

# PROPOSED FY 2016 BUDGET

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Albuquerque Bernalillo County  
Water Utility Authority






# Albuquerque Bernalillo County Water Utility Authority

May 20, 2016

To: Maggie Hart Stebbins, Chair

From:  Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2015 and Ending June 30, 2016

Presented to the Board for review and consideration is the proposed budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2016. This submittal is the Water Authority's financial plan for Fiscal Year 2016. The development of this financial plan has been guided by the Water Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this proposed budget, the Water Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed budget is based upon the 10-year financial plan, balanced, fiscally conservative and sound.

For Fiscal Year 2016, the proposed budget includes an approved 5% revenue rate adjustment. Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and adding an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3 million per year, this started in Fiscal Year 2015.

In the preparation of this budget, the Water Authority has developed a maintenance of effort budget within the projected estimated revenues. Staffing levels have an increase of 3 net positions in Fiscal Year 2016. There is a 2% increase in other employee benefits. General operating expenditures increased by \$425,000. The most significant expense of the Water Authority continues to be debt service payments which will comprise 36% of the total operating expense in Fiscal Year 2016.

The Water Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project (DWP) permit. The Water Authority received a new permit from the Office of the State Engineer (OSE) in December 2014 which finalized the legal process. The DWP continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin. Net increases in aquifer storage have been remarkable and are being measured and mapped, working with the U.S. Geological Survey.

Human Resources (HR) will continue its efforts to promote employee health and wellness by combining programs offered through the insurance providers with the Water Authority's health and wellness specialist. Authority Fit, the name picked in a contest by employees, has the mission to

provide programs that encourage a healthy lifestyle by promoting physical activity, proper nutrition and safe workplace practices. The goal in FY16 is to have employees take voluntary health assessments, provided by the insurance company, to determine the overall state of the Water Authority employees' health.

The DWP provided 60% of water demand in calendar year 2014 and the Water Authority is working to continue this effort in calendar year 2015, but water supply conditions may limit the ability to fully realize this goal. It is anticipated that the Water Authority will still have more than three years of water storage available at the end of calendar year 2015.

Customer Services (CSD) has implemented and will continue the professional development of all levels of its employees. The clerical employees now have a career ladder in place where they will be working to meet requirements to promote through the levels of the program. Completion of the program is a catalyst to prepare these employees for management level career opportunities. Management employees will continue to receive leadership development materials and classes on topics such as Leading Change, Interviewing Skills, and Conflict Management. The recently converted Water Representatives should achieve the Utility Tech 2 level of the Water Authority's certification program by the first quarter of FY16. The large meter group will move from Water Field Distribution to Customer Services.

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

Revenue for Fiscal Year 2016 is estimated to be \$214.5 million representing an increase of \$10.6 million from the budgeted FY15 amount, due to an approved 5% rate revenue increase to fund investments in the Water Authority's infrastructure based upon the Asset Management Plan. Revenue in the Debt Service Fund has a \$1.3 million decrease due to a decrease in UEC revenue and in the transfer from operating for debt service payments.

The proposed budget for FY16 shows a net increase of 3 new positions, 1 was an FY15 mid-year addition and 2 are requested as part of this budget. The positions added are an Administrative Specialist and two (2) Customer Care Associates. There is also a 2% increase for other employee benefits and a 2% step increase for all employees.

For Fiscal Year 2016 revenues are expected to be \$12.3 million over proposed expenditures, which includes funding the rate reserve fund. This amount will bring the Working Capital or Fund Balance to \$9.4 million at June 30, 2016. The Water Authority continues to strive to achieve a Fund Balance to 1/12 of the annual budgeted operating expenditures. For Fiscal Year 2016, \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for Fiscal Year 2016. The proposed appropriation for Fiscal Year 2016 for CIP is \$59.3 million. \$46.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$9.3 million is appropriated for special projects. The \$9.3 million for special projects is comprised of \$6.0 million for Odor Control along Yucca and Central streets, \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, and \$0.3 million for various renewable energy projects.

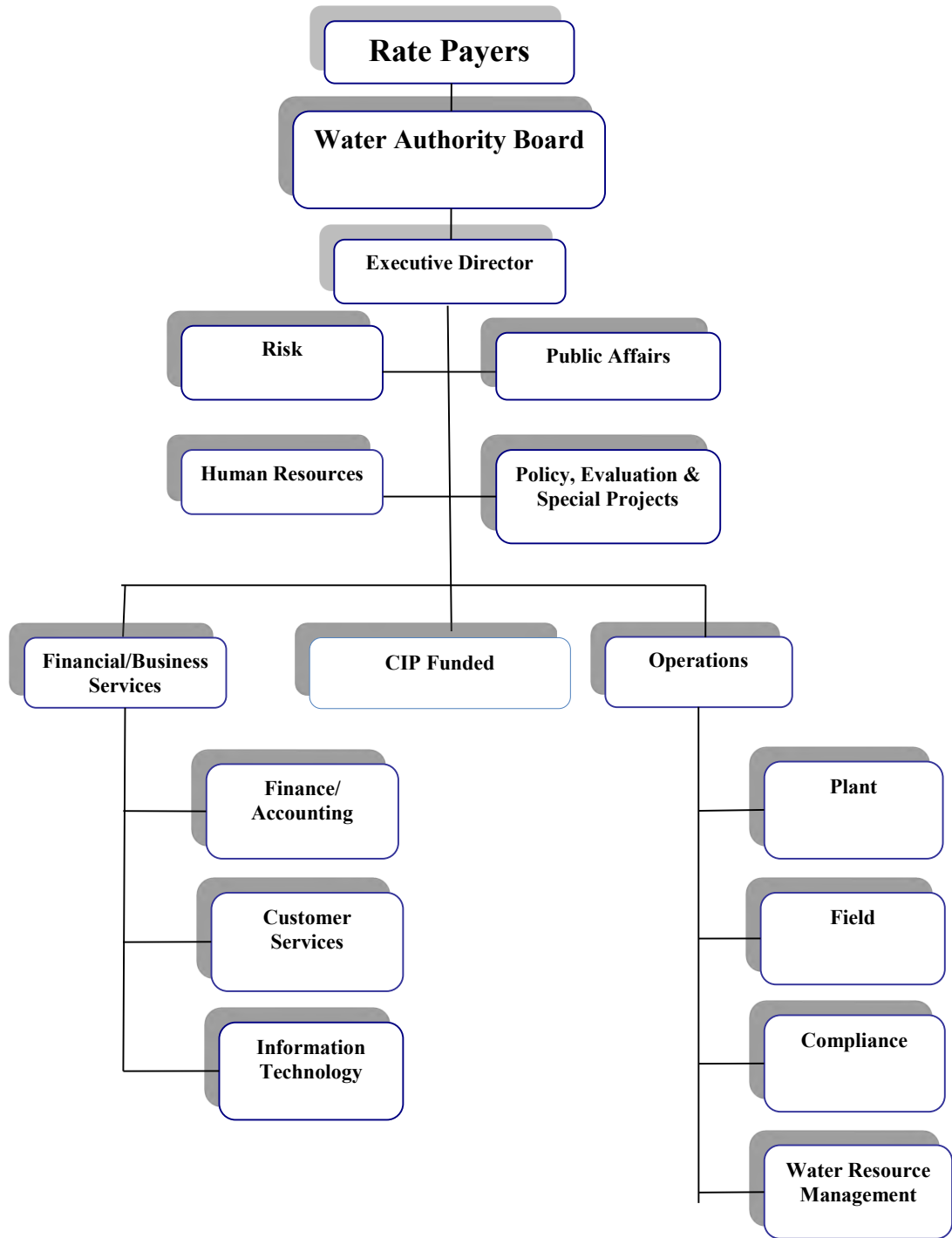
The current Rate Ordinance requires no less than \$30.0 million for Basic rehabilitation program. Additionally, \$2.0 million is budgeted annually for the Automated Meter Infrastructure (AMI) program. There are no appropriations in the proposed Fiscal Year 2016 CIP budget for projects that will be funded with revenues from Fiscal Year 2017 or later.

The Water Authority continues to participate in American Water Works Association's (AWWA) Benchmarking program which allows the utility to compare its performance against other utilities at least every two years. The most recent survey data was compiled in 2013 by AWWA from 124 different utilities. The Water Authority utilizes performance measures or indicators to help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority also uses these measures to help improve its operational efficiency and effectiveness through the One-Year Objectives.

The Water Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. In FY11, the Water Authority completed a comprehensive Asset Management Plan (AMP) used to provide a rational framework for understanding and planning of long-range asset renewal (rehabilitation and replacement) requirements. The AMP consolidates the Water Authority's asset information into a structured framework and uses it to provide a justifiable basis to support long-term organization, operations, and asset management decisions. The Water Authority has also completed several strategic 10-year asset management plans for various asset classes (i.e., small diameter pipes, large diameter pipes, wastewater treatment plant, groundwater and collection system facilities). The 10-year plans are generated to provide the Water Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In FY16, the Water Authority will continue to improve on its asset management practices by upgrading its Computer Management and Maintenance system and integrating mobile work order technology to improve the accuracy of the asset data.

This budget proposal represents the Water Authority's coordinative effort to bring to the Board a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, to provide customers with quality water and wastewater service and address the Water Authority's priorities for Fiscal Year 2016 to improvement of services and gain operating efficiencies.

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**



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Water Utility  
Authority

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## PREFACE

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

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

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

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

The Water Authority's Goals and Objectives focus on improving the Water Authority's operations and improving customer conditions. The goals are based on the American Water Works Association's (AWWA) business model using fifteen successful quality achievement programs. The FY16 Goals and Objectives have been submitted for approval to the Water Authority Board.

The Budget Proposal has 8 major sections. The **Budget Proposal & Financial Consolidations** section is designed as an overview. This section contains the Water Authority's Goals and Objectives, Strategic Planning process and FY16 Highlights. Fund/Working Balance Tables are included by fund group. The funds are presented with estimated ending balances for the current year. This section also the Financial Plan.

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

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

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

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

***BUDGET PROPOSAL  
&  
FINANCIAL  
CONSOLIDATIONS***

***Proposed  
Operating Budget  
FY16***



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

## Mission

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

**Assure** responsive Customer Service.

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

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

## Overview of Goal Development

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

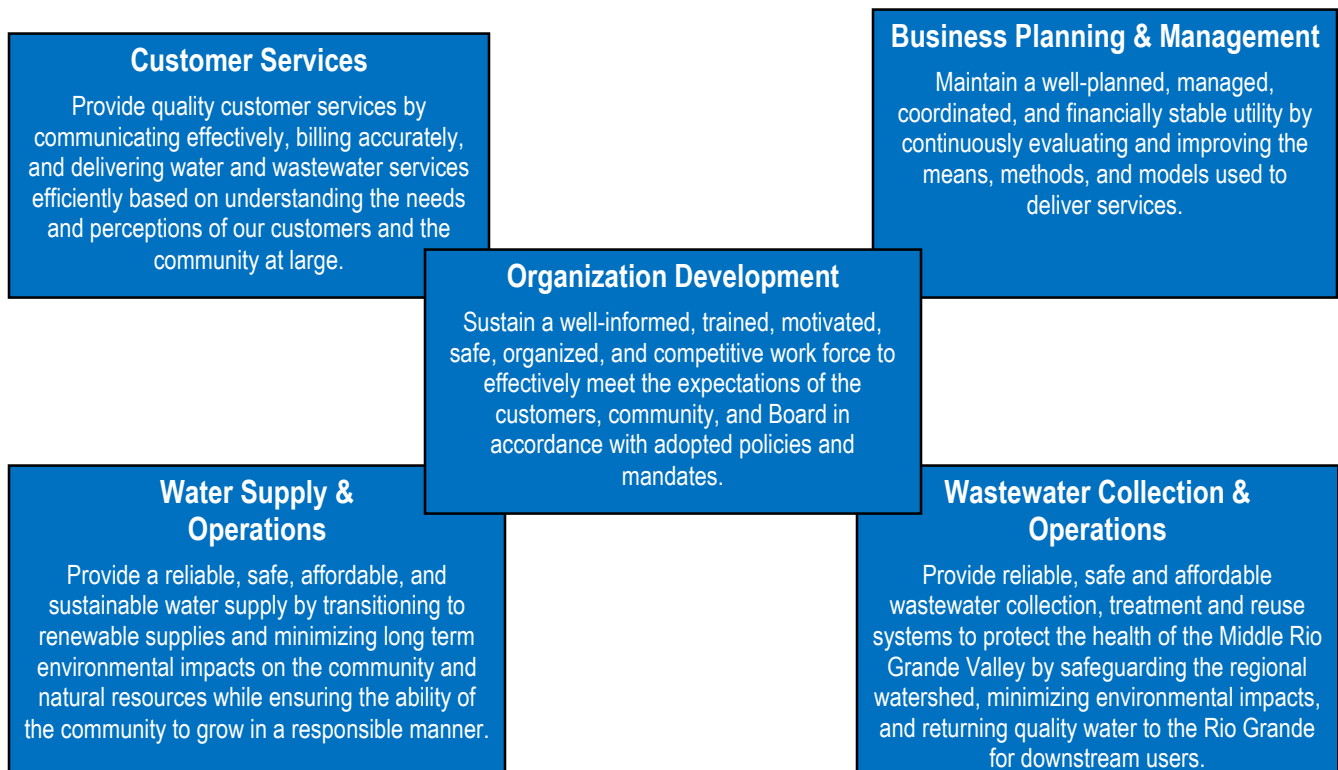
# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## **Five-Year Goal Development**

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

The Water Authority has participated in several continuous performance programs through AWWA including Benchmarking, Self-Assessment, and Peer Review. More recently, the Water Authority has incorporated the EPA's Effective Utility Management (EUM) into its strategic planning process which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes to select priorities for improvement, based on each organization's strategic objectives and the needs of the community it serves.

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



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## Overview of One-Year Objectives

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

Some objectives are related to completing projects or improving programs. Some of the FY16 objectives are tied to resources contained in the FY16 Proposed Budget. A few of the objectives are carried over from FY15 either because they require more time to complete, or are ongoing issues. Some of the objectives are tied to the Performance Plan in order to improve operations and/or customer service.

## Strategic Planning, Budgeting and Improvement Process

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



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

Below is a summary of the Goals and Objectives for Fiscal Year 2016, as introduced to the Water Authority Board on March 18, 2015.

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

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

- Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 60% of all completed maintenance labor hours by the end of the 4<sup>th</sup> Quarter of FY16.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 45% of all completed maintenance labor hours by the end of the 4<sup>th</sup> Quarter of FY16.
- Implement the decommissioning plans of Santa Barbara Pump Station by the end of the 4<sup>th</sup> Quarter of FY16.
- Purchase the necessary field equipment and begin implementation of a pilot internal large diameter valve exercise program including field location and GPS coordinates of existing valves. The program should include developing exercise protocol and standard operating procedures and determining overall manpower needs and equipment to implement a priority phasing schedule based on business risk exposure rating; continue implementation of program through the end of the 4<sup>th</sup> Quarter of FY16.
- Maintain water use between 134 to 144 gallons per capita per day through the end of the 4<sup>th</sup> Quarter of FY16.
- Submit the demonstration permit application for Large Scale Aquifer Storage and Recovery by the end of the 4<sup>th</sup> Quarter of FY16.
- Continue the distribution water loss program by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4<sup>th</sup> Quarter of FY16.
- Continue work on the Partnership for Safe Water program for surface water treatment and drinking water distribution systems to optimize water system operations and performance; submit assessments to AWWA by the end of the 4<sup>th</sup> Quarter of FY16.
- Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition of the Water Authority's groundwater facilities by the end of the 4<sup>th</sup> Quarter of FY16.
- Begin updating the Water Resources Management Strategy through the 4<sup>th</sup> Quarter of FY16.
- Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP) including administrative, policy and technical support to the Water Quality Advisory Board (WPAB). Continue to monitor ongoing or new groundwater contamination sites and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports to the Water Authority Board through the 4<sup>th</sup> Quarter of FY16.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

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

- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY16.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY16.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 40% of all completed maintenance labor hours by the end of the 4th Quarter of FY16.
- Continue minimizing odors and corrosion potential, continue testing of the magnesium hydroxide additions to the sanitary sewer system and establish criteria to evaluate performance impacts to the interceptor system including the Yucca/Central area and the water reclamation facility by the end of the 4th Quarter of FY16.
- Continue assessment of root foaming pilot program on sewer lines that meet the root infested and/or inaccessibility criteria; assess the effectiveness to mechanical cleaning currently practiced and provide recommendation by the end of the 4th Quarter of FY16.
- Continue a Fats, Oils, and Grease (FOG) Buster pilot program on sewer lines; evaluate and provide recommendation by the end of the 4th Quarter of FY16.
- Televis and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY16.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY16.
- Begin development of the Odor Control Facilities Asset Management Plan to sustain the acceptable level of service on odor control throughout the collection and interceptor system through the end of the 4<sup>th</sup> Quarter of FY16.
- Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance by continuing to inspect, monitor, and take enforcement action for users of backflow prevention devices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4<sup>th</sup> Quarter of FY16. Obtain a compliance rate goal of 75%.
- Monitor compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4th Quarter of FY16. Obtain a compliance rate goal of 86% for each category.
- Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by inspecting each Food Service Establishment (FSE) once every three years, working with the Collections section with Sanitary Sewer Overflow (SSOs) investigations, and convene FOG Task Force of other governmental entities to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years. In conjunction with Public Affairs Manager, develop a public relations campaign to inform rate-payers of Best Management Practices for FOG. Report campaign progress monthly and quarterly.

## **Goal 3: Customer Services**

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

- Maintain call wait time for all call centers to less than 1 minute, 90 percent of the time to provide effective customer service through the 4th Quarter of FY16.



## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

- Continue implementation of Phase 4 of the Automated Meter Infrastructure (AMI) project modernizing the Water Authority's aging meter infrastructure with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4<sup>th</sup> Quarter of FY16.
- Implement web self-service program to provide more payment options to customers and improved cash flow through the end of the 4<sup>th</sup> Quarter of FY16.
- Transition the large meter program to customer service and create a maintenance program to test and repair large meters every two years through the end of the 4<sup>th</sup> Quarter of FY16.
- Conduct a customer opinion survey in order to assess the Water Authority's performance from the customer's viewpoint from previous surveys by the end of the 4<sup>th</sup> Quarter of FY16.
- Complete Customer Conversation meetings to engage customers and obtain input on the Water Authority's activities through the end of the 4<sup>th</sup> Quarter of FY16.

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

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

- Expend \$37 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4<sup>th</sup> Quarter of FY16. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4<sup>th</sup> Quarter of FY16.
- Continue development of a comprehensive energy master plan to reduce energy demand by utilizing alternative clean energy sources by the end of the 4<sup>th</sup> Quarter of FY16.
- Continue implementation and system integration of mobile solutions to operations staff for optimization of the work order process including Clevest, and automation of preventative maintenance on utility equipment; begin implementation of Phase 2 to assess and plan the expansion of Clevest and consolidation of mobile solutions to the Clevest application, and its impact on the Maximo upgrade scheduled for FY16.
- Implement an independent telephony/data network that will provide a more reliable infrastructure and network in order to provide better customer service and additional functionality to staff by the end of the 1<sup>st</sup> Quarter of FY16.
- Update the Information Technology Strategic Plan that supports the upgrade of enterprise applications and the continued growth of the Information Technology Division as an effective Internal Service Provider including: 1) Phase 1 of Maximo work order asset management system to be upgraded to version 7.5 by the end of the 4<sup>th</sup> Quarter of FY16; 2) planning, assessment and development of an RFP for implementation services for the Customer Care and Billing program; 3) upgrade SunGard ERP to include core finance, personnel, payroll; 4) implementation of information technology best practices for service desk, change management, and project tracking, to better manage budget control, reporting and resource allocation.
- Complete bar coding of all utility vehicles by the end of the 4<sup>th</sup> Quarter of FY16.
- Conduct formal Budget training for all division managers, chief engineers, section managers, and superintendents by the end of the 2<sup>nd</sup> Quarter of FY16.
- Review and update financial and budget procedures and policies based on best practices for improved government management by the end of the 2<sup>nd</sup> Quarter of FY16.
- Conduct a survey and review of peer organization communication processes in order to generate ideas for improvement of the Public Affairs function, to include a review of approaches to use of social media, with conclusions, analysis and recommendations to be submitted by the end of the 4<sup>th</sup> Quarter of FY16.
- Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, and local laws ordinances, etc. to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4<sup>th</sup> Quarter of FY16.

## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

- Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: WQL results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs), laboratory productivity (results reported per productive hour), and the percentage of results reported late (turnaround time (TAT)). Maintain performance levels at FY14 levels. Research and identify industry performance benchmarks to be included for comparison.
- Continue collection and analyses of the operational data necessary to determine and document the actual cost of service for laboratory services for the analytical methods within the Water Quality Laboratory scope of accreditation. The status of the data collection and analyses efforts will be reported quarterly.
- In conjunction with the Information Technology Division, begin transition to LabVantage Laboratory Information Management System (LIMS) through the end of the 4<sup>th</sup> Quarter of FY16.
- Continue to develop the data repository including coordinating with Plant Operations Division to develop reports generated from the Data Repository to provide new access to approved laboratory and field analytical instrument water quality analyses and user statistical analyses tools through the end of the 4<sup>th</sup> Quarter of FY16.
- Continue to develop the Environmental Monitoring Program to improve the reliability of results from field instrumentation and sample collection techniques. Develop a program plan based on designated ISO standard to address accreditation requirements to include standard operating procedures, document control and records management plans, and a process for demonstration of staff capability. Implement program plan by the end of the 2<sup>nd</sup> Quarter of FY16.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each Quarter of FY16, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
- Evaluate the cost of treating septage and chemical toilet waste at the Southside Reclamation Plant; update the hauled wastewater policies and procedures by the end of the 4<sup>th</sup> Quarter of FY16.

### **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.*

- Conduct an employee engagement and satisfaction survey by the 4<sup>th</sup> Quarter of FY16.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY16.
- Complete the standard operating procedures for the water and wastewater plants and begin training by the end of the 4<sup>th</sup> Quarter of FY16.
- Continue implementation of the Operational Improvement Strategy by implementing the Area Procedures and Evaluations, and documenting and collecting data from key performance indicators to improve work load management and system performance efficiencies by the end of the 4<sup>th</sup> Quarter of FY16.
- Reduce injury hours to 2,700 hours or less to improve productivity and reliability of services provided by employees by the end of the 4<sup>th</sup> Quarter of FY16.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## *Fiscal Year 2016 Highlights*

The FY16 Executive Director's Proposed Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, in conjunction with the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

The Water Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project (DWP) permit. The Water Authority received a new permit from the OSE in December 2014 which finalized the legal process. The DWP continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin. Net increases in aquifer storage have been remarkable and are being measured and mapped, working with the U.S. Geological Survey.

The DWP provided 60% of water demand in calendar year 2014 and the Water Authority is working to continue this effort in calendar year 2015, but water supply conditions may limit the ability to fully realize this goal. It is anticipated that the Water Authority will still have more than three years of water storage available at the end of calendar year 2015.

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

Human Resources (HR) will continue its efforts to promote employee health and wellness by combining programs offered through the insurance providers with the Water Authority's health and wellness specialist. Authority Fit, the name picked in a contest by employees, has the mission to provide programs that encourage a healthy lifestyle by promoting physical activity, proper nutrition and safe workplace practices. The goal in FY16 is to have employees take voluntary health assessments, provided by the insurance company, to determine the overall state of the Water Authority employees' health.

In FY16, HR will initiate an employee engagement and satisfaction survey to determine where employees assess themselves in these areas. From the survey, management can ascertain where to focus improvement. Research shows that organizations with high levels of employee engagement are more successful and productive. HR will continue to automate processes, including online benefits in the ERP system, electronic files and automated systems for secure confidential file sharing and improved streamlined forms and information on the employee intranet.

The Water Authority's certification training programs continue to develop employees' knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Each fiscal year, there has been an increase in the number of utility operators obtaining their State of New Mexico Operator certification. In addition to traditional classroom and on-the-job training, employees will be able to access various training subjects online, making training more accessible to employees working non-traditional schedules (i.e. graveyard shift).

The proposed budget also includes nonrecurring funding for an employee incentive program. This program will reward employees for cost savings as a result of a decrease in work-related losses. Funding for this program is

## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

contingent on the Water Authority generating the same or a greater amount in savings. This incentive program has been an effective tool in the reduction of the Water Authority's Workers Compensation expense.

In FY15, the Financial/Business Services division completed two bond refinancings, in September 2014 and April 2015. The net present value savings from these refinancings on a cash flow basis are \$36.4 million over the life of the bond issues. With the bond refinancings, the Water Authority has maintained its Aa2/AA+/AA bond ratings. In FY16, the division will submit to the Government Finance Officers Association (GFOA) the FY16 Approved Budget for the Distinguished Budget Presentation Award, the FY15 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and, for the first time, the FY15 Popular Annual Financial Report (PAFR) for the Popular Annual Financial Reporting Award. The division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

Customer Services (CSD) and Northwest Service Area (NWSA) have been successfully integrated into one group that handles call center, treasury, billing, new service applications, field operations and meter maintenance functions. CSD, Field Operations, and NWSA Field Operations & Maintenance sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo (Work Order & Asset Management) and Customer Care & Billing (CC&B) in order to create operating procedures for a paperless, real-time work order system, where field activities are dispatched, updated and closed out on a mobile platform. In addition, Clevest will be used to manage line spots and schedule and record the preventative maintenance activities on the meter change outs, box and valve replacement initiatives. In FY16, a reporting matrix where response time, emergency repairs, work order completion percentage, and preventative maintenance will be developed to measure and benchmark against industry leaders.

CSD has implemented and will continue the professional development of all levels of its employees. The clerical employees now have a career ladder in place where they will be working to meet requirements to promote through the levels of the program. Completion of the program is a catalyst to prepare these employees for management level career opportunities. Management employees will continue to receive leadership development materials and classes on topics such as Leading Change, Interviewing Skills, and Conflict Management. The recently converted Water Representatives should achieve the Utility Tech 2 level of the Water Authority's certification program by the first quarter of FY16. The large meter group will move from Water Field Distribution to Customer Services.

Information Technology (ITD) will continue implementation and system integration of mobile solutions to operations staff for optimization of the work order and asset management process, including Clevest and automation of preventative maintenance on utility equipment and the consolidation of mobile work order functions. Work will also continue on mobile apps such as Kronos and mobile apps for the web. ITD will begin the Maximo system upgrade in FY16. ITD will also assess upgrade alternatives for CC&B and SunGard, the financial/HR/payroll system. In FY16, ITD will complete the Water Authority separation from the City of Albuquerque network and telephony systems resulting in more efficient business processes, better reliability and cost savings.

The Water Authority continues to develop and implement work load management practices to measure the amount of work that is being completed by the various sections. The CMMS system, Maximo, is used to document the work orders completed and management staff are reviewing and evaluating the work being recorded and accomplished to better understand individual job requirements. All of the Standard Operating Procedures are in the process of being finalized for the operations groups and the Water Authority will continue to implement additional safety and job planning activities to improve the overall safety program.

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Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Water Authority's well system was evaluated during FY15 and a list of wells for renewal was prioritized. During FY16, a pilot test will be completed on the Thomas No. 5 Well to study a method of reducing the arsenic concentration in the water. The pilot will involve blocking off the lower section of the well screens with the intention of reducing flow into the well from strata of the aquifer with higher arsenic concentration water. If successful, this method may allow several other Water Authority "high arsenic wells" to be brought back into service. Another project looking into the use of several currently out of service "high arsenic wells" is along the Alameda Trunk, which could provide an additional 30 MGD or more of water supply. With this project, the well water would be conveyed to the San Juan-Chama Water Treatment Plant (SJCWTP) to remove the arsenic, making it suitable for drinking. This project would be especially beneficial during drought periods when there is insufficient flow in the Rio Grande to allow diversions of surface water to the SJCWTP. During such times, instead of having to idle the plant, it could be used to treat the well water. During FY16, pilot studies will be conducted to refine the treatment process for water drawn from these wells. In addition, the Water Authority will continue with design and construction of blending and treatment facilities that will expand the use of existing wells in the Corrales Trunk for water supply.

Groundwater operations will be adding these facilities into operation: Echo Canyon Reservoir in Carnuel, BCIP Reservoir #2, Leyendecker Pump Station New Booster Pump #6, and BCIP Pump Station. The section will be implementing a field study to assess reservoir stratification and determine which reservoirs would benefit from installation of active mixing systems to improve water quality. Groundwater will continue the Large Diameter Valve Exercise program at reservoirs, pump stations and well sites and to complete the Montgomery Trunk and proceed to the Freeway Trunk. Groundwater facilities will be completing the database configuration of confined spaces including assessments for each space and publishing a written plan for the permit-required Confined Space Program and developing an electrical safety program with assistance from an electrical consultant.

Wastewater plant operations began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction of the Preliminary Treatment Facility (PTF) will be completed by the start of FY16. Design and construction of rehabilitation/improvements to the Solids Dewatering Facility will continue in FY16 with completion by the end of FY17. Improvements will also be made to the Anaerobic Digesters, Aeration Basins, plant-wide electrical systems, and other facilities.

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Calendar year 2014 marked the first full season of irrigation by the initial group of 16 customers that connected to this system. These connections resulted in a reduction of potable water demands by 624 acre-feet. This project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol.

The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The SWRP facility generates approximately 20% of its power requirements using digester gas and another 7% using renewable solar power from an on-site solar array.

Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue from compost sales in FY16. It is the Water Authority's goal to compost and sell at least 25% of the total wastewater residuals while not "over-saturating" the regional market for bio-solids compost.

The Collections division continues to implement the Capacity Management Operations and Maintenance (CMOM) program. The expanded closed circuit television (CCTV) inspection of 5% of the small diameter system provides for better maintenance and identification of specific rehab needs. Communication with entities

## ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

potentially impacted by public or private sewage spills continues to be enhanced and documented in the Overflow Emergency Response Plan (OERP) which is a portion of the CMOM. The fleet of combination cleaning units is being renewed and provided with updated nozzles. Arc flash and transformer oil testing was completed of the pump and vacuum stations, allowing for improved maintenance operations and identifying high priority repairs. Magnesium hydroxide is being studied for control of hydrogen sulfide which is the cause of corrosion and most odor complaints. After a pilot study in the collection system, a testing program is currently underway to examine potential impacts at the Southside Water Reclamation Plant.

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the 2012 National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program completed modification of the Water Authority Sewer Use and Wastewater Control Ordinance as approved by the Water Authority Board in January 2014 to become effective in July 2014, developed a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revised the Technically Based Local Limits. Each of these documents were submitted to EPA for approval and have been compiled, along with other documents as a proposed Pretreatment Program Modification. The Program Modification was approved by EPA in January 2015. Improvements in ordinance compliance continue with inspection, monitoring, and enforcement actions for permitted industrial users, septage waste haulers, food service establishments, and dental offices. In the coming year, compliance with the Cross Connection Control Ordinance will also be tracked.

In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY15. The LIMS steering committee will be implementing the first phase of the new LIMS system, LabVantage during FY16. A complete listing of current Water Quality Laboratory processes have been developed that will help with the configuration of LabVantage.

Required monitoring for the Unregulated Contaminant Monitoring Rule 3 (UCMR3) will occur on the drinking water system during the then of FY15 and through FY16. UCMR3 monitoring takes place at the entry points to the distribution system and 6 sites in the system with maximum residence times. The compounds tested for in UCMR3 monitoring range from volatile organics, to metals, to hormones. The Long Term Enhanced Surface Water Treatment Rule 2 (LT2) monitoring will also occur during the end of FY15 and throughout FY16. LT2 monitoring tests the source water at the surface water treatment plant for turbidity, E. Coli, and Cryptosporidium.

In FY16, the Conservation division will be conducting a rain water harvesting pilot project at locations all over the service area to determine how much water can be saved with rain water harvesting systems and how much time and money it takes to install them. Water Smart classes will be offered from April thru September and customers who attend both the turf irrigation and drip irrigation classes will receive a \$20 credit on their water bill. The successful student education programs will continue, including the RIO field trips where every fourth-grade student from public schools in the service area attends a full-day field trip to the Rio Grande. In addition, in FY16 more education and outreach programs in the Water Use Compliance division will be implemented. A new program will be rolled out where customers who receive water conservation rebates will be able to choose to donate a portion of that rebate to other conservation programs taking place in the service area.

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

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The Albuquerque Bernalillo County Water Utility Authority can be examined by program. Comparing the original budget for FY15 with the proposed FY16 budget shows changes in the Water Authority programs, excluding the interfund transfers.

(S000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
Administration	2,719	2,142	1,761	1,844	1,832	71
Legal/Risk	261	3,679	4,060	4,477	4,074	14
Human Resources	1,327	1,304	1,304	1,205	1,373	69
Finance	3,250	3,342	3,342	3,459	3,700	358
Customer Services	7,364	7,834	7,834	7,348	8,963	1,129
Information Technology	5,858	5,748	5,748	5,938	5,686	(62)
Wastewater Plant	10,342	10,830	10,830	10,718	11,298	468
San Juan-Chama Water Treatment Plant	3,315	2,917	2,917	2,901	3,045	128
Groundwater Operations	5,842	5,670	5,670	5,608	5,790	120
Wastewater Collection	6,330	5,940	5,940	6,108	6,236	296
Water Field Operations	18,424	18,904	18,904	18,680	18,777	(127)
Compliance	3,966	5,338	5,338	4,344	5,186	(152)
Water Resources Management	6,955	7,040	7,040	6,409	7,199	159
Power & Chemicals	19,979	18,482	18,482	19,150	18,482	-
Taxes	7,258	8,536	8,536	7,424	8,691	155
Overhead	4,779	1,700	1,700	1,588	1,843	143
San Juan Chama	2,323	2,247	2,247	2,295	2,247	-
<b>Total Enterprise Appropriations</b>	<b>110,291</b>	<b>111,653</b>	<b>111,653</b>	<b>109,497</b>	<b>114,422</b>	<b>2,769</b>

### Expenditures

The proposed operating expenditures contain a net increase of \$5.5 million from FY15, including interfund transfers. This includes an increase of \$2.3 million in salaries and benefits, an increase in operating expenses of \$425,000, and an increase in interfund transfers of \$2.7 million for the transfer to capital.

Personnel expenditures include a 2% increase in benefits primarily due to the Affordable Health Care Act as well as a 2% step increase in wages. Total personnel costs have increased by \$2.3 million as compared to FY15. One new mid-year position was added in FY15 and an additional 2 new positions are requested per this budget. The positions added are an Administrative Specialist and two (2) Customer Care Associates. Total general operating costs increase \$425,000. Capital costs decrease by \$2,000. The interfund transfers increase by \$2.7 million which include a decrease to the debt service transfer of \$318,000 (due to the bond refundings in FY15) and a \$3.0 million increase in the transfer to the capital fund.

The Water Authority continues to strive to achieve a Fund Balance to 1/12th of the annual budgeted operating expenditures. The Working Capital balance at June 30, 2016 is projected to be \$9.4 million. The Water Authority will increase its General Fund Balance to 1/12th of the annual budgeted expenditures by FY16.

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

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

<b>Water Authority Proposed Issue Papers - FY16</b>	
<b>Fund 21 - General Fund</b>	<b>609,079</b>
<b>Administration</b>	
Town Hall and Various Meetings	38,500
<b>Financial Services</b>	
Reclassify/Move Admin Specialist to Lead Warehouse Worker	(9,137)
Reclassify Accounting Officer to Controller	13,222
Two (2) Customer Care Associates (Offset by Contract Svcs Savings)	-
Transfer Large Meter Program from Field to CSD Field	-
ITD Administrative Specialist position-FY15 mid-year addition	62,284
Transfer ERP Manager positions from ITD to Finance	-
Move Project Coordinator from Central Engineering to CSD Billing	-
<b>Plant</b>	
Reclassify UM Mechanic to Lead Diesel Engine Mechanic	4,954
SJCWTP Overtime	60,000
SJCWTP Water and Sewer Charges	40,000
Telvent Annual Maintenance Contract	32,200
Network Security	2,100
Rockwell Automation	23,220
Mitsubishi UPS Maintenance	5,100
<b>Field</b>	
Root Control	40,000
Vactor FOG Buster System	10,000
Lift Stations Overtime	42,000
New Mexico 811 Membership	88,000
Barricade Services	400,000
<b>WRM</b>	
Electrical Engineer	41,984
Construction Inspector	38,434
<b>General Government</b>	
Offset from Indirect Overhead Savings	(323,782)
<b>TOTAL</b>	<b>609,079</b>



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**Changes in Employment** - The proposed budget for FY16 shows a net increase of 3 new positions, 1 was a FY15 mid-year addition and 2 are requested as part of this budget. The positions are: 1 Administrative Specialist and 2 Customer Care Associates.

	<b>AUDITED FY14</b>	<b>ORIGINAL BUDGET FY15</b>	<b>REVISED BUDGET FY15</b>	<b>ESTIMATED ACTUAL FY15</b>	<b>PROPOSED BUDGET FY16</b>	<b>PROP 16/ REV 15 CHG</b>
POSITIONS:						
Administration	13	8	8	8	8	0
Legal/Risk	0	5	5	5	5	0
Human Resources	13	13	13	13	13	0
Finance	27	28.5	28.5	28.5	31.5	3
Customer Services	80	80	80	80	92	12
Information Technology	25	26	26	27	25	(1)
Wastewater Plant	99	99	99	99	99	0
San Juan-Chama Water Treatment Plant	28	27	27	27	26	(1)
Groundwater Operations	57	56	56	56	56	0
Wastewater Collection	65	60	60	60	60	0
Water Field Operations	126	126	126	126	117	(9)
Compliance	44	46	46	46	46	0
Water Resources Management	35	41	41	41	40	(1)
General Government	9	9	9	9	9	0
<b>TOTAL FULL TIME POSITIONS</b>	<b>621</b>	<b>624.5</b>	<b>624.5</b>	<b>625.5</b>	<b>627.5</b>	<b>3.0</b>

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

(S000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
<b><u>GENERAL FUND - 21</u></b>						
Administration	2,719	2,142	1,761	1,844	1,832	71
Legal/Risk	261	3,679	4,060	4,477	4,074	14
Human Resources	1,327	1,304	1,304	1,205	1,373	69
Finance	3,250	3,342	3,342	3,459	3,700	358
Customer Services	7,364	7,834	7,834	7,348	8,963	1,129
Information Technology	5,858	5,748	5,748	5,938	5,686	(62)
Wastewater Plant	10,342	10,830	10,830	10,718	11,298	468
San Juan-Chama Water Treatment Plant	3,315	2,917	2,917	2,901	3,045	128
Groundwater Operations	5,842	5,670	5,670	5,608	5,790	120
Wastewater Collection	6,330	5,940	5,940	6,108	6,236	296
Water Field Operations	18,424	18,904	18,904	18,680	18,777	(127)
Compliance	3,966	5,338	5,338	4,344	5,186	(152)
Water Resources Management	6,955	7,040	7,040	6,409	7,199	159
Power & Chemicals	19,979	18,482	18,482	19,150	18,482	-
Taxes	7,258	8,536	8,536	7,424	8,691	155
Overhead	4,779	1,700	1,700	1,588	1,843	143
San Juan-Chama	2,323	2,247	2,247	2,295	2,247	-
Trfr from General Fund 21 to Rehab Fund 28	4,000	12,000	12,000	12,000	15,000	3,000
Trfr from General Fund 21 to Debt Service Fund 31	72,094	73,160	73,160	69,160	72,842	(318)
<b>Subtotal General Fund - 21</b>	<b>186,385</b>	<b>196,813</b>	<b>196,813</b>	<b>190,657</b>	<b>202,264</b>	<b>5,451</b>
 <b><u>DEBT SERVICE FUND - 31</u></b>						
Debt Service	75,245	75,161	75,161	72,926	72,842	(2,319)
Transfer to Growth Fund 29	3,000	5,000	5,000	5,000	5,000	-
<b>Subtotal Debt Service Fund - 31</b>	<b>78,245</b>	<b>80,161</b>	<b>80,161</b>	<b>77,926</b>	<b>77,842</b>	<b>(2,319)</b>
 <b>TOTAL</b>	 <b>264,630</b>	 <b>276,974</b>	 <b>276,974</b>	 <b>268,583</b>	 <b>280,106</b>	 <b>3,132</b>
<b>TOTAL WATER AUTHORITY APPROPRIATIONS</b>	<b>264,630</b>	<b>276,974</b>	<b>276,974</b>	<b>268,583</b>	<b>280,106</b>	<b>3,132</b>
Interfund Adjustment	(72,094)	(73,160)	(73,160)	(69,160)	(72,842)	318
 <b>NET WATER AUTHORITY APPROPRIATIONS</b>	 <b>192,536</b>	 <b>203,814</b>	 <b>203,814</b>	 <b>199,423</b>	 <b>207,264</b>	 <b>3,450</b>

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(\$000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
<b><u>GENERAL FUND - 21</u></b>						
<b>100 WATER AUTHORITY:</b>						
005 Executive Director	2,298	1,671	1,290	1,368	1,356	66
006 COO's Office	421	471	471	477	476	5
<b>PROGRAM APPROPRIATION</b>	<b>2,719</b>	<b>2,142</b>	<b>1,761</b>	<b>1,844</b>	<b>1,832</b>	<b>71</b>
<b>RISK:</b>						
010 Legal/Risk	261	3,679	4,060	4,477	4,074	14
<b>PROGRAM APPROPRIATION</b>	<b>261</b>	<b>3,679</b>	<b>4,060</b>	<b>4,477</b>	<b>4,074</b>	<b>14</b>
<b>110 HUMAN RESOURCES:</b>						
015 Human Resources	1,327	1,304	1,304	1,205	1,373	69
<b>PROGRAM APPROPRIATION</b>	<b>1,327</b>	<b>1,304</b>	<b>1,304</b>	<b>1,205</b>	<b>1,373</b>	<b>69</b>
<b>120 FINANCE:</b>						
020 Finance	3,250	3,342	3,342	3,459	3,700	358
<b>PROGRAM APPROPRIATION</b>	<b>3,250</b>	<b>3,342</b>	<b>3,342</b>	<b>3,459</b>	<b>3,700</b>	<b>358</b>
<b>130 CUSTOMER SERVICES:</b>						
025 Customer Services & Billing	4,270	4,572	4,572	4,241	4,633	61
030 CS Meter Reading	1,964	1,816	1,816	1,827	1,901	85
031 Customer Service Field	1,130	1,446	1,446	1,280	2,429	983
<b>PROGRAM APPROPRIATION</b>	<b>7,364</b>	<b>7,834</b>	<b>7,834</b>	<b>7,348</b>	<b>8,963</b>	<b>1,129</b>
<b>140 INFORMATION TECHNOLOGY:</b>						
035 Information Technology	5,858	5,748	5,748	5,938	5,686	(62)
<b>PROGRAM APPROPRIATION</b>	<b>5,858</b>	<b>5,748</b>	<b>5,748</b>	<b>5,938</b>	<b>5,686</b>	<b>(62)</b>
<b>150 WASTEWATER PLANT:</b>						
040 WW Plant Administration	394	326	326	348	286	(40)
045 WW Cogen	573	849	849	609	872	23
050 WW Mechanical	3,568	4,242	4,242	4,009	4,476	235
055 WW Plant Operations	4,082	3,655	3,655	4,042	3,902	247
060 WW MDC	72	63	63	75	63	-
065 WW SAF	1,622	1,501	1,501	1,545	1,554	53
070 WW Warehouse	32	69	69	10	20	(50)
115 South Reuse	-	126	126	80	126	-
<b>PROGRAM APPROPRIATION</b>	<b>10,342</b>	<b>10,830</b>	<b>10,830</b>	<b>10,718</b>	<b>11,298</b>	<b>468</b>
<b>160 SJC WATER TREATMENT PLANT:</b>						
075 San Juan-Chama Water Treatment Plant	3,315	2,917	2,917	2,901	2,975	58
100 College Arsenic Treatment	-	-	-	-	70	70
<b>PROGRAM APPROPRIATION</b>	<b>3,315</b>	<b>2,917</b>	<b>2,917</b>	<b>2,901</b>	<b>3,045</b>	<b>128</b>

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(\$000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
<b>170 GROUNDWATER SYSTEM:</b>						
080 WA Engineering Operations	344	-	-	-	-	-
085 WA Wells, PS, Boosters, Reservoirs	3,371	3,293	3,293	3,167	3,386	92
090 GW Treatment	997	1,284	1,284	1,221	1,253	(31)
095 WA Control System Operators	1,015	676	676	725	734	58
096 SCADA	61	318	318	435	389	71
100 College Arsenic Treatment	24	70	70	44	-	(70)
105 WA MDC	18	8	8	4	8	-
110 North Reuse	12	21	21	11	21	-
<b>PROGRAM APPROPRIATION</b>	<b><u>5,842</u></b>	<b><u>5,670</u></b>	<b><u>5,670</u></b>	<b><u>5,608</u></b>	<b><u>5,790</u></b>	<b><u>120</u></b>
<b>180 WASTEWATER COLLECTIONS:</b>						
120 WW Gravity	4,536	4,461	4,461	4,420	4,542	81
125 WW Lift Station Operations	1,794	1,479	1,479	1,688	1,694	215
<b>PROGRAM APPROPRIATION</b>	<b><u>6,330</u></b>	<b><u>5,940</u></b>	<b><u>5,940</u></b>	<b><u>6,108</u></b>	<b><u>6,236</u></b>	<b><u>296</u></b>
<b>190 WATER FIELD OPERATIONS:</b>						
126 Fleet Maintenance	3,576	3,678	3,678	3,509	3,708	29
130 WA Customer Requests	536	648	648	526	665	17
131 Cross Connections	364	-	-	-	-	-
135 WA Distribution Lines	11,111	11,828	11,828	12,141	12,587	758
140 WA Meter NS/Repairs	982	986	986	935	-	(986)
145 WA Field Administration	1,854	1,764	1,764	1,569	1,818	55
<b>PROGRAM APPROPRIATION</b>	<b><u>18,424</u></b>	<b><u>18,904</u></b>	<b><u>18,904</u></b>	<b><u>18,680</u></b>	<b><u>18,777</u></b>	<b><u>(127)</u></b>
<b>200 COMPLIANCE:</b>						
150 Laboratory	1,747	2,199	2,199	1,811	2,242	44
155 NPDES	1,183	1,552	1,552	1,359	1,616	64
160 Water Quality	1,035	1,587	1,587	1,174	1,328	(260)
<b>PROGRAM APPROPRIATION</b>	<b><u>3,966</u></b>	<b><u>5,338</u></b>	<b><u>5,338</u></b>	<b><u>4,344</u></b>	<b><u>5,186</u></b>	<b><u>(152)</u></b>
<b>210 WATER RESOURCES MGMT:</b>						
165 Central Engineering	1,172	1,762	1,762	1,582	1,961	199
170 One Stop Shop Enterprise	248	334	334	305	260	(74)
175 Maps & Records	457	524	524	444	533	8
180 Water Resources Planning	1,608	1,121	1,121	1,105	1,146	25
185 Water Conservation	3,267	2,918	2,918	2,748	2,895	(23)
190 Groundwater Protection	201	332	332	215	356	24
195 Arsenic Removal	1	48	48	11	48	-
<b>PROGRAM APPROPRIATION</b>	<b><u>6,955</u></b>	<b><u>7,040</u></b>	<b><u>7,040</u></b>	<b><u>6,409</u></b>	<b><u>7,199</u></b>	<b><u>159</u></b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

(\$000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
<b>220 GENERAL GOVERNMENT:</b>						
200 Power	14,035	11,541	11,541	12,181	11,541	-
206 SJCWTP Chemicals	2,711	3,896	3,896	3,827	3,896	-
207 GW Chemicals	84	262	262	124	262	-
208 WW Treatment Chemicals	797	1,039	1,039	830	1,039	-
209 Collections Chemicals	2,351	1,744	1,744	2,187	1,744	-
<b>PROGRAM APPROPRIATION</b>	<b>19,979</b>	<b>18,482</b>	<b>18,482</b>	<b>19,150</b>	<b>18,482</b>	<b>-</b>
200 Taxes	7,258	8,536	8,536	7,424	8,691	155
<b>PROGRAM APPROPRIATION</b>	<b>7,258</b>	<b>8,536</b>	<b>8,536</b>	<b>7,424</b>	<b>8,691</b>	<b>155</b>
200 Overhead	3,721	456	456	517	503	47
205 Early Retirement	440	400	400	276	400	-
210 CIP Funded Employees	618	844	844	795	940	96
<b>PROGRAM APPROPRIATION</b>	<b>4,779</b>	<b>1,700</b>	<b>1,700</b>	<b>1,588</b>	<b>1,843</b>	<b>143</b>
<b>230 SAN JUAN-CHAMA:</b>						
215 San Juan-Chama	2,323	2,247	2,247	2,295	2,247	-
<b>PROGRAM APPROPRIATION</b>	<b>2,323</b>	<b>2,247</b>	<b>2,247</b>	<b>2,295</b>	<b>2,247</b>	<b>-</b>
<b>TRANSFER FROM FUND 21 TO 28</b>						
200 General Government	4,000	12,000	12,000	12,000	15,000	3,000
<b>PROGRAM APPROPRIATION</b>	<b>4,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>15,000</b>	<b>3,000</b>
<b>TRANSFER FROM FUND 21 TO 31</b>						
200 General Government	72,094	73,160	73,160	69,160	72,842	(318)
<b>PROGRAM APPROPRIATION</b>	<b>72,094</b>	<b>73,160</b>	<b>73,160</b>	<b>69,160</b>	<b>72,842</b>	<b>(318)</b>
<b>DEBT SERVICE FUND - 31</b>						
<b>250 DEBT SERVICE</b>						
230 DS - NM Loans	27,226	31,921	31,921	27,942	31,307	(614)
235 DS - Loans	-	987	987	402	-	(987)
240 DS - Revenue Bonds	48,018	42,253	42,253	44,582	41,535	(718)
<b>PROGRAM APPROPRIATION</b>	<b>75,245</b>	<b>75,161</b>	<b>75,161</b>	<b>72,926</b>	<b>72,842</b>	<b>(2,319)</b>
<b>260 UEC TRANSFER</b>						
245 DS - UEC Transfer	3,000	5,000	5,000	5,000	5,000	-
<b>PROGRAM APPROPRIATION</b>	<b>3,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>



Water Utility  
Authority

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## **Financial Plan**

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY15 thru FY24. This plan takes into account the Water Authority's Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps the Water Authority plan for future potential expenditure levels in both operating and capital and compare them to the estimated revenue resources for each projected Fiscal Year. The plan shows the effects of the budget on the Water Authority's Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Water Authority forecasts the rate revenue adjustment of 5% for FY16 and a 5% rate revenue adjustment that was approved by the Board for FY18.

<b>Operating Fund</b>										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Capital Funds</b>										
Needs: Basic (Min 50% cash Trans)	36000	37000	37000	37000	37000	37000	37000	37000	37000	37000
<b>Increase for Rehab/Asset Mgt Plan</b>		3000	6000	9000	12000	15000	18000	21000	24000	27000
Water Reclamation	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
<b>Southside Reuse</b>										
<b>SJC Remediation</b>										
<b>Steel Line</b>	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
<b>AMI</b>	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
<b>Special Projects</b>	0	6000	0	0	0	0	0	0	0	0
Valley Utility Projects	0	0	0	0	0	0	0	0	0	0
<b>Resources:</b>										
Beginning Bal.	18788	3888	28988	1088	28188	288	28388	488	28588	688
Trf. from Operating	12000	15000	21000	21000	27000	30000	33000	36000	39000	42000
Trf. from Debt Service	6000	5000	6000	6000	6000	6000	6000	6000	6000	6000
Bond Proceeds (Water Reclamation)										
Bond Proceeds	15000	57000		58000		56000	0	56000		56000
Bond Proceeds Yucca/Central		6000								
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
<b>Subtotal</b>	51788	86888	55988	86088	61188	92288	67388	98488	73588	104688
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
<b>Total</b>	52888	87988	57088	87188	62288	93388	68488	99588	74688	105788
<b>Balance June 30</b>	3888	28988	1088	28188	288	28388	488	28588	688	28788
<b>Debt Service Fund</b>										
<b>Future Bond Interest=</b>										
<b>Resources:</b>										
Interest Income	800	0	800	800	800	800	800	800	800	800
UECs	9000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Transfer from 621	73160	72842	72220	77583	77352	76748	76758	75704	75704	81189
Adjustments/Misc										
Bg. Fund Balance	700	0	1000	1000	1000	1000	1000	1000	1000	1000
<b>Total</b>	83660	80842	82020	87383	87152	86548	86558	85504	85504	90989
<b>Expenditures:</b>										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	5000	5000	6000	6000	6000	6000	6000	6000	6000	6000
Debt Service		74827	75005	74744	74513	68424	68434	61895	61895	61895
FY/24 Bond Proceeds										5485
FY/22 Bond Proceeds								5485	5485	5485
FY/18 Bond Proceeds				5624	5624	5624	5624	5624	5624	5624
FY/20 Bond Proceeds						5485	5485	5485	5485	5485
<b>Total</b>	70269	79842	81020	86383	86152	85548	85558	84504	84504	89989
<b>Fund Balance</b>	0	1000	1000	1000	1000	1000	1000	1000	1000	1000



## Operating Fund

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Resources</b>										
Rate Revenue	189731	199210	199708	209693	210113	220618	220618	231649	231649	243232
Reduction due to re-estimate	(2,500)									
Nonrate Revenue	8892	7392	6392	6392	6392	6392	6392	6392	6392	6392
<b>Franchise Fee</b>	7336	7991	8044	8388	8405	8825	8825	9266	9266	9729
Bg. Working Cap.	(10676)	(873)	9365	11757	17403	15666	19746	18040	23020	22095
<b>Total</b>	192783	213720	223509	236230	242312	251502	255581	265347	270327	281448
<b>Rate Stabilization Fund</b>										
<b>Expenditures</b>										
Labor	51,803	53,878	54956	56055	57176	58319	59486	60675	61889	63127
Operatione Exp	60,190	60,058	61277	61889	62818	64388	65998	67648	69339	71073
Savings	(1,497)									
Salary Savings1%		(335)								
<b>Issue Paper</b>		612								
<b>Incentive</b>		300	300	300	300	300	300	300	300	300
<b>Rate Stabilization Fund</b>	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Transf. to DS	69160	72842	72220	77583	77352	76748	76758	75704	75704	81189
Transf. to Cap.	12000	15000	21000	21000	27000	30000	33000	36000	39000	42000
<b>Total</b>	193656	204355	211752	218827	226646	231756	237542	242327	248232	259688
<b>Resources over Comm.</b>	(873)	9365	11757	17403	15666	19746	18040	23020	22095	21760
<b>Rate Increases</b>	5.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%
<b>Accum. Inc. from 2004</b>	16.0%	21.0%	21.0%	26.0%	26.0%	31.0%	31.0%	36.0%	36.0%	41.0%
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>

# *REVENUE OUTLOOK*

*Proposed  
Operating Budget  
FY16*

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

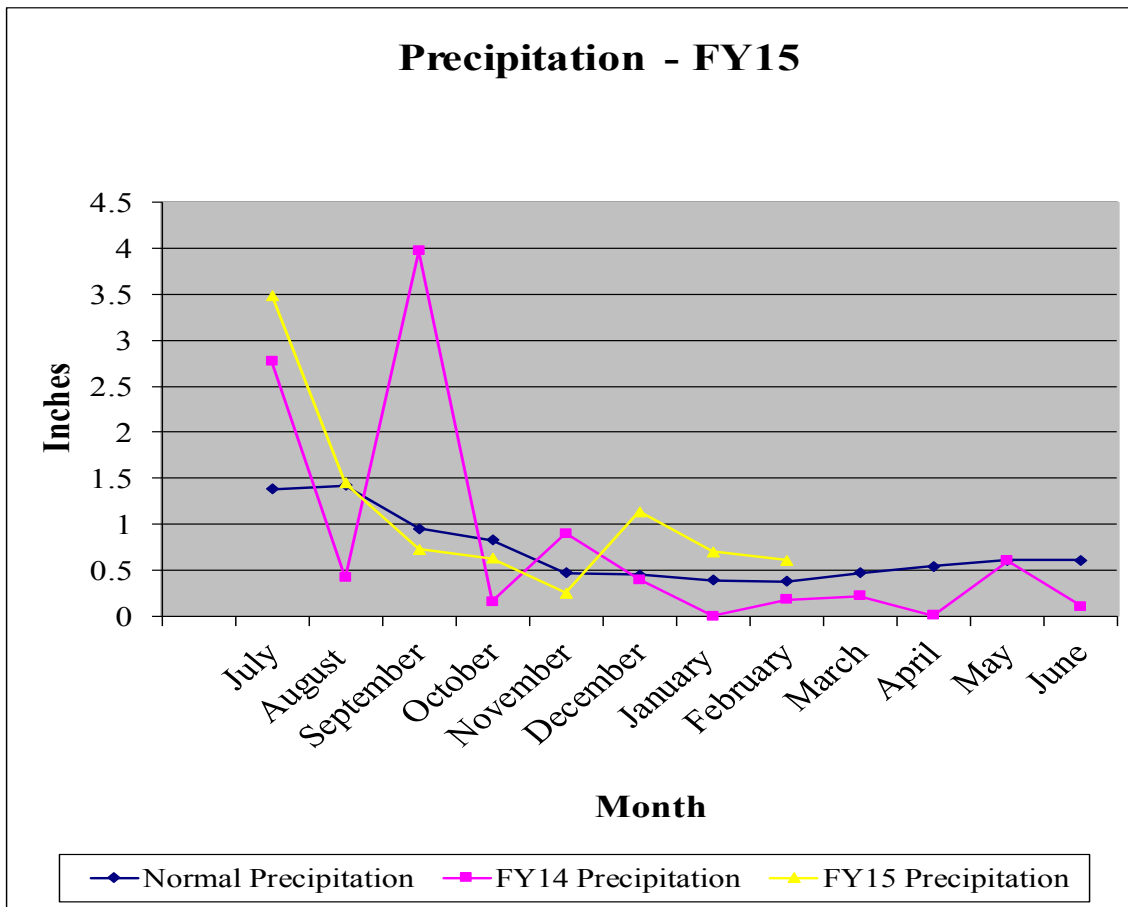
## REVISED FY14 AND PROPOSED FY16 REVENUE PROJECTIONS

The Water Authority’s revenue projections are summarized in the two tables included in this section. Table 1, General Fund 21, presents the operating budgeted revenue for FY16 as compared to budget FY15. Table 2, Debt Service Fund 31, also provides for the same comparison as Table 1. For FY14, the actual audited results are reported, and for FY15, budgeted revenues and estimated actual are reported as well.

### REVISED FY15 REVENUE ESTIMATES

Total Water Authority operating fund revenues for FY15 are anticipated to be \$200.5 million. The system has seen minimal growth in the service area. The revenues, tempered by continued conservation efforts for FY15, are estimated to be below FY15 budgeted levels.

A history of the precipitation for FY14 and FY15 as compared to the average moisture that the service area has received since the beginning of the fiscal year is seen in the chart below.



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## PROPOSED BUDGET REVENUE ESTIMATES FOR FY16

Budgeted total Water Authority Operating Revenues for FY16 are \$214.5 million representing increase of \$10.6 million over the budgeted FY15 amount, due to increases in rate revenue. Revenues for FY16 include a 5% approved rate revenue increase to fund investments in the Water Authority's infrastructure based upon the Asset Management Plan.

The revenue decrease for FY16 in the Debt Service Fund is projected to be \$1.3 million, which reflects an anticipated decrease in UEC revenues and the overall savings achieved by refinancing bond issues in the Water Authority's debt portfolio in FY15.

### GENERAL FUND 21

(\$000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
<b>RESOURCES:</b>						
Rate Revenue						
Water System	96,182	113,607	113,607	106,207	108,127	(5,480)
Contr/Aid/Hookups	343	370	370	370	375	5
Metered Water Sales - Reuse	428	400	400	400	550	150
Water Facilities Rehab	11,142	7,100	7,100	12,000	6,902	(198)
Water Resources Management	4,276	4,500	4,500	4,500	4,500	-
Wastewater System	39,206	56,313	56,313	39,513	70,124	13,811
Wastewater Facilities Rehab	21,921	6,200	6,200	22,000	9,562	3,362
<b>Total Rate Revenue</b>	<b>173,498</b>	<b>188,490</b>	<b>188,490</b>	<b>184,990</b>	<b>200,140</b>	<b>11,650</b>
Other Revenue						
Solid Waste Billing Fee	1,232	1,323	1,323	1,323	1,339	16
Interest on Investments	76	10	10	10	10	-
Miscellaneous Revenue	2,535	5,500	5,500	5,500	4,104	(1,396)
<b>Total Other Revenue</b>	<b>3,843</b>	<b>6,833</b>	<b>6,833</b>	<b>6,833</b>	<b>5,453</b>	<b>(1,380)</b>
Franchise Fee Revenue						
Franchise Fee - City	6,112	7,130	7,130	7,130	7,271	141
Franchise Fee - Valley	546	627	627	627	639	12
Franchise Fee - Rio Rancho	1	1	1	1	1	-
Franchise Fee - Los Ranchos	70	78	78	78	80	2
<b>Total Franchise Fee Revenue</b>	<b>6,729</b>	<b>7,836</b>	<b>7,836</b>	<b>7,836</b>	<b>7,991</b>	<b>155</b>
Transfers from Other Funds						
CIP Funded Employees	593	800	800	800	940	140
<b>Total Transfers</b>	<b>593</b>	<b>800</b>	<b>800</b>	<b>800</b>	<b>940</b>	<b>140</b>
Total Current Resources	184,664	203,959	203,959	200,459	214,524	10,565
Beginning Working Capital Balance	(10,921)	(10,676)	(10,676)	(10,676)	(874)	9,802
<b>TOTAL RESOURCES</b>	<b>173,743</b>	<b>193,283</b>	<b>193,283</b>	<b>189,783</b>	<b>213,650</b>	<b>20,367</b>

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

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## DEBT SERVICE FUND 31

(\$000's)	AUDITED FY14	ORIGINAL BUDGET FY15	REVISED BUDGET FY15	ESTIMATED ACTUAL FY15	PROPOSED BUDGET FY16	PROP 16/ REV 15 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	7,872	9,000	9,000	9,000	8,000	(1,000)
Total Miscellaneous Revenues	7,872	9,000	9,000	9,000	8,000	(1,000)
Transfer from Other Funds:						
Rehab - 28	-	-	-	-	-	-
General - 21	72,094	73,160	73,160	69,160	72,842	(318)
Total Transfers	72,094	73,160	73,160	69,160	72,842	(318)
Total Current Resources	79,966	82,160	82,160	78,160	80,842	(1,318)
Beginning Fund Balance	(2,476)	515	515	515	2,515	1,999
<b>TOTAL RESOURCES</b>	<b>77,490</b>	<b>82,675</b>	<b>82,675</b>	<b>78,675</b>	<b>83,357</b>	<b>681</b>

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## ECONOMIC OUTLOOK

The following is based on the October 2014 forecasts from IHS Global Insight (IHS). Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios.

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

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

#### **Baseline Scenario**

In the baseline forecast, assigned a probability of 70%, IHS expects annual growth of 2.7% in real GDP for FY15. This is up slightly from the 2.5% growth in FY14. Growth is more robust than in the past several years even with the ongoing international risks. These risks include: declining European economy, the weakness in the world economy, and the stronger dollar increasing imports. Consumer's confidence is slowly picking up after it fell to an all-time low during the October 2013 shut down of the federal government. IHS assumes that federal government fiscal policy will avoid stalemates that could cause default or a shutdown of the government. Real government expenditures are expected to decline slowly through FY19 and beyond. Nationally, total employment reached the pre-recession peak in May of 2014. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY19 declines to 5.2%.

Inflation remains muted in the IHS forecast. Relatively weak wage growth and increases in productivity limit the cost of employment putting little pressure on costs. Inflation is expected to remain below 2% from FY15 through FY19. Oil prices decline in FY15 and remain under \$100 per barrel until FY19. IHS expects growth in the Consumer Price Index (CPI) to remain muted, around 1.6% in FY14 and FY15 declining to 1.3% in FY16 and slowly increasing to 2.1% in FY19. The low inflation expectation also plays into moderate increases in interest rates. IHS believes that the Federal Reserve Bank (FRB) will not raise rates until FY16; reaching 0.9% in FY16 and 3.8% by FY19.

There are a number of risks in the economy. The battle in congress over spending, taxes and extension of the debt ceiling will be faced again. The Eurozone is slowing and may fall into recession. Household formation is low limiting residential construction. The current levels of uncertainty restrain business activity and investment and hiring. Unfortunately, these high levels of uncertainty are likely to remain with us over the next few years.

#### **Pessimistic Scenario**

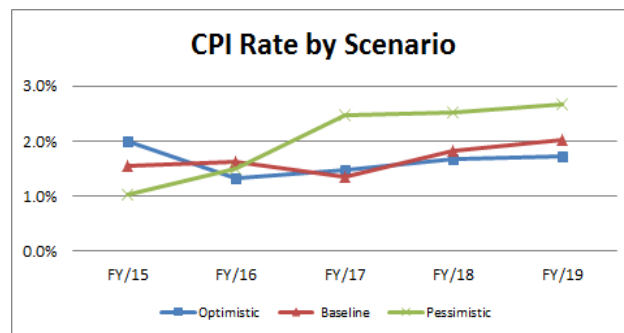
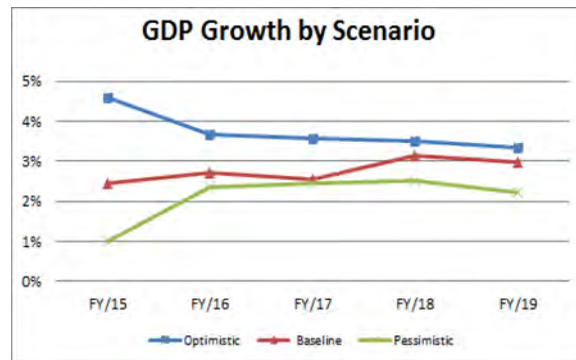
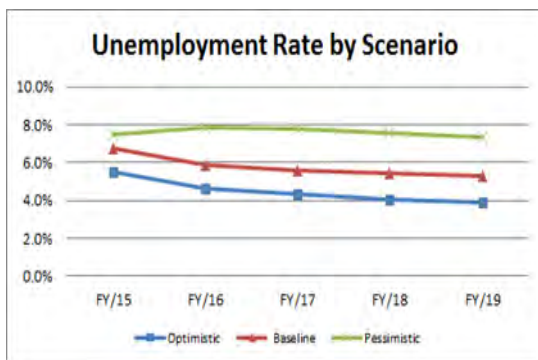
The pessimistic scenario is assigned a probability of 15%. In this scenario, the recovery stalls. Construction is weak in part due to more difficulty in access to credit and a decrease in household formation. Fiscal policy does not respond and government spending contracts. Employment growth stalls and unemployment basically remains at a high level, only decreasing to 7.4% by FY19. Inflation is below the baseline in the early years, but exceeds it in the out years in part due to supply constraints that raise the price of oil to \$116 per barrel. Internationally the Eurozone falls back into recession and emerging markets are weak. The FRB doesn't increase rates until FY18 as it attempts to continue to stimulate the economy.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Optimistic Scenario

The optimistic scenario is assigned a probability of 15%. In this scenario IHS assumes that basically everything goes right. A tax and spending compromise is reached, the Eurozone and emerging markets show strong growth helping exports. Inflation is originally above the baseline as strong demand pushes it up. The FRB reacts and starts raising interest rates in FY15 to limit inflation. Even with higher interest rates housing starts accelerate and unemployment drops to 3.9% in FY19.

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

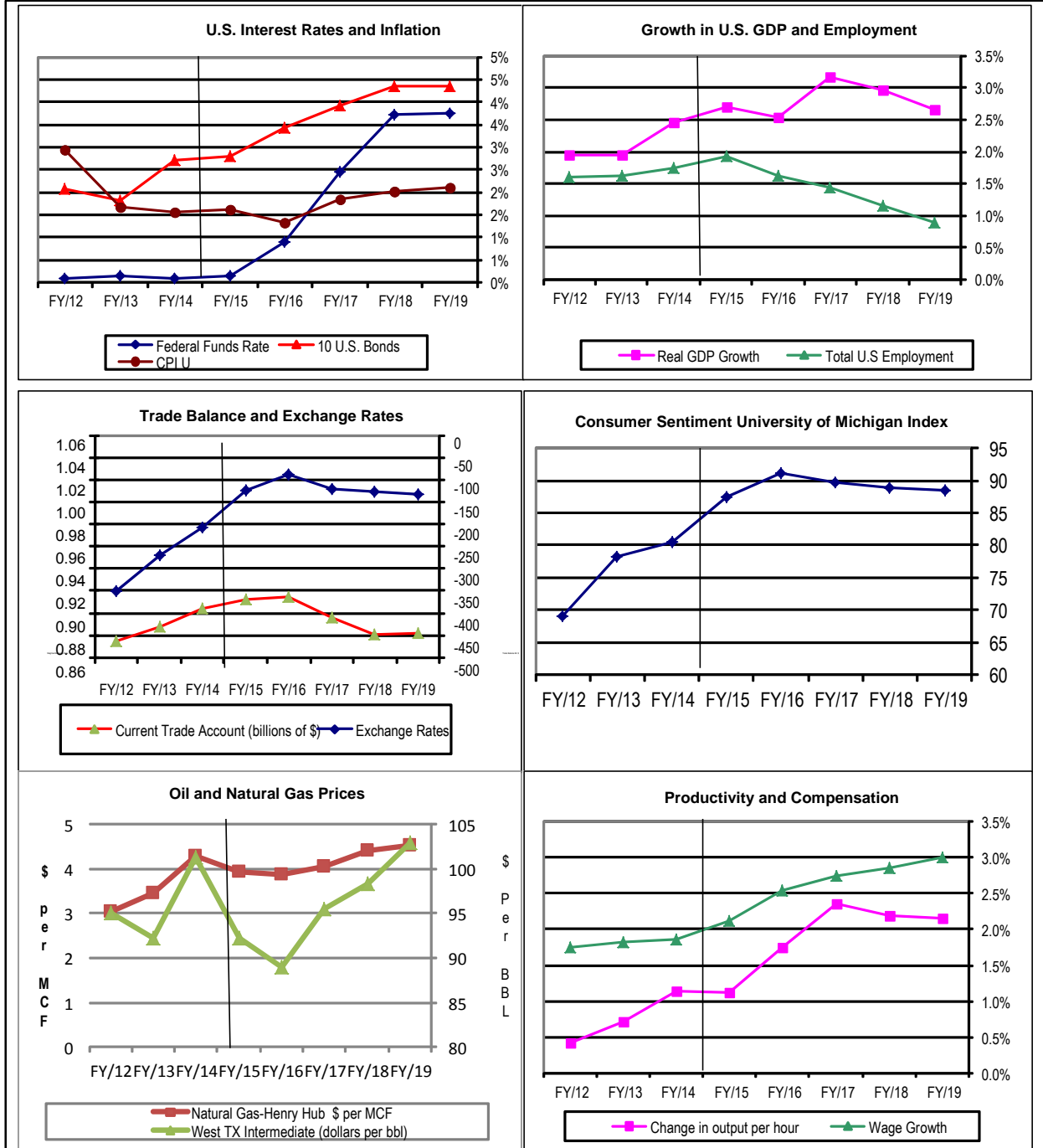




# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

October 2014 Baseline Forecast

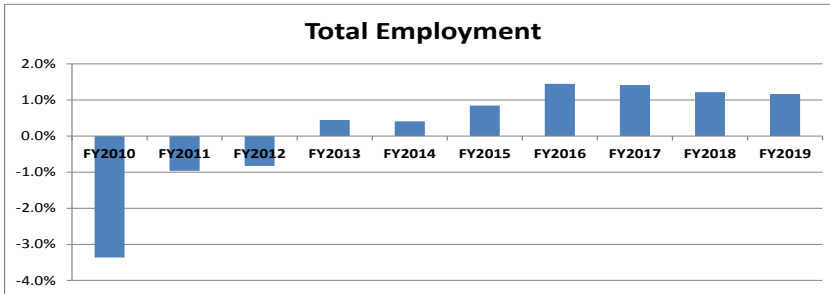


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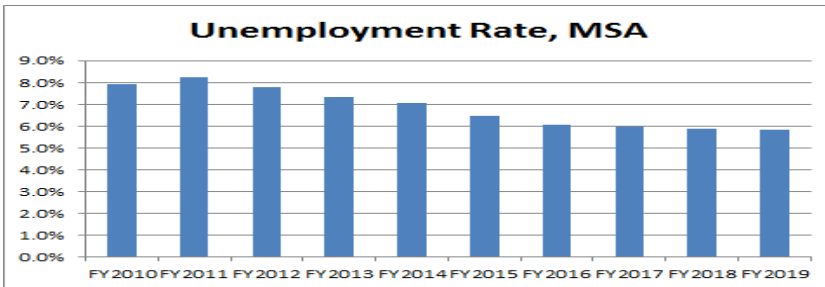
## ALBUQUERQUE ECONOMY

The outlook for the Albuquerque economy is developed by the Bureau of Business and Economic Research (BBER) at the University of New Mexico. They use national forecasts from IHS and local insights to develop forecasts of the state and local economy. The BBER FOR-UNM forecasting model for October 2014 provides the forecast of the Albuquerque economy that is presented in the following section.

The Albuquerque economy declined in sync with the national economy, but has lagged in its recovery. Total employment in the MSA increased in the third quarter of 2012 but this gain was due to a change in processing by the department of Workforce Solutions and not in actual employment. The 4th quarter of 2013 and the 1<sup>st</sup> quarter of 2014 showed small increases. The FOR-UNM forecast of employment in October 2014, has positive non-agricultural (non-ag) employment growth beginning in FY13, though as mentioned above, FY13 is due only to a technical adjustment. The growth in FY13 and FY14 in total employment is 0.4% in each year. FY15 is expected to grow 0.8%.



The Albuquerque economy lost over 27 thousand jobs from FY08 to FY12 a loss of 7% of total employment. Growth for FY16 is expected at 1.4% with FY17 increasing at the same rate. This is a muted growth rate for pulling out of a recession. The economy does not approach FY08 employment levels until FY19. This puts the Albuquerque recovery over four years behind the national. While the federal government limits the growth somewhat, State and Local employment offset this and private employment has somewhat slower growth than total employment. Construction has improved and is now helping the economy. The unemployment rate continues to decline, but some of this is due to discouraged workers leaving the labor force. The rate is expected to slowly decline to 5.8% in FY19.



In addition to the tables embedded in the following section there are a series of charts and tables that provide some comparisons of Albuquerque to the U.S. economy. Additionally, Albuquerque MSA employment numbers are provided for FY13 to FY19 by the major North American Industrial Classification System (NAICS) categories.

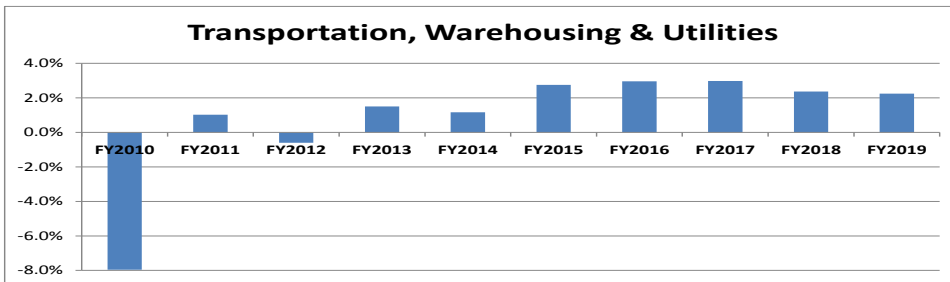
# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

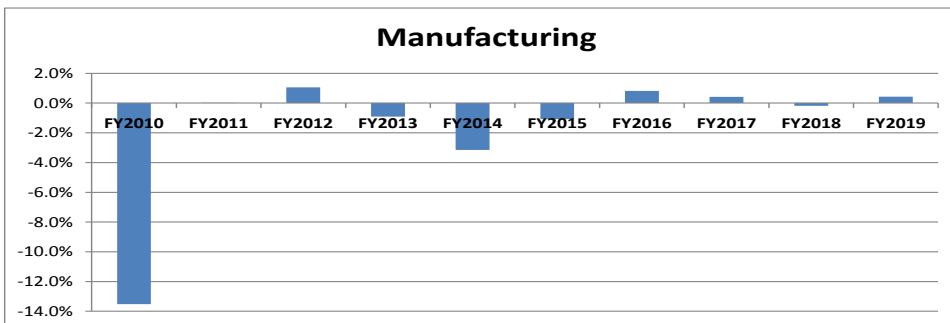


The sector is expected to have employment growth of just over 0.8% in FY14 and in FY15. Growth remains close to this level for the remainder of the forecast period.

**Transportation, Warehousing and Utilities.** This sector while important, only accounts for 2.5% of employment. Employment growth in this sector was weak before the recession hit and then declined substantially in FY09 and FY10. In FY11 the sector grew 1.2%, but declined in FY12. The expectations for the forecast are a robust recovery with growth approaching 3% in FY14. Even with this growth the sector remains below the levels of FY07 and FY08.



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



After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY12. In FY13 the sector declined and FY14 is expected to increase despite job losses at Intel. The

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

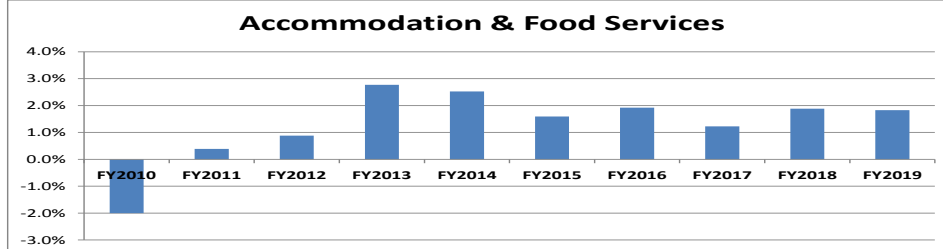
sector is expected to grow slowly in the remainder of the forecast. However, FY19 employment is less than 80% of the employment of FY08.

**Educational and Health Services.** This sector is predominantly health services and accounts for 15% of employment. Albuquerque is a major regional medical center that brings people into the area for services. Presbyterian Hospital and its HMO are one of the largest employers in the area.



This was the only sector that increased through the recession and continues to be a primary driver for economic growth. Growth slowed in FY14 but growth is expected to increase in FY15. This sector is the biggest contributor to employment growth in the economy in the forecast period.

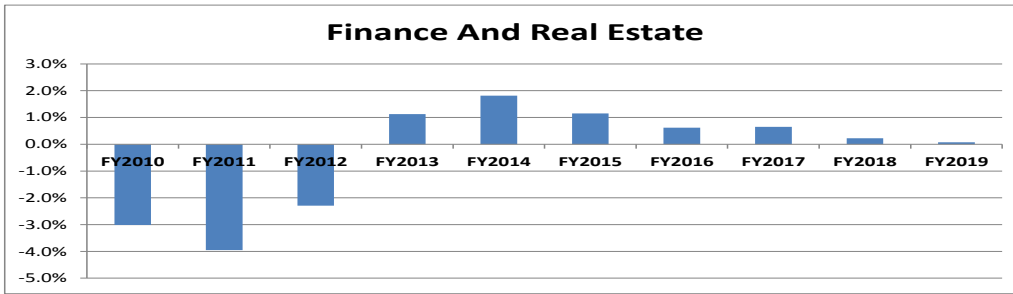
**Accommodation and Food Services.** This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 10% of employment in the MSA. The sector is a major contributor to both GRT and Lodgers' Tax.



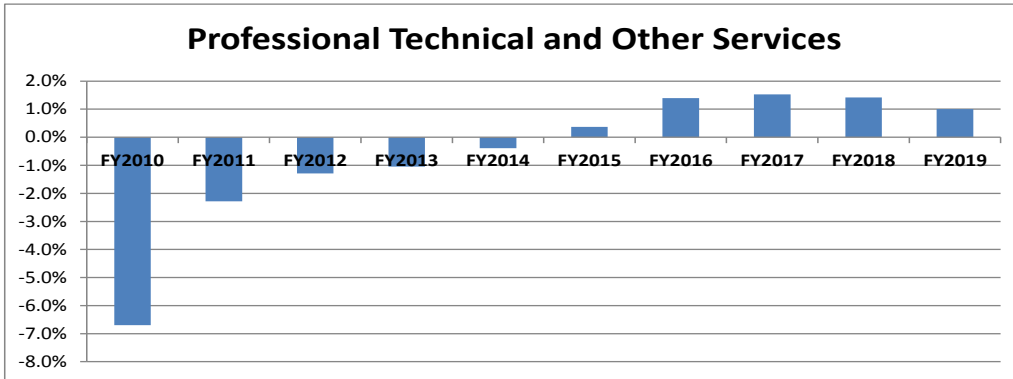
FY13 showed strong growth of 2.8% and FY14 has expected growth of 2.5%. The sector reaches its previous peak of FY08 in FY14. The remainder of the forecast is relatively strong with growth approaching 2% in FY16, FY18, and FY19.

**Real Estate & Financial Activities.** This is two sectors and includes finance, insurance and real estate including credit intermediation. It accounts for about 4.5% of employment in the MSA. The financial crisis, the consolidation of banking, and the collapse of real estate impacted this sector. FY13 shows an increase of 1% with FY14 increasing 1.8%. Growth tapers off through the remainder of the forecast. The sector remains 1,600 jobs below the peak level of FY06.

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

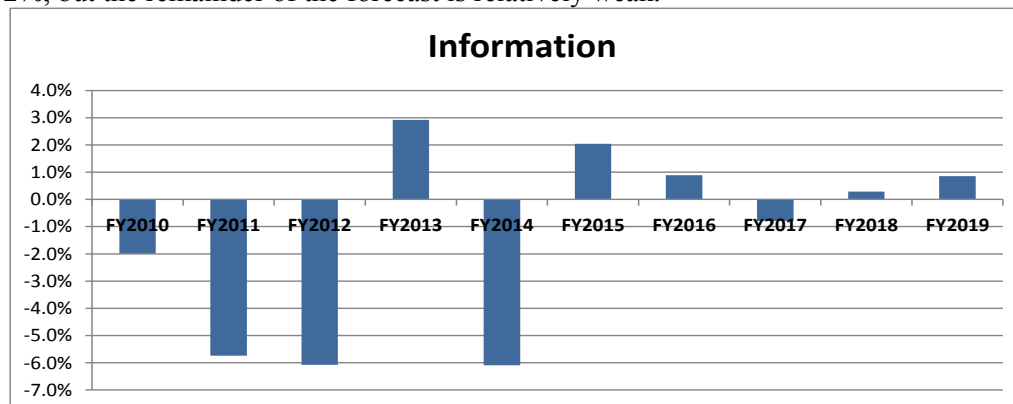


**Professional and Other Services.** This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services). The category accounts for 18% of the employment in the MSA. It includes temporary employment agencies,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



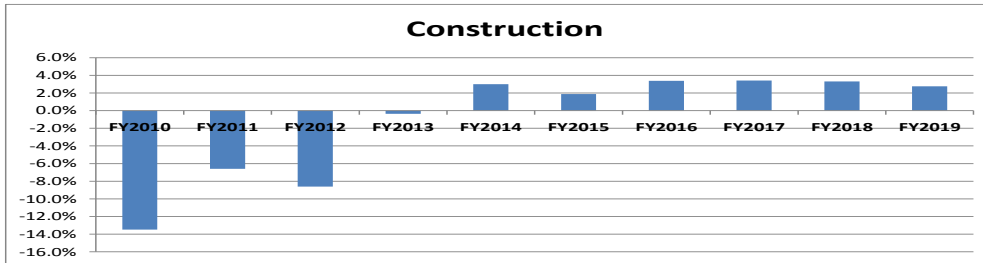
While the national labs have gained some positions the rest of the sector has been very weak. Federal government budget problems and sequestration are creating risks in spending reductions and the loss of jobs both at the labs and contractors hired by the labs. Following a small decrease in FY14 the category is expected to grow by 0.4% in FY15 and grow at relatively subdued rates in the remainder of the forecast. In FY19 it still remains 5,800 jobs below the peak of FY08.

**Information.** This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. It also includes the film studios. It accounts for about 2% of employment in the MSA. FY13 posted solid growth, but FY14 is expected to show a substantial decline. FY15 is expected to grow about 2%, but the remainder of the forecast is relatively weak.



# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

**Construction.** Construction is typically cyclical, with significant swings in building and employment. Construction is an important sector and has an impact on the economy larger than its employment share of 5%. This sector lost 12 thousand jobs from FY07 to FY13. In FY07 its employment share was 8%. After falling consistently from FY07, employment in construction began increasing at the end of FY13. FY14 is expected to grow 3%, slowing somewhat in FY15, but picking up in the remainder of the forecast. Even with this growth construction employment is forecasted to be 27% or 8,500 jobs below the FY07 peak.



Construction permits show the trends in construction and the types of construction. The graph following this section shows the real values of building permits after adjusting by the CPI from 1970 to 2014 (December of 2014 was estimated). Construction is categorized as new construction or additions, alterations, and repairs. New construction is further separated as residential and commercial. Five distinct peaks occurred in 1973, 1979, 1985, 1995 and 2005. The last cycle was the longest and the fall following 2005 was the largest.

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

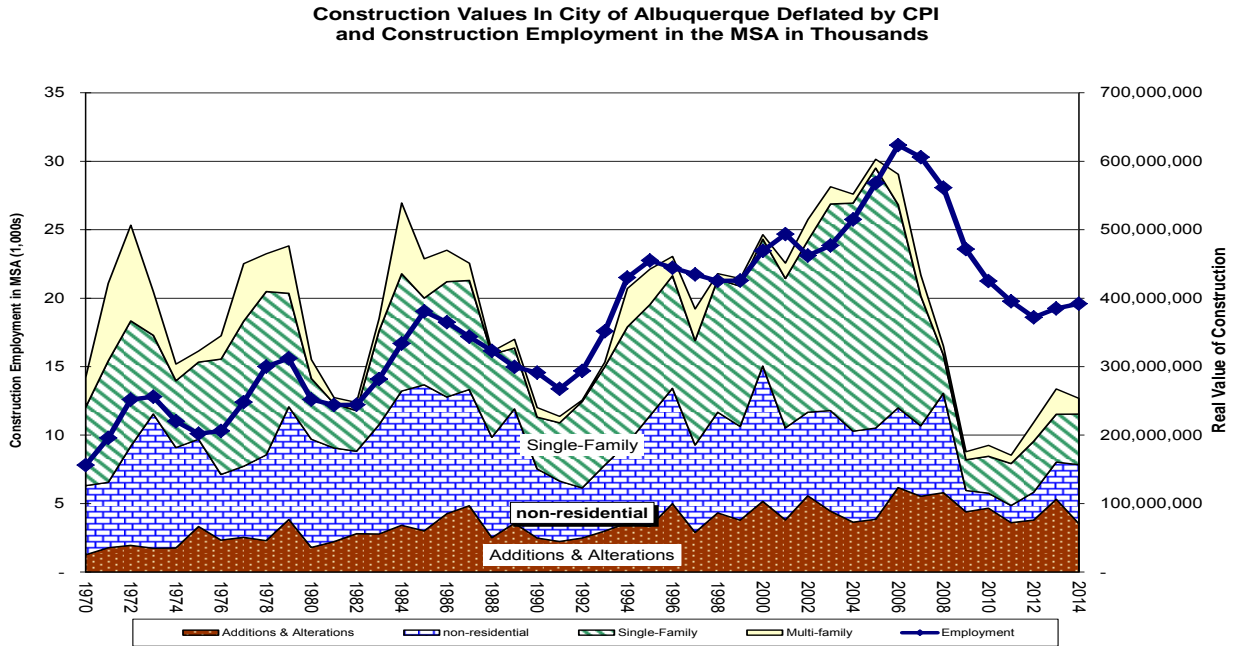
Looking forward, single family permitting is expected to grow relatively slowly. In FY14 only 814 single family units were permitted, down about 100 units from FY13. In FY15 only an additional 50 units are expected with increases to 1,500 units in FY18 and FY19. These are historically very low numbers; below the early 1990s. Lack of job growth has led to out-migration and very low growth in population. Multi-family construction is expected to show some recovery and produce around 1,000 units per year.

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

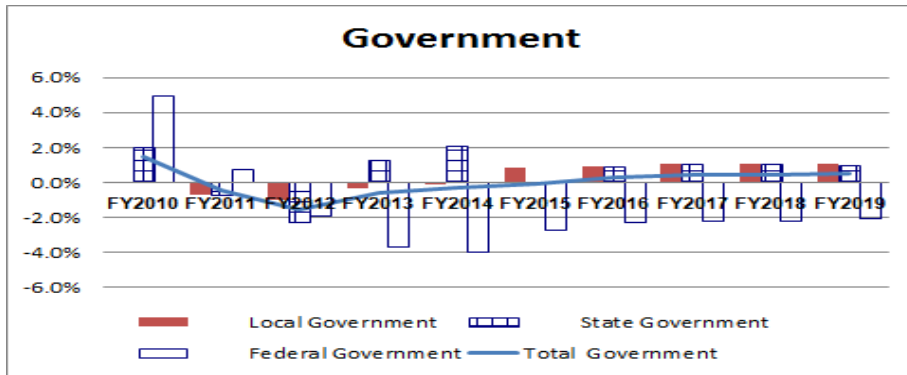
As shown in the chart following this section, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects. Growth in employment was very strong in 2000-2006, driven in large part by the Intel project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

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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



**Government** The government sector makes up almost 21% of the Albuquerque MSA employment. The largest part of State and Local government is education. Local Government includes the public schools and State Government includes the University of New Mexico and Central New Mexico Community College. The local sector also includes Indian enterprises. The Federal Government makes up 4.4% of employment; nationally Federal government makes up 3.4% of total employment. This doesn't include military employment which is counted separately. Active military is around 6,000 or about 1.7% of the total non-agricultural employment. Nationally military is 1% of total non-ag employment.



Government employment slowed and decreased in FY11 through FY15. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State and Local are flat in FY13 and improve in the out years, due to increased tax revenues and the ability to fund state and local government employment. Federal Government after growing strongly in FY10 showed little growth in FY11 and declines in FY12 through the remainder of the forecast. This occurs due to the federal government taking steps to reduce its expenditures.

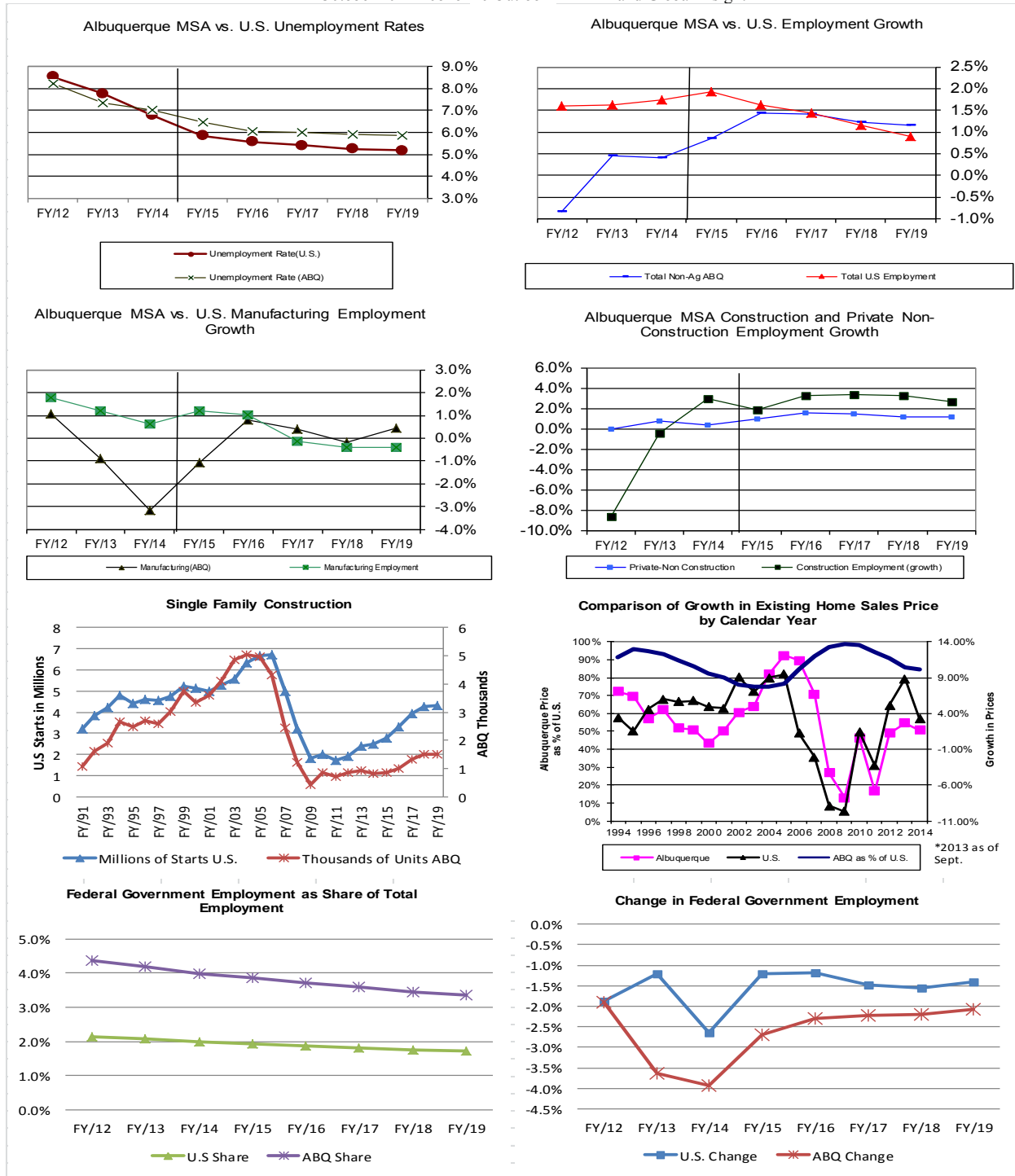
# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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

## TABLE 2

### LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

October 2014 Economic Outlook – BBER and Global Insight





# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## TABLE 3

Economic Variables Underlying the Forecast by Fiscal Year								
	Historical			Forecast				
	FY/12	FY/13	FY/14	FY/15	FY/16	FY/17	FY/18	FY/19
<b>National Variables</b>								
Real GDP Growth	2.0%	2.0%	2.5%	2.7%	2.5%	3.2%	3.0%	2.7%
Federal Funds Rate	0.1%	0.1%	0.1%	0.1%	0.9%	2.5%	3.7%	3.8%
10 U.S. Bonds	2.1%	1.8%	2.7%	2.8%	3.4%	3.9%	4.3%	4.4%
CPI U	2.9%	1.7%	1.6%	1.6%	1.3%	1.8%	2.0%	2.1%
Unemployment Rate(U.S.)	8.5%	7.8%	6.8%	5.8%	5.6%	5.4%	5.3%	5.2%
Total U.S Employment	1.6%	1.6%	1.7%	1.9%	1.6%	1.4%	1.2%	0.9%
Manufacturing Employment	1.8%	1.2%	0.6%	1.2%	1.0%	-0.1%	-0.4%	-0.4%
Consumer sentiment index–University of Michigan	69.1	78.2	80.6	87.5	91.1	89.6	89.0	88.5
Exchange Rates	0.93	0.96	0.99	1.02	1.03	1.02	1.02	1.01
Current Trade Account (billions of \$)	(463.0)	(429.5)	(389.2)	(368.3)	(363.2)	(408.4)	(446.9)	(444.8)
Change in output per hour	0.4%	0.7%	1.1%	1.1%	1.7%	2.4%	2.2%	2.2%
Natural Gas-Henry Hub \$ per MCF	3.0	3.4	4.3	3.9	3.9	4.1	4.4	4.5
West TX Intermediate (dollars per bbl)	95.0	92.3	101.2	92.3	89.0	95.5	98.3	103.0
Wage Growth	1.7%	1.8%	1.9%	2.1%	2.5%	2.7%	2.9%	3.0%
<b>Albuquerque Variables</b>								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	-0.8%	0.4%	0.4%	0.8%	1.4%	1.4%	1.2%	1.2%
Private-Non Construction	0.0%	0.8%	0.4%	1.0%	1.6%	1.5%	1.3%	1.2%
Construction Employment (growth)	-8.6%	-0.4%	3.0%	1.9%	3.4%	3.4%	3.3%	2.8%
Manufacturing(ABQ)	1.1%	-0.9%	-3.1%	-1.1%	0.8%	0.4%	-0.2%	0.4%
Unemployment Rate (ABQ)	8.2%	7.3%	7.0%	6.5%	6.1%	6.0%	5.9%	5.8%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	723	915	814	864	1,012	1,319	1,515	1,520
Muli-Family Permits	262	933	760	929	841	951	1,007	1,032
Total Residential Permits	985	1,848	1,574	1,793	1,853	2,269	2,521	2,552
Source Global Insight and FOR-UNM October 2014 Baseline Forecasts								

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## TABLE 4

Albuquerque MSA Employment in Thousands								
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Employment	354.986	356.560	358.011	361.024	366.238	371.411	375.925	380.294
Private Employment	278.480	280.507	282.179	285.248	290.217	295.050	299.200	303.173
Mining & Agriculture	0.742	0.754	0.733	0.760	0.770	0.782	0.793	0.805
Construction	18.946	18.876	19.444	19.810	20.479	21.178	21.880	22.485
Manufacturing	17.708	17.548	16.996	16.814	16.952	17.023	16.993	17.066
Wholesale Trade	11.484	11.520	11.368	11.441	11.536	11.638	11.628	11.669
Retail Trade	40.755	40.830	41.411	41.757	42.227	42.687	42.869	43.204
Transportation, Warehousing & Utilities	8.865	8.998	9.102	9.352	9.628	9.915	10.149	10.377
Information	7.963	8.195	7.696	7.853	7.923	7.860	7.883	7.950
Finance & Insurance	10.615	10.675	10.988	11.084	11.144	11.204	11.264	11.324
Real Estate, Rental & Leasing	5.109	5.227	5.202	5.293	5.334	5.381	5.358	5.311
Professional & Technical Services	28.420	28.015	28.077	28.371	28.822	29.337	29.879	30.363
Management of Companies & Enterprises	3.340	3.298	3.361	3.341	3.351	3.358	3.362	3.364
Administrative & Waste Services	24.311	24.216	24.166	24.218	24.586	25.029	25.411	25.576
Educational Services	4.933	4.898	4.947	4.956	4.992	5.060	5.122	5.166
Healthcare & Social Assistance	47.509	48.551	49.245	50.253	51.698	53.278	54.523	55.672
Arts, Entertainment & Recreation	3.946	4.291	4.273	4.289	4.338	4.382	4.417	4.442
Accommodation & Food Services	33.971	34.913	35.794	36.364	37.063	37.517	38.222	38.922
Other Services & Unclassified	9.853	9.704	9.377	9.292	9.375	9.419	9.446	9.477
Government	76.506	76.053	75.833	75.775	76.021	76.361	76.725	77.122
Local Government	40.587	40.446	40.388	40.718	41.094	41.521	41.960	42.420
State Government	20.447	20.699	21.124	21.124	21.313	21.529	21.745	21.952
Federal Government	15.472	14.908	14.320	13.934	13.614	13.312	13.019	12.749
Military Employment	6.177	6.171	6.149	6.149	6.102	6.085	6.081	6.083
Growth Rates								
Total Employment	-0.8%	0.4%	0.4%	0.8%	1.4%	1.4%	1.2%	1.2%
Private Employment	-0.6%	0.7%	0.6%	1.1%	1.7%	1.7%	1.4%	1.3%
Mining & Agriculture	-8.9%	1.6%	-2.8%	3.7%	1.4%	1.5%	1.5%	1.5%
Construction	-8.6%	-0.4%	3.0%	1.9%	3.4%	3.4%	3.3%	2.8%
Manufacturing	1.1%	-0.9%	-3.1%	-1.1%	0.8%	0.4%	-0.2%	0.4%
Wholesale Trade	-3.7%	0.3%	-1.3%	0.6%	0.8%	0.9%	-0.1%	0.4%
Retail Trade	-0.5%	0.2%	1.4%	0.8%	1.1%	1.1%	0.4%	0.8%
Transportation, Warehousing & Utilities	-0.6%	1.5%	1.2%	2.7%	3.0%	3.0%	2.4%	2.2%
Information	-6.1%	2.9%	-6.1%	2.0%	0.9%	-0.8%	0.3%	0.9%
Finance & Insurance	-3.8%	0.6%	2.9%	0.9%	0.5%	0.5%	0.5%	0.5%
Real Estate, Rental & Leasing	1.0%	2.3%	-0.5%	1.7%	0.8%	0.9%	-0.4%	-0.9%
Professional & Technical Services	-1.0%	-1.4%	0.2%	1.0%	1.6%	1.8%	1.8%	1.6%
Management of Companies & Enterprises	1.3%	-1.3%	1.9%	-0.6%	0.3%	0.2%	0.1%	0.1%
Administrative & Waste Services	-2.5%	-0.4%	-0.2%	0.2%	1.5%	1.8%	1.5%	0.6%
Educational Services	5.2%	-0.7%	1.0%	0.2%	0.7%	1.4%	1.2%	0.9%
Healthcare & Social Assistance	3.3%	2.2%	1.4%	2.0%	2.9%	3.1%	2.3%	2.1%
Arts, Entertainment & Recreation	8.8%	8.8%	-0.4%	0.4%	1.1%	1.0%	0.8%	0.6%
Accommodation & Food Services	0.9%	2.8%	2.5%	1.6%	1.9%	1.2%	1.9%	1.8%
Other Services & Unclassified	0.0%	-1.5%	-3.4%	-0.9%	0.9%	0.5%	0.3%	0.3%
Government	-1.5%	-0.6%	-0.3%	-0.1%	0.3%	0.4%	0.5%	0.5%
Local Government	-1.0%	-0.3%	-0.1%	0.8%	0.9%	1.0%	1.1%	1.1%
State Government	-2.3%	1.2%	2.1%	0.0%	0.9%	1.0%	1.0%	1.0%
Federal Government	-1.9%	-3.6%	-3.9%	-2.7%	-2.3%	-2.2%	-2.2%	-2.1%
Military Employment	1.4%	-0.1%	-0.4%	0.0%	-0.8%	-0.3%	-0.1%	0.0%



Water Utility  
Authority

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***CAPITAL BUDGET***

***Proposed  
Operating Budget  
FY16***



## Capital Program Overview

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

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

Basic Program capital needs are incorporated into the water/sewer rate structure. The Rate Ordinance states that, on average, 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds. The balance of capital funding is obtained through revenue bond or loan financing. The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program. System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Water Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test. The current Rate Ordinance requires no less than \$30.0 million for Basic rehabilitation program. Additionally, \$2.0 million is budgeted annually for the Automated Meter Infrastructure (AMI) program. There are no appropriations in the proposed FY16 CIP budget for projects that will be funded with revenues from FY17 or later.



## FY16 Capital Program Appropriations and Spending by Categories

### Summary Perspective

The FY16 capital program appropriation totals \$59.3 million. \$46.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$9.3 million is appropriated for special projects.

The \$9.3 million for special projects is comprised of \$6.0 million for Odor Control along Yucca and Central streets, \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, and \$0.3 million for various renewable energy projects.

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

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

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

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

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

There are no appropriations in FY16 in either the Valley or the WRMS category.

The growth program is funded by Utility Expansion Charge (UEC) revenue which is tied to economic growth in the Water Authority's service area. The non-discretionary portion of the growth program includes funding for the low income connection program managed by Bernalillo County and development repayment agreements as connections are made to the System.



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

Ref. No.	Project Description	FY14 Actual	FY15 Budget	FY16 Budget
<b>Basic Program Appropriations:</b>				
100	Sanitary Sewer Pipeline Renewal	\$ 4,694,871	\$ 4,400,000	\$ 7,125,000
200	Drinking Water Pipeline Renewal	7,101,670	3,150,000	9,975,000
300	Southside Water Reclamation Plant Renewal	15,843,003	24,000,000	17,450,000
400	Soil Amendment Facility (SAF) Renewal	53,078	50,000	200,000
500	Lift Station and Vacuum Station Renewal	711,868	2,425,000	975,000
600	Odor Control Facilities Renewal	64,138	10,000	210,000
700	Drinking Water Plant Groundwater System Renewal	1,087,850	2,165,000	3,120,000
800	Drinking Water Plant Treatment Systems Renewal	1,666,175	3,270,000	3,285,000
900	Reuse Line and Plant Rehab	445,090	30,000	60,000
1000	Compliance	351,830	600,000	-
1100	Shared Renewal	734,130	900,000	700,000
1200	Franchise Agreement Compliance	997,282	2,000,000	2,000,000
1300	Vehicles and Heavy Equipment	-	-	900,000
<b>Level 1 Priority Renewal Projects Total</b>		<b>\$33,750,985</b>	<b>\$43,000,000</b>	<b>\$46,000,000</b>
<b>Special Projects:</b>				
94001	Steel Waterline Rehab	\$ 304,838	\$ 1,000,000	\$ 1,000,000
94002	Leak Detection Program	255,057	-	-
94003	Automated Meter Infrastructure (AMI)	2,005,216	2,000,000	2,000,000
94004	Renewable Energy Projects	57,206	350,000	350,000
94005	Dedicated Water Rights Enhancement	535,200	-	-
94006	San Juan-Chama Drinking Water Project	113,506	-	-
94007	Southside Reuse Project	4,979	-	-
94008	San Juan-Chama Mitigation	218,208	-	-
94009	SunGard ERP	794,258	-	-
94019	Yucca and Central Odor Control	-	-	6,000,000
<b>Special Projects Total</b>		<b>\$ 4,288,468</b>	<b>\$ 3,350,000</b>	<b>\$ 9,350,000</b>
<b>Combined Level 1 Priority Renewal and Special Projects</b>		<b>\$38,039,453</b>	<b>\$46,350,000</b>	<b>\$55,350,000</b>
<b>Growth:</b>				
2000	Drinking Water Plant Facilities Growth	\$ 633,976	\$ -	\$ -
2100	Arsenic Treatment Growth	316	-	-
2300	Water Lines Growth	-	500,000	-
2600	Water Rights and Storage	2,050	-	-
2700	Development Agreements	977,012	1,250,000	1,250,000
2800	MIS/GIS	1,330,691	2,000,000	2,000,000
2900	Vehicles and Heavy Equipment	440,614	-	-
3000	Utility Risk Reduction	80,559	-	-
3100	Master Plans	161,495	-	500,000
3200	Miscellaneous	153,252	250,000	250,000
<b>Level 1 Priority Growth Projects Total</b>		<b>\$ 3,779,965</b>	<b>\$ 4,000,000</b>	<b>\$ 4,000,000</b>
<b>Grand Total</b>		<b><u>\$41,819,418</u></b>	<b><u>\$50,350,000</u></b>	<b><u>\$59,350,000</u></b>



## **FY16 Capital Program Highlights**

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

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

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

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

At the same time as the Phase 1 Rehab, the first phase of capacity increases will occur through the addition of more liquid digested sludge storage (i.e., conversion of the 0.6-mil gallon Reuse Tank and the construction of a new 2.0-mil gal tank. Once this is completed, two of the four secondary digesters will be converted to primary digesters. A second phase of capacity increase is indicated at the end of the decade. The spending for capacity expansion will be covered in Decade Plan Line No. 325.

Decade Plan Line No. 332 will cover the second phase of the rehab of the existing digesters. This work can be done once there is more available liquid digested sludge storage and two additional primary digesters. This will allow pairs of primary digesters to be taken off-line for several months to allow structural repairs and the renewal of interior coatings.

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

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

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

***DEBT OBLIGATIONS***

***Proposed  
Operating Budget  
FY16***



# **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY**

## **DEBT OBLIGATIONS**

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

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

The total outstanding obligation indebtedness of the Water Authority as of April 1, 2015 is \$605.024 million shown in the table on the next page.

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

April 1, 2015

RATINGS: Aa2/AA+/AA

	<u>FINAL</u> <u>MATURITY</u>	<u>ORIGINAL</u> <u>AMT ISSUED</u>	<u>AMOUNT</u> <u>RETIRED</u>	<u>AMOUNT</u> <u>OUTSTANDING</u>	<u>INTEREST</u> <u>RATES</u>
<b>SENIOR DEBT OBLIGATIONS</b>					
APRIL 2003 - NMFA DWRLF Loan	7/1/2015	\$ 3,600,000	\$ 3,266,174	\$ 333,826	2.00%
SEPT 2004 - NMFA PPRF Loan	7/1/2015	20,000,000	18,990,000	1,010,000	3.53%
Series 2005 Revenue Bonds	7/1/2015	132,985,000	122,630,000	10,355,000	4.00-5.00%
Series 2006A Revenue Bonds	7/1/2026	133,390,000	119,885,000	13,505,000	4.25-5.25%
Series 2007A NMFA PPRF Loan	6/1/2025	77,005,000	25,185,000	51,820,000	4.50-5.25%
Series 2008A Revenue Bonds	7/1/2033	55,630,000	-	55,630,000	5.00%
Series 2009A-1 Revenue Bonds	7/1/2034	135,990,000	21,100,000	114,890,000	3.00-5.50%
2009 NMFA DWRLF	11/1/2030	1,010,000	147,612	862,388	1.00%
NOV 2011 - NMFA PPRF Loan	7/1/2036	53,400,000	7,375,000	46,025,000	3.50-5.00%
Series 2013A-B Revenue Bonds	7/1/2038	118,215,000	2,000,000	116,215,000	3.00-5.00%
Series 2014A Revenue Bonds	7/1/2026	97,270,000	-	97,270,000	3.00-5.00%
<b>SUBTOTAL - SENIOR DEBT OBLIGATIONS</b>		<b>\$ 828,495,000</b>	<b>\$ 320,578,786</b>	<b>\$ 507,916,214</b>	
<b>SUBORDINATE &amp; SUPER SUBORDINATE DEBT OBLIGATIONS</b>					
2004 NMFA DWRLF Loan	5/1/2030	\$ 9,627,877	\$ 787,690	\$ 8,840,187	2.00%
Series 2014B Revenue Bonds	7/1/2025	87,005,000	-	87,005,000	1.00-5.00%
2009 WTB Loan	6/1/2029	50,000	11,476	38,524	0.25%
2009 NMFA DWRLF Loan	6/1/2029	100,000	22,837	77,163	0.25%
2010 NMFA DWRLF - 2382 ADW	6/1/2030	190,235	29,440	160,795	0.25%
2011 NMFA DWRLF - 205 ADW	7/1/2031	452,000	66,368	385,632	0.25%
2011 NMFA DWRLF - 206 ADW	7/1/2031	640,000	93,972	546,028	0.25%
2011 NMFA DWRLF - 207 ADW	7/1/2031	63,354	9,303	54,051	0.25%
<b>SUBTOTAL - SUBORDINATE &amp; SUPER SUBORDINATE DEBT OBLIGATIONS</b>		<b>\$ 98,128,466</b>	<b>\$ 1,021,086</b>	<b>\$ 97,107,380</b>	
<b>TOTAL DEBT OBLIGATIONS</b>		<b><u>\$ 926,623,466</u></b>	<b><u>\$ 321,599,872</u></b>	<b><u>\$ 605,023,594</u></b>	

*APPENDIX*

*Proposed  
Operating Budget  
FY16*



# **ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS**

## **Numerical Rounding**

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

## **Salaries**

- The wage and salary base was established for each filled or authorized-to-be-filled position.
- This base is increased or decreased for all wage adjustments for FY16 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.0%, PERA remains at 20.16% for blue and white collar and management/professional, this amount does include the additional 1.5% required by the PERA Legislation, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (health, dental, group life, unemployment compensation) – 24.86%.
- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

## **Operating Expenses**

Division managers were required to provide detailed information supporting FY16 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY16 operating expenses were equal to FY15 appropriated amounts. One-time appropriations for FY15 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY16, utilities (gas, electricity, and water/sewer) were budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increases in workload, or a special need not previously funded.
- Workers' Compensation and other insurance, tort and risk expenses are treated as expenses in the Legal/Risk department for FY16. These amounts are identified based on the historical experience and exposure factors relative to the Water Authority.
- Vehicle maintenance charges are estimated for FY16 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.
- Fuel costs have been appropriated for FY16 per the US Energy Information Administration forecast of oil prices. The forecast for gasoline prices is \$2.73/gallon and for diesel is \$3.25/gallon.

## **Capital Expenditures**

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



## ACRONYMS

**A2LA** – American Association for Laboratory Accreditation

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

**AFH** – Affordable Housing

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

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

**AMI** – Automated Meter Infrastructure

**AMP** – Asset Management Plan

**AMR** – Automated Meter Reader

**APS** – Albuquerque Public Schools

**ASOMS** – Albuquerque Sewer Operations Management Strategy

**ASR** – Aquifer Storage and Recovery

**AWWA** – American Water Works Association

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

**CAC** – Customer Advisory Committee

**CAFR** – Comprehensive Annual Financial Report

**CC&B** – Customer Care and Billing

**CCTV** – Closed Circuit Television

**CIP** - Capital Implementation or Improvements Program

**CIS** – Customer Information System

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

**CMMS** – Computerized Maintenance Management System

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

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

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

**CSD** – Customer Services program

**CWA** – Clean Water Act

**D & C** – Design and Construct

**DAF** – Dissolved Air Flootation

**DOE** - Department of Energy

**DOL** - Department of Labor

**DS** - Debt Service

**DWL** – Drinking Water Loan

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

**EID** – Environmental Improvement Division

**EPA** – Environmental Protection Agency

**ERP** – Enterprise Resource Planning

**EUM** – Effective Utility Management

**FD** – Fund

**FOG** – Fats, Oils, & Grease

**FRB** – Federal Reserve Bank

**FTE** - Full-time Equivalent Position

**FY** - Fiscal Year

**GASB** - General Accounting Standards Board

**GDP** - Gross Domestic Product

**GFOA** - Government Finance Officers Association

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

**GIS** – Geographic Information System

**GPCD** – Gallons per capita per day

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

## ACRONYMS

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

## ACRONYMS

**UEC** – Utility Expansion Charge

**UNM** – University of New Mexico

**UV** – Ultra-Violet

**WPAB** – Water Quality Advisory Board

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

**WQL** – Water Quality Laboratory

**WRAC** – Water Resources Advisory Committee

**WRMS** – Water Resources Management Strategy

**WTP** – Water Treatment Plant

**YR** - Year

## SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

CAPITAL EXPENDITURES: Expenditures to acquire or construct capital assets

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

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

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

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

FINANCIAL PLAN: See Operating Budget

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

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

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

FUND BALANCE: Fund equity of governmental funds

## SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

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

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

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

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

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

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

RECURRING REVENUES: Revenues generated each and every year

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

## SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

# NUMERIC LIST OF FUND NAMES BY CATEGORY

## **ENTERPRISE FUNDS:**

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- 21 General
- 31 Debt Service

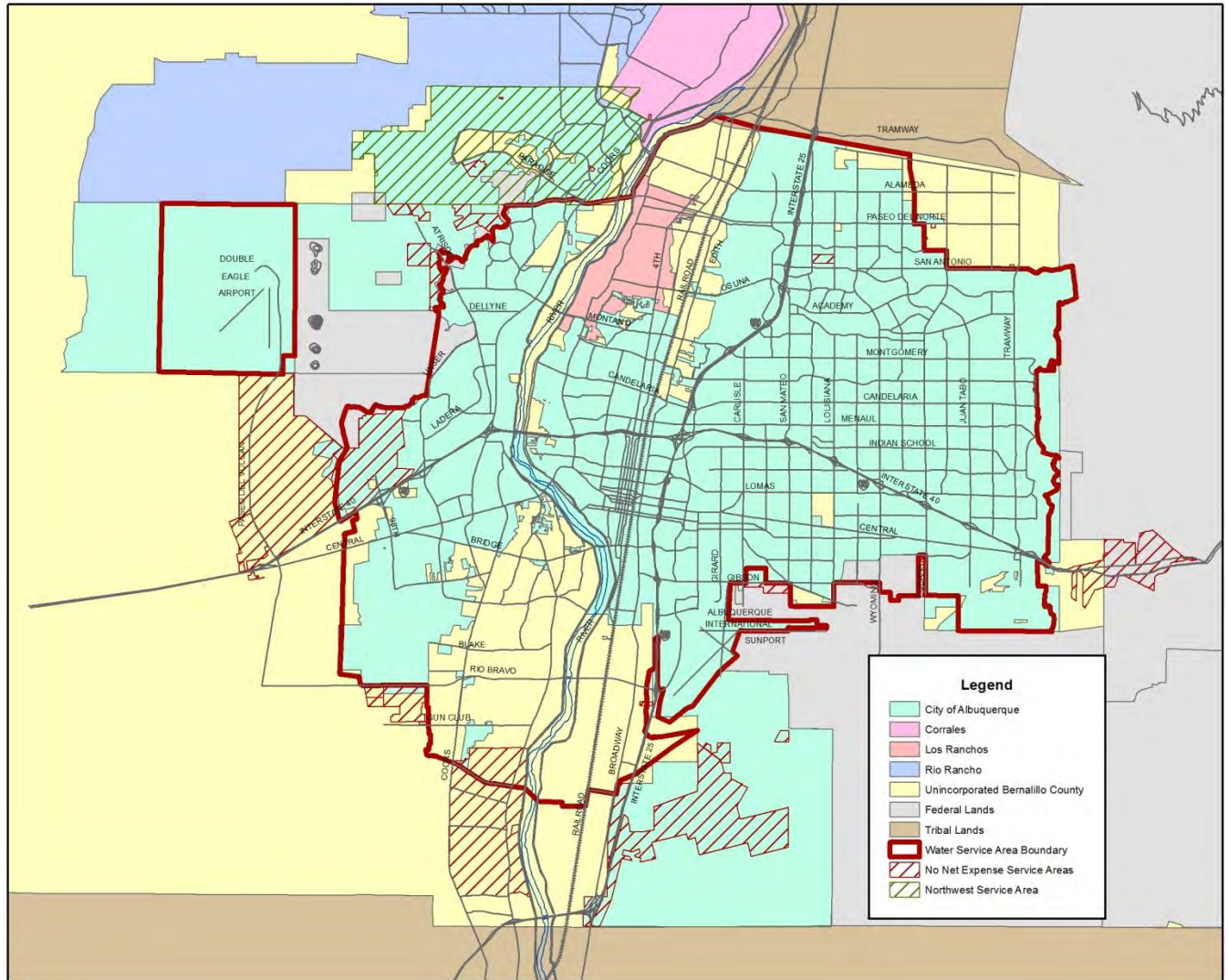
## **CIP FUNDS:**

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- 28 Rehab
- 29 Growth

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Water Service Area Map



### Major Assets:

- San Juan-Chama Surface 92 MGD Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 90 ground water supply wells (274 MGD)
- 66 water supply reservoirs providing both mixed surface and groundwater including non-potable reservoirs
- 46 pump stations including non-potable facilities
- 3,130 miles of water supply pipeline
- 4 arsenic removal treatment facilities (15 MGD)



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

The Water System provides water services to approximately 656,305 residents comprising approximately 95% of the residents of Bernalillo County, New Mexico. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 194,360 customers, including 174,193 residential and 20,167 multi-family, commercial, institutional and industrial accounts. Approximately 60% of the water sales are for residential uses.

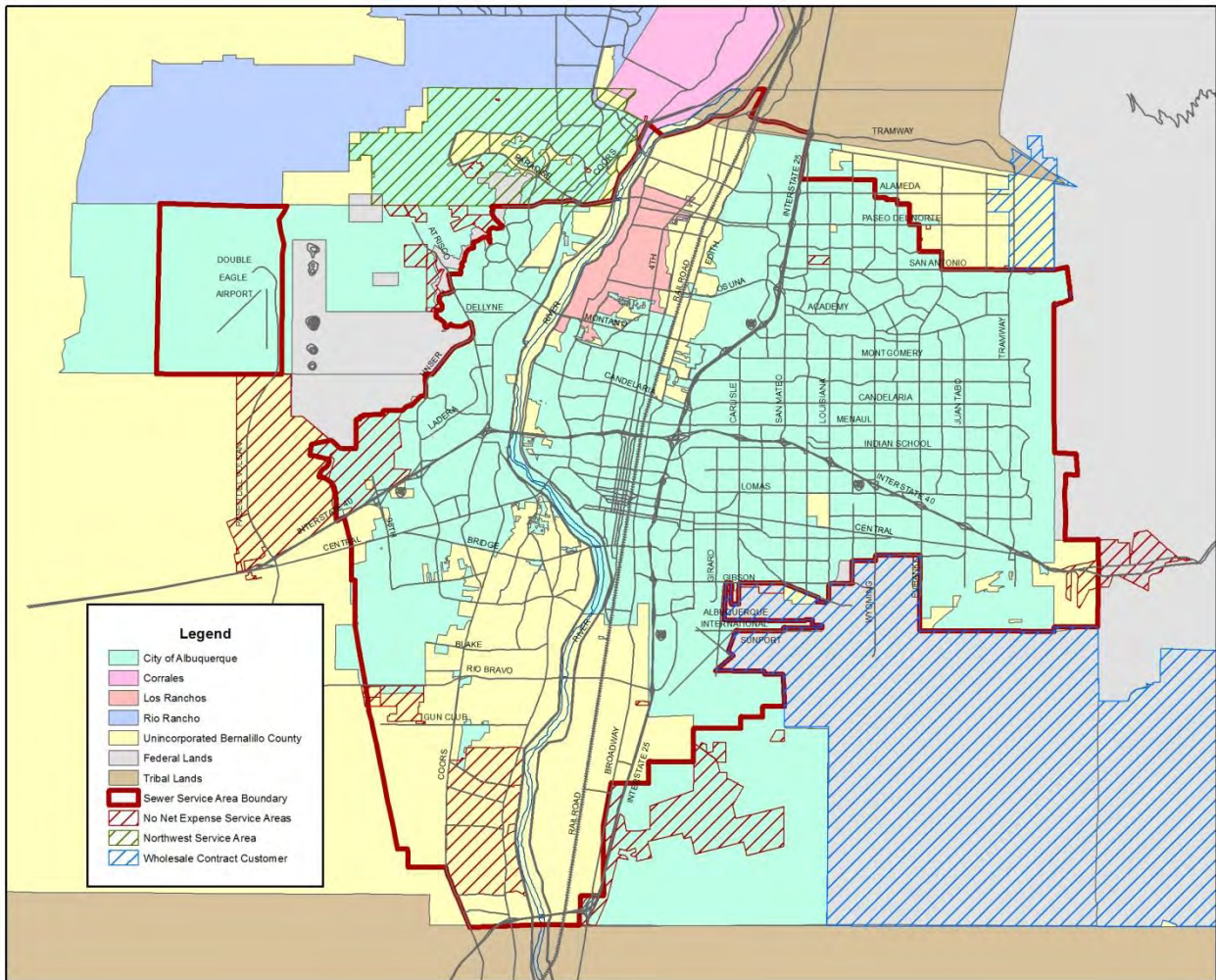
Groundwater from the middle Rio Grande basin aquifer and surface water from the San Juan-Chama Drinking Water Project are the primary sources of supply used for the Water System. In Calendar Year 2014, the Water Authority's water resources use consisted of 38.2% from groundwater and 61.8% from San Juan-Chama surface water. The groundwater supply is produced from 90 wells grouped in 25 well fields located throughout the metropolitan area and the surface water is diverted from the Rio Grande. Total well production capacity is approximately 274 million gallons per day (MGD). Maximum historical peak day demand is 214 MGD. A chlorination station associated with each well field satisfies the total required water treatment needs for the water produced in each well field.

Groundwater storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 pounds per square inch (psi) for consumers. Sixty-six reservoirs are located throughout the service area, with a total reservoir storage capacity of 211 million gallons. If demand requires, reservoir water can also be transferred to a higher zone or across zones through an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 110 boosters, with a total capacity of 680 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by 3,130 miles of pipelines and are situated at various locations east and west of the service area to provide multiple sources of supply to customers and for operating economies. The Water System takes advantage of the unique topography of the Water Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the Water System for control from a central control facility. The Water System Service Area is approximately 167 square miles.

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

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

## Wastewater Service Area Map



### Major Assets:

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

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

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

Treatment plant capacity is based upon 76 MGD hydraulic capacity. Existing flows at the plant are about 56 MGD. The Water Authority has an operational industrial pretreatment program approved by the United States Environmental Protection Agency. The EPA recognized that the Water Authority's pollution prevention efforts have been largely responsible for maintaining compliance with strict standards contained in National Pollution Discharge Elimination System (NPDES) permits. The Water Authority's wastewater effluent discharge consistently meets all NPDES permit requirements. The EPA renewed the Water Authority's NPDES permit in 2012, effective for five years.

The treatment plant has a 6.6 mega-watt cogeneration facility. This facility supplies 100% of the treatment plant's present electrical needs, along with providing heating of various buildings and sludge digesters. The engines are fueled by methane produced in the digesters and by natural gas purchased through a contract carrier. The Southside Water Reclamation Plant currently generates electricity from the bio-gas produced in the digesters. This is no cost gas that qualifies the electricity generated for Renewable Energy Certificates (REC). These certificates have a value to other electrical energy producers and the Water Authority continues to research how to sell its RECs to increase revenue. For example, the Water Authority issued an RFB for the unused REC's which were purchased by El Paso Electric. In addition to the cogeneration facility, the Water Authority has a one mega-watt solar energy facility at the Southside Water Reclamation Plant on-line effective the end of Calendar Year 2012.

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

***LEGISLATION***

***Proposed  
Operating Budget  
FY16***





1	Human Resources	1,373,000
2	Finance	3,700,000
3	Customer Services	8,963,000
4	Information Technology	5,686,000
5	Wastewater Plant	11,298,000
6	San Juan-Chama Water Treatment Plant	2,975,000
7	Groundwater Operations	5,860,000
8	Wastewater Collections	6,236,000
9	Water Field Operations	18,777,000
10	Compliance	5,186,000
11	Water Resources Management	7,199,000
12	Power & Chemicals	18,482,000
13	Taxes	8,691,000
14	Authority Overhead	1,843,000
15	San Juan-Chama	2,247,000
16	Transfers to Other Funds:	
17	Rehab Fund (28)	15,000,000
18	Debt Service Fund (31)	72,842,000
19	<u>DEBT SERVICE FUND – 31</u>	77,842,000
20	This appropriation is allocated to the following programs:	
21	Debt Service	72,842,000
22	Transfer to Other Funds:	
23	Growth Fund (29)	5,000,000

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

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

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

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

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1 **ALBUQUERQUE BERNALILLO COUNTY**

2 **WATER UTILITY AUTHORITY**

BILL NO. \_\_\_\_\_

3 RESOLUTION  
4 APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR  
5 THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE  
6 FISCAL YEAR BEGINNING JULY 1, 2015 AND ENDING JUNE 30, 2016

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

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

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

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

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

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

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

24 BE IT RESOLVED BY THE WATER AUTHORITY:

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

27 Basic Program Appropriations:

28 Sanitary Sewer Pipeline Renewal	7,125,000
29 Drinking Water Pipeline Renewal	9,975,000

1	Southside Water Reclamation Plant Renewal	17,450,000
2	Soil Amendment Facility (SAF) Renewal	200,000
3	Lift Station and Vacuum Station Renewal	975,000
4	Odor Control Facilities Renewal	210,000
5	Drinking Water Plant Groundwater System Renewal	3,120,000
6	Drinking Water Plant Treatment Systems Renewal	3,285,000
7	Reuse Line and Plant Rehab	60,000
8	Shared Renewal	700,000
9	Franchise Agreement Compliance	2,000,000
10	Vehicles and Heavy Equipment	900,000
11	<u>Special Projects:</u>	
12	Steel Waterline Rehab	1,000,000
13	Automated Meter Infrastructure (AMI)	2,000,000
14	Renewable Energy Projects	350,000
15	Yucca and Central Odor Control	6,000,000
16	<u>Growth:</u>	
17	Development Agreements	1,250,000
18	MIS/GIS	2,000,000
19	Master Plans	500,000
20	Miscellaneous	250,000
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