

# PROPOSED FY 2013 BUDGET



## BOARD MEMBERS

Ken Sanchez  
*Chair*

Wayne A. Johnson  
*Vice-Chair*

Richard J. Berry

Art De La Cruz

Rey Garduno

Trudy E. Jones

Maggie Hart Stebbins

Pablo R. Rael  
*"Ex-Officio"*

## ADMINISTRATION

Mark S. Sanchez  
*Executive Director*







# Albuquerque Bernalillo County Water Utility Authority

April 18, 2012

To: Ken Sanchez, 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, 2012 and Ending June 30, 2013

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 2013. This submittal is the Authority's financial plan for Fiscal Year 2013. The development of this financial plan has been guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this proposed budget the Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed budget is balanced, fiscally conservative and sound.

For Fiscal Year 2013 the proposed budget does not include a rate adjustment. However, looking forward, the Water Authority is facing a critical need to upgrade and repair our aging infrastructure. The Southside reclamation plant is in need of a major renovation with an anticipated cost of \$250 million. In addition, due to the backlog of repairs and maintenance, an additional \$36 million per year in Capital Implementation Program (CIP) funding is needed to cover the costs of routine replacement of aging pipes, pumps and other infrastructure. The basis for this additional CIP amount is a recent asset management study commissioned by the Water Authority. In order to meet these financial needs the Water Authority, in coordination with the Board, must begin to develop a plan on how the capital needs can be addressed.

In the preparation of this budget, the Authority has developed a maintenance of effort budget within the projected estimated revenues. Staffing levels have an increase of eleven net positions in Fiscal Year 2013. There is a 2% step salary adjustment proposed for Fiscal Year 2013 to comply with current labor agreements as well as a .58% increase in other employee benefits. General operating expenditures increase \$2.8 million with the major increase in Repairs and Maintenance of \$2.4 million to bring into line budgeted expense with actual spending. The most significant expense of the Authority continues to be debt service payments which will comprise 37% of the total operating expense in Fiscal Year 2013.

The Water Authority will begin the implementation of an Enterprise Resource Planning (ERP) system in Fiscal Year 2013. This project will implement a full range financial and human capital resources system over the next two fiscal years. The Water Authority will be evaluating proposals and make a recommendation to the Board before the end of Fiscal Year 2012 with an anticipated startup for the project in early Fiscal Year 2013.

Construction of the Southside Municipal Effluent Polishing and Reclamation project will be complete in the fourth quarter of Fiscal Year 2012. Connections to the individual users will commence during the Spring of 2012 and continue for approximately a year. Full operations are expected to begin in irrigation season 2013. The project will provide up to 2,500 acre-feet of non-potable water to more than 40 large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Course, Bullhead and Vietnam Veterans Park and Mesa del Sol.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% of water supplied to the service area. The Authority will continue to operate two water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future even though the primary source of supply will be the surface water from the DWP. It is anticipated that approximately 70% of the area's future water supply will be surface water from the DWP.

Major renovation of the Southside Water Reclamation Plant, under a multi-year upgrade and replacement program, will continue in Fiscal Year 2013. The new headworks facility and a new solids dewatering facility are in the final stages of design. Construction on these two facilities is expected to begin in the fall of 2012. The funding for these projects will be provided through the Water Authority's CIP Program.

The proposed budget also includes nonrecurring funding for an employee 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.

Revenue for Fiscal Year 2013 is estimated to be \$191 million; approximately \$7.6 million above the Fiscal Year 2012 approved budget. Proposed operating expenditures of \$182 million contain a net increase of \$4.1 million for Fiscal Year 2013. This includes an increase of \$1.7 million in salaries and fringe benefits, an increase in General Operating Expenses of \$2.8 million and a decrease in internal services charges of \$.4 million.

Personnel expenditures include a 2% step adjustment, \$452,500, as per labor agreements. Eleven net new positions were added in Fiscal Year 2012. These Fiscal Year 2012 positions are fully funded in Fiscal Year 2013, \$645,400. There is also a .58% increase for other employee benefits and pay adjustments that resulted from the Classification and Compensation study completed in Fiscal Year 2011. Total general operating costs increase by \$2.8 million due mainly to increases in Repairs and Maintenance. Capital costs increase by \$22,000. The internal service charges decrease by \$.4 million and include an increase of \$119,000 for Tort and Other risk charges and \$252,000 increase in Franchise Fees. There are reductions in Vehicle Maintenance, \$222,000 and the transfer to debt service of \$365,000.

For Fiscal Year 2013 revenues are expected to be \$9.76 million over proposed expenditures. The Authority will use the majority of this excess revenue to bring the Working Capital or Fund Balance to \$10 million at June 30, 2013. By Ordinance, the Water Authority will be required to increase its Fund Balance to 1/12 of the annual budgeted expenditures by Fiscal Year 2015. For Fiscal Year 2013 \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for Fiscal Year 2013. The proposed appropriation for Fiscal Year 2013 is \$42.0 million

for new projects as well as supplemental appropriations for existing CIP projects to provide additional funding based on current estimates of ongoing projects. By Ordinance, \$30 million of annual CIP funding must be used for system rehabilitation. The appropriation also includes \$3 million for system growth, \$2 million for Automated Meter Infrastructure/Leak Detection, \$1 million for Steel Water Line rehabilitation, \$2.3 million for remaining costs for the Drinking Water Project, \$1.7 million for San Juan Chama Mitigation efforts and \$2 million for the Enterprise Resource Planning System (ERP). There are no appropriations for projects that will be funded with revenues from FY/13 and later.

The Authority continues to participate in American Water Works Association's (AWWA) QualServe program. The QualServe program provides a framework for water and wastewater utilities to continually improve using a Plan-Do-Check-Act framework. It currently offers a well-developed toolbox of a benchmarking, self-assessment, and peer review for water and wastewater utilities. The QualServe program has assisted the Authority in identifying what it does well and areas where improvement is necessary. The Authority has used the information and recommendations gathered from the QualServe program to provide guidance in the one-year objectives, the performance plan and the financial plan presented here. This information and recommendations have also been the basis for operational improvements already implemented in the Authority.

The 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 FY/11, the 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 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. In FY/12, the Authority began work on preparing a set of 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 Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In FY/13, the Authority will continue to improve on its asset management practices and complete the planned 10-year asset management plans.

This budget proposal represents the 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 Authority's priorities for Fiscal Year 2013 to improvement of services and gain operating efficiencies.







Albuquerque Bernalillo County  
**Water Utility Authority**

***BOARD MEMBERS***

Ken Sanchez, Chair

Wayne Johnson, Vice-Chair

Richard J. Berry

Art De La Cruz

Rey Garduño

Trudy Jones

Maggie Hart Stebbins

Pablo Rael, Ex Officio Member

Mark S. Sanchez, Executive Director







GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Albuquerque Bernalillo Co. Water Utility Authority**

**New Mexico**

For the Fiscal Year Beginning

**July 1, 2011**

*Linda C. Dawson Jeffrey R. Emer*

President

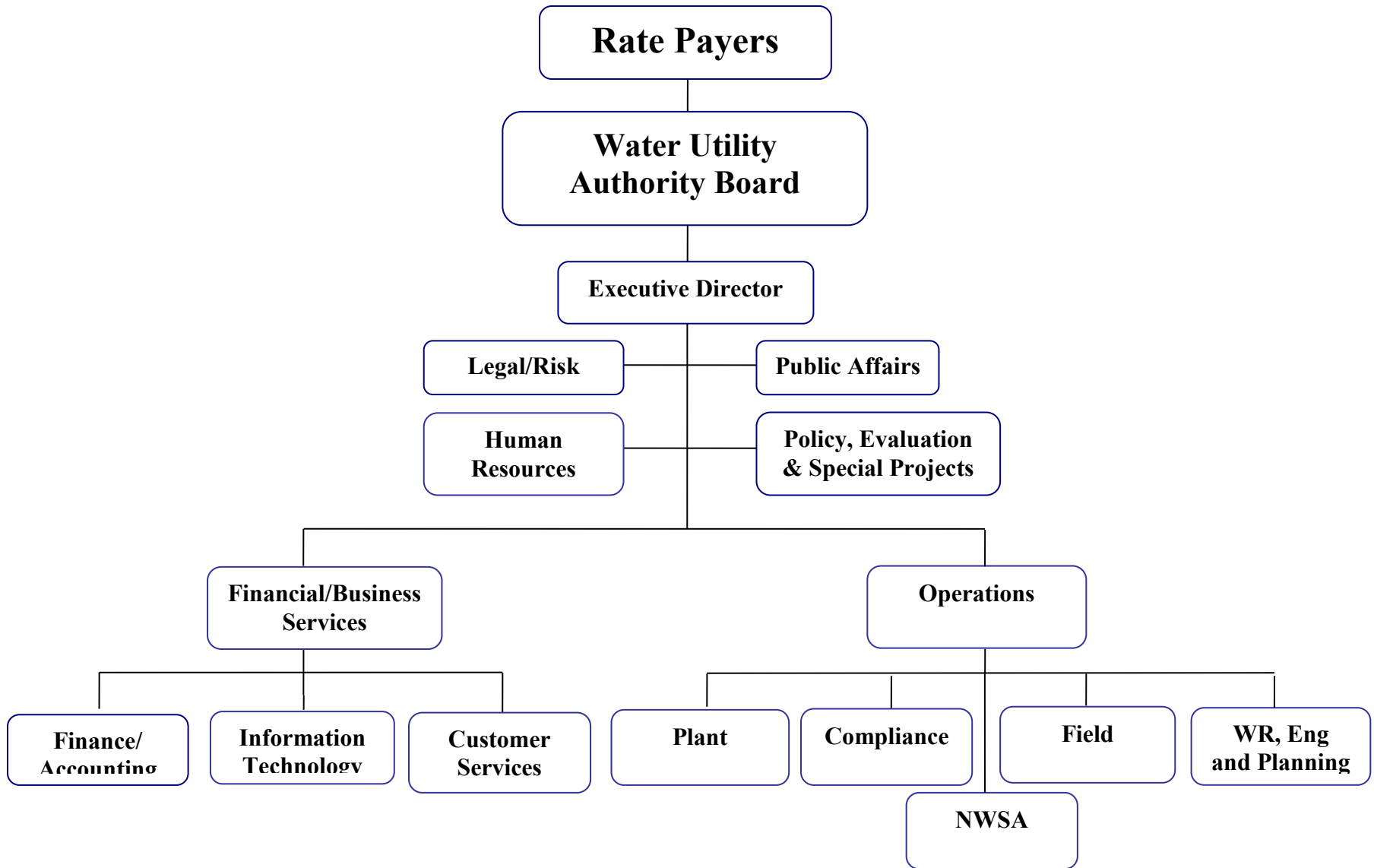
Executive Director

THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) PRESENTED A DISTINGUISHED BUDGET PRESENTATION AWARD TO **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY, NEW MEXICO** FOR ITS ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2011. IN ORDER TO RECEIVE THIS AWARD, A GOVERNMENTAL UNIT MUST PUBLISH A BUDGET DOCUMENT THAT MEETS PROGRAM CRITERIA AS A POLICY DOCUMENT, AS A FINANCIAL PLAN, AS AN OPERATIONS GUIDE, AND AS A COMMUNICATIONS DEVICE.





# Albuquerque Bernalillo County Water Utility Authority





# PROPOSED BUDGET TABLE OF CONTENTS

PREFACE.....	1
BUDGET PROPOSAL & FINANCIAL CONSOLIDATION.....	3
REVENUE OUTLOOK .....	21
ECONOMIC OUTLOOK.....	26
ALBUQUERQUE ECONOMY.....	28
CAPITAL BUDGET .....	35
DEBT OBLIGATIONS.....	45
APPENDIX	
Analysis of Methodology.....	53
Acronyms.....	54
Selected Glossary of Terms.....	56
Numeric List of Fund Names by Category.....	59
Water Service Area Map.....	60
Wastewater Service Area Map.....	62
LEGISLATION.....	65
Appropriating Enterprise Operating Funds	
Appropriating Capital Implementation Program Funds	



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## PREFACE

NMSA 1978, Section 72-1-20 which created the Albuquerque Bernalillo County Water Utility Authority (Authority), along with Authority Ordinance O-04-6 requires the Executive Director to formulate the operating budget for the Authority. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year. The 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 the Authority. 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 Authority Staff. During this process divisions may request program expansions or offer plans for reducing costs, or revenue enhancements.

Appropriations are at a 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 Authority's basis of Accounting. The 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 and amortization, although expensed in the accounting system, is not a budget item in the Authority budget.

The Authority's Goals and Objectives focus on improving the Authority's operations and improving customer conditions. The Goals are based on the American Water Works Association's Qualserve program. The FY/13 Goals and Objectives have been approved by the Authority Board.

The Budget Proposal has 8 major sections. The **Budget Proposal & Financial Consolidation** section is designed as an overview. This section contains Fund Balance Tables or Working Fund Tables, where appropriate, by fund group. The funds are presented with estimated ending balances for both the current year and the budget year. This section includes brief highlights and fund financial history.

The section on **Revenue Outlook** 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 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 budget preparation.

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



This Page Left Intentionally Blank

***BUDGET PROPOSAL  
&  
FINANCIAL  
CONSOLIDATIONS***

***Proposed  
Operating Budget  
FY/13***



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The Albuquerque Bernalillo County Water Utility Authority (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 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 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.

## *Fiscal Year 2013 Highlights*

The FY/13 Executive Director's Proposed Budget establishes the Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Authority in conjunction with the Operating Divisions developed the budget by determining those costs necessary to running the utility operation. The proposed budget does not include a rate adjustment. However, looking forward, the Water Authority must begin to consider the need to spend \$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 pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% of water supplied to the service area. The Authority will continue to operate two water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future even though the primary source of supply will be the surface water from the DWP. It is anticipated that approximately 70% of the area's future water supply will be surface water from the DWP. The Authority continues to adjust the funding for operations of the DWP as a history of operating costs is developed.

The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan-Chama water into the aquifer was successful with approximately 1,100 acre-feet infiltrated into the ground over two years. The design of the full-scale pilot program is continuing in FY/12 with permitting, design and construction to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site. This project will eventually create a future drought supply for the Authority.

The Northwest Service Area Division (NWSA) has been successfully integrated into some operations of the Authority. The NWSA now provides some selected services not only to customers of the former New Mexico Utilities but also to other Authority Westside ratepayers. In FY/13, the Authority will continue to look at the expansion of the current Northwest Service Area (NWSA) Division from what was the New Mexico Utilities area to an area that will be bounded by Sandoval County on the north, the Rio Grande on the east, I-40 on the south and the Rio Puerco on the west. Any expenses associated with this expansion would have to be budget neutral. Since the Authority has long discussed area operations, the establishment of a northwest service area as described will provide a program that can be used to improve services to customers. The NWSA will continue to pilot mobile Maximo in order to create SOP's for a paperless, real time, work order system, where field activities are dispatched and closed out on mobile devices. In addition, mobile Maximo will be used to schedule and record the preventative maintenance (PM) activities on the meter box and valve replacement initiative for

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

NWSA. Also, the NWSA will be developing a reporting matrix where response time, emergency repairs, work order completion percentage, and preventative maintenance can be measured and benchmarked against industry leaders.

Various Field Division efforts include the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; continuation of the Large Meter Testing & Repair program with in-house resources; On the Collections Section side the Authority will expand closed circuit televising and condition analysis of wastewater collection lines, and integrated the operations and maintenance of the wastewater collections lines & lift stations from the old NM Utilities (Corrales Trunk-NWSA). Continued efforts in odor and corrosion controls are proceeding from the Collections Section, notably at the 98<sup>th</sup> & Central facility where the bio filter is being abandoned in favor of using carbon treatment. The USEPA has mandated in FY/12 the implementation of a sustained Capacity Maintenance & Operations Management (CMOM) program for the wastewater collection system.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY/10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. The first two projects that are currently under design are a new headworks facility and a new Solids Dewatering facility. Construction on these two facilities will begin in the winter of 2012/2013. The funding for the RRAMP improvements will be provided through the Authorities Capital Improvement Program (CIP).

Construction of the Southside Municipal Effluent Polishing and Reclamation project will be complete in the fourth quarter of FY/12. Connections to the individual users will commence during the Spring of 2012 and continue for approximately a year. Full operations are expected to begin in irrigation season 2013. The project will provide up to 2,500 acre-feet of non-potable water to more than 40 large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Course, Bullhead and Vietnam Veterans park 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 Southside Water Reclamation Facility generates approximately 30% of its power requirements. Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in FY/12. It is the Authority's goal to compost 20% of the total wastewater residuals.

Regarding the desktop and mobile computer environment, the Information Technology Division (ITD) will continue its conversion to Microsoft's Office365 SharePoint online environment. This service will provide the Authority with online document and records management, improved searching of documents and improved Excel and Visio services. We will complete our implementation of Active Directory, Office 2010 and Windows 7, including the computer replacement of several computers that no longer meet standards. Mobile devices will continue to be deployed in areas that will improve the business processes of field work (evaluation is still pending).

The implementation and upgrade of Maximo (the Utility's Computerized Maintenance Management System) will be completed in FY/13. In addition, the Authority will continue its deployment of

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

Maximo by testing & evaluating mobile devices such as laptops and tablets. This mobile environment will include accessing not just Maximo, but also operating manuals and electronic map books from the field.

In FY/13, the Authority will begin the implementation of Phase 2 of its Automated Meter Infrastructure (AMI) project for small residential meters ( $\leq 4''$ ), revamp the Customer Care and Billing (CC&B) billing web interface for customers and increase market penetration of paperless billing. The AMI project will provide access to customers of their monthly, daily and hourly water usage.

The Laboratory Information Management System (LIMS) implementation will be completed in FY/13 and will result in improved water quality business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application.

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to develop and maintain a matrix of regulatory requirements and procedural conventions to assure accurate and timely reporting. A Quality Assurance/Quality Control Program will be developed to improve environmental monitoring practices. Monitoring of new regulatory initiatives will be further emphasized to define operational impacts and develop compliance strategies. The Industrial Pretreatment Program will continue to improve compliance with the Water Authority Sewer Use and Wastewater Control Ordinance by continuing validation of compliance of food establishments, extra-strength discharge users, and industrial waste permit holders. Implementation of the Master Plan for the Laboratory Information Management System (LIMS), a laboratory operations management tool that maintains records for millions of analytical results and associated quality assurance/quality control processes, continues. A LIMS reporting system for turnaround-time and hold-time performance will be developed, along with full-scale operational implementation of electronic data acquisition. Process modeling of business practices to improve efficiencies and define key performance metrics will continue.

In FY/13, the Water Authority will begin the implementation of an Enterprise Resource Planning (ERP) system. This project will implement a full range of financial and human capital resources modules over the next two fiscal years. The Water Authority will be evaluating proposals and make a recommendation to the Board before the end of Fiscal Year 2012 with an anticipated startup for the project beginning in Fiscal Year 2013.

The proposed budget also includes nonrecurring funding for an employee incentive program. This program will reward employees for cost savings due to increased efficiencies or 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 the past two fiscal years.

Debt service payments increased by \$5 million over FY/12. The Authority's service area is still experiencing very slow growth due to the impact of the recession in the service area. The proposed appropriation for Fiscal Year 2013 is \$42.0 million for new projects as well as supplemental appropriations for existing CIP projects to provide additional funding based on current estimates of ongoing projects. By Ordinance, \$30 million of annual CIP funding must be used for system rehabilitation. The appropriation also includes \$3 million for system growth, \$2 million for Automated Meter Infrastructure/Leak Detection, \$1 million for Steel Water Line rehabilitation, \$2.3 million for remaining costs for the Drinking Water Project, \$1.7 million for San Juan Chama Mitigation efforts and \$2 million for the Enterprise Resource Planning System (ERP). There are no appropriations for projects that will be funded with revenues from FY/13 and later.

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

Working Capital will add \$8 million from the surplus of revenue over expenditures in FY/13. This \$8 million will be added to the FY/12 balance of \$2 million. The Working Capital balance at June 30, 2013 is estimated to be \$10 million.

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.



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The Albuquerque Bernalillo County Water Utility Authority can be examined by Division. Comparing the original budget for FY/12 with the proposed FY/13 shows changes in the Plant, Field, and the Water Authority Divisions.

<b>Utility Spending by Division</b>						
(\$000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
Customer Services	5,010	5,262	5,262	5,080	5,552	472
Finance	6,507	6,804	6,804	6,104	7,022	918
Human Resources	1,387	961	961	990	1,085	95
Northwest Service Area	1,437	2,325	2,325	1,265	2,394	1,129
Information Technology	4,194	3,807	3,807	4,501	4,152	(349)
Low Income Utility Credit	244	250	250	250	250	-
San Juan/Chama	910	2,247	2,247	2,247	2,247	-
Water Authority	3,968	3,007	3,007	3,563	21,253	17,690
Plant	34,348	37,450	37,450	37,836	21,141	(16,695)
Compliance	3,508	4,059	4,059	3,571	4,270	699
Field	25,597	22,193	22,193	23,136	23,108	(28)
Water Resources	5,871	6,353	6,353	6,274	6,515	241
<b>Total</b>	<b>92,981</b>	<b>94,718</b>	<b>94,718</b>	<b>94,817</b>	<b>98,989</b>	<b>4,172</b>

## Expenditures

Comparing the FY/12 approved budget with the proposed for FY/13 reveals an overall net increase of \$4.2 million. The proposed budget for FY/13 has a net increase of \$1.7 million for total personnel expenditures. This increase includes a 2% cost of living adjustment of \$452,500, and the addition of 11 net new positions added in midyear FY/12 at a cost of \$645,400. These positions are three Treatment Plant Operators, one Lab compliance Specialist, two Engineering Associates, one Mixed Media Technician, one O/M Supervisor, one System Analyst 1 for ERP and two Functional Business positions for the ERP implementation. Total general operating costs increase by \$2.8 million and Capital Costs increase of \$22,000. The primary increase in operating costs is the increase in Paving and Barricade costs of \$2.1 million. The City requires the Authority to add an additional 2 inches of asphalt of all repairs done on any city street. Also, of note, all power and chemical costs were moved to one central division in the budget to better manage these costs at an Authority level. The internal service charges decreased by \$392,100 which was driven primarily by a reduction in vehicle fuel costs as the Authority hedged their fuel costs in conjunction with the City of Albuquerque. Of note in the expense category is the reduction of \$77,000 in Workers Compensation. This reduction is result of the effectiveness of the Board approved employee incentive program and the effort of Authority employees.

The balance for Working Capital, total revenues minus total expenses, is estimated to be minimal at the end of FY/12. Working Capital is augmented by \$10 million from the surplus of revenue over expenditures for FY/13. The Working Capital balance at June 30, 2013 is estimated to be \$10 million. An additional \$2 million is reserved in the rate reserve fund which will be \$4 million in FY/13. 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 and initiatives funded total \$3,273,782 for the Joint Water and Sewer Operating Fund. The list below identifies the issues and divisions funded as well as the total amount of the funding provided.

**Compensation** –The proposed budget includes a step increase for permanent Water Authority employees of 2%.

<b>Total ABCWUA Proposed Issue Papers</b>	
<b>Fund 621 - Joint Water and Sewer Operating</b>	<b>3,273,782</b>
<b>Plant</b>	
3 Treatment Plant Operators (FY/12 mid year additions)	225,221
SWRP- Refuse Costs	83,000
<b>ISD</b>	
System Analyst 1 (FY/12 mid year addition) - ERP conversion	90,088
<b>Northwest Service Area</b>	
O/M Supervisor (FY/12 mid year addition) - offset by Contractual Service Cost	0
<b>Human Resources</b>	
Mixed Media Technician (FY/12 mid year addition)	21,526
Unemployment Compensation Fund	76,000
CNM-WTC State Certification Prep Training	18,000
<b>Water Resource, Engineering and Planning</b>	
2 Engineering Associates (FY/12 mid year addition)	114,650
<b>Compliance</b>	
Lab-Regulatory Compliance Specialist	83,241
<b>Finance</b>	
Convert Fiscal Coordinator to Warehouse Supervisor	(8,659)
Forklift for Warehouse at Pino Yards (CIP)	0
2 ERP Functional Users for ERP Implementation (FY/12 mid year additions) 1 position funded out of ERP	110,715
<b>CSD</b>	
Liens - Bernalillio County Increase (\$114,650 offset by Revenue)	0
Postage increase	50,000
Increase for annual vehicle replacement	22,000
<b>Field</b>	
Increase in Barricade Costs	1,450,000
Barricade Permit Fees	280,000
Paving & Concrete Replacement Costs	631,000
<b>Admin</b>	
AWWA Subscription-Drinking Water (Increase due to increase in Customers)	27,000

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

**Changes in Employment** - The proposed budget for FY/13 shows a net increase of 11 new positions that were FY/12 midyear additions. There were eleven new positions created. The positions are: 3 Treatment Plant Operators, 2 ERP Functional Analysts, System Analyst, Lab Compliance Specialist, 2 Engineering Associates, Mixed Media Technician and a O/M Supervisor.

	ACTUAL FY/11	BUDGET FY/12	BUDGET FY/12	ACTUAL FY/12	BUDGET FY/13
POSITIONS:					
Customer Services	62	61	61	61	61
Finance	23	23	23	25	25
Human Resources	19	12	12	13	13
Information Technology	22	22	22	23	23
Water Authority	12	12	12	12	12
Northwest Service Area	13	12	12	13	13
Wastewater Collection	61	63	63	63	63
Compliance	38	41	41	42	44
Wastewater Treatment	107	108	108	111	109
Water Distribution Facilitation	68	20	20	20	20
Water Plant Facility Production	55	79	79	79	79
Water Plant Facility Distribution	77	103	103	103	103
Water Resources/Engineering/Plan	33	35	35	37	37
Strategy Implementation	9	11	11	11	11
North I-25 Reuse	1	0	0	0	0
<b>TOTAL FULL TIME POSITIONS</b>	<b>600</b>	<b>602</b>	<b>602</b>	<b>613</b>	<b>613</b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Details for Fund 621(Joint Water Sewer Operating Fund) and Fund 631 (Joint Water and Sewer Revenue Bond Debt Service Fund) can be found in the attached tables below.

(S000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
<b><u>JOINT WATER AND SEWER OPERATING FUND - 621</u></b>						
Customer Services	5,010	5,262	5,262	5,080	5,552	472
Finance	6,507	6,804	6,804	6,104	7,022	918
Human Resources	1,387	961	961	990	1,085	95
Northwest Service Area	1,437	2,325	2,325	1,265	2,394	1,129
Information Technology	4,194	3,807	3,807	4,501	4,152	(349)
Low Income Utility Credit	244	250	250	250	250	-
San Juan/Chama	910	2,247	2,247	2,247	2,247	-
Water Authority	3,968	3,007	3,007	3,563	21,253	17,690
Wastewater Collection	8,147	8,055	8,055	8,261	6,352	(1,909)
Compliance	3,508	4,059	4,059	3,571	4,270	699
Wastewater Treatment	13,820	14,511	14,511	15,400	11,792	(3,608)
N-125 Reuse	317	236	236	201	76	(125)
Sustainable Water Supply	9,422	11,233	11,233	8,820	2,712	(6,108)
Water Distribution Facilitation	5,139	2,024	2,024	2,241	2,050	(191)
Water Plant Facility Production	10,789	11,470	11,470	13,415	6,561	(6,854)
Water Plant Facility Distribution	12,311	12,114	12,114	12,634	14,706	2,072
Water Resources/Engineering/Plan	5,871	6,353	6,353	6,274	6,515	241
Trfr from Fund 621 to Fund 110	7,256	8,097	8,097	8,097	8,294	197
Trfr from Fund 621 to Fund 628	6,000	8,000	8,000	8,000	8,000	-
Trfr from Fund 621 to Fund 629	1,000	-	-	-	-	-
Trfr from Fund 621 to Fund 631	65,337	66,727	66,727	66,727	66,362	(365)
Subtotal Jt. Water & Sewer Operating Fund - 621	172,577	177,542	177,542	177,641	181,645	4,004
<b><u>JOINT WATER AND SEWER REVENUE BOND D/S FUND - 631</u></b>						
Debt Service	65,202	67,727	67,727	67,727	72,738	5,011
Transfer to Capital Fund 627	-	-	-	-	-	-
Transfer to Capital Fund 629	3,000	3,000	3,000	3,000	3,000	-
Total Water/Sewer Debt Svc Fd-631	68,202	70,727	70,727	70,727	75,738	5,011
<b>TOTAL</b>	<b>240,780</b>	<b>248,269</b>	<b>248,269</b>	<b>248,368</b>	<b>257,383</b>	<b>9,015</b>
<b>TOTAL DEPARTMENT APPROPRIATION</b>	<b>240,780</b>	<b>248,269</b>	<b>248,269</b>	<b>248,368</b>	<b>257,383</b>	<b>9,015</b>
Interfund Adjustment	(65,337)	(66,727)	(66,727)	(66,727)	(66,362)	365
<b>NET DEPARTMENT APPROPRIATIONS</b>	<b>175,443</b>	<b>181,542</b>	<b>181,542</b>	<b>181,641</b>	<b>191,021</b>	<b>9,380</b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(S000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
<b>T WATER &amp; SEWER OPERATING FUND - 621</b>						
<b>5900009 CUSTOMER SERVICES:</b>						
5928 Customer Services	5,010	5,262	5,262	5,080	5,552	472
<b>PROGRAM APPROPRIATION</b>	<b>5,010</b>	<b>5,262</b>	<b>5,262</b>	<b>5,080</b>	<b>5,552</b>	<b>472</b>
<b>5900005 FINANCE:</b>						
5910 Finance	4,886	5,133	5,133	4,433	5,274	841
5951 Franchise Fee	520	571	571	571	648	77
5911 State Water Conservation Fee	1,100	1,100	1,100	1,100	1,100	-
<b>PROGRAM APPROPRIATION</b>	<b>6,507</b>	<b>6,804</b>	<b>6,804</b>	<b>6,104</b>	<b>7,022</b>	<b>918</b>
<b>5900006 HUMAN RESOURCES:</b>						
5929 Payroll/Personnel/Risk	944	811	811	854	931	77
5930 Training	443	150	150	136	154	18
<b>PROGRAM APPROPRIATION</b>	<b>1,387</b>	<b>961</b>	<b>961</b>	<b>990</b>	<b>1,085</b>	<b>95</b>
<b>5900008 INFORMATION TECHNOLOGY:</b>						
5944 Information Systems	4,194	3,807	3,807	4,501	4,152	(349)
<b>PROGRAM APPROPRIATION</b>	<b>4,194</b>	<b>3,807</b>	<b>3,807</b>	<b>4,501</b>	<b>4,152</b>	<b>(349)</b>
<b>5900017 LOW INCOME UTILITY CREDIT:</b>						
5917 Low Income Utility Credit	244	250	250	250	250	-
<b>PROGRAM APPROPRIATION</b>	<b>244</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>-</b>
<b>5900016 SAN JUAN/CHAMA</b>						
5921 San Juan Chama	910	2,247	2,247	2,247	2,247	-
<b>PROGRAM APPROPRIATION</b>	<b>910</b>	<b>2,247</b>	<b>2,247</b>	<b>2,247</b>	<b>2,247</b>	<b>-</b>
<b>5900003 WASTEWATER COLLECTION:</b>						
5915 Wastewater Collection	4,566	4,638	4,638	4,745	4,786	42
5919 Lift Stn Ops	3,581	3,417	3,417	3,517	1,566	(1,951)
<b>PROGRAM APPROPRIATION</b>	<b>8,147</b>	<b>8,055</b>	<b>8,055</b>	<b>8,261</b>	<b>6,352</b>	<b>(1,909)</b>
<b>5900004 WATER AUTHORITY:</b>						
5912 Water Authority	2,584	2,005	2,005	2,050	2,000	(50)
5920 Safety	267	264	264	269	277	7
5943 Strategic Support	1,117	738	738	1,244	459	(784)
	-	-	-	-	18,517	18,517
<b>PROGRAM APPROPRIATION</b>	<b>3,968</b>	<b>3,007</b>	<b>3,007</b>	<b>3,563</b>	<b>21,253</b>	<b>17,690</b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(S000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
<b>5900002 COMPLIANCE:</b>						
5914 Laboratory	1,798	2,030	2,030	1,807	2,109	303
5916 Wastewater Pretreatment	805	964	964	852	962	110
5924 Water Quality	905	1,065	1,065	912	1,199	286
<b>PROGRAM APPROPRIATION</b>	<b><u>3,508</u></b>	<b><u>4,059</u></b>	<b><u>4,059</u></b>	<b><u>3,571</u></b>	<b><u>4,270</u></b>	<b><u>699</u></b>
<b>5900001 WASTEWATER TREATMENT:</b>						
5913 Wastewater Treatment	13,820	14,511	14,511	15,400	11,792	(3,608)
<b>PROGRAM APPROPRIATION</b>	<b><u>13,820</u></b>	<b><u>14,511</u></b>	<b><u>14,511</u></b>	<b><u>15,400</u></b>	<b><u>11,792</u></b>	<b><u>(3,608)</u></b>
<b>5900007 Northwest Service Area</b>						
5953 Administration	542	772	772	588	799	211
5954 Plant	480	-	-	-	-	-
5955 Field	416	1,553	1,553	677	1,595	918
<b>PROGRAM APPROPRIATION</b>	<b><u>1,437</u></b>	<b><u>2,325</u></b>	<b><u>2,325</u></b>	<b><u>1,265</u></b>	<b><u>2,394</u></b>	<b><u>1,129</u></b>
<b>5900014 N-125 Reuse:</b>						
5949 N-125 Reuse	317	236	236	201	76	(125)
<b>PROGRAM APPROPRIATION</b>	<b><u>317</u></b>	<b><u>236</u></b>	<b><u>236</u></b>	<b><u>201</u></b>	<b><u>76</u></b>	<b><u>(125)</u></b>
<b>5900015 SUSTAINABLE WATER SUPPLY:</b>						
5948 Sustainable Water Supply	9,422	11,233	11,233	8,820	2,712	(6,108)
<b>PROGRAM APPROPRIATION</b>	<b><u>9,422</u></b>	<b><u>11,233</u></b>	<b><u>11,233</u></b>	<b><u>8,820</u></b>	<b><u>2,712</u></b>	<b><u>(6,108)</u></b>
<b>5900013 WATER DISTRIBUTION FACILITATION:</b>						
5925 Tech Services	2,710	1,446	1,446	1,683	1,456	(228)
5926 Administration	2,429	578	578	557	594	37
5927 Workload Management	5,139	2,024	2,024	2,241	2,050	(191)
<b>PROGRAM APPROPRIATION</b>	<b><u>10,278</u></b>	<b><u>4,048</u></b>	<b><u>4,048</u></b>	<b><u>4,481</u></b>	<b><u>4,100</u></b>	<b><u>(6,177)</u></b>
<b>5900011 WATER PLANT FACILITY PROJ</b>						
5931 Well Maintenance	630	693	693	825	851	27
5932 Water Treatment	1,736	3,058	3,058	2,966	2,183	(783)
5933 Pump Stations	987	1,346	1,346	1,449	965	(483)
5934 Plant Operations	1,674	1,813	1,813	2,036	1,559	(477)
5938 Arsenic Treatment	5,012	4,049	4,049	5,662	875	(4,787)
5939 MDC Water	19	442	442	90	70	(20)
5939 MDC Water	731	69	69	389	58	(331)
<b>PROGRAM APPROPRIATION</b>	<b><u>10,789</u></b>	<b><u>11,470</u></b>	<b><u>11,470</u></b>	<b><u>13,415</u></b>	<b><u>6,561</u></b>	<b><u>(6,854)</u></b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(S000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
<b>5900012 WATER PLANT FACILITY DISTRIBUTION:</b>						
5923 Customer REQ	2,310	1,707	1,707	1,787	895	(892)
5935 Distribution Lines	8,754	5,968	5,968	8,204	9,780	1,576
5936 Meter Installation	263	166	166	144	243	99
5937 Water Meter Maintenance	1,668	2,186	2,186	2,110	1,196	(914)
<b>PROGRAM APPROPRIATION</b>	<b>12,994</b>	<b>10,027</b>	<b>10,027</b>	<b>12,245</b>	<b>12,114</b>	<b>(131)</b>
<b>5900010 WATER RES/ENG/PLAN</b>						
5922 Utility Development	1,600	1,516	1,516	1,554	1,690	136
5945 Water Resources	4,413	4,265	4,265	4,208	4,614	406
5946 Arsenic Removal	1	49	49	1	49	48
<b>PROGRAM APPROPRIATION</b>	<b>6,013</b>	<b>5,830</b>	<b>5,830</b>	<b>5,763</b>	<b>6,353</b>	<b>590</b>
<b>5900022 TRANSFER TO GENERAL FUND 110</b>						
5990 Utility Transfer to General Fund - 110	7,248	7,257	7,257	7,257	8,097	840
<b>PROGRAM APPROPRIATION</b>	<b>7,248</b>	<b>7,257</b>	<b>7,257</b>	<b>7,257</b>	<b>8,097</b>	<b>840</b>
<b>5900023 TRANSFER TO REHAB FUND 628</b>						
5990 Transfer to Rehab Fund 628	11,500	6,000	6,000	6,000	8,000	2,000
<b>PROGRAM APPROPRIATION</b>	<b>11,500</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>8,000</b>	<b>2,000</b>
<b>5900024 TRFR TO CAPITAL FUND - 629:</b>						
5990 Trfr to Capital Fd - 629	1,000	1,000	1,000	1,000	-	(1,000)
<b>PROGRAM APPROPRIATION</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>
<b>5900025 TRFR DEBT SVC FUND 631:</b>						
5990 Utility Transfer to 631	67,790	65,337	65,337	65,337	66,727	1,390
<b>PROGRAM APPROPRIATION</b>	<b>67,790</b>	<b>65,337</b>	<b>65,337</b>	<b>65,337</b>	<b>66,727</b>	<b>1,390</b>
<b>JOINT WATER &amp; SEWER REVENUE BOND D/S FUND - 631</b>						
<b>5900019 DEBT SERVICE</b>						
5940 Strategy Implementation D/S	-	23,183	23,183	23,183	23,367	184
5941 NM EID D/S	21,454	24,005	24,005	24,005	28,770	4,765
5942 Utility Revenue Bond	43,748	20,539	20,539	20,539	20,601	62
<b>PROGRAM APPROPRIATION</b>	<b>65,202</b>	<b>67,727</b>	<b>67,727</b>	<b>67,727</b>	<b>72,738</b>	<b>5,011</b>
<b>5900029 TRANSFER TO CAPITAL FUND 627</b>						
5947 Transfer to Capital 627	-	-	-	-	-	-
<b>PROGRAM APPROPRIATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5900030 TRANSFER TO CAPITAL FUND 629</b>						
5992 Transfer to Capital 629	3,000	3,000	3,000	3,000	3,000	-
<b>PROGRAM APPROPRIATION</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>



This Page Left Intentionally Blank

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **Financial Plan**

The following table is the financial plan for Fund 621 (Operating Fund). The plan looks from FY/11 thru FY/21. This plan takes into account the Authority's Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps the 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 Authority's Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Authority forecasts the rate increase of 5% that was approved by the Board for FY/14.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Operating Fund

Hypothetical DS Comparison

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Capital Funds</b>										
Needs: Basic ( Min 50% cash Trans)	33,000	33,000	34,000	34,000	34,000	36,000	36,000	36,000	36,000	36,000
State Grant (Odor Control)										
Water Reclamation	7,000	7,000	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>DWL (Santa Barbara)</b>										
Southside Reuse	11,000									
SJC Remediation	5,000									
Steel Line	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
AMR	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Special Projects</b>										
Valley Utility Projects	1,000	-	-	-	-	-	-	-	-	-
<b>Resources:</b>										
Beginning Bal.	22,988	35,588	4,688	28,788	5,888	35,988	8,088	36,188	8,288	35,388
Trf. from Operating	8,000	8,000	12,000	18,000	15,000	17,000	20,000	23,000	25,000	25,000
Trf. from Debt Service	3,000	3,000	4,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000
Bond Proceeds (Water Reclamation)										
Bond Proceeds	44,500		64,000		56,000		56,000		56,000	
Bond Proceeds Southside/SJC	156,600									
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
<b>Subtotal</b>	78,488	46,588	84,688	51,788	81,888	58,988	90,088	65,188	95,288	66,388
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>	79,588	47,688	85,788	52,888	82,988	60,088	91,188	66,288	96,388	67,488
<b>Balance June 30</b>										
	35,588	4,688	28,788	5,888	35,988	8,088	36,188	8,288	35,388	6,488
<b>Debt Service Fund</b>										
<b>Future Bond Interest=</b>										
<b>Resources:</b>										
Interest Income	800	800	800	800	800	800	800	800	800	800
UECs	8,000	8,000	8,000	9,000	9,000	11,000	12,000	12,000	12,000	12,000
Transfer from 621	66,727	66,362	69,494	70,108	76,456	81,779	82,813	84,116	81,115	81,114
Transfer from 622										
Adjustments/Misc										
Bg. Fund Balance	(2,823)	2,821	1,079	2,079	2,079	2,079	2,079	2,079	2,079	2,079
<b>Total</b>	72,704	77,983	79,373	81,987	88,335	95,657	97,691	98,995	95,993	95,992
<b>Expenditures:</b>										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	3,000	4,000	4,000	5,000	5,000	15,000	15,000	15,000	15,000	15,000
Wtr/Swr Loans	3,436	1,818	1,281	985	645	645	645	645	645	645
SJC Series 1999 w/o bas	-	-	-	-	-	-	-	-	-	-
Series 97 P&I	-	-	-	-	-	-	-	-	-	-
99 P&I (excl SJC 622)										
2001 P&I	4,034	4,059								

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Operating Fund

Hypothetical DS Comparison

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Series 2005 P&I	2,376	2,411	2,316	2,310	2,295	2,447				
04 P&I	-	-								
2005 SJC \$116.695M	10,091	10,279	12,498	12,717	10,974	12,332	11,564	11,326	11,060	11,060
NMFA 2004B 82.120M	6,796	6,834	6,869	6,097	6,948	6,995	7,044	7,100	7,149	7,149
2004 NMFA DWRFL	734	734	734	734	734	734	734	734	734	734
NMFA 20M 2005 SJC	1,444	1,374	1,708	1,670	1,880	1,931	1,977	1,909	1,861	1,861
NMFA 36.295M Basic	4,713	4,582	4,445	4,004	5,415					
NMFA Series 2007A Basic	4,130	3,204	3,448	2,087	2,834	2,638	8,909	8,954	2,757	2,757
NMFA Series 2007A Reuse/SJ	2,915	4,864	3,936	5,069	3,804	5,147	2,279	2,507	2,758	2,758
Series 2008 Reuse/SJC \$55.6	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781
Series 2006 P&I	1,321	2,376	2,411	2,316	2,310	2,295	2,447			
Series 2006 P&I (8.680)	1,170	1,167	1,170	1,171	1,169	1,169	570			
Series 2006 SJC 112.765	7,984	7,985	7,986	7,981	7,982	7,986	6,984	7,986	7,984	7,984
Series 2009 (129.26)	12,387	12,393	12,388	12,393	12,389	12,392	12,389	12,385	12,393	12,393
Series 2009 (SJC 6.73)	504	501	503	501	504	499	499	499	503	503
AARA Funding	54	54	54	54	54	54	54	54	54	54
Proposed Issue			3,275	6,550	6,550	6,550	6,550	6,550	6,550	6,550
Proposed Issue							3,200	6,497	6,497	6,497
Proposed Issue					6,497	6,497	6,497	6,497	6,497	6,497
Proposed Issue									3,200	3,200
Proposed Issue		5,475	5,477	5,473	5,477	5,472	5,475	5,478	5,476	5,475
<b>Total</b>	<b>69,884</b>	<b>76,904</b>	<b>77,294</b>	<b>79,908</b>	<b>86,256</b>	<b>93,579</b>	<b>95,613</b>	<b>96,916</b>	<b>93,915</b>	<b>93,914</b>
<b>Fund Balance</b>	<b>2,821</b>	<b>1,079</b>	<b>2,079</b>	<b>2,079</b>	<b>2,079</b>	<b>2,079</b>	<b>2,079</b>	<b>2,079</b>	<b>2,079</b>	<b>2,079</b>
<b>Operating Fund Resources</b>										
Rate Revenue	<b>174,250</b>	<b>175,300</b>	184,942	187,716	190,531	193,389	196,290	199,235	202,223	205,256
Nonrate Revenue	8,660	8,547	8,547	8,547	8,547	8,547	8,547	8,547	8,547	8,547
Franchise Fee	6,915	6,915	7,053	7,194	7,338	7,485	7,635	7,787	7,943	8,102
Bg. Working Cap.	(10,647)	1,253	10,422	19,370	21,465	19,869	11,073	(950)	(16,468)	(30,174)
<b>Total</b>	<b>179,178</b>	<b>192,015</b>	<b>210,964</b>	<b>222,827</b>	<b>227,881</b>	<b>229,290</b>	<b>223,545</b>	<b>214,619</b>	<b>202,245</b>	<b>191,732</b>
<b>Rate Stabilization Fund Expenditures</b>										
Other (incl GF Trn & Tort)	10,587	10,799	11,015	11,235	11,516	11,804	11,922	12,041	12,161	12,283
Salary Savings 4.5		(1,800)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Offset to Issue Papers		3,274								
Incentive	300	300	300	300	300	300	300	300	300	300
<b>Non recurring issues Maximo</b>										
Rate Stabilization Fund	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transf. to DS	66,727	66,362	69,494	70,108	76,456	81,779	82,813	84,116	81,115	81,114
Transf. to Cap.	8,000	8,000	12,000	18,000	15,000	17,000	20,000	23,000	25,000	25,000
<b>Total</b>	<b>177,925</b>	<b>181,593</b>	<b>191,594</b>	<b>201,362</b>	<b>208,012</b>	<b>218,217</b>	<b>224,495</b>	<b>231,087</b>	<b>232,419</b>	<b>234,796</b>
<b>Resources over Comm.</b>	<b>1,253</b>	<b>10,422</b>	<b>19,370</b>	<b>21,465</b>	<b>19,869</b>	<b>11,073</b>	<b>(950)</b>	<b>(16,468)</b>	<b>(30,174)</b>	<b>(43,064)</b>
<b>Rate Increases</b>	<b>5.00%</b>	<b>0.00%</b>	<b>5.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Accum. Inc. from 2004</b>	<b>6.0%</b>	<b>6.0%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.0%</b>	<b>11.0%</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>

This Page Left Intentionally Blank

# *REVENUE OUTLOOK*

*Proposed  
Operating Budget  
FY/13*

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

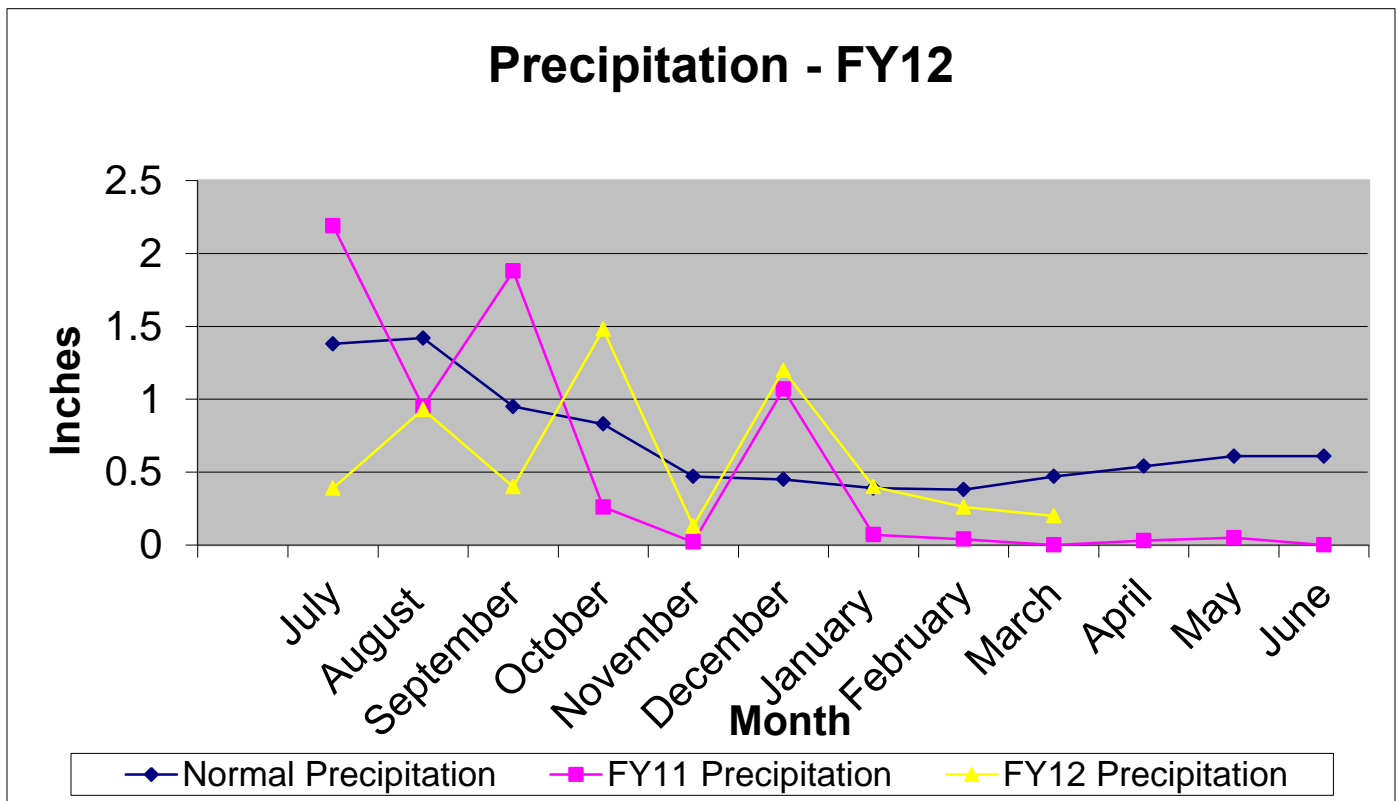
# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## REVISED FY/11 AND PROPOSED FY/12 REVENUE PROJECTIONS

The Authority's revenue projections are summarized in the two tables included in this section. The first table, Joint Water and Sewer Operating Fund 621, presents the operating budgeted revenue for FY/13 as compared to budget FY/12. The second table, Joint Water and Sewer Revenue Bond Debt Service Fund 631, also provides for the same comparison as the other table. For FY/11 the actual results are reported, and for FY/12 budgeted revenues and estimated actual are reported as well.

### REVISED FY/10 REVENUE ESTIMATES

Total Authority operating fund revenues for FY/12 are anticipated to be \$183.79 million or \$23.3 million above FY/11. This is an increase of 14.5% over FY/11 and is projected to be at the approved FY/12 budget level. The increase is primarily the result of a rate increase that went into effect on July 1, 2011. The system has seen some growth in the service area due to development on the Northwest Area of the Authority's service area and in Mesa del Sol. These tempered by continued conservation efforts revenues for FY/12 are estimated to be above FY/12 budgeted levels. This has been compounded by an increase in water usage due to the below average moisture that the service area has received since the beginning of the fiscal year (see chart below).





# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## PROPOSED BUDGET REVENUE ESTIMATES FOR FY/13

Budgeted total Authority Operating Revenues for FY/13 are \$191.4 million representing an increase above the budgeted FY/12 amount, due mainly by an increase in the rate of growth of the service area. Revenue in the Debt Service Fund has a \$1.0 million increase due mainly from a increase in UEC anticipated revenue.

### JOINT WATER AND SEWER OPERATING FUND 621

(\$000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	62	750	750	750	750	-
Other Miscellaneous Revenue	<u>1,114</u>	<u>1,274</u>	<u>1,274</u>	<u>1,274</u>	<u>1,474</u>	<u>200</u>
Total Miscellaneous Revenues	<u>1,176</u>	<u>2,024</u>	<u>2,024</u>	<u>2,024</u>	<u>2,224</u>	<u>200</u>
Enterprise Revenues						
City System-Water	57,654	68,036	68,036	68,036	70,800	2,764
City System-Sewer	34,911	51,551	51,551	51,551	51,800	249
City System-Contr/Aid	294	240	240	280	350	70
SJC Strategy Implementation	25,922	27,627	27,627	27,627	30,000	2,373
City Metered Water Sales-Reuse	297	350	350	350	400	50
City System-Franchise Fee	5,323	6,292	6,292	6,292	6,544	252
Water Resources Management	4,671	4,468	4,468	4,468	4,500	32
Water Facilities Rehab	9,753	7,100	7,100	9,500	7,100	(2,400)
Wastewater Facilities Rehab	<u>10,485</u>	<u>6,200</u>	<u>6,200</u>	<u>12,500</u>	<u>6,200</u>	<u>(6,300)</u>
Total City System	<u>149,309</u>	<u>171,864</u>	<u>171,864</u>	<u>180,604</u>	<u>177,694</u>	<u>(2,910)</u>
Valley System-Water	4,830	4,373	4,373	4,373	5,000	627
Valley System-Sewer	2,986	3,168	3,168	3,168	4,000	832
Valley System-Contr/Aid	38	50	50	50	50	-
Valley System-Franchise Fee	465	553	553	553	575	22
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	<u>61</u>	<u>69</u>	<u>69</u>	<u>69</u>	<u>72</u>	<u>3</u>
Total Valley System	<u>8,381</u>	<u>8,214</u>	<u>8,214</u>	<u>8,214</u>	<u>9,698</u>	<u>1,484</u>
Total Enterprise Revenues	157,691	180,078	180,078	188,818	187,392	(1,426)
Transfers from Other Funds						
CIP Funded Employees	646	650	650	650	650	-
Refuse Disposal Op. Fund - 651	<u>1,032</u>	<u>1,047</u>	<u>1,047</u>	<u>1,047</u>	<u>1,142</u>	<u>95</u>
Total Transfers	<u>1,678</u>	<u>1,697</u>	<u>1,697</u>	<u>1,697</u>	<u>1,792</u>	<u>95</u>
Total Current Resources	160,546	183,799	183,799	192,539	191,408	(1,131)
Beginning Working Capital Balance	<u>(636)</u>	<u>(10,650)</u>	<u>(10,650)</u>	<u>(10,650)</u>	<u>2,248</u>	<u>12,898</u>
<b>TOTAL RESOURCES</b>	<u><u>159,910</u></u>	<u><u>173,149</u></u>	<u><u>173,149</u></u>	<u><u>181,889</u></u>	<u><u>193,656</u></u>	<u><u>11,767</u></u>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## JOINT WATER AND SEWER REVENUE BOND DEBT SERVICE FUND 631

(\$000's)	AUDITED FY11	ORIGINAL BUDGET FY12	REVISED BUDGET FY12	ESTIMATED ACTUAL FY12	PROPOSED BUDGET FY13	PROP 13/ EST ACT 12 CHG
RESOURCES:						
Miscellaneous Revenues						
Interest on Investments	111	500	500	500	500	-
Expansion Charges (UEC)	6,240	7,000	7,000	7,000	8,000	1,000
Proceeds of Refunding Bonds	-	-	-	-	-	-
Release of Reserves	-	-	-	-	-	-
Total Miscellaneous Revenues	<u>6,351</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>8,500</u>	<u>1,000</u>
Transfers from Other Funds						
General Fund - 110	-	-	-	-	-	-
Joint Water and Sewer Rehab	-	-	-	-	-	-
Water/Sewer Operating Fund - 621	<u>65,337</u>	<u>66,727</u>	<u>66,727</u>	<u>66,727</u>	<u>66,362</u>	<u>(365)</u>
Total Transfers	<u>65,337</u>	<u>66,727</u>	<u>66,727</u>	<u>66,727</u>	<u>66,362</u>	<u>(365)</u>
Total Current Resources	71,688	74,227	74,227	74,227	74,862	635
Beginning Working Capital Balance	<u>(2,689)</u>	<u>(2,971)</u>	<u>(2,971)</u>	<u>(2,971)</u>	<u>529</u>	<u>3,500</u>
<b>TOTAL RESOURCES</b>	<u><u>68,999</u></u>	<u><u>71,256</u></u>	<u><u>71,256</u></u>	<u><u>71,256</u></u>	<u><u>75,391</u></u>	<u><u>4,135</u></u>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## ECONOMIC OUTLOOK

The following is based on the November 2011 forecast and events may have transpired that may or may not agree with this forecast.

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

In the November 2011 forecast, Global Insight (GI) expects moderate growth. The year over year growth in real GDP for FY/12 is expected to be 1.7% which is below the 2.6% growth in FY/11. Employment growth after increasing a meager 0.6% in FY/11 is expected to increase 0.9% in FY/12. Total employment is not expected to reach its previous peak of FY/08 until FY/15. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY/16 only declines to 7.2%. Inflation is one of the few bright spots in the GI forecast. They expect growth in the Consumer Price Index (CPI) to remain muted, around 2% throughout the forecast. Some of this is due to the expectation of fairly moderate increases in the price of oil. Prices are expected to stay around \$89 per barrel through FY/12, gradually increasing to \$112 in FY/16. The primary reason for the expectation of low inflation is the weakness in demand due to the weak labor market.

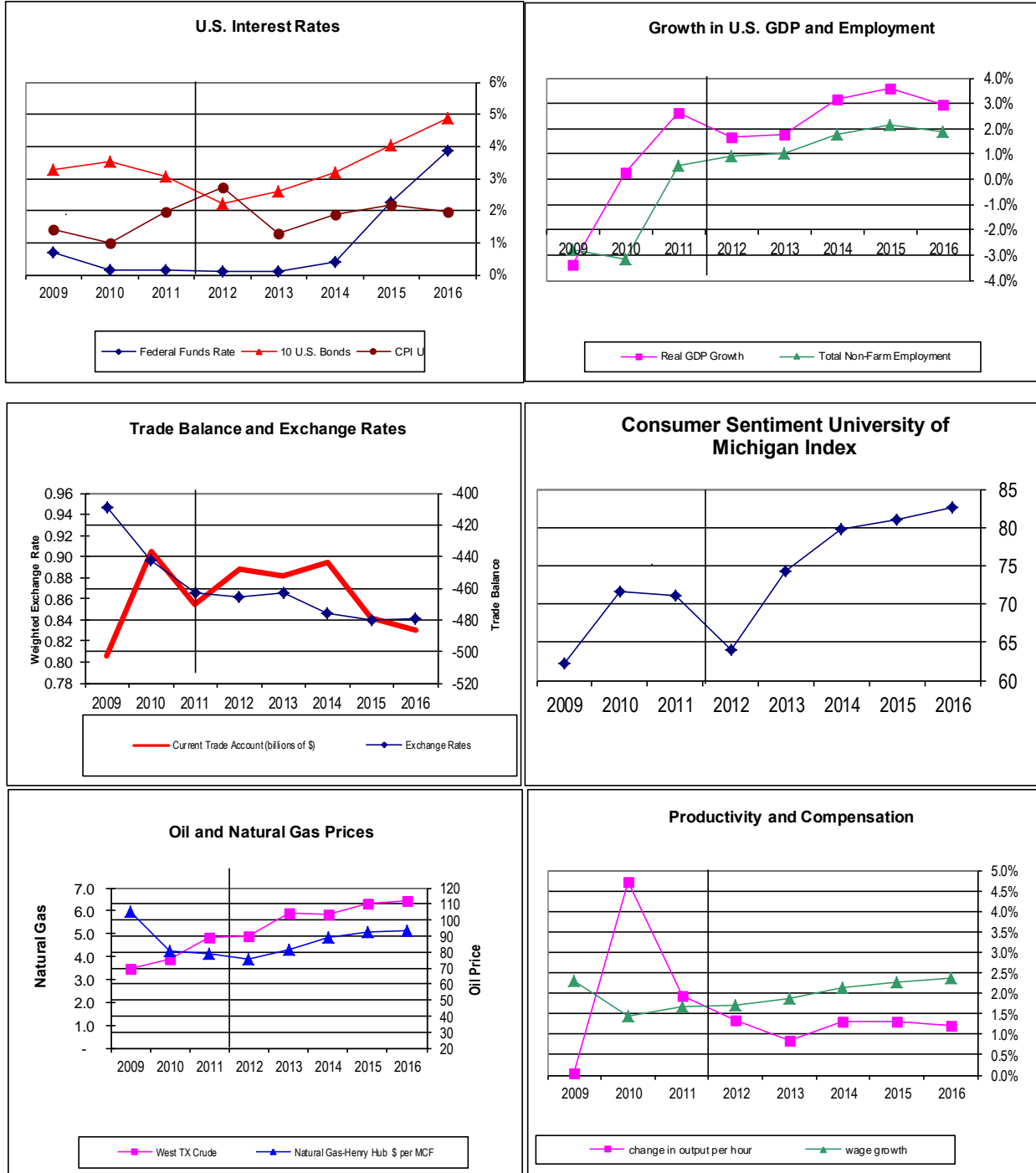
The low inflation expectation also plays into moderate increases in interest rates. GI believes that the Federal Reserve Bank (FRB) will not raise rates until FY/14; reaching 0.4% in FY/13 and continue slowly increasing to reach 3.8% in FY/16.

The alternative forecast gives a 40% probability to a pessimistic scenario and 10% probability to an optimistic scenario. The pessimistic scenario has the economy falling back into recession. This is driven by weakening in credit markets both domestically and worldwide. The unemployment rate peaks at 10.5% in FY/13 and only declines to 9.1% by FY/16. Added to this, increases in the price of commodities push up the CPI to above baseline levels in out years. The optimistic scenario has a quicker recovery. This is driven by the credit markets working better and increases in productivity. The unemployment rate also declines to 5.5% by FY/16

The following charts in Table 1 present a general description of important variables in the GI forecast.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

**TABLE I**  
**U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)**  
 November 2011 Baseline Forecast



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Housing construction in Albuquerque has slowed dramatically, with single family housing permits falling to a fraction of their peak. Single family housing has increased from its low point in FY/09, but declined in FY/11 as it appears that much of the increase in FY/10 was due to federal stimulus programs for home buyers. With the slowdown, overcapacity exists in many industries, and vacancy rates remain high, making it unnecessary to build many new commercial developments. Commercial projects have been limited and government projects have also slowed.

Employment growth in the Albuquerque economy began slowing in FY/08 and has continued. In FY/09 employment declined 2.2%, FY/10 was down by 3.4%, and in FY/11 the decline was only 0.9%. The 2<sup>nd</sup> quarter of FY/12 shows growth of 0.5%. This is the first positive number since the 1st quarter of FY/08. The Albuquerque economy lost 22,681 jobs from FY/08 to FY/11 a loss of 6% of total employment. Growth for FY/12 is expected at 0.5% with growth increasing to 1% in FY/13. While the economy is adding jobs, it is at a slow rate and the previous employment peak in FY/08 is not expected to be reached until the end of FY/16. The unemployment rate in FY/11 declined to 7.5% from 8.8% in FY/10. Some of this decrease is due to discouraged workers leaving the labor force. The rate is expected to slowly decline to 5.8% in FY/16.

Tables 2, 3, and 4 at the end of this section provide a summary of the economic variables underlying the forecast and employment numbers for FY/07 to FY/16 by the major NAICS categories.

**Wholesale and Retail Trade.** These sectors account for about 15% of employment in the Metropolitan Statistical Area (MSA). The sectors posted declines of 4.6%, 4.2%, and 0.6% in FY/09, FY/10, and FY/11 respectively. Retail trade is expected to recover faster than wholesale, but together they increase only 0.5% in FY/12. FY/13 has growth of 1.8% with growth under 1.5% for the remainder of the forecast.

**Transportation, Warehousing and Utilities.** This sector, while important, only accounts for 2.5% of employment. Employment in this sector was weak before the recession hit and then declined substantially with decreases of 7.2% in FY/09 and 8.0% in FY/10. In FY/11 the sector grew 1.2% with expectation of an increase of 1.6% in FY/12. Employment bounces back with growth of 2.1% and 2.4% in FY/13 and FY/14. Growth remains above 1.5% for the remainder of the forecast. Even with this growth employment in FY/16 is still well below the level in FY/08.

**Manufacturing.** This sector accounted for about 6% of employment in the MSA in FY/07 but falls to below 5% in FY/10 and the remainder of the forecast. The sector lost approximately 6,600 jobs between FY/07 and FY/10. FY/11 flattened with a very small increase. Employment is expected to increase 1.3% and 1.5% in FY/12 and FY/13. Growth increases to 2.4% in FY/14 and 3.7% FY/15. In FY/16 manufacturing employment is still 4,500 jobs below the FY/07 level.

**Educational and Health Services.** Albuquerque is a major regional medical center. Presbyterian Healthcare is one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy. In the period FY/07 to FY/10, the sector increased at an average rate of 4.3%. It was the only sector outside of government to grow in either FY/09 or FY/10. Growth slowed to 2.1% in FY/11 and is expected to grow at 1.4% in FY/12. The sector has average annual growth of around 2% in FY/13 to FY/16.

**Leisure and Hospitality.** This category includes eating and drinking establishments as well as hotels and other travel related facilities. Growth has been volatile in this sector. In FY/07 growth was 4.7% driven by

## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

expansion in restaurants and hotels. In FY/08 the growth had slowed to 0.6% and then declined 3.5% in FY/09 and 1.7% in FY/10. In FY/11 growth was 0.3%. This is a major component of GRT and Lodgers' Tax and the growth in tax revenues trends somewhat with employment in the sector. The forecast shows subdued growth in the sector with a maximum of 1.9% in FY/13.

**Financial Activities.** This sector includes finance, insurance and real estate including credit intermediation. The employment in this sector had a slight decline between FY/05 and FY/08. From FY/09 to FY/11 employment decreased at an average rate of 3.3%. In FY/12 the decline is only expected to be 0.1%. The financial crises, consolidation in the banking industry, and the construction decline have impacted this sector. The sector shows slight growth of under 1% in the remainder of the forecast.

**Professional and Business Services.** This category includes temporary employment agencies and some of Albuquerque's back-office operations. It also includes Sandia National Labs (SNL). Growth from FY/05 to FY/08 averaged 2.4%. Employment declined in FY/09 and FY/10 by 2% and 7.2% respectively. In FY/11, there was an additional loss of 2.6%. Much of this loss was construction related; engineers and architects are also included in the sector. FY/12 is expected to post an increase of 1.7%. Growth in the remainder of the forecast averages 1.9%.

**Information.** This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. In FY/10 the sector declined 2% followed by a decline of 5.3% in FY/11. In FY/12 the sector is expected to rebound with growth of 3%. While the sector is flat for FY/13, growth rebounds substantially with 4.8% growth in FY/14. FY/15 is expected to increase 4.2% and FY/16 by 2.9%.

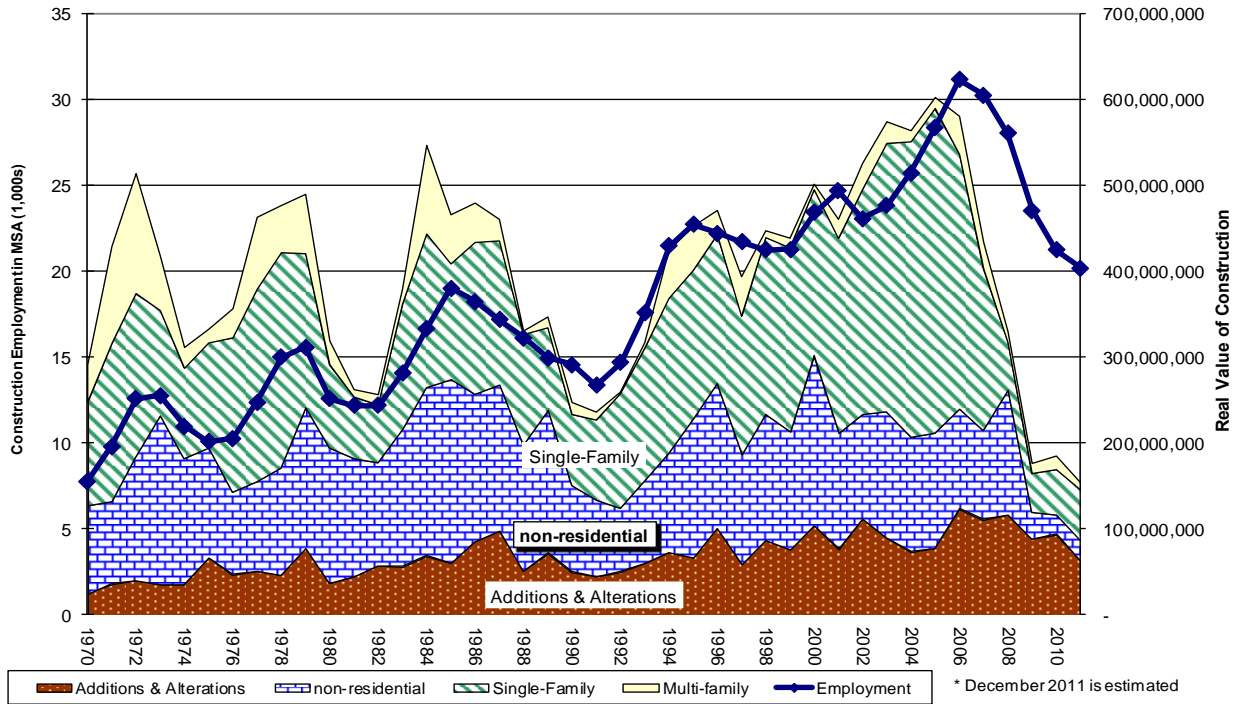
**Construction.** Construction is typically cyclical, with significant swings in building and employment. The following chart shows the real value of new residential (single-family, multi-family), non-residential (public and private), and additions, alterations, and repairs from 1970 to 2011 (December of 2011 was estimated) and deflated by the CPI; 100=1982-84. Five distinct peaks occur in 1973, 1979, 1985, 1995 and 2005. The fall in single family housing from 2005 to 2009 is the largest in this time period. The bottom was reached in the period of August 2008 to February 2009. While single family permitting has increased, it remains subdued. Construction employment has declined and is expected to continue downward through FY/13. From FY/07 to FY/11 approximately 10,000 jobs or 31% of construction employment was lost. Additional losses of 1,000 jobs are expected in FY/12 and FY/13. The value of new non-residential permits issued in real terms fell dramatically following 2008 and is yet to show any strength.

Single family construction fell dramatically in 2008. The City issued an average of 27 permits a month in the period August 2008 through February 2009. In FY/10 there were 875 single family permits issued. In FY/09 only 435 single family permits were issued. This compares to 1,214 in FY/08 and 2,490 in FY/07. The peak occurred in FY/04 and FY/05 with approximately 5,000 permits issued each year.

While there was some strengthening of non-residential permitted value in FY/08 and early FY/09 much of this was due to the Albuquerque Public Schools construction program. Following this, new non-residential permits have continued to fall. In the first 11 months of 2010 compared to the same period in 2009, the decline in total value was about 1%. Most of this decline occurred because of the slowdown in new public construction. Additions, alterations and repairs have held up relatively well and the modest increases in single family permitting has the total value of building permits 44% below the same period in 2008. Commercial construction was the largest source of this decline with value declining 77%. This was somewhat offset by single family and additions and alterations.

**FIGURE 1**  
**City of Albuquerque Value of Permits Deflated by CPI**

**Construction Values In City of Albuquerque Deflated by CPI  
 and Construction Employment in the MSA in Thousands**



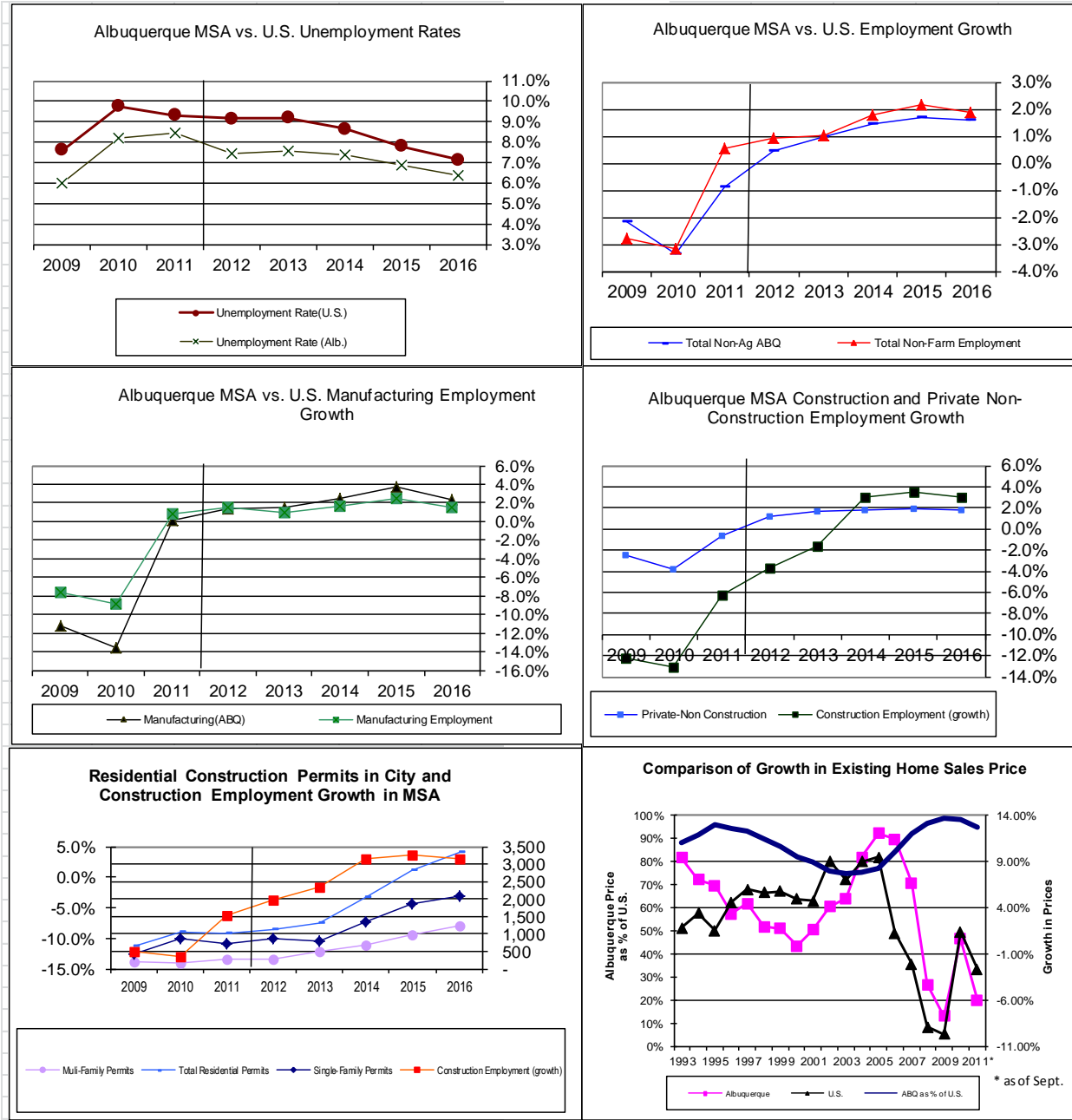
Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA. As shown in the chart above, construction employment moves similarly to permit values, but differences occur. Growth in employment was very strong in 2000-2002, driven in large part by the Intel project and the Big-I reconstruction project. Employment growth remained strong through FY/07 when it began to slow. In FY/08 employment slowed 5% followed by declines of 12.2% and 13.1% and 6.3% in FY/09, FY/10, and FY/11 respectively. The forecast has a decline of 3.7% in FY/12 and 1.6% in FY/13. Employment finally begins growing in FY/14 and averages 3% through FY/16. At this rate of growth, the expected employment in FY/16 is over 9,000 below the peak in FY/07.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## TABLE 2

### *LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST*

By Fiscal Year BBER FOR-UNM Baseline November 2011





# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## TABLE 3

Economic Variables Underlying the Forecast								
	Historical			Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016
<b>National Variables</b>								
Real GDP Growth	-3.4%	0.3%	2.6%	1.7%	1.8%	3.2%	3.6%	3.0%
Federal Funds Rate	0.7%	0.2%	0.2%	0.1%	0.1%	0.4%	2.3%	3.9%
10 U.S. Bonds	3.3%	3.5%	3.1%	2.2%	2.6%	3.2%	4.1%	4.9%
CPI U	1.4%	1.0%	2.0%	2.7%	1.3%	1.9%	2.2%	2.0%
Unemployment Rate(U.S.)	7.6%	9.7%	9.3%	9.2%	9.2%	8.7%	7.8%	7.2%
Total Non-Farm Employment	-2.8%	-3.1%	0.6%	0.9%	1.0%	1.8%	2.1%	1.9%
Manufacturing Employment	-7.7%	-8.9%	0.8%	1.5%	1.0%	1.6%	2.5%	1.6%
Consumer sentiment index--University of Michigan	62.2	71.6	71.1	64.1	74.4	79.7	81.0	82.6
Exchange Rates	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8
Current Trade Account (billions of \$)	(502.7)	(437.1)	(469.9)	(448.2)	(452.6)	(443.9)	(479.1)	(486.2)
Change in output per hour	0.0%	4.7%	1.9%	1.3%	0.9%	1.3%	1.3%	1.2%
Natural Gas-Henry Hub \$ per MCF	5.9	4.2	4.1	3.9	4.3	4.9	5.1	5.1
West TX Intermediate (dollars per bbl)	69.8	75.2	89.4	89.6	104.0	103.7	110.2	112.1
Wage Growth	2.3%	1.4%	1.7%	1.7%	1.9%	2.1%	2.3%	2.4%
<b>Albuquerque Variables</b>								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	-2.2%	-3.4%	-0.9%	0.5%	1.0%	1.4%	1.7%	1.6%
Private-Non Construction	-2.4%	-3.8%	-0.6%	1.2%	1.6%	1.7%	1.9%	1.8%
Construction Employment (growth)	-12.2%	-13.1%	-6.3%	-3.7%	-1.6%	3.0%	3.5%	3.0%
Manufacturing(ABQ)	-11.3%	-13.5%	0.1%	1.3%	1.5%	2.4%	3.7%	2.3%
Unemployment Rate (Alb.)	6.0%	8.2%	8.5%	7.4%	7.5%	7.4%	6.9%	6.3%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	435	875	723	856	806	1,346	1,862	2,093
Muli-Family Permits	204	172	274	278	514	699	962	1,239
Total Residential Permits	639	1,047	997	1,134	1,320	2,045	2,824	3,333
Source Global Insight and FOR-UNM November 2011 Baseline Forecasts								

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## TABLE 4

Albuquerque MSA Employment in Thousands										
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
TOTAL NONAGRICULTURAL	380.567	382.270	374.017	361.440	358.184	359.796	363.308	368.545	374.741	380.740
CONSTRUCTION	31.595	30.099	26.419	22.971	21.532	20.743	20.418	21.029	21.771	22.416
MANUFACTURING	24.092	22.837	20.259	17.521	17.538	17.772	18.046	18.485	19.165	19.611
WHOLESALE TRADE	13.433	13.351	12.506	12.130	11.932	11.672	11.983	12.279	12.481	12.662
RETAIL TRADE	44.207	44.939	43.088	41.133	40.997	41.527	42.148	42.603	43.158	43.721
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.059	10.335	9.593	8.829	8.935	9.077	9.269	9.495	9.667	9.824
INFORMATION	9.385	9.182	9.176	8.994	8.517	8.775	8.810	9.228	9.613	9.895
FINANCIAL ACTIVITIES	18.054	17.873	17.276	16.755	16.135	16.111	16.194	16.307	16.408	16.478
PROFESSIONAL AND BUSINESS SERVICES	63.609	64.191	62.913	58.367	56.822	57.803	58.719	59.773	61.129	62.279
EDUCATIONAL AND HEALTH SERVICES	43.557	45.068	47.667	49.479	50.503	51.195	52.291	53.336	54.379	55.715
LEISURE AND HOSPITALITY	39.114	39.260	37.887	37.228	37.350	37.725	38.446	38.932	39.600	40.202
OTHER SERVICES	10.271	10.433	10.341	9.982	10.045	10.115	10.165	10.250	10.329	10.403
GOVERNMENT	73.190	74.701	76.892	78.052	77.877	77.287	76.825	76.827	77.032	77.523
LOCAL GOVERNMENT	38.781	39.953	41.291	41.303	41.071	40.782	40.709	41.022	41.386	41.904
STATE GOVERNMENT	19.861	20.279	20.672	21.088	21.065	20.967	20.894	20.912	21.002	21.128
FEDERAL GOVERNMENT	14.548	14.470	14.929	15.661	15.741	15.538	15.221	14.893	14.644	14.491
Private Non-Construction	275.782	277.469	270.706	260.418	258.774	261.766	266.065	270.690	275.938	280.801
MILITARY EMPLOYMENT, THOUSANDS	6.157	5.735	5.702	6.159	6.255	6.228	6.070	5.931	5.833	5.771
Growth Rates										
TOTAL NONAGRICULTURAL	-1.2%	0.4%	-2.2%	-3.4%	-0.9%	0.5%	1.0%	1.4%	1.7%	1.6%
CONSTRUCTION	3.9%	-4.7%	-12.2%	-13.1%	-6.3%	-3.7%	-1.6%	3.0%	3.5%	3.0%
MANUFACTURING	2.8%	-5.2%	-11.3%	-13.5%	0.1%	1.3%	1.5%	2.4%	3.7%	2.3%
WHOLESALE TRADE	2.7%	-0.6%	-6.3%	-3.0%	-1.6%	-2.2%	2.7%	2.5%	1.6%	1.4%
RETAIL TRADE	1.2%	1.7%	-4.1%	-4.5%	-0.3%	1.3%	1.5%	1.1%	1.3%	1.3%
TRANSPORTATION, WAREHOUSING, AND UTILITIES	-3.4%	2.7%	-7.2%	-8.0%	1.2%	1.6%	2.1%	2.4%	1.8%	1.6%
INFORMATION	4.2%	-2.2%	-0.1%	-2.0%	-5.3%	3.0%	0.4%	4.8%	4.2%	2.9%
FINANCIAL ACTIVITIES	-6.8%	-1.0%	-3.3%	-3.0%	-3.7%	-0.1%	0.5%	0.7%	0.6%	0.4%
PROFESSIONAL AND BUSINESS SERVICES	2.6%	0.9%	-2.0%	-7.2%	-2.6%	1.7%	1.6%	1.8%	2.3%	1.9%
EDUCATIONAL AND HEALTH SERVICES	-7.5%	3.5%	5.8%	3.8%	2.1%	1.4%	2.1%	2.0%	2.0%	2.5%
LEISURE AND HOSPITALITY	4.6%	0.4%	-3.5%	-1.7%	0.3%	1.0%	1.9%	1.3%	1.7%	1.5%
OTHER SERVICES	-14.3%	1.6%	-0.9%	-3.5%	0.6%	0.7%	0.5%	0.8%	0.8%	0.7%
GOVERNMENT	-5.3%	2.1%	2.9%	1.5%	-0.2%	-0.8%	-0.6%	0.0%	0.3%	0.6%
LOCAL GOVERNMENT	1.9%	3.0%	3.4%	0.0%	-0.6%	-0.7%	-0.2%	0.8%	0.9%	1.3%
STATE GOVERNMENT	-19.9%	2.1%	1.9%	2.0%	-0.1%	-0.5%	-0.3%	0.1%	0.4%	0.6%
FEDERAL GOVERNMENT	1.0%	-0.5%	3.2%	4.9%	0.5%	-1.3%	-2.0%	-2.2%	-1.7%	-1.0%
Private Non-Construction	-0.6%	0.6%	-2.4%	-3.8%	-0.6%	1.2%	1.6%	1.7%	1.9%	1.8%
MILITARY EMPLOYMENT, THOUSANDS	0.0%	-6.9%	-0.6%	8.0%	1.6%	-0.4%	-2.5%	-2.3%	-1.7%	-1.1%

This Page Left Intentionally Blank

***CAPITAL BUDGET***

***Proposed  
Operating Budget  
FY/13***



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## **Capital Program Overview**

The 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/sewer rate structure. Special Projects are done outside of the Basic program but are funded from the same revenue stream that funds the Basic Program. Since the Basic Program is the first in line to get this revenue, the size and scope of these Special projects depend upon the availability of resources. “Dedicated Revenue” projects have a revenue element in the rate structure dedicated for that specific purpose and accordingly, their size and scope are dependent upon the revenue stream generated. The Authority has increased in recent years its utilization of state and federal grants to fund some capital projects in whole or in part.

The blueprint for the 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 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 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. FY/13 is the second year of the two year planning element included in the FY/12 – FY/21 Decade Plan approved by the Board in April, 2011.

Basic Program capital needs are incorporated into the water/sewer rate structure. The Rate Ordinance requires that Basic Program needs are funded at least 50% from cash, with the balance of capital funding obtained through revenue bond or loan financing. The rate structure is designed to provide sufficient revenue to meet the 50% 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 Authority capital projects. UEC revenue is considered cash for purposes of meeting the 50% test. The current Rate Ordinance requires a \$30 million Basic rehabilitation program. The Rate Ordinance does not specify the size of the Basic growth program.

The FY/12 – FY/21 Decade Plan was significant for the use of risk analysis techniques combined with an asset management strategy to determine where the Authority's capital resources should be expended in order to maximize the benefit to rate payers. The Authority's asset management plan is intended to provide a business model for managing infrastructure assets to minimize the total costs of owning and operating them at an acceptable level of risk. Rate payers' investment in the infrastructure is maximized as a result. The adopted decade plan represents the funding decisions made by a broad array of staff and managers throughout the Authority. Project prioritization resulted from unprecedented levels of discussions within the Authority and with outside consultants engaged to assist the Authority in charting a path for its capital program.

While maintaining a similar presentation format as the prior decade plan, the FY/12 – FY/21 Decade Plan for rehabilitation was constructed from pipeline / plant perspective rather than the water / water reclamation perspective used in prior decade plans. A pipeline / plant perspective provides a basic delineation of the infrastructure as either being in the ground or on the surface of the ground. In order to enhance distinctions within the plant category, odor control, lift station and compliance rehabilitation were shown separately from water reclamation plant

A continued decline in Utility Expansion Charge (UEC) revenue has led to a reduction in the Basic growth program to \$3 million in FY/12 and \$3 million in FY/13. The Basic growth program has shifted in focus from placing from new pipe in the ground to meeting the demands of a business intent on achieving performance improvement goals and meeting mandated standards. The discretionary spending in the FY/13

# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

Growth program budget will continue initiatives in Information Technology (IT) support for the operating divisions. The remainder of the FY/13 Growth program is primarily non-discretionary and includes funding for the low income connection program managed by Bernalillo County and repayment to developers as connections are made to the System.

The most significant project in the IT area is a special project for the acquisition and implementation of the Authority's own financial and human resource systems. The Authority is currently utilizing the City of Albuquerque's PeopleSoft systems which went live on January 1, 2009. The continuing difficulties with the PeopleSoft systems have been a primary contributor to the inability of the City and the Authority to get their annual external financial audit done on a timely basis and to timely monitor actual results against budgeted amounts. The Authority intends to choose a financial system appropriate to its size and needs with the goal of minimal customization while changing business processes as needed to accommodate the delivered software.

The Authority has engaged the services of the Governmental Finance Officers Association to assist with system criteria, vendor selection and implementation services. The target start-up dates are July 1, 2013 for the financial system and January 1, 2014 for the human resources system. The FY/13 capital program appropriation includes \$2.0 million for this project.

There are no appropriations in the approved FY/13 CIP budget for projects that will be funded with revenues from FY/14 and later.

## **FY/13 Capital Program Appropriations and Spending by Categories**

### Summary Perspective

The Authority's Capital program budget for FY/13 is \$33 million for the Basic capital program, \$5.0 million for special projects and \$4.0 million for Water Resource Management Strategy projects.

The Basic program is comprised of \$30 million for rehabilitation infrastructure needs as required by the Rate Ordinance and \$3 million for growth infrastructure needs.

Spending in the FY/13 Basic program may differ for some projects from the levels appropriated in the budget resolution because of expected positive and deficit carryovers from the FY/12 Basic program. The deficit carryovers will be absorbed by utilizing FY/13 revenues and correspondingly reducing FY/13 spending.

In order to meet reporting requirements, the Capital program is presented from the perspective of categories of spending. Category definitions are:

Rehabilitation = Costs required to extend the service life of an existing facility or to restore original performance or capacity by rehabilitating or replacing system components

Growth = Costs for either new facilities, component additions or system upgrades that provide service or capacity for new or future customers, or restores needed reserves previously used to support new customers. Included in growth are costs for improvements not tied to specific infrastructure assets. Improvements include management information systems development, geographic information systems development, vehicles and asset management.

Valley = Costs for water and sewer expansion projects in the North and South Valley service areas in partnership with Bernalillo County.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Water Resources Management Strategy (WRMS) = Costs for projects identified in the Water Resources Management Strategy as adopted by the City of Albuquerque in 1997 and as adopted by the Authority as successor. There is a revenue element in the rate structure dedicated for WRMS.

	<u>Appropriation</u>	<u>Planned Spending</u>
Basic Pipeline Renewal	\$ 9,900,000	\$ 9,900,000
Basic Plant Renewal	\$ 20,100,000	\$ 20,100,000
Basic System Growth	\$ <u>3,000,000</u>	\$ <u>3,000,000</u>
Total Basic	\$ <u>33,000,000</u>	\$ <u>33,000,000</u>
Special Projects:		
Rehab		
Automated Meter Infrastructure	\$ 2,000,000	\$ 2,000,000
Steel Water Line Replacement	\$ 1,000,000	\$ 1,000,000
Growth		
Financial System Implementation	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>
Total Special Projects	\$ <u>5,000,000</u>	\$ <u>5,000,000</u>
Water Resources Management Strategy		
San Juan Chama	\$ 2,300,000	\$ -
San Juan Chama Mitigation	\$ <u>1,700,000</u>	\$ <u>1,700,000</u>
Total WRMS Projects	\$ <u>4,000,000</u>	\$ <u>1,700,000</u>
Total	\$ <u>42,000,000</u>	\$ <u>39,700,000</u>

	<u>Appropriation</u>	<u>Planned Spending</u>
Rehab		
Basic Program	\$ 30,000,000	\$ 30,000,000
Special Projects	\$ 3,000,000	\$ 3,000,000
Growth		
Basic Program	\$ 3,000,000	\$ 3,000,000
Special Projects	\$ 2,000,000	\$ 2,000,000
Water Resources Management Strategy	\$ <u>4,000,000</u>	\$ <u>1,700,000</u>
Total	\$ <u>42,000,000</u>	\$ <u>39,700,000</u>

<u>Category</u>	<u>Percentage</u>	<u>Amount</u>
Rehab	78.6	\$ 33,000,000
Growth	11.9	\$ 5,000,000
Water Resources Management Strategy	<u>9.5</u>	\$ <u>4,000,000</u>
Total	<u>100.0</u>	\$ <u>42,000,000</u>

The revenue sources for the appropriations are comprised of:

	<u>Debt</u>	<u>Cash</u>
Rehab		
Basic Program	\$ 22,000,000	\$ 8,000,000
Special Project	\$ 3,000,000	\$ -
Growth		
Basic Program	\$ -	\$ 3,000,000
Special Project	\$ 2,000,000	\$ -



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Water Resources Management Strategy	\$	<u>4,000,000</u>	\$	<u>-</u>
Total	\$	<u>31,000,000</u>	\$	<u>11,000,000</u>

Basic Program appropriations by decade plan category

Rehab

Water Reclamation Line Renewal	\$	5,000,000
Water Line Renewal	\$	3,700,000
Water Reclamation Plant Renewal	\$	15,000,000
Lift Station and Vacuum Station Renewal	\$	590,000
Water Plant Renewal	\$	3,710,000
Water Reclamation Compliance	\$	600,000
Franchise Fee Compliance	\$	1,000,000
CIP Funded Position Transfer	\$	<u>400,000</u>
	\$	<u>30,000,000</u>

Growth

Water Lines	\$	500,000
Developer Agreements	\$	295,000
MIS / GIS	\$	1,200,000
Vehicle Replacement	\$	300,000
Utility Risk Reduction	\$	5,000
Master Plan and Asset Management	\$	300,000
Low Income Water/Sewer Connections	\$	<u>400,000</u>
	\$	<u>3,000,000</u>

The \$5.0 million appropriation for special projects is comprised of three projects:

- \$2 million for Automated Meter Infrastructure (AMI) representing the evolution of Automatic Meter Reading (AMR) technology
- \$1 million for steel water line replacement
- \$2 million for the acquisition and implementation of a new financial and human resource system which will allow the Authority to move off of similar systems currently shared with the City of Albuquerque

**Reconciliation between Appropriations and Planned Spending**

Appropriations per this resolution	\$	43,000,000
Currently appropriated loan proceeds that have been spent for the Surface Water Drinking Project	\$	<u>(2,300,000)</u>
Planned spending	\$	<u>40,700,000</u>

By fund, the \$42.0 million is allocated: \$.5 million in the Valley Projects fund 627 (the \$.5 million for the low income connection program is in fund 627), \$33.0 million in the Joint Water & Sewer Rehabilitation Fund 628 and \$8.5 million in the Joint Water & Sewer Fund 629.

**FY/13 Capital Program Highlights**

There was a significant change in the planned spending in FY/12 per the FY/12 – FY/21 Decade Plan. The signature rehabilitation project in the decade plan was the Preliminary Treatment Facilities (PTF) / Dewatering Facilities project which was bid as one project. Project bids from various construction companies were opened in January 2012 and all of the bids came in higher than available revenues and accordingly all

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

bids were rejected. This project is currently on hold pending ongoing consultant services for a value engineering analysis with the goal of reducing project scope to within available revenues.

Despite the setback with the PTF / Dewatering project, the rehabilitation focus remains on the Southside Water Reclamation Plant (the Plant) in FY/13. While a final resolution of resource allocation will not occur until sometime in FY/13, initial efforts are underway on the two projects which were to receive substantial funding in FY/14 – the Digester Rehabilitation project and the Primary Clarifier project.

The FY/12 – FY/21 decade plan contains narrative descriptions of the individual projects within each category and should be read in accompaniment with this document.

While Southside Water Reclamation Plant projects dominate rehabilitation spending, there are planned rehabilitation projects in other areas. The FY/13 portion of the FY/12/13 small diameter water and sewer line project is proceeding as is the FY/12 portion of the FY/11/12 large diameter sewer line project. The largest water plant rehabilitation project is an upgrade of the SCADA (Supervisory Control and Data Acquisition) system at the Surface Water Treatment Plant. The SCADA system network of computer servers and workstations which control the surface and groundwater pumping and treatment systems is facing obsolescence.

The San Juan Chama Mitigation project is intended to create riparian habitat along the Rio Grande River below the surface water diversion dam to compensate for the reduced river flow due to the dam. Three sites north and south of Paseo Del Norte and on both the east and west sides of the river have been selected for habitat restoration.

The project will involve dirt work including shelves, terraces and channels in the river and tree plantings as well as enhanced natural revegetation processes arising from the expected increased river flows.

Anticipated project benefits include 1) increased silvery minnow habitat 2) increased diversity of the riparian ecosystem 3) creating willow dominated flycatcher breeding and migratory habitat along the channel margin and 4) enhancing the hydrologic connectivity between the floodplain and the river channel.

Each of the three site footprints would be at least five acres with two of the sites possibly extending to eight acres.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
<u>Basic Program</u>		
<u>Valley Projects Fund 627</u>		
Valley Low Income W/S Connections	Transfer from Fund 631	400,000
<u>Water Utility / Joint Water &amp; Sewer Rehab Fund 628</u>		
<u>Sanitary Sewer Pipeline Renewal</u>		
Interceptor Sewer Rehabilitation	Bond Proceeds	3,000,000
Small Diameter Sewer Line		
Rehabilitation	Bond Proceeds	1,500,000
Sewer Line CCTV Inspections	Bond Proceeds	500,000
<u>Drinking Water Pipeline Renewal</u>		
Small Diameter Water Line		
Rehabilitation	Bond Proceeds	2,500,000
Large Diameter Water Line		
Rehabilitation	Bond Proceeds	500,000
Water Service Line Replacement	Bond Proceeds	5,000
Water Meter Box Replacement	Bond Proceeds	5,000
Water Meter Replacement	Bond Proceeds	240,000
Large Water Valve Replacement	Bond Proceeds	250,000
Pressure Reducing Valve		
Replacement	Bond Proceeds	200,000
<u>Southside Water Reclamation Plant Renewal</u>		
Preliminary Treatment Facility		
Replacement	Bond Proceeds	2,400,000
	Transfer from Fund 621	4,000,000
Dewatering Facility Replacement	Bond Proceeds	2,400,000
	Transfer from Fund 621	4,000,000
Digester Rehabilitation, Capacity		
And Gas Improvements	Bond Proceeds	250,000
Primary Clarifier Improvements	Bond Proceeds	450,000
DAF Rehabilitation	Bond Proceeds	660,000
In-House Plant Projects	Bond Proceeds	500,000
ABB Service Contract	Bond Proceeds	140,000
ABB SCADA Upgrade	Bond Proceeds	200,000

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Lift Station and Vacuum Station Renewal

Lift Station Rehabilitation	Bond Proceeds	330,000
Lift Station Radio Replacement	Bond Proceeds	140,000
Lift Station Programmable Logic Controller Replacement	Bond Proceeds	120,000

## Drinking Water Plant Renewal

Annual Sodium Hypochlorite Generator System Rehabilitation / Replacement	Bond Proceeds	130,000
Annual Well and Booster Pump Station Rehabilitation and Maintenance	Bond Proceeds	1,450,000
Water Treatment Plant Rehab	Bond Proceeds	50,000
Solids Drying Beds Improvements	Bond Proceeds	50,000
Grit Removal Basin Improvements	Bond Proceeds	50,000
Dissolved Ozone Monitoring Improvements	Bond Proceeds	250,000
Diversion Bar Screen Improvements	Bond Proceeds	500,000
Settling Basin Edge Protection	Bond Proceeds	50,000
Lomas Reservoir No. 2 Rehabilitation	Bond Proceeds	310,000
Water Treatment Plant SCADA Control Upgrade	Bond Proceeds	100,000
College Reservoir Rehab	Bond Proceeds	220,000
College Arsenic Removal Demonstration Facility Rehab	Bond Proceeds	50,000
Corrales Trunk System Reliability Improvements	Bond Proceeds	200,000
Corrales Trunk Gas Engine Overhauls	Bond Proceeds	50,000
Asset Management Plan for Wells	Bond Proceeds	250,000

## Compliance

Water Quality Laboratory	Bond Proceeds	295,000
NPDES Program	Bond Proceeds	155,000
Water Quality Program	Bond Proceeds	150,000

## Shared Renewal

Franchise Fee Compliance	Bond Proceeds	1,000,000
CIP Funded Position Transfer	Bond Proceeds	400,000

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Water Utility / Joint Water & Sewer Fund 629

Warehouse Meters	Transfer from Fund 631	500,000
Development Agreements	Transfer from Fund 631	295,000
MIS / GIS	Transfer from Fund 631	1,200,000
Vehicle Replacements	Transfer from Fund 631	300,000
Utility Risk Reduction / GPS	Transfer from Fund 631	5,000
Integrated Master Plan	Transfer from Fund 631	300,000

## Special Projects

### Water Utility / Joint Water & Sewer Rehab Fund 628

Automatic Meter Reading	Bond Proceeds	2,000,000
Steel Water Line Replacement	Bond Proceeds	1,000,000

### Water Utility / Joint Water & Sewer Fund 629

ERP Financial Systems Project	Bond Proceeds	2,000,000
-------------------------------	---------------	-----------

## Water Resource Management Strategy Projects

### Water Utility / Joint Water & Sewer Fund 629

San Juan Chama Drinking Water	Bond Proceeds	2,300,000
San Juan Chama Mitigation	Bond Proceeds	1,700,000

***DEBT OBLIGATIONS***

***Proposed  
Operating Budget  
FY/13***



# **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 (the “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 Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the 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 Authority. The Authority and the City entered into a Memorandum of Understanding 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 Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Authority as a political subdivision of the state. On March 21, 2007 the 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 Authority.

The outstanding Water/Sewer System parity obligations are currently rated “Aa1” by Moody’s, “AA+” by S&P and “AA” by Fitch. In addition, the outstanding System bonds are credit enhanced and therefore have a higher rating which is based upon the rating of the credit enhancer rather than the rating of the Authority for such bonds.

The total outstanding obligation indebtedness of the Authority as of April 1, 2012 is \$690.864 million shown in the table on the next page.



**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

**ABCWUA**

**SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS**

**April 1, 2012**

**RATINGS**

**SENIOR DEBT OBLIGATIONS**

**JOINT WATER AND SEWER - SENIOR LIEN**

Aa1/AA+/AA

MAY 2002 - NMFA DWRLF LOAN  
APRIL 2003 - NMFA DWRLF LOAN  
SEPT 2004 - NMFA PPRF LOAN  
OCT 2005 - IMPROVEMENT  
OCT 2005 - NMFA PPRF LOAN  
Series 2006A Bonds  
Series 2007A NMFA Loan  
Series 2008A Bonds  
Series 2009A-1  
Series 2009A-2  
2009 NMFA DWRFL  
NOV 2011 - NMFA LOAN

**SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS**

**SUBORDINATE & SUPER-SUBORDINATE DEBT OBLIGATIONS**

1989 Loan  
1995 Loan  
2001 Loan  
2004 NMFA DWRLF Loan  
2009 WTB Loan  
2009 NMFA DWRLF Loan  
2010 NMFA DWRLF Loan - 2379-PP  
2010 NMFA DWRLF Loan - 2380-PP  
2010 NMFA DWRLF Loan - 2381-PP  
2010 DWRFL - 2382-ADW  
2011 DWRFL - 205-ADW  
2011 DWRFL - 206-ADW  
2011 DWRFL - 207-ADW

**SUBTOTAL - SUBORDINATE & SUPER-SUBORDINATE LIEN LOANS**

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>FINAL MATURITY</u>	<u>ORIGINAL AMT ISSUED</u>	<u>AMOUNT RETIRED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATES</u>
07/01/12	2,450,000	2,327,719	122,281	1.75%
07/01/15	3,600,000	2,303,552	1,296,448	4.25% - 5.00%
05/01/24	118,415,000	31,960,000	86,455,000	4.25% - 5.25%
05/01/25	20,000,000	1,250,000	18,750,000	5.00%
07/01/25	132,985,000	8,940,000	124,045,000	3.00% - 5.50%
07/01/26	133,390,000	11,955,000	121,435,000	4.25% - 5.00%
06/01/25	77,005,000	12,035,000	64,970,000	4.25% - 5.25%
07/01/23	55,630,000	0	55,630,000	5.00%
07/01/13	14,375,000	6,765,000	7,610,000	3.00% - 5.00%
07/01/34	135,990,000	1,695,000	134,295,000	3.25% - 5.25%
11/01/30	1,010,000	0	1,010,000	1.00%
07/01/36	53,400,000	0	53,400,000	3.00% - 5.00%
	<b>\$748,250,000</b>	<b>\$79,231,271</b>	<b>\$669,018,729</b>	
10/01/13	7,907,285	6,820,576	1,086,709	3.00%
07/01/12	15,000,000	13,473,435	1,526,565	4.00%
07/01/25	15,000,000	7,689,808	7,310,192	3.00%
05/01/31	12,000,000	1,792,719	10,207,281	2.00%
11/13/29	50,000	3,943	46,057	1.00%
11/13/29	100,000	7,749	92,251	0.25%
01/23/31	47,518	0	47,518	1.00%
01/23/31	60,600	2,952	57,648	1.00%
01/23/31	125,453	0	125,453	1.00%
06/01/30	200,000	9,765	190,235	0.25%
01/23/31	452,000	0	452,000	0.25%
01/23/31	640,000	0	640,000	0.25%
11/23/31	63,354	0	63,354	0.25%
	<b>\$51,646,210</b>	<b>\$29,800,947</b>	<b>\$21,845,263</b>	
	<b>\$799,896,210</b>	<b>\$109,032,218</b>	<b>\$690,863,992</b>	

This Page Left Intentionally Blank

*APPENDIX*

*Proposed  
Operating Budget  
FY/13*



# **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 FY/13 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 – 19.01% for blue and white collar and management/professional, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, and health insurance including retiree health insurance) – 18.96%.
- 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 FY/13 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY/13 operating expenses were equal to FY/12 appropriated amounts. One-time appropriations for FY/12 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY/13, utilities (gas, electricity, and water) are 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, increased workload, or a special need not previously funded.

## **Capital Expenditures**

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

## **Transfers**

- Workers' Compensation and insurance transfers are treated as direct transfers to the Risk Management Fund in each program for FY/13. These transfers are identified by the Finance and Administrative Services Department, Risk Management Division based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY/13 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.
- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AA+ bond rating.
- Radio maintenance costs are based on historical average prices during an 18-month period ending December 2011.
- Fuel costs have been hedged for FY13 at approx. \$2.78 a gallon.

## ACRONYMS

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

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

**AFH** – Affordable Housing

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

**AMI** – Automated Meter Infrastructure

**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

**CC&B** – Customer Care and Billing

**CCTV** – Closed Circuit Television

**CIS** – Customer Information System

**CIP** - Capital Improvements or Implementation Program

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

**CMMS** – Computerized Maintenance Management System

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

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

**CWA** – Clean Water Act

**D & C** – Design and Construct

**DAF** – Dissolved Air Floatation

**DOE** - Dept of Energy

**DOL** - Dept of Labor

**D/S** - Debt Service

**DWL** – Drinking Water Loan

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

**EID** – Environmental Improvement Division

**EPA** – Environmental Protection Agency

**FD** - Fund

**FTE** - Full-time Equivalent Position

**FY** - Fiscal Year

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

**GASB** - General Accounting Standards Board

**GDP**-Gross Domestic Product

**GFOA** - Government Finance Officers Association

**GI** – Global Insight

**GIS** – Geographic Information System

**GPCD** – Gallons per capita per day

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

**GRT** – Gross Receipts Tax

**HMO** – Health Maintenance Organization

**HR** – Human Resources

**IDOH** - Indirect Overhead

**IPC** – Indicators Progress Commission

**ITD** – Information Technology Division

**IVR** – Interactive Voice Response

**IWA** – International Water Audit

**KAFB** – Kirtland Air Force Base

## ACRONYMS

<b>LIMS</b> – Laboratory Information System	<b>RRAMP</b> – Reclamation Rehabilitation and Asset Management Plan
<b>MSA</b> - Metropolitan Statistical Area	<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>SDWA</b> – State Drinking Water Act
<b>MOU</b> – Memorandum of Understanding	<b>SJC</b> – San Juan Chama
<b>MSA</b> – Metropolitan Statistical Area	<b>SJCWTP</b> - San Juan – Chama Drinking Water Project
<b>MRGCOG</b> – Middle Rio Grande Council of Governments	<b>SNL</b> – Sandia National Laboratory
<b>NBER</b> – National Bureau of Economic Research	<b>SOP</b> – Standard Operating Procedures
<b>NM</b> – New Mexico	<b>SRF</b> – State Revolving Loan Fund
<b>NMDOT</b> – New Mexico Department of Transportation	<b>SWR</b> - Sewer
<b>NMFA</b> – New Mexico Finance Authority	<b>SWRP</b> - Southside Water Reclamation Plant
<b>NMED</b> – New Mexico Environment Department	<b>TRFR</b> - Transfer
<b>NMUI</b> – New Mexico Utilities Group Inc.	<b>UEC</b> – Utility Expansion Charge
<b>NPDES</b> – National Pollution Discharge Elimination System	<b>UNM</b> – University of New Mexico
<b>NWSA</b> – Northwest Service Area	<b>UV</b> – Ultra-Violet
<b>O/M</b> – Operations and Maintenance	<b>WQL</b> – Water Quality Laboratory
<b>OSHA</b> – Occupational Safety and Health Administration	<b>WRAC</b> – Water Resources Advisory Committee
<b>P&amp;I</b> – Principal and Interest	<b>WTP</b> – Water Treatment Plant
<b>PERA</b> - Public Employees Retirement Association	<b>YR</b> - Year
<b>PNM</b> – Public Service Company of New Mexico	
<b>PTF</b> – Preliminary Treatment Facility	
<b>REC</b> – Renewable Energy Credit	
<b>RFP</b> - Request for Proposal(s)	



## SELECTED GLOSSARY OF TERMS

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 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 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

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 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 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

## SELECTED GLOSSARY OF TERMS

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

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 your 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: 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 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 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

## SELECTED GLOSSARY OF TERMS

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

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

STATE ENGINEER PERMIT 4830: The permit allows the Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of 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

UNACCOUNTATED FOR WATER: The difference between the quantity of water supplied to the 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 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:**

---

- 621 Joint Water and Sewer Operating
- 631 Joint Water and Sewer Revenue Bond Debt Service

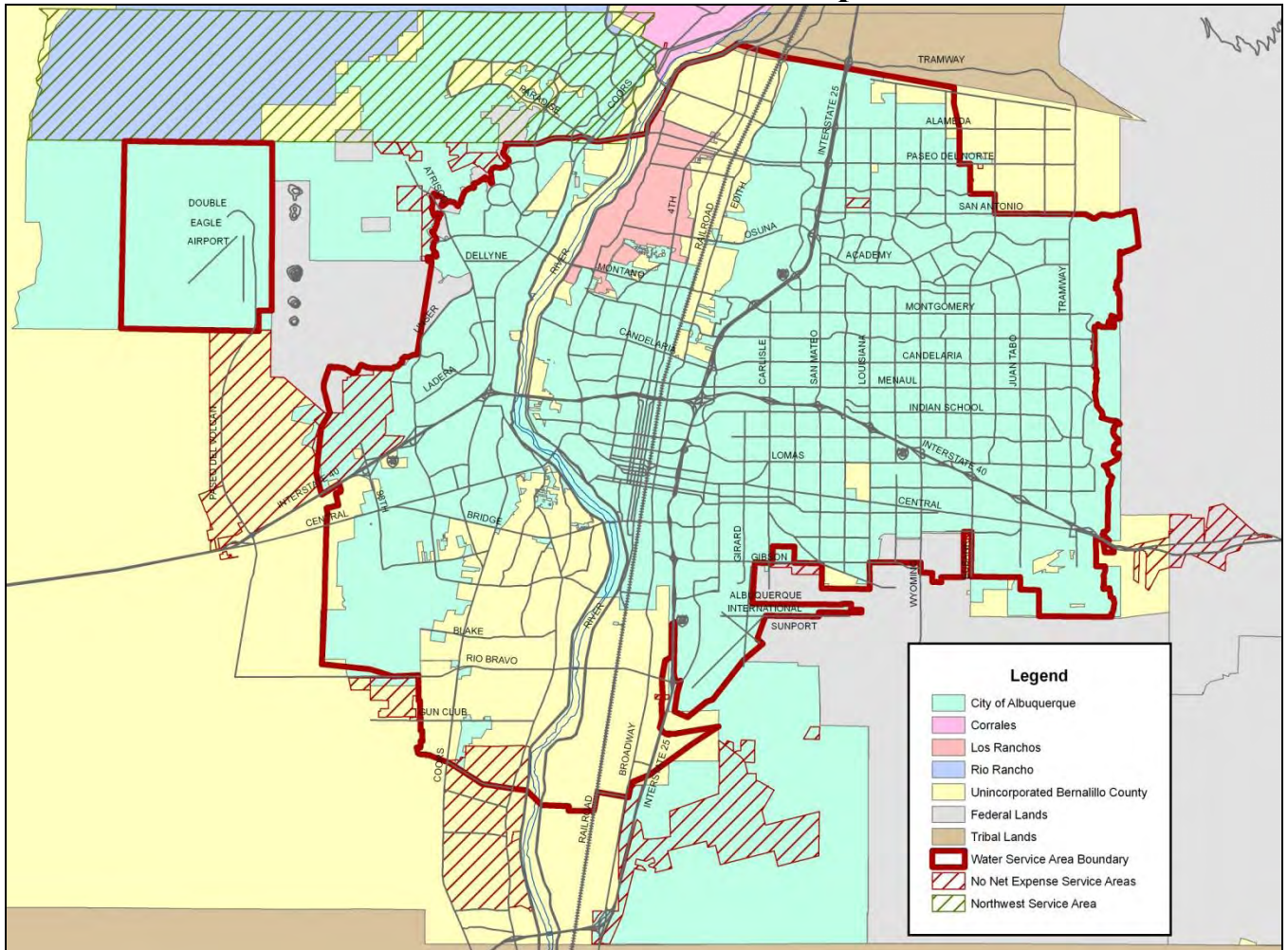
## **FUNDS REFERENCED:**

---

- 627 Joint Water & Sewer Valley Utility Projects
- 628 Joint Water & Sewer Rehab
- 629 Joint Water & Sewer Capital

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Water Service Area Map



### Major Assets:

- San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 93 ground water supply wells
- 46 water supply reservoirs providing both mixed surface and ground water
- 3,039 miles of water supply pipeline
- 5 MGD arsenic removal treatment plant

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

The Water System provides water services to approximately 550,000 residents comprising approximately 88% of the residents of Bernalillo County, New Mexico. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 200,000 accounts. Approximately 58% of the water sales are for residential uses. Up until December 2008, ground water from the middle Rio Grande basin aquifer was the Water Authority's primary source of supply used for the Water System. Now, the Water Authority is using about 50% ground water and 50% surface water from its newly completed Surface Water Drinking Water Treatment Plant which treats imported Colorado river water (San Juan-Chama water) from the Rio Grande River for potable water use. The new treatment plant has the capacity to produce 92 MGD and can be expanded to 120 MGD. The San Juan-Chama Drinking Water Project is part of the Authority's strategic plan to provide for a safe and sustainable water supply through conservation and the conjunctive use of surface water, reclaimed water, and shallow and deep groundwater. The ground water supply is produced from 93 wells located throughout the metropolitan area. Total well production capacity is approximately 294 MGD. Maximum historical peak day demand is 214 MGD. Ground storage reservoirs that hold both surface and ground water 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 psi for consumers. There are 46 reservoirs located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 3,000 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 Water 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 System for control from a central control facility. The Water System Service Area is approximately 167 square miles.

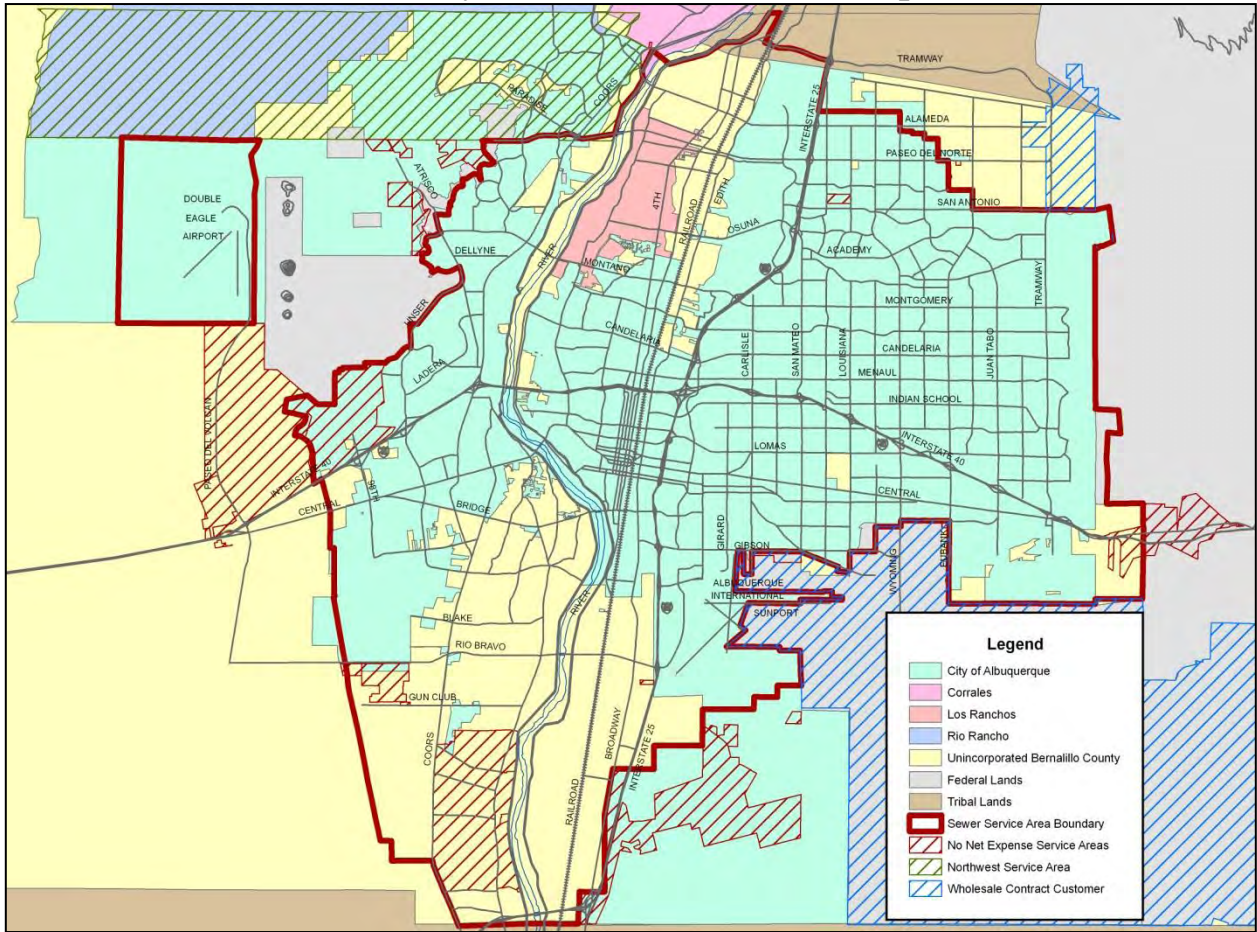
Any extension of service outside the Service Area would incur "no net expense" to the Water Authority's customers in that that revenue generated from any expansion or improvement of the System shall be sufficient to support the costs of the water and/or wastewater facilities being expanded or improved. 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.

In May 2009, the Water Authority acquired a private utility in the northwest section of Bernalillo County. Starting in FY11, these customers will be incorporated into the Water System and pay the same rates as current customers. The new rates reflect the cost of providing a sustainable long-term supply via the San Juan-Chama Drinking Water Project, and the cost of conservation programs designed to ensure our water future in Albuquerque and Bernalillo County.



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Sanitary Sewer Service Area Map



### Major Assets:

- Southside Water Reclamation Plant
- 43 Lift Stations
- 2,535 miles of collection pipeline

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

The Sewer System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows to the Southside Water Reclamation Plant. The treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent chlorination and dechlorination prior to discharge to the Rio Grande River. Treatment plant capacity is based upon overall 76 MGD hydraulic capacity. However, capacity deficiency at the chlorination/dechlorination, anaerobic digestion and dewatered sludge handling facilities needs to be addressed to bring these facilities to the 76 MGD plant hydraulic capacity. The existing chlorination/dechlorination system is being replaced by ultraviolet light disinfection in Spring 2011. Existing flows at the plant are about 54 MGD. The Sewer System Service Area is approximately 303 square miles. The secondary service area designates Wholesale-Special Contracts. These contract customers are responsible for a collection system beyond the point where their respective wastewater discharges into the Water Authority's interceptors.

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.

In May 2009, the Water Authority acquired a private utility in the northwest section of Bernalillo County. Starting in FY11, these customers will be incorporated into the Sewer System and pay the same rates as current customers. The new rates reflect the cost of providing a sustainable long-term supply via the San Juan-Chama Drinking Water Project, and the cost of conservation programs designed to ensure our water future in Albuquerque and Bernalillo County.



This Page is Left Intentionally Blank

***LEGISLATION***

***Proposed  
Operating Budget  
FY/13***



**ALBUQUERQUE BERNALILLO COUNTY  
WATER UTILITY AUTHORITY**

**BILL NO.     R-12-XX**

**RESOLUTION**  
**APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO  
COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING  
JULY 1, 2012 AND ENDING JUNE 30, 2013.**

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 2013:

<u>JOINT WATER AND SEWER OPERATING FUND – 621</u>	181,645,000
This appropriation is allocated to the following programs:	
Water Authority	21,253,000
Low Income Utility Credit	250,000
Customer Services	5,552,000
Finance	7,022,000
Information Systems	4,152,000
San Juan/Chama	2,247,000

1	Compliance	4,270,000
2	Human Resources	1,085,000
3	Wastewater Collection	6,352,000
4	Wastewater Treatment	11,792,000
5	Water Plant Facility Production	6,561,000
6	Water Plant Facility Distribution	14,706,000
7	Water Distribution Facilitation	2,050,000
8	Water Resources, Engineering & Planning	6,515,000
9	Northwest Service Area	2,394,000
10	North I-25 Reuse	76,000
11	Strategy Implementation	2,712,000
12	Transfers to Other Funds:	
13	<b>General Fund (110)</b>	<b>8,294,000</b>
14	<b>Joint Water and Sewer Rehab (628)</b>	<b>8,000,000</b>
15	<b>Joint Water and Sewer Bond Debt Service (631)</b>	<b>66,362,000</b>
16	<b>Indirect Costs paid to the City of Albuquerque for services provided to the Water</b>	
17	<b>Authority are capped at \$1,550,000 for this fund.</b>	
18	<b><u>JOINT WATER AND SEWER REVENUE BOND</u></b>	
19	<b><u>DEBT SERVICE FUND – 631</u></b>	<b>75,738,000</b>

20 **This appropriation is allocated to the following programs:**

21 **Debt Service**  
22 **72,346,000**

23 **Transfer to Other Funds:**

24 **Joint Water and Sewer Capital Fund (629) 3,392,000**

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

31 **Section 3. The Water Authority shall continue its partnership with non-**  
32 **profit affordable housing developers under contract with local government**  
33 **whereby the first time homebuyer will not be required to pay the Utility Expansion**

1 **Charge until the property is sold. No more than 50 units per year will be**  
2 **authorized under this program. The Water Authority will secure its position with**  
3 **a second mortgage.**

4 **Section 4. The Rate Reserve Fund is augmented by the amount of**  
5 **\$2,000,000.**

6 **Section 5. The Executive Director is authorized to carry out all**  
7 **appropriations contained in this budget in accordance with established policies**  
8 **and procedures.**

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30



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

4 <u>Purpose</u>	<u>Source</u>	<u>Increase</u>
5 <u>Basic Program</u>		
6 <u>Valley Projects Fund 627</u>		
7 Valley Low Income W/S Connections	Transfer from Fund 631	400,000
8 <u>Water Utility / Joint Water &amp; Sewer Rehab Fund 628</u>		
9 <u>Sanitary Sewer Pipeline Renewal</u>		
10 Interceptor Sewer Rehabilitation	Bond Proceeds	3,000,000
11 Small Diameter Sewer Line		
12 Rehabilitation	Bond Proceeds	1,500,000
13 Sewer Line CCTV Inspections	Bond Proceeds	500,000
14 <u>Drinking Water Pipeline Renewal</u>		
15 Small Diameter Water Line		
16 Rehabilitation	Bond Proceeds	2,500,000
17 Large Diameter Water Line		
18 Rehabilitation	Bond Proceeds	500,000
19 Water Service Line Replacement	Bond Proceeds	5,000
20 Water Meter Box Replacement	Bond Proceeds	5,000
21 Water Meter Replacement	Bond Proceeds	240,000
22 Large Water Valve Replacement	Bond Proceeds	250,000
23 Pressure Reducing Valve		
24 Replacement	Bond Proceeds	200,000
25 <u>Southside Water Reclamation Plant Renewal</u>		
26 Preliminary Treatment Facility		
27 Replacement	Bond Proceeds	2,400,000
	Transfer from Fund 621	4,000,000
29 Dewatering Facility Replacement	Bond Proceeds	2,400,000
	Transfer from Fund 621	4,000,000
31 Digester Rehabilitation, Capacity		
32 And Gas Improvements	Bond Proceeds	250,000
33 Primary Clarifier Improvements	Bond Proceeds	450,000

[+Bracketed Material+] - New  
 [-Bracketed Material-] - Deletion



[+Bracketed Material+] - New  
 [-Bracketed Material-] - Deletion

1	<b>DAF Rehabilitation</b>	<b>Bond Proceeds</b>	<b>660,000</b>
2	<b>In-House Plant Projects</b>	<b>Bond Proceeds</b>	<b>500,000</b>
3	<b>ABB Service Contract</b>	<b>Bond Proceeds</b>	<b>140,000</b>
4	<b>ABB SCADA Upgrade</b>	<b>Bond Proceeds</b>	<b>200,000</b>
5	<b><u>Lift Station and Vacuum Station Renewal</u></b>		
6	<b>Lift Station Rehabilitation</b>	<b>Bond Proceeds</b>	<b>330,000</b>
7	<b>Lift Station Radio Replacement</b>	<b>Bond Proceeds</b>	<b>140,000</b>
8	<b>Lift Station Programmable Logic</b>		
9	<b>Controller Replacement</b>	<b>Bond Proceeds</b>	<b>120,000</b>
10	<b><u>Drinking Water Plant Renewal</u></b>		
11	<b>Annual Sodium Hypochlorite Generator</b>		
12	<b>System Rehabilitation / Replacement</b>	<b>Bond</b>	<b>Proceeds</b>
13	<b>130,000</b>		
14	<b>Annual Well and Booster Pump Station</b>		
15	<b>Rehabilitation and Maintenance</b>	<b>Bond Proceeds</b>	<b>1,450,000</b>
16	<b>Water Treatment Plant Rehab</b>	<b>Bond Proceeds</b>	<b>50,000</b>
17	<b>Solids Drying Beds Improvements</b>	<b>Bond Proceeds</b>	<b>50,000</b>
18	<b>Grit Removal Basin Improvements</b>	<b>Bond Proceeds</b>	<b>50,000</b>
19	<b>Dissolved Ozone Monitoring</b>		
20	<b>Improvements</b>	<b>Bond Proceeds</b>	<b>250,000</b>
21	<b>Diversion Bar Screen Improvements</b>	<b>Bond Proceeds</b>	<b>500,000</b>
22	<b>Settling Basin Edge Protection</b>	<b>Bond Proceeds</b>	<b>50,000</b>
23	<b>Lomas Reservoir No. 2 Rehabilitation</b>	<b>Bond Proceeds</b>	<b>310,000</b>
24	<b>Water Treatment Plant SCADA Control</b>		
25	<b>Upgrade</b>	<b>Bond Proceeds</b>	<b>100,000</b>
26	<b>College Reservoir Rehab</b>	<b>Bond Proceeds</b>	<b>220,000</b>
27	<b>College Arsenic Removal Demonstration</b>		
28	<b>Facility Rehab</b>	<b>Bond Proceeds</b>	<b>50,000</b>
29	<b>Corrales Trunk System Reliability</b>		
30	<b>Improvements</b>	<b>Bond Proceeds</b>	<b>200,000</b>
31	<b>Corrales Trunk Gas Engine Overhauls</b>	<b>Bond</b>	<b>Proceeds</b>
32	<b>50,000</b>		
33	<b>Asset Management Plan for Wells</b>	<b>Bond Proceeds</b>	<b>250,000</b>

[+Bracketed Material+] - New  
[-Bracketed Material-] - Deletion

1	<b><u>Compliance</u></b>		
2	<b>Water Quality Laboratory</b>	<b>Bond Proceeds</b>	<b>295,000</b>
3	<b>NPDES Program</b>	<b>Bond Proceeds</b>	<b>155,000</b>
4	<b>Water Quality Program</b>	<b>Bond Proceeds</b>	<b>150,000</b>
5	<b><u>Shared Renewal</u></b>		
6	<b>Franchise Fee Compliance</b>	<b>Bond Proceeds</b>	<b>1,000,000</b>
7	<b>CIP Funded Position Transfer</b>	<b>Bond Proceeds</b>	<b>400,000</b>
8	<b><u>Water Utility / Joint Water &amp; Sewer Fund 629</u></b>		
9	<b>Warehouse Meters</b>	<b>Transfer from Fund 631</b>	<b>500,000</b>
10	<b>Development Agreements</b>	<b>Transfer from Fund 631</b>	<b>295,000</b>
11	<b>MIS / GIS</b>	<b>Transfer from Fund 631</b>	<b>1,200,000</b>
12	<b>Vehicle Replacements</b>	<b>Transfer from Fund 631</b>	<b>300,000</b>
13	<b>Utility Risk Reduction / GPS</b>	<b>Transfer from Fund 631</b>	<b>5,000</b>
14	<b>Integrated Master Plan</b>	<b>Transfer from Fund 631</b>	<b>300,000</b>
15	<b><u>Special Projects</u></b>		
16	<b><u>Water Utility / Joint Water &amp; Sewer Rehab Fund 628</u></b>		
17	<b>Automatic Meter Reading</b>	<b>Bond Proceeds</b>	<b>2,000,000</b>
18	<b>Steel Water Line Replacement</b>	<b>Bond Proceeds</b>	<b>1,000,000</b>
19	<b><u>Water Utility / Joint Water &amp; Sewer Fund 629</u></b>		
20	<b>ERP Financial Systems Project</b>	<b>Bond Proceeds</b>	<b>2,000,000</b>
21	<b><u>Water Resource Management Strategy Projects</u></b>		
22	<b><u>Water Utility / Joint Water &amp; Sewer Fund 629</u></b>		
23	<b>San Juan Chama Drinking Water</b>	<b>Bond Proceeds</b>	<b>2,300,000</b>
24	<b>San Juan Chama Mitigation</b>	<b>Bond Proceeds</b>	<b>1,700,000</b>
25			
26			
27			