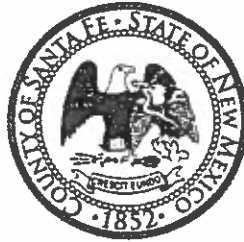


Henry P. Roybal
Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

Memorandum

Date: March 11, 2015

To: Board of County Commissioners

From: Tony Flores, Deputy County Manager 

Subject: Presentation by Santa Fe - Pojoaque Soil and Water Conservation District,
Mr. Jose Varela Lopez

Background:

The Santa Fe - Pojoaque Soil and Water Conservation District (SF-PSWCD) is the sponsor of record for a number of dams within the Santa Cruz Watershed dating back to 1960.

Santa Fe - Pojoaque Soil and Water Conservation District is working in collaboration with Santa Fe County to further their mutual interest in soil and water conservation. Through an agreement, the SF-PSWCD is required to inspect seven flood control dams on a yearly basis and requires SF-PSWCD to provide maintenance on these dams. The dams provide flood control for residential areas, acequias, county roads, and other property in both Santa Fe and Rio Arriba Counties.

Recommendation:

This agenda item is for informational purposes only and no action is required.

Attachment(s):

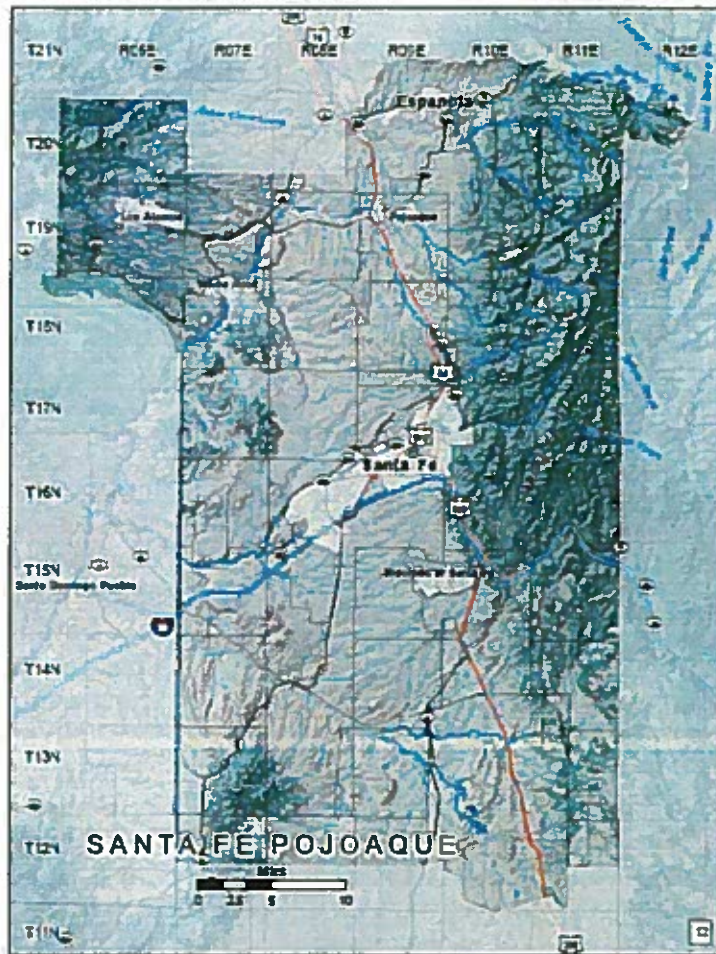
- A – Santa Fe-Pojoaque Soil & Water Conservation District Scope of Work and Accomplishments for 2014
- B – General Dam Descriptions
- C – Santa Cruz Dam Sites 1-6 Map
- D – Public Information Meeting Flyer

Santa Fe-Pojoaque Soil & Water Conservation District

Scope of Work and Accomplishments – 2014

Santa Fe-Pojoaque Soil and Water Conservation District is working in collaboration with Santa Fe County to further their mutual interest in soil and water conservation.

1

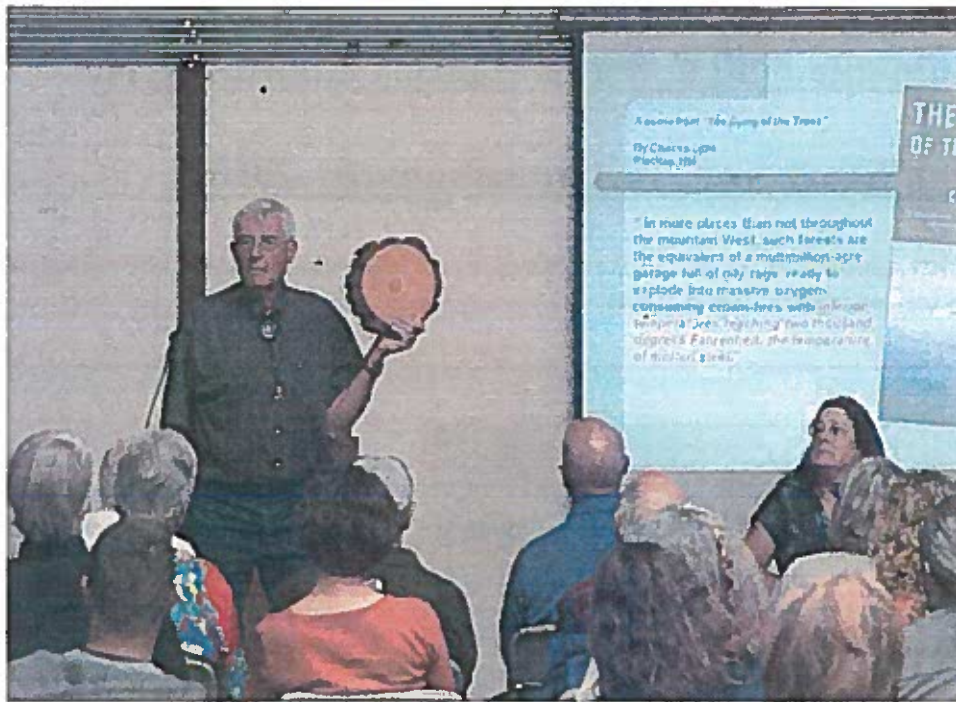


District Map

Provided technical assistance to cooperators (farmer and ranchers) within the County to develop, coordinate and implement soil and water conservation programs, practices and demonstrations. Partner with Natural Resources Conservation Service and New Mexico Department of Agriculture to provide additional services. A multi-year Cover Crop Demonstration Project was sponsored by the district. For Arbor Day, the district distributed tree seedlings with conservation and planting/care information sheets at the Santa Fe Water Festival. A district booth was set up for COMMUNITY Day on the Santa Fe plaza.



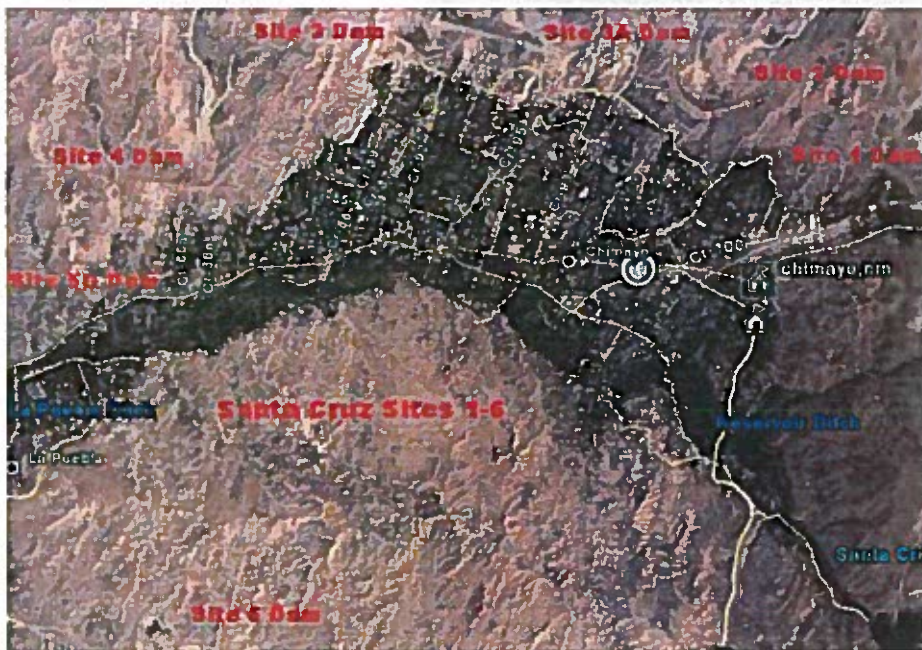
2



Wildland Urban Interface (WUI) Workshop

Coordinated with the County's Land Use Department to promote environmentally efficient soil and water conservation practices through the planning process. Participated in the Sustainable Land Development Planning, represented on the Santa Fe County Water Policy Advisory Committee, and sponsored community educational events.

3



Santa Cruz Dam Sites #1-6

Inspected flood control dams throughout the Santa Cruz Irrigation District and provided maintenance on the dams which provide flood control for residential areas, acequias, County roads and other property. The annual inspection tour included representatives from the state engineer's office as well as County Emergency Managers. District Supervisors attended the New Mexico Watershed & Dam Owners Coalition Workshop to seek more information on dam maintenance, future funding, and emergency action plans.

4



Santa Cruz Dam Site #1

The annual inspection tour the Santa Cruz Watershed and resulting reports assist the district in prioritizing the maintenance needs. The district continued working with Natural Resource Conservation Service to plan and design the structure that will replace Santa Cruz Dam Site #1 to provide protection from flooding during a 100 year storm event. Capital outlay monies from the state legislature have assisted in accelerating this process which is likely to take more than 5 years and \$3,000,000 to complete.

5



Phreatophyte Control and Restoration Project

Drafted an annual Operating Plan which includes Water Conservation Plans for the Santa Fe - Pojoaque Soil and Water Conservation District. The district continuously maps new areas for restoration projects.

General Dam Descriptions:

Over 11,000 flood control dams have been built in 2,000 watersheds across the nation since 1948. These dams were built by watershed project sponsors in 47 states with funding and technical help provided through USDA watershed programs. These programs are administered by the USDA Natural Resource Conservation Service (NRCS). Local units of government serving as project sponsors assume operation and maintenance responsibility after the dams are built. Many of these dams were designed for a 50 year life span and now they are at, or near, that age. Some dams have deteriorating concrete and metal components, and some lakes have filled with sediment, reducing the flood control effectiveness and increasing the potential for dam failure.

Dams were often built for flood protection of agricultural lands. Today homes, businesses and other structures have been built downstream from some of the dams. Many of these dams no longer meet current state dam safety laws and there is a potential for loss of life and property if the dams should fail.

Many watershed project sponsors do not have the resources to maintain nor rehabilitate aging flood control dams. Congress passed the Watershed Rehabilitation Amendments of 2000 authorizing NRCS to provide technical and financial assistance to watershed project sponsors in rehabilitating their dams.

The purpose of rehabilitation is to extend the service life of dams and bring them into compliance with applicable safety and performance standards or to decommission the dams so they no longer pose a threat to life or property. The Santa Cruz River Watershed is located on the western slope of the Sangre de Cristo mountain range in northeastern Santa Fe, southeastern Rio Arriba, and northwestern Mora Counties. The watershed covers an area of approximately 183.1 square miles (117,184 acres).

The western boundary of the watershed borders on the city of Espanola. The major area that receives protection from the Santa Cruz Site #1 Flood Control Structure lies in the unincorporated village of Chimayo. The Santa Cruz valley is one of the earliest settlements in the United States. The first white settlement was by the Spanish in 1607, and it has been occupied almost continuously since then. The valley lands have been repeatedly divided by inheritance so that many farms are now too small to support a family. This area has grown over the past 50 years to a population of approximately 4 to 5 thousand people. The irrigated lands in the valley are still used on a smaller basis for the production of fruit and vegetables. Many of the people who live in the area commute to Santa Fe and Los Alamos for their work. State Road 76 enters the upper part of the watershed near Truchas and traverses the Santa Cruz River Valley to its junction with US Highway 64 at Riverside.

There are sixteen community ditches, with 14 separate diversions or headings that serve the irrigated lands. Thirteen of the community ditches are within the Santa Cruz Irrigation District. Water for domestic use is supplied by wells and streams. Major floods are normally caused from thunder-type storms of high intensity which occur during the summer months of June through October.

The Santa Cruz River Watershed Project was approved for installation of six single-purpose floodwater retarding structures in August, 1959 and construction was completed in September, 1962. The 6 floodwater retarding structures having an aggregate capacity of 1,702 acre-feet for flood-water detention and sediment storage, 1,143 feet of floodwater diversion, and 3 debris basins. Each of these structures was designed to store the 50-year sediment accumulation with a dry sediment pool.



Santa Cruz Dam Sites 1-6

Legend

-  Top of Dam
-  Site 6 Driveway
-  Minor Roads
-  Major Roads
-  SFC Parcels

1:24,000

1 inch = 2,000 feet



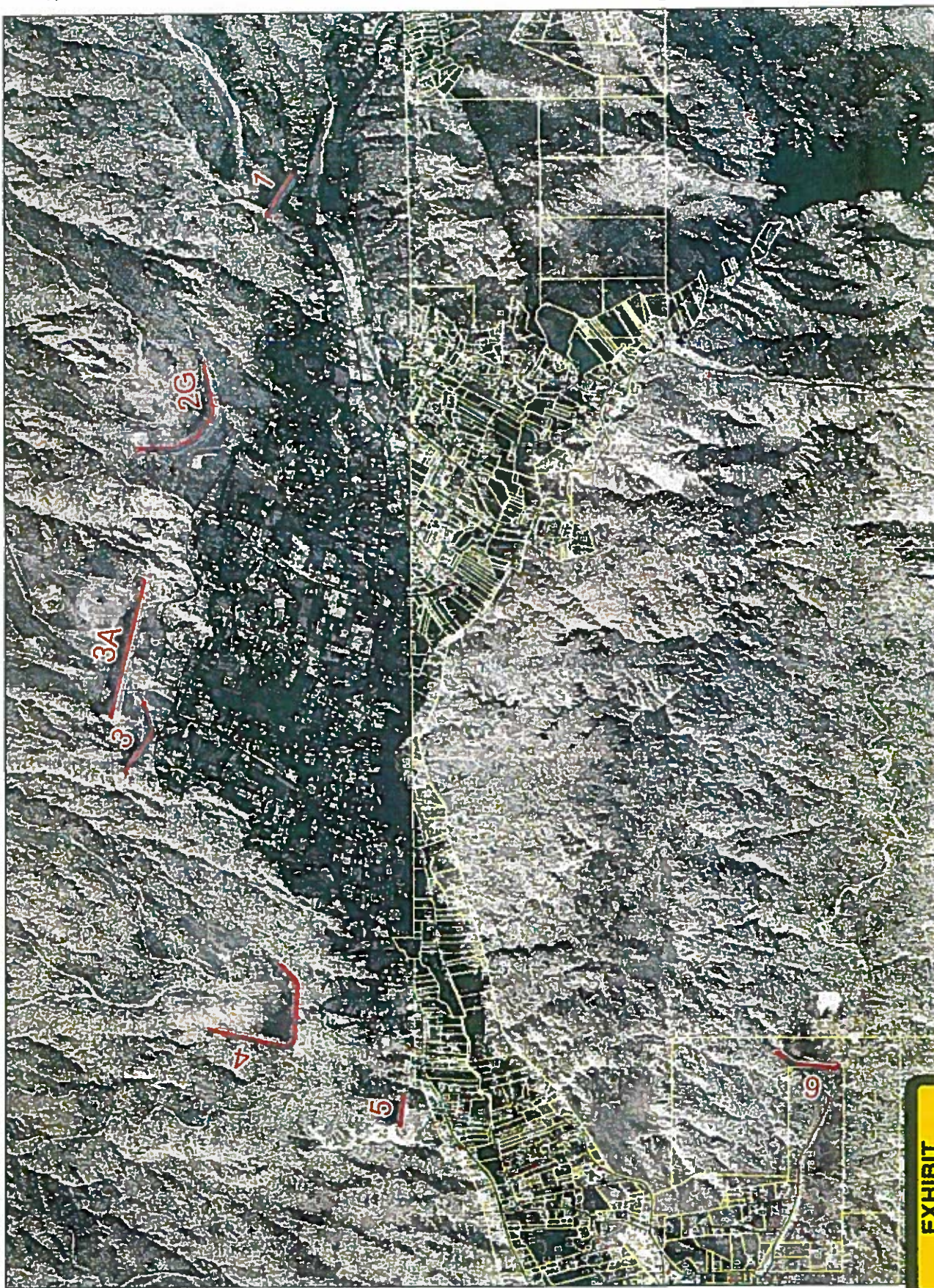
WARNING:
Two (2) foot contour data sets are
NOT SUITABLE FOR ENGINEERING WORK
These data are appropriate for
PLANNING PURPOSES ONLY

Orthophoto from 2009

This information is for reference only.
Santa Fe County assumes no liability for
errors or omissions in these data.
Users are solely responsible for
confirming data accuracy.



October 18, 2010



EXHIBIT

001

Labbers

PUBLIC INFORMATION MEETING

You are invited to attend a public informational open house meeting where a wide range of conceptual alternatives addressing rehabilitation to the Santa Cruz Site 1 Dam will be presented and discussed. Interested parties may voice their comments, ideas, and concerns to the project sponsors during this meeting.

When: WEDNESDAY, MARCH 18 6:00 PM
Where: LA ARBOLERA COMMUNITY CENTER
STATE RD 76, BUILDING 694
CHIMAYO, NEW MEXICO



The United States Department of Agriculture Natural Resources Conservation Service (NRCS), with the Santa Fe-Pojoaque Soil and Water Conservation District, is conducting planning activities through the Small Watershed Program (PL83-566) for the rehabilitation of the Santa Cruz Site 1 Dam in Chimayo, New Mexico. The proposed project will require a Supplemental Watershed Plan Environmental Assessment (Plan-EA) to analyze impacts to the natural and human environment from this project.

More information is available by contacting McMillen Jacobs Associates (Aimee Hill) with the project team.



Email: santacruz@mcmjac.com
Phone: (208) 342-4214


conserving
natural resources
for our

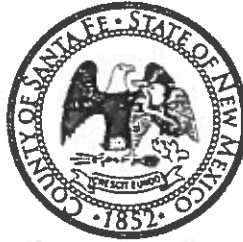




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Commissioner, District 1

Miguel M. Chavez
Commissioner, District 2

Robert A. Anaya
Commissioner, District 3



Kathy Holian
Commissioner, District 4

Liz Stefanics
Commissioner, District 5

Katherine Miller
County Manager

MEMORANDUM

DATE: *March 17, 2015*

TO: *Board of County Commissioners*

VIA: *Katherine Miller, County Manager* 

FROM: *Adam Leigland, Public Works Director* 

ITEM AND ISSUE: *BCC Meeting March 31, 2015*
Presentation on the Santa Fe Basin Study (Public Works/Claudia Borchert)

SUMMARY:

Santa Fe Basin Study partners, Bureau of Reclamation (Reclamation), Santa Fe County, and City of Santa Fe have completed the draft, in-review Santa Fe Basin Study, which identifies the three primary water supply adaptation strategies for the Santa Fe basin (watershed): water conservation, use of reclaimed wastewater (including possibly for potable supply), and additional use of the Buckman Direct Diversion with the acquisition of water rights.

BACKGROUND:

On November 11, 2011, Santa Fe County approved an MOA with the City of Santa Fe and the Reclamation -Albuquerque Office, to study the impact that projected climate changes could have on the water supplies of the Santa Fe basin. The total study budget was \$421,256, of which Reclamation contributed 47%, the City 48%, and the County 3.5% (in-kind), and other stakeholders 1.5% (in-kind).

The study is part of the Department of the Interior's WaterSMART Program Initiative, specifically their Basin Studies Program, which look at climate change impacts to water supply on a basin scale. This study is focused on the Santa Fe basin and the water supplies on which it depends, the Rio Grande basin north of Otowi Bridge and the upper San Juan basin, from which the County's San Juan-Chama water originates.

DISCUSSION:

The Santa Fe Basin study is nearly complete. It is currently under review by the Reclamation – Washington office. The attached summary presentation describes the four parts of the study, highlights the results, and considers how the study may be used by the basin partners in the near future to better manage the region's water resources.

The City staff presented the results of the study to the City Public Utilities Committee on February 4, 2015. County staff presented the study to the Water Policy Advisory Committee (WPAC) on March 12, 2015. The committee's comments on the study were twofold.

1) The WPAC endorses the study, while recognizing that the great degree of uncertainty in all climate change projections. As was stated by one of the WPAC members, this report is not a forecast or a prediction of what will occur, but rather an analysis of the climate-related trends that need to be incorporated in any water planning efforts.

2) The WPAC recommends the County move forward with the planning steps identified in slide 17 of the presentation and listed below:

1. Develop Utility Master Plan
2. Develop Back-up Groundwater Supply
3. Update 40-year Water Supply Plan
4. Update Water Conservation Plan
5. Launch Reclaimed Wastewater Feasibility Study

A copy of the in-review Santa Fe Basin Study executive summary (16 pgs.), full report (82 pgs.), and report with appendices (366 pgs.) is available on the Santa Fe County T-drive at T:\Santa Fe Basin Climate Change Study. Once the report has been finalized by the Reclamation Washington office, it will be available to the public and will be posted on the County's website, along with other pertinent Santa Fe Basin Study documents.

ACTION REQUESTED:

None. For informational purposes only.

Attachments:

Slides of the Santa Fe Basin Study presentation

Projections of Current and Future Water Supply for the Santa Fe Basin

Board of County Commission

March 31, 2015

**Claudia Borchert, on behalf of Santa Fe County Utilities
and Project Partners**



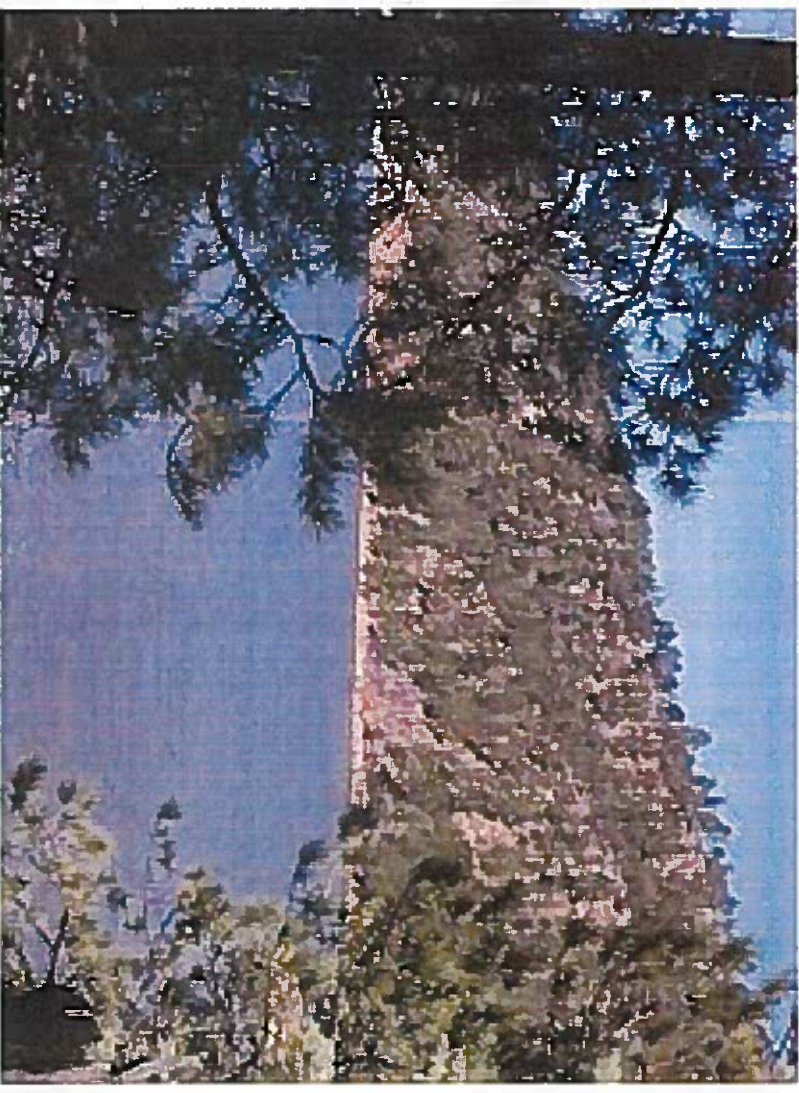
Sandia National Laboratories

**CDM
Smith**



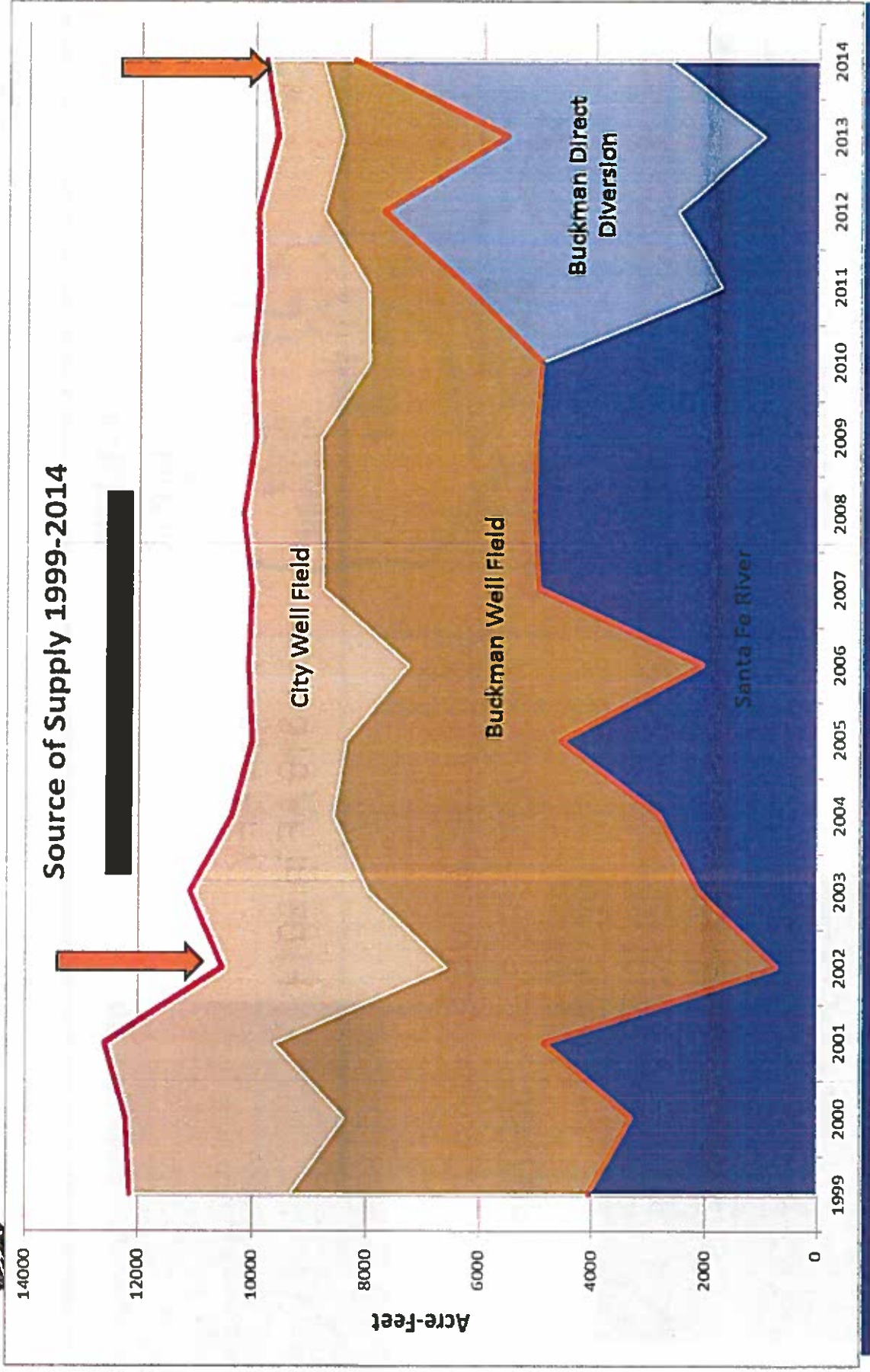
Outline

- Historic Use of Santa Fe Basin Water Supply
- Basin Study Report
- Planning for the Future





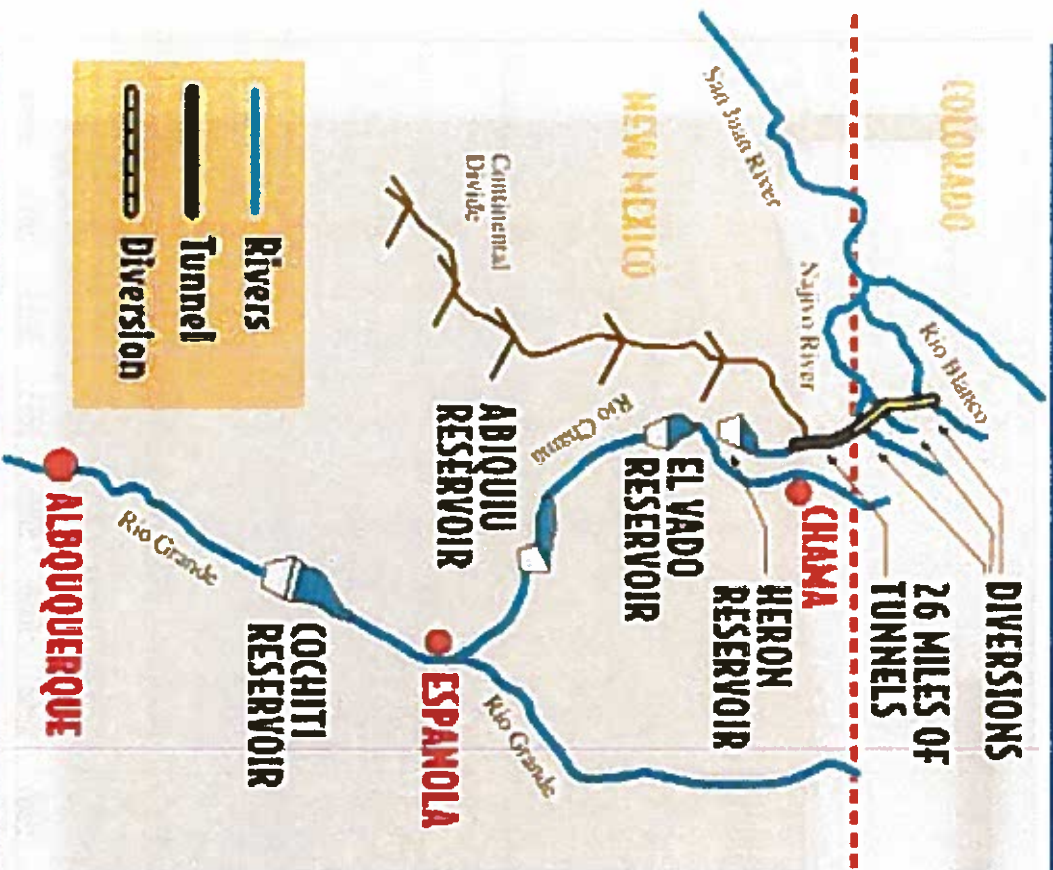
Water Supply 1999-2014



We Make It Happen



San Juan-Chama Water and Storage, December, 2014



SF COUNTY

Allocation:

- 375 AFY
- 319 AF in 2014



Amount currently stored in Abiquiu Reservoir: ~620 AF





Four Parts of the Basin Study

1. Preliminary Assessment and public outreach
2. Evaluation of water supply and demand for City-County combined water system in 2050s, based on climate and population projections
3. Assessment of surface-water reliability, 2050s.
4. Evaluation of proposed adaptation strategies

Santa Fe Basin Study:

Adaptations to Projected Changes in
Water Supply and Demand

Draft Summary Report

Santa Fe Basin, New Mexico

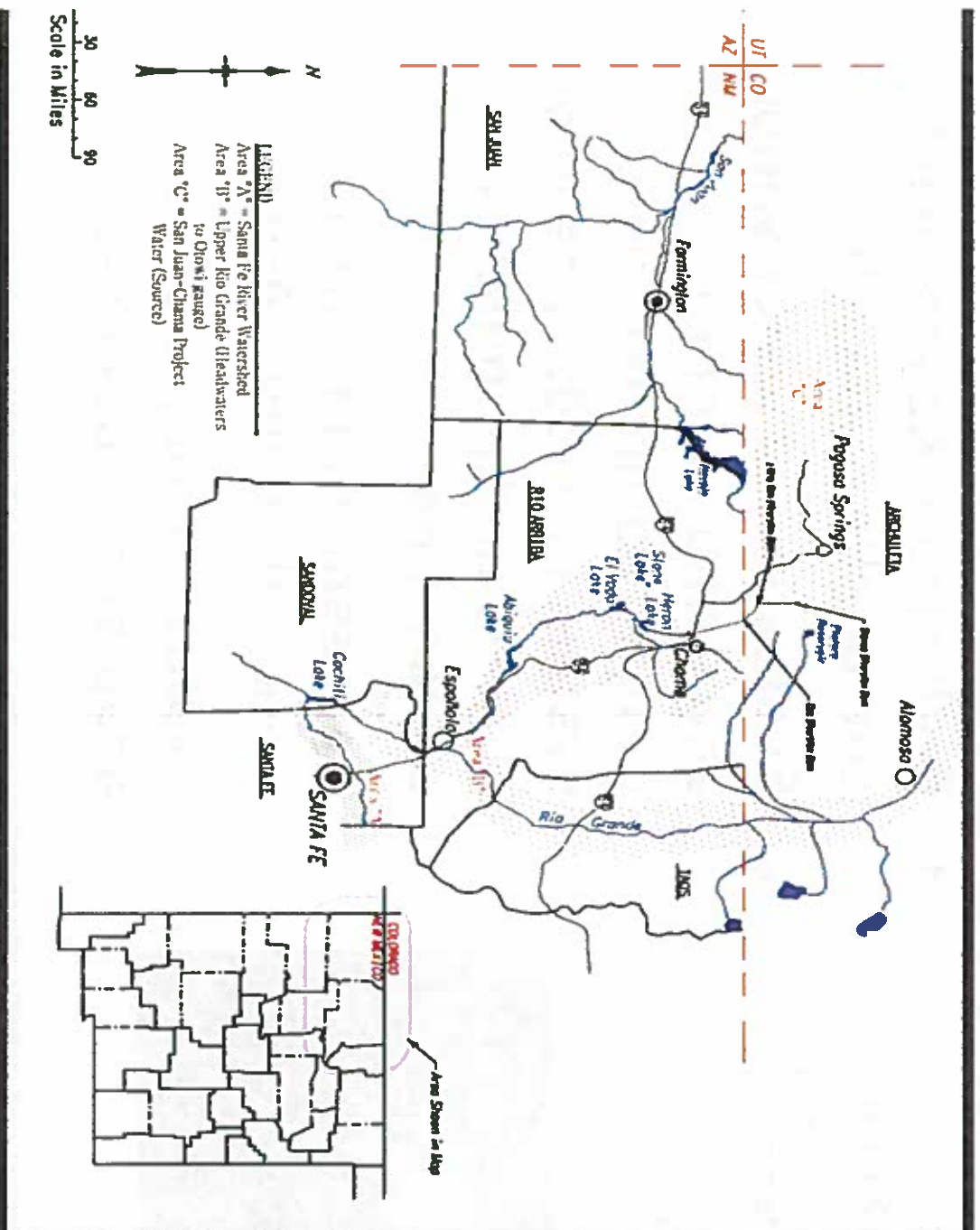


Sandia National Laboratories
CDM
Smith

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Geographic Extent of the Santa Fe Basin Study



- Required to focus on a basin (watershed)
- Focus on water utilities, since constitutes over 90% of the SF basin water rights and use
- Has application Santa Fe County wide

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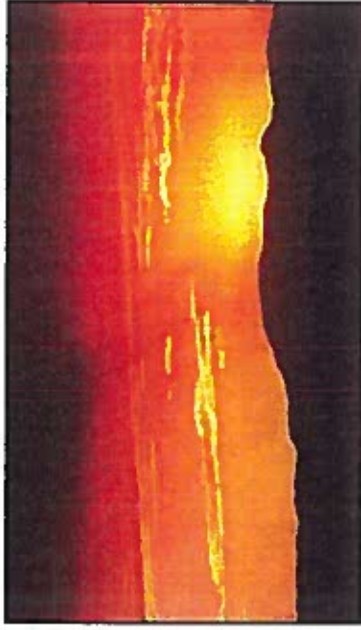


Preliminary Assessment

October, 2012

Climate Change and the Santa Fe Watershed: A Preliminary Assessment

Bureau of Reclamation WaterSMART Program Initiative



Prepared for:

Bureau of Reclamation

City of Santa Fe

Santa Fe County



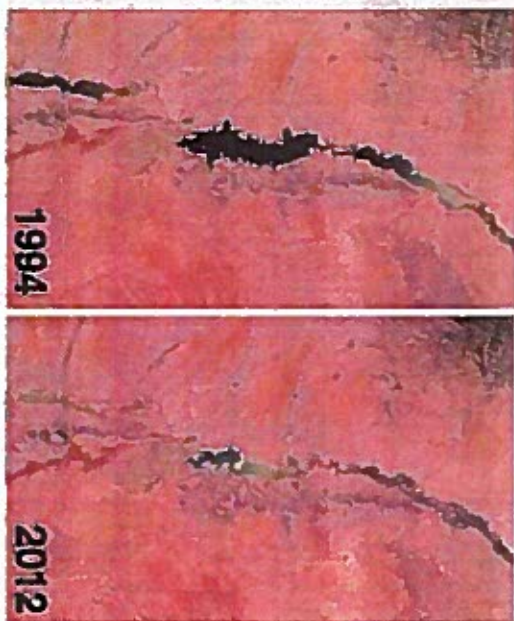
Stakeholder participation

- Watershed vulnerabilities
- Brainstorm of adaptation strategies for watershed, ecosystem, food security, transportation, quality of life...
- Assessment of adaptation actions already underway in the community.

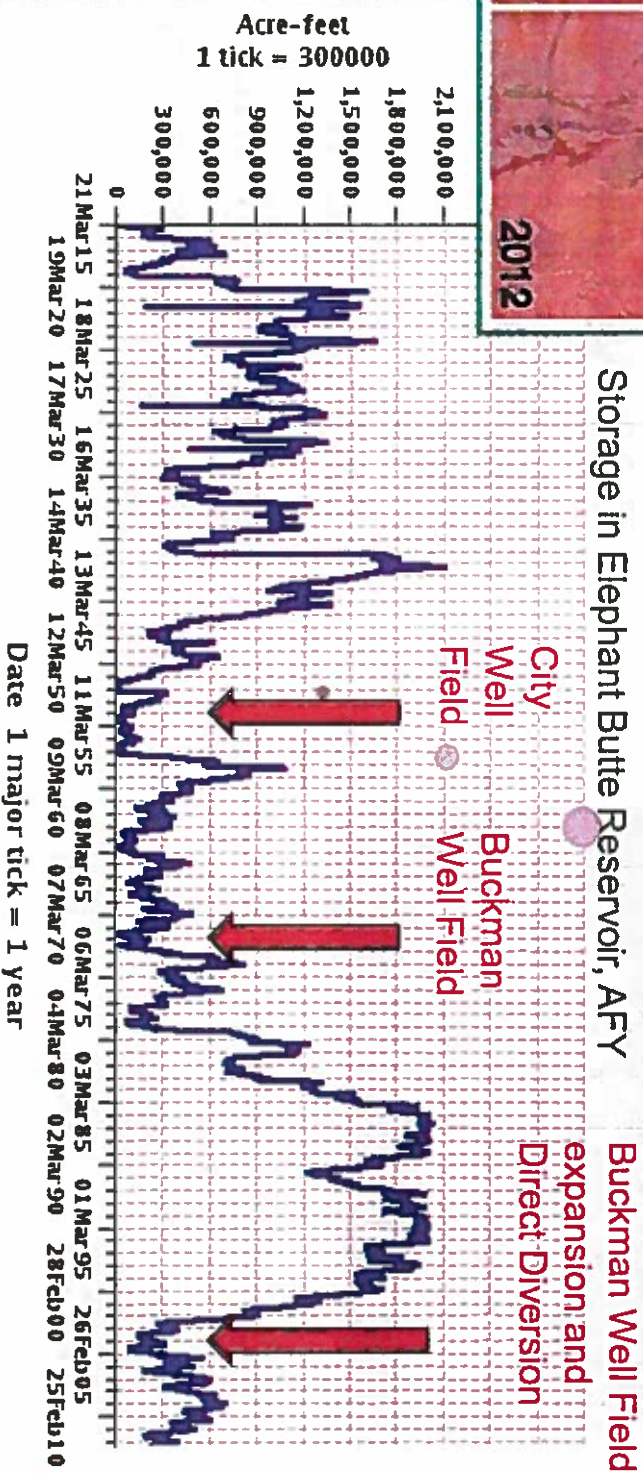


Historic Climate Variability

Elephant Butte & Caballo Lake



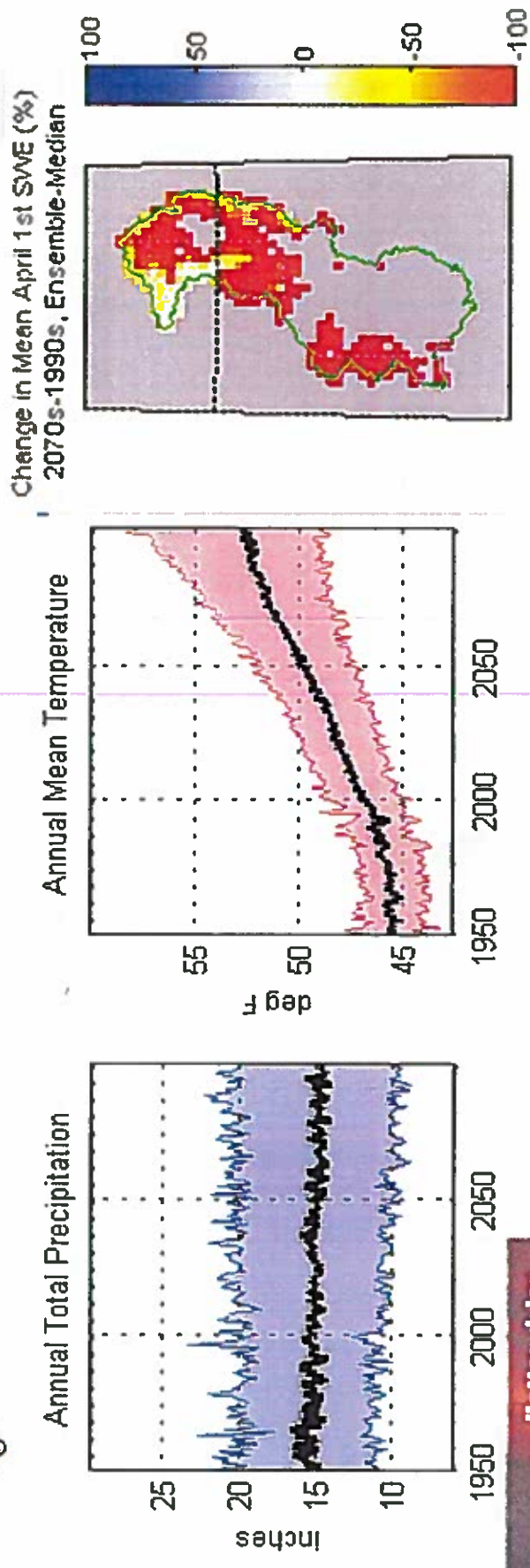
New water supply sources
added during times of drought



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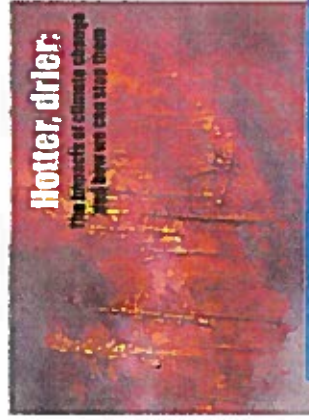


Projected Climate Changes



Key Takeaways:

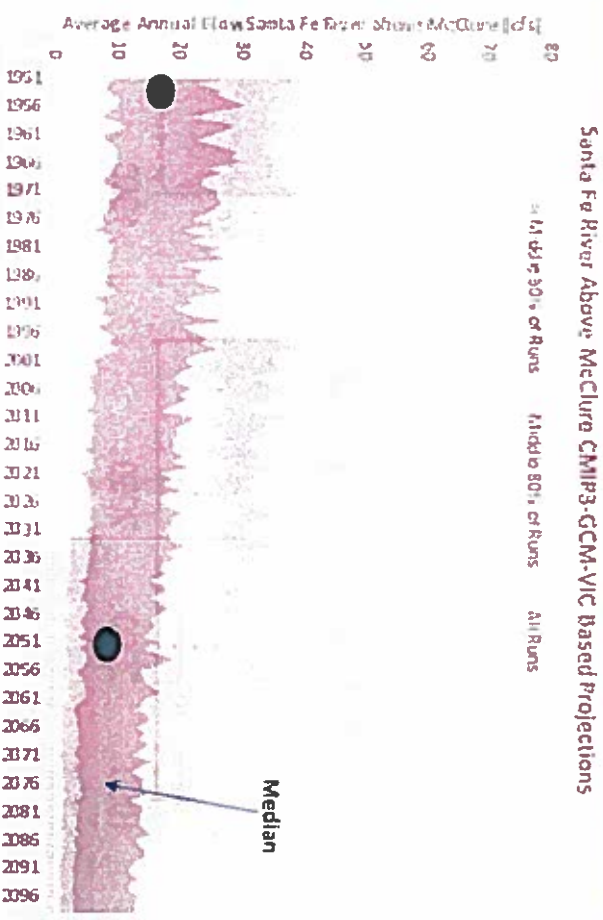
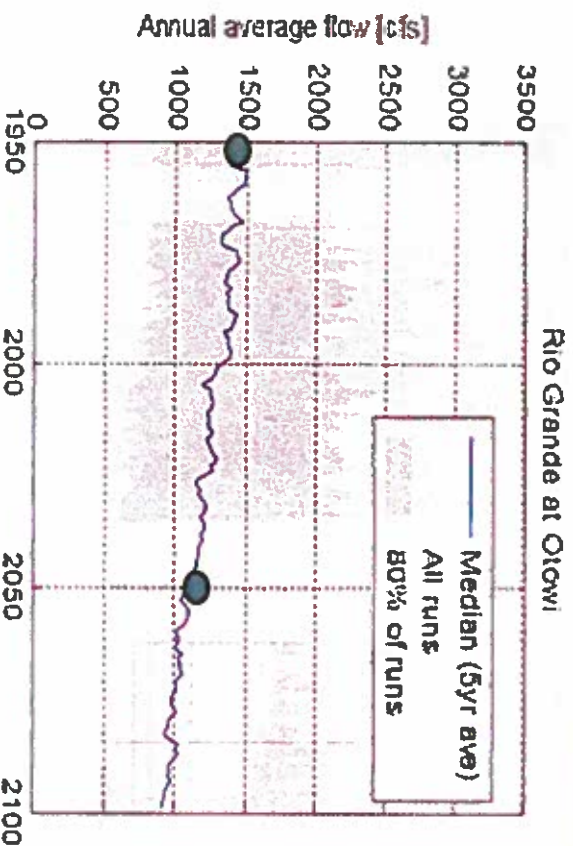
- Upward of 75% Snowpack Reduction by the 2070s
- 5 Degree F Temperature Increase by 2050
- Higher Evapotranspiration Rates
- High Variability in Precipitation
- Potentially Greater Monsoonal Intensity



We Make It Happen



Projected Native River Flows



Key Takeaway (2050s):

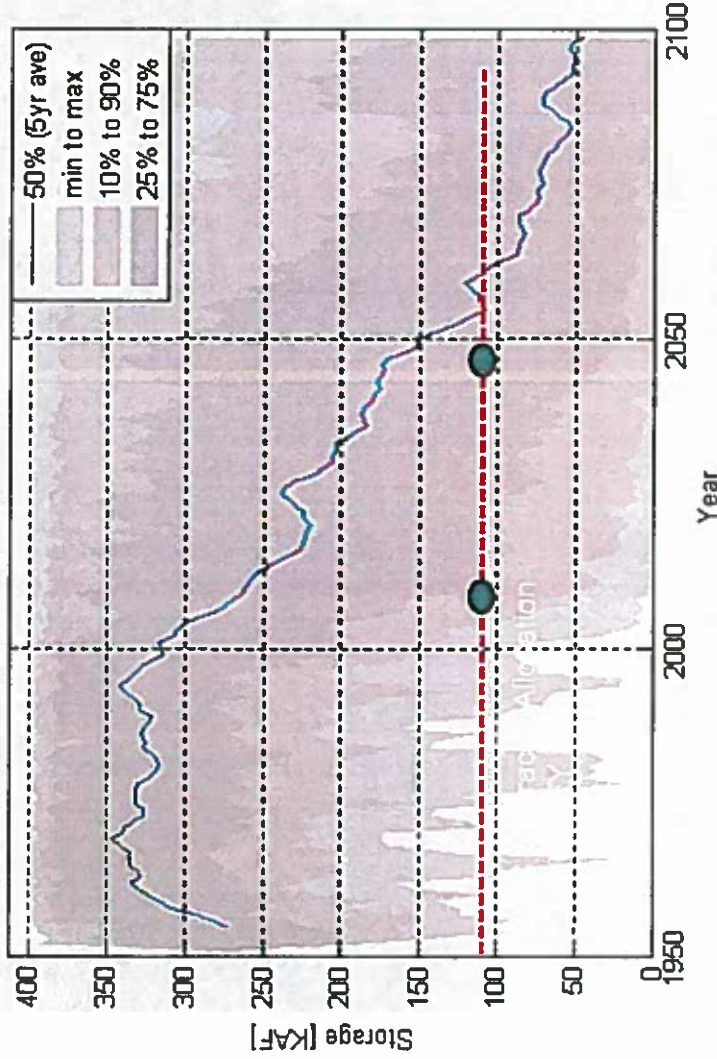
- ~33% average decline in availability of the native (Santa Fe Watershed and Rio Grande) surface-water supply

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Projected Changes to San Juan-Chama Water Allotments

Simulated Heron Storage January 1 of Each Year



Key Takeaways (2050s):

- San Juan-Chama Project water shows greater reliability than native surface water
- 25% decline in SJC water availability
- Initial (Jan. 1) allocations diminish over time



Adaptation Strategies

Conservation

- Irrigation Efficiencies
- Technology Upgrades
- Line Loss Prevention
- Rebates

Reclaimed Water (RW)

- Potable Use via BDD
- Return Flow Credits via BDD
- Aquifer Storage and Recovery
- Irrigation with RW

Backup Groundwater Supply

Storm Water ASR

Regionalization

Acquire Rio Grande SW Rights 12



WaterMAPs: A Tool for Testing Adaptation Strategies

Adaptation Strategies
Preliminary Assessment

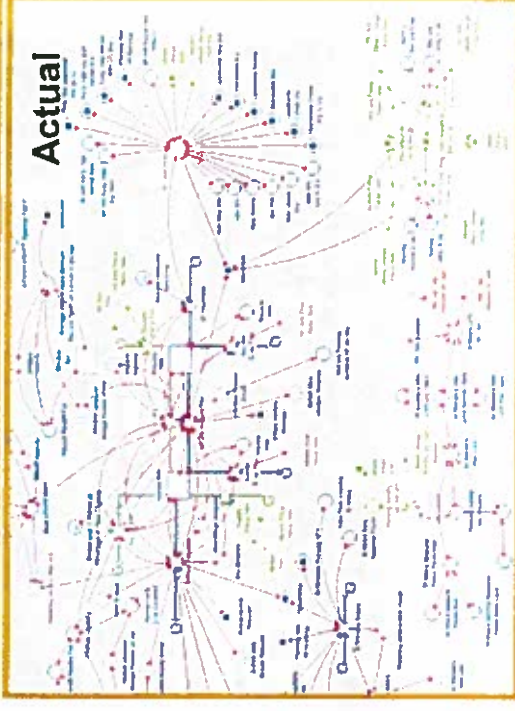
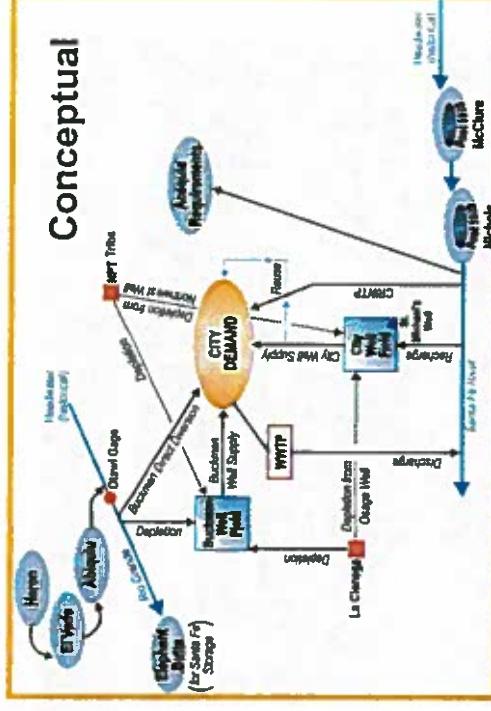


Reliability Screening

Fill Supply Gaps
Sustainable Groundwater Pumping
Annual Deficit less than 2000 AF
90% of years, deficits are less than 100 AFY



Performance Screening
Weighted Criteria and Scoring



We Make It Happen



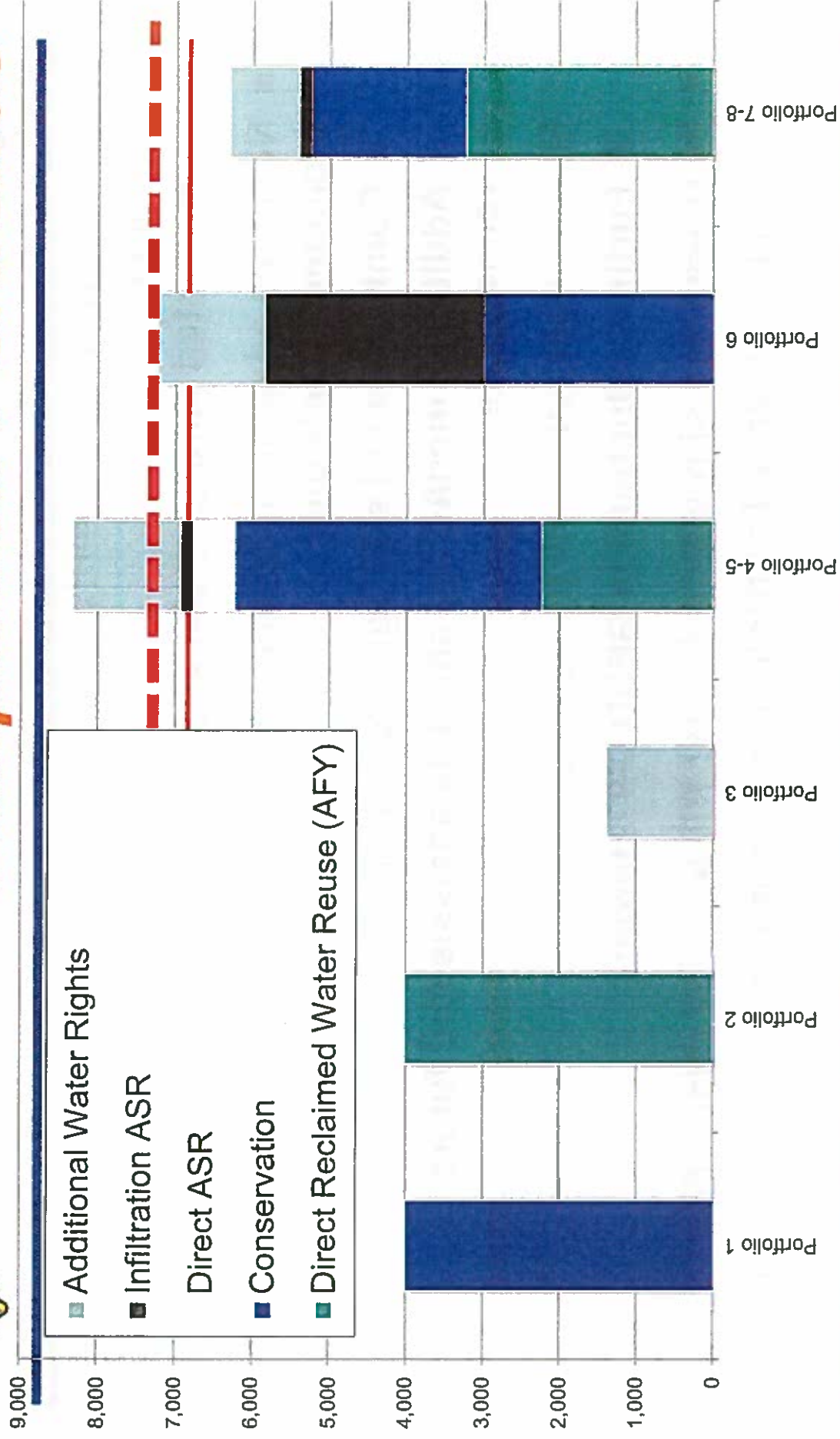
Projected Gap between Water Supply and Demand (2055)

Santa Fe Basin Projected 2055 Water Supply Gap

	Climate Scenario		
	Simulated Historic (no climate change)	Central Tendency	Warm-Wet Hot-Dry
Total Demand - Average Annual (AFY)	21,643	22,925	22,646
Total Supply - Average Annual (AFY)	16,488	15,550	16,304
Water Supply Gap – Difference between Demand and Supply (AFY)	-5,155	-7,375	-6,342
			-9,323



Filling the Gap: Adaptation Portfolios



We Make It Happen



Basin Study Key Findings

- Considerable uncertainty remains regarding future climate and its impacts
 - Projected surface water supply shortfalls of 20-35%
- No single adaptation solution alone is sufficient to address the projected supply gap
 - Combination of strategies required
 - Additional monitoring and data analysis and future refinements
- More conservation will be needed
 - Further reductions in GPCD (20% target)
- Increased use of reclaimed water will be a key adaptation
 - 3 highest ranked portfolios emphasized reclaimed water



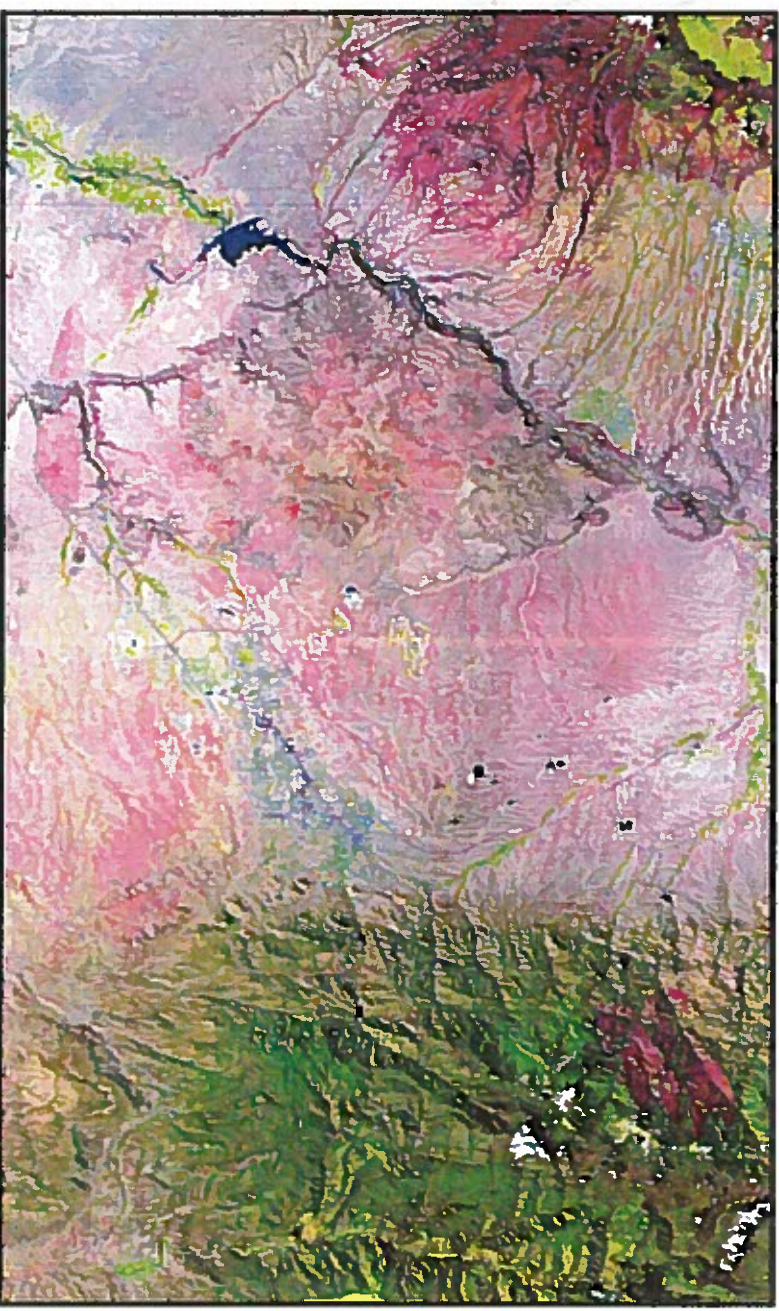
Planning for Adaptation: 2015 Work Plan

- Utility Master Plan
- Back-up Groundwater Supply
- Update 40-year Water Supply Plan
- Update Water Conservation Plan
- Reclaimed Wastewater Feasibility Study (\$132,000 grant)



Ensuring Future Water Supply for the Santa Fe Basin

Thank You!
Questions?



USGS





Arthur J. Gallagher & Co.
BUSINESS DEVELOPMENT SERVICES

Santa Fe County

Self-funding considerations

DON HEILMAN AND MIKE ROHR | MARCH 31, 2015



Discussion Guide

- Summary of historical claim costs
- Illustrative fully insured vs. State funding rates
- What is self-funding?
- Benefits of self-funding
- Key considerations
- Illustrative self-funded vs. State funding rates
- Other considerations
- Recommendations & next steps
- Appendix

This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.

Exhibit I-A

Summary of Medical/Rx Costs

(1) Funding rates X employees, where funding rates include \$1.30 PEPM admin. fee. (Lovelace enrollment estimated 1/2012 through 6/2013)

(3) Drugs allocated proportionally to medical by carrier, since carrier split of drugs was not available.

ARTHUR J. GALLAGHER & CO. | BUSINESS WITHOUT BARRIERS™

Feasibility study exhibits

Exhibit I-B

Santa Fe County, NM Summary of Dental Costs

	1/1/2012 - 12/31/2012	1/1/2013 - 12/31/2013	1/1/2013 - 12/31/2014	Total 1/1/2012 - 12/31/2014
Delta Dental Funding Premium	\$478,823	\$492,626	\$529,255	\$1,500,704
Delta Dental Gross Paid Claims	\$387,486	\$400,587	\$407,786	\$1,195,859
Delta Dental Average # of Employees	714	733	760	743
Delta Dental PEPM Premium	\$55.90	\$55.98	\$58.05	\$59.38
Delta Dental PEPM Gross Claims	\$45.24	\$45.52	\$44.72	\$44.69
Delta Dental Gross Claims Paid Loss Ratio	80.9%	81.3%	77.0%	79.7%

Exhibit I-C

Santa Fe County, NM Summary of Vision Costs

	1/1/2012 - 12/31/2012	1/1/2013 - 12/31/2013	1/1/2013 - 12/31/2014	Total 1/1/2012 - 12/31/2014
VSP Funding Premium	\$80,961	\$80,280	\$84,820	\$246,062
VSP Gross Paid Claims	\$65,078	\$73,764	\$69,852	\$208,694
VSP Average # of Employees	680	674	713	689
VSP PEPM Premium	\$9.92	\$9.93	\$9.91	\$9.92
VSP PEPM Gross Claims	\$7.97	\$9.12	\$8.16	\$8.41
VSP Gross Claims Paid Loss Ratio	80.4%	91.9%	82.4%	84.8%

Feasibility study exhibits

Exhibit III-A

Santa Fe County, NM Illustration of Fully Insured Premium vs. Paying the State Funding Rates - Medical/Rx Plans

For the Period January 1, 2012 Through December 31, 2012			
	Funding to the State ⁽¹⁾	Estimated Fully Insured Costs ⁽²⁾	Difference
Premium	\$5,690,594	\$5,745,180	
Total Cost	\$5,690,594	\$5,745,180	(\$54,586)

For the Period January 1, 2013 Through December 31, 2013			
	Funding to the State ⁽¹⁾	Estimated Fully Insured Costs ⁽²⁾	Difference
Premium	\$6,090,532	\$6,098,552	
Total Cost	\$6,090,532	\$6,098,552	(\$8,020)

For the Period January 1, 2014 Through December 31, 2014			
	Funding to the State ⁽¹⁾	Estimated Fully Insured Costs ^(2,3)	Difference
Premium	\$7,315,576	\$8,291,899	
Total Cost	\$7,315,576	\$8,291,899	\$1,023,678

Total Cost for Three Years Combined	\$19,096,702	\$18,135,631	\$961,071
--	---------------------	---------------------	------------------

⁽¹⁾ Funding estimated as funding rates by tier X employee counts by tier + \$1.30 PERM admin. fee.

⁽²⁾ Includes agreed-upon Gallagher annual ongoing consulting fees.

⁽³⁾ Includes Transitional Reinsurance Fee (\$63 PMPY) and PCORI fee (\$2 PMPY), and Health Insurer fee of approximately 2.5%.

Feasibility study exhibits

Exhibit III-B

Santa Fe County, NM

Illustration of Fully Insured Premium vs. Paying the State Funding Rates - Dental Plan

For the Period January 1, 2011 Through June 30, 2011			
	Actual Funding to the State	Estimated Fully Insured Costs	Difference
Premium	\$478,823	\$439,502	
Total Cost	\$478,823	\$439,502	\$39,321

For the Period July 1, 2011 Through June 30, 2012			
	Actual Funding to the State	Estimated Fully Insured Costs	Difference
Premium	\$492,626	\$454,853	
Total Cost	\$492,626	\$454,853	\$37,774

For the Period July 1, 2012 Through April 30, 2013			
	Actual Funding to the State	Estimated Fully Insured Costs ⁽¹⁾	Difference
Premium	\$529,255	\$477,856	
Total Cost	\$529,255	\$477,856	\$51,398

Total Cost for Three Years Combined	\$1,500,704	\$1,372,211	\$128,493
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⁽¹⁾ Includes Health Insurer fee of approximately 2.6%.

Feasibility study exhibits

Exhibit III-C

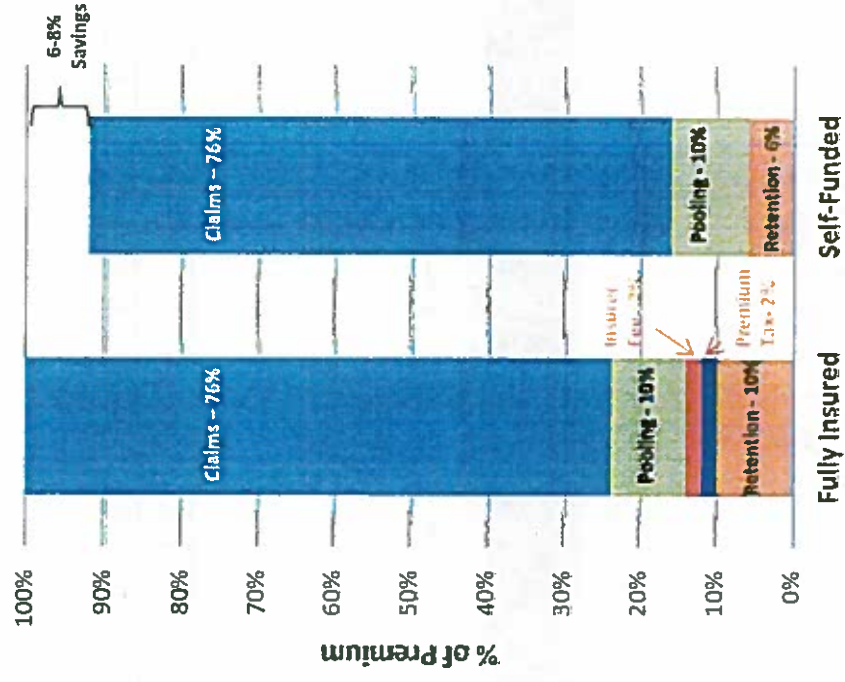
Santa Fe County, NM Illustration of Fully Insured Premium vs. Paying the State Funding Rates - Vision Plan

For the Period January 1, 2012 Through December 31, 2012			
	Actual Funding to the State	Estimated Fully Insured Costs	Difference
Premium	\$80,961	\$81,157	
Total Cost	\$80,961	\$81,157	(\$196)
For the Period January 1, 2013 Through December 31, 2013			
	Actual Funding to the State	Estimated Fully Insured Costs	Difference
Premium	\$80,280	\$89,972	
Total Cost	\$80,280	\$89,972	(\$9,692)
For the Period January 1, 2014 Through December 31, 2014			
	Actual Funding to the State	Estimated Fully Insured Costs ⁽¹⁾	Difference
Premium	\$84,820	\$88,984	
Total Cost	\$84,820	\$88,984	(\$4,164)
Total Cost for Three Years Combined	\$246,062	\$260,114	(\$14,052)

(1) Includes Health Insurer fee of approximately 2.5%.

Self-funded vs. Fully Insured

Illustrative comparison



Illustrative cash flow *

* Illustrative figures not SFC specific

Oct 2013 through Sept 2014

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Total
Gross Paid Claims ⁽¹⁾	\$91,227	\$129,108	\$99,435	\$160,958	\$70,379	\$112,315	\$136,188	\$148,778	\$140,783	\$74,891	\$86,563	\$101,443	\$1,352,069
Illustrative Attachment Point ⁽²⁾	\$114,033	\$161,385	\$124,294	\$201,197	\$87,974	\$140,394	\$170,235	\$185,973	\$175,979	\$93,614	\$108,203	\$126,804	\$1,690,086
Estimated Gross Paid Claims	\$91,227	\$129,108	\$99,435	\$160,958	\$70,379	\$112,315	\$136,188	\$148,778	\$140,783	\$74,891	\$86,563	\$101,443	\$1,352,069
Specific Stop Loss Reimbursement ⁽³⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Estimated Net Paid Claims	\$91,227	\$129,108	\$99,435	\$160,958	\$70,379	\$112,315	\$136,188	\$148,778	\$140,783	\$74,891	\$86,563	\$101,443	\$1,352,069
Illustrative ASO Fixed Costs ⁽⁴⁾	\$24,182	\$24,771	\$24,582	\$31,819	\$31,460	\$31,699	\$32,989	\$32,878	\$33,045	\$34,616	\$35,530	\$35,998	\$373,569
Illustrative Net ASO Costs	\$115,409	\$153,879	\$124,017	\$192,777	\$101,839	\$144,014	\$169,177	\$181,656	\$173,828	\$109,507	\$122,093	\$137,441	\$1,697,236
Illustrative Funding ⁽⁵⁾	\$151,482	\$163,060	\$151,825	\$162,910	\$151,472	\$152,685	\$159,117	\$158,291	\$159,051	\$167,896	\$172,494	\$174,894	\$1,905,078
Illustrative YTD Funding vs. Expenses Surplus or (Deficit) ⁽⁶⁾	\$36,074	\$9,181	\$27,808	\$31,132	\$49,633	\$8,571	\$10,000	\$23,568	\$14,223	\$58,389	\$50,401	\$37,453	\$207,843
Estimated Monthly Self-Funded Total Cost Loss Ratio	76.2%	100.5%	81.7%	107.5%	67.2%	94.4%	106.3%	114.8%	109.3%	65.2%	70.8%	78.6%	89.1%

⁽¹⁾ Gross paid claims are total paid claims including claims over pooling point.

⁽²⁾ Expected paid claims x 125%.

⁽³⁾ The illustrative specific stop loss level is set at \$100,000. In this twelve-month period, the Suns had 1 claimant who exceeded this level.

⁽⁴⁾ Illustrative monthly ASO fixed costs from Exhibit II.

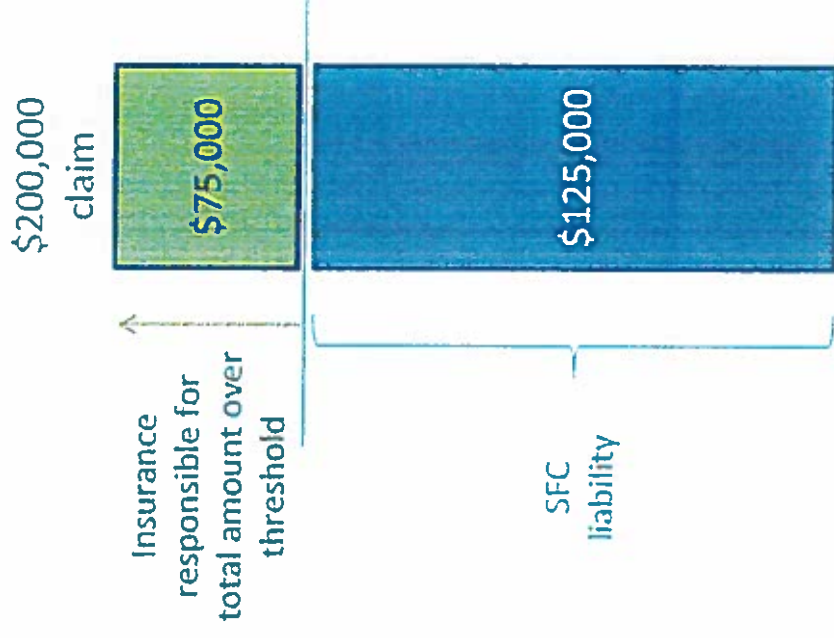
⁽⁵⁾ Based on fully insured premium.

⁽⁶⁾ These loss ratios do not include funding for IBNR reserves or claim fluctuation reserves.

Stop-loss

Individual stop-loss

- Individual Stop-loss
 - Limits plan claim costs paid on behalf of an individual during the plan year
 - Insurance carrier assumes risk beyond individual stop-loss level threshold
 - Premium is function of risk per claim that is retained by the employer:
 - Low individual stop-loss threshold = Higher Premium (*greater carrier risk*)
 - High individual stop-loss threshold = Lower Premium (*greater Santa Fe County risk*)



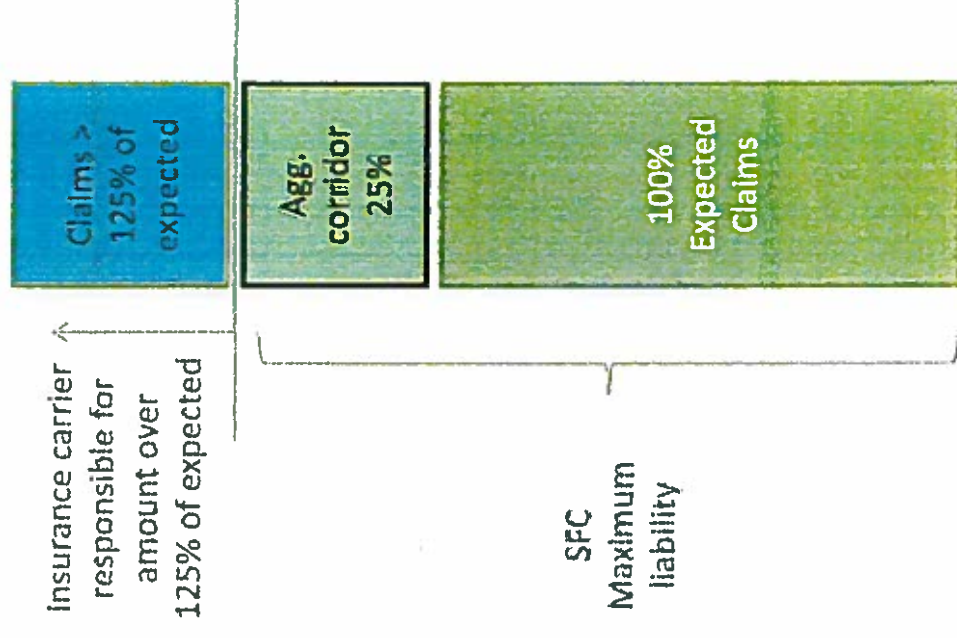
Stop-loss

Aggregate stop-loss

- Limits plan claim costs paid for the overall group (i.e., creates a maximum liability for Santa Fe County)

➤ Insurance carrier assumes risk beyond aggregate stop-loss threshold

- Aggregate claims are net of any individual stop-loss reimbursements



Self-funded vs. Fully Insured

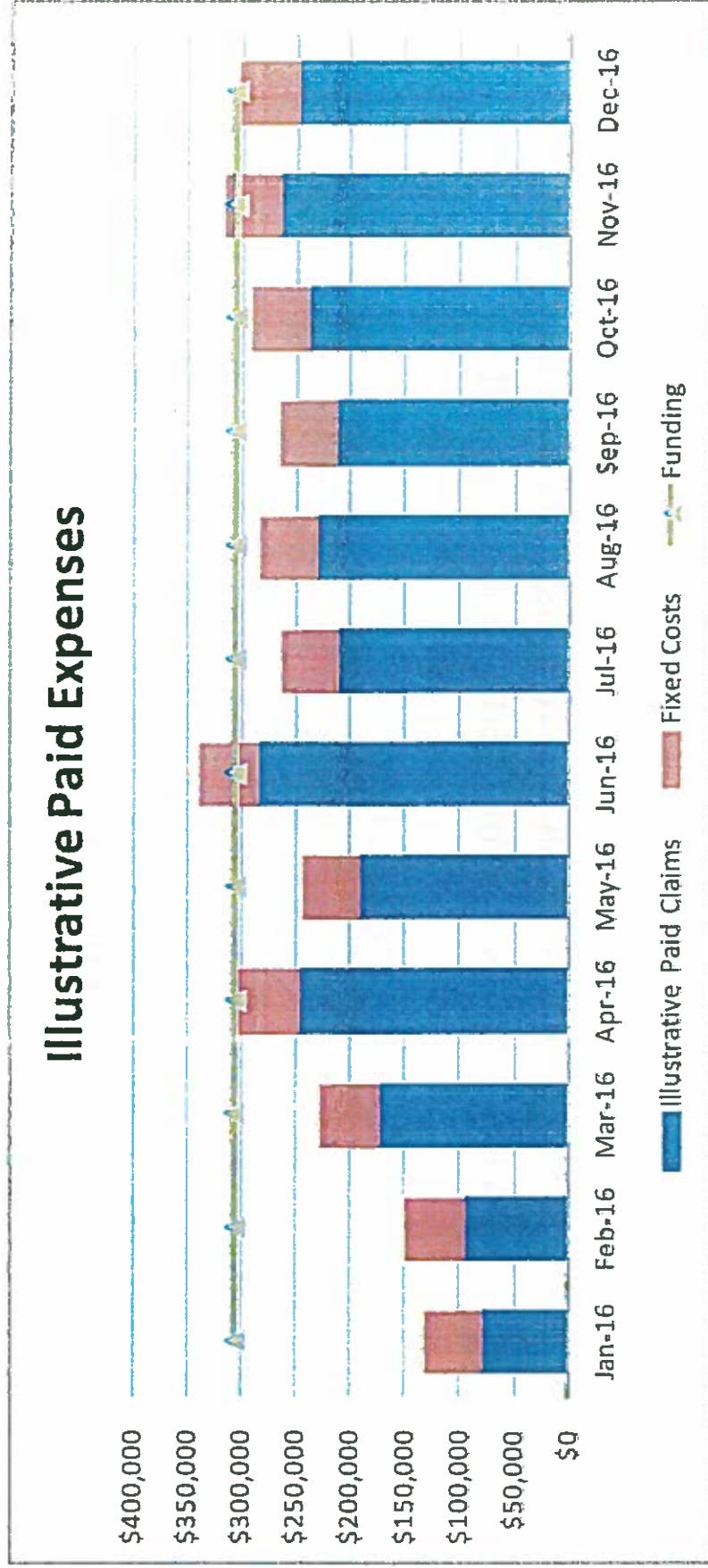
Key considerations – fiscal oversight

- Prudent oversight of self-funded plans suggests that adequate medical fund reserves be established and maintained
- Medical fund reserves are used to:
 - Anticipate/fund unpaid claims/expenses in the event of plan termination
 - Offset unexpected claims fluctuation in a given year
- Medical fund reserve build-up will be included in the self-funded medical budget projections, and therefore does not rely on one-time infusion
- Medical fund reserves maintained through appropriate policy and annual adjustments within rate-setting process

Illustrative first year cash flow *

* Illustrative figures not SFC specific

January 2016 through December 2016



Feasibility study exhibits

Exhibit II-B

Santa Fe County, NM

Illustration of Self-Funded Administrative Services Only ("ASO") vs. Paying the State Funding Rates - Dental Plan

For the Period January 1, 2012 Through December 31, 2012			
	Estimated Funding to the State	Estimated ASO Costs	Difference
Premium		N/A	
Gross Paid Claims	\$478,823	\$387,486	
Administration Fees at \$4.52 PEPM		\$39,216	
Total Cost	\$478,823	\$426,701	\$52,122

For the Period January 1, 2013 Through December 31, 2013			
	Estimated Funding to the State	Estimated ASO Costs	Difference
Premium		N/A	
Gross Paid Claims	\$492,626	\$400,587	
Administration Fees at \$4.66 PEPM		\$41,017	
Total Cost	\$492,626	\$441,604	\$51,022

For the Period January 1, 2014 Through December 31, 2014			
	Estimated Funding to the State	Estimated ASO Costs	Difference
Premium		N/A	
Gross Paid Claims	\$629,255	\$407,786	
Administration Fees at \$4.80 PEPM		\$44,554	
Total Cost	\$629,255	\$452,340	\$176,915

Total Cost for Three Years Combined	\$1,500,704	\$1,320,645	\$180,059
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Feasibility study exhibits

Exhibit II-C

Santa Fe County, NM
Illustration of Self-Funded Administrative Services Only ("ASO") vs. Paying the State Funding Rates - Vision Plan

For the Period January 1, 2012 Through December 31, 2012			
	Estimated Funding to the State	Estimated ASO Costs	Difference
Premium	\$80,961	N/A	
Gross Paid Claims		\$65,078	
Administration Fees at \$1.68 PERPM		\$13,716	
Total Cost	\$80,961	\$78,794	\$2,168

For the Period January 1, 2013 Through December 31, 2013			
	Estimated Funding to the State	Estimated ASO Costs	Difference
Premium	\$80,280	N/A	
Gross Paid Claims		\$73,764	
Administration Fees at \$1.68 PERPM		\$13,588	
Total Cost	\$80,280	\$87,352	(\$7,072)

For the Period January 1, 2014 Through December 31, 2014			
	Estimated Funding to the State	Estimated ASO Costs	Difference
Premium	\$84,920	N/A	
Gross Paid Claims		\$69,852	
Administration Fees at \$1.68 PERPM		\$14,381	
Total Cost	\$84,820	\$84,233	\$587

Total Cost for Three Years Combined	\$246,062	\$250,378	(\$4,316)
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Other considerations

- Control/flexibility
- Network access
 - Continued 2-network option may be difficult as stand-alone
 - May need to make choice of a single network/carrier
- Outlook for State's group benefits plans
 - Projected 3% medical increase effective 7/1/2015
 - On-site clinic access at no cost to participant
- Fees for separation from the State's group benefits plan
 - Estimated at just over \$500,000
- System resources/requirements
 - Staffing/systems/communications/supporting expertise
- Health care reform – federal, state

Next steps

- Proceed with RFP process to more formally analyze feasibility of separating from State plan
- RFP to fully identify options on stand-alone basis, exploring both fully insured and self funded options
- Future presentation with RFP analysis and recommendations

Voluntary benefits evaluation

As part of Gallagher's contracted scope of services, employee interest survey was conducted in January

- Low level of employee participation (162 of 873 eligible)
- Survey identified interest in:
 - Deferred compensation plan education/awareness (currently underway in conjunction with 457 plan administrator)
 - Additional life insurance benefits
 - Cancer/critical illness coverage
 - Prepaid legal benefits
- RFP process recommended to assure best rates are available to employees
 - Designed to complement RFP that will formally assess feasibility of separating from the State



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Thank You!

Don Heilman | Area Sr. Vice President
Gallagher Benefit Services, Inc.
don_heilman@ajg.com
303.889.2686

Mike Rohr | Client Consultant
Gallagher Benefit Services, Inc.
mike_rohr@ajg.com
303.889.2726

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Appendix 1

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Self-funded vs. Fully Insured

	ASO/Self-Funded	Fully Insured
Risk	Employer	Fully assumed by insurance carrier
Cash Flow	Variable	Fixed
Reserves	Held by employer, fiduciary obligation to the Plan	Maintained by the carrier, and carrier will be fiduciary
Claim Liability	Variable	Fixed
Claim Decisions	Administrator/formal appeals process Claims fiduciary can be transferred to ASO carrier/TPA for a fee	Administrator/formal appeals process
Expenses	• Actual claim dollars • Administrative & network access fees • Stop-loss Insurance premiums	• Actual claim dollars • Retention/claims administration • Pooling charge • Margin/risk charge • PPACA insurer fee
Terminal Liability	Employer is liable for all eligible incurred claims	Insurance company assumes claim run-out liability in the event of contract termination
Plan Design	Set by employer – flexible	Less flexibility, carrier has final determination. Subject to state mandates and regulations
HIPAA Requirements	Access to PHI, may require additional policies and procedures	Limited based on access to PHI

