



# Agenda

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**PUBLIC UTILITIES COMMITTEE  
MEETING  
CONVENTION CENTER  
CORONADO ROOM  
201 W. Marcy Street  
WEDNESDAY, MARCH 2, 2016  
REGULAR MEETING – 5:00 P.M.**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM THE FEBRUARY 3, 2015 PUC MEETING
- 6.

**INFORMATIONAL ITEMS**

7. Update on Current Water Supply Status. (Alex Puglisi)
8. Wastewater Management Division Information Update. (Shannon Jones)
9. Financial Health Update of the Utility Funds. (Nick Schiavo & Jason Mumm)

**CONSENT – ACTION CALENDAR**

10. Update on Low Income Credit Policy. (Nick Schiavo)
11. Request for approval of Amendment No. 4 to the agreement with TLC, Inc. for the FY 2013/2014 Wastewater Division Publicly Owned Treatment Works Repair, Replacement and Extension Contract – CIP # 947 for the amount of \$88,555.00 exclusive of NMGR. (Jerry Tapia)

Public Utilities Committee – 3/2/16  
Finance Committee – 3/14/16

- City Council – 3/30/16
12. Request for approval of Change Order No. 12 to the contract Item # 13-0511 with RMCI, Inc. for the Santa Fe Reservoir Infrastructure Improvements for the total decreased amount of \$187,888.24 inclusive of NMGRT. (Robert Jorgensen)
- Public Utilities Committee – 3/2/16  
Finance Committee – 3/14/16  
City Council – 3/30/16
13. Request for approval to purchase a replacement Sewer Rodder Truck for FA# 26273 for the Wastewater Management Division for \$108,241.00. (Jerry Tapia)
- a. Request for approval of a Budget Adjustment Request for the amount of \$108,241.00.
14. Request for approval of one (1) Toilet Retrofit Credit buy back contract with Aldea, LLC totaling 26.475 acre-feet of water for the amount of \$317,000.00. (Andrew Erdmann)
- a. Request for approval of a Budget Adjustment Request for the amount of \$150,000.00.
15. Request for approval to purchase twenty-four (24) eight cubic yard and fifty-six (56) four cubic yard front load refuse and recycling containers. Pricing was received via Cooperative Marketing Agreement. (Shirlene Sitton and Lawrence Garcia)
- Public Utilities Committee – 3/2/16  
Finance Committee – 3/14/16  
City Council – 3/30/16
16. Request for approval to purchase six (6) automated side-load recycling collection vehicles for the conversion of the residential recycling program from 14-gallon bins to roll carts. Pricing was received via a Cooperative Educational Service (CES). (Shirlene Sitton and Lawrence Garcia)
- Public Utilities Committee – 3/2/16  
Finance Committee – 3/14/16  
City Council – 3/30/16

## **DISCUSSION AND ACTION**

17. Request for approval of Resolution No. 2016-\_\_\_\_. A resolution directing the City Manager to develop a Stormwater Management Program that updates the City's Stormwater Management Policies in furtherance of the City's Environmental and Sustainability Policies and Goals. (Melissa McDonald) (Councilor Ives)

River Commission – 2/11/2016  
Sustainable Santa Fe – 2/17/2016  
Public Works Committee – 2/22/2016  
Finance Committee – 2/29/2016  
Public Utilities Committee – 3/2/2016  
City Council – 3/9/2016

**MATTERS FROM THE PUBLIC**

**MATTERS FROM THE CITY ATTORNEY**

**MATTERS FROM STAFF**

**MATTERS FROM THE COMMITTEE**

**NEXT MEETING: Wednesday, April 6, 2016**

**ADJOURN**

**STAFF COMMENTS: [REDACTED]**  
**THE MEETING PAGE**

**SUMMARY INDEX  
PUBLIC UTILITIES COMMITTEE MEETING  
Wednesday, March 2, 2016**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
CALL TO ORDER & ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
APPROVAL OF CONSENT AGENDA	Approved [amended]	2
CONSENT – ACTION CALENDAR LISTING		2-3
APPROVAL OF MINUTES FROM THE FEBRUARY 6, 2016 PUC MEETING	Approved	3
<u>INFORMATIONAL ITEMS</u>		
UPDATE ON CURRENT WATER SUPPLY STATUS	Information/discussion	3-4
WASTEWATER MANAGEMENT DIVISION INFORMATION UPDATE	Information/discussion	4-5
FINANCIAL HEALTH UPDATE OF THE UTILITY FUNDS	Information/discussion	6-12
<u>CONSENT – ACTION CALENDAR DISCUSSION</u>		
REQUEST FOR APPROVAL TO PURCHASE A REPLACEMENT SEWER RODDER TRUCK FOR FA #26273 FOR THE WASTEWATER MANAGEMENT DIVISION FOR \$108,241	Approved	12
REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUEST FOR THE AMOUNT OF \$108,241	Approved	12
REQUEST FOR APPROVAL TO PURCHASE TWENTY-FOUR (24) EIGHT CUBIC YARD AND FIFTY-SIX (56) FOUR CUBIC YARD FRONT LOAD REFUSE AND RECYCLING CONTAINERS. PRICING WAS RECEIVED VIA COOPERATIVE MARKETING AGREEMENT	Approved	13

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
REQUEST FOR APPROVAL TO PURCHASE SIX (6) AUTOMATED SIDE-LOAD RECYCLING COLLECTION VEHICLES FOR THE CONVERSION OF THE RESIDENTIAL RECYCLING PROGRAM FROM 14-GALLON BINS TO ROLL CARTS. PRICING WAS RECEIVED VIA A COOPERATIVE EDUCATIONAL SERVICE (CES)	Approved	13-14
<u>DISCUSSION AND ACTION</u>		
REQUEST FOR APPROVAL OF RESOLUTION NO. 2016- ____ A RESOLUTION DIRECTING THE CITY MANAGER TO DEVELOP A STORMWATER MANAGEMENT PROGRAM THAT UPDATES THE CITY'S STORMWATER MANAGEMENT POLICIES IN FURTHERANCE OF THE CITY'S ENVIRONMENTAL AND SUSTAINABILITY POLICIES AND GOALS	Approved	14-16
MATTERS FROM THE PUBLIC	None	16
MATTERS FROM THE CITY ATTORNEY	None	16
ITEMS FROM STAFF	None	16
MATTERS FROM THE COMMITTEE	Information/discussion	16-17
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ADJOURN		17

**MINUTES OF THE  
CITY OF SANTA FE  
PUBLIC UTILITIES COMMITTEE  
Wednesday, March 2, 2016**

**1. CALL TO ORDER**

A meeting of the Public Utilities Committee was called to order by Councilor Christopher M. Rivera, Chair, at approximately 5:00 p.m., on Wednesday, March 2, 2016, in the Coronado Room, Santa Fe Community Convention Center, 201 W. Marcy Street, Santa Fe, New Mexico.

**2. ROLL CALL**

**MEMBERS PRESENT:**

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

**MEMBERS EXCUSED:**

Councilor Bill Dimas

**OTHERS PRESENT:**

Nick Schiavo, Public Utilities Director  
Stephanie Lopez, Public Utilities  
Marcos Martínez, 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 Bushee moved, seconded by Councilor Maestas, to approve the Agenda as presented.

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

#### 4. APPROVAL OF CONSENT AGENDA

**MOTION:** Councilor Bushee moved, seconded by Councilor Maestas, to approve the following Consent Action Calendar, as amended.

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

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Chair Rivera said this is Councilor Bushee's last meeting, and on behalf of the Public Utilities Committee, presented her with a gift and a card signed by everyone.

Councilor Bushee said she appreciates all the Water Department does for the City. She said the PUC is one of her favorite committees. She thanked the Committee for the gift.

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#### CONSENT – ACTION CALENDAR

10. UPDATE ON LOW INCOME CREDIT POLICY. (NICK SCHIAVO)
11. REQUEST FOR APPROVAL OF AMENDMENT NO. 4 TO THE AGREEMENT WITH TLC, INC., FOR THE FY 2013/2014 WASTEWATER DIVISION PUBLICLY OWNED TREATMENT WORKS REPAIR, REPLACEMENT AND EXTENSION CONTRACT – CIP #947 FOR THE AMOUNT OF \$88,555, EXCLUSIVE OF NMGR. (JERRY TAPIA) Committee Review: Public Utilities Committee 03/02/16; Finance Committee – 03/14/16; and City Council - 03/30/16.
12. REQUEST FOR APPROVAL OF CHANGE ORDER NO. 12 TO THE CONTRACT ITEM #13-0511 WITH RMCI, INC., FOR THE SANTA FE RESERVOIR INFRASTRUCTURE IMPROVEMENTS FOR THE TOTAL DECREASED AMOUNT OF \$187,888.24, INCLUSIVE OF NMGR. (ROBERT JORGENSEN) Committee Review: Public Utilities Committee 03/02/16; Finance Committee – 03/14/16; and City Council - 03/30/16.
13. *[Removed for discussion by Councilor Rivera]*
14. REQUEST FOR APPROVAL OF ONE (1) TOILET RETROFIT CREDIT BUYBACK CONTRACT WITH ALDEA, LLC, TOTALING 26.475 AFY FOR THE AMOUNT OF \$317,000 (ANDREW ERDMANN)
  - a, REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUEST FOR THE AMOUNT OF \$150,000.
15. *[Removed for discussion by Councilor Bushee]*

16. *[Removed for discussion by Councilor Bushee]*

5. **APPROVAL OF MINUTES FROM THE FEBRUARY 6, 2016 PUC MEETING**

Stephanie Lopez said the Index heading should be February 6, 2016.

**MOTION:** Councilor Maestas moved, seconded by Councilor Ives, to approve the minutes of the PUC meeting of February 6, 2016, as amended.

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

6. **(THERE WAS NO AGENDA ITEM LISTED UNDER THIS NUMBER)**

**INFORMATIONAL ITEMS**

7. **UPDATE ON CURRENT WATER SUPPLY STATUS. (ALEX PUGLISI)**

A copy of the *City of Santa Fe Water Division Water Production Update*, dated March 2, 2016, is incorporated herewith to these minutes as Exhibit "1."

Mr. Puglisi reviewed the information in Exhibit "1." Please see Exhibit "1" for specifics of this presentation.

Councilor Bushee noted that the Report says that the Heron Lake storage has to be vacated by this fall, and asked what is the plan.

Mr. Puglisi said that is part of the reason we're trying to squeeze more water at the BDD. He spoke with Rick Carpenter, and they believe we can use most of that water by the end of the year. He said we do have carry over in the other two reservoirs and there is no time limit to vacate that water. He said it's really the 5,196 afy that needs to be used, and we're trying to make the most use of it as possible. He said the BDD will be ramping up, and we have decreased production at Canyon Road. He said the Buckman Well Fields are hardly being used, the City Well Fields are not being used except now and then, and the BDD will be getting the lion's share of the load.

Councilor Bushee said a lot of it was temporary storage, and asked if that has any kind of time limit, or it is just temporary.

Mr. Puglisi said the storage at El Vado is temporary right now, but it is going to be moved to Abiquiu.



Responding to Councilor Bushee, Mr. Puglisi said the City was removed from Article 7 on February 15, 2016, so that gave us free reign to start filling the core and to not have to worry about any pre-contact limits that we had on that lake. He said we are happy to see that happen, because a couple of days before the 15<sup>th</sup> we were getting real close to pre-contact levels. He said it may be reimplemented in a few weeks, so there are concerns in terms of continued storage in Elephant Butte. He has seen some back and forth between the Bureau of Reclamation and the IFC, and the Bureau of Reclamation has said they may need to implement Article 7 again, commenting we have to keep a close eye on that because of the restrictions under Article 7. He said in that event, we have credits that Andrew would know about that we can utilize and allow us to put water in the core.

#### **8. WASTEWATER MANAGEMENT DIVISION INFORMATION UPDATE. (SHANNON JONES)**

A copy of a replacement table *City of Santa Fe Wastewater Treatment Facility*, replacing the one in the packet, is incorporated herewith to these minutes as Exhibit "2."

Shannon Jones reviewed his Memorandum of February 18, 2016, which is in the Committee packet. Please see this Memo for specifics of Mr. Jones' presentation. He noted the replacement table is provided because of an error on the original table [Exhibit "2"].

*The Committee commented and asked questions as follows:*

- ◆ Councilor Bushee asked if there is any anticipation of raising rates any time soon.

Mr. Jones said currently there is a rate increase in place, the 2<sup>nd</sup> of 5 years, but there is nothing on the Financial Plan to show anything different.

- ◆ Councilor Bushee asked if there are any big ticket items you need to replace.

Mr. Jones said not at this point, and there are no projects that aren't already anticipated.

- ◆ Councilor Bushee said a few years ago we discovered the \$18 million which was encumbered for a project, noting some of the money was transferred to balance the budget, and asked if any of those funds were retained to do projects.

Mr. Jones said he is not privy to that information.

Mr. Schiavo said his understanding is that some of the money was sent back to the General Fund.

Jason Mumm, Hawksley Consulting, said it was put back into the Wastewater Fund and used for various purposes.

Mr. Jones said they also cancelled one of the rate increases at that point.

- ◆ Councilor Bushee said she thinks the City used \$7 million to balance the budget for a year or two. She said she is just trying to track how we have been borrowing from our enterprise funds.

- ◆ Chair Rivera said there are a number of vacancies, and asked how we got there.

Mr. Jones said there were 3 retirements, unfortunately there were hiring situations where multiple employees were hired during the same time and retired at the same time. Additionally, since he has been on board they have experienced a slight turnover due to maintaining qualifications. There were individuals with issues in maintaining the minimal qualifications for the positions which accounted for 2 vacancies. He said other than that, we lost a couple of employees to the Water Division. So several factors were involved in the vacancy rate.

- ◆ Chair Rivera asked if there are plans to fill all 14 positions.

Mr. Jones said at this time it is not their intent to fill all 14 positions, but the most critical positions were posted, and he's working with staff to evaluate our current staffing level of services plan and the requirements to meet those.

- ◆ Councilor Ives asked how long have the 14 vacant positions been vacant.

Mr. Jones said he doesn't have a breakdown of the total 14, but he believes the majority of them have occurred within the last 2 years.

- ◆ Councilor Ives said he would be interested if he could provide that information to him.

- ◆ Councilor Bushee asked how many positions went to the Water Division.

Mr. Jones said he believes 2 positions transferred to the Water Division.

Mr. Schiavo said these are positions for which the employees applied and were promoted into.

- ◆ Councilor Bushee asked if they can live without those 9 positions.

Mr. Jones that is being assessed currently. He said it has been past practice to make the assessments, and provide information on the impact of not filling the position.

- ◆ Councilor Bushee asked how long they have been existing without these positions

Mr. Jones said the majority were within the last 2 years.

**9. FINANCIAL HEALTH UPDATE OF THE UTILITY FUNDS. (NICK SCHIAVO & JASON MUMM)**

A copy of a power point presentation, *City of Santa Fe 2015-16 Financial Water, Wastewater and Environmental Services Division*, dated February 2016, prepared by Hawksley Consulting, is incorporated herewith to these minutes as Exhibit "3."

Mr. Schiavo said the presentation is in the packet, and apologized that we are unable to project the presentation in this room, but said "you can follow along with the presentation."

Jason Mumm, Hawksley Consulting, presented information in Exhibit "3." Please see Exhibit "3," for specifics of this presentation.

*The Committee commented and asked questions as follows:*

- Councilor Bushee asked when the water bonds can be paid off

Mr. Mumm said he believes the 2006 bonds can be feased now, noting they were open for call in 2016.

Mr. Schiavo said it is June 30, 2016.

- Councilor Bushee asked the amount to pay off the bonds.

Mr. Schiavo said it is \$33.6 million.

- Councilor Bushee asked Mr. Schiavo if it is his recommendation that we pay these bonds.

Mr. Schiavo said that is the Resolution that went through. He said it is a great idea to pay off the bonds.

- Councilor Bushee said maybe that is the direction Council is going. She asked how we accumulated the reserves of \$95 million, given that the projections are so much lower.

Mr. Mumm said they keep track of this through the years. He said they discussed this today with Mr. Rodriguez who had the same question. He said, "My answer was this. The capital projects that have been planned in the past to be completed have been delayed. So a lot of the things that I've seen for some years are still in the capital improvements budget. It's not like the projects themselves are going to completely go away. They wouldn't be deleted. They will be done at in the future, they just haven't been done on the schedule that staff had originally thought they needed to be done. So the result is, we create the financial capacity in order to finance those

projects. The projects don't get done. The money is still there, but the cost isn't, so the money goes to the fund balance. And the expectation is that at a point in the future, we will still need that money in order to do the projects, but it is difficult to say exactly when that needs to happen. We go with the plan that we're given here."

Mr. Schiavo said we were able to receive roughly \$30 million in grant funding through the Finance Authority, so that helped with the balance. He said in the last two years, because of annexation, he has looked at proposed projects that won't benefit anyone within the City limits, so he removed those from the CIP.

- Councilor Bushee said she would like to know clearly what the projects are.

Mr. Mumm said the 8.2% rate increase was delayed and we haven't done any since.

- Councilor Bushee recalled that she voted against the rate increases in 2008, because there was \$70 million in the fund. She would like to see the trajectory of the projects that were recommended and the reason we went for rate increases. She said, "My take is that there were political aspirations for job creation to some degree. I just want to know what projects are needed and I would like to know which ones you've determined aren't necessary and the costs. And, on the \$30 million in grant funds, those are no strings attached, or pay back."

Mr. Schiavo said it was a combination of grant/loan, and we received more than \$30 million, and we're getting about 50% forgiveness on those.

Alan Hook said it is usually a 20/80 split and a .25 % loan on that. The Water Trust Fund loans are an advantage because they mostly are grants, and the loans are at such a low percentage – it's a 20-year loan, 80% grant, 20% loan, so this is the reason they are such an advantageous funding source. He said the Drinking Water loan is usually a 50-50 cost share, so we have to provide 50% of that, and then it's more like 2%, depending on the year we got the funding. He said we usually got \$4 million per application. The Reservoir Infrastructure project was done with a Water Trust Board loan.

- Councilor Bushee said the other piece of the puzzle she wants to have everybody understand and put on record is the gross receipts increment that we put out to the voters and we generated funds for capital improvements. She said everybody is looking at that trying to shift it to the General Fund. She asked his thoughts or recommendations.

Mr. Mumm said, "None of the scenarios that we looked at here anticipates moving the GRT out of water and used anywhere else. As an aside assignment, and I didn't have enough time to put it in the presentation materials tonight, we were asked to look at yet another scenario of that defease, in addition to the 2009 series which was another \$55 million in bonds. These can be paid off in 2019, the first year those can be called. We looked at that, and modeled it. The short answer on that is that there is the potential for a somewhat larger impact. The largest of which would be, if

you charged the PILOT (Payment In Lieu Of Taxes), and the feasibility issues, there was a 13% dip in 2019-2020 which could be mitigated. If you wanted to, you could start implementing a couple of smaller rate increases now, about 5% to go this year, next year and the year after. And you could then [inaudible] series. It would save you between and \$8-\$9 million in annual debt service, and it would generate enough cash flow, roughly, where if you needed to and wanted to, [inaudible] and we could do that without a whole lot of rate impact. However, at that point you also would be down close to your minimum fund balance. The amount of money that would be available at that point to fund capital projects would be quite low, so there would be some trade-offs."

- Councilor Bushee asked Mr. Schiavo if he has recommendations for or against shifting the GRT. She said these clearly are policy decisions, but she can't imagine that the ratepayers would be thrilled with what they've been reading in the paper in any anticipation of a rate increase.

Mr. Schiavo said, "Right now the debt service on both of the bonds is under what we are getting for GRT, so that 1/4% GRT is about \$7.8 million. I think last year it was \$7.9 million. And again, the principal and interest payments on those, I don't know off the top of my head, but I do know it's less than that. I guess that if those debts were removed we could do without that 1/4%, but as Jason said, to pile on a 12% PILOT/franchise on top of that, you couldn't do that without raising rates."

- Councilor Bushee asked what project the tax increase was supposed to fund.

Mr. Schiavo noted that was before his time. However, his understanding is that the 1/4% was dedicated and it was largely around the upcoming Buckman Direct Diversion project, with the concept that the Water Division could hold rates steady and use those funds to pay for the bonds. However, the bulk of the 2006 bonds was associated with the purchase and upgrades to the system. And then the 2009 bonds were completely dedicated to the construction of the BDD."

- Councilor Bushee asked if the funds from 1/4% GRT were converted in any way would there be concerns on your part.

Mr. Mumm said, "My only concern is that you would be drawing your fund balance down toward that dotted line there, and it wouldn't leave much in the cupboard to deal with capital projects. It would probably put you in a place where, if and when more capital projects need to be brought on line, you probably would be back in the debt market, and in a position where you would have to do more rate increases at that point to generate capacity to cover new bonds. That would be my concern. In terms of anything else, it's kind of outside my purview."

- Councilor Bushee said we received the Parks Bond Audit and in the newspaper the auditors stated that people are concerned when money is moved from one pot to the other and don't follow what we promised the voters. She asked if that is a political perception or if there are legal ramifications.

Marcos Martinez, Assistant City Attorney, said, " I guess I would echo Jason's concerns regarding the rate increases or rate implications in the future. The limitation on the Environmental Services GRT is that it is limited to environmental services, which are defined under the Statutes as Water, Wastewater Services. So you couldn't rededicate those to General Fund purposes without repealing that GRT and imposing a higher GRT in another statutory area. But, other than that, I would just echo what Jason has said."

- Councilor Bushee asked the reason the GRT would have to be higher.

Mr. Martinez said, "Well, if you wanted to keep the same GRT rate, is what I'm saying. You couldn't just take the Environmental Services GRT and use it in the General Fund. By statute, it is designated for water and wastewater."

- Councilor Maestas said it can be used for infrastructure.

Mr. Martinez said, "There are several local option GRTs the City has enacted. One of those is the Environmental Services and another is an infrastructure one. Environmental Services is the most narrowly defined as to what you could apply the revenue toward."

- Councilor Bushee asked if that is the \$7 million or the infrastructure one.

Mr. Martinez said he presumed she was talking about the Environmental Services.

- Councilor Bushee said she is talking about the \$7.8 million that is generated right now out of the 1/4%, but doesn't know which one that is.

- Councilor Maestas it is the Municipal Infrastructure GRT, it's not Environmental Services.

Mr. Mumm said that is the one that goes to the Water Fund, the Infrastructure.

Mr. Martinez said, "That one has some statutory limits. There is a little bit more flexibility there, so it would have to be changed by ordinance, and I guess my comments may not all apply toward the Infrastructure GRT.

- Councilor Bushee asked, "Jason I suppose you are only considering the 12% PILOT. Did you run any scenarios on the 4% or any other."

Mr. Mumm said, "No, I'm afraid not. We were just asked to run the 12%, I think that was what was proposed."

- Councilor Maestas said he has a question about the targets. He understands the set asides but where is the set aside for the water capital improvement plan – where is that in this scenario. We have a reserve of \$3 million, but do we have a certain amount set aside for capital improvements.

Mr. Mumm said, "I can comment on how that's built. First of all, there is an operating reserve which works as working capital. You have to keep a certain amount of cash to keep your business going, and that is 90 days of operating expenses. There are some other reserves added on top of that which go toward contingency-type funds, but there's not a significant amount of money that is set aside for that as a target. And that's how it's built. If management wanted to designate something like that, we could definitely build it in.

- Councilor Maestas asked what is the CIP budget for the Water Fund this year.

Mr. Schiavo said this year, we are at \$15 to \$16 million.

- Councilor Maestas asked if that should be in the target, some baseline level of investment in our CIP plan, instead of just having \$3 million for our reserve.

Mr. Munn said, "Oh, arguably. However, the reason for having the target is to give us a warning that we are approaching a minimal level. What we're doing in the financial planning process, is trying to make sure that we can finance the capital projects, obviously pay for operations, but then put extra money to finance the capital projects in total. What the minimum allows us to do then, is to use cash that is available to finance projects, and to mix that with accommodation of debt when necessary, to create an optimal funding strategy. We don't want to overstate the minimum that is in there. What it is doing is saying you really can't use those funds. I think what you're saying is you actually want to use those funds."

- Councilor Maestas said, "I want to plan to make sure we have those funds."

Mr. Mumm said, "I can assure you that what you're thinking is the way that we're modeling it. So even though it might not show the designated reserve, spending the money is supposed to be what is happening. And you can see in these scenarios, for example on page 14, the idea is to spend it down. I recognize that hasn't always happened. And these things happen all over the country where our practice extends everywhere, and the intent is to get projects going and get them done, but it doesn't happen. And what then happens, you have to figure out how to deal with that in the future, because the project didn't go away. It just didn't happen on the time schedule that you thought. So if you want to take the money away, that probably would damage the project. If you take the funding away, you might never start again. So fund balances grow and end up being used later."

- Councilor Maestas said his other concern is this fund would fund the City's obligations for the Buckman system. He serves on the Board and they just had a presentation on the CIP, and thinks it was \$30 million over 10 or 20 years. He asked if we should incorporate a CIP planning element to this analysis to cover the City's responsibility for future CIP for Buckman.

Mr. Mumm said the City's obligation is put into the capital plan, so it's part of what you are seeing here.

- Councilor Maestas would like to see another analysis showing how we can transition the Water Fund without the GRT subsidy. He thinks the notion of a PILOT to be a variable amount, a certain percentage of excess funds. He said he thinks we should pursue a fully defined and fixed franchise fee, properly allocated in terms of cost. It can include a wide array of things, the occupation of the right of way, services from Public Works, all the overhead the City provides, including standby services, but that won't come close to 12%. He said for the purpose of financial planning, and in the interest of transparency, it would be better to pursue a franchise fee. He is looking into the possibility to have franchise fee legislation, which will instill confidence in the community and improve our financial analysis going forward.

Mr. Mumm continued his review of Exhibit "3."

- Councilor Bushee asked what percentage was recommended as a franchise fee.

Mr. Mumm said 12% of revenues, for Solid Waste as well.

- Councilor Maestas said when we were asked to consider a Wastewater rate increase, it was the same meeting when we decided to hire a consultant to develop a master plan so we can get a more up to date look at the needs of the system. However, we went ahead and approved it anyway. He asked if that could be another variable in this. The Master Plan will be complete in May. He doesn't know if there are major capital improvements called for in the short term that may impact the rate projections. He asked Mr. Mumm his take on that, and if we should have waited until the Master Plan was done. He said we didn't anticipate the PILOT when we approved the Wastewater Rate increases.

Mr. Mumm said, "It's hard to say. Because, at the time the Master Plan would have been a couple of years out, I think the increases that were adopted were based on the best information at the time. I think a rational expectation would have been that the Master Plan most likely is going to increase the capital program, rather than decrease it, would be my expectation. I've never seen one of the engineers call for a reduction, something about the engineer's DNA. However, I don't what to expect from your master plan either. I do expect that once we see it, we are going to have to come back and look at this every year. So when that comes to is, it's either going to be an increment above what we've already planned for or not. It could be lower. We'll see what they come out with."

- Councilor Maestas asked the prevalence of indexed utility rates.

Mr. Mumm said, "It has some popularity to it, because you can set it and forget it for a while. I think that doesn't preclude needing to come back and make sure you're evaluating the plan and ensure it's actually working. Actually, any council who approves a future series of increases, tends to do really well when it comes to the credit rating agencies and such. That's viewed very favorably. Just keeping on track with general inflation tends to be one benchmark that gets used. That's not always the case. Sometimes it has to do with cost inflation plus some expectation for



normal renewal and replacement of assets. In general, I think it's positive. I just think you need to correct it from time to time, because it can get both too high and too late if you don't kind of stay at the wheel."

- Councilor Maestas said he's getting concerned, because we just approved Wastewater rate increases, and now we throw in the PILOT, and it will necessitate another series of increases. He said the nature of the beast is the community thinks everything is fine, but we're dealing with a very dynamic environment with an infrastructure system and its needs are growing exponentially, and certainly outpacing revenues. He said it is unsettling to him after we just approved the rate increase.

Mr. Mumm completed his review of Exhibit "3."

Chair Rivera thanked Mr. Mumm for his presentation.

Mr. Mumm said he would like to shake Councilor Bushee's hand, and wished her luck.

Chair Rivera asked if this presentation is scheduled to go to the Finance Committee.

Mr. Schiavo said at this point it isn't, but it could be sent to Finance if the Committee would like.

Chair Rivera said he thinks it would be worthwhile to talk to the Finance Chair, and get it on the agenda with some different scenarios, including a 4% PILOT in addition to the 12% scenario.

Councilor Bushee said she would suggest that projects which have been done be taken of the list and future projects be added.

#### **CONSENT – ACTION CALENDAR DISCUSSION**

13. **REQUEST FOR APPROVAL TO PURCHASE A REPLACEMENT SEWER RODDER TRUCK FOR FA #26273 FOR THE WASTEWATER MANAGEMENT DIVISION FOR \$108,241. (JERRY TAPIA)**
  - a. **REQUEST FOR APPROVAL OF BUDGET ADJUSTMENT REQUEST FOR THE AMOUNT OF \$108,241.**

Chair Rivera said there is a page missing from the packet, which is the Price Agreement which had the actual company this is being purchased from – Bob Turner. He would like that page to get in the packet before it moves forward through the process.

**MOTION:** Chair Rivera moved, seconded by Councilor Ives, to approve this request.

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

- 15. REQUEST FOR APPROVAL TO PURCHASE TWENTY-FOUR (24) EIGHT CUBIC YARD AND FIFTY-SIX (56) FOUR CUBIC YARD FRONT LOAD REFUSE AND RECYCLING CONTAINERS. PRICING WAS RECEIVED VIA COOPERATIVE MARKETING AGREEMENT. (SHIRLENE SITTON AND LAWRENCE GARCIA) Committee Review: Public Utilities Committee 03/02/16; Finance Committee – 03/14/16; and City Council - 03/30/16.**

Councilor Bushee said she would like to talk about Items #15 and #16 conceptually. She said she has thoughts to leave with the Committee. She asked if you are really prepared to move forward with single stream and everything that goes with it at this juncture. She said the rate increases have been enacted. She wants to know if, financially, we are still prepared to support it. She said perhaps Mr. Schiavo can fill in the blanks in terms of how close we are to launching it in an effective way. She said it seems that industry ideas are evolving and changing and single-stream is not necessarily not as favorable as it once was in terms of cost-effectiveness and its environmental impact. She wants to know how ready it is to go, and her colleagues' thoughts about postponing this in terms of budgetary savings. She said she is just proposing things you might want to consider.

Shirlene Sitton, Director, Environmental Division, said she would like to clarify that the truck purchase is for the automatic pickup. She said we already have gone to single stream recycling. The system we are using is completely antiquated. We have many people on a truck hand collecting all manner of collections. She said we need to update the collections. She said currently, we have one person on the truck collecting the materials the same way we're doing the trash now.

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

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

- 16. REQUEST FOR APPROVAL TO PURCHASE SIX (6) AUTOMATED SIDE-LOAD RECYCLING COLLECTION VEHICLES FOR THE CONVERSION OF THE RESIDENTIAL RECYCLING PROGRAM FROM 14-GALLON BINS TO ROLL CARTS. PRICING WAS RECEIVED VIA A COOPERATIVE EDUCATIONAL SERVICE (CES). (SHIRLENE SITTON AND LAWRENCE GARCIA). Committee Review: Public Utilities Committee 03/02/16; Finance Committee – 03/14/16; and City Council - 03/30/16.**

Ms. Sitton said we really need to update our manner of collection to make it safer and more efficient, and that is the number one reason to move to the carts. She said it is much more convenient for the residents, and said, "I promise you that they will like it a lot better." She said most people don't come to City Council meetings or participate in City government. The number one way most residents interact with City government is they turn on a faucet and expect the water to come out, and they put their trash in recycling and expect it to be collected. She said we can upgrade their service and make it more convenient, create less litter.

Ms. Sitton continued saying, as far as the single stream, we've already gone that way, so there isn't going to be any different effect like you were asking, because that's already happened.

Councilor Bushee said she is just suggesting that if you are moving down the road of PILOTs and you have raised rates and you have people satisfied with big bins, she just wants to know if there are any cost savings that could be effected.

Mr. Schiavo said, "I haven't changed my opinion on the value of this, and I pushed very hard before even Shirlene got here. Shirlene has ten times the experience I have in solid waste, and she assured me that I've done the right thing. And so I strongly recommend that we move down that path. The one thing that sticks out in my mind is the number of worker's compensation claims, and we need to move to an automated system. There will be better buy-in. We need to move to an automated system. There will be better buy-in, we'll will get more material. We will get less tonnage because we're not going to pick up glass, but we will get more material that is of value to us."

Councilor Bushee asked, "And things are still good with Friedman."

Ms. Sitton said, "Sure, as far as I know of."

Chair Rivera noted that on page 3, in paragraph 2, the last sentence says, '*The cost for this purchase is three hundred two thousand three hundred sixty-eight dollars*, but the number says \$303,368. He asked staff to clear up that language.

Mr. Garcia said he did catch that and the totals are correct, but the number in parentheses are correct. He will correct that before it goes to Finance.

**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**

17. **REQUEST FOR APPROVAL OF RESOLUTION NO. 2016- \_\_\_\_ . A RESOLUTION DIRECTING THE CITY MANAGER TO DEVELOP A STORMWATER MANAGEMENT PROGRAM THAT UPDATES THE CITY'S STORMWATER MANAGEMENT POLICIES IN FURTHERANCE OF THE CITY'S ENVIRONMENTAL AND SUSTAINABILITY POLICIES AND GOALS (COUNCILOR IVES). (MELISSA McDONALD) Committee Review: River Commission - 02/11/2016; Sustainable Santa Fe - 02/17/16; Public Works Committee - 02/22/16; finance committee - 02/29/16; Public Utilities Committee 03/02/16; and City Council - 03/09/16.**

A copy of an updated Legislative Summary on the proposed Resolution regarding Urban Stormwater Policy, with attached Substitute Resolution, submitted by staff, is incorporated herewith to these minutes as Exhibit "4."

Chair Rivera said he understands changes have been made, and asked Councilor Ives to address those changes.

Councilor Ives said they have been making changes based on ongoing discussions with staff and ongoing processes within the City, with regard to City's permits, and most of the changes are targeted to that. He said this is an effort to start redirecting the City's thinking into comparisons about the probable significant impact of stormwater events in the City, and how we can slow it, make it work better for the City by implementing green infrastructure projects and incorporate that into the City's thinking on many levels. He said this Resolution calls for significant review by staff of all possibilities, and then through the process, to bring back recommendations toward those ends.

Chair Rivera asked, regarding the Third Party Contract on page 3, if we have any idea how much the contract will be, and will it come before this Committee before moving forward.

Leroy Pacheco said the Resolution is primarily to direct staff under the City Manager to an in-house study of we are treating stormwater, and applying engineering principles to look at stormwater as a resource. He said historically, engineers have looked at water as a nuisance, how to get rid of it and move it on. He said a lot of stormwater flows through our parks, on our streets, and by federal law, we are required to make sure it gets into the River and into the arroyos at a certain level of *[inaudible]*. He said we are going to look at in-house planning of parks, public works, the Railyard Park, the Santa Fe River, and how we can do better in the next 20 years, and how we look for duplication of effort, staff, etc. He said this is the first piece of the Resolution, and in 120 days we would be better able to answer specifically what to do and what we recommend. He said we have begun GIS mapping of our stormwater system, although it's not complete. He said we've been asking around and it would cost in the neighborhood of \$150,000 to \$200,000, under federal, state and City procurement law.

Chair Rivera said so this is a request for approval of the contract as well as the Resolution.

Councilor Ives said no, just the Resolution, noting that the contract will come back to this Committee.

Mr. Pacheco said staff will be coming back in 120 days with what they've learned, what they know and what they recommend.

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

**DISCUSSION:** Councilor Maestas said, regarding page 3, line 24, of the Substitute Resolution, number 6, he would like to see a concentrated effort to create a flood control authority. He said he looked into it in his political past and it's not easy, but it is possible. He wants to make sure we have a concurrent effort to really pursue this. He said it has to start through the County, in the absence of any State enabling legislation. He said Bernalillo County started by creating a Flood Commissioner position in the County, but the salary was only \$1 per year. He thinks this should be first and foremost on our agenda, as it relates to City-County relations and maybe even on the Legislative agenda. He sees great value in creating the

authority, noting there is property tax authority for flood control projects. He said it is obvious that our watershed and arroyos are eroding, and affecting the trail systems, and we have no dedicated funding for that purpose. He doesn't want this to get lost, and he would like to talk some more about a separate, concentrated effort to begin working with the appropriate staff at the County and City to see if we can get this moving forward.

Councilor Ives said he would point out that this is based on conversations with the County that have occurred. The County has begun the process of exploring this. He said Sandoval County uses a slightly different model where there is a mix between the County and the relevant municipality. He said this is very much intended to start, kindle and promote those efforts on the City side in conversations with the County, and to ensure that any funding raised by fees or taxes within the City, are to be used for City projects.

**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 Ives said he would offer thanks to Councilor Bushee for her service on this Committee, and to Councilor Dimas in absentia. He said it has been a pleasure, and her keen interest in these topics has increased the level of the debate and said, "You will be missed."

Councilor Bushee said she has parting suggestions to throw out. She said in the past the PUC fell under the Public Works/Land Use Committee. She said if you find your agendas are not long enough, and you have the BDD, perhaps you might want to consider that again. She said she has served on the SWMA Board and it seems to be a very expensive operation by itself. She said if there is any movement on the part of the County to want to release it, she thinks there would be cost savings potential in the City taking it over. She noted an App designed to save water by a student at NMSU. She wonders if our conservation dollars could be used for something like this instead of ads.

Councilor Bushee said it has been a very fun Committee for her, and she enjoyed all of the staff. She thanked everyone for the card and gift, and for their years of service to this community. She said she will check in from the other side of the aisle.

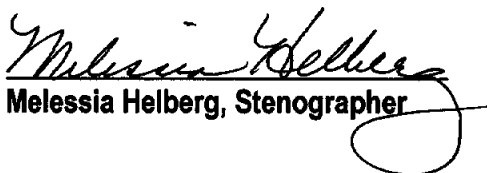
Councilor Maestas said in the past policy cycle he was able to get Resolutions adopted relating to a number of issues we've had with the State Engineer, and we now have the attention of the State Engineer. He said a joint task force was set up with large and small cities with a diversity of issues through the New Mexico Municipal League. He said the State Engineer has promised to address each Resolution one-by-one. The overall objective is to find an administrative remedy, but if we can't find an administrative remedy, then we will have to come up with State legislation. The process is that the State Engineer is going to do the analysis on the issue and share it with all of the member cities in the Municipal League. We will have the opportunity to review it, and when we meet we will discuss some kind of resolution on that particular issue.


Councilor Maestas continued, saying they have met once and meetings were suspended during the Legislature. They will resume meeting on April 1, 2016. He said they are going to tackle two issues per meeting, with the goal to address all the issues by August 2016, which coincides with the Municipal League's policy cycle. He read the titles of the Resolutions adopted, noting these issues have been pending for decades. He said this is a positive step, and this process has great potential to address some of these long standing issues.

**NEXT MEETING: WEDNESDAY, APRIL 6, 2016**

#### **ADJOURN**

There was no further business to come before the Committee, and the meeting was adjourned at approximately 6:30 p. m.

  
Melessia Helberg, Stenographer

  
Christopher M. Rivera, Chair

**City of Santa Fe, Water Division  
Water Production Update  
Public Utilities Commission Meeting  
March 2, 2016**

**Filter Plant Demolition**

Asbestos abatement and building demolition of the old Canyon Road Filter Plant (near corner of Cerro Gordo and Upper Canyon Road) commenced during the week of January 4, 2016 after a separate contract with an asbestos abatement contractor covering the safe and proper removal of asbestos containing materials in the building's insulation, was approved by Council and executed by the Water Division. The building was expected to be demolished by the 22<sup>nd</sup> of January with final abatement activities through 01/29/2016/. A series of snow storms delayed progress of this work and building demolition is underway as of this date. The contractor is Environmental Remediation Management Services out of Albuquerque.

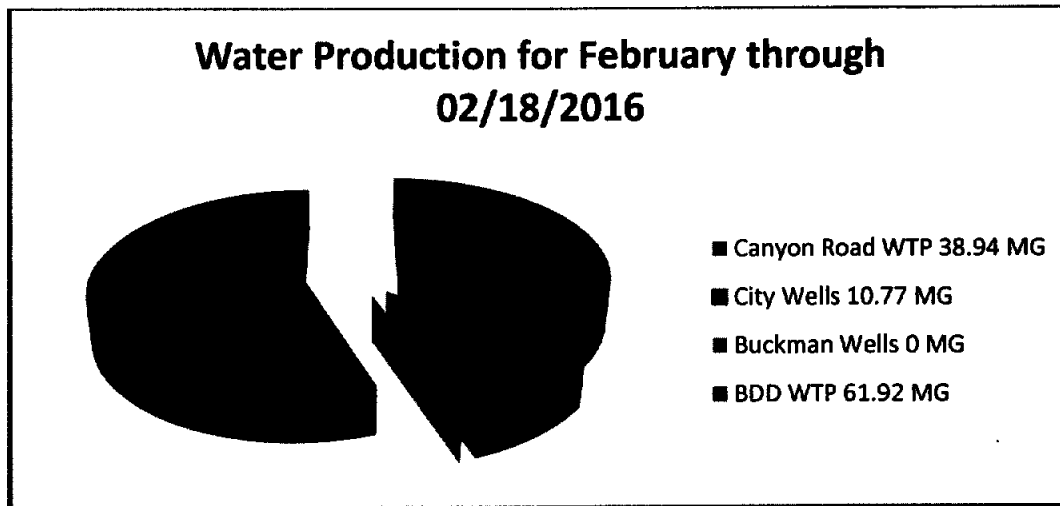
**Water Production for December (through 02/18/2016)**

Water production at the Canyon Road Treatment Plant (CRWTP) increased from January, and totaled around 38.94 million gallons (MG) for the first 18 days of February. This represents a daily average of 2.2 million gallons per day (MGD). Plant flows were kept on the low side to accommodate the filling of McClure, increased production by BDD, and the need to dramatically decrease plant flows to replace a 20.0 inch line and meter from the Hydro storage tank as part of the filter plant demolition project. Average temperatures for reservoir water continued to range between 35-37 degrees Fahrenheit, with warmer temperatures staying more constant in the mid-February timeframe. The City and Buckman Wells were not used during the month of February through the date of this report, except for the Northwest Well. The Northwest Well was used to assist in filling the 10 MG tank during installation of butterfly valves between Booster #4 and the 10-Million Gallon storage tank and five (5) tapping saddles from the butterfly valve between Booster #2 & #3 to Booster #3 air relief valves. All flows from the BDD and other sources into the 10 MG Tank had to be shut down during the 2 days of this project. The Northwest Well accounted for another 10.8 MG of production for a total production level of 49.74 MG by the Source of Supply Section. BDD's total production of 61.92 MG was split between Entry Point(s) 04A at 41.97 MG, and 05A at 19.95 MG. Total Production for the month of January from all sources through the 18th was 111.7 MG, or an average of approximately 6.21 MGD. This is virtually the same usage tracked during the last report presented to this Committee in January for the first 21 days of that month and a slight increase (0.185 MGD) in the daily use of 6.025 MGD tracked for the month of December.

Nichols Reservoir storage levels were at 115.5 MG (354 ac. ft.), or a 53.6% storage level, at the time of this report. This is a decrease of 3.5 million gallons since November. Nichols Reservoir levels will be brought down continuously over the next two months to prepare for anticipated spring runoff. The McClure Reservoir storage level was brought up to 256.3 MG (786.55 ac. ft.) or 23.3.1% of capacity. Outflow from McClure was kept to approximately 1.2 MGD or 1.8 cubic feet per second (cfs). The storage of Nichols and McClure Reservoirs has now exceeded diverted water storage levels (1146 ac. ft.) to above pre-Rio Grande Compact storage levels (1061 ac. ft.), since Article 7 of the Compact was lifted on February 15<sup>th</sup>. However, the City is still trying to fill McClure in conformance with the Office of State Engineer (OSE) guideline of less than one foot in surface elevation per day. Inflow to McClure has ranged up to 9.2 MGD or 13.7 cfs, up from the maximum of 2.5 MGD reported on the PUC's January report. Snow depth in the upper watershed remains at fifty (50) inches despite recent snow melt because of a series of storms experienced during the latter part of January, up from the previously reported maximum depth of 38.0 inches on December 16<sup>th</sup>. Snow-water equivalent for the Santa Fe Snotel Station (elevation: 11,445 ft.) is 16.4 inches and is at 132% of the median\* calculated value for this station.

(\* Median for this station is calculated from values obtained during the 30-yr period of 1981-2010)

*Exhibit "1"*



*The Snotel depth reading for snow in the upper watershed was 50.0 inches at the time of this report with a snow-water equivalent of 16.4 inches. This compares favorably with a 30 yr. median snow-water equivalent of 12.4\*\* inches at this point in the season. This could result in ample Spring runoff to fill both Nichols and McClure Reservoir, barring further restrictions by the Office of State Engineer or the Interstate Stream Commission with respect to McClure filling rate, and impoundment limitations per Article 7 of the Rio Grande Compact.*

*(\*\*Conditional - only 10-19 years of data available).*

### **Lead and Copper**

The City's Source of Supply Section just completed its lead and copper sampling and analysis of residential tap water representing all City sources, including BDD. These samples were taken throughout the city at homes with the greatest likelihood of having lead and copper concentrations because of the older plumbing used at their residences. The final results from this Fall 2015 sampling show full compliance with all Safe Drinking Water Act standards and action levels for lead and copper.

### **Unregulated Contaminant Monitoring Rule**

The Source of Supply Section has just completed a year of quarterly distribution system and entry point samples, originating from all City sources including BDD, for a number of new contaminants under review by the U.S. Environmental Protection Agency for future regulation under the Safe Drinking Water Act. Overall, sample results for the City's water supply indicate that Santa Fe's water sources are well under possible regulatory concentrations (standards) currently under consideration by the EPA, or other states, for contaminants such as hexavalent chromium, total Chromium, 1,4 - Dioxane, Strontium, Molybdenum, and numerous volatile organic compounds. The SOS is gathering all laboratory data for internal QA/QC analysis and will compile that information for a future report to the PUC and for summary coverage in this year's Consumer Confidence Report (Annual Water Quality Report.)

### **Drought, Monsoon/El Nino, and ESA Update**

Drought conditions have eased this past year due to the reappearance of a strong El Nino. NOAA's latest update (02/11/16) indicates that El Nino conditions are present, and that El Nino is expected to remain strong through the rest of the winter with a transition to neutral conditions during late spring or early summer 2016; however, some models are starting to indicate the possible return of La Nina (hot/dry) conditions beginning in the summer. Dry conditions in 2016 could present significant challenges to all water purveyors, water utilities, and irrigators going forward into the summer/fall if there is not significant filling and carry-over storage in regional reservoirs.



Regional reservoir levels on the upper Santa Fe River, Rio Grande, and Chama Rivers are still low but rising slowly due to warmer temperatures and resultant snowmelt runoff. There are no water-related Endangered Species Act (ESA) updates. Updates on ESA issues will be made as needed. Rio Grande Compact Article VII storage restrictions were lifted by the NM ISC on 02/16/16 which now means the City can begin to impound runoff into Nichols and McClure Reservoirs above the pre-Compact pool of 1,061 AF. Updates to this condition will be made as needed.

**City of Santa Fe SJCP Reservoir Storage as of January 15, 2016:**

CITY OF SANTA FE SAN JUAN CHAMA PROJECT STORAGE AS OF JANUARY 15, 2016		
Reservoir	Acre Feet	Storage Notes
Heron	5,1965	2015 SJCP must be vacated by 09/31/16 pursuant to a BoR waiver
El Vado	2,055	Temporary storage. Will be moved to Abiquiu as part of environmental winter flow releases.
Abiquiu	9,335	SJCP carry-over from previous years, no time limit to vacate due to storage agreement with ABCWUA
Total	16,586	

# CITY OF SANTA FE WASTEWATER TREATMENT FACILITY

## 2015 Plant Data

2015 Annual Summary	INFLUENT FLOW MGD	EFFLUENT FLOW MGD	EFFLUENT BIOLOGICAL OXYGEN DEMAND MG/L	EFFLUENT TOTAL SUSPENDED SOLIDS MG/L	TOTAL NITROGEN LBS/DAY 30/DAY AVERAGE	TOTAL PHOSPHORUS LBS/DAY 30/DAY AVERAGE	TREATED EFFLUENT REUSE MILLION GALLONS
Sum	1976.80	1562.32	282.23	243.40	1977.15	472.82	342
Daily Avg	5.42	4.28	1.80	1.60	164.76	39.4	0.94
Daily Max	6.75	6.57	5.08	6.50	289.50	102	3.22

## January 2016 Plant Data

January 2016 Monthly Summary	INFLUENT FLOW MGD	EFFLUENT FLOW MGD	EFFLUENT BIOLOGICAL OXYGEN DEMAND MG/L	EFFLUENT TOTAL SUSPENDED SOLIDS MG/L	TOTAL NITROGEN LBS/DAY 30/DAY AVERAGE	TOTAL PHOSPHORUS LBS/DAY 30/DAY AVERAGE	TREATED EFFLUENT REUSE MILLION GALLONS
Sum	155.14	152.37	21.48	25.10	835.51	69.43	1.25
Daily Avg	5.00	4.92	1.79	2.10	208.88	17.36	0.04
Daily Max	5.53	6.60	2.43	3.80	306.55	20.44	0.22

Exhibit "2"

**HAWKSLEY**

CONSULTANTS

February 2016



**City of Santa Fe 2015-16 Financial Water,  
Wastewater, and Environmental Services  
Divisions**

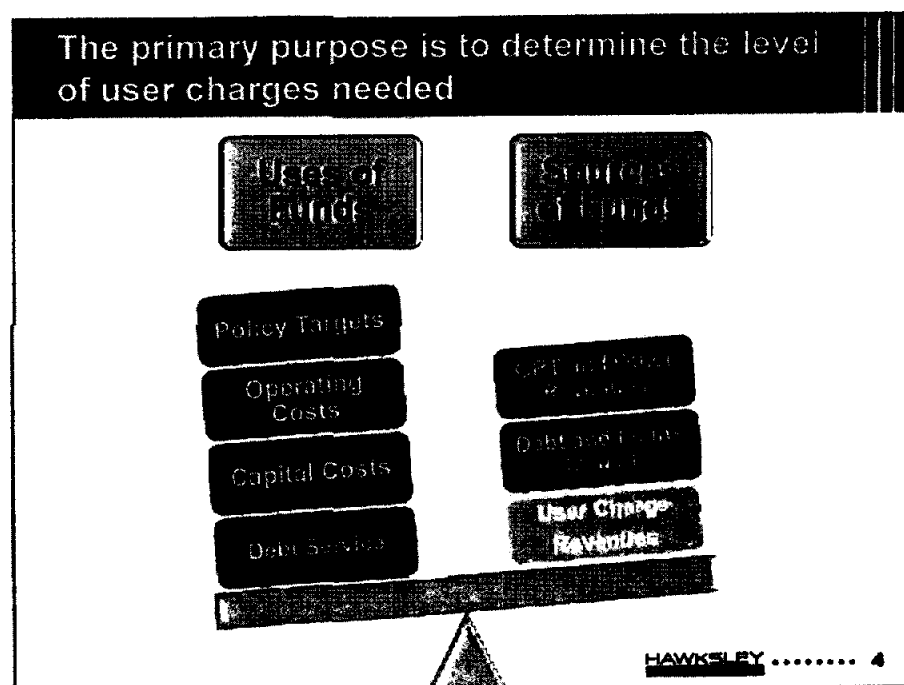
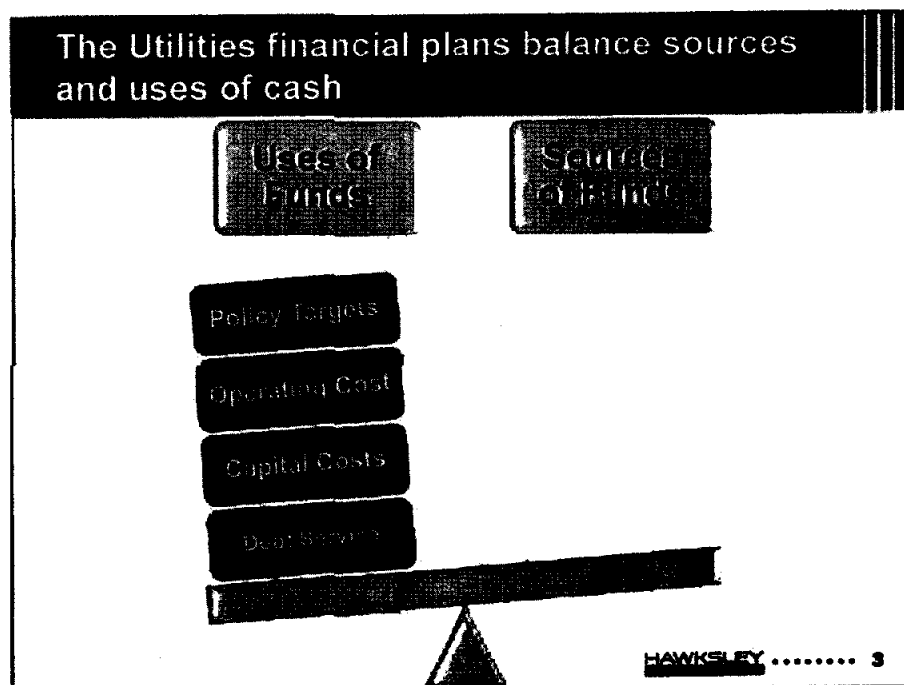
Public Utility Commission

**Agenda**

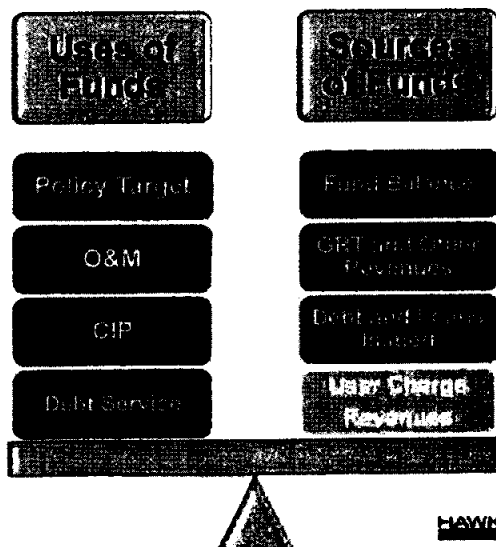
- **Financial Planning 101**
- **Water Division**
- **Wastewater Division**
- **Environmental Services Division**

**HAWKSLEY** ..... 2

*Exhibit "3"*



When we balance the plan we can show future costs and rates, and impacts from policies



### Utilities' financial goals

- Maintain debt service coverage at target levels
- Maintain reserve requirements
- Minimize revenue increases
- Find the optimal combination of debt and rate increases to fund capital improvements

HAWKSELEY ..... 6

## Financial Plan Policy Decision Parameters

- Revenue increases
- Use of reserves
- Debt issuance

HAWKSELEY ..... 7

## Water Division

**The 2015-16 financial update shows strong overall projected performance. 4 Scenarios were developed during the update.**

**Scenario 1: Without PILOT; With No Change In Debt**

**Scenario 2: Without PILOT; Defeasement Series 2006**

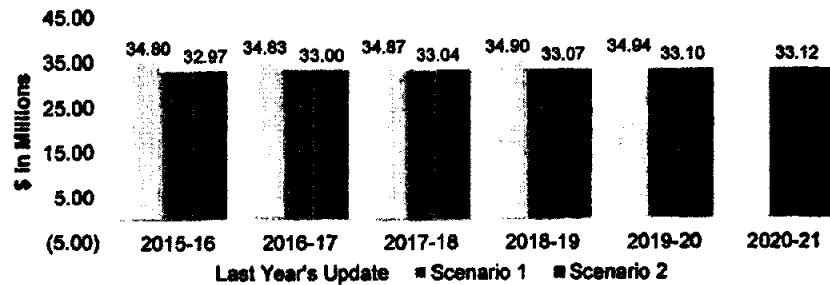
**Scenario 3: With PILOT; With No Change In Debt**

**Scenario 4: With PILOT; Defeasement Series 2006 Debt**

HAWKSELEY ..... 8

## Water Division: Rate Requirements With No PILOT

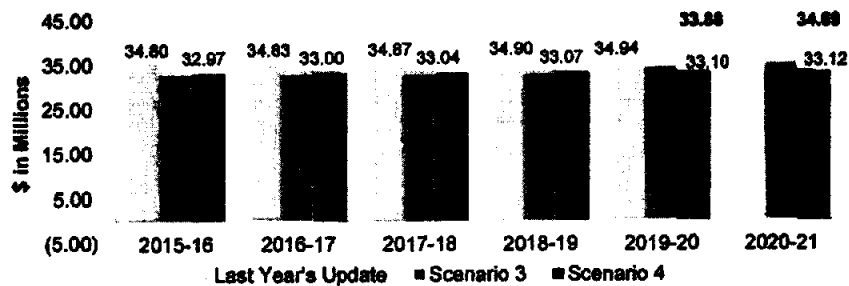
Annual User Charge Revenue Requirements- With No PILOT



HAWKSELEY ..... 9

## Water Division: Rate Requirements With PILOT

Annual User Charge Revenue Requirements- With PILOT

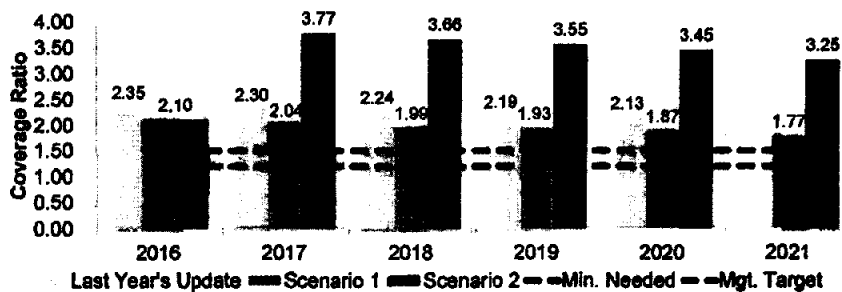


Note: a 2.5% rate increase is needed in 2019-20 and 2020-21 under Scenario 3

HAWKSELEY ..... 10

## Water Division: Debt Coverage With No PILOT

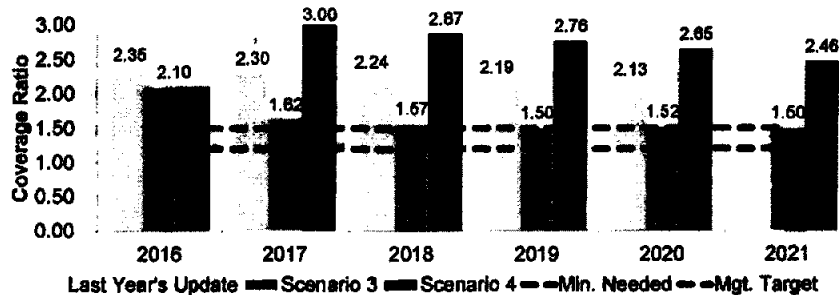
Annual Debt Service Coverage- With No PILOT



HAWKSEY ..... 11

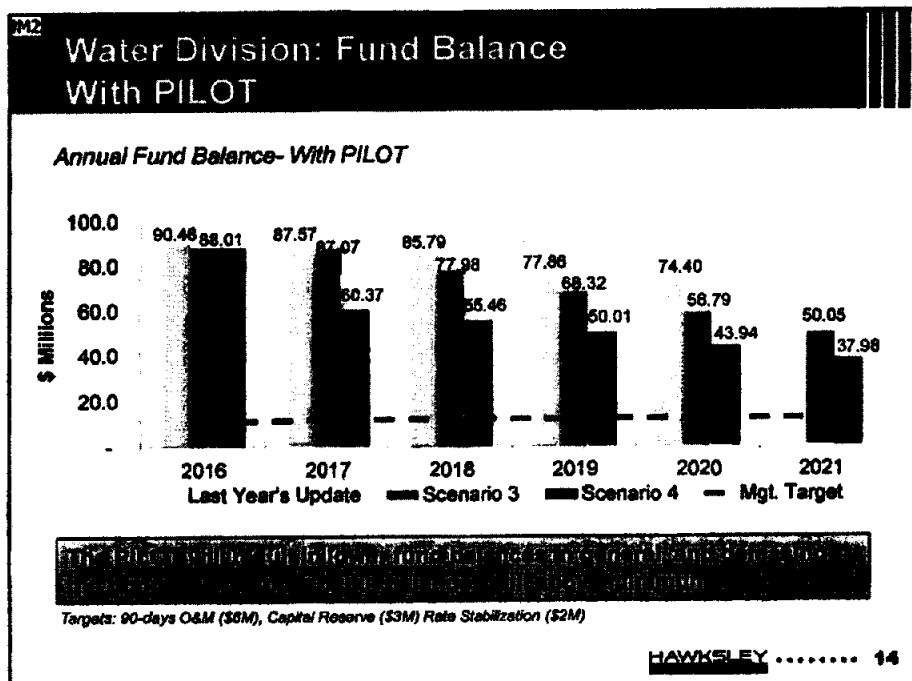
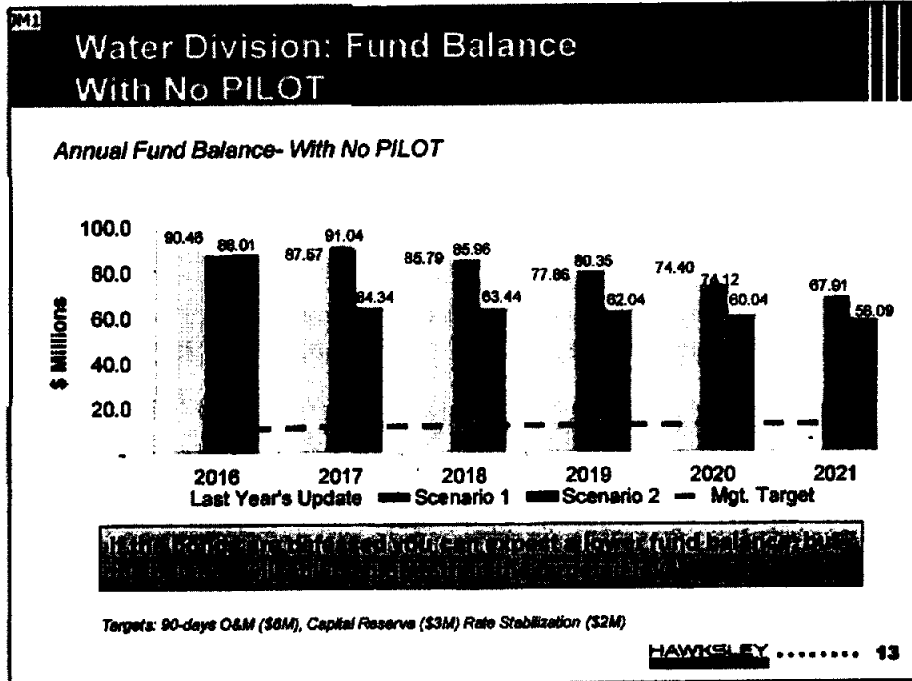
## Water Division: Debt Coverage With PILOT

Annual Debt Service Coverage- With PILOT



HAWKSEY ..... 12





## Wastewater Division

- Two scenarios were developed:

Scenario 1: With No PILOT

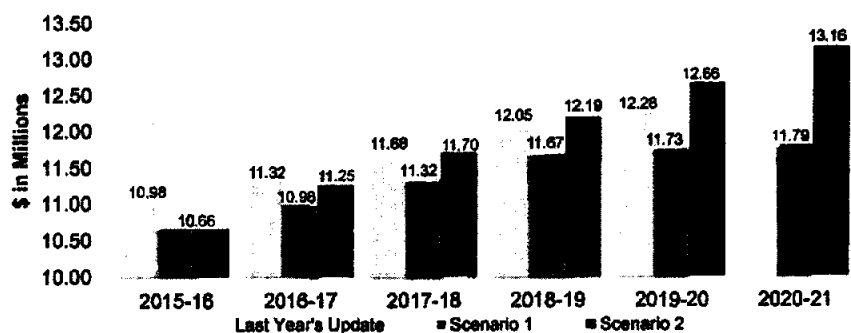
Scenario 2: With PILOT

- Council previously approved five years of 4.9% revenue adjustments starting in Fiscal Year 2014-15
- Additional rate increase is needed with PILOT

HAWKSLEY ..... 15

## Wastewater Division: Rate Requirements

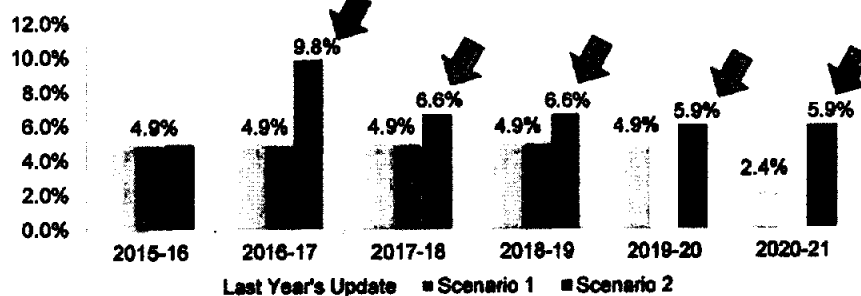
Annual User Charge Revenue Requirements



HAWKSLEY ..... 16

## Wastewater Division: Rate Increases

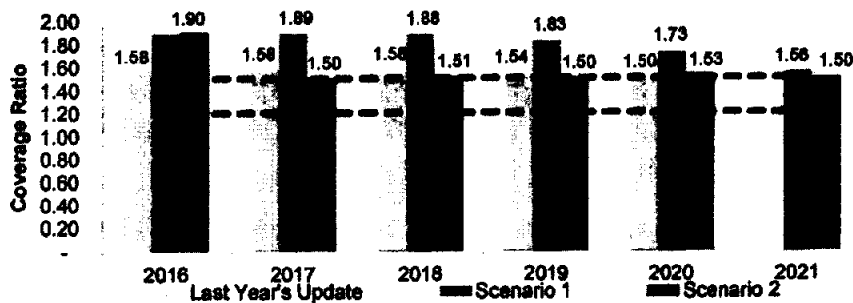
Annual Rate Increase



HAWKSELEY ..... 17

## Wastewater Division: Debt Coverage

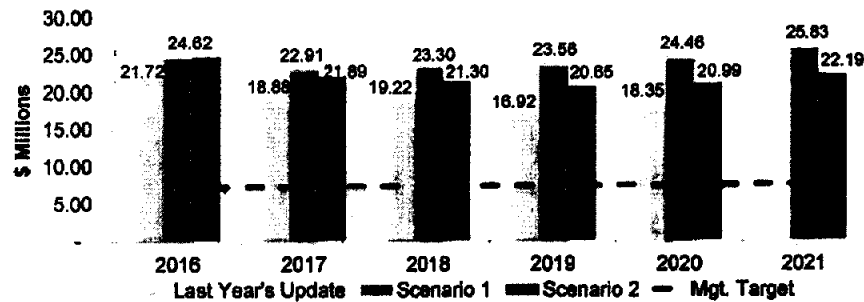
Annual Debt Service Coverage



HAWKSELEY ..... 18

## Wastewater Division: Fund Balance Scenario 1

Annual Fund Balance



2016-2021 Fund Balance Projections for Wastewater Division  
Based on the following assumptions:

Targets: 90-days O&M (\$2.2M), Capital Reserve (\$3M) Rate Stabilization (\$2M)

HAWKSELEY ..... 19

## Environmental Services Division

- Two scenarios were developed:

Scenario 1: With No PILOT

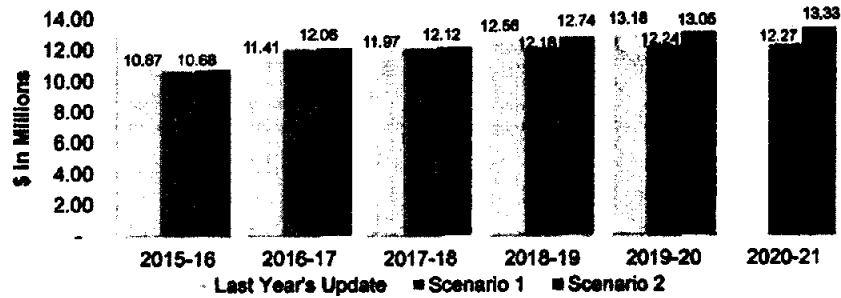
Scenario 2: With PILOT

- Council previously approved increases of 14% on residential and 2% on commercial effective July 2016
- Additional rate increase is needed if PILOT takes place.

HAWKSELEY ..... 20

## Environmental Services: Rate Requirements

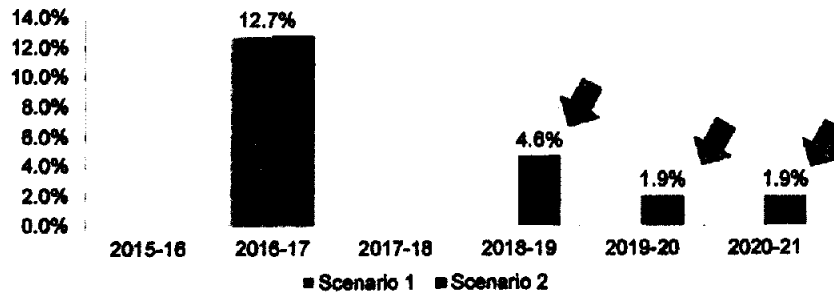
*Annual User Charge Revenue Requirements*



HAWKLEY ..... 21

## Environmental Services: Rate Increases

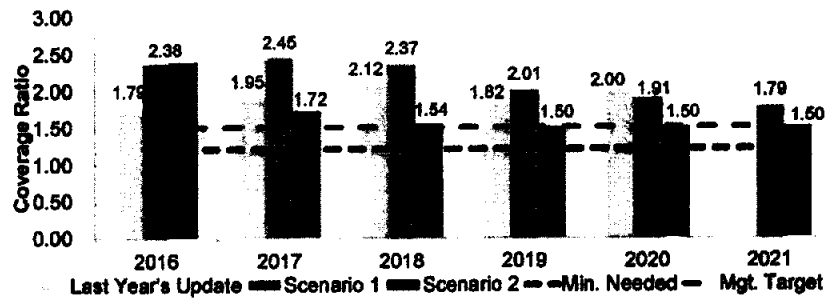
*Annual Rate Increase*



HAWKLEY ..... 22

## Environmental Services: Debt Coverage

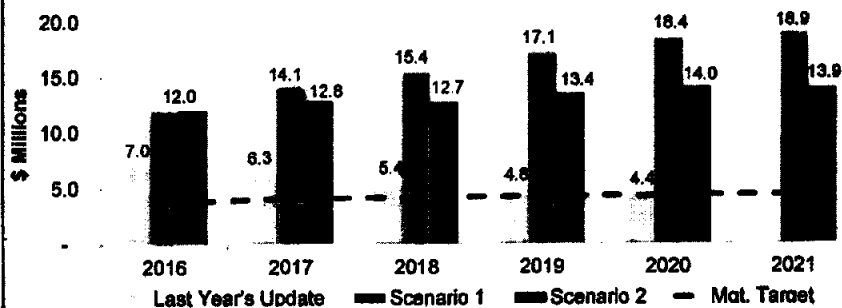
Annual Debt Service Coverage



HAWKSEY ..... 23

## Environmental Services: Fund Balance

Annual User Charge Revenue Requirements



Targets: 90-days O&M (\$2.6M), Capital Reserve (\$1M)

HAWKSEY ..... 24

## Conclusion

### **Water Fund**

- With no PILOT, the City can defease its bonds as planned without any impact on the water rates.
- With PILOT, the City need to defease the bond in order to avoid a rate increase till FY2021.

### **Wastewater Fund & Environmental Services Fund**

- Both fund's DSC and fund balance are dramatically impacted by charging a PILOT
- Additional rate increases are needed to meet requirements when PILOT takes place.

HAWKSELEY ..... 25

## Questions?

**Thank you for your time**

HAWKSELEY ..... 26

# City of Santa Fe, New Mexico

## LEGISLATIVE SUMMARY

Resolution No. 2016-\_\_\_\_  
Urban Stormwater Policy

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**SPONSOR(S):** Councilor Ives, Mayor Gonzales and Councilors Maestas, Dominguez and Bushee

**SUMMARY:** The proposed resolution directs the City Manager to develop a stormwater management program that updates the City's Stormwater Management Policies in furtherance of the City's environmental protection and sustainability policies and goals.

**PREPARED BY:** Rebecca Seligman, Legislative Liaison Assistant

**FISCAL IMPACT:** No

**DATE:** March 1, 2016

**ATTACHMENTS:** Amendment  
Substitute Resolution  
FIR  
Original Resolution

*Exhibit "4"*



**CITY OF SANTA FE, NEW MEXICO**  
**PROPOSED AMENDMENT(S) TO RESOLUTION NO. 2016-\_\_**  
**Urban Stormwater Policy Substitute**

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**Mayor and Members of the City Council:**

**We propose the following amendment(s) to Resolution No. 2016-\_\_:**

1. On page 3, line 19 *delete* "City's Water Fund" and *insert* in lieu thereof "Stormwater Section funds"

Respectfully submitted,

\_\_\_\_\_  
Peter N. Ives, Councilor

ADOPTED: \_\_\_\_\_

NOT ADOPTED: \_\_\_\_\_

DATE: \_\_\_\_\_

\_\_\_\_\_  
Yolanda Y. Vigil, City Clerk

CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2016-\_\_

INTRODUCED BY:

Councilor Peter N. Ives Mayor Javier M. Gonzales  
Councilor Joseph M. Maestas Councilor Patti Bushee  
Councilor Carmichael Dominguez

A RESOLUTION

**DIRECTING THE CITY MANAGER TO DEVELOP A STORMWATER  
MANAGEMENT PROGRAM THAT UPDATES THE CITY'S STORMWATER  
MANAGEMENT POLICIES IN FURTHERANCE OF THE CITY'S ENVIRONMENTAL  
PROTECTION AND SUSTAINABILITY POLICIES AND GOALS.**

**WHEREAS**, the City of Santa Fe and the State of New Mexico [~~have~~]are in arid climates  
and have experienced drought conditions for many years, putting strains on available water  
resources, riparian areas and aquifer recharge; and

**WHEREAS**, stormwater management by the Public Works Department's Streets and  
Drainage Division is accomplished through the operation and maintenance of the City's drainage  
infrastructure (arroyos, streets, curbs, drainage structures, culverts, erosion control structures,  
[~~acequias~~], washouts, etc.); and

**WHEREAS**, minimizing pollutants in stormwater is essential for maintaining compliance  
with the Environmental Protection Agency's (EPA) Clean Water Act, the EPA's new clean water  
rule (2015), the National Pollutant Discharge Elimination System (NPDES) and Municipal

1 Separate Storm Sewer System (MS4) permit program; and

2       **WHEREAS**, green infrastructure is an approach to stormwater management that  
3 protects, restores, or mimics the natural water cycle and reduces the need for conventional  
4 infrastructure by reducing stormwater volume, and improve[ing] water quality by reducing  
5 pollutant loads, stream bank erosion, and sedimentation; and

6       Whereas, the urban reaches of the Santa Fe River have been listed as an impaired  
7 waterbody for specific contaminants under Section 303(d) of the federal Water Quality Act (aka.,  
8 Clean Water Act) attributed primarily to stormwater flows; and

9       Whereas, this impairment will result in the adoption of Total Maximum Daily Loads  
10 (TMDLs) by the New Mexico Environment Department and the New Mexico Water Quality  
11 Control Commission for these contaminants; and

12       Whereas these TMDLs will result in more restrictive permit requirements and controls  
13 for any current or new point source and non-point sources to the Santa Fe River, including the  
14 City's MS4 (Stormwater) Permit in the future; and

15       **WHEREAS**, through the Public Works Department's River, Watershed & Trails  
16 Division, the Water Division, and the Santa Fe River Commission the City is currently  
17 implementing the Alameda Rain Gardens, a green infrastructure program; and

18       **WHEREAS**, the City's Land Use Department has implemented green codes that  
19 encourage infiltration and green infrastructure measures; and

20       **WHEREAS**, the City's Water Conservation Office has created rebates and incentives for  
21 passive and active rainwater systems; and

22       **WHEREAS**, green infrastructure must be a part of the Sustainable Santa Fe  
23 Commission's 2040 goals; and

24       **WHEREAS**, the City should continue to explore all available means to encourage and  
25 incentivize private individuals, commercial enterprises and governmental entities to use rainwater

resources; and

**WHEREAS**, the City should work to ensure the availability of all legal supplies of water for the benefit of the City of Santa Fe; and

**WHEREAS**, the City will ensure its long-term sustainability and build resiliency within the City of Santa Fe by ensuring that it uses all water resources legally available; and

**WHEREAS**, rain events are increasing in intensity and quantity in Santa Fe, and the City needs to develop and implement its long-term plan to deal with stormwater to ensure that it does not degrade the water quality of the SF River and its tributaries, is not destructive to private or public property and infrastructure, and ensure that it is used in beneficial ways; and

**WHEREAS**, the City should promote and emphasize utilizing green infrastructure to slow down runoff, increase stormwater infiltration, prevent the transport of pollutants from urban and commercial areas, and maximize the benefits derived from precipitation events; and

**WHEREAS**, the City should explore the expansion of its urban trails system along existing arroyos to promote healthy lifestyles and public safety; and

**WHEREAS**, implementing this Resolution, increasing green infrastructure, and managing stormwater as a resource will promote the well-being and health of the people of Santa Fe and will help build community; and

**WHEREAS**, if the City needs to contract with a third party to explore the matters set forth herein, the City's Water Fund can be used to accomplish the purposes of this Resolution.

**NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SANTA FE** that under guidance of the city manager, city staff is directed to research, evaluate and report on current stormwater management policies that:

1. Employ and promote green infrastructure in all city infrastructure projects and improvements;
2. Examine and implement ways to slow stormwater down, making it less destructive,

- 1 and allowing it to infiltrate better;
- 2 3. Foster the Santa Fe River Commission's participation in the Santa Fe River Corridor
- 3 Master Plan;
- 4 4. Promote and further the City's urban watershed policy, employing green
- 5 infrastructure improvements in all Public Works projects (roads, parks, trails, etc.) to
- 6 infiltrate stormwater, and use it more productively in parks and public places to
- 7 decrease irrigation costs and prevent the runoff of fertilizers, waste-products and
- 8 other contaminants;
- 9 5. Examine ways in which stormwater can be used productively in Santa Fe;
- 10 6. Facilitate collaboration among the Public Works Department, Parks and Recreation
- 11 Department, ~~[Water Division]~~ Public Utilities Department, City Land Use
- 12 Department, and private stakeholders to evaluate the creation of a Santa Fe Arroyo
- 13 and Flood Control District, in cooperation with the County of Santa Fe;
- 14 7. Evaluate the nature and extent ~~[and]~~for the possible expansion of City jurisdiction
- 15 over arroyos and other waterways throughout the City of Santa Fe, allowing for
- 16 improved arroyo management by the city and the extension of trail systems;
- 17 8. Develop a thorough and mapped understanding of the current stormwater system,
- 18 including existing city drop inlets, storm drains, pipes, and outlet ~~[flow]~~ structures
- 19 that flow directly into the arroyo system and the Santa Fe River;
- 20 9. Consider how Public Works projects and private developments can create
- 21 opportunities for an integrated approach to stormwater management;
- 22 10. Provide recommendations from staff that would coordinate the efforts of the above
- 23 mentioned departments, commissions, committees and other entities to maximize
- 24 opportunities, while eliminating duplicative efforts.

25 **BE IT FURTHER RESOLVED** that the City Manager shall present a preliminary

1 report with recommendations for the development of an updated stormwater policy within 120  
2 days of the adoption of this resolution.

3 PASSED, APPROVED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

4  
5 \_\_\_\_\_  
6 JAVIER M. GONZALES, MAYOR

7 ATTEST:

8  
9 \_\_\_\_\_  
10 YOLANDA Y. VIGIL, CITY CLERK

11 APPROVED AS TO FORM:

12  
13 \_\_\_\_\_  
14 KELLEY A. BRENNAN, CITY ATTORNEY

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24  
25 *M/Legislation/2016 Resolutions/Urban Stormwater Policy Substitute*