`

HYDE PARK ESTATES COOPERATIVE DOMESTIC WATER ASSOCIATION VALUATION REPORT

Prepared For:

Santa Fe County
102 Grant Avenue
Santa Fe, New Mexico 87501

Prepared By:

Santa Fe Engineering Consultants, LLC.
1599 St. Francis, Suite B
Santa Fe, New Mexico 87505

February 2014

HYDE PARK ESTATES COOPERATIVE DOMESTIC WATER ASSOCIATION VALUATION REPORT

Prepared For:

Santa Fe County
102 Grant Avenue
Santa Fe, New Mexico 87501

Prepared By:

Santa Fe Engineering Consultants, LLC.
1599 St. Francis, Suite B
Santa Fe, New Mexico 87505

February 2014

EXECUTIVE SUMMARY

The Hyde Park Estates Cooperative Domestic Water Association (HPECDWA) is a well-run, well maintained, water system supplying water to 76 connections. Through over 50-years of service, the infrastructure has been repaired, maintained, and improved to where it is presently functioning with no major problems. The water rights have been permitted an amount of 14.13 acre-feet per annum.

Based on the assumptions and estimations explained within the report, the total value of the HPECDWA is estimated as $409,849.68. This amount is based on the estimated totals of $211,950.00 of water rights, $173,349.68 of useable infrastructure, and $24,550.00 of salvageable value.

It is the opinion of Santa Fe Engineering Consultants (SFEC) that purchase of the HPECDWA, as is, would be a good investment for Santa Fe County. This opinion is based on the continued maintenance, upgrades, and improvements to the HPECDWA performed over the life of the system. At the present time the HPECDWA system appears to be a well-functioning system. However, upgrades to the system in order to meet Santa Fe County standards could be a significant cost.

HYDE PARK ESTATES COOPERATIVE DOMESTIC WATER ASSOCIATION

VALUATION REPORT

FEBRUARY 2014

TABLE OF CONTENTS

1.0 GENERAL INFORMATION 1

2.0 INFRASTRUCTURE AND APPURTENANCES 5

3.0 AS BUILT DRAWINGS AND AVAILABLE REPORTS 8

4.0 WATER RIGHTS 9

5.0 EASEMENTS AND ACCESSIBILITY 12

6.0 FINANCIAL INFORMATION 17

7.0 OTHER ITEMS 19

8.0 LIST OF REFERENCES 21

TABLE OF APPENDICES

Appendix A

Location Map A-1

Wells and Tank Location Map A-2

Appendix B-As Built Drawings and Available Reports

Hyde Park Estates Water Assoc., Water System Improvements-1984,
R.D. Barber, Consulting Engineer B-1

Hyde Park Estates Water Assoc., Water System Improvements-1984,
Details & Typical Sections, R.D. Barber, Consulting Engineer B-2

Hyde Park Estates Water Assoc., Water System Improvements-1984,
Hypochlorinator Details, R.D. Barber, Consulting Engineer B-3

Hyde Park Estates Cooperative Domestic Water Association, Water System
Improvements & Additions-1985, Jorge Gonzales & Associates ..... B-4 - B-8

1986 Eletrical Control System, Hydraulics Incoporated, 1986
Water Tank Control Panel ..... B-9 - B-17

1996 City Water Connection, Sangre De Cristo Water Co. B-18

Unit I-1964 Plat B-19

Unit II 1968 Plat B-20

Appendix C Easements

Goering East Water Tank ..... C-1 - C-2
Kovacs West Water Tank ..... C-3 - C-6
GreyWolf Well Easement C-7
Yellow Cat Well Easement C-8
Gusher Well Easement ..... C-9 - C-14
Gusher Well Agreement ..... C-15 - C-16
1974 Easement Letter C-17
Unsigned Bill of Sale C-21

Appendix D- Photos of Water System

Two 30,000 Gallon Water Tanks, Looking West D-1
Two 30,000 Gallon Water Tanks, Looking Southeast D-2
Water Tank Control Room D-3
Water Tank Control Room D-4
Water Tank Control Room D-5
Gusher Well, RG-19271-S-6 ..... D-6
Gusher Well Pump House D-7
Gusher Well Pump House D-8
Gusher Well Pump House, Inside Pump and Gages D-9
Gusher Well Pump House, Inside Meter and Gages D-10
GreyWolf Well, Meter and Controls Inside 4-foot Diameter Culvert D-11
GreyWolf Well, Control Panel D-12
Big and Little Eva Maintenance Shack, Looking North D-13
Big and Little Eva Maintenance Shack, Looking Northeast D-14
Big and Little Eva Maintenance Shack Controls and Inlet from City Supply Line D-15
Big and Little Eva Maintenance Shack Controls and Inlet from City Supply Line D-16
Big and Little Eva Maintenance Shack, Miscellaneous Items D-17
Yellow Cat Well Controls and Meter D-18
Yellow Cat Well Controls and Meter D-19
Point of Connection to City Water Line, Near Hyde Park Road D-20
Typical Fire Hydrant D-21

Appendix E – Conceptual Cost Estimates

Conceptual Estimate Summary E-1

Appendix F-Water Right Documents

Water Right Documents F-1

New Mexico Environment Department Documents F-2

Santa Fe County fire Department Documents F-3

HYDE PARK ESTATES COOPERATIVE DOMESTIC WATER ASSOCIATION

VALUATION REPORT

FEBRUARY 2014

1.0 GENERAL INFORMATION

1.1 Introduction

This Valuation Report of the Hyde Park Estates Cooperative Domestic Water Association (HPECDWA) was prepared for Santa Fe County, New Mexico under a contract with the County, dated December 13, 2013.

The scope of work is as follows:

Task 1. Inspect the HPECDWA water utility infrastructure and appurtenances, including but not limited to wells, water tanks, water distribution pipelines, pumps, regulating valves, storage facilities, treatment facilities and pumping stations, water mains, meters, fire hydrants, valves, fittings, stations that are readily visible and accessible and all appurtenances. Create an inventory of HPECDWA water system infrastructure, equipment, machinery, tools, motors, spare parts, materials, supplies, fixtures, gauges, production fixtures and other tangible personal property related to the HPECDWA system. This inspection and inventory will be completed with the guidance and cooperation of the HPECDWA current owner/operator.

Task 2. Examine "as-built" and other available reports, drawings, maps and diagrams of the HPECDWA system. Interview the system's existing operators for information not otherwise available. Obtain electronic (PDF, shape files or DRG as appropriate) versions of all available documents, maps, GIS or CAD data and system diagrams of the HPECDWA.

Task 3. Review available information on HPECDWA water rights, supplemented if necessary by a review of the files of the New Mexico State Engineer for water right permits, adjudication information, past and present diversions of water, priority, and well information such as depth of well, well diameter, date drilled, repairs and water levels. Water rights assets shall include water withdrawal rights, water reservation rights, water appropriations rights and right to water flow relating to the HPECDWA system. Develop an opinion of the current value of the HPECDWA water rights.

Task 4. Review files and documents provided by HPECDWA and Santa Fe County evidencing easements, rights of way, permits, licenses or other agreements or contracts relating only to the HPECDWA pipeline that connects the existing operational wells to the potable HPECDWA water storage and treatment facilities. Also identify all land and real property belonging to the HPECDWA. Identify surface access or use issues relating to wells, pump stations, water lines, regulating valves, storage facilities and treatment facilities identified above.

Task 5. To the extent possible, determine the initial cost, asset life, operation and maintenance costs, and revenue associated with the production of water by the water system, current debt and available cash. Identify any accumulated and unexpended available fees. If specific data is not available for the HPECDWA water system, use industry averages.

Task 6. To the extent possible, review contracts, agreements and other necessary pertinent documents related to customer accounts, grants, professional services, NMED compliance orders, pending litigation, property liens and other encumbrances or financial liabilities. To the extent possible, render an opinion as to financial liabilities associated with the acquisition, maintenance and operation of the HPECDWA water system.

Task 7. Prepare a comprehensive written report on Tasks 1 through 6 above and a valuation of HPECDWA water rights, including a detailed description of the methods used to determine the reported values, and a summary of the qualifications of sufficient expertise to render an opinion on the value on this type of asset.

In order to evaluate the items under the proposed scope of work, Santa Fe Engineering Consultants (SFEC) has performed inspections of Hyde Park Estates Cooperative Domestic Water Association (HPECDWA) water fixtures, reviewed available as-built drawings, easements documents, accounting figures and interviewed Richard Crawford and Melvin Goering of HPECDWA.

1.2 General Description

The HPECDWA is a Domestic Water Association that supplies domestic water to Hyde Park Estates. Hyde Park Estates is a subdivision of 142.3 acres of land, located in the southern half of Section 9, and the northern half of Section 16, Township 17 North, Range 10 East (see Location Map, Appendix A-1), in Santa Fe County. Hyde Park Estates is located just to the east of NM-475/Hyde Park Road, approximately 3 miles from the intersection of Artist Road and

Bishop Lodge Road, near downtown Santa Fe, New Mexico. Currently HPECDWA has 76 active connections within the subdivision. At full development Hyde Park Estates has 89 Lots of an average of 1.6 acres. The remaining 13 lots as yet have not been developed, and have not been hooked to the water system. The subdivision ranges in approximate elevation from 7840 feet to over 8100 feet and consists of steep mountainous terrain.

1.3 History

Hyde Park Estates and the Hyde Park Estates water system were initially developed by Walter Keesing in the late 1950's. As early as 1962, and probably earlier, 140 to 150 one acre tracts were for sale. Three pre-basin wells were drilled, one as early as 1959, for water use and the development of the subdivision. The original development anticipated the one acre-tracts, a 120 room overnight lodge, a service station, a café, and a 7-11 type convenience store.[1]

The Articles of Incorporation were filed with the Public Utility Commission on April 6, 1981, and the Hyde Park Estates Cooperative Domestic Water Association was formed. Walter Keesing sold 50 acre-feet of water rights, and filed a Change of Ownership of Water Rights form with the Office of the State Engineer on March 11, 1983, transferring the water to the HPECDWA. By September 1988 there were 55 water hook ups and by January 1993 there were 65 hook ups. The subdivision and water use developed slowly. In late 1996 the HPECDWA hooked up to the City of Santa Fe Water System (Sangre De Cristo Water Company) and used City water to supplement the production from their wells.

The reported water use from the wells and from the City is as follows:

Year	HPECDWA Wells Acre-Feet	City Acre-Feet	Total Water Use Acre-Feet
1981	13.24	N/D	13.24
1982	14.52	N/D	14.52
1983	15.71	N/D	15.71
1984	23.08	N/D	23.08
1985	14.55	N/D	14.55
1986	12.61	N/D	12.61
1987	13.33	N/D	13.33

[1] December 6, 1976 memorandum from J.L. Williams to D.N. Stone, State Engineer Office

Year	HPECDWA Wells Acre-Feet	City Acre-Feet	Total Water Use Acre-Feet
1988	8.23	N/D	8.23
1989	12.98	N/D	12.98
1990	11.36	N/D	11.36
1991	10.34	N/D	10.34
1992	7.54	N/D	7.54
1993	12.97	N/D	12.97
1994	10.29	N/D	10.29
1995	13.66	N/D	13.66
1996	12.16	N/D	12.16
1997	8.52	N/D	8.52
1998	6.49	N/D	6.46
1999	6.06	N/D	6.06
2000	5.38	N/D	5.38
2001	5.17	N/D	5.17
2002	5.62	3.73	9.35
2003	4.85	5.52	10.36
2004	4.07	4.89	8.96
2005	5.23	4.0	9.23
2006	5.29	4.37	9.46
2007	4.58	4.12	8.69
2008	4.08	5.05	9.13
2009	4.4	4.38	8.79
2010	4.27	4.79	9.07
2011	7.23	1.09	8.32
2012	5.96	2.71	8.67
2013	4.98	3.54	8.52

[2]

[2] Hyde Park Estates, Meter Readings

2.0 INFRASTRUCTURE AND APPURTENANCES

2.1 General

At the present time the HPECDWA system can produce water through 3 working wells; the "Gusher Well" (RG-19271-S-6), located in the NE¼NW¼NE¼ of Section 16, Township 17 North, Range 10 East, just east of the intersection of Paseo Primero and (east) Paseo Del Monte; the "Grey Wolf Well" (RG-19271-S-3), located in the SE¼SE¼SW¼ of Section 9, Township 17 North, Range 10 East, at the northeast corner of the intersection of Paseo Primero and (west) Paseo Del Monte; and the "Yellow Cat Well" (RG-19271-S-4), located in the SE¼NE¼SW¼ of Section 9, Township 17 North, Range 10 East, on Ramon Lopez's property just off of Paseo del Monte (see Well and Tank Location Map, Appendix A-2). These wells are supplemented by City of Santa Fe water. City of Santa Fe water connects to the HPECDWA system off of a supply line from NM-475/Hyde Park Road. It then connects at a junction box just off of Entrada Road and connects to the HPECDWA system at the Eva maintenance shack.

The Gusher Well is a 445 foot deep well, completed in 2010, that has good water between 225 feet and 270 feet. There is a pump control house located next to the well, an 8.5' by 8.5', 8' high shed structure. It is a constructed, concrete floor with a drain, dry wall insulated, with electricity, and metal green outside siding. The pump control house contains a 3 hp, 10 gpm booster pump, pressure gage, and "Neptune" meter.

The Grey Wolf Well is a 400 foot deep well, completed in 1985, with a 3hp, 7gpm, Red Jacket pump. The well controls are contained in a 4' diameter concrete conduit 6.4 feet deep. The meter and controls are at the bottom of the conduit. There is a control panel next to the culvert.

The Yellow Cat Well is a 450 foot deep well, completed in 1995, and has a pump control box and meter located next to the well. OSE records indicate that it has a 20 gpm, Goulds submersible pump. The Yellow Cat Well is capable of pumping but has not been pumped in 2 years due to Uranium and Selenium content over the minimum required by the New Mexico Environment Department.

The Big Eva Well, Little Eva Well, and Adam Well were the main wells that the HPECDWA had developed, but these wells are no longer in service. The pump control house for the three wells is still in service and now used as a maintenance shack. It is a 12' by 16' frame stucco house with a concrete floor. The maintenance shack was built around 1995 and now has electricity and heat. The connection from the City water line is contained in the building along with a meter, UV filter, and back flow preventers. There is also a 1.5 hp booster pump that pumps the City water to the HPECDWA system.

The two active wells supply water to a network of pipelines that supply water to the 76 connections within the subdivision. The wells and the supply line from the City of Santa Fe are capable of supplying any part of the subdivision or the water tanks. There are 12 isolation valves that can be opened or closed that allow the distribution. The pipeline has a total length of 14,690 feet[3], that includes 9,591 feet of 4-inch diameter cast iron pipe, and 5099 feet of 2-inch diameter pvc pipe (see Appendix B-1). Over the approximate 50 years of operation of the water system,

[3] Hyde Park Estates Water Assoc., Water System Improvements 1984, R.D Barber

numerous breaks have occurred within the pipeline system. Repairs have been made using metal sleeves, ductile iron pipe, and pvc pipe.

The HPECDWA System is also supplied by gravity by two 30,000 gallon steel water tanks located in the northeast corner of the subdivision. The steel water tanks can be fed by any of the wells or the City of Santa Fe water feed line from Hyde Park Road. The pipeline from the City feeds the Eva maintenance shack and is pumped through a 1.5 horse power booster pump to the HPECDWA System.

Over the last 12 months, during the calendar year 2013, the system has produced 2,776,090 gallons (8.52 acre-feet) of water. The Gusher Well has produced 1,164,190 gallons of water (3.57 acre-feet) or 42% of the water supply; the Grey Wolf Well has produced 458,300 gallons of water (1.42 acre-feet) or 17% of the water supply; the Yellow Cat Well was not pumped; and the City of Santa Fe has supplied 1,153,600 gallons of water (3.54 acre-feet) or 41% of the water supply.

3.0 AS BUILT DRAWINGS AND AVAILABLE REPORTS

3.1 General

All available information concerning the HPECDWA was provided from their records to SFEC for review. Engineering and as built drawings were limited to paper copies. The selected copies are attached in Appendix B.

The majority of the narrative history of the water system and water development is contained in the files of the Office of the State Engineer (OSE). SFEC reviewed the documents is under OSE file no. RG-19271.

Selected copies of water right documents are located in Appendix F.

4.0 WATER RIGHTS

4.1 History

Declaration Nos. RG-19271 thru RG-19271-S-2 was filed with the Office of the State Engineer (OSE) on July 15, 1971, by Walter Keesing, dba Hyde Park Estates de Santa Fe (see Appendix F-1 for Water right Documents). The Declaration claims a pre-basin right to use wells RG-19271 (Big Eva Well), RG-19271-S (Yellow Cat I Well), and RG-19271-S-2 (Little Eva Well), for the diversion of 86.3 acre-feet of water per annum for residential, subdivision, and commercial purposes at Hyde Park Estates.

On December 15, 1976, Permit to Change Location of Well, RG-19271, was approved. The Water Rights were severed from the old well, and transferred to the new well located within the same quarter-quarter subdivision.

On July 22, 1980, Combined Offer of Judgment and Order No. 43,347, Santa Fe River Stream Adjudication, Volume II, Sub-file No. GW-2.1, 2, and 3, was issued. Walter Keesing, dba Hyde Park Estates de Santa Fe, was recognized to have a right to use wells RG-19271 through RG-19271-S-2, for the diversion of up to 86.3 acre-feet per annum, provided that 73.8 acre-feet was subject to proof of beneficial use on or before December 15, 1980.

On March 11, 1983, Change of Ownership of Water Right (see Appendix F-1) was filed conveying 50 acre-feet of water rights under OSE file No. RG-19271 thru RG-19271-S-2, inclusive of the adjudicated wells, from Walter Keesing to Hyde Park Estates Domestic Cooperative Water Association. The remaining 36.3 acre-feet were subsequently conveyed to J.A Klauck and are administered under File No. RG-19271-A.

On April 14, 1984, Application for Supplemental Well RG-19271-S-3 (Grey Wolf Well), was approved for a well located in the SE¼ SE¼ SW¼ of Section 9, T17N, R10 E.

On July 1, 1994 Application for Supplemental Well RG-19271-S-4 (Yellow Cat II), was approved for a well located in the SE¼ NE¼ SW¼ of Section 9, T17N, R10 E.

On October 4, 1999, Application for Supplemental Well RG-19271-S-5 (Adam) was approved for a well located in the NE¼ NE¼ SW¼ of Section 9, T17N, R10 E.

On October 16, 2002 a Final Inspection and Report of Beneficial-Underground Waters (PBU) was filed by V. Phillip Soice, NM PE License No. 7143, on behalf of the Hyde Park Water Estates Domestic Water Association. The Report states that during the period from January 1985 through December 1985, a total of 14.13 acre-feet were diverted from wells RG-19271 through RG-19271-S-5. This water was applied to beneficial use for subdivision and related purposes within Sections 9 and 16, T17N, R9E, Santa Fe County, New Mexico. The PBU requested a total of 17.55 afa be recognized, based on the number of undeveloped Lots and monthly variations in the amount of water used. As of this date the PBU has not been acted on.

On July 19, 2007, Hyde Park Estates Domestic Cooperative Water Association filed Application for Permit to Drill a Supplemental Well to Well RG-19271. Through the Report and Recommendation of the Hearing Examiner, dated June 4, 2010, Well RG-19271-S-6 (Gusher) was approved (see Appendix F-4). The Conditions of Approval limits the diversion from Well RG-19271-S-6 to 5.0 afa, except that the permittee may increase the total annual diversion of groundwater during any calendar year up to 9.70 acre-feet, provided that the sum of annual diversions from said well for any consecutive ten-year period does not exceed 50.00 acre-feet. The total annual groundwater diversions from all of its wells combined shall not exceed 14.13 acre-feet. The priority date is listed as 1959. (see Appendix F-1 for Water right Documents)

4.2 Summary and Valuation of Water Rights

Although the original Declaration and Change of Ownership of Water Rights was for 50 acre-feet, the HPECDWA has never used that amount of water. Even though the PBU filed on October 16, 2002, it has never been acted on by the OSE. It does appear that based on the recent Report and Recommendation on Well RG-189271-S-6, that the OSE recognizes 14.13 acre-feet per annum, with a priority date of 1959.

Water Rights within the Santa Fe River Basin are for the most part over appropriated. Because of the over appropriation and isolation of the basin, there are no water rights recently noted for sell or transfer. The City and County of Santa Fe now purchases primarily pre-1907

water rights from the Middle Rio Grande Valley. Based on recent dealings the City has recently offered to purchase up to 30 acre-feet of water rights for $15,000 per acre-foot, from within their water bank. Based on that sum, the HPECDWA 14.13 acre-feet of water rights present value is $211,950.00.

5.0 EASEMENTS AND ACCESSIBILITY

5.1 General

The Hyde Park Estates de Santa Fe Subdivision is described in plats filed in Santa Fe County Court House.

1) Hyde Park Estates de Santa Fe, Plat of Unit I, Sheets 1 and 2, recorded as Document No. 262,930, at Plat Book 9, pages 119-120, on February 18, 1963, in the records of Santa Fe County, New Mexico;

2) Hyde Park Estates de Santa Fe, Replat of Church Tract, recorded as Document No. 273,927, at Plat Book 10, page 22, on May 5, 1964, in the records of Santa Fe County, New Mexico;

3) Hyde Park Estates de Santa Fe, Plat of Unit II, recorded as Document No. 281,279, at Plat Book 12, page 7, on February 26, 1965, in the records of Santa Fe County, New Mexico;

4) Replat of a Portion of Hyde Park Estates de Santa Fe for Blocks D, E, and F of Unit I and Blocks F, G, H and J of Unit II, recorded as Document No. 383,408, at Plat Book 43, page 17, on January 12, 1976, in the records of Santa Fe County, New Mexico;

5) Replat of Blocks B and C, Portion of Unit 1 and Unit 2, Hyde Park Estates de Santa Fe, recorded as Document 383,409, at Plat Book 43, page 18, on January 12, 1976, in the records of Santa Fe County, New Mexico;

6) Any and all rights of Keesing and Hyde Park Estates de Santa Fe, under the Grant of Easement from Mel Goering and Lorene K. Goering, his wife, to Hyde Park Estates de Santa Fe and Hyde Park Estates Sanitation District, recorded as Document No. 397,465, at Book 343, page 20, on January 17, 1977, in the records of Santa Fe County, New Mexico; and

7) Any and all rights of Keesing under the Easement from Wm. C. Church and Anne Church, his wife, to Walter Keesing, recorded at Book 229, page 73, on September 10, 1965, 1963, in the records of Santa Fe County, New Mexico.

5.2 Roads and Pipeline

Unit I (see Appendix B-19) essentially describes the northern half of Hyde Park Estates. Unit II (see Appendix B-20) describes the southern half of Hyde Park Estates. The Easement Statements under the plat for Unit II states:

"…Where the description traverses along roadway centerlines, dedication is herewith defined to include the entire width of roadway as shown hereon…"

"…Utility easements are hereby provided along all streets shown on the plat hereon delineated…"

"…Underground utility easements are hereby granted along all streets lines to serve adjoining lots in the most direct manner…"

In some cases on the Unit II plat the roads are shown as 50 feet wide.

HPECDWA also has 14,690 feet of pipeline within its distribution system. The entire length of the pipeline is presently installed under the roads in the Subdivision. In a December 17, 1984 letter to HPECDWA, from the Law Offices of Sutin, Thayer & Browne (see Appendix C-17), representing the Department of Finance and Administration of the State of New Mexico, in support of a funding request, wrote:

"…These roads were dedicated to public use by The First National Bank (agent), Walter Keesing, and E. Gene Keesing on the Plats. Since distribution of water for beneficial use is in the public interest, the distribution of water is a public use. Kaiser Steel Corp. v. W. S. Ranch Co., 81 N.M. 414, 467 P.2d 986 (1970). Both Plats contain the notation that "[a]pproval by the Santa Fe County Commission constitutes a relinquishment of all dedicated roads and easements delineated on prior plats and an acceptance of such dedicated roads and easements set forth hereon…"

"…You have represented to us that the Subdivision is located within the County of Santa Fe (the "County") but outside the boundaries of the City of Santa Fe. Minutes of the Santa Fe County Commission regular meeting of August 9, 1984, on file in the Santa Fe County Clerk's office, show that the Santa Fe County Commission voted on that date to maintain the public roads in the Subdivision. You have represented to us that the County issued a permit to the Association on December 5, 1984, to allow the Association to excavate the roads…"[4]

The letter indicates that HPECDWA has the right to maintain their pipeline located within the County Roads within Santa Fe County. The entire pipeline is readily accessible over public roads.

[4] December 17, 1984 letter, from Sutin, Thayer & Browne; Stephany S. Wilson, to Hyde Park Estates Cooperative Domestic Water Association

5.3 Water Tanks

The water tanks owned by the HPECDWA are located on land described by easements. The water tanks easement is described in the same December 17, 1984 letter to HPECDWA, from the Law Offices of Sutin, Thayer & Browne, representing the Department of Finance and Administration of the State of New Mexico, in support of a funding request, wrote:

> "…The Association has a valid easement over this real property from the then record owners of the real property, Melvin Goering and Lorene K. Goering, his wife (the "Easement"), which Easement was recorded on January 17, 1977, in Book 343, page 20 of the Santa Fe County records. In making this assurance that the Association has a valid easement over the real property from the then record owners of the real property we have relied solely on the letter from Territorial Abstract & title Company, Inc. dated December 13, 1984, a copy of which is attached to this letter. You have represented to us that the hypochlorinator is an integral component of the water storage system. The easement was granted for water storage tanks for water storage purposes. In our opinion, the Association has adequate authority as provided in the Easement to install, maintain and operate the hypochlorinator in the Subdivision…" [5]

The water tank referred to in the above statement is located on Lot 2 (see Appendix C-1 and C-2) in the Northeast section of the subdivision, just off of Paseo Del Monte. The tank is accessible through a gate.

The second tank is located on Lot 12, right next to, and west of the tank on Lot 2 in the Northeast section of the subdivision. The easement is described as the Kovacs Easement and is (see Appendix C-3 thu C-6) recorded in the Santa Fe County Clerk's Office, filed on May 12, 1986, in book 550, pages 488 thru 491.

5.4 Water Wells

At the present there are three working water wells owned by HPECDWA, the "Gusher Well", the "Grey Wolf Well", and the "Yellow Cat Well". All of the wells are easily accessible off of the main roads within the subdivision.

[5] December 17, 1984 letter, from Sutin, Thayer & Browne; Stephany S. Wilson, to Hyde Park Estates Cooperative Domestic Water Association

The Gusher Well is located on Lot J-1 on land owned by Knox Kinlaw and Eileen Kinlaw, in the Southeast section of the subdivision. The easement of the well is described as the Grant of Easement and is recorded (see Appendix C-9 thru C-13) in the Santa Fe County Clerk's Office, filed on January 25, 2008, as Instrument # 1513354 in The Records of Santa Fe County. "The HPECDWA in a meeting on May 10, 2006 adopted a special condition (See Appendix C-15 and C-16) as follows: "It is understood and agreed to by all parties that the grantor and successors shall benefit thereby and shall pay all other usual and customary fees to the Association. The 20,000 gallons of water per quarter represents a credit to any water used per quarter. Water use above 20,000 gallons per quarter will be charged as if the use started at 0 gallons per quarter."

In other words the Kinlaws get free water of up to 20,000 gallons per quarter in exchange for the easement. The HPECDWA still honors that agreement.

The GreyWolf Well is located on Lot B-5II at the east corner of Paseo Primero and Paseo Del Monte. The easement of the well is described as the Grant of Water Well Easement from R. David Gockley and Adair Lewis Gockley, husband and wife to Hyde Park Estates Cooperative Domestic Water Association. The easement is recorded (see Appendix C-7) in the Santa Fe County Clerk's Office, filed on May 3, 1984, in book 489, pages 704 thru 708.

The Yellow Cat Well is located on Lot A-17, just west of the northwest curve in Paseo Del Monte. The easement of the well is described as the "Easement for Hyde Park Water Association (Replat of Church Tract). The easement is recorded (see Appendix C-8) in the Santa Fe County Clerk's Office, filed on January 31, 1992, in book 229, page 73.

The Big Eva Well (RG-19271), the original Yellow Cat Well (RG-19271-S), Little Eva Well (RG-19271-S-2, and Adam Well (RG-19271-S-5) are all no longer in service. The Big Eva Well, Little Eva Well, and the Adam Well are all located next to the Eva maintenance shack just to the north of the Lots F-1 and F-2. There is no easement that has been located for the wells and the maintenance shack. The land was originally owned by Walter Keesing. An unsigned "Bill

of Sale" from Walter Keesing to Hyde Park Estates Cooperative Domestic Water Association, dated 1982. (see Appendix C-21). Under item 1.A. of the Bill of Sale states:

> "…1. Keesing hereby grants, transfers and assigns to Hyde Park Estates Association all of his rights, title and interest in and to the following described property in Santa Fe County, New Mexico, free of all liens and encumbrances…"
>
> "…A. All well sites, storage tank site, tanks, pumps pipes, distribution lines, and equipment used in providing water for the Hyde Park Estates Subdivision…"

It is assumed that there is a signed Bill of Sale that does exist.

6.0 FINANCIAL INFORMATION

6.1 Assets

The HPECDWA system, parts and infrastructure was inspected and inventoried by Santa Fe Engineering Consultants (SFEC) during the month of January 2014, with the aid of Mr. Richard Crawford of HPECDWA. The inventory of the HPECDWA is listed in Appendix E. The Table lists the inventory of useable infrastructure of the HPECDWA under the first column, "Part Description". The second, third, and fourth columns estimate the current 2014 value of acquiring or installing the individual items. Except for the wells, SFEC used recent construction costs on SFEC projects within the Santa Fe area to estimate the 2014 construction cost for each item. The City of Albuquerque, City Engineer's Estimated Unit Prices For Contract Items, 2009, was also used in estimating costs. Column 5, "2014 Total" is the total 2014 estimated cost of the individual item in column one.

Column 6 is the year the item was installed; this information was obtained from Richard Crawford and Melvin Goering of HPECDWA. SFEC assumed a 0.1% reduction of the 2014 cost for the number of years from the date of construction or installation. Column 7 represents that reduction factor. Column 8 is the original construction cost during the year of installation. Column 9 is the estimated life of the item, and Column 10 is the remaining life. Column 11 is the estimated salvage value of the item after the expiration of the estimated life. Column 12 is the depreciation of the item using the straight line depreciation method. Column 13 is the total depreciation.

Based on these assumptions and estimations the total value of the HPECDWA is estimated as $412,195.73. This amount is based on the estimated totals of $211,950.00 of water rights, $175,695.73 of useable infrastructure, and $24,550.00 of salvageable value.

6.2 Financial

HPECDWA has managed their finances well. They have borrowed money, raised rates and managed their system based on maintenance and upgrades required by the system. Because of the continued required maintenance within the system, lessons have been learned and

improvements to the system have done to reduce maintenance. They charge water users within their system on a basic rate based on their expenses. The formula previous years expenses/gallons of water used = basic rate, has been the standard rate charged to water users within the system. The average rate for water since 2006 is as follows:

2006	$0.0236/gallon
2007	$0.0269/gallon
2008	$0.0296/gallon
2009	$0.0291/gallon
2010	$0.0311/gallon
2011	$0.0317/gallon

SFEC reviewed financial reports for the HPECDWA. HPECDWA has always adjusted their rates according to their repairs and maintenance. They may not have always had a "Net Reserve Income" at the end of the year, but they have always had cash reserves and money in the bank at the end of the year to face the next year. This shows that they fixed and maintained their system when it was needed.

In October and November of 1996, HPECDWA finalized a loan of $126,264.00 with the New Mexico Finance Authority. The purpose of the loan was to pay for engineering and construction of the hookup and pipeline to the City of Santa Fe water system. The loan was for 20 years at an interest rate of 5.46%. The annual payment is now $885.00 per month. At the present monthly payment schedule the loan will be paid off in December of 2016. As of December 31, 2013, HPECDWA still owed $24,953.80 on the loan.

The HPECDWA is a well-run, well maintained water system within Santa Fe County. The HPECDWA is in good financial condition. There is no pending litigation, liens, encumbrances, or financial liabilities associated with the system. As of December 31, 2013, HPECDWA had a cash reserve of $41,984.81.

7.0 OTHER ITEMS

7.1 General

Because of the age of the pipelines, the elevation of the system, and the fluctuation of the weather (temperature), continued maintenance of the system especially of the pipelines may be an issue. However, continued maintenance of any water system within the State of New Mexico, is required to one extent or another.

The small diameter of the pipeline probably will not meet Santa Fe County standards for a public water system. Replacement of the pipeline to an 8-inch diameter pipeline will be a considerable expense. In addition established pressures in the working system will be changed and have to be adjusted accordingly.

7.2 Drinking Water Standards

An Administrative Order (AO) was sent to HPECDWA on September 11, 2012 for exceeding selenium levels. According to Richard Chamberlin this is for the Yellow Cat Well. Because of this selenium content, pumping of the well in the future may, be severely reduced or restricted. HPECDWA has not pumped Yellow Cat Well since October of 2011. The New Mexico Environment Department website for the Drinking Water Bureau shows an AO issued on 9-17-12 (see Appendix F-2) for the Grey Wolf Well. There may be some confusion concerning this situation. As such HPECDWA could be limited to one well, the Gusher Well. Because of the City of Santa Fe water line as a supplemental and back up water source, the loss of these wells may not be an issue.

There has been New Mexico Environment Department (NMED), Drinking Water Violations that have been issued in the past. The Gusher well was last issued a violation for "Volatile Organics" on 10-28-2011 (see Appendix F-2). State compliance was achieved on 01-05-2012. The Grey Wolf Well and Yellow Cat wells were both issued violations for "Gross Alpha, Excl. Radon & U" on 11-04-2008. Both wells achieved state compliance on 11-17-2008. Another violation was issued to the Grey Wolf well on 07-12-2012 for Selenium. A State Administrative Order (without penalty) was issued on 09-17-2012.

7.3 Fire Restrictions

There are currently six fire hydrants for the HPECDWA with City of Santa Fe thread types (see Appendix F-3). If a fire were to occur in the subdivision the City of Santa Fe would respond. However, Santa Fe County Fire Department has been involved in the area and has tested the hydrants in on July 15, 2003. According to Tim Gilmore, Fire Inspector, Santa Fe County Fire Department, because of the elevation difference in the fire hydrants, and the subdivision, the lower elevation fire hydrants, have more fire capacity and come close to meeting the Santa Fe County requirement of 500 gpm. The two upper elevation hydrants (TEH 03 and THE 04) definitely do not have capacity and do not meet standards. He suspects it is the small diameter water lines that contribute to low yield.

The other Santa Fe County fire requirement is for a maximum 1,000 linear foot fire hose lay. There cannot be more than an unrestricted distance of greater than 1,000 feet from any fire hydrant to any resident within the subdivision. The distance between the fire hydrants in the subdivision is less than 900 feet so it does appear that the HPECDWA does meet this standard with the possible exception of other residents, trees, fences or other structures that could impede the hose lay.

7.4 Recommendations and Conclusions

Based on these assumptions and estimations the total value of the HPECDWA is estimated as $412,195.73. This amount is based on the estimated totals of $211,950.00 of water rights, $175,695.73 of useable infrastructure, and $24,550.00 of salvageable value.

It is opinion of Santa Fe Engineering Consultants that purchase of the HPECDWA would be a good investment by Santa Fe County. This opinion is based on the continued maintenance, upgrades, and improvements to the HPECDWA performed by the over the life of the system. At the present time the HPECDWA infrastructure appears to be a well-functioning system.

8.0 LIST OF REFERENCES

New Mexico State Engineer Office, File No RG-19271 et al

The City of Albuquerque, City Engineer's Estimated Unit Prices For Contract Items, 2009

Records of the Hyde Park Estates Cooperative Domestic Water Association (HPECDWA)

Richard Crawford, HPECDWA

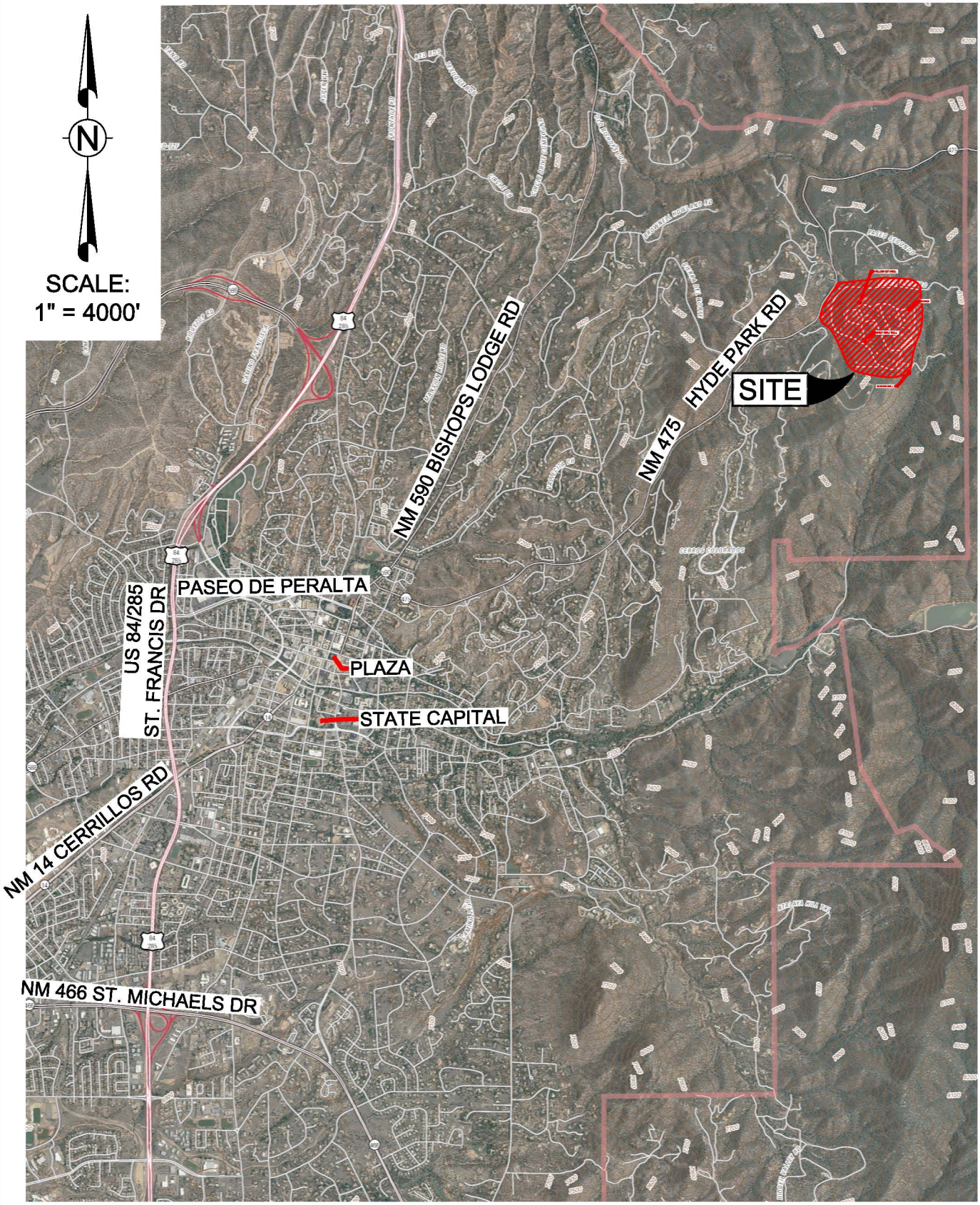
Melvin Goering, HPECDWA

Tim Gilmore, Fire Inspector, Santa Fe County Fire Department

APPENDIX A

COUNTY MAP

LOCATION MAP



REFERENCE:
USGS Quadrangle Maps Entitled
"SANTA FE, N. MEX" Dated 2011 and
"MCCLURE RESERVOIR, N. MEX" Dated 2011

LOCATION MAP
FIGURE 1