

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: July 1, 2013
To: Buckman Direct Diversion Board
From: Gary C. Durrant, Chief Operator BDD *GCD*
Re: Update on BDD Operations for the month of June 2013

1. This memo is intended to update the BDD Board on BDD operations during the month of June. BDD diversions and deliveries have averaged, in Million Gallons Daily (MGD) as follows:
 - a) Raw water diversions: 11.709 MGD Average
 - b) Finished Drinking water deliveries through Booster Station 4A: 6.970 MGD Average
 - c) Finished Drinking water deliveries through Booster Station 5A: 2.793 MGD Average
 - d) Raw water delivery to Las Campanas at BS2A: 49.250 MG Total.
2. The BDD is currently providing approximately 80% of the water supply to the City and County.
3. On Peak Pumping: The BDD is pumping up to 12 MGD including the raw water pumped to Las Campanas. This means that due to the total volume being pumped some On Peak is required. We treated a high volume of water as compared to the same time last year. This was done to make the best use of the water available now, which will change as the summer progresses.
4. The BDD is not diverting any native water starting Monday July 1st. With the unprecedented river flows anticipated on the Rio Grande in the coming weeks and months, the BDD Project has taken a proactive and preliminary step to halt all native diversions well ahead of any low flow trigger points in the Biological Opinion (BO).
5. Please see the following pages from the Monthly report to the Office of the State Engineer (OSE) for the month of May for accurate information about totals for May and year to date.



**Monthly Diversions under SP-2847-E and SP-4842
May 2013**

BDD Diversion of San Juan Chama Water	af	mg
Total SJC water arrived at the BDD diversion site	1030.46	335.78
Total SJC diverted at BDD	1030.46	335.78
Total SJC available for offsetting depletions under RG-20516.	0.00	0.00

Total BDD water diverted from all water rights	af	mg
BDD Current Monthly Total	1053.32	343.22
<i>Total SJC Diversion (SP-2847-E)</i>	<i>1030.46</i>	<i>335.78</i>
<i> City of Santa Fe</i>	<i>1030.46</i>	<i>335.78</i>
<i> Santa Fe County</i>	<i>0.00</i>	<i>0.00</i>
<i>SJC Diversion, CLCI (leased from Jicarillo Apache Nation)</i>	<i>0.00</i>	<i>0.00</i>
<i>Rio Grande native water rights (SP-4842- SF County)</i>	<i>22.86</i>	<i>7.45</i>

Metered Diversions under Permit SP-2847-E and SP-4842						
Meter Serial Number	OSE Meter Number	Current Month Meter Reading	Previous Month Meter Reading	Diversion by Meter		
				ac-ft	mg	
CC004816000-Diversion	14113	1561.1143	1442.0160	365.50	119.10	
CC004916000-Diversion	14114	1600.4185	1485.3210	353.22	115.10	
CC004A16000-Diversion	14115	1576.3113	1459.6810	357.92	116.63	
CC000A16000-Return	14255	127.8164	120.2149	23.33	7.60	
Total Metered Diversions				1053.32	343.22	

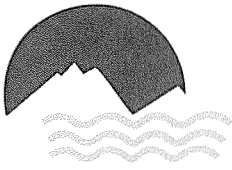
Buckman Direct Diversion Monthly SJC and Native Diversions

May 2013

Month	Total SJC Release SP-2847-E (AF)	Conveyance Losses (AF)	Total SJC Available at BDD Diversion (AF)	Total SJC Diversion SP-2847-E (AF)	Total Native Rio Grande Diversion SP-4842 (AF)	Release of SJC in Elephant Butte (AF)	Total BDD Surface Diversion (SP-2847-E plus SP-4842, AF)	SJC used to offset Buckman Wells RG-20516 (AF)
JAN	439.04	4.24	441.79	441.79	44.09	0	485.88	0.00
FEB	261.03	2.47	257.94	257.94	10.49	0	268.42	0.00
MAR	353.69	3.30	343.57	343.57	75.66	0	419.23	0.00
APR	680.73	6.34	661.33	661.33	89.47	0	750.80	0.00
MAY	1045.27	9.88	1030.46	1030.46	22.86	0	1053.32	0.00
JUN								
JUL								
AUG								
SEP								
OCT								
NOV								
DEC								
TOTALS	2779.76	26.23	2735.08	2735.08	242.56	0.00	2977.64	0.00

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

Month	Total Release (AF)	ABIQUIU		
		City of Santa Fe	SF County	The Club at Las Campanas
JAN	439.04	439.04	0.00	0.00
FEB	261.03	261.03	0.00	0.00
MAR	353.69	353.69	0.00	0.00
APR	680.73	680.73	0.00	0.00
MAY	1045.27	1045.27	0.00	0.00
JUN				
JUL				
AUG				
SEP				
OCT				
NOV				
DEC				
TOTALS	2779.76	2779.76	0.00	0.00



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.

Memo

Date: June 20, 2013

To: Buckman Direct Diversion Board

From: Shannon Jones, Interim BDD Facility Manager *sj*

ITEM AND ISSUE:

Request Formal Adoption of the Buckman Direct Diversion Operational Budget for FY 2013/14

BACKGROUND AND SUMMARY:

The Joint Powers Agreement between the City of Santa Fe and Santa Fe County establishing the Buckman Direct Diversion Board, provides that the BDD Board annually prepare and recommend a budget and formally adopt the budget after each of the governing bodies approves the budget.

On January 3, 2013, the Buckman Direct Diversion Board approved the proposed fiscal year 2013/14 Operational Budget and recommended the budget to be considered and approved by the Santa Fe County Board of Commissioners and the Santa Fe City Council. On May 8, 2013, the City of Santa Fe's Water Division's annual budget, including the funding for the FY2013/14 BDD Operational Budget, was approved by the Santa Fe City Council. On June 11, 2013, Santa Fe County's Public Utilities Department's annual budget, including the funding for the FY 2013/14 BDD Operational Budget, was approved by the Santa Fe County Board of Commissioners.

ACTION REQUESTED:

Staff recommends Formal Adoption of the Buckman Direct Diversion Operational Budget for FY 2013/14



FY 2013/14

Buckman Direct Diversion Project
Annual Operating Budget



Prepared by: Ulrike Schwender, Interim EOD
Facilities Manager, and Brian Shelton, EOD
Business Administrator and Fiscal Manager

Buckman Direct Diversion Project

Fiscal Year 2013/2014 Operating and Maintenance Budget

Kathy Holian

Chair, Buckman Direct Diversion Project Board
County Commissioner, District 4

Chris Calvert

Vice-Chair, Buckman Direct Diversion Project Board
City Council, District 1

Carmichael A. Dominguez

City Member, BDD Board
City Council, District 3

Miguel M. Chavez

County Member, Buckman Direct Diversion Project Board
County Commissioners, Vice-Chair, District 2

Consuelo Bokum

At-Large Member, Buckman Direct Diversion Project Board

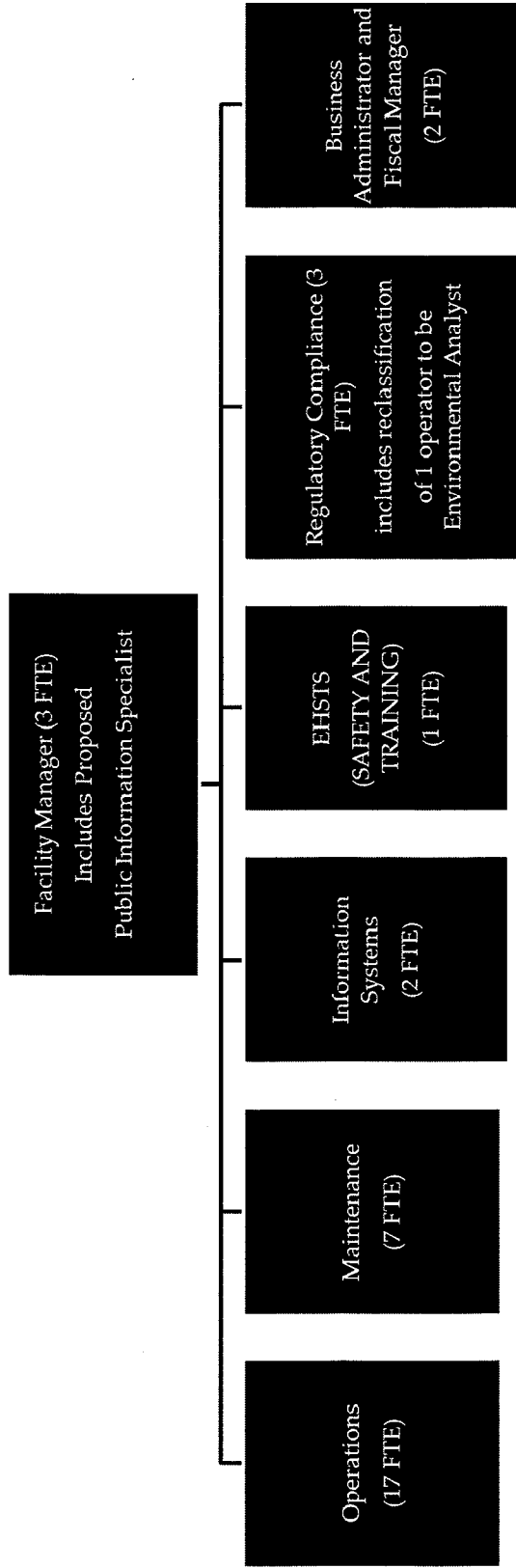
Patti Bushee

City Alternate Member, BDD Board
City Councilor, District 1

Daniel Mayfield

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

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT ORGANIZATIONAL CHART



Buckman Direct Diversion Project (BDDP) 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%
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

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 BDDDB 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)	(2)	(3)	(4)
	FY2011/12 Revised Budget	FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	FY2012/13 Adopted Budget	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	<u>\$ 9,456,657</u>	<u>\$ 9,320,500</u>	<u>\$ 9,876,324.20</u>	<u>\$ 7,861,160</u>
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	<u>\$ 8,868,402</u>	<u>\$ 5,840,895</u>	<u>\$ 8,464,512.20</u>	<u>\$ 7,037,603</u>
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 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

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

TABLE B

<u>Proposed Variable Cost Portion of the Estimated Set-aside</u>	<u>City</u>	<u>County</u>	<u>LC</u>	<u>Total</u>
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

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

TABLE D

<u>Fixed Cost Portion of the Estimated Set-aside for Projectwide Activities</u>				
	<u>City</u>	<u>County</u>	<u>LC</u>	<u>Total</u>
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.

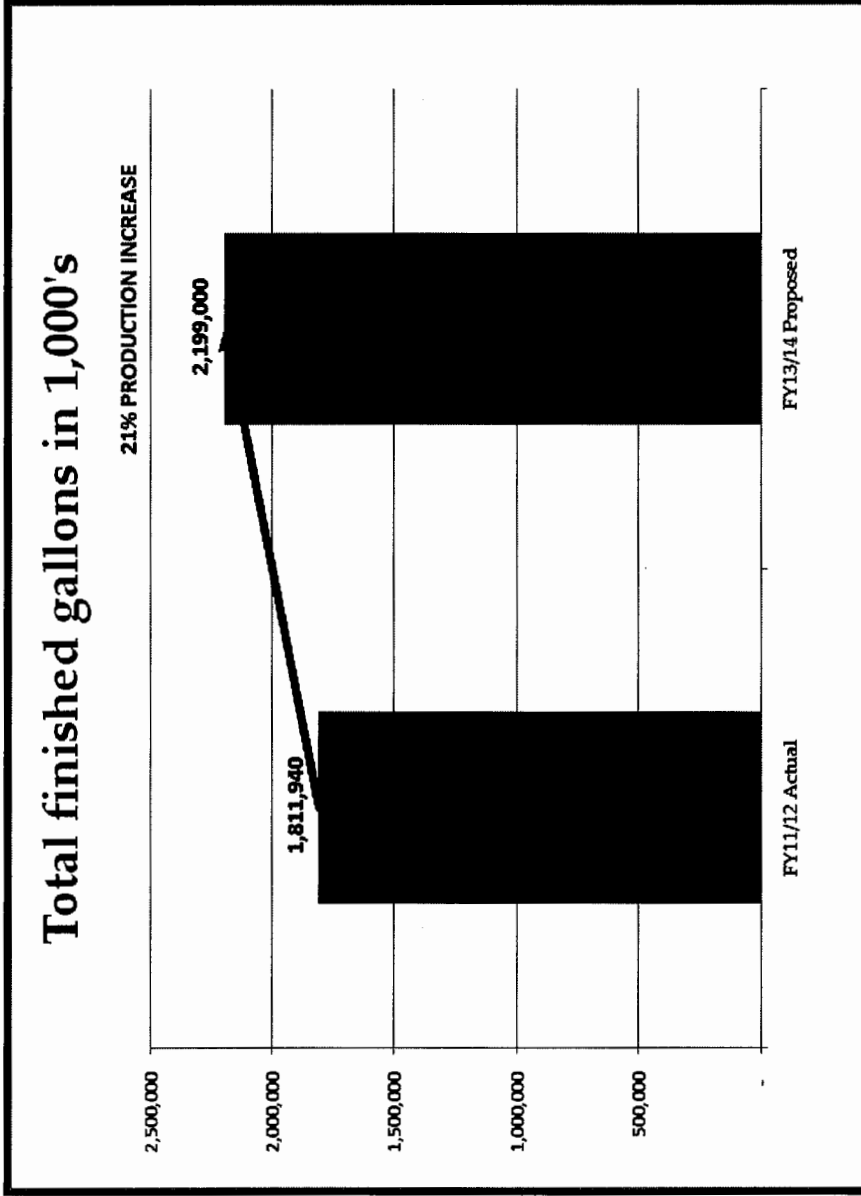
Budget Summary and Analysis

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.

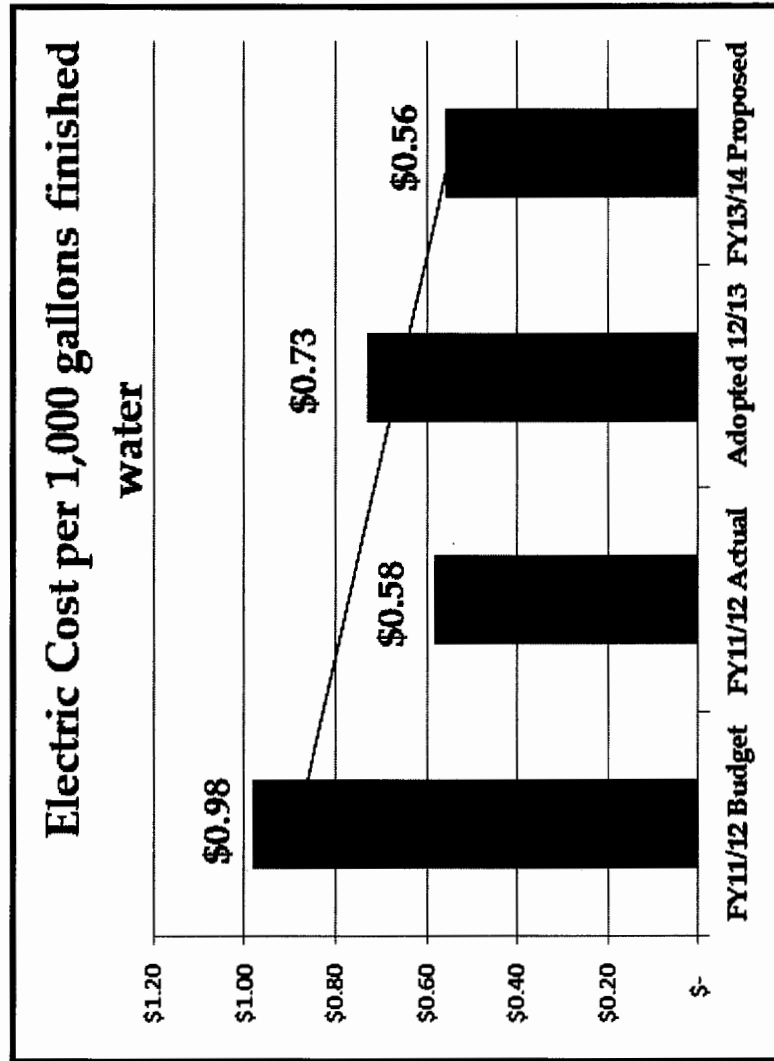
The BDD's annual operating budget consists of fixed and variable costs, which are determined by percentage allocations contained in the Facility Operations and Procedures Agreement (FOPA). Annual volumetric flow predictions provided by the partners provide the basis for certain variable costs primarily 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) <u>Program</u>	(2) <u>Description</u>	(3) <u>Dollar Change</u>	(4) <u>Percentage Change</u>
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 operators 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 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 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%

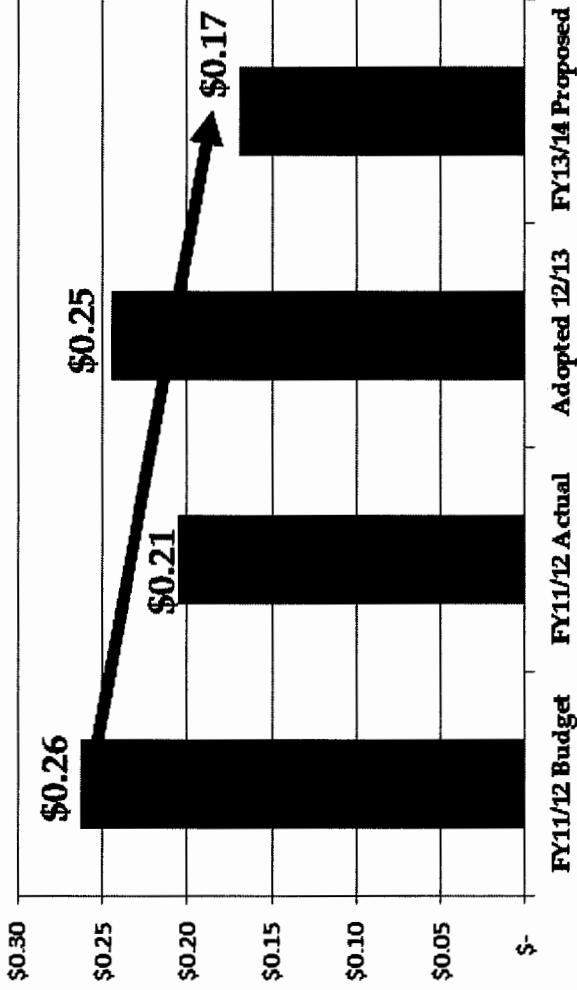
(1) Program	(2) Description	(3) Dollar Change	(4) Percentage Change
ACCOUNTING AND BUDGET	1 prior year approved FTE "Fiscal Analyst" to support budget checking, procurement and accounting activities.	98,000	1.7%
ACCOUNTING AND BUDGET	Increase in office supplies for copier/print contract	3,000	0.1%
ACCOUNTING AND BUDGET	Maintenance contract for 2 new color copier/printer mips.	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%

Chemical Cost per 1,000 gallons finished water



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)	(2)	(3)	(4)
	FY2011/12 Revised Budget	FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	FY2012/13 Adopted Budget	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	<u>\$ 8,868,402</u>	<u>\$ 5,840,895</u>	<u>\$ 8,464,512</u>	<u>\$ 7,037,603</u>

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.

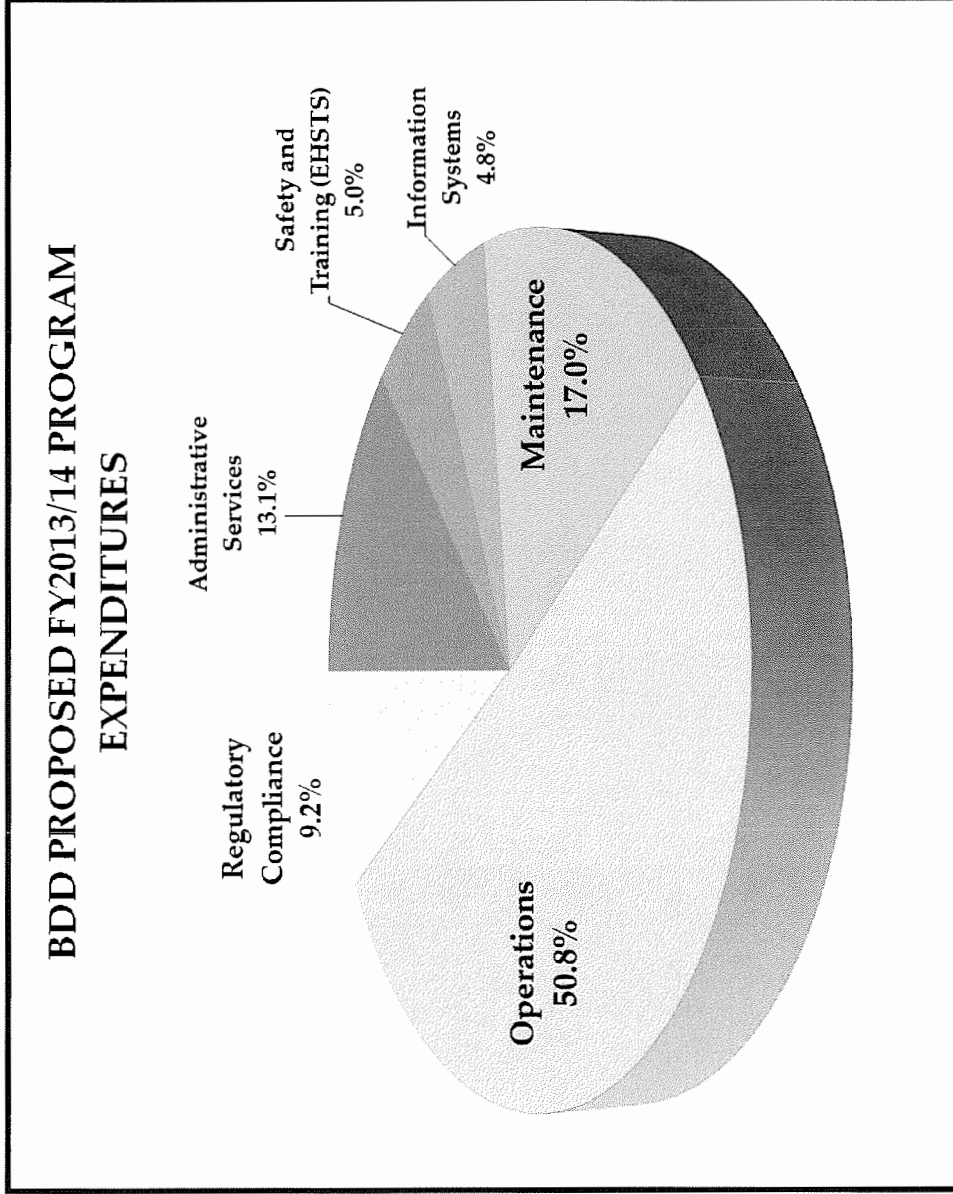
The BDD Operation and Maintenance (O&M) is divided into six (6) key Programs with explicit business functions as shown in Figure 1. Each Program was developed to support specific goals and objectives. These business activities

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.

	(1)	(2)	(3)	(4)
	FY2011/12 Revised Budget	FY2011/12 Unaudited Actual Estimate Year Ended 6/30/12	FY2012/13 Adopted Budget	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

BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT

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

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.

<u>FULL TIME EQUIVALENTS (FTE) POSITION SUMMARY BY PROGRAM</u>				
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	<u>33</u>	<u>34</u>	<u>34</u>	<u>35</u>
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	<u>33</u>	<u>34</u>	<u>34</u>	<u>35</u>

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 FY2013-14 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	Santa Fe County	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

MEMORANDUM

TO: City of Santa Fe Public Utilities Committee
City of Santa Fe Water Conservation Committee
Buckman Direct Diversion Board

FROM: Rick Carpenter, Water Resources and Conservation Manager

VIA: Nick Schiavo, Acting Public Utilities Department and Water Division Director

DATE: June 21, 2013

SUBJECT: Update on Drought, Monsoon, and Water Resource Management

CURRENT PUC UPDATE

As the Committee is aware, our region is still suffering through a severe drought. Our region has gone through two consecutive years of record drought and heat. It is now apparent that we are in a third consecutive year of severe drought and heat which will present significant challenges to all water purveyors and irrigators. Approximately 98% of the state of New Mexico is in “extreme” drought conditions or worse. New Mexico appears to be the epicenter of the regional drought. This situation is unprecedented and the City’s Water Division takes this situation very seriously.

The National Oceanographic and Atmospheric Administration (NOAA) recently updated its monthly on its El Nino/Southern Oscillation (ENSO) Diagnostic. This report indicates that current model predictions more strongly favor El Nino conditions to be neutral to weak (dry) through the summer of 2013. The long-term forecast for this coming winter seems to be trending away from El Nino, towards neutral, with an increasing chance of a return to La Nina conditions. Above average temperatures are also expected. This current drought is extreme, but what sets it apart from previous extreme droughts is that, absent significant monsoonal rains and winter snow the rest of this year, the region will enter into next spring and summer without carry-over water in regional reservoirs – they are at historic low levels. This condition is unprecedented and could make next year much more challenging than the current year. However, the City of Santa Fe has invested in a robust and diverse portfolio of four distinct water supply sources that allows for flexibility in meeting demand: Buckman well field, City well field, Canyon Road Water Treatment Plant on the Upper Santa Fe River, and the Buckman Direct Diversion on the Rio Grande.

Water Resource Management

Some recent BoR/USACoE models indicate the probability of critically low flows that could affect BDD diversion capability later this summer. Also, the Canyon Road Water Treatment Plant may also experience significant supply shortfalls later this year. However, City water

resource managers are closely monitoring the water supply situation and are prepared to offer a variety of options to decision-makers. For example, the City has several years-worth of San Juan-Chama Project water stored in reservoirs, in case deliveries from the federal Bureau of Reclamation of San Juan-Chama Project water are curtailed and/or native flows are unavailable. The City could therefore choose to release some of that water if needed. Additionally, the City has been “resting” the Buckman well field since early 2010 in case decision-makers opt to pump significant amounts of water from the aquifer. Local reservoirs on the upper Santa Fe River currently have about 33% of full capacity, or enough water to average about 4 million gallons per day of production from the Canyon Road Water Treatment Plant, July through September, 2013. Also, policy makers may consider implementation of Emergency Drought Stages pursuant to the Conservation Ordinance. Therefore, City decision-makers and resource managers have a variety of policy options available in order to meet water supply demands during times of drought.

Local Conditions – Upper Santa Fe River

	Reservoir Level	Santa Fe Snow Gage	Reservoir Inflow
June 21, 2013	33.0%	0.0 inches	0.65 MGD
5-Year Average This Date (2008 – 2012)	77.1%	0.0 inches	4.07 MGD

The City of Santa Fe has rights to a total of up to 5,040 acre-feet per year in Nichols and McClure Reservoirs. City Water Division staff are estimating receiving only about 1,200 – 1,300 acre-feet of water from the upper Santa Fe River watershed this year. It is anticipated that this water will be available beginning in June through September. As of the date of this memo, there is no snow pack left in the upper watershed. Snowmelt runoff quantity into local reservoirs has begun to sharply decrease from the previous month.

Rio Grande Basin

Surface flows in the Rio Grande and its tributaries have been well below normal, storage levels in regional reservoirs are very low currently, and the federal BoR recently stated that if there is no “meaningful moisture” received this winter/spring then this would mark the lowest water levels ever in New Mexico reservoirs prior to entering into a new irrigation season. With large moisture deficits deeply entrenched across the region, meaningful improvement seems unlikely. For example, the most recent forecast of runoff into the Rio Grande at Otowi Gage (upstream from the BDD diversion structure) is for about 17% of normal flow. Legal and hydrologic compliance with the various Biological Opinions (Endangered Species Act, e.g., silvery minnow) in the middle and upper reaches of the Rio Grande will become very difficult, if not impossible, through the coming summer months.

Wild Earth Guardians has recently filed a notice of intent to file suit against Middle Rio Grande Collaborative Program signatories, citing violations of the current Biological Opinion under the auspices of the Endangered Species Act. However, the BDD Project is not a signatory to the Collaborative Program.

San Juan Basin

The streamflow forecast for the San Juan River Basin is 75 percent of the 30 year avg. (1981-2010). The San Juan-Chama Project delivery forecast was recently updated by BoR. BoR is now

projecting a full allocation of San Juan-Chama Project water to San Juan-Chama contractors for this year (up from a previous forecast of only 80%); however, conditions could significantly worsen for San Juan Chama Project deliveries next year if the drought persists due to a lack of carry-over storage in Heron Reservoir. If conditions do not change, after deliveries are made out of Heron Reservoir this year, that reservoir will be heading into the next water –year at historically low levels.

For the last few weeks, the snowpack, as measured in inches of snow water equivalent (SWE), in the San Miguel, Dolores, Animas, and San Juan basins has been declining rapidly. These basins reached their peak snowpack around March 22nd, and then began to melt. Recent snow surveys reported that the snowpack is more-or-less gone and there will be very little snowmelt runoff for the remainder of the water-year.

U.S. Drought Monitor

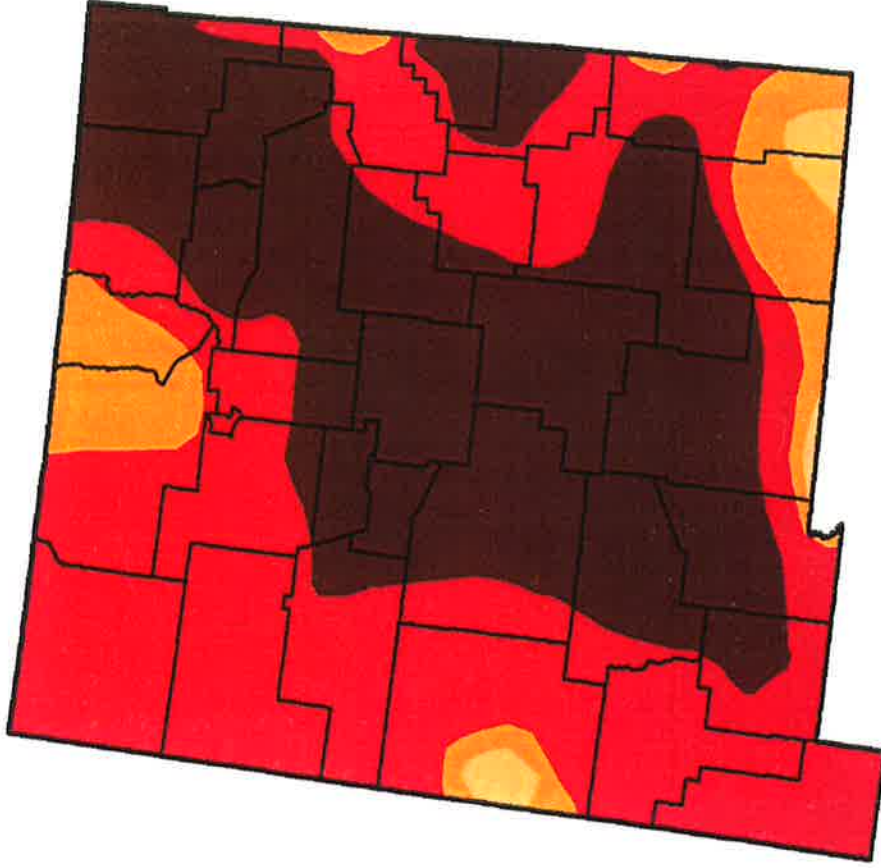
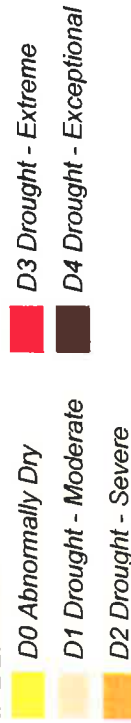
New Mexico

June 18, 2013
Valid 7 a.m. EST

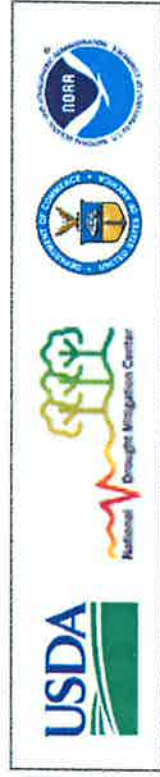
Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	100.00	98.49	90.18	44.13
Last Week (06/11/2013 map)	0.00	100.00	100.00	98.72	82.10	44.70
3 Months Ago (03/19/2013 map)	0.23	99.77	98.47	89.85	49.95	4.25
Start of Calendar Year (01/01/2013 map)	0.00	100.00	98.83	94.05	31.88	0.97
Start of Water Year (09/25/2012 map)	0.00	100.00	100.00	62.56	12.25	0.66
One Year Ago (06/12/2012 map)	0.00	100.00	99.64	73.03	23.46	0.00

Intensity:



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



Released Thursday, June 20, 2013
National Drought Mitigation Center,

<http://droughtmonitor.unl.edu>

City of Santa Fe, New Mexico

memo

DATE: July 2, 2013
TO: Buckman Direct Diversion Board
VIA: Nick Schiavo, Acting Public Utilities Department and Water Division Director ^{NSA}
Rick Carpenter, Water Resources and Conservation Section Manager ^{RC}
FROM: Claudia Borchert, Water Resources Coordinator ^B
RE: San Juan-Chama Water Storage Update

Item and Issue: The BDD Board requested an update on the quantity of San Juan-Chama (SJC) water that the City currently has stored.

Background: As background information, pages from the 2012 Annual Water Report that relate to storage are included in this memo.

Current Storage Balance:

As of June 6, 2013, the City's SJC balance is as follows:

Heron Reservoir (City of Santa Fe 2013 allocation):	5,230 af
Abiquiu Reservoir (City of Santa Fe Storage Capacity):	3,888 af
Abiquiu Reservoir (Leased Los Alamos Storage Capacity):	961 af
Elephant Butte Reservoir:	14,613 af
Total:	24,692 af

Requested Action:

None.

2012 Annual Water Report



City of Santa Fe Municipal Reservoir, Autumn 2012

City of Santa Fe
April 2013



Water Division

2013 Water Demand and Supply Projections

Anticipated Demand (acre-feet)

Total: approximately 10,000 acre-feet*		10,005
City Customers		9,850
Water Deliveries:	Santa Fe County	150
	Hyde Park Estates	5

*assumes a minimum of 100 gallons per capita per day and limited, new water demand.

Anticipated Supply Source (acre-feet)

Total Production:	10,000
Santa Fe River use (CRWTP ¹)	2,020
City well use	1,150
Buckman well use	1,600
Buckman Direct Diversion	5,230

1. Canyon Road Water Treatment Plant

This page summarizes the City's anticipated water demand and supply picture for 2013. Further details can be found in subsequent sections of this report.

Storage Projected for December, 2013 (acre-feet)

Target end of year storage in Santa Fe municipal reservoirs	1,576
Total anticipated stored San Juan-Chama Water:	
Heron Reservoir	5,230
El Vado Reservoir	0
Abiquiu Reservoir	3,600
Elephant Butte Reservoir	14,000
Total storage in the Rio Grande Basin	24,406

Anticipated Santa Fe River flows (acre-feet)

Santa Fe River target flows	320
Effluent releases to the Santa Fe River	4,000

Anticipated 2013 Offset Requirements (acre-feet)

Rio Grande	1,200
Rio Tesuque	35
Rio Nambé-Pojoaque	59
La Cienega Area	2
Total Offsets	1,296

Private Wells

Estimated number of private wells within the city limits	711
Anticipated number of replacement wells drilled	0
Anticipated number of new private wells	0

2013 basic 5/8" meter residential water rate

Monthly service charge	\$18.42
Sept-April	\$6.06/1,000 gallons for first 7,000 gallons, \$21.72/1,000 gallons thereafter
May-Aug	\$6.06/1,000 gallons for first 10,000 gallons, \$21.72/1,000 gallons thereafter

An acre-foot is equivalent to 325,851 gallons.

Water Rights used for ‘Offsets’

In addition to water rights that the City can directly divert for water supply, the City maintains a portfolio of ‘offset’ surface water rights that are associated with the Buckman well field and the Northwest Well. The purpose of these acquired water rights is to keep the nearby stream systems ‘whole’ or unaffected by the impacts that pumping groundwater has on surface water. The City has acquired sufficient water rights to satisfy its current obligation on the Rio Grande, Rio Tesuque, and Rio Pojoaque through a combination of acquired surface water rights, the City’s San Juan Chama water, leased San Juan Chama water, and stored San Juan Chama water.

Stream system	Water rights (af)	Offsets needed in 2012 (af)
Rio Tesuque*	49	34
Rio Pojoaque*	88	59
Rio Grande**	1,438	1,173
La Cienega	1	2

* includes water owned by Las Campanas

** includes water owned by Santa Fe County and Las Campanas

Water Storage

The City stores water in three ways: in the municipal reservoirs in the upper Santa Fe River watershed, on the Rio Grande/Rio Chama system, and by ‘relinquishment’ water.

The Municipal Reservoirs

The water utility stores Santa Fe River water in McClure and Nichols Reservoirs in the upper watershed (see map on page 20). Storage levels of the reservoirs for the end of 2012 were 1,132.4 acre-feet or 29% of the total storage capacity. While the City water utility has been targeting a carry-over storage of 40% to hedge against

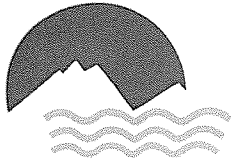
drought-induced summer supply deficit, once the Buckman Direct Diversion came online, a lower carry-over storage target is acceptable.

Stored San Juan-Chama Project Water

For the past decade, the City has been storing its unused portion of San Juan-Chama water in reservoirs along the Rio Chama-Rio Grande river system. As of December 2012, the City had a total of 31,297 acre-feet stored, with 5,230 acre-feet stored in Heron Reservoir, 0 acre-feet in El Vado Reservoir, 9,921 acre-feet in Abiquiu Reservoir and 16,146 acre-feet in Elephant Butte Reservoir.

Relinquishment Credits

New Mexico receives relinquishment credits when the quantity of Rio Grande water provided to Texas is above that required by the Rio Grande Compact. Relinquishment water allows the City to store relinquishment ‘credit’ water in the municipal reservoirs during times when the Rio Grande Compact would otherwise limit the City’s right to store surface water. As an alternative to using relinquishment credits, the City often releases its San Juan Chama water into the Rio Grande in exchange for the permission to store Santa Fe River water, which would otherwise be prohibited by the Rio Grande Compact. The New Mexico State Engineer has granted the City a total of 7,500 acre-feet of relinquishment credits: 6,052 acre-feet in 2003 and 1,448 acre-feet in 2008. The City has a current balance of 6,207 acre-feet.




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: June 20, 2013

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Project Manager 

Via: Shannon Jones, Acting BDD Facility Manager 

Subject: Contract Amendment in the Amount of \$60,000 (Exclusive of NMGR) to the Professional Services Agreement Between the BDD Board and Harwood Consulting, LLP for Specialized Legal, Environmental and Permitting Services

This contract amendment is to provide additional funds for an existing contract that the BDD Board has entered into with Harwood Consulting, LLP for specialized services relating to the on-going Middle Rio Grande Collaborative Program, associated Biological Opinions, and upcoming NEPA work on Pojoaque Basin Regional Water Project EIS (formerly referred to as the Aamodt Settlement Project). The contract amendment would be in the amount of \$60,000 plus NMGR, and the term of the contract for which the requested amendment covers will be extended for a year to June 30, 2014.

This work has become increasingly critical and complex due to the extraordinary drought conditions and historic low flows in the Rio Grande system, which has exacerbated already stressed Endangered Species Act imperatives and related inter-agency river management issues.

Funds for this contract exist in the BDD Board approved "Carve Out Budget."

RECOMMENDATION

Staff recommends approval of this contract amendment in the amount of \$60,000 (excluding NMGR).



**BUCKMAN DIRECT DIVERSION BOARD
AMENDMENT No. 4
TO PROFESSIONAL SERVICES AGREEMENT WITH
HARWOOD CONSULTING, PC**

This AMENDMENT No. 4 (the "Amendment") to the PROFESSIONAL SERVICES AGREEMENT, dated August 29, 2011 (the "Agreement"), is entered into between the Buckman Direct Diversion Board (the "BDDDB") and Harwood Consulting, PC (the "Contractor"). The date of this Amendment shall be the date when it is executed by the BDDDB.

RECITALS

A. Under the terms of the Agreement, Contractor has agreed to provide professional services BDDDB.

B. Pursuant to Article 17 of the Agreement, and for good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the BDDDB and the Contractor agree as follows:

1. COMPENSATION.

Article 3, paragraph A of the Agreement is amended to increase the amount of compensation by a total of sixty thousand dollars (\$60,000) plus gross receipts tax, so that Article 3, paragraph A reads in its entirety as follows:

A. The BDDDB shall pay to the Contractor in full payment for services rendered a sum up to and not to exceed one hundred fifty six thousand dollars (\$156,000), plus applicable gross receipts taxes. Payment shall be made for services actually rendered at an hourly rate of one hundred seventy five dollars (\$175.00) per hour.

2. TERM.

Article 5 of the Agreement is amended to extend the term of the Agreement, so that Article 5 reads in its entirety as follows:

This Agreement shall terminate on June 30, 2014, unless terminated pursuant to Paragraph 6, infra.

3. AGREEMENT IN FULL FORCE.

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

IN WITNESS WHEREOF, the parties have executed this Amendment No.4 to the Professional Services Agreement as of the dates set forth below.

BUCKMAN DIRECT DIVERSION BOARD

**CONTRACTOR:
HARWOOD CONSULTING, PC**

By: _____
BDDDB Chairperson

Date: _____

By: _____
Name: Kyle Harwood

Title: _____

Date: _____

ATTEST:

Geraldine Salazar, County Clerk
File Date: _____

APPROVED:

ATTEST:

Marcos A. Tapia, Finance Director

Yolanda Y. Vigil, City Clerk
File Date: _____

APPROVED AS TO FORM:



Nancy R. Long, BDDDB Counsel

728000

Business Unit/Line Item



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

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

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

2 Name of Contractor Harwood Consulting PC

3 Complete information requested Plus GRT
 Inclusive of GRT

Original Contract Amount: \$20,000.00

Termination Date: December 31, 2012

Approved by BDDB Date: _____

or by Project Manager Date: 8/29/11

Contract is for: Prof. Srv

Amendment # 4 to the Original Contract# 11-0940

Increase/(Decrease) Amount \$ 60000

Extend Termination Date to: June 30, 2014

Approved by BDDB Date: Pending

or by Project Manager Date: _____

Amendment is for: increase comp and term

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

Amount \$ 20,000.00 of original Contract# 11-0940 Termination Date: 12/31/2012

Reason: professional services

Amount \$ 27,000.00 amendment # 1 Termination Date: na

Reason: comp increase

Amount \$ 24,000.00 amendment # 2 Termination Date: 06/30/2013

Reason: term comp

Amount \$ 25,000.00 amendment # 3 Termination Date: 12/31/2013

Reason: comp term

Amount \$ 60,000.00 amendment # 4 Termination Date: 12/31/2013

Reason: comp term

Total of Original Contract plus all amendments: \$ 156,000



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

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

RFP# _____ Date: _____

RFQ _____ Date: _____

Sole Source _____ Date: August 22, 2011

Other _____

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

7 Funding Source: _____ **BU/Line Item:** _____ 7280000

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

9 Staff Contact who completed this form: Maya Martinez
Phone # 955-4271

10 Certificate of Insurance attached. (if original Contract)

Submit to City Attorney for review/signature

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

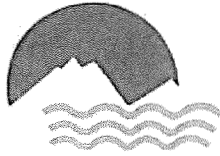
To be recorded by City Clerk:

Contract # _____

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

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

Comments:



Buckman Direct Diversion Project

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

Date: July 1, 2013

To: BDD Board

From: Adam Leigland, Public Works Department Director, Santa Fe County
Nicholas Schiavo, Public Utilities Department Director, City of Santa Fe

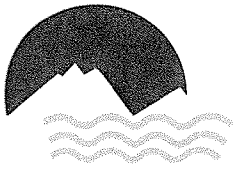
Re: Request for Approval to Direct the Interim Facilities Manager to Create a Staff Advisory Group to Recommend a Process for Selecting the Project Manager in Accordance With Paragraph 13 of the JPA

The *Joint Powers Agreement between the City of Santa Fe and the County of Santa Fe Governing the Buckman Direct Diversion Project ("JPA")*, dated January 18, 2005, establishes the general governance and management of the Buckman Direct Diversion Project ("BDD") during construction and operations and creates the role of the BDD Project Manager. The BDD Project Manager is not the same as the facility manager, but rather is the agency, such as the City or the County, that is responsible for the day-to-day support in such areas as procurement, financial management, or human resources, needed to run the BDD. The roles and responsibilities of the BDD Project Manager are spelled out in the *Project Management and Fiscal Services Agreement ("PMFS")*, dated December 3, 2007.

From the very beginning, the initial BDD project manager was designated as the Sangre De Cristo Water Division (the City of Santa Fe water utility), and also from the very beginning, this initial term as project manager was set to terminate on December 1, 2015. Paragraph 13 of the JPA states that upon termination of the current PMFS agreement on December 1, 2015, the BDD Board of Governance shall have the authority to enter into a new PFMS Contract with "any of the following: (1) Sangre De Cristo Water Division; (2) the Santa Fe County Water Utility or (3) a Regional Entity." However, nowhere in any BDD agreements is this statement fleshed out. No schedule, process, selection criteria, or even definition of a "Regional Entity" is described at any point.

Therefore, the staffs of the BDD partners are asking, in order for the BDD Board of Governance to make the best decision possible in implementing Paragraph 13, that a staff advisory group be established to create and recommend to the board an implementation process. The implementation process will include selection criteria and a timeline.





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.

Memo

Date: June 24, 2013

To: Buckman Direct Diversion Board

From: Shannon Jones, Interim BDD Facility Manager. *af*

ITEM AND ISSUE:

Request Formal Adoption of the Buckman Direct Diversion Emergency Reserve Fund Policy

BACKGROUND AND SUMMARY:

The BDD Project Intergovernmental Agreements require the creation of an Emergency Reserve Fund (ERF). The intent of this fund is to have funding readily available for emergency responses required to protect facilities and equipment from additional damages and to restore the BDD to capacity. While the fund would be replenished as needed, it allows the City of Santa Fe and Santa Fe County secure the money after the emergency has been controlled and applicable insurance claims have been processed.

As of June 30, 2013 the Emergency Reserve Fund has been funded to;

	FY 2011/2012	FY 2012/2013	Balance Due FY 2013/2014
City of Santa Fe	\$272,158	\$682,075	\$352,117
Santa Fe County	\$89,570	\$228,190	\$112,190
Las Campanas	\$54,934	\$118,646.44	\$90,119.56

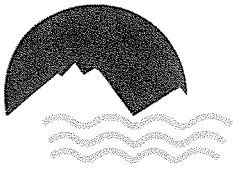
In order to access these funds, BDD Staff, City of Santa Fe Staff, and Santa Fe County Staff have work together to develop the Buckman Direct Diversion Emergency Reserve Fund Policy. This policy addresses the following;

- Purpose of the policy
- Reiterates the Target Balance of the Fund
- Defines "Emergency"
- Criteria to access funds
- Purchasing Authority of the Project Manager
- Procedure for accessing the funds
- Procedures for replenishing fund

ACTION REQUESTED:

Staff recommends Formal Adoption of the Buckman Direct Diversion Emergency Reserve Fund Policy





Emergency Reserve Fund Policy

In accordance with the BDD Project intergovernmental agreements and in order to secure resources assuring the BDD's timely response to emergencies, which could potentially threaten, reduce, or eliminate the BDD's capacity to meet its customers' demands, the BDD established an Emergency Reserve Fund (ERF) in the amount of two million dollars (\$2,000,000).

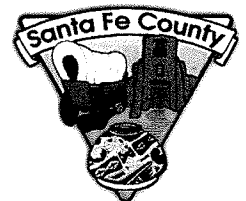
While insurance may provide reimbursement of costs associated with some emergency situations, the ERF will provide an immediate infusion of the funds that will be necessary to address the situation without having to first solicit funding from the BDDB partners.

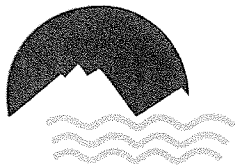
The purpose of this policy is to clarify what constitutes an emergency, how to obtain access to the funds, and how the ERF will be replenished once the funds had been utilized.

Definition of Emergency:

An emergency is defined as an Act of God or an unforeseeable equipment or facilities failure that renders the project inoperable or unable to deliver water at the required capacity or quality. The following is a detailed but not all inclusive summary of possible emergency scenarios:

1. Rio Grande flood
 - a. River channel relocation
 - b. Diversion structure being inundated with sediment
 - c. Raw water pump station flooding
 - d. Raw water pumps and pipelines filled with sediment
2. Local Arroyo flood
 - a. Access road destruction
 - b. Facilities damage or destruction
 - c. Pipeline exposure and / or damage
3. Contamination of raw water supply requiring remediation or additional treatment
4. Fire
 - a. Wildfire
 - b. Facilities fire
 - c. Electrical fire in switch gear or motor control center
5. Destructive failure of plant equipment or facilities resulting in major damage
 - a. In-plant mechanical break-down, explosion, electrical malfunction, or complete computer breakdown or loss





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.

- b. Sabotage
 - c. Errors or omissions by O&M staff
 - d. Earthquake, flood and other natural phenomena
 - e. Chemical spill
6. Broken raw water or finished water pipeline and appurtenances
 7. Design errors and or omissions

Disbursement of funds:

The ERF shall be designated as a restricted reserve fund. The purpose of the ERF is to provide available cash flow to ensure immediate emergency response without having to first secure funding from the BDDB partners. It is intended that the ERF be sufficient to cover any emergency situation resulting in services, supplies, or parts exceeding \$25,000. In case of an emergency situation, the BDD Project Manager is authorized to approve services and purchases without prior approval of the BDD board and/or partners for purposes of restoration and/or maintenance of service levels in response to a natural disaster and/or emergency. To access the necessary funds in case of an emergency situation the following steps shall be followed:

1. The BDD Project Manager will identify and evaluate the emergency.
2. The BDD Facilities Manager and BDD Project Manager will develop an initial plan of action.
3. The BDD Project Manager will contact the BDD Board Chair within 24 hrs of the occurrence of the emergency and explain the nature of the emergency and initial plan of action.
4. The BDD Project Manager will declare the emergency
5. The BDD Project Manager will access the ERF in accordance with the BDD Project Manager's procurement policy. While certain emergencies do not require the processing of an Emergency Purchase Order (EPO) prior to initiation of emergency response activities, the EPO should be requested within 24 hours of service recruitment or purchases.
6. After the initiation of the emergency response and access to the ERF, the BDD Facilities





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.

Manager and BDD Project Manager shall notify the BDDDB partners within 24 hours and provide verbal monthly updates to the BDD Board for the duration of the event. Upon resolution of the emergency, the BDD Facilities Manager and BDD Project Manager shall provide a written report to the BDD Board.

Target balance and maintenance of the Emergency Reserve Fund:

The approved target balance for the Emergency Reserve Fund is \$2,000,000.00 and will be fully funded by the end of FY2013/14. The BDDDB partners shall replenish the ERF according to the schedule below. Expenditures from the designated ERF which are subsequently recovered, either partially or fully from insurance and/or any other services, shall be utilized solely for the purpose of refunding the ERF.

Should the ERF balance fall below \$2,000,000, contributions from all BDDDB partners shall bring the ERF balance back to \$2,000,000 at the beginning of the following fiscal year.

All funds will be monitored by the Project Manager and accrue interest that will be added to the fund and accounted for every fiscal year. Interest earned will be credited proportionately to each BDDDB partner's required contribution.

