



Agenda

**PUBLIC UTILITIES COMMITTEE
MEETING
CITY COUNCIL CHAMBERS
WEDNESDAY, FEBRUARY 6, 2013
REGULAR MEETING – 5:00 P.M.**

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FROM THE DECEMBER 5, 2012 AND JANUARY 2, 2013 PUC MEETING

EXECUTIVE SESSION:

Discussion of the purchase, acquisition or disposal of real property or water rights by the public body and discussion subject to the attorney-client privilege pertaining to threatened or pending litigation in which the public body is or may become a participant, an exception to the open meetings act, § 10-15-1(H).
(Marcos Martinez)

END OF EXECUTIVE SESSION

6. Action regarding the purchase, acquisition or disposal of real property or water rights. (Marcos Martinez)

INFORMATIONAL ITEMS

7. Water and Wastewater Service Line Warranty Update. (Brian Snyder)
8. Water and Wastewater Divisions' Financial Plan Updates. (Brian Snyder)

CONSENT – INFORMATION ITEMS

9. Status Report on the Environmental Services Division. (Cindy Padilla)

10. Update on Current Water Supply Status. (Victor Archuleta)
11. Drought, Monsoon and Water Resource Management Update. (Rick Carpenter)

CONSENT – ACTION CALENDAR

12. Request for approval of award of contract to Schafer Consulting for Project Management of Utility Billing System under RFP No. '13/13/P for the total amount of \$211,863.59. (Peter Ortega)

Public Utilities Committee – 2/6/13
Finance Committee – 2/18/13
City Council – 2/27/13

DISCUSSION ITEMS AND ACTION ITEMS

13. Request for approval of a Memorandum of Understanding (MOU) with the Santa Fe Solid Waste Management Agency to pay for the City of Santa Fe's section of the Comprehensive Solid Waste Management Study/Analysis for the amount not to exceed \$200,000.00. (Cindy Padilla and Lawrence Garcia)

Public Utilities Committee – 2/6/13
Finance Committee – 2/18/13
City Council – 2/27/13

MATTERS FROM THE PUBLIC

MATTERS FROM THE CITY ATTORNEY

ITEMS FROM STAFF

MATTERS FROM THE COMMITTEE

NEXT MEETING: WEDNESDAY, MARCH 6, 2013

ADJOURN

PERSONS WITH DISABILITIES IN NEED OF ACCOMODATIONS, CONTACT THE CITY CLERK'S OFFICE AT 505-955-6520, FIVE (5) WORKING DAYS PRIOR TO THE MEETING DATE.

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PUBLIC UTILITIES COMMITTEE MEETING
Wednesday, February 6, 2013

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**MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE
Wednesday, February 6, 2013**

1. CALL TO ORDER

A meeting of the Public Utilities Committee was called to order by Councilor Christopher N. Calvert, Chair, at approximately 5:00 p.m., on Wednesday, February 6, 2013, in the Council Chambers, City Hall, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT:

Councilor Calvert, Chair
Councilor Carmichael A. Dominguez
Councilor Christopher M. Rivera

MEMBERS EXCUSED:

Councilor Bill Dimas
Councilor Ronald S. Trujillo

OTHER GOVERNING BODY MEMBERS:

Councilor Patti J. Bushee
Councilor Rebecca Wurzbarger

OTHERS PRESENT:

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

There was a quorum of the membership present for conducting official business.

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Committee packet is on file in the Public Utilities Department.

3. APPROVAL OF AGENDA

MOTION: Councilor Dominguez moved, seconded by Councilor Rivera, to approve the Agenda as published.

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

4. APPROVAL OF CONSENT INFORMATIONAL CALENDAR AND ACTION CALENDAR

MOTION: Councilor Dominguez moved, seconded by Councilor Rivera, to approve the following Consent Informational Calendar and Consent Action Calendar as published.

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

CONSENT – INFORMATIONAL CALENDAR

A Memorandum dated February 6, 2013, with attachment, to the Public Utilities Committee, from Cindy Padilla, Environmental Services Division Director, regarding Item #9, is incorporated herewith to these minutes as Exhibit "1."

- 9. STATUS REPORT ON THE ENVIRONMENTAL SERVICES DIVISION. (CINDY PADILLA)**
- 10. UPDATE ON CURRENT WATER SUPPLY STATUS. (VICTOR ARCHULETA)**
- 11. DROUGHT, MONSOON AND WATER RESOURCE MANAGEMENT UPDATE. (RICK CARPENTER)**

CONSENT – ACTION CALENDAR

- 12. REQUEST FOR APPROVAL OF AWARD OF CONTRACT TO SCHAFFER CONSULTING FOR PROJECT MANAGEMENT OF UTILITY BILLING SYSTEM UNDER RFP NO. '13/13/P FOR THE TOTAL AMOUNT OF \$211,863.59. (PETER ORTEGA). Public Utilities Committee 02/06/13; Finance Committee 02/18/13; and City Council 02/27/13.**

5. APPROVAL OF MINUTES FOR THE DECEMBER 5, 2012 AND JANUARY 2, 2013 MEETINGS

MOTION: Councilor Dominguez moved, seconded by Councilor Rivera, to approve the minutes of the meeting of December 5, 2012, as submitted.

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

MOTION: Councilor Dominguez moved, seconded by Councilor Rivera, to approve the minutes of the meeting of January 2, 2013, as submitted.

VOTE: The motion was approved unanimously on a voice vote

EXECUTIVE SESSION

6(A) DISCUSSION OF THE PURCHASE, ACQUISITION OR DISPOSAL OF REAL PROPERTY OR WATER RIGHTS BY THE PUBLIC BODY AND DISCUSSION SUBJECT TO THE ATTORNEY-CLIENT PRIVILEGE PERTAINING TO THREATENED OR PENDING LITIGATION IN WHICH THE PUBLIC BODY IS OR MAY BECOME A PARTICIPANT, AN EXCEPTION TO THE OPEN MEETINGS ACT, §10-15-1(H). (MARCOS MARTINEZ)

MOTION: Councilor Dominguez moved, seconded by Councilor Rivera, that the Committee go into Executive Session for the purpose of discussing the purchase, acquisition or disposal of real property or water rights by the public body and discussion subject to the Attorney-Client privilege pertaining to threatened or pending litigation in which the public body is or may become a participant, in accordance with §10-15-1(H) of the Open Meetings Act.

VOTE: The motion was approved on the following Roll Call Vote:

For: Councilor Calvert, Councilor Rivera, and Councilor Dominguez

Against: None.

The Committee went into executive session at 5:05 p.m.

MOTION TO COME OUT OF EXECUTIVE SESSION

MOTION: At 6:40 p.m. Councilor moved, seconded by Councilor , that the Committee come out of Executive Session and stated that the only items which were discussed in executive session were those items which were on the agenda, and no action was taken.

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

6. ACTION REGARDING THE PURCHASE, ACQUISITION OR DISPOSAL OF REAL PROPERTY OR WATER RIGHTS. (MARCOS MARTINEZ)

No action.

INFORMATIONAL ITEMS

7. WATER AND WASTEWATER SERVICE LINE WARRANTY UPDATE. (BRIAN SNYDER)

There were no questions regarding this item.

8. WATER AND WASTEWATER DIVISIONS FINANCIAL PLAN UPDATES. (BRIAN SNYDER)

A copy of 2012-2013 *Financial Update of Santa Fe's Water and Wastewater Utilities*, prepared by StepWise Utility Advisors, is incorporated herewith to these minutes as Exhibit "2."

A Memorandum dated January 31, 2013, with attachments, to the Public Utilities Committee, from Brian K. Snyder, Public Utilities Department and Water Division Director, is incorporated herewith to these minutes as Exhibit "3."

Brian Snyder introduced Fernando Aranda, StepWise, noting StepWise has been acquired by MWH which is a larger international firm. He said Jason Mumm and Mr. Aranda have been working with City staff over the past 4-5 years on water updates, wastewater updates as well as solid waste updates. He said the presentations this evening are Water and Wastewater financial updates for the current year. He said next month, they will be bringing Solid Waste back to the Committee because the numbers weren't finalized at the time of publishing.

Mr. Aranda presented information via power point, beginning with the Water Division and then the Wastewater Division. Please see Exhibits "2" and "3," for specifics of this presentation.

Presentation on the Water Division

The Committee commented and asked questions as follows:

- Councilor Dominguez said the presentation indicates "lower-than-expected growth in operating costs," and asked if that means the City hasn't grown and there's not more water customers, so there hasn't been a need to grow.

Mr. Aranda said in projecting operation growth, there usually are inflationary assumptions. He said actually, for the Water Division, the actuals were below inflationary assumptions, noting there were less O & M Costs and \$1 million more in revenue. He said things look better when the expenses are lower and the revenues are higher. He noted the increase was for residential customers during the summer. He said it was more dry last summer and more water was sold.

- Chair Calvert asked if the figures in millions on the CIP Chart are expenditures.

Mr. Aranda said that's what we had on the Financial Plan last year.

- Chair Calvert said, "What we're graphing here is actual expenditures and that is why, let's say, in 2011-2012, we had a surplus. Because we thought it was going to be \$42 million, but we only did \$9.5 million. I think it would be helpful in the labeling of this graph to put expenditures as opposed to budget."

Mr. Aranda said 2010/2011 was actual and 2011/2012 was budget, and said they can label the bar with actuals, and which ones are budget. He said this is a good idea. He said there are projects coming up, and having the fund balance, the City can pay for that without issuing debt, and probably without increasing rates.

Presentation on Wastewater

The Committee commented and asked questions as follows:

- Chair Calvert said something Mr. Aranda said seems to contradict something on page 8 of the Memorandum, which says, "The debt service coverage is lower than previously expected because O & M costs were higher in FY 2011-2012 than previously projected."

Mr. Aranda said, "They were higher than what we projected, but it was our project. And I'll get there, the cost creased by only 2%, and we were projecting a lower O & M, but it was based on that.

- Chair Calvert said, "The next sentence says, 'This difference is expected to carry through the rest of the study period.'" He asked if this is because they want to be conservative as you were in the previous one, and in the previous one. We didn't take the one-year aberration and carry it through because it was on the revenue side and we wanted to be conservative. Here, we have a higher than actual cost in the last actual year that we have, and so we're going to carry it through again to be conservative.

Mr. Aranda said this is correct, and said he will explain more in detail when he gets there. He said, "Usually, we were applying an adjustment to the O & M, based on historical behavior and historical actuals. And what happened was that adjustment was too high, it was 2% too high. And now that I take a look at what happened last year in O & M, I really don't think I should apply that adjustment any more because it was probably too high, and that's why we updated that projection specifically. And I'll show you a little bit more in a graph."

Mr. Aranda noted there is an error on page 5 of the Wastewater Division Fund Balance, under Targets: the 90-days O&M should be \$2.2 million, not \$62.2 million.

- Responding to the Chair, Mr. Aranda said the second page titled Wastewater Division: CIP should be Wastewater Division: O&M, noting he will make that change as well as to correct the \$62.2 million to \$2.2 million.
- Chair Calvert asked the reason O&M costs were higher in 2011-12, than previously projected.

Mr. Aranda said they projected too much adjustment. He said, "If you look at your actuals from 2011 to 2012, the O&M increased only about 1.2%, and I should probably should have projected something closer to \$8.7 million. Because of that that baseline changed and now, I'm projecting more going forward. When I look at the actuals for this fiscal year, if you look at budget versus actual, what has been expended so far, and if I project based on that spending, you are looking at about \$8.8 million for 2012-2013. So my projections are in line with what it looks like is going to happen at the end of the year."

- Chair Calvert said he understands some of what Mr. Aranda is saying, but in looking at the chart, for 2011-12, Mr. Aranda projected \$8.58 million which was lower than the previous year, and obviously that didn't materialize. However, even if he has used \$8.64 million

actual for the previous year, we were still about 0.15% over that. He sees the projection side, but he wants to know about the actual part of it. What actually caused us to spend more than we did the previous year.

Mr. Aranda said, "When you look at your costs, there are certain lines that increased more than the others. For example, you had reductions in labor cost. That was something we kind of knew was going to happen, the vacancies, so that is part of the reason why it was lower, and you had about 9% reduction in your labor costs."

- Chair Calvert said we probably had a reduction in utility costs. He reiterated he wants to know the reason for the increase.

Brian Romero said, "One of the things we do at the Wastewater Division is we have a system of many processes there, and we have a budget every year for parts, materials and different things that we have. I have no control over when a pump breaks, and parts that we need. And I've noticed that we've been replacing more things that probably needed to be done before, and we're doing more pro-active maintenance and stuff with it. So I think we're purchasing things that in the past that may have been left to stay a little longer, so we've been doing that. And I think that's great, because if you don't do those things, you just end up in a cyclic pattern, so some of that is that. On utilities, we have the solar panels and that equipment in place, and we save about a penny in difference in KWHs in that. It makes a difference. We have blowers that operate. We have to add air to the system and I think some of those costs.... we could probably look at our water a little better over there at the Wastewater Division. "

- Chair Calvert said, "I'm not trying to say that you're not managing it correctly, I'm just curious, and I'm trying to find out if there was a particular area that exceeded budget in particular. Was it parts, or was it, I don't know. Was there something that... obviously something was more than budget, and I was just trying figure out what part of the budget that was."

Mr. Romero said they are going through the budget right now, and he'll look at some of the things to see what items were. He said, "There was a change where, like we used to have Roadways and Grounds and they changed to where we have to budget more within, like professional services, so there was an adjustment there, where something we traditionally get from Roadways and Grounds, we'd have to budget under Professional Services. So it's kind of hard to compare now, because some of the items are different, just in the way there is accounting."

- Chair Calvert said, "To the best of your ability, because it certainly will be instructive for this upcoming budget when we try and construct the budget, to know where we should have the money so that we can be as close as possible to meeting what the needs are."
- Councilor Dominguez asked how much of this was because of mandates from the Governing Body, or the feds, or anybody else. Additional operating costs. Where there any unforeseen mandates that were dumped on you that would increase that.

Mr. Romero said there are more mandates, such as the DP 135, we're having pay to put in a lining, and we had to put in an additional monitoring well which was \$25,000.

- Responding to the Chair, Mr. Romero said, "Across the street from the wastewater treatment plant there is a sludge injection field, and as part of the renewal of that permit, DP135, there was a requirement to add an additional monitoring well. So that was a mandate from NMED. There's been a small amount of those kinds of mandates, but there were some."
- Councilor Dominguez said, "What I'm interested in is, were there systemic errors that weren't anticipated that now have been calculated into the projections. I guess, if we're talking about this potential rate increase, those hopefully will take care of some of the things that haven't been taken care of in the past that got us to this point where we had this projection that was bad."
- Chair Calvert said, "I guess we have a full year for 2011-2012, and so, knowing that, I would look back if I were managing this area, and I'd say, okay, why did we go over. What were the areas. And now we have half a year actuals for 2012-2013, and I would be looking and saying, when we budgeted for this year did we correct that, or are we still out of whack in certain areas. Those are the kinds of things, the analysis I'd like to see going on, so we don't get caught by surprise in a certain area."

Brian Snyder said, "We did pull out some of that information and there are several categories, as Fernando was referencing. As an example, Benefits, the difference between one year to the next was almost \$80,000. Grants and Services \$47,500 which pays for the utility billing, that's Wastewater's portion of it. Electric was higher, \$70,000 from one year to the next. Professional contracts, there was an additional \$480,000 in Professional Contracts that were let were in that line item. Part of what Bryan was saying, it's shifting money around. It may be a little bit deceiving, but there are projects like Bryan was mentioning with the DP 135 the sludge permit with the monitoring well and the pond lining."

- Chair Calvert said, "If you had to shift money around, I'm just saying if you could get the different entities that were shifted from and to, and look at them in total, together, then was there an actual increase there or not, that kind of thing."

Mr. Snyder said the other area was Operating Supplies. There was about \$70,000 more in Operating Supplies. He said, "Out of these, some of these are going to stay flat, some of them aren't going to increase, Benefits presumably, and others, Professional Contracts, may be decreased, and it's going to have to be looked at on a line item-by-line item basis as we do our budgets."

- Chair Calvert said this is the kind of analysis he would like to be done as we move forward, commenting he wants the best information possible so we will have a basis as we move into the budget process, and Mr. Snyder said he will do so.
- Councilor Dominguez said it is good this happened now, and is relatively small, but we need to be as conservative as possible as we move forward, commenting he doesn't think the trend would be for reduced O & M, generally speaking.

Councilor Dominguez asked, in terms of process, is this something which should go before the entire Governing Body.

Chair Calvert said this is an information item, and the gist of this is that it looks like we will need a rate increase. However, until they do the master plan in the intervening time, they don't want to bring something for the Governing Body to approve. He said the Governing Body is welcome to this information, but he doesn't know that it is time sensitive right now.

Councilor Dominguez said it will be relevant for the budget.

Chair Calvert said the rate increase is not for this budget year, noting rate increases won't be a factor until the 2014-2015 FY.

CONSENT DISCUSSION

No items were withdrawn from Consent for discussion.

DISCUSSION AND ACTION ITEMS

- 13. REQUEST FOR APPROVAL OF A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE SANTA FE SOLID WASTE MANAGEMENT AGENCY TO PAY FOR THE CITY OF SANTA FE'S SECTION OF THE COMPREHENSIVE SOLID WASTE MANAGEMENT STUDY/ANALYSIS FOR THE AMOUNT NOT TO EXCEED \$200,000.00. (CINDY PADILLA AND LAWRENCE GARCIA) Public Utilities Committee 02/06/13; Finance Committee 02/18/13; and City Council 02/27/13.**

Ms. Padilla noted she handed out an addendum to her report [Exhibit "1"].

Ms. Padilla presented information from her Memorandum of February 6, 2013, regarding the MOU. Please see this Memorandum for specifics of this presentation.

The Committee commented and asked questions as follows:

- Councilor Dominguez said the County is looking at the possibility of closing some of its transfer stations and increasing its recycling. He asked if this work to be done will take this into consideration and how that would affect the City's responsibilities.

Ms. Padilla said it will, commenting it is import that we do this together as a system-wide approach.

- Councilor Dominguez said, "If the County is not being as efficient as it could be or not being as responsible as possible to be sure it is being as efficient as it could be, in terms of making sure it does the right thing. Let's say closing a transfer station is really the right thing to do, but they, as a governing body, decide not to, does that then. They'll be looking at that work. I guess it's really the same question that I asked."

Ms. Padilla said whether or not the County has 5 or 7 transfer station really won't impact the City so much, unless the transfer station is close to the City and we see an increase in illegal dumping and we will look for that.

- Chair Calvert said Ms. Padilla said annexation will be a factor to be considered. He said recycling should increase just by increasing the size of the City.

Ms. Padilla said the contract doesn't look specifically at annexation, but will definitely be looking at operations. She said they will be looking at operations in annexed territory and what that means for the City's operations.

- Chair Calvert said the annexation will impact the County in several ways.
- Chair Calvert noted a correction on page 2 of the Memorandum in the paragraph following the bulleted items, where Ms. Padilla indicates March-April 2012, and it should be March/April 2013.
- Councilor Rivera said then the City's contribution is more because the City has more work for the contractor to do in the scope of work.

Ms. Padilla said this is correct.

- Responding to Councilor Rivera, Ms. Padilla said we are requesting an MOU between the City and SWMA so we can pay them the City's portion, but the professional services agreement will be between the contractor and SWMA. The City will be involved in all of the joint meetings, all of the payments, invoicing and such.
- Councilor Rivera said the MOU talks about the obligations of SWMA and the City, but not the County and asked if the County will enter into its own separate MOU.

Ms. Padilla said initially, there was a MOU with all 3 entities, and it was discussed, but this is an important study for the City, the Division and SWMA, and she doesn't know to what extent it is a County priority. She said the County will be executing its separate agreement with the Agency. She said they didn't want to have an MOU that the City approves, moves it forward to the County and for some reason it gets hung up over there.

- Councilor Rivera said the MOU makes several references to the County in the obligations of SWMA, although he is unsure how we hold them to that if this is approved. He said it provides for meetings with the City Council and the Board of County Commissioners. He asked, if the County decides not to enter into an agreement, does that affect us at all.

Ms. Padilla said that is the reason the County was taken out. If the County elects not to participate, then their tasks won't be completed and it won't get the outside help. The County will need to negotiate the system-wide portion of it. The County is a factor in the fourth component. If it decides not to participate, the City may have to pick up a larger percentage, although some of those tasks would be reduced as well. She does however, believe the County will move forward with the MOU.

MOTION: Councilor Rivera moved, seconded by Councilor Dominguez, to approve this request.

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

Councilor Rivera noted on page 9 of the MOU, it is not approved as to form and signed by the City Attorney, and asked if that needs to happen.

Ms. Padilla said it isn't signed, but it was drafted by Judith Amer in City Legal, and she will speak to them in this regard.

MATTERS FROM THE PUBLIC

There were no matters from the public.

MATTERS FROM THE CITY ATTORNEY

There were no matters from the public.

ITEMS FROM STAFF

There were no matters from staff.

MATTERS FROM THE COMMITTEE

Councilor Dominguez said he won't be attending the Buckman Direct Diversion Board meeting tomorrow, and wanted staff to know for the record. He has advised Councilor Bushee he won't be in attendance.

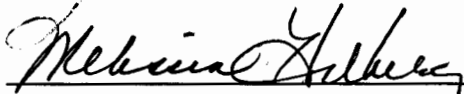
NEXT MEETING: WEDNESDAY, MARCH 6, 2013

ADJOURN

There was no further business to come before the Committee, and the meeting was adjourned at approximately 6:35 p.m.



Christopher Calvert, Chair


Melessia Helberg, Stenographer

City of Santa Fe, New Mexico

memo

Date: February 6, 2013
To: Public Utilities Committee
Via: Brian Snyder, Public Utilities Department and Water Division Director *BLS*
From: Cindy Padilla, Environmental Services Division Director *CP*
Subject: Environmental Services Division Activities and Plans – Addendum/Correction

Corrected Item A.3 – Item should read:

A. Division Operations – Administration, Customer Service and Efficiency

3. Comprehensive Solid Waste Management Plan. The RFP review committee (City of Santa Fe, Santa Fe County, and SFSWMA) will conclude its review and make a final recommendation on February 1, 2013. Five proposals were received and four interviews were conducted.

The Division will use \$150,000.00 from budgeted funds currently in 52251.510300 Professional Services, and is requesting a budget adjustment of \$50,000.00 from 52251.514150 Landfill Tip Fees. The city's portion of the contract will not exceed \$200,000.00. Payments to the contract will be done through an MOU with SFSWMA as the contract for the CSWMP will be with the Agency. The CSWMP was given conceptual approval by the PUC on May 2, 2012 and subsequently approved by the Governing Body. (May 2, memo attached.)

Clarification Item F. – Title should read

F. Paseo de Vista Landfill closure/post closure

City of Santa Fe, New Mexico

memo

Date: February 6, 2013
To: Public Utilities Committee
Via: Brian Snyder, Public Utilities Department and Water Division Director *BKS*
From: Cindy Padilla, Environmental Services Division Director *CP*
Subject: Environmental Services Division Activities and Plans

Progress and Plans since last report

A. Division Operations – Administration, Customer Service and Efficiency

1. **Equipment Purchases FY12/13-** Delivery of the four new CNG trucks anticipated delivery date is February 28, 2013. Division staff is revamping the equipment replacement schedule to coincide with the dates of the financial plan.

The Division will be moving forward with the equipment purchase necessary for annexation. The purchase will include (1) Front Loader, (1) Automated side loader, (1) recycling truck, commercial dumpsters residential and recycling carts. The Division is planning ahead to ensure uninterrupted service to the annexed areas.

2. Personnel

- a. The residential lead worker has been filled, candidate began on January 21, 2013.
- b. Paperwork to fill the commercial lead worker is in process.
- c. 27 candidates made the HR List of eligibles for the Administrative Manager. Division Director and Operations Manager will create a short list and interviews will begin the week of February 4.
- d. The Division is interviewing for one vacant Equipment Operator (vacant due to a retirement), and will post another Operator position within two weeks due to a resignation.
- e. The ESD Recycling Supervisor position is in HR for approval to advertise.

3. **Comprehensive Solid Waste Management Plan.** The RFP review committee (City of Santa Fe, Santa Fe County, and SFSWMA) will conclude its review and make a final recommendation on February 1, 2013. Five proposals were received and four interviews were conducted.

The Division is requesting a \$200,000.00 budget increase for FY 2012/13 to pay the city's portion of the contract. This will be done through an MOU with SFSWMA as the contract for the CSWMP will be with the Agency. The CSWMP was given conceptual approval by

the PUC on May 2, 2012 and subsequently approved by the Governing Body. (May 2, memo attached.)

B. Efforts to increase Recycling and diversion rate

1. Updates to the Recycling Strategy

1. The ESD Recycling Strategy has been updated for 2013 and is attached.
2. The Division is increasing its membership on the volunteer/staff recycling committee which meets every other Monday.
3. Recycling bins were distributed at the GCCC on January 16. Approximately 150 bins were distributed. Volunteers from the Sierra Club staffed the table and reported it was well received. This will continue for the third Wednesday of the month, for the months of February, March, and April.
4. **Recycling bin distribution at Siler Rd.** – January - 115
5. **New businesses added:** Sewing solutions; Posa's; Santa Fe Airport Café; & Sweeney Head Start.
- d. **Christmas Tree/lights recycling** – to date the Division has pulled 35 roll off containers of Christmas Trees. Payne's Nursery has requested to keep their containers until February 1. Trees collected have been mulched (in cooperation with the Parks Division).

C. Sustainable Santa Fe (SSF)

1. **Green Codes** - The commercial green code working group has started meeting again and expects to have a draft code ready for public comment by early March.
2. **STAR Communities** – Work has started on a year-long project to be part of a nationwide pilot to benchmark and track progress on sustainability initiatives.
3. **Climate Adaptation** – The resolution under consideration to direct staff to develop a climate adaptation strategy will be heard by City Council on January 30.
4. **2013 Sustainable Santa Fe Awards** – Nominations are being sought for the 2013 Sustainable Santa Fe Awards until March 15th. The awards ceremony will be held from 6-7 p.m. on April 27th at the Eldorado Hotel. (Save the date!)
5. **Food Policy Council Upstream Grant** – Work has started on a grant from the Santa Fe Community Foundation to build capacity within coalition groups.
6. **Community Food Assessment** – Is completed and due to the length is not attached to this report, but available at <http://www.santafefoodpolicy.org/> or Division staff can have copies distributed to you.

D. Keep Santa Fe Beautiful

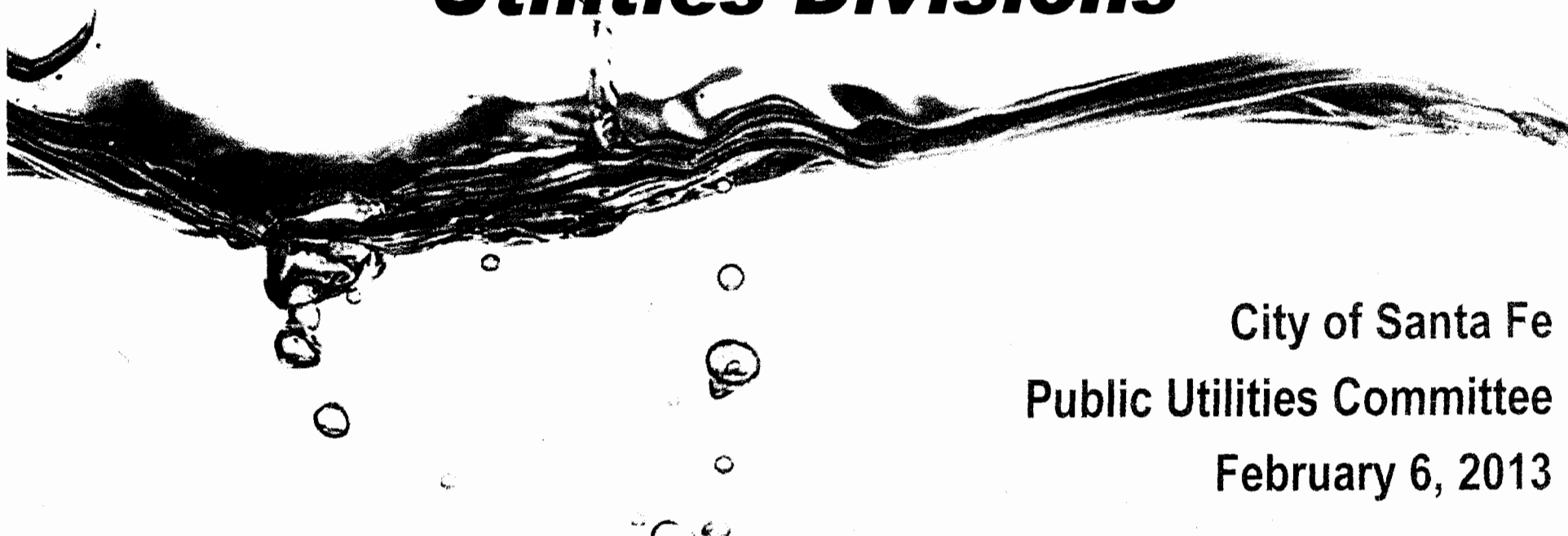
1. The 2013 Calendar of Events is as follows:

April 13 – Electronic Waste Drop Off Day
April 20 – Earth Day at Genoveva Chavez Community Center
April 27 – Great American Cleanup
June 14 – Keep Santa Fe Beautiful Awards Night
September 5 – Zozobra
September 28 - Toss No Mas Fall Cleanup
TBA - Keep Santa Fe Beautiful Silent Auction and Wine Tasting Fundraising Event
November 15-17 – Recycle Santa Fe Art Festival



2012-13 Financial Update of Santa Fe's Water and Wastewater Utilities Divisions

Exhibit "2"



City of Santa Fe
Public Utilities Committee
February 6, 2013

Agenda

- **Water Division**
- **Wastewater Division**

Last Update:
Nov. 2012

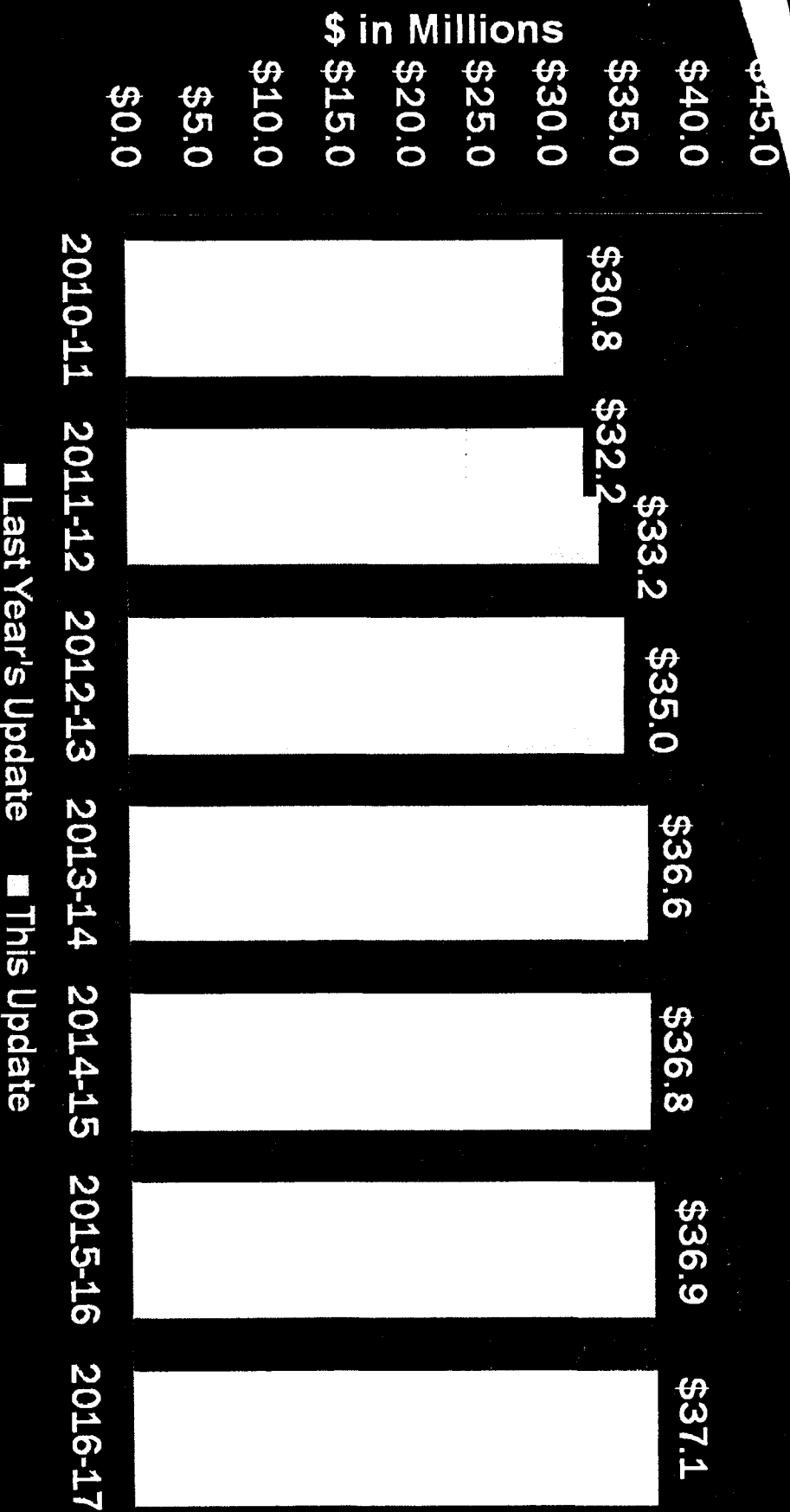
Start This
Update:
Nov. 2012

Start Next
Update:
Aug. 2013

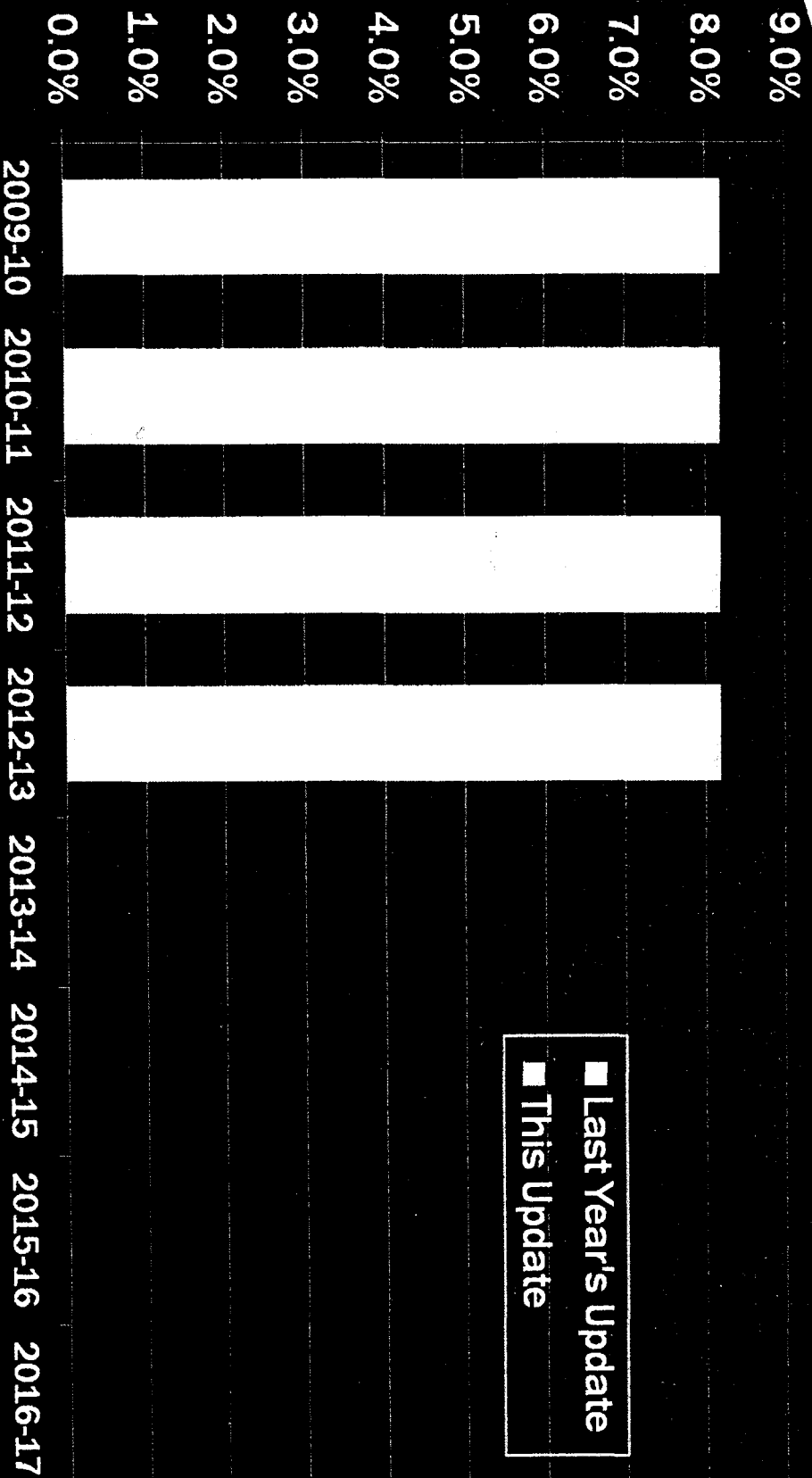
Water Division

- **The 2012-13 financial update shows strong overall projected performance with key ratios improving due to increased sales, lower-than-expected growth in operating costs and lower-than-expected capital expenditures.**

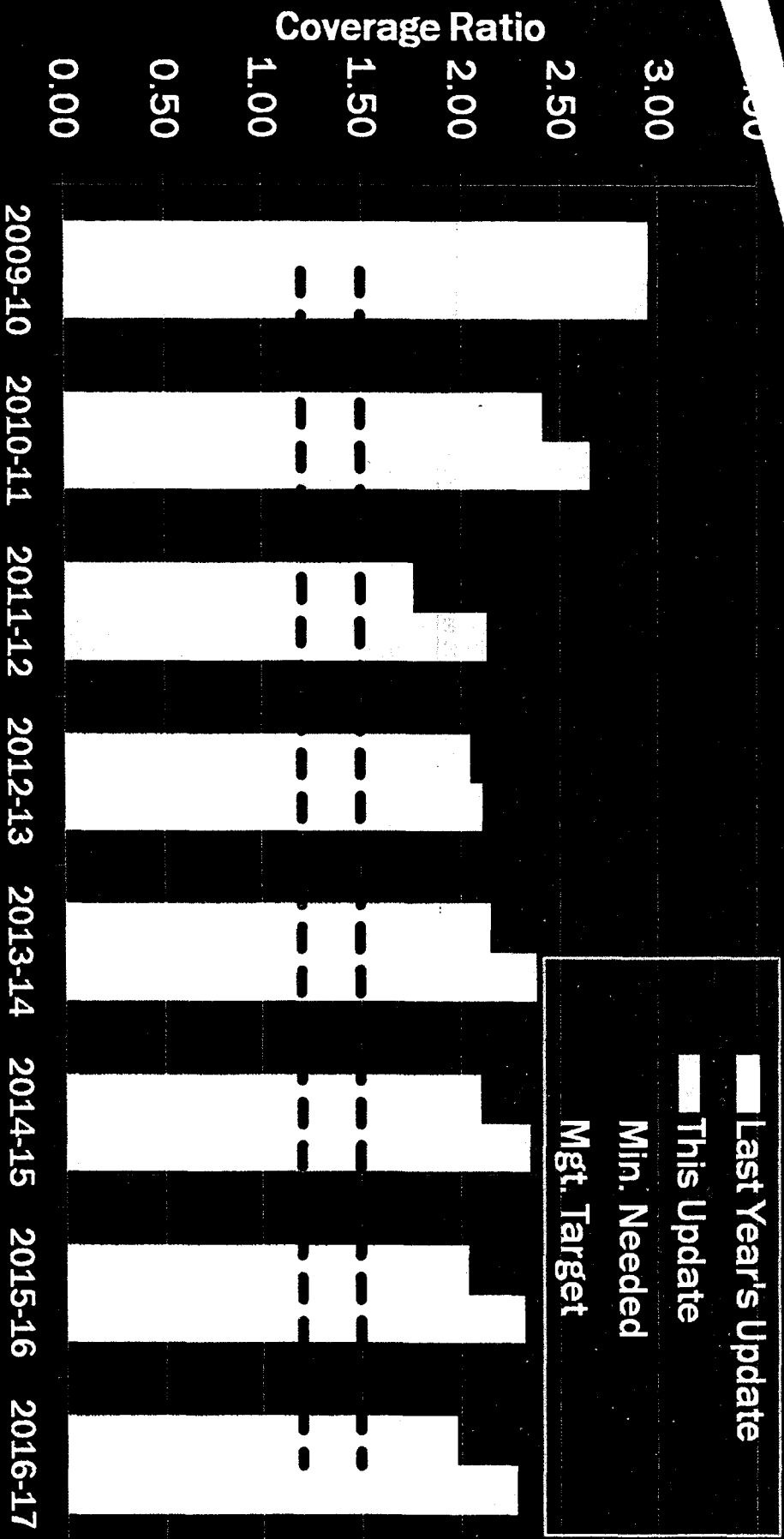
Water Division: Rate Requirements



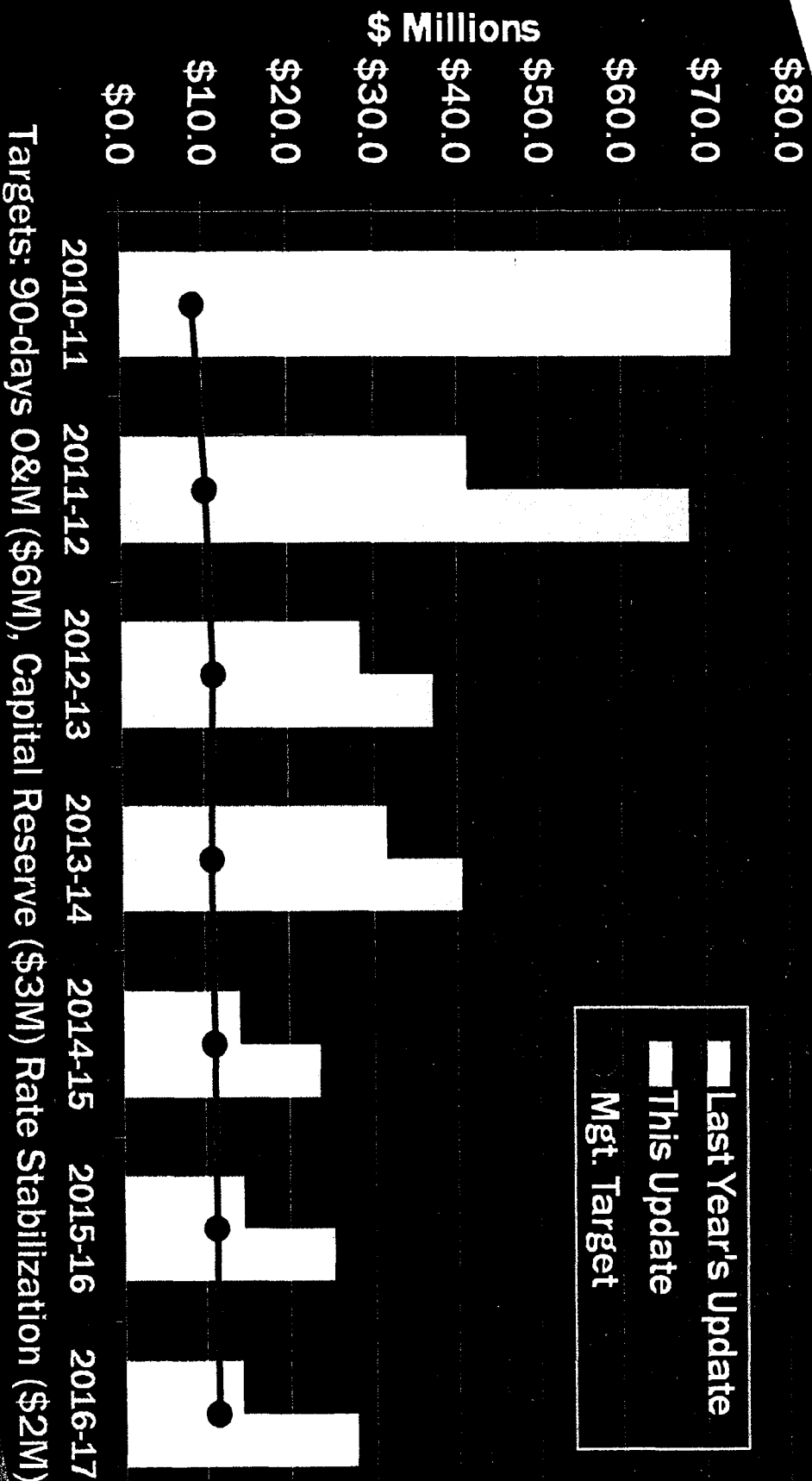
Water Division: Rate Increases



Water Division: Debt Coverage



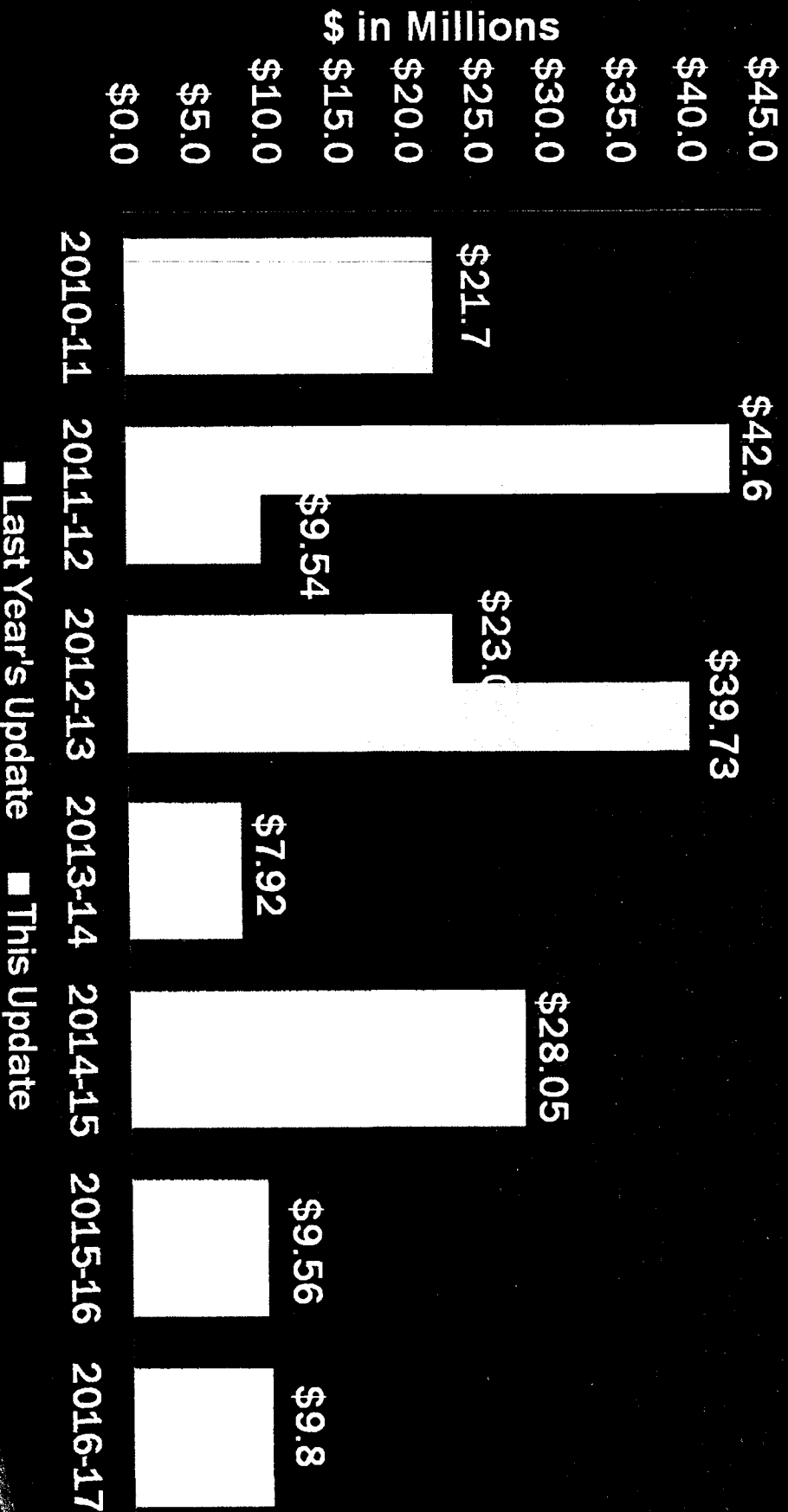
Water Division: Fund Balance



Water Division Upcoming Improvements

- Reservoir Improvement Project - \$10,000,000
- Hospital Tank Rehabilitation \$3,000,000
- Reservoir pipeline improvement project \$1,000,000
- Buckman well field Main Extension \$1.500,000
- Buckman well field booster rehab \$2,000,000
- Main line replacements \$2,000,000
- Master plan line extensions \$2,000,000
- Clean 7 Paint Storage Tanks \$500,000
- Buckman well field Arsenic Removal System \$8,000,000
(on Hold)

Water Division: CIP

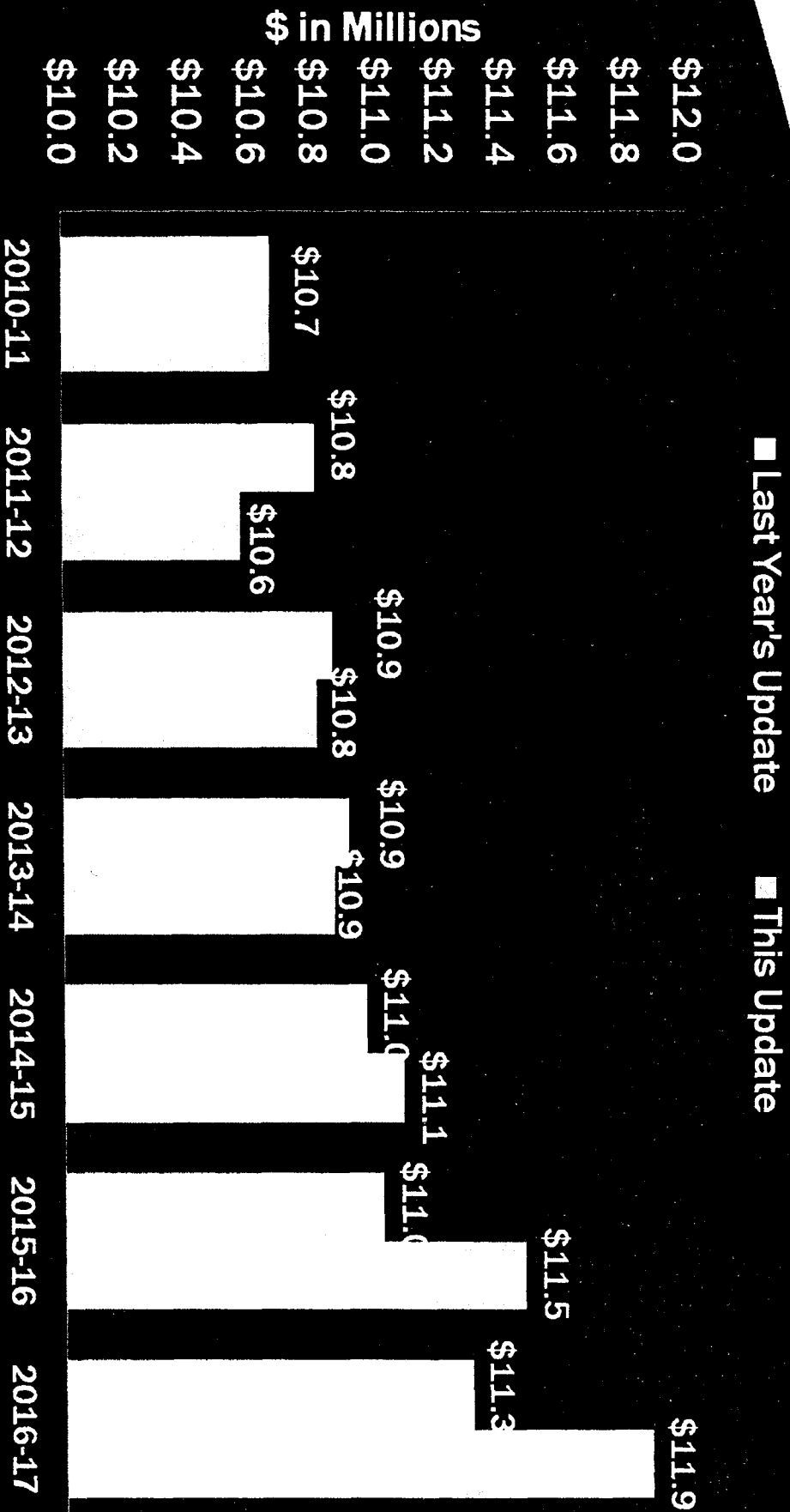


January 31, 2013

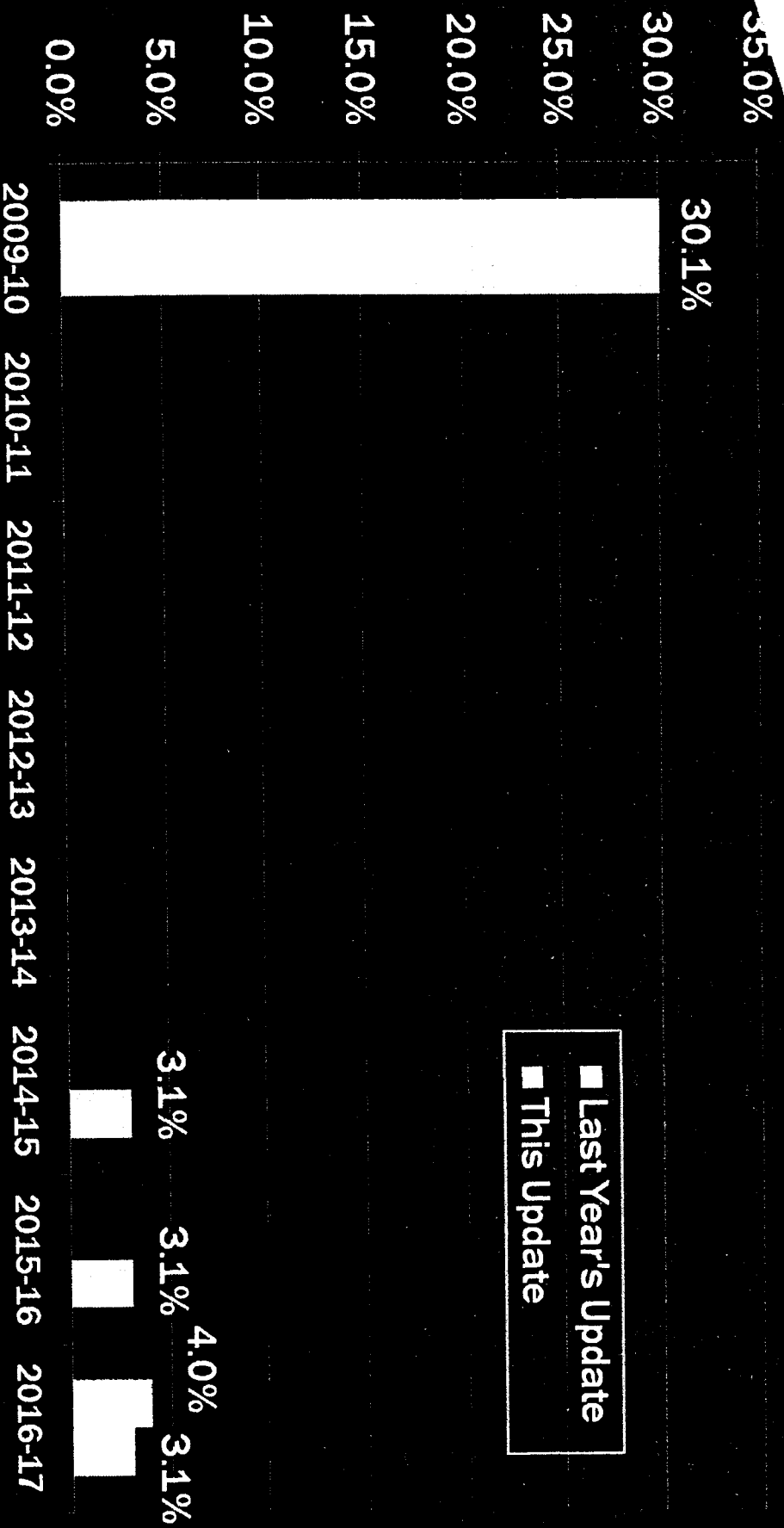
Wastewater Division

- Increased capital and operating cost projections result in four years of 3.1% rate increases starting in Fiscal Year 2014-15 to meet debt service coverage.
- 3.1% Rate increase is anticipated but will be finalized once the collection and treatment master plans are completed.

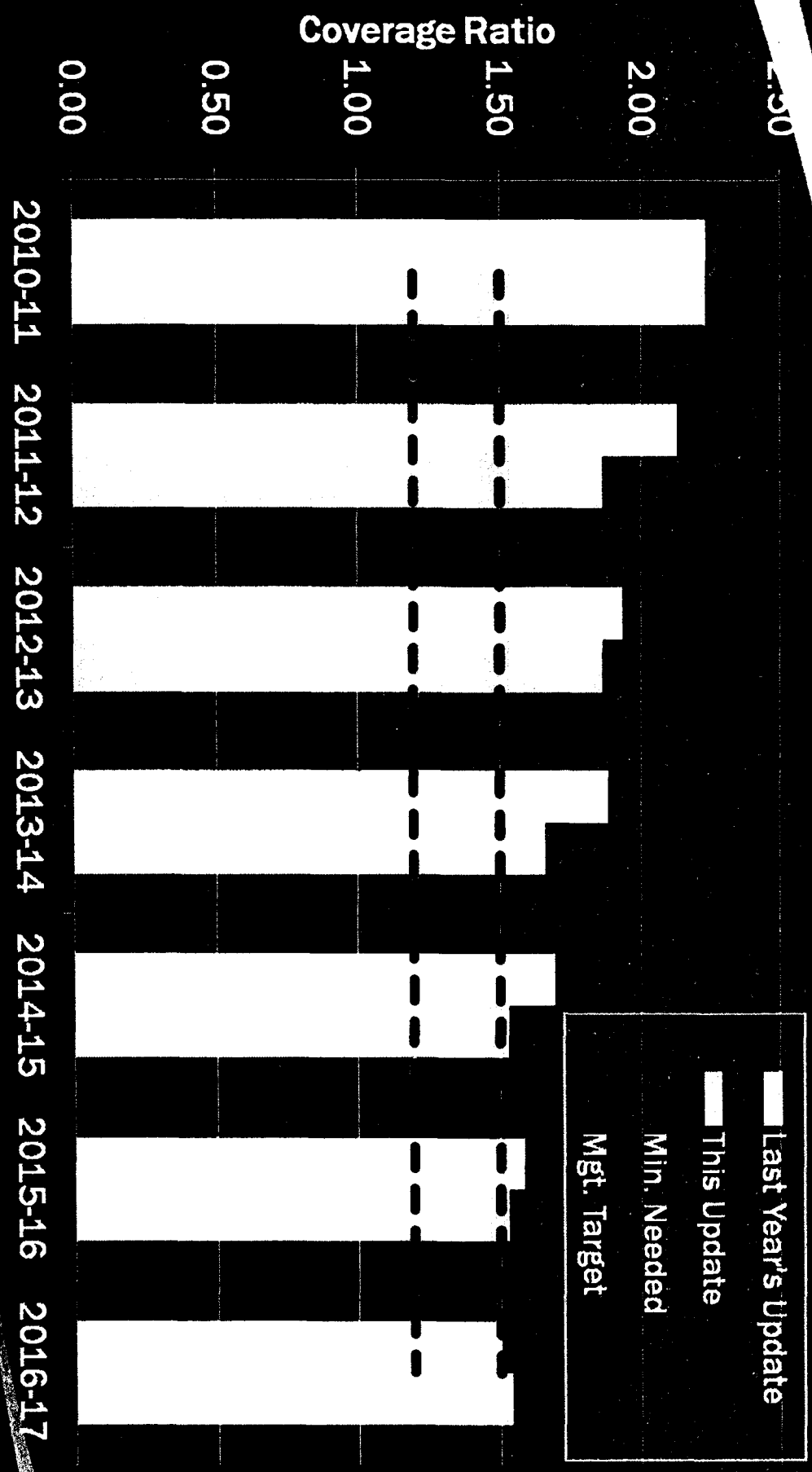
Wastewater Division: Rate Requirements



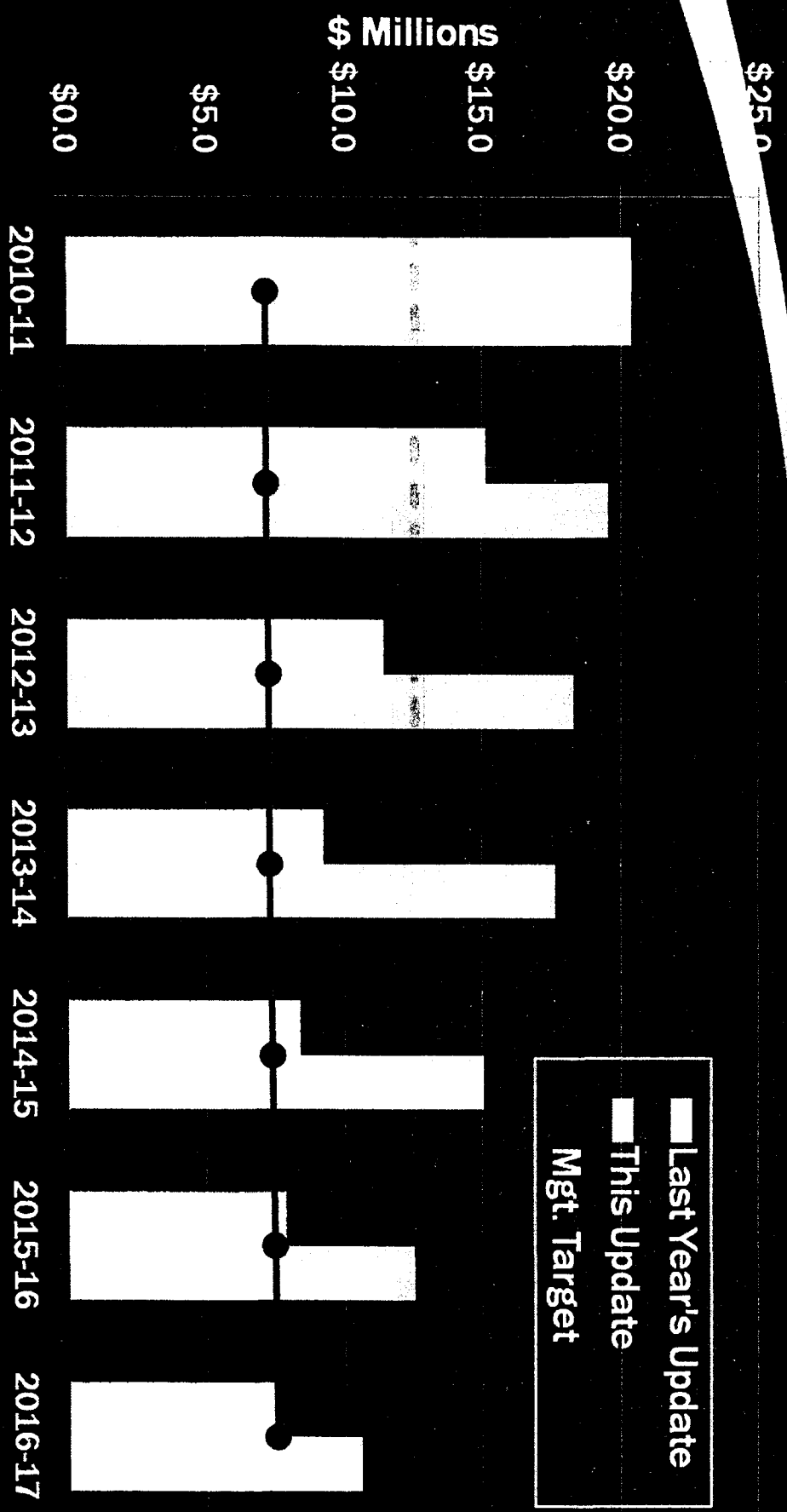
Wastewater Division: Rate Increases



Wastewater Division: Debt Coverage

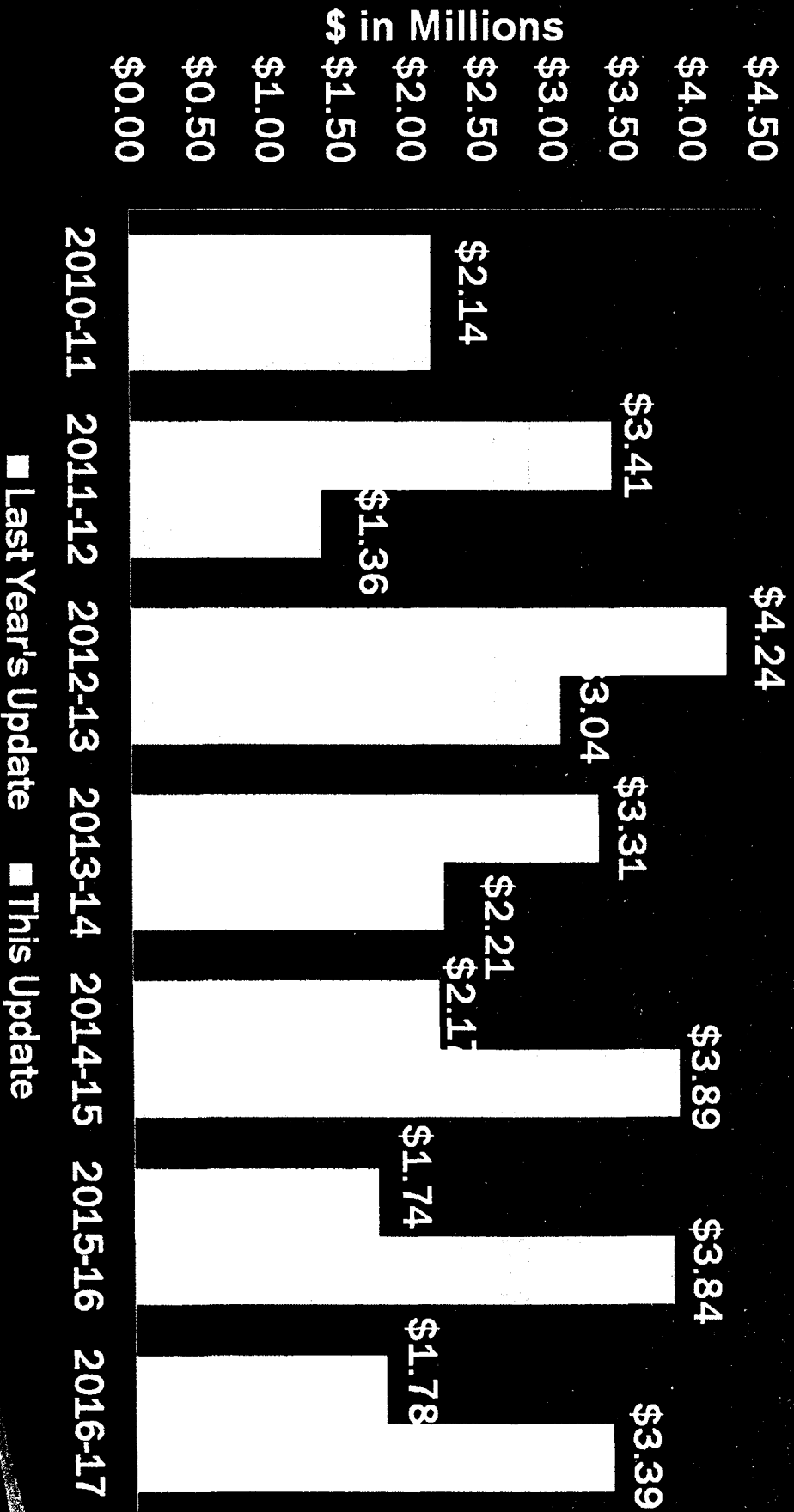


Wastewater Division: Fund Balance



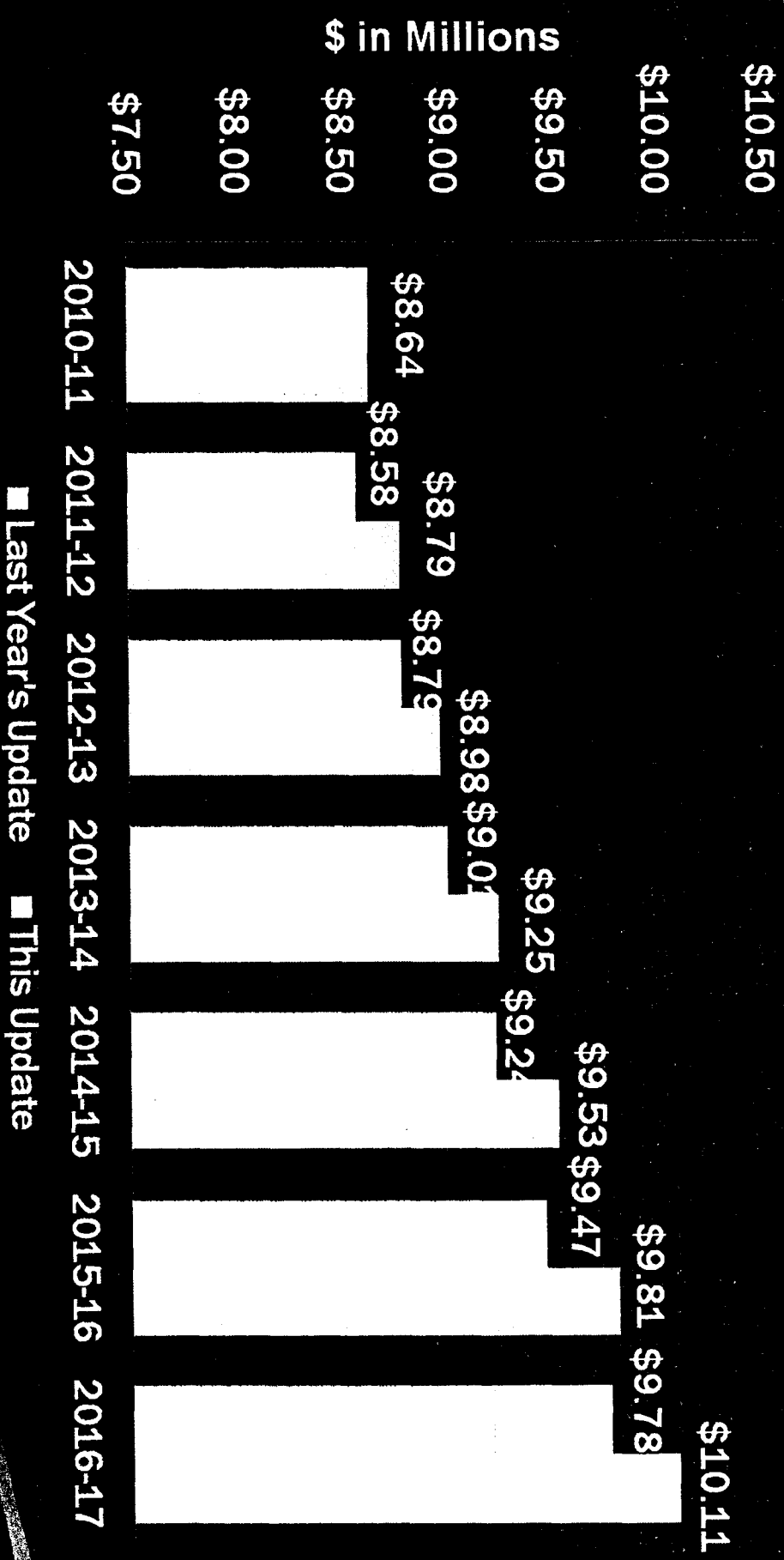
Targets: 90-days O&M (\$62.2M), Capital Reserve (\$3M) Rate Stabilization (\$2M)

Wastewater Division: CIP



04M

Wastewater Division: CIP





Thank you for your time

Questions?

Comments?



City of Santa Fe, New Mexico

memo

DATE: January 31, 2013
TO: Public Utilities Committee
FROM: Brian K. Snyder, Public Utilities Department and Water Division Director *BKS*

ITEM AND ISSUE:

Public Utilities Department (Water Division and Wastewater Division) Financial Plan Update.

BACKGROUND:

Annually the Public Utilities Department completes a Financial Plan Update for each enterprise fund. The purpose of this Financial Plan Update is to update and analyze the following:

- Division Revenues,
- Division Rate Adjustment Requirements,
- Division Debt Service Coverage,
- Fund Balance Reserves

The attached Memorandum from Stepwise Utility Advisors, dated January 7, 2013 describes the Financial Plan Update.

Exhibit "3"



Financial guidance that makes a difference.

StepWise Utility Advisors, LLC

56 Inverness Drive East, Suite 111 | Englewood, CO 80111

(866) 935-3101 | www.StepWiseAdvisors.com

Memorandum

Date: January 7, 2013

From: Jason Mumm

To: Brian Snyder, City of Santa Fe

Re: City of Santa Fe's 2013 Water and Wastewater Divisions Financial Plans Findings

This memorandum summarizes our findings with respect to our update of the current and projected financial condition of the City of Santa Fe's water and wastewater utilities divisions.

Stepwise Utility Advisors, now MWH, last updated the City's Utilities Divisions financial plans a year ago for fiscal year 2012-2013. Few things changed in this latest update and the Utilities Divisions stayed in good financial health. The continuous monitoring and update of the long-term financial plans and assumptions have been important in maintaining the Utilities Division financial health, especially in light of flat revenues and low growth.

Table 1 below summarizes the proposed rate adjustment for the next five years for each utility division.

Table 1: Proposed Rate Adjustment for

Year	Water Division	Wastewater Division
2012-13	8.2%	0.0%
2013-14	0.0%	0.0%
2014-15	0.0%	3.1%
2015-16	0.0%	3.1%
2016-17	0.0%	3.1%

The fiscal year 2012-13 will be last year of the City's approved five years annual 8.2% rate increases for the water division. The water division currently has strong cash balance and debt service coverage that will allow the implementation of its planned capital improvement program. We estimate no additional increases will be necessary through fiscal year 2017-18.

For the wastewater division, we are projecting a rate adjustment of 3.1% for four years from FY2015-16 through FY2017-18 mainly to meet debt service coverage requirements. The wastewater division faced lower-than-projected retail revenues; caused in part by the loss of wholesale revenues from Las

Campanas effluent sales contract in 2012-13 along with increases in operating expenses negatively affecting the debt service coverage requirement.

Water Division

Our update shows that the water division has maintained good financial performance, with key ratios remaining strong helped by a better than projected sales and lower than projected capital costs in FY2011-12. Despite the increase in sales in FY2011-12 we are maintaining the revenue projections we had in our last update. Table 2 compares the projected rate revenue requirements from last year's update to this year's update.

Table 2: Water Division Rate Revenue Comparison (Millions)

Year	Last Year's Update	This Year's Update
2010-11	\$30.8	\$30.8
2011-12	\$32.2	\$33.2
2012-13	\$35.0	\$35.0
2013-14	\$36.6	\$36.6
2014-15	\$36.8	\$36.8
2015-16	\$37.0	\$37.0
2016-17	\$37.1	\$37.1

Fiscal year 2012-13 is the last year of the five years of approved annual 8.2% increases. We do not project the need for additional rate adjustments or the need for debt financing through fiscal year 2017-18.

Figure 1 shows the comparison of debt service coverage between last year's update and this year's update. Last year's plan showed lower debt coverage in fiscal year 2011-12, the actual coverage was higher due to the higher than estimated water sales and lower than estimated operating expenses. We are projecting the debt service coverage will remain over 2 times net revenues for the rest of the study period. Compared to last year's update the projected debt service coverage will be slightly higher due to a slightly lower projection of operating costs.

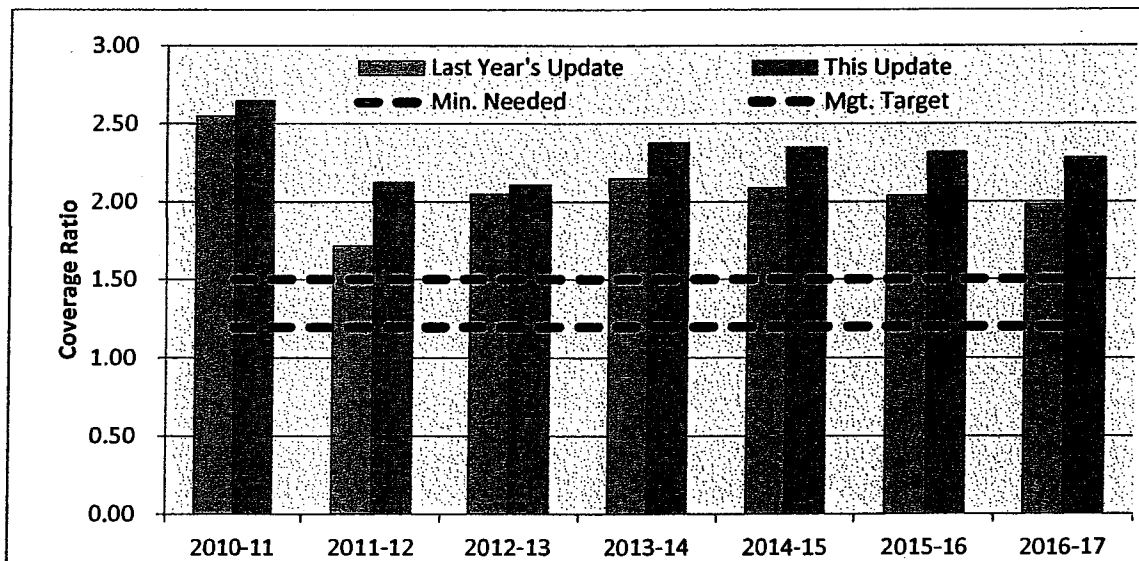


Figure 1: Water Division Debt Service Coverage Comparison

Figure 2 shows the comparison of cash balance reserves between last year's update and this year's update. Reserve targets include: 90 days of O&M cash on hand (\$ varies), required debt reserves (\$ varies), capital reserve (\$3m), rate stabilization (\$2m). Projected cash balance reflects higher than expected revenues for FY2011-12 and a lower than projected CIP spending for that same year. Cash balances are still projected to be slightly above management targets throughout the study period.

Figure 3 shows the comparison of the capital improvement plan between last year's update and this year's update. Capital improvements are the main cause of the increase in cash balance in FY2011-12. As show in the figure in FY2011-12 \$32.7 million were not spent however, some of the planned projects will be carry forward to FY2012-13 increasing the total expected capital improvement to about \$40 million. Water division will schedule some of the capital improvements not completed in FY2011-12 to later years. These are upcoming capital improvements to begin construction complete in FY2012-13 and early FY2013-14:

- Reservoir Improvement Project - \$10,000,000
- Hospital Tank Rehabilitation \$3,000,000
- Reservoir pipeline improvement project \$1,000,000
- Buckman well field Main Extension \$1,500,000
- Buckman well field booster rehab \$2,000,000
- Main line replacements \$2,000,000
- Master plan line extensions \$2,000,000
- Clean 7 Paint Storage Tanks \$500,000
- Buckman well field Arsenic Removal System \$8,000,000 (on hold)

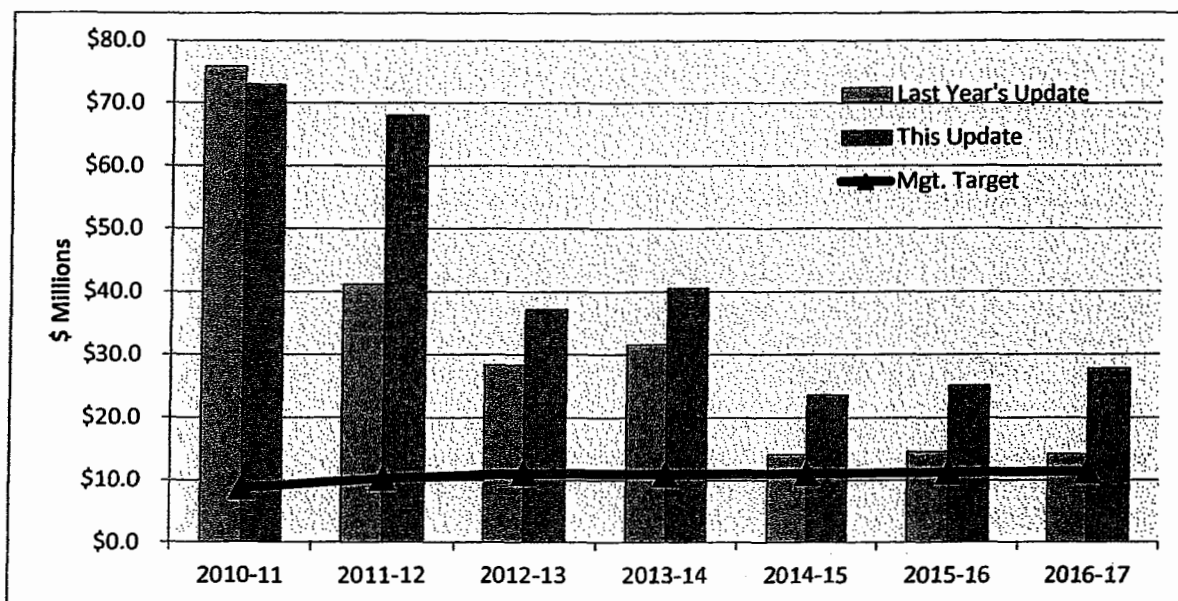


Figure 2: Water Division Cash Balance Reserves Comparison

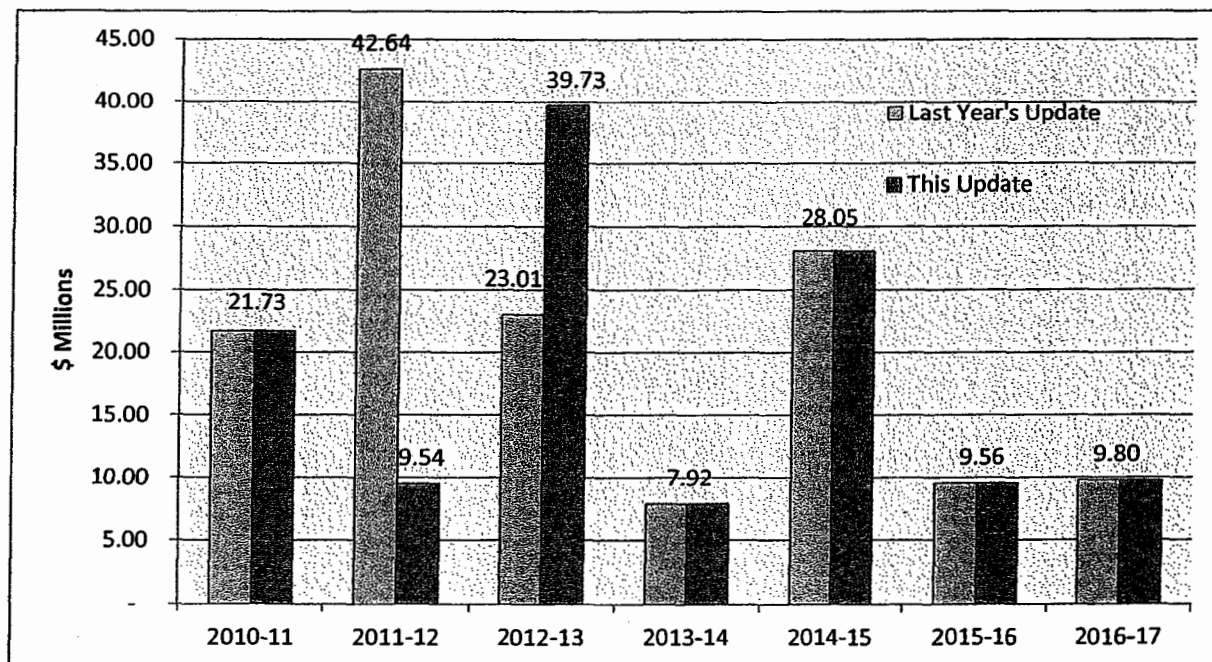


Figure 3: Water Division CIP Comparison

Wastewater Division

Our update shows that the Wastewater division operating and maintenance costs are greater this year than previously projected and therefore rate adjustments are needed in 2014-15 through 2016-17 to meet debt service coverage requirements.

Table 3: Wastewater Division Rate Revenue Comparison (Millions)

Year	Last Year's Update	This Year's Update
2010-11	\$10.66	\$10.66
2011-12	\$10.80	\$10.57
2012-13	\$10.86	\$10.81
2013-14	\$10.91	\$10.87
2014-15	\$10.97	\$11.09
2015-16	\$11.02	\$11.48
2016-17	\$11.30	\$11.89

Fiscal year 2011-12 had developments that negatively impacted revenues. These developments were:

- GRT transfer of cash to the general fund of \$1.78 million
- The loss of Las Campanas' effluent revenues \$0.3 million

These developments along with increased operating costs and the need to meet debt service coverage requirements created the need for four years of rate adjustments of 3.1% from 2014-15 through 2017-18 (only through 2016-17 shown) as presented in Table 5. The Wastewater Division implemented a 30% rate increase in 2009-10. That rate adjustment was found to be in surplus of the financial needs and last year's update showed no need for future rate increases up to 2015-16.

Table 4: Wastewater Division Rate Adjustments Comparison

Year	Last Year's Update	This Year's Update
2011-12	0.0%	0.0%
2012-13	0.0%	0.0%
2013-14	0.0%	0.0%
2014-15	0.0%	3.1%
2015-16	0.0%	3.1%
2016-17	4.0%	3.1%

The main reason for the rate increases is due to the need to meet debt service coverage requirements due to higher operating costs over the study period as compared to last year's projection.

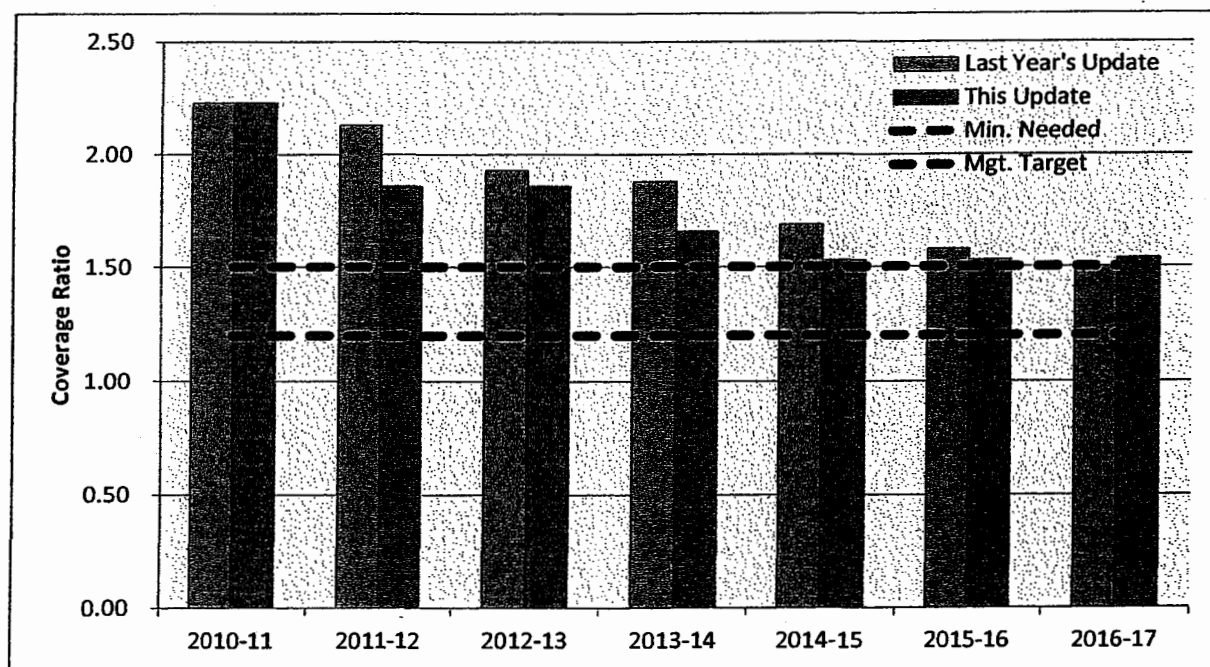


Figure 4: Wastewater Division Debt Service Coverage Comparison

As shown in Figure 4, debt service coverage for 2012-13 is lower than last year's update due to lower than projected rate revenues coupled with slightly higher than projected operating costs. We project that the debt service coverage ratio will drop to the managerial target over the course of the study period.

Figure 5 shows the comparison of cash balance reserves between last year's update and this year's update. Reserve targets include: 90 days O&M cash on hand (\$varies); capital reserve (\$3m); and rate stabilization (\$2m). The difference in cash balance is mainly due to lower than projected capital costs coupled with a cash transfer of \$1.6M from the Parks Fund in FY2012-13 from the Southwest Area treated effluent bond sale schedule for constructions in late FY2012-13 early FY2013-14. Also, GRT revenues are projected to stay level at \$1.8 million dollars without any GRT reallocation transfers to the general fund after 2011-12.

The wastewater division cash balance is projected to be higher than last year's update. The main reason behind this is the wastewater division updated their capital improvement plan by rescheduling certain projects from the early years (FY2011-12 through FY2013-14) to the later years of the study period (FY2014-15 to FY2016-17). Figure 6 shows the comparison of the CIP projects between last year's update and this year's update.

It is important to note, that the wastewater division expects to initiate a treatment and collection master plans in FY2012-13 and have completed in FY2013-14. These master plans will determine if new capital projects are necessary. Having higher than expected cash balance will reduce the impact of scheduling new additional projects. The wastewater division also is aware of Federal changes in nutrient criteria that could impact the City's discharge permit, resulting in required capital improvements projects and impacting rates. These changes will be incorporated into the master plans.

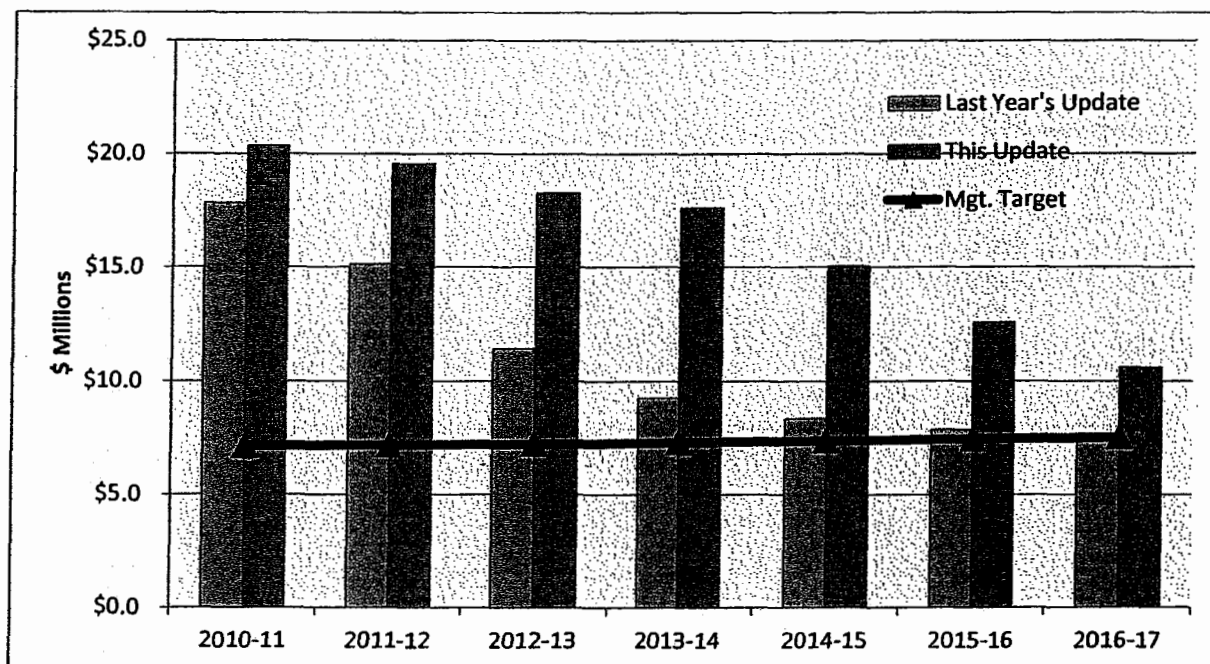


Figure 5: Wastewater Division Cash Balance Reserves Comparison

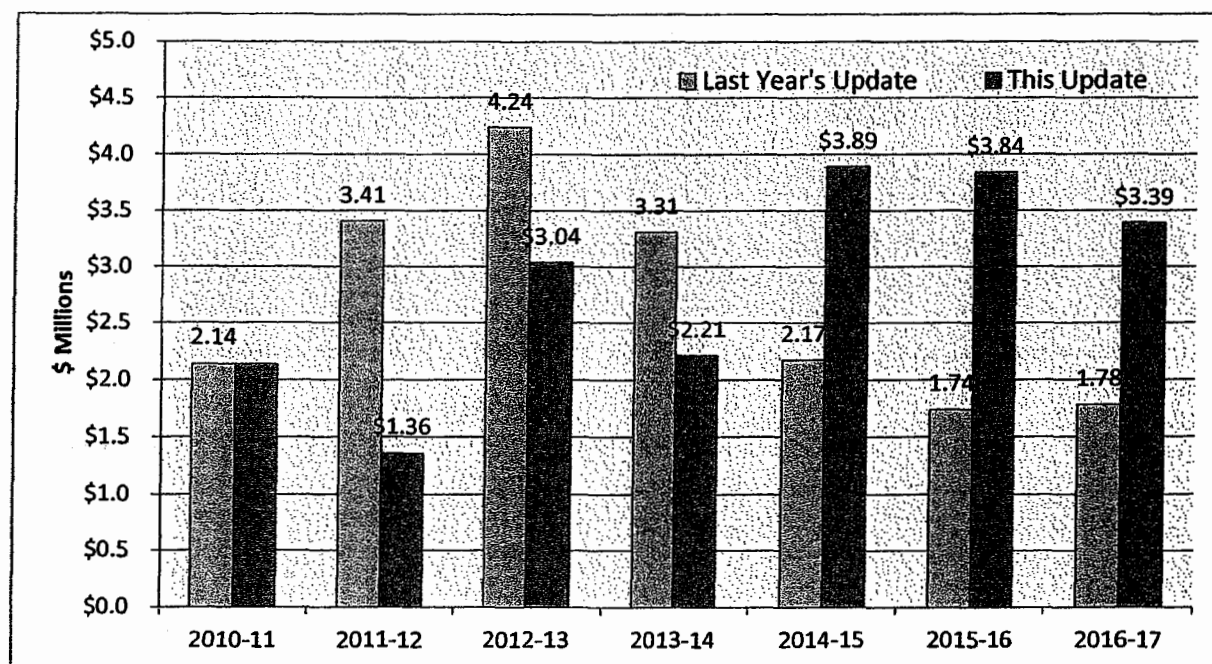


Figure 6: Wastewater Division CIP Comparison

The four years of 3.1% rate increases (only three shown) presented in this update are required to meet debt service coverage. The debt service coverage is not affected by the higher than expected cash balance therefore the debt service coverage will dip below management targets if the increases in revenues do not occur.

The debt service coverage is lower than previously expected because O&M costs were higher in FY2011-12 than previously projected. This difference is expected to be carry through the rest of the study period. Figure 7 presents the comparison of O&M cost between last year's update and this year's update. The difference in O&M cost shown from FY2010-11 projected to FY2016-17 was caused by projected savings we expected based on historical budget versus actual behavior. The FY2011-12 O&M actual costs were not lower than budgeted as in previous years therefore this changed our assumptions for the rest of the study period.

The 3.1% increase is anticipated but will be finalized once the collection and treatment master plans are completed. The higher than expected cash balance presented here will reduce the impact on rate increases of additional capital improvements.

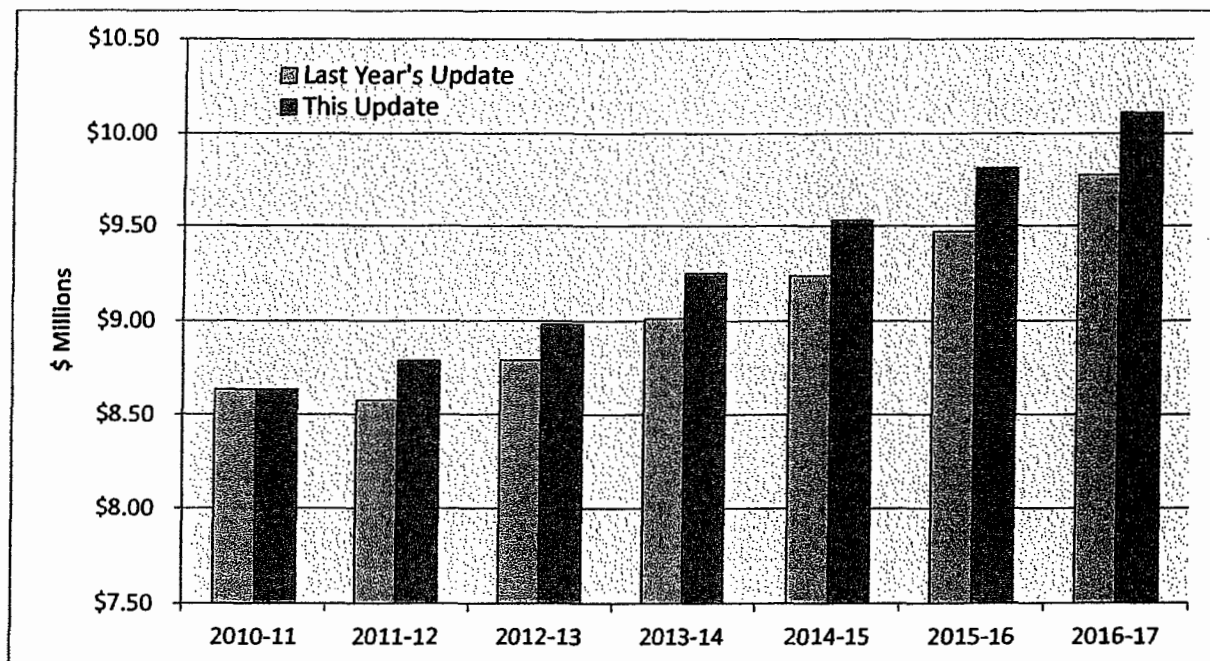


Figure 7: Wastewater Division O&M Comparison