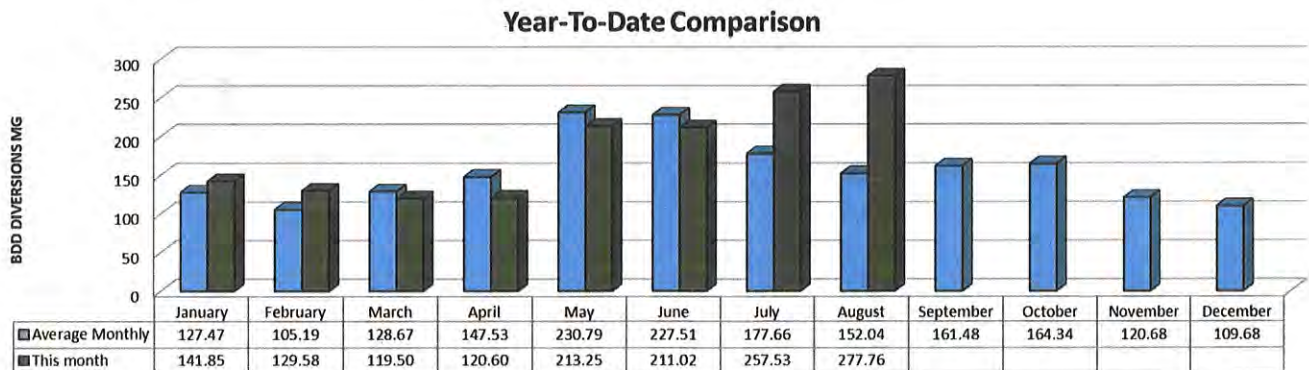




Date: September 3, 2020
To: Buckman Direct Diversion Board
From: Randy Sugrue, BDD Operations Superintendent
Subject: Update on BDD Operations for the Month of August 2020

ITEM:

1. This memorandum is to update the Buckman Direct Diversion Board (BDDDB) on BDD operations during the month of August 2020. The BDD diversions and deliveries have averaged, in Million Gallons Per Day (MGD) as follows:
 - a. Raw water diversions: 8.96 MGD.
 - b. Drinking water deliveries through Booster Station 4A/5A: 7.86 MGD.
 - c. Raw water delivery to Las Campanas at BS2A: 0.84 MGD.
 - d. Onsite treated and non-treated water storage: 0.26 MGD Average.
2. The BDD is providing approximately 61% percent of the water supply to the City and County for the month.
3. Regional Demand/Drought Summary.
4. The BDD year-to-date diversions are depicted below:

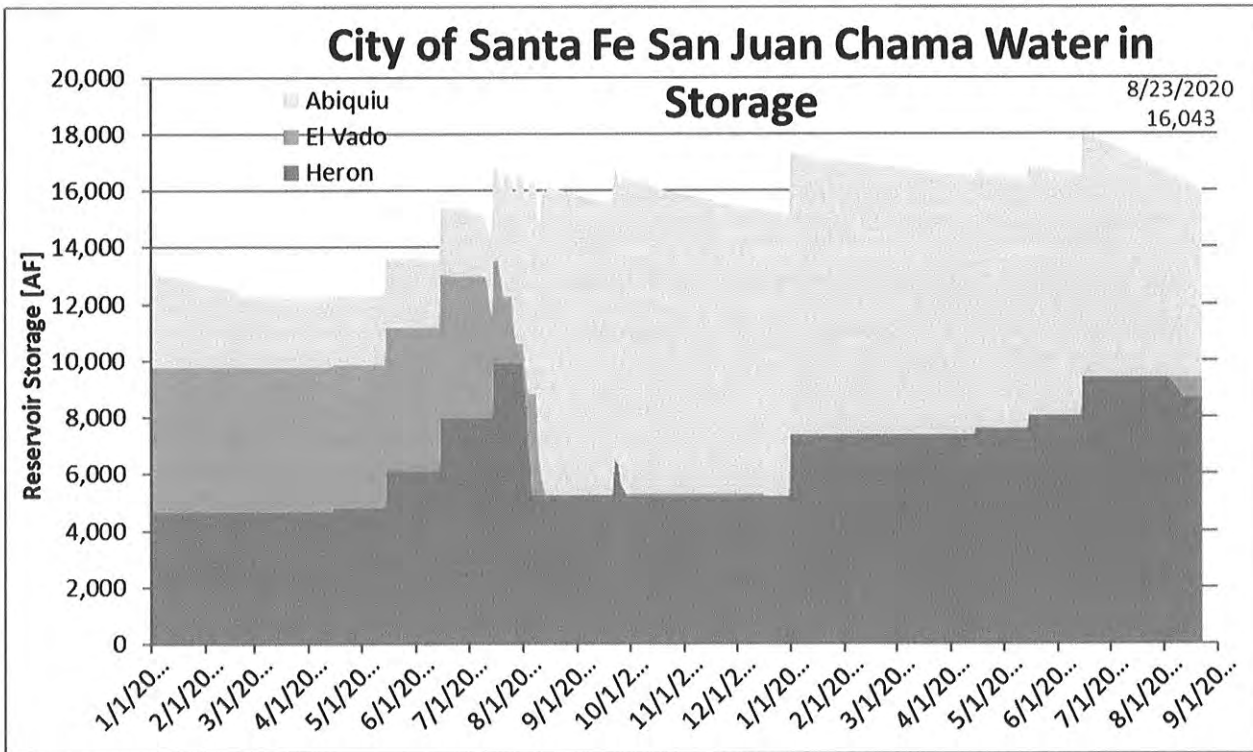




Regional Water Overview

Daily metered regional water demand for the month of August 2020 is approximately 12.9 MGD for the city and 1.7 MGD for the county.

Rio Grande flows for August 2020 average approximately 680 CFS (cubic feet per second.)



ENSO Summary

August 13, 2020

Synopsis: There is a ~60% chance of La Niña development during Northern Hemisphere fall 2020 and continuing through winter 2020-21 (~55% chance).



Buckman Direct Diversion Monthly SJC and Native Diversions

Aug-20							
In Acre-Feet							
Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	438.797	134.433	0.000	304.364	298.249	6.115	2.759
FEB	385.360	207.046	0.000	178.314	178.314	0.000	1.679
MAR	364.592	192.426	0.000	172.165	172.165	0.000	1.621
APR	362.944	178.481	0.000	184.463	123.095	61.367	1.737
MAY	635.468	523.991	0.000	111.477	109.054	2.423	0.889
JUN	650.009	522.607	0.000	127.402	2.637	124.765	1.017
JUL	784.520	0.000	0.000	784.520	780.935	3.586	3.663
AUG	852.723	0.000	0.000	852.723	804.833	47.890	2.285
SEP	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OCT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NOV	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DEC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	4,474.413	1,758.984	0.000	2,715.428	2,469.283	246.146	15.650

In Million Gallons

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	43.789	0.000	98.103	96.304	1.975	141.892
FEB	67.442	0.000	57.454	57.454	0.000	124.896
MAR	62.680	0.000	55.473	55.473	0.000	118.152
APR	58.137	0.000	59.435	39.733	19.808	117.572
MAY	170.681	0.000	35.812	33.155	0.737	206.493
JUN	170.230	0.000	40.927	0.847	40.080	211.158
JUL	0.000	0.000	255.544	252.049	1.168	255.544
AUG	0.000	0.000	277.759	262.160	15.599	277.759
SEP	0.000	0.000	0.000	0.000	0.000	0.000
OCT	0.000	0.000	0.000	0.000	0.000	0.000
NOV	0.000	0.000	0.000	0.000	0.000	0.000
DEC	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	572.959	0.000	880.507	797.175	79.366	1,453.466



Dec-19		In Acre-Feet					
Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	327.677	56.671	0.000	271.007	271.007	0.000	2.483
FEB	278.357	71.266	0.000	207.090	207.090	0.000	1.908
MAR	134.335	88.610	0.000	45.725	45.725	0.000	3.498
APR	126.924	114.750	0.000	12.175	12.175	0.000	0.110
MAY	550.285	550.285	0.000	0.000	0.000	0.000	0.000
JUN	546.222	546.222	0.000	0.000	0.000	0.000	0.000
JUL	649.014	23.285	0.000	625.729	519.383	106.345	2.907
AUG	422.340	17.075	0.000	405.265	318.606	86.659	1.912
SEP	518.606	169.956	0.000	348.650	261.901	86.749	1.564
OCT	531.254	15.373	0.000	515.881	477.452	38.429	4.676
NOV	325.023	42.180	0.000	282.843	280.865	1.978	2.936
DEC	334.880	48.808	0.000	286.071	286.071	0.000	2.893
TOTAL	4,744.916	1,744.482	0.000	3,000.434	2,680.275	320.160	24.886

In Million Gallons

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	18.460	0.000	87.342	87.342	0.000	105.802
FEB	23.214	0.000	66.739	66.739	0.000	89.953
MAR	28.863	0.000	13.735	13.735	0.000	42.598
APR	37.378	0.000	3.924	3.924	0.000	41.302
MAY	179.246	0.000	0.000	0.000	0.000	179.246
JUN	177.923	0.000	0.000	0.000	0.000	177.923
JUL	7.585	0.000	201.598	167.635	34.262	209.183
AUG	5.562	0.000	130.586	102.846	27.974	136.148
SEP	55.360	0.000	112.401	84.384	28.017	167.762
OCT	5.008	0.000	166.279	154.168	12.409	171.287
NOV	13.739	0.000	91.045	90.407	0.638	104.785
DEC	15.899	0.000	92.109	92.109	0.000	108.008
TOTAL	568.235	0.000	965.760	863.292	103.299	1,533.995



Buckman Direct Diversion Monthly SJC and Native Diversions

Dec-18

In Acre-Feet

Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	383.578	77.954	0.000	305.624	305.624	0.000	2.708
FEB	343.467	75.227	0.000	268.240	268.240	0.000	2.415
MAR	363.780	267.512	0.000	96.268	96.268	0.000	4.036
APR	662.407	569.253	0.000	93.154	93.154	0.000	3.898
MAY	941.240	209.538	0.000	731.702	615.366	116.336	8.171
JUN	912.903	30.894	0.000	882.009	740.070	141.939	8.707
JUL	905.897	0.000	0.000	905.897	816.188	89.709	4.255
AUG	678.383	1.466	0.000	676.917	676.917	0.000	6.087
SEP	694.411	0.000	0.000	694.411	694.411	0.000	6.404
OCT	608.789	0.000	0.000	608.789	599.228	9.560	5.805
NOV	404.616	82.390	0.000	322.226	316.641	5.585	3.196
DEC	369.186	2.966	0.000	366.220	366.220	0.000	3.392
TOTAL	7,268.656	1,317.200	0.000	5,951.456	5,588.327	363.129	59.073

In Acre-Feet

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	77.954	0.000	302.916	302.916	0.000	380.870
FEB	75.227	0.000	265.825	265.825	0.000	341.052
MAR	267.512	0.000	92.231	92.231	0.000	359.744
APR	569.253	0.000	89.256	89.256	0.000	658.509
MAY	209.538	0.000	723.531	608.494	115.037	933.069
JUN	30.894	0.000	873.302	732.764	140.538	904.196
JUL	0.000	0.000	900.737	811.539	89.198	900.737
AUG	1.466	0.000	670.830	670.830	0.000	672.295
SEP	0.000	0.000	688.007	688.007	0.000	688.007
OCT	0.000	0.000	602.984	593.515	9.469	602.984
NOV	82.390	0.000	319.030	313.500	5.530	401.420
DEC	2.966	0.000	362.829	362.829	0.000	365.794
TOTAL	1,317.200	0.000	5,891.477	5,531.706	359.772	7,208.677



Dec-17

In Acre-Feet

Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	395.248	84.736	0.000	310.512	310.512	0.000	2.717
FEB	383.179	26.107	3.426	353.646	353.646	0.000	3.087
MAR	547.849	17.804	11.643	518.402	518.402	0.000	4.564
APR	592.385	381.170	0.000	211.216	211.216	0.000	1.821
MAY	488.240	478.925	0.000	9.315	9.315	0.000	0.072
JUN	616.871	12.970	0.000	603.900	477.780	126.121	5.517
JUL	626.113	23.719	0.000	602.394	484.406	117.988	5.429
AUG	557.303	17.073	0.000	540.230	540.230	0.000	4.871
SEP	637.339	230.584	0.000	406.755	395.200	11.555	3.873
OCT	444.333	127.611	0.000	316.723	316.723	0.000	2.938
NOV	356.536	107.143	0.000	249.394	203.128	46.266	1.658
DEC	360.218	73.071	0.000	287.147	287.147	0.000	2.321
TOTAL	6,005.614	1,580.910	15.069	4,409.635	4,107.705	301.930	38.868

In Acre-Feet

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	84.736	0.000	307.795	307.795	0.000	392.531
FEB	26.107	3.426	350.559	350.559	0.000	380.091
MAR	17.804	11.643	513.838	513.838	0.000	543.285
APR	381.170	0.000	209.395	209.395	0.000	590.565
MAY	478.925	0.000	9.243	9.243	0.000	488.168
JUN	12.970	0.000	598.383	473.415	124.969	611.354
JUL	23.719	0.000	596.965	480.040	116.925	620.684
AUG	17.073	0.000	535.359	535.359	0.000	552.431
SEP	230.584	0.000	402.883	391.437	11.445	633.466
OCT	127.611	0.000	313.785	313.785	0.000	441.396
NOV	107.143	0.000	247.736	201.777	45.958	354.878
DEC	73.071	0.000	284.826	284.826	0.000	357.898
TOTAL	1,580.910	15.069	4,370.767	4,071.470	299.297	5,966.747

Memorandum



Buckman Direct Diversion

Date: September 3, 2020
To: Buckman Direct Diversion Board
From: Mackie M. Romero, BDD Financial Manager *MR*
Subject: Presentation of the BDD Annual Financial Report

ITEM AND ISSUE:

Presentation of the Buckman Direct Diversion Project Annual Financial Report for fiscal year ended June 30, 2019.

BACKGROUND AND SUMMARY:

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

“After the end of each fiscal year, and in accordance with the New Mexico state audit rule, provide copies of audited financial statements to the City, the County and Las Campanas, showing the assets, liabilities, revenues, expenses, equity balances and budget comparisons for the BDD Project fund on an annual basis for the prior fiscal year in accordance with GAAP and GASB, complete the Management's Discussion and Analysis (MDA) for the annual financial report, and provide upon request, a monthly general ledger report. The Project Manager shall be allowed to recommend that its auditors produce the financial statements, dependent on staff availability and the complexity of the reporting requirements.”

On July 2, 2019 a report of independent certified accountants was issued by CliftonLarsonAllen, LLP for the business-type activities of the Buckman Direct Diversion Project Water Treatment Facility Operations as of and for the year ended June 30, 2019.

The Buckman Direct Diversion is a single purpose government entity and has only business type activities. In the statement of net position, activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis.

The presentation of the financial statements includes consolidation of all activity of the following enterprise funds.

- ❖ BDD Operating Fund
- ❖ BDD Capital Carve-out Project Fund
- ❖ BDD Emergency Reserve Fund
- ❖ BDD Major Repair and Replacement Fund

The auditors have disclosed the following audit finding, late submission of audit report. Prior year findings have been resolved and the auditors have issued an unmodified report.

The Financial Statements and Supplementary Information are available on our website.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019



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CONSULTING

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
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YEAR ENDED JUNE 30, 2019**

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**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
OFFICIAL ROSTER
YEAR ENDED JUNE 30, 2019**

ELECTED OFFICIALS

Anna Hamilton	Chairperson of the BDD Board, Santa Fe County Commissioner
Michael Harris – (Vice Chair)	Councilor, City of Santa Fe
Peter Ives	Councilor, City of Santa Fe
Anna Hansen	Commissioner, Santa Fe County
Henry Roybal	Commissioner, Santa Fe County Alternate
Ms. Dennis Fort	Member At-Large
Mr. J.C. Helms	Member Alternate At-Large
JoAnne Vigil Coppler	Councilor, City of Santa Fe Alternate
Mr. Tom Egelhoff	Las Campanas, nonvoting member
Ginny Selvin	Las Campanas, Alternate

FISCAL AGENT ADMINISTRATION

Debra Harris-Garmendia	Controller, City of Santa Fe
Mary McCoy	Finance Director, City of Santa Fe

BUCKMAN ADMINISTRATION

Rick Carpenter	Facility Manager, Buckman
Mackie Romero	Fiscal Manager and Business Administrator, Buckman



INDEPENDENT AUDITORS' REPORT

Board Members

Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Buckman Direct Diversion Project Water Treatment Facility Operations (Buckman) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Buckman's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Board Members
Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Buckman as of June 30, 2019, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Buckman's basic financial statements. The Schedules listed under Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board Members
Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2020, on our consideration of Buckman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckman's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Buckman's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
July 2, 2020

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Management's discussion and analysis (MDA) of the Buckman Direct Diversion Project – Water Treatment Facility Operations is designed to provide an overview of Buckman Direct Diversion's financial activity for the year ended June 30, 2019.

Under a joint powers agreement dated January 15, 2005 for the Buckman Direct Diversion (BDD), the City of Santa Fe (City) joined Santa Fe County (County) to design and construct the Buckman Direct Diversion Project in order to divert surface water from the Rio Grande River to the independent water systems of the City and the County. Other project participants include the Las Campanas Water and Sewer Cooperative and the Club at Las Campanas (Las Campanas Entities). Construction of the facility was completed by the end of December 31, 2010. Operations of the facility commenced on May 2, 2011. Operations are fully funded by the City, County, and Las Campanas Entities who are billed pursuant to the Facility Operations and Procedures Agreement (FOPA) dated October 16, 2006.

The BDD operates pursuant to the Facility Operations and Procedures Agreement for the Buckman Direct Diversion Project between the City of Santa Fe, Santa Fe County and Las Campanas Entities with the City of Santa Fe acting as fiscal agent, per the Project Management and Fiscal Services Agreement (PMFSA). A board of directors has been established and delegated all powers necessary to oversee both the management and operations of the BDD. The board is comprised of two members of the governing body of the City (along with an alternate), two members of the governing body of the County (along with one alternate), one non-voting member of the Las Campanas Entities (along with one alternate) and one citizen member at large (along with one alternate) appointed by a majority vote of the four other voting members.

Financial Highlights

- In 2019, the Buckman Direct Diversion provided 1,639,820,000 gallons of water to the project partners.
- The Buckman Direct Diversion Board authorized \$402,064 of funding from restricted cash of the Major Repair and Replacement Fund to purchase two new vehicles, two new variable frequency drives and continuation of rebuilding pumps at the Raw Water Lift Station facility.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the BDD's basic financial statements. The BDD's financial statements are comprised of basic financial statements, notes to the financial statements and other information. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The BDD operates under the accrual basis of accounting, required for State and Local Governments' enterprise operations. The BDD's operating fund utilizes cost codes to track expenditures for proper allocation and billing to the City, County, and Las Campanas Entities.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Proprietary Fund

The BDD operates as proprietary fund for regional water supply with all operating costs covered by reimbursements to the City, County, and Las Campanas Entities. Proprietary funds are used for activities that are financed and operated in a manner similar to a private business enterprise. The intent of the BDD Board of Directors is to ensure the costs (expenses) of providing services, in this case, regional water supply on a continuing basis be financed or recovered through billings.

Proprietary financial statements are designed to provide readers with a broad overview of the BDD's finances, in a manner similar to a private-sector business.

Budgets

The BDD's annual operating budget is adopted on annual basis and includes annual contributions to the Emergency Reserve Fund and Major Repair and Replacement fund based on yearly targeted balances. The annual budget is recommended by the BDD Board to be approved by the governing bodies of our participating partners. Once the budget has been approved by the governing bodies the budget is formally adopted by the BDD Board. The annual operating budget is budgeted by major category; any adjustments between major categories must be approved by the BDD Board.

The budget is prepared on another comprehensive basis of accounting other than the accrual basis required by GAAP.

There were no major changes to the fiscal year 2019 annual operating budget in comparison to the final fiscal year 2018 annual operating budget.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Statement of Net Position

The statement of net position presents information on all of Buckman Direct Diversion's assets, liabilities, and net position

The following table provides condensed financial information related to BDD's net assets as of June 30, 2019 as compared to June 30, 2018.

**Statement of Net Position
Fiscal Year Ended June 30, 2019 and June 30, 2018**

	2019	2018	Amount Change	% Change
ASSETS				
Current Assets	\$ 6,378,148	\$ 11,507,424	\$ (5,129,276)	-45%
Capital Assets, Net	8,532,670	8,476,279	56,391	1%
Total Assets	<u>\$ 14,910,818</u>	<u>\$ 19,983,703</u>	<u>\$ (5,072,885)</u>	-25%
LIABILITIES	\$ 2,001,976	\$ 7,372,097	\$ (5,370,121)	-73%
NET POSITION				
Net Investment in Capital Assets	8,532,670	8,476,279	56,391	1%
Restricted for:				
Emergency Reserves	2,063,495	2,063,495	-	0%
Major Repair and Replacement Reserves	1,795,496	1,570,854	224,642	14%
Unrestricted	517,181	500,978	16,203	3%
Total Net Position	<u>12,908,842</u>	<u>12,611,606</u>	<u>297,236</u>	2%
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,910,818</u>	<u>\$ 19,983,703</u>	<u>\$ (5,072,885)</u>	-25%

The statement of net position reports comparison activity of the current and previous fiscal years of operations. The change of current assets and current liabilities is due to a decrease of accounts receivable, as it relates to amounts due from the participating partners. The capital assets held by BDD represent a portion of the original construction cost of the BDD Project, excluding assets reported on the City of Santa Fe and Santa Fe County's financial statements. All new assets purchased by BDD are reported as capital assets.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Statement of Revenues, Expenses, and Changes in Net Position

The following table provides condensed financial information related to BDD's changes in net position for the year ended June 30, 2019 as compared to the year ended June 30, 2018 as restated.

**Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2019 and June 30, 2018**

	2019	2018	Amount Change	% Change
OPERATING REVENUES				
Reimbursements:				
City of Santa Fe	\$ 5,690,084	\$ 5,450,971	\$ 239,113	4%
Santa Fe County	2,301,644	1,748,983	552,661	32%
Las Campanas Entities	227,195	342,783	(115,588)	-34%
PNM Solar Rebates	151,462	178,164	(26,702)	-15%
Conservation Fee	63,830	-	63,830	0%
Grants-Federal	95,024	90,059	4,965	6%
Total Operating Revenues	<u>8,529,239</u>	<u>7,810,960</u>	<u>718,279</u>	<u>9%</u>
OPERATING EXPENSES				
Buckman Direct Diversion Project Operations	8,091,426	7,389,391	702,035	10%
Habitat Restoration and Compliance	23,860	21,695	2,165	10%
Major Repairs	116,934	225,276	(108,342)	-48%
Emergencies	-	-	-	0%
Total Operating Expenses	<u>8,232,220</u>	<u>7,636,362</u>	<u>595,858</u>	<u>8%</u>
OPERATING INCOME	297,019	174,598	122,421	70%
NONOPERATING REVENUES				
Investment Income	217	2,033	(1,816)	-89%
CHANGE IN NET POSITION	297,236	176,631	120,605	68%
Net Position - Beginning of Year,	12,611,606	12,434,975	176,631	1%
NET POSITION - END OF YEAR	<u>\$ 12,908,842</u>	<u>\$ 12,611,606</u>	<u>\$ 297,236</u>	<u>2%</u>

The BDD's revenues include reimbursements from the City, the County, and Las Campanas Entities for fixed, variable and project wide costs, which are billed pursuant to the percentage allocations detailed in the Facility Operations and Procedures Agreement and the water delivered to each partner.

Operating expenses consists of salaries, utilities, chemicals, other operating costs, materials and supplies and a fiscal agent fee. Expenses should approximate revenues as all operating costs are billed to the partners.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

BDD has received federal funding from the Department of Energy for the BDD Location Sampling program. BDD also receives PNM Solar Rebate revenue for over production of our solar photovoltaic system at our water treatment plant location. The revenue received is used to support a portion of BDD solar expenses.

The BDD has restricted cash held for specific purposes related to the BDD's emergency reserve fund policy and repair and replacement fund policy. All expenditures must be authorized by the BDD Board and must meet criteria as established per the policy.

Partner Reimbursements/Restricted Cash

Participating partners are billed monthly, quarterly, and pre-billed for reimbursement or prepayment of all operating costs per the BDD Working Capital & Billing Policy. In order to secure resources assuring BDD's ability to cover major repairs and replacement of system equipment, BDD has established an annual partner contribution to be fully funded by the end of each fiscal year.

The following table shows the balances outstanding from each partner or partner credit balance as of June 30, 2019. Application of any credits to outstanding accounts receivable must be approved by the partners.

	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas CoOp	Total
Partner Receivables	\$ 195,096	\$ 947,385	\$ 14,538	\$ -	\$ 1,157,019
Partner Credits	-	(190,782)	(49,381)	(2,499)	(242,662)
Net Total	<u>\$ 195,096</u>	<u>\$ 756,603</u>	<u>\$ (34,843)</u>	<u>\$ (2,499)</u>	<u>\$ 914,357</u>

The BDD expects to fully collect all outstanding receivables and refund any partner credits.

Items Expected to Have a Significant Effect for Fiscal Year 2019

The Buckman Direct Diversion is expected to operate successfully and will continue to adaptively manage water deliveries to meet changes in partner demands. The ability to meet partner demand can be affected by circumstances beyond the control of the BDD. The BDD will not operate when suspended solids concentrations in the Rio Grande exceed a threshold value or when the Los Alamos National Laboratory Early Notification System indicates the Rio Grande may be influenced by runoff from Los Alamos Canyon. During periods of inability to fulfill water delivery orders, the City will supply both its own and in accordance with the County/City Water Resource Agreement, the County's potable water demands from stored drinking water and its other sources of water supply.

Capital Assets and Debt Administration

Total capital assets, net of depreciation, for BDD make up 57% of BDD's total assets. Refer to Note 6 for information about capital assets.

Total compensated absences at June 30, 2019 are \$124,875 and expected to be paid within one year.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Requests for Information

The financial report is designed to provide a general overview of BDD's finances for those interested in government enterprise finances. Questions concerning any of the information provided or requests for additional financial information should be addressed to the Buckman Direct Diversion, 341 Caja Del Rio Rd. Santa Fe, NM 87506, BDD also maintains a website at www.bddproject.org.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
STATEMENT OF NET POSITION
JUNE 30, 2019**

ASSETS	<u>Business-Type Activity</u>
CURRENT ASSETS	
Cash, Investments, and Cash Equivalents	\$ 875,513
Restricted Cash:	
Emergencies	2,063,495
Major Repair and Replacement	1,795,496
Partner's Accounts Receivable:	
City of Santa Fe	195,096
Santa Fe County	947,385
Las Campanas Club	14,538
Las Campanas Coop	-
Prepaid Expenses	10,000
Other Receivable (includes Pass-through grant)	367,347
Chemical Inventory	109,278
Total Current Assets	<u>6,378,148</u>
NONCURRENT ASSETS	
Capital Assets	10,638,942
Accumulated Depreciation	<u>(2,106,272)</u>
Total Noncurrent Assets	<u>8,532,670</u>
Total Assets	<u><u>\$ 14,910,818</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Partner's Credit Balances:	
Santa Fe County	\$ 190,782
Las Campanas Club	49,381
Las Campanas Coop	2,499
Accounts Payable	732,540
Intergovernmental Payable	800,778
Accrued Payroll	101,121
Compensated Absences	124,875
Total Current Liabilities	<u>2,001,976</u>
NET POSITION	
Net Investment in Capital Assets	8,532,670
Restricted for:	
Emergency Reserves	2,063,495
Major Repair and Replacement Reserves	1,795,496
Unrestricted	517,181
Total Net Position	<u>12,908,842</u>
Total Liabilities and Net Position	<u><u>\$ 14,910,818</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019**

	<u>Business-Type Activity</u>
OPERATING REVENUES	
Reimbursements:	
City of Santa Fe	\$ 5,690,084
Santa Fe County	2,301,644
Las Campanas Club	157,005
Las Campanas Coop	70,190
PNM Solar Rebates	151,462
Conservation Fee	63,830
Grants-Federal	95,024
Total Operating Revenues	<u>8,529,239</u>
OPERATING EXPENSES	
Buckman Direct Diversion Project Operations	8,091,426
Habitat Restoration and Compliance	23,860
Major Repairs	116,934
Emergencies	-
Total Operating Expenses	<u>8,232,220</u>
OPERATING INCOME	297,019
NONOPERATING REVENUES	
Investment Income	<u>217</u>
CHANGE IN NET POSITION	297,236
Net Position - Beginning of Year	<u>12,611,606</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,908,842</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

	<u>Business-Type Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Partners and PNM	\$ 14,634,001
Cash Paid to Suppliers for Goods and Services	(4,399,022)
Cash Paid for Personnel Reimbursements	(2,987,641)
Net Cash Provided by Operating Activities	<u>7,247,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(324,214)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>217</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,923,341
Cash and Cash Equivalents - Beginning of Year	<u>(2,188,837)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,734,504</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 297,019
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation Expense	267,824
Changes in Assets and Liabilities:	
Decrease in Partner's Accounts Receivable	6,911,508
Increase in Partner's Credit Balances	(558,851)
Increase in Other Receivables	(247,895)
Increase in Chemical Inventory	(845)
Decrease in Accounts Payable	(198,980)
Increase in Intergovernmental Payable	800,778
Decrease in Accrued Wages and Compensated Absences	(23,220)
Net Cash Used by Operating Activities	<u><u>\$ 7,247,338</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 ORGANIZATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Buckman is presented to assist in the understanding of the Buckman financial statements. The financial statements and notes are the representation of Buckman's management who is responsible for their integrity and objectivity. The financial statements of Buckman have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define Buckman for financial reporting purposes, management has considered all potential component units.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Buckman does not have any component units required to be reported under the GASB codification.

Enterprise Fund Financial Statements

Buckman is a single purpose government entity and has only business-type activities. In the statement of net position, activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Buckman's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of Buckman are organized on the basis of a proprietary or enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources, measurement focus, and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. In fiscal year 2019, Buckman received a grant award from the U.S. Department of Energy for water quality monitoring activities. The total award was \$95,024 incurred against the grant during fiscal year 2019.

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

Assets, Liabilities, and Net Position

Buckman reports the following enterprise fund:

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

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

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Cash, Investments, and Cash Equivalents

Cash is pooled into one common account maintained by the City of Santa Fe, Buckman's fiscal agent, in order to maximize investment opportunities. Buckman's monies deposited in the pooled cash account have equity therein, and interest earned on any of the investment of these monies is allocated based upon relative equity at month-end. Cash and cash equivalents are considered to be a share of the City's pooled cash and short-term investments with original maturities of three months or less from the date of acquisition. Please refer to the City of Santa Fe's financial statements for the year ended June 30, 2019 for a complete description of permissible investments and risk disclosures concerning cash investments.

Partner's Accounts Receivables/Partner's Credit Balances

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

Chemical Inventory

Chemical inventory recorded in Buckman's enterprise fund is stated at the lower of cost of market and totals \$109,278 at June 30, 2019. The cost of consumption is billed to each individual partner monthly, and is determined using the average cost method.

Capital Assets

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

	<u>Years</u>
Buildings and Structures	50
Equipment and Machinery	7
Vehicles	8
Data Processing Equipment	3

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Use of Estimates

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

Compensated Absences

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

Pensions/Postemployment Benefits

Buckman is allocated a portion of the pension expense that is paid by the City, as Buckman's fiscal agent. Buckman is not considered an employer with full-time employees. As outlined in the Project Management/Fiscal Agent Agreement (Note 12), the City of Santa Fe (City), as Buckman's Fiscal Agent, provides Buckman with City employees to maintain Buckman operations. The City is a contributing employer to a cost sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for Buckman apply to the City as a whole, and as such, this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the City of Santa Fe. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the CAFR and will be available, when issued, from City of Santa Fe.

Postemployment Benefits are administered by NM Retiree Health Care Authority (RHCA), the City and Buckman have the same arrangement for these benefits as outlined above for PERA. The liability, expense and deferred inflows and outflows are contained in the City's CAFR.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Minimum Restricted Net Position Policies

The Emergency reserve and Repair and Replacement reserve are reserve funds that were approved by the board on February 3, 2011. Both the Emergency reserve and the Repair and Replacement reserve are to be funded through specific contributions from the user partners and utilized for specified purposes. The Emergency reserve target balance is \$2,000,000 and was funded over a two-year period and fully funded at June 30, 2014. For the Repair and Replacement reserve, Buckman approved \$626,706 in annual partner contributions for fiscal year 2019. During fiscal year 2019, \$402,065 was utilized for combined emergency and repair purposes.

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

Equity Classifications

Government-Wide Statements

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

- a. Net Investment in Capital Assets - Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position - Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors/partners, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Buckman's restricted net position balances are a result of the Emergency Fund Policy and Major Repair and Replacement Fund Policy, described below:

Emergency Reserve Fund Policy

In order to secure resources assuring Buckman's timely response to emergencies, which could potentially threaten, reduce, or eliminate Buckman's capacity to meet its customers' demands, Buckman established an accumulation target amount of \$2,000,000 to fund the emergency reserve fund. While insurance may provide reimbursement of costs associated with some emergency situations, the Emergency Reserve Fund will provide an immediate infusion of the fund that are necessary to address the situation without having to first solicit funding from the partners. The total amount funded at June 30, 2019 was \$2,063,495.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Equity Classifications (Continued)

Major Repair and Replacement Fund Policy

In accordance with the Buckman's intergovernmental agreements and in order to secure resources assuring Buckman's ability to cover the repair and replacement cost of capital assets already in existence within Buckman, this policy ensures funding is available to repair or replace capital equipment when the capital equipment has reached the end of its effective useful life. Buckman established an accumulation target of \$411,812 in annual contributions, in 2017 the board approved an increase of \$214,894 for a total contribution of \$626,706 to be fully funded by the end of each fiscal year. The total amount funded as of June 30, 2019 was \$1,795,496.

- c. Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Buckman's annual operating budget for the enterprise fund is adopted on a basis other than generally accepted accounting principles (Non-U.S. GAAP basis). Depreciation is not budgeted for the enterprise fund. The budget includes both the proposed City and County portions and requires approval from both the City Council and the Santa Fe County Commission. The budget must also be approved by Buckman's board. The budget and any adjustments are subject to the regular budget requirements and calendar cycles of the City and the County. Budgetary control is at the fund level for the enterprise fund. Encumbrances (purchase orders, contracts, and other commitments for the expenditure of resources) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenses or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 CASH, INVESTMENTS, AND CASH EQUIVALENTS

Buckman does not have a separate bank account. At June 30, 2019, Buckman had cash, investments, and cash equivalents totaling \$4,734,504, which represents Buckman's portion in cash and investment pooled accounts maintained by the City of Santa Fe. The City invests its pooled cash into U.S. Government securities, repurchase agreements, municipal bonds, certificates of deposit, the State Treasurer's investment pool, and U.S. Government security mutual funds. Please refer to the comprehensive annual financial report for the City of Santa Fe, New Mexico, for the disclosure information regarding the custodial credit risk and other risks that may apply. The report may be obtained from the City by contacting the assistant finance director at 200 Lincoln Avenue, P.O. Box 909 Santa Fe, New Mexico 87504-0909.

NOTE 5 PARTNERS' ACCOUNTS RECEIVABLE/PARTNERS' CREDIT BALANCES

The following table shows the balances outstanding from each partner or partner credit balance as of June 30, 2019.

Partners' Accounts Receivable					
	City of Santa Fe	Santa Fe County	Las Campanas	Las Campanas CoOp	Total
Buckman Operations	\$ 195,096	\$ 947,385	\$ 14,538	\$ -	\$ 1,157,019

Partners' Credit Balances					
	City of Santa Fe	Santa Fe County	Las Campanas	Las Campanas CoOp	Total
Buckman Operations	\$ -	\$ 190,782	\$ 49,381	\$ 2,499	\$ 242,662

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

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance <u>June 30, 2018</u>	Additions	Deletions / Adjustments	Ending Balance <u>June 30, 2019</u>
Non-Depreciable Capital Assets:				
Construction in Process	\$ 776,368	\$ 175,009	\$ -	\$ 951,377
Total Non-Depreciable Capital Assets	776,368	175,009	-	951,377
Capital Assets Being Depreciated:				
Buildings and Structures	8,737,383	-	-	8,737,383
Equipment and Machinery	229,193	79,683	-	308,876
Vehicles	487,695	69,522	-	557,217
Data Processing Equipment	84,089	-	-	84,089
Total Capital Assets Being Depreciated	9,538,360	149,205	-	9,687,565
Less: Accumulated Depreciation:				
Buildings and Structures	1,223,234	174,748	-	1,397,982
Equipment and Machinery	185,484	14,372	(18,155)	181,701
Vehicles	367,992	85,092	-	453,084
Data Processing Equipment	61,738	11,767	-	73,505
Total Accumulated Depreciation	1,838,448	285,979	(18,155)	2,106,272
Total Capital Assets Being Depreciated, Net	7,699,912	(136,774)	-	7,581,293
Total Capital Assets	\$ 8,476,280	\$ 38,235	\$ -	\$ 8,532,670

Because of the joint venture agreement between the City of Santa Fe and Santa Fe County, the following amounts are recorded in the City's and County's financial statements and are therefore removed from BDD's financial statements. However, they are assets utilized and purchased solely for BDD.

	Buildings and Structures	Equipment and Machinery	Total
City of Santa Fe	\$ 115,440,642	\$ 4,842,162	\$ 120,282,804
Santa Fe County	101,372,507	-	101,372,507
			221,655,311
Accumulated Depreciation	(34,635,528)	(3,449,211)	(38,084,739)
			<u>\$ 183,570,572</u>

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 COMPENSATED ABSENCES

Business-Type Activity

Compensated absences for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Compensated Absences	\$ 143,318	\$ 182,523	\$ 200,966	\$ 124,875	\$ 124,875

NOTE 8 ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

1. Buckman is economically dependent on three entities: City of Santa Fe, Santa Fe County, and Las Campanas (the user partners). These entities account for 100% of its funding for the period ending June 30, 2019.
2. See Note 5 for outstanding balances owed from user partners and credit balances outstanding as of June 30, 2019.
3. The City of Santa Fe as fiscal agent for the Buckman Direct Diversion Project receives a fee of 4.5% of the annual operating budget of the project. The City of Santa Fe received \$312,463 fees for services as fiscal agent for the year ended June 30, 2019.

NOTE 9 RISK MANAGEMENT

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

Buckman staff, as employees of the City of Santa Fe, participate in the Santa Fe Health Fund and the Workers' Compensation Fund, which are self-insured programs administered by the fiscal agent. Buckman makes pro rata payments to the City based on actuarial estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for catastrophic losses. Health claims are handled by a professional third-party claims administrator. The fiscal agent maintains specific stop loss coverage for individual

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 RISK MANAGEMENT (CONTINUED)

claims in excess of \$200,000 with a \$1,000,000 statutory limit. Workers' compensation claims are handled by a professional, third-party claims administrator. Buckman maintains specific stop loss coverage for individual claims in excess of \$500,000 with a \$1,000,000 statutory limit. There was no reduction in amount of coverage for 2019.

NOTE 10 PENSION PLAN PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA)

General Information about the Pension Plan

Plan Description

Buckman is not considered an employer with full-time employees. As outlined in the Project Management/Fiscal Agent Agreement (Note 12), the City of Santa Fe (City), as Buckman's Fiscal Agent, provides Buckman with City employees to maintain Buckman operations.

The Public Employees Retirement Fund (PERA Fund) is a cost sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State general, State police/adult correction officer, municipal general, municipal police/detention officers, municipal fire, and State legislative divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits Provided

For a description of the benefits provided and recent changes to the benefits, see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at: <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 10 PENSION PLAN PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA)
(CONTINUED)**

General Information about the Pension Plan (Continued)

Contributions

The contribution requirements of plan members and the board are established in State statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 43 of the PERA FY18 annual audit report at the following website address:

https://reports.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2018_Final.pdf

The PERA coverage option that applies to the board is municipal general. Statutorily required contributions to the pension plan by the City that were allocated to Buckman were \$357,422 for the year ended June 30, 2019.

Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the City's Comprehensive Annual Financial Report.

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

NOTE 11 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

Buckman is not considered an employer with full-time employees. As outlined in the Project Management/Fiscal Agent Agreement (Note 12), the City of Santa Fe (City), as Buckman's Fiscal Agent, provides Buckman with City employees to maintain Buckman operations.

Buckman reimburses the City for contributions made by the City to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA) for employees that are loaned to Buckman. The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978).

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 11 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Plan Description (Continued)

The board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 11 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Funding Policy (Continued)

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

Benefits Provided

The Fund is a healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents, and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Contributions

Employer and employee contributions to the Fund total 3% for nonenhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978.

The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund.

Buckman's contributions to the RHCA for the years ended June 30, 2019, 2018, and 2017 were \$34,806, \$38,937, and \$34,622, respectively, which equal the required contributions for each year.

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT

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

Project Manager

- Carry out the directives and policies of the BDD board, make recommendations to the BDD board related to the Project; provide support staff for BDD board meetings; contract with independent legal counsel selected by the BDD board; contract with specialized legal counsel as needed to support design, construction, operation, and maintenance of the Project; and, as directed by the BDD board, implement the Project during design and construction and, following completion of construction, manage, operate, and maintain the Project;

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT (CONTINUED)

Project Manager (Continued)

- Seek and apply for funding (except for funding to be provided by the City and the County pursuant to the Project agreements) in the form of grants, loans or loan guarantees, or other funding sources as may be deemed appropriate by the BDD board, for the Project as directed by the BDD board and manage any such grants, loans or loan guarantees;
- Administer all amounts loaned, granted, or contributed by the City, the County, or Las Campanas in connection with the Project, and respond to related audits as may be necessary;
- Prepare and submit to the BDD board, the City, the County, and Las Campanas no later than December 15 of each fiscal year, an annual operating budget, which shall include annual and five-year projected operations, maintenance, replacement and reserve (OMR&R) costs, including a five-year schedule with the Project manager's proposed facilities and equipment major maintenance and replacement costs, proposed allocation of costs among the City, the County, and Las Campanas as provided in the Facilities Operations and Procedures Agreement (FOPA), a facilities and equipment major repair and replacement fund, and an emergency reserve fund;
- Develop and implement prior to initial operation a cost accounting system to apportion the total fixed and variable cost of OMR&R to the City, the County, and Las Campanas in accordance with the cost sharing provisions of the FOPA;
- Develop a document retention and protection policy for adoption by the BOD board;
- Act as fiscal agent for the Project;
- Provide all necessary staff, materials, and supplies necessary to operate and maintain the Project consistent with BDD board funding;
- Recruit, hire and train staff for the Project accounting to the BDD board's approved staffing plan as it may be amended from time to time and arrange for state drinking water certification for such staff in advance of operation of the Project, so that certified staff is available to operate the Project when the Project becomes operational, and as set forth in each proposed budget the costs of the staff apportioned according to the respective benefit to the City and the Project.
- Once an annual operating budget is approved by the BDD board, implement the budget, adhere strictly to the budget, and make recommendations for necessary budget adjustments throughout the fiscal year, and contract for an annual independent audit, consistent with GMP and GASB and with the New Mexico Audit Act, NMSA 1978, Sections 12-6-1-, et seq., and 2.2.2. NMAC, et seq., as amended, and report the results of the audit to the BDD board;

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT (CONTINUED)

Project Manager (Continued)

- Prepare and submit to the BDD board for approval all documentation to be used for procurement in the Project including, but not limited to, documents related to design, engineering, construction, operation, and maintenance of the Project, including, without limitation, requests for proposals, requests for qualifications, and contracts in amounts greater than \$60,000;
- Develop all procurement documents in accordance with the City's purchasing manual and present same to the BDD board;
- Consult with staff of the City, the County, and Las Campanas regarding the planning and design and OMR&R of the Project;
- In consultation with the BDD board, apply for, manage, and maintain, including the preparation and submittal of all required compliance reports, all necessary permits for the operation of the Project, including, without limitation, those permits, easements, and rights-of-way held in the name of the BDD board, and those permits required to be obtained by the BDD board pursuant to Section 6 of the FOPA;
- Maintain communication with the BDD board, the City, the County, and Las Campanas, primarily via monthly BDD board meetings, and keep these entities informed of important matters as may be necessary in the interim between monthly BOD board meetings;
- As directed by the BDD board, act as liaison for the BDD board and represent the BDD board in Project matters involving tribal governments, state and federal government agencies, and nongovernmental organizations;
- Perform other duties as assigned by the BDD board consistent with funding and the Project agreements;
- Maintain segregated books and records consistent with U.S. GAAP to account for all separate funding sources, including, without limitation, funds provided by the City, the County, or Las Campanas in support of construction or subsequent OMR&R of the Project and funds secured by the board pursuant to grants or loans from funding agencies;
- After the end of each fiscal year, provide copies of financial statements to the City, the County, and Las Campanas, showing the assets, liabilities, revenues, expenses, equity balances, and budget comparisons for the Project fund on an annual basis for the prior fiscal year in accordance with GMP and GASB, complete the Management's Discussion and Analysis (MDA) for the annual financial report, and provide upon request, a monthly general ledger report; and

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT (CONTINUED)

Project Manager (Continued)

- Procure, contract, and pay for as budgeted an annual independent audit, consistent with U.S. GAAP and GASB and with the New Mexico Audit Act, NMSA 1978, Sections 12-6-1-, et seq., and NMAC, et seq., as amended, and report the results of the audit to the BDD board.

NOTE 13 FEDERAL AND STATE GRANTS

In the normal course, of operations, Buckman receives grant funds from federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes any liability resulting from these audits would be immaterial.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET (NON-U.S. GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Non-U.S. GAAP Budgetary Basis	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
OPERATING REVENUES				
City of Santa Fe	\$ 6,432,515	\$ 6,332,175	\$ 5,690,084	\$ (642,091)
Santa Fe County	2,198,279	2,176,443	2,301,644	125,201
Las Campanas Entities	476,109	470,309	227,195	(243,114)
PNM Solar Rebates	120,000	120,000	151,462	31,462
Conservation Fee	-	62,475	63,830	1,355
Federal Revenue	96,000	96,000	95,024	(976)
Total Operating Revenues	<u>9,322,903</u>	<u>9,257,402</u>	<u>8,529,239</u>	<u>(728,163)</u>
OPERATING EXPENSES				
Reimbursement of Personnel Services	3,571,673	3,571,673	2,964,421	607,252
Electricity	1,200,000	1,200,000	1,026,576	173,424
Chemicals	336,000	336,000	312,691	23,309
Solids	120,000	120,000	61,210	58,790
Materials and Supplies	851,239	851,239	662,459	188,780
Other Operating Costs	2,491,763	3,081,763	2,443,812	637,951
Conservation Fees - County Only	-	62,475	63,830	(1,355)
Engineering Services	4,776	44,776	3,923	40,853
System Equipment	271,631	384,102	-	384,102
Repair and Maintenance Equipment	157,061	670,357	113,011	557,346
Vehicles < 1.5	-	72,278	-	72,278
Fiscal Agent Fee	318,760	318,760	312,463	6,297
Total Operating Expenses	<u>9,322,903</u>	<u>10,713,423</u>	<u>7,964,396</u>	<u>2,749,027</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	-	-	217	217
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>217</u>	<u>217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES				
	<u>\$ -</u>	<u>\$ (1,456,021)</u>	565,060	<u>\$ 2,021,081</u>
ADJUSTMENTS FOR U.S. GAAP BASIS (NONBUDGETED ITEMS)				
Depreciation			<u>267,824</u>	
CHANGE IN NET POSITION,				
			297,236	
Net Position - Beginning of Year			<u>12,611,606</u>	
NET POSITION - END OF YEAR				
			<u>\$ 12,908,842</u>	

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
SCHEDULE OF CHANGES IN RESTRICTED NET POSITION BY PARTNER
YEAR ENDED JUNE 30, 2019**

Emergency Reserves:

	Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
Restricted Net Position				
City of Santa Fe	\$ 1,347,979	\$ -	\$ -	\$ 1,347,979
Santa Fe County	480,965	-	-	480,965
Las Campanas Entities	<u>234,551</u>	-	-	<u>234,551</u>
Restricted Net Position	<u>\$ 2,063,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,063,495</u>

Major Repair and Replacement Reserves:**Restricted Net Position**

City of Santa Fe	\$ 1,120,973	\$ 445,545	\$ (285,840)	\$ 1,280,678
Santa Fe County	389,210	156,494	(100,399)	445,305
Las Campanas Entities	<u>60,671</u>	<u>24,667</u>	<u>(15,825)</u>	<u>69,513</u>
Restricted Net Position	<u>\$ 1,570,854</u>	<u>\$ 626,706</u>	<u>\$ (402,064)</u>	<u>\$ 1,795,496</u>

Combined**Restricted Net Position**

City of Santa Fe	\$ 2,468,952	\$ 445,545	\$ (285,840)	\$ 2,628,657
Santa Fe County	870,175	156,494	(100,399)	926,270
Las Campanas Entities	<u>295,222</u>	<u>24,667</u>	<u>(15,825)</u>	<u>304,064</u>
Restricted Net Position	<u>\$ 3,634,349</u>	<u>\$ 626,706</u>	<u>\$ (402,064)</u>	<u>\$ 3,858,991</u>



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

Board Members
Santa Fe County, City of Santa Fe,
Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of business-type activities of the Buckman Direct Diversion Project Water Treatment Facility Operations (Buckman), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Buckman's basic financial statements, and have issued our report thereon dated July 2, 2020.

Internal Control Over Financial Reporting

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

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

Board Members
Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckman's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is listed as finding 2019-001 in the schedule of findings and responses.

Buckman's Response to Findings

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Albuquerque, New Mexico
July 2, 2020

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

1. Type of auditors’ report issued	Unmodified
2. Internal control over financial reporting	
a. Material weaknesses identified?	No
b. Significant deficiencies not considered to be material weaknesses?	No
c. Noncompliance material to the financial statements?	No

SECTION II – CURRENT YEAR FINDINGS

2019-001 Late Submission of Audit Report (Other Non-Compliance)

Condition: Buckman’s audit report for the year ended June 30, 2019 was not submitted as of the due date of December 15, 2019 because Buckman’s fiscal agent did not perform a timely reconciliation of its financial records and Buckman’s cash is included in the pooled cash accounts along with the fiscal agent.

Criteria: Audit reports not received on or before the due date are considered to be in non-compliance with the requirements of Subsection A of Section 2.2.2.9 NMAC.

Cause: Due to the delays in Buckman’s fiscal agent timely reconciliation of its financials records, this directly affected Buckman’s financial audit readiness.

Effect: Buckman’s financial audit was not submitted by the statutory deadline.

Recommendation: We recommend that Buckman continue to work with its fiscal agent to ensure that both entities are completing monthly reconciliations to ensure timely year-end fiscal year close out and reconciliations for audit readiness.

Management’s Response: The BDD agrees that this audit was not in compliance with the requirements of Section 2.2.2.9.A of the State Audit Rule. The BDD financial staff will continue to work with its fiscal agent the City of Santa Fe, to ensure that monthly reconciliations are completed timely in preparedness for the year-end fiscal close.

SECTION III – STATUS OF PRIOR YEAR FINDINGS

2018-001 Accounts Receivable (Significant Deficiency) - Resolved

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
EXIT CONFERENCE
JUNE 30, 2019**

EXIT CONFERENCE

The contents of this report were discussed on June 29, 2020. The following were in attendance:

Buckman Direct Diversion Project

JoAnne Vigil Coppler, BDDB Chair
Rick Carpenter, BDD Facilities Manager
Mackie Romero, BDD Financial Manager

City of Santa Fe

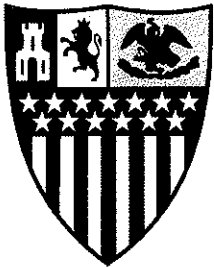
Debra Harris-Garmendia, Accounting Officer

CliftonLarsonAllen LLP

Raul Anaya, CPA, CFE, CGFM, Engagement Principal
Elizabeth Nunez, CPA, Senior Associate

AUDITOR PREPARED FINANCIAL STATEMENTS

CliftonLarsonAllen LLP prepared the U.S. GAAP-basis financial statements and footnotes of Buckman from the original books and records provided to them by the management of Buckman. The responsibility for the financial statements remains with Buckman.



City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909
www.santafenm.gov

Alan Webber, Mayor

Councilors:

- Signe I. Lindell, Mayor Pro Tem, District 1
- Renee Villarreal, District 1
- Michael J. Garcia, District 2
- Carol Romero-Wirth, District 2
- Roman "Tiger" Abeyta, District 3
- Chris Rivera, District 3
- Jamie Cassutt-Sanchez, District 4
- JoAnne Vigil Coppler, District 4

MEMO

Date: August 18, 2020

To: BDD Board of Directors

Via: Shannon Jones, Public Utilities Department Director 

Shannon Jones (Aug 18, 2020 13:42 MDT)

From: Jesse Roach, Water Division Director, Public Utilities Department 

ITEM:

Buckman Direct Diversion and Canyon Road Water Treatment Plant Operator Exchange Program

BACKGROUND

Advantages of Exchange

The City of Santa Fe Water Division (City) operates two water treatment plants (WTPs), the City owned Canyon Road Water Treatment Plant (CRWTP) and the City-County owned Buckman Direct Diversion Water Treatment Plant (BDDWTP). Through an operator exchange, the City would like to increase understanding of CRWTP operations for BDDWTP operators and vice versa. This increased understanding will provide enhanced resiliency and succession options at both WTPs and added professional options for the operators at both plants. This increased understanding may also lead to more efficient operations at one or both plants by bringing a greater set of experience to challenges at each plant, and improved communications between operators at the plants.

Proposed Exchanges

The City proposes an operator exchange program through which operators from one WTP will work at the other plant. Water Treatment Plant Operators are certified by the New Mexico Environment Department and as they advance in experience they can test for increased levels of certification (Level). The proposed operator exchanges will take two forms:

1. Simultaneous exchange. Under this type of exchange, a water operator of a certain Level who normally works at BDDWTP would work at CRWTP during one or more full pay periods, and a CRWTP operator of the same Level would work at BDDWTP during the same pay period(s).

These exchanges will occur at the discretion of the Water Operations Supervisors at both plants in concurrence with the BDD Facility Manager and SoS Manager.

2. Shutdown exchange. Under this type of exchange, a water operator who normally works at a plant that has been shut down will work at the other plant. This exchange will also occur at the discretion of the Water Operations Supervisors at both plants in concurrence with the BDD Facility Manager and SoS Manager.

Cost Accounting of Exchanges

Because BDDWTP is jointly owned, these exchanges must be symmetrical, or where they are not the City must pay the entire personnel cost associated with the asymmetry. In both cases, for time tracking purposes, operators from one plant who work at the other plant will add a specific code to their timecard associated with the exchange. At the end of each calendar year, when BDDWTP finalizes billing based on actual water deliveries, hours of time spent at each plant by operators of a given Level will be compared. The City will endeavor to keep these exchanges balanced, but if BDDWTP operators of a given level spent more time at CRWTP than CRWTP operators of the same level spent at BDDWTP, then the extra hours will be billed by BDD as a "City Only" cost and final billing adjusted accordingly. If CRWTP operators of a given level spent more time at BDDWTP than BDDWTP operators of the same level spent at CRWTP, no additional action will be taken. These exchange balanced will be calculated annually on a Calendar Year basis and will not carryover from year to year.

REQUEST

The City of Santa Fe Water Division requests approval from the Buckman Direct Diversion Board to proceed with operator exchanges as detailed in this memo.






WTPOperationExchangeRequestBDDDB 18Aug2020

Final Audit Report

2020-08-19

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Memorandum




Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager

Kyle Harwood, BDD Legal Counsel 
Kyle Harwood (Aug 26, 2020 13:36 MDT)

Re: Update on BDD Board re LANL MOU and related topics

Item and Issue:

The current BDD Board LANL MOU expires this year, negotiations with LANL are ongoing to establish a new MOU based upon the principles and framework agreed upon by the Board.

Background:

The background on the LANL MOU and issues addressed by the MOU are the subject of other previous memos to the Board. However, recent developments related to the LANL MOU, and which have not been previously presented to the Board include the following:

1. Monitoring under COVID-19 Restrictions

At the direction of the U.S. Department of Energy (DOE) Environmental Management (EM), LANL reduced operations on March 24, 2019 due to the COVID-19 pandemic. As a result, most of EM's fieldwork was suspended at that time, including the majority of the groundwater and surface water monitoring work. Among the operations that continued were maintenance of the Early Notification System (ENS) and maintenance of groundwater well packer systems.

See Forbes Article describing suspension of monitoring attached to this memo. See also the LANL media release regarding 'Groundwater and Surface Water Monitoring at LANL in Response to COVID-19'.

LANL activated the ENS stations and surface water samplers for the 2020 monsoon season.

As of June 8, 2020 groundwater monitoring has resumed, and on July 6, 2020 operation of a portion of the hexavalent chromium plume remediation interim measure was resumed. Investigations under the Consent Order have also resumed. LANL does not expect to miss any compliance milestones or targets under the Consent Order due to the COVID-19 restrictions.

2. Field Status in Los Alamos/Pueblo Canyons



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



On June 10, 2020 Glorieta Geoscience, Inc. (GGI) conducted a reconnaissance-level field assessment of ENS locations and other selected locations in the Los Alamos/Pueblo Canyon watershed with New Mexico Environment Department (NMED) staff. Major observations and findings include:

- ENS Locations:
 - E-050.1 ... this ENS station is located in Los Alamos (LA) Canyon above its confluence with Pueblo Canyon and is equipped with a sampler, flow measurement, and a camera to “see” flow. The location is downstream of the “LA Weir,” a retention structure designed to mitigate sediment migration down LA Canyon. E-050.1 appears to be functional.
 - E-060.1 ... this ENS station is located in Pueblo Canyon above its confluence with LA Canyon, and below the confluence with Bayo Canyon (where the Los Alamos County wastewater treatment plant is located) and is equipped with a sampler, flow measurement, and a camera to “see” flow. The location is downstream of a “grade control structure” that requires more detailed analysis to determine its functionality; this subject is discussed in greater detail below. E-060.1 appears to be functional.
 - E-062 ... this ENS station is located at the confluence of Los Alamos and Pueblo Canyons designed to “see” flow and is equipped a camera-only station. E-062 appears to be functional.
 - A gage station is located on the south side of State Highway 502 in the channel of Guaje Canyon just upstream of its confluence with Los Alamos Canyon. It measures only flow (no sampler or camera) and appears to be functional.
 - E-109.9 ... this ENS station is located in Los Alamos Canyon approximately 3,000 feet upstream of its confluence with the Rio Grande. This station is not functional at present, as the concrete flume to collect and measure flow was buried in flood events. The equipment is still on site. The NMED DOE Oversight Bureau maintains a sampler and flow meter at the location (designated as E-110) appears to be functional. NMED collects data pursuant to an MOU between NMED and San Ildefonso Pueblo, and the data are subject to a 60-day embargo. The BDD Project also has a radar station at this location, but BDD staff do not have a high confidence in this component of the ENS.
- Grade Control Structures: Grade control structures, especially in Pueblo Canyon, should be re-evaluated for effectiveness in retaining sediment and maintaining the stream grade. GGI intends to comprehensively review LANL’s sediment migration monitoring work, including grade control structures and weirs. The BDD Board has requested a collaborative mapping investigation with LANL under a renewed and revised MOU.
- Consent Order Priorities: Clean-up campaigns under the Consent Order in the Los Alamos/Pueblo Canyon watershed (e.g., TA-21) should be prioritized, as they have potential to contribute contaminants to sediments that could be transported to the Rio Grande.

3. Status of 2020 LANL MOU

Discussions between BDD Board staff and the LANL MOU negotiating team have been ongoing through the summer of 2020 and we are expecting a comprehensive response to the BDD Board’s requests in September.

Memorandum



Buckman Direct Diversion



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



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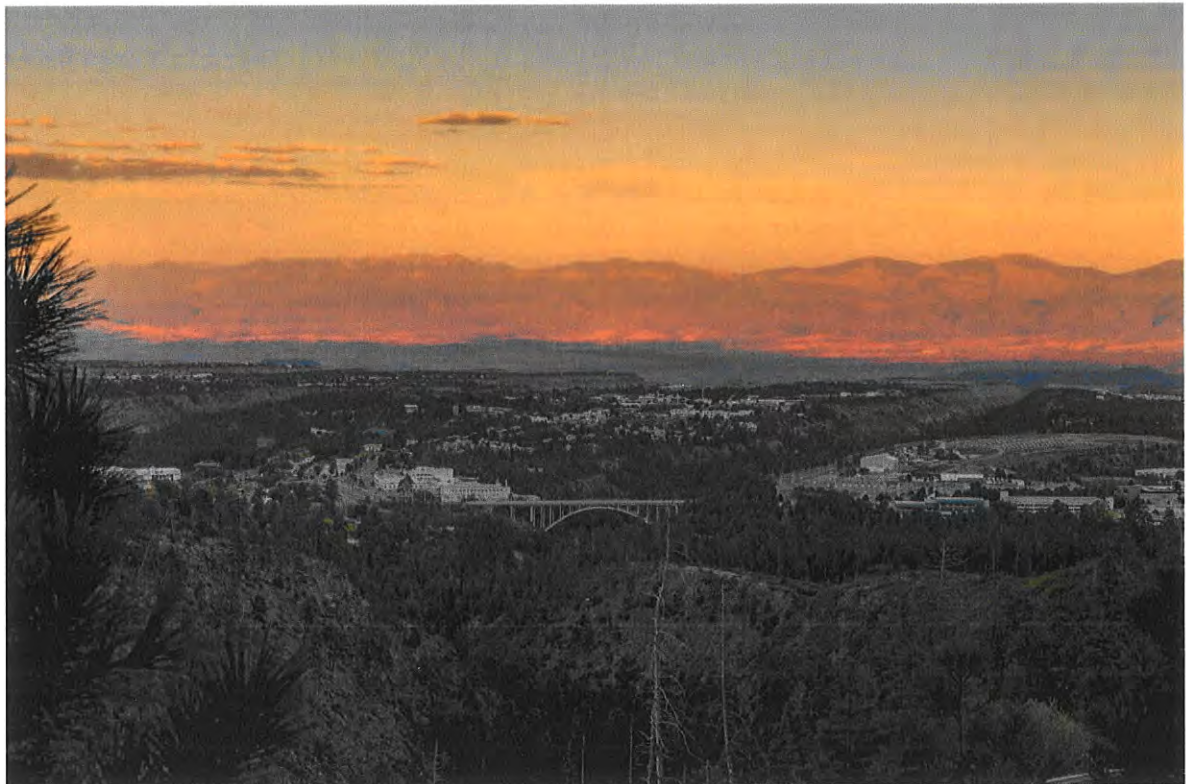
Covid-19 Stopped Water Pollution Monitoring At A Major Radioactive Site For Months



Eric Mack Contributor ⓘ

Science

I cover science and innovation and products and policies they create.



Town of Los Alamos, New Mexico on the left and center, the Omega Bridge in the middle and the Los ... [+] GETTY

UPDATED - *(Added comments from the New Mexico Environment Department.)*

When the [coronavirus and resulting Covid-19 pandemic](#) closed everything in mid-March, TA-54 was one of the many places where all activity came to a

virtual standstill.

Technical Area 54 is a part of Los Alamos National Labs (LANL) in New Mexico - the same Los Alamos that was home to the [Manhattan Project](#), which ushered in the atomic era and today continues to produce radioactive triggers for nuclear weapons.

Within TA-54 is what's called [Area G](#). The federal government refers to as LANL's "legacy waste management area." For over 60 years, it has been a storage, processing and disposal area for different kinds of radioactive and otherwise toxic waste from LANL.

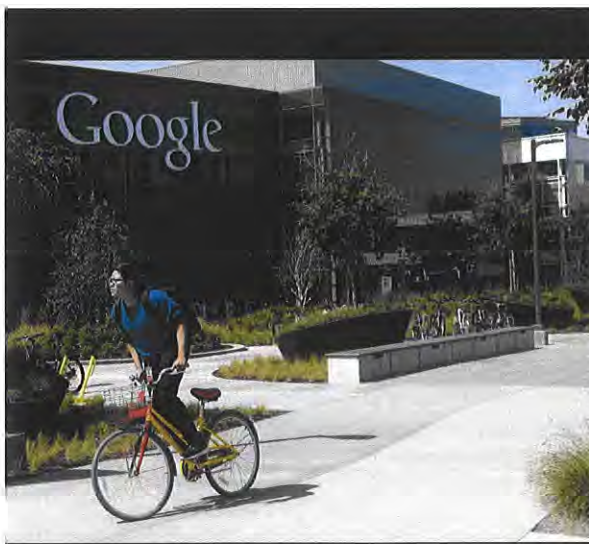
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TA-54 and Area G occupy a strip of high desert scrub-land in between the main lab facilities and the bedroom community of White Rock. And all the places I've mentioned so far sit on top of the Pajarito Plateau overlooking the mighty Rio Grande river and the city of Santa Fe in the distance.



Gallery: Top 10 Richest Counties in America 2017

10 images

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Earlier this month the US Environmental Protection Agency provided me with a list of sites across the country that suspended normally required monitoring and reporting of what they discharge into local watersheds under the Clean Water Act. Facilities with discharge permits were allowed to pause their water pollution reporting, beginning in March, under a [temporary policy that halted enforcement](#) of the country's major environmental laws due to the coronavirus pandemic.

The list included a number of recognizable facilities, like Boston's Logan International Airport, a number of water pollution control plants around New York City, coal mines, lumber mills, recycling facilities, hospitals, schools and even a Waffle House in Louisiana.

But the four characters from the list of 352 non-reporting facilities that jumped out at me were: TA54.



Area G, the legacy waste storage area at Los Alamos National Labs. US DEPARTMENT OF ENERGY

TA-54 and Area G are specifically listed among the polluting sites across the country that went un-monitored for nearly three months this year while humanity shifted its attention to Covid-19.

I thought about the site, perched atop the Rio Grande, adjacent to the San Ildefonso Pueblo and near the Buckman well system that provides Santa Fe with much of its drinking water.

I've stood on the banks of the Rio Grande next to the Buckman facility and looked up at the Pajarito and White Rock above. It's a quiet, beautiful place. And it's easy to see how anything from up there could make its way down to one of the continent's most important rivers very easily with a little help from the annual monsoon rains or seasonal snow melt.



The Rio Grande winds below the Pajarito Plateau and the town of White Rock above. ERIC MACK

Newport News Nuclear BWXT Los Alamos (N3B), the contractor that manages the clean-up of TA-54 in cooperation with the Department of Energy and LANL told me that those operations “were reduced to Essential

Mission Critical Activities (EMCA) on March 24, 2020, due to the COVID-19 pandemic.”

“As a result, most... field work was suspended at the time, includ(ing) the majority of the groundwater and surface water monitoring work. The suspension of these field activities presented no risk to human health or the environment.”

The New Mexico Environment Department (NMED) also does its own air, water, soil, sediment and biota testing to check for signs of contamination from the lab, but that monitoring was also put on hold in mid-March and is just beginning to restart as the summer monsoons are now taking hold.

“Groundwater samples will most likely be made up for as N3B personnel play catch-up to ensure that all wells are sampled before end of the Federal Fiscal Year on Sept. 30, 2020,” NMED Public Information Officer Maddy Hayden told me. “Additionally, we are just now entering into our heaviest sampling season as monsoon season begins and we collect stormwater runoff samples. We have not missed collection of any stormwater samples.”

Among the activities that were paused were a major project to pull water contaminated with chromium - a toxic, carcinogenic heavy metal - from the ground via a series of wells, treat it and inject it back into the ground in a different location.



This March 2016 photo provided by Los Alamos National Laboratory shows an angled injection well ...

[+] ASSOCIATED PRESS

The chromium is the result not of nuclear weapons production, but instead of wastewater from a non-nuclear power plant that was dumped in a canyon north of TA-54 along the San Ildefonso Pueblo boundary decades ago.

N3B says it began resuming its routine groundwater monitoring again on June 8, and its chromium remediation work started to ramp up again on July 6. The goal of the so-called “chromium plume interim measure” is to hold the contamination within the LANL boundary until a permanent solution can be implemented.

“Groundwater conditions unlikely changes significantly during a 3-month shut down given that groundwater moves very slowly at depth,” NMED’s Hayden said.

But according to Joni Arends, co-founder and executive director of Concerned Citizens for Nuclear Safety, “there are questions about whether

LANL established water levels at the time the system was shutdown and at the restart that is going on now.”

Arends says she’s also concerned that getting surface water monitoring back up and running will be a slow process.

“The monsoons began this week, so stormwater is running through the canyons to the Rio Grande.”

N3B clarified that some surface water monitoring, which is done with surveillance cameras trained on the canyons, was able to continue while all other field monitoring was shut down.

"Given LANL's history it's imperative that monitoring be robustly resumed," Jay Coghlan, Executive Director of Nuclear Watch New Mexico, said in an email. "This is after all the Lab that use to claim that groundwater contamination was impossible... Now we know of heavy chromium and high explosives groundwater contamination which are a harbinger for more contaminants to come."

In 1980, [the Department of Energy published a report](#) claiming there was no route for contaminated water from the Labs to reach the aquifer. [By 2005, the DOE had reversed that stance](#) completely, saying that contamination could be an ongoing problem for decades or even centuries to come.

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Eric Mack

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Groundwater and Surface Water Monitoring at LANL in Response to COVID-19 July 15, 2020

Media Standby Statement

In alignment with Department of Energy policies, Environmental Management's (EM) cleanup operations at Los Alamos National Laboratory (LANL) were reduced to Essential Mission Critical Activities (EMCA) on March 24, 2020 due to the COVID-19 pandemic. As a result, most of EM's field work was suspended at the time, included the majority of the groundwater and surface water monitoring work. The suspension of these field activities presented no risk to human health or the environment.

Operations that continued during this EMCA period included maintaining the Early Notification System that provides early notifications of surface water flow in Los Alamos and Pueblo Canyons to the Buckman Direct Diversion, which supports the City of Santa Fe and Santa Fe County's drinking water; and maintaining the groundwater well packer systems, which seal the boreholes between screens for groundwater wells to ensure proper operation.

On June 8, with COVID-19 safety measures in place, N3B began a phased restart of high-priority monitoring activities, including all routine groundwater monitoring.

Additionally, on July 6, the chromium plume interim measure resumed in a phased approach after being paused in March due to the COVID-19 pandemic. The interim measure is being used to control plume migration and hold it within the LANL boundary.

Additional Background

Due to a partial stop-work order issued by the U.S. Department of Energy Environment Management Los Alamos Field Office (EM-LA) in response to the COVID-19 pandemic, Newport News Nuclear BWXT Los Alamos (N3B) operations at Los Alamos National Laboratory (LANL) have been limited to those considered Essential Mission Critical Activities (EMCA) since March 24, 2020. The U.S. Environmental Protection Agency (EPA) and the New Mexico Environment Department (NMED) have been notified of the current status of activities that are applicable to their respective and overlapping programs.

EM-LA/N3B began a phased resumption of operations on June 8, starting with additional critical activities that are both high priority and constitute low risk to workers. Potential impacts from EMCA status to the 2016 Compliance Order on Consent Fiscal Year 2020 milestone deliverables are communicated to NMED on a biweekly basis.

The activities completed or scheduled for resumption are listed below:

- Activation of the gaging station samplers in Los Alamos/Pueblo and upper Sandia canyons as part of the Los Alamos/Pueblo Watershed and Sandia Wetlands Performance Monitoring efforts is underway. Streamflow monitoring at all gaging stations and water

level monitoring in Sandia alluvial wells has been functional throughout the partial stop-work time period.

- All Multi-sector General Permit (MSGP) samplers were activated July 24. MSGP-specified requirements, including routine facility inspections, quarterly visual assessments of storm water discharges, required monitoring resumed by the first week of July.
- As of July 3, N3B activated 19 Individual Permit (IP) surface water samplers. The remaining 106 IP sampler activations are top priority, and IP-required inspections will resume after the samplers are activated.
- Maintenance of groundwater monitoring well packer systems has continued as an essential activity.
- Resource Conservation and Recovery Act (RCRA) inspections at TA-54 have continued as an essential activity.
- Routine groundwater monitoring has restarted. Monthly groundwater sampling for chromium Interim Measure performance monitoring has begun. Sample collection from municipal wells, as well as wells N3B monitors under LANL permits. The first sampling campaign under the Interim Facility-wide Groundwater Monitoring Plan (IFGMP) was scheduled to start July 7. However, fieldwork was delayed due to the updated quarantine rules enacted July 2. Additional field activities will resume as personnel are authorized to return to work. IFGMP sampling resumed this week with Water/Cañon de Valle and Ancho watersheds, to include the TA-16 260, Material Disposal Area AB and General Surveillance sampling campaigns. In addition, we are planning to collect missed IFGMP-required analyses from FY2020 second and third quarters in quarter four.
- Chromium Interim Measure (IM) operations have restarted along a portion of the system. The remaining IM operations are expected to begin mid- to late August 2020. Chromium extraction and injection wells CrEX-1 and 2 and CrIN-4 and -5, respectively, are expected to will be operated during the week of July 13. CrEX-5 and CrIN-1 and -2 are expected to be operational mid to late August, after sample collection occurs at performance monitoring well R-70. Sample collection at well R-70 is dependent upon electrical safety officer progress and additional discussion with NMED. Remaining activities to be completed include the startup of CrEX-4 and redevelopment of CrEX-3 and monitoring wells R-28 and R-42.
- Field start, mobilization, and site characterization for Consent Order investigations began the second week of July.

Memorandum




Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager

Kyle Harwood, BDD Legal Counsel 
Kyle Harwood (Aug 26, 2020 13:52 MDT)

Re: Update and Possible Action on NMED Triennial Review

Comments on draft Clean Water Act §303(d)/305(b) Integrated Report

ITEM AND ISSUE:

The NMED has requested informal comment to the draft Clean Water Act §303(d)/305(b) Integrated Report by September 10, 2020.

Background:

The New Mexico Environment Department (NMED) has released the draft Clean Water Act (CWA) §303(d)/305(b) Integrated Report for a 45-day public comment period that ends September 10, 2020.

This Report is required by the CWA every two years and it is related to, although procedurally separate from, the Triennial Review of state water quality standards required by the Clean Water Act (CWA). This Report is actually “late” in that it should have been submitted to the New Mexico Water Quality Control Commission (WQCC) for its review and approval in early 2020. Our understanding is that NMED will likely submit this draft Report to the WQCC sometime in the next six months.

The Integrated Report contains NMED’s biennial assessment of New Mexico’s waters to determine if existing standards are being met for their designated uses – that is, are the water “impaired.” The Report includes a list of these impaired waters. It is used, in part, to inform future amendments to New Mexico’s water quality standards.

The following page contains recommended language for an informal BDD Board comment letter to the NMED, and was prepared by the Board’s consultants Jay Lazarus, President/Senior Geohydrologist, GGI and James P. Bearzi, Senior Environmental Geologist, GGI.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



Dear Ms. Guevara:

The Buckman Direct Diversion Board (the Board) is the governing body for the Buckman Direct Diversion, a single diversion point on the Rio Grande that the City of Santa Fe, Santa Fe County, and their limited partner, Las Campanas, share to divert their San Juan-Chama and native Rio Grande water rights. Diverted water is treated and introduced into the regional water system. The government entities are represented on the Board.

The Buckman Direct Diversion is on the Rio Grande, approximately 3 miles downstream of Otowi Bridge. The draft 2020-2022 State of New Mexico Clean Water Act (CWA) §303(d)/305(b) Integrated List of Assessed Surface Waters (Integrated List) includes assessment of the segment of the Rio Grande within which the BDD intake structure is located, and stream segments draining the Pajarito Plateau where Los Alamos National Laboratory (LANL) is located. Many of these waters flow to Los Alamos Canyon, and enter the Rio Grande at their confluence approximately three miles upstream of the BDD intake structure. The Board is therefore understandably concerned about water quality in the Rio Grande and in Los Alamos Canyon and its tributaries. The Board provides the following comments.

Segment 114 Rio Grande (Cochiti Reservoir to San Ildefonso boundary)

In the "AU_COMMENT" field of the List of Impaired Waters (List), NMED notes that "[t]he city of Santa Fe has procedures in place that do not allow public water supply withdrawal from the Buckman Diversion during significant storm events." The Board notes that the City of Santa Fe, Santa Fe County, and their limited partner, Las Campanas, share the Buckman Direct Diversion to divert their share of San Juan Chama and native Rio Grande water rights. The BDD Board was created by the City of Santa Fe and Santa Fe County via a "Joint Powers Agreement" (JPA) in 2005 to oversee implementation, construction, and operation of the BDD. The City, County, and their limited partner, Las Campanas, developed a "Facility Operating and Procedure Agreement" (FOPA) that governs how the BDD is operated. This agreement is overseen by the BDD Board. Any procedures to allow or not allow withdrawal from the Rio Grande are under the purview of and approved by the Board.

Segment 128 Waters

Many stream segments on the Pajarito Plateau outside of lands managed by the U.S. Department of Energy (USDOE) within LANL are listed as impaired, with NMED noting in the "AU_COMMENT" field that application of the Hydrology Protocol resulted in a classification of the segment as ephemeral, intermittent, or perennial. However, for Segment 128 waters, the Board is concerned that the parties to the Joint Stipulation Regarding Proposed Changes to 20.6.4.128 NMAC (i.e., NMED, LANL, the USDOE, and Amigos Bravos) have not fully implemented the Stipulation by applying the Hydrology Protocol to all waters on the Plateau. This could result in perennial waters receiving the lesser protections of ephemeral streams, and therefore not being assessed as impaired when in fact they are. The Board also notes that for Segment 128 waters listed as impaired none are as yet subject to TMDLs, a necessary first step to improving water quality, despite being listed as impaired for, in some cases, over ten years. We ask that NMED update the Board on the progress the parties to the Stipulation have made, and how implementation of the Stipulation has affected the List of Impaired Waters, and how full implementation could affect specific segments.

General Procedural Comments

The Board recognizes that the Integrated Report is not the vehicle by which to comment on changes to State Water Quality Standards (State Standards). The Board is nevertheless concerned that NMED is developing the Integrated List at the same time it is engaging in its Triennial Review of State Standards. Through its Stakeholder Discussions in July, 2020, NMED has informed the Board that it is currently preparing amendments to State Standards, and that draft amendments will be put out for public comment in November of this year. As the List of Impaired Waters contained in the Integrated Report is intended to inform changes to State Standards, NMED does not have the benefit of transparently using the most current assessments in its amendments to be proposed to the Water Quality Control Commission (Commission). We ask NMED to consider allowing the

Memorandum



Buckman Direct Diversion

Integrated Report process to proceed to its completion before NMED proposes amendments to State Standards to the Commission.

The Buckman Direct Diversion plays a unique role by deriving drinking water from the Rio Grande downstream of LANL, and delivering it safely and effectively to its regional customers. We appreciate that NMED recognizes this fact, and has worked over the years to provide special provisions and assessments for stream segments from the Pajarito Plateau and the Rio Grande at the BDD intake in State Standards.

We appreciate the opportunity to provide these comments and look forward to your response.

Signed

tbd



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506








Item 14

Final Audit Report

2020-08-26

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Memorandum



Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager 
Rick Carpenter (Aug 26, 2020 13:44 MDT)

Kyle Harwood, BDD Legal Counsel 
Kyle Harwood (Aug 26, 2020 10:18 MDT)

Re: Update and Request for Ratification of the BDD Board's protest of the U.S Department of Energy and Los Alamos County's Application for Cr6 Remediation under OSE File No. RG-00485, et al.

ITEM AND ISSUE:

In response to the publication of notice by DOE and Los Alamos County for an Application for Permit to Change Purpose of Use and Permit for Additional Groundwater Points of Diversion within the Upper Rio Grande River Basin, OSE File No. RG-00485 et al., the Board filed a protest objecting to the Application with the Office of State Engineer on August 5, 2020. The Application was also protested by Santa Fe County.

BACKGROUND:

On January 25, 2019 the DOE Los Alamos Field Office and Los Alamos County filed the Application to change the purpose of use of certain water rights owned by the applicants to specifically include "groundwater remediation" as a permitted purpose of use of these water rights. In addition, the application seeks to add two new wells, to 26 existing wells, as points of diversion of the water rights.

The Application is insufficient in several ways, including without limitation, its failure to describe how depletions of the surface waters of the Rio Grande would be offset, its reliance on a future undefined return flow plan, and its incorrect identification of the New Mexico State Engineer.

As set forth in the Board's Letter of Protest, which is attached hereto as Exhibit A, the Board supports the underlying goal of remediating the chromium plume through its well system. However, based upon these deficiencies in the Application the Board's concerns as expressed in the Letter of Protest should be addressed by the State Engineer in considering the Application.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506











Item 15 us

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-  Signed document emailed to Kyle Harwood (kyle@egolflaw.com), Rick Carpenter (rrcarpenter@santafenm.gov) and Jamie-Rae Diaz (jldiaz@ci.santa-fe.nm.us)
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**BEFORE THE STATE ENGINEER
STATE OF NEW MEXICO**

**IN THE MATTER OF:
APPLICATION OF U.S. DEPARTMENT OF
ENERGY, ENVIRONMENTAL MANAGEMENT,
LOS ALAMOS FIELD OFFICE AND
INCORPORATED COUNTY OF LOS ALAMOS
APPLICATION OF RG-00485-S-6 AND -S-7; RG-
00486, RG-00486-S, RG-00486-S-2, -S-3 AND -S-4; RG-
00487, RG-00487-S, -S-2, -S-3, AND -S-4; RG-00488, SP-
01503, AND SP-01802, 01802 AMENDED, 01802-B AND
-C**

**FORMAL PROTEST OF APPLICATION RG-00485-S-6 AND -S-7; RG-00486, RG-
00486-S, RG-00486-S-2, -S-3 AND -S-4; RG-00487, RG-00487-S, -S-2, -S-3, AND -S-4; RG-
00488, SP-01503, AND SP-01802, 01802 AMENDED, 01802-B AND -C FOR PERMIT
TO DIVERT 679 ACRE-FT FOR USES AT LOS ALAMOS NATIONAL LABORATORY,
AND MUNICIPAL, AND INDUSTRIAL USES**

The Buckman Direct Diversion Board (BDD Board) hereby protests Applicants' above cited application (RG-00485 et al) for Permit to Divert 679 acre-feet of groundwater in the Rio Grande Basin for the above-captioned purposes. The application requests to use 26 existing wells and 2 proposed wells as specified in Section 9 of the subject application.

BDD Board hereby protests the application for the following reasons:

- A. Impairment of Water Rights: The BDD Board owns and manages the BDD Project intake on the Rio Grande which is the point of diversion OSE File SP-4842 in the Rio Grande Basin. Furthermore, the BDD Board was created under the State's Joint Power Agreements Act (11-1-1- to 11-1-7 NMSA 1978) and has standing to file this protest pursuant to statute 'Objections to applications; filing of protests; definition of standing.' (72-5-5 NMSA 1978) Specifically, the Application is silent on how the Applicants' pumping effects will deplete Rio Grande surface flows. Rio Grande depletions caused by pumping under this

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STATE ENGINEERS OFFICE
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application will impair the BDD Project water rights. Additionally, Emergency Permit RG-00485 et al, approved on September 27, 2019 does not include a Condition of Approval that the Applicants will offset Rio Grande depletions caused by the Applicants' pumping at additional PODs, which may impair the BDD Project water rights.

- B. **Detrimental to Public Welfare:** Although the BDD Board encourages Los Alamos National Lab and the National Nuclear Safety Administration to remediate ground water contamination, it is detrimental to the welfare of the state to allow mainstem Rio Grande depletions without providing or describing the method of offset or identifying the consumptive use. Depletions upstream of the BDD Project permitted point of diversion that are not offset may directly affect the BDD Project's ability to provide water to the citizens of Santa Fe County and the City of Santa Fe.
- C. **The Legal Notice of the Application** refers to Tom Blaine, P.E. as the New Mexico State Engineer. Our opinion is that it is in the public welfare to correctly identify John D'Antonio, P.E. as the New Mexico State Engineer.
- D. **Contrary to Conservation:** Any depletion of the Rio Grande water supply upstream of the BDD Project point of diversion without offset is contrary to conservation of water.

The undersigned has standing to object to the application.

I request the State Engineer to deny Applicants' application for the above-cited reasons.

Respectfully Submitted,

telephonically approved 8/5/2020 VSH
Rick Carpenter, Facility Manager

2020 AUG 5 - 5:00 PM
San Juan Direct Diversion Project

STATE ENGINEERS OFFICE
SANTA FE, NEW MEXICO



ATTORNEYS AT LAW

STATE ENGINEERS OFFICE
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2020 AUG -5 PM 1:26

August 5, 2020

By Hand Delivery – Triplicate Originals

Water Rights Division
Office of State Engineer
Bataan Memorial Bld, Room 102
Santa Fe, New Mexico 87504

Re: Santa Fe County’s Protest of U.S. Department of Energy and Los Alamos County Application Under OSE File No. RG-00485, et al.

Greetings:

Our law firm is submitting this letter on behalf of Santa Fe County in protest of the above-referenced Application. Because of the dearth of details in the Application and limited time available to evaluate the Application, the County has been unable to discern the details of the proposed use and evaluate the potential impacts the proposed pumping of groundwater and remediation will have on the groundwater resource and on the surface flows of the Rio Grande and, in particular, the potential detrimental effects on two nearby diversion facilities (one operational, one planned) in which the County is a partner.

The County is a partner with the City of Santa Fe in the Buckman Direct Diversion (BDD), which diverts water from the Rio Grande across the river from the proposed pumping and remediation. The BDD is the primary supply for the County Water Utility and its customers, and a significant source of the City’s supply. The County transferred and owns valid and existing water rights permitted by the State Engineer and used for diversion by the BDD. The County is also a partner with the Pueblos of Nambé, Pojoaque, San Ildefonso and Tesuque in the Pojoaque Basin Regional Water System (PBRWS). Congress approved construction of the PBRWS in 2010, and the U.S. Bureau of Reclamation started limited construction of the PBRWS earlier this summer. The County transferred and owns valid and existing water rights permitted by the State Engineer for diversion by the PBRWS.

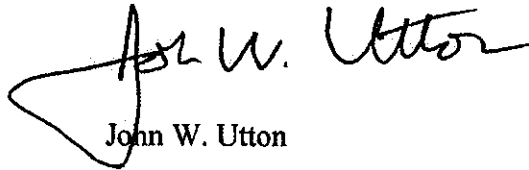
Santa Fe County certainly supports remediation of the Chromium Plume described in the Application; however, the Application does not adequately explain the elements of the proposed remediation. In particular, the Application is deficient because it: refers to a “return flow plan” that is not described and may be applied for at some time in the future; does not quantify the amount of additional pumping that will be required within the 679 acre-feet already permitted, including the amount of historic beneficial use under that permit; does not describe the time frame for pumping, including a pumping schedule; does not describe the amount of water that

Santa Fe Office
PO Box 2386
Santa Fe, NM 87504-2386
505-699-1445

Albuquerque Office
500 Tijeras Ave. NW
Albuquerque, NM 87102
505-379-4203

will be consumed; does not provide adequate information about the remediation process, including re-injection; and omitted information in a number of places required by the State Engineer application form. Without remedy of these deficiencies and demonstration that the project will not harm Santa Fe County's interests, Santa Fe County protests the Application on the grounds that granting the Application would impair valid and existing water rights, would be contrary to the conservation of water, and would be detrimental to the public welfare.

Very Truly Yours,



John W. Utton

Copies: Pueblo of Nambé
Pojoaque Pueblo
Pueblo de San Ildefonso
Tesuque Pueblo
U.S. Department of Energy
U.S. Department of the Interior, Bureau of Reclamation
Los Alamos County
Buckman Direct Diversion Board
City of Santa Fe

STATE ENGINEERS OFFICE
SANTA FE, NEW MEXICO
2020 AUG -5 PM 1:26

Memorandum



Buckman Direct Diversion

Date: September 3, 2020
To: Buckman Direct Diversion Board
From: Mackie M. Romero, BDD Financial Manager *MR*
Subject: Amended Fiscal Year 2021 Annual Operating Budget Request

ITEM AND ISSUE:

Request to ratify and formally adopt the amended FY2021 Annual Operating budget in the amount of 8,763,715 plus \$626,706 in contributions to the Major Repair and Replacement fund.

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 upon approval of the governing bodies.

On February 6, 2020 the Buckman Direct Diversion Board approved and recommended the BDD Annual Operating Budget for Fiscal Year 2021 and contributions to our Major Repair and Replacement Fund to City of Santa Fe's City Council and Santa Fe County Board of Commissioners. Since this recommendation the current pandemic has caused uncertainty and economic hardships to our government and our community. Therefore BDD has amended the Fiscal Year 2021 Annual Operating Budget, by reducing several line items for a revised request.

On July 14, 2020, the Santa Fe County Public Utilities Department's annual budget included the funding requested for the FY 2021 BDD Annual Budget and was approved by the Santa Fe County Board of Commissioners. This approval does not include the reductions presented in the amended budget request.

On July 29, 2020, the Santa Fe City Council approved the amended funding request for the FY 2021 BDD Annual Operating Budget.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



On August 6, 2020, the Buckman Direct Diversion Board did not approve the amended budget request, due to funding concerns.

The current amended budget request has been increased by \$110,000.00 to address the funding concerns and accounts for all projected costs necessary to meet the Board's service level objectives and to continue to provide high quality water to our partners, the City of Santa Fe, Santa Fe County, the Club at Las Campanas and the Las Campanas Water and Sewer Cooperative.

ACTION REQUESTED:

Staff recommends ratification and formal adoption of the amended FY2021 Annual Operating budget in the amount of 8,763,715 plus \$626,706 in contributions to the Major Repair and Replacement fund.

Approved by BDDDB September 3, 2020

Councilor JoAnne Vigil Coppler, BDDDB Chair



Buckman Direct Diversion

FISCAL YEAR 2021

Amended Annual Operating
Budget & Partner Contributions

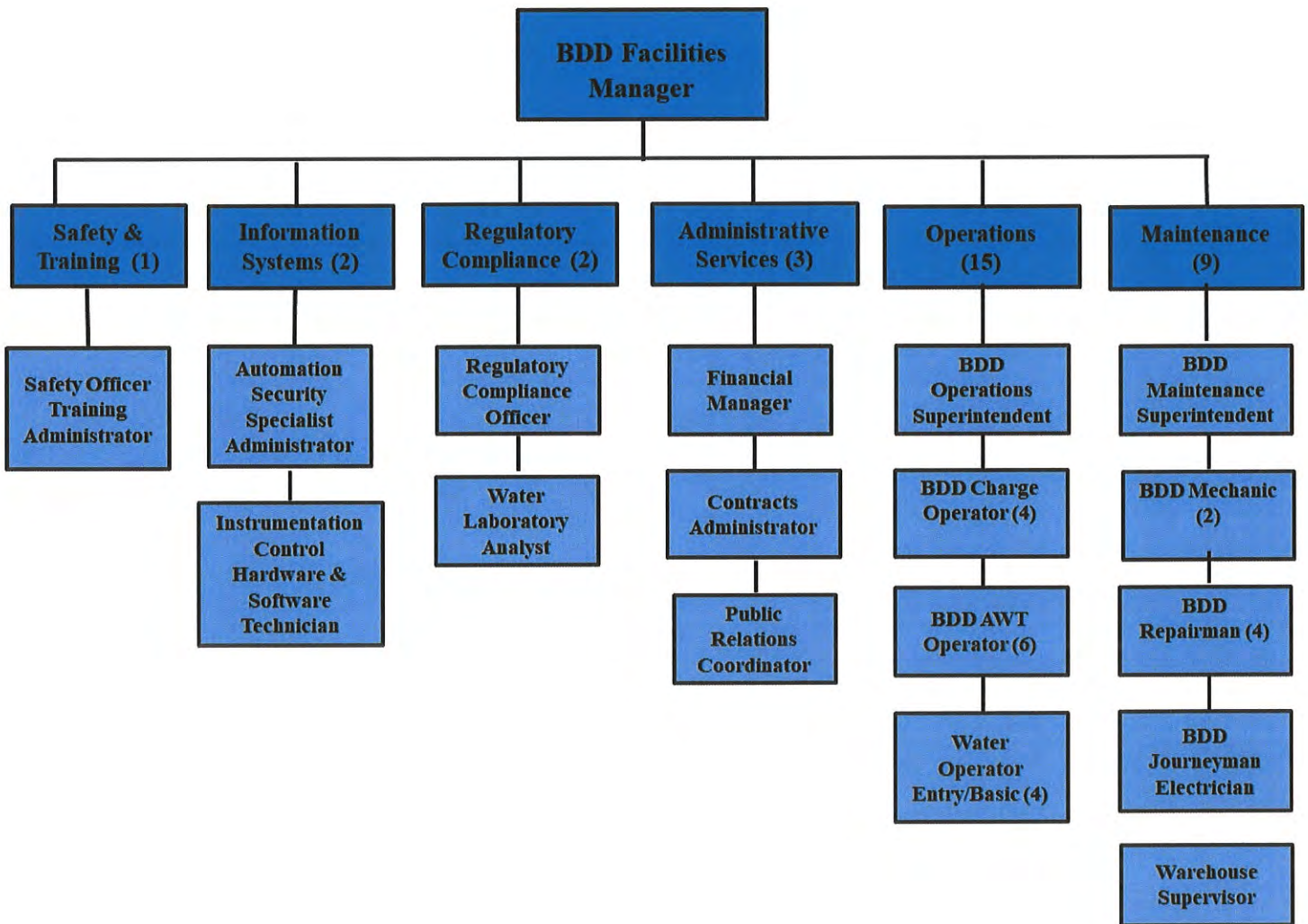


Prepared by:

Mackie M. Romero, BDD Financial Manager
Rick Carpenter, Interim Facilities Manager



BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT
ORGANIZATIONAL CHART





Buckman Direct Diversion (BDD) Amended Annual Operating Budget

Budget Message

The *Project Management and Fiscal Services Agreement* (PMFSA) requires the Project Manager to submit an Annual Operating Budget, which was approved by the BDDDB on February 6, 2020. However since this approval the Covid-19 Pandemic has caused uncertainty and economic hardships to our government and our community. Therefore, the Project Manager requests the Buckman Direct Diversion Board (BDDDB) approve and recommend the amended Fiscal Year 2021 Operating Budget of \$8,653,715.

Budget Revenue/Reimbursement Summary

TOTAL PROPOSED FISCAL YEAR 2021 OPERATING BUDGET

TABLE A

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>	<u>%</u>
Revenues/Reimbursements by Source:				
Unrestricted Fund Balance	\$ 70,000	\$ -	\$ 70,000	1%
Federal Funds	96,000	-	96,000	1%
PNM Solar Rebates	-	120,000	120,000	2%
City of Santa Fe	5,129,132	947,369	6,076,501	69%
Santa Fe County	1,771,818	255,212	2,027,030	23%
Las Campanas (Club)	271,172	34,719	305,891	3%
Las Campanas (Coop)	68,293	-	68,293	1%
Total Revenues by Source	\$ 7,406,415	\$ 1,357,300	\$ 8,763,715	100%
% of overall budget	85%	15%	100%	

This budget request consists of fixed and variable costs and includes revenue/reimbursements from several sources. The principle operating revenue of BDD’s operating budget is reimbursements from the partners for the cost of operations.

BDD was granted federal funds from the Department of Energy for the BDD Storm Water Sampling Program. This funding will be used for the collection of samples from the Rio Grande at the BDD in order to make determinations on the water quality of the river during LANL events.

The monthly PNM solar rebates received for the water treatment plant solar array are also accounted for as a source of revenue. The resulting reimbursement requests for American Capital Energy (primary owner of this solar array) to the City of Santa Fe and Santa Fe County will be reduced by the revenue received.

The partner reimbursement revenue is estimated based on projected expenditure types and allocated based on the cost sharing allocations established in the governing documents. Partners are billed in accordance with the BDD Working Capital and Billing Policy.



Budget Summary & Highlights

In Fiscal Year 2021, the BDD had to evaluate the approved budget request to identify all potential reductions. This amended request ensures BDD has the funding needed to properly operate and maintain the facilities to meet the demand of its partners. Closing the gap between actual expenditures and budget was considered in the development of the annual operating budget request and the amended request.

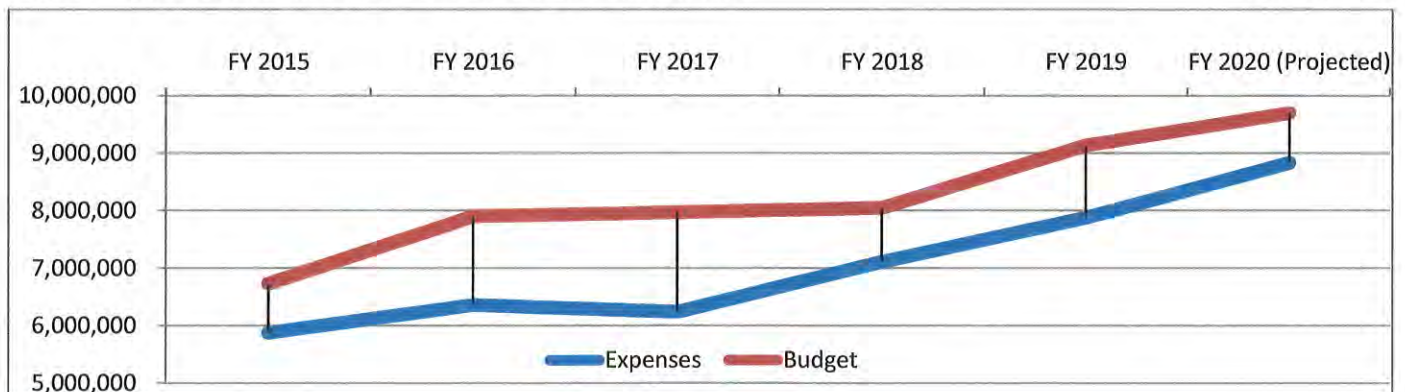
The amended annual operating budget for fiscal year 2021 was reduced by \$896,082 from the BDD approved budget. The categories below were reduced by the following amounts.

- **Salaries & Benefits** - The BDD reduced this category by \$28,371. The BDD had salary savings from positions that are now filled.
- **Electricity** - The BDD reduced this category by \$167,000. This reduction was based on actual expenditures for the past two years, and savings from the termination of PNM Unused Facilities charges.
- **Solids** – The BDD reduced this category by \$30,000. This reduction was based on actual expenditures and savings from changes to the BDD Solids Disposal program.
- **Materials & Supplies** – The BDD reduced this category by \$528,841. The BDD will delay the purchase of \$371,000 of capital outlay items, reduce on-call contracts by \$40,000, and reduce other costs such as fuel and non-essential operating supplies by \$57,000. BDD will also save \$60,000 on service contracts by shifting tasks to be performed by staff and evaluating other options for certifying instrumentation.
- **Other Operating Costs** – The BDD reduced this category by \$141,870. The BDD will delay the TREAT study, software renewals and nonessential trainings for a savings of \$70,000. The BDD also reduced office supplies, public outreach promotions, advertising and projected sampling cost for a savings of \$50,000. There was also a savings of \$20,000 from the projected 3rd party liability insurance.

The budget will be monitored closely and funds will be moved as needed.

CUMULATIVE BDD EXPENSES TO ADOPTED BUDGET

CHART 2





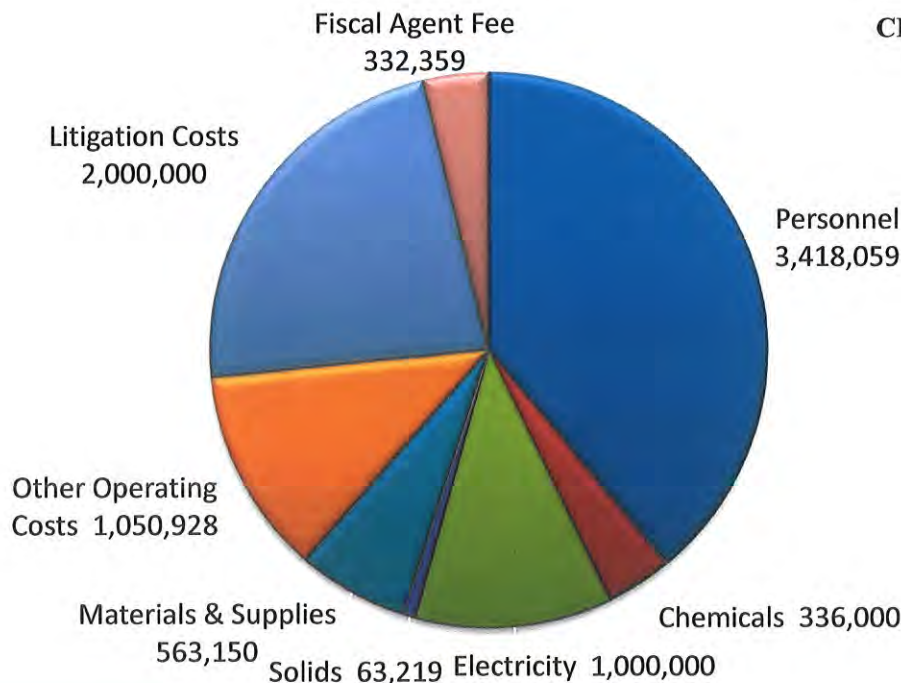
Budget Expenditure Summary

The Buckman Direct Diversion budget consists of seven major categories as presented below. These categories are used to track expenditures for reporting and monitoring our available budget balance. In accordance with our BDD Working Capital and Billing policy, any budget adjustment requests between major categories require board approval. Expenditures are generally recorded when a liability is incurred and are reported in BDD's main enterprise fund.

PARTNER SHARE OF TOTAL PROPOSED FISCAL YEAR 2021 OPERATING BUDGET

TABLE B

Expenditure by Category:	City of Santa Fe	Santa Fe County	Las Campanas (Club)	Las Campanas (Coop)	Federal Funds	Unrestricted Funds	Total
Personnel	\$2,367,020	\$ 825,739	\$ 104,674	\$ 50,626	\$ -	\$ 70,000	\$3,418,059
Electricity	764,967	194,164	37,404	3,465	-	-	1,000,000
Chemicals	263,054	72,946	-	-	-	-	336,000
Solids	49,399	13,820	-	-	-	-	63,219
Materials & Supplies	390,381	140,890	19,229	12,650	-	-	563,150
Other Operating Costs	680,353	242,492	30,531	1,552	96,000	-	1,050,928
Litigation Costs	1,419,400	482,800	97,800	-	-	-	2,000,000
Fiscal Agent Fee	235,875	80,231	16,253	-	-	-	332,359
Total	6,170,449	2,053,082	\$305,891	\$ 68,293	\$96,000	\$ 70,000	\$8,763,715
PNM Solar Rebate	(93,948)	(26,052)					
Total	\$6,076,501	\$2,027,030					





Budget Comparisons

Table C presents actual expenses by major category for fiscal year ended June 30, 2019. The change in the fiscal year 2021 approved operating budget request in comparison to the amended budget request. The amended budget includes carryover of furlough savings, funding for the HVAC replacement project and funding to fill two vacant maintenance position. The BDDDB also approved carryover funding of \$310,000 to support continuation of our Security System Upgrade project and Database Migration project, which was approved separate from this request.

The BDD staff will continue to work with its partners, the City of Santa Fe, Santa Fe County and Las Campanas entities, in determining the costs and funding needed to ensure BDD properly operates and maintains the facilities to meet the demands of its partners.

BUCKMAN DIRECT DIVERSION OPERATING BUDGET

TABLE C

	FY 2019 Adopted Budget	FY 2019 Unaudited Actual 6/30/2019	FY 2019 Variance \$ (Under) / Over Budget	%	FY 2020 Adopted Budget	FY 2021 Approved Budget	FY 2021 Amended Budget	Change FY 2021 Amended vs Approved
Revenues/Reimbursements:								
Partner Reimbursements	\$ 8,918,624	\$ 7,634,653	(1,283,971)	86%	\$ 9,415,409	\$ 9,443,797	\$ 8,477,715	\$ (966,082)
PNM Solar Rebates	120,000	151,461	31,461	126%	120,000	120,000	120,000	-
Federal Funds	96,000	95,024	(976)	99%	96,000	96,000	96,000	-
Unrestricted Funds	-	-	-		65,000	-	70,000	70,000
Total	\$ 9,134,624	\$ 7,881,138	\$(1,253,486)	86%	\$ 9,696,409	\$ 9,659,797	\$ 8,763,715	\$ (896,082)
Expenditures by Category:								
Salaries	\$ 2,222,850	\$ 1,788,831	\$ (434,019)	80%	\$ 2,254,610	\$ 2,119,595	\$ 2,100,596	\$ (18,999)
Overtime	150,000	206,095	56,095	137%	150,000	150,000	150,000	-
Benefits	1,198,823	987,944	(210,879)	82%	1,173,761	1,176,835	1,167,463	(9,372)
Electricity	1,200,000	1,026,577	(173,423)	86%	1,200,000	1,167,000	1,000,000	(167,000)
Chemicals	336,000	312,691	(23,309)	93%	336,000	336,000	336,000	-
Solids	120,000	61,209	(58,791)	51%	120,000	93,219	63,219	(30,000)
Materials & Supplies*	819,435	704,188	(115,247)	86%	1,012,639	1,091,991	563,150	(528,841)
Other Operating Costs*	1,078,756	1,046,352	(32,404)	97%	1,138,755	1,192,798	1,050,928	(141,870)
Litigation Costs	1,690,000	1,434,788	(255,212)	85%	1,990,000	2,000,000	2,000,000	-
Total	8,815,864	7,568,675	(1,247,189)	86%	9,375,765	9,327,438	8,431,356	(896,082)
Fiscal Agent Fee	318,760	312,463	6,297	98%	320,644	332,359	332,359	-
Total	\$ 9,134,624	\$ 7,881,138	\$ 1,253,486	86%	\$ 9,696,409	\$ 9,659,797	\$ 8,763,715	\$ (896,082)

* See Table C-1 and C-2 for a detailed summary of Major Category Costs



BDD Materials & Supplies Detailed Summary

TABLE C-1

<u>Description</u>	<u>Amount</u>	<u>Total</u>
Repair & Maintenance Building / Structures - sprinkler, fire alarm, plumbing	28,000	
On-call HVAC Service & Replacement Agreement	90,000	
On-call security system service and repair	8,000	
Total		\$ 126,000
Repair & Maintenance System Equipment		
General maintenance, repairs and replacement to water system facilities	220,000	
Hach Service Agreement - Yearly calibration of instrumentation	10,000	
Eaton Service Agreement - VFD Troubleshooting	5,000	
Yukon & Assoc - On-call process instrumentation and control systems	10,000	
Wunderlich-Malec - On-call SCADA & computer networking	5,000	
Great Southwest Meters- Annual meter calibration and inspection	8,000	
Subsurface Contracting - On-call repair and replacement to water systems	23,000	
Alpha Southwest - On-call services mechanical & electrical	30,000	
Automation & Electric - On-call SCADA support, software, programming	15,000	
Positive Energy - Maintenance and service of BS2A Solar Array	6,500	
Total		\$ 332,500
Repair & Maintenance Grounds/Rd - Landscaping agreements		5,000
Repair & Maintenance Machine & Equipment -Copiers, machinery & equipment		24,300
Operating Supplies -Field supplies maintenance/operations		33,000
Auto Parts, Tires, Gasoline & Diesel - Fleet maintenance of vehicles		11,000
Inventory Exempt / IT - Small tools, radios, and phase III replacement of computers		5,500
Uniforms (\$500 clothing, \$200 boots = \$700 per employee)		18,200
Safety Supplies - First aid, protective gear, safety guides, periodicals		7,650
Replacement of GAC media project		-
Data Processing - Server replacement for SCADA & Control Room Upgrade		-
Capitalized Asset - Installation of crane lift at 4A/5A		-
Total		\$ 104,650
Total Materials & Supplies Category		\$ 563,150



BDD Other Operating Costs Detailed Summary

TABLE C-2

<u>Description</u>	<u>Amount</u>	<u>Total</u>
Agreements		
BDDDB Insurance Broker/Agent	9,500	
Chavez Security - provides facilities patrol along Buckman road corridor	194,240	
Stenographer Agreement - BDD Board meetings	4,000	
USGS Operation and maintenance agreement of sediment and stream gage	51,386	
BDDDB Independent counsel	170,000	
Consultant for Technical Assistance	56,000	
Compliance Agreements -TREAT Study analysis	-	
Compliance Agreements -Stormwater sampling (Federal program)	96,000	
Compliance Agreements -Drinking water, solids analysis	20,000	
Compliance Agreements -GAC sampling and analysis	50,000	
Compliance Agreements -Annual fire inspection and compliance	10,000	
Audit professional services agreement	7,500	
BDD Board - Public liability and real property insurance premiums	133,000	
Land Leases - BLM right of way agreements	71,756	
Total		\$ 873,382
Benefits Dept. Assessments - City Benefits Assessment Fees		8,026
General Liability Dept Assessments - City Risk Assessment Fees		10,736
General Liability Third Party - Crime Liability Assessment Fees		78,363
Unemployment Insurance - City Assessment Fees		6,999
Public Relations - tours, outreach, promotions, website, virtual tour		3,500
Software/Software Subscriptions- Software support and upgrades		16,000
Employee Training - Safety, training, education, travel, dues & registrations		6,300
Advertising - Job postings, RFP bids		500
Office Supplies - General office supplies		2,500
Postage & Mailing Services - Delivery of water samples, correspondence		1,650
Utilities - Cell phones, landlines, data, website, satellite phone, natural gas, fees		31,472
County Conservation Fees		11,500
Total		\$ 177,546
	BDDDB Litigation Costs	\$ 2,000,000
	Total Other Operating Costs Category	\$ 3,050,928



Budget Fixed & Variable Costs Analysis

The BDD’s annual operating budget consists of fixed, variable and project-wide costs. These costs are allocated by percentages contained in the Facility Operations and Procedures Agreement (FOPA). This budget request was prepared with the following cost sharing principles.

Cost Sharing

TABLE D

<u>Fixed</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>Las Campanas (Club)</u>	<u>Las Campanas (Coop)</u>	<u>Total</u>
Shared Facilities (CCL)	62.09%	25.61%	5.37%	6.93%	100.00%
Separate Facilities (CC)	75.33%	24.67%	0%	0%	100.00%
<u>Project Wide</u>					
Projected Volumetric Flow (PW)	70.97%	24.14%	4.89%	0.00%	100.00%
<u>Variable</u>					
Projected Volumetric Flow (CCL)	70.97%	24.14%	4.89%	0.00%	100.00%
Projected Volumetric Flow (CC)	78.29%	21.71%	0.00%	0.00%	100.00%

Annual volumetric flow predictions provided by the partners are also used as the basis for project wide costs and variable costs that are primarily related to chemicals, electricity, and solids management.

Volumetric Flow History and FY 2021 Predictions

TABLE E

<u>Volumetric Flow (acft)</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>LC (Raw Water) via County</u>	<u>Las Campanas (Raw Water)</u>	<u>Total Diverted</u>
FY 2015	3,565.50	1,051.72	418.32	139.01	5,174.55
FY 2016	4,127.74	1,077.23	374.33	165.14	5,744.44
FY 2017	3,896.60	1,156.87	273.60	297.73	5,624.80
FY 2018	4,397.40	1,147.92	343.38	260.61	6,149.30
FY 2019	3,116.05	1,392.77	423.08	102.35	5,034.25
<i>FY 2020</i>	<i>4,573.69</i>	<i>1,169.67</i>	<i>298.75</i>	<i>339.29</i>	<i>6,381.40</i>
<i>FY 2021</i>	<i>4,489.26</i>	<i>1,245.00</i>	<i>281.52</i>	<i>309.61</i>	<i>6,325.39</i>
<i>FY 2021 %</i>	70.97%	19.68%	4.45%	4.89%	100%

% Percentage is used in calculation of partner share (CCL) of variable costs & project wide

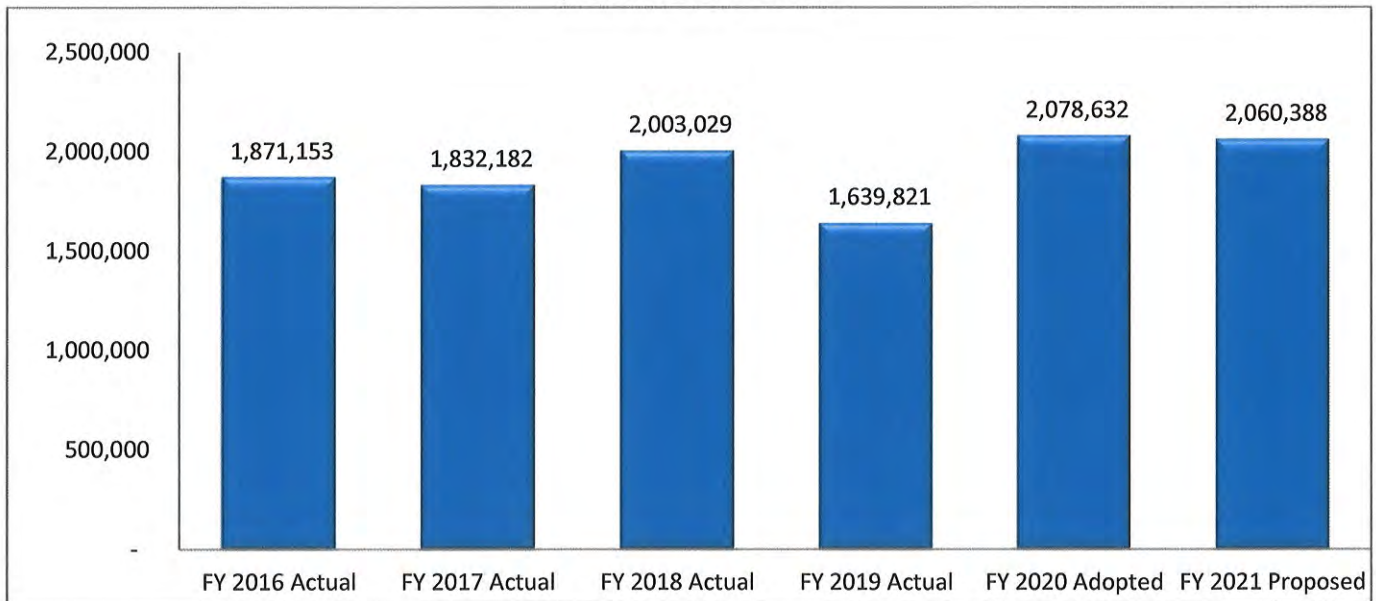


Volumetric Flow History

BDD has completed a budget analysis for fiscal year 2021, which includes volumetric predictions of 2,060,388 gallons. This is an estimated 1% decrease in water delivery over fiscal year 2020 predicted water call. The BDD will continue to work with the partners to adaptively manage BDD water deliveries to meet changes in partner demands.

Total gallons delivered in 1,000's
(Includes raw water)

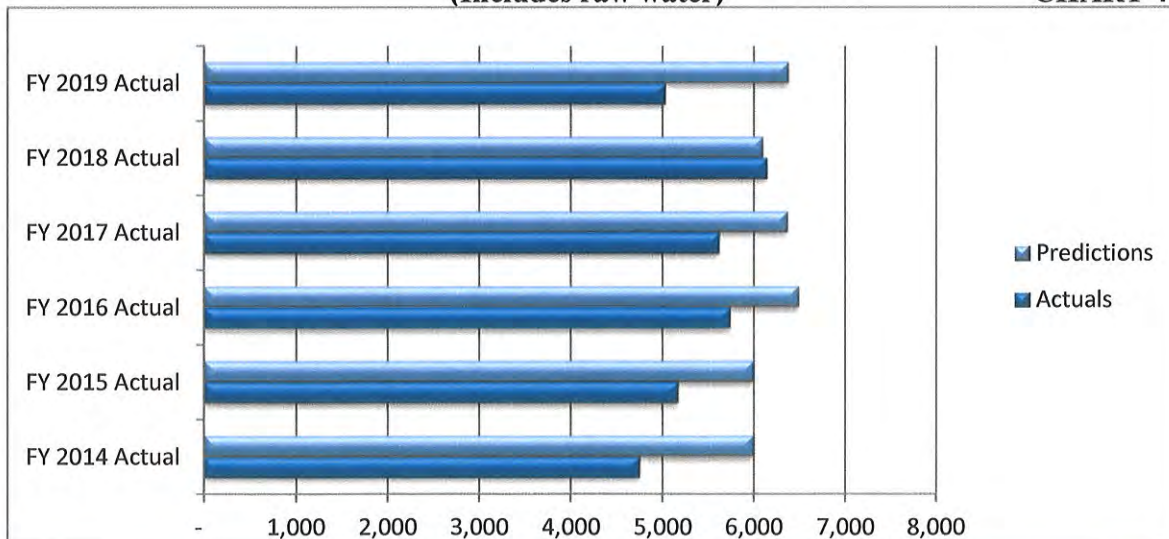
CHART 3



Total gallons delivered vs. volumetric predictions

(Includes raw water)

CHART 4





Programs

The BDD is divided into seven (7) key programs with explicit business functions and strategic goals. Each Program was developed to support specific goals and objectives. These business activities encompass all functions necessary to operate the water treatment plant, maintain full regulatory compliance, execute Fiscal Agent responsibilities, and optimize infrastructure investments through comprehensive asset management.

Strategic Goals – Supported by program resources

- ✦ **Operations** – To ensure the highest standard of water quality, using the most efficient and up to date water production methods.
- ✦ **Regulatory** – To maintain and improve LANL/DOE monitoring program.
- ✦ **Maintenance** – To equip the staff with the tools and equipment to efficiently and effectively maintain and repair the assets of the BDD.
- ✦ **Safety & Training** – To promote and assure workplace safety and health in preventing workplace injuries.
- ✦ **Administrative Services** – To operate and maintain the BDD within budget and in accordance with the governing documents.
- ✦ **Information Systems** – To maintain and support all automation and security systems.
- ✦ **Public Relations** – To coordinate, create and support key events for the BDD outreach program.



Emergency Reserve Fund (ERF)

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 Reserve 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 Reserve Fund.

The BDD Board approved the Emergency Reserve Fund policy and funding contributions as part of the Fiscal Year 2012 budget request. This policy established target balances, replenishment requirements and funding allocations.

Emergency Reserve Fund Balance

TABLE I

Emergency Fund	City of Santa Fe	Santa Fe County	AZ Water Rights	Las Campanas Club	Las Campanas Coop	Balance
Fund Balance at June 30, 2019	1,347,979	505,612	18,981	83,429	107,494	2,063,495

As of June 30, 2019 the Emergency Reserve Fund remained fully funded to its targeted balance of \$2,000,000. As per the BDD Working Capital and Billing Policy, these funds are interest bearing and are allocated to the partners based on the percentage of cash held in their respective accounts at the end of each fiscal year.



Major Repair and Replacement Fund (RRF)

The BDD Board also previously approved the Major Repair and Replacement Fund as part of the Fiscal Year 2012 Budget. Per the Major Repair and Replacement Fund policy these funds are to receive yearly contributions held in reserve to support major repair and replacement costs of facility equipment and systems.

The BDD Board has authorized expenditures of \$645,147 for repair and replacement of system equipment in accordance with the policy. These authorizations, upon expenditure will reduce the available balance in this fund. The Major Repair and Replacement fund will continue to receive yearly contributions in accordance with the policy.

Major Repair and Replacement Fund Balance

TABLE J

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
Balance as of June 30, 2019	1,280,679	445,305	36,977	32,535	1,795,496
2020 Contributions	445,545	156,494	10,769	13,898	626,706
Funds authorized for expenditure	(458,656)	(161,098)	(11,086)	(14,307)	(645,147)
Projected Fund Balance	1,267,568	440,701	36,660	32,126	1,777,055

Major Repair and Replacement Fund Fiscal Year 2019 Contributions

TABLE K

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
2021 Proposed Contributions	445,545	156,494	10,769	13,898	626,706

With the approval of this contribution and no additional authorizations, the fund balance will be \$2,403,761 for fiscal year 2021.

Capital Assets Management

The BDD staff has begun work on maintaining our capital asset and replacement system with software upgrades, data verification and vehicle replacement schedule and policy. Our goals and initiatives are to continue to work on development of a multi-year projected asset plan, funding requirements, and related replacement/disposal policy.



Budget Summary

With this submittal, the Project Manager requests the Buckman Direct Diversion Board approve and recommend the amended funding for the Fiscal Year 2021 Operating Budget of \$8,763,715 plus the annual contribution of \$626,706 for the Major Repair and Replacement Fund for a total request of \$9,390,421. We appreciate the input and support from our partners and our Buckman Direct Diversion Board Members.

Fiscal Year 2021 Funding Allocation

TABLE L

Funds	City of Santa Fe	Santa Fe County	Las Campanas (Club)	Las Campanas (Coop)	Total
Operating Fund	\$6,076,501	\$2,015,530	\$ 305,891	\$ 68,293	\$ 8,466,215
			PNM Solar Rebate Revenue		120,000
			Federal Funds		96,000
			County Conservation Fee		11,500
			Unrestricted Fund Balance		70,000
					\$ 8,763,715
Major Repair & Replacement Fund	445,545	156,494	10,769	13,898	626,706
Total Fiscal Year 2021 Request	\$6,522,046	\$2,172,024	\$ 316,660	\$ 82,191	\$ 9,390,421