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SANTA FE

BOARD OF COUNTY COMMISSIONERS

SPECIAL MEETING

December 6, 2004

Paul Campos, Chairman
Michael D. Anaya
Jack Sullivan
Paul D. Duran
Harry B. Montoya

SFC CLERK RECORDED 02/04/2005

SANTA FE BOARD OF COUNTY COMMISSIONERS

COUNTY COMMISSION CHAMBERS

**COUNTY ADMINISTRATION
BUILDING**

**Special Meeting
December 6, 2004-1:30 pm**

Notice of Special Meeting

Notice is hereby given that the Board of County Commissioners of Santa Fe County, Santa Fe, New Mexico, will hold a Special Meeting to discuss Water & Wastewater issues on Monday, December 6, 2004, at 1:30 p.m. in the Commission Chambers at the County Administration Building, 102 Grant Avenue, Santa Fe, New Mexico.

The County of Santa Fe makes every practical effort to assure that it's meetings and programs are accessible to the physically challenged. Physically challenged individuals should contact Santa Fe County at 986-6200 in advance to discuss any special needs (e.g., interpreters for the hearing and sight impaired).

SFC CLERK RECORDED 02/04/2005

SANTA FE COUNTY
SPECIAL MEETING
BOARD OF COUNTY COMMISSIONERS

December 6, 2004

This special meeting of the Santa Fe Board of County Commissioners was called to order at approximately 1:45 p.m. by Chairman Paul Campos, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Roll was called and indicated the presence of a quorum as follows:

Members Present:

Commissioner Paul Campos, Chairman
Commissioner Mike Anaya
Commissioner Jack Sullivan
Commissioner Harry Montoya [late arrival]

Members Absent:

Commissioner Paul Duran

- V. **Approval of the Agenda**
A. **Amendments**
B. **Tabled or withdrawn items**

GERALD GONZALEZ (County Manager): No suggested changes from staff,
Mr. Chair.

COMMISSIONER SULLIVAN: This only indicates that we're going to have an overview of the Utility Department. I thought we also were going to discuss the utility bond.

MR. GONZALEZ: Mr. Chair, Commissioner Sullivan, we have that worked into the presentation. So that will be part -

COMMISSIONER SULLIVAN: That will be part of the agenda?

MR. GONZALEZ: That's correct. It will be part of our discussion.

CHAIRMAN CAMPOS: Okay, is there a motion to approve the agenda as set forth by staff?

COMMISSIONER ANAYA: So moved.

CHAIRMAN CAMPOS: Second?

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COMMISSIONER ANAYA: Second.

The motion to approve the agenda passed by unanimous [5-0] voice vote.

IV. Presentation Overview

MR. GONZALEZ: Thank you, Mr. Chair, Commissioners. I want to thank Tony and Steve and the Utilities Department for putting this presentation together. We're starting out with the history and it goes back to the history of the County water utility. I actually happened to be semi-present at the birth of the first water company that was created and was on the sidelines when it was dissolved and we moved into our current status. I'll let Tony and Steve sort of recap here what we went through across the years starting in 1994 and I'd be happy to answer any questions that I'm familiar with as we go through this.

The same thing with the whole presentation. I know that Steve and Tony and John Utton will be chiming in here as we go through and doing pertinent parts of it, but we want to make sure that we stay open and get your comments and thoughts as we go through. In addition, I just wanted to mention that what we're hoping to do is give you today a broad overview of how at the staff level we're thinking about water and wastewater and also suggest that once we get into the new year that we then do a follow-up study session once you've had a change to absorb this and as we move into a new administration with the roll-over of two of our Commissioners to our good fortune and a new one coming on board.

TONY FLORES (PFMD Director): Thank you, Mr. Chair. First of all, they looked at the end of the bench and they found me. I'm filling in for Doug today who because of a family emergency he isn't able to be here. So that's the reason why he's not in attendance today. What we have attempted to do is provide an overview of the department from when it was created at the inception to the current status including existing infrastructure, the water rights demands, water rights inventory, etc. We've also worked in the funding sources the Utility Department primarily relies upon for capital outlay projects, two bond issues, one of them recently passed, one of them on the books since '97, as well as severance tax funding from the state legislature and a quarter percent GRT.

We'll also be talking about special projects that in discussion with many different individuals from the Utilities Department, PFMD, the County Manager's office, the County Attorney's office have been brought to the surface and we would like to explore in greater detail and discussion, as well as an update on the Aamodt settlement, and then in closing, kind of a future outline of where the department would be heading, they types of projects we would be seeing, and I think at that point, Gerald and Steve will chime in their opinions or recommendations or reviews. And then we'd also like to close on the status of the geo-hydrology report which we received this morning so we're able to address that.

So if I may, Mr. Chair, I'd like to go through the presentation and we'll attempt to field any questions in Doug's absence. From that I'd like to first start with the history of the water

SFC CLERK RECORDED 02/04/2005

company, or the Utility Department. As you can see in the outline, in 1994 the water company was created for Santa Fe County and immediately after that, the County and City entered into their first wheeling agreement. In 1996 the Utility Department was created – I won't say in its current fashion but in a fashion that's very similar to what you see today, and I think that as we get into the future of the department that growth will continue to be demonstrated and the need for the department's metamorphosis, for lack of a better term, will raise its head.

In 2001, the Valle Vista water system was acquired and is part of our existing infrastructure today. On the wastewater side, a much newer baby, so to speak, in 1998 we leased the penitentiary wastewater facility. Shortly thereafter we adopted the sewer ordinance and a couple of year later we acquired the Valle Vista system. So you can see from the wastewater side we are still in the infancy stages of development, both infrastructure and program, but we do feel, and Steve can correct me if I'm wrong, but wastewater is as important issue as water and I think we need to pay a tremendous amount of attention to wastewater. If you read the paper yesterday, the Environment Department is proposing new legislation and regulations for septic systems for new subdivisions or existing homes that are sold. There's potentially a new inspection and evaluation process when septic systems are involved in the sales of homes.

The Environment Department, I read the article yesterday, and I've heard some discussions about that, it's going to be one of the top initiatives out of the Environment this year. So the issues of wastewater are on equal footing, I would say as the water system improvements.

Our existing status, many of you are familiar with the service area, and I apologize with the maps in this; they are rather small. The County, through the Board of County Commissioners testifies or sets forth the service area and the Board gets requests from time to time to either expand or include additional properties into that service area. The service area itself has some room for development and it also includes, as you'll see in a second, systems or infrastructures in place that would accommodate potential future growth of the service as the County develops its base. I don't know if Gerald had some comments on the service area.

MR. GONZALEZ: First I wanted to point out that the larger map below the screen depicts the water system that we're discussing. So if you want a little more of a close-up it's right there and we can pass it around if you want to take a look at it.

CHAIRMAN CAMPOS: Gerald, is that the turquoise colored area? Is that the County system?

MR. GONZALEZ: That's correct.

CHAIRMAN CAMPOS: What up about to the left, the upper left that's kind of purplish up there? What's that?

MR. FLORES: Mr. Chair, that's Las Campanas.

CHAIRMAN CAMPOS: That's a separate utility company? And then off to the right of that, next to the city, is that part of the city, next to Las Campanas?

MR. FLORES: That's part of the northwest sector.

MR. GONZALEZ: That's county.

CHAIRMAN CAMPOS: Then coming to the olive-colored area at the left bottom? What's that?

MR. FLORES: That's the historic village.

CHAIRMAN CAMPOS: Okay. That has nothing to do with the water. Okay. So we're looking at the turquoise-colored area.

MR. GONZALEZ: Although it does have potential implications for service in that area because that's an area that will never be annexable. The olive-colored areas. So they have implications for how we develop our system and how the City develops its system as well.

STEPHEN WUST (Hydrologist): And we might add that Las Campanas, even though it's separate now there's some potential in the future that it would become part of the County system. So it could be included eventually.

MR. GONZALEZ: There is an option, we're still figuring out how viable it is, but apparently the County could, under certain circumstances acquire the Las Campanas residential water system for a dollar. We have had some exploratory discussions with them about their wastewater system as well and we think that there's some long-term interest on the part of Las Campanas in partnering with us in order to pass along not only the residential water system but also the residential wastewater system at some point.

MR. FLORES: Following those maps, we've identified at least on a small scale existing infrastructure. One of the biggest questions that's asked, both of staff and of the Commission is where do we have our reservoirs? Where do we have our master meters? Where is our system's infrastructure already in place that we are providing service? What we've tried to show on the following three maps is locations of our existing infrastructure for the water systems. What is not included on these maps is the wastewater system, the Valle Vista or penitentiary area, but those are further south of the city limits off of Highway 14. So those are purely for informational purposes, where we have our booster tanks, our tanks, our booster stations and our reservoirs.

The water company, since its inception has grown tremendously and I think when you look at the data that's been provided for water customers, we started with a customer base of three and of 2004 the water company in Santa Fe County has grown that to approximately 1166 customers. A tremendous amount of growth. As the County looks at developing - and we'll speak about this later - potential regional projects. For instance, Las Campanas, that customer base will double or triple in some cases when they come into the system. So as you can see on the water side the growth has been tremendous.

The breakdown, primarily residential, 1142 customers for residential. Then we have commercial, institutional and state. The state institution, one of them includes the National Guard and IAIA is included in the institutional. They also provide water to the Public Safety Complex out on Highway 14 and they have a potential to provide the same type of water service to the business park.

DR. WUST: And just as an additional note to keep in mind, residential customers, that's basically meters. So it represents quite a few more people than the 1142. That's the customer number. When the water utility says "customers" that's basically meters or

homes. So it's more people than that, because if you have three or four people in a home that's one customer.

MR. GONZALEZ: Some meters serve more than one customer.

DR. WUST: So the population served is larger than that.

COMMISSIONER ANAYA: So tell me, is everybody that we serve on a meter? Or are there some people that don't have them?

DR. WUST: Every customer we have is on a meter. The age of the meters varies a little bit and we're trying to upgrade all those but everybody's metered.

MR. GONZALEZ: But it doesn't mean that every household that we serve is on a meter. I think some meters serve more than one household where we've got domestic wells that are serving more than one.

MR. FLORES: Yes, we have domestic wells that are serving more than one residential lot.

MR. GONZALEZ: Those aren't customers.

MR. FLORES: Those aren't customers of the water system. For instance, in the rural areas in our area, Commissioner, we have lots, two families are serving on one well that's metered for use. We have that same condition on quite a few of our County properties that we have projects on. But they're not necessarily receiving water through our water system. They're needed for the wells.

DR. WUST: But I don't believe that there is anybody that is receiving utility water that's not metered in any way.

MR. GONZALEZ: The one other thing before we flip past the water customer data, if we could go back just one slide, the one thing that I did want to point out is that in terms of number of employees for the water utility system, from 1996 to the present, we have not grown at a rate that keeps pace with the number of customers that have come on board. So currently for the Utility Department we have I think eight employees total serving both the water and the wastewater side. Have I got that right, Steve? Nine?

DR. WUST: Nine.

MR. GONZALEZ: Okay. I'm off one. But when you think about the City with 120 water and wastewater utility employees and us with a total of nine, there is sort of an imbalance in terms of human resources. Just something that we're going to need to keep in mind as we continue to grow. Thank you.

MR. FLORES: Mr. Chair, to continue, the next slide provides a demand summary that Mr. Sayre has put together that's been projected from 2004 all the way out to 2040. I was hoping John could give me a sense of the demand summary, if he's able to, or Steve, on how the projections were done for 2040.

DR. WUST: That primarily came from the 40-year water plan. But how they went in - and it was trying to project the growth areas or the planned growth areas and how many customers we estimated would be in those growth areas. That's how it was originally done and I don't know how it was updated, but that's how the original demand summary was figured out.

MR. GONZALEZ: And the last conversation I had with Diane Quarles she indicated these numbers would require some revision based on what was done with the RPA growth plan and where we're headed for. And probably more to the upside than the downside.

CHAIRMAN CAMPOS: Okay. Questions? Commissioner.

COMMISSIONER ANAYA: On this page here, the demand summary, you've got 300 customers in Eldorado for 2004.

DR. WUST: I don't know of any in Eldorado actually.

MR. GONZALEZ: I think what that's indicating is the demand is for that area as opposed to the customer base itself.

COMMISSIONER ANAYA: So we're saying that every year there are going to 300? Three hundred more? I'm just using Eldorado as an example.

MR. GONZALEZ: No, I think that's a straight line number but I don't know exactly what it represents other than -

DR. WUST: I believe this is acre-feet of water. That's a prediction of the amount of use in Eldorado. In the 40-year water plan of course it discusses being a water supplier for places like Eldorado. I believe this is in acre-feet, the demand that they would have if we were hooked up to them.

COMMISSIONER ANAYA: Oh. I thought that was residents.

JOHN UTTON (Utilities Counsel): I believe these numbers were derived principally from the demographic information that was part of the Sangre de Cristo water plan, the regional water plan that the Interstate Stream Commission prepared. There was a lot of demographic projections for that plan. The County's 40-plan was prepared at the same time as that and so I think the demographers were from the University of New Mexico, prepared some various estimates of what growth would be in various parts of the region. So the County utility used those for the potential service area.

I think these numbers are a fairly rough estimate over time and of Eldorado basically every six to ten years I suppose this is adding 300 acre-feet. So 5,000 acre-feet I think is about what we were thinking we would need by the end of the 40-year water plan.

COMMISSIONER ANAYA: Thank you.

MR. FLORES: Thank you, Mr. Chair. The next slide is I think our first attempt to quantify, at least in a written form, the water rights inventory curve in control of Santa Fe County. And I'm going to let John talk about this, but this is our first attempt to get out of Doug's brain which has been sitting in there - we need to get them out some time, is exactly what our inventory is by types of acre-feet, and then any processes that are involved in each of those. And I'll turn that over to Mr. Utton to explain.

MR. UTTON: Thank you, Mr. Flores and Mr. Chair, Commissioners. This shows in tabular form the water rights that are either in hand or in process or shortly to be in process with a total potential amount based on these water rights that are identified as nearly 2800. That number is optimistically high, because through the transfer process undoubtedly some of these water rights are going to be reduced. So this would be the highest amount we would expect. And of course the County is continuing to identify water rights and to transfer

them, so we certainly will get to this number at some point in time, it's just probably not by these specific identified rights.

The first column shows the names of the various sources of supply including the San Juan/Chama water and the 500 acre-feet of City of Santa Fe water. And I think in some of the comment recognize that we are presuming that the principles of agreement that the County and the City reached a couple months ago that are going to be coming in front of you in the form of a water resource agreement and proposed joint powers agreement will happen. But if you run down that second column, that shows the water that's currently approve and the two main sources are the Valle Vista water that was acquired by the County and then the 500 acre-feet that is currently available under the wheeling agreement and will be incorporated into those agreements I just mentioned. There's also the 11 acre-feet that was transferred and is currently in Buckman although it's not providing that water to us because it's just parked there.

The third column shows the transfers in process. The San Juan/Chama water, the 375, is currently pending a joint application by the County and the City to permit the Buckman surface diversion, and that would be to divert the entire 5605. Just two weeks ago the City of Albuquerque and Las Campanas agreed to withdraw their protests of that, so we would expect that in the next, I would think 6 months that the Buckman surface diversion will be permitted. We'll get a permit from the State Engineer and that will include the 375 from the County. So in looking at these numbers I'm assuming that the 875 we've been talking about with the City will be reflected here. So we've got the 375 San Juan/Chama water in progress and the 500 as wheeled water that would continue under the proposed agreement.

The other big water right that we've been trying to transfer for some time is this Top of the World right. Now that is an above Otowi right from the northern Rio Grande Basin and the application has been pending to divert that from San Ildefonso for quite some time and it's one of the things we're hoping that the Aamodt settlements will authorize us to go forward on. Right now we're waiting for San Ildefonso Pueblo to give us an authorization for us to use their river bed for a Raney water system.

Quickly, through the other ones, the other rights are Middle Rio Grande rights, the 580, the 246, the 290, about half of those are surface, Rio Grande, pre-1907 rights and the other half, which is mainly represented by this big right, the 580, is a groundwater right from Elephant Butte Reservoir that's from a golf course down there that I think you're familiar with. It has gone bankrupt and the County has the right to purchase those. I think that probably of all of these rights, that 580 I think has the biggest question mark on it. To what extent we'll be able to transfer all of that or part of that.

But that column of rights in transit could be as much as a little over 2000 acre-feet. And then there's some additional water rights that have been put under contract and will be transferred shortly. The Hagerman rights that are in-basin Santa Fe rights that the County is purchasing from PNM along with Mr. Kokesh at the Horse Park. And then there's 33.5 acre-feet from La Cienega, again, in-basin rights, very valuable rights that add up to 120 acre-feet.

That's the current inventory under contract. I should mention that there are probably another maybe 150 to 200 acre-feet that developers have in hand and maybe it's as much as 300

acre-feet that they are wanting to make available to the County as part of an allocation process of the 375 of additional acre-feet if those documents get approved and then the County Commission approves a process for allocating that 375 it would then also be available to us. And some of that is in-basin rights. The Zafarano rights are one of the bigger ones, about 50 acre-feet and then there's various Rio Grande rights.

So those would hopefully be available to us early next year and we could start transferring those to the County as well. So we could bump up this number in the lower right hand corner. That's the description of the water rights inventory.

COMMISSIONER ANAYA: Mr. Chair, could you tell me about the 33.5 acres in La Cienega? Where is it being transferred from and who is it coming from?

MR. UTTON: Commissioner Anaya, I believe most of that is from Las Lagunitas that the County has acquired. There are also some domestic rights in La Cienega that the County is going to transfer into its system and they supply back to those same residents and I think that's perhaps about a third of this, maybe 12 acre-feet and Las Lagunitas is about 20, I believe.

COMMISSIONER ANAYA: Is that, are they on the County system?

MR. UTTON: They will be, but I think as of this time they are not yet.

MR. FLORES: They are on our system. Las Lagunitas is on our system.

MR. UTTON: But La Cienega is not yet. But the State Engineer has told us that they would accept a transfer of those domestic rights into our system and the we could supply those people back. But I think that's taking a little bit of time because of the number of people involved.

DR. WUST: And just a clarification on that. When we say the La Cienega, that those people will be on the system, right now we're negotiating arrangements to supply water to the La Cienega Mutual Domestic. So it would be those customers who would be served at that time, and then after that takes place, to look at possible expansion of the La Cienega Mutual Domestic to include folks who are on their own domestic wells in the future. So right now there's no current plans to hook up people who are on domestic wells. It's just an arrangement with the mutual domestic that's down there.

COMMISSIONER ANAYA: Thank you.

MR. FLORES: Quickly, based upon the wastewater system as I indicated, it's a very young system. I started off with 296 customers and in a year they grew it to 304. I do see though that from my perspective as the PFMD Director and the types of programs that we're developing from a facilities standpoint, that number will increase. As will the potential number of when we start looking at the development of our regional system that we'll talk about a little bit later on. So the same type of arrangement exists, or numbers, I should say, as for state and institutional, commercial, with the majority of the wastewater hook-ups for single points, not individuals, but basically who gets one location, one bill, basically. There's 298 of those going out for the residential. And that could include multiple families. So the number for that is similar to the water where you may have three or four individuals living in a home that's on our existing system.

MR. GONZALEZ: Long term, in terms of maximizing the use of the water out of their system, obviously the wastewater system is going to be a key. To the extent that we're able to get return-flow credits out of the system then we're going to be able to take more water out of the water system itself. And that's our long-term objective from the wastewater standpoint and why it needs to continue to be a priority and we need to continue to push it. The current system has sort of been patched together with a combination of both state and Valle Vista facilities but if we're going to create a viable return-flow credit program, obviously we're going to have reach beyond what we currently have by way of a system.

DR. WUST: And one of the decisions involved with that is how we want to approach that, because we do have options available. One is to create or expand a current facility to be a regional system and then pump everything to it. That is, close Valle Vista down, send it all to the pen. An issue on that, politically-wise I guess would be a good statement is that we don't own the pen system; we just operate it. And so it would be what we want ownership in, or we could create a new system or expand, say the Rancho Viejo system and pump everything to that, or expand the Valle Vista system and then pump everything to that. But it would encounter enlarging one of those systems and sending everything to that. An alternative is to enlarge and upgrade the individuals systems and continue with smaller systems for different areas.

I did want to add that some of the customers for water and wastewater are County housing, so we do supply our own County housing facilities with the utility.

COMMISSIONER ANAYA: Mr. Chair, are we currently selling that effluent to contractors, or is just being pumped into that holding tank?

DR. WUST: Some of the state pen effluent is being used for the buffalo ranch. I don't know exactly what he calls it but he's got buffalo there and he's using a bit of it. The Valle Vista system, it just gets discharged, so we're not selling that or reusing it or anything like that.

COMMISSIONER ANAYA: So can we sell it? Can we sell that effluent?

DR. WUST: Valle Vista? We could -

MR. FLORES: Mr. Chair, Commissioner Anaya, it requires a change in the permit that we currently have for wastewater systems. So we'd have to go and apply for a new use of that so we would be able to sell it back. And there would be some treatment requirements. We have looked into this when Public Safety came on line, so it is a possibility that we could sell it back to customers.

COMMISSIONER ANAYA: Because I had a question today from an individual who would like to possibly be using that wastewater for - I don't know what he's going to use it for, roads or stuff. But I think we should look into that so that we can sell it.

DR. WUST: Tony's point is good on that if we were going to use it for something like roads where it would be around people, we would have to upgrade the treatment of it because right now that permit is just for discharge down an arroyo and it's not being used and there's no human contact. And the Valle Vista system is one that seriously needs upgrading. So I think a good way to look at that is to say if we're going to upgrade the system

anyway, we should upgrade it such that treatment is at a high enough level that we can use it for things just like this. But as Valle Vista currently exists I think it would be very difficult to treat it to a level that would get used for - it wouldn't be many things. We may be able to look at several things it could be used for, but it would be kind of a difficult road right at the moment.

MR. GONZALEZ: Apart from return-flow credit the other potential use of course is for injection and then pulling back out of the aquifer in order to use it for other purposes. I know that Rancho Viejo just recently received a grant through the administration in order to do a pilot project demonstrating the feasibility of taking potable water and reinjecting it into the aquifer.

DR. WUST: That's key. That would have to be treated to drinking water quality at that point. If we injected it.

VIRGINIA VIGIL (Commissioner-elect): I think that this question is probably for Gerald. Have the water rights at the state pen been abandoned? That project that was worked on through the legislature?

MR. GONZALEZ: I guess there are two answers. The state pen certainly has not abandoned their water rights. However, in terms of our ability to use the state pen system, that sort of ground to a halt in the negotiations with the General Services Department. If you recall, the legislature authorized a 99-year lease with the state penitentiary for use of their wells. And for some reason, I understand probably coming from the Correction Secretary's office, General Services Department has not moved forward with the negotiations in order to do the 99-year lease. Last time we had discussions after the new administration came on board, those discussions foundered and are still at that place. So we don't have at this point more than a five-year option, which I think is actually less than that at this point in terms of being able to use that.

COMMISSIONER-ELECT VIGIL: Thank you.

MR. FLORES: Thank you, Mr. Chair. The next part of the presentation - what we've covered is basically the history to date. I think the next portion where we talk about funding sources we're dealing specifically with the types of capital outlay revenue that is generated by the Utilities Department and not the amount of customer base and or the amount of revenues that are generated through our customers. Right now, the Utilities Department primarily relies on four sources of dollars for capital outlay or development of the utility. The oldest one is the 1997 general obligation bond which set forth roughly \$1.5 million for wastewater projects and \$3.5 million for water projects. As of today there's a balance in the '97 GOB of \$736,692. As I go through the numbers I'm going to kind of bring this back to where as Project and Facilities Director I think we should be heading. And again, this is just my recommendation and something we talked with Utilities and Finance.

The '97, in discussions with our Finance Department's Director, she has indicated that this is her priority to have expended and closed out so that we can rid of this general obligation bond and I'll show you in a second how we are proposing to do that. Right after the '97 GO bond, of course we're all familiar with the bond that was just authorized by the voters on

November 2nd. It set for \$51 million, \$30 million of it will go to BDD, the Buckman Direct Diversion, and \$21 million to other projects as authorized by the Board. And I'll talk in a second how the layout comes.

COMMISSIONER MONTOYA: How did we get the \$30 million? Where did that come from?

MR. FLORES: Mr. Chair, Commissioner Montoya, that was the decision by the Board to allocate those monies to the Buckman Diversion as part of the principles agreement number. Not the total allocation that is estimated for Buckman Diversion. The discussion had the County putting up to \$30 million for the Buckman Diversion project. Is that correct?

MR. GONZALEZ: Right. It is the culmination of the discussions that we had with the City and it's also based on the projected cost, the ultimate cost for the Buckman Direct Diversion project. I don't know if John, if you had anything to add.

MR. UTTON: I think that's correct. Just to summarize the numbers. We think the total cost of construction is going to be \$120 million and the County and the City have agreed to split that, but there is going to be, hopefully, some state and federal funds and there will be funds from Las Campanas applied. So that balance of \$60 million, because the County is going to put up \$30 million, the City is going to put up \$30 million, which will leave a balance of \$60 million. Hopefully most or all of that will get paid by those other sources. If it does not, then the balance under the proposed JPA under those principles would be split again by the County and the City. So who knows? Maybe the County might have to put another \$10 million into the Buckman Direct Diversion at some point. But for the time being, the only thing we've quantified that we know we're going to have to pay is the \$30 million.

MR. FLORES: Mr. Chair, Commissioner Montoya, on that point, that issue about the estimation is one that creates for the Project and Facilities Director some concern because I want to ensure, one, that we can accomplish what we told the voters we were going to do, and at the same time, make sure there is a contingency or reserve that if the Buckman Direct Diversion runs us more than our agreed upon \$30 million that there's a source to pay for it. The whole Commission directed staff not to go back out with another general obligation bond, to do its best homework to come up with numbers. And that's one of the concerns that we have is building in some type of contingency fund in there, for the Buckman Direct Diversion specifically in the event that the federal funding does not come through at the levels that are anticipated.

COMMISSIONER MONTOYA: Thank you.

MR. FLORES: The next revenue source that provides it, I guess, for lack of a better term to the Utilities Department is the State of New Mexico severance tax bond. Right now, the Utilities Department has 03 and 04 money in place for specifically five different projects. In 03 they received \$10,000 for water distribution lines in La Cienega. They received \$100,000 for the sewer line in Camino Polvooso. They received \$50,000 for the water feasibility study for Las Golondrinas. And I'd like to point out in the water study, that was the first time that I had seen capital outlay specifically go to a feasibility study and not planning and design or engineering. So that's the abnormality out of capital outlay. They have kind of wrangled back

feasibility studies. They will pay for planning and design monies, but feasibility studies, I think that was the last time you were going to see that type of money come out of severance tax bond funding.

In 04 they received a second appropriation for the sewer line in Camino Polovoso, \$50,000 to the Siler Road sewer line extension and \$50,000 to do the Rumbo del Sur sewer line. As of today I'm happy to report that we have been able to bid out the sewer line for Camino Polvoso. That project in itself for 03 and 04 will come off the list once it's awarded, so we are reducing the number of severance tax bond issues that the Utilities Department is currently facing or currently has on the books.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Sir.

COMMISSIONER ANAYA: Where is that Camino Polvoso?

MR. FLORES: Mr. Chair, Commissioner Anaya, it connects Agua Fria, before San Ysidro Church and Rufina. So as you're going down towards the city limits, Ray's Repair Shop is on the right side of the road, right before San Ysidro Church. That's Camino Polvoso. From there it goes, I guess it would northeast. So that one has been bid and we awaiting award on that construction agreement.

The last one that is a major piece along with the bonds is the quarter percent GRT revenues that we're starting to collect in 2002 and the first year that we had the appropriations was FY03. And as you all recall the GRT is split 50-50. The total revenues that are generated go to water and wastewater projects at 75 percent, open space and parks development at 15 percent, and roads and other uses at 10 percent. And then within that structure the dollars are split again 50-50 based upon regional projects with the City and the County and using the RPA as the authorizing or recommending body to the Board and the second part is the County dollars.

The numbers that are reflected on that are projections and I want to thank Susan Lucero for helping me put these together, but those are our projections for revenue for the water and wastewater through FY12. If you recall, the ordinance allows those in 10-year increments and FY12 is the last year that by ordinance today if we have that money flowing in the Board would have to adopt a second resolution, is that correct? To go further out on the next ten-year chunks. So that's why you will see on this presentation today as well as the presentation next week on capital outlay that it goes through FY12. That's what's authorized now is a ten-year chunk.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Sir.

COMMISSIONER ANAYA: Tony, what do you mean be regional and County?

MR. FLORES: Mr. Chair, Commissioner Anaya, the ordinance that was adopted for the quarter percent capital outlay took the total pie and split it 50-50. Total pie. About \$8 million a year.

MR. GONZALEZ: Total receipts of the GRT each year split 50-50.

COMMISSIONER ANAYA: Give me an example on year 04.

MR. FLORES: Regional projects – the total pie for water and wastewater is about \$6 million for one year. That's 75 percent of the total revenues.

COMMISSIONER ANAYA: Six million. Okay. So you're adding those two up.

MR. FLORES: Yes. So regional projects get half of that six million and those regional projects are projects that are identified through the RPA and recommended to the Board of County Commissioners for implementation. For instance, I think in October the Utilities Department took up the first Buckman Direct Diversion regional project application for \$1.5 million. And I'll show that in subsequent slides. That's regional project.

COMMISSIONER ANAYA: Okay.

MR. FLORES: County projects are specific projects that are primarily outside the five-mile zone that are County initiated and there is no other government entity involved in it. So regional projects have half the pie and the County projects have the other half. For instance County projects could be the La Cienega Mutual Domestic Water Association waterline extension. It could be the Chimayo, Santa Cruz, Española trunk line. Those are County-driven projects outside City and County relationships.

COMMISSIONER ANAYA: But we had \$3.67 million that we could have, or we already did –

MR. FLORES: Mr. Chair, in a few slides I'll show you how the Utilities Department has allocated that and the balances that remain in FY04.

COMMISSIONER ANAYA: And in the following years we'll have to just deal with – the RPA has the regional.

MR. FLORES: That's correct, Mr. Chair, Commissioner Anaya.

COMMISSIONER ANAYA: Thank you.

MR. GONZALEZ: And backing up slightly for fiscal year 04, we're showing \$3,670,723 on both the County side and on the regional side, but the total take of the County in terms of gross receipts taxes is the sum of those two. It's \$6,134,000 roughly. So we just take that, cut it in half, half goes to the regional projects and half goes to whatever the County does.

COMMISSIONER ANAYA: Thank you.

MR. FLORES: I'd like to jump ahead for one slide before we get to project synopsis if I can, so that goes to the water/wastewater projects obligated through FY04. What we have done, PFMD, Utilities and Finance, has tried to do an accounting, a fiscal accounting of all the projects that have been obligated for water and wastewater projects. What you see in front of you is an outline of different projects that have been provided or have received through fiscal year 04, which is June 30th of this year, monies from the gross receipts tax. They go from the water rights all the way down to the Pojoaque wastewater feasibility study.

Each of these has received or has been obligated dollars for projects to be completed through County year or fiscal year FY04. That includes the waterlines in La Cienega, improvements to I-25, they have obligated or set aside money for the Public Works well, Valle Vista well upgrades. The Camino Polovoso sewer line, the Valle Vista wastewater system. These monies here are already obligated at one point or another through the Board of County

Commission for authorization. The most recent one on the County side was the Pojoaque wastewater study which I believe we did in July? August, of this year.

If we flip to the next slide, Commissioner Anaya, this talks about the total amounts of money that have available in FY03 and FY04 and that's where it's reflected at \$3.0167, \$7.23 was the FY04. The total monies that were available for water and wastewater are reflected in the total line underneath so it's \$4.1 for regional and \$3.6 for County. Below that is the obligated dollars for projects. The \$1.5 reflected there is for the City contribution for Buckman Diversion, and then the \$3.285843 is a number that we are still auditing with our Utilities Department and our Finance Department to determine exactly what that true number is but it's estimated to be between \$3.2 and \$3.4 million for the projects they have already received or obligated monies for.

The fund balance of FY04, not including this year's is approximately \$300,000 on the County's side. Those are the areas that we were going to discuss next week at our capital outlay funding strategy and what we'll discuss today is in what fashion is the best use for that money. So we'll get to that in a second. But basically right now on the County side, it's approximately \$300,000 available that have not been obligated or expended for the GRT tax. Does that answer your question, Commissioner Anaya?

COMMISSIONER ANAYA: Yes.

COMMISSIONER MONTOYA: Mr. Chair.

CHAIRMAN CAMPOS: Sir.

COMMISSIONER MONTOYA: Tony, regarding that funding that we were talking to the Finance Authority about, it's not included anywhere here?

MR. FLORES: Mr. Chair, if we step back now to the project synopsis. The million dollars that's available for the Pojoaque water system, we have met with the Finance Authority, Rudy and I have actually met with the Finance Authority and we have been provided the application process to go through the Water Trust Board. That is money that's coming directly to the County and is not part of existing sources that we would be expending out, with the potential though that we would match any requirements out of GRT, GO bond, etc. So the million dollars came from the legislature. We make the applications through the Water Trust Board which is a rather lengthy application once a project is defined. Then we would look at the match requirements and come back to the Board for any potential influx or infusion of dollars into that project. So it's not reflected here. It has not actually been received by the County yet. The grant goes before the Water Trust Board in January, February.

COMMISSIONER MONTOYA: Thank you.

MR. FLORES: If we flip back to the project synopsis, water and wastewater, we went through our ICIP plan, our Infrastructure Capital Improvement Plan and looked at the projects that the Utility Department, Dr. Wust and Doug have put together and tried to come up with a methodology of allocating dollars out of either the GO bond, quarter percent, the GRT, whatever the fashion is to be able to put a project together. These projects were identified through the ICIP as well as the informational packets that we presented to the community on potential projects that we'd be using the bonding for.

We would do the entire list, you can run down in. There's the Santa Cruz trunk line in the north, the Acequia Rehabilitation Program, La Cienega, Cañoncito, Eldorado, Cundiyo, Chimayo, Cuatro Villas, request for the Edgewood wastewater treatment plant, which I must point out cannot be used from bond money. The Edgewood treatment plant is a project that we have been approached with, however, you will see on the side of that that cannot come out of the bond because the bond was specifically for water projects. We'd have to find another source.

Pojoaque wastewater treatment facility, desalination project – that goes with the Estancia Basin, Buckman Direct Diversion of course, and then numerous other mutual domestics as well as Agua Fria Phase 3. Agua Fria Phase 3, you will find it in this presentation as well as next week's because that is a combination of road, water, and sewer. So the \$1.8 million that's asterisked there, based upon our latest estimates, that number will reduce down to approximately \$600,000 for water and sewer as part of Phase 3. The total cost has been estimated for \$1.8 million to put in a new road, water and sewer lines. Because the estimate has not been completed for water and sewer lines we are reflecting the total amount there with an asterisk because that will be reduced down to what our estimate is for water and sewer. Water could be paid for out of the existing or newly enacted or authorized bond. The sewer line extension would be paid for out of potentially the quarter percent GRT.

That's a place-holder for now until the estimates are clarified and quantified, I should say from the Utilities Department. Now, the reason this list is in here is because this is a list that staff has been provided and have been discussing from different sources and that we would open up for any discussion at this time on those projects.

MR. GONZALEZ: Tony, a quick question. Looking at the sources in the project synopsis, all of those indicate a single source for the amount that is listed in the required funding. Do any of those have additional sources of funding that we've not captured here?

MR. FLORES: Mr. Chair, what I would look at is really this list starts the discussions as an earmarked source. Then hopefully, between now and next week when we come back and talk about the existing strategy, I would like us to bring forward with the assistance of the Utilities Department something similar to this. Where we have a project that has multiple or different sources of money, similar to the way we strategize our facility, capital outlay right now. And at that time we would look back at how we would develop from what source in order to leverage the dollars or get the most out of the dollars that we have on the books. So I would look at multiple sources out of the Utilities Department to fund a project in order to be able to extend or expand our ability to use our GO bonds for other projects that have not been identified yet.

MR. GONZALEZ: Okay. So that source column is a beginning place for our discussion.

MR. FLORES: It's merely a discussion point to start with and this is – I don't want to say it's a guess, but it's an educated guess of where we could start from.

MR. GONZALEZ: Thank you.

CHAIRMAN CAMPOS: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Tony, two things. One on the Buckman Direct Diversion. I think our commitment there was \$30 million, not \$31. And on the Eldorado, the preliminary discussions or at least the request that we've had from Eldorado has been \$4.5 million, rather than four.

MR. FLORES: Mr. Chair, Commissioner Sullivan, you're correct. Actually the number I was given at first was \$3 million and then it jumped up. I place-held \$4 million and I have anticipated in next week's presentation \$4.5 million based upon last week's BCC meeting.

CHAIRMAN CAMPOS: Mr. Flores, I have a question. We have a municipality here, I think Edgewood's wastewater. Is that a request from a municipality?

MR. FLORES: Mr. Chair, yes.

CHAIRMAN CAMPOS: How do you judge that? They have their own tax base and if I remember correctly when we were discussing annexation issues and problems that they didn't exercise much of their taxing authority but they're now asking for County tax. How do you evaluate a request from a municipality that has its own tax base?

MR. FLORES: Mr. Chair, that's an excellent question and we were going to get to that and the recommended process in a second. But the short answer is, I believe, as PFMD Director, not Utilities Department Director, that we, the County needs to set up a process for evaluation and prioritization of projects, specifically in water and wastewater, which is the only area that we do not have ownership currently of a system or facility. And I think we as a County have to use the similar method that we have, health, safety, welfare. The benefit to the residents of the county, not a municipality but the county. The request from Edgewood came in specifically with the - I won't call it an argument, but the discussion that they pay monies into the quarter percent GRT tax and that they're getting some return back to the community.

I know with Commissioner Anaya's guidance we've set forth some guidelines for them to come back to us to show us the benefits to the residents, the types of hook-ups that would be coming back in, and also the potential of ownership of that system or some type of partnership with that system. For water and wastewater what I'm going to be recommending in a second is that we develop that across the board is a process whereby staff can provide an evaluation or an initial round of evaluations and that could be provided to the Board and we can agree upon the validity of a request. Not the urgency, but the validity. But if there is tax base for a community or an entity or a municipality, then I believe that we shouldn't be asked to fund the project 100 percent. That we should work out an arrangement with them whereby we buy ownership, or they buy ownership into our system at a percentage. And that's what I'm going to be recommending here in a second is that process.

Edgewood water and wastewater is a place-holder on this list because that is an initiative that they brought to us from the south. I am not prepared to say that we are moving forward on it but I do want to make sure that we have it on the list.

CHAIRMAN CAMPOS: I'm just a little skeptical when a municipality with its own tax base, taxing authority comes up and asks for money.

MR. FLORES: Mr. Chair, we're going to run into that same situation in the

northern part of the county when we partner up with that. So I think –

CHAIRMAN CAMPOS: When we partner with who?

MR. FLORES: The City of Española, for instance, on their water systems.

CHAIRMAN CAMPOS: There's that possibility.

MR. FLORES: We're going to need to evaluate that. Very similar I think to our relationship with the City, maybe not to that degree but that same type of discussion and partnerships so that we can make sure that we are providing them with the assistance they need for the benefits of the county.

MR. GONZALEZ: One of the thoughts that we've had internally among staff as we've discussed this issue is are there potential benefits for the County, for example, in terms of affordable housing or other projects that we might want to do, economic development or whatever. So that if we get an ownership interest in the system, is there some way that we can get a return that would benefit the County in other ways, such as providing wastewater treatment for affordable housing that the County would then place in that area. So these are some of the thoughts that we want you to be thinking about in the meantime. How do we structure the agreements with these other governmental entities in the way that brings benefit back to the County that we can use in the future.

CHAIRMAN CAMPOS: Commissioner-elect.

COMMISSIONER-ELECT VIGIL: Tony, another question for you. Could you specify a little bit more about the Acequia Rehabilitation Program and the desalination project.

MR. FLORES: I will attempt to, Commissioner-elect Vigil. The Acequia Rehabilitation Program, we have received numerous requests from different areas of the county, central and northern part of the county where acequias are prevalent. Because of the situation of the acequias the County has been looked for to assist in having rehabilitation for those. There is some discussion that acequia districts or acequia irrigation associations are set up as quasi-bodies. And Steve, shake your head no or yes to that. Maybe?

MR. ROSS: Political subdivisions.

MR. FLORES: Political subdivisions. Thank you. Therefore the County, specifically in District 1 has been requested to assist in that. We have areas that are in our existing open space in the Potrero, for instance, in the Chimayo area that are our property now. We don't have influx of capital outlay dollars to do maintenance. COLTPAC money is purely set up for acquisition. So we would develop a rehabilitation program using a set of criteria, health, safety, welfare type things and evaluate them, and then get estimates set up to see what the actual costs for that. So in a nutshell, that's what we've been requested to do on acequia rehabilitation.

COMMISSIONER-ELECT VIGIL: It doesn't specify any particular area or project.

MR. FLORES: No. Right now, primarily that's the area that's been identified.

COMMISSIONER-ELECT VIGIL: And is this the state desalinization project or are we trying to get into those projects on a local level?

MR. FLORES: Mr. Chair, Commissioner-elect, the desalination project is put

on there as a place-holder as part of the whole Estancia Basin discussion. There were a couple of initiatives that have been brought forward from that basin. One is desalination and pumping the water back up to the county after it's been treated. And the other part is potentially a wheeling – and I know you guys hate that word – but wheeling water from that basin up to Santa Fe County to our system. So I've identified it as desalination but it's actually a much broader project that would include multiple things. Desalination is one of them and then the wheeling of Estancia Basin water to the north is the other.

MR. GONZALEZ: With respect to acequia rehabilitation, one of the things we've experience in the last couple of years is a growing call by acequias throughout the country for support. And we have in a number of instances provided that but we haven't really reflected it in the way we've done our budgeting or in the way we've done our ICIP. This is an effort to begin to recognize what we've actually been doing along the way rather than just having it sort of be the invisible ghost that floats through the system that we don't recognize in a formal way.

DR. WUST: I might add one thing, Mr. Chair, Commissioner-elect that you could expand the desalination line even further in general and call it imported water. Because we've had discussions on, for example, produced water from the oil fields or someone even came to us from another state and talked about importing water. So we just need a general category to look at some of the more broad-ranging possibilities and in general, in the whole basin attitude is basically described as importing water because you're bringing it from outside your main water source area through some mechanism.

COMMISSIONER-ELECT VIGIL: So it might be better classified as an imported water project instead of a desalination project.

MR. FLORES: Mr. Chair, Commissioner-elect, that's in the special projects. I just call it Estancia Basin as a special project. So we can make that change to reflect it on the project synopsis. Because I was corrected on that as well and it's more than just desalination.

CHAIRMAN CAMPOS: Commissioner Anaya.

COMMISSIONER ANAYA: Mr. Chair, in terms of the accquia rehabilitation monies, would that be for cleaning the ditch out, or you said acquiring more? What did you mean by acquiring?

MR. FLORES: No, Mr. Chair, Commissioner Anaya, what I meant on the acquiring is we're currently doing some rehabilitation with the open space we've acquired already. We wouldn't go out and be acquiring acequias. We'd be going out and providing capital dollars for the rehabilitation of existing acequias.

COMMISSIONER ANAYA: Okay, so this money, I guess my make sue that the County is not over there an any of these acequias. I believe in helping them out but I don't want to take that job away and the history away of them, the acequia association going out and cleaning up their ditches. I don't want it to come back to the County and all of a sudden the County's over there cleaning the ditches. I can see us using heavy equipment to repair a part that maybe they can't repair, but what are some of the other things that this money would be used for besides the rehabilitation of a portion of the ditch, possibly.

MR. GONZALEZ: That's sort of a delicate balance, Commissioner Anaya, and it's, I know it's sort of driven Public Works a little crazy trying to deal with these and where to draw the line. There are instances, for example, where we have acequias crossing roads so clearly we have some responsibility to go in and replace some of the conduits across the road and those periodically wear out. The acequias themselves oftentimes don't have the wherewithal in order to be able to replace them so Public Works has, in a number of instances taken - they principally try to use used culverts but sometimes they use, when they haven't had those available, newer culverts in order to do those kinds of repairs.

In other instances, I know we've received calls with respect to assistance when their diversion dams have washed out. And this happens periodically when we have the spring runoffs. At that point they don't have the manpower to be able to go out and do those kinds of repairs and so I think in the past we've tried to give them a boost. We've always done that trying to schedule in, as we don't have uses for other things, but the problem has been that this need and this demand has been growing, particularly out of the northern district. So rather than just kind of blink our eyes and try to continue to do that, what we've decided to do is just take it on up front and put it out there for Commission discussion about what we should do or shouldn't do. I know Commissioner Montoya has some strong views coming out of his district about what we ought to do or ought not to do, but I think the other Commissioners also need to have some input. So that's one of the reasons why this is in here.

DR. WUST: Mr. Chair, I just want to add, just check with Tony, about lining ditches is a common proposal, and that would be, for the County just capital outlay, not maintenance. However, I want to stress that I've talked to a number of acequia members and there's a big divide among themselves about whether that's a good idea or not. A lot of acequia members believe you should never line a ditch and some believe you always should. So that's an area where the County might want to really sort of back off and let the acequia associations make their own decisions because we may put some money into lining and a lot of people don't like that idea and think it's actually more harmful than good in many ways. But there's a big discussion going on, specifically to lining.

COMMISSIONER ANAYA: And I don't have a problem with going out and using this money and using the County to repair something that's in desperate need, like you mentioned, the crossing of a road for a culvert, putting in a culvert or a flash flood disaster. But I don't want to see the County out there cleaning ditches that the acequia association has been doing for many, many years. I don't want it turned over to the County. So those are my thoughts on that. Thank you.

CHAIRMAN CAMPOS: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Two issues. One, on the acequias, if you are going to consider cleaning. I was contacted by a firm that received one of the governor's water saving grants. I think it was a million dollars out of the ten million that they awarded. They're here locally and they make a fabric liner and I can e-mail you about it.

MR. FLORES: I'd appreciate that.

COMMISSIONER SULLIVAN: They wanted to talk to us. They make a fabric

liner that prevents the evaporation and so forth. So I guess if there were acequia associations that wanted to line we might be able to partner with this company that makes the lining and do it without putting a great deal of capital out. So that's one idea on the acequias. And I agree with Commissioner Anaya that we don't want to get into the maintenance, annual maintenance issues on dealing with those.

Could you just real briefly tell me what the \$5 million for development of the County system is for?

MR. FLORES: Mr. Chair, Commissioner Sullivan, I can tell you what my understanding of it is. And I believe that this is a point that will have to be brought back to the Commission for specifics. But as the County goes through and develops its regional system, which we are allowed to do under certain situations and principles of agreement we would be looking at the development of the Public Works well, for instance as part of our regional system. We would also be looking at the potential after the geo-hydrology study or report is done, potentially going into phase 3 of that which is actually siting infrastructure and related costs for wells and line, etc. I would also envision that, depending on how the sources are finally fished out and identified as to what source or what pot of money we're taking on in a project, that could potentially be earmarked as the contingency, so to speak, for any potential additional costs out of BDD, Buckman Direct Diversion, in case it goes higher.

So as we go through, I can tell you the Public Works well, for instance, potentially the Agua Fria park regional well that we've been considering through the Utilities Department as an option, that's how those would be funded. And then there would also be a contingency line left in there in case of unforeseen expenses in the Buckman Direct Diversion.

COMMISSIONER SULLIVAN: I think that would be a very high priority. I see that everything is priority one in your column there, except Agua Fria phase 3, which somehow has dropped down to 4.

MR. FLORES: Mr. Chair, let me explain that real quickly. As you all recall, when we did the ICIP rounds -

COMMISSIONER SULLIVAN: Diplomacy is the better part.

MR. FLORES: We all had that discussion without Doug about how things are prioritized and because of the situation at that time we just gave everything a one because it's top priority. The Agua Fria phase 3 was actually identified on the Public Works priority list and not on the Utilities list but it does have utility implications with water and sewer and that's why it has a 4 on it.

COMMISSIONER SULLIVAN: Of course I feel very strongly about the Eldorado one. I think there's great regional potential out there and we're exploring that now and it's the only one in District 5 that's identified on this list as being in District 5. But I think too, in terms of our regional system, what comes from that study where we develop a wellfield and the infrastructure to get to it, the equipping, drilling of the Public Works wells, the tying in of that well. That's going to be the core of our system and \$5 million may not even be enough. Are these numbers supposed to total anything or are these over any time period?

MR. FLORES: Mr. Chair, water and wastewater projects from my perspective

are very hard to put a number to other than you telling me we're going to allocate \$30 million for Buckman Direct Diversion, because of the moving target so to speak. They're not geared to total anything and they are not geared to give you - they are geared to give you a high number, an estimated number and they may not reflect the actual estimated number after we go through each project by project. And I'm really talking about how we identify each number specifically in a second. So they are not geared to total anything unless they're projects you've directed specifically.

MR. GONZALEZ: For the 2005 GOB funded stuff, obviously there's sort of a time frame just be virtue of the fact that it's coming out of that 2005 bond.

COMMISSIONER SULLIVAN: So the total in here under 2005 GOB \$21 million. Thank you.

MR. FLORES: If we can, if there's no more questions, Mr. Chair, I'd like to wrap up at least this portion of the projects and give you my perception of a process for water and wastewater. And I want to clarify that by saying it is my recommendation as the capital outlay and Facilities and Projects Director, I think we have some things that we need to clean up in the Utilities Department. Specifically, we need to finalize all the schedules for the projects that are currently on the books that are funded with '97 general obligation bonds, which is the \$700,000 balance. We also need to finalize any schedules that are remaining for the 03 and 04 quarter percent GRT. And I anticipate with the cooperation we've been receiving, and I thank the Utilities Department for that is to get that accomplished by the end of this month so we have a clear-cut vision of where we are with the monies that are on the books. That's an important part for numerous reasons. One of them is we have an old bond. The other one we have obligated projects that have not been moved forward and I think we need to really finalize that schedule with Utilities to move them forward.

COMMISSIONER ANAYA: Do you have that list?

MR. FLORES: Yes, I do, Mr. Chair. It's not in your packet.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Sir.

COMMISSIONER ANAYA: So Tony, you're telling us that you would like to finish the projects that have already been started?

MR. FLORES: Mr. Chair, Commissioner Anaya, what I would like to finalize with the Utilities Department is a schedule of implementation for all the projects that monies have been obligated for by the end of this year. In other words, we have projects that are on the books, with the exception of Camino Polvoso which is a wastewater project that we need to move. And PFMD is assisting the Utilities Department in developing that schedule for implementation. And what that will essentially do is clear up the books for the '97 general obligation bond, the 03 and the 04 GRT and 03 and 04 severance tax bond. That's the schedule I would like to complete with the Utilities Department to move those projects forward.

COMMISSIONER ANAYA: So you're going to use some of the GOB money now and the quarter now to put towards those projects that had money that we need to finish?

MR. FLORES: Mr. Chair, Commissioner Anaya, these are projects that

currently have money obligated to them.

COMMISSIONER ANAYA: They're already obligated? We have the money and everything?

MR. FLORES: There's funds existing for these projects on the list and there's about 20 of them.

COMMISSIONER ANAYA: And tell me why we haven't done them.

MR. FLORES: Mr. Chair, Commissioner Anaya, I can't speak for the Utilities Department on why these have not been implemented. I can just tell you that it's our commitment, my commitment that we would have a schedule to implement them.

COMMISSIONER ANAYA: So how many projects are out there that have money that haven't been completed?

MR. FLORES: There's a total of 18 projects.

MR. GONZALEZ: And just to respond to the first question, Mr. Chair, Commissioner Anaya if I could, one of the reasons that we have Tony at the table with PFMD in order to assist with moving the projects has been about that disparity in resources that I talked about earlier where we only have nine employees on the Utilities side versus 120 that the City's working with. Because of that, they just haven't had the manpower, resources that they need in order to move these projects. So in looking at the County as a whole and trying to figure out how we could move what needed to be moved. The one place that we saw as a potential resource for being able to do that was Projects and Facilities Management Department. So at that point I approached Tony. I talked to the folks over in Utilities and asked whether we could do some partnering in order to begin to move these projects in order to close them out. Because they had been just sitting there for too long.

COMMISSIONER ANAYA: I think that's a good idea. I think we need to get those projects done if we have money for them. Here we are trying to come up with other projects and get money for those projects and if we already have projects out there that are already funded, let's, I say, jump on that and get it done. And I'm glad to hear that. Thank you.

MR. FLORES: Mr. Chair, the next part of the recommendation talks about identifying the process for providing funding, i.e., grant process, partnership/ownership, requirements for receiving funding. This goes back to the chairman's question as to how. How is the County going to deal with the requests from different entities in providing funding. And it's my recommendation that we do develop a process, an evaluation method that includes a myriad of things including benefits to the County that we bring forward to you for each of the projects that we've identified as potentials in the new GO bond and GRT.

So it's coming down to identifying process for new monies that are on the books, not old monies. For instance, I believe that with the Edgewood wastewater treatment facility, there are discussions going on at your request, Commissioner Anaya, that we've been working with them on. They're still not quite ready yet, but I think when they develop or finalize their plans we come up with a process on how they receive the funds through some type of ownership, partnership, etc. Similar to the mutual domestics. We have quite a few mutual domestics that

are on the books right now as projects from different funding sources that, based upon the Attorney General's opinion, we need to have a little bit more due diligence before we just turn them over the money, because of anti-donation and other things. And that includes project management, construction management, procurement processes, everything. And that's a different take or position than that seen in the past.

So as we develop the process that needs to be taken into consideration. And I bring up wastewater and water only because we do not have this issue with facilities or roads. When we get money for those projects those are our facilities, or that's our road. And then they are leased or sub-leased to other entities. So wastewater and water are the only capital outlay projects that have this issue where the money would go directly to an organization such as a mutual domestic. When it's a facilities project the building is ours. And we're leasing it or subleasing it to a non-profit. And the road is ours,

So water/wastewater projects that are not our ownership, then we have to develop that process for.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Commissioner Anaya.

COMMISSIONER ANAYA: So we're in the process of coming up with some stipulations. But I don't think that Edgewood, for example, and Cañoncito should have the same stipulations. I think they should be different. The same with Edgewood and Cerrillos or Eldorado and Cerrillos. I think there should be differences in the way we acquire or what we do there. For example in Edgewood, we talked about affordable housing. We can't do that in Cañoncito.

MR. FLORES: Correct. Mr. Chair, currently for ICIP, when we look at prioritization and I'll let Dr. Wust jump in, we look at many, many different evaluation criteria. The first one that comes to my mind is health, safety and welfare of course, which water projects have the highest and wastewater have the highest priorities for that. But the other thing we look at is also project readiness. Is the project ready to receive the funding and implementation or is it barely in the initial stages of thought. And that's another evaluation criteria that we use after health, safety and welfare is project readiness.

COMMISSIONER ANAYA: So the money doesn't just sit there.

MR. FLORES: Exactly. And that's a concern. I can tell you that the County, for capital outlay, I think we have done a tremendous job in three years to clean up any old appropriations. We have 03/04 money right now that will be used up by June of 2005. That's the whole strategy you guys as the Board of County Commission approved in 2002 so it works. I think we need to come up with that same process for water and wastewater projects because they have the largest amount of money attached to them and then roads would be second.

COMMISSIONER ANAYA: So you're saying give them a portion, maybe, so they can start design or acquisition.

MR. FLORES: Yes, the acquisition process or something, and then phase in the supplemental funding to ensure that we're not sitting with bonds that are out there not being drawn down. We're hit with arbitrage from the IRS because we're not spending them down,

etc. Another group of department directors comes before you in a year and say, Oops, you have 2004 now on the books that haven't been expended although we sold the bonds. And I think if we get back into that mode of having those types of dollars on the books, for instance 1997 GOBs, that puts us in a bad light. We talked about this when the bonds were being sold, that we wanted to give the constituents, the voters, the confidence – and I think Commissioner Sullivan used the word confidence – that we could move these projects along. We could get them done. And that's why project readiness to me is an important evaluation factor.

DR. WUST: Mr. Chair, Commissioner Anaya, I would say that you're correct. The stipulations would vary. They'd be site-specific, but I believe what Tony's proposing here is a recommendation that the process include stipulations and that's a decision, if the Commission agrees that I think we approach every project and that is to say – for example, Edgewood. I remember in our meeting with them. You brought it up yourself. You said, How come you're running a line past all these houses and you're not hooking them in to your system? Why can't we hook up all these house wherever the line goes? And to me, that would be a good stipulation as to the benefit of the County constituents, which includes the people of Edgewood. And when you go somewhere like Eldorado, if we envision that as part of a regional system in the future then the stipulation would be let's do some negotiation on water sources or rights and things like that, so they would be different. But the process is one such that we go into these discussions with the thought that How can we maximize the benefit to the most number of people in the county, or integrate this project into the County's future plans. So the stipulations specifically would be different but the process would be we include that thought always when we talk about it. We don't just, in other words, hand people money and walk away and ignore it, unless you direct us to do so. But I believe I've heard mostly from the Commission that with any project, we'd like to envision how it can be incorporated such to provide maximum benefit for the people of the county and fit in with other projects of the County and I believe that's what Tony's approach is in the process, in the process, to bring in stipulations, but the stipulations would be specific to that particular project and whatever would provide good benefit and is do-able.

COMMISSIONER ANAYA: Mr. Chair and Gerald, are we setting up another task force to look at this or a group of people to come up with these ideas? How are we doing this?

MR. FLORES: Mr. Chair, Commissioner Anaya, to answer that question quickly, as a County, we already have a capital outlay committee. Unfortunately, that process for water and wastewater was not completed when we did the ICIP and that's why they all have priority 1. But there is a process that is already established to members of County staff, at all levels. They look at projects after we receive them. Or we hear about them in committee meetings. We set up evaluation criteria that we currently have in place, and then those recommendations are brought forward to the Commission for their evaluation and recommendation prior to receiving funding. It's within the ICIP process today. It's taking the water and wastewater capital outlay prioritization and fine-tuning it through the boards wishes. That process is in place now. I'm just asking that we provide in that process the stipulations and

evaluations specifically to water and wastewater

MR. GONZALEZ: To add to what Tony and Dr. Wust said, without coming up with a rigid set of stipulations, one thing we can do is come up with a menu of considerations for the Commission. For example, how do they intend to partner with the County, what ownership interest will the County get in the project? How does it team with other County projects? What efficiencies can they demonstrate for the project and that sort of thing, without specifying rigid conditions. So we can give you a menu that you can work with, kind of a checklist, if you will to see, okay, do you look at cooperation with other local governments? Did you look at this? Did you look at that? And that way, when we bring it forward you'll know what we looked at.

COMMISSIONER ANAYA: I like that idea, personally.

COMMISSIONER SULLIVAN: I think that's a good way to look at things, particularly regional projects that have a broad context and we really can't pin it down to any one area. Drilling wells for future back-up supply is going to ultimately affect everyone. So I think on the area-specific projects we want to answer all those questions. But I think what you're getting at also is a cost/benefit type of evaluation where you're saying that we want to expend a million dollars and that million dollars would benefit 1000 people. So you get a feel for that now. You have to be somewhat creative as to what the area of benefit is, but I think – and you have to have some subjective judgements on that too, but it is one guideline. If you want to spend \$5 million on a mutual domestic that has 25 participants, that's one consideration. Of if you want to spend \$5 million on an area that has 1000 participants then that's a different analysis. So I think in terms of same basic cost/benefit analysis, particularly on the project-specific allocations, I think that would be useful.

CHAIRMAN CAMPOS: The other issue, the big issue to me if we're going to compare ourselves to Eldorado or to Edgewood is that need. We have a lot of small communities that have a lot of need and don't have a lot of access to resources. They don't have a tax base. They don't have 3,000 to 10,000 residents. They're in a more vulnerable situation. Of course we have to look at the domestic water systems. Are they doing what they have to do to be viable? They're supposed to be independent. They're supposed to be charging for the services and a lot of these don't. They just kind of ask for voluntary donations to pay for the system. And if they're not doing their share to be viable and independent, that's another factor we have to take into consideration.

COMMISSIONER SULLIVAN: Let me just comment, I think that's correct. And that's one of the problems that we have to be careful, Tony, that these mutual domestics are not using the County as an end-run for the Environment Department and the New Mexico Finance Authority and those other funding entities. Because the state has made it very, very clear that in order to receive state funding you have to have water rates that are comparable with rates throughout the state. And there are some of these water associations and mutual domestics that are charging or virtually nothing.

MR. FLORES: Or five dollars.

COMMISSIONER SULLIVAN: The average I think is closer to \$20 and even

SFC CLERK RECORDED 02/04/2005

that, compared to what you pay in Santa Fe which is more like \$80, or \$90 or \$100 a month is low. So I think as a part of that evaluation we want to be sure that we have standards that are similar at least to the state's so that when they look at these organizations we can say that we're not just the court of last resort for them, that they need to follow similar guidelines.

DR. WUST: Mr. Chair, I'll just give you an update on that. The state has a program like that I think we could easily piggy-back on. They call it the Capacity Development Program in the Drinking Water Bureau at the Environment Department. They basically say, in order to be a priority to gain funding you have to be evaluated for what they call capacity. It's not delivery of water. It's managerial. Can you manage the system? Can you financially be capable of paying back loans at such a rate. In other words, do you charge your customers just like you asked. And technical, do they have the technical ability?

For example, a lot of the public water systems in New Mexico, they get money and they put in a new well and they don't have anybody to manage the system and it falls apart because they have no maintenance. So all these things become conditions on their funding. And it's a benefit, not directly to the state but certainly a benefit to the people in that system because now they have a system that will operate in the future and billing is one of the big things. The County could certainly piggy-back on that kind of thing. I think we could also look at - I think we are, for example, Chimayo is a good example. In our discussions with them we did include in those discussion how they could be integrated if a regional system gets to their area in the future. We're telling them right up front, You're not going to be independent 100 percent in the future if a regionalization comes your way. We want that to be part of the discussion.

I think we've also mentioned it for Cañoncito and Apache Canyon, that if Eldorado got integrated into a regional system it wouldn't be a big step to move that forward to a place like Cañoncito which does need some help and they're really hurting for water sources. So we have been in both ways trying to bring that into the discussion currently and I think there are some programs like I said I the state that we could use as models.

COMMISSIONER SULLIVAN: On that same thing, and in terms of prioritization, I just spoke last week with Martina Russell in the New Mexico Finance Authority about this and they are developing a program for capacity development which they will fund. They are developing a mechanism of funding to put experts and engineers and planners and accountants and so forth out in the field to get these small water systems up to the standards that you're talking about here. So I think that's an area where we can help as we evaluate them using those similar criteria. And if they don't come up to where they need to be I think then we can help them with New Mexico Finance Authority and say, Let's get you first to a place where you're comparable and you're paying your own way and you've collected your past debts. Some of these mutual domestics have years and years of uncollected bills of people that just haven't paid their bills and don't want to pay it. And nobody's going to disconnect their water.

So all of these issues, I think that will help in your prioritization. Then we'll say, If we have these problems, that entity needs themselves to resolve those problems but we can help you and we can work as you do daily with the New Mexico Finance Authority and get the experts out there that you need to get to that point. And the carrot, of course the carrot is right

here.

DR. WUST: The Rural Community Assistance Corporation also has federal funding to do that very thing.

COMMISSIONER SULLIVAN: Yes, they do, but they're so slow sometimes.

DR. WUST: They're pretty overworked.

COMMISSIONER SULLIVAN: And overworked and whatever other - and they're a federal entity. So I like to keep these in the state. The state is a little bit - it's not that we want to dismiss what they have to offer but I think the state can move more quickly.

DR. WUST: And I believe that similar thing as you said, to use that when we talk to people and say, If you improve yourself then you can get more assistance. Because the State Environment Department has a list of people and their capacity. The rank them. I think we probably could get some kind of discussion or access to that and say, We already can get an idea pretty quickly of where people are in terms of their overall capacity to manage their system. So we'd at least have as a starting point, we'd know how much help they'd need.

COMMISSIONER-ELECT VIGIL: I guess I just wanted to restate some of the issues that were actually brought up, but I have a question for you Steve. When you say piggy-back with the state, are you saying we would create a partnership with the state to utilize the staffing and the technical expertise of the state actually provides for this, or are you wanting us to model a program similar to theirs?

MR. FLORES: Mr. Chair, Commissioner-elect Vigil, I'm getting ahead of myself but we've already envisioned using a process similar to the state's in providing an evaluation tool. I don't want to - it would be my recommendation that we don't reinvent that evaluation tool. We would combine NMFA, ED, any other state agency's evaluation process when they're providing funding for projects and we would incorporate that into a single tool for us. So we would not be piggy-backing with them, I think there's going to be quite a bit of cooperation with them to complete dollars for a project but I would envision us developing our own tools using theirs as a basis.

COMMISSIONER-ELECT VIGIL: Thank you.

CHAIRMAN CAMPOS: Mr. Flores, how much more time do you envision us taking?

MR. FLORES: Seven o'clock - I'll go quickly, Mr. Chair. Just really quickly, the other recommendations or processes that I am recommending is that in addition to completing the money that's on the books and determining a process for the money that's coming forward is look at a process for completion of projects, and I put down here, i.e., internal or contracted projects. And for clarification, internal, we're going to see this next wee as well. There may be projects that we can complete in-house on roads and water, and there's going to be projects that we complete with contracted services, both engineering, architecture, things like that. So I want us to go project by project and determine whether it's an internal project or an external project, because to be honest with you, if you do an external project there may be some efficiencies we can gain because we are thin in staff in some areas that it may be quicker for us to get the external projects moving.

So I want to be able to develop a process for completion of those and that would contemplate both internal and external.

CHAIRMAN CAMPOS: Mr. Flores, are you suggesting when you determine internal projects that you'd want to expand your staffing so that we are more capable of doing projects in house?

MR. FLORES: Mr. Chair, I believe there are some projects by nature of the project and the amount of funding that we can complete in-house with the Utilities Department for their engineering services. I do believe though that are some projects that are of much greater scale, that based upon the existing workload of the Utilities Department or road department that we would have to look at preparing bids and engineering services for those. And I believe we can provide that. I'm not advocating additional staff for us. I just see - and we'll talk about that when I get to it at 7:00 is the expanded role of the Utilities Department but I do believe we can gain some efficiencies by combining or separating internal and external projects.

CHAIRMAN CAMPOS: But if we have an efficient in-house capability, don't we save a lot of money?

MR. GONZALEZ: If I can step in here, Mr. Chair, that's one of the things we're in the process of taking a look at as we go through the budget process for 2005 is where the trade-off is, where we can save money bringing FTEs on board and not spending it for contractual services. And I think you make an excellent point. We've talked about this in terms of where do we get the maximum bang for our buck in terms of supporting across the board. And we have several functions, obviously, that provide across the board support. On is PFMD, Finance is another, Legal's another. In those areas, because they've got so many irons in the fire and they're supporting all of our departments there are probably efficiencies that we can gain by trading of contractual monies for FTE money. So we'll be coming forward with some recommendations when we come up with the budget for the next fiscal year with an analysis indicating where we think those trade-offs can be favorable to the County as opposed to the contractual side.

CHAIRMAN CAMPOS: It seems to me as we get the additional sum of money which is a large sum of money and we may be doing this for years. So we may look into an investment into internal process.

MR. GONZALEZ: That's one of the things that we've been looking at, seeing the size of the projects, the number of projects that are coming at us, obviously we need to make sure that we've got the resources internally, rather than spending them on contractual services so that we can get the maximum bang for our buck.

MR. FLORES: Quickly, Mr. Chair, the next part is just a dove-tail of that to prepare the schedules for engineering services, etc. And then I've spoken to Doug and to Susan from our Finance Department and we've anticipated at this point, and this is subject to change of course, that the sale of the water and wastewater bonds could be accomplished by July of this coming year. Now that again is subject to change. And this is based upon the fact that we need to get the existing projects off the dime, so to speak, and to make sure that we are prepared, either internally or externally to complete the projects that we said we were going to complete.

The last portion of that is something I would to discuss in further detail in next week's special study session, but for the utilities portion of it we've anticipated at this time a sale of the bonds in July.

CHAIRMAN CAMPOS: Okay. Going on to the next session?

MR. FLORES: The next page is just giving you an outline of what's available in 2005 for GRTs and I think that was self-explanatory in the previous slide. I'd like to jump quickly to special projects, and there's quite a few of them. I'll just give you a quick, thumbnail view of each of them and their potential. Of course Buckman Direct Diversion. Everybody's familiar with that. The principles of agreement. And I think there has been some movement and I'm bringing forward those agreements and I will turn it over to Gerald.

MR. GONZALEZ: Some of these have subcategories so as we go through them we'll try and parse them out as best we can. In the Las Campanas area, obviously, I've mentioned the water system and the fact that we could take over the residential system. There is and has been some exploratory discussion with Las Campanas about eventually taking over their wastewater system. Obviously, they're in the business of developers, not as utility operators. Traditionally, that's a function that developers, as Commissioner Sullivan often points out, like to turn over to counties rather than continue to operate those kinds of systems. But there are some potential benefits that we've looked at internally from taking over both of those systems.

One is as Las Campanas approaches build-out, which I think is 600+ units, we do have the potential perhaps if we take over the wastewater system on the residential side of cleaning up the water and providing it to them for their golf course use in exchange for obtaining an increment of potable water that they currently take out of the system. We've not explored that possibility with them but we have explored it internally and it's a possibility that we can look at in terms of making more water available in the long term if we do that.

Eldorado, I'll let Steve talk a little bit about what's going on there in the water and wastewater area.

DR. WUST: In Eldorado, the Eldorado Water and Sanitation District is now in possession of the water utility, but there's a large payment due come next year to help finalize that condemnation and take-over. But that's the current water system, the El Dorado Utility, the existing infrastructure and all possessions. There is no wastewater facility out that way. Everyone's on individual septic tanks. However, that is an area that's been engaged in some internal discussion about the feasibility of a regional system out that way, integrating Eldorado and the other subdivisions in the surrounding area, or even in a broader context, integrating some of the other residential areas that currently exist there or are planned to be built out in that direction, the Community College District.

So the wastewater doesn't currently exist but there are some potential future regional systems that have possibilities there.

MR. GONZALEZ: In terms of kind of the sprawl issues if you will, Eldorado simply building out in the way that we've previously approved, but in the future, depending on what happens with the evolution of water and wastewater systems, perhaps we could promote some kind of infill development which would provide additional customers for a water system

and a wastewater system. So that's a possibility if we begin to move in that direction.

With respect to the Estancia Basin, there are obviously two major kinds of projects that we've looked at. One is the desal project, bring water up from the east side of the basin after desalinization and the cost of that and the benefits are still sort of out there. I know the State Engineer is weighing those and Steve may have some comments about that.

In terms of other Estancia Basin water production we have also engaged in sort of preliminary discussions with some of the agricultural water users down there who are finally beginning to express an interest in possibly sending out water in the form of bulk water rather than hay or cattle or anything else, which doesn't require the same kind of reinvestment. I don't know Steve if you had any thoughts in terms of the desal project. I know Alamogordo is kind of plowing the way but it looks like a long furrow.

DR. WUST: The biggest issue for Estancia Basin in the County with the desalinization is the water rights. The State Engineer has not ruled on that. Basically, the approach to the State Engineer, John D'Antonio has told us this himself, that when they get a proposal then they'll figure out how to go about it. But they're not going to make a general statement about what they're going to do. And I know some of the agricultural interests in the Estancia Basin will protest very heavily. It's the same issue, that if you withdraw brackish or saline water from deeper levels, may that affect higher aquifers' fresh water? And that hasn't been decided and a lot of hydrology has to be done.

So the biggest thing in desalination for the County right now in the Estancia Basin is that a lot of the real issues have not really been investigated, and it's probably premature for us to invest at this time.

To go back to what Gerald mentioned on the agricultural interests talking about bulk water sales, that could be done for the price of a pipeline, which is a lot cheaper than a treatment plant. One good thing the desalination project has done is sparked the agricultural interests into reconsidering whether they have a financial stake in being bulk water providers instead of just watching a desalination plant get built. And that's being done all over the state, but that's certainly being done currently in the Estancia Basin. It would be a lot cheaper for us because again it would mainly for pump stations and things, but there wouldn't be any treatment or waste disposal that would be involved.

CHAIRMAN CAMPOS: Mr. Gonzalez, I've heard that the City is very active in talking to the folks in the Estancia Valley. Is that true?

MR. GONZALEZ: To some extent that's true. I'm going to ask John to kind of step in here and elaborate on that and then also continue on with the San Ildefonso project and where we're at with that.

MR. UTTON: I'd be happy to do that Mr. Chair and Commissioners. I attended a meeting with some of the City staff and attorneys and some representatives of the area who were interested in that. I think the second alternative and that is the water rights alternative, which I think from my perspective makes a lot more sense in terms of if you go in you could buy water rights for fresh water than fighting a battle to appropriate brackish water. It doesn't make a lot of sense to fight that battle when you've got, I think about 30,000 acre-

feet of recharge in that basin. It's traditionally a farming valley but those farmers who have vested those water rights are now looking to market them and it makes sense I think to look to those people from my view. I think Dr. Wust outlined some of the engineering or hydrologic reasons for looking that way. I think it's going to be a question of how that gets done. I think there were some folks down there who were trying to put together some proposals. I think the City has had some exploration on their own. I know there's also some folks who have been trying to put together a deal and have been talking to us.

I would think ultimately if there's going to be a pipeline and the City is interested in it that we would go in together and split the cost of the pipeline. Maybe our upcoming marriage with the City on one issue might allow us to be more -

MR. GONZALEZ: Engaged in another.

MR. UTTON: More engaged with them on another.

CHAIRMAN CAMPOS: Marriage is kind of a problem.

MR. UTTON: We'll see. But in any case, from my perspective, looking at what are the sources of water out there that they County could go after, this is one of the really obvious big ones for the future. There's a closed basin there that has a supply that's available that avoids a lot of the endangered species issues, safety issues and Indian tribe issues. It avoids the Rio Grande Compact issues and the Otowi Gauge but it does involve a large pipeline down there and probably one could derive 5,000 to 10,000 acre-feet of water for a project in the Santa Fe area. So that may be the big future supply for the Santa Fe area, 20, 30, 40 years from now. And I think it's something we should really be investigating and perhaps fairly quickly going after, trying to secure an interest down there.

CHAIRMAN CAMPOS: That's my concern, Mr. Utton. How quickly should we be moving? Are we moving quickly enough is my question.

MR. UTTON: Probably we should be moving quickly and so maybe that should be a high priority to move faster than we have been in trying to work out how we want to move forward with that. Perhaps we should be purchasing water rights down there now.

DR. WUST: Mr. Chair, if I could add, that concern is not only with the City of Santa Fe but Entramosa Water System is looking at that possibility and Bernalillo County, not for the City of Albuquerque necessarily but for some of the eastern towns, is also casting eyes that way. So there are other entities that are looking at the Estancia Basin.

CHAIRMAN CAMPOS: That's why I'm concerned. There are a lot of people looking at this and a lot of people with resources that are looking at this.

MR. GONZALEZ: What has held it up, I think, has been the mental framework of the agricultural folks down there. And it's only recently that they've begun to think about exporting water in a different way. There's been enough discussion, I think over the last year that's caused them to rethink the fact that they have been exporting water, just doing it in different ways than this, and also taking a look at the reinvestment required to export water as opposed to every five years purchase new farm equipment in order to upgrade what you've got. Or ranching equipment.

So they've turned a corner there and I think you're absolutely right. Now's the time for

us to take advantage of the opportunity.

CHAIRMAN CAMPOS: I'd ask that you look at this really carefully and see if we can expedite the discussion process.

MR. GONZALEZ: It also has the advantage that we can serve other portions of the county, the southern part of the county by acquiring water. That's an additional boon, I think.

MR. UTTON: I'll move on to the next one, San Ildefonso, and that could be a piece of the Aamodt settlement, hopefully would be, but it could also be a stand-alone. The County partnered with the City and San Ildefonso in 1996 to begin the pilot project. I think that location was identified mainly for engineering reasons, that that reach of the river is amenable to the Raney collector systems, which reduce the cost of water treatment a great deal, compared to the Buckman Direct Diversion which is more in a canyon-type setting and treatment costs are going to be expensive.

The San Ildefonso reach which is probably only three or four miles upstream would allow for that subsurface diversion. The pilot project there I think tested quite well in terms of water quality and produces about a million gallons a day and it's there and other facilities, other Raney collectors could be added. The other aspect to it is it allows for the diversion - at least we believe it would allow for the diversion from that site of water rights acquired above the Otowi Gauge and the Top of the World rights are such rights. I think to make it feasible we'd need to acquire additional rights and there would always be a question where those rights come from when most of the rights above Otowi are in acequias and our policy has been to avoid acquiring acequia rights.

But the San Ildefonso piece continues to be an attractive candidate for water diversion and source. Can I just combine it with -

MR. GONZALEZ: Yes. Why don't you just keep going down the list and pick off the other ones.

MR. UTTON: The Aamodt settlement would really bring it together, both that component and the one above it, the Pojoaque Valley Water system. That is a fairly controversial settlement proposal because it would require domestic well owners to cap their wells and tie into a water system. I think the County's involvement in that has not been to force people to get off wells but to try and facilitate a resolution of that long-standing dispute with the possibility of \$200 million in federal funding coming in for a water system that would benefit both Pueblo and non-Pueblo resident in that area. So the County continues to advocate for incentives and methods of construction of that system so that people will willingly want to hook into that and avoid litigation in the Aamodt case. Given the high federal subsidy, which could be as much as 95 percent of the system, the County contribution could really provide a lot of benefits if it could be done in a way that was acceptable to the residents. And part of that would be the San Ildefonso line that would come into the Santa Fe Basin.

I think that without that settlement the Pojoaque Valley Water system would be very expensive and the amount of local contribution would probably make it very hard to fund. So probably, that Pojoaque Valley Water system wouldn't occur without a system, I'm thinking.

So that covers those items. Do you want to talk about Santo Domingo?

MR. GONZALEZ: And you can jump in here too. Internally, as staff, scanning the horizon to see what potential sources of water we've had, one of the other potential sources identified, interestingly enough, I think it was also identified years ago, when the Molzen-Corbin initial study was done and there was some discussion about the County creating a water line from the vicinity of Cochiti Dam, was using either those two Pueblos, Santo Domingo or Cochiti, who kind of have, I suppose you could characterize it as sort of a surplus of water potentially. Cochiti, as you know, periodically their lands get kind of saturated with the water that flows out from under the dam, and I don't know, John, any thoughts about that?

MR. UTTON: I think my thoughts on that are that if, especially the Buckman Direct Diversion comes on line that we wouldn't need that source of supply. If this was a matter of water rights, if we ended up leasing some water from those Pueblos, we could transfer the point of diversion to a more convenient site and wouldn't have to run a line down there. So my understanding of the original reason for looking at this is if either the San Ildefonso site or the Buckman site proved unavailable to us. So I would think at this point there wouldn't be any water rights reason to go there because you'd be -- for instance the Buckman site is below the Otowi Gauge so would any rights that could be available to be transferred.

Then I would think from an engineering standpoint, since the river is flowing first by the Buckman site before it gets to Cochiti there wouldn't be any reason to build another line down at Cochiti, you would just divert it at Buckman. So I think I personally would put that low on my priority list.

COMMISSIONER-ELECT VIGIL: Mr. Chair, thank you. John, you may be able to answer this. A couple of years ago the legislature enacted a memorial that affected the transfer of water rights below the Otowi. What is the status of that and how does that affect our application process, and has anyone actually gone through that process and has that memorial created a barrier to that?

MR. UTTON: Mr. Chair, Commissioner-elect, that's a very good question. That is a memorial that was passed that asked the State Engineer not to allow the transfers of water rights below the latitude of the Otowi Gauge. That was an effort really aimed at our transfer, our Top of the World transfer because a number of acequia associations have protested that. And our response has been a couple of things. One is that we're not transferring the point of diversion below Otowi. The point of diversion is above. And if in coming into our system, and it just so happens that our county straddles the Otowi Gauge so what if in our system we have some heights that are above the gauge and some that are below, why should that restrict us. Because in fact, if all we're taking is the consumptive portion of the water right, we could have a bottling company. We could send out bottles to Los Angeles and Paris and New York. No one would have a problem with that.

So here we are actually, just because someone happened to put a gauge there, we're piping it into our Santa Fe system. There's no legal reason I know of that that could not happen. So this is more of a public welfare argument that water rights in northern New Mexico should not go to feed the growth as a part of municipalities.

The second response is, well, if that's true, we're not transferring acequia water rights. These are water right taken from a commercial operation owned by a North Carolina company that grew potatoes in a center pivot operation really at the tail end of the San Luis Valley in New Mexico. So here we are, we simply went out and got non-acequia rights. We're trying to transfer them. We're using them for households in New Mexico. It's hard to believe that that is not in the public welfare. But that was a memorial passed by the legislature. It doesn't have the force of law but I'm sure the State Engineer would consider it. We'll have to see. We've purchased those Top of the World rights. I suppose if somehow we were barred from bringing them below the Otowi Gauge we could use them in the northern county at least. But we would not be able to transfer them into the Santa Fe Basin.

COMMISSIONER-ELECT VIGIL: Thank you.

CHAIRMAN CAMPOS: Mr. Utton, please continue. Is that it?

MR. UTTON: That's all I had.

CHAIRMAN CAMPOS: Mr. Chair, real quickly, we've talked about the Edgewood wastewater facility as a priority for us in the southern part of the county, definitely with our potential housing projects down there and the benefit to the residents of southern Santa Fe County. So that's a project we're going to continue to work on. They are at the preliminary engineering phase and they have not completed that and that's why we have not been bringing them forward under Matters from the Commission or Presentation to give the full Board the sense.

And then the other one that's on the special projects list, Doug and I have been working on the potential of siting a minimum of three water fill stations, similar to what they've done in McKinley County where residents can come and actually purchase water through a water fill station rather than having our guys go out there and pump it for them. There's a couple of ways we can do that. Automated, a number of things. So that continues to be a priority for PFMD as well as Utilities.

Quickly, in the matter of time or convenience of time, in the future, we've provided a lot of information and we've provided a lot of hope. And I think the discussion today was to start the dialogue with the Commission and the Utilities Department so that we can start addressing the concerns, how we go about prioritizing the projects. I think it's evident from my perspective anyway that as the departments grow and their role is changing from a simple water utility company now to a water resources department in the future. And that dove-tails with what Gerald said earlier about coming back with a plan of internal and external. I think from the PFMD's perspective on the outside looking in I think the Utilities Department has grown and it continues to grow and it will continue to grow even larger. And I think we need to address these issues, not only from a capital outlay side but from a policy direction and implementation side.

An update on the geo-hydrology report. We found out this morning that we should be – it's anticipated that we bring that forward at the January Board of County Commission meeting. Dr. Wust is going to take the lead on that to make sure that we get – okay, Dr. Wust and myself are taking the lead on that to make sure that we get that contract ready for the

January meeting so that will start the phase 1 and phase 2 of that analysis. It is anticipated as we commented at the retreat that it's an 11-month process so I'm hoping that as the analysis goes forward we're able to bring back deliverables at different points in time to the Commission, for an update and informational piece so that we can make sure that we are moving in the same direction the Commission wants us to move in on that analysis.

It is anticipated that if the Board directs us we can go back out to phase 3 which would tie into the development and siting of the wells and infrastructure that would go along with that.

The other piece that I put in there for you is mainly for informational and discussion purposes is we've been talking about regionalization and how we go about it and I merely put some maps in there to show you of all the different mutual domestics that are out there and water systems out there and our commonalities as far as our geographic location and how they could be brought into the system on a regional basis. So those maps that are included in the back part of it, the water supply system, and then they're broken out. So you can see that we have quite a few small mutual domestics and areas that could use the assistance of the County once that system is identified and that's why they are included in there.

The last thing that's included in this is just a little final vision from Mr. Sayre. Since he's not here it's in the back of the analysis. It just says A vision without implementation is nothing more than hallucination. And that's his closing thought. So with that I stand for any questions.

CHAIRMAN CAMPOS: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Tony, on the last map of the Eldorado-Lamy area, what are the horizontal blue lines?

MR. FLORES: Mr. Chair, Commissioner Sullivan, I couldn't answer that question. I received these and put them in and I wasn't able to go through each of the legends. I can find out for you, sir.

MR. GONZALEZ: I almost looks like it's areas that are served by some sort of water system, but that would be my conjecture.

DR. WUST: Mr. Chair, I'll hazard a guess. It's either a) the service area of the utility, or b) the water and sanitation area. But my guess it's the service area of the utility.

COMMISSIONER SULLIVAN: I didn't realize that Lamy went so far south.

MR. FLORES: Actually we have a connection to Lamy Park. On the southern portion of the Lamy Park we actually have some of it on our property.

COMMISSIONER SULLIVAN: Yes, but it's showing it going three miles further.

MR. FLORES: That's the Girls and Boys Ranch right there.

COMMISSIONER SULLIVAN: And the area excluded there on 285. I wonder what that is.

MR. FLORES: Mr. Chair, Commissioner Sullivan, I can find out for you and present that at the next meeting.

CHAIRMAN CAMPOS: What's the status of the regional water system legislation? It was proposed at the last session and then we had I think decided to repropose at

this session.

MR. GONZALEZ: I guess that's a question for the Commission and I think Tony and I are simply waiting for direction on whether we want to reintroduce it this go-round or what to do with it.

CHAIRMAN CAMPOS: I thought it had been, that there was a decision that we wanted to do it again. The question was a refinement process and I think County staff was going to go out to the communities to get some feedback so we could refine the legislation. That's where I thought it was at.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Commissioner.

COMMISSIONER ANAYA: I have a meeting with Representative King scheduled within the next week, I believe. So I am going to get her thoughts on how she feels about the regional water system and her thoughts.

MR. FLORES: Mr. Chair, I don't recall that specific direction. I do recall us talking about the issues that were raised, specifically in the southern part of the county from the water co-ops and the water utilities, specifically Entramosa and one other one. I believe that we still have time to go out and do that leg-work with Mr. Sayre and those individuals at the water co-ops in the southern part.

MR. GONZALEZ: The resolution that was adopted by the Commission after the session asked us to go out and reach out to all the community groups and so on. It's a difficult process because we've got so many small water systems out there we haven't been able to reach out to every individual water system that's out there. We have through the Española Basin a water planning forum, done some outreach there on the intergovernmental basis and with some of the other users in that area and had some broad-based discussions about where to proceed in terms of an authority. They have different ideas. It depends on who you talk to, which Pueblo you talk to, and a lot of them, I think are waiting to see what the outcome is of the Aamodt process. In a sense they're kind of looking at the County to see where we end up coming out of the Aamodt process. So no specific direction in that area.

And with the relationship that we've got with the Estancia Basin water users, we provide them with some contract money on an annual basis, there's been some outreach there, but again, everybody's sort of sitting on their hands waiting to see what happens in terms of what moves the County's going to make in terms of reaching out to the agricultural providers, where we're going to go with it. So it's taking more time than we originally anticipated, just because of the number of players that are at the table. It's been a different process for the northern part of the county than it has been for the southern part of the county, and then within the city of course, we've been working through those issues in part using the Buckman Direct Diversion project and the way we're modeling a regional kind of authority should the joint board that would operate the system there.

CHAIRMAN CAMPOS: That's not a true regional though. It's kind of a metropolitan.

MR. GONZALEZ: That's correct. But I think what a lot of folks are telling is

they're waiting to see if we actually can make it happen or not.

MR. FLORES: Mr. Chair, I was just talking with Dr. Wust. I believe though that we can still do the outreach with Mr. Sayre or without Mr. Sayre depending on his emergency at home and still accomplish the same task quickly.

CHAIRMAN CAMPOS: Let me ask you the question, Mr. Gonzalez, from a policy perspective. Should we pursue this legislation at the next 60-day session. If your answer is yes, what do we need to do? What refinements do we need? I think we've had a year to think about it. I think a lot of people have thought about it. I think it's a good idea. I think we have to take the lead and by sitting on our hands, we're just becoming very passive. We're going a lot. I'm not saying that. This legislation may be important to the big picture.

MR. GONZALEZ: I guess my thought is because the legislation kind of kick-started the process, the dialogue process between the County and the City. If we want to continue to use it in that fashion then it's available. In terms of being able to get it through the process, we almost got there last time, but because we hadn't worked out the details we didn't this time we've got the folks who are going to be watching for it. It's going to be much more difficult to get it through and I guess I'd be a little concerned about introducing it at the same time that we're having the dialogue with the City about how to move forward with the Buckman Direct Diversion project. If I had my druthers, I supposed I'd probably just want to keep it in my quiver for next year but again, that's just my evaluation. I don't know if any of the other staff have any thoughts about it. John, Steve?

MR. UTTON: Mr. Chair and Commissioner, the only other thing I'd like to add just for your consideration is that I think there are two other similar although certainly not to the same scope I think the chairman is thinking of, but I understand that there's a building proposed to deal with the conflict between Dona Ana County's water system and Fernland Park and trying to establish how those kind of vying systems are going to work together, either separately or on a regional basis.

And then I understand there's also going to be proposed a "clean-up" bill to deal with the Bernalillo County/Albuquerque water authority. Now, those are I think more metropolitan perhaps and less of a regional approach. But I would be interested in looking at those and studying those. If we throw kind of a third version in the hopper, we'd want to make sure that we can explain why it's different and why it needs to be done. And I think we'd also need to think about how it would relate to this possible water authority that Aamodt is calling for, in fact Aamodt I think is thinking that if the settlement gets done there would be some kind of state legislation creating a water authority approval over there. So I think we need to just make sure that it fits with what else is out there on the landscape. And maybe just because other people are doing things it shouldn't deter us but I think we just need to make sure that we can explain what we're doing makes sense.

CHAIRMAN CAMPOS: I think what I'm proposing is more of a comprehensive solution. Everybody's coming from an area or a special project. Dr. Wust, do you have any thoughts?

DR. WUST: Mr. Chair, I'll hark back to something Commissioner Sullivan

mentioned once in one discussion. He said that we could actually build one of these authorities without having to start with the legislation and I think it's similar to what Gerald is mentioning that if we do come up with a successful arrangement with say, Eldorado and Cañoncito and even down to Cerrillos and Madrid and maybe even Cochiti, we demonstrate what we're trying to develop, and that way when the legislation does go in it's basically codifying something that we've demonstrated is a feasible project and that's a little easier task than coming up and saying we're trying to create something and we're trying to decide what we're trying to create.

And I think you're right; most of the thought so far has been as a metropolitan thing. For example, the specific example that Gerald was talking about, Cochiti, I was thinking, well, you could use it as a water source, such as San Ildefonso, if they don't want to give us something, they want to sell us water. Or Santo Domingo, and run a pipeline straight east to Cerrillos and Madrid and it could still be under the same utility authority. But even the one we have existing, the Utilities Department in the County, it wouldn't necessarily be connected to the rest of our system. Or we may have something develop with the City by then. Buckman Direct Diversion may force us into a City/County regional relationship and that could be what is the model for legislation.

I think there are things in place, instead of trying to use them to create a legislation, they may demonstrate for us what the best regional authority would be and how it would operate and we're already creating that.

CHAIRMAN CAMPOS: My comment to having a regional City/County authority, this kind of concerns me because the City does not have the regional perspective or interest. They look inside only. I think we definitely have to look throughout the whole county, including the municipalities. We're the only entity that can provide true regional. We're the only political entity that has that authority. To say the City should have control of a regional system that regulates the entire county, I think to me, that doesn't sit well with me.

As far as Mr. Gonzalez' idea that the City may veto, I'm not sure that they would. I think last time they were caught off guard. I don't see why they would. I don't see how - they're proposing this huge annexation plan. There's a lot going on there, but I'm not sure why they would be in the veto mode if we're looking at regional as opposed to metro development. And the other issue, Dr. Wust, is taxing. Where do we get our - maybe we do have mechanisms that we could do things, but what about resources, money, to do this? The statute that we proposed last time had taxing authority. We don't have additional taxing authority at this point. How do we resolve that issue? Additional resources to do what you think we might be able to do without additional legislation.

DR. WUST: Mr. Chair, that's an excellent point. That the taxing authority would be an addition on top of what the County can provide and that is certainly an area that should be considered. I was thinking really from what you might call an operational standpoint and that is, again going back, in essence, we're starting to build by partnering, the County partnering with various entities, Eldorado and Edgewood or anywhere else. We're in essence building, as Commissioner Sullivan pointed out, we're starting to build a regional authority, without the City. When I said the City and County, that may be one of the things that could fall

out about them but it could fall out that we have to go our separate ways, and that's what it's been to date.

So I can't address the taxing authority which is a critical issue. I'm just thinking, we are growing and we are building more regionally today. That's what the County is already doing. So that helps point us in a way to design the legislation to what we want it to be instead of trying to invent something from scratch. We can see where we're already building.

CHAIRMAN CAMPOS: I understand that. Mr. Flores, do you have a comment?

MR. FLORES: No.

MR. GONZALEZ: Steve Ross is just reminding me that if we're going to give this entity taxing authority we also have to look at providing for elections for the entity, one thing. The other thing is that going into the session, whatever we propose has to have the agreement of all five Commissioners. I think we saw the problems last time, not that initially, we didn't have that agreement but it's got to be something that won't fall apart because if it does, once we get there we've already sunk the ship before we've launched it.

CHAIRMAN CAMPOS: Absolutely. That's what happened last time and then it kind of - we had some objections and backed off. We do need that solid commitment this time if we're going to do that. Commissioner Sullivan.

COMMISSIONER SULLIVAN: I agree with that. I don't think we should move forward with that without that. And I think as Commissioner Montoya pointed out, it should be communicated very clearly that it's not just a water authority; it's a water and wastewater authority. And I think that is going to bring us a great deal of support. I think if all the Commissioners feel it's the right thing to do, I certainly support going in for a couple of reasons. We don't have specific projects now, and I think that's to our benefit. But we have all these things on the horizon. We've got Aamodt, we've got Edgewood, we've got Eldorado, we've got all of these things where we could help. But if the only way we could help realistically, other than the County Utility, is to set up a water and sanitation district. And the water and sanitation district requires voters to approve something. And Eldorado already has a water and sanitation district, and other areas have entities.

We don't want to create entities that look like entities that are already there. We want to create an entity that's an overarching entity that can help the entities that are already there. And that's the message, I think, we need to get across. And that was the question that the legislators brought up, Representative King brought up, Well, you already have the authority to do all that. Well, we don't. We don't have the authority to create an overall entity that could tax, that could develop this broad perspective, that could be the entity that's there when Aamodt's ready to go. It's there when Buckman's ready to go. In fact in the principles agreement we even talk about the sale of the Buckman Diversion after ten years as a possibility to a regional water entity.

And I think we can sell it better now as being all things to all people, if you will, as being just a structure, an infrastructure, the basics of an agreement that gives us that authority to go wherever we need to go. I don't think we need to have elected officials, do we? I think we

can be appointed, can't we?

MR. ROSS: Mr. Chair, the problem last time, we had a mixed appointed and elected body and we didn't have specific taxing authority in there and we didn't have provisions for elections.

COMMISSIONER SULLIVAN: Well, I think the thing is to go appointed.

MR. ROSS: Yes, there was a constitutional issue with appointed officials authorizing tax levies.

COMMISSIONER SULLIVAN: Okay. If we can work that out. My understanding was that any tax outlays would come to the County. The County would be the authority.

MR. ROSS: The way the legislation was drafted last time we dodged that issue. Any funding would have to come through a body such as this. The authority didn't have its own independent taxing authority the way it was drafted last time. And the only way you could get there is to create something that looks more like a water and sanitation district and we had some discussions about that. We didn't want to go quite that far for a lot of reasons. We wanted to keep input from this Board in the water authority board. So in order to do that we avoided having independent elected officials. We had appointed officials that theoretically would answer to this Board on important decisions.

CHAIRMAN CAMPOS: This Board could be the actual regional water authority too.

MR. ROSS: Yes. I think with a different sort of legislation we could get almost or maybe all the way where we wanted to be last year using this Board as the governing authority.

COMMISSIONER SULLIVAN: I just think that we need to strike while the iron's hot. That we've had a couple years of drought. People have water issues at the forefront. We saw that in the bond election. The longer we wait the harder it's going to be to get this enabling legislation. I think that's as far as we need to go is to get that. So we've got the tools. And then we can decide later how to use those tools and whether we use the Commission as the initial entity and then later on we can develop a separate - we can go in with other legislation, develop a separate board if it's becoming too much of a burden on the Commission to be this regional entity. I don't know. But we need that authority to go beyond specific creation of districts. Otherwise, every time we go out to try to do a regional project it's going to get voted down because nobody's going to see the benefits of it in the short term. And you're going to end up gerrymandering districts. You're going to have to hook in like a little bit of the City of Santa Fe and something and a lot of the rural area and you get into that battle of fighting the rural versus metropolitan in order to get the votes past the districts.

I just feel it's politically a good time to put this legislation in there to keep it close to the - within the County's control and to give us that extra authority we need when we need it. Because when it comes up, we're going to need it fast. And whether it's the Aamodt settlement or whatever it's going to be, I really think something's going to explode up there at Aamodt and we're really going to need to be in the driver's seat and have that mechanism, more than

just our Santa Fe County Utilities Department.

So for those reasons I – I agree it's tough for the staff. It's harder to sell with less specificity. And I don't disagree that people are just interested in projects. They want to know where A connects to B and they wonder who's in charge and who's going to pay for it and who's going to pay the taxes and so forth. And that's fine. But if you look back at how all these regional authorities were created, they were created with a broad brush by an entity and they evolved over many years. So I'm kind of thinking that's the way we should go and now's a good time to do it. And I think last year was also, simply because of the attention that water's getting.

CHAIRMAN CAMPOS: I agree. Commissioner Montoya.

COMMISSIONER MONTOYA: Thank you, Mr. Chair. I concur. I think that we probably need to reintroduce this legislation. Commissioner Anaya and I are going to be meeting with Representative King, Rhonda King in about a week or so to kind of go over what some of her concerns were with the legislation that was introduced last year. Kind of got a general feeling as to what it might be, but I couldn't agree more with everything that Commissioner Sullivan just outlined because when these things, and I don't know, John thinks Aamodt, we may see something in March, right?

MR. UTTON: That's the plan, is to try to bring it to a close and present it. This is it and hopefully it will work and people will go for it or go back to the drawing board. The court's told us, Judge Martha Vazquez has told us by the end of March we have to be done with our negotiations.

COMMISSIONER MONTOYA: So for that reason, I think all the others that we've discussed previously, I would support reintroducing this legislation and seeing what we can do to allay some of the concerns that Representative King had. Because I think it was mainly her, in my recollection, that she had some major concerns.

MR. GONZALEZ: There were also concerns out of the northwest corner of the state as I recall.

CHAIRMAN CAMPOS: Northwest corner?

MR. GONZALEZ: Yes, mutual domestics up in the state.

CHAIRMAN CAMPOS: The state of New Mexico.

MR. GONZALEZ: Yes.

MR. FLORES: We also had concerns from the southeastern corner of the state as well, Eddy, Chavez, Roosevelt.

CHAIRMAN CAMPOS: Okay. Well, maybe we have to kind of redesign it a bit. Commissioner-elect.

COMMISSIONER-ELECT VIGIL: Thank you, Mr. Chair. Actually, I have to leave shortly so I just want to make a few comments. I too would support a water authority through the legislation but I do think we need to address a strategy and I'm glad to hear some of the Commissioners are working on communicating with the legislators because that's the biggest piece. One of the problems that this legislation had that I think we need to create a clear strategy and a distinction, especially with the community. Because the community also lobbies

SFC CLERK RECORDED 02/04/2005

and they create perceptions for the legislature, is how we're going to distinguish this from the metropolitan board authority that was created quite some time ago.

I think that's an important piece of distinction that we need to make for them. I think the legislature, if in fact the taxing authority goes through referendums is glad to consider it, but the ultimate authority I think for taxing authority has historically, and I think constitutionally, rested with the legislature and I don't know that that's something that they're willing to actually give up unless a referendum goes against that.

I want to thank Gerald, the chair and the Commissioners for including me in today's work study. There's a lot that I learned and a lot that I think still needs to happen. Thank you, Tony. Thank you, Steve and thank you for being here. Your legal perspective is always appreciated. If I were to give any sense of direction, not at this point in time, but during my tenure, what I would say is that one of the first things I would like to look at is what your needs are, because nothing can be accomplished without the staff support system there and I know that that need is something that hasn't been dealt with. So I'm glad to hear, Gerald, that that's something you're going to proceed with.

Tony, I'd love to see your schedule of implementation and your time line, and I particularly like the goal of getting with the GOB '97 obligation. I think that's a realistic goal and I'd like to see that move forward. I think we do need to partner. I don't think that the tasks before us are something that we can take only by ourselves. A partnership, and I like what I'm hearing with regard to partnership.

A couple of things that I didn't hear about that I'd like to stay on the radar screen is water infiltration galleries, some of the innovative ways of addressing some of our problems. Injection systems, that kind of thing. None of those were part of the projects that are before us, but perhaps it's something that we should just keep on the radar screen because I think some of those innovative projects, together with some of the desalinization projects and that sort of thing are good.

Another thing I'd like to see the County work on and work towards is septic tank waste management. I know the state has actually taken some initiatives and gotten some funding to work towards that, so perhaps maybe we can align our thinking with what they're going to do with septic tank management. I think that's a critical need for the County, particularly in the areas where most needed, and that's the rural areas. And for the most part, I believe that part of the reason why this legislation last year had some difficulty is because the City lobbied against it and I think they lobbied against probably because they didn't have the full knowledge of the benefit of that. And I'm not too sure how we should strategize with that but I think that should be a part of our strategy.

And I think that is it what I have to offer. Point, point, point. Thank you very much for allowing me to be here and I look forward to being here in January and helping make those decisions and helping you as staff and the Commissioners and their policy decision making towards resolving these water issues. They're very difficult. And I also, Tony, would like to add that I really like the idea of creating some standardized criteria for prioritizing these projects. It's very necessary for the public for them to know that this has been definitely an

objective process. Thank you. I have to leave.

CHAIRMAN CAMPOS: Mr. Flores, anything else?

MR. FLORES: No, Mr. Chair.

CHAIRMAN CAMPOS: It looks we've gone through it, Mr. Gonzalez.

MR. GONZALEZ: I think we've covered it, Mr. Chair, unless there are any other questions from the Commission?

CHAIRMAN CAMPOS: Any additional comments or questions from the Commission?

COMMISSIONER MONTOYA: Mr. Chair, I apologize for having to leave, but the '97 GOB, Tony, that's where in the chart, in terms of the expenditure -

MR. FLORES: Mr. Chair, Commissioner Montoya, it's not included in the project synopsis. As I prefaced my remarks on the '97 GOB and the existing 03/04 quarter percent GRT, we are still completing the auditing of those projects with the Finance Department to get a true balance on it. I can tell you for sure the \$736,000, there is a list from the Utilities Department that I was going to share with the Board at next week's meeting that covers those projects, but they're not included in the existing project synopsis.

MR. GONZALEZ: Mr. Chair, Commissioner Montoya, one other area that we did cover that I know is of interest because of your district and the composition of your district is the whole issue of dealing with the acequias and how to manage that. And I know there were some concerns about using County resources in that area that were expressed at the same time understanding that there's also some needs that we need to assist with. But I just wanted to make sure that you were aware of that discussion and if you had some additional comments that you wanted to pass on to us we certainly would be glad to hear that.

COMMISSIONER MONTOYA: Okay. Thank you, Mr. Chair, Gerald, for bringing that up, because that is something that I think we need to look at in terms of - they are water systems for these people in terms of the surface water anyway. And one of the - my understanding is that historically, that has been one of the things that the County has always helped in terms of maintenance and assistance with the acequias in that whole area. So I think that's something that has pretty much come to be expected. And the thing is I don't think we've really done a good job planning where these resources are going to come from or how we're going to maintain these acequias. We really need to do a better job I think at doing that so that those acequias are maintained so that people can continue to use them.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Sir.

COMMISSIONER ANAYA: Commissioner, I know my comments were that the acequia system was one of the first means of water delivery here in New Mexico. It's very important and I didn't want to take away from - I guess my concern was how are we going to spend those monies now in terms of being - if there was a flash flood or if they needed to put a culvert across a road, or they needed some assistance in heavy machinery. That was okay. But I didn't want to take the historical part of it out and turn it into Santa Fe County is going to be cleaning the ditch a quarter mile and the association would expect that of us. And I thought it

SFC CLERK RECORDED 02/04/2005

would probably be best that the history of the acequias was once a year, the mayordomo gets the people there and they clean it as a group. And I would be very hesitant to take that away from them. And I know that it's easy to say Okay, County, go over there and clean such and such many miles of ditch. And that's where I didn't want that money to be used for. I wanted it to be used for special things or emergency things. I don't know if that's how you are anticipating that at all.

COMMISSIONER MONTROYA: Yes. Yes, Mr. Chair, I think that's definitely along the lines. Because I think that is - if you take away the cleaning of acequias you're taking away part of the culture and the tradition of why the acequias even exist. So I wouldn't want the County to do that, although some people would probably want us to.

COMMISSIONER ANAYA: Right. And I don't want them to think, We won't clean it this weekend because the County will do it during the week. And I just don't want to see that happen. Take that away.

CHAIRMAN CAMPOS: I think the other point in that discussion, Commissioner, is that these are designed as self-reliant, independent entities with their own powers and they were designed to be self-sufficient. Unfortunately, because of the loss of membership that's not happening. In a lot of the acequias the members aren't taking full responsibility to keep them independent and they're relying on the County to supplement. They should be looking down the road and being as independent as they can and looking to us only for emergency situations, like the dam breaks and they need some heavy equipment they don't have. And I would be looking at that. That's fine.

But they have to maintain their own reliability and they have to take - they've got to come up with the bucks. It's a situation of where you put these tax dollars. That's the way I see it. I think they're independent. They should maintain their independence. They should require the membership to come up with what they're supposed to come up with. Often they don't and therefore they come up short and therefore they come to us. So I don't like that. I find that a problem.

Just like the mutual domestics. They've got to show that they're independent, that they're capable, they're viable. They can't just use the County for all their supplemental to keep them alive even they are unviable on various issues. They don't collect their money. They don't look to the future. They don't manage very well. They don't have the managerial skills to maintain and take care of the water systems.

COMMISSIONER MONTROYA: One other thing, actually, along with specifically the acequias, the biggest problem I guess that we have or encounter is when it rains and the presas wash out. That's typically the type of assistance that we provide. So if we were to actually put some permanent ones which can be engineered, and if we can help them in that way, that would eliminate us having to go out and fix the presa every time it floods and they would just have a permanent structure there. So I think that's something that some of those mayordomos and associations have expressed an interest in having that because again, sometimes they need the water the next day because that's when they've got it, and we're not able to be there that next day. If we could engineer something more permanent structurally I

think it would help. Be a one-time cost that the County would have to absorb.

CHAIRMAN CAMPOS: Shouldn't the acequias –

COMMISSIONER MONTOYA: They should contribute.

CHAIRMAN CAMPOS: Be primarily responsible for this and we could help them with it. Getting grants, engineering, things like that.

COMMISSIONER MONTOYA: That's what we would hopefully do. And if the County has something that we could contribute to the water system maybe we could do that as well. I understand where you're coming from but the bank's getting emptier for these associations as time goes on.

CHAIRMAN CAMPOS: And we're hoping that there's a turn-around and any idea that would help in this turn-around but we don't know.


COMMISSIONER MONTOYA: Right.

CHAIRMAN CAMPOS: Any other questions or comments?

ADJOURNMENT

Chairman Campos declared this meeting adjourned at approximately 4:15 p.m.

Approved by:

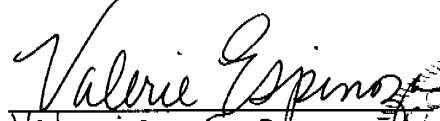


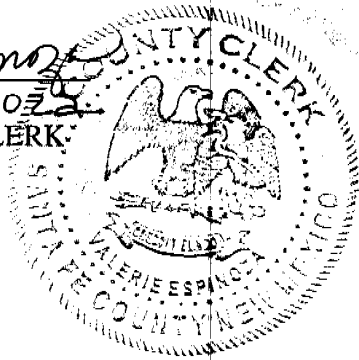
Board of County Commissioners
Paul Campos, Chairman

Respectfully submitted:


Karen Farrell, Commission Reporter

ATTEST TO:


Valerie ESPINOZA
SANTA FE COUNTY CLERK



SFC CLERK RECORDED 02/04/2005




COUNTY

UTILITIES
DEPARTMENT

SFC CLERK RECORDED 02/04/2005

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HIS COPY

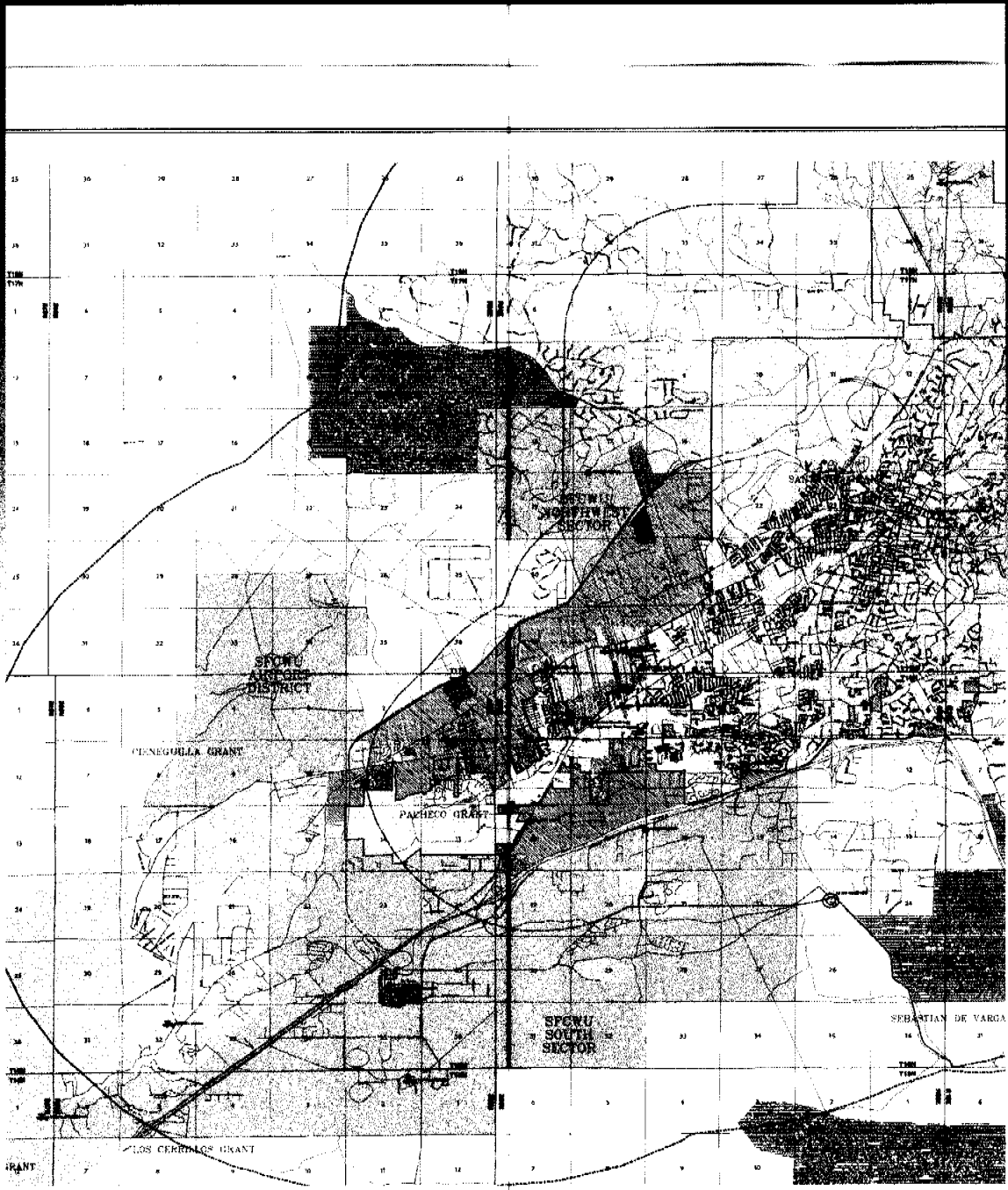
- 
- ❖ August 1994 - County City
“Wheeling Agm’t”
 - ❖ July 1996 - SFC Water Company
Dissolved
 - ❖ July 1996 – SFC Water Utility
Created
 - ❖ August 2001 – Valle Vista Water
System Acquired

Facility

- ❖ December 1998 – Sewer Ordinance Adopted
- ❖ August 2001 – Valle Vista Sewer Acquired

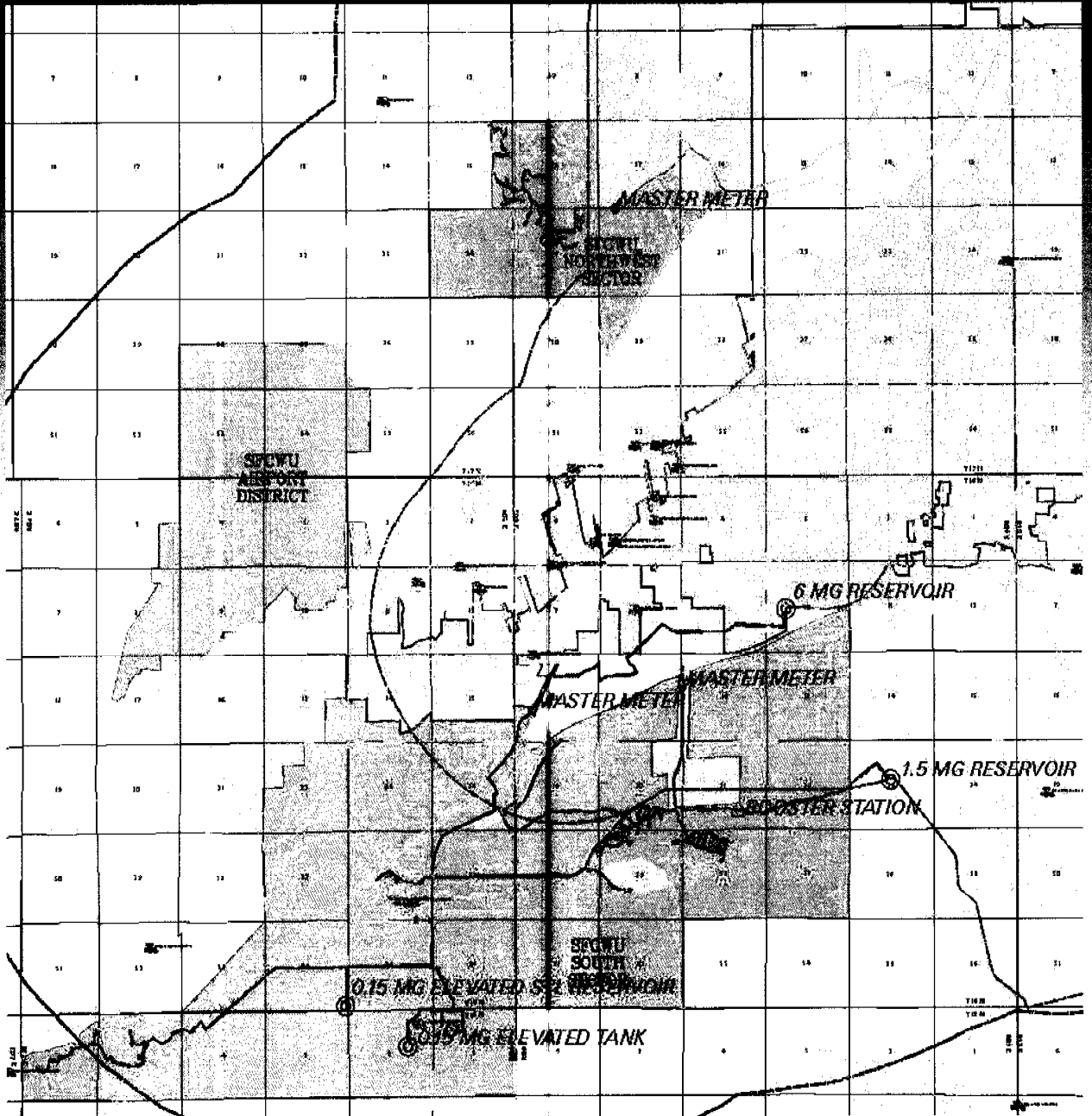
EXISTING STATUS

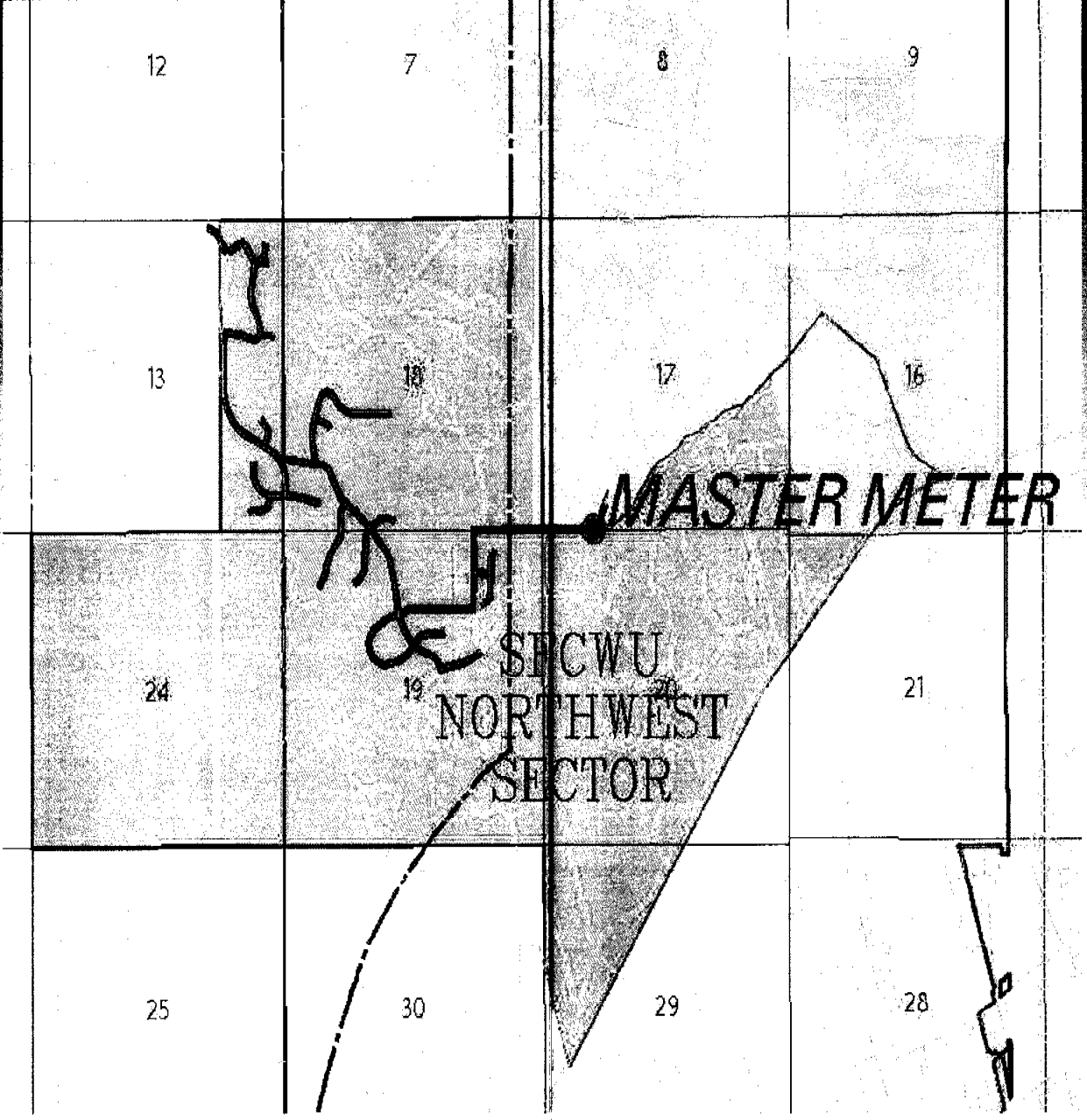
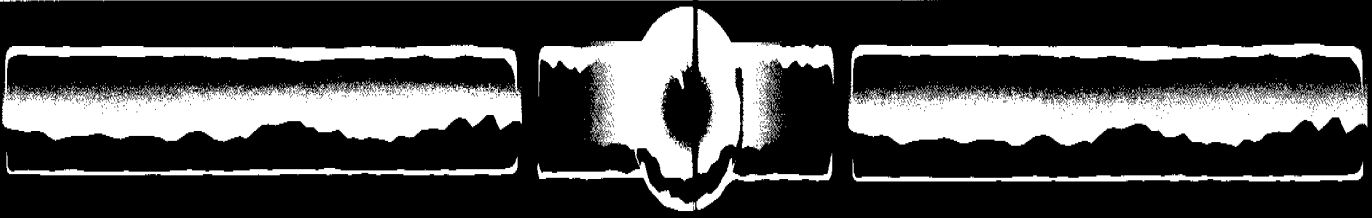
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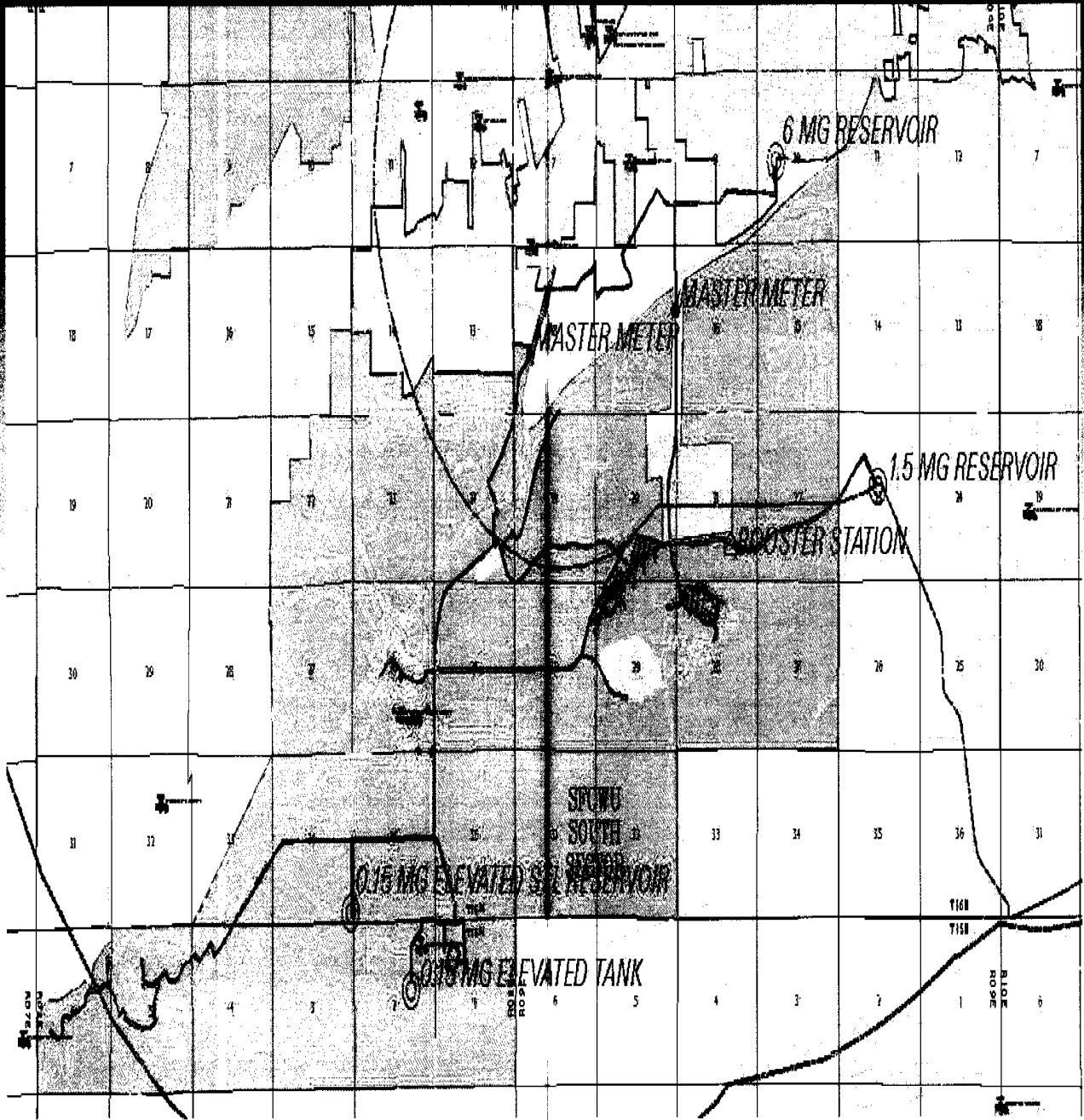
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SFC CLERK RECORDED 02/04/2005





SFC CLERK RECORDED 02/04/2005



SFC CLERK RECORDED 02/04/2005

| | | |
|--------|-------|-----------|
| ❖ 1998 | 139 | Customers |
| ❖ 1999 | 200 | Customers |
| ❖ 2000 | 238 | Customers |
| ❖ 2001 | 529 | Customers |
| ❖ 2002 | 776 | Customers |
| ❖ 2003 | 990 | Customers |
| ❖ 2004 | 1,166 | Customers |

❖ Commercial

20

❖ Residential

1142

1166

* National Guard

**IAIA

| | | | | | | |
|------|------|-----|-----|-----|-----|--------------|
| 2010 | 1305 | 100 | 46 | 300 | 350 | 2,101 |
| 2020 | 1705 | 225 | 146 | 300 | 515 | 3,091 |
| 2030 | 2205 | 350 | 246 | 300 | 680 | 4,081 |
| 2040 | 2385 | 500 | 346 | 300 | 782 | 4,691 |

SFC CLERK RECORDED 02/04/2005

| WELL NAME | | | | Comments |
|------------------|---------------|----------------|---------------|---|
| HAGERMAN WELL | | | 87.4 | Need to transfer to PW site |
| LA CIENEGA | | | 33.5 | Need to transfer to Valle Vista Wells |
| SAN JUAN CHAMA | | 375 | | Current agreed amt. |
| TOP OF THE WORLD | | 588.0 | | Pending approval of diversion at San I. |
| SOCORRO & T or C | 11.07 | 580.0 & 246.79 | | Applications filed |
| MISCELLANEOUS | | 290.69 | | Rancho Viejo, Vigil & State Land Office |
| TOTAL | 588.57 | 2080.48 | 120.90 | 2789.95 |

SFC CLERK RECORDED 02/04/2005

SFC CLERK RECORDED 02/04/2005

2004

304

01/10/04

| | |
|-------------|------------|
| Commercial | 3 |
| Residential | <u>298</u> |
| | 304 |

*National Guard

**IAIA

FUNDING SOURCES

SFC CLERK RECORDED 02/04/2005

❖ 3.5M WATER PROJECTS

❖ BALANCE 12/04 \$736,692

SFC CLERK RECORDED 02/04/2005

❖ \$30M

❖ \$21M

Buckman Direct
Diversion Project

Other Projects as
Authorized by BCC

SFC CLERK RECORDED 02/04/2005



\$100,000

La Ciénega
Sewer Line
Camino Polvoso

\$50,000

Wastewater Study
Las Golondrinas

❖ 04'

\$63,000

Sewer Line
Camino Polvoso

\$50,000

Siler Road Sewer

\$50,000

Rumbo del Sur
Sewer Line

SFC CLERK RECORDED 02/04/2005

| | |
|------|-------------|
| FY05 | \$3,075,000 |
| FY06 | \$3,113,438 |
| FY07 | \$3,152,355 |
| FY08 | \$3,191,760 |
| FY09 | \$3,231,657 |
| FY10 | \$3,272,053 |
| FY11 | \$3,312,953 |
| FY12 | \$3,354,365 |

| | |
|------|-------------|
| FY05 | \$3,075,000 |
| FY06 | \$3,113,438 |
| FY07 | \$3,152,355 |
| FY08 | \$3,191,760 |
| FY09 | \$3,231,657 |
| FY10 | \$3,272,053 |
| FY11 | \$3,312,953 |
| FY12 | \$3,354,365 |

| | | | | | | |
|--|----|---|----|--------|------------|----------------|
| El Colorado Water Utility | 5 | N | 1 | 0 | 7,500,000 | 2006 GOB |
| Cundiyo MDWCA | 1 | Y | 1 | | 85,000 | SFC 1/4%GRT |
| Chimayo MDWCA | 1 | Y | 1 | | 250,000 | SFC 1/4%GRT |
| Cuatro Villas MDWCA | 1 | Y | 1 | | 250,000 | SFC 1/4%GRT |
| Edgewood Wastewater Treatment Plant† | 3 | N | NA | 0 | 2,000,000 | SFC 1/4%GRT |
| Pojoaque Wastewater Treatment Facility | 1 | Y | 1 | 0 | 1,000,000 | SFC 1/4%GRT |
| Desalination Project | 3 | N | NA | 0 | 3,000,000 | SFC 1/4%GRT |
| Buckman Direct Diversion | CW | Y | 1 | | 30,000,000 | 2005 GOB |
| Chupadero MDWCA | 1 | Y | 1 | | 550,000 | SFC 1/4%GRT |
| El Vadito MDWCA | 3 | Y | 1 | | 475,000 | SFC 1/4%GRT |
| Development of County Water System | CW | Y | 1 | | 5,000,000 | 2005 GOB |
| Chimayo Wastewater Fac, | 1 | Y | 1 | | 1,400,000 | SFC 1/4%GRT |
| Canada de los Alamos Water System | 4 | N | NA | | 300,000 | SFC 1/4%GRT |
| Agua Fria PHIII | 2 | Y | 4 | 25,000 | *1,800,000 | 2005 GOB |

SFC CLERK RECORDED 02/04/2005

| | |
|---|---------------|
| ❖ Replacement & Install Water Meters | ❖ \$1,011,980 |
| ❖ Acequia de los Herraras | ❖ \$4,500 |
| ❖ 5 year sustainable water supply | ❖ \$328,308 |
| ❖ Additional Water Lines in La Cienega | ❖ \$300,000 |
| ❖ Water system improvements I-25 and CR54 | ❖ \$230,000 |
| ❖ Public Works well | ❖ \$350,000 |
| ❖ Valle Vista Wells | ❖ \$320,000 |
| ❖ Acquisition of water rights | ❖ \$404,535 |
| ❖ Telemetry/upgrades | ❖ \$180,000 |
| ❖ Camino Camino Polvoso | ❖ \$163,000 |
| ❖ Valle Vista Wastewater | ❖ \$550,000 |
| ❖ Pressure filter system | ❖ \$250,000 |
| ❖ Pojoaque Wastewater Study | ❖ \$60,000 |

SFC CLERK RECORDED 02/04/2005

| | | |
|----------------------|--------------------|--------------------|
| ❖ FY03' Actual | \$1,071,416 | \$335,725 |
| ❖ FY04' Actual | <u>\$3,067,723</u> | <u>\$3,067,723</u> |
| Total | \$4,139,169 | \$3,603,449 |
| ❖ Less Obligated | (\$1,500,000) | *(\$3,285,843) |
| ❖ Fund Balance FY04' | \$2,639,169 | *\$317,606 |

December 2004

- ❖ Identify *process* for providing funding i.e. grant process, partnership/ownership of system, requirements for receiving funding
- ❖ Determine process for completion of projects i.e. internal project, contracted project(s) – January 2005
- ❖ Prepare project schedules to include engineering services, bid schedule (or internal implementation), bid draw down schedule - March 2005
- ❖ Sale of Bonds - July 2005

SFC CLERK RECORDED 02/04/2005

**Water /
Wastewater**

FY05

\$3,075,000

**Water /
Wastewater**

FY05

\$3,075,000

SFC CLERK RECORDED 02/04/2005

SPECIAL PROJECTS

SFC CLERK RECORDED 02/04/2005

- ❖ Water
- ❖ Wastewater
- ❖ El Dorado
 - ❖ Water
 - ❖ Wastewater
- ❖ Estancia Basin
- ❖ San Ildefonso
- ❖ Santo Domingo/Cochiti
- ❖ Edgewood Wastewater Facility
- ❖ Water Fill Stations
- ❖ Pojoaque Valley Water System
- ❖ Aamodt

SFC CLERK RECORDED 02/04/2005

FUTURE

• *To construct and maintain sufficient facilities to provide a continuous, reliable and adequate supply of water.*

• *Insure total system supply capacity is capable of meeting the daily design maximum peak demand and shall meet the design average-day demand with the largest supply source out of service.*

initiatives and concepts:

Conjunctive use of surface water and ground water.

Develop and implement methods for the use of reclaimed water:

Landscape Irrigation

Return Flow Credits

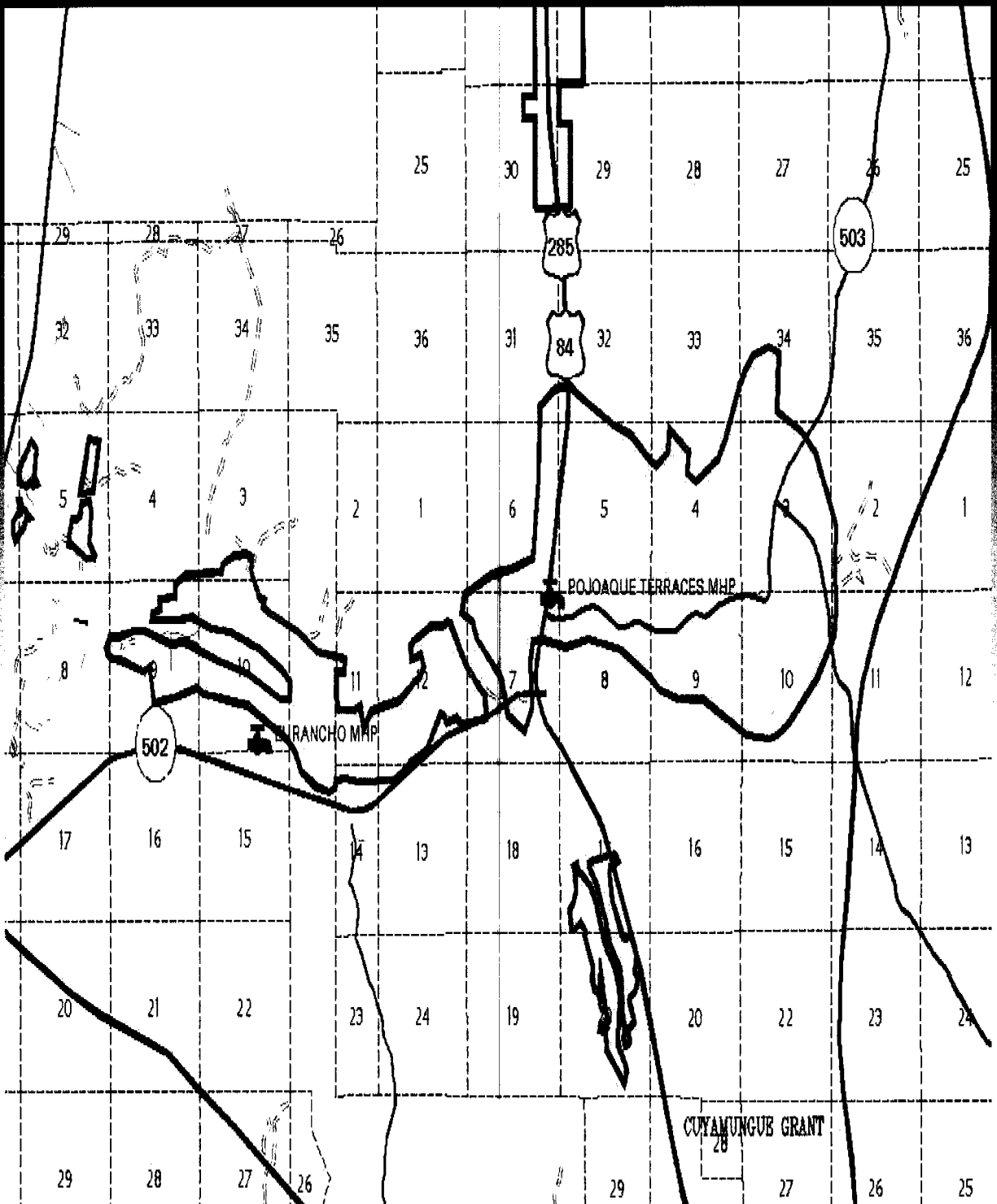
Artificial Recharge of the Aquifer

Regional Planning Approach

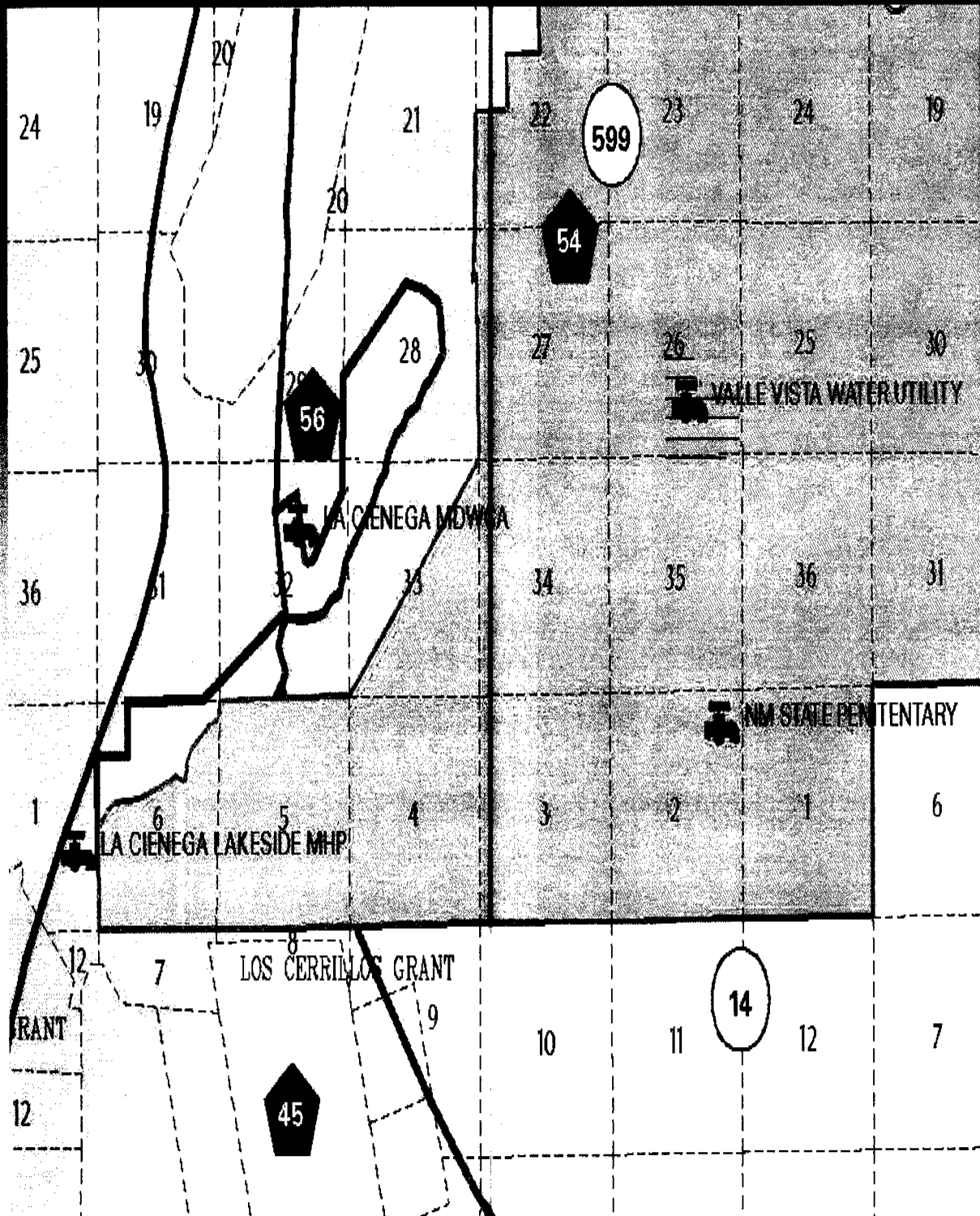
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of the County Board is to develop a regional water and wastewater plan

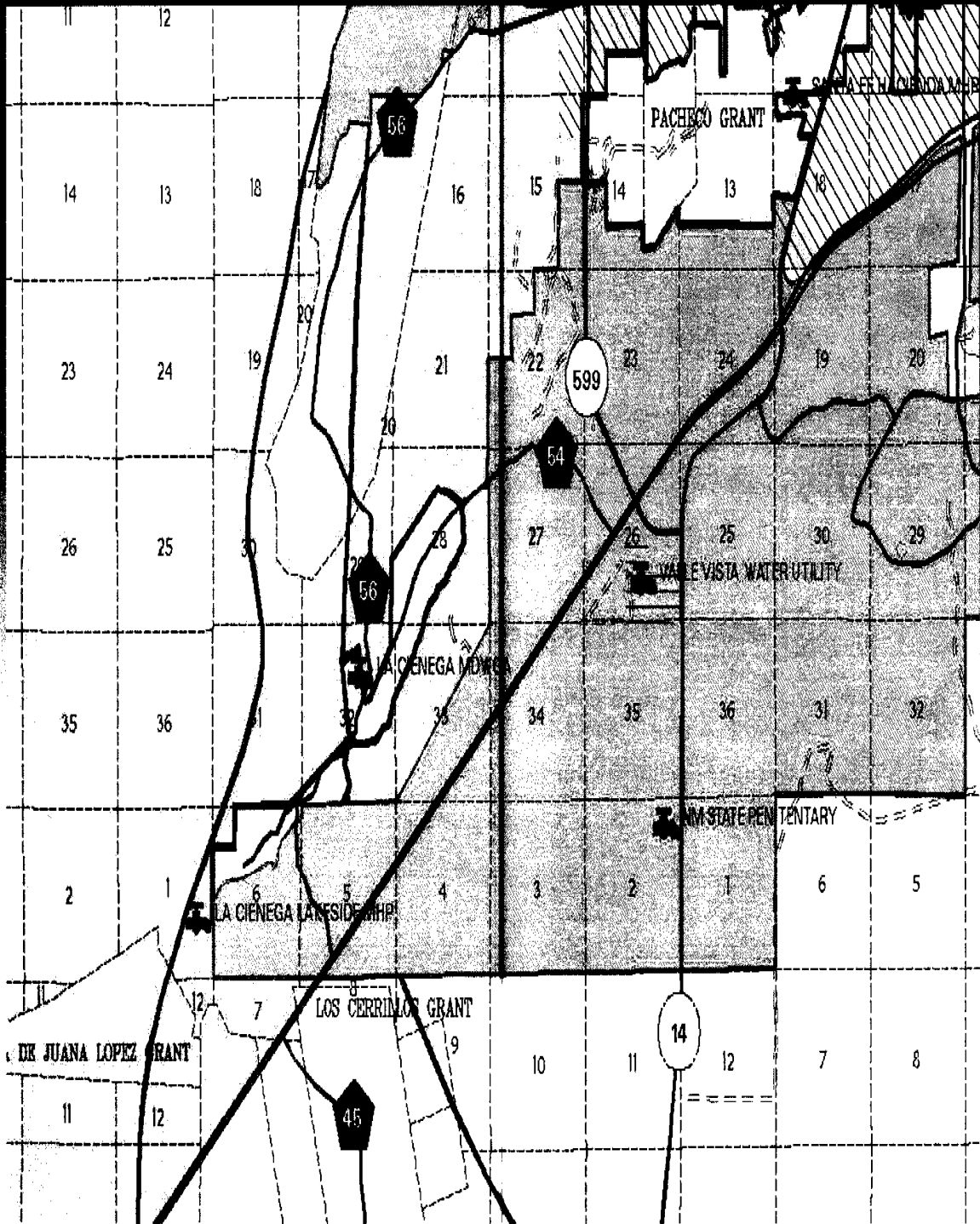
- ❖ The emphasis of the plan will be to provide a continuous, reliable and adequate water supply and the development of a comprehensive wastewater system.



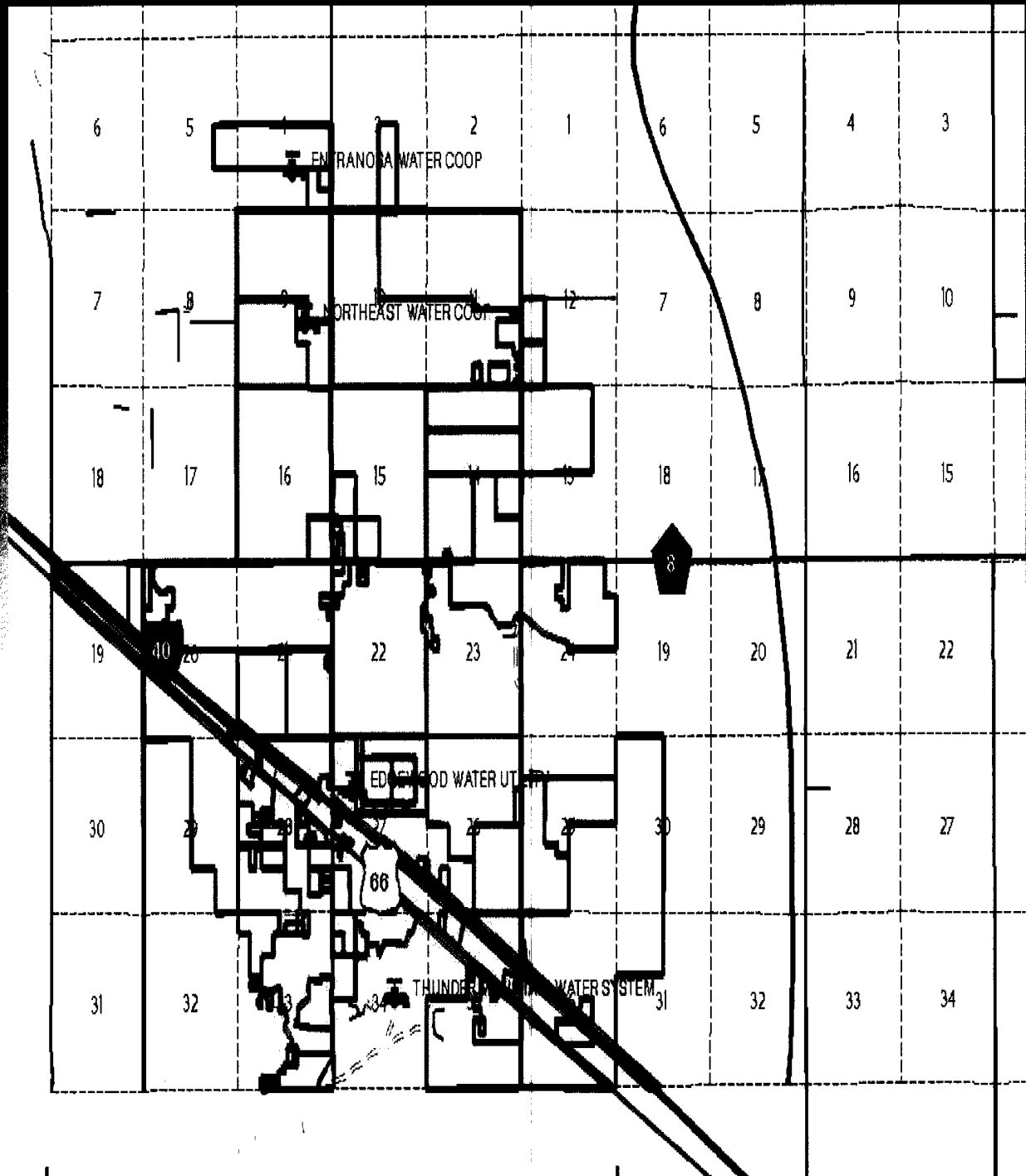
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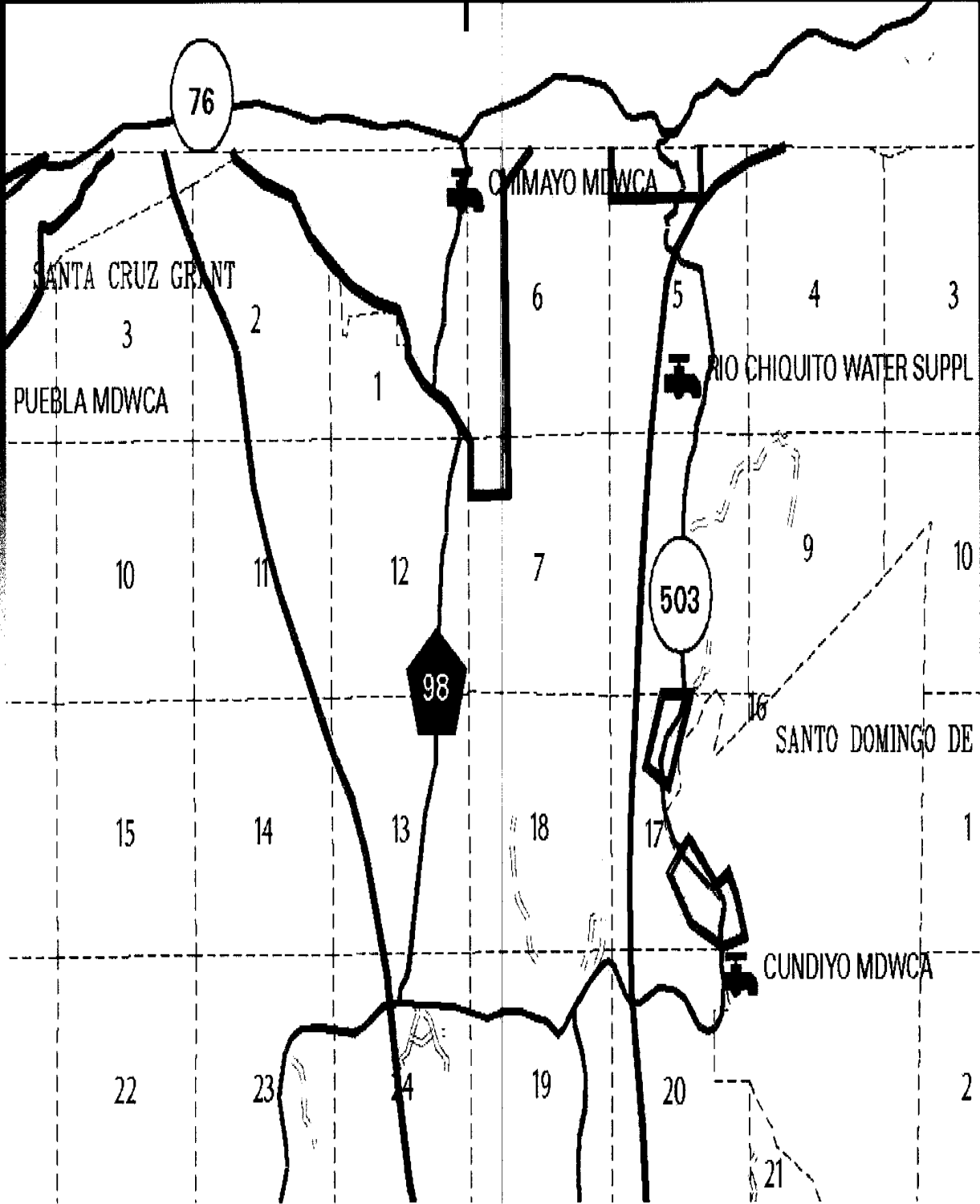
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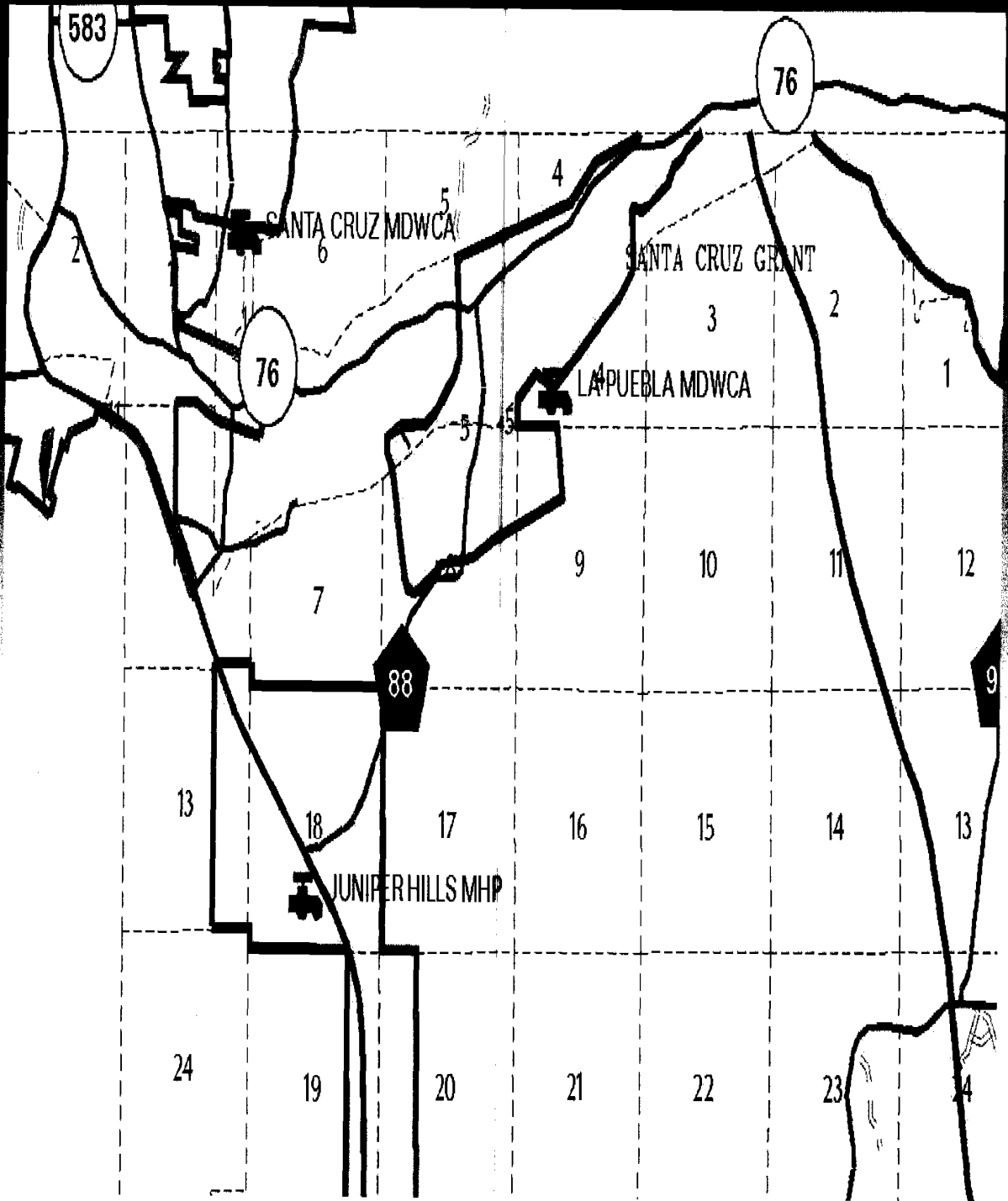
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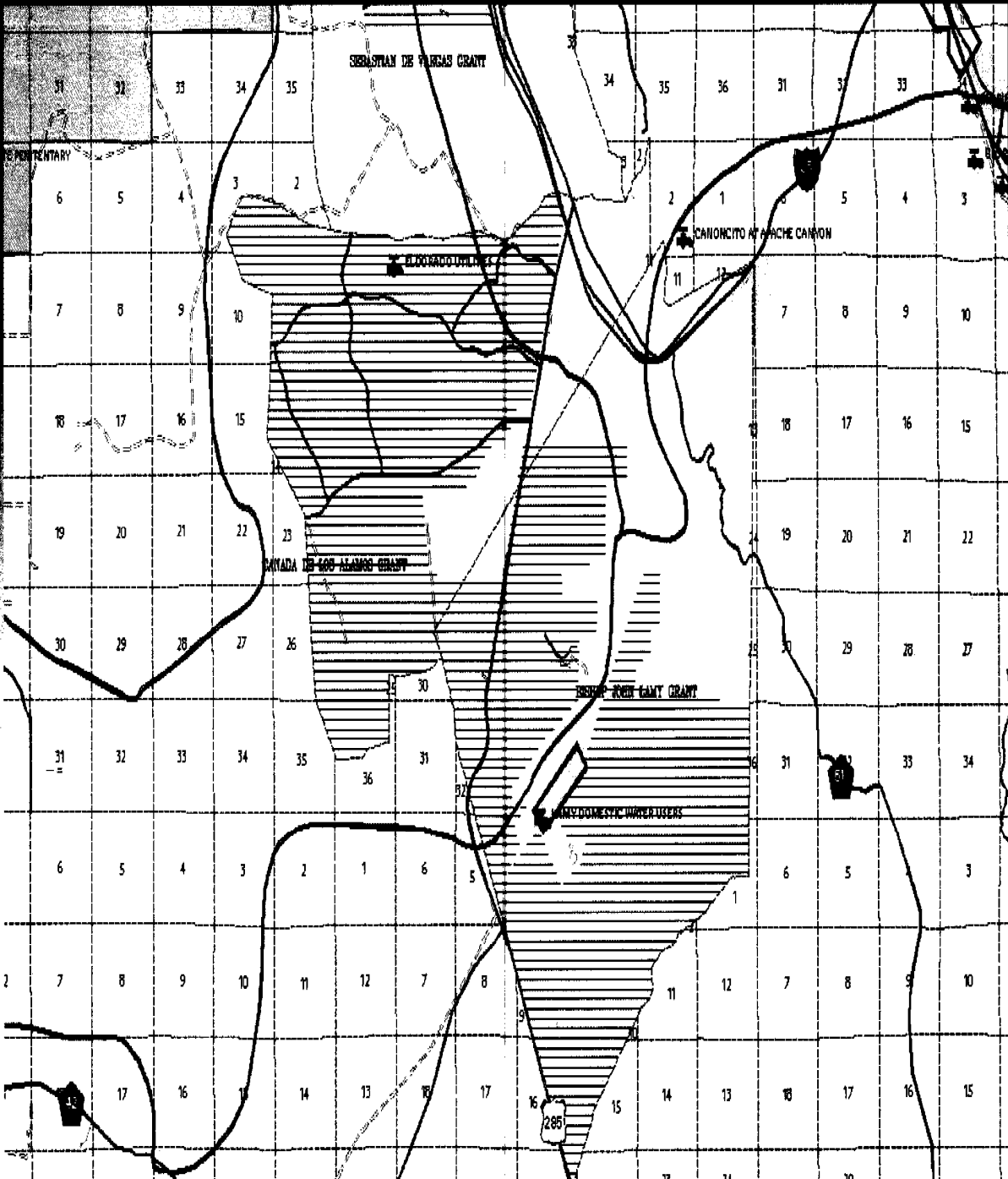
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analysis will provide information on the
potential water supply source locations within
the incorporated limits of the City of Santa Fe that
may serve the County's current and potential
water service areas, including La Cienega, El
Dorado, Galisteo, and Cerrillos/Madrid area.

- ❖ The analysis will provide several key deliverables; geohydrological mapping for groundwater sources, identified areas of water quality, and existing well densities.
- ❖ Upon completion of the data collection and mapping, the analysis will provide recommendations using hydrologic modeling methods to site optimal well field locations with highest yield least impact on existing wells and/or water sources.

***“A VISION WITHOUT
IMPLEMENTATION IS
NOTHING MORE THAN A
HALLUCINATION”***

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