
Meeting Date: February 4, 2026
Staff Contact: Marta Ortiz, Chief Financial Officer

TITLE: C-26-1 – FY2026 2nd Quarter Financial Report

ACTION: Recommend Approval

SUMMARY:

The financial report for the quarter ending December 31, 2025, has been submitted to the Board for review and informational purposes. This document provides a comprehensive year-end financial overview, comparing actual expenditures against the approved FY2026 budget. The analysis incorporates verified financial data, current economic trends, and historical performance benchmarks to offer a well-informed projection of the Water Authority's fiscal standing.

Please note that all figures presented in this report are unaudited and may be subject to revision upon completion of the formal audit process.

Key Highlights:

- **Budget vs. Actuals Comparison:**
A detailed breakdown of expenditures through December 31, 2025, is presented alongside the original FY2026 budget allocations. This comparison identifies variances, underspending, and areas of over-expenditure, providing valuable insight into operational efficiency and financial discipline.
- **Forecasting and Trends:**
Projections for year-end performance are based on actual financial activity, emerging trends, and historical data. These forecasts help inform strategic planning and resource allocation for the upcoming fiscal year.
- **Investment Portfolio Review:**
The report includes an updated analysis of Water Authority Investments, highlighting portfolio performance, risk exposure, and alignment with long-term financial objectives.
- **Performance Plan Scorecard:**
Key metrics from the FY2026 Budget Performance Plan Scorecard are summarized, showcasing progress toward strategic goals, including sustainability initiatives, infrastructure improvements, and customer service benchmarks.
- **FY2026 One-Year Objectives Results:**
The report evaluates the completion status of the Water Authority's one-year objectives for FY2026. It highlights achievements in priority areas such as capital project delivery, operational efficiency, and workforce development, while

identifying objectives that require continued focus or adjustment moving into FY2026.

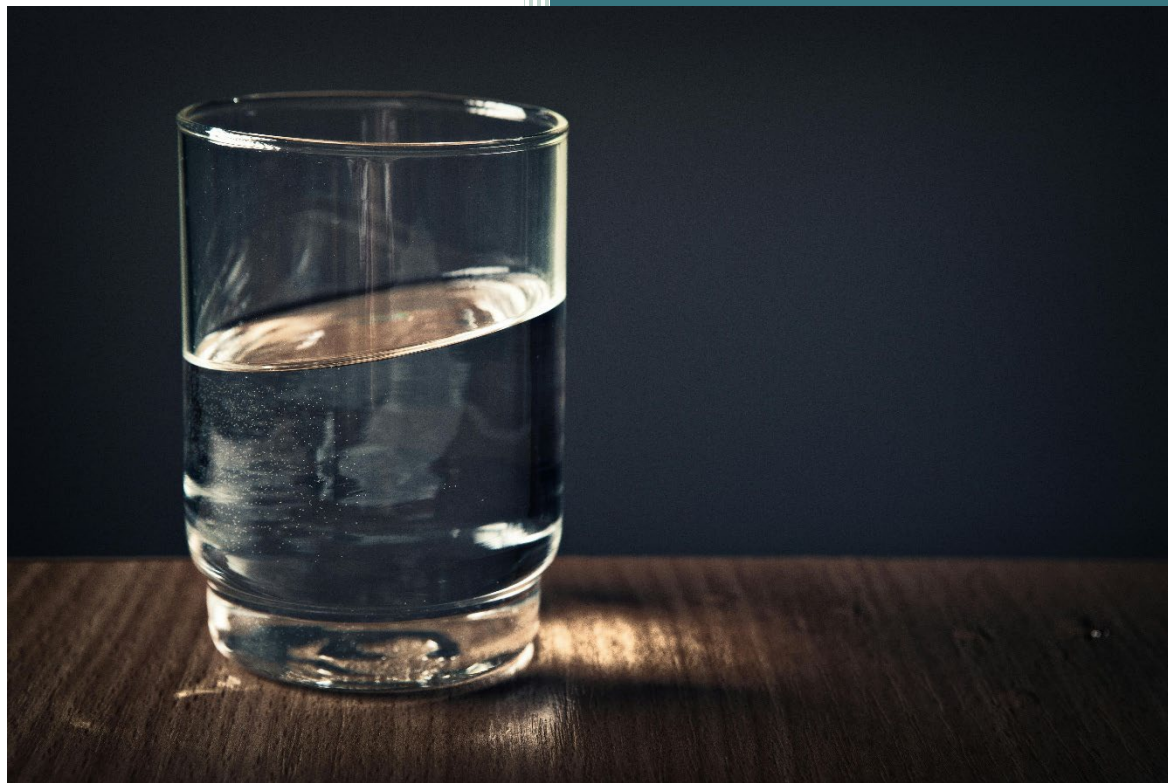
This report serves as a vital tool for assessing the Water Authority's financial health and operational effectiveness. It supports transparency, accountability, and informed decision-making by the Board and senior leadership.

For a full breakdown of financial data, investment performance, and scorecard metrics, please refer to the attached report.



2026

Quarterly Financial Report



As of December 31, 2025

Business / Financial Services Division

Albuquerque Bernalillo County
Water Utility Authority

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Note: The Quarterly Financial Report is prepared each quarter and is utilized to analyze and assess the current financial condition of the Albuquerque Bernalillo County Water Utility Authority's (Water Authority) General Fund, Debt Service Fund, San Juan-Chama Project Contractors Association Fund (SJCPCA), and Capital Funds. The information found in this report is drawn from the Water Authority's general ledger as of the last day of each month, and occasional variances may occur. This report should be used for informational purposes only.

Introduction

This report provides an overview of the Water Authority's financial condition through the third month of the fiscal year. The year-to-date (YTD) spans between *July 1, 2025, through December 31, 2025*. This report includes budget to actual comparisons in the General Fund (by revenue/expense category and department/division), the Debt Service Fund, the SJCPA Fund, the Capital Funds, and overall financial performance.

Please note that all figures presented in this report are **unaudited** and may be subject to revision upon completion of the formal audit process.

The report was prepared by the Business/Financial Services Division in collaboration with departmental staff across the Water Authority and will be reviewed and approved by the State of New Mexico Department of Finance and Administration (DFA) Local Government Division.

General Fund Revenue Highlights

The Water Authority closed Q2 FY2026 with \$129.6 million in total year-to-date revenues, reaching 50% of the adopted \$259.8 million budget. Performance through the first half of the fiscal year reflects strong activity across core service areas and continued momentum in capital-related revenues.

Q2 performance reflects a healthy financial trajectory for FY2026. Core service revenues expanded, capital rehabilitation revenues remain robust, and interest earnings continue to outperform. While Water Resources Management and Connection Fees softened in Q2, the overall revenue picture remains strong at the midyear point, with half of the annual budget already realized.

Key Takeaways

1. Core Service Revenues Remain Strong
 - Water Service generated \$49.1 million, reaching 43% of budget. Q2 added \$26.9 million, reflecting steady consumption and rate driven stability.
 - Wastewater Service reached \$27.1 million, or 44% of budget, supported by consistent customer demand.
2. Capital Rehabilitation Revenues Continue to Outperform
 - Water Facilities Rehab achieved 62% of budget (\$22.5 million YTD).
 - Wastewater Facilities Rehab is performing even stronger at 68% of budget (\$21.9 million YTD).

These results reflect active project execution and strong capital program throughput.

3. Water Resources Management Tracking Above Midyear Expectations
 - Revenues total \$2.45 million, or 54% of budget, indicating healthy progress in conservation related and regulatory programs.
4. Fees and Administrative Revenues Mixed

- Connection Fees remain soft at 32% of budget (\$120,481 YTD), signaling continued slowdown in development activity.
 - COA SW Admin Fee and COA DMD Admin Fee each reached 42% of budget, with combined revenues of \$1.26 million.
5. Interest Earnings Continue to Outperform
- Interest income reached \$3.74 million, achieving 75% of the annual target by midyear.
 - Elevated rates and strong cash balances continue to drive this category.
6. Miscellaneous Revenues Stable
- Miscellaneous income totaled \$1.4 million, or 47% of budget, reflecting typical midyear performance.

Supporting tables and charts provide a comprehensive view of water, wastewater, and miscellaneous revenues, detailing monthly, quarterly, and year-to-date (YTD) performance.

Revenue Type	Adopted Budget	Q1	Q2	Q3	Q4	Total YTD	% YTD
Water Service	\$ 114,727,000	22,251,698.11	26,889,135.61			49,140,833.72	43%
Water Facilities Rehab	36,040,000	12,254,474.78	10,245,958.84			22,500,433.62	62%
Wastewater Service	61,174,000	13,990,856.85	13,095,834.75			27,086,691.60	44%
Wastewater Facilities Rehab	31,998,000	11,018,087.41	10,843,967.30			21,862,054.71	68%
Water Resources Management	4,500,000	1,498,571.30	949,800.87			2,448,372.17	54%
Connections	375,000	56,902.00	63,579.00			120,481.00	32%
COA SW Admin Fee	1,991,000	331,833.32	497,749.98			829,583.30	42%
COA DMD Admin Fee	1,042,000	173,254.50	259,881.75			433,136.25	42%
Interest Earnings	5,000,000	2,091,978.36	1,649,325.16			3,741,303.52	75%
Miscellaneous	3,000,000	523,098.41	878,519.27			1,401,617.68	47%
Grand Total:	\$ 259,847,000	\$ 64,190,755.04	\$ 65,373,752.53	\$ -	\$ -	\$ 129,564,507.57	50%

Rate Revenue

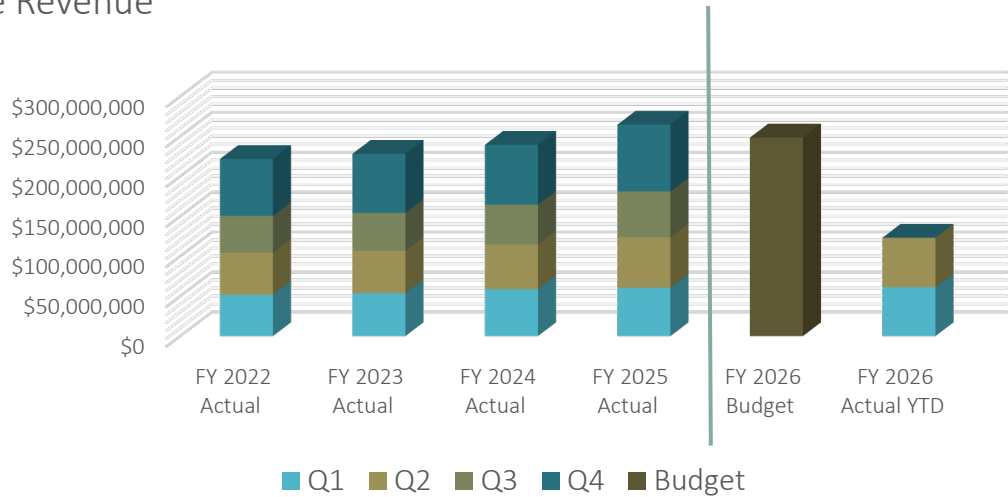
Rate revenue is the largest revenue category in the General Fund, representing approximately 98.0% of the total. Water and Sewer rates are for the sale of water and collection and disposal of sewage as defined in the Water Authority Rate Ordinance. Revenue budget amounts are derived with the expectation of very limited growth in the service area for the next several years coupled with moving towards the Water Authority *GPCD goal of 110* by 2037.

The chart below illustrates revenue performance across the past four fiscal years, highlighting consistent year-over-year growth. In FY2025, total revenues reached \$264.8 million, marking an increase of \$25.4 million compared to FY2024. This notable uplift is primarily attributed to the rate adjustment, along with contributions from other revenue sources. FY2026 continues this positive trajectory: Q1 revenues exceeded FY2025 Q1 by \$621K, reflecting sustained momentum in both core and ancillary revenue streams.

As of FY2026 Q2, actual year-to-date revenues remain ahead of prior-year benchmarks. The Q2 contribution, visible in the chart, reinforces the upward trend, with cumulative performance tracking closely against the FY2026 budget target. This growth is underpinned by stable rate structures, strong customer retention, and

modest expansion in service volumes. With half the fiscal year complete, FY2026 is well-positioned to surpass prior-year totals and deliver another year of solid financial performance.

Rate Revenue



Water Authority charges include:

- **Water-Fixed Monthly Charge:** This fee recovers costs associated with providing “fixed costs” of service associated with providing capital facilities (pump stations, reservoirs, transmission lines, wells, etc.). Fixed costs occur whether or not any water is used.
- **Water-Commodity Charge:** This charge represents the “unit costs” of pumping, treating, and delivering the commodity (water) itself.
- **Water-State Surcharge:** This tax is a pass-through cost from the state, through the Water Authority, and to the customer for funding the State’s water quality testing.
- **Sewer-Fixed Monthly Charge:** This fee recovers costs associated with providing “fixed costs” of service such as sewage lift stations, odor control stations, large diameter interceptor lines, etc. Fixed costs occur whether or not any wastewater flows into the sewer system.
- **Sewer-Commodity Charge:** This charge represents the “unit costs” of collecting, treating, and disposing of wastewater.
- **Facility Rehabilitation Charge:** This fee funds the repair or replacement of aging water and sewer lines.

Miscellaneous Revenue

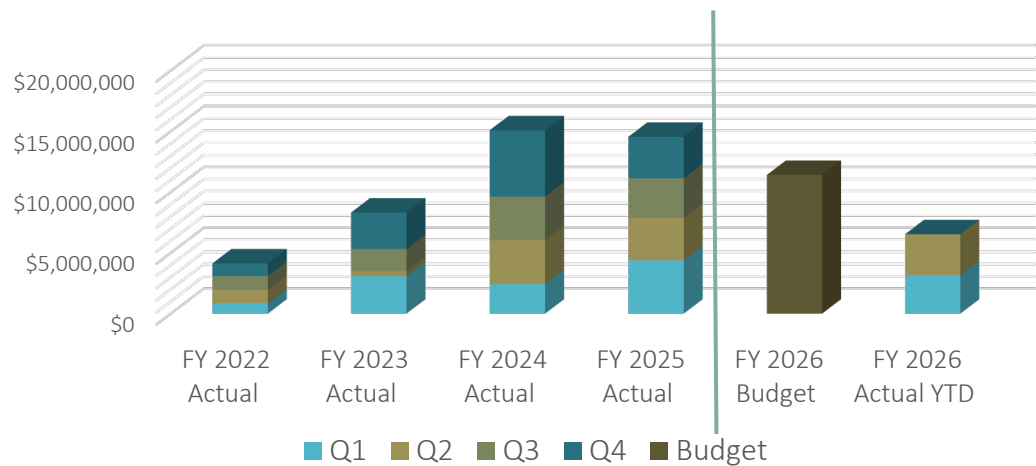
Miscellaneous revenue accounted for 2.0% of total revenue at fiscal yearend. This category includes interest income, administrative fees from the City of Albuquerque related to Solid Waste (SW) and the Department of Municipal Development (DMD), lease and rental income, and compost sales.

The chart and accompanying data highlight several key insights:

FY2024 marked a peak year at \$15.08M, reflecting strong investment earnings. FY2025 closed at \$11.54M, slightly above budget but below the prior year due to softer interest performance. FY2026 year-to-date revenue

totals \$6.53M, with Q1 and Q2 coming in below FY2025 levels as higher CIP spending reduced investable cash and corresponding interest income. Overall, results remain within a reasonable range of expectations given current cash flow dynamics.

Other Miscellaneous Revenue



Overall, while miscellaneous revenue remains a relatively small portion of total revenue, its sensitivity to investment earnings and CIP cash flow continues to drive year-to-year variability. FY2026 YTD performance reflects these dynamics and remains within a reasonable range relative to budget expectations.

Water Consumption Usage

As of September, there are **219,067** active utility accounts currently being billed for water services. Of these, **214,450** accounts are equipped with meters classified by service sizes ranging from size 1 to size 8, allowing for precise tracking of customer usage across all service levels.

Water consumption is billed in arrears, meaning customers are charged the following month for the water used during the previous month. This approach ensures accurate metering and billing based on actual usage.

In this context, consumption refers to the volume of water that is withdrawn from the supply system and not returned to its original source—such as groundwater or surface water. This water becomes unavailable for reuse, often due to household, commercial, or industrial use that results in loss through evaporation, incorporation into products, or disposal.

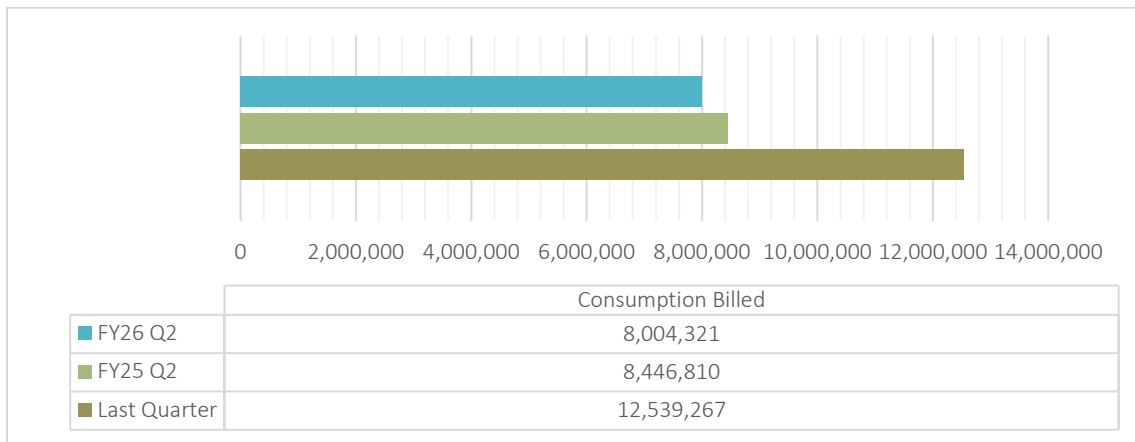
Water consumption across all customer classes totaled 8.0 billion gallons in Q2, reflecting expected seasonal reductions as temperatures cooled and outdoor demand declined. Residential customers remained the largest user group, accounting for 4.0 billion gallons, followed by multi-family (1.48 billion gallons) and commercial customers (1.28 billion gallons). Industrial, institutional, and other customer classes contributed smaller but steady portions of overall demand.

Compared to Q1, usage decreased across every sector, consistent with historical fall and early-winter patterns. The decline was most pronounced in residential and multi-family categories, which typically experience reduced

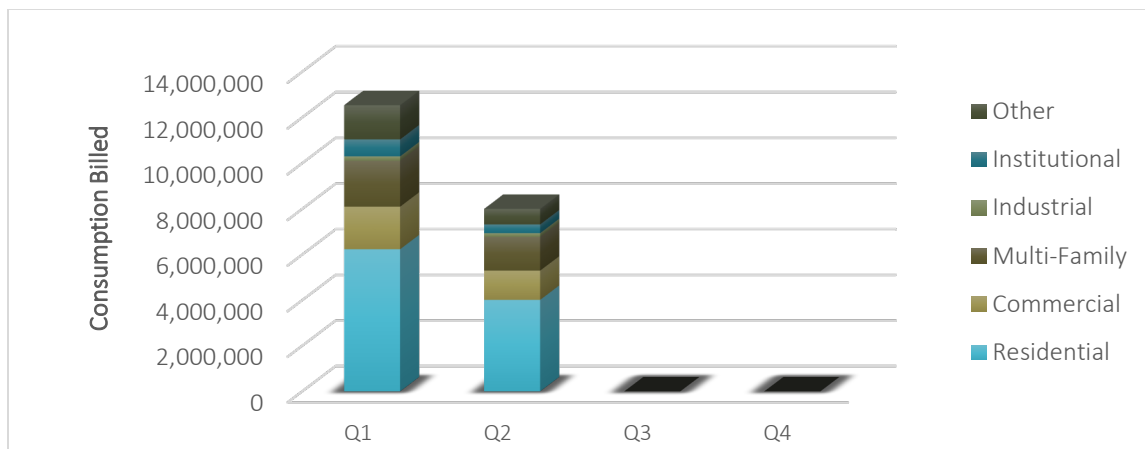
irrigation and outdoor water use during this period. Despite the seasonal drop, Q2 consumption levels continue to provide valuable insight into baseline indoor demand and year-round operational needs.

The accompanying charts and graphs illustrate Q2 consumption by customer class, highlighting each sector's relative contribution to total system demand and supporting ongoing analysis of usage trends across the service area.

FY 2026					
Customer Class	Q1	Q2	Q3	Q4	Total
Residential	6,237,649	4,017,303	0	0	10,254,952
Commercial	1,863,534	1,281,989	0	0	3,145,523
Industrial	193,093	165,276	0	0	358,369
Institutional	742,316	380,703	0	0	1,123,019
Multi-Family	2,007,148	1,480,444	0	0	3,487,592
Other	1,495,527	678,606	0	0	2,174,133
Total	12,539,267	8,004,321	0	0	20,543,588



The chart below shows the consumption billed comparisons.



General Fund Expense Highlights

Total General Fund expenditures through the second quarter reached 59% of the adopted budget, totaling \$156.8 million year-to-date. This level of spending is moderately above the proportional benchmark of 50% for mid-year, driven largely by the timing of transfers to other funds and front-loaded operating activities. These variances remain consistent with historical spending patterns and reflect the continued impact of year-end accruals on quarterly reporting.

The Water Authority continues to emphasize disciplined financial management as it moves through Fiscal Year 2026. The transition from a blanket freeze on non-essential positions to a targeted, case-by-case vacancy review is now fully underway. This approach ensures that staffing decisions are aligned with operational needs while maintaining prudent cost control across departments.

Out-of-state travel restrictions remain in effect, reinforcing the Water Authority's commitment to prioritizing essential expenditures. By limiting discretionary travel, resources are preserved for core service delivery, infrastructure maintenance, and operational reliability.

Expense monitoring remains a central component of the Water Authority's fiscal strategy. Regular review of spending trends—particularly in areas such as overtime, chemicals, and other operating expenses—supports timely adjustments and safeguards the uninterrupted delivery of critical services.

The table below summarizes year-to-date expenditure activity through the second quarter, including projections for year-end performance.

Expense Type	Adopted Budget	Q1	Q2	Q3	Q4	Total YTD	% YTD	Projection	Budget vs Projection
Wages & Benefits	\$ 74,573,636	\$ 15,528,962.50	\$ 18,820,436.87	\$ -	\$ -	\$ 34,349,399.37	46%	\$ 72,241,631	\$ 2,332,005
Wages Overtime	2,265,000	596,352.79	911,969.92	-	-	1,508,322.71	67%	2,640,808	(375,808)
Power	16,296,000	3,737,979.04	3,493,525.25	-	-	7,231,504.29	44%	15,747,937	548,063
Chemicals	15,660,000	1,023,994.01	3,210,649.81	-	-	4,234,643.82	27%	11,878,576	3,781,424
Other Operating Expenses	46,103,728	14,093,542.68	12,863,959.41	-	-	26,957,502.09	58%	50,218,524	(4,114,796)
Transfers to Other Funds	109,932,000	68,803,499.99	13,709,499.99	-	-	82,512,999.98	75%	109,932,000	-
Grand Total:	\$ 264,830,364	\$ 103,784,331.01	\$ 53,010,041.25	\$ -	\$ -	\$ 156,794,372.26	59%	\$ 262,659,476	2,170,888

Personnel Expense

As of the end of Q2, Wages and Benefits expenditures total 46% of the fiscal year budget, reflecting continued impacts from vacancies across the Water Authority. While spending remains slightly below the proportional mid-year benchmark of 50%, the increase from Q1 to Q2 indicates ongoing progress in recruitment and staffing adjustments.

Overtime costs have reached 67% of the annual budget, significantly exceeding expectations for this point in the year. This elevated level of overtime suggests sustained operational pressures, including after-hours emergency response and coverage needs driven by vacancies and seasonal workload demands.

The Q2 vacancy rate remains aligned with organizational targets, supported by continued recruitment efforts and the shift from a blanket hiring freeze to a vacancy-by-vacancy review process. This approach ensures that staffing decisions remain strategically aligned with operational priorities while maintaining cost discipline.

As of the end of the second quarter, total personnel expenses amount to \$35,857,722, with the following breakdown:

- Wages: \$23,519,233
- Benefits: \$10,830,167
- Overtime: \$1,508,323

Other Operating Expense (O&M)

Operations and maintenance (O&M) expenditures reached 58% of the approved budget by the end of Q2, reflecting continued cost pressures across several major categories. While some front-loaded expenses from Q1—such as annual insurance premiums and IT subscription renewals—continue to influence year-to-date totals, Q2 spending also reflects sustained demand for contract services and maintenance activities necessary to support system reliability.

Repairs and maintenance costs remain a significant driver of O&M expenditures. Escalating repair needs, combined with rising costs for specialized services and materials, have contributed to higher-than-anticipated spending. Additionally, ongoing investments in information technology infrastructure—including cybersecurity tools, software licensing, and system support—continue to elevate expenditures. These IT-related costs are essential to maintaining operational continuity, safeguarding critical systems, and supporting the Water Authority’s long-term modernization efforts.

Power and Chemicals Expense

Power and chemical inputs remain essential to the operation of the San Juan-Chama Water Treatment Plant (SJCWTP), groundwater pumping systems, and the Southside Water Reclamation Plant (SWRP). Through Q2, combined expenditures for power and chemicals total \$11.47 million, representing 44% of the annual power budget and 27% of the annual chemicals budget.

Despite ongoing upward pressure on utility and commodity prices, year-to-date spending remains within manageable levels due to effective operational controls and strategic procurement practices. However, the Water Authority continues to face external cost drivers, including the 11% increase in energy rates implemented in July 2025 and the additional 10% increase in April 2026. These rate adjustments reinforce the importance of proactive financial planning and adaptive budgeting to ensure continued operational resilience.

Chemical expenditures increased notably in Q2, reflecting both seasonal treatment demands and higher market prices for key treatment agents. Continued monitoring of chemical usage and supplier pricing remains essential to maintaining cost efficiency.

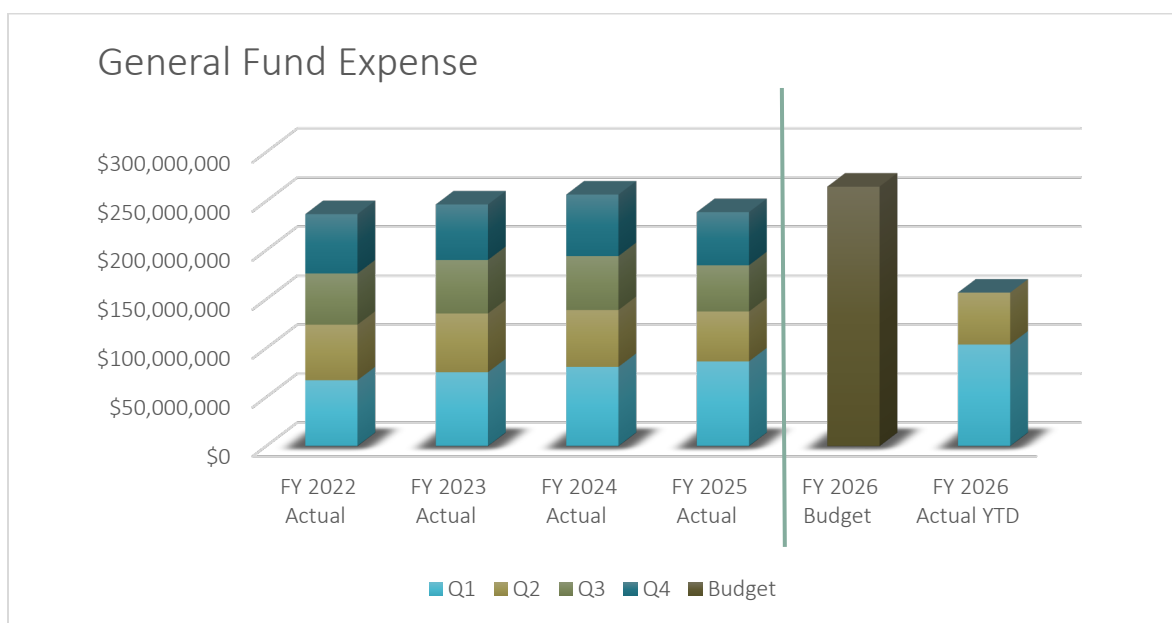
Transfers to Other Funds

Transfers to other funds totaled \$82.5 million through Q2, representing 75% of the annual budget for this category. As in prior years, the Water Authority's financial structure results in a concentration of debt-related payments early in the fiscal year, with substantial principal and interest obligations due in July. This front-loaded payment schedule continues to drive elevated year-to-date expenditures.

Strategic fund transfers remain central to supporting both operational stability and long-term capital investment. The Capital Improvement Program (CIP) basic rehabilitation program continues to receive \$30 million in dedicated funding, supporting essential infrastructure renewal, treatment facility upgrades, and system reliability improvements. Additionally, \$1.4 million is allocated to Water 2120 initiatives, which focus on long-range planning, sustainability, and future capacity needs.

Year-to-date transfer activity reflects the Water Authority's commitment to maintaining strong financial footing while advancing critical infrastructure investments. Although Q2 does not include the same level of concentrated debt payments as Q1, the cumulative impact of early-year obligations continue to shape overall expenditure trends.

The graph below illustrates Q1 spending reached \$103.8 million, the highest in the five-year period due to annual July debt payments. Q2 expenditures totaled \$53.0 million, consistent with prior years and reflective of normal operational activity following the heavy commitments of Q1.



Overall, FY2026 mid-year spending remains elevated but in line with expected patterns, underscoring the need for continued monitoring and strategic financial planning as the fiscal year progresses.

The year-end General Fund expense budget by Divisions / Departments are illustrated on the next page.

Budget to Actual Variances

General Fund Divisions/Departments

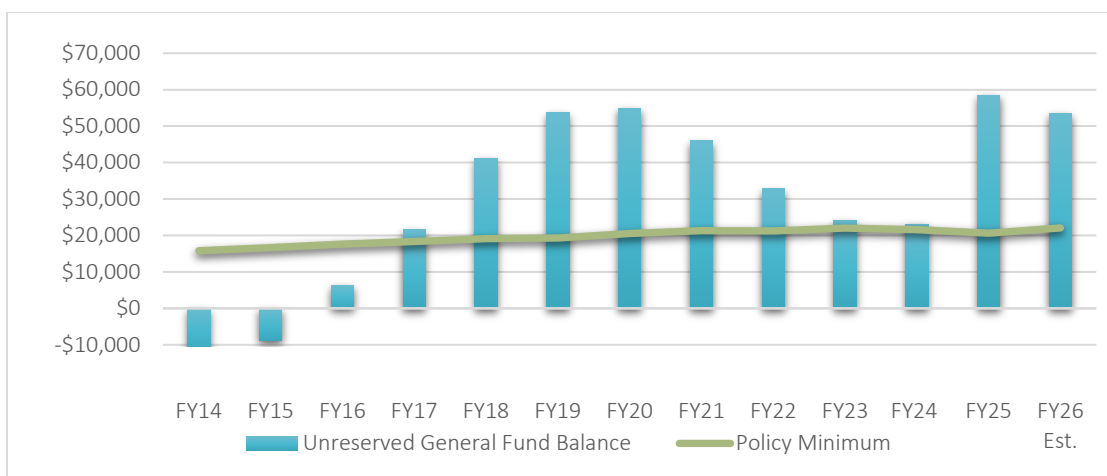
	Personnel			Overtime			O&M Expenses & Transfers		
	YTD	FY 2026	%	YTD	FY 2026	%	YTD	FY 2026	%
	Actual	Adopted Budget	Budget	Actual	Adopted Budget	Budget	Actual	Adopted Budget	Budget
Administration	\$ 519,424	\$ 1,225,996	42.4%	\$ 207	\$ 500	41.3%	\$ 439,934	\$ 779,675	56.4%
Risk	318,521	730,934	43.6%	1,885	2,500	75.4%	4,042,336	6,248,213	64.7%
Legal	121,338	240,574	50.4%	-	-	0.0%	125,198	754,292	16.6%
Human Resources	926,143	1,826,235	50.7%	60	500	11.9%	81,144	194,479	41.7%
Information Technology	3,038,689	6,355,313	47.8%	15,373	25,000	61.5%	8,243,931	6,954,884	118.5%
Finance	1,557,693	3,209,454	48.5%	16,911	36,000	47.0%	1,321,106	1,836,582	71.9%
Customer Service	1,682,848	4,064,757	41.4%	61,397	81,500	75.3%	849,785	1,789,915	47.5%
Asset Management	312,777	664,136	47.1%		-	0.0%	3,522	35,892	9.8%
Wastewater Plant	4,279,826	9,624,297	44.5%	359,272	580,000	61.9%	1,047,698	2,480,454	42.2%
SJC Water Treatment Plant	1,936,087	4,051,370	47.8%	109,543	200,000	54.8%	314,673	919,600	34.2%
Groundwater System	3,043,067	6,339,515	48.0%	188,490	240,000	78.5%	494,895	1,186,739	41.7%
Wastewater Collection	3,103,868	6,616,187	46.9%	126,640	150,000	84.4%	393,435	1,389,912	28.3%
Water Field Operations	7,209,493	14,766,935	48.8%	571,089	830,000	68.8%	3,186,164	7,400,774	43.1%
Compliance	2,713,675	5,838,671	46.5%	19,683	38,500	51.1%	925,752	1,175,667	78.7%
Fleet & Facility Maintenance	743,233	1,843,190	40.3%	36,303	78,000	46.5%	1,799,780	4,767,437	37.8%
Central Engineering	1,713,609	4,083,797	42.0%	785	500	0.0%	21,188	49,650	42.7%
Planning & Utility Development	404,490	975,713	41.5%		-	0.0%	62,140	86,645	71.7%
Water Resources	657,512	1,646,562	39.9%	680	2,000	34.0%	1,570,469	3,588,106	43.8%
Power & Chemicals		-	0.0%		-	0.0%	11,466,148	31,956,000	35.9%
Taxes		-	0.0%		-	0.0%	503,040	740,000	68.0%
Overhead	67,106	470,000	14.3%	4	-	0.0%	745,730	1,115,812	66.8%
San Juan Chama		-	0.0%		-	0.0%	785,583	2,609,000	30.1%
Transfers to Other Funds	-	-	0.0%	-	-	0.0%	82,513,000	109,932,000	75.1%
Total	\$ 34,349,399	\$ 74,573,636	46.1%	\$ 1,508,323	\$ 2,265,000	66.6%	\$ 120,936,650	\$ 187,991,728	64.3%

Working Capital Balance (Fund Balance)

The General Fund Working Capital Balance—commonly referred to as the Fund Balance—opened FY2026 at \$58.5 million, a testament to the strong fiscal performance and disciplined expenditure management that marked the close of FY2025. This healthy opening balance provides a stable financial foundation for advancing FY2026 priorities, sustaining essential services, and mitigating potential economic uncertainties.

This elevated level of working capital not only reinforces the Water Authority's liquidity position but also aligns with industry best practices, which recommend maintaining fund balances equivalent to two to three months of operating expenses. Moreover, it affords strategic flexibility to pursue one-time investments or initiatives without compromising the long-term sustainability of core operations.

The chart below presents a historical comparison of target versus actual fund balances by fiscal year, spanning the past thirteen years.



Reserve Amounts

The Water Authority continues to maintain a Rate Reserve with a funding allocation of \$9.0 million. This reserve is designated to cover unforeseen revenue shortfalls or emergency expenditures. Additional reserves include \$500,000 for risk management and \$2.1 million allocated to the Soil Amendment facility.

Holding reserves like these has several key implications—financial, operational, and strategic.

A few these include:

- **Cushion for Uncertainty:** Reserves act as a financial buffer during unexpected revenue declines or emergencies, reducing the risk of budget shortfalls.
- **Rate Management:** Funds like the Rate Reserve help prevent the need for abrupt rate hikes during tough times.
- **Rapid Response Capability:** Emergency expenses (e.g., infrastructure failure) can be addressed quickly without waiting for external approval or loans.

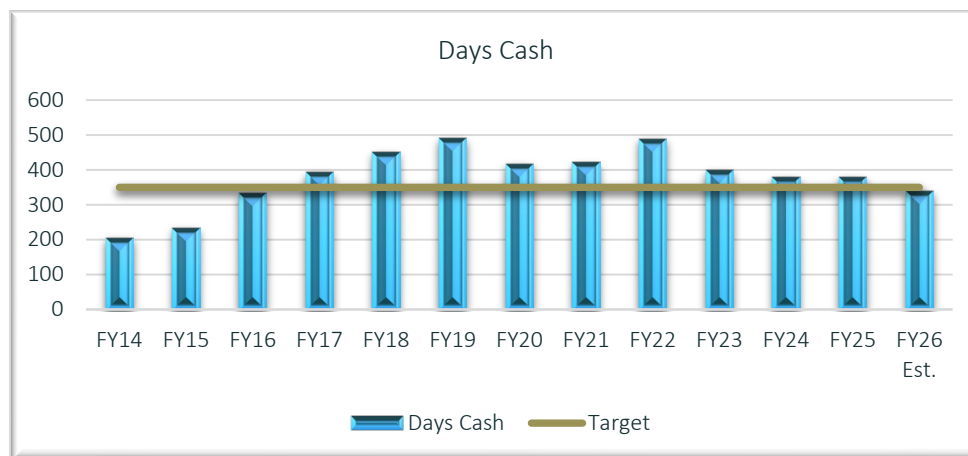
- **Risk Preparedness:** With a designated Risk Management Reserve, the Water Authority can better handle insurance gaps, legal challenges, or potential liabilities.
- **Stakeholder Confidence:** Demonstrating fiscal responsibility helps maintain trust with ratepayers, government entities, and regulatory bodies.

In essence, these reserves aren't just a safety net—they're part of the financial strategy to keep things stable, efficient, and future-ready.

Days Cash on Hand

Days cash on hand serves as a vital indicator of financial stability. It reflects the number of days the Water Authority can sustain its operating expenses using only existing cash reserves, without relying on incoming revenue. Maintaining a robust buffer is essential for navigating unforeseen challenges such as economic downturns, emergency infrastructure repairs, or delays in revenue collection.

The chart below illustrates the Water Authority's days cash on hand by fiscal year. For FY 2026 Q2, the estimated figure now stands at 340 days, reflecting a steady increase from prior periods. This upward movement continues despite the substantial debt service payments scheduled during the first quarter, underscoring the Water Authority's strengthening liquidity position.



Other Funds Highlights

The Water Authority allocates additional funds to cover debt obligations, capital expenditures, and restricted accounts designated for the San Juan-Chama Project Contractors Association (SJCPCA). Presented below are the year-to-date (YTD) total revenues and expenses for each fund for fiscal year (FY) 2026.

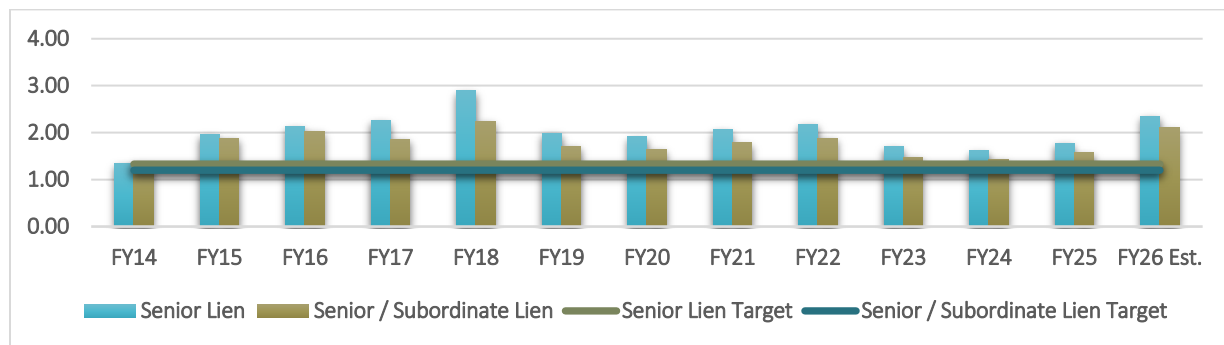
Fund Description	Revenue			Expense		
	FY 2026		% Budget	FY 2026		% Budget
	YTD Actual	Adopted Budget		YTD Actual	Adopted Budget	
Debt Service Fund	\$ 72,786,471.43	\$ 87,474,590	83%	\$ 70,636,653.81	\$ 93,474,590	76%
SJCPCA Fund	42,975.50	39,042	110%	16,752.50	39,042	43%
Capital Rehab Fund	105,131,713.57	120,000,000	88%	24,179,534.78	186,850,104	13%
Capital Growth Fund	28,459,377.73	81,221,323	35%	23,744,407.36	87,239,576	27%
Capital Water 2120 Fund	1,597,618.76	2,487,000	64%	239,880.20	25,094,217	1%
Total	\$ 208,018,156.99	\$ 291,221,955	71%	\$ 118,817,228.65	\$ 392,697,529	30%

Debt Service Fund

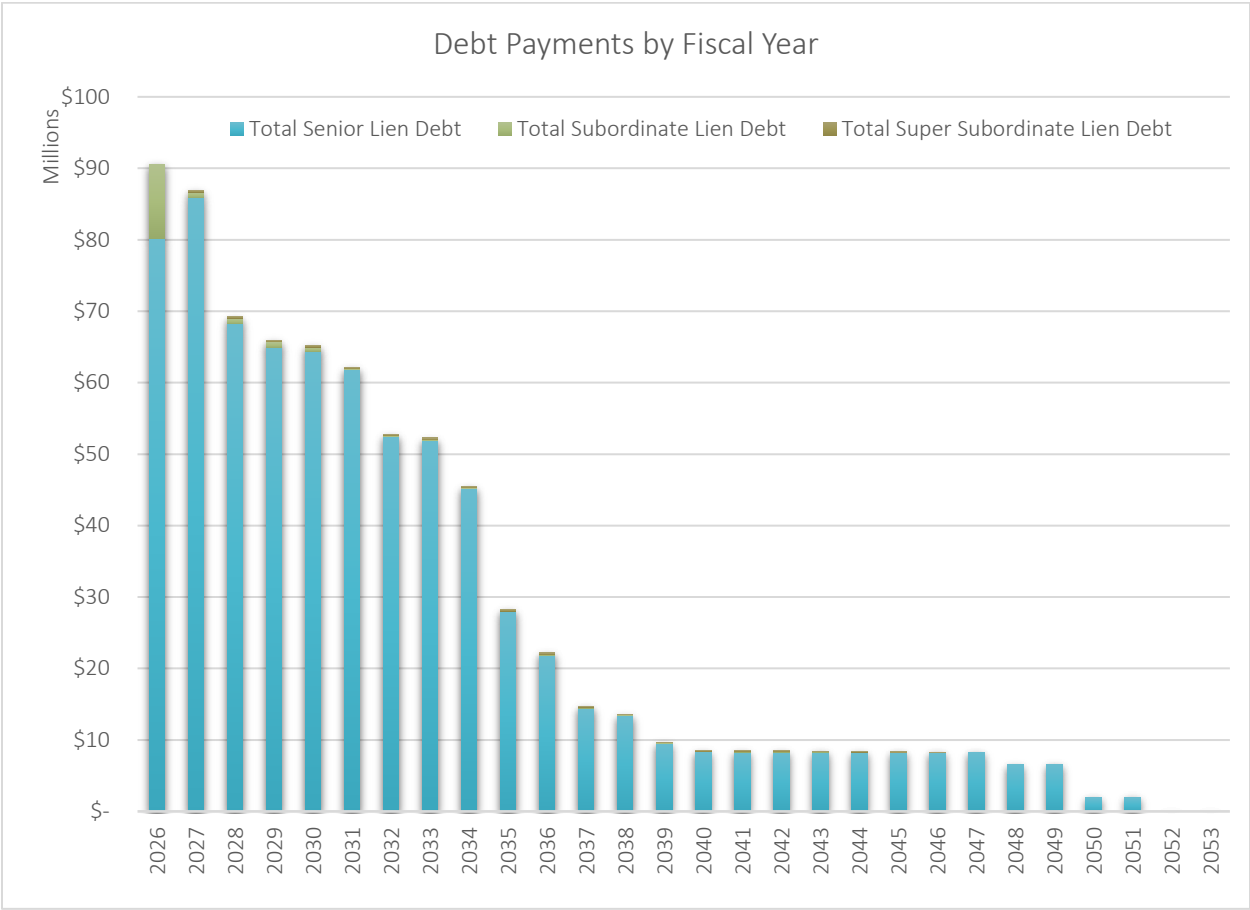
The debt service fund is used to account for the revenues, other financing sources, financing uses, and the related expenses for long-term debt. This includes accounting for bond and loan principal, interest, and other debt expenses. The majority of principal and interest payments for Water Authority debt obligations are paid in the first quarter (July 1st) of every fiscal year. Below illustrates the budget to actual variances:

Description	FY 2026					FY 2026	
	Adopted Budget	Q1	Q2	Q3	Q4	Total YTD	% YTD
Principal	\$ 67,939,000	\$ 65,008,469.60	\$ 2,180,931.09	\$ -	\$ -	\$ 67,189,400.69	99%
Interest	20,971,000	878,571.86	15,033.00	-	-	893,604.86	4%
Other Debt Related Expense	564,590	-	553,648.28	-	-	553,648.28	98%
Transfers to Other Funds	4,000,000	999,999.99	999,999.99	-	-	1,999,999.98	50%
Grand Total	\$ 93,474,590	66,887,041.45	3,749,612.36	-	-	70,636,653.81	76%

The debt service coverage ratio (DSCR) is a measurement of the Water Authority's available cash flow to pay current debt obligations. Many lenders will set a minimum requirement between 1.20 and 1.25, however, the Water Authority's policy minimum is set at 1.33 for senior lien and 1.20 for senior and subordinate lien debt. The chart shows the Water Authority is at target or above the DSCR minimum requirements.



The Water Authority’s current annual principal and interest debt obligations for FY 2026 total \$90.5 million. With the FY26 payments being applied, the chart below illustrates the remaining required annual debt payments through FY 2053.



Albuquerque Bernalillo County
Water Utility Authority,
Fiscal Agent

PO Box 568
ABQ, NM 87103

City of Belen
Ohkay Owingeh
Town of Bernalillo
El Prado Water &
Sanitation District
Town of Taos

Village of Los Lunas
Middle Rio Grande
Conservancy District
City of Santa Fe
Village of Taos Ski Valley
Jicarilla Apache Nation

San Juan-Chama Project Contractors Association Fund

The Water Authority is the fiscal agent on behalf of the San Juan-Chama Project Contractors Association (SJCPCA) that was established in FY 2022 with supervision of the SJCPCA board. Members of the SJCPCA are assessed annually on an equitable basis not to exceed fifty (50) cents for each acre-foot of each agency’s annual project water amount. There is a total of 19 members, of which, 12 are currently assessed annual dues. SJCPCA may also establish special assessments on an as needed basis by supermajority (75%) of the members.

Revenues collected for FY 2026 total \$42,976 and expenses YTD are \$16,753 or 33% of the total budget.

Capital Funds

The FY2026 amended Capital Improvement Program (CIP) total \$299.2 million, excluding debt, for all CIP funds. CIP costs are defined as those costing over \$5,000 with an expected useful life of at least two years. The CIP is also categorized by various facilities, infrastructure, improvements, and equipment. Multiple funding sources are utilized to provide the budget for CIPs, including from the General Fund, Debt Service Fund, miscellaneous CIP funds, loans, and grants. The table and chart illustrate the budget to actual variances for each CIP category:

	FY2026 Adopted Budget	Q1	Q2	Q3	Q4	FY2026 Total YTD	% YTD
Sanitary Sewer Pipeline Renewal	\$ 35,369,104	\$ 3,753,519.45	\$ 7,536,271.06	\$ -	\$ -	\$ 11,289,790.51	32%
Drinking Water Pipeline Renewal	18,226,468	604,016.82	1,063,393.76	-	-	1,667,410.58	9%
Southside Water Reclamation Plant Renewal	26,291,613	1,058,671.92	1,315,544.98	-	-	2,374,216.90	9%
Soil Amendment Facility Renewal	945,896	125,123.32	328,785.46	-	-	453,908.78	48%
Lift Station & Vacuum Station Renewal	11,776,199	167,510.61	700,686.19	-	-	868,196.80	7%
Odor Control Facilities Renewal	505,408	3,030.44	-	-	-	3,030.44	1%
Groundwater Production & Dist. Renewal	29,073,250	582,436.57	1,026,660.71	-	-	1,609,097.28	6%
SJCWTP Renewal	9,827,608	364,856.50	369,520.66	-	-	734,377.16	7%
Reuse Pipeline & Plant Renewal	1,655,593	1,957.14	58,401.25	-	-	60,358.39	4%
Compliance	1,103,019	-	-	-	-	-	0%
Shared Renewal	19,630,101	1,445,800.37	2,377,658.32	-	-	3,823,458.69	19%
Franchise Fee Compliance	5,045,532	61,041.84	660,422.47	-	-	721,464.31	14%
Vehicles & Heavy Equipment	4,174,783	505,543.30	36,001.25	-	-	541,544.55	13%
Mission Renewal	50,000	-	9,864.39	-	-	9,864.39	20%
Special Projects	100,396,853	7,943,133.29	13,155,659.21	-	-	21,098,792.50	21%
Growth Projects	10,018,253	858,809.20	1,809,621.66	-	-	2,668,430.86	27%
Water 2120 Projects	25,094,217	25,308.06	214,572.14	-	-	\$ 239,880.20	1%
Grand Total	\$ 299,183,897	\$ 17,500,758.83	\$ 30,663,063.51	\$ -	\$ -	\$ 48,163,822.34	16%

To comply with the State of New Mexico Department of Finance and Administration policy on requirements for a budget adjustment resolution (BAR), the Water Authority has adopted an administrative policy for “Capital Funds Excess/Deficit Budget Rollovers.” This policy allows for rollovers of CIP funds in excess and/or deficit from each previous fiscal year’s remaining budget.

The Water Authority records the carryover of all unobligated funds remaining at the end of the budget year to the next budget year to cover allowable costs in that budget period. This carryover does not require Water Authority Board approval. Restricted funds, grants, bond and loan proceeds, and cash transfers that are recorded in CIP funds are the only cumulative balances allowed.

The adopted budget recognizes the carryover of unobligated funds from FY 2025 in the amount of \$191.5 million and any new or amended CIP budget resolutions approved by the Board since July 1st.

Capital Status Report

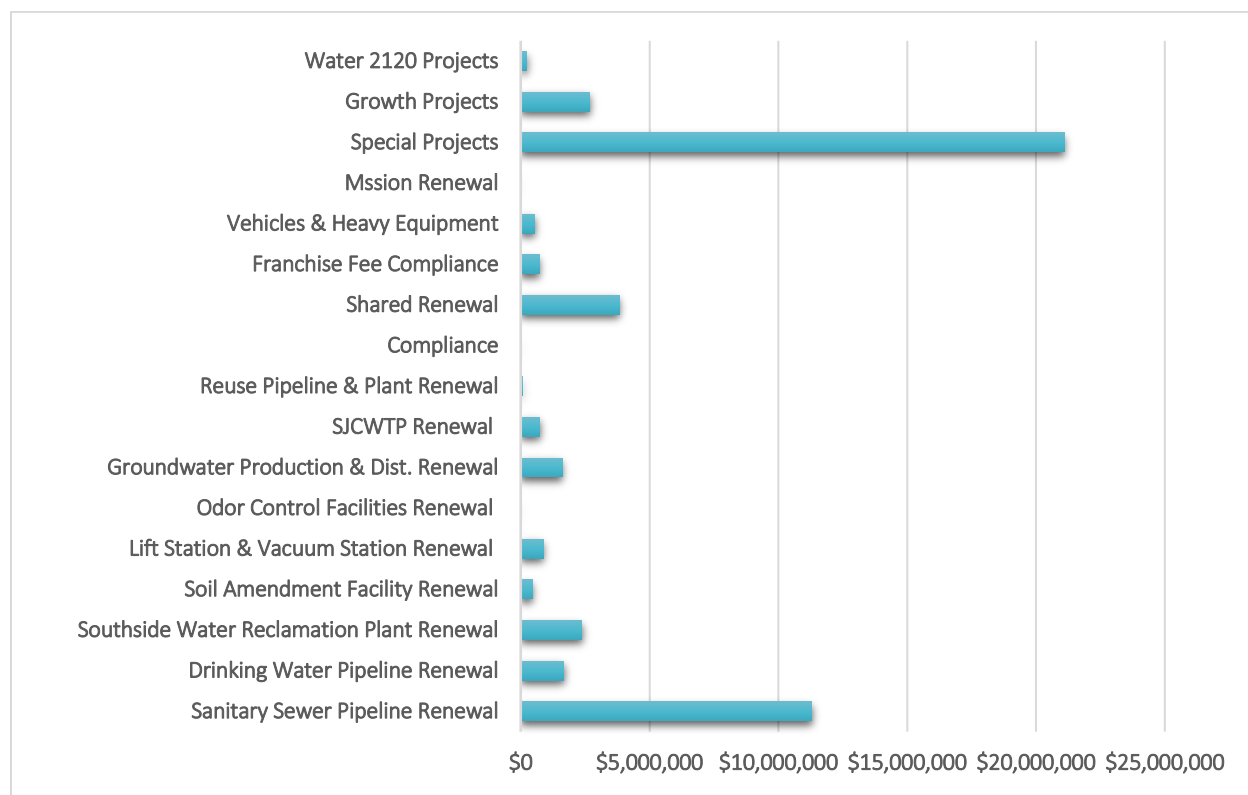
The Water Authority expended a total of \$48,163,822.34 through Q2 of FY 2026. Of the \$30.7 million capital spending in Q2, the highest proportion was spent on various special projects (\$12.6 million) to include: The Volcano Cliffs Arsenic Treatment Facility and Transmission Line, the To’Hajiilee pipeline, the South Valley

Drinking Water project, SWRP Outfall realignment, Bosque WRF Treatment Facility, Carnuel Sewage Collection System, and the Winrock Reuse System project. Furthermore, approximately \$6.4 million was allocated for various Interceptor Rehabilitation related projects, \$2.3 million for SCADA equipment renewal, \$1.7 million for Information Technology projects, and an additional \$2.1 million for various small diameter sewer line emergency repairs, Automated Meter Infrastructure (AMI) / water meter related work, and lift station renewal.

In government accounting, an encumbrance is a term used to describe a committed or reserved amount of funds that is set aside for a specific purpose. This is used to ensure that there will be sufficient cash available to pay for specific obligations. Encumbrances are used to avoid overspending. CIP outstanding encumbrances by fund at the end of Q2, were:

- Fund 27 (Water 2120) - \$552,672,
- Fund 28 (Rehab) - \$70,642,048, and
- Fund 29 (Growth / Special Projects) - \$41,944,729,
- leaving an available budget balance of \$153,130,626 for current and future projects.

The following graph shows an illustration of current spending by CIP category through Q2.



Project Timeline and Cost Impacts

Timelines for all CIP projects continue to extend by 3-6 months due to delays in material availability and shipping. This is an expected schedule impact that will likely extend over the next 1-2 years due to current supply chain challenges.

Regarding cost impacts, the Water Authority is seeing ongoing project cost escalations driven by:

1. The cost escalation of materials (pipe, pumps, valves, fuel, concrete, steel, etc.),
2. The Albuquerque contractor pool with a limited amount of available skilled wet utility contractors,
3. A highly competitive construction project market with lots of projects being bid by the City of Albuquerque, Bernalillo County, New Mexico Department of Transportation (NMDOT), Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA), Sandia Labs, and others, and
4. Uncertainty regarding macroeconomic factors, possible tariffs, and potential changes to federal funding programs.

The Water Authority continues to manage these cost impacts through improving cost estimating and cost contingency/value engineering analysis, and a robust asset management approach to prioritizing projects, which creates flexibility to shift projects based on budget availability and bidder costs for specific projects.

A sample of active CIP projects that have budget authority in FY 2026 are listed as follows:

Project	Life-to-Date			Year-to-Date		Project Phase	Estimated Completion Date		Comments/Notes
	Total Budget	Total Spend*	Spend %	Total Budget	Total Spend*		As of 2Q 2026	Current	
Volcano Cliffs Arsenic Treatment and Transmission Line	\$ 45,217,474	\$ 36,830,205	81.45%	\$ 17,325,147	\$ 8,937,878	Construction	31-Jul-26	Yes	Off-site transmission line (TL) construction is completed and project close-out documents are being compiled. Arsenic treatment facility (ATF) in construction. ATF had challenges with treatment system delivery. Estimated completion for ATF is July 2026.
To'Hajiilee Transmission Line	20,000,050	12,784,881	63.92%	9,381,411	2,166,242	Construction	31-Mar-26	Yes	Hydrostatic testing, flushing, and disinfection on-going. Installation of electrical equipment at Sunset Reservoir, Terminal Facility building, and radio equipment at To'Hajiilee tanks are on-going.
SVDWP Phase 8/9 Waterline Extension	8,000,000	7,410,828	92.64%	1,638,376	1,049,204	Construction	31-Dec-25	Yes	Project substantially complete. Soil survey was delayed but has been received for a ditch crossing and the Contractor installed cathodic protection in December 2025. Project close-out documents are being compiled and should be completed by the end of March.
MDC Water & Sewer Improvements	16,811,789	15,582,636	92.69%	5,000,618	3,771,464	Construction	31-Dec-25	Yes	Project substantially complete. Seeding along the frontage road was on the punch list and was completed in January 2026. Trace wire installation and minor punch list items are ongoing. Headworks punchlist complete. Project close-out documents and the O&M manuals are being compiled and should be completed by the end of February.
Carnuel Wastewater System	7,659,317	3,560,807	46.49%	4,476,708	631,437	Construction	31-Dec-25	Yes	Construction is ongoing to connect the new pipe to the Tijeras force main, pouring concrete collars, and connecting services. Construction will need to be extended until the end of March 2026 because of difficulties with working in granite and steep dirt roads as well as coordination with residents.
Carnuel Waterline System	2,650,000	306,829	11.58%	2,344,596	1,425	Construction	30-Nov-24	Yes	Project Complete.
Bosque WRRP Reuse System	34,046,652	4,227,631	12.42%	30,428,971	609,950	30% Design	Unknown	Yes	60% design is ongoing. CMAR contractor onboarding is continuing with development project management plants, cost estimate basis, and risk register.
SWRP Outfall Realignment	9,096,813	7,839,156	86.17%	1,970,718	713,060	Construction	31-Oct-25	Yes	Project substantially complete. Per 120-day warranty, re-planting will be scheduled in some zones. 11-month warranty walk-through scheduled in August 2026.
Mesa Del Sol Pump Station	17,409,741	912,012	5.24%	16,541,357	43,628	Design	31-Mar-26	Yes	Ph. 1 design in progress. 90% design documents were reviewed in December 2025. Ph. 1 design package to bid March 2026. CWSRF Funding approved.
Tijeras/Winrock Reuse System	14,505,490	7,847,771	54.10%	9,479,722	2,822,002	Construction	6/31/2026	Yes	Construction on schedule. Construction of the reuse pipeline in and around the mall area will start in March 2026. Estimated completion Summer 2026.
Arsenic Treatment Facilities (Thomas/Santa Barbara/Miles)	18,571,723	2,210,234	11.90%	16,630,669	269,180	Construction	31-Dec-27	Yes	Construction contract in place with Spear D. Construction starts in Jan 2026, completion by Dec. 2027

*Total Spend represents actual expenses.

Note: Year-to-date information as of December 31, 2025.

Transfer of Funds and Expenditure Authority within Budget

In the active operations of the Water Authority, the seamless transfer of funds is paramount to ensuring the effective execution of projects within the budgetary framework. This begins with the allocation phase, where the budget is carefully crafted based on projected expenditures and organizational priorities. The budget serves as a blueprint, mapping out the intended use of every dollar.

As the fiscal year unfolds, a need arises for transferring funds between various accounts or departments to accommodate unforeseen expenditures or to optimize resource allocation for a high-impact projects. The request is reviewed by the finance team, who analyze the implications of the transfer, ensuring it does not disrupt the overall balance or exceed budget limits.

The Executive Director, empowered by the annual appropriation resolution and other approved appropriations, is vested with the authority to transfer funds or adjust expenditure authority. This flexibility ensures the Water Authority's financial agility, allowing it to respond effectively to emerging needs and priorities while remaining within the overarching framework of the budget.

Within this authority, the Executive Director undertakes strategic fund transfers or reallocations between and among line-item categories. These adjustments are accurately documented to demonstrate their alignment with operating purposes and organizational goals. Actions taken by the Executive Director provide a transparent, year-to-date record of fund transfers for each financial account, ensuring accountability to the board.

By exercising this authority responsibly, the Executive Director maintains the balance between financial stewardship and operational efficiency, ensuring that the Water Authority adapts to dynamic circumstances without compromising its fiscal integrity.

The table below illustrates the authorized year-to-date (YTD) budget transfers authorized by the Executive Director:

Date	Budget Set ID	Description	Net Chg.-Amount
7/1/2025	BS000293/BE000391	FY25 CIP Rollover Budget Adj	\$191,549,147
7/1/2025	BS000295/BE000393	FY25 CIP REV Rollover Federal	66,073,573
8/5/2025	BS000289/BE000386	Water Resource Ed. CS increase	0
9/8/2025	BS000294/BE000392	Move Uniform to new line	0
9/23/2025	BS000297/BE000395	Transfer Steel WL within Fund	0
9/23/2025	BS000298/BE000396	Move Balance within fund -Land	0
9/23/2025	BS000300/BE000397	Move Balance within fund -AMI	0
10/1/2025	BS000301/ BE000398	Move Balance within Fund-Renew	0
10/2/2025	BS000302/BE000399	Move Balance within fund 0104	0
10/7/2025	BS000303/BE000400	Move Balance within fund 29	0
10/21/2025	BS000304/BE000401	2025 NMFA PPRF 6799 Adjustment	564,590
12/22/2025	BS000308/BE000405	Bal Dec Lines within Fund 28	0

1/1/2026

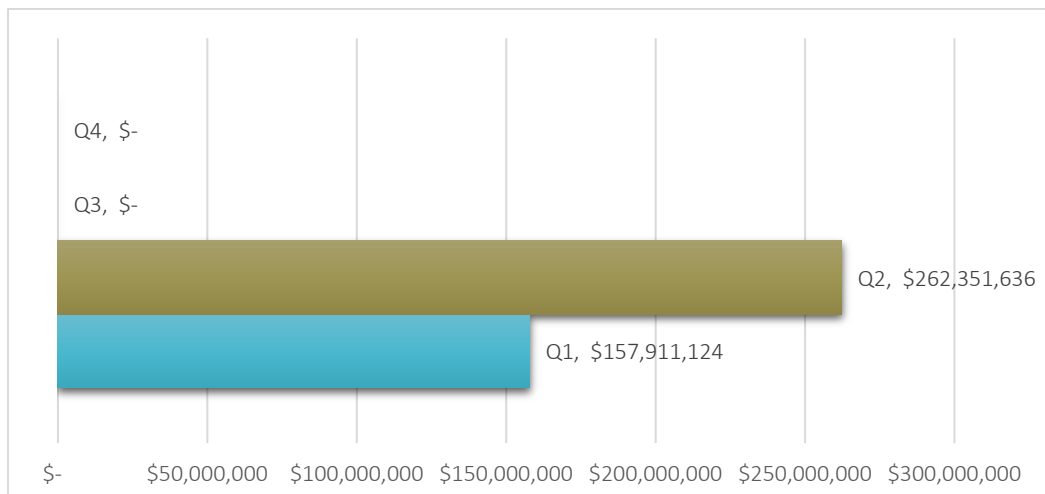
Cash and Investment Highlights

In accordance with the Investment Policy, the Water Authority is to prudently manage the investment of public money that is not immediately required for the operations of the Water Authority. Investment Policy priorities are used in making investment decisions are:

1. Safety of funds,
2. Maintenance of liquidity, and
3. Maximum of return (yield) after the first two priorities are met.

The chart below shows cash and investment balances as of December 31, 2025. Investments help offset bankcard (merchant) and bank client analysis fees which amounted to \$597,659 in Q2.

Overnight Liquid Products:	Balances as of 12/31/2025	Book Yield	Market Value
Bank of Albuquerque - 2528	\$ 163,545.35	0.150%	\$ 163,545.35
Bank of Albuquerque Sweep - 2528	3,181,127.10	1.850%	3,181,127.10
NM State Local Government Investment Pool (LGIP)	66,922,790.61	3.781%	66,922,790.61
Wells Fargo - General Fund - 0555	22,371.00	1.000%	22,371.00
Wells Fargo - P&A Flex - 7748	227,290.69	1.000%	227,290.69
Wells Fargo - Stagecoach Sweep - 0555	25,231,008.15	3.657%	25,231,008.15
Wells Fargo - Stagecoach Sweep - 7076	10,928,233.09	3.657%	10,928,233.09
Wells Fargo - Stagecoach Sweep - 8089	2,301,978.85	3.657%	2,301,978.85
Total Highly Liquid Portfolio	108,978,344.84		108,978,344.84
Investment Accounts			
US Bank - Public Trust Advisors	43,097,724.31	0.900%	43,332,929.61
US Bank - Public Trust Advisors (CIP 2023)	20,111,812.61	3.870%	20,122,200.50
US Bank - Public Trust Advisors (CIP 2025)	90,163,754.24	1.950%	90,639,560.47
Total Investment Accounts	153,373,291.16		154,094,690.58
Total Cash and Investments	\$ 262,351,636.00		\$ 263,073,035.42



Illustrated below the Public Trust Advisors (PTA) investment portfolio as of December 31, 2025, balances.



Report: Portfolio Overview
Account: ABCWUA AGG 2026 (109273)
Date: 10/01/2025 - 12/31/2025

Balance Sheet Summary			
	ABCWUA	WUA - CIP 2025	FLWUA-CIP 2023 FU
Book Value	43,299,674.63	90,586,344.26	20,121,334.53
Accrued Balance	1,055.08	53,384.34	358,016.30
Net Unrealized Gain/Loss	33,248.88	53,785.69	1,231.98
Market Value + Accrued	43,333,978.59	90,693,514.29	20,480,582.81

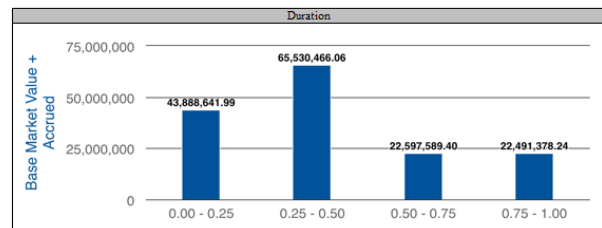
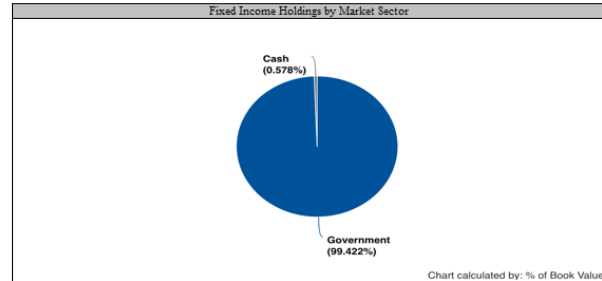
Footnote: 1

Net Income			
	ABCWUA	WUA - CIP 2025	FLWUA-CIP 2023 FU
Ending Current Units	43,901,007.31	91,967,147.78	20,121,752.31
Interest Income	138,248.85	217,637.64	295,158.74
Net Amortization/Accret	201,759.12	422,090.96	24,855.34
Net Realized Gain/Loss	0.00	0.00	0.00
Misc Income	0.00	0.00	0.00
Expense	0.00	0.00	0.00
Net Income	340,007.97	639,728.60	320,014.08

Footnote: 1,2

Index Comparison Summary			
Risk Metric	Portfolio	Index	Difference
Duration	0.497	---	---
Yield	3.546	---	---
Years to Effective Matur	0.505	---	---
Years to Final Maturity	0.505	---	---
Average Credit Rating	AA+	---	---

Footnote: 3

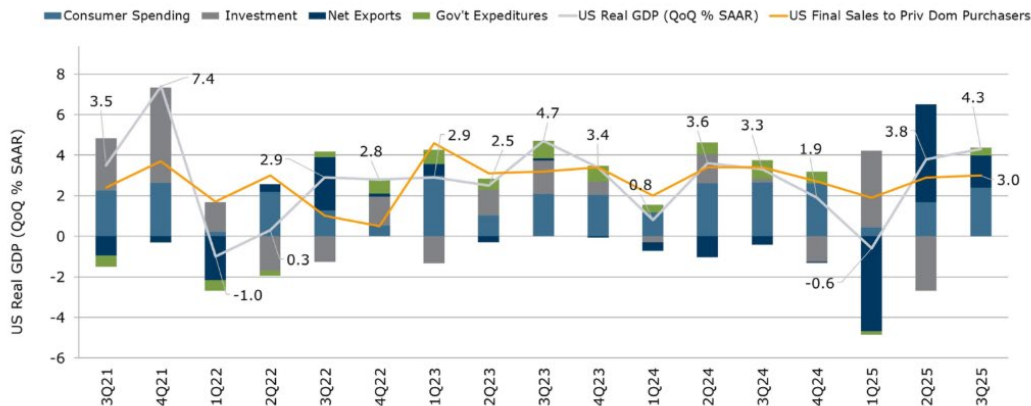


Index: NO BENCHMARK REQUIRED

- 1: * Pivoted by: Account
2: * Weighted by: Ending Market Value + Accrued
3: * Grouped by: Risk Metric



Q3 2025 GDP Growth Delivers a Holiday Gift



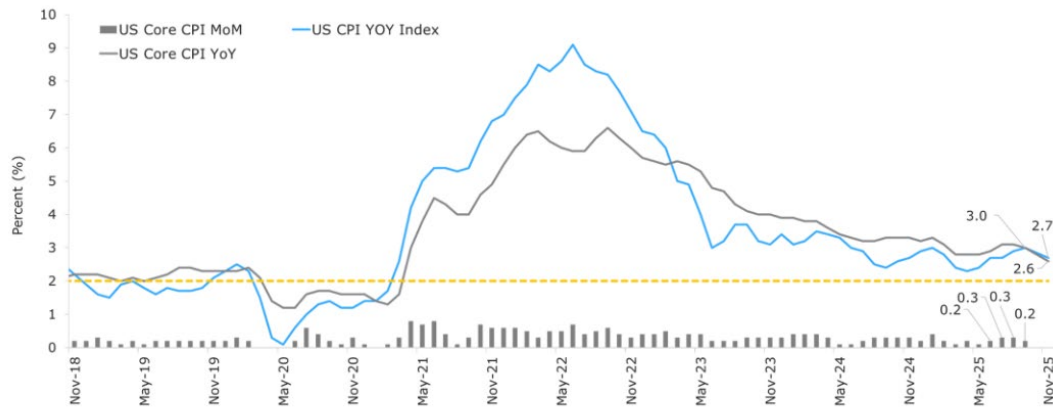
The preliminary Q3 2025 US GDP report, released December 23rd, showed real gross domestic product (GDP) expanded at a notably strong 4.3% annualized rate, the fastest pace in two years and well above expectations of 3.3% according to a Bloomberg survey of economists and market participants. Consumer spending was the principal driver of growth, supported by durable demand for both goods and services, while exports and government outlays also contributed positively to the quarter. Growth is expected to moderate in the final quarter of 2025 fiscal drag from the federal government and signs of cooling in labor market conditions, which add uncertainty to the 2026 outlook.

Source: Bureau of Economic Analysis, Bloomberg
Data as of: 01/05/26

Please refer to the disclosure slide of this presentation for more information.



Inflation Slows in November as Government Shutdown Skews Data



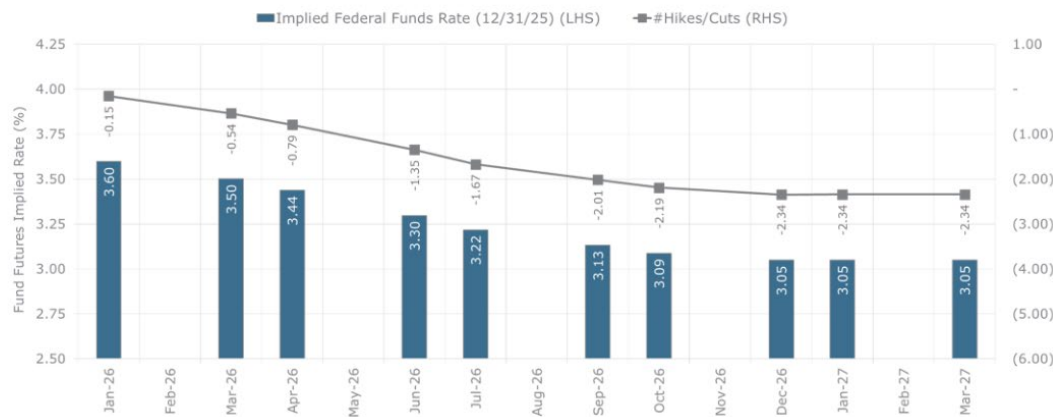
The November 2025 CPI report showed headline inflation rising 2.7% YoY, while core CPI increased 2.6%, both materially below consensus expectations and suggestive of slower near term price pressures. However, the release was heavily clouded by data collection disruptions stemming from the prolonged federal government shutdown, which delayed survey activity and likely introduced significant statistical noise into the report. As a result, many economists caution against overinterpreting the apparent deceleration, viewing the data as temporarily distorted and expecting greater clarity, and potentially some rebound, in subsequent inflation readings.

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Bloomberg. Data as of: 01/05/26

Please refer to the disclosure slide of this presentation for more information.



Rate Cut Expectations Balance Cooling Labor and Sticky Inflation



Following the Federal Reserve's December 2025 rate cut, fed funds futures continue to imply a gradual easing path, with the policy rate expected to decline toward approximately 3% by the end of 2026. This pricing reflects expectations that cooling labor market conditions will allow the Fed to adopt a more accommodative stance, even as inflation remains sticky and above its stated 2 percent objective. Overall expectations remain measured, with markets anticipating a controlled normalization process, though persistently firm core inflation or broader tariff pass through could slow the pace of cuts, while a sharper labor market deterioration could accelerate them.

Source: Federal Reserve, Bloomberg. Data as of: 01/05/26

Please refer to the disclosure slide of this presentation for more information.

In the fourth quarter of 2025, markets faced a cooling jobs market, a deficiency of new data due to the government shutdown, and a continued evolution of U.S. policy on multiple fronts. With these many variables, the Fed delivered two rate cuts during the quarter, bringing the total rate reduction for 2025 to 0.75%. Inflation risks appeared milder for the quarter as slowing jobs took center stage.

Overall, the combination of a Federal Reserve with a bias for additional rate cuts, healthy corporate earnings profiles, and slowly receding inflation pressures provided a constructive backdrop for markets. While ongoing labor market concerns and policy uncertainty may contribute to volatility in the year ahead, the broader outlook remains supported by expectations for lower rates and resilient corporate profitability in 2026.

Portfolio Update:

These portfolios have been invested to match the respective CIP Draw schedules. PTA have a known liability so it's prudent to invest the asset along the same schedule to eliminate/minimize the asset liability mismatch. PTA have structured the portfolios well in a declining interest rate market while providing the liquidity component for quarterly reimbursements.

Performance Plan Highlights

The Performance Plan assesses the performance of the Water Authority using measures that are designed to help the Water Authority improve its operational efficiency and effectiveness. These performance measures help guide the operating and capital budgets in allocating the Water Authority's financial resources, thus making these budgets performance based.

Quarterly Performance Indicator Scorecard

The Scorecard Indicators are categorized by Level of Service areas which include:

- Regulatory
- Reliability
- Quality
- Customer Service
- Finance

The Scorecard Indicators are developed through benchmarking and performance assessments to identify performance gaps and to establish targets to address performance gaps. The Scorecard Indicators Targets are linked to performance benchmarking, the Goals and Objectives, Customer Opinion Survey responses, and Effective Utility Management. The purpose of this report is to provide a one-page snapshot of the utility's performance so that stakeholders can easily gauge how the utility is performing in these Level of Service areas which is consistent with the feedback received through the Customer Conversation forums on reporting preferences.

The report identifies the fiscal year-to-date performance compared to the established target. A status of each indicator is provided in three categories: target achieved, work- in-progress, or target not met. Below shows the actual and target performance for all 22 indicators.

The status of each measurement illustrates the following:

Target achieved =  Below Target =  Target not met = 



Level of Service Area	Indicator	FY26 Actual (FY to Date)	FY26 Target	Status
Regulatory	Number of Permit Excursions	0	≤ 5	▲
	Reported Overflows	9	< 40	▲
	SUO Compliance (Permitted Industrial Users)	80%	≥ 87%	■
	SUO Compliance (Food Service Establishments)	83%	≥ 87%	■
	SUO Compliance (Dental Offices)	98%	≥ 87%	▲
Reliability	Ground Water PMR	77%	≥ 65%	▲
	Surface Water PMR	82%	≥ 65%	▲
	Waste Water PMR	45%	≥ 65%	■
	Water System (Miles Monitored)	405	> 2200 miles	■
	Water System (Miles Surveyed)	169	> 650 miles	■
	Water System (Leaks Found)	18	> 80	■
	Water System (Water Loss Reduced)	6.1	> 75.0 MG	■
	Miles of Sewer Line Cleaned	125	≥ 100 miles	▲
	Sewer Line Inspection Effectiveness	38	≥ 199 miles	■
	Injury Time	294	< 2,500 hours	▲
Quality	Water Quality Complaints Rate	1.5	< 3.0	▲
	Biosolids to Compost	20%	> 30%	■
	Renewable Energy (Bio Gas)	30%	≥ 16%	▲
	Renewable Energy (Solar)	10%	≥ 9%	▲
	Water Consumption (GW)	3.3	< 1.8 BG	■
	Water Consumption (SW)	0.2	> 1.6 BG	■
Customer Service	Wait Time	0.9	< 1.0 min	▲
	Contact Time	4.5	< 4.0 min	■
	Abandoned Calls	4%	< 3%	■
	First Call Resolution	89%	> 95%	■
	Bill Exception Rate	5	< 8	▲
Finance	Rehabilitation Spending	\$24	≥ \$64 million	■
	Pipe Infrastructure Emergency vs. Planned Spending	7%	≤ 50%	▲
	Cash Reserves	340	≥ 350 days	■
	Revenue to Expenditures	85%	≥ 100%	■
	Expenditures to Budget	115%	≤ 100%	■

Goals and FY26 Objectives

The FY 2026 Goals and Objectives were established (R-25-12) and approved by the Water Authority Board on April 23, 2025, and are linked to the budget process, performance measurements, and is consistent with the desired conditions of the Water Authority's service area.

The Goals are as follows:

- Goal 1: Water Supply and Operations
- Goal 2: Wastewater Collection and Operations
- Goal 3: Customer Services
- Goal 4: Business Planning and Management
- Goal 5: Organization Development

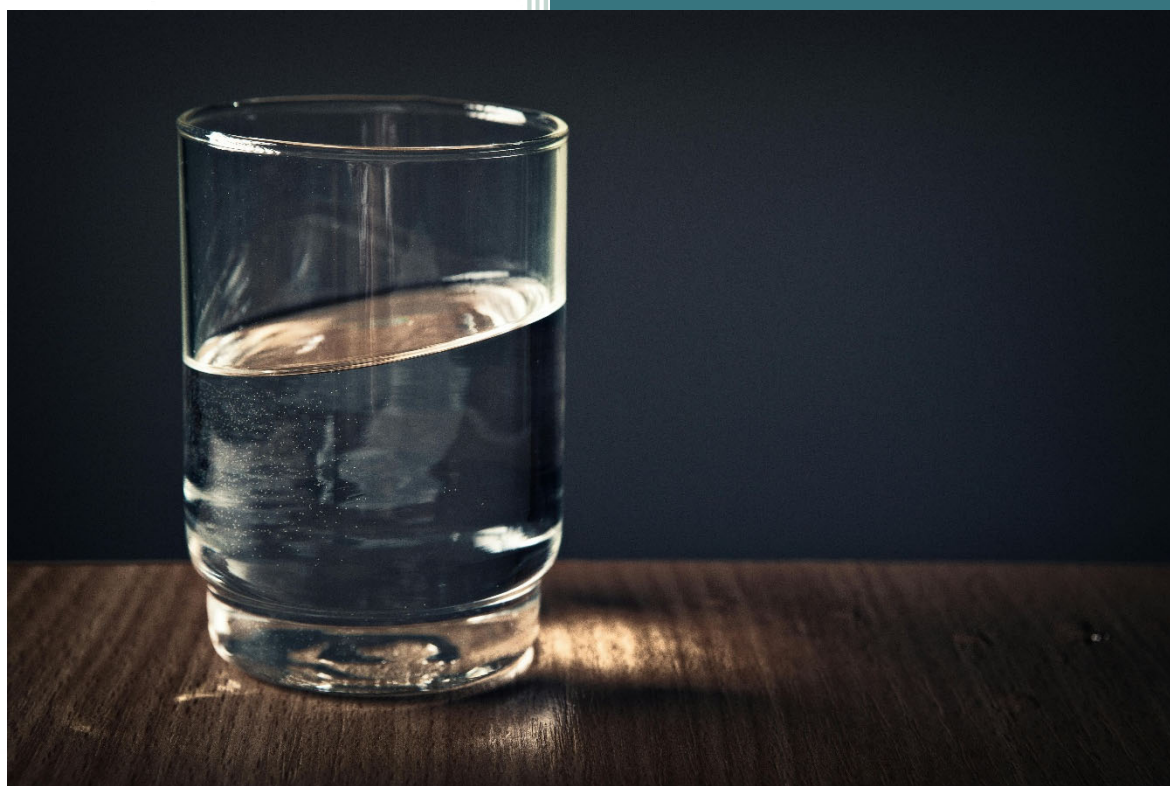


Note: The FY 2026 Goals and Objectives detailed results of the FY 2026 Q2 progress of each objective within each goal are attached in a separate report.



2026

Goals & Objectives



Susan J Lander / Marta J Ortiz
Albuquerque Bernalillo County
Water Utility Authority

The purpose of establishing goals and objectives for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) is to ensure strategic alignment, operational efficiency, and accountability in delivering reliable water and wastewater services to the community.

Goal 1: Water Supply and Operations

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

1.1 – Objective

Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system and identify/update priority Arsenic Treatment plant projects for design and construction by the end of the 4th Quarter of FY26.

Staff Assignment: Andrade/ Laughlin/Kelly

Results:

Tasks	Status	Description
SBA ATF	In construction. Target Completion: Q3 FY28	SBATF facility and site piping construction
Stranded Assets Study	In-progress Completion Target: Q4 FY26 or Q1 FY27	Waiting on IIP for demand forecaster data (Jacobs/CDM)
MDS ATF	Not active	Design start FY27

1.2 – Objective

Complete the assessment that began in FY23 of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY26.

Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority’s Geographical Information System (GIS) group to determine potential impact areas.

Subsequently, engage the services of a hydraulic modeling consultant to perform strategic hydraulic modeling to assess resulting water supply capacity limitations and water outage timelines.

Staff Assignment: Berman/Andrade

Results:

Tasks	Status	Description
Meeting w/ PNM’s Power Dist. Group	Complete	Future meeting TBD, if needed
Perform water system hydraulic modeling simulations	In progress: Q2/Q3 FY26	Performed by Water Authority Staff

1.3 – Objective

Develop a priority list and execute a program of regular inspections of the inventory of drinking water reservoirs at a frequency consistent with good practices for steel and concrete reservoir assets and American Water Works Association (AWWA) Partnership for Safe Water-Distribution goals by the end of the 4th Quarter of FY26.

Staff Assignment: Berman/Andrade

Results:

Tasks	Status	Description
System-wide Reservoir Internal & External Inspections	100% Complete for FY25	Work performed by vendor

<i>Tasks</i>	<i>Status</i>	<i>Description</i>
NMED Inspection	<i>FY30</i>	<i>Required in 5-years</i>
Annual External Inspections	<i>Due in CY 2026</i>	<i>Groundwater inspections</i>

1.4 – Objective

Submit annual treatment data to the Partnership for Safe Water - Treatment program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY26.

- Maintain turbidities for each individual filter cell and for combined filter effluent at less than 0.1 nephelometric turbidity unit (NTU) more than 95% of time in operation.
- Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.
- Continue working towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water -Treatment.

Staff Assignment: Berman/Sanchez

Results:

	<i>Tasks</i>	<i>Status</i>	<i>Description</i>
Q1	<i>Percent of Time <0.1 NTU</i>	<i>N/A</i>	<i>Plant offline</i>
Q2	<i>Percent of Time <0.1 NTU</i>	<i>99.98%</i>	<i>Goal met</i>

1.5 – Objective

Improve monitoring and trending of the Total Organic Carbon (TOC) concentration and removal across the Water Treatment Plant to better predict potential Disinfection By-Product (DBP) formation in the distribution system. Continue to optimize TOC removal through enhanced coagulation and biologically active filtration by reporting quarterly data to assess seasonal TOC trends and removal metrics through the 4th Quarter of FY26.

Staff Assignment: Berman/Sanchez

Results:

<i>Sample Point</i>	<i>Avg. Total Organic Carbon (TOC) in mg/L</i>			
	<i>Q1 Avg.</i>	<i>Q2 Avg.</i>	<i>Q3 Avg.</i>	<i>Q4 Avg.</i>
Source Water – IN	<i>N/A</i>	<i>3.70</i>		
Source Water – OUT	<i>N/A</i>	<i>1.27</i>		
Average % Removal	<i>N/A</i>	<i>65.5%</i>		

San Juan-Chama Water Treatment Plant was offline Q1 FY26.

1.6 – Objective

Submit annual distribution data to the Partnership for Safe Water - Distribution program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY26. Continue to work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.

Staff Assignment: Warren/Malouff

Results:

<i>Tasks</i>	<i>Status</i>
Submittal of annual distribution data to the Partnership for Safe Water for FY26	<i>Will be completed by Q1 FY27</i>

1.7 – Objective

Continue implementation of the Revised Lead and Copper Rule (LCRR) including updating the service line inventory and the service line replacement plan. This will include developing a process to complete the inventory for customers with large meters. Submit the annual inventory and updates to the replacement plan to NMED by October 16, 2025. Complete a multi-year gap analysis aimed at identifying requirements and developing procedures for compliance with the Lead and Copper Rule Improvements (LCRI) by 2027.

Staff Assignment: Warren/Malouff

Results:

<i>Tasks</i>	<i>Status</i>
Inventory for master meters – meters with	<i>Consultant completed survey of master meter</i>

Tasks	Status
services to multiple buildings	<i>customers with approx. 25 responses out of 213 contacted.</i>
Annual Inventory	<i>NMED approved the probabilistic modeling that was completed for the service line inventory. Inventory updated for CY2025, notifications sent out by email to customers 12/31/2025</i>
Gap Analysis	<i>Based on NMED approval of probabilistic modeling, the Water Authority will not perform a gap analysis at this time.</i>

1.8 – Objective

Update the Water Resources Management Strategy: Water 2120 by the end of the 2nd Quarter of FY26.

Staff Assignment: Kelly/Agnew/Arber

Results:

Tasks	Status
Coordination with regional partners on climate modeling and scenarios being completed as part of the Rio Grande Basin Study	25%
Complete updates to model by end of Q1 FY26	<i>Final model validation and QA/QC complete. Contractor working on dashboard of model results for review of supply scenarios.</i>
Update TCAC on progress of Water 2120 updates (minimum of 2 updates in FY26)	<i>Updates in August and December 2025</i>

1.9 – Objective

Support and advocate for the Water Authority's interests on the Colorado River through the end of the 4th Quarter of FY26.

- Promote collaboration and advocacy among San Juan-Chama contractors and the San Juan River Basin for sustainable water resources through continued leadership and support for the San Juan Chama Contractor's Association.
- Attend Upper Colorado River Commission (UCRC) meetings as well as regular monthly updates from the New Mexico Interstate Stream Commission (NMISC).

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
SJCPCA Collaboration – provide updates at membership meetings.	<i>Staff provided CO River updates to membership during the Oct and Dec meetings.</i>
UCRC meetings – Spring and Annual meetings as well as Special meetings	<i>Staff attended the UCRC December meeting. Supported interview with Santa Fe New Mexican regarding impacts of hydrologic shortages on SJC water.</i>
Review and provide comment on Draft EIS for Post-2026 operations.	<i>Draft EIS will be posted in Jan 2026.</i>
Coordination with NMISC and NM UCRC Commissioner to attend and support UCRC work sessions	<i>Staff coordinate with NMISC staff on a monthly basis to track ongoing post-2026 negotiations, work group needs, and to provide requested information to support the NM UCRC Commissioner. Staff participated in the Dec work session.</i>

1.10 – Objective

Begin implementation of the Colorado River Water Users Memorandum of Understanding (MOU), which promotes municipal water conservation through conversions to

drought-and climate-resilient landscaping, while maintaining vital urban landscapes and tree canopies that benefit our communities, wildlife, and the environment. Implement the MOU by developing a plan for decreasing Non-Functional Turf by 30% by the end of the 4th Quarter of FY26.

Staff Assignment: Kelly/Arber

Results:

Tasks	Status	Goal
Reduce Non-Functional Turf	0%	30%

1.11 – Objective

Work with the New Mexico Environment Department (NMED) and Office of the State Engineer to begin aquifer storage and recovery (ASR) permitting by the end of the 4th Quarter of FY26.

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
Submit permit modification request for USR-4 to add two additional ASR Wells.	Staff coordinated with NMOSE staff to determine which NMOSE form should be submitted for the permit modification request. Staff developed task schedule for submission of the modification request and will meet with NMOSE to review.
Submit permit modification request for DP-1887 to add two additional ASR Wells.	Compliance submitted a modification and renewal request for DP-1887 that includes the two new ASR Wells. WRD staff supported the application and are available to support responding to NMED comments, if needed.

1.12 – Objective

Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions:

- Identify and develop outreach and education of source water protection actions for customers and agencies in support of implementation of the RAPP;
- Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY26;
- Collaborate and coordinate with other agencies, including support of the Water Protection Advisory Board (WPAB) through the end of the 4th Quarter of FY26; and
- Collaborate and coordinate with Water Authority divisions on responses and actions for released to source waters.

Staff Assignment: Kelly/ Agnew

Results:

Tasks	Status
Update locations and update map.	100% Complete
Number of public meetings attended for priority groundwater contamination sites	November meeting cancelled due to Federal govt. shutdown Attended one stakeholder call for Bulk Fuels Facility project; November call cancelled due to govt. shutdown
Correspondence with NMED and/or Responsible Parties on priority groundwater contamination sites	Ongoing direct correspondence with NMED for four (4) priority sites. Staff submitted one Technical Memorandum to NMED regarding a groundwater priority site.
Number of public presentations made on source water protection and/or priority	- Two presentations to WPAB regarding priority contamination sites. - One presentation to a UNM Civil Engineering

Tasks	Status
groundwater contamination sites.	<i>graduate seminar course on groundwater modeling for source water protection.</i>
Collaboration/coordination on education and outreach for source water protection (e.g., PIC agency meetings, WPAB meetings)	<i>Supported two (2) WPAB meetings and attended PIC quarterly meeting.</i>
Develop outward facing dashboard or update www.nmsourcewaterprotection.com on: What is Source Water Protection? Why is it important? What does the Water Authority do for source water protection?	<i>Staff have created a list of source water protection websites from other utilities across the country to help inform the Water Authority dashboard.</i>
Septic system conversions in coordination with Bernalillo County through PIPE (% of available properties converted to Water Authority sewer service)	<i>100% Complete.</i>

1.13 – Objective

Establish easement storage agreements for San Juan-Chama Project contractors with the United States Army Corps of Engineers storage through the 4th Quarter of FY26. Update or establish sub-allotment agreements, as appropriate, for the storage of San Juan-Chama Project and native Rio Grande system water in Abiquiu Reservoir. Work with U.S. Bureau of Reclamation to establish lots within the URGWOM accounting model for the tracking of storage of both SJCP and native Rio Grande System water.

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
Establish easement agreements with SJCP	<i>Storage easement agreements have been</i>

Tasks	Status
contractors with USACE storage space (total of 8)	<i>signed by 4 of 8 SJCP contractors. Three agreements are pending-Santa Fe County, Espanola, and Taos Ski Valley.</i>
Update or establish sub-allotment agreements for the storage of both SJCP and native Rio Grande system water (total of 6)	<i>Sub-allotment agreements for 5 of 6 are in USACE review for approval. An updated storage agreement between Water Authority and Reclamation is in USACE review for approval.</i>
Coordination with USACE to establish template for sub-allotment agreements for streamlined review and approval process.	<i>The USACE provided an approved template form for sub-allotment agreements to be used in the future. With the template, USACE approval can be achieved at the ABQ District level, as long as changes are minimal.</i>

1.14 – Objective

Take steps towards permitting of native Rio Grande system water by the Water Authority within Abiquiu Reservoir. Coordinate with NMISC and NMOSE on the permit application and draft permit through the 4th Quarter of FY26.

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
Meeting with NMISC and NMOSE to discuss next steps for native storage permit.	<i>Staff met with NMISC and NMOSE staff in October to discuss the native storage permit and next steps for the permit application. Staff followed up with NMISC staff to coordinate a follow-up, technical meeting to</i>

Tasks	Status
	<i>continue discussions. Additional meetings with NMISC and NMOSE staff are scheduled for Q3 FY26.</i>

1.15 – Objective

Design, install and sample monitoring wells at the Hewlett Packard-Digital site. Conduct regular water quality monitoring of the Water Authority source water protection groundwater monitoring wells at the Kirtland Air Force Base (KAFB) Bulk Fuels Facility jet fuel leak site and the Hewlett Packard-Digital groundwater contamination site through the end of FY26.

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
Source water protection groundwater monitoring well quarterly monitoring	<i>Quarterly monitoring completed for source water protection monitoring wells at end of Dec.</i>
Monitoring well design and construction at HP/Digital site	<i>Well is complete, monitoring is on-going.</i>

1.16 – Objective

Develop a reuse water modeling program that maintains a centralized version of the reuse model to be utilized as the system develops by the end of the 4th Quarter of FY26.

Staff assignment: Shurn/K. Berman

Results:

Tasks	Status
Southside Reuse Model	<i>80% Complete</i>
North non-potable Model	<i>10% Complete</i>

1.17 – Objective

Work with City and other project stakeholders to design and construct the Tijeras Advanced Water Treatment

Plant (AWTP) and Tijeras Reuse Reservoir and Pump Station (RRPS) facilities at Mesa Del Sol to support the special industrial complex, including Maxeon and other entities, through the end of FY27.

Staff Assignment: Laughlin

Results:

Tasks	Status	Description
Tijeras RRPS Ph.1 (Res. + Inlet/Outlet Piping)	<i>90% Design</i>	<i>100% Design- March 2026; Bid April 2026 Funding: ARPA/CWSRF</i>
Tijeras RRPS Ph.2 (Reuse Bottleneck on University)	<i>Design & Geotech /Survey services in-progress</i>	<i>Geotech/Survey held up by property transfer. Coord. w/ ABQ Sunport for easements & property access. Funding: CIP Rehab</i>
Tijeras RRPS Ph.3 (Pump Station)	<i>Not started</i>	<i>Design Q2 FY27</i>



The Water Authority's primary mission is to provide reliable, high-quality, affordable, and sustainable water supply and wastewater services to the Albuquerque and Bernalillo County region. Goals and objectives help operationalize this mission by setting measurable targets for service delivery, infrastructure maintenance, and system upgrades.

Goal 2: Wastewater Collection and Operations

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

2.1 – Objective

Seek recognition in the National Association of Clean Water Agencies (NACWA) Peak Performance award program for excellence in permit compliance through the end of the 4th Quarter of FY26.

Staff Assignment: Berman/Larson

Results:

	Q1	Q2	Q3	Q4
Exceedances	0	0		

In Q1 of FY26, there were 0 NPDES effluent permit exceedances.

2.2 – Objective

Continue work on the Partnership for Clean Water program for the Southside Water Reclamation Plant (SWRP) to optimize system operations and performance by the end of the 4th Quarter of FY26.

Continue work on outstanding items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.

Staff Assignment: Berman/Larson

Results:

Tasks	Status
Partnership for Safe Water – Phase III Self-Assessment	Completed
Staff work on items not yet optimized	On-going
Self-Assessment update	On-going

2.3 – Objective

Manage chemical usage and residual iron sludge from the Water Treatment Plant to manage collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Monitor and report metrics through the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Holstad/Berman

Results:

Tasks	Status
Provide corrosion and odor control at least cost.	Utilizing ventilation control where feasible, e.g. P-traps. On-going
Evaluate need for Station 476 feeding calcium nitrate. In-house study.	In Q2, tested shutting off chemical feed for 24-hr and studied data. No significant H2S increases; no complaints
In coordination with CE, SWRP, and Compliance, assisted in the consultant study for H2O2 Sensitivity at SWRP.	On-going. May reduce chemical costs in favor of less costly and more effective air phase treatment.

2.4 – Objective

Continue to reduce sanitary sewer overflows (SSOs) in accordance with the Capacity, Management, Operation, and Maintenance (CMOM) Plan. Continue the manhole monitoring pilot study initiated in FY23 to diagnose flow patterns and provide advance alerts of downstream blockages. Provide final recommendations based on the pilot study by the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Holstad

Results:

Tasks	Status
Software / Communication Support	<i>Extended additional two years.</i>
Pilot Program	<i>Pilot project to end Q4 FY26</i>
In-house study of effectiveness of manhole monitoring to prevent SSOs.	<i>Determinations: No SSOs prevented; cost prohibitive. Recommendation: No not expand system or use as primary tool.</i>

2.5 – Objective

As part of the CMOM Program, continue to evaluate pilot modifications to the Sub-Basin cleaning program. Look at possible changes such as sub-basin cleaning frequency to optimize effectiveness of preventative maintenance cleaning to the lines most likely to spill. Provide final recommendations for modifications to the cleaning program by the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Holstad

Results:

Tasks	Status
Per the CMOM Plan, the Collection Section continues to implement and monitor the pilot 15-year cycle for Sub-Basin cleaning.	<i>On-going</i>
Working within the Water Environment Federation (WEF), the Water Authority is active and at the forefront of an industry-level effort to increase the effectiveness of O&M cleaning. In Q2, the WEF released a questionnaire to survey utilities on their O&M practices	<i>On-going</i>

2.6 – Objective

With FY25 completion of AMI device installation in all ten vacuum station service areas, obtain and utilize data to gather system performance data and respond quickly to low-vacuum conditions by the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Holstad

Results:

Tasks	Status
Focus is on better understanding of the actual performance of the vacuum systems, specifically the minimum vacuums experienced diurnally versus the minimum required to fire the vacuum pit valves. Below this minimum, the system no longer functions properly. AMI data has not replaced existing vacuum tank data (SCADA) for the purpose of detecting low-vacs.	<i>On-going</i>
Have determined that lower vacuums are experienced on weekends and lowest are on holidays.	<i>Obtained 12-second data over Thanksgiving at additional critical locations. Provided to consultants.</i>
In Q2, consultant examined AMI data as part of VS61-64 evaluation.	<i>In Q3, continue study of AMI data in VS61. Extend data study to VS66-67-69 for area serviceability study.</i>

2.7 – Objective

Develop a template contract for new satellite communities which discharge wastewater to the Water Authority Collection System for conveyance to and treatment by the SWRP by the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Holstad/Shuryn/Cadena/Melendrez

Results:

Tasks	Status
Initial meeting to introduce contract concerns and collect feedback from Divisions on important aspects of contract negotiations with satellite systems.	<i>100% Complete</i>
Breakout sessions as needed to review initial topic list and draft more specific	<i>0%</i>

Tasks	Status
<i>language for Wastewater Ops, UTD, CE, and Water Resources.</i>	
<i>Identify whether consecutive water systems should be included.</i>	0%-Wait for NMED DWB guidance
<i>Legal review of initial draft and list of satellite communities of concern.</i>	0%

2.8 – Objective

In support of the Bosque Water Reclamation Plant, work collaboratively to develop actions, workflow, and an updated timeline for completion of the required planning/design documents, permits, and environmental documents through FY27.

Staff Assignment: Kelly/Agnew/Shuryn/Laughlin

Results:

Tasks	Status	Description
<i>Funding Plan</i>	<i>In-progress</i>	<i>60/90/Final scope pending by Carollo</i>
<i>Outfall</i>	<i>In-progress</i>	<i>Reg. / Permitting / Design ongoing with Carollo /Open Space / MRGCD</i>
<i>Plan & Design</i>	<i>30% Design</i>	<i>60% Design by July 2026</i>
<i>CMAR Solicitation</i>	<i>Bradbury-Stamm selected</i>	<i>Risk model and cost eval Feb 2026</i>
<i>Preliminary meeting with USFWS</i>	<i>Completed</i>	<i>Met with USFWS staff at the site to review biological survey</i>
<i>Preliminary meeting with CABQ Open Space</i>	<i>Completed</i>	<i>Met with staff to discuss approach and alignment for natural conveyance of treated</i>

Tasks	Status	Description
		<i>effluent. Received feedback on management and trail systems and plan for vegetation removal.</i>
<i>Public Meetings</i>	<i>Pending</i>	<i>Q3 FY27</i>
<i>Public Impact Plan</i>	<i>Pending</i>	<i>Q4 FY26</i>

2.9 – Objective

Prepare for Per-and Polyfluoroalkyl Substances (PFAS) regulations and monitoring requirements in the new NPDES permit by conducting baseline sampling at the SWRP influent, effluent, reuse water, biosolids, compost, and pretreatment program industrial permit customers by the end of the 4th Quarter of FY26. This will help identify trends and/or impacts to the wastewater system.

Staff Assignment: Shuryn/ Zarreii

Results:

Wastewater PFAs Sampling	Goal	Q2 Number of samples collected	Total PFAs Data Status
SWRP PFAs Sampling			
<i>SWRP Influent</i>	3x	3	15
<i>SWRP Effluent</i>	3x	3	15
<i>SWRP Reuse</i>	3x	3	15
<i>SWRP Biosolids</i>	3x	3	15
<i>SAF Compost</i>	3x	3	15
Pretreatment Industrial PFAs Sampling			
<i>Permitted Industrial Users (67 sites)</i>	4x (268 total)	211	1134
<i>Domestic Manholes (4 sites)</i>	3x (12 total)	12	72
<i>Interceptors (5 sites)</i>	15x (75 total)	20	120

2.10 – Objective

Establish hazardous waste disposal support in the Compliance Division for all WA facilities and capital improvement projects to remain in compliance with federal and state hazardous waste generator regulations. In FY26 complete an audit of routine and periodic hazardous waste disposal activities and complete the required reporting for each site that generates hazardous waste with the NMED Hazardous Waste Bureau. Also, in FY26 plan for assessing each facility site for compliance with stormwater management regulations as well.

Staff Assignment: Shuryn

Results:

Tasks	Status
<i>Return to compliance in meeting hazardous waste requirements at the SWTP.</i>	<i>Administrative Order issued by NMED & returned to meeting compliance requirements in Q1.</i>
<i>Complete inventory reviews for 2025 at SWTP and SWRP.</i>	0%
<i>Assess 2025 CIP projects with hazardous waste removal for proper documentation.</i>	0%
<i>Assess 2026 CIP projects with hazardous waste disposals</i>	100% SWTP-small disposals internal; SWRP-no disposals

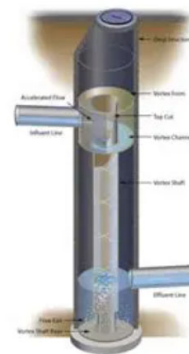


How Vortex Manholes Reduce Sewer Odors

When hydrogen sulfide gas and other sewer gases enter the air, they cause a problem. The Vortex Flow insert uses the wastewater in the sewer's own flow energy to control the type of water flow which releases gasses. The spiral flow design creates a downdraft to trap gases and force air into the sewage flow rather than releasing gases into the air.

How It Works:

- 1) Wastewater runs into the Vortex Flow insert, which directs it around a curve which gets smaller and smaller. At the same time, the increasing slope of the vortex form speeds up the water flow.
- 2) Once the water flow shoots into a smaller drop pipe, the speed and centrifugal forces cause the wastewater to hug the inside walls of the drop pipe. The spiral flow creates a stable air core with a slight negative pressure, which sucks airborne gases down to the bottom of the structure.
- 3) The flow is sunk in a pool at the bottom. Air and gases that were drawn down are forced back through the wastewater and are put back in the flow. This greatly reduces the dissolved oxygen concentration in the wastewater, so the compounds that cause the odors can be dealt with below ground.



The Water Authority's objectives include responsive customer service, transparent communication, and public education about water conservation and infrastructure projects. These efforts build trust and encourage community participation in water stewardship.

Goal 3: Customer Services

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

3.1 – Objective

Review policy changes for the Low-Income Credit program to enhance financial assistance for low-income households. Increase proactive communication with customers about the assistance programs offered by the Water Authority that involve our external partnerships by the end of the 4th Quarter of FY26.

Staff Assignment: Mendez

Results:

Tasks	Status
Conduct policy analysis	60%
Create Multi-Channel Outreach Plan	50%

3.2 – Objective

Collaborate with other governmental entities that pre-qualify low-income residents. Explore options to establish an automated reporting system or information transfer for approved residents, enabling the automatic enrollment of qualified Water Authority customers into the Low-income Credit program by the end of the 4th Quarter of FY26.

Staff Assignment: Mendez

Results:

Tasks	Status
Identify key agencies and coordinate meetings	30%
Review / define secure data-sharing protocols	10%

Tasks	Status
Assess technology options (API integration, SFT)	0%
Pilot automated enrollment and refine	0%

3.3 – Objective

Reduce the percentage of delinquent water and wastewater accounts to below 10% over the next 2 years by the end of the 4th Quarter of FY26.

Staff Assignment: Mendez

Results:

Tasks	Status
Analyze delinquency drivers	40%
Implement Proactive Outreach	50%
• Early reminders	
• Flexible payment plans	
Promote assistance programs and autopay options	30%
KPI Measurement Delinquency Rate Goal =< 10%	10%

3.4 – Objective

Continue implementation of the AMI project by replacing 20,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Malouff

Results:

<i>Quarter</i>	<i>Meters Replaced</i>	<i>Goal</i>
<i>Q1</i>	<i>1,577</i>	<i>8,000</i>
<i>Q2</i>	<i>1,296</i>	
<i>Q3</i>		
<i>Q4</i>		
<i>Total</i>	<i>2,873</i>	

AMI replacements continue to be difficult due to the remaining meters requiring breakouts of concrete and new meter boxes. A more realistic goal is 8,000 by the 4th Quarter of FY26. In CY2025, meter crews completed over 390 meter box breakouts to facilitate AMI installation; Field Distribution replaced 972 meter boxes overall.

3.5 – Objective

Conduct Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority’s activities through the end of the 4th Quarter of FY26.

Staff Assignment: Morris

Results:

<i>Tasks</i>	<i>Status</i>
<i>Pre-planning</i>	<i>Topic development underway for Spring 2026 Customer Conversations</i>

3.6 – Objective

Develop data-based conservation efforts to utilize customer and Water Authority data to target users for conservation efforts by the 4th Quarter of FY26.

Staff Assignment: Kelly/Arber

Results:

<i>Tasks</i>	<i>Status</i>
<i>Develop Dashboard</i>	<i>90%</i>

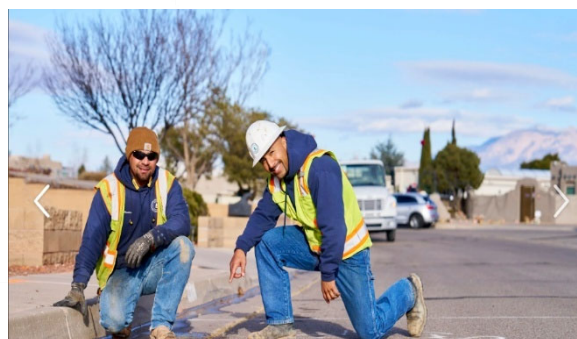
3.7 – Objective

In conjunction with the development of automated leak notifications for customers with AMI meters, launch a marketing campaign to encourage AMI customers to sign up for the portal.

Staff Assignment: Kelly/Morris

Results:

<i>Tasks</i>	<i>Status</i>
<i>Promote AMI through Marketing Campaign</i>	<i>Promotion of Home Connect is occurring via bill inserts, social media, and the 505Outside newsletter, and is working with IT to determine program participation statistics.</i>



The Water Authority uses its goals to guide budgeting and rate-setting processes. For example, performance objectives are tied to cost-of-service studies, debt management plans, and equitable rate structures to ensure financial sustainability while maintaining affordability.

Goal 4: Business Planning and Management

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

4.1 – Objective

Implement at least one planned Interceptor Rehabilitation project in FY26, and complete at least one interceptor design package by the 4th Quarter of FY26; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY26.

Staff Assignment: Laughlin/Holstad

Results:

Tasks	Status	Description
Isleta/Griegos (Rio Grande – 12th)	Complete Q3 FY26	\$10M Insituform PM: Williams
LS20 FM Repl. Ph. 1	In-Const. Completion Target: Q4 FY26	\$14M TLC PM: Ertsgaard
LS20 FM Repl. Ph. 2	Design Q2 FY27, Construction Q3 FY27 thru Q2 FY28	\$20M TBD PM: Ertsgaard
Grit Collection St. 12th & I-40	95% Design WH Pacific / NV5	\$1M Shelf Design - TBD PM: Larson
Westside (Old Coors to Arenal)	95% Re-Design Smith Eng.	\$5M Shelf Design - TBD PM: Matthews
Westside (Arenal to Blake – FY17)	95% Re-Design	\$7M Shelf Design – TBD PM: Laughlin

Tasks	Status	Description
Menaul (University to Girard – FY17)	95% Re-Design	\$5M Shelf Design – TBD PM: Laughlin
12th St. (Bellrose to I-40 – FY22)	In-design Completion Target: Q4 FY25	\$11M Garver PM: Tagaban
2nd St. (Woodward to Baseball Fields)	In-design Completion Target: Q4 FY25	\$9M Wilson PM: Tagaban
2nd St. (Woodward to Rio Bravo)	In-design Completion Target: Q4 FY25	\$4M SMA PM: Tagaban
PDN (West of Jefferson)	In-design Completion Target: Q4 FY25	\$2M Wood PM: Tagaban
Rio Bravo / Coors (Flow Control Vault Relocate)	In-design Completion Target: Q3 FY26	\$8M Smith Eng. PM: Tagaban

Through Q1 FY26, \$15M was expended on Sanitary Sewer pipeline renewal, with encumbrances of \$14M.

The CIP budget will continue to rehab as much high-risk interceptor SAS as possible, while balancing other competing CIP funding demands. Currently, LS20 FM Rehab is a critical/high-priority that will continue much of the 100-category Decade Plan funds.

4.2 – Objective

Seek to increase renewable/green energy generation at Water Authority facilities. Provide updates on plan and project progress, and report power generation over time by the end of the 4th Quarter of FY26. Generate at least 35% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY26 and report progress quarterly.

Staff Assignment: Berman/Larson

Results:

<i>Maintenance</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>Goal</i>
<i>% Total SWRP power needs met using renewable sources*</i>	43%	40%			35%

*Sum of power produced by on-site solar array or digester gas-fueled cogeneration.

4.3 – Objective

Audit SharePoint databases and GIS layers, reconcile the two datasets for consistency and accuracy, and relocate applicable items for the following by the end of the 4th Quarter of FY26:

- Development Agreement layer
- Service Connection Agreement layer
- Inter-governmental Agreement layer

Staff Assignment: Cadena

Results:

<i>Tasks</i>	<i>Status</i>
<i>Generate List</i>	100%
<i>Review each item for accuracy</i>	9%
<i>Add subsequent items to list</i>	0%
<i>Reconciliation</i>	0%

4.4 – Objective

Find opportunities to improve the Flow Inquiry process in Planning and Utility Development to make it more efficient and helpful for customers. Investigate the idea of providing hydrant curves as well as an exhibit indicating

where the analysis was performed by the end of the 4th Quarter of FY26.

Staff Assignment: Cadena

Results:

<i>Tasks</i>	<i>Status</i>
<i>Exhibits showing analysis point included in deliverable</i>	100%
<i>Working with Modeling group to create SOP.</i>	50%

4.5 – Objective

Incorporate new language in the Availability Statement/Serviceability Letter template to provide direction if private fire pumps are considered for proposed developments. Also, create a Standard Operating Procedure (SOP) which will provide guidance when a private fire pump is proposed that may have adverse impacts on the Water Authority system by the end of the 4th Quarter of FY26.

Staff Assignment: Cadena/Malouff/Andrade/K. Berman

Results:

<i>Tasks</i>	<i>Status</i>
<i>New language added in the availability statement</i>	100%
<i>Identifying criteria to determine when additional developer funded analysis is required, as well as required information in the analysis.</i>	50%
<i>Develop Standard Operating Procedures</i>	15%

4.6 – Objective

Continue monitoring progress on the strategic asset management program (SAMP), with quarterly monitoring of the following metrics and associated targets through the end of the 4th Quarter of FY26.

- Preventative Maintenance to Corrective Maintenance Ratio, Target greater than 80%,
- Asset Registry Information Accuracy/Number of Assets without Life Cycle Status, Target less than 10%,

- iii. Asset Inventory Accuracy, Target greater than 95%,
- iv. Work Orders without Assets, Target less than 10%,
- v. Work Order Aging, Target greater than 90% of Work Orders Closed within 180 calendar days.

Staff Assignment: *Ortiz/Daniels*

Results:

<i>Metric</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>Total</i>	<i>Target</i>
<i>PM to CM Ratio</i>	90%	90%				>80%
<i>Asset Registry Information Accuracy - Number of Assets without Life Cycle Status</i>	69%	69%				<10%
<i>Asset Inventory Accuracy – Moveable Fixed Assets Accounted for in the last year</i>	93%	94%				>95%
<i>Work Orders without Assets</i>	53%	53%				<10%
<i>Work Order Aging - Work Orders Closed within 180 calendar days</i>	88%	87%				>90%

4.7 – Objective

To improve decision making with available data transition existing SAMP, Board Scorecard, Effective Utility Management (EUM) and Operations dashboards to Microsoft Power BI by the end of the 4th Quarter of FY26. Utilizing Power BI dashboards, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate key performance indicators (KPIs).

Staff Assignment: *Ortiz/Daniels/Lander*

Results:

<i>Tasks</i>	<i>Status</i>
<i>Board Scorecard</i>	100%
<i>EUM Dashboard</i>	100%

<i>Tasks</i>	<i>Status</i>
<i>Web Portal Publication Setup</i>	100%
<i>Power BI Utilization / Microsoft Fabric Implementation</i>	100%
<i>Operations Dashboards:</i>	
• <i>Utility Development</i>	100%
• <i>Collections</i>	100%
• <i>Water Quality Laboratory</i>	100%
• <i>Surface Water Plant</i>	35%
• <i>Customer Service / Dispatch</i>	35%
• <i>Water Distribution</i>	75%
• <i>Other workgroups</i>	0%
<i>Integrations:</i>	
• <i>Platform for integrations implemented with Microsoft Fabric</i>	100%
• <i>Various data source integrations dependent on workgroup data.</i>	33%

4.8 – Objective

Initiate the update of the Comprehensive Asset Management Plan (CAMP). Begin planning and collecting data to update the CAMP by the end of the 4th Quarter of FY26 to include the following tasks:

- Update asset condition scoring and monitoring framework
- Develop integration with existing asset registry data – Maximo
- Energy and chemical usage cost analysis
- Update Fleet Maintenance CAMP

Staff Assignment: *Ortiz/Daniels/Arellano*

Results:

<i>Tasks</i>	<i>Status</i>
<i>Coordination Stakeholders</i>	<i>Complete. Steering Committee in place and moving forward with project.</i>
<i>Engage Consultant</i>	<i>In-progress – Contractor developing scope</i>
<i>Begin Data Collection</i>	<i>Pending consultant</i>
<i>Update Asset Condition Scoring Framework</i>	<i>Pending</i>

Tasks	Status
<i>Develop Integration with Asset Registry</i>	<i>Pending</i>
<i>Energy and Chemical Usage Cost Analysis</i>	<i>Pending</i>
<i>Update Fleet Maintenance CAMP</i>	<i>Pending</i>

4.9 – Objective

Update the EPA Effective Utility Management program to reflect the 2024 Primer revisions. Perform the Self-Assessment by meeting with all divisions/departments and prepare a report on the results of the assessment by the end of the 4th Quarter of FY26.

Staff Assignment: Ortiz/Lander

Results:

Tasks	Status
<i>Perform self-assessment w/ Divisions and Departments</i>	<i>0%</i>
<i>Prepare a report of the results of the assessment</i>	<i>0%</i>
<i>Update EPA EUM to reflect the 2024 Primer revisions</i>	<i>25%</i>

4.10 – Objective

Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, by developing policies and procedures that include strategies for internal communication and trainings on security-related topics. Track and measure metrics quarterly throughout FY26 that are directly related to National Infrastructure Protection Plan Water Sector-Specific Plan and America’s Infrastructure Act.

Staff Assignment: Santiago/Stinson/Berman

Results:

Tasks
<i>Developed and implemented a new Panic Button Emergency Response & Notification SOP, establishing a standardized activation, verification, and communication workflow to ensure rapid response and leadership notification during security incidents.</i>

Tasks
<i>Camera Access Framework-Leadership discussions scheduled for January 2026 to establish criteria for camera access.</i>
<i>De-Escalation and Active Shooter Training hosted by APD in 2025-2026.</i>
<i>The remaining 900 lineal feet of wrought iron fencing are being installed along the SWRP northern boundary. This segment will close the current contract.</i>
<i>Wrought iron fencing at Love Well #3 (Los Altos Park) was completed.</i>

4.11 – Objective

Complete the annual update and review of the Comprehensive Information Technology Security Plan and related policies that are aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology (NIST) Cybersecurity Framework by the end of the 4th Quarter of FY26. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the Water Authority’s Supervisory Control and Data Acquisition (SCADA) systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat. Automate and implement a secure zero-trust model to proactively detect and remediate indicators of compromise to minimize the impact to the Water Authority.

Staff Assignment: Stinson/Sample

Results:

Tasks	Status	Description
<i>External Penetration Testing</i>	<i>0%</i>	<i>Scheduled Q3 FY26</i>
<i>Security Plan & Policy Review</i>	<i>0%</i>	<i>Scheduled Q4 FY26</i>
<i>Incident Response Plan Review</i>	<i>0%</i>	<i>Scheduled Q4 FY26</i>

4.12 – Objective





















Upgrade and patch all enterprise applications to add required upgrades and enhancements, mitigate potential cybersecurity vulnerabilities, continue daily support, leverage functionality enhancements to improve business processes and capture and use data

intelligently and create efficiencies through the end of the 4th Quarter of FY26. Major Projects include:

- Upgrade the Customer care and billing (CC&B) application. Expected completion during 1st Quarter of FY26.
- Utility Network upgrade to begin FY25 with completion targeted for FY26.
- SCADA Master Program related projects.
- Upgrade Asset Management System (Maximo) and shift to a managed hosting solution. Expected completion during the 4th Quarter of FY26.
- Cloud/SAAS Migrations for targeted workloads.

Staff Assignment: Stinson/Lind/Walz-Burkett/Chavez/Ebia

Results:

Tasks	Health	Timeline Health	Financial Health	Scope Health
CC&B Move to Paymentus				
Utility Network Upgrade				
Standardize SCADA AVEVA Software across WUA				
Standardize all remote sites across WUA				
EZMaxMobile Upgrade to V6				

4.13 – Objective

Develop, implement, and monitor a Maximo conditions assessment for Compliance Division's inventoried assets by the end of the 4th Quarter of FY26.

Staff Assignment: Shurny/ Hardeman/Pompeo

Results:

Tasks	Status	Description
Schedule Initial meeting w/ Asset Management	October 2025	Maximo project pushed to FY27

4.14 – Objective

Implement and begin monitoring a Fleet condition assessment program in the Maximo asset management system by the end of the 4th Quarter of FY26.

Staff Assignment: Arellano/Rocha

Results:

Tasks	Status
Coordinate with ITD to develop and implement Fleet Condition Assessment Program	Development
Begin monitoring condition assessments	0%

4.15 – Objective

Develop and formalize Standard Operating Procedures for Centralized Facilities Maintenance by the end of the 4th Quarter of FY26.

Staff Assignment: Arellano/Demarcus

Results:

Tasks	Status
Supervisor SOPs	100%
Employee SOPs	90%
Work Instructions/Procedure SOPs	50%

4.16 – Objective

Work with the Albuquerque Planning Department, the Office of the Mayor, and the Albuquerque City Council to improve the ABCWUA development review and permitting process to reduce the time from plan submittal to approval from the Water Authority to 90 days. Submit a new process plan to the ABCWUA Board by the end of the 1st Quarter of FY26.

Staff Assignment: Cadena

Results:

Tasks	Status
Provided comments to City Planning for updated Form SP and Form PLT to eliminate need for Water Authority signatures when certain approvals are already in place.	100%

Tasks	Status
Hire Process Coordinator to help developers with processes and understand status of projects	100%
Met with City Council, Mayor's Office and Planning Department, along with NAIOP to discuss other processes. Conversations ongoing.	75%



Average and Median turnaround times for the last 100 Availability Statements is less than 50 days.



With the Southwest U.S. facing historic droughts and declining river flows, the Water Authority's goals emphasize water conservation, reuse, and long-term resource planning. Objectives often include reducing per capita water use, increasing reclaimed water usage, and protecting aquifer levels.

Goal 5: Organizational Development

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

5.1 – Objective

Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees with a 70% or greater overall completion rate by the end of the 4th Quarter of FY26. In collaboration with the Safety program, attend 30% of all in-person safety trainings to lead a stretching/warmup session and promote wellness. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY26.

Staff Assignment: Jaramillo/Gonzales

Results:

Quarter	Challenge	Completion Rate	Goal
Q1	Plank	75%	70%
	Squat	82%	70%
Q2	Maintain or Lose It	81%	70%
	12 days of Christmas	88%	70%
Q3			
Q4			

5.2 – Objective

Develop an awareness program to increase employee participation in annual physicals by 25% by the end of the 4th Quarter of FY26.

Staff Assignment: Jaramillo/Gonzales

Results:

Quarter	FY25	FY26	%	Goal
Q1	4	23	475%	25%
Q2	8	27	237%	25%
Q3				
Q4				

5.3 – Objective

Maintain an average utility-wide vacancy rate of no greater than 7% through the 4th Quarter of FY26. Maintain an average number of days to fill positions of 40 days or less through the end of the 4th Quarter of FY26.

Staff Assignment: Jaramillo

Results:

Tasks	Q1	Q2	Q3	Q4	Goal
Vacancy Rate	7%	5%			7%
Days to Fill					40

5.4 – Objective

Consistent with the EUM self-assessment, track and measure the effectiveness of an onsite injury prevention program by utilizing a local ergonomic/physical therapy contractor to conduct field ergonomic assessments. The goal of these assessments is to mitigate workplace injuries and to reinforce correct body mechanics. Maintain the yearly injury hours goal of 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY26.

Staff Assignment: Santiago/Jaramillo

Results:

Metric	Q1	Q2	Q3	Q4	Total
Onsite Ergo Assessments	4	1			5
Ergonomic Training Presentation	0	9			9
Onsite Job Coaching	13	10			23
Total Injury Hours Reports	238.43	55.70			294.13

Injury hours remain well below the target of 2,500 hours, indicating strong overall performance in injury reduction efforts.

5.5 – Objective

Consistent with the Water Research Foundation Utility Innovation Project, report the Water Authority's Innovation Program success stories through the end of the 4th Quarter of FY26 with a goal of at least 1 innovation story each quarter.

Staff Assignment: Jaramillo/Lucas

Results:

Quarter	Success Stories
Q1	<p>Supervisor Daniel Mora, UTs Jonah Martinez, Chris Cordova, Andrew Lente, and Orlando Lovato utilized a unique process and developed a new tool to re-pipe seven air release valves (ARVs) on the Ponderosa/Walker concrete cylinder well collectors.</p> <p>This saved money by avoiding the hire of a welding contractor to make connections to the existing concrete cylinder.</p> <p>Supervisor Ernesto Padilla worked with vendor AriaFiltru in updating the Enhanced Flux Maintenance (EFM) programming in SCADA.</p> <p>The EFM is critical in cleaning and maintaining the membranes used at the College Arsenic Treatment Facility.</p>

Quarter	Success Stories
	<i>In the past, the EFMs were run in a manual mode but are now operate in an automated mode.</i>
Q2	<i>Environmental Manager Kelsey Bicknell (Water Resources Division) received the 2025 Annual Innovation Award for her solution for draining a settling pond at the Surface Water Plant. The water needed to be pumped out quickly so the plant could go into water production. Kelsey Bicknell and members of our engineering division created a plan that drained water into a nearby irrigation channel. As part of this annual award, Kelsey received \$750 for her innovative solution.</i>

5.6 – Objective

Explore a partnership with Central New Mexico College to develop an intern program designed to increase recruitment and develop future utility employees by the end of the 4th Quarter of FY26.

Staff Assignment: Jaramillo/Lucas

Results:

Tasks	Status
Meeting with RFK Jr Charter School	<p>Possible Intern rotation</p> <p>Possible Internships for new graduates in 2026.</p>
Meeting with SWEPT (Southwest Educational Partnership in Training)	<p>Collaboration on workforce training strategies.</p> <p>Possible partnership-goal to connect under-employed residents to employers with good paying jobs/ career opportunities.</p>

5.7 – Objective

Develop a program to enable Water Authority employees to volunteer at community events and represent the Water Authority throughout FY26. Ensure that events are

approved through a transparent process, and that normal work is completed.

Staff Assignment: Kelly/Jaramillo/Tuttle

Results:

	Q1	Q2	Q3	Q4
Volunteers	N/A	N/A		

5.8 – Objective

Deliver a tailored program of monthly safety training that addresses the unique operational risks, hazards, and OSHA regulatory requirements specific to each division by the end of the 4th Quarter of FY26. This approach represents a refinement of the existing training program, shifting from general safety topics to a more focused strategy. Topics include, but are not limited to, excavation safety, electrical safety, fall protection, chemical hazard awareness, confined space entry, and Commercial Driver License (CDL) training certifications. Attendance will continue to be tracked through the Learning Management System (LMS) to ensure compliance and engagement.

Staff Assignment: Santiago/Riggins/Gonzalez

Results:

Tasks	Q1	Q2	Q3	Q4
Average LMS & FF Classes attendance	459	490		
Quarterly percentage	70%	78%		
Goal	80%	80%		

Continued emphasis will be placed on staff management to improve participation by employees to meet the year-end target.

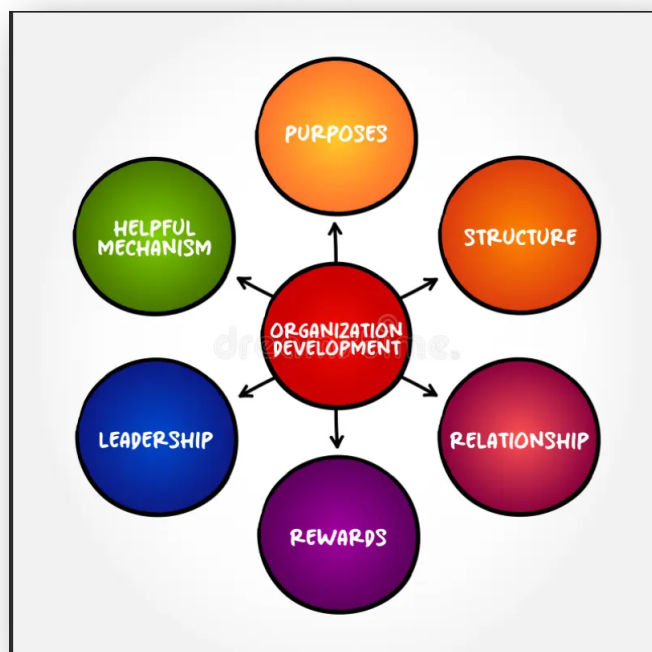
5.9 – Objective

Conduct monthly safety inspections to identify hazards and ensure compliance with OSHA standards, with a renewed focus on documenting, tracking, and resolving corrective actions in the Maximo system by the end of the 4th Quarter of FY26. This enhanced approach emphasizes accountability and timely resolution of inspection findings to improve workplace safety.

Staff Assignment: Santiago/Riggins/Gonzalez

Results:

Tasks	Q1	Q2	Q3	Q4
# of Inspections Completed	54	26		
# of Hazards Identified	92	38		
# of Hazards Resolved with WO and same week of the report	67	3		
% Resolved (within 45 days)	58.26%	7.89%		
# of Open/ Deferred (e.g. Engineering, special project)	25	0		





Financial Report, Performance Scorecard, & Goals/Objectives Results

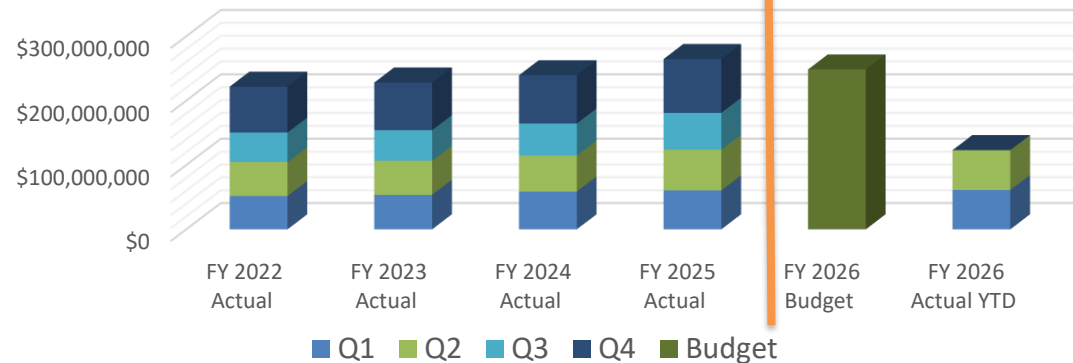
Fiscal Year 2026

2nd Quarter (Q2) Results

FY26 Q2 Revenue

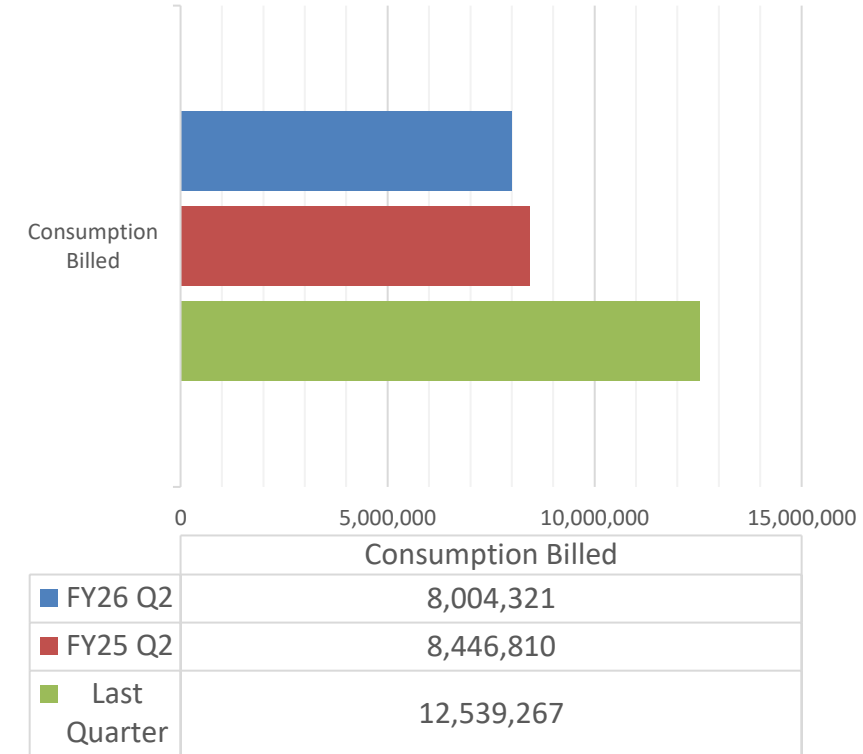
- Total Q2 revenues: \$65.4 - represents 25.2% of adopted budget (\$259.8 million)
- Cumulative YTD revenues: \$129.6 million (50% of budget)
- Overall performance at mid-year indicates that revenues are tracking in line with expectations, supported by steady water and wastewater service activity and strong interest earnings.
- Staff will continue monitoring monthly revenue trends and seasonal patterns.

Rate Revenue



FY26 Q2 Consumption Billed

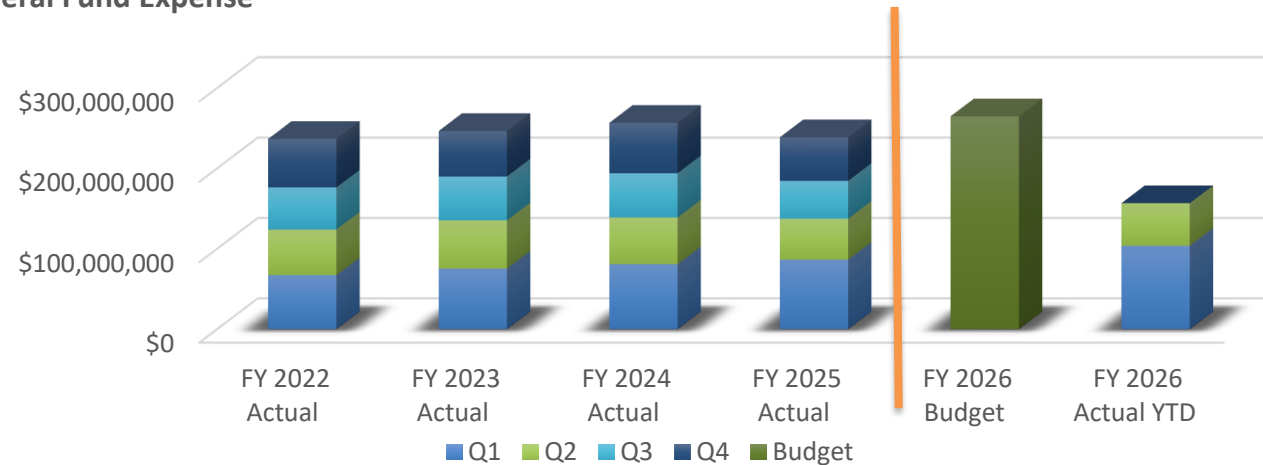
- Nominal growth for active billed accounts is:
 - 219,067, while metered-based accounts stand at 214,450 for service sizes 1-8.
 - In comparison, Q1 recorded 218,889 active billed accounts and 214,270 metered-based accounts.
 - Q2 **new** Accounts = **180** (metered)
- Consumption billed for all customer classes:
 - FY26 Q2 = **8,004,321** compared to FY26 Q1 = **12,539,267**
 - (36.2%) lower from last quarter (seasonal factors)
 - (5.3%) lower from same time last year



FY26 Q2 General Fund Expenses

- FY26 Expense Budget = \$264.8 million
- FY26 YTD Expenses = \$156.8 million (59% of budget)
- Q1 Expenses = \$103.8 million; Q2 expenses added \$53.0 million
- Debt Payments and O & M costs 58% (Paid in July - annual insurance & IT subscriptions)

General Fund Expense



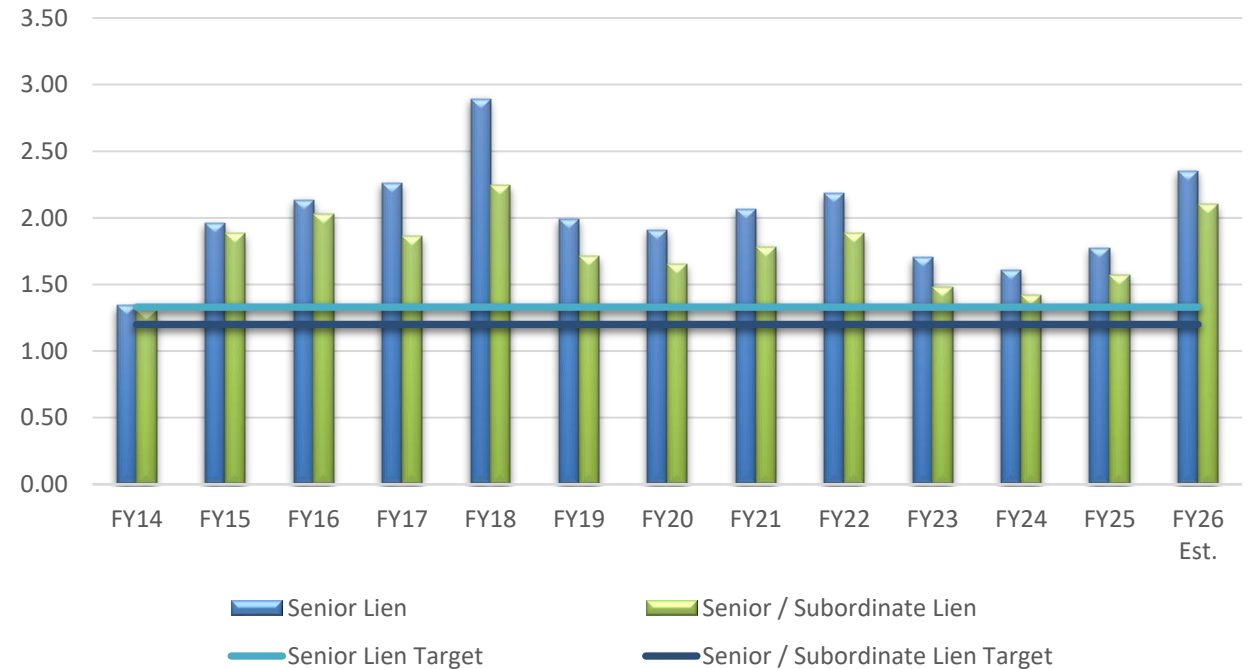
Finance Targets (KPIs)

- Working Capital
 - FY26 opened with a **\$58.5** million General Fund balance
 - Reflects strong fiscal performance from FY25
 - Aligns with best practices: 2-3 months of operating expenses
- Reserves
 - **\$11.2** million is being reserved for emergency expenditure needs, unexpected risk claims, and SAF State requirements.
- Days Cash
 - FY26 Q2 **340** days (Increase from Q1 (240))



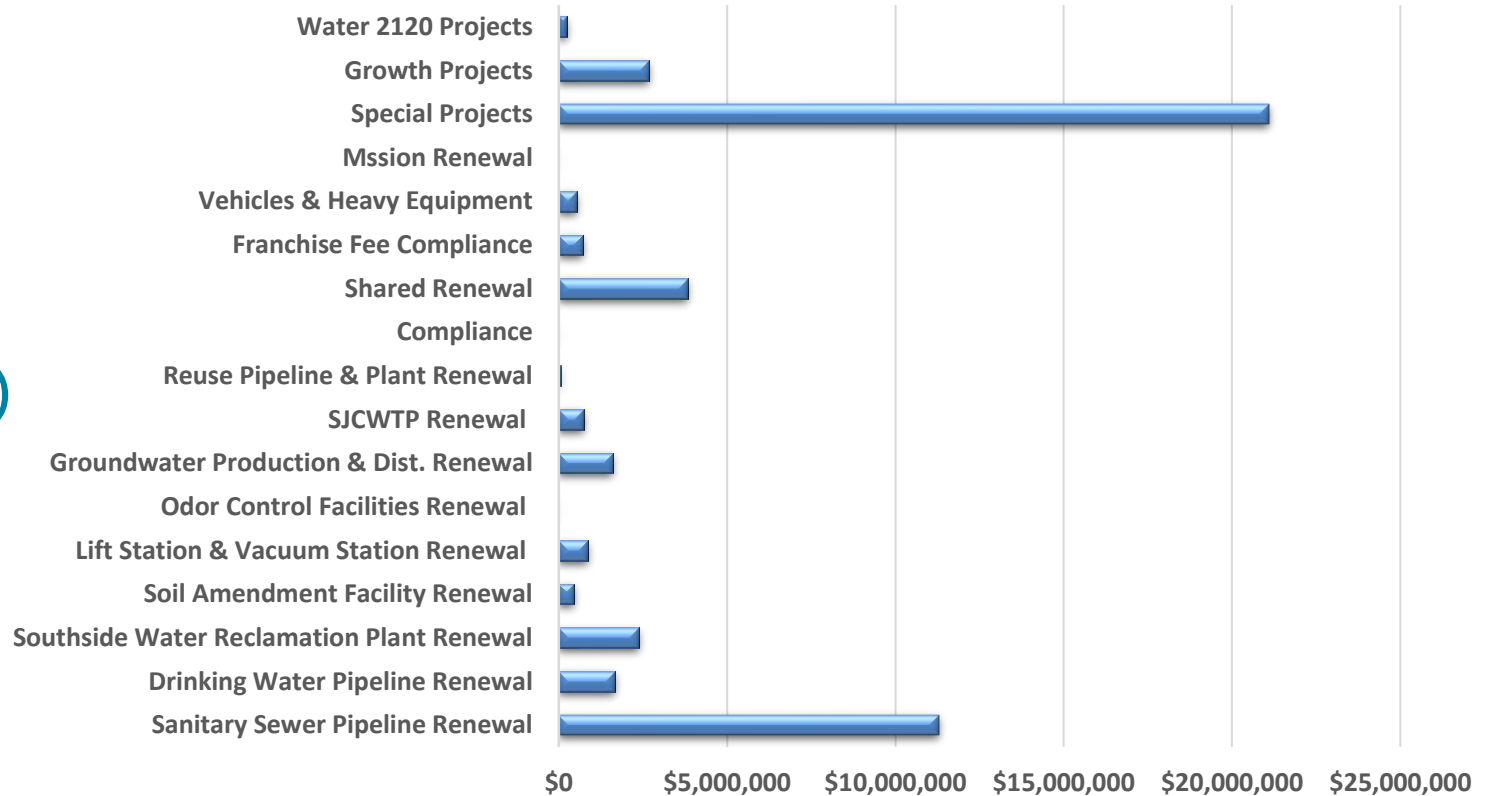
Debt Service Coverage Ratio

- Water Authority Policy minimum ratios = 1.33 Senior Lien and = 1.20 Senior/Subordinate Lien
- FY26 Q2 estimated ratios
 - 2.35 Senior Lien
 - 2.10 Senior/Subordinate Lien
- Total FY26 debt obligations (P&I)
 - = \$88.9 million
- Total outstanding debt (P)
 - = \$510.6 million



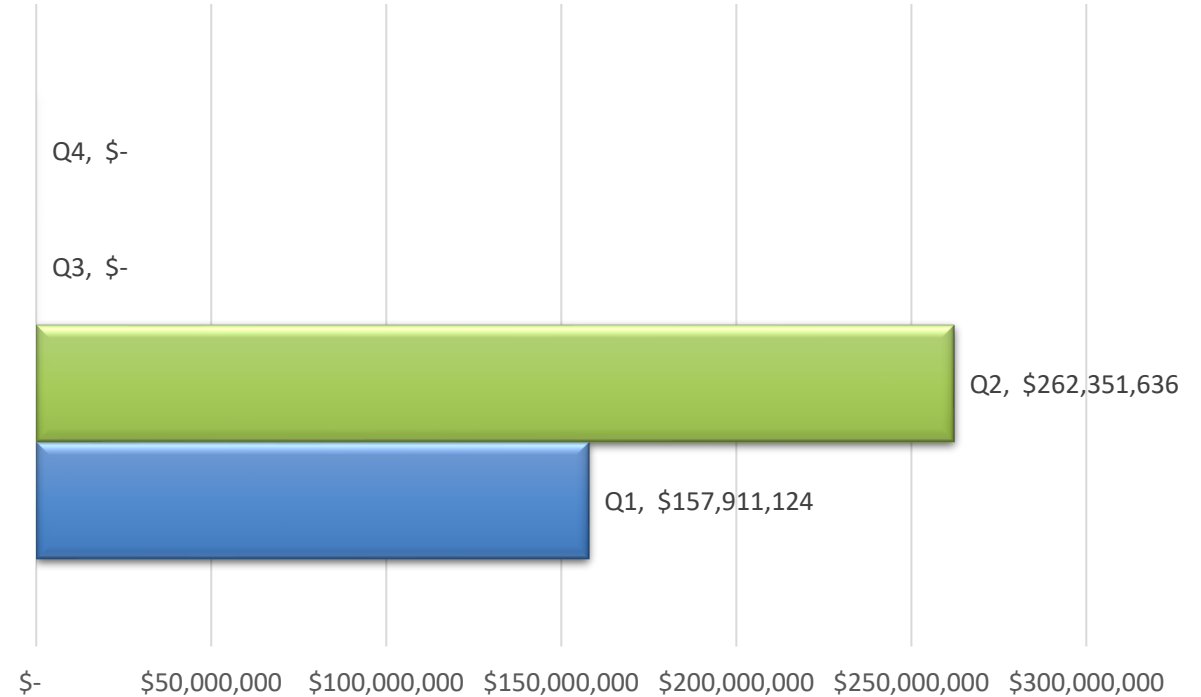
FY26 Q2 Capital Funds

- FY26 CIP Budget
 - \$299.2 million
- FY26 Spent
 - \$48.2 million or 16%
- Total Outstanding Commitments (Encumbrances)
 - \$113.1 million



FY26 Q2 Cash & Investments

- Investment Policy Priorities:
 - Safety
 - Liquidity
 - Yield
- Total Cash & Investments = \$262.4M (12/31/2025)
 - New money \$90.0M
- Q2 Investment Income = \$1.6M
- Q2 Bank & merchant fees = \$597K



FY26 Q2 Performance Scorecard

Level of Service Area	Indicator	FY26 Actual (FY to Date)	FY26 Target	Status
Regulatory	Number of Permit Excursions	0	≤ 5	▲
	Reported Overflows	9	< 40	▲
	SUO Compliance (Permitted Industrial Users)	80%	≥ 87%	■
	SUO Compliance (Food Service Establishments)	83%	≥ 87%	■
	SUO Compliance (Dental Offices)	98%	≥ 87%	▲
Reliability	Ground Water PMR	77%	≥ 65%	▲
	Surface Water PMR	82%	≥ 65%	▲
	Waste Water PMR	45%	≥ 65%	■
	Water System (Miles Monitored)	405	> 2200 miles	■
	Water System (Miles Surveyed)	169	> 650 miles	■
	Water System (Leaks Found)	18	> 80	■
	Water System (Water Loss Reduced)	6.1	> 75.0 MG	■
	Miles of Sewer Line Cleaned	125	≥ 100 miles	▲
	Sewer Line Inspection Effectiveness	38	≥ 199 miles	■
	Injury Time	294	< 2,500 hours	▲
Quality	Water Quality Complaints Rate	1.5	< 3.0	▲
	Biosolids to Compost	20%	> 30%	■
	Renewable Energy (Bio Gas)	30%	≥ 16%	▲
	Renewable Energy (Solar)	10%	≥ 9%	▲
	Water Consumption (GW)	3.3	< 1.8 BG	■
	Water Consumption (SW)	0.2	> 1.6 BG	■
Customer Service	Wait Time	0.9	< 1.0 min	▲
	Contact Time	4.5	< 4.0 min	■
	Abandoned Calls	4%	< 3%	■
	First Call Resolution	89%	> 95%	■
	Bill Exception Rate	5	< 8	▲
Finance	Rehabilitation Spending	\$24	≥ \$64 million	■
	Pipe Infrastructure Emergency vs. Planned Spending	7%	≤ 50%	▲
	Cash Reserves	340	≥ 350 days	■
	Revenue to Expenditures	85%	≥ 100%	■
	Expenditures to Budget	115%	≤ 100%	■





FY26 Q2

Water Authority

Goals/Objectives Results

- ✓ **Water Supply & Operations**
- ✓ **Wastewater Collection & Operations**
- ✓ **Customer Services**
- ✓ **Business Planning & Management**
- ✓ **Organizational Development**

FY26 Goal 1:

Water Supply & Operations

- Objective - 1.5 Improve monitoring and trending of the Total Organic Carbon (TOC) concentration and removal across the Water Treatment Plant to better predict potential Disinfection By-Product (DBP) formation in the distribution system. Continue to optimize TOC removal through enhanced coagulation and biologically active filtration by reporting quarterly data to assess seasonal TOC trends and removal metrics through the 4th Quarter of FY26.

Sample Point	Avg. Total Organic Carbon (TOC) in mg/L			
	Q1 Avg.	Q2 Avg.	Q3 Avg.	Q4 Avg.
Source Water – IN	N/A	3.70		
Source Water – OUT	N/A	1.27		
Average % Removal	N/A	65.5%		



FY26 Goal 2:

Wastewater Collection & Operations

- Objective - 2.3 Manage chemical usage and residual iron sludge from the Water Treatment Plant to manage collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Monitor and report metrics through the end of the 4th Quarter of FY26.

Tasks	Status
Provide corrosion and odor control at least cost.	Utilizing ventilation control where feasible, e.g. P-traps. On-going
Evaluate need for Station 476 feeding calcium nitrate. In-house study.	In Q2, tested shutting off chemical feed for 24-hr and studied data. No significant H2S increases; no complaints
In coordination with CE, SWRP, and Compliance, assisted in the consultant study for H2O2 Sensitivity at SWRP.	On-going. May reduce chemical costs in favor of less costly and more effective air phase treatment.



FY26 Goal 3:

Customer Services

- Objective - 3.1 Review policy changes for the Low-Income Credit program to enhance financial assistance for low-income households. Increase proactive communication with customers about the assistance programs offered by the Water Authority that involve our external partnerships by the end of the 4th Quarter of FY26.

Tasks	Status
Conduct policy analysis	60%
Create Multi-Channel Outreach Plan	50%



FY26 Goal 4:

Business Planning & Management

- Objective - 4.2 Seek to increase renewable/green energy generation at Water Authority facilities. Provide updates on plan and project progress, and report power generation over time by the end of the 4th Quarter of FY26. Generate at least 35% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY26 and report progress quarterly.

Maintenance	Q1	Q2	Q3	Q4	Goal
% Total SWRP power needs met using renewable sources*	43%	40%			35%



FY26 Goal 5:

Organizational Development

- Objective - 5.1 Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees with a 70% or greater overall completion rate by the end of the 4th Quarter of FY26. In collaboration with the Safety program, attend 30% of all in-person safety trainings to lead a stretching/warmup session and promote wellness. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY26.

Quarter	Challenge	Completion Rate	Goal
Q1	Plank	75%	70%
	Squat	82%	70%
Q2	Maintain or Lose It	81%	70%
	12 days of Christmas	88%	70%
Q3			
Q4			





Questions ?

Comments?