



Buckman Direct Diversion

FISCAL YEAR 2026

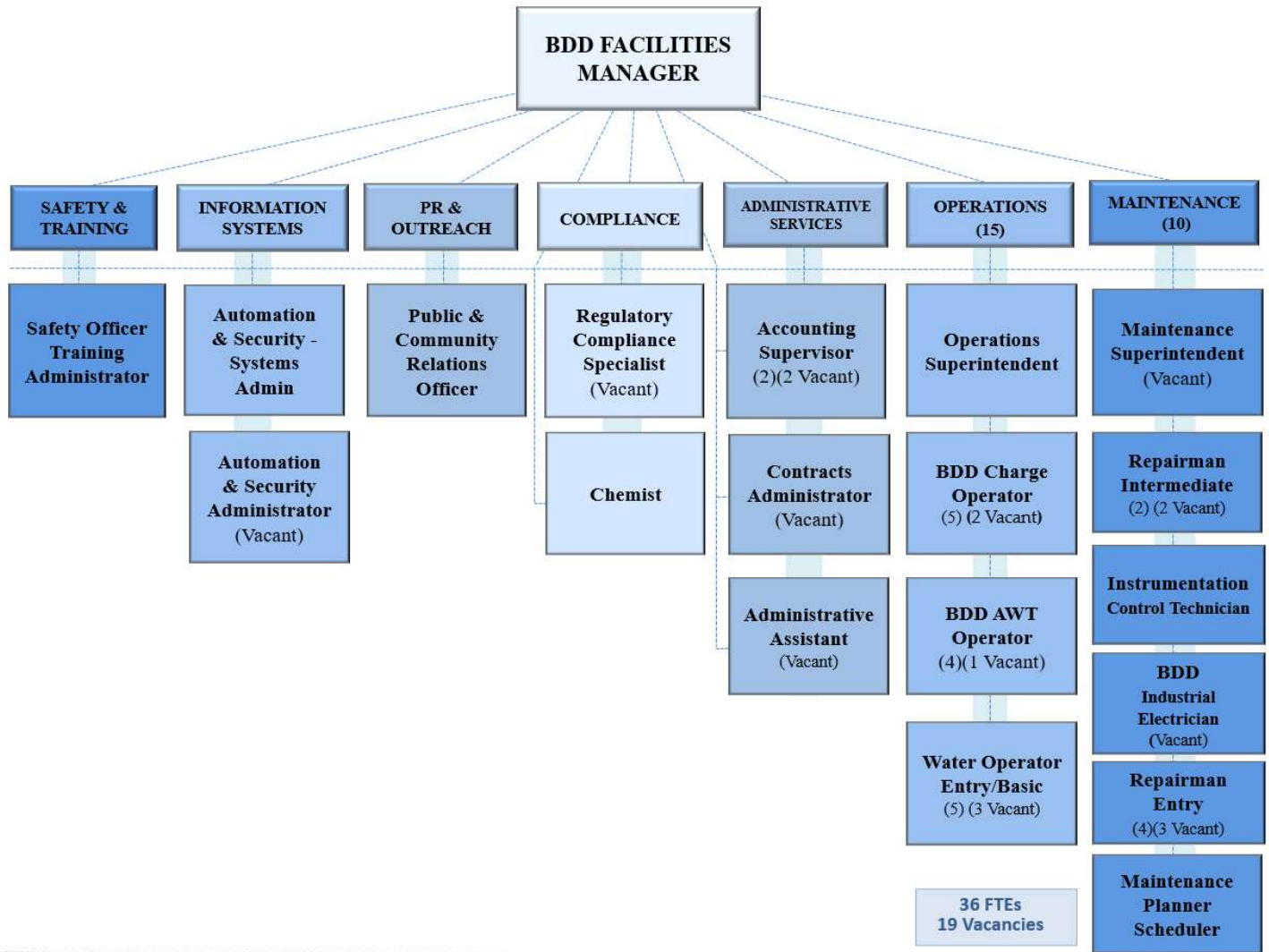
Proposed Annual Operating
Budget & Partner Contributions



Prepared by:
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BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT ORGANIZATIONAL CHART





Buckman Direct Diversion (BDD) Proposed Annual Operating Budget for FY26

Budget Message

The *Project Management and Fiscal Services Agreement* (PMFSA) requires the Project Manager to submit an Annual Operating Budget. With this submittal, the Project Manager requests the Buckman Direct Diversion Board (BDDDB) approve and recommend the Fiscal Year 2026 Operating Budget of \$8,786,157.

Budget Revenue/Reimbursement Summary

TOTAL PROPOSED FISCAL YEAR 2026 OPERATING BUDGET

TABLE A

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>	<u>%</u>
Revenues/Reimbursements by Source:				
Federal Funds	\$ 96,000	\$ -	\$ 96,000	1%
PNM Solar Rebates	-	120,000	120,000	1%
City of Santa Fe	4,638,649	1,490,831	6,129,480	70%
Santa Fe County	1,639,222	470,323	2,109,545	24%
Las Campanas (Club)	211,002	50,369	261,371	3%
Las Campanas (Coop)	69,762	-	69,762	1%
Total Revenues by Source	\$ 6,654,634	\$ 2,131,523	\$ 8,786,157	100%
% of overall budget	76%	24%	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.

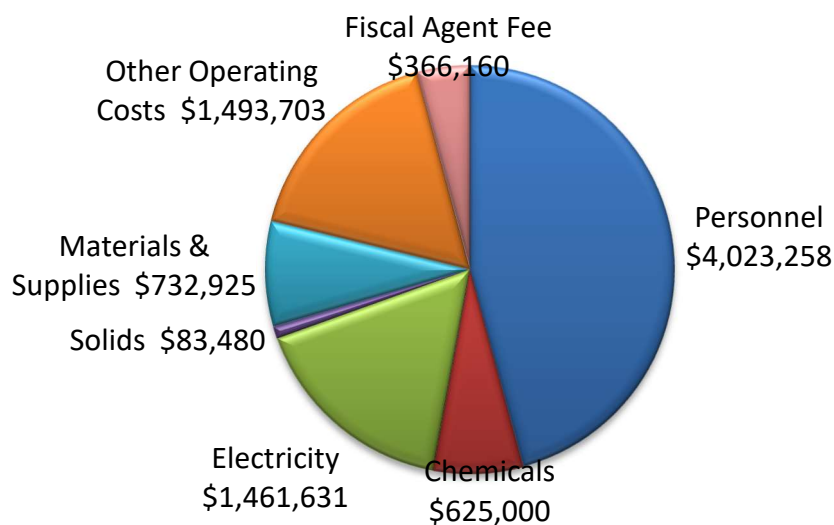


Budget Expenditure Summary

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 2026 OPERATING BUDGET **TABLE B**

Expenditure by Category:	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>Las Campanas (Club)</u>	<u>Las Campanas (Coop)</u>	<u>Federal Funds</u>	<u>Total</u>
Personnel	\$ 2,848,384	\$ 1,005,373	\$ 116,022	\$ 53,479	\$ -	\$ 4,023,258
Electricity	1,070,704	332,317	53,967	4,643	-	1,461,631
Chemicals	483,875	141,125	-	-	-	625,000
Solids	64,557	18,923	-	-	-	83,480
Materials & Supplies	511,571	186,606	25,080	9,667	-	732,925
Other Operating Costs	984,820	360,757	50,154	1,972	96,000	1,493,703
Fiscal Agent Fee	258,472	91,540	16,148	-	-	366,160
Total	6,222,384	2,136,641	\$ 261,371	\$ 69,762	\$96,000	\$ 8,786,157
PNM Solar Rebates	(92,904)	(27,096)				
Total	\$ 6,129,480	\$ 2,109,545				





Budget Summary & Highlights

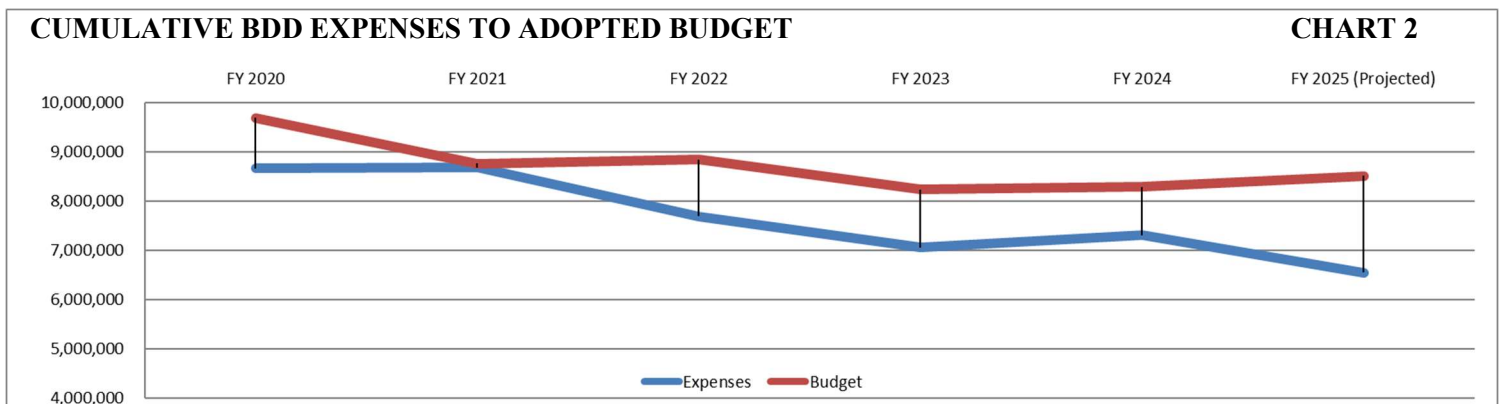
In Fiscal Year 2026, the BDD will be in its fifteenth year of operations. The BDD also uses yearly volumetric flow predictions provided by each partner for our variable and project wide allocation of expenditures.

The BDD has collaborated with its partners on the development of this budget and with their support; we present the Fiscal Year 2026 budget request with the following changes:

- The proposed annual operating budget for fiscal year 2026 is \$8,786,157, which represents a 3% increase from the adopted FY2025 operating budget.

Closing the gap between actual expenditures and budget was considered in the development of the annual operating budget request. This will continue to be a factor, to ensure funds are properly expended for the purposes as requested.

- Fiscal Year 2020 Actual Expenditures \$8,665,134 (with 6 vacant positions) which was \$1,031,275 lower than the adopted budget.
- Fiscal Year 2021 Actual Expenditures \$8,686,832 (with 6 vacant positions offset by higher than budget electricity costs) which was \$76,883 lower than the adopted budget.
- Fiscal Year 2022 Actual Expenditures \$7,695,417 (with 7 vacant positions) which was \$1,147,292 lower than the adopted budget.
- Fiscal Year 2023 Actual Expenditures \$7,063,226 (with 9 vacant positions) which was \$1,172,554 lower than the adopted budget.
- Fiscal Year 2024 Actual Expenditures \$7,311,456 (with 10 vacant positions) which was \$979,097 lower than the adopted budget.
- Fiscal Year 2025 PROJECTED Expenditures \$7,311,456 (with 19 vacant positions) which would be \$1,962,224 lower than the adopted budget.





Budget Comparisons

Table C presents actual expenses by major category for the fiscal year ended June 30, 2024. The change in the fiscal year 2026 operating budget request in comparison to the current 2025 adopted budget. There was an overall increase in the budget estimate of \$273,810 which is an increase of 3% from the adopted budget. This increase is due to projected chemical inventory cost increases over the last operating years. We are also projecting an increase in materials and supplies and other operating costs. The new debt solar payment and credits have been accounted for in the electricity line, which represent a small decrease. We are also recommending an increase to the Major Repair and Replacement Fund based on the Major Repair and Replacement Annual Plan for FY2026 (Table K).

The BDD staff will continue to work with its partners 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 2024 Adopted Budget	FY 2024 Unaudited Actual 6/30/24	FY 2024 Variance \$ (Under) / Over Budget	%	FY 2025 Adopted Budget	FY 2026 Proposed Budget	\$ Change FY 2025 vs FY 2026	%
Revenues/Reimbursements by Fund:								
Partner Reimbursements	\$ 8,074,553	\$ 7,090,108	(984,445)	88%	\$ 8,296,347	\$ 8,570,157	\$ 273,810	3%
PNM Solar Rebates	120,000	119,698	(302)	100%	120,000	120,000	-	0%
Federal Funds	96,000	101,650.00	5,650	106%	96,000	96,000	-	0%
Total	\$ 8,290,553	\$ 7,311,456	\$ (979,097)	88%	\$ 8,512,347	\$ 8,786,157	\$ 273,810	3%
Expenditures by Category:								
Salaries	\$ 2,503,551	\$ 2,086,850	\$ 416,701	83%	\$ 2,594,916	\$ 2,570,448	\$ (24,468)	-1%
Overtime	230,000	258,424	(28,424)	112%	230,000	230,000	-	0%
Benefits	1,211,331	1,068,489	142,842	88%	1,254,511	1,222,810	(31,701)	-3%
Electricity	1,550,000	1,238,327	311,673	80%	1,461,631	1,461,631	-	0%
Chemicals	423,500	622,848	(199,348)	147%	423,500	625,000	201,500	48%
Solids	83,219	131,286	(48,067)	158%	83,219	83,480	261	0%
Materials & Supplies*	617,661	384,873	232,788	62%	720,925	732,925	12,000	2%
Other Operating Costs*	1,325,516	1,174,584	150,932	89%	1,396,457	1,493,703	97,246	7%
Total	7,944,778	6,965,681	979,097	88%	8,165,159	8,419,997	254,838	3%
Fiscal Agent Fee	345,775	345,775	-	100%	347,188	366,160	18,972	5%
Total	\$ 8,290,553	\$ 7,311,456	\$ 979,097	88%	\$ 8,512,347	\$ 8,786,157	\$ 273,810	3%



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%	-	-	100.00%
<u>Project Wide</u>					
Projected Volumetric Flow (PW)	70.59%	25.00%	4.41%	-	100.00%
<u>Variable</u>					
Projected Volumetric Flow (CCL)	70.59%	25.00%	4.41%	-	100.00%
Projected Volumetric Flow (CC)	77.42%	22.58%	-	-	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 2026 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 2020	3,435.42	1,314.08	156.08	493.44	5,399.02
FY 2021	5,141.85	1,398.75	334.23	159.73	7,034.56
FY 2022	4,465.50	1,270.61	321.83	-	6,057.94
FY 2023	3,007.65	981.17	326.99	73.37	4,389.18
FY 2024	3,577.01	1,136.61	257.02	357.90	5,328.54
FY 2025	3,878.20	1,364.52	296.00	268.38	5,807.10
<i>FY 2026</i>	<i>4,800.00</i>	<i>1,400.00</i>	<i>300.00</i>	<i>300.00</i>	<i>6,800.00</i>
<i>FY 2026 %</i>	70.59%	20.59%	4.41%	4.41%	100%

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

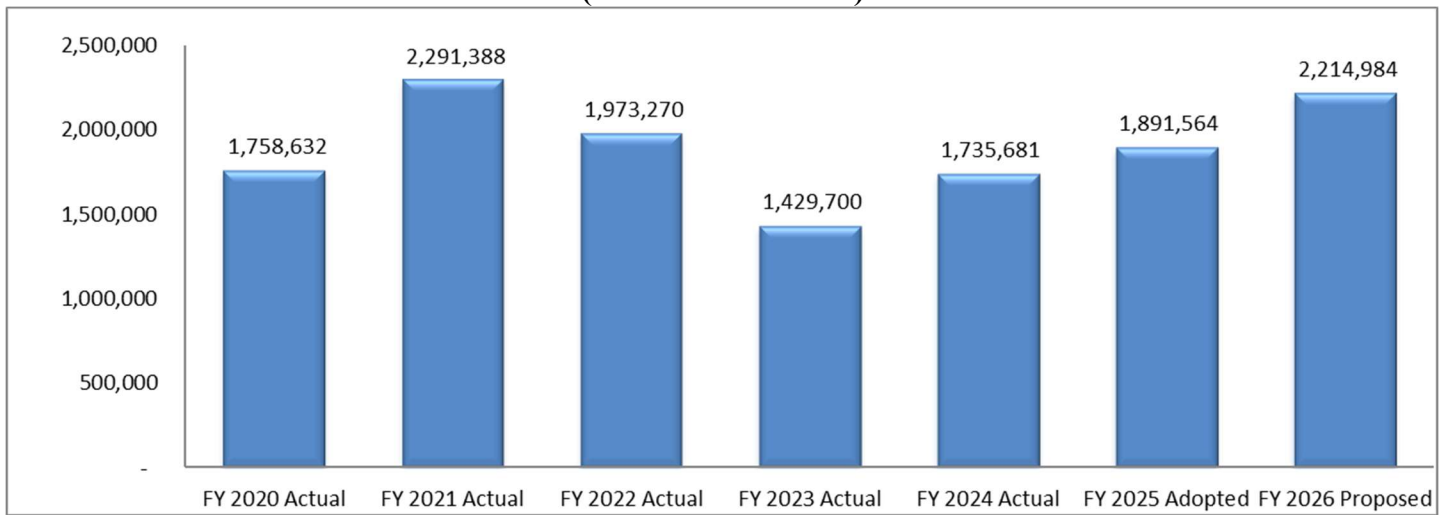


Volumetric Flow History

BDD has completed a budget analysis for fiscal year 2026, which includes volumetric predictions of 2,214,984 gallons. This is an estimated 17.1% increase in water delivery thru BDD over fiscal year 2025 predicted water call. The BDD will continue to work with the partners to adaptively manage BDD water deliveries to meet changes in partner demands.

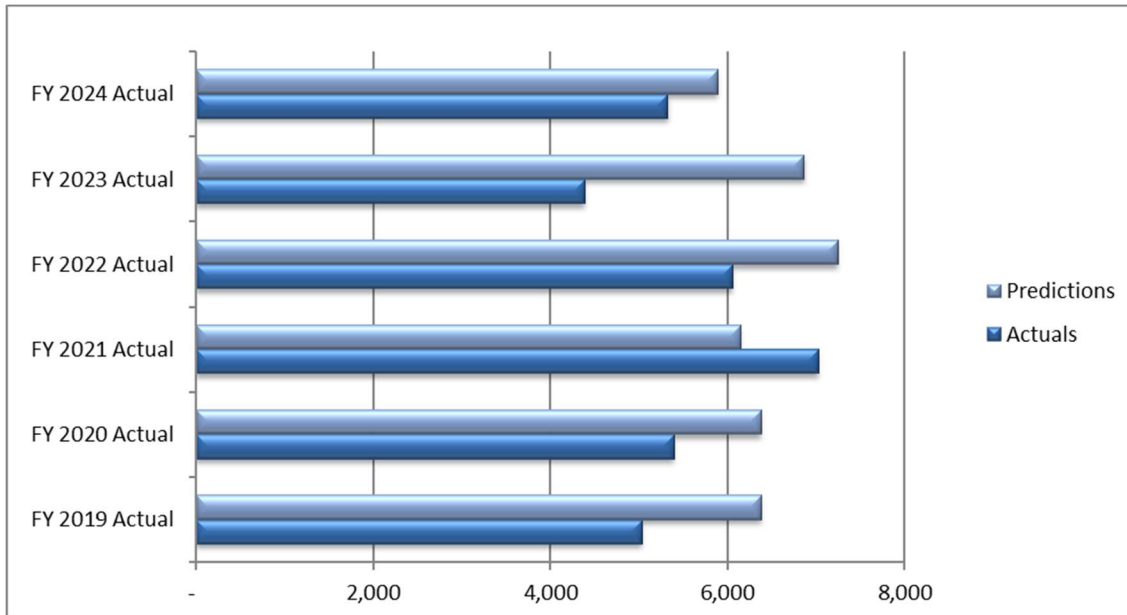
Total gallons delivered in 1,000's
(Includes raw water)

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. 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.

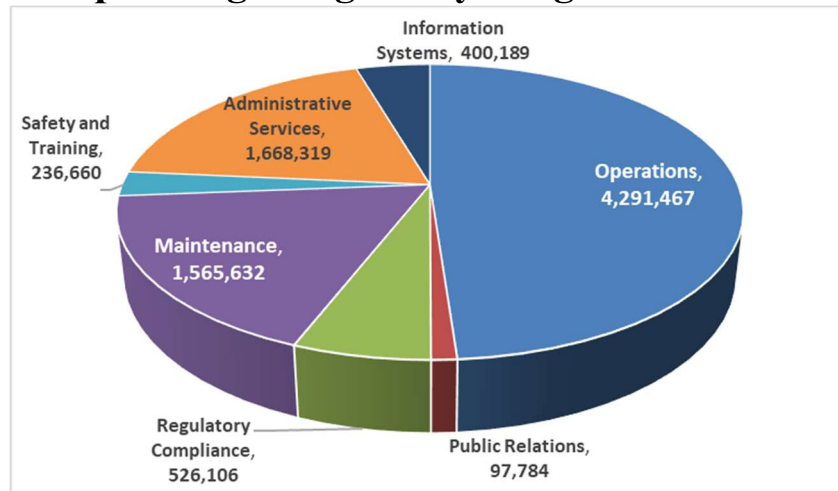
The expenditure budgets for these seven key programs are presented below. Total program funding includes all employee wages and benefits for full time equivalent employees and associated overhead expenses. These key programs incorporate all business expenses necessary to execute core business functions and allow the reader to understand how limited resources are allocated within the budget.

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.

BDD Operating Budget – by Program

TABLE F





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 G

Emergency Fund	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
Fund Balance at June 30, 2024	1,416,193	505,304	137,393	109,029	2,167,919

As of June 30, 2024 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 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 \$2,504,433 for repair and replacement of system equipment in accordance with the policy, Table J. These authorizations, upon expenditure will reduce the available balance in this fund. The Major Repair and Replacement fund will continue to receive annual contributions in accordance with the approved plan. The BDD is requesting contributions of \$1,786,519, based on the expenditure plan listed on the next page, Table K.

Major Repair and Replacement Fund Balance

TABLE H

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
Balance as of June 30, 2024	2,452,286	856,821	62,611	71,765	3,443,484
2025 Contributions per approved plan	1,375,667	483,190	33,251	42,911	1,935,019
2025 Funds authorized for expenditure	(1,780,482)	(625,377)	(43,036)	(55,538)	(2,504,433)
Projected Fund Balance	2,047,471	714,633	52,827	59,138	2,874,069

Major Repair and Replacement Fund Fiscal Year 2026 Contributions

TABLE I

	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
2026 Proposed Contributions	1,270,094	446,108	30,700	39,618	1,786,519

With the approval of this contribution and no additional authorizations, the fund balance will be \$4,660,588 for fiscal year 2026.



Major Repair and Replacement Fund Plan

TABLE J

FY25 Funds Authorized				
<u>15 Month MR&R Plan</u>	<u>Projected Cost</u>	<u>FY25 Expected Cost</u>	<u>Justification</u>	<u>Status</u>
1A & 2A Pump and Motor Project	499,625.00	87,101	Replacing failed pump	Completed in FY2025 - Pumpteck
Replace Media in GAC Contactor	290,000.00	290,000	Media is exhausted	Encumbered -Calgon Carbon Corp
Replacement of VFD Centrifuges	173,000.00	172,416	Failed, parts discontinued	Encumbered - Andritz Separation
Annual Camera Replacement (10 units)	20,000.00	19,897	Failed units need replacing	Completed in FY2025 - APIC
		569,414	FY2024 and prior Appropriations	
BS1A Valve Project	45,000.00	45,000	Failed valves - replacement	Project Pending
BS1A Ball Valve Rebuild	6,000.00	6,000	Failed valves - replacement	Project Pending
BS1A Isolation Valves	80,000.00	80,000	Failed valves - replacement	Project Pending
Membrane Module Replacement	494,519.00	494,519	End of expected life span	Project Pending - Aria Filtra
GAC Replacement	140,500.00	140,500	Media is exhausted	Encumbered -Calgon Carbon Corp
Camera Upgrade	260,000.00	260,000	Required update	Project Pending
Building UPS' Replacement	36,000.00	36,000	Required update	Project Pending
PLC Replacement	750,000.00	750,000	Current model obsolete	Project Pending
Surge Tank Bladder Replacement	60,000.00	60,000	Failed need replacement	Project Pending
Building UPS' replacement	63,000.00	63,000	Required update	Project Pending
		2,504,433		

TABLE K

FY26 Requested Contribution				
<u>15 Month MR&R Plan</u>	<u>Cost</u>	<u>Quantity</u>	<u>Total Cost</u>	<u>Justification</u>
1 Membrane Module Replacement	4,755.00	208	989,519.00	End of expected life span
2 VFD Replacement @ 2A	235,000.00	1	235,000.00	Failed need replacement
3 1A Pump/Motor	100,000.00	1	100,000.00	Cyclical Rebuild or Replace
4 2A Pump?Motor	100,000.00	1	100,000.00	Cyclical Rebuild or Replace
5 Centrifuge Repair	100,000.00	1	100,000.00	Failed need rebuild
6 Building UPS' Replacement	9,000.00	4	36,000.00	Required update
7 Ozone Monitors	10,833.00	6	65,000.00	Failed needing replacement
8 WTP Epoxy Flooring	32,000.00	3	96,000.00	Failed needing replacement
9 Vehicle Replacement	65,000.00	1	65,000.00	Cyclical replacement
			\$1,786,519	FY26 Requested Contribution



Budget Summary

With this submittal, the Project Manager requests the Buckman Direct Diversion Board approve and recommend the funding for our Fiscal Year 2026 Operating Budget of \$8,786,157 with the annual contribution of \$1,786,519 for the Major Repair and Replacement Fund, for a total request of \$10,572,676. We appreciate the input and support from our partners and our Buckman Direct Diversion Board Members.

Fiscal Year 2026 Funding Allocation

TABLE L

Funds	City of Santa Fe	Santa Fe County	Las Campanas (Club)	Las Campanas (Coop)	Total
Operating Fund	\$ 6,129,480	\$ 2,096,045	\$ 261,371	\$ 69,762	\$ 8,556,657
			PNM Solar Rebate Revenue		120,000
			Federal Funds		96,000
			County Conservation Fee		13,500
					\$ 8,786,157
Major Repair & Replacement Fund	1,270,094	446,108	30,700	39,618	1,786,519
Total Fiscal Year 2026 Request	\$ 7,399,574	\$ 2,542,153	\$ 292,070	\$ 109,380	\$ 10,572,676