



Agenda

CITY CLERK'S OFFICE

DATE 4-1-10 TIME 8:30

SERVED BY Stephanie Hoover

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AMENDED AGENDA

PUBLIC UTILITIES COMMITTEE MEETING AND SPECIAL STUDY SESSION CITY COUNCIL CHAMBERS WEDNESDAY, APRIL 7, 2010 SPECIAL STUDY SESSION – 4:00 P.M. REGULAR MEETING – 5:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM JANUARY 6, 2010 AND THE MARCH 3, 2010 MEETINGS

Special Study Session- 4:00 p.m.

Water Rate Structure Study Session (Jason Mumm and Brian Snyder)

End of Study Session

INFORMATIONAL ITEMS

6. Update on Canada Well Project. (Claudia Borchert) **VERBAL**
7. Report on Spring Reservoir Management and Storage Capacities. (Alan Hook)
8. Status Report on the Solid Waste Management Division. (Regina Wheeler)

CONSENT CALENDAR

9. Update on Current Water Supply Status. (Victor Archuleta)
10. BDD Project Manager's Monthly Project Exception Report. (Rick Carpenter)
11. Request for Approval of the Legal Services Agreement Between the City of Santa Fe and Sheehan, Sheehan & Stelzner, P.A., for the Amount of \$50,000 Inclusive of NMGRT. (Marcos Martinez and William S. Cassel)
12. Request for Approval of the Santa Fe River 3-Year Stream Gaging Contract with Watershed West for \$60,000. (Claudia Borchert)

DISCUSSION ITEMS AND ACTION ITEMS

13. Request for Approval of the Memorandum of Understanding Between the City of Santa Fe and Santa Fe County for a Sewer Line to be Owned by Santa Fe County and Discharged in the City Wastewater System. (Marcos Martinez and Bryan Romero)
14. Request for Approval of Bill No. 2010-_____. Ordinance Amending Exhibit B Chapter 21 SFCC 1987 Refuse Recycling Rate and Fee Schedule in Order to Increase Monthly Charges for Residential and Commercial Customers by 4.2% Per Year for Four Years; and Making Such Other Changes as are Necessary. (Regina Wheeler) (Councilor Romero)
15. Request for Approval of Resolution No. 2010-_____. A Resolution Authorizing and Approving Submission of an Executed Agreement for Financial Assistance to the New Mexico Environment Department, Construction Programs Bureau, for the Upgrade and Improvements to the Santa Fe Water Treatment Facility; SAP 09-3817-STB Community Treatment Plant in the Amount of \$700,000. (Stephanie Reynolds) (Councilor Wurzburger)
16. Request for Approval of Resolution No. 2010-_____. A Resolution Amending Resolution No. 2009-124, Adopted December 9, 2009; Authorizing the Execution and Delivery of an Amended and Restated Loan and Subsidy Agreement ("Loan Agreement") By and Between the City of Santa Fe, New Mexico (The "Governmental Unit") and the New Mexico Finance Authority, Evidencing a Special Limited Obligation of the Governmental Unit to Pay a Principal Amount of Two Hundred Ten Thousand Seven Hundred Seventy-Seven Dollars (\$210,777), Together with Interest and Administrative Fees Thereon, and to Accept a Subsidy of Four Hundred Ninety-One Thousand Eight Hundred Thirteen Dollars (\$491,813), for the Purpose of Financing the Costs of a Project consisting of Upgrades to the City's Water Utility System, Including a Micro-Hydroelectric Generation Project; Providing for the Payment of the Principal of, Interest and Administrative Fees Due Under the Loan Agreement Solely From the Pledged Revenues; Setting a Maximum Interest Rate for the Loan; Approving the Form of and Other Details Concerning the Loan Agreement; Ratifying Actions Heretofore Taken; Repealing All Action Inconsistent With This Resolution; and Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement. (Dale Lyons) (Councilor Calvert)

- a. Request for Approval of Drinking Water State Revolving Fund Loan Agreement (No. 2382-ADW Amended); New Mexico Finance Authority.
 1. Request for Approval of Budget Increase – Grant Fund.
17. Request for Approval of Resolution No. 2010-_____. A Resolution Amending Resolution 2009-126, Adopted December 9, 2009; Authorizing the Execution and Delivery of an Amended and Restated Loan and Subsidy Agreement (“Loan Agreement”) by and Between the City of Santa Fe, New Mexico (The “Governmental Unit”) and the New Mexico Finance Authority, Evidencing a Special Limited Obligation of the Governmental Unit to Pay A Principal Amount of One Hundred Twenty-Seven Thousand Five Hundred Dollars (\$127,500), Together With Interest and Administrative Fees Thereon, and to Accept a Subsidy of Two Hundred Ninety-Seven Thousand Five Hundred Dollars (\$297,500), for the Purpose of Financing the Costs of a Project Consisting of Upgrades to the City’s Water Utility System, Including a Rebate Program to Promote Water Conservation Technologies; Providing for the Payment of the Principal of, Interest and Administrative Fees Due Under the Loan Agreement Solely From the Pledged Revenues; Setting a Maximum Interest Rate for the Loan; Approving the Form of and Other Details Concerning the Loan Agreement; Ratifying Actions Heretofore Taken; Repealing All Action Inconsistent With This Resolution; and Authorizing the Taking of Other Actions in Connection with the Execution and Delivery of the Loan Agreement. (Daniel Ransom) (Councilor Calvert)
- a. Request for Approval of Drinking Water State Revolving Fund Loan Agreement (No. 2389-ADW Amended); New Mexico Finance Authority.
 1. Request for Approval of Budget Increase – Grant Fund.

MATTERS FROM THE CITY ATTORNEY

ITEMS FROM STAFF

MATTERS FROM THE COMMITTEE

NEXT MEETING: WEDNESDAY, MAY 5, 2010

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 MEETING
AND SPECIAL STUDY SESSION
Wednesday, April 7, 2010**

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DISCUSSION AND ACTION ITEMS

REQUEST FOR APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SANTA FE AND SANTA FE COUNTY FOR A SEWER LINE TO BE OWNED BY SANTA FE COUNTY AND DISCHARGED IN THE CITY WASTEWATER SYSTEM

No action

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REQUEST FOR APPROVAL OF RESOLUTION NO. 2010- _____. A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF AN EXECUTED AGREEMENT FOR FINANCIAL ASSISTANCE TO THE NEW MEXICO ENVIRONMENT DEPARTMENT, CONSTRUCTION PROGRAMS BUREAU, FOR THE UPGRADE AND IMPROVEMENTS TO THE SANTA FE WATER TREATMENT FACILITY; SAP 09-3817-STB COMMUNITY TREATMENT PLAN IN THE AMOUNT OF \$700,000

No action

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REQUEST FOR APPROVAL OF RESOLUTION NO. 2010- _____. A RESOLUTION AMENDING RESOLUTION NO. 2009-124, ADOPTED DECEMBER 9, 2009; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT ("LOAN AGREEMENT") BY AND BETWEEN THE CITY OF SANTA FE, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF TWO HUNDRED TEN THOUSAND SEVEN HUNDRED SEVENTY-SEVEN DOLLARS (\$210,777), TOGETHER WITH INTEREST AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A SUBSIDY OF FOUR HUNDRED NINETY-ONE THOUSAND EIGHT HUNDRED THIRTEEN DOLLARS (\$491,813), ETC.

No action

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REQUEST FOR APPROVAL OF DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT (NO. 2382-ADW AMENDED); NEW MEXICO FINANCE AUTHORITY

No action

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REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND

No action

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, April 7, 2010**

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 Wednesday, April 7, 2010, in the Council Chambers, City Hall, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Rebecca Wurzburger, Chair
Councilor Patti J. Bushee
[Vacancy]

MEMBERS EXCUSED:

Councilor Matthew E. Ortiz
Councilor Ronald S. Trujillo

OTHER GOVERNING BODY MEMBERS PRESENT:

Mayor David Coss
Councilor Christopher Calvert
Councilor Carmichael Dominguez

OTHERS PRESENT:

Brian Snyder, Public Utilities Director
Stephanie Lopez, Public Utilities
Marcus Martinez, Assistant City Attorney
Melessia Helberg, Stenographer

There was not a quorum of the membership present for conducting official business. Chair Wurzburger opened the meeting for the purpose of the Special Study Session and receiving reports only, and moved directly to the Special Study Session, and to informational items following the break.

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.

SPECIAL STUDY SESSION

WATER RATE STRUCTURE STUDY SESSION (JASON MUMM & BRIAN SNYDER)

A copy of the text of the power point presentation, "Santa Fe Water Rate Options," prepared by StepWise is incorporated herewith to these minutes as Exhibit "1." This document is also in the Committee packet.

Brian Snyder, Public Utilities Department Director, gave a brief overview and introduced Jason Mumm of Stepwise who will be presenting information on the various options for water rate structures – look at current options versus other options and do a comparison.

Jason Mumm presented information via power point. Please see Exhibit "1," for specifics of this presentation.

The Committee commented and asked questions as follows:

- Councilor Calvert said we didn't do anything with UEC and asked if anything was done on a 3rd tier and low income.

Mr. Mumm said the direction to him was to "hang onto" the recommendations until the Committee got into this discussion with the rates so you could decide which of the options you wanted to select.

Councilor Dominguez arrived at the meeting

- Councilor Calvert asked, regarding the first chart, if the intention is to keep the same percentage by rate class – the ratio between commercial and residential – and if the split is "sacred."

Mr. Mumm said the rate design and the study are cost of service-based, which is consistent with the City's historical practice. The cost by classes are determined through an allocation of the system costs, and the rates are designed to hit those targets.

- Councilor Calvert recalls that the Council chose to make residential pay less and commercial pay more.

Mr. Mumm said the rates are different, but the revenue earned from the rates should meet the targets.

Councilor Calvert said there wasn't a reduction in the revenue target, but it was who was paying – commercial vs. residential based on cost of service.

Mr. Mumm said he can go back and check on that, but this is how it is designed for the presentation this evening. He said the 8.2% increase which was approved the year before is included in the numbers. He said a scope item given recently by Mr. Snyder is to come back to the Financial Plan for water and update it significantly, noting several things have changed since the last time this was considered. He said Mr. Snyder would like him to look at current status versus where the plan was, and if it is the same that is good, and if it is not, to come back and advise the City.

- Mayor Coss said the commercial is a lot larger than the residential on Option 2.

Mr. Mumm said the uniform rate should be \$8.40 year-round. He said the design issue is that it is being provided at \$4.43 during the winter, and we need to make up the difference in the summer. He said he would recommend, if you are interested in the seasonal rate, that we tweak this some more, and commercial needs to pay more than \$4.43 in the winter, otherwise there will be a rate of \$15.51 for all use in the summer. He said you probably will want to increase the \$4.43 for the winter and the \$15.51 can come down.

Councilor Calvert said it depends how quickly they get to the higher rate, because as soon as they get over the allotment it is \$15.84.

Mr. Mumm said this is a revenue target issue. He said these numbers are preliminary.

- Councilor Dominguez asked, with regard to a seasonal rate, what are considered to be the winter months.

Mr. Mumm said the summer months are May-October and the rest are winter months, noting it is the same as it is currently.

- Councilor Calvert said his overall conclusion to all of this is that he doesn't see that making any changes to the existing will get us anything which is a lot more measurable, although there will be more predictability. He said the tradeoff will be that we will be increasing some peoples' bill. He said he doesn't see a big benefit of changing the existing rate – trading one for the other – in terms of the overall administrative effort in changing these things.
- Councilor Dominguez said he has reached the same conclusion. He asked if there is a way to articulate whether or not there will be a new customer impact as the result of annexation.

Mr. Snyder said staff anticipates little if any change at all with annexation, other than a transfer of customers from the City to the County in areas outside the presumptive City limits. He said staff really hasn't taken into consideration the impact, if any.

Councilor Calvert said he understood we would determine later whether or not the City would give the County those customers, and whether the County wants those customers.

- Councilor Dominguez said there are many issues which can be discussed in the context of the annexation and water. However, he would like to have some sort of analysis done beyond the number of customers – an analysis of the revenues. He doesn't anticipate that there would be a big change, but he would like to have this identified for discussion purposes.

Mr. Snyder said this can be done.

- Mr. Snyder said, responding to Councilor Calvert, he understands the Annexation Agreement provides that over the next 5 years, City and County staff will look at areas outside the presumptive City limits. He said the County doesn't have the resources now, but may want the additional revenue.

Councilor Calvert said if the County wants the customers, it would have to pay for the infrastructure.

Mr. Snyder said this is part of the negotiation process and part of the big picture of infrastructure and water rights and other things which are on the table in this regard.

[Councilor Wurzburger's remarks here are inaudible because her microphone was turned off.]

- Councilor Calvert said one scenario could be to hold fast to the presumptive City limits, and there would be a swapping of customers, or keep all of the existing customers and add those in the presumptive City limits. This would give a range for comparison/discussion purposes.

Mr. Mumm said they did something similar for solid waste and could do similar things within the Financial Plan which Mr. Snyder has asked them to review. If it is an incremental increase in customers there will be an increase in revenue which would go toward the revenue requirements. There are fixed costs, so if there are more customers paying, you won't need an 8.2% increase, and it could be reduced.

- Councilor Calvert said it will be necessary to factor the increased O & M from Buckman which has to be offset.

Mr. Mumm said that already is in the plan.

Mr. Snyder said there are very few County customers within the presumptive City limits which currently are served by the County system.

Councilor Calvert said he isn't speaking about that. He is talking about projecting some sort of growth in the area.

Mr. Snyder said the Finance Plan does consider the growth calculation, but doesn't take into account the potential annexation and the potential for the County to take over customers outside the presumptive City limits.

- Mayor Coss asked how the low income exemption is factored into the different rate structures.

Mr. Mumm said they aren't added for review this evening. He said a volumetric surcharge would have to apply to everyone who doesn't get the credit, to pay for the credit itself, but it was not substantial in their analysis.

Councilor Calvert said it wasn't substantial based on the current utilization of the rate, versus the potential utilization which is substantial.

Mr. Mumm said it would be substantial if everyone participated in the program who could qualify according to the most recent census data.

Mayor Coss said then that could affect the rates, and Mr. Mumm said this is correct.

- Councilor Calvert said we looked at the current rate of use, and only a small portion of those who qualified for the low income exemption are using it. He said this depends on whether we want to advertise it better which would mean the rates would go up, or leave it to people to use it who really need it.

Mayor Coss said he wants to have this option for people who really need it.

- Mayor Coss said he is interested, regarding the commercial tiers, in trying to put all of the businesses on a level playing field, noting there is an inequity because of the size of the meter.

Mr. Mumm said these rates could be mixed and matched, and still meet revenue targets, because the rates are designed by class. He said you can take a class and design a rate for it.

- Councilor Calvert said if we keep the existing, he would like to make tweaks to the residential where customers with 1" meters don't get an extra allocation before going to the next rate, while commercial does.
- Mayor Coss said we are trying to keep residential classes straightforward and as uniform as possible, regardless of meter size. He said the flip side of that is that commercial class isn't uniform and meter sizes are a very very very rough estimate of how much water they need and is appropriate for that business to use if they're doing full conservation. He said he is interested in smoothing that out as best we can. He said he was agnostic on uniform rate vs. inclining block, but on the residential, an inclining block is progressive because it gives more variability as well as that those that use more pay more, noting those tend to be those who can afford to pay for using more.

- Councilor Calvert said there is a supply issue in the summer, which is the peak demand season, and you want to cut use during peak demand so it isn't necessary to build more infrastructure.
- Mr. Mumm said the seasonal rate as well as the inclining blocks address that.
- Councilor Calvert said there is a big difference for commercial in the summer.

Mr. Mumm said that could be part of the selection bias if you go back to what we looked at for commercial.

- Councilor Calvert said the cost factor is a concern for many Councilors. He said the only trade-off he sees is less revenue variability.
- Mr. Mumm said revenue stability has become more important in the southern, and more arid, United States, because they are gravitated toward the inclining blocks, and when there is a wet year it destroys the revenue. He said they have several requests coming from Texas, for example, requesting proposals from us to look at revenue stability and fix it.

Councilor Calvert said successful conservation also exacerbates that problem as well.

Mr. Mumm said the level with which conservation is adopted in Santa Fe is amazing, and this was discussed in the initial study, and it is clearly an example for others looking at demand management, to see can be accomplished. He said we have discussed how much more you can do, and it keeps happening.

Councilor Calvert said, as we implement and pursue the rebate programs, he believes we will get even better results.

Mr. Mumm said as water use is reduced, the costs stay the same, so the unit charge has to increase to meet those costs. He said Santa Fe's usage per customer is among the lowest in the country.

- Chair Wurzbarger said she is concerned about drought, and would like to see a combination of existing rates and drought surcharges, which we have at some level now. She wants to look at this option. She is concerned that the bills double in the summer for commercial. She is moving toward keeping the existing rates, although she wants to think about it more. She said she wants *predictability in view of the current economy, but she doesn't want to have predictability at an additional cost.*
- Councilor Calvert said there is a big administrative burden in educating the public if we have a lot of changes in the rates.

Mayor Coss thanked the Chair for providing this opportunity for the Governing Body to see these figures and to be able to ask questions.

Mayor Coss said, when Mr. Mumm comes back, he would like to see how commercial blocks work in terms of meter size, reiterating that he wants to see a level playing field for commercial.

Chair Wurzburger said it appears the group wants to look at a combination of existing rates and the drought surcharge, as well as to address specific issues as requested..

The Special Study Session was concluded at approximately 5:00 p.m.

Break 5:00 to 5:15 p.m.

Councilor Bushee arrived at the meeting during the break

3. APPROVAL OF AGENDA

No action.

4. APPROVAL OF CONSENT AGENDA

No action.

CONSENT CALENDAR

9. UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)

10. BDD PROJECT MANAGER’S MONTHLY PROJECT EXCEPTION REPORT. (RICK CARPENTER)

11. REQUEST FOR APPROVAL OF 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. (MARCOS MARTINEZ AND WILLIAM S. CASSEL)

12. REQUEST FOR APPROVAL OF THE SANTA FE RIVER 3-YEAR STREAM GAGING CONTRACT WITH WATERSHED WEST FOR \$60,000. (CLAUDIA BORCHERT)

END OF CONSENT CALENDAR

5. APPROVAL OF MINUTES FOR THE JANUARY 6, 2010, AND MARCH 3, 2010 PUBLIC UTILITIES COMMITTEE MEETINGS.

No action.

INFORMATIONAL ITEMS

6. UPDATE ON CANADA WELL PROJECT. (CLAUDIA BORCHERT)

Claudia Borchert presented information regarding this matter. She said the project started last week on Monday, and they are now down to 99 feet. There was a public meeting last week and those who attended said they appreciate all of the information. She said there is a big sign on-site with the telephone numbers for the two project managers so they can reach us if there are any problems. She said there will be a short period of time, 3-5 days, where we will be working around the clock. She said this information has been in the updated information she has been sending to the neighbors as well as in a press release.

Councilor Bushee asked if there have been any noise issues with overnight drilling.

Ms. Borchert said daytime hours, 7:00 a.m. to 7:00 p.m., is when they will be putting the casings together and there is a lot of "banging and clanging." She said the overnight activity will be pouring in cement and clay to finish the hole outside the well, and they don't expect that to be very noisy.

7. REPORT ON SPRING RESERVOIR MANAGEMENT AND STORAGE CAPACITIES. (ALAN HOOK)

A copy of "McClure and Nichols estimated total storage with Spring bypass flows to the Santa Fe River beginning April 1st," is incorporated herewith to these minutes as Exhibit "2."

Alan Hook presented information regarding this matter from Exhibit "2." He said currently we are at 69% in the reservoirs and there was an above average snowpack. He said the recommendation is that Water Division staff will manage the reservoirs, given the Santa Fe River bypass flows, and manage for any type of flood prevention.

Chair Wurzbarger said, then the bottom line is that there will be more water in the River, and Mr. Hook said yes.

DISCUSSION ITEMS AND ACTION ITEMS

- 14. REQUEST FOR APPROVAL OF BILL NO. 2010 – _____, AN ORDINANCE AMENDING EXHIBIT B, CHAPTER 21 SFCC 1987, REFUSE RECYCLING RATE AND FEE SCHEDULE IN ORDER TO INCREASE MONTHLY CHARGES FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS BY 4.2% PER YEAR FOR FOUR YEARS; AND MAKING SUCH OTHER CHANGES ARE NECESSARY (COUNCILOR ROMERO). (REGINA WHEELER)**

Chair Wurzbarger said the Committee will hear information only on this item, and no vote will be taken today.

Regina Wheeler presented a brief overview of the information regarding this matter from her Memorandum of March 30, 2010, to the Public Utilities Committee, regarding rates, which is in the Committee packet, noting the rate increase has been reduced from 4.2% to 3.1% based on updated information in the model, which would be approximately 38¢ per household per month. She asked Mr. Kippenbrock to speak about the proposed SWMA rate increase.

Randall Kippenbrock, Director, SWMA, said there is a need to have a strong, long term model which includes the Caja del Rio landfill and the Buckman Road Recycling Transfer [BuRRT] Station. He said until two years ago, they were processing annual tonnage of 200,000, and the model was based on that tonnage at \$30 to \$32 per ton. However, in 2008 there was significant reduction in tonnage due to the decline in construction waste. By July 1, 2009, it was down to 178,000 tons, and the model was based on the lower tonnage and the projected \$32.50 per ton. However, the decline continued, and it now appears to have leveled-off at 150,000 tons per year. He said the current model is based on that tonnage, and sales of recyclables and green waste, noting the largest revenue for the facility are tipping fees at the landfill.

Mr. Kippenbrock said the most recent model funds the daily operations in both locations, and to fund 3 of the 4 reserves [closure and post closure, landfill gas collection, equipment reserves and cell development]. However, being down to 150,000 tons per year, it is fiscally impossible to try to maintain reasonable rates for the facilities users. Therefore, he postponed cell development knowing there is adequate capacity over the next 5 years, which allowed him to propose a rate of \$37.50 per ton at the last SWMA Board meeting, and maintain the same rate levels for other fees. He noted green waste is at \$20 per ton, fees at BuRRT remain at \$47.50, and he is maintaining the \$5 and \$10 loads for now.

Mr. Kippenbrock said the model reflects that the sales of recyclables are “up and down,” noting currently the market is “sizzling” for cardboard and newspaper. He said the model maintains a reasonable amount of revenue from recyclables.

Mr. Kippenbrock said it is a difficult time for everybody, commenting that every year of delay will only escalate the problem or concerns. He said it was set at \$37.50, assuming that nothing changed,

noting the CPI increase is set at 4% per year. He said we are looking at an increase of \$1.25 per ton per year as a best case scenario. However, he recognizes that if the tonnages improve, the future increases could be delayed or postponed.

Mr. Kippenbrock said SWMA's annual budget is zero based, and kept everything flat for the next two fiscal years. He said there is some capital outlay, but if things don't improve, those expenditures won't be made.

Chair Wurzbarger said then Mr. Kippenbrock is saying that the budget request, which the SWMA Board approved and which impacts the City, is based on operations and there are no capital improvements.

Mr. Kippenbrock said there are capital outlay expenditures, but those come from the equipment replacement reserves, and there is money being transferred into those reserves. However, that doesn't mean he has to buy that equipment, and if things don't improve, he will delay those purchases.

Chair Wurzbarger said the assumption he is making with respect to the increase, is that it is being put into capital improvements at this point. She said the City is making choices not to do capital improvement, not to hire people, not to fire people, and we are looking for parallel behavior by SWMA.

Mr. Kippenbrock said he concurs. He took the same model and delayed the capital outlays by one year, but it made no significant changes in the rate. He said these funds are set aside in the reserves and not in the operating budget.

Chair Wurzbarger said those moneys don't come in with a label that they have to go into capital improvements, and that is a budget issue. It is a policy made by SWMA, and it is not a designated fund which can't be spent on anything else. She said it is still money coming into SWMA based primarily on tipping fees, and Mr. Kippenbrock said this is correct. Chair Wurzbarger said SWMA has a choice to decide to put no funds into equipment reserves.

Mr. Kippenbrock said the money would be moved to another area where it is needed, such as for cell development.

Councilor Bushee asked who completes the economic model for SWMA and Mr. Kippenbrock said he did.

Councilor Bushee asked Mr. Kippenbrock if an outside consultant has reviewed his model.

Mr. Kippenbrock said the conceptual model was developed by a consultant and he enters data into the model based on certain assumptions to keep the rate as low as possible.

Chair Wurzbarger said prior to the meeting, Regina Wheeler spent time with Mr. Mumm reviewing the model.

Councilor Bushee said, "I haven't served on SWMA, and understand the situation everybody is in, but I have to tell you from my birds eye view here, of constantly being in reaction to tipping fees going up at your shop, I feel at this point, that it's important that we... because it is a City and County facility... at least have this dialogue today. I'm not... it's been a few years since I had my economics course, and I'm just not making sense here, to me that your thing that you have... a flat budget. You're not increasing your costs any and that your rates of tonnage that you collect has gone down considerably. And yet, wasn't it just last year where we raised SWMA fees by what percent."

Mr. Kippenbrock said it was raised from \$25 to \$32.50. Responding to Councilor Bushee, Mr. Kippenbrock said he doesn't know the percentage of increase. He said in 1997 the facility opened with a tipping fee of \$25.

Councilor Bushee said if there are reserves, and the cells aren't filling as rapidly as the model predicted, and costs are flat, she doesn't understand the need for this increase at this time.

Mr. Kippenbrock said there is ongoing operation and maintenance, certain equipment replacement, maintenance of the restricted funds required by EID, and the required Landfill Gas Collection Fund. He said this year the tonnage decreased by 30,000, which is \$900,000 less for this year.

Councilor Bushee understands the basic concept. She asked where the 4% CPI figure comes from.

Mr. Kippenbrock said it is a general number about which he spoke with the consultant, and 4% is used in the model for FY 2011 and forward.

Councilor Bushee asked if he goes by the actual CIP.

Mr. Kippenbrock said no, and the CPI for last year was less than that. He said you really can't forecast what will happen in 2-4 years. All he can do is set out a 10 year range. He said he reduced the anticipated interest rate on investments to 1%, and he doesn't expect the tonnage to return to the "good old days," noting the housing industry won't return until the market corrects, and that won't be any time soon. He is basing his model for the future on 150,000 tons annually.

Councilor Bushee said, "Here's my concern. Everybody, the City, the County alike, they're not buying infrastructure, they're not buying new vehicles for police officers, even if they need them. They're not planning for the future. They're dealing with the immediate crisis. And so, when you come to us and say, after you've already increased the rates last year by close to 30% and then you come back to us with another large increase, and we're supposed to automatically say, well, okay, you know. I'm questioning everything, as I said up at Finance Committee and now on this committee, I'm questioning every expense. And so, I don't even really... I mean I guess we could get into your capital outlay recommendations. But, I'm really just talking about right now... the immediate need. I mean, I'm seeing everybody tighten the belt, and I'm not see that here on SWMA. Now, I grant you that I am not there in those meetings and hearing every detail. But I am frustrated from my perspective up here, because, I personally don't feel my

constituents and the rate payers of the City... I mean it's admirable that you want to try to keep the, you know, the five and ten dollar pickup fees to a minimum. But I have to tell you that seventy percent of the landfill charges and fees that you generate come from the City constituents – the City tipping fees, the City ratepayers. And these are the folks that I don't want to have to turn to and say, I'm going to raise your rates again. Because, to be honest, as I have grilled my new director of Solid Waste, you know, I don't always get delivery of service or haven't in the last several years. So, I'm going to do the same kind of questioning of you. And I, personally, am going to lobby fellow members of my Council and other members from the [County] Commission to postpone this rate increase at this juncture. You know, I don't know... you sound like you have plenty of reserves. It sounds like your ten year model needs to be tweaked."

Councilor Bushee continued, "I don't know if you, Councilor Wurzbarger, has asked that Jason Mumm maybe speak to us today. And, you know he's here, and he's here on other matters. But, we always turn to consultants to really review every year... are we keeping up, we raised rates, are we delivering services. Do we need to match anything differently. Do we need to keep up in any different way, and I don't see that kind of oversight or review happening at SWMA. And I'm gonna ask that that be done."

Mr. Kippenbrock said that is fine.

Councilor Bushee said, "I just really, honestly... I will not vote for a rate increase at the City. And, I'm gonna hope that your members of your Board, because it's a microcosm of the City and the County... And I can't imagine any Commissioner or any Councilor that would like to turn to our constituents and our ratepayers right now and say we need to bump this up, and they're going to say, you know, didn't you guys just bump up those tipping fees last year and what more are you giving me and how better are you delivering this service. And so, I don't have answers to those questions with regard to how SWMA operates, so I am not comfortable at this point supporting it. And I don't know if we'll vote on this today.

Chair Wurzbarger said it isn't planned to vote on this today, and this is strictly for information on this item.

Councilor Bushee said, "I mean number 14, if we get to it, you know, if another Councilor shows up. But, you know, I would like to return to Councilor Wurzbarger. But, I'm just telling you, from the little surface review I've been able to do of how SWMA is operating, I think it's time for someone to really scrutinize your model."

Chair Wurzbarger said Councilor Ortiz is Chair of Finance and he has questions as well, and she's sorry he isn't here this evening. However, she believes the Committee has made the issues very clear.

Chair Wurzbarger said she wants to work with SWMA with regard to every single assumption Mr. Kippenbrock made, such as the difference between the 4% projected CPI and a 0% CPI, to see if there is anything we can do to shave the amount of increase. She said she understands, being involved in the building industry, exactly what has happened in terms of income. She hopes there is some flexibility with

respect to reserves for the short term. She said it is trading longer term security to address the short term crisis. She said the Committee wants to raise this as an issue with the staff and will be raising it with our representatives on SWMA to see if we can do better. She asked Mr. Mumm to speak briefly to the issue.

Mr. Mumm said he reviewed the paper copies which were included in the SWMA packet at the last meeting. He obtained the electronic model from Mr. Kippenbrock earlier today. He said in general, this is a revenue requirements model, very much like something he would do. He said it was very well put together, he could follow it, and he was able to replicate some of the calculations. He said he did some independent calculations as well. He said it is his opinion, in looking at the revenue requirements for 2011 and the rate requested for 2011, that the requested rate is higher than what the revenue requirement would suggest. However, this is looking at it from a one-year forward perspective. He said there are upcoming issues in the 2013, 2014 time frame, and it appears the SWMA Board is positioning itself so it doesn't have a 40-50% increase at one time. He said, just as he does for the water, wastewater and solid waste utilities, we sometimes smooth these things over a number of years so we don't have to incur that kind of increase, and he believes this is what is happening here. He said these are his findings in his one day look at this.

Chair Wurzburger said the options are always tied to assumptions about costs as well what improvements will be made and are necessary. She wants to see, in the short term, what can be postponed. She said this may be incrementalism, but this is where we are at this moment, and she wants to make any cuts at this point in time, without over-jeopardizing the future. She wants to have a further look at the assumptions of costs, and see what can be postponed.

Councilor Bushee said, "It's not so much that I don't expect that there may have to be an increase down the road. It's just in this short term period... you know we have a new director. We're mandating that she go back and look for better efficiencies and make do with what she has. But, really what's happening is they're coming back to us and saying, but we have these increased tipping fees and this is what, you know, we can't keep up with. I'm just asking that in this time frame, right now, 2010, 2011, that we take a look at perhaps postponing... and I'm not saying postponing the inevitable... perhaps there are things we can look at and it will not be as large as a 40% in.... I'm suggesting that somebody else, or somehow we take a look at the model in general and see if there's not a way to, you know, make a little relaxation right now on not having another increase, and see if we can't come up with some better efficiencies in the short term, and then, you know, deal with things in the long term. But I just feel like we have had no other options. We just keep... you know to take year after year, if that's what this is going to be, that kind of increase... I don't think the City wants to keep having to react to that."

Chair Wurzburger said Councilor Bushee's position is clear and we're saying the same thing in different ways with respect to assumptions versus the model. She hopes this will start the basis for a fuller discussion with additional Councilors as well as our SWMA reps.

INFORMATIONAL ITEMS

8. STATUS REPORT ON THE SOLID WASTE MANAGEMENT DIVISION. (REGINA WHEELER)

Ms. Wheeler presented information from her Memorandum of March 30, 2010, regarding Solid Waste Division Activities and Plans, which is in the Committee packet. Please see this Memorandum for specifics of this presentation.

Councilor Bushee thanked Ms. Wheeler, saying she has jumped in with "both feet." She said this Division has been up and down over the years. She said she gets a lot of calls from the residents of her District about service and lack of service. She said there is a good fleet person. However, she wants to be sure Ms. Wheeler provides the requisite training for drivers so all safety measures are implemented, including speeding. She said, "There are a variety of calls and I've forwarded some of them to you, and I just really want to make sure we are being safe in delivering that service. I understand that they're got hard routes and speed comes into it, but safety never is compromised. So, I just want to emphasize that. Thank you again for jumpin' in, and let's see what we can do to get our services up and maintain our fees for the moment if we can."

Chair Wurzburger thanked Ms. Wheeler for making as much progress as quickly as she's making it. She said she received a complaint letter which was quite upsetting, with respect to phone calls to the office, noting she gave it to Robert Romero yesterday who said he would give it to Ms. Wheeler. She wants to be sure Ms. Wheeler touches base with Mr. Romero regarding this very recent, very detailed complaint letter.

DISCUSSION AND ACTION ITEMS

13. REQUEST FOR APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SANTA FE AND SANTA FE COUNTY FOR A SEWER LINE TO BE OWNED BY SANTA FE COUNTY AND DISCHARGED IN THE CITY WASTEWATER SYSTEM. (MARCOS MARTINEZ AND BRYAN ROMERO).

No action.

14. *[Moved to Informational Items by Chair Wurzburger for presentation of information and discussion but no action.]*

15. **REQUEST FOR APPROVAL OF RESOLUTION NO. 2010- ____ . A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF AN EXECUTED AGREEMENT FOR FINANCIAL ASSISTANCE TO THE NEW MEXICO ENVIRONMENT DEPARTMENT, CONSTRUCTION PROGRAMS BUREAU, FOR THE UPGRADE AND IMPROVEMENTS TO THE SANTA FE WATER TREATMENT FACILITY; SAP 09-3817-STB COMMUNITY TREATMENT PLAN IN THE AMOUNT OF \$700,000 (COUNCILOR WURZBURGER). (STEPHANIE REYNOLDS)**

No action.

16. **REQUEST FOR APPROVAL OF RESOLUTION NO. 2010- ____ . A RESOLUTION AMENDING RESOLUTION NO. 2009-124, ADOPTED DECEMBER 9, 2009; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT (“LOAN AGREEMENT”) BY AND BETWEEN THE CITY OF SANTA FE, NEW MEXICO (THE “GOVERNMENTAL UNIT”) AND THE NEW MEXICO FINANCE AUTHORITY, EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY A PRINCIPAL AMOUNT OF TWO HUNDRED TEN THOUSAND SEVEN HUNDRED SEVENTY-SEVEN DOLLARS (\$210,777), TOGETHER WITH INTEREST AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A SUBSIDY OF FOUR HUNDRED NINETY-ONE THOUSAND EIGHT HUNDRED THIRTEEN DOLLARS (\$491,813), FOR THE PURPOSE OF FINANCING THE COSTS OF A PROJECT CONSISTING OF A PROJECT CONSISTING OF UPGRADES TO THE CITY’S WATER UTILITY SYSTEM, INCLUDING A MICRO-HYDROELECTRIC GENERATION PROJECT; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST AND ADMINISTRATIVE FEES DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE PLEDGED REVENUES; SETTING A MAXIMUM INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT (COUNCILOR CALVERT). (DALE LYONS)**
- a) **REQUEST FOR APPROVAL OF DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT (NO. 2382-ADW AMENDED); NEW MEXICO FINANCE AUTHORITY.**
- 1) **REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.**

No action.

17. **REQUEST FOR APPROVAL OF RESOLUTION NO. 2010- ____ . A RESOLUTION AMENDING RESOLUTION 2009-126, ADOPTED DECEMBER 9, 2009; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LOAN AND SUBSIDY AGREEMENT (“LOAN AGREEMENT”) BY AND BETWEEN THE CITY OF SANTA FE, NEW MEXICO (THE “GOVERNMENTAL UNIT”) TO PAY A PRINCIPAL AMOUNT OF ONE HUNDRED TWENTY SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$127,500), TOGETHER WITH INTEREST**

AND ADMINISTRATIVE FEES THEREON, AND TO ACCEPT A SUBSIDY OF TWO HUNDRED NINETY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$297,500) FOR THE PURPOSE OF FINANCING THE COSTS OF A PROJECT CONSISTING OF UPGRADES TO THE CITY'S WATER UTILITY SYSTEM, INCLUDING A REBATE PROGRAM TO PROMOTE WATER CONSERVATION TECHNOLOGIES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST AND ADMINISTRATIVE FEES DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE PLEDGED REVENUES; SETTING A MAXIMUM INTEREST RATE FOR THE LOAN; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT (COUNCILOR CALVERT). (DANIEL RANSOM

- a) REQUEST FOR APPROVAL OF DRINKING WATER STATE REVOLVING FUND LOAN AGREEMENT (NO 2389-ADW AMENDED); NEW MEXICO FINANCE AUTHORITY.

- 1) REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND.

No action.

MATTERS FROM THE CITY ATTORNEY

None.

ITEMS FROM STAFF

None.

MATTERS FROM THE COMMITTEE

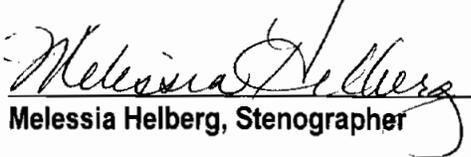
None.

NEXT MEETING: WEDNESDAY, MAY 5, 2010

ADJOURN

The meeting was adjourned at approximately 6:00 p.m., without any formal action and/or votes being taken.

Rebecca Wurzbarger, Chair


Melessia Helberg, Stenographer