



Customer Advisory Committee

AGENDA

Members

David Brookshire	Wayne Frye
Cassandra D'Antonio	Moises Gonzales
Amy Ewing	Will Gleason
Laurie Firor	David Ritchey

Wednesday, March 11, 2015	4:00 PM	City Hall – 3rd Floor Conference Room 304
----------------------------------	----------------	--

- | | |
|---|-----------|
| 1. Call to Order – Note presence of quorum | 4:00-4:05 |
| 2. Approval of Agenda | 4:00-4:05 |
| 3. Approval of February 5, 2015 Action Summary | 4:00-4:05 |
| 4. Review FY16 Goals & Objectives | 4:05-4:25 |
| 5. Review Summary Results from Customer Conversation meetings | 4:25-4:35 |
| 6. Review and Refine Rate Structure Scenarios | 4:35-5:50 |
| 7. Public Comment | 5:50-5:55 |
| 8. Final Comments or Questions | 5:55-6:00 |
| 9. Adjournment | 6:00 |

Next Meeting: April 9, 2015

NOTICE TO PERSONS WITH DISABILITIES: If you have a disability and require special assistance to participate in this meeting, please contact the Water Utility Authority Office, Suite 5012, Albuquerque/Bernalillo County Government Center, phone 768-2500 or by the TTY 1-800-659-8331, as soon as possible prior to the meeting date.



Customer Advisory Committee

ACTION SUMMARY

February 5, 2015

Members Present:

David Brookshire
Cassandra D'Antonio
Amy Ewing
Laurie Firor
Wayne Frye
Moises Gonzales
David Ritchey

Members Excused:

Will Gleason

Water Authority Staff / Others Present:

Frank Roth, Senior Policy Manager
Stan Allred, Chief Financial Officer
Mark Sanchez, Executive Director
Carol Malesky, MWH Global

Item 1 – Call to Order - Note presence of quorum

The meeting was called to order at 4:04 pm by Chair Amy Ewing.

Item 2 – Approval of Agenda

Cassandra D'Antonio made a motion to approve the agenda. Wayne Frye seconded the motion. The motion passed on a 7-0 vote.

For: 7	Brookshire, D'Antonio, Ewing, Firor, Frye, Gonzales, Ritchey
Against: 0	
Excused: 1	Gleason

Item 3 – Approval of January 13, 2015 Action Summary

David Ritchey made a motion to approve the action summary. Laurie Firor seconded the motion. The motion passed on a 7-0 vote.

For: 7	Brookshire, D'Antonio, Ewing, Firor, Frye, Gonzales, Ritchey
Against: 0	
Excused: 1	Gleason

Item 4 – Review Summary Results from Customer Conversation Meetings

Frank Roth reviewed the draft summary results from the four Customer Conversation meetings. He stated that he would follow up with more detailed information at the March meeting.

Item 5 – Review Rate Structure Scenarios

Carol Malesky provided an overview of the current rate structure. She reviewed four options of changes to the rate structure for FY2016. From the discussion of the four options, the CAC developed sub-options that they would like to be evaluated in ABCWUA's cost-of-service and conservation impact models:

1. Option 1a – Base charge increase
 - a. Increase base charges to generate 5% increase in rate revenue
 - b. Commodity rates and structure are constant
2. Option 1b –
 - a. Redefine low use discount to apply 50% discount to usage greater than a customer's average winter water consumption (AWC) and determine the revenue impact
3. Option 1c
 - a. Modify low use discount by calculating qualifying consumption using individual AWC and determine the revenue impact
4. Option 1d – Base charge increase
 - a. Adjust base charges using cost-of-service (COS) results to generate 5% increase in rate revenue
 - b. Commodity rates and structure are constant
5. Option 2a – Commodity rate increase
 - a. Increase commodity rates to generate 5% increase in rate revenue
 - b. Commodity rate structure is constant
 - c. Base charges are constant
6. Option 4 – Combination increase
 - a. Increase base charges to recover 75% of annual debt service and fixed general and administrative expenses
 - b. Increase commodity rates to recover remaining revenue requirement
 - c. Redefine low use discount to apply 50% discount to usage greater than a customer's AWC

Item 6 – Public Comment

Elaine Hebard was present and provided comments on the agenda items.

Item 7 – Final Comments or Questions

David Ritchey requested that the March 5th CAC meeting be rescheduled to the second week in March so that he could attend. Frank Roth stated that that he would email CAC members to find the best alternate date.

Item 8 – Adjournment

The meeting concluded at 5:50 pm.



Albuquerque Bernalillo County
Water Utility Authority

FY16 Goals & Objectives

Customer Advisory Committee
March 11, 2015

Strategic Planning, Budgeting & Improvement Process



Five-Year Goal Statements

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.

Business Planning & Mgmt

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

Organization 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.

Water Supply & 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.

Wastewater Collection & Ops

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.

Performance Measures by Goal Area

Customer Services

Customer/Technical Quality Complaints
Customer Service Cost per Account
Billing Accuracy
Call Center Indicators
Residential Cost of Water/ Sewer Service
Stakeholder Outreach Index

Business Planning & Mgmt

Debt Ratio
Return on Assets
System Renewal/Replacement Rate
Triple Bottom Line Index

Organization Development

Employee Health and Safety Severity Rate
Training Hours per Employee
Customer Accounts per Employee
Employee Indicators
Organizational Best Practices Index

Water Supply & Operations

Drinking Water Compliance Rate
Distribution System Water Loss
Water Distribution System Integrity
O&M Cost Ratios
Planned Maintenance Ratio
Water Use per Capita Consumption

Wastewater Collection & Ops

Sewer Overflow Rate
Collection System Integrity
Wastewater Treatment Effectiveness
O&M Cost Ratios
Planned Maintenance Ratio

Performance Objectives & Measures

- Identify performance gaps in operations and service delivery compared to other utilities
- Address performance gaps during the budget process by allocating and prioritizing resources
- Develop improvement processes in order to be more efficient and effective in our operations and service delivery



➔ **One Year Objectives**

FY15 One-Year Objectives

- Implementation of plans or programs
- Incorporate areas of improvement identified from the Benchmarking and Effective Utility Management
- Integrated with Performance Plan for operational performance improvement and service delivery
- Carry-over from FY15 either because they require more time to complete, or are ongoing issues
- Objectives may be tied to resources contained in the proposed budget

Water Supply/Operations Goal Objectives

- Increase planned maintenance to 60% at ground water facilities and 45% at surface water facility to extend the life of assets
- Develop pilot large diameter valve exercise program
- Maintain water use between 135 to 145 gpcd for 2015 & between 134 to 144 gpcd for 2016
- Update Water Resources Management Strategy
- Begin construction of aquifer storage and recovery projects

Water Supply/Operations Goal Objectives

- Continue leak detection program to monitor small diameter distribution system to reduce water loss
- Complete asset management plans for ground water facilities
- Continue implementation of the Water Quality Protection Policy and Action Plan

Wastewater Collection/Operations Goal Objectives

- Limit 5 or less discharge permit violations from treatment plant to comply with effluent quality standards
- Divert 25% of the biosolids to compost
- Continue implementation of treatment plant asset management plan
- Increase planned maintenance to 40% at treatment plant to extend the life of assets
- Televis and assess condition of 5% of the sewer system
- Continue sewer cleaning pilot programs

Wastewater Collection/Operations Goal Objectives

- Monitor compliance of Sewer Use/Wastewater Control Ordinance
 - Permitted industrial users
 - Septage waste haulers
 - Food service establishments
 - Dental offices
- Implement Fats, Oils, and Grease Policy

Customer Service Goal Objectives

- Maintain call wait time to less than 1 minute, 90% of the time
- Implement Phase 4 of Automated Meter Infrastructure project to modernize aging meters
- Transition meter readers to customer service operations as utility techs to reduce stopped-meter backlog
- Implement new payment methods for customer billing and web self-service

Customer Service Goal Objectives

- Conduct quarterly *Consumer Conversation* meetings to engage customers and obtain input from customers on the Water Authority's activities
- Conduct customer opinion survey to access customer's viewpoint on operations and service delivery

Business Planning/Management Goal Objectives

- Expend \$37 million in renewal programs to replace aging, high risk assets
- 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
- Continue development of comprehensive energy master plan to reduce energy demand
- Continue implementation of work order flow mobile solution for operation optimization

Organization Development Goal Objectives

- Conduct employee engagement and satisfaction survey
- Maintain 6% vacancy rate
- Maintain 2,700 injury hours or less to reduce employee injury lost days
- Complete the standard operating procedures for the water and wastewater plants
- Continue implementation of the Operational Improvement Strategy by documenting and collecting data from key performance indicators to improve work load management and system performance efficiencies

Agenda Item #5

FY15 Customer Conversations Summary Results Infrastructure Renewal and Rates

Four meetings were held (one each in November and December 2014 and January and February 2015). A total of 200 customers attended the four meetings with an average attendance of 50 per meeting.

RESULTS

As a part of the meeting, staff conducted three exercises to obtain input on the two subject matters of infrastructure renewal needs and rates. The information reported in this section is based on the results of the four meetings.

Part 1 – Infrastructure Renewal

Figure 1 compares the Water Authority's rehabilitation spending priorities compared to the customer priorities from Exercise A. The utility's priorities are based upon the Decade Plan. The customer's priorities are based on their instinctive reaction about their perceptions of infrastructure needs and concerns in the community. Figure 2 further shows the comparison using a bar graph. The purpose of this exercise is to determine the gap between the utility's and customer's priorities and to obtain insight into customer understanding and expectations for infrastructure renewal. The largest gap in infrastructure priorities concerned the sewer plant, with a difference of \$124 million between the Water Authority's planned spending and the spending recommended by participants. This was followed by the water plants at \$99 million, water pipe at \$59 million, and sewer pipe at \$34 million.

Figure 1 - Comparison of Water Authority and Customer Priorities (in millions of dollars)

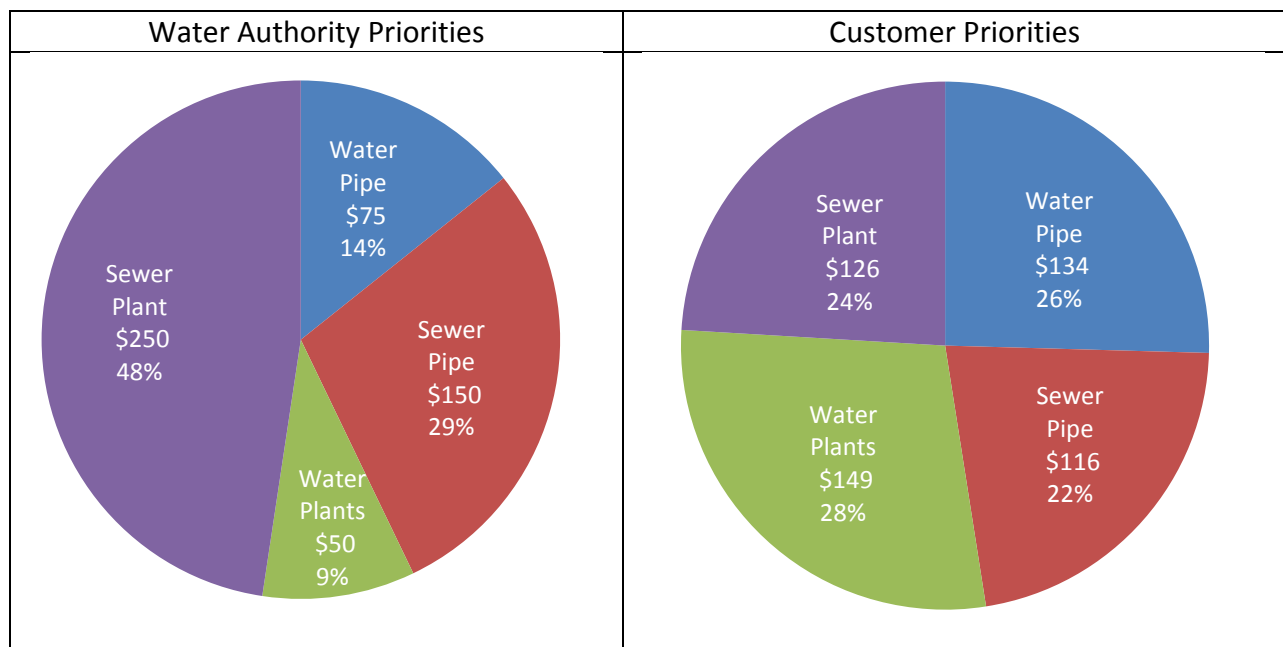
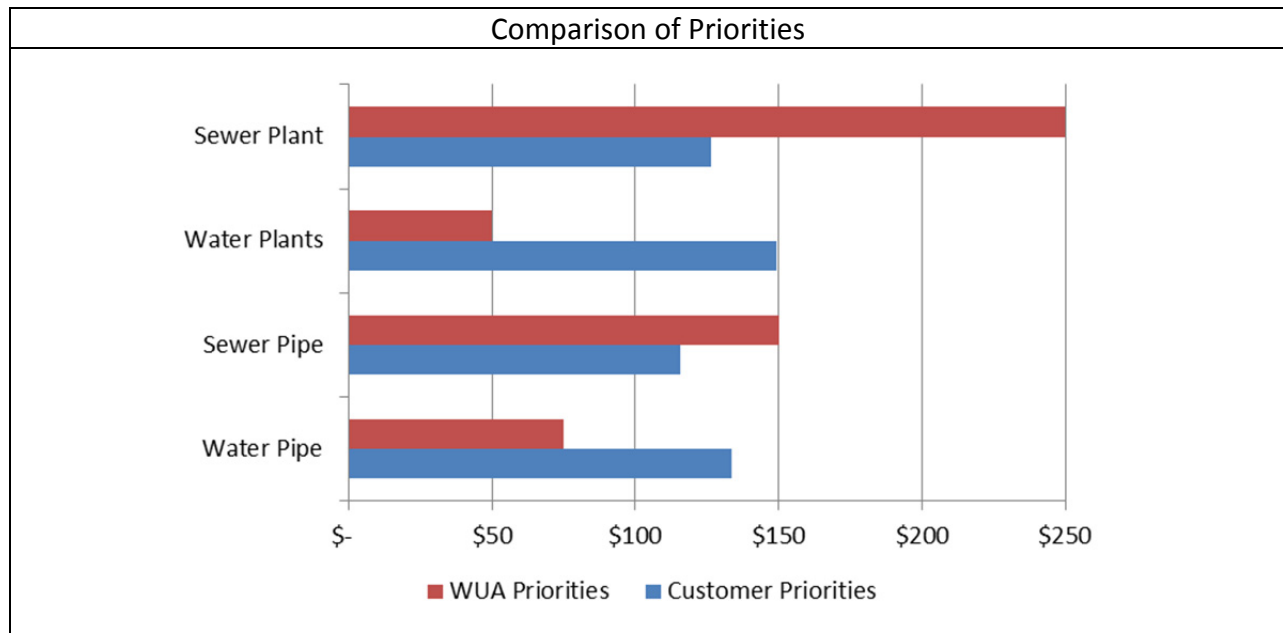


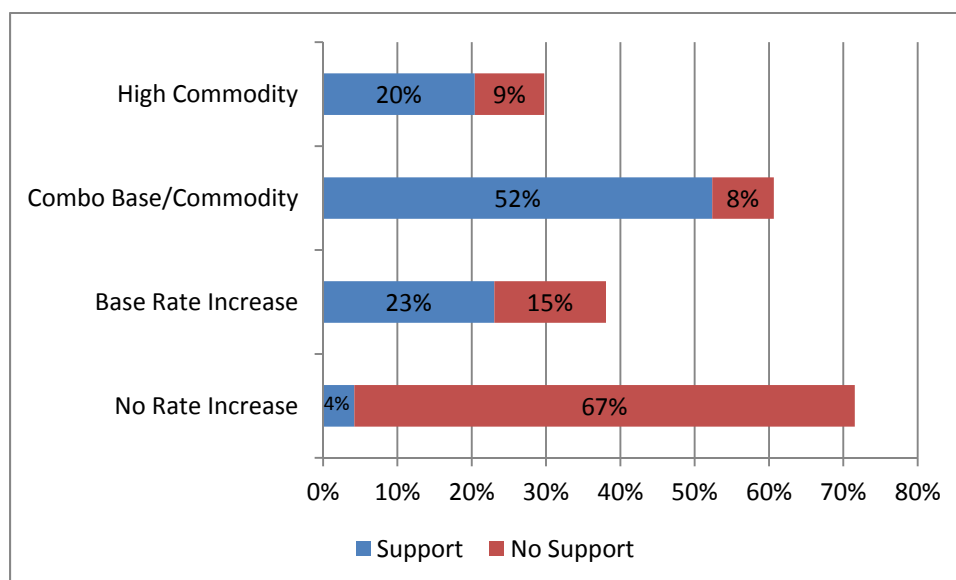
Figure 2 - Comparison of Water Authority and Customer Priorities (in millions of dollars)



Part 2 – Water/Sewer Rates

Figure 3 compares the four alternatives presented to customers and which alternative they most supported and which they least supported. Based on the results of the four meetings, the majority of customers (52%) supported the Combination Base/Commodity alternative. The Base Rate Increase (23%), and the High Commodity Rate Increase (20%) were the second and third most supported alternatives. Only 4% of the customers supported the No Rate Increase alternative. The No Rate Increase was the least supported alternative at 67%.

Figure 3 – Support and Non-Support of Four Alternatives



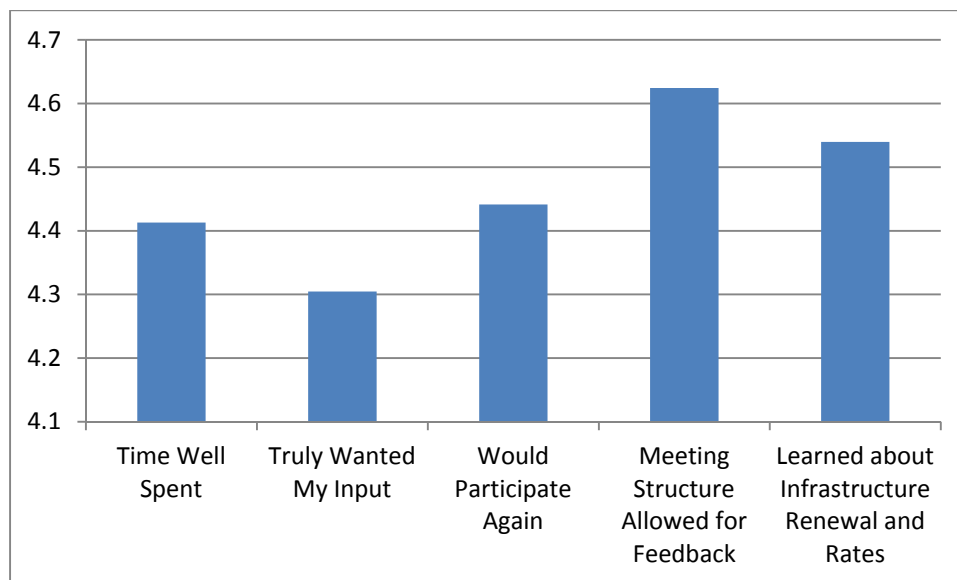
EVALUATIONS

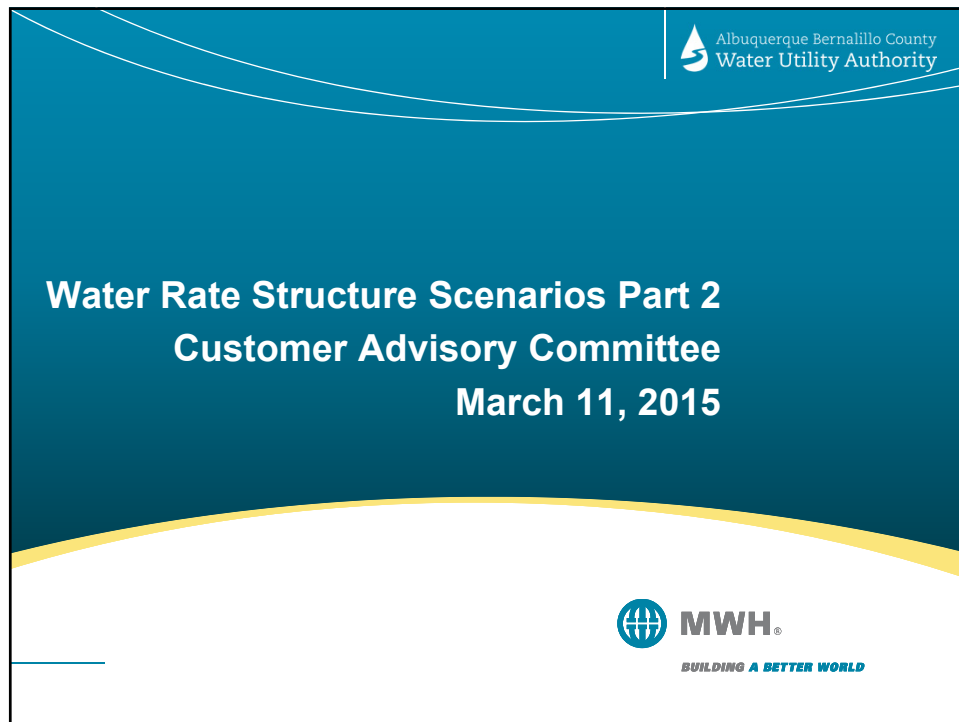
At the end of the meeting, staff asked the participants to complete an evaluation form for feedback on the meeting and process. Participants were asked to rate five statements on a scale of 1-5 with 1 indicating no agreement and 5 indicating you complete agreement. The five statements were:

1. My time was well spent
2. I felt the Water Authority truly wanted my input
3. I would participate in this type of session again
4. The meeting structure allowed participants to provide feedback
5. I learned something about our infrastructure needs, rate stability, and revenue sufficiency

From the cumulative score of the four meetings, participants rated these five areas 4.3 or higher on a scale of 1 to 5 as shown in Figure 4. Participants were also invited to provide additional comments on their evaluation form.


Figure 4 - Meeting Evaluation Scores

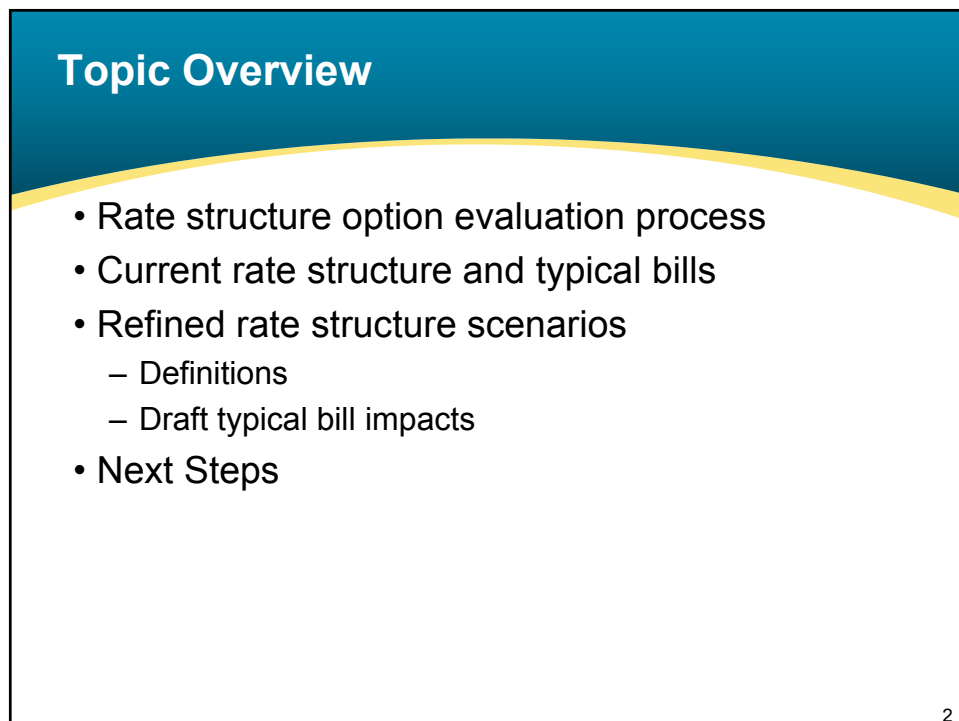


Agenda Item #6

Albuquerque Bernalillo County
Water Utility Authority

Water Rate Structure Scenarios Part 2
Customer Advisory Committee
March 11, 2015

 **MWH**
BUILDING A BETTER WORLD

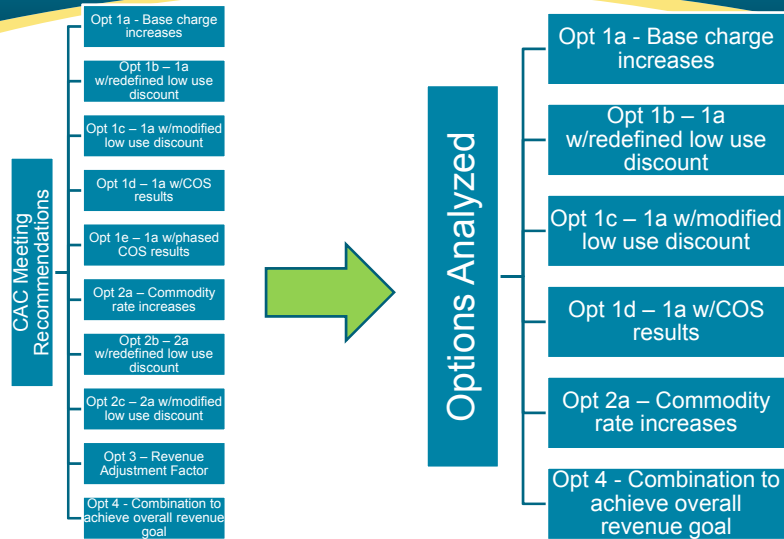


Topic Overview

- Rate structure option evaluation process
- Current rate structure and typical bills
- Refined rate structure scenarios
 - Definitions
 - Draft typical bill impacts
- Next Steps

2

Where We Started: Options for FY2016 Rate Revenue Increase



3

Option 1a: Uniform Base Charge Increase

- Base charges increased to generate rate revenue required
- Commodity charges remain the same
 - Existing block structure
 - No changes to low use discount or surcharges

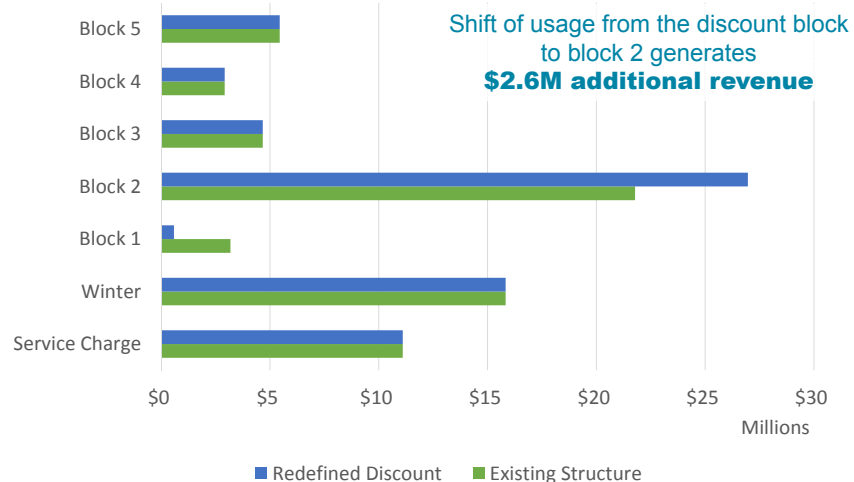
4

Option 1b: Redefine Low Use Discount

- Redefine low use discount to apply 50% discount to usage greater than a customer's AWC
 - No further discount for usage up to a customer's AWC
 - Discount still applied to usage greater than AWC up to 150% of class AWC
 - Redefined discount generates additional revenues without making any changes to the rates

5

Option 1b: Redefine Low Use Discount



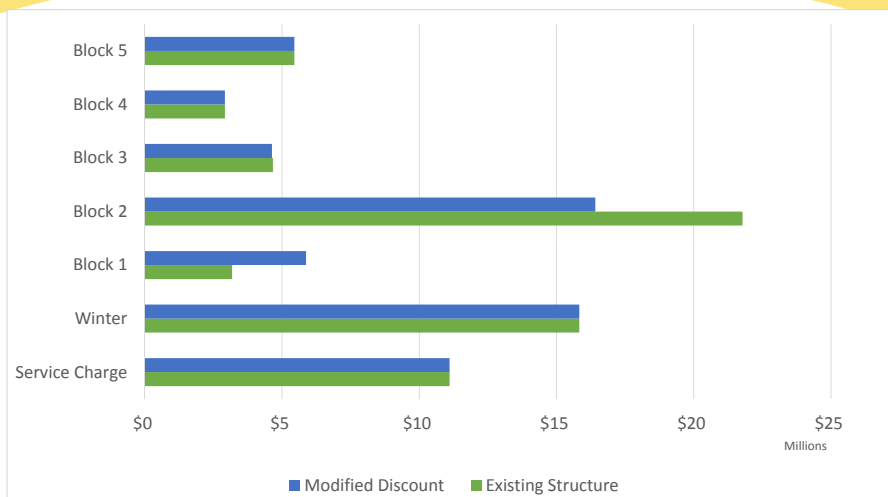
6

Option 1c: Modify Low Use Discount

- Modify low use discount by calculating qualifying consumption using individual AWC
 - Usage up to a customer's AWC will not be discounted
 - Discount applied to usage greater than AWC up to 150% of a customer's AWC
 - Modified discount results in less revenues without making any changes to the rates

7

Option 1c: Modify Low Use Discount



8

Option 1d: COS Base Charge Increase

- Adjust base charges using cost-of-service (COS) results to generate increase in rate revenue required
- Commodity rates and structure are constant

9

Option 2a: Commodity Rate Increase

- Increase commodity rates to generate increase in rate revenue
- Commodity rate structure is constant
- Base charges are constant

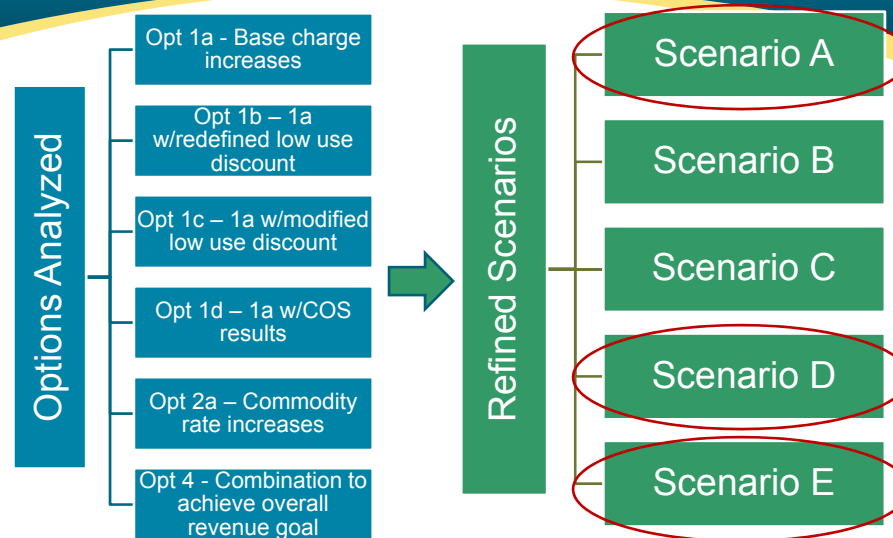
10

Option 4: Combined Increase

- Increase base charges to recover 75% of annual debt service and fixed G&A expenses
- Increase commodity rates to recover remaining revenue requirement
- Redefine low use discount to apply 50% discount to usage greater than a customer's AWC

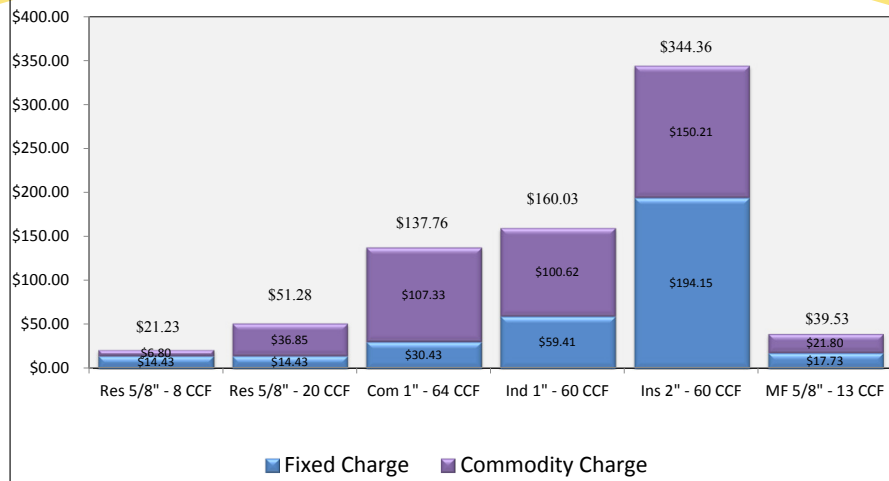
11

Where We Are Today: 3 Scenarios



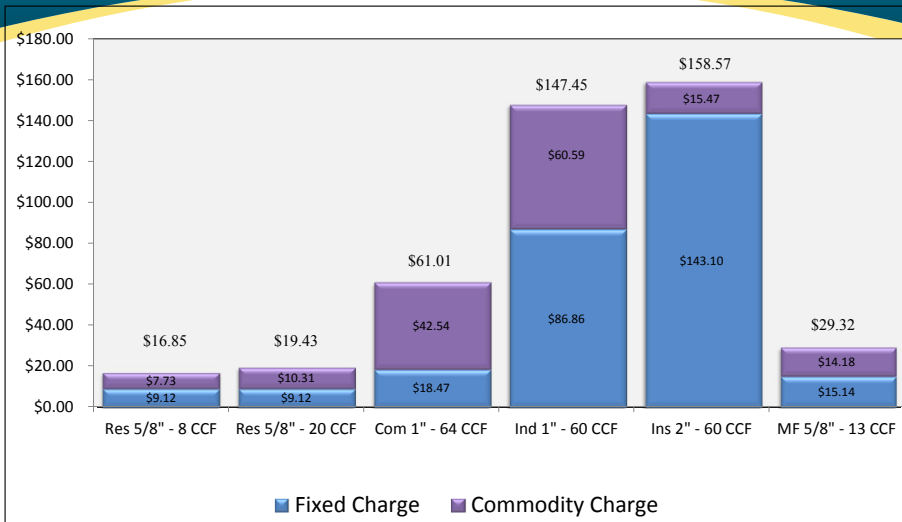
12

Current Water Rate Structure



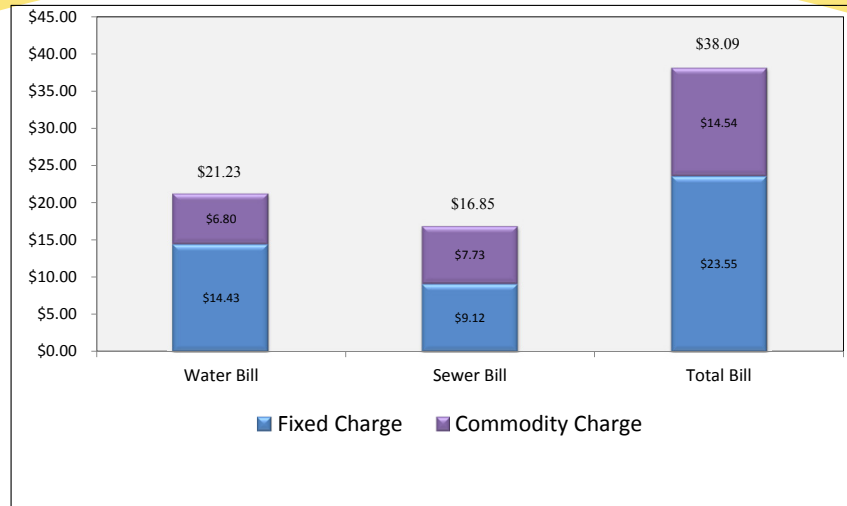
13

Current Wastewater Rate Structure



14

Current Rate Structure: Res 5/8" – 8 CCF



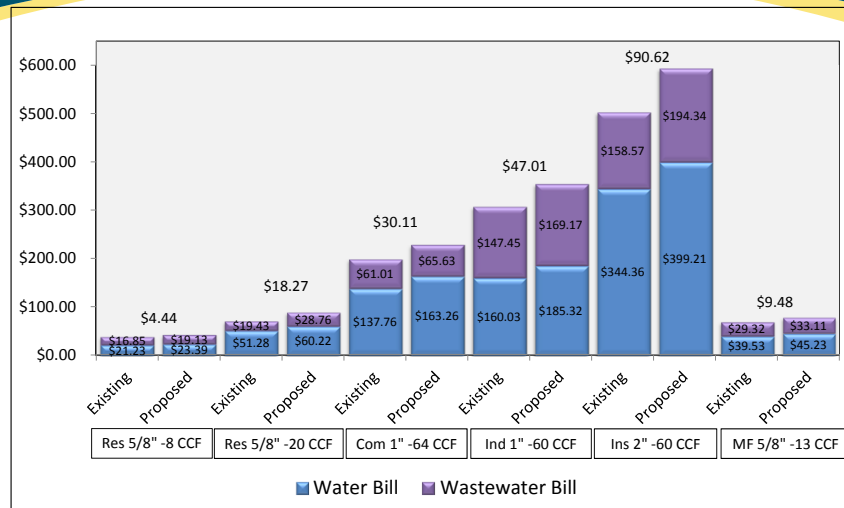
15

Scenario A: Minimal Base Charge Increase with Water Commodity Increase

- Increase water and wastewater base charges
- Increase water commodity rate to recover remaining revenue required
- Low usage discount redefined

16

Scenario A – Combined Monthly Bill Impact



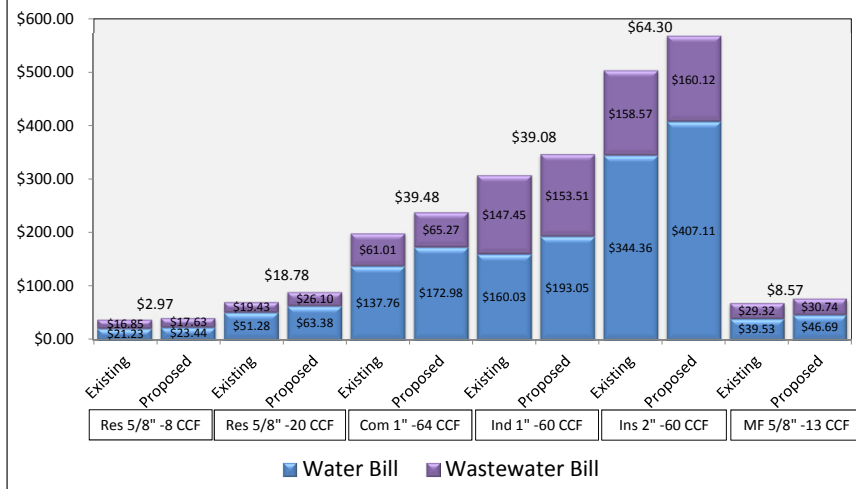
17

Scenario D: Commodity Rate Increase Only

- No increase in base charges
- \$0.136 increase in wastewater commodity rate for retail customers
- \$0.55 increase in water commodity rate to recover remaining revenue required
- Low usage discount redefined

18

Scenario D – Combined Monthly Bill Impact



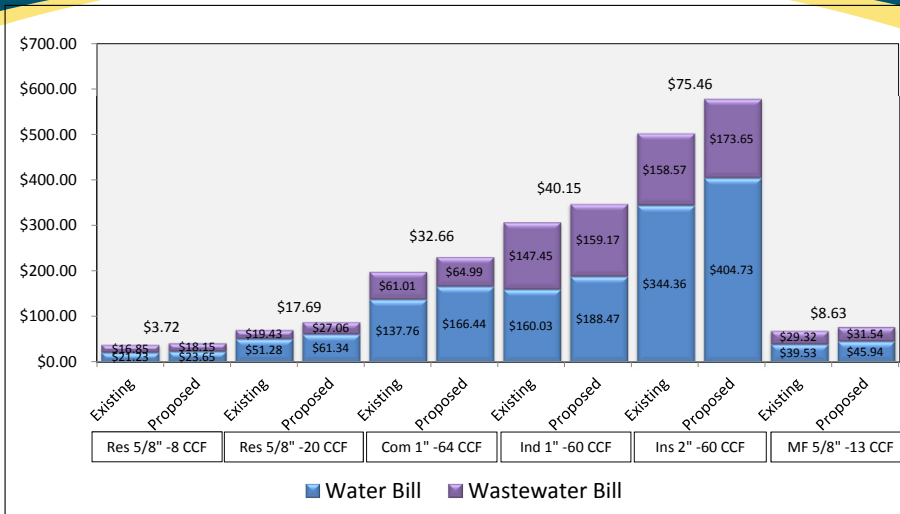
19

Scenario E: Combined Increase

- Increases in water and wastewater base charges
- \$0.068 per unit increase in commodity rate for wastewater retail customers
- \$0.424 per unit increase in water commodity rate to recover remaining revenue required
- Low usage discount redefined

20

Scenario E – Combined Monthly Bill Impact



21

Next Steps

- Which scenario(s) should be considered for Board presentation?
- Next CAC meeting, April 9

22