



Agenda

DATE 2/25/09 TIME 11:40am

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**PUBLIC UTILITIES COMMITTEE
MEETING
CITY COUNCIL CHAMBERS
WEDNESDAY, MARCH 4, 2009
5:00 PM**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FOR THE FEBRUARY 4, 2009 PUBLIC UTILITIES COMMITTEE MEETING

INFORMATIONAL ITEMS

6. Report on "Energy Audit". (Nick Schiavo)
7. Water Transmission & Storage Master Plan: Brown and Caldwell
Presentation of the Master Plan Executive Summary for Water Transmission Improvements Through 2030 Including Improvements Required to Convey Buckman Direct Diversion (BDD) Project Water Through the SDCW System. (Robert Jorgensen and Brown & Caldwell)
8. Request Review and Guidance of a Draft RFP for Water Division for Water Rate Evaluation Services. (Gary Martinez)
9. Update on Bill No. 2009-_____. An Ordinance Repealing Sections 14-8.11(G)(3), 14-8.13, 14-8.16 and 14-8.17 SFCC 1987 Regarding Annual Water Budget, Water Rights Transfer Requirements and Water Banking; Creating a New Section 14-8.13 SFCC 1987 Regarding Development Water Budget Requirements, a New Article 25-9 SFCC 1987 Regarding the City Water Budget, A New Article 25-10 SFCC 1987 Regarding the City Water Bank, A New Article 25-11 SFCC 1987 Regarding the Water Rights Transfer Program, and a New Article 25-12 SFCC 1987 Regarding the Water Conservation Credit Program; Making Such Other Related Changes as are Necessary. (Frank Katz) (Councilor Wurzbarger) (VERBAL)

CONSENT CALENDAR

10. Update on Current Water Supply Status. (Victor Archuleta)
11. Update on Solid Waste Division. (Bill De Grande)
12. Update on Spring Reservoir Management and Storage Capacity. (Alan Hook)
13. Request for Approval of Amendment (Modification 1) to the USFS Collection Agreement for the Buckman Direct Diversion Project. (Rick Carpenter)
14. Request for Re-Assignment of Professional Services Agreement and Legal Services Agreements for the Buckman Direct Diversion Project from the City of Santa Fe to the Buckman Direct Diversion Board. (Rick Carpenter, Kyle Harwood and Maya Martinez)
 - a. Cooney Watson & Associates
 - b. Hawkins Delafield & Wood, LLP
 - c. WRISC, Inc.
 - d. Kerry Howe Consulting
 - e. Modrall Sperling PA
 - f. Kirkpatrick Lockhart
 - g. Norman Gaume

DISCUSSION ITEMS

15. Request for Approval of Bill 2009-_____. An Ordinance Authorizing and Approving Submission of an Executed Water Project Fund Loan/Grant Agreement #93-WTB to the New Mexico Finance Authority (NMFA) and New Mexico Water Trust Board (WTB) for the Canyon Road Water Treatment Plant Phase III Residuals Handling Improvements Project in the Amount of \$2,000,000; Request Approval of Budget Adjustment Request. (Brian Snyder)
16. Request for Approval of Bill No. 2009-_____. An Ordinance amending Section 8 of Exhibit A, Chapter 22 SFCC 1987 in Order to Clarify Sewer Rates. (Coty Kassisieh)
17. Request for Approval of Resolution No. 2009-_____. A Resolution Authorizing the City of Santa Fe to Restore Flow to the Santa Fe River in 2009 in Support of a Living River. (Rachel Friedman) (Mayor Coss, Councilor Romero, Councilor Trujillo)

MATTERS FROM THE CITY ATTORNEY

ITEMS FROM STAFF

MATTERS FROM THE COMMITTEE

NEXT MEETING: WEDNESDAY, APRIL 1, 2009
ADJOURN

**SUMMARY INDEX
PUBLIC UTILITIES COMMITTEE
March 5, 2009**

| <u>ITEM</u> | <u>ACTION</u> | <u>PAGE</u> |
|---|----------------------------------|--------------------|
| CALL TO ORDER | Quorum | 1 |
| APPROVAL OF AGENDA | Approved [amended] | 1 |
| APPROVAL OF CONSENT AGENDA | Approved [amended] | 2 |
| CONSENT CALENDAR LISTING | | 2 |
| APPROVAL OF MINUTES FOR THE FEBRUARY 4, 2009, PUBLIC UTILITIES COMMITTEE MEETING | Approve | 2 |
| <u>INFORMATIONAL ITEMS</u> | | |
| REPORT ON "ENERGY AUDIT" | Information/discussion | 3 |
| WATER TRANSMISSION & STORAGE MASTER PLAN: BROWN AND CALDWELL PRESENTATION OF THE MASTER PLAN EXECUTIVE SUMMARY FOR WATER TRANSMISSION IMPROVEMENTS THROUGH 2030, INCLUDING IMPROVEMENTS REQUIRED TO CONVEY BUCKMAN DIRECT DIVERSION (BDD) PROJECT WATER THROUGH THE SDCW SYSTEM | Information/discussion | 4-5 |
| REQUEST REVIEW AND GUIDANCE OF A DRAFT RFP FOR WATER DIVISION FOR WATER RATE EVALUATION SERVICES | Information/discussion/direction | 6-8 |

ITEM**ACTION****PAGE**

UPDATE ON BILL NO. 2009- _____. AN ORDINANCE REPEALING SECTIONS 14-8.11(G)(3), 14-8.13, 14-8.16 AND 14-8.17 SFCC 1987, REGARDING ANNUAL WATER BUDGET, WATER RIGHTS TRANSFER REQUIREMENTS AND WATER BANKING; CREATING A NEW SECTION 14-8.13 SFCC 1987, REGARDING DEVELOPMENT WATER BUDGET REQUIREMENTS, A NEW ARTICLE 25-9 SFCC 1987, REGARDING THE CITY WATER BUDGET, A NEW ARTICLE 25-10 SFCC 1987, REGARDING THE CITY WATER BANK, A NEW ARTICLE 25-11 SFCC 1987, REGARDING THE WATER RIGHTS TRANSFER PROGRAM, AND A NEW ARTICLE 25-12 SFCC 1987, REGARDING THE WATER CONSERVATION CREDIT PROGRAM; MAKING SUCH OTHER RELATED CHANGES AS ARE NECESSARY

Information/discussion

8-11

CONSENT CALENDAR DISCUSSION

UPDATE ON SPRING RESERVOIR MANAGEMENT AND STORAGE CAPACITY

Information/discussion

11-13

END OF CONSENT CALENDAR DISCUSSION

DISCUSSION ITEMS

REQUEST FOR APPROVAL OF BILL NO. 2009 _____. AN ORDINANCE AUTHORIZING AND APPROVING SUBMISSION OF AN EXECUTED WATER PROJECT FUND LOAN/GRANT AGREEMENT #93-WTB TO THE NEW MEXICO FINANCE AUTHORITY (NMFA) AND NEW MEXICO WATER TRUST BOARD (WTB) FOR THE CANYON ROAD WATER TREATMENT PLANT PHASE II RESIDUALS HANDLING IMPROVEMENTS PROJECT IN THE AMOUNT OF \$2,000,000; REQUEST APPROVAL OF BUDGET ADJUSTMENT REQUEST

Approved

13

REQUEST FOR APPROVAL BILL NO. 2009- _____. AN ORDINANCE AMENDING SECTION 8 OF EXHIBIT A, CHAPTER 22 SFCC 1987, IN ORDER TO CLARIFY SEWER RATES

Approved w/direction to staff

13-14

| <u>ITEM</u> | <u>ACTION</u> | <u>PAGE</u> |
|--|------------------------|--------------------|
| REQUEST FOR APPROVAL OF RESOLUTION NO. 2009- _____. A RESOLUTION AUTHORIZING THE CITY OF SANTA FE TO RESTORE FLOW TO THE SANTA FE RIVER IN 2009 IN SUPPORT OF A LIVING RIVER | Approved [amended] | 14-18 |
| MATTERS FROM THE CITY ATTORNEY | None | 18 |
| MATTERS FROM STAFF | None | 18 |
| MATTERS FROM THE COMMITTEE | Information/discussion | 19 |
| NEXT MEETING: WEDNESDAY, APRIL 1, 2009 | | 19 |
| ADJOURN | | 19 |

**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, March 5, 2009**

1. CALL TO ORDER

A meeting of the Public Utilities Committee was called to order by Councilor Matthew Ortiz, Acting, Chair, at approximately 5:00 p.m., on March 5, 2009, in the Council Chambers, City Hall, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Rebecca Wurzburger, Chair
Councilor Christopher Calvert
Councilor Matthew E. Ortiz
Councilor Rosemary Romero
Councilor Ronald S. Trujillo

OTHERS PRESENT:

Galen Buller, Public Utilities Director
Stephanie Lopez, Public Utilities
Marcus Martinez, Assistant City Attorney
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

Stephanie Lopez said Item 14 under Consent will be postponed to the meeting of April 1, 2009, and staff would like to have Item 12 pulled from consent and give that presentation this evening.

MOTION: Councilor Trujillo moved, seconded by Councilor Calvert, to approve the Agenda as amended.

VOTE: The motion was approved on a voice vote [Absent: Councilor Romero and Chair Wurzburger].

Chair Wurzburger arrived at the meeting

4. APPROVAL OF CONSENT AGENDA

MOTION: Councilor Ortiz moved, seconded by Councilor Calvert, to approve the following consent agenda as amended.

VOTE: The motion was approved on a voice vote [Absent: Councilor Romero].

CONSENT CALENDAR

- 10. UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)**
A copy of "Weekly Water Report, Week of March 1, 2009, is incorporated herewith to these minutes as Exhibit "1."
- 11. UPDATE ON SOLID WASTE DIVISION. (BILL DeGRANDE)**
- 12. *[Removed for discussion by Councilor Calvert at request of staff]***
- 13. REQUEST FOR APPROVAL OF AMENDMENT (MODIFICATION 2) TO THE USFS COLLECTION AGREEMENT FOR THE BUCKMAN DIRECT DIVERSION PROJECT. (RICH CARPENTER).**
- 14. REQUEST FOR REASSIGNMENT OF PROFESSIONAL SERVICES AGREEMENT AND LEGAL SERVICES AGREEMENTS FOR THE BUCKMAN DIRECT DIVERSION PROJECT FROM THE CITY OF SANTA FE TO THE BUCKMAN DIRECT DIVERSION BOARD. (RICH CARPENTER, KYLE HARWOOD AND MAYA MARTINEZ)**
 - A. COONEY WATSON & ASSOCIATES**
 - B. HAWKINS DELAFIELD & WOOD, LLP.**
 - C. WRISC, INC.**
 - D. KERRY HOWE CONSULTING**
 - E. MODRALL SPERLING, PA**
 - F. KIRKPATRICK LOCKHART**
 - G. NORMAN GAUME**

This item was postponed to the meeting of April 1, 2009

5. APPROVAL OF MINUTES FOR THE FEBRUARY 4, 2009, PUBLIC UTILITIES COMMITTEE MEETING.

MOTION: Councilor Ortiz moved, seconded by Councilor Calvert, to approve the minutes of the meeting of February 4, 2009, as submitted.

VOTE: The motion was approved on a voice vote [Absent: Councilor Romero].

INFORMATIONAL ITEMS

6. REPORT ON "ENERGY AUDIT." (NICK SCHIAVO)

A copy of "Building Resource Audits, City of Santa Fe – Summary of Recommended Projects," is incorporated herewith to these minutes as Exhibit "2."

Councilor Romero arrived at the meeting

Nick Schiavo reviewed the information in Exhibit "2." Mr. Schiavo said he spoke with Homewise who has had over 150 calls, and of that approximately 40 were requests for Homewise to go out and provide them information on solar hot water heating, additional insulation, new windows and such. Homewise is working on finalizing the first 6 loans.

Councilor Calvert asked if the City is looking for funds from the Energy Block Grant to go into these kinds of programs.

Mr. Schiavo said yes, if stimulus funds are available, noting the plan of Housing and Community Development is to send funds through that program. He will speak to the City Attorney to see if he can go through that contract, or if he has to go out to RFP, noting that contract was specific about dollar amounts.

Mr. Schiavo said he has heard that a good chunk of funds will be coming through the State Energy, Minerals & Natural Resources Department for clean energy projects, noting he understands there will be a total of \$30 million statewide, and his plan is to apply for those funds and apply any funds received to the energy audit projects and the energy efficiency measures already outlined.

Mr. Schiavo said Exhibit "2" contains the most recent energy audits which have been done, and highlighted the information in Exhibit "2." Mr. Schiavo noted he has received one estimate to do the Mary Esther Gonzales and Municipal Court, and he is waiting for three estimates to move forward. He estimates these costs to be in the range of \$20,000 to \$25,000, which will use the balance of this year's funds and will be done in the next few months.

Chair Wurzbarger asked Mr. Schiavo to highlight the low hanging fruit.

Mr. Schiavo said the payback is in the last column, noting the quickest payback is 1 ½ years just by changing an exhaust fan, and there is a one year payback at the Chavez Center by returning the HVAC return higher in the room so it is not sucking moist air.

Chair Wurzbarger expressed appreciation for Mr. Schiavo's work.

7. WATER TRANSMISSION & STORAGE MASTER PLAN: BROWN AND CALDWELL PRESENTATION OF THE MASTER PLAN EXECUTIVE SUMMARY FOR WATER TRANSMISSION IMPROVEMENTS THROUGH 2030, INCLUDING IMPROVEMENTS REQUIRED TO CONVEY BUCKMAN DIRECT DIVERSION (BDD) PROJECT WATER THROUGH THE SDCW SYSTEM. (ROBERT JORGENSEN AND BROWN & CALDWELL)

The Final Executive Summary of the "Water Transmission and Storage System Master Plan," dated February 2009, prepared by Brown and Caldwell, is incorporated herewith to these minutes by reference. Copies can be obtained by contacting Robert Jorgensen, Engineer in the City Water Division.

Robert Jorgensen, Engineer, Water Division said Jacob Young, of Brown & Caldwell, is in attendance, noting he was the principal preparer of the water transmission and storage system master plan.

Mr. Young presented via power point a brief overview of the Water Transmission & Storage Master Plan and the associated Capital Improvements plan, which indicate which what pipelines and transmission systems will be needed to convey the BDD water system. Please see the Final Executive Summary for specifics of this presentation.

Councilor Calvert asked Mr. Martinez if this was part of the ten-year plan, and Mr. Martinez said yes.

Councilor Calvert, referring to page ES-2, said in the chart at the top the BDD Treatment Plant is at 15 million gallons per day, and asked if this is this the City and County combined.

Mr. Young said yes, that is the maximum capacity of the Treatment Plant.

Councilor Calvert asked if "all the other things are City things," and Mr. Young said yes. Councilor Calvert asked why the County component is included, and if this is done to account for transmission.

Mr. Young said it is done to account for transmission. He said a large portion of the County water actually passes through the City system before delivery to the County, so we have accounted for the County demand on the system in the plan which was included in all of the analysis performed.

Councilor Calvert said he would like "Additional Recommendation #6," the system-wide energy optimization study, to be a part of this project. He said this is one of the things with which we have to deal considerably in pumping water and moving water around. He wants to see the energy component to be integral to the plan.

Mr. Jorgenson said we do have the tools, and part of the scope of work was to do an energy optimization, although not as detailed as in Nick's presentation. However, they have the model that can show how best to move water using the least amount of energy. He said one of the alternates for bringing water from the BDD is to save 11% of pumping energy, even though they were shocked that it didn't save

money. He said they haven't gone the full distance for an optimization study because they wanted to get the master plan so the modeling could be used for detailed energy analysis. They chose not to spend a lot of dollars for analysis other than finding the best solution to using the least energy in the overall system. He said this would be the next step that was not in the master plan.

Councilor Calvert said the arrangements to provide water outside of boundaries are included, but might change, depending on what happens with the County.

Mr. Young noted they recommend updating the master plan on a regular basis, because the information is always changing the input into the master planning process.

Councilor Romero said, regarding the data gathering portion of the study or master plan, it never mentions the Jemez de Sangre Regional Water Plan. She said a lot of that came out of that included data on future demand beyond the general plan, based on an analysis from realtors and growth in the area. She wants to be sure this data was integrated into the plan.

Mr. Jorgenson said the master plan utilized and tracked the City's Long Range Water Supply Plan, which included the Jemez & Sangre data, and that was a key component. Brown and Caldwell worked with our water resource group, and it does track and the numbers match fairly well. He said there is an important distinction to bear in mind. This is a transmission and storage master plan, so rather than thinking of acre feet, it's about meeting summer day demands, and how to get the source of the supply into and distributed throughout the system. So, it doesn't necessarily track exactly, because we start looking at maximum day demands and the maximum use per day. He said it has been tracked and the numbers adjusted to match the Long Range Water Supply Plan.

Chair Wurzbarger said she presumes we need to approve this plan, noting it is on the agenda today as an information item, and asked the next step in doing something with this. She said staff can't just go and implement the plan without direction.

Mr. Jorgenson said they wanted to present the plan to the Committee, and had not requested action at this time. However, that is up to the Governing Body.

Chair Wurzbarger wants to be brought back as an action item to the next PUC meeting, perhaps on the Consent Calendar before it goes to the City Council.

Mr. Jorgensen said there are a lot of large next steps to implement the master plan because there is a huge component of cost sharing in the capital that hasn't been determined. He said it's sticky because our system is so integrated with Santa Fe County's water supply system with regard to who is going to pay for what.

8. REQUEST REVIEW AND GUIDANCE OF A DRAFT RFP FOR WATER DIVISION FOR WATER RATE EVALUATION SERVICES. (GARY MARTINEZ)

Bryan Snyder presented information regarding this matter from the materials in the packet, noting there is a draft scope of work for a draft RFP for Water Rate Evaluation Services which they are getting ready to release. Prior to releasing that RFP, staff wanted the PUC to have an opportunity to comment and discuss it so we're all on the "same page," prior to releasing it. Mr. Snyder summarized the scope of work.

Councilor Calvert, quoting from the Water Rate History on Page 2 of 7, "The rate increase was adopted with an amendment requiring an immediate Low Income Credit evaluation and implementation in May 2009..." He said we were trying to get several of these things immediately, and not just the low income credit evaluation. He said the high usage third tier was supposed to offset the expansion of the low income credit category. He said, with this in mind, this might be more of a two-step process, and you're talking about is modifying the existing rate structure.

Councilor Calvert said the Committee discussed quite a bit is evaluating or challenging the equity of rates based on meter size, noting Mr. Martinez says somewhere he really doesn't want to get into that. He believes we need to look at this. He said we have already found an inequity between residential and commercial on meter size, and the charge above the initial allocation. He asked what is the expected time frame for doing this.

Gary Martinez said, obviously, staff will do whatever we have to do to accomplish some of these things by May 2009. He said we don't have a consultant on board, and the objective of this task is to do that, so we can assign these tasks to a consultant to come back with realistic time frames and figures. He said the May 2009 time frame may or may not work, commenting that at this time he doesn't know.

Councilor Calvert said he is not much concerned about that date, noting Mr. Martinez says he will try to meet that date, at least for the low income credit information, and that "the rest will follow." He said he sees a two step process, and Mr. Martinez can tweak the existing model fairly quickly and easily. He believes it will take longer to challenge the existing rates based on meter sizes. He said, however, this is part of what we are asking to be done.

Mr. Martinez said this is correct, and some will take longer than others, and if we are challenging the current rate structure, that will involve a cost of service study which takes time. He said they can evaluate some of the things he has mentioned, but he doesn't know how quickly that can be done. If we get the same consultant that did the previous analysis, this could be done more quickly. However, if we should get another consultant, it will take a little time to get them up to speed with our current structure.

Councilor Calvert pointed out that Mr. Martinez talks about doing a cost of service study in the RFP.

Mr. Martinez said this is correct. He said if the Committee feels certain things need to be

prioritized over other things, he can do that. His biggest concern is that he didn't want a piecemeal approach to this. He said we can do things, such as a third tier, but at the end, when we wrap it all together, it will be one big bundle. He said if we are going to do this, we have to do it through the appropriate steps.

Councilor Calvert said we can do some things fairly quickly through modifying the existing structure. He said Mr. Martinez says at the bottom of page 5, "...Alternative rates shall be modifications to the existing rate structure rather than wholesale changes to that structure." He has discomfort with this, because this where challenging rates based on meter size will come into play.

Chair Wurzbarger said that was a critical question when the study was done five years ago, and we have to revisit that as a part of the cost of service.

Councilor Calvert said the cost of service study will be done regardless, and that can lead us to see how we can change the rate structure equitably, based on different users.

Mr. Martinez said the cost of service study gives a tool for policymakers to use in making decisions appropriately based on the total. He said he is trying to get that information and it is up to the Governing Body to make these policy decisions.

Councilor Calvert asked the costs associated with this.

Mr. Martinez said, "There is no cost. That's why we're going out for... it's called an RFP... a proposal."

Councilor Calvert said that's where the language at the bottom of 5 comes into play, because if you are only asking for modifications to the existing rate structure, you will get a certain cost. However, if you ask for an evaluation of alternatives to that, then you'll get another cost.

Mr. Martinez said this is correct, and asked if there a desire from the Committee.

Councilor Calvert said yes, and we've been talking about this specific component when we look at the existing rate structure.

Chair Wurzbarger said we've all talked about what happened during the last several years and where we begin with rate the structure and how that was a key issue four years ago. She said if we have eight issues, however you get to it, this is a very important issue. We've been telling the community we're going to address this issue, we recognize that there is an equity, they shouldn't have to pay for water based on the size of the pipe, and it should be based on what they use or some other criteria. She doesn't understand why Mr. Martinez needs further direction on this issue.

Mr. Martinez said this RFP is for Rate Design and Water Rate Structure evaluation of the existing structure.

Councilor Calvert said this says, "Alternative rates shall be modifications to the existing rate structure rather than whole changes to that structure." He wants clarification, and asked if "modifications to the existing rate structure," include looking at rates based on something other than meter size which is a significant change. He said he doesn't care how it is defined, he wants to have it in the RFP.

Responding to Councilor Romero, Councilor Calvert said the RFP should specifically say that some of the rates are based on meter size and we want to look at an alternative to that.

Chair Wurzburger suggested wording as follows "...to that structure, including alternatives to a meter size basis."

It was the consensus among the Committee to proceed with the RFP with the amendment proposed by the Chair and Councilor Wurzburger.

9. **UPDATE ON BILL NO. 2009- _____. AN ORDINANCE REPEALING SECTIONS 14-8.11(G)(3), 14-8.13, 14-8.16 AND 14-8.17 SFCC 1987, REGARDING ANNUAL WATER BUDGET, WATER RIGHTS TRANSFER REQUIREMENTS AND WATER BANKING; CREATING A NEW SECTION 14-8.13 SFCC 1987, REGARDING DEVELOPMENT WATER BUDGET REQUIREMENTS, A NEW ARTICLE 25-9 SFCC 1987, REGARDING THE CITY WATER BUDGET, A NEW ARTICLE 25-10 SFCC 1987, REGARDING THE CITY WATER BANK, A NEW ARTICLE 25-11 SFCC 1987, REGARDING THE WATER RIGHTS TRANSFER PROGRAM, AND A NEW ARTICLE 25-12 SFCC 1987, REGARDING THE WATER CONSERVATION CREDIT PROGRAM; MAKING SUCH OTHER RELATED CHANGES AS ARE NECESSARY (COUNCILOR WURZBURGER). (FRANK KATZ) (VERBAL)**

Frank Katz, City Attorney, said he left a copy of the latest version of the most recent draft of this Ordinance. [Stenographer's note: This document was not entered for the record..]

Mr. Katz said a few weeks ago, Councilor Wurzburger reintroduced this bill with certain changes, a great deal of clarification, leaving the development water budgets in Chapter 14, and moving the bank, the budget and water rights transfer ordinance to Chapter 25 with the water stuff. He said the development water budget remains much the same. The major change is in the monitoring process, and they are refining this further to make it easier for the developers and the City. He said they will be changing the thresholds for mixed use development at the request of the developers. He said there is an issue of line loss. He said we have been requiring the development water budget to bring 110% to account for line use, and since it isn't the exact figure they are discussing making it the exact figure, probably less than that. He said the 10% is the recommended maximum, but there are other losses and he is trying to get absolute clarity on that.

Mr. Katz said currently the water budget is intended to be a real water budget to look at the water supply, the sustainable water supply, noting there is a difference between sustainable and the maximum rights we have.

Mr. Katz said, regarding the water demand, there was discussion at the Water Conservation Committee about having more detail on the demand. .

Mr. Katz said the water bank is now in Article 25.10, and it clarifies that it will hold water for the City and for people who bring water for development and maybe more water for development than needed which can sit in the bank.

Chair Wurzbarger said a big issue for the developers which we heard today is the transfer of title – at what point to transfer title – and if they have title and don't use all of the water, how they get it back. She said these are legitimate concerns we need to resolve.

Mr. Katz said when water is transferred for development the title is transferred to the City and the City dedicates it to that development. If water is transferred just to the water bank, the issue of whether they transfer title to the City and then hold a contractual right to that water, or do they retain title in the water. There is considerable concern that if they do have to transfer water rights, they would have a very clear contractual right to that amount of water in the system. He said if a developer purchases water they have to pay right away, but the State Engineer may not transfer the full amount, and the developer has paid and is "stuck." He said the water credits in the bank have been totally vetted, are totally good and in some sense a more valuable commodity.

Mr. Katz said the developers are concerned about the State Engineer rule that if water isn't put to beneficial use within four years you can lose it. The City can have water which isn't put to beneficial use if it is within its 40-year plan. He said City staff are going to the State Engineer's Office with the developers to try to get clarity on that.

Mr. Katz said the Water Conservation Credit Program is one of the major impetuses for this redo because we're running out of toilets. He said that Program now has two ways to get conservation credits. One is that a person with a history of use can say they promise they will use less water, firmly commit to doing that and then get credits for the difference. The person can use that credit as they see fit – for future development they want to do, sell it to a developer, or donate it to the City for water in the river or other public purpose. The second, combines what was the toilet retrofit program with our Rebate Program, and refers to specific appliances. The City would give a rebate, for example, for the purchase of a front load, high efficiency washing machine. The rebate would be the value of the water saved which could be \$400-\$500. He said we would confirm the retrofit was done, and the City would own the retrofit credit which would go into the bank, to be used initially for small development. We would also sell some as a way of selling back to customers who enter into the "old fashioned" Option B, the alternative water budget or a conservation contract. He said over the years, things change which change the amount of water they need to use, and the City is trying to build in a convenient way for people to buy credits so they're not locked in forever, which we think will encourage people to enter into a conservation contract with the knowledge that if it doesn't work out, they can buy out of it.

Mr. Katz said finally, there is the Water Rights Transfer Program which combines the procedures for the initial program and the transfers to the water bank. The timing is now later in the development

process. He said the City's demand for the water very early in the process was working quite a hardship on the developers. He said the escrow provisions have been cleaned up, so that people who get hung up in the process of transferring rights to the City can provide a letter of credit or escrow for 150% of the cost of the water, so they can get their building permit and start construction.

Chair Wurzbarger said this is an area which might be of controversy to the Planning Commission and developers, noting we heard a lot about this percentage this afternoon which needs to be discussed later.

Mr. Katz said if the State Engineer approves the transfer of all the rights, the developers get all of their money back, if not we would give the difference back. If they can transfer the rights to us right away, we'll give it all back and they will transfer the rights. The reason it is set at 150% is if we are stuck with having to go out and find the additional water, we want that condition so we won't "tear our hair out," and the developer is relieved of the responsibility. If the developer wants to do substantially less than that, then I think we have to leave them on the hook for it, because there may not be enough left for the City to purchase the water rights.

Councilor Ortiz asked the current escrow requirements.

Mr. Katz said it is 150%.

Chair Wurzbarger said the developers are asking us to revisit that provision.

Mr. Katz said there is the issue of fees. We are now proposing that the developer would pay the out-of-pocket cost of the hydrological review by Lee Wilson & Associates, generally. They also would pay the Application Fee to the State Engineer and Notice, and if there are any protests and attended administrative hearings or appeals, we think the developer should pay this cost because it's part of the cost of bringing the water to us. He said we are considering not requiring them to pay the in-house cost of the legal review now that we have an in-house attorney to do those reviews. This is another issue to be resolved.

Mr. Katz said most of the issues raised by the developers were very helpful and he thinks appropriate to go into the ordinance.

Chair Wurzbarger thanked staff for its hard work on this. She said it now goes back to the Planning Commission at its next meeting.

Mr. Katz said the ordinance would now go to the Planning Commission, to the Public Works Committee on March 23rd, the Finance Committee on March 31st, and back to this Committee on April 1st. It would then go to the Council for publication in early April and a hearing in May 2009.

Councilor Ortiz said he has no inclination to hear it at Finance on March 31st if the Chair wants to

have a hearing here at this Committee first, because he wants to keep the agenda for the budget at that meeting.

Chair Wurzburger said it would be better to have it come first to this Committee and then go to the Finance Committee.

Councilor Ortiz said staff has attempted to summarize and give arguments for its position throughout the drafting of this ordinance. He would hope there are public hearings at both Public Works and Public Utilities Committee. He would like to have a draft version of the bill in strike-through format, which is his preference, or a list of all proposed amendments coming from these different sources.

Councilor Ortiz said he understands the Water Conservation Committee's amendments have been incorporated into the bill instead of being listed separately as amendments. He said staff has made changes to the original bill which have been incorporated as well. Therefore, there is no way for us to determine how the modifications have transpired. He doesn't want any further amendments incorporated into the bill, and he wants to see the *proposed amendments which come from the Planning Commission, the Water Conservation Committee or any other such committee meeting*. He would encourage people who are concerned about this bill to come and testify at public hearings and with their suggestions, preferably in writing.

Councilor Ortiz said the larger question for staff, probably Jack Hiatt, is whether we are in the situation we are told we would be in when staff first started talking about changing this – has the toilet retrofit really shrunk because of the slow-down in the real estate investment community. He said he has heard anecdotally that the price of toilets has dropped from \$700 to \$200 to \$300. He would like that kind of ancillary information to assist us in looking at that part of the program moving forward. He wants to make sure that whatever we do is done publically and that we have a full range of topics to discuss.

Councilor Wurzburger also would like staff to provide some kind of document about the current law, why we're changing it, the policy question and what the change will mean to different groups.

Councilor Romero noted there were conversations with the development community earlier today. It would be helpful to her to have an indication of where these proposed changes would be included in the bill, and where they came from. Although she doesn't know the format, Councilor Romero said she doesn't like to see documents with "100 comments on the side." She suggested instead a matrix of some sort which provides a way to align the comments with where they fit.

CONSENT CALENDAR DISCUSSION

12. UPDATE ON SPRING RESERVOIR MANAGEMENT AND STORAGE CAPACITY. (ALAN HOOK)

A copy of "2008 McClure and Nichols Estimated Total Storage and Spring Env Flow Releases," is incorporated herewith to these minutes as Exhibit "3."

Alan Hook reviewed the information in Exhibit "3." Please see Exhibit "3" for specifics of this presentation. The assumption is that if there no new precipitation this is what our storage levels would be, and uses inflow from the Santa Fe River above the reservoirs, and it doesn't always take into account the seepage or lower elevation inflows to the reservoirs. The demand is based on last year's demand level.

Chair Wurzbarger asked if we are predicted to be drier this year.

Mr. Hook said he wouldn't say drier *per se* and he hasn't made a direct comparison of the National Weather Service forecast last year. He said we were projected in February 2008 to be at 109%, but it had dropped to 88% by May. He said last April/May/June there was an increase on the production of drinking water we utilized.

Councilor Trujillo said we're showing the reservoir at 97.1%, and asked if that is possible.

Mr. Hook said we try to reach 95-100% by the beginning of June. He said he is looking at snow water equivalent, noting currently we have the equivalent of 11.5 inches of water. He said in 2007 it was 10.6 inches. We're not at 2006 levels, and the forecast looks like a dry spring into summer.

Responding to Councilor Trujillo's concerns that the warmer weather will cause the snow to melt faster, Mr. Hook said the average temperature at the upper elevation is still in within the average range showed by our RCS data, so the snow isn't melting dramatically, but it could., noting that these are estimates given historical data.

Councilor Trujillo said he wants to have water in the river for the fishing derby.

Councilor Ortiz asked, assuming the resolution passes later in this meeting, if this considers the assumption that when we have peak water in the reservoir that our water treatment facility is fully utilized at 100%.

Mr. Hook said column 13 indicates the daily outputs, going from 4 million to 6 million gallons, following the pattern from last year's demand. It's not using the full capacity of what the water treatment facility could do, but it's based on last year's demand for production.

Councilor Ortiz said he doesn't understand why we wouldn't operate at full capacity. He said we've been doing improvements to the water treatment plant. As he understands the equation, we are giving up 271 afy to allow the two cubic foot release which is being contemplate.

Mr. Martinez said this is correct. He said, for clarity, the treatment facility can operate at full capacity but it is limited to the public demand on that side of town. During the times the demand isn't high, you can't increase the facility to the 8-9 million gallons, because there's no place to send it. He said the other criteria is that you have to keep the Buckman well delivery system functional, and we don't just turn

that off. He said we keep the Buckman wells running minimally throughout this time, and bump up the surface water treatment facility as we can and as demand go up. So during May-June, you will see the facility ramping up to 8-9 million gallons a day.

Councilor Calvert said he has already seen people watering their lawns, and he is concerned that the demand will be greater than last year because we have had this warm weather.

Mr. Hook said this is a possibility, but as time passes, we can narrow the target as to the maximum and the updates will come.

Chair Wurzbarger thanked him for his report.

DISCUSSION ITEMS

15. **REQUEST FOR APPROVAL OF BILL NO. 2009 _____. AN ORDINANCE AUTHORIZING AND APPROVING SUBMISSION OF AN EXECUTED WATER PROJECT FUND LOAN/GRANT AGREEMENT #93-WTB TO THE NEW MEXICO FINANCE AUTHORITY (NMFA) AND NEW MEXICO WATER TRUST BOARD (WTB) FOR THE CANYON ROAD WATER TREATMENT PLANT PHASE II RESIDUALS HANDLING IMPROVEMENTS PROJECT IN THE AMOUNT OF \$2,000,000; REQUEST APPROVAL OF BUDGET ADJUSTMENT REQUEST. (BRIAN SNYDER)**

MOTION: Councilor Calvert moved, seconded by Councilor Romero, to approve this request.

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

16. **REQUEST FOR APPROVAL BILL NO. 2009- _____. AN ORDINANCE AMENDING SECTION 8 OF EXHIBIT A, CHAPTER 22 SFCC 1987, IN ORDER TO CLARIFY SEWER RATES. (COSTY KASSISIEH)**

Councilor Calvert asked about the calculation of use for the winter, noting if there is zero water use in a month, the City assumes 6,700 gallons which seems to be high.

Mr. Kassisieh just because they aren't here for one month, doesn't mean they won't be using any water in the summer. He said usually people will use a lot more in the summer than in the winter.

Councilor Calvert said he is asking Peter Ortega to do an analysis of how many people are in the same situation. He said this is a full time resident in this situation, reiterating that figure is high and he believes we need to reduce it for people in this situation. This person was traveling for a month and had no use. He would like for staff to come up with a more reasonable figure, noting he understands this is based on a national average.

Mr. Kasssieh said it is, and it is the same average used by the Water Division, and the number came from Reed Liming in his report.

MOTION: Councilor Calvert moved, seconded by Councilor Romero, to postpone this request to the meeting of April 1, 2009, so Mr. Kasssieh, Galen Buller and Councilor Calvert can determine how to address this concern.

DISCUSSION: Mr. Kasssieh said the per unit rates are on pages 2, \$18.43 per unit, noting he hasn't been billing the full amount. He said the longer we wait to approve this, the more money he will be losing, especially per unit.

WITHDRAWAL OF MOTION: The maker and second withdrew their motion and second.

MOTION: Councilor Calvert moved, seconded by Councilor Romero, for approval of the amended section, with direction to staff to come back as soon as possible with proposed changes to the area where we calculate a full year usage based on winter usage.

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

17. REQUEST FOR APPROVAL OF RESOLUTION NO. 2009- _____. A RESOLUTION AUTHORIZING THE CITY OF SANTA FE TO RESTORE FLOW TO THE SANTA FE RIVER IN 2009 IN SUPPORT OF A LIVING RIVER (MAYOR COSS, COUNCILOR ROMERO, COUNCILOR TRUJILLO). (RACHEL FRIEDMAN)

Councilor Ortiz asked what is a "natural 31 day spring runoff."

Ms. Friedman said a typical river system operates with snow melt coming in during the spring and creating peak runoff, and they're intending to simulate the natural occurrences in a river system because that triggers native plants to begin blooming and propagating seeds.

Councilor Ortiz asked if this Resolution is just to have water run through the runoff season, or through the entire year. He said the Resolution is drafted for all of 2009, but the discussion talks about when we release water anyway. He asked the intent of the Resolution.

Ms. Friedman said it is intended to release water from April 1 through September 13, 2009, if we find our reservoirs are capable of doing so. The 31 day spring runoff is to increase the base load through the rest of the period. She said those dates are chosen as an ideal flow period based on limitations of the supply and water use rates. Ideally, they'd like to have water in the river all year.

Councilor Ortiz asked if it is the intent of the makers of the Resolution to confer this authority to the River Commission.

Ms. Friedman said the authority to the River Commission is only in that part where they choose the dates to begin the increase in water flow.

Councilor Ortiz said this is incorrect, and quoted from page 3, line 8 of the Resolution, "...flow targets and start date to be determined by the River Commission," and again asked if this is intentional.

Ms. Friedman said that is in connection with the 31-day spring runoff. The rest is to begin April 1st and will be terminated if and when the Water Division needs to termination.

Councilor Ortiz said his reading of Paragraph 2 is that the River Commission has the authority to set the flow targets, set the start date, in coordination with the Water Division. He said Paragraph 5 provides, "The above targets [determined by the River Commission] may be modified to meet the following criteria."

Ms. Friedman said this isn't her intention and in Paragraph 2, for the 31 day spring runoff, the start dates and targets are to be determined by the River Commission with the Water Division. She said the "above targets," in Paragraph 5, refers to having 2 cfs April 1st through September 15th. She said staff can work on ways to differentiate those different targets.

SUBSTITUTE MOTION: Councilor Ortiz moved, seconded by Councilor Romero, to approve this request with the following amendments:

1. On page 3, beginning on line 7, amend the language as follows: "Beginning in May 2009, the City shall allow water to pass through in weekly increments to mimic a natural, 31-day, spring runoff ~~with flow targets and start date to be determined by the River Commission in coordination with the Water Division~~ River Commission to establish start dates.; and
2. Add a new Paragraph 8 on page 4: The Water Division shall work with the River Commission to obtain their advice on the start date of the 31-day, spring runoff and target dates for the period of April 1st through April 13th

FRIENDLY AMENDMENT: Councilor Romero suggested adding language on page 1, line 19, as follows: "...Indian Market, 400th Anniversary celebration and..." **The amendment was friendly to the maker and there were no objections by the other Councilors.**

FRIENDLY AMENDMENT: Councilor Calvert proposed correcting page 2, line 4 as follows: "...18, 2008 2009. **The amendment was friendly to the maker and second, and there were no objections by the other Councilors.**

Councilor Calvert asked what is meant by "License 1677," on page 2, line 10 of the Resolution.

Ms. Friedman said this is the water permit name from the Office of the State Engineer for the operation of the reservoirs and our treatment plan.

Councilor Calvert suggested that it would be helpful for anybody else in the general public to know what that really means.

Councilor Calvert quoted from page 2, line 11, "WHEREAS, allowing water to pass through the reservoir may require additional pumping of groundwater for water supply, depending upon 2009 water supply and demand..." He said this causes him pause, because when we were passing the new water rates we said part of the reason we need the Buckman is to rest the pumping of the groundwater. He asked if this is intended for short term only, commenting this seems to be counter to what we have been proposing.

Ms. Friedman said this is a short term proposal only for 2009. She said, as Mr. Hook said previously, it is predicted we will have 97% storage by June 6, 2009. This is just a caveat in the event there is more demand and we need to pump more than previous years, but not more than we are allowed to do or that would be unsustainable.

Councilor Calvert said the previous year's was unsustainable and this is part of the reason we're doing the Buckman – so we can rest the wells and maintain a sustainable supply in the aquifer.

Councilor Wurzbarger said it was her assumption that this wouldn't come from the pumped water, and this is the reason the Governing Body will be making the decision to do this if we have the water, without pumping additional groundwater.

Ms. Friedman said this is correct, but the water doesn't always come when the demand comes, so we may have to supplement the supply with pumping and the water will come later from other sources.

Councilor Ortiz said he had the same assumption as Councilor Wurzbarger, although he didn't catch this. He was reading the assumption in Item #12, and realized if we're not at capacity at our treatment facility and we're just letting this water go down, he wondered if there is an ability to capture that water and use it to lessen the impact of pumping, especially when we meet the demand. He said it is a function of our storage capacity and distribution system to get that water into the system to offset that increase in demand. He said, for the near future, we have to look at this as an idea that has been explored and has generated a lot of support. He is in support of trying this for all of the reasons identified. However, it is the Water Division's idea and he believes we have surface water capacity that we didn't have five years ago. He said the Water Division determines what flow goes down or not, and the River Commission is there to make recommendations.

Councilor Calvert said he is a cosponsor, and Councilor Ortiz is implying that we really wouldn't have to do this, and wonders why this statement is in here.

FRIENDLY AMENDMENT: Councilor Calvert would like to amend the motion to delete language beginning on line 11 as follows: ~~"WHEREAS, allowing water to pass through the reservoir may require additional pumping of groundwater for water supply, depending upon 2009 water supply and demand; and."~~ **The amendment was friendly to the maker and second, and there were no objections from the other councilors. [STENOGRAPHER'S NOTE: This Friendly Amendment was never rescinded by the Committee.]**

Claudia Borchert said we don't know what's coming in terms of snowpack and rain. The reason this language is in the Resolution is because it is true that once the peak runoff ends around June 1st or earlier if it is warm, we probably will not be able to divert a full 5,040 afy from the surface water treatment plant, because we are taking water and putting it in the river and not because we don't have the capacity to do so. She said she is pleased that you want us to direct it, and feels it is a policy level decision on whether or not to do that.

Councilor Ortiz said there have been PUC meetings where he has been on the other side of this and he's said we can't afford to send the water down the river. However, given the assumptions that staff told us, it seems as if we can pass this Resolution and trust staff to give us reports. If staff comes to us and tells us we will have issues because the spring season was what we predicted and we need to divert more of this, the Division has the authority winnow the river water down.

Ms. Borchert said it's not very much water, it's for a year. She guesses it will be between 100 and 300 afy which may needed to come from groundwater. She said they just completed a monitoring program plan in the Buckman area where we have seen water levels increase uniformly in every single production well and most of the monitoring wells in the area. She said, "And so I say that because we are .. you know, our policies as a whole are certainly benefitting the aquifer."

Responding to the Chair, Ms. Borchert said this is water that basically would have spilled or passed through anyway. It's what happens after June and through September and we don't really know what that will look like. She said if we get great monsoons, then everything she says is not true. She said it is the difference between the potential 271 afy, and the 500 afy or the 700 afy, but even there, there is a little play. This is the reason it says "may," because we don't know.

Councilor Ortiz said even if we ask staff to come back with reports, it's still a guess.

Councilor Wurzbarger said once we know, we can make a decision, for example, in a complete drought not to continue to do the river for one month.

Councilor Ortiz said he is comfortable with Water Division staff advising the River Commission and this Committee that circumstances have change, or panned out or are better.

Councilor Romero said the language says "may," and she is comfortable with that.

Councilor Calvert said he is confused about the language on page 3, in #1 which provides, "Beginning April

1, 2009..." to allow water to pass, while in #5 we are talking about April 15, 2009. He asked if we wouldn't want to know on April 1, 2009, before we start releasing water, and shouldn't there be consistency.

Ms. Borchert said this year, because the reservoirs are full, and now at 75%, staff is comfortable that there will be the need during those two weeks to release water which otherwise would spill. She said we can release at 2 cfs weekly April through May 2009 and have no peak to mimic the river and that would be the spilled water. If we are going to add on top of that, that comes from water supply.

Responding to Councilor Calvert, Ms. Friedman said there would be a little more than the 2 cfs with a peak of 11 cfs.

Councilor Calvert asked for an idea of what that would be.

Ms. Friedman said, "We had worked out a draft that it would be 3 cfs per week, ramping up to 5 cfs per week and 7 cfs for the third week and then back down."

FRIENDLY AMENDMENT: Councilor Calvert would like that final draft to be included as an attachment to the Resolution, so it will be clear. **The amendment was friendly to the maker and second, and there were no objections from the other Councilors.**

FRIENDLY AMENDMENT: Councilor Calvert would like to amend Item #4 said on page 3, as follows: "City staff shall make monthly updates to the River Commission and periodic monthly updates to the Public Utilities Committee.." **The amendment was friendly to the maker and second, and there were no objections from the other Councilors.**

Councilor Calvert said the Resolution provides that the City shall have a storage level of at least 40% at the end of the year, but as we know only 20% of that is usable. He asked if this will stay consistent or grow, noting his understanding of reservoir capacity is that it tends to silt up so the usable percentage might be even less than that.

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

Chair Wurzbarger thanked staff for their hard work on this and said we all look forward to a river as long as we can have it.

MATTERS FROM THE CITY ATTORNEY

There were no matters from the City Attorney.

MATTERS FROM STAFF

There were no matters from staff.

MATTERS FROM THE COMMITTEE

Councilor Trujillo would like to meet with Ms. Friedman regarding the fishing derby.

Councilor Trujillo gave direction to Alan Hook that when Game & Fish goes out to shock the fish, he would like for him to make arrangements for him, State Representatives Trujillo and Varela and other Councilors who would like to do so, to go with them.

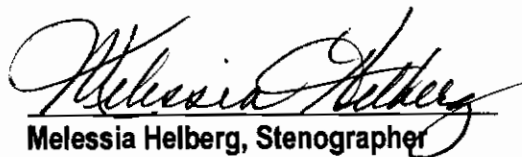
NEXT MEETING: WEDNESDAY, APRIL 1, 2009

Chair Wurzburger said it is possible she won't be attending the next meeting, but she will let staff know later.

ADJOURN

There was no further business to come before the Committee, and the Committee, having completed its agenda, adjourned the meeting at 6:35 p.m.

Rebecca Wurzburger, Chair



Melessia Helberg, Stenographer