

# PROPOSED BUDGET

FY2017

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Albuquerque Bernalillo County  
Water Utility Authority

*Proposed  
Operating Budget  
FY17*





# Albuquerque Bernalillo County Water Utility Authority

April 20, 2016

To: Trudy E. Jones, Chair  
  
From: Mark S. Sanchez, Executive Director  
Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the  
Fiscal Year Beginning July 1, 2016 and Ending June 30, 2017

Presented to the Board for review and consideration is the proposed budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2017. This submittal is the Water Authority's financial plan for Fiscal Year 2017. The development of this financial plan has been guided by the Water Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this proposed budget, the Water Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed budget is based upon the 10-year financial plan, balanced, fiscally conservative and sound.

The utility's success can be measured in a number of different ways. One of these is recognition by industry peers and professional organizations. In FY16 this recognition included:

- The National Association of Clean Water Agencies (NACWA) Gold Recognition Award for Excellence in Management.
- NACWA National Environmental Achievement Award: Public Information and Education Award (for the utility's grease abatement campaign)
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Commercial Real Estate Development Association (NAIOP) Vision Award

Another measure is the number of panels, presentations at major association conferences and seminars Water Authority staff has been asked to present. In FY16 the following presentations were made:

- AWWA Water Infrastructure Conference: Benchmarking Asset Management Best Practices Panel Session
- AWWA Utility Management Conference: Utility Benchmarking Panel Session, Utility Leader Forum on Technology, Succession Stories in Stakeholder Engagement Presentation
- AWWA Annual Conference: Enhancing the Utility's Financial Viability Presentation
- AMWA Water Policy Conference: Planning for Sustainability Panel Session
- Public Finance/Environmental Sustainability Conference: Financing Sustainable Water Supply Projects Presentation
- GFOA Annual Conference: Successful ERP Implementation Panel Session
- National Water Reuse Institute: Direct Potable Reuse Regulatory Framework
- National Ground Water Association: Groundwater Management Visibility Initiative Presentation

Other achievements in the preceding fiscal year include: kick-off of a new rainwater harvesting pilot program in partnership with the New Mexico Water Collaborative; record-low per capita water use by Water Authority customers in response to conservation initiatives; first-time recovery of water stored underground via the Bear Canyon Aquifer Storage and Recovery Project; and introduction of a new mobile app that allows customers to easily pay bills and check their account via phones and other mobile devices.

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY17. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators for the water, wastewater and ground water plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Previous backlogs of work have been reduced significantly and preparation for implementation of new maintenance programs is underway.

A key initiative during this fiscal year is the update to the 2007 Water Resources Management Strategy (WRMS), which will go into effect during the fiscal year. The new WRMS will incorporate the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the Station Engineer, Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it will take climate variability into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives will be used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options will be used to fill the gaps to meet future demand over the next 100-years.

Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and adding an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging infrastructure as recommended in a 2011 asset management plan commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3 million per year, this started in Fiscal Year 2015.

In preparation of this budget, the Water Authority has developed a budget within the projected estimated revenues. Staffing levels have an increase of 4.5 net positions in Fiscal Year 2017. There is a 1% increase in other employee benefits. General operating expenditures increased by \$3.3 million. The most significant expense of the Water Authority continues to be debt service payments which will comprise 33% of the total operating expense in Fiscal Year 2017.

The FY17 proposed budget includes \$250,000 to fund the addition of supplemental fluoride to the drinking water supply and an additional \$250,000 for the transfer to CIP to fund the capital costs associated with this project. The Water Authority ceased adding fluoride to the municipal drinking water supply in 2011 pending final recommendation on optimal fluoride levels from the federal government. The Centers for Disease Control (CDC) eventually issued a recommended optimal level of 0.7 mg/L in 2015. Water Authority staff responded by developing a fluoridation plan to meet-as closely as possible-the recommended optimal level system-wide. That plan calls for the addition of fluoride at the Water Authority's San Juan-Chama plant, which treats all the surface water used throughout the Water Authority's system. This is a secure facility, designed for safe handling of bulk chemicals.

The operational cornerstone of the WRMS is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After eight years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey. Over the last six years of drought, the water supply has been increasing in the Middle Rio Grande.

The DWP provided 55% of all water distributed to Water Authority customers in calendar year 2015 even with more than six weeks of shutdown required by the State Engineer due to low flow conditions in the Rio Grande. The Water Authority's policy is to utilize as much surface water as possible to meet customer demand. In 2016, it is anticipated that flow conditions in the Rio Grande may limit the ability to divert in the late summer months similar to 2015. At the end of calendar year 2015, the Water Authority still had more than three years of stored water available through the DWP.

In FY17, the Health and Wellness Specialist will continue offering wellness challenges for individuals and departments in conjunction with the Solutions Group as part of our health insurance. At least two (2) fitness challenges per quarter will be offered this year and will include nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. In addition, Authority Fit will be developing some signs that can be posted at Water Authority worksites to offer employees quick ways to exercise and mark out walking paths with distances for them to use around the premises. Downtown, walking routes with distances will be mapped out and distributed for employees to walk during their breaks and lunches.

The Customer Services Division will be implementing the Wells Fargo online payment and Integrated Voice Response (IVR) system which will simplify the user interface when making online payments and improve the IVR process for the Water Authority customers. Customer Services Field Operations will be implementing Phase 4 of the Automated Meter Infrastructure project which will move towards a 50% saturation of automated meters in the service area. In FY17, the top 25 large meters will begin to be tested annually.

Revenue for Fiscal Year 2017 is estimated to be \$217.0 million representing an increase of \$2.5 million from the budgeted FY16 amount. Revenue in the Debt Service Fund has a \$2.2 million decrease due to a decrease in the transfer from the operating fund for debt service payments. The proposed budget for FY17 shows a net increase of 4.5 new positions; 1.5 were FY16 mid-year additions, 2 positions (Engineer Assistant) were deleted from the FTE count and are budgeted as part-time and 5 are requested as part of this budget. The positions are: 1 Network Administrator, 1 Heavy Equipment Mechanic, 1 Administrative Specialist, and 2 Utility Technicians. There is also a 1% increase for other employee benefits and a 2% step increase for all employees.

For Fiscal Year 2017, revenues are expected to be \$4.9 million over proposed expenditures, which includes funding the rate reserve fund. This amount will bring the Working Capital or Fund Balance to \$9.6 million at June 30, 2017. The Water Authority continues to strive to achieve a Fund Balance to 1/12 of the annual budgeted operating expenditures. For Fiscal Year 2017, \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Improvement Program (CIP) proposed budget for Fiscal Year 2017. The proposed appropriation for Fiscal Year 2017 for CIP is \$67.1 million. \$59.0 million is appropriated for the level one priority basic capital programs, \$4.0

million for growth related projects, and \$4.1 million is appropriated for special projects. The \$4.1 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$350,000 for various renewable energy projects, \$474,000 for water rights enhancements, and \$250,000 for the addition of supplemental fluoride to the drinking water supply.

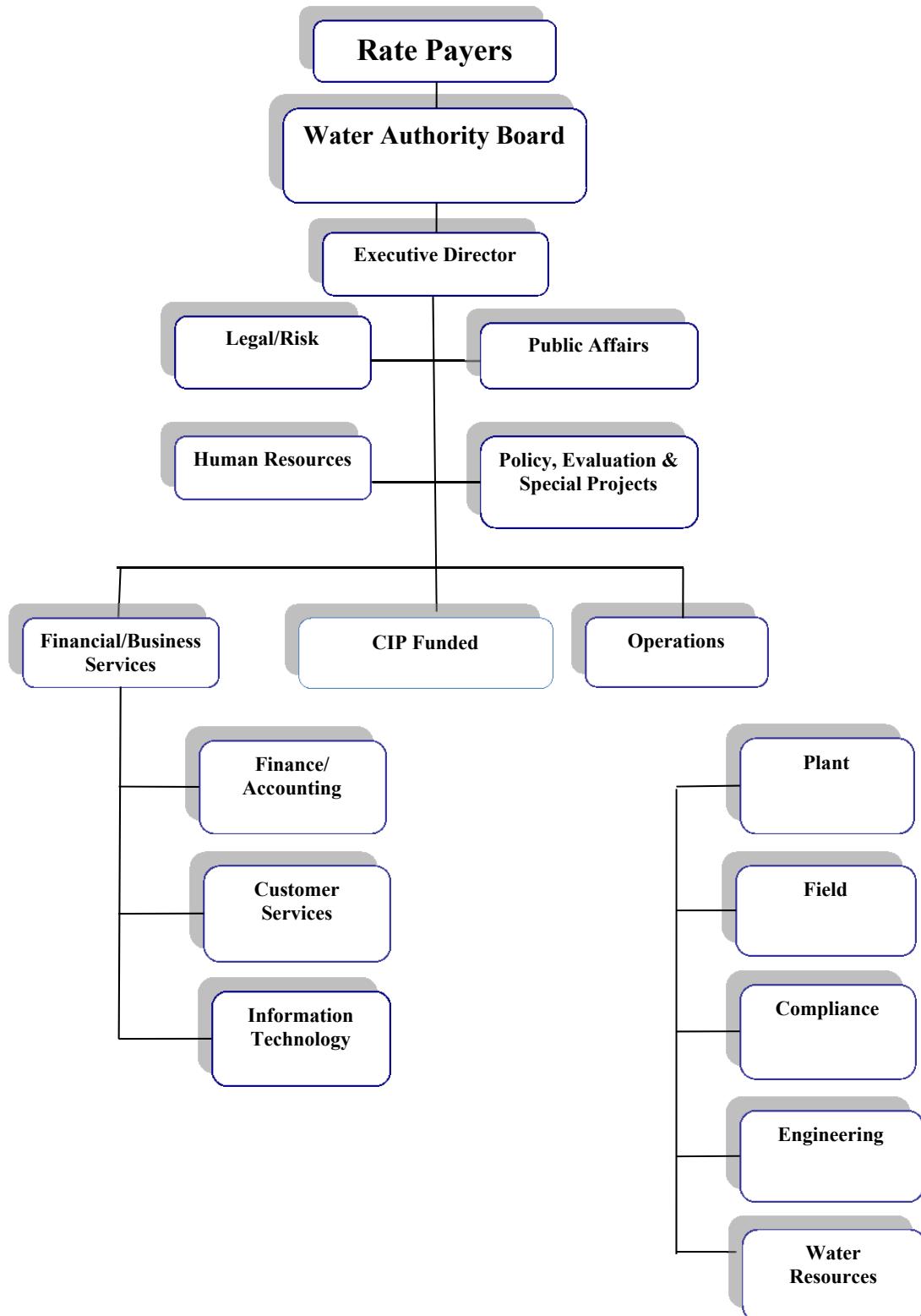
There are no appropriations in the proposed Fiscal Year 2017 CIP budget for projects that will be funded with revenues from Fiscal Year 2018 or later.

The Water Authority continues to participate in American Water Works Association's (AWWA) Benchmarking program which allows the utility to compare its performance against other utilities at least every two years. The Water Authority utilizes performance measures or indicators to help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority also uses these measures to help improve its operational efficiency and effectiveness through the One-Year Objectives.

The Water Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. In FY11, the Water Authority completed a comprehensive Asset Management Plan (AMP) used to provide a rational framework for understanding and planning of long-range asset renewal (rehabilitation and replacement) requirements. The AMP consolidates the Water Authority's asset information into a structured framework and uses it to provide a justifiable basis to support long-term organization, operations, and asset management decisions. The Water Authority has also completed several strategic 10-year asset management plans for various asset classes (i.e., small diameter pipes, large diameter pipes, wastewater treatment plant, groundwater, and collection system facilities). The 10-year plans are generated to provide the Water Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In FY17, the Water Authority will continue to improve on its asset management practices by upgrading its Computer Management and Maintenance system and integrating mobile work order technology to improve the accuracy of the asset data.

This budget proposal represents the Water Authority's coordinative effort to bring to the Board a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, to provide customers with quality water and wastewater service and address the Water Authority's priorities for Fiscal Year 2017 to improvement of services and gain operating efficiencies.

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**



**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

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## PREFACE

NMSA 1978 Section 72-1-20, which created the Albuquerque Bernalillo County Water Utility Authority (Water Authority), along with Water Authority Ordinance O-04-6 requires the Executive Director to formulate the operating budget for the Water Authority. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year. The Water Authority Board then will approve or amend and approve the Executive Director's proposed budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

Budget instructions are issued in January. A salary forecast is completed for review by staff. Expense data is accumulated at the current level and totals are reviewed to determine if other actions or changes in budget instructions must be made in order to achieve a balanced budget. Budget meetings are held with the Executive Director and Water Authority staff. During this process, divisions may request program expansions, offer plans for reducing costs, or revenue enhancements.

Appropriations are at the fund level, the level at which expenditures may not legally exceed appropriations. Budgetary control is maintained by a formal appropriation and encumbrance system. Appropriations may be made or modified during the year by a legally adopted resolution. Appropriations revert to fund/working capital balance to the extent they have not been expended or encumbered at fiscal year-end.

Budget data is prepared consistent with the Water Authority's basis of accounting. The Water Authority's Enterprise Funds are on an accrual basis. Revenues are recorded in the accounting period in which earned, and expenses are recorded at the time liabilities are incurred. Transactions are recorded in individual funds. However, depreciation amortization and bad debt expense, although expensed in the accounting system, are not budget items in the Water Authority budget.

The Water Authority's Goals and Objectives focus on improving the Water Authority's operations and improving customer conditions. The goals are based on the American Water Works Association's (AWWA) business model using fifteen successful quality achievement programs. The FY17 Goals and Objectives have been submitted for approval to the Water Authority Board.

The Budget Proposal has 8 major sections. The **Budget Proposal & Financial Consolidations** section is designed as an overview. This section contains the Water Authority's Goals and Objectives, Strategic Planning process and FY17 Highlights. Fund/Working Balance Tables are included by fund group. The funds are presented with estimated ending balances for the current year. This section also the Financial Plan.

The **Revenue Outlook** section contains detailed information on the projected revenue and the **Economic Outlook** to be addressed in the coming year. This section also looks at the **Albuquerque Economy** as it relates to the budget.

The **Capital Budget** section explains the Water Authority's capital process, which is prepared on an annual basis. Anticipated capital projects and the expected operating impacts are discussed as well.

**Debt Obligations** and the **Appendix** complete the supporting documentation. The **Appendix** contains information that is useful to prepare or understand the budget, including definitions. There is also a brief explanation of the methodology used in the budget preparation.

The **Appropriations Legislation** section is a copy of the legislation that is submitted to the Water Authority Board along with this document. It must be passed as submitted or amended and passed by the Water Authority Board before the budget becomes law.

*BUDGET PROPOSAL  
&  
FINANCIAL  
CONSOLIDATIONS*

*Proposed  
Operating Budget  
FY17*

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

The Albuquerque Bernalillo County Water Utility Authority (Water Authority) identifies resources to provide quality water in sufficient quantity, collect and treat wastewater to acceptable standards, provide professional utility engineering services, and provide utility customer services. The Water Authority operates and maintains water pump stations, reservoirs, wells, water lines, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary sewer lines. The Water Authority also works to secure the region with a safe, adequate, and sustainable water supply.

### **Mission**

The mission of the Albuquerque Bernalillo County Water Utility Authority is to:

**Assure** responsive Customer Service.

**Provide** reliable, high quality, affordable and sustainable water supply, wastewater collection treatment, and reuse systems.

**Support** healthy, environmentally-sustainable, and economically-viable community.

### **Overview of Goal Development**

The Water Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide its budget process and address priority issues. In addition, the Water Authority's Budget Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five-year goals. The Ordinance also states that the Water Authority's operating budget shall be formulated by the Water Authority's Executive Director and be consistent with the goals and objectives, and that they be major factors in determining funding for Water Authority programs and improvements in both the operating and capital improvement budgets.

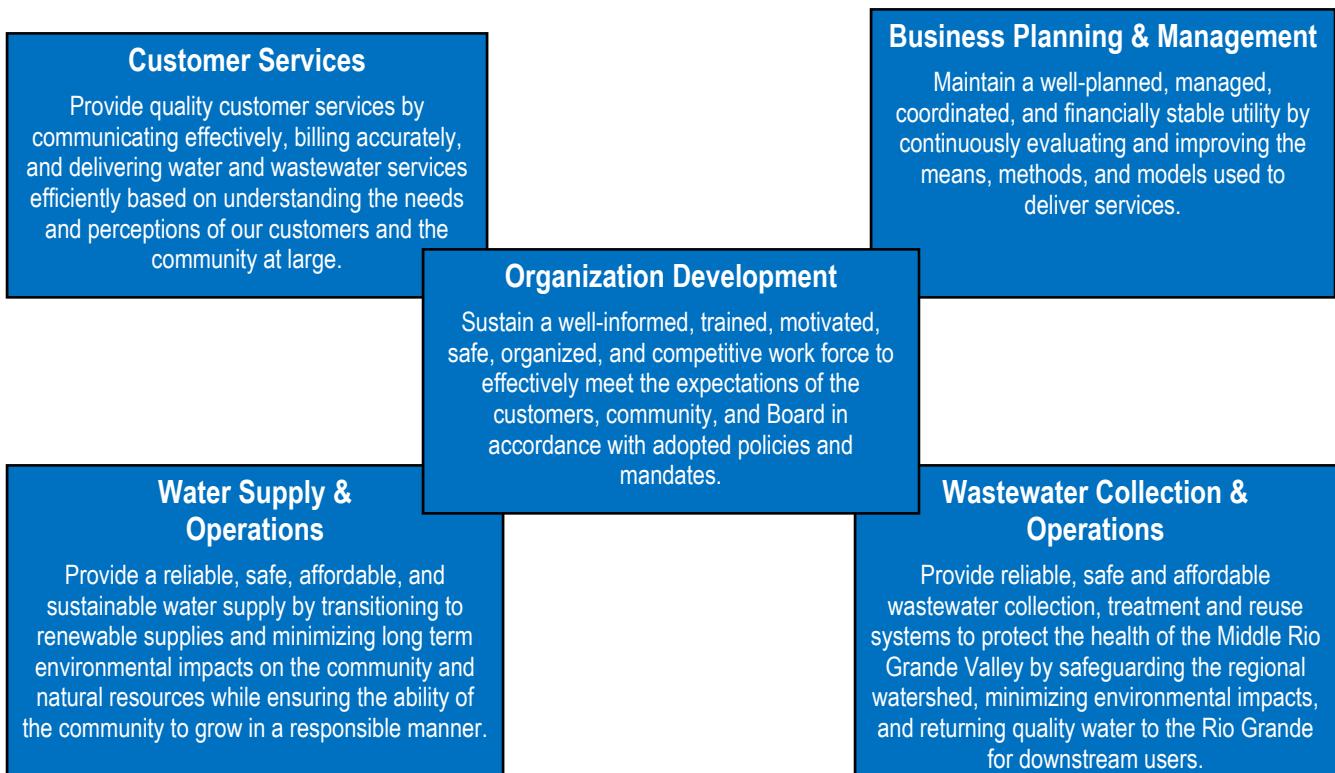
# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **Five-Year Goal Development**

The Five-Year Goals adopted by the Water Authority are based on the American Water Works Association's (AWWA) business model using fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems: 1) Water Supply and Operations, 2) Wastewater Collections and Operations, 3) Customer Relations, 4) Business Planning and Management, and 5) Organization Development.

The Water Authority has participated in several continuous performance programs through AWWA including Benchmarking, Self-Assessment, and Peer Review. More recently, the Water Authority has incorporated the EPA's Effective Utility Management (EUM) into its strategic planning process which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes framework to identify areas for improvement.

## **Water Authority's Five-Year Goals & Guiding Goal Statements**



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## **Overview of One-Year Objectives**

The One-Year Objectives are categorized by the Water Authority's Five-Year Goal areas. The Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal. The continuous performance programs mentioned above help the Water Authority to identify gaps in service delivery or performance. The Water Authority's performance measures are used to help monitor the Water Authority's performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives, which are policy directives from the Water Authority Board, are used to close performance or service delivery gaps and improved performance levels.

Some objectives are related to completing projects or improving programs. Some of the FY17 objectives are tied to resources contained in the FY17 Proposed Budget. A few of the objectives are carried over from FY16 either because they require more time to complete, or are ongoing issues. Some of the objectives are tied to the Performance Plan in order to improve operations and/or customer service.

## **Strategic Planning, Budgeting and Improvement Process**

This diagram below shows the Water Authority's strategic planning process. It starts with long-range goals and short-term objectives which are linked to performance measures in the Performance Plan which help guide the budget process. This process is periodically evaluated by utility customers every two years through surveys and through the AWWA Benchmarking program. The benchmarking program allows the utility to benchmark its performance among 25 key performance indicators. External customer input on the utility's policies, plans, and programs is also provided through quarterly Customer Conversations and the Technical Customer Advisory Committee. More recently, the Water Authority has incorporated the EUM program into its strategic planning process which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes to select priorities for improvement, based on each organization's strategic objectives and the needs of the community it serves. All the strategic planning process components help fulfil the Water Authority's MISSION.



## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

The Five-Year Goals and One-Year Objectives are a component of the Strategic Planning, Budgeting and Improvement Process. The Goals and Objectives and performance measures from the Performance Plan help guide the operating and capital budgets in allocating the Water Authority's financial resources. The Performance Plan illustrates how the Five-Year Goals, One-Year Objectives, and performance measures are integrated through the use of the logic model in order to achieve service delivery and performance improvement. The Performance Plan discusses in detail how the Water Authority assesses its performance year to year, and how it compares its performance with that of other utilities. The integration of the performance measures and objectives are used to achieve the long-term desired results of the Water Authority's Five-Year Goals.

Below is a summary of the Goals and Objectives for Fiscal Year 2017, as introduced to the Water Authority Board on March 23, 2016.

### **Goal 1: Water Supply and Operations**

*Provide a reliable, safe, affordable, and sustainable water supply by transitioning to renewable supplies and minimizing long term environmental impacts on the community and natural resources while ensuring the ability of the community to grow in a responsible manner.*

- Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Begin development of an asset management plan that evaluates and rates the condition and criticality of transmission and distribution line valves including the annual funding needed for the repair and replacement in a valve program by the end of the 4<sup>th</sup> Quarter of FY17.
- Maintain water use between 127 to 135 gallons per capita per day through the end of the 4<sup>th</sup> Quarter of FY17.
- Pending demonstration permit approval from the State Engineer, start construction of the Large Scale Aquifer Storage and Recovery Demonstration Project and evaluate the project's progress if completed by the end of the 4<sup>th</sup> Quarter of FY17.
- Continue the distribution water loss program by locating water leaks from surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY17.
- Submit annual distribution and treatment data to the Partnership for Safe Water program for inclusion in the program's annual report of aggregated system water quality data; begin implementing action plans from the self-assessments through the end of the 4<sup>th</sup> Quarter of FY17.
- Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition and criticality of the Water Authority's groundwater facilities by the end of the 4th Quarter of FY17.
- Adopt the updated Water Resources Management Strategy by the 2nd Quarter of FY17; develop a Strategy Implementation Plan by the end of the 4<sup>th</sup> Quarter of FY17.
- Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP) including administrative, policy and technical support to the Water Quality Advisory Board (WPAB). Continue to monitor ongoing or new ground and surface water contamination sources and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports through the 4<sup>th</sup> Quarter of FY17.

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### **Goal 2: Wastewater Collection and Operations**

*Provide reliable, safe and affordable wastewater collection, treatment and reuse systems to protect the health of the Middle Rio Grande Valley by safeguarding the regional watershed, minimizing environmental impacts, and returning quality water to the Rio Grande for downstream users.*

- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY17.
- Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY17.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Complete an Odor Control Facilities Asset Management Plan that evaluates the effectiveness of chemical dosing and assesses the condition and risk of all facilities with odor control systems; prepare asset management and capital improvement plans by the end of the 2<sup>nd</sup> Quarter of FY17.
- Continue implementation of the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4<sup>th</sup> Quarter of FY17.
- Continue the assessment of root foaming and FOG Buster pilot programs on wastewater lines and provide recommendation by the end of the 2<sup>nd</sup> Quarter of FY17.
- Teleview and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4<sup>th</sup> Quarter of FY17.
- Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance by continuing to inspect, monitor, and take enforcement action for users of backflow prevention devices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4<sup>th</sup> Quarter of FY17. Obtain a compliance rate goal of 75%.
- Monitor compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4<sup>th</sup> Quarter of FY17. Compliance rate goal is 87% for each category.
- Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by inspecting each Food Service Establishment (FSE) once every three years, working with the Collections section with Sanitary Sewer Overflow (SSOs) investigations, and convene FOG Task Force of other governmental entities to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years. In conjunction with Public Affairs Manager, develop a public relations campaign to inform rate-payers of Best Management Practices for FOG. Report campaign progress monthly and quarterly.

### **Goal 3: Customer Services**

*Provide quality customer services by communicating effectively, billing accurately, and delivering water and wastewater services efficiently based on understanding the needs and perceptions of our customers and the community at large.*

- Improve customer satisfaction and operational efficiency in achieving the four call-center targets through the 4<sup>th</sup> Quarter of FY17: 1) Average Wait Time of less than 2 minutes; 2) Average Contact Time of less than 4 minutes; 3) Abandoned Call Ratio of less than 8; and 4) First Call Resolution of greater than 90%.
- Improve customer satisfaction by achieving a billing accuracy ratio of less than 10 through the 4<sup>th</sup> Quarter of FY17.

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

- Continue implementation of the Automated Meter Infrastructure (AMI) project by modernizing aging meter infrastructure with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY17.
- Complete Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority's activities through the end of the 4th Quarter of FY17.

### **Goal 4: Business Planning and Management**

*Maintain a well-planned, managed, coordinated, and financially stable utility by continuously evaluating and improving the means, methods, and models used to deliver services.*

- Expend \$40 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY17. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY17.
- Continue development of a comprehensive energy master plan to reduce energy demand by utilizing alternative clean energy sources by the end of the 4th Quarter of FY17.
- Implement Phase 3 of the telephony and data center/network to provide a more reliable infrastructure and network, better customer service, and additional functionality to staff by the end of the 4th Quarter of FY17.
- Assess the utility's cybersecurity capabilities by using the AWWA's Process Control System Security Guidance and Tool; evaluate the tool's recommendations for updating the utility's cybersecurity standards by the end of the 4<sup>th</sup> Quarter of FY17.
- Continue implementation of updating the Maximo work order system to effectively and efficiently record and manage the maintenance and operation of the utility's assets; assess the Clevest mobile technology's integration with the updated Maximo system through the end of the 4<sup>th</sup> Quarter of FY17.
- Continue the assessment for upgrading and enhancing the utility's billing application through the end of the 4<sup>th</sup> Quarter of FY17.
- Develop financial metrics to measure the utility's fiscal performance by the end of the 2<sup>nd</sup> Quarter of FY17.
- Evaluate the water and wastewater rate structures to ensure equity within the structures by the end of the 4<sup>th</sup> Quarter of FY17.
- Update the existing Crisis Communications Plan consistent with EPA, AWWA, and CDC guidelines by the end of the 3<sup>rd</sup> Quarter of FY17.
- Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, and local laws ordinances, etc. to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY17.
- Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: WQL results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs), laboratory productivity (results reported per productive hour), and the percentage of results reported late (turnaround time (TAT)). Maintain performance levels at FY15 levels. Research and identify industry performance benchmarks to be included for comparison.
- Continue collection and analyses of the operational data necessary to determine and document the actual cost of service for laboratory services for the analytical methods within the Water Quality Laboratory scope of accreditation. The status of the data collection and analyses efforts will be reported quarterly.
- In conjunction with the Information Technology Division, begin transition to LabVantage Laboratory Information Management System (LIMS) through the end of the 4<sup>th</sup> Quarter of FY17.
- Continue to develop the data repository including coordinating with Plant Operations Division to develop reports generated from the Data Repository to provide new access to approved laboratory and field

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

analytical instrument water quality analyses and user statistical analyses tools through the end of the 4<sup>th</sup> Quarter of FY17.

- Continue to develop the Environmental Monitoring Program to improve the reliability of results from field instrumentation and sample collection techniques. Develop a program plan based on designated ISO standard to address accreditation requirements to include standard operating procedures, document control and records management plans, and a process for demonstration of staff capability. Implement program plan by the end of the 2<sup>nd</sup> Quarter of FY17.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each quarter of FY17, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
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### **Goal 5: Organizational Development**

*Sustain a well-informed, trained, motivated, safe, organized, and competitive work force to effectively meet the expectations of the customers, community, and Board in accordance with adopted policies and mandates.*

- Establish a steering committee to evaluate the results from the employee engagement and satisfaction survey and develop a plan or addressing areas where employees' responses indicated improvement was needed by the end of the 4<sup>th</sup> Quarter of FY17.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY17.
- Complete two employee wellness challenges per fiscal quarter with at least 60% participant completion rate; post fitness/exercise signs at the two plants by the end of the 4<sup>th</sup> Quarter of FY17.
- Update the Knowledge Management Strategy to assure that the right knowledge is systematically collected, stored, organized, and transferred to the appropriate employee in a timely and effective manner by the end of the 4<sup>th</sup> Quarter of FY17.
- Complete the standard operating procedures for the groundwater facilities by the end of the 4th Quarter of FY17.
- Reduce injury hours to 2,700 hours or less to improve productivity and reliability of services provided by employees by the end of the 4<sup>th</sup> Quarter of FY17.

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

### ***Fiscal Year 2017 Highlights***

The FY17 Executive Director's Proposed Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

The utility's success can be measured in a number of different ways. One of these is recognition by industry peers and professional organizations. In FY16 this recognition included:

- The National Association of Clean Water Agencies (NACWA) Gold Recognition Award for Excellence in Management.
- NACWA National Environmental Achievement Award: Public Information and Education Award (for the utility's grease abatement campaign)
- The Government Financial Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Commercial Real Estate Development Association (NAIOP) Vision Award

Another measure is the number of panels, presentations at major association conferences and seminars Water Authority staff has been asked to present. In FY16 the following presentations were made:

- AWWA Water Infrastructure Conference: Benchmarking Asset Management Best Practices Panel Session
- AWWA Utility Management Conference: Utility Benchmarking Panel Session, Utility Leader Forum on Technology, Succession Stories in Stakeholder Engagement Presentation
- AWWA Annual Conference: Enhancing the Utility's Financial Viability Presentation
- AMWA Water Policy Conference: Planning for Sustainability Panel Session
- Public Finance/Environmental Sustainability Conference: Financing Sustainable Water Supply Projects Presentation
- GFOA Annual Conference: Successful ERP Implementation Panel Session
- National Water Reuse Institute: Direct Potable Reuse Regulatory Framework
- National Ground Water Association: Groundwater Management Visibility Initiative Presentation

Other achievements in the preceding fiscal year include: kick-off of a new rainwater harvesting pilot program in partnership with the New Mexico Water Collaborative; record-low per capita water use by Water Authority customers in response to conservation initiatives; first-time recovery of water stored underground via the Bear Canyon Aquifer Storage and Recovery Project; and introduction of a new mobile app that allows customers to easily pay bills and check their account via phones and other mobile devices.

A key initiative during this fiscal year is the update to the 2007 Water Resources Management Strategy (WRMS), which will go into effect during the fiscal year. The new WRMS will incorporate the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the Station Engineer, Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it will take climate variability into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives will be used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options will be used to fill the gaps to meet future demand over the next 100-years.

The FY17 proposed budget includes \$250,000 to fund the addition of supplemental fluoride to the drinking water supply and an additional \$250,000 for the transfer to CIP to fund the capital costs associated with this project. The Water Authority ceased adding fluoride to the municipal drinking water supply in 2011 pending final recommendation on optimal fluoride levels from the federal government. The Centers for Disease Control

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

(CDC) eventually issued a recommended optimal level of 0.7 mg/L in 2015. Water Authority staff responded by developing a fluoridation plan to meet-as closely as possible-the recommended optimal level system-wide. That plan calls for the addition of fluoride at the Water Authority's San Juan-Chama plant, which treats all the surface water used throughout the Water Authority's system.

### **Operations**

The operational cornerstone of the WRMS is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After eight years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey. Over the last six years of drought, the water supply has been increasing in the Middle Rio Grande. A video documenting this success is available for viewing at:

<https://www.youtube.com/watch?v=Z6stQZw2L1M&feature=youtu.be>

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY17. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators for the water, wastewater and ground water plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Previous backlogs of work have been reduced significantly and preparation for implementation of new maintenance programs is underway.

The DWP provided 55% of all water distributed to Water Authority customers in calendar year 2015 even with more than six weeks of shutdown required by the State Engineer due to low flow conditions in the Rio Grande. The Water Authority's policy is to utilize as much surface water as possible to meet customer demand. In 2016, it is anticipated that flow conditions in the Rio Grande may limit the ability to divert in the late summer months similar to 2015. At the end of calendar year 2015, the Water Authority still had more than three years of stored water available through the DWP.

The Water Authority will continue to operate two potable water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future with the primary source of supply being treated surface water from the DWP. It is anticipated that approximately 70% of the area's long-term future water supply will be treated surface water from the DWP. The Water Authority continues to adjust funding for DWP operations as a history of operating costs is developed.

Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Water Authority's well system was evaluated during FY15 and a list of wells for renewal was prioritized. During FY17, there are plans to rehabilitate four existing wells as an interim measure for restoring lost production capacity. Another project looking into the use of several currently out of service "high arsenic wells" is along the Alameda Trunk, which could provide an additional 30 MGD or more of water supply. With this project, the well water would be conveyed to the San Juan-Chama Water Treatment Plant (SJCWTP) to remove arsenic, making it suitable for drinking. This project would be especially beneficial during drought periods when there is insufficient flow in the Rio Grande to allow diversions of surface water to the SJCWTP. During such times, instead of having to idle the plant, it could be used to treat the high arsenic well water. During FY17, pilot studies will be completed to refine the treatment process for water drawn from these wells. In addition, the Water Authority will start construction of blending and treatment facilities that will allow Corrales Well 2, a high arsenic well in the Corrales Trunk, to be returned to service for water supply. Lastly, Corrales Well 8, which supplies 39% of the low arsenic groundwater in the Corrales trunk will be converted from a gas engine driver to an electric motor driver that will increase its reliability and reduce mechanical maintenance costs.

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In FY17, the Water Authority will be commissioning the BCIP Pump Station that completes the recent western expansion of the College Trunk facilities. The Plant Groundwater facilities group will continue its field studies of reservoir stratification and determine which reservoirs would benefit from installation of active mixing systems to improve water quality. Groundwater will continue the Large Diameter Valve Exercise program at reservoirs, pump stations and well sites located in the Montgomery Trunk and then focus on those valves located at Freeway Trunk facilities.

The Water Authority began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, and final clarifier renovations. Construction of major renovations and improvements to the Solids Dewatering Facility will begin in FY17 with completion by the end of December 2017. Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems, and other SWRP facilities.

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Calendar year 2015 marked the second full season of irrigation by the initial group of 9 customers that connected to this system. These connections resulted in a reduction of potable water demands by 629 acre-feet. This project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol. The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The SWRP facility generates approximately 20% of its power requirements using digester gas and another 7% using renewable solar power from an on-site solar array.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost. During calendar year 2015, the Water Authority processed 49% of all bio-solids into compost which was nearly double the original goal to compost and sell at least 25% of the total quantity of bio-solids.

Wastewater Collections continues to implement the Capacity Management Operations and Maintenance (CMOM) program. The expanded closed circuit television (CCTV) inspection of 5% of the small diameter system provides for better maintenance and identification of specific rehab needs. Communication with entities potentially impacted by public or private sewage spills continues to be enhanced and documented in the Overflow Emergency Response Plan (OERP) which is a portion of the CMOM. The fleet of combination cleaning units is being renewed and provided with updated nozzles. The Fats, Oils, and Grease (FOG) busting and root foaming pilot programs will be evaluated in FY17. Collections will be completing asset management plans for the vacuum and lift station facilities.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. The division will begin implementation of safety programs to update in-house Utility Tech (UT) and Wastewater Worker (WWW) position certification programs. In FY17, the division will initiate valve condition and Pressure Reducing Valve (PRV)/vault replacement assessment programs.

The Water Resources Management division will be reorganized in FY17 into two divisions: Engineering and Water Resources. Water Resources Management will be focusing on further development of the Project Management Information System within the SharePoint application. The division will also be looking at completing the Guide to Development and initiating the Collection System Rehabilitation Program.

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

### **Compliance**

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. FY17 will see the completion of the implementation of the new Laboratory Information Management System (LIMS), LabVantage. LabVantage will allow the laboratory to accept digital sample submission forms and permit a move away from paper. The new system will also connect directly to analytical instruments, preventing data entry errors. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY15. The LIMS steering committee will be implementing the first phase of the new LIMS system, LabVantage during FY16. A complete listing of current Water Quality Laboratory processes have been developed that will help with the configuration of LabVantage.

The Long Term Enhanced Surface Water Treatment Rule 2 (LT2) monitoring will also occur during FY17. LT2 monitoring tests the source water at the surface water treatment plant for turbidity, E. Coli, and Cryptosporidium. This LT2 monitoring has been occurring since FY15, and preliminary results indicate very low levels of Cryptosporidium in the source water.

In the NPDES program, FY17 will bring recommendations to update the septage rates. These rates have not changed in over 5 years. Extra-strength surcharge data was collected during FY16 and recommendations to bring the charges more in line with the cost of service are being developed. The program will also bring forth updates to the Cross Connection Control Ordinance in FY17. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

The New Mexico Environment Department Drinking Water Bureau will be conducting the Sanitary Survey for the water system in May 2017. Both Groundwater Operations group and the Compliance Division are participating in advanced inspections of facilities to prepare for the survey. Past Sanitary Surveys have resulted in multiple citations for poor conditions of facilities and inadequate maintenance. The current work will use electronic reporting tools to record findings and post reports to SharePoint. Corrective actions will also be documented in Maximo using the Service Request feature to generate work orders if repairs are necessary.

Reimplementation of the HachWIMS software program is underway for the Water Quality program. Important improvements in data management and reporting capabilities are expected products of the project. Data is now in one central location that any reporting tool, like HachWIMS, can access. HachWIMS will assist in data verification, validation and approval processes that are not currently feasible in other software programs due to licensing issues.

Training opportunities for Compliance Division staff in FY17 include attendance at the EPA Region 6 Pretreatment Conference and the annual AWWA/WEF New Mexico Workshop. Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions.

### **Budget, Finance and Business Management**

In FY17, the Financial/Business Services division will complete a bond issue and refinancing of existing debt in the spring of 2017. The division will submit to the Government Finance Officers Association (GFOA) the FY17 Approved Budget for the Distinguished Budget Presentation Award, the FY16 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY16 Popular Annual Financial Report (PAFR) for the Popular Annual Financial Reporting Award. The

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division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

Customer Services (CSD) and Northwest Service Area (NWSA) have been successfully integrated into one group that handles call center, treasury, billing, new service applications, field operations and meter maintenance functions. CSD, Field Operations, and NWSA Field Operations & Maintenance sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo (Work Order & Asset Management) and Customer Care & Billing (CC&B) in order to create operating procedures for a paperless, real-time work order system, where field activities are dispatched, updated and closed out on a mobile platform. In addition, Clevest will be used to manage line spots and schedule and record the preventative maintenance activities on the meter change outs, box and valve replacement initiatives.

CSD will be implementing the Wells Fargo online payment and Integrated Voice Response (IVR) system which will simplify the user interface when making online payments and improve the IVR process for the Water Authority customers. Customer Services Field Operations will be implementing Phase 4 of the Automated Meter Infrastructure project which will move towards a 50% saturation of automated meters in the service area and the goal is to complete all work orders on the Clevest mobile solution. In FY17, the top 25 large meters will begin to be tested annually.

The upgrade and implementation CMMS system, Maximo, will commence during the 4th quarter of FY16, with an anticipated go-live date of June 30, 2017. The overall goals for the Maximo upgrade center around a technical upgrade to bring the system up to the latest revision (7.6), streamlining and implementing more efficient business processes, standardizing the Asset Management System and work order processing, and leveraging mobile features and workflow, including Clevest as a Mobile Workforce Solution, to increase efficiency within the various operational groups across the Water Authority. Additional benefits include workload management tracking, labor tracking, preventative maintenance and conditional monitoring, as well as cleaner data and significantly improved reporting functions, resulting in improved asset management functions and cost savings.

Information Technology (ITD) will begin an assessment and RFP creation for a major system upgrade to the Customer Care & Billing (CC&B) system during the 3rd quarter of FY17, with an anticipated project start during the 1st quarter of FY18. ITD will also continue to support and provide minor upgrades to SunGard, the financial/HR/payroll system, and Kronos, the enterprise timekeeping system.

In FY16, ITD completed the migration away from all network and telephonic dependencies from the City of Albuquerque. This has resulted in more efficient business processes, better reliability, improved metrics and reporting, and cost savings. In FY17, ITD will assess options to build in additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also conduct a network security and cyber-security audit and assessment. This will allow the Water Authority to better protect its data and customer data.

An additional \$2 million is reserved in the rate reserve fund. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

### **Employee Relations and Development**

In FY17, the Health and Wellness Specialist will continue offering wellness challenges for individuals and departments in conjunction with the Solutions Group as part of our health insurance. At least two (2) fitness challenges per quarter will be offered this year and will include nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. In addition, Authority Fit will be developing some

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signs that can be posted at Water Authority worksites to offer employees quick ways to exercise and mark out walking paths with distances for them to use around the premises. Downtown, walking routes with distances will be mapped out and distributed for employees to walk during their breaks and lunches.

Two Human Resources Analysts presented “Generational Differences” at the 2016 NM Water Workshop and plan to submit their presentation to the National Water Conference for presentation selection in FY17. Three members of the HR team will be attending the National Society for Human Resources Management Conference for the first time. This will give staff a valuable insight into market strategies for hiring, rewarding employees and developing our own leaders.

The Water Authority’s certification training programs continue to develop employees’ knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Major updates to the Treatment Plant Operator Program was implemented and will continue into FY17. Committees to update the Utility Technician Programs are formed and expected to finish a recommendation in FY17. Each fiscal year, there has been an increase in the number of utility operators obtaining their State of New Mexico Operator certification. In addition to traditional classroom and on-the-job training, employees will be able to access various training subjects online, making training more accessible to employees working non-traditional schedules (i.e. graveyard shift).

The proposed budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings as a result of a decrease in work-related losses. Funding for this program is contingent on the Water Authority generating the same or a greater amount in savings. This incentive program has been an effective tool in the reduction of the Water Authority’s Workers Compensation expense in half over two fiscal years.

## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The Albuquerque Bernalillo County Water Utility Authority can be examined by program. Comparing the revised budget for FY16 with the proposed FY17 budget shows changes in the Water Authority programs, excluding the interfund transfers.

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
Administration	2,033	1,832	1,832	1,814	2,511	679
Legal/Risk	4,816	4,074	4,074	4,568	4,595	521
Human Resources	1,210	1,373	1,373	1,292	1,409	36
Finance	3,350	3,700	3,700	3,685	4,060	360
Customer Services	7,392	8,963	8,963	8,584	8,934	(29)
Information Technology	6,191	5,686	5,686	5,990	6,964	1,278
Wastewater Plant	10,647	11,298	11,235	11,059	11,412	177
San Juan-Chama Water Treatment Plant	2,879	3,045	3,108	3,189	3,387	279
Groundwater Operations	5,531	5,790	5,876	5,782	6,302	426
Wastewater Collection	6,058	6,236	6,236	6,168	6,480	244
Water Field Operations	18,049	18,777	18,911	18,980	19,898	987
Compliance	4,149	5,186	4,986	4,484	5,269	283
Water Resources Management	6,235	7,199	7,179	6,317	-	(7,179)
Engineering	-	-	-	-	2,854	2,854
Water Resources	-	-	-	-	4,267	4,267
Power & Chemicals	19,694	18,482	18,482	19,081	18,732	250
Taxes	7,517	8,691	8,649	8,073	8,768	118
Overhead	1,423	1,843	1,885	1,939	2,123	239
San Juan Chama	2,257	2,247	2,247	2,283	2,247	-
 Total Enterprise Appropriations	 109,430	 114,422	 114,422	 113,288	 120,212	 5,790

### Expenditures

The proposed operating expenditures contain a net increase of \$9.8 million from FY16, including interfund transfers. This includes an increase of \$2.5 million in salaries and benefits, an increase in operating expenses of \$3.3 million, and a net increase in interfund transfers of \$4.0 million for the transfers to capital and debt service.

Personnel expenditures include a 1% increase in benefits as well as a 2% step increase in wages. Total personnel costs have increased by \$2.5 million as compared to FY16. One and one-half new mid-year positions were added in FY16 and an additional 5 new positions are requested per this budget. 2 Engineer Assistant positions were deleted from the FTE count. These positions will be budgeted as part-time positions. The positions added are: Network Administrator, Heavy Equipment Mechanic, Administrative Specialist, and 2 Utility Technicians. Total general operating costs increase \$3.4 million. Capital costs decrease by \$170,000. The interfund transfers increase by \$4.0 million which include a decrease to the debt service transfer of \$2.3 million (per the Debt Service Fund payment schedule) and a \$6.3 million increase in the transfer to the capital fund.

The Water Authority continues to strive to achieve a Fund Balance to 1/12th of the annual budgeted operating expenditures. The Working Capital balance at June 30, 2017 is projected to be \$9.6 million. The Water Authority will increase its General Fund Balance to 1/12th of the annual budgeted expenditures by FY17.

An additional \$2.0 million is proposed to increase the rate reserve fund balance. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

**Proposed Issue Papers and Initiatives** – Proposed issue papers were submitted by Water Authority divisions. The list below identifies the issues and divisions affected.

<b>Water Authority Proposed Issue Papers - FY17</b>	
<b>Fund 21 - General Fund</b>	<b>4,017,613</b>
<b>Administration</b>	
Customer Conversations	34,950
Asset Management Benchmarking Project	58,797
WERF Annual Membership	25,000
Reorganizing Planner/Shedulers & Asset Mgmt Analyst	83,749
Legal Fees	301,000
Legal/Risk - Principal Engineer position-FY16 mid-year addition	141,206
PRC Fines Contingency	50,000
<b>Financial Services</b>	
Transfer E-Commerce Payments to Finance	-
Move Meter Reading department to Customer Services Field	-
ITD Repairs & Maintenance-CIP reallocation and funding	1,202,461
ITD Reorganization	10,750
ITD-Network Administrator position	45,470
<b>Plant</b>	
WW Plant Ops - Overtime	104,000
WW Plant - Uniforms, Repairs/Maintenance, and Water/Wastewater	140,000
SJCWTP - Overtime	40,000
SJCWTP - Contract Services, Water/Wastewater, and Telephones	36,167
Groundwater Wells - Repairs/Maintenance and Grounds Maintenance	168,710
SCADA - Temporary Staffing	123,500
Control Systems Operators - Temporary Staffing	70,000
<b>Field</b>	
Fleet Maintenance - Heavy Equipment Mechanic position	74,667
Fleet Maintenance - Adminsitrative Specialist	61,456
Root Control	40,000
Line Location Enhancements - 2 Utility Technicians, vehicles, equipment	221,416
Montano Stockpile Improvements	30,000
Patching/Paving	400,000
Tools	48,500
<b>Compliance</b>	
Regulatory Compliance Manager position - FY16 mid-year addition	-
<b>WRM</b>	
Creation of Engineering and Water Resources divisions	-
<b>General Government</b>	
Funding for Annual Required Contribution (Retirees) to COA	170,814
Tuition Reimbursement Incentive programs	85,000
Supplemental Fluoride	250,000
<b>TOTAL</b>	<b>4,017,613</b>

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**Changes in Employment** - The proposed budget for FY17 shows a net increase of 4.5 new positions; 1.5 were FY16 mid-year additions, 2 positions (Engineer Assistant) were deleted from the FTE count and are budgeted as part-time and 5 are requested as part of this budget. The positions are: 1 Network Administrator, 1 Heavy Equipment Mechanic, 1 Administrative Specialist, and 2 Utility Technicians. In FY17, the Water Resources Management program has been divided into two programs: Engineering and Water Resources.

	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
POSITIONS:						
Administration	8	8	7	7	13	6
Legal/Risk	5	5	6	6	7	1
Human Resources	13	13	13	13	13	-
Finance	29	31.5	31.5	31.5	31.5	-
Customer Services	80	92	90	90	90	-
Information Technology	26	25	25	25	26	1
Wastewater Plant	99	99	94	94	92	(2)
San Juan-Chama Water Treatment Plant	27	26	29	29	28	(1)
Groundwater Operations	56	56	56	56	55	(1)
Wastewater Collection	60	60	61	61	61	-
Water Field Operations	126	117	121	121	124	3
Compliance	46	46	46	46	45.5	(1)
Water Resources Management	41	40	39	39	-	(39)
Engineering	-	-	-	-	23	23
Water Resources	-	-	-	-	16	16
General Government	9	9	9	9	7	(2)
<b>TOTAL FULL TIME POSITIONS</b>	<b>624.5</b>	<b>627.5</b>	<b>627.5</b>	<b>627.5</b>	<b>632.0</b>	<b>4.5</b>

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Details for Fund 21(General Fund) and Fund 31 (Debt Service Fund) can be found in the tables below.

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
<b><u>GENERAL FUND - 21</u></b>						
Administration	2,033	1,832	1,832	1,814	2,511	679
Legal/Risk	4,816	4,074	4,074	4,568	4,595	521
Human Resources	1,210	1,373	1,373	1,292	1,409	36
Finance	3,350	3,700	3,700	3,685	4,060	360
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Wastewater Plant	10,647	11,298	11,235	11,059	11,412	177
San Juan-Chama Water Treatment Plant	2,879	3,045	3,108	3,189	3,387	279
Groundwater Operations	5,531	5,790	5,876	5,782	6,302	426
Wastewater Collection	6,058	6,236	6,236	6,168	6,480	244
Water Field Operations	18,049	18,777	18,911	18,980	19,898	987
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Water Resources	-	-	-	-	4,267	4,267
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Taxes	7,517	8,691	8,649	8,073	8,768	118
Overhead	1,423	1,843	1,885	1,939	2,123	239
San Juan-Chama	2,257	2,247	2,247	2,283	2,247	-
Trfr from General Fund 21 to Rehab Fund 28	12,000	15,000	15,000	15,000	21,250	6,250
Trfr from General Fund 21 to Debt Service Fund 31	<u>69,160</u>	<u>72,842</u>	<u>72,842</u>	<u>72,842</u>	<u>70,628</u>	<u>(2,214)</u>
<b>Subtotal General Fund - 21</b>	<b><u>190,590</u></b>	<b><u>202,264</u></b>	<b><u>202,264</u></b>	<b><u>201,130</u></b>	<b><u>212,090</u></b>	<b><u>9,826</u></b>
 <b><u>DEBT SERVICE FUND - 31</u></b>						
Debt Service	35,203	72,842	72,842	71,166	76,264	3,422
Transfer to Growth Fund 29	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>4,474</u>	<u>(526)</u>
<b>Subtotal Debt Service Fund - 31</b>	<b><u>40,203</u></b>	<b><u>77,842</u></b>	<b><u>77,842</u></b>	<b><u>76,166</u></b>	<b><u>80,738</u></b>	<b><u>2,896</u></b>
<b>TOTAL</b>	<b><u>230,793</u></b>	<b><u>280,106</u></b>	<b><u>280,106</u></b>	<b><u>277,296</u></b>	<b><u>292,828</u></b>	<b><u>12,722</u></b>
<b>TOTAL WATER AUTHORITY APPROPRIATIONS</b>	<b><u>230,793</u></b>	<b><u>280,106</u></b>	<b><u>280,106</u></b>	<b><u>277,296</u></b>	<b><u>292,828</u></b>	<b><u>12,722</u></b>
Interfund Adjustment	<u>(69,160)</u>	<u>(72,842)</u>	<u>(72,842)</u>	<u>(72,842)</u>	<u>(70,628)</u>	<u>2,214</u>
<b>NET WATER AUTHORITY APPROPRIATIONS</b>	<b><u>161,633</u></b>	<b><u>207,264</u></b>	<b><u>207,264</u></b>	<b><u>204,454</u></b>	<b><u>222,200</u></b>	<b><u>14,936</u></b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
<b><u>GENERAL FUND - 21</u></b>						
<b>100 WATER AUTHORITY:</b>						
005 Executive Director	1,565	1,356	1,356	1,329	1,483	127
006 COO's Office	468	476	476	485	1,028	552
<b>PROGRAM APPROPRIATION</b>	<b>2,033</b>	<b>1,832</b>	<b>1,832</b>	<b>1,814</b>	<b>2,511</b>	<b>679</b>
<b>RISK:</b>						
010 Legal/Risk	4,816	4,074	4,074	4,568	4,595	521
<b>PROGRAM APPROPRIATION</b>	<b>4,816</b>	<b>4,074</b>	<b>4,074</b>	<b>4,568</b>	<b>4,595</b>	<b>521</b>
<b>110 HUMAN RESOURCES:</b>						
015 Human Resources	1,210	1,373	1,373	1,292	1,409	36
<b>PROGRAM APPROPRIATION</b>	<b>1,210</b>	<b>1,373</b>	<b>1,373</b>	<b>1,292</b>	<b>1,409</b>	<b>36</b>
<b>120 FINANCE:</b>						
020 Finance	3,350	3,700	3,700	3,685	4,060	360
<b>PROGRAM APPROPRIATION</b>	<b>3,350</b>	<b>3,700</b>	<b>3,700</b>	<b>3,685</b>	<b>4,060</b>	<b>360</b>
<b>130 CUSTOMER SERVICES:</b>						
025 Customer Services & Billing	4,284	4,633	4,633	4,439	4,654	21
030 CS Meter Reading	1,782	1,901	1,901	1,918	-	(1,901)
031 Customer Service Field	1,325	2,429	2,429	2,228	4,280	1,851
<b>PROGRAM APPROPRIATION</b>	<b>7,392</b>	<b>8,963</b>	<b>8,963</b>	<b>8,584</b>	<b>8,934</b>	<b>(29)</b>
<b>140 INFORMATION TECHNOLOGY:</b>						
035 Information Technology	6,191	5,686	5,686	5,990	6,964	1,278
<b>PROGRAM APPROPRIATION</b>	<b>6,191</b>	<b>5,686</b>	<b>5,686</b>	<b>5,990</b>	<b>6,964</b>	<b>1,278</b>
<b>150 WASTEWATER PLANT:</b>						
040 WW Plant Administration	341	286	286	262	293	7
045 WW Cogen	510	872	935	503	961	26
050 WW Mechanical	4,132	4,476	4,350	4,303	4,272	(78)
055 WW Plant Operations	4,052	3,902	3,902	4,176	4,149	247
060 WW MDC	88	63	63	51	63	-
065 WW SAF	1,513	1,554	1,554	1,664	1,529	(25)
070 WW Warehouse	12	20	20	6	19	(1)
115 South Reuse	-	126	126	94	126	-
<b>PROGRAM APPROPRIATION</b>	<b>10,647</b>	<b>11,298</b>	<b>11,235</b>	<b>11,059</b>	<b>11,412</b>	<b>177</b>
<b>160 SJC WATER TREATMENT PLANT:</b>						
075 San Juan-Chama Water Treatment Plant	2,879	2,975	3,038	3,143	3,317	279
100 College Arsenic Treatment	-	70	70	46	70	-
<b>PROGRAM APPROPRIATION</b>	<b>2,879</b>	<b>3,045</b>	<b>3,108</b>	<b>3,189</b>	<b>3,387</b>	<b>279</b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
<b>170 GROUNDWATER SYSTEM:</b>						
085 WA Wells, PS, Boosters, Reservoirs	3,247	3,386	3,472	3,347	3,640	168
090 GW Treatment	1,120	1,253	1,253	1,277	1,315	62
095 WA Control System Operators	682	734	734	727	802	68
096 SCADA	412	389	389	407	516	127
100 College Arsenic Treatment	43	-	-	-	-	-
105 WA MDC	3	8	8	14	8	-
110 North Reuse	7	21	21	10	21	0
115 South Reuse	19	-	-	-	-	-
<b>PROGRAM APPROPRIATION</b>	<b>5,531</b>	<b>5,790</b>	<b>5,876</b>	<b>5,782</b>	<b>6,302</b>	<b>426</b>
<b>180 WASTEWATER COLLECTIONS:</b>						
120 WW Gravity	4,384	4,543	4,543	4,497	4,677	134
125 WW Lift Station Operations	1,674	1,693	1,693	1,670	1,803	110
<b>PROGRAM APPROPRIATION</b>	<b>6,058</b>	<b>6,236</b>	<b>6,236</b>	<b>6,168</b>	<b>6,480</b>	<b>244</b>
<b>190 WATER FIELD OPERATIONS:</b>						
126 Fleet Maintenance	3,196	3,708	3,928	3,599	3,866	(62)
130 WA Customer Requests	496	665	665	554	633	(32)
135 WA Distribution Lines	11,943	12,587	12,587	13,108	13,681	1,094
140 WA Meter NS/Repairs	896	-	-	-	-	-
145 WA Field Administration	1,518	1,818	1,732	1,719	1,718	(14)
<b>PROGRAM APPROPRIATION</b>	<b>18,049</b>	<b>18,777</b>	<b>18,911</b>	<b>18,980</b>	<b>19,898</b>	<b>987</b>
<b>200 COMPLIANCE:</b>						
150 Laboratory	1,676	2,242	2,117	2,004	2,304	187
155 NPDES	1,321	1,616	1,616	1,397	1,651	35
160 Water Quality	1,152	1,328	1,253	1,083	1,314	61
<b>PROGRAM APPROPRIATION</b>	<b>4,149</b>	<b>5,186</b>	<b>4,986</b>	<b>4,484</b>	<b>5,269</b>	<b>283</b>
<b>210 WATER RESOURCES MGMT:</b>						
165 Central Engineering	1,676	1,961	1,941	1,823	-	(1,941)
170 One Stop Shop Enterprise	257	260	260	240	-	(260)
175 Maps & Records	408	533	533	462	-	(533)
180 Water Resources Planning	1,057	1,146	1,146	963	-	(1,146)
185 Water Conservation	2,667	2,895	2,895	2,635	-	(2,895)
190 Groundwater Protection	169	356	356	178	-	(356)
195 Arsenic Removal	0	48	48	16	-	(48)
<b>PROGRAM APPROPRIATION</b>	<b>6,235</b>	<b>7,199</b>	<b>7,179</b>	<b>6,317</b>	<b>-</b>	<b>(7,179)</b>
<b>211 ENGINEERING:</b>						
165 Central Engineering	-	-	-	-	1,835	1,835
170 One Stop Shop Enterprise	-	-	-	-	429	429
175 Maps & Records	-	-	-	-	542	542
195 Arsenic Removal	-	-	-	-	48	48
<b>PROGRAM APPROPRIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,854</b>	<b>2,854</b>
<b>212 WATER RESOURCES:</b>						
180 Water Resources Planning	-	-	-	-	1,027	1,027
185 Water Conservation	-	-	-	-	2,909	2,909
190 Groundwater Protection	-	-	-	-	331	331
<b>PROGRAM APPROPRIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,267</b>	<b>4,267</b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
<b>220 GENERAL GOVERNMENT:</b>						
200 Power	12,690	11,541	11,541	11,796	11,541	-
206 SJCWTP Chemicals	4,127	3,896	3,896	4,595	4,146	250
207 GW Chemicals	130	262	262	142	262	-
208 WW Treatment Chemicals	736	875	875	656	875	-
209 Collections Chemicals	2,011	1,908	1,908	1,892	1,908	(0)
<b>PROGRAM APPROPRIATION</b>	<b>19,694</b>	<b>18,482</b>	<b>18,482</b>	<b>19,081</b>	<b>18,732</b>	<b>250</b>
200 Taxes	7,517	8,691	8,649	8,073	8,768	118
<b>PROGRAM APPROPRIATION</b>	<b>7,517</b>	<b>8,691</b>	<b>8,649</b>	<b>8,073</b>	<b>8,768</b>	<b>118</b>
200 Overhead	549	503	545	625	802	257
205 Early Retirement	163	400	400	261	400	-
210 CIP Funded Employees	711	940	940	1,053	921	(19)
<b>PROGRAM APPROPRIATION</b>	<b>1,423</b>	<b>1,843</b>	<b>1,885</b>	<b>1,939</b>	<b>2,123</b>	<b>239</b>
<b>230 SAN JUAN-CHAMA:</b>						
215 San Juan-Chama	2,257	2,247	2,247	2,283	2,247	-
<b>PROGRAM APPROPRIATION</b>	<b>2,257</b>	<b>2,247</b>	<b>2,247</b>	<b>2,283</b>	<b>2,247</b>	-
<b>TRANSFER FROM FUND 21 TO 28</b>						
200 General Government	12,000	15,000	15,000	15,000	21,250	6,250
<b>PROGRAM APPROPRIATION</b>	<b>12,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>21,250</b>	<b>6,250</b>
<b>TRANSFER FROM FUND 21 TO 31</b>						
200 General Government	69,160	72,842	72,842	72,842	70,628	(2,214)
<b>PROGRAM APPROPRIATION</b>	<b>69,160</b>	<b>72,842</b>	<b>72,842</b>	<b>72,842</b>	<b>70,628</b>	<b>(2,214)</b>
<b>DEBT SERVICE FUND - 31</b>						
<b>250 DEBT SERVICE</b>						
230 DS - NM Loans	13,042	12,954	12,954	11,277	13,178	224
235 DS - Loans	65	-	-	-	-	-
240 DS - Revenue Bonds	22,096	59,888	59,888	59,889	63,086	3,198
<b>PROGRAM APPROPRIATION</b>	<b>35,203</b>	<b>72,842</b>	<b>72,842</b>	<b>71,166</b>	<b>76,264</b>	<b>3,422</b>
<b>260 UEC TRANSFER</b>						
245 DS - UEC Transfer	5,000	5,000	5,000	5,000	4,474	(526)
<b>PROGRAM APPROPRIATION</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>4,474</b>	<b>(526)</b>

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

### **Financial Plan**

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY16 thru FY25. This plan takes into account the Water Authority's Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps the Water Authority plan for future potential expenditure levels in both operating and capital and compare them to the estimated revenue resources for each projected Fiscal Year. The plan shows the effects of the budget on the Water Authority's Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Water Authority forecasts the rate revenue adjustment of 5% that was approved by the Board for FY18.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Capital Funds</b>										
Needs: Basic ( Min 50% cash Trans)	37,000	47,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
<b>Increase for Rehab/Asset Mgt F</b>	3,000	6,000	14,000	12,000	15,000	18,000	21,000	24,000	27,000	30,000
Water Reclamation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>Southside Reuse</b>	-	-	-	-	-	-	-	-	-	-
<b>Steel Line</b>	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>AMI</b>	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Special Projects</b>	6,000	-	-	-	-	-	-	-	-	-
Valley Utility Projects	-	-	-	-	-	-	-	-	-	-
<b>Resources:</b>										
Beginning Bal.	3,888	28,988	1,562	29,662	1,762	29,862	1,962	30,062	2,162	30,262
Trf. from Operating	15,000	21,000	29,000	27,000	30,000	33,000	36,000	39,000	42,000	45,000
Trf. from Debt Service	5,000	4,474	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Bond Proceeds	57,000	10,000	56,000	-	56,000	-	56,000	-	56,000	-
Bond Proceeds Yucca/Central	6,000	-	-	-	-	-	-	-	-	-
Adjustments		2,000								
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
<b>Subtotal</b>	86,888	66,462	92,562	62,662	93,762	68,862	99,962	75,062	106,162	81,262
Interest on Above	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
<b>Total</b>	87,988	67,562	93,662	63,762	94,862	69,962	101,062	76,162	107,262	82,362
<b>Balance June 30</b>	28,988	1,562	29,662	1,762	29,862	1,962	30,062	2,162	30,262	2,362
<b>Debt Service Fund</b>										
<b>Future Bond Interest=</b>										
<b>Resources:</b>										
Interest Income	-	100	100	100	100	100	100	100	100	100
UECs	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transfer from 21	72,842	71,089	68,626	79,805	79,539	79,348	79,248	78,645	72,756	77,501
Adjustments/Misc	-	-	-	-	-	-	-	-	-	-
Bg. Fund Balance	2,512	7,173	5,670	5,670	5,670	5,670	5,670	5,670	5,670	5,670
<b>Total</b>	83,354	86,362	82,396	93,575	93,309	93,118	93,018	92,415	86,526	91,271
<b>Expenditures:</b>										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	5,000	4,474	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Debt Service	71,166	75,168	69,676	75,060	74,794	68,808	68,708	62,310	56,421	55,368
Advanced Rehab		1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035
FY24 Bond Proceeds										5,795
FY22 Bond Proceeds										5,795
FY18 Bond Proceeds					5,795	5,795	5,795	5,795	5,795	5,795
FY20 Bond Proceeds						5,795	5,795	5,795	5,795	5,795
<b>Total</b>	76,181	80,692	76,726	87,905	87,639	87,448	87,348	86,745	80,856	85,601
<b>Fund Balance</b>	7,173	5,670	5,670	5,670	5,670	5,670	5,670	5,670	5,670	5,670

## Operating Fund

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Resources</b>										
<b>Total</b>	207,804	224,286	240,306	247,292	253,886	256,256	265,067	268,388	274,098	280,001
<b>Expenditures</b>										
<b>Total</b>	201,594	211,839	221,991	233,612	238,836	244,185	249,676	254,715	254,522	265,016
<b>Resources over Comm.</b>	6,210	12,447	18,315	13,680	15,050	12,071	15,392	13,673	19,576	14,985
<b>Rate Increases</b>	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	3.00%	0.00%
<b>Accum. Inc. from 2004</b>	21.0%	21.0%	26.0%	26.0%	31.0%	31.0%	36.0%	36.0%	39.0%	39.0%
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025

## ***REVENUE OUTLOOK***

*Proposed  
Operating Budget  
FY17*

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

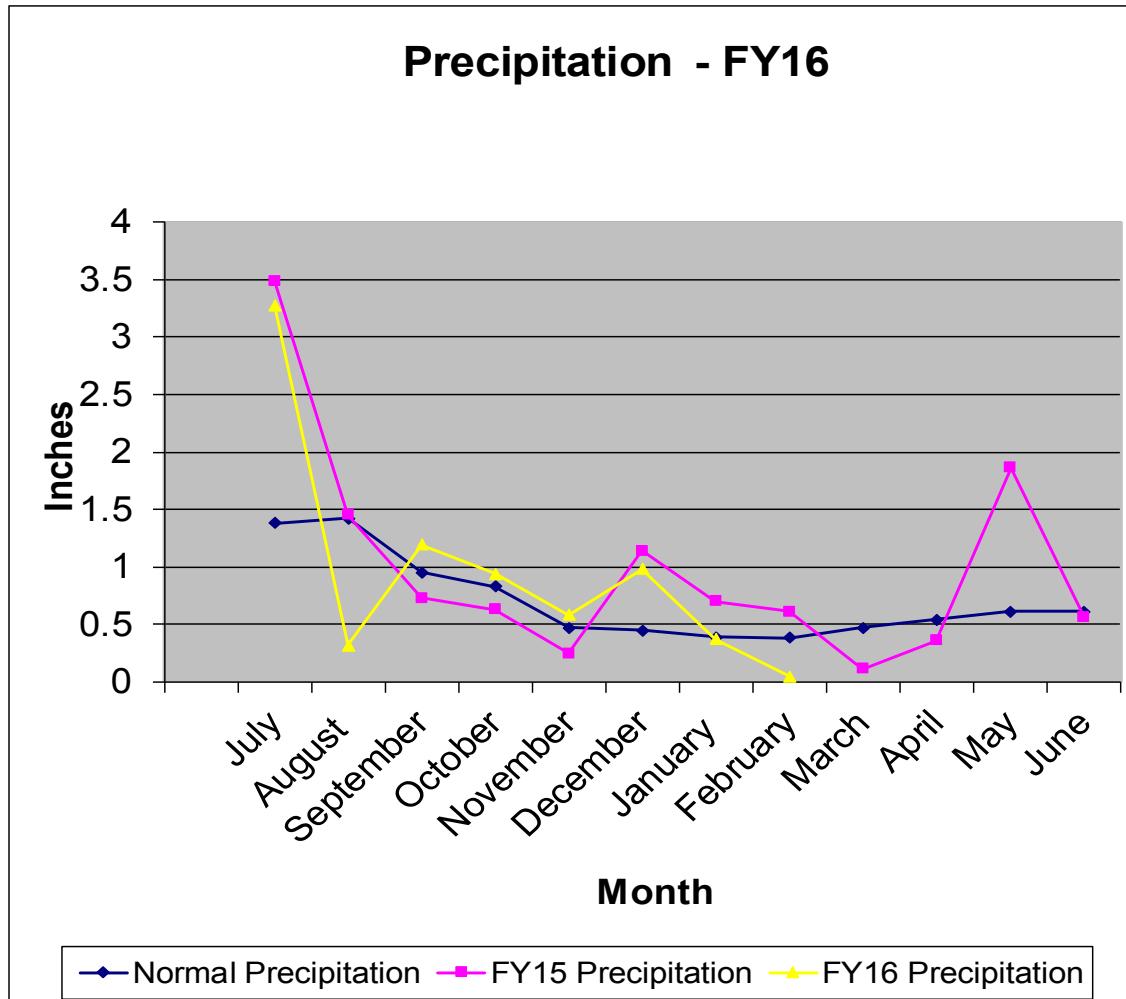
## **REVISED FY15 AND PROPOSED FY17 REVENUE PROJECTIONS**

The Water Authority's revenue projections are summarized in the two tables included in this section. Table 1, General Fund 21, presents the operating budgeted revenue for FY17 as compared to budget FY16. Table 2, Debt Service Fund 31, also provides for the same comparison as Table 1. For FY15, the actual audited results are reported, and for FY16, budgeted revenues and estimated actual are reported as well.

### **REVISED FY16 REVENUE ESTIMATES**

Total Water Authority operating fund revenues for FY16 are anticipated to be \$214.5 million. The system has seen minimal growth in the service area.

A history of the precipitation for FY15 and FY16 as compared to the average moisture that the service area has received since the beginning of the fiscal year is seen in the chart below.



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## PROPOSED BUDGET REVENUE ESTIMATES FOR FY17

Budgeted total Water Authority Operating Revenues for FY17 are \$217.0 million representing increase of \$2.5 million over the budgeted FY16 amount, due to increases in rate revenue.

The revenue decrease for FY17 in the Debt Service Fund is projected to be \$2.2 million, which reflects an overall savings achieved by refinancing bond issues in the Water Authority's debt portfolio in FY15.

### GENERAL FUND 21

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
<b>RESOURCES:</b>						
Rate Revenue						
Water System	102,133	108,127	84,677	84,677	87,677	3,000
Contr/Aid/Hookups	383	375	375	375	375	-
Metered Water Sales - Reuse	431	550	-	-	-	-
Water Facilities Rehab	11,867	6,902	30,902	30,902	30,902	-
Water Resources Management	4,170	4,500	4,500	4,500	4,500	-
Wastewater System	40,710	70,124	54,124	54,124	54,124	-
Wastewater Facilities Rehab	<u>23,294</u>	<u>9,562</u>	<u>25,562</u>	<u>25,562</u>	<u>25,562</u>	-
<b>Total Rate Revenue</b>	<b>182,989</b>	<b>200,140</b>	<b>200,140</b>	<b>200,140</b>	<b>203,140</b>	<b>3,000</b>
Other Revenue						
Solid Waste Admin Fee	1,323	1,339	1,339	1,339	1,401	62
DMD Admin Fee	-	-	-	-	349	349
PNM Pass Thru	-	-	-	-	-	-
Interest on Investments	44	10	10	10	100	90
Miscellaneous Revenue	<u>2,776</u>	<u>4,104</u>	<u>4,104</u>	<u>4,104</u>	<u>2,970</u>	(1,134)
<b>Total Other Revenue</b>	<b>4,143</b>	<b>5,453</b>	<b>5,453</b>	<b>5,453</b>	<b>4,820</b>	<b>(633)</b>
Franchise Fee Revenue						
Franchise Fee - City	6,466	7,271	7,271	7,271	7,380	109
Franchise Fee - Valley	570	639	639	639	649	10
Franchise Fee - Rio Rancho	1	1	1	1	1	-
Franchise Fee - Los Ranchos	<u>72</u>	<u>80</u>	<u>80</u>	<u>80</u>	<u>81</u>	1
<b>Total Franchise Fee Revenue</b>	<b>7,110</b>	<b>7,991</b>	<b>7,991</b>	<b>7,991</b>	<b>8,111</b>	<b>120</b>
Transfers from Other Funds						
CIP Funded Employees	<u>748</u>	<u>940</u>	<u>940</u>	<u>940</u>	<u>921</u>	(19)
<b>Total Transfers</b>	<b>748</b>	<b>940</b>	<b>940</b>	<b>940</b>	<b>921</b>	<b>(19)</b>
Total Current Resources	194,990	214,524	214,524	214,524	216,992	2,468
Beginning Working Capital Balance	<u>(10,676)</u>	<u>(8,722)</u>	<u>(8,722)</u>	<u>(8,722)</u>	<u>4,672</u>	<u>13,394</u>
<b>TOTAL RESOURCES</b>	<b><u>184,314</u></b>	<b><u>205,802</u></b>	<b><u>205,802</u></b>	<b><u>205,802</u></b>	<b><u>221,664</u></b>	<b><u>15,862</u></b>

Note: The beginning working capital balance does not include GASB 45 or the rate reserve.

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

**DEBT SERVICE FUND 31**

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	PROPOSED BUDGET FY17	PROP 17/ REV 16 CHG
<b>RESOURCES:</b>						
Miscellaneous Revenues:						
Expansion Charges (UEC)	7,541	8,000	8,000	8,000	8,000	0
Total Miscellaneous Revenues	7,541	8,000	8,000	8,000	8,000	0
Transfer from Other Funds:						
Rehab - 28	-	-	-	-	-	-
General - 21	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Transfers	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Current Resources	76,701	80,842	80,842	80,842	78,628	(2,214)
Beginning Fund Balance	515	48,798	48,798	48,798	7,188	(41,610)
<b>TOTAL RESOURCES</b>	<b>77,217</b>	<b>129,640</b>	<b>129,640</b>	<b>129,640</b>	<b>85,816</b>	<b>(43,824)</b>

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **ECONOMIC OUTLOOK**

The following is based on the January 2016 forecasts from IHS Global Insight (IHS). Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios.

### **NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK**

The national economy influences the Albuquerque and New Mexico economy in a variety of ways. Interest rates affect purchasing and construction. Federal government spending affects the local economy through spending and employment at the federal agencies, the national labs and military bases. Inflation affects prices of local purchases and wages and salaries of employees.

#### **Baseline Scenario**

The baseline forecast reflects a probability of 65%; the real Gross Domestic Product (GDP) is slightly weaker for 2016 (2.7% vs. 2.9%) and 2017 (2.9% vs. 3.0%). The changes in 2016 are due to a stronger dollar, a softening of residential and non-residential investment and marginally stronger federal government spending.

The key assumptions include:

- The Federal Reserve will continue to gradually tighten money, with the federal funds rate target hitting 1.50% by the end of 2016, and peaking at 3.25% by the end of 2017.
- GDP growth among major-currency trading partners is still assumed to average 1.8% annually from 2015 through 2025. The dollar is expected to appreciate by 4.9% by 2016Q3 and gradually weaken thereafter.
- IHS lowered its outlook for oil prices, with an expected average cost at \$36.75 per barrel in 2016Q1, increasing to \$52.20 per barrel in 2017, and climb by an average of \$8.00 per barrel over the final three years of the forecast.

Nationally, the unemployment rate as of February 2016 is 4.9%, and the number of unemployed persons is at 7.8 million. Over the year, the unemployment rate and the number of unemployed persons were down by 0.6 percentage points and 831,000, respectively.

Even though the national and regional unemployment rates have come down, labor markets continue to disappoint, with job growth moving at a slower pace than is needed to fully recover. The New Mexico unemployment rate has fallen from a high of 8.0% in 2010 to 6.8%, and the Albuquerque metro area unemployment rate is currently at 6.5%. However, the declines in New Mexico's unemployment rates have been associated mostly with reductions in labor force participation, not robust job creation.

IHS forecast indicates inflation picks up in 2016 as lower oil prices begin to reverse and core Consumer Price Index (CPI) inflation hits 1.9% in 2016 and 2.0% in 2017. The inflation-adjusted dollar appreciates 6.4% against the broad index of trading partners' currencies in 2016 and begins to decline in the third quarter.

The low inflation expectation also plays into moderate increases in interest rates. IHS believes that the Federal Reserve Bank (FRB) will hike the Federal Funds rate four times in 2016, ending the year at 1.5%.

#### **Pessimistic Scenario**

The pessimistic scenario is assigned a probability of 20%. In this scenario, GDP growth slumps to 0.9% in 2016 with recession in the second and third quarters. Consumer spending slows sharply, up 1.9% in 2016 and 2017. Consumer confidence plunges through mid-2017 and begins slow recovery thereafter at depressed levels. Oil prices show averages of \$43 per barrel during 2016 and rebounds to \$57 per barrel in 2017, exceeding baseline thereafter as supply tightens. Inflation (CPI) shows weak demand that keeps inflation below 2.0% until 2017 but an inflationary environment takes hold and inflation exceeds the baseline starting

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

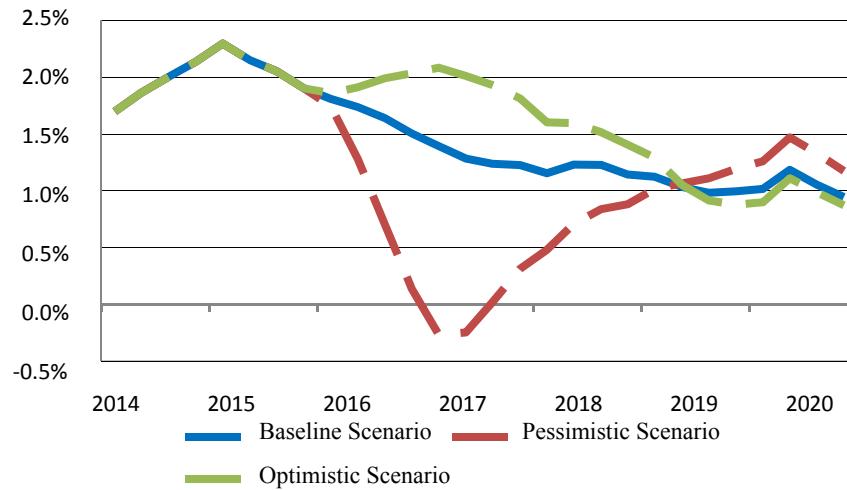
late 2017. In addition, the Federal Reserve abstains from additional rate increases until 2018; thereafter, the funds rate remains elevated in the face of inflationary pressure.

### **Optimistic Scenario**

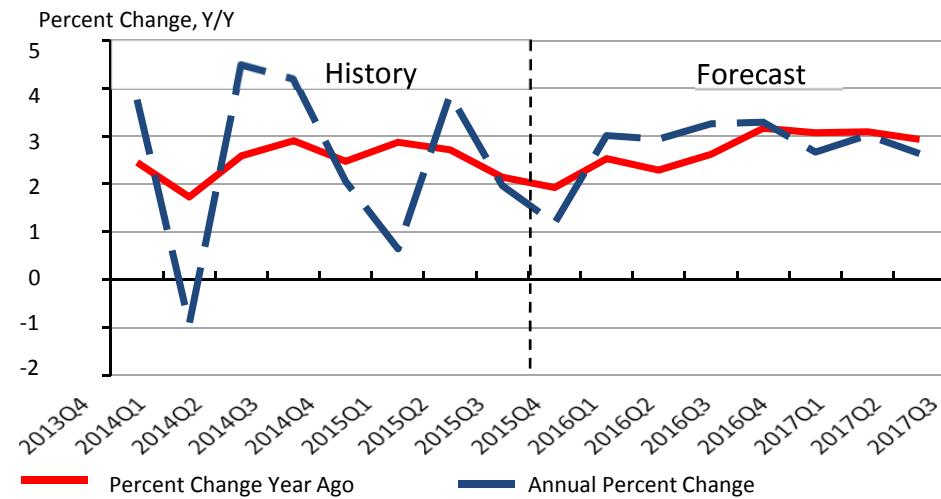
The optimistic scenario is assigned a probability of 15%. In this scenario, GDP growth shows a stronger rebound as improved wages and payroll employment feed a housing recovery, up 3.4% in 2016 and 3.9% in 2017. Consumer spending indicates an economy leader as incomes rise, up 2.9% in 2016 and 3.9% in 2017. Consumer confidence rebounds strongly through mid-2018 and then retreats, leveling off higher than in the baseline. Oil prices rise to \$64 per barrel by the end of 2016 but trends below the baseline thereafter. And inflation (CPI) shows core prices exceed the baseline through 2017 but then rejoin it in 2020. And the Federal Reserve will raise interest rates above 2% in 2016 and settle just beneath the 4% range in the longer term.

The following charts provide information on some of the key measures in the forecast.

**US Total Employment Growth - 3 Scenarios**

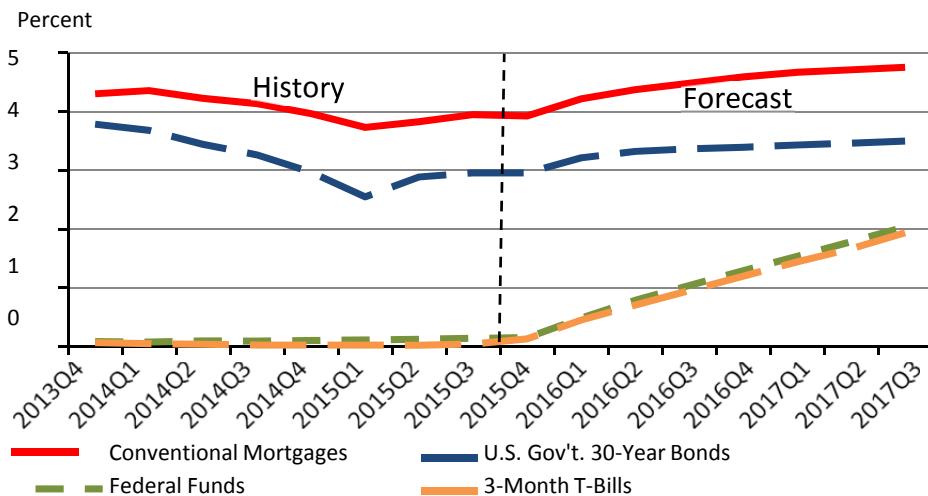


**U.S. Real GDP Growth**

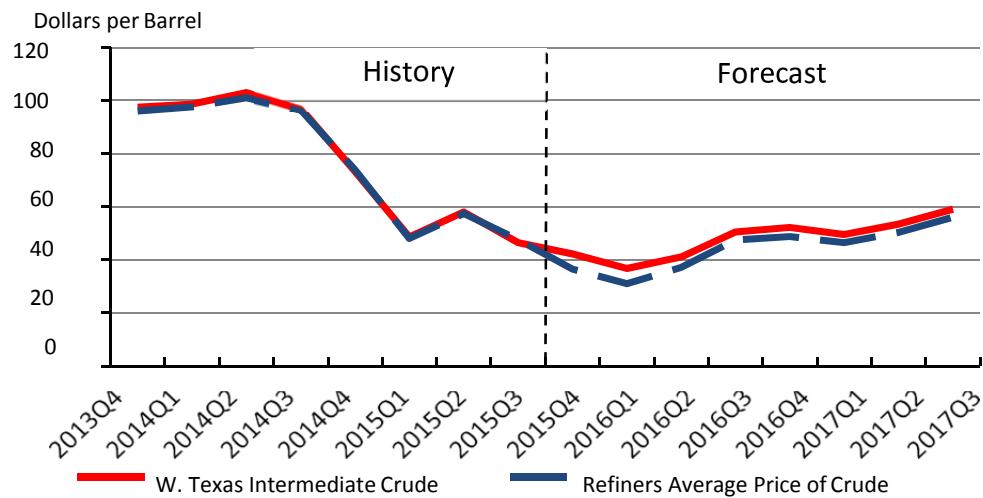


# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

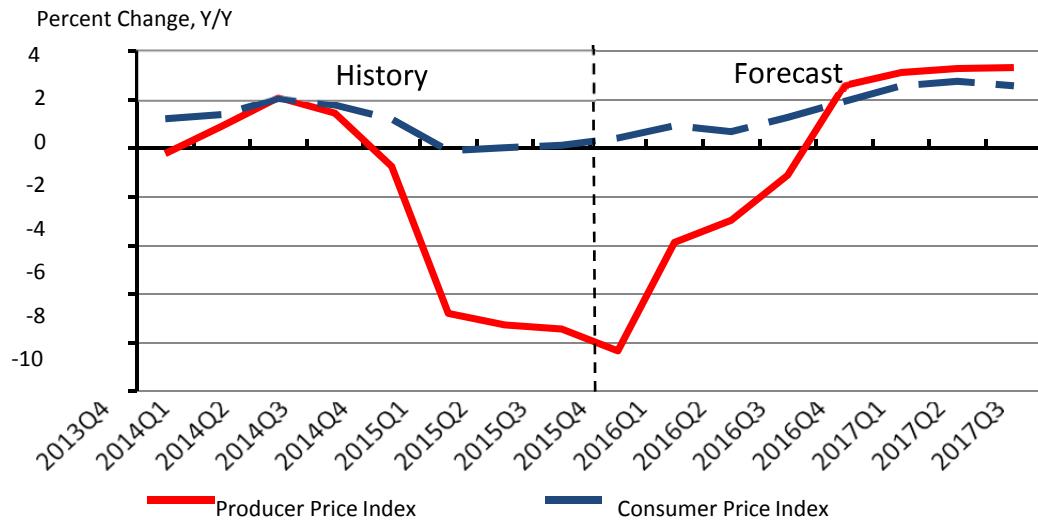
## Interest Rates



## Oil Prices



## Inflation



# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **ALBUQUERQUE METRO ECONOMY**

The outlook for the Albuquerque economy is developed by the Bureau of Business and Economic Research (BBER) at the University of New Mexico. They use national forecasts from IHS and local insights to develop forecasts of the state and local economy. The BBER FOR-UNM forecasting model for January 2016 provides the forecast of the Albuquerque economy that is presented in the following section.

### **Albuquerque MSA Employment**

According to the most recent data from the Current Employment Statistics (CES), the Albuquerque MSA economy forecast points to a solid growth for the remainder of the year. In the third and fourth quarters of 2015, growth was at 1.8%. However, the Albuquerque MSA has seen it come in a bit faster than the final quarterly data. BBER believes that the trend suggests job growth will come in slower than CES estimate at 1.4%.

Moving forward to 2016, the total employment in the Albuquerque MSA is forecasted to advance 1.4%. The private sector is forecasted to add 1.8% for the year and the government sector, on the other hand, is expected to lose -0.1% in the year. Solid contributors to growth include healthcare and social assistance sector jobs due to the impacts of the Affordable Care Act that continue to resonate through the year.

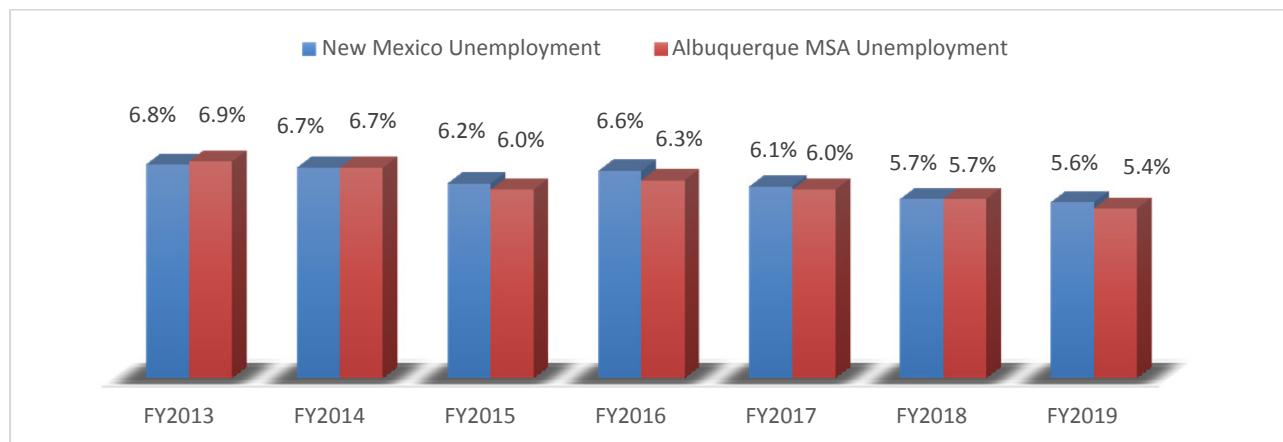
The construction sector is forecasted to add 3.8% in 2016 for that sector's fourth consecutive year of job creation. 2016 should mark this sector's fastest growth since prior to the last recession as homebuilding expands and businesses make needed investments.

Accommodation and food services has been one of the strongest sectors since the start of the current recovery. This sector should expand for the sixth consecutive year by 1.8% Retail trade is projected to add jobs by 1.3%. Like accommodation and food services, this sector has performed well during the recovery, however, retail trade is still projected to be well below its pre-recessionary employment level.

In the public sector, federal government is forecasted to drop jobs in 2016 (-1.6%) while the local government subsector is expected to be flat. State government, however, is forecasted to help offset the public sector trend and add approximately 0.8%.

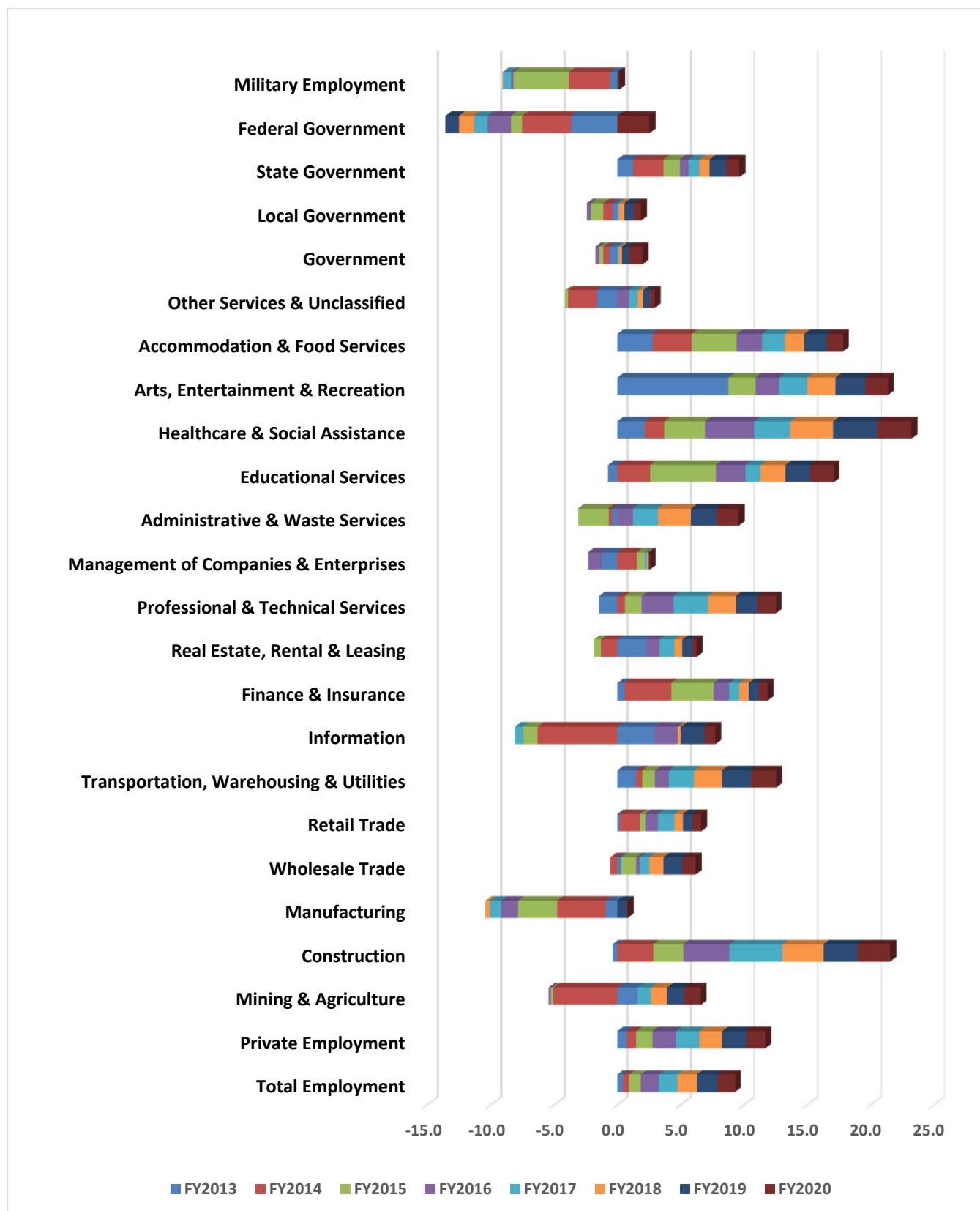
In the longer term, through 2020, the Albuquerque MSA economy is forecasted to add 27,717 jobs for 1.5% average annual growth (AAG). Most of the growth over the period will be concentrated in the private sector (1.8%); however, the government sector will also contribute (0.5%).

### **Unemployment Rate History and Forecasted**



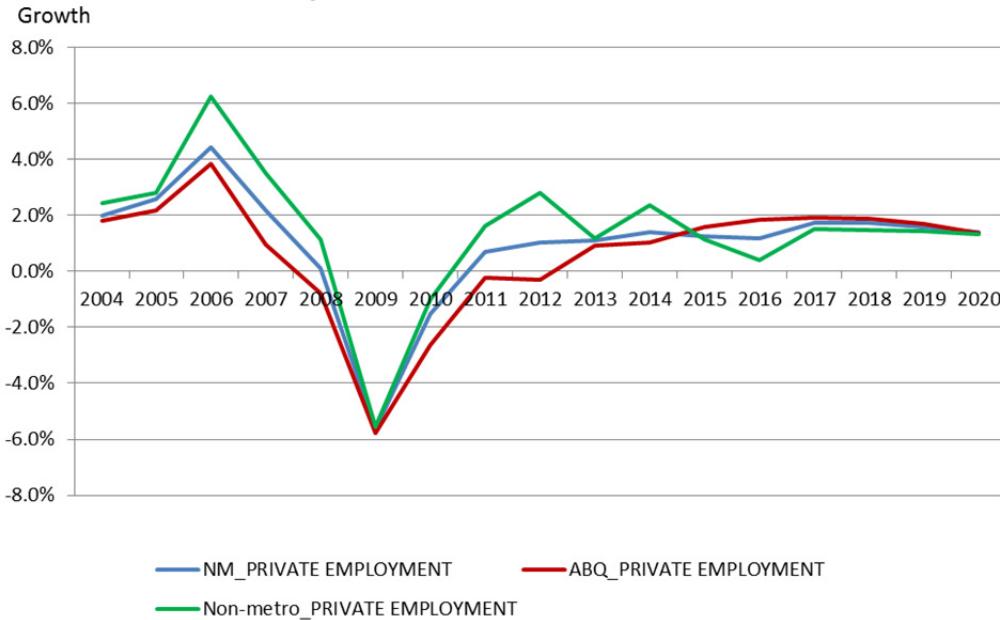
# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Albuquerque MSA Total Employment Change in Growth by Sector Type

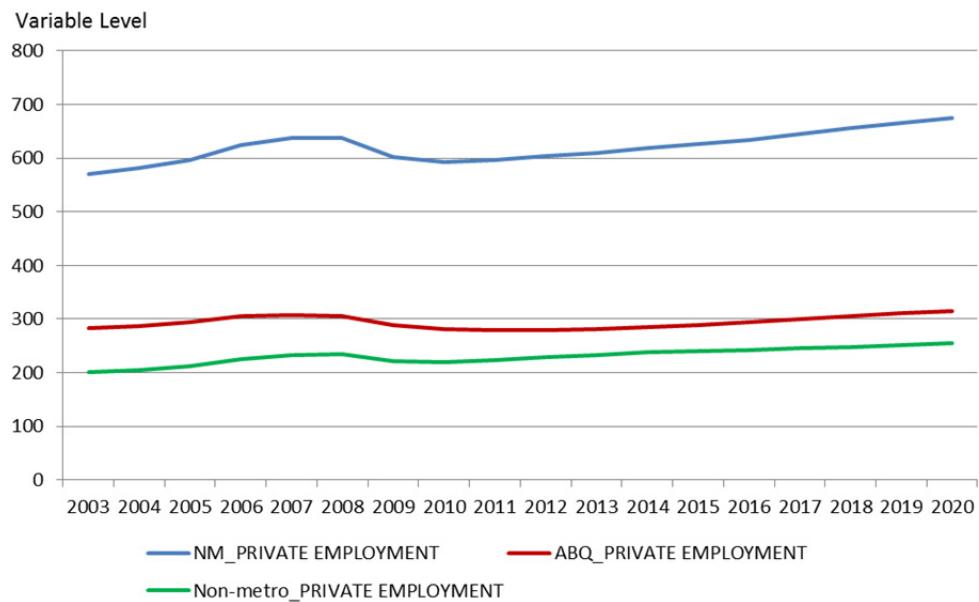


# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Annual Growth - History & Forecast



## Annual Levels - History & Forecast



## Housing & Construction

Reflecting the national slump, New Mexico housing permits fell 30% in 2007, 38% in 2008, 19% in 2009 and by 4.8% in 2010, when the home-buyer credits helped to stimulate some new construction. Total number of housing units permitted declined further by 11% in 2011. Permits bounced back in 2012, growing by 31% before retreating by 2.6% in 2013 and further by 13.5% in 2014. The first quarter of 2015 showed some life

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

as permits advanced 5.8% compared to the same quarter a year earlier; however, permits were flat in the second quarter.

Higher housing sales, up 10% statewide during the first ten months of 2015, have begun to result in a modest increase in median sales values. Preliminary data suggest that housing construction is beginning to respond, at least in Albuquerque, but more time is needed to determine the trend.

Construction permits show the trends in construction and the types of construction. Construction is categorized as new construction or additions, alterations, and repairs. New construction is further separated as residential and commercial.

Total housing permits in the City of Albuquerque are expected to slowly increase throughout the forecast with the largest gains in 2016 and 2017. Total housing permits in 2016 are forecasted to grow by 656 (59.3%) permits over a year earlier to 1,763 permits, with about 70% of the permits being the single-family variety (1,281 permits) and the remainder in multi-family (544 permits). Thereafter, total permits are expected to number 2,253 in 2017, 2,489 in 2018, 2,571 in 2019, and 2,645 in 2020. In general, multi-family permits should make up from 550 to 700 per year, with the balance being made up of single-family. Although permits are expected to reach their highest level since before the recession in 2020, this level will only equate to 46% of the previous peak reached in 2003 (5,716 total permits in that year).

### **Housing Permits - NM & Albuquerque Breakdown (Thousands)**

	2013	2014	2015	2016	2017	2018
NM Total Housing Units Authorized	5.254	4.548	4.688	5.539	6.446	7.157
% Change Year Ago	-2.6%	-13.4%	3.1%	18.2%	16.4%	11.0%
NM Single-Family Housing Units	3.713	3.469	3.660	4.253	5.075	5.503
% Change Year Ago	3.3%	-6.6%	5.5%	16.2%	19.3%	8.4%
NM Multi-Family Housing Units	1.541	1.079	1.027	1.286	1.371	1.654
% Change Year Ago	-14.5%	-30.0%	-4.8%	25.2%	6.6%	20.6%
City of Albuquerque Total Housing Units	1.846	1.179	1.106	1.763	2.253	2.489
% Change Year Ago	10.2%	-36.1%	-6.2%	59.3%	27.8%	10.5%
City of Albuquerque Single-Family Housing Units	0.849	0.873	1.002	1.218	1.669	1.870
% Change Year Ago	-8.7%	2.8%	14.8%	21.5%	37.0%	12.1%
City of Albuquerque Multi-Family Housing Units	0.997	0.306	0.104	0.544	0.584	0.619
% Change Year Ago	33.8%	-69.3%	-66.1%	424.1%	7.2%	6.1%

Coming out of losses for twenty-three consecutive quarters, the construction sector jobs has now added jobs for eleven consecutive quarters although the rate of job growth would be described as slow-moving. Nevertheless, gains in this sector are encouraging, given how badly the sector was decimated since the last recession when the sector fell from 31,181 jobs in 2006 to only 18,596 jobs in 2012.

Looking forward, the construction sector is forecasted to finally begin to add jobs at a consistent pace (3.4%), with growth fairly even throughout the period. By 2020, employment in this sector is now expected to hit 76% of the pre-recession peak of 31,181 reached in 2006, a slight improvement compared to the October 2015 forecast.

### **Construction Employment (Thousands)**

	2013	2014	2015	2016	2017	2018
New Mexico Construction Employment	42.170	42.763	43.721	44.694	45.932	46.930
% Change Year Ago	2.6%	1.4%	2.2%	2.2%	2.8%	2.2%
Albuquerque MSA Construction Employment	19.250	19.682	20.212	20.970	21.854	22.476
% Change Year Ago	2.6%	1.4%	2.2%	2.2%	2.8%	2.2%

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Labor Force Statistics from the Current Population Survey

### Original Data Value

Series title: (Seas) Unemployment Rate

Labor force status: Unemployment rate

Type of data: Percent or rate

Age: 16 years and over

Years: 2006 to 2016

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>United States</b>												
<b>2006</b>	4.7	4.8	4.7	4.7	4.6	4.6	4.7	4.7	4.5	4.4	4.5	4.4
<b>2007</b>	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
<b>2008</b>	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
<b>2009</b>	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
<b>2010</b>	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
<b>2011</b>	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
<b>2012</b>	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
<b>2013</b>	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.3	7.3	7.2	6.9	6.7
<b>2014</b>	6.6	6.7	6.7	6.2	6.2	6.1	6.2	6.2	6.0	5.7	5.8	5.6
<b>2015</b>	5.7	5.5	5.5	5.4	5.5	5.3	5.3	5.1	5.1	5.0	5.0	5.0
<b>2016</b>	4.9	4.9										
<b>New Mexico</b>												
<b>2006</b>	4.4	4.3	4.1	3.9	4.1	5.0	4.8	4.4	4.1	3.8	3.7	3.4
<b>2007</b>	4.0	3.8	3.7	3.5	3.6	4.4	4.2	3.7	3.6	3.5	3.5	3.5
<b>2008</b>	4.1	3.9	4.0	3.7	3.9	4.9	4.9	4.7	4.6	4.6	4.9	5.2
<b>2009</b>	6.5	6.7	7.3	7.2	7.6	8.7	8.4	8.0	7.6	7.5	7.5	7.4
<b>2010</b>	8.1	8.1	8.2	7.9	8.1	9.0	8.8	8.4	8.0	7.7	7.6	7.3
<b>2011</b>	7.9	7.6	7.3	7.0	7.1	8.1	8.0	7.8	7.6	7.4	7.3	7.2
<b>2012</b>	7.8	7.4	7.2	6.6	6.7	7.8	7.7	7.2	6.8	6.7	6.7	6.7
<b>2013</b>	7.4	7.1	6.7	6.4	6.5	7.7	7.5	7.1	6.9	6.9	6.8	6.6
<b>2014</b>	7.2	7.0	6.9	6.4	6.5	7.5	7.4	6.9	6.6	6.3	6.3	6.0
<b>2015</b>	6.7	6.7	6.6	6.2	6.4	7.4	7.2	6.7	6.4	6.3	6.3	6.2
<b>2016</b>	6.5	6.3										
<b>Albuquerque MSA</b>												
<b>2006</b>	4.1	3.9	3.7	3.6	3.8	4.7	4.6	4.3	4.0	3.7	3.6	3.3
<b>2007</b>	3.9	3.6	3.5	3.3	3.4	4.3	4.2	3.8	3.7	3.6	3.6	3.5
<b>2008</b>	4.0	3.9	4.0	3.7	3.9	5.0	4.9	4.8	4.9	5.0	5.2	5.4
<b>2009</b>	6.7	7.1	7.6	7.5	7.8	9.0	8.7	8.2	7.9	7.7	7.6	7.4
<b>2010</b>	7.8	7.8	7.9	7.7	7.9	9.0	8.8	8.5	8.2	7.8	7.7	7.2
<b>2011</b>	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
<b>2012</b>	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
<b>2013</b>	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
<b>2014</b>	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
<b>2015</b>	6.4	6.3	6.1	5.8	6.0	7.0	6.8	6.4	6.1	6.0	5.9	5.7
<b>2016</b>	5.8	5.7										

## *CAPITAL BUDGET*

*Proposed  
Operating Budget  
FY17*

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

### **What are Capital Improvements?**

Capital Improvements include the purchase, construction, replacement, addition or major repair of public facilities, infrastructure, and equipment. The selection and evaluation of capital projects involves analysis of Water Authority requirements, speculation on growth, the ability to make estimates, and the consideration of historical perspectives. A “Capital Project” has a monetary value of at least \$5,000, has a useful life of more than two years, and results in the creation or revitalization of a fixed asset. A capital project is usually relatively large compared to other “capital outlay” items in the annual operating budget.

### **How are Capital Improvements Funded?**

The Water Authority’s Capital program is comprised of different categories of projects, each with its own funding rules. The Basic Program is funded by recurring revenues generated from the water/wastewater rate structure. Special Projects are done outside of the Basic Program but are funded from the same revenue stream that funds the Basic Program.

The current Rate Ordinance states that, on average, 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds. The balance of capital funding is obtained through revenue bond or loan financing.

The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program.

System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Water Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test.

The Water Authority has increased in recent years its utilization of state and federal grants to fund some Capital Improvement Projects in part or in whole.



# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **What is the Capital Improvement Plan (CIP)?**

The CIP is a multiyear plan used to identify and coordinate capital needs in a way that maximizes the return to the ratepayers. Advance planning of all Water Authority projects helps the Board, staff, and public make choices based on rational decision-making, rather than reacting to events as they occur. The CIP represents improvements that are viewed as urgent and can be funded from available revenue and/or reserve sources. The system of CIP management is important because: (1) the consequences of investments and capital improvements extend far into the future; (2) decisions to invest are often irreversible; (3) such decisions significantly influence a community's ability to grow and prosper.

## **The CIP Process**

The development and update of the CIP is an ongoing activity. It is part of the overall budgeting process since current year capital improvements are implemented through adoption of the annual budget. Specific activities in the process are:

- **Establishing Timetables, Goals, and Objectives:**

At the onset of the budgeting process, the CIP update begins with formal budget planning decisions between management and department heads. Timetables are set that extend through development and final adoption of the budget. Water Authority goals and objectives are reviewed to ensure that they are being met through the budget cycle.

- **Taking Inventory and Developing Proposals:**

Staff gathers information about the Water Authority's capital facilities and equipment in order to assess the condition of each. Staff carefully considers construction, repair, replacement, and additions. From there, a list of proposed projects and equipment is developed.

- **Conducting Financial Analysis:** Finance staff conducts financial analysis of historic and projected revenues and expenses in order to estimate the Water Authority's cash flow and long term financial condition. Capital financing alternatives are identified and recommendations are prepared to match the type of funding most appropriate for specific capital improvements.

## **The CIP Ten-Year (Decade) Plan**

The blueprint for the Water Authority's Basic Program is its Decade Plan, a ten-year capital plan required to be updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements. The Decade Plan includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Water Authority Board with at least one public hearing and due deliberation. In those fiscal years where the Decade Plan must be updated, the new Decade Plan must be approved by the Water Authority's Board before that year's Capital Program budget can be approved. This policy ensures there is always an approved two-year planning element in place for every approved annual Basic Program budget. Fiscal Year 2017 is the second year of the two-year planning element included in the FY16 – FY25 Decade Plan approved by the Board in June, 2015.

## **FY17 Water Authority Capital Improvement Program Budget**

The FY17 capital program appropriation totals \$67.1 million. \$59.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$4.1 million is appropriated for special projects.

The \$4.1 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$350,000 for various renewable energy projects,

## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

\$474,000 for water rights enhancements, and \$250,000 for the addition of supplemental fluoride to the drinking water supply. There are no appropriations in the proposed FY17 CIP budget for projects that will be funded with revenues from FY18 or later.

Demonstrated in the table below is a detailed listing of all the Level 1 priority renewal projects, special projects, and growth related projects.

<b>Project Description</b>	<b>FY15 Actual (000's)</b>	<b>FY16 Budget (000's)</b>	<b>FY17 Budget (000's)</b>
<b>Basic Program Appropriations:</b>			
Sanitary Sewer Pipeline Renewal	\$ 3,856	\$ 7,125	\$ 13,600
Drinking Water Pipeline Renewal	2,824	9,115	8,630
Southside Water Reclamation Plant Renewal	31,745	17,450	26,520
Soil Amendment Facility (SAF) Renewal	182	200	50
Lift Station and Vacuum Station Renewal	1,171	875	2,375
Odor Control Facilities Renewal	-	310	60
Drinking Water Plant Groundwater System Renewal	1,748	3,120	2,400
Drinking Water Plant Treatment Systems Renewal	3,687	3,285	1,800
Reuse Line and Plant Rehab	215	920	70
Compliance	97	-	195
Shared Renewal	1,485	700	400
Franchise Agreement Compliance	922	2,000	2,000
Vehicles and Heavy Equipment	-	900	900
<b>Level 1 Priority Renewal Projects Total</b>	<b>\$ 47,932</b>	<b>\$ 46,000</b>	<b>\$ 59,000</b>
<b>Special Projects:</b>			
Steel Waterline Rehab	\$ 816	\$ 1,000	\$ 1,000
Automated Meter Infrastructure (AMI)	1,664	2,000	2,000
Renewable Energy Projects	110	350	350
Dedicated Water Rights Enhancement	3,124	-	474
San Juan-Chama Drinking Water Project	90	-	-
San Juan-Chama Mitigation	147	-	-
SunGard ERP Project	34	-	-
Water Trust Board No. 206	1,121	-	-
Issuance Costs	2,273	-	-
NMED Grand SAP 14 1600 STB	408	-	-
Magnesium Hydro Project	270	-	-
Yucca and Central Odor Control	-	6,000	-
Supplemental Fluoride	-	-	250
<b>Special Projects Total</b>	<b>\$ 10,057</b>	<b>\$ 9,350</b>	<b>\$ 4,074</b>
<b>Combined Level 1 Priority Renewal and Special Project</b>	<b>\$ 57,989</b>	<b>\$ 55,350</b>	<b>\$ 63,074</b>
<b>Growth Projects:</b>			
Drinking Water Plant Facilities Growth	\$ 258	\$ -	\$ -
Land Acquisition	22	-	-
Water Rights and Storage	15	-	-
Development Agreements	741	1,250	1,250
Management Information Systems/Geographical Information Systems (MIS/GIS)	2,305	2,000	2,000
Master Plans	17	500	500
Miscellaneous Growth	229	250	250
<b>Level 1 Priority Growth Projects Total</b>	<b>\$ 3,587</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>
<b>Grand Total</b>	<b>\$ 61,576</b>	<b>\$ 59,350</b>	<b>\$ 67,074</b>

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **FY17 Capital Program Highlights**

A capital investment of \$250,000 will be necessary to add supplemental fluoride to the drinking water supply. The Water Authority ceased adding fluoride to the municipal drinking water supply in 2011 pending final recommendation on optimal fluoride levels from the federal government. The Centers for Disease Control (CDC) eventually issued a recommended optimal level of 0.7 mg/L in 2015. Water Authority staff responded by developing a fluoridation plan to meet – as closely as possible – the recommended optimal level system-wide. That plan calls for the addition of fluoride at the Water Authority’s San Juan-Chama plant, which treats all the surface water used throughout the Water Authority’s system. This is a secure facility, designed for safe handling of bulk chemicals.

One of the major projects in the basic rehabilitation program is the Solids Dewatering Facility (SDF). During FY15, an evaluation was completed to determine if it would be more cost effective in terms of life-cycle costs to rehab the existing SDF or construct a brand new facility. The results of this evaluation determined that a rehab alternative is the most efficient and cost effective method in moving forward with this project. Design for this project and advertising is scheduled during FY16 with construction to begin in early FY17. Funding will be used to design and construct improvements to the SDF. The improvements will provide a safer work environment, better and more reliable solids dewatering performance, and reduce maintenance costs.

Another significant project is the replacement of the Water Authority’s wells. Over 40 percent of the wells are older than fifty years. Sixty years is the typical maximum life of a well before replacement is required. Funding will be used to contract with a consultant to recommend the location of replacement wells. An estimate for each well replacement is \$2.0 million. The Decade Plan shows funding for the replacement of twelve wells.

The Corrales Trunk Collector Pipeline project will be in construction in FY17. This project will reactivate the Corrales Well #2 to provide water to the existing arsenic treatment system at the Corrales Well #3 site, improving the supply in the trunk by 2 to 3 MGD.

A smaller but significant project ongoing at the Southside Water Reclamation Plant (SWRP) is the continuing effort to upgrade the plant wide electrical and instrumentation controls. In FY17, designs for replacement of underrated Power Panels, Motor Control Centers (MCC), and Switchgears (SWGR) at the SWRP will be complete and construction of the replacements is anticipated to begin. The electrical gear at the reclamation plant has reached or has passed its design life which makes it difficult for the plant to keep the electrics in a good and safe working condition. There are negative impacts on reliability as a result which has impacted treatment processes during plant wide facility power outages and been responsible for NPDES discharge permit violations.

The funding plan of capital improvement spending for renewing the existing digesters and adding additional capacity is established into phases. Phase 1 will be to fix the existing mechanical, electrical, and instrumentation systems. The spending for this work will be covered in Decade Plan Line No. 304.

At the same time as the Phase 1 Rehab, the first phase of capacity increases will occur through the addition of more liquid digested sludge storage (i.e., the construction of a new 2.0-mil gal tank). Designs for the conversion from secondary to primary digestion will be complete in FY17. A second phase of capacity increase is indicated at the end of the decade. The spending for capacity expansion will be covered in Decade Plan Line No. 325.

Decade Plan Line No. 332 will cover the second phase of the rehab of the existing digesters. This work can be done once there is more available liquid digested sludge storage and two additional primary digesters.

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

This will allow pairs of primary digesters to be taken off-line for several months to allow structural repairs and the renewal of interior coatings.

The largest planned project other than at the water reclamation plant is the sanitary interceptor system, which is the backbone of the Water Authority's current sewer collection system. It is designed to carry large flows from the collection line system for delivery to the plant for treatment. There are over 242 miles throughout the service area of interceptor lines which range in size.

46 percent of the current interceptors within the system are made of concrete and have suffered substantial hydrogen sulfide corrosion damage along the upper portions of pipe. This ultimately results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way. Funding for this program will provide evaluation, planning, design, construction, and related activity necessary for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond rehabilitation. The spending is dedicated in Decade Plan Line No. 102.

Related to the interceptor rehab program is the Odor Control System in the collections system. In FY17, the Yucca/Central interceptor will be re-routed to eliminate the odor problems experienced at the intersection. The incorporation of vortex-type manholes will allow the flows and the air to move through the system and not escape into the environment as it did in the past. The Odor Control System Master Plan development is also to begin in FY17. This master plan will guide the rehab and replacement of the existing systems with the intent of improving the efficiency and effectiveness of the overall system.

The non-potable water system at the SWRP has been in operation for over two years now. During the initial start-up, issues with the disinfection system were encountered. The addition of ammonium sulfate was found to be the key to keeping the disinfectant residuals to acceptable standards for proper compliance reporting. During FY17, the new Ammonium Sulfate Storage and Feed Facility construction will be complete and operational. This will eliminate the need for the existing temporary feed system in place.

The remainder of the Basic rehabilitation program is primarily focused on line contingency work and normal maintenance work in the groundwater plant system with minimal planned projects.

## *DEBT OBLIGATIONS*

*Proposed  
Operating Budget  
FY17*

## **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

### **DEBT OBLIGATIONS**

The joint water and sewer system (the “Water/Sewer System”) was owned by the City of Albuquerque, New Mexico (the “City”) and operated by its Public Works Department until December 17, 2003. Revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10, NMSA 1978) which created the Albuquerque Bernalillo County Water Utility Authority (Water Authority) and provided that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System would be transferred to the Water Authority. The legislation also provided that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Water Authority and that the Water Authority shall not impair the rights of holders of outstanding debts of the Water/Sewer System. The legislation also required that the New Mexico Public Regulation Commission audit the Water/Sewer System prior to the transfer of money, assets and debts of the Water/Sewer System; the audit was completed December 2003. The policy-making functions of the Water/Sewer System have been transferred to the Water Authority. The Water Authority and the City entered into a Memorandum of Understanding (MOU) dated January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer System until June 30, 2007. In 2005, the New Mexico Legislature amended Section 7-1-10, NMSA 1978, to provide the Water Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Water Authority as a political subdivision of the state. On March 21, 2007 the Water Authority and City entered into a new MOU, effective July 1, 2007. At that time, the Utility employees transitioned from the City and became employees of the Water Authority.

The outstanding Water Authority parity obligations are currently rated “Aa2” by Moody’s, “AA+” by S&P and “AA” by Fitch.

The total outstanding obligation indebtedness of the Water Authority as of April 1, 2016 is \$621.274 million shown in the table on the next page.

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

April 1, 2016

RATINGS: Aa2/AA+/AA

	<u>FINAL MATURITY</u>	<u>ORIGINAL AMT ISSUED</u>	<u>AMOUNT RETIRED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATES</u>
<b>SENIOR DEBT OBLIGATIONS</b>					
Bonds Series 2006A	7/1/2026	133,390,000	126,480,000	6,910,000	4.25-5.25%
Bonds Series 2009A-1	7/1/2034	135,990,000	77,335,000	58,655,000	3.00-5.50%
Bonds Series 2013A	7/1/2038	62,950,000	5,485,000	57,465,000	3.00-5.00%
Bonds Series 2013B	7/1/2024	55,265,000	7,605,000	47,660,000	3.00-5.00%
Bonds Series 2014A	7/1/2026	97,270,000	-	97,270,000	3.00-5.00%
Bonds Series 2015	7/1/2033	211,940,000	-	211,940,000	3.00-5.00%
NMFA Loan No. 03	5/1/2017	77,005,000	71,465,000	5,540,000	3.00-5.00%
NMFA Loan No. 07 2316-ADW	7/1/2031	1,000,000	184,403	815,597	3.00-5.00%
NMFA Loan No. 15	6/1/2036	<u>53,400,000</u>	<u>13,990,000</u>	<u>39,410,000</u>	<u>3.00-5.00%</u>
<b>SUBTOTAL - SENIOR DEBT OBLIGATIONS</b>		<b>\$ 828,210,000</b>	<b>\$ 302,544,403</b>	<b>\$ 525,665,597</b>	
<b>SUBORDINATE &amp; SUPER SUBORDINATE DEBT OBLIGATIONS</b>					
Bonds Series 2014B	7/1/2025	\$ 87,005,000	\$ 450,000	\$ 86,555,000	3.00-5.00%
NMFA Loan No. 04 1727-AD	5/1/2030	10,426,232	2,543,736	7,882,496	1.00-5.00%
NMFA Loan No. 05 WTB-79	6/1/2030	100,000	32,958	67,042	0.25%
NMFA Loan No. 06 WTB-51	6/1/2029	50,000	16,530	33,470	0.25%
NMFA Loan No. 11 WTB-177	6/1/2030	200,000	58,955	141,045	0.25%
NMFA Loan No. 12 WTB-205	7/1/2031	452,000	88,601	363,399	0.25%
NMFA Loan No. 13 WTB-206	7/1/2031	640,000	125,453	514,547	0.25%
NMFA Loan No. 14 WTB-207	7/1/2031	<u>63,354</u>	<u>12,419</u>	<u>50,935</u>	<u>0.25%</u>
<b>SUBTOTAL - SUBORDINATE &amp; SUPER SUBORDINATE DEBT OBLIGATIONS</b>		<b>\$ 98,936,586</b>	<b>\$ 3,328,652</b>	<b>\$ 95,607,934</b>	
<b>TOTAL DEBT OBLIGATIONS</b>		<b><u>\$ 927,146,586</u></b>	<b><u>\$ 305,873,055</u></b>	<b><u>\$ 621,273,531</u></b>	

## *APPENDIX*

*Proposed  
Operating Budget  
FY17*

## ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS

### Numerical Rounding

Budgets were developed using whole numbers. When program strategies were summarized, each was rounded to the nearest one thousand. Rounding makes for ease of reading when reviewing the document.

### Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position.
- This base is increased or decreased for all wage adjustments for FY17 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.0%, PERA remains at 20.16% for blue and white collar and management/professional, this amount does include the additional 1.5% required by the PERA Legislation, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (health, dental, group life, unemployment compensation) – 25.86%.
- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

### Operating Expenses

Division managers were required to provide detailed information supporting FY17 budget requests for contract services, supplies and repairs and maintenance. Other FY17 operating expenses were equal to FY16 appropriated amounts. One-time appropriations for FY16 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY17, utilities (gas, electricity, and water/wastewater) were budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increases in workload, or a special need not previously funded.
- Workers' Compensation and other insurance, tort and risk expenses are treated as expenses in the Legal/Risk department for FY17. These amounts are identified based on the historical experience and exposure factors relative to the Water Authority.
- Vehicle maintenance charges are estimated for FY17 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.
- Fuel costs have been appropriated for FY17 per the US Energy Information Administration forecast of oil prices. The forecast for gasoline prices is \$2.12/gallon and for diesel is \$2.44/gallon.

### Capital Expenditures

New and replacement property items are included in the appropriate program appropriations within each of the funds.

## ACRONYMS

**A2LA** – American Association for Laboratory Accreditation

**ABCWUA** – Albuquerque Bernalillo County Water Utility Authority

**AFH** – Affordable Housing

**AFL-CIO** – American Federation of Labor and Congress of Industrial Organizations

**AFSCME** - American Federation of State, County and Municipal Employees

**AMI** – Automated Meter Infrastructure

**AMP** – Asset Management Plan

**AMR** – Automated Meter Reader

**APS** – Albuquerque Public Schools

**ASOMS** – Albuquerque Sewer Operations Management Strategy

**ASR** – Aquifer Storage and Recovery

**AWWA** – American Water Works Association

**BBER** – University of New Mexico, Bureau of Business and Economic Research

**CAC** – Customer Advisory Committee

**CAFR** – Comprehensive Annual Financial Report

**CC&B** – Customer Care and Billing

**CCTV** – Closed Circuit Television

**CDC** - Centers for Disease Control

**CIP** - Capital Implementation or Improvements Program

**CIS** – Customer Information System

**CMDWWCA** – Carnuel Mutual Domestic Water and Waste Water Consumer Association

**CMMS** – Computerized Maintenance Management System

**CMOM** – Capacity Management Operations & Maintenance Program

**COLA** - Cost-of-Living Adjustment

**CPI-U** - Consumer Price Index for all Urban Consumers

**CSD** – Customer Services program

**CWA** – Clean Water Act

**D & C** – Design and Construct

**DAF** – Dissolved Air Floatation

**DOE** - Department of Energy

**DOL** - Department of Labor

**DS** - Debt Service

**DWL** – Drinking Water Loan

**DWP** – San Juan–Chama Drinking Water Project

**EID** – Environmental Improvement Division

**EPA** – Environmental Protection Agency

**ERP** – Enterprise Resource Planning

**EUM** – Effective Utility Management

**FOG** – Fats, Oils, & Grease

**FRB** – Federal Reserve Bank

**FTE** - Full-time Equivalent Position

**FY** - Fiscal Year

**GASB** - General Accounting Standards Board

**GDP** - Gross Domestic Product

**GFOA** - Government Finance Officers Association

**GI** – Global Insight economic forecasting, formerly Data Resources Wharton Econometric Forecasting Associates International

**GIS** – Geographic Information System

**GPCD** – Gallons per capita per day

**GPPAP** - Groundwater Protection Policy and Action Plan

## ACRONYMS

<b>GPS</b> – Global Positioning System	<b>O/M</b> – Operations and Maintenance
<b>GRT</b> – Gross Receipts Tax	<b>OERP</b> – Overflow Emergency Response Plan
<b>HMO</b> – Health Maintenance Organization	<b>OSHA</b> – Occupational Safety and Health Administration
<b>HR</b> – Human Resources	<b>P&amp;I</b> – Principal and Interest
<b>IDOH</b> - Indirect Overhead	<b>PAFR</b> – Popular Annual Financial Report
<b>IPC</b> – Indicators Progress Commission	<b>PERA</b> - Public Employees Retirement Association
<b>ITD</b> – Information Technology Program	<b>PNM</b> – Public Service Company of New Mexico
<b>IVR</b> – Interactive Voice Response	<b>PTF</b> – Preliminary Treatment Facility
<b>IWA</b> – International Water Audit	<b>REC</b> – Renewable Energy Credit
<b>KAFB</b> – Kirtland Air Force Base	<b>RFP</b> - Request for Proposal(s)
<b>LIMS</b> – Laboratory Information Management System	<b>RRAMP</b> – Reclamation Rehabilitation and Asset Management Plan
<b>LT2</b> – Long Term Enhanced Surface Water Treatment Rule 2	<b>SAD</b> - Special Assessment District
<b>MDC</b> – Metropolitan Detention Center	<b>SAF</b> – Soil Amendment Facility
<b>MGD</b> – Million Gallons per Day	<b>SCADA</b> – Supervisory Control and Data Acquisition
<b>MIS</b> – Management Information System	<b>SDF</b> – Solids Dewatering Facility
<b>MOU</b> – Memorandum of Understanding	<b>SDWA</b> – State Drinking Water Act
<b>MRGCOG</b> – Middle Rio Grande Council of Governments	<b>SJC</b> – San Juan-Chama
<b>MSA</b> – Metropolitan Statistical Area	<b>SJCWTP</b> - San Juan–Chama Water Treatment Plant
<b>NBER</b> – National Bureau of Economic Research	<b>SNL</b> – Sandia National Laboratory
<b>NM</b> – New Mexico	<b>SOP</b> – Standard Operating Procedures
<b>NMDOT</b> – New Mexico Department of Transportation	<b>SRF</b> – State Revolving Loan Fund
<b>NMED</b> – New Mexico Environment Department	<b>SSO's</b> – Sanitary Sewer Overflows
<b>NMFA</b> – New Mexico Finance Authority	<b>SWR</b> - Sewer
<b>NMUI</b> – New Mexico Utilities Group Inc.	<b>SWRP</b> - Southside Water Reclamation Plant
<b>NPDES</b> – National Pollution Discharge Elimination System	<b>TAT</b> – Turnaround Time
<b>NWSA</b> – Northwest Service Area	<b>TRFR</b> – Transfer
	<b>UCMR3</b> –Unregulated Contaminant Monitoring Rule 3

## **ACRONYMS**

**UEC** – Utility Expansion Charge

**UNM** – University of New Mexico

**UV** – Ultra-Violet

**WPAB** – Water Quality Advisory Board

**WPPAP** – Water Quality Protection Policy & Action Plan

**WQL** – Water Quality Laboratory

**WRAC** – Water Resources Advisory Committee

**WRMS** – Water Resources Management Strategy

**WTP** – Water Treatment Plant

**YR** - Year

## ACRONYMS

ACCRUED EXPENSES: Expenses incurred but not due until a later date

ADJUSTMENTS FOR POLICY DIRECTION CHANGES: Approved adjustment to the maintenance-of-effort budget both positive and negative which are considered major policy issues

AMERICAN WATER WORKS ASSOCIATION: An international nonprofit scientific and educational society dedicated to the improvement of water quality and supply and is the authoritative resource for knowledge, information, and advocacy to improve the quality and supply of water in North America

ANNUALIZED COSTS: Costs to provide full year funding for services initiated and partially funded in the prior year

APPROPRIATION: Legal authorization granted by the Water Authority Board to make expenditures and to incur obligations for specific purposes within specified time and amount limits

APPROPRIATIONS RESOLUTION: Legal means to enact an appropriation request, e.g., annual operating budget

AUDIT: Official examination of financial transactions and records to determine results of operations and establish the Water Authority's financial condition

BASE BUDGET: Portion of an annual budget providing for financing of existing personnel, replacement of existing equipment, and other continuing expenses without regard for price changes

BONDED INDEBTEDNESS/BONDED DEBT: That portion of indebtedness represented by outstanding general obligation or revenue bonds

CAPITAL BUDGET: Plan of approved capital outlays and the means of financing them

CAPITAL EXPENDITURES: Expenditures to acquire or construct capital assets

DEBT SERVICE FUND: Fund for the accumulation of resources to pay principal, interest, and fiscal agent fees on long-term debt

DEPARTMENT: A set of related functions that are managed below the Program Strategy level, and are the smallest unit of budgetary accountability and control

ENCUMBRANCES: Commitments of appropriated monies for goods and services to be delivered in the future

ENTERPRISE FUND: Fund established to account for services financed and operated similar to private businesses and with costs recovered entirely through user charges

FINANCIAL PLAN: See Operating Budget

FISCAL YEAR: For the Water Authority, a period from July 1 to June 30 where the financial plan (budget) begins the period and an audit ends the period

FRANCHISE FEE: A fee based upon gross revenue that results from an authorization granted to rent and use the rights-of-way and public places to construct, operate and maintain Water Authority facilities in the City of Albuquerque, Bernalillo County, Rio Rancho and the Village of Los Ranchos

FUND: Fiscal and accounting entity with self-balancing set of books to accommodate all assets and liabilities while conforming to designated parameters

FUND BALANCE: Fund equity of governmental funds

GOALS: General ends toward which the Water Authority directs its efforts in terms of meeting desired community conditions. The Executive Director and Water Authority Board with input from the community, establish Goals for the Water Authority

## ACRONYMS

INDIRECT OVERHEAD: Cost of central services allocated back to a department through a cost allocation plan

INTERFUND TRANSFER: Legally authorized transfers from one fund to another fund

INTERGOVERNMENTAL REVENUES: Revenues from other governments in the form of grants, entitlements, shared revenues, etc.

ISSUE PAPERS: Forms used in the budget process to track and request budget changes

MAINTENANCE OF EFFORT: Base budget plus allowances for cost-of-living wage adjustments and inflationary price increases, or within a limited time frame

MAXIMO: Maximo Enterprise's asset and service management software capabilities maximize the lifetime value of complex assets and closely align them with the Water Authority's overall business strategy

NORTHWEST SERVICE AREA: Water and waste water service to approximately 17,000 accounts on Albuquerque's West Side. The 34-square-mile service area includes Paradise Hills and the Ventana Ranch subdivision

NON-RECURRING EXPENDITURES: Expenditure occurring only once, or within a limited time frame, usually associated with capital purchases and pilot projects

NON-RECURRING REVENUES: Revenues generated only once

OPERATING EXPENDITURES: Term that applies to all outlays other than capital outlays

OPERATING BUDGET: Financial plan for future operations based on estimated revenues and expenditures for a specific period

OPERATING REVENUES: Proprietary (enterprise service) fund revenues directly related to the fund's primary service activities and derived from user charges for services

PROGRAM STRATEGY: The unit of appropriations and expenditure that ties related service activities together to address a desired community condition(s) that pertains to one of the Water Authority's Goals

QUALSERVE: A voluntary, continuous improvement program offered jointly by the American Water Works Association and the Water Environment Federation to help water/wastewater utilities improve their performance and increase customer satisfaction on a continuing basis. The program evaluates all facets of the utility business including organization development, business operations, customer relations, and core water/wastewater operations. QualServe comprises of three components: Benchmarking, Self-Assessment, and Peer Review

RECURRING EXPENDITURES: Expenditures generally arising from the continued operations of the Water Authority in a manner and at a level of service that prevailed in the last budget, or new and/or increased services expected to be provided throughout the foreseeable future

RECURRING REVENUES: Revenues generated each and every year

RESERVE: Portion of fund balance earmarked to indicate its unavailability or to indicate portion of fund equity as legally segregated for a specific future use

REVENUES: Amounts received from taxes and other sources during the fiscal year

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from earnings of the Water

## ACRONYMS

Authority, and are thereby not backed by the full faith and credit of the issuer

STATE ENGINEER PERMIT 4830: The permit allows the Water Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of Water Authority San Juan-Chama water and native Rio Grande water. The native Rio Grande water is required to be simultaneously released from the Southside Water Reclamation Plant. The State Engineer's permit is the foundation of the Drinking Water Project from a water rights perspective

UNACCOUNTED FOR WATER: The difference between the quantity of water supplied to the Water Authority's network and the metered quantity of water used by the customers. UFW has two components: (a) physical losses due to leakage from pipes, and (b) administrative losses due to illegal connections and under registration of water meters

UTILITY EXPANSION CHARGES: assessed by the Water Authority to compensate for additional costs associated with the type and location of new development

WORKING CAPITAL BALANCE: Remaining current assets in a fund if all current liabilities are paid with current assets

## **NUMERIC LIST OF FUND NAMES BY CATEGORY**

### **ENTERPRISE FUNDS:**

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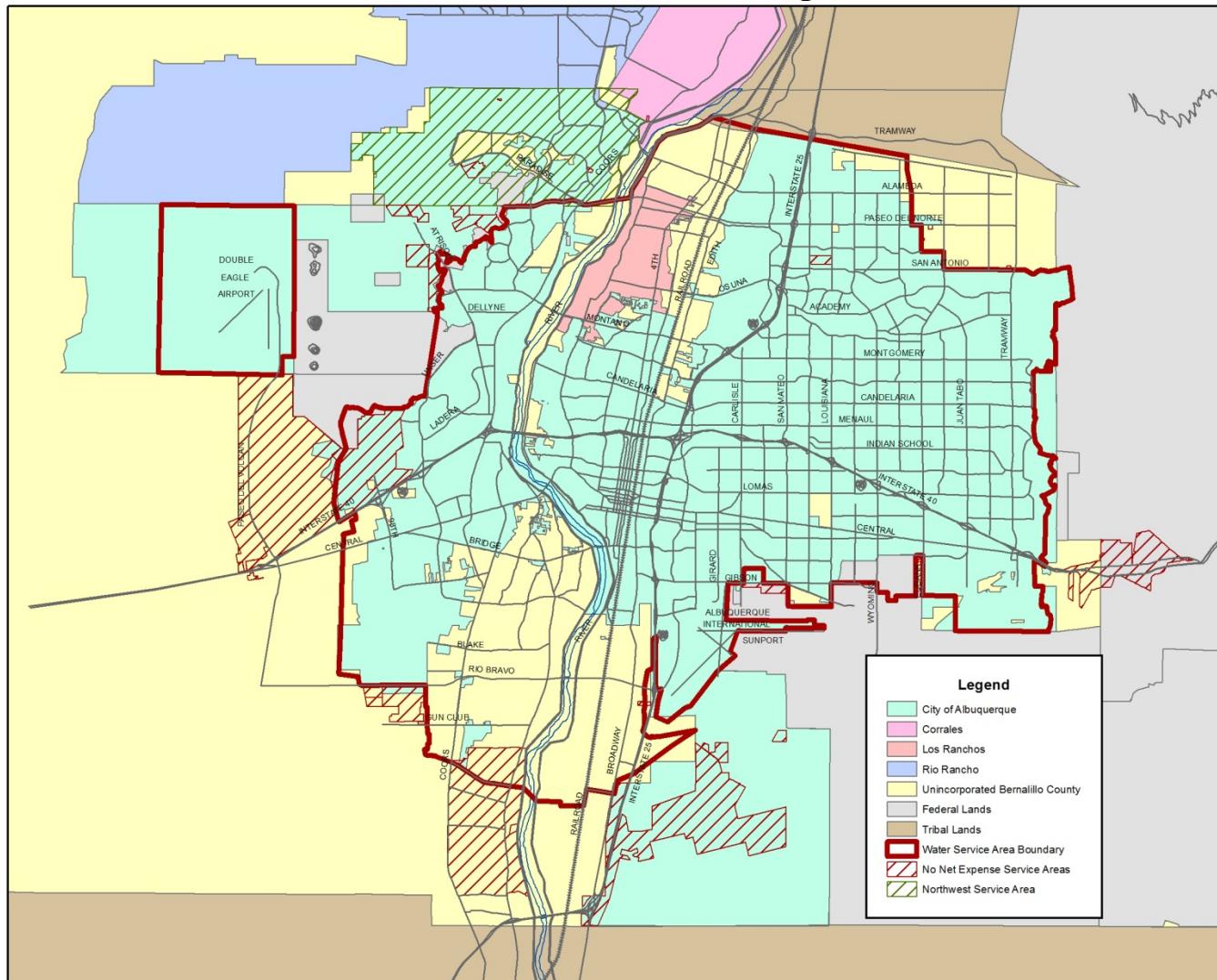
- 21 General
- 31 Debt Service

### **CIP FUNDS:**

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- 28 Rehab
- 29 Growth

## Water Service Area Map



### Major Assets:

- San Juan-Chama Surface 92 MGD Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 60 ground water supply wells (184 MGD)
- 62 water supply reservoirs providing both mixed surface and groundwater including non-potable reservoirs
- 46 pump stations including non-potable facilities
- 3,130 miles of water supply pipeline
- 4 arsenic removal treatment facilities (15 MGD)

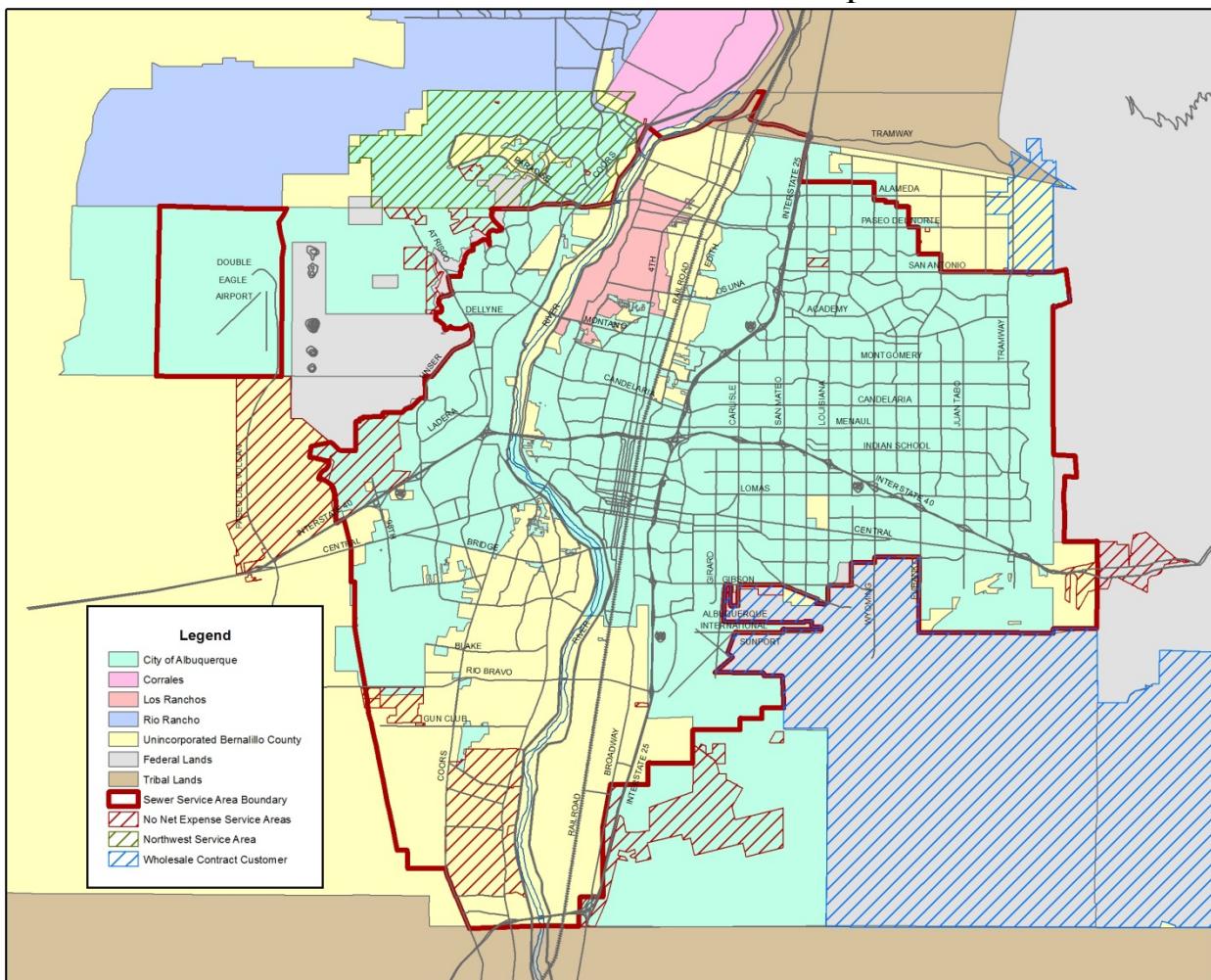
The Water System provides water services to approximately 658,238 residents comprising approximately 95% of the residents of the County. About one-third of unincorporated County residents are customers of the Water System. As of January 1, 2016, service is provided to approximately 207,762 customers, including 186,461 residential and 21,301 multi-family, commercial, institutional and industrial accounts. Approximately 50% of the water sales are for residential uses.

Groundwater from the middle Rio Grande basin aquifer and surface water from the San Juan-Chama Drinking Water Project are the primary sources of supply used for the Water System. In Calendar Year 2015, the Authority's water resources use consisted of 44.2% from groundwater and 54.8% from San Juan-Chama surface water and 1% from reuse of treated effluent for irrigation. The groundwater supply is produced from 60 wells grouped in 17 well fields located throughout the metropolitan area and the surface water is diverted from the Rio Grande. Total available well production capacity is approximately 184 million gallons per day ("MGD"). Maximum historical peak day demand is 214 MGD. Peak day demand for 2015 was 145 MGD. A chlorination station associated with each well field satisfies the total required water treatment needs for the water produced in each well field.

Groundwater storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 pounds per square inch (psi) for consumers. Sixty-two (62) reservoirs are located throughout the service area, with a total reservoir storage capacity of 245 million gallons. If demand requires, reservoir water can also be transferred to a higher zone or across zones through an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 129 boosters, with a total capacity of 775 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by 3,130 miles of pipelines and are situated at various locations east and west of the service area to provide multiple sources of supply to customers and for operating economies. The Water System takes advantage of the unique topography of the Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the Water System for control from a central control facility.

Any extension of service outside the Service Area would incur "no net expense" to the Water Authority's customers in that that revenue generated from any expansion or improvement of the System shall be sufficient to support the costs of the water and/or wastewater facilities being expanded or improved. In addition, the new developments outside the water service area are required to pay a water supply charge for acquisition of future water supplies. In 2007, the Water Authority adopted a set of guiding principles for utility development and planning. Some of the major policies include: balancing water use with renewable supply, not subsidizing development outside the service by current Water Authority customers, linking land use with infrastructure, ensuring that system expansion is concurrent with infrastructure service levels, protecting valued environmental and cultural resources of the region, and utilizing asset management principles for evaluating and considering rehabilitating, replacing or acquiring new assets.

## Wastewater Service Area Map



### Major Assets:

- Southside Water Reclamation Plant
- 45 Lift Stations
- 2,400 miles of collection pipeline

The Wastewater System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant. The wastewater treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent disinfection using ultraviolet light prior to discharge to the Rio Grande.

Treatment plant capacity is based upon 76 MGD hydraulic capacity. Existing flows at the plant have averaged 52 MGD over the past five years. The Authority has an operational industrial pretreatment program approved by the United States Environmental Protection Agency (“EPA”). The EPA recognized that the Authority’s pollution prevention efforts have been largely responsible for the Authority maintaining compliance with strict standards contained in National Pollution Discharge Elimination System (“NPDES”) permits. The Authority’s wastewater effluent discharge consistently meets all NPDES permit requirements. The current NPDES permit expires in October 2017.

Since January 2003, the treatment plant has had a 6.6 mega-watt cogeneration facility to provide most of its power needs. The cogeneration facilities are complemented by a one mega-watt solar energy plant that began service in December 2012. These on-site power generating facilities normally supply 100% of the treatment plant’s present electrical needs, along with providing heating of various buildings and sludge digesters. The engines are fueled by methane produced in the digesters and by natural gas purchased through a contract carrier. The Southside Water Reclamation Plant currently generates electricity from the bio-gas produced in the digesters. This is no cost gas that qualifies the electricity generated for Renewable Energy Certificates (“REC”). These certificates have a value to other electrical energy producers and the Authority continues to research how to sell its RECs to increase revenue. For example, the Authority issued an RFB for the unused REC’s which were purchased by El Paso Electric.

Any extension of service outside the Service Area would incur “no net expense” to the Water Authority’s customers in that that revenue generated from any expansion or improvement of the System shall be sufficient to support the costs of the water and/or wastewater facilities being expanded or improved. In 2007, the Water Authority adopted a set of guiding principles for utility development and planning. Some of the major policies include: promote reuse, reduce odor, improve treatment capacity, improve capacity in the collection system, not subsidizing development outside the service by current Water Authority customers, linking land use with infrastructure, ensuring that system expansion is concurrent with infrastructure service levels, protecting valued environmental and cultural resources of the region, and utilizing asset management principles for evaluating and considering rehabilitating, replacing or acquiring new assets.

## ***LEGISLATION***

*Proposed  
Operating Budget  
FY17*

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-16-4

## RESOLUTION

### APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017.

WHEREAS, the Albuquerque Bernalillo County Water Utility Authority (Water Authority) as a political subdivision of the State of New Mexico is required to budget and account for all money received or spent in accordance with New Mexico laws; and

WHEREAS, the Board, by Ordinance, has established a budget process for the Water Authority; and

WHEREAS, the Budget Ordinance requires the Executive Director to formulate the operating budget for the Water Authority; and

WHEREAS, the Budget Ordinance requires the Water Authority Board to approve or amend and approve the Executive Director's proposed budget; and

WHEREAS, the Board has received the budget formulated by the Executive Director and has deliberated on it and provided public notice and input; and

WHEREAS, appropriations for the operation of the Water Authority must be approved by the Board.

#### BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the following amounts are hereby appropriated to the following funds for operating The Albuquerque Bernalillo County Water Utility Authority during Fiscal Year 2017:

<u>GENERAL FUND – 21</u>	212,090,000
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This appropriation is allocated to the following programs:

Administration	2,511,000
Legal/Risk	4,595,000
Human Resources	1,409,000
Finance	4,060,000
Customer Services	8,934,000

1	Information Technology	6,964,000
2	Wastewater Plant	11,412,000
3	San Juan-Chama Water Treatment Plant	3,387,000
4	Groundwater Operations	6,302,000
5	Wastewater Collections	6,480,000
6	Water Field Operations	19,898,000
7	Compliance	5,269,000
8	Engineering	2,854,000
9	Water Resources	4,267,000
10	Power & Chemicals	18,482,000
11	Taxes	8,768,000
12	Authority Overhead	2,123,000
13	San Juan-Chama	2,247,000
14	Supplemental Fluoride	250,000
15	Transfers to Other Funds:	
16	Rehab Fund (28)	21,000,000
17	Debt Service Fund (31)	70,628,000
18	Transfer to Capital for Fluoride	250,000
19	<b><u>DEBT SERVICE FUND – 31</u></b>	80,738,000

20 This appropriation is allocated to the following programs:

21	Debt Service	76,264,000
22	Transfer to Other Funds:	
23	Growth Fund (29)	4,474,000

24 Section 2. The Executive Director is authorized to develop and establish a  
 25 nonrecurring safety/performance incentive program. This program will provide  
 26 employees with an incentive based on cost reductions or performance enhancements  
 27 resulting in operating efficiencies and/or a reduction in work related losses. Funding for  
 28 this program is contingent on savings in the same or a greater amount.

29 Section 3. The Water Authority shall continue its partnership with non-profit  
 30 affordable housing developers under contract with local government whereby the first  
 31 time homebuyer will not be required to pay the Utility Expansion Charge until the  
 32 property is sold. No more than 50 units per year will be authorized under this program.  
 33 The Water Authority will secure its position with a second mortgage.

1       Section 4. The Rate Reserve Fund is augmented by the amount of \$2,000,000.  
2       Section 5. The Executive Director is authorized to carry out all appropriations  
3       contained in this budget in accordance with established policies and procedures.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

**BILL NO.** R-16-5

## RESOLUTION

**2 APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR  
3 THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR  
4 THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017**

5 WHEREAS, the Albuquerque Bernalillo County Water Utility Authority (Water  
6 Authority) as a political subdivision of the State of New Mexico is required to budget and  
7 account for all money received or spent in accordance with New Mexico laws; and

8 WHEREAS, the Board, by Ordinance, has established a budget process for the  
9 Authority; and

10 WHEREAS, the Budget Ordinance, requires the Executive Director to formulate  
11 an annual Capital Implementation Program budget for the Water Authority; and

12 WHEREAS, the Budget Ordinance requires the Water Authority Board to approve  
13 or amend and approve the Executive Director's proposed budget; and

14 WHEREAS, the Board has received the Capital Implementation Program Budget  
15 formulated by the Executive Director and has deliberated on it and provided public notice  
16 and input; and

17 WHEREAS, appropriations for the Capital Implementation Program of the Water  
18 Authority must be approved by the Board; and

19 WHEREAS, the appropriation of these Capital Implementation Program funds to  
20 projects with their respective purposes are timely and necessary for Water Authority to  
21 serve its customers.

**22 BE IT RESOLVED BY THE WATER AUTHORITY:**

23                   Section 1. That the appropriations for the projects as stated below are hereby  
24                   made.

## **25 Basic Program Appropriations:**

26	Sanitary Sewer Pipeline Renewal	13,600,000
27	Drinking Water Pipeline Renewal	8,630,000

1	Southside Water Reclamation Plant Renewal	26,520,000
2	Soil Amendment Facility (SAF) Renewal	50,000
3	Lift Station and Vacuum Station Renewal	2,375,000
4	Odor Control Facilities Renewal	60,000
5	Drinking Water Plant Groundwater System Renewal	2,400,000
6	Drinking Water Plant Treatment Systems Renewal	1,800,000
7	Reuse Line and Plant Rehab	70,000
8	Compliance	195,000
9	Shared Renewal	400,000
10	Franchise Agreement Compliance	2,000,000
11	Vehicles and Heavy Equipment	900,000
12	<u>Special Projects:</u>	
13	Steel Waterline Rehab	1,000,000
14	Automated Meter Infrastructure (AMI)	2,000,000
15	Renewable Energy Projects	350,000
16	Water Rights Enhancements	474,000
17	Supplemental Fluoride	250,000
18	<u>Growth:</u>	
19	Development Agreements	1,250,000
20	MIS/GIS	2,000,000
21	Master Plans	500,000
22	Miscellaneous	250,000
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