

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2012-19**

3 **INTRODUCED BY:**

4  
5 Councilor Wurzbarger

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9  
10 **A RESOLUTION**

11 **AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED APPLICATION**  
12 **FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO THE NEW MEXICO**  
13 **FINANCE AUTHORITY FOR THE DESIGN AND CONSTRUCTION OF THE BDD**  
14 **BOOSTER STATION 2A SOLAR PV PROJECT.**

15  
16 **WHEREAS**, the City of Santa Fe (“Borrower”) is a qualified entity under the New Mexico  
17 Finance Authority Act, Sections 6-21A-1 *et seq.*, NMSA 1978 (“Act”), and the Governing Body of  
18 the Borrower (“Governing Body”) is authorized to borrow funds and/or issue bonds for financing of  
19 public projects for benefit of the Borrower; and

20 **WHEREAS**, the New Mexico Finance Authority (“Authority”) has instituted a program for  
21 financing of projects from the Drinking Water State Revolving Loan Fund created under the Act and  
22 has developed an application procedure whereby the Governing Body may submit an application  
23 (“Application”) for financial assistance from the Authority for drinking water projects; and

24 **WHEREAS**, the Governing Body intends to undertake design and construction of the BDD  
25 Booster Station 2A Solar PV Project (“Project”) for the benefit of the Borrower and its citizens; and

1 **WHEREAS,** the application prescribed by the Authority has been completed and submitted  
2 to the Governing Body and this resolution approving submission of the completed Application to the  
3 Authority for its consideration and review is required as part of the Application.

4 **NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**  
5 **CITY OF SANTA FE** that:

6 **Section 1.** All action (not consistent with the provision hereof) heretofore taken by the  
7 Governing Body and the officers and employees thereof directed toward the Application and the  
8 Project, be hereby ratified, approved, and confirmed.

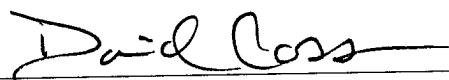
9 **Section 2.** The completed Application submitted to the Governing Body be hereby  
10 approved and confirmed.

11 **Section 3.** The officers and employees of the Governing Body are hereby directed and  
12 requested to submit the completed Application to the Authority for its review and are further  
13 authorized to take such other action as may be requested by the Authority in its consideration and  
14 review of the Application and to further proceed with arrangements for financing the Project.

15 **Section 4.** All acts and resolutions in conflict with this resolution are hereby rescinded,  
16 annulled, and repealed.

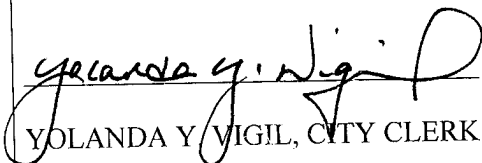
17 **Section 5.** This resolution shall take effect immediately upon its adoption.

18 PASSED, APPROVED, AND ADOPTED this 8<sup>th</sup> day of February, 2012.

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20 \_\_\_\_\_

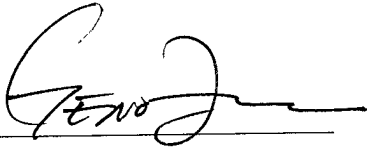
21 DAVID COSS, MAYOR

22 ATTEST:

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24   
25 YOLANDA Y VIGIL, CITY CLERK

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APPROVED AS TO FORM:



GENO ZAMORA, CITY ATTORNEY



NMFA Use Only:

App. #:	-DW
FA assigned:	
Fundable Priority List Ranking	

**DRINKING WATER STATE REVOLVING LOAN FUND  
APPLICATION FOR FINANCIAL ASSISTANCE**

**I. GENERAL INFORMATION**

**A. Applicant /Entity**

				Application Date:	1/10/12
Applicant/Entity:		City of Santa Fe			
Address, City, State, Zip:		PO. Box 909, Santa Fe, NM. 87404-0909			
County		Santa Fe	Census Tract:		10.02
Legislative District:		Senate:	25	House:	48
Phone:	505-955-4204	Fax:	505-955-4281	Email Address:	dwlyons@santafenm.gov
Individual Completing Application:		Dale Lyons			
Address, City, State, Zip:		PO. Box 909, Santa Fe, NM. 87404-0909			
Phone:	505-955-4204	Fax:	505-955-4281	Email Address:	

**B. Consulting Professionals (Bond/Legal Counsel, Architect, Engineer, etc., if available)**

Name:		N/A			
Address, City, State, Zip:					
Phone:		Fax:		Email Address:	

**C. Primary Contact Person**

Name:		Dale Lyons			
Address, City, State, Zip:		PO. Box 909, Santa Fe, NM. 87404-0909			
Phone:	505-955-4204	Fax:	505-955-4281	Email Address:	dwlyons@santafenm.gov

## II. PROJECT SUMMARY

### A. Project Description

Complete the following information, using additional paper if necessary. Include any additional documents that may be useful in reviewing this project (*i.e.* architectural designs, feasibility studies, a business plan, etc.)

1. Description of the project.

#### **Project Title: BDD Booster Station 2A Solar PV Project**

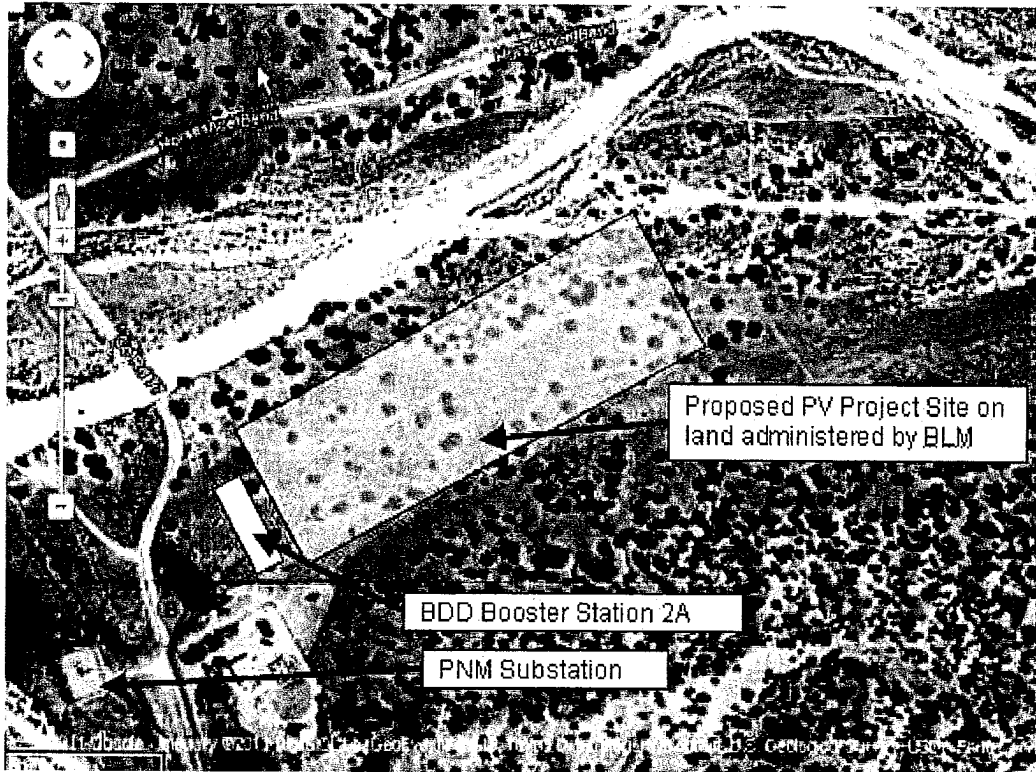
On March 14<sup>th</sup> of 2011, Water Division staff submitted a project interest form to the New Mexico Finance Authority requesting up to \$5 million in Drinking Water Revolving Loan Fund funding for a 1mW solar photovoltaic (PV) project to be built within the BDD system at the Booster Station 2A facility, which relays water from the Rio Grange diversion site to the BDD water treatment plant. After analysis of the current energy consumption at this facility, it has been determined that constructing a net-metered 1mW solar plant at this site would provide a significant benefit to the BDD by reducing energy costs, generating REC revenue and reducing reliance on conventional, carbon intensive energy sources.

The proposed solar project will be nearly identical to two other 1mW solar projects developed by third-party solar companies through power-purchase agreements at City and BDD facilities, including the BDD water treatment plant and the City's wastewater treatment plant. Like those solar projects which have now been operating for almost one year, the proposed solar project at the BDD Booster Station 2A facility will occupy approximately seven acres of land administered by the BLM, for which the City will secure an amendment to an existing Right-of-Way agreement.

#### **Proposed BDD Booster Station 2A Solar Project Site**



Aerial Photograph of Booster Station 2A and Proposed PV Project Site



The solar project will consist of approximately 2,500 crystalline photovoltaic (PV) panels mounted on single axis trackers. The proposed solar project will be net-metered with an existing PNM meter which currently feeds power to the BDD Booster Station 2A, and is expected to generate approximately 2,500 mW hours of electricity per year. The financial benefits of the proposed project are outlined the following table:

**BDD Booster 2A Solar Project  
Financial Projections**

BDD Booster 2A Average kWh usage/mo (10 months)	356,998.50
Average cost/kWh (on- & off-peak)	0.0755
BDD Booster 2A Average charge/mo	-\$25,996.98
BDD Solar Average kWh output/mo (7 months)	205,448.43
Waste Water Solar Average kWh output/mo (7 months)	242,674.29
Average solar output kWh/mo	224,061.36
BDD Booster 2A Average kWh usage/mo (10 months)	356,998.50
Average solar output kWh/mo	224,061.36
Average remaining billable kWh/mo	132,937.14
Average solar output kWh/mo	224,061.36
Average cost/kWh (on- & off-peak)	0.0755
Average utility bill savings/mo	\$16,916.63

Monthly payment on \$2.5 million NMFA Drinking Water Loan (Loan terms: \$5 million total award, 50% grant, 50% loan, 2% interest, 20 years)	-\$12,647.00
Average utility bill savings/mo	\$16,916.63
Monthly payment on \$2.5 million NMFA Drinking Water Loan	-\$12,647.00
Cashflow/mo w/out REC revenue	<b>\$4,269.63</b>
Average solar output kWh/mo	224,061.36
Renewable Energy Credit revenue (REC = \$0.05/kWh)	\$11,203.07
Total cashflow/mo w/REC revenue	<b>\$15,472.70</b>
Average solar output kWh/mo	224,061.36
Renewable Energy Credit revenue (REC = \$0.07/kWh)	\$15,684.30
Total cashflow/mo w/REC revenue	<b>\$19,953.93</b>

The terms of the 20-year loan would likely be 50% principal forgiveness, and 2% interest for the remaining balance. The interest and principal payment on \$2.5 million would be approximately \$12,647 per month. Based on the performance of the two 1mW PV projects located at the City's wastewater facility and the BDD water treatment plant, the average monthly utility bill savings resulting from the PV project is estimated to be \$16,916. Beyond the monthly cost savings, it is expected that the project can be interconnected under PNM's remaining Renewable Energy Credit (REC) incentive program, garnering either \$0.05 or \$0.07/kWh, which could generate between \$11,000 and \$15,000 per month in REC revenue.

On behalf of the BDD as fiscal manager, the City intends to execute a design-build contract with a firm or consortium of firms (developer) for the completion of a net-metered 1mW solar PV system at the BDD Booster Station 2A. The developer shall be responsible for 1) securing a Bureau of Land Management (BLM) right-of-way for the project area, including all necessary environmental permitting; 2) design and specification of the project, including site security; 3) interconnection of the project with PNM; and 4) construction of the project. Once the system is completed and interconnected with PNM, the BDD Board will own and operate the facility and retain ownership of any Renewable Energy Credits (RECs).

This procurement for the proposed project will proceed in two phases: the first phase, which will evaluate proponents' qualifications and their proposed project development approach; in the second phase of the procurement, a selected group of top ranked proponents will be invited to respond to a request for bid (RFB) document.

Proposed Project Start Date March 1<sup>st</sup>, 2012

Proposed Project Completion Date June 30, 2012

When does the system need NMFA funds available? April, 1<sup>st</sup>, 2012

2. How will the ongoing maintenance, operation, and replacement of this project be funded?

Funding for the ongoing maintenance, operation, and replacement of this project will be funded from operating funds allocated to the BDD project. Because the project will significantly reduce current operating costs and potentially generate additional REC revenue, it is not anticipated that additional funding will be required to be allocated to the BDD for ongoing maintenance, operation, and replacement of this project.

3. Does the system have a certified operator(s)? Yes  No

If YES, how many?

16 certified operators for the BDD.

17 certified operators for City's Source of Supply.

20 certified operators for City's Transmission and Distribution.

4. Will this project require right-of-way acquisition? Yes  No

If YES, specify any right-of-way needs and whether acquisition may or may not delay the project.

Based on the level of effort to amend the existing BLM ROW for the BDD water treatment plant solar project, it is not expected that repeating this process for the proposed solar project will delay the project. After supplying the Taos BLM field office with an additional biological and archeological surveys for the proposed solar site, the BLM simply determined that no the existing NEPA documentation was adequate to grant a modification to the existing ROW. This process took approximately 1 month. To facilitate this process for the proposed project, the City intends to submit the ROW application by the end of January 2012.

5. Who will hold title to the land where the project is to be located?

The project is proposed to be built on land administered by the BLM.

If this is land owned by the Bureau of Land Management or State Land Office or is Tribal Land, please attach lease agreements. If there is no clear title, attach an explanation of ownership arrangements.

6. Does this project require a joint powers agreement (JPA)? Yes  No

If YES, provide a copy of the JPA, which should include a list of the current membership.

7. Does the system expect an increase in service demand that would impact the capacity of the system as a result of this project? Yes  No

If YES, please explain. \_\_\_\_\_

\_\_\_\_\_



**B. Total Project Cost and Sources of Funds Detail**

	<b>DWSRLF Funds Requested</b>	<b>Other Public Funds<sup>*</sup></b>	<b>Private Funds</b>	<b>TOTAL Funds</b>
<b>Construction Activities</b>				
Planning and Design	\$1,250,000			
Construction	\$1,500,000			
Equipment	\$2,250,000			
<b>Infrastructure Activities</b>				
Facility Acquisition				
Land Acquisition				
Utilities (Electric, Gas, Water, etc.)				
Engineering and Architectural				
Contingencies				
Other				
<b>TOTALS</b>	<b>\$5,000,000</b>			

<sup>\*</sup> Specify any other public funds to be used for this project and amounts and terms of those funds, *i.e.* FmHA, CDBG, EPA, etc.

<b>Source</b>	<b>Amount</b>	<b>Terms / No. of Years</b>
<b>TOTALS</b>		

**Attach a letter verifying that each non-DWSRLF funding source for this project has been approved or is in the process of being approved. Explain any exceptions.**

### III. FINANCING

**A. Revenue**

1. Specify the revenue to be pledged as security for the DWSRLF loan (a revenue source must be pledged for this type of project).

- Municipal Local Option GRT – please specify \_\_\_\_\_
  - County Option GRT – please specify \_\_\_\_\_
  - State-Shared GRT \_\_\_\_\_
  - Net System Revenues \_\_\_\_\_
  - Other Revenue \_\_\_\_\_
- GRT Capital Outlay\* \_\_\_\_\_

2. Is there an alternative revenue source available to pledge to pay debt service in the event that the primary pledged revenue is unavailable or insufficient? Yes  No

If YES, please specify. \*These funding sources are more than sufficient.

3. Preferred financing term: 20 years.

**B. Debt**

Is any debt being repaid from the revenue source(s) referenced in A(1)? Yes  No

If YES, provide bond or loan documents and payment schedule(s) for any existing debt service being paid from the same revenues that are pledged as security for the DWSRLF loan.

**C. Customers and Rates**

1. What are the current number of customers and the current rates for the following classifications?

	No. of Customers	Rate per 6,000 gallons	Revenue Generated
Residential	29,321	\$40.04/6,000 gal for 5/8 <sup>th</sup> meter/mo.	\$15,452,475 FY 09/10 projected
Commercial	3,497	\$54.53/6,000 gal + for 1" meter/mo.	\$12,778,008 FY 09/10 projected
Industrial	NA	NA	NA
Bulk	3	\$54.53/6,000 gal + for 1" meter/mo.	\$819,092 FY 08/09 actual

2. When were the system's water rates last adjusted? March, 2009

3. Please describe the system's rate review process and frequency of review (proposed or existing). The City of Santa Fe Finance Department and the Water Division review rates on an annual basis.

4. Is the system metered? Yes  No

If YES, what is the percentage of fully operating meters? 96%

5. Are any significant changes in operational revenues or expenditures expected in the next three fiscal years that would impact the system's overall operating budget? Yes  No

If YES, please describe.

The City Council has approved an ongoing plan of water rate increases. Scheduled water rate increases of 48.3% over five years (8.2% per year) will result in increased revenues and increased operating budget.

#### IV. READINESS-TO-PROCEED ITEMS

**A. The following items must accompany this application in order for this application to be considered complete:**

- Map of service area, including census tract information
- Three most recently completed fiscal year audit reports
- Current unaudited financials
- Current fiscal year budget
- By-laws (if applicable)
- Articles of Incorporation (if applicable)
- Board rules and regulations (if applicable)
- Verification of ownership of land where project is to be located
- Documentation that each non-DWSRLF project funding source for this project has been approved or is in the process of being approved (if applicable)
- Joint powers agreement(s) (if applicable)
- Completed Categorical Exclusion (CE) Checklist

**B. In addition, the following items are required prior to disbursement of DWSRLF funds:**

- A detailed drawdown schedule for project payments
- Final technical information for the project, stamped and approved by a registered engineer
- Cost breakdown of the project, certified by either an engineer or architect
- Preliminary Engineering Report (PER) approved by the NMFA
- Environmental Information Document (EID) approved by the NMFA
- Disclosure questionnaire (if applicable)
- Area map, site map, and floor map (if applicable)
- Documentation showing status of right-of-way acquisition (if applicable)
- Explanation of land ownership arrangements (if applicable)
- List of and copies of all required permits and licenses necessary to complete the project. Detail the status of each item, a plan of action, and time frame for completing incomplete permits and licenses.
- Is there litigation pending that would have a bearing on the project or applicant?  
Yes  No
- If YES, attach a summary of all circumstances relating to such litigation.
- Regular meeting dates for the system's governing body(ies) that authorized this project.

V. CERTIFICATION

The undersigned, certify that:

Each has the authority to request and incur the debt described in this application and, upon award, will enter into a contract for the repayment of any NMFA loans and/or bonds.

Each will comply with all applicable state and federal regulations and requirements.

To the best knowledge of each of the undersigned, all information contained in this application is valid and accurate and the submission of this application has been authorized by the governing body of the undersigned jurisdiction.

Jurisdiction City of Santa Fe

Highest Elected Official David Coss  
Signature

David Coss  
Print Name

Mayor 1/18/12  
Print Title Date

Finance Officer /Director Melville L. Morgan  
Signature

Melville L. Morgan  
Print Name

Finance Director 1/18/2012  
Print Title Date