



Agenda

DATE 7/29/09 TIME 7:05 PM
APPROVED BY [Signature]
DATED BY [Signature]

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

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM THE JULY 15, 2009 MEETING

INFORMATIONAL ITEMS

6. SFRTC Broadband Fiber Infrastructure Project Update. (Fabian Trujillo/Juan Torres)

CONSENT CALENDAR

7. Update on Current Water Supply Status. (Victor Archuleta)
8. Update on Solid Waste Division. (Bill De Grande)
9. BDD Project Manager's Monthly Project Exception Report. (Rick Carpenter)
10. Request for Approval of Award of Bid # '09/43/B for FY 09/10 City-Wide Water Utility Construction and Repair Contract to Sub Surface Contracting, Inc. in the Amount of \$500,000 Exclusive of NMGR. (Stephanie Reynolds)
11. Update and Report on Status of BDD Board Evaluation of Las Campanas Water Supply Alternatives. (Rick Carpenter and Marcos Martinez)

DISCUSSION ITEMS AND ACTION ITEMS

12. Selection of the Preferred Wastewater Rate Adjustment Scenario and Request for Approval to Proceed Forward With a Bill That Incorporates the Rates Associated With the Scenario. (Bryan Romero)
13. Request for Approval of Resolution No. 2009-_____. A Resolution Adopting New Program Guidelines and Authorizing Rebates for the Installation/Retrofit of Efficient Water Conservation Technologies. (Daniel Ransom) (Councilor Calvert)
14. Request for Approval of Resolution No. 2009-_____. A Resolution Adopting Standard Formulas by Water Use Category for Calculating Development Water Budgets. (Amanda King) (Councilor Calvert)
15. Request for Approval of Resolution No. 2009-_____. A Resolution Authorizing the Santa Fe Municipal Watershed Management Plan. (Dale Lyons)

MATTERS FROM THE CITY ATTORNEY

ITEMS FROM STAFF

MATTERS FROM THE COMMITTEE

NEXT MEETING: WEDNESDAY, AUGUST 19, 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
Wednesday, August 5, 2009**

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, August 5, 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 August 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 Rosemary Romero

MEMBERS EXCUSED:

Councilor Matthew E. Ortiz
Councilor Ronald S. Trujillo

OTHERS PRESENT:

Brian Snyder, Water Division 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

MOTION: Councilor Romero moved, seconded by Councilor Calvert, to approve the Agenda as published.

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

4. APPROVAL OF CONSENT AGENDA

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

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

CONSENT CALENDAR

- 7. UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)**
 - 8. UPDATE ON SOLID WASTE DIVISION. (BILL DeGRANDE)**
 - 9. BDD PROJECT MANAGER'S MONTHLY PROJECT EXCEPTION REPORT. (RICK CARPENTER)**
 - 10. REQUEST FOR APPROVAL OF AWARD OF BID #09/43/B FOR FY 09/10 CITY-WIDE WATER UTILITY CONSTRUCTION AND REPAIR CONTRACT TO SUB SURFACE CONTRACTING, INC., IN THE AMOUNT OF \$500,000 EXCLUSIVE OF NMGR. (STEPHANIE REYNOLDS)**
 - 11. *[Removed for discussion by Chair Wurzbarger]***
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- 5. APPROVAL OF MINUTES FOR THE JULY 15, 2009, PUBLIC UTILITIES COMMITTEE MEETING.**

MOTION: Councilor Romero moved, seconded by Councilor Calvert, to approve the minutes of the meeting of July 15, 2009, as submitted.

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

INFORMATIONAL ITEMS

- 6. SFRTC BROADBAND FIBER INFRASTRUCTURE PROJECT UPDATE. (FABIAN TRUJILLO/JUAN TORRES)**

Chair Wurzbarger said all of the members of the Committee have heard this presentation, and said there is no need for staff to have present it again.

CONSENT DISCUSSION

11. UPDATE AND REPORT ON STATUS OF BDD BOARD EVALUATION OF LAS CAMPANAS WATER SUPPLY ALTERNATIVES. (RICK CARPENTER AND MARCOS MARTINEZ)

Chair Wurzburger said she understands there is a commitment from Las Campanas to pay for the legal issues up to \$15,000.

Mark Ryan said Kyle Harwood was working on this, so he doesn't know if the agreement has been passed or not.

Councilor Calvert said that will be in the BDD Board packet for tomorrow, but it isn't in this packet.

Councilor Calvert asked what is meant by "The substitution of the LC Water Cooperative for LC LP for a reduced portion of the Shared Facilities and the design..."

Mr. Ryan said he believes this is addressing that the Las Campanas HOA, or whichever organization picks this up, will be giving the irrigation water through separate pipeline, where the Las Campanas potable water will be supplied through the County's portion of the facilities from Booster Station 2(A) up to the water treatment plant.

Councilor Calvert said then when you talking about portions, you are talking about water and not money.

Mr. Ryan said, "So far. The money will follow."

Council or Calvert asked what is "stranded capacity."

Mr. Ryan said in the graph on the last page of the Memorandum, on the far lefthand side there is the original [raw water system] and there is 18.2 million gallons per day capacity that we can pump from the BDD up to Booster Station 2(A). He said now, with Las Campanas reducing the amount of water it will be putting through the County system to 2 mgd, now we're only putting 17.0 mgd from BDD to Booster Station 2(A). He said we can't pump more than that from up the system from 2(A) to the treatment plant. Now, there is 1.2 mgd producing capacity for pumping well water that isn't being attributed to anybody at the moment.

Chair Wurzburger said then it could be excess capacity.

Mr. Ryan said it is excess capacity up to Booster Station 2(A). We really can't use it currently from 2(A) to the treatment plant because that system was build with that going to Las Campanas.

Responding to Councilor Romero, Mr. Ryan said it is the production capacity of the raw water system and not the treated water.

Chair Wurzbarger said then what you're saying is that we always assumed things would be the way they were going to be, and now that they aren't, even though there is "more" water, we can't use it and Mr. Ryan said this is correct.

Councilor Calvert asked the limit on the treatment facility and Mr. Ryan said it is 15.0 mgd.

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

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

DISCUSSION ITEMS

12. SELECTION OF THE PREFERRED WASTEWATER RATE ADJUSTMENT SCENARIO AND REQUEST FOR APPROVAL TO PROCEED FORWARD WITH A BILL THAT INCORPORATES THE RATES ASSOCIATED WITH THE SCENARIO. (BRYAN ROMERO)

Councilor Romero said she requested the second scenario at the previous PUC more as a bridge resolution. She said it appears the October timeline is missing in the scenarios.

Mr. Romero said the October timeline has already passed and there is a mistake in his Memorandum under Summary which says January 1, 2009, and it should be January 1, 2010, which is when the first implementation date would take place.

Councilor Calvert asked how did we get ourselves to this point.

Mr. Romero said one thing is we borrowed money on bonds for capital improvement projects, and GRTs was allocated for that, and as GRTs decreases, so do the funds we receive for that purpose. He said previously we had been in the black on that item, and we would have more money coming in than we were spending. He said the previous Division Director did well, and we had paid for one major facility without bonding, the Compost Facility, which was over \$10 million. He said the improvements to the Treatment Plant were almost \$11 million, so with the issuance of the bonds we have more debt and at the same time the GRTs decreased.

Councilor Calvert said then there was a "double whammy," expenses were up and revenue was down.

Mr. Romero said this is correct. He said the energy costs also increased, as well as labor costs have increased every year.

Councilor Calvert asked if this includes the increased number of staff which were approved in the new budget.

Mr. Romero said that wasn't incorporated in the analysis, but they will look at staffing needs. He said they are always looking at each position to be filled to be sure they need that person and function to happen, and they need to be more cautious during lean times. They would be evaluating that before advertising positions.

Chair Wurzbarger said 30% is a big jump. She asked if there are things we can not do which we had planned to do, so that it could go back to 19%. She is confused why there is a 30% in this year and the next year there is no increase, and reiterated her question. She said then there is a huge catch-up we have to do and there are no options except for the minor staff holdoff.

Mr. Romero said another delay would probably mean more because there is less than a year left to capture those rates.

Chair Wurzbarger said there is no staff recommendation for one of the three scenarios, and she would like some rationale of which would be the best with which to go forward.

Councilor Calvert said since all scenarios show 30% in the first year, and it is then is a matter of 4.3, 4.5 and 4.7, we might as well go for the one that gets the reserves and gets us out of this situation, which is Scenario C. He said we need this big increase right now to meet the reserve requirement.

Councilor Romero said the 30% was a shock initially, and said she leans toward Scenario A.

Chair Wurzbarger said it is questionable as to whether A meets the reserve and Scenario C appears to be the one that meets the reserve needs..

Mr. Romero said it is Scenario C which keeps the reserves stable. He said in FY 2011 there is 0%, because when Mr. Mumm ran the numbers it didn't have much of an effect after that, so he kept that at zero for FY 2011.

Councilor Calvert asked if this happened because we haven't been steadily increasing rates as we should have.

Mr. Romero said there are two issues. One, we need to catch up. Secondly, we need to have enough bond coverage – earnings sufficient to make the bondholders "happy." He said an influx of funds wouldn't be enough to assure the bondholders that there is a steady revenue stream to pay the bonds.

Councilor Calvert understands the issue of new debt and the newest GRT bond. He reiterated his question with regard to the failure to increase rates incrementally over time.

Mr. Romero said it does. He said when Mr. Mumm calculated increases previously which were less, but those didn't happen. He said if we had raised the rates at that point, we wouldn't have a 30.1% increase.

Councilor Calvert, referring to packet page 4, said the rates will go up at the end of this period for all scenarios by 50% or more.

Mr. Romero said this is correct for the rate per 1,000 gallons, but not on the monthly service fees.

Councilor Calvert said then the rate increase is only on the usage and not on the service fee.

Mr. Romero said it is also on the service fee, but it is less than 50%.

Mr. Mumm said the answer is that it is about 50%.

Councilor Calvert asked the figure used for typical water usage.

Mr. Mumm said at this point it is the 6,700 gallons per month, which is what the Wastewater Division tends to use for its typical profile, which he believes is more than the average residential customer uses. He said he has access to the water usage records which have been used, and has analyzed those several time. He said he believes that number is more like 4,000 gallons for winter usage.

Councilor Calvert said then perhaps it may not be as bad.

Mr. Mumm said it won't be \$33, but it will still be 50% at the end of five years.

Councilor Calvert said part of this was the zero billing. He read Mr. Mumm's proposal which seems reasonable.

Mr. Romero said this was the most equitable way to do this, noting the best thing is to take an "average of the ones that you do have."

Councilor Romero said, for the record, for the constituents who have called her about increased rates and that the City has been raising quite a few rates over the past year, these are difficult decisions to make, and we didn't make the hard ones when we could have. She said with the decrease in GRTs and the economy is causing the pinch, we are at a catch-up place. She said this is a good lesson for us that we need to look at these rates periodically and try to get them "in alignment to what we need to so that folks aren't shocked later on." She understands the dilemma for the public.

Councilor Calvert asked if we have the same lifeline provisions on all utility bills.

Peter Ortega said yes. He said the only thing they would be required to pay would be the fixed portion. Responding to Councilor Calvert, Mr. Ortega said this is the way it is set up on the wastewater portion for the low income credit, and the variable portion is waived.

Chair Wurzbarger would like Mr. Romero and Mr. Ortega to have this clarified before Council.

Mr. Ortega said he is working on Chapter 15 which is the ordinance for low income credit and such, and he knows this confusing.

Councilor Romero asked how the rates will impact people who are in Phase 1 annexation.

Mr. Romero said in any of the phases, many people in the County already are being served with the City system. He said until 2 years ago the treatment plant was in the County, so the City's sewer lines go into the County in some of these areas and people already are connected. He said with regard to the extension of infrastructure for those who aren't connected, the developer would be responsible for the extension. He said the residents would be responsible for the utility expansion charge and for paying the bill.

Chair Wurzbarger said, "The rates are the rates are the rates." She said this was debated and no policy change was made in this regard.

Councilor Calvert said the rates would go down if they are annexed because the rates outside limits are slightly higher than those in the City limits.

Mr. Romero said there would be a small impact, but important to note.

Chair Wurzbarger said any policy discussion held previously as we debated this, did not result any kind of "let's tax the new people more." She wants to be sure the record is clear that we are not doing that.

MOTION: Councilor Calvert moved, seconded by Councilor Romero, to approve Scenario C, with direction to staff to clarify the low income credit by the Council meeting.

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

13. REQUEST FOR APPROVAL OF RESOLUTION NO. 2009- _____. A RESOLUTION ADOPTING NEW PROGRAM GUIDELINES AND AUTHORIZING REBATES FOR THE INSTALLATION/ RETROFIT OF EFFICIENT WATER CONSERVATION TECHNOLOGIES (COUNCILOR CALVERT). (DAN RANSOM)

MOTION: Councilor Calvert moved, seconded by Councilor Romero, to approve this request, with the notation that Councilor Romero and Chair Wurzbarger would like to cosponsor the bill. .

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

Responding to a question from Stephanie Lopez, Chair Wurzbarger said, for the record, no one on the Committee really wants to sponsor the rate increases, but they will vote for them.

14. REQUEST FOR APPROVAL OF RESOLUTION NO. 2009- _____. A RESOLUTION ADOPTING STANDARD FORMULAS BY WATER USE CATEGORY FOR CALCULATING DEVELOPMENT WATER BUDGETS (COUNCILOR CALVERT). (AMANDA KING)

Amanda King presented information regarding this matter to the Committee.

Councilor Calvert said Residential, single family dwelling unit indicates a 0.18/du, but there are categories beneath that which are all different, and asked if this an average, or what.

Ms. King said the .18 is an average across lot size.

Councilor Calvert asked if we would we ever use that, and Ms. King said no, this is for information only. Councilor Calvert would like to annotate that somehow in the Resolution – this an across the board average for residential and probably won't apply to anyone, and will be used for estimating purposes in general.

MOTION: Councilor Calvert moved, seconded by Councilor Romero, to approve this request, with the annotation as suggested.

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

15. REQUEST FOR APPROVAL OF RESOLUTION NO. 2009- _____. A RESOLUTION AUTHORIZING THE SANTA FE MUNICIPAL WATERSHED MANAGEMENT PLAN. (DALE LYONS)

Responding to Councilor Calvert, Dale Lyons said the City received a grant from the U.S. Forest Service Collaborative Forestry Restoration Program to develop the plan, which was a joint application submitted by the City Water Division, City Fire Department, Nature Conservancy, U.S. Forest Service Espanola District and the Santa Fe Watershed Association. He said we received \$65,000 to \$70,000 to put this plan together.

Councilor Calvert said he is speaking of the \$1.3 million to the NMFA.

Mr. Lyons said the application was submitted to the Water Trust Board, and it appears that has been funded.

Councilor Calvert said the Resolution says, "WHEREAS it was approved by the NMFA on July 29.."

Mr. Lyons said, "There was a meeting supposed to be scheduled, the Water Trust Board hearing, where the Albuquerque appeal was supposed to be held. And the money for this project and all watershed projects that are under the Water Trust Board, aren't in jeopardy based on the outcome of the Albuquerque

appeal, only the infrastructure projects like BDD. So, we've made the fundable list. We just need to get through the contracting."

Councilor Calvert said then the money is assured, we just aren't sure when we will be getting it, based on the appeal, and Mr. Lyons said this is correct.

Councilor Calvert asked if this is going to fund the payment for ecosystem services.

Mr. Lyons said it takes care of the City's new obligations under the plan, called for in the plan, within the first five years. He said we need to decide whether we are going to continue down this path of developing support for payment for ecosystem services, which in the end will result in a very small rate increase, because we're calling for new things to be done in the watershed over and above what we're doing right now. Responding to Councilor Calvert, Mr. Lyons said this will be on the water bill.

Mr. Lyons said what is being requested under Education and Outreach, between now and the end of the 5 years, is to itemize things we're already paying for, have been for some time under the water management plan and also vegetative management. Those things include "Stream gauging, water quality monitoring." He said going forward, after five years we would like to call out the new things on which we will be spending money, which will result in a small rate increase.

Chair Wurzbarger asked where in the Resolution it says we are going to raise rates.

Mr. Lyons said the Resolution calls for implementation of plan, and the plan calls for payment for payment for ecosystem services.

Chair Wurzbarger said it doesn't call for them through rates.

Mr. Lyons said the plan does.

Councilor Romero said there would be a five-year period of documentation of the costs to support watershed health, educating the public about the cost, and then developing the rate.

MOTION: Councilor Romero moved, seconded by Councilor Calvert, to approve this request, with the additional language which reflects that there would be a five-year period of the documentation of the costs to support watershed health and educating the public about the cost, and then developing the rate.

DISCUSSION: Chair Wurzbarger said she doesn't recall at any time where we said we have a plan and then we're going to implement the plan.

Mr. Lyons said this Resolution would approve the plan.

Councilor Calvert said this isn't to be confused with the Water Ten Year Plan.

Councilor Romero said it isn't to be confused with implementation.

Councilor Romero said we have passed plans which sit on shelves which are not implemented. However, it is clear here that we have no choice but to implement

FRIENDLY AMENDMENT: Chair Wurzburger would like to change the language of the title of the Resolution to provide "A RESOLUTION AUTHORIZING APPROVING THE SANTA FE MUNICIPAL WATERSHED MANAGEMENT PLAN AND AUTHORIZING ITS IMPLEMENTATION." **THE AMENDMENT WAS FRIENDLY TO THE MAKER AND SECOND, AND THERE WERE NO OBJECTIONS BY THE OTHER COMMITTEE MEMBERS.**

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

ITEMS FROM STAFF

Marcus Martinez said the City and County staff met to discuss the implications of Las Campanas becoming a wholesale customer of the County which would impact the City. He said they had a constructive meeting and he hope to have good communications in the future.

MATTERS FROM THE COMMITTEE


Councilor Romero said she will miss the August 19th PUC meeting.

NEXT MEETING: WEDNESDAY, AUGUST 19, 2009

ADJOURN

There was no further business to come before the Committee, the Committee having completed its agenda. Councilor Calvert moved, seconded by Councilor Romero, to adjourn, the motion was approved unanimously on a voice vote, and the meeting was adjourned at 5:45 p.m.

Rebecca Wurzburger, Chair



Melessia Helberg, Stenographer