
The BDD Operation and Maintenance (O&M) is divided into six (6) key Programs with explicit business functions as shown in Figure 1. Each Program was developed to support specific goals and objectives. These business activities

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
Expenditures by Program:				
Administrative Services	$ 1,032,677	$ 751,576	$ 1,044,831.68	$ 925,330
Safety and Training (EHSTS)	298,915	239,668	342,015	351,757
Information Systems	412,161	160,551	426,682	341,053
Maintenance	1,401,273	819,725	1,369,564	1,194,195
Operations	5,063,699	3,434,502	4,630,971	3,576,576
Regulatory Compliance	659,676	434,873	650,448	648,691
Total Expenditures by Program	$ 8,868,402	$ 5,840,895	8,464,512.20	$ 7,037,603
Monthly "Burn Rate" (Avg. Exp/Month)	$ 739,033	$ 486,741	705,376.00	$ 592,017

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), 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, and is requesting additional FY2013/14 expenditures for materials and supplies ($24,000), 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 and cuts to office and operating supplies ($80,000), 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 ($105,000) 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 ($22,465) and Vehicles > 1.5 ($25,000) totaling ($65,325). Significant increases for FY20313-14 consist of Repair and Maintenance of Buildings and Structures ($10,000) is based on projected target of facilities work orders (350) and actual existing work orders (624). Repair and Maintenance of System Equipment ($40,300) is based on the 19 months actual expenditure history.

5. **Operations:** This program accounts for nearly 51% 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. $30,045 – 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. $5,500 – 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 ($85,227) 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. Ensure the delivery of high quality water in customer requested quantities.
2. Provide reliable quantities of finished water balanced with the efficient use of electric power and water treatment chemicals.

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	$ 3,576,576	4%
Full time equivalents (FTEs)	18.0	18.0	17.0	(6%)

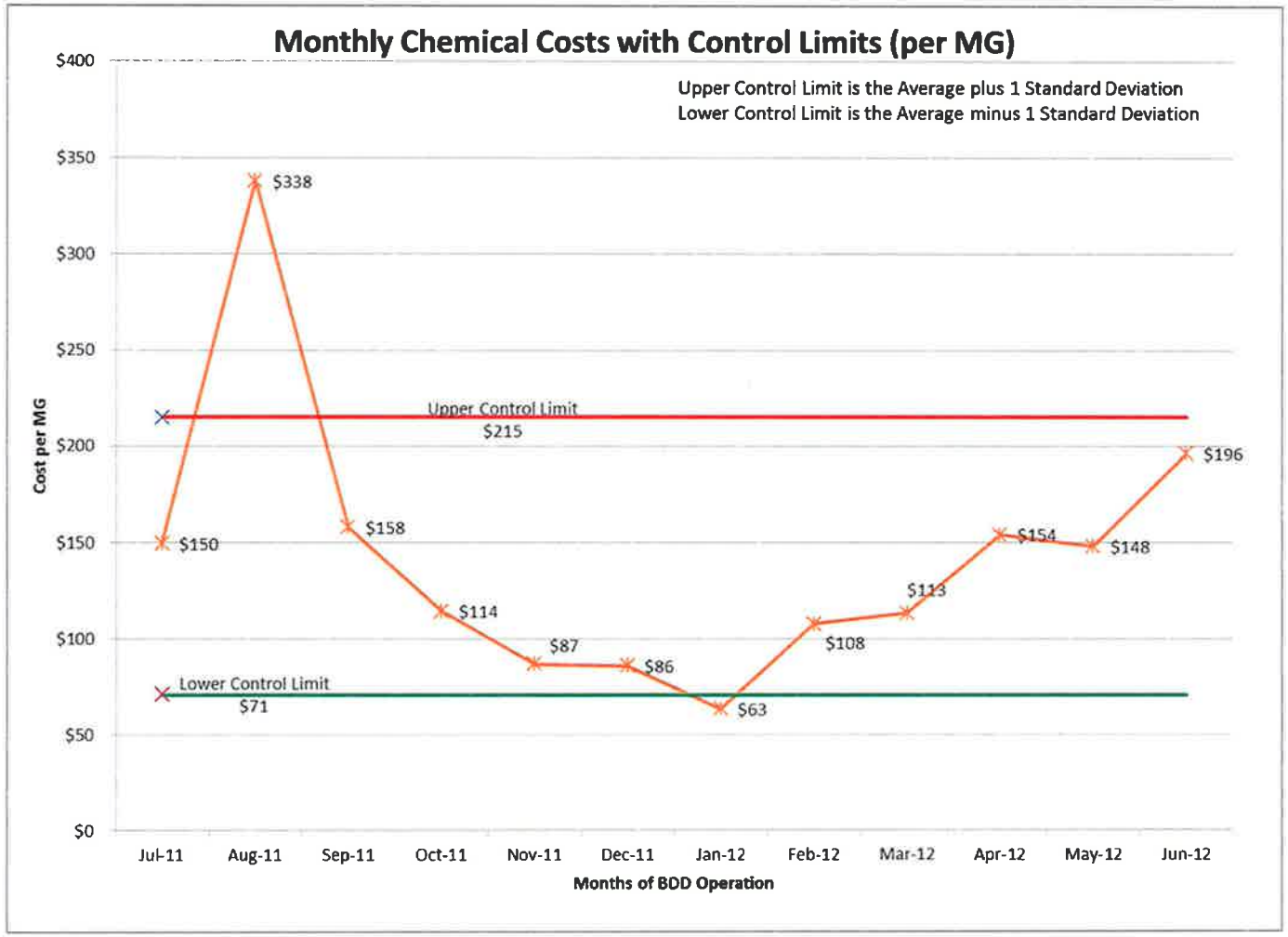
**unaudited financial results based on best estimates. May not include all prior period or year end adjustments.

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

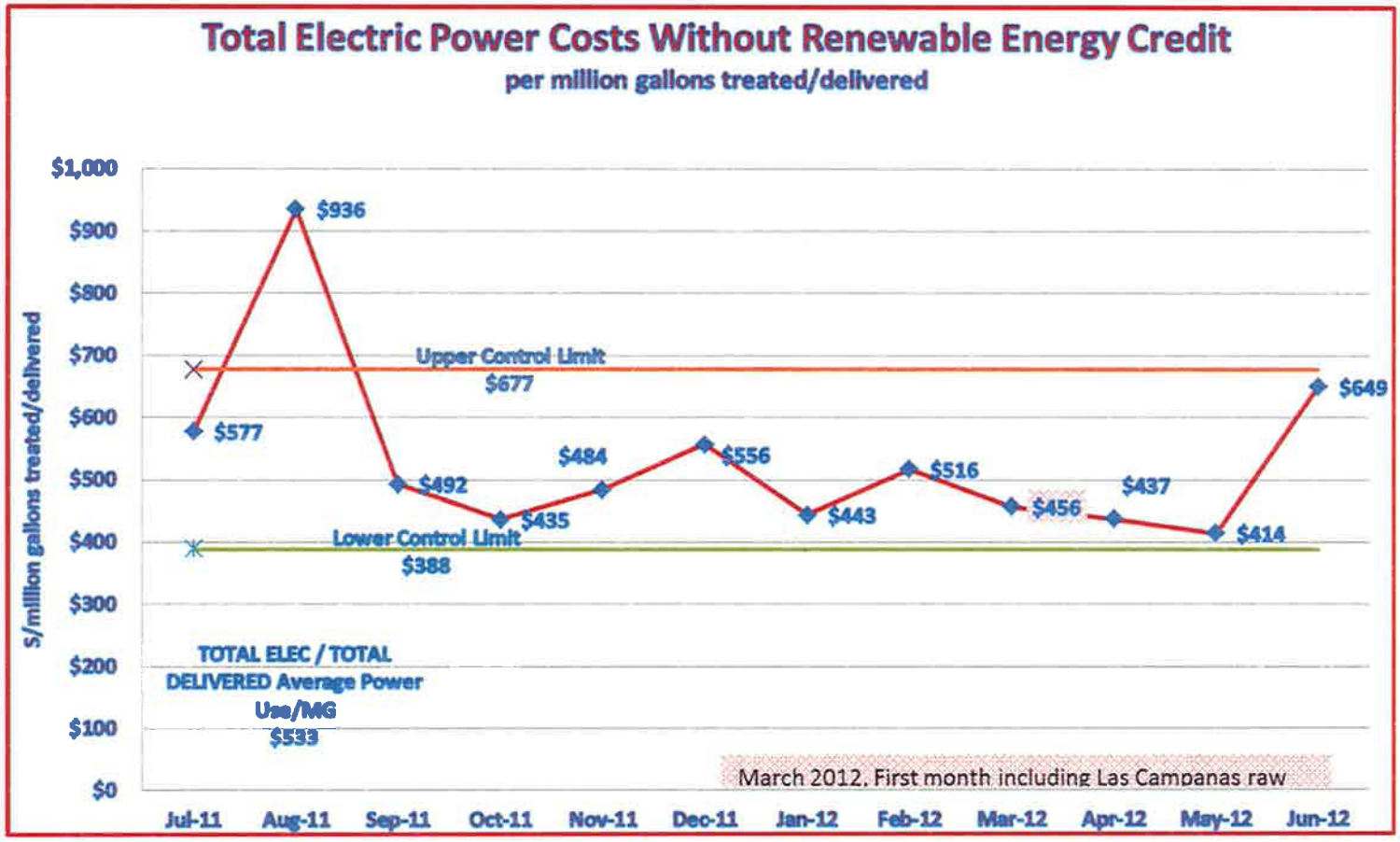
Data-driven performance indicators are an important process optimization tool. This section contains control charts developed to trend and evaluate on-going power and chemical consumption. This method applies statistical principles to determine target cost ranges. The *Upper Control Limit* and the *Lower 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	$ 648,691	49%
Full time equivalents (FTEs)	2.0	2.0	3.0	50.0%

**unaudited financial results based on best estimates. May not include all 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 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	1,194,195	46%
Full time equivalents (FTEs)	7.0	7.0	7.0	0%
**unaudited financial results based on best estimates. May not include all 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

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

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	351,757	47%
Full time equivalents (FTEs)	1.0	1.0	1.0	100.0%

**unaudited financial results based on best estimates. May not include all 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	$ 925,330	23%
Full time equivalents (FTEs)	4.0	4.0	5.0	25%
**unaudited financial results based on best estimates. May not include all 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%

SUPPLEMENTARY INFORMATION

PROPOSED FY2013/14 OPERATING BUDGET

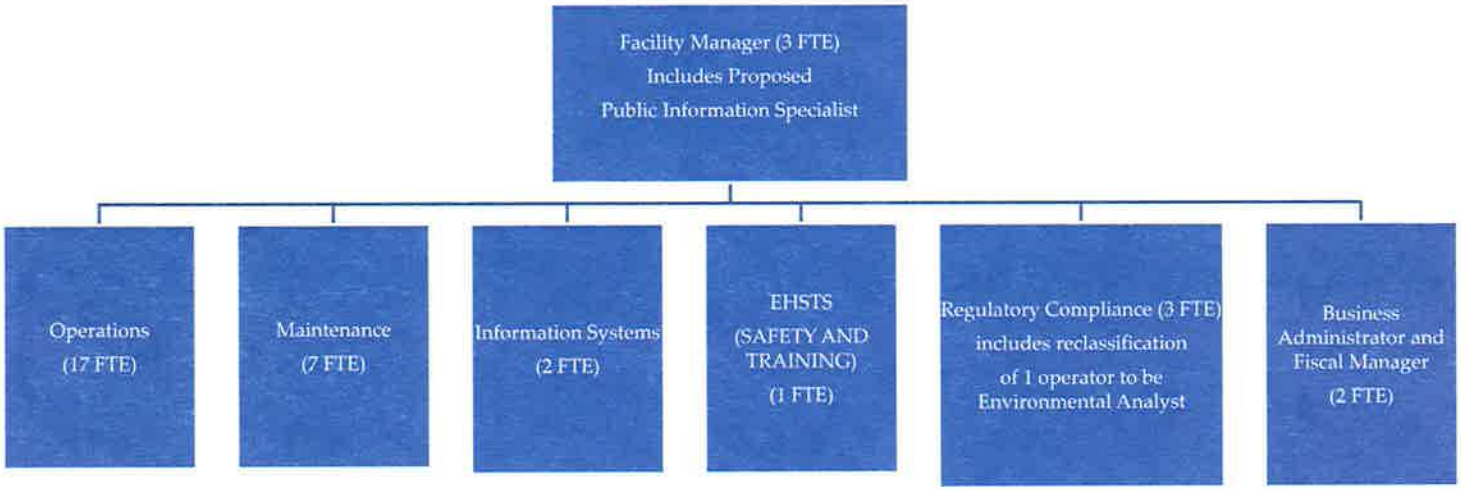
BUCKMAN DIRECT DIVERSION

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

FY2013/14 PROPOSED BUDGET TABLES AND GRAPHICAL PRESENTATIONS OF DATA

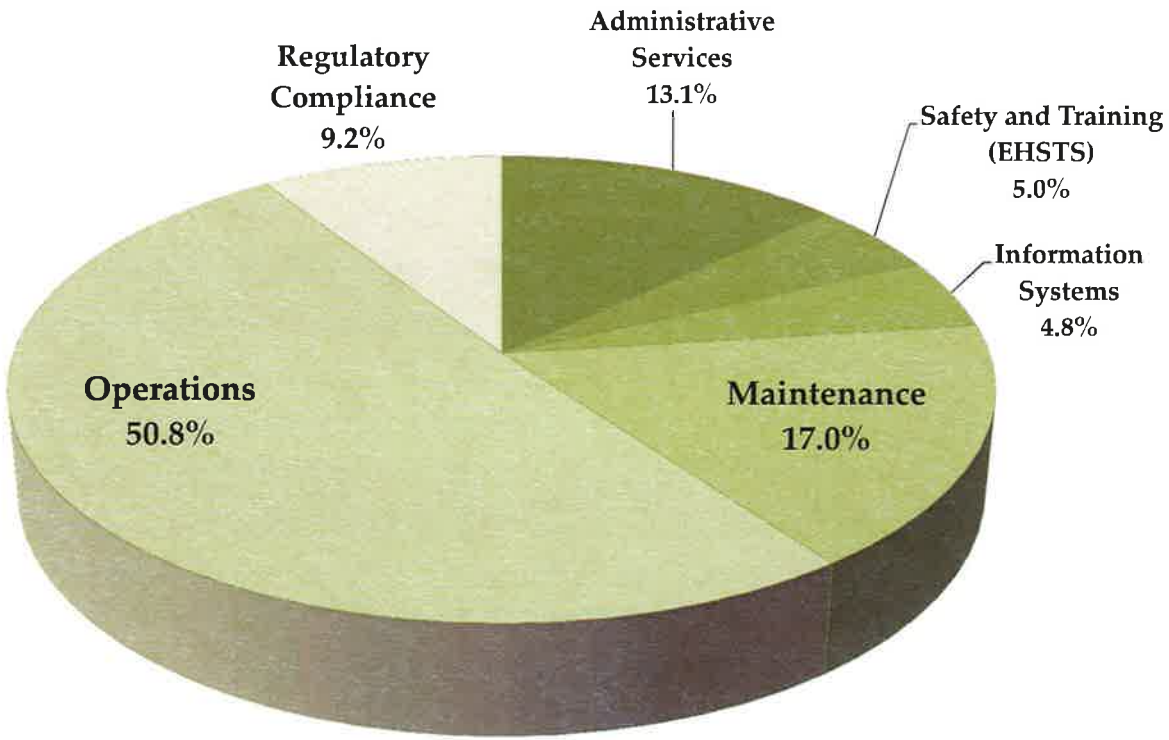
BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

ORGANIZATIONAL CHART



BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

BDD PROPOSED FY2013/14 PROGRAM EXPENDITURES



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
Expenditures by Program:				
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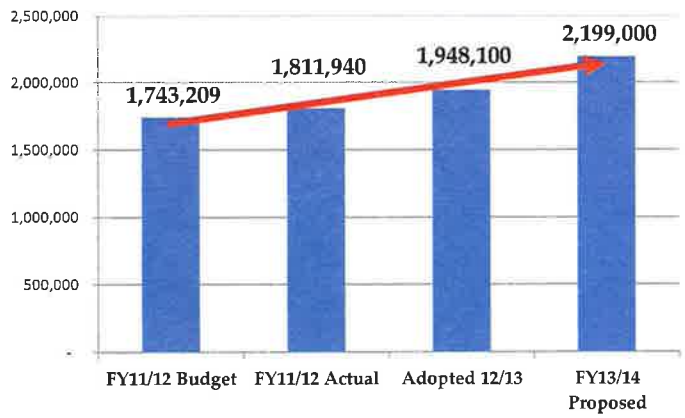
Operations	5,063,699	3,434,502	4,630,971	3,576,576
Regulatory Compliance	659,676	434,873	650,448	648,691
Total Expenditures by Program	$ 8,868,402	$ 5,840,895	8,464,512.20	**$ 7,037,603**
Monthly "Burn Rate" (Avg. Exp/Month)	$ 739,033	$ 486,741	705,376.00	**$ 592,017**

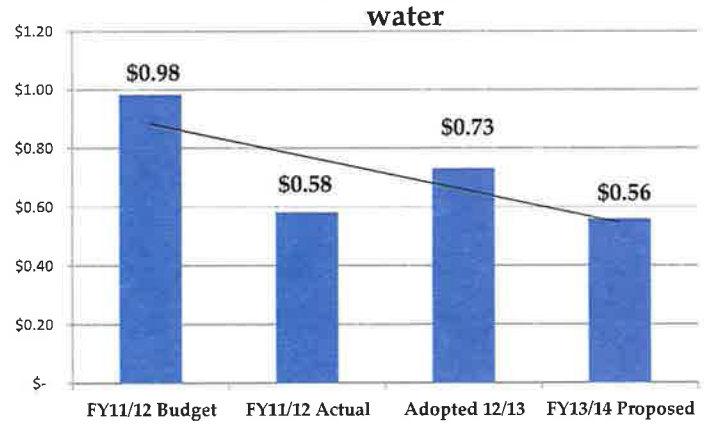
BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

BUDGETARY COMPARISONS: OPERATING EFFICIENCIES AND PRODUCTION

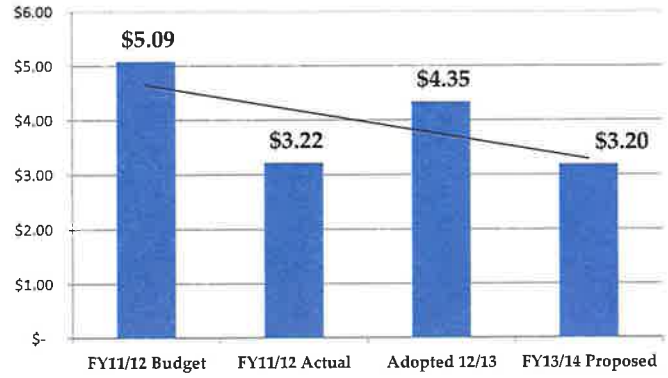
Total finished gallons in 1,000's



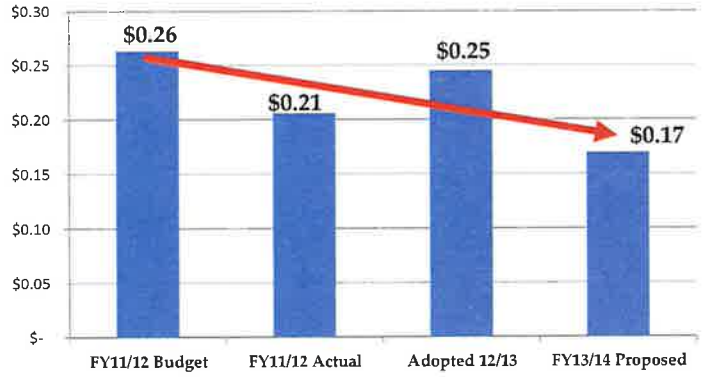
Electric Cost per 1,000 gallons finished water



Total Cost per 1,000 gallons finished water



Chemical Cost per 1,000 gallons finished water



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
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	1,016,211
Utilities	1,795,204	1,074,462	1,443,961	1,268,798
Communications	30,305	16,987	21,420	25,540
Landfill Tipping Fees & Solid Waste	511,508	64,296	615,462	77,800
Chemicals	459,542	373,396	478,245	374,783
Materials and Supplies	989,747	368,590	645,874	575,469
Water Conservation Fee	-	-	60,209	-
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	69,681
Total	$ 8,868,402	$ 5,840,895	$ 8,464,512	**$ 7,037,603**

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	$ 194,336	3.3%
OPERATIONS	Operations: costs of maintaining and calibrating instrumentation, previously covered by warranty agreements.	75,000	1.3%
OPERATIONS	Install 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	Increase in parts and supplies to perform maintenance	30,010	0.5%
OPERATIONS	Training 3 new operators to meet BDD requirements, ongoing certification.	26,000	0.4%
OPERATIONS	Increased solids landfill tipping fees due to 21% increase in water call	13,504	0.2%
OPERATIONS	Operations: professional tank inspection on the Finished Water Storage Tank.	5,500	0.1%
OPERATIONS	Purchase of AWWA Standards on CD	2,000	0.03%
MAINTENANCE	As facilities and equipment roll off of warranty coverage this is for anticipated increases in supplies and parts to perform repairs.	131,392	2.2%
MAINTENANCE	Equipment and machinery to fix the valve exerciser	55,000	0.9%
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%

(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
MAINTENANCE	Inventory exempt purchases of replacement tools and instrumentation.	25,000	0.4%
MAINTENANCE	Capital outlay for systems equipment to improve the sed separator.	20,500	0.4%
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.	10,000	0.2%
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	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	Increase to SWAC contract for Aquatic and Geomorphic Monitoring for NPDES offset by eliminating requirement to budget the Water Conservation Fee of $66K.	15,649	0.3%
REGULATORY COMPLIANCE	Purchase of IC, other lab instrumentation and autosamplers	30,000	0.5%
REGULATORY COMPLIANCE/FACMGR	New cell phones and cell services for Public Info Spec. and Environmental Compliance Analyst	2,700	0.05%

(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
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	0.03%
	Total 2013/14 Budget Increase Over FY2011/12 Actual	$ 1,196,708	21.9%
	TOTAL FY2013/14 BUDGET REQUEST	$ 7,037,603	

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
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	217,970
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	**$ 351,757**

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
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
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
Communications	12,800	168	10,000	5,000
Rep and Maint Build/Struct	30,000	10,177	30,000	40,000
Rep & Maint System Equipment	60,000	40,089	60,000	100,300
Rep & Maint Grounds/Road	5,000	-	33,224	13,450
Rep & Maint Furn/Fix/Equip	5,000	-	5,000	6,630
Rep & Maint Machin & Equip	110,000	71,916	15,000	13,900
Rep & Maint Vehicles	11,340	-	43,500	33,500
Materials and Supplies	121,400	43,949	121,500	90,436
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	**$ 1,194,195**

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
Expenditures by Line Item:				
Salaries and Wages	$ 1,049,832	$ 1,099,279	$ 1,049,832.20	$ 941,039
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	1,268,798
Communications	9,503	9,503	6,520	5,500
Landfill Tipping Fees & Solid Waste	511,508	64,296	615,462	77,800
Chemicals	459,542	373,396	478,245	374,783
Materials and Supplies	350,569	108,455	64,950	138,465
Water Conservation Fee	-	-	60,209	-
Software	22,500	22,239	-	3,500
Books/Subscriptions/Periodicals	3,000	2,343	3,000	1,500
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	$ **3,576,576**

[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
Expenditures by Line Item:				
Salaries and Wages	$ 134,020	$ 143,629	$ 134,020.37	$ 175,489
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	285,599
Communications	801	801	700	1,600
Materials and Supplies	141,400	63,681	107,650	72,850
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	**$ 648,691**

[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
Expenditures by Line Item:				
Salaries and Wages	$ 219,386	$ 195,063	$ 262,126.48	$ 336,551
Overtime/Comp Time	-	-	-	896
Benefits and Payroll Taxes	118,682	81,882	159,949	141,352
Contractual Services	354,721	168,207	270,608	154,860
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	69,681
Program Total	$ 1,032,677	$ 751,576	1,044,832	$ 925,330

[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 $7.05 - $7.23 million. Additionally, the expenditures are estimated based on a monthly average expenditure of approximately $500-600K 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 Product (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 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.

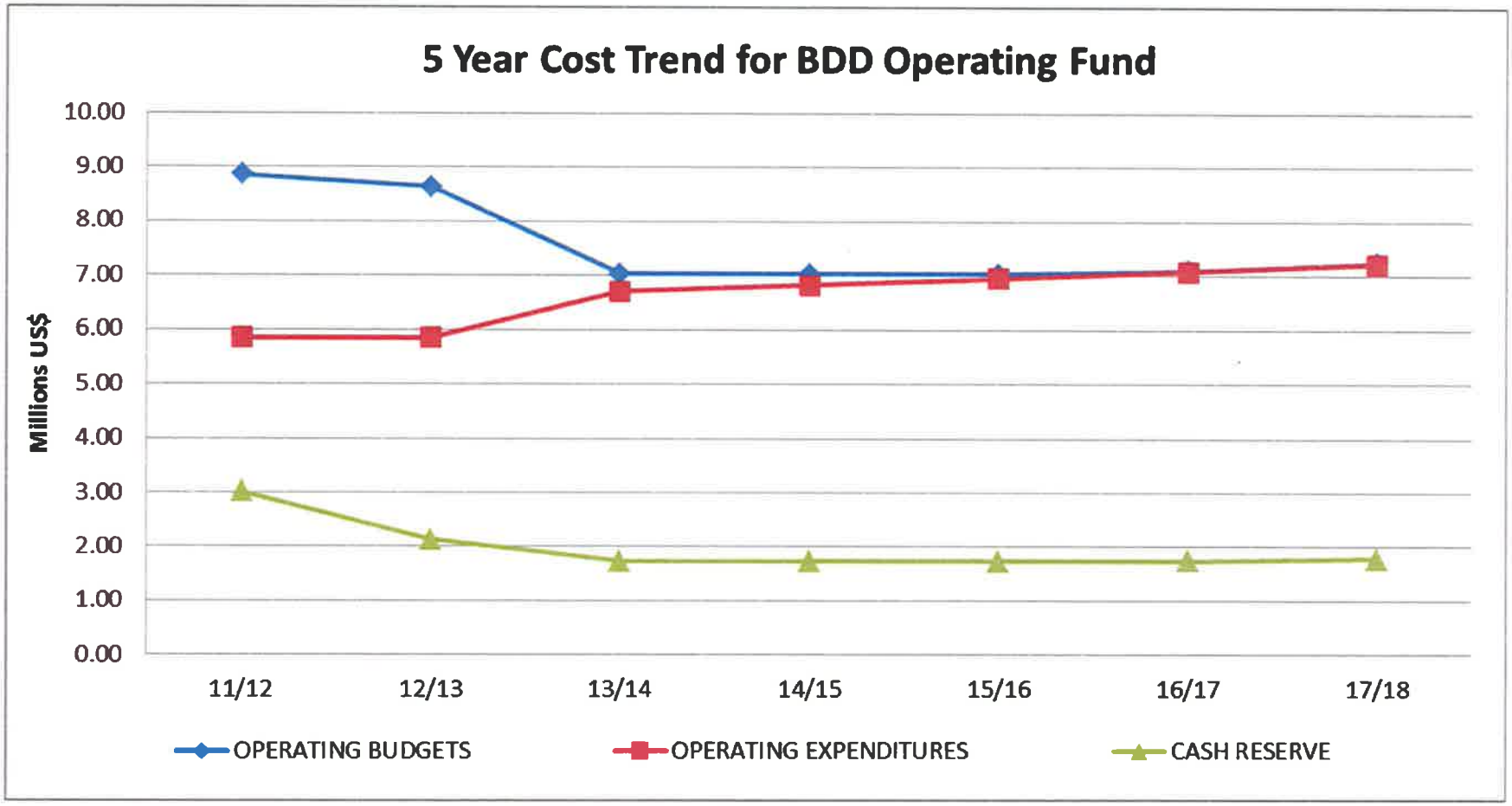
Table A

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	$ 8.86	$ 8.64	7.037	7.04	7.04	7.09	7.23
EXPENDITURES							
ACTUAL EXPENDITURE	5.84						
1st Qtr ACTUAL EXPENDITURE		1.1					
BURN RATE ($/mo.)	$ 0.49	0.68	0.56	0.57	0.58	0.59	0.60
*X % Inflation Factor*** of 11/12 actual*			1.8%	1.8%	1.9%	2.0%	2.0%
X MONTHS	12	7	12	12	12	12	12
=EXPENDITURES	5.84	4.75	6.70	6.82	6.95	7.09	7.23
=TOTAL NET EXPENDITURES	$ 5.84	5.85	6.70	6.82	6.95	7.09	7.23
EXCESS REIMBURSEMENT REVENUE TO CREDIT PARTNERS (budget less net expenditures)	$ 3.0	2.8	0.3	0.2	0.1	0.0	0.0
CASH-ON-HAND TARGET		$ 2.1	1.7	1.7	1.7	1.7	1.8

***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$
10.00
9.00
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
11/12
12/13
13/14
14/15
15/16
16/17
17/18
OPERATING BUDGETS
OPERATING EXPENDITURES
CASH RESERVE