

PROPOSED FY 2015 BUDGET



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Albuquerque Bernalillo County
Water Utility Authority

***Proposed
Operating Budget
FY/15***



Albuquerque Bernalillo County Water Utility Authority

April 23, 2014

To: Klarissa J. Pena, Chair

From: Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2014 and Ending June 30, 2015

Presented to the Board for review and consideration is the proposed budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2015. This submittal is the Authority's financial plan for Fiscal Year 2015. The development of this financial plan has been guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this proposed budget the Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed budget is based upon the 10 year financial plan, balanced, fiscally conservative and sound.

For Fiscal Year 2015 the proposed budget includes a 5% revenue rate adjustment. Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and adding an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3-million per year starting in Fiscal Year 2015.

In the preparation of this budget, the Authority has developed a maintenance of effort budget within the projected estimated revenues. Staffing levels have an increase of 3.5 net positions in Fiscal Year 2015. There is a 2.5% increase in other employee benefits. General operating expenditures decreased \$51,919. The most significant expense of the Authority continues to be debt service payments which will comprise 37% of the total operating expense in Fiscal Year 2014.

In Fiscal Year 2014, the Water Authority implemented the SunGard Enterprise Resource Planning (ERP) system. This project implemented a full range of financial and human capital resources modules. In Fiscal Year 2014 Phase 1 was completed and the project went live on July 1, 2013. The Authority's first payroll run began in June of 2013. Phase 1 included all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 began on July 1, 2013 and is anticipated to be completed on April 28, 2014. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during Fiscal Year 2015 and the Authority will develop work plans to implement those modules.

The Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project permit. The Authority anticipates a minor change in the permit by summer 2014. The project continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% of water supplied to the service area, but this may change as we enter the fifth year of drought in the Middle Rio Grande. With the pending drought, the Authority provided a loan of 20,000 acre-feet to the Middle Rio Grande Conservancy District along with providing supplemental water for the Bureau of Reclamation. The goal is to sustain endangered species and partner with other water entities during this irrigation season. It is anticipated that the Authority will still have more than three years of water available at the end of calendar year 2014.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY/10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continue including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authority's Capital Improvement Program (CIP).

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

Revenue for Fiscal Year 2015 is estimated to be \$203.9 million representing a \$4.5 increase from the budgeted Fiscal Year 2014 amount, due to the projected increase in miscellaneous revenue as trended over the last 2 years. Revenues for Fiscal Year 2015 also include a 5% rate revenue increase to fund investments in the Authority's infrastructure based upon the Asset Management Plan. Revenue increase in the Debt Service Fund is projected for Fiscal Year 2015 of approximately \$7.0 million due to an increase in the debt service payment for FY/15.

The proposed budget for Fiscal Year 2015 shows a net increase of 3.5 new positions, 2 were Fiscal Year 2014 midyear additions and 2.5 are requested as part of this budget. The positions are: 1 Risk Manager, 1 System Support Specialist II, 1 GPS Coordinator, 1 Heavy Equipment Mechanic and 1 part time Treasury Officer. The Records Manager position was deleted as part of this change. Two new positions were added in Fiscal Year 2014 and two and a half new positions are requested in this budget. Also, as part of this budget the position of Records Manager has been deleted bringing the total of net new positions to 3.5. There is also a 2.5% increase for other employee benefits and a 2% step increase for all employees.

For Fiscal Year 2015, General Operating Fund revenue is projected to be \$203.9 million with proposed expenditures of \$196.8 million. Revenues are expected to be \$7.1 million over proposed expenditures. This amount will bring the Working Capital or Fund Balance to \$10.6 million at June 30, 2015. By Ordinance, the Water Authority will be required to increase its Fund

Balance to 1/12 of the annual budgeted operating expenditures by Fiscal Year 2015. For Fiscal Year 2015 \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for Fiscal Year 2015. The proposed appropriation for Fiscal Year 2015 for CIP is \$51.0 million. \$46.0 million is appropriated for the Basic capital program and \$5.0 million is appropriated for special projects. The \$51.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$20.0 million in supplemental rehabilitation funding and 5.0 million in growth program funding. The \$16.0 million in supplemental rehabilitation funding is comprised of \$10.0 million for water reclamation facilities rehabilitation and \$6.0 million for all other rehabilitation categories.

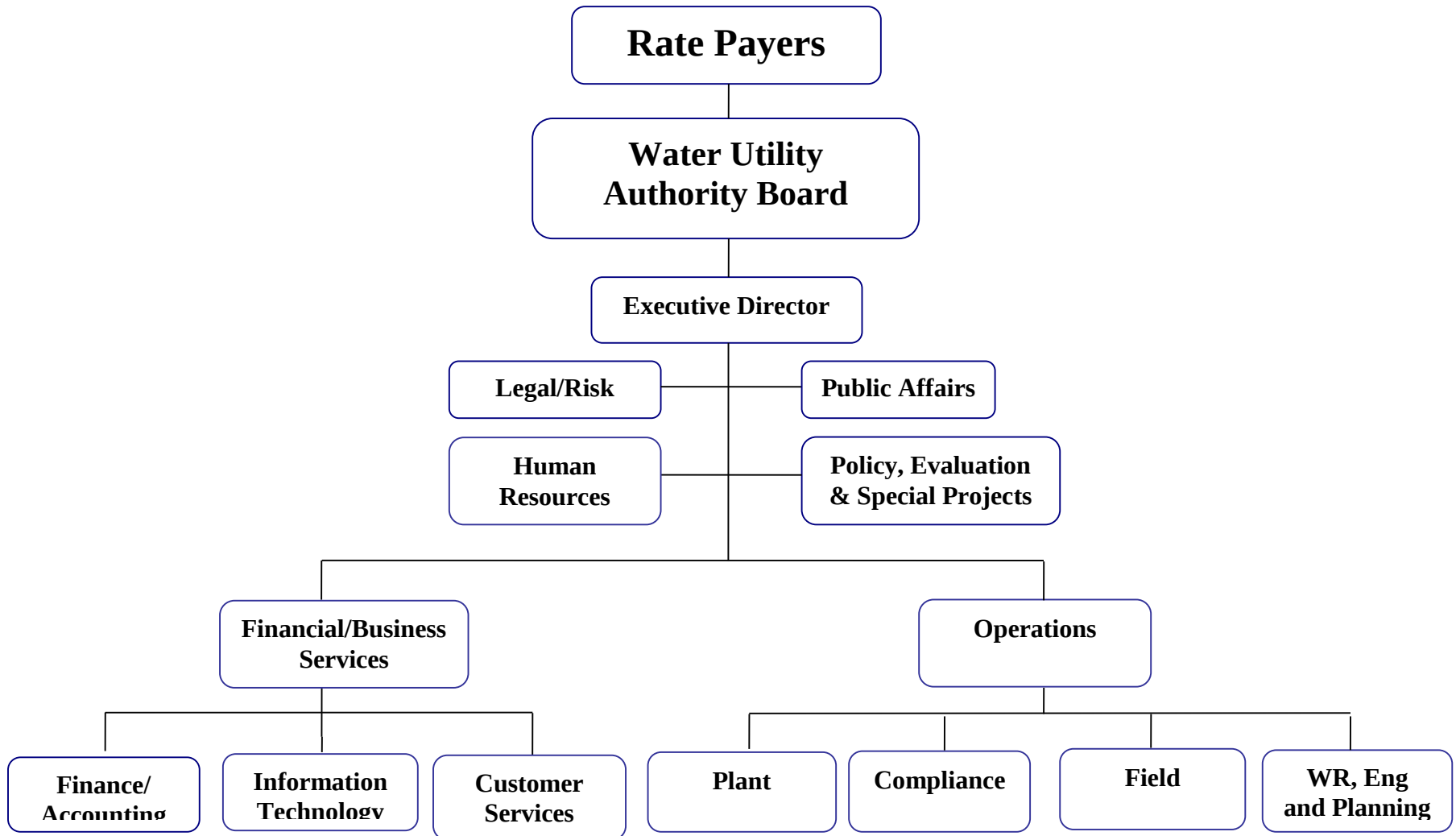
The Water Authority continues to participate in American Water Works Association's (AWWA) QualServe Benchmarking program which allows the utility to compare its performance against other utilities at least every two years. The most recent survey data was compiled in 2012 by AWWA from over 100 different utilities. The Water Authority utilizes performance measures or indicators to help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority also uses these measures to help improve its operational efficiency and effectiveness through the One-Year Objectives.

The Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. In Fiscal Year 2011, the Authority completed a comprehensive Asset Management Plan (AMP) used to provide a rational framework for understanding and planning of long-range asset renewal (rehabilitation and replacement) requirements. The AMP consolidates the Authority's asset information into a structured framework and uses it to provide a justifiable basis to support long-term organization, operations, and asset management decisions. In Fiscal Year 2012, the Authority began work on preparing a set of 10-year asset management plans for various asset classes (i.e., small diameter pipes, large diameter pipes, wastewater treatment plant, groundwater and collection system facilities). The 10-year plans are generated to provide the Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In Fiscal Year 2014, the Authority continued to improve on its asset management practices and completed the planned 10-year asset management plans. Those plans were submitted for Board approval.

This budget proposal represents the Authority's coordinative effort to bring to the Board a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, to provide customers with quality water and wastewater service and address the Authority's priorities for Fiscal Year 2015 to improvement of services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PREFACE

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

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

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

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

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

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

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

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

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

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

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***BUDGET PROPOSAL
&
FINANCIAL
CONSOLIDATIONS***

***Proposed
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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

Mission

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

Assure responsive Customer Service.

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

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

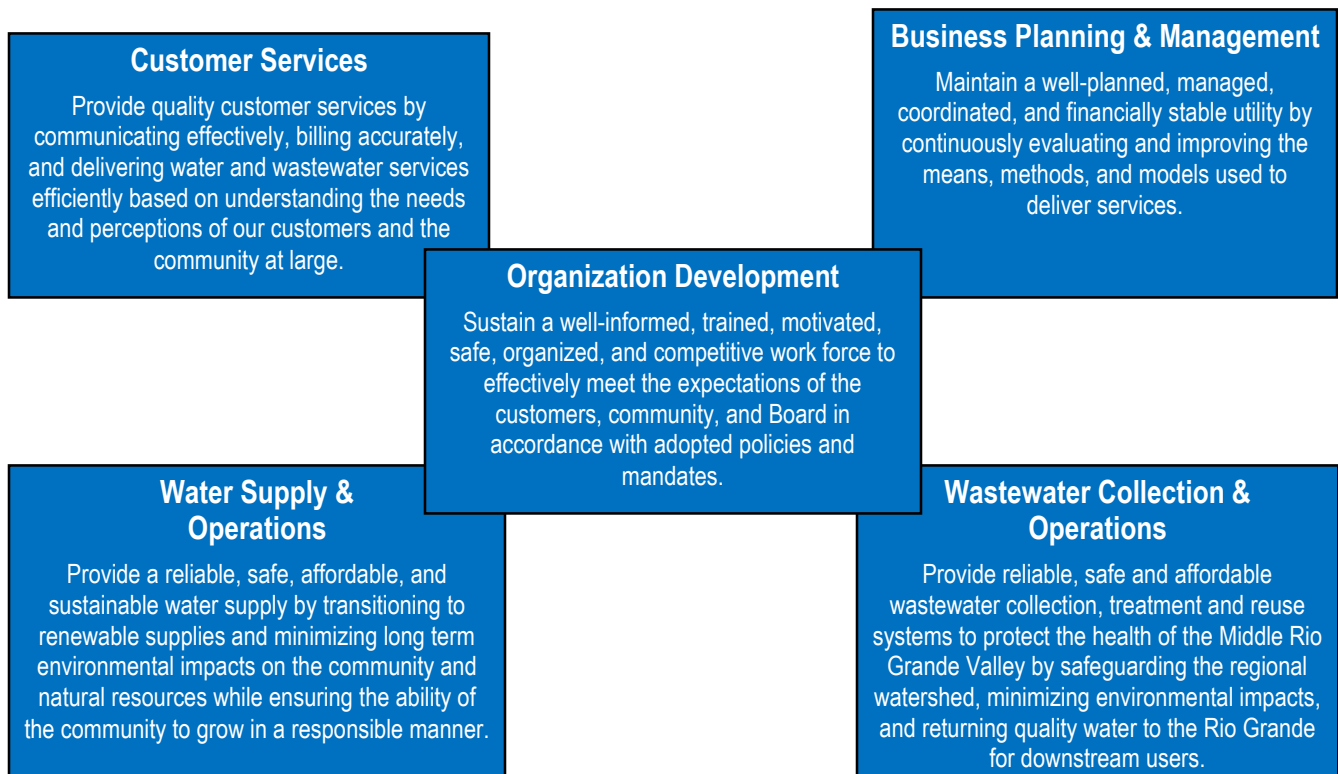
Five-Year Goal Development

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

The Five-Year Goals adopted by the Water Authority are based on the American Water Works Association's QualServe business model. The QualServe framework is modeled on using fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems. The Water Authority's Five-Year Goals parallel the QualServe model. In addition, the Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal.

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Water Authority's Five-Year Goals



Effective Utility Management & AWWA QualServe Program

Effective Utility Management (EUM) was produced by water and wastewater utility leaders in 2008 to assist utility managers and policy makers improve water and wastewater management. The EUM Primer distills the expertise and experience of these utility leaders into a framework intended to help a utility manager identify and address their most pressing needs through a customized, incremental approach that is relevant to the day-to-day challenges utilities face. EUM incorporates the benchmarking performance indicators from the AWWA Utility Benchmarking Survey. Taken as a whole, the benchmarking performance indicators provide the Water Authority the ability to gauge progress in the EUM Attribute areas. The Water Authority has participated in all three AWWA QualServe programs which are designed to help the Water Authority identify and prioritize opportunities for improvement. The Benchmarking program allows the Water Authority to compare its performance against other utilities at least every two years. The Benchmarking program provides utilities an opportunity to collect and track data from already identified and tested performance measures, based on the same collection process and definitions. The most recent survey data was compiled in 2012 by AWWA from over 100 different utilities. The Self-Assessment program gathers employee's opinions about the Water Authority's operations in order to help determine the Water Authority's current performance level. The Water Authority conducted Self-Assessments in 2004 and in 2011 which allowed the utility to compare results to determine where the employees feel the utility has improved or needs more improvement. The Peer Review program is an on-site, in-depth review of the Water Authority's operations by a team of volunteer utility professionals to help the utility design and implement improvements. A Peer Review was conducted in 2005 which identified 119 strengths and 127 areas of improvement. Many of the areas of improvement have been incorporated into the Water Authority's One-Year Objectives. In 2012, the AWWA discontinued the Self-Assessment and Peer Review components but will continue the Utility Benchmarking Survey. The Water Authority plans on utilizing the EUM framework in order to advance its continuous performance improvement process.

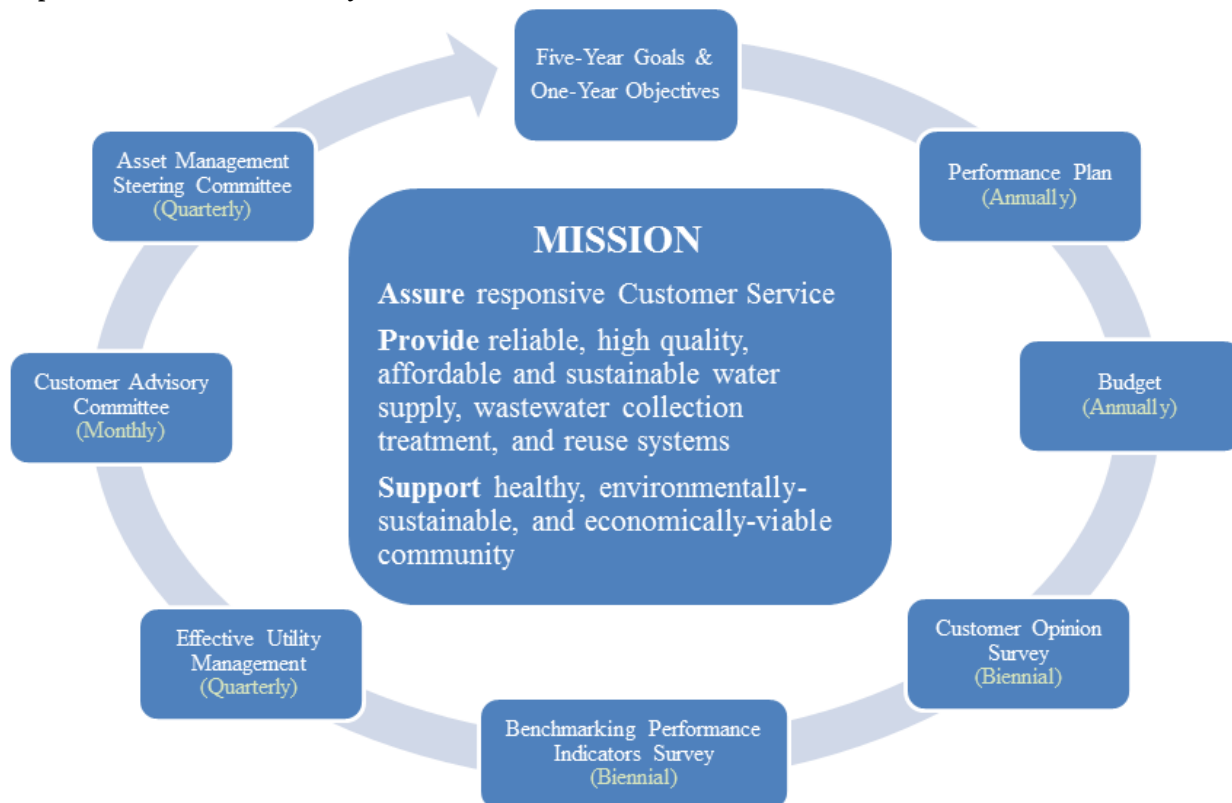
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One-Year Objectives

The AWWA and EUM programs help the Water Authority to identify gaps in service delivery or performance. The Water Authority's performance measures are used to help monitor the Water Authority's performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives which are policy directives from the Water Authority Board are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving programs. Some of the FY15 Objectives are tied to resources contained in the proposed FY15 Budget. A few of the objectives are carried over from FY14 either because they require more time to complete, or are ongoing issues. Some of the Objectives are tied to the Performance Plan in order to improve operations and/or customer service. The Performance Plan discusses in more detail the linkage between the Five-Year Goals, One-Year Objectives, and Performance Measures.

Strategic Planning, Budgeting and Improvement Process

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



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

Below is a summary of the Goals and Objectives for Fiscal Year 2015.

Goal 1: Water Supply and Operations

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

- Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY15.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 40% of all completed maintenance labor hours by the end of the 4th Quarter of FY15. If funding is available, implement the decommissioning plans for Yale Reservoir and Santa Barbara Pump Station by the end of the 4th Quarter of FY15.
- Purchase the necessary field equipment and begin implementation of a pilot large diameter valve exercise program including field location and GPS coordinates of existing valves. The program should include developing exercise protocol and standard operating procedures and determining overall manpower needs and equipment to implement a priority phasing schedule based on business risk exposure rating; continue implementation of program through the end of the 4th Quarter of FY15.
- Maintain water use between 136 to 146 gallons per capita per day for calendar year 2014; maintain water use between 135 to 145 gallons per capita per day for calendar year 2015.
- Submit an application for a full scale aquifer storage and recovery permit for Bear Canyon by the end of the 1st Quarter of FY15.
- Submit an application for an aquifer storage and recovery demonstration permit at Webster Well #1 by the end of the 2nd Quarter of FY15.
- Complete 95% design of the Large Scale aquifer storage and recovery project by the end of the 2nd Quarter of FY15.
- Complete a plan to provide field trips to all area fourth grade students by the end of the 2nd Quarter of FY15.
- Continue the distribution water loss program by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY15.
- Continue work on the Partnership for Safe Water program for surface water treatment and drinking water distribution systems to optimize water system operations and performance by the end of the 4th Quarter of FY15.
- Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition of the Water Authority's groundwater facilities by the end of the 4th Quarter of FY15.
- Continue implementation of the Water Resources Management Strategy and report to the Customer Advisory Committee by the end of the 3rd Quarter of FY15; and initiate the process to update the Water Resources Management Strategy (WRMS) by the 4th quarter of 2015 with the Customer Advisory Committee and a series of public forums.

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- Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP) including administrative, policy and technical support to the Water Quality Advisory Board (WPAB). Continue to monitor ongoing or new ground water contamination sites and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports to the Water Authority Board through the 4th Quarter of FY15.

Goal 2: Wastewater Collection and Operations

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

- Limit overall permit excursions to no more than 5 operating discharge permit violations to comply with effluent quality standards through the end of the 4th Quarter of FY15.
- Complete application to NACWA's Peak Performance Award and the Excellence in Management Program by the end of the 3rd Quarter of FY15.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY15.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 35% of all completed maintenance labor hours by the end of the 4th Quarter of FY15.
- To continue minimizing odors, begin testing of the magnesium hydroxide station in the sanitary sewer system and establish criteria to evaluate performance impacts to the interceptor system including the Yucca/Central area and the water reclamation facility by the end of the 4th Quarter of FY15.
- Conduct a root foaming pilot program on sewer lines that meet the root infested and/or inaccessibility criteria; assess the effectiveness to mechanical cleaning currently practiced and provide recommendation by the end of the 4th Quarter of FY15.
- Conduct a Fats, Oils, and Grease (FOG) Buster pilot program on sewer lines; evaluate and provide recommendation by the end of the 4th Quarter of FY15.
- Develop a nozzle program for cleaning sewer lines in conjunction with the Maximo software module and based on televised identified conditions; provide status report and recommendation by the end of the 4th Quarter of FY15.
- Televis and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY15.
- Complete an Arc Flash Hazard Evaluation and being implementation if funding is available by the end of the 4th Quarter of FY15.
- Complete asset management plans for the sanitary sewer lift stations to determine the condition and criticality of the Water Authority's facilities by the end of the 4th Quarter of FY15.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY15.
- Continue examination of water reclamation and reuse alternatives for future use of wastewater effluent or other non-potable water sources by the end of the 4th Quarter of FY15.
- Monitor compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4th Quarter of FY15. Obtain a compliance rate goal is 85% for each category.
- Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by inspecting each Food Service Establishment (FSE) once every three years, working with the Collections section with Sanitary Sewer Overflow (SSOs) investigations, and convene FOG Task Force of other governmental entities to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years. In conjunction with Public Affairs Manager, develop a public relations campaign to inform rate-payers of Best Management Practices for FOG. Report campaign progress monthly and quarterly.

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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.

- Maintain call wait time for all call centers to less than 1 minute, 90 percent of the time to provide effective customer service through the 4th Quarter of FY15.
- Implement Phase 4 of the Automated Meter Infrastructure (AMI) project pending WaterSmart funding to modernize the Water Authority's aging meter infrastructure with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY15.
- Implement new payment methods for customer billing and web self-service in conjunction with Western Union payment centers and the AMI program to provide more payment options to customers and improved cash flow through the end of the 4th Quarter of FY15. Increase paperless billing to 22,000 enrollments and web self-service to 60,000 registrations by the end of the 4th Quarter of FY15.
- Continue transition the meter-reading representatives to a Utility Tech position and add the AMI curriculum to the training program to transfer small meter replacement into customer service by the end of the 4th Quarter of FY15.
- Evaluate and provide status reports on the low-income credit program; provide water use status reports on the low-income conservation program through the end of the 4th Quarter of FY15.
- Conduct quarterly Customer Conversation meetings to engage customers and obtain input on the Water Authority's activities through the end of the 4th Quarter of FY15

Goal 4: Business Planning and Management

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

- Expend \$34 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY15. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY15.
- Continue to develop the integrated water/sewer/reuse master plan by incorporating the Southwest quadrant of Bernalillo County by the end of the 4th Quarter of FY15.
- Continue development of a comprehensive energy master plan to reduce energy demand by utilizing alternative clean energy sources by the end of the 4th Quarter of FY15.
- Continue implementation and system integration of mobile solutions to operations staff for optimization of the work order process including Clevest, and automation of preventative maintenance on utility equipment through the end of the 4th Quarter of FY15.
- Implement an independent telephony/data network that will provide a more reliable infrastructure and network in order to provide better customer service and additional functionality to staff by the end of the 4th Quarter of FY15.
- Implement an Information Technology Strategic Plan that supports the upgrading and hosting of major utility applications including: Customer Care and Billing (CC&B) application, Maximo Work Order application, Sungard Core Finance & HR/Payroll application; consolidate network storage by the end of the 4th Quarter of FY15; continue implementation of an IT Service Desk WUA wide.
- Implement Phase 3 of the Enterprise Resource Planning (ERP) project to integrate and optimize major business management functions by the end of the 4th Quarter of FY15.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY15; develop a customer outreach strategy to educate customers on the value of water and infrastructure rehabilitation needs by the end of the 1st Quarter of FY15.
- Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, and local laws ordinances, etc.

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- to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY15.
- Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: WQL results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs), laboratory productivity (results reported per productive hour), and the percentage of results reported late (turnaround time (TAT)). Maintain performance levels at FY13 levels. Research and identify industry performance benchmarks to be included for comparison.
- Continue collection and analyses of the operational data necessary to determine and document the actual cost of service for laboratory services for the analytical methods within the Water Quality Laboratory scope of accreditation. The status of the data collection and analyses efforts will be reported quarterly.
- In conjunction with the Information Technology Division, continue reimplementation of the Laboratory Information Management System (LIMS).
- Continue to develop the data repository including coordinating with Plant Operations Division to develop reports generated from the Data Repository to provide new access to approved laboratory and field analytical instrument water quality analyses and user statistical analyses tools.
- Continue to develop the Environmental Monitoring Program to improve the reliability of results from field instrumentation and sample collection techniques. Develop a program plan based on designated ISO standard to address accreditation requirements to include standard operating procedures, document control and records management plans, and a process for demonstration of staff capability. Implement program plan by the end of Quarter 2 of FY15.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each Quarter of FY15, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
- In conjunction with ITD Quality Assurance, define a clear organizational architecture and IT governance structure for Compliance Division technology assets. Roles and responsibilities for this structure will be defined through a division service portfolio. The service portfolio will identify all information services provided to the Compliance Division and include a service catalog of software/hardware required to deliver services and service level agreements (SLAs) defining service metrics.
- In order to evaluate and improve the services provided by Pretreatment staff members that interact with the public and customers on a daily basis, a customer service survey will be developed and implemented to survey businesses and facilities that are inspected and/or monitored by Pretreatment staff members to include permitted industrial users, food service establishments, dental facilities, septage waste haulers, as well as pollution prevention assessments, public outreach events and consultations. Report survey results quarterly, as well as improvements made as a result of findings.

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.

- Implement Phase 2 of employee performance expectations that aligns to performance strategies through the 4th Quarter of FY15.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY15.
- Improve workforce efficiency by implementing electronic personnel action forms in conjunction with the Sungard financial system by the end of the 4th Quarter of FY15.
- Complete the standard operating procedures for the water and wastewater plants and begin training by the end of the 4th Quarter of FY15.
- Continue implementation of the Operational Improvement Strategy by implementing the Area Procedures and Evaluations, and documenting and collecting data from key performance indicators to improve work load management and system performance efficiencies by the end of the 4th Quarter of FY15.

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- Reduce injury hours to 2,750 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY15.

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Fiscal Year 2015 Highlights

The FY/15 Executive Director's Proposed Budget establishes the Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Authority in conjunction with the Operating Divisions developed the budget by determining those costs necessary to running the utility operation. For FY/15 the proposed budget includes a 5% revenue rate adjustment. Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and adding an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3-million per year starting in FY/15.

In FY/14, the Water Authority implemented the SunGard Enterprise Resource Planning (ERP) system. This project implemented a full range of financial and human capital resources modules. In FY/14, Phase 1 was completed and the project went live on July 1, 2013. The Authority's first payroll run began in June of 2013. Phase 1 included all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 began on July 1, 2013 and is anticipated to be completed on April 28, 2014. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during FY/15 and the Authority will develop work plans to implement those modules.

The Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project permit. The Authority anticipates a minor change in the permit by summer 2014. The project continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% of water supplied to the service area, but this may change as we enter the fifth year of drought in the Middle Rio Grande. With the pending drought, the Authority provided a loan of 20,000 acre-feet to the Middle Rio Grande Conservancy District along with providing supplemental water for the Bureau of Reclamation. The goal is to sustain endangered species and partner with other water entities during this irrigation season. It is anticipated that the Authority will still have more than three years of water available at the end of calendar year 2014.

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

The Authority's well system will be evaluated during FY15. Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Authority will be finalizing a well replacement study that will be used as a guide toward a replacement strategy for maintaining groundwater well capacity. The Authority is also looking into use of several of its currently out of service wells along the Alameda Trunk to provide 30 MGD or more of water supply to the Water Treatment Plant during times of low river flow.

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The design of the full-scale pilot Aquifer Storage and Recovery (ASR) program will be continuing in FY/14 with permitting, design and construction to attempt to ultimately store more than 50,000 acre-feet into the aquifer at the Large Scale project at the water treatment plant site along with the Webster well. This project will allow storage during winter months that could be used in a single year or through a series of years assist in providing a drought management account for the rate payers.

The Northwest Service Area Division (NWSA) has been successfully integrated into operations of the Authority. The NWSA now provides some selected services not only to customers of the former New Mexico Utilities but also to other Authority Westside ratepayers. Any expenses associated with this expansion would have to be budget neutral. Since the Authority has long discussed area operations, the establishment of a northwest service area as described will provide a program that can be used to improve services to customers. The Field Operations & Maintenance Sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo and CC&B in order to create SOP's for a paperless, real time, work order system, where field activities are dispatched, closed out and updated on a mobile platform. In addition, Clevest will be used to manage line spot, schedule and record the preventative maintenance (PM) activities on the meter change out, box and valve replacement initiative for the field operations and maintenance Sections and the Customer Service Division. Also, the NWSA will be developing a reporting matrix where response time, emergency repairs, work order completion percentage, and preventative maintenance can be measured and benchmarked against industry leaders.

On the Collections Section side, the Authority continues to implement the Capacity Management Operations and Maintenance (CMOM) program including expanding closed circuit televising (pending available funding) and condition analysis of wastewater collection lines, root control and enhanced cleaning programs.. Continued efforts in odor and corrosion controls are also progressing along with a new program to evaluate of magnesium hydroxide treatment for odor control reduction and pH adjustment. . The Collections Section implemented EPA-mandated (September, 2012) changes to reporting overflows in conjunction with enhanced communications with other impacted organizations (AMAFCA and the COA-Storm Drainage Section). The Authority's 24 sanitary sewer lift stations and 10 vacuum sewer stations will be evaluated and assessed for condition and risk. Asset Management plans will be produced and used as a guide for the future rehab of these facilities. The assessments are scheduled to be completed by the end of FY15.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY/10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continues, including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authorities Capital Improvement Program (CIP).

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Connections to the individual users commenced during the Spring of 2013 and will continue until all of the users have connected. Full operations began during irrigation season 2013 and continue in irrigation season 2014. The project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol.

The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The Southside Water Reclamation Facility generates approximately 30% of its power requirements using digester gas. Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in

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FY/15. It is the Authority's goal to compost at least 25% of the total wastewater residuals while not "over-saturating" the regional market for compost product.

The Information Technology Division (ITD) will continue to push mobile technologies to field and operations staff to become more efficient. This includes Maximo, SharePoint and mobile Kronos/Timekeeping. ITD will also begin preparations for the upgrade of WUA Enterprise applications including Maximo, SunGard, and Customer Care & Billing (CC&B).

ITD will continue its' separation from the City of Albuquerque's network. This includes beginning conversion to VOIP for phones, and the replacement of all network infrastructure to be owned and managed by the WUA. ITD will also begin the consolidation and standardization of file storage and shared drives, resulting in lowering maintenance costs and standardization.

In FY/15, the Authority continues with the implementation of Phase 3 of its Automated Meter Infrastructure (AMI) project for small residential meters (less than 4"). The Authority now has over 55,000 meters on the AMI technology. In FY/15, Phase 3 of the AMI implementation is expected to be completed, which will include all City of Albuquerque accounts, so the City of Albuquerque can be billed on a composite bill. The Customer Care and Billing (CC&B) billing Web Self Service with a single logon interface for customers will be completed in FY/15 and will allow for the increase in the market penetration of paperless billing in FY/15, and the AMI project will provide access of monthly, daily and hourly water usage to customers.

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to maintain a quarterly matrix of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the 2012 National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program completed modification of the Water Authority Sewer Use and Wastewater Control Ordinance as approved by the Governing Body in January 2014 to become effective in July 2014, developed a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revised the Technically Based Local Limits. Each of these documents has been submitted to EPA for approval and has been compiled, along with other documents as a proposed Pretreatment Program Modification for submittal for approval to EPA. Improvements in ordinance compliance continue with inspection, monitoring, and enforcement actions for permitted industrial users, septage waste haulers, food service establishments, and dental offices. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY14. The LIMS implementation scoping study was developed through the fall of 2013 with the final document completed by February 2014. A sample management model has been created and documented, as well as configuration test cases for existing laboratory procedures for the Water Quality Laboratory and Water Process Laboratory. A complete listing of processes to be documented was created and presented to a newly established steering committee. Development of these process models will be facilitated using modeling software under acquisition by ITD. These processes incorporate performance metrics to enable comparisons to industry standards as well as track actual cost for laboratory services. LIMS maintains records for millions of analytical results and associated quality assurance/quality control processes. Phase One of the Data Repository has been completed to combine LIMS records, along with results from other analytical laboratories, to develop a water quality monitoring data repository for user access to historical and current analytical results, inclusive of data validation procedures and statistical tools for analyses. Development of the Environmental Monitoring Program continues based upon pilot activities completed in FY/14.

The proposed budget also includes nonrecurring funding for an employee incentive program. This program will reward employees for cost savings due to increased efficiencies or a decrease in work related losses. Funding for this program is contingent on the Water Authority generating the same or a greater amount in savings. This

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incentive program has been an effective tool in the reduction of the Water Authority's Workers Compensation expense in half over the past two fiscal years.

Debt service payments increased by \$5.4 million over FY/14. The Authority's service area is still experiencing very slow growth due to the impact of the recession in the service area. The proposed appropriation for Fiscal Year 2015 for CIP is \$51.0 million. \$46.0 million is appropriated for the Basic capital program and \$5.0 million is appropriated for special projects. The \$51.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$20.0 million in supplemental rehabilitation funding and 5.0 million in growth program funding. The \$16.0 million in supplemental rehabilitation funding is comprised of \$10.0 million for water reclamation facilities rehabilitation and \$6.0 million for all other rehabilitation categories. Working Capital will increase by \$13.5 million in FY/15. The Working Capital balance at June 30, 2015 is estimated to be \$10.9 million.

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

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The Albuquerque Bernalillo County Water Utility Authority can be examined by Division. Comparing the original budget for FY/14 with the proposed FY/15 shows changes in the Plant, Field, and the Water Authority Divisions.

Utility Spending by Division						
(S000's)	UNAUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	PROPOSED BUDGET FY15	PROP 15/ EST ACT 14 CHG
Administration	3,935	2,537	2,537	2,696	2,142	(554)
Risk	-	-	-	-	3,679	3,679
Human Resources	1,052	1,230	1,230	1,208	1,304	96
Finance	6,741	2,840	2,840	3,096	3,342	245
Customer Services	6,912	7,697	7,697	- 7,056	7,834	- 778
Information Technology	5,565	4,302	4,302	5,261	5,748	487
Wastewater Plant	11,744	10,030	10,097	10,431	10,830	399
San Juan-Chama Water Treatment	3,198	3,059	3,059	3,174	2,917	(257)
Groundwater Operations	6,605	5,761	5,761	5,767	5,670	(97)
Wastewater Collection	7,098	9,135	9,067	9,536	5,940	(3,596)
Water Field Operations	18,535	16,058	16,058	15,077	18,904	3,827
Compliance	3,761	4,525	4,525	3,783	5,338	1,555
Water Resources Management	6,333	6,429	6,429	- 6,595	7,040	445
Power & Chemicals	17,883	18,782	18,782	17,646	18,482	836
Taxes	-	8,936	8,936	6,978	8,536	1,558
Overhead	821	6,124	6,124	- 4,807	1,700	(3,107)
San Juan Chama	2,126	2,247	2,247	2,221	2,247	26
Total	102,310	109,693	109,693	105,331	111,652	6,321

Expenditures

The proposed operating expenditures contain a net increase of \$3.0 million from FY/14. This includes an increase of \$2.0 million in salaries and benefits, and an increase in internal services charges of \$1.0 million for Debt Service.

Personnel expenditures include a 2.5% increase in benefits primarily due to the Affordable Health Care Act as well as a 2% step increase in salaries. Total Personnel Costs have increased by \$2 million as compared to FY/14. Two net new mid-year positions were added in FY/14, and an additional 2.5 new positions are requested per this budget. The Records Manager position was also deleted as part of this budget. The FY/15 annualized costs of the additional positions are budget neutral by offsetting positions and other operating costs. The positions added are a Risk Manager, a Systems Support Specialist II, a Heavy Equipment Mechanic, a GPS Coordinator and a half time Treasury Officer. Total general operating costs are close to the same level as FY/14. Capital costs decreased by \$33,600. The internal service charges increase by \$1.0 million which include an increased in the transfer to debt service of \$1.0 million due to the borrowing in the fall of FY/14.

Working Capital will add \$10 million from the surplus of revenue over expenditures in FY/15. This \$10 million will be added to the FY/14 balance of \$1 million. The Working Capital balance at June 30, 2015 is estimated to be \$10.9 million. By Ordinance, the Water Authority will be required to increase its Fund Balance to 1/12 of the annual budgeted expenditures by FY/15.

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

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Proposed Issue Papers and Initiatives – Proposed issue papers and have been offset by other Appropriations or positions from the General Fund. The list below identifies the issues and divisions affected.

Total ABCWUA Proposed Issue Papers	
Fund 21 - General Fund	-
Administration	
Risk Manager (Offset Risk and Tort Cost)	-
Reclassify Mixed Media Tech to Health and Wellness Asst	-
Fund Customer Conversation Meetings (Offset IDOH)	-
Financial Services	
CIP Coming On Line - SunGard (.5 FTE for Treasury-Offset Positions and IDOH)	-
Reclassify Functional Support Specialist to SAI	-
System Support Specialist II - Help Desk (eliminated 3 intern positions)	-
IT Maint and Liscense Cost (Offset IDOH, Chemicals and Water Con Fee)	-
Water Resources Management	
Senior Engineer (Deleted a Engineering Position)	-
Plant	
UV Lamp and Cetrifuge Rehab (Offset by IDOH)	-
Training for WW Mech and Water Plant Field (Offset by position Deletion)	-
ET Supervisor and Consolidate ET's (nuetral reclass)	-
Bldgs and Grounds Supervisor (reclass JU Tech - Nutetral reclass)	-
Reclassify Control System Supervisor (Nuetral)	-
Reclassify (6) Control System Operators (Nuetral)	-
Compliance	
Move Cross Conection Program to Compliance (Nuetral)	-
Unregulated Contaiminant Monitoring (Round 3)(Offset IDOH 1 time cost)	-
Field	
Root Control (Mandated - Offset IDOH)	-
Vactor FOG Buster System (Mandated - Offset Position Deletion)	-
GPS Coordinator for Fleet (Offset Vehicle Maint and Fuel Cost)	-
Heavy Equipment Mechanic (Offset Fuel cost)	-
Field Servicer/Fueler Upgrade (Offset deletion of position)	-

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Changes in Employment - The proposed budget for FY/15 shows a net increase of 3.5 new positions, 2 were FY/14 midyear additions and 2.5 are requested as part of this budget. The positions are: 1 Risk Manager, 1 System Support Specialist II, 1 GPS Coordinator, 1 Heavy Equipment Mechanic and 1 part time Treasury Officer. The Records Manager position was deleted as part of this change.

	ORIGINAL	REVISED	ESTIMATED	PROPOSED
	ACTUAL	BUDGET	BUDGET	ACTUAL
	FY/13	FY/14	FY/14	FY/14
POSITIONS:				
Administration	12	13	13	13
Risk	0	0	0	0
Human Resources	13	13	13	13
Finance	23	27	27	27
Customer Services	74	80	80	80
Information Technology	25	25	25	25
Wastewater Plant	109	99	99	99
San Juan-Chama Water Treatment Plant	24	28	28	28
Groundwater Operations	68	57	57	57
Wastewater Collection	63	65	65	65
Water Field Operations	122	126	126	126
Compliance	44	44	44	44
Water Resources Management	36	35	35	35
CIP Funded	0	9	9	9
TOTAL FULL TIME POSITIONS	613	621	621	621
				624.5

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

(\$000's)	UNAUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	PROPOSED BUDGET FY15	PROP 15/ EST ACT 14 CHG
<u>GENERAL FUND - 21</u>						
Administration	3,935	2,537	2,537	2,696	2,142	(554)
Risk	0	0	0	0	3,679	3,679
Human Resources	1,052	1,230	1,230	1,208	1,304	96
Finance	6,741	2,840	2,840	3,096	3,342	245
Customer Services	6,912	7,697	7,697	7,056	7,834	778
Information Technology	5,565	4,302	4,302	5,261	5,748	487
Wastewater Plant	11,744	10,030	10,097	10,431	10,830	399
San Juan-Chama Water Treatment Plant	3,198	3,059	3,059	3,174	2,917	(257)
Groundwater Operations	6,605	5,761	5,761	5,767	5,670	(97)
Wastewater Collection	7,098	9,135	9,067	9,536	5,940	(3,596)
Water Field Operations	18,535	16,058	16,058	15,077	18,904	3,827
Compliance	3,761	4,525	4,525	3,783	5,338	1,555
Water Resources Management	6,333	6,429	6,429	6,595	7,040	445
Power & Chemicals	17,883	18,782	18,782	17,646	18,482	836
Taxes	0	8,936	8,936	6,978	8,536	1,558
Overhead	821	6,124	6,124	4,807	1,700	(3,107)
San Juan-Chama	2,126	2,247	2,247	2,221	2,247	26
Trfr from Fund 21 to COA	7,815	0	0	0	0	0
Trfr from Fund 21 to Fund 28	8,000	12,000	12,000	4,000	12,000	8,000
Trfr from Fund 21 to Fund 29	0	0	0	0	0	0
Trfr from Fund 21 to Fund 31	66,362	72,094	72,094	72,094	73,161	1,067
<u>Subtotal General Fund - 21</u>	184,487	193,787	193,787	181,425	196,813	15,388
DEBT SERVICE FUND - 31						
Debt Service	72,670	69,731	69,731	69,731	75,161	5,430
Transfer to Capital Fund 29	3,000	3,000	3,000	3,000	5,000	2,000
Total Debt Service Fund - 31	75,670	72,731	72,731	72,731	80,161	7,430
TOTAL	<u>260,156</u>	<u>266,518</u>	<u>266,518</u>	<u>254,156</u>	<u>276,974</u>	<u>22,818</u>
TOTAL WUA APPROPRIATIONS	260,156	266,518	266,518	254,156	276,974	22,818
Interfund Adjustment	<u>(66,362)</u>	<u>(72,094)</u>	<u>(72,094)</u>	<u>(72,094)</u>	<u>(73,161)</u>	<u>(1,067)</u>
NET WUA APPROPRIATIONS	<u>193,794</u>	<u>194,424</u>	<u>194,424</u>	<u>182,062</u>	<u>203,813</u>	<u>21,751</u>

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(\$000's)	UNAUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	PROPOSED BUDGET FY15	PROP 15/ EST ACT 14 CHG
<u>GENERAL FUND - 21</u>						
100 WATER AUTHORITY:						
005 Executive Director	2,779	1,823	1,823	2,101	1,670	(431)
006 COO's Office	892	458	458	379	471	92
010 Safety	<u>264</u>	<u>256</u>	<u>256</u>	<u>216</u>	<u>-</u>	<u>(216)</u>
PROGRAM APPROPRIATION	<u>3,935</u>	<u>2,537</u>	<u>2,537</u>	<u>2,696</u>	<u>2,142</u>	<u>(554)</u>
RISK:						
010 Risk	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,679</u>	<u>3,679</u>
PROGRAM APPROPRIATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,679</u>	<u>3,679</u>
110 HUMAN RESOURCES:						
015 Human Resources	<u>1,052</u>	<u>1,230</u>	<u>1,230</u>	<u>1,208</u>	<u>1,304</u>	<u>96</u>
PROGRAM APPROPRIATION	<u>1,052</u>	<u>1,230</u>	<u>1,230</u>	<u>1,208</u>	<u>1,304</u>	<u>96</u>
120 FINANCE:						
020 Finance	<u>6,741</u>	<u>2,840</u>	<u>2,840</u>	<u>3,096</u>	<u>3,342</u>	<u>245</u>
PROGRAM APPROPRIATION	<u>6,741</u>	<u>2,840</u>	<u>2,840</u>	<u>3,096</u>	<u>3,342</u>	<u>245</u>
130 CUSTOMER SERVICES:						
025 Customer Services & Billing	4,096	4,187	4,128	4,109	4,572	462.89
030 CS Meter Reading	2,004	1,810	1,869	1,869	1,816	-53.256
031 Customer Service Field	<u>812</u>	<u>1,701</u>	<u>1,701</u>	<u>1,077</u>	<u>1,446</u>	<u>369</u>
PROGRAM APPROPRIATION	<u>6,912</u>	<u>7,697</u>	<u>7,697</u>	<u>7,056</u>	<u>7,834</u>	<u>778</u>
140 INFORMATION TECHNOLOGY:						
035 Information Technology	<u>5,565</u>	<u>4,302</u>	<u>4,302</u>	<u>5,261</u>	<u>5,748</u>	<u>487</u>
PROGRAM APPROPRIATION	<u>5,565</u>	<u>4,302</u>	<u>4,302</u>	<u>5,261</u>	<u>5,748</u>	<u>487</u>
150 WASTEWATER PLANT:						
040 WW Plant Administration	573	372	372	387	326	-61.066
045 WW Cogen	261	752	752	602	849	247
050 WW Mechanical	4,594	3,846	3,846	3,814	4,242	428
055 WW Plant Operations	4,510	3,515	3,515	3,986	3,655	(332)
060 WW MDC	76	63	63	77	63	(14)
065 WW SAF	1,702	1,408	1,476	1,539	1,501	(39)
070 WW Warehouse	<u>28</u>	<u>73</u>	<u>73</u>	<u>26</u>	<u>69</u>	<u>43</u>
115 South Reuse	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>	<u>126</u>
PROGRAM APPROPRIATION	<u>11,744</u>	<u>10,030</u>	<u>10,097</u>	<u>10,431</u>	<u>10,830</u>	<u>399</u>
160 SJC WATER TREATMENT PLANT:						
075 San Juan-Chama Water Treatment Pla	<u>3,198</u>	<u>3,059</u>	<u>3,059</u>	<u>3,174</u>	<u>2,917</u>	<u>(257)</u>
PROGRAM APPROPRIATION	<u>3,198</u>	<u>3,059</u>	<u>3,059</u>	<u>3,174</u>	<u>2,917</u>	<u>(257)</u>

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	UNAUDITED	ORIGINAL	REVISED	ESTIMATED	PROPOSED	PROP 15/ EST ACT 14
	FY13	BUDGET FY14	BUDGET FY14	ACTUAL FY14	BUDGET FY15	CHG
170 GROUNDWATER SYSTEM:						
080 WA Engineering Operations	837	411	411	333	-	(333)
085 WA Wells, PS, Boosters, Reservoirs	3,633	3,239	3,239	3,221	3,294	72
090 GW Treatment	942	938	938	901	1,284	383
095 WA Control System Operators	1,125	905	905	1,129	676	(453)
096 SCADA	-	-	-	-	318	318
100 WA Arsenic Treatment	20	70	70	74	70	(4)
105 WA MDC	34	50	50	26	8	(18)
110 North Reuse	15	72	72	64	21	(43)
115 South Reuse	-	76	76	19	-	(19)
PROGRAM APPROPRIATION	<u>6,605</u>	<u>5,761</u>	<u>5,761</u>	<u>5,767</u>	<u>5,670</u>	<u>(97)</u>
 180 WASTEWATER COLLECTIONS:						
120 WW Gravity	5,172	3,891	3,891	4,318	4,462	144
125 WW Lift Station Operations	1,926	1,522	1,522	1,690	1,479	(211)
126 Fleet Maintenance	-	3,722	3,655	3,529	-	(3,529)
PROGRAM APPROPRIATION	<u>7,098</u>	<u>9,135</u>	<u>9,067</u>	<u>9,536</u>	<u>5,940</u>	<u>(3,596)</u>
 190 WATER FIELD OPERATIONS:						
126 Fleet Maintenance	-	-	-	-	3,678	3,678
130 WA Customer Requests	787	727	727	588	648	60
131 Cross Connections	-	447	447	425	-	(425)
135 WA Distribution Lines	14,199	11,478	11,478	11,084	11,828	744
140 WA Meter NS/Repairs	1,338	1,360	1,360	953	986	33
145 WA Field Administration	2,211	2,046	2,046	2,026	1,764	(263)
PROGRAM APPROPRIATION	<u>18,535</u>	<u>16,058</u>	<u>16,058</u>	<u>15,077</u>	<u>18,904</u>	<u>3,827</u>
 200 COMPLIANCE:						
150 Laboratory	1,823	2,311	2,311	1,746	2,199	453
155 NPDES	848	1,178	1,178	1,050	1,552	502
160 Water Quality	1,091	1,036	1,036	987	1,587	600
PROGRAM APPROPRIATION	<u>3,761</u>	<u>4,525</u>	<u>4,525</u>	<u>3,783</u>	<u>5,338</u>	<u>1,555</u>
 210 WATER RESOURCES MGMT:						
165 Central Engineering	1,056	1,045	1,045	1,068	1,762	694
170 One Stop Shop Enterprise	256	265	265	253	334	80
175 Maps & Records	470	520	520	464	524	60
180 Water Resources Planning	1,391	1,251	1,251	1,417	1,121	(296)
185 Water Conservation	3,007	2,985	2,985	3,192	2,918	(274)
190 Groundwater Protection	152	313	313	199	332	133
195 Arsenic Removal	1	49	49	1	48	47
PROGRAM APPROPRIATION	<u>6,333</u>	<u>6,429</u>	<u>6,429</u>	<u>6,595</u>	<u>7,040</u>	<u>445</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(\$000's)	UNAUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	PROPOSED BUDGET FY15	PROP 15 EST ACT 14 CHG
220 GENERAL GOVERNMENT:						
200 General Government (OH)	821	4,914	4,914	4,807	456	(4,351)
200 Power	17,883	11,541	11,541	17,646	11,541	
200 Taxes	-	8,936	8,936	6,978	8,536	
205 Early Retirement	-	400	400		400	400
206 SJCWTP Chemicals	-	4,396	4,396		3,896	3,896
207 GW Chemicals	-	262	262		262	262
208 WW Treatment Chemicals	-	1,039	1,039		1,039	1,039
209 Collections Chemicals	-	1,544	1,544		1,744	1,744
210 CIP Funded Positions	-	810	810		844	844
PROGRAM APPROPRIATION	<u>18,704</u>	<u>33,842</u>	<u>33,842</u>	<u>29,431</u>	<u>28,717</u>	<u>(714)</u>
230 SAN JUAN-CHAMA:						
220 San Juan-Chama	<u>2,126</u>	<u>2,247</u>	<u>2,247</u>	<u>2,221</u>	<u>2,247</u>	<u>26</u>
PROGRAM APPROPRIATION	<u>2,126</u>	<u>2,247</u>	<u>2,247</u>	<u>2,221</u>	<u>2,247</u>	<u>26</u>
TRANSFER FROM FUND 21 TO COA						
205 General Government	<u>7,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROGRAM APPROPRIATION	<u>7,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFER FROM FUND 21 TO 28						
205 General Government	<u>8,000</u>	<u>12,000</u>	<u>12,000</u>	<u>4,000</u>	<u>12,000</u>	<u>8,000</u>
PROGRAM APPROPRIATION	<u>8,000</u>	<u>12,000</u>	<u>12,000</u>	<u>4,000</u>	<u>12,000</u>	<u>8,000</u>
TRANSFER FROM FUND 21 TO 29						
205 General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROGRAM APPROPRIATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFER FROM FUND 21 TO 31						
205 General Government	<u>66,362</u>	<u>72,094</u>	<u>72,094</u>	<u>72,094</u>	<u>73,161</u>	<u>1,067</u>
PROGRAM APPROPRIATION	<u>66,362</u>	<u>72,094</u>	<u>72,094</u>	<u>72,094</u>	<u>73,161</u>	<u>1,067</u>
<u>DEBT SERVICE FUND - 31</u>						
250 DEBT SERVICE						
230 DS - NM Loans	28,702	26,714	26,714	26,714	31,921	5,207
235 DS - Loans	43,968	986	986	986	987	1
240 DS - Revenue Bonds	-	42,031	42,031	42,031	42,253	222
PROGRAM APPROPRIATION	<u>72,670</u>	<u>69,731</u>	<u>69,731</u>	<u>69,731</u>	<u>75,161</u>	<u>5,430</u>
260 UEC TRANSFER						
245 DS - UEC Transfer	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>	<u>2,000</u>
PROGRAM APPROPRIATION	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>	<u>2,000</u>

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Financial Plan

The following table is the financial plan for Fund 21 (General Fund). The plan looks from FY/14 thru FY/23. This plan takes into account the Authority's Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps the Authority plan for future potential expenditure levels in both operating and capital and compare them to the estimated revenue resources for each projected Fiscal Year. The plan shows the effects of the budget on the Authority's Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Authority forecasts the rate revenue adjustment of 5% for FY/15 due to decreasing consumption levels in the service area and 5% rate revenue adjustments that were approved by the Board for FY/16 and FY/18.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Operating Fund

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Funds										
Needs: Basic (Min 50% cash Trans)	34000	36000	37000	37000	37000	37000	38000	38000	38000	38000
Increase for Rehab/Asset Mgt Plan		3000	6000	9000	12000	15000	18000	21000	24000	27000
Water Reclamation	12000	3000	25000	10000	10000	10000	10000	10000	10000	10000
Southside Reuse										
SJC Remediation										
Steel Line	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
AMI	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Special Projects	0	0	0	0	0	0	0	0		
Valley Utility Projects	0	0	0	0	0	0	0	0		
Resources:										
Beginning Bal.	4688	26788	14888	28988	1088	29188	2288	30388	2488	29588
Trf. from Operating	4000	12000	18000	24000	27000	31000	34000	37000	39000	44000
Trf. from Debt Service	4000	5000	6000	6000	6000	6000	6000	6000	6000	6000
Bond Proceeds (Water Reclamation)										
Bond Proceeds	62000	15000	60000		56000		56000	0	56000	
Bond Proceeds Southside/SJC										
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	74688	58788	98888	58988	90088	66188	98288	73388	103488	79588
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	75788	59888	99988	60088	91188	67288	99388	74488	104588	80688
Balance June 30	26788	14888	28988	1088	29188	2288	30388	2488	29588	2688
Debt Service Fund										
Future Bond Interest=										
Resources:										
Interest Income	200	200	800	800	800	800	800	800	800	800
UECs	8000	8000	9000	9000	9000	9000	9000	9000	9000	9000
Transfer from 621	72895	73160	77631	77385	80343	81938	79257	82715	77247	73388
Adjustments/Misc										
Bg. Fund Balance	-2300	-2972	0	0	0	0	0	0	0	0
Total	78795	78388	87431	87185	90143	91738	89057	92515	87047	83188
Expenditures:										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	4000	6000	6000	15000	15000	15000	15000	15000	15000	15000
Wtr/Swr Loans	1281	985	645	645	645	645	645	645	645	645
SJC Series 1999 w/o bas										
99 P&I (excl SJC 622)										
2001 P&I										

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Operating Fund

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Series 2005 P&I	2316	2310	2295	2447						
2005 SJC \$116.695M	12498	10368	11838	6630	6684	6744	6793	6856	6907	3051
NMFA 2004B 82.120M	6869	6097	6948	6995	7044	7100	7149	7149	7256	7256
2004 NMFA DWRFL	734	734	734	734	734	734	734	734	734	734
NMFA 20M 2005 SJC	1708	1670	1880	1931	1977	1909	1861	1861	1924	1924
NMFA 36.295M Basic	4445	4004	5415							
NMFA Series 2007A Basic	3448	2087	2834	2638	8909	8954	2757	2757	3187	3187
NMFA Series 2007A Reuse/SJ	3936	5069	3804	5147	2279	2507	2758	2758	3187	3187
Series 2008 Reuse/SJC \$55.6	2781	2781	2781	2781	2781	2781	2781	2781	2781	2781
Series 2006 P&I	2411	2316	2310	2295	2447					
Series 2006 P&I (8.680)	1170	1171	1169	1169	570					
Series 2006 SJC 112.765	7986	7981	7982	7986	6984	7986	7984	7984	7982	7982
Series 2009 (129.26)	12388	12393	12389	12392	12389	12385	12393	12393	5844	5844
Series 2009 (SJC 6.73)	503	501	504	499	499	499	503	503	504	504
AARA Funding	54	54	54	54	54	54	54	54	54	54
NMFA 2011 Basic 37.74	4398	4398	4402	4398	4396	4397	4400	4399	4399	4399
NMFA 2011 SJC &Soutside \$15.66	1079	1075	1075	1075	1079	1076	1077	1077	1077	1077
NMFA 2013A	4076	6426	6432	6428	6431	6430	6429	6428	6431	6428
Proposed Issue					3200	6497	6497	6497	6497	6497
Proposed Issue			5626	5626	5626	5626	5626	5626	5626	5626
							3200	6497	6497	6497
Proposed 15M Catch up			1500	1500	1500	1500	1500	1500	1500	1500
Proposed Refinance Savings		-600	-1200	-1200	-1100	-1100	-1100	-1000	-1000	-1000
Total	78095	77835	87431	87185	90143	91738	89057	92515	87047	83188
Fund Balance	700	553	0	0	0	0	0	0	0	0
Operating Fund Resources										
Rate Revenue	175300	185731	196875	198844	210774	212882	215011	227911	230191	232492
Nonrate Revenue	8892	10892	10892	10892	10892	10892	10892	10892	10892	10892
Franchise Fee	7192	7336	7483	7632	7785	7941	8099	8261	8427	8595
Adj Bg Working Cap for GASB 45	1100	800								
Bg. Working Cap.	-10921	1010	10603	15995	15487	18795	16415	13601	13766	16984
Total	181563	205769	225852	233363	244938	250510	250417	260666	263276	268963
Rate Stabilization Fund Expenditures										
Basic O&M plus issues	88448	79490	81080	82701	84355	86043	87763	89519	91309	93135
Power/Chem/Overhead & Taxes	16710	31516	32146	32789	33445	34114	34796	35666	36736	37838
Salary Savings 4%	-1500	-3000	-1000	-1000	-1000	-1000	-1000	0	0	0
Rate Stabilization Fund		2000	2000	2000	2000	2000	2000	2000	2000	2000
Transf. to DS	72895	73160	77631	77385	80343	81938	79257	82715	77247	73388
Transf. to Cap.	4000	12000	18000	24000	27000	31000	34000	37000	39000	44000
Total	180553	195166	209857	217875	226143	234095	236816	246899	246292	250361
Resources over Comm.	1010	10603	15995	15487	18795	16415	13601	13766	16984	18602
Rate Increases	5%	5%	5%	0%	5%	0%	0%	5%	0%	0%
Accum. Inc. from 2004	11%	16%	21%	21%	26%	26%	26%	31%	31%	31%
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023

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REVENUE OUTLOOK

*Proposed
Operating Budget
FY/15*

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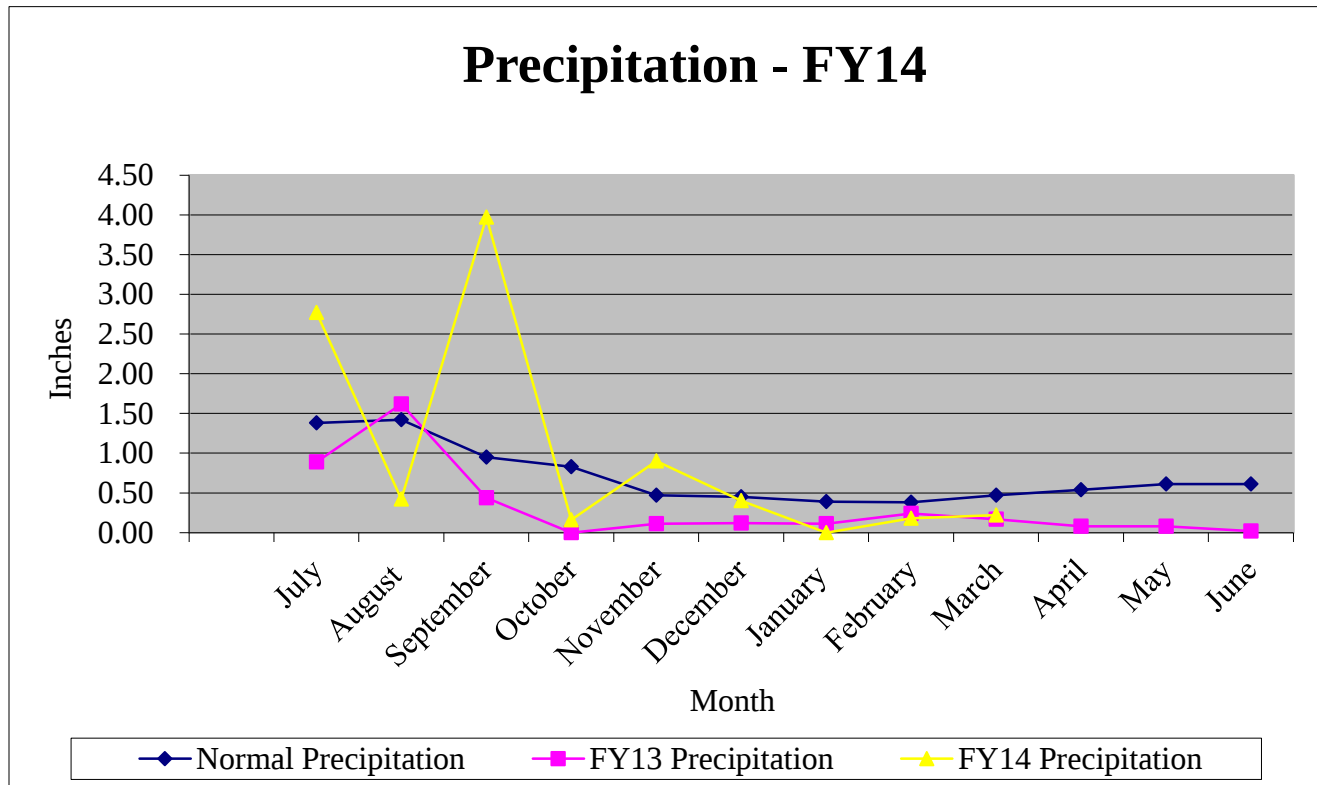
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

REVISED FY/13 AND PROPOSED FY/14 REVENUE PROJECTIONS

The Authority's revenue projections are summarized in the two tables included in this section. The first table, General Fund 21, presents the operating budgeted revenue for FY/15 as compared to budget FY/14. The second table, Debt Service Fund 31, also provides for the same comparison as the other table. For FY/13 the actual unaudited results are reported, and for FY/14 budgeted revenues and estimated actual are reported as well.

REVISED FY/14 REVENUE ESTIMATES

Total Authority operating fund revenues for FY/14 are anticipated to be \$190.7 million. The system has seen minimal growth in the service area due to development on the Northwest Area of the Authority's service area and in Mesa del Sol. The revenues tempered by continued conservation efforts for FY/14 are estimated to be below FY/14 budgeted levels. This has been compounded by a decrease in water usage due to the above average moisture that the service area has received since the beginning of the fiscal year (see chart below).



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PROPOSED BUDGET REVENUE ESTIMATES FOR FY/15

Budgeted total Authority Operating Revenues for FY/15 are \$203.9 million representing a \$4.5 increase from the budgeted FY/14 amount, due to the projected increase in miscellaneous revenue as trended over the last 2 years. Revenues for FY/15 also include a 5% rate revenue increase to fund investments in the Authority's infrastructure based upon the Asset Management Plan. Revenue increase in the Debt Service Fund is projected for FY/15 of approximately \$7.0 million due to an increase in the debt service payment for FY/15.

GENERAL FUND 21

(\$000's)	UNAUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	PROPOSED BUDGET FY15	PROP 15/ EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	(2)	750	750	750	10	(740)
Other Miscellaneous Revenue	5,113	1,550	1,550	1,550	5,500	3,950
Total Miscellaneous Revenues	5,111	2,300	2,300	2,300	5,510	3,210
Enterprise Revenues						
City System-Water	63,790	77,515	77,151	68,515	74,507	5,992
City System-Sewer	40,937	52,187	52,187	38,600	41,313	2,713
City System-Contr/Aid	386	350	350	350	350	-
SJC Strategy Implementation	29,161	30,000	30,000	30,000	31,200	1,200
City Metered Water Sales - Reuse	397	400	400	400	400	-
City System-Franchise Fee	6,006	7,130	7,130	7,130	7,130	-
Solid Waste Admin Fees	-	1,236	1,236	1,236	1,323	87
Water Resources Management	4,594	4,500	4,500	4,500	4,500	-
Water Facilities Rehab	9,881	7,100	7,100	10,000	10,000	-
Wastewater Facilities Rehab	13,260	6,200	6,200	17,200	17,200	-
Total City System	168,410	186,618	186,618	177,931	187,923	9,992
Valley System-Water	5,249	5,000	5,000	5,000	5,000	-
Valley System-Sewer	3,673	4,000	4,000	4,000	4,000	-
Valley System-Contr/Aid	21	50	50	20	20	-
Valley System-Franchise Fee	552	627	627	627	627	-
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	70	78	78	78	78	-
Total Valley System	9,566	9,756	9,756	9,726	9,726	-
Total Enterprise Revenues	177,976	196,374	196,374	187,657	197,649	9,992
Transfers from Other Funds						
CIP Funded Employees	568	800	800	800	800	-
Refuse Disposal Op. Fund - 651	1,142	-	-	-	-	-
Total Transfers	1,710	800	800	800	800	-
Total Current Resources	184,798	199,474	199,474	190,757	203,959	13,202
Rate Reserve	4,000					
Adj Beg WCB for GASB 45		1,100	1,100	1,100		(1,100)
Beginning Working Capital Balance	(10,869)	(10,921)	(10,921)	(10,921)	(490)	10,432
TOTAL RESOURCES	177,930	189,653	189,653	180,936	203,469	22,534

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DEBT SERVICE FUND 31

(\$000's)	UNAUDITED FY13	ORIGINAL BUDGET FY14	REVISED BUDGET FY14	ESTIMATED ACTUAL FY14	PROPOSED BUDGET FY15	PROP 15/ EST ACT 14 CHG
RESOURCES:						
Miscellaneous Revenues	8,282	8,200	8,200	8,200	9,000	800
Transfer from Other Funds	<u>66,362</u>	<u>72,094</u>	<u>72,094</u>	<u>72,094</u>	<u>73,161</u>	<u>1,067</u>
Total Current Resources	74,644	80,294	80,294	80,294	82,161	1,867
Beginning Fund Balance	<u>(2,392)</u>	<u>(2,476)</u>	<u>(2,476)</u>	<u>(2,476)</u>	<u>2,724</u>	<u>5,200</u>
TOTAL RESOURCES	<u><u>72,252</u></u>	<u><u>77,818</u></u>	<u><u>77,818</u></u>	<u><u>77,818</u></u>	<u><u>84,885</u></u>	<u><u>7,066</u></u>
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	72,670	69,731	69,731	69,731	75,161	5,430
Transfers to Other Funds	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>	<u>2,000</u>
TOTAL APPROPRIATIONS	<u><u>75,670</u></u>	<u><u>72,731</u></u>	<u><u>72,731</u></u>	<u><u>72,731</u></u>	<u><u>80,161</u></u>	<u><u>7,430</u></u>
FUND BALANCE PER CAFR	<u><u>75,670</u></u>	<u><u>72,731</u></u>	<u><u>72,731</u></u>	<u><u>72,731</u></u>	<u><u>80,161</u></u>	<u><u>7,430</u></u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ECONOMIC OUTLOOK

The following is based on the October 2013 forecasts from IHS Global Insight (GI). Along with the baseline forecast alternative forecasts are prepared with pessimistic and optimistic scenarios.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

Baseline Scenario

In the baseline forecast, assigned a probability of 60%, IHS Global Insight (GI) expects limited growth in the U.S economy. The year over year growth in real GDP for FY/14 is expected to be 1.9% which is below the 2.0% growth in FY/13. Growth remains low due to the many uncertainties both in the U.S. and in the world. Exports, which had been leading the recovery, are lagging as Europe and the rest of the world still remain weak and the dollar remains relatively strong against the Euro. Consumer spending continues to be sluggish. Consumers have reduced their debt levels though they are still relatively high. In addition consumers lack confidence in the strength of the economy and the government's ability to make things better. With the government shutdown in October consumer confidence fell to an all-time low. GI assumes that the automatic spending cuts of the sequestration will continue through calendar year 2014 and that some combination of tax increases and spending cuts will occur moving forward. Employment growth remains sluggish but has shown steady increases. Growth was 1.6% in FY/13, and 1.7% in FY/14. Total employment is not expected to reach its previous peak of FY/08 until FY/15. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY/18 declines to 5.5%.

Inflation is one of the few bright spots in the GI forecast. Weak employment growth puts little pressure on wages helping to limit pressure on prices. Inflation is expected to remain below 2% from FY/14 through FY/18. Oil prices increase in FY/14 to over \$100 per barrel, but remain below \$100 for the remainder of the forecast. GI expects growth in the Consumer Price Index (CPI) to remain muted, around 1.5% in FY/14 and increasing slightly in FY/15 to 1.7% and only reaching 1.9% in FY/17 and FY/18. The low inflation expectation also plays into moderate increases in interest rates. GI believes that the Federal Reserve Bank (FRB) will not raise rates until FY/16; reaching 1.1% in FY/16 and 4% by FY/18.

There are a number of risks in the economy. With the rate of growth in GDP so low, any unexpected occurrence could push the economy into recession. The battle in congress over spending, taxes and extension of the debt ceiling pushed confidence to a new low in October 2013. The shutdown of the federal government in October was not directly factored into the forecast, but the November forecast showed little impact. The "sequester" is expected to be in place through December 2014. The current levels of uncertainty on businesses restrain activity in investment and hiring. Unfortunately, these high levels of uncertainty are likely to remain with us over the next few years.

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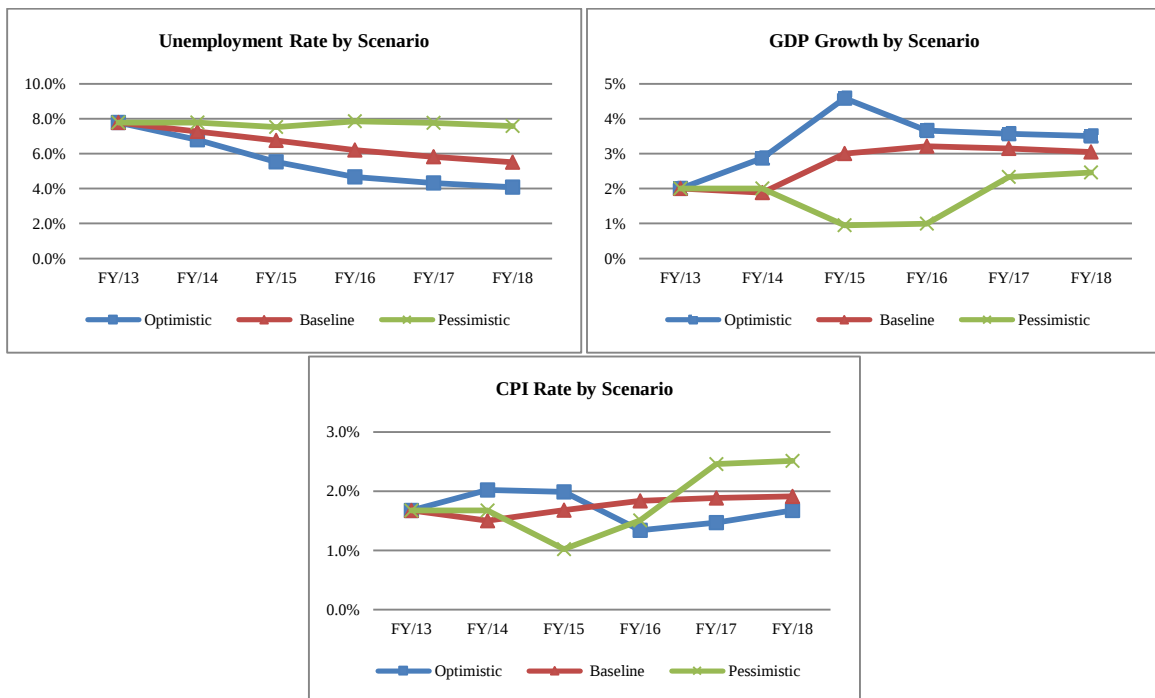
Pessimistic Scenario

The pessimistic scenario is assigned a probability of 20%. In this scenario, the recovery stalls. Construction is weak in part due to more difficulty in access to credit; an increase in the credit crunch. The “sequester” is replaced by more severe cuts including a suspension of long term unemployment benefits. Unemployment basically remains at a high level, only decreasing to 7.4% by FY/18. Inflation is above the baseline at 2.5% in the out years in part due to supply constraints that raise the price of oil to \$112 per barrel. Internationally the Eurozone falls back into recession and emerging markets are weak. The FRB doesn’t increase rates until FY/18 as it attempts to continue to stimulate the economy.

Optimistic Scenario

The optimistic scenario is assigned a probability of 20%. In this scenario GI assumes that basically everything goes right. A tax and spending compromise is reached, the Eurozone and emerging markets show strong growth helping exports. Inflation is above the baseline as strong demand pushes it up. The FRB reacts and starts raising interest rates in FY/15 to limit inflation. Even with higher interest rates housing starts accelerate and unemployment drops to near 4.1% in FY/18.

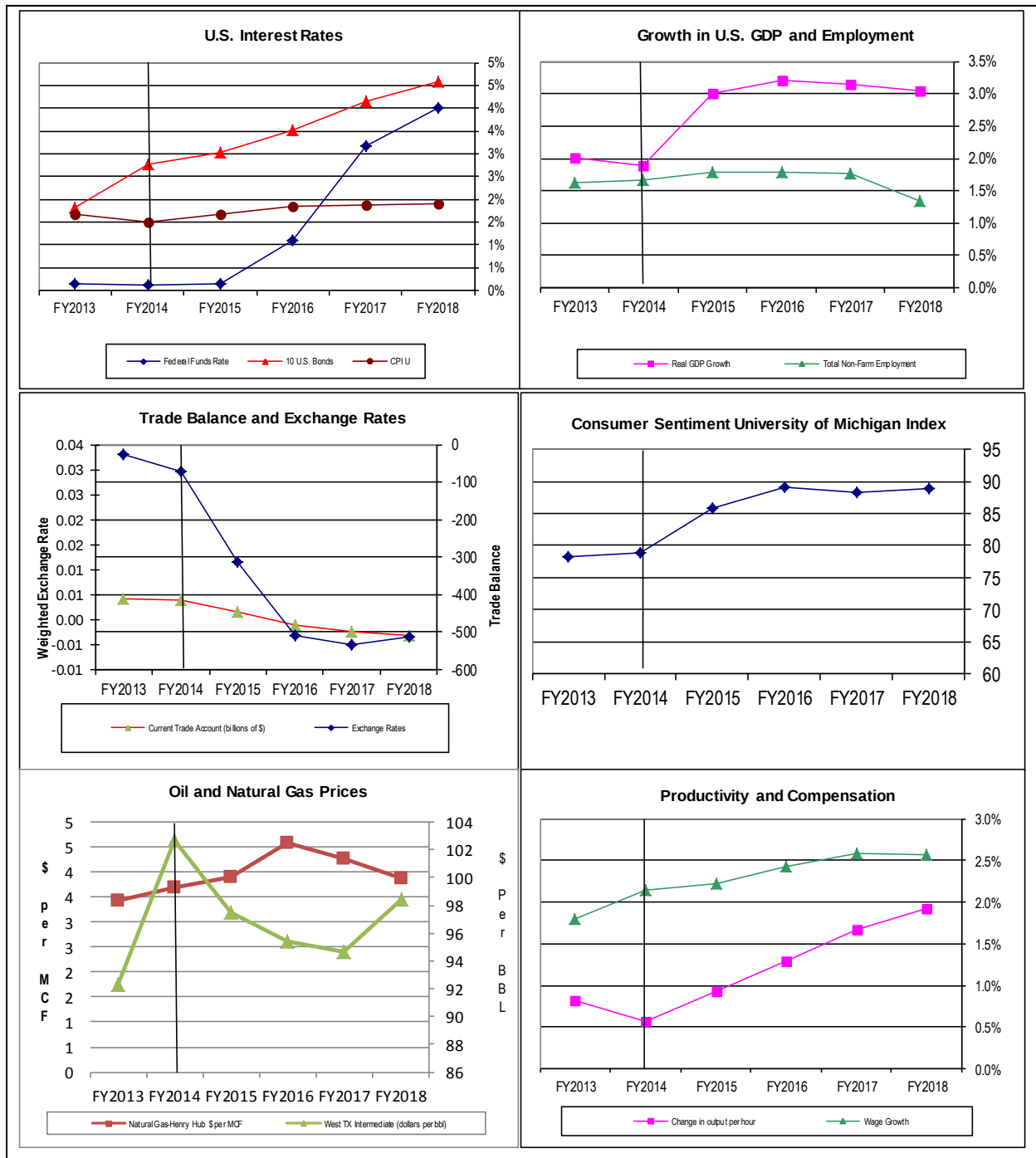
The following charts provide information on some of the key measures in the forecast.



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U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)

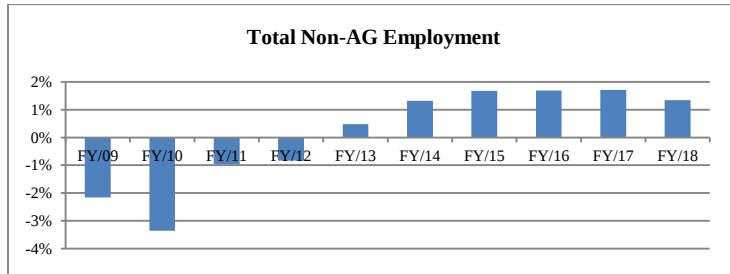
October 2013 Baseline Forecast



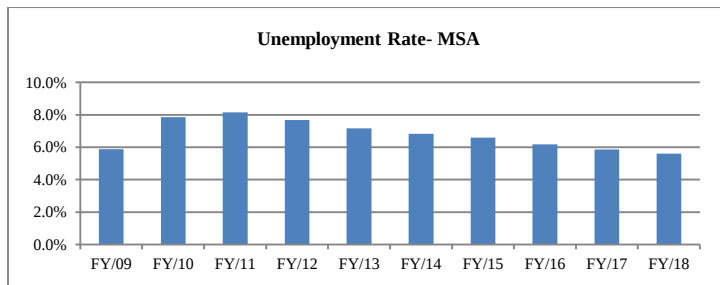
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ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Albuquerque fell with the national economy, but has lagged in its recovery. Employment has begun to grow, but at very modest rates. The FOR-UNM forecast of employment in October 2013, has positive non-agricultural (non-ag) employment growth beginning in FY/13. FY/13 increased 0.5% and FY/14 is expected to grow 1.3%.



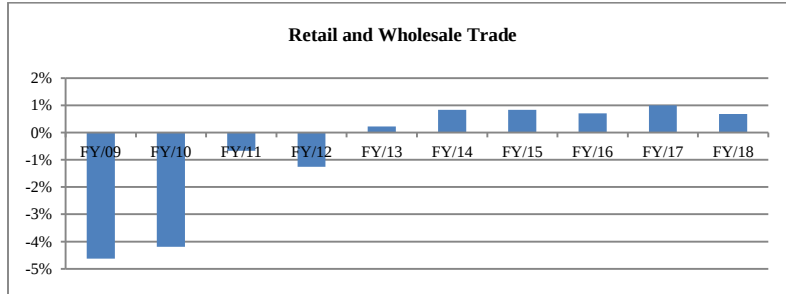
The Albuquerque economy lost over 27 thousand jobs from FY/08 to FY/12 a loss of 7% of total employment. Growth for FY/15 is expected at 1.7% with FY/16 increasing at the same rate. This is a muted growth rate for pulling out of a recession. The economy does not reach FY/08 levels until FY/18. Construction has improved and is now helping the economy. The unemployment rate continues to decline, but some of this is due to discouraged workers leaving the labor force. The rate is expected to slowly decline to 5.6% in FY/18.



Several tables following this section provide a summary of the economic variables underlying the forecast and detailed employment numbers for FY/11 to FY/18 by the major NAICS categories.

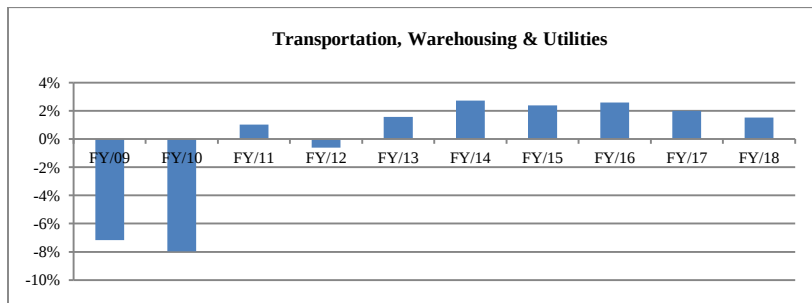
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Retail and Wholesale Trade. These sectors account for about 15% of employment in the Metropolitan Statistical Area (MSA). It is a particularly important sector in terms of the Gross Receipts Tax; making up about 30% of GRT. As the recession hit the closure of stores and reductions in purchases substantially hit employment and GRT in this sector.

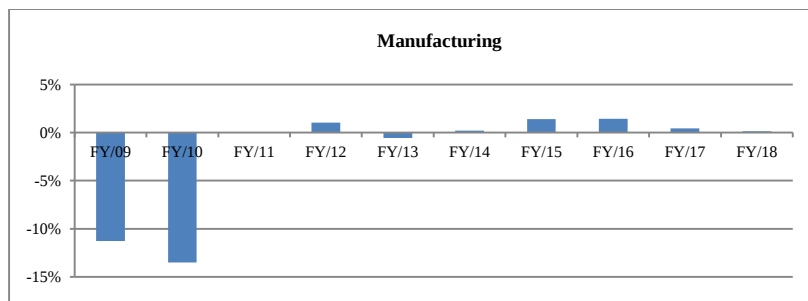


The sector is expected to have employment growth of just over 1% in FY/13. Growth remains at these low levels for the remainder of the forecast period.

Transportation, Warehousing and Utilities. This sector while important, only accounts for 2.5% of employment. Employment in this sector was weak before the recession hit and then declined substantially in FY/09 and FY/10. In FY/11 the sector grew 1.2%, but declined in FY/12. The expectations for the forecast are a robust recovery with growth approaching 3% in FY/14. Even with this growth the sector remains below the levels of FY/07 and FY/08.



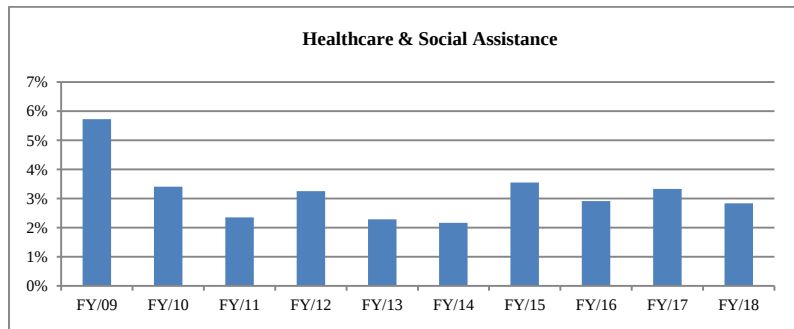
Manufacturing. This sector accounted for about 5% of employment in the MSA. It is an important sector as it creates jobs that bring revenue from outside the area. It also makes purchases of materials and services in the local economy making this sector's impact greater than its employment share.



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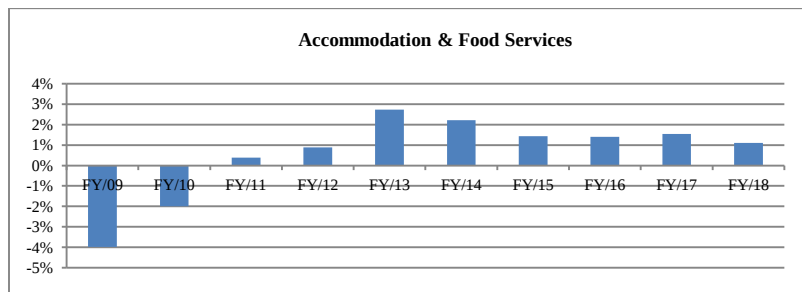
After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY12. In FY13 the sector declined and FY14 is expected to increase despite job losses at Intel. The sector is expected to grow slowly in the remainder of the forecast. However, FY18 employment is about 83% of the employment of FY08.

Educational and Health Services. This sector is predominantly health services and accounts for 14% of employment. Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO are one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy.

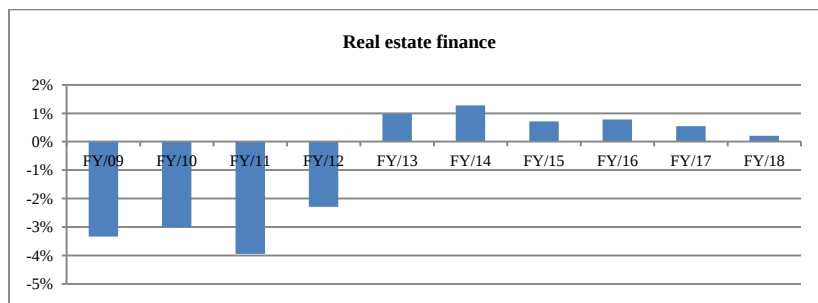


It was the only sector that increased through the recession and continues to be a driver of the economy.

Accommodation and Food Services. This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 10% of employment in the MSA. The sector is a major contributor to GRT and Lodgers' Tax. FY13 showed strong growth of 2.7% and FY14 has expected growth of 2.2%. The sector reaches its previous peak of FY08 in FY14. The remainder of the forecast shows subdued growth in the sector with a maximum of 1.5% in FY17.

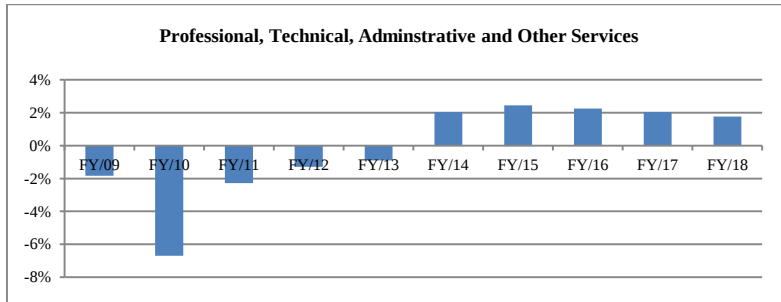


Real Estate & Financial Activities. This is two sectors (Real Estate and Finance and Insurance). The sector includes finance, insurance and real estate including credit intermediation. It accounts for about 4% of employment in the MSA. The financial crisis, the consolidation of banking, and the collapse of real estate impacted this sector. FY13 shows an increase of 1% with FY14 increasing 1.3%. Growth tapers off through the remainder of the forecast. The sector remains 1,600 jobs below the level of FY07.



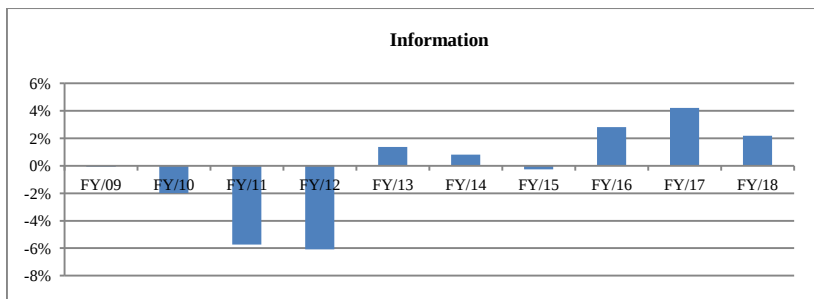
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Professional and Business Services. This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services). The category accounts for 18% of the employment in the MSA. It includes temporary employment agencies, some of Albuquerque's back-office operations, and architect and engineering firms that are closely tied to construction. It also includes Sandia National Labs (SNL)



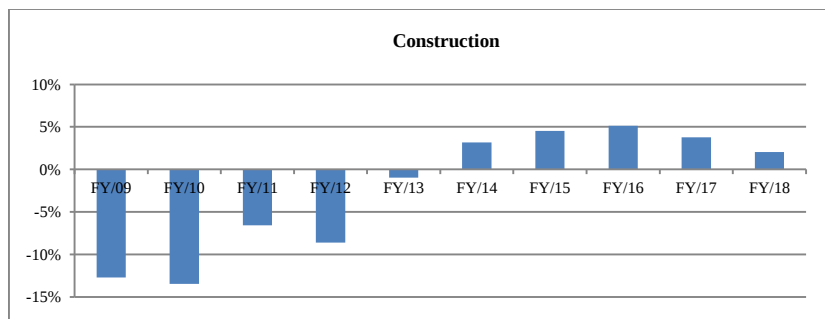
While the national labs have gained some positions the rest of the sector has been very weak. The federal budget problems and sequestration are creating risks in spending reductions and the loss of jobs both at the labs and contractors hired by the labs. Following a small decrease in FY/13 the category is expected to grow in the remainder of the forecast. In FY/18 it still remains 2,000 jobs below the peak of FY/08.

Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. It also includes the film studios. It accounts for about 2% of employment in the MSA. FY/11 and FY/12 each declined near 6%. FY/13 increased 1.4%, but the forecast is very weak until FY/16



Construction. Construction is typically cyclical, with significant swings in building and employment. Construction is an important sector and has an impact on the economy larger than its employment share of 5%. This sector lost 12 thousand jobs from FY/07 to FY/13. In FY/07 its employment share was 8%. After falling consistently from FY/07, employment in construction began increasing at the end of FY/13. FY/13 ended down 1%, but the forecast is expected to show positive growth. FY/14 is expected to increase 3.2% with large increases in FY/15, FY/16, and FY/17. In FY/18 growth is expected to be 2.1%. Even with this growth construction employment is forecasted to be 27% or 8,400 jobs below the FY/07 peak.

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Construction permits show the trends in construction and the types of construction. The graph following this section shows the real values of building permits after adjusting by the CPI. Construction is described as new and additions, alterations, and repairs from 1970 to 2013 (December of 2013 was estimated) by categories of residential and commercial. Five distinct peaks occurred in 1973, 1979, 1985, 1995 and 2005. The last cycle was the longest and the fall following 2005 the largest.

The lowest level of residential construction was reached in the period of August 2008 to February 2009. From this point single family permitting has increased, but it remains subdued and at levels below any other in the chart. In 2008 much of the decline in residential construction was offset by new commercial, primarily public sector construction. Much of this construction was for new Albuquerque public schools. In 2009 residential housing stabilized, but commercial construction fell making 2009 the worst year as far as percentage decline in new construction. Additions, alterations, and repairs did not drop as significantly as new construction but still showed declines. This category is dominated by commercial and public projects.

Looking forward, single family permitting is expected to show significant growth nearly doubling from around 1,000 in FY/13 to near 2,000 in FY/17. This still is less than half of the permitting activity of the peak. Multi-family construction is also expected to show some recovery.

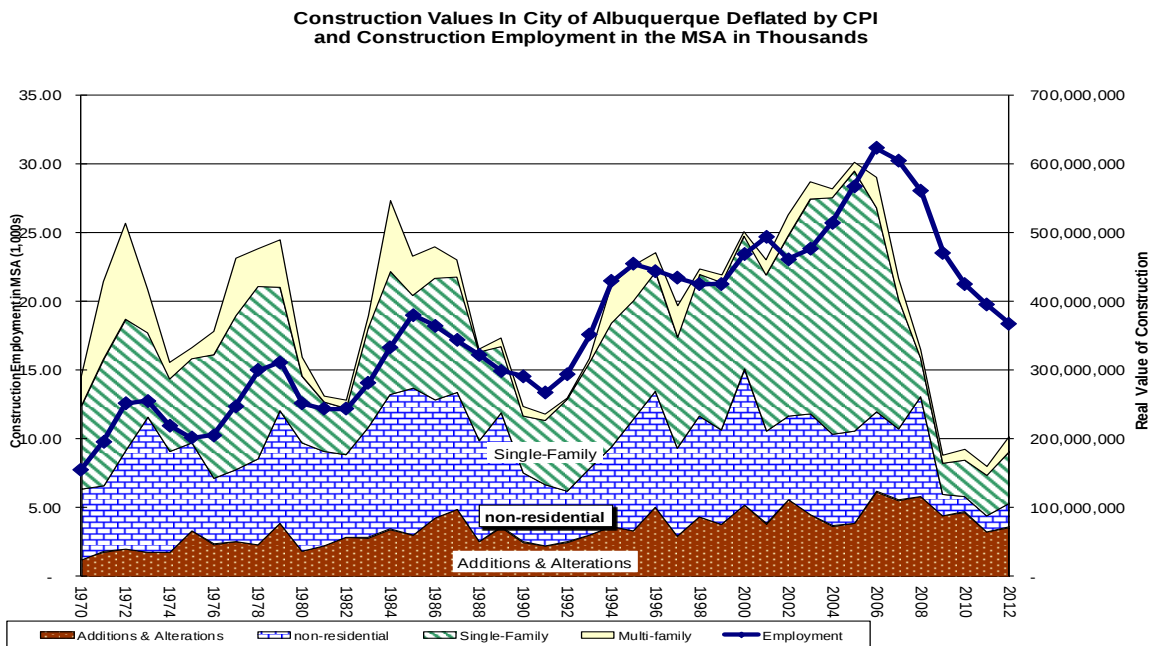
Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA.

As shown in the chart following this section, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects. Growth in employment was very strong in 2000-2006, driven in large part by the Intel project and the Big-I reconstruction project.

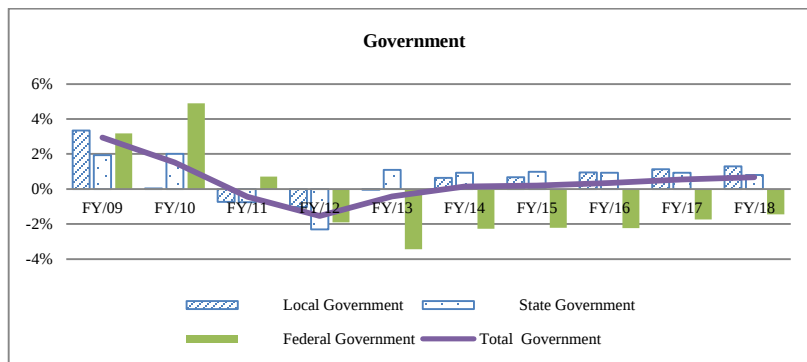
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FIGURE 1

City of Albuquerque Value of Permits Deflated by CPI



Government The government sector makes up almost 22% of the Albuquerque MSA employment. The largest part of State and Local government is education. Local Government includes the public schools and State Government includes the University of New Mexico. The local sector also includes Indian enterprises. The Federal Government makes up 4.4% of employment; nationally Federal government makes up 3.4% of total employment. This doesn't include military employment which is counted separately. Active military is around 6,000 or about 1.7% of the total non-agricultural employment. Nationally military is 1% of total non-agricultural employment.



Government employment slowed and decreased in FY/11, FY/12 and FY/13. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State and Local are flat in FY/13 and improve in the out years, due to increases in state and local government. Federal Government after growing strongly in FY/09 and FY/10 showed little growth in FY/11 and declines in FY/12 through the remainder of the forecast. This occurs due to the federal government taking steps to reduce its expenditures.

The following Charts and tables present more information on the Albuquerque economy and its comparison to the U.S.

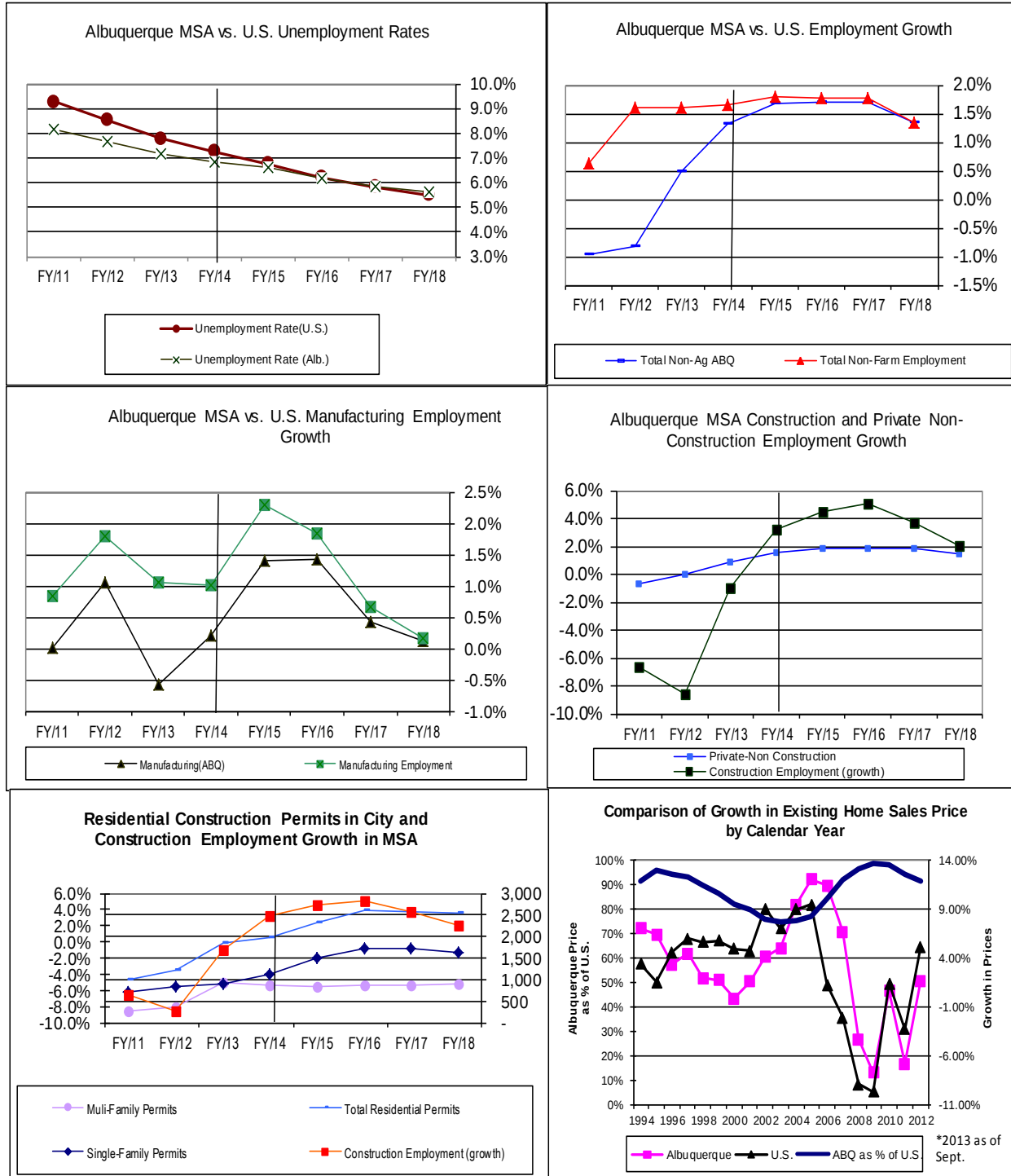
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The following Charts and tables present more information on the Albuquerque economy and its comparison to the U.S.

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

October 2013 Economic Outlook- BBER and Global Insight



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TABLE 3

Economic Variables Underlying the Forecast									
	Historical				Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017
National Variables									
Real GDP Growth	3.0%	0.2%	2.2%	2.0%	1.7%	2.3%	3.4%	3.1%	3.2%
Federal Funds Rate	4.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	1.6%	4.0%
10 U.S. Bonds	4.6%	3.5%	3.1%	2.1%	1.7%	2.5%	3.1%	3.9%	4.9%
CPI U	3.8%	1.0%	2.0%	2.9%	1.5%	1.5%	1.8%	1.7%	2.7%
Unemployment Rate(U.S.)	4.8%	9.7%	9.3%	8.6%	8.1%	7.9%	7.3%	6.7%	6.9%
Total Non-Farm Employment	1.9%	-3.2%	0.7%	1.4%	1.2%	1.6%	1.9%	1.9%	0.7%
Manufacturing Employment	-0.6%	-8.9%	0.9%	1.9%	1.3%	1.2%	1.8%	1.6%	-0.1%
Consumer sentiment index--University of Michigan	85.7	71.6	71.1	69.1	77.5	81.3	84.8	85.2	83.9
Exchange Rates	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Current Trade Account (billions of \$)	(792.6)	(419.1)	(458.4)	(477.8)	(412.9)	(447.5)	(497.4)	(530.5)	(424.2)
Change in output per hour	2.5%	4.2%	1.5%	0.8%	0.7%	0.5%	1.3%	1.2%	3.4%
Natural Gas-Henry Hub \$ per MCF		4.2	4.1	3.0	3.1	4.3	5.1	4.2	5.2
West TX Intermediate (dollars per bbl)	48.8	75.2	89.4	95.0	89.8	89.4	83.6	81.9	105.1
Wage Growth	1.5%	1.4%	1.7%	1.7%	1.8%	1.9%	2.0%	2.1%	3.3%
Albuquerque Variables									
Employment Growth and Unemployment in Albuquerque MSA									
Total Non-Ag ABQ	-2.2%	-3.4%	-1.0%	-0.9%	0.4%	1.6%	1.9%	1.8%	1.7%
Private-Non Construction	0.6%	-3.8%	-0.7%	-0.2%	1.0%	2.0%	2.2%	2.1%	1.8%
Construction Employment (growth)	-12.2%	-13.1%	-6.1%	-9.1%	-3.1%	2.1%	3.3%	3.1%	3.0%
Manufacturing(ABQ)	-11.3%	-13.5%	0.0%	1.3%	1.6%	2.2%	2.4%	2.1%	1.7%
Unemployment Rate (Alb.)	5.9%	7.9%	8.1%	7.5%	6.6%	6.5%	6.1%	5.9%	5.7%
Construction Units Permitted in City of Albuquerque									
Single-Family Permits	435	875	723	843	1,014	1,342	1,699	1,832	1,948
Muli-Family Permits	204	172	262	359	622	642	597	867	1,119
Total Residential Permits	639	1,047	985	1,202	1,635	1,984	2,296	2,698	3,067
Source Global Insight and FOR-UNM October 2012 Baseline Forecasts									

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TABLE 4

Albuquerque MSA Employment in Thousands								
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Total Employment	357.958	354.986	356.711	361.421	367.482	373.709	380.105	385.217
Private Employment	280.256	278.480	280.531	285.132	291.036	297.001	302.974	307.574
Mining & Agriculture	0.814	0.742	0.766	0.730	0.737	0.745	0.755	0.764
Construction	20.730	18.946	18.760	19.355	20.229	21.263	22.062	22.516
Manufacturing	17.524	17.708	17.607	17.643	17.891	18.147	18.226	18.250
Wholesale Trade	11.928	11.484	11.572	11.627	11.754	11.879	12.009	12.087
Retail Trade	40.976	40.755	40.783	41.167	41.482	41.732	42.140	42.427
Transportation, Warehousing & Utilities	8.919	8.865	9.004	9.249	9.470	9.715	9.908	10.058
Information	8.478	7.963	8.071	8.137	8.116	8.345	8.697	8.888
Finance & Insurance	11.033	10.615	10.682	10.843	10.890	10.909	10.921	10.933
Real Estate, Rental & Leasing	5.060	5.109	5.195	5.237	5.306	5.413	5.490	5.513
Professional & Technical Services	28.711	28.420	27.988	27.959	28.340	28.812	29.295	29.770
Management of Companies & Enterprises	3.298	3.340	3.296	3.356	3.372	3.383	3.390	3.394
Administrative & Waste Services	24.928	24.311	24.267	25.598	26.722	27.684	28.542	29.287
Educational Services	4.690	4.933	4.861	4.822	4.871	4.930	5.004	5.072
Healthcare & Social Assistance	46.013	47.509	48.598	49.653	51.415	52.916	54.682	56.237
Arts, Entertainment & Recreation	3.628	3.946	4.403	4.340	4.410	4.490	4.576	4.649
Accommodation & Food Services	33.675	33.971	34.897	35.670	36.181	36.688	37.251	37.663
Other Services & Unclassified	9.851	9.853	9.782	9.747	9.850	9.948	10.027	10.065
Government	77.703	76.506	76.179	76.289	76.446	76.708	77.131	77.644
Local Government	41.004	40.587	40.567	40.823	41.099	41.487	41.953	42.493
State Government	20.928	20.447	20.672	20.866	21.070	21.264	21.463	21.634
Federal Government	15.771	15.472	14.940	14.600	14.277	13.957	13.715	13.516
Military Employment	6.095	6.234	6.242	6.170	6.186	6.106	6.065	6.042
Growth Rates								
Total Employment	-1.0%	-0.8%	0.5%	1.3%	1.7%	1.7%	1.7%	1.3%
Private Employment	-1.1%	-0.6%	0.7%	1.6%	2.1%	2.0%	2.0%	1.5%
Mining & Agriculture	4.8%	-8.9%	3.2%	-4.7%	1.0%	1.1%	1.3%	1.2%
Construction	-6.6%	-8.6%	-1.0%	3.2%	4.5%	5.1%	3.8%	2.1%
Manufacturing	0.0%	1.1%	-0.6%	0.2%	1.4%	1.4%	0.4%	0.1%
Wholesale Trade	-1.7%	-3.7%	0.8%	0.5%	1.1%	1.1%	1.1%	0.6%
Retail Trade	-0.4%	-0.5%	0.1%	0.9%	0.8%	0.6%	1.0%	0.7%
Transportation, Warehousing & Utilities	1.0%	-0.6%	1.6%	2.7%	2.4%	2.6%	2.0%	1.5%
Information	-5.7%	-6.1%	1.4%	0.8%	-0.3%	2.8%	4.2%	2.2%
Finance & Insurance	-4.0%	-3.8%	0.6%	1.5%	0.4%	0.2%	0.1%	0.1%
Real Estate, Rental & Leasing	-3.8%	1.0%	1.7%	0.8%	1.3%	2.0%	1.4%	0.4%
Professional & Technical Services	-3.5%	-1.0%	-1.5%	-0.1%	1.4%	1.7%	1.7%	1.6%
Management of Companies & Enterprises	0.9%	1.3%	-1.3%	1.8%	0.5%	0.3%	0.2%	0.1%
Administrative & Waste Services	-2.1%	-2.5%	-0.2%	5.5%	4.4%	3.6%	3.1%	2.6%
Educational Services	3.6%	5.2%	-1.4%	-0.8%	1.0%	1.2%	1.5%	1.4%
Healthcare & Social Assistance	2.4%	3.3%	2.3%	2.2%	3.5%	2.9%	3.3%	2.8%
Arts, Entertainment & Recreation	-1.5%	8.8%	11.6%	-1.4%	1.6%	1.8%	1.9%	1.6%
Accommodation & Food Services	0.4%	0.9%	2.7%	2.2%	1.4%	1.4%	1.5%	1.1%
Other Services & Unclassified	-0.1%	0.0%	-0.7%	-0.4%	1.1%	1.0%	0.8%	0.4%
Government	-0.4%	-1.5%	-0.4%	0.1%	0.2%	0.3%	0.6%	0.7%
Local Government	-0.7%	-1.0%	0.0%	0.6%	0.7%	0.9%	1.1%	1.3%
State Government	-0.8%	-2.3%	1.1%	0.9%	1.0%	0.9%	0.9%	0.8%
Federal Government	0.7%	-1.9%	-3.4%	-2.3%	-2.2%	-2.2%	-1.7%	-1.4%
Military Employment	1.0%	2.3%	0.1%	-1.1%	0.3%	-1.3%	-0.7%	-0.4%

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CAPITAL BUDGET

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Capital Program Overview

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

The blueprint for the Authority's Basic Program is its Decade Plan, a ten-year capital plan required to be updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements. The Decade Plan includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Authority Board with at least one public hearing and due deliberation. In those fiscal years where the Decade Plan must be updated, the new Decade Plan must be approved by the Authority's Board before that year's Capital program budget can be approved. This policy ensures there is always an approved two-year planning element in place for every approved annual Basic Program budget. FY/15 is the second year of the first two year planning element included in the FY/14 – FY/23 Decade Plan approved by the Board in June, 2013.

Basic Program capital needs are incorporated into the water/sewer rate structure. The Rate Ordinance states that on average 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds. The balance of capital funding is obtained through revenue bond or loan financing. The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program. System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test. The current Rate Ordinance requires a \$33 million Basic rehabilitation program. The Rate Ordinance does not specify the size of the Basic growth program.

The most significant change in the adopted FY/14 – FY/23 Decade Plan was the disaggregation of the previous water facilities rehabilitation category into two categories; drinking water plant groundwater systems and drinking water plant treatment systems renewal. The change was made to provide a separate reporting for each of the two water supply systems which the Authority maintains; the groundwater system and the surface water system. The other change made in the current decade plan was to pull out franchise fee compliance costs from the shared rehabilitation category in order to allow for clearer identification of the significant costs the Authority incurs for compliance with its franchise agreements. The current decade plan views the capital program from a Field / Plant / Compliance perspective.

The funding for the Basic rehabilitation program in FY/15 includes \$10.0 million in supplemental funding for rehabilitation of the Southside Water Reclamation Plant. Another \$10 million in supplemental funding for reclamation plant rehabilitation was approved for FY/14. The \$20 million in supplemental funding has been allocated to the Preliminary Treatment Facility Replacement (PTF) project which got underway in FY/14 and represents the major new project in the current decade plan.

The Basic growth program in FY/15 is \$5.0 million, an increase of \$1.0 from FY/14. The growth program is funded by Utility Expansion Charge (UEC) revenue which is tied to economic growth in the Authority's service area. Because of stagnant UEC revenues, the Basic growth program has had to reduce discretionary spending and focus on continuing initiatives in Information Technology (IT) support for the operating divisions. The non-discretionary portion of the growth program includes funding for the low income

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connection program managed by Bernalillo County and development repayment agreements as connections are made to the System. The FY/15 increase in the growth program will be used for the Increased Transmission Capacity to Corrales Trunk project which will move water from the Volcano Cliffs reservoirs site into the Corrales Trunk. The project will also facilitate conveyance of treated surface water and reduce reliance on groundwater.

There are no appropriations in the approved FY/15 CIP budget for projects that will be funded with revenues from FY/16 and later.

FY/15 Capital Program Appropriations and Spending by Categories

Summary Perspective

The FY/15 capital program appropriation totals \$51.0 million. \$48.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$48.0 million is comprised of \$33.0 million in base level rehabilitation funding per the Rate Ordinance, \$10.0 million in supplemental water reclamation facility rehabilitation funding and \$5.0 million in growth program funding.

The \$33.0 million in rehabilitation funding per the Rate Ordinance allocates \$14.91 million for Field, \$17.49 million for Plant and \$.60 million for Compliance. The \$10 million in supplemental water reclamation facility funds increases the Plant funding to \$27.49 million.

The \$3.0 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI) / Leak Detection and \$1.0 million for steel water line replacement.

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

Rehabilitation = Costs required to extend the service life of an existing facility or to restore original performance or capacity by rehabilitating or replacing system components. In the following schedules, the word renewal is used in place of rehabilitation in conformity with the decade plan.

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

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

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

There are no appropriations in FY/15 in either the Valley or the WRMS category.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Basic Program appropriations by decade plan category

Rehabilitation

Water Reclamation Line Renewal	\$ 4,400,000
Water Line Renewal	\$ 3,150,000
Water Reclamation Plant Renewal	\$ 24,000,000
Soil Amendment Facility Renewal	\$ 50,000
Lift Station and Vacuum Station Renewal	\$ 2,425,000
Odor Control Facilities Renewal	\$ 10,000
Drinking Water Plant Groundwater System Renewal	\$ 2,165,000
Drinking Water Plant Treatment Systems Renewal	\$ 3,270,000
Reuse Line and Plant Renewal	\$ 30,000
Water Reclamation Compliance	\$ 600,000
Water / Water Reclamation Shared Facility Renewal	\$ 500,000
Franchise Fee Compliance	\$ 2,000,000
CIP Funded Position Transfer	\$ 400,000
	<u>\$ 43,000,000</u>

Growth

Water Lines	\$ 1,500,000
Development Agreements	\$ 1,250,000
MIS / GIS	\$ 2,000,000
Low Income Water / Sewer Connections	\$ 250,000
	<u>\$ 5,000,000</u>

Special Projects appropriations by decade plan category

Rehabilitation

Automated Meter Infrastructure	\$ 2,000,000
Steel Water Line	\$ 1,000,000
	<u>\$ 3,000,000</u>

<u>Category</u>	<u>Percentage</u>	<u>Amount</u>
Rehab	90.2	\$ 46,000,000
Growth	<u>9.8</u>	\$ <u>5,000,000</u>
Total	<u>100.0</u>	\$ <u>51,000,000</u>

The revenue sources for the appropriations are comprised of:

	<u>Debt</u>	<u>Cash</u>
Rehab		
Basic per Rate Ordinance	\$ 24,000,000	\$ 9,000,000
Basic Supplemental	\$ 10,000,000	
Special Project	\$ -	\$ 3,000,000
Growth		
Basic Program	\$ -	\$ <u>5,000,000</u>
Total	<u>\$ 34,000,000</u>	<u>\$ 17,000,000</u>

By fund, the \$51.0 million is allocated: \$46.0 million in the Rehab Fund 28 and \$5.0 million in the Growth Fund 29.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FY/15 Capital Program Highlights

The major project in the Basic rehabilitation program for FY/15 will be the ongoing construction of the replacement Preliminary Treatment Facility (PTF). The project has a current contract cost of \$30.8 million and is expected to be substantially complete by the end of FY/15. The other major project in the current decade plan, the Dewatering Replacement project, is being reevaluated whether rehabilitation or replacement of the existing facility represents the best use of limited funds.

A major stress on the Basic rehabilitation program cash flows in FY/14 came from the projects done to move the Authority's water and sewer lines required by the Paseo Del Norte Interchange Rehabilitation project managed by the City of Albuquerque. More than \$5 million will end up being spent for these line relocations which add little value to the Authority's infrastructure but are necessary per the terms of the franchise agreements. The Authority chose to contract for the work itself rather than have the work done by the City contractors in the belief that the ultimate cost would be less and a higher quality result would be achieved. These line projects will be substantially complete by June 30, 2014.

A smaller but significant project ongoing at the Southside Water Reclamation Plant is the continuing effort to upgrade the plant wide electrical and instrumentation controls. The electrical gear at the reclamation plant has reached or has passed its design life which makes it difficult for the plant to keep the electrics in a good and safe working condition. There are negative impacts on reliability as a result which has impacted treatment processes during plant wide facility power outages and been responsible for NPDES discharge permit violations.

The largest planned project other than at the water reclamation plant is the chemical solids systems improvement project at the Surface Water Treatment Plant. During the process of removing solids from the water, a coagulant (ferric chloride) and a polymer are added to the water. The coagulant and the polymer promote the solids in aggregating and coming out of suspension. The solids removed during the clarification process require further processing. The chemical solids systems improvement project will include evaluation, design and construction of improvement to the waste solids handling and treatment systems at the surface water treatment plant. The improvements will facilitate the surface water treatment plant operating at its current finished water capacity of 92 million gallons per day (mgd) when the Rio Grande source water is especially turbid.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
<u>Basic Program</u>		
<u>Rehab Fund 628</u>		
<u>Sanitary Sewer Pipeline Renewal</u>		
Interceptor Sewer Rehabilitation	Bond Proceeds	1,000,000
Interceptor Rehab Contingency	Bond Proceeds	1,400,000
Small Diameter Sewer Line		
Rehabilitation	Bond Proceeds	1,000,000
Small Diameter Sewer Line		
Rehab Contingency	Bond Proceeds	500,000
Sewer Line CCTV Inspections	Bond Proceeds	500,000
<u>Drinking Water Pipeline Renewal</u>		
Small Diameter Water Line		
Rehabilitation	Bond Proceeds	1,000,000
Small Diameter Water Line		
Rehab Contingency	Bond Proceeds	1,000,000
Large Diameter Water Line		
Rehab Contingency	Bond Proceeds	500,000
Water Meters, Meter Boxes and		
Service Lines Rehabilitation	Bond Proceeds	150,000
Large Water Valve Replacement	Bond Proceeds	250,000
Pressure Reducing Valve		
Replacement	Bond Proceeds	100,000
Asset Management Plan For		
Large Diameter Water Line	Bond Proceeds	150,000
<u>Southside Water Reclamation Plant Renewal</u>		
Preliminary Treatment Facility		
Replacement	Bond Proceeds	7,500,000
Dewatering Facility Replacement	Bond Proceeds	6,000,000
Existing Digester Rehabilitation		
Improvements	Bond Proceeds	1,500,000
Primary Clarifier Improvements	Bond Proceeds	1,500,000
Water Reclamation Plant Contingency	Transfer from Fund 21	1,500,000
	Bond Proceeds	1,500,000
ABB Service Contract	Transfer from Fund 21	140,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Plant Wide Electrical, Instrumentation

And Control Improvements	Bond Proceeds	1,000,000
Plant Equalization Basins	Transfer from Fund 21	750,000
Program Management Assistance	Transfer from Fund 21	100,000
New Digester Capacity	Transfer from Fund 21	1,210,000
Digester Cleaning Program	Transfer from Fund 21	300,000
Chemical Storage and Feed		
Systems Upgrade	Transfer from Fund 21	500,000
Pre-Screens for UV Disinfection		
Facility	Transfer from Fund 21	500,000

Soil Amendment Facility (SAF) Renewal

Upgrade of Soil Amendment Facility	Bond Proceeds	50,000
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Lift Station and Vacuum Station Renewal

Lift Station Rehabilitation	Bond Proceeds	1,500,000
Vacuum Station Rehabilitation	Bond Proceeds	770,000
Lift Station Programmable Logic		
Controller Replacement	Bond Proceeds	155,000

Odor Control Facilities Renewal

Interceptor Odor Control	Bond Proceeds	10,000
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Drinking Water Plant Groundwater System Renewal

Sodium Hypochlorite Generator System

Rehabilitation / Replacement	Bond Proceeds	205,000
Booster Pump Station Rehabilitation	Bond Proceeds	590,000
Well Rehabilitation and Maintenance	Bond Proceeds	120,000
Reservoir Cleaning and Inspection	Bond Proceeds	50,000
Corrales Well No. 5 Improvements	Bond Proceeds	700,000
Corrales Trunk Gas Engine Overhauls	Bond Proceeds	350,000
Booster Pump Surge Tank Renewal	Bond Proceeds	50,000
Valve Exercising Equipment and		
Valve Replacement	Bond Proceeds	100,000

Drinking Water Plant Treatment Systems Renewal

Water Treatment Plant Contingency	Bond Proceeds	150,000
Chemical Solids Systems		
Improvements	Bond Proceeds	740,000
Grit Removal Basin Improvements	Bond Proceeds	240,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Dissolved Ozone Monitoring		
Improvements	Bond Proceeds	150,000
Water Systems SCADA Rehabilitation	Bond Proceeds	20,000
College Arsenic Removal		
Demonstration Facility Rehabilitation	Transfer from Fund 21	50,000
Corrales Trunk Arsenic System		
Improvements	Bond Proceeds	100,000
Corrales Well No. 2 Arsenic		
Treatment Project	Bond Proceeds	600,000
Corrales Well No. 4 Arsenic		
Treatment Project	Bond Proceeds	540,000
Corrales Trunk Arsenic Media		
Replacement	Transfer from Fund 21	350,000
Raw Water Pumping Station		
Rehabilitation	Bond Proceeds	80,000
Add Caustic Soda Storage and Feed		
System at the SJCWTP	Transfer from Fund 21	250,000
<u>Reuse Line and Plant Rehabilitation</u>		
Reuse Line Rehabilitation	Bond Proceeds	10,000
Reuse Plant Rehabilitation	Bond Proceeds	20,000
<u>Compliance</u>		
Water Quality Laboratory	Transfer from Fund 21	295,000
NPDES Program	Transfer from Fund 21	155,000
Water Quality Program	Bond Proceeds	150,000
<u>Shared Renewal</u>		
Ferrous / Ferric Transfer Station 70		
Rehabilitation	Transfer from Fund 21	500,000
CIP Funded Position Transfer	Transfer from Fund 21	400,000
<u>Franchise Agreement Compliance</u>		
Franchise Fee Water and Sewer	Transfer from Fund 21	1,000,000
City of Albuquerque DMD Street		
Rehabilitation Manhole and Valve		
Box Adjustments	Transfer from Fund 21	1,000,000
<u>Growth Fund 629</u>		
Warehouse Meters	Transfer from Fund 31	500,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Development Agreements	Transfer from Fund 31	1,250,000
Increased Transmission Capacity		
To Corrales Trunk	Transfer from Fund 31	1,000,000
MIS / GIS	Transfer from Fund 31	2,000,000
Low Income W/S Connections	Transfer from Fund 31	250,000

Special Projects

Water Utility / Joint Water & Sewer Rehab Fund 628

Automatic Meter Infrastructure	Transfer from Fund 21	2,000,000
Steel Water Line Replacement	Transfer from Fund 21	1,000,000

DEBT OBLIGATIONS

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

DEBT OBLIGATIONS

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

The outstanding Water/Sewer System parity obligations are currently rated “Aa1” by Moody’s, “AA+” by S&P and “AA” by Fitch.

The total outstanding obligation indebtedness of the Authority as of April 1, 2014 is \$665.789 million shown in the table on the next page.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ABCWUA

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

April 1, 2014

RATINGS

SENIOR DEBT OBLIGATIONS

JOINT WATER AND SEWER - SENIOR LIEN

Aa1/AA+/AA

APRIL 2003 - NMFA DWRLF LOAN

SEPT 2004 - NMFA PPRF LOAN¹

OCT 2005 - NMFA PPRF LOAN

Series 2005 Bonds

Series 2006A Bonds

Series 2007A NMFA Loan

Series 2008A Bonds

Series 2009A-1

2009 NMFA DWRFL

NOV 2011 - NMFA LOAN

Series 2013A

Series 2013B

SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS

SUBORDINATE & SUPER-SUBORDINATE DEBT OBLIGATIONS

2001 Loan

2004 NMFA DWRLF Loan

2009 WTB Loan

2009 NMFA DWRLF Loan

2010 NMFA DWRLF Loan - 2379-PP

2010 NMFA DWRLF Loan - 2380-PP

2010 NMFA DWRLF Loan - 2381-PP

2010 DWRFL - 2382-ADW

2011 DWRFL - 205-ADW

2011 DWRFL - 206-ADW

2011 DWRFL - 207-ADW

SUBTOTAL - SUBORDINATE & SUPER-SUBORDINATE LIEN LOANS

¹ A portion, those maturing on and after May 1, 2015, of the NMFA 2004 Bonds were refunded by the Series 2013B bonds.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>FINAL</u> <u>MATURITY</u>	<u>ORIGINAL</u> <u>AMT ISSUED</u>	<u>AMOUNT</u> <u>RETIRED</u>	<u>AMOUNT</u> <u>OUTSTANDING</u>	<u>INTEREST</u> <u>RATES</u>
				4.75%
07/01/15	3,600,000	2,938,910	661,090	2.00%
05/01/14	118,415,000	109,745,000	8,670,000	3.53%
05/01/25	20,000,000	2,595,000	17,405,000	3.72% - 4.26%
07/01/25	132,985,000	22,785,000	110,200,000	4.00% - 5.00%
07/01/26	133,390,000	23,660,000	109,730,000	4.25% - 5.25%
06/01/25	77,005,000	20,700,000	56,305,000	4.50% - 5.25%
07/01/33	55,630,000	0	55,630,000	5.00%
07/01/34	135,990,000	14,315,000	121,675,000	3.00% - 5.50%
11/01/30	1,010,000	92,176	917,824	1.00%
07/01/36	53,400,000	4,300,000	49,100,000	3.50% - 5.00%
07/01/38	62,950,000	0	62,950,000	3.00% - 5.00%
07/01/24	55,265,000	0	55,265,000	5.00%
	\$849,640,000	\$201,131,086	\$648,508,914	
07/01/25	15,000,000	8,558,317	6,441,683	3.00%
05/01/30	12,000,000	2,705,000	9,295,000	2.00%
05/01/29	50,000	8,959	41,041	0.25%
05/01/29	100,000	17,795	82,205	0.25%
05/01/29	47,518	8,760	38,758	1.00%
01/23/30	60,600	8,311	52,289	1.00%
01/23/31	125,453	9,044	116,409	1.00%
05/01/30	200,000	29,367	170,633	0.25%
05/01/31	452,000	44,190	407,810	0.25%
05/01/31	640,000	62,570	577,430	0.25%
05/01/31	63,354	6,194	57,160	0.25%
	\$28,738,925	\$11,458,507	\$17,280,418	
	\$878,378,925	\$212,589,593	\$665,789,332	

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APPENDIX

*Proposed
Operating Budget
FY/15*

ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS

Numerical Rounding

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

Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position.
- This base is increased or decreased for all wage adjustments for FY15 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.0%, PERA remains at 20.16% for blue and white collar and management/professional, this amount does include the additional 1.5% required by the PERA Legislation, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, and health insurance including retiree health insurance) – 22.86%.
- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

Operating Expenses

Division managers were required to provide detailed information supporting FY15 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY15 operating expenses were equal to FY14 appropriated amounts. One-time appropriations for FY14 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY15, utilities (gas, electricity, and water) are budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increased workload, or a special need not previously funded.

Capital Expenditures

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

Transfers

- Workers' Compensation and insurance, tort and risk expenses are treated as expenses in the Risk, Taxes and Overhead divisions for FY15. These amounts are identified based on the historical experience and exposure factors relative to the Water Utility Authority.
- Vehicle maintenance charges are estimated for FY15 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.
- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AA+ bond rating.
- Fuel costs have been appropriated for FY15 at approx. \$2.78 a gallon.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

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

AFH – Affordable Housing

AFSCME - American Federation of State, County and Municipal Employees

AMI – Automated Meter Infrastructure

AMR – Automated Meter Reader

APS – Albuquerque Public Schools

ASOMS – Albuquerque Sewer Operations Management Strategy

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

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

CAC – Customer Advisory Committee

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIS – Customer Information System

CIP - Capital Improvements or Implementation Program

CMDWWCA – Carnuel Mutual Domestic Water and Waste Water Consumer Association

CMMS – Computerized Maintenance Management System

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

CWA – Clean Water Act

D & C – Design and Construct

DAF – Dissolved Air Floatation

DOE - Dept of Energy

DOL - Dept of Labor

D/S - Debt Service

DWL – Drinking Water Loan

DWP – San Juan – Chama Drinking Water Project

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

FD - Fund

FTE - Full-time Equivalent Position

FY - Fiscal Year

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

GASB - General Accounting Standards Board

GDP-Gross Domestic Product

GFOA - Government Finance Officers Association

GI – Global Insight

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

GRT – Gross Receipts Tax

HMO – Health Maintenance Organization

HR – Human Resources

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

ITD – Information Technology Division

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

ACRONYMS

LIMS – Laboratory Information System

MSA - Metropolitan Statistical Area

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

MIS – Management Information System

MOU – Memorandum of Understanding

MSA – Metropolitan Statistical Area

MRGCOG – Middle Rio Grande Council of Governments

NBER – National Bureau of Economic Research

NM – New Mexico

NMDOT – New Mexico Department of Transportation

NMFA – New Mexico Finance Authority

NMED – New Mexico Environment Department

NMUI – New Mexico Utilities Group Inc.

NPDES – National Pollution Discharge Elimination System

NWSA – Northwest Service Area

O/M – Operations and Maintenance

OSHA – Occupational Safety and Health Administration

P&I – Principal and Interest

PERA - Public Employees Retirement Association

PNM – Public Service Company of New Mexico

PTF – Preliminary Treatment Facility

REC – Renewable Energy Credit

RFP - Request for Proposal(s)

RRAMP – Reclamation Rehabilitation and Asset Management Plan

SAD - Special Assessment District

SAF – Soil Amendment Facility

SCADA – Supervisory Control And Data Acquisition

SDWA – State Drinking Water Act

SJC – San Juan Chama

SJCWTP - San Juan – Chama Drinking Water Project

SNL – Sandia National Laboratory

SOP – Standard Operating Procedures

SRF – State Revolving Loan Fund

SWR - Sewer

SWRP - Southside Water Reclamation Plant

TRFR - Transfer

UEC – Utility Expansion Charge

UNM – University of New Mexico

UV – Ultra-Violet

WQL – Water Quality Laboratory

WRAC – Water Resources Advisory Committee

WTP – Water Treatment Plant

YR - Year

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

CAPITAL EXPENDITURES: Expenditures to acquire or construct capital assets

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

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

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

FINANCIAL PLAN: See Operating Budget

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

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

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

FUND BALANCE: Fund equity of governmental funds

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

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

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

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

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

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

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

RECURRING REVENUES: Revenues generated each and every year

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

SELECTED GLOSSARY OF TERMS

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

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

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from earnings of the Utility, and are thereby not backed by the full faith and credit of the issuer

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

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

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

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

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

NUMERIC LIST OF FUND NAMES BY CATEGORY

ENTERPRISE FUNDS:

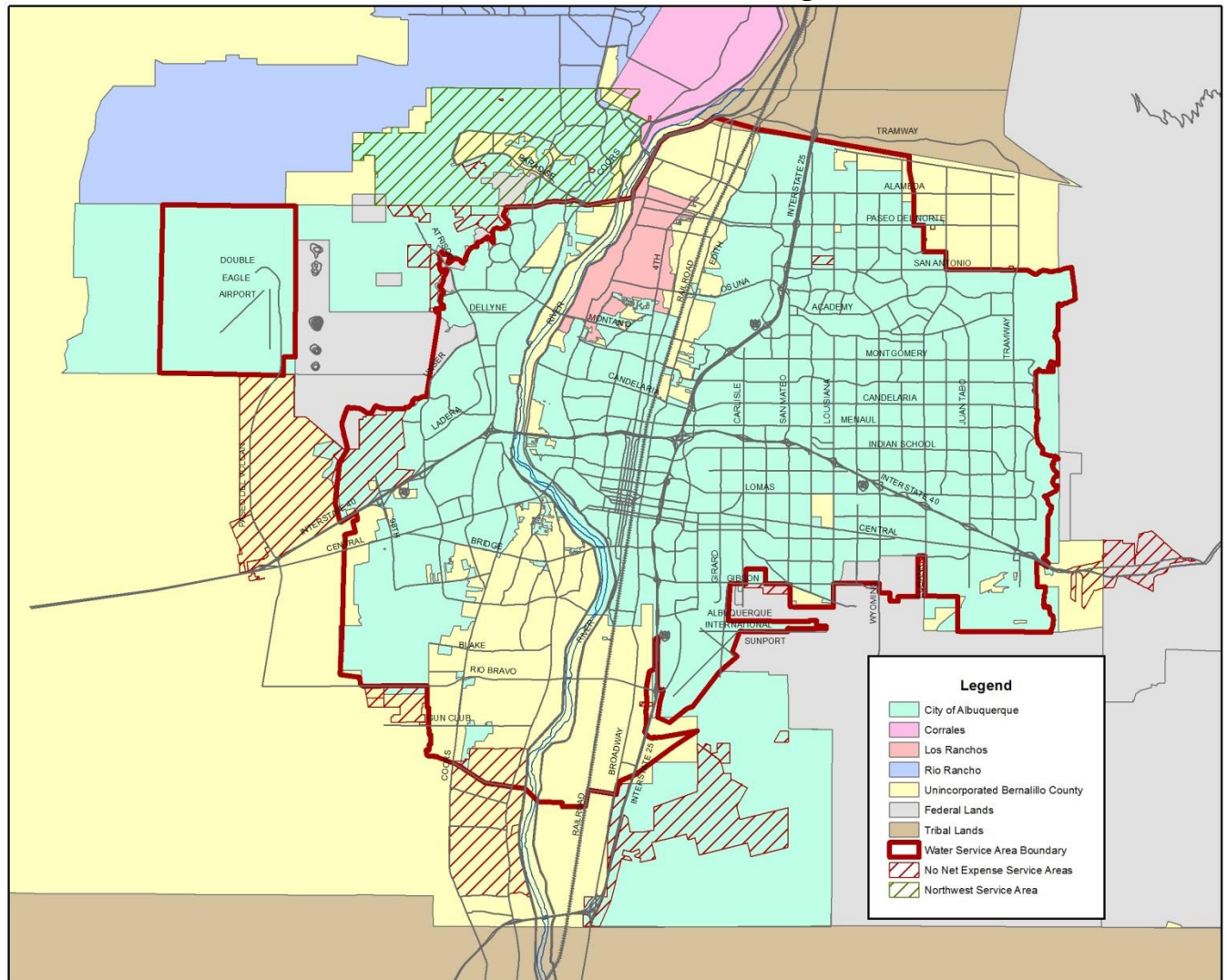
21 General
31 Debt Service

FUNDS REFERENCED:

28 Rehab
29 Growth

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Water Service Area Map



Major Assets:

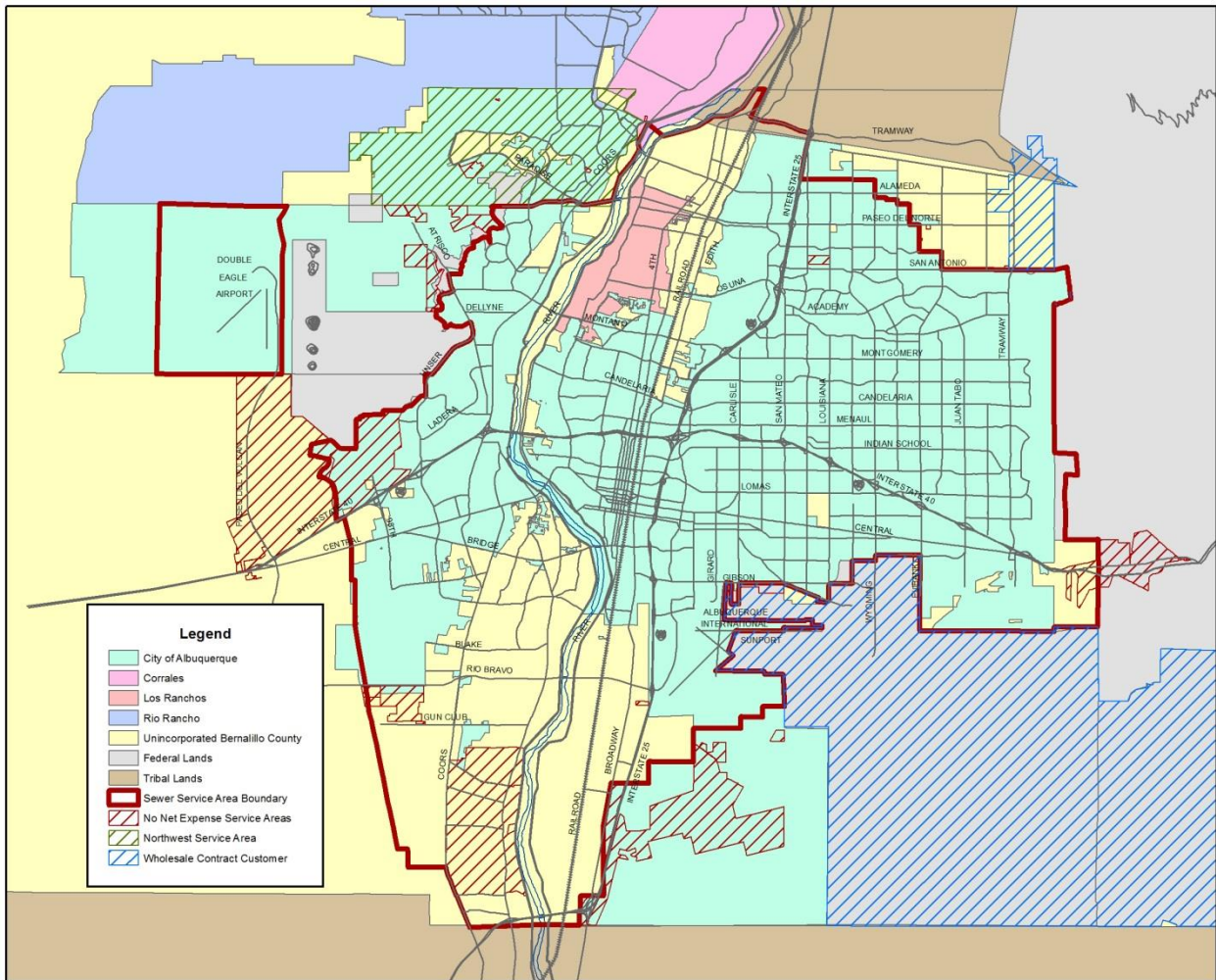
- San Juan-Chama Surface 92 MGD Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 101 ground water supply wells (294 MGD)
- 62 water supply reservoirs providing both mixed surface and ground water
- 3,130 miles of water supply pipeline
- 4 arsenic removal treatment facilities (15 MGD)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The Water System provides water services to approximately 640,000 residents comprising approximately 88% of the residents of Bernalillo County, New Mexico. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 200,000 accounts. Approximately 58% of the water sales are for residential uses. Up until December 2008, ground water from the middle Rio Grande basin aquifer was the Water Authority's primary source of supply used for the Water System. Now, the Water Authority is using about 50% ground water and 50% surface water from its newly completed Surface Water Drinking Water Treatment Plant which treats imported Colorado river water (San Juan-Chama water) from the Rio Grande River for potable water use. The new treatment plant has the capacity to produce 92 MGD and can be expanded to 120 MGD. The San Juan-Chama Drinking Water Project is part of the Authority's strategic plan to provide for a safe and sustainable water supply through conservation and the conjunctive use of surface water, reclaimed water, and shallow and deep groundwater. The ground water supply is produced from 101 wells located throughout the metropolitan area. Total well production capacity is approximately 294 MGD. Maximum historical peak day demand is 214 MGD. Ground storage reservoirs that hold both surface and ground water provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. There are 62 reservoirs located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 3,130 miles of pipelines and are situated at various locations east and west of the service area to provide multiple sources of supply to customers and for operating economies. The Water System takes advantage of the unique topography of the Water Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the System for control from a central control facility. The Water System Service Area is approximately 167 square miles.

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

Sanitary Sewer Service Area Map



Major Assets:

- Southside Water Reclamation Plant
- 45 Lift Stations
- 2,700 miles of collection pipeline

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

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

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LEGISLATION

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-14-8

RESOLUTION APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015.

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

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

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the following amounts are hereby appropriated to the following funds for operating The Albuquerque Bernalillo County Water Utility Authority during Fiscal Year 2014:

<u>JOINT WATER AND SEWER OPERATING FUND – 21</u>	196,813,000
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This appropriation is allocated to the following divisions:

Administration	2,142,000
Risk	3,679,000
Human Resources	1,304,000
Finance	3,342,000
Customer Services	7,834,000
Information Technology	5,748,000
Wastewater Plant	10,830,000

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

San Juan-Chama Water Treatment Plant	2,917,000
Groundwater Operations	5,670,000
Wastewater Collections	5,940,000
Water Field Operations	18,904,000
Compliance	5,338,000
Water Resources, Engineering & Planning	7,040,000
Power & Chemicals	18,482,000
Taxes	8,536,000
Authority Overhead	1,700,000
San Juan-Chama	2,247,000
Transfers to Other Funds:	
Joint Water and Sewer Rehab (28)	12,000,000
Joint Water and Sewer Bond Debt Service (31)	73,160,000
<u>JOINT WATER AND SEWER REVENUE BOND</u>	
<u>DEBT SERVICE FUND – 31</u>	80,161,000

This appropriation is allocated to the following programs:

Debt Service

75,161,000

Transfer to Other Funds:

Joint Water and Sewer Capital Fund (29) 5,000,000

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

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

RESOLUTION NO. R-14-9

RESOLUTION

APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015

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

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

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

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

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

WHEREAS, appropriations for the Capital Implementation Program of the Albuquerque Bernalillo County Water Utility Authority must be approved by the Board; and

WHEREAS, the appropriation of these Capital Implementation Program funds to projects with their respective purposes are timely and necessary for the Albuquerque Bernalillo County Water Utility Authority to serve its customers.

BE IT RESOLVED BY THE AUTHORITY:

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

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

<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
<u>Basic Program</u>		
<u>Water Utility / Joint Water & Sewer Rehab Fund 628</u>		
<u>Sanitary Sewer Pipeline Renewal</u>		
Interceptor Sewer Rehabilitation	Bond Proceeds	1,000,000
Interceptor Rehab Contingency	Bond Proceeds	1,400,000
Small Diameter Sewer Line		
Rehabilitation	Bond Proceeds	1,000,000
Small Diameter Sewer Line		
Rehab Contingency	Bond Proceeds	500,000
Sewer Line CCTV Inspections	Bond Proceeds	500,000
<u>Drinking Water Pipeline Renewal</u>		
Small Diameter Water Line		
Rehabilitation	Bond Proceeds	1,000,000
Small Diameter Water Line		
Rehab Contingency	Bond Proceeds	1,000,000
Large Diameter Water Line		
Rehab Contingency	Bond Proceeds	500,000
Water Meters, Meter Boxes and		
Service Lines Rehabilitation	Bond Proceeds	150,000
Large Water Valve Replacement	Bond Proceeds	250,000
Pressure Reducing Valve		
Replacement	Bond Proceeds	100,000
Asset Management Plan For		
Large Diameter Water Line	Bond Proceeds	150,000
<u>Southside Water Reclamation Plant Renewal</u>		
Preliminary Treatment Facility		
Replacement	Bond Proceeds	7,500,000
Dewatering Facility Replacement	Bond Proceeds	6,000,000
Existing Digester Rehabilitation		
Improvements	Bond Proceeds	1,500,000
Primary Clarifier Improvements	Bond Proceeds	1,500,000

Water Reclamation Plant Contingency	Transfer from	Fund	21
1,500,000			
	Bond Proceeds	1,500,000	
ABB Service Contract	Transfer from Fund 21	140,000	
Plant Wide Electrical, Instrumentation			
And Control Improvements	Bond Proceeds	1,000,000	
Plant Equalization Basins	Transfer from Fund 21	750,000	
Program Management Assistance	Transfer from Fund 21	100,000	
New Digester Capacity	Transfer from Fund 21	1,210,000	
Digester Cleaning Program	Transfer from Fund 21	300,000	
Chemical Storage and Feed			
Systems Upgrade	Transfer from Fund 21	500,000	
Pre-Screens for UV Disinfection			
Facility	Transfer from Fund 21	500,000	
<u>Soil Amendment Facility (SAF) Renewal</u>			
Upgrade of Soil Amendment Facility	Bond Proceeds	50,000	
<u>Lift Station and Vacuum Station Renewal</u>			
Lift Station Rehabilitation	Bond Proceeds	1,500,000	
Vacuum Station Rehabilitation	Bond Proceeds	770,000	
Lift Station Programmable Logic			
Controller Replacement	Bond Proceeds	155,000	
<u>Odor Control Facilities Renewal</u>			
Interceptor Odor Control	Bond Proceeds	10,000	
<u>Drinking Water Plant Groundwater System Renewal</u>			
Sodium Hypochlorite Generator System			
Rehabilitation / Replacement	Bond Proceeds	205,000	
Booster Pump Station Rehabilitation	Bond Proceeds	590,000	
Well Rehabilitation and Maintenance	Bond Proceeds	120,000	
Reservoir Cleaning and Inspection	Bond Proceeds	50,000	
Corrales Well No. 5 Improvements	Bond Proceeds	700,000	
Corrales Trunk Gas Engine Overhauls	Bond	Proceeds	
350,000			
Booster Pump Surge Tank Renewal	Bond Proceeds	50,000	

Valve Exercising Equipment and			
Valve Replacement	Bond Proceeds	100,000	
<u>Drinking Water Plant Treatment Systems Renewal</u>			
Water Treatment Plant Contingency	Bond Proceeds	150,000	
Chemical Solids Systems			
Improvements	Bond Proceeds	740,000	
Grit Removal Basin Improvements	Bond Proceeds	240,000	
Dissolved Ozone Monitoring			
Improvements	Bond Proceeds	150,000	
Water Systems SCADA Rehabilitation	Bond Proceeds	20,000	
College Arsenic Removal			
Demonstration Facility Rehabilitation	Transfer from Fund 21	50,000	
Corrales Trunk Arsenic System			
Improvements	Bond Proceeds	100,000	
Corrales Well No. 2 Arsenic			
Treatment Project	Bond Proceeds	600,000	
Corrales Well No. 4 Arsenic			
Treatment Project	Bond Proceeds	540,000	
Corrales Trunk Arsenic Media			
Replacement	Transfer from Fund 21	350,000	
Raw Water Pumping Station			
Rehabilitation	Bond Proceeds	80,000	
Add Caustic Soda Storage and Feed			
System at the SJCWTP	Transfer from Fund 21	250,000	
<u>Reuse Line and Plant Rehabilitation</u>			
Reuse Line Rehabilitation	Bond Proceeds	10,000	
Reuse Plant Rehabilitation	Bond Proceeds	20,000	
<u>Compliance</u>			
Water Quality Laboratory	Transfer from Fund 21	295,000	
NPDES Program	Transfer from Fund 21	155,000	
Water Quality Program	Bond Proceeds	150,000	
<u>Shared Renewal</u>			

Ferrous / Ferric Transfer Station 70

Rehabilitation	Transfer from Fund 21	500,000
CIP Funded Position Transfer	Transfer from Fund 21	400,000

Franchise Agreement Compliance

Franchise Fee Water and Sewer	Transfer from Fund 21	1,000,000
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City of Albuquerque DMD Street

Rehabilitation Manhole and Valve

Box Adjustments	Transfer from Fund 21	1,000,000
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Water Utility / Joint Water & Sewer Fund 629

Warehouse Meters	Transfer from Fund 31	500,000
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Increased Transmission Capacity

To Corrales Trunk	Transfer from Fund 31	1,000,000
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Development Agreements	Transfer from Fund 31	1,250,000
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MIS / GIS	Transfer from Fund 31	2,000,000
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Low Income W/S Connections	Transfer from Fund 31	250,000
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Special Projects

Water Utility / Joint Water & Sewer Rehab Fund 628

Automatic Meter Infrastructure	Transfer from Fund 21	2,000,000
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Steel Water Line Replacement	Transfer from Fund 21	1,000,000
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