



# Agenda

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## **PUBLIC UTILITIES COMMITTEE MEETING**

**CITY COUNCIL CHAMBERS  
WEDNESDAY, MARCH 7, 2007**

**5:15 P.M.**

***MEETING WILL BEGIN IMMEDIATELY FOLLOWING THE  
SPECIAL CITY COUNCIL MEETING SCHEDULED FOR 5:15 P.M.***

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA
5. APPROVAL OF MINUTES FOR THE JANUARY 17, 2007 AND  
FEBRUARY 7, 2007 PUBLIC UTILITIES COMMITTEE MEETING

### **INFORMATIONAL ITEMS**

6. Update on Current Water Supply Status. (Michael Gonzales) (5 min.)
7. Report on Reservoir Status. (Gary Martinez) (5 min.)
8. Update on Solid Waste Division. (Galen Buller and Bill DeGrande) (10 min.)
9. Quarterly Report on the Requests for Domestic Water Service (DWS) and  
Sanitary Sewer Service (SAS) Processed by the Water and Wastewater  
Review Team (WWRT). (Antonio Trujillo) (5 min.)
10. Presentation and Update on Northwest Quadrant Tank Site Evaluation. (Gary  
Martinez and Brown & Caldwell) (30 min.)
11. Update on Utility Billing. (Peter Ortega) (5 min.)
12. Report on New Water Rates for Commercial Users:
  - a. Financial Impact on Commercial Concerns. (Peter  
Ortega) (5 min.)

- b. Water Division's Current Meter Sizing Practices. (Robert Jorgensen) (5 min.)
  - c. Public Comment. (2 min. limit per speaker)
13. Update on Conservation Effectiveness. (Dan Ransom) (5 min.)

### **CONSENT CALENDAR**

14. Request for Approval of Professional Services Agreement with CDM for \$35,000 Exclusive of NMGR for Groundwater Modeling for Sustainability & Permit Compliance. (Claudia Borchert)
15. Request for Recommended Approval of Amendment No. 2 to the Legal Services Agreement Between the City of Santa Fe and Hawkins Delafield & Wood, LLP for \$210,000 Exclusive of NMGR for the Buckman Direct Diversion Project. (Rick Carpenter)

### **DISCUSSION ITEMS**

16. Request for Approval of Ordinance No. 2007-\_\_\_\_\_. An Ordinance Amending Chapter 21, SFCC 1987 Regarding Solid Waste Collection Requirements and Enforcement Penalties. (Councilor Ortiz)(Bill De Grande)
17. PNM Accounting of Underground Utility Projects – Consideration and Recommendation for Construction of Underground Electric Facility Distribution Projects: South Pacheco 11 and 13. (Robert Gallegos)
18. Request for Approval of Water Service Under Provisions of SFCC Ordinance 2006-60 by Michael Roybal for a Dance Studio in the Amount of .55 AFY for the Property at 3951 Rufina Street in the Traditional Agua Fria Village. (Antonio Trujillo)

### **MATTERS FROM THE CITY ATTORNEY**

### **ITEMS FROM STAFF**

### **MATTERS FROM THE COMMITTEE**

**NEXT MEETING: APRIL 4, 2007**

### **ADJOURN**

**SUMMARY INDEX  
PUBLIC UTILITIES COMMITTEE  
March 7, 2007**

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
<b>CALL TO ORDER &amp; ROLL CALL</b>	<b>Quorum</b>	<b>1</b>
<b>APPROVAL OF AGENDA</b>	<b>Approved [amended]</b>	<b>1-2</b>
<b>APPROVAL OF CONSENT CALENDAR</b>	<b>Approved</b>	<b>1-2</b>
<b>CONSENT CALENDAR LISTING</b>		<b>2</b>
<b>APPROVAL OF MINUTES</b>		
<b>JANUARY 17, 2000</b>	<b>Approved</b>	<b>2</b>
<b>FEBRUARY 7, 2007</b>	<b>Approved</b>	<b>2</b>
<b><u>INFORMATIONAL ITEMS</u></b>		
<b>PRESENTATION AND UPDATE ON NORTHWEST QUADRANT TANK SITE EVALUATION</b>	<b>Information/Discussion</b>	<b>2-8</b>
<b>REPORT ON NEW WATER RATES FOR COMMERCIAL USERS:</b>		
<b>A. FINANCIAL IMPACT ON COMMERCIAL CONCERNS</b>	<b>Information/Discussion</b>	<b>8</b>
<b>B. WATER DIVISION'S CURRENT METER SIZING PRACTICES</b>	<b>Information/Discussion</b>	<b>8-9</b>
<b>C. PUBLIC COMMENT</b>		<b>10-13</b>
<b>UPDATE ON CURRENT WATER SUPPLY STATUS</b>	<b>Information/Discussion</b>	<b>13</b>
<b>UPDATE ON RESERVOIR STATUS</b>	<b>Information/Discussion</b>	<b>13-14</b>
<b>UPDATE ON SOLID WASTE DIVISION</b>	<b>Information/Discussion</b>	<b>14-15</b>

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<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
<b>QUARTERLY REPORT ON THE REQUESTS FOR DOMESTIC WATER SERVICE (DWS) AND SANITARY SEWER SERVICE (SAS) PROCESSED BY THE WATER AND WASTEWATER REVIEW TEAM (WWRT)</b>	<b>Information</b>	<b>15</b>
<b>UPDATE ON UTILITY BILLING</b>	<b>Postponed to 04/04/07</b>	<b>16</b>
<b>UPDATE ON CONSERVATION EFFECTIVENESS</b>	<b>Postponed to 04/04/07</b>	<b>16</b>
<b><u>DISCUSSION ITEMS</u></b>		
<b>REQUEST FOR APPROVAL OF ORDINANCE NO. 2007- _____. AN ORDINANCE AMENDING CHAPTER 21, SFCC 1987, REGARDING SOLID WASTE COLLECTION REQUIREMENTS AND ENFORCEMENT PENALTIES</b>	<b>Postponed to 04/04/07</b>	<b>16</b>
<b>PNM ACCOUNTING OF UNDERGROUND UTILITY PROJECTS – CONSIDERATION AND RECOMMENDATION FOR CONSTRUCTION OF UNDERGROUND ELECTRIC FACILITY DISTRIBUTION PROJECTS: SOUTH PACHECO 11 AND 13</b>	<b>To Council w/o Recom.</b>	<b>16-18</b>
<b>REQUEST FOR APPROVAL OF WATER SERVICE UNDER PROVISIONS OF SFCC ORDINANCE 2006-60 BY MICHAEL ROYBAL FOR A DANCE STUDIO IN THE AMOUNT OF 55 AFY FOR THE PROPERTY AT 3951 RUFINA</b>	<b>Postponed to 04/04/07</b>	<b>19</b>
<b>MATTERS FROM THE CITY ATTORNEY</b>	<b>None</b>	<b>19</b>
<b>ITEMS FROM STAFF</b>	<b>None</b>	<b>19</b>

<b><u>ITEM</u></b>	<b><u>ACTION</u></b>	<b><u>PAGE</u></b>
<b>MATTERS FROM THE COMMITTEE</b>	<b>None</b>	<b>19</b>
<b>NEXT MEETING: April 4, 2007</b>		<b>19</b>
<b>ADJOURN</b>		<b>19</b>

**MINUTES OF THE  
CITY OF SANTA FE  
PUBLIC UTILITIES COMMITTEE  
March 7, 2007**

**1. CALL TO ORDER**

A meeting of the Public Utilities Committee was called to order by Councilor Miguel Chavez, Chair, at approximately 6:30 p.m., on March 7, 2007, in the Council Chambers, City Hall, Santa Fe, New Mexico.

**MEMBERS PRESENT**

Councilor Miguel Chavez, Chair  
Councilor Patti J. Bushee  
Councilor Carmichael Dominguez  
Councilor Karen Heldmeyer  
Councilor Ronald Trujillo

**OTHERS ATTENDING**

Galen Buller, Public Utilities Department Director  
Stephanie Trujillo, Public Utilities  
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 Bushee moved, seconded by Councilor Dominguez, to move Items #10 and #12 to the top of the Information Agenda in this order, and to approve the Agenda as amended.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

**4. APPROVAL OF CONSENT CALENDAR**

The following Consent Calendar was approved:

## **CONSENT CALENDAR**

- 14. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH CDM FOR \$35,000, EXCLUSIVE OF NMGR FOR GROUNDWATER MODELING FOR SUSTAINABILITY & PERMIT COMPLIANCE. (CLAUDIA BORCHERT)**
- 15. REQUEST FOR RECOMMENDED APPROVAL OF AMENDMENT NO. 2 TO THE LEGAL SERVICES AGREEMENT BETWEEN THE CITY OF SANTA FE AND HAWKINS, DELAFIELD & WOOD, LLP, FOR \$250,000, EXCLUSIVE OF NMGR, FOR THE BUCKMAN DIRECT DIVERSION PROJECT. (RICK CARPENTER)**

MOTION: Councilor Bushee moved, seconded by Councilor Dominguez, to approve the Consent Agenda as presented.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

- 5. APPROVAL OF MINUTES FOR THE JANUARY 17, 2007, AND FEBRUARY 7, 2007, PUBLIC UTILITIES COMMITTEE MEETINGS.**

MOTION: Councilor Dominguez moved, seconded by Councilor Bushee, to approve the minutes of the meeting of January 17, 2007, as presented.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

MOTION: Councilor Trujillo moved, seconded by Councilor Bushee, to approve the minutes of the meeting of February 7, 2007, as presented.

VOTE: The motion was approved on a voice vote [Absent: Councilor Heldmeyer].

## **INFORMATIONAL ITEMS**

- 10. PRESENTATION AND UPDATE ON NORTHWEST QUADRANT TANK SITE EVALUATION (GARY MARTINEZ AND BROWN & CALDWELL)**

A copy of the "Northwest Quadrant Water System Design Evaluation," dated March 2007, prepared by Brown and Caldwell, is incorporated herewith to these minutes by reference. Copies can be obtained from Gary Martinez, Public Utilities Division.

Gary Martinez presented an overview of this matter to the Committee. He introduced Jason Mumm, Business Consulting Practice Leader from the Denver office, Michael Middleton and Don Clayton, a hydraulic pump experts of Brown & Caldwell, who will be presenting the findings and conclusions of the evaluation.

Mr. Middleton, Mr. Clayton and Mr. Mumm presented information via power point. A copy of the power point presentation is incorporated herewith to these minutes as Exhibit "1"

Chair Chavez said although this isn't noticed as a public hearing, he will allow brief comment from the public after the Councilors have asked their questions, and asked the TAG group to choose two representatives to speak to the issue.

Councilor Bushee asked if Alternate A is the tank. Mr. Middleton said it is a hypothetical example for that graph and meant for demonstration purposes.

Councilor Bushee asked how the holding tank capacity of 2.5 was calculated. Mr. Clayton said this was based on the fact that the proposed Barranca tank is 2.5 million gallons, so it was used as the perceived level of service the City would like to provide. Mr. Clayton said the two alternatives don't answer the same questions identically.

Councilor Bushee asked, with regard to geotechnical concerns, if they had someone else to evaluate the core samples. Mr. Clayton said they evaluated the reports put together by Geotest and Amac, but they didn't look at actual core samples.

Councilor Bushee asked what were the geotechnical concerns, and if a tank has ever failed due to geotechnical issues. Mr. Clayton said tanks have failed. He said the issues surrounding this particular site include voids noted in the Geotest report in the vicinity of the tank, but it did not show voids in the borings at the actual tank site. There was also concern with the shale layers and the swell-shrink potential. He understands additional testing is being done currently to establish the exact extent of that potential. He said "our" geotechnical sub-consultant suggested there definitely needs to be more work done to identify this potential, as well as having actual bores done beneath the proposed tank site to determine whether or not there are voids.

Councilor Bushee said then it would be safe to say that if you did find further geotechnical concerns that the estimated costs would increase. Mr. Clayton said yes, and there certainly would be an increase in risk. If, in fact there were voids, or extreme swell and shrink potential of the shale layers, then a different or more elaborate foundation system would need to be designed to support the tank in that location.

Councilor Bushee asked, thus far, if all of the cost estimates involve labor costs for both options. Mr. Clayton said yes.



Councilor Bushee asked, regarding the triple bottom line on page 7, was the tank included for the pump version. Mr. Middleton said the triple bottom line included the pump option and the 2.5 million storage tank at the Buckman site. Councilor Bushee said, then you've been approaching this as if it would include a storage tank in the cost. Mr. Middleton said, "Absolutely."

Councilor Bushee asked about the costs for the Buckman tank. Mr. Middleton said the \$2.5 million gallon steel storage at Buckman would cost \$2.6 million, which would be an at grade, steel storage tank.

Councilor Bushee asked if anyone has had a concern that there are geotechnical issues at this site for a tank. Mr. Middleton said they have no information regarding the geotechnical situation at that site. However, there currently is a 10 million tank out there, so the assumption is that an additional 2.5 million tank would be reasonable for the site.

Responding to Councilor Bushee, Mr. Middleton said the tank would be located at the Buckman site. He said the tank won't have to fit into any neighborhood style and such at that site.

Councilor Bushee asked if Mr. Beauregard if the VFD system will include a storage tank as he views it. She knows there needs to be study by staff of the whole report. She wants to know that what is being considered includes a storage tank, given that it didn't really change the cost. She wants some commitment that we are talking about a storage tank and a VFD system which is the Cadillac of systems and if we are going for the Cadillac or a Chevrolet.

Mr. Middleton said he wants to clarify that they're not recommending that the tank necessarily be a part of the VFD pump station project, but it was added to the project to bring these two to a level playing field – level of service.

Councilor Bushee wants to know if the staff is seeking storage and if Mr. Beauregard feels this is something which he can support.

Mr. Buller said staff just received the report recently, and needs time to look at it and bring a recommendation back in conjunction with Mr. Beauregard and what offers he would make along these lines.

Councilor Dominguez asked about the social costs. Mr. Mumm said some of the assumptions are outlined in the appendix. He said they aren't appraisers and didn't have time to do that. However, they took some real estate values from a real estate website, realizing those aren't 100% accurate. They went with an average for the neighborhood, sampling a dozen homes in the area, and applied that average to the six homes, but they didn't actually do an appraisal of the six homes. They tried to make a reasonable estimate of what could be expected, with the full acknowledge that they aren't qualified to offer an appraisal opinion, and that they wouldn't be 100% accurate.

Councilor Dominguez asked if the deviations were calculated into the analysis. Mr. Mumm said they used the average, while acknowledging the homes in the immediate vicinity could be worth more or less than that average. He realizes a better approach would be to get appraisals on the homes, but given the limited time, they made assumptions.

Councilor Dominguez asked if the analysis is reasonably accurate. Mr. Mumm said they were comfortable with it to include it in the analysis, but he doesn't want to give an opinion as to how accurate he believes it is. He is comfortable with the sources used, but it could be more or less.

Councilor Dominguez wants to ensure that the value wasn't inflated somehow. Mr. Mumm said it needs to be acknowledged that the real estate values in that area are quite high, which is reflected in their analysis.

Councilor Dominguez referred to page 7 of the recommendation, where there is a value for the recommended upgrades, and asked if that considers inflation as well. Mr. Mumm said the numbers given are up-front capital costs, so those are in current dollars.

Councilor Dominguez asked about the adjusted capital costs on page 5. Mr. Mumm said inflation was considered at every point in their analysis, using the 4% rate for every instance where inflation was relevant.

Councilor Trujillo said then the suggestion is to put a 2.5 gallon tank adjacent to the Buckman tank, and asked if the City would have to find land to do this. Mr. Clayton said they aren't recommending that physically be done. They are suggesting that in order to compare the two options on a level playing field, the storage component needs to be included. The Buckman tank site was an assumed, preferable location for the tank.

Councilor Trujillo said the whole concern is to get the water up to the Northwest Quadrant. He asked, if the pumps fail, where will we get the water. Mr. Clayton said this is a legitimate concern with a closed loop pump station. The best approach to that is to build enough redundancy into the pump station that a failure is less likely. This is done by installing additional pumping equipment in the station as well as installing backup power which can be done by a dual feed into the site or diesel generators and such.

Councilor Trujillo asked about the cost on that. Mr. Clayton said the cost is included in the estimate.

Councilor Trujillo asked Mr. Clayton if they used Denver inflation figures or Santa Fe figures. Mr. Clayton said they used data from other projects in other states, using traditional tools to factor information to the Santa Fe cost index number.

*Councilor Heldmeyer arrived at the meeting at this time.*

Councilor Dominguez said then this is with the understanding that pumps will be purchased from different areas. Mr. Middleton said the standard estimating methodology is to look at the information wherever it comes from, and they are looking at project costs based on other projects which would be brought to Santa Fe dollars with engineering construction cost index factor or City factor.

Councilor Bushee asked how much of the capacity of the 10 million tank does the City rely on currently.

Mr. Martinez said all of the current storage at Buckman is used –10 million gallons – mainly on demand days during peak summer.

Councilor Bushee asked about the proposed 2.5 million tank, and if that is an adequate amount of additional storage. Mr. Martinez said he would need to evaluate the report and come back with a recommendation, but storage is needed whether at that site or at an elevated site to be determined, noting staff prefers elevated sites. He said we are looking for 2.5 million gallons to provide service to the Northwest Quadrant site, not necessarily at the Barranca site.

**Jim Jennings, 155 Barranca Road and Greg DeLucca, 1203 Sierra del Este speaking on behalf of TAG.** Mr. Jennings said the Brown group did a very good job as did the Miller group. He said together, both recommend that the pump system go forward. He said TAG looks at the storage as a separate issue to the pressure issue. They believe the storage should be studied very carefully. He has heard that the storage at 10 million was very, very adequate and the reason TAG didn't propose a tank with its proposal. He said they do not know how much storage is needed, and they've never looked into that, and believes this is a City issue and the City should decide how much storage is needed and put it where it is most properly needed.

Mr. DeLucca said it appears that the conclusion of Brown & Caldwell is that the reliability of a pump system and a tank is equivalent to the tank project itself. Consequently, the two alternatives are equal in reliability. He said the timeline issue is critical. He said, "We believe we can put a pump system in place in about eight months, which is in contrast to an estimated 3½ years which might be needed to install a tank, due primarily to the approval process. He believes this goes a long way in assisting the affordable housing project which is very important to the City. He said there still are geotechnical issues. Borings were taken at the five sites, only one of which was taken from beneath the tank, and voids were discovered in the surrounding borings. He believes this issue needs to be explored. If voids are found, or the shale can't support structures, we are talking about additional costs which could abort the whole project, which would be a lose-lose situation for everyone. He said they have looked, from day one, for solutions to provide a win win alternative for the City, the developer and the residents of the three communities represented here this evening.

**Don Beauregard, 3324 Monte Serena Drive – owner/managing partner of Monte Serena community.** Mr. Beauregard said he accepted the obligation to build the Northwest Quadrant water system when he purchased the property in 1997. He fulfilled the first half of the

obligation by building the first half of the system. He has been working with the water company for the past two years to find a solution to build the second half of the system. He said the TAG group presented a VSP option, and Councilor Heldmeyer suggested an independent report. He said he endorsed that process and paid for a good portion of it. He has a great deal of respect for Brown & Caldwell and the work they did. He said the report seems to be well thought out, well done and, subject to the water company endorsing the concept of the VSP system, he would endorse it as well. He wants to go forward in an expeditious way, working with the water company, to fulfill the requirements of the agreement in place. We have a document which clearly describes responsibilities for the water company and Monte Sereno. He isn't prepared to discuss the specifics of whatever system. If the City endorses the VSP he endorses it and will fulfill his financial obligations to make that happen.

Councilor Bushee asked Mr. Beauregard, if the City endorsed the VSP concept along with a 2.5 million-gallon storage tank at Buckman, if he would consider that as part of his negotiations financially.

Mr. Beauregard said he is going to have to look at the agreement, and the objective of the agreement – for storage, for pressure, how much, what is the cost sharing. He said there is a lot in the report such as the upgrading of the pump system which may or may not be necessary. He is going to rely on the City to advise him on that. He can't make a commitment to build the 2.5 million gallon tank until he has studied the report further, meets with the water company, and determines whether this is the right thing to do. If so, what obligations do either of the parties have pursuant to the agreement. Responding to Councilor Bushee, Mr. Beauregard said it is in the mix as is anything which deals with the system to create the pressure needed in the Northwest Quadrant.

Chair Chavez said storage needs to be a component of the system to meet the demand. He said the pump system will meet demand, and if upgraded, will provide the fire protection which is needed. However, that doesn't replace the need for additional storage capacity, which Mr. Beauregard is willing to accommodate as well. He said we could build the storage tank as originally planned and we would have fire protection, gravity feed and meet the demand, but it's a question as to whether to build the tank or the VSP system and a tank.

Mr. Beauregard said there are a number of issues related to the storage tank, and the water company personnel need to answer the questions as to where, when and how. All of the issues need to be discussed as to how they fit into our agreement. If it isn't needed, and won't be built for a few years, and we need to discuss how that would happen, how long it would take. He said the water company needs to evaluate the storage issue and come up with direction for him as well as the water system.

Councilor Trujillo asked why only one bore sample was taken under the tank site.

Mr. Jennings said it is his understanding that the engineering people selected to evaluate the borings were on site when the borings were done, and they criticized the places where the

borings were done. One was done in the center and one on the circumference of the system. He said they are very concerned about the unknown factor of what voids might be there or the shale which might move. He said before anything else is done, there needs to be a very careful evaluation of the site. He said the bore on the periphery showed voids.

Mr. Jennings said their consultant was there when Amac did the borings. He said nothing further is happening with regard to testing. The conclusion is that you can construct a tank on the site, however that is a conclusion that just isn't right. You can't construct a tank on this site unless more testing is done.

Councilor Trujillo asked Brown & Caldwell if the data from the core samples was sufficient for them to make this assessment.

Mr. Clayton said the response from the geotechnical subconsultant was that the two reports provided didn't provide sufficient information to say, "yes you can build a tank out there." Their recommendation to us was that if a tank was to be placed on this site, additional geotechnical investigation would be required to determine whether there are voids directly beneath the tank and to establish the shrink/swell potential of the shale layers. He said their geotechnical subconsultant would not be comfortable recommending that this site is suitable based on the information provided at this point.

Chair Chavez said the staff and the water division want to evaluate the report and see how feasible it is for the City. He said this will be coming back to the Committee in a different form, and right now, he is unclear what the next step will be. For right now, there are options to study, and in the near future he hopes the City will move forward with the project, because it shouldn't drag on too much longer. We have spent adequate time on this and it is now time to make a decision one way or the other and move forward.

Councilor Bushee said, direction to staff would be to study the full plan, and to include a water service agreement as another action item with Mr. Beauregard's development. She would like breakdowns of costs and cost sharing in detail. If staff were to recommend going against the recommendation for a VSP system, she would like further testing of the geotechnical concerns about the Barranca site.

Mr. Buller said he agrees, and in addition to bring any proposed amendments to existing contracts which would be required.

**12. REPORT ON NEW WATER RATES FOR COMMERCIAL USERS:**  
**A. FINANCIAL IMPACT ON COMMERCIAL CONCERNS. (PETER ORTEGA)**

Mr. Ortega presented information from his Memorandum of February 27, 2007.

**B. WATER DIVISION'S CURRENT METER SIZING PRACTICES.  
(ROBERT JORGENSEN)**

Chair Chavez asked if the engineering department has a position on the option to change the meter and diameter of water service.

Robert Jorgenson said the engineering department has a recommendation on meter sizing practice, which is not to size meters to fit water rates. The best management practice is to right size the meter to fit the actual flow through the meter, so water meters basically are sized to fit a flow rate by gallons per minute. A flow of 20 gallons per minute could go through a 5/8 or 3/4 inch meter, while a flow of 120 gallons per minute would dictate a 2-inch meter. The current practice is to use the American Water Works Association Manual M-22 for sizing service lines and meters which is a format which looks at the number of fixtures, uses some statistical analysis of how many would be on at one time, and then you find the flow rate from that methodology and size the meter to fit that.

Mr. Jorgenson said there have been requests to go from a 5/8 in meter to a 3 in. meter. He said staff would like to keep the size based on flow rate, which is the proper practice. He said according to the Manual M-22, it is based on actual flow measures, and there are data logging capabilities to be able to measure the water flow on a real time basis over a period of time to calculate a peak flow rate which also could be used to size the water meter.

Mr. Jorgenson said when utility expansion fees were adopted, people were trying to put in a lot more water flow through a smaller meter because the impact fee is quite steep, so it can go either way. He said staff would like to see an amendment to Chapter 25 stating the utility practice.

Chair Chavez said this is an information item, but it deals with water rates. He understands if we do anything with water rates, we also have to involve bond counsel because the City has issued revenue bonds and must meet the bond covenants. The only way this can be done is by providing this service to the ratepayers. He asked Mr. Ortega if the City Attorney or the Finance Director advised him of the situation we would be in with regard to the bond counsel.

Mr. Ortega said yes. Ms. Raveling told him if the City were to change the rates on one, it would be necessary to increase them on another to meet the revenue bonds.

Councilor Heldmeyer referred to the last two tables in the packet, one is 5/8 and one is commercial. She asked if, whether a 5/8 or commercial, the cost for the first portion of water is the same per thousand gallons and the cost above that is the same per thousand gallons under the new system. Mr. Ortega said this is correct. Councilor Heldmeyer said people are confused about this, and they are claiming that people with bigger meters get more water at the lower rate. She said this isn't what these charts say.

### C. PUBLIC COMMENT

**Richard Alarid, owner of the El Ice Plant, 1231 Calle Comercio said the Alarids have been in Santa Fe since 1720.** He said his water bill has increased by 130%. He has an older business with a 5/8 meter. He pays \$4.09 for the first 10,000 gallons, after that it is \$14.64 per gallon and he uses up to 280,000 gallons in the summer. This is the huge increase. He talked to the new City Manager about this in September, telling him there will be an uproar over the water rates. He said the small owners are now paying higher water rates beginning January 1<sup>st</sup>. He hopes this is not intended to drive him out of business. He said it is not equitable for someone with a small meter, such as him, to start paying \$14.64 after 10,000 gallons, while the person with a 4-inch meter doesn't pay new rates until they have used 200,000 gallons. He said it costs \$30,000 to \$60,000 upgrade to a larger water meter which he doesn't need in order to take advantage of the water rates because the water rates are inequitable.

**Rick Maestas, 2902 Rufina, Manager of The Water Man,** which has been in business for 25 years. They began with a 5/8 inch meter. His bill increased from \$1,200 last month to \$2,700 this month, and he can expect another increase in the summer months. There is only so much he can do to raise prices and productivity. He doesn't understand the rationale of the rate structure. Three years ago, he went to the City and asked what size meter to put in, and they put in a 1 ½ inch meter which was the flow rate they needed for optimal performance. He could purchase a 4 or 5 inch meter, but he would have a massive hole and still use the same amount of water. There is no purpose other than to improve the rate structure, so he doesn't know where he or the City would benefit. It is counter productive for his purpose to do this. Three years ago, he was using 2.7 million gallons, but he is now using 2.3 million gallons which he has done because of conservation efforts, which he understood was the whole purpose of surcharges. This rate structure doesn't make sense to him.

**Fred Libby, 56 East San Francisco, Plaza Bakery Haagen Das,** said the previous speakers have said it all. He thinks this needs a good review, and it certainly is inequitable. He experienced a 60% increase in his water bill for the month of January.

**Elizabeth Costanzo, 3530 Cerrillos, Mobile Home Park,** said at \$14.64 per thousand after 20,000, the costs are astronomical. This creates a real hardship for her. Her bill has increased 100% which she doesn't think is fair.

Responding to Councilor Chavez, Ms. Costanzo said there are 32 units in her park, which are low income people. She keeps raising rents, but she is always 1-2 years behind. She said at \$14.64 per 1,000 gallons, the bill is a real hardship.

**Scott Ciener, owner Luna Laundry, 7620 Baca Lane,** which is a commercial laundry. Mr. Ciener said they do work for hotels, massage places, Dr's offices. Previous to opening his

laundry, the laundry he does was done either at home or by the hotels in their internal laundry. They moved to him because they have 30-50 year-old equipment which is very inefficient, and with his new equipment, the amount of water use decreased. He said his bill increased by 70% this month. He said the people at the water company told him he could put in a larger meter, but this is against their policy because of the flow rate. He hopes the people will explain the rates. He said the bigger pipe, the more water you get a \$4, and the longer it takes to get to the \$14. However, to get to the place to keep his bill the same, he needs to spend \$100,000 to pay to install the pipe. The water company told him he didn't need that flow rate, so they don't want to do that. He said he is between "a rock and a hard place," because the City doesn't want to install the bigger meter even if he could pay for it, which he can't. If he doesn't do it, then the rate is increasing. The way the rate is structured is like a regressive tax. If you use a lot of water, you pay a little for it, if you use a lot of water, you pay a "ton" for it, and this is really, really unfair.

Councilor Chavez said the cost of doing business is never what we want it to be. He said businesses in town are spread thin, but we also have to look at the City's ability to continue to provide water service in the future, and its costs of obtaining future, new water is increasing daily.

Councilor Chavez said we are asking staff to look at this. He said there may be other businesses who have experienced similar increases. He asked staff how to reconcile this, and if there is anything which can be done to reduce this increase.

Mr. Ortega said before he can comment, he will need to review how the rate structure came to be by meter size, which happened before he moved to this Division in September 2006.

Gary Martinez said something can be done, but it needs to be evaluated and studied because we are looking at something new, although he certainly understands the concerns.

Mr. Buller suggested asking IUG's successor to do some sort of an evaluation. It was its computer runs which recommended this structure after years of discussion, public hearings and a variety of activity. However, they can revisit the rate restructuring to see if the results of the rate restructuring are the same as what they predicted. He said it would be necessary to look at rates across the board.

Councilor Heldmeyer again referred to the two tables. She said the note at the bottom of the 4-inch commercial meter, talks about different amounts, even though it says 7,000/10,000 gallons in the heading of the table. She said either the table is incorrect, or the note is unclear or is correct.

Mr. Ortega said the heading is incorrect for the 4-inch meter, and should reflect the amounts indicated in the note.

Councilor Heldmeyer said then there is a relationship between the amount of allowed water and the size of the meter. Mr. Ortega said correct. Councilor Heldmeyer said this is where



there has been confusion. Mr. Ortega said the headings are related to the 5/8 inch meter on the two columns, and the notes are correct on the 4-inch meter.

Councilor Heldmeyer said this is the dilemma which needs to be examined by the IUG successor company. The idea was that businesses would not get a break relative to residential, but there was nothing about some businesses getting a break relative to other businesses. She said these businesses are water intensive businesses and their rates should have increased under the new rate structure, but it was not intended to disadvantage some businesses relative to others which she is hearing has happened.

Councilor Bushee said we had this discussion for three years, but the message was always that we didn't want the common message to be that a larger pipe would mean cheaper water. She said we want hotels and other high volume users to lower their water use. She said the businesses speaking here this evening can't really conserve water or they are reducing their business, and clearly this is a category which has fallen "between the cracks." She doesn't want people installing unneeded infrastructure to "beat the rate game," saying the idea of the new structure was conservation.

Mr. Libby said he doesn't think there is any profitable business that doesn't look at the cost of water and respond quickly. He doesn't believe there is anybody in the hospitality industry who is not looking at these costs and conservation.

Councilor Chavez said whatever the City does for this group of customers has to be done for all customer classes, because it will be necessary to go into the entire rate structure.

Councilor Dominguez thanked these businesses for bringing this to the Committee's attention. It is clear that we need to look at this more, and get the rationale for this rate structure from IUG.

Chair Chavez said as the City moves forward, it is depending more on imported water, and the cost of that imported water is always increasing and has to be a part of the equation. He said there will always be one class of customers which feel they are paying more than others. He said conservation is ongoing, and the City needs to look at ways to conserve more water in the future. He said businesses must adjust as well. He said the City just can't be redoing its rate structure every 2-3 years.

Councilor Heldmeyer gave a brief history and overview of the Water Rate Committee and the rate restructuring, noting a lot of time was spent on multi-family residential rates. She suggested Ms. Costanzo should check into multi-family residential rates to see if she qualifies and if that would be a savings for her particular business.

Mr. Buller said the cost to do a computer analysis to compare with the hypotheticals shouldn't cost more than \$20,000. Responding to Councilor Bushee, he said he doesn't know how long it would take until he speaks to IUG. He said people need to know whether what they

voted on is in fact happening. If not, this would be a real red flag that people would want to examine.

Councilor Bushee asked if there needs to be a separate rate category for high water users in the business communities, particularly those that can't meet the conservation incentive which is supposed to be built into the rates.

Councilor Dominguez doesn't understand why we would need to pay more money to get this done. It is the same company, and perhaps it won't cost any more.

Mr. Buller said this might be the case, but he would first need to talk to IUG to answer these questions. He said the one question we can ask is for IUG to remind us what they did and what they expected to come from that, which he doesn't believe will be a cost. However, if we ask them to expand that scope, that might involve additional costs.

Councilor Trujillo reassured the business owners in attendance that it was never the intention to drive anyone out of business, and he will work to resolve this situation.

#### **6. UPDATE ON CURRENT WATER SUPPLY STATUS (MICHAEL GONZALES)**

A copy of the Weekly Water Report for the week ending March 3, 2007, is incorporated herewith to these minutes as Exhibit "2."

Mr. Gonzales noted that at this point in the year, there is nothing out of the ordinary and we are maximizing the surface water production from the surface water treatment plant at about 60% of the City's current consumption. The reservoir levels are even, and it appears the runoff is just beginning.

Responding to the Chair, Mr. Gonzales said they are almost at 4 million gallons per day at the plant, and the City is using almost 7 million gallons. He said they are minimizing Buckman pumping in anticipation of bringing the plant up a little as the warmer weather starts.

#### **7. UPDATE ON RESERVOIR STATUS (GARY MARTINEZ)**

Councilor Heldmeyer said the plan is what we are going to release over and above what we will send through the treatment plant. Mr. Martinez said this is correct. Councilor Heldmeyer asked the limitation. Mr. Martinez said it's based on consumption, so if the City doesn't consume the volume of water, you can only put so much through treatment facility. At some point, the intake into the reservoir will be higher than the City consumption, and at that point the reservoirs will fill. Then you make a decision as to whether you want to release a little earlier, or to allow the reservoirs to fill and release all at one time.

Councilor Heldmeyer asked the total capacity at the plant. Mr. Martinez said it is estimated there will be eight million gallons per day during the summer months of June-August. Councilor Heldmeyer asked if there are problems in turning off all of the Buckman Wells and not running any of them. Mr. Martinez said there are, because they always want to keep the line fully charged which feeds mainly Las Campanas and that south side of the City. He said to completely isolate it and shut it off would be a mistake, because if you need it, it isn't easy just to turn it back on. You always want to leave a minimum amount of flow going through the Buckman transmission line.

Chair Chavez asked about shutting down the older wells down and if it would be harder to bring them back on line. Mr. Martinez said they are all about the same age, some drilled in the 1970s, and the newer wells drilled recently.

Mr. Martinez said they are estimating 144 million gallons, and the management plan is to release early enough at a small volume, to help riparian health, the Santa Fe River, and the aquifer infiltration. He said it has been an average year, similar to 2004. If we get additional snow, we may be able to extend the time. However, if there is a downward trend, we may not be able to have the fishing event, and they will evaluate that on a week to week basis.

Councilor Trujillo asked when release will begin. Mr. Martinez said they are looking to release 1 million gallons per day on March 15<sup>th</sup> down the Santa Fe River, with five million gallons a day from May 6 through May 23, 2007. The goal is based on the estimate of 144 million gallons.

Councilor Dominguez said then there will be release through June 1<sup>st</sup>. Mr. Martinez said it will be through May 23<sup>rd</sup>. If there is additional snowfall, the date could be extended, but the date could be shortened without additional precipitation.

## **8. UPDATE ON SOLID WASTE DIVISION. (GALEN BULLER AND BILL DEGRANDE)**

Mr. Buller said, with regard to the scheduled maintenance information requested by Councilor Trujillo, it has been discussed and they are still working to get that information.

Bill DeGrande presented information to the Committee from the February 27<sup>th</sup> Memorandum regarding this matter.

Councilor Heldmeyer said as the automated pickup moves into more difficult neighborhoods, she is getting calls. One complaint has been the directions which are given when they get the automated bins. She asked if it is possible the language could be more clear.

Mr. DeGrande said they do get feedback and they do pay attention to it, noting Councilor Heldmeyer's neighborhood is next. There are some streets in this neighborhood which are

problematic, and the residents will be instructed to put their carts on the other side of the street because we will have to back in to pick it up. He said they are working with the residents on a case-by-case basis to figure out solutions. They are trying to provide service the best they can, and the frequent issue is where to put the carts.

Councilor Trujillo asked how the incentive program is working. Mr. DeGrande said he has been with the Division for thirteen years and he's hated it for thirteen years, noting it doesn't work. He will be presenting recommendations at the next PUC meeting in this regard.

Chair Chavez asked if there is a vacancy for Recycling Coordinator. Mr. DeGrande said there is no Recycling Coordinator position in the Division, although there was at one time. It was eliminated 5-6 years ago.

Councilor Heldmeyer said the funding for this position was moved to assist in funding the position at SWMA, where there is a Recycling Educator and Outreach position. Mr. DeGrande said this has replaced the City's Recycling Coordinator. He said SWMA will provide generic materials for education and publishing. He said the City will be doing some of its own efforts in distributing this information.

Responding to the Chair, Mr. DeGrande said there is a separate Recycling Supervisor, and this position is filled.

Councilor Heldmeyer said one of the Councilors will be suggesting that we turn over the recycling collecting to SWMA.

Mr. DeGrande said this will be an item on the Joint Powers Board meeting agenda.

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MOTION: Councilor Trujillo moved, seconded by Councilor Dominguez, to postpone Items #11, #13 and #16 to the next meeting.

VOTE: The motion was approved on a voice vote [Absent: Councilor Bushee].

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**9. QUARTERLY REPORT ON THE REQUESTS FOR DOMESTIC WATER SERVICE (DWS) AND SANITARY SEWER SERVICE (SAS) PROCESSED BY THE WATER AND WASTEWATER REVIEW TEAM (WWRT). (ANTONIO TRUJILLO)**

There was no discussion under this agenda item.

**11. UPDATE ON UTILITY BILLING. (PETER ORTEGA)**

This item was postponed to the next meeting of the Committee.

**13. UPDATE ON CONSERVATION EFFECTIVENESS. (DAN RANSOM)**

This item was postponed to the next meeting of the Committee.

**DISCUSSION ITEMS**

**16. REQUEST FOR APPROVAL OF ORDINANCE NO. 2007- \_\_\_\_\_. AN ORDINANCE AMENDING CHAPTER 21, SFCC 1987, REGARDING SOLID WASTE COLLECTION REQUIREMENTS AND ENFORCEMENT PENALTIES (COUNCILOR ORTIZ). (BILL DE GRANDE)**

This item was postponed to the next meeting of the Committee.

**17. PNM ACCOUNTING OF UNDERGROUND UTILITY PROJECTS – CONSIDERATION AND RECOMMENDATION FOR CONSTRUCTION OF UNDERGROUND ELECTRIC FACILITY DISTRIBUTION PROJECTS: SOUTH PACHECO 11 AND 13. (ROBERT GALLEGOS)**

Robert Gallegos presented information to the Committee from his February 28<sup>th</sup> Memorandum regarding this matter.

Chair Chavez said the action requested is to choose a recommendation to send to the full governing body from among the three options listed on page 2. Mr. Gallegos said this is correct, and the recommendation also will go to the Finance Committee.

Councilor Heldmeyer said another option would be to analyze the data to see if we agree with the costs as detailed by PNM. She asked if there is there someone on board that can do that analysis, and if so, has it been done. Mr. Gallegos said he is not aware of anyone on City staff that could do this, and he didn't do that analysis.

Councilor Heldmeyer asked how much would it cost to have a rate analyst to look at these numbers. She thinks it would be a good idea to find out the cost to have a rate analyst look at these numbers and do this because this is the first time for undergrounding and the Council needs an idea of potential costs. She said for three projects we are looking at a total of \$4.80 per year

to every residential electric bill and more to businesses.

MOTION: Councilor Heldmeyer moved to direct staff to hire a rate analyst to look at these rates quickly and report back to the Committee, because the City has to respond to PNM by April 9, 2007. THERE WAS NO SECOND TO THIS MOTION.

Chair Chavez asked PNM to comment on this proposed action.

**Gerard Ortiz, Director Market Services, PNM**, said the 60-day timeline originates in the rates, which provide that PNM should file a tariff within 60 days. He said he provided estimates to the Committee for overhead and underground construction. He said PNM's recovery would be based on actual costs. The overhead cost would remain an estimate. There is a reconciliation process at the Public Regulation Commission where PNM is required to report its actual underground costs, and what PNM will recover will be the difference between the underground cost actual and the overhead estimate.

Responding to Councilor Heldmeyer, Mr. Ortiz said in April 2007, PNM will submit an application to the PRC for an underground rider for City of Santa Fe customers, which would include the overhead and underground estimates. If approved, the PRC would approve recovery over a 12-month period for the excess costs. At that point, PNM could begin construction. Once construction is complete, and all the costs have been received, PNM will file reconciliation with the PRC if the costs exceed the excess costs by 20% or more, and would adjust the rider at that point. At the end of 12 months, when they are nearing complete recovery from City residents, PNM must file a report with the PRC indicating how much PNM has collected and the actual excess costs.

Councilor Heldmeyer said it appears there is no incentive to keep costs down. Mr. Ortiz said the first underground rider PNM filed, included five projects in the City of Rio Rancho, and PNM was allowed to recover \$1.5 million, but those projects cost \$1.2 million, so there was a net savings of 20% to the residents of Rio Rancho. He said PNM watches its costs very carefully.

Chair Chavez asked if the City needs to first decide whether it wants to go overhead or underground.

Councilor Heldmeyer said the City has made that decision when we adopted the ordinance.

Chair Chavez thought the ordinance provides that the City still could determine whether or not to go to the PRC. He said our decision to go underground would trigger the City going to the PRC to ask to pass the cost to the ratepayers.

Mr. Ortiz there is an ordinance in the City of Santa Fe which requires PNM to install distribution lines underground. He said PNM has submitted a plan to the City to construct two distribution projects underground, and PNM stands ready to do this in compliance with the

ordinance. If the Governing Body decides that these two projects should be constructed overhead, PNM also would be willing to do that. He said, by tariff, this decision was anticipated to be made within sixty days. The City could decide they would like the lines to be constructed overhead. Absent that affirmative decision, PNM is operating under guidance of the ordinance which requires these lines to be installed underground, and the plan PNM submitted.

Chair Chavez said he can accept the ordinance and the concept of undergrounding, but he is not comfortable with passing costs to all of the ratepayers. He asked if there is any flexibility in the sixty-day review. Mr. Ortiz said PNM is interested in working cooperatively with the City. He stressed that both projects are important for PNM to provide reliable service to its customers in Santa Fe, so part of it depends on how long the City would need to make this decision. He said the City is welcome to review the cost estimates, but the actual recovery would be based on the actual cost incurred.

Chair Chavez said just because the ordinance has been adopted, doesn't necessarily mean the City is forced in this case to do one or the other, observing that the City has options.

Mr. Gallegos said this is correct, and the City also has the option not to decide, and PNM would go to the PRC to get the rate rider.

Mr. Gallegos said the ordinance mandates undergrounding, but it provides three options for the Council: (1) to direct PNM to do the rate rider to the PRC for the undergrounding; (2) for the City to pay either part or all of the costs of undergrounding; and (3) to direct PNM to put the lines overhead, and the State rate payers would pay for this.

Chair Chavez noted that some transmission lines built prior to these were done overhead.

Councilor Dominguez asked if it would be appropriate to send this to the Council without recommendation.

Chair Chavez believed this would be the best action to take.

MOTION: Councilor Heldmeyer moved, seconded by Councilor Trujillo, to move this item forward without recommendation to the Council at its March 28, 2007 Council meeting, and in the interim that staff try to get an independent cost analysis of the figures for presentation by the Council meeting.

DISCUSSION: Mr. Gallegos asked if the motion could include sending this to the Finance Committee. Councilor Heldmeyer said it can if they have all of the figures by that time, noting it necessarily doesn't have to go to the Finance Committee.

VOTE: The motion was approved on a voice vote [Absent: Councilor Bushee].

**18. REQUEST FOR APPROVAL OF WATER SERVICE UNDER PROVISIONS OF SFCC ORDINANCE 2006-60 BY MICHAEL ROYBAL FOR A DANCE STUDIO IN THE AMOUNT OF 55 AFY FOR THE PROPERTY AT 3951 RUFINA.**

MOTION: Councilor Heldmeyer moved, seconded by Councilor Trujillo to postpone this item to the next meeting of the Committee when Mr. Roybal is in attendance.

VOTE: The motion was approved on a voice vote [Absent: Councilor Bushee].

Councilor Heldmeyer said she also wants to know what Mr. Roybal has been approved to do by the Agua Fria Village Design Review Committee.

Robert Jorgenson said he doesn't have that information.

Councilor Heldmeyer said there were assertions made about what was and wasn't approved, and the Committee said it wants to see this in writing.

Mr. Jorgenson said the Agua Fria Water Association has no objection to the City serving the applicant, because it wasn't feasible for the Water Association to extend the lines to this site. He said currently there is a 12-inch water line on an easement across the property, and the applicant currently has sewer service. He said Mr. Roybal is requesting an additional .32 afy of water for a residence in addition to the dance studio.

**MATTERS FROM THE CITY ATTORNEY**

There were no matters from the City Attorney.

**ITEMS FROM STAFF**

There were no items from staff.

**MATTERS FROM THE COMMITTEE**


There were no matters from the Committee

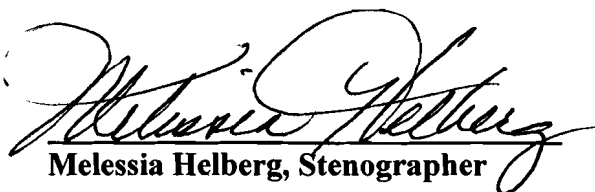
**NEXT MEETING:** April 4, 2007.



## **ADJOURN**

There being no further business to come before the Committee, and the Committee having completed its agenda, the meeting was adjourned at 9:34 p.m.

  
Miguel Chavez, Chair

  
Melessia Helberg, Stenographer