



# City of Santa Fe Water

801 W. San Mateo, Santa Fe, N.M. 87505

[www.santafenm.gov/water](http://www.santafenm.gov/water)

Jesse Roach PE PhD, Director

Bradley Prada, BDD Facility Manager

John Del Mar PE, Engineering Manager

Jonathan Montoya, Source of Supply Manager

Mike Moya, Transmission and Distribution Manager

Bill Schneider PG, Water Resources and Conservation Manager

## MEMO


**Date:** December 23, 2024

**To:** Public Works and Public Utilities Committee

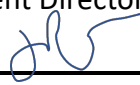
Finance Committee

Governing Body

**Via:** John Dupuis, Public Utilities Department Director

  
John Dupuis (Dec 23 2024 14:16 MST)

**From:** Jesse Roach, Water Division Director



### ITEM:

Updated Wheeling Rate Agreement Between the City of Santa Fe (City) and Santa Fe County (County)

### BACKGROUND

Paragraph 14(B) of the 2016 Amended and Restated Water Resources Agreement (WRA) between the City and the County authorizes the City to impose a charge on County water “wheeled” through the City’s water transmission and distribution network to reach the County Utility system. The intent of a Wheeling Rate Agreement is administration of a fair cost from the County to the City for this service.

In April of 2022 the City and County agreed to an interim Wheeling Rate Agreement and the City began to bill the County \$1.40 per 1000 gallons of water wheeled effective July 2021. On March 13<sup>th</sup> 2024, the City’s Governing body approved a City and County staff recommended final Wheeling Rate Agreement with an initial wheeling rate of \$2.04 per 1000 gallons wheeled. The County governing body did not end up approving the March agreement, and in December of 2024 passed an updated agreement with the following substantive changes from the agreement approved by the City:

1. A definition of “Wheeled Water” to clarify when wheeling charges can and cannot be charged.
2. Rather than an agreement that can be cancelled by either party with notice, the proposed agreement will now remain in effect so long as the WRA is in effect.

The proposed agreement including Appendices defining points of delivery, methodology for calculation of the wheeling rate, and a list of historical rates with effective date is included as attachments to this Memo. Also included is a “red-line” version of the agreement showing changes from the agreement previously approved by the City.

### REQUEST

Review and approval of the final Wheeling Rate Agreement Between the City and County.

# CITY OF SANTA FE PROCUREMENT CHECKLIST



**Contractor Name:** Agreement between CoSF & SFCO- Wheel Water

**Procurement/contract Title:** Shared Agreement

**Procurement Method/Vehicle:**  Sole Source  State Price Agreement/Existing  Cooperative  Request For Proposals(RFP)  Invitation To Bid (ITB)  Exempt: 13-1-98  
 Small Purchase (Contract Under \$60,000)  Other: \_\_\_\_\_

Requesting Department: PUD/Water Div Staff Name: Jesse Roach

**Procurement Requirements:**

Procurement files shall be maintained for all purchases and contracts, regardless of the method of procurement. The procurement files shall contain the basis on which the awards are made, all submitted bids/proposals, all evaluation materials (bid tabs or Evaluation Committee Reports), scoresheets, quotations, and all other documentation related to or prepared in conjunction with evaluations, negotiations, and the award processes. The procurements shall contain written determinations from the Requesting Departments, signed by the Chief Procurement Officers (this document), setting forth the reasoning for the contract award decisions before submitting them to the Committees.

**REQUIRED DOCUMENTS FOR APPROVAL BY PURCHASING (CPD)**

YES	N/A		YES	N/A	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Written Determination (srvs)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Quote(s) (3 Valid &amp; Current for Over 20k)</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>RFP - Confidential info to be provided to GB by CPD Buyer</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>BAR</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>ITB (include bid tab)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>FIR</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Other: _____</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Certificate of Insurance (srvs)</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Cooperative Agreements and GSAs and Statewide Price Agreements (include the cover page to show valid date, s page, and items to be purchased)</b>			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Horizon Declination or Screenshot of <a href="http://horizonsofnewmexico.org/services.html">horizonsofnewmexico.org/services.html</a> (srvs)</b>			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>Summary of Contract (only on contracts)</b>			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Current Santa Fe Business Registration (or Exemption if no tax)</b>			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>Executed Contract or Price Agreement (legal and contractor must sign before purchasing approves)</b>			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Chief Procurement Officer (or designee) Approval for Exempt from Procurement (use memo on our site)</b>			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Evaluation Committee Report (RFPs only)</b>			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Signed Sole Source Determination, Vendor Written Quote, SS Letter from Contractors, and 30 Days Email</b>			
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>&gt;20k = Memo addressed to City Manager (Under 150K) Committees/City Council (Over 150K)</b>			

Department Point of Contact	Title	Date
John D. Lewis (Jan 4, 2024 14:39 MST)		
Department Director		Date
Chief Procurement Officer		Date
ITT Representative	Title	Date



# City of Santa Fe

## Summary of Contract, Agreement, Amendment & Lease

All applicable fields to be completed by department (complete 1.b only if you are processing an amendment):

1.a Munis Contract: \_\_\_\_\_ Procurement # (RFP/ITB# If any): \_\_\_\_\_

Contractor: Agreement between CoSF & SFCO- Water Transmission & Distribution System

Procurement Method/Vehicle: Small Purchase  RFP  ITB  Sole Source  GSA  Cooperative  Exempt  SWPA/Existing

Description/Title: Shared Agreement between CoSF & SFCO

Contract:  Agreement:  Lease/Rent:  Amendment:

Term Start Date: Upon Approval Term End Date: N/A Total Contract Amount: N/A

Approved by Council (If over the City Manager's approval threshold, you must go through GB) \_\_\_\_\_

Contract / Lease:

1.b Amendment #: \_\_\_\_\_ to the Original Contract/Lease # \_\_\_\_\_

Increase/(Decrease) Amount \$: \_\_\_\_\_

Extend Expiration Date to: \_\_\_\_\_

Approved by Council (If the original went through GB, all amendments must go through GB regardless of the amendment reason) Date: \_\_\_\_\_

Amendment is for: \_\_\_\_\_

### 2. HISTORY of Contract, Amendments & Lease / Rent - Please Elaborate (option: attach spreadsheet if multiple amendments)

#### 3. Procurement History: \_\_\_\_\_

John Morris (Jan 4, 2024 14:39 MST)  
Purchasing Officer Review: \_\_\_\_\_ Date: \_\_\_\_\_  
Comment & Exceptions: \_\_\_\_\_

#### 4. Funding Source: N/A Org / Object: N/A

John Morris (Jan 4, 2024 14:39 MST)  
Budget Officer Approval: \_\_\_\_\_ Date: \_\_\_\_\_  
Comment & Exceptions: \_\_\_\_\_

#### 5. Grant History (if applicable): \_\_\_\_\_

Grants Administrator Approval: John Morris (Jan 4, 2024 14:39 MST) \_\_\_\_\_ Date \_\_\_\_\_

Staff Contact who Completed This Form: Jessica Chavez Phone #: 819-8411

To be recorded by City Clerk: \_\_\_\_\_ Email: \_\_\_\_\_

Clerk # \_\_\_\_\_

Date of Execution: \_\_\_\_\_

John Morris (Jan 4, 2024 14:39 MST)  
ITT Representative (attesting that all information is reviewed) \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**AGREEMENT BETWEEN THE CITY OF SANTA FE AND SANTA FE COUNTY TO  
WHEEL WATER TO SANTA FE COUNTY THROUGH THE CITY OF SANTA FE  
WATER TRANSMISSION AND DISTRIBUTION SYSTEM**

This Agreement is entered into as of the date of the last signature below (“Effective Date”), by and between the City of Santa Fe (“City”) and Santa Fe County (“County”), relating to the conveyance and delivery of County water through the City’s water transmission and distribution system, also referred to as wheeling.

**RECITALS**

**WHEREAS**, the City and County may contract for services and enter into agreements with one another; and

**WHEREAS**, the City and County operate water utilities whose transmission and distribution systems are connected to each other and to Buckman Direct Diversion (“BDD”) transmission lines at certain points; and

**WHEREAS**, the County water utility serves areas which cannot be reached by County water sources without use of the City water transmission and distribution system; and

**WHEREAS**, when County water sources are unavailable or insufficient to meet County demand, BDD Shared Pool water or Water Resources Agreement water from City sources can be moved through the City’s water transmission and distribution system for delivery to the County; and

**WHEREAS**, in the December 2016 “Amended Restated Water Resources Agreement between the City of Santa Fe and Santa Fe County” (“WRA”) the County agreed to begin paying the City wheeling rate beginning in 2021;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein, set forth and for other good and valuable consideration, the parties agree to the Agreement memorialized below.

**AGREEMENT**

1. **Wheeling.** County water may be wheeled through the City’s transmission and distribution system for delivery to the County service area at specific connection points, defined by master meters.

1.1. **Delivery Points.** The locations and characteristics of master meters defining City to County connection points, hereafter referred to as points of interconnection, are defined in Exhibit “A” (Points of Interconnection), attached hereto and incorporated herein by this reference. Exhibit “A” will be updated with any changes to these delivery points and any additional delivery points and can be updated at any time by mutual written agreement of both the City’s Public Utilities Department Director and the Director of Santa Fe County

Utilities. Such agreement will not be unreasonably withheld if provisions of this agreement and Exhibit “A” have been followed.

**2. Wheeling Charge.** The County will pay the City a wheeling charge for water delivered by the City to the County through the Points of Interconnection defined in Exhibit “A” (“Wheeled Water”). Wheeled Water does not include, and the County will not pay a wheeling charge for: (1) water delivered under Section 3 of the WRA; (2) water delivered to or used by the City after a defined Point of Interconnection (SW Business Park); or (3) water delivered to the County through BDD transmission lines as identified in Exhibit A, section 3, except when BDD Shared Pool water is delivered to these points as a result of a Non-discretionary shutdown at BDD.

3.1 The wheeling charge will be calculated using the City’s cost-of-service (COS) methodology documented in the Technical Memorandum: Analysis of Water Wheeling Rates for Santa Fe County, attached hereto and incorporated herein by this reference as Exhibit “B”. The COS methodology and Exhibit “B” will be updated at any time by mutual written agreement of both the City’s Public Utilities Department Director and the Director of Santa Fe County Utilities. If the COS methodology and Exhibit “B” have not been updated within the prior five (5) years, the City will update upon request of either the City’s Public Utilities Department Director or the Director of Santa Fe County Utilities

3.2 The effective date and current volumetric wheeling charges in \$ per 1000 gallons are listed in Exhibit “C” (City of Santa Fe Wheeling Charge). Exhibit “C” also includes previous wheeling charges and effective dates. The wheeling charge and Exhibit “C” can be updated by the City using the agreed-upon methodology upon the completion of a new or updated Cost of Service Study for the City Water Utility with an effective date no sooner than 30 days after a new Exhibit C has been signed by the City. The County may offer input in the development of each Cost of Service Study, and such input will be reasonably considered by the City.

3.3 The City will be responsible for reading the master meters at the Points of Interconnection and determining associated billing to the County for wheeled water.

3.3.1 The City reserves the right, at its own discretion, and with advance notice to the County to not charge wheeling fees for water delivered through specific Points of Interconnection. This provision will allow the City to incentivize water flow through Points of Interconnection should such flow be advantageous for water quality or other operational purposes.

3.4 The City will send all invoices to Santa Fe County Water Utility, and the County will pay invoices within thirty (30) days of receipt. The rate of \$2.04 per 1,000 gallons shown in Exhibit C shall be applied retroactively to County water wheeled through the City system beginning July 1, 2021, resulting in the County paying an additional amount equal to the difference between \$1.40 and \$2.04 per 1,000 gallons.

**3. Terms of Delivery.** The City will deliver to the County water meeting or exceeding applicable water quality standards.

4.1 The County is responsible for maintaining water quality after the point of delivery.

4.2 In an emergency or force majeure event, the City will have the ability to shut off all deliveries at the affected Point(s) of Interconnection to the County for the duration of the emergency. In the case of an emergency, the City will notify County certified water operators as soon as possible and reasonably cooperate in providing additional supply at alternate locations, if needed. The City shall have full discretion to determine whether such an emergency condition exists within the City transmission and distribution system.

4.3 Force Majeure. No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement except for any obligations to make payments to the other party hereunder, when and to the extent such failure or delay is caused by or results from acts beyond the impacted party's ("**Impacted Party**") reasonable control, including, without limitation, the following force majeure events ("**Force Majeure Event(s)**"): (a) acts of God; (b) flood, fire, earthquake, epidemics, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) state or federal government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; and (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns, or other industrial disturbances; (h) shortage of adequate power or transportation facilities; and, (i) other events beyond the reasonable control of the Impacted Party.

4. **Term & Termination.** This Agreement shall commence on the date of the final signature below and remain in effect so long as the WRA is in effect.

5. **Additional Documents.** The parties agree to execute such further documents as may be necessary to carry out the terms and intent of this Agreement.

6. **Dispute Resolution.** The City and County agree to mediate disputes consistent with the Mediation Procedures Act, NMSA 1978, Section 44-7B-1 through 44-7B-6, prior to initiating any litigation, to resolve any conflicts arising under this Agreement, the expenses of which shall be shared equally by the City and County. Disputes shall be first discussed by representatives of each party. Such representatives shall use their best efforts to amicably and promptly resolve the dispute. If the parties are unable to resolve the dispute through informal mechanisms or mediation within 90 days of the occurrence of the event or circumstances giving rise to the dispute, either party may give notice to the other party that the aggrieved party intends to litigate the dispute. Any dispute requiring notice shall be reported to the next meeting of the respective City and County governing bodies.

7. **Entire Agreement.** This Agreement and the Exhibits hereto contain the entire agreement between the parties, and the terms of this Agreement are contractual, not merely a recital.

8. **Counterparts and Recordation.** This Agreement may be executed in one or more counterparts, each of which is an original, and all of which together constitute only one agreement between the parties. This Agreement shall be recorded with the County Clerk and the City Clerk after the Agreement has been approved and executed by the Parties.

**9. Successors and Assigns.** This Agreement and all of the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of all of the parties hereto.

**10. Notices.** All notices shall be in writing and together with other mailings pertaining to this Agreement shall be made to:

FOR THE COUNTY:

Utilities Division Director Santa Fe County  
PO Box 276  
Santa Fe, N.M. 87504-0276 Phone: (505) 992-9870  
Fax: (505) 992-3028

With a copy to:

County Manager Santa Fe County PO Box 276  
Santa Fe, N.M. 87504-0276 Phone: (505) 986-6200  
Fax: (505) 986-2740

County Attorney Santa Fe County  
PO Box 276 Santa Fe, NM 87504-0276 Phone: (505) 986-6279  
Fax: (505) 986-6362

FOR CITY OF SANTA FE:

Public Utilities Director  
City of Santa Fe  
801 West San Mateo  
City of Santa Fe, NM 87504

With Copy to:

City Attorney  
200 Lincoln Ave  
Santa Fe, NM 87501

or as otherwise specified from time to time by each party.

11. **Choice of Law.** The Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.

12. **Limitation of Liability.** Neither the City nor the County waive any limitation of liability that may apply under state law, including but not necessarily limited to the Batement Act, NMSA 1978, Section 6-6-11, the New Mexico Tort Claims Act, NMSA 1978, Sections 41-4-1 through 41-4-30 and the Anti-Debt and Anti-Donation Clauses of the New Mexico Constitution, N.M. Const. Article IX, Sections 10 and 14, and NMSA 1978, secs. 37-1-23 and 37-1-24.

13. **Appropriations.** The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City’s Governing Body or the Board of County Commissioners for the performance of this Agreement. The City's or County’s decision as to whether sufficient appropriations are available shall be accepted by the other party.

14. **Effective Date.** This Agreement shall become effective when the Agreement has been executed by all of the parties and their respective legal counsel and has been recorded at the office of the City and County Clerks and in accordance with paragraph 2.1 subject to Section 2 of this agreement entitled “Term.”

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands the day and year first written above.

**CITY OF SANTA FE**

\_\_\_\_\_  
Alan Webber, Mayor

\_\_\_\_\_  
Date

**ATTEST:**

\_\_\_\_\_  
Andrea Salazar, City Clerk

\_\_\_\_\_  
Date

**APPROVED:**

*Emily K. Oster*  
\_\_\_\_\_  
Emily Oster, City Finance Director

**Dec 31, 2024**  
\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

*Marcos Martinez*  
\_\_\_\_\_  
Marcos Martinez, Senior Assistant City Attorney

**Dec 30, 2024**  
\_\_\_\_\_  
Date

**SANTA FE COUNTY**

\_\_\_\_\_  
Hank Hughes, Chair  
Board of County Commissioners

\_\_\_\_\_  
Date

**ATTEST:**

\_\_\_\_\_  
Katharine E. Clark, County Clerk

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

*Cristella Coley* for \_\_\_\_\_  
Jeff Young, County Attorney

11.26.24

\_\_\_\_\_  
Date

**Exhibit A to Wheeling Agreement - WRA Points of Delivery and Other Points of System Interconnection Between City and BDD and County**

Last updated: June 14, 2024

Approved by  
City's Public Utilities Department Director

**John Dupuis**

Name Signature Date

Director of Santa Fe County Utilities

**Brian Snyder**


Name Signature Date

Name	Physical System Making Connection to County Independent Water System	System Served	Location	Area Served	Actual Meter Size(s)	Lat	Long	City of SF Meter ID Numbers	Notes
<b>1. Non-Section 3 WRA water delivered to the County through these meters is subject to the applicable wheeling charge.</b>									
West Sector	City	County	Buckman 10 MG Tank	La Tierra, Las Campanas Estates I & II, Aldea, Tessera	8"	35.717051	-105.96164	201808, 201812	
Booster Station 4	City	County	Booster Station 4	La Tierra, Las Campanas Estates I & II, Aldea, Tessera		35.696813	-106.01413		Proposed point of delivery
Campo Conejo	City	County	Rabbit Road and Camino Mariquita	Campo Conejo Subdivision	8" and 6"	35.638349	-105.94541		Should be online in 2023
Richards Ave WEST	City	County	Richards Ave and I-25	Rancho Viejo, La Pradera	10" and 2"	35.6187	-106.00064	99451481, 99451482	
Agua Fria	City	County	Agua Fria and Henry Lynch by Nye School	Agua Fria area west of Henry Lynch including supplemental supply to Agua Fria Community Water Users Assoc.	6" and 1-1/2"	35.660617	-106.00316	99450201, 99450202	
Hyde Park Estates	City	County	Hyde Park and La Entranda	Hyde Park Estates	2"	35.715244	-105.88962	136804	
Richards Ave EAST	City	County	Richards Ave and I-25 NB	SFCC, Oshara, College Heights (general areas east of Richards Ave.)	10" and 6"	35.618715	-106.00024		Proposed point of delivery
TL2N	City	County	Old SF Trail & Teddy Bear Trail	Old Santa Fe Trail out to El Gancho	4"	35.642133	-105.92313		
<b>2. Non-Section 3 WRA water delivered to the County through this meter (excluding City use downstream of meter (SW Business Park)) is subject to the applicable wheeling rate.</b>									
Beckner	City	City & County	Cerrillos Road and Beckner Road	City: Southwest Business Park County: Rancho Viejo	10" and 2"	35.614591	-106.03307		Currently valved off at County line. County to notify City if and when valve is opened and County takes water deliveries at this point of delivery. Absent such notification, all water flowing through this meter is for benefit of City customers.
<b>3. Water delivered to the County through these meters is only subject to wheeling charges when BDD Shared Pool water is delivered to these points as a result of a Non-discretionary shutdown at BDD.</b>									
Wild West	BDD	County	I-25 W. FR and Pino	La Pradera, south NM14, Las Lagunitas	14" and 3"	35.588486	-106.06672	372494	
Game & Fish	BDD	County	Caja Del Rio Rd. and Wildlife Way	NM Game & Fish Complex	8" and 2"	35.667895	-106.06743		
NM Archaeological	BDD	County	Caja Del Rio	Archaeological and other County Customers	8" and 2"	35.655061	-106.0645		
SFC Public Works Complex	BDD	County	NM599 West of Caja Del Rio Rd.	Public Works	3"	35.641313	-106.06717		

## EXHIBIT B

### ANALYSIS OF WATER WHEELING RATES FOR SANTA FE COUNTY

Last updated October 6, 2023

City's Public Utilities Department Director	<u>John Dupuis</u>	 <small>John Dupuis (Nov 9, 2023 15:29 MST)</small>	Nov 9, 2023
	Name	Signed	Date
Director of Santa Fe County Utilities	<u>Paul Choman</u>	<i>Paul Choman</i>	Nov 15, 2023
	Name	Signed	Date

#### I. Overview

The rate for wheeling water through City of Santa Fe Water's (City) transmission and distribution system is determined during the normal completion of the City's cost-of-service study, typically once every three years. The cost-of-service study, which is completed following generally accepted industry practices described by the American Water Works Association in its *Manual M1: Principles of Water Rates, Fees, and Charges*, allocates City of Santa Fe Water's operating and capital costs among the classes of service based on each class's demonstrated demand characteristics, the County being one of many such classes.

#### II. Definitions

"Allowance for Working Capital" represents the amount of cash the City must keep on hand to cover operating expenses associated with services provided to the County. The allowance is equal to 12.5% of the operating expenses of City of Santa Fe Water, and is added to the rate base. The allowance is allocated to the County in proportion to the rate base within the City's cost-of-service study.

"Capital Costs" – the sum of the County's return on rate base and depreciation expense.

"Cash Residual Method" – a method for quantifying capital costs within the City's cost-of-service which includes calculating the County's capital costs using the Utility Basis and assigning the residual cash-based capital costs to the City's other customers.

"Cost-of-Service" – refers to the generally accepted industry practices for allocating the annual operating and capital costs of providing water services to individual classes of service. These generally accepted practices are described by the American Water Works Association in its *Manual M1: Principles of Water Rates, Fees, and Charges*, and other manuals.

“Depreciation Expense” – the annual depreciation expense on the portion of the City’s water system assets allocated to the County within the City’s cost-of-service study.

“Fire Protection Costs” – those costs identified in the City’s cost-of-service study as direct and indirect costs of the shared public fire protection components of the water system.

“Joint Costs” – those costs identified in the City’s cost-of-service study as being shared by all classes of service in proportion to their demands, which includes the cost of storage, metering, billing, and administration. Metering costs are not included as they are paid for by the County separately following the Amended and Restated Water Resources Agreement between the City and County.

“Operating Costs” – those costs identified in the City’s cost-of-service study as operating and maintenance expenses.

“Rate Base” – has the meaning ascribed to it within generally accepted cost-of-service principles as published by the American Water Works Association Manual M1. The rate base for the purposes of this exhibit includes the book value of all water system assets allocated to the County within the City’s cost-of-service study along with an additional amount to reflect an allowance for working capital.

“Rate of Return” – applied within the Utility Basis to determine the return on rate base. The Rate of Return is a weighted average of the cost of debt and the cost of using the City’s cash, also known as the cost of equity. The weights are driven by the debt to asset ratios from the financial audit. Rate of Return is set at no more than two-times the average coupon rate of the City’s outstanding water revenue bonds. If the City has no outstanding revenue bonds, then the rate of return shall be set at no more than two times the expected coupon rate for municipal water utilities with the same credit rating as City of Santa Fe Water.

“Return on Rate Base” – is the rate base times the rate of return.

“Transmission Costs” – those costs identified in the City’s cost-of-service study as being shared by all users of the City’s transmission system which includes the cost of transmission piping and pumping.

“Utility Basis” – refers to the technique used to determine the County’s share of capital costs within the City’s cost-of-service study; it defines the County’s capital costs as the sum of a return on rate base and depreciation expense.

“Wheeling” – means the movement of water supplies owned by the County through City’s water system to the County’s master meters.

### III. Procedures

The City allocates its systemwide costs using generally accepted cost-of-service principles. Specifically, it uses the Base Extra-Capacity method to allocate costs, and it uses the Cash Residual method to quantify capital costs.

The total costs to be allocated in the cost-of-service study are determined at the City’s sole discretion based on revenue requirements calculated in a City Council approved long-range financial plan. The costs of service are those expected for the year following the cost-of-service study.

The basis for allocating costs to individual classes of service is the demand each class represents. For the Base Extra-Capacity method, the relevant demands include average daily demand, maximum daily demand, maximum hourly demand. In addition to these, some costs are allocated based on the number of customers served, or by the equivalent meter sizes in service. By mutual agreement, the City and County may define an equivalent meter size to a meter or set of meters used in calculation of the basis. Such specified equivalencies will be memorialized in the definition of connection points in Exhibit A.

For the purposes of determining the Wheeling Rate, the City allocates only certain portions of the system costs to the County. Those costs include select Joint Costs of the system, the Transmission Costs, and select public Fire Protection costs. Fire protection costs are allocated to the County based on the number of County customers receiving fire protection from City tanks as a fraction of all City and County customers receiving fire protection from City tanks. Costs excluded from the County’s Wheeling Rate are the cost of surface and groundwater supplies, raw water conveyance systems, treatment costs, distribution system costs, any metering costs that are paid directly by the County to the City, and costs related to the City’s payment-in-lieu of tax.

**IV. County Demand Units**

The table below represents the County’s units of service from the most recent cost-of-service study completed in 2021.

<b>Demand Type</b>	<b>Measure</b>	<b>Units</b>
<b>Annual Delivery</b>	Kgal	217,678
<b>Average Day Demand</b>	Kgal/Day	596
<b>Max Day Peaking Factor</b>		1.0
<b>Max Day Demand</b>	Kgal/Day	583
<b>Max Day Units Above AD</b>	Kgal/Day	-13
<b>Max Hr Factor</b>		1.4
<b>Max Hr. Demand</b>	Kgal/Day	857
<b>Max Hr. Demand Above MD</b>	Kgal/Day	274

**V. Current Wheeling Rate**

The current Wheeling Rate is shown in Exhibit C to the Agreement. The following table is a calculation of the Wheeling Rate from the City’s cost-of-service study completed in 2021.

Cost Type / Units	Totals	Base	Max-Day	Max-Hour	Customer
<b>Joint O&amp;M Operating Costs</b>					
Total Joint O&M Costs	\$8,440,681	\$79,120	\$74,478	\$145,012	\$8,142,071
Total Joint System Units		2,911,551	7,490	14,828	426,491
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Cost per Unit		\$0.03	\$9.94	\$9.78	\$19.09
County Units		217,678	583	857	12
Total County Cost	\$20,322	\$5,915	\$5,797	\$8,381	\$229
<b>Transmission User Operating Costs</b>					
Total Transmission O&M Costs	\$2,236,172	\$1,151,875	\$1,084,297	\$0	\$0
Total Transmission User Units		2,911,551	6,650	10,628	426,485
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Cost per Unit		\$0.40	\$163.05	\$0.00	\$0.00
County Units		217,678	583	857	12
Total County Cost	\$181,174	\$86,118	\$95,056	\$0	\$0
<b>Joint Return on Rate Base</b>					
Total Joint Rate Base (Capital)	\$11,441,842	\$2,255,072	\$2,122,770	\$4,133,138	\$2,930,862
Total Joint Units of Service		2,911,551	7,490	14,828	426,491
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Rate Base per Unit		\$0.77	\$283.41	\$278.73	\$6.87
County Units		217,678	583	857	12
County Rate Base (A)	\$572,779	\$168,597	\$165,225	\$238,874	\$82
County Rate of Return (B)	7.24%	7.24%	7.24%	7.24%	7.24%
Total County Cost (= A x B)	\$41,469	\$12,206	\$11,962	\$17,294	\$6
<b>Joint Depreciation Expense</b>					
Total Joint Depreciation (Capital)	\$597,614	130,797	123,123	239,727	103,968
Total Joint Units of Service		2,911,551	7,490	14,828	426,491
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Depreciation per Unit		\$0.04	\$16.44	\$16.17	\$0.24
County Units		217,678	583	857	12
Total County Cost	\$33,220	\$9,779	\$9,583	\$13,855	\$3
<b>Transmission Return on Rate Base</b>					
Total Transmission Rate Base (Capital)	\$7,512,410	\$3,869,720	\$3,642,690	\$0	\$0
Total Transmission User Units		2,911,551	6,650	10,628	426,485
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Rate Base per Unit		\$1.33	\$547.75	\$0.00	\$0.00
County Units		217,678	583	857	12
County Rate Base (A)	608,655	289,314	319,341	-	-
County Rate of Return (B)	7.24%	7.24%	7.24%	7.24%	7.24%
Total County Cost (= A x B)	\$44,067	\$20,946	\$23,120	\$0	\$0
<b>Transmission Depreciation Expense</b>					
Total Transmission Depreciation (Capital)	\$914,104	\$470,865	\$443,240	\$0	\$0
Total Transmission User Units		2,911,551	6,650	10,628	426,485
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Depreciation per Unit		\$0.16	\$66.65	\$0.00	\$0.00
County Units		217,678	583	857	12
Total County Cost	\$74,061	\$35,204	\$38,857	\$0	\$0
<b>Fire Protection Costs</b>					
Total Fire Protection Costs	\$653,211	\$653,211	\$0	\$0	\$0
Total Fire Protection Units		2,911,551	6,650	10,628	426,485
Unit Type		Kgal	Kgal/Day	Kgal/Day	Customers
Cost per Unit		\$0.22	\$0.00	\$0.00	\$0.00
County Units		217,678	583	857	12
Total County Costs	\$48,836	\$48,836	\$0	\$0	\$0
Total O&M	\$201,497	\$92,034	\$100,853	\$8,381	\$229
Total Return on Rate Base - Capital	\$85,536	\$33,153	\$35,083	\$17,294	\$6
Total Depreciation - Capital	\$107,281	\$44,982	\$48,440	\$13,855	\$3
Total Fire Protection	\$48,836	\$48,836	\$0	\$0	\$0
Total Costs of Wheeling Service	\$443,150	\$219,005	\$184,376	\$39,530	\$238
Total Water Delivery	217,678	217,678	217,678	217,678	217,678
Total Rate per Unit of Delivery	<b>\$2.04</b>	\$1.01	\$0.85	\$0.18	\$0.00

# Exhibit C to Wheeling Agreement - City of Santa Fe Wheeling Rates

Last Updated: October 31, 2023

Approved by

City Public Utilities Department Director

**John Dupuis**



John Dupuis (Nov 9, 2023 15:28 MST)

**Nov 9, 2023**

Name

Signature

Date

Effective Date	Wheeling Rate	Cost of Service Study Year
July 1, 2021	\$2.04 per 1000 gallons	2021

**AGREEMENT BETWEEN THE CITY OF SANTA FE AND SANTA FE COUNTY TO  
WHEEL WATER TO SANTA FE COUNTY THROUGH THE CITY OF SANTA FE  
WATER TRANSMISSION AND DISTRIBUTION SYSTEM**

This Agreement is entered into as of the date of the last signature below (“Effective Date”), by and between the City of Santa Fe (“City”) and Santa Fe County (“County”), relating to the conveyance and delivery of County water through the City’s water transmission and distribution system, also referred to as wheeling.

**RECITALS**

**WHEREAS**, the City and County may contract for services and enter into agreements with one another; and

**WHEREAS**, the City and County operate water utilities whose transmission and distribution systems are connected to each other and to Buckman Direct Diversion (“BDD”) transmission lines at certain points; and

**WHEREAS**, the County water utility serves areas which cannot be reached by County water sources without use of the City water transmission and distribution system; and

**WHEREAS**, when County water sources are unavailable or insufficient to meet County demand, BDD Shared Pool water or Water Resources Agreement ~~Backup~~ water from City sources can be moved through the City’s water transmission and distribution system for delivery to the County; and

**WHEREAS**, in the December 2016 “Amended Restated Water Resources Agreement between the City of Santa Fe and Santa Fe County” (“WRA”) the County agreed to begin paying the City wheeling rate beginning in 2021;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein, set forth and for other good and valuable consideration, the parties agree to the Agreement memorialized below.

**AGREEMENT**

1. **Wheeling.** County water may be wheeled through the City’s transmission and distribution system for delivery to the County service area at specific connection points, defined by master meters.

1.1. **Delivery Points.** The locations and characteristics of master meters defining City to County connection points, hereafter referred to as points of interconnection, are defined in Exhibit “A” (Points of Interconnection), attached hereto and incorporated herein by this reference. Exhibit “A” will be updated with any changes to these delivery points and any additional delivery points and can be updated at any time by mutual written agreement of both the City’s Public Utilities Department Director and the Director of Santa Fe County

Utilities. Such agreement will not be unreasonably withheld if provisions of this agreement and Exhibit “A” have been followed.

2. Wheeling Charge. The County will pay the City a wheeling charge for water delivered by the City to the County through the Points of Interconnection defined in Exhibit “A” (“Wheeled Water”). Wheeled Water does not include, and the County will not be pay a wheeling charge for: (1) water delivered under Section 3 of the WRA; (2) water delivered to or used by the City after a defined Point of Interconnection (SW Business Park); or (3) water delivered to the County through BDD transmission lines as identified in Exhibit A, section 3, except when BDD Shared Pool water is delivered to these points as a result of a Non-discretionary shutdown at BDD.

~~2. The wheeling charge~~**Term & Termination.**~~This agreement shall remain effective unless terminated pursuant to section 2.2 below.~~

~~2.1 The initial term shall commence on the date of the final signature.~~

~~2.2. Either party may terminate this agreement by providing the other party at least one-year’s notice prior to the effective date of termination; provided that the Agreement shall not terminate until the parties have agreed on and implemented alternative means to supply customers provided service under this Agreement.~~

~~3. Volume Charge.~~ The County will pay the City a volumetric charge or charges for certain water delivered to the County through the Points of Interconnection defined in Exhibit “A”.

~~3.1 The volumetric wheeling charges~~ will be calculated using the City’s cost-of-service (COS) methodology documented in the Technical Memorandum: Analysis of Water Wheeling Rates for Santa Fe County, attached hereto and incorporated herein by this reference as Exhibit “B”. The COS methodology and Exhibit “B” will be updated at any time by mutual written agreement of both the City’s Public Utilities Department Director and the Director of Santa Fe County Utilities. If the COS methodology and Exhibit “B” have not been updated within the prior five (5) years, the City will update upon request of either the City’s Public Utilities Department Director or the Director of Santa Fe County Utilities

~~3.2 If City water is being delivered to the County at agreed upon rates sufficient to cover operation and maintenance of the City’s transmission and distribution system, additional wheeling rates will not be added. Water delivered under Section 3 of the 2016 Amended and Restated Water Resources Agreement would not be subject to additional wheeling rates.~~

~~3.3~~3.2The effective date and current volumetric wheeling charges in \$ per 1000 gallons are listed in Exhibit “C” (City of Santa Fe Wheeling RatesCharge). Exhibit “C” also includes previous wheeling charges and effective dates. The wheeling charge and Exhibit “C” can be updated by the City using the agreed-upon methodology upon the completion of a new or updated Cost of Service Study for the City Water Utility with an effective date no sooner than 30 days after a new Exhibit C has been signed by the City. The County may offer input in the development of each Cost of Service Study, and such input will be

reasonably considered by the City.

3.4.3 The City will be responsible for reading the master meters at the Points of Interconnection and determining associated billing to the County for wheeled water.

3.4.13.3.1 The City reserves the right, at its own discretion, and with advance notice to the County to not charge wheeling fees for water delivered through specific Points of Interconnection. This provision will allow the City to incentivize water flow through Points of Interconnection should such flow be advantageous for water quality or other operational purposes.

3.4 The City will send all invoices to Santa Fe County Water Utility, and the County will pay invoices within thirty (30) days of receipt. The rate of \$2.04 per 1,000 gallons shown in Exhibit C shall be applied retroactively to County water wheeled through the City system beginning July 1, 2021, resulting in the County paying an additional amount equal to the difference between \$1.40 and \$2.04 per 1,000 gallons.

4.3. Terms of Delivery. The City will deliver to the County water meeting or exceeding applicable water quality standards.

4.1 The County is responsible for maintaining water quality after the point of delivery.

4.2 In an emergency or force majeure event, the City will have the ability to shut off all deliveries at the affected Point(s) of Interconnection to the County for the duration of the emergency. In the case of an emergency, the City will notify County certified water operators as soon as possible and reasonably cooperate in providing additional supply at alternate locations, if needed. The City shall have full discretion to determine whether such an emergency condition exists within the City transmission and distribution system.

4.3 Force Majeure. No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement except for any obligations to make payments to the other party hereunder, when and to the extent such failure or delay is caused by or results from acts beyond the impacted party's ("**Impacted Party**") reasonable control, including, without limitation, the following force majeure events ("**Force Majeure Event(s)**"): (a) acts of God; (b) flood, fire, earthquake, epidemics, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) state or federal government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; and (f) national or regional emergency; (g) strikes, labor stoppages or slowdowns, or other industrial disturbances; (h) shortage of adequate power or transportation facilities; and, (i) other events beyond the reasonable control of the Impacted Party.

4. Term & Termination. This Agreement shall commence on the date of the final signature below and remain in effect so long as the WRA is in effect.

5. **Additional Documents.** The parties agree to execute such further documents as may be  
City County Wheeling Agreement 2023

necessary to carry out the terms and intent of this Agreement.

**6. Dispute Resolution.** The City and County agree to mediate disputes consistent with the Mediation Procedures Act, NMSA 1978, Section 44-7B-1 through 44-7B-6, prior to initiating any litigation, to resolve any conflicts arising under this Agreement, the expenses of which shall be shared equally by the City and County. Disputes shall be first discussed by representatives of each party. Such representatives shall use their best efforts to amicably and promptly resolve the dispute. If the parties are unable to resolve the dispute through informal mechanisms or mediation within 90 days of the occurrence of the event or circumstances giving rise to the dispute, either party may give notice to the other party that the aggrieved party intends to litigate the dispute. Any dispute requiring notice shall be reported to the next meeting of the respective City and County governing bodies.

7. **Entire Agreement.** This Agreement and the Exhibits hereto contain the entire agreement between the parties, and the terms of this Agreement are contractual, not merely a recital.

8. **Counterparts and Recordation.** This Agreement may be executed in one or more counterparts, each of which is an original, and all of which together constitute only one agreement between the parties. This Agreement shall be recorded with the County Clerk and the City Clerk after the Agreement has been approved and executed by the Parties.

9. **Successors and Assigns.** This Agreement and all of the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of all of the parties hereto.

10. **Notices.** All notices shall be in writing and together with other mailings pertaining to this Agreement shall be made to:

FOR THE COUNTY:

Utilities Division Director Santa Fe County  
PO Box 276  
Santa Fe, N.M. 87504-0276 Phone: (505) 992-9870  
Fax: (505) 992-3028

With a copy to:

County Manager Santa Fe County PO Box 276  
Santa Fe, N.M. 87504-0276 Phone: (505) 986-6200  
Fax: (505) 986-2740

County Attorney Santa Fe County  
PO Box 276 Santa Fe, NM 87504-0276 Phone: (505) 986-6279  
Fax: (505) 986-6362

FOR CITY OF SANTA FE:

Public Utilities Director  
City of Santa Fe  
801 West San Mateo  
City of Santa Fe, NM 87504

With Copy to:

City Attorney  
200 Lincoln Ave  
Santa Fe, NM 87501

or as otherwise specified from time to time by each party.

11. **Choice of Law.** The Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.

12. **Limitation of Liability.** Neither the City nor the County waive any limitation of liability that may apply under state law, including but not necessarily limited to the Batement Act, NMSA 1978, Section 6-6-11, the New Mexico Tort Claims Act, NMSA 1978, Sections 41-4-1 through 41-4-30 and the Anti-Debt and Anti-Donation Clauses of the New Mexico Constitution, N.M. Const. Article IX, Sections 10 and 14, and NMSA 1978, secs. 37-1-23 and 37-1-24.

13. **Appropriations.** The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the City’s Governing Body or the Board of County Commissioners for the performance of this Agreement. The City's or County’s decision as to whether sufficient appropriations are available shall be accepted by the other party.

14. **Effective Date.** This Agreement shall become effective when the Agreement has been executed by all of the parties and their respective legal counsel and has been recorded at the office of the City and County Clerks and in accordance with paragraph 2.1 subject to Section 2 of this agreement entitled “Term.”

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands the day and year first written above.

**CITY OF SANTA FE**

\_\_\_\_\_  
Alan Webber, Mayor

\_\_\_\_\_  
Date

**ATTEST:**

\_\_\_\_\_  
~~Geralyn Cardenas, Interim~~  
Andrea Salazar, City Clerk

\_\_\_\_\_  
Date

**APPROVED:**

\_\_\_\_\_  
Emily Oster, City Finance Director

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Marcos Martinez, Senior Assistant City Attorney

\_\_\_\_\_  
Date

**SANTA FE COUNTY**

~~Signature~~ Hank Hughes, Chair \_\_\_\_\_ ~~Date~~  
Board of County Commissioners \_\_\_\_\_ ~~Date~~

\_\_\_\_\_  
~~Name, Chair Board of County Commissioners~~

**ATTEST:**

\_\_\_\_\_  
~~Katherine~~ Katharine E. Clark, County Clerk \_\_\_\_\_ Date

**APPROVED AS TO FORM:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ for \_\_\_\_\_ 11.26.24  
Jeff Young, County Attorney \_\_\_\_\_ Date

~~**FINANCE DIVISION APPROVAL**~~

\_\_\_\_\_  
~~Yvonne S. Herrera, Finance Director~~ \_\_\_\_\_ Date