
Meeting Date: June 17, 2015
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-15-10 - Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2015 and Ending June 30, 2016.

ACTION: Recommend Approval

SUMMARY:

This legislation appropriates funding for the FY16 Capital Implementation Program (CIP). This appropriation provides funding for new projects as well as supplements current appropriations for projects that are ongoing.

FISCAL IMPACT:

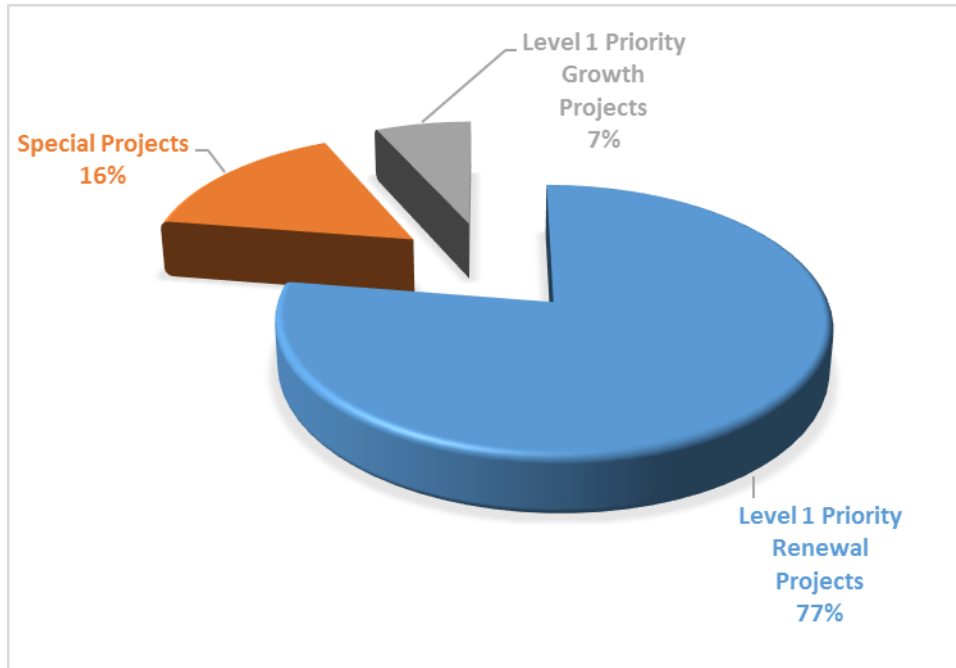
The FY16 capital program appropriation totals \$59.3 million. \$46.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$9.3 million is appropriated for special projects.

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.

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.

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 graph below is the overall percentage of each CIP category:



COMMENTS:

The blueprint for the Basic capital program is the Decade Plan, a ten year plan required to be updated biennially with two, four, six, eight and ten year planning elements. There must always be an approved two year planning element in place before the Board can approve a current year capital program appropriation. FY16 is the first year in the current FY 2016 – FY 2025 Decade Plan. Listed below are the detailed projects:

	FY16 Budget
Basic Program Appropriations:	
Sanitary Sewer Pipeline Renewal	\$ 7,125,000
Drinking Water Pipeline Renewal	9,975,000
Southside Water Reclamation Plant Renewal	17,450,000
Soil Amendment Facility (SAF) Renewal	200,000
Lift Station and Vacuum Station Renewal	975,000
Odor Control Facilities Renewal	210,000
Drinking Water Plant Groundwater System Renewal	3,120,000
Drinking Water Plant Treatment Systems Renewal	3,285,000
Reuse Line and Plant Rehab	60,000
Shared Renewal	700,000
Franchise Agreement Compliance	2,000,000
Vehicles and Heavy Equipment	900,000
Level 1 Priority Renewal Projects Total	\$46,000,000

	FY16 Budget
Special Projects:	
Steel Waterline Rehab	\$ 1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
Yucca and Central Odor Control	<u>6,000,000</u>
Special Projects Total	\$ 9,350,000
Combined Level 1 Priority Renewal and Special Projects	\$55,350,000
Growth:	
Development Agreements	\$ 1,250,000
MIS/GIS	2,000,000
Master Plans	500,000
Miscellaneous	<u>250,000</u>
Level 1 Priority Growth Projects Total	\$ 4,000,000
Grand Total	<u>\$59,350,000</u>

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 electricians 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.

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. **R-15-10**

RESOLUTION

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

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

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

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

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

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

Basic Program Appropriations:

Sanitary Sewer Pipeline Renewal	7,125,000
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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Item 9b
FY16 Proposed
Capital Budget



Albuquerque Bernalillo County
Water Utility Authority

FY16 CIP Appropriations

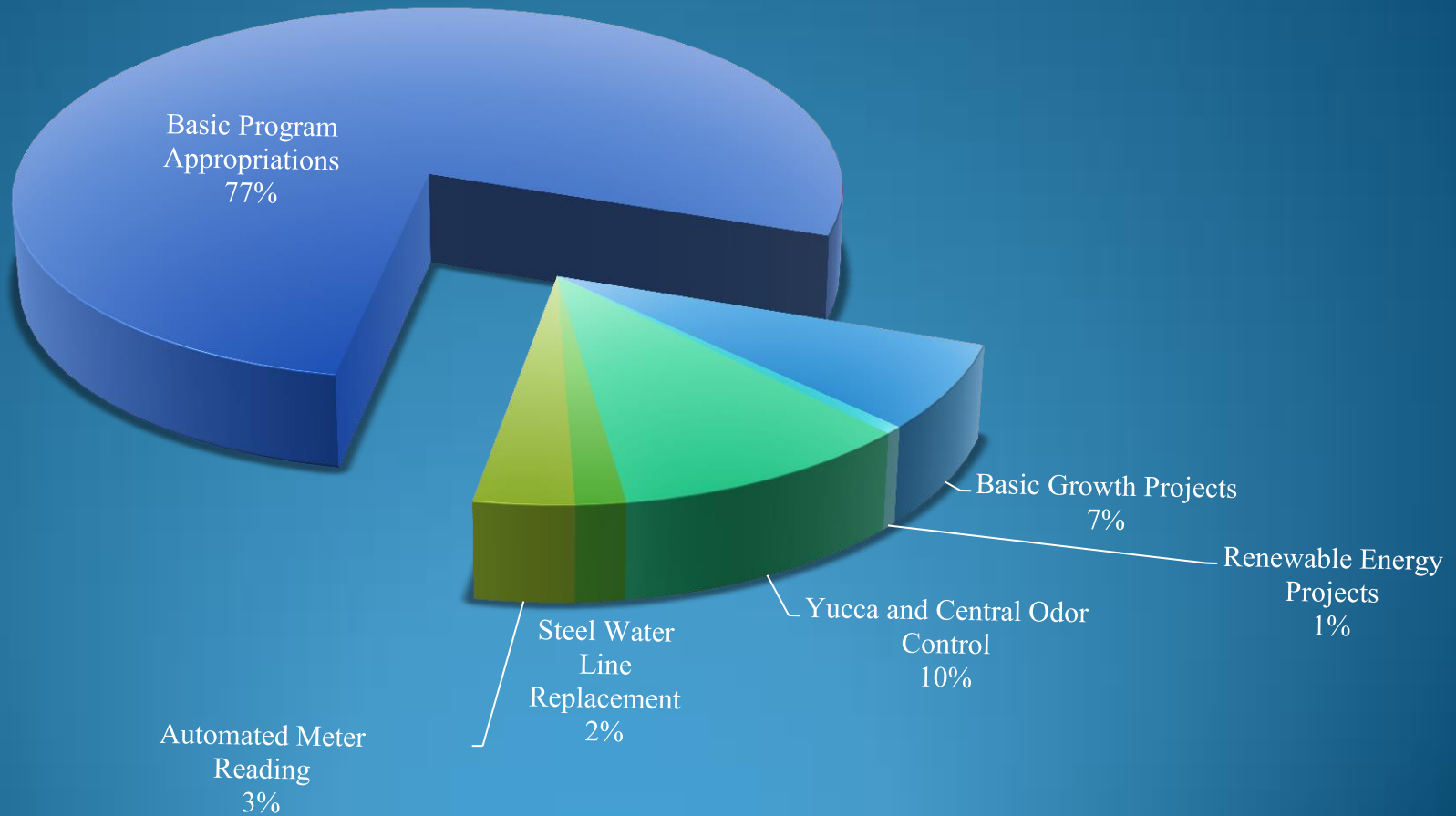
Authorization of \$59.3 million

- \$46.0 million – Level One Basic Priority Capital Programs
- \$4.0 million – Growth related projects
- \$9.3 million – Special projects comprised of \$6.0 million for Odor Control along Yucca and Central streets, \$2.0 million for Automated Meter Infrastructure (AMI), and \$0.3 million for various renewable energy projects.

Rate Ordinance requires no less than \$30 million for Basic rehabilitation program. Additionally, \$2 million annually is required for AMI.

FY16 CIP Planned Spending

\$59,350,000



Increase CIP Spending

in thousands

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Basic Rehab Level 1 Projects	43,000	46,000	49,000	52,000	55,000	58,000	61,000	64,000	67,000	70,000
Steel Line	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
AMI	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Other	350	6,350	350	350	350	350	350	350	350	350
Growth	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

FY16 CIP Planned Spending Increase

