
Meeting Date: November 19, 2025
Staff Contact: Marta Ortiz, Chief Financial Officer

TITLE: C-25-29 – FY2026 1st Quarter Financial Report

ACTION: Receipt Be Noted

SUMMARY:

The financial report for the quarter ending September 30, 2025, has been submitted to the Board for review and informational purposes. This document provides a comprehensive year-end financial overview, comparing actual expenditures against the approved FY2026 budget. The analysis incorporates verified financial data, current economic trends, and historical performance benchmarks to offer a well-informed projection of the Water Authority's fiscal standing.

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

Key Highlights:

- **Budget vs. Actuals Comparison:**
A detailed breakdown of expenditures through September 30, 2025, is presented alongside the original FY2026 budget allocations. This comparison identifies variances, underspending, and areas of over-expenditure, providing valuable insight into operational efficiency and financial discipline.
- **Forecasting and Trends:**
Projections for year-end performance are based on actual financial activity, emerging trends, and historical data. These forecasts help inform strategic planning and resource allocation for the upcoming fiscal year.
- **Investment Portfolio Review:**
The report includes an updated analysis of Water Authority Investments, highlighting portfolio performance, risk exposure, and alignment with long-term financial objectives.
- **Performance Plan Scorecard:**
Key metrics from the FY2026 Budget Performance Plan Scorecard are summarized, showcasing progress toward strategic goals, including sustainability initiatives, infrastructure improvements, and customer service benchmarks.
- **FY2026 One-Year Objectives Results:**
The report evaluates the completion status of the Water Authority's one-year objectives for FY2026. It highlights achievements in priority areas such as capital project delivery, operational efficiency, and workforce development, while

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

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

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



2025

Quarterly Financial Report



As of September 30, 2025

Business / Financial Services Division

Albuquerque Bernalillo
County Water Utility Authority

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

Introduction

This report provides an overview of the Water Authority's financial condition through the third month of the fiscal year. The year-to-date (YTD) spans between *July 1, 2025, through September 30, 2025*. This report includes budget to actual comparisons in the General Fund (by revenue/expense category and department/division), the Debt Service Fund, the SJCPA Fund, the Capital Funds, and overall financial performance.

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

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

General Fund Revenue Highlights

The Water Utility Authority closed Q1 FY2026 with total revenues of \$64.2 million, representing 24.7% of the adopted budget of \$259.8 million. This performance reflects a solid start to the fiscal year, bolstering by \$16.1 million in year-end accruals posted in July, which are attributed to FY20025. Excluding these accruals, operational revenues for August and September totaled \$48.1 million, or 18.3% of the annual budget.

Key Takeaways:

- **Accrual Adjustment:** July's revenue reflects the reversal of the prior-year accruals, which should be excluded from FY2026 performance analysis.
- **Water & Wastewater Services:** Combined, these core services generated \$39.8 million in Q1, with strong contributions in August and September.
- **Facilities Rehab:** Water and Wastewater rehab revenues totaled \$23.3 million, reflecting active capital investment.
- **Interest & Miscellaneous Income:** Together, these categories contributed \$2.6 million, with interest earnings leading at 41.8% of its annual target.
- **Connection Fees:** Still underperforming at 15.2%, indicating a need to revisit development forecasts for FY27.
- **Admin Fees:** COA SW and DMD fees are tracking below expectations, with combined YTD revenue of \$505,088.

Next Steps:

- **Monitor Core Service Trends:** Water and Wastewater services show healthy demand; track seasonal patterns and rate impacts.
- **Evaluate Fee Structures:** Reassess connection fee models and development assumptions.
- **Strengthen Investment Strategy:** Maintain momentum in interest income through strategic portfolio management.

- Prepare Midyear Review: Begin aligning FY2026 budget and capital plans based on Q1 performance.

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

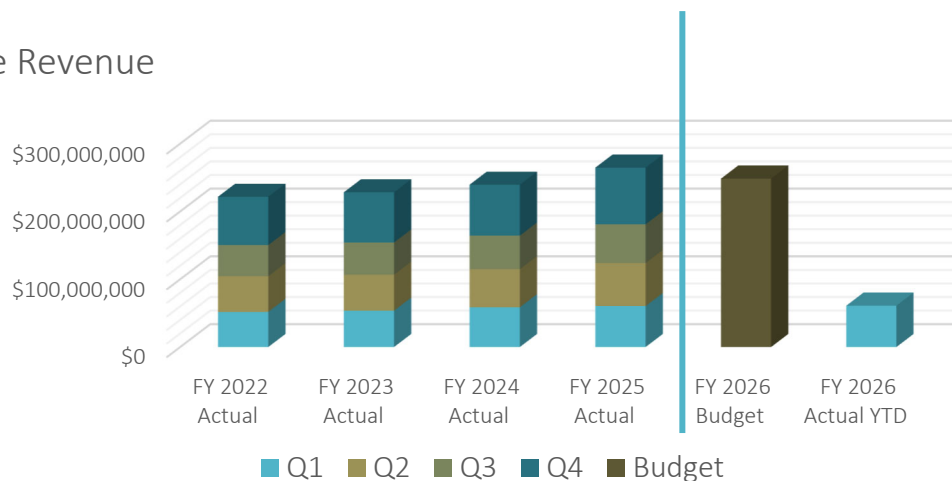
Revenue Type	Adopted Budget	Q1	Q2	Q3	Q4	Total YTD	% YTD
Water Service	\$ 114,727,000	22,251,698.11				22,251,698.11	19.4%
Water Facilities Rehab	36,040,000	12,254,474.78				12,254,474.78	34.0%
Wastewater Service	61,174,000	13,990,856.85				13,990,856.85	22.9%
Wastewater Facilities Rehab	31,998,000	11,018,087.41				11,018,087.41	34.4%
Water Resources Management	4,500,000	1,498,571.30				1,498,571.30	33.3%
Connections	375,000	56,902.00				56,902.00	15.2%
COA SW Admin Fee	1,991,000	331,833.32				331,833.32	16.7%
COA DMD Admin Fee	1,042,000	173,254.50				173,254.50	16.6%
Interest Earnings	5,000,000	2,091,978.36				2,091,978.36	41.8%
Miscellaneous	3,000,000	491,921.41				491,921.41	16.4%
Grand Total:	\$ 259,847,000	\$ 64,159,578.04	\$ -	\$ -	\$ -	\$ 64,159,578.04	24.7%

Rate Revenue

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

The chart below illustrates revenue performance across the past four fiscal years, highlighting consistent year-over-year growth. In FY2025, total revenues reached \$264.8 million, marking an increase of \$25.4 million compared to FY2024. This notable uplift is primarily attributed to the rate adjustment, along with contributions from other revenue sources. The FY2026 Q1 revenues are \$621K higher than FY2025 Q1.

Rate Revenue



Water Authority charges include:

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

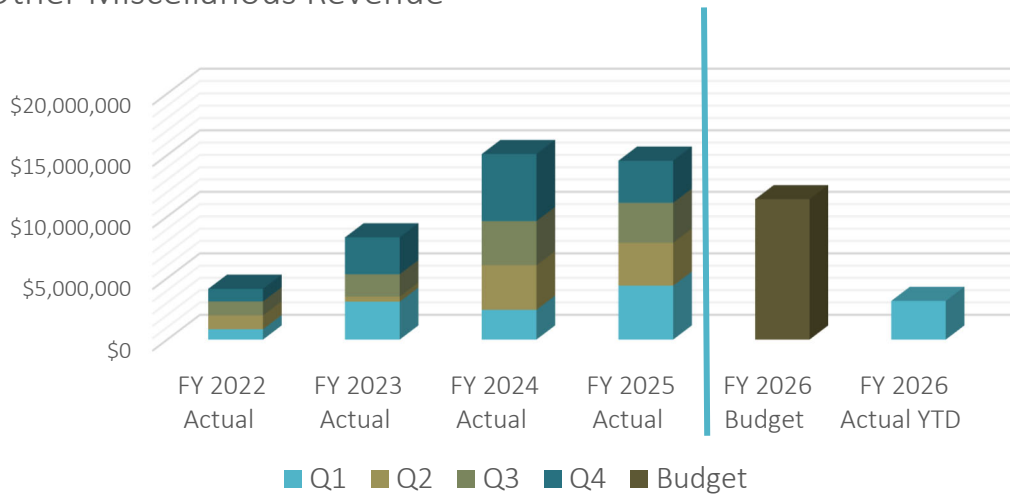
Miscellaneous Revenue

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

The chart below illustrates the following key insights:

- FY2024 performance for miscellaneous revenue reached \$15.08 million, marking a significant increase from prior years (FY2023: \$8.31M; FY2022: \$4.13M).
- Budgeted at \$11.41 million, FY2025 actuals came in slightly lower at \$11.54 million, with YTD performance trailing by approximately \$670K compared to budget.
- Q1 FY2026 actuals are \$3.18 million, which is \$1.2 million lower than Q1 FY2025. This shortfall is attributed to increased Capital Improvement Program (CIP) spending, resulting in fewer funds available for investment and reduced interest income.

Other Miscellaneous Revenue



Water Consumption Usage

As of September, there are **218,889** active utility accounts currently being billed for water services. Of these, **214,270** accounts are equipped with meters classified by service sizes ranging from size 1 to size 8, allowing for precise tracking of customer usage across all service levels.

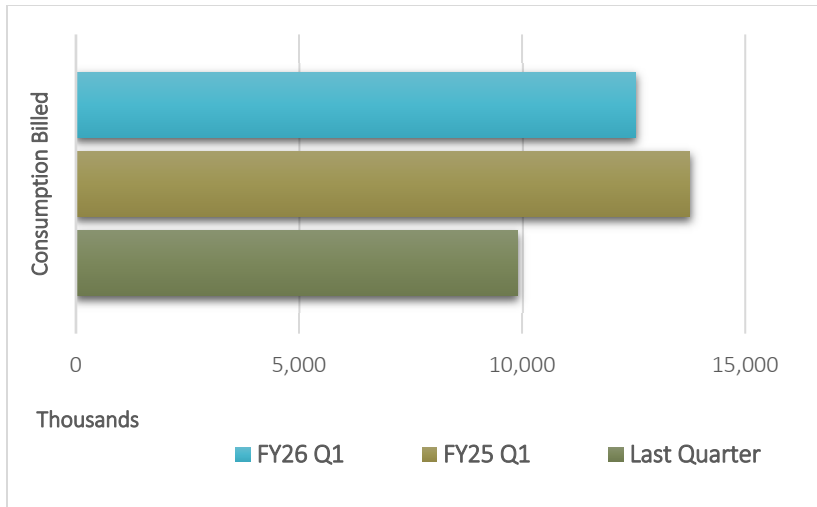
Water consumption is billed in arrears, meaning customers are charged the following month for the water used during the previous month. This approach ensures accurate metering and billing based on actual usage.

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

The total water consumed across all customer classes—residential, commercial, industrial, and others—has reached **12.5 billion** gallons during the reporting period, reflecting notable shifts in usage patterns. This figure reflects the total metered usage and represents a comprehensive overview of service area-wide water demand.

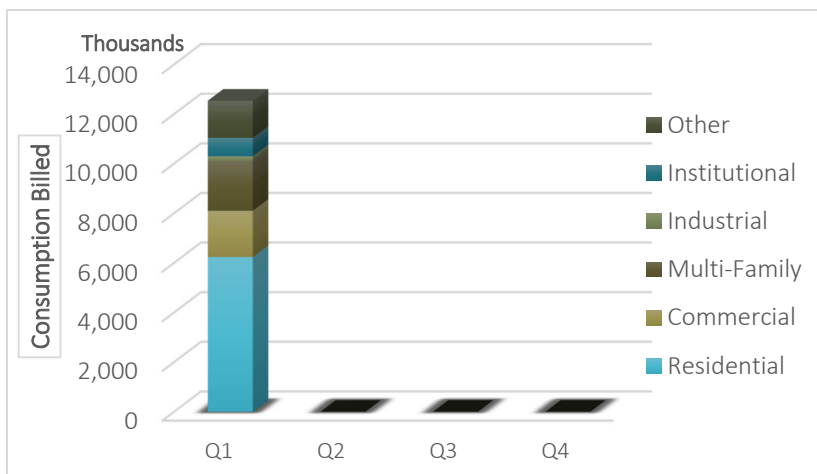
The chart and graphs below illustrate the consumption units (usage) across all customer classes.

FY 2026					
Customer Class	Q1	Q2	Q3	Q4	Total
Residential	6,237,649	0	0	0	6,237,649
Commercial	1,863,534	0	0	0	1,863,534
Industrial	193,093	0	0	0	193,093
Institutional	742,316	0	0	0	742,316
Multi-Family	2,007,148	0	0	0	2,007,148
Other	1,495,527	0	0	0	1,495,527
Total	12,539,267	0	0	0	12,539,267



Consumption comparisons to the same quarter in the previous fiscal year, this represents a 9.3% decrease, indicating a slight reduction in overall demand. However, when compared to the previous quarter (FY25 Q4), consumption saw a significant 126.6% increase, suggesting heightened water usage potentially influenced by seasonal factors or increased outdoor water activity during warmer months. Such fluctuations highlight the need for proactive approaches in developing efficient conservation measures and optimizing resource allocation.

The chart below shows the consumption billed comparisons.



General Fund Expense Highlights

Total expenditures from the General Fund for the first quarter reached 39.2%, exceeding the anticipated benchmark of 25% for this point in Fiscal Year 2026. This variance reflects strategic fiscal oversight and includes year-end accruals that impact quarterly reporting.

Recognizing the importance of fiscal stability, the Water Authority has adopted a proactive approach to expense management. As part of its ongoing efforts, the Water Authority is transitioning from a blanket freeze on non-essential positions to a more deliberate evaluation of each vacancy. This shift ensures that staffing decisions support operational efficiency while maintaining cost control.

Out-of-state travel remains restricted to prioritize essential expenditures and redirect resources toward core services. This measure reinforces the Water Authority's commitment to financial resilience by focusing funds on activities that directly enhance service delivery and operational effectiveness.

Ongoing expense monitoring continues to play a critical role in sustaining financial discipline. Through diligent tracking and regular review, the Water Authority safeguards uninterrupted delivery of essential services and infrastructure repairs—preserving both service quality and system integrity for the community.

The table below outlines year-to-date expense activity.

Expense Type	Adopted Budget	Q1	Q2	Q3	Q4	Total YTD	% YTD	Projection	Budget vs Projection
Wages & Benefits	\$ 74,573,636	15,528,962.50				15,528,962.50	20.8%	\$ 73,404,145	\$ 1,169,491
Wages Overtime	2,265,000	596,352.79				596,352.79	26.3%	2,338,628	(73,628)
Power	16,296,000	3,737,979.04				3,737,979.04	22.9%	16,420,913	(124,913)
Chemicals	15,660,000	1,023,994.01				1,023,994.01	6.5%	12,876,516	2,783,484
Other Operating Expenses	46,103,728	14,093,542.68				14,093,542.68	30.6%	49,136,604	(3,032,876)
Transfers to Other Funds	109,932,000	68,803,499.99				68,803,499.99	62.6%	109,932,000	-
Grand Total:	\$ 264,830,364	103,784,331.01	-	-	-	103,784,331.01	39.2%	\$ 264,108,806	\$ 721,558

Personnel Expense

As of the end of Q1, Wages and Benefits expenditures totaled approximately 20.8% of the fiscal year budget. This modest underspending has provided some financial flexibility, largely attributable to vacancies across the Water Authority.

However, overtime costs have reached 26.3% of the annual budget, exceeding expectations for this point in the year. This overage likely reflects increased operational demands, particularly a rise in after-hours emergency response activity.

The Q1 vacancy rate closed at 7.0%, aligning precisely with the target rate. This stability is primarily due to successful recruitment efforts, retention strategies, or seasonal staffing patterns.

As of September 2025, total personnel expenses amounted to \$16,125,315, with the following breakdown:

- Wages: \$10,651,422
- Other Fringe Benefits: \$4,877,540
- Overtime: \$596,353

Other Operating Expense (O&M)

Overall operations and maintenance (O&M) costs have exceeded initial estimates for Q1 at 30.6% of the approved budget. This increase is primarily driven by rising contract services expenses, higher-than-anticipated costs for maintenance and repair supplies, and the upfront payment of insurance premiums and IT subscriptions during the first quarter. As demand for upkeep and service agreements grows, the Water Authority has had to allocate additional resources to ensure operational continuity and efficiency.

A notable impact on rising expenditures comes from repairs and maintenance costs. Several factors contribute to this increase, including escalating repair costs and subscription expenses associated with critical information technology infrastructure. These IT-related expenses—many of which are paid annually in Q1—reflect the Water Authority’s commitment to maintaining cybersecurity, system reliability, and software functionality, all of which are key components for seamless operations

Power and Chemicals Expense

Power and chemical inputs are critical to the effective operation and ongoing maintenance of essential water infrastructure, including the San Juan-Chama Water Treatment Plant (SJCWTP), groundwater pumping systems, and the Southside Water Reclamation Plant (SWRP). These resources are foundational to water treatment, distribution, and reclamation—rendering them indispensable to the overall functionality of these facilities.

Despite upward trends in power and chemical costs, expenditures have averaged just 14.7% through Q1—demonstrating effective cost containment and resource efficiency. This reflects strong operational management and strategic procurement practices.

However, energy consumption costs rose by 11% in July 2025, followed by an additional 10% increase in April 2026. These successive hikes underscore the importance of proactive financial planning and adaptive budgeting to safeguard operational resilience and ensure uninterrupted service delivery.

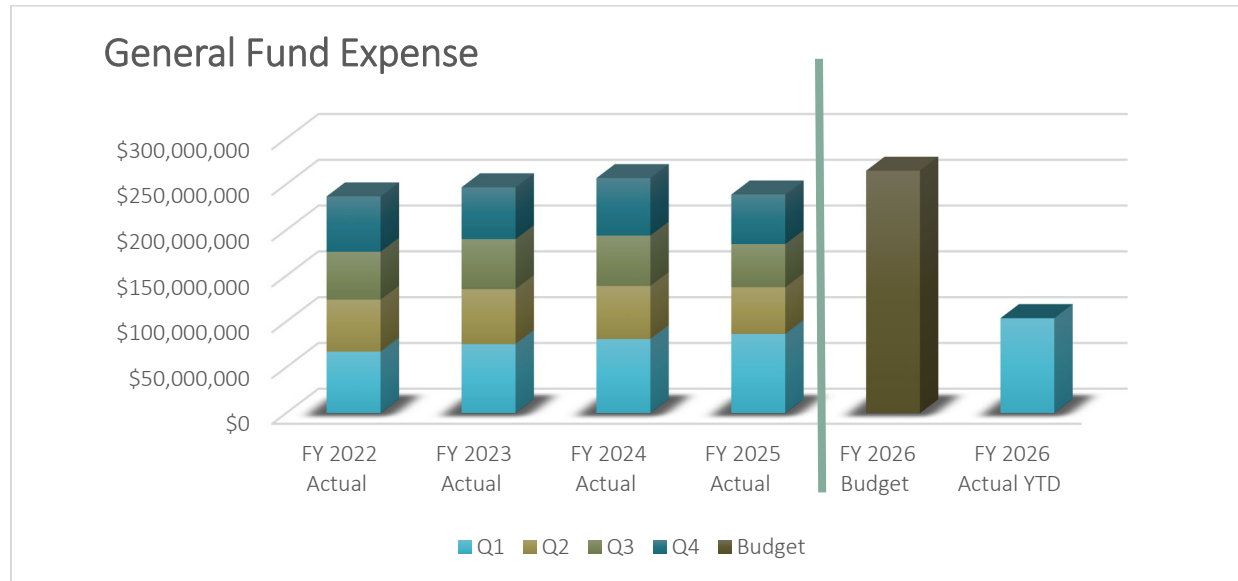
Transfers to Other Funds

The Water Authority structures its financial planning to accommodate significant debt obligations, with a substantial portion of payments – both annual principal and semi-interest – falling due in July. This results in a concentration of expenditures early in the fiscal year, with approximately \$68.8 million allocated within the first quarter to meet these commitments. Given this front-loaded financial structure, strategic fund transfers play a crucial role in maintaining fiscal stability and ensuring ongoing investments in essential structure.

Under current financial policy, transfers are allocated to support both operational and long-term capital investment initiatives. One key allocation is directed toward the Capital Improvement Program (CIP) basic rehab program, which receives funding of \$30 million. These funds are instrumental in sustaining infrastructure development, upgrading water treatment facilities, and ensuring the reliability of the water supply system. Additionally, financial transfers are made to the Water 2120 projects, with an allocation of \$1.4 million. These

projects focus on forward-looking improvements designed to enhance sustainability, increase capacity, and support future demand.

The graph below illustrates that Q1 expenses have consistently increased year-over-year, with a sharp rise in FY2026 YTD (=19.9% vs FY2025) FY2026 YTD only includes Q1, which already accounts for 39.2% of the total FY2026 budget. This is primarily due to the payment of debt obligations paid in Q1.



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

Budget to Actual Variances

General Fund Divisions/Departments

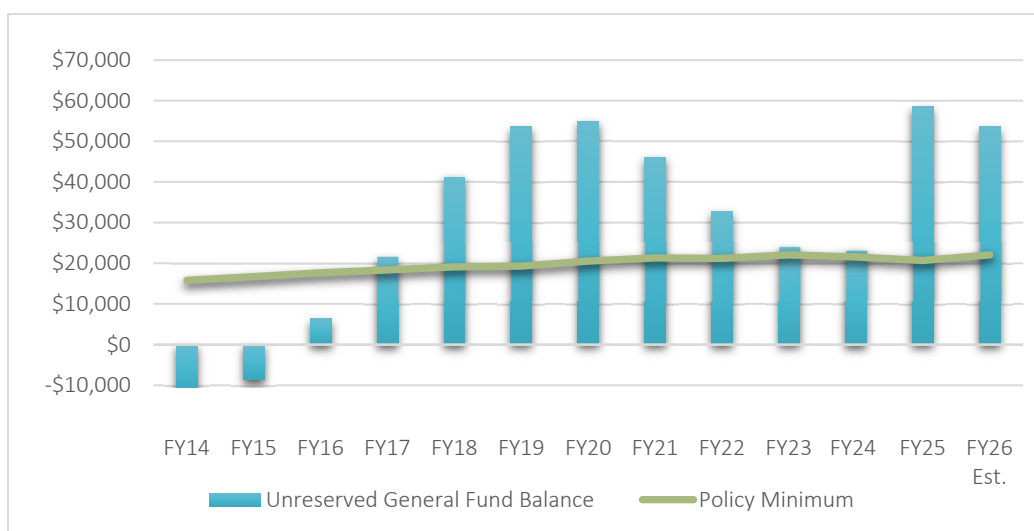
	Personnel			Overtime			O&M Expenses & Transfers		
	YTD	FY 2026	%	YTD	FY 2026	%	YTD	FY 2026	%
	Actual	Adopted Budget	Budget	Actual	Adopted Budget	Budget	Actual	Adopted Budget	Budget
Administration	\$ 251,338	\$ 1,225,996	20.5%	\$ 164	\$ 500	32.9%	\$ 202,684	\$ 779,675	26.0%
Risk	144,532	730,934	19.8%	1,054	2,500	42.2%	3,254,234	6,248,213	52.1%
Legal	54,934	240,574	22.8%	-	-	0.0%	14,347	754,292	1.9%
Human Resources	421,117	1,826,235	23.1%	15	500	2.9%	22,904	194,479	11.8%
Information Technology	1,333,858	6,355,313	21.0%	6,648	25,000	26.6%	4,393,473	6,954,884	63.2%
Finance	705,506	3,209,454	22.0%	7,270	36,000	20.2%	668,680	1,836,582	36.4%
Customer Service	748,830	4,064,757	18.4%	21,891	81,500	26.9%	300,127	1,789,915	16.8%
Asset Management	141,509	664,136	21.3%	-	-	0.0%	1,718	35,892	4.8%
Wastewater Plant	1,952,973	9,624,297	20.3%	126,263	580,000	21.8%	373,663	2,480,454	15.1%
SJC Water Treatment Plant	871,639	4,051,370	21.5%	41,416	200,000	20.7%	114,669	919,600	12.5%
Groundwater System	1,347,389	6,339,515	21.3%	79,928	240,000	33.3%	162,001	1,186,739	13.7%
Wastewater Collection	1,411,230	6,616,187	21.3%	44,225	150,000	29.5%	162,373	1,389,912	11.7%
Water Field Operations	3,253,485	14,766,935	22.0%	241,733	830,000	29.1%	1,219,984	7,400,774	16.5%
Compliance	1,243,594	5,838,671	21.3%	8,606	38,500	22.4%	402,381	1,175,667	34.2%
Fleet & Facility Maintenance	333,311	1,843,190	18.1%	16,492	78,000	21.1%	742,127	4,767,437	15.6%
Central Engineering	788,050	4,083,797	19.3%	279	500	0.0%	10,361	49,650	20.9%
Planning & Utility Development	174,347	975,713	17.9%	-	-	0.0%	27,353	86,645	31.6%
Water Resources	300,857	1,646,562	18.3%	366	2,000	18.3%	758,722	3,588,106	21.1%
Power & Chemicals	-	-	0.0%	-	-	0.0%	4,761,973	31,956,000	14.9%
Taxes	-	-	0.0%	-	-	0.0%	286,290	740,000	38.7%
Overhead	50,464	470,000	10.7%	4	-	0.0%	189,870	1,115,812	17.0%
San Juan Chama	-	-	0.0%	-	-	0.0%	785,583	2,609,000	30.1%
Transfers to Other Funds	-	-	0.0%	-	-	0.0%	68,803,500	109,932,000	62.6%
Total	\$ 15,528,963	\$ 74,573,636	20.8%	\$ 596,353	\$ 2,265,000	26.3%	\$ 87,659,016	\$ 187,991,728	46.6%

Working Capital Balance (Fund Balance)

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

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

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



Reserve Amounts

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

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

A few these include:

- **Cushion for Uncertainty:** Reserves act as a financial buffer during unexpected revenue declines or emergencies, reducing the risk of budget shortfalls.
- **Rate Management:** Funds like the Rate Reserve help prevent the need for abrupt rate hikes during tough times.

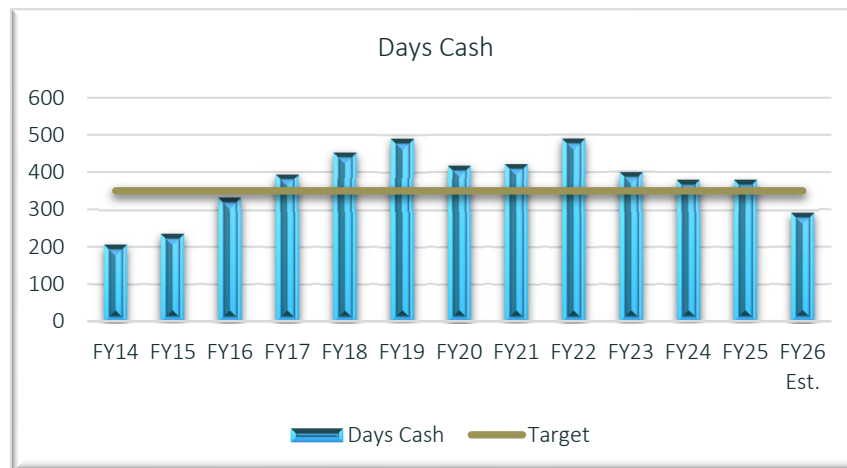
- **Rapid Response Capability:** Emergency expenses (e.g., infrastructure failure) can be addressed quickly without waiting for external approval or loans.
- **Risk Preparedness:** With a designated Risk Management Reserve, the Water Authority can better handle insurance gaps, legal challenges, or potential liabilities.
- **Stakeholder Confidence:** Demonstrating fiscal responsibility helps maintain trust with ratepayers, government entities, and regulatory bodies.

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

Days Cash on Hand

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

The chart below illustrates the Water Authority's days cash on hand by fiscal year. For FY 2026 Q1, the estimated figure stands at 289 days. This marks a decline from the end of FY 2025 Q4, primarily due to substantial debt service payments scheduled during the first quarter.



Other Funds Highlights

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

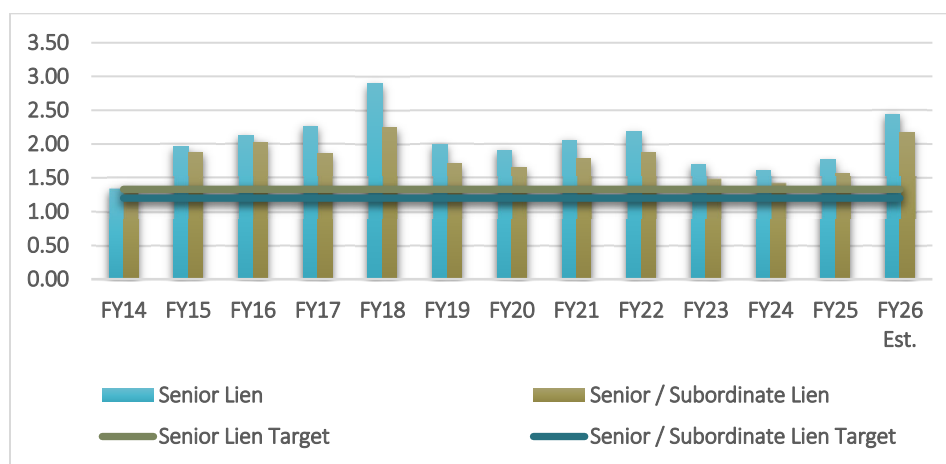
	Revenue				Expense		
	FY 2026				FY 2026		
	Adopted				Adopted		
	YTD Actual	Budget	% Budget		YTD Actual	Budget	% Budget
Debt Service Fund	\$ 63,144,666	\$ 87,474,590	72.2%		\$ 66,887,041	\$ 93,474,590	71.6%
SJCPCA Fund	42,976	39,042	110.1%		11,495	39,042	29.4%
Capital Rehab Fund	7,500,000	120,000,000	6.3%		8,686,838	186,850,104	4.6%
Capital Growth Fund	14,117,652	81,221,323	17.4%		8,788,613	87,239,576	10.1%
Capital Water 2120 Fund	710,374	2,487,000	28.56%		25,308	25,094,217	0.10%
Total	\$85,515,667	\$ 291,221,955	29.4%		\$84,399,295	\$ 392,697,529	21.5%

Debt Service Fund

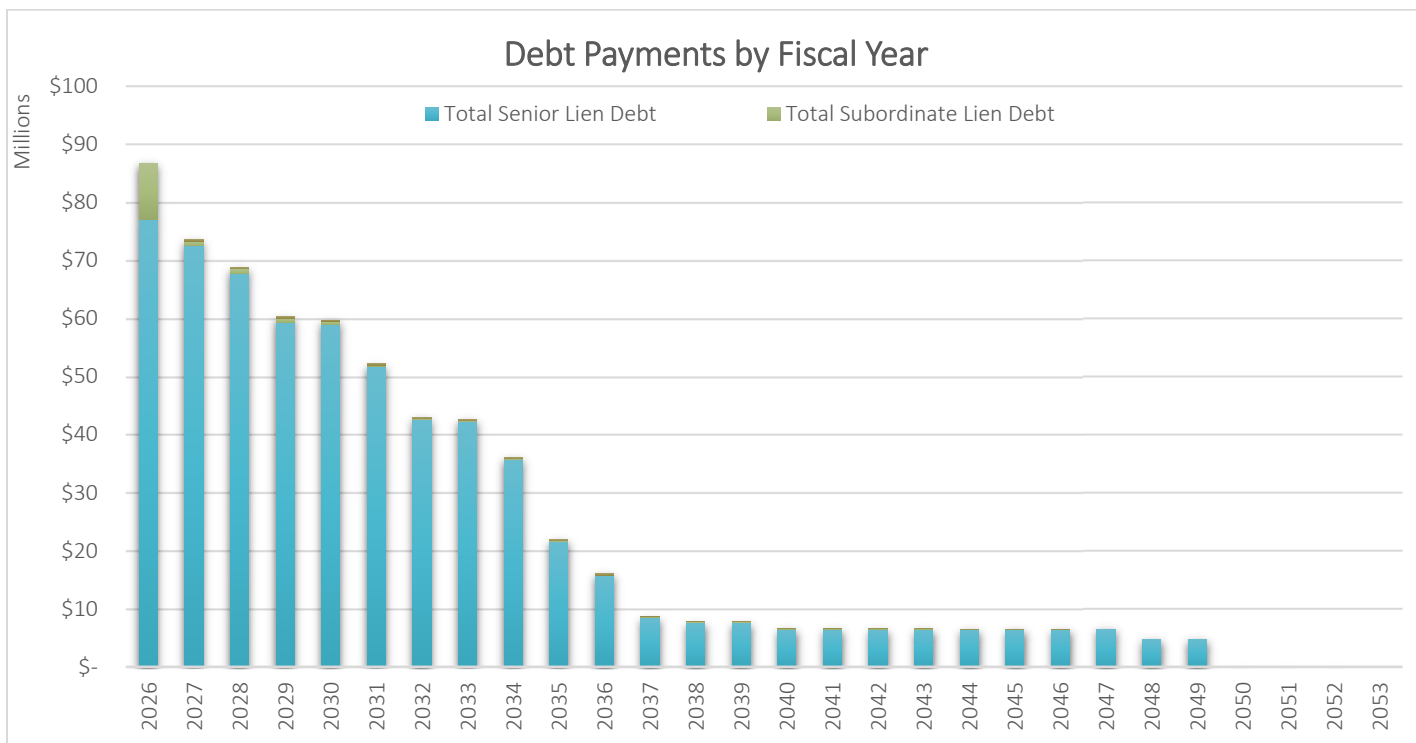
The debt service fund is used to account for the revenues, other financing sources, financing uses, and the related expenses for long-term debt. This includes accounting for bond and loan principal, interest, and other debt expenses. The majority of principal and interest payments for Water Authority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

	FY 2026						FY 2026	
	Adopted Budget	Q1	Q2	Q3	Q4	Total YTD	% YTD	
Principal	\$ 67,939,000	\$ 65,008,470				\$ 65,008,470	95.7%	
Interest	20,971,000	878,572				878,572	4.2%	
Other Debt Related Expense	564,590	-				-	0.0%	
Transfers to Other Funds	4,000,000	1,000,000				1,000,000	25.0%	
Grand Total	\$ 93,474,590	\$ 66,887,041	\$ -	\$ -	\$ -	\$ 66,887,041	71.6%	

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



The Water Authority's current annual principal and interest debt obligations for FY 2026 total \$88.9 million. With the FY26 payments being applied, the chart below illustrates the remaining required annual debt payments through FY 2053.



Albuquerque Bernalillo County
Water Utility Authority,
Fiscal Agent

PO Box 568
ABQ, NM 87103

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

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

San Juan-Chama Project Contractors Association Fund

The Water Authority is the fiscal agent on behalf of the San Juan-Chama Project Contractors Association (SJCPCA) that was established in FY 2022 with supervision of the SJCPCA board. Members of the SJCPCA are assessed annually on an equitable basis not to exceed fifty (50) cents for each acre-foot of each agency's annual project water amount. There is a total of 19 members, of which, 11 are currently assessed annual dues. SJCPCA may also establish special assessments on an as needed basis by supermajority (75%) of the members.

Revenues collected for FY 2026 total \$42,976 and expenses YTD are \$11,495 or 29.4% of the total budget.

Capital Funds

The FY2026 amended Capital Improvement Program (CIP) total \$299.2 million, excluding debt, for all CIP funds. CIP costs are defined as those costing over \$5,000 with an expected useful life of at least two years. The CIP is also categorized by various facilities, infrastructure, improvements, and equipment. Multiple funding sources

9/30/2025

are utilized to provide the budget for CIPs, including from the General Fund, Debt Service Fund, miscellaneous CIP funds, loans, and grants. The table and chart illustrate the budget to actual variances for each CIP category:

	FY 2026 Adopted Budget		Q1	Q2	Q3	Q4	FY 2026 Total YTD	% YTD
Sanitary Sewer Pipeline Renewal	\$	35,369,104	\$	3,753,519			\$ 3,753,519	10.6%
Drinking Water Pipeline Renewal		18,226,468		604,017			604,017	3.3%
Southside Water Reclamation Plant Renewal		26,291,613		1,058,672			1,058,672	4.0%
Soil Amendment Facility Renewal		945,896		125,123			125,123	13.2%
Lift Station & Vacuum Station Renewal		11,776,199		167,511			167,511	1.4%
Odor Control Facilities Renewal		505,408		3,030			3,030	0.6%
Groundwater Production & Dist. Renewal		29,073,250		582,437			582,437	2.0%
SJCWTP Renewal		9,827,608		364,857			364,857	3.7%
Reuse Pipeline & Plant Renewal		1,655,593		1,957			1,957	0.1%
Compliance		1,103,019		-			-	0.0%
Shared Renewal		19,630,101		1,445,800			1,445,800	7.4%
Franchise Fee Compliance		5,045,532		61,042			61,042	1.2%
Vehicles & Heavy Equipment		4,174,783		505,543			505,543	12.1%
Mssion Renewal		50,000		-			-	0.0%
Special Projects		100,396,853		7,943,133			7,943,133	7.9%
Growth Projects		10,018,253		858,809			858,809	8.6%
Water 2120 Projects		25,094,217		25,308			25,308	0.1%
Grand Total	\$	299,183,897	\$	17,500,759	\$-	\$-	\$ 17,500,759	5.8%

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

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

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

Capital Status Report

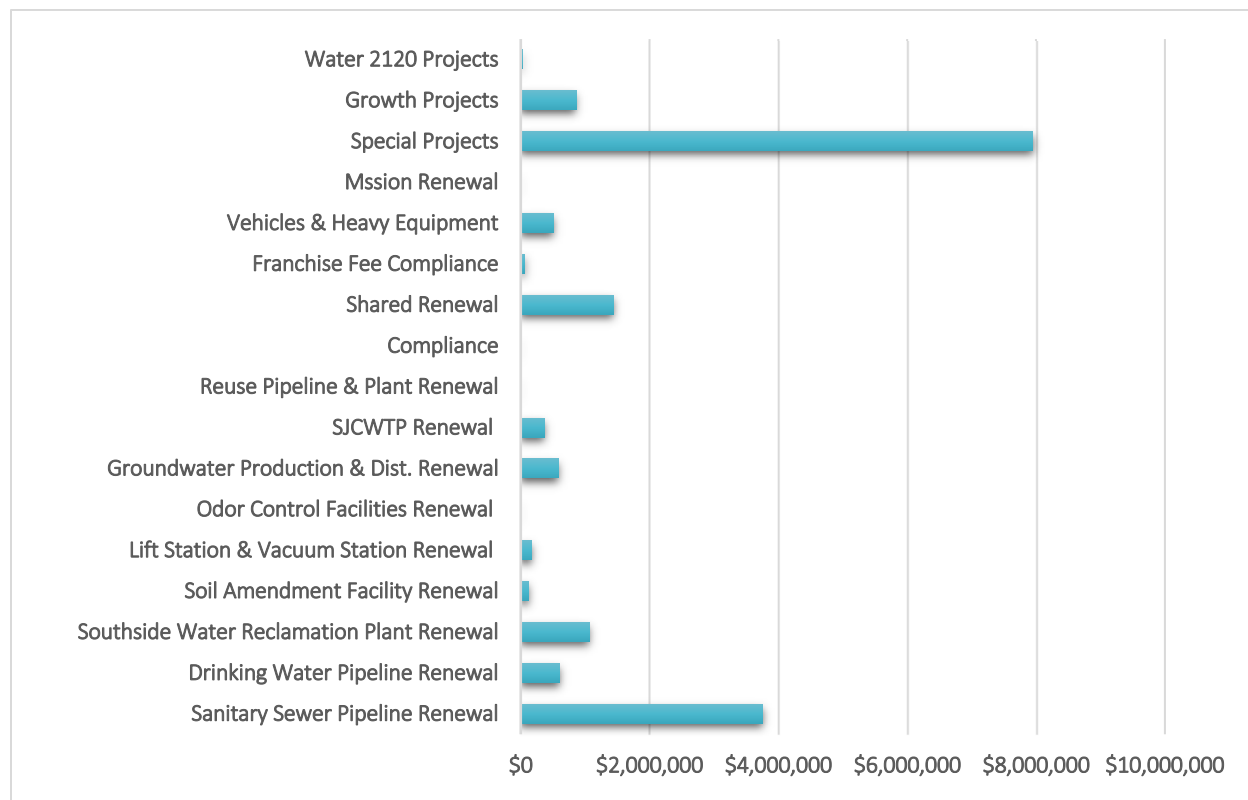
The Water Authority expended a total of \$17,500,759 through Q1 of FY 2026. Of the \$17.5 million capital spending in Q1, the highest proportion was spent on various special projects (\$11.9 million) to include: The Volcano Cliffs Arsenic Treatment Facility and Transmission Line, the To’Hajiilee pipeline, interceptor rehabilitation, small diameter sewer line emergency repairs, SCADA equipment renewal, and the Winrock Reuse

System project. Furthermore, approximately \$1.6 million was allocated for various MIS / Information Technology related projects, Automated Meter Infrastructure / water meter related work, Fleet vehicle and equipment replacements.

In government accounting, an encumbrance is a term used to describe a committed or reserved amount of funds that is set aside for a specific purpose. This is used to ensure that there will be sufficient cash available to pay for specific obligations. Encumbrances are used to avoid overspending. CIP outstanding encumbrances by fund at the end of Q1, were:

- Fund 27 (Water 2120) - \$3,708,055,
- Fund 28 (Rehab) - \$66,761,882, and
- Fund 29 (Growth / Special Projects) - \$36,359,778,
- leaving an available budget balance of \$174,853,423 for current and future projects.

The following graph shows an illustration of current spending by CIP category through Q1.



Project Timeline and Cost Impacts

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

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

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

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

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

Project	Life-to-Date			Year-to-Date		Project Phase	Estimated Completion Date		
	Total Budget	Total Spend*	Spend %	Total Budget	Total Spend*		As of 1Q 2026	Current	Comments/Notes
Volcano Cliffs Arsenic Treatment and Transmission Line	\$ 45,067,294	\$ 32,515,861	72.15%	\$ 17,174,968	\$ 4,623,534	Construction	31-Jul-26	Yes	Arsenic treatment facility (ATF) remains in construction, while the off-site transmission line (TL) is completed. ATF had challenges with utility conflicts and equipment lead times. Estimated completion for ATF is July 2027.
To'Hajiilee Transmission Line	20,000,050	11,137,240	55.69%	9,381,411	518,601	Construction	31-Mar-26	Yes	Under Construction. Estimated completion March/April 2026
KAFB Tijeras Interceptor Rehab	11,093,449	10,423,811	93.96%	721,427	51,789	Construction	31-Jul-24	Yes	Construction complete;
SVDWP Phase 8/9 Waterline Extension	8,000,000	6,440,894	80.51%	1,638,376	79,270	Construction	31-Dec-25	Yes	Project awarded (NMUU). Est. Completion December 2025.
MDC Water & Sewer Improvements	16,811,789	13,429,267	79.88%	5,000,618	1,618,095	Construction	31-Dec-25	Yes	Project Substantially Complete. Estimated Project Closeout/Completion December 2025.
Carnuel Wastewater System	6,609,317	2,963,499	44.84%	3,426,708	34,129	Construction	31-Dec-25	Yes	Under construction. Est. completion by Dec 2025.
Carnuel Waterline System	2,650,000	305,667	11.53%	2,344,596	263	Construction	30-Nov-24	Yes	Project Complete.
Bosque WRRP Reuse System	34,046,652	3,617,682	10.63%	30,428,971	-	30% Design	Unknown	Yes	30% Design received and under review. CMAR Contractor selected, pending Nov 2025 Board Approval.
SWRP Outfall Realignment	9,096,813	7,163,675	78.75%	1,970,718	37,580	Construction	31-Oct-25	Yes	Project complete.
Mesa Del Sol Pump Station	16,879,755	868,384	5.14%	16,011,372	-	Design	31-Mar-26	Yes	Ph. 1 design in progress (90%) – Ph. 1 design package ready to bid March 2026. CWSRF Funding approved.
Tijeras/Winrock Reuse System	14,505,490	5,914,780	40.78%	9,479,722	889,011	Construction	6/31/2026	Yes	Under Construction. Estimated Completion Summer 2026.
Arsenic Treatment Facilities (Thomas/Santa Barbara/Miles)	2,471,228	2,132,980	86.31%	530,174	191,926	Construction	31-Dec-27	Yes	Contractor selected, pending Nov 2025 Board Approval. Construction starts in Jan 2026, completion by Dec. 2027

*Total Spend represents actual expenses.
Note: Year-to-date information as of September 30, 2025.

Transfer of Funds and Expenditure Authority within Budget

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

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

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

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

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

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

Date	Budget Set ID	Description	Net Chg.-Amount
7/1/2025	BS000293/BE000391	FY25 CIP Rollover Budget Adj	\$191,549,147
7/1/2025	BS000295/BE000393	FY25 CIP REV Rollover Federal	66,073,573
8/5/2025	BS000289/BE000386	Water Resource Ed. CS increase	0
9/8/2025	BS000294/BE000392	Move Uniform to new line	0
9/23/2025	BS000297/BE000395	Transfer Steel WL within Fund	0
9/23/2025	BS000298/BE000396	Move Balance within fund -Land	0
9/23/2025	BS000300/BE000397	Move Balance within fund -AMI	0

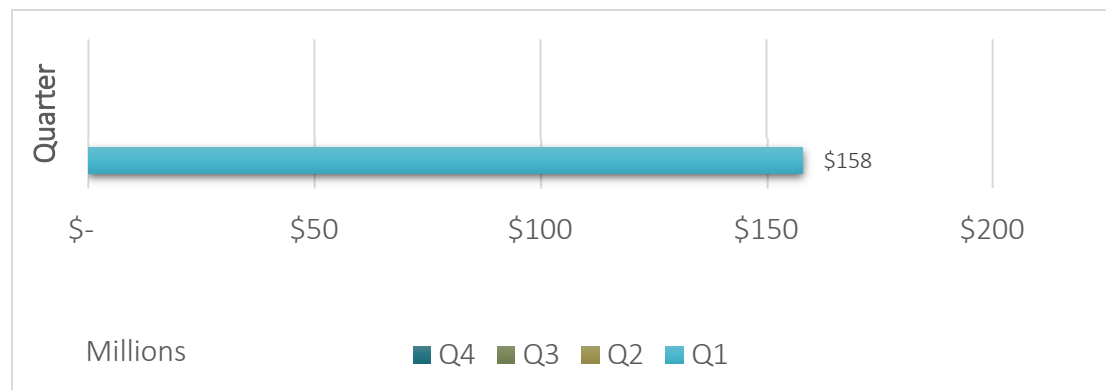
Cash and Investment Highlights

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

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

The chart below shows cash and investment balances as of September 30, 2025. Investments help offset bankcard (merchant) and bank client analysis fees which amounted to **\$660,959** in Q1.

Overnight Liquid Products:	Balances as of 09/30/2024	Book Yield	Market Value
Bank of Albuquerque - 2528	\$ 390,707	0.150%	\$ 390,707
Bank of Albuquerque Sweep - 2528	3,847,242	2.100%	3,847,242
NM State Local Government Investment Pool (LGIP)	56,278,038	4.272%	56,278,038
Wells Fargo - General Fund - 0555	51,745	1.000%	51,745
Wells Fargo - P&A Flex - 7748	327,289	1.000%	327,289
Wells Fargo - Stagecoach Sweep - 0555	21,517,586	4.016%	21,517,586
Wells Fargo - Stagecoach Sweep - 7076	10,820,389	4.016%	10,820,389
Wells Fargo - Stagecoach Sweep - 8089	2,279,262	4.016%	2,279,262
Total Highly Liquid Portfolio	95,512,258		95,512,258
Investment Accounts			
US Bank - Public Trust Advisors	144,271	3.700%	144,271
US Bank - Public Trust Advisors (CIP)	62,254,597	3.830%	62,484,444
Total Investment Accounts	62,398,868		62,628,715
Total Cash and Investments	\$ 157,911,126		\$ 158,140,973



Illustrated below the Public Trust Advisors (PTA) investment portfolio as of September 30, 2025, balances.



Portfolio Overview

07/01/2025 - 09/30/2025

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ABCWUA Agg (375568)

Dated: 10/10/2025

Balance Sheet Summary			
	ABCWUA	ABCWUA-CIP 2023 FUNDS	
Book Value	144,721.74	62,598,768.99	
Accrued Balance	0.00	106,567.76	
Net Unrealized Gain/Loss	0.00	-22.96	
Market Value + Accrued	144,721.74	62,705,313.80	
Footnote: 1			
Net Income			
	ABCWUA	ABCWUA-CIP 2023 FUNDS	
Ending Current Units	144,721.74	62,624,590.94	
Interest Income	1,308.56	446,509.11	
Net Amortization/Accretion Income	0.00	175,121.85	
Net Realized Gain/Loss	0.00	0.00	
Misc Income	0.00	0.00	
Expense	0.00	0.00	
Net Income	1,308.56	621,630.96	
Footnotes: 1,2			
Index Comparison Summary			
Risk Metric	Portfolio	Index	Difference
Duration	0.069	---	---
Yield	3.778	---	---
Years to Effective Maturity	0.070	---	---
Years to Final Maturity	0.070	---	---
Average Credit Rating	AAA	---	---
Footnote: 3			

Fixed Income Holdings by Market Sector

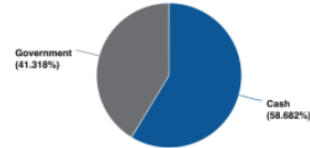
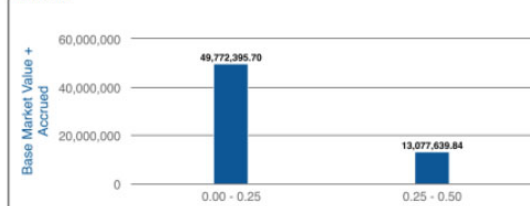


Chart calculated by: % of Book Value

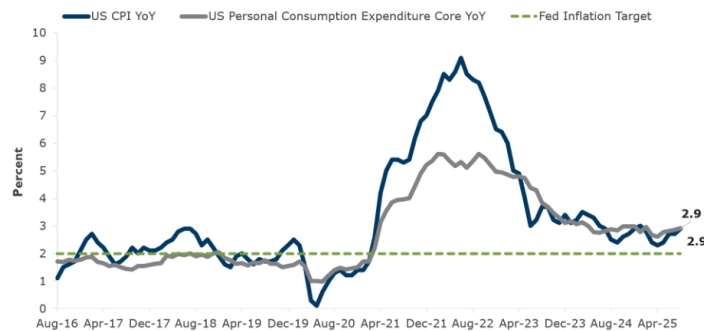
Duration



Index: NO BENCHMARK REQUIRED.

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

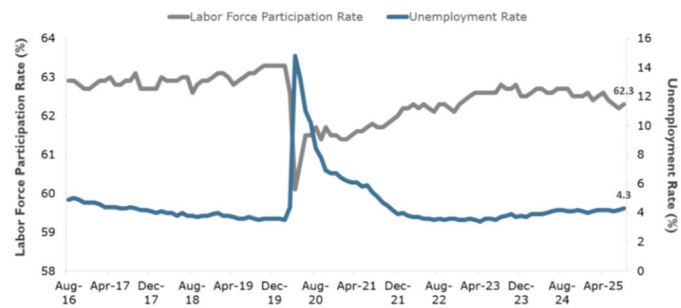
1



CPI is a measure of prices paid by consumers for a basket of goods/services. PCE, the Fed's preferred measure of inflation, tracks overall price changes for goods and services for all U.S. households and nonprofits. Inflation above the Fed's 2% target may be conducive to tighter monetary policy.

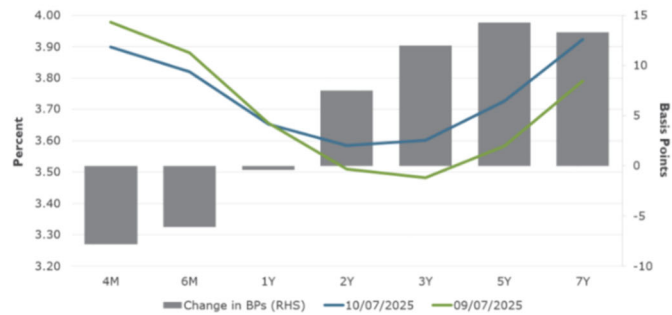
Source: Bloomberg, data as of August 31, 2025 (CPI) / August 31, 2025 (PCE)
Please refer to the disclosure slide for additional information.

9/30/2025



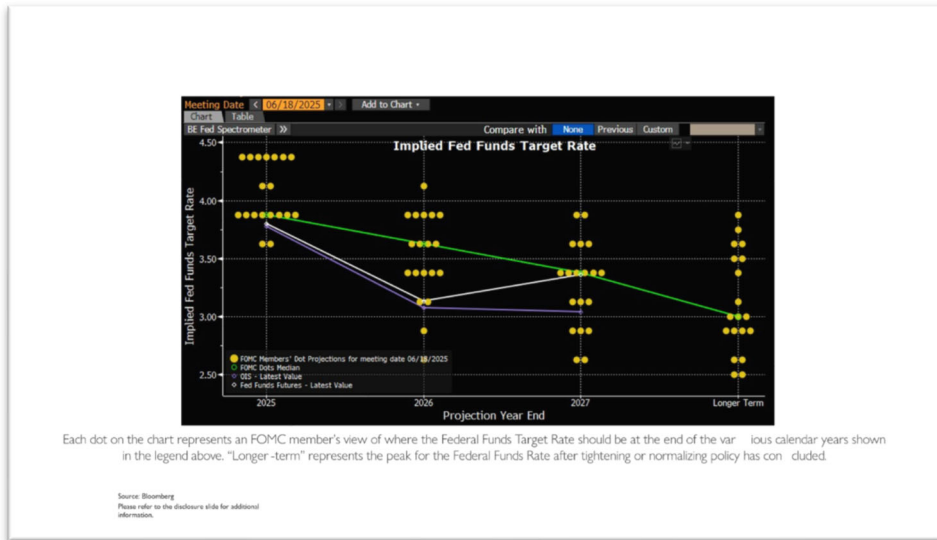
The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (total number of employed plus unemployed). The labor force participation rate is an estimate of the economy's active workforce. Full employment alongside stable prices is one of the Fed's dual mandates regarding monetary policy.

Source: Bloomberg, data as of August 31, 2025.
Please refer to the disclosure slide for additional information.



The green line represents the U.S. Treasury Actives curve at the historical date in the above chart legend. The blue line represents the current U.S. Treasury Actives curve on the date in the above chart legend. The grey bars represent the change in yield between the current and historical curves as measured in basis points.

Source: Bloomberg, data as of October 07, 2025.
Please refer to the disclosure slide for additional information.



Big theme this quarter is the upcoming indication of federal reserve rate cuts, 1 already having occurred but two more 25 basis point cuts expected by the end of the year. These cuts are occurring in the face of persistent inflation but weakening employment numbers. This may be a good time to look at cash flow and resume the laddering strategy based on the Water Authority's cash positions.

Regarding the Operating and CIP portfolios:

Both portfolios continue to be largely liquid and have initiated the process of drawing down from the CIP fund while reimbursing the Operating fund for expenses. The Water Authority maintains ample liquidity in the LGIP, enabling reinvestment of surplus cash into both the Operating and CIP portfolios. PTA recommends executing trades short, based on the projected cash flow strategy.

Performance Plan Highlights

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

Quarterly Performance Indicator Scorecard

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

- Regulatory
- Reliability
- Quality
- Customer Service
- Finance

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

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

The status of each measurement illustrates the following:

Target achieved =  Below Target =  Target not met = 



Level of Service Area	Indicator	FY26 Actual (FY to Date)	FY26 Target	Status
Regulatory	Number of Permit Excursions	0	≤ 5	▲
	Reported Overflows	3	< 40	▲
	SUO Compliance (Permitted Industrial Users)	81%	≥ 87%	■
	SUO Compliance (Food Service Establishments)	82%	≥ 87%	■
	SUO Compliance (Dental Offices)	98%	≥ 87%	▲
Reliability	Ground Water PMR	74%	≥ 65%	▲
	Surface Water PMR	80%	≥ 65%	▲
	Waste Water PMR	50%	≥ 65%	■
	Water System (Miles Monitored)	223	> 2200 miles	■
	Water System (Miles Surveyed)	169	> 650 miles	■
	Water System (Leaks Found)	16	> 80	■
	Water System (Water Loss Reduced)	5.4	> 75.0 MG	■
	Miles of Sewer Line Cleaned	63	≥ 100 miles	■
	Sewer Line Inspection Effectiveness	22	≥ 199 miles	■
	Injury Time	238	< 2,500 hours	▲
Quality	Water Quality Complaints Rate	1.6	< 3.0	▲
	Biosolids to Compost	18%	> 30%	■
	Renewable Energy (Bio Gas)	37%	≥ 16%	▲
	Renewable Energy (Solar)	11%	≥ 9%	▲
	Water Consumption (GW)	0.9	< 1.8 BG	▲
	Water Consumption (SW)	0.0	> 1.6 BG	■
Customer Service	Wait Time	0.5	< 1.0 min	▲
	Contact Time	4.5	< 4.0 min	■
	Abandoned Calls	2%	< 3%	▲
	First Call Resolution	94%	> 95%	■
	Bill Exception Rate	5	< 8	▲
Finance	Rehabilitation Spending	\$9	≥ \$64 million	■
	Pipe Infrastructure Emergency vs. Planned Spending	6%	≤ 50%	▲
	Cash Reserves	289	≥ 350 days	■
	Revenue to Expenditures	62%	≥ 100%	■
	Expenditures to Budget	156%	≤ 100%	■

Goals and FY26 Objectives

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

The Goals are as follows:

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

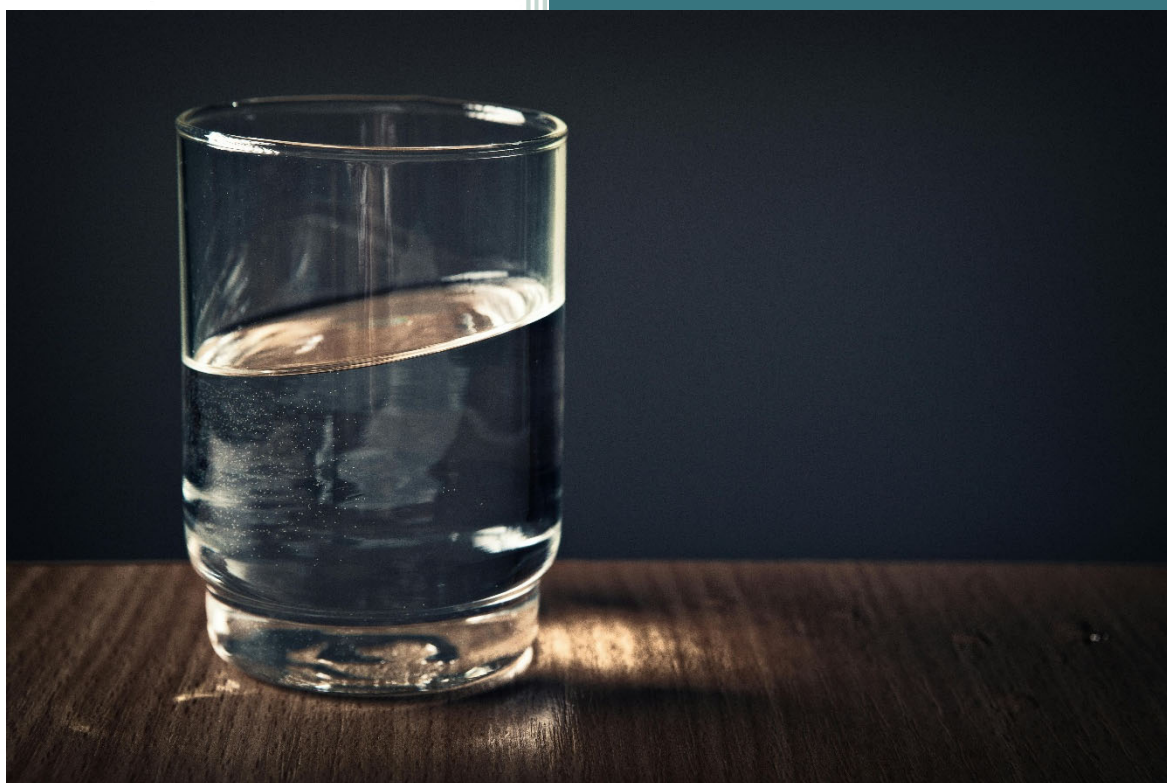


Note: The FY 2026 Goals and Objectives detailed results of the FY 2026 Q1 progress of each objective within each goal are attached in a separate report.



2026

Goals & Objectives



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

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

Goal 1: Water Supply and Operations

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

1.1 – Objective

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

Staff Assignment: Andrade/ Laughlin/Kelly

Results:

Tasks	Status	Description
SBA ATF	100% Design	Const. Bid in Oct 2025 Board approval Nov 2025
Stranded Assets Study	In-progress Completion Target: Q4 FY26 or Q1 FY27	Waiting on IIP for demand forecaster data (Jacobs/CDM)
MDS ATF	Not active	Design start FY27

1.2 – Objective

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

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

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

Staff Assignment: Berman/Andrade

Results:

Tasks	Status	Description
Meeting w/ PNM's Power Dist. Group	Nov. 6 th	Scheduled
Perform water system hydraulic modeling simulations	Pending Completion Target: Q2/Q3 FY26	Performed by Water Authority Staff

1.3 – Objective

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

Staff Assignment: Berman/Andrade

Results:

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

<i>Tasks</i>	<i>Status</i>	<i>Description</i>
NMED Inspection	<i>FY30</i>	<i>Required in 5-years</i>
Annual External Inspections	<i>Ongoing</i>	

1.4 – Objective

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

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

Staff Assignment: Berman/Sanchez

Results:

<i>Tasks</i>	<i>Status</i>	<i>Description</i>
Percent of Time <0.1 NTU	<i>N/A</i>	<i>Plant offline</i>

1.5 – Objective

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

Staff Assignment: Berman/Sanchez

Results:

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

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

1.6 – Objective

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

Staff Assignment: Warren/Malouff

Results:

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

1.7 – Objective

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

Staff Assignment: Warren/Malouff

Results:

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

Tasks	Status
services to multiple buildings	<i>customers with approx. 25 responses out of 213 contacted.</i>
Annual Inventory	<i>NMED approved the probabilistic modeling that was completed for the service line inventory. Inventory will be updated for notification before 1/1/26.</i>
Gap Analysis	<i>Based on NMED approval of probabilistic modeling, the Water Authority will not perform a gap analysis at this time.</i>

1.8 – Objective

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

Staff Assignment: Kelly/Agnew/Arber

Results:

Tasks	Status
Coordination with regional partners on climate modeling and scenarios being completed as part of the Rio Grande Basin Study	25%
Complete updates to model by end of Q1 FY26	<i>All model updates are 100% complete and contractor is working on final model validation and QA/QC. Staff reviewed revisions to the model and calibration results.</i>
Update TCAC on progress of Water 2120 updates (minimum of 2 updates in FY26)	<i>1 update done in August.</i>

1.9 – Objective

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

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

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
SJCPCA Collaboration – provide updates at membership meetings.	<i>Staff provided CO River updates to membership during the July & Aug. meetings.</i>
UCRC meetings – Spring and Annual meetings as well as Special meetings	<i>Staff attended the UCRC summer meeting in-person, as well as the Sept. Special meeting. Staff supported UCRC field trip with Yuma Irrigation District in Aug. at SJCP infrastructure.</i>
Review and provide comment on Draft EIS for Post-2026 operations.	<i>Draft EIS will be posted in Dec. 2025.</i>
Coordination with NMISC and NM UCRC Commissioner to attend and support UCRC work sessions	<i>Staff coordinates with NMISC staff on a monthly basis to track ongoing post-2026 negotiations, work group needs, and to provide requested information to support the NM UCRC Commissioner.</i>

1.10 – Objective

Begin implementation of the Colorado River Water Users Memorandum of Understanding (MOU), which promotes municipal water conservation through conversions to drought-and climate-resilient landscaping, while

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

Staff Assignment: Kelly/Arber

Results:

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

1.11 – Objective

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

Staff Assignment: Kelly/Agnew

Results:

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

1.12 – Objective

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

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

Staff Assignment: Kelly/ Agnew

Results:

Tasks	Status
Update locations and update map.	100% Complete
Number of public meetings attended for priority groundwater contamination sites	One (1) – Bulk Fuels Facility Treatment Plant Tour Attended three (3) stakeholder calls for Bulk Fuels Facility project
Correspondence with NMED and/or Responsible Parties on priority groundwater contamination sites	Ongoing direct correspondence with NMED for four (4) priority sites. Staff participated in two (2) meetings with NMED. Staff submitted two (2) Technical Memorandums to NMED regarding two (2) priority sites.
Number of public presentations made on source water protection and/or priority groundwater contamination sites.	One (1) – Legislative interim committee (Radioactive and Hazardous Materials)
Collaboration/coordination on education and outreach for source water protection (e.g.,	Supported two (2) WPAB meetings in July & Aug. organized and attended PIC quarterly meeting.

Tasks	Status
PIC agency meetings, WPAB meetings)	
Develop outward facing dashboard or update www.nmsourcewaterprotection.com on: What is Source Water Protection? Why is it important? What does the Water Authority do for source water protection?	0% Complete
Septic system conversions in coordination with Bernalillo County through PIPE (% of available properties converted to Water Authority sewer service)	Completed analysis to determine available properties within service area that lack a connection.

1.13 – Objective

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

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
Establish easement agreements with SJCP contractors with USACE storage space (total of 8)	Storage easement agreements have been signed by 2 of 8 SJCP contractors. One agreement is pending (Santa Fe County).
Update or establish sub-allotment agreements for the storage of both SJCP and native Rio	Sub-allotment agreements for 4 of 6 are in USACE review for approval. An updated

Tasks	Status
Grande system water (total of 6)	storage agreement between Water Authority and Reclamation is in USACE review for approval.
Coordination with USACE to establish template for sub-allotment agreements for streamlined review and approval process.	The USACE provided an approved template form for sub-allotment agreements to be used in the future. With the template, USACE approval can be achieved at the ABQ District level, as long as changes are minimal.

1.14 – Objective

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

Staff Assignment: Kelly/Agnew

Results:

Tasks	Status
Meeting with NMISC and NMOSE to discuss next steps for native storage permit.	Staff met with NMISC and NMOSE staff in August to discuss the native storage permit and next steps for the permit application. Staff followed up with NMISC staff to coordinate a follow-up, technical meeting to continue discussions. The technical meeting is expected in Q2 FY26.

1.15 – Objective

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

and the Hewlett Packard-Digital groundwater contamination site through the end of FY26.

Staff Assignment: Kelly/Agnew

Results:

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

1.16 – Objective

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

Staff assignment: Shuryn/K. Berman

Results:

Tasks	Status
Southside Reuse Model	<i>75% Complete</i>
North non-potable Model	<i>Assessment in Q2</i>

1.17 – Objective

Work with City and other project stakeholders to design and construct the Tijeras Advanced Water Treatment Plant (AWTP) and Tijeras Reuse Reservoir and Pump Station (RRPS) facilities at Mesa Del Sol to support the special industrial complex, including Maxeon and other entities, through the end of FY27.

Staff Assignment: Laughlin

Results:

Tasks	Status	Description
Tijeras RRPS Ph.1 (Res. + Inlet/Outlet Piping)	<i>90% Design</i>	<i>Design submittal Nov 2025 Bid Mar 2026</i>

Tasks	Status	Description
		<i>Funding: ARPA/CWSRF</i>
Tijeras RRPS Ph.2 (Reuse Bottleneck on University)	<i>Design & Geotech /Survey services in-progress</i>	<i>Geotech/Survey held up by property transfer. Coord. w/ ABQ Sunport for easements & property access. Funding: CIP Rehab</i>
Tijeras RRPS Ph.3 (Pump Station)	<i>Not started</i>	<i>Design Q1 FY27</i>



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

Goal 2: Wastewater Collection and Operations

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

2.1 – Objective

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

Staff Assignment: Berman/Larson

Results:

	Q1	Q2	Q3	Q4
Exceedances	0			

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

2.2 – Objective

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

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

Staff Assignment: Berman/Larson

Results:

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

2.3 – Objective

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

Staff Assignment: Warren/Holstad/Berman

Results:

Tasks	Status
Provide corrosion and odor control at least cost.	Utilizing ventilation control where feasible, e.g. P-traps. On-going
Evaluate need for Station 476 feeding calcium nitrate. In-house study.	In Q1, identified manholes on all connecting sewers and obtained baseline H2S data. In Q2, will perform test shutting off chemical feed for 24-hrs, study data, and determine next steps.
In coordination with CE, SWRP, and Compliance, assisted in the consultant study for H2O2 Sensitivity at SWRP.	On-going. May reduce chemical costs in favor of less costly and more effective air phase treatment.

2.4 – Objective

Continue to reduce sanitary sewer overflows (SSOs) in accordance with the Capacity, Management, Operation, and Maintenance (CMOM) Plan. Continue the manhole

monitoring pilot study initiated in FY23 to diagnose flow patterns and provide advance alerts of downstream blockages. Provide final recommendations based on the pilot study by the end of the 4th Quarter of FY26.

Staff Assignment: Warren/Holstad

Results:

Tasks	Status
Software / Communication Support	<i>Extended additional two years.</i>
Pilot Program	<i>Transition to permanent program – O&M staff management.</i>

2.5 – Objective

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

Staff Assignment: Warren/Holstad

Results:

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

2.6 – Objective

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

Staff Assignment: Warren/Holstad

Results:

Tasks	Status
Focus is on better understanding of the actual performance of the vacuum systems, specifically the minimum vacuums experienced diurnally versus the minimum required to fire the vacuum pit valves. Below this minimum, the system no longer functions properly. AMI data has not replaced existing vacuum tank data (SCADA) for the purpose of detecting low-vacs.	<i>On-going</i>
Have determined that lower vacuums are experienced on weekends and lowest are on holidays. Obtained 12-second (versus standard 15-minute) data for Super Bowl at critical locations in VS61.	<i>In Q2, will obtain 15-second data over Thanksgiving at additional critical locations.</i>
In Q1, consultant examined AMI data as part of VS61-64 evaluation.	<i>In Q2, continue study of AMI data in VS61. Extend data study to VS66-67-69 for area serviceability study.</i>

2.7 – Objective

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

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

Results:

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

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

2.8 – Objective

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

Staff Assignment: Kelly/Agnew/Shuryn/Laughlin

Results:

Tasks	Status	Description
<i>Funding Plan</i>	<i>In-progress</i>	<i>60/90/Final scope pending by Carollo</i>
<i>Outfall</i>	<i>In-progress</i>	<i>Reg. / Permitting / Design ongoing with Carollo /Open Space / MRGCD</i>
<i>Plan & Design</i>	<i>30% Design</i>	<i>Comments due Oct 2025</i>
<i>CMAR Solicitation</i>	<i>Selected</i>	<i>Bradbury Board approval Oct 2025</i>
<i>Public Meetings</i>	<i>Pending</i>	<i>Q3 FY26</i>
<i>Public Impact Plan</i>	<i>Pending</i>	<i>Q4 FY25</i>

2.9 – Objective

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

Staff Assignment: Shuryn/ Zarrei

Results:

Wastewater PFAs Sampling	Goal	Q1 Number of samples collected	Total PFAs Data Status
SWRP PFAs Sampling			
<i>SWRP Influent</i>	3x	3	12
<i>SWRP Effluent</i>	3x	3	12
<i>SWRP Reuse</i>	3x	3	12
<i>SWRP Biosolids</i>	3x	3	12
<i>SAF Compost</i>	3x	3	12
Pretreatment Industrial PFAs Sampling			
<i>Permitted Industrial Users (67 sites)</i>	4x (268 total)	257	923
<i>Domestic Manholes (4 sites)</i>	4x (12 total)	12	60
<i>Interceptors (5 sites)</i>	15x (75 total)	20	100

2.10 – Objective

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

Staff Assignment: Shuryn

Results:

Tasks	Status
<i>Return to compliance in meeting hazardous waste requirements at the SWTP.</i>	<i>Administrative Order issued by NMED & returned to meeting compliance requirements in Q1.</i>
<i>Complete inventory reviews for 2025 at SWTP and SWRP.</i>	0%

Tasks	Status
Assess 2025 CIP projects with hazardous waste removal for proper documentation.	0%
Assess 2026 CIP projects with hazardous waste disposals	0%

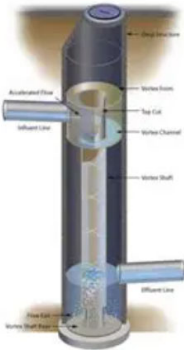


How Vortex Manholes Reduce Sewer Odors

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

How it Works:

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



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

Goal 3: Customer Services

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

3.1 – Objective

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

Staff Assignment: Mendez

Results:

Tasks	Status
Conduct policy analysis	In-progress
Create Multi-Channel Outreach Plan	0%

3.2 – Objective

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

Staff Assignment: Mendez

Results:

Tasks	Status
Identify key agencies and coordinate meetings	In-progress
Review / define secure data-sharing protocols	0%

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

3.3 – Objective

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

Staff Assignment: Mendez

Results:

Tasks	Status
Analyze delinquency drivers	In-progress
Implement Proactive Outreach	0%
• Early reminders	
• Flexible payment plans	
Promote assistance programs and autopay options	0%
KPI Measurement Delinquency Rate Goal = >= 10%	0%

3.4 – Objective

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

Staff Assignment: Warren/Malouff

Results:

Quarter	Meters Replaced	Goal
Q1	1,577	8,000
Q2		
Q3		
Q4		
Total	1,577	

AMI replacements continue to be difficult due to the remaining meters requiring breakouts of concrete and new meter boxes. A more realistic goal is 8,000 by the 4th Quarter of FY26.

3.5 – Objective

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

Staff Assignment: Morris

Results:

Tasks	Status
Schedule meeting	Meetings occur during the Spring of each year

3.6 – Objective

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

Staff Assignment: Kelly/Arber

Results:

Tasks	Status
Develop Dashboard	75%

3.7 – Objective

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

Staff Assignment: Kelly/Morris

Results:

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



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

Goal 4: Business Planning and Management

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

4.1 – Objective

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

Staff Assignment: Laughlin/Holstad

Results:

Tasks	Status	Description
Isleta/Griegos (Rio Grande – 12th)	In-Const. Completion Target: Q1 FY26	\$10M Insituform PM: Williams
LS20 FM Repl. Ph. 1	In-Const. Completion Target: Q4 FY26	\$14M TLC PM: Ertsgaard
Grit Collection St. 12th & I-40	95% Design WH Pacific / NV5	\$1M Shelf Design - TBD PM: Larson
Westside (Old Coors to Arenal)	95% Re-Design Smith Eng.	\$5M Shelf Design - TBD PM: Matthews
Westside (Arenal to Blake – FY17)	95% Re-Design	\$7M Shelf Design – TBD PM: Laughlin
Menaul (University to Girard – FY17)	95% Re-Design	\$5M Shelf Design – TBD PM: Laughlin

Tasks	Status	Description
12th St. (Bellrose to I-40 – FY22)	In-design Completion Target: Q4 FY25	\$11M Garver PM: Tagaban
2nd St. (Woodward to Baseball Fields)	In-design Completion Target: Q4 FY25	\$9M Wilson PM: Tagaban
2nd St. (Woodward to Rio Bravo)	In-design Completion Target: Q4 FY25	\$4M SMA PM: Tagaban
PDN (West of Jefferson)	In-design Completion Target: Q4 FY25	\$2M Wood PM: Tagaban
Rio Bravo / Coors (Flow Control Vault Relocate)	In-design Completion Target: Q4 FY25	\$8M Smith Eng. PM: Tagaban
Viola (Barcelona to Blake)	Complete: Q4 FY25	\$3M Insituform PM: Williams
Sunport / Arno	Complete: Q4 FY25	\$3M AUI PM: Matthews

Through Q1 FY26, \$7M was expended on Sanitary Sewer pipeline renewal, with encumbrances of \$22M.

The CIP budget will continue to rehab as much high-risk interceptor SAS as possible, while balancing other competing CIP funding demands. Currently, LS20 FM

Rehab is a critical/high-priority that will continue much of the 100-category Decade Plan funds.

4.2 – Objective

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

Staff Assignment: Berman/Larson

Results:

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

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

4.3 – Objective

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

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

Staff Assignment: Cadena

Results:

<i>Tasks</i>	<i>Status</i>
<i>Generate List</i>	25%
<i>Add subsequent items to list</i>	0%
<i>Reconciliation</i>	0%

4.4 – Objective

Find opportunities to improve the Flow Inquiry process in Planning and Utility Development to make it more efficient and helpful for customers. Investigate the idea of

providing hydrant curves as well as an exhibit indicating where the analysis was performed by the end of the 4th Quarter of FY26.

Staff Assignment: Cadena

Results:

<i>Tasks</i>	<i>Status</i>
<i>Working with Modeling group to create SOP. Exhibits are now being provided</i>	50%

4.5 – Objective

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

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

Results:

<i>Tasks</i>	<i>Status</i>
<i>New language added in the availability statement</i>	100%
<i>Identifying criteria to determine when additional developer funded analysis is required, as well as required information in the analysis.</i>	25%
<i>Develop Standard Operating Procedures</i>	0%

4.6 – Objective

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

- Preventative Maintenance to Corrective Maintenance Ratio, Target greater than 80%,
- Asset Registry Information Accuracy/Number of Assets without Life Cycle Status, Target less than 10%,
- Asset Inventory Accuracy, Target greater than 95%,

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

Staff Assignment: Ortiz/Daniels

Results:

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

4.7 – Objective

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

Staff Assignment: Ortiz/Daniels/Lander

Results:

Tasks	Status
Board Scorecard	100%
EUM Dashboard	100%
Web Portal Publication Setup	100%

Tasks	Status
Power BI Utilization / Microsoft Fabric Implementation	100%
Operations Dashboards:	
• Utility Development	100%
• Collections	100%
• Water Quality Laboratory	100%
• Surface Water Plant	30%
• Customer Service / Dispatch	30%
• Water Distribution	10%
• Other workgroups	0%
Integrations:	
• Platform for integrations implemented with Microsoft Fabric	100%
• Various data source integrations dependent on workgroup data.	30%

4.8 – Objective

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

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

Staff Assignment: Ortiz/Daniels/Arellano

Results:

Tasks	Status
Coordination Stakeholders	In-progress Discussions with Fleet and Asset Mgt Leadership Team Will coordinate “Steering Committee”
Engage Consultant	In-progress
Begin Data Collection	Pending consultant
Update Asset Condition Scoring Framework	Pending

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

4.9 – Objective

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

Staff Assignment: Ortiz/Lander

Results:

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

4.10 – Objective

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

Staff Assignment: Santiago/Stinson/Berman

Results:

Tasks
<i>3,400 lineal feet of wrought iron fence was installed along portions of the west and north property boundary of the Southside Water Reclamation Plant (SWRP). The fencing provides a hardened physical barrier to secure the SWRP, reduce vulnerabilities to</i>

Tasks
<i>SWRP infrastructure, and protect the staff that operate and maintain the SWRP.</i>
<i>Security Contractor installed an independent camera for additional coverage to property north of SWRP.</i>
<i>Submission of Emergency Response Plan to EPA for certification to EPA</i>

4.11 – Objective

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

Staff Assignment: Stinson/Sample

Results:

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

4.12 – Objective

Upgrade and patch all enterprise applications to add required upgrades and enhancements, mitigate potential cybersecurity vulnerabilities, continue daily support, leverage functionality enhancements to improve business processes and capture and use data intelligently and create efficiencies through the end of the 4th Quarter of FY26. Major Projects include:

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

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

Results:

Tasks	Health	Timeline Health	Financial Health	Scope Health
CC&B Upgrade				
Lab Vantage Upgrade				
UKG Ready Project				
Maximo Oracle/SQL				
SCADA SMP24 SWRP				
SCADA SMP25 Collections/Stormwater				
SCADA SWRP ABB				
SCADA GW Remote sites				
SCADA SWTP/GW AVEVA				
SCADA SWTP ControlNet & PLC Upgrade				

4.13 – Objective

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

Staff Assignment: Shuryin/ Hardeman/Pompeo

Results:

Tasks	Status	Description
<i>Schedule Initial meeting w/ Asset Management</i>	<i>October 2025</i>	

4.14 – Objective

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

Staff Assignment: Arellano/Rocha

Results:

Tasks	Status
<i>Implement Fleet Condition Assessment Program</i>	
<i>Begin monitoring condition assessments</i>	

4.15 – Objective

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

Staff Assignment: Arellano/Demarcus

Results:

Tasks	Status
<i>Draft SOP</i>	<i>30%</i>

4.16 – Objective

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

Staff Assignment: Cadena

Results:

Tasks	Status
Provided comments to City Planning for updated Form SP and Form PLT to eliminate need for Water Authority signatures when certain approvals are already in place.	75%
Met with City Council, Mayor's Office and Planning Department, along with NAIOP to discuss other processes.	75%



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



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

Goal 5: Organizational Development

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

5.1 – Objective

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

Staff Assignment: Jaramillo/Gonzales

Results:

Quarter	Challenge	Completion Rate	Goal
Q1	Plank	75%	70%
	Squat	82%	70%
Q2			
Q3			
Q4			

5.2 – Objective

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

Staff Assignment: Jaramillo/Gonzales

Results:

Quarter	FY25	FY26	%	Goal
Q1	4%	23%		25%
Q2				
Q3				
Q4				

5.3 – Objective

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

Staff Assignment: Jaramillo

Results:

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

5.4 – Objective

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

Staff Assignment: Santiago/Jaramillo

Results:

Metric	Q1	Q2	Q3	Q4	Total
Onsite Ergo Assessments	4				
Ergonomic Training Presentation	0				
Onsite Job Coaching	13				
Total Injury Hours Reports	238.43				

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

5.5 – Objective

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

Staff Assignment: Jaramillo/Lucas

Results:

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

Quarter	Success Stories
	In the past, the EFMs were run in a manual mode but are now operate in an automated mode.

5.6 – Objective

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

Staff Assignment: Jaramillo/Lucas

Results:

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

5.7 – Objective

Develop a program to enable Water Authority employees to volunteer at community events and represent the Water Authority throughout FY26. Ensure that events are approved through a transparent process, and that normal work is completed.

Staff Assignment: Kelly/Jaramillo/Tuttle

Results:

	Q1	Q2	Q3	Q4
Volunteers	N/A			

5.8 – Objective

Deliver a tailored program of monthly safety trainings that addresses the unique operational risks, hazards, and OSHA regulatory requirements specific to each division by

the end of the 4th Quarter of FY26. This approach represents a refinement of the existing training program, shifting from general safety topics to a more focused strategy. Topics include, but are not limited to, excavation safety, electrical safety, fall protection, chemical hazard awareness, confined space entry, and Commercial Driver License (CDL) training certifications. Attendance will continue to be tracked through the Learning Management System (LMS) to ensure compliance and engagement.

Staff Assignment: Santiago/Riggins/Gonzalez

Results:

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

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

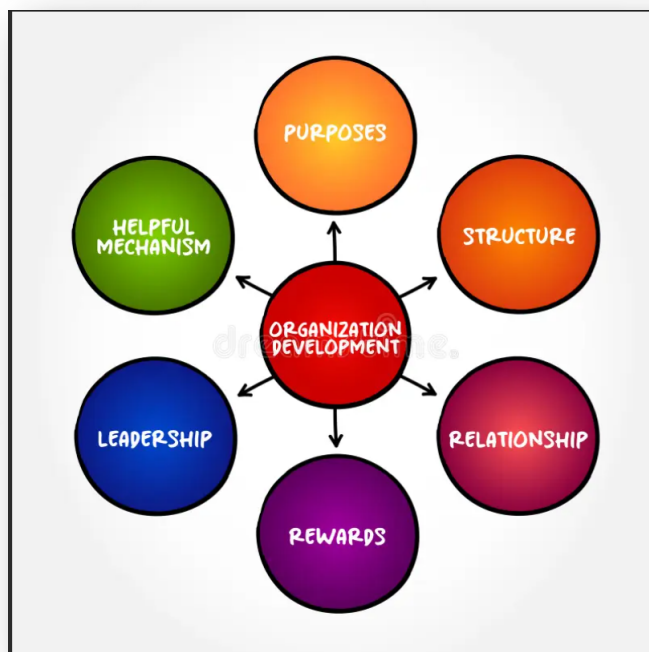
5.9 – Objective

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

Staff Assignment: Santiago/Riggins/Gonzalez

Results:

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





Financial Report, Performance Scorecard, & Goals/Objectives Results

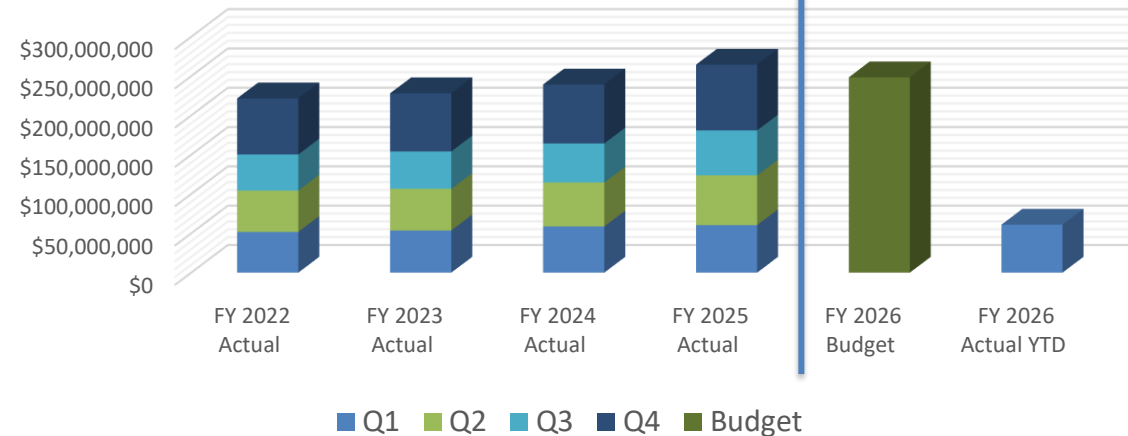
Fiscal Year 2026

1st Quarter (Q1) Results

FY26 Q1 Revenue

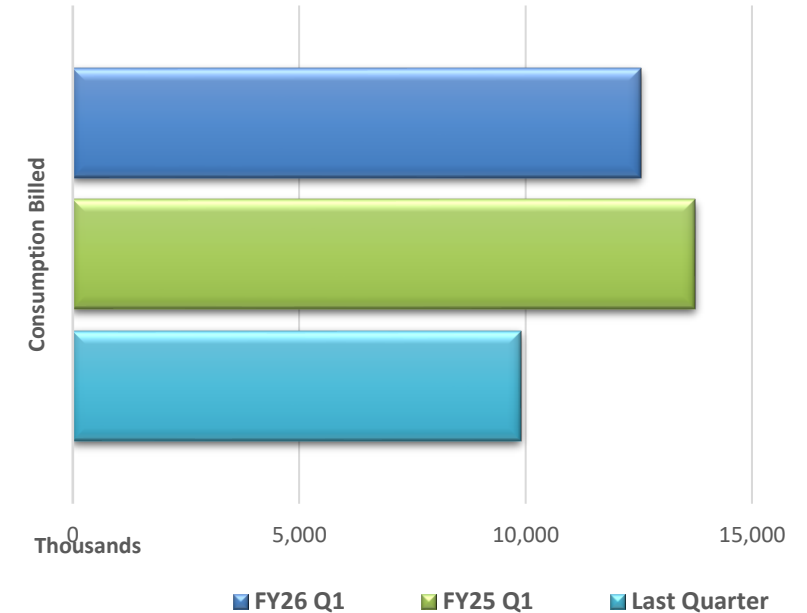
- Total Q1 revenues: \$64.2 million (includes \$16.1 million year-end accrual adjustment)
- Represents 24.7% of adopted budget (\$259.8 million)
- Strong start to FY2026
- Continue to monitor monthly revenue trends

Rate Revenue



FY26 Q1 Consumption Billed

- Nominal growth for active billed accounts is:
 - 218,889, while metered-based accounts stand at 214,270 for service sizes 1-8.
 - In comparison, Q3 recorded 218,889 active billed accounts and 214,270 metered-based accounts.
 - Q1 **new** Accounts = **186**, of which **185** are metered
- Consumption billed for all customer classes:
 - FY26 Q1 = **12,539,267** compared to FY25 Q4 = **9,827,549**
 - 126.6% higher from last quarter (seasonal factors)
 - (9.3%) lower from same time last year



FY26 Q1 General Fund Expenses

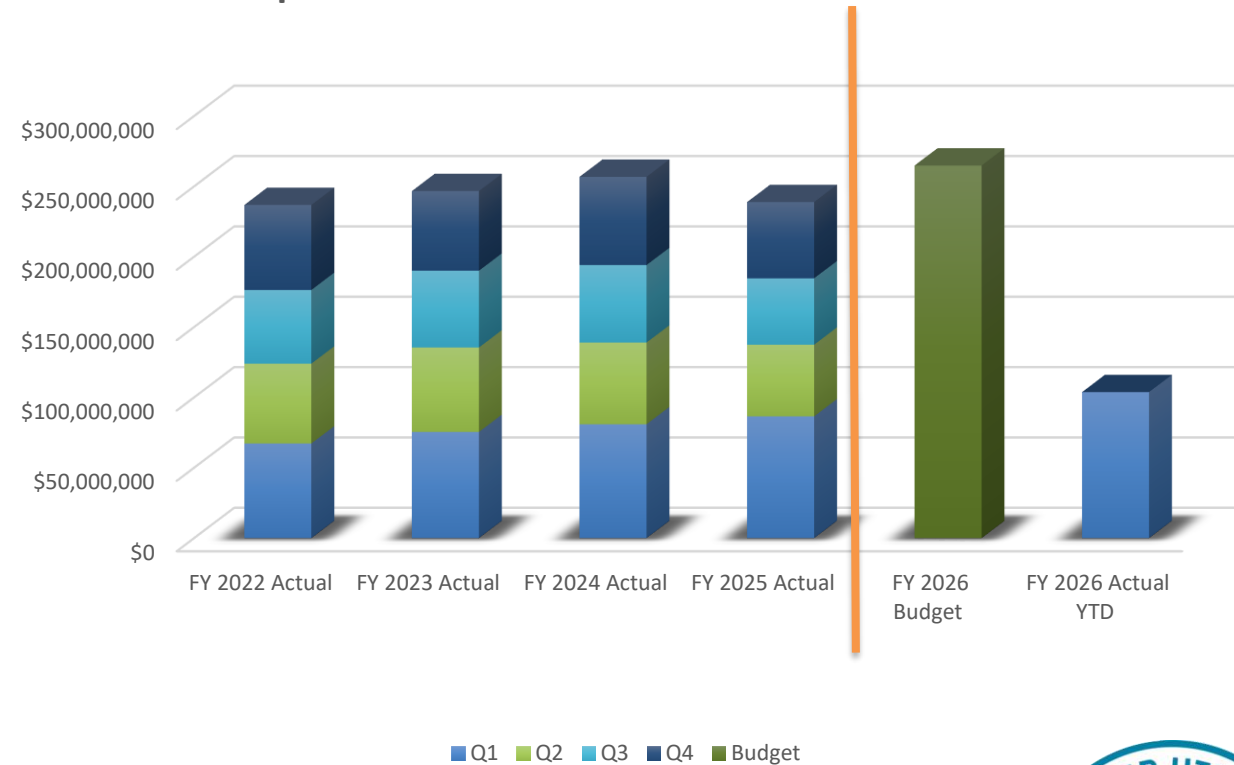
- FY26 Expense Budget = \$264.8 million
- FY26 Q1 Expenses = \$103.8 million
- General Fund expenses reached 39.2% in Q1 FY2026, exceeding benchmark of 25% (impact - year-end accruals)
- Key drivers for exceeding benchmark:
 - O & M costs 30.8% (Paid in July - annual insurance & IT subscriptions)
 - Q1 transfers include:
 - \$68.8 million for debt obligations
 - \$31.4 to CIP Rehab & Water 2120 projects



FY26 Q1 General Fund Expenses

- Year-Over-Year Q1 Expense Trends:
 - Up 19.9% compared to FY2025
 - Q1 accounts for 39.2% of the total budget – primary driver: front-loaded debt obligations paid in Q1

General Fund Expense



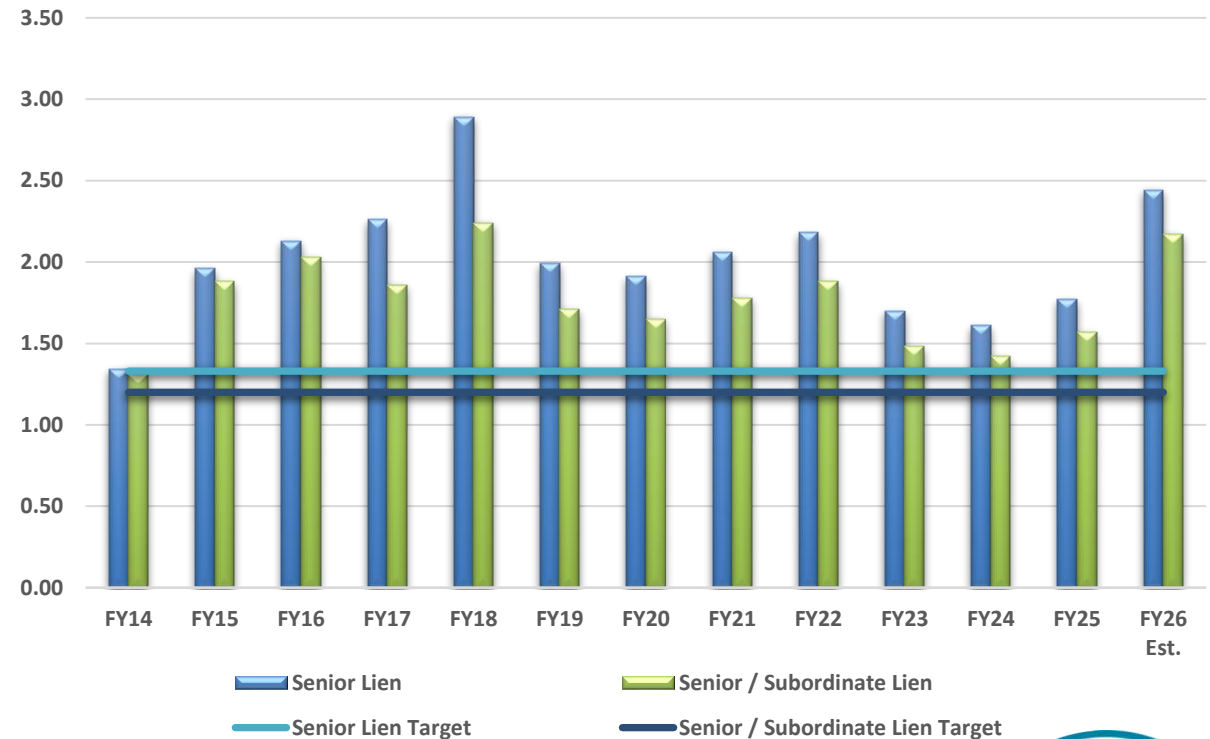
Finance Targets (KPIs)

- Working Capital
 - FY26 opened with a **\$58.5** million General Fund balance
 - Reflects strong fiscal performance from FY25
 - Aligns with best practices: 2-3 months of operating expenses
- Reserves
 - **\$11.2** million is being reserved for emergency expenditure needs, unexpected risk claims, and SAF State requirements.
- Days Cash
 - FY26 Q1 **289** days
 - Decline from FY25 Q4 due to Q1 debt service payments



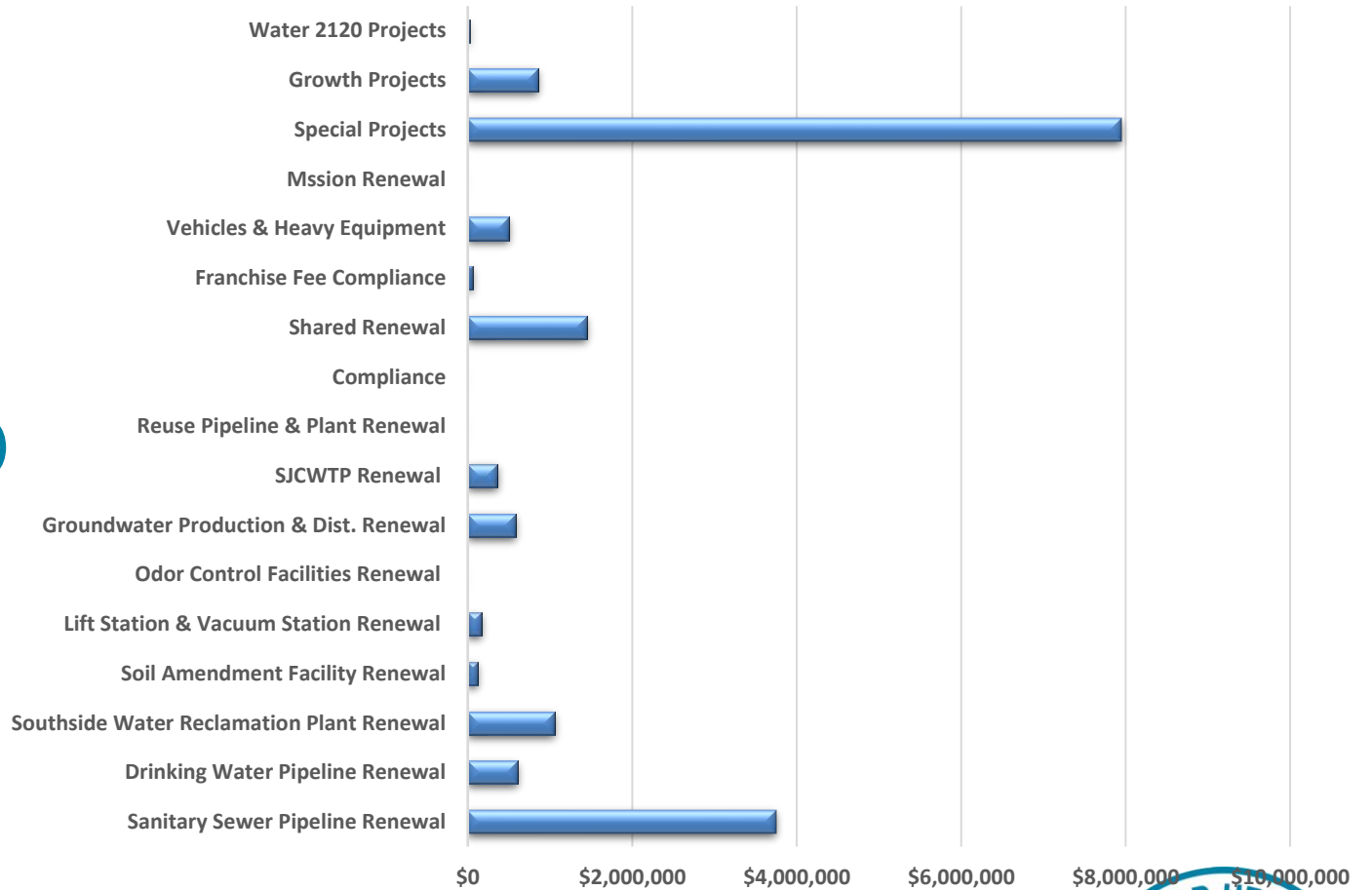
Debt Service Coverage Ratio

- Water Authority Policy minimum ratios = 1.33 Senior Lien and = 1.20 Senior/Subordinate Lien
- FY26 Q1 estimated ratios
 - 2.44 Senior Lien
 - 2.17 Senior/Subordinate Lien
- Total FY26 debt obligations (P&I)
 - = \$88.9 million
- Total outstanding debt (P)
 - = \$510.6 million



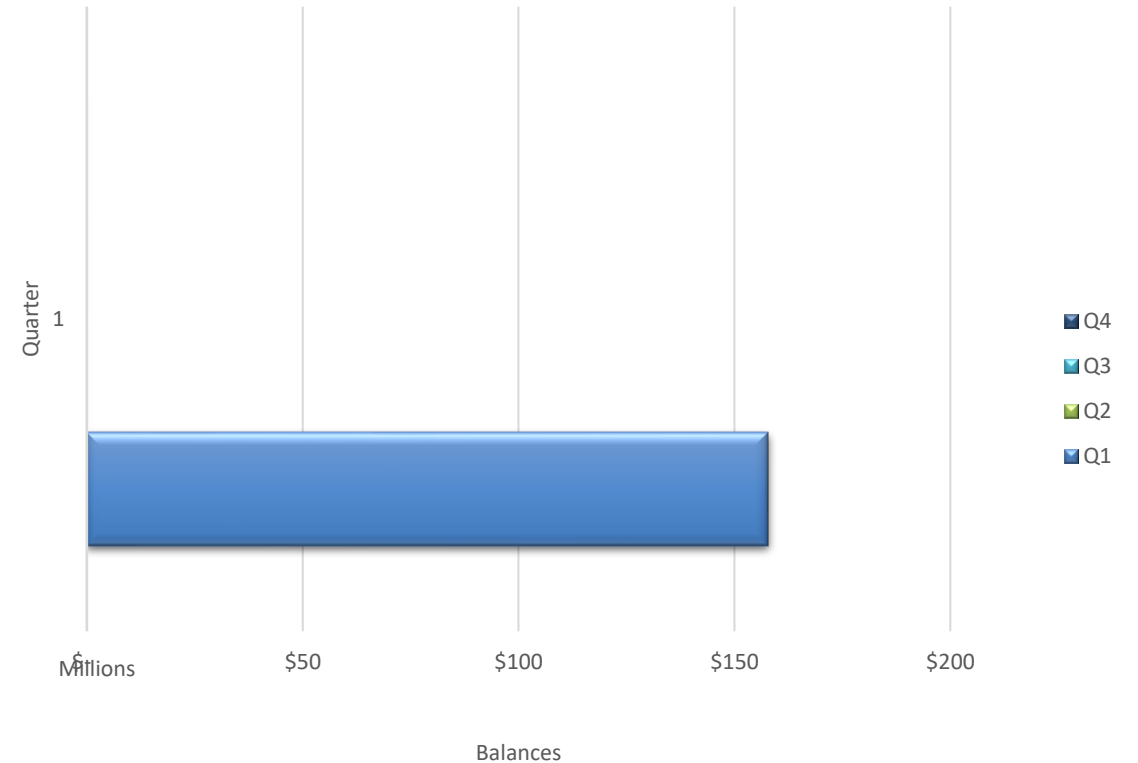
FY26 Q1 Capital Funds

- FY26 CIP Budget
 - \$299.2 million
- FY26 Spent
 - \$17.5 million or 5.8%
- Total Outstanding Commitments (Encumbrances)
 - \$106.8 million



FY26 Q1 Cash & Investments

- Investment Policy Priorities:
 - Safety
 - Liquidity
 - Yield
- Total Cash & Investments = \$157.9M (09/30/2025)
- Q1 Investment Income = \$2.1M
- Q1 Bank & merchant fees = \$661K



FY26 Q1 Performance Scorecard

Level of Service Area	Indicator	FY26 Actual (FY to Date)	FY26 Target	Status
Regulatory	Number of Permit Excursions	0	≤ 5	▲
	Reported Overflows	3	< 40	▲
	SUO Compliance (Permitted Industrial Users)	81%	≥ 87%	■
	SUO Compliance (Food Service Establishments)	82%	≥ 87%	■
	SUO Compliance (Dental Offices)	98%	≥ 87%	▲
Reliability	Ground Water PMR	74%	≥ 65%	▲
	Surface Water PMR	80%	≥ 65%	▲
	Waste Water PMR	50%	≥ 65%	■
	Water System (Miles Monitored)	223	> 2200 miles	■
	Water System (Miles Surveyed)	169	> 650 miles	■
	Water System (Leaks Found)	16	> 80	■
	Water System (Water Loss Reduced)	5.4	> 75.0 MG	■
	Miles of Sewer Line Cleaned	63	≥ 100 miles	■
	Sewer Line Inspection Effectiveness	22	≥ 199 miles	■
	Injury Time	238	< 2,500 hours	▲
Quality	Water Quality Complaints Rate	1.6	< 3.0	▲
	Biosolids to Compost	18%	> 30%	■
	Renewable Energy (Bio Gas)	37%	≥ 16%	▲
	Renewable Energy (Solar)	11%	≥ 9%	▲
	Water Consumption (GW)	0.9	< 1.8 BG	▲
	Water Consumption (SW)	0.0	> 1.6 BG	■
Customer Service	Wait Time	0.5	< 1.0 min	▲
	Contact Time	4.5	< 4.0 min	■
	Abandoned Calls	2%	< 3%	▲
	First Call Resolution	94%	> 95%	■
	Bill Exception Rate	5	< 8	▲
Finance	Rehabilitation Spending	\$9	≥ \$64 million	■
	Pipe Infrastructure Emergency vs. Planned Spending	6%	≤ 50%	▲
	Cash Reserves	289	≥ 350 days	■
	Revenue to Expenditures	62%	≥ 100%	■
	Expenditures to Budget	156%	≤ 100%	■





FY26 Q1

Water Authority

Goals/Objectives Results

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

FY26 Goal 1:

Water Supply & Operations

- Objective - 1.16
Develop a reuse water modeling program that maintains a centralized version of the reuse model to be utilized as the system develops by the end of the 4th Quarter of FY26.

Tasks	Status
Southside Reuse Model	75% Complete
North non-potable Model	Assessment in Q2



FY26 Goal 2:

Wastewater Collection & Operations

- Objective - 2.1
Seek recognition in the National Association of Clean Water Agencies (NACWA) Peak Performance award program for excellence in permit compliance through the end of the 4th Quarter of FY26.

	Q1	Q2	Q3	Q4
Exceedances	0			



FY26 Goal 3:

Customer Services

- Objective - 3.7

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

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



FY26 Goal 4:

Business Planning & Management

- Objective - 4.8

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

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

Tasks	Status
Coordination Stakeholders	In-progress Discussions with Fleet and Asset Mgt Leadership Team Will coordinate “Steering Committee”
Engage Consultant	In-progress



FY26 Goal 5:

Organizational Development

- Objective - 5.4

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

Metric	Q1
Onsite Ergo Assessments	4
Ergonomic Training Presentation	0
Onsite Job Coaching	13
Total Injury Hours Reports	238.43





Questions ?

Comments?