City of Santa Fe
New Mexico

CITY CLERK'S OFFICE
DATE 6-2-10 TIME 10:29am
SERVED BY Stephanie Lopez
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AMENDED AGENDA

THE CITY OF SANTA FE
And
SANTA FE COUNTY

BUCKMAN DIRECT DIVERSION BOARD MEETING

THURSDAY, JUNE 3, 2010
4:00 PM
CITY COUNCIL CHAMBERS
200 Lincoln Avenue

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF MINUTES FOR THE MAY 6, 2010 BUCKMAN DIRECT DIVERSION BOARD MEETING**
5. **APPROVAL OF CONSENT AGENDA**
6. **MATTERS FROM STAFF**
7. **FISCAL SERVICES AND AUDIT COMMITTEE REPORT**

CONSENT AGENDA

8. Project Manager's Monthly Project Exception Report. (Rick Carpenter)
9. Update by Rick Carpenter on Financial Status of Contracts. (Rick Carpenter)
10. Project Manager's Report on Staffing and Training Program Progress. (Rick Carpenter)
11. BDD Relations Report for May 2010. (Patti Watson and Lynn Komer)

12. Request for Approval of Amendment No. 1 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Norman Gaume, P.E. to Amend the Insurance/Indemnification Requirements, Provide a BDD Board Option for an Insurance Three Year Tail After Services are Complete, Reduce the Term of the Agreement, and Reduce the Hourly Compensation Rate. (Rick Carpenter and Nancy Long)

DISCUSSION AND ACTION ITEMS

13. Request for Approval of Selection of Date for the BDD Tour of Los Alamos National Laboratory Projects Recently Completed in Los Alamos Canyon and its Tributaries to Reduce Sediment Transport. (Rick Carpenter)

14. Request for Acceptance of BDD Project Capital Budget Update as of March 31, 2010 by the Board's Consulting CPA. (Rick Carpenter and Angela Anderson)

15. Request for BDD Board Approval of the BDD Project Manager's Pre-Acceptance Testing Warm-Up (PATWU) Recommended Plan and Budget, Training Plan and Budget, and Compliance Plan for Wildlife Habitat Replacement in the Context of Requested Approvals that Follow on this Agenda. (Rick Carpenter and Norm Gaume)

16. Request for Approval of a Design-Build Contract Amendment # 1 to the Professional Services Agreement Between the Buckman Direct Diversion Board and CH2MHill/Western Summit Constructors Joint Venture in the Amount of $954,563.00 Plus $76,961.64 NMGRT for A Total Amount of $1,031,524.64 Providing for BDD Project Initial Operations Beginning on January 2, 2011 to Produce Potable Water and Provide Hands-On Training of BDD Project Staff Until Commencement of Project Formal Acceptance Testing in April 2012. (Rick Carpenter)

17. Request for Approval of Amendment No. 15 to the Professional Services Agreement between the Buckman Direct Diversion Board and Camp Dresser & McKee for the Amount of $68,110.00 Plus $5,491.36 NMGRT for a Total Amount of $73,601.36 Providing for Board Engineer Participation in Pre-Acceptance Testing Warm-Up. (Rick Carpenter)

18. Request for Approval of Amendment No. 14 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Camp Dresser & McKee for the Amount of $353,925.00 Plus $28,535.00 NMGRT for a Total Amount of $382,460.20 To Manage, Plan, Develop, Coordinate, and Deliver the Seven Month Full-Time Operator Training and Certification Training for BDD Project Operations and Maintenance Personnel.. (Rick Carpenter and Norm Gaume)

19. Request for Approval of a Professional Services Agreement Between the Buckman Direct Diversion Board and the Santa Fe Community College for Development of Training Materials, Classroom Instruction, and Providing Academic Credits and

Certification for the Total Amount of $175,000.00 (SFCC will be responsible for NMGRT). (Rick Carpenter and Steve Hoffman)

A. Request for Approval of a Budget Adjustment Request in the Amount of $275,432.88.

20. Request for Approval of a Solar Energy Agreement Providing for American Capital Energy to Design, Construct, Own, Operate and Maintain and Deliver Solar Electricity from a One Mega Watt Solar Electricity Generator Adjacent to the BDD Water Treatment Plant and Requiring the BDD Project to: (1) Interconnect the Solar Electricity Generator with PNM, (2) Take or Pay for all Solar Electricity Produced for 20 Years at a Cost of $0.155 per kWh, and (3) Receive and Own All Renewable Energy Credits and Environmental Credits Associated with this Distributed Photovoltaic Renewable Energy Project for Intended Sale to PNM. (Dale Lyons and Norm Gaume)

21. Request for Approval of Amendment No. 2 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Parametrix, Inc. to Prepare a Habitat Mitigation and Replacement Plan for Compliance With BDD Project Record-of-Decision Requirements #12 and #13 for the Amount of Plus $103,731.00 plus $6,873 NMGRT for a Revised Total Contract Amount of $136,704.00 exclusive of NMGRT. (Rick Carpenter and Norm Gaume)

22. Discussion and Selection of Formal Name for the Buckman Direct Diversion Project Water Treatment Plant. (Rick Carpenter)

a. Santa Fe Regional Water Treatment Plant
b. Buckman Direct Diversion Water Treatment Plant
c. Buckman Regional Water Treatment Plan
d. Westside Regional Water Treatment Plant
e. Caja del Rio Regional Water Treatment Plant
f. Other?

INFORMATIONAL ITEMS

23. Presentation on Possible Alternatives for a County of Los Alamos San Juan-Chama Water Development Project. (Rick Carpenter)

MATTERS FROM THE PUBLIC

MATTERS FROM THE BOARD

NEXT MEETING: THURSDAY, JULY 8, 2010 @ 4:00 @ COUNTY COMMISSION CHAMBERS

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.

City of Santa Fe
New Mexico

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DATE 5-26-10 TIME 3:30
SERVED BY
RECEIVED BY

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MINUTES OF THE

CITY OF SANTA FE & SANTA FE COUNTY

BUCKMAN DIRECT DIVERSION BOARD MEETING

June 3, 2010

This meeting of the Santa Fe County/City Buckman Direct Diversion Board was called to order by Chair Rebecca Wurzburger at approximately 4:10 p.m. in the Santa Fe City Council Chambers, Santa Fe, New Mexico.

Roll was called and the following members were present:

BDD Members Present:
Councilor Rebecca Wurzburger
Commissioner Virginia Vigil [4:15 arrival]
Councilor Chris Calvert
Commissioner Liz Stefanics

Member(s) Excused:
Ms. Conci Bokum

Others Present:
Rick Carpenter, BDD Project Manager
Norm Gaume, BDD Project Consultant
Nancy Long, BDDB Contract Attorney
Marcos Martinez, Assistant City Attorney
Mike Sanderson, Las Campanas
Lynn Komer, PR Team
Patti Watson, Cooney Watson
Angela Anderson, Meyners & Company
Dale Lyons, Water Resources Coordinator
Jerry Anderson, CDM
Randy Grissom, Santa Fe Community College
Tom Anderson, American Capital Energy
Neva Van Peski, League of Women Voters
Jack Richardson, Los Alamos County Senior Engineer
Jill Cliburn, Cliburn & Associates
Alana-Sue St. Pierre
Joni Arends, CCNS

[Technical difficulties were experienced with Chair Wurzburger's microphone throughout the meeting.]

APPROVAL OF AGENDA

[Exhibit 1: Agenda]

CHAIR WURZBURGER: Are there any additions or changes to the agenda from staff?

RICK CARPENTER (Project Engineer): Madam Chair, there's one possible item we should consider moving up on the agenda. That's item 23, a presentation from Los Alamos County. It's at the very end of the agenda. The Board may want to consider moving that further up.

CHAIR WURZBURGER: [inaudible]

MR. CARPENTER: Yes, Madam Chair. Item 7, fiscal services and audit committee report, we've begun to form a committee but it hasn't formed yet, so there's no report this month. And lastly I'd like to call the chair's attention to the fact there's an amended agenda going around, not the green one that came with your packet, and it's for item 19, which was changed.

CHAIR WURZBURGER: Okay. Thank you very much.

COUNCILOR CALVERT: Move approval as amended.

COMMISSIONER STEFANICS: I'll second.

The motion passed by unanimous [3-0] voice vote. [Commissioner Vigil was not present for this action.]

APPROVAL OF MINUTES: May 6, 2010

CHAIR WURZBURGER: Are there any additions or corrections from staff?

MR. CARPENTER: There are none, Madam Chair.

CHAIR WURZBURGER: How about from the Board?

COUNCILOR CALVERT: Move for approval.

COMMISSIONER STEFANICS: Second.

The motion carried unanimously [3-0]. [Commissioner Vigil was not present for this action.]

APPROVAL OF CONSENT AGENDA

8. **Project Manager's Monthly Project Exception Report (Rick Carpenter)**
9. **Update by Rick Carpenter on Financial Status of Contracts (Rick Carpenter)**
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11. **BDD Public Relations Report for April 2010 (Rick Carpenter, Patti Watson & Lynn Komer)**

12. Request for Approval of Amendment No. 1 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Norman Gaume, PE, to Amend the Insurance Three-Year Tail After Services are Complete, Reduce the Term of the Agreement, and Reduce the Hourly Compensation Rate (Rick Carpenter & Nancy Long)

Councilor Calvert moved for approval and his motion was seconded by Commissioner Stefanics. The consent agenda was approved by unanimous [3-0] voice vote. [Commissioner Vigil was not present for this action.]

MATTERS FROM STAFF

MR. CARPENTER: Madam Chair, there's just one brief item I'd like to call to the attention of the Board. The chair and vice chair, the Public Utility Director of the City and myself met with staff from Senator Bingaman's office yesterday, and a representative from the Senate Committee on Natural Resources and Energy. It was a very productive meeting; we discussed a number of things including funding, some policy issues, solar power development, and help with coordinating with PNM. I just wanted to call that to the attention of the Board.

CHAIR WURZBURGER: Okay, and what I wanted to underscore is that it was made very clear to us that [inaudible] contact with our senators and representatives and it would be very wise for us to do that. And I recall from the discussions that the issues we raised with respect to earmarks. Thanks, Rick.

23. Presentation on Possible Alternatives for a County of Los Alamos San Juan-Chama Water Development Project (Rick Carpenter) *[Exhibit 2: Power Point Presentation]*

MR. CARPENTER: Thank you, Madam Chair. Yes, here he is now for a brief presentation from Los Alamos County with regard to implementation of San Juan-Chama water development project, their project.

JACK RICHARDSON: First of all, thank you very much for scootching me up on the agenda. It looks like you've got a lot of heavy lifting to do so I'll go through this as quick as I can. I'm Jack Richardson. I'm a senior engineer for utilities for Los Alamos County, and we want to get serious about our own San Juan-Chama project. We have some ideas that impact possible facilities that you all are doing and so before we went out on the street we wanted to touch base with you so no one is surprised at what we're doing, and we want to let you know what we've been doing as neighbors as well.

Our team of course is led by the County Manager, as well as the deputy manager for utilities, James Alarid, Tim Glasco, the deputy manager for operations and maintenance and myself. I've been in here five months now. Sometimes I think that's a good thing because I don't know the history of what's gone on between the communities so it's all fresh. Tim and James have been around for a long time. A lot of these ideas are basically their ideas from their knowledge of the communities and staff that are around.

Tonight what I want to do, again, is just briefly let you know what we're doing, what we're proposing to do, so you're not surprised when our RFP hits the street, because it does deal with some of your facilities. And just to give you a sense of the possibility because some of these alternatives that we're suggesting are shared costs including use of facilities that are being developed or have been proposed to be developed. Hopefully, there's enough mutual benefit that we can continue on with our RFP the way it's proposed and open up the door for some future discussions with staff.

What we want to do, the objective of our RFP is to hire an engineering consultant and complete a preliminary engineering report that goes directly into acquisition of property, design and construction. Our goal is in a couple of years to have our San Juan-Chama project up and running as well. Back in 03 and 04 the county completed a study that developed a feasible project that was pretty much independent of any of the other jurisdictions. It's basically all on county property and it's feasible but it's very expensive and so before we went ahead with that project we wanted to take a step back and discuss things with our neighbors one more time to see what was possible. If not we do have an alternative that is feasible [inaudible]

The map there, about the middle, it shows all four alternatives. The overview map gives a relative idea of where these projects are. Alternatives 1, 2, and 4 are basically directly on the Rio Grande. Alternative 3 [inaudible] we'd be collecting water basically in the Jemez Mountains and [inaudible]

We have detailed briefly Alternative #1. We would like to acquire an existing collector well on the east bank of the Rio Grande. It's a fairly small well but it might have enough capacity for what we need. We might have to add a smaller second one, but that's north of the Otowi crossing.

Alternative 2, we propose discussing sharing directly the Buckman Direct Diversion project with you. Particularly what we're thinking of is in the early years perhaps there may be some additional capacity that we could use at first. Maybe we could use that capacity, then in the future, as growth occurs and water needs occur, what we'd like to do is ask your help in extension of the existing facilities, they're obviously existing now; they're built [inaudible] facilities, and allowing us to piggy-pack on those facilities and we could do a share of operation and maintenance expenses for the rest of the time. Again, we know right now that the staff is very busy with their completion of the construction and the startup so we don't propose, hopefully a lot of good? On your staff. The heavy lifting will be done by our consultant and what we'll be doing is discussing with staff on getting copies of studies that you've done, reports that you've done, any stated information like that. We would be doing all the data cranking and data analysis.

Alternative #3, again, it doesn't really affect you guys but it is one of the alternatives that is in our proposal, and then alternative #4 I discuss is basically a collective well on the west bank of the Rio Grande on county property to tunnel under the White Rock Mesa and then drill down into that tunnel and follow it up into our system. Again, I'm here tonight to answer any questions that you have and provide information for you. Hopefully, I can help you feel comfortable enough that we can open the door to at least move in the direction that we propose to move in and then at least be in discussions. There's no guarantee on which of these alternatives is going to fall out. We

really have no idea at this point in time, but we would like the opportunity to discuss these issues with you and with your staff in the coming months.

CHAIR WURZBURGER: And I'd like to focus our discussion. This is just for information and to give us a heads-up that they would like to proceed. [inaudible]

COMMISSIONER VIGIL: I have a comment, Madam Chair. I apologize for being late. I actually had parking difficulties. I guess there's a graduation going on right now. I'm familiar, because we have met with staff with your proposal. I know we're at a preliminary stage. However, I'm a really staunch and strong believer on regionalizing these kinds of projects so I am perfectly open to continuing to have discussions on this. Thank you, Madam Chair.

CHAIR WURZBURGER: Thank you.

COMMISSIONER STEFANICS: Madam Chair

CHAIR WURZBURGER: Commissioner Stefanics.

COMMISSIONER STEFANICS: A couple of questions that I would have for the future is analysis of the amount of water, and I think that the comment was made that at the beginning we would probably have enough to share, but as to what the projection would be – and the second thing is about cost-sharing. So I would like that addressed in the future as well.

CHAIR WURZBURGER: Anything else? Councilor Calvert? Okay, thank you very much.

MR. RICHARDSON: Thank you very much.

DISCUSSION AND ACTION ITEMS

13. Request for Approval of Selection of Date for the BDD Tour of Los Alamos National Laboratory Projects Recently Completed in Los Alamos Canyon and its Tributaries to Reduce Sediment

MR. CARPENTER: Thank you, Madam Chair. There's a memo in your packet that suggests a date of Friday, June 25th. There was some thought that went into that date and it would have been a good date, however, related to the meeting that we had with Pablo Sedillo of Senator Bingaman's office yesterday, it was revealed to us at that meeting that the Senator himself would like to come and tour the BDD facilities and also some of the improvements that they've made at LANL regarding water quality. And I think that it might be – we would suggest that the Board postpone its tour till that time so that you could accompany the Senator in August.

COMMISSIONER VIGIL: I totally agree with staff's recommendation. Actually, I was at the meeting with Senator Bingaman's staff and he is definitely interested in doing the tour. I think what we need to do is find out more about what his availability is before we really zero in on a particular date, and when that does happen maybe even if it is by email, you can give us some of those dates. I think he will be here for a brief period of time. We might be able to narrow that date and time for us and I make myself available to do the tour again.

MR. CARPENTER: Madam Chair, Commissioner Vigil, I actually sent an email to Pablo Sedillo this morning asking for some dates and offering to help the

logistics in coordinating as soon as he gets back to me I'd be happy to convey that information on to you.

COMMISSIONER VIGIL: Will we have a BDD meeting before that in July?

MR. CARPENTER: We'll have a meeting in July.

COMMISSIONER VIGIL: So we can still schedule it.

COUNCILOR CALVERT: We can schedule on in August since we're meeting the first week.

CHAIR WURZBURGER: All right. Thank you.

14. Request for Acceptance of BDD Project Capital Budget Update as of March 31, 2010 by the Board's Consulting CPA

MR. CARPENTER: Thank you, Madam Chair. I'll make some introductory comments, some conceptual issues associated with this and then I'd like to turn it over to Norm Gaume who'd like to make a few brief but detailed comments as well. If you look at your agenda there's a lot of action items on it, and they're all related. This item relates directly to the next item, item 15, and item 15 relates to item 16, 17, 18, 19 and 21. And so what I want to do on the next two items is help put that in perspective and provide some context for all of these related items.

So then to begin with on the update on the capital budget, this is an update. We are asking that the Board accept it. We have prepared the capital budget – actually, we prepared the first one in January of 2008. We updated that again in September of 2009. Both times the Board accepted those budgets. However, that was a budget that was prepared by engineers and project managers and not accountants. So knowing that we would like to do as good a job as we can managing $216 million that are being spent on this project, part of Meyners and Company's scope of work which is the consulting CPA that was hired to help us out on this project, part of their scope of work was to update our capital budget and turn it into more of a proper accounting format instead of spreadsheets. So they've done that. That's completed and that's what's in your packet and that's why we're bringing the updated budget to you today for that purpose.

A couple of take-home messages I think from this agenda item that I'd like to point out to the Board: one of the – we're winding down this project. We've spent over 85 percent of the funds, and so any margin that was available in the early months of spending this budget aren't around anymore. So precision is absolutely required. One of the things that this Board always asks us when we bring amendments forward is what line items are coming out of it and almost always it's the contingency line item that's set up for unanticipated costs. We wanted to get a really good handle on that contingency line item to be sure as we can with the information that we have, what those numbers are. And you'll see as we move through the presentation of these items, and what you might suspect with these sorts of projects that almost all of that contingency fund has been or will be – if you approve these amendments tonight – expended. What you could also derive from that is that any additional costs that we might incur going forward will require additional funding. And I think with that I'll turn it over to Mr. Gaume who would like to make a few brief but detailed comments on the capital budget.

CHAIR WURZBURGER: Thank you, Rick. Norm.

NORM GAUME (Project Engineer): Madam Chair, members of the Board, the $216 million capital budget, we remain within that budget. As Rick said, you have a couple of spreadsheets prepared by Meyners and Company in your packet. There is a summary presentation spreadsheet that indicates that currently, before any other contracts are authorized by this Board you have a little – about $6.5 million in total allowances and contingencies and savings that have been realized previously, available today. So the total amount that's available for remaining authorization is about $6.5 million.

We have identified need for five different categories of future expenditures, and I will get into those, get those really covered under agenda item 16. I think the purpose of this update is to tell you that it's been done, that contingency funds are available, and that Meyners, in the process of putting this collection together has found some issues that they wish to address. By entering the capital budget into the JD Edwards financial system and in doing that verifying all of the transactions that have occurred in this budget. That will be done by August subject to approval of another amendment for Meyners that we will bring to you in July, and that will tell a certain tale. But we believe it's necessary and the budget is sufficiently reliable at this point to rely on it for the purposes of continuing to allocate funds for necessary purposes within the original $216 million.

CHAIR WURZBURGER: Okay. Any questions about that? Councilor Calvert.

COUNCILOR CALVERT: Well, since everything that we're going to do after this is predicated on this, it says here in the packet, "Since the general ledger detail we relied upon does not reconcile with the general ledger construction in progress account we were provided it is possible even plausible that there are missing transactions or expenditures." Do we know how much we're talking about? You say it doesn't reconcile. Do we have a figure that there's a difference?

MR. GAUME: Madam Chair, Councilor Calvert, we do not have that figure today. We won't have that until we've entered the entire budget into the JD Edwards financial system and do it so they can verify all the transactions. That said, Rick Carpenter and Mark Ryan and I have spent a lot of time ourselves and a lot of time with Meyners, and we know of nothing that doesn't appear in the books. That's not saying that some expenses haven't been charged against the BDD project funds that shouldn't be, or that we are missing some, I think, minor expenditures. So that's as good as we can do in answering your question at the moment.

COUNCILOR CALVERT: Well, okay. That they don't reconcile means something's missing somewhere. Is that a fair statement? I don't know of what magnitude, but if they don't reconcile then something's missing somewhere, right?

MR. GAUME: Not necessarily. We just can't say with 100 percent certainty that this is reliable from an accounting perspective. We think it's reliable from a project management perspective.

COUNCILOR CALVERT: Okay. Well, I guess my discomfort is with the fact that we're not positive and we're going to be taking action based upon this and we're pretty much needing every dime to proceed. So I guess that's my concern with the information. And then the last paragraph on that page said – it was something about

vendors do not have gross receipts tax included in their purchase order amounts. Is that going to be a problem? Or have we already taken care of that?

MR. GAUME: I believe we've already taken care of that, Councilor.

COUNCILOR CALVERT: So that's already been taken out of the budget and accounted for.

CHAIR WURZBURGER: I see shaking of heads in the audience. Will you please come forward [inaudible]

ANGELA ANDERSON: Specifically related to the gross receipts tax issue, one of the items that we looked at were the future purchase orders, or purchase orders for future expenditures. And as we looked at those some of those were inputted into the system without gross receipts tax. We have brought that to the City's attention. The City is working on shifting that into the JD Edwards system. However, the reports that you have in front of you include the gross receipts tax on all purchase orders.

COUNCILOR CALVERT: Thank you.

MR. GAUME: Madam Chair, we ask that you accept this budget, given the limitations that we've described –

CHAIR WURZBURGER: Excuse me. We're not accepting the budget. We're accepting the budget update.

MR. GAUME: Thank you, Madam Chair.

CHAIR WURZBURGER: Is that correct?

MR. GAUME: That's correct.

COMMISSIONER STEFANICS: So, Madam Chair, I'm sorry I stepped out. I was actually talking with our County Finance Manager about some other questions that we're dealing with today. What I understand is that the amount that we're accepting, even though there are issues, is the original amount?

MR. GAUME: Madam Chair, Commissioner Stefanics, that's correct.

COMMISSIONER STEFANICS: Okay. Thank you.

CHAIR WURZBURGER: Councilor Calvert, another question?

COUNCILOR CALVERT: Yes. Last paragraph in that memo says this will require substantial work to reclassify expenditures into the proper budget line items. Who will this effort – whose work will this be? And do we have a ballpark as to the time and money that will entail?

MR. GAUME: Madam Chair, Councilor Calvert, the plan to do this involves Meyners providing oversight, the transactions that need encoding we anticipate will be done by the BDD Board's new financial manager and business administrator. We've taken applications for that position. We have qualified applicants and we expect to fill it soon.

COUNCILOR CALVERT: Okay. Thank you.

CHAIR WURZBURGER: Any other comments? Okay. So this is an action item. We've had an update. Can we have a motion please?

COMMISSIONER STEFANICS: I'll so move.

CHAIR WURZBURGER: Thank you. Can we have a second?

COMMISSIONER VIGIL: Second. Discussion?

The motion passed by unanimous [4-0] voice vote.

[A discussion ensued about the chair's ability to vote.]

15. Request for BDD Board Approval of the BDD Project Manager's Pre-Acceptance Testing Warm-Up (PATWU) Recommended Plan and Budget, Training Plan and Budget, and Compliance Plan for Wildlife Habitat Replacement in the Context of Requested Approvals that Follow on this Agenda

MR. GAUME: Madam Chair and Board members, the purpose of agenda item 15 is to explain to you from an overview perspective the context of the approvals that we're requesting in the six or seven agenda items that immediately follow this one. As I said, the total available contingency right now is about $6.5 million. We are asking in this agenda item that you conceptually approve the project manager's plan and budget for three major projects that will be funded from this contingency, and then we will deal with the individual authorizations as later items in the agenda.

The first of these projects is pre-acceptance testing and warm-up. The project manager and the staff recommend this project to you very highly. We think it brings many, many advantages to the Board and we think that it is necessary to get the most value out of training that we will be providing to the BDD staff so that they are competent in operating the facility. Basically what pre-acceptance testing warm-up means is that rather than mothball the facility for three months between the time we expect it will be completed at the end of December this year until acceptance testing in April. Rather than mothball it we will actually, under an amendment to the design-build contractor's contract that is later on this agenda the design-build contractor will operate the facility. We'll do a slow start. We think there are numerous advantages to that.

I don't want to take too long in going through the details of those advantages. They are laid out in the memorandum for you, but I would happy to go into detail if you wish or respond to your questions. Commissioner Stefanics asked at the last meeting about the revenue offsets for this. Commissioner Stefanics, County staff has guestimated that it will take 23 acre-feet of drinking water from the project in the first three months of 2011, and Las Campanas has indicated that they need 41 acre of potable water. You add those together, convert them to million gallons. That's 21 million gallons of water. If you were to sell that at $5 per thousand gallons that would be $105,000 of revenue. That's a little bit different from the change in cash flow, but that's what it looks like from a revenue perspective.

The advantages are a slow start, with the best water quality in the river that we're going to see. We want to do the acceptance test when the water quality in the river is challenging. We think there is some risk involved in starting the plant up and initially putting drinking water into the system under those conditions. So for that reason we recommend starting up in the winter when the water is clear and doesn't have as much sediment in it. We also think that the opportunities that will be provided through Buckman Direct Diversion project staff during pre-acceptance testing warm-up will be invaluable. They will have the opportunity for the hands-on operations, seeing the plan in operation for at least 3 ½ months before they have to take it over themselves. And those experiences for them will be organized and accredited. They'll be tested on what they see. The benefits are just enormous.

Well, I've merged into the second of these projects which is the staff training program. When we started this program we built in a substantial amount of training resources into the board engineer's contract and into the design-build contract. In thinking more about what we must do in order to make sure that we have a qualified staff on day-one because failure is not an option, we believe that we need a more comprehensive approach to the training that we planned when we negotiated the board engineer's agreement back in 2006. That agreement provided for two FTEs of effort in training our staff and in basically overseeing the design-build contractor's deliverable product for training.

What we now have worked out is an integrated, formal, full-time training program, seven months long that will accredited by Santa Fe Community College both in classroom work and field work they'll be going through. It will be accredited by the New Mexico Environment Department, where our training program, your training program, the trainees that successfully go through that will be eligible, if what we requested from NMED to go one step up in the required certification levels. So this is important for the grow-your-own philosophy. Again, I can go into more detail, but I won't, except to answer your questions.

The third project that we need to get underway with a significant authorization from you today is compliance with upland and aquatic wildlife habitat mitigation, that's part of the final environmental impact statement record of decision. The story on that is we've always known that compliance with these habitat mitigation requirements are required. They were budgeted originally and the budget amount that we today is about the same as your original forecast. Some time ago we hired a specialty ecological services consulting firm, Parametrix. We signed a professional service agreement which is in the small category that the project manager is authorized to sign. We've had one amendment to that and through that effort we now have the agreement of the federal agencies with regard to the location where wildlife habitat will be mitigated or replaced and basically how that will go forward. The record of decision required us to apply quantitative ecological tools to this so that the federal government could assess the damage to habitat and compare against the replacement. And we will more than pay the project's debts, if you will to habitat under the proposals. And so we have that project too that remains to be authorized. We're just going back in summary.

Pre-acceptance testing warm-up is a new idea that can be funded from the remaining contingencies. We think at this point it's necessary. The training program, which results from the BDD Board previous direction. We know that it can be funded from remaining funds, and that it is also critically necessary, and more so since we are staffing the plant with our own staff from day one. And the third is we have to complete our obligations under the federal record of decision.

There are additional funds set aside in the project manager's recommendation for future expenditures. Those are listed in the detailed spreadsheets that are part of the packet here. I would be happy to respond to your questions.

CHAIR WURZBURGER: Okay. Let us begin. Councilor Calvert.

COUNCILOR CALVERT: Yes, Norm, on the bottom of the second page, when you're talking about benefits to the City. You talk about water at no additional cost, cost avoidance on not using other sources of supply, then loss of revenue from the water we will not be selling to Santa Fe County and Las Campanas. Is there a way you can tell

me on balance, is that a plus or a minus? I don't like to peg on the amount of water we're talking about, but is there some way you can give me some range of estimates then, some sensitivity analysis on that?

MR. GAUME: Madam Chair, Councilor Calvert, I certainly can do that with a few minutes of calculation. I don't have the number at the tip of my tongue

COUNCILOR CALVERT: So maybe there's an amount of water where it's break even or something to that effect.

MR. GAUME: Madam Chair, Councilor Calvert, it always was the intention that Las Campanas and the County would be providing their own water and the City would not benefit from the revenue from bulk water sales. Incremental costs –

COUNCILOR CALVERT: This is just making it sooner.

MR. GAUME: It's making it sooner. I'd be happy to calculate that for you, Councilor Calvert and give you an estimate.

COUNCILOR CALVERT: Okay. Am I reading something wrong, in the paragraph before this it says $3.79 per thousand and then this one says $4.79 per thousand. Are those different figures?

MR. GAUME: There are two different figures there, Councilor Calvert. The City's bulk water sales to the County are at $3.79 per thousand subject to a cost of service study which is just beginning. The agreement for the City's sale of water to Las Campanas is one dollar per thousand gallons higher - $4.79.

COUNCILOR CALVERT: Okay. Well, the problem is you lumped Santa Fe County and Las Campanas together in the last paragraph.

MR. GAUME: Excuse me, Councilor Calvert. I see that ambiguity. $4.79 does not apply to the County.

COUNCILOR CALVERT: Okay. The other question I had is on the second page of the tables I guess. Page 2 or 3 on tables. Under the pre-acceptance testing warm-up, it has that figure of $1,021,000 as the lump sum fee, but in item 16, on the second, third page of item 16, it lists it as $954,000.

MR. GAUME: Councilor Calvert, the only answer I can give you on that is on page 3. If you go down – the $954,000 – the three-month D-B contract would have a lump sum cost of $954,000. If you add gross receipts tax to that you get the $1,021,000.

COUNCILOR CALVERT: Maybe.

MR. GAUME: I believe that's the way that we calculated that.

COUNCILOR CALVERT: It would be nice to have those things clarified.

MR. GAUME:I did the calculation and again, I can go back and check the spreadsheet but I believe that's what it is. The $359,600 is the same as the $360,000 in the table. The $370,00 is the $370,000.

COUNCILOR CALVERT: Right. That's why I'm not seeing – on that table on item 16 then you add in the gross receipts. But I'm not seeing – okay. Is that what you're saying is the difference on that one is the gross receipts?

MR. GAUME: I believe so. I believe that's correct, Councilor Calvert. It may be the numbers are changing up until the last minute and it may be that they weren't totally in the same [inaudible] But they're not very different.

COUNCILOR CALVERT: $60,000 or $70,000, if that's GRT, I can live with that.

MR. GAUME: Councilor Calvert, eight percent of $854,000 is approximately equal to that.

COUNCILOR CALVERT: Okay.

CHAIR WURZBURGER: Okay. Thank you. Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. When I look at everything that we're going to be looking at today, not just what you presented, but everything that we're looking at today, we're coming up with about $1.9 million that we're going to be approving, in terms of new agreements and amendments. I know, Madam Chair, that it was identified that usually staff from the Buckman meet with the staff from the City and the County to determine availability of funds. Right now, the County doesn't have a lot of funds just laying around, so I made a call, Madam Chair, to determine whether or not our Finance people had been involved in any discussions regarding all of these this week and they haven't.

So even if we were to lend our support to this it would have to be conditional. We can't really identify just per my conversation with Finance that we have the money to identify for all of these new amendments.

CHAIR WURZBURGER: Okay, I think perhaps we can clarify that based on our meeting yesterday. My understanding was that these things had been talked about or they were already in the budget and it was a matter of moving existing money rather than adding to the budget. Is that how it was explained to Commissioner Vigil and myself yesterday?

MR. GAUME: Madam Chair, that's correct.

CHAIR WURZBURGER: Can you explain –

COUNCILOR CALVERT: This is basically coming out of the contingency, right?

MR. GAUME: Madam Chair and Councilor Calvert and Commissioner Stefanics, part of this is coming out of the previous – let me just go back and explain a little, if I may. Take a moment to explain the contingency and allowance funds. The original $216 million project budget as listed in the first line of the spreadsheet that's attached to item 14 showed about $7 million in allowances and contingencies. The allowances were monies that we set aside for known things we need to do that were not initially contracted. The contingencies are similar. They were set aside for the purposes of dealing with unknowns down the road. As an example, one of the uses of the contingency, you may recall, is we had built into the project, in order to not have it padded by the contractor on the front end, the requirement that we would adjust for the cost of materials in accordance with the cost-price index of the federal government.

As it turned out that was a million dollars more than the $3 million that we had set aside and dipped into the contract where it hurts. So a million, approximately, of the $7 million of contingency went to that. What we have available in the original budget today, the $216 million that both the City and the County and Las Campanas have committed their shares, we have $6.5 million remaining in that budget unspent. These funds were originally projected for knowns, like the wildlife habitat mitigation, and for things that we couldn't necessarily foresee, but that we now know that we need, like pre-acceptance testing warm-up operations and like the training program. So we believe that these are totally within the spirit and the letter of the existing budget.

COMMISSIONER STEFANICS: So, Madam Chair, you are indicating that this $1.9 million total of everything we're going to do today, not just this one project we're talking about, is within the $216 million, and if we approve everything that we're talking about today, later, not just the part that you're talking about now, that will leave us with $4.2 million available? And Madam Chair, I really would like to have that kind of discussion in the future, whether we are talking about taking from approved contingencies that we've already approved and planned for, or if we're talking about over and above. Because once you get to the over and above that is the problem.

CHAIR WURZBURGER: That's why I said [inaudible] My understanding, and I think I already explained yesterday that this is not over and above. We're still close to over and above.

COMMISSIONER STEFANICS: Right. So I wanted to bring it to the attention that we now, if we approve everything today we're then at $4.6 million before we bottom out.

CHAIR WURZBURGER: Is that correct?

MR. GAUME: Madam Chair, I look at it a little bit differently, but similar. And let me just tell you how, if I may, how I see it. I believe what you're committing today, if you will go to the second page of the spreadsheet that's under tab 15. The sum total of pre-acceptance testing warm-up is $1.824 million. We're effectively asking you for your approval of that budget today. We're asking for approval of the D-B contractor amendments, and for the Camp Dresser – I'm sorry. And incidental to that is acceptance of the obligation to pay for the chemicals, lubricants, solvents and solids disposal and electricity and natural gas during pre-acceptance testing only. So that's where I get the $1.8 million.

Under the training, we are asking now for approximately $366,000 in additional fees for Camp Dresser & McKee and $175,000 for Santa Fe Community College. That is about – I'm not as quick with my math as I used to be – about $500,000. But that adds about $2.3 million. And then today we are also asking for $110,000, approximately, for Parametrix professional services for the wildlife habitat mitigation work. So that would be $1.8 plus about $500,000, about $2.5 million today.

COMMISSIONER STEFANICS: So, Madam Chair, you had indicated that we had about $6.5 million? So we're around $4 million.

CHAIR WURZBURGER: That's what I hear. That's what I'm understanding.

MR. GAUME: That's correct.

COMMISSIONER STEFANICS: Okay. I would just like for us to be clear as the Board as to what is remaining. Thank you very much.

CHAIR WURZBURGER: Commissioner Vigil.

COMMISSIONER VIGIL: Overriding my thinking here is fact we're all in a position where we're looking at budget crunches and originally for this project we had [inaudible] but I'm also having a sense of what happens when we get to the point where the GRTs are down, that kind of thing and a lot of the infrastructure is needing to look at operational costs. Now, based on the meeting that we had with Bingaman, I think we [inaudible] some lost opportunities with the federal government. One in particular was the solar program. I'm wondering – and maybe, Rick, I should direct this to you – there are specific bills that are out there. If we can look, talk to Pablo Sedillo and try to

[inaudible] the wildlife mitigation work and see if there is possibly some dollars available for that, because what we're hearing from them is they can't pay us retroactively but they can pay us for future work.

I don't know if that's something that's been looked into but certainly what I'm having a sense of is we really shouldn't lose opportunities that are there for us. Does anyone have a response on that?

MR. CARPENTER: Madam Chair and Commissioner Vigil, there are different programs that have appropriations, typically have appropriations, I don't know about the federal government this year but that are specific for habitat replacement or reuse or recycling and a lot of those are very specific. If an agency is run by the Corps of Engineers, Bureau of Reclamation, that would require a fairly specific conversation with Mr. Sedillo and I'd be glad to have that.

COMMISSIONER VIGIL: There are also some non-profits that fund these. I don't know how much opportunity we've had to interface with them, but wildlife mitigation is a huge concern for many non-profits in this community and elsewhere, so if we could look at – what's that? $150,000 that we might be able to fund outside of our funding process. Every little bit will help. So, Madam Chair, I would direct staff to look at other options for that particular project.

CHAIR WURZBURGER: Thank you. Was there anything else?

COMMISSIONER STEFANICS: Madam Chair, I guess I should go back to an issue I've brought up in the past about our contract with our federal lobbyist. In speaking with our northern congressman, he indicated he hasn't been visited once by that firm, and that there was money available last year for water projects. When I heard that I was very distressed, and he said, Liz, you don't need a lobbyist. The Buckman people should just come and talk to me. Now, either we should see very specific actions and activities from a contract or we should let it go. And to have a congressman tell me directly to my face, I haven't met this guy. Nobody's come and talked to me about this. That is very disconcerting.

So I just think as staff you have to take that into consideration as you look at either managing the expectations or getting rid of it. Thank you, Madam Chair.

CHAIR WURZBURGER: Commissioner, thank you for that input. Commissioner Vigil.

COMMISSIONER VIGIL: Yes. I have similar concerns also. Have we taken action on the Ferguson contract?

MR. CARPENTER: Madam Chair, Commissioner Vigil, you have amended it a few times. I presented the status of the contract I think the meeting before last and I indicated at that time that we would be, depending on what direction you had, was coming to the Board very soon, was that very question for you. Do you want to continue funding this firm or not? That will actually probably be next month. We've got very little money left on our contract. We either just run out of money and stop work or you could choose to fund them additionally with other amendments.

COMMISSIONER VIGIL: Thank you.

CHAIR WURZBURGER: After our meeting yesterday, the one bone that they've held out to us for I don't know how many years was the Rural Water Project money. I'm sorry, I forget the correct title. But I think it was made fairly clear to us yesterday that is too [inaudible] right now. We've missed it, and then it's questionable

that they're going to talk about it. But I didn't get a lot of optimism about that in that meeting. That was the one thing that they were going to do for us. I think it does call into question our continuing with them. I certainly feel, I recognize that our meeting as I recall, they were going to follow-up with Tanya to see, after she had her meetings in Albuquerque yesterday, whether there were options for using that money. [inaudible] in Albuquerque who has some influence over it. Do you know – have you had a chance to talk to her since we met in the morning?

MR. CARPENTER: Madam Chair, I sent her an email and I haven't heard back.

CHAIR WURZBURGER: All right. Well, in other words there's nothing we can do right now. It's a question of what is going forward with this, right? Didn't we have $25,000 left in the contract?

MR. CARPENTER: I believe it was $21,000, but it's in that neighborhood.

CHAIR WURZBURGER: Okay. Are they doing anything right now that you know of?

MR. CARPENTER: They are. They're looking into the possibility of earmarks and what the timing of those will need to be. I know that –

CHAIR WURZBURGER: [inaudible]

COMMISSIONER STEFANICS: Madam Chair, the earmarks now we're talking about are for the next fiscal year for federal. This year is finished. They are were due in March and April, both to congressional and Senate offices.

CHAIR WURZBURGER: And we were told yesterday that if we want to do earmarks we just need to talk to Bingaman's office. Commissioner Vigil.

COMMISSIONER VIGIL: I'm not interested in renewing the contract with Ferguson. I'll just put that on the record. The County has been a joint partner in that and I'm happy, because there has been some dollars that have come into the community. Always appreciate that. But they've really been for City projects. The County has received zero for the investment they've made with the funds and that makes me feel like we've received the short end of the stick. It makes sense to me now, after that meeting yesterday and the experience that we have had that we really don't need to move forward with any kind of lobbying, that in fact what we need to do, based on the information we have now, is stay in touch with the Bureau of Reclamation, with Bingaman's office, with Udall's office, with Lujan's office. Let them know specifically what our needs are, and I am particularly interested in what the Bureau of Reclamation will do for rural water development. And I am actually meeting with the Interstate Stream Commission to get their support on the planning and design, now that we have the Buckman Direct Diversion almost done, it's sort of the anchor for what can happen for rural communities. And that's the County's particular focus in assisting for our residents in the county towards water delivery systems. That has always been a focus for us and we haven't received any benefit from our investment with Ferguson. So I am not interested in dedicating $25,000 to them, especially having heard that there's been nothing put in the hoppers for us for this cycle. So I don't know that anyone else is interested in listening to a Ferguson contract; I'm not.

CHAIR WURZBURGER: What we need to clarify with staff what we need to do to not [inaudible] an item at the next meeting. In the meantime, ask them to

please cool it. I'm saying cool it in terms of please take a break [inaudible] Are you comfortable with that? Is that agreed?

MR. CARPENTER: Madam Chair, actually it would be very easy for me. I'd be happy to issue a stop-work order tomorrow morning to the Ferguson Group. What I'm not clear on is what you would like me to bring back to the Board next month.

CHAIR WURZBURGER: Well, if that's all we have to do, we need additional – it's not just stop work.

MR. CARPENTER: What I would suggest is I would report back to the Board after asking the Ferguson Group to stop working and close out their contract and terminate, and reprogram what's left of their contract somewhere else in the budget.

CHAIR WURZBURGER: Are we fine with that?

COMMISSIONER VIGIL: I am, as long as – it's not an action item, but can we give direction for that?

NANCY LONG (BBDB Contract Attorney): Yes, Madam Chair, Commissioner. I think if we discover that we need to have it as an action item next month then we can put it on there. Otherwise it would be direction to staff and then it can be report back from staff next month.

COMMISSIONER STEFANICS: I'm sorry. I wanted to go back to number 15. Thank you. Madam Chair and Mr. Gaume, could you tell me, what are the – so I've heard all the pros of why we should go ahead and do these things. What are the cons?

MR. GAUME: Madam Chair, Commissioner Stefanics, I honestly see no cons. I think this is what we very much need to do.

COMMISSIONER STEFANICS: Well, if, Madam Chair, for example, if we move ahead with this does that mean we put on staff earlier and we expend money sooner?

MR. GAUME: Madam Chair, Commissioner Stefanics, our plan has been, since you approved the staffing and training plan about last November to bring staff on around the first of October, begin a seven-month full-time training program, we can do that with or without PATWU. We will get significant more value if the operators in the last four months of the training program are observing the plant in actual operation and have hands-on experience with the controls. And get chalk talks every day with regard to what's going on at the plant and what the problems are and how the problems have been solved, whatever they are. It's an invaluable experience for our personnel.

COMMISSIONER STEFANICS: And in terms of any other costs, Commissioner Vigil brought up the fact that there might be some other non-profit funds available if we move ahead. Would that stop our search for some of these non-profit funds?

MR. GAUME: Madam Chair, Commissioner Stefanics, the particular reference Commissioner Vigil made was I believe related to the wildlife habitat. What we're asking for today is approval to go ahead and prepare the plan, to have our consultant prepare the plan. The estimated fee without gross receipts tax is $103,000. And we need to proceed with that in order to meet our schedule. In the meantime we can look for other funds. I will tell you right now that we're cooperating, collaborating with the New Mexico Environment Department and New Mexico Wildlife Federation who are very excited about the BDD Board's collaboration with them to do more with them than

they could do by themselves. So they're seeing this as added value, not as a project that they can fund. We can follow out, we can follow your direction, we will follow your direction, but we would ask that you approve the contract that provides putting the plan together, because without the plan we have nothing.

COMMISSIONER STEFANICS: Thank you, Madam Chair.

CHAIR WURZBURGER: I have a question on item 15. I just need clarity; this is not my area of expertise. With four months of having [inaudible] continue, that $250,000 to – how many people are doing the overseeing? It seems like a lot of money to oversee our people doing the work and talk about the problems, etc., etc.

MR. GAUME: I'm sorry, Madam Chair. I'm not exactly sure which –

CHAIR WURZBURGER: I'm talking about the piece that's costing $1 million to have the D-B contract sit there and watch things happen and give advice. I'm overstating it for purposes of seeking clarity on what's involved there. How many people? [inaudible]

MR. GAUME: Madam Chair, and I don't know if Ray Stoll is here or not. Madam Chair, that lump sum fee provides for the design-build contractor to bring in certified experience, water treatment plant operators, to start up and run the facility for three months. It's a whole staff and if you look at that million dollars for three months, if you would extend for a year you would realize that we're saving a substantial amount of money by staffing the budget with [inaudible]

CHAIR WURZBURGER: Thank you.

COUNCILOR CALVERT: Move for approval.

CHAIR WURZBURGER: Move for approval of item 15.

COMMISSIONER STEFANICS: I'll second.

CHAIR WURZBURGER: Any further discussion?

The motion passed by unanimous [3-0] voice vote. [Commissioner Vigil was not present for this action.]

MR. GAUME: Madam Chair, I'm afraid we skipped the amended agenda item, the budget adjustment request.

MR. CARPENTER: That's further down.

COUNCILOR CALVERT: That's 19.

16. Request for Approval of a Design-Build Contract Amendment #1 to the Professional Services Agreement Between the Buckman Direct Diversion Board and CH2MHill/Western Summit Constructors Joint Venture in the Amount of $954,563 plus $76,961.64 NMGRT for a Total Amount of $1.031,524.64 Providing for BDD Project Initial Operations Beginning on January 2, 2011 to Produce Potable Water and Provide Hands-On Training of BDD Project Staff Until Commencement of Project Formal Acceptance Testing in April 2012

CHAIR WURZBURGER: May I have a motion on this item?

COUNCILOR CALVERT: Could I ask a question first?

CHAIR WURZBURGER: Sure.

COUNCILOR CALVERT: On the third page, where you have the cost breakdown, could you walk me through this? I'm trying to see if I'm not doing math quickly or if I'm not understanding. When you get down to the total PATWU cost is such, and then you add in the GRT and it's $1,793,634. Is that correct? I know what the standby is. That's something that we had budgeted for them to be doing during this period and they're going to be doing this, so we're subtracting what they were going to be doing. But am I supposed to be able to subtract that $652,000 from the $1,793,000 and get that next line? Because it doesn't follow for me. And then it says with GRT, we're going to add GRT in again? I don't understand that. Because we already added in GRT above.

CHAIR WURZBURGER: Norm, can you answer that? So there's the question of double GRT and math.

COUNCILOR CALVERT: Do you know what page they were on?

MR. GAUME: Yes, Councilor Calvert. I believe what the contract calls for, the amendment calls for is for funding the $954,000 lump sum fee that covers labor. We have allowances that are in there.

COUNCILOR CALVERT: No problem.

MR. GAUME: If you add that you get a total, you add GRT to that. You subtract what we had budgeted for standby, and you get the net added cost. It may be that in this table the preparer double counted it. What I can tell you is that we won't overpay it.

COUNCILOR CALVERT: Well, because when I do the math I get $1,140,800-something. And I don't know if that's because the $652,000, we had a GRT associated with it that isn't shown here, and when you subtract that then you do get that lesser amount. I don't know. But this doesn't add up for me so that's why I have a question. And then whatever that figure is, and then you say, with GRT, I don't understand that because I thought we'd already taken care of the GRT.

JERRY ANDERSON: Excuse me. Sorry to interrupt. My name is Jerry Anderson, I'm with CDM, the Board's engineer. The total PATWU cost, the fourth line, $1.684,000, minus the $652,800 gives you the net added PATWU cost to the budget. So we showed the NMGRT under both conditions but the difference is the standby charge.

CHAIR WURZBURGER: So that's showing both conditions.

COUNCILOR CALVERT: Are you saying that the $1,031,000 is the $1,684,000 minus the $652,000?

MR. ANDERSON: Yes.

COUNCILOR CALVERT: Okay.

MR. ANDERSON: The budgeted standby charge was on the order of $210,000 a month. That's the $652,000.

COUNCILOR CALVERT: No, I got that. So I see where you get the $1,031,000. Why don't I get to that same figure if I subtract the $652,000 from the $1,793,000? I still don't get the $1,098,400.

MR. ANDERSON: I believe that's because the $652,000 did not include GRT.

COUNCILOR CALVERT: Okay. It would be nice if we were consistent throughout these figures then, if we're talking about GRT and showing where it fits in

with the figures, $652,000 should have its associated GRT with it. It would help make us be able to follow through on the numbers.

MR. ANDERSON: You're absolutely right, Councilor Calvert, but at the end of the day it's $1,098,000 that we're having. Thank you.

CHAIR WURZBURGER: Further discussion? Can I have a motion?

COMMISSIONER VIGIL: So moved.

COUNCILOR CALVERT: Second.

CHAIR WURZBURGER: Further discussion?

The motion passed by unanimous [4-0] voice vote.

17. **Request for Approval of Amendment No. 15 to the Professional Services Agreement between Buckman Direct Diversion Board and Camp Dresser & McKee for the Amount of $68,110 plus $5,491.36 NMGRT for a Total Amount of $73,601.36 providing for Board Engineer Participation in Pre-Acceptance Testing Warm-Up**

COUNCILOR CALVERT: Move for approval.

CHAIR WURZBURGER: We have a motion to approve. Do we have a second?

COMMISSIONER STEFANICS: Second.

CHAIR WURZBURGER: Thank you, Commissioner. Discussion?

The motion passed by unanimous [4-0] voice vote.

18. **Request for Approval of Amendment No. 14 to the Professional Services Agreement the Buckman Direct Diversion Board and Camp Dresser & McKee for the Amount of $353,925 plus $28,535.20 NMGRT for a Total Amount of $382,460.20 to Manage, Plan, Develop, Coordinate and Deliver the Seven-Month Full-Time Operator Training and Certification Training for BDD Project Operations and Maintenance Personnel**

CHAIR WURZBURGER: Discussion?

COMMISSIONER STEFANICS: I'll move for approval.

CHAIR WURZBURGER: If we get a second we'll have questions.

COMMISSIONER VIGIL: Second. And I have a question.

CHAIR WURZBURGER: Commissioner.

COMMISSIONER VIGIL: Norm and Rick, sometime back I had talked about incorporating some type of a mentorship program in our training component, and the thought just came to mind under this item. Was there any follow-up on that?

MR. GAUME: Madam Chair, Commissioner Vigil, we are intending to have cooperative education programs, that's what you're referring to, with Santa Fe Community College to get co-op students in the future to participate and actually get field experience at the Buckman Direct Diversion. During this training program our people will be basically mentored by CDM experienced personnel, the various experienced

startup personnel with the design-build contractor for mentoring in that way. And then I believe the additional reference to mentoring has come from the division director of the Water Division who would like to mentor and support high school students to choose water treatment operations as a career path. So, yes, I believe there has been – I believe we have been responsive to your request.

CHAIR WURZBURGER: I have a question. I'm confused on cross – the possible duplication. Once we move to [inaudible] I don't understand what the functions are for this contract to manage, plan, develop, coordinate and deliver. My understanding is the Community College is going to plan, develop and deliver the curriculum at the college. So what is going to happen with the $382,000 that's different from what we getting from the college?

MR. GAUME: Madam Chair, Board members, that's an excellent question, and thank you. There are many components to this seven-month full-time training program. Santa Fe Community College is indeed going to be preparing their classes and presenting them, which are going to be basically a background for advanced water treatment operations. It will be the classroom, math, the chemistry, the biology. We will want them to emphasize the Buckman Direct Diversion project, but the focus on those education classes will be the theory, the science, the math.

CHAIR WURZBURGER: Okay, so let's make it simple. Are they going to be doing on-the-job training?

MR. GAUME: Camp Dresser & McKee is managing the overall certification program. They have been integral in the preparation of job descriptions for all staff we're hiring, and that will continue after class of operations after BDD Board staff takes over plant operations at the end of April, at the end of acceptance testing next year, this amendment, among other things provides for Camp Dresser & McKee to keep an experienced process person onsite for six months to help continue training staff and sort out any issues. In the interim they are the ones who are providing many of the tests and the detailed procedures: Here's how you start up the plant. Here's how you shut down the plant. Here's what you do under this emergency condition.

CHAIR WURZBURGER: Okay. So that answers my question. They are providing one person a month to do this.

MR. GAUME: Madam Chair, they are providing four full-time equivalents if you approve this amendment, as opposed to the two full-time equivalents that are already built into CDM's contract.

CHAIR WURZBURGER: Four for training, or one for training?

MR. GAUME: Four full-time equivalents. The total effort funded by what's already in the contract, and with this amendment we'll fund four – enough labor to be four equal for one year.

CHAIR WURZBURGER: Thank you. Any further discussion?

The motion passed by unanimous [4-0] voice vote.

19. Request for Approval of Amendment No. 14 to the Professional Services Agreement the Buckman Direct Diversion Board and the Santa Fe Community College for Development of Training Materials, Classroom Instruction, and Providing Academic Credits and Certification for the Total Amount of $175,000 (SFCC Will be Responsible for NMGRT) *[Exhibit 3: Revised PSA]*

A. Request for Approval of a Budget Adjustment Request in the Amount of $275,432.88 *[Exhibit 4: Staff Memo]*

CHAIR WURZBURGER: I will comment that I appreciate the effort [inaudible] at the last meeting.

COMMISSIONER STEFANICS: Madam Chair.

CHAIR WURZBURGER: Yes.

COMMISSIONER STEFANICS: I think I'm a little confused now under 19. There's an amount and then there's an A for a budget adjustment request.

CHAIR WURZBURGER: Okay. So do you want to explain this for us please?

MR. CARPENTER: Yes, Madam Chair. When the fiscal year 09-2010 operating budget was approved by this Board the primary purpose for that budget was to fund the 31 positions that needed to be in developing to get [inaudible] The policy at the City is unless the funds are in place you can't create those positions, so you did that. It turns out that those hires haven't been made yet. They won't be made until the new fiscal year begins. And so what we'd like to do is reprogram the money that is now not needed for that specific purpose to funding this contract and –

CHAIR WURZBURGER: So is this one of the things we probably should have done [inaudible] to clearly understand where the money is coming from.

COMMISSIONER STEFANICS: Okay, so I totally agree; they're two separate items and there is no explanation about what this second item is really for. So that's what – I see this as two separate items. So do we need to do the budget adjustment request first before we do the agreement with the school?

COUNCILOR CALVERT: The BAR is an accounting thing.

MS. LONG: Right. And I think one would be contingent on the other. So if –

COMMISSIONER STEFANICS: We could do them separately.

COUNCILOR CALVERT: If we approve the budget then we don't have to do the BAR.

COMMISSIONER STEFANICS: Well, if we didn't do the BAR there wouldn't be money then for the college, correct?

CHAIR WURZBURGER: [inaudible] if we took two separate actions. Further comment? Could we have a motion please, with respect to the contract with the Community College.

COMMISSIONER STEFANICS: Well, Madam Chair, I believe we have to – in my mind I believe that the budget adjustment request should be first and I would move for approval for that.

CHAIR WURZBURGER: Okay. Do I have a second?

COUNCILOR CALVERT: Well, I respectfully disagree because there's no budget – there's nowhere to put that or purpose for that without passing the item first.

COMMISSIONER STEFANICS: It doesn't matter to me.

CHAIR WURZBURGER: May I have a motion on the –

COUNCILOR CALVERT: Well, it's a question first. If somebody from – whoever is going to respond – Exhibit A, where it talks about scope of work.

CHAIR WURZBURGER: Welcome.

RANDY GRISSOM: Good afternoon. Randy Grissom, Santa Fe Community College.

COUNCILOR CALVERT: I guess – I'm just looking at the breakdowns here in Exhibit A, the first page. And we're talking about the first part is the course development, and rate per hour of $110. Okay. Then we get into course delivery and then the average rate pay-hour is $700. [inaudible] Can somebody explain that to me?

MR. CARPENTER: The person who does the photocopying for your packets isn't here, so I can't say for sure, but [inaudible] desks there is a contract amendment and exhibit that is different from the one in your packet. The one that's in your packet is in error and I believe it's a holdover from the last time that this item came before the Board, and they photocopied the wrong one. [inaudible]

COUNCILOR CALVERT: I'm looking at the one that's in my packet. Now I'm looking at this one and I'm trying to reconcile the two. So they're just not anywhere the same.

MR. CARPENTER: There are some changes and Mr. Grissom can speak to those.

COUNCILOR CALVERT: Well, I see the course development, the one that – the course development appears to be the same. And then we get to – then that's where we diverge. So maybe you could explain to me what we have now.

MR. GRISSOM: I'll do my best, Madam Chair and Councilor Calvert. We changed the scope of work to have three categories. One is course development, one is a management fee, and one is for tuition fees and books for the classes. The amounts that are in here are the maximum amounts that we would expect if the worst case scenario happened. I anticipate the course development will come in below $52,800, and I anticipate tuition fees and books will come in probably well below the $97,200. We have prepared for worst-case scenarios. If everyone of our students came from out of state the tuition rate would be $85 per credit hour, which is set by the board, as opposed to $35. And the number of students we projected is the maximum number [inaudible] So this is basically a not to exceed contract. It could come in lower for those two categories.

COUNCILOR CALVERT: Okay. So in this process though, since you're just stating the worst case, we just went up $15,000.

MR. GRISSOM: Right.

COUNCILOR CALVERT: So I guess my question – it sounds like the student is not paying for anything? Is that what I'm hearing? In other words, we're covering all of their expenditures?

MR. CARPENTER: The BDD project is paying for all the training of its employees. That's correct.

COUNCILOR CALVERT: So they're paying for the tuition fees and books, right? As well. All of those costs?

MR. CARPENTER: That's correct.

COUNCILOR CALVERT: Okay. And I understand that, but I guess my question on that to a certain extent is, how do we protect ourselves from people dropping out? In other words, if they don't have anything invested at all, what incentive do they have for following through, or for not going, oh, I don't know. I don't think I want to do this anymore. In other words, they don't have any investment.

MR. CARPENTER: Councilor Calvert, you may recall last month the Board approved a contract that would be – Santa Fe Community College would help us out through something called Work Keys. And Work Keys, among other things, pre-screens students' likelihood of success. What are their skill sets? We want to avoid that very thing.

COUNCILOR CALVERT: Well, likelihood of success is one thing. That's not to say somebody just wants to drop out because they don't think they want to do it anymore. They could easily still succeed if they continue but they choose not to. That doesn't I guess address my concern specifically. I understand what you're talking about in screening them to make sure that they have the aptitude and the skills to be able to complete it. But whether they have the willingness and the motivation, that's another thing, and they've got nothing invested under this budget, as I see it. I don't know. I don't know if that's a big concern or not.

CHAIR WURZBURGER: Does somebody want to speak to that before I do? It ties into our concern about not having people live here who work here, and one thing you just said causes me concern. I just made the assumption that they would. I'm hoping we don't have any out of county. Is the county considered in-state, or is it in-city? How does the Community College to the $85 for just the other?

MR. GRISSOM: Madam Chair, the $85 per hour is for somebody whose citizenship is outside of New Mexico.

CHAIR WURZBURGER: Okay.

MR. GRISSOM: So that's the worst case.

CHAIR WURZBURGER: Well, we didn't talk about this but I feel really strongly – these are primo jobs, right? And we're giving them primo training. I know when I went to school, you had the chance, you got a scholarship and you agreed to do it for so long or you had to give it back. I don't know if that's not for this one –

COUNCILOR CALVERT: Okay. The $85 – so they don't qualify for in-state, but the hope or assumption would be that once they completed and have this job they would relocate here, right? And be part of the local economy then.

CHAIR WURZBURGER: Not unless we make them do it.

MR. GRISSOM: Madam Chair, the assumption is that whoever is in this program under this contract is going to become a Santa Fe resident.

COUNCILOR CALVERT: Right. They could move from out of state [inaudible] But that isn't what you asked about. You asked about the tuition thing was out of state.

CHAIR WURZBURGER: Okay. So it started with that. I still want to go back. Is there any mechanism for tying this free education to their committing to staying on the job or paying back the education. That's a very typical mechanism, or it's no longer typical.

MR. CARPENTER: Madam Chair, I may be able to help a little bit. I don't believe that there's a mechanism. You could maybe think of something that I haven't thought of, but one concept that we have stridently worked for is to implement the concept that you all came up with, which is grow your own. We've put a ton of emphasis into recruiting locally existing city and county employees, people who are in the union, for example, that will be offered first crack at the interviews. So that's going to grow your own philosophy when you try to permeate this whole thing with that concept.

In addition to that, the people that are existing city or county employees, and we think there'll be a lot of them, that will fill these jobs. We hope all of them. The incentive, Councilor Calvert, this goes a little bit, not totally but a little bit to what you brought up, they currently have a job and they might have to quit that job. And if they go through our training they're halfway through, they don't have a job anymore.

CHAIR WURZBURGER: All right. I wasn't aware of that. Yes.

COMMISSIONER STEFANICS: Madam Chair, I'm reading how many hours it takes to complete this, but what time frame, how many months is it expected to complete this?

MR. GRISSOM: We're planning to have it the full seven months.

COMMISSIONER STEFANICS: Seven months. Well, there are many mechanisms already in place for students, and it's done by different professions. And since the BDD is funding this it would seem to me that we could in fact set up a loan repayment program if we wanted to, that anybody who put in x-number of hours of service had the total wipe-out of any educational costs, and people who left service prior to that would have a proportionate amount of cost. We are in fact funding this wholly and it would seem to me that the BDD would have some authority in how we want to set up paying for this education.

CHAIR WURZBURGER: Thank you very much.

COUNCILOR CALVERT: And on your point, Rick, that applies to people that, yes, if we are getting them to move from existing positions, but if they don't have an existing position and we are really counting on these people that we're training to staff this thing, we don't have a whole lot of slack. We need to have some way to further incentivize them to stay with it, I think.

CHAIR WURZBURGER: Just to reflect historically, our planning process for hiring people, we're told this is really typical. It's a national problem. These people don't just grow on trees, and that's why they move. So obviously, no one on board is interested in training people and have them go to Texas or even to Albuquerque. So I'd support some kind of consideration to amend this such as Commissioner Stefanics has mentioned, if we can. Unless you see a problem with that, as our attorney.

MS. LONG: Madam Chair, I think we can look at it. I've looked at a similar program for university in the states, so why don't we evaluate it and come back to you.

COMMISSIONER STEFANICS: Well, Madam Chair, just to pursue this since Nancy, our general counsel is going to look at it. Perhaps we might think about it as a one-to-one. Like if it takes an academic year to do this, maybe a calendar year would wipe out the debt. But it might be something like that. But it would seem to me that if we don't pay enough and some other state comes in and dangles the carrot, we could lose these trained people right away.

COUNCILOR CALVERT: I think the one that Councilor Wurzburger and I am familiar with is medical training. There's been jurisdictions that have paid for people to go through med school and then required service for a certain amount of time at a certain location. So I'm not saying that it has to be exactly like that, but I think we're discussing two things here. I think we're discussing incentives or incentivizing to finish the program, one, and two, to stay here is another.

CHAIR WURZBURGER: All right. Is there further discussion then? I had one other question. I was feeling so good because we had a conversation but now I see that this is more than what was in our packet. So what happened – you said in cutting the budget. You started off that you were cutting it $30,000, then you got back to me and said, no, it's only $15,000. And now I'm seeing that it's $15,000 more.

MR. GRISSOM: What we did was we eliminate the section called Course Delivery, which was originally $37,800. We replaced that with the management fee, which was $25,000, which is a $12,000 in savings. As I said before, at the $30,000 [inaudible] at the same time. Then when I realized we had done this as a not-to-exceed contract I decided I better up the tuition just in case there were people – the worst-case scenario. I'm anticipating this is going to come in under the original contract that we worked out. The two variables are number one, the number of hours we spent in course delivery. I'm comfortable we're going to come in at or below the projected number, and then the tuition and fees, which if we hire local is going to be considerably less than [inaudible]

CHAIR WURZBURGER: Okay. Thank you for the clarification. May I have a motion on this item?

COUNCILOR CALVERT: Yes, I would move to approve this item subject to the directions to staff to bring back information at the next meeting.

CHAIR WURZBURGER: May I have a second?

COMMISSIONER STEFANICS: I'll second.

CHAIR WURZBURGER: Further discussion?

The motion passed by unanimous [4-0] voice vote. [Commissioner Vigil abstained.]

COMMISSIONER VIGIL: Madam Chair, I'm abstaining. I don't think it's active but I have had had a contract with the Community College in the past.

MS. LONG: Madam Chair, I don't know that you took a separate vote on that item A.

CHAIR WURZBURGER: Oh, yes. We didn't do A.

MS. LONG: I know you discussed it but –

CHAIR WURZBURGER: Thank you. May I have a motion for that?

COUNCILOR CALVERT: Move for approval of 19.A.

CHAIR WURZBURGER: The BAR?

COUNCILOR CALVERT: Yes.

CHAIR WURZBURGER: May I have a second?

COMMISSIONER STEFANICS: Second.

CHAIR WURZBURGER: Any discussion?

The motion passed by unanimous [3-0] voice vote. [Commissioner Vigil abstained.]

20. Request for Approval of a Solar Energy Agreement Providing for American Capital Energy to Design, Construct, Own, Operate and Maintain and Deliver Solar Electricity from a One Megawatt Solar Electricity Generator Adjacent to the BDD Water Treatment Plant and Requiring the BDD Project to: (1) Interconnect the Solar Electricity Generator with PNM, (2) Take or Pay for all Solar Electricity Produced for 20 Years at a Cost of $0.155 per kWh, and (3) Receive and Own All Renewable Energy Credits and Environmental Credits Associated with this Distributed Photovoltaic Renewable Energy Project for Intended Sale to PNM. (Dale Lyons and Norm Gaume)

DALE LYONS (Water Resources Coordinator): Madam Chair, the solar energy agreement that staff has brought to you for approval is the product of the City's procurement process on behalf of the Buckman Direct Diversion Board. That was initiated with the Board's direction to evaluate alternative energy for the BDD project. The request for proposals was issued in August and the evaluation of the proponents was completed and the notice of award was issued to American Capital Energy in November of 2009, last year. The basic terms of the agreement as some of you know are that the Buckman Direct Diversion Board will pay a fixed price for 20 years, 15.5 cents per kilowatt-hour, and this is with the current REC rate that PNM is offering under their renewables program, 15 cents per kilowatt-hour, yielding a final energy cost of five cents per kilowatt hour [inaudible]

The power will offset about half of the working plant's total demand during peak times and much of it [inaudible] The annual energy cost savings we estimate to be about $200,000 per year in the first year and that amount is expected to go up with PNM rate increases that will ratchet up over time. The American Capital Energy, a solar developer assumes the risk of the performance of its system, and the Board assumes the risk of securing REC agreements from PNM. We do expect REC agreements, the REC rate to decrease in the future with new renewable portfolio programs that will be approved or need to be approved by the PRC. But we estimate that the project will still be viable with the REC rate as low as eight cents per kilowatt-hour. So again, the current REC rate is 15 cents per kilowatt-hour. There's a possibility it could change after the first of the year, but it probably will hold there for at least some time thereafter, but we think we're confident to get the system built and secure the REC agreement for the current REC rate.

With that, I'd like to ask Nancy to discuss the negotiated terms of agreement that you received a draft version of the agreement on the 24th, and there were several terms, conditions in the agreement that have been negotiated since then. Those terms and conditions were outlined or in gray highlights in the version you received on the 24th. So, Nancy.

MS. LONG: So, Madam Vice Chair and Board members, I really just want to touch on the substantive changes that have been made in the agreement. This is an ongoing negotiation because of the financing entity that's involved with American

Capital Energy, and their concerns and comments, we are still working on some issues and I would point out what our outstanding issues are for you.

You will note in a couple of places in the agreement, at the top of page 8, and it appears elsewhere that Norm, meaning Norm Gaume was to meet with PNM regarding the project and certain requirements on the interconnection agreement. It has been determined that that is not necessary for the execution of this agreement, although a meeting could still occur. So those references are not any longer relevant. We have added a representation by the system –

COMMISSIONER STEFANICS: Madam Chair.

CHAIR WURZBURGER: Yes.

COMMISSIONER STEFANICS: Nancy, do you want questions as we go along or at the end?

MS. LONG: I think questions as we go along would be helpful.

COMMISSIONER STEFANICS: Okay. Let's just talk about that one on page 8. So if the discussion with PNM comes out differently than what we're expecting, with a different rate or a denial, that would really affect this agreement.

MS. LONG: I'll ask Norm to jump in on that, or Jill.

JILL CLIBURN: I think at Dale commented the REC unit that we require to make this project viable is significantly lower than the REC payment that's being offered under the current PNM program, that being 15 cents. The rate of ACE is 15.5 cents, so that energy is in effect much less expensive than our current energy from PNM.

COMMISSIONER STEFANICS: I'm not questioning that.

MS. LONG: It's just why the meeting and the determination of the interconnection agreement is not necessary prior to execution of the agreement.

MS. CLIBURN: That is ongoing, and I guess I thought the question pertained to the REC agreement. The interconnection agreement is proceeding. We were given an interim report. They requested to do a study, which is typical of projects our size. But they made some errors and therefore we identified those errors, contacted the vice president at PNM, Sue Fullen and we have a meeting planned at the vice president level for two weeks hence. So we anticipate laying out a timeline and getting assurances on the interconnection and also on the REC agreement at that time. We have verbal assurance that they want to finish t his project under the current program but we're working to get a really solid assurance of that. However, as I already stated, the project economics are so strong that even if we do have a little deterioration this still stands very well.

COMMISSIONER STEFANICS: Madam Chair, I've been burned once now so I'm not sure about moving ahead with an agreement that's not really settled with PNM and I would ask our legal counsel for her opinion about this. Not anybody else's, our legal counsel.

MS. LONG: I am relying on this issue on the consultants that are telling me that, yes, having PNM on board with the interconnection agreement would be preferable but not necessary because even at the lower rate the project is still viable. And because of the push to get this done before the end of the year, that's why we're bringing it to you while we still have comments and it's yet unfinished. And I think Norm might have a comment on that as well, on the PNM issue.

MR. GAUME: Madam Chair, we have a situation in New Mexico that I don't think is typical, and that is that the utility will not commit to a particular incentive until the costumer has constructed its solar plant, has tested it, and is ready for operations. That is the PNM procedure. It's been approved by the Public Regulation Commission. We can talk to them and we can get their acknowledgement that they support the project and they don't see any problems with it and if we finish it in time to apply for the current renewable energy certificate rate we will probably get it. But you are very right, Commissioner, there is a risk in that and it is just the very nature of the way New Mexico Public Regulation Commission regulations provide for customer-owned renewable energy projects that by federal law are entitled to connect to the utility but aren't really entitled to anything else.

COMMISSIONER STEFANICS: So, Madam Chair, Norm or others, are we aware of any interconnections that have been denied by PNM, after they've been built?

MR. GAUME: No, Madam Chair. I'm not.

COMMISSIONER STEFANICS: Okay.

CHAIR WURZBURGER: Further discussion? Councilor Calvert.

COUNCILOR CALVERT: So I understand that time is of the essence to fit within a certain window, but then there is this provision where we're also, even if we get all that done we'll still have to not operate until January of 2011. Is that correct?

MR. LYONS: That's right.

COUNCILOR CALVERT: Okay. So it will be sitting not operational until then?

MR. LYONS: Yes. We expect that the construction will be completed probably in November and then the testing period be within that period at the end of the year. I don't know exactly how long it would be idle but it could be for as long as a month and a half.

COUNCILOR CALVERT: Well, I understand your concern, Commissioner, but I think that staff has managed the risk as best they can, give the –

MR. LYONS: Another thing I'll point out is the terms and conditions of PNM's renewable program are very clear and what we're planning on building will meet all the criteria for PNM's program. So it's just a matter of getting it built in time.

COUNCILOR CALVERT: So I guess, having said all that, I'd move for approval.

CHAIR WURZBURGER: Do we have a second?

MS. LONG: What I would like to do is note the outstanding issues, because I'm hoping that the motion would include a "subject to" resolution of the outstanding, really legal issues at this point to the approval of your counsel and project manager. And I can point those out. One is on the option to purchase, which is 15.4, page 22 of 51 if it has the same pagination. The issue that I have raised is that they – they, being the system owner – would receive fair market value, which I'm fine with, or a greater number. And you can see that for the first option period is $2.1 million, second option is $1.7 million.

COUNCILOR CALVERT: We obviously don't have the same pages. I don't know where you are.

MS. LONG: Oh, 23. It's 15.4. So that is an outstanding issue because I do not believe the Board can pay more than fair market value. So I raised that issue. We also have an indemnification issue. I have indicated that the Board should not indemnify. We've gone back and forth on that for several weeks. We've had our insurance consultant look at it. We finally proposed a compromise that we could indemnify but only for coverage that we have under our insurance, that would cover that. And they are evaluating that. Again, they're financing; that group's the one that's driving a lot of this.

COUNCILOR CALVERT: State Street.

MS. LONG: State Street. Yes.

COUNCILOR CALVERT: I see a lot of black sections with State Street.

MS. LONG: Yes. And the financing is a big issue anymore.

COMMISSIONER STEFANICS: And Madam Chair, Nancy, aren't we considered a quasi-governmental body here?

MS. LONG: Yes. You are a governmental body.

COMMISSIONER STEFANICS: So then we would have to adhere to government statutes regarding indemnification.

MS. LONG: That's right. And I have raised that issue with them. So the negotiation is we've told them we don't do it. We feel that we have insurance coverage for it and only to the extent allowed by law. So those are the qualifiers that I've proposed.

COMMISSIONER STEFANICS: Thank you.

MS. LONG: Again, if you look at – this again may not be the right page, but 17.6, which is the performance output guarantee. It's at 85 percent. I'm told that that has been negotiated to 80 percent and Norm would be able to answer – or Dale – any questions on that. But I wanted to point that out, that that is a difference from what you were provided in the May draft.

So the outstanding issues that we still need resolution on are the indemnification, that option payment, and State Street is asking for a City of Santa Fe approval and signature to this, and so we've been trying to explain the status of the JPA and that you all have the authority to do this. They're looking for additional financial backing, and they are resisting that. And helping them to understand how you approve budgets and how you receive financing, those are the issues that I see as outstanding. So if you are wanting to make a motion to approve this I would ask that it be subject to resolution of the outstanding issues.

CHAIR WURZBURGER: Would you like to modify your motion, Councilor?

COUNCILOR CALVERT: Yes. So I will modify it to include that statement, subject to resolution of those outstanding issues.

CHAIR WURZBURGER: Thank you. May I have a second?

COMMISSIONER STEFANICS: Second.

CHAIR WURZBURGER: Further discussion?

COUNCILOR CALVERT: Yes. So all that – why would they just ask for the City and not the County? Just out of curiosity.

MS. LONG: I think it's because the City is acting as the fiscal manager. Maybe they believe that the City is more financially sound. I don't know. But they are just asking for the City. I'm sure that they will take –

COUNCILOR CALVERT: Or that they don't understand the JPA at all and how it's coming out of each of our respective budgets.

MS. LONG: That's right. And we have pointed that out. But I'm sure they would take as many as they could that would sign up for this, but we're leaving it at just the Board.

COUNCILOR CALVERT: And this degradation thing, once again, is this because the system over time will lose its effectiveness? And they're just giving themselves a little more wiggle room on that? On the degradation, on the 80 percent versus the 85.

MR. LYONS: So, let me just take a moment and introduce Tom Anderson with American Capital Energy and he can answer those questions.

TOM ANDERSON: Madam Chair, members of the Board, I'm Tom Anderson, Chief Operating Officer of American Capital Energy. I had some prepared remarks but we might as well just get straight into the questions. On the first issue, Madam Chair, the understanding of the joint powers authority and the issue of primarily looking towards the City or focusing strictly on the City, the fact of the matter is the City has an infinitely better credit rating than the County, and the City by –

CHAIR WURZBURGER: You know, we really don't want to negotiate this. I think we have the clarification of our counsel that we need and our counsel will have to be working on that issue. I know you might be interesting in answering the question but [inaudible]

COUNCILOR CALVERT: Well, I asked a question on degradation.

CHAIR WURZBURGER: You can only answer the question that was asked.

MR. T. ANDERSON: Madam Chair, on degradation, the comments came back from the investor that the investor bears 100 percent of the financial risk in this case. We typically do not include performance guarantees in power purchase agreements. If we do it's a negotiated effort typically resulting in a higher price. In this case, recognizing the value of the project to the community and to the Buckman water treatment plant and recognizing the Buckman project's reliance on this long-term resource as a financial benefit we agreed to come in with a performance guarantee, but that negotiated at 80 percent.

COUNCILOR CALVERT: So my question to you is what you're talking about there, is it degradation of the system over time and you're going to average that out and come out with that 80 percent?

MR. T. ANDERSON: No, sir. The 80 percent is 80 percent – in the back of the agreement there is a table that presents the estimated production value over time, starting in year one, .5 percent per year. That 80 percent is based on annual output.

COUNCILOR CALVERT: Okay. I think we're saying the same thing but I'm not sure. But you're saying the system will degrade a little bit each year, right? Normally.

MR. T. ANDERSON: Correct. So that you understand the performance guarantee. The performance guarantee is simply that we are certified that in any individual annual year the system will produce 80 percent of the Table C.2, I think, value. On an average basis. So if in that year it does not produce more than 80 percent there's a compensation method to deal with that.

COUNCILOR CALVERT: Okay. Thank you.

CHAIR WURZBURGER: Are there any other questions? We have a motion and a second. Further discussion?

The motion passed by unanimous [4-0] voice vote.4

CHAIR WURZBURGER: Thank you. Thanks for all your hard work on this.

21. Request for Approval of Amendment No.2 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Parametrix, Inc. to Prepare a Habitat Mitigation and Replacement Plan for Compliance With BDD Project Record of-Decision Requirements #12 and #13 for the Amount of Plus $103,731.00 plus $6,873 NMGRT for a Revised Total Contract Amount of $136,704.00 exclusive of NMGRT (Rick Carpenter and Norm Gaume)

COUNCILOR CALVERT: May I ask a question? How much do you think the implementation will cost? And is that in the budget?

MR. GAUME: Madam Chair, Councilor Calvert, it is in the budget. We have set aside $1.2 million to fund the implementation of the plan.

COUNCILOR CALVERT: I just want to know that it's there. It's not going to be an add-on. That's all I wanted to know. So I'll move for approval.

COMMISSIONER STEFANICS: Second.

CHAIR WURZBURGER: Discussion?

The motion passed by unanimous [4-0] voice vote.4

22. Discussion and Selection of Formal Name for the Buckman Direct Diversion Project Water Treatment Plant. (Rick Carpenter)
a. Santa Fe Regional Water Treatment Plant
b. Buckman Direct Diversion Water Treatment Plant
c. *Buckman Regional Water Treatment Plan*
d. Westside Regional Water Treatment Plant
e. Caja del Rio Regional Water Treatment Plant
f. Other?

CHAIR WURZBURGER: So what do you think?

COMMISSIONER STEFANICS: Madam Chair, could we defer this to next month, so we can take matters from the public and move on?

CHAIR WURZBURGER: Sure. We'll now move to –

COUNCILOR CALVERT: There was some time sensitivity to this, right?

MR. CARPENTER: There is some time sensitivity but we can move it to next month.

MS. LONG: Madam Chair, did you want to entertain a motion to table?
CHAIR WURZBURGER: Yes, I will. Motion to table?
COUNCILOR CALVERT: To the next meeting? So moved.
CHAIR WURZBURGER: Do we have a second?
COMMISSIONER STEFANICS: Second.

The motion to table passed by unanimous [4-0] voice vote.

MATTERS FROM THE PUBLIC

CHAIR WURZBURGER: You've been very patient. It's been a long meeting. Welcome.

ALANA-SUE ST. PIERRE: Thank you very much. It's been a long night. My name is Alana-Sue St. Pierre. I am the spokesperson for Healthy Water Now ASAP. A petition that was signed by approximately 300 people, of children, parents of special needs, doctors, nurses, healthcare professionals, and we've been working actively on concerns we've brought to the Board. And I just – I know that you're at the very beginning stages of this, the incorporated County of Los Alamos plan, but the things that were our initial concerns would be, one, that this is reviewed by ChemRisk, so it's reviewed in the peer review process that's already in place. And the first thing that has come up is yellow flags or red flags for us is there has been so much work being done on trying to prevent any further washdown of legacy contaminations into that nature.

We're looking at rebuilding their reservoir, that maybe having years of the beginning of the lab, the water in these areas. These are high contamination areas, all of the alternatives involve lots of moving of dirt. And so we just want to make sure that that is reviewed by ChemRisk so that there is no increased contamination that the Buckman would be asked to filter out. And that this would of course be involved in townhall meetings so that the public has full disclosure and is aware.

The other area is in the pre-acceptance of the warm-up test, that that be reviewed by ChemRisk also, and that any habitat mitigation, when they're talking about digging up invasive species, that we know this is an area where there are legacy contaminations buried as low as three foot. We have been told that they are Superfund cleanup levels and the immediate area around the construction has been very closely watched. But areas close to the edge of the river, areas where there has not been testing, so we just want to make sure that there is a peer review process so that we know that nothing is going to be inadvertently stirred up.

And then the last one is we're wanting an update – and maybe it's on the website because I have not looked so I'm sorry if this is a redundant question. But we just want to know where the townhall meeting process is. We were told at the first one, which we thank you for tremendously; it was very good, that there would be an update in May, and we're into June now. And we wanted to know if our petition with our signatures was presented to ChemRisk, so that was part of their prevention. And I don't need a response from that today, but these are just information.

CHAIR WURZBURGER: I'm sorry to rush you. Apparently there's a 6:00 meeting.

MS. ST. PIERRE: I know. Thank you.

CHAIR WURZBURGER: Is there anybody else from the public who had wanted to speak.

MATTERS FROM THE BOARD

None were presented.

MS. LONG: Madam Chair, I just wanted to clarify before the end of the meeting that your rules do provide that the chair has all the rights as any other member for voting, and even making and seconding motions, participating in discussion.

CHAIR WURZBURGER: Well, I could really move these meetings.

NEXT MEETING: Thursday, July 8, 2010 @ 4:00 at County Commission Chambers

ADJOURNMENT

Having completed the agenda, this meeting was declared adjourned at approximately 6:00 p.m.

Approved by:

Rebecca Wurzburger, Chair

Respectfully submitted:

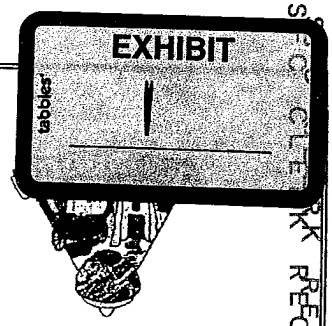
Debbie Doyle, Wordswork

ATTEST TO:

VALERIE ESPINOZA
SANTA FE COUNTY CLERK

ATTEST TO:

YOLANDA VIGIL
SANTA FE CITY CLERK



City of Santa Fe
New Mexico

CITY CLERK'S OFFICE
DATE 6-2-10 TIME 10:29am
SERVED BY Stephanie Lopez
RECEIVED BY

AMENDED AGENDA

THE CITY OF SANTA FE
And
SANTA FE COUNTY

BUCKMAN DIRECT DIVERSION BOARD MEETING

THURSDAY, JUNE 3, 2010
4:00 PM
CITY COUNCIL CHAMBERS
200 Lincoln Avenue

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES FOR THE MAY 6, 2010 BUCKMAN DIRECT DIVERSION BOARD MEETING
5. APPROVAL OF CONSENT AGENDA
6. MATTERS FROM STAFF
7. FISCAL SERVICES AND AUDIT COMMITTEE REPORT

CONSENT AGENDA

8. Project Manager's Monthly Project Exception Report. (Rick Carpenter)
9. Update by Rick Carpenter on Financial Status of Contracts. (Rick Carpenter)
10. Project Manager's Report on Staffing and Training Program Progress. (Rick Carpenter)
11. BDD Relations Report for May 2010. (Patti Watson and Lynn Komer)

12. Request for Approval of Amendment No. 1 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Norman Gaume, P.E. to Amend the Insurance/Indemnification Requirements, Provide a BDD Board Option for an Insurance Three Year Tail After Services are Complete, Reduce the Term of the Agreement, and Reduce the Hourly Compensation Rate. (Rick Carpenter and Nancy Long)

DISCUSSION AND ACTION ITEMS

13. Request for Approval of Selection of Date for the BDD Tour of Los Alamos National Laboratory Projects Recently Completed in Los Alamos Canyon and its Tributaries to Reduce Sediment Transport. (Rick Carpenter)

14. Request for Acceptance of BDD Project Capital Budget Update as of March 31, 2010 by the Board's Consulting CPA. (Rick Carpenter and Angela Anderson)

15. Request for BDD Board Approval of the BDD Project Manager's Pre-Acceptance Testing Warm-Up (PATWU) Recommended Plan and Budget, Training Plan and Budget, and Compliance Plan for Wildlife Habitat Replacement in the Context of Requested Approvals that Follow on this Agenda. (Rick Carpenter and Norm Gaume)

16. Request for Approval of a Design-Build Contract Amendment # 1 to the Professional Services Agreement Between the Buckman Direct Diversion Board and CH2MHill/Western Summit Constructors Joint Venture in the Amount of $954,563.00 Plus $76,961.64 NMGRT for A Total Amount of $1,031,524.64 Providing for BDD Project Initial Operations Beginning on January 2, 2011 to Produce Potable Water and Provide Hands-On Training of BDD Project Staff Until Commencement of Project Formal Acceptance Testing in April 2012. (Rick Carpenter)

17. Request for Approval of Amendment No. 15 to the Professional Services Agreement between the Buckman Direct Diversion Board and Camp Dresser & McKee for the Amount of $68,110.00 Plus $5,491.36 NMGRT for a Total Amount of $73,601.36 Providing for Board Engineer Participation in Pre-Acceptance Testing Warm-Up. (Rick Carpenter)

18. Request for Approval of Amendment No. 14 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Camp Dresser & McKee for the Amount of $353,925.00 Plus $28,535.00 NMGRT for a Total Amount of $382,460.20 To Manage, Plan, Develop, Coordinate, and Deliver the Seven Month Full-Time Operator Training and Certification Training for BDD Project Operations and Maintenance Personnel.. (Rick Carpenter and Norm Gaume)

19. Request for Approval of a Professional Services Agreement Between the Buckman Direct Diversion Board and the Santa Fe Community College for Development of Training Materials, Classroom Instruction, and Providing Academic Credits and

Certification for the Total Amount of $175,000.00 (SFCC will be responsible for NMGRT). (Rick Carpenter and Steve Hoffman)

A. Request for Approval of a Budget Adjustment Request in the Amount of $275,432.88.

20. Request for Approval of a Solar Energy Agreement Providing for American Capital Energy to Design, Construct, Own, Operate and Maintain and Deliver Solar Electricity from a One Mega Watt Solar Electricity Generator Adjacent to the BDD Water Treatment Plant and Requiring the BDD Project to: (1) Interconnect the Solar Electricity Generator with PNM, (2) Take or Pay for all Solar Electricity Produced for 20 Years at a Cost of $0.155 per kWh, and (3) Receive and Own All Renewable Energy Credits and Environmental Credits Associated with this Distributed Photovoltaic Renewable Energy Project for Intended Sale to PNM. (Dale Lyons and Norm Gaume)

21. Request for Approval of Amendment No. 2 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Parametrix, Inc. to Prepare a Habitat Mitigation and Replacement Plan for Compliance With BDD Project Record-of-Decision Requirements #12 and #13 for the Amount of Plus $103,731.00 plus $6,873 NMGRT for a Revised Total Contract Amount of $136,704.00 exclusive of NMGRT. (Rick Carpenter and Norm Gaume)

22. Discussion and Selection of Formal Name for the Buckman Direct Diversion Project Water Treatment Plant. (Rick Carpenter)

a. Santa Fe Regional Water Treatment Plant
b. Buckman Direct Diversion Water Treatment Plant
c. Buckman Regional Water Treatment Plan
d. Westside Regional Water Treatment Plant
e. Caja del Rio Regional Water Treatment Plant
f. Other?

INFORMATIONAL ITEMS

23. Presentation on Possible Alternatives for a County of Los Alamos San Juan-Chama Water Development Project. (Rick Carpenter)

MATTERS FROM THE PUBLIC

MATTERS FROM THE BOARD

NEXT MEETING: THURSDAY, JULY 8, 2010 @ 4:00 @ COUNTY COMMISSION CHAMBERS

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.

EXHIBIT
tabbies
2

INCORPORATED COUNTY OF LOS ALAMOS

SAN JUAN-CHAMA WATER PROJECT

2 & 3 JUNE 2010

PRESENTATION TO THE CITY OF SANTA FE PUBLIC UTIITIES COMMITTEE AND THE BUCKMAN DIRECT DIVERSION BOARD

INTRODUCTION of COUNTY PERSONNEL

- Tony Mortillaro – County Manager
  - Responsible for Upper Level Management and Relations with the City and County of Santa Fe

- James Alarid – Deputy Manager Utilities - Engineering
  - Responsible for Planning and Construction of New Utilities Infrastructure, including this Project

INTRODUCTION of COUNTY PERSONNEL

- Tim Glasco – Deputy Manager Utilities – GWS O&M
  - Responsible for Utilities Operation & Maintenance
  - Active in Original Planning for this Project
  - Responsible for Early Preliminary Discussions in the Development of the Proposed Alternatives

- Jack Richardson – Sr. Engineer Utilities - Engineering
  - San Juan-Chama Water Supply Project Manager
  - Responsible for the Detailed Daily Activities of the Project and to Ensure the Project's Success

OBJECTIVE OF THIS PRESENTATION

The objective of this presentation is to inform the Santa Fe Public Utilities Committee and Buckman Direct Diversion Board of this LA County project and it's current status.

The County is suggesting the beginning of discussions with the PUC and BDDB and a sense of possibility for these proposed alternatives.

Is there enough mutual benefit for one of the proposed alternatives to become a reality?

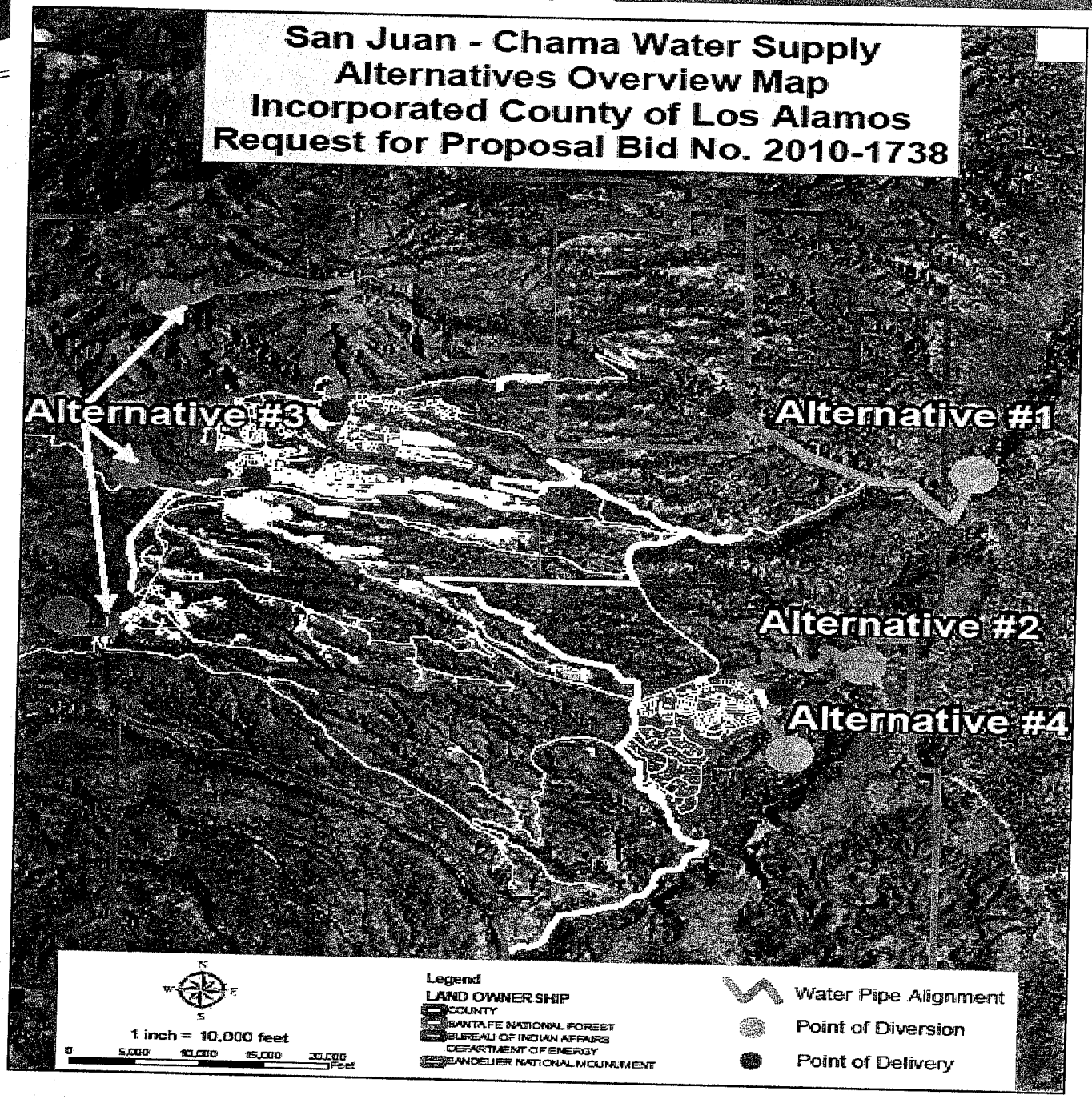
OBJECTIVE OF THIS PROJECT

The objective of the LA County project is the completion of a **Preliminary Engineering Report that leads directly into the environmental clearance, final acquisition of easements and ROW, permitting, final design and construction** of the alternative that enables Los Alamos County to utilize its entire annual allocation (1,200 acre-feet) of San Juan-Chama Project water supply in the most economical and beneficial way.

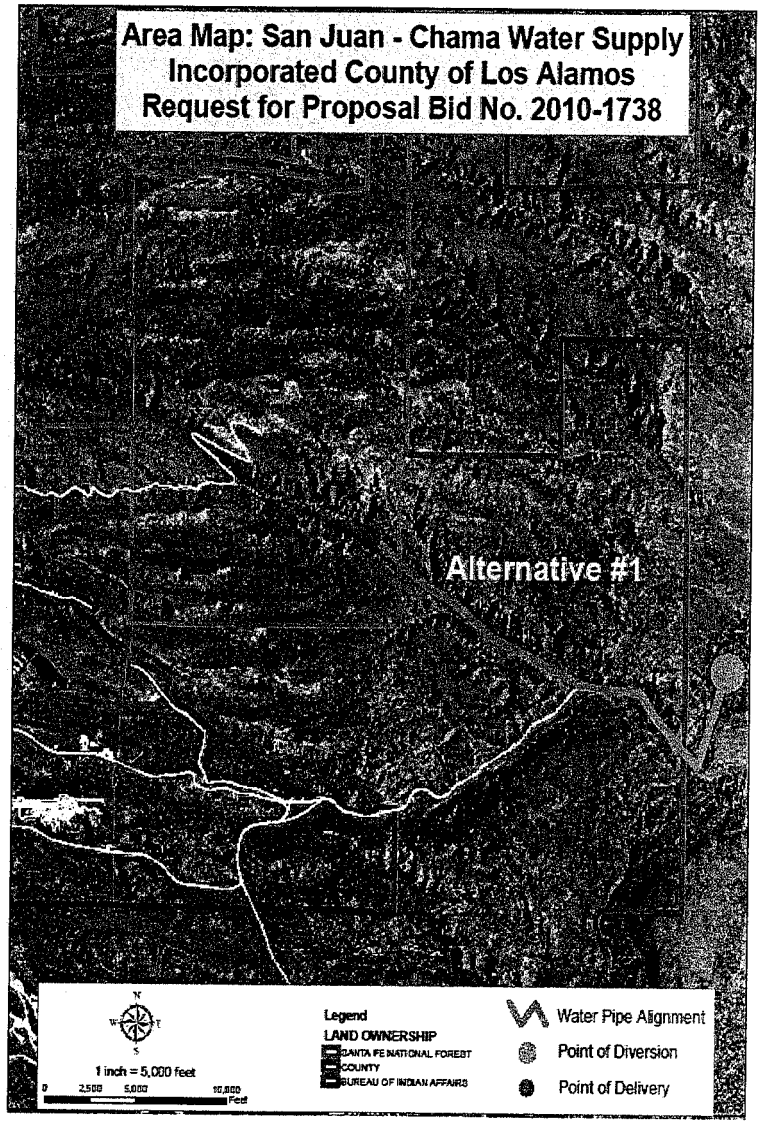
BACKGROUND FOR THIS PROJECT

A **Feasibility Study** on the development of the 1,200 acre-feet of San Juan-Chama Project water supply currently available to the Incorporated County of Los Alamos was completed and published in **January 2004**. This feasibility study focused on all facilities being **independent of any neighboring jurisdiction**. The County is comfortable with the feasibility of this alternative, however, there may now be some **possibility of shared resources** with neighboring jurisdictions that might be **cost effective** in developing this water resource. Therefore the Incorporated County of Los Alamos is completing **one last evaluation of possible feasible alternatives** before recommending the development of these facilities through this Preliminary Engineering Report.

San Juan - Chama Water Supply Alternatives Overview Map Incorporated County of Los Alamos Request for Proposal Bid No. 2010-1738

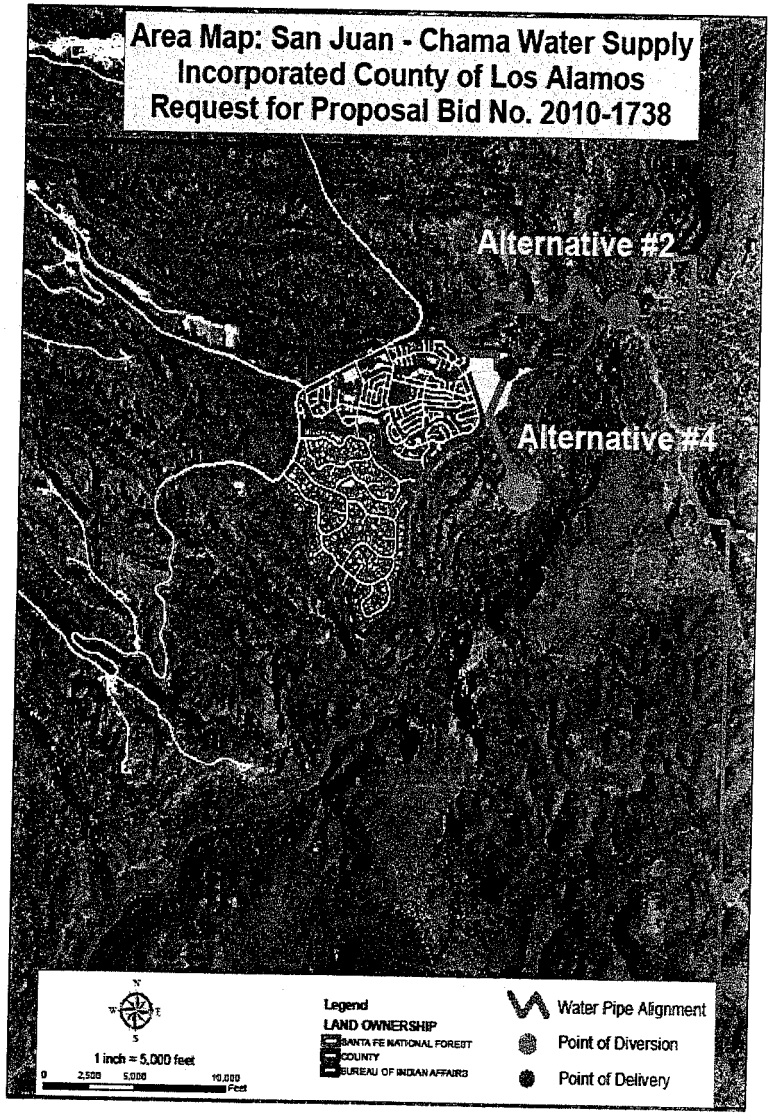


Alternative # 1



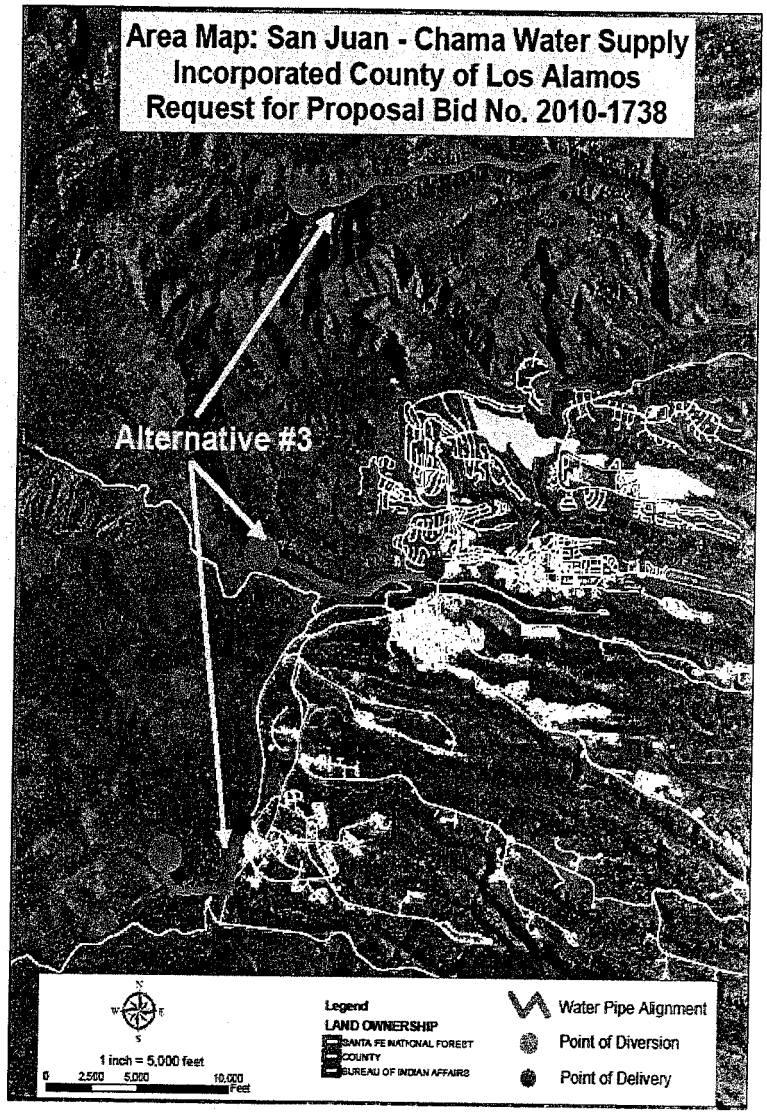
- Acquire and Use the Existing Collector Well on the East Bank of the Rio Grande
- Maybe Add a Second Collector Well
- New Pipeline Across Pueblo Land and Along Roads into Guaje Canyon
- Rio Grande Crossing
- Connect to Existing Guaje Canyon Water Facilities

Alternative # 2



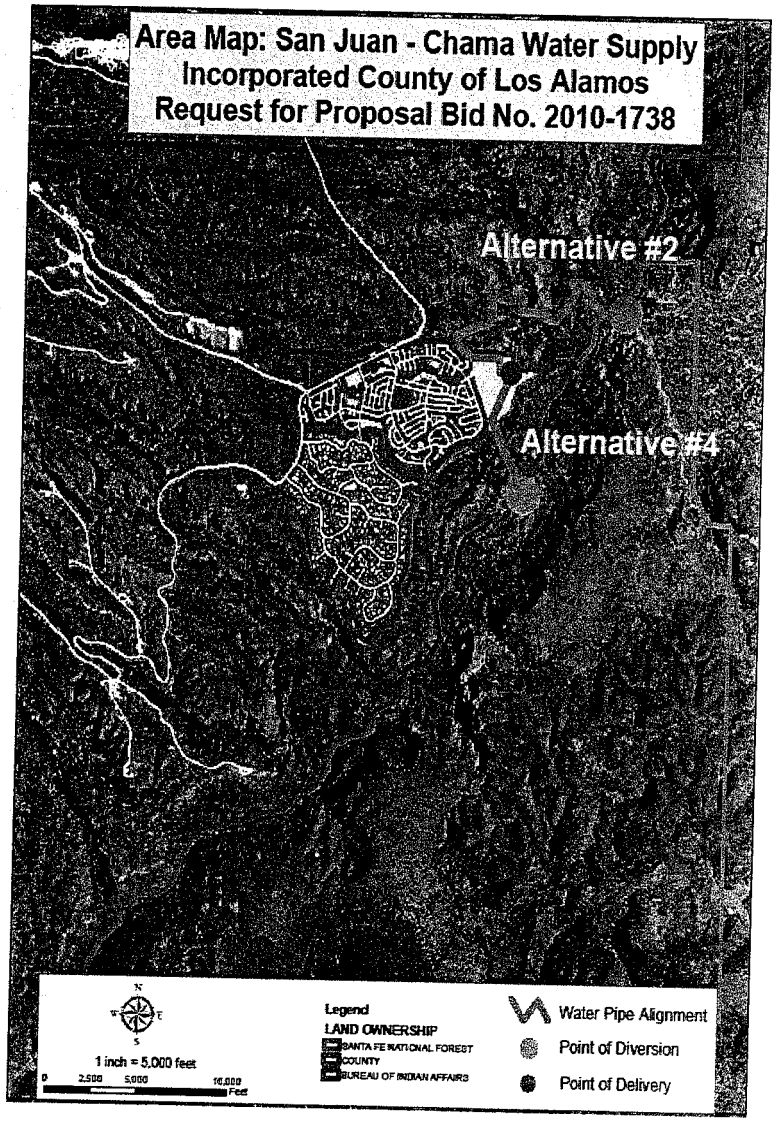
- Shared Use of the City & County of Santa Fe Buckman Direct Diversion Facilities
- New Pipeline Across Pueblo Lands Along Existing Power Line Maintenance Road up to White Rock
- Rio Grande Crossing
- Connect to Existing White Rock Water Facilities

Alternative # 3



- Redevelop Guaje Reservoir, LA Reservoir and Water Canyon Spring
- Use Existing Pipelines as Much as Possible
- Heavy Terrain for New Facilities
- Verify Enough Capacity
- No Direct Impact to PUC or BDD Lands or Facilities

Alternative # 4



- Develop Two New Collector Wells on the West Bank of the Rio Grande
- Tunnel Under the White Rock Mesa
- Bore a Tunnel or Well from Mesa Top to Lower Tunnel
- No Rio Grande Crossing
- No Direct Impact to PUC, BDD or Santa Fe County Lands or Facilities

GOAL OF THIS PRESENTATION

Provide enough information to the PUC and BDDB to enable them to feel comfortable with considering further discussions regarding these alternatives.

If feasibility seems possible, future requests for access to these sites and for copies of documents and studies for County staff and Consultants would be forthcoming.

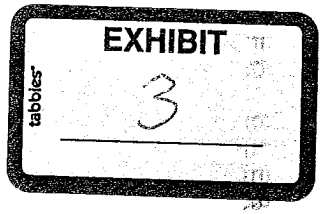
Make you aware of our schedule to solicit Proposals from Consultants as early as the end of June.

CONCLUSION

We appreciate the opportunity to come here tonight to discuss this project with you.

We look forward to the possibility of future discussions with the Santa Fe Public Utilities Committee and the Buckman Direct Diversion Board regarding this project.

Thank you.



BUCKMAN DIRECT DIVERSION BOARD

PROFESSIONAL SERVICES AGREEMENT WITH SANTA FE COMMUNITY COLLEGE

THIS AGREEMENT is made and entered into by and between the Buckman Direct Diversion Board ("Board") and Santa Fe Community College (the "Contractor"). The date of this Agreement shall be the date when it is executed by the Chair of the Board.

1. SCOPE OF SERVICES

The Scope of Services is attached as Exhibit A and included herein by reference.

2. STANDARD OF PERFORMANCE; LICENSES

A. The Contractor represents that Contractor possesses the personnel, experience and knowledge necessary to perform the Scope of Services described in this Agreement. Contractor shall perform its services in accordance with generally accepted standards and practices customarily utilized by competent consulting firms in effect at the time Contractor's services are rendered.

B. The Contractor agrees to obtain and maintain throughout the term of this Agreement, all applicable professional and business licenses required by law, for itself, its employees, agents, representatives and subcontractors.

3. COMPENSATION

A. Compensation under this Agreement shall not exceed $175,000. Contractor will provide services pursuant to the Scope of Services under Paragraph 1 herein.

B. The Contractor shall be responsible for payment of gross receipts taxes levied by the State of New Mexico on the sums paid under this Agreement.

C. Invoices for services will be made on a monthly basis. Payment to the Contractor will be made within thirty (30) days after the date of billing. Billing will be made in accordance with the tasks described in the attached Scope of Services and shall be paid only for services actually performed.

4. TERM AND EFFECTIVE DATE

This Agreement shall be effective when signed by the Board's Chair and terminate when the Scope of Services has been completed, but no later than May 31, 2011.

5. TERMINATION

A. This Agreement may be terminated by the Board upon 30 days written notice to the Contractor. In the event of such termination:

(1) The Contractor shall render a final report of the services performed up to the date of termination and shall turn over to the Board original copies of all work product, research or papers prepared under this Agreement.

(2) If payment has not already been made, Contractor shall be paid for services rendered and expenses incurred through the date Contractor receives notice of such termination. If full payment has been made, Contractor agrees to prorate for work accomplished and refund all amounts earned.

6. STATUS OF CONTRACTOR; RESPONSIBILITY FOR PAYMENT OF EMPLOYEES AND SUBCONTRACTORS

A. The Contractor and its agents and employees are independent contractors performing professional services for the Board and are not employees of the Board. The Contractor, and its agents and employees, shall not accrue leave, retirement, insurance, bonding,

use of Board vehicles, or any other benefits afforded to employees of the Board as a result of this Agreement.

B. Contractor shall be solely responsible for payment of wages, salaries and benefits to any and all employees or contractors retained by Contractor in the performance of the services under this Agreement.

7. CONFIDENTIALITY

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of the Board.

8. CONFLICT OF INTEREST

The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Contractor further agrees that in the performance of this Agreement no persons having any such interests shall be employed.

9. ASSIGNMENT; SUBCONTRACTING

The Contractor shall not assign or transfer any rights, privileges, obligations or other interest under this Agreement, including any claims for money due, without the prior written consent of the Board. The Contractor shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the Board.

10. RELEASE

The Contractor, upon acceptance of final payment of the amount due under this Agreement, releases the Board, the City of Santa Fe, The County of Santa Fe and Las Campanas, L.P., their officers, officials and employees, from all liabilities, claims and

obligations whatsoever arising from or under this Agreement. If not completed at the time of final payment, the Contractor shall remain obligated to complete the Scope of Services and other obligations of this Agreement. The Contractor agrees not to purport to bind the Board to any obligation not assumed herein by the Board unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

11. INSURANCE

A. The Contractor shall not begin the Professional Services required under this Agreement until it has: (i) obtained, and upon the Board's request provided to the Board, insurance certificates reflecting evidence of all insurance required herein; however, the Board reserves the right to request, and the Contractor shall submit, copies of any policy upon reasonable request by the Board; (ii) obtained Board approval of each company or companies as required below; and (iii) confirmed that all policies contain the specific provisions required. Contractor's liabilities, including but not limited to Contractor's indemnity obligations, under this Agreement, shall not be deemed limited in any way to the insurance coverage required herein. Maintenance of specified insurance coverage is a material element of this Agreement and Contractor's failure to maintain or renew coverage or to provide evidence of renewal during the term of this Agreement may be treated as a material breach of Agreement by the Board.

B. Further, the Contractor shall not modify any policy or endorsement thereto which increases the Board's exposure to loss for the duration of this Agreement.

C. **Types of Insurance.** At all times during the term of this Agreement, the Contractor shall maintain insurance coverage as follows:

(1) **Commercial General Liability.** Commercial General Liability (CGL) Insurance must be written on an ISO Occurrence form or an equivalent form providing

coverage at least as broad which shall cover liability arising from any and all bodily injury, personal injury or property damage providing the following minimum limits of liability.

General Annual Aggregate(other than Products/Completed Operation)	$1,000,000
Products/Completed Operations Aggregate Limit	$1,000,000
Personal Injury Limit	$1,000,000
Each Occurrence	$1,000.000

(2) **Automobile Liability.** For all of the Contractor's automobiles including owned, hired and non-owned automobiles, the Contractor shall keep in full force and effect, automobile liability insurance providing coverage at least as broad for bodily injury and property damage with a combined single limit of not less than $1 million per accident. An insurance certificate shall be submitted to the Board that reflects coverage for any automobile [any auto].

(3) **Professional Liability.** For the Contractor and all of the Contractor's employees who are to perform professional services under this Agreement, the Contractor shall keep in full force and effect, Professional Liability insurance for any professional acts, errors or omissions. Such policy shall provide a limit of not less than $1,000,000 per claim and $1,000,000 annual aggregate. The Contractor shall ensure both that: (i) the policy retroactive date is on or before the date of commencement of the first work performed under this Agreement; and (ii) the policy will be maintained in force for a period of three years after substantial completion of the project or termination of this Agreement whichever occurs last. If professional services rendered under this Agreement

include work relating to environmental or pollution hazards, the Contractors policy shall not contain exclusions for those activities.

(4) **Workers' Compensation.** For all of the Contractor's employees who are subject to this Agreement and to the extent required by any applicable state or federal law, the Contractor shall keep in full force and effect, a Workers' Compensation policy & Employers Liability policy. That policy shall provide Employers Liability Limits as follows:

Bodily Injury by Accident	$500,000	Each Accident
Bodily Injury by Disease	$500,000	Each Employee
Bodily Injury by Disease	$500,000	Policy Limit

The Contractor shall provide an endorsement that the insurer waives the right of subrogation against the Board, City of Santa Fe, County of Santa Fe, Las Campanas LLC and their respective elected officials, officers, employees, agents, volunteers and representatives.

D. **Cancellation.** Except as provided for under New Mexico law, all policies of insurance required hereunder must provide that the Board is entitled to thirty (30) days prior written notice (10 days for cancellation due to non-payment of premium) of cancellation or non-renewal of the policy or policies as evidence by an endorsement to the policies which shall be attached to the certificates of insurance. Cancellation provisions in insurance certificates shall not contain the qualifying words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives".

E. **Insurer Requirements.** All insurance required by express provision of this Agreement shall be carried only by responsible insurance companies that have rated "A-" and "V" or better by the A.M. Best Key Rating Guide, that are authorized to do business in the State

of New Mexico, and that have been approved by the Board. The Board will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the State of New Mexico.

F. **Deductibles.** All deductibles or co-payments on any policy shall be the responsibility of the Contractor.

G. **Specific Provisions Required.**

(1) Each policy shall expressly provide, and an endorsement shall be submitted to the Board, that the policy or policies providing coverage for Commercial General Liability must be endorsed to include as an Additional Insured, the Board, City of Santa Fe, County of Santa Fe, Las Campanas LLC and their respective elected officials, officers, employees, agents, volunteers and representatives.

(2) All policies required herein are primary and non-contributory to any insurance that may be carried by the Board, City of Santa Fe, County of Santa Fe, Las Campanas LLC and their respective elected officials, officers, employees, agents, volunteers and representatives, as reflected in an endorsement which shall be submitted to the Board.

(a) The Contractor agrees that for the time period defined above, there will be no changes or endorsements to the policy that increase the Board's exposure to loss.

(b) Before performing any Professional Services, the Contractor shall provide the Board with all Certificates of Insurance accompanied with all endorsements.

(c) The Board reserves the right, from time to time, to review the Contractor's insurance coverage, limits, and deductible and self-insured retentions to determine if they are acceptable to the Board. The Board will reimburse the Contractor for the cost of the additional premium for any coverage requested by the Board in excess of that required by this Agreement without overhead, profit, or any other markup.

(d) The Contractor may obtain additional insurance not required by this Agreement.

12. INDEMNIFICATION

To the greatest extent permitted by law, the Contractor shall indemnify, hold harmless and defend the Board, City of Santa Fe, County of Santa Fe, Las Campanas, LLC and their respective elected officials, officers, employees, agents, volunteers and representatives from all losses, damages, claims or judgments, including payments of all attorneys' fees and costs on account of any suit, judgment, execution, claim, action or demand whatsoever arising from the Contractors performance or non-performance under this Agreement as well as the performance or non-performance of the Contractor's employees, agents, representatives and subcontractors or any tier.

13. THIRD PARTY BENEFICIARIES

By entering into this Agreement, the parties do not intend to create any right, title or interest in or for the benefit of any person other than the Board and the Contractor. No person shall claim any right, title or interest under this Agreement or seek to enforce this Agreement as a third party beneficiary of this Agreement.

14. RECORDS, DOCUMENT CONTROL AND AUDIT

A. The Contractor shall conform with and participate in the Document Control policies of the Board or the City of Santa Fe. The Contractor shall maintain, throughout the term of this Agreement and for a period of three years thereafter, all records that relate to the scope of services provided under this Agreement.

B. Detailed records that indicate the date, time and nature of services rendered shall also be retained for a period of three years after the term of this agreement expires. These records shall be subject to inspection by the City of Santa Fe, the Department of Finance and Administration, the State Auditor. The Board and the City of Santa Fe shall have the right to audit the billing both before and after payment to the Contractor. Payment under this Agreement shall not foreclose the right of the Board or the City of Santa Fe to recover excessive or illegal payments.

15. APPLICABLE LAW; CHOICE OF LAW; VENUE

Contractor shall abide by all applicable federal and state laws and regulations, and all ordinances, rules and regulations of the Board. In any action, suit or legal dispute arising from this Agreement, the Contractor agrees that the laws of the State of New Mexico shall govern. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

16. AMENDMENT

This Agreement shall not be altered, changed or modified except by an amendment in writing executed by the parties hereto.

17. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the services to be performed hereunder, and all such agreements, covenants and understandings have been merged into this Agreement. This Agreement expresses the entire Agreement and understanding between the parties with respect to said services. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

18. NON-DISCRIMINATION

During the term of this Agreement, Contractor shall not discriminate against any employee or applicant for an employment position to be used in the performance of services by Contractor hereunder, on the basis of ethnicity, race, age, religion, creed, color, national origin, ancestry, sex, gender, sexual orientation, physical or mental disability, medical condition, or citizenship status.

19. SEVERABILITY

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

20. NOTICES

Any notices requests, demands, waivers and other communications given as provided in this Agreement will be in writing and will be deemed to have been given if delivered in person (including by Federal Express or other personal delivery service), or mailed by certified or registered mail, postage prepaid, and addressed to Seller or Buyer at the following addresses:

BOARD:
Rick Carpenter
BDD Project Manager
Sangre de Cristo Water Division
801 San Mateo
Santa Fe, NM 87504

With a copy to:
Nancy R. Long, Esq.
BDDB Independent Counsel
Long, Pound & Komer, P.A.
2200 Brothers Road
P. O. Box 5098
Santa Fe, NM 87502-5098

CONTRACTOR:
Randy W. Grissom
Interim Assistant Vice President
Santa Fe Community College
6401 Richards Avenue
Santa Fe, NM 87508

With a copy to:
Stephen Hoffman
CDM
341 Caja del Rio
Santa Fe, NM 87506

Any such notice sent by registered or certified mail, return receipt, shall be deemed to have been duly given and received seventy-two (72) hours after the same is so addressed and mailed with postage prepaid. Notice sent by recognized overnight delivery service shall be effective only upon actual receipt thereof at the office of the addressee set forth above, and any such notice delivered at a time outside of normal business hours shall be deemed effective at the opening of business on the next business day. Notice sent by facsimile shall be effective only upon actual receipt of the original unless written confirmation is sent by the recipient of the facsimile stating that the notice has been received, in which case the notice shall be deemed effective as o the date specified in the confirmation. Any party may change its address for purposes of this paragraph by giving notice to the other party as herein provided. Delivery of any copies as provided herein shall not constitute delivery of notice hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below.

BUCKMAN DIRECT DIVERSION BOARD

By: _____
Commissioner Rebecca Wurzburger
Chairperson
Date: _____

ATTEST:

_____
Valerie Espinoza, County Clerk

APPROVED AS TO FORM:

_____
Nancy R. Long, BDDB Counsel

APPROVED:

_____
City Finance Director

_____
Business Unit/Line Item

ATTEST:

_____
Yolanda Y. Vigil, City Clerk
File Date: _____

CONTRACTOR:
SANTA FE COMMUNITY COLLEGE

By: _____
Name: Dr. Ron Liss
Title: Vice President for Academic and Student Affairs
Date: _____

NM Taxation & Revenue
CRS #01197245009

EXHIBIT A
SCOPE OF WORK

Santa Fe Community College Roles and Responsibilities
Buckman Direct Diversion Project

Course Development - Projected Cost: $52,800

SFCC will develop up to 12 college credit courses that will be included in the Basic Water Treatment Certificate and/or the Advanced Water Treatment Certificate. The course development process will include identification of resources such as textbooks, video, equipment and supplies; the development of detailed class outlines/schedules that incorporate all competencies and topics required in the syllabus; design of all class exercises, projects, quizzes and examinations; and, where applicable, conversion to online.

Courses to be Developed	12
Average Development Hours per Course	40
Rate per Hour	$110.00

SFCC will invoice monthly for course development.

Management Fee - Cost: $25,000

This fee covers the costs of management of the project as well as set up for the various courses. Actual course delivery costs will be paid by SFCC.

BDD will be invoiced monthly with the cost spread evenly over the contract period.

Tuition, Fees and Books - Projected Cost: $ 97,200

Tuition and required fees will be charged for each student based upon the credit hours for each course. Each online course will also include a $75 per course Distance Education Fee and the price of books may vary by course. The following rates will apply to any credit courses offered as part of this contract:

Tuition Rates (per credit hour):	
In District	$ 35.00
Out of District	$ 47.00
Out of State	$ 85.00
Required Fees (per credit hour:)	
Service Fee	$ 3.80
Student Government Fee	$ 1.00
Distance Education Fee:	
Per Student/Per Online Course	$ 75.00
Books-Average Cost	$125.00

Basic Certificate:	
Students	18
Credit Hours	22
Online Courses	5
Courses with Books	7

Advanced Certificate:	
Students	14
Credit Hours	22
Online Courses	7
Courses with Books	7

BDD will be invoiced for tuition based upon the rate that is applicable to each student. Invoices for tuition, fees and books for each course will be sent to BDD once the course has started.

Projected Total Cost: $175,000

PROPOSED CERTIFICATES AND COURSES

BASIC WATER TREATMENT CERTIFICATE* (PROPOSED)

WWTT 112	Applied Math for Water and Wastewater	3	45
WWTT 116	System Maintenance-Water and Wastewater	2	30
WWTT 140	Introduction to Water Treatment and Distribution Systems	3	45
WWTT 160	Chemistry of Water and Wastewater	3	45
WWTT 160L	Chemistry of Water and Wastewater Lab	1	30
WWTT 166	Biology of Water and Wastewater	3	45
WWTT 166L	Biology of Water and Wastewater Lab	1	30
ENGL 111	Composition and Rhetoric	3	45
BSAD 111	Principles of Managing	3	45
	TOTALS	22	360

ADVANCED WATER TREATMENT CERTIFICATE* (PROPOSED)

WWTT 212	Advanced Water and Wastewater Math	3	45
WWTT 211	Water Treatment Systems	3	45
WWTT 216	Water Treatment Operations	1	15
WWTT 220	Advanced Water Treatment Technologies	3	45
WWTT 260	Advanced Water Chemistry Analysis	3	45
WWTT 265	Municipal Systems Management	4	60
WWTT 290	Certification Exam Review	2	30
WWTT 299	Cooperative Education	3	150
	TOTALS	22	435

*Courses in highlighted boxes need to be developed.

The total credit hours required to complete both certificates is 44. These credit hour equate to 645 hours of classroom time or equivalent work and 150 hours of on-the-job work for the WWTT 299 Cooperative Education class. Fourteen courses will be developed that represent 35 college credit hours and 555 hours of classroom time or equivalent work.

As many courses as possible will be developed to be online or a blend of online and in-person. It is assumed that BDD will provide classroom and laboratory space for instructor-led classes and access to computers for online coursework. Students will be able to access the online courses from any location with internet access.

EXHIBIT 4

City of Santa Fe, New Mexico

memo

Date: 06/03/2010

To: Buckman Direct Diversion Board

Via: Brian Snyder, Acting Public Utilities Director BSS

From: Rick Carpenter, Water Resources Coordinator RC

RE: Approval of Budget Adjustment Requests for BDD FY 09/10

In February 2010, the Buckman Direct Diversion Board approved annual operating budgets for the BDD facility for FY 2009/2010. The budget included $275,433 for Personnel costs for a partial year of operations. This was for key positions that were needed to start up the facility. These positions have been advertised and staff is in the process of accepting applications. Due to the timing of the job postings and hiring process, these funds will not be fully utilized in the current FY for this purpose. Staff is requesting that the funding earmarked be adjusted so that it can be utilized by other operating costs needed at this time. Those costs include advertising for the job position postings, and various Professional Services contracts.

Staff is requesting approval of the attached BAR which will move funding from the Personnel line item to the Professional Services and the Advertising line items in the amount of $275,433.

Recommended Action:

Staff recommends approval of the BAR for FY 2009/10 in the amount of $275,433.

City of Santa Fe, New Mexico

BUDGET ADJUSTMENT REQUEST (BAR)

DEPARTMENT / DIVISION / SECTION / UNIT NAME	DATE
PUBLIC UTILITIES/ WATER	06/02/2010

ITEM DESCRIPTION	B.U. / LINE ITEM	SUBLEDGER (Finance Dpt. Use Only)	INCREASE	DECREASE
Professional Svc	72410.510300		252,933	
Supplies	72400.530100		1,000	
Advertising	72400.561850		20,000	
Communications	72410.514100		1,000	
Fuel	72410.531000		500	
		TOTAL	275,433	$ -

JUSTIFICATION: *(use additional page if needed)*

Increase 09/10 Budget to reflect additional expenses.

Erica J. Martinez 06/10/10
Date

Division Director Date

Department Director Date

CITY COUNCIL APPROVAL

City Council Approval Required ☐

City Council Approval Date

Agenda Item #:

Budget Officer Date

Finance Director Date

City Manager Date

SFC CLERK RECORDED 07/21/2010

MEMORANDUM

Date: **January 25, 2010**

To: **Buckman Direct Diversion Board**

From: **Rick Carpenter, BDD Project Manager**

Subject: **FY09/10 Operating Budget Adjustment Request**

The BDD Project Manager requested approval of the current fiscal year operating budget for the BDD in order to hire the BDD Facilities Manager and three BDD professional positions this fiscal year. The BDD Board approved this operating budget request at its August 2009 meeting. The amount was $166,710.

Subsequently, the BDD Project Manager requested that the BDD Board approve addition of a full-time instructor/trainer/safety officer to the positions we need to fill this fiscal year. The BDD Board approved this request at its November 2009 meeting.

We have learned that City of Santa Fe policy requires approved budget for each new position before advertisement of the position. Since we must advertise all BDD operator positions in the current fiscal year in order to fill them in accordance with the staffing and training schedule conceptually approved by the BDD Board in November, a budget adjustment request is necessary to include them. For purposes of including all operators above the lowest classification in the budget adjustment request, we have indicated all operators will be hired by June 15, 2010. In fact, most of the positions will not be filled until early FY10/11.

Finally, we now have tentative classifications and salary ranges for all BDD staff. The BAR is based on using the midpoints of these salary ranges to calculate personnel costs for the FY09/10 budget year.

These changes increase the requested FY09/10 operating budget total to $275,432.88 and require additional budget of $108,722.88.

City of Santa Fe
New Mexico

Line Item	Hourly	Salary CLFT 500300	FICA 503100	PERA 503150	EHINS 503200	RHINS 503250	WCOMP 503350	Dental 503400	Total
Facilities Manager	$ 43.27	$ 22,500.00	$ 1,721.00	$ 4,278.00	$ 3,275.00	$ 293.00	$ 67.50	$ 163.00	
Financial Manager	$ 32.08	$ 16,682.00	$ 1,276.00	$ 3,172.00	$ 3,241.00	$ 217.00	$ 50.05	$ 163.00	
Compliance Officer	$ 35.18	$ 18,294.00	$ 1,399.00	$ 3,478.00	$ 3,250.00	$ 238.00	$ 532.36	$ 163.00	
Automation Security Specialist	$ 35.18	$ 18,294.00	$ 1,399.00	$ 3,478.00	$ 3,250.00	$ 238.00	$ 532.36	$ 163.00	
Safety Officer	$ 29.25	$ 15,210.00	$ 1,164.00	$ 2,892.00	$ 3,233.00	$ 198.00	$ 442.61	$ 163.00	
BDD Chief Operator	$ 31.00	$ 6,200.00	$ 474.00	$ 1,179.00	$ 1,246.00	$ 81.00	$ 328.60	$ 63.00	
Facilities	$ 31.00	$ 6,200.00	$ 474.00	$ 1,179.00	$ 1,246.00	$ 81.00	$ 328.60	$ 63.00	
Lead Operator IV	$ 29.25	$ 5,850.00	$ 448.00	$ 1,112.00	$ 1,244.00	$ 76.00	$ 310.05	$ 63.00	
Lead Operator IV	$ 29.25	$ 5,850.00	$ 448.00	$ 1,112.00	$ 1,244.00	$ 76.00	$ 310.05	$ 63.00	
Lead Operator IV	$ 29.25	$ 3,510.00	$ 269.00	$ 667.00	$ 746.00	$ 46.00	$ 186.03	$ 38.00	
Lead Operator IV	$ 29.25	$ 3,510.00	$ 269.00	$ 667.00	$ 746.00	$ 46.00	$ 186.03	$ 38.00	
Lead Operator IV	$ 29.25	$ 3,510.00	$ 269.00	$ 667.00	$ 746.00	$ 46.00	$ 186.03	$ 38.00	
Shift Operator III	$ 26.69	$ 5,338.00	$ 408.00	$ 1,015.00	$ 1,241.00	$ 69.00	$ 282.91	$ 63.00	
Shift Operator III	$ 26.69	$ 5,338.00	$ 408.00	$ 1,015.00	$ 1,241.00	$ 69.00	$ 282.91	$ 63.00	
Shift Operator III	$ 26.69	$ 3,203.00	$ 245.00	$ 609.00	$ 744.00	$ 42.00	$ 169.76	$ 38.00	
Shift Operator III	$ 26.69	$ 3,203.00	$ 245.00	$ 609.00	$ 744.00	$ 42.00	$ 169.76	$ 38.00	
Shift Operator III	$ 26.69	$ 3,203.00	$ 245.00	$ 609.00	$ 744.00	$ 42.00	$ 169.76	$ 38.00	
Shift Operator III	$ 26.69	$ 3,203.00	$ 245.00	$ 609.00	$ 744.00	$ 42.00	$ 169.76	$ 38.00	
Shift Operator III	$ 26.69	$ 3,203.00	$ 245.00	$ 609.00	$ 744.00	$ 42.00	$ 169.76	$ 38.00	
Total		**$ 152,301.00**	**$ 11,651.00**	**$ 28,956.00**	**$ 29,669.00**	**$ 1,984.00**	**$ 4,874.88**	**$ 1,497.00**	
Salaries and Benefits									$ 230,932.88
Supplies									$ 1,000.00
Laboratory Services									$ 12,000.00
Recruitment & Marketing									$ 20,000.00
Partnership Fee to Educational									$ 10,000.00
Telephone									$ 1,000.00
Fuel									$ 500.00
Grand Total									$ 275,432.88
Previously Approved BDD Board August 09									$ (166,710.00)
Requesting Approval									$ 108,722.88