



Date: November 6, 2025

To: Buckman Direct Diversion Board

Via: Bradley Prada, BDD Facilities Manager

From: Samantha Secrist, BDD Accounting Supervisor

Kurt Traverse, BDD Accounting Support

Re: Receipt of Federal Clean Energy Efficiency Credits and Solar Lease Purchase

ITEM:

The Buckman Direct Diversion (BDD) staff would like to inform the BDD Board (BDDB) of the receipt by the City of Santa Fe (City) of federal clean energy credits related to an energy efficiency project authorized by the BDDB in March 2021. The receipts are associated with the Booster Station 1A and BDD Lift Station solar projects, in the amounts of \$779,525.40 and \$315,687.90, respectively, plus \$11,399.47 in interest earned, for a total of \$1,106,612.77. This credit has been transferred by the City to the BDD as of FY2025 and will be utilized as a separate funding source, outside of BDD Partner obligations.

BACKGROUND:

In March 2021, the BDDB entered into an agreement with the City of Santa Fe to participate in the City's Energy Efficient Equipment Project at the BDD Facility. This followed the City's procurement of an Investment-Grade Energy Audit (IGA) covering both City and BDD facilities.

Under the Agreement, the BDDB consented to the City and the Energy Performance Contractor (EPCO) installing large-scale solar and other energy efficiency improvements at BDD facilities. The BDDB also entered into a Lease-Purchase Agreement with the City, agreeing to pay \$4,736,647.00 in principal and interest over eighteen (18) years, in semi-annual installments, for its share of the City-wide energy project costs.

In May 2022, the City proposed an adjusted debt schedule that increased BDDB's total obligation from \$4,736,647 to \$5,192,920, which was approved by the Finance Committee (05/16/2022), Public Works/Utilities Committee (05/23/2022), and City Council (05/25/2022).

The City's Public Utilities Department (PUD) covered BDD's portion of the debt payments for Fiscal Years 2022 and 2023, with the understanding that BDD would reimburse the PUD for those payments. Beginning in Fiscal Year 2024, BDD has budgeted and directly paid its portion of the Lease-Purchase debt obligations, although costs were not allocated to the partners.

The debt schedule is as follows:



Fiscal Year	BDD Debt
2022	132,009
2023	269,776
2024	275,519
2025	297,464
2026	304,034
2027	310,840
2028	317,892
2029	325,196
2030	332,763
2031	340,602
2032	288,511
2033	236,711
2034	245,426
2035	254,454
2036	263,806
2037	273,494
2038	283,531
2039	293,928
2040	146,964
TOTAL	5,192,920

Under provisions of the Inflation Reduction Act of 2022, the City applied for and received Federal Clean Energy Credits for qualifying solar projects, including those at the BDD. The total receipt of \$1,106,612.77 reflects the value of the federal energy credits earned by the Booster Station 1A and BDD Lift Station solar installations.

BDD staff recommend that these funds be segregated as a distinct funding source and used to make a lump-sum payment toward the Lease-Purchase Agreement debt. This payment would first retire the partners' liability of the outstanding amount owed to the City/PUD for FY 2022 through FY 2025 and then be applied to reduce future partner liabilities under the remaining debt schedule.

ACTION REQUESTED:

Staff recommend that the BDDB:

1. Accept the \$1,106,612.77 in Federal Clean Energy Credit receipts; and
2. Authorize application of these funds as a Lease-Purchase debt reduction payment, to cover the partners' liability of the outstanding FY 2022 through FY 2025 amounts owed to the City/PUD, and to reduce future BDD Partner liabilities.

BU/OB: BDD / Reimbursements & Refunds 8000801.470400 (Revenue)

Approval:

Approved by BDDB November 6, 2025

Commissioner Justin Greene, BDDB Chair