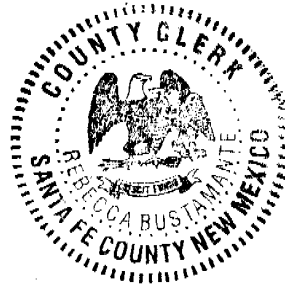


COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC MINUTES
PAGES: 38

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Deputy Marcella Iniguez Witness My Hand And Seal Of Office
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County Clerk, Santa Fe, NM



JOINT MEETING

OF THE SANTA FE CITY COUNCIL AND BOARD OF COUNTY COMMISSIONERS

April 12, 2004

This joint meeting of the Santa Fe City Council and Board of County Commissioners was called to order at approximately 6:15 p.m. by Commission 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:

Commission Members Present:

Commissioner Jack Sullivan, Chairman
Commissioner Paul Duran
Commissioner Paul Campos
Commissioner Mike Anaya
Commissioner Harry Montoya

Members Absent:

None

Council Members Present:

Mayor Larry Delgado
Councilor Carol Robertson Lopez [late arrival]
Councilor Patty Bushee
Councilor David Coss
Councilor Miguel Chavez
Councilor Matt Ortiz
Councilor Karen Heldmeyer
Councilor David Pfeffer
Councilor Rebecca Wurzbarger

Members Absent:

None

MAYOR LARRY DELGADO: I understand that for the record, Councilor Lopez is on her way. She should be here soon.

CHAIRMAN CAMPOS: Okay, Mr. Mayor, Councilor Pfeffer suggested that we

SFC CLERK RECORDED 07/14/2004

SANTA FE BOARD OF COUNTY COMMISSIONERS

COMMISSION CHAMBER COUNTY ADMINISTRATION BUILDING

Special Meeting

April 12, 2004 – 6:00 p.m.

Amended Agenda

- I. Call to Order
- II. Roll Call
- III. Discussion of Proposed Water Service Agreement between the City of Santa Fe and Santa Fe County, moderated by Chairman Campos and Mayor Delgado
- IV. Closed Executive Session (if necessary): Discussion of the Proposed Water Service Agreement Between the City of Santa Fe and Santa Fe County
- V. Adjournment

SFC CLERK RECORDED 07/14/2004

do the Pledge of Allegiance. If you would lead us.

[The Pledge of Allegiance was recited.]

CHAIRMAN CAMPOS: Mr. Mayor, I'd like to begin by just stating that we had a discussion this morning and we talked about how we should proceed in this plan. The first thing we thought about was that we should have a time limit and we thought maybe two hours would be appropriate. We think staff will take 30 minutes for the County, probably 30 minutes for the City then we'll have input from the elected officials and then we'll decide what to do next, exactly what the issues are and what, how we want to handle the issues.

It's my expectation that tonight we'll have an introduction. I don't believe we're going to have any concrete agreements. That's basically it, Mr. Mayor. Would you like to add something to that?

MAYOR DELGADO: I'd just like to mention the two-hour time limit. I would urge the members of the Council and the members of the Commission to stay focused on the subject as much as we can. I think what I'm seeing in the discussions I've had with Commissioner Campos earlier is that this meeting probably will be probably more informational, the County making a presentation, as Commissioner Campos said. The City making a presentation, and then allowing us, and I would urge you, as they're making the presentation, as ideas come up or questions come up in your mind, write them down so we can bring them up and have discussion on that.

I asked for this meeting simply because I thought our staffs had been talking back and forth and I felt that it was time that the elected officials come together and talk about this matter. I think this water agreement is very important to the City and very important to the County. I think we're anxious about getting some kind of resolution on this matter and getting it fixed so we can go on about our business. I do encourage the members here today again, stay focused on what we're doing. At the end I would like to leave some time for discussion about if we choose to have further meetings, what's the make-up of the meetings, are we going to choose some County Commissioners and some City Councilors to sit and discuss this matter further? Maybe we can set dates for another meeting where the full bodies of the governing bodies of the governing bodies come together. I know right now there is a resolution over on our side. It's moving through the process, urging maybe quarterly meetings in regard to maybe full meetings between the County Commission and the City Council of Santa Fe.

Again, wanting to stay focused on the water agreement and let's try to do as much as we can so we can really get something out of this next two hours. Commissioner.

CHAIRMAN CAMPOS: Thank you, Mr. Mayor. At this time we would like to begin the County presentation. Mr. Gonzalez.

County Presentation

GERALD GONZALEZ (County Manager): Thank you, Mr. Chair and Mr. Mayor. Welcome to our City Councilors and welcome also to the members of the community, City staff and all of those who are attending here tonight. We're pleased to have you here in what I believe is an historic moment. As far as I know this is the first time the full governing bodies of both the County and the City will sit at the same table, certainly to discuss common ground on water matters.

This is not only a historic moment, it's a critical moment in our region's history. Our communities have finally recognized water as a lynchpin of our lives and they're asking that we do our best to use this resource wisely. Doing so will require an upward shift in our own consciousness, yet in doing so we know that change is not easy. Shifting consciousness is not easy. Each of our governing bodies has its habitual views concerning the other, but wisdom, perhaps providence, calls on us to reach out to each other with words that enrich the affections and fortunes of our constituents. That calls for change. As we know, change is difficult.

Recently at a County senior staff meeting we shared a story called "Who Moved My Cheese." "Who moved my cheese?" is a simple parable that reveals profound truths about change. It's an amusing and enlightening story of four characters who live in a maze and look for cheese to nourish them and make them happy. Two are mice named Sniff and Scurry, and two are little people, beings the size of mice, who look and act a lot like people, and their names are Hem and Ha. Cheese is a metaphor for what you want to have in life, whether it's a good job, a loving relationship, money, a possession, health, or spiritual peace of mind – and I would add, or water – "and the maze is where you look for what you want, the organization that you work in, the family or community you live in. And in the story, the characters are faced with unexpected change. Eventually, one of them deals with it successfully and writes what he has learned from his experience on the maze walls.

So the handwriting on the wall illustrates how he discovers what you can do to deal with change so you can enjoy less stress and more success, however you define it – in this case, we think water– in your work and in your life. The handwriting on the wall reads as follows: Change happens. They keep moving the cheese– they keep moving the water– Anticipate change. Get ready for the cheese to move. Monitor change. Smell the cheese often so that you know when it's getting old, that is, when what you're doing isn't working anymore. Adapt to change quickly. The quicker you let go of old cheese, the sooner you can enjoy new cheese. Change. That is, move with the cheese. Enjoy change. Savor the adventure and the taste of the new cheese. Be ready to quickly change again and again, because they keep moving the cheese.

In many respects, I found that sort of a metaphor for where we are. And I wanted to share that as a way of kind of lightening up our initial meeting here. Today, I told one of our County elected officials that to do the best job possible, we actually have to move our own cheese. That is, we must be willing to initiate the changes in our lives that are necessary, rather than let the changes overtake us.

This discussion today takes place on a landscape that differs from the landscape of ten years ago, when the original wheeling agreement was negotiated. I am poignantly aware of that, because I negotiated the original agreement with the County on behalf of the City. It was with that hope that I supported the initiation of this negotiation process at the County staff level. That is, the hope that we could deal with the changes that occurred across the last ten years.

I think, for the sake of clarity, that we in the County will begin our presentation by laying out the process of that negotiation as we experienced it on our side, and then cover the County's proposal before moving on to hear what the City's representatives have to say. I will repeat again what the Mayor said: please note your questions as we go through the presentations, because we'll come back and attempt to inventory those questions at the end.

But in attempting to lay out the history of the negotiations as experienced on the County side, what I want to illustrate is that these processes are never easy. Communication is one of the

most difficult things any of us engage in. And we rarely do it as gracefully as we would like. So there have been miscommunications, misperceptions, probably, along the way. And there have been I think, habitual ways of thinking of each other. So I would like to lay out the County's experience, and then we'll talk about the content of the proposal that came over from the County, just so on the City's side and as a whole the community understands some of the difficulties that we on the County side experienced in moving through this process.

So at this point we're going to begin with our Powerpoint presentation. And I'll cover the initial part of it and then John Utton will take over when we get to the actual substance of the proposed wheeling agreement.

MAYOR DELGADO: Mr. Chair, Commissioner Campos, if it would be okay, I might – and Gerald, if we could hold all the questions until all the presentations are done, no interruptions will be made.

CHAIRMAN CAMPOS: That's right, that way we can get a good idea of what you're talking about. And we'll answer the questions or start focusing on the questions after the staff's presentation.

MR. GONZALEZ: Thank you, Mr. Mayor, I appreciate that.

CHAIRMAN CAMPOS: Do we have hard copies of this presentation?

MR. GONZALEZ: We can have those– there were some I thought passed out. But we'll see if we can get some additional ones run off so that you can have them while we're going through this. The existing wheeling agreement was entered into in 1994. And we'll get – unless you'd rather wait to get those copies.

DIANE QUARLES: No, go ahead.

MR. GONZALEZ: Okay.

MS. QUARLES: We'll take notes on it.

MR. GONZALEZ: I do have a couple of extras that we can – these are an early draft, but we can provide you with a copy if you want, so that you can –

MAYOR DELGADO: I might mention as we wait, Gerald and Commissioners, Representative Trujillo is here this evening, and I wanted to recognize him. Representative Trujillo?

MR. GONZALEZ: Thank you, Mr. Mayor. We appreciate having him. Backing up again. The original agreement was entered into in 1994. That agreement provided for deliveries to Santa Fe County of 500 acre-feet of water per year. The object of the agreement was to encourage development, among other things, of a looped or independent County system.

The execution of the San Juan/Chama lease with the BOR in 1976 and creation of the Metropolitan Water Board suggest that in the 70s and 80s, the City and County were moving then toward a regional approach to water supply. In the 1990s, however, with the acquisition of the water system, the City moved in a somewhat different direction. The Metropolitan Water Board was dissolved. The first wheeling agreement was entered into, and the City acquired the Sangre de Cristo Water Company. Recent concern about the prior commitments made by Sangre de Cristo, increased development pressure and drought are exacerbating the pressure for both the City and the County to develop entirely separate water systems. In the County's view, the only way out of this present problem is a regional approach to water supply planning.

Now, as to the negotiations. With this backdrop, negotiations began a year ago for replacement of the 1994 agreement. A first draft was developed in negotiations through joint meetings with City staff and County staff, which began in April of 2003. And this I believe was in

the wake of an agreement at the RPA level to initiate that process. During the negotiations, the representatives of the City and County initially determined that in addition to a wholesale water supply agreement, the two governments also needed to reach accord on a temporary transfer agreement and a joint powers agreement to set terms for the operation of the Buckman direct diversion and other regional projects. The need to address these broader regional issues and address the long-term cooperative relationship required for the Buckman direct diversion meant the joint City-County staff draft agreement, which later came to be called the County offer, was broad in scope. It not only resolved important current issues, but also addressed important future issues where additional agreements would be necessary.

City representatives delegated drafting of the proposed transfer agreement, which had addressed the transfers to the Buckman wellfields, to Mr. Utton. Mr. John Utton also provided the joint powers agreement that could serve as a model or shell for the Buckman direct diversion agreement. County and City staff together began work on that agreement in April of 2003, and a draft was completed in early September, after numerous meetings between City and County staff. The City was primarily represented at those meetings by Galen Bueller and Kyle Harwood. Rick Carpenter also participated in some of the meetings. On the staff side, I would add that I participated in some of those meetings, Steve Ross, Grace Phillips, John Utton, Gary Roybal, and Doug Sayre also participated in discussions.

Later in the discussion process, August 2003, when what appeared to be a final draft of the agreement was being prepared, the City representatives informed the County staff, and the County staff felt it was for the first time, that City staff had only been providing technical assistance, and had not been authorized to participate in substantive discussions with the County, much less lay a basis for presenting and negotiate a language to both the City and the County. They explained that meant the City system could accommodate the deliveries envisioned by the draft agreement, including the perpetual delivery of wholesale water in the proposed amount of 500 acre-feet, and up to an additional 600 acre-feet until the direct diversion project became operational.

Nonetheless, the draft had been significantly modified through the many months of discussion to address concerns brought up by City representatives. Most of the concerns addressed were not technical concerns. With the modifications to the draft insisted upon by the City representatives, the City representatives stated that they could recommend the draft from a technical standpoint.

The only comment by the City attorney representative on the proposed final draft was in an e-mail dated September 22nd, and that was that the draft needed signature blocks and notaries. When City staff ultimately presented the draft to the City's Public Works Committee, and later the City Council, the draft was portrayed as the County offer. No effort appeared to be made to explain the theoretical basis of the draft or the months of painstaking process and intense negotiations that had resulted in that draft.

During these presentations, it became apparent to the County staff and the Board of County Commissioners that the negotiations had been, in the final analysis, a waste of valuable time, and that City representatives had not participated in a meaningful way to advance the discussions. Because City staff did not support the negotiated agreement, most Councilors are probably not aware of the theoretical basis for certain terms in the agreement. What was returned to the County in response to what was characterized as the County offer from the City bore little resemblance to the agreement which had been carefully crafted over the summer months by City and County staff.

I believe it important that the City Council and Mayor understand the rationale behind the agreement. And that's the purpose of the remainder of this presentation. But before we get there, I do want to comment that from the County side, this was a very frustrating process to feel that we had spent six months or so trying to craft something that we felt would have some chance of being accepted on the City's side. I understand now, after having observed the processes on the City and the County side for over a year, that there were probably institutional reasons why that didn't occur on the City's side.

Again, we on the County side have resolved to step forward, and we are now going to present you with an outline of where we believe is an agreement that keeps the spirit in some respects of those discussions that took place over the summer months, but at the same time, it also steps forward in some material respects to make additional concessions, if you will, or to offer additional points where perhaps we can support each other around the regional water concepts. And with that, I'll go ahead and turn it over to John Utton.

STEVE ROSS (County Attorney): Before we turn it over to John, I agreed to take the first part of this next part of the presentation, which basically discusses the March 29, 2004 draft, which was forwarded to the Mayor a couple weeks ago in more detail.

This first slide talks about where the March 29th agreement came from. There was an agreement that was forwarded by the City back to the County in December or January that came from the attorney's office. It was the product of a lot of the discussions that had been happening over on the City side. What we have done in this draft, the March 29th draft, which I guess could be characterized as the County's counter-offer, is an attempt to preserve as much of that draft that came over from the City as possible but still identify some of the terms that were in the agreement hammered out last summer that the County feels strongly about.

So the first paragraph of the agreement, when you get beyond the pages of wheareases, is the term. The term is a very important part of the agreement, and as it says there, the County's goal in this March 29th version is to establish a long-term delivery commitment on the part of the City for water. As everyone's aware, the City's draft offered only a short-term arrangement for delivery water, four to five years, either four or five years in the aggregate or when the Buckman direct diversion came on-line, whichever occurred first. This particular draft, the March 29th draft, proposes alternative language, and proposes to make the new water service agreement coincide with the term of the San Juan/Chama lease, which is the underlying document under which these deliveries will occur.

The present commitment from the Bureau of Reclamation supply water terminates in 2016, that's a typo. But discussions are currently underway to obtain an indefinite extension of that agreement. Part of the rationale for including a lengthier term in the agreement is probably a self-evident one, that long-term planning for water use, particularly in this basin, in the County's view at least, requires a long-term arrangement for supply of water. Particularly if the County's going to give up its claims to a larger allocation of the San Juan/Chama water, the agreement to supply wholesale water under this agreement, in the County's view, should coincide with the San Juan/Chama contract to the extent possible.

Another goal that's being served by the proposed changes to this first paragraph is to settle the County's claims to the San Juan/Chama water. This is by nature of a compromise of a longstanding dispute between the County and the City concerning how much water should be allocated under the San Juan/Chama lease. As you can see in this slide, the proposed agreement

represents a compromise of the County's claim. The County would settle its claims by accepting a 375 acre-foot direct allocation of project water, and a remainder of the County's allocation would be provided as a wholesale customer of the City, water which the City would pay for as a County customer and receive under those terms.

This compromise by the County of its claim to additional San Juan/Chama project water the County feels is a significant and important term of this proposed agreement. This issue has been percolating almost since the agreement in the mid-70s. As we've noted in the past in this particular presentation, it doesn't make any sense for the County to settle for a short-term supply of San Juan/Chama water given that the lease of the project water will either be renewed or will become perpetual. In fact, recently Congress, Mr. Utton informs me, held hearings on transferring title of projects like San Juan/Chama to contractors like the County and the City. And in fact it appears that the City of Albuquerque has been pursuing just this approach. And it appears likely that the City and the County will end up as co-owners of the project water, rather than as lessees, along with a dozen or so others that also have interests in the project.

The March 29, 2004 draft in Section 2 allocates 375 acre-feet per year to the County of that San Juan/Chama water. However, the County can claim over 875 acre-feet per year of San Juan/Chama water and possibly as much as 1100 acre-feet. And the County feels this claim is supported in historical record, the lease, and related documents.

The wholesale water deliveries envisioned in the agreement make up this difference between the San Juan/Chama allocation agreed to in the agreement and what the County may reasonably expect from the lease. I think we've made that point fairly clear.

Of course the next paragraph in the agreement, when you get past the term paragraph, which is of course a very short paragraph, is the water quantity agreement. And the proposal in the March 29th draft is unchanged from the City draft. The quantity of water to be delivered under the wholesale portion of the agreement is not expected to exceed the 500 acre-feet. It is staged. In 2004, the obligation is only 350 acre-feet, and in 2005 and subsequently, it moves up to the 500 acre-feet.

The third paragraph is also unchanged. It provides for delivery of County water to a number of points on the County system that coincide with the City system, and it provides very simply that additional points can be designated in the future.

The next paragraph is the rate paragraph. It's also unchanged from the City draft, and there's the rate, I believe that's the rate the County's currently paying under the present agreement. There is a provision for rate adjustments in the agreement. And the County has proposed some changes to that paragraph. The City can adjust the rates with 180 days notice, but any rate adjustments must be supported by a professional cost of service study. The revised language provides that the County can dispute the findings of a cost of service study. The County feels that this is important because of the potential for cost-shifting between classes of customers, and this appears to be a current consideration with respect to certain commercial apartments in the City.

The next paragraph is also unchanged. It concerns metering of the deliveries to the County. The City is to maintain under that paragraph and read the meters. And it also has a provision to calibrate meters upon the request of either party.

Conditions of delivery is also unchanged. The City is to supply water to the County at a reasonably consistent supply and pressure at the delivery points.

Then we have the provisions on shortage sharing. This also is unchanged from the City's

draft, and is a major departure from the draft that was circulated over the summer. The County agrees to a pro rata of reduction in the daily deliveries in times of shortage. The County feels this is a particularly significant concession. We had a lot of debate about this, because the County's increase in demand on a year-to-year basis in general exceeds the City's significantly. And this could affect the County potentially more than the City in times of shortage. The pro rata reduction will be based on the reduction to other City customers, and will be computed from actual use. I believe at this point I'll turn the mike over to John Utton, who will finish this out.

JOHN UTTON: Thank you, Steve. Mr. Mayor, Councilors and Commissioners, good evening. I'd like to just run through the final few issues that are contained in the draft that you have in front of you. One of the first revisions in paragraph nine is return flow, and the question of how that would be treated once wholesale water is provided to the County. The County would like to be able to fully use that water and consider it its own once that water is placed in a County pipeline. This is more consistent with how San Juan/Chama would be treated. And because the wholesale water is received as a compromise and settlement of the San Juan/Chama issues, the County believes that would be a fair approach.

The original proposal of the City was that the County would just be treated any other wholesale customer. So in some ways this is a hybrid, because the County, unlike other customers, would be able to fully deplete and utilize or receive return flow credits for the water, the 500 acre-feet that it would receive under the wholesale status. One thing that the agreement is silent on is what would happen if that water were returned to the City wastewater treatment plant. And I think in that case we would have another discussion, and I think it's likely that that water would then become City return flow and credit water. But that issue is not addressed.

Moving on to paragraph ten, this is the allocation of the San Juan/Chama project water, and is the place in the agreement that reflects the compromise and settlement on that issue. And the City's allocation would be fixed at the amount, 56 or 5 minus the 375 that the County would be settling for. And that's the lowest amount I think that anyone's ever talked about for the County as an allocation. That allocation would be in addition to the 500 acre-feet of wholesale water supplied as we previously discussed.

Moving onto the next slide, the County's willing to accept use of the two blocks of water and the wholesale water and San Juan/Chama water in a sequenced fashion that makes sense with the Buckman surface diversion coming online. And until that Buckman surface diversion project is available, the County would not call on for use of its 375 San Juan/Chama acre-feet. Instead, that would be made available to continue making offsets during that period and enable the wholesale water to be provided during that period. The County did not feel comfortable with the provision in the City's proposal that would have restricted use of the County's portion, except with City approval, except for the instance I just mentioned, and that is continuing over the next three to four years until the surface diversion project is in place. And then at that time it would be within the County's prerogative to determine the use of its 375 acre-feet.

The two remaining significant items that I want to cover deal with the two agreements that were called for beyond this initial agreement. So the discussions we've had encompassed three agreements: the wholesale water agreement, the draft of which you have in front of you, and then two other agreements, a water rights transfer agreement, which would be an interim bridge agreement allowing for the transfer of water rights into the Buckman wellfield, and then a longer term Buckman surface diversion agreement or regional JPA, depending upon the scope of that. And

those two agreements have been called for in various drafts.

And what we have tried to do in paragraph eleven, if we can go ahead, is expedite the progress on completion of an agreement dealing with transfers. And that's what we tried to do; rather than calling for a separate agreement, we've actually tried to put the terms of that agreement here. So we could make progress in two steps in this agreement: getting the wholesale agreement done and the water rights transfer agreement.

And the problem that the County currently faces is that the water rights needs of the area I think are well-documented. And the marketplace is currently the best place to go to get those. But to acquire water rights you need to be able to transfer them to a point of diversion where they can be recognized by permit from the State Engineer. If the County is unable to at least transfer water rights into Buckman, even if they aren't used or not used fully, then I think the whole area is going to be losing out on the opportunity to go out in the marketplace. I don't think that's something we want to delay doing. Water rights prices in the middle valley have gone up 25 percent per year over the last ten years. They've gone up from \$1200 to \$6500 in that ten-year period.

So what we've put here is potentially a bridge to start transferring some water rights in. The County would like to be able to use some of those. These water rights deliveries under the transfer provisions are temporary until County rights are permitted for use and are being supplied by the direct diversion. So the idea would be these water rights would be moved into the Buckman wellfield. They would be parked there in part. We also hope that they would be available to provide some use. Then once the surface diversion has been constructed, then those water rights would be fully available under the County's capacity from the surface diversion.

The City, of course, would be a co-applicant under a transfer proceeding, and would be fully at the table to assure that no unwanted conditions or restrictions are placed on such transfers. The numbers you'll see up there, 75 acre-feet in 2006, 150 acre-feet in 2007, 300 in 2008, are half the number that the original proposal suggested. And those are numbers that the representatives from the City staff felt were technically feasible. In other words, that the City system, at least this is my understanding, could produce that amount of water. And I'm talking about double the amounts that are shown up here. So our thought is if technically it was feasible to produce those earlier numbers, then half the numbers which we're proposing here seems a reasonable compromise.

Let me move on to the second agreement. This is a much more complicated agreement. It would take some time and energy I think by all of us to bring it about. That transfer agreement we just talked about, again, would be a bridge agreement that would get us until the Buckman surface diversion is in place. But what happens when its in place? In fact, before that we need to do a lot together in terms of sharing the costs and getting approvals, doing the groundwork, the design work, to have the Buckman surface diversion built. And an agreement I think is really the only way to do that. Now, that agreement may be able to get us into other regional issues that would be helpful and resolve some of the outstanding questions.

We can go ahead and move onto the next item and go over some of the terms. What we've done in this draft is just outline what from the County's perspective we think the key provisions would be in such an agreement. Now, it's obviously going to need to be fleshed out quite a bit more. But one of the major contributions that the County is proposing is paying an equal local cost. So in other words, once all the non-City and County funds have been applied to the project, the County is willing to step up and pay half of those costs. And if you'll look at the next slide, that is

in spite of the fact that of the approximately 8700 acre-feet of capacity that the project is designed for, the County will be only receiving 20 percent of that. That does not include the capacity for Las Campanas. Although receiving only 20 percent of the capacity, the proposal is that the County would pay half.

Going to the next slide, the draft provides that the parties will be jointly responsible for design, operation, and management of the project, which are proportional to party's respective usage. And so there are a number of items that would need to be discussed in terms of management and funding, especially OM&R. I think if you look at the last sentence of paragraph twelve in the draft that you have, one of the important things that we'd also like to accomplish is a movement towards a regional approach where the City and the County can work together on some other items, not just this specific item.

Quickly finishing up the remainder of the agreement, paragraph thirteen dealing with capital outlays was not changed from the City draft. That provides for utilization of the funds from the County capital outlay gross receipts tax and authorizes the disbursement of the \$1.5 million towards Buckman wells ten through thirteen. Moving onto the dispute resolution, that's unchanged from the City draft, and allows for a hopefully amicable and efficient process for resolving any disagreements. The next paragraphs fifteen through twenty are boilerplate, standard language unchanged from the City draft.

On the last slide we have appears some of the future issues that possibly could be included in the joint powers agreement or Buckman surface diversion agreement, depending upon how expansive it is. Included in that is cooperation and well-siting. I think the last thing any one of us would want is cross protests of each other's wells. There again is mentioned the Buckman surface diversion. Other projects include potential Estancia Basin source of supply, the regional efforts include the Aamodt settlement.

Just in conclusion, I wanted to explain briefly our approach to responding to you here today. We could have gone I think back to our draft, which we felt was a compromise to begin with, and started with that. Instead, we took the City draft that was sent over by the Mayor in January and we tried to change as few words as possible. We wanted to accept as much as we could of that proposal from the City Council. And so the items that you see redlined there are the minimalist approach we've taken, trying to only change those that we felt we really needed to have and to get us closer together. So that concludes the summary of the document.

MR. GONZALEZ: Again, Mr. Mayor, members of the Council, Commissioners, public, from the County standpoint, rather than digging in our heels, I believe that we've tried to come back to the table with what we think are some proposals that will move the discussion forward, rather than entrench it. Thank you.

MAYOR DELGADO: Thank you.

MR. GONZALEZ: And if we need copies of what's being provided from the City side, we'd be happy to run those off at an appropriate time so that people can have copies of the City's Powerpoint as well.

KYLE HARWOOD: Good evening, my name is Kyle Harwood. I'm an assistant city attorney at the City of Santa Fe, and I'm honored to be at this historic meeting of the Commission and the Council. As Gerald mentioned his history with Santa Fe water issues, I can't help but find it somewhat humorous that I'm sitting in his shoes from ten years ago, explaining also the same agreements and the same negotiations.

Needless to say, the discussion that we've heard at the beginning of this presentation from the County staff on the participation and role of City staff is not how City staff viewed that process. All throughout that discussion I think we were abundantly clear and articulate with respect to the fact that we were speaking to the operational abilities of the piping, and that it can in fact accommodate certain volumes. We did not speak, nor were we ever intended or ever could have been characterized to speak, to policy decisions that are squarely before the governing body of the City of Santa Fe.

With that said, I'd like to step through a Powerpoint presentation. By way of introduction, the City of Santa Fe purchased the water company Sangre de Cristo water division from PNM in the mid-1990s. The City has made significant investments to the infrastructure, the management, and the maintenance of the system. To that end, and in order to ensure a safe, adequate drinking supply for the City of Santa Fe, the City has made significant investments in the thinning of the watershed to reduce fire risk, the installation of new treatment plant upgrades at the Canyon Road treatment plant, drilling and permitting of the northwest well with repair and maintenance of numerous City and Buckman wells, the drilling of supplemental Buckman wells, and taken the lead, I should point out, on the environmental analysis for the Buckman direct diversion.

The Sangre de Cristo water division delivers potable water to over 30,000 accounts in the Santa Fe region, including customers outside of the City limits who are direct customers of the water company. And the Santa Fe County Utility is a customer of the water company through the two master meters referred to by the County staff.

Just a quick background. This is a total demand supply to total City customers over the last several years. You'll see it's highly variable, because significant portions of the City's water supply portfolio are drought-vulnerable. In 2002, in a draft that I'm sure everyone in this room remembers well, deliveries were curtailed because supply was not sufficient. We see in 2003 a demand somewhere between the last non-drought year in '01 and the severe drought year in '02.

Local and regional drought greatly affects the ability of the water division to deliver water to its customers, including the Utility. And that is primarily local and regional drought effects on the watershed supplies. In 2002, for example, the lion's share of all water supplies provided to City customers came from groundwater supplies because of the decreased utility of the surface watershed. Water conservation and drought management are used by the City to manage demand when drought affects the amount of water available to the water company and therefore to the City customers.

The City's emergency Stage two and Stage three limit customer demand by using time and day restrictions. The City's offset and water budget policies have allowed for new construction, provided that the demand is offset by conservation. And those policies avoid a moratorium while also avoiding new demand being placed on the City's water resources.

The City recently prepared a utility demand analysis, which evaluated the elasticity of current customer demand and commitments to future customers. Many of those future customer commitments were made prior to the City's purchase of the water company. The UDA estimates that within the next five years the division may have to provide between 13,500 to 18,000 acre-feet to current customers and the City's future customers. And that study was made as a report to the PUC and the governing body late last fall.

A drought yield of current facilities for the Sangre de Cristo company – these use numbers from the last drought year. 700 acre-feet from the watershed, even at a most severe drought, 3500

acre-feet is the water right limit of the City wellfield, and Buckman wells one through nine can produce up to 6500 acre-feet. And the City is in the midst of analyzing what the sustainable yield of particularly those two groundwater resources are. But these are drought-yield numbers when there's been little precipitation and the City runs all of those groundwater facilities at maximum in order to provide for demand.

Just a quick background on conjunctive use. It's a technical term used in water resource management which gets at the long-term and sustainable use of both surface and groundwater supplies. The City is planning on using the Buckman direct diversion and the Buckman supplemental wells conjunctively to provide water for current and future City customers. These new facilities, we hope, are on line in 2008.

The current facilities can barely meet the current demand of customers during drought supply years. That explains the City's staging ordinance and the fact that we're currently and still in Stage 2, not knowing what the coming year's precipitation will bring. That conclusion, that current facilities can barely make current demand is based on the example from 2002 of the supply and demand summary, then you can also look to City policy and emergency stage recalculations, the offset program and the water budget for policy guidance on any of those topics.

The Buckman supplemental wells and the City's portion of the Buckman direct diversion managed conjunctively are planned to meet the City's current and future customers. The sustainability of the Santa Fe regional water resource is a high priority in the City's conservation plan, which is currently undergoing a revision, the City's 40-year water supply plan, which may sound a lot like the long-range water supply plan, but the 40-year water plan is actually a State Engineer document and the long-range water supply plan, there is a plan being prepared by the water company's planning group, which actually takes in a longer view than 40 years and also looks at projects from the environmental and EIS perspective in terms of total effects and total costs and total supplies.

The current agreement, as was summarized by the County Manager, to deliver 500 acre-feet of water to the utility expires next summer, and just as a point of information to keep some of this in perspective, the water division at the City delivered 280 acre-feet to the County last year and at our January joint governing body meeting – I'm sorry, joint PUC governing body meeting on the City side – Santa Fe County did talk about expected growth at approximately 50 acre-feet of demand per year. This is a quick draft. It shows demand over time and also shows the current agreement.

There has been four major topics as the City and County staff and some elected officials have been meeting for the last year. Those four topics in my mind break down to the wholesale supply of City water resources to the County utility, how to coordinate on water right transfers to the Santa Fe region, the allocation between the City and the County of their jointly owned federal water rights to the San Juan/Chama project, and the funding, construction, operation and maintenance of the Buckman direct diversion.

As I go through the City summary of the offers and proposals, I would like to highlight several assumptions that I'm going to make as I go through the next couple of agreements and summaries of past agreements. One major assumption is that from 2005 until the Buckman direct diversion, all Santa Fe County wholesale water deliveries are from the City's groundwater source of supply based on drought management. Therefore, these four topics – well, those of you who have it in paper, I've mentioned that there are four major topics, the first being wholesale delivery

and the next three relating to transfers, allocation and the BDD.

In 2005 until 2008, all water delivered to the Santa Fe County Utility from a drought perspective come from City groundwater resources, therefore issues such as the allocation of San Juan/Chama water, water right transfers, and the Buckman direct diversion really have little bearing on the wholesale delivery of water from 2005 until 2008. I think that is important to bear in mind and that's because the Buckman direct diversion obviously will not be on line until 2008. San Juan/Chama water is used for a regulatory function and the management of the water rights portfolio is not water that can be currently diverted, treated and delivered to customers. The water right transfers that the City and the County have discussed coordinating on are also not water rights that can be treated and delivered to customers until the Buckman direct diversion is completely online.

The next assumption for the purposes of the graphs that follow, assume that the Buckman direct diversion will be constructed and operational by the first quarter of 2008. Furthermore, the series of agreements that have gone back and forth in draft form assume a County allocation of the contract agreement of 75 acre-feet. And in a topic that continues to generate some confusion, Santa Fe County surface rights purchased on the Rio Grande, the same ones, I believe that are referred to the County Powerpoint presentation, that the City's proposal offered to be placed in the Buckman groundwater permit for offsetting purposes, do not change diversions from the City's groundwater system. That's the second point up there. The first point of course is that these water rights, while parked in the groundwater system, will be converted to surface diversion when the Buckman direct diversion is completed.

This topic was explicitly the topic of a meeting between I would say a dozen City and County staff and approximately a dozen State Engineer staff about two months ago, where this exact discussion was had with senior State Engineer and Interstate Stream Commission staff, and they in fact confirmed again that water rights moved to the Buckman groundwater for offsetting purposes do not and cannot change the amount of water the City can divert from that system.

So for the time period of 2005 to 2008, we have a drought year supply of 10,700 acre-feet. We have a current demand between 10,500 to 12,500 acre-feet, and a utility demand analysis estimates that over the next five years, the City could be asked to supply - and this number is a range, and this number includes all current customers, just to be clear - all current and possibly future customers under prior valid written agreements, the City could be asked to supply between 13,500 and 18,000 acre-feet and that issue continues to be studied.

For the same time period of 2005 to 2008, the current agreement has expired and the County's first proposal was for 1,175 acre-feet. The City's proposal was for 500 acre-feet. The County's second proposal for this same time frame, a graduated increase of water rights was requested. That's illustrated on this graph. You can see this laser, the yellow line, this block here is a representation of the demand curve by the Santa Fe County Utility. This yellow line is the City's proposal, that is until the Buckman direct diversion that we extend the current agreement until the Buckman direct diversion at 500 acre-feet. This was the County's first proposal and this is the County's second proposal. What I have done here is I have sliced up the two time frames as from now until the Buckman direct diversion and then from the Buckman direct diversion past. The agreements obviously deal with both time frames. So this is a slightly different view of the same question.

After the Buckman direct diversion, the City plans to use Buckman wells 10 through 13 in

its portion of the Buckman direct diversion to conjunctively manage water resources for current and future City customers. Long-term sustainability and other resource water projects on the water rights will be identified in the long-range water supply plan. Post-Buckman direct diversion, the County has 1700 acre-feet of capacity in the Buckman direct diversion. That's a number spelled out in the EIS for the diversion of surface water. In the post-Buckman direct diversion City proposal, Santa Fe County in the City proposal will have available the 375 acre-feet of San Juan/Chama rights and any rights that they have purchased for diversion, up to 1700 acre-feet. Parking rights in the City's Buckman permit will allow the County to bridge its needs, actually bridge its acquisition of those water rights. As Mr. Utton pointed out, the water rights market is there and available and there's certainly a time value to money. And those water rights could be placed in the City's groundwater permit, but I'd like to emphasize once again that that does not change the City's ability to divert water out of that same resource.

And then when the Buckman direct diversion is available, those water rights can be taken from the surface system. The County's second proposal requests 500 acre-feet of permanent water from the City. The Buckman direct diversion in the County's proposal is to divert the 375 acre-feet of San Juan/Chama water, and then in 2008, the County has requested an additional 300 acre-feet of wholesale water, and if in 2009 the Buckman direct diversion is not operational, the County is requesting 600 acre-feet of wholesale water, and there is a term that I have not included on that slide, which is "if reasonably available."

This is Santa Fe County's second proposal which relies on groundwater. In 2008, the red portion of each bar graph is the permit wholesale conversion. The 300 is the additional water requested under this agreement, and I suppose, before I forget I should mention that while I am discussing this as a permanent wholesale delivery, the County agreement does in fact tie it to the San Juan/Chama project and we are both working very hard to get that converted to a permanent contract and so in part for purposes of going and talking with the federal officials, this agreement too assumes, or this summary assumes that it is permanent.

In addition to the last slide, the County has 1700 acre-feet of capacity that's being scoped in the Buckman direct diversion, of which 375 acre-feet is likely to be San Juan/Chama water. So these two graphs, this graph and the graph before are additive. When you combine all of this together, this is a block of water representing the expiring current agreement. This is a graph that shows the County's expected growth over time. From this point forward, the City and County have been working jointly for over a year on the EIS for the Buckman direct diversion. What this graph represents is capacity, not necessarily identified water rights. Moving back here, this graph was the County's first proposal. This graph was the County's second proposal, and this represents the City's effort to bridge from the expiration of the agreement to the direct diversion. What is not on here and really should be is the Buckman direct diversion is expected right here. And of course, what probably is obvious without saying it is there's a big difference on some of these demand and supply graphs.

Santa Fe County proposal raises several other issues. There is a continued discussion on rates. The City's recently had a cost of service study completed that has identified a rate for the County. I believe that cost of service study, that rate assumes that return flow issues are as they were in the first offer and counter-offer which is that all return flow would accrue to the City. I don't know if there would be a change in the rate structure that has been recently published, if in fact the County owns return flow or has an interest in the return flow. There's a continuing

conversation about the use of GRT monies for improvements on the Santa Fe County side of the infrastructure. Excuse me, the Santa Fe County infrastructure on the Santa Fe County side of the master meter. I just mentioned the return flow.

There has been a lot of discussion and confusion around the procurement process for the Buckman direct diversion design and historically, there's been a principle that with funding for the Buckman direct diversion is based on capacity. I would like to note that in my reading of the County materials and my reading of the County agreement, Mr. Utton referred to in his Powerpoint presentation a discussion of pro rata sharing. My read of the County agreement actually talks about equal in one place and – I should also point out that it's true that Mr. Utton did prepare a JPA draft last year. I believe staff jointly decided for most of last year to put some of those issues aside and work on what we'd hope and thought at the time were simpler issues. They did not turn out to be simpler issues, and in fact in the County's second proposal, the one just recently received in the past month, we're seeing a level of detail in the counter-offer that frankly staff had not talked about at that much depth.

So out of all the issues, the four major topics that I mentioned earlier, the funding and construction and the basic principles for the Buckman direct diversion appear to be now more fully developed in the proposed agreements. Thank you.

MAYOR DELGADO: Thank you, Kyle.

CHAIRMAN CAMPOS: Mr. Mayor, at this point we'd like to take the opportunity for maybe the City Councilors to have some input as to how they – what ways they see for us to bridge our differences. Apparently, on the presentation, the City is saying that they just don't have a lot of water and that there may not be any water to share. So when I talked to you, Mr. Mayor, this morning we thought that we'd start off with five minutes for each public official here so that, there's 14 of us, that will take about an hour. If we have to discuss more we can do that but I think we do need to focus on what questions are important, what issues, what clarifications do you need and what additional information you need. How would you like to proceed, Mr. Mayor?

MAYOR DELGADO: I think what we ought to do is just go ahead and maybe have one member of the Commission lead off, and then we'll just rotate and have a member of the Council follow up with a question.

CHAIRMAN CAMPOS: You'd like to do it differently. How's that? Well, we have made a proposal. You're basically saying, as I understand from your presentation that you cannot come close to what we're asking for. Do you have a spokesperson that would address that?

MAYOR DELGADO: Well, I would think, when we sent back our response, Commissioner Campos and Commissioners, we pretty much felt that we sent it back saying that was the case. The City of Santa Fe at this time didn't have that additional water in our system. As you heard Kyle's presentation, you were able to see that the demand for water that's coming up for the City of Santa Fe is quite high. So obviously, even some of the approved contracts that we've had out there, even before we bought the water system are still out in the area, which require a lot of water. So I would think at this time, what I'm feeling, and our response to you was at this point, the City of Santa Fe didn't have the water that was necessary and what the County of Santa Fe was asking for at the time.

CHAIRMAN CAMPOS: So to be specific, you say you don't have the water, where does the discussion go today?

MAYOR DELGADO: I think where the discussion has to go right now is hoping,

bring the two parties together is hoping that we're able to maybe change some of the language on both sides in order to be able to meet our concern about the lack of water that we have in the city, and your concern for need of more water.

CHAIRMAN CAMPOS: Okay, we have two persons that would like to speak.
Councilor Bushee.

COUNCILOR BUSHEE: I thought I'd start out by asking some questions. I thought this was sort of a question and answer session at this point. At least that's how it was introduced at the start. So if you wouldn't mind, I'd just like to take – I don't think I have to take five minutes, but I would like to start by asking Mr. Utton, with regard to your Powerpoint presentation, in terms of number 11 and transfers of water rights, there's talk about temporary transfers of water rights. Do you have a response perhaps to the presentation made by Mr. Harwood with regard to – I saw a big difference in terms of the potential to park rights, and then also, I saw a big difference from your presentation to not only park the rights that you've considered acquiring, but also to try to transfer that into some kind of delivery of wet water, either temporary or longer term. Can you respond to his – well, I guess he went out into the hallway to talk to a Councilor. I'd really like him back in the room if possible, so if we have a response.

MR. UTTON: Why don't I start? Councilor Bushee, Councilors and Commissioners, I believe that – and here comes Mr. Harwood. I believe that the graph that Kyle showed was correct, but if he could just clarify one thing. I think, Kyle, you made the comment that the transfer of water rights we were talking about are additive. And that's correct with respect, as far as groundwater uses of the 500 acre-feet. It's only the 500 acre-feet that we're talking about that would continue tied to the San Juan/Chama water. The up to 600 acre-feet, I believe the document makes clear and if there's any doubt about it let me just make it clear now, that the water rights that we're talking about would be transferred in that would be in the sequence of 75 acre-feet, 150 acre-feet, 300 and potentially up to 600, if there was capacity to do so. It would only be temporary. That would be a bridge and I think as Mr. Harwood mentioned when he was discussing it earlier, would be then transferred to the Buckman surface diversion.

So the only item that would be additive would be the 500. So there would be the 1700 of surface diversion and the 500 of wholesale water, which could be – I think it was described as from groundwater, but could be from whatever source the City provides its customers with. I would ask Mr. Harwood if that is consistent with his understanding.

MR. HARWOOD: Yes. As I read the agreement. However, I did not see any provision for those water rights ever going down. There's only a provision for them going up. So if the intent was to have the temporary nature of that extend for a certain period of time, it doesn't state what that period of time is. I know it says temporary but doesn't state what period, and I know that there are some provisions there for the Buckman direct diversion not operating as planned. And of course that was a very new term from the prior conversations. But if it is for a temporary time, perhaps all that's needed is to put a date on that.

MR. UTTON: Let me just read – this is in the middle of paragraph 11 of the copies I think everyone has. The March 29th draft. In the middle of the paragraph, line 14, there's a sentence that says, "Deliveries from the Buckman wellfield are temporary and shall be discontinued once the County rights are permitted for use from and are being supplied by the Buckman surface diversion." So if that's not clear, we can make it clearer, but the thought was not to create a permanent delivery based upon those transfers, only a temporary amount, really an incremental

amount on top of the 500 acre-feet.

COUNCILOR BUSHEE: So Kyle, does that satisfy your concern with regard to not being able to use the Buckman permits to in any way deliver those water rights?

MR. HARWOOD: I think it's a lot clearer, Councilor.

COUNCILOR BUSHEE: Do we need to write that language in? I saw temporary, then I saw a big concern pop out in your presentation. So we're okay here?

MR. HARWOOD: Yes, I believe so.

COUNCILOR BUSHEE: Okay. Then I wanted to ask about, there was a graph in Kyle's presentation that's obviously not there not, but in 2008, I saw – and I assume that's the sort of magic number where the request for addition wholesale flows come in and I assume that date was fixed and I'm not sure who to direct these questions to, because that's the expected date of the Buckman direct diversion? Or is that a time frame for the County when projects come on line? I'm trying to understand – there's a few things I visually saw, at least in those graphs, and whether I'm accurate now as to how much – I understand from reading the paper and what I see sometimes in presentations that the County currently doesn't even need the full 500 acre-feet that we've been delivering. At least as I see it, it's close to between 150 and 200 acre-feet right now. And again, like the City, you probably have commitments to projects that will come on line down the road. Is that when 2008 is?

CHAIRMAN CAMPOS: 2008 is when the Buckman diversion is online as we expect it to be. The 500 acre-feet is fully committed to users in the county.

COUNCILOR BUSHEE: Well, I guess my question is, currently, right now, it's committed on paper but as far as build-out goes, I'm wondering if there's a chance to make up the difference in – I saw three year periods, till about 2007, and then it just hits 2008, where it looked like the County was not going to need the full 500 acre-feet to meet their demand. And then I saw another period – I couldn't see it very far off, is what I saw visually. Now, whether the words represent the same thing. And then I saw the graph go up after 2008 where you begin to request those additional acre-feet on the wholesale delivery. And I wondered if there was a way to take – because of the course the City, nor can the County predict the drought cycles of the future and since we're so reliant right now on our groundwater supplies, and we're very concerned about the sustainability of our supplies, I wondered if there was a way to take that demand that was not being perhaps used, at least for build-out purposes right now, and lower that demand so that we're at 350 for the next year so there's a way to keep at that lower level until we hit that magic number, 2008, and then make up the difference afterwards.

Again, I don't even – this is just something I throw out there and I don't even know if our staff feels like it's a good idea and they may have some real technical response right away. But I'm wondering –

CHAIRMAN CAMPOS: But you have an issue. Would you like to raise that issue?

COUNCILOR BUSHEE: Well, I'm just throwing it out there as sort of a question. One, as to am I wrong in reading that you don't necessarily need that demand currently. I understand we're over-allocated too. I'm not saying the City has done this any better when it comes to growth and promises from PNM that we inherited and developments approved along the way. But I guess I'm just wondering, are you understanding the –

CHAIRMAN CAMPOS: I think what we're doing is Diane Quarles is going to be noting all the issues and questions and then we'll come back to them. What we'd like you to do just

raise them and we'll go around and raise more issues and questions.

COUNCILOR BUSHEE: Okay. I guess at some point I would even my staff to react to that. I haven't had time to talk to them about it. It's just something I've been thinking about. And then I would like to – another issue that came up was return flow, but I really need a lot more input from both sides of the aisle here from a staff perspective. But the other question I think we should just – I would like to just get off the table is this whole gross receipts tax issue. To be honest, I had hoped we would – and I know the RPA is charged with trying to decide how some of that money is expended, but at this point, I see the requests continue to come back as part of this agreement and I don't really see that – I see that as that's complicating this process. And I also see that as requesting to buy in or fund wells that are already funded and completely paid. And I wondered why the amount is no longer \$2.5 million. It's \$1.5 now and I wonder why it keeps being attached to this agreement and I wonder why it has to be applied to the wells rather than the Buckman direct diversion, which is sorely in need of funding.

So those are – and return flows I really need a lot more help from staff and it's a complicated sort of future formula. But those are the topics that spoke out to me. Thank you.

CHAIRMAN CAMPOS: Commissioner Duran, what questions do you want to raise for this discussion?

COMMISSIONER DURAN: Well, I have a couple questions. The first one I have is for our staff. In our presentation, we didn't mention the amount that Sangre de Cristo was delivering to the County and in their presentation it says 280 acre-feet a year in 2003. And it also stated in here that we are expected to grow by 50 acre-feet per year, and just a yes or no question. Is that accurate?

MR. SAYRE: We show 240 acre-feet.

COMMISSIONER DURAN: How about the growth?

MR. SAYRE: The growth we think is approximately 58 or so acre-feet per year.

COMMISSIONER DURAN: Okay, good. Because the reason I brought that up is it seems to me that if it is 280, that leaves us about four more years that we have available water for our growth demands. And if that's the case, I think that's how 2008 came about. And it seems to me that if in 2008, we're going to reach that 500 acre-feet, it seems reasonable that we wouldn't request any more until that time because we're not going to reach that demand until that time. But I think what's more important to me is somehow, getting the message out that there are other growth issues that the County is concerned with and demands that we need to meet based on commitments that we've made. And that requires us to be able to transfer water rights to a point of diversion.

So if we can park those rights at the Buckman well and not use them until 2008 because we're not going to need them until then, I think that that allows us to pursue the transfer process that we're trying to pursue, and then once the diversion project is built we transfer them back over to the diversion project. So it doesn't seem to me that it's too much to ask. I became aware, just listening to the City's presentation is that our demand isn't as great as one might think it is today.

CHAIRMAN CAMPOS: Okay. We're going to try to raise questions that we want to discuss in the future, something that will get us closer. So who on the City Council would like to be next? Mr. Mayor.

MAYOR DELGADO: I've got a quick question. Mr. Chair, just for my information and the information I guess of all of us here. It was stated that the City of Santa Fe has 30,000 customers. How many customers does the County system have? Just for information.

CHAIRMAN CAMPOS: Mr. Sayre. One thousand. Okay, anyone else from the City raising questions that we need to discuss that might get us closer? Councilor Pfeffer.

COUNCILOR PFEFFER: Thank you, Mr. Chair. I have a few questions. First of all, how much if any of the UDA is actually in the county?

CHAIRMAN CAMPOS: What's a UDA again?

COUNCILOR PFEFFER: The demand analysis, the future demand analysis. How much of the promises made by the water company before the City bought it are actually in the county rather than in the city itself?

CHAIRMAN CAMPOS: We'd need to have a staff expert in.

MR. HARWOOD: Councilor Pfeffer, if it would be okay, I'd be very happy to prepare a memo summarizing that. I did not break it out by that measure.

COUNCILOR PFEFFER: A follow up question to that is, is any of the projected demand of the County's analysis actually covered in that demand analysis by the City and is expected to be provided under the City's system at all?

MR. HARWOOD: I would suspect very strongly not.

COUNCILOR PFEFFER: Third question is what is the physical capacity to deliver Buckman wells 10 to 13, because I noticed in the presentation that Buckman wells 1 through 9 were considered as drought-deliverable at 10,700 acre-feet per year, I think. So I wondered, why 10 through 13 was not included in what was considered what the City could do in terms of the drought.

MR. HARWOOD: If I may jump in there, the drought yield summary is actually a small portion of the watershed. The complete City wellfield and Buckman's 1 through 9 which are fully permitted, that's how you get up to 10,700 acre-feet. The reason you don't see summaries of Buckman wells 10 through 13 is because we don't have a permit for them yet.

COUNCILOR PFEFFER: So a follow-up question, is that in process? We drilled these wells and got money for it. Are we going to get them permitted?

MR. HARWOOD: We are operating them now under an emergency permit. The exact requirements for their use over the long term, that is, what kinds of effects they'll have in La Cienega, what kind of effects they'll have in the Aamodt region and what kind of effects they'll have on the river are not fully known because we don't have a full order from the State Engineer's Office and we frankly have no control over when we might get that permit.

COUNCILOR PFEFFER: So as of today, we can't include those in the supply analysis of 10,700 drought situation.

MR. HARWOOD: I believe that's true.

COUNCILOR PFEFFER: But the whole purpose of drilling those was to address the drought.

MR. HARWOOD: Those wells are, I believe in mind for drought supplies to current customers.

COUNCILOR PFEFFER: Correct. I guess just one comment then, and I want to also thank the City staff and the County staff for the quality of the presentations because I came in here myself fairly confused, whereas I thought I had understood this issue before but this went a long way towards clarifying it for me. But I did find one thing misleading, and that was the inclusion of the word conservation in the City's slide #7, in terms of its statement that the City's offset and water budget policies allow new construction provided that the demand is offset by

conservation.

People generally think of conservation as not watering their lawns, but the City's existing water customers are not paying a bit in terms of water for any new demand that would have been placed by new building permits because they're having toilets retrofitted, often for free, their water bills reduced by virtue of the new permits being done. So I would have found a different word for that other than conservation. I found that to be quite misleading.

CHAIRMAN CAMPOS: What page is that on?

COUNCILOR PFEFFER: It was 7, City slide #7.

CHAIRMAN CAMPOS: Demand management? Okay.

COUNCILOR PFEFFER: Under demand management, we're not offsetting building permits by conservation in the generally understood term; we're offsetting them by toilet retrofitting. It's page 2 of the thing but it's slide #7. That's all I had now. Thank you, Mr. Chair.

CHAIRMAN CAMPOS: Thank you. Commissioner Sullivan.

COMMISSIONER SULLIVAN: Thank you, Mr. Chair. I just wanted to throw out a few things that I think are significant in the way of questions or comments for the City to consider as we go through this. One, regarding our counter-offer has been brought out. A significant change in it is that we have addressed the operation and management, and funding of the Buckman direct diversion project. I think we did that for two reasons. One is that we feel, by making an offer to fund the construction and design of the Buckman direct diversion equally, that is 50 percent, even though as was mentioned the County receives only 20 percent of the water, that we look at this water as being the public's water. This is the County of Santa Fe, which includes the City of Santa Fe as we know. And we know that the City of Santa Fe has a demand for some 80 percent of the water. So we recognize that. So we feel that it's incumbent on us to look at the entire picture. So that's the reason why we made that proposal.

And the second reason is that I think the current trip to Washington by some of our City and County officials has indicated that the prospect for federal funding of the San Juan/Chama diversion is not quite as sanguine as we thought. So we're really going to have to look to more local funding to do that. And so Santa Fe County is ready to step up to the plate and do that. And that relates too, I believe to a question that Mr. Harwood had about the definition of equal shares and pro rata shares. I think, as I read the agreement, and again we can discuss this, we are proposing an equal share in the design, construction and construction management of the project so that the front-end costs are equally shared. When it comes to the actual operation, once the project is in an operational mode, then we would pay the operational costs that are a pro rata share of what we extract, i.e., let's use the 20 percent figure just as a rough figure. So that's the difference as I understand it and others may read it differently, please tell me, between the equal and the pro rata.

Mr. Harwood brought up an issue of the fact that the O & M in these issues regarding the Buckman direct diversion management really were not forefront issues until 2008 when we have it online. But one of the reasons that we felt compelled to bring it forward now too is the recent state legislation providing \$2 million for work on the Buckman direct diversion project, and the stipulations on that state legislation that required the City and the County to address the management issue. So we threw it out on the table and we feel that that's something that the state wants us to take a look at as well.

The chart that showed the 1700 acre-feet, as opposed to the current demands - and by the way, in that 500 acre-feet that the chairman mentioned is already committed, a little bit less that

100 of that is committed to County facilities. The County Public Works facility, the jail, the youth detention center and County facilities that we provide that are provided to the City as well. It's not all committed or potentially committed to developers. And we expect some substantive increases in those County facilities. So that 50 may not be an equal amount each year or an even line as you saw there because fully about 20 percent of that water is committed to existing and future County facilities. I just wanted to point that out.

That 1700 acre-feet, however, that showed a gap there, that's a water capacity potential in the plant. We can't – and that graph showed it jumping up very sharply in one year to 1700 acre-feet, as if that water were available to us. That 1700 acre-feet is not available to us until we transfer enough water rights to physically divert it. And that's a multi-year process as you know. So I think that we need to keep in mind that there's not suddenly 1700 acre-feet available to Santa Fe County. That's a long-term process to get that and that's the reason for these interim agreements being proposed with the City.

In terms of Councilor Bushee's question about the \$1.5 million that passed through the RPA, that was the City's request that that money go to the Buckman wells. And the City came in and we acted on that and all of that year's money went to that project. And then finally, Mr. Chair, just to talk about the issue, and it is the important issue, certainly of do we have enough water? Does the City have enough water? How can we squeeze any more water out of this stone, which the City quite rightfully is saying. And I think the County is cognizant of that. I think what we're looking at of course in numbers here tonight is drought-restricted numbers. And that's good, conservative numbers to use. We don't know what that will actually be in the future, but we've agreed that whatever the numbers are, and if reductions are needed, our reductions will be on the same basis as the City's reductions. If the City has obligations for developments up to this 18,000 acre-feet or whatever it may be, it will have to honor those. And Santa Fe County's pro rata share, if the City has to reduce to honor those, we'll also be reduced.

So I guess what I'm saying is we have a window of projections of low and high and we recognize those. And we have a window of demand, low and high, both at the City and at the County. And we recognize that as well. And if we took all the low supply demands and all the high demand estimates, then we have a stagnant situation. Probably we're going to end up with something in the middle. But in any case, we need to plan for the future on this regional basis and as we have more water, we'll be able to allocate more water. If we don't have more water, we won't allocate more water. And we will contract the usage just in the same fashion that the City will.

So I think we're with you on the fact that we have limited water. We have limited water in the city. We have limited water in the county. We see this Buckman diversion as the first step of a regional water system where we can operate the system together. Where we can make decisions on the system together, very much the way we do on the SWMA, Solid Waste Management Board, where we both put equal amounts of money in, we built a regional landfill. Eighty percent of that regional landfill is used by the City. That doesn't cause us a problem. Twenty percent of it is used by County residents. We put in equal dollars to build the landfill. We manage it jointly by a board of three City Councilors and three County Commissioners, and it provides a service to the whole area. And we're very comfortable with that because the County and the City are us. We are us.

So we feel that a similar – maybe not exactly the same joint powers agreement, but a similar concept would work in this first step of regional water planning and regional water supply.

Thank you, Mr. Chair.

CHAIRMAN CAMPOS: Thank you, sir. Councilor Wurzburger.

COUNCILOR WURZBURGER: Commissioner Sullivan, I appreciate your comments. Somehow I want to work with staff and maybe phrase the question of going through the current offer because my immediate concern was feeling that we didn't have the water to meet what it is that you need. So somehow we need to revisit the numbers to have an understanding that's more reflective of the sentiment that I hear you're saying, rather than the numbers, which seem to be not demands but a need that I don't think we could meet. So maybe there's some way we need to revisit those numbers or put more qualifications in.

What I want to add to the discussion is the observation that out of 20 items we only disagree on five. However, those appear to be quite large, but at least we agree on 15, and I think some of your comments, with respect to item 11, which I wrote down. The key question for me is what is our ability to meet the needs of both the City and the County and what can we realistically transfer?

I too have questions on return flow which I think have been covered by Councilor Bushee. My main concern, however, has to do with goals. And when I heard the County presentation, that the first goal is a long-term delivery commitment, I think we need to put that down as a question. My own personal perspective is that I truly believe we need, as we move to the diversion project, look at a sample of more of a regional approach, and that we are sharing that. But I think as is reflected in one of our offers to you, the notion, particularly the one that was so short-term, I think the model that was being discussed with the City was having the kind of relationship we have with Las Campanas. In other words, it was not going to be a long-term marriage. We were going to get to the point of a diversion, and then that part of our relationship with you would be over.

And I want to put that up as a question, because I see maybe - no, that's the question I'd like to put out. Do we share that mutual goal or can we raise a new goal which is more of the regional perspective. It's not just the long-term delivery of the water through the wheeling. And I think that is all I would have for now. Thank you.

CHAIRMAN CAMPOS: Thank you. Councilor Chavez.

COUNCILOR CHAVEZ: I just want to be clear that when the County, or when the statement is made that the County will be paying for I guess half of the cost of the Buckman direct diversion, the revenue from that is actually coming from the gross receipts. Is that correct? I don't know who can respond to that.

CHAIRMAN CAMPOS: Can you repeat the question?

COUNCILOR CHAVEZ: Well, there was a statement made that the County would be willing to pay for half of the cost of the Buckman direct diversion. Is that money generated from the gross receipts, quarter percent gross receipts?

CHAIRMAN CAMPOS: I'm sure a good part of it would be.

COUNCILOR CHAVEZ: You're sure-

COMMISSIONER DURAN: There's federal funds that we're going together and state funds.

COUNCILOR CHAVEZ: But there's a portion of the gross receipts, the new quarter percent that's been allocated for the diversion project.

CHAIRMAN CAMPOS: No, it's been allocated for water projects. 75 percent of the gross receipts was for water projects in general. They could be on any water project. They could be all to the diversion project. It could be to other projects.

COUNCILOR CHAVEZ: Okay, well I think it's safe to say that really the taxpayer and the citizen is paying for the diversion project and rightly so because they're going to be the direct beneficiary of that diversion project. So I think that it's money that's generated from the gross receipts that's paid, that revenue is generated both from residents, full-time residents and visitors as well. I just wanted to be clear on that.

I think the other critical piece is that the demand right now depends on our current Buckman wellfield producing 24 hours, seven days a week. Is that correct, Kyle?

MR. HARWOOD: Not quite.

COUNCILOR CHAVEZ: Then paint us a better picture then because I want to be sure that we're clear on that as well.

RICK CARPENTER: Councilor Chavez, could you repeat the question, please?

COUNCILOR CHAVEZ: The question basically is to what extent are we depending on the Buckman wellfield to meet our demand, and are we depending on the existing Buckman wellfield? Are they under production 24 hours, seven days a week to meet our demand right now? Or is there some downtime? Are we resting any of those wells and to what extent?

MR. CARPENTER: First of all, let me introduce myself. My name is Rick Carpenter. I'm the Water Resources Projects Coordinator for the City of Santa Fe. At any given time, the general rule of thumb for those wells is you're at about 90 percent capacity, max. We never run more than that.

COUNCILOR CHAVEZ: Okay, 90 percent capacity, 24 hours, seven days a week.

MR. CARPENTER: If that's how we were managing the wellfield at that time. Maybe a better way to answer your question would be that last year, the Buckman wellfield produced just short of 6,000 acre-feet and our demand was 11,200. So -

COUNCILOR CHAVEZ: So it's about a half of our total demand.

MR. CARPENTER: Slightly more than half.

COUNCILOR CHAVEZ: Okay. I guess we're fortunate to have that wellfield, but I'm also wondering what the - often, when we are presented with proposals, we're also presented with a fiscal impact report, and if that fiscal impact report isn't there, that's reason for caution and to pause and to wonder, well, what are we doing and what is the fiscal impact? I think in this case we have a future impact to that aquifer and if we don't manage that carefully, then I think that we could be in worse trouble than if not. So I wanted to touch on that. And then in the City's introduction, along with the purchase and the improvements that we're needing to make and other things, we're also in the discussion about a rate increase. So I think that's something that may have been overlooked, but it seems to be staring us straight in the face because we know that we're not going to be able to depend on federal funding only, and that we're going to have to look to local revenue streams, whether it be impact fees or rate increases or whatever it is that we need to do but certainly, the dollar amount for what we need to do is relatively high and we know that we don't have the money for that.

We know, as was stated earlier, that we are in drought conditions and that we have Stage 2 in place now and we're in discussion about possibly making a Stage 2 even stronger, and we know now that even the large cities that thought they would not be dealing with this problem, Las Vegas and Phoenix, are actually looking to Santa Fe as a model for their conservation measures and water restrictions. I think we're fortunate in that regard. We're learning and adjusting to the conditions that we're in. I think that's about it. My time now is not so much focusing on questions, except that

my hope was that we would focus on the wholesale agreement and try to move forward with that to the best of our ability. And we're going to have some limitations. We're going to have to make some hard decisions and as we move forward, I think we're going to have to, obviously, make more adjustments and be willing to change the way that we've been doing things. And if we're talking about a regional approach to water supply and demand, we have to talk about growth management. We have to talk about conservation on a regional perspective. And that has to include or should include retrofits that would be done regionally. And I think even impact fees.

We're talking about a relatively large area here. If you focus on the math and you look at the fire-mile area around the city and we're charged under the RPA to better plan that area, it's a pretty large area that can in the foreseeable future accommodate a lot of growth. But how and where we place that growth, who pays for it, who benefits from it, what is the quality of the service that we provide as we continue to grow. I think those are critical issues that are not, maybe specific to the wholesale agreement but I think it's a specific and speaks to how we accommodate new growth. So those are maybe one or two questions but more observations on my part and I hope that maybe we can come to some conclusion on the wholesale agreement and then move forward on other long-range issues having to deal with the direct diversion project management, cost sharing and those things. I think those are somewhat separate but still intertwined with the wholesale agreement.

Because eventually, we hope that there will be a time where that wholesale agreement basically will go away and the County will be able to use that diversion project to bring your newly acquired water rights into your system. It's all imported water. Because we've already tapped out our domestic supply. We know that we're producing – the supply and the demand, it's pretty much flatlined and I think it's been flatlined for quite a while now. Those are my observations.

CHAIRMAN CAMPOS: Councilor, are you suggesting we should work quickly on the water service agreement, the 500 acre-feet and the parking, or is it – I'm not sure.

COUNCILOR CHAVEZ: Yes, I think that I would like to focus on some version of a wholesale agreement between the City and the County so that you can have that stop-gap, that bridge that you're looking for. And I'm not sure right now what the numbers are or what the terms might be or anything like that. But I think that separate from the diversion project and the cost sharing and responsibilities having to do with management and operation of that, I think that that's more long term than the wholesale agreement that I think really is the crux of the discussion today. That's my vision of what I see us doing, maybe in the course of this evening.

CHAIRMAN CAMPOS: Okay. Thank you. Councilor Heldmeyer?

COUNCILOR HELDMEYER: Let me see if I can get these in a logical order. I think the point Kyle was trying to make about parked rights is that it isn't like a parking place. A parking place on the street is a parking place. What it is, if those rights are transferred to a point of diversion, at some point they're going to be used. At some point the County is going to want to get water out of those rights, unless they're planning on using them somewhere else to use them, which I don't think is the case. And the problem with that is that Kyle said in his presentation, such parked rights do not change the diversions from the City's Buckman permit. So if we're going to park rights there, we're going to have to get the BOR, the State Engineer, I'm not sure who, to say those parked rights, when the diversion comes on line, can result in water. And the reality is that it's going to result in increased demand from that particular point.

Are the pipes big enough to handle it? Yes. Is the water there? That's my question. That if

we keep increasing the amount of water that we intend to take out of that place, a place that may not have water in it in years of extreme drought, and I've heard different estimates about how often that may be. Some people say as often as once every ten years.

CHAIRMAN CAMPOS: You're saying the place - you're saying the Buckman well -

COUNCILOR HELDMEYER: The diversion.

CHAIRMAN CAMPOS: The diversion itself. The surface water diversion.

COUNCILOR HELDMEYER: Right. As we look at the Aamodt settlement, where the Aamodt settlement is talking about taking water from a point upstream from the Buckman diversion, they may be even less water available at that diversion point. If we keep increasing the rights that we transfer, if we keep increasing the amount of water we want to take on those years where the water isn't available, we're in big trouble. And there's a lot of stuff in here about sharing and pro rata and it raises questions of what that means, in a couple of ways. Let me follow those up.

One is, in paragraph 11, it says in the event that - it talks about getting water from wells if the surface diversion isn't available and going up to 600 acre-feet, in the event that such a supply from the Buckman surface diversion project is not yet available - It doesn't say that the project isn't in by a date of 2009, it says water isn't available. There will be years that that project is in and water may not be available from it. At that point, this is asking for the City to allocate underground water, well water to the County because of that, and as more and more rights get transferred to this place, my guess is that's going to be something that people are going to want to renegotiate to even higher numbers.

And what you heard from the questions that were asked by Councilor Pfeffer and others is we're already pumping an enormous amount of water out of what's available there. Will we get permanent funding for 10 through 13? Maybe, but that's an open question. Those wells have in fact been protested. So we've got a problem with putting an increasing number of rights in a finite place. And what that relates to is the question of what's reasonably available from the City's system. That's the wording in paragraph 11. Reasonable people can disagree on what's reasonably available. And that gets into a whole lot of questions about what's an appropriate amount of use. If the City had to go into Stage 3 or State 4 to provide this water, would that be "reasonably available"? I don't think people in this City would think so but perhaps the people in the county who were dependent on that water might think so. That's a very open question.

And that relates to the whole issue of conservation, of retrofits, of changing of impact fees, of changing building codes and landscape codes, a number of things the City has done and is continuing to do to decrease usage within the City. We're not perfect. We're still working on it but we've instituted a number of different things along those lines. If there are expectations for the City providing water to the County, will those same expectations, in terms of lowering use also apply to the County? If the 500 acre-feet has already been allocated, but maybe those 500 acre-feet could stretch further, could go to more projects if the projects within that 500 acre-feet had restrictions on them, on how they could use the water, on whether they had to retrofit and all the other things that we're trying to do.

I think any time you talk about sharing a shortage, pro rata sharing, reasonably available, if you've got two systems that are different in how their expectations of what's reasonable water use you're going to have points of conflict. And I think we need to think about, in advance what those

points of conflict are going to be and try to do something to not have them. In terms of – and they day may come – it hasn't come yet, but the day may come where the water situation is such that the City talks about limiting development or allocating only a certain amount of water for development. Again, if the City is doing that and the County has expectations of the City providing water and the County doesn't have something comparable, that's a very inequitable system in my mind.

But there's nothing in here that talks about any of those things. It's just – it's the elephant in the room. We're not talking about it. When we talk about equality and what makes equality, one of the things in here, it talks about the rates that will be charged to the County will be charged as a co-equal, and I think that's maybe where Councilor Bushee picked up the word equal. What is a co-equal, and in what circumstances? If the County is providing some money to pay for some of the infrastructure, but a lot of the infrastructure is on the backs of the City, does it make sense to talk about co-equal rates. I think this is the return flow credit problem as well. If the City is providing the infrastructure for wastewater treatment, does it make sense – and I think even John Utton said this is something we need to talk about. If water's going through the City's treatment plant, if we're paying for the treatment plant, does it make sense to talk about the County getting return flow credits?

Increased demand for water, which we know we're going to have, is going to increase costs and each increment is going to lead to a higher incremental cost. If we make the system bigger, if we include the County, that's going to more rapidly lead to these higher incremental costs and Commissioner Sullivan talked about SWMA, I think you can see that in SWMA. Not that the City wouldn't have had to foot the bill for a new landfill anyway. We would have. Our old landfill was reaching the end of its environmentally useful life. But the reality for City customers is that the tipping fees dramatically increased. Their cost for solid waste dramatically increase. To what extent again is this equitable? Are these co-equals?

And finally, I'd just like to echo what Councilor Chavez said about the gross receipts tax. Gross receipts tax is something that the County passed with support of the City because in the ordinance that you have for that tax it talks about 50 percent of the money going to joint City-County projects. And that was the expectation, I think, when people voted for it. 70 to 80 percent of that money comes from within city limits. I'm not saying it comes from city residents because some of it, as Councilor Chavez pointed out comes from tourists. Some comes from county residents that come in to the city to buy things. But it comes from within the city limits. And so I understand that this is where you're looking for money to help pay for San Juan/Chama. But the reality is this is money which has already been promised to the citizens of Santa Fe City and County that would go for joint projects, particularly water projects, and I think to act as if this is some kind of new pot of money that's just been found and that the County has magnanimously providing it to this particular project is overstating the case a little bit.

And again, I think it fits in with some of the things we've seen at SWMA, that it is money that comes from all of us and should be used for joint projects. To be talking about the Buckman direct diversion as part of this particular package – we certainly should talk about it. We've been talking about it for several years. The County has been talking about it for several years, the County has been and Las Campanas have been included in the discussions we've had on the environmental statement, on the need for process and clearly, it's something that needs to be discussed. Whether it makes the kinds of questions we want to talk about with the wholesale

agreement muddied I'm not sure, but I do know that it sort of cropped up in this latest draft in a way that it hadn't appeared earlier. And I guess my question about that is should we be tying these two things together or not? I think there's pros and cons. And I think that's a question that we're going to have to answer over the next couple of weeks or couple months or however long this takes, because it's a different issue. And I think that's it.

CHAIRMAN CAMPOS: Thank you. Councilor Coss.

COUNCILOR COSS: Thank you, Commissioner Campos. I guess I have a few questions that I just want to put out there. The first is just to see if I'm understanding this. We're really talking about the wholesale agreement maybe expanding from 500 acre-feet to 800 acre-feet a year after 2008. Some number around there. And I just wonder if 800 or maybe up to 1100 acre-feet per year out of a system that's producing or capable of producing about 13,000 acre-feet per year isn't a solvable problem. Maybe we can agree that we can solve that. A subsidiary question of that, based on the City, Kyle's presentation – I know that our maximum demand one year was 12,500 acre-feet, but a lot of water's gone down the river since then and I wonder – a question from me for the City and for the community is can't we agree or couldn't we agree or wouldn't it be good to agree that due to our conservation efforts, whether it's retrofitting or toilet retrofitting or xeriscaping or just being more conscious about how we use water, our current usage and our current demand on the system is about 11,200 acre-feet a year. That was one question.

Then my second question, going into the County presentation about way back to 1994 when the County was looking for developing a looped or independent system. And my question is, is this possible? Or is this even desirable in 2004? Third one, really perked up my ears when I heard talk that the federal government was talking about making the City and the County and the other people that are participating that have contracts for San Juan/Chama project co-owners of the project. And I thought about *Cadillac Desert* and I thought about do we understand the financial implications to us of being owners to that project? What if the tunnel collapses? Between the San Juan River and Heron Reservoir? That to me, that's the first time I've heard it and it's kind of a scary concept for the feds to just say, Here, it's yours. You're the owner and we have to deal with the Jicarillas, with the tribes, with the City of Albuquerque, with the City of Española. Just – I don't even know if that's germane to this wholesale water agreement but it sure caught my attention.

So that's the third one. Do we have any idea what the financial implications of becoming co-owners of the San Juan/Chama project really are?

My next one is what is the worst case drought yield of the Buckman direct diversion, and I think Councilor Heldmeyer spoke to that. I just wonder if it's zero.

CHAIRMAN CAMPOS: For the diversion?

COUNCILOR COSS: For the diversion, surface diversion from the Rio Grande.

CHAIRMAN CAMPOS: Could be.

COUNCILOR COSS: If it's zero or near zero, I think that means then that we're talking about the Buckman wellfield and the Buckman system and Commissioner Campos might have talked about that as a regional aquifer. So my question is we know that we're trying to get permitted to pump 10,000 acre feet out of that aquifer. I wonder how many other wells are sunk into that aquifer and how many other water rights people are proposing transferring to that aquifer above and beyond the City's 10,000 acre-feet and our Buckman's 1 through 13. And if the State Engineer has declared that we can only have 10,000 acre-feet, then how can it be that more wells can be put into that aquifer and more water rights taken out of that aquifer. And I'm talking about

separate from the City's Buckman wellfield.

I think the statement was made that we protest all County applications. I think the policy is we look at all applications and we protest them if we think it's going to affect our water rights. So just a general question is how much water do we really think we can pull out of the Buckman wellfield over what amount of time?

I think, as I've seen this, my initial attention ten months ago was just to agree to 500 acre-feet, get it off the table so that the County wasn't concerned that the 500 acre-feet's going to expire next year, but as we've kept at this, we're now into transfer of water rights, and the operation and maintenance of the Buckman direct diversion. And I think if the answer to my other question about what's the worst case drought yield of the Buckman diversion project is zero or near zero, then we're really talking about how do we keep the community here with the groundwater resources that we have. So I'm open to going to talking about transfer of water rights and talking about the operation and maintenance and financing, etc. of Buckman direct diversion, but I think the proposal is missing for me the issues of sustainability and conjunctive use, which I think Kyle spoke to. So the question is is the County willing, if we're going to keep working on this agreement, to address the issue of sustainability of that aquifer because I feel that if we can't sustain that aquifer we're not going to have a long future in this community.

And is the County willing to address that in this agreement and start working on that and my last question is for everybody is how do we proceed from this evening?

CHAIRMAN CAMPOS: Okay, any other comments.

COMMISSIONER ANAYA: Mr. Chair.

CHAIRMAN CAMPOS: Commissioner.

COMMISSIONER ANAYA: Mr. Chair, Commissioners, Councilors, Mayor, first of all I want to thank you for, for the Council coming to the County Commission Chambers, and I'm glad to be a part of a historical moment where the City and County can come together at the same table and try to talk about issues and solving water issues. First of all, I think that if we don't come together and work on these issues that the City and the County stand to lose a lot of money, millions of dollars. And I think that it's important for us to continue to go back to the congressional delegation as a team, once we solve these issues here, so that we can continue to get funding for our water projects.

And I don't think that it should stop at just the Buckman direct diversion or the wellfield. I think we need to continue to look for other water sources such as maybe desalinization projects, reuse of graywater, and we're already doing conservation, water harvesting and also look at water injection. So this is just the first step and I think that maybe once we get past this first step in working together, then we can work on these other issues. So I just want to thank you and thank Representative Trujillo for being here. I know he - once we come together and start working together I know that the state will start funding us. The congressional delegation will fund us and we can move forward. It's not just about the Buckman diversion, it's about other water sources, which the City and the County should go after. Thank you.

CHAIRMAN CAMPOS: Thank you, sir. Councilor Robertson.

COUNCILOR ROBERTSON-LOPEZ: Yes, most of the questions have been asked but I do have a couple. One, is the County to store water under this agreement? I've never really seen that addressed and I'd like to know because I don't know if the County at this point could set up a reservoir or other system to store large amounts of water under the whccling agreement. And I

know the County has many strategies for control of development and measures to make sure that you're using water wisely, what I don't see and I'm not aware of is what are the County's plans, this being a regional system, what happens when a number of the communities around here that are currently on wells, that are in the county, and we know it's going to happen, we know people are digging deeper to get water and we also know that as population increases in some of these areas that are served by wells, we may have some kind of public health disaster where we're going to have to cap those wells and put people on some kind of potable water supply.

So as we're talking about a regional system, somehow that says to me that we're taking on responsibility for the region, I'd like to know how this agreement and the future ones are going to deal with those areas right now that are in existence that are on wells and what will happen to them if that water is no longer available. So I'd like to have that looked at.

And I feel like when I'm looking at this that the City's taking all the risk in terms of what may happen. We don't even know if the diversion will occur. We're hoping it's going to occur. We're hoping that everything is going to go as planned, but I do have a fear that everybody's going after this water. Everyone is going after this water all across the Rocky Mountains. So I'm really worried because it kind of puts the risk on the City because we have to continue to supply the County, up to certain amounts, allowing certain amounts of growth when we really have nothing to take to the bank right now as to how much water we're going to have. We think we know how much water we're going to have but we don't know for sure. So that's a question that I would like to have addressed.

And thanks a lot for inviting us. I look forward to talking about it. But I want to know what happens in the County where there's going to be new systems.

CHAIRMAN CAMPOS: Thank you, Councilor. Councilor Ortiz.

COUNCILOR ORTIZ: Yes, a lot of the questions have already been asked so I choose to highlight really only two points. The first relates to the County's measures or plans for how they propose to finance their particular portion of the Buckman diversion project. And coupled with that point is to highlight what Councilor Heldmeyer mentioned which is this agreement, the water service delivery agreement really the vehicle that the County wishes to choose to negotiate the Buckman direct diversion agreement with the City or should we have that as a separate, stand-alone agreement and work on that on a quicker pace than what we have been doing but separate that from the issues that we're talking about in the water delivery service agreement.

I will say that I am encouraged by the meeting that we've had here and I believe that with a regular commitment from both governing bodies to meet and sit, not just to ask questions, but to get those points that we're in agreement, put them on the table and sign off on them, and then get to those points where there may be some disagreements between the respective governing bodies. That's how we're going to accomplish what's going to be in the best interest for the entire community. So I look forward to a continued, regular process with you all, so that we can get through some of these very thorny policy issues that we've been facing, that I know that you all have been facing. So I look forward to continuing accessing contact with you.

CHAIRMAN CAMPOS: Thank you, Councilor. Commissioner Montoya.

COMMISSIONER MONTOYA: Thank you. Thank you, Commissioners, Councilors, Mayor, Representative Trujillo. Thank you all for being here this evening as well. I think some of the questions, one of them, number one, has to do with what I thought was a partnership, and I guess my question regarding one of the statements on the City of Santa Fe

presentation is Santa Fe County Utility is a customer. So how does that make us in terms of what I thought was a partner, now we're a customer, in terms of differing from other customers? So that's a question that I have.

And then I think another piece in here sort of depicts the reason that we need a regional plan and that at one point during this past legislative session we sought legislation sponsored by Representative Trujillo to look at a regional plan, a regional water system and that's when we come into local and regional drought, which greatly affects the ability of the City of Santa Fe to deliver to its customers, which Santa Fe County is one of. So I think, just want to make that point.

Regarding the assumptions that "from 2005 to 2008, Santa Fe County wholesale water deliveries are from the City's groundwater sources of supply because of drought planning, therefore the other three major topics have little bearing." I'd like to know why these other three major topics, which they are major, have little bearing in the agreement? How can they not have more of a significant bearing on the whole thing. Then, Mr. Chair, just a couple of other issues. One is that the time for us now to complete the Socorro water rights, which are approximately 120 to 180 acre-feet at about \$400,000 expires in July of 2005. The decision to begin the transfer of the Falls water rights, which is up to about 580 acre-feet of up to about \$4 million, needs to take place in the next 30 to 45 days. The decision to transfer other miscellaneous water rights of up to another 150 acre-feet needs to be made in the next couple of months as well.

So potentially, without a parking place we could lose up to 900 acre-feet for the system without a place to park them. So the question is, is there any chance of agreeing to park them in the interim? Would the City entertain that possibility?

Then I think, Mr. Chair, the question was brought up previously in terms of a next step. One of the issues that we had discussed at one of our RPA meetings in the last six months or so was that we would look at having two City Councilors, two County Commissioners and staff work on the iteration of where we need to go and how we need to proceed next. And I would suggest that we take a look at that again, revisit that in terms of - I believe a good process for everyone to look at. And then I would also like to extend an invitation to the Councilors. Hopefully you've received a letter. But we're going to be discussing this exact same process and issue between the City of Española, the County of Rio Arriba, the different northern Indian Pueblo tribes as well in terms of looking again at a regional water system, a regional water concept. So I hope you're able to join us on April 20th for that meeting as well. I believe that's all I have for now, Mr. Chair. Thank you.

CHAIRMAN CAMPOS: Thank you. Mr. Mayor.

MAYOR DELGADO: You know, when I asked for this meeting I was hoping we would be able to make some headway in regard to the water delivery agreement as Councilor Ortiz mentioned. I know we've talked about the diversion project, we've talked about return flow credit, we've talked about the GRT, we've talked about rates. I would like to ask the County a question, if they would be able to entertain this idea. If we were able to work with you in saying we would stay with the 500 acre-feet of water until 2008, we would allow the parking of water rights in our Buckman well system, and after the diversion project would come on line that those water rights would be pushed towards the diversion, the Buckman diversion projects. And starting in 2008, we would taper down. We would taper down from 500 acre-feet of water to zero in a five-year time. I've kind of run that by some of the Councilors and put it out there. What I'm trying to do here is I think we know that this agreement ends next year. And I think talking about this, I think that's the first thing we have to solve and get that behind us. And then we have the time to talk about

diversion projects, the participation of the County in the diversion project, the return flow credits, the GRT.

But I would put that out there. Those three things. If we were able to stay at 500 acre-feet until 2008, if we were able to say we were going to park the water rights in the Buckman field and when the diversion project was built, those water rights would be transferred to the diversion project and also tapering down, starting at 2008 when we hope the diversion project is online, doing it down over a five-year period, tapering down from 500 acre-feet to zero. That's just something I throw out there as a question.

COMMISSIONER DURAN: I just have a question based on what the Mayor just said. It will only take a second. Would that allow us to withdraw 20 percent of the direct diversion project? Currently we're participating at 20 percent. So when we transfer these rights to the Buckman diversion project -

MAYOR DELGADO: I personally, Commissioner, somebody else may want to speak to this, I personally don't see a problem in that. There may be some other people that would like to speak to this but I would just really, dealing with those three issues there, so we can get through this water agreement. We've got to agree on this thing, and then we can talk about these other subjects, because we do have the time to do that. But this water agreement is coming to an end very quickly and I would like to see us at least get that far. That's why I put that proposal out there.

CHAIRMAN CAMPOS: As you know, Mr. Mayor, there's legislation out there, it says \$2 million to the City sewer plant contingent upon an agreement within a short period of time. We've talked about that and we've agreed that we would try to do that in 90 days. And that included discussions about Buckman diversion. And I would think that the deadline was in mid-June. So it's all coming up real quick. We've already talked about it. We've already said that 90 days is what we needed to discuss all of these issues. Fast track these issues.

MAYOR DELGADO: I want to mention, I think the \$2 million that has been talked about here that has the wording in there for cooperation between the City and the County has to do with \$2 million for our treatment plant, which would be phase 2.

CHAIRMAN CAMPOS: Your water treatment plant.

MAYOR DELGADO: The water treatment plant up in the canyon.

CHAIRMAN CAMPOS: Of the canyon.

MAYOR DELGADO: Phase 2. Just for the record. But I would hope the Commission would look at that, look into us being able to have an agreement on the water service agreement.

CHAIRMAN CAMPOS: Okay. I'd like to say a couple of things. What we're really talking about is how we're going to survive as a community. There's no guarantees, but certainly the questions are and the key questions are can we work together to create a regional water system? Can we create a regional plan for this community? If we can't do those things, we're working on these things, we're not going to cut it. If we don't have the plan, if we don't have a regional water system, we can't fund the water to the plan. We don't have it.

So we have a lot on the table and we don't have a lot of time. These are tied together. And a lot of issues come up, like who owns the water in the basin? We've heard that the City wants to protest just about anything. Any drilling. Does the City claim a monopoly? These are questions. Does the City claim absolute ownership of the diversion project? Is it not a regional project? Hasn't

Congress told us expressly that we have to talk about this together and that this is indeed a regional project, not owned by the City? For the benefit of the entire region? How are we going to manage the aquifer if we don't do it together? There's no way. We're just going to wind up fighting.

So basically, we have a big risk. We have two things going. We have the RPA going. We're making a lot of progress. The County certainly is going to work on a regional water system, but what's the point of having two? It doesn't guarantee the planning that we need to manage the aquifer properly, to make sure that the regional plan can actually work. So we have big issues. And I don't think we should break them apart. That would be my comment. But I think we're ready to go on to the next phase and that would be, what do we do next, Mr. Mayor?

MAYOR DELGADO: I think from the discussion I've had with some of the members of our governing body it was felt that maybe we could get these answers, the answers to the questions that were asked this evening, if maybe members of the City Councilor, I could appoint members of the City Council and maybe you, Mr. Chair, could appoint members of the Commission to start meeting with staff and among themselves to see if we can get a lot of these questions answered. I think we need to do that. I think it's time and I'm not demeaning the work that the staff on both sides has done, but I think it's time for the elected officials to become part of these discussions. And asking the people who are appointed to these committees to be reporting back to their governing bodies and hoping that we can come, actually get it to a vote in front of each governing body. It's time for the elected officials to be involved in this.

The staffs have done a lot of work to get us just where we are today. I think we were elected and I think we should take the responsibility of moving this along as quick as we can and getting some decisions in front of the governing bodies, some votes.

CHAIRMAN CAMPOS: So you're suggesting that so many Councilors be appointed, so many Commissioners be appointed, and we have staff working with the Councilors and Commissioners, and we start having meetings on the questions raised today. And work on this agreement fast track.

MAYOR DELGADO: As soon as possible. As soon as possible, I would like to see that happen. Yes, Mr. Chair.

CHAIRMAN CAMPOS: Councilor Chavez.

COUNCILOR CHAVEZ: Well, Mayor, I think that, I'm not sure that we might be duplicating because we do have the RPA. We have four City Councilors out of the eight Councilors and we have four Commissioners, four out of the five. You know, the RPA, as Commissioner Campos pointed out, I think has made some progress. We are trying to focus on the future land use plan and growth management plan. It's not only a land use plan but it's also trying to deal with growth management. Priorities for growth areas. There's method one and two that have been suggested. Method two for managing growth is a growth area defined by water availability. I think we've been dealing with that to the best of our ability.

And I'm suggesting, Mayor, that maybe we may want to create a subcommittee under the RPA to continue to do that and have that, we meet on a monthly basis. I think we've been fairly consistent. We have some new members now and I think that that might be something, that task could be directed to the RPA members and then that subcommittee could report back to the respective governing bodies. I just offer that as an option to maybe creating another layer, or, my other concern is that if we sort of get side-tracked on water supply and then start to lose sight of that land use plan. I think the two have to come together and we're very close to making those

connections. So I just suggest that as an option, Mayor.

MAYOR DELGADO: My concern there, Councilor is the RPA already has a full plate, talking about a land use plan and everything. We want to be able – I'm looking at a separate committee that would concentrate on nothing more than answering the questions that were asked today. You guys over at RPA have got serious work to do as it is, and I know water is part of that issue, but I'm just trying to accelerate this agreement and get these out of the way. And you're right, Mr. Chair, when we visit with our state delegations, when we visit with our federal delegations, there's not one visit doesn't go by that they don't say to us, You guys, we want to see some results in the way you work together. I'm just trying to accelerate the whole process is what I'm trying to do here.

CHAIRMAN CAMPOS: Councilor Wurzburger.

COUNCILOR WURZBURGER: Thank you, Mr. Chair, and thank you, Mayor. I agree with respect to what we're trying to do with RPA. I would like to agree that we go forward with the subcommittee as we've spoken of earlier, but I'd like to put a time line on it that within no more than one month, that subcommittee would come back with a recommendation to the joint governing bodies. If they have to meet once, twice or ten times between now and the month. We give them one month to come back.

MAYOR DELGADO: My question to Councilor Wurzburger, that is answering all the questions that we raised tonight?

COUNCILOR WURZBURGER: Answering all the questions and any others that they can come up with so that they can come back with a recommendation for what the agreement might be.

CHAIRMAN CAMPOS: A recommended agreement to both the Council and to the Commission.

COUNCILOR WURZBURGER: Right.

CHAIRMAN CAMPOS: Okay. Commissioner Duran.

COMMISSIONER DURAN: I'm in agreement with that process but I think it's important for the Councilors and the Mayor to note that the Commission is pretty unified, I think in the fact that the water service agreement and the direct diversion need to be negotiated together. I can't see how they can be negotiated separately. Our decision to come off what we thought was a different figure on our allocation of the San Juan/Chama diversion is directly related to the agreement that we're trying to negotiate with the City on the wheeling agreement. I think I speak for all of us.

CHAIRMAN CAMPOS: Councilor Ortiz.

COUNCILOR ORTIZ: Yes, I just wanted to say that the proposal that the Mayor's brought forward, while I can appreciate the expedition with which the Mayor wants to call for us to come up with some agreement with you, I do want to point out, and again, without being too much of a historian, we tried that approach. We did that three years ago. A subcommittee was appointed by the Mayor and a subcommittee was appointed by the chair at that time, and really, what happened was the same process that happened last year, which is when we are not all meeting together, and when we are not all face to face, we only get a snapshot of each of our respective governing bodies. Now, granted, the County Commissioners, because of the number of seats that you have, you have a better sense of where the County's position is. But because we've got nine people, to appoint any subcommittee, we've appointed three City Councilors in 2001. We ask the

RPA to look at, there was four and to narrow that down to only two City Councilors to me gets from the main point, which is sitting down in venues like this, all of us together face to face, talking about where we have agreement, reaching those agreements as expeditiously as possible, and then talking candidly, openly, about the differences in trying to reach, if we can reach at all, some measure of compromise or some level of conciliation with respect to those differences of opinion.

I think that whatever process it needs to answer the issues that have been raised tonight is probably acceptable. I think that ultimately, when we're talking about issues of water policy, big issues, we can't trust subcommittees and we can't trust anyone except for the entire body of the City Council and the entire body of the County Commission. If we have to meet ten times in a month then we can meet ten times in a month. This issue is that important. If we can only meet three or four times in a month, the resolution that's been proposed by Councilors Pfeffer, Wurzbarger and myself calls for at least four meetings a year. But to me, as often as possible to go through all of the different agreements, all of the areas where there are concerns on the County side, all of the areas of concern on the City side.

To say that we're going to appoint a subcommittee and that's going to fast track the process has not been the experience. A subcommittee really only takes more time to get it to the governing body and I think what we need to do is we need to take a step together and move together and to meet as often as possible until all of the issues are, if not satisfied, at least they've been broached and they've been broached face to face so that we've all had an open airing of our respective issues.

CHAIRMAN CAMPOS: Any other comments?

MAYOR DELGADO: Mr. Chair, I would just like to say, if that's the direction we want to take, that's fine. But if we're going to do that, I'm sure that if we're going to have four meetings a month, it's going to be absolutely necessary that every one of us are going to be here, if we can. If it's possible, to make it happen. Because then, if this doesn't happen and we don't get full attendance, then we are in a subcommittee situation again.

CHAIRMAN CAMPOS: Mr. Mayor, my comments. I agree that we do need a committee. I would suggest the following, that either three Councilors and the Mayor and two Commissioners meet with staff once a week for the next four to six weeks, however long it takes. Certainly there can be reports back to the main bodies to make sure there's consensus. That way we can be more focused, as you've suggested. The County Commission in the past has taken that position. In fact we appointed out two people three months ago, assuming this was going to happen about three, four months ago. And that's a procedure that the County Commission prefers clearly.

MAYOR DELGADO: Mr. Chair, being that we are a larger body, would it be acceptable to the County that two Commissioners and four Councilors?

CHAIRMAN CAMPOS: I would think that would be appropriate, because you do have nine people and I think you have a diverse group and you should have three Councilors and the Mayor, four Councilors, whatever you decide. Commissioner Sullivan.

COMMISSIONER SULLIVAN: Mr. Chair, maybe if it would help with the Council, Councilor Ortiz or any of the others to make sure they want to be a closer part of the process, that this subcommittee could report back in a month to another joint meeting just like this. And I'm leery, as you are Councilor Ortiz of going back to the bodies and being macerated and each governing body and then us not being able to look each other in the eye and get these things quickly answered. So perhaps this body could answer these questions, assemble the data, develop a

matrix and a summary and responses to these questions and bring it back to this group so we avoid the middleman as it were. If that's acceptable, Mr. Chair, or a possibility.

CHAIRMAN CAMPOS: I thought this group would come up with more, with an actual proposed agreement. And if we could not reach – if this subcommittee could not reach an agreement on any issues then we could bring it back to the bodies, the two, and then a decision would be made at that point at a public meeting.

COMMISSIONER SULLIVAN: I just get a feel that we're not quite at that point but then maybe in 30 days and one more joint meeting with all of these issues out on the table, we might be very close to, as Councilor Coss said, the difference between 500 and 800 and few of these other issues, to a detailed agreement, which then in the second 30 days could perhaps go to the City and to the County separately. It's just a suggestion. I'm willing as I think the other Commissioners are to move with whatever mechanism the City's comfortable with.

CHAIRMAN CAMPOS: Any further comment? Mr. Mayor.

MAYOR DELGADO: I'm willing to go in that direction. I think it's just that we have to be expedient about this. We have to make this happen. It's got to happen whether it's the water agreement or whether it's discussion of the diversion project or right down the line, the number of questions that were asked here. And I do feel, I do feel the RPA, and I know the work. I served on the RPA for a long time. I think I was the first chair. And I know the work that you have over there and I think right now, you have your plate full. I think a separate committee could make this move a lot quicker. That's my feeling on it.

COMMISSIONER MONTOYA: Thank you, Mr. Chair, and I guess, again, I would just want to remind us of the time line that I had spelled out, really 45 days is probably the max at what we're looking at if we're really going to discuss the whole issue of parking. Thank you.

COUNCILOR BUSHEE: Mr. Chair, I was a little confused. I came here expecting, previous to the meeting that we might hammer out something but when I got here and in fact going to break bread with Commissioner Duran just before that I was kind of – he indicated to me that this was more of a question and answer and slide presentation as it were. So I'm a little disheartened to hear that we were expected to have something done tonight but I will say that I thought a lot of issues have been raised that have not – one problem that's really not worked with the small group theory is that each time the negotiations have gone apart and come back together there were whole new issues on the table.

The parking of the water rights issue is a brand new one. And whether or not we worked out any of the kinks with our staff here I'd like to say, Okay, temporary might help if we deal with it in that term. Maybe that's the difference. But I do believe these kind of meetings have at least helped us. Whether or not each time we come together there will be more issues on the table. But I would like to hope, and I don't know whether you do it through the RPA, I still feel some of these group meetings and then having our staff go back and deal with each other and try to find some answers might be a better way. But we're going to see where it goes.

But I do hope to have a better sense of information sharing. For instance, the information I took for notes tonight, and Commissioner Montoya mentioned these perspective water rights that you're working on, we have no idea, at least collectively or individually of what it is you're seeking. How it is the City could accommodate it. These rights of utilities. But the City of course needs to really deal with – and one of the issues I don't think we addressed officially tonight was

the issue of the long-term planning or whether or not this agreement – I mean I think the County keeps coming back with perpetuity. The City keeps – we didn't even know about your other possibilities

COUNCILOR PFEFFER: Our history is that we iron out stuff in committee and then everything is okay. Given the time frame for some of the imperatives on the County level, and given your sensitivity to that, I think it would be appropriate if we did regroup in a month. We've asked questions. We need answers. And then at that point take some action.

CHAIRMAN CAMPOS: Councilor Coss.

COUNCILOR COSS: I guess I would just concur with this hybrid approach of having a subcommittee to answer these questions and make the report, get back together as both governing bodies in a month, but also just say, if that subcommittee thinks they can outline and agreement, go for it and bring it to that meeting. Then I would just like to say just from my part, I hear all five of you say transfer of water rights and Buckman diversion project have to be part of the agreement so for my part I don't want to keep arguing that question. I think the committee just ought to just take it from there.

MAYOR DELGADO: I don't know. I guess in closing, again, Chairman Campos and members of the County Commission, I want to thank you for accepting my offer to have this meeting and to hosting us tonight. I think we made a lot of progress here and from what I'm hearing tonight, we're going to see a lot of each other for some time in a very short period of time, because what Commissioner Montoya is saying, we have a time thing that we have to meet here and I think our constituency is looking at us to see something happen here.

CHAIRMAN CAMPOS: So basically then we will move forward with the committees as we discussed and outlined, four and two plus staff.

MAYOR DELGADO: Commissioner, Mr. Chair, I will have four names no later than this coming Monday.

CHAIRMAN CAMPOS: Okay, so then we should probably start working on a one-a-week, try to go one a week. Would that work? I think it would work for the Commissioners.

MAYOR DELGADO: Yes. I think it's that urgent. I think it's important that we do start looking at it because we do have meetings just about every night, meetings that the Councilors have to be at and I'm sure you have the same thing. So we're going to have to find those openings in there.

CHAIRMAN CAMPOS: We might have to do it on weekends.

MAYOR DELGADO: Yes, sir.

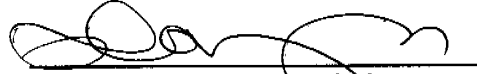
CHAIRMAN CAMPOS: Okay. Then we'll proceed on that basis and if there's no further business, we're adjourned. Thank you.

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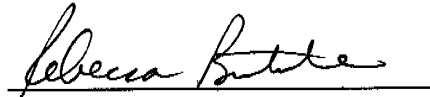
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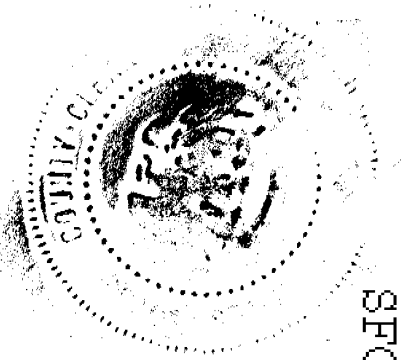
Chairman Campos declared this meeting adjourned at approximately 8:55 p.m.

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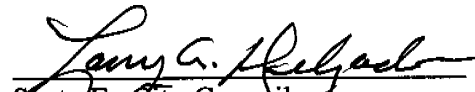

Board of County Commissioners
Paul Campos, Chairman

ATTEST TO:


REBECCA BUSTAMANTE
SANTA FE COUNTY CLERK

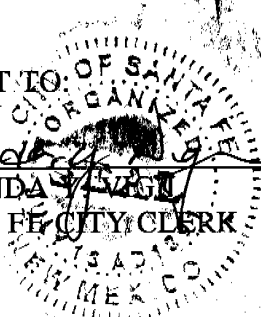


Approved by:


Santa Fe City Council
Larry Delgado, Mayor

ATTEST TO:


YOLANDA TREVINO
SANTA FE CITY CLERK



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