



AGENDA

BUCKMAN DIRECT DIVERSION BOARD
AUGUST 01, 2024 AT 4:00 PM
COUNCIL CHAMBERS
CITY HALL
200 LINCOLN AVENUE



PROCEDURES FOR BUCKMAN DIRECT DIVERSION BOARD MEETING

Written Public Comment: Members of the public may submit written comments by clicking on the comment bubble to the right of the meeting on the public portal at <https://santafe.primegov.com/public/portal> three hours prior to the start of the meeting.

The agenda and packet for the meeting will be posted at <https://santafe.primegov.com/public/portal>.

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF MINUTES**
 - a. Approval of minutes from the July 11, 2024, Buckman Direct Diversion Board Meeting.
5. **PRESENTATIONS & INFORMATIONAL ITEMS**
 - a. Monthly Update on BDD Operations. (Matt Sandoval, BDD Interim Operations Superintendent, mgsandoval@santafenm.gov, 505-955-4501).
 - b. Report from the BDD Facilities Manager. (Johnathan Montoya, BDD Interim Facilities Manager / Source of Supply Operations Manager, jmmontoya@santafenm.gov, 505-955-4503).

c. Presentation of the 2023 BDD Audit, and an update of the proposed schedule for completion of the 2024 BDD Audit. (Eric Spurlin, Partner, Carr, Riggs, & Ingram LLC; and Emily Oster, City Finance Department Director, ekoster@santafenm.gov, 505-629-3411).

6. **ACTION ITEMS: DISCUSSION AND ACTION**

7. **MATTERS FROM THE PUBLIC**

8. **MATTERS FROM THE BOARD**

9. **NEXT MEETING: Thursday, September 5, 2024 at 4:00 PM**

10. **ADJOURN**

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**

July 11, 2024

1. CALL TO ORDER

This meeting of the Santa Fe County & City Buckman Direct Diversion Board meeting was called to order by Carol Romero-Wirth, BDD Board Chair, at approximately 4:08 p.m. in the Council Chambers, City Hall, 200 Lincoln Avenue, Santa Fe, New Mexico. This meeting was conducted as a hybrid with in person and on line attendance. All votes were taken by a roll call.

2. ROLL CALL: Roll was called and a quorum was present as shown:

BDD Board Members Present:

Councilor Carol Romero-Wirth, Chair

Commissioner Anna Hamilton

Councilor Jamie Cassutt [remotely]

Rolf Schmidt-Petersen, Citizen Member

Tom Egelhoff, The Club at Las Campanas [non-voting member] [remotely]

Jeffrey Guy, Las Campanas Water Cooperative [non-voting member] [remotely]

Member(s) Excused:

Commissioner Anna Hansen

Alternates Present:

Peter Ives, Citizen Member Alternate

Others Present:

Rick Carpenter, BDD Facilities Manager

Nancy Long, BDD Legal Counsel

Kyle Harwood, BDD Legal Counsel

Bernardine Padilla, BDD Public Relations Coordinator

Delfin Peterson, BDD Administrative Assistant

Jesse Roach, City Public Utilities Division Director

Monique Maes, BDD Contracts Administrator

Danny Carter, BDD Chemist [remotely]

Robert Reine, Department of Energy EM-LA [remotely]

Joni Arends, Concerned Citizens for Nuclear Safety

Jay Lazarus, Glorieta Geoscience, Inc.

Peter Hunt, Glorieta Geoscience, Inc.

Abby Guidry, Glorieta Geoscience, Inc.

Carina Julig, *Santa Fe New Mexican*

[Chair Romero-Wirth read the agenda captions throughout the meeting.]

3. APPROVAL OF AGENDA

Commissioner Hamilton moved to approve the agenda as published. Member Schmidt-Petersen seconded and the motion passed by unanimous [4-0] roll call vote.

4. APPROVAL OF CONSENT AGENDA

CHAIR ROMERO-WIRTH: Are there items that have been pulled from Consent? Are there are items that the Board would like to hear? If not, are there any changes to the Consent? Is there a motion? Mr. Ives.

MR. IVES: Thank you, Madam Chair. I only had a question on the Daniels Insurance, Amendment #4, the packet references a 10 percent increase in the premiums for the policy. It says 6 percent due to increase of exposures and I was just wondering what – fire hazards or what?

CHAIR ROMERO-WIRTH: Should we pull that one off? So we can pull item 7.b. to answer that question. Any other items? Is there a motion?

COMMISSIONER HAMILTON: Move to approve the Consent Agenda for items a, c, and d.

MEMBER SCHMIDT-PETERSEN: And I'll second that.

The motion to approve Consent items a, b, and d passed by unanimous [4-0] roll call vote.

7. ACTION ITEMS: CONSENT

- a. **Request for approval to extend chemical price agreement for an additional year from various awarded vendors for an amount not to exceed \$607,779.50 for FY25**
- b. REMOVED [See page 8]
- c. **Request for approval of a General Services Agreement for on-call services with Pumpteck Holdings LLC., d/b/a Alpha Southwest in an amount not to exceed \$65,000 plus applicable NMGRT for FY2025**
- d. **Request for approval of Amendment No. 1 to the General Services Agreement with Condor-New Age Logistics, LLC. in an amount not to exceed \$70,000.00, plus NMGRT, for security services through September 30, 2024**

5. APPROVAL OF MINUTES

- a. **June 6, 2024 Buckman Direct Diversion Board Meeting**

CHAIR ROMERO-WIRTH: Are there changes from staff?

MR. CARPENTER: There are no changes.

CHAIR ROMERO-WIRTH: Changes from the Board?

NANCY LONG (BDD Board Counsel): Madam Chair.

CHAIR ROMERO-WIRTH: Yes.

MS. LONG: There were a couple of typos that were caught and provided to the recorder but they are not substantive.

CHAIR ROMERO-WIRTH: Okay. Can I get a motion if there are no changes.

Mr. Schmidt Petersen moved to approve the June 6th meeting minutes. Commissioner Hamilton seconded and the motion passed by unanimous [4-0] roll call vote. .

5. PRESENTATION/INFORMATIONAL ITEMS

a. Monthly Update on BDD Operations

CHAIR ROMERO-WIRTH: I don't see Randy Sugrue in the Chambers. Mr. Carpenter are you going to be doing that update?

MR. CARPENTER: Yes, Madam Chair, I'll fill in for Mr. Sugrue. He's out of town.

CHAIR ROMERO-WIRTH: Okay, terrific.

MR. CARPENTER: I'll do a quick summary of his item. There are no big changes from the previous months about what we would expect for this time of year. This report is from June 2024. Raw water diversions average 8.38 million gallons per day. Drinking water deliveries to Booster Stations 4A and 5A averaged 7.02 million gallons per day. Raw water deliveries to Las Campanas through Booster Station 2A was 1.18 million gallons. The BDD is providing approximately 49 percent of the water supply to the City and the County and most of the rest is coming out of Canyon Road Water Treatment Plant. And the third item you can see from Randy Sugrue's diagram, we're right about where we were last year for our monthly projection rates.

With that, Madam Chair, members of the Board, I would stand for questions.

CHAIR ROMERO-WIRTH: Thank you. Questions from the Board? Councilor Cassutt, I think your hand is up.

COUNCILOR CASSUTT: No it is not.

CHAIR ROMERO-WIRTH: Okay, sorry. It's a smaller hand – I can't read that. Councilor Cassutt do raise your hand if you want to participate. Member Schmidt-Petersen. And welcome Tom.

MEMBER EGELHOFF: Can you hear me?

CHAIR ROMERO-WIRTH: We can.

MEMBER EGELHOFF: I had a question for Rick. I don't think we've been able to divert San Juan-Chama water since June 21st due to some – I'm not sure, some kind of construction or something. Do we have any update on that?

MR. CARPENTER: Yes, Mr. Egelhoff. When this happens it is almost always due to the fact that we have an impactment of flood ops in Abiquiu which is, in fact, what happened. My understanding is that we're back out of flood ops and we have access to San Juan-Chama water now. I don't know that. I haven't checked it in a couple of days.

MEMBER EGELHOFF: Okay, do we have another point of contact when Randy is out of town?

MR. CARPENTER: For the next couple of days it is probably myself for the month and Dr. Roach is always very knowledgeable.

MEMBER EGELHOFF: Okay, thanks.

CHAIR ROMERO-WIRTH: We do have Dr. Roach in the audience; is that something that you're familiar with? We'll get the answer, Tom, and get it back to you.

MEMBER EGELHOFF: Okay, thank you very much.

MR. CARPENTER: Madam Chair, if I could add to that?

CHAIR ROMERO-WIRTH: Sure.

MR. CARPENTER: Mr. Egelhoff, you may want to note this. We do have plenty of native water that we have diverted. We are not in danger – I don't know the exact number on that either but I know there is plenty of it. So we'll still be able to divert water.

MEMBER EGELHOFF: Okay, thanks.

MEMBER SCHMIDT-PETERSEN: Madam Chair.

CHAIR ROMERO-WIRTH: Yes, Mr. Schmidt-Petersen.

MEMBER SCHMIDT-PETERSEN: I just wanted to do a little bit of follow up to that. I believe the flood op issue at Abiquiu is actually could have been that Rio Chama was blocked by a sediment plug from a summer thunder storm and that excluded releases out of Abiquiu. And at that same point in time I saw an article, I haven't seen the paper, that the State Engineer informed the Middle Rio Grande Conservancy District that due to the declining flows of the Rio Grande and I believe some compact related delivery issues that, at least the State Engineer's Office, is expressing a concern about deliveries into Elephant Butte and I was wondering if there's a squeeze at Buckman but it sounds like the answer is no.

MR. CARPENTER: You are correct. The answer is no.

MEMBER SCHMIDT-PETERSEN: Thank you.

CHAIR ROMERO-WIRTH: Okay, other questions from the Board? Mr. Ives, Councilor Ives, Member Ives – I never know what to call you.

MR. IVES: Rick, I was curious, on the third page where they talk about regional water overview, it says, daily metered regional water demand for the month of June 2024 –

CHAIR ROMERO-WIRTH: Can I ask you to speak into your microphone as well.

MR. IVES: -- you certainly can – is 14.4 million gallons per day. That sounded a little high to me based upon past experience and I was wondering given what the fierceness of our healthy monsoon season if the Rio Grande was still flowing at 1,000 cfs? Why was that hand-in-hand high demand and also when we say daily metered regional water demand what factors go into the regional water demand?

MR. CARPENTER: Thank you for the question, Board member Ives. Demand has been up. It got hotter sooner. And, yes, the monsoons have kicked in and we'd like for more of it but that's very recently and demand has gone down from that number, just recently. As far as the regional demand, what Mr. Sugrue calls "regional water demand" that is contributions from all of the sources – Buckman, Buckman wells, City wells, Canyon Road – it's a catchall phrase.

MR. IVES: Thank you.

CHAIR ROMERO-WIRTH: Other question from the Board? All right. Thank you for that update. We will then move to your update as Facilities Manager

b. Report from the BDD Facilities Manager

CHAIR ROMERO-WIRTH: Mr. Carpenter – I'll kick it back to you.

MR. CARPENTER: Thank you, Madam Chair. A few things. Major repair and replacement, we do have one unexpected raw water pipeline failure to over \$28,000. That has since been fixed since I wrote this memo. But I am required to report that expense to the Board.

As far as the BDD Rebuild Project process we are still working through the RFQ phase. That is being evaluated. It's been a little slow going but we are making progress on that as well.

I have listed the current vacancies for the BDD and as Board members can see there are quite a few of them. We had an all-hands meeting that included BDD vacancies just yesterday and we discussed ways to get these filled and filled pretty quickly. We are working on that. Related to that though, we were able to make an offer that was accepted for the accounting supervisor position. It's been vacant for awhile now and it's a critical position. That individual will be starting in just two or three weeks or maybe sooner if we can pull that off.

There are a couple of items I would like to call to the attention of the Board that didn't make it into my memo which is sort of late breaking news. One of which is and the Board is probably aware but just in case not, the City of Las Vegas contacted the BDD with regard to their water crisis that they were having due to flooding and the BDD reached out to the City of Santa Fe. Dr. Roach did most of the heavy lifting to provide water to the City of Las Vegas through metered hydrants and to their tanker truck and hauled water back to Las Vegas. It was metered and it is City water. It is not BDD water, we don't have any. They were charged \$6.06 per 1,000 gallons that's the bulk rate that the City normally charges and that rate is intended to recovery costs associated with. That was last week.

There has been some movement on the endangered species topic. I'll just tread something that one of our own esteemed lawyers wrote. The U.S. Fish and Wildlife Service has completed its 12-month review of the two proposed species with habitat in the Rio Grande and determined that neither warrants listing as an endangered or threatened species. According to the Notification of Findings in the Federal Register, the agency concluded from its review of scientific and commercial information regarding past, present and future stressors to the species and threats that neither the Rio Grande chub nor the Rio Grande sucker is in danger of extirpation.

And that's my update, Madam Chair. I stand for question.

CHAIR ROMERO-WIRTH: Thank you, Mr. Carpenter. Questions from the Board? Yes.

MEMBER SCHMIDT-PETERSEN: I have a couple of questions for Rick. I was wondering about the raw water pipeline failures; does that happen very frequently or is it pretty random?

MR. CARPENTER: Madam Chair, members of the Board, that's actually a pretty good question. The pipe that failed is an HDPE pipe coming out of the raw water diversion. It has never failed before. I took a good hard look at it along with my maintenance supervisor and we couldn't really figure out why it failed. It shouldn't have. So it's very rare.

MEMBER SCHMIDT-PETERSEN: Thank you.

CHAIR ROMERO-WIRTH: Other questions from the Board? Commissioner Hamilton.

COMMISSIONER HAMILTON: Okay. So I'm a little surprised and

concerned about the endangered species decision. Would you be willing to say 37 words about the implications for BDD considerations if there are any?

KYLE HARWOOD (BDD Counsel): Rick, with your permission, I'll field this.

MR. CARPENTER: Madam Chair, if I could ask Mr. Harwood to field that question.

MR. HARWOOD: Madam Chair, members of the Board. Your concern, if I understand it, is what are the implications of these two species not being listed?

COMMISSIONER HAMILTON: Yeah, I think it might be a more diffused question than what would have been the implications if they had been listed but –

MR. HARWOOD: Yes, I hope it is clear that because they are not listed they will not have critical habitat established for them and we will not be looking at those kinds of reopeners to our environmental permits nor implications for water operations such as the silvery minnow have exerted on water operations in the middle valley, upper valley, lower valley. So, it's a – I'll just say from my perspective, WildEarth Guardians filed a comprehensive petition requesting the review. The Interstate Stream Commission under Rolf's leadership at the time, and this is many years ago of course, provided very detailed comments about issues with some of the studies that had been relied upon and other concerns about data being taken out of context and so I can only surmise because it really is a black box the process that the service goes through when they are making this final warranted or non warranted decision and they draw upon scientific knowledge from across the country to make recommendations all the way up to the secretary's level. So I can only conclude that those species are not as in as bad of shape as some had feared and that some of the environmental conditions that are stresses those species are not as bad as some had feared. And I should also note that there are a series of conservation agreement that were signed after the requested listing but before this decision and those conservation agreements are designed to have intergovernmental coordination on how to support these specific species and so hopefully that work will go forward and the sum of which will be the continued health of these two particular species.

And it's a fairly definitive answer in the negative, in other words, I think there would have to be a whole bunch of new studies performed in order to provide the foundation for a future requested petition. And we also did talk with the staff at Interstate Stream Commission including some very, very experienced fish biologists whether they thought that the underlying studies that were done in support of this decision were sound or whether they were attackable, and Rolf knows Rich Valdez well, and the conclusion was that those studies were done in accordance with standard practices. So those seem to be sound review documents. The sum of all of which is we don't have two other species to wrestle with in managing our diversion which is welcome news from that perspective.

COMMISSIONER HAMILTON: Right. I just wanted to get that out so that we kind of understood that. I appreciate it. Thank you, Madam Chair.

CHAIR ROMERO-WIRTH: Thank you. Thank you, Mr. Harwood.

MR. HARWOOD: Thank you, Madam Chair and members of the Board.

CHAIR ROMERO-WIRTH: Other questions on the facilities manager's report from the Board? Mr. Schmidt-Petersen, yes.

MEMBER SCHMIDT-PETERSEN: This was answered to some degree by Director Roach at the last meeting but I just wanted to kind of follow-up on it. Just the

emerging strategy is going to be over the next few months with your departure Rick and Randy's also and if the double-fill position is still available to take over some of these operations?

CHAIR ROMERO-WIRTH: I do believe between Mr. Carpenter and Dr. Roach, the Water Division Director from the City of Santa Fe, you can probably tag team this answer.

MR. CARPENTER: Madam Chair, I'd like to ask Dr. Roach to comment on that follow-up.

JESSE ROACH: Madam Chair, member Schmidt-Petersen, thank you for the question. So I'll start with the facilities manager position. It has been posted and we have four eligible applicants. They are all actually internal candidates. At this time, the posting is going to stay open until filled. However, Jonathan Montoya who is our lead at sources supply has agreed to fill in on an interim basis as soon as we can sort of make that official. And he will hopefully spend time at BDD for the latter half of this month with Rick and then continue to spend time with BDD until the permanent position is hired to allow for some continuity in what is a fairly significant transition, of course. I also intend to spend more time than usual at BDD. I've been spending one day a week there and it will probably go to two or three as necessary to assist in what I can in this transition.

And then on the operations superintendent, that position is posted and the strategy there is – I have reached out to all four of the lead operators at BDD asking them if they would be interested in serving in an interim basis in that position. I have an affirmative from a couple of them. I am waiting for others to think about it and then we'll make a selection from within that pool based on Rick and Randy's input for somebody to serve in an interim basis in that position as well while we move forward on a permanent hire there.

MEMBER SCHMIDT-PETERSEN: Thank you.

CHAIR ROMERO-WIRTH: Commissioner Hamilton.

COMMISSIONER HAMILTON: Thank you. Is Randy's position posted already?

DR. ROACH: Madam Chair, Commissioner Hamilton, yes.

COMMISSIONER HAMILTON: I thought you said that. Thank you very much.

CHAIR ROMERO-WIRTH: I'm looking at the list of vacancies and it's currently advertised because it is on that list; right?

MR. CARPENTER: Madam Chair, no, this is recent and didn't make it to the list.

CHAIR ROMERO-WIRTH: Okay, just a note to anybody following that this memo that is in the packet and on PrimeGov does not include the operations superintendent as being advertised but what we've just heard here that it is advertised.

MR. CARPENTER: That's my understanding.

CHAIR ROMERO-WIRTH: And it'll remain open until filled just like the facilities manager; is that correct?

MR. CARPENTER: I think the strategy is to double-fill the positions as soon as possible so we can have a smooth transition.

CHAIR ROMERO-WIRTH: Great.

DR. ROACH: And, Madam Chair, my understanding also is that it's posted and based on these questions and my statement in the affirmative, I will confirm that.

CHAIR ROMERO-WIRTH: Okay, great, thank you. Other questions from the Board on this topic or anything else in the facilities manager's report? All right. Thank you and thank everybody for that update.

Okay, we then go to our item that was pulled from Consent. It's item 7.b.

7. b. Request for approval of Amendment No. 4 to the Professional Services Agreement Item #21-0421 with Daniels Insurance, Inc to increase compensation in an amount up to \$12,346.39 plus applicable NMGRT for FY2025 insurance coverage services

CHAIR ROMERO-WIRTH: We have Monique Maes our Contracts Administrator here to answer question and I believe Member Ives you have a question related to this item.

MR. IVES: Thank you, Madam Chair, and hopefully a very simple question. There's a reference in the background section of the memo, third paragraph that says and it's actually in the first paragraph as well, but that there's a 6 percent increase in exposures. I'm wondering what those are, how they're measured, just a little bit of background.

MONIQUE MAES (BDD Contracts Administrator): Madam Chair, Mr. Ives, I would have to see – I don't have the policy with me and I would have to check to see exactly which exposures and if they detailed any. I can get with our insurance person at Daniels Insurance to ask what exactly the increased exposures were. All he had told me of the increased exposures were that they are industry-wide and the reason this amendment had to go through is because the number he gave me in May when he went to do the underwriting that's when he discovered that there was an increase. As far as to what those increases are, I'm not sure but he just mentioned that it's an industry-wide increase that they're seeing insurances go up overall.

MR. IVES: Okay, because it seems the second reference to the 4 percent increase in the overall account rate which seemed to be that sort of industry-wide elevation which you almost come to expect. And I actually wondered if it might be due to any sort of perceived or real sense of increased fire risk which is something that we're seeing significantly in many places. If you don't mind following up with that question and sending me an email or something would be perfectly fine or even at the next meeting would be perfectly fine too. I don't have any problems with what is being proposed here.

MS. MAES: I will reach back out to you and follow up with further explanation from our insurance.

MR. IVES: Thank you.

CHAIR ROMERO-WIRTH: And we probably need to follow up with the Board, generally, and then we'll see if you can incorporate it in one of the reports for the August meeting so the public is also informed. But it sounds like, if you're saying it's an industry-wide thing it is not plant specific.

MS. MAES: Would you like to hear from the Daniels Insurance person?

CHAIR ROMERO-WIRTH: Let's talk about that. Why don't you reach out and see what the answer is and let's see how complicated it is. Because if it's just, Hey, this is the natural increase in providing insurance, then I don't think we need to bother them or the Board. But if it is something more specific or more concerning or more complicated then we'll figure that out. So let's move back on that. Thank you and thank you for being here.

Any other questions on this item? Is there a motion to approve?

COMMISSIONER HAMILTON: Move to approve.

MEMBER SCHMIDT-PETERSEN: Second.

The motion to approve passed by unanimous [4-0] roll call vote.

5. ACTION ITEMS: DISCUSSION AND ACTION

a. Request formal adoption of the FY2025 Annual Operating Budget

CHAIR ROMERO-WIRTH: And we have Rick Carpenter the facilities manager here tonight to address this item and I think it might be helpful if you just kind of help us understand the process by which we go through approving this budget as this Board represents two jurisdictions, the City and the County, and the process is a little bit cumbersome but has to happen in order to get approved.

MR. CARPENTER: Yes, Madam Chair and members of the Board, I would be happy to do that. It is a little cumbersome and this is really just the last stage and a formality to get the budget approved. It was originally passed by this Board in March of 2024 and I'm pretty happy about that because it's pretty early in the year for us. And then it was recommended by this Board to the City and the County for approval in their own respective budgets. They have done that and in accordance with the JPA that provides guidance to this Board, the budget is required to come back to this Board for formal adoption which is the subject of this item. The staff is requesting the formal adoption of the annual BDD operating budget.

CHAIR ROMERO-WIRTH: And I think that has probably changed in here is that the salary increases are now here; correct?

MR. CARPENTER: That was the single largest change.

CHAIR ROMERO-WIRTH: Right, because when we first looked at this, first saw this, that had not yet been determined in the City's budget and since BDD employees are City employees there was a placeholder there but not an official number yet.

MR. CARPENTER: Exactly and that's the significant change.

CHAIR ROMERO-WIRTH: Are there questions on this budget. Member Schmidt-Petersen.

MEMBER SCHMIDT-PETERSEN: One question because I haven't been here for the earlier parts of this process but overall I think it's a great write-up and gives me a pretty good idea of how the facility has operated through time.

I just wanted to remark from my experience at the ISC previously, particularly in the last three years where everything was costing a whole lot more money this is really quite remarkable because it is actually holding relatively flat line despite increases and so on. I think that's due in large part to your operations and the Board's and others. But it is pretty remarkable from my experience because the cost of everything has been going up 28 percent something like that in many places. Obviously, staffing has gone up but do you anticipate any sharp increases in the near future? You had brought up in a previous meeting the cost of dumping fees and things like that for solids. Is there anything in here that we should be thinking about that could escalate significantly?

MR. CARPENTER: Board member Schmidt-Petersen, that's a really good question. What I can anticipate as being possible is an increase across three items: chemicals for treating solids, electricity and natural gas.

CHAIR ROMERO-WIRTH: And I would just add that that is phase two on our historical experience that is where we have been seeing increases. So I think that is accurate.

MEMBER SCHMIDT-PETERSEN: Great, thank you.

CHAIR ROMERO-WIRTH: Other questions on the budget? Do I have a motion?

COMMISSIONER HAMILTON: Move to approve.

MEMBER SCHMIDT-PETERSEN: I'll second.

CHAIR ROMERO-WIRTH: The dynamic dual on my right. Commissioner Hamilton moved to approve the budget for FY25 and Member Schmidt-Petersen made the second. And we need a roll call vote.

The motion passed by unanimous [4-0] roll call vote.

9. MATTERS FROM THE PUBLIC

CHAIR ROMERO-WIRTH: Hello, Mr. Public. This is Jay Lazarus with GGI. How are you?

JAY LAZARUS: I'm well, thank you, Chair.

Rick is not going to like this but our company was tasked with providing the water for the tankers to Las Vegas. Rick doesn't like taking the credit. But Rick, Bernie and Jesse, I can't thank enough for helping us. Within 12 hours of me contacting Rick he had the system in motion to get water to the tankers that we brought from Louisiana. Jesse was instrumental in helping and also John Dupuis. Bernie went above and beyond by bringing ice to the truck drivers, providing them with showers at the facility and anything else she could do. So from our company our responsibilities were way, way, way lessened because of Rick and his staff and we want to thank you. He's not happy with me now.

CHAIR ROMERO-WIRTH: Thank you. Well, he had better get used to it because there are a few tributes coming his way in the future. Other matters from the public?

8. MATTERS FROM THE BOARD

CHAIR ROMERO-WIRTH: Member Schmidt-Petersen.

MEMBER SCHMIDT-PETERSEN: Madam Chair, I have one item and that is having worked with Rick since the early 2000s, I want to wish him all the best in his retirement. He has done a tremendous job for the City of Santa from my experience and then also with Buckman. And there's a number of stories that would be better told in other places but I really believe that, from my experience as working at the ISC on Rio Grande issues, Rick with the help from Kyle and a number of others for the planning, the permitting and the building of Buckman without his honed demeanor and his persistence to basically work through a tremendous number of issues, I don't think the project would have been completed at least at the time that it was. Again, it was an amazing job and I just want to acknowledge that Rick and

your just continued dedication to this project and the water supply for all of Santa Fe and the County it really has made a positive difference. So thank you very much. [applause]

MR. CARPENTER: Thanks everybody and Rolf coming from you especially that means a lot to me and having worked with you for a couple of decades. We did a lot of good together and got a lot accomplished so right back at you.

CHAIR ROMERO-WIRTH: I want to let everyone know that we will be doing a retirement party for Rick so that we can make these tributes to his tenure, his important work that you've done at the facility and I do believe we will be noticing that gathering because we all will be together and not in this room. I know that Commissioner Hansen was sad to not be here tonight because I believe that this is your last meeting. So we are arranging for another venue where we can do these tributes and recognize your service. So I just want to let the Board know that you'll be getting a date, time and place very soon so we can properly send Rick off on his retirement.

MR. CARPENTER: Thank you very much, Madam Chair and members of the Board. I can't tell you how much I appreciate that.

Any other matters from the Board?

11. NEXT MEETING: August 1, 2024 at 4:00 p.m.

12. ADJOURN

Having completed the agenda and with no further business to come before the Board, Chair Romero-Wirth declared this meeting adjourned at approximately 4:45 p.m.

Approved by:

Carole Romero-Wirth, Board Chair

Respectfully submitted:

Wordswork

ATTEST TO

GERALYN F. CARDENAS
CITY OF SANTA FE INTERIM CLERK

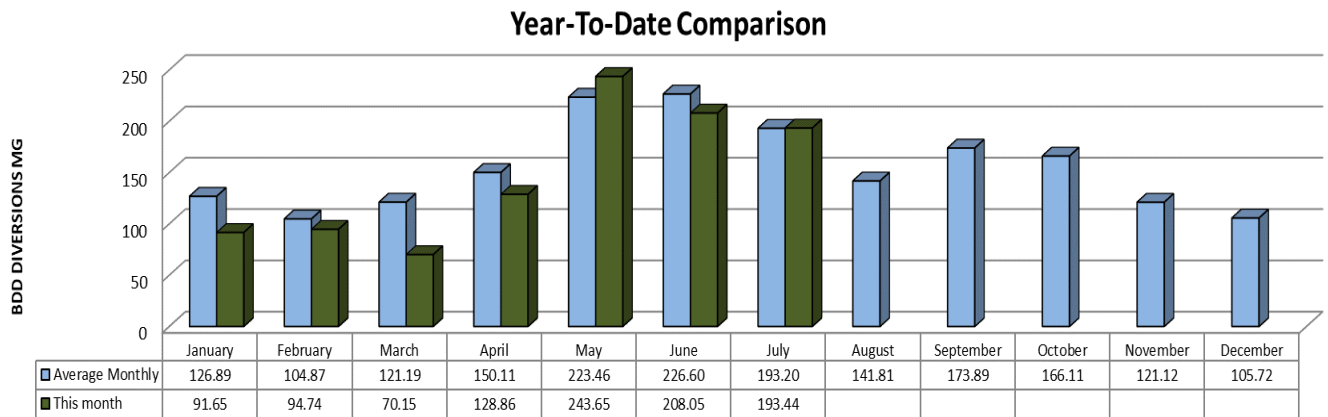
Date: August 1, 2024
To: Buckman Direct Diversion Board
From: Matthew Sandoval, Interim BDD Operations Superintendent
Subject: Update on BDD Operations for the Month of July 2024

ITEM:

1. This memorandum is to update the Buckman Direct Diversion Board (BDDDB) on BDD operations during the month of July 2024. The BDD diversions and deliveries have averaged, in Million Gallons Per Day (MGD), as follows:
 - a. Raw water diversions: 6.24 MGD.
 - b. Drinking water deliveries through Booster Station 4A/5A: 5.95 MGD.
 - c. Raw water delivery to Las Campanas at BS2A: 0.72 MG
 - d. WTP Onsite water storage variation: -0.43 MGD Average. (Average gain or loss per day to the 12MG WTP onsite storage.)

2. The BDD is providing approximately 51% percent of the water supply to the City and County for the month.

3. The BDD year-to-date diversions are depicted below:



Regional Water Overview

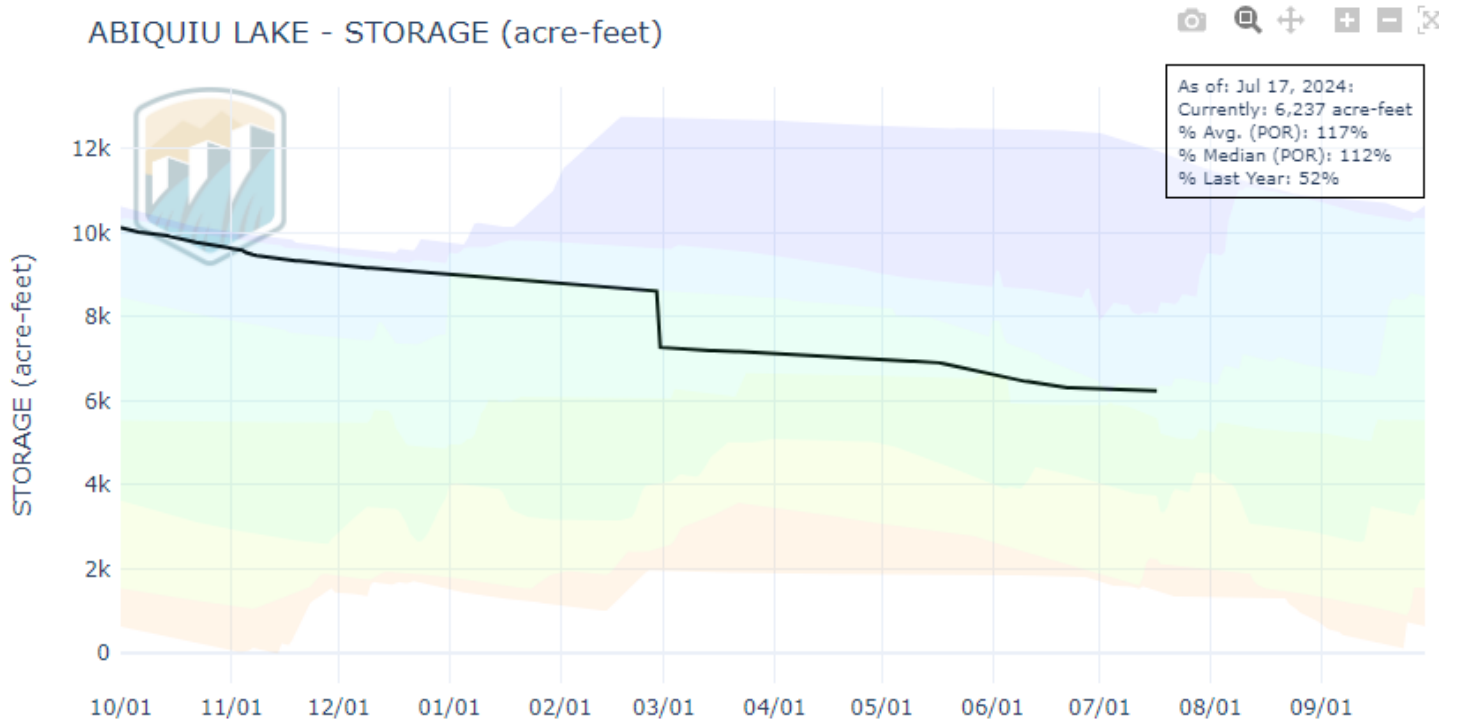
Daily metered regional water demand for the month of July 2024 is approximately 11.66 MGD.

Rio Grande flows for July 2024 averaged approximately 475 CFS (cubic feet per second.)

CRWTP reservoir storage: Nichols: 4.8%/McClure: 60.7% (51.23% combined) Watershed Inflow: 2.6 MGD

City/County/LC Storage- as updated by partners. As of July 17, 2024 City of SF Abiquiu SJC storage is at about 6237AF.

As of July 1, 2024 the City of Santa Fe has been allocated 4620AF of 5230AF and SF County 331AF of 375AF of SJCP water.



ENSO Summary

July 15, 2024

ENSO-neutral conditions are present.* Equatorial sea surface temperatures (SSTs) are above average in the western and west-central Pacific, near average in the east-central Pacific, and below average in the eastern Pacific Ocean. ENSO-neutral is expected to continue for the next several months, with La Niña favored to develop during August-October (70% chance) and persist into the Northern Hemisphere winter 2024-25 (79% chance during November-January).*

**Buckman Direct Diversion Monthly SJC and Native Diversions
July-24**

Month	Total SJC + Native Rights	SP-4842 RG Native COUNTY	SD-04842-A RG Native VIA SFC LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	SP-2847-E SJC Undiverted CITY	All Partners Conveyance Losses
JAN	283.691	91.173	0.000	192.518	192.518	0.000	0.000	1.986
FEB	293.064	112.967	0.000	180.097	180.097	0.000	0.000	1.858
MAR	217.014	95.914	0.000	121.100	121.100	0.000	0.000	1.475
APR	396.998	255.245	67.230	74.523	74.523	0.000	0.000	1.004
MAY	750.899	395.038	123.438	232.423	232.423	0.000	0.000	1.347
JUN	642.136	371.118	7.114	263.905	191.170	72.735	0.000	1.743
JUL	593.860	251.800	68.520	273.540	273.540	0.000	0.000	1.050
AUG	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
SEP	0.000	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	0.000
NOV	0.000	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	0.000
TOTAL	3,177.662	1,573.255	266.301	1,338.106	1,265.371	72.735	0.000	10.464

In Million Gallons

Month	Native COUNTY	SFC Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	SJC Undiverted CITY	All Partners Diversions
JAN	29.698	0.000	61.974	61.974	0.000	0.000	91.672
FEB	36.797	0.000	57.976	57.976	0.000	0.000	94.773
MAR	31.242	0.000	38.910	38.910	0.000	0.000	70.153
APR	83.142	21.899	23.913	23.913	0.000	0.000	128.954
MAY	128.677	40.208	74.921	74.921	0.000	0.000	243.805
JUN	120.885	2.317	84.961	61.545	23.416	0.000	208.164
JUL	82.019	22.319	4.995	4.995	0.000	0.000	109.333
AUG	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	512.461	86.743	347.650	324.234	23.416	0.000	946.854

Buckman Direct Diversion Monthly SJC and Native Diversions

Dec-23								
In Acre-Feet								
Month	Total SJC + Native Rights	SP-4842 RG Native Native COUNTY	SD-04842-A RG Native VIA SFC LAS CAMPANAS	SJC Call Total	SP-2847-E SJC Call CITY	SP-2847-N-A SJC Call LAS CAMPANAS	SP-2847-E SJC Undiverted CITY	All Partners Conveyance Losses
JAN	202.766	170.639	0.000	32.127	32.127	0.000	0.000	0.316
FEB	198.863	198.863	0.000	0.000	0.000	0.000	0.000	0.000
MAR	298.509	283.752	0.000	14.757	-0.183	14.940	0.000	0.148
APR	539.513	456.749	68.929	13.835	13.835	0.000	0.000	0.050
MAY	594.828	462.276	132.552	0.000	0.000	0.000	0.000	0.000
JUN	584.178	458.973	125.205	0.000	0.000	0.000	0.000	0.000
JUL	775.090	29.584	0.000	745.506	600.980	144.526	0.000	3.448
AUG	691.219	0.000	0.000	691.305	661.055	30.250	0.086	3.300
SEP	543.466	0.000	0.000	548.792	488.899	59.893	5.325	2.629
OCT	450.861	0.000	0.000	462.141	409.826	52.315	11.280	4.339
NOV	305.383	0.000	0.000	310.512	297.964	12.549	5.129	3.046
DEC	201.257	0.000	0.000	214.254	214.254	0.000	12.996	2.142
TOTAL	5,385.935	2,060.836	326.686	3,033.229	2,718.756	314.473	34.816	19.417

In Million Gallons

Month	Native COUNTY	SFC Native Las Campanas	SJC TOTAL	SJC CITY	SJC Las Campanas	SJC Undiverted CITY	All Partners Diversions
JAN	55.583	0.000	10.347	10.347	0.000	0.000	65.930
FEB	64.776	0.000	0.000	0.000	0.000	0.000	64.776
MAR	92.427	0.000	4.752	-0.059	4.819	0.000	97.179
APR	148.778	22.453	4.484	4.484	0.000	0.000	175.714
MAY	150.579	43.176	0.000	0.000	0.000	0.000	193.755
JUN	149.503	40.783	0.000	0.000	0.000	0.000	190.286
JUL	9.636	0.000	240.180	193.965	46.562	0.000	249.817
AUG	0.000	0.000	222.731	213.366	9.764	0.028	222.731
SEP	0.000	0.000	176.814	157.483	19.331	1.735	176.814
OCT	0.000	0.000	148.909	132.288	16.887	3.674	148.909
NOV	0.000	0.000	100.009	95.960	4.049	1.671	100.009
DEC	0.000	0.000	68.993	68.993	0.000	4.233	68.993
TOTAL	671.282	106.412	977.219	876.827	101.412	11.341	1,754.914



Date: August 1, 2024

To: BDD Board

From: Johnathan Montoya, BDD Interim Facilities Manager / Source of Supply Operations Manager

Re: BDD Facilities Manager Monthly Update to the BDD Board

Item and Issue

Below is the monthly update from the BDD Facilities Manager for the August, 2024 Board meeting:

- Major Repair and Replacement (MR&R) Fund.

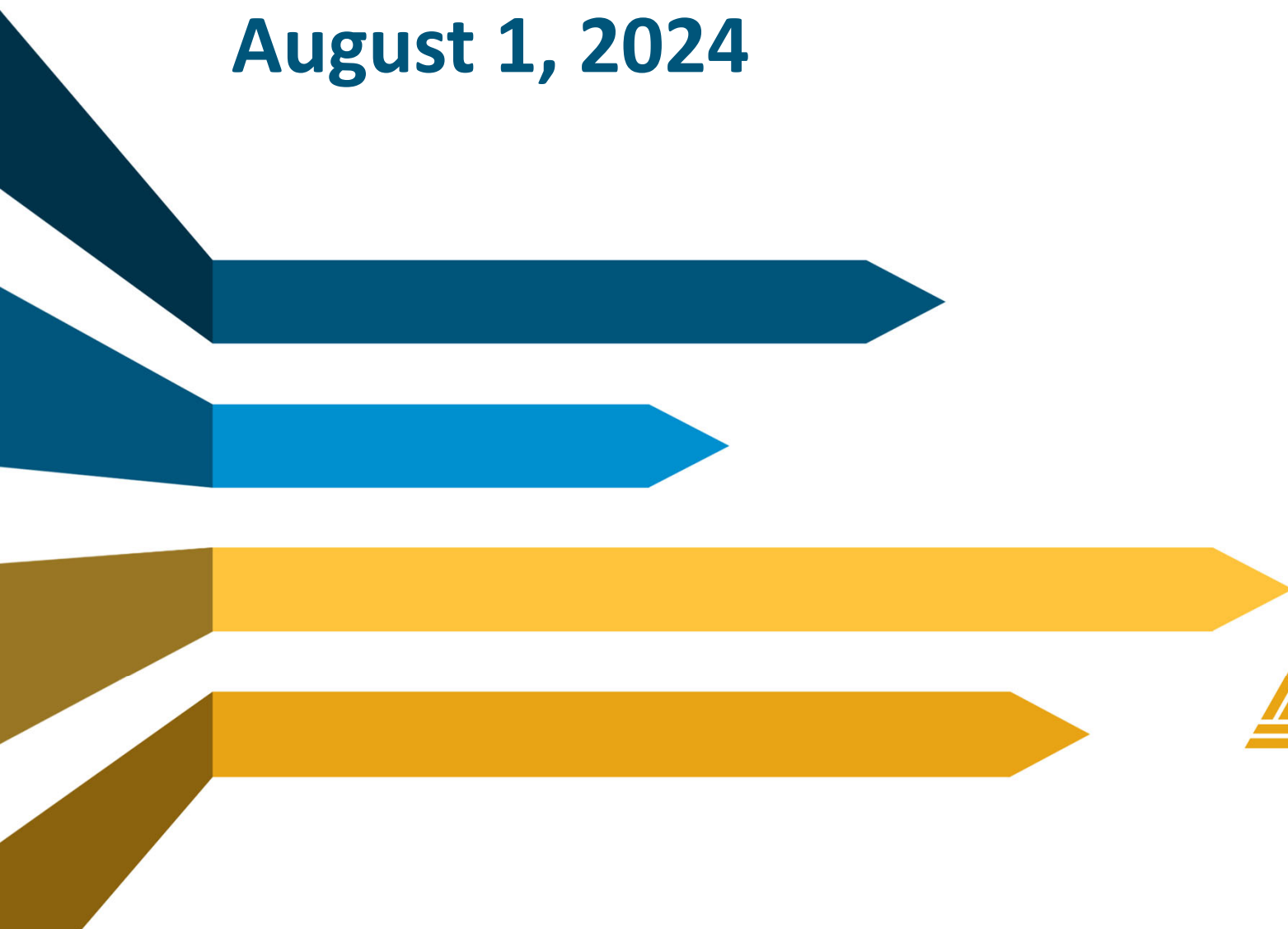
The BDD Facility Manager is to provide updates as needed on MR&R fund expenditures or other major expenditures on projects. There were no Major Repair & Replacement items for July 2024.

- BDD Re-Build Project Progress.

The procurement process is progressing and staff will report out to the Board at the September Board Meeting.



Buckman Direct Diversion Project – Audit 2023 Board Presentation August 1, 2024



Today's Agenda

Timeline

Scope of Work

Auditor's Reports

Questions?

Timeline



Timeline

Timeline

Date of Engagement Letter	January 12, 2024
Planning	April 2024
Fieldwork	April-May 2024
Exit Conference	May 14, 2024
Independent Auditor's Report	May 15, 2024
Submitted to NM OSA	May 15, 2024
Released from NM OSA	June 9, 2024

Scope of Work



Scope of Work

**Audit of Financial Statements
for June 30, 2023**

**Compliance with NM State
Audit Rule**

Auditor's Reports



Auditor's Reports

Independent Auditor's Report

- **Opinion on the Financial Statements**
 - **Unmodified – Best opinion**
 - **Financial Statements are presented fairly in accordance with U.S. GAAP**
- **Pages 8-11**

Auditor's Reports

Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

- **Negative Assurance**
 - **1 Material Weakness**
 - **1 State Audit Rule Findings**
- **Report Pages 42-43**
- **Schedule of Findings and Responses Pages 44-47**

Auditor's Reports – Finding Summary

Financial Statement Finding 2023-001 – Partner Billings and Accounts Receivable (MW)

- Pages 44-45

Auditor's Reports – Finding Summary

State Audit Rule Finding 2023-002 (2019-001) – Late Submission of Audit Report (ONC)

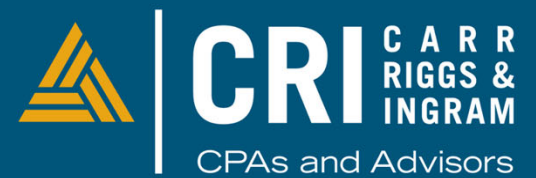
- Pages 46-47

Questions?

Thank You

Eric O. Spurlin, CPA, CITP
espurlin@cricpa.com

505.883.2727





**State of New Mexico
Buckman Direct Diversion Project**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION



**State of New Mexico
Buckman Direct Diversion Project
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June 30, 2023**

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**State of New Mexico
Buckman Direct Diversion Project
Official Roster
June 30, 2023**

ELECTED OFFICIALS

Anna Hamilton	Chairperson , Commissioner - Santa Fe County
Carol Romero-Wirth	Vice Chairperson, Councilor - City of Santa Fe
Anna Hansen	Commissioner, Santa Fe County
Renee Villareal	Councilor, City of Santa Fe
J.C. Helms	Member At-Large
Peter Ives	Member Alternate At-Large
Tom Egelhoff	Las Campanas, Nonvoting Member

ADMINISTRATIVE OFFICIALS

Rick Carpenter	BDD Facilities Manager
Antoinette Armijo-Rougemont	BDD Accounting Supervisor

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Joesph M. Maestas, P.E., CFE, New Mexico State Auditor and
Board Members
Buckman Direct Diversion Project
Santa Fe, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activity of the Buckman Direct Diversion Project ("BDD") as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise BDD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity of BDD as of June 30, 2023 and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BDD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BDD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 BDD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BDD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary 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 accompanying budgetary comparison schedule - schedule of revenues, expenses, and changes in net position budget (non-GAAP budgetary basis) and actual and the schedule of changes in restricted net position by partner ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2024, on our consideration of BDD'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 BDD'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 BDD's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
May 15, 2024

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BASIC FINANCIAL SECTION



**State of New Mexico
Buckman Direct Diversion Project
Statement of Net Position**

June 30, 2023	Business-Type Activity
Assets	
Current assets	
Restricted cash and investments	
Emergencies	\$ 2,087,352
Major repair and replacement	73,698,977
Partners' accounts receivable	
City of Santa Fe	8,787,797
Santa Fe County	1,892,467
Las Campanas Club	138,235
Las Campanas CoOp	118,813
Interest receivable	195,026
Prepaid items	10,000
Other receivable	140,271
Grants receivable	29,437
Chemical inventory	152,104
Total current assets	87,250,479
Noncurrent assets	
Capital assets not being depreciated	285,774
Capital assets being depreciated	11,664,492
Accumulated depreciation	(3,537,188)
Total noncurrent assets	8,413,078
Total assets	\$ 95,663,557

The accompanying notes are an integral part of these financial statements.

June 30, 2023	Business-Type Activity
Liabilities and net position	
Current liabilities	
Partners' credit balances	
City of Santa Fe	\$ 4,642,544
Santa Fe County	1,328,687
Las Campanas Club	111,006
Las Campanas CoOp	22,813
Accounts payable	337,107
Pooled cash - cash overdraw	1,560,172
Intergovernmental payable	891,721
Total current liabilities	8,894,050
Net position	
Net investment in capital assets	8,413,078
Restricted for:	
Emergency reserves	2,087,352
Major repair and replacement reserves	73,698,977
Unrestricted	2,570,100
Total net position	86,769,507
Total liabilities and net position	\$ 95,663,557

The accompanying notes are an integral part of these financial statements.

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State of New Mexico
Buckman Direct Diversion Project
Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2023	Business-Type Activity
Operating revenues	
Reimbursements	
City of Santa Fe	\$ 5,453,386
Santa Fe County	2,127,956
Las Campanas Club	136,483
Las Campanas CoOp	104,692
Utility reimbursements	367,105
Federal grants	29,152
<hr/>	
Total operating revenues	8,218,774
<hr/>	
Operating expenses	
Buckman Direct Diversion Project operations	7,034,600
Major repairs	364,471
<hr/>	
Total operating expenses	7,399,071
<hr/>	
Total operating Income (loss)	819,703
<hr/>	
Nonoperating revenue	
Other miscellaneous revenue	3,926
Investment income	2,206,095
<hr/>	
Total nonoperating revenue	2,210,021
<hr/>	
Change in net position	3,029,724
<hr/>	
Net position, beginning of year	83,739,783
<hr/>	
Net position, end of year	\$ 86,769,507
<hr/>	

The accompanying notes are an integral part of these financial statements.

**State of New Mexico
Buckman Direct Diversion Project
Statement of Cash Flows**

For the year ended June 30, 2023	Business-type Activity
Operating Activities	
Cash received from partners' and PNM	\$ 1,828,236
Cash paid to suppliers for goods and services	(5,725,215)
<hr/>	
Net cash (used for) operating activities	(3,896,979)
Capital and Related Financing Activities	
Settlement funds reserved for capital repair and replacement	3,926
Acquisition and construction of capital assets	(351,403)
<hr/>	
Net cash (used for) capital and related financing activities	(347,477)
Investing Activities	
Investment income	2,206,095
<hr/>	
Net cash provided by investing activities	2,206,095
Net decrease in cash and cash equivalents	(2,038,361)
Total cash, cash equivalents, restricted cash and investments, beginning of year	76,264,518
<hr/>	
Total cash, cash equivalents, restricted cash and investments, end of year	\$ 74,226,157
<hr/>	
Reported in the statement of net position as	
Pooled cash - cash overdraw	\$ (1,560,172)
Restricted cash and investments	
Emergencies	\$ 2,087,352
Major repair and replacement	73,698,977
<hr/>	
Total cash, cash equivalents, restricted cash and investments	74,226,157
<hr/>	

The accompanying notes are an integral part of these financial statements.

For the year ended June 30, 2023	Business-type Activity
Reconciliation of Operating Income to Net Cash (Used for) Operating Activities	
Operating income	\$ 819,703
Adjustments to reconcile operating income to net cash (used for) operating activities	
Depreciation	490,418
Changes in assets and liabilities	
Partners' accounts receivable	(6,165,382)
Interest receivable	(192,854)
Other receivable	(3,150)
Grants receivable	(29,152)
Chemical inventory	(49,165)
Partners' credit balances	1,351,815
Accounts payable	71,441
Intergovernmental payable	(190,653)
Total adjustments	(4,716,682)
Net cash (used for) operating activities	\$ (3,896,979)

The accompanying notes are an integral part of these financial statements.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 1: ORGANIZATION

Under a joint powers agreement (“JPA”) for the Buckman Direct Diversion Project (the “BDD”) Project dated January 11, 2005, the City of Santa Fe (“the City”) joined Santa Fe County (“the 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 BDD commenced May 15, 2011. The BDD 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. BDD 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 BDD and have established a board to oversee the planning, procurement, financing, permitting, design, and construction of the BDD as well as the operations and management of BDD. 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 BDD 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. BDD 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

The summary of significant accounting policies of BDD is presented to assist in the understanding of BDD’s financial statements. The financial statements and notes are the representation of BDD’s management who is responsible for their integrity and objectivity. The financial statements of BDD 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.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 BDD for financial reporting purposes, management has considered all potential component units.

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

Enterprise Fund Financial Statements

BDD 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. BDD'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 BDD 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 reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position

Cash, Cash Equivalents, and Investments

Cash is pooled into one common account maintained by the City, BDD's fiscal agent, in order to maximize investment opportunities. BDD'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, short-term investments with original maturities of three months or less from the date of acquisition. The City also holds fixed income securities with original maturities of up to 3 years. These securities with original maturities of over three months are classified as investments. Please refer to the City's financial statements for the year ended June 30, 2023 for a complete description of permissible investments and risk disclosures concerning cash investments.

Receivables and Payables

All trade and other receivables are shown net of allowances for uncollectable amounts, when applicable. Receivables are analyzed for their collectability based on the terms of and conditions of agreements, as well as current economic conditions and consideration of the creditors' ability to pay. In addition to those receivables specifically identified as uncollectable, a general allowance is established for receivables older than one year. As of June 30, 2023, no allowance for doubtful accounts was deemed necessary.

Partners' Accounts Receivables/Partners' 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 BDD from prebilling activities are reported as Partners' 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 partners' credit balances in the statement of net position and used to offset future billings.

**State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Chemical Inventory

Chemical inventory recorded in BDD’s enterprise fund is stated at the lower of cost of market and totals \$152,104 at June 30, 2023. 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:

Capital asset classes	Lives
Buildings and systems	50 years
Equipment and machinery	7 years
Vehicles	8 years
Data processing and software	3 years

Restricted Assets

Certain assets of BDD are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Emergency reserve – in accordance with the emergency reserve fund policy, certain resources are restricted to assure BDD’s timely response to emergencies, which could potentially threaten, reduce, or eliminate BDD’s capacity to meet its customers’ demands.

Major repair and replacement reserve – in accordance with the major repair and replacement reserve fund policy, certain resources are restricted to assure BDD’s ability to cover the repair and replacement cost of capital assets already in existence within BDD.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

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 required by the Facility Operations and Procedures Agreement and 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 was fully funded at June 30, 2014. For the repair and replacement reserve, BDD approved \$578,827 in annual partner contributions for fiscal year 2023. During fiscal year 2023, \$243,973 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

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

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.

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.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

BDD'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 BDD's timely response to emergencies, which could potentially threaten, reduce, or eliminate BDD's capacity to meet its customers' demands, BDD 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 as of June 30, 2023 was \$2,087,352.
- Major repair and replacement fund policy - In accordance with the BDD's intergovernmental agreements and in order to secure resources assuring BDD's ability to cover the repair and replacement cost of capital assets already in existence within BDD, 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. BDD established an accumulation target of \$411,812 in annual contributions, in 2017 the board approved an increase of \$214,894 for a total annual contribution of \$626,707 to be fully funded by the end of each fiscal year. The total amount funded as of June 30, 2023 was \$73,698,977.

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

Policy on Use of Restricted and Unrestricted Resources

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

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses

Business-type activities 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 the BDD Project'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.

Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. In fiscal year 2019, BDD received a grant award from the U.S. Department of Energy for water quality monitoring activities. Expenditures totaling \$29,152 were incurred against the grant during fiscal year 2023.

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 that useful lives of depreciable assets and the estimated usage of leave balances by employees. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 15, 2024, and determined there were no events that occurred that required disclosure.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

BDD's annual operating budget for the enterprise fund is adopted on a basis other than generally accepted accounting principles (non-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 BDD'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, contract, 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.

Recently Issued and Implemented Accounting Procurements

During the fiscal year ended June 30, 2023, BDD adopted GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

The implementation of GASB Statements No. 91, 94, 96, and 99 did not affect BDD in a material manner.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

**State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Procurements (Continued)

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. Earlier application is encouraged.

BDD is evaluating the requirements of the above statements and the impact on reporting.

Note 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2023, BDD had the following cash, cash equivalents, and cash investments totaling \$74,226,157:

Investment Type	Fair Value	Percentage of Total	Weighted Average Maturities	S&P Rating
Money market funds/cash sweeps	\$ 57,352,209	77%	N/A	N/A
Fixed income securities	14,641,950	20%	1.32 years	AA+
Deposits with the City of Santa Fe	2,231,998	3%	N/A	N/A
Total	\$ 74,226,157			

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Deposits with the City of Santa Fe represent BDD’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 financial statement of 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 4: PARTNERS’ ACCOUNTS RECEIVABLE/PARTNERS’ CREDIT BALANCES

The following table shows the balances outstanding from each partner or partner credit balance as of June 30, 2023.

	City of Santa Fe	Santa Fe County	Las Campanas Club	Las Campanas CoOp	Total
Partners' accounts receivable	\$ 8,787,797	\$ 1,892,467	\$ 138,235	\$ 118,813	\$ 10,937,312
Less partners' credit balance	4,642,544	1,328,687	111,006	22,813	6,105,050
Total partner balance	\$ 4,145,253	\$ 563,780	\$ 27,229	\$ 96,000	\$ 4,832,262

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

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 5: CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2023. Construction in progress is not subject to depreciation.

	Beginning Balance June 30, 2022	Additions	Deletions/ Adjustments	Ending Balance June 30, 2023
Capital assets not being depreciated				
Construction-in-progress	\$ 57,909	\$ 227,865	\$ -	\$ 285,774
Total non-depreciable capital assets	57,909	227,865	-	285,774
Capital assets being depreciated				
Buildings and systems	10,354,010	-	-	10,354,010
Equipment and machinery	548,158	108,410	-	656,568
Vehicles	514,557	-	-	514,557
Data processing and software	124,229	15,128	-	139,357
Total capital assets being depreciated	11,540,954	123,538	-	11,664,492
Less accumulated depreciation				
Buildings and systems	(1,922,226)	(174,748)	-	(2,096,974)
Equipment and machinery	(541,474)	(291,993)	-	(833,467)
Vehicles	(471,105)	(8,690)	-	(479,795)
Data processing and software	(111,965)	(14,987)	-	(126,952)
Total accumulated depreciation	(3,046,770)	(490,418)	-	(3,537,188)
Total capital assets being depreciated, net	8,494,184	(366,880)	-	8,127,304
Total Capital assets	\$ 8,552,093	\$ (139,015)	\$ -	\$ 8,413,078

Depreciation expense for capital assets for the fiscal year ended June 30, 2023 was \$490,418. Depreciation expense is recorded in Buckman Direct Diversion Project operations on the statement of revenues, expenses, and changes in net position.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 5: CAPITAL ASSETS (Continued)

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 Systems	Equipment and Machinery	Total
City of Santa Fe	\$ 115,440,642	\$ 4,842,162	\$ 120,282,804
Santa Fe County	101,372,508	-	101,372,508
Less accumulated depreciation	(47,928,278)	(4,842,162)	(52,770,440)
Total	\$ 168,884,872	\$ -	\$ 168,884,872

Note 6: ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

1. BDD is economically dependent on three entities: the City of Santa Fe, Santa Fe County, and Las Campanas Entities (the user partners). These entities account for 100% of its funding for the year ending June 30, 2023.
2. See note 4 for outstanding balances owed from user partners and credit balances outstanding as of June 30, 2023.

The City of Santa Fe acts as fiscal agent for the BDD and receives a fee of 4.5% of the annual operating budget of the project. The City of Santa Fe received fees for services as fiscal agent of \$294,899 and received reimbursement of personnel costs of 3,274,157 for the year ended June 30, 2023.

Note 7: RISK MANAGEMENT

Pursuant to the Joint Powers Agreement Section 23, BDD is required to carry insurance coverage separate and apart from the partners' respective insurance policies. BDD 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. BDD 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. BDD carries commercial property insurance on all of BDD's buildings, structures, equipment, improvements, and vehicles to protect itself from losses arising from fire, earthquake, and flood disasters. BDD also has commercial insurance for potential losses arising from excess liability and failures to supply materials needed to operate BDD facilities.

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 7: RISK MANAGEMENT (Continued)

BDD staff, as employees of the City, participate in the Santa Fe Health Fund and the Workers' Compensation Fund, which are self-insured programs administered by the fiscal agent. BDD 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 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. BDD 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 2023.

Note 8: PROJECT MANAGER/FISCAL AGENT AGREEMENT

In November 2007, the BDD board entered into an agreement with the City 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;
- 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 their 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 Entities in connection with the Project, and respond to related audits as may be necessary;

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 8: PROJECT MANAGER/FISCAL AGENT AGREEMENT (Continued)

Project Manager (Continued)

- Prepare and submit to the BDD board, the City, the County, and Las Campanas Entities 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, and major maintenance replacement costs, proposed allocation of costs among the City, the County, and Las Campanas Entities as provided in the Facility 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 Entities in accordance with the cost sharing provisions of the FOPA;
- Develop a document retention and protection policy for adoption by the BDD 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 according 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
Notes to Financial Statements

Note 8: 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 Entities 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 Entities, primarily via monthly BDD board meetings, and keep these entities informed of important matters as may be necessary in the interim between monthly BOD 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 Entities 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;

State of New Mexico
Buckman Direct Diversion Project
Notes to Financial Statements

Note 8: PROJECT MANAGER/FISCAL AGENT AGREEMENT (Continued)

Project Manager (Continued)

- After the end of each fiscal year, provide copies of financial statements to the City, the County, and Las Campanas Entities, 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 MDA for the annual financial report, and provide upon request, a monthly general ledger report; and
- 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 9: FEDERAL AND STATE GRANTS

In the normal course, of operations, BDD 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.

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SUPPLEMENTARY INFORMATION



State of New Mexico
Buckman Direct Diversion Project
Budgetary Comparison Schedule – Schedule of Revenues, Expenses, and
Changes in Net Position Budget (Non-GAAP Budgetary Basis) and Actual

For the year ended June 30, 2023	Budgeted Amounts		Actual (Non-GAAP)	Variance with Final Budget Positive
	Original	Final		(Negative)
Operating revenues				
City of Santa Fe	\$ 5,776,997	\$ 5,776,997	\$ 5,453,386	\$ (323,611)
Santa Fe County	2,089,264	2,089,264	2,127,956	38,692
Las Campanas Club	67,024	67,024	136,483	69,459
Las Campanas CoOp	86,495	86,495	104,692	18,197
PNM solar rebates	120,000	120,000	-	(120,000)
Utility reimbursements	-	-	367,105	367,105
Federal grants	96,000	96,000	29,152	(66,848)
Total operating revenues	8,235,780	8,235,780	8,218,774	(17,006)
Operating expenses				
Personnel services	3,785,008	3,785,008	3,274,157	510,851
Electricity	1,450,000	1,450,000	1,165,916	284,084
Chemicals	385,000	385,000	413,230	(28,230)
Solids	83,219	83,219	105,204	(21,985)
Materials and supplies	737,114	737,114	435,863	301,251
Other operating costs	1,243,540	1,243,540	1,209,796	33,744
Conservation fees - county only	-	-	9,588	(9,588)
Litigation costs	257,000	257,000	-	257,000
Fiscal agent fee	294,899	294,899	294,899	-
Total operating expenses	8,235,780	8,235,780	6,908,653	1,327,127
Nonoperating revenue (expenses)				
Other miscellaneous revenue	-	-	3,926	3,926
Investment income	-	-	2,206,095	2,206,095
Budgeted fund balance	-	-	-	-
Total nonoperating revenue (expenses)	-	-	2,210,021	2,210,021
Excess of revenues over expenses	\$ -	\$ -	3,520,142	\$ 865,888
Adjustments for U.S. GAAP basis (nonbudgeted items)			490,418	
Change in net position			3,029,724	
Net position, beginning of year			83,739,783	
Net position, end of year			\$ 86,769,507	

State of New Mexico
Buckman Direct Diversion Project
Schedule of Changes in Restricted Net Position by Partner

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Emergency Reserves				
Restricted net position				
City of Santa Fe	\$ 1,362,855	\$ 709	\$ -	\$ 1,363,564
Santa Fe County	486,273	253	-	486,526
Las Campanas Entities	237,139	123	-	237,262
Total restricted net position	\$ 2,086,267	\$ 1,085	\$ -	\$ 2,087,352
Major Repair and Replacement Reserves				
Restricted net position				
City of Santa Fe	\$ 1,507,546	\$ 578,827	\$ (173,448)	\$ 1,912,925
Santa Fe County	524,896	-	(60,922)	463,974
Las Campanas Entities	95,942	-	(9,603)	86,339
Settlements	70,000,118	2,083,041	(847,420)	71,235,739
Total restricted net position	\$ 72,128,502	\$ 2,661,868	\$(1,091,393)	\$ 73,698,977
Combined				
Restricted net position - combined				
City of Santa Fe	\$ 2,870,401	\$ 579,536	\$ (173,448)	\$ 3,276,489
Santa Fe County	1,011,169	253	(60,922)	950,500
Las Campanas Entities	333,081	123	(9,603)	323,601
Settlements	70,000,118	2,083,041	(847,420)	71,235,739
Total restricted net position	\$ 74,214,769	\$ 2,662,953	\$(1,091,393)	\$ 75,786,329

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COMPLIANCE SECTION





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**INDEPENDENT AUDITOR’S 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***

Joseph M. Maestas, P.E., CFE, New Mexico State Auditor and
Board Members
Buckman Direct Diversion Project
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 the business-type activity of the Buckman Direct Diversion Project (“BDD”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BDD’s basic financial statements, and have issued or report thereon dated May 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements we considered BDD’s internal control over financial reporting (internal control) as a basis for designing 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 the BDD’s internal control. Accordingly, we do not express an opinion on the effectiveness of the BDD’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.

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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BDD'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

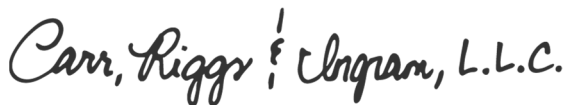
We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and responses pursuant to Section 12-6-5 NMSA 1978 as item 2023-002.

BDD's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on BDD's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. BDD's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
May 15, 2024

**State of New Mexico
Buckman Direct Diversion Project
Schedule of Findings and Responses
June 30, 2023**

SECTION I: SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. Type of auditor’s report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	No

SECTION II: FINANCIAL STATEMENT FINDINGS

2023-001 – Partner Billings and Accounts Receivable (Material Weakness)

Condition: BDD’s process for reconciling partner billings and verifying accounts receivable balances is not designed to ensure the completeness and accuracy of partner balances.

Criteria: The COSO Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. An integral part of designing proper control activities is implementing and maintaining a process to reconcile and validate accounts receivable.

Effect: Proposed audit adjustment of \$4,444,777 was required to properly state partner accounts receivable as of June 30, 2023.

Cause: Over the past four to five fiscal years, there has been turnover in BDD’s key personnel responsible for the finance and accounting function. As such, billings and review of receivable balances has not been consistently completed.

Auditor’s Recommendation: BDD should continue to search for and onboard a permanent position responsible for finance and accounting. Additionally, that individual should be responsible for implementing a periodic process to review and validate partner receivables, revenues, and pre-bill’s. The process should result in adequate supporting documentation that allows for both BDD and the partner’s to have an accurate understanding of outstanding balances.

State of New Mexico
Buckman Direct Diversion Project
Schedule of Findings and Responses
June 30, 2023

SECTION II: FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023-001 – Partner Billings and Accounts Receivable (Material Weakness)(Continued)

Views of Responsible Officials and Planned Corrective: BDD agrees with this finding and is currently recruiting an Accounting Supervisor. This position will be responsible for BDD's finance and accounting functions, including reconciling partner billing, and verifying that accounts receivable balances are accurate. The Accounting Supervisor will be responsible for implementing a process to review, validate, and document partner receivables, revenues, and pre-bills. The process will be documented in a procedure to allow for cross-training and reduce the risk of loss of institutional knowledge in the event of turnover. BDD will implement a process to retain documentation to support the partner's receivable balances. In FY24 to mitigate the impact of staff vacancies and enhance the BDD's financial capabilities, BDD engaged specialized consultants from an independent public accounting firm to assist until the Accounting Supervisor is hired. The consultants have provided audit preparation services and operational support and will assist the new Accounting Supervisor in learning BDD's processes. The consultants provide backup in the event that permanent positions are vacant, and they provide additional bandwidth to help manage the workload.

Responsible Officials: Facilities Manager and Accounting Supervisor (in recruitment) in cooperation with the City

Timeline and Estimated Completion Date: December 15, 2024

State of New Mexico
Buckman Direct Diversion Project
Schedule of Findings and Responses
June 30, 2023

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS

2023-002 (2019-001) – Late Submission of Audit Report (Other Noncompliance)

Condition: The audited financial statements of BDD were submitted to the New Mexico Office of the State Auditor after the statutory deadline of December 15, 2023.

Management Progress: BDD submitted its fiscal year 2022 audit just under 12 months subsequent to the statutory deadline. The fiscal year 2023 audit was submitted 5 months after the original deadline which demonstrates progress towards being on time for future audits.

BDD's fiscal agent has recently been able to hire key positions to the finance and accounting departments. Additionally, a new consultant was hired in at the start of calendar year 2022 to provide additional human capital with the goal of helping its fiscal agent catch up. Ultimately, the timeliness of BDD's audit is closely related to that of the fiscal agent.

Criteria: Per Section 2.2.2.9 A(1)(g) NMAC, the audited financial statements of BDD for the year ended June 30, 2023 were due to the New Mexico Office of the State Auditor by December 15, 2023.

Effect: BDD is not in compliance with the report due date prescribed in the New Mexico Administrative Code.

Cause: The fiscal agent for BDD was still in the process of completing the fiscal yearend close, reconciling the trial balance, and completing the ACFR. Due to BDD and its fiscal agent sharing an accounting software and some operations, BDD's audit could not be completed as a result.

State of New Mexico
Buckman Direct Diversion Project
Schedule of Findings and Responses
June 30, 2023

SECTION III: SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

2023-002 (2019-001) – Late Submission of Audit Report (Other Noncompliance)(Continued)

Auditor's Recommendation: BDD should continue to maintain its records and work with its fiscal agent and the consulting accounting firm to catch up on accounting and unissued audits.

Views of Responsible Officials and Planned Corrective: The BDD Board has communicated to the City Finance Director that BDD information should be maintained separate from the City as much as possible to facilitate timely audits. BDD understands the importance of timely financial reporting and has worked with the City to get caught up on annual financial statement audits. With the submission of the FY23 audit BDD has submitted three audits (FY21, FY22 and FY23) to the Office of the State Auditor in the 10.5-month period from June 30, 2023 to May 15, 2024. The City Finance Director believes that submitting the FY24 audit timely by the State Auditor's Office due date in December 2024 is achievable. BDD continues to recruit key positions including Accounting Supervisor which will be instrumental in completing the FY24 audit timely. The City's recent implementation of a new compensation and classification study and a new pay plan is resulting in more interest from jobseekers. BDD engaged specialized consultants from an independent public accounting firm to assist until the Accounting Supervisor is hired. The consultants have provided audit preparation services and operational support and will assist the new Accounting Supervisor in learning BDD's processes. The consultants provide a backup in the event that permanent position is vacant, and they provide additional bandwidth to help manage the workload.

Responsible Officials: Facilities Manager and Accounting Supervisor (in recruitment) in cooperation with the City.

Timeline and Estimated Completion Date: December 15, 2024

SECTION IV: PRIOR YEAR AUDIT FINDINGS

2022-001 (2019-001) – Late Submission of Audit Report (Other Noncompliance) – Modified and Repeated

State of New Mexico
Buckman Direct Diversion Project
Other Disclosures
June 30, 2023

EXIT CONFERENCE

An exit conference was held on May 14, 2024 virtually. The following individuals were in attendance.

Representing Buckman Direct Diversion Project:

Carol Romero-Wirth	Councilor, City of Santa Fe
Nancy Long	General Counsel
Rick Carpenter	Facilities Manager
Monique Maes	Contracts Manager
Jesse Roach	Water Division Director
Andres Gamez, CPA	Contractor
Joan Scholz	Contractor
Chris Zaucha, CCIFP	Contractor
Joseph Maestas	State Auditor
David Craig	Director of Government Accountability Office

Representing Carr, Riggs & Ingram, LLC:

Eric Spurlin, CPA, CITP	Partner
Alan D. "A.J." Bowers, Jr., CPA, CITP	Partner

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of BDD from the original books and records provided to them by the management of BDD. The responsibility for the financial statements remains with BDD.