

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

May 5, 2011

This meeting of the Santa Fe County/City Buckman Direct Diversion Board meeting was called to order by Commissioner Virginia Vigil, Chair, at approximately 4:00 p.m. in the Santa Fe City Council Chambers, 200 Lincoln Avenue, Santa Fe, New Mexico.

Roll was called and the following members were present:

BDD Board Members Present:

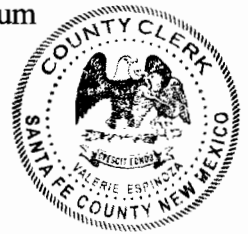
Commissioner Virginia Vigil, Chair
Councilor Rebecca Wurzburger
Commissioner Liz Stefanics [4:15 arrival]
Councilor Chris Calvert

Member(s) Excused:

Ms. Consuelo Bokum

Others Present:

Rick Carpenter, BDD Project Manager
Nancy Long, BDDDB Contract Attorney
Lynn Komer, PR Team
Robert Mulvey, Facility Manager
Marcos Martinez, City Attorney
Steve Ross, County Attorney
Shawn Stack, Clifton
Gary Durrant, BDD Operations
Mike Sanderson, Las Campanas
Steve Hoffman, BDDDB Engineer
Mark Ryan, CDM
Brian Shelton, BDD Accountant
Carole Jaramillo, County Finance
Shelley Larson, BDD Safety and Security Administrator
Neva Van Peski, League of Women Voters
Joni Arends, Concerned Citizens for Nuclear Safety



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BUCKMAN DIRECT DIV MI
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I Hereby Certify That This Instrument Was Filed for
Record On The 14TH Day Of July, 2011 at 09:12:30 AM
And Was Duly Recorded as Instrument # 1640035
Of The Records Of Santa Fe County

Deputy Marcella [Signature])
Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM

3. APPROVAL OF AGENDA

Rick Carpenter, BDD Project Manager, requested the removal of items 13 and 14 under Discussion and Action Items. Additional information is required from the federal agency and he anticipated the items will be brought forward at the June Board meeting.

CLERK RECORDED BY 11/14/2011

Councilor Calvert moved approval as amended. His motion was seconded by Councilor Wurzburger and passed by unanimous [3-0] voice vote. [Commissioner Stefanics was not present for this action.]

4. **APPROVAL OF MINUTES: April 7, 2011**

Councilor Wurzburger moved to approve the minutes as published. Her motion was seconded by Councilor Calvert and passed by unanimous [3-0] voice vote. [Commissioner Stefanics was not present for this action.]

5. **APPROVAL OF CONSENT AGENDA**

8. **Project Manager's Monthly Project exception Report**
9. **Project Manager's Report on Staffing and Training Program Progress**
10. **BDD Public Relations Report for January 2011**
11. **Update on Staffing & Vacancies**
12. **Request for Approval of Award of Bid for RFB #11/37/B for Water Treatment Chemicals for the Buckman Regional Water Treatment Plan**
 - a. **Award of bid to Kemira Water Solutions, Inc. for ferric chloride**
 - b. **Award of Bid to DPC Industries, Inc. for sodium hydroxide, sulfuric acid, hydrofluorosilicic acid, sodium hypochlorite**
 - c. **Award of Bid to F-2 for zinc orthophosphate**
 - d. **Award of Bid to Polydyne, Inc. for polymer**
 - e. **Award of Bid to Matheson Gas for liquid oxygen**

CHAIR VIGIL: Are there any concerns on any of the items.

COUNCILOR WURZBURGER: Move for approval.

COUNCILOR CALVERT: Second.

The motion passed by unanimous [3-0] voice vote. [Commissioner Stefanics was not present for this action.]

6. **MATTERS FROM STAFF**

There were no matters brought forward.

7. **FISCAL SERVICES AND AUDIT COMMITTEE**

MR. CARPENTER: The Fiscal Services and Audit Committee did convene a meeting this past Tuesday. On the agenda that was discussed was an update from the project's consulting accountants on the capital budget update. That item will

also be presented this evening. Also discussed was the draft release as related to unexpended contingency funds in the capital budget for the project. Discussion of the BDD insurance coverage and that too is on the agenda for this evening. And, we received an update on the implementation of the cost accounting system which is moving along quite well, and status of billing to the BDD partners for operational expenses.

CHAIR VIGIL: Is staff making any recommendations at this point in time?

MR. CARPENTER: No, Madam Chair.

COUNCILOR WURZBURGER: Comment.

CHAIR VIGIL: Councilor Wurzburger.

COUNCILOR WURZBURGER: Madam Chair, thank you so much. I would like to receive the agendas for these meetings and are there minutes?

MR. CARPENTER: Madam Chair, Councilor Wurzburger, it's my understanding that the agendas and any packet materials are emailed out, in fact, I think they went out on Friday of last week to –

COUNCILOR WURZBURGER: I don't recall – and maybe I'm not on the list for this committee but I would like to be on the list.

MR. CARPENTER: Would you like to receive a hard copy as well?

COUNCILOR WURZBURGER: No, email is fine.

MR. CARPENTER: Formal minutes are not taken.

COUNCILOR WURZBURGER: Because it's so close to this meeting and you just report it? Okay. But at least I'd like to see the agenda so I can consider it.

CHAIR VIGIL: Thank you. If there are no further items from staff we're going to move on.

[Commissioner Stefanics arrived at this time.]

DISCUSSION AND ACTION ITEMS

15. Update, Discussion and Possible Action for Saturday, June 11, 2011 BDD Community Celebration at Water History Park

CHAIR VIGIL: Ms. Komer, thank you for being here.

LYNN KOMER (Public Relations): Thank you, Madam Chair. Since the memo was written in April there have been some minor changes to how the celebration will take place. We are going to look at doing a tour, parking – and then have bus tours through the water treatment facility plant. We don't know about getting out to do other tours but we'll look at that. And we're also going to look at something at the Water History Plan and do a celebration as well as working on a tour component with the water treatment park.

CHAIR VIGIL: Yes, Councilor Calvert.

COUNCILOR CALVERT: So, is it June 11th or June 12th?

MS. KOMER: Saturday, June 11th.

COUNCILOR WURZBURGER: I have it 12.

COUNCILOR CALVERT: In the agenda it has it 12 and in the packet it says 11; so I'm trying to clarify.

MS. KOMER: It's Saturday the 11th.

COUNCILOR CALVERT: And who was consulted on setting this date?

MS. KOMER: Directly after the last Board meeting, I submitted a memo – I believe that Chair and Vice Chair regarding some possible dates and we also had to deal with what was available.

COUNCILOR CALVERT: So if I wasn't consulted it was because I wasn't included in that subsequent discussion. Okay, I appreciate that.

CHAIR VIGIL: Okay, thank you very much, Lynn. Are there any other further questions on this item? Seeing none, we look forward to seeing what you come up with. One of the things that I've learned since then is that one of the recommendation is to provide some sort of ongoing educational outreach and a decent program to do tours and things of that nature which I think is an integral part of the future of our Buckman Direct Diversion Project and informing the community. Thank you.

MS. KOMER: Thank you.

16. Request for Approval of a Professional Services Agreement between the Buckman Direct Diversion Board and Chavez Security to provide uniformed security services at the Buckman Regional Water Treatment Plant for the amount of \$164,355.88 plus \$13,456.63 (NM GRT 8.1875%) for the total amount of \$177,812.51

ROBERT MULVEY (BDD Facility Manager): Madam Chair, members of the Board, Shelley Larson is our Safety and Security Administrator at the BDD and she's here to answer any questions you have.

CHAIR VIGIL: Okay. Welcome, Shelley, is there anything you'd like to report?

SHELLEY LARSON (BDD Safety and Security Administrator): I have a memo in the packet for you requesting an approval to enter into the agreement with Chavez Security.

COUNCILOR WURZBURGER: Madam Chair.

CHAIR VIGIL: Councilor Wurzburger.

COUNCILOR WURZBURGER: My concern about this is that it didn't go to RFP. I know that we just did an RFP with Chavez but I think it's been clear at least in the City's budget discussions this year and I feel like I'm channeling Councilor Bushee, that we do go to RFP and that we don't continue to have contracts that – it certainly is expeditious. It's easy. But it concerns me in this climate. Do you want to respond to that?

MS. LARSON: Yes. It was in October 2010, Canyon Road went into RFP with Chavez Security. That contract ends June 2012. At the rate that Canyon Road was given for pricing for patrols, we felt that if we were able to piggyback off of Canyon Road's contract and get the same price with the cost of fuel increases and the patrols up and down the Buckman corridor, we didn't believe that we could get as good of a price at this time. So we decided to piggyback off of Canyon Road's contract and in June 2012 both Canyon Road and Buckman will reopen that contract for bid at that time again.

COUNCILOR WURZBURGER: Thank you for the explanation but I still won't support this.

CHAIR VIGIL: I have a question with regard to this. Is it time sensitive? Do we have to amend this contract? One of the issues I have is how comprehensive are our security needs being addressed?

MS. LARSON: On April 4th we had an incident at the river, at the groundwater lift station. We found at that time that it's pretty sensitive. We would like to secure security services as soon as possible.

CHAIR VIGIL: So these services have not been put in place. They're currently in place for other city projects.

MS. LARSON: Yes, for the Canyon Road.

CHAIR VIGIL: Is that the only area where they're helping or are they helping with your water treatment plants or –

MS. LARSON: Not at all at this time. And I have a couple of pictures.

COUNCILOR WURZBURGER: So we have a facility that is open and we have no security.

MS. LARSON: No, we don't have the security at this time.

CHAIR VIGIL: Councilor Calvert.

COUNCILOR CALVERT: I'm going to move for approval.

COMMISSIONER STEFANICS: I'll second.

CHAIR VIGIL: I have a motion and second for approval. Entering into this agreement will commit us to what extent, one year?

MS. LARSON: It's one year and one month.

CHAIR VIGIL: Okay. It's seeming to me that security guards address one issue of security and we do have cameras out there; am I correct? But even those cameras are perhaps the kind of cameras that are needed out there. Isn't one of the cameras – weren't one of the cameras destroyed?

MS. LARSON: Yes, on that April 4th evening. Well, the wiring was shot so the camera wasn't destroyed but it did take out the picture.

CHAIR VIGIL: The security patrol, is it 24/7?

MS. LARSON: Yes, it would be. I had to reduce some hours so I reduced the hours of Monday through Friday, 8 to 5. But otherwise it would be security in the evening year-round. And we also have operators that have to go to the diversion structure in the middle of the night, sometimes 9 p.m. even earlier than 5 a.m. when it is dark. The security service would provide on-call service to escort our operators to the river at that time.

COUNCILOR WURZBURGER: I'd like to add a friendly amendment to the maker of the motion and that is within one month staff will come back with a more comprehensive security plan that goes beyond driving around the property and escorting folks. And the second, which we may not need, is clear direction that when this contract ends it will indeed not be a sole source contract.

COUNCILOR CALVERT: As maker of the motion, I think she indicated that this whole contract for both the Buckman and the City's water treatment plant on Canyon is going to go out to bid on 2012.

COUNCILOR WURZBURGER: Yes, she indicated that verbally but is that in the contract?

COUNCILOR CALVERT: It's not in the contract because it terminates in 2012.

MS. LARSON: It terminates in 2012.

COUNCILOR WURZBURGER: Well, we terminate contracts and then somehow magically hiring people sole source after a contract is terminated. So that's the issue I'm trying to address. Is that unfriendly to the maker of the motion?

COUNCILOR CALVERT: It's fine but I don't think it's necessary because it is going to terminate and will have to go out to bid when this one ends in June of 2012. But that's fine. And in regards to the other part, I think, I don't have a problem with that. I think what staff needs to do is come back to us with what is the security plan, you know, refresh our memory as to what the security plan is and what all is involved in that. That's fine I'll accept those to the motion.

NANCY LONG (BDD Board Counsel): Madam Chair, members of the Board, I just wanted to point out that the contract also allows for termination of the contracts during the term by the Board upon 10 days notice.

COUNCILOR WURZBURGER: Thank you.

CHAIR VIGIL: Okay. And our concern I guess based on the incident that occurred is are we being really comprehensive here? This is such a major investment and so much could potentially go wrong that the fact that we've got security guards patrolling the area may not be sufficient. Coming back to us would be highly beneficial and I welcome you to speak with our risk management division with regard to some of the safety components that could be a part of this.

Okay, I have a motion with an amendment. Is there any further discussion?

The motion as amended passed by unanimous [4-0] voice vote.

**15. (Con't) Update, Discussion and Possible Action for Saturday, June 11, 2011
BDD Community Celebration at Water History Park**

COUNCILOR CALVERT: On item number 15 were we supposed to take action?

CHAIR VIGIL: It's an update discussion and possible action. But I think we don't have anything really final until Lynn comes up to us. We're having our May meeting and this is – when is our June meeting?

MR. CARPENTER: June 2nd, Madam Chair.

CHAIR VIGIL: So on June 2nd you could have a final proposal in terms of what we're going to be doing and we'll meet with you in the meantime. So we could take final action then, if that would work with you then.

MS. KOMER: June 2nd?

CHAIR VIGIL: That's our next meeting.

COUNCILOR CALVERT: That's not going to give much time for publicity I don't think. And it's also, at least are we going to set the date today or not? If we don't, that's fine. I can't make that date anyway because I can't. Nobody checked and asked me about that because I can't.

CHAIR VIGIL: I know we discussed this at our previous meeting. Did we take action on the date or were there just suggested dates? I actually think they were suggested dates so I'm open to what the members of the Board would like to do. If you'd like to take final action on this date tonight, I'm fine with that. It is noticed appropriately.

COUNCILOR WURZBURGER: I'll make a motion and then ask a question. Move to accept the date of June 11 as the day, that's a Saturday. And the question I have is Commissioner Stefanics, did you get a notice on this as well or is it just – no?

COMMISSIONER STEFANICS: We must have discussed this at the last meeting because I did put it in my calendar and reserved the time.

COUNCILOR WURZBURGER: So it was a combination of the meeting and the follow up letter once you had checked with the Mayor and other people.

MS. KOMER: Madam Chair, Councilor, I forwarded a "save-the-date" and it would have been a week and half after the last Board meeting.

COUNCILOR WURZBURGER: Okay, my motion stands.

CHAIR VIGIL: I have a motion.

COMMISSIONER STEFANICS: I made the second.

CHAIR VIGIL: All those in favor of making June 11th the date.

The motion passed by majority [3-1] voice vote with Councilor Calvert voting nay.

- 17. Request for Approval of Amendment No. 2 to the Professional Services Agreement between the Buckman Direct Diversion Board and the Santa Fe Community College to extend the term of the Agreement from May 31, 2011 to January 31, 2012 and to amend Exhibit 1, Scope of Work, to reallocate certain costs**

MS. LONG: Madam Chair, the memo that you have in your packet explains the reason for this request. There remains funding available in this contract if we just reallocate the cost so that the Community College can continue to provide training. Apparently there were some late hire dates for some of the staff and the Community College is willing to continue the training. We would extend the terms from the end of May this month to January 2012 and just reallocate the costs that will cover the training costs. There is no new funding that is being requested in order to continue the training. And, Steven Hoffman is here today from CDM if you have any questions about the training or any of the details regarding this request.

CHAIR VIGIL: Councilor Wurzburger.

COUNCILOR WURZBURGER: Move for approval.

COUNCILOR CALVERT: Second.

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

- 18. Discussion and Possible Action on BDD Insurance Coverage**

MR. MULVEY: Madam Chair, members of the Board, the purpose for this discussion item is relatively narrow. Our purpose here is simply to inform the Board that when the Builder's risk insurance policy expires upon substantial completion of the project, we are going to place insurance with the City, under the City's policy for an interim period. Moving forward long term, we've been in quite a few discussions with our insurance advisors and there are a lot of moving parts associated with this and several

technical issues that need to be resolved. There's a competitive process that we want to follow to get the best price for the Board. Things are falling into place but we have not had an opportunity yet to pull all of the parties together and to come to a consensus on the best way to move forward. When that occurs and in the near future we will be coming back to the Board providing information, possibly giving a recommendation on how best to proceed with the insurance coverage and then soliciting any direction that might be appropriate at this time. So we're working on this and we'll be back but we just wanted to let you know what's going on at this point.

CHAIR VIGIL: Will you be coming back at our June meeting?

MR. MULVEY: Madam Chair, that is our goal depending on how far we get with this but I anticipate that that's doable.

CHAIR VIGIL: I have an updated piece of information for you and that is that the County did look into the possibility of what our premiums would be, in fact, if the County became the insurance entity who covered this. The response we got from our insurance coverer was that it would be a little awkward. It would even be messy and muddy if we covered it because the employees are considered City employees. So, in fact, the option for the County to even consider becoming the insurance coverer with this is probably not there. Okay.

MR. MULVEY: I appreciate that information. That's helpful to us.

CHAIR VIGIL: Councilor Calvert.

COUNCILOR CALVERT: So, my only concern is do we have the – Contractor's coverage is terminated, right?

MR. MULVEY: It will terminate upon substantial completion. It hasn't terminated yet. That date depends on whether the contractor is able to meet all the requirements to obtain substantial completion. We are anticipating that that will occur this month around May 20th. But if we see anything within the unit processes that require additional rework by the contractor or attention, substantial completion could extend.

COUNCILOR CALVERT: Okay. So say it happens on May 20th and you're coming back to us in June, is there an interim coverage that will apply until you get back to us with a proposal and we make a decision?

MR. MULVEY: Madam Chair, Councilor Calvert, yes. We will have no lapse in insurance. That is our primary goal and we will be back to you when we have the long-term plan defined.

COUNCILOR CALVERT: What is the contingency for no lapse?

MR. MULVEY: The contingency for no lapse is for the City -- to place the insurance with the City immediately upon expiration of the Contractor's insurance.

COUNCILOR CALVERT: Okay, great.

CHAIR VIGIL: Thank you very much. So that might be an action item for our June meeting.

MR. MULVEY: Madam Chair, that's correct.

CHAIR VIGIL: Okay, we'll look forward to that.

INFORMATIONAL ITEMS

19. Update to the Approved BDD Project Capital Budget [Exhibit 2: Clifton Gunderson, 5/5/11 memo]

MR. CARPENTER: Thank you, Madam Chair. As I mentioned this was discussed at the Fiscal Services and Audio Committee last Tuesday. The accounting firm has been working very hard to update the capital budget. They have that work complete now and would like to make a brief presentation to the Board with regard to the update to the capital budget.

Madam Chair, you have some handouts in front of you, a cover memo with a few spread sheets that summarize their work.

SHAWN STACK (Clifton Gunderson): Good afternoon, Madam Chair and members of the Board. My name is Shawn Stack with Clifton Gunderson and we wanted to present to you a brief update of a draft capital budget effective January 1, 2008 forward.

We're substantially complete at this time with our procedures, however, we do have a few open items which is why this is being presented in draft format at this time. We do intend at the June 2nd Board meeting to come back to you with a complete and supplemented package to represent in final format as of December 31, 2010.

As many of you are aware, the initial capital budget established effective January 1, 2008 was in the amount of \$216,344,137. That capital budget was allocated amongst three broad categories. One being contracts which generally applies to procuring services, goods and materials from outside parties. The second category is allowances and contingencies and that was established for unidentified but necessary items to complete the project on time and on spec. And, finally, as of the initiation of the January 1, 2008 prospective capital budget for the project, there were approximately \$17,000 of change order that had been identified. Those components comprised the \$216,344,000 budget.

Out of that initial allowance and contingency category which was set at approximately \$7.8 million, we have made commitments of \$7,706,470 as of December 31, 2010. Those commitments can largely be defined in the four categories being amendments and change orders for the design-build contractor, the Board engineer's amendments, procurement of professional and administrative services necessary to complete and easements.

So far the project has completed several scopes of work under budget, substantially under budget. Two of those scopes included the procurement of City/County facilities as well as the PNM line extension and the positive budget variance on those projects was \$2.9 million and change. And, as a result those budget savings were reallocated to the contingency category. So as of December 31, 2010 the prospective capital budget for the Buckman Direct Diversion Project contingency category had a balance of approximately \$3.1 million.

Next we look at the prospective cost, in other words, those costs and commitments that we need to make from contingency from December 31, 2010 through project closeout which is expected to occur on or about June 30, 2011. To date this year

the Board this year has committed \$445,500 from contingency to fund additional contracts. We also had a discussion with BDD staff and management regarding what additional commitments of contingency will be required through project completion. Those amounts identified total \$1,235,451. These combined prospective commitments of contingency come to a total of \$1,679,951.

CHAIR VIGIL: Question for clarification. That \$1.1 anticipated cost is that reflected on your status of contingency narrative that says the capital budget was \$3.1 million? That's on the second page, second paragraph.

MR. STACK: The \$3.1 is the contingency balance as of December 31st.

CHAIR VIGIL: So the \$1.1 is not included?

MR. STACK: It's not included. The \$1.2?

CHAIR VIGIL: Uh-huh.

MR. STACK: Is not included in that \$3.1 million. It's viewed as a prospective cost.

We've also taken into account the PNM energy efficiency rebate credit which was prepared by CDM last fall and that amount is at \$92,872 and that has been treated as a positive addition to the contingency.

Based on the information that we have today, we're projecting and a contingency balance of approximately \$1.5 million at project closeout. As I mentioned we expect to do a final accounting of the January 1, 2008 prospective capital budget for the Buckman Direct Diversion project as of June 30, 2011 based on the timely receipt of information we expect to make that report to the Board probably in early fall of 2011.

If you have any questions I would be happy to field them.

CHAIR VIGIL: Any questions? Seeing none, thank you for your update.

20. Staff Report on "Tail Insurance" for Norman Gaume

MS. LONG: Thank you, Madam Chair. You will recall at last month's meeting the Board did vote to terminate Mr. Gaume's contract at his request and there was the issue of continuing insurance coverage. What we learned upon further review and consultant with Mr. Gaume's insurance provider is that true tail coverage was not available. It had to be allowed within the policy and there was no allowance for that. So we did, as we discussed, renewed the policy just for one year. I did question Mr. Gaume as to whether he would be doing any other professional services even though not working for the Board. He said no he is truly retired. I told him that if that changed I asked him to notify us because this policy obviously would cover him if he were performing any services and that we would want to figure out a pro rata kind of reimbursement to the Board.

The cost of the policy was \$3,939.86 and that was an increase of about \$500 from the premium for last year. So that is one year's policy and then we would come back to the Board in a year's time and when that's ready to expire and see whether it seems appropriate to renew that or whether the Board would decide that one year was enough.

CHAIR VIGIL: Questions? None. Thank you very much for that update.

21. Update on BDD Acceptance Progress and Transition from Construction/PATWU to Final Completion/Ownership and BDD City Operations, including Future Staff Support Assignment to the BDD Board

MR. CARPENTER: Thank you, Madam Chair. This week we entered into what I believe is maybe one of the most important milestones for this project and I just wanted to call it to the attention of the Board. A little background and the Board may recall that construction for this project began September 2008, a very accelerated construction schedule I might add. That construction was complete on December 31 of 2010. Immediately following that we entered into what we've PATWU, pre-acceptance testing warm-up, and that was a three-month period that went very well and concluded on March 31st of 2010. At that point pursuant to the contract we entered into a thirty day acceptance testing period where the contractor went through a fair amount of rigor to prove up the plant and that culminated in a very rigorous seven day acceptance testing phase which was successfully completed on Sunday of last week. At that point the contractor's operators ceased operations and maintenance functions for this project and essentially handed the keys over to the Buckman Direct Diversion operators and our operators have been operating that plant since then. So we're running the plant and producing about 8 million gallons a day of high quality water and I think that's a very exciting milestone for this project.

The other update I'd like to give to the Board is that since we are now officially in operational phase I won't have the function that I have currently providing staff support to this Board. I'll still be involved in the project but beginning in June at the next Board meeting, Mr. Mulvey will be providing the primary staff support for this Board and will be sitting in this chair.

CHAIR VIGIL: Where are the bells and whistles? There should be bells and whistles here, hopefully we'll work with that, Lynn. Councilor Calvert.

COUNCILOR CALVERT: Yes, and I would like to thank Mr. Carpenter for all his work and service on this project and bringing to fruition very successfully. Thank you.

COUNCILOR WURZBURGER: I don't have bells and whistles but since this is your last formal meeting I will say that this project simply wouldn't have happened the way that it happened if you hadn't been there. So, having been involved with it from its very inception I want to publicly express our deep gratitude from the City for what you have done.

MR. CARPENTER: Thank you.

CHAIR VIGIL: Commissioner Stefanics.

COMMISSIONER STEFANICS: Thank you, Madam Chair. It's a ditto for much of what my colleagues have said but, Rick, I'm interested in how you've going to stay with us.

MR. CARPENTER: Madam Chair, Commissioner Stefanics, there will still be a few lingering issues, permitting and habitat mitigation, closing out the capital budget and things like that, that will persists for many months and the permitting compliance and maintenance and habitat mitigation for a couple of years. So the things that are associated with the planning, the design, the construction that sort of thing that are associated with all the contracts that we currently have in place I'll be still bringing to

an end. Operation and maintenance and repair and that sort of thing, which is the mode we're currently in, will be handled by Mr. Mulvey and his staff.

COMMISSIONER STEFANICS: I'd like to thank you for all your effort from the past and bringing us to this point as was said. But it's good that you're going to stay involved.

CHAIR VIGIL: Rick, I do have to underscore all of the gratitude that has been stated today. It takes a really strong person who is astute in their professional behavior to navigate their way through many of the issues that we have had to deal with and I've seen you go through them and do it with the highest level of professionalism. From my sense, I admire what you've done and appreciate it because without that kind of professionalism and the leadership role that you provided in where you were, I don't think that this project would have moved in the way that it has and when I think of everything that we've had to overcome I wonder how you're still with us. And, I'm glad that you are. Thank you so much for all that you've done.

COUNCILOR CALVERT: Madam Chair, could we take care of matter from the public before we go into executive session?

CHAIR VIGIL: That's fine.

MATTERS FROM THE PUBLIC

CHAIR VIGIL: Yes, Joni, please come up. You are asking about your question on the water flow?

JONI ARENDS (Concerned Citizens for Nuclear Safety): Right.

CHAIR VIGIL: Do you want to just restate the question?

MS. ARENDS: We were concerned with the drought and at what level would the diversion project be unable to divert according to the Record of Decision, I believe.

MR. CARPENTER: That's correct, Madam Chair and Ms. Arends, and did research that today and according to the Record of Decision when the river is at 325 cfs or cubic feet per second, we're required to begin curtailing diversions down to when the river is at 200 cfs at which point we are required to cease diversions. That applies to native Rio Grande flows. At this point San Juan-Chama water is not a part of that.

MS. ARENDS: So can you explain that a little more as to –

COMMISSIONER STEFANICS: Excuse me, a minute. Could you just repeat the cease – the number that you used, Rick, for the ceasing?

MR. CARPENTER: I'm sorry, cfs is cubic feet per second.

COMMISSIONER STEFANICS: No, it was 325 to curtail and what to cease?

MR. CARPENTER: At 200 cfs when the river is that low we have to cease diversions. I might also add that we're physically unable to divert water at that point as well.

COMMISSIONER STEFANICS: Thank you.

MS. ARENDS: But then, Mr. Carpenter, you also made a distinction between the native Rio Grande water and the San Juan-Chama; does the 325 cfs include all of the volume in the river at that time or is it only for the native Rio Grande water?

MR. CARPENTER: Madam Chair, that is the total volume in the river. We couldn't make a distinction in the water of what is and is not native. So flows in the river at 325 we begin ceasing diversions and then it becomes an accounting function at that point.

CHAIR VIGIL: Joni, if you have any other questions you can address them to me.

MS. ARENDS: I wanted to inform the Board that the Clean Water Act litigation that CCNS was a part of against the Laboratory settled on April 27. And, as a result of that settlement – part of a result of that settlement was a permit from the Environmental Protection Agency that will address those 63 high priority sites and specifically those in Los Alamos Pueblo Canyon. So there is funding available for the plaintiffs to be able to provide oversight of that cleanup. So I wanted to keep you apprised that our priority is those dumps in Los Alamos Pueblo Canyon and that we appreciate all the support from the Board over the years and specifically the letter in November 2007 that took on the Laboratory and the contaminants traveling through the canyons to the Rio Grande. So thank you.

CHAIR VIGIL: Thank you very much, Joni.

MS. ARENDS: And, thank you, Rick, for all of your patience and perseverance through this project.

CHAIR VIGIL: Councilor Wurzburger.

COUNCILOR WURZBURGER: I was just going to say not thank you for what you just said but thank you for what you've done because we're very grateful as a community.

MS. ARENDS: Thank you.

CHAIR VIGIL: Thank you, Joni. Are there any other matters from the public? I think we can save Matters from the Board until after Executive Session.

EXECUTIVE SESSION

Review and consideration of issues relating to the acquisition of real project pursuant to NMSA 1978 Section 10-15-1-H(8)

Councilor Wurzburger moved to go into executive session pursuant to NMSA 1978 Section 10-15-1-H(8). Councilor Calvert seconded. By voice vote with Board members Vigil, Calvert, Wurzburger and Stefanics all voting in the affirmative the Board met in executive session.

[The Board met in executive session from 4:50 – 5:05]

Councilor Wurzburger moved to return to open session and acknowledged that the only issue discussed was that listed on the agenda. Commissioner Stefanics seconded and the motion passed by unanimous voice vote.

MATTERS FROM THE BOARD

CHAIR VIGIL: Councilor Calvert.

COUNCILOR CALVERT: Yes, and I don't want to beat the subject to death but in terms of courtesy to Board members on the item of the celebration of June 11th, the last time we discussed it at this meeting, as the minutes reflect, we talked about changing it from May 24th to a Sunday and then the only other thing we got was an email saying keep this date open which I guess meant it was a done deal. I think I would have appreciated had all of the Board members been asked and confirmed with before this decision was made. Thank you.

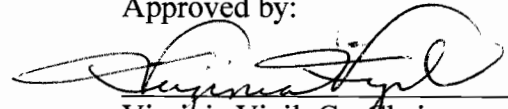
CHAIR VIGIL: Okay.

NEXT MEETING: THURSDAY, June 2, 2011 @ 4:00

ADJOURNMENT

Having completed the agenda, this meeting was declared adjourned at approximately 5:05 p.m.

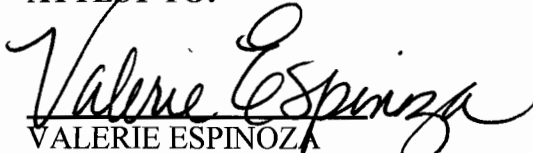
Approved by:


Virginia Vigil, Co-Chair

Respectfully submitted:

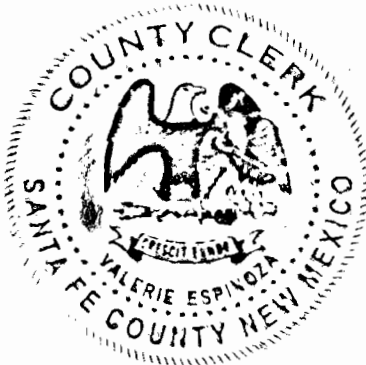

Karen Farrell, Wordswork

ATTEST TO:


VALERIE ESPINOZA
SANTA FE COUNTY CLERK

ATTEST TO:

YOLANDA VIGIL
SANTA FE CITY CLERK



City of Santa Fe



New Mexico

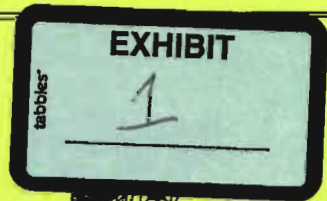
CITY CLERK'S OFFICE

DATE 4-28-11 TIME 12:23 pm

SERVED BY Stephanie Lopez

RECEIVED BY [Signature]

AGENDA



**THE CITY OF SANTA FE
And
SANTA FE COUNTY**

BUCKMAN DIRECT DIVERSION BOARD MEETING

**THURSDAY, MAY 5, 2011
4:00 PM
CITY HALL
CITY COUNCIL CHAMBERS
200 Lincoln Avenue**

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF MINUTES FOR THE APRIL 7, 2011 BUCKMAN DIRECT DIVERSION BOARD MEETING**
5. **APPROVAL OF CONSENT AGENDA**
6. **MATTERS FROM STAFF**
7. **FISCAL SERVICES AND AUDIT COMMITTEE REPORT**

CONSENT AGENDA

8. Project Manager's Monthly Project Exception Report. (Rick Carpenter)
9. Project Manager's Report on Staffing and Training Program Progress. (Bob Mulvey)
10. BDD Public Relations Report for January 2011. (Lynn Komer)
11. Update on Staffing & Vacancies. (Bob Mulvey)

SEC. CLERK RECORDED BY/14/2011

12. Request for Approval of Award of Bid for RFB # '11/37/B for Water Treatment Chemicals for the Buckman Regional Water Treatment Plant. (Gary Durrant)
 - a. Award of Bid to Kemira Water Solutions, Inc. for Ferric Chloride.
 - b. Award of Bid to DPC Industries, Inc. for Sodium Hydroxide, Sulfuric Acid, Hydrofluorosilicic Acid, Sodium Hypochlorite.
 - c. Award of Bid to F-2 for Zinc Orthophosphate.
 - d. Award of Bid to Polydyne, Inc. for Polymer.
 - e. Award of Bid to Matheson Gas for Liquid Oxygen.

DISCUSSION AND ACTION ITEMS

13. Review and Consideration of Cost Reimbursement Agreement Between the Buckman Direct Diversion Board and the Federal Bureau of Land Management, Pursuant to NEPA EIS Compliance. (Rick Carpenter and Nancy Long)
14. Review and Consideration of Collection Agreement Between the Buckman Direct Diversion Board and the Federal Bureau of Land Management, Pursuant to NEPA EIS Compliance. (Rick Carpenter and Nancy Long)
15. Update, Discussion and Possible Action for Saturday, June 12, 2011 BDD Community Celebration at Water History Park. (Lynn Komer)
16. Request for Approval of a Professional Services Agreement Between the Buckman Direct Diversion Board and Chavez Security to Provide Uniformed Security Services at the Buckman Regional Water Treatment Plant for the Amount of \$164,355.88 Plus \$13,456.63 (NMGRT @ 8.1875%) for the Total Amount of \$177,812.51. (Shelley Larson and Shannon Jones)
17. Request for Approval of Amendment No. 2 to the Professional Services Agreement Between the Buckman Direct Diversion Board and Santa Fe Community College to Extend the Term of the Agreement from May 31, 2011 to January 31, 2012 and to Amend Exhibit A, Scope of Work. To Reallocate Certain Costs. (Nancy Long)
18. Discussion and Possible Action on BDD Insurance Coverage. (Bob Mulvey)

INFORMATION ITEMS

19. Update to the Approved BDD Project Capital Budget. (Rick Carpenter and Shawn Stack)

20. Staff Report on "Tail Insurance" for Norman Gaume. **VERBAL** (Nancy Long)
21. Update on BDD Acceptance Progress and Transition from Construction/PATWU to Final Completion/Ownership and BDD City Operations, Including Future Staff Support Assignments to the BDD Board. **VERBAL** (Rick Carpenter)

EXECUTIVE SESSION:

Review and Consideration of Issues Relating to the Acquisition of Real Property Pursuant to NMSA 1978, Section 10-15-1 H(8). (Nancy Long, Rick Carpenter and Bob Mulvey)

End of Executive Session

MATTERS FROM THE PUBLIC

MATTERS FROM THE BOARD

NEXT MEETING: THURSDAY, JUNE 2, 2011 @ 4:00 P.M.

ADJOURN

PERSONS WITH DISABILITIES IN NEED OF ACCOMODATIONS, CONTACT THE CITY CLERK'S OFFICE AT 505-955-6520, FIVE (5) WORKING DAYS PRIOR TO THE MEETING DATE.



EXHIBIT

tabbles

2

DATE May 5, 2011
TO: Buckman Direct Diversion Board
FROM: Shawn M. Stack, CPA, ABV, CFF
RE: 12/31/10 Capital Budget Update Draft

Overview

Attached you will find a draft copy of the Buckman Direct Diversion Capital Budget Update as of December 31, 2010. Our intention is to present this draft to the Board as an interim update on the status of the capital budget as of December 31, 2010 with a final update as of December 31, 2010 delivered at the June 2, 2011 Buckman Direct Diversion Board Meeting.

Initial Capital Budget

The Prospective Capital Budget for the Buckman Direct Diversion Project effective January 1, 2008 was established at \$216,344,137. This initial budget allocation was made to the following categories as follows:

- \$208,479,694 – Contracts: Purchases of Goods and Services from Contractors & Vendors.
- \$ 7,846,950 – Allowances & Contingencies: Budgeted Amounts to Fund Unidentified, but Necessary Procurements in Order to Complete the Project as Designed.
- \$ 17,493 – Change Orders: Contract Change Orders Identified on January 1, 2008.

Change Orders, Amendments and Subsequent Contracts

As of December 31, 2010, the Buckman Direct Diversion Project had incurred \$7,706,470 in contract amendments, change orders and additionally identified contracts subsequent to January 1, 2008. These commitments are being funded from the Allowances and Contingency section of the Capital Budget and align with the following categories:

- Design Build Contractor Amendments and Changes: \$3,736,215
- Board Engineer Amendments & Changes: \$1,607,449
- Professional Services and Administrative Contracts: \$2,336,256
- Other: \$ 26,550

SFC CLERK RECORDED 07/14/2011

Positive Budget Variances Realized on Completed Scopes of Work

The Capital Budget included two specific scopes of work which have been completed including the acquisition of the City/County facilities and the PNM Line Extension. These scopes of work were completed substantially below the budgeted expenditures and resulted in a positive budget variance of \$2,962,850. These positive budget variances have been reprogrammed to the Allowances and Contingencies section of the Capital Budget to allow for funding of necessary additional items to complete the project within the budgeted expenditures established by the Prospective Capital Budget as of January 1, 2008.

Status of Contingency as of December 31, 2010

The balance of the Contingency and Allowance category of the Capital Budget was \$3,103,330 on December 31, 2010. This represents the initially budgeted Contingency and Allowances amount of \$7,846,950, less all items committed from this initial allocation, plus positive capital budget variances.

Prospective Commitments of the Capital Budget Contingency and Allowance Funds

The Buckman Direct Diversion Board has approved expenditures of funds in the first three months of 2011 resulted in additional commitments from the Contingency and Allowances item of the Capital Budget totaling \$444,500.

Through discussions with BDD Staff and Management, we have also identified several expected or potential future commitments of Contingency and Allowance funds totaling \$1,235,451 and detailed as follows:

- Compliance with ROD Wildlife Habitat Mitigation \$1,060,000
- Additional Capital Expenditures \$ 125,451
- Additional Professional Services \$ 50,000

The commitments made in 2011 plus the expected future expenditures will result in a reduction of available Contingency and Allowance funds of \$1,679,951.

PNM Energy Efficiency Rebate

CDM prepared and finalized a rebate application last fall from which the BDD is expected to receive \$92,872. This amount has been added to the Capital Budget as additional Allowance and Contingency Funds.

Projected Surplus Allowance and Contingency

The foregoing analysis results in a projected Contingency and Allowance surplus of \$1,516,251. This is a projection and represents the amount by which we have forecast that the Prospective Capital Budget as of January 1, 2008 will closeout under budget. This forecasted amount is subject to change based on any additional expenditures which have not been anticipated in this analysis or the disencumberment of previously committed funds. This analysis and the projection is draft in nature and will be subsequently updated.

Conclusion

The Prospective Capital Budget as of January 1, 2008 for the Buckman Direct Diversion Project is intact and expenditures are not projected to exceed the \$216,344,137 allocated as of January 1, 2008. We have not observed any negative budget variances.

This assessment and conclusion is based on the information provided by the Project's Fiscal Agent for the period of July 1, 2010 – December 31, 2010 and information provided in previous capital budget updates. This assessment and conclusion is draft in nature and will be subsequently updated to the Board.

**Buckman Direct Diversion
Capital Budget & Contingency Update
Summary Presentation
As of December 31, 2010**

	Contracts	Contingency	Discretionary Change Orders	Non-Discretionary Change Orders	TOTAL
Total Project Budget 1/1/2008	\$ 208,479,694	\$ 7,846,950	\$ 17,493	\$ -	\$ 216,344,137
Approved Change Order Affect	105,859	(7,706,470)	897,090	6,703,521	-
Realization of Budget Variances	(2,962,850)	2,962,850	-	-	-
Total Project Budget 12/31/2010	\$ 205,622,703	\$ 3,103,330	\$ 914,583	\$ 6,703,521	\$ 216,344,137
Total Authorized Major Expenditures Recorded Subsequent to 12/31/2010	\$ -	\$ (444,500)	\$ -	\$ 444,500	\$ -
Updated Budget & Contingency Post-Major Expenditures	\$ 205,622,703	\$ 2,658,830	\$ 914,583	\$ 7,148,021	\$ 216,344,137
Project Manager's Recommended Reservation of Contingency Funds for Specific Foreseen Purposes				Anticipated Costs	
Wildlife Habitat Mitigation and Replacement Compliance		(1,060,000)		1,060,000	
Additional Capital Expenditures	-	(125,451)	-	125,451	-
Legal & Professional Services authorized after 3/31/2010	-	(50,000)	-	50,000	-
Total Unallocated Remaining Contingency	\$ 205,622,703	\$ 1,423,379	\$ 914,583	\$ 8,383,472	\$ 216,344,137
Anticipated PNM Energy Efficiency Rebate		92,872		(92,872)	
Potential Contingency Funds Remaining with PNM Rebate		\$ 1,516,251		\$ 8,290,600	
Separately Funded Projects					
Parallel Pipeline BS 3/4 Construction	\$ 5,189,151	\$ -	\$ -	\$ -	\$ 5,189,151.00
Total Capital Budget Including Separately Funded Projects	\$ 210,811,854	\$ 1,516,251	\$ 914,583	\$ 8,290,600	\$ 221,533,288
Parallel Pipeline FS 3/4 Construction - Funding from Partners:					
City of Santa Fe (30%)	\$ (1,556,745)				\$ (1,556,745)
Santa Fe County (30%)	(1,556,745)				(1,556,745)
Las Campanas (40%)	(2,075,660)				(2,075,660)
Total Funding from Partners	\$ (5,189,151)				\$ (5,189,151)
Total Capital Budget Without Separately Funded Projects	\$ 205,622,703	\$ 1,516,251	\$ 914,583	\$ 8,290,600	\$ 216,344,137

DRAFT 4/29/2011

**Buckman Direct Diversion
Capital Budget & Contingency Update
Detail Presentation
As of December 31, 2010**

	<u>Contracts</u>	<u>Allowances and Contingencies</u>	<u>Discretionary Change Orders</u>	<u>Non-Discretionary Change Orders</u>	<u>TOTAL</u>
DB Contractor	\$ 195,677,567				\$ 195,677,567
Procurement Stipend	250,000				250,000
Board Engineer	4,209,680				4,209,680
Professional & Legal Services	980,675				980,675
Project Rights of Way, Easements, Etc.	2,445,422		11,843		2,457,265
Project Utilities	4,370,350		5,650		4,376,000
BDD Insurance, Transportation And Additional Costs	546,000				546,000
Capital Budget Contingency		7,846,950			7,846,950
Total Project Budget 1/1/2008	\$ 208,479,694	\$ 7,846,950	\$ 17,493	\$ -	\$ 216,344,137
Design Builder Contract Change Orders					
Change Order 1 - Equipment Changes		\$ 101,228		\$ (101,228)	\$ -
Change Order 2 - Pipeline Adjustments		(465,513)		465,513	-
Change Order 3 - County Complex Utility / Driveway Crossing		(28,395)		28,395	-
Change Order 4 - Solar Power Supply Interconnection Addition		(199,354)	199,354		-
Change Order 5 - Relocation of Las Campanas Effluent Pipe		(32,706)		32,706	-
Change Order 6 - NM599 Pipeline at I-25		(4,997)		4,997	-
Change Order 7 - Changes to CO4 from PNM Review		(4,475)	4,475		-
Change Order 8 - Materials Cost Fluctuation		(1,028,595)		1,028,595	-
Change Order 9 - Sediment Return Line Allowance Credit		139,661		(139,661)	-
Change Order 10 - Partial Credit for Unused NMCID Allowance		28,434		(28,434)	-
Change Order 11 - Interior Liner Panels on Metal Buildings		(142,161)	142,161		-
Change Order 12 - Additional Interior Liner Panels on Metal Buildings		(70,300)	70,300		-
Change Order 13 - Licensed Microwave Path Upgrade		(139,143)	139,143		-
Change Order 14 - Paralell Pipeline Preliminary Design		(569,428)	569,428		-
Change Order 14 - Las Campanas reimbursement		227,771	(227,771)		-
Change Order 17 - Design, Procurement, and Installation of LANL MOU Mandated Samples		(136,149)		136,149	-
Amendment #1 - PATWU DB Contractor Services		(1,256,234)		1,256,234	-
Minor Future Lumped Change Orders and Miscellaneous Credits*		-		-	-
DB Contractor Electrical Costs in Excess of \$.07/kwh		(50,000)		50,000	-
Budget Adjustment	105,859	(105,859)			-

* Minor Future Lumped Change Orders and Miscellaneous Credits represent relatively small incremental costs and credits from the DB Contractor which are expected to net each other out to a zero additional

DRAFT 4/29/2011

	<u>Contracts</u>	<u>Allowances and Contingencies</u>	<u>Discretionary Change Orders</u>	<u>Non-Discretionary Change Orders</u>	<u>TOTAL</u>
Board Engineer (Owner's Consultant)		(1,607,449)		1,607,449	-
Approved Professional & Legal Services		(2,336,256)	-	2,336,256	-
Project Rights of Way, Easements, Etc.		(26,550)		26,550	-
Total Project Budget 12/31/2010	\$ 208,585,553	\$ 140,480	\$ 914,583	\$ 6,703,521	\$ 216,344,137
Budget Variances on Completed Items					
BLM City/County Facilities	\$ (1,797,008)	\$ 1,797,008	\$ -	\$ -	\$ -
PNM Line Extension	(1,165,842)	1,165,842			-
Updated Budget & Contingency 12/31/2010	\$ 205,622,703	\$ 3,103,330	\$ 914,583	\$ 6,703,521	\$ 216,344,137
Major Expenditures Recorded Subsequent to 12/31/2010					
Long Pound & Komer - Amendment #6 To Professional Services Agreement		\$ (85,000)		\$ 85,000	\$ -
PNM Amendment to Electric Facilities & Services Agreement 1025010		(205,566)		205,566	-
CDM Amendment No. 18 - Aquatic & Geomorphic Surveys / NPDES Permit		(153,934)		153,934	-
		-		-	-
Total Authorized Major Expenditures Recorded Subsequent to 12/31/2010	\$ -	\$ (444,500)	\$ -	\$ 444,500	\$ -
Updated Budget & Contingency Post Major Expenditures	\$ 205,622,703	\$ 2,658,830	\$ 914,583	\$ 7,148,021	\$ 216,344,137
<u>ANTICIPATED FUTURE COSTS:</u>					
	<u>Contracts</u>	<u>Contingency</u>		<u>Projected New Expenditures</u>	<u>TOTAL</u>
<u>Compliance with ROD Wildlife Habitat Mitigation Requirements (1)</u>					
Implementation of Approved Habitat Mitigation Plan		(1,000,000)		1,000,000	
Parametrix, Inc -Development of bid packages and construction oversight		(60,000)		60,000	
Total Compliance with ROD Wildlife Habitat Mitigation	\$ -	\$ (1,060,000)	\$ -	\$ 1,060,000	\$ -
<u>Anticipated Additional Capital Expenses</u>					
CO For Qwest Fiberoptic Line Extension		\$ (18,755)		\$ 18,755	
Handheld Radios / ITT Costs		(106,696)		106,696	
Total Capital Expenditures	\$ -	\$ (125,451)	\$ -	\$ 125,451	\$ -
<u>Reserve for Anticipated Services</u>					
Clifton Gunderson - Accounting Consultant		\$ (50,000)		\$ 50,000	
Total Anticipated Legal & Professional Services	\$ -	\$ (50,000)	\$ -	\$ 50,000	\$ -
Total Unallocated Remaining Contingency	\$ 205,622,703	\$ 1,423,379	\$ 914,583	\$ 8,383,472	\$ 216,344,137
Anticipated PNM Energy Efficiency Rebate		\$ 92,872		\$ (92,872)	
Potential Contingency Funds Remaining with PNM Rebate		\$ 1,516,251		\$ 8,290,600	

* Minor Future Lumped Change Orders and Miscellaneous Credits represent relatively small incremental costs and credits from the DB Contractor which are expected to net each other out to a zero additional cost to the project.

	<u>Contracts</u>	<u>Allowances and Contingencies</u>	<u>Discretionary Change Orders</u>	<u>Non-Discretionary Change Orders</u>	<u>TOTAL</u>
Separately Funded Projects					
Parallel Pipeline BS 3/4 Construction	\$ 5,189,151	\$ -	\$ -	\$ -	\$ 5,189,151.00
Total Capital Budget Including Separately Funded Projects	\$ 210,811,854	\$ 1,516,251	\$ 914,583	\$ 8,290,600	\$ 221,533,288
Parallel Pipeline FS 3/4 Construction - Funding from Partners:					
City of Santa Fe (30%)	\$ (1,556,745)				\$ (1,556,745)
Santa Fe County (30%)	(1,556,745)				(1,556,745)
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Total Funding from Partners	\$ (5,189,151)				\$ (5,189,151)
Total Capital Budget Without Separately Funded Projects	\$ 205,622,703	\$ 1,516,251	\$ 914,583	\$ 8,290,600	\$ 216,344,137

* Minor Future Lumped Change Orders and Miscellaneous Credits represents relatively small incremental costs and credits from the DB Contractor which are expected to net each other out to a zero additional cost to the project.