



Agenda

CITY CLERK'S OFFICE

DATE 5-27-09 TIME 1:45

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**PUBLIC UTILITIES COMMITTEE
MEETING
CITY COUNCIL CHAMBERS
WEDNESDAY, JUNE 3, 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 MAY 6, 2009 PUBLIC UTILITIES COMMITTEE MEETING

INFORMATIONAL ITEMS

6. Update on Water Division. (Brian Snyder)

CONSENT CALENDAR

7. Update on Current Water Supply Status. (Victor Archuleta)
8. Update on Solid Waste Division. (Bill De Grande)
9. Report on Reservoir Storage Estimates and Flow-Throughs to Santa Fe River. (Alan Hook)
10. Update on Rio Grande Cutthroat Trout Spawning Project. (Alan Hook)
11. Request for Approval of Amendment No. 6 to the Legal Services Agreement between the City of Santa Fe and Sheehan Sheehan & Stelzner P.A. for the Amount of \$50,000 Inclusive of NMGRS for the Hospital Tank Rehabilitation. (Maureen Reed)
12. Request for Approval of Water Division Budget Adjustment Requests for the Amounts of \$38,901 and \$36,450. (Brian Snyder and Maya Martinez)

13. Request for Approval of Award of Bid No. '09/29/B for the Transmission and Distribution System Rehabilitation Project – CIP # 3028 for the Amount of \$896,339 Exclusive of NMGRT. (Stephanie Reynolds)
14. Request for Approval of Award of RFP No. '09/22/P and Professional Services Agreement to Stepwise Utility Advisors in the Amount of \$137,374 Inclusive of NMGRT. (Brian Snyder and Maya Martinez)
15. Request for Approval of the Purchase of One (1) Large Truck Cab and Chassis from Trucks West in the Amount of \$120,045. (Bill DeGrande)

DISCUSSION AND ACTION ITEMS

16. Request for Direction on Recommendations for Wastewater Rate Adjustments. (Costy Kassiesieh)
17. Request for Approval of Water Rights Purchase Agreement for Henriquez I. and Veronica Tenorio Water Rights. (Dale Lyons)
18. Request for Approval of Water Rights Purchase Agreement for Ray and Loraine Baca Family Trust Water Rights. (Dale Lyons)
19. Request for Approval of Resolution No. 2009-_____. A Resolution Authorizing the Allocation of Water Generated From Past City Conservation Initiative to the City's Affordable Housing Credit Pool. (Dale Lyons and Claudia Borchert)

MATTERS FROM THE CITY ATTORNEY

ITEMS FROM STAFF

MATTERS FROM THE COMMITTEE

NEXT MEETING: WEDNESDAY, JUNE 17, 2009

ADJOURN

PERSONS WITH DISABILITIES IN NEED OF ACCOMODATIONS, CONTACT THE CITY CLERK'S OFFICE AT 505-955-6520, FIVE (5) WORKING DAYS PRIOR TO THE MEETING DATE.

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PUBLIC UTILITIES COMMITTEE
June 3, 2009**

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, June 3, 2009**

1. CALL TO ORDER

A meeting of the Public Utilities Committee was called to order by Councilor Rebecca Wurzburger, Chair, at approximately 5:00 p.m., on June 3, 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

MEMBERS EXCUSED:

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

Chair Wurzburger would like to remove Item #6 from the agenda and postpone it to the next meeting of the Committee.

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

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT CALENDAR

- 7. UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)**
A copy of "Weekly Water Report, Week of May 31, 2009, is incorporated herewith to these minutes as Exhibit "1."
- 8. UPDATE ON SOLID WASTE DIVISION. (BILL DeGRANDE)**
- 9. REPORT ON RESERVOIR STORAGE ESTIMATES AND FLOW-THROUGHS TO SANTA FE RIVER. (ALAN HOOK)**
A copy of McClure and Nichols Estimated Total Storage with Spring Env. Flow-throughs and Fishing Derby – week of June 7, 2009, is incorporated herewith to these minutes as Exhibit "2."
- 10. UPDATE ON RIO GRANDE CUTTHROAT TROUT SPAWNING PROJECT. (ALAN HOOKS)**
- 11. *[Removed for discussion by Councilor Ortiz]***
- 12. REQUEST FOR APPROVAL OF WATER DIVISION BUDGET ADJUSTMENT REQUESTS FOR THE AMOUNTS OF \$38,901 AND \$36,450. (BRIAN SNYDER AND MAYA MARTINEZ)**
- 13. REQUEST FOR APPROVAL OF AWARD OF BID NO. 09/29/B FOR THE TRANSMISSION AND DISTRIBUTION SYSTEM REHABILITATION PROJECT – CIP #3028 FOR THE AMOUNT OF \$896,339 EXCLUSIVE OF NMGR. (STEPHANIE REYNOLDS)**
- 14. REQUEST FOR APPROVAL OF AWARD OF RFP NO. 09/22/P AND PROFESSIONAL SERVICES AGREEMENT TO STEPWISE UTILITY ADVISORS IN THE AMOUNT OF \$137,374, INCLUSIVE OF NMGR. (BRIAN SNYDER AND MAYA MARTINEZ)**
- 15. REQUEST FOR APPROVAL FOR THE PURCHASE OF ONE (1) LARGE TRUCK CAB AND CHASSIS FROM TRUCKS WEST IN THE AMOUNT OF \$120,045. (BILL DeGRANDE)**

5. APPROVAL OF MINUTES FOR THE MAY 6, 2009 PUBLIC UTILITIES COMMITTEE MEETING.

MOTION: Councilor Calvert moved, seconded by Councilor Ortiz, to approve the minutes of the meeting of May 6, 2009, as submitted.

VOTE: The motion was approved on a voice vote, with Councilor Calvert and Chair Wurzbarger voting in favor of the motion, none against and Councilor Ortiz abstaining.

INFORMATIONAL ITEMS

6. UPDATE ON WATER DIVISION. (BRIAN SNYDER)

This item was postponed to the meeting of June 17, 2009.

CONSENT DISCUSSION

11. REQUEST FOR APPROVAL OF AMENDMENT NO. 6 TO THE LEGAL SERVICES AGREEMENT BETWEEN THE CITY OF SANTA FE AND SHEEHAN, SHEEHAN & STELZNER, P.A., FOR THE AMOUNT OF \$50,000 INCLUSIVE OF NMGR FOR THE HOSPITAL TANK REHABILITATION. (MAUREEN REED)

Councilor Ortiz asked how long it will be until we get to the end of this contract, noting that it began with a \$20,000 contract which didn't go out to bid, and then there were amendments for \$30,000, \$35,000, \$50,000, and now there is a request for another \$50,000. He said this is a situation where the City could have bid this contract, noting lots of law firms are looking for work, but this firm was "mainlined" without going through a bidding process.

Mr. Snyder said he said he isn't overly familiar with the legal process, but at the time they were in the process of going through depositions. He said he doesn't know how this firm was selected, but Sheehan & Sheen has been involved with the Hospital Tank Rehabilitation project for the past 1½ years in one form or another.

MOTION: Councilor Ortiz moved to approve this request, with direction to the City Attorney's Office to provide a detailed listing of the invoices which have been paid to this firm, and Councilor Calvert seconded the motion, with direction to the City Attorney's Office to provide an estimate of future costs and involvement by this firm in this matter

DISCUSSION: Councilor Ortiz said legal contracts are like any other personal service agreements, and once they get past a certain dollar amount, the City should have the wherewithal and expertise on staff to realize that a contract needs to go out to bid.

Councilor Ortiz said this contract is just for expert depositions which means there will be another \$75,000 in costs if we don't settle the case.

Marcus Martinez asked if the Committee would like for the contracting attorney to make a presentation.

The Committee consensus was not to ask the contract attorney to make a presentation, because the City would have to pay him to do that presentation, and would rather have staff who is supposed to be managing this contract to prepare a memorandum containing the requested information. Mr. Martinez said he will do so

Responding to the Chair, Mr. Snyder said the cost to install the original liner was approximately \$210,000, but he doesn't know the cost to remove it and replace it with a new liner system. He said the liner currently is still in place, and the City has made no effort to remove the liner.

Chair Wurzbarger said her concern is spending \$185,000 trying to recover \$210,000, reiterating that she wants cost/benefit information.

Councilor Ortiz said we need to win this case, so our attorney fees will be paid.

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

DISCUSSION ITEMS

16. REQUEST FOR DIRECTION ON RECOMMENDATIONS FOR WASTEWATER RATE ADJUSTMENTS. (COSTY KASSISIEH)

Councilor Calvert quoted from page 4, Scenario A, of the Memorandum in the Committee packet dated May 26, 2009, from Jason Mumm, to Qustandi Kassisieh, Wastewater Division Director, as follows: "Capital expenditure requirements as provided to us on the Division's capital improvement plan." He said he hasn't seen this Plan, and asked Mr. Mumm if he has seen it, or if he has assumed that we are following that. He thinks we may have the "cart before the horse."

Mr. Kassisieh said the CIP is for the future, and now the plant will be fine until 2010-2011. He said both CIPs have been pushed back in order to reduce the rate increases to Santa Fe on the wastewater.

Councilor Calvert said he understands, but it appears that Mr. Mumm has been building the rate structure on the capital improvement plan, and he is unsure if Mr. Mumm knows whether or not there is a phasing plan.

Mr. Kassisieh said he sent Mr. Mumm a copy of the Plan. He said, "And when Jason looked at it, and I'm not going to put words in his mouth, when he looked at it, it scared him to death."

Chair Wurzburger asked when the Council saw and approved this plan.

Mr. Kasssieh said part of the plan was approved in 1994, as part of the sludge handling facilities, and he is hoping to build a digester and sludge blending tank. He said the balance of the funds are to replace sewer lines throughout the City, noting he has requested \$1.5 million each year for repair and replacement.

Councilor Ortiz said this is part of the plan, and asked when the balance of the plan was approved.

Mr. Kasssieh said most of the plan is part of operation, and replacing equipment.

Chair Wurzburger wants a copy of this Plan.

Mr. Kasssieh said he will email the plan to the Committee.

Councilor Calvert asked what was the time frame for the 1994 plan which was approved.

Mr. Kasssieh said it is a continuous plan which was begin in 1995 by building the tertiary treatment, in 2001 the headworks was build for \$13 million, last year a composting facility was build for \$13 million, and now it is proposed to do the clarifiers at a cost of \$12 million, and this is the last of the funds he has.

Chair Wurzburger asked Mr. Mumm to provide further clarification on how he incorporated the plan he received into the scenarios.

Jason Mumm said they prepared a five-year financial plan, because the CIP provided by Mr. Kasssieh was a five-year "look ahead." He said the CIP they were working with originally, along with the operating budget which was the departmental proposed budget, at the time produced 40% of the increases needed for next year. He said he met with Galen Buller, Dave Millican, Costy, and Councilor Wurzburger and they discussed what could be done to reduce that. He received a new CIP from Mr. Kasssieh and he moved several projects beyond the five-year period, and removed that impact altogether.

Mr. Mumm said in all of the City's budgets for utilities there are a number of line items in the operating budget which truly include capital outlay – purchases of heavy equipment and such. Those were also reduced in the City Manager's recommended budget. The sum total of CIP includes the Capital Improvements plan proper – pipelines and plants, and includes implicitly those items in the O&M budget which really are capital outlay. He said Mr. Kasssieh will be sharing the CIP document with this Committee at a future time.

Councilor Calvert said then some Capital Improvement Plan was included in the projections, but a lot was postponed beyond the time frame of this analysis.

Mr. Mumm said this is correct, apart from the plant improvements which are happening in the short term and wrapping up next year, and the ongoing sewer improvements.

Councilor Calvert said then we have to do significant rate increases which won't cover some of this stuff.

Mr. Mumm said, for the next year, the CIP had a lot less to do with the need for the increases than the O&M budget and simultaneous reductions in other revenue streams, for example the GRT which is going down. He said these two items forced the City's hand somewhat on this. He said, absent some significant cuts to O&M, and realizing there are bond payments which have to be made and those need to be covered at least from once from the Sewer Division operations, he said 25.5% is what is needed to get the City to the one time coverage of the debt.

Councilor Calvert said on page 3 of the Memo, there is discussion that part of the increase in the operating cost is the filling of the 11 FTE positions.

Mr. Mumm said this definitely is one of the major drivers, noting Mr. Kasssieh said all 11 positions need to be filled.

Mr. Kasssieh said two years ago, the Legislature gave authority to the State Environment Department to mandate how many operators we need and at what level. He said according to our population, and the amount of water treated, we are supposed to have Level 4 operators, but the state hasn't told us how many we need. He said the State is going to see if we can manage the way we are doing, and if not, they will require us to hire more people, or to change the process. He said the plant has been running fine for the past 15 years with the same number of people, so he doesn't see the need to add additional people at this time.

Chair Wurzbarger said then the 11 FTEs are included, which is a big piece of the rate increase.

Mr. Mumm said the City Manager's recommended budget includes the 11 FTEs and that is the embedded number which is used.

Chair Wurzbarger said then Mr. Kasssieh is saying he doesn't believe we need the additional 11 FTEs.

Mr. Kasssieh said he has hired two more employees. He said he is trying to keep a steady number, but it seems as if we train them and then they go where they can get more money.

Councilor Calvert asked Mr. Kasssieh if the positions he is filling are part of the 11 FTEs, or are these just other vacancies that have arisen. Mr. Kasssieh said they are mostly part of the 11 FTEs, and the two are part of that, and there would only be 9 FTEs to be hired. Councilor Calvert said this is a significant number.

Chair Wurzbarger said it sounds to her as if there is a request for a rate increase which we don't need. Councilor Calvert said it is a big piece. Chair Wurzbarger asked how big it is.

Mr. Mumm said there is an actual projection at year end for full time salaries in this line item of \$678,700, and in the coming fiscal year it is \$1.8 million, of which \$505,000 is part of the total we need to generate, which goes to the 11 vacancies, noting this is what he was told.

Councilor Calvert said if it was reduced from 11 to 9 FTEs, the total would be about \$400,000.

Chair Wurzbarger asked what would be the corresponding reduction in the proposed rate increase. Mr. Mumm said about 3%, but he will have to get back with firm numbers.

Councilor Calvert wants to be sure that all of the assumptions are valid before moving forward, noting he hasn't seen the Plan.

Councilor Ortiz said this problem, is the problem with the budget process. He said the City Manager has said publicly that all positions are being frozen, no positions will be created nor added. However, he knows this department was adamant about not going through an exercise in reduction, and fought any kinds of reduction in staff. He said this Division maintained that any reduction in staff would mean that the toilets start backing up, noting this was one of the comments that Costy made.

Councilor Ortiz said he read the materials and the potential rate increase dropped by Councilor Romero is in the pipeline and they are relying on a rate increase to fund operations and additional positions, and this is in the budget. He said if the Council had adopted the budget on Monday, it would have adopted implicitly these particular positions. He said this is the concern he had with the budget as presented, and the problem he has with the proposed rate increase to fund positions without a plan in place or information on whether it is necessary. He said we are being told that they are trying to cut costs, but we are passing on the costs. He said this is endemic in the whole budget process.

Councilor Ortiz said he opposes the rate increases until we have at least what the Water Division did, which is to prepare a comprehensive plan which spells out what the particular costs are expected to be, the requirements for these positions. He doesn't want to look at a rate increase until the plan is approved by the City Council. He said previously some of these improvements were funded by CIP, but that isn't available, because we're stripping CIP as much as possible to pay for some of the deficits. He said instead of looking at cuts, we are trying to scramble from various pots to cover and balance our budget which is unacceptable to him. He said it is also unacceptable to propose the kinds of rate increases which are being proposed in this ordinance, so he will be speaking against this ordinance, as currently drafted. He said we need to see the numbers after these additional positions are backed-out of the proposed budget.

Chair Wurzbarger said she understood that the rate increase was not connected to the budget, and asked Mr. Buller to elaborate on this.

Mr. Buller said the recommended budget says those positions which are vacant on June 30th would go away and there would be no new positions. He said they provided two charts in the budget packet which provided that 80 of the vacant positions would go away for good, but there are some they would like to resurrect in the next fiscal year because they are necessary positions. It was his understanding that these are necessary positions, but if not necessary, he would be happy to move these to the other chart..

Mr. Kassisieh said we do need the positions because the State will dictate the number of positions we must fill. He said there currently are four vacancies in the collection section which maintain sewer lines across the City, and this is hurting the City now.

Chair Wurzbarger understood Mr. Kassisieh to say in the past that the City has been able to get along with the current positions. She thought she heard him say at this time he believed he could continue without those positions.

Mr. Kassisieh said he can continue as is, noting there will be a reduction of one person in each section, which will be four vacancies which will not be filled in the next fiscal year. However, he has no choice but to hire the balance of the vacancies before July.

Councilor Ortiz said we need to get people on the street doing the work, and not people behind desk. He said if these positions are to be resurrected, then they haven't gone away. He said, "It's like we're playing a shell game here with the public on some of these positions. Or, the converse is going to be true. We are going to cut vacant positions that are necessary, and then when there is going to be request for services, because those services are going to be taxed, the administration is going to come to us and say, well we had these vacant positions and you eliminated them in you budget. We don't have the positions to have people fill. It's a 'catch-22' that we are placing the public in by not looking more seriously at comprehensive cuts throughout the City to be able to afford necessary services. People fixing sewer is a necessary service. People collecting trash is a necessary service. People cleaning our streets, necessary service. Some of the other places that we have spending a lot of time and energy in protecting are the kind of areas that are not necessary, and we need to be clear that by passing the budget as it's being proposed, we are protecting those non-essential services at the expense exactly of these existing services. That's what we're doing. "

Councilor Calvert would like the issue of the positions to be clarified – yes, no, which category are they in. Mr. Mumm would then have that information with which to move forward. He believes we have done some work here which is a little premature.

Mr. Kassisieh said the positions to be filled are blue collar positions that drive the trucks and go around the City, and said there is no request to hire management or supervisory positions.

Councilor Ortiz said, "I know you are. These are the positions that we have to hire. These are the positions that are priority number one that need to be filled before we examine some of the other positions that we're spending a lot of time trying to protect. That's my comment Costy, and we need to be a better job of that."

DIRECTION TO STAFF FROM THE COMMITTEE: it was the consensus among the Committee, to step back, and before the budget hearing next week, there needs to be clarification between Costy and the City Manager with regard to what positions we absolutely need right now, and how that is reflected in the budget we considered the other day, and to defer any action on a rate increase until we have that clarity; and Mr. Mumm needs to do some new work which incorporates what we really need to do at this point, if that figure changes; and in the interim staff will provide the information on the plan which was requested earlier.

NO ACTION WAS TAKEN ON THIS REQUEST OTHER THAN DIRECTION TO STAFF.

17. REQUEST FOR APPROVAL OF WATER RIGHTS PURCHASE AGREEMENT FOR HENRIQUEZ I. AND VERONICA TENORIO WATER RIGHTS. (DALE LYONS)

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

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

Councilor Ortiz commented it is good that we are purchasing water rights at these rates.

18. REQUEST FOR APPROVAL OF WATER RIGHTS PURCHASE AGREEMENT FOR RAY AND LORAIN BACA FAMILY TRUST WATER RIGHTS. (DALE LYONS)

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

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

19. REQUEST FOR APPROVAL OF RESOLUTION NO. 2009- _____. A RESOLUTION AUTHORIZING THE ALLOCATION OF WATER GENERATED FROM PAST CITY CONSERVATION INITIATIVE TO THE CITY'S AFFORDABLE HOUSING CREDIT POOL. (DALE LYONS AND CLAUDIA BORCHERT)

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

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

MATTERS FROM THE CITY ATTORNEY

There were no matters from the City Attorney.

ITEMS FROM STAFF

There were no matters from staff.

MATTERS FROM THE COMMITTEE

Responding to Chair Wurzburger, Mr. Buller said he is clear on what is needed from Mr. Kasssieh — clarity on whether the 11 positions are to be hired next year, and how those relate to the budget and any proposed rate increase.

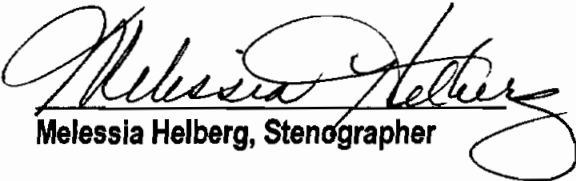
NEXT MEETING: WEDNESDAY, JUNE 17, 2009

Chair Wurzburger said she will not be attending the next meeting, noting Councilor Ortiz will be chairing that meeting. She would like a draft agenda by Monday of next week to review with staff.

ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at 6:00 p.m.

Rebecca Wurzburger, Chair



Melessia Helberg, Stenographer