



Agenda

CITY CLERK'S OFFICE

DATE 7/30/14 TIME 8:37

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**PUBLIC UTILITIES COMMITTEE
MEETING & TOUR
BUCKMAN REGIONAL WATER TREATMENT PLANT
341 Caja del Rio
WEDNESDAY, AUGUST 6, 2014
REGULAR MEETING – 4:30 P.M.**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM THE JULY 2, 2014 PUC MEETING

INFORMATIONAL ITEMS

6. PNM Fuel Cost Adjustment Temporary Increase. (Nick Schiavo) (5 min.)

CONSENT – INFORMATION ITEMS

7. Status Report on the Environmental Services Division. (Lawrence Garcia)
8. Update on Current Water Supply Status. (Victor Archuleta)
9. Drought, Monsoon and Water Resource Management Update. (Rick Carpenter)
10. Update on the McClure/Nichols Reservoir Project. (Alex Puglisi and Robert Jorgensen)
11. Update on the new Utility Billing Software system implementation. (Diana Catanach)

CONSENT – ACTION CALENDAR

12. Request for approval of award of RFB No. '14/41/B to Great Southwest Meter for meter testing services for the amount of \$100,000.00 exclusive of NMGRT. (Mike Moya)

Public Utilities Committee – 8/6/14
Finance Committee – 8/18/14
City Council – 8/27/14

13. Request for approval of an Exempt Procurement Professional Services Agreement with Wunderlich-Malec Systems for 24 hour services for SCADA for the Canyon Road Water Treatment Plant for the amount of \$20,000.00 exclusive of NMGRT. (Alex Puglisi / Alex Gamino)

Public Utilities Committee – 8/6/14
Finance Committee – 8/18/14
City Council – 8/27/14

14. Request for approval Professional Services Agreement with Automation Electric for services provided for our Source of Supply Section for the total amount of \$30,000.00 exclusive of NMGRT. (Alex Puglisi and Alex Gamino)

Public Utilities Committee – 8/6/14
Finance Committee – 8/18/14
City Council – 8/27/14

15. Request for approval of Professional Services Agreement with Hall Environmental Analysis Inc. for water testing for the Source of Supply Section for the total amount of \$10,000.00 exclusive of NMGRT. (Alex Puglisi and Victor Archuleta)

Public Utilities Committee – 8/6/14
Finance Committee – 8/18/14
City Council – 8/27/14

16. Request for approval of Change Order No. 3 to the contract with Guaranteed Waterproofing & Construction for the Hospital Tank Coating Application Project to cover installation of a perimeter security fence for the total amount of \$39,352.79 exclusive of NMGRT. (Bill Huey)

- a. Request for approval of Budget Adjustment Request.

Public Utilities Committee – 8/6/14
Finance Committee – 8/18/14
City Council – 8/27/14

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PUBLIC UTILITIES COMMITTEE MEETING
Wednesday, August 6, 2014

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, August 6, 2014**

1. CALL TO ORDER

A meeting of the Public Utilities Committee was called to order by Councilor Christopher M. Rivera, Chair, at approximately 5:10 p.m., on Wednesday, August 6, 2014, held at the Buckman Regional Water Treatment Plant, 341 Caja del Rio, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Christopher M. Rivera, Chair
Councilor Joseph Maestas
Councilor Peter N. Ives

MEMBERS EXCUSED:

Councilor Patti J. Bushee
Councilor Bill Dimas

OTHERS PRESENT:

Nick Schiavo, Acting Public Utilities Director
Stephanie Lopez, Public Utilities
Marcos Martinez, Assistant City Attorney
Elizabeth Martin for Melessia Helberg, Stenographer

There was a quorum of the membership present for conducting official business.

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Committee packet is on file in the Public Utilities Department.

3. APPROVAL OF AGENDA

MOTION: Councilor Maestas moved, seconded by Councilor Ives, to approve the Agenda as presented.

VOTE: The motion was approved unanimously on a voice vote.

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Ives moved, seconded by Councilor Maestas, to approve the following Consent Informational Calendar and Consent Action Calendar as amended.

VOTE: The motion was approved unanimously on a voice vote.

CONSENT – INFORMATION ITEMS

7. *[Removed for discussion by Councilor Ives]*
8. **UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)**
9. **DROUGHT, MONSOON AND WATER RESOURCE MANAGEMENT UPDATE. (RICK CARPENTER)**
10. **UPDATE ON THE McCLURE/NICHOLS RESERVOIR PROJECT. (ALEX PUGLISI AND ROBERT JORGENSEN)**
11. **UPDATE ON THE NEW UTILITY BILLING SOFTWARE SYSTEM IMPLEMENTATION. (DIANA CATANACH)**

CONSENT – ACTION CALENDAR

12. **REQUEST FOR APPROVAL OF AWARD OF RFB NO. 14/41/B TO GREAT SOUTHWEST METER FOR METER TESTING SERVICES FOR THE AMOUNT OF \$100,000, EXCLUSIVE OF NMGR. (MIKE MOYA) Committee Review: Public Utilities Committee 08/06/14; Finance Committee 08/18/14; and City Council 08/27/14.**

13. *[Removed for discussion by Councilor Ives]*
14. *[Removed for discussion by Councilor Ives]*
15. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH HALL ENVIRONMENTAL ANALYSIS, INC., FOR WATER TESTING FOR THE SOURCE OF SUPPLY SECTION FOR THE TOTAL AMOUNT OF \$10,000.00, EXCLUSIVE OF NMGR. (ALEX PUGLISI/VICTOR ARCHULETA) Committee Review: Public Utilities Committee 08/06/14; Finance Committee 08/18/14; and City Council 08/27/14.**
16. *[Removed for discussion by Councilor Ives]*

5. APPROVAL OF MINUTES FROM THE JULY 2, 2014 PUC MEETING

MOTION: Councilor Maestas moved, seconded by Councilor Ives, to approve the minutes of the meeting of July 2, 2014, as submitted.

VOTE: The motion was approved unanimously on a voice vote.

INFORMATIONAL ITEMS

6. PNM FUEL COST ADJUSTMENT TEMPORARY INCREASE. (NICK SCHIAVO)

Mr. Schiavo said, 5 years ago PNM got permission from the PRC to implement a fuel surcharge, and PNM was allowed to pass along the costs rather than having to wait until they asked for a rate increase. PNM had been under-recovering for a period of time and asked for an increase over 18 months to make up for under-recovery. He noted this information is in the Committee packet. The City of Santa Fe will see a 5% increase in their bills. After 18 months, PNM will then reset the numbers quarterly, up or down, as appropriate.

Councilor Ives asked if this will impact the budget the City just approved, and if so, will the City will need to find a quarter of a million dollars for new costs.

Mr. Schiavo said those costs will be spread over a period of 18 months, so we will need three-quarters of that amount. He said we did not have a "heads up from" PNM, noting they just contacted him in June.

Councilor Maestas asked the percentage of increase.

Mr. Schiavo noted that this information is in the Committee packet, which shows the actual cost. The increase is .005 cents per kWh, which is an increase of roughly 5%.

Responding to Councilor Maestas, Mr. Schiavo said the total impact to the consumer's bill is about 5%. He said we are now underbudgeted by 5%.

Chair Rivera asked if all of the accounts the City has with PNM are represented in the details of the handout.

Mr. Schiavo said the major 40-50 City accounts are on the spread sheet.

Chair Rivera asked what is the total impact to the City.

Mr. Schiavo said it will be about \$260,000.

Chair Rivera asked if the City Manager is aware of this.

Mr. Schiavo said yes. He said the City Manager wanted him to bring this issue to the Public Utilities Committee today, and to the Finance Committee at its next meeting, if it is approved to move forward by this Committee.

Chair Rivera said he would like this to move forward to the Finance Committee.

Councilor Maestas asked if we can work to ensure that in the future, we do not have the same kind of "sticker shock."

Mr. Schiavo said yes, noting that the action by the PRC now allows PNM to just pass on the increases to the customer.

Councilor Ives said the agreement PNM reached with the PRC was to avoid an increase in rates or at least put it off.

CONSENT DISCUSSION

7. STATUS REPORT ON THE ENVIRONMENTAL SERVICES DIVISION. (LAWRENCE GARCIA)

Councilor Ives asked Mr. Garcia what we need to do to increase our recycling participation rates – what are his thoughts on how we get there and what measures we may need to undertake.

Mr. Garcia said he would bring that information to the next PUC meeting.

Councilor Ives asked Mr. Garcia if the information is available on greenhouse gas emission calculations, and if so, he would like a copy.

Mr. Garcia said the final data collection is being completed now, so the information is not available at this time. He said that will be finished soon, and he will provide him with a copy of the requested information.

Councilor Ives asked for a hard copy as well as an electronic copy.

Mr. Garcia said he would do so.

Councilor Ives said you indicated that we will be receiving less grant funds from the New Mexico Clean and Beautiful grant, and asked the reason for the reduction.

Mr. Garcia asked Gilda Montano to respond.

Ms. Montano said there were extra monies available last year, which are not available this year. She said they told us this would be the case when we received our grant award last year.

Councilor Ives asked if the decrease was proportional across the State.

Ms. Montano said we received more than we have in previous years, noting Albuquerque gets a huge amount. She said Santa Fe received about the same amount as Las Cruces. She said she can forward him the list if he would like.

Councilor Ives said he would like for her to do so.

Mr. Garcia said he will get that information to Councilor Ives.

Councilor Ives said Mr. Garcia indicates in his Memorandum on page 4, that 'We are working with the private haulers to assure a smooth transition.' He asked if the transition is truly going smoothly and if we have been able to work through the issues with the private haulers.

Mr. Garcia said they are working through the issues person by person. He said it now is working smoothly. He said they worked with the haulers, and are now working with the contractors and the customers in the annexation areas.

MOTION: Councilor Ives moved, seconded by Councilor Maestas, to approve this request.

VOTE: The motion was approved unanimously on a voice vote.

13. **REQUEST FOR APPROVAL OF AN EXEMPT PROCUREMENT PROFESSIONAL SERVICES AGREEMENT WITH WUNDERLICH-MALEC SYSTEMS FOR 25 HOUR SERVICES FOR SCADA FOR THE CANYON ROAD WATER TREATMENT PLANT FOR THE AMOUNT OF \$20,000.00, EXCLUSIVE OF NMGR. (ALEX PUGLISI/ALEX GAMINO) Committee Review: Public Utilities Committee 08/06/14; Finance Committee 08/18/14; and City Council 08/27/14.**

Items 13 and 14 were combined for purposes of presentation and discussion, but were voted upon separately.

Councilor Ives said, "I have the same question for this one and for number 14. Are we making sure to keep IT informed on these projects."

Mr. Schiavo said, "We are working hand in hand with IT."

MOTION: Councilor Maestas moved, seconded by Councilor Ives, to approve this request.

VOTE: The motion was approved unanimously on a voice vote.

14. **REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH AUTOMATION ELECTRIC FOR SERVICES PROVIDED FOR OUR SOURCE OF SUPPLY SECTION FOR THE TOTAL AMOUNT OF \$30,000.00, EXCLUSIVE OF NMGR. (ALEX PUGLISI/ALEX GAMINO) Committee Review: Public Utilities Committee 08/06/14; Finance Committee 08/18/14; and City Council 08/27/14.**

MOTION: Councilor Maestas moved, seconded by Councilor Ives, to approve this request.

VOTE: The motion was approved unanimously on a voice vote

16. **REQUEST FOR APPROVAL OF CHANGE ORDER NO. 3 TO THE CONTRACT WITH GUARANTEED WATERPROOFING & CONSTRUCTION FOR THE HOSPITAL TANK COATING APPLICATION PROJECT TO COVER INSTALLATION OF A PERIMETER SECURITY FENCE FOR THE TOTAL AMOUNT OF \$39,352.79, EXCLUSIVE OF NMGR. (BILL HUEY)**

A. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUEST.

Committee Review: Public Utilities Committee 08/06/14; Finance Committee 08/18/14; and City Council 08/27/14.

Councilor Ives said he understands from the Memorandum that we have unforeseen issues with the membrane.

Mr. Bill Huey, project manager, said this is on the hospital tank. He said they applied coating to the inside and then investigated the structure out to the old valve, and found leakage in the old piping. He said the engineers recommended a flexible liner, and for MPA Construction to be the contractor to do the work. He said to connect the liner, they had to build a structure in the bottom of the tank to connect it to, noting that was approved in November 2013. He said additional work is necessary to get it fixed, which was after the original amendment. He said GWC took on part of the cost above what we are asking for today.

Councilor Ives said he appreciates it when staff looks after the City's interest. He said it is difficult to know if there has been a failure of goods or services "from up here." He said this is good to hear and he applauds staff's efforts. He said they are doing a good job and said "keep on protecting the City's interest."

MOTION: Councilor Maestas moved, seconded by Councilor Ives, to approve this request.

VOTE: The motion was approved unanimously on a voice vote

DISCUSSION AND ACTION ITEMS

17. **UPDATE ON LEGAL ACTION(S) BY WILD EARTH GUARDIANS FILED AGAINST THE U.S. ARMY CORPS OF ENGINEERS AND BUREAU OF RECLAMATION REGARDING ENDANGERED SPECIES ACT ISSUES IN THE MIDDLE RIO GRANDE. (SHANNON JONES AND KYLE HARWOOD)**

Councilor Maestas disclosed that he is employed by the Bureau of Reclamation, and will be recusing himself on this item. He said, "I will remain in the room and not participate in the discussion."

Kyle Harwood, Counsel, Buckman Direct Diversion Board, reviewed the information in his Memorandum of July 29, 2014, with attachments, to the Buckman Direct Diversion Board, regarding this case: *WildEarth Guardians v. Bureau of Reclamation and Army Corps of Engineers*, Case No. 1:12-CV-00666.

Kyle Harwood said there is a companion item on the agenda for the BDD Board meeting tomorrow evening. He said, "You may know that WildEarth has been threatening with a notice of intent to sue. I don't know how much briefing this committee has gotten. I have been doing updates at the Buckman Board meetings. To remind this committee, the Buckman Board holds the environmental permits for diverting at the river. What is diverted at the river is owned by the City, County and Las Campanas. The board has directed me and Co-Counsel to monitor issues for the sake of the permits. Nancy Long is my Co-Counsel."

Mr. Harwood continued, "The Complaint was finally filed on July 24, 2014. The WildEarth Guardians are the successor non profit to the Forest Guardians. This was filed as a citizen suit under the provisions of the Endangered Species Act. They are required to notify intent of us of their intent to sue, then there is a 60-day waiting period to work together to avoid the suit. Nothing was worked out. Now the relevant deadline is September 29, 2014. The lawsuit attaches the United States Bureau of Reclamation ["BOR"] and the United States Army Corps of Engineers ["Corps"]. On Sept 29, 2014, the Bureau of Reclamation and the Corps of Engineers will respond."

Mr. Harwood said the short version is that he feels it is prudent to wait and see what the BOR and the Corps do in the way of responses. He said this will define how the lawsuit proceeds.

Mr. Harwood said at the beginning, we were wrestling with this lawsuit and attempted to intervene with along with the County, but were denied. We filed *amicus* briefs, vacating some issues and other issues were rendered null and void. There was a messy set of decisions and guidance, and 10 years of litigation. He said, "We are now on the cusp of significant new litigation."

Mr Harwood said the supplies of water in the middle Rio Grande are affected by the drought. He said, "However, there has never not been 100% delivery since the project started, even in drought conditions." He said the Wild Earth Guardians have concerns about how the Corps runs its flood control facilities and how the BOR runs its facilities. Our concern is how things will change as the "lawsuit bounces" as it moves forward. He said we don't know what issues will be raised and what sorts of concerns will come up. He said 12 years ago it was a natural decision to stay low and observe what occurred. However, the case took a dangerous turn and is bearing down directly on Chama water, which is when we tried to intervene and were denied.

Mr. Harwood said, since then Albuquerque has spent \$250 million on its facility, commenting that San Juan and native water rights are involved. He said it will become a relevant question as to whether the boards will just monitor the action, or whether they will take a more formal path forward.

Mr. Harwood said, "I have more I can talk with you about. I look forward to working with City counsel Marcos Martinez. No matter how it looks at the beginning, there is a risk on how the Judge will act. We don't know who the main judge will be."

Mr. Harwood said he is before this Committee at the request of Rick Carpenter, noting he will be giving this same presentation tomorrow night to the BDD Board.

Mr. Harwood asked Shannon Jones if he had anything to add.

Mr. Jones said, "No. That pretty much sums it up."

Chair Rivera asked Mr. Martinez if he had anything to add.

Mr. Martinez said, "I concur with the recommendation that we should wait and see how things unfold before we take action."

Councilor Ives said he would love to see the prior Motions to Intervene, Judge's rulings, *Amicus* Briefs, and any issues raised in the *Amicus* briefs.

Mr. Harwood said he can provide that information.

Councilor Ives said, even though we might not want to do anything at this point, he thinks it would be prudent to engage with the BOR and the Corps on their approach. He thinks it might be of benefit to let them know where we are coming from.

Mr. Harwood said the BDD has asked staff to attend the collaborative meetings, which he and Mr. Carpenter have been doing. He said the BDD is well aware of the San-Juan Chama connection and issues. He said, "I spent some time recently on the phone with Josh Mann, the area manager at the solicitors office. He will be the lead attorney on the case. He is well aware of the issues and is looking at a very big landscape of issues. I spoke with Mike Hammond as well."

Mr. Harwood said, as a former employee of the City, he is very aware of the importance of this water to the City as well as the investments the City has made in water.

Councilor Ives said, "I am glad to see they were of the opinion that none of this can meet the State's obligations to Texas."

Mr. Harwood said Paragraph 88 of the Complaint contains language about the use of San Juan-Chama water.

Councilor Ives said there are two ways to interpret that.

Mr. Harwood said the good news is that this is aimed at federal agencies for federal agency discretionary decisions. It could have gone after facility biological opinions regarding the minnow world. It is good they did not call that out.

Mr. Harwood said the other good news is that this is not a scorched earth complaint. They did not make it bitter, but that may change. He said at the end of the Complaint they do not ask for relief, other than a finding of failure to meet requirements. They want the Bureau and the Corp to get back into consultation regarding the minnow. They want a comprehensive plan with minnow in the mix. He said the Corps abruptly withdrew from the process. He said they want all parties to get back into working on the issues.

Mr. Harwood said, regarding the "bad and the ugly," he really can't discuss that with the Committee unless it goes into an Executive Session.

Councilor Ives said, "I don't have a sense of relief yet."

Mr. Harwood said they have concerns about the language of the Complaint, commenting they have "pulled the trigger" and that gives us a series of unknown issues.

This was an information item only, and no action was taken.

18. REQUEST FOR APPROVAL TO CREATE, POST AND FILL AN ANTI-GRAFFITI PROGRAM MANAGER POSITION. (LAWRENCE GARCIA)

Mr. Schiavo said in December 2013, the Governing Body adopted a Resolution transferring the City's Anti-Graffiti Program staff to Keep Santa Fe Beautiful. The program went into effect this year. He said, "I have requested to have Gilda's position upgraded. That request could not be approved because she is in a union position and she would manage people. At this time I am asking permission to create a position and post this position to be filled."

Chair Rivera asked if the inability to reclassify Gilda's position is a part of the collective bargaining agreement with AFSCME.

Mr. Schiavo said, "Yes, it is."

Chair Rivera asked if Human Resources worked through with this effort..

Mr. Schiavo said, "Yes. And the union did not want to convert the union position to a management position."

Chair Rivera asked if this position would be "over Gilda as well."

Mr. Schiavo said yes it will.

Chair Rivera asked if this includes Keep Santa Fe Beautiful as well.

Mr. Schiavo said yes it does.

Councilor Ives said the Governing Body shifted the program from the Police Department to Keep Santa Fe Beautiful, and this request is in response to that action.

Mr. Schiavo said, "Yes. That is correct."

MOTION: Councilor Ives moved, seconded by Councilor Maestas, to approve this request.

DISCUSSION: Councilor Maestas asked if there is funding in the budget for this position.

Mr. Schiavo said there is \$100,000 in vacancy savings for this year. He said next year, the vacancy savings will be included as a part of the budget.

VOTE: The motion was approved unanimously on a voice vote.

MATTERS FROM THE PUBLIC

There were no matters from the public.

MATTERS FROM THE CITY ATTORNEY

There were no matters from the City Attorney.

ITEMS FROM STAFF

There were no items from staff.

MATTERS FROM THE COMMITTEE

Councilor Maestas said he received a copy of the Solid Waste Assessment, about which we will hear more in the future. He thinks it would be helpful if we would start working right away on the recommendations and develop a plan of implementation. He said doing this would help us to answer inquiries from the media, and to strategize about how we are going to address these issues, one of which is our dismal recycling rate.

Councilor Maestas continued, saying he assumes, in developing a plan and prioritizing the issues, it will take a comprehensive team. He said Mr. Schiavo could begin to identify the team and team assignments, as well as developing a strategy to move forward. He said, "We need to be bold on how we assess this and to move quickly on the recommendations." He said he was hoping the Assessment would address governance, but it is more keyed toward operations and equipment.

Councilor Maestas observed that we need to get a head start on this right now, and not cherry pick what we want to work on while everything else sits on the shelf, commenting that Mr. Garcia doesn't need to respond right now.

Mr. Schiavo said, "I think that is a great plan. I can start identifying how much each item costs and bring that back to the committee for planning."

Chair Rivera said Mr. Schiavo needs to get with everyone involved, and see what can be implemented in the short term and in the long term.

Mr. Schiavo said he has worked with staff all along, and everything can be implemented, but it is a matter of the cost of the implementation.

Councilor Ives said he requested earlier in the meeting that staff look at measures to promote recycling. He said it would be great if that could be considered within the context of this request.

Councilor Maestas said one of the things the media brought up was the potential for rate increases. He said, "Maybe you can think about how we can get the public to take on more of a sense of ownership in the solvency of these funds and payment of debt service." He said we need to be prepared as we talk about potential rate increases.

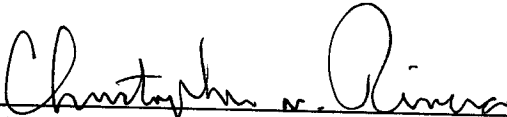
Councilor Maestas continued, saying, we should try to get ahead of this, knowing the public may not be happy with what has to be done. He said we need to approach this in the best way possible. He said he spoke with the City Manager about it. He said the public needs to understand that the Water Division is an enterprise and that the General Fund is separate from that. He said we need a broad strategy for gaining public acceptance of the things we need to do.

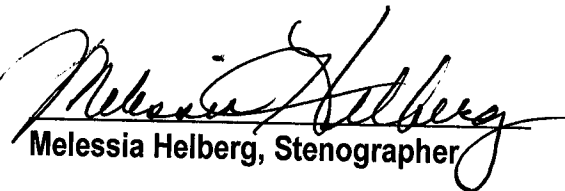
Mr. Schiavo said staff can do a better job if we get information on the rates in the surrounding communities and states, commenting Santa Fe has one of the lowest rates. He said we also are considering pay-as-you-throw as an option.

NEXT MEETING: WEDNESDAY, SEPTEMBER 3, 2014.

ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 5:30 p.m.


Christopher M. Rivera, Chair


Melessia Helberg, Stenographer