



Buckman Direct Diversion

FISCAL YEAR 2025

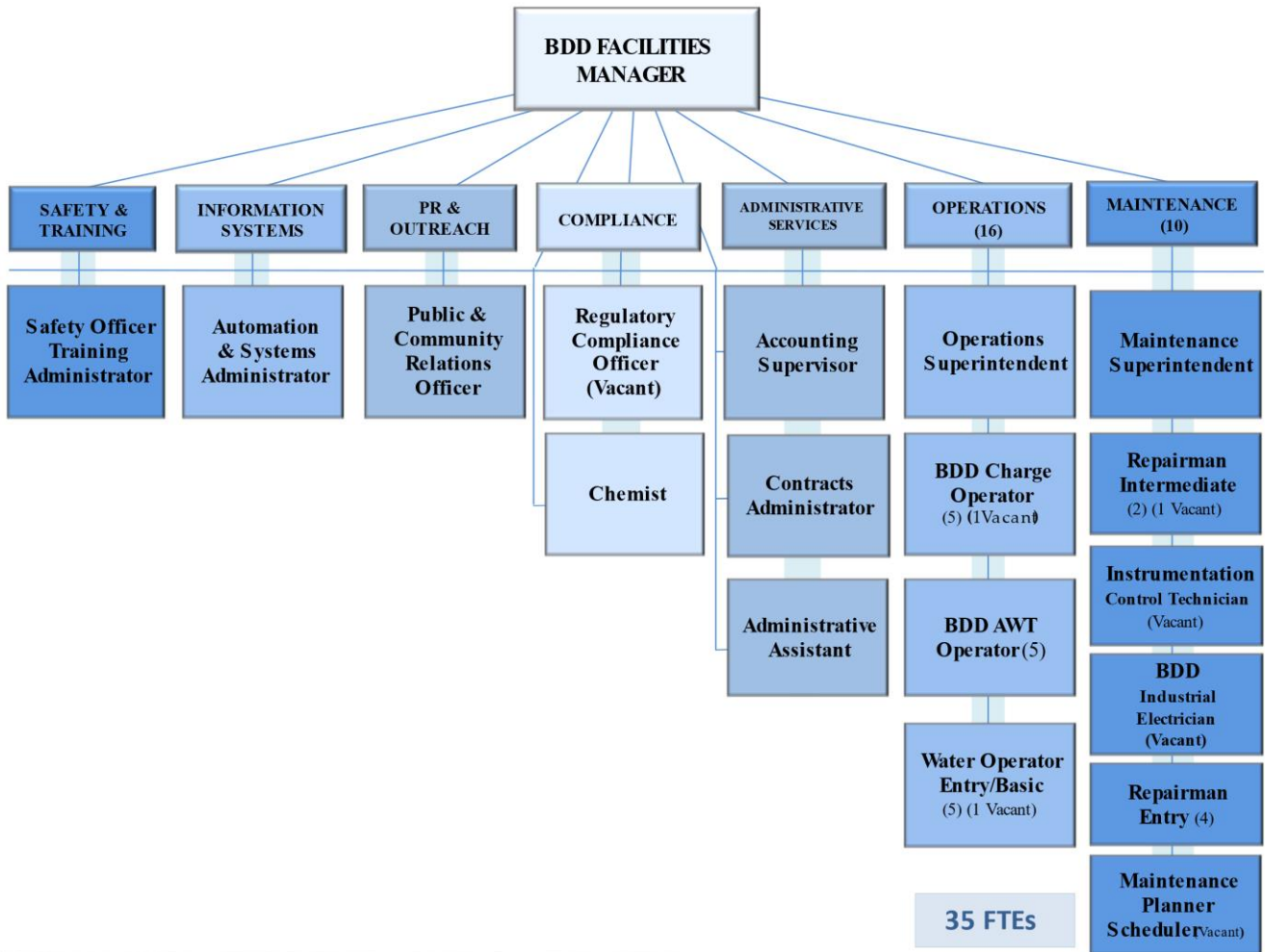
Proposed Annual Operating
Budget & Partner Contributions



Prepared by:
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BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT ORGANIZATIONAL CHART





Buckman Direct Diversion (BDD) Proposed Annual Operating Budget for FY25

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 2025 Operating Budget of \$8,512,347.

Budget Revenue/Reimbursement Summary

TOTAL PROPOSED FISCAL YEAR 2025 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	4,457,887	1,220,860	5,678,747	67%
Santa Fe County	1,740,375	543,129	2,283,503	27%
Las Campanas (Club)	210,105	55,515	265,621	3%
Las Campanas (Coop)	68,476	-	68,476	1%
Total Revenues by Source	\$ 6,572,843	\$ 1,939,504	\$ 8,512,347	100%
% of overall budget	77%	23%	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.



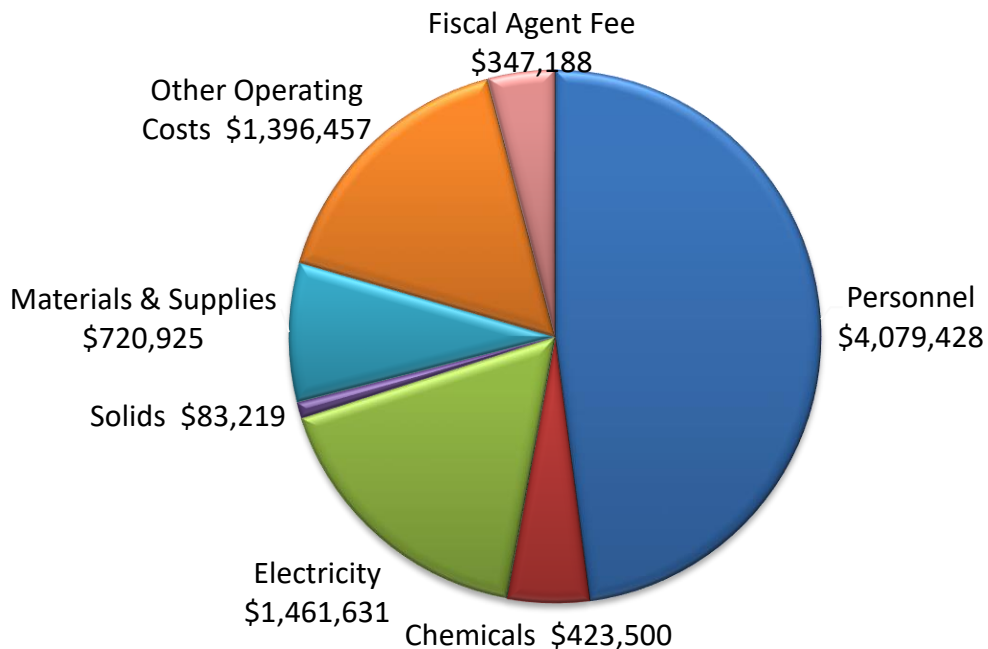
Budget Expenditure Summary

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 2025 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	\$ 2,829,448	\$ 1,079,024	\$ 118,104	\$ 52,851	\$ -	\$ 4,079,428
Electricity	1,024,036	375,007	58,603	3,985	-	1,461,631
Chemicals	313,263	110,237	-	-	-	423,500
Solids	61,601	21,618	-	-	-	83,219
Materials & Supplies	486,307	198,455	26,496	9,667	-	720,925
Other Operating Costs	880,925	371,182	46,378	1,972	96,000	1,396,457
Fiscal Agent Fee	231,887	99,261	16,040	-	-	347,188
Total	5,827,466	2,254,784	\$ 265,621	\$ 68,476	\$96,000	\$ 8,512,347
PNM Solar Rebates	(88,764)	(31,236)				
Total	\$ 5,738,702	\$ 2,223,548				

CHART 1





Budget Summary & Highlights

In Fiscal Year 2025, the BDD will be in its fourteenth 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 2025 budget request with the following changes:

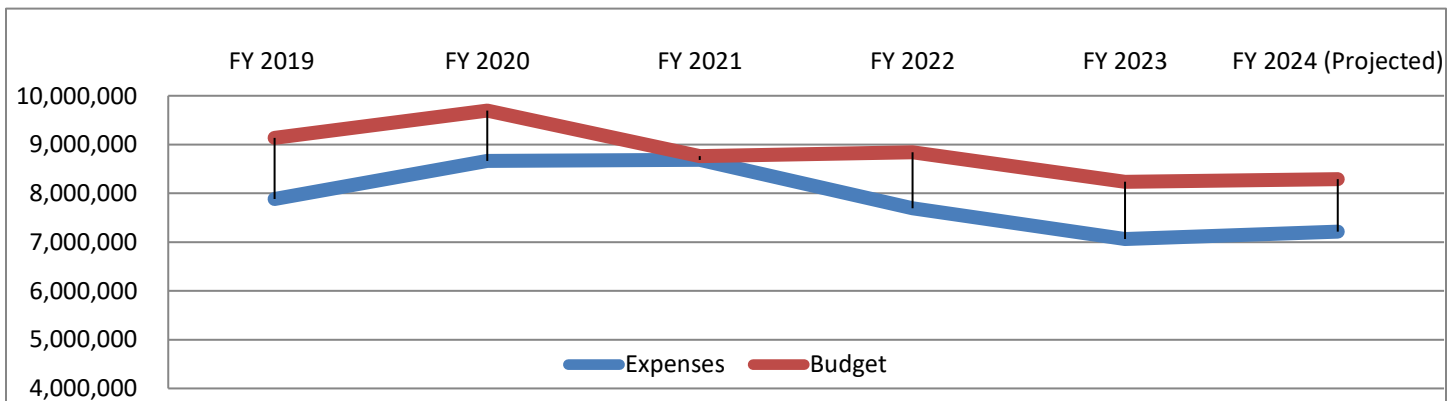
- The proposed annual operating budget for fiscal year 2025 is \$8,512,347, which represents a 2% increase from the adopted FY2024 operating budget.

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 2019 Actual Expenditures \$7,882,811 (with 11 vacant positions and \$255,212 of unexpended litigation fees) which was \$1,251,813 lower than the adopted budget.
- Fiscal Year 2020 Actual Expenditures \$8,665,134 which was \$1,031,275 lower than the adopted budget.
- Fiscal Year 2021 Actual Expenditures \$8,686,832 which was \$76,883 lower than the adopted budget.
- Fiscal Year 2022 Actual Expenditures \$7,695,417 which was \$1,147,292 lower than the adopted budget.
- Fiscal Year 2023 Actual Expenditures \$7,063,226 which was \$1,172,554 lower than the adopted budget.

CUMULATIVE BDD EXPENSES TO ADOPTED BUDGET

CHART 2





Budget Comparisons

Table C presents actual expenses by major category for the fiscal year ended June 30, 2023. The change in the fiscal year 2025 operating budget request in comparison to the current 2024 adopted budget. There was an overall increase in the budget estimate of \$221,794, which is an increase of 2% from the adopted budget. This increase is due to projected salary and benefit increases. 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 FY2025 (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 2023 Adopted Budget	FY 2023 Unaudited Actual 6/30/23	FY 2023 Variance \$ (Under) / Over Budget	%	FY 2024 Adopted Budget	FY 2025 Proposed Budget	\$ Change FY 2024 vs FY 2025	%
Revenues/Reimbursements by Fund:								
Partner Reimbursements	\$ 8,019,780	\$ 6,813,641	(1,206,139)	85%	\$ 8,074,553	\$ 8,296,347	\$ 221,794	3%
PNM Solar Rebates	120,000	220,434	100,434	184%	120,000	120,000	-	0%
Federal Funds	96,000	29,151.00	(66,849)	30%	96,000	96,000	-	0%
Total	\$8,235,780	\$ 7,063,226	\$ (1,172,554)	86%	\$ 8,290,553	\$ 8,512,347	\$ 221,794	2%
Expenditures by Category:								
Salaries	\$ 2,405,427	\$ 2,197,392	\$ 208,035	91%	\$ 2,503,551	\$ 2,594,916	\$ 91,365	4%
Overtime	230,000	270,030	(40,030)	117%	230,000	230,000	-	0%
Benefits	1,149,581	985,565	164,016	86%	1,211,331	1,254,511	43,180	4%
Electricity	1,450,000	1,165,916	284,084	80%	1,550,000	1,461,631	(88,369)	-6%
Chemicals	385,000	413,230	(28,230)	107%	423,500	423,500	-	0%
Solids	83,219	105,204	(21,985)	126%	83,219	83,219	-	0%
Materials & Supplies*	737,114	459,070	278,044	62%	617,661	720,925	103,264	17%
Other Operating Costs*	1,243,540	1,098,845	144,695	88%	1,325,516	1,396,457	70,941	5%
Litigation Costs	257,000	73,075	183,925	28%	-	-	-	0%
Total	7,940,881	6,768,327	1,172,554	85%	7,944,778	8,165,159	220,381	3%
Fiscal Agent Fee	294,899	294,899	-	100%	345,775	347,188	1,413	-1%
Total	\$8,235,780	\$ 7,063,226	\$ 1,172,554	86%	\$ 8,290,553	\$ 8,512,347	\$ 221,794	2%



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)	66.79%	28.59%	4.62%	-	100.00%
<u>Variable</u>					
Projected Volumetric Flow (CCL)	66.79%	28.59%	4.62%	-	100.00%
Projected Volumetric Flow (CC)	73.97%	26.03%	-	-	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 2025 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 2019	3,300.96	1,207.86	423.08	102.35	5,034.25
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	6,873.40
FY 2024	3,733.73	1,557.11	300.00	300.00	5,890.84
FY 2025	3,878.20	1,364.52	296.00	268.38	5,807.10
<i>FY 2025 %</i>	66.78%	23.50%	5.10%	4.62%	100%

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



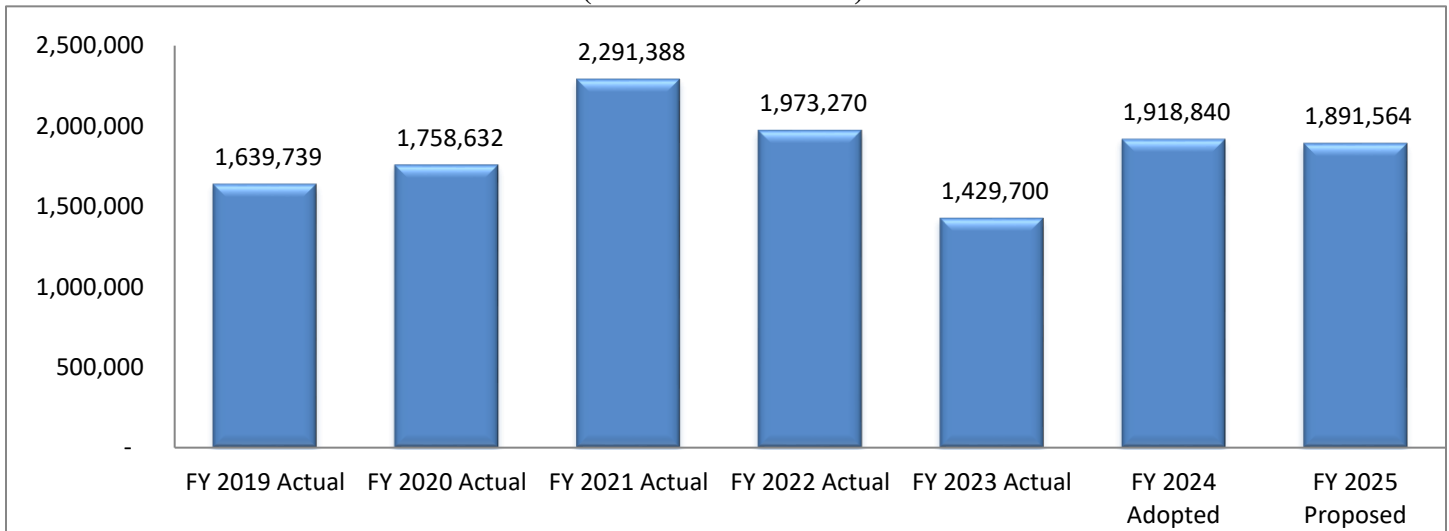
Volumetric Flow History

BDD has completed a budget analysis for fiscal year 2025, which includes volumetric predictions of 1,891,564 gallons. This is an estimated 1.4% decrease in water delivery thru BDD over fiscal year 2024 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)

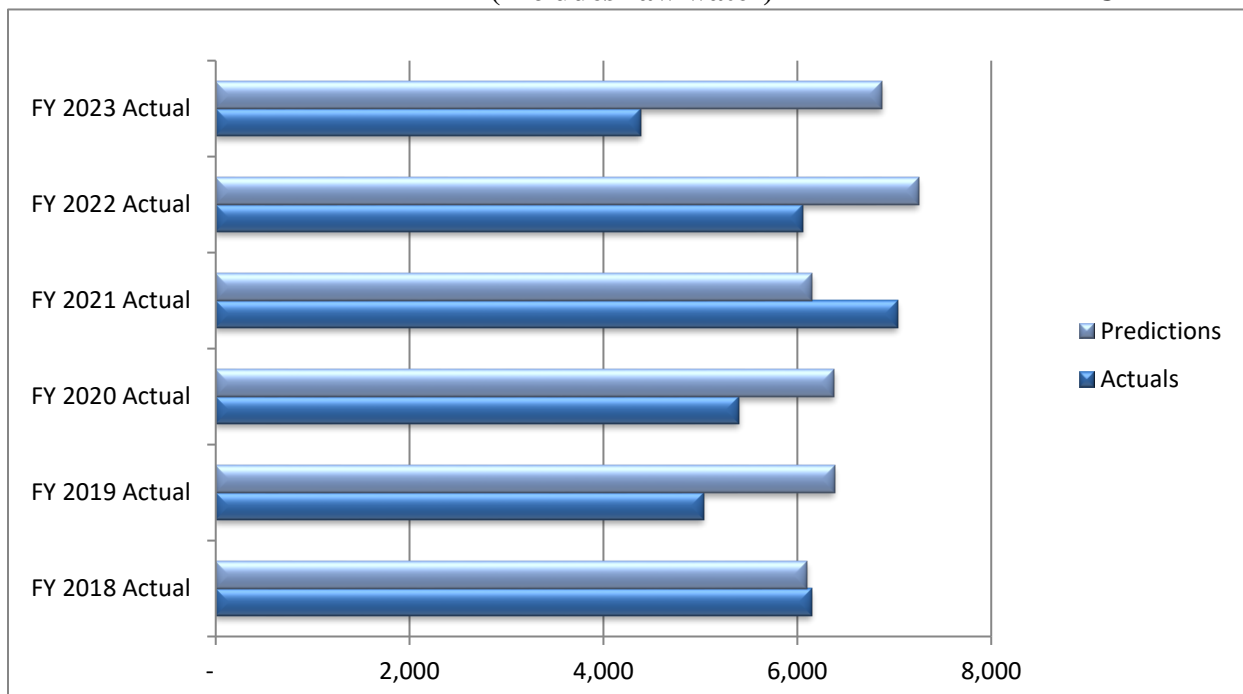
CHART 3



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

<u>Program</u>	<u>Amount</u>	<u>Percentage</u>
Operations	4,182,378.43	49%
Regulatory Compliance	441,097.72	6%
Maintenance	1,596,826.78	19%
Safety and Training	175,215.13	2%
Administrative Services	1,635,358.50	19%
Information Systems	378,765.30	4%
Public Relations	102,705.18	1%
	\$ 3,888,870.89	45%



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, 2023	1,363,984	486,676	132,328	105,009	2,087,997

As of June 30, 2023 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 \$2,961,007 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 \$1,935,019, 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, 2023	2,502,497	874,457	63,825	73,332	3,514,111
2024 Contributions per approved plan	1,270,791	446,353	30,716	39,640	1,787,500
2024 Funds authorized for expenditure	(2,105,074)	(739,387)	(65,663)	(50,882)	(2,961,007)
Projected Fund Balance	1,668,214	581,423	28,878	62,090	2,340,604

Major Repair and Replacement Fund Fiscal Year 2024 Contributions

TABLE I

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
2025 Proposed Contributions	1,375,667	483,190	33,251	42,911	1,935,019

With the approval of this contribution and no additional authorizations, the fund balance will be \$4,275,623 for fiscal year 2025.



Major Repair and Replacement Fund Plan

TABLE J

FY24 Funds Authorized				
<u>15 Month MR&R Plan</u>	<u>Projected Cost</u>	<u>Total Cost</u>	<u>Justification</u>	<u>Status</u>
RW KSB Pump Project	220,000.00	228,233.38	Replacing failed pump	Completed in FY2023 - Alpha Southwest
Mini Split Replacement ATF (HVAC)	17,000.00	15,457.05	Failed units need replacing	Completed in FY2023 - B & D Industries
		243,690.43	FY2023 Expenditures	
Replace Media in GAC Contactor	350,000.00	281,100.00	Media is exhausted	Encumbered -Calgon Carbon Corp
Install of Microza Filter Cartridges	264,000.00	989,037.82	End of expected life span	Encumbered - Trojan Tech Group
Replacement of VFD Centrifuges	173,000.00	172,416.00	Failed, parts discontinued	Encumbered - Andritz Separation
Replace Modine Unit in ATF HVAC	51,000.00	50,827.97	Failed unit needs replacement	B & D Industries
F350 Truck Replacement	75,000.00	75,000.00	Replacing failed unit	Project Pending
1A & 2A Pump and Motor Project	490,000.00	499,625.00	Replacing failed pump	Project Pending - Alpha Southwest
PLC Replacement (5 units)	750,000.00	750,000.00	Current model obsolete	Project Pending
Annual Camera Replacement (10 units)	20,000.00	20,000.00	Failed Cameras need replacing	Project Pending
Surge Tank Bladder Replacement (3 units)	60,000.00	60,000.00	Failed need replacement	Project Pending
Building UPS' replacement (7 units)	63,000.00	63,000.00	Required update	Project Pending
		2,961,006.79		

TABLE K

FY25 Requested Contribution					
<u>15 Month MR&R Plan</u>	<u>Cost</u>	<u>Quantity</u>	<u>Total Cost</u>	<u>Justification</u>	
1 BS1A Valve Project	15,000.00	3	45,000.00	Failed valves need replacement	
2 BS1A Ball Valve Rebuild	2,000.00	3	6,000.00	Failed valves need replacement	
3 BS1A Isolation Valves	20,000.00	4	80,000.00	Failed valves need replacement	
4 Membrane Module Replacement	4,755.00	104	494,519.00	End of expected life span	
5 GAC Replacement	145,000.00	1	140,500.00	Media is exhausted	
6 Camera Upgrade	260,000.00	1	260,000.00	Required update	
7 Building UPS' Replacement	9,000.00	4	36,000.00	Required update	
8 PLC Replacement	150,000.00	5	750,000.00	Current model obsolete	
9 Surge Tank Bladder Replacement	20,000.00	3	60,000.00	Failed need replacement	
10 Building UPS' replacement	9,000.00	3	63,000.00	Required update	
			\$1,935,019	FY25 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 2025 Operating Budget of \$8,512,347 with the annual contribution of \$1,935,019 for the Major Repair and Replacement Fund, for a total request of \$10,447,366. We appreciate the input and support from our partners and our Buckman Direct Diversion Board Members.

Fiscal Year 2025 Funding Allocation

TABLE L

Funds	City of Santa Fe	Santa Fe County	Las Campanas (Club)	Las Campanas (Coop)	Total
Operating Fund	\$ 5,738,702	\$ 2,210,048	\$ 265,621	\$ 68,476	\$ 8,282,847
			PNM Solar Rebate Revenue		120,000
			Federal Funds		96,000
			County Conservation Fee		13,500
					\$ 8,512,347
Major Repair & Replacement Fund	1,375,667	483,190	33,251	42,911	1,935,019
Total Fiscal Year 2025 Request	\$ 7,114,369	\$ 2,693,238	\$ 298,872	\$ 111,387	\$ 10,447,366