



Date: March 5, 2026
To: Buckman Direct Diversion Board
From: Brad Prada, BDD Facilities Manager
Via: Kurt Traverse, BDD Accounting Support
Subject: Proposed Fiscal Year 2027 Annual Operating Budget Request

ITEM AND ISSUE:

Request for approval and recommendation of the BDD Annual Operating Budget & Other Fund Contributions for Fiscal Year 2027.

BACKGROUND AND SUMMARY:

BDD staff is pleased to present the proposed Buckman Direct Diversion (BDD) Annual Operating Budget for Fiscal Year 2027 and proposed contributions to the Major Repair and Replacement (MRR) Fund. The proposed budget accounts for all projected necessary costs to meet the Board's service level objectives and to continue to provide high quality water to our partners, the City of Santa Fe, Santa Fe County, the Club at Las Campanas and the Las Campanas Water and Sewer Cooperative.

The BDD actively collaborated with its partners on the development of this budget, and with their support, we present this budget request.

Budget Highlights & Considerations:

- Requesting budget approval of \$9,366,160 for FY 2027 Operations (Page 2 of Budget Proposal)
 - \$9,216,160 – Partner Reimbursements
 - \$150,000– PNM Solar Rebate Revenue
- FY 2027 Budget Request increased by \$580,003 from the FY 2026 Adopted Budget (Page 5)
- Emergency Reserve Fund is fully funded to our target balance of \$2,000,000 (Page 10)
- Major Repair & Replacement Fund - \$1,695,500 requested contributions. (Page 11)



ACTION REQUESTED:

Staff recommend approval by the BDD Board and recommendation of the BDD Annual Operating Budget for Fiscal Year 2027 and the requested contributions and Facility Manager's requested authority to our Major Repair and Replacement Fund to City of Santa Fe's Governing Body and Santa Fe County Board of Commissioners.

We look forward to presenting the proposed budget and addressing your comments and questions.

Thank you

Approved by BDDDB March 5, 2026

Jamie Cassutt, BDDDB Chair



Buckman Direct Diversion

FISCAL YEAR 2027

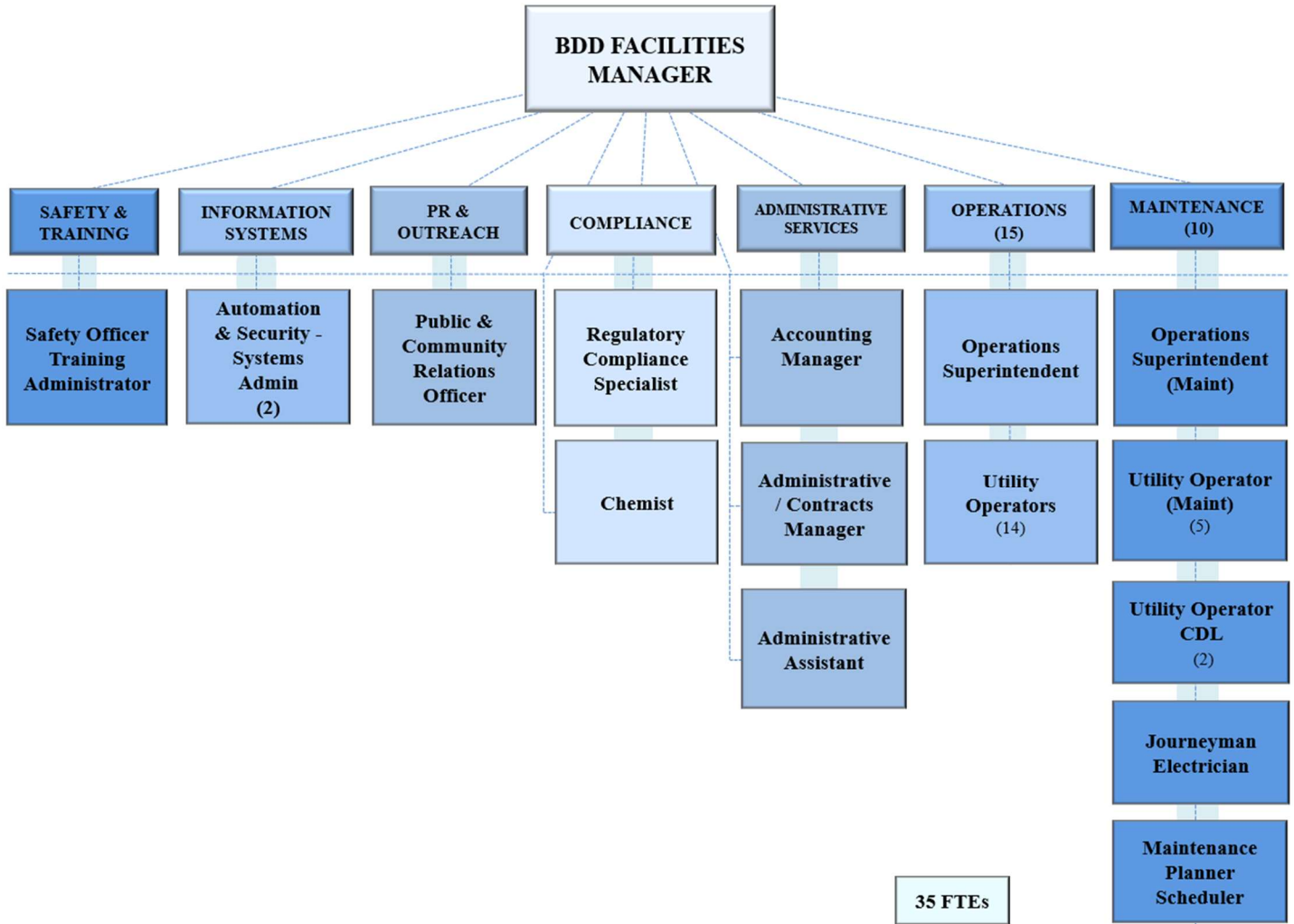
Proposed Annual Operating
Budget & Partner Contributions



Prepared by:
Bradley Prada, BDD Facilities Manager



BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT ORGANIZATIONAL CHART





Buckman Direct Diversion (BDD) Proposed Annual Operating Budget for FY27

Budget Message

The *Project Management and Fiscal Services Agreement* (PMFSA) requires the Project Manager to submit an Annual Operating Budget. With this submittal, the Project Manager requests the Buckman Direct Diversion Board (BDDDB) approve and recommend the Fiscal Year 2027 Operating Budget of \$9,366,160.

Budget Revenue/Reimbursement Summary

TOTAL PROPOSED FISCAL YEAR 2027 OPERATING BUDGET

TABLE A

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>	<u>%</u>
Revenues/Reimbursements by Source:				
Federal Funds	\$ -	\$ -	\$ -	0%
PNM Solar Rebates	-	150,000	150,000	2%
City of Santa Fe	4,867,799	1,543,108	6,410,907	68%
Santa Fe County	1,896,652	591,365	2,488,017	27%
Las Campanas (Club)	193,970	46,240	240,210	3%
Las Campanas (Coop)	77,026	-	77,026	1%
Total Revenues by Source	\$ 7,035,447	\$ 2,330,713	\$ 9,366,160	100%
% of overall budget	75%	25%	100%	

This budget request consists of fixed and variable costs and includes revenue/reimbursements from several sources. The principle operating revenue of BDD’s operating budget is reimbursements from the partners for the cost of operations.

BDD had previously been granted federal funds from the Department of Energy for the BDD Storm Water Sampling Program. This funding source is discontinued as of 2025; the collection of samples from the Rio Grande at the BDD in order to make determinations on the water quality of the river during LANL events is now folded within other BDD regulatory and sampling operations for partner reimbursements.

The monthly PNM solar rebates received for the water treatment plant solar array are also accounted for as a source of revenue. The resulting reimbursement requests for American Capital Energy (primary owner of this solar array) to the City of Santa Fe and Santa Fe County will be reduced by the revenue received.

The partner reimbursement revenue is estimated based on projected expenditure types and allocated based on the cost sharing allocations established in the governing documents. Partners are billed in accordance with the BDD Working Capital and Billing Policy.

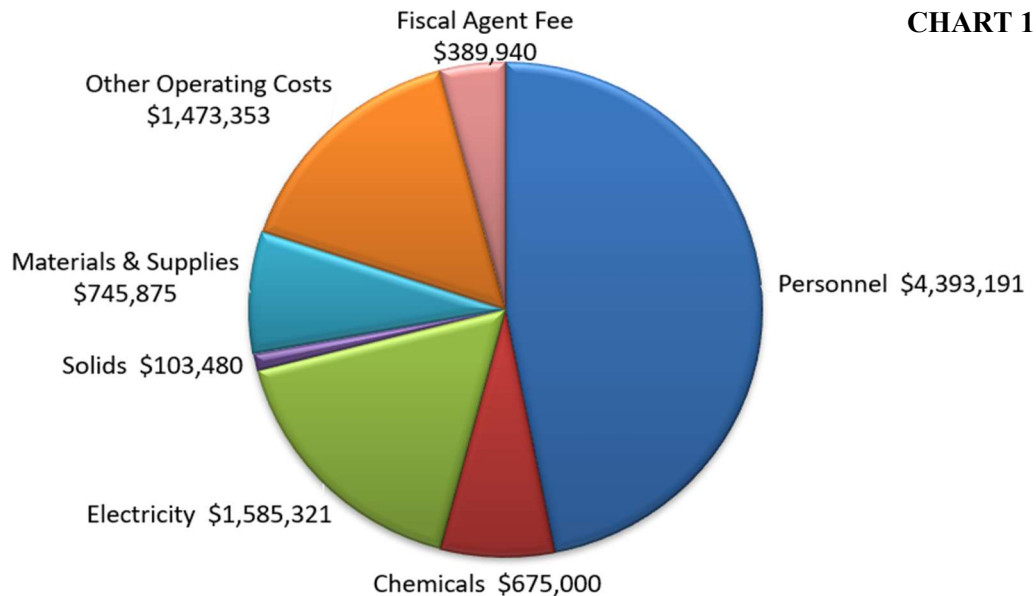


Budget Expenditure Summary

The Buckman Direct Diversion budget consists of seven major categories as presented below. These categories are used to track expenditures for reporting and monitoring our available budget balance. In accordance with our BDD Working Capital and Billing policy, any budget adjustment requests between major categories require board approval. Expenditures are generally recorded when a liability is incurred and are reported in BDD’s main enterprise fund.

PARTNER SHARE OF TOTAL PROPOSED FISCAL YEAR 2027 OPERATING BUDGET **TABLE B**

Expenditure by Category:	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>Las Campanas (Club)</u>	<u>Las Campanas (Coop)</u>	<u>Federal Funds</u>	<u>Total</u>
Personnel	\$ 3,054,110	\$ 1,165,723	\$ 112,719	\$ 60,639	\$ -	\$ 4,393,191
Electricity	1,109,232	422,591	49,409	4,089	-	1,585,321
Chemicals	499,973	175,028	-	-	-	675,000
Solids	76,691	26,789	-	-	-	103,480
Materials & Supplies	507,306	205,015	23,229	10,326	-	745,875
Other Operating Costs	1,010,983	419,699	40,699	1,972	-	1,473,353
Fiscal Agent Fee	263,716	112,069	14,155	-	-	389,940
Total	6,522,011	2,526,912	\$ 240,210	\$ 77,026	\$ -	\$ 9,366,160
PNM Solar Rebates	(111,105)	(38,895)				
Total	\$ 6,410,906	\$ 2,488,017				





Budget Summary & Highlights

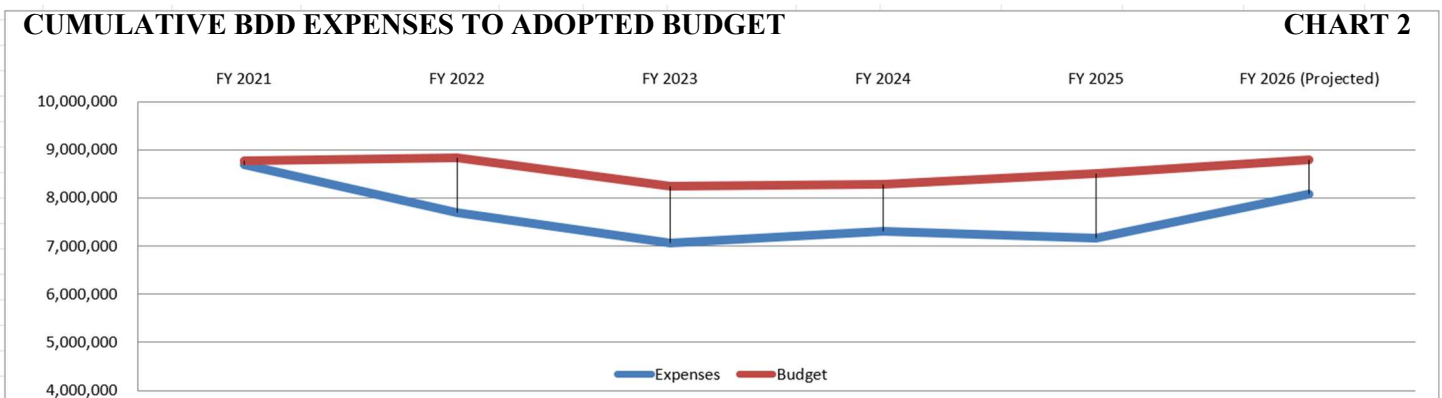
In Fiscal Year 2027, the BDD will be in its sixteenth year of operations. The BDD uses yearly volumetric flow predictions provided by each partner for our variable and project wide allocation of expenditures.

The BDD has collaborated with its partners on the development of this budget and with their support; we present the Fiscal Year 2027 budget request with the following change:

- The proposed annual operating budget for fiscal year 2027 is \$9,366,160, which represents a 6.6% increase from the adopted FY2025 operating budget.

Closing the gap between actual expenditures and budget was considered in the development of the annual operating budget request. This will continue to be a factor, to ensure funds are properly expended for the purposes as requested.

- Fiscal Year 2021 Actual Expenditures \$8,686,832 (with 6 vacant positions offset by higher than budget electricity costs) which was \$76,883 lower than the adopted budget.
- Fiscal Year 2022 Actual Expenditures \$7,695,417 (with 7 vacant positions) which was \$1,147,292 lower than the adopted budget.
- Fiscal Year 2023 Actual Expenditures \$7,063,226 (with 9 vacant positions) which was \$1,172,554 lower than the adopted budget.
- Fiscal Year 2024 Actual Expenditures \$7,311,456 (with 10 vacant positions) which was \$979,097 lower than the adopted budget.
- Fiscal Year 2025 Actual Expenditures \$7,154,077 (with 15 vacant positions) which was \$1,358,271 lower than the adopted budget.
- Fiscal Year 2026 PROJECTED Expenditures \$8,069,164 (with 5 vacant positions) which would be \$716,993 lower than the adopted budget.





Budget Comparisons

Table C presents actual expenses by major category for the fiscal year ended June 30, 2025, along with the change in the proposed fiscal year 2027 operating budget request in comparison to the current 2026 adopted budget. There is an overall increase in the budget proposal of \$580,003 which is an increase of 6.6% from the current budget. This increase is due to: the standardization of BDD operating staff to the City’s Utility Operator job class; normalizing the chemical inventory budget to cost increases over the last operating years; and a non-discretionary correction to the solar project debt service (within the Electricity category) which had not been updated in several prior year budget proposals. We are projecting flat costs in materials and supplies and other operating costs. To partially offset, BDD staff are also recommending a decrease in its Major Repair and Replacement funding request based on the Major Repair and Replacement Annual Plan for FY2027 (Table L).

The BDD staff will continue to work with its partners in determining the costs and funding needed to ensure BDD properly operates and maintains the facilities to meet the demands of the region.

BUCKMAN DIRECT DIVERSION OPERATING BUDGET

TABLE C

	FY 2025 Adopted Budget	FY 2025 Unaudited Actual 6/30/25	FY 2025 Variance \$ (Under) / Over Budget	%	FY 2026 Adopted Budget	FY 2027 Proposed Budget	\$ Change FY 2026 vs FY 2027	%
Revenues/Reimbursements by Fund:								
Partner Reimbursements	\$ 8,296,347	\$ 6,901,374	(1,394,973)	83%	\$ 8,570,157	\$ 9,216,160	\$ 646,003	8%
PNM Solar Rebates	120,000	164,344	44,344	137%	120,000	150,000	30,000	25%
Federal Funds	96,000	88,359.05	(7,641)	92%	96,000	-	(96,000)	-100%
Total	\$ 8,512,347	\$ 7,154,077	\$ (1,358,271)	84%	\$ 8,786,157	\$ 9,366,160	\$ 580,003	7%
Expenditures by Category:								
Salaries	\$ 2,594,917	\$ 1,628,949	\$ 965,968	63%	\$ 2,570,448	\$ 2,877,919	\$ 307,471	12%
Overtime	230,000	207,728	22,272	90%	230,000	230,000	-	0%
Benefits	1,254,511	822,293	432,218	66%	1,222,810	1,285,272	62,462	5%
Electricity	1,461,631	1,407,359	54,272	96%	1,461,631	1,585,321	123,690	8%
Chemicals	423,500	736,852	(313,352)	174%	625,000	675,000	50,000	8%
Solids	83,219	15,228	67,991	18%	83,480	103,480	20,000	24%
Materials & Supplies*	720,925	666,317	54,608	92%	732,925	745,875	12,950	2%
Other Operating Costs*	1,396,457	1,322,164	74,293	95%	1,493,703	1,473,353	(20,350)	-1%
Total	8,165,160	6,806,889	1,358,271	83%	8,419,997	8,976,220	556,223	7%
Fiscal Agent Fee	347,188	347,188	-	100%	366,160	389,940	23,780	6%
Total	\$ 8,512,347	\$ 7,154,076	\$ 1,358,271	84%	\$ 8,786,157	\$ 9,366,160	\$ 580,003	7%



Budget Fixed & Variable Costs Analysis

The BDD’s annual operating budget consists of fixed, variable and project-wide costs. These costs are allocated by percentages contained in the Facility Operations and Procedures Agreement (FOPA). This budget request was prepared with the following cost sharing principles.

Cost Sharing

TABLE D

<u>Fixed</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>Las Campanas (Club)</u>	<u>Las Campanas (Coop)</u>	<u>Total</u>
Shared Facilities (CCL)	62.09%	25.61%	5.37%	6.93%	100.00%
Separate Facilities (CC)	75.33%	24.67%	-	-	100.00%
<u>Project Wide</u>					
Projected Volumetric Flow (PW)	67.63%	28.74%	3.63%	-	100.00%
<u>Variable</u>					
Projected Volumetric Flow (CCL)	67.63%	28.74%	3.63%	-	100.00%
Projected Volumetric Flow (CC)	74.07%	25.93%	-	-	100.00%

Annual volumetric flow predictions provided by the partners are also used as the basis for project wide costs and variable costs that are primarily related to chemicals, electricity, and solids management.

Volumetric Flow History and FY 2027 Predictions

TABLE E

<u>Volumetric Flow (acft)</u>	<u>City of Santa Fe</u>	<u>Santa Fe County</u>	<u>LC (Raw Water) via County</u>	<u>Las Campanas (Raw Water)</u>	<u>Total Diverted</u>
FY 2021	5,141.85	1,398.75	334.23	159.73	7,034.56
FY 2022	4,465.50	1,270.61	321.83	-	6,057.94
FY 2023	3,007.65	981.17	326.99	73.37	4,389.18
FY 2024	3,577.01	1,136.61	257.02	357.90	5,328.54
FY 2025	4,720.77	1,413.49	316.95	206.24	6,657.45
FY 2026 Projection	4,113.66	1,390.26	300.11	211.60	6,015.63
<i>FY 2027 Proposed</i>	<i>4,000.00</i>	<i>1,400.00</i>	<i>300.00</i>	<i>215.00</i>	<i>5,915.00</i>
<i>FY 2027 %</i>	67.62%	23.67%	5.07%	3.63%	100%

% Percentage is used in calculation of partner share (CCL) of variable costs & project wide

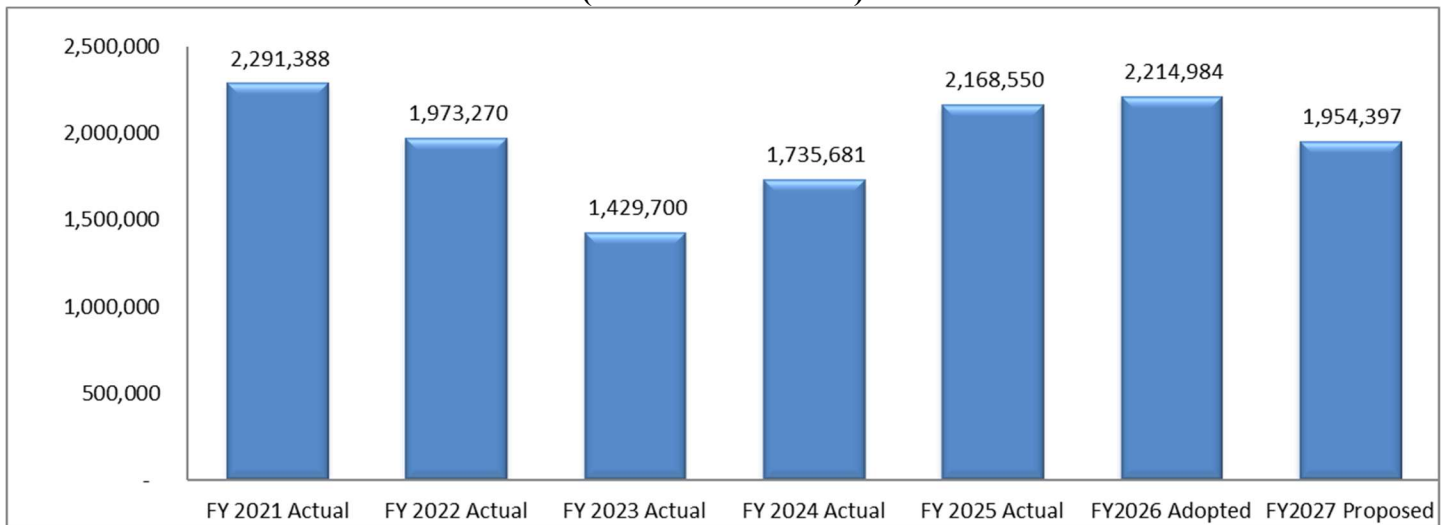


Volumetric Flow History

BDD has completed a budget analysis for fiscal year 2027, which includes volumetric predictions of 1,954,397 1000-gallons per year. This is an 11.8% decrease in water delivery through BDD facilities from the fiscal year 2026 adopted water call and roughly equal to the projected water call for this fiscal year. Staff will continue to work with the partners to adaptively manage BDD water deliveries to meet changes in partner demands.

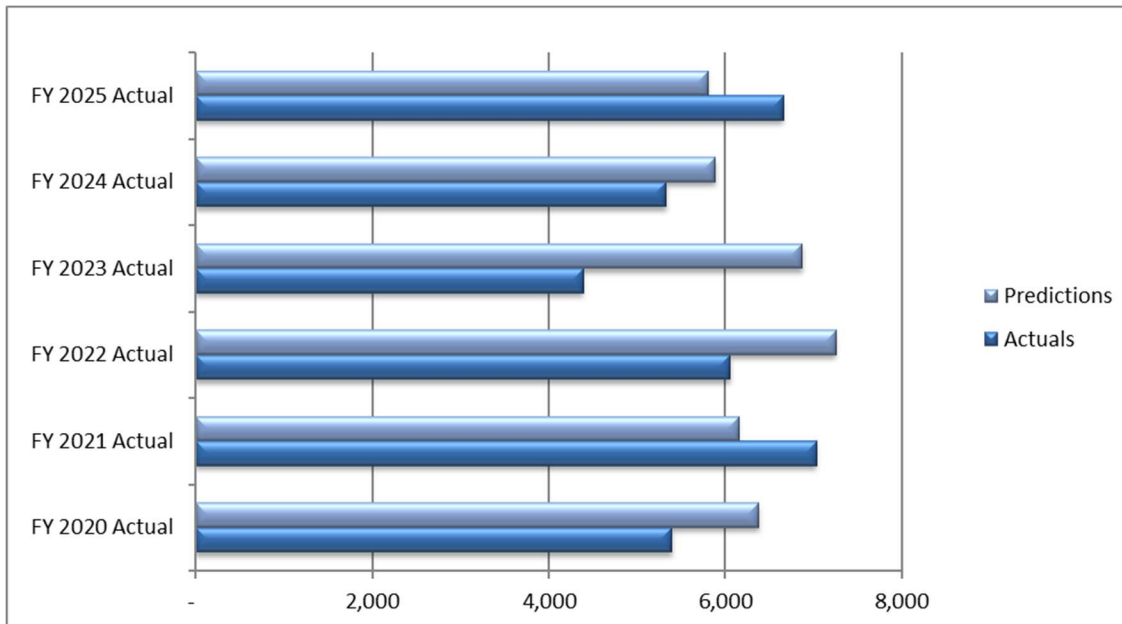
Total gallons delivered in 1,000's
(Includes raw water)

CHART 3



Total gallons delivered vs. volumetric predictions
(Includes raw water)

CHART 4





Programs

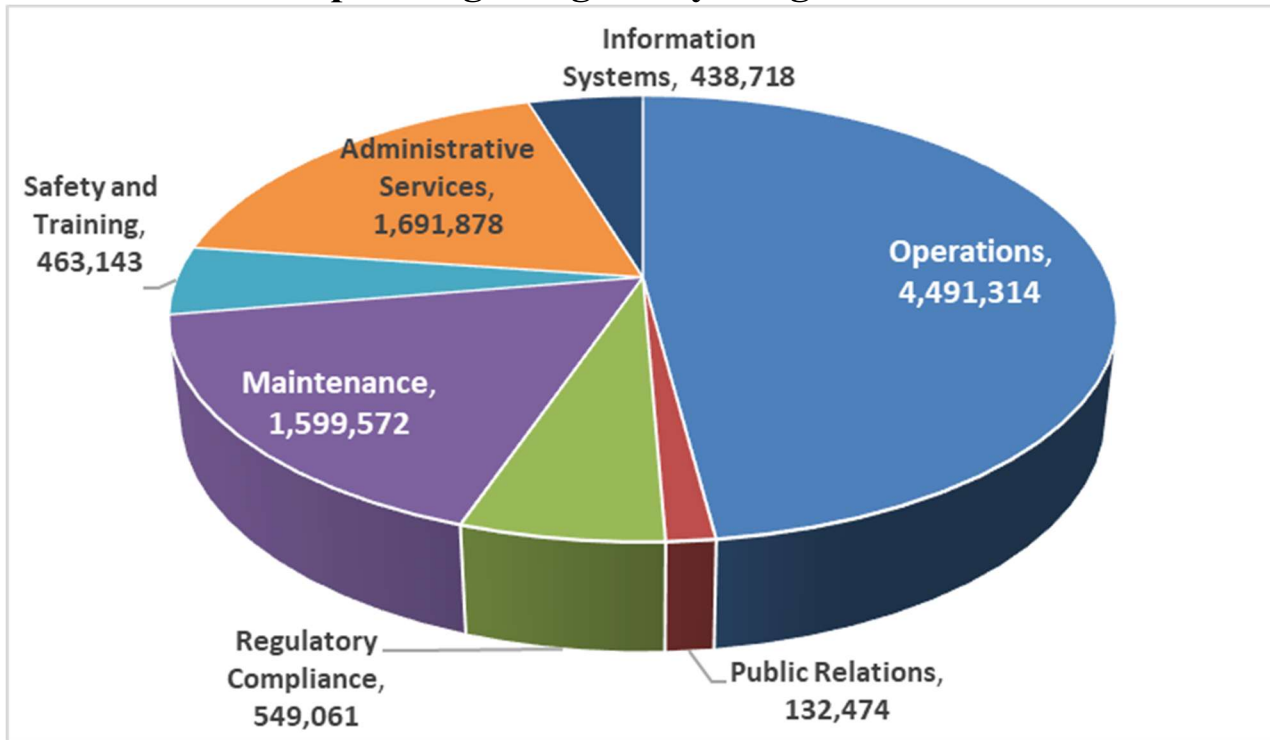
The BDD is divided into seven (7) key programs with explicit business functions, each developed to support specific goals and objectives. These business activities encompass all functions necessary to operate the water treatment plant, maintain full regulatory compliance, execute Fiscal Agent responsibilities, and optimize infrastructure investments through comprehensive asset management.

Strategic Goals – Supported by program resources

- ✚ **Operations** – To ensure the highest standard of water quality, using the most efficient and up to date water production methods.
- ✚ **Regulatory** – To maintain and improve LANL/DOE monitoring program.
- ✚ **Maintenance** – To equip the staff with the tools and equipment to efficiently and effectively maintain and repair the assets of the BDD.
- ✚ **Safety & Training** – To promote and assure workplace safety and health in preventing workplace injuries.
- ✚ **Administrative Services** – To operate and maintain the BDD within budget and in accordance with the governing documents.
- ✚ **Information Systems** – To maintain and support all automation and security systems.
- ✚ **Public Relations** – To coordinate, create and support key events for the BDD outreach program.

BDD Operating Budget – by Program

TABLE F





Program Budget Comparison

The expenditure budgets for these seven key programs are presented below. Total program funding includes all employee wages and benefits for full-time equivalent (FTE) employees and associated overhead expenses. These key programs incorporate all business expenses necessary to execute core business functions and allow the reader to understand how limited resources are allocated within the budget.

BDD Operating Budget – by Program

TABLE G

	FY 2025 Adopted Budget	FY 2025 Unaudited Actuals	Variance \$ (Under) or Over Budget	FY 2026 Adopted Budget	FY 2027 Proposed Budget	\$ Change FY 2026 vs FY 2027
Expenditures by Program:						
1. Operations (15 FTE FY27 Proposal)	\$ 4,182,378	\$ 3,727,802	\$ (454,576)	\$ 4,073,465	\$ 4,491,314	\$ 417,849
2. Regulatory Compliance (2 FTE)	441,098	355,771	(85,327)	526,106	549,061	22,955
3. Maintenance (10 FTE)	1,596,827	1,045,085	(551,742)	1,565,632	1,599,572	33,940
4. Safety and Training (1 FTE)	175,215	226,889	51,674	454,662	463,143	8,481
5. Administrative Services (4 FTE)	1,288,171	1,103,526	(184,645)	1,302,159	1,301,938	(221)
6. Information Systems (2 FTE)	378,765	230,420	(148,345)	400,189	438,718	38,529
7. Public Relations (1 FTE)	102,705	117,395	14,690	97,784	132,474	34,690
Total Expenditures (35 FTE)	8,165,159	6,806,888	(1,358,271)	8,419,997	8,976,220	556,223
Fiscal Agent Fee	347,188	347,188	-	366,160	389,940	23,780
Total	\$ 8,512,347	\$ 7,154,076	\$ (1,358,271)	\$ 8,786,157	\$ 9,366,160	\$ 580,003



Emergency Reserve Fund (ERF)

The Project Management and Fiscal Services Agreement, Article 3. (E.) requires the BDD Board create an Emergency Reserve Fund and establish procedures for its management. The Emergency Reserve Fund provides immediate reserves for unforeseen or catastrophic infrastructure failures that render facilities unable to deliver water at the needed capacity. The Project Manager, in consultation with the partners, must submit to the BDD Board an analysis of the funds required for an emergency reserve and suggest procedures for creation of and management of the Emergency Reserve Fund.

The BDD Board approved the Emergency Reserve Fund policy and funding contributions as part of the Fiscal Year 2012 budget request. This policy established target balances, replenishment requirements and funding allocations.

Emergency Reserve Fund Balance

TABLE H

Emergency Fund	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
Fund Balance at June 30, 2025	1,472,542	525,410	142,859	113,366	2,254,177

As of June 30, 2025, the Emergency Reserve Fund remained fully funded to its targeted balance of \$2,000,000. As per the BDD Working Capital and Billing Policy, these funds are interest bearing and are allocated to the partners based on the percentage of cash held in their respective accounts at the end of each fiscal year.



Major Repair and Replacement Fund (MRRF)

The BDD Board also approved the Major Repair and Replacement (MRR) Fund as part of the Fiscal Year 2012 Budget. Per the MRR Fund policy, these funds are to receive annual contributions held in reserve to support major repair and replacement costs of facility equipment and systems, in accordance with each approved plan.

The BDD Board has authorized expenditures of \$4,042,360 for repair and replacement of system equipment in accordance with the policy, Table K. These authorizations, upon expenditure, will reduce the available balance in this fund. The BDD is requesting contributions of \$1,695,500 for the coming fiscal year, based on the expenditure plan listed on the next page, Table L; this is a reduction of \$91,176 from the prior year’s request.

The BDD Facility Manager and staff prepare the 15 Month MRR Plan with preliminary estimates working with our vendor partners; as the project schedules firm up and more exact quotes are provided, the BDD Facility Manager will rebalance the expected cost per project within their delegated monetary authority but within the funds available in the MRR Fund. Any project quote that increases above its previously authorized 15 Month MRR Plan by a value exceeding the BDD Facility Manager’s authority will be brought back to the BDD Board for authorization at the new quote.

Major Repair and Replacement Fund Balance

TABLE I

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
Balance as of June 30, 2025	2,763,642	966,087	72,739	78,848	3,881,316
2026 Contributions per approved plan	1,270,094	446,108	30,700	39,618	1,786,519
2026 Funds authorized for expenditure	(2,873,714)	(1,009,377)	(69,529)	(89,740)	(4,042,360)
Projected Fund Balance	1,160,022	402,817	33,910	28,725	1,625,475

Major Repair and Replacement Fund Fiscal Year 2027 Contributions

TABLE J

	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
2027 Proposed Contributions	1,205,385	423,380	29,135	37,600	1,695,500

With the approval of this contribution and no additional authorizations, the fund balance will be \$3,320,975 for fiscal year 2027.



Major Repair and Replacement Fund Plan

TABLE K

FY26 Funds Authorized				
<u>15 Month MR&R Plan</u>	<u>Projected Cost</u>	<u>FY26 Expected Cost</u>	<u>Justification</u>	<u>Status</u>
Replace Media in GAC Contactor	430,500	472,500	Media is exhausted	Completed FY2026 - Calgon Carbon Corp
BS1A Valve Projects	131,000	131,000	Failed valves - replacement	Project Pending
Replacement of VFD Centrifuges	172,416	172,416	Failed, parts discontinued	Completed FY2026 - Andritz Separation
Camera Upgrade	260,000	182,022	Required update	Completed FY2026 - APIC Solutions
Building UPS' Replacement	85,000	85,000	Required update	Project Pending
PLC Replacement	750,000	750,000	Current model obsolete	Project Pending
Surge Tank Bladder Replacement	60,000	60,000	Failed need replacement	Project Pending
VFD repair @ 2A	56,462	56,462	Troubleshoot & repair	Encumbered - Eaton Corp
Verticle Turbine Pump @ 2A	36,177	36,177	Troubleshoot & repair	Encumbered - Motion Ind
Utility Systems Rebuild or Replace	272,361	272,361	Multiple pump & motor items	Project Pending
		2,217,938	FY2025 and prior Appropriations	
Membrane Module Replacement	989,519	861,212	End of expected life span	Completed FY2026 - Aria Filtra
VFD Replacement @ 2A	235,000	426,222	Failed need replacement	Project Pending - Eaton Corp
1A Pump/Motor	100,000	90,602	Cyclical Rebuild or Replace	Project Pending - Motion Ind
2A Pump?Motor	100,000	79,622	Cyclical Rebuild or Replace	Project Pending - Motion Ind
Centrifuge Repair	100,000	100,000	Failed need rebuild	Project Pending
Building UPS' Replacement	36,000	36,000	Required update	Project Pending
Ozone Monitors	65,000	65,000	Failed needing replacement	Project Pending
WTP Epoxy Flooring	96,000	96,000	Failed needing replacement	Project Pending
Vehicle Replacement	65,000	69,764	Cyclical replacement	Completed FY2026 - PowerFord
Total Prior Year Funds Authorized		4,042,360		

TABLE L

FY27 Requested Contribution				
<u>15 Month MR&R Plan</u>	<u>Cost</u>	<u>Quantity</u>	<u>Total Cost</u>	<u>Justification</u>
1 Membrane Module Replacement	4,279	208	890,000.00	End of expected life span
2 1A Pump Replacement	90,000	1	90,000.00	Cyclical Rebuild or Replace
3 2A Pump Replacement	90,000	1	90,000.00	Cyclical Rebuild or Replace
4 PLC Replacement	150,000	1	150,000.00	Current model obsolete
5 VFD Replacement	250,000	1	250,000.00	Cyclical Rebuild or Replace
6 Vehicle Replacement	70,000	1	70,000.00	Cyclical replacement
7 Surge Tank Bladder	37,500	1	37,500.00	Failed need replacement
8 HVAC Replacement RW	40,000	1	40,000.00	Failed need replacement
9 Amiad Strainer	45,000	1	45,000.00	Failed need replacement
10 Ozone Monitors	11,000	3	33,000.00	Failed need replacement
			\$1,695,500	FY27 Requested Contribution



Budget Summary

With this submittal, the Project Manager requests the Buckman Direct Diversion Board approve and recommend the funding for our Fiscal Year 2027 Operating Budget of \$9,366,160 with the annual contribution of \$1,695,500 for the Major Repair and Replacement Fund, for a total request of \$11,061,660. We appreciate the input and support from our partners and our Buckman Direct Diversion Board Members.

Fiscal Year 2027 Funding Allocation

TABLE M

Funds	City of Santa Fe	Santa Fe County	Las Campanas (Club)	Las Campanas (Coop)	Total
Operating Fund	\$ 6,410,907	\$ 2,474,517	\$ 240,210	\$ 77,026	\$ 9,202,660
			PNM Solar Rebate Revenue		150,000
			Federal Funds		-
			County Conservation Fee		13,500
					\$ 9,366,160
Major Repair & Replacement Fund	1,205,385	423,380	29,135	37,600	1,695,500
Total Fiscal Year 2027 Request	\$ 7,616,292	\$ 2,897,897	\$ 269,345	\$ 114,626	\$ 11,061,660