



AGENDA

BUCKMAN DIRECT DIVERSION BOARD
SEPTEMBER 03, 2020 AT 4:00 PM
ATTEND VIRTUALLY



SPECIAL PROCEDURES FOR BUCKMAN DIRECT DIVERSION BOARD MEETING

Attendance: In response to the State's declaration of a Public Health Emergency, the Mayor's Proclamation of Emergency, and the ban on public gatherings of more than five (5) people, the Buckman Direct Diversion Board meeting will be conducted virtually.

Viewing: Members of the public may stream the meeting live on the City of Santa Fe's YouTube channel at <https://www.youtube.com/user/cityofsantafe>. The YouTube live stream can be accessed at this address from most smartphones, tablets, or computers.

The video recording of this meeting will also remain available for viewing at any time on the City's YouTube channel at <https://www.youtube.com/user/cityofsantafe>. Staff is available to help members of the public access pre-recorded meetings on-line at any time during normal business hours. Please call 955-6521 for assistance.

Agenda: The agenda for the meeting will be posted at santafe.primegov.com.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF CONSENT AGENDA**
5. **APPROVAL OF MINUTES**
 - a. Approval of the minutes from the August 6, 2020 Buckman Direct Diversion Board meeting.
6. **MATTERS FROM THE PUBLIC: Buckman Direct Diversion Board will take matters from the public in written form via email through 1:00 pm on Thursday September 3, 2020. Emails must identify the submitting's party's name and should be sent to Jamie-Rae Diaz, City of Santa Fe, Public Utilities, Administrative Manager, at**



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jldiaz@santafenm.gov. These comments will be distributed to the Board for review prior to the meeting and placed in the minutes of the meeting.

PRESENTATION/INFORMATIONAL ITEMS

1. Report on September 1, 2020 Fiscal Services Audit Committee VERBAL. (FSAC). (Mackie Romero, BDD Financial Manager, mmromero1@santafenm.gov, 955-4506)
2. Monthly Update on BDD Operations. (Randy Sugrue, BDD Operations Superintendent, rcsugrue@santafenm.gov, 955-4501)
3. Report from the Facilities Manager. VERBAL. (Rick Carpenter, BDD Facilities Manager, rrcarpenter@santafenm.gov, 955-4206)
4. Presentation of the Buckman Direct Diversion Project Annual Financial Report for fiscal year ended June 30, 2019. (Mackie Romero, BDD Financial Manager, mmromero1@santafenm.gov, 955-4506 and Raul Anaya, Principle, CliftonLarsonAllen LLP, raul.anaya@CLAconnect.com)
5. Update on Waters of the United States (WOTUS) Litigation. (Rick Carpenter, BDD Facilities Manager, rrcarpenter@santafenm.gov, 955-4206 and Kyle Harwood, BDD Legal Counsel, kyle@egolflaw.com, 986-9641)

ACTION ITEMS: CONSENT

6. Request for Approval of Buckman Direct Diversion and Canyon Road Water Treatment Plant Operator Exchange Program. (Jesse Roach, Water Division Director, jdroach@santafenm.gov, 955-4309)

ACTION ITEMS: DISCUSSION

7. Update and Possible Action on LANL MOU. (Rick Carpenter, BDD Facilities Manager, rrcarpenter@santafenm.gov, 955-4206 and Kyle Harwood, BDD Legal Counsel, kyle@egolflaw.com, 986-9641)
8. Update and Possible Action on NMED Triennial Review. (Rick Carpenter, BDD Facilities Manager, rrcarpenter@santafenm.gov, 955-4206, James Bearzi,



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GGI, BBDB Consultant, james@glorietageo.com, 983-5446 and Kyle Harwood, BDD Legal Counsel, kyle@egolflaw.com, 986-9641)

9. Update and Request for Ratification of the BDD Board's protest of the U.S Department of Energy and Los Alamos County's Water Right Transfer Application for Cr6 Remediation under OSE File No. RG-00485, et al. (Rick Carpenter, BDD Facilities Manager, 955-4206, rrcarpenter@santafenm.gov, and Kyle Harwood, BDD Legal Counsel, kyle@egolflaw.com, 986-9641)
10. Discussion of Amended Fiscal Year 2021 Annual Operating Budget in the amount of \$8,763,715 plus \$626,705 in contributions to the Major Repair and Replacement Fund. (Mackie Romero, BDD Financial Manager, mmromero1@santafenm.gov, 955-4506) a) Request to ratify and formally adopt the amended for 2021 Annual Operating Budget in the amount of \$8,763,715 plus \$626,706 in contributions to the Major Repair and Replacement Fund.

MATTERS FROM THE BOARD

NEXT MEETING: No Meeting Scheduled at

ADJOURN

EXECUTIVE SESSION

In accordance with the New Mexico Open Meetings Act NMSA 1978, §10-15-1(H)(7), discussion regarding pending litigation in which the BBDB is a participant, including, without limitation, :1 BDD Board's Protest of the U.S Department of Energy and Los Alamos County's Water Right Transfer Application for Cr6 Remediation under OSE File No. RG-00485, et al. (Kyle Harwood, BDD Legal Counsel, kyle@egolflaw.com, 986-9641) 2. Buckman Direct Diversion Board v. CDM Smith, et al., First Judicial District Court Case No. D-101-CV-2018-01610. (Nancy R. Long, BDD Legal Counsel, nancy@longkomer.com, 982-8405)

Persons with disabilities in need of accommodations, contact the City Clerk's office at 955-6521, five (5) working days prior to meeting date.

MINUTES OF THE
THE CITY OF SANTA FE & SANTA FE COUNTY
BUCKMAN DIRECT DIVERSION BOARD MEETING

August 6, 2020

This meeting of the Santa Fe County/City Buckman Direct Diversion Board meeting was called to order by Councilor JoAnne Vigil Coppler, Chair, at 4:00 p.m.

In accordance with the Public Health Emergency Order issued by the State of New Mexico, and pursuant to the New Mexico Attorney General's Open Government Division Advisory during COVID-19, public entities are authorized to conduct virtual meetings.

[For clarity purposes, repetitive identification and confirmations of those on the phone have been eliminated and/or condensed in this transcript.]

Roll was called and the following members were present:

BDD Board Members Present:

Councilor JoAnne Vigil Coppler, Chair
Commissioner Anna Hansen, Vice Chair
Commissioner Anna Hamilton
J.C. Helms, Citizen Member
Councilor Carol Romero-Wirth
Tom Egelhoff, Las Campanas [non-voting]

Member(s) Excused:

None

BDD Board Alternate Members Present:

None

Others Present:

Rick Carpenter, BDD Facilities Manager
Nancy Long, BDD Board Counsel
Mackie Romero, BDD Finance Manager
Bernardine Padilla, BDD Public Relations Coordinator
Randy Sugrue, BDD Operations Superintendent
Rachel Brown, Deputy County Attorney
Jamie-Rae Diaz, City Administrative Assistant
Joe Abeyta, City IT
Jesse Roach, City Water Division Director
Marcos Martinez, City Assistant Attorney
Kyle Harwood, BDD Counsel
Joni Arends, Concerned Citizens for Nuclear Safety (CCNS)
Dan Frost, Snell & Wilbur

3. APPROVAL OF AGENDA *[Exhibit 1: Agenda]*

There were no changes and Commissioner Hansen moved to approve as published. Commissioner Hamilton seconded and the motion passed by unanimous [5-0] roll call vote.

4. APPROVAL OF CONSENT AGENDA

Consent Agenda Items:

- 12. Request for approval to reauthorize unexpended funds approved by the BDDDB from the BDD Major Repair and Replacement Fund from FY2020 to FY2021**
 - a. Budget Amendment Resolution for \$210,930.00**
- 13. Request to ratify emergency procurement and approve contract with TLC Company, Inc. in the amount of \$199,455.95 inclusive of NMGRT to replace and install a new chiller unit**
 - a. Budget Amendment Resolution for \$199,455.95**

CHAIR VIGIL COPPLER: Any changes from staff?

RICK CARPENTER (Facilities Manager): Madam Chair, there are none.

CHAIR VIGIL COPPLER: Thank you. Any changes from the Board?

Commissioner Hamilton.

COMMISSIONER HAMILTON: We're on the Consent Agenda, yes? I just thought I have no problem with leaving them both on but it seems like it might be, for informational purposes, useful for a few words said about the second item. I don't think it is worth pulling off for that but –

CHAIR VIGIL COPPLER: Well, we either approve the Consent Agenda or we don't. Do you want to think about it? Do you need to remove it and if you don't have anything really germane to say then you should not remove anything.

COMMISSIONER HAMILTON: Well, if nobody else has questions about it, we had plenty of discussion so I'm fine with it; leave it on.

CHAIR VIGIL COPPLER: Do I have a motion to approve the Consent Agenda.

COUNCILOR ROMERO-WIRTH: Move to approve.

COMMISSIONER HAMILTON: Second.

The motion passed by unanimous [5-0] roll call vote.

5. APPROVAL OF MINUTES: July 2, 2020 BDD Board Meeting

CHAIR VIGIL COPPLER: Anybody have any changes to the minutes?

COMMISSIONER HANSEN: Yes, I do.

CHAIR VIGIL COPPLER: Commissioner Hansen.

COMMISSIONER HANSEN: It's kind of a question. On page 13, Ms. Romero is talking at the top and Ms. Romero says, "I have to double-check the minutes but it was 310." I am wondering whether the 310 should have a dollar sign in front of it.

CHAIR VIGIL COPPLER: Do you want to make a recommendation to amend the minutes to that effect?

COMMISSIONER HANSEN: I do because I think we're talking about money. So I think it would be appropriate; is that correct, Mackie?

MACKIE ROMERO (BDD Financial Manager): Madam Chair, Commissioner Hansen, that is correct.

COMMISSIONER HANSEN: Okay, so I think it should have a dollar sign in front of it.

CHAIR VIGIL COPPLER: Do you want to make a motion to that effect?

COMMISSIONER HANSEN: Yes, I move to approve the minutes with a change on page 13, with those changes.

MEMBER HELMS: Second.

The motion passed by unanimous [5-0] roll call vote.

6. MATTERS FROM THE PUBLIC

CHAIR VIGIL COPPLER: We have one submittal and I think Joni Arends is on the call/screen. Joni, you're unmuted and you'll have two minutes to make your presentation.

JONI ARENDS: Yes. Thank you for this opportunity to speak. I am a co-founder and executive director of Concerned Citizens for Nuclear Safety or CCNS. We formed in 1988 and addressed community concerns about the proposed transportation of radioactive hazardous and toxic waste from Los Alamos National Laboratory to the Waste Isolation Pilot Plant through Santa Fe on St. Francis Drive.

I would like to thank the BDD Board for their leadership to protest a defective and inadequate application of the Department of Energy and Los Alamos County Public Utilities Division to the State Engineer to transfer 679 acre-feet per year in water rights to the hexavalent chromium plume remediation project. While CCNS supports cleanup at LANL, we do not support the incomplete application as the application does not include the required return-flow plan. The impacts to the Rio Grande are unknown.

We believe the State Engineer must deny the application. Thank you, again, Board members for your leadership on this very important issue. And thank you for the opportunity to speak.

CHAIR VIGIL COPPLER: Thank you, Joni. We appreciate your comments. There is no other public comment, Jamie-Rae, as I understand.

JAMIE-RAE DIAZ (BDD Administrative Assistant): No other public comment.

CHAIR VIGIL COPPLER: Okay, I'll close public comment.

INFORMATIONAL ITEMS

7. Report on August 4, 2020 Fiscal Services Audit Committee (FSAC)

MS. ROMERO: Madam Chair, members of the Board, a Fiscal Services and Audit Committee meeting was held on August 4th. In attendance was myself, BDD Financial Manager, Rick Carpenter, BDD Facilities Manager, Chair Vigil Coppler, from

the County, Commissioner Hamilton, John Dupuis, Santa Fe County Utilities Director. From Las Campanas we had Tom Egelhoff and Andrew Resnick. We discussed Consent Agenda item #12 which was to reauthorize funding from the major repair and replacement fund. We discussed Consent Agenda item #13 which was to ratify the emergency procurement and enter into a contract with the TLC Company and we discussed action item #14 which is a request to ratify and adopt the budget. This will also be discussed later in the agenda. Are there any questions regarding FSAC?

CHAIR VIGIL COPPLER: Any questions? Thank you, Mackie.

8. Monthly Update on BDD Operations

CHAIR VIGIL COPPLER: Mr. Sugrue.

RANDY SUGRUE (Operations Superintendent): Thank you. Madam Chair, members of the Board. In the month of July raw water diversions averaged about 8.65 million gallons per day. Our drinking water deliveries through our booster stations averaged about 7 million gallons per day. Our raw water delivery to Las Campanas, about 1.4 million gallons per day. On site treated and non-treated water storage, .15 million gallons per day. BDD is providing approximately 54 percent of the water supply to the City and County for the month.

We do have a regional demand drought summary attached. You can see our year to-date comparison. Our July production and diversions were up somewhat from the average due to availability and Canyon Road water treatment facility backing off their production a bit.

We did have three or four turbidity events in the river due to rainfall upstream. But we did not have any early notification system alerts. The rainfall was merely in the northern part of the state and turbidity washed down the river. That's it; I stand for questions.

CHAIR VIGIL COPPLER: I'm sorry, I have to ask what turbidity is?

MR. SUGRUE: Turbidity is based on a Greek word for cloudiness. Essentially, it is the muddiness of the water. The more cloudy the more sediment is suspended in the water. When rainfall occurs in the northern part of the state or upstream anywhere washes sediment into the river we get the muddy brown color. So the higher the turbidity the harder the water is to treat. At a certain point, we just shut off our diversions. We don't want to be diverting muddy water and incurring higher treatment costs.

CHAIR VIGIL COPPLER: Okay, thank you. I learned a new word. Commissioner Hamilton.

COMMISSIONER HAMILTON: Thanks. First of all, Randy, you get the gold star for the day for getting the Greek etymology of that word. That's perfect.

MR. SUGRUE: Thank you.

COMMISSIONER HAMILTON: I actually have two questions. One of them is for sure for you and I'm not sure about the other one. The first one is that the turbidity was low enough not to trigger a stop of withdrawals but do you think it effects operations –

MR. SUGRUE: Three or four times it was high enough for us to stop diverting for six to eight hours. When the turbidity --

COMMISSIONER HAMILTON: Oh, okay.

MR. SUGRUE: -- above what we call 600 NTUs, Nephelometric Turbidity Units, that's where the Greek word comes in, we do just shut off. Because that would adversely affect the amount of sediment that we bring up to the facility. Otherwise, if the turbidity is less than 600 NTU we still divert. We can deal with the additional sediments. In the wintertime, the turbidity in the river is normally less than 10 and so that very clean water offsets the additional expenses in warm weather. We have much lower treatment cost in the wintertime due to the cleanliness of the water.

COMMISSIONER HAMILTON: Yeah, and the other question, I'm not sure if you want to take this or if we want to wait until Mr. Carpenter makes his report -- I'm just understandably curious about how things are going with flows which were down and then we got some monsoons and I don't know if you brought your crystal ball or if anybody else did; I'm just wondering what the prognosis is for diversion.

MR. CARPENTER: Madam Chair, Commissioner, I was planning on getting in that in my report but we have had a lot of discussions around this issue. We have some information to offer. We've got some planning that has been taking place if this does actually occur. I am happy to address any questions you have under this item or we can just delay it until my report.

COMMISSIONER HAMILTON: I'm happy to wait.

CHAIR VIGIL COPPLER: Commissioner Hansen.

COMMISSIONER HANSEN: Thank you, Madam Chair. I wanted to thank you, Randy, for working on the map. I appreciate it. I noticed and it makes it much easier to read although I can see that there doesn't seem any water now at El Vado. Thank you for that, I appreciate it.

MR. SUGRUE: You're welcome.

COMMISSIONER HANSEN: And then I did have one question on the El Niño, La Niña it looks like it says it's neutral on La Niña. Does that mean we're going to have the same kind of winter we had last year or will it be a different type of winter?

MR. SUGRUE: If I can defer that to Rick possibly, you have much more experience with interpreting this Rick?

COMMISSIONER HANSEN: Okay, thanks for that.

MR. CARPENTER: Madam Chair, Commissioner Hansen, the short answer to that is when NOAA calls it "neutral" that means they're saying there is an equal chance of above or an equal chance of below normal precipitation. But I wouldn't compare it to last year necessarily; that's not what they mean. They just mean that it's equal chances of slightly above or slightly below.

COMMISSIONER HANSEN: Thank you, Rick.

CHAIR VIGIL COPPLER: Okay, any other comments? I do have one last question now, how do you spell turbidity? It's not popping up in my Google.

MR. SUGRUE: T-u-r-b-i-d-i-t-y. And the units are NTUs, Nephelometric Turbidity Units.

CHAIR VIGIL COPPLER: Thank you for your report.

9. Report from the Facilities Manager

MR. CARPENTER: Thank you, Madam Chair. I originally had many items to report out to the Board under this item but they have translated into specific standalone items later on in the agenda. So there are still a couple of items that I would like to report out to the Board.

The first starts with work furloughs. As most of you already know but if you don't, the operators have been determined to be exempt from the furloughs so they are back to their normal scheduled hours and that will be maintained. And all furloughs, as far as I know, and Mr. Roach may want to chime in on this if he has any updated information, but as far as I know, the furloughs are scheduled to end on September 4th and that would be for all employees not just operators. So that's any update on that.

The second item I have is a follow on to the comment from the public. LANL and Los Alamos County have submitted an application to transfer water rights. I thought it was 672 but maybe it's 679 – anyway, a large amount of water rights of various locations to the remediation site. In speaking with representatives from LANL, Mr. Harwood and myself and representatives from Glorieta Geoscience it was explained to us that, yes, they're going to transfer those water rights and, yes, they're going to use it for injection wells and extraction wells and there's going to be no net depletion. But we don't have any indication of that and it's not in the application: it's not there. So when it was termed early as "incomplete" I think that's probably the right term. That's the term I would use. We didn't make as much progress with the folks from LANL that we had hoped and the deadline to file the protest was Wednesday, yesterday, and since we were running out of time, we filed the protest. The BDD has filed a protest on that application.

Mr. Harwood will probably want to correct me on this, I don't know whether we would want to term it a friendly protest or just a regular old straight-up protest, but we need more information and there's ways to do it. We don't want to stand in the way of the remediation. We don't want to get involved in any emergency measures that they are taking. But the application, in our view, was incomplete and so that protest has been filed with the Office of the State Engineer. The County of Santa Fe has also filed a protest along similar grounds as far as I know.

And, Madam Chair, that concludes my update. I'll stand for questions.

CHAIR VIGIL COPPLER: Commissioner Hansen.

COMMISSIONER HANSEN: Thank you, Rick. Thank you, Kyle. I completely appreciate you leading the charge on this and trying to negotiate with LANL on this before the protest was due and talking to them about it. It is true that Santa Fe County did file a protest also. There are at least two protests to their application. I don't know there could be more but I think that is important. Kyle, did you want to say something?

KYLE HARWOOD (BDD Counsel): We'll find out soon whether there are additional protests beyond this Board and Santa Fe County's and I do have a call with NMED general counsel next week to explore both the resolution of the protest as well as get an update on MOU negotiation and I hope that we'll have a substantive agenda item on the September Board meeting so we can give the whole Board a full update on all of these issues and how they are interconnected.

CHAIR VIGIL COPPLER: Thank you, Kyle. Any other questions for Mr. Carpenter? Thank you, Rick.

10. Update on low flow operations at BDD

MR. CARPENTER: Madam Chair, I know that Mr. Roach is listed on this and I welcome him to jump in anytime he wishes but it might be appropriate if you would allow me just to make some introductory comments at a high level on what the intent of this item really is.

CHAIR VIGIL COPPLER: Sure.

MR. CARPENTER: I think it was alluded to earlier in some of the comments. So do we have crystal ball? That's a good way to put it and it may be a little better than a crystal ball but nobody knows for sure. But what we think we're looking at are critically low flows starting pretty soon especially if MRGCD decides not to call for water or they run out of water and there's not a lot of carriage water in the river, we're going to be looking at very low flows, both San Juan-Chama and native flows. It is important to keep that distinction in mind. Probably around maybe the end of August but probably almost certainly into September, possibly even into early October, we don't know – but what we do know is that there is a high likelihood that we're going to have critically low flows. How critical? We may have to shut the BDD down. Below a certain level and we think that's probably around 200 cfs, we probably cannot physically divert the water. There are also permit restrictions and low-flow curtailment criteria where we have to gradually reduce our diversions of native flows as those flows go down as determined at the Otowi gage.

So we'll be monitoring it closely. We are currently not diverting any native flows and I want to make that very clear for the record. The BDD is not diverting native water currently. What we are diverting is imported San Juan-Chama water. But we will be monitoring it closely. The Bureau of Reclamation has come out with a new tool that we hope, we think will be very helpful in measuring native Rio Grande flows so that we can be more precise about when we meet certain thresholds according to our various permits, the biological opinion and the Coordination Act Report that we call the CAR.

So we do have restrictions when we get down to around 200 cfs, certainly not below 150 cfs, we're going to have to stop diversions. We don't know for sure if that's going to happen but we think it's a very high likelihood and we do have plans in place to monitor that. We do have plans in place to do other things and to optimize that and that's the subject of the next agenda item that we can still be more efficient under those conditions. That's my update on that item but if Randy or Kyle, if you want to add to that or correct me if I misspoke please, Madam Chair, if it pleases you.

CHAIR VIGIL COPPLER: Kyle, did you have anything to add?

MR. HARWOOD: I don't think so. There's more detail to note depending on the Board's level of interest. Jesse Roach I think maybe has something to add.

CHAIR VIGIL COPPLER: Right, Jesse, how about you?

JESSE. ROACH (City Water Division Director): I don't at this time, thank you, Chair. I would be happy to help with questions if there is something that I can help with.

CHAIR VIGIL COPPLER: Okay, let's move to questions from the Board, anyone have any questions. Commissioner Hansen.

COMMISSIONER HANSEN: If we do have to shut the diversion down, how long do you think it will be shut down for?

MR. CARPENTER: We don't know. I'm sorry, Madam Chair and Commissioner Hansen. We don't know. It could be three weeks, four weeks, six weeks, there's just no way to really know. I wouldn't think it would go past mid-October but there are just too many variables to say with any precision of what that might be.

COMMISSIONER HANSEN: I'm sure that it depends on our rainfall and what's released from up above. Okay, thank you.

MR. HARWOOD: It also depends on the reason for the shutdown.

CHAIR VIGIL COPPLER: Any other questions? Thank you all.

11. Potential BDD and Canyon Road summer/fall shutdowns and opportunity for possible "cross training" for staff

MR. CARPENTER: Yes, Madam Chair, and I think Jesse will want to weigh in on this one but I can start things off. In anticipation of the likelihood that the BDD will be shutdown later this summer and also in recognition that Canyon Road will also shut down as part of their operations, different reasons, but they will likely be shutdown in the fall, there is an opportunity to make the best of the situation in ways that we're trying to be creative about. One of those ways, and I think that Dr. Roach will want to weigh in on, is that if BDD happens to be shut down for a month or however long it is, an operator or others could go to the Canyon Road plant and learn more about how that plant is run and sort of cross-train and shadow those employees. Then when later in the fall, Canyon Road shuts down there's a likewise opportunity for one or more operators to come from Canyon Road down to the BDD and learn more about how we run our plant. That's a way to optimize and be efficient and to give our employees an opportunity to learn.

In speaking to Mackie Romero, there are cost-codes that are set aside so that we can keep the time straight and bill the appropriate entity for that time. So that shouldn't be an issue either. So that's just a higher level view of what we're thinking and Dr. Roach if you would like to weigh in, I don't want to take too much of your time.

MR. ROACH: Madam Chair, members of the Board, thank you, Rick, thanks for that introduction. I don't need to get much further into it only to say that, from the City perspective having two water treatment plants, we would like to have the resiliency in place where if something strange happens and a bunch of operators get sick or whatever, there are operators at one plant that might be able to come over and help for a short term. So we would like to improve the knowledge that operators at Canyon Road have about BDD and vice versa. And as Rick mentioned, we typically do shut down Canyon Road for two weeks each year to clean and we're thinking about shutting it down for a month this year and the idea here to get a little bit of feedback from the Board. My thought would be that anytime we shutdown Canyon Road if we send an operator of a certain level for a certain amount of time to BDD to help out and learn about BDD we would try and do the same thing. And when BDD shuts down send a similar operator for a similar amount of time to Canyon Road.

This is an effort to improve the overall skill set of operators at both facilities. I think BDD operators understanding more of how the overall system works and City/Canyon Road operators understanding more of how BDD operates is very advantageous.

CHAIR VIGIL COPPLER: Okay, thank you, Dr. Roach. I'm a real fan of cross training. Anytime an organization can implement it, it does a lot of good for an organization. If that has to happen there is a lot of good that can come out of it. So I am pleased that that is on your radar.

Any other comments? Commissioner Hamilton.

COMMISSIONER HAMILTON: Thanks, I would agree. And just for the record, I think Dr. Roach's crystal modeling is usually better than a crystal ball by at least a little bit. I would agree. What I was going to ask if there isn't a shutdown at BDD, it sounds like you might do one anyway if you needed to, but if there isn't one, do we have plans for being able to achieve some sort of cross training without a shutdown? It sounds like from Canyon Road that you shut that down anyway sometimes – that's sort of my general question. It's a good idea and do we have plans for doing this?

MR. ROACH: Madam Chair, Commissioner Hamilton, thank you for asking that because after I finished talking I realized that after I finished talking I had not mentioned that one of the agreements – and I don't know how much the Board knows about this – but we are working with the County on an agreement on how we can utilize different water resources at BDD at during different times of the year and there's an advantage for the County when we can't divert native but there's a potential advantage there for the City just for operational flexibility. So we would, if we can get that agreement into place and if we establish some framework for this cross training then we could implement what I'm calling discretionary shutdowns at BDD, where we say, we don't have to shut BDD down but we're going to plan to shut BDD down for two weeks to a month during which period we will deep clean or Mr. Carpenter or Mr. Sugrue will decide what's the best thing to do when the plant is off and that may include some cross training, and we're trying to work out an agreement with the County so that the County is not hurt in any way if the City decides, Let's go ahead and shutdown BDD for two weeks or four weeks just because there's these operational flexibilities and advantages that we can achieve.

COMMISSIONER HAMILTON: And I just want to say that I know some that the City and County, that you guys had been working together on that and I really appreciate that you guys are doing that. It's a really good thing that you guys are working together on and cooperating on. And I certainly think and hope it's benefit to the whole – it's got to be a benefit to the whole integrated operation of serving water. Thanks for doing that.

CHAIR VIGIL COPPLER: Mr. Egelhoff.

MR. EGELHOFF: Madam Chair, I have a question for Rick or Randy. Do we have any pressing maintenance opportunities, like maybe cleaning up the forebay or put the coffer box in and check screens? Are you guys looking at any of that while we're down so that wouldn't come up potentially in the future when we're back up?

MR. CARPENTER: Madam Chair and Mr. Egelhoff, yes we are looking at that. We have some larger projects that are more on the maintenance side than the operational side that we've already talked about if we do shutdown that's some of the first things we would do is clean some of the basins, get some things repaired that we've not been able to get to. It's a real opportunity to catch up and we've had those discussions and they are ongoing.

MR. EGELHOFF: Thanks.

CHAIR VIGIL COPPLER: Any other questions? Thank you very much for your reports.

DISCUSSION AND ACTION

14. Discussion of amended Fiscal Year 2021 Annual Operating Budget in the amount of \$8,653,715 plus \$626,706 in contributions to the Major Repair and Replacement Fund

a. Request to ratify and formally adopt the amended FY2021 Annual Operating budget in the amount of \$8,653,715 plus \$626,706 in contributions to the Major Repair and Replacement Fund

MS. ROMERO: Thank you, Madam Chair. Madam Chair and members of the Board, this is a request to ratify and formally adopt the amended Fiscal Year 2021 annual operating budget.

On February 6th, the BDD Board did approve and recommend a budget of \$9,659,797 plus \$626,706 of contributions to the Major Repair and Replacement Fund. Since this recommendation the current pandemic has caused economic hardships on our partners, therefore, BDD staff was tasked with reducing the approved budget without affecting core essential functions. The amended budget that was prepared by BDD staff was approved by Santa Fe City Council on July 29th. On July 14th Santa Fe County Commission approved the amount requested in the approved budget and it did not include the reductions presented today.

The BDD had to evaluate all expenditure line items from the approved budget to determine costs that could be reduced. I do want to note that this reduced budget that is being presented today is not the same budget that was presented to the Board back in June. This is a different version of that budget. So in order for BDD to reduce its budget we had to evaluate all of our costs. The evaluation process that we went through included prior year actual comparisons, delay of billing positions, delay of purchases and reduction of non-essential expenses. During this process we were able to reduce the budget by \$1,006,082. The details of the reduction by major category are presented on page 3 of your packet. This reduction did not adjust any of the partners' water delivery projections and it provides the funding needed to operate and maintain the facilities to meet the demands of the partners. The budget will be monitored closely and funds will be moved as needed.

Even with the reduction as presented today the budget still includes carryover of prior year furlough savings, funding for the HVAC replacement project, and funding to fill one vacant maintenance position. The BDD Board also approved carryover funding of \$310,000 to support projects that could not be completed in fiscal year 2020. This request also continues funding of Major Repair and Replacement Fund for an annual contribution of \$626,706 and with this contribution the estimated cash balance in this fund would be a little bit over \$2.4 million.

With this submittal we request that the BDD Board ratify and formally adopt the Fiscal Year 2021 operating budget request of \$8,653,715 plus the contributions to the Major Repair and Replacement Fund for a total request of \$9,280,420. Are there any questions about the amended budget?

CHAIR VIGIL COPPLER: Commissioner Hamilton.

COMMISSIONER HAMILTON: Thanks. I think it's – you guys clearly did some very good work and we had discussions about it at FSAC about the different items that are listed in the packet, so the different categories. I wonder if we might go through the categories because it seems to me that there are several things that can be postponed, it's reasonable to try to do those savings and there are few things that I would appreciate further discussion on with the possibility of giving the Board the opportunity to request certain re-modifications before approval. So if that's good with you – I can ask that we start with salaries and benefits. I really wanted to get some discussion on the second position that is being postponed which is also relative to maintenance. I think I have general concerns about, as you known, not fully funding staff for things that right now especially in terms of operations and maintenance are so critical for the way BDD operates. You guys indicated and I agree, I have no problem with it, that it will take several months to re-describe that position and even post it. But I think it's a little – I would suggest that it would be better if the estimated time to re-describe that position is up to half-a-year, that we put half-a-year of that salary in the budget because it is an important O & M position. So if we could start with that.

CHAIR VIGIL COPPLER: Okay, that would be fine. I want to start out by saying that we did discuss this certainly at the City's budget hearings and we discussed it at FSAC and what I understand to be the case is that the position title as it is now and the description of duties and you alluded to that, is not what is needed at this point at BDD so obviously taking time to reclassify the position, to study its duties and develop all of the framework that is required will take some time and then getting it through HR. But what I heard, and Mr. Carpenter can correct me, at FSAC and prior to that is that, this is not a position that is right now sorely needed. And I agree with you, if it comes to – we should start at least the preparation for reclassifying it and all of that and really deciding what that position needs to fulfill to help BDD operations and go through the process.

What I also heard during the budget hearings and at City Council discussion of the budget that not only BDD but any organization in City government who comes across needs that haven't been met based on the budget and these are real needs, it's not a stagnant budget and it can be changed and it can be updated. We heard many, many times that we were going to be revisiting the budget and getting updates as time passed and not only the needs expressed by departments and certainly BDD but the needs, the updates on how we are looking as far as the coffers are concerned.

So it's not set in stone and I like the idea that it will be revisited. So I think there is opportunity to determine whether we need that position, how soon we need that position, and, of course, move forward with what is required to get that position up and running and ready in the event we can fund it.

Mr. Carpenter or Mackie, you can correct me if I'm wrong.

MR. CARPENTER: Madam Chair, I think you summarize accurately.

COMMISSIONER HAMILTON: I appreciate what you're saying. I don't think the fact that we're allowed to revisit budget, which is clear, and it's very clear that the typical uncertainties that always are associated with estimating budgets for a whole year of operation whether it's for BDD or the City or the County or any organization are there and they are increased with what we see in COVID – I don't think it takes away the Board's obligation to try to budget accurately. I think when I take it in

total – and my other concern, my other thought is that, what is indicated is that there are additional savings by minimizing overtime.

So the way I understand the way we've budgeted in this revised budget that we're considering now is, that there's a certain amount of predictable overtime that is associated with the fact that you have people that are doing shift work. We have 24-7 operations and if the operators and maybe some other staff work 36-48 there's some overtime by definition in there because of federal law. And that's the only overtime we have in the budget. And I just think that's a little bit too aggressive. I understand that we've had a couple of years where our budgets have always exceeded a little bit from what the actuals are and the goal here is to reduce everything down to what the actuals had been and I respect the need to try and minimize expenses. So if we go through all of these there are places where I agree postponing some of the capital because that risk can be managed if we blew it and there's a big capital piece that we really need we can go back for it. But I think – and I also understand that there's some anticipation that if we shutdown we're going to be saving personnel time doing that. I know that in other parts of the budget where some of the savings for dropping some of the maintenance, you know, the external contracts like for doing grounds maintenance and whatnot are being achieved by saying we're going to be doing that internally so the idea of cutting down to know predictable unexpected overtime just seems inappropriate. And I do come back to the thing that for the previous three years, every single year we had a discussion about operating without certain positions filled that it was a higher risk and we were so relieved like in January, before COVID, but at the beginning of the year that we were finally up to full staffing and I feel like it's fine to take the half-year savings because we'll never get it reclassified in two weeks. Predictably it takes six months and I just don't think it's appropriate to dump all of it or to not put a little bit of overtime.

MS. ROMERO: Madam Chair, Commissioner Hamilton, we did leave overtime in the budget. We have \$110,000. It was reduced by \$40,000. We spent \$206,000 in overtime in 2019 but we weren't fully staffed either. So the estimate is based on the fact that we are fully staffed now and so we do feel that that \$110,000 should be sufficient to cover the built-in overtime that is within the budget. It also gives staff an opportunity to look at the schedules and see if there's any additional opportunity to save in overtime if we were to adjust some of the schedules but the budget was not built with that in mind. It was built in mind with that we are fully staffed now and we should see overtime be reduced from prior years.

COMMISSIONER HAMILTON: But I thought I understood at FSAC that the overtime that was left in the budget was only the predictable overtime having to do with doing shift work.

MS. ROMERO: We budgeted \$110,000 that was related to – you are correct – related to the built-in overtime on their schedules, shifts and graveyard that is all part of that.

COMMISSIONER HAMILTON: Right, so if one operator gets COVID and is out, there is no overtime in the budget that would then be incurred. We're talking about a fairly small amount of money. You guys have done a great job of cutting down a million dollars. If there's 130 hours and we need some contingency overtime the idea of having to come back – that just seems predictable – and the idea of having to come back and resubmit, revise the budget for something that was this predictable.

Anyway, I don't know, if nobody else is concerned about this I will get voted out. I would like to see a little bit of a revision to that. I don't think it makes that big a difference but I just don't see doing – not doing what seems to me to be predictable given that we're in the middle of a pandemic where the idea that somebody could be taken out of circulation for a period of time is higher than normal.

CHAIR VIGIL COPPLER: Okay, Councilor Romero-Wirth and then Commissioner Hansen.

COUNCILOR ROMERO-WIRTH: Thank you, Madam Chair. I guess I'm a little bit confused. Commissioner Hamilton you started off talking about putting in half of what was required for the second position that is frozen and then you ended up putting in more money for overtime. Somewhere in there you shifted and I'm not quite sure what you're advocating, if you're advocating for both those things or one or the other. So that's one question.

COMMISSIONER HAMILTON: So very quickly, I'm actually advocating for both of them. I think a half of year of salary because it's an O & M position and for operators we're up to full staffing but clearly we think that that position is needed and then the overtime is a separate issue. I don't think either of them are very big dollar items.

COUNCILOR ROMERO-WIRTH: Okay. I think it would be important for us to maybe take them one at a time. I did hear that that second position isn't needed at the moment. And given the uncertainty which we're budgeting in it seems we would want to wait and see how our revenues are doing and revisit down the road. I would like if somebody has the budget, I don't know, Mackie, if you do, the graph that shows the actuals versus the budgeted amount.

MS. ROMERO: Madam Chair, Councilor Romero-Wirth, I can share my screen if that's okay.

CHAIR VIGIL COPPLER: Yes, go ahead.

COUNCILOR ROMERO-WIRTH: I just want to point out this graph which shows that for the last five years our expenses have been lower than what we have budgeted and so I'm not sure given this graph that we need to budget more just to budget more. It looks like we have been fine and I think if there needs to be – if that position comes, if folks figure out the classification for that position and how to list it and advertise for it, it seems like there could be some sort of budget adjustment request made and we can see how we're doing. I think the important thing right now is that we get a budget at this point. We are into the fiscal year. I think to do the operations that are required we need to get this budget approved and if there is some tweaking that needs to happen down the road, I think we can do that. I actually would like to take a deeper look at the overtime. I'd like somebody to maybe make a presentation to us about how that overtime works and have a better understanding before we put more money into overtime especially given the fact that the staff has said this is overtime that we think is appropriate now that we are fully staffed. I'm not sure that the rationale is there just to add or pad especially in these uncertain revenue times. I just wanted to make those points. Thank you, Madam Chair.

CHAIR VIGIL COPPLER: Okay –

COMMISSIONER HAMILTON: Madam Chair.

CHAIR VIGIL COPPLER: Did you want to respond to that point?

COMMISSIONER HAMILTON: Yes, please. I think they're mostly really good points. I do not want to pad the budget at all. I agree with much of what you're saying. I will point out that last year that cushion that was transferred into litigation costs. So if we're sure that what we have under litigation cost is adequate and we're sure that what we have under personnel time because we're shifting a lot of what had been done under contracts which we haven't gotten to yet in to being done internally because we can do them more efficiently, then, yes, I would agree. If anybody is arguing that we don't need that O & M position when we know that that's a sensitive topic, why was it put in the budget? So in the wash of things, yes, there's a limited liability to having to come back and reinsert things in the budget but I really like these are predictable things that we actually will see the need for that's why I'm suggesting making sure they're in the budget now will save us headaches later and there will be a realistic recognition of what our expenses will be. I don't want to do it to pad the budget just in case. But this has been achieved and many of the things, like I said, I have no problem with doing – this has been achieved by cutting allover the cushion out of the budget. You know, BDD has been operating for awhile and that overtime has never been able to be reduced. If we can look at it and figure out a scheme that works better that reduces overtime further that's great. But we, right now, don't know that that's doable.

So I was just looking toward doing what I frankly think is predictable. Yes, I agree that we have been below -- actuals that is have been below budget and we should definitely take advantage of that under the circumstances but there were just a few items that I brought up that I think are probably being cut a little too aggressively. That's all.

CHAIR VIGIL COPPLER: Thank you. Commissioner Hansen. Mackie, can you stop sharing the screen please, thank you.

COMMISSIONER HANSEN: I think everyone has heard me speak numerous times about the importance of sampling and the TREAT study. I don't want to see that cut from the budget. I consider that really important. It is a perfect example of what has happened with this protest that we just filed is that we have people up the hill who are not taking their jobs as seriously as we are taking ours. I really care about sampling and I really care about making sure that our water is safe and protected. I also care about our MOU and I know that that is going to take time. I do not want to see those things cut from the budget. I understand your consideration Councilor Romero-Wirth about we've overbudgeted but I don't think that we really have over budgeted because we're always very close and tight when it gets down to the end, at least that is what I have seen happen over the years.

I agree with Commissioner Hamilton on the fact of employees. I think if we have to reclassify and we've done this before on some of the operators, we had to reclassify them. If we're cutting our maintenance agreement and bringing it in house then maybe we are going to need more people on staff to deal with the maintenance. There is always two sides to every coin.

I think we need to look more carefully at the budget. I don't think that a million dollar cut is necessary. I think it may be something more like \$500,000 cut to the budget might be more accurate. The City has money in the water fund to pay their budget and pay their bills. Providing water is, as I have said numerous times and I've heard Councilor Romero-Wirth quote me, this is an essential service and we're bringing in money. This is an enterprise fund at the City. This is a separate fund. People are still

paying their water bills; at least I hope they are. I still am paying my water bills and I live in the City. So I think we need to continue to look at this and actually make a better budget because I am not completely satisfied.

CHAIR VIGIL COPPLER: Councilor Romero-Wirth.

COUNCILOR ROMERO-WIRTH: We've heard from staff that these cuts are manageable. That they don't need the position. That they think they have enough in overtime. We've seen the graph that says that we always budget more than our actuals. I think we're going to be coming back to look at this budget long term but I think that it is really important that we get this budget approved and that we have a start to this fiscal year that is already underway.

I would move that we pass this budget as it is.

CHAIR VIGIL COPPLER: I'll second it. Let's have more discussion and Rick I would like to hear from you on this.

MR. CARPENTER: Thank you for the opportunity. A couple of points. Mackie and I have put with input from others a lot of effort into the budget that you have before you. It is certainly not optimum but it is manageable. A couple of points on that that I would just like to remind the Board of, we can come back and revisit the budget and make adjustments if necessary. We can also come back if we run short of an item here or there or something comes up that wasn't anticipated and ask to BAR money. So those are two options that are available to us. We can live with it and I think that Councilor Romero-Wirth characterized it as manageable, I would agree with that.

Then on the water quality topic and sampling and the TREAT study, I have no intention of permanently not doing the sampling that we have done in the past or maybe even increase the sampling, just not right now. We are going to do the sampling that is required. We are going to meet drinking water standards and I wouldn't put one drop of water out of that plant if I thought it was otherwise. As far as the TREAT study is concerned there is no time specific near term driver for the TREAT study. It's something that we've already done several TREAT studies anyway. This is not the first one. So we can delay that. I have every intention of doing it. It is just something that we identified that could be delayed and have it show up in the next year's budget.

Madam Chair, if you have any other questions or if I didn't cover anything that you think I should that is appropriate, please let me know.

MEMBER HELMS: Madam Chair.

CHAIR VIGIL COPPLER: Yes, Mr. Helms.

MEMBER HELMS: I would just like to make a point that vexes me every time we have this discussion. There was this wonderful graph we were looking at a minute ago showing the spread between actual and budgeted but it did not have a line there for income. We're an operation that actually produces a commodity of value which we sell for money and I would like to see a line in a different color showing what we actually produce. It seems to me we produce income far in excess of our expenses and I don't know why we're haggling over expenses. I think the City and perhaps the County too but in particular the City seems to regard Buckman as an income source, the whole amount as an income source and if they have to dig deeper into it one year then they push on our head and force us to go lower. I don't see it that way. I think we should set our own expenses and say this is what we need and then what's left over you get, of course, and that's a lot. We produce a lot of value. I think we're being looked at in the wrong

way. We should be looked at as an independent topic that always produces value. It always produces money. As Commissioner Hansen said, people are still paying their water bills and I think we should not be subject to the same budget pressures as the rest of the City and I would imagine also the County.

CHAIR VIGIL COPPLER: Thank you, Mr. Helms. Councilor Romero-Wirth.

COUNCILOR ROMERO-WIRTH: Could we get a little bit more information on whether people are paying their water bills? I believe I heard that we actually have seen that there is some stress with regard to that. Does anybody have any information on that?

CHAIR VIGIL COPPLER: Mr. Roach, do you?

MR. ROACH: Madam Chair and Councilor Romero-Wirth, I do have that report. It is what we call our "ageing report" and I haven't looked at those numbers for July. But as of the end of June we have seen an increase of the amount of people not paying their water bill. I don't have that graph right in front of me but I can pull that up in the background if the Board is interested in seeing that.

COUNCILOR ROMERO-WIRTH: I remember hearing that as well and, again, I would just make the argument that we are in extraordinary times. I think the staff has done a great job in coming up with a budget that we can use to move forward. We should be revisiting it and I think it's really important that we get them a budget. The fiscal year is already underway, let's get this done and if guys want to look at income, I think let's make a special agenda about that. I'd love to have a special agenda item around overtime and how that works. And if there's some other things that we ought to take a deeper diver into, by all means let's do it.

CHAIR VIGIL COPPLER: Okay.

COUNCILOR ROMERO-WIRTH: Thank you, Madam Chair.

CHAIR VIGIL COPPLER: You're welcome. Thank you. I made note of some of those items for the agenda. I'd like Mr. Carpenter to express an opinion as to what Mr. Helms brought up. How does BDD figure out in – I know that the water leads its way into the City coffers and what's your opinion on this whole topic?

MR. CARPENTER: Madam Chair and members of the Board, I'll take a stab at this and I know if I mess it up that Mackie will say so. But my opinion is that the BDD puts forward a budget which is a request to encumber funds. The City and the County and Las Campanas place orders for water and we bill them at least quarterly not based on the budget, that's an estimate. We bill for actuals. So there is cash flow that comes in but it's based on the amount of water that is ordered and the costs that are associated with that in actual terms not estimated budgetary terms. We cover our costs that way. We can't run a deficit and we can't charge more than what we're allowed to charge. So I guess I'm speaking in a little bit different terms than Mr. Helms but I think that's really the only way I can respond to that.

Mackie and Madam Chair, Mackie, do you have anything to add?

MS. ROMERO: Madam Chair, members of the Board that is correct. BDD's expenses matches its revenues and the revenue is from the partners that contribute to those expenses. There is so excess revenue and that's why there's never a line showing you the revenue that is coming in because it has to be the same.

CHAIR VIGIL COPPLER: Okay, thank you for that clarification.

Commissioner Hamilton.

COMMISSIONER HAMILTON: I want to ask this question because I think this is probably the only time in the agenda that it is appropriate. Right now both the City and the County's water utilities are enterprise funds but the way I understand it the City is reorganizing and you guys did this budget without knowing what or approving that reorganization. I couldn't figure out where the water utility was going to go in that. I don't know but I wonder and I guess that's part of my question, how is that going to impact the relationship with BDD and I'm asking in the context of wondering how it would impact our budget considerations, the BDD's budget considerations?

CHAIR VIGIL COPPLER: Commissioner Hamilton, the way I understand is that we are an independent body and nothing that I heard at least, Councilor Romero-Wirth can correct me if I'm wrong, but nothing that I heard in the budget hearings will have any immediate impact or any impact at all on our operation. Public utilities –

COUNCILOR ROMERO-WIRTH: Is a standalone department.

CHAIR VIGIL COPPLER: Yes, it didn't change

COUNCILOR ROMERO-WIRTH: It's not moving anywhere.

COMMISSIONER HAMILTON: Oh, that's why I couldn't find it, I guess. Of course the information that was in the article was pretty scant.

COUNCILOR ROMERO-WIRTH: It's standing alone. There is nothing happening to it. The reorganization doesn't have anything to do with public utilities or the BDD. And I don't know if our staff has any other insight into that.

CHAIR VIGIL COPPLER: Thank you. Commissioner Hansen.

COMMISSIONER HANSEN: So if we're a standalone agency and we created a budget in June or earlier and we reduced it to some extent and then we produced a new one in June and now we're producing another one that is impacting us because the City doesn't want to pay the amount of money that we originally asked for in the budget or you're not budgeting the amount of the money that we have requested, whereas, the County is willing to pay their part – so we're a standalone agency, why are we bowing to the City's issues about, Well, we can't pay this and so reduce the budget and reduce staff and reduce time here and reduce – and let's not do the TREAT study and let's do other things. I need to hear something that makes me feel better about that because I don't feel good about it.

MEMBER HELMS: Madam Chair.

CHAIR VIGIL COPPLER: Yes, Mr. Helms.

MEMBER HELMS: Ms. Romero made a very precise point which is really quite helpful. She said that whatever our costs are actual that we bill to our customers or our partners or however we describe them, the City, the County, Las Campanas, we bill actual costs which then begs the question; who determines what is cost? We should be doing exactly what we see as correct – never mind what other people say about us – and the cost of it we bill to the customers. It's just that simple. So I think her answer was absolutely correct and it's a wonderful answer.

We should just run our show and when the costs come in, bill them to the customers. That means I'm opposing this reduction in the budget.

CHAIR VIGIL COPPLER: Thank you, Mr. Helms. That brings up a point that I recall during our budget hearing before the City, and by the way that's the

first time we had presented as I recall and as I am told, that's the first time we BDD has gone before the finance committee during budget hearings to discuss who we are and what are legal framework is and then certainly discuss the numbers. And during that meeting, back to Mr. Helms' point and Ms. Romero's point, it was definitely discussed that we do budget based on what our needs are and I recall Ms. Romero you saying that it's not a given that we will spend all of this money. And, again, we only bill for water usage to the partners. So as I listened to the budget hearings I felt comfortable about this and I also want to reiterate that I feel comfortable with the fact that the Board can go back and if our budget shows that we're in a problem state, then we can go back and we can justify what monies we do need and whether those come out of the enterprise water fund or not we know that money is there and I think that's the comfort that we need. It's justifying what you need.

The discussion of BDD staff during the budget hearings was very professional, very well thought out. I wish we had the organizational chart on our materials that Mackie created because it was really good. It showed how things are done. But I feel comfortable knowing that if we have to go back we do have a balance in the City's water fund and if we have to go back I know we can justify it because staff does a really good job about that and I think we have to recognize that this year is a different budgeting animal and we never felt this before. I think that we're erring on the side of caution and that's not always bad in a budget process. I feel like definitely relying on staff and what they know and how they manage is important. We're the Board. We're not in the nooks and crannies everyday like they are. I don't think that staff is telling us what we want to hear because I heard them during them during the budget hearings, I heard them go through some very big time questioning from all of the councilors and there was still discussion about the BDD at the City Council meeting. I hate to bring this up, but this could have been worse. We almost lost our litigation money and we didn't. Staff did a wonderful job saving that discussion about litigation. And so I feel pleased about it. I feel comfortable about the budget. I have always been of the opinion and I still am that BDD is a separate organization. I think we still are. We accomplished a great deal with these budget hearings at the City. Many of the councilors didn't know who we really were and how we were enveloped within the City structure. The way that staff and our attorney, Nancy Long, did a wonderful job presenting how we are organized and how it all works. She did a great job. If you all were sitting in, you would have recognized that and I think you certainly agree with me on Nancy's capabilities.

I feel comfortable with this budget and I feel that we can move forward. I feel that we have points in place where we can go back if need be. I think the City Finance Committee and City Council knows that if we're coming back it's for a good reason. We're not just willy-nilly wanting more money. I think we need to give it a chance and see what happens, see what we can do. It's a different budget year. Next year hopefully it won't be like this. I think we have to do our part.

Mackie and then Councilor Romero-Wirth.

MS. ROMERO: Madam Chair, I just wanted to remind the Board members that I do provide quarterly projections and we can change that and I can provide monthly projections so that the Board can see where we're at. The budget is a plan so this is our plan. That doesn't mean that if things come, we don't say no. If an expense is needed we'll pay for it. We'll bring it back to the Board. So we can do projections. I do

projections any ways every month and I can actually present those to the Board so you can see where we're at and if there's a moment in time where we feel like we might go over and we need to amend this budget, then we can do that. I just wanted to throw that out as an option. Thank you.

CHAIR VIGIL COPPLER: Okay. Councilor Romero-Wirth.

COUNCILOR ROMERO-WIRTH: Thank you, Madam Chair. I just wanted to disagree I guess with one thing you said about the budget hearings and that is that we quote and quote, "almost lost our litigation money." There was absolutely a conversation about the amount that budgeted for the litigation that the case/the lawsuit would come to trial in this fiscal year and a questioning of whether there was enough money in that line item to meet what those costs may be and an understanding that maybe litigation tends when you actually go to trial there's some times that it is more expensive than you anticipate. I think there's absolutely an understanding that this could be a more expensive year. I just want to be clear that there was never any indication that we shouldn't be providing for that line item. So I just wanted to make that clarification, thank you.

CHAIR VIGIL COPPLER: I agree with you. I didn't mean it would go down to zero but I did see some sheets where it was cut and wasn't at the \$2 million mark. So that's what I meant. I was a little over dramatic. I didn't mean it went to zero but it was at one time slashed a little bit.

Okay, Commissioner Hamilton.

COMMISSIONER HAMILTON: Okay, I guess I should say it now, I actually really appreciate what everybody is saying and there are some things I disagree with. First of all, I think next year will be the same as this year. I don't think the economic impact of this is going to go away as fast as even the pandemic will go away. The recovery from that won't be as quick and so I do think we have to budget really carefully each year. I respect the need to try to keep our estimate of what's needed as accurate as possible. I don't think that our responsibility as Board members to budget accurately is obviated by the fact that we can do budget amendments whenever we need them. Thank goodness we can do budget amendments when we need them because none of us have crystal balls and thing haven't happened too often to us that have been completely out of the ballpark but we did under estimate litigation expenses last year, just as one example. And we did something about it. I am a little shocked that we are arguing that we don't need our own projected O & M positions. I know, I have so much respect for what Rick and Mackie did, I know that they are trying to cut it to exactly what we need and what we don't need. But when we were arguing about furloughs they also said we would make it through. Of course we were going to make it through. These people would never let, if there's any way to avoid it, would never let the system fail just because we were short a few hours. Of course they would never let that happen. But I still think that that position is in fact needed. Can we struggle through? Yeah, we can struggle through but I'm not sure that's the responsible thing to do when we're talking about a facility that operates at an elevated risk because of poor design. That's my argument for that. There are a bunch of these I think we are not very far apart but there are a bunch of the reductions that I said before and we could go through, but there is no need. There's a bunch of them that I have no problem with putting off because the risk is manageable in different ways. I just don't see the rationale for not – we have done

budget revisions and that's what this process is suppose to be – I don't see why we shouldn't put in what we think is needed. I think a million dollar cut – that's just a rule of thumb. That's a way of looking and thinking about the balance but that's a pretty steep cut and if it impacts personnel, which it does, that's probably questionable. If it impacts sampling that might be questionable. If it impacts some of the other things that we've cut back like projected electric use, the cuts on projected electric use if the plant shuts down for a month might never be seen. We would be fine with that. There is no question that we can cut out the \$70k or whatever it was that we used to have to pay June 30th to PNM. But just because I feel pretty close I don't think it is acceptable not to make some additional revisions.

CHAIR VIGIL COPPLER: Any more discussion? Commissioner Hansen.

COMMISSIONER HANSEN: The way I understand the budget on Buckman to work is that it's a negotiation process and the City has come back with paying a lot less and the County is still paying their agreed share. We are paying what we agreed in the beginning. That is what we approved in the June meeting. And now that the budget has been reduced, yes, we're playing less a different amount but we agreed to pay the original budget. I have concerns. I have concerns about the MOU negotiations. And once again sampling is an important issue to me. I have concerns about that. I also have concerns like Commissioner Hamilton said about staffing. We have struggled for the last number of years about staffing and getting us up to adequate staffing and I don't want to see that falling back. This is a negotiation process. If we at the County say this is not where we want to be. We want to look at this and look at maybe there's only a \$500,000 reduction or \$750,000 reduction or \$250,000. I think that this is a negotiation process. I respect the feeling of Councilor Romero-Wirth that, yes, let's get a budget but at the same time let's get a budget that we're going to work with and that we're not having to go to the City and saying, Oh, we need more money from you. Even though there's money now.

CHAIR VIGIL COPPLER: Yes, Councilor Romero-Wirth.

COUNCILOR ROMERO-WIRTH: Mackie are you versed in how the budgeting process works in a regular year? I am looking through my notes but maybe you know. I want to dispel the idea that this is a negotiation.

MS. ROMERO: Madam Chair, Councilor Romero-Wirth, we did put a timeline together for the budget; is that what you're referring to?

COUNCILOR ROMERO-WIRTH: Yes, exactly. I'm trying to find it and I just can't.

MS. ROMERO: The negotiation part of the budget that happened early on that would have been probably around October/November, way in advance of the pandemic and the situation that we're at. That was the budget that was presented to the Board in February, a budget that was brought to staff and the partners, the City and the County and Las Campanas. This is definitely a unique year for us, things happened outside of the budget process and outside of that negotiation timeline. Our timeline stated that we needed to have a budget to the Board so that the partners have time to put it in their budget by December and we did that as of February. Again, the pandemic is requiring us to readjust those negotiations between the partners and reevaluate.

COUNCILOR ROMERO-WIRTH: So we usually have, quote and quote,

we come together in December, the staff, and we work out a budget, right. And then it goes – they what happens? Normally it would go in February to the Board for approval; correct?

MS. ROMERO: Madam Chair, that is correct. I did find the document you're looking for and I'll just kind of read it out.

COUNCILOR ROMERO-WIRTH: That would be great.

MS. ROMERO: The BDD budget process: the BDD staff prepares the budget for the next fiscal year. We typically do that between a September/October time frame and then the BDD staff meets with the partners, the City of Santa, Santa Fe County and Las Campanas. That's typically around November to discuss the budget and negotiate what expenses and we also include water projections which we typically get from the partners in December. And then the BDD then presents the budget request to the BDD Board for approval and recommendation. That was done in February of 2020. Then the partners then take that approved budget or a portion of the budget and include it in their budget. And then in July the BDD staff formally adopts that budget. That's what we had as far as a time line goes.

COUNCILOR ROMERO-WIRTH: Right and this year the County approved that budget that the BDD had approved and then COVID hit and the City found itself in an enormous revenue shortfall and we had to take a deeper look at the budget and so we couldn't do our end of approving what had been submitted. That's when all of this fell apart and we had to figure out what we do in the uncertainty that we're in. We have no idea what's happening to our revenues long term and so we are having to be very conservative in our budgeting and to the Chair's point, Councilor Vigil Coppler saying that we are going to be revisiting budgets as we get a better picture because we can't do what we have normally done which is to rely on historical data. We are basically driving I the dark. We don't know where the road is going to go.

What we're trying to do is be very conservative, be very conscientious and I think the staff has said that we're delaying things. We are not saying that we're not going to do them. We're not saying that we're going to sacrifice water quality by any stretch of the imagination. We are just saying that, Look this is an extraordinary year and we need to do things a little bit differently. And I also want to dispel this notion that somehow the County is paying and the City is not. Maybe you can help me, Mackie, here. Everybody's contribution has been adjusted and is completely in line with our agreements. There's that piece and there's also the piece that we've been talking about which is we get billed, both the City and the County, for the water we use. None of that has changed.

Again, I don't know why – we've been at this almost an hour and a half and I really don't understand why. We've heard from staff that we can operate under this budget. We have heard that we will come back if we need to come back. We have heard, I think, of the stress that the City is under. We have heard that nothing is changing in terms of all of the partners contributing at the levels that our agreements require. We have heard that water quality is not going to be sacrificed. So I really don't – and we need a budget. The fiscal year started July 1st and we are now in the beginning of August and these people need a budget so that they can move forward. We can continue to look at this as we get a better picture of things. This is not the last time that we're going to be talking about budgeting.

CHAIR VIGIL COPPLER: Thank you, Councilor. Commissioner Hamilton and then I think we're going to have to get a vote going. We have a motion on the floor.

COMMISSIONER HAMILTON: Right. Many of those are fair points. I was never, I have never said that the County is paying more or unreasonable compared to what the City is. That is not the issue in the least and I agree with that point.

Everybody has to be conservative and what Rick and Mackie did was to try and cut things as close as they could without jeopardizing. I respect that I just respectfully disagree with selected pieces of it. I feel like – it may not be a negotiation but the process is that the City and the County have every right to look at what the Board sends them, which is what you guys did, it happens the County decided that they weren't going to relook at it they would just sit on it. What came through in billing was going to be perhaps slightly under if the BDD budget is reduced somewhat. That's neither here nor there. You looked at what you felt were reasonable reductions and that budget has been re-proposed. But it still falls to the Board as board members, not County Commissioners and City Councilors, to say we can live with all of that. I can live with a good piece of it. I disagree with not needing a maintenance staff. I understand the – in fact, I think it's a little bit shocking to say we don't that position when we have been understaffed in the past and it's a maintenance position and this is a high-risk facility and we're about to go into litigation where I guarantee one of the things that they're going to say is that you guys waffle on how you operate, you guys don't know what you're doing.

The overtime is something that to me is just easily predictable. There were a few other small things and if we're talking about a couple of hundred thousand dollar difference, you're arguing to me that it's a ridiculous thing for me to argue about. Maybe it is. Maybe it would be the right thing to move forward and then revise this in a couple of months but I just don't feel that I want to vote for eliminating an O & M position under the current circumstances. Otherwise, I completely respect – and honestly we didn't actually make it through the furloughs without having to do some things that the Board shouldn't sanction officially. And so, that's really my position. I think that it is appropriate as part of this process to say, We accept most of your cuts but not these few and we should revise it to that extent. That's my feeling about it. I'm not going to the mat for what seems like a ridiculous thing but I don't think that's what the situation is. I really think it is something where we really do have – my conclusion about what is predictable is just a little bit different. And, yeah, I guess it puts me in the position of respectfully disagreeing with Rick and Mackie on where we go with that. The snarky thing to say is let's just cut the position if we don't need it. There's no need to be snarky. I think we've known for awhile that we need these positions.

If there is concern that we wanted to do a slight modification, that it takes too much time to do a slight modification and it takes too much time to go back to the City and ask them to ratify that, legally we're already on another budget. We're on last year's budget. That's exactly what happened on July 1st. And we don't want to stay there because that doesn't reflect what this year's needs are. Maybe you or the Chair can speak to how long the process would take to do some revisions to this budget and put it back through the City.

COUNCILOR ROMERO-WIRTH: I didn't mean to indicate that what you were saying was ridiculous. All I'm saying is that we've heard from staff that we are

fully staffed. So they have cut the overtime recognizing that they can actually predict that they probably don't need as much overtime because we're fully staffed. So there's that. And I don't think anybody is saying that these two positions aren't necessary. All we're saying is – all they're saying, not me – all they're saying is that these are things we think we can delay and give us a little bit of leeway and again I go back to that graph. The graph says we have budgeted more than we have actually spent for a long time so, again, I think we're okay here and we're going to be revisiting this and we're going to understand better where we are as we move forward and we have a better sense of our revenue pictures.

COMMISSIONER HAMILTON: That graph is good for general rules of thumb but we didn't end up with a huge budget surplus last year and we're not fully staffed if we're a position down and given exactly what we're in, we will need more than just the overtime that is associated with the 36 hour/48 hour shift work that they do. When you work 48 hours even though it's not overtime in net it still has to be paid in overtime, as soon as somebody comes into that facility and calls in with COVID and we're down some operators we automatically are going to have more overtime than that. It's predictable. Like I said, it may only be a couple hundred thousand dollars difference. And I didn't think what you were saying was that I was being ridiculous but if we're talking about a small enough amount of money. But I think those are predictable things that we need to put in the budget.

CHAIR VIGIL COPPLER: Commissioner Hansen.

COMMISSIONER HANSEN: And Commissioner Hamilton asked how long it would take to get an approval through the City. I feel like let's do it now. Let's include a few more of these items, increase the budget, maybe \$250,000, maybe it's \$300,000 more dollars instead of go back and get this through the City. The JPA does say that if we can't come to terms then we live under last year's budget which is what we are doing right now. I think it would be better if we could come to an agreement and recognize that we have some concerns. And, yes, I understand that we're not going to pay anymore than our particular share but I was saying that we had approved in February the budget that we had approved at the BDD. I understand that it is all being reduced equally.

COUNCILOR ROMERO-WIRTH: Madam Chair.

CHAIR VIGIL COPPLER: Yes.

COUNCILOR ROMERO-WIRTH: If you want to not vote on this budget tonight and have the staff come back and we take a deep dive into overtime and how they came about that number to make sure – again, I feel that – the staff has told us what they can do. I don't know why we're not listening to them. We are superimposing some fears about overtime and about this staff position for what they have said they can do. If you want to give them time to make the case of why they have to have this second position, I don't even know what it is this O & M, this operation and management position and why they absolutely must have it. But that's not what the staff is saying. The staff is saying we can delay this because we can do some other stuff while we're waiting. We can reclassify. We've got some time before we actually need it so delaying it is okay. And if you want to talk about whether that overtime number is the right number or the wrong number then let's have the staff if they're ready now, let's talk about that \$110,000 in overtime that is budgeted. Let's take a deep dive into that number and how they came up

with it. But, again, we have heard from staff also that even though we have two positions that aren't filled, they are basically fully staffed for the first time in a long time. So they're not going to need as much overtime and maybe they did factor in with Commissioner Hamilton is surmising might happen which is somebody will get COVID and then we'll need to pay overtime to pay that position. But maybe that's already in the \$110,000 number. The staff is telling us they can do this. I don't know why the elected officials who are not in the day to day of this are supplanting our ideas for what they're telling us.

CHAIR VIGIL COPPLER: Okay. I am going to jump in here as chair because if I don't take control of this our meeting is going to end whether we like it or not. There is another meeting at six and we're not done.

We have a motion on the floor. I think we need to vote on it and move on. The Planning Commission is next. It doesn't change just because we're on the screen and I would hate to be booted off the screen and then we're done.

Does anybody have one last 30 second comment?

COMMISSIONER HAMILTON: Do you have an estimate of the process of the time it would take to take this back to the City?

CHAIR VIGIL COPPLER: I am going to tell you something. The City has already submitted the budget and Santa Fe County has probably already too to DFA. It's a requirement. So I'm not sure how we get this all back on track whether we go to committees, I'm not sure how it would work.

COMMISSIONER HAMILTON: So it isn't so easy – I'm just pointing out, not easy.

COUNCILOR ROMERO-WIRTH: I'm sure it has to go back to the Finance Committee. Staff would have to come forward with a recommendation. It would have to go back to the Finance Committee. The Finance Committee would have to make a recommendation and then it would go to City Council. So it would probably take a month.

CHAIR VIGIL COPPLER: And that's exactly the way budget updates, and budget requests, and BARs are going to work anyway. That's how the budget is going to be updated. And I think even the City Finance Director said it could even be monthly. It's not our last shot and I was just going to say that we already have testimony from staff about this and it's convincing and I did ask Mr. Carpenter earlier what his impressions are and he gave them. This is not a stuck in the cement budget and there's plenty of opportunities coming up in the future to substantiate any claims for more money that we may need based on real data. The staff has already presented real data and I think it would be hard pressed for them to go back now and say, Oh, we were wrong and we don't have data but we just think we were wrong. So it's too early. I think we need to trust staff. I think they have been very capable all throughout these meeting in the last two years there's never been a problem that I have seen. But there's opportunity to fix it.

I'm wasting time. I'm going to call for the question. I move to call for the question.

MEMBER HELMS: Second.

The motion to call for the question passed by unanimous [5-0] roll call vote.

CHAIR VIGIL COPPLER: Okay, thank you. The next matter is to vote on the main motion which was to approve this budget.

The motion failed by roll call [2-3] vote as follows:

Councilor Romero-Wirth Yes

Member Helms No

Commissioner Hamilton No:

I have a problem. I really feel like the Board's responsibility is to put in the budget that we believe is needed. And although I am almost swayed by staff, I actually disagree on two material points and so I'll vote no.

Commissioner Hansen No:

Regrettably I feel like I have to vote no also. I don't feel like I have been convinced and I feel like also that the staff works for the City and they have been directed by the City to reduce this budget. Dr. Roach got on that at first it was 26 percent and now it's at least 10.5 percent, so I'm voting no. I want more information.

Chair Vigil Coppler Yes

CHAIR VIGIL COPPLER: Okay, I don't have any more to say about this. Staff, I think now the ball is back in your court to determine – and I don't know how you'll do it. Figure out where you think you're short or whether you're still the same as you were when the budget presentation happened. But we'll put this on the agenda for next month. Thank you.

MATTERS FROM THE BOARD

CHAIR VIGIL COPPLER: Are there any matters from the Board? Yes, Commissioner Hansen.

COMMISSIONER HANSEN: Madam Chair, once again I just want to recognize Mr. Carpenter, Kyle Harwood and everyone for protesting this permit to the OSE. Thank you.

CHAIR VIGIL COPPLER: Thank you. Anyone else?

I want to put in the minutes and I'll state for the record and our minutes and I should have done this earlier but I didn't, that the only matter discussed during the executive session of our last Board meeting on July 2, 2020 was the matter as stated in the motion to go into executive session and no action was taken.

And I also want to recognize Bernardine for my nice picture behind me. This is Buckman and she took this picture and I've been using it, plagiarizing it from her Facebook page and I want to thank her publicly again because she's sitting right there. So thank you, Bernardine.

BERNARDINE PADILLA (BDD PR Coordinator): You are welcome.

NEXT REGULAR MEETING: Thursday, September 3, 2020 at 4:00 p.m.

EXECUTIVE SESSION

In accordance with the New Mexico Open Meetings Act NMSA 1978 Section

10-15-1(H)(7), discussion regarding pending litigation in which the BDDB is a participant, including without limitation: *Buckman Direct Diversion Board v. CDM Smith, et al.*, First Judicial Court Case No. D-101-CV-2018-01610

NANCY LONG (BDD Board Attorney): Yes, Madam Chair, and members of the Board. I will suggest a motion and that's to adjourn this meeting and go into executive session in accordance with the New Mexico Open Meetings Act for discussion regarding pending litigation in which the BDD is a participant, including the Buckman Direct Diversion Board versus CDM case with the case number as stated and described in the caption on the agenda.

CHAIR VIGIL COPPLER: And I so move.

MEMBER HELMS: Second.

The motion to adjourn and go into executive session passed by unanimous [5-0] roll call vote as follows:

Councilor Vigil Coppler	Aye
Commissioner Hamilton	Aye
Commissioner Hansen	Aye
Councilor Romero-Wirth	Aye
Mr. J.C. Helms	Aye

ADJOURNMENT

The Board adjourned and met in executive session at 5:55 p.m.

Approved by:

JoAnne Vigil Coppler, Board Chair

Respectfully submitted:

Karen Farrell, Wordswork

ATTEST TO

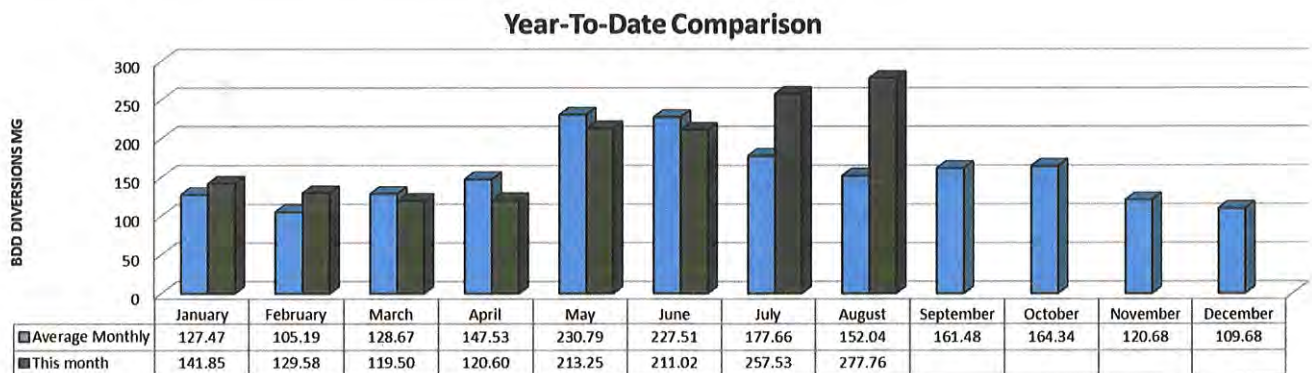
YOLANDA Y. VIGIL
SANTA FE CITY CLERK



Date: September 3, 2020
To: Buckman Direct Diversion Board
From: Randy Sugrue, BDD Operations Superintendent
Subject: Update on BDD Operations for the Month of August 2020

ITEM:

1. This memorandum is to update the Buckman Direct Diversion Board (BDDDB) on BDD operations during the month of August 2020. The BDD diversions and deliveries have averaged, in Million Gallons Per Day (MGD) as follows:
 - a. Raw water diversions: 8.96 MGD.
 - b. Drinking water deliveries through Booster Station 4A/5A: 7.86 MGD.
 - c. Raw water delivery to Las Campanas at BS2A: 0.84 MGD.
 - d. Onsite treated and non-treated water storage: 0.26 MGD Average.
2. The BDD is providing approximately 61% percent of the water supply to the City and County for the month.
3. Regional Demand/Drought Summary.
4. The BDD year-to-date diversions are depicted below:

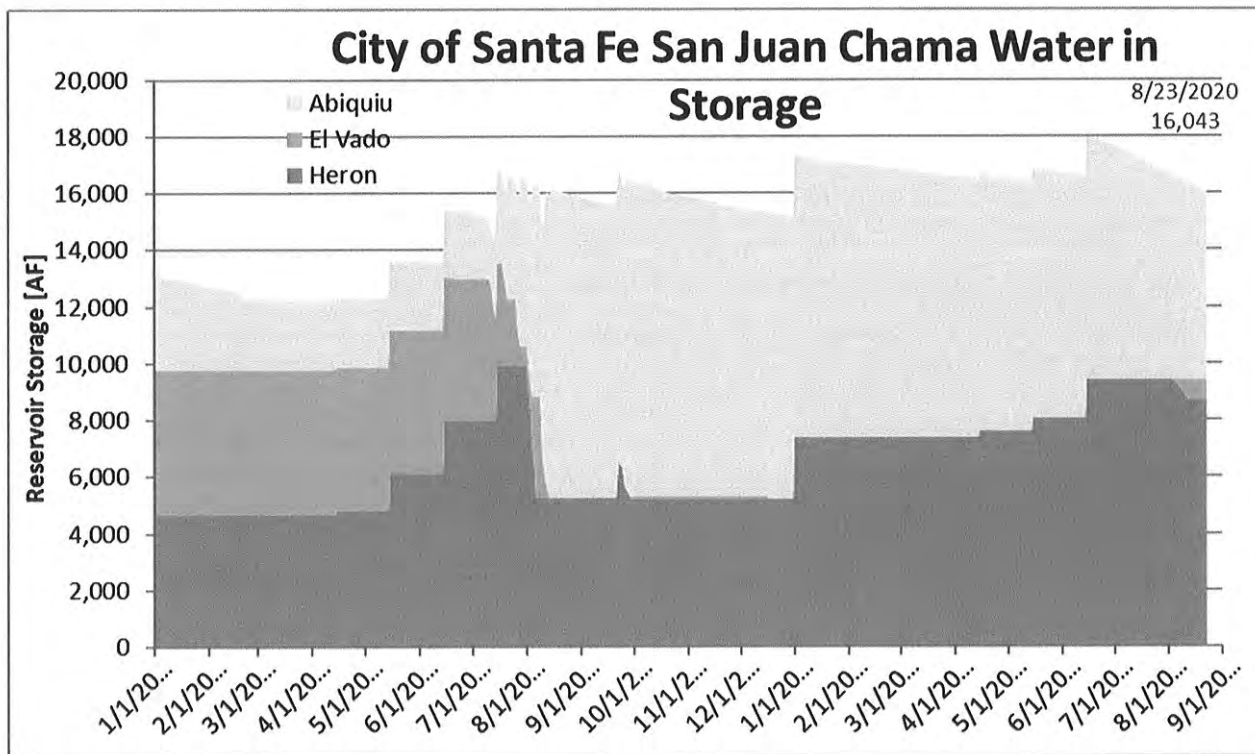




Regional Water Overview

Daily metered regional water demand for the month of August 2020 is approximately 12.9 MGD for the city and 1.7 MGD for the county.

Rio Grande flows for August 2020 average approximately 680 CFS (cubic feet per second.)



ENSO Summary

August 13, 2020

Synopsis: There is a ~60% chance of La Niña development during Northern Hemisphere fall 2020 and continuing through winter 2020-21 (~55% chance).



Buckman Direct Diversion Monthly SJC and Native Diversions

Aug-20		In Acre-Feet					
Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	438.797	134.433	0.000	304.364	298.249	6.115	2.759
FEB	385.360	207.046	0.000	178.314	178.314	0.000	1.679
MAR	364.592	192.426	0.000	172.165	172.165	0.000	1.621
APR	362.944	178.481	0.000	184.463	123.095	61.367	1.737
MAY	635.468	523.991	0.000	111.477	109.054	2.423	0.889
JUN	650.009	522.607	0.000	127.402	2.637	124.765	1.017
JUL	784.520	0.000	0.000	784.520	780.935	3.586	3.663
AUG	852.723	0.000	0.000	852.723	804.833	47.890	2.285
SEP	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OCT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
NOV	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DEC	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	4,474.413	1,758.984	0.000	2,715.428	2,469.283	246.146	15.650

In Million Gallons

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	43.789	0.000	98.103	96.304	1.975	141.892
FEB	67.442	0.000	57.454	57.454	0.000	124.896
MAR	62.680	0.000	55.473	55.473	0.000	118.152
APR	58.137	0.000	59.435	39.733	19.808	117.572
MAY	170.681	0.000	35.812	33.155	0.737	206.493
JUN	170.230	0.000	40.927	0.847	40.080	211.158
JUL	0.000	0.000	255.544	252.049	1.168	255.544
AUG	0.000	0.000	277.759	262.160	15.599	277.759
SEP	0.000	0.000	0.000	0.000	0.000	0.000
OCT	0.000	0.000	0.000	0.000	0.000	0.000
NOV	0.000	0.000	0.000	0.000	0.000	0.000
DEC	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	572.959	0.000	880.507	797.175	79.366	1,453.466



Dec-19		In Acre-Feet					
Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	327.677	56.671	0.000	271.007	271.007	0.000	2.483
FEB	278.357	71.266	0.000	207.090	207.090	0.000	1.908
MAR	134.335	88.610	0.000	45.725	45.725	0.000	3.498
APR	126.924	114.750	0.000	12.175	12.175	0.000	0.110
MAY	550.285	550.285	0.000	0.000	0.000	0.000	0.000
JUN	546.222	546.222	0.000	0.000	0.000	0.000	0.000
JUL	649.014	23.285	0.000	625.729	519.383	106.345	2.907
AUG	422.340	17.075	0.000	405.265	318.606	86.659	1.912
SEP	518.606	169.956	0.000	348.650	261.901	86.749	1.564
OCT	531.254	15.373	0.000	515.881	477.452	38.429	4.676
NOV	325.023	42.180	0.000	282.843	280.865	1.978	2.936
DEC	334.880	48.808	0.000	286.071	286.071	0.000	2.893
TOTAL	4,744.916	1,744.482	0.000	3,000.434	2,680.275	320.160	24.886

In Million Gallons

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversion
JAN	18.460	0.000	87.342	87.342	0.000	105.802
FEB	23.214	0.000	66.739	66.739	0.000	89.953
MAR	28.863	0.000	13.735	13.735	0.000	42.598
APR	37.378	0.000	3.924	3.924	0.000	41.302
MAY	179.246	0.000	0.000	0.000	0.000	179.246
JUN	177.923	0.000	0.000	0.000	0.000	177.923
JUL	7.585	0.000	201.598	167.635	34.262	209.183
AUG	5.562	0.000	130.586	102.846	27.974	136.148
SEP	55.360	0.000	112.401	84.384	28.017	167.762
OCT	5.008	0.000	166.279	154.168	12.409	171.287
NOV	13.739	0.000	91.045	90.407	0.638	104.785
DEC	15.899	0.000	92.109	92.109	0.000	108.008
TOTAL	568.235	0.000	965.760	863.292	103.299	1,533.995



Buckman Direct Diversion Monthly SJC and Native Diversions

Dec-18				In Acre-Feet			
Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	383.578	77.954	0.000	305.624	305.624	0.000	2.708
FEB	343.467	75.227	0.000	268.240	268.240	0.000	2.415
MAR	363.780	267.512	0.000	96.268	96.268	0.000	4.036
APR	662.407	569.253	0.000	93.154	93.154	0.000	3.898
MAY	941.240	209.538	0.000	731.702	615.366	116.336	8.171
JUN	912.903	30.894	0.000	882.009	740.070	141.939	8.707
JUL	905.897	0.000	0.000	905.897	816.188	89.709	4.255
AUG	678.383	1.466	0.000	676.917	676.917	0.000	6.087
SEP	694.411	0.000	0.000	694.411	694.411	0.000	6.404
OCT	608.789	0.000	0.000	608.789	599.228	9.560	5.805
NOV	404.616	82.390	0.000	322.226	316.641	5.585	3.196
DEC	369.186	2.966	0.000	366.220	366.220	0.000	3.392
TOTAL	7,268.656	1,317.200	0.000	5,951.456	5,588.327	363.129	59.073

In Acre-Feet

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	77.954	0.000	302.916	302.916	0.000	380.870
FEB	75.227	0.000	265.825	265.825	0.000	341.052
MAR	267.512	0.000	92.231	92.231	0.000	359.744
APR	569.253	0.000	89.256	89.256	0.000	658.509
MAY	209.538	0.000	723.531	608.494	115.037	933.069
JUN	30.894	0.000	873.302	732.764	140.538	904.196
JUL	0.000	0.000	900.737	811.539	89.198	900.737
AUG	1.466	0.000	670.830	670.830	0.000	672.295
SEP	0.000	0.000	688.007	688.007	0.000	688.007
OCT	0.000	0.000	602.984	593.515	9.469	602.984
NOV	82.390	0.000	319.030	313.500	5.530	401.420
DEC	2.966	0.000	362.829	362.829	0.000	365.794
TOTAL	1,317.200	0.000	5,891.477	5,531.706	359.772	7,208.677



Dec-17

In Acre-Feet

Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-03418 RG Native LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	All Partners Conveyance Losses
JAN	395.248	84.736	0.000	310.512	310.512	0.000	2.717
FEB	383.179	26.107	3.426	353.646	353.646	0.000	3.087
MAR	547.849	17.804	11.643	518.402	518.402	0.000	4.564
APR	592.385	381.170	0.000	211.216	211.216	0.000	1.821
MAY	488.240	478.925	0.000	9.315	9.315	0.000	0.072
JUN	616.871	12.970	0.000	603.900	477.780	126.121	5.517
JUL	626.113	23.719	0.000	602.394	484.406	117.988	5.429
AUG	557.303	17.073	0.000	540.230	540.230	0.000	4.871
SEP	637.339	230.584	0.000	406.755	395.200	11.555	3.873
OCT	444.333	127.611	0.000	316.723	316.723	0.000	2.938
NOV	356.536	107.143	0.000	249.394	203.128	46.266	1.658
DEC	360.218	73.071	0.000	287.147	287.147	0.000	2.321
TOTAL	6,005.614	1,580.910	15.069	4,409.635	4,107.705	301.930	38.868

In Acre-Feet

Month	Native COUNTY	Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	All Partners Diversions
JAN	84.736	0.000	307.795	307.795	0.000	392.531
FEB	26.107	3.426	350.559	350.559	0.000	380.091
MAR	17.804	11.643	513.838	513.838	0.000	543.285
APR	381.170	0.000	209.395	209.395	0.000	590.565
MAY	478.925	0.000	9.243	9.243	0.000	488.168
JUN	12.970	0.000	598.383	473.415	124.969	611.354
JUL	23.719	0.000	596.965	480.040	116.925	620.684
AUG	17.073	0.000	535.359	535.359	0.000	552.431
SEP	230.584	0.000	402.883	391.437	11.445	633.466
OCT	127.611	0.000	313.785	313.785	0.000	441.396
NOV	107.143	0.000	247.736	201.777	45.958	354.878
DEC	73.071	0.000	284.826	284.826	0.000	357.898
TOTAL	1,580.910	15.069	4,370.767	4,071.470	299.297	5,966.747

Memorandum



Buckman Direct Diversion

Date: September 3, 2020
To: Buckman Direct Diversion Board
From: Mackie M. Romero, BDD Financial Manager *MR*
Subject: Presentation of the BDD Annual Financial Report

ITEM AND ISSUE:

Presentation of the Buckman Direct Diversion Project Annual Financial Report for fiscal year ended June 30, 2019.

BACKGROUND AND SUMMARY:

Under the Project Management and Fiscal Service Agreement (PMFSA) Article 7. Fiscal Agent Responsibilities, states:

“After the end of each fiscal year, and in accordance with the New Mexico state audit rule, provide copies of audited financial statements to the City, the County and Las Campanas, showing the assets, liabilities, revenues, expenses, equity balances and budget comparisons for the BDD Project fund on an annual basis for the prior fiscal year in accordance with GAAP and GASB, complete the Management's Discussion and Analysis (MDA) for the annual financial report, and provide upon request, a monthly general ledger report. The Project Manager shall be allowed to recommend that its auditors produce the financial statements, dependent on staff availability and the complexity of the reporting requirements.”

On July 2, 2019 a report of independent certified accountants was issued by CliftonLarsonAllen, LLP for the business-type activities of the Buckman Direct Diversion Project Water Treatment Facility Operations as of and for the year ended June 30, 2019.

The Buckman Direct Diversion is a single purpose government entity and has only business type activities. In the statement of net position, activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis.

The presentation of the financial statements includes consolidation of all activity of the following enterprise funds.

- ❖ BDD Operating Fund
- ❖ BDD Capital Carve-out Project Fund
- ❖ BDD Emergency Reserve Fund
- ❖ BDD Major Repair and Replacement Fund

The auditors have disclosed the following audit finding, late submission of audit report. Prior year findings have been resolved and the auditors have issued an unmodified report.

The Financial Statements and Supplementary Information are available on our website.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019



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AUDIT, TAX, AND
CONSULTING

STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
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**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
OFFICIAL ROSTER
YEAR ENDED JUNE 30, 2019**

ELECTED OFFICIALS

Anna Hamilton	Chairperson of the BDD Board, Santa Fe County Commissioner
Michael Harris – (Vice Chair)	Councilor, City of Santa Fe
Peter Ives	Councilor, City of Santa Fe
Anna Hansen	Commissioner, Santa Fe County
Henry Roybal	Commissioner, Santa Fe County Alternate
Ms. Dennis Fort	Member At-Large
Mr. J.C. Helms	Member Alternate At-Large
JoAnne Vigil Coppler	Councilor, City of Santa Fe Alternate
Mr. Tom Egelhoff	Las Campanas, nonvoting member
Ginny Selvin	Las Campanas, Alternate

FISCAL AGENT ADMINISTRATION

Debra Harris-Garmendia	Controller, City of Santa Fe
Mary McCoy	Finance Director, City of Santa Fe

BUCKMAN ADMINISTRATION

Rick Carpenter	Facility Manager, Buckman
Mackie Romero	Fiscal Manager and Business Administrator, Buckman



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board Members

Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Buckman Direct Diversion Project Water Treatment Facility Operations (Buckman) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Buckman's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Buckman's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Buckman's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

Board Members
Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Buckman as of June 30, 2019, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Buckman's basic financial statements. The Schedules listed under Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board Members
Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2020, on our consideration of Buckman's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckman's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Buckman's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
July 2, 2020

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Management's discussion and analysis (MDA) of the Buckman Direct Diversion Project – Water Treatment Facility Operations is designed to provide an overview of Buckman Direct Diversion's financial activity for the year ended June 30, 2019.

Under a joint powers agreement dated January 15, 2005 for the Buckman Direct Diversion (BDD), the City of Santa Fe (City) joined Santa Fe County (County) to design and construct the Buckman Direct Diversion Project in order to divert surface water from the Rio Grande River to the independent water systems of the City and the County. Other project participants include the Las Campanas Water and Sewer Cooperative and the Club at Las Campanas (Las Campanas Entities). Construction of the facility was completed by the end of December 31, 2010. Operations of the facility commenced on May 2, 2011. Operations are fully funded by the City, County, and Las Campanas Entities who are billed pursuant to the Facility Operations and Procedures Agreement (FOPA) dated October 16, 2006.

The BDD operates pursuant to the Facility Operations and Procedures Agreement for the Buckman Direct Diversion Project between the City of Santa Fe, Santa Fe County and Las Campanas Entities with the City of Santa Fe acting as fiscal agent, per the Project Management and Fiscal Services Agreement (PMFSA). A board of directors has been established and delegated all powers necessary to oversee both the management and operations of the BDD. The board is comprised of two members of the governing body of the City (along with an alternate), two members of the governing body of the County (along with one alternate), one non-voting member of the Las Campanas Entities (along with one alternate) and one citizen member at large (along with one alternate) appointed by a majority vote of the four other voting members.

Financial Highlights

- In 2019, the Buckman Direct Diversion provided 1,639,820,000 gallons of water to the project partners.
- The Buckman Direct Diversion Board authorized \$402,064 of funding from restricted cash of the Major Repair and Replacement Fund to purchase two new vehicles, two new variable frequency drives and continuation of rebuilding pumps at the Raw Water Lift Station facility.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction of the BDD's basic financial statements. The BDD's financial statements are comprised of basic financial statements, notes to the financial statements and other information. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The BDD operates under the accrual basis of accounting, required for State and Local Governments' enterprise operations. The BDD's operating fund utilizes cost codes to track expenditures for proper allocation and billing to the City, County, and Las Campanas Entities.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Proprietary Fund

The BDD operates as proprietary fund for regional water supply with all operating costs covered by reimbursements to the City, County, and Las Campanas Entities. Proprietary funds are used for activities that are financed and operated in a manner similar to a private business enterprise. The intent of the BDD Board of Directors is to ensure the costs (expenses) of providing services, in this case, regional water supply on a continuing basis be financed or recovered through billings.

Proprietary financial statements are designed to provide readers with a broad overview of the BDD's finances, in a manner similar to a private-sector business.

Budgets

The BDD's annual operating budget is adopted on annual basis and includes annual contributions to the Emergency Reserve Fund and Major Repair and Replacement fund based on yearly targeted balances. The annual budget is recommended by the BDD Board to be approved by the governing bodies of our participating partners. Once the budget has been approved by the governing bodies the budget is formally adopted by the BDD Board. The annual operating budget is budgeted by major category; any adjustments between major categories must be approved by the BDD Board.

The budget is prepared on another comprehensive basis of accounting other than the accrual basis required by GAAP.

There were no major changes to the fiscal year 2019 annual operating budget in comparison to the final fiscal year 2018 annual operating budget.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Statement of Net Position

The statement of net position presents information on all of Buckman Direct Diversion's assets, liabilities, and net position

The following table provides condensed financial information related to BDD's net assets as of June 30, 2019 as compared to June 30, 2018.

**Statement of Net Position
Fiscal Year Ended June 30, 2019 and June 30, 2018**

	2019	2018	Amount Change	% Change
ASSETS				
Current Assets	\$ 6,378,148	\$ 11,507,424	\$ (5,129,276)	-45%
Capital Assets, Net	8,532,670	8,476,279	56,391	1%
Total Assets	<u>\$ 14,910,818</u>	<u>\$ 19,983,703</u>	<u>\$ (5,072,885)</u>	-25%
LIABILITIES	\$ 2,001,976	\$ 7,372,097	\$ (5,370,121)	-73%
NET POSITION				
Net Investment in Capital Assets	8,532,670	8,476,279	56,391	1%
Restricted for:				
Emergency Reserves	2,063,495	2,063,495	-	0%
Major Repair and Replacement Reserves	1,795,496	1,570,854	224,642	14%
Unrestricted	517,181	500,978	16,203	3%
Total Net Position	<u>12,908,842</u>	<u>12,611,606</u>	<u>297,236</u>	2%
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,910,818</u>	<u>\$ 19,983,703</u>	<u>\$ (5,072,885)</u>	-25%

The statement of net position reports comparison activity of the current and previous fiscal years of operations. The change of current assets and current liabilities is due to a decrease of accounts receivable, as it relates to amounts due from the participating partners. The capital assets held by BDD represent a portion of the original construction cost of the BDD Project, excluding assets reported on the City of Santa Fe and Santa Fe County's financial statements. All new assets purchased by BDD are reported as capital assets.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Statement of Revenues, Expenses, and Changes in Net Position

The following table provides condensed financial information related to BDD's changes in net position for the year ended June 30, 2019 as compared to the year ended June 30, 2018 as restated.

**Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2019 and June 30, 2018**

	2019	2018	Amount Change	% Change
OPERATING REVENUES				
Reimbursements:				
City of Santa Fe	\$ 5,690,084	\$ 5,450,971	\$ 239,113	4%
Santa Fe County	2,301,644	1,748,983	552,661	32%
Las Campanas Entities	227,195	342,783	(115,588)	-34%
PNM Solar Rebates	151,462	178,164	(26,702)	-15%
Conservation Fee	63,830	-	63,830	0%
Grants-Federal	95,024	90,059	4,965	6%
Total Operating Revenues	<u>8,529,239</u>	<u>7,810,960</u>	<u>718,279</u>	<u>9%</u>
OPERATING EXPENSES				
Buckman Direct Diversion Project Operations	8,091,426	7,389,391	702,035	10%
Habitat Restoration and Compliance	23,860	21,695	2,165	10%
Major Repairs	116,934	225,276	(108,342)	-48%
Emergencies	-	-	-	0%
Total Operating Expenses	<u>8,232,220</u>	<u>7,636,362</u>	<u>595,858</u>	<u>8%</u>
OPERATING INCOME	297,019	174,598	122,421	70%
NONOPERATING REVENUES				
Investment Income	<u>217</u>	<u>2,033</u>	<u>(1,816)</u>	<u>-89%</u>
CHANGE IN NET POSITION	297,236	176,631	120,605	68%
Net Position - Beginning of Year,	12,611,606	12,434,975	176,631	1%
NET POSITION - END OF YEAR	<u>\$ 12,908,842</u>	<u>\$ 12,611,606</u>	<u>\$ 297,236</u>	<u>2%</u>

The BDD's revenues include reimbursements from the City, the County, and Las Campanas Entities for fixed, variable and project wide costs, which are billed pursuant to the percentage allocations detailed in the Facility Operations and Procedures Agreement and the water delivered to each partner.

Operating expenses consists of salaries, utilities, chemicals, other operating costs, materials and supplies and a fiscal agent fee. Expenses should approximate revenues as all operating costs are billed to the partners.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

BDD has received federal funding from the Department of Energy for the BDD Location Sampling program. BDD also receives PNM Solar Rebate revenue for over production of our solar photovoltaic system at our water treatment plant location. The revenue received is used to support a portion of BDD solar expenses.

The BDD has restricted cash held for specific purposes related to the BDD's emergency reserve fund policy and repair and replacement fund policy. All expenditures must be authorized by the BDD Board and must meet criteria as established per the policy.

Partner Reimbursements/Restricted Cash

Participating partners are billed monthly, quarterly, and pre-billed for reimbursement or prepayment of all operating costs per the BDD Working Capital & Billing Policy. In order to secure resources assuring BDD's ability to cover major repairs and replacement of system equipment, BDD has established an annual partner contribution to be fully funded by the end of each fiscal year.

The following table shows the balances outstanding from each partner or partner credit balance as of June 30, 2019. Application of any credits to outstanding accounts receivable must be approved by the partners.

	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas CoOp	Total
Partner Receivables	\$ 195,096	\$ 947,385	\$ 14,538	\$ -	\$ 1,157,019
Partner Credits	-	(190,782)	(49,381)	(2,499)	(242,662)
Net Total	<u>\$ 195,096</u>	<u>\$ 756,603</u>	<u>\$ (34,843)</u>	<u>\$ (2,499)</u>	<u>\$ 914,357</u>

The BDD expects to fully collect all outstanding receivables and refund any partner credits.

Items Expected to Have a Significant Effect for Fiscal Year 2019

The Buckman Direct Diversion is expected to operate successfully and will continue to adaptively manage water deliveries to meet changes in partner demands. The ability to meet partner demand can be affected by circumstances beyond the control of the BDD. The BDD will not operate when suspended solids concentrations in the Rio Grande exceed a threshold value or when the Los Alamos National Laboratory Early Notification System indicates the Rio Grande may be influenced by runoff from Los Alamos Canyon. During periods of inability to fulfill water delivery orders, the City will supply both its own and in accordance with the County/City Water Resource Agreement, the County's potable water demands from stored drinking water and its other sources of water supply.

Capital Assets and Debt Administration

Total capital assets, net of depreciation, for BDD make up 57% of BDD's total assets. Refer to Note 6 for information about capital assets.

Total compensated absences at June 30, 2019 are \$124,875 and expected to be paid within one year.

**BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Requests for Information

The financial report is designed to provide a general overview of BDD's finances for those interested in government enterprise finances. Questions concerning any of the information provided or requests for additional financial information should be addressed to the Buckman Direct Diversion, 341 Caja Del Rio Rd. Santa Fe, NM 87506, BDD also maintains a website at www.bddproject.org.

STATE OF NEW MEXICO
 BUCKMAN DIRECT DIVERSION PROJECT
 WATER TREATMENT FACILITY OPERATIONS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

ASSETS	Business-Type Activity
CURRENT ASSETS	
Cash, Investments, and Cash Equivalents	\$ 875,513
Restricted Cash:	
Emergencies	2,063,495
Major Repair and Replacement	1,795,496
Partner's Accounts Receivable:	
City of Santa Fe	195,096
Santa Fe County	947,385
Las Campanas Club	14,538
Las Campanas Coop	-
Prepaid Expenses	10,000
Other Receivable (includes Pass-through grant)	367,347
Chemical Inventory	109,278
Total Current Assets	<u>6,378,148</u>
NONCURRENT ASSETS	
Capital Assets	10,638,942
Accumulated Depreciation	<u>(2,106,272)</u>
Total Noncurrent Assets	<u>8,532,670</u>
Total Assets	<u><u>\$ 14,910,818</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Partner's Credit Balances:	
Santa Fe County	\$ 190,782
Las Campanas Club	49,381
Las Campanas Coop	2,499
Accounts Payable	732,540
Intergovernmental Payable	800,778
Accrued Payroll	101,121
Compensated Absences	124,875
Total Current Liabilities	<u>2,001,976</u>
NET POSITION	
Net Investment in Capital Assets	8,532,670
Restricted for:	
Emergency Reserves	2,063,495
Major Repair and Replacement Reserves	1,795,496
Unrestricted	517,181
Total Net Position	<u>12,908,842</u>
Total Liabilities and Net Position	<u><u>\$ 14,910,818</u></u>

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

	Business-Type Activity
OPERATING REVENUES	
Reimbursements:	
City of Santa Fe	\$ 5,690,084
Santa Fe County	2,301,644
Las Campanas Club	157,005
Las Campanas Coop	70,190
PNM Solar Rebates	151,462
Conservation Fee	63,830
Grants-Federal	95,024
Total Operating Revenues	<u>8,529,239</u>
OPERATING EXPENSES	
Buckman Direct Diversion Project Operations	8,091,426
Habitat Restoration and Compliance	23,860
Major Repairs	116,934
Emergencies	-
Total Operating Expenses	<u>8,232,220</u>
OPERATING INCOME	297,019
NONOPERATING REVENUES	
Investment Income	<u>217</u>
CHANGE IN NET POSITION	297,236
Net Position - Beginning of Year	<u>12,611,606</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,908,842</u></u>

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO
 BUCKMAN DIRECT DIVERSION PROJECT
 WATER TREATMENT FACILITY OPERATIONS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2019

	Business-Type Activity
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Partners and PNM	\$ 14,634,001
Cash Paid to Suppliers for Goods and Services	(4,399,022)
Cash Paid for Personnel Reimbursements	(2,987,641)
Net Cash Provided by Operating Activities	<u>7,247,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(324,214)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>217</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,923,341
Cash and Cash Equivalents - Beginning of Year	<u>(2,188,837)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,734,504</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 297,019
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation Expense	267,824
Changes in Assets and Liabilities:	
Decrease in Partner's Accounts Receivable	6,911,508
Increase in Partner's Credit Balances	(558,851)
Increase in Other Receivables	(247,895)
Increase in Chemical Inventory	(845)
Decrease in Accounts Payable	(198,980)
Increase in Intergovernmental Payable	800,778
Decrease in Accrued Wages and Compensated Absences	(23,220)
Net Cash Used by Operating Activities	<u><u>\$ 7,247,338</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
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NOTE 1 ORGANIZATION

Under a joint powers agreement for the Buckman Direct Diversion Project dated January 11, 2005 (JPA), the City of Santa Fe (City) joined Santa Fe County (County) to design and construct the Buckman Direct Diversion Project in order to divert surface water from the Rio Grande River to the independent water systems of the City and County to reduce reliance on over-taxed ground water resources. Operations of the Buckman Direct Diversion Water Treatment Facility (Buckman) commenced May 15, 2011. The Buckman site is located 15 miles northwest of Santa Fe, approximately three miles downstream from where Route 3 crosses the Rio Grande River at the Otowi Bridge. Buckman is considered under the provisions of the Joint Powers Act to be an entity separate from the individual parties named in the JPA as prescribed by State Statute Section II I-5(B) NMSA 1978. The City and County each own 50% of the diversion facilities of Buckman and have established a board to oversee the planning, procurement, financing, permitting, design, and construction of the Buckman Direct Diversion Project as well as the operations and management of Buckman. The board is comprised of two members of the governing body of the City of Santa Fe, two members of the governing body of Santa Fe County Commissioners, and one citizen member at large appointed by a majority vote of the four other members. Other project participants include Las Campanas Limited Partnership (which includes the Las Campanas Club and Las Campanas CoOp), who retains no ownership interest in Buckman but pays for its proportional share of that system (diversion structure, sediment pond, and related infrastructure) it actually uses. The City of Santa Fe, Santa Fe County, and Las Campanas Limited Partnership are referred to in these financial statements as the user partners. Buckman Direct Diversion Project is jointly owned by the City of Santa Fe and the County of Santa Fe. Construction of the facility was completed in December 2010 and the project was completed under the terms of the construction contract on May 15, 2011, which is the approximate date upon which operations commenced.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Buckman is presented to assist in the understanding of the Buckman financial statements. The financial statements and notes are the representation of Buckman's management who is responsible for their integrity and objectivity. The financial statements of Buckman have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define Buckman for financial reporting purposes, management has considered all potential component units.

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BUCKMAN DIRECT DIVERSION PROJECT
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Buckman does not have any component units required to be reported under the GASB codification.

Enterprise Fund Financial Statements

Buckman is a single purpose government entity and has only business-type activities. In the statement of net position, activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Buckman's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of Buckman are organized on the basis of a proprietary or enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources, measurement focus, and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. In fiscal year 2019, Buckman received a grant award from the U.S. Department of Energy for water quality monitoring activities. The total award was \$95,024 incurred against the grant during fiscal year 2019.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of Buckman's enterprise fund is reimbursements from user partners for the cost of operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position

Buckman reports the following enterprise fund:

The Buckman Direct Diversion Project Operations Enterprise Fund is used to account for the operations of the Buckman Regional Water Treatment Plant and other Buckman related facilities and reimbursements from user partners.

When both restricted and unrestricted resources are available for use, it is Buckman's policy to use restricted resources first, then unrestricted resources as they are needed.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Cash, Investments, and Cash Equivalents

Cash is pooled into one common account maintained by the City of Santa Fe, Buckman's fiscal agent, in order to maximize investment opportunities. Buckman's monies deposited in the pooled cash account have equity therein, and interest earned on any of the investment of these monies is allocated based upon relative equity at month-end. Cash and cash equivalents are considered to be a share of the City's pooled cash and short-term investments with original maturities of three months or less from the date of acquisition. Please refer to the City of Santa Fe's financial statements for the year ended June 30, 2019 for a complete description of permissible investments and risk disclosures concerning cash investments.

Partner's Accounts Receivables/Partner's Credit Balances

A prebilling precedes the month of billing on an estimated basis for cash flow purposes based on the monthly approved budget. Outstanding amounts owed to Buckman from prebilling activities are reported as Partner's Accounts Receivable in the statement of net position. Revenue from the user partners is recognized each month based on the monthly expenses that have been incurred. A final billing is made based on actual costs and expenses incurred for fixed, variable, and project-wide costs. Amounts paid by partners in excess of final invoiced amounts are recorded as partner's credit balances in the statement of net position and used to offset future billings.

Chemical Inventory

Chemical inventory recorded in Buckman's enterprise fund is stated at the lower of cost of market and totals \$109,278 at June 30, 2019. The cost of consumption is billed to each individual partner monthly, and is determined using the average cost method.

Capital Assets

Capital assets are recorded at cost. The fiscal agent's (City of Santa Fe) policy is to capitalize all assets with a cost of \$5,000 or greater. Major outlays for capital assets and improvements are capitalized as projects as they are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives as follows:

	<u>Years</u>
Buildings and Structures	50
Equipment and Machinery	7
Vehicles	8
Data Processing Equipment	3

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BUCKMAN DIRECT DIVERSION PROJECT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures including the useful lives of depreciable assets and the estimated usage of leave balances by employees. Accordingly, actual results could differ from those estimates.

Compensated Absences

It is the Fiscal Agent's (City of Santa Fe) policy to permit employees to accumulate earned but unused vacation, compensatory hours, and sick pay benefits. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and overtime. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of Buckman and its employees is accrued as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a special event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or when such events take place. Compensated absences are recorded as an expense and a liability of Buckman.

Pensions/Postemployment Benefits

Buckman is allocated a portion of the pension expense that is paid by the City, as Buckman's fiscal agent. Buckman is not considered an employer with full-time employees. As outlined in the Project Management/Fiscal Agent Agreement (Note 12), the City of Santa Fe (City), as Buckman's Fiscal Agent, provides Buckman with City employees to maintain Buckman operations. The City is a contributing employer to a cost sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for Buckman apply to the City as a whole, and as such, this information will be presented in the Comprehensive Annual Financial Report (CAFR) of the City of Santa Fe. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the CAFR and will be available, when issued, from City of Santa Fe.

Postemployment Benefits are administered by NM Retiree Health Care Authority (RHCA), the City and Buckman have the same arrangement for these benefits as outlined above for PERA. The liability, expense and deferred inflows and outflows are contained in the City's CAFR.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Minimum Restricted Net Position Policies

The Emergency reserve and Repair and Replacement reserve are reserve funds that were approved by the board on February 3, 2011. Both the Emergency reserve and the Repair and Replacement reserve are to be funded through specific contributions from the user partners and utilized for specified purposes. The Emergency reserve target balance is \$2,000,000 and was funded over a two-year period and fully funded at June 30, 2014. For the Repair and Replacement reserve, Buckman approved \$626,706 in annual partner contributions for fiscal year 2019. During fiscal year 2019, \$402,065 was utilized for combined emergency and repair purposes.

The board approved the Emergency Fund Reserve policy and the Major Repair and Replacement Fund policy on February 3, 2011.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in Capital Assets - Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position - Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors/partners, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Buckman's restricted net position balances are a result of the Emergency Fund Policy and Major Repair and Replacement Fund Policy, described below:

Emergency Reserve Fund Policy

In order to secure resources assuring Buckman's timely response to emergencies, which could potentially threaten, reduce, or eliminate Buckman's capacity to meet its customers' demands, Buckman established an accumulation target amount of \$2,000,000 to fund the emergency reserve fund. While insurance may provide reimbursement of costs associated with some emergency situations, the Emergency Reserve Fund will provide an immediate infusion of the fund that are necessary to address the situation without having to first solicit funding from the partners. The total amount funded at June 30, 2019 was \$2,063,495.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Equity Classifications (Continued)

Major Repair and Replacement Fund Policy

In accordance with the Buckman's intergovernmental agreements and in order to secure resources assuring Buckman's ability to cover the repair and replacement cost of capital assets already in existence within Buckman, this policy ensures funding is available to repair or replace capital equipment when the capital equipment has reached the end of its effective useful life. Buckman established an accumulation target of \$411,812 in annual contributions, in 2017 the board approved an increase of \$214,894 for a total contribution of \$626,706 to be fully funded by the end of each fiscal year. The total amount funded as of June 30, 2019 was \$1,795,496.

- c. Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Buckman's annual operating budget for the enterprise fund is adopted on a basis other than generally accepted accounting principles (Non-U.S. GAAP basis). Depreciation is not budgeted for the enterprise fund. The budget includes both the proposed City and County portions and requires approval from both the City Council and the Santa Fe County Commission. The budget must also be approved by Buckman's board. The budget and any adjustments are subject to the regular budget requirements and calendar cycles of the City and the County. Budgetary control is at the fund level for the enterprise fund. Encumbrances (purchase orders, contracts, and other commitments for the expenditure of resources) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenses or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

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WATER TREATMENT FACILITY OPERATIONS
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NOTE 4 CASH, INVESTMENTS, AND CASH EQUIVALENTS

Buckman does not have a separate bank account. At June 30, 2019, Buckman had cash, investments, and cash equivalents totaling \$4,734,504, which represents Buckman's portion in cash and investment pooled accounts maintained by the City of Santa Fe. The City invests its pooled cash into U.S. Government securities, repurchase agreements, municipal bonds, certificates of deposit, the State Treasurer's investment pool, and U.S. Government security mutual funds. Please refer to the comprehensive annual financial report for the City of Santa Fe, New Mexico, for the disclosure information regarding the custodial credit risk and other risks that may apply. The report may be obtained from the City by contacting the assistant finance director at 200 Lincoln Avenue, P.O. Box 909 Santa Fe, New Mexico 87504-0909.

NOTE 5 PARTNERS' ACCOUNTS RECEIVABLE/PARTNERS' CREDIT BALANCES

The following table shows the balances outstanding from each partner or partner credit balance as of June 30, 2019.

Partners' Accounts Receivable				
	City of Santa Fe	Santa Fe County	Las Campanas	Las Campanas CoOp
Buckman Operations	\$ 195,096	\$ 947,385	\$ 14,538	\$ -
				\$ 1,157,019
Partners' Credit Balances				
	City of Santa Fe	Santa Fe County	Las Campanas	Las Campanas CoOp
Buckman Operations	\$ -	\$ 190,782	\$ 49,381	\$ 2,499
				\$ 242,662

No allowance for doubtful accounts has been recorded, as Buckman expects to fully collect all outstanding receivables.

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
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NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance June 30, 2018	Additions	Deletions / Adjustments	Ending Balance June 30, 2019
Non-Depreciable Capital Assets:				
Construction in Process	\$ 776,368	\$ 175,009	\$ -	\$ 951,377
Total Non-Depreciable Capital Assets	776,368	175,009	-	951,377
Capital Assets Being Depreciated:				
Buildings and Structures	8,737,383	-	-	8,737,383
Equipment and Machinery	229,193	79,683	-	308,876
Vehicles	487,695	69,522	-	557,217
Data Processing Equipment	84,089	-	-	84,089
Total Capital Assets Being Depreciated	9,538,360	149,205	-	9,687,565
Less: Accumulated Depreciation:				
Buildings and Structures	1,223,234	174,748	-	1,397,982
Equipment and Machinery	185,484	14,372	(18,155)	181,701
Vehicles	367,992	85,092	-	453,084
Data Processing Equipment	61,738	11,767	-	73,505
Total Accumulated Depreciation	1,838,448	285,979	(18,155)	2,106,272
Total Capital Assets Being Depreciated, Net	7,699,912	(136,774)	-	7,581,293
Total Capital Assets	<u>\$ 8,476,280</u>	<u>\$ 38,235</u>	<u>\$ -</u>	<u>\$ 8,532,670</u>

Because of the joint venture agreement between the City of Santa Fe and Santa Fe County, the following amounts are recorded in the City's and County's financial statements and are therefore removed from BDD's financial statements. However, they are assets utilized and purchased solely for BDD.

	Buildings and Structures	Equipment and Machinery	Total
City of Santa Fe	\$ 115,440,642	\$ 4,842,162	\$ 120,282,804
Santa Fe County	101,372,507	-	101,372,507
			<u>221,655,311</u>
Accumulated Depreciation	(34,635,528)	(3,449,211)	<u>(38,084,739)</u>
			<u>\$ 183,570,572</u>

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
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NOTE 7 COMPENSATED ABSENCES

Business-Type Activity

Compensated absences for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Compensated Absences	\$ 143,318	\$ 182,523	\$ 200,966	\$ 124,875	\$ 124,875

NOTE 8 ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

1. Buckman is economically dependent on three entities: City of Santa Fe, Santa Fe County, and Las Campanas (the user partners). These entities account for 100% of its funding for the period ending June 30, 2019.
2. See Note 5 for outstanding balances owed from user partners and credit balances outstanding as of June 30, 2019.
3. The City of Santa Fe as fiscal agent for the Buckman Direct Diversion Project receives a fee of 4.5% of the annual operating budget of the project. The City of Santa Fe received \$312,463 fees for services as fiscal agent for the year ended June 30, 2019.

NOTE 9 RISK MANAGEMENT

Pursuant to the Joint Powers Agreement Section 23, Buckman is required to carry insurance coverage separate and apart from the partner's respective insurance policies. Buckman carries public liability insurance coverage (including directors and officers coverage) consistent with its responsibilities as a public entity under the New Mexico Tort Claims Act, NMSA 1978, Section 41-1-1 with combined single limits of \$1,000,000. Buckman carries a public liability commercial insurance policy with occurrence-based coverage against losses arising out of all operations conducted on the premises, contractual liability coverage, crime, automobile, directors' and officers' coverage, and other appropriate coverages. Buckman carries commercial property insurance on all of Buckman's buildings, structures, equipment, improvements, and vehicles to protect itself from losses arising from fire, earthquake, and flood disasters. Buckman also has commercial insurance for potential losses arising from excess liability and failures to supply materials needed to operate Buckman facilities.

Buckman staff, as employees of the City of Santa Fe, participate in the Santa Fe Health Fund and the Workers' Compensation Fund, which are self-insured programs administered by the fiscal agent. Buckman makes pro rata payments to the City based on actuarial estimates of the amounts needed to pay prior year and current year claims and to establish a reserve for catastrophic losses. Health claims are handled by a professional third-party claims administrator. The fiscal agent maintains specific stop loss coverage for individual

**STATE OF NEW MEXICO
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NOTE 9 RISK MANAGEMENT (CONTINUED)

claims in excess of \$200,000 with a \$1,000,000 statutory limit. Workers' compensation claims are handled by a professional, third-party claims administrator. Buckman maintains specific stop loss coverage for individual claims in excess of \$500,000 with a \$1,000,000 statutory limit. There was no reduction in amount of coverage for 2019.

NOTE 10 PENSION PLAN PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA)

General Information about the Pension Plan

Plan Description

Buckman is not considered an employer with full-time employees. As outlined in the Project Management/Fiscal Agent Agreement (Note 12), the City of Santa Fe (City), as Buckman's Fiscal Agent, provides Buckman with City employees to maintain Buckman operations.

The Public Employees Retirement Fund (PERA Fund) is a cost sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State general, State police/adult correction officer, municipal general, municipal police/detention officers, municipal fire, and State legislative divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits Provided

For a description of the benefits provided and recent changes to the benefits, see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at: <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>.

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**NOTE 10 PENSION PLAN PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (PERA)
(CONTINUED)**

General Information about the Pension Plan (Continued)

Contributions

The contribution requirements of plan members and the board are established in State statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 43 of the PERA FY18 annual audit report at the following website address:

https://reports.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2018_Final.pdf

The PERA coverage option that applies to the board is municipal general. Statutorily required contributions to the pension plan by the City that were allocated to Buckman were \$357,422 for the year ended June 30, 2019.

Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the City's Comprehensive Annual Financial Report.

Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the City will be contained in the City's CAFR and will be available, when issued, from the City of Santa Fe. Questions concerning any of the information provided in the report or request for additional financial information should be addressed to the City Finance Director, P.O. Box 909, City of Santa Fe, New Mexico 87504.

NOTE 11 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

Buckman is not considered an employer with full-time employees. As outlined in the Project Management/Fiscal Agent Agreement (Note 12), the City of Santa Fe (City), as Buckman's Fiscal Agent, provides Buckman with City employees to maintain Buckman operations.

Buckman reimburses the City for contributions made by the City to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA) for employees that are loaned to Buckman. The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978).

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**NOTE 11 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Plan Description (Continued)

The board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, New Mexico 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary.

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**NOTE 11 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Funding Policy (Continued)

In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Benefits Provided

The Fund is a healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents, and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Contributions

Employer and employee contributions to the Fund total 3% for nonenhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978.

The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund.

Buckman's contributions to the RHCA for the years ended June 30, 2019, 2018, and 2017 were \$34,806, \$38,937, and \$34,622, respectively, which equal the required contributions for each year.

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT

In November 2007, the Buckman Direct Diversion (BDD) board entered into an agreement with the City of Santa Fe to act in the capacity as project manager and fiscal agent for the board. Duties of the City include:

Project Manager

- Carry out the directives and policies of the BDD board, make recommendations to the BDD board related to the Project; provide support staff for BDD board meetings; contract with independent legal counsel selected by the BDD board; contract with specialized legal counsel as needed to support design, construction, operation, and maintenance of the Project; and, as directed by the BDD board, implement the Project during design and construction and, following completion of construction, manage, operate, and maintain the Project;

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WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT (CONTINUED)

Project Manager (Continued)

- Seek and apply for funding (except for funding to be provided by the City and the County pursuant to the Project agreements) in the form of grants, loans or loan guarantees, or other funding sources as may be deemed appropriate by the BDD board, for the Project as directed by the BDD board and manage any such grants, loans or loan guarantees;
- Administer all amounts loaned, granted, or contributed by the City, the County, or Las Campanas in connection with the Project, and respond to related audits as may be necessary;
- Prepare and submit to the BDD board, the City, the County, and Las Campanas no later than December 15 of each fiscal year, an annual operating budget, which shall include annual and five-year projected operations, maintenance, replacement and reserve (OMR&R) costs, including a five-year schedule with the Project manager's proposed facilities and equipment major maintenance and replacement costs, proposed allocation of costs among the City, the County, and Las Campanas as provided in the Facilities Operations and Procedures Agreement (FOPA), a facilities and equipment major repair and replacement fund, and an emergency reserve fund;
- Develop and implement prior to initial operation a cost accounting system to apportion the total fixed and variable cost of OMR&R to the City, the County, and Las Campanas in accordance with the cost sharing provisions of the FOPA;
- Develop a document retention and protection policy for adoption by the BOD board;
- Act as fiscal agent for the Project;
- Provide all necessary staff, materials, and supplies necessary to operate and maintain the Project consistent with BDD board funding;
- Recruit, hire and train staff for the Project accounting to the BDD board's approved staffing plan as it may be amended from time to time and arrange for state drinking water certification for such staff in advance of operation of the Project, so that certified staff is available to operate the Project when the Project becomes operational, and as set forth in each proposed budget the costs of the staff apportioned according to the respective benefit to the City and the Project.
- Once an annual operating budget is approved by the BDD board, implement the budget, adhere strictly to the budget, and make recommendations for necessary budget adjustments throughout the fiscal year, and contract for an annual independent audit, consistent with GMP and GASB and with the New Mexico Audit Act, NMSA 1978, Sections 12-6-1-, et seq., and 2.2.2. NMAC, et seq., as amended, and report the results of the audit to the BDD board;

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT (CONTINUED)

Project Manager (Continued)

- Prepare and submit to the BDD board for approval all documentation to be used for procurement in the Project including, but not limited to, documents related to design, engineering, construction, operation, and maintenance of the Project, including, without limitation, requests for proposals, requests for qualifications, and contracts in amounts greater than \$60,000;
- Develop all procurement documents in accordance with the City's purchasing manual and present same to the BDD board;
- Consult with staff of the City, the County, and Las Campanas regarding the planning and design and OMR&R of the Project;
- In consultation with the BDD board, apply for, manage, and maintain, including the preparation and submittal of all required compliance reports, all necessary permits for the operation of the Project, including, without limitation, those permits, easements, and rights-of-way held in the name of the BDD board, and those permits required to be obtained by the BDD board pursuant to Section 6 of the FOPA;
- Maintain communication with the BDD board, the City, the County, and Las Campanas, primarily via monthly BDD board meetings, and keep these entities informed of important matters as may be necessary in the interim between monthly BDD board meetings;
- As directed by the BDD board, act as liaison for the BDD board and represent the BDD board in Project matters involving tribal governments, state and federal government agencies, and nongovernmental organizations;
- Perform other duties as assigned by the BDD board consistent with funding and the Project agreements;
- Maintain segregated books and records consistent with U.S. GAAP to account for all separate funding sources, including, without limitation, funds provided by the City, the County, or Las Campanas in support of construction or subsequent OMR&R of the Project and funds secured by the board pursuant to grants or loans from funding agencies;
- After the end of each fiscal year, provide copies of financial statements to the City, the County, and Las Campanas, showing the assets, liabilities, revenues, expenses, equity balances, and budget comparisons for the Project fund on an annual basis for the prior fiscal year in accordance with GMP and GASB, complete the Management's Discussion and Analysis (MDA) for the annual financial report, and provide upon request, a monthly general ledger report; and

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 PROJECT MANAGER/FISCAL AGENT AGREEMENT (CONTINUED)

Project Manager (Continued)

- Procure, contract, and pay for as budgeted an annual independent audit, consistent with U.S. GAAP and GASB and with the New Mexico Audit Act, NMSA 1978, Sections 12-6-1-, et seq., and NMAC, et seq., as amended, and report the results of the audit to the BDD board.

NOTE 13 FEDERAL AND STATE GRANTS

In the normal course, of operations, Buckman receives grant funds from federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes any liability resulting from these audits would be immaterial.

SCHEDULE I

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET (NON-U.S. GAAP BUDGETARY BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Non-U.S. GAAP Budgetary Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
OPERATING REVENUES				
City of Santa Fe	\$ 6,432,515	\$ 6,332,175	\$ 5,690,084	\$ (642,091)
Santa Fe County	2,198,279	2,176,443	2,301,644	125,201
Las Campanas Entities	476,109	470,309	227,195	(243,114)
PNM Solar Rebates	120,000	120,000	151,462	31,462
Conservation Fee	-	62,475	63,830	1,355
Federal Revenue	96,000	96,000	95,024	(976)
Total Operating Revenues	9,322,903	9,257,402	8,529,239	(728,163)
OPERATING EXPENSES				
Reimbursement of Personnel Services	3,571,673	3,571,673	2,964,421	607,252
Electricity	1,200,000	1,200,000	1,026,576	173,424
Chemicals	336,000	336,000	312,691	23,309
Solids	120,000	120,000	61,210	58,790
Materials and Supplies	851,239	851,239	662,459	188,780
Other Operating Costs	2,491,763	3,081,763	2,443,812	637,951
Conservation Fees - County Only	-	62,475	63,830	(1,355)
Engineering Services	4,776	44,776	3,923	40,853
System Equipment	271,631	384,102	-	384,102
Repair and Maintenance Equipment	157,061	670,357	113,011	557,346
Vehicles < 1.5	-	72,278	-	72,278
Fiscal Agent Fee	318,760	318,760	312,463	6,297
Total Operating Expenses	9,322,903	10,713,423	7,964,396	2,749,027
NONOPERATING REVENUES (EXPENSES)				
Investment Income	-	-	217	217
Total Nonoperating Revenues (Expenses)	-	-	217	217
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ (1,456,021)</u>	565,060	<u>\$ 2,021,081</u>
ADJUSTMENTS FOR U.S. GAAP BASIS (NONBUDGETED ITEMS)				
Depreciation			267,824	
CHANGE IN NET POSITION,			297,236	
Net Position - Beginning of Year			12,611,606	
NET POSITION - END OF YEAR			<u>\$ 12,908,842</u>	

SCHEDULE II

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
SCHEDULE OF CHANGES IN RESTRICTED NET POSITION BY PARTNER
YEAR ENDED JUNE 30, 2019**

Emergency Reserves:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Restricted Net Position				
City of Santa Fe	\$ 1,347,979	\$ -	\$ -	\$ 1,347,979
Santa Fe County	480,965	-	-	480,965
Las Campanas Entities	234,551	-	-	234,551
Restricted Net Position	<u>\$ 2,063,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,063,495</u>

Major Repair and Replacement Reserves:

Restricted Net Position				
City of Santa Fe	\$ 1,120,973	\$ 445,545	\$ (285,840)	\$ 1,280,678
Santa Fe County	389,210	156,494	(100,399)	445,305
Las Campanas Entities	60,671	24,667	(15,825)	69,513
Restricted Net Position	<u>\$ 1,570,854</u>	<u>\$ 626,706</u>	<u>\$ (402,064)</u>	<u>\$ 1,795,496</u>

Combined

Restricted Net Position				
City of Santa Fe	\$ 2,468,952	\$ 445,545	\$ (285,840)	\$ 2,628,657
Santa Fe County	870,175	156,494	(100,399)	926,270
Las Campanas Entities	295,222	24,667	(15,825)	304,064
Restricted Net Position	<u>\$ 3,634,349</u>	<u>\$ 626,706</u>	<u>\$ (402,064)</u>	<u>\$ 3,858,991</u>



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board Members
Santa Fe County, City of Santa Fe,
Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of business-type activities of the Buckman Direct Diversion Project Water Treatment Facility Operations (Buckman), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Buckman's basic financial statements, and have issued our report thereon dated July 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buckman's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckman's internal control. Accordingly, we do not express an opinion on the effectiveness of Buckman's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board Members
Santa Fe County, City of Santa Fe, Las Campanas,
Buckman Direct Diversion Project
Water Treatment Facility Operations, and
Mr. Brian S. Colón, Esq., New Mexico State Auditor

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckman's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is listed as finding 2019-001 in the schedule of findings and responses.

Buckman's Response to Findings

Buckman's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Buckman's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Buckman's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buckman's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
July 2, 2020

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting	
a. Material weaknesses identified?	No
b. Significant deficiencies not considered to be material weaknesses?	No
c. Noncompliance material to the financial statements?	No

SECTION II – CURRENT YEAR FINDINGS

2019-001 Late Submission of Audit Report (Other Non-Compliance)

Condition: Buckman's audit report for the year ended June 30, 2019 was not submitted as of the due date of December 15, 2019 because Buckman's fiscal agent did not perform a timely reconciliation of its financial records and Buckman's cash is included in the pooled cash accounts along with the fiscal agent.

Criteria: Audit reports not received on or before the due date are considered to be in non-compliance with the requirements of Subsection A of Section 2.2.2.9 NMAC.

Cause: Due to the delays in Buckman's fiscal agent timely reconciliation of its financials records, this directly affected Buckman's financial audit readiness.

Effect: Buckman's financial audit was not submitted by the statutory deadline.

Recommendation: We recommend that Buckman continue to work with its fiscal agent to ensure that both entities are completing monthly reconciliations to ensure timely year-end fiscal year close out and reconciliations for audit readiness.

Management's Response: The BDD agrees that this audit was not in compliance with the requirements of Section 2.2.2.9.A of the State Audit Rule. The BDD financial staff will continue to work with its fiscal agent the City of Santa Fe, to ensure that monthly reconciliations are completed timely in preparedness for the year-end fiscal close.

SECTION III – STATUS OF PRIOR YEAR FINDINGS

2018-001 Accounts Receivable (Significant Deficiency) - Resolved

**STATE OF NEW MEXICO
BUCKMAN DIRECT DIVERSION PROJECT
WATER TREATMENT FACILITY OPERATIONS
EXIT CONFERENCE
JUNE 30, 2019**

EXIT CONFERENCE

The contents of this report were discussed on June 29, 2020. The following were in attendance:

Buckman Direct Diversion Project

JoAnne Vigil Coppler, BDDDB Chair
Rick Carpenter, BDD Facilities Manager
Mackie Romero, BDD Financial Manager

City of Santa Fe

Debra Harris-Garmendia, Accounting Officer

CliftonLarsonAllen LLP

Raul Anaya, CPA, CFE, CGFM, Engagement Principal
Elizabeth Nunez, CPA, Senior Associate

AUDITOR PREPARED FINANCIAL STATEMENTS

CliftonLarsonAllen LLP prepared the U.S. GAAP-basis financial statements and footnotes of Buckman from the original books and records provided to them by the management of Buckman. The responsibility for the financial statements remains with Buckman.

Memorandum



Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager

Kyle Harwood, BDD Legal Counsel

Re: Update on Litigation over the Navigable Waters Protection Rule (NWPR) and the Waters of the United States (WOTUS)

ITEM AND ISSUE

This memo provides an update to the various cases challenging the Trump administration's adoption of the Navigable Waters Protection Rule (NWPR), its replacement definition for the Waters of the United States (WOTUS) under the Clean Water Act (CWA).

BACKGROUND AND SUMMARY

The following is a summary of litigation and contemplated litigation over the Navigable Waters Protection Rule (NWPR) promulgated by the Trump administration on April 21, 2020. 85 Fed. Reg. 22,250.

1. February 13, 2020, Center for Biological Diversity and Rio Grande Waterkeeper et al., filed notice of intent (NOI) to sue the EPA and Army Corps of Engineers (ACOE) for violations of the Endangered Species Act by failing to consult with the FWS on the repeal of the 2015 Clean Water Rule, and promulgation of the 2020 NWPR. According to the NOI EPA has failed to ensure that its actions will not jeopardize the continued existence of already imperiled species and undermines the fundamental purpose of the ESA by failing to consider the effects of the NWPR on the ecosystems upon which threatened and endangered species survive. No lawsuit has been filed yet based upon the NOI.

2. As described in our prior summary of WOTUS litigation the New Mexico Cattle Growers Association filed a proposed supplemental complaint on April 27, 2020 (No. 1:19-cv-00988 D.N.M.) (hereinafter *NM Cattle Growers*) challenging the ability of EPA to regulate any water that is not a traditionally navigable water or directly connected to one. On June 23, 2020 several interested groups filed a Motion to Intervene in the Cattle Growers Association's case. These groups include Amigos Bravos, the New Mexico Acequia Association, and Gila Resources Information Project, all represented by the New Mexico Environmental Law Center. These groups sought to intervene to protect their interest in clean water, which they claim will be jeopardized if the plaintiff Cattle Growers Association is successful. Notably, the groups claim that neither the Cattle Growers nor the defendant federal agencies represent their interest in the case, claiming that the agencies have actively worked to restrict the scope of the waters protected under the Clean Water Act. On June 30, 2020 the court granted the motion to intervene, and entered the groups' Cross Complaint for Declaratory and Injunctive Relief. The Complaint seeks to declare that the final agency action of the EPA and Army Corps of Engineers was without the observance of procedure required by law, was arbitrary and capricious, an abuse of discretion, and otherwise not in accordance with law, and requests that the court vacate and set aside the challenged Replacement Rule (NWPR). The water groups have also filed a Response in Opposition to Plaintiff's Motion



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



for Preliminary Injunction, which sought to prevent the EPA from regulating any tributaries that do not flow year round, or any wetland that directly abuts a traditionally navigable water. No decision by Judge Brack on either the Cattle Growers Association or interveners' requests for preliminary injunction have been made as of the date of this memo.

3. On May 1, 2020 New Mexico and sixteen other states, the District of Columbia and the City of New York filed a lawsuit against the new rule in the Northern District of California as *State of California et al. v. Wheeler*, No. 20-cv-3005 (N.D. Cal.)(hereinafter *State of California*). On June 19, 2020 the court issued its Order Denying Motion for Preliminary Relief. The court found that it's "narrow role...is only to evaluate whether the rule has been adopted in compliance with the requirements of the Administrative Procedure Act." And based upon this narrow role the court determined that the states had failed to establish that their challenge to the rule was likely to succeed on the merits. The court described that EPA and the Corps are entitled to *Chevron* deference in the promulgation of the new rule, and that prior Supreme Court decisions (namely *Rapanos*) did not set a minimum extent of what should be considered jurisdictional waters. Ultimately the court held that *Chevron* does not prevent the agencies from reversing course, and failing a showing that the agencies had acted in an arbitrary and capricious way, contrary to the law, it would not enjoin the rule.

We have discussed *State of California* with Bill Grantham of the New Mexico Attorney General's Office, he described that the court has scheduled a case management conference for September 17, 2020 to set further deadlines in the case, and anticipates that the next stage will be competing motions for summary judgment. In response to several motions to intervene, the court denied those requests, but allowed that the moving parties may participate as amici in the case. In addition, the court instructed the parties to consider a deadline for filing amicus briefs in the briefing schedule for the case. The plaintiffs have proposed a deadline of December 18, 2020 for filing of all amicus filings. Several groups filed amicus briefs in the preliminary injunction phase of the case, and several have indicated that they would file amicus briefs in the merits briefing stage of the case.

4. In a parallel case, filed in the District of Colorado, the court did grant the Colorado's request for preliminary injunction, staying the implementation of the rule in Colorado. In *Colorado v. EPA and U.S. Army Corps*, No. 20-cv-1461 the court expressly addressed the ruling in *State of California* and explained its disagreement with that ruling. While the court in *Colorado* relied on the specific state and federal law interplay in Colorado, it did find that the state would have to divert resources to cover the disputed waters that would no longer be covered under the new rule, and that this diversion of resources is a legally cognizable injury. In addition, the court found that the plurality opinion was unambiguously against the limited reading of the Clean Water Act that the agencies have sought to codify under the new rule, and as such the new rule is likely not in accordance with the law. Finally, the court finds the final element required for a preliminary injunction, that it be in the public interest, is met because without an injunction the new rule will go into effect only for it to possibly be repealed later resulting in regulatory confusion. The injunction only applies to prevent the rule from going into effect in Colorado as the state did not seek a nationwide injunction. On June 23, 2020, the EPA filed its notice of appeal of the court's grant of preliminary injunction to the 10th Circuit Court of Appeals.

5. The Natural Resource Defense Council, Inc, and New Mexico Wilderness Alliance et al., filed in the Massachusetts District Court as No. 20-cv-10820, and did not seek an injunction preventing the rule from going into effect. On July 13, 2020 the agencies answered the complaint. No other proceedings have occurred.

6. The South Carolina Coastal Conservation League, et al., case, filed in the South Carolina District Court as No. 2:20-cv-01687, as in the other cases, multiple other parties have moved to intervene in the case, including industry and farming interests. The interveners have filed an answer to the complaint, and on July 10,

Memorandum



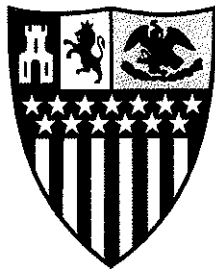
Buckman Direct Diversion

2020 the plaintiffs filed a Motion for Summary Judgment and Memorandum in Support, setting forth both the substantive and procedural defects that they have identified in the adoption of the new rule. No responses to the plaintiffs' Motion for Summary Judgment have been filed as of the date of this memo. Several parties have filed amicus briefs in this case, including Trout Unlimited, Ducks Unlimited, and the Institute for Policy Integrity.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506





City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909
www.santafenm.gov

Alan Webber, Mayor

Councilors:

Signe I. Lindell, Mayor Pro Tem, District 1
Renee Villarreal, District 1
Michael J. Garcia, District 2
Carol Romero-Wirth, District 2
Roman "Tiger" Abeyta, District 3
Chris Rivera, District 3
Jamie Cassutt-Sanchez, District 4
JoAnne Vigil Coppler, District 4

MEMO

Date: August 18, 2020

To: BDD Board of Directors

Via: Shannon Jones, Public Utilities Department Director 
Shannon Jones (Aug 18, 2020 13:42 MDT)

From: Jesse Roach, Water Division Director, Public Utilities Department 

ITEM:

Buckman Direct Diversion and Canyon Road Water Treatment Plant Operator Exchange Program

BACKGROUND

Advantages of Exchange

The City of Santa Fe Water Division (City) operates two water treatment plants (WTPs), the City owned Canyon Road Water Treatment Plant (CRWTP) and the City-County owned Buckman Direct Diversion Water Treatment Plant (BDDWTP). Through an operator exchange, the City would like to increase understanding of CRWTP operations for BDDWTP operators and vice versa. This increased understanding will provide enhanced resiliency and succession options at both WTPs and added professional options for the operators at both plants. This increased understanding may also lead to more efficient operations at one or both plants by bringing a greater set of experience to challenges at each plant, and improved communications between operators at the plants.

Proposed Exchanges

The City proposes an operator exchange program through which operators from one WTP will work at the other plant. Water Treatment Plant Operators are certified by the New Mexico Environment Department and as they advance in experience they can test for increased levels of certification (Level). The proposed operator exchanges will take two forms:

1. Simultaneous exchange. Under this type of exchange, a water operator of a certain Level who normally works at BDDWTP would work at CRWTP during one or more full pay periods, and a CRWTP operator of the same Level would work at BDDWTP during the same pay period(s).

These exchanges will occur at the discretion of the Water Operations Supervisors at both plants in concurrence with the BDD Facility Manager and SoS Manager.

2. Shutdown exchange. Under this type of exchange, a water operator who normally works at a plant that has been shut down will work at the other plant. This exchange will also occur at the discretion of the Water Operations Supervisors at both plants in concurrence with the BDD Facility Manager and SoS Manager.

Cost Accounting of Exchanges

Because BDDWTP is jointly owned, these exchanges must be symmetrical, or where they are not the City must pay the entire personnel cost associated with the asymmetry. In both cases, for time tracking purposes, operators from one plant who work at the other plant will add a specific code to their timecard associated with the exchange. At the end of each calendar year, when BDDWTP finalizes billing based on actual water deliveries, hours of time spent at each plant by operators of a given Level will be compared. The City will endeavor to keep these exchanges balanced, but if BDDWTP operators of a given level spent more time at CRWTP than CRWTP operators of the same level spent at BDDWTP, then the extra hours will be billed by BDD as a "City Only" cost and final billing adjusted accordingly. If CRWTP operators of a given level spent more time at BDDWTP than BDDWTP operators of the same level spent at CRWTP, no additional action will be taken. These exchange balanced will be calculated annually on a Calendar Year basis and will not carryover from year to year.

REQUEST

The City of Santa Fe Water Division requests approval from the Buckman Direct Diversion Board to proceed with operator exchanges as detailed in this memo.

WTPOperationExchangeRequestBDDDB 18Aug2020

Final Audit Report

2020-08-19

Created:	2020-08-19
By:	Jesse Roach (jdroach@santafenm.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAvkYZ_QI5UDpq1BjAeKeH8DUT02NmOoQ7

"WTPOperationExchangeRequestBDDDB 18Aug2020" History

-  Document created by Jesse Roach (jdroach@santafenm.gov)
2020-08-19 - 5:28:26 PM GMT- IP address: 63.232.20.2
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2020-08-19 - 7:41:36 PM GMT- IP address: 104.47.64.254
-  Document e-signed by Shannon Jones (swjones@santafenm.gov)
Signature Date: 2020-08-19 - 7:42:22 PM GMT - Time Source: server- IP address: 63.232.20.2
-  Signed document emailed to Shannon Jones (swjones@santafenm.gov) and Jesse Roach (jdroach@santafenm.gov)
2020-08-19 - 7:42:22 PM GMT

Memorandum



Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager

Kyle Harwood, BDD Legal Counsel *Kyle Harwood*
Kyle Harwood (Aug 26, 2020 13:36 MDT)

Re: Update on BDD Board re LANL MOU and related topics

Item and Issue:

The current BDD Board LANL MOU expires this year, negotiations with LANL are ongoing to establish a new MOU based upon the principles and framework agreed upon by the Board.

Background:

The background on the LANL MOU and issues addressed by the MOU are the subject of other previous memos to the Board. However, recent developments related to the LANL MOU, and which have not been previously presented to the Board include the following:

1. Monitoring under COVID-19 Restrictions

At the direction of the U.S. Department of Energy (DOE) Environmental Management (EM), LANL reduced operations on March 24, 2019 due to the COVID-19 pandemic. As a result, most of EM's fieldwork was suspended at that time, including the majority of the groundwater and surface water monitoring work. Among the operations that continued were maintenance of the Early Notification System (ENS) and maintenance of groundwater well packer systems.

See Forbes Article describing suspension of monitoring attached to this memo. See also the LANL media release regarding 'Groundwater and Surface Water Monitoring at LANL in Response to COVID-19'.

LANL activated the ENS stations and surface water samplers for the 2020 monsoon season.

As of June 8, 2020 groundwater monitoring has resumed, and on July 6, 2020 operation of a portion of the hexavalent chromium plume remediation interim measure was resumed. Investigations under the Consent Order have also resumed. LANL does not expect to miss any compliance milestones or targets under the Consent Order due to the COVID-19 restrictions.

2. Field Status in Los Alamos/Pueblo Canyons



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



On June 10, 2020 Glorieta Geoscience, Inc. (GGI) conducted a reconnaissance-level field assessment of ENS locations and other selected locations in the Los Alamos/Pueblo Canyon watershed with New Mexico Environment Department (NMED) staff. Major observations and findings include:

- ENS Locations:
 - E-050.1 ... this ENS station is located in Los Alamos (LA) Canyon above its confluence with Pueblo Canyon and is equipped with a sampler, flow measurement, and a camera to “see” flow. The location is downstream of the “LA Weir,” a retention structure designed to mitigate sediment migration down LA Canyon. E-050.1 appears to be functional.
 - E-060.1 ... this ENS station is located in Pueblo Canyon above its confluence with LA Canyon, and below the confluence with Bayo Canyon (where the Los Alamos County wastewater treatment plant is located) and is equipped with a sampler, flow measurement, and a camera to “see” flow. The location is downstream of a “grade control structure” that requires more detailed analysis to determine its functionality; this subject is discussed in greater detail below. E-060.1 appears to be functional.
 - E-062 ... this ENS station is located at the confluence of Los Alamos and Pueblo Canyons designed to “see” flow and is equipped a camera-only station. E-062 appears to be functional.
 - A gage station is located on the south side of State Highway 502 in the channel of Guaje Canyon just upstream of its confluence with Los Alamos Canyon. It measures only flow (no sampler or camera) and appears to be functional.
 - E-109.9 ... this ENS station is located in Los Alamos Canyon approximately 3,000 feet upstream of its confluence with the Rio Grande. This station is not functional at present, as the concrete flume to collect and measure flow was buried in flood events. The equipment is still on site. The NMED DOE Oversight Bureau maintains a sampler and flow meter at the location (designated as E-110) appears to be functional. NMED collects data pursuant to an MOU between NMED and San Ildefonso Pueblo, and the data are subject to a 60-day embargo. The BDD Project also has a radar station at this location, but BDD staff do not have a high confidence in this component of the ENS.
- Grade Control Structures: Grade control structures, especially in Pueblo Canyon, should be re-evaluated for effectiveness in retaining sediment and maintaining the stream grade. GGI intends to comprehensively review LANL’s sediment migration monitoring work, including grade control structures and weirs. The BDD Board has requested a collaborative mapping investigation with LANL under a renewed and revised MOU.
- Consent Order Priorities: Clean-up campaigns under the Consent Order in the Los Alamos/Pueblo Canyon watershed (e.g., TA-21) should be prioritized, as they have potential to contribute contaminants to sediments that could be transported to the Rio Grande.

3. Status of 2020 LANL MOU

Discussions between BDD Board staff and the LANL MOU negotiating team have been ongoing through the summer of 2020 and we are expecting a comprehensive response to the BDD Board’s requests in September.

Memorandum



Buckman Direct Diversion



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506

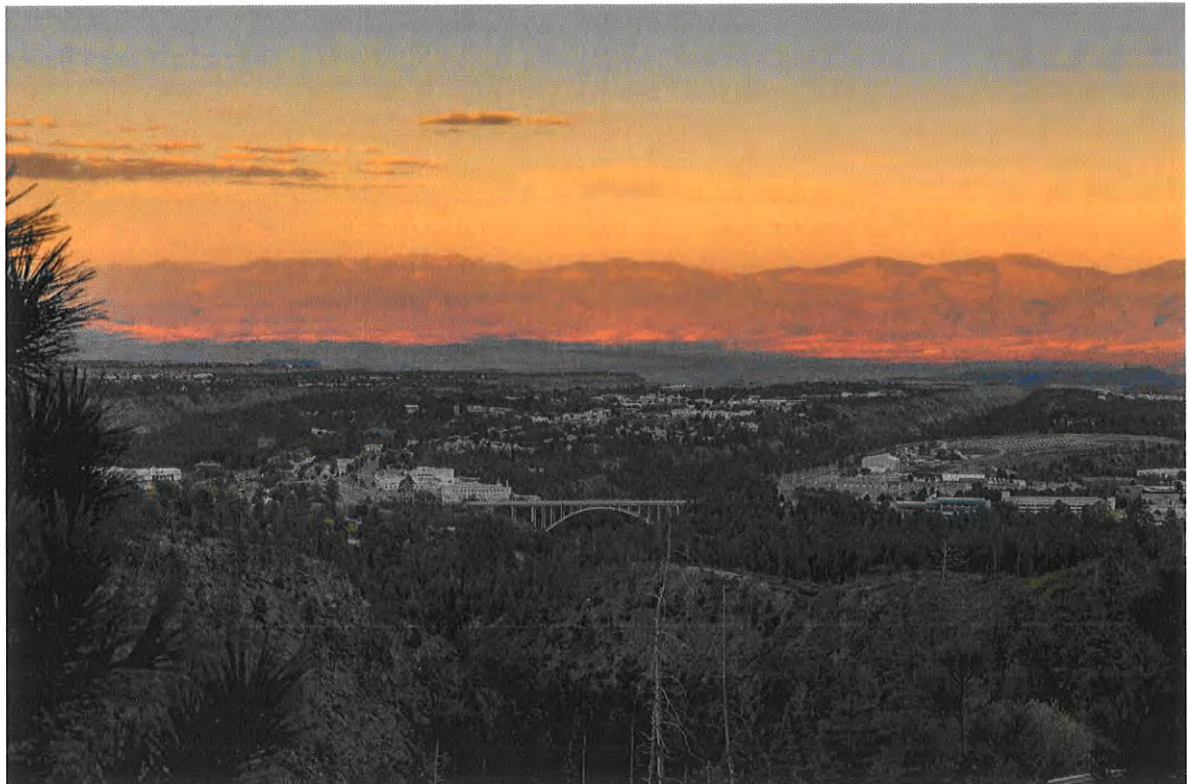


EDITORS' PICK | 1,506 views | Jul 22, 2020, 08:00am EDT

Covid-19 Stopped Water Pollution Monitoring At A Major Radioactive Site For Months

**Eric Mack** Contributor ⓘ

Science

I cover science and innovation and products and policies they create.

Town of Los Alamos, New Mexico on the left and center, the Omega Bridge in the middle and the Los
... [+] GETTY

UPDATED - *(Added comments from the New Mexico Environment Department.)*

When the [coronavirus and resulting Covid-19 pandemic](#) closed everything in mid-March, TA-54 was one of the many places where all activity came to a

virtual standstill.

Technical Area 54 is a part of Los Alamos National Labs (LANL) in New Mexico - the same Los Alamos that was home to the [Manhattan Project](#), which ushered in the atomic era and today continues to produce radioactive triggers for nuclear weapons.

Within TA-54 is what's called [Area G](#). The federal government refers to as LANL's "legacy waste management area." For over 60 years, it has been a storage, processing and disposal area for different kinds of radioactive and otherwise toxic waste from LANL.

Recommended For You

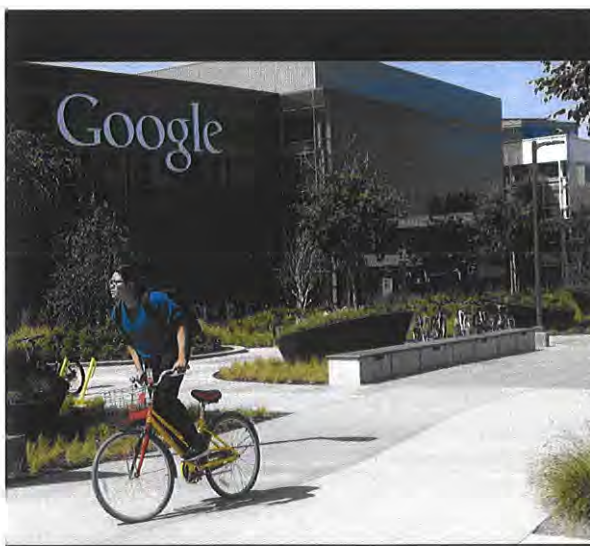


Was Our Sun A Twin? If So Then 'Planet 9' Could Be One Of Many Hidden Planets In Our Solar System

How Physics Erases The Beginning Of The Universe

In Quantum Physics, Even Humans Act As Waves

TA-54 and Area G occupy a strip of high desert scrub-land in between the main lab facilities and the bedroom community of White Rock. And all the places I've mentioned so far sit on top of the Pajarito Plateau overlooking the mighty Rio Grande river and the city of Santa Fe in the distance.



Gallery: Top 10 Richest Counties in America 2017

10 images

[View gallery](#) →

Earlier this month the US Environmental Protection Agency provided me with a list of sites across the country that suspended normally required monitoring and reporting of what they discharge into local watersheds under the Clean Water Act. Facilities with discharge permits were allowed to pause their water pollution reporting, beginning in March, under a [temporary policy that halted enforcement](#) of the country's major environmental laws due to the coronavirus pandemic.

The list included a number of recognizable facilities, like Boston's Logan International Airport, a number of water pollution control plants around New York City, coal mines, lumber mills, recycling facilities, hospitals, schools and even a Waffle House in Louisiana.

But the four characters from the list of 352 non-reporting facilities that jumped out at me were: TA54.



Area G, the legacy waste storage area at Los Alamos National Labs. US DEPARTMENT OF ENERGY

TA-54 and Area G are specifically listed among the polluting sites across the country that went un-monitored for nearly three months this year while humanity shifted its attention to Covid-19.

I thought about the site, perched atop the Rio Grande, adjacent to the San Ildefonso Pueblo and near the Buckman well system that provides Santa Fe with much of its drinking water.

I've stood on the banks of the Rio Grande next to the Buckman facility and looked up at the Pajarito and White Rock above. It's a quiet, beautiful place. And it's easy to see how anything from up there could make its way down to one of the continent's most important rivers very easily with a little help from the annual monsoon rains or seasonal snow melt.



The Rio Grande winds below the Pajarito Plateau and the town of White Rock above. ERIC MACK

Newport News Nuclear BWXT Los Alamos (N3B), the contractor that manages the clean-up of TA-54 in cooperation with the Department of Energy and LANL told me that those operations “were reduced to Essential

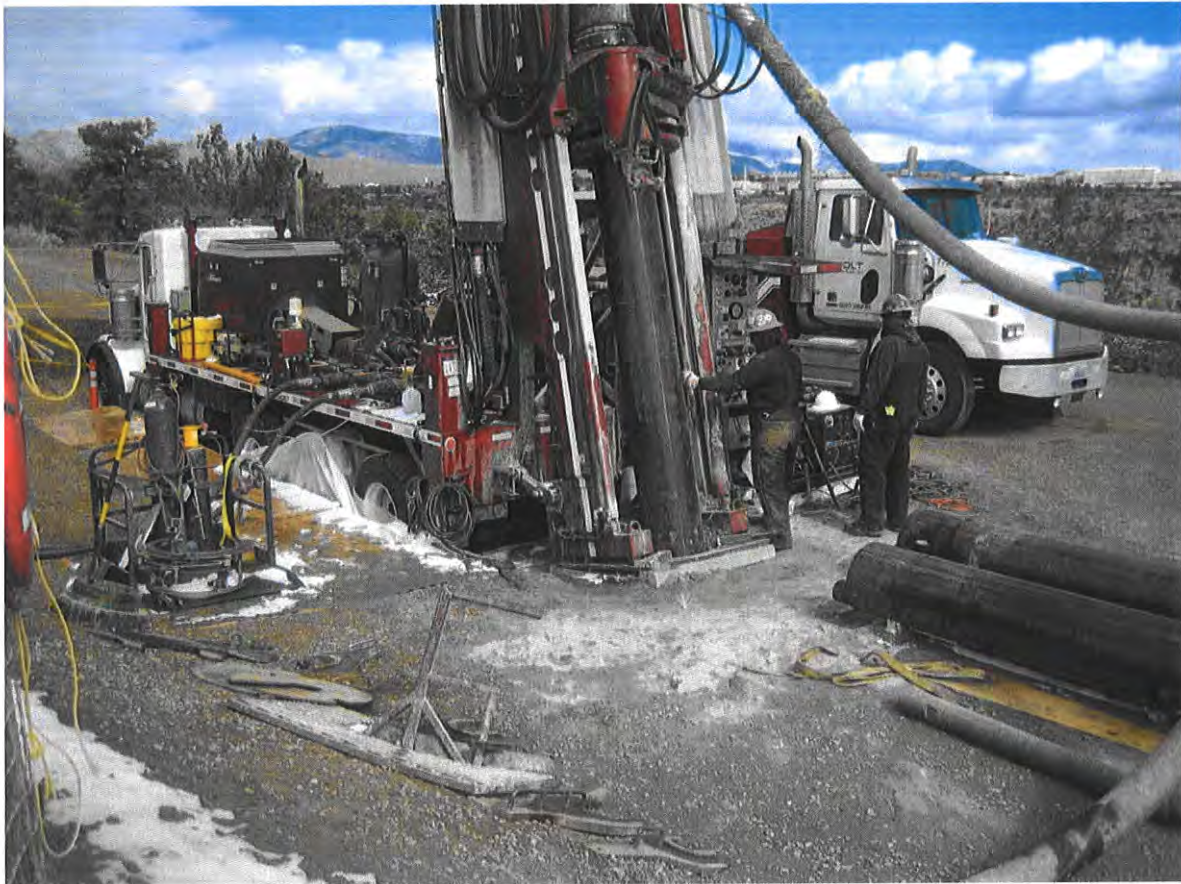
Mission Critical Activities (EMCA) on March 24, 2020, due to the COVID-19 pandemic.”

“As a result, most... field work was suspended at the time, includ(ing) the majority of the groundwater and surface water monitoring work. The suspension of these field activities presented no risk to human health or the environment.”

The New Mexico Environment Department (NMED) also does its own air, water, soil, sediment and biota testing to check for signs of contamination from the lab, but that monitoring was also put on hold in mid-March and is just beginning to restart as the summer monsoons are now taking hold.

“Groundwater samples will most likely be made up for as N3B personnel play catch-up to ensure that all wells are sampled before end of the Federal Fiscal Year on Sept. 30, 2020,” NMED Public Information Officer Maddy Hayden told me. “Additionally, we are just now entering into our heaviest sampling season as monsoon season begins and we collect stormwater runoff samples. We have not missed collection of any stormwater samples.”

Among the activities that were paused were a major project to pull water contaminated with chromium - a toxic, carcinogenic heavy metal - from the ground via a series of wells, treat it and inject it back into the ground in a different location.



This March 2016 photo provided by Los Alamos National Laboratory shows an angled injection well ...

[+] ASSOCIATED PRESS

The chromium is the result not of nuclear weapons production, but instead of wastewater from a non-nuclear power plant that was dumped in a canyon north of TA-54 along the San Ildefonso Pueblo boundary decades ago.

N3B says it began resuming its routine groundwater monitoring again on June 8, and its chromium remediation work started to ramp up again on July 6. The goal of the so-called “chromium plume interim measure” is to hold the contamination within the LANL boundary until a permanent solution can be implemented.

“Groundwater conditions unlikely changes significantly during a 3-month shut down given that groundwater moves very slowly at depth,” NMED’s Hayden said.

But according to Joni Arends, co-founder and executive director of Concerned Citizens for Nuclear Safety, “there are questions about whether

LANL established water levels at the time the system was shutdown and at the restart that is going on now.”

Arends says she’s also concerned that getting surface water monitoring back up and running will be a slow process.

“The monsoons began this week, so stormwater is running through the canyons to the Rio Grande.”

N3B clarified that some surface water monitoring, which is done with surveillance cameras trained on the canyons, was able to continue while all other field monitoring was shut down.

"Given LANL's history it's imperative that monitoring be robustly resumed," Jay Coghlan, Executive Director of Nuclear Watch New Mexico, said in an email. "This is after all the Lab that use to claim that groundwater contamination was impossible... Now we know of heavy chromium and high explosives groundwater contamination which are a harbinger for more contaminants to come."

In 1980, [the Department of Energy published a report](#) claiming there was no route for contaminated water from the Labs to reach the aquifer. [By 2005, the DOE had reversed that stance](#) completely, saying that contamination could be an ongoing problem for decades or even centuries to come.

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Eric Mack

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Groundwater and Surface Water Monitoring at LANL in Response to COVID-19

July 15, 2020

Media Standby Statement

In alignment with Department of Energy policies, Environmental Management's (EM) cleanup operations at Los Alamos National Laboratory (LANL) were reduced to Essential Mission Critical Activities (EMCA) on March 24, 2020 due to the COVID-19 pandemic. As a result, most of EM's field work was suspended at the time, included the majority of the groundwater and surface water monitoring work. The suspension of these field activities presented no risk to human health or the environment.

Operations that continued during this EMCA period included maintaining the Early Notification System that provides early notifications of surface water flow in Los Alamos and Pueblo Canyons to the Buckman Direct Diversion, which supports the City of Santa Fe and Santa Fe County's drinking water; and maintaining the groundwater well packer systems, which seal the boreholes between screens for groundwater wells to ensure proper operation.

On June 8, with COVID-19 safety measures in place, N3B began a phased restart of high-priority monitoring activities, including all routine groundwater monitoring.

Additionally, on July 6, the chromium plume interim measure resumed in a phased approach after being paused in March due to the COVID-19 pandemic. The interim measure is being used to control plume migration and hold it within the LANL boundary.

Additional Background

Due to a partial stop-work order issued by the U.S. Department of Energy Environment Management Los Alamos Field Office (EM-LA) in response to the COVID-19 pandemic, Newport News Nuclear BWXT Los Alamos (N3B) operations at Los Alamos National Laboratory (LANL) have been limited to those considered Essential Mission Critical Activities (EMCA) since March 24, 2020. The U.S. Environmental Protection Agency (EPA) and the New Mexico Environment Department (NMED) have been notified of the current status of activities that are applicable to their respective and overlapping programs.

EM-LA/N3B began a phased resumption of operations on June 8, starting with additional critical activities that are both high priority and constitute low risk to workers. Potential impacts from EMCA status to the 2016 Compliance Order on Consent Fiscal Year 2020 milestone deliverables are communicated to NMED on a biweekly basis.

The activities completed or scheduled for resumption are listed below:

- Activation of the gaging station samplers in Los Alamos/Pueblo and upper Sandia canyons as part of the Los Alamos/Pueblo Watershed and Sandia Wetlands Performance Monitoring efforts is underway. Streamflow monitoring at all gaging stations and water

level monitoring in Sandia alluvial wells has been functional throughout the partial stop-work time period.

- All Multi-sector General Permit (MSGP) samplers were activated July 24. MSGP-specified requirements, including routine facility inspections, quarterly visual assessments of storm water discharges, required monitoring resumed by the first week of July.
- As of July 3, N3B activated 19 Individual Permit (IP) surface water samplers. The remaining 106 IP sampler activations are top priority, and IP-required inspections will resume after the samplers are activated.
- Maintenance of groundwater monitoring well packer systems has continued as an essential activity.
- Resource Conservation and Recovery Act (RCRA) inspections at TA-54 have continued as an essential activity.
- Routine groundwater monitoring has restarted. Monthly groundwater sampling for chromium Interim Measure performance monitoring has begun. Sample collection from municipal wells, as well as wells N3B monitors under LANL permits. The first sampling campaign under the Interim Facility-wide Groundwater Monitoring Plan (IFGMP) was scheduled to start July 7. However, fieldwork was delayed due to the updated quarantine rules enacted July 2. Additional field activities will resume as personnel are authorized to return to work. IFGMP sampling resumed this week with Water/Cañon de Valle and Ancho watersheds, to include the TA-16 260, Material Disposal Area AB and General Surveillance sampling campaigns. In addition, we are planning to collect missed IFGMP-required analyses from FY2020 second and third quarters in quarter four.
- Chromium Interim Measure (IM) operations have restarted along a portion of the system. The remaining IM operations are expected to begin mid- to late August 2020. Chromium extraction and injection wells CrEX-1 and 2 and CrIN-4 and -5, respectively, are expected to will be operated during the week of July 13. CrEX-5 and CrIN-1 and -2 are expected to be operational mid to late August, after sample collection occurs at performance monitoring well R-70. Sample collection at well R-70 is dependent upon electrical safety officer progress and additional discussion with NMED. Remaining activities to be completed include the startup of CrEX-4 and redevelopment of CrEX-3 and monitoring wells R-28 and R-42.
- Field start, mobilization, and site characterization for Consent Order investigations began the second week of July.

Memorandum



Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager

Kyle Harwood, BDD Legal Counsel *Kyle Harwood*
Kyle Harwood (Aug 26, 2020 13:52 MDT)

Re: Update and Possible Action on NMED Triennial Review

Comments on draft Clean Water Act §303(d)/305(b) Integrated Report

ITEM AND ISSUE:

The NMED has requested informal comment to the draft Clean Water Act §303(d)/305(b) Integrated Report by September 10, 2020.

Background:

The New Mexico Environment Department (NMED) has released the draft Clean Water Act (CWA) §303(d)/305(b) Integrated Report for a 45-day public comment period that ends September 10, 2020.

This Report is required by the CWA every two years and it is related to, although procedurally separate from, the Triennial Review of state water quality standards required by the Clean Water Act (CWA). This Report is actually "late" in that it should have been submitted to the New Mexico Water Quality Control Commission (WQCC) for its review and approval in early 2020. Our understanding is that NMED will likely submit this draft Report to the WQCC sometime in the next six months.

The Integrated Report contains NMED's biennial assessment of New Mexico's waters to determine if existing standards are being met for their designated uses – that is, are the water "impaired." The Report includes a list of these impaired waters. It is used, in part, to inform future amendments to New Mexico's water quality standards.

The following page contains recommended language for an informal BDD Board comment letter to the NMED, and was prepared by the Board's consultants Jay Lazarus, President/Senior Geohydrologist, GGI and James P. Bearzi, Senior Environmental Geologist, GGI.



Dear Ms. Guevara:

The Buckman Direct Diversion Board (the Board) is the governing body for the Buckman Direct Diversion, a single diversion point on the Rio Grande that the City of Santa Fe, Santa Fe County, and their limited partner, Las Campanas, share to divert their San Juan-Chama and native Rio Grande water rights. Diverted water is treated and introduced into the regional water system. The government entities are represented on the Board.

The Buckman Direct Diversion is on the Rio Grande, approximately 3 miles downstream of Otowi Bridge. The draft 2020-2022 State of New Mexico Clean Water Act (CWA) §303(d)/305(b) Integrated List of Assessed Surface Waters (Integrated List) includes assessment of the segment of the Rio Grande within which the BDD intake structure is located, and stream segments draining the Pajarito Plateau where Los Alamos National Laboratory (LANL) is located. Many of these waters flow to Los Alamos Canyon, and enter the Rio Grande at their confluence approximately three miles upstream of the BDD intake structure. The Board is therefore understandably concerned about water quality in the Rio Grande and in Los Alamos Canyon and its tributaries. The Board provides the following comments.

Segment 114 Rio Grande (Cochiti Reservoir to San Ildefonso boundary)

In the "AU_COMMENT" field of the List of Impaired Waters (List), NMED notes that "[t]he city of Santa Fe has procedures in place that do not allow public water supply withdrawal from the Buckman Diversion during significant storm events." The Board notes that the City of Santa Fe, Santa Fe County, and their limited partner, Las Campanas, share the Buckman Direct Diversion to divert their share of San Juan Chama and native Rio Grande water rights. The BDD Board was created by the City of Santa Fe and Santa Fe County via a "Joint Powers Agreement" (JPA) in 2005 to oversee implementation, construction, and operation of the BDD. The City, County, and their limited partner, Las Campanas, developed a "Facility Operating and Procedure Agreement" (FOPA) that governs how the BDD is operated. This agreement is overseen by the BDD Board. Any procedures to allow or not allow withdrawal from the Rio Grande are under the purview of and approved by the Board.

Segment 128 Waters

Many stream segments on the Pajarito Plateau outside of lands managed by the U.S. Department of Energy (USDOE) within LANL are listed as impaired, with NMED noting in the "AU_COMMENT" field that application of the Hydrology Protocol resulted in a classification of the segment as ephemeral, intermittent, or perennial. However, for Segment 128 waters, the Board is concerned that the parties to the Joint Stipulation Regarding Proposed Changes to 20.6.4.128 NMAC (i.e., NMED, LANL, the USDOE, and Amigos Bravos) have not fully implemented the Stipulation by applying the Hydrology Protocol to all waters on the Plateau. This could result in perennial waters receiving the lesser protections of ephemeral streams, and therefore not being assessed as impaired when in fact they are. The Board also notes that for Segment 128 waters listed as impaired none are as yet subject to TMDLs, a necessary first step to improving water quality, despite being listed as impaired for, in some cases, over ten years. We ask that NMED update the Board on the progress the parties to the Stipulation have made, and how implementation of the Stipulation has affected the List of Impaired Waters, and how full implementation could affect specific segments.

General Procedural Comments

The Board recognizes that the Integrated Report is not the vehicle by which to comment on changes to State Water Quality Standards (State Standards). The Board is nevertheless concerned that NMED is developing the Integrated List at the same time it is engaging in its Triennial Review of State Standards. Through its Stakeholder Discussions in July, 2020, NMED has informed the Board that it is currently preparing amendments to State Standards, and that draft amendments will be put out for public comment in November of this year. As the List of Impaired Waters contained in the Integrated Report is intended to inform changes to State Standards, NMED does not have the benefit of transparently using the most current assessments in its amendments to be proposed to the Water Quality Control Commission (Commission). We ask NMED to consider allowing the

Memorandum



Buckman Direct Diversion

Integrated Report process to proceed to its completion before NMED proposes amendments to State Standards to the Commission.

The Buckman Direct Diversion plays a unique role by deriving drinking water from the Rio Grande downstream of LANL, and delivering it safely and effectively to its regional customers. We appreciate that NMED recognizes this fact, and has worked over the years to provide special provisions and assessments for stream segments from the Pajarito Plateau and the Rio Grande at the BDD intake in State Standards.

We appreciate the opportunity to provide these comments and look forward to your response.

Signed

tbd



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



Item 14

Final Audit Report

2020-08-26

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Memorandum



Buckman Direct Diversion

Date: August 26, 2020

To: Buckman Direct Diversion Board

From: Rick Carpenter, BDD Facility Manager 
Rick Carpenter (Aug 26, 2020 13:44 MDT)

Kyle Harwood, BDD Legal Counsel 
Kyle Harwood (Aug 26, 2020 10:18 MDT)

Re: Update and Request for Ratification of the BDD Board's protest of the U.S Department of Energy and Los Alamos County's Application for Cr6 Remediation under OSE File No. RG-00485, et al.

ITEM AND ISSUE:

In response to the publication of notice by DOE and Los Alamos County for an Application for Permit to Change Purpose of Use and Permit for Additional Groundwater Points of Diversion within the Upper Rio Grande River Basin, OSE File No. RG-00485 et al., the Board filed a protest objecting to the Application with the Office of State Engineer on August 5, 2020. The Application was also protested by Santa Fe County.

BACKGROUND:

On January 25, 2019 the DOE Los Alamos Field Office and Los Alamos County filed the Application to change the purpose of use of certain water rights owned by the applicants to specifically include "groundwater remediation" as a permitted purpose of use of these water rights. In addition, the application seeks to add two new wells, to 26 existing wells, as points of diversion of the water rights.

The Application is insufficient in several ways, including without limitation, its failure to describe how depletions of the surface waters of the Rio Grande would be offset, its reliance on a future undefined return flow plan, and its incorrect identification of the New Mexico State Engineer.

As set forth in the Board's Letter of Protest, which is attached hereto as Exhibit A, the Board supports the underlying goal of remediating the chromium plume through its well system. However, based upon these deficiencies in the Application the Board's concerns as expressed in the Letter of Protest should be addressed by the State Engineer in considering the Application.



Buckman Direct Diversion 341 Caja del Rio Santa Fe, NM 87506



Item 15 us

Final Audit Report

2020-08-26

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**BEFORE THE STATE ENGINEER
STATE OF NEW MEXICO**

**IN THE MATTER OF:
APPLICATION OF U.S. DEPARTMENT OF
ENERGY, ENVIRONMENTAL MANAGEMENT,
LOS ALAMOS FIELD OFFICE AND
INCORPORATED COUNTY OF LOS ALAMOS
APPLICATION OF RG-00485-S-6 AND -S-7; RG-
00486, RG-00486-S, RG-00486-S-2, -S-3 AND -S-4; RG-
00487, RG-00487-S, -S-2, -S-3, AND -S-4; RG-00488, SP-
01503, AND SP-01802, 01802 AMENDED, 01802-B AND
-C**

**FORMAL PROTEST OF APPLICATION RG-00485-S-6 AND -S-7; RG-00486, RG-
00486-S, RG-00486-S-2, -S-3 AND -S-4; RG-00487, RG-00487-S, -S-2, -S-3, AND -S-4; RG-
00488, SP-01503, AND SP-01802, 01802 AMENDED, 01802-B AND -C FOR PERMIT
TO DIVERT 679 ACRE-FT FOR USES AT LOS ALAMOS NATIONAL LABORATORY,
AND MUNICIPAL, AND INDUSTRIAL USES**

The Buckman Direct Diversion Board (BDD Board) hereby protests Applicants' above cited application (RG-00485 et al) for Permit to Divert 679 acre-feet of groundwater in the Rio Grande Basin for the above-captioned purposes. The application requests to use 26 existing wells and 2 proposed wells as specified in Section 9 of the subject application.

BDD Board hereby protests the application for the following reasons:

- A. Impairment of Water Rights: The BDD Board owns and manages the BDD Project intake on the Rio Grande which is the point of diversion OSE File SP-4842 in the Rio Grande Basin. Furthermore, the BDD Board was created under the State's Joint Power Agreements Act (11-1-1- to 11-1-7 NMSA 1978) and has standing to file this protest pursuant to statute 'Objections to applications; filing of protests; definition of standing.' (72-5-5 NMSA 1978) Specifically, the Application is silent on how the Applicants' pumping effects will deplete Rio Grande surface flows. Rio Grande depletions caused by pumping under this

2020 AUG -5 PM 10:11
STATE ENGINEERS OFFICE
SANTA FE, NEW MEXICO

B. **Detrimental to Public Welfare:** Although the BDD Board encourages Los Alamos National Lab and the National Nuclear Safety Administration to remediate ground water contamination, it is detrimental to the welfare of the state to allow mainstem Rio Grande depletions without providing or describing the method of offset or identifying the consumptive use. Depletions upstream of the BDD Project permitted point of diversion that are not offset may directly affect the BDD Project's ability to provide water to the citizens of Santa Fe County and the City of Santa Fe.

C. **The Legal Notice of the Application** refers to Tom Blaine, P.E. as the New Mexico State Engineer. Our opinion is that it is in the public welfare to correctly identify John D'Antonio, P.E. as the New Mexico State Engineer.

D. **Contrary to Conservation:** Any depletion of the Rio Grande water supply upstream of the BDD Project point of diversion without offset is contrary to conservation of water.

I request the State Engineer to deny Applicants' application for the above-cited reasons.

TELEPHONICALLY APPROVED 8/5/2020 VSM
Rick Carpenter, Facility Manager
10:11 PM - 9/1/2020
San Diego County Sheriff's Office
San Diego, CA 92161
STATE ENGINEERS OFFICE
SANTA FE, NEW MEXICO



ATTORNEYS AT LAW

STATE ENGINEERS OFFICE
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August 5, 2020

By Hand Delivery – Triplicate Originals

Water Rights Division
Office of State Engineer
Bataan Memorial Bld, Room 102
Santa Fe, New Mexico 87504

Re: Santa Fe County's Protest of U.S. Department of Energy and Los Alamos County Application Under OSE File No. RG-00485, et al.

Greetings:

Our law firm is submitting this letter on behalf of Santa Fe County in protest of the above-referenced Application. Because of the dearth of details in the Application and limited time available to evaluate the Application, the County has been unable to discern the details of the proposed use and evaluate the potential impacts the proposed pumping of groundwater and remediation will have on the groundwater resource and on the surface flows of the Rio Grande and, in particular, the potential detrimental effects on two nearby diversion facilities (one operational, one planned) in which the County is a partner.

The County is a partner with the City of Santa Fe in the Buckman Direct Diversion (BDD), which diverts water from the Rio Grande across the river from the proposed pumping and remediation. The BDD is the primary supply for the County Water Utility and its customers, and a significant source of the City's supply. The County transferred and owns valid and existing water rights permitted by the State Engineer and used for diversion by the BDD. The County is also a partner with the Pueblos of Nambé, Pojoaque, San Ildefonso and Tesuque in the Pojoaque Basin Regional Water System (PBRWS). Congress approved construction of the PBRWS in 2010, and the U.S. Bureau of Reclamation started limited construction of the PBRWS earlier this summer. The County transferred and owns valid and existing water rights permitted by the State Engineer for diversion by the PBRWS.

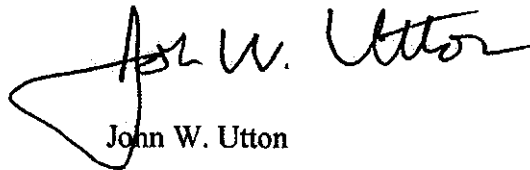
Santa Fe County certainly supports remediation of the Chromium Plume described in the Application; however, the Application does not adequately explain the elements of the proposed remediation. In particular, the Application is deficient because it: refers to a "return flow plan" that is not described and may be applied for at some time in the future; does not quantify the amount of additional pumping that will be required within the 679 acre-feet already permitted, including the amount of historic beneficial use under that permit; does not describe the time frame for pumping, including a pumping schedule; does not describe the amount of water that

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PO Box 2386
Santa Fe, NM 87504-2386
505-699-1445

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Albuquerque, NM 87102
505-379-4203

will be consumed; does not provide adequate information about the remediation process, including re-injection; and omitted information in a number of places required by the State Engineer application form. Without remedy of these deficiencies and demonstration that the project will not harm Santa Fe County's interests, Santa Fe County protests the Application on the grounds that granting the Application would impair valid and existing water rights, would be contrary to the conservation of water, and would be detrimental to the public welfare.

Very Truly Yours,



John W. Utton

Copies: Pueblo of Nambé
Pojoaque Pueblo
Pueblo de San Ildefonso
Tesuque Pueblo
U.S. Department of Energy
U.S. Department of the Interior, Bureau of Reclamation
Los Alamos County
Buckman Direct Diversion Board
City of Santa Fe

STATE ENGINEERS OFFICE
SANTA FE, NEW MEXICO
2020 AUG -5 PM 1:26

Memorandum



Buckman Direct Diversion

Date: September 3, 2020
To: Buckman Direct Diversion Board
From: Mackie M. Romero, BDD Financial Manager *MR*
Subject: Amended Fiscal Year 2021 Annual Operating Budget Request

ITEM AND ISSUE:

Request to ratify and formally adopt the amended FY2021 Annual Operating budget in the amount of 8,763,715 plus \$626,706 in contributions to the Major Repair and Replacement fund.

BACKGROUND AND SUMMARY:

The Joint Powers Agreement between the City of Santa Fe and Santa Fe County, establishing the Buckman Direct Diversion Board, provides that the BDD Board annually prepare and recommend a budget and formally adopt the budget upon approval of the governing bodies.

On February 6, 2020 the Buckman Direct Diversion Board approved and recommended the BDD Annual Operating Budget for Fiscal Year 2021 and contributions to our Major Repair and Replacement Fund to City of Santa Fe's City Council and Santa Fe County Board of Commissioners. Since this recommendation the current pandemic has caused uncertainty and economic hardships to our government and our community. Therefore BDD has amended the Fiscal Year 2021 Annual Operating Budget, by reducing several line items for a revised request.

On July 14, 2020, the Santa Fe County Public Utilities Department's annual budget included the funding requested for the FY 2021 BDD Annual Budget and was approved by the Santa Fe County Board of Commissioners. This approval does not include the reductions presented in the amended budget request.

On July 29, 2020, the Santa Fe City Council approved the amended funding request for the FY 2021 BDD Annual Operating Budget.



On August 6, 2020, the Buckman Direct Diversion Board did not approve the amended budget request, due to funding concerns.

The current amended budget request has been increased by \$110,000.00 to address the funding concerns and accounts for all projected costs necessary 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.

ACTION REQUESTED:

Staff recommends ratification and formal adoption of the amended FY2021 Annual Operating budget in the amount of 8,763,715 plus \$626,706 in contributions to the Major Repair and Replacement fund.

Approved by BDDB September 3, 2020

Councilor JoAnne Vigil Coppler, BDDB Chair



Buckman Direct Diversion

FISCAL YEAR 2021

Amended Annual Operating
Budget & Partner Contributions

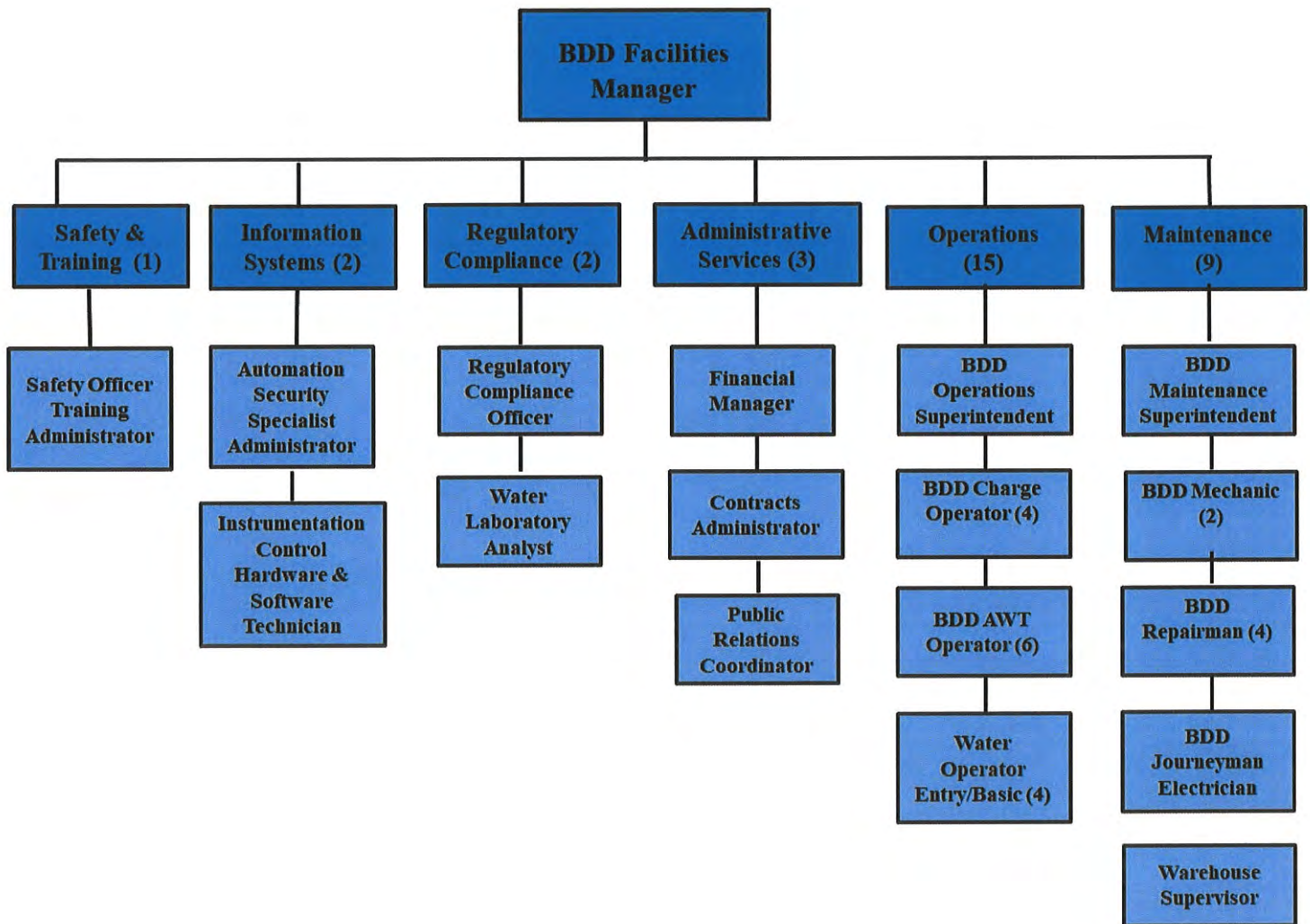


Prepared by:

Mackie M. Romero, BDD Financial Manager
Rick Carpenter, Interim Facilities Manager



BUCKMAN DIRECT DIVERSION REGIONAL WATER PLANT
ORGANIZATIONAL CHART





Buckman Direct Diversion (BDD) Amended Annual Operating Budget

Budget Message

The *Project Management and Fiscal Services Agreement* (PMFSA) requires the Project Manager to submit an Annual Operating Budget, which was approved by the BDDDB on February 6, 2020. However since this approval the Covid-19 Pandemic has caused uncertainty and economic hardships to our government and our community. Therefore, the Project Manager requests the Buckman Direct Diversion Board (BDDDB) approve and recommend the amended Fiscal Year 2021 Operating Budget of \$8,653,715.

Budget Revenue/Reimbursement Summary

TOTAL PROPOSED FISCAL YEAR 2021 OPERATING BUDGET

TABLE A

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>	<u>%</u>
Revenues/Reimbursements by Source:				
Unrestricted Fund Balance	\$ 70,000	\$ -	\$ 70,000	1%
Federal Funds	96,000	-	96,000	1%
PNM Solar Rebates	-	120,000	120,000	2%
City of Santa Fe	5,129,132	947,369	6,076,501	69%
Santa Fe County	1,771,818	255,212	2,027,030	23%
Las Campanas (Club)	271,172	34,719	305,891	3%
Las Campanas (Coop)	68,293	-	68,293	1%
Total Revenues by Source	\$ 7,406,415	\$ 1,357,300	\$ 8,763,715	100%
% of overall budget	85%	15%	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 was granted federal funds from the Department of Energy for the BDD Storm Water Sampling Program. This funding will be used for 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.

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 Summary & Highlights

In Fiscal Year 2021, the BDD had to evaluate the approved budget request to identify all potential reductions. This amended request ensures BDD has the funding needed to properly operate and maintain the facilities to meet the demand of its partners. Closing the gap between actual expenditures and budget was considered in the development of the annual operating budget request and the amended request.

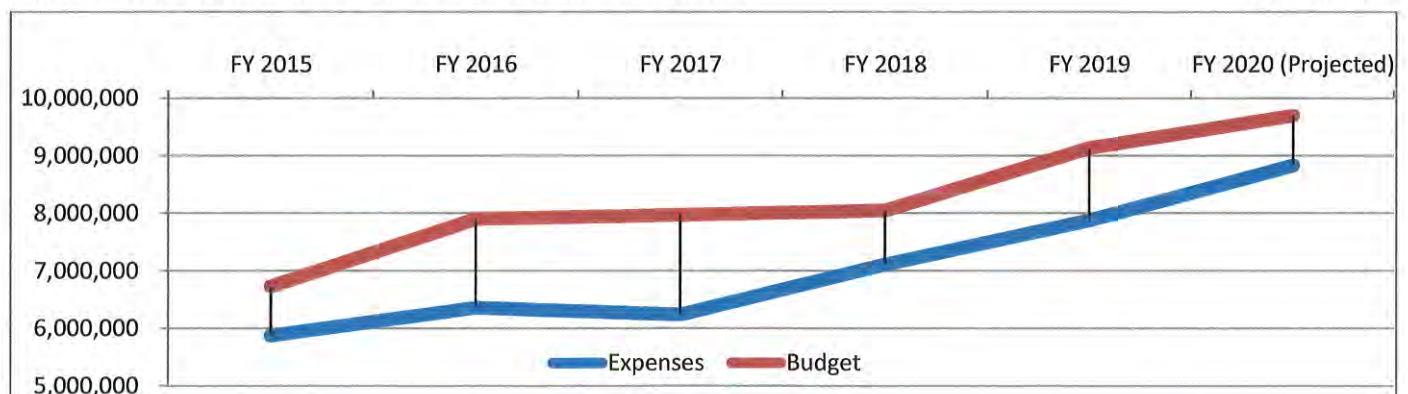
The amended annual operating budget for fiscal year 2021 was reduced by \$896,082 from the BDD approved budget. The categories below were reduced by the following amounts.

- **Salaries & Benefits** - The BDD reduced this category by \$28,371. The BDD had salary savings from positions that are now filled.
- **Electricity** - The BDD reduced this category by \$167,000. This reduction was based on actual expenditures for the past two years, and savings from the termination of PNM Unused Facilities charges.
- **Solids** – The BDD reduced this category by \$30,000. This reduction was based on actual expenditures and savings from changes to the BDD Solids Disposal program.
- **Materials & Supplies** – The BDD reduced this category by \$528,841. The BDD will delay the purchase of \$371,000 of capital outlay items, reduce on-call contracts by \$40,000, and reduce other costs such as fuel and non-essential operating supplies by \$57,000. BDD will also save \$60,000 on service contracts by shifting tasks to be performed by staff and evaluating other options for certifying instrumentation.
- **Other Operating Costs** – The BDD reduced this category by \$141,870. The BDD will delay the TREAT study, software renewals and nonessential trainings for a savings of \$70,000. The BDD also reduced office supplies, public outreach promotions, advertising and projected sampling cost for a savings of \$50,000. There was also a savings of \$20,000 from the projected 3rd party liability insurance.

The budget will be monitored closely and funds will be moved as needed.

CUMULATIVE BDD EXPENSES TO ADOPTED BUDGET

CHART 2





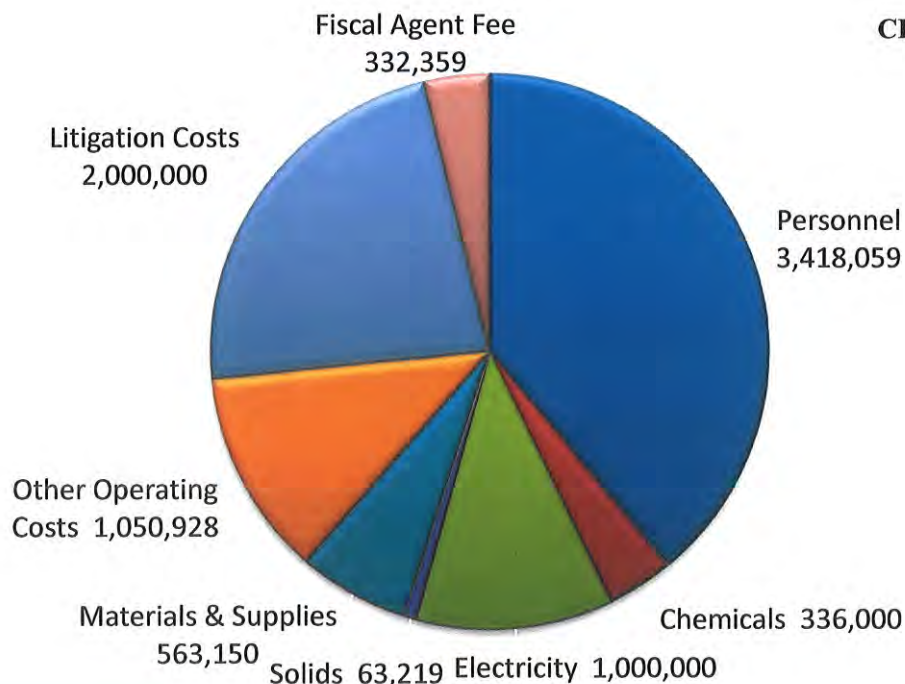
Budget Expenditure Summary

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 2021 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>Unrestricted Funds</u>	<u>Total</u>
Personnel	\$2,367,020	\$ 825,739	\$ 104,674	\$ 50,626	\$ -	\$ 70,000	\$3,418,059
Electricity	764,967	194,164	37,404	3,465	-	-	1,000,000
Chemicals	263,054	72,946	-	-	-	-	336,000
Solids	49,399	13,820	-	-	-	-	63,219
Materials & Supplies	390,381	140,890	19,229	12,650	-	-	563,150
Other Operating Costs	680,353	242,492	30,531	1,552	96,000	-	1,050,928
Litigation Costs	1,419,400	482,800	97,800	-	-	-	2,000,000
Fiscal Agent Fee	235,875	80,231	16,253	-	-	-	332,359
Total	6,170,449	2,053,082	\$305,891	\$ 68,293	\$96,000	\$ 70,000	\$8,763,715
PNM Solar Rebate	(93,948)	(26,052)					
Total	\$6,076,501	\$2,027,030					





Budget Comparisons

Table C presents actual expenses by major category for fiscal year ended June 30, 2019. The change in the fiscal year 2021 approved operating budget request in comparison to the amended budget request. The amended budget includes carryover of furlough savings, funding for the HVAC replacement project and funding to fill two vacant maintenance position. The BDDDB also approved carryover funding of \$310,000 to support continuation of our Security System Upgrade project and Database Migration project, which was approved separate from this request.

The BDD staff will continue to work with its partners, the City of Santa Fe, Santa Fe County and Las Campanas entities, in determining the costs and funding needed to ensure BDD properly operates and maintains the facilities to meet the demands of its partners.

BUCKMAN DIRECT DIVERSION OPERATING BUDGET

TABLE C

	FY 2019 Adopted Budget	FY 2019 Unaudited Actual 6/30/2019	FY 2019 Variance \$ (Under) / Over Budget	%	FY 2020 Adopted Budget	FY 2021 Approved Budget	FY 2021 Amended Budget	Change FY 2021 Amended vs Approved
Revenues/Reimbursements:								
Partner Reimbursements	\$ 8,918,624	\$ 7,634,653	(1,283,971)	86%	\$ 9,415,409	\$ 9,443,797	\$ 8,477,715	\$ (966,082)
PNM Solar Rebates	120,000	151,461	31,461	126%	120,000	120,000	120,000	-
Federal Funds	96,000	95,024	(976)	99%	96,000	96,000	96,000	-
Unrestricted Funds	-	-	-		65,000	-	70,000	70,000
Total	\$ 9,134,624	\$ 7,881,138	\$(1,253,486)	86%	\$ 9,696,409	\$ 9,659,797	\$ 8,763,715	\$ (896,082)
Expenditures by Category:								
Salaries	\$ 2,222,850	\$ 1,788,831	\$ (434,019)	80%	\$ 2,254,610	\$ 2,119,595	\$ 2,100,596	\$ (18,999)
Overtime	150,000	206,095	56,095	137%	150,000	150,000	150,000	-
Benefits	1,198,823	987,944	(210,879)	82%	1,173,761	1,176,835	1,167,463	(9,372)
Electricity	1,200,000	1,026,577	(173,423)	86%	1,200,000	1,167,000	1,000,000	(167,000)
Chemicals	336,000	312,691	(23,309)	93%	336,000	336,000	336,000	-
Solids	120,000	61,209	(58,791)	51%	120,000	93,219	63,219	(30,000)
Materials & Supplies*	819,435	704,188	(115,247)	86%	1,012,639	1,091,991	563,150	(528,841)
Other Operating Costs*	1,078,756	1,046,352	(32,404)	97%	1,138,755	1,192,798	1,050,928	(141,870)
Litigation Costs	1,690,000	1,434,788	(255,212)	85%	1,990,000	2,000,000	2,000,000	-
Total	8,815,864	7,568,675	(1,247,189)	86%	9,375,765	9,327,438	8,431,356	(896,082)
Fiscal Agent Fee	318,760	312,463	6,297	98%	320,644	332,359	332,359	-
Total	\$ 9,134,624	\$ 7,881,138	\$ 1,253,486	86%	\$ 9,696,409	\$ 9,659,797	\$ 8,763,715	\$ (896,082)
* See Table C-1 and C-2 for a detailed summary of Major Category Costs								



BDD Materials & Supplies Detailed Summary

TABLE C-1

<u>Description</u>	<u>Amount</u>	<u>Total</u>
Repair & Maintenance Building / Structures - sprinkler, fire alarm, plumbing	28,000	
On-call HVAC Service & Replacement Agreement	90,000	
On-call security system service and repair	8,000	
Total		\$ 126,000
Repair & Maintenance System Equipment		
General maintenance, repairs and replacement to water system facilities	220,000	
Hach Service Agreement - Yearly calibration of instrumentation	10,000	
Eaton Service Agreement - VFD Troubleshooting	5,000	
Yukon & Assoc - On-call process instrumentation and control systems	10,000	
Wunderlich-Malec - On-call SCADA & computer networking	5,000	
Great Southwest Meters- Annual meter calibration and inspection	8,000	
Subsurface Contracting - On-call repair and replacement to water systems	23,000	
Alpha Southwest - On-call services mechanical & electrical	30,000	
Automation & Electric - On-call SCADA support, software, programming	15,000	
Positive Energy - Maintenance and service of BS2A Solar Array	6,500	
Total		\$ 332,500
Repair & Maintenance Grounds/Rd - Landscaping agreements		5,000
Repair & Maintenance Machine & Equipment -Copiers, machinery & equipment		24,300
Operating Supplies -Field supplies maintenance/operations		33,000
Auto Parts, Tires, Gasoline & Diesel - Fleet maintenance of vehicles		11,000
Inventory Exempt / IT - Small tools, radios, and phase III replacement of computers		5,500
Uniforms (\$500 clothing, \$200 boots = \$700 per employee)		18,200
Safety Supplies - First aid, protective gear, safety guides, periodicals		7,650
Replacement of GAC media project		-
Data Processing - Server replacement for SCADA & Control Room Upgrade		-
Capitalized Asset - Installation of crane lift at 4A/5A		-
Total		\$ 104,650
Total Materials & Supplies Category		\$ 563,150



BDD Other Operating Costs Detailed Summary

TABLE C-2

<u>Description</u>	<u>Amount</u>	<u>Total</u>
Agreements		
BDDDB Insurance Broker/Agent	9,500	
Chavez Security - provides facilities patrol along Buckman road corridor	194,240	
Stenographer Agreement - BDD Board meetings	4,000	
USGS Operation and maintenance agreement of sediment and stream gage	51,386	
BDDDB Independent counsel	170,000	
Consultant for Technical Assistance	56,000	
Compliance Agreements -TREAT Study analysis	-	
Compliance Agreements -Stormwater sampling (Federal program)	96,000	
Compliance Agreements -Drinking water, solids analysis	20,000	
Compliance Agreements -GAC sampling and analysis	50,000	
Compliance Agreements -Annual fire inspection and compliance	10,000	
Audit professional services agreement	7,500	
BDD Board - Public liability and real property insurance premiums	133,000	
Land Leases - BLM right of way agreements	71,756	
Total		\$ 873,382
Benefits Dept. Assessments - City Benefits Assessment Fees		8,026
General Liability Dept Assessments - City Risk Assessment Fees		10,736
General Liability Third Party - Crime Liability Assessment Fees		78,363
Unemployment Insurance - City Assessment Fees		6,999
Public Relations - tours, outreach, promotions, website, virtual tour		3,500
Software/Software Subscriptions- Software support and upgrades		16,000
Employee Training - Safety, training, education, travel, dues & registrations		6,300
Advertising - Job postings, RFP bids		500
Office Supplies - General office supplies		2,500
Postage & Mailing Services - Delivery of water samples, correspondence		1,650
Utilities - Cell phones, landlines, data, website, satellite phone, natural gas, fees		31,472
County Conservation Fees		11,500
Total		\$ 177,546
BDDDB Litigation Costs		\$ 2,000,000
Total Other Operating Costs Category		\$ 3,050,928



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%	0%	0%	100.00%
<u>Project Wide</u>					
Projected Volumetric Flow (PW)	70.97%	24.14%	4.89%	0.00%	100.00%
<u>Variable</u>					
Projected Volumetric Flow (CCL)	70.97%	24.14%	4.89%	0.00%	100.00%
Projected Volumetric Flow (CC)	78.29%	21.71%	0.00%	0.00%	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 2021 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 2015	3,565.50	1,051.72	418.32	139.01	5,174.55
FY 2016	4,127.74	1,077.23	374.33	165.14	5,744.44
FY 2017	3,896.60	1,156.87	273.60	297.73	5,624.80
FY 2018	4,397.40	1,147.92	343.38	260.61	6,149.30
FY 2019	3,116.05	1,392.77	423.08	102.35	5,034.25
<i>FY 2020</i>	<i>4,573.69</i>	<i>1,169.67</i>	<i>298.75</i>	<i>339.29</i>	<i>6,381.40</i>
<i>FY 2021</i>	<i>4,489.26</i>	<i>1,245.00</i>	<i>281.52</i>	<i>309.61</i>	<i>6,325.39</i>
<i>FY 2021 %</i>	70.97%	19.68%	4.45%	4.89%	100%

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



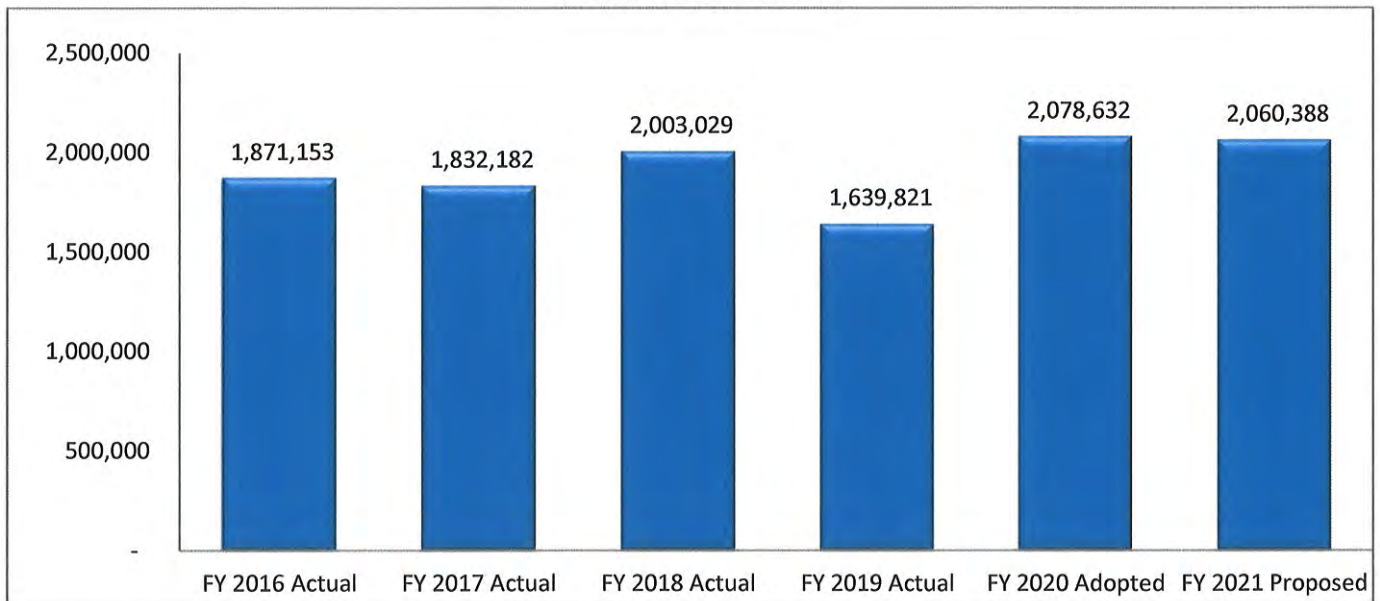
Volumetric Flow History

BDD has completed a budget analysis for fiscal year 2021, which includes volumetric predictions of 2,060,388 gallons. This is an estimated 1% decrease in water delivery over fiscal year 2020 predicted water call. The BDD 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)

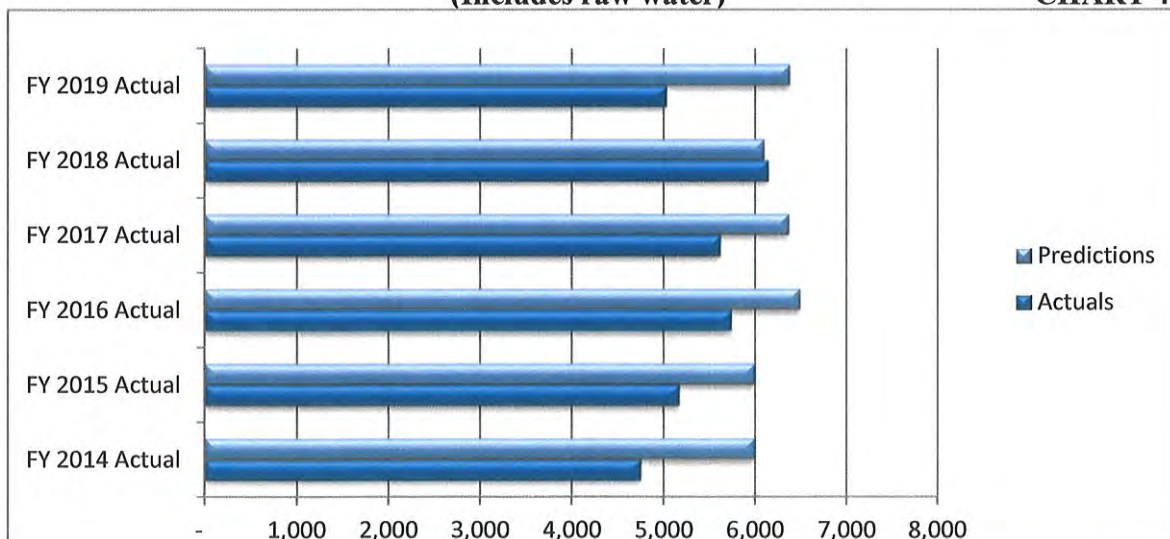
CHART 3



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 and strategic goals. Each Program was 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.



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 I

Emergency Fund	City of Santa Fe	Santa Fe County	AZ Water Rights	Las Campanas Club	Las Campanas Coop	Balance
Fund Balance at June 30, 2019	1,347,979	505,612	18,981	83,429	107,494	2,063,495

As of June 30, 2019 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 (RRF)

The BDD Board also previously approved the Major Repair and Replacement Fund as part of the Fiscal Year 2012 Budget. Per the Major Repair and Replacement Fund policy these funds are to receive yearly contributions held in reserve to support major repair and replacement costs of facility equipment and systems.

The BDD Board has authorized expenditures of \$645,147 for repair and replacement of system equipment in accordance with the policy. These authorizations, upon expenditure will reduce the available balance in this fund. The Major Repair and Replacement fund will continue to receive yearly contributions in accordance with the policy.

Major Repair and Replacement Fund Balance

TABLE J

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
Balance as of June 30, 2019	1,280,679	445,305	36,977	32,535	1,795,496
2020 Contributions	445,545	156,494	10,769	13,898	626,706
Funds authorized for expenditure	(458,656)	(161,098)	(11,086)	(14,307)	(645,147)
Projected Fund Balance	1,267,568	440,701	36,660	32,126	1,777,055

Major Repair and Replacement Fund Fiscal Year 2019 Contributions

TABLE K

Major Repair & Replacement	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas Coop	Balance
2021 Proposed Contributions	445,545	156,494	10,769	13,898	626,706

With the approval of this contribution and no additional authorizations, the fund balance will be \$2,403,761 for fiscal year 2021.

Capital Assets Management

The BDD staff has begun work on maintaining our capital asset and replacement system with software upgrades, data verification and vehicle replacement schedule and policy. Our goals and initiatives are to continue to work on development of a multi-year projected asset plan, funding requirements, and related replacement/disposal policy.



Budget Summary

With this submittal, the Project Manager requests the Buckman Direct Diversion Board approve and recommend the amended funding for the Fiscal Year 2021 Operating Budget of \$8,763,715 plus the annual contribution of \$626,706 for the Major Repair and Replacement Fund for a total request of \$9,390,421. We appreciate the input and support from our partners and our Buckman Direct Diversion Board Members.

Fiscal Year 2021 Funding Allocation

TABLE L

Funds	City of Santa Fe	Santa Fe County	Las Campanas (Club)	Las Campanas (Coop)	Total
Operating Fund	\$6,076,501	\$2,015,530	\$ 305,891	\$ 68,293	\$ 8,466,215
			PNM Solar Rebate Revenue		120,000
			Federal Funds		96,000
			County Conservation Fee		11,500
			Unrestricted Fund Balance		70,000
					\$ 8,763,715
Major Repair & Replacement Fund	445,545	156,494	10,769	13,898	626,706
Total Fiscal Year 2021 Request	\$6,522,046	\$2,172,024	\$ 316,660	\$ 82,191	\$ 9,390,421