

1 **CITY OF SANTA FE, NEW MEXICO**

2 **RESOLUTION NO. 2017-50**

3 **INTRODUCED BY:**

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5 Councilor Joseph M. Maestas

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10 **A RESOLUTION**

11 **DECLARING THE CITY'S POSITION ON REGIONALIZATION OF THE WATER**
12 **SYSTEM.**

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14 **WHEREAS**, Santa Fe county passed Resolution 2016-144, calling for “a series of
15 workshops between Santa Fe County, the City of Santa Fe, other Santa Fe Area water utilities and
16 other stakeholders regarding a potential joint regional water utility”; and

17 **WHEREAS**, city staff, at the direction of the City Council, has carefully considered and
18 researched the issue of regionalization and the implications of creating a regional water authority
19 in the Santa Fe Basin and has developed a memo on that water resource regionalization which is
20 attached to this resolution as Exhibit A; and

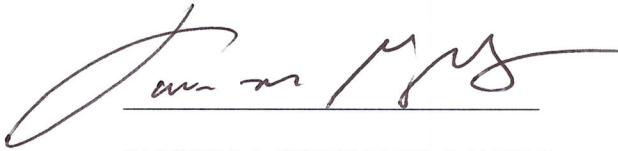
21 **WHEREAS**, the Buckman Direct Diversion Board (BDDDB) already represents a regional
22 water authority between the City of Santa Fe and Santa Fe County, organized under the Joint
23 Powers Agreement Act, NMSA 1978, §§ 11-1-1 through 11-1-7; and

24 **WHEREAS**, the BDDDB provides regional water management and supply to the City,
25 the County, and Las Campanas, without impairing the autonomy of the City, the County, or Las

1 Campanas.

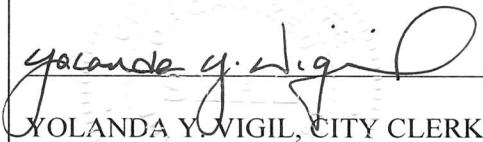
2 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
3 **CITY OF SANTA FE** at this time, the City of Santa Fe believes that regional water resource
4 management and supply is best effected through the BDDB, and incorporates staff's memo on
5 Regionalization as part of this resolution.

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7 PASSED, APPROVED AND ADOPTED this 28th day of June, 2017.

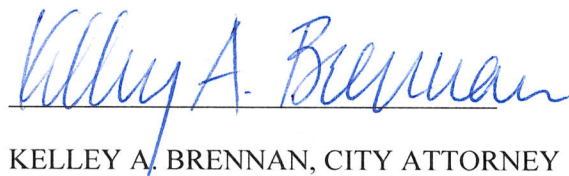
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11 JAVIER M. GONZALES, MAYOR

12 ATTEST:

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15 YOLANDA Y. VIGIL, CITY CLERK

16 APPROVED AS TO FORM:

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19 KELLEY A. BRENNAN, CITY ATTORNEY

City of Santa Fe, New Mexico

memo

DATE: 4.18.2017
TO: Public Utilities Committee
VIA: Shannon Jones, Acting Public Utilities Department Director *AK*
Rick Carpenter, Water Division Director *RC*
FROM: Andrew Erdmann, Water Resource Coordinator *AE*
RE: White Paper Concerning Regionalization of the Water Utility

The purpose of this white paper is to provide a City of Santa Fe (City) perspective on the topic of a regional water utility serving the City of Santa Fe and areas of Santa Fe County (County) near Santa Fe. The paper begins with a discussion of the background of this issue, includes some items to describe the contemporary context for the present debate about the issue, and concludes with a synopsis of the City Water Division's position.

Background

Historically the City water system was owned by the Public Service Company of New Mexico (PNM) and known as the Sangre de Cristo Water Company (SDCW). By 1979, City Council had recognized that water was a limitation on development and that expansion of the water system beyond the City was not necessarily in the best interests of the City. This concept is reflected in the franchise agreement under which PNM operated SDCW, the terms of which granted City Council veto power over any proposal to extend water service lines beyond the City limits.

In the 1980's, PNM operated SDCW with the oversight of the Metropolitan Water Board (MWB), an advisory group consisting of representatives from PNM, the City, and the County. The MWB commissioned a series of long range planning studies to evaluate various means of providing regional water service. One of the obstacles to creating a regional system which is identified in these reports is the presence of divergent views between the City and County concerning land use, growth, water resource management, and the impact of these issues on planning for regional water service.

In 1995, the City purchased the Sangre de Cristo Water Company from PNM and ownership and operation transitioned to the City over the next several years. Today, the City of Santa Fe Water Division is a part of the Public Utility Department which is governed by the Public Utility Committee (PUC), which is comprised of a subset of the City Councilors. Since the purchase of the utility from PNM, the City has invested heavily adding a new source of supply with a state of the art treatment facility, rebuilding both municipal reservoirs, taking a leadership role in the management of the municipal watershed, and becoming a national leader in per capita water use

EXHIBIT

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even while accommodating many hundreds of thousands of tourists and commuters each year. The total cost of this investment is measured in hundreds of millions of dollars, a tremendous financial burden reflecting the high value that Santa Fe residents place on water security and sustainability.

The Albuquerque – Bernalillo County Water Utility Authority

In 2003 the State Legislature passed SD887 and created the Albuquerque/Bernalillo County Water Utility Authority (ABCWUA) which combined regional water and wastewater assets and liabilities between Albuquerque and Bernalillo County, the vast bulk of which had previously belonged to Albuquerque. This has become a leading model for regionalization in New Mexico including for a potential regional water authority in the Santa Fe area.

Unlike Bernalillo County, however, the portions of Santa Fe County that would likely be served by a regional utility do not share a watershed or a groundwater resource with the City and are not a unified population. In the unincorporated areas surrounding the City of Santa Fe development is characterized by dispersed homes on large properties of several acres sprawling from all sides of the City limits and mixed in with some small historic villages. The homes already existing in these areas are presently served water either by the County via the partially regionalized BDD treatment plant, or are on privately owned wells. This development pattern contrasts sharply with the City where development has occurred gradually, constrained until recent decades by available water from the Santa Fe River, in the form of densely-packed, small residential lots with very little outdoor watering.

The Buckman Direct Diversion

In 2009, the Buckman Direct Diversion (BDD) began diverting water to deliver to both City and County customers. The BDD operates through a sharing agreement between the City and County and is governed by a board consisting of an equal number of representatives from each entity. A lengthy negotiation concluded in December 2016 and resulted in an **Amended and Restated Water Resources Agreement between the City of Santa Fe and Santa Fe County** which outlines cost sharing, shortage sharing, and rates between the two entities with the intention of resolving recent conflicts over payments associated with the use of water from the facility. This facility is a regional project operated collaboratively by the City and County and undertaken to address regional shortages and improve system resiliency and shows the willingness and ability of the City and County to work together on water projects where the interests of the two parties coincide.

Solid Waste Management Agency

Another regional utility collaboration, though one unrelated to water service, is the Solid Waste Management Agency (SWMA). Formed in 1995, SWMA is responsible for the planning, operation, construction, and maintenance of the shared Caja del Rio Landfill and Buckman Road Recycling and Transfer station (BuRRT). The landfill was constructed with equal funding from all three participating entities – SWMA, the City, and the County. The Board consists of six members – three City Councilors and three County Commissioners – and has successfully governed a shared regional system which has made significant investments in assets as well as making improvements in recycling and service over the past 21 years.

Water Utilities in the Santa Fe Region

Finally, another relevant factor is the experience of other projects in the region designed to bring a centralized water utility to existing rural homes in the area. Two such projects have been undertaken in the Santa Fe area in recent times – one a local initiative in Eldorado and another a federal project in the Nambe-Pojoaque-Tesuque region. Despite the differences between the communities in which the projects were located, and the differences in scale between a federal and local project, both the Eldorado water utility and the Nambe-Pojoaque-Tesuque system have been largely unsuccessful at attracting customers from among existing homes served by privately owned water wells, a pattern which is likely to repeat with any attempt at bringing centralized water service to residents who have traditionally been autonomous. The fact that a shared water utility would likely require a higher rate structure to meet the additional costs associated with delivering water in rural areas and in areas beyond the Santa Fe watershed is likely to exacerbate this issue.

Conclusions

Within the City, it is generally recognized that water is the limiting resource to development and that planning for the allocation of water is the best manner in which to assure that the region will be able to continue to support the population who live there. The City has expended vast resources – close to a half billion dollars – over the past 20 years to purchase the SDCW, to become a national leader in water conservation, and to improve the City's water rights and infrastructure resilience in order to be prepared to continue to deliver clean, safe drinking water to City residents despite threats such as climate change and wildfire. The creation of a regional system along the lines of the ABCWUA could reverse progress toward municipal water autonomy and diminish the City of Santa Fe's ability to determine its own water future.