



Agenda

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**PUBLIC UTILITIES COMMITTEE
MEETING
CITY COUNCIL CHAMBERS
WEDNESDAY, NOVEMBER 3, 2010
REGULAR MEETING – 5:00 P.M.**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM THE OCTOBER 6, 2010 MEETING

INFORMATIONAL ITEMS

6. Status Report on the Solid Waste Management Division. (Regina Wheeler)
7. Presentation on Public Service Company of New Mexico Annual Facilities Project Update. (Nick Schiavo and PNM)
8. Update on the Santa Fe River Target Flow Bill. (Brian Drypolcher and Claudia Borchert) (15 Minutes)
9. Water Division Financial Update. (Brian Snyder)

CONSENT CALENDAR

10. Request for Approval to Change the Public Utilities Committee Meeting Scheduled for December 1, 2010 to November 30, 2010. (Stephanie Lopez) **VERBAL**
11. BDD Project Manager's Monthly Project Exception Report. (Rick Carpenter)
12. Update on Current Water Supply Status. (Victor Archuleta)
13. Request for Approval of Award of Bid No. '11/19/B – CIP # 942 and Approval of the Contract with Advantage Asphalt & Seal Coating for the FY 10/11 City Wide Sewer Line

Spot Repair Contract for the Total Amount of \$ 62,229.47 Inclusive of NMGRT. (Stan Holland)

14. Request for Approval to Award Bid No. '11/20/B and the Professional Services Agreement to Norvell Construction, LLC for the Surge Tank Repainting – Buckman Booster Pump Station No's. 2, 3 & 4 – CIP #3036 for the Total Amount of \$382,587.00 Exclusive of NMGRT and Request for Approval of a Budget Adjustment Request for the Amount of \$428,900.00. (Robert Jorgensen)
15. Request for Approval of the Award of Bid No. '11/13/B and the Professional Services Agreement to Thatcher Company for the Total Amount of \$134,568.00 for Aluminum Sulfate for the Water Treatment Plant. (Victor Archuleta)
16. Request for Approval of the Award of Bid No. '11/14/B and the Professional Services Agreement to Thatcher Company for the Total Amount of \$94,500.00 for Soda Ash for the Water Treatment Plant. (Victor Archuleta)
17. Request for Approval of the Award of Bid No. '11/15/B and the Professional Services Agreement to DPC Industries Inc. for the Total Amount of \$55,620.00 for Sodium Hypochlorite for the Water Treatment Plant. (Victor Archuleta)

DISCUSSION ITEMS AND ACTION ITEMS

18. Las Campanas Request for Up to an Additional 150 Acre-Feet of Treated Effluent Through December 31, 2027. (Brian Snyder and Marcos Martinez)

MATTERS FROM THE CITY ATTORNEY

ITEMS FROM STAFF

MATTERS FROM THE COMMITTEE

NEXT MEETING: WEDNESDAY, DECEMBER 1, 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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Wednesday, November 3, 2010

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, November 3, 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, November 3, 2010, in the Council Chambers, City Hall, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Rebecca Wurzburger, Chair
Councilor Patti J. Bushee
Councilor Ronald S. Trujillo

MEMBERS EXCUSED:

Mayor David Coss
Councilor Matthew E. Ortiz

OTHERS PRESENT:

Brian Snyder, 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 said the Committee will be losing a quorum at about at 6:15 p.m., so she would like to move Item #18, which is an Action Item, to be heard after Item #5 Approval of Minutes.

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

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

4. APPROVAL OF CONSENT AGENDA

Chair Wurzbarger asked the Committee its thoughts with regard to Item 10 under the Consent Calendar with regard to changing the PUC meeting for December 1, 2010 to November 30, 2010. She noted this is a discussion of whether to remove Item 10 from the Consent Calendar. After discussion, it was the consensus among the Committee not to remove Item #10, and for it to be considered for approval under consent, and staff will work with the Committee to confirm this date.

MOTION: Councilor Trujillo moved, seconded by Councilor Bushee, to approve the following consent agenda as presented.

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

CONSENT CALENDAR

10. **REQUEST FOR APPROVAL TO CHANGE THE PUBLIC UTILITIES COMMITTEE MEETING SCHEDULED FOR DECEMBER 1, 2010, TO NOVEMBER 30, 2010. (STEPHANIE LOPEZ)**
11. **BDD PROJECT MANAGER'S MONTHLY PROJECT EXCEPTION REPORT. (RICK CARPENTER)**
12. **UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)**
13. **REQUEST FOR APPROVAL OF AWARD OF BID NO. '11/19/B – CIP #942 AND APPROVAL OF THE CONTRACT WITH ADVANTAGE ASPHALT & SEAL COATING FOR THE FY 10/11 CITY WIDE SEWER LINE SPOT REPAIR CONTRACT FOR THE TOTAL AMOUNT OF \$62,229.47 INCLUSIVE OF NMGR. (STAN HOLLAND)**
14. **REQUEST FOR APPROVAL OF THE AWARD OF BID NO. 11/20/B AND THE PROFESSIONAL SERVICES AGREEMENT TO NORVELL CONSTRUCTION, LLC, FOR THE SURGE TANK REPAINTING – BUCKMAN BOOSTER PUMP STATION Nos 2, 3 & 4 – CIP #3036 FOR THE TOTAL AMOUNT OF \$382,587.00, EXCLUSIVE OF NMGR AND REQUEST FOR APPROVAL OF A BUDGET ADJUSTMENT REQUEST FOR THE AMOUNT OF \$428,900.00. (ROBERT JORGENSEN)**
15. **REQUEST FOR APPROVAL OF THE AWARD OF BID NO. 11/13/B AND THE PROFESSIONAL SERVICES AGREEMENT TO THATCHER COMPANY FOR THE TOTAL AMOUNT OF \$134,568.00 FOR ALUMINUM SULFATE FOR THE WATER TREATMENT PLANT. (VICTOR ARCHULETA)**

16. **REQUEST FOR APPROVAL OF THE AWARD OF BID NO. 11/14/B AND THE PROFESSIONAL SERVICES AGREEMENT TO THATCHER COMPANY FOR THE TOTAL AMOUNT OF \$94,500.00 FOR SODA ASH FOR THE WATER TREATMENT PLANT. (VICTOR ARCHULETA)**
17. **REQUEST FOR APPROVAL OF THE AWARD OF BID NO. 11/15/B AND THE PROFESSIONAL SERVICES AGREEMENT TO DPC INDUSTRIES, INC., FOR THE TOTAL AMOUNT OF \$55,620.00 FOR SODIUM HYPOCHLORITE FOR THE WATER TREATMENT PLANT. (VICTOR ARCHULETA)**

5. APPROVAL OF MINUTES FROM THE OCTOBER 6, 2010 MEETING.

MOTION: Councilor Trujillo moved, seconded by Councilor Bushee, to approve the minutes of the meeting of October 6, 2010, as presented.

VOTE: The motion was approved on a voice vote, with Councilors Trujillo and Chair Wurzbarger voting in favor of the motion, no one voting against, and Councilor Bushee abstaining.

DISCUSSION AND ACTION ITEMS

18. **LAS CAMPANAS REQUEST FOR UP TO AN ADDITIONAL 150 AFY OF TREATED EFFLUENT THROUGH DECEMBER 31, 2027. (BRIAN SNYDER AND MARCOS MARTINEZ)**

Brian Snyder said his Memorandum to the Public Utilities and Finance Committees, dated September 29, 2010, which is in the packet, gives the background and summary of the existing Settlement Agreement with Las Campanas, describing the two different sources of water. One is a domestic and commercial source of water and the other is golf course irrigation, noting these are classified as two different sources of water. He said what we are discussing under this item is golf course irrigation water, and the Las Campanas Settlement Agreement discusses a term to December 31, 2027, with 5 renewal terms, to provide 450 afy for golf course irrigation.

Mr. Snyder said Las Campanas is requesting an additional 150 afy of treated effluent, which would bring it to a total of 600 afy of effluent. He said it is staff's evaluation that the additional 150 afy is available, and the draft Agreement in the Committee packet summarizes the terms and conditions: an 18 month term notice option to terminate the contract by both parties. He said 18 months is the time period Las Campanas owners have stated that it will take to arrange for financing and constructing the new line, and the time period for the City to move the return flow credit through the State process.

***THIS PORTION OF THE MINUTES IS VERBATIM
AT THE REQUEST OF COUNCILOR WURZBURGER***

CHAIR

WURZBURGER: Would you please clarify the legal issue that you brought up at the last meeting as to whether this is the proper entity since it has changed to the homeowners from the original Las Campanas group.

BRIAN

SNYDER: Madam Chair, I'll have Marcus Martinez answer this.

MARCOS

MARTINEZ: Thank you madam Chair and members of the Committee. At the last PUC meeting, Councilor Ortiz asked the question of whether this would be the appropriate entity to be entering into an amendment of the 2003 Settlement Agreement. I have reviewed this question and discussed this matter with representatives from the Club at Las Campanas, and reviewed documentation, and I have concluded that they are the proper entity. The original Settlement Agreement contained an Assignment clause which allowed Las Campanas, LP, to assign any part of the Settlement Agreement to a successor entity or club entity. The Club is that successor club entity. There is a formal Assignment Agreement between LC LP and the club that was entered into on May 5, 2010. I have reviewed that, and that Agreement has provisions that specifically allow the Club to be the assignee of all effluent and commercial groundwater that is available under the original Settlement Agreement, and so there is no problem from the City Attorney's perspective that they are the appropriate entity into which the City would enter into this amendment to the Settlement Agreement.

CHAIR

WURZBURGER: Chair Wurzburger said, "I just want to thank you for your opinion. And, Ms. Helberg let's be sure we get lots of that in the minutes.

MELESSIA

HELBERG: Madam Chair, would you like this to be verbatim.

CHAIR

WURZBURGER: Yes, this discussion, I would. Thank you very much. Okay, open for discussion. Councilor Bushee.

COUNCILOR

BUSHEE: So it has changed hands. Las Campanas has changed hands.

MARCOS
MARTINEZ: The commercial groundwater and treated effluent sections of the Settlement Agreement have been assigned from the limited partnership to the Club, yes.

COUNCILOR
BUSHEE: So, does Lyle Corp, or whatever it was, still own it. Las Campanas itself.

MARCOS
MARTINEZ: I'm not sure what interest, if any, Lyle Anderson has in the limited partnership, but they are a different entity than the Club.

COUNCILOR
BUSHEE: So, they've given over the golf course.

MARCOS
MARTINEZ: The Club has taken over the golf course and equestrian center, yes.

COUNCILOR
BUSHEE: And the club is a not for profit....

MARCOS
MARTINEZ: My understanding is that it is a non-profit.

CHAIR
WURZBURGER: If you're going to speak you need to come forward please. Thank you.

PHIL
GEORGE: My name is Phil George. I'm the President of the Club. The question, if I can repeat the question, is what type of... what tax entity is the Club now. The Club has applied for 501(c)(7) which is a not-for-profit Club.

COUNCILOR
BUSHEE: Okay. It has a Board of Directors and a...

PHIL
GEORGE: It has a Board of Directors and a General Manager.

COUNCILOR
BUSHEE: A General Manager... a paid General Manager.

PHIL
GEORGE: Yes, a paid General Manager. The Board of Directors is voluntary.

COUNCILOR
BUSHEE:

And so how does it work with the membership owners, you know, of homes there... if you're a homeowner. In other words, is this Club, this golf course going to remain sort of an exclusive...

PHIL
GEORGE:

Yes. That's correct.

COUNCILOR
BUSHEE:

A membership only club.

PHIL
GEORGE:

Yes. Let me try to clarify something, so... I know it's a very complex subject, but there's five legal entities that exist now instead of one. Okay. There's the Club, which is what I represent, there's the water coop, there's the sewer coop, there's the Homeowners Association, and then there's still the LC LP which is fundamentally owned, or has been taken over by the bank.

COUNCILOR
BUSHEE:

Okay, but at one point, when it was all together, the thought was that the residences of Las Campanas would generate enough effluent for your own purposes.

PHIL
GEORGE:

That's correct.

COUNCILOR
BUSHEE:

And that will not come to fruition.

PHIL
GEORGE:

That will not come to fruition for at least another 20 years, based upon the lightest projection of home sales, etc., that I have seen.

COUNCILOR
BUSHEE:

Okay. And so, okay, in sort of having a long history up here, you know, we ended up having to take Las Campanas to Court to... or whatever version of that, to get you to begin to actually want to receive effluent. And at the time, or before that was actually done, the folks that represented whatever it was, Lyle Corp, or something, insisted that effluent would be bad for your golf greens. I guess I just want to make sure that you're clear that that's a fine transaction.

PHIL

GEORGE: We're perfectly satisfied with going away from... currently we have two sources of water. We have the 450 afy of effluent. We also have access to 322 afy of Buckman Wells. It turns out, and I can't comment on what was said previously, it turns out we prefer effluent. It has actually less salt than the wells do.

COUNCILOR
BUSHEE: Okay. I just state that to kind of bring up the old record, in that, you know, we had the darndest time getting... your folks said oh.. Las Campanas previously to try and even accept the idea of effluent on your golf course.

PHIL
GEORGE: Well one thing I would at least like to inform you, or let you know, is that we have access to 770 afy. We are voluntarily reducing that access from 770 afy down to 600 afy. We've taken initiatives to reduce..

COUNCILOR
BUSHEE: Where's the remaining acre feet being transferred to.

PHIL
GEORGE: It was from the Buckman Well Field.

COUNCILOR
BUSHEE: So, you're not going to have access to it. Where's it going to go.

PHIL GEORGE: It stays at the Well Field.

COUNCILOR
BUSHEE: Sorry.

CHAIR
WURZBURGER: We're not going to try to take it.

COUNCILOR
BUSHEE: But, is there somebody else that then can.

PHIL
GEORGE: I believe the Buckman Well Field is going to rest.

CHAIR
WURZBURGER: Would you answer that.

BRIAN
SNYDER:

Madam Chair, Councilor Bushee, what Phil is referring to is that, part of the Settlement Agreement describes that when the BDD goes on line that Las Campanas would no longer have access to the Buckman Well Field, or the potable water in the well field.

COUNCILOR
BUSHEE:

Okay. And I won't get into any other questions. I just... that's it. I'm fine with this if staff feels we have this available and doesn't take away from any other user that we already have in existence or for any other need.

BRIAN
SNYDER:

Madam Chair, Councilor Bushee, staff feels that it does not at this time take away from any other needs. However, staff has identified a need to do a master plan for created effluent, how we use it in the City. As you're aware, it's been discussed for number of years. As an example project, the Southwest Sector line, that line as well as well as customers we sell it to, the MRC and the Country Club and Las Campanas, as well as return flow credits. We want to look at the big picture and determine how we use our created effluent for our benefit, but at this time, we do not have that plan completed. We will be working on that over the next six months to a year, and that's where staff stands at this time.

COUNCILOR
BUSHEE:

Okay. So, if things change, this arrangement can be amended.

CHAIR
WURZBURGER:

With the 18 month condition.

BRIAN
SNYDER:

Madam Chair, Councilor Bushee, that is correct. And in the Agreement we did put specific language that we are looking into this master plan effort and basically calling out the fact that water is a resource here and that we're concerned and we want to make sure that we're doing what's in the best interest of the City.

COUNCILOR
BUSHEE:

Okay, but 18 months... you're fine with that time frame.

BRIAN
SNYDER:

Yes.

COUNCILOR
BUSHEE:

And you're aware of all this.

PHIL

GEORGE: Yes ma'am.

CHAIR

WURZBURGER: Councilor Trujillo.

COUNCILOR

TRUJILLO: Thank you. Well Brian, Councilor Bushee pretty much asked all my questions that I wanted to know. So, we're good with this and we're not going to be using the water any time soon.

BRIAN

SNYDER: Madam Chair, Councilor Trujillo, that's correct.

COUNCILOR

TRUJILLO: Okay, you said within 6 months to a year you're going to have a plan as to what to do with the effluent water. Because I know, I passed a Resolution, it was actually my first Resolution I passed dealing with effluent lines throughout the whole community, because I'm looking at putting effluent lines.. When we had Cerrillos Road open it would have been the perfect opportunistic plan to put them. In the future, we need to water our parks. And I'm looking in the future to have this water for use by homeowners as well to water their plants and things like that. So, I hope we do continue on the path that we are looking at because the reality. You know, our water is precious here in our community.

CHAIR

WURZBURGER: I agree, and with this Committee, depending on how this goes, we'll make it a priority to be sure that plan gets done, and we can review it together.

COUNCILOR

TRUJILLO: Well I'm fine with it.

CHAIR

WURZBURGER: Could I have a motion.

COUNCILOR

TRUJILLO: I want to say one more thing. I hope you'd open your golf course... see if you can open your golf course to more of the people in this community, and not keep it so exclusive

I certify that this is a true and accurate transcript of the discussion on Agenda Item #18, from the Public Utilities Committee meeting on November 3, 2010, as requested by Chair Rebecca Wurzburger.

Melessia Helberg, Stenographer

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

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

INFORMATIONAL ITEMS

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

Brian Snyder said Ms. Wheeler is out of the office this week. There is a report in the Committee packet which is self-explanatory, and is similar to the reports that have been given in the past.

Chair Wurzburger said the report is so similar she saw no difference. She will follow-up with Mr. Snyder on things which have happened since the last report which aren't reflected. She said this is basically the same report we received last month.

Mr. Snyder said the report is similar to last month's reporting, noting a lot of these are ongoing programs – staff training, public education, partnering with The Santa Fe New Mexican on the Recycling Outreach Program, Fleet Maintenance Program. A lot of these are ongoing programs Ms. Wheeler has implemented and nothing really has changed.

Chair Wurzburger said the Committee raised questions about the cost of the Recycling Program, and she thought there was some follow-up with The Santa Fe New Mexican, and asked if that was done, and if so, to be sure it is in next month's report.

Mr. Snyder said he spoke with Ms. Wheeler, and it is his understanding that there is no cost to the City for this program, and it is being funded largely by The New Mexican. He said we have advertising we do from the Solid Waste Division, but this Program will add no additional cost to the current advertising we do.

Chair Wurzburger would like that report in writing, and on the next agenda.

Councilor Bushee said she still is interested in whether there will be a rate increase in solid waste. She also would like to know if the Household Hazardous Waste program will be ongoing, as well as the planned new facility and its cost.

Chair Wurzburger asked to add these requests from Councilor Bushee as a formal part of the report submitted by Ms. Wheeler next month.

Councilor Trujillo said a few years ago a lot of the giant, metal trash cans became unusable, and Ms. Wheeler said she is getting rid of them. Did we get rid of them and how, noting he never got an answer to his question in this regard, noting there were 20-40 of them.

Councilor Wurzburger asked to add this to the list of things we would like Ms. Wheeler to address.

Councilor Bushee asked if the system is now fully automated, if not, what is missing.

Mr. Snyder said he will asked Ms. Wheeler to add these questions to next month's report in writing. He said at this time there is no need for a rate increase in solid waste. However, moving forward if the solid waste portion of annexation does not occur, staff believes there will be a need for a rate increase. He said although there is an up-front capital cost, we will offset those costs with the new customers and essentially will be made whole. He said if we don't go forward with the annexation, then staff will be before this Committee discussing a rate increase.

Councilor Bushee said that is good information. However, she is tracking the SWMA increase.

Mr. Snyder said Jason Mumm is in the process of doing updates for wastewater and solid waste, similar to those he is presenting for water this evening. He said his goal is to have Mr. Mumm attend the January or February 2011 PUC meeting with a similar update – a snapshot in time of where we are currently.

7. PRESENTATION ON PUBLIC SERVICE COMPANY OF NEW MEXICO ANNUAL FACILITIES PROJECT UPDATE. (NICK SCHIAVO AND PNM)

Nick Schiavo introduced Manual Sanchez, Manager of Distribution for PNM, saying he will review the presentation in the packet.

Mr. Sanchez reviewed the document, "Annual Informational Meeting for Proposed Electric Projects to City of Santa Fe, Public Utilities Committee," dated November 3, 2010, which is in the Committee packet. Please refer to this document for specifics of this presentation.

The Committee commented, asked questions and made suggestions as follows:

- Councilor Bushee asked, with regard to the Caja del Rio Substation, if it does not meet approval, are there alternatives.

Mr. Sanchez said if the permit is denied then we'll need to get with all of the different entities and determine how they want to approach serving the water treatment area and backing-up all of the facilities which have been installed.

- Councilor Bushee asked if the solar array would take care of it.

Mr. Sanchez said no, it is only about 1/3 of the water treatment plant's capacity, and it helps, but it won't be the cure. He said they are looking for a long term solution, so it will take some time if it does get denied.

- Councilor Bushee asked if any of these are underground.

Mr. Sanchez said yes, the cable replacements are existing underground cable serving different areas of town.

- Responding to Councilor Bushee, Mr. Sanchez said they will be applying for all of the appropriate permits through the City.
- Councilor Bushee asked who will notice the neighbors that this construction is happening.

Mr. Sanchez said that would be PNM.

- Responding to Councilor Bushee, Mr. Sanchez said if they get approval for a variance to build overhead, it will be built overhead.
- Councilor Wurzbarger said that approval will have to come from the City Council, and Mr. Sanchez said this is correct.

Councilor Bushee believes the people are willing to pay the difference if PNM is given a variance to build overhead.

- Councilor Bushee said that would have to go through the process appropriately, rather than making a decision at the Public Utilities Committee.

Mr. Sanchez said the nice thing is that there is a process and they will follow that process, and will build, and there will be an additional line item on the bill which indicates the difference between the overhead and underground. He said any difference will be spread over the bills to all customers in the City of Santa Fe.

- Councilor Wurzbarger said the questions being asked won't change the process, and PNM will have to come to the City for a variance. She said Mr. Sanchez is saying this is the plan, but he doesn't know whether it will go overhead or underground, and he's giving us an opinion that he believes they will prefer to go overhead.

- Councilor Trujillo said what is done will affect people in the area.

Mr. Sanchez said it is a City ordinance.
 - Councilor Bushee said we could change the ordinance or absorb the additional cost.
 - Councilor Bushed asked if there are other potential collocation opportunities for undergrounding, in terms of fiber-optics and such, which would be a "sweeten the pot" arrangement. She said she is talking about undergrounding and if there is someone else who could "go in with you all."
- Mr. Sanchez said if they actually open a trench, then a lot of times, the local engineering staff will work with the other entities, cable and such, and they do try to coordinate that. He said if it is an existing subdivision we may just end up boring, rather than tearing up sidewalks and such, in which case it's really not an option.
- Councilor Bushee asked if going into the Fort Marcy feeder will that shut down or slow down the recreation facility.

Mr. Sanchez said it shouldn't.
 - Mr. Sanchez said there is a very old downtown system, where there is low voltage. Over time, you will see us replacing transformers which means taking out buildings and trying to get up to date, noting they won't have power while we are replacing that equipment. He said over time, we will be working to get higher voltage in that part of town, which is more efficient with less outages, and more efficient for the area in terms of reliability.
 - Councilor Bushee said there is a substation at Camino Alire and West Alameda, which was considered for abandonment at one time.

Mr. Sanchez said that will be abandoned eventually, noting the scheme is to replace some of the 46,000 volt lines with 115,000 volt lines which come into the downtown area and terminate at the old power plant site. He said when that happens, it will allow them to pull the equipment from the substation, saying it is in the outer end of the 10 year plan.

8. UPDATE ON THE SANTA FE RIVER TARGET FLOW BILL. (BRIAN DRYPOLCHER AND CLAUDIA BORCHERT)

Mr. Drypolcher said they won't be bringing the bill until the Spring, and thought this would be a good opportunity to answer some of the questions raised in September. He said there is an in-depth presentation in the packet.

After discussion, it was the consensus among the Committee to postpone this item to the December meeting.

Ms. Borchert noted she will not be in attendance at the next meeting.

Chair Wurzburger asked the Committee to read the information in the packet, saying the answers to our questions are in that information.

9. WATER DIVISION FINANCIAL UPDATE. (BRIAN SNYDER)

A copy of "Santa Fe Water Division Financial Update," dated November 3, 2010, prepared by Step Wise Utility Advisors, is incorporated herewith to these minutes as Exhibit "1."

Mr. Snyder said, at our request, Jason Mumm has put together an annual snapshot in time, and he will be doing something similar with Solid Waste and Wastewater.

Jason Mumm reviewed Exhibit "1." Please see Exhibit "1" for specifics of this presentation.

The Committee commented, asked questions and made suggestions as follows:

- Responding to Councilor Bushee, Mr. Snyder said the rate increase at 8.2% for 5 years does not have any payment back to the General Fund. He said a number of options were presented, including a 9.5%. He said the difference between those is that the 9.5% incorporated a payment back to the General Fund of \$2 million for each of the years in the plan. He said the \$3 million repaid by the Water Division to the General Fund last year was paid from cash reserves and that is not in our plan.
- Councilor Bushee's question here is inaudible because her microphone was turned off.

Mr. Snyder said he understood that when the water company was purchased by the City it was in dire straits and needed an influx of money or it was going into default. There was then a \$19.7 million inter-fund loan from the General Fund, noting this was in the 1990's. He said the Water Division never made a payment on the loan until three years ago, noting over the past 3 years, it has repaid \$7 million.

- Councilor Bushee said she would hate to see a rate increase imposed to pay that debt, and spoke about the issues related to the computer billing system which cost a lot of money to resolve. She believes the loan should be repaid, but it shouldn't be on the "backs of the ratepayers." She said we have to find a way to generate positive revenues to do this, commenting that we bought a "joke of a water system."

Chair Wurzburger said we shouldn't forget how we came to this place, commenting that a payback of \$7 million over the past three years is very good.

MATTERS FROM THE CITY ATTORNEY

There were no matters from the City Attorney.

ITEMS FROM STAFF

There were no items from staff.

MATTERS FROM THE COMMITTEE

There were no matters from the Committee.

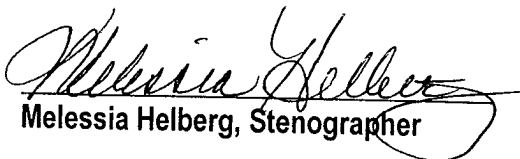
NEXT MEETING: WEDNESDAY, DECEMBER 1, 2010

Chair Wurzburger asked staff to contact the absent Committee members tomorrow about moving the December 1st meeting to November 30, 2010, and confirm this date with all members of the Committee.

ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 6:15 p.m.

Rebecca Wurzburger, Chair


Melessia Helberg, Stenographer