SANTA FE WATER REUSE FEASIBILITY STUDY

Community Benefits of the Highest-Ranked Water Reuse Alternative

The Feasibility Study evaluated seven water reuse alternatives in depth, ranging from expanding non-potable uses (primarily irrigation) to augmenting supplies in our reservoirs, rivers, and groundwater.

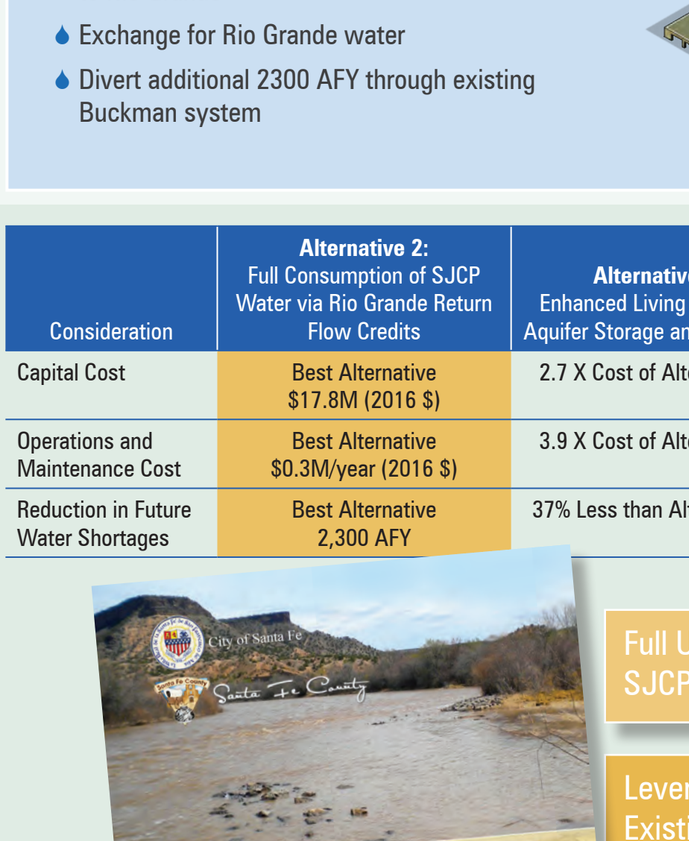
1. Expand Non-Potable Reuse — CONVEYANCE
2. Rio Grande Return Flow Credits — CONVEYANCE
3. Enhanced Living River and Aquifer Storage and Recovery
4. Aquifer Storage and Recovery via Lower Santa Fe River
5. Buckman Wells ASR
6. Augment Nichols Reservoir
7. Direct Potable Reuse

Indirect or Direct Potable Reuse — CONVEYANCE; Advanced Water Purification Facility

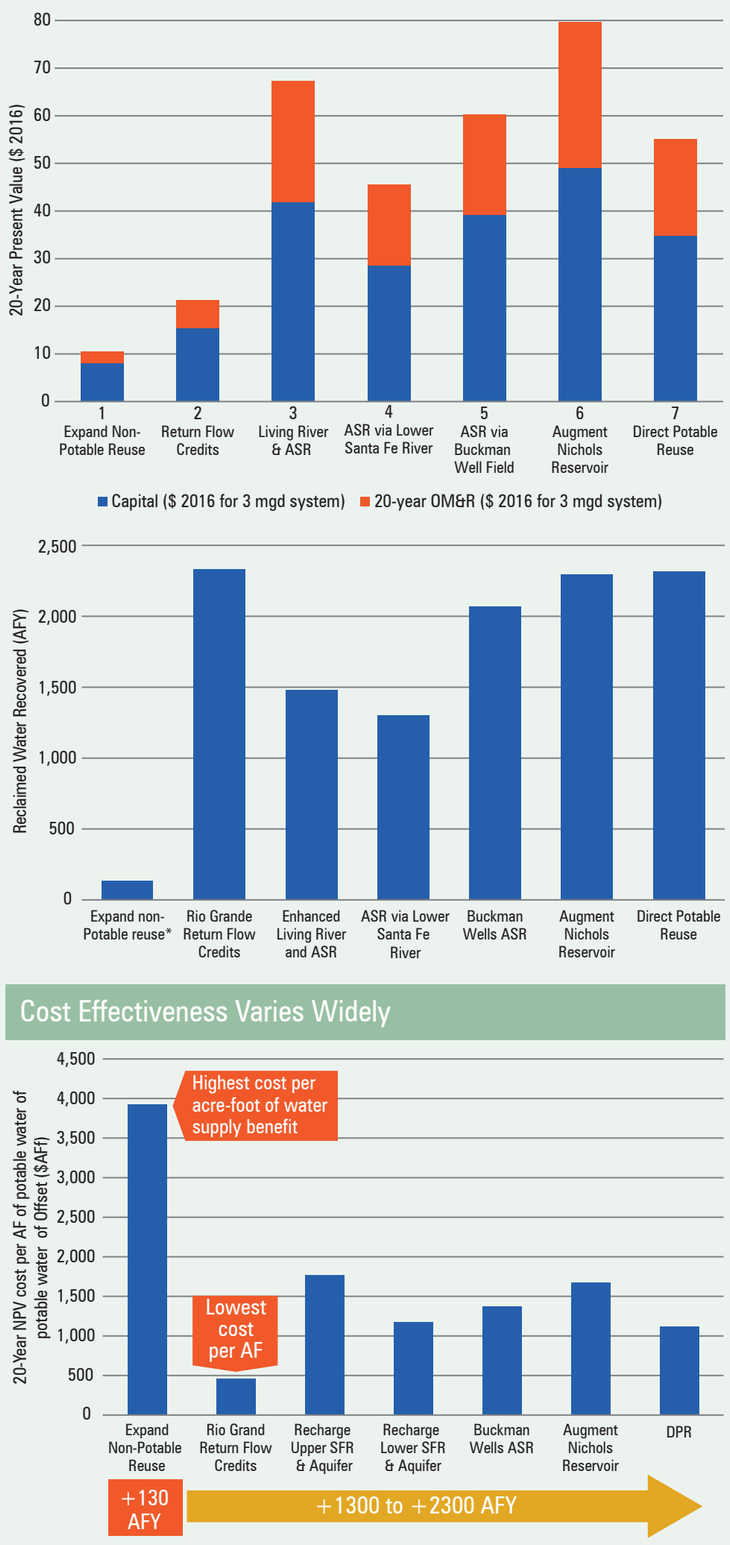
The alternatives underwent a rigorous engineering analysis to evaluate how each alternative would address the community's needs and values. Criteria included 13 economic and non-economic measures, in five major categories.

- **ECONOMIC:** Cost-Effective Supply Augmentation
- **ENVIRONMENTAL:** Protect and Sustain the Environment
- **SOCIAL:** Public Benefit and Social Acceptability
- **TECHNICAL/OTHER:** Timely Implementability and Operability
- **TECHNICAL/OTHER:** Project Risk Mitigation

The primary objective of the Feasibility Study was to find the best way to increase our sustainable use of locally available water supplies. Cost-effectiveness is a function of up-front capital and ongoing operating costs and the amount of water produced. **Alternative 2** produces the most water supply benefit and has low costs.



Four alternatives were evaluated in further detail, using rigorous engineering analyses to refine costs and characterize benefits. **Alternative 2** was found to best meet the community's needs while reflecting its values and priorities. It minimizes costs by avoiding the need for advanced water purification technologies, and leverages our existing investments in the Buckman Direct Diversion System.

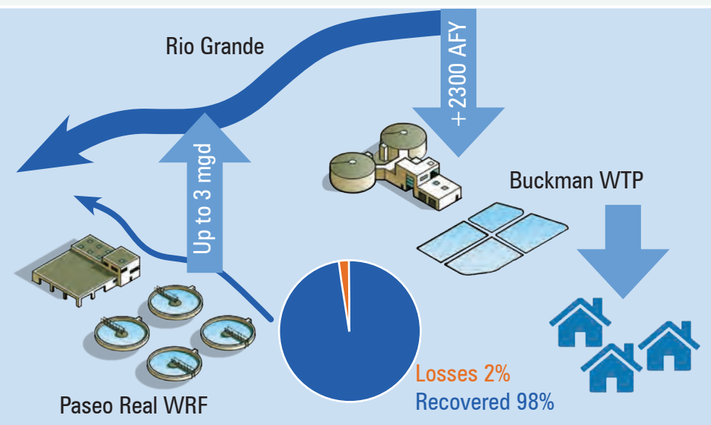


Cost Effectiveness Varies Widely

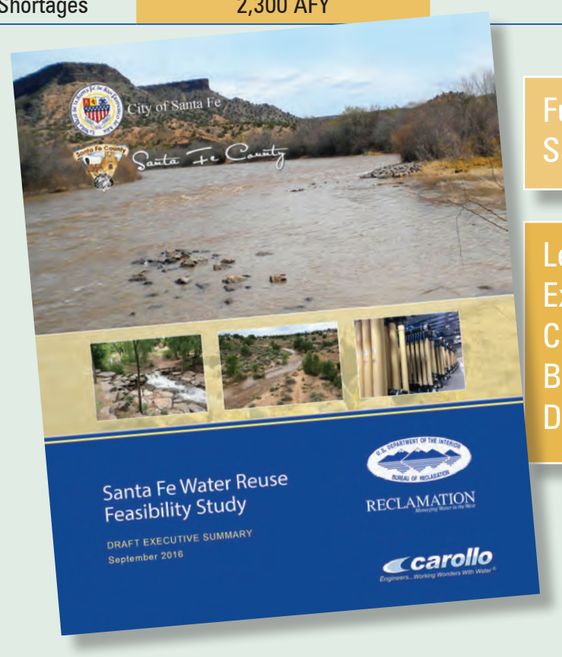
ALTERNATIVE 2

Full Use of SJCP Rights via Rio Grande Return Flow Credits

- Reroute up to 3 mgd WRF discharge by pumping to Rio Grande
- Exchange for Rio Grande water
- Divert additional 2300 AFY through existing Buckman system



Consideration	**Alternative 2:** Full Consumption of SJCP Water via Rio Grande Return Flow Credits	**Alternative 3:** Enhanced Living River and Aquifer Storage and Recovery	**Alternative 4:** Aquifer Storage and Recovery via Lower Santa Fe River	**Alternative 7:** Direct Potable Reuse
Capital Cost	Best Alternative $17.8M (2016 $)	2.7 X Cost of Alternative 2	1.7 X Cost of Alternative 2	2.1 X Cost of Alternative 2
Operations and Maintenance Cost	Best Alternative $0.3M/year (2016 $)	3.9 X Cost of Alternative 2	2.4 X Cost of Alternative 2	2.8 X Cost of Alternative 2
Reduction in Future Water Shortages	Best Alternative 2,300 AFY	37% Less than Alternative 2	44% Less than Alternative 2	Similar to Alternative 2



- Full Use Of SJCP Water
- Leverages Existing Capacity in Buckman Direct Diversion
- Lowest Cost
- No Advanced Treatment
- Best Return on Investment
- Least Complex Permitting and Implementation
- Flexible and Adaptable