



Albuquerque Bernalillo County Water Utility Authority

Albuquerque/Bernalillo
County
Government Center
One Civic Plaza
Albuquerque, NM 87102

Agenda

Councilor Klarissa Peña, Chair
Commissioner Debbie O'Malley, Vice Chair
Mayor Richard J. Berry
Councilor Pat Davis
Commissioner Maggie Hart Stebbins
Commissioner Wayne Johnson
Councilor Trudy E. Jones
Trustee Pablo Rael

Wednesday, May 17, 2017

5:00 PM

Vincent E. Griego Chambers

1. **CALL TO ORDER**
2. **INVOCATION/PLEDGE OF ALLEGIANCE**
3. **APPROVAL OF MINUTES - April 19, 2017**
4. **PROCLAMATIONS AND AWARDS**
5. **PUBLIC COMMENT**
6. **ANNOUNCEMENTS/COMMUNICATIONS**
- A. **Next Scheduled Meeting – June 21, 2017 at 5:00 PM**
7. **INTRODUCTION (FIRST READING) OF LEGISLATION**
8. **CONSENT AGENDA**

(Any Board Member may request that a Consent Agenda item be placed under Approvals)

- A. [R-17-11](#) Authorizing an Agreement for Water and Sewer Service with Eagle Vista LLC for Eagle Ranch Plaza
- B. [C-17-10](#) FY2017 Third Quarter Performance Indicator Report
- C. [C-17-11](#) FY2017 Third Quarter Operating Financial Reports
- D. [C-17-12](#) Approving Continuation of San Juan Chama Drinking Water Project Environmental Mitigation Monitoring - Year Two Under GSA Contract # GS-10F-00209L, with SWCA Incorporated, CCN:2016-0050
- E. [C-17-13](#) Approving Recommendation of Award, RFP CWA Strategic

Communications for Public and Media Relations P2017000004

- F. [C-17-14](#) Approving Recommendation of Award, RFP Audit Services P2017000007
- G. [C-17-15](#) Approving Appointment of Matthew Earthman to the Water Protection Advisory Board
- H. [C-17-16](#) Approving Appointment to the Technical Customer Advisory Committee

9. APPROVALS

- A. [O-17-1](#) Amending the Albuquerque Bernalillo County Water Utility Authority Water and Sewer Rate Ordinance to Adjust Water and Sewer Rates by a Five Percent Rate Revenue Adjustment for FY18, Update the Utility Expansion Charge, Water Supply Charge, Septic Tank, and Chemical Toilet Charge by 3.45% Based on the Engineering News Report Index
- B. [R-17-9](#) Appropriating Funds for Operating the Albuquerque Bernalillo County Water Utility Authority for Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018
- C. [R-17-10](#) Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018
- D. [C-17-8](#) 2018-2027 Decade Plan for Capital Improvements
- E. [C-17-17](#) Approving Agreement with City of Rio Rancho and Intel for Emergency Sanitary Sewer Service

10. OTHER BUSINESS

- A. [OB-17-6](#) Water Report

11. ADJOURNMENT

Visit Our Website at www.abcwua.org

NOTICE TO PERSONS WITH DISABILITIES: If you have a disability and require special assistance to participate in this meeting, please contact the Authority Office as soon as possible before the meeting date at 289-3100 or by the TTY at 1-800-659-8331.

Meeting Date: May 17, 2017
Staff Contact: Kristopher Cadena, Principal Engineer, Utility Development

TITLE: R-17-11 – Authorizing an Agreement for Water and Sewer Service with Eagle Vista LLC for Eagle Ranch Plaza

ACTION: Recommend Approval

SUMMARY:

The development is located between Irving Blvd. and Eagle Ranch Rd., south of the Calabacillas Arroyo. The undeveloped property is within the City Limits, but outside of the Adopted Service Area. The project consists of a retail development.

The property lies within Pressure Zone 1W in the Corrales Trunk.

Water and wastewater service is contingent on the Developer constructing internal distribution and collector lines that tie to the existing infrastructure proximate to the property.

All services provided within the development will be subject to current Utility Expansion and Water Supply Charges.

FISCAL IMPACT:

None.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-17-11

1 **RESOLUTION**

2 **AUTHORIZING AN AGREEMENT FOR WATER AND SEWER SERVICE WITH**
3 **EAGLE VISTA LLC FOR EAGLE RANCH PLAZA**

4 WHEREAS, Eagle Vista LLC is the developer and owner of real property to be
5 developed as retail between Irving Blvd. and Eagle Ranch Rd., south of the Calabacillas
6 Arroyo; and

7 WHEREAS, the property which is located outside the service area of the Water
8 Authority will require a development agreement for the extension and/or connection of
9 water and sewer lines to the Water Authority's water and sewer system; and

10 WHEREAS, the Water Authority's Water and Wastewater System Expansion
11 Ordinance requires that new service developed outside the Water Authority's service
12 area will incur no net expense to the Water Authority and be subject to provisions of
13 relevant updated planning documents as approved by the City and/or County; and
14 BE IT RESOLVED BY THE WATER AUTHORITY:

15 Section 1. Eagle Vista LLC will obtain all permits, assurances, and approvals
16 from the Water Authority and the City of Albuquerque development/design review
17 process. Construction of water and/or sewer lines shall be in conformance with the
18 plans approved by the Water Authority and all applicable plans, specifications,
19 requirements, and standards of the Water Authority.

20 Section 2. The expansion of the System shall incur no net expense to the Water
21 Authority and be subject to current Utility Expansion and Water Supply Charges.

22 Section 3. Eagle Vista LLC will be responsible for close coordination of the
23 project with the Water Authority during the design and construction phases, including
24 the review of the design details during the design process, and the approval of
25 specifications and contract documents.

26 Section 4. The Executive Director is authorized to enter into the agreement with
27 Eagle Vista LLC for the provision of water and sewer service.

DEVELOPMENT AGREEMENT
Eagle Ranch Plaza

Albuquerque Bernalillo County Water Utility Authority, a New Mexico political subdivision, (“Water Authority”) and Eagle Vista, LLC, a New Mexico limited liability corporation, (“Developer”) (together, “Parties”), agree as follows:

1. Recitals

- A. Eagle Vista, LLC is the “Developer” and owner of certain real property located in UNIT/SUBDIVISION (collectively, the “Property”). The Property is more particularly described and shown on **Exhibit A** attached hereto and incorporated herein by reference. Property is located in the former New Mexico Utilities, Inc. ("NMUI") service area, outside the Water Authority’s currently adopted Water Service Area.
- B. The legal description of the Property is as follows: Tract C of Cottonwood Point Subdivision
- C. The Property is located in Pressure Zone 1W of the Corrales Trunk.
- D. The Parties desire to agree upon terms and conditions pursuant to which the Water Authority will provide water and sanitary sewer service to the Property. The Developer desires to construct, or cause to be constructed, extensions of existing public water and sanitary sewer lines and appurtenant infrastructure (collectively, “Line Extensions”) under all applicable plans, specifications, requirements, and standards of the Water Authority. The Serviceability Letter for the Property reflecting the line extensions and other matters referred to in this Agreement is attached hereto as **Exhibit B** and incorporated herein by reference and made a term of this agreement.
- E. The waterline and sewer line extensions referenced in this Agreement are not considered Master Plan lines by the Water Authority. As such, reimbursement of construction costs associated with these extensions will not be available through water and sewer UEC (defined below in Section 3.B) reimbursements.

2. Design and Construction of the Waterlines and Sanitary Sewer Line

- A. The Developer will cause definitive designs and plans of the Line Extensions to be produced which will include estimates of all costs and expenses. The Developer will not connect the extension lines to the existing water and sanitary sewer lines within the City of Albuquerque (“City”) public right-of-way or within public easements until the Water Authority has approved the line extensions. The Developer will convey,

at no expense to the Water Authority, all Line Extensions that have been approved and accepted by the Water Authority and all necessary easements for the Line Extensions at locations reasonably acceptable to the Developer, free and clear of all liens, claims, and encumbrances for the construction, operation, and maintenance of the line extension. The Developer will obtain all necessary permits, assurances, and approvals from the Water Authority and City, and the Developer will deliver a copy of such permits, assurances, and approvals to the Water Authority prior to the start of construction. Construction will be handled through the City work order process.

- B.** The Developer will complete, or cause to be completed, construction of the Line Extensions as approved by the City of Albuquerque Design Review Committee and the Water Authority, and in conformance with all applicable plans, specifications, and standards of the City and the Water Authority.
- C.** The Developer will be responsible for close coordination of the project with the Water Authority during the design and construction phases, including review of design details, during the design process, and the approval of specifications and contract documents. The Water Authority will review and approve in a timely manner the design plans for construction and estimated cost, to ensure the designs meet Water Authority standards and follow the guidance provided in the City's Development Process Manual ("DPM") and/or applicable Water Authority Design Manuals.
- D.** To the extent relevant and applicable, the usual procedures and documentation, including the Procedure "B", as defined in the Subdivision Ordinance and the DPM of the City, will be followed and used for the Line Extensions.

3. Service

- A.** The Developer shall comply with the Water Authority's Water and Sewer System Expansion Ordinance, as amended from time to time. Connection for water service shall require the concurrent connection of sanitary sewer service to the Water Authority's wastewater system.
- B.** The Developer or its successor shall pay Utility Expansion Charges (UEC) and the Water Supply Charges (WSCs) at the rates that are imposed at the time of a service connection, as provided in the Water Authority's Water and Sewer Rate Ordinance, as amended from time to time.
- C.** Pursuant to Water Authority Resolution No. R-05-13, the Developer agrees that it will incorporate water conservation guidelines that will seek to achieve water usage of no more than 180 gallons per household which is equivalent to seventy-five (75) gallons per capita per day.

- 4. Termination.** If construction of the waterline extensions and sanitary sewer extensions by the Developer has not been completed and accepted by the Water Authority within seven years of the effective date of this Agreement, this Agreement shall automatically terminate, and the Water Authority and the Developer shall have no further rights, obligations, or liabilities with respect to this Agreement, unless otherwise agreed in writing.
- 5. Water for Construction.** During the construction of the Line Extensions, the Developer agrees to utilize alternative methods as approved by the City of Albuquerque's Air Quality Division for dust abatement and control including compost from the Water Authority, if economically feasible. The Developers may purchase water for construction from the Water Authority from the nearest approved fire hydrant in accordance with the Water Authority's Water and Sewer Rate Ordinance. Water purchased from the Water Authority shall be used only for construction.
- 6. Indemnification.** The Developer will defend, indemnify and hold harmless the Water Authority and its officials, agents, and employees on demand from any claims, actions, suits, or other proceedings arising from the acts or omissions of the Developer, its agents, representatives, contractors, or subcontractors, or arising from the failure of the Developer, its agents, representatives, contractors, or subcontractors to perform any act or duty required of the Developer in this Agreement. The indemnification by the developer will not extend to the negligent acts of the Water Authority.
- 7. Representations and Warranties of Developer.** The Developer represents and warrants that:
 - A.** Developer is a validly existing limited liability company under the laws of the State of New Mexico.
 - B.** Developer has all the requisite power and authority to enter into this Agreement and bind the Developer under the terms of the Agreement; and
 - C.** The undersigned officer of the Developer is fully authorized to execute this Agreement on behalf of the Developer.
- 8. Notices.** Any notice to be given under this Agreement will be in writing and will be deemed to have been given when deposited with the United States Postal Service, postage prepaid and addressed as follows:

If to the Water Authority:

Mark S. Sanchez
Executive Director
Albuquerque Bernalillo County
Water Utility Authority
One Civic Plaza, Room 5012
Albuquerque, New Mexico 87102

If to Developer:

Eagle Vista, LLC
c/o of Allen Sigmon Real Estate Group, LLC
Attn: Brad B. Allen
9201 Montgomery Blvd. NE, Bldg. #1
Albuquerque, NM 87111

- 9. Assignment.** This Agreement will not be assigned without the prior written consent of the Water Authority and the Developer.
- 10. Miscellaneous.** This Agreement will be governed by and interpreted in accordance with the laws of the State of New Mexico. The headings used in this Agreement are for convenience only and shall be disregarded in interpreting the substantive provisions of the Agreement. This Agreement binds and benefits the Water Authority and their successors, assigns, and transferees and the Developer and their successors, assigns and transferees. Time is of the essence of each term of this Agreement. If any provision of this Agreement is determined by a court of competent jurisdiction to be void, invalid, illegal, or unenforceable, that portion will be severed from this Agreement and the remaining parts will remain in full force as though the invalid, illegal, or unenforceable portion had never been a part of this Agreement.
- 11. Integration; Interpretation.** This Agreement contains or expressly incorporates by reference the entire agreement of the parties with respect to the matters contemplated by this Agreement and supersedes all prior negotiations. This Agreement may only be modified in writing executed by both parties.
- 12. Approval.** This Agreement is subject to the approval of the Board of Directors of the Water Authority and will not become effective until approved by the Water Authority.
- 13. Effective Date.** The effective date of this Agreement is the date last entered below.

In Witness Whereof, the parties hereto have executed this Agreement on the dates entered below.

**Albuquerque Bernalillo County
Water Utility Authority**

By: _____
Mark S. Sanchez
Executive Director
Date: _____

**Developer
Eagle Vista, LLC
a New Mexico limited liability
corporation**

By: _____
Brad B. Allen
Principal

Date: _____

ACKNOWLEDGEMENTS

[illegible]

This instrument was acknowledged before me on, _____, 20____ by _____, _____ of _____ a _____, on behalf of said Company.

Notary Public

My Commission Expires:

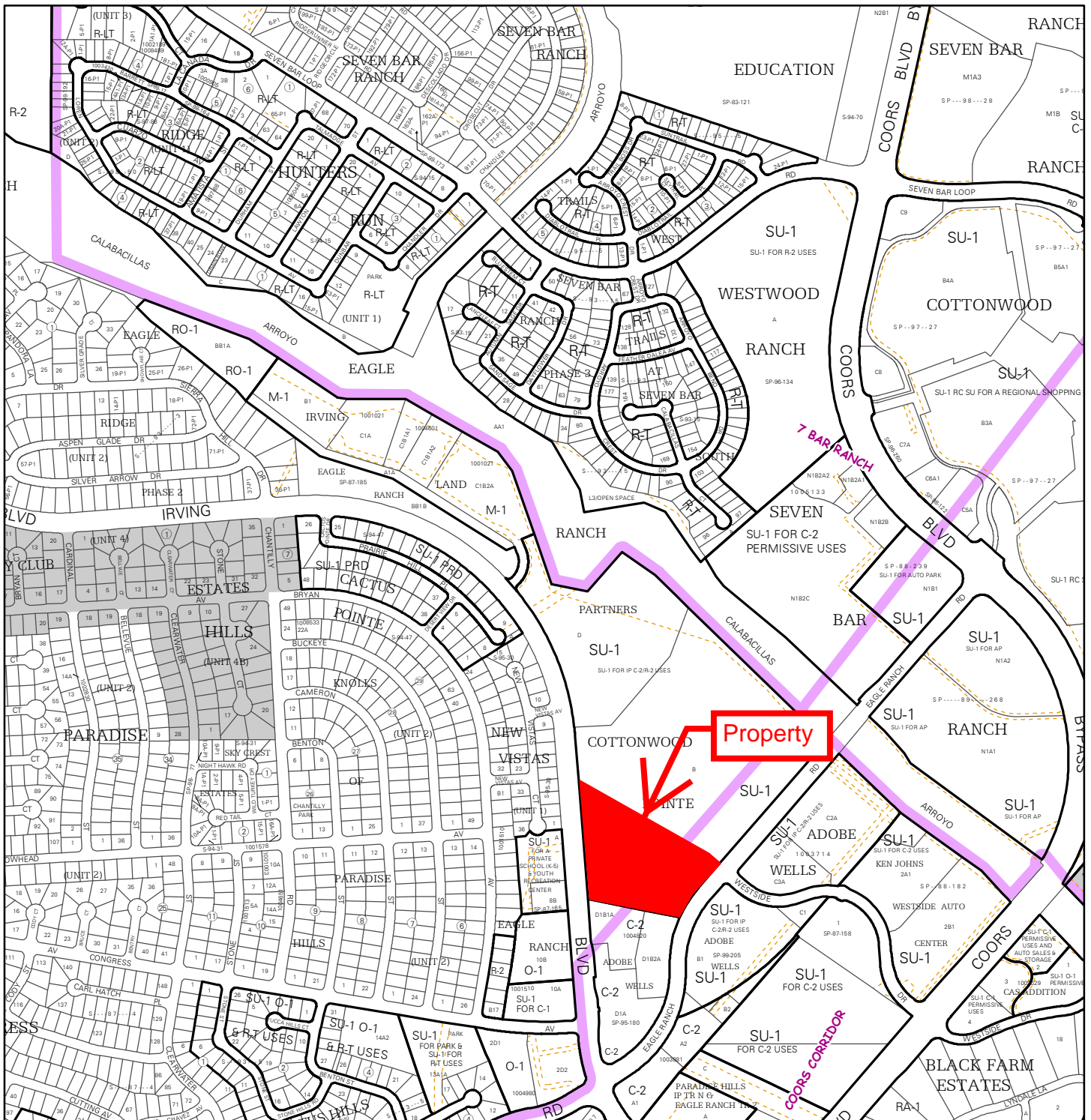
[illegible]

This instrument was acknowledged before me on _____, 20__ by Mark S. Sanchez, Executive Director of the Albuquerque Bernalillo County Water Utility Authority, a New Mexico political subdivision.

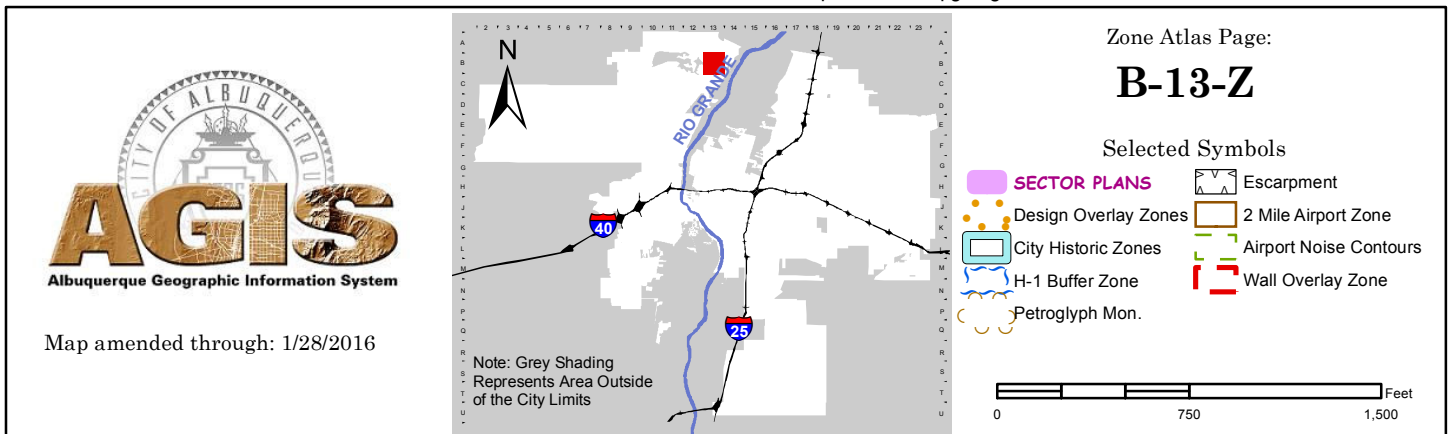
Notary Public

My Commission Expires:

Exhibit A



For more current information and details visit: <http://www.cabq.gov/gis>




Zone Atlas Page:

B-13-Z

Selected Symbols

SECTOR PLANS

Design Overlay Zones

 City Historic Zones

H-1 Buffer Zone

() Petroglyph Mon.

 Escarpment

s 2 Mile Airport Zone

Airport Noise Contours

 Wall Overlay Zone

Map amended through: 1/28/2016

Note: Grey Shading
Represents Area Outside
of the City Limits

A number line is shown with tick marks at 0, 750, and 1,500. The unit is labeled "Feet". A horizontal bar is drawn from 0 to 750, and another horizontal bar is drawn from 750 to 1,500.

April 11, 2017

Chair

Klarissa J. Peña
City of Albuquerque
Councilor, District 3

Vice Chair

Debbie O'Malley
County of Bernalillo
Commissioner, District 1

Richard J. Berry
City of Albuquerque
Mayor

Pat Davis
City of Albuquerque
Councilor, District 6

Maggie Hart Stebbins
County of Bernalillo
Commissioner, District 3

Wayne Johnson
County of Bernalillo
Commissioner, District 5

Trudy E. Jones
City of Albuquerque
Councilor, District 8

Ex-Officio Member
Pablo R. Rael
Village of Los Ranchos
Board Trustee

Executive Director
Mark S. Sanchez

Website
www.abcwua.org

Dennis A Lorenz
Lorenz Design & Consulting LLC
2501 Rio Grande Blvd NW Suite A
Albuquerque, NM 87104

RE: Water and Sanitary Sewer Serviceability Letter #170402
Eagle Ranch Retail - Eagle Ranch Rd NW on the 4400 block of Irving between
Eagle Ranch Rd and Irving - Zone Atlas Map: B-13

Dear Mr. Lorenz:

Project Information: The subject site is located between Eagle Ranch Rd. and Irving Blvd. on the 4400 block of Irving within the City. The property consists of approximately 6.8 acres and is currently zoned SU-1 for industrial, wholesale, or manufacturing uses. The property lies within the Pressure Zone 1W in the Corrales trunk. The request for information indicates plans to construct a retail space that will include a health club, MVD, and two other retail buildings. The previous letter #160214, reflects the same information as this one but is expired.

Development Agreement: Pursuant to the System Expansion Ordinance, this property is outside of the Water Authority service area and the Water Authority Board must approve a Development Agreement to serve this property and establish requirements as a condition of service. There is an existing development agreement completed March 23, 2012 for the project location that is authorizing service for a proposed apartment complex with resolution number R-12-12. The currently proposed use differs from the use in the approved development agreement, either a new agreement is required or the executed development agreement can be amended. Contact Utility Development in regards to Development Agreements.

Water Supply Charge: All developments located outside of the Water Authority's service area will be assessed a Water Supply Charge (WSC) as provided in the Water Authority's Water and Sewer Rate Ordinance for the development of new water resources, rights and supplies necessary to serve the development. The WSC shall not be used for reimbursement of master planned facilities.

Existing Conditions: Water infrastructure in the area consists of the following:

- Eight inch PVC distribution main (project #26-3202-87) along Eagle Ranch Rd.
- Eight inch PVC distribution main (project #26-6667.81-04) stubbed into the project location.
- Eight inch PVC distribution main (project #26-6667.91-04) crossing Irving Blvd., just north of the subject site.
- 16 inch PVC distribution main (project #26-3202-87) along Irving Blvd.

Sanitary sewer infrastructure in the area consists of the following:

- Eight inch PVC collector line (project #26-3202-87) along Eagle Ranch Rd near the southeast corner of the subject site.
- Eight inch PVC collector line (project #26-6667.81-04) on the northeast portion of the project location.

- Eight inch PVC collector line (project #26-3202-87) along Irving Blvd.

Water and Sewer Service: New metered water service to the property can be provided contingent upon a developer funded project to extend a public eight inch distribution main along the north side of the subject site. This line will loop the existing eight inch distribution main stub at the northeast portion of the subject site to the 16 inch distribution main along Irving (option 1) or, potentially, the eight inch distribution main crossing the north bound lanes of Irving just north of the project location given there is adequate access in the right-of-way to that infrastructure (option 2). Service is also contingent upon compliance with the Fire Marshal's instantaneous fire flow requirements. Water service will not be sold without adequate fire protection. Water service will only be sold in conjunction with sanitary sewer service.

Sanitary Sewer Service: Can be provided contingent upon a developer funded private sanitary sewer which discharges to the existing public sanitary sewer located near the northeast corner of the subject site. All food service establishments must install a grease trap upstream of the domestic private sewer connection prior to discharge into the public sanitary sewer lines.

Fire Protection: From the request for availability the instantaneous fire flow requirements for the project are 3,000 gallons-per-minute. As modeled using InfoWater™ computer software, the fire flow can be met utilizing the proposed eight inch distribution main. All new required hydrants as well as their exact locations must be determined through the City of Albuquerque Fire Marshal's Office and verified through the Utility Development Office prior to sale of service.

Cross Connection Prevention: Per the Cross Connection Ordinance, all new non-residential premises must have a reduced pressure principle backflow prevention assembly approved by the Water Authority installed at each domestic service connection to the customer's water system or at a location approved by the Water Authority. The developer may request a variance in writing from the cross connection manager. All new fire line services to fire protection systems shall be equipped with a reduced pressure principal backflow prevention assembly approved by the Water Authority and Fire Marshal having jurisdiction at each service connection. A double check valve assembly approved by the Water Authority and Fire Marshal having jurisdiction may be installed instead of a reduced pressure backflow prevention assembly provided the fire protection system contains ANSI/NSF Standard 60 or 61 water piping throughout the entire fire protection system, the fire sprinkler drain discharges into atmosphere, and there are no reservoirs, fire department connections, connections from auxiliary water supplies, antifreeze nor other additives. The Water Authority requests that all backflow (containment) devices be located above ground just outside the easement or roadway right-of-way.

Easements: Exclusive public water and sanitary sewer easements are required for all public lines that are to be constructed outside of any dedicated rights-of-way. A minimum width easement of 20 feet is required for a single utility and 25 feet for water and sewer both within the same easement. Easements for water meters need to be five feet by five feet and include the length of the water service if located on private property. Actual easement widths may vary depending on the depth of the lines to be installed.

Pro Rata is not owed and the property can utilize the services available upon completion of the requirements of this statement to connect to water and sanitary sewer.

Design and Construction of all required improvements will be at the developer / property owner's expense. Improvements must be coordinated through the City of Albuquerque via the Work Order process. Designs must be by a licensed, New Mexico registered professional engineer. Construction must be by a licensed, bonded, public utility contractor.

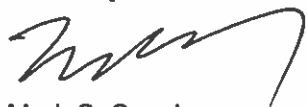
Costs and Fees: In addition to installation and construction costs, any new metered water services will be subject to both water and sanitary sewer Utility Expansion Charges (UEC) payable at the time of service application. All charges and rates collected will be based on the ordinances and policies in effect at the time service is actually requested and authorized.

Water Use: All new development shall be required to meet the standard water usage of 180 gallons per household per day which is equivalent to 75 gallons per capita per day. Indoor water use shall consist of 70% of total use with outdoor limited to 30%. Where available, outdoor water usage shall utilize reclaimed water. All new commercial developments shall be subject to the requirements for water usage and water conservation requirements as defined by the Water Authority, particularly the Water Waste Ordinance (O-07-13), Water Conservation Large Users Ordinance and Water Conservation Water by Request Ordinance.

Closure: This serviceability letter does not provide a commitment from the Water Authority to provide services to the development. It only provides details of infrastructure that is available and potential precursors for the proposed development. For service to be provided, a Board approved development agreement must be supplemented by this serviceability letter. The serviceability letter will remain in effect for a period of one year from the date of issue and applies only to the development identified herein. Its validity is, in part, contingent upon the continuing accuracy of the information supplied by the developer. Changes in the proposed development may require reevaluation of availability and should be brought to the attention of the Utility Development Section of the Water Authority as soon as possible.

Please feel free to contact the Water Utility Development Office at (505) 289-3307, or by fax at (505) 289-3303 if you have questions regarding the information presented herein or need additional information.

Sincerely,



Mark S. Sanchez
Executive Director

Enclosures: Infrastructure Maps (2)
f/ Serviceability Letter 170402

170402



Legend

Project Location

Water Pipe

— <all other values>

SUBTYPE

Distribution Main

Drain Line

Hydrant Leg

In Zone Transmission

Out Zone Transmission

SJC Transmission

Sleeve

Well Collector Line

Well Wash Line

0 495 990 Feet



— Water Infrastructure Map Keyed Notes:

1. --- 8" Distribution Main

2. --- 16" Distribution Main

— General Keyed Notes:

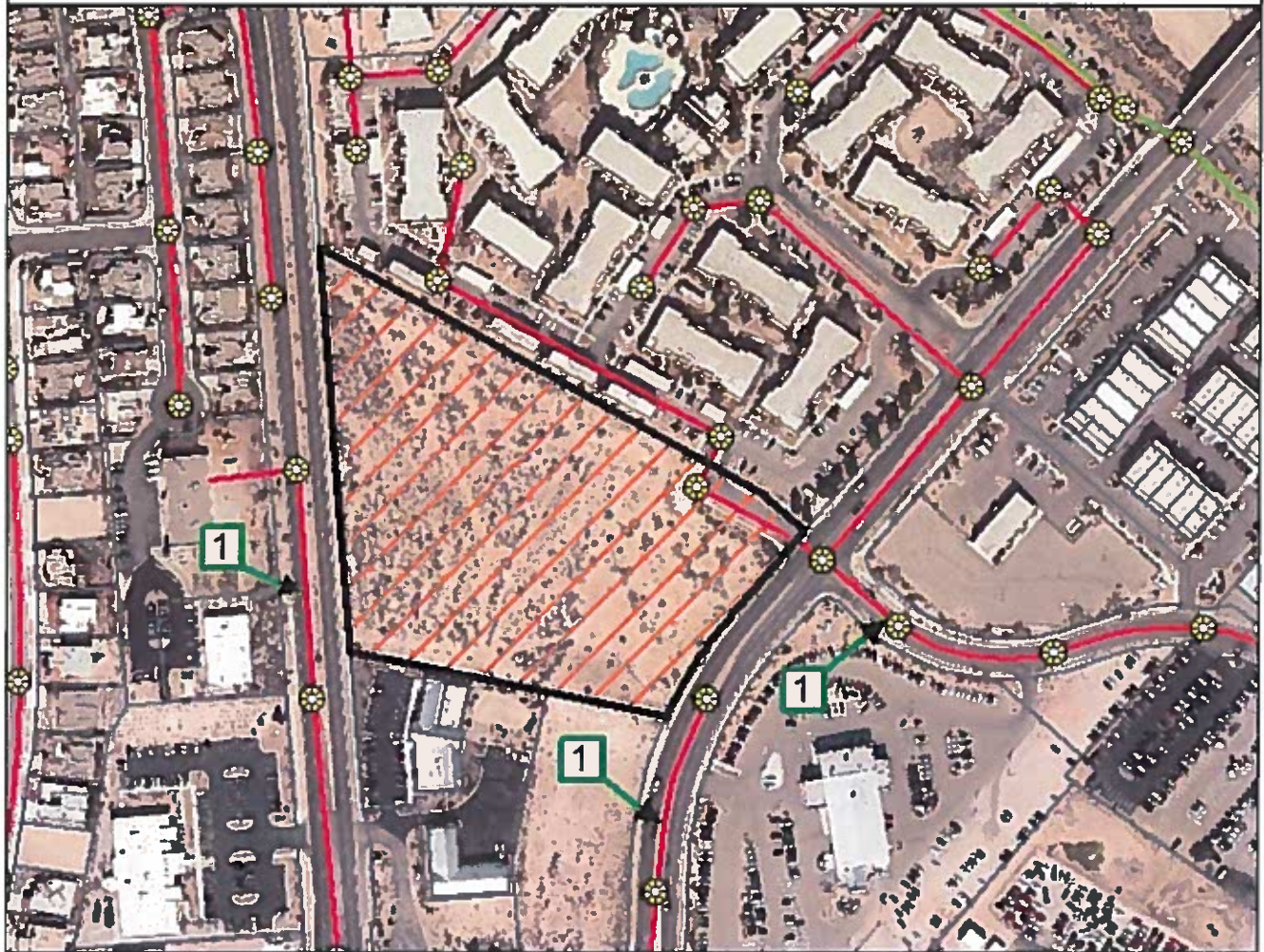
A. --- Option 1

B. --- Option 2



**Water Utility
Authority**

170402



Legend

 Project Location

Sewer Pipe

— <all other values>

SUBTYPE

— COLLECTOR

--- FORCE MAIN

— INTERCEPTOR

— VACUUM LINE

0 495 990 Feet



 --- Sanitary Sewer Infrastructure Map Keyed Notes:

1. --- 8" Collector Line



Water Utility
Authority

Meeting Date: May 17, 2017
Staff Contact: Frank Roth, Senior Policy Manager

TITLE: C-17-10– FY2017 Third Quarter Performance Indicator Report

ACTION: Receipt be Noted

SUMMARY:

The Third Quarter Performance Report provides a snapshot utility performance. The categories reflect key areas of stakeholder interest and are not broken down by Division or according to Goals and Objectives. The Scorecard Indicators are developed through benchmarking and performance assessments to identify performance gaps and to establish targets to address the gaps. The Scorecard Indicators are linked to the Performance Plan measures, Customer Opinion Survey responses, and Effective Utility Management attribute measures. The purpose of this report is to provide a one-page snapshot of the utility's performance so that stakeholders can easily gauge how the utility is performing in these key areas.

The report identifies the fiscal year-to-date performance compared to the established target. A status of each indicator is provided in three categories: target achieved, work in progress, or target not met. Below is a summary status of the 23 Scorecard Indicators.

Summary Status

On Target / Target Achieved	Work in Progress / Below Target	Target Not Met
16 of 23	7 of 23	0 of 23

FISCAL IMPACT:

None

Quarterly Performance Indicators

FY17 3rd Quarter Scorecard

Area	Indicator	FY17 3Q Actual	FY17 Target	Status
Customer Service	Wait Time (minutes)	1:47	< 2 minutes	▲
	Contact Time (minutes)	4:02	< 4 minutes	■
	Abandoned Call Ratio	4%	<8%	▲
	First Call Resolution	84%	> 90%	■
	Bill Exception Rate (per 10,000 Bills)	11	< 10	■
	Water Quality Complaints Rate (per 1,000 customers)	2.6	< 3	▲
Operational Maintenance	Estimated Meters	0.1%	< 1%	▲
	Facility Planned Maintenance Ratios	68% ground water 66% surface water 70% water reclamation	65% ground water 50% surface water 50% water reclamation	▲
	Leak Detection Leaks Located / GPY Water Loss Reduction	649 miles surveyed 3,544 miles monitored 90 leaks found 104 MGY water loss reduced	650 miles surveyed 2,200 miles monitored > 80 leaks found 105 MGY water loss reduced	▲
	Miles of Small Diameter Sewer Line Cleaned	404	Between 500 to 600 miles	▲
	Miles of Sewer Line Televised	29	> 99.6 miles	■
Environment	% of Biosolids to Compost	28%	> 30%	■
	Water Consumption Goal	8.2 BGY GW 13.4 BGY SW	< 18 BGY GW > 16 BGY SW	▲
	Renewable Energy	21% Bio Gas 6% Solar	20% Bio Gas 5% Solar	▲
Compliance	Reported Overflows	27	< 45	▲
	Number of Permit Excursions	2	<= 5	▲
	Sewer Use/Wastewater Control Ordinance Compliance	89% Permitted Industrial Users 89% Food Service Est. 98% Dental Offices	87% Permitted Industrial Users 87% Food Service Est. 87% Dental Office	▲
Finance	Rehabilitation Spending	\$94 million	\$50 million	▲
	CIP Emergency vs. Planned Spending	81% Planned 19% Emergency	54% Planned 46% Emergency	▲
	Cash Reserves (Days)	295 days	Between 90-179 days	▲
	Revenue to Expenditures	99%	> 100%	■
	Expenditures to Budget	102%	< 100%	■
Safety	Injury Time	1,786 hours	< 2,700 hours	▲

Performance Key

▲ On Target/Target Achieved
 ■ Work in Progress / Below Target
 ▼ Target Not Met



Meeting Date: May 17, 2017
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: C-17-11 – FY2017 Third Quarter Operating Financial Reports

ACTION: Receipt be Noted

SUMMARY:

Submitted to the Board for review and informational purposes are the financial reports for the quarter ended March 31, 2017. The reports provide a year to date comparison between the approved FY17 budget and actual expenditures through March 31st. The reports also include revenue and expenditure projections to June 30, 2017. The projections are based on actual, trend, and historical information. As with any estimates, this information is subject to change. The reports have been reviewed by the Internal Auditor.

Fund 21 General Operating Fund

Revenues:

Third Quarter rate revenues are \$3.2 million above the actuals for the same period in FY16. This revenue increase includes increased revenue from water consumption of \$2.42 million, and sewer revenue \$773 thousand. The FY17 rate revenues are up from the FY16 revenues for the same period due to an increase in water consumption during this period. Revenues are projected to be \$1.5 million above the FY17 projected budgeted amount. This projection is based upon eight months of actual consumption and is subject to change.

Third Quarter other revenue which includes miscellaneous revenue is \$403 thousand above the actuals for the same period in FY16. Approved budget revenues amounts were derived with the expectation of very limited growth in the service area for the next several years coupled with a projected GPCD level of 130.

Expenditures:

Third Quarter total expenditures are \$15 million above the actuals for the same period in FY16. This increase is mainly due to the increase in power and chemicals of \$1.1 million, increase in the transfer for both Debt Service and Capital payments of \$6.8 million, and increases in salaries and operating expenditures in all divisions of \$7.1 million due to increases approved in the FY17 budget. A budget amendment was approved at the April Board Meeting to appropriate an additional \$1.5 million for

chemical use both for odor control and the ramp up of production at the Water Treatment Plant. This budget amendment is not reflected in the 3rd quarter results. The projected expenditure at June 30, 2017, is estimated to be \$0.69 million under the FY17 budgeted amounts but this amount will change with the approved budget amendment and will be reflected in the 4th quarter results.

Working capital or fund balance is projected to be \$13.9 million, compared to a beginning balance in FY17 of \$6.4 million. The fund balance trend has reversed as planned and will eventually meet the target of 1/12 of operating expenditures.

FISCAL IMPACT:

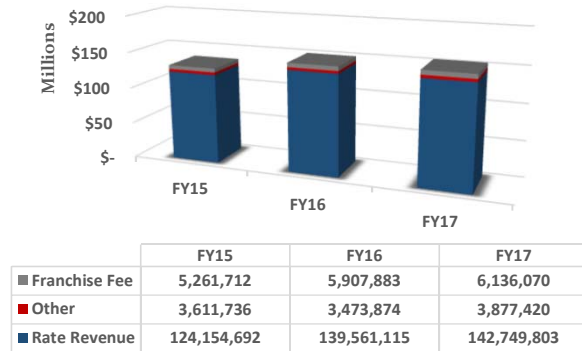
The reduction in consumption is a positive result for conservation goals, however, the costs of maintaining the utility are primarily fixed in nature and the revenue requirements for operating, debt service payments, reserves, and debt service coverage must be met. Consumption levels will continue to be monitored to ensure proper revenue levels are achieved.

A budget amendment was approved at the April Board Meeting to increase the chemical appropriation by \$1.5 million. It is projected that chemicals used for Odor Control and Treatment of Water at the Surface Water Treatment Plant would need an additional \$1.5 million above the original appropriated amounts.

The Water Authority will continue to control operating expenditures to offset any reductions in Revenue. The Water Authority also continues to add an additional \$2 million a year to the Rate Reserve. The balance for this reserve is now at \$8 million and reserved by policy for significant revenue fluctuations due to decreased consumption in any given year.

FY17 - 3rd Quarter Water Authority Financial Dashboard

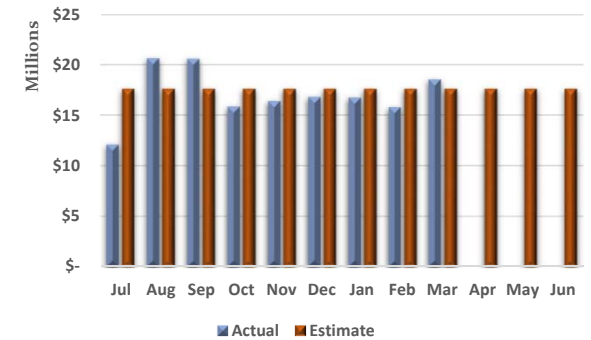
YTD General Fund Revenue by Type



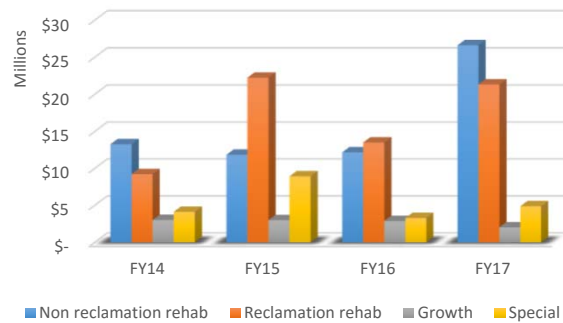
YTD General Fund Expenditures by Type



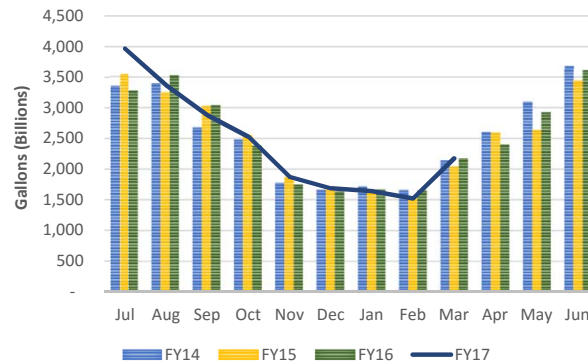
FY17 General Fund Expenditures Compared to Estimate



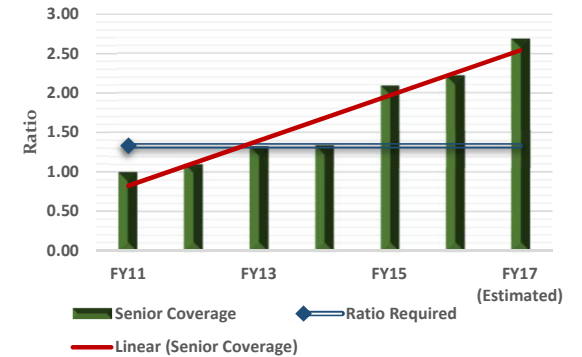
YTD Decade Plan Expenditures by Category for 3rd Qtr



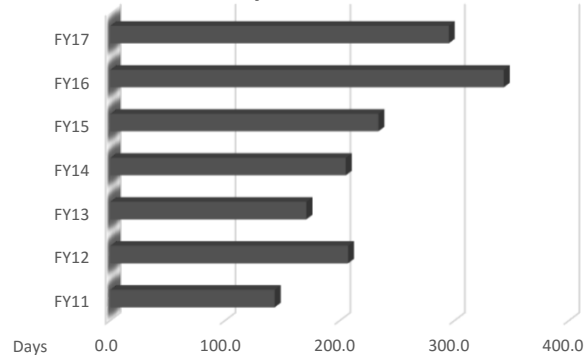
CONSUMPTION & WATER USE PRODUCTION



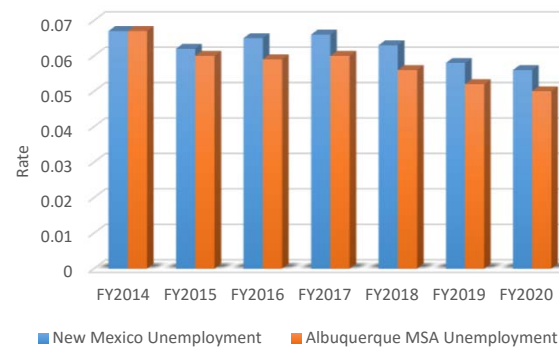
Debt Coverage Ratio



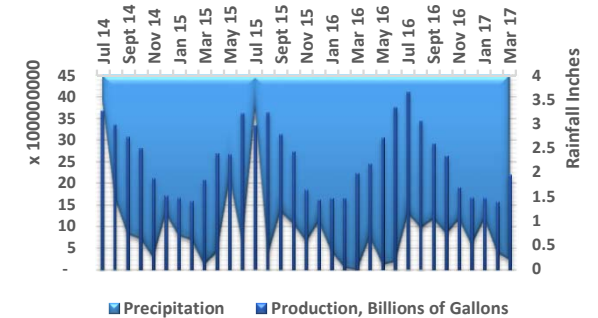
Days Cash on Hand



Unemployment Forecast



Production / Precipitation 2014-2017

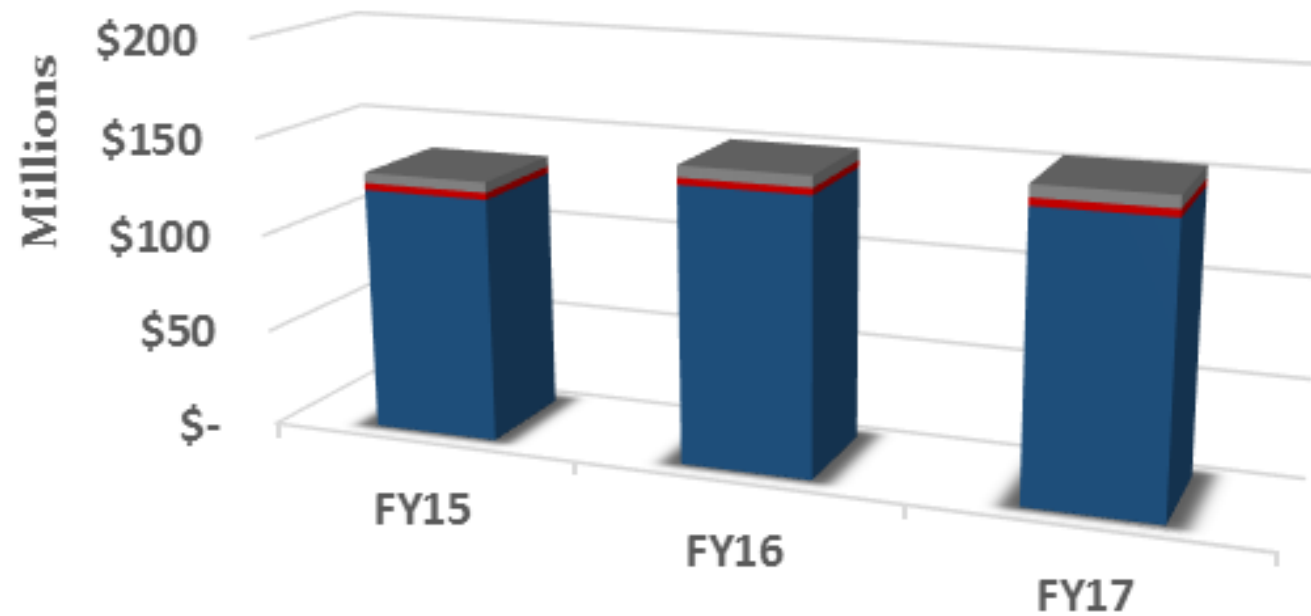


Fiscal Year 2017 3rd Quarter Dashboard



Albuquerque Bernalillo County
Water Utility Authority

YTD General Fund Revenue by Type

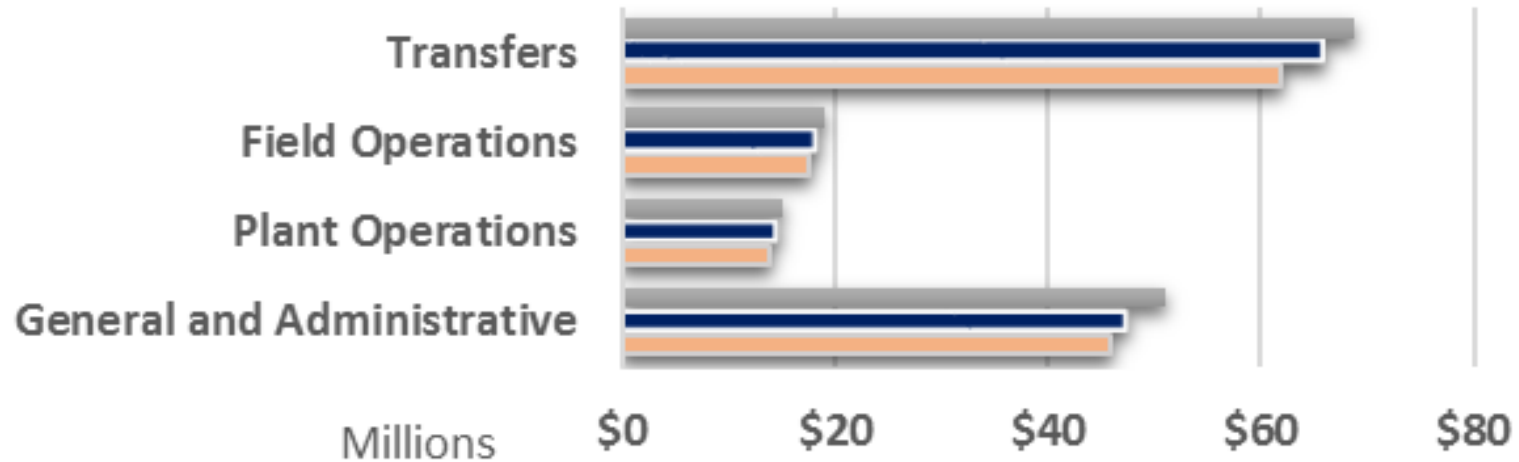


	FY15	FY16	FY17
■ Franchise Fee	5,261,712	5,907,883	6,136,070
■ Other	3,611,736	3,473,874	3,877,420
■ Rate Revenue	124,154,692	139,561,115	142,749,803



Albuquerque Bernalillo County
Water Utility Authority

YTD General Fund Expenditures by Type

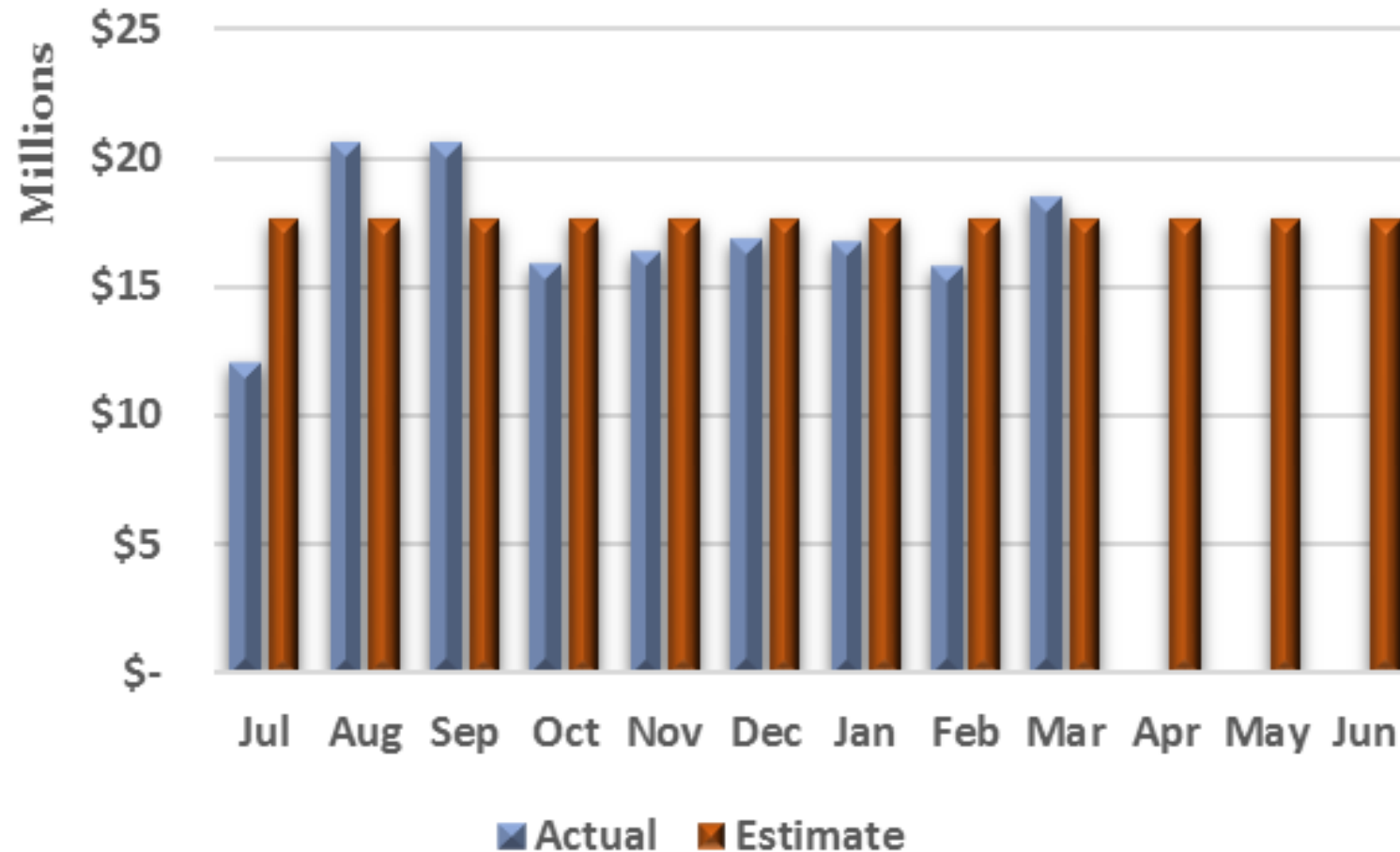


	General and Administrative	Plant Operations	Field Operations	Transfers
■ FY17	51,092,740	15,031,668	18,916,677	68,721,000
■ FY16	47,410,612	14,544,687	18,176,723	65,881,500
■ FY15	45,734,941	13,751,419	17,630,986	61,970,000



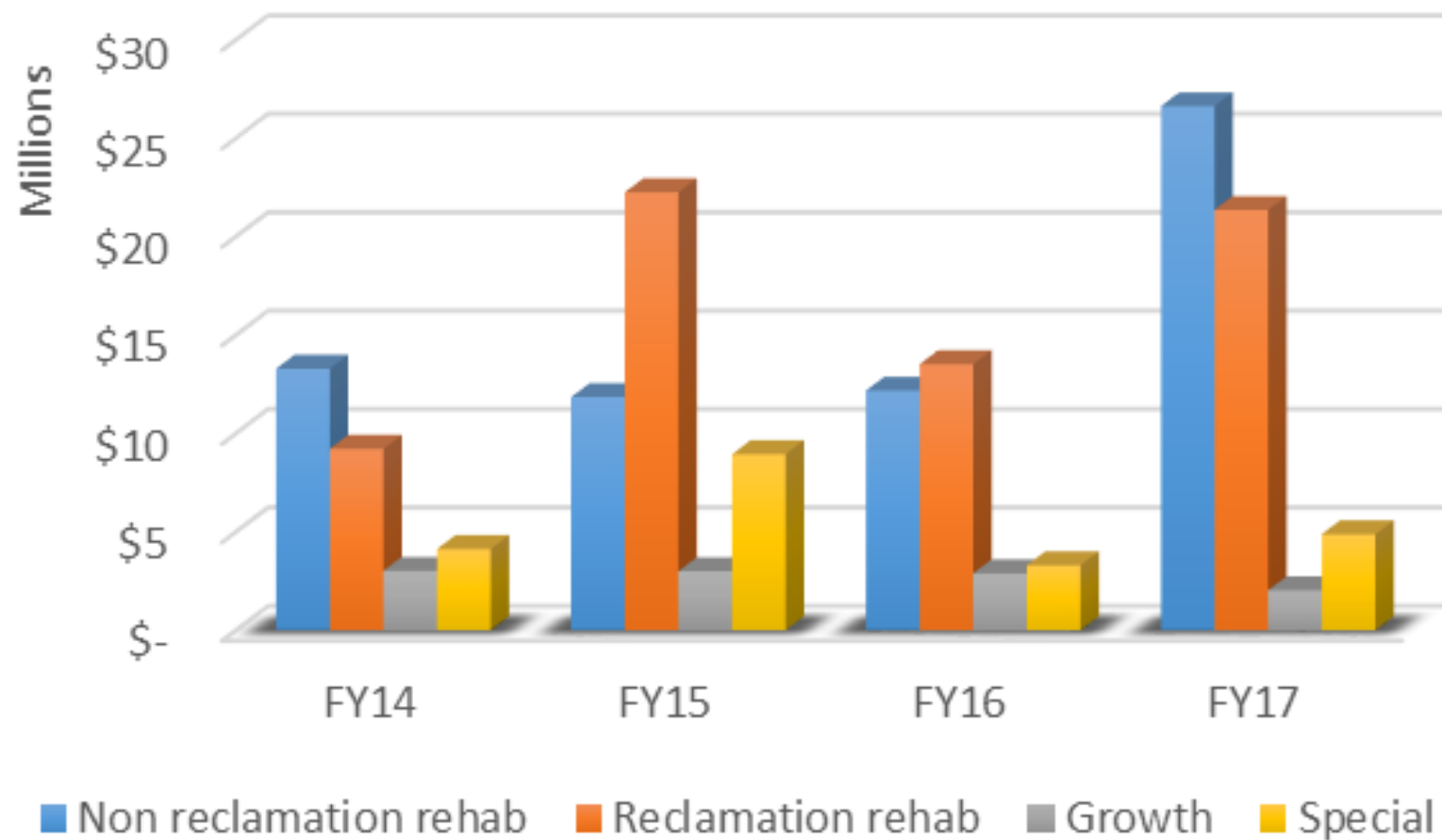
Albuquerque Bernalillo County
Water Utility Authority

FY17 General Fund Expenditures Compared to Estimate



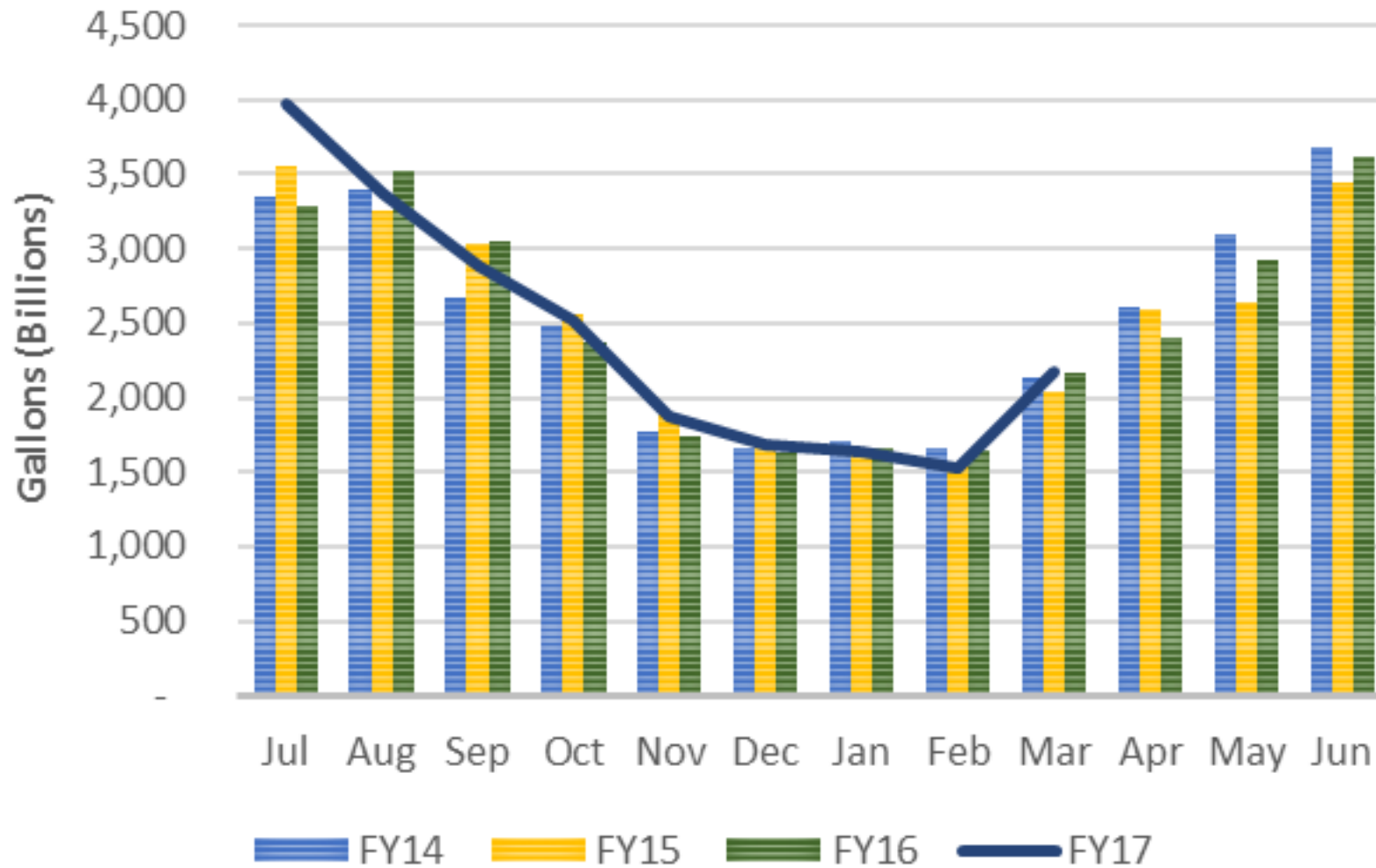
Albuquerque Bernalillo County
Water Utility Authority

YTD Decade Plan Expenditures by Category for 3rd Qtr



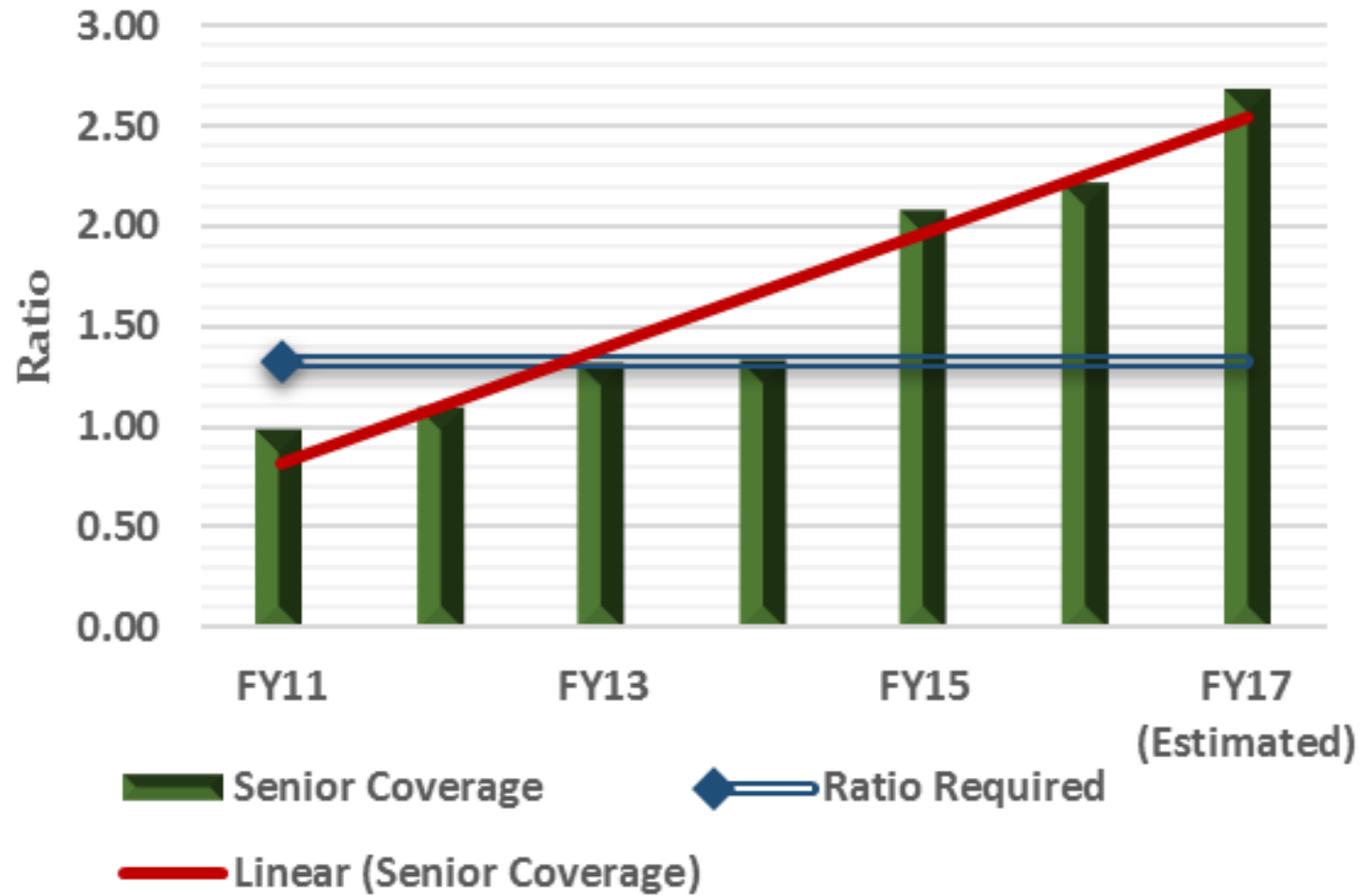
Albuquerque Bernalillo County
Water Utility Authority

CONSUMPTION & WATER USE PRODUCTION

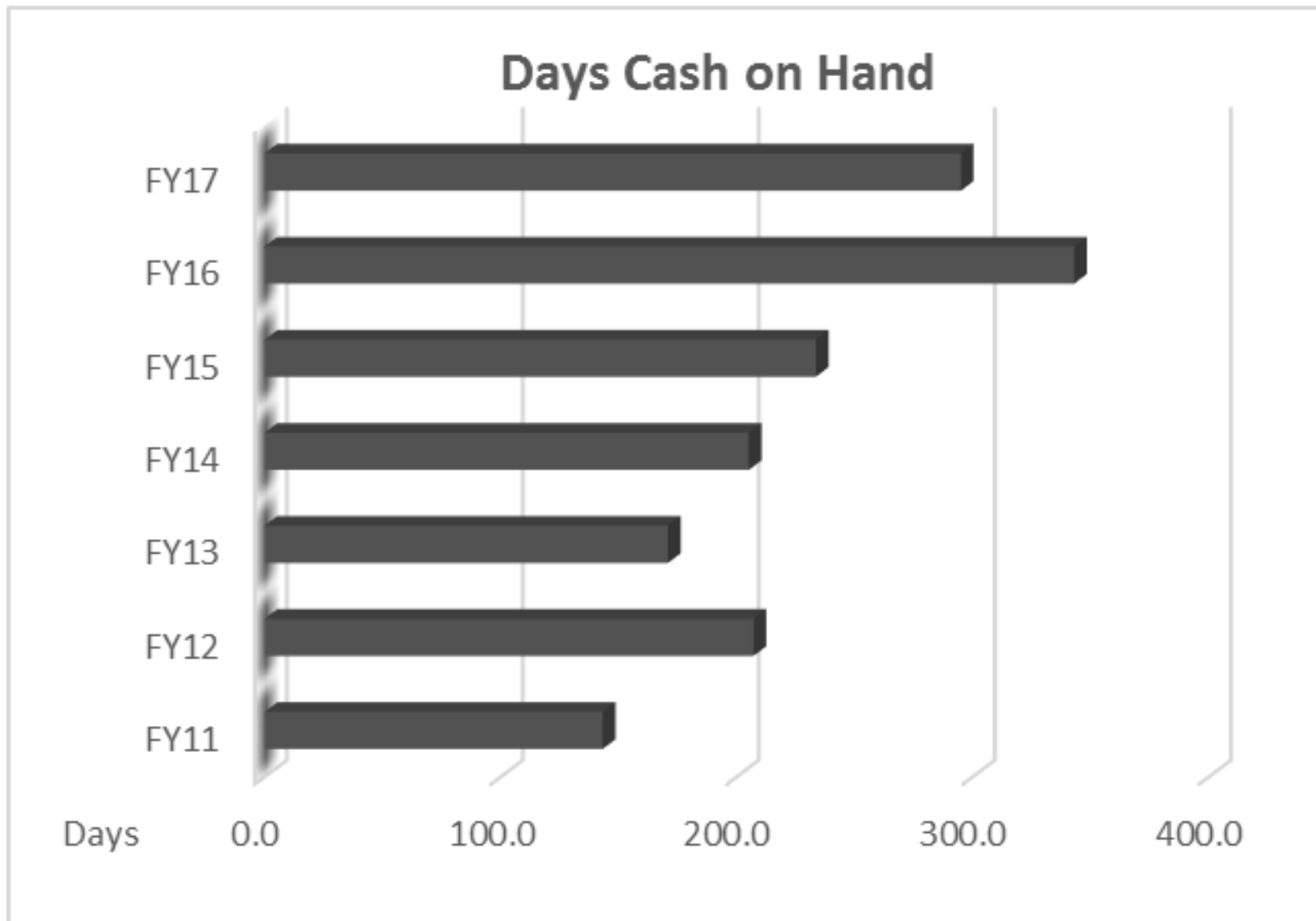


Albuquerque Bernalillo County
Water Utility Authority

Debt Coverage Ratio

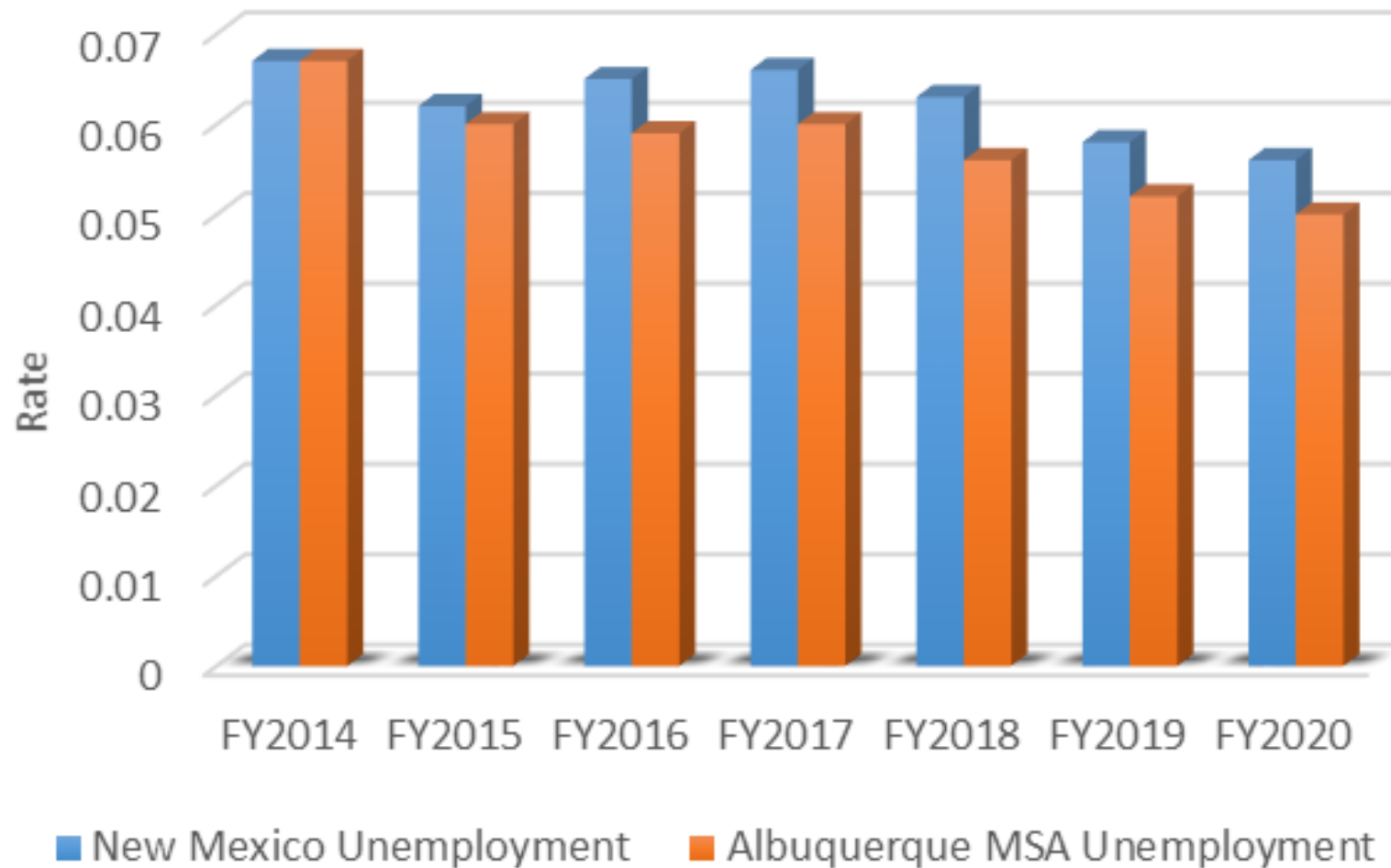


Albuquerque Bernalillo County
Water Utility Authority



Albuquerque Bernalillo County
Water Utility Authority

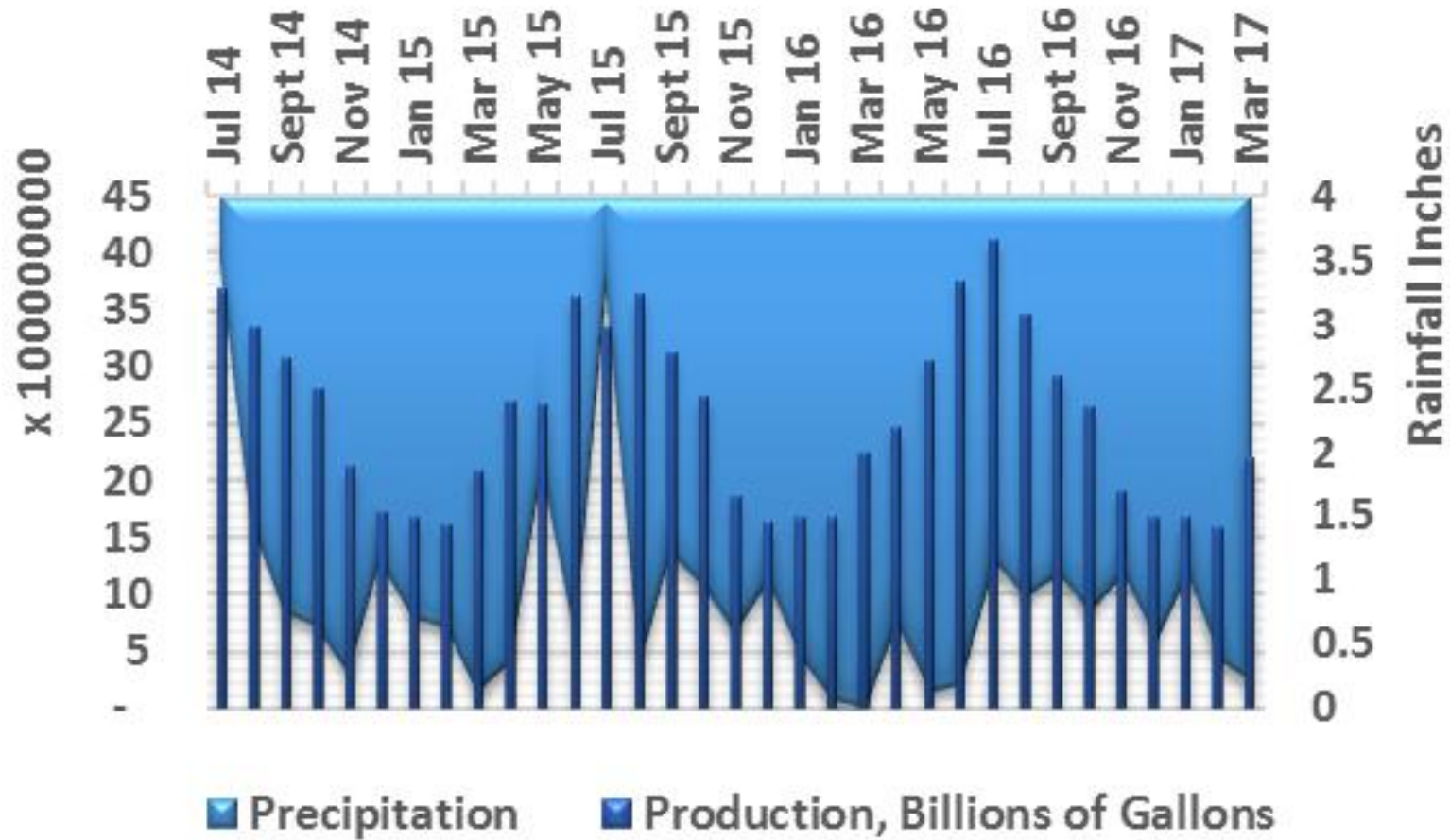
Unemployment Forecast



Albuquerque Bernalillo County
Water Utility Authority

Production / Precipitation

2014-2017



Albuquerque Bernalillo County
Water Utility Authority

Meeting Date: May 17, 2017

Staff Contact: Rick Billings, Environmental Scientist, Water Resources Division

TITLE: C-17-12 – Approving Continuation of San Juan Chama Drinking Water Project Environmental Mitigation Monitoring – Year Two Under GSA Contract # GS-10F-00209L, with SWCA Incorporated, CCN:2016-0050

ACTION: Recommend Approval

SUMMARY:

This agreement will allow the Water Authority to continue National Environmental Policy Act and Endangered Species Act required environmental monitoring for the San Juan – Chama Drinking Water Project. It includes fish egg monitoring, fish monitoring, and monitoring of habitat restoration projects and related analysis and reporting.

FISCAL IMPACT:

\$153,530 budgeted in the San Juan Chama Drinking Water Project mitigation fund.

**SECOND SUPPLEMENTAL AGREEMENT
ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
AND
SWCA, INC.**

THIS SECOND SUPPLEMENTAL AGREEMENT is made and entered into on the date of the last signature entered below by and between the Albuquerque Bernalillo County Water Utility Authority, a New Mexico political subdivision, P.O. Box 568, Albuquerque, NM 87103-0568 (hereinafter referred to as the "Water Authority"), and SWCA, Inc., an Arizona corporation located at 5647 Jefferson St. NE, Albuquerque, NM 87109 (hereinafter referred to as the "Contractor").

RECITALS

WHEREAS, the Water Authority and the Contractor entered into an Agreement, dated December 11, 2015 as amended by a First Supplemental Agreement dated October 12, 2016, hereinafter referred to as the "Original Agreement", whereby the Contractor agreed to render certain professional services to the Water Authority; and

WHEREAS, the Water Authority has determined that the services are needed for an additional one (1) year period, and the GSA Contract No. GS-10F-0209L extension goes through March 18, 2021; and

WHEREAS, the Water Authority wishes to add \$150,000.00 to the total compensation of the Original Agreement; and

WHEREAS, the Contractor is agreeable to the additional compensation and one (1) year extension to the Original Agreement.

NOW, THEREFORE, in consideration of the premises and mutual obligations herein, the parties hereto do mutually agree as follows:

1. Section 2. of the Original Agreement is hereby amended to read as follows:

Time of Performance. Services of the Contractor shall commence on December 11, 2015, and shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement; provided, however, that in any event, all of the Services required hereunder shall be completed by November 30, 2018. This Agreement may be extended upon the written agreement of the parties.

2. Section 3.A of the Original Agreement is hereby amended to read as follows:

Compensation. For performing the Services specified in Section 1 hereof, the Water Authority agrees to pay the Contractor up to the amount of **Three Hundred and Three Thousand Five Hundred Thirty and 00/100 Dollars (\$303,530.00)**, which amount includes any applicable gross receipts taxes and which amount shall constitute full and complete compensation for the Contractor's Services under this Agreement, including all expenditures made and expenses incurred by the Contractor in performing such Services.

3. Except as herein expressly amended, the terms and conditions of the Original Agreement shall remain unchanged and shall continue in full force and effect unless there is a conflict between the terms and conditions of the Original Agreement and this Second Supplemental Agreement, in which event, the terms and conditions of this Second Supplemental Agreement shall control.

4. This Second Supplemental Agreement shall not become effective or binding until approved by the Water Authority's Executive Director.

IN WITNESS WHEREOF, the Water Authority and the Contractor have executed this Second Supplemental Agreement as of the date of the last signature entered below.

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

CONTRACTOR: SWCA, INC.

Approved By:

Mark S. Sanchez, Executive Director

Date: _____

John M. Stomp III, P.E.
Chief Operating Officer

Date: _____

Reviewed by:

Peter S. Auh, General Counsel

Date: _____

By: _____

Print: _____

Title: _____

Date: _____

State Taxation and Revenue Department
Taxpayer Identification No.: 02-151423-00-2

Federal Taxpayer Identification No.
86-048317

Meeting Date: May 17, 2017
Staff Contact: David Morris, Public Affairs Manager

TITLE: C-17-13 – Approving Recommendation of Award, RFP CWA Strategic Communications for Public and Media Relations P2017000004

ACTION: Recommend Approval

SUMMARY:

The Water Authority engages the services of a local public relations firm to assist with advertising, media relations and public outreach. The existing contract for these services being set to expire at the end of FY17, the utility issued a Request for Proposals (RFP Ref. No. P2017000004) this spring to ensure a new contract would be in place by the beginning of FY18.

The contract's scope of services includes construction-related community outreach; market research; print brokerage; graphic design; media buying and trafficking; translation; audio and video production; and advertising and PR campaign development. Fulfillment of these functions helps ensure that Water Authority customers remain educated and informed on issues such as conservation, water resources management, construction and infrastructure, and changes in rates.

An ad hoc evaluation committee, with concurrence from the Purchasing Officer, recommends the award of contract to CWA Strategic Communications. CWA is a local, woman-owned business with a long track record of success in the public relations arena, and had the highest composite score by far among the four RFP respondents.

FISCAL IMPACT:

The contracted amount of this proposed agreement is \$530,000 per year for four years (FY18, 19, 20, 21). The yearly contracted amount is consistent with preceding years; no spending increase has been requested. Approximately 70 percent of the budget is for hard costs such as printing and for the purchase of media (TV and radio time and print, outdoor and online advertising space).

The Water Authority has budgeted the funds to cover this agreement.



Memo

To: Mark S. Sanchez, Executive Director
David R. Morris, Public Affairs Manager

From: Candida Kelcourse, Senior Buyer *CK*

Through: Jonathan Daniels, Purchasing Officer *JD*

Date: February 3, 2017

Re: RFP Ad Hoc Committee: P2017000004, "Public and Media Relations"

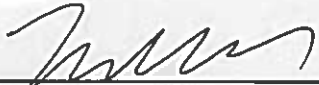
The following individuals are recommended to serve as members of the Ad Hoc Advisory Committee ("Committee") for the Request for Proposals for "Public and Media Relations." This Committee will review and evaluate proposals and submit a ranked list of offerors to you for selection.

- David Morris, Committee Chair
- Rick Shean, Member
- Patty Jenkins, Member

I will manage the Request for Proposals and serve as a procedural advisor to the Committee.

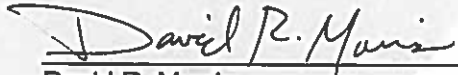
I respectfully request your approval of this Committee in order to start the Request for Proposals process.

APPROVED:



Mark S. Sanchez
Executive Director
Date: 2/9/17

RECOMMENDED:



David R. Morris
Public Affairs Manager
Date: 02/07/2017

Original: RFP File

Copy: Patty Jenkins, Executive Services Coordinator

Memo

To: Mark S. Sanchez, Executive Director
From: Candida Kelcourse, Senior Buyer *CK*
Through: Jonathan Daniels, Purchasing Officer *JD*
Date: May 2, 2017
Re: Recommendation of Award, P2017000004, Public and Media Relations

The Albuquerque Bernalillo County Water Utility Authority issued the referenced Request for Proposals (RFP) to solicit proposals from qualified vendors to provide public and media relations services.

The RFP was posted on the Sicom website and advertised in the local newspapers. Four (4) responses were received and submitted for evaluation. The ad hoc evaluation committee reviewed, evaluated, and scored the responses in accordance with the evaluation criteria published in the RFP.

Listed are all the respondents' composite scores with small and/or local preferences and the NM Resident Preference applied for the offeror with an asterisk. The largest total composite score possible without preferences applied is 3000.

<u>Offeror</u>	<u>Total Composite Score</u>
Waite Company	1,755*
McKee Wallwork & Company	1,188*
Griffin & Associates	2,574*
CWA Strategic	3,146*

The committee recommended the award of contract to **CWA Strategic** as that company had the highest composite score and is qualified to perform the work. I concur with the committee's recommendation.

Water Authority Board approval is required for this procurement.

Approved:

Recommended:

 5/5/17
Mark S. Sanchez Date
Executive Director

 05/05/2017
David Morris Date
Public Affairs Manager

Enclosures: Composite Score Sheet

Request for Proposals P2017000004 Public and Media Relations						
EVALUATION CRITERIA	EVALUATION FACTORS	OFFERORS				
		Waite Co.	McKee Wallwork & Co.	Griffin & Assoc.	CWA Strategic	
1. Qualifications: The overall ability of the Offeror, as judged by the evaluation committee, to successfully complete the tasks and functions as outlined in Part 3, Scope of Services. This judgment will be based upon factors such as references, experience, availability of staff and resources, qualification and experience of staff, and past performance in development and execution of public relations/marketing campaigns. Quality of work and documented outcomes will be considered.	Up to 300	200	300	250	285	
		125	100	225	290	
		70	125	200	290	
	SUB TOTAL		395	525	675	865
2. Experience: The Offeror's demonstration of successful past performance in construction-related community outreach and education.	Up to 300	50	0	250	285	
		100	50	250	290	
		150	100	200	290	
	SUB TOTAL		300	150	700	865
3. Experience: The Offeror's demonstration of successful past performance in serving public sector (i.e., governmental) clients.	Up to 200	190	0	190	190	
		150	50	190	195	
		180	70	180	200	
	SUB TOTAL		520	120	560	585
4. Experience: The Offeror's demonstration of successful past performance in public outreach and communications regarding natural resource conservation.	Up to 100	0	0	50	75	
		75	50	75	90	
		50	50	50	100	
	SUB TOTAL		125	100	175	265
5. Cost Proposal: The costs proposed by the Contractor as described in Section 2.2 of this RFP to perform the tasks listed in Part 3, Scope of Services. The evaluation of this section will occur after the technical evaluation, based on a cost/price analysis.	Up to 100	100	75	100	100	
		75	70	50	90	
		80	40	80	90	
	SUB TOTAL		255	185	230	280
TOTAL COMPOSITE SCORES		1595	1080	2340	2860	
Small/Local Preference		Up to 10%	160	108	234	286
Resident Business Preference		Up to 5 %	80	54	117	143
Resident Veteran Preference		Up to 10%				
Pay Equity Preference		Up to 5%				
10% Preference Max			160	108	234	286
TOTAL COMPOSITE SCORES WITH PREFERENCES			1755	1188	2574	3146
RANKING			3	4	2	1
		Waite Co.	McKee Wallwork & Co.	Griffin & Assoc.	CWA Strategic	

**AGREEMENT BETWEEN
ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
AND
CWA STRATEGIC COMMUNICATIONS, INC.**

THIS AGREEMENT is made and entered into on the date of the last signature entered below by and between the Albuquerque Bernalillo County Water Utility Authority, a New Mexico political subdivision, P.O. Box 568, Albuquerque, New Mexico 87103-0568 (hereinafter referred to as the "Water Authority"), and CWA Strategic Communications, Inc., a New Mexico corporation, whose address is 2201 San Pedro NE, Bldg 1 #100, Albuquerque, NM 87110 (hereinafter referred to as the "Contractor")

RECITALS

WHEREAS, the Water Authority issued a Request For Proposals, P2017000004, titled "Public and Media Relations" dated Sunday, March 5, 2017; and

WHEREAS, the Contractor submitted its proposal, dated April 4, 2017, in response to P2017000004; and

WHEREAS, The Water Authority and the Contractor negotiated certain terms regarding the services to be provided pursuant to P2017000004, resulting in the scope of services attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, The Water Authority and the Contractor negotiated pricing pursuant to P2017000004, resulting in the labor and direct costs fee proposals, attached hereto as Exhibit B and incorporated herein by reference; and

WHEREAS, the Water Authority desires to engage the Contractor to provide the services described in Exhibit A at the prices provided in Exhibit B.

NOW, THEREFORE, in consideration of the premises and mutual obligations herein, the parties hereto do mutually agree as follows:

1. Scope of Services. The Contractor shall perform the following services (hereinafter the "Services") in a satisfactory and proper manner, as determined by the Water Authority:

Provide public and media relations services in accordance with Exhibit A.

2. Time of Performance. Services of the Contractor shall commence on July 1, 2017, and shall be undertaken and completed in such sequence as to assure their expeditious completion in light of the purposes of this Agreement; provided, however, that in any event, all of the Services required hereunder shall be completed by June 30, 2021. This Agreement may be extended as mutually agreed by written agreement of the parties.

3. **Compensation and Method of Payment.**

A. **Compensation.** For performing the Services specified in Section 1 hereof, the Water Authority agrees to pay the Contractor up to the amount of **Two Million One Hundred Twenty Thousand and 00/100 Dollars (\$2,120,000.00)** for the 4 year term, which amount includes any applicable gross receipts taxes and which amount shall constitute full and complete compensation for the Contractor's Services under this Agreement, including all expenditures made and expenses incurred by the Contractor in performing such Services. No delivery shall be made before Purchase Order is issued. The Contractor shall not deliver any goods, or commence services prior to the issuance of a Purchase Order or other notice to proceed issued by the Water Authority Purchasing Division.

B. **Method of Payment.** Such amount shall be paid to the Contractor in accordance with Exhibit B, Cost Proposal, which is attached hereto and by this reference made a part of this Agreement. Payments shall be made to the Contractor upon completion of each task, upon receipt by the Water Authority of a properly documented requisition for payment as determined by the budgetary and fiscal guidelines of the Water Authority and on the condition that the Contractor has accomplished the Services to the satisfaction of the Water Authority.

C. **Appropriations.** Notwithstanding any other provisions in this Agreement, the terms of this Agreement are contingent upon the Water Authority Board making the appropriations necessary for the performance of this Agreement. If sufficient appropriations and authorizations are not made by the Water Authority Board, this Agreement may be terminated at the end of the Water Authority's then current fiscal year upon written notice given by the Water Authority to the Contractor. Such event shall not constitute an event of default. All payment obligations of the Water Authority and all of its interest in this Agreement will cease upon the date of termination. The Water Authority's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

4. **Independent Contractor.** Neither the Contractor nor its employees are considered to be employees of the Water Authority for any purpose whatsoever. The Contractor is considered as an independent contractor at all times in the performance of the Services described in Section 1. The Contractor further agrees that neither it nor its employees are entitled to any benefits from the Water Authority under the provisions of the Workers' Compensation Act of the State of New Mexico, or to any of the benefits granted to employees of the Water Authority under the provisions of the Merit System Ordinance as now enacted or hereafter amended.

5. **Personnel.**

A. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing all of the Services required under this Agreement. Such personnel shall not be employees of or have any contractual relationships with the Water Authority.

B. All the Services required hereunder will be performed by the Contractor or under its supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under state and local law to perform such Services.

C. None of the work or Services covered by this Agreement shall be subcontracted without the prior written approval of the Water Authority. Any work or Services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement.

6. Indemnity. The Contractor agrees to defend, indemnify and hold harmless the Water Authority and its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties because of any injury or damage received or sustained by any person, persons or property to the extent arising out of or resulting from the negligent acts, errors, omissions, and performance by the Contractor under this Agreement or by reason of any asserted act or omission, neglect or misconduct of the Contractor or Contractor's agents or employees or any subcontractor or its agents or employees. The indemnity required hereunder shall not be limited by reason of the specification of any particular insurance coverage in this Agreement.

7. Insurance. The Contractor shall not commence any work under this Agreement until the insurances required for this procurement have been obtained and the proper certificates and riders or endorsements (or policies) have been submitted to the Water Authority.

8. Discrimination Prohibited. In performing the Services required hereunder, the Contractor shall not discriminate against any person on the basis of race, color, religion, gender, sexual preference, sexual orientation, national origin or ancestry, age, physical handicap or disability, as defined in the Americans with Disabilities Act of 1990, as currently enacted or hereafter amended.

9. ADA Compliance. In performing the Services required hereunder, the Contractor agrees to meet all the requirements of the Americans with Disabilities Act of 1990 (the "ADA"), which are imposed directly on the Contractor or which would be imposed on the Water Authority as a public entity. The Contractor agrees to be responsible for knowing all applicable rules and requirements of the ADA and to defend, indemnify and hold harmless the Water Authority, its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against said parties as a result of any acts or omissions of the Contractor or its agents in violation of the ADA.

10. Reports and Information. At such times and in such forms as the Water Authority may require, there shall be furnished to the Water Authority such statements, records, reports, data and information, as the Water Authority may request pertaining to matters covered by this Agreement. Unless authorized by the Water Authority, the Contractor will not release any information concerning the work product including any reports or other documents prepared pursuant to the Agreement until the final product is submitted to the Water Authority.

11. **Conflict of Interest; Governmental Conduct Act.** The Contractor warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required under this Agreement. The Contractor certifies that the requirements of the Governmental Conduct Act, Sections 10-16-1 through 10-16-18, NMSA 1978, regarding contracting with a current or former “public officer or employee” have been followed.

12. **Establishment and Maintenance of Records.** Records shall be maintained by the Contractor in accordance with applicable law and requirements prescribed by the Water Authority with respect to all matters covered by this Agreement. Except as otherwise authorized by the Water Authority, such records shall be maintained for a period of three (3) years after receipt of final payment under this Agreement.

13. **Audits and Inspections.** At any time during normal business hours and as often as the Water Authority may deem necessary, there shall be made available to the Water Authority for examination all of the Contractor's records with respect to all matters covered by this Agreement. The Contractor shall permit the Water Authority to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.

14. **Publication, Reproduction and Use of Material.** No material produced in whole or in part under this Agreement shall be subject to copyright in the United States or in any other country. The Water Authority shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

15. **Compliance with Laws.** In providing the Services outlined herein, the Contractor shall comply with all applicable laws, ordinances, and codes of the federal, State, and local governments.

16. **Changes.** The Water Authority may, from time to time, request changes in the Scope of Services of the Contractor to be performed hereunder. Such changes, including any increase or decrease in the amount of the Contractor's compensation, which are mutually agreed upon by and between the Water Authority and the Contractor, shall be incorporated in written amendments to this Agreement.

17. **Assignability.** The Contractor shall not assign any interest in this Agreement and shall not transfer any interest in this Agreement (whether by assignment or novation), without the prior written consent of the Water Authority thereto.

18. **Non-exclusivity.** The Water Authority reserves the right to engage other contractors to perform services described herein, and the Contractor likewise may provide the same services to other clients; provided, however, the Contractor shall devote reasonable time and effort to any task undertaken hereunder.

19. **Termination for Cause.** If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner its obligation under this Agreement or if the Contractor shall violate any of the covenants, agreements, or stipulations of this Agreement, the Water Authority shall thereupon have the right to terminate this Agreement by giving five (5) days written notice to the Contractor of such termination and specifying the effective date of such termination. In such event, all finished or unfinished documents, data, and reports prepared by the Contractor under this Agreement shall, at the option of the Water Authority, become its property, and the Contractor shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. Notwithstanding the above, the Contractor shall not be relieved of liability to the Water Authority for damages sustained by the Water Authority by virtue of any breach of this Agreement by the Contractor, and the Water Authority may withhold any payments to the Contractor for the purposes of set-off until such time as the exact amount of damages due the Water Authority from the Contractor is determined.

20. **Termination for Convenience of the Water Authority.** The Water Authority may terminate this Agreement at any time by giving at least fifteen (15) days' notice in writing to the Contractor. If the Contractor is terminated by the Water Authority as provided herein, the Contractor shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder. If this Agreement is terminated due to the fault of the Contractor, the preceding section hereof relative to termination shall apply.

21. **Construction and Severability.** If any part of this Agreement is held to be invalid or unenforceable, such holding will not affect the validity or enforceability of any other part of this Agreement so long as the remainder of the Agreement is reasonably capable of completion.

22. **Enforcement.** The Contractor agrees to pay to the Water Authority all costs and expenses including reasonable attorney's fees incurred by the Water Authority in exercising any of its rights or remedies in connection with the enforcement of this Agreement.

23. **Entire Agreement.** This Agreement contains the entire agreement of the parties and supersedes any and all other agreements or understandings, oral or written, whether previous to the execution hereof or contemporaneous herewith. Exhibits A and B, attached hereto, are hereby made a part of this Agreement.

24. **Applicable Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New Mexico, and the rules and regulations of the Water Authority.

25. **Approval Required.** This Agreement shall not become effective or binding until approved by the Executive Director.

THIS SPACE LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the Water Authority and the Contractor have executed this Agreement as of the date first above written.

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

**CONTRACTOR: CWA STRATEGIC
COMMUNICATIONS, INC.**

Approved By:

Mark S. Sanchez, Executive Director

Date: _____

Reviewed by:



Peter Auh, General Counsel

Date: 5/5/17

By: _____

Print: _____

Title: _____

Date: _____

State Taxation and Revenue Department
Taxpayer Identification No.: 02-225-717009

Federal Taxpayer Identification No.
85-0409025

EXHIBIT A
SCOPE OF SERVICES

SCOPE OF SERVICES

3.1 Project Management

The contractor will attend and prepare for client and planning meetings; provide production planning and supervision; write conference reports; conduct research; develop schedules; and perform administrative functions as necessary for the development and implementation of communication projects.

3.2 Media Relations

The contractor shall interface with the media and produce and place for publication news releases, fact sheets, media alerts, Web announcements, feature stories, and other communications materials as directed and requested by the Water Authority.

3.3 Community Relations

The contractor shall serve as a communications liaison between Water Authority staff/crews/construction contractors and members of the public potentially impacted by Water Authority initiatives, policies and construction projects. Duties may include but are not limited to organizing public meetings, attendance at planning meetings, production and distribution of maps and flyers, and serving as public point of contact for Water Authority projects.

3.4 News Conferences and Special Events

The contractor shall, as requested by the Water Authority, plan and implement news conferences and special events such as public meetings, panel discussions, etc. This may involve the rental or purchase or necessary equipment and signage, location scouting, invitation preparation and mailing, event set-up and tear-down, and catering. The contractor will also provide support as needed in setting up and manning booths and displays at community events, and will prepare and make presentations at community meetings and special events as requested.

3.5 Specialty Items

The contractor shall design and purchase specialty items (e.g., magnets, pencils, stickers, hats, t-shirts, etc.) as requested to promote various Water Authority initiatives.

3.6 Market Research

The contractor shall plan and conduct market research as requested to determine audience attitudes, facilitate strategy development, and evaluate effectiveness of communications initiatives.

3.7 Printed Materials

The contractor shall write, design and produce printed communication materials as needed in support of Water Authority initiatives. These materials may include (but are not limited to) brochures, fliers, bill inserts, banners, posters, issue papers, newsletters, display ads, legal announcements, calendars and annual reports.

3.7 Reporting and Analysis

The contractor shall provide regular reports on media coverage regarding the Water Authority, including provision of transcripts of television coverage. Quarterly analyses of media coverage with respect to tone and accuracy will be required.

3.8 Campaign and Program Development

The contractor shall work in concert with the Water Authority and its other marketing agencies in the development of campaigns and programs to promote various initiatives as deemed necessary by the Water Authority. Campaign and program development may require the contractor to meet with local businesses and other groups to develop promotional partnerships.

3.9 Graphic Design

The contractor will provide graphic design services as required by the Water Authority.

3.10 Advertising

The contractor will assist in the development and production of advertising campaigns to appear across a variety of platforms that may include print, outdoor, radio, television and the Internet.

3.11 Translation

The contractor shall arrange for translation services for communications materials as requested by the Water Authority.

3.12 Media Buying and Trafficking

The contractor shall recommend media buys and negotiate and purchase media (e.g., newspaper space, television and radio airtime) as requested by the Water Authority, and traffic ads to media outlets as necessary. The contractor will be expected to negotiate for free placement of public service announcements.

3.13 Website Content and Presentation Materials

The contractor will produce website content and multimedia presentation materials as requested by the Water Authority.

3.14 Advice and Counsel

The contractor shall provide tactical and strategic advice and counsel to the Water Authority on matters relating to public and media relations.

3.15 Audio and Video Production

The contractor will produce audio and video materials including radio and television announcements and advertisements as directed by the Water Authority.

3.16 Other Duties

The contractor shall perform other duties as necessary when requested by the Water Authority, including serving as emergency PR backup/media liaison when Water Authority staff is not available.

EXHIBIT B
COST PROPOSAL

2.2.2 COST PROPOSAL

Hourly Rates

Strategic Planning & Project Management/Supervision Manager	\$ 100.00 per hour
Senior Account Executive Service	95.00 per hour
Account Services & Media Buying Coordination	85.00 per hour
Graphic Design & Artwork	96.00 per hour
Website Design & Posting.	85.00 per hour
Finance/Contract/Accounting	78.00 per hour
Account Assistant.	66.00 per hour
Administrative Support (includes admin fees, see below)	54.00 per hour
Travel Time (discounted)	15.00 per hour

Costs included in Administrative Support Rate (see hourly rates)

In-house printing & copies (gray scale & color); photography scans; Creative Cloud;
courier service; postage; long distance calls, travel expenses (out-of-pocket), mileage,
supplies, etc.

Direct Costs

Subcontractor Services	Actual cost
Printing/Specialty Advertising/Other Materials	Actual cost + 10%

Direct Media Buy

15% earned agency commission taken on Commissionable media

Web Hosting Services

PRE-PAID accounts only: Every 6 or 12 months (discounted)	Actual cost
Monthly services.	Actual cost + 10%

Social Media Marketing for Email Newsletters & Surveys

Database charge (up to 5,000 contacts with unlimited emails & surveys)	Actual cost + 10%
Sales Tax	Current NMGR
Exemption from NMGR	Inquire with Business Manager

NOTE: Any additional Client Related charges that are NOT listed will be at ACTUAL COST + 10%, unless otherwise stated.

Meeting Date: May 17, 2017
Staff Contact: Stan Allred, Chief Financial Officer

**TITLE: C-17-14 – Approving Recommendation of Award, RFP Audit Services
P2017000007**

ACTION: Recommend Approval

SUMMARY:

The Albuquerque Bernalillo County Water Utility Authority (Water Authority) is required to designate a firm of certified public accountants to perform an independent audit of the Water Authority's financial records. The current contract with REDW, LLC has expired with the completion of the audit for fiscal year 2016.

In accordance with the New Mexico State Auditor Rules (2.2.2 NMAC), the Water Authority is required to bid audit services at the expiration of any contract and is encouraged to request multiple year proposals for audit services (not to exceed three years). The Water Authority issued the above referenced Request for Proposals (RFP) to solicit proposals from qualified vendors.

The RFP was posted on the Sicomm website and advertised in the local newspaper. Three Responses to the RFP were received on May 2, 2017. The ad hoc evaluation committee reviewed, evaluated, and scored the responses in accordance with the evaluation criteria published in the RFP. The firms were as follows:

Atkinson & Co. LLC
CliftonLarsonAllen, LLP
REDW, LLC

FISCAL IMPACT:

The cost for the audit services will be approximately \$55,000 per year, with the contract covering a three-year period. This amount is appropriated in the FY17 Operating Budget.

RECOMMENDATION:

It is recommended the Water Authority Board award the contract to provide independent audit services to REDW, LLC for a term of one year with a two year renewal beginning with fiscal year ending June 30, 2017. REDW, LLC which had the highest composite score, is qualified to perform the work, and meets the requirements of the RFP. Once the Water Authority Board approves of this procurement for auditing services, it must be submitted for approval to the New Mexico State Auditor. Upon this approval, REDW, LLC can begin work on the FY/17 financial statements.

Memo

To: Mark S. Sanchez, Executive Director
From: Candida Kelcourse, Senior Buyer *CK*
Through: Jonathan Daniels, Purchasing Officer *JD*
Date: May 8, 2017
Re: Recommendation of Award, P2017000007, Audit Services RFP

The Albuquerque Bernalillo County Water Utility Authority issued the referenced Request for Proposals (RFP) to solicit proposals from qualified vendors to provide audit services.

The RFP was posted on the Sicomm website and advertised in the local newspapers. Four (3) responses were received and submitted for evaluation. The ad hoc evaluation committee reviewed, evaluated, and scored the responses in accordance with the evaluation criteria published in the RFP.

Listed are all the respondents' composite scores with small and/or local preferences and the NM Resident Preference applied for the offeror with an asterisk. The largest total composite score possible without preferences applied is 3000.

<u>Offeror</u>	<u>Total Composite Score</u>
Atkinson & Co. LLC	3,025*
ClifftonLarsonAllen, LLP	3,268*
REDW, LLC	4,085*

The committee recommended the award of contract to **REDW, LLC** as that company had the highest composite score and is qualified to perform the work. I concur with the committee's recommendation.

Water Authority Board approval is required for this procurement.

Approved:

Recommended:


Mark S. Sanchez
Executive Director
5/9/17
Date


Marta Ortiz
Controller
5-9-17
Date

Enclosures: Composite Score Sheet

PURCHASING DIVISION

Request for Proposals P2017000007 Audit Services

EVALUATION CRITERIA	EVALUATION FACTORS	OFFERORS		
		Atkinson	Clifton Larson Allen	REDW
1. The Offeror's general approach and plans to meet the requirements of the RFP; the organization and completeness of the proposal.	Up to 100	100	100	100
		50	75	90
		80	100	100
		70	70	80
	SUB TOTAL		300	345
2. The Offeror's detailed plans to meet the objectives of each task, activity, etc. on the	Up to 150	100	150	150
		80	100	135
		100	140	140
		80	100	120
SUB TOTAL		360	490	545
3. Experience and qualifications of the Offeror and personnel as shown in the documentation submitted in response to Part 2.	Up to 150	90	125	150
		75	100	140
		140	135	150
		80	90	120
SUB TOTAL		385	450	560
4. Adequacy of proposed project management and resources to be utilized by the Offeror.	Up to 100	100	100	100
		70	75	85
		100	100	100
		60	65	80
SUB TOTAL		330	340	365
5. The Offeror's past performance on projects of similar scope and size.	Up to 200	100	150	200
		90	100	190
		150	180	180
		100	120	170
SUB TOTAL		440	550	740
6. The overall ability of the Offeror, as judged by the evaluation committee, to successfully complete the project within the proposed schedule. This judgment will be based upon factors such as the project management plan and availability of staff and resources.	Up to 200	150	185	195
		125	125	190
		150	170	200
		110	140	170
SUB TOTAL		535	620	755
7. Cost Proposal – The costs proposed by the Contractor as described in Section 2.2 of this RFP to perform the tasks listed in Part 3, Scope of Services. The evaluation of this section will occur after the technical evaluation, based on a cost/price analysis.	Up to 100	100	79	95
		100	79	95
		100	79	95
		100	79	95
SUB TOTAL		400	318	378
		2750	3113	3713
Resident Buiness Preference	5%	138	156	186
Resident Veteran Preference	10%			
Local Preference	5%	138		186
Small Preference	5%			
Pay Equity Preference	5%			
TOTAL AMOUNT OF PREFERENCES APPLIED	10% MAX	275	156	371
		3025	3268	4085
		3	2	1
		Atkinson	Clifton Larson Allen	REDW

**STATE OF NEW MEXICO
AUDIT CONTRACT**

[FILLABLE]

hereinafter referred to as the "Agency," and

[FILLABLE]

hereinafter referred to as the "Contractor," agree:

As required by the Audit Rule, NMAC Section 2.2.2.1 et seq., Contractor agrees to, and shall, inform the Agency of any restriction placed on Contractor by the Office of the State Auditor pursuant to NMAC Section 2.2.2.8, and whether the Contractor is eligible to enter into this Contract despite the restriction.

1. SCOPE OF WORK (Include in Paragraph 25 any expansion of scope)

- A. The Contractor shall conduct a financial and compliance audit of the Agency for Fiscal Year [FILLABLE] in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Audit Act and the Audit Rule (NMAC Section 2.2.2.1 et seq.).

2. DELIVERY AND REPRODUCTION

- A. In order to meet the delivery terms of this Contract, the Contractor shall deliver the following documents to the State Auditor on or before the deadline set forth for the Agency in NMAC Section 2.2.2.9:
- (1) an organized, bound and paginated hard copy of the Agency's audit report for review;
 - (2) a copy of the signed management representation letter provided to the IPA by the Agency as required by AU-C 580; and
 - (3) a copy of the completed State Auditor Report Review Guide available at www.osanm.org;
- B. Reports postmarked by the Agency's due date will be considered received by the due date for purposes of NMAC Section 2.2.2.9. Unfinished or excessively deficient reports will not satisfy this requirement; such reports will be rejected and returned to the Contractor and the State Auditor may take action in accordance with NMAC Section 2.2.2.13. If the

State Auditor does not receive copies of the management representation letter and the completed Report Review Guide with the audit report or prior to submittal of the audit report, the State Auditor will not consider the report submitted to the State Auditor.

- C. As soon as the Contractor becomes aware that circumstances exist that will make the Agency's audit report late, the Contractor shall immediately provide written notification of the situation to the State Auditor. The notification shall include an explanation regarding why the audit report will be late, when the IPA expects to submit the report and a concurring signature by the Agency.
- D. Pursuant to NMAC Section 2.2.2.10, the Contractor shall prepare a written and dated engagement letter that identifies the specific responsibilities of the Contractor and the Agency.
- E. After its review of the audit report pursuant to NMAC Section 2.2.2.13, the State Auditor shall authorize the Contractor to print and submit the final audit report. Within five business days after the date of the authorization to print and submit the final audit report, the Contractor shall provide the State Auditor an electronic version of the audit report, in PDF format, and the electronic copy of the Excel version of the Summary of Findings Form, Vendor Schedule, Fund Balances, and any GASB 77 data (if applicable). After the State Auditor officially releases the audit report by issuance of a release letter, the Contractor shall deliver [FILLABLE] copies of the audit report to the Agency. The Agency or Contractor shall ensure that every member of the Agency's governing authority shall receive a copy of the report.
- F. The Agency, upon delivery of its audit report, shall submit to the Federal Audit Clearinghouse (FAC) the completed data collection form and the reporting package described in § 200.512 of Uniform Guidance for Federal Awards. The submission is required to be made within 30 calendar days of receipt of the auditor's report, or nine months after the end of the audit period.

3. **COMPENSATION**

- A. The total amount payable by the Agency to the Contractor under this Contract shall not exceed [FILLABLE] **plus applicable gross receipts tax.**
- B. Contractor agrees not to, and shall not, perform any services in furtherance of this Contract prior to approval by the State Auditor. Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this Contract prior to approval by the State Auditor.
- C. Total Compensation will consist of the following:

SERVICES	AMOUNTS
(1) Financial statement audit	[FILLABLE]
(2) Federal single audit	[FILLABLE]
(3) Financial statement preparation	[FILLABLE]

(4) Other nonaudit services, such as depreciation schedule updates	[FILLABLE]
(5) Other (i.e., foundations or component units, specifically identified)	[FILLABLE]

Total Compensation = [FILLABLE]
plus applicable gross receipts tax

- D. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this Contract and invoiced by the Contractor. Payment is subject to availability of funds pursuant to the Appropriations paragraph set forth below.
- E. The State Auditor may authorize progress payments to the Contractor by the Agency; provided that the authorization is based upon evidence of the percentage of audit work completed as of the date of the request for partial payment. Progress payments up to 70% do not require State Auditor approval, provided that the Agency certifies receipt of services. The Agency must monitor audit progress and make progress payments only up to the percentage that the audit is completed prior to making such payment. Progress payments of 70% or more but less than or equal to 90% require State Auditor approval after being approved by the Agency. If requested by the State Auditor, the Agency shall provide a copy of the approved progress billings. The State Auditor may allow only the first 50% of progress payments to be made without State Auditor approval if the Contractor's previous audits were submitted after the due date. Final payment for services rendered by the Contractor shall not be made until a determination and written finding is made by the State Auditor in the release letter that the audit has been made in accordance with the provisions of this Contract and applicable rules of the State Auditor.

4. **TERM**

Unless terminated pursuant to Paragraphs 5 or 19, this Contract shall terminate one calendar year after the latest date on which it is signed.

5. **TERMINATION, BREACH AND REMEDIES**

- A. This Contract may be terminated:
- (1) By either party without cause, upon written notice delivered to the other party and the State Auditor at least ten (10) days prior to the intended date of termination.
 - (2) By either party, immediately upon written notice delivered to the other party and the State Auditor, if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the report in accordance with this Contract shall constitute a material breach of this Contract.
 - (3) By the Agency pursuant to Paragraph 19, immediately upon written notice to the Contractor and the State Auditor.
 - (4) By the State Auditor, immediately upon written notice to the Contractor and the Agency after determining that the audit has been unduly delayed, or for any other reason.

- B. By termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. If the Agency or the State Auditor terminates this Contract, the Contractor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any, that the State Auditor has authorized to the extent required by Paragraph 3(E). If the Contractor terminates this Contract for any reason other than Agency's breach of this Contract, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.
- C. Pursuant to NMAC Section 2.2.2.8, the State Auditor may disqualify the Contractor from eligibility to contract for audit services with the State of New Mexico if the Contractor knowingly makes false statements, false assurances or false disclosures under this Contract. The State Auditor on behalf of the Agency or the Agency may bring a civil action for damages or any other relief against a Contractor for a material breach of this Contract.
- D. THE REMEDIES HEREIN ARE NOT EXCLUSIVE, AND NOTHING IN THIS SECTION 5 WAIVES OTHER LEGAL RIGHTS AND REMEDIES OF THE PARTIES.

6. **STATUS OF CONTRACTOR**

The Contractor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the Agency. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the Agency as a result of this Contract. The Contractor agrees not to purport to bind the State of New Mexico to any obligation not assumed under this Contract unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

7. **ASSIGNMENT**

The Contractor shall not assign or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

8. **SUBCONTRACTING**

The Contractor shall not subcontract any portion of the services to be performed under this Contract without the prior written approval of the Agency and the State Auditor. An agreement between the Contractor and a subcontractor to subcontract any portion of the services under this Contract shall be completed on a form prescribed by the State Auditor. The agreement shall be an amendment to this Contract and shall specify the portion of the audit services to be performed by the subcontractor, how the responsibility for the audit will be shared between the Contractor and the subcontractor, the party responsible for signing the audit report and the method by which the subcontractor will be paid. Pursuant to NMAC Section 2.2.2.8, the Contractor may subcontract only with independent public accounting firms that are on the State Auditor's List of Approved Firms, and that are not otherwise restricted by the Office from entering into such a contract.

9. RECORDS

The Contractor shall maintain detailed time records that indicate the date, time, and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of at least five (5) years after the date of final payment under this contract. The records shall be subject to inspection by the Agency or the State Auditor. The Agency or the State Auditor may audit billings both before and after payment. Payment under this Contract shall not foreclose the right of the Agency or the State Auditor on behalf of the Agency to recover excessive or illegal payments.

10. RELEASE

The Contractor, upon receiving final payment of the amounts due under the Contract, releases the State Auditor, the Agency, their respective officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liabilities, claims or obligations whatsoever arising from or under this Contract.

11. CONFIDENTIALITY

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor, except in accordance with this Contract or applicable standards, without the prior written approval of the Agency and the State Auditor.

12. PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post an audited financial statement on their respective websites once it is publicly released by the State Auditor. For District Courts and District Attorneys only, the contractor agrees that the Financial Control Division of the Department of Finance and Administration (DFA) is free to use the audited financial statements in the statewide Comprehensive Annual Financial Report (CAFR) and that the Contractor's audit report may be relied upon during the audit of the statewide CAFR, if applicable. However, DFA should not provide to any third party, other than the CAFR auditor, the District Courts' or District Attorneys' draft audit reports or their opinion letters or findings.

13. CONFLICT OF INTEREST

The Contractor represents and warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. Each of the Contractor and the Agency certifies that it has followed the requirements of the Governmental Conduct Act,

Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee, as required by the applicable professional standards.

14. INDEPENDENCE

The Contractor represents and warrants its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards 2011 Revision*, issued by the Comptroller General of the United States, and NMAC Section 2.2.2.8. The Contractor shall immediately notify the State Auditor and the Agency in writing if any impairment to the Contractor's independence occurs or may occur during the period of this Contract.

15. AMENDMENT

This Contract shall not be altered, changed or amended except by prior written agreement of the parties and with the prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978.

16. MERGER

This Contract supersedes all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. Contractor and Agency shall enter into and execute an engagement letter pursuant to NMAC Section 2.2.2.10, consistent with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAGAS). The engagement letter and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this Contract. Conflicts between the engagement letter and this Contract are governed by this Contract, and shall be resolved accordingly.

17. APPLICABLE LAW

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising from or related to this Contract.

18. AGENCY BOOKS AND RECORDS

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. APPROPRIATIONS

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the legislature or the Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the legislature or the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. This section of the Contract does not supersede the Agency's requirement to have an annual audit pursuant to Section 12-6-3(A) NMSA 1978.

20. PENALTIES FOR VIOLATION OF LAW

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. EQUAL OPPORTUNITY COMPLIANCE

The Contractor shall abide by all federal and state laws, rules and regulations, and executive orders of the Governor of the State of New Mexico pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations and orders, the Contractor assures that no person in the United States shall, on the grounds of race, age, religion, color, national origin, ancestry, sex, physical or mental handicap or serious medical condition, spousal affiliation, sexual orientation or gender identity be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Contract. If the Contractor is found not to be in compliance with these requirements during the life of this Contract, the Contractor shall take appropriate steps to correct these deficiencies.

22. WORKING PAPERS

- A. The Contractor shall retain its working papers of the Agency's audit conducted pursuant to this Contract for a period of at least five (5) years after the date shown on the opinion letter of the audit report, or longer if requested by the federal cognizant agency for audit, oversight agency for audit, pass through-entity or the State Auditor. The State Auditor shall have access to the working papers at the State Auditor's discretion. When requested by the State Auditor, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.
- B. The Contractor shall follow the guidance of AU-C 210 A.27 to A.31 and AU-C 510 .A3 to .A11 in communications with the predecessor auditor and to obtain information from the predecessor auditor's audit documentation.

23. DESIGNATED ON-SITE STAFF

The Contractor's on-site individual auditor responsible for supervision of work and completion of the audit is [FILLABLE]. The Contractor shall notify the Agency and the State Auditor in writing of any changes in staff assigned to perform the audit.

24. INVALID TERM OR CONDITION

If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected.

25. OTHER PROVISIONS

[FILLABLE]

DRAFT

SIGNATURE PAGE

This Contract is made effective as of the date of the latest signature.

AGENCY

[FILLABLE]

PRINTED
NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

CONTRACTOR

[FILLABLE]

PRINTED
NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

State Auditor Contract No. [FISCAL YEAR]-[AGENCY NUMBER]

DRAFT



Meeting Date: May 17, 2017

Staff Contact: Rick Shean, Water Quality Hydrologist

TITLE: C-17-15 – Approving Appointment of Matthew Earthman to the Water Protection Advisory Board

ACTION: Recommend Approval

SUMMARY:

Water Authority staff request the appointment of Mr. Matthew Earthman to the Water Protection Advisory Board (WPAB) to serve a three year term as one of two of the Water Authority's appointees on the board.

The purpose of the WPAB is to study and advise the Water Authority, City and County on surface and groundwater protection concerns, oversee the implementation of the Water Quality Protection Policy and Action Plan, and assist with the development of policies and strategies necessary to enhance protection of surface and groundwater quality in the Albuquerque Basin.

Mr. Earthman has had diverse professional experiences in environmental restoration and water resources activities, including environmental investigations and cleanups, water treatment system design, landfill performance modeling and other hydrogeology projects.

Mr. Earthman is a registered geologist in the State of Utah, and received a Bachelor's of Science in Earth Sciences and Masters of Science in Geochemistry, both from New Mexico Institute of Mining and Technology.

FISCAL IMPACT:

None



MATTHEW EARTHMAN, P.G. ENVIRONMENTAL

AREAS OF SPECIALTY

- Project Management and Technical Report Preparation
- Solid Waste Permitting and Compliance
- Water Resource Planning, Hydrogeologic Evaluation and Well Design
- Phase I and Phase II Environmental Site Assessments
- Petroleum Storage Tank Investigation and Remediation

YEARS OF EXPERIENCE: 6

EDUCATION

M.S.-Geochemistry, New Mexico Institute of Mining and Technology, Socorro, NM, 2010

B.S.-Earth Sciences with Geochemistry Option
New Mexico Institute of Mining and Technology
Socorro, NM, 2008

LICENSES AND REGISTRATIONS

Professional Geologist-Utah (#8881905-2250)

PROFESSIONAL

AFFILIATIONS/ORGANIZATIONS

National Groundwater Association

SPECIALIZED TRAINING

40-Hour OSHA HAZWOPER
First Aid/CPR

BACKGROUND

Mr. Earthman's role as a Project Geoscientist at Souder, Miller & Associates includes managing, conducting, and overseeing a wide range of environmental projects. These projects have included solid waste, petroleum storage tank and other contaminant hydrogeology projects, Phase I and II Environmental Site Assessments, soil and groundwater investigations, overseeing soil and groundwater remediation projects, analyzing water production well pump test data, and preparing discharge permits. Mr. Earthman manages projects, performs fieldwork, provides subcontractor oversight, and prepares reports for a multitude of environmental projects.

EXPERIENCE

El Creston MDWCA Supply Well Installation El Creston, NM

Mr. Earthman supervised the advancement of an exploratory pilot hole and installation of a permanent water supply well for the El Creston MDWCA Supply Well project in El Creston, New Mexico. Mr. Earthman supervised the drilling crew, logged drill cuttings for lithology to determine subsurface geological formations in the field, and made decisions on the depth to which complete the well. Following the initial pilot hole advancement, Mr. Earthman helped to design a temporary well to conduct zone pump testing and collect groundwater samples for laboratory analysis. Using data obtained from the temporary well, Mr. Earthman supervised the installation of the permanent water supply well.

Rio Grande Oil UST Release Site, Minimum Site Assessment and Soil Excavation, Albuquerque, NM

Mr. Earthman was project manager of a minimum site investigation and interim soil excavation at the former Rio Grande Oil Service Station in Albuquerque, New Mexico. As part of the minimum site investigation, Mr. Earthman supervised and reported the results of a soil boring investigation to define the extent of soil contamination at the site. Following the initial investigation, Mr. Earthman designed a limited soil excavation plan to remove and dispose of 450 cubic yards of contaminated soil at the site, including subcontractor coordination, CAD drafting, and the development of site-specific health and safety and traffic control plans. During August, 2013, Mr. Earthman was responsible for on-site supervision of the limited soil excavation, performing confirmation soil sampling, manifesting waste shipments, ensuring work-site safety, and supervising the excavation and backfill of the pit.

Santa Fe County Steve Herrera Courthouse Complex Project, Water Treatment System, Santa Fe, NM

Mr. Earthman helped with the construction and maintenance of the Granular Activated Carbon (GAC) water treatment system at the Santa Fe County Judicial Complex construction site in Santa Fe, NM. During June of 2010, Mr. Earthman assisted with the plumbing and start-up of the system, and performed operation and maintenance duties and discharge water sampling while the system was operating.

Phase II Environmental Site Assessment, 5301 San Diego Ave. Property, Albuquerque, NM

Mr. Earthman supervised the drilling of four soil borings on two bank-owned properties to determine the extent and presence of buried municipal solid waste from portions of the property built over a historical landfill. Mr. Earthman logged all subsurface drilling, completed landfill gas vapor monitoring, and prepared reports documenting the findings of the investigation.

Hydrogeological Evaluation of Landfill Performance (HELP) Modeling, Taos County Landfills and Vaughn Landfill Closures

As part of landfill closure plans, Mr. Earthman prepared HELP models to determine the extent of landfill leachate infiltration into the subsurface at several closed landfills in Taos County, NM, as well as the Vaughn, NM landfill. Mr. Earthman utilized past climate data, subsurface geology, and landfill construction to prepare the models, which simulate the volume of water percolating through the subsurface during years with higher-than average precipitation at each location. Construction of the models requires extensive research of regional and local geology as well as past climates.

Meeting Date: May 17, 2017

Staff Contact: Frank Roth, Senior Policy Manager

TITLE: C-17-16 – Approving Appointment to the Technical Customer Advisory Committee**ACTION: Recommend Approval****SUMMARY:**

The Technical Customer Advisory Committee (TCAC) was established in 2006 to assist in and facilitate public review and discussion of Water Authority policies, plans and programs. The TCAC was established as a professional/ technical group of volunteers to represent the five core functional areas of operating a water and wastewater utility. This group is intended to provide outside expertise in best practices and private sector applications for continuous business improvement.

At the April 2017 meeting, the Chair announced that there was a vacancy on the committee and that an online application was posted for customers who may be interested in serving on this technical committee. Board members were informed that if they know of anyone interested that they should apply on the Water Authority's website. In addition, a notice was placed on the Water Authority website's front page.

Qualified nominations were compiled and forwarded to the Chair, who through this communication is forwarding the nomination to the Board for confirmation. Melissa Armijo is recommended for confirmation. Below is a summary of the nominee's background.

Melissa Armijo

Melissa Armijo is a lifelong South Valley resident. She is Chair of the Hubbell House Alliance, which manages the day-to-day operations and community engagement for the Gutierrez Hubbell House History and Culture Center. She is a past board member and President of Las Mujeres, Inc and Las Mujeres de League of United Latin American Citizens. She also serves in various capacities on the boards of several education-related organizations, including the UNM Student Success Committee and as a governing board member for the Nuestros Valores Charter High School. In addition, she is scholarship chair of the Armijo Family Scholarship Fund, which awards scholarships to education and STEM majors. Moreover, she served on the CNM Governing Board including the capital outlay and audit committees. Ms. Armijo works at the University of New Mexico as an Executive Administrative Supervisor in the Dean of Students Office. She holds many certificates in leadership development, diversity, and non-profit management. She is very interested in advising the Water Authority in

stakeholder communications with ratepayers to ensure that the utility provides reliable, responsive, and affordable services and operates as a good neighbor to the community.

CURRENT MEMBERS:

Member	Category	Term Expiration
Ege Richardson	Water System Engineering	6/2017
Michael Hightower	Water Resource Planning	6/2017
Laura McCarthy	Non-profit Water Management Advocacy/Education	6/2017
Amy Ewing	Water Resource Planning	4/2018
Dave Hill	Financial/Business Management	3/2018
Scott Verhines	Water System Engineering	3/2018
Janie Chermak	Resource Economics	10/2018
Andrew Bernard	Landscape Architecture	12/2018
Vacant	Customer Service / Stakeholder Engagement	

FISCAL IMPACT:

None

Meeting Date: May 17, 2017
Staff Contact: Hobert Warren, CSD Manager

TITLE: O-17-1 – Amending the Albuquerque Bernalillo County Water Utility Authority Water and Sewer Rate Ordinance to Adjust Water and Sewer Rates by a Five Percent Rate Revenue Adjustment for FY18, Update the Utility Expansion Charge, Water Supply Charge, Septic Tank, and Chemical Toilet Charge by 3.45% Based on the Engineering News Report Index

ACTION: Recommend Approval

SUMMARY:

This Legislation amends the Water Authority's Water and Sewer Rate Ordinance. The Ordinance is amended to: 1) adjust water and sewer rates based upon the adopted 5% rate revenue adjustment to maintain planned infrastructure spending; 2) increase the Utility Expansion Charges, Water Supply Charge, Septic Tank Charge, and Chemical Toilet Charge by the ENR index per sections 1-1-8(A)(1), 1-1-8(D)(1) and 1-1-9(G)(1)(2) of the Ordinance

Water and Sewer fixed rates have been adjusted based upon the Water Authority's cost of service principles and incorporated the Water Authority's need for a 5% rate revenue adjustment for Fiscal Year 2018 to continue the required increased investments in the Water Authority's infrastructure based upon the Asset Management Plan, and maintain a 1/12 Fund Balance.

The proposed amendment also adjusts the Utility Expansion Charges and Water Supply Charge by 3.45% based upon the April 1, 2017 ENR Building and Construction Cost Indexes. This is the annual adjustment made in accordance to sections 1-1-8(A)(1) and 1-1-8(D)(1) of the Water Authority's Rate Ordinance.

The Septic Tank Charge and Chemical Toilet Charge will be adjusted by 3.45% based upon the April 1, 2017 ENR Building and Construction Cost Indexes. This is the proposed annual adjustment made in accordance to sections 1-1-9(G)(1)(2) of the Water Authority's Rate Ordinance.

FISCAL IMPACT:

The 5% revenue adjustment on the proposed base and commodity rate will have a

\$2.72 per month impact for the Water Authority's residential users using a 5/8" service with 8 units of consumption, multifamily accounts will increase of \$4.44 based on 13 units of consumption and a 5/8" service, Commercial Accounts will increase \$10.63 based on 64 units and a 1" service, Industrial Accounts will increase \$19.35 for 60 units and a 1" service and Institutional Accounts will increase \$20.99 based on 60 units and a 2" service. All calculations are dependent based upon a customer's service size and consumption.

The net increase in Utility Expansion Charges and the Water Supply Charge for the average residential connection will be \$105 for water, \$79 for sewer and \$54 for the Water Supply Charge.

The net increase in Septic Tank Charges will be \$.0008 per gallon and the Chemical Toilet Charge will be \$.0017 per gallon.

The proposed amendments are consistent with the ten-year financial plan presented to the Board, the required increased capital spending plan, and the 1/12 Fund Balance requirement.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. O-17-1

ORDINANCE

**AMENDING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY
AUTHORITY WATER AND SEWER RATE ORDINANCE TO ADJUST WATER AND
SEWER RATES BY A FIVE PERCENT RATE REVENUE ADJUSTMENT FOR FY18,
UPDATE THE UTILITY EXPANSION CHARGE, WATER SUPPLY CHARGE, SEPTIC
TANK, AND CHEMICAL TOILET CHARGE BY 3.45% BASED ON THE ENGINEERING
NEWS REPORT INDEX**

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD, THE GOVERNING BODY OF
THE WATER AUTHORITY:

Section 1. Section 1 is amended as follows:

Section 1 WATER AND SEWER RATES

1-1-1. SHORT TITLE.

This Ordinance will be known and may be cited as the "Albuquerque Bernalillo County
Water Utility Authority Water and Sewer Rate Ordinance."

1-1-2. COMPUTATION OF REVENUES, EXPENSES AND DEBT SERVICE;
DETERMINATION OF DEBT COVERAGE; REQUIRED MONTHLY FIXED CHARGE.

(A) Definition of Terms.

AWWA. American Water Works Association.

CONSUMERS ASSOCIATION (CMDWWCA). Non-profit organization
generally located in the Carnuel land grant established in 2001 under the laws of New
Mexico Sanitary Projects Act.

COST OF SERVICE. A rate setting methodology that is legally and
fiscally required by bond covenants which sets sewer charges based upon EPA guidelines,
uses a standard rate setting approach within the industry, requires users to pay their

proportionate cost of the system and creates equity within classes of customers and among classes of customers.

CITY. The City of Albuquerque, New Mexico.

COUNTY. Bernalillo County, New Mexico.

CUSTOMER. Any person, association, corporation, or entity receiving Utility service, related products or services in the metropolitan Service Area.

DEBT SERVICE REQUIREMENTS. With respect to System Obligations for any given period, the sum of: (1) the amount required to pay the interest, or to make reimbursements for payments of interest, becoming due on System Obligations during that period, plus (2) the amount required to pay the principal or Accreted Value, becoming due on System Obligations during that period, whether at maturity, an accretion term date or upon mandatory sinking fund redemption dates, plus (3) the periodic payments required to be made by the Water Authority pursuant to a Qualified Exchange Agreement minus (4) the periodic payments to be received by the Water Authority pursuant to a Qualified Exchange Agreement. No payments required for any System Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners of System Obligations, or which may occur because of the exercise of an option by the Water Authority, or which may otherwise become due by reason of any other circumstance or contingency, including acceleration or early termination payments, which constitute other than regularly scheduled payments of principal, Accreted Value, interest or other regularly scheduled payments on System Obligations shall be included in any computation of Debt Service Requirements for that period.

DROUGHT. Drought occurs when there is insufficient precipitation combined with other environmental factors that cause an increase of overall water usage.

DROUGHT MANAGEMENT STRATEGY. The Water Authority's Drought Management Plan which contains four different drought severity levels, with each level containing increasingly stringent measures to reduce demand on the Water Authority's water system.

EXECUTIVE DIRECTOR. The Executive Director of the Water Authority.

EXPENSES. All expenses necessary for the operation and maintenance of the water and sewer systems, excluding depreciation, amortization and payments in lieu of taxes and expenditures for capital items.

FISCAL YEAR. July 1 through June 30.

FRANCHISE. The authorizations granted by the City of Albuquerque, City of Rio Rancho, Bernalillo County or Village of Los Ranchos to the Water Authority to use their respective rights-of-way and public places to construct, operate, and maintain Water Authority water and wastewater systems.

LOW INCOME HOUSING DEVELOPMENTS. Any multi-family residential development constructed by the City of Albuquerque or Bernalillo County or a non-profit developer in conjunction with one of these local governments which is substantially intended to provide affordable housing to very low income citizens as defined by 60 percent or less of median income as established by the US Department of Housing and Urban Development.

METER SIZE. The physical size of a water meter as designated by AWWA Standard.

NET REVENUES. The Revenues of the Utility less the Expenses. For purposes of calculating compliance with Sections 1-1-2(B) and 1-1-2(C) and the Additional Bonds Tests and Rate Covenants in the Debt Management and Policy & Guidelines, Net Revenues shall be defined and calculated in accordance with the definition of Net Revenues established in the applicable ordinance authorizing the issuance of the relevant System Obligations.

PAJARITO MESA MUTUAL DOMESTIC WATER AND WASTEWATER CONSUMERS ASSOCIATION (PMMDWWCA). Non-profit organization generally located in the Pajarito land grant established in 2000 under the laws of New Mexico Sanitary Projects Act.

REVENUES. ~~For this purpose,~~ Revenues will include all charges for current water and sewer service, income from miscellaneous services or property, interest on investments of the Joint Water and Sewer Funds, connection fees, and interest on notes or other receivables.

RIO RANCHO. The City of Rio Rancho, New Mexico.

SENIOR OBLIGATIONS. System Obligations now outstanding or hereafter issued with a first lien, but not an exclusive first lien, on the Net Revenues on a parity with the lien of the Outstanding Senior Obligations.

SERVICE AREA. Those parts of Bernalillo County and contiguous territory served by the Water Authority.

SERVICE SIZE. Service sizes range from size 1 to size 8. Each size is based upon the meter size or equivalent for each account.

SUBORDINATE OBLIGATIONS. System Obligations now outstanding or hereafter issued with a lien on the Net Revenues subordinate to the lien thereon of the Senior Obligations but superior to the lien thereon of the Super Subordinated Obligations.

SUPER SUBORDINATED OBLIGATIONS. System Obligations now outstanding or hereafter issued with a lien on the Net Revenue subordinate to the lien thereon of the Senior Obligations and subordinate to the lien thereon of the Subordinate Obligations.

SYSTEM OBLIGATIONS. All bonds and other similar indebtedness payable solely or primarily from the Net Revenues, including, without limitation, the Senior Obligations, the Subordinate Obligations, and the Super Subordinated Obligations.

UEC. Utility Expansion Charge

UTILITY. The water and wastewater facilities and all operations and management of such facilities necessary to provide water and wastewater service in the Service Area.

VILLAGE OF LOS RANCHOS. Village of Los Ranchos de Albuquerque, New Mexico.

WATER AUTHORITY. The Albuquerque Bernalillo County Water Utility Authority or its authorized agent.

WATER SUPPLY CHARGE (WSC). A charge that will be assessed by the Water Authority at the time of meter sale or application for service to any new water user customer requesting connection to the water system in an area not located within the Water Authority's service area and requiring a development agreement.

WINTER MEAN. For all customers, the average monthly water use billed in the months of December, January, February and March for each account. If a customer has a new account and does not have a full four months to calculate a winter mean or if a customer's winter mean is zero, then the mean for that customer will be based off the class and size average mean. For those residential customers that have a winter mean greater than zero units but less than four units and does not fall in the category of a new account then their winter mean used for the Conservation Surcharge will be four units. For those

1 residential customers that have a winter mean greater than 15 units their winter mean used
2 for the Conservation Surcharge will be 15 units.

3 (B) Computation of Revenues, Expenses and Debt Service. At the end of each
4 quarter of the fiscal year a determination will be made as to the total revenues, expenses
5 and current debt service requirements of the system in accordance with definitions in §1-1-
6 2(A). The determination will be made by the end of the first month following the end of
7 each quarter. The results of the determination will be transmitted to the Water Authority.

8 (C) Increasing Minimum Monthly Fixed Charges. So long as there are Senior
9 Obligations outstanding, if the determination of §1-1-2(B) above shows that the Net
10 Revenues are less than 133 percent of the Debt Service Requirements on the outstanding
11 Senior Obligations, the fixed monthly charge will be increased for water and sewer
12 accounts. So long as there are Subordinate Obligations outstanding, if the determination of
13 §1-1-2(B) above shows that the Net Revenues are less than 120 percent of the Debt
14 Service Requirements on the outstanding Senior Obligations and outstanding Subordinate
15 Obligations, the fixed monthly charge will be increased for water and sewer accounts. The
16 increase in the fixed monthly charges will be a percentage of the established fixed monthly
17 charges that produce additional revenues so that if the adjusted charges had been effective
18 the previous quarter, the total Net Revenues would have been sufficient to meet the
19 requirements of this paragraph. ~~As applicable.~~ If the determination of §1-1-2(B) above
20 shows that the Net Revenues are insufficient to meet the requirements above, it shall be
21 determined if the revenue loss is due to efforts of Water Authority Customers to conserve
22 water by reviewing usage patterns. If the usage study shows that the reduced revenues
23 are due to conservation efforts, the Executive Director shall analyze the Utility's operations
24 for the purpose of determining whether or not corresponding expense reductions can be
25 effected and shall present any such expense reduction proposals to the Water Authority.

26 (D) Increasing Water Commodity Charges. If the quarterly analysis of power cost
27 related to water pumping shows that costs are increasing or decreasing, the Executive
28 Director is authorized to adjust the water commodity charge to reflect the change. An
29 adjustment in the commodity charge will only be made if the needed commodity charge
30 adjustment is \$0.01 or greater, and shall be in \$0.01 increments. The Electric Fuel Cost
31 Adjustment is to be calculated: (Fuel Rider - \$0.50) x Average annual kWh / Annual Billed
32 Consumption in CCF.

(E) General Procedural Provisions. The Executive Director may enact administrative procedures ~~regulations~~ to carry out the purposes of this Ordinance.

1-1-3. WATER RATES.

(A) Definitions. As used in this Section, unless the context otherwise requires:
CUSTOMER CLASSIFICATIONS Include:

(1) RESIDENTIAL. Single-family detached, condominiums served by individual meters, townhouses served by individual meters, duplexes served by individual meters, or mobile homes served by individual meters.

(2) MULTI-FAMILY. Any metered/account serving more than one dwelling unit; i.e., duplexes, residences with guests houses, triplexes, four-plexes, apartment complexes, condominiums, town-homes, or mobile homes served by common meters.

(3) COMMERCIAL. Retail, offices, hotels, motels, shopping centers, none of which use process water in the conduct of business.

(4) INDUSTRIAL. Manufacturing, or process facility which is engaged in producing a product.

(5) INSTITUTIONAL. Government buildings, hospitals, schools, and other facilities that provide public and quasi-public services.

(B) Water Credit Eligibility and Procedures.

(1) Single-family detached, condominiums, townhouses, duplexes or triplexes served by common or individual meters; mobile homes served by individual meters; but limited to those Customers who own the dwelling in which they reside and qualify under the United States Department of Health and Human Services poverty guidelines.

(2) The Executive Director shall establish procedures regarding certification for water credits and shall periodically make administrative changes to the income guidelines as circumstances require.

(C) Metered Water Service.

(1) The rates and compensation to be paid to the Water Authority for public and private use of water supplied by the Water Authority for any and all purposes shall be in accordance with the following schedule of charges.

Fixed Monthly Charge - Metered Service

Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-family
<u>1</u>	<u>$\frac{5}{8}$ X $\frac{3}{4}$</u>	<u>\$9.79</u>	<u>\$10.26</u>	<u>\$19.22</u>	<u>\$10.55</u>	<u>\$12.03</u>
<u>2</u>	<u>1</u>	<u>20.22</u>	<u>20.65</u>	<u>40.31</u>	<u>21.02</u>	<u>24.58</u>
<u>3</u>	<u>1½</u>	<u>56.61</u>	<u>58.83</u>	<u>120.32</u>	<u>61.42</u>	<u>72.00</u>
<u>4</u>	<u>2</u>	<u>121.35</u>	<u>125.77</u>	<u>262.46</u>	<u>131.74</u>	<u>155.63</u>
<u>5</u>	<u>3</u>	<u>232.26</u>	<u>241.37</u>	<u>497.91</u>	<u>252.17</u>	<u>290.05</u>
<u>6</u>	<u>4</u>	<u>524.56</u>	<u>543.03</u>	<u>1143.32</u>	<u>569.75</u>	<u>675.21</u>
<u>7</u>	<u>6</u>	<u>889.87</u>	<u>901.53</u>	<u>1850.64</u>	<u>940.83</u>	<u>1104.04</u>
<u>8</u>	<u>8 & over</u>	<u>1863.70</u>	<u>1933.16</u>	<u>4036.09</u>	<u>2196.26</u>	<u>2391.09</u>
<u>1</u>	<u>$\frac{5}{8}$ X $\frac{3}{4}$</u>	<u>\$9.77</u>	<u>\$10.23</u>	<u>\$19.17</u>	<u>\$10.53</u>	<u>\$12.00</u>
<u>2</u>	<u>1</u>	<u>20.17</u>	<u>20.60</u>	<u>40.21</u>	<u>20.97</u>	<u>24.52</u>
<u>3</u>	<u>1½</u>	<u>56.47</u>	<u>58.68</u>	<u>120.02</u>	<u>61.27</u>	<u>71.82</u>
<u>4</u>	<u>2</u>	<u>121.05</u>	<u>125.46</u>	<u>261.82</u>	<u>131.42</u>	<u>155.25</u>
<u>5</u>	<u>3</u>	<u>231.69</u>	<u>240.78</u>	<u>496.70</u>	<u>251.55</u>	<u>295.79</u>
<u>6</u>	<u>4</u>	<u>523.28</u>	<u>541.71</u>	<u>1140.54</u>	<u>568.36</u>	<u>673.57</u>
<u>7</u>	<u>6</u>	<u>887.70</u>	<u>899.33</u>	<u>1846.13</u>	<u>938.54</u>	<u>1101.35</u>
<u>8</u>	<u>8 & over</u>	<u>1859.16</u>	<u>1928.45</u>	<u>4026.25</u>	<u>2190.91</u>	<u>2385.26</u>

~~Effective July 1, 2017~~

~~A 5 percent revenue increase is approved and a schedule of charges will be designed and implemented based upon the Water Authority's Cost of Service Rate Model.~~

(2) The rates and compensation to be paid to the Water Authority for public and private use of water supplied by the Water Authority for Wholesale Water Users shall be in accordance with the following schedule of charges.

Fixed Monthly Charges- Pajarito Mutual Domestic

Meter Size

<u>$\frac{3}{4}$</u>	<u>\$13.86</u>
<u>1</u>	<u>27.97</u>
<u>1½</u>	<u>80.92</u>
<u>2</u>	<u>173.76</u>
<u>3</u>	<u>361.13</u>
<u>4</u>	<u>802.69</u>

1	<u>6</u>	<u>1354.92</u>
2	<u>8</u>	<u>2873.97</u>
3	<u>$\frac{3}{4}$</u>	<u>\$13.20</u>
4	<u>1</u>	<u>26.64</u>
5	<u>$1\frac{1}{2}$</u>	<u>77.07</u>
6	<u>2</u>	<u>165.49</u>
7	<u>3</u>	<u>343.93</u>
8	<u>4</u>	<u>764.47</u>
9	<u>6</u>	<u>1290.40</u>
10	<u>8</u>	<u>2737.11</u>

11 ~~Effective July 1, 2017~~

12 ~~A 5 percent revenue increase is approved and a schedule of charges will be designed and~~
 13 ~~implemented based upon the Water Authority's Cost of Service Rate Model.~~

14 (D) Unmetered Water Service.

15 (1) For service connections to the utility for private fire protection.

16 Applicable to all service through which water is used solely for extinguishing accidental
 17 fires.

18 Fixed Monthly Charge

19 Line Size Service Area
 20 (inches)

21	<u>2</u>	<u>\$4.85</u>
22	<u>3</u>	<u>7.28</u>
23	<u>4</u>	<u>9.70</u>
24	<u>6</u>	<u>18.20</u>
25	<u>8</u>	<u>27.90</u>
26	<u>10</u>	<u>38.81</u>
27	<u>12</u>	<u>57.00</u>
28	<u>2</u>	<u>\$4.62</u>
29	<u>3</u>	<u>6.93</u>
30	<u>4</u>	<u>9.24</u>
31	<u>6</u>	<u>17.33</u>
32	<u>8</u>	<u>26.57</u>

1 10 36.96

2 12 54.29

3 ~~Effective and July 1, 2017~~

4 ~~A 5 percent revenue increase is approved and a schedule of charges will be designed and~~
5 ~~implemented based upon the Water Authority's Cost of Service Rate Model.~~

6 (2) Unmetered water service for any purpose other than standby fire
7 protection will be a violation of this Ordinance and subject to the penalties specified herein;
8 except by written agreement approved by the Executive Director.

9 (E) Private Use of Fire Hydrants for Non-Potable Use.

10 (1) Permits.

11 (a) Connections to fire hydrants at any location are prohibited
12 except by the Water Authority, Fire Departments within the service area or by written permit
13 (fire hydrant meter permit) issued by the Water Authority. The Fire Departments within the
14 service area are given permission to use fire hydrants based upon written agreements with
15 the Executive Director which pertain to inspection and maintenance. Each Fire Department
16 is required to perform agreed upon maintenance on all fire hydrants within their service
17 area as a condition of use.

18 (b) A qualified applicant (business owner or licensed contractor) or
19 designated agent wishing to obtain a fire hydrant meter permit must submit a completed
20 application form to the Water Authority. Completed and signed applications may be
21 submitted online or hand delivered. If the applicant assigns a designated agent to obtain
22 the permit, a designated agent certification form must be signed and notarized by the
23 business owner or licensed contractor and submitted with the completed application.

24 (c) Fire hydrant meter permits may be issued for a period not to
25 exceed one year. Failure to comply with one or more of the terms and conditions shall be
26 cause for terminating the permit.

27 (d) Under a standard fire hydrant meter permit, the applicant may
28 use any fire hydrant from the Water Authority's designated network of green-top fire
29 hydrants. Applicants desiring to use an out-of-network hydrant must submit an alternate
30 location application stating the reason(s) for needing to use the out-of-network hydrant.
31 Water Authority staff will review such requests on a case by case basis and a decision shall
32 be issued within three business days of receiving the request.

(e) The Water Authority reserves the right to refuse to issue a fire hydrant meter permit to any applicant or to require an applicant to pay all current charges on the applicant's Water Authority account as a condition to the issuance of a permit.

(2) System Connection and Water Use.

(a) Water taken from fire hydrants may be used only for non-potable, non-recreational purposes within the Water Authority service area. The use of non-potable water taken from fire hydrants for swimming pools is prohibited.

(b) The permit holder shall utilize a backflow prevention method or device acceptable to the Water Authority at all times the fire hydrant meter is in use to protect the Water Authority's water supply. Failure to use an acceptable backflow prevention method or device shall be cause for confiscating the fire hydrant meter and terminating the permit.

(c) The Executive Director may ~~can~~ appoint employees to inspect fire hydrant meters at any time, but not less than once per annum. Permit holders shall make provisions for such inspections.

(d) For permit holders that contract with the Water Authority, the Executive Director is authorized to withhold all or a portion of the surety bond for outstanding fire hydrant meter charges including but not limited to repair and replacement of the hydrant meter and usage.

(3) Loss, Damage and Payment Surety Bond.

(a) A loss, damage and payment surety deposit of \$3,000.00 for each fire hydrant meter is required at the time the permit is issued. If a fire hydrant meter is lost or stolen, the \$3,000.00 deposit shall be forfeited and the permit holder shall be assessed up to a \$1,000.00 charge for water usage.

(b) All or a portion of the loss, damage and payment surety deposit will be refunded depending upon the cost of repairing the fire hydrant meter and the outstanding balance for meter charges when it is returned to the Water Authority. The Water Authority shall cause the repair work to be done and compute the time and materials necessary to rehabilitate the fire hydrant meter.

(c) The Executive Director may ~~can~~ waive the loss, damage and payment surety deposit for special events or non-construction related short term projects.

(4) Reporting. The permit holder shall be required to report and pay for

1 fire hydrant water usage on a monthly basis. Fire hydrant meter readings shall be
2 submitted, in writing between the first (1st) and tenth (10th) day of the month for water
3 usage during the previous calendar month, regardless of whether any water usage
4 occurred during that month. Failure to submit meter readings between the first (1st) and
5 the tenth (10th) of the month shall result in a \$20.00 late meter reading fee per occurrence.
6 Failure to report meter readings on or before the last day of the month the readings are due
7 shall be cause for confiscation of the meter and termination of the permit.

8 (5) Fees and Charges.

9 (a) A nonrefundable program fee of \$230.00 will be charged is
10 ~~issued~~ for each fire hydrant meter permit.

11 (b) All fire hydrant meter permit holders shall pay a monthly base
12 charge of \$70.00. This monthly base charge shall not be prorated.

13 (c) All water withdrawn from a fire hydrant shall be charged at the
14 current commodity rate. Connections to fire hydrants in violation of this Ordinance will be
15 subject to the penalties specified herein and shall be considered an illegal connection and
16 be subject to hydrant meter confiscation.

17 (d) The permit holder shall be required to remit payment for all
18 water withdrawn from fire hydrants on a monthly basis. Failure to remit payment in full
19 within ten (10) days after final notice is issued shall result in a \$50.00 late payment fee per
20 occurrence, and shall be cause for confiscation of the fire hydrant meter and termination of
21 the permit.

22 (F) Water Commodity Charge.

23 (1) (a) In addition to the Fixed Monthly Charge, all water used by a
24 Customer within the Service Area for any purpose whatsoever shall be charged at the rate
25 of \$2.018 per unit (one unit equals 100 cubic feet). In addition, there shall be a charge of
26 0.024 per unit, added to this commodity charge, which is the amount necessary to
27 compensate the Water Authority for the water conservation fee charged by the State of
28 New Mexico. This is determined by the meter reading or by estimating the usage by
29 statistical methods. Customers shall pay bills monthly.

30 ~~Effective July 1, 2017~~

31 ~~A 5 percent revenue increase is approved and will be implemented based upon the Water~~
32 ~~Authority's Cost of Service Rate Model.~~

(b) Included in the commodity charge is a \$0.116 charge per unit that will be dedicated to the Water Resources Management Program in Fund 621 to fund the Ground-Water Protection Policy and Action Plan, the Water Conservation Program, Water Resources Management Planning and Arsenic Investigations. All interest earned on these dedicated funds shall be used only for this purpose.

~~Effective July 1, 2017~~

~~A 5 percent revenue increase is approved and will be implemented based upon the Water Authority's Cost of Service Rate Model.~~

(c) In addition to the Fixed Monthly Charge customers with a wholesale water rate shall be charged at the rate in accordance with the following schedule of charges.

Pajarito Mutual Domestic - \$1.400 per 100 CCF

~~Effective July 1, 2017~~

~~A 5 percent revenue increase is approved and will be implemented based upon the Water Authority's Cost of Service Rate Model.~~

(2) Bills may be based on the estimated average annual water use in units, annualized and divided by 12 months, plus the fixed monthly charge. Any special charges, such as UEC, shall be included on the bill. The Executive Director may administratively adjust bills periodically by crediting and debiting accounts as appropriate if errors have been found and verified.

(3) (a) Surcharges for irrigation-only water accounts shall be assessed annually in the year following the water usage based upon an annual irrigation budget allowance established for such accounts and in accordance with the following:

(i) Water budgets will be established by the Water Authority whenever a new irrigation account is established or an existing account is converted to an irrigation account.

(ii) All usage will be calculated annually on a per site basis. Any usage of individual wells at these sites shall be submitted in writing to the Water Authority by the 15th of the month following the use.

(iii) All golf courses existing prior to October 1, 1995 will be allowed up to 40 inches of water over the entire landscaped area per calendar year.

(iv) All new golf courses or existing golf course expansions

permitted after October 1, 1995 will be allowed up to 37 inches of water over the entire landscaped area per calendar year.

(v) Athletic fields will be allowed up to 45 inches of water over the entire landscaped area per calendar year.

(vi) All other landscaped areas will receive a water budget of 35 inches of water over the entire landscaped area per calendar year.

A surcharge will be applied to the usage above the annual irrigation budget allowance. For excess usage up to 150 percent (first tier) of the annual irrigation budget, the surcharge shall be 50 percent of the commodity rate shown in §1-1-3(F)(1)(a). For excess usage greater than 150 percent (second tier) of the annual irrigation budget, the surcharge shall be 100 percent of the commodity rate shown in §1-1-3(F)(1)(a). For excess usage greater than 200 percent (third tier) of the annual irrigation budget, the surcharge shall be 150 percent of the commodity rate shown in §1-1-3(F)(1)(a).

(b) The surcharge amount added for each unit exceeding 200 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to 50 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(1)(a) for usage during the following months of April through October. For those residential customers that have a Winter Mean equal to or greater than 15 units, the surcharge amount added for each unit exceeding 200 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to 100 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(1)(a) for usage during the months of April through October.

(c) The surcharge amount added for each unit exceeding 300 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to 50 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(3)(b) for usage during the months of April through October. For those residential customers that have a Winter Mean equal to or greater than 15 units, the surcharge amount added for each unit exceeding 300 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to 100 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(3)(b) for usage during the months of April through October.

1 (d) The surcharge amount added for each unit exceeding 400
2 percent of the Winter Mean water usage as calculated in §1-1-2(A) shall be equal to 50
3 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge
4 determined in §1-1-3(F)(3)(c) for usage during the months of April through October. For
5 those residential customers that have a Winter Mean equal to or greater than 15 units, the
6 surcharge amount added for each unit exceeding 400 percent of the Winter Mean water
7 usage as calculated in §1-1-2(A), shall be equal to 100 percent of the Commodity Charges
8 §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(3)(c) for
9 usage during the months of April through October.

10 (e) Drought Related Surcharges. Under the four levels of Drought
11 defined in the Drought Management Strategy, the Water Authority may, at its sole
12 discretion, increase surcharges described in §1-1-3 by a factor of two, three or more as
13 may be necessary to assist in water use reduction during a drought. During a drought, the
14 Water Authority shall declare to the public the Drought Level, which can be raised and
15 lowered by the Water Authority, and the proposed increase in surcharges. The Drought
16 level only applies to the current year and must be approved by the Water Authority on a
17 year by year basis. The Water Authority delegates the implementation of the Drought
18 Management Strategy including the increase of surcharges to the Executive Director.
19 Based on the Drought Level approved by the Water Authority, the Executive Director shall
20 implement the Drought Management Strategy and announce the effective date of the new
21 surcharges.

22 (f) For residential class Customers only having service sizes 1
23 through 3, a 50 percent discount shall be applied to the commodity charges in §1-1-
24 3(F)(1)(a) for water usage greater than the customer's Winter Mean water usage during the
25 months of April through October when water usage is equal or less than 150 percent of the
26 Class Winter Mean water usage.

27 (G) Multiple Meter Service. Customers with service by more than one meter to
28 any premise shall be charged the applicable fees associated with each meter except for
29 single-family residential Customers who have two meters, of which one is used for
30 irrigation. The monthly fixed charge for these single-family residential Customers will be
31 based on the largest meter at the single-family residence.

(H) Water Credit. For those accounts included within the Water Credit classification, a credit of \$10.31 per month will be applied to their billing; the billing shall be calculated using the Fixed Monthly Charge and Commodity Charge as set forth in this Ordinance.

(I) Tag and Testing Charge. When a Customer disputes meter accuracy, a "Tag & Test" service will be done after all the steps taken by the Water Authority have been exhausted and if requested in writing by the legal property owner or his/her authorized representative.

(1) Meters 5/8 X 3/4" to 2"

Meter Size	Tag and Testing Charge Service
------------	--------------------------------

5/8" x 3/4"	\$140
-------------	-------

1"	185
----	-----

1-1/2"	380
--------	-----

2"	455
----	-----

The meter in question will be removed and a new one installed so that service can be maintained. The removed meter will be bench tested by the Water Authority in accordance with AWWA Standard C705. Should the meter fail the accuracy test such that the requestor was being overcharged, there would be no charge to the requestor.

(2) Meter 3" and greater. The meter in question will be tested in place in accordance with AWWA Standard C701, C702 or C703 and AWWA manual M6. Should the meter fail the accuracy test such that the requestor was being over charged, there would be no charge to the requestor. The testing charge for this will be \$500 for all sizes.

(J) Customer utility statements shall contain the following itemized element: "Facility Rehabilitation: \$`x,' where `x' shall be the cost of the rate increase to fund facility rehabilitation."

(K) Real property owners receiving water service from the Water Authority are responsible for hiring a licensed plumber to connect their customer service line to the Water Authority system at the point of metered service, or obtain a Homeowner Permit from the permitting Agency, allowing the property owner to make the connection.

1-1-4. NON-POTABLE WATER RATES.

(A) Definitions. Refer to §1-1-3(A) Water Rates for the definitions of Customer Classifications, which apply to this Section.

(B) Metered Service. The rates and compensation to be paid to the Water Authority for public and private use of non-potable water supplied by the Water Authority within the Service Area for any and all purposes shall be in accordance with the schedule of charges listed in §1-1-3(A) for potable water metered service.

(C) Commodity Charge.

(1) In addition to the Fixed Monthly Charge, all non-potable water used by a Customer within the Service Area shall be charged at the rate corresponding to 80 percent of the potable water commodity rate (one unit equals 100 cubic feet). This is determined by the meter reading or by estimating the usage by statistical methods. Customers shall pay bills monthly.

(2) Bills may be based on the estimated average annual non-potable water use by units, annualized and divided by 12 months, plus the fixed monthly charge. Any special charges, such as UEC, shall be included on the bill. The Executive Director may administratively adjust bills periodically by crediting and debiting accounts as appropriate if errors have been found and verified.

(3) All surcharges for irrigation-only water accounts shall be charged at the rate based upon the non-potable water commodity rate (one unit equals 100 cubic feet).

(D) Multiple Meter Service. Customers with non-potable water service by more than one meter to any premise shall be charged the applicable fees associated with each meter.

(E) Tag and Testing Charge. Refer to §1-1-3 (I) for applicable provisions and charges.

(F) Utility Expansion Charge (UEC).

(1) A Utility Expansion Charge shall be paid to the Water Authority at the time of non-potable meter sale or application for non-potable water service for all new services connecting to the non-potable water system. The UEC may be paid in full at the time of non-potable service application, or paid over time with an initial minimum of 5 percent down payment. The balance shall be subject to a fixed monthly charge to include a carrying charge set at 7 percent per annum. On all connections, the balance shall be paid in full within 120 months.

(2) The UEC for non-potable water service shall be the same as the UEC for potable water service. Refer to §1-1-8(A) for applicable provisions and charges.

1 (3) Existing water Customers wishing to receive non-potable water shall
2 not be charged a UEC unless the new combined potable and non-potable system capacity
3 exceeds the Customer's previous existing potable system capacity.

4 (4) Redundant potable water and non-potable water metered services are
5 not required for non-potable service.

6 (G) Non-potable Water Meter and Service Installation Fees. Refer to §1-1-9 for
7 applicable provisions and charges.

8 (H) Customers that are currently using potable water for irrigation or other
9 qualified industrial purposes as determined by the Water Authority and whose property is
10 located within 200-feet of a non-potable water line are required to connect to the non-
11 potable system within one year of service availability. Connection to non-potable system is
12 a condition of service. The Water Authority is required to provide written notification to the
13 property owner that non-potable water is available and that connection to the system is
14 mandatory. If requested, the Water Authority will meet with the affected property owners
15 and provide additional information regarding service availability, connection locations and
16 other information that may be deemed necessary. The property owner has one year from
17 the date of notification to connect to the system. Failure to connect may result in
18 termination of service.

19 (I) Water Rights Leases. Beginning July 1, 2006, except for lease agreements
20 that provide for periodic rate increases, water rights leases entered into by the Water
21 Authority for the purpose of offsetting depletive effects on the Rio Grande from pumping by
22 others shall be charged at the non-potable water rate.

23 1-1-5. SEWER RATES.

24 (A) Definitions. For the purpose of this Section, the following definitions shall
25 apply unless the context clearly indicates or requires a different meaning.

26 BOD or BIOCHEMICAL OXYGEN DEMAND. The quantity of oxygen utilized
27 in the biochemical oxidation of organic matter by Standard Methods procedures in five days
28 at 20° C. expressed in milligrams per liter (mg/l).

29 CLEANOUT. A tee section in the sanitary sewer located outside any
30 structure accessible 24 hours a day and constructed according to the Utility's standard
31 detail.

COD or CHEMICAL OXYGEN DEMAND. A measure of the oxygen-consuming capacity of organic and inorganic matter present in wastewater as milligrams per liter (mg/l), by Standard Methods procedures.

NH₃N OR AMMONIA NITROGEN. Total Ammonia – A measure of the total ammonia as nitrogen concentration as milligrams per liter (mg/L) by Standard Methods or EPA approved procedures.

CUSTOMER CLASSIFICATIONS.

(1) RESIDENTIAL. Single-family detached, condominiums served by individual meters, townhouses served by individual meters, duplexes served by individual meters, or mobile homes served by individual meters.

(2) MULTI-FAMILY. Any metered/account serving more than one dwelling unit; i.e., duplexes, residences with guests houses, triplexes, four-plexes, apartment complexes, condominiums, town-homes, or mobile homes served by common meters.

(3) COMMERCIAL. Retail, offices, hotels, motels, shopping centers, none of which use process water in the conduct of business.

(4) INDUSTRIAL. Manufacturing, or process facility which is engaged in producing a product.

(5) INSTITUTIONAL. Government buildings, hospitals, schools, and other facilities that provide public and quasi-public services.

(6) WHOLESALE-SPECIAL CONTRACTS. Contract Customers that are responsible for a collection system beyond the point where their respective wastewater discharges into the Water Authority's interceptors.

(7) KIRTLAND AIR FORCE BASE (KAFB).

(8) FOOD SERVICE ESTABLISHMENT or FSE. Any establishment, commercial or noncommercial, such as a restaurant, cafeteria, snack bar, temple, mosque, church, synagogue, worship hall, banquet facility, preschool, school, or meeting place, with a kitchen that is used for preparing, serving, or otherwise making available for consumption foodstuffs in commercial amounts in or on a receptacle that requires washing and that discharges to the Water Authority's POTW.

INDUSTRIAL WASTE. Wastes resulting from any process of industry, manufacturing, trade, or business, or from the development, recovery, or processing of natural resources.

1 LATERAL SEWER. An individual user's sewer pipe beginning at the public
2 sewer and extending to the premises actually served. The lateral sewer includes the stub
3 to which a user connects to the public sewer and all appurtenances on such lateral sewer.
4 The user is responsible for the maintenance of the lateral sewer including those portions
5 that may be within any right-of-way. The term is interchangeable with "house service
6 connection," "sewer service line," or "building sewer."

7 NORMAL DOMESTIC WASTEWATER. Effluent which contains constituents
8 and characteristics similar to effluent from a residence and specifically for the purposes of
9 this Ordinance does not contain BOD, COD, NH₃N and TSS in excess of the following
10 concentration:

11 BOD -- 250 mg/l

12 COD -- 500 mg/l

13 TSS -- 330 mg/l

14 NH₃N – 25 mg/l

15 PUBLICLY OWNED TREATMENT WORKS or POTW. A treatment works as
16 defined by §212 of the Clean Water Act, (33 USC 1292) which is owned by the Water
17 Authority. The term also includes Water Authority works, as defined in §502 of the Clean
18 Water Act, (33 USC 1362) which has jurisdiction over the indirect discharges to and the
19 discharges from such a treatment works. The "treatment works" includes all plants,
20 sanitary sewers, lift stations, odor control stations, and all other properties, now or hereafter
21 existing, used or useful in connection with the collection, pumping, disposal and treatment
22 of wastewater, as now or hereafter added to, expanded or improved.

23 SEWER CREDIT ELIGIBILITY AND PROCEDURES. Single-family
24 detached, condominiums, townhouses, duplexes or triplexes served by common or
25 individual meters; mobile homes served by individual meters; but limited to those
26 Customers who own the dwelling in which they reside and qualify under the United States
27 Department of Health and Human Service poverty guidelines.

28 STANDARD METHODS. The laboratory procedures set forth in the latest
29 edition, at the time of analysis, of Standard Methods for Examination of Water and
30 Wastewater, as prepared, approved and published jointly by the American Public Health
31 Association and American Water Works Association and the Water Pollution Control
32 Federation.

TOTAL SUSPENDED SOLIDS or TSS. Those solids which are retained by a standard glass fiber filter and dried to constant weight at 103 – 105° C. expressed in milligrams per liter (mg/l), by Standard Methods procedures.

WASTEWATER. The used water of a community. Such used water may be a combination of the liquid waterborne wastes from residences, commercial buildings, industrial plants and institutions.

(B) Methodology and Calculation of Rates and Charges.

(1) The rates and charges described in this Ordinance are developed in conformance with standard cost-of-service rate making principles as recommended by the American Water Works Association, the Water Environment Federation, and the United States Environmental Protection Agency (USEPA).

(2) The Water Authority's rates and charges are calculated based on each customer classification's use of the system. Historical billed flows by classification and a systematic allocation of operation, maintenance, and capital costs were used to calculate the schedule of charges contained in this Ordinance.

(C) Fixed Monthly Charge.

(1) The rates and compensation to be paid to the Water Authority for public or private use by discharge of liquid waste into the Water Authority within the Service Area for any and all purposes whatsoever shall be in accordance with the following schedules of charges. The Fixed Monthly Charge for Customers with Water Authority water service shall be based on the water service size. The Fixed Monthly Charge for Customers without Water Authority water service shall be based on the liquid waste flow. Liquid waste flow will be calculated in accordance with the methodology set forth in the Commodity Charge Section of §1-1-5(D).

(2) Fixed Monthly Charge for Customers with water service:

Serv Size	Meter	Resid	Comm	Indust	Instit	Multi-family
1	$\frac{5}{8} \times \frac{3}{4}$	\$2.99	\$3.70	\$16.82	\$2.87	\$4.97
2	1	4.84	5.90	28.49	4.63	8.22
3	1½	19.84	25.11	122.72	18.88	34.62
4	2	49.37	62.62	308.35	46.94	86.31
5	3	66.11	83.90	413.63	62.86	115.68

1	6	4	140.83	178.85	883.44	133.88	246.77
2	7	6	187.56	237.02	1177.19	178.30	328.73
3	8	8 & over	333.41	423.55	2094.23	316.95	584.60
4	1	$\frac{5}{8} \times \frac{3}{4}$	\$3.91	\$4.84	\$22.01	\$3.75	\$6.50
5	2	1	6.34	7.93	37.28	6.06	10.76
6	3	1½	25.96	32.85	160.58	24.70	45.30
7	4	2	64.59	81.94	403.47	61.42	112.93
8	5	3	86.50	109.78	541.22	82.25	151.37
9	6	4	184.27	234.02	1155.95	175.18	322.89
10	7	6	245.41	310.13	1540.32	233.30	430.13
11	8	8 & over	436.26	554.20	2740.22	414.71	764.93

12 ~~Effective July 1, 2017~~

13 ~~A 5 percent revenue increase is approved and a schedule of charges will be designed and~~
14 ~~implemented based upon the Water Authority's Cost of Service Rate Model.~~

15 (3) Fixed Monthly Charge for Customers without water service:

16 Liquid Waste

17	Flow (CCF)		Residential	Commercial	Industrial	Institutional	Multi-
18							family
19	0 - 10	$\frac{5}{8} \times \frac{3}{4}$	\$2.99	\$3.70	\$16.82	\$2.87	\$4.97
20	11-19	1	4.84	5.90	28.49	4.63	8.22
21	20-63	1½	19.84	25.11	122.72	18.88	34.62
22	64-82	2	49.37	62.62	308.35	46.94	86.31
23	83-343	3	66.11	83.90	413.63	62.86	115.68
24	344-599	4	140.83	178.85	883.44	138.88	246.77
25	600-803	6	187.56	237.02	1177.19	178.30	328.73
26	804-over	8 & over	333.41	423.55	2094.23	316.95	584.60
27	0-10		\$3.91	\$4.84	\$22.01	\$3.75	\$6.50
28	11-19		6.34	7.93	37.28	6.06	10.76
29	20-63		25.96	32.85	160.58	24.70	45.30
30	64-82		64.59	81.94	403.47	61.42	112.93
31	83-343		86.50	109.78	541.22	82.25	151.37
32	344-599		184.27	234.02	1155.95	175.18	322.89

600-803	245.41	310.13	1540.32	233.30	430.13
804-over	436.26	554.20	2740.22	414.71	764.93

Effective July 1, 2017

A 5 percent revenue increase is approved and a schedule of charges will be designed and implemented based upon the Water Authority's Cost of Service Rate Model.

(4) Fixed Monthly Charges for Wholesale and KAFB

Serv Size	Wholesale	Item	KAFB
-----------	-----------	------	------

1	\$3.78	Per Month	\$12,038.74
---	--------	-----------	-------------

2	6.19
---	------

3	13.70
---	-------

4	64.09
---	-------

5	85.88
---	-------

6	183.06
---	--------

7	243.83
---	--------

8	412.91
---	--------

1	\$4.95	Per Month	\$15,752.25
---	--------	-----------	-------------

2	8.10
---	------

3	17.92
---	-------

4	83.86
---	-------

5	112.37
---	--------

6	239.53
---	--------

7	319.05
---	--------

8	540.28
---	--------

Effective July 1, 2017

A 5 percent revenue increase is approved and a schedule of charges will be designed and implemented based upon the Water Authority's Cost of Service Rate Model.

(D) Commodity Charge. All wastewater discharge shall be charged on the basis of the Commodity Charges for Retail and Special Customers rate table on a per unit basis (one unit equals 100 cubic feet).

Commodity Charges for Retail and Special Contract Customers

Customer Class	Base (\$/CCF)	Rehab (\$/CCF)	Total Commodity (\$/CCF)
----------------	---------------	----------------	--------------------------

Retail Customers			
------------------	--	--	--

1	Residential	\$1.394	\$0.288	\$1.682
2	Commercial	1.394	0.288	1.682
3	Industrial	1.394	0.288	1.682
4	Institutional	1.394	0.288	1.682
5	Multi-family	1.394	0.288	1.682
6	Special Contracts			
7	Wholesale	\$0.727	\$0.151	\$0.878
8	KAFB	0.727	0.151	0.878
9	Residential	\$1.181	\$0.244	\$1.425
10	Commercial	1.181	0.244	1.425
11	Industrial	1.181	0.244	1.425
12	Institutional	1.181	0.244	1.425
13	Multi-family	1.181	0.244	1.425
14	Special Contracts			
15	Wholesale	\$0.616	\$0.128	\$0.744
16	KAFB	0.616	0.128	0.744

17 ~~Effective July 1, 2017~~

18 ~~A 5 percent revenue increase is approved and a schedule of charges will be designed and~~
19 ~~implemented based upon the Water Authority's Cost of Service Rate Model.~~

20 (1) Customers with Water Service. The commodity charge for usage
21 during the months of December, January, February and March (winter months) shall be
22 based upon 95 percent of the metered or estimated volume of water usage during each of
23 these months for each account. The commodity charge for usage during other months
24 shall be based upon 95 percent of the metered or estimated volume of water usage during
25 that month or shall be based upon 95 percent of the prior winter months' average,
26 whichever is less for each account. The winter months' average is determined by
27 averaging the metered or estimated volume of water used during the winter months.

28 (2) Customers without Water Service. The volume of wastewater
29 discharge shall be determined by the physical measurement at the expense of the
30 customer; however, where accurate and reasonable estimates can be made by statistical
31 methods, such estimates shall be considered the volume of discharge upon which the
32 Commodity Charge is based. The Water Authority expressly reserves the right to

determine the estimated wastewater volume for any customer without water service, which determination may be appealed to the Executive Director.

(3) Special Wastewater Discharge Volume. The Water Authority recognizes that sewage discharge patterns for individual Customers may vary to a great extent from the norms of any particular class; therefore, any Customer may, at their own expense, provide the Water Authority with sewage flow data for consideration of a special wastewater discharge volume. Such data shall be certified by an engineer registered in the state. The Water Authority expressly reserves the right to determine the estimated wastewater volume for any Customer, which determination may be appealed to the Executive Director.

(E) Extra-Strength Surcharge.

(1) All Customers discharging wastewater into the POTW are subject to a surcharge if the discharged wastewater exceeds normal domestic wastewater strength. NORMAL STRENGTH is defined as:

(a) Chemical Oxygen Demand (COD) less than or equal to 500 mg/l; and

(b) Biochemical Oxygen Demand (BOD) less than or equal to 250 mg/l; and

(c) Total Suspended Solids (TSS) less than or equal to 330 mg/l; and

(d) Ammonia Nitrogen (NH₃N) less than or equal to 25 mg/l.

(2) The Water Authority shall determine strength as defined by the above parameters in §1-1-5(E)(1) above. The procedures are described §1-1-5(I) below. If it is determined that the wastewater strength exceeds the limits specified, a surcharge shall be levied at the rate of:

(a) ~~\$.46~~ .17 per pound of COD for the excess of 500 mg/l of COD; and

(b) ~~\$.34~~ .33 per pound of BOD for the excess of 250 mg/l BOD; and

(c) ~~\$.26~~ .27 per pound of TSS for the excess of 330 milligrams per liter of TSS; and

(d) ~~\$.77~~ .81 per pound of NH₃N for the excess of 25 mg/l of NH₃N.

1 (3) Any customer that is a Food Service Establishment permitted by the
2 City of Albuquerque, Village of Los Ranchos, Bernalillo or Sandoval County shall be
3 charged an extra strength surcharge of \$1.96 per unit (100 cubic feet).

4 (4) The Water Authority shall promulgate administrative procedures
5 ~~regulations~~ to carry out the provisions of the extra-strength surcharge.

6 (F) Septic Tank Truck Discharge. No user owning vacuum or "cesspool" type
7 pumping trucks or other liquid waste transport trucks shall discharge such waste into the
8 POTW, unless such person shall first have applied for and received a Septic Tank
9 Discharge or Chemical Toilet Discharge Permit from the Industrial Pretreatment Engineer
10 pursuant to the Sewer Use and Wastewater Control Ordinance Section 3-3-7.

11 (G) Sewer Use Regulations. The Water Authority's Sewer Use and Wastewater
12 Control or successor Ordinance, shall govern all discharges of wastewater to the POTW.

13 (H) Sampling; Metering Manhole Requirements. When required by the Utility, the
14 owner of property serviced by a lateral sewer carrying industrial wastes shall install a
15 suitable control manhole or cleanout together with such necessary meter and other
16 appurtenances in the lateral sewer to facilitate observation, sampling, and measurement of
17 the wastes. Such monitoring locations shall be accessible, safely located, and constructed
18 in such a manner as to prevent infiltration of ground and surface waters. They shall be
19 constructed in accordance with plans approved by the Utility. The Utility has established
20 standard details. The monitoring location and all equipment shall be installed by the owner
21 at his expense, and shall be maintained by him so as to be safe and accessible at all times.

22 (I) Sampling and Testing Procedures.

23 (1) All dischargers subject to monitoring according to the Water Authority's
24 Sewer Use and Wastewater Control Ordinance, will be monitored by the Water Authority.
25 The discharge will be sampled and tested for compliance with the Water Authority's Sewer
26 Use and Wastewater Control Ordinance, and to determine the surcharge amount.

27 (2) All measurements, tests and analysis of the characteristics of waters
28 and wastes shall be determined in accordance with the latest edition of Standard Methods
29 for the Examination of Water and Wastewater, published jointly by the American Public
30 Health Association and Water Pollution Control Federation, and the American Waterworks
31 Association.

(3) Sampling shall be carried out by customarily accepted methods. The particular analyses involved will determine whether a 24-hour composite of all outfalls of a premise is appropriate or whether a grab sample or samples should be taken. Normally, but not always, BOD, COD, NH3N and TSS analyses are obtained from 24-hour composites of all outfalls.

(4) Those industries suspected of discharging either high COD, BOD, NH3N wastes or high TSS wastes shall be sampled for four consecutive days by grab samples or 24-hour composite samples from a Utility manhole. If COD results exceed 500 mg/l, BOD results exceed 250 mg/l, NH3N results exceed 25 mg/l, or TSS results exceed 330 mg/l on any of the two of the four consecutive days, or in any of the 24-hour composite samples, a sampling manhole may be required for industries discharging greater than 25,000 gallons per day or if required by the Water Authority's Sewer Use and Wastewater Control Ordinance or successor Ordinance. Upon installation of the sampling manhole, an automatic sampler will be used to gather a composite which shall be used to compute a monthly surcharge. Industries discharging less than 25,000 gallons per day and not otherwise requiring a sampling manhole may be required to install a cleanout and an automatic sampler will be used to gather a composite which shall be used to compute a monthly surcharge. Pretreatment may be required according to the Water Authority's Sewer Use and Wastewater Control Ordinance or successor Ordinance.

(5) The Water Authority may assess penalties for noncompliance with the Sewer Use and Wastewater Control Ordinance or successor Ordinance.

(J) Sewer Credit. For those accounts included within the Sewer Credit classification, a credit of \$9.62 per month will be applied to their billing; the billing shall be calculated using the Fixed Monthly Charge and Commodity Charge as set forth in this Ordinance.

(K) Customer utility statements shall contain the following itemized element: "Facility Rehabilitation: \$`x,' where `x' shall be the cost of the rate increase to fund facility rehabilitation."

1-1-6. WATER AND SEWER REHABILITATION FUND.

(A) An established portion of the revenue generated by fixed water rates and the Water Commodity Charge shall be distributed to a Water and Sewer Rehabilitation Fund. The fixed rate portion of the Water Rates contained in §1-1-3(B) which shall be distributed

to the Water and Sewer Rehabilitation Fund are contained in the following schedule of charges. The portion of the water commodity rate to be distributed to the Water and Sewer Rehabilitation Fund shall be 0.392 per unit.

Fixed Water Rates (per month)

Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-family
1	$\frac{5}{8} \times \frac{3}{4}$	\$6.12	\$6.41	\$12.01	\$6.59	\$7.52
2	1	12.63	12.90	25.19	13.13	15.36
3	1½	35.37	36.76	75.17	38.37	44.98
4	2	75.82	78.58	163.99	82.31	97.24
5	3	145.11	150.81	311.10	157.55	181.22
6	4	327.75	339.29	714.36	355.98	421.88
7	6	555.99	563.28	1156.29	587.84	689.81
8	8 & over	1164.45	1207.85	2521.77	1372.24	1493.97
1	$\frac{5}{8} \times \frac{3}{4}$	\$5.38	\$5.64	\$10.57	\$5.80	\$6.62
2	1	11.12	11.35	22.17	11.56	13.51
3	1½	31.13	32.35	66.16	33.77	39.59
4	2	66.73	69.16	144.32	72.44	85.58
5	3	127.71	132.72	273.79	138.66	163.04
6	4	288.44	298.60	628.68	313.29	371.28
7	6	489.31	495.73	1017.62	517.34	607.08
8	8 & over	1024.79	1062.99	2219.33	1207.66	1314.79

Effective July 1, 2017

~~A 5 percent revenue increase is approved and will be implemented based upon the Water Authority's Cost of Service Rate Model.~~

(B) In addition to the portion of the commodity rate to be distributed to the Water and Sewer Rehabilitation fund as identified in §1-1-5(D) above, the following fixed rate portions of the sewer rates contained in §1-1-5(C) shall be distributed to the Water and Sewer Rehabilitation Fund.

Fixed Monthly Rehabilitation Charges

Fixed Sewer Rates (per month)

Serv Size	Meter Sz	Resid	Comm	Indust	Instit	Multi-fam	Wholesale
1	$\frac{5}{8} \times \frac{3}{4}$	\$7.54	\$9.33	\$42.40	\$7.22	\$12.52	\$9.53

1	<u>2</u>	<u>1</u>	<u>12.21</u>	<u>14.87</u>	<u>71.83</u>	<u>11.67</u>	<u>20.73</u>	<u>15.61</u>
2	<u>3</u>	<u>1 - 1½</u>	<u>50.02</u>	<u>63.29</u>	<u>309.39</u>	<u>47.59</u>	<u>87.28</u>	<u>34.53</u>
3	<u>4</u>	<u>2</u>	<u>124.45</u>	<u>157.88</u>	<u>777.37</u>	<u>118.34</u>	<u>217.58</u>	<u>161.57</u>
4	<u>5</u>	<u>3</u>	<u>166.66</u>	<u>211.51</u>	<u>1042.77</u>	<u>158.47</u>	<u>291.64</u>	<u>216.50</u>
5	<u>6</u>	<u>4</u>	<u>355.04</u>	<u>450.89</u>	<u>2227.17</u>	<u>337.52</u>	<u>622.11</u>	<u>461.50</u>
6	<u>7</u>	<u>6</u>	<u>472.83</u>	<u>597.53</u>	<u>2967.73</u>	<u>449.50</u>	<u>828.74</u>	<u>614.71</u>
7	<u>8</u>	<u>8 & over</u>	<u>840.54</u>	<u>1067.78</u>	<u>5279.60</u>	<u>799.03</u>	<u>1473.80</u>	<u>1040.96</u>
8	<u>1</u>	<u>5/8 X 3/4</u>	<u>\$6.12</u>	<u>\$7.57</u>	<u>\$34.39</u>	<u>\$5.86</u>	<u>\$10.16</u>	<u>\$7.73</u>
9	<u>2</u>	<u>1</u>	<u>9.90</u>	<u>12.39</u>	<u>58.26</u>	<u>9.46</u>	<u>16.82</u>	<u>12.66</u>
10	<u>3</u>	<u>1 - 1½</u>	<u>40.57</u>	<u>51.34</u>	<u>250.96</u>	<u>38.6</u>	<u>70.79</u>	<u>28.01</u>
11	<u>4</u>	<u>2</u>	<u>100.95</u>	<u>128.06</u>	<u>630.55</u>	<u>95.99</u>	<u>176.49</u>	<u>131.06</u>
12	<u>5</u>	<u>3</u>	<u>135.18</u>	<u>171.56</u>	<u>845.83</u>	<u>128.54</u>	<u>236.56</u>	<u>175.61</u>
13	<u>6</u>	<u>4</u>	<u>287.99</u>	<u>365.73</u>	<u>1806.54</u>	<u>273.78</u>	<u>504.62</u>	<u>374.34</u>
14	<u>7</u>	<u>6</u>	<u>383.53</u>	<u>484.68</u>	<u>2407.23</u>	<u>364.6</u>	<u>672.22</u>	<u>498.61</u>
15	<u>8</u>	<u>8 & over</u>	<u>681.79</u>	<u>866.11</u>	<u>4282.47</u>	<u>648.12</u>	<u>1195.45</u>	<u>844.36</u>

16 ~~Effective July 1, 2017~~

17 ~~A 5 percent revenue increase is approved and will be implemented based upon the Water~~
18 ~~Authority's Cost of Service Rate Model.~~

19 Monthly Rehabilitation Charges for KAFB

20	Item	KAFB
21	Per Month	\$24,617.90 <u>30,349.92</u>

22 ~~Effective July 1, 2017~~

23 ~~A 5 percent revenue increase is approved and will be implemented based upon the Water~~
24 ~~Authority's Cost of Service Rate Model.~~

25 (C) Committed expenditures for the rehabilitation of water wells, pump stations,
26 reservoirs, service lines, other water lines, gate valves and the committed expenditures for
27 rehabilitation of sewer lines, odor control stations, pumping stations and treatment facilities
28 from revenues in the Water and Sewer Rehabilitation Fund shall not be less than \$30
29 million dollars per year.

30 (D) The distributions from water and sewer rates to the Water and Sewer
31 Rehabilitation Fund shall be reviewed every five years and updated as needed to adjust for
32 construction inflation, new capital inventory, rate increases and other factors.

1-1-7. WATER AND SEWER SYSTEM AND UTILITY FINANCIAL POLICIES.

(A) The term of each and every instrument of debt shall be 12 years or less; except for sustainable water supply projects. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts.

(B) At a minimum, an average of 50 percent of the cost of capital projects which constitute the normal capital program of the water and sewer system including the rehabilitation and replacement of existing facilities, and the construction of water wells, pump stations, reservoirs, service lines, other water lines, gate valves, revenue meters and meter boxes, sewer lines, odor control stations, and pumping stations, and treatment facilities shall be paid with cash rather than borrowed funds. The normal capital program excludes special capital projects such as the expansion of the wastewater treatment plants, arsenic mitigation, state and federal grant projects, state and federal mandated projects, and related to water resources management to achieve a sustainable supply of water. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts.

(C) At a minimum, 25 percent of the cost of capital projects not included in the normal capital program of the water and sewer system shall be paid with cash rather than borrowed funds. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems sustainable water supply or to mitigate short term rate impacts.

(D) Utility Expansion Charge (UEC) revenues or those of successor development fees in excess of \$6 million per year shall be transferred to the Joint Water and Sewer Capital Funds. The transfer of these funds shall be made in the fiscal year following the most recent audited Comprehensive Annual Financial Report.

(E) Utility Expansion Charge rates shall be based on adopted policies of the Water Authority.

(F) Appropriations of cash transfers from water and sewer utility operating funds or debt service funds to a Joint Water and Sewer Capital Fund shall be made in the amounts appropriated during the year for which the appropriations have been made.

(G) The Water Authority has implemented an asset management program to manage its capital infrastructure focusing on minimizing the total cost of designing,

1 acquiring, operating, maintaining, replacing, and disposing of capital assets over their life
2 cycle while achieving desired service levels. It will allow the Water Authority to manage
3 existing assets more effectively, make informed decisions on policy and budgetary matters,
4 and plan for future needs. Based upon this program the Water Authority will begin to
5 incrementally increase its Capital Implementation Program spending at approximately \$3
6 million a year until the Water Authority can reach and sustain a spending level of
7 approximately \$76 million a year.

8 (H) A Rate Reserve Fund is established for reserving water and sewer revenues
9 in a dedicated fund for the purpose of offsetting declines in rate revenue and to mitigate
10 future rate increases. This Rate Reserve Fund will be funded at \$2 million per year. ~~By~~
11 ~~Fiscal Year 2015~~ The goal for the Water Authority is to achieve and maintain a Working
12 Capital Balance that will be 1/12 of the Water Authority's annual budgeted expenditures.
13 The Rate Reserve Fund will be counted in the Working Capital Balance calculation,
14 however any expenditure from the Rate Reserve Fund will require an appropriation
15 approved by the Water Authority Board.

16 (I) The Water Authority's Investment Policy is attached as Appendix A and
17 provides the policy guidance on the investment of funds. The Water Authority's Debt
18 Management Policy and Guidelines is attached as Appendix B and sets forth the
19 parameters for issuing debt and managing the outstanding debt portfolio and provides
20 guidance regarding the purposes for which debt may be issued, types and amounts of
21 permissible debt, timing and method of sale that may be used, and structural features that
22 may be incorporated. The Water Authority's Post Issuance Compliance Policy is attached
23 as Appendix C, and provides the post-issuance tax compliance controls and procedures
24 related to financial obligations.

25 1-1-8. UTILITY EXPANSION CHARGE (UEC) and WATER SUPPLY CHARGE (WSC).

26 (A) (1) A UEC charge will be paid to the Water Authority at the time of meter
27 sale or application for service for all properties connecting to the water and/or wastewater
28 system in accordance with the following schedule. The amount of the UEC's shall be
29 adjusted annually by building cost or construction cost indices (BCI or CCI) as published by
30 the Engineering News Record (ENR). Where water service does not exist and sewer
31 service is to be taken and the sewer UEC is applicable, the charge shall be based upon the
32 wastewater flow. A unit of flow is equal to 100 cubic feet.

1	(a) Financing for Water UEC				
2	Finance for Water UEC				
3	Water Meter Size	Water Payment	Minimum Cash Down		Balance to Finance
4	<u>5/8 X 3/4"</u>	<u>\$3,151</u>	<u>\$158</u>		<u>\$2,993</u>
5	<u>1"</u>	<u>5,251</u>	<u>263</u>		<u>4,988</u>
6	<u>1-1/2"</u>	<u>10,502</u>	<u>525</u>		<u>9,977</u>
7	<u>2"</u>	<u>16,808</u>	<u>840</u>		<u>15,968</u>
8	<u>3"</u>	<u>33,608</u>	<u>1,680</u>		<u>31,928</u>
9	<u>4"</u>	<u>52,514</u>	<u>2,626</u>		<u>49,888</u>
10	<u>6"</u>	<u>105,031</u>	<u>5,252</u>		<u>99,779</u>
11	<u>8" or More</u>	<u>168,048</u>	<u>8,402</u>		<u>159,646</u>
12	5/8 X 3/4"	\$3046	\$152		\$2,894
13	1"	5,076	254		4,822
14	1-1/2"	10,152	508		9,645
15	2"	16,247	812		15,435
16	3"	32,487	1,624		30,862
17	4"	50,763	2,538		48,224
18	6"	101,528	5,076		96,452
19	8" or More	162,444	8,122		154,322
20	(b) Financing for Sewer UEC				
21	Finance for Wastewater UEC				
22	Water Meter Size	Liquid Waste Flow	Sewer	Minimum	Balance to
23			Payment	Cash Down	Finance
24	<u>5/8 X 3/4"</u>	<u>0-10</u>	<u>\$2,364</u>	<u>\$118</u>	<u>\$2,246</u>
25	<u>1"</u>	<u>11-19</u>	<u>3,939</u>	<u>197</u>	<u>3,742</u>
26	<u>1-1/2"</u>	<u>20-63</u>	<u>7,877</u>	<u>394</u>	<u>7,483</u>
27	<u>2"</u>	<u>64-82</u>	<u>12,602</u>	<u>630</u>	<u>11,972</u>
28	<u>3"</u>	<u>83-343</u>	<u>25,266</u>	<u>1,263</u>	<u>24,002</u>
29	<u>4"</u>	<u>344-599</u>	<u>40,382</u>	<u>2,019</u>	<u>38,363</u>
30	<u>6"</u>	<u>600-803</u>	<u>80,769</u>	<u>4,038</u>	<u>76,731</u>
31	<u>8" or More</u>	<u>804 & over</u>	<u>126,030</u>	<u>6,302</u>	<u>119,728</u>
32	5/8 X 3/4"	0-10	\$2,285	\$114	\$2,171

1	1"	11-19	3,808	190	3,618
2	1-1/2"	20-63	7,614	381	7,233
3	2"	64-82	12,182	609	11,573
4	3"	83-343	24,423	1,221	23,202
5	4"	344-599	39,035	1,952	37,083
6	6"	600-803	78,075	3,904	74,172
7	8" or More	804 & over	121,827	6,091	115,736

8 (2) The UEC may be paid in full or paid over time with an initial minimum
9 of 5 percent down payment and the balance shall be subject to a fixed monthly charge to
10 include a carrying charge set at 7 percent per annum. On all connections, the balance
11 shall be paid in full within 120 months.

12 (3) The fixed monthly charge for the UEC shall run against the property
13 and be the responsibility of any subsequent owner until paid in full. All monies collected
14 through the imposition of the UEC, including the fixed monthly charge, shall be placed in a
15 separate account to be used for financing the expansion for the water and sewer system.

16 (B) Reactivation of disconnected service. No refund of UEC will be made for a
17 service downsizing. Reconnections requesting larger service than was originally installed
18 shall pay UEC determined by subtracting the current charge for the original service size
19 from the current charge for the new service size requested.

20 (C) Charges for multiple residential units:

21 (1) Requests for residential or commercial water and/or sewer service
22 which will provide for more than one residential unit will pay UEC according to one of the
23 following schedules:

24 (a) Apartment Complexes.

25 (i) With 30 dwelling units or less shall pay 50 percent of the
26 product of the total number of units times the water and/or sanitary sewer UEC for a 5/8" x
27 3/4" water meter.

28 (ii) With more than 30 dwelling units shall pay the amount
29 given by the equation below:

30 Equivalent Units = (0.45) x (No. of Units) + 1.49

31 Total UEC = (Equivalent Units) x (5/8" x 3/4" Meter UEC)

(b) Mobile Home Parks, regardless of size, shall pay 53 percent of the product of the total number of dwelling units times the water and/or sanitary sewer UEC for a 5/8" x 3/4" water meter.

(c) Condominiums, regardless of size, shall pay 53 percent of the product of the total number of dwelling units times the water and/or sanitary sewer UEC for a 5/8" x 3/4" water meter.

(d) Commercial service shall pay the larger of the following:

(i) The water and/or sewer UEC as shown in §1-1-8(A).

(ii) 50 percent of the product of the number of equivalent residential units times the water and/or sewer UEC charge for a 5/8" x 3/4" meter.

(e) Low income housing developments shall pay the greater of either:

(i) Eight percent of the product of the total number of dwelling units times the water and sanitary sewer UEC set forth in §1-1-8(A)(1) of this Ordinance for a 5/8" x 3/4" water meter; or,

(ii) The UEC set forth in §1-1-8(A)(1) of this Ordinance for the meter size required to service the development. The size shall be determined by the Water Authority based on the number of water fixture units described in AWWA M-22.

(f) At the time the water and sewer UEC is due and payable for a low income housing development, the owner of the low income housing development shall give the Water Authority a promissory note in the principal amount that is equal to the difference between the amount of the water and sewer UEC set forth in §1-1-8(A)(1) of this Ordinance for a 5/8" x 3/4" water meter and the amount of the water and sewer UEC set forth in §1-1-8(C)(1)(e). The promissory note shall be due and payable on the date the Low Income Housing Development ceases to qualify as a low income housing development as defined in §1-1-2(A), which shall constitute its maturity date. The promissory note shall not bear any interest from the date of the promissory note to its maturity date, but shall with ~~maturity date of the promissory note.~~ bear any interest thereafter at the rate imposed by §1-1-8(A)(2) from the maturity date of the promissory note until the date the promissory note is paid. The promissory note shall be secured by a mortgage on the low income housing development that is subject and subordinate only to mortgages securing the costs to

purchase the land for the low income housing development and to design and construct the low income housing development.

(2) If the service requested necessitates modification and/or installation of additional facilities other than those already in existence and available to serve the property, then the cost of such modifications and/or additional facilities shall be applied and apportioned according to existing Water Authority policy.

(D) (1) A Water Supply Charge (WSC), as specified herein, will be assessed by the Water Authority at the time of meter sale or application for service to any new water user customer requesting connection to the water system in an area requiring new or enhanced infrastructure through a service expansion in accordance with §1-1-8(D)(1). The proceeds from this charge will be dedicated and restricted to the development of new water resources, rights or supplies to serve the beneficiary new customers outside of the established infrastructure consistent with the Water Authority's Regional Water Plan and Water Resources Management Strategy and other guiding principles adopted by the Water Authority. The amount of the WSC shall be adjusted annually by building cost or construction cost indices (BCI or CCI) as published by the Engineering News Record (ENR).

Financing for Water Supply Charge - WSC

Water Meter Size	Water Payment	Minimum Cash Down	Balance to Finance
<u>5/8 X 3/4"</u>	<u>\$1,627</u>	<u>\$81</u>	<u>\$1,546</u>
<u>1"</u>	<u>2,722</u>	<u>136</u>	<u>2,586</u>
<u>1-1/2"</u>	<u>5,423</u>	<u>271</u>	<u>5,152</u>
<u>2"</u>	<u>8,676</u>	<u>434</u>	<u>8,242</u>
<u>3"</u>	<u>17,355</u>	<u>868</u>	<u>16,487</u>
<u>4"</u>	<u>26,927</u>	<u>1,346</u>	<u>25,581</u>
<u>6"</u>	<u>54,347</u>	<u>2,717</u>	<u>51,630</u>
<u>8" or More</u>	<u>86,767</u>	<u>4,338</u>	<u>82,429</u>
5/8 X 3/4"	\$1,573	\$79	\$1,495
1"	2,631	132	2,500
1-1/2"	5,242	262	4,980
2"	8,387	419	7,968
3"	16,776	839	15,937

1	4"	26,029	1,310	24,898
2	6"	52,535	2,627	49,908
3	8" or More	83,873	4,194	79,679

(2) The WSC may be paid in full or paid over time with an initial minimum of 5 percent down payment and the balance shall be subject to a fixed monthly charge to include a carrying charge set at seven percent per annum. On all new hook-up connections, the balance shall be paid in full within 120 months.

(3) The fixed monthly fee for the WSC shall run against the property and be the responsibility of any subsequent owner until paid in full. All monies collected through the imposition of the WSC shall be placed in a separate account to be used for financing the development of additional long term water supplies to serve expansions of the Water Authority's service area subsequent to June 15, 2007.

(4) The WSC is not reimbursable under the line extension policy except for master planned water, wastewater, and reuse supply projects as contained in development agreements. All revenues generated from the WSC will be maintained in its own activity and to be used only as specified in §1-1-8(D)(1).

(5) Master planned developments outside the service area shall meet additional water, wastewater, and reuse service provision requirements in accordance with Water Authority policies and plans.

1-1-9. SPECIFIC SERVICES.

Fees for specific services shall be as follows:

(A) Metered Service Lines.

(1) 5/8 X 3/4" meter set only, \$295

(2) 1" meter set only, \$355

(3) 1 1/2" meter set only, \$555

(4) 2" meter set only, \$635

(5) 3" metered service line installation.

(a) 3" meter set only with compound meter without vault, \$2,185

(6) 4" metered service line installation.

(a) 4" meter set only with compound meter without vault, \$3,125

(b) 4" meter set only with fire assembly meter without vault \$7,210

(7) 6" metered service line installation.

- (a) 6" meter set only with compound meter without vault, \$5,140
- (b) 6" meter set only with fire assembly meter without vault \$7,520
- (8) 8" metered service line installation.
- (a) 8" meter set only with fire assembly without vault \$13,040
- (9) 10" and larger: Contact the Utility for price quote
- (B) Meter Size Reduction Installation.
- (1) 5/8 X 3/4" through 1-1/2", contact the Utility for price quote
- (2) 2", contact the Utility for price quote
- (3) 3" and larger, contact the Utility for price quote
- (C) Nonpayment Delinquency Fee.
- (1) 5/8 X 3/4" and 1", \$45
- (2) 1-1/2" through 10", \$60
- (D) Combined Fire-Domestic Meters.
- (1) Requests for this type of metered service, which provide both fire protection and domestic-irrigation service, may be made at the New Services Section of Utility Development. Upon the satisfactory determination of peak flow water delivery requirements, as certified by an engineer registered in the State of New Mexico, in accordance with the City and the County fire codes and the AWWA M22 an equivalent meter size will be determined for the service. Fixed monthly charges for private fire protection shall also be applied commensurate with the degree of fire protection capacity being provided.
- (2) Fees for installation (set only) is in §1-1-9(A).
- (E) Cross Connection Fees
- (1) Containment Inspection Fees. An inspection fee of \$50 shall be assessed to all customers required to have premise inspections to cover expenses incurred by the Water Authority during the initial inspection of the premise. The inspection fee shall be assessed only to those customers whose premise are is not in compliance with this Ordinance at the time of inspection.
- (2) Backflow Prevention Assembly Administrative Charge. All customers required to provide cross-connection control by containment and/or isolation shall be assessed an annual administrative fee of \$30 (fee is not to be prorated in case of change in ownership) for each backflow prevention assembly located at the premise. This fee

incorporates expenses incurred by the Water Authority to maintain records, to process required testing notices and to enter data as required.

(3) Late report fee. A late report fee of \$100 per month may be assessed for passing test reports submitted more than 30 days past the due date. The late report fee will be assessed monthly until a passing test report is submitted.

(4) Non-existent containment backflow preventer assembly fee. A non-existent containment backflow preventer assembly fee of \$200 per month may be assessed for each service line without a backflow preventer or with an unapproved backflow preventer.

(5) Unauthorized connection fee. An unauthorized connection fee of \$200 per month may be assessed for each service line with an unauthorized tee, branch, connection fitting, or opening between the containment backflow prevention assembly and the service connection.

(F) Meter Reset

(1) Contact the Utility for a price quote.

(G) Septage Fees. Each time the septage hauler enters the septage disposal site at the Southside Water Reclamation Plant, the permittee will be assessed a charge based on the type of permitted waste and based on 85% of the permitted septage hauler tank capacity no matter the amount discharged. The amount of the Septic Tank and Chemical Toilet charge shall be adjusted annually by building cost or construction cost indices (BCI or CCI) as published by the Engineering News Record (ENR).

(1) Septic Tank Charge. The septic tank charge is ~~\$.02346~~ \$.02426 per gallon.

(2) Chemical Toilet Charge. The chemical toilet charge is ~~\$.04908~~ \$.05077 per gallon.

(3) Septage Hauler Registration Charge. A septage hauler registration charge of \$25 per vehicle shall be assessed to all septage haulers submitting a septage hauler application.

1-1-10. FRANCHISE FEE.

There shall be a charge of four percent on the total sales of water and sewer services added to customer billings to compensate the Water Authority for the franchise fee charged by the City, County and the Village of Los Ranchos and a charge of two percent

on the total sales of water and sewer services added to customer billings to compensate the Water Authority for the franchise fee charged by the City of Rio Rancho for the granted authorization to use rights-of-way and public places to construct, operate, and maintain water and wastewater systems.

1-1-11. PAYMENT.

All charges shall be payable at any location as designated by the Water Authority and will become delinquent 15 days following the "due by" date on the Customer's utility statement.

1-1-12. PENALTY FOR DELINQUENT ACCOUNTS.

A penalty of 1.5 percent per month may be imposed on all delinquent accounts.

1-1-13. PENALTY FOR NONCOMPLIANCE WITH THE SEWER USE AND WASTEWATER CONTROL ORDINANCE

(A) Any permitted Industrial User who has violated, or continues to violate, any Pretreatment Standard or Requirement as defined in the Sewer Use and Wastewater Control Ordinance shall be assessed a penalty of up to \$1,000 per violation per day.

(B) Any other violations of the Sewer Use and Wastewater Control Ordinance may be subject to a penalty up to \$1,000 per violation per day.

1-1-14. RESPONSIBILITY OF PAYMENT, LIENS, AND DEPOSIT.

(A) The assessed fees and service charges provided for herein are the personal responsibility of the owner of record, as reported by the Bernalillo County Assessor for the real property served.

(B) The Water Authority may file a lien of record on such real property for such charges including any interest or penalties accruing on same.

(C) Reasonable deposits may be required of any Customer including tenants. Deposits not to exceed six months in duration. Such deposits and accrued interest shall be applied to the utility account immediately upon becoming delinquent or the expiration of six month period. Any credit status created by applying the deposit will be absorbed by the monthly service charges and considered prepayments for services. Such deposits shall draw reasonable interest.

(D) The Executive Director is authorized to establish and issue guidelines for billing procedures, including but not limited to payment plans for delinquent accounts.

1-1-15. DISCONTINUANCE OF SERVICE; HEARING.

(A) The Water Authority may cause the water supply to be turned off and discontinue service to the property if any charge provided for herein remains unpaid for a period of 30 days from the "due by" date on the Customer's utility statement. Service may not be discontinued for delinquencies of a previous owner unless a lien, or a record has been filed prior to the real property changing ownership or responsibility with the Bernalillo County Clerk indicating that outstanding Utility charges remain.

(B) In order to discontinue service, a written notice shall be sent to the Customer at least ten calendar days' notice before termination of service and notice of the right to protest the Water Authority's proposed action at an administrative hearing.

(C) The Customer must request in writing that a hearing be held and such request must be received by the Executive Director on or before the date the services are to be terminated. If the Customer requesting the hearing is not the owner of record, the Customer must provide proof that the owner of record will be bound by the decision of the hearing officer.

(D) At such hearing, the Customer may present evidence as the Water Authority and the Executive Director, or his designated hearing officer, may affirm, overrule or modify the decision to terminate the services. The decision shall be final.

(E) In the event a hearing is requested, the services shall not be terminated pending the conclusion of the hearing and this issuance of a decision ~~until and in accordance with that decision.~~

(F) A nonrefundable hearing fee of \$50.00 shall accompany each appeal filed pursuant to this §1-1-15.

(G) For purposes of expediting the satisfaction of delinquent accounts the Executive Director may at his discretion waive, credit, and or remove penalty fees or other fees from any account.

1-1-16. EFFECTIVE DATE AND PUBLICATION.

The effective date of this Ordinance will be July 1, ~~2016~~ 2017 unless otherwise stated.

1-1-98. PROHIBITIONS.

(A) No person shall use or cause to be used any water produced or distributed by the Water Authority without the consent of Water Authority. Water distributed through an

1 authorized meter or obtained by any means authorized by ordinances or administration
2 rules and regulations shall constitute the consent of the Water Authority.

3 (B) No person shall discharge or cause to be discharged any liquid waste to the
4 liquid waste collection or treatment system operated by the Water Authority without the
5 consent of the Water Authority and in compliance with the Water Authority's Sewer Use
6 and Waste Water Control Ordinance. Approved connections or permits shall constitute
7 such consent.

8 (C) No person shall willfully break, injure, or tamper with any property of the
9 Water Authority, including but not limited to: wells, pump stations, reservoirs, sewage
10 treatment plants, lift stations, distribution lines, fire hydrant service lines, meters, gate
11 valves, manhole covers or grates.

12 (D) Violation of any of the above described Prohibitions constitutes a violation of
13 the conditions of Water Authority service and ~~shall~~ may be subject to a connection service
14 charge of \$400.00 per occurrence and charges of four years of usage based upon prior
15 usage or the customer class average or termination of service.

16 **Section 2. SEVERABILITY CLAUSE.** If any Section, paragraph, sentence, clause,
17 wordk or phrase of this Ordinance is for any reason held to be invalid or unenforceable by
18 any court of competent jurisdiction, such decision shall not affect the validity of the
19 remaining provisions of this Ordinance. The Water Authority hereby declares that it would
20 have passed this Ordinance and each Section, paragraph, sentence, clause, word or
21 phrase thereof irrespective of any provision being declared unconstitutional or otherwise
22 invalid.

Appendix A



INVESTMENT POLICY

Albuquerque Bernalillo County Water Utility Authority

Investment Policy

I. OVERVIEW: INVESTMENT POLICY

INVESTMENT AUTHORITY: The responsibility for investing the excess funds of the ABCWUA lies with the Chief Financial Officer (CFO) of the ABCWUA or his/her designee, the investment manager. ABCWUA's governing body acts as the Board of Finance per 6-10-9 NMSA 1978.

PURPOSE:

A. The CFO's investment authority is to prudently manage the investment of public money that is not immediately required for the operations of ABCWUA.

B. In satisfying this financial responsibility, the CFO must also observe the fiscal obligation of maintaining sufficient liquidity to provide for the continuing functions of ABCWUA.

C. While serving, the CFO is bound to satisfy the fundamental fiduciary obligation of preserving and protecting the principal of the public money.

D. The CFO and/or investment manager, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for specific security's credit risk or market price changes, provided that these changes are reported at the next meeting or immediately via email if necessary, to the investment committee and that appropriate action is taken to control adverse developments.

SCOPE OF THE INVESTMENT POLICY: This investment policy is a comprehensive guide governing the investment functions of the ABCWUA with respect to funds invested by the investment manager. The guidance formulated in this policy is to be observed by individuals and entities involved in any aspect of the administration or management of investments made by the ABCWUA's investment manager or an investment management firm. This investment policy will be effective upon approval by the governing board.

II. DEFINITIONS:

A. "Competitive bid for securities" means the selection of securities through a solicitation or review and evaluation of online inventory offerings from various approved broker/dealers.

B. "Investment committee" or "committee" means the ABCWUA's investment committee; see also Section III.C of this policy.

C. "Investment grade" means, for purposes of this policy, a rating within any of the following rating ranges by at least two of the rating agencies:

Rating Agency	Long-Term	Short-term
Standard & Poor's	A- to AAA	A-1
Fitch	A- to AAA	F1
Moody's	A3 to Aaa	P-1

A rating from a rating agency not on the list shall not be considered.

D. "Investment portfolio" means each separate fund managed by the investment manager, including operating funds, bond proceeds and other monies.

E. "Investment manager" means the person and/or firm responsible for investing the public funds per this policy.

Albuquerque Bernalillo County Water Utility Authority Investment Policy

F. "Financial institution" means a federally insured bank or savings and loan association, see section F.2(d) below.

G. "Local financial institution" means those with a main office or manned branch office located within the service area of ABCWUA.

H. "Time deposit" means a certificate of deposit or savings certificate deposited in a federally insured bank or savings and loan association located in New Mexico.

I. "Net worth" is as defined by the Financial Institutions Division of the Department of Commerce and Industry of the State of New Mexico.

J. "Basis points" is construed so that one hundred (100) basis points equals one (1) percent interest.

III. POLICY STATEMENT

A. Investment Policy Priorities: The ABCWUA's investment manager will observe the following priorities in making investment decisions:

1. Safety of funds – to ensure the performance of basic governmental functions, the first priority must be accorded to the preservation and protection of the principal of the funds to be invested;

2. Maintenance of liquidity – the second level of priority must be accorded to maintaining sufficient liquidity to satisfy the reasonably anticipated, continuing operational requirements of ABCWUA;

3. Maximum return after first two priorities are met – the third priority must be accorded to maximizing investment return, through budgetary and economic cycles, consistent with the higher priorities of safety and liquidity;

4. Allow for diversification of the ABCWUA's portfolios; and

5. Recognize the impact of the ABCWUA's investment program on the local economy.

B. Standard of Investment:

1. The standard of prudence to be applied in the investment of public money by the ABCWUA's investment manager shall be the "prudent person" rule:

"Investments shall be made with the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

2. Fiduciary Duty should be upheld:

"A fiduciary relationship is generally viewed as the highest standard of customer care available under law. Fiduciary duty includes both a duty of care and a duty of loyalty. Collectively, and generally speaking, these duties require a fiduciary to act in the best interest of the customer, and to provide full and fair disclosure of material facts and conflicts of interest."

~ Securities Industry and Financial Markets Association (SIFMA)

3. The investment manager, acting in accordance with this policy and any other written procedures pertaining to the investment of excess funds and exercising due diligence, shall be relieved of personal responsibility, if any, for credit risk or market price changes of a particular security.

Albuquerque Bernalillo County Water Utility Authority Investment Policy

The loss of market value, reduced yield or return on a particular security shall be promptly reported to ABCWUA's investment committee (next meeting or immediately via email if necessary) in accordance with this policy and the situation causing the loss of market value, reduced yield or return must be closely monitored and evaluated to ensure that any decision to hold or sell the particular security is based on the best publicly available information.

C. Investment Committee: The investment committee shall monitor the efficacy, efficiency and currency of the investment policy.

1. The investment committee shall consist of one member of the ABCWUA's Board as appointed by the Chairperson of the Board, the Executive Director, the Chief Financial Officer (CFO) and the Chief Operating Officer (COO), plus one private sector finance professional, appointed by the Chief Financial Officer. The private sector member shall serve for a term of two (2) years after appointment and shall be eligible for reappointment to serve for consecutive two (2) year terms. Any vacancy created by a private sector member shall be filled in the same manner as original appointments. The investment manager will attend and make reports at all investment committee meetings.

2. The investment committee shall meet monthly if funds are invested in instruments other than bank deposits. Otherwise, the committee shall meet quarterly to:

a. Review the investment policy, no less than annually, and recommend, if advisable, modifications in the investment policy from time to time and have changes formally adopted by board resolution;

b. assess, no less than annually, the utility and efficacy of established internal controls as loss prevention measures with respect to the investment portfolio;

c. deliberate these topics: economic outlook, portfolio diversification and maturity structure, potential risks, and the rate of return on the investment portfolio assessed within the parameters of first meeting safety and liquidity requirements;

d. identify potential violations of and suggest remedial actions to achieve conformity with the investment policy;

e. recommend, no less than annually, action on depositories, custodians, broker/dealers and investment managers and advisors; and

f. assess whether the investment policy is being properly implemented by the individuals and entities involved in the administration and management of investment activities.

D. Internal Controls:

1. The ABCWUA CFO shall establish a system of internal controls governing the administration and management of the investment portfolios. Any audit findings related to investment-related internal controls shall be reviewed annually by the investment committee.

2. The controls shall be designed to prevent and control losses of public money arising from fraud, error, misrepresentation, unanticipated market changes, conflicts of interest or imprudent actions.

3. All securities held for ABCWUA's portfolio will be held in the name of ABCWUA with a third party custodian, free and clear of any lien.

Albuquerque Bernalillo County Water Utility Authority
Investment Policy

4. The fiscal agent and custodial banks responsible for, or in any manner involved with, the safekeeping and custody process on behalf of ABCWUA shall be bonded to protect from losses, malfeasance and misfeasance.

E. Ethics and Conflicts of Interest:

1. The ABCWUA CFO shall adopt and implement an employee code of conduct policy, a campaign contributions policy, and a whistle blower policy applicable to the public officers and employees subject to ABCWUA policies and supervision. These policies shall be included in this investment policy as appendices. These policies may be updated according to the policies and procedures of ABCWUA. Any changes or updates implemented by the CFO shall be reported to the governing body at its next regularly scheduled meeting.

2. The CFO and employees involved in the investment process, in addition to complying with the applicable policies listed above and statutes, shall refrain from personal business activity that may impair their ability to make impartial investment decisions, or otherwise conflict with the selection of broker/dealers or investment advisors for best execution of the investment policy.

3. All broker/dealers and other securities professionals working with ABCWUA shall become familiar with and comply with all policies of the office and state laws including, but not limited to the following statutes, as they may be amended from time to time: the Campaign Reporting Act, §§ 1-19-25 NMSA 1978 *et seq.*; the Governmental Conduct Act, §§ 10-16-1 NMSA 1978 *et seq.*; and the Procurement Code, §§ 13-1-28 NMSA 1978 *et seq.* [+In addition to state statute, all broker/dealers and other securities professionals working with ABCWUA shall become familiar with and comply with ABCWUA Personnel Rules and Regulations (Section 301) Code of Conduct.+] Any contract professionals working with ABCWUA should acknowledge in writing that they have read and understand this policy and all governing rules and statutes.

F. Investments Permitted by Policy:

1. The scope of investment authority of the investment manager is defined by the applicable investment statutes and constitutional provisions, principally Sections 6-10-10, 6-10-10.1, 6-10-36, 6-10-44 and 6-14-10.1, NMSA 1978, as well as Article VIII, Section 4 of the New Mexico Constitution, specifying particular types of investments that may be made by the investment manager, which establish certain prerequisites, limitations and other requirements relating to those investments. Moreover, the ABCWUA CFO and/or board, in its discretion, may further limit or restrict those investments.

2. The ABCWUA CFO and it's governing body have determined that only the following statutorily authorized investments may be made and these investments shall be subject to further limitations or restrictions as follows:

a. United States Government Obligations: Securities backed by the full faith and credit of the U.S. Government including direct obligations of the U.S. Treasury, such as US treasury notes and bills and "Ginnie Mae" mortgage-backed certificates issues by the Government National Mortgage Association. Investments shall be limited to a maximum maturity of five (5) years at time of purchase.

b. United States Government Agency Obligations: Securities issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises, but which are not backed by the full faith and credit of the U.S. Government. These securities include Federal Farm Credit Bank "FFCB", Federal Home Loan Bank "FHLB", Federal Home Loan Mortgage Association "FHLMC" and Federal National Mortgage Association "FNMA" and other names that qualify as instrumentalities of the U.S. government. . Additionally, mortgage-backed certificates, and debentures issued by "Freddie Mac" (Federal Home Loan Mortgage

Albuquerque Bernalillo County Water Utility Authority Investment Policy

Corporation) and "Fannie Mae" (Federal National Mortgage Association) are allowable. Investments in US Government Agency Obligations shall be limited to a maximum maturity of five (5) years at time of purchase.

c. Repurchase Agreements: Contracts for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by ABCWUA.

i. The contract at the time of purchase shall be fully secured by obligations of the United States, or its agencies or instrumentalities, or other securities backed by the United States having a market value of at least one hundred two percent (102%) of the amount of the contract.

ii. Section 6-10-10 (J) limits repurchase agreements (other than bond proceeds) to a maximum maturity of one (1) year with no exception or other provision for repurchase agreements that are VRNs, but flexible repurchase agreements shall be restricted to bond proceeds (with a maximum maturity of three (3) years). Providers of repurchase agreements and flexible repurchase agreements shall have an investment grade rating.

iii. Subject to the prior approval of the governing body with respect to the custodial undertaking agreement, tri-party repurchase agreements are proper investments under this policy.

iv. The investment manager will enter into repurchase agreements only with approved primary reporting dealers, banks and other financial institutions having a net worth in excess of \$500 million.

v. Preference will be given to a provider that is rated in one of the top two rating categories by all national rating agencies, without regard to qualifier, numerical or otherwise.

vi. If during its term, the provider's net worth falls below \$500 million or its rating is withdrawn, suspended, or falls below the top two rating categories, without regard to qualifier, numerical or otherwise, the provider must supply a guarantee of, or assign the agreement to an institution meeting these requirements or collateralize the agreement in accordance with industry-published criteria within ten days after it receives notice from ABCWUA of the remedy the policy requires. In the event the provider fails to provide the specified remedy in the timeframe noted, the provider must immediately repurchase all collateral and terminate the agreement with no penalty or premium to ABCWUA;

vii. A master repurchase agreement or other specific repurchase agreement, reviewed by independent legal counsel in each case, governs the transaction;

viii. The securities are held, free and clear of any lien, by the ABCWUA's custodial bank or its designee acting solely as agent for the ABCWUA, and such fiscal agent or designee is (i) a federal reserve bank or (ii) a bank which is a member of the federal deposit insurance corporation and which has combined capital, surplus and undivided profits of not less than \$25 million;

ix. A perfected first security interest under the uniform commercial code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. of 31 C.F.R. 370.0 et seq. in such securities is created for the benefit of ABCWUA;

x. The market value of the collateral including accrued interest must be equal to 102% of the amount of cash transferred by ABCWUA to the dealer bank or security firm under the repurchase agreement plus accrued interest. If the market value of the collateral slips below 102% of the value of the cash transferred plus accrued interest,

Albuquerque Bernalillo County Water Utility Authority Investment Policy

then additional cash and/or acceptable securities must be delivered as collateral to the third party custodian sufficient to cure any deficiency; and

xi. For repurchase agreements with terms to maturity of greater than one (1) day, ABCWUA will value the collateral securities continuously and require that if additional collateral is required then that collateral must be delivered within one business day. If a collateral deficiency is not corrected within this time frame, remedial action will be taken and the collateral securities may be liquidated.

d. Bank, Savings and Loan Association or Credit

Union Deposits: Deposits are allowed in certified and designated New Mexico financial institutions, per the requirement in the New Mexico Constitution Article VIII, Section 4, whose deposits are insured by an agency of the United States. All deposits will comply with state statute and policies of the governing body related to interest rate and collateral requirements. CD deposits shall not be made with custodial banks. Deposits shall be limited to a maximum maturity of three (3) years. A deposit in any credit union shall be limited to the amount insured by an agency of the United States.

e. Municipal Securities: Pursuant to 6-10-10.F(1), the investment manager may also invest in municipal securities that at time of purchase are investment grade and have a final maturity of up to three years. Bonds or negotiable securities of the State of New Mexico or of any county, municipality, or school district within the state which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000.00) and which has neither defaulted in the payment of any interest or sinking fund obligation, nor failed to meet any bonds at maturity at any time within five (5) years last preceding. If the rating declines below investment grade the investment manager shall notify the members of the investment committee in writing within one business day. The committee will recommend an appropriate course of action at its next regular meeting or may elect to meet sooner to determine a course of action.

f. Government Money Market Mutual Funds:

Shares of an open-ended diversified investment company that:

- i. is registered with the United States Securities and Exchange Commission;
- ii. complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, of the United States Securities and Exchange Commission applicable to money market mutual funds; assesses no fees pursuant to Rule 12b-1, or any successor rule, of the United States Securities and Exchange Commission, no sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, however designated. ABCWUA shall not, at any time, own more than five (5) percent of a government money market mutual fund's assets;
- iii. is invested only in United States Government and Agency Obligations and repurchase agreements secured by such obligations;
- iv. has assets under management of at least one billion dollars (\$1,000,000,000);
- v. the investments made by ABCWUA are less than five percent (5%) of the assets of the fund; and
- vi. is rated AAA or equivalent by a nationally recognized rating agency.

g. Local Government Investment Pool: As permitted by section 6-10-10.1 NMSA 1978, funds may be invested in the Local Government Investment Pool (LGIP) managed by the NM State Treasurer.

Albuquerque Bernalillo County Water Utility Authority Investment Policy

G. Diversification: It is the policy of ABCWUA to diversify the investment portfolios. Investments shall be diversified to reduce the risk of loss resulting from an over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The following diversification limitations, at the time of purchase, shall apply to each portfolio:

- 1.** Investment maturities will be laddered to avoid undue concentration of assets in a specific maturity sector and to meet cash flow requirements.
- 2.** Investment in callable debentures is permitted, but the amount invested in callable instruments should not exceed twenty-five percent (25%) of the total amount invested of each portfolio.
- 3.** The maximum level of deposits any single financial institution, with preference to local financial institutions, will as a percentage of the investment portfolio not exceed an amount set by the investment committee. CD deposits may only be made in NM financial institutions per the requirement in the New Mexico Constitution Article VIII, Section 4.
- 4.** Investments in United States agency obligations issued by any single agency shall be limited to thirty-five percent (35%) of a portfolio. US Agency mortgage securities will be limited to twenty five percent (25%) of the portfolio.
- 5.** Investments in repurchase agreements from any single provider shall be limited to twenty-five percent (25%) of a portfolio.
- 6.** Municipal securities will be limited to fifteen percent (15%) of the portfolio. Securities issued by a single municipal entity shall be limited to five percent (5%) of a portfolio.

H. Risk: ABCWUA recognizes that any portfolio of marketable investment securities is subject to interest-rate risk. To limit the possibility of loss of principal due to interest rate fluctuations, the investment manager will make reasonable efforts to match investments with anticipated cash requirements. The CFO/investment manager or designee shall give particular emphasis to the following factors when selecting a specific security for inclusion in the portfolio:

- 1. Relative Yield to Maturity:** Comparison of return available from alternative investments for comparable maturity dates.
- 2. Marketability:** Analysis of relative marketability of alternate investments in case of forced sale or possibility of future trades.
- 3. Intermarket Yield Analysis:** Analysis of the spread relationship between sectors of the market, i.e. treasury bonds or bills versus agency bonds or discount notes, to take advantage of aberrations in yield differentials.
- 4. Yield Curve Analysis:** Analysis of the slope of the yield curve to determine the most attractive maturities for earning maximum return with minimal risk.
- 5. General Economic and Interest Rate Outlook:** Review and analysis of current literature on interest rate projections to assist in timing transactions and selecting appropriate maturities.

I. Anticipated Cash Flow Requirements: The CFO will project the short-term and long-term cash needs to determine the amount available for short-term and long-term investment and report this information to the investment committee and governing body quarterly or at an interval deemed necessary by the investment committee.

J. Safekeeping and Custody:

- 1.** All investment securities purchased by ABCWUA, held as collateral on repurchase agreements or held as collateral on securities lending arrangements shall be held in

Albuquerque Bernalillo County Water Utility Authority Investment Policy

third-party safekeeping at a fiduciary qualified to act in this capacity. All securities held for ABCWUA's portfolios will be held free and clear of any lien and all transactions will be conducted in compliance with Section 6-10-10(O) NMSA 1978, which requires contemporaneous transfer and same day settlement. On a monthly basis, the custodian will provide reports, which list all transactions that occurred during the month and all securities held for ABCWUA at month-end including the book and market value of holdings.

2. Any bank that is in any manner involved with, the safekeeping and custody process of ABCWUA shall be bonded in amounts required by the governing body under its custody agreement to protect from losses, from malfeasance and misfeasance.

K. Collateral Policy:

Deposits shall be collateralized at 102%. Such collateral shall be held by an independent third party financial institution acceptable to the ABCWUA. Securities eligible as collateral are those defined under State Law (6-10-16 NMSA 1978). Collateral shall be held in a custodial bank per 6-10-21, NMSA 1978 and shall be assigned to ABCWUA per 6-10-18, NMSA 1978. Securities accepted as collateral may be subject to additional restrictions as specified by the investment committee.

L. Selection of Investment Advisors, Consultants/Managers:

ABCWUA may use an investment advisor, consultant and/or manager for the investment of securities in accordance with the following rules:

1. The firm or individual shall be selected in accordance with ABCWUA's procurement code;

2. The firm and individual shall be registered under the Investment Adviser Act of 1940;

3. Prior to execution and prior to any renewal of each and every contract, the CFO must obtain approval by the governing body. Approval of a contract requires that the investment advisor, consultant and/or manager must abide by all rules/processes of the ABCWUA Public Purchases Ordinance.

4. The investment advisor, consultant or manager shall report, in writing, to the investment committee at all regularly scheduled investment committee meetings. The report shall (i) establish performance benchmarks for ABCWUA's portfolios, and (ii) review recommended investments, portfolio strategies and/or performance against established benchmarks. The report shall be included in the investment manager's next monthly report. Performance benchmarks established by the investment manager or the investment advisor, consultant and/or manager must be approved by the investment committee.

M. Performance Benchmarks: The investment portfolio shall be designed and managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of ABCWUA.

1. Short-term funds (liquidity) and funds that must maintain a high degree of liquidity will be compared to an appropriate short-term.

2. Medium term investment and other funds (core) that have longer terms shall be compared to indices of similar duration.

N. Selection of Depositories: When selecting depositories, consideration will be given to minimizing risk, protecting investment capital and obtaining the best purchase or sale price. The following guidelines will be used in selecting depositories.

Albuquerque Bernalillo County Water Utility Authority
Investment Policy

1. Depositories: In selecting financial institutions for the deposit of ABCWUA funds, the CFO will consider the credit worthiness of the institutions.

a. The CFO through his/her collateral compliance and risk assessment program will monitor the financial institutions' credit characteristics and financial history throughout the period in which ABCWUA funds are deposited.

b. Each depository will be required at all times to collateralize ABCWUA deposits at the level required by the collateral policy (see section III.K of this policy) and the depository agreement adopted by the governing body.

O. Reporting Requirements: ABCWUA shall prepare and submit to the governing body an "investment committee report".

1. The Report shall summarize the following:

a. a listing of the portfolio in terms of investment securities, balances, maturities, return and other features deemed relevant;

b. the book and market value of all holdings;

c. a report of primary issues purchased and report of secondary issues purchased or sold;

d. a report of all commissions paid in dollars on repurchase agreements and on each transaction where the commission is disclosed;

e. for each approved portfolio, returns on a monthly, quarterly, fiscal year-to-date and three-year basis versus approved benchmarks;

f. the total investment earnings by fund for the reporting period;

g. report of holdings of variable rate and structured notes;

h. the investment strategies employed during the period;

i. a summary of recent market conditions, economic developments and anticipated investment conditions;

j. any areas of policy concern warranting possible revisions of current or planned investment policies;

k. a projection of the ABCWUA's short-term and long-term cash needs;

l. all transactions where there were fewer than three bids or offers;

m. all sale transactions resulting in a book loss;

n. all transaction errors;

o. any trades between portfolios; and

p. all changed allocations.

VII. APPROVAL:

ABCWUA Board

ABCWUA

Albuquerque Bernalillo County Water Utility Authority
Investment Policy

Secretary

Chief Financial Officer

|

Date:

Date:

History:
Previously issued



DEBT MANAGEMENT POLICY & GUIDELINES

As of August 20, 2014

Appendix B

Albuquerque Bernalillo County Water Utility Authority Debt Management Policy & Guidelines – Purpose

Albuquerque Bernalillo County Water Utility Authority (“the Authority”) recognizes the foundation of any well-managed debt program is a comprehensive debt management policy. The Debt Management Policy & Guidelines sets forth the parameters for issuing debt and managing the outstanding debt portfolio and provides guidance to decision makers regarding the purposes for which debt may be issued, types and amounts of permissible debt, timing and method of sale that may be used, and structural features that may be incorporated. Adherence to a debt management policy helps to ensure that government maintains a sound debt position and that credit quality is protected.

It is the intent of the Authority to establish a debt management policy to:

- Ensure high quality debt management decisions
- Impose order and discipline in the debt issuance process
- Promote consistency and continuity in the decision making process
- Demonstrates a commitment to long-term financial planning objectives, and
- Ensure debt management decisions are viewed positively by the investment community, taxpayers and rating agencies

TABLE OF CONTENTS		PAGE
I.	Debt Mgt Policy & Guidelines – Introduction	3-4
II.	Debt Policy Administration	4-5
III.	Debt Affordability Coordination	5
IV.	Financing Alternatives	5-6
V.	Issuance of Debt Obligations	6-7
VI.	Selection of Debt Structures	7-8
VII.	Refundings	9
VIII.	Investment of Bond Proceeds	10
IX.	Appointment of Professionals	10-12
X.	Investor & Rating Agency Communications	12
XI.	Securities Disclosure Policies and Practices of Authority Administration Officials	12-14

Appendix B

I. Debt Management Policy & Guidelines - Introduction

The Authority's Debt Management Policy & Guidelines provides for the following:

- Full and timely payment of principal and interest on all outstanding debt
- System Revenue Bonds shall be used as a source of funding, after considering alternative funding sources, such as federal and state grants and pay as you go financing
- Debt shall be incurred to finance capital improvements and long-term assets associated with the water and sewer system. Types of projects include, but not limited to, constructing, acquiring, enlarging, extending, bettering, repairing or improving the water and sewer system facilities. For a more detailed list refer to chapter 72, article 1 section 10K NMSA 1978 as amended
- Capital improvements plans should be developed, approved and financed in accordance with Rate Ordinances and the Decade Plan
- The Authority will evaluate the impact of debt amounts and debt service requirements of any new proposed debt within the overall context of outstanding debt
- Principal and interest retirement schedules shall be structured to: (1) meet available cash flow available to service debt, (2) achieve a low borrowing cost for the Authority, (3) accommodate the debt service payments of existing debt and (4) respond to perceptions of market demand. Level debt payments and shorter maturities shall always be encouraged to demonstrate to ratepayers, investors and rating agencies that debt is being managed and retired prudently
- Debt incurred shall generally be limited to obligations with serial and term maturities but may be sold in the form of other structures if circumstances warrant
- The term of each and every instrument of debt shall be 12 years or less; except for sustainable water supply projects. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts.
- Debt incurred may be issued, at the discretion of the Authority, on either a Senior, Subordinate or Super Subordinate lien on the System's net revenues
- The average life of the debt incurred should be no greater than the projected average life of the assets being financed
- The payment of debt shall be secured by net revenues of the joint water and sewer system ("net system revenues")
- Maintain Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the Authority's financial and legal obligations (see Appendix)
- Inter-fund borrowing may be used as an alternative to conventional borrowing
- The Authority shall not pledge any Authority revenues to any conduit bond financings or guarantee indebtedness of others.
- The Authority may use the services of qualified internal staff and outside advisors, including bond counsel, tax counsel, disclosure counsel, underwriters and financial advisors, to assist in the analysis, evaluation, and decision process
- The Authority shall select a method of sale that achieves the financial goals of the Authority and minimizes financing costs. Such sales can be competitive, negotiated or private placement, depending upon the project and market conditions. The recommendation by the Authority's Financial Advisor will be considered in the decision as to the most appropriate sale method.
- The Authority shall make every attempt to earn and maintain the highest investment grade rating

Appendix B

achievable

- Finance team members and Underwriters should be selected in accordance with the Authority Purchasing Procedures and the Debt Management Policy & Guidelines (“Debt Policy”). The selection should maximize the quality of services received while minimizing the cost to the Authority. Any subtractions or additions to the finance team members shall be subject to the Authority’s Chief Financial Officer’s (“CFO”) approval. Selected underwriters and financial advisors shall adhere to the Municipal Securities Rule-making Board (“MSRB”) and the Securities and Exchange Commission (“SEC”) rules and regulations.
- The Authority shall maintain good communications with bond rating agencies to ensure complete and clear understanding of the credit worthiness of the Authority
- Financial reports and bond official statements shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines issued by the Government Finance Officers Association (“GFOA”), Securities and Exchange Commission (“SEC”) and the Internal Revenue Service (IRS) to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers.
- Federal income tax laws restrict the ability to earn arbitrage in connection with tax-exempt bonds. Every attempt shall be made to eliminate or minimize negative arbitrage.

II. Debt Policy Administration

It is the role of the CFO to develop and maintain a Debt Management Policy & Guidelines to review and recommend to the Authority’s Executive Director (“ED”) both the finance teams and structuring plans for all capital financings prior to the introduction to the Authority Governing Board (“Board”). The CFO may employ the assistance of the Authority’s retained Financial Advisor and Legal Counsel in the development and ongoing administration of its debt management responsibilities.

Key debt management administration responsibilities include but are not limited to:

- Develop and maintain comprehensive supporting guidelines in accordance with the Authority’s Debt Management Policy & Guidelines
- Annually assess the Authority’s ability to issue and repay debt utilizing financial benchmarks specified within the Authority’s Debt Management Policies & Guidelines
- Review and evaluate results of debt financing operations including, but not limited to:
 - Issuance of long-term and short-term debt obligations
 - Selection of bond type, structure, methods of sale and marketing of bonds, and
 - Investor and rating agency communications
- Review expenditures of bond proceeds and the status of various projects being financed, including the capital improvement program for timeliness of spent bond proceeds
- Review and evaluate services provided by Legal Counsel (including but not limited to Bond Counsel, Disclosure Counsel and Tax Counsel), Financial Advisor (s), Underwriters and other service providers in bond transactions for effectiveness and quality of service
- Review and revise annually the Debt Management Policy & Guidelines based upon the CFO’s review of operations
- Maintain Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the Authority’s financial obligations
- Maintain arbitrage rebate calculations timing and complete and file arbitrage reports on all tax

Appendix B

exempt issues as may be required

- Review and revise annually the Post Issuance Compliance Guidelines based upon CFO's review of operations and legal requirements
- Prepare an annual report to the Board on items including but not limited:
 - Results of previous year's financings
 - Bond rating status
 - Bond capacity and relevant comparable financial ratios
 - All bond financings in progress or anticipated for the subsequent fiscal year, and
 - Any significant financial policy changes
- Develop and maintain the selection criteria for underwriters, act as the Ad-Hoc Committee under the direction of the Authority's Purchasing Director on all underwriting Requests for Proposals (RFP) and recommend to the Board the underwriting team for all Authority debt
- Develop and maintain the selection criteria for financial advisor and other finance team members, act as the Ad-Hoc Committee on all RFP's under the direction of the Authority's Purchasing Director and recommend to the Board the consultant based finance team for all Authority bonds, pursuant to the Authority's Purchasing procedures
- The debt program will be managed to maintain high AA category bond ratings by the municipal bond rating agencies rating the Authority's debt

III. Debt Affordability Coordination with the Long Range Financial Plan and Capital Improvement Program

As an important step within the annual development of the budget, the CFO will annually assess the Authority's ability to issue and repay its debt. At a minimum, the CFO shall review and evaluate proposed financing plans in conjunction with the long range financial plan, the capital improvement program, current financial position and financial policy to assess the Authority's ability to issue and repay its debt. The CFO shall recommend how much new debt, if any, the Authority may authorize.

IV. FINANCING ALTERNATIVES

The Authority shall assess all financial alternatives for funding capital improvements prior to issuing debt. Pay-as-you-go financing should be considered before issuing any debt. Pay-as-you go financing may include: intergovernmental grants from federal, state and other sources, current revenues and fund balances; private sector contributions; public/private partnerships.

Once the Authority has determined that "pay-as-you-go" and intergovernmental or private sector grants are not a feasible financing option, the Authority may use Short-term or Long-term debt to finance capital projects.

A. Short Term Debt and Interim Financing - Maturity of one (1) year or less

Short term obligations may be issued to finance projects or portions of projects for which the Authority ultimately intends to issue long term debt (or where cash is available in a debt service fund and can be "sponged" to retire bonds immediately thereafter); i.e., it shall be used to provide interim financing which shall eventually be refunded with the proceeds of long term obligations.

Short-term obligations may be backed with a pledge of net system revenues.

B. Bond Anticipation Notes (BANs)

Appendix B

BANs, including commercial paper notes issued as BANs, may be issued instead of capitalizing interest to reduce the debt service during the construction period of a project or facility. The BANs will not mature more than 1 year from the date of issuance. BANs can be rolled in accordance with federal and state law. BANs will mature within 6 months after substantial completion of the financed facility.

C. Line and Letters of Credit

Where their use is judged by the CFO and ED to be prudent and advantageous to the Authority, the Authority has the power to enter into agreements with commercial banks or other financial entities for purposes of acquiring lines or letters of credit that shall provide the Authority with access to credit under terms and conditions as specified in such agreements. Any agreements with financial institutions for the acquisition of lines or letters of credit shall be approved by the Board. Lines and letters of credit entered into by the Authority shall be in support of projects contained in the approved capital improvement plans or similar plans implemented by the Authority.

D. Long Term Debt (Bonds) – Maturity over one (1) year

Long-term net system revenue bonds shall be issued to finance significant capital improvements for purposes set forth by the Authority's capital improvement program or similar plans implemented by the Authority. The term of each and every instrument of debt shall be 12 years or less; except for sustainable water supply projects. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts.

V. ISSUANCE OF DEBT OBLIGATIONS

All Authority debt shall be issued in accordance with the following policies, which have been recommended by the CFO and approved by the ED:

A. Conditions of Sale

Unless otherwise justified, the issuance and sale of all Authority bonds, notes, loans and other evidences of indebtedness shall be subject to the following conditions:

- Principal and interest on all outstanding debt shall be paid in a full and timely manner;
- Debt shall be incurred to finance capital improvements and long-term assets associated with the water and sewer system. Types of projects include, but not limited to, constructing, acquiring, enlarging, extending, bettering, repairing or improving the water and sewer system facilities. For a more detailed list refer to chapter 72, article 1 section 10K NMSA 1978 as amended
- Capital improvements should be developed, approved and financed in accordance with Authority Ordinances and the capital improvement budgeting process;
- At a minimum, an average of 50 percent of the cost of capital projects which constitute the normal capital program of the water and sewer system including the rehabilitation and replacement of existing facilities, and the construction of water wells, pump stations, reservoirs, service lines, other water lines, gate valves, revenue meters and meter boxes, sewer lines, odor control stations, and pumping stations, and treatment facilities shall be paid with cash rather than borrowed funds. The normal capital program excludes special capital projects such as the expansion of the wastewater treatment plants, arsenic mitigation, state and federal grant projects, state and federal mandated projects, and related to water resources management to achieve a sustainable supply of water. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts;
- At a minimum, 25 percent of the cost of capital projects not included in the normal capital program of the water and sewer system shall be paid with cash rather than borrowed funds. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems sustainable water supply or to mitigate short term rate impacts;
- Principal and interest retirement schedules shall be structured to: (1) meet available cash flow available to service debt, (2) achieve a low borrowing cost for the Authority, (3) accommodate the

Appendix B

debt service payments of existing debt and (4) respond to perceptions of market demand. Shorter maturities shall always be encouraged to demonstrate to rating agencies that debt is being retired at a sufficiently rapid pace;

- Debt incurred shall generally be limited to obligations with serial and term maturities but may be sold in other structures if circumstances warrant such as Variable Rate Demand Notes and Floating Rate Notes;
- The average life of the debt incurred should be no greater than the projected average life of the assets being financed;

B. Methods of Sale

Debt obligations in the form of bonds or loans of the Authority may be sold by competitive, negotiated sale or private placement methods unless otherwise limited by state law. The selected method of sale shall be the option which is expected to result in the lowest cost and most favorable terms given the financial structure used, market conditions, and prior experience.

C. Additional Obligations Tests

When issuing additional revenues bonds the System shall provide for an additional bond test for the following obligations:

(i) Senior Parity Obligations –The Authority shall satisfy the following test prior to issuance of any additional Senior Parity Obligations payable from the Net Revenues:

(1) The Net Revenues for the Historic Test Period shall have been sufficient to pay an amount representing at least 133% of the maximum combined annual Debt Service Requirements of only the Outstanding Senior Obligations and the terms of either subparagraph 2(a) or 2(b) shall be satisfied.

(2) (a) Using the fees and rates for use of the System on the date of computation, or assuming that any new schedule of fees and rates approved by the Water Authority during or after the Historic Test Period was in effect during the entire Historic Test Period, the Net Revenues which were or would have been received during that Historic Test Period shall have been sufficient to pay an amount representing at least 133% of the maximum combined annual Debt Service Requirement on the Outstanding Senior Obligations and the Senior Obligations proposed to be issued; or

(b) The projected Net Revenues for the Prospective Test Period shall be sufficient to pay an amount representing at least 133% of the maximum combined annual Debt Service Requirements on the Outstanding Senior Obligations and Senior Obligations proposed to be issued. To determine if the annual Net Revenues are sufficient for the purposes of the preceding sentence, the Net Revenues projected for the applicable Prospective Test Period shall be determined by applying the rates for use of the System approved by the Board at the time of computation to be in effect during the Prospective Test Period to the proposed number of connections to the System after giving effect to the purchase, expansion or improvement of the System or the acquisition of an existing water and sanitary sewer system.

(ii) Additional Subordinate Obligations. The Authority shall satisfy the test set forth in subparagraph (C)(i) above related to the issuance of additional Senior Obligations and shall satisfy the following test prior to issuance of any additional Subordinate Obligations:

(1) The Net Revenues for the Historic Test Period shall have been sufficient to pay an amount representing at least 120% of the maximum combined annual Debt Service Requirements of only the Outstanding Senior Obligations and the Outstanding Subordinate Obligations and the terms of either subparagraph 2(a) or 2(b) shall be satisfied.

(2) (a) Using the fees and rates for use of the System on the date of computation, or assuming that any new schedule of fees and rates approved by the Water Authority during or after the

Appendix B

Historic Test Period was in effect during the entire Historic Test Period, the Net Revenues which were or would have been received during that Historic Test Period shall have been sufficient to pay an amount representing at least 120% of the maximum combined annual Debt Service Requirement on the Outstanding Senior Obligations and Outstanding Subordinate Obligations and the Subordinate Obligations proposed to be issued; or

(b) The projected Net Revenues for the Prospective Test Period shall be sufficient to pay an amount representing at least 120% of the maximum combined annual Debt Service Requirements on the Outstanding Senior Obligations and Outstanding Subordinate Obligations and the Subordinate Obligations proposed to be issued. To determine if the annual Net Revenues are sufficient for the purposes of the preceding sentence, the Net Revenues projected for the applicable Prospective Test Period shall be determined by applying the rates for use of the System approved by the Board at the time of computation to be in effect during the Prospective Test Period to the proposed number of connections to the System after giving effect to the purchase, expansion or improvement of the System or the acquisition of an existing water and sanitary sewer system.

(iii) Super Subordinated Obligations. No additional obligations test is established.

For purposes calculating compliance with the applicable Additional Bonds Test set forth in this Section, the following definitions shall apply:

“Historic Test Period.” Any period 12 consecutive months out of the 24 calendar months next preceding the delivery of additional System Obligations.

“Prospective Test Period.” The 12-month period commencing on the first day of the month following the estimated Completion Date of the project for which additional System Obligations are proposed to be issued or the first day of the thirty-sixth month following the delivery of such additional System Obligations, whichever is earlier.

D. Rate Covenant

Rates for services rendered by the sewer and water system shall be reasonable and just, taking into account the cost and value of the system, operation and maintenance expenses, proper allowances for depreciation and the amounts necessary to retire all bonds payable from the revenues, and any reserves therefor. There shall be charged against all users, including the Authority, rates and amounts, which shall be increased from time to time if necessary, sufficient to produce revenues to pay the annual operation and maintenance expenses, and to maintain a rate covenant as follows:

(iv) Senior Parity Obligations – Maintain a minimum debt service coverage on all senior lien parity debt $\geq 1.33x$ (Senior Parity Outstanding Debt Service)

(v) Subordinate Parity Obligations – Maintain a minimum debt service coverage on all Senior Obligations and Subordinate Obligations $\geq 1.20x$ Debt Service Requirements on Senior Obligations and Outstanding Subordinate Obligations.

(vi) Super Subordinated Obligations – No debt service coverage test established;

The planning target debt service coverage for rates and charges proposed to Board is 1.50x (Senior Parity Outstanding Debt Service)

VI. SELECTION OF DEBT STRUCTURES

In order to minimize interest rate risk the preference of the Authority is to issue fixed rate debt however if an alternative structure is determined to be preferential the Authority may adopt the following bond structures subject to the defined constraints described herein:

A. Variable Rate Bonds

Appendix B

The proportional amount of debt pledged with net system revenues that shall be issued in the form of unhedged variable rate securities shall be limited to a maximum of 20% of the total outstanding net system revenue pledged debt. In considering the amount of unhedged variable rate debt to be issued, consideration shall be given to the amount of cash balances available to be otherwise invested as reserves and available as a natural interest rate hedge. Periodically, the CFO with assistance from the financial advisor shall analyze each outstanding variable rate issue to determine if the issue should be converted to a fixed rate or otherwise hedged.

B. Liquidity and Credit Enhancement Facilities

The Authority may seek to use liquidity or credit enhancement when such enhancement proves to be cost effective or to improve or establish a credit rating. When their use is judged prudent and advantageous to the Authority, the CFO shall have the authority to enter into agreements with commercial banks or other financial entities for the purposes of acquiring lines or letters of credit, bond insurance or surety policies, etc. Selection of enhancement providers is subject to a competitive bid process developed by the CFO and financial advisor and approved by the ED.

C. Prerequisite to use:

- The present value of the estimated debt service savings from the use of credit enhancement should be at least equal to or greater than the premium paid by the Authority to obtain such credit support; and
- Criteria to be used in the appointment of credit provider include:
 - An objective evaluation of responses to a request for qualification
 - The short-and long-term credit ratings of the institution and the relative trading level of debt support by such credit provider
 - Institution's experience with providing liquidity facilities to municipal bond issuers
 - Competitiveness of fees submitted, interest charged on liquidity draws, maximum legal and administrative fees
 - Ability to agree to Authority and state legal requirements; and
 - Number and amount of liquidity facilities currently outstanding in the market

D. Prior Redemptions

The Authority should consider prepaying or defeasing outstanding debt when resources are identified and available to reduce its outstanding debt. Debt will be structured with shortest optional redemption date which does not increase cost.

E. Optional Redemptions

The Authority's bonds may be subject to optional redemptions and early calls, consistent with the objective of paying the lowest possible interest cost. Early calls may permit the Authority to act upon decreases in interest rates by refinancing debt for the purpose of realizing debt service savings. The Authority and its financial advisor will evaluate optional redemption provisions for each issue so the Authority does not service its debts at unacceptably higher interest rates.

F. Reserve Requirements & Bond Insurance

In the issuance of bonds the Authority may find it necessary to fund a reserve fund or acquire bond insurance in order to achieve the lowest possible interest cost. In each instance the Authority and its financial advisor will determine the appropriate reserve and or insurance option that allows for the lowest achievable interest cost while maintaining the marketability of the Authority's bonds.

In order to fulfill the requirement and to lower the size of the bond issue, the Authority may purchase a Surety Reserve Fund from any qualified Bond Insurance Company.

VII. REFUNDINGS

A. Refunding Bonds

The Authority shall consider refunding outstanding debt in order to:

- Generate interest rate savings
- Restructure principal and/or
- Eliminate burdensome bond covenants

A present value analysis shall be prepared that identifies the economic effects of any refunding proposed.

Prominent among these are:

- Time to call date
- Time remaining to call date
- Negative arbitrage per maturity
- Shape of debt service savings

B. Current Refundings

Requires that the refunding escrow may not exceed 90 days; and unless otherwise justified and approved by CFO and ED, an advance refunding transaction shall require a present value savings of at least three (3) percent of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses. A maturity by maturity analysis shall be conducted to determine if the 3% or greater on a maturity by maturity basis threshold is met.

C. Advanced Refundings

Requires the refunding escrow duration to exceed 90 days. Governmental bonds issued after 1985 may not be advance refunded with tax-exempt bonds more than once. Consequently, the Authority should carefully weigh the benefits and opportunity costs of such an action; and unless otherwise justified and approved by ED an advance refunding transaction shall require a present value savings of at least three (3) percent of the principal amount of the refunding debt being issued and shall incorporate all costs of issuance expenses. A maturity by maturity analysis shall be conducted to include a determination of the negative arbitrage incurred in connection with the escrow established for a particular maturity. To be considered, the negative arbitrage for a particular candidate shall not be greater than the net present value savings generated by that candidate. The chart below illustrates the savings matrix for a fixed rate refunding of existing fixed rate bonds so that each individual bond maturity generates a net present value savings of at least the following:

Minimum NPV Savings Decision Matrix				
Years from Call Date to Maturity Date	Years to Call Date			
		0 - 2	3 - 7	8 - 10
	0 - 5	0.50%	1.00%	2.00%
	6 - 10	1.00%	2.50%	4.00%
	11 - 15	3.00%	4.00%	5.00%
	16 - 20	4.00%	5.00%	5.50%

Appendix B

VIII. INVESTMENT OF BOND PROCEEDS

Bond Proceeds will be invested pursuant to the Authority's Investment Policy. If the Investment of Bond Proceeds is not addressed within the Authority's Investment Policy or in the absence of a policy the proceeds will be invested in US Treasury and or US Government Agency securities. Investment maturities will coincide with scheduled construction draw downs.

IX. APPOINTMENT OF PROFESSIONALS

To provide systematic technical advice and support to the Authority and for the efficient competitive, negotiated or private placement sale of Authority debt the Board shall approve the selection of qualified professionals including financial advisor(s), and underwriters.

Such selection of qualified professionals shall be based on an evaluation of competitive proposals for a combination of advisory and underwriting services, as recommended to the Board by the ED. In no case may the financial advisor on any Authority credit serve as an underwriter in compliance with MSRB rules and regulations.

Term of Appointments

Appointments shall be effective for a term of four (4) years from the date of ratification of the ED's recommendation of award by the Board, unless otherwise amended by the Board.

Selection Process

The CFO shall periodically publish a RFP that invites concurrent proposals from individual offerors to provide services in support of each of the Authority's anticipated projects.

Technical advisory subcommittees are authorized. Ancillary subcommittees may be established to provide the CFO with technical support for his/her assessment of proposals. Overlapping subcommittee memberships are permitted only if a sufficient number of suitable candidates for such subcommittee assignments cannot be timely recruited.

The ED shall approve all advisory committee appointments. All actual or potential conflicts of interest of each proposed subcommittee member must be disclosed by such member for the record, prior to submittal of said member's nomination to the ED so he may judge each individual's suitability to participate.

The results of each subcommittee's review, if such is empanelled, shall be reported to the CFO who shall, after considering the subcommittee's input, forward to the ED his /her recommendation for the designated financial advisor, and senior book running manager for each available assignment together with a rank ordered listing of the next three finalists. The ED may replace the firm ranked first with either the second or third ranked firm on the CFO's list when formulating his (her) recommendation to the Board;

Blackout Periods Imposed

Communication about an RFP or the selection process with members of a financial advisor, or underwriting proposal review committee, Authority employees, or elected officials of the Authority by any employee or representative of an underwriting team under consideration for selection is explicitly prohibited from the date of publication of such RFP until recommendation of award by the Board. Failure to comply with this requirement shall result in the applicant's disqualification

Appendix B

Selection Criteria

In order of priority, criteria to be used in the appointment of qualified financial advisor and underwriters shall include, but are not limited to:

- Demonstrated ability of the firm to structure an issue of debt utilizing the contemplated credit structure(s) efficiently and effectively
- Experience of assigned personnel
- Approach to proposed scope of work, including quality and applicability of proposed financing ideas
- Demonstrated capability to sell bonds to institutional and retail investors, especially to investors located in New Mexico (underwriters only)
- Demonstrated commitment and capacity of the underwriting firm or firms to put its firm's capital at risk, especially as evidenced by having successfully bid on prior competitive sales of Authority debt or by having underwritten the Authority's debt in adverse markets (underwriting firms only)
- Demonstrated secondary market support for debt which the underwriting firm or firms are retained, especially for the specific credit which is to be pledged (underwriting firms only)
- Fees and expenses
- Weights for the above criteria may vary and shall reflect the unique requirements of the proposed engagement
- Other factors. Other Factors are defined as those factors that have not been included as technical selection criteria, but are factors that in some instances must be considered in making the final selection. Their nature will not permit a meaningful numerical predetermination of relative significance of impact on the selection decision, and therefore, they are not numerically scored.

Failure to provide complete disclosure for each of the offeror firms to the following questions or misrepresentation shall result in disqualification. The provider must certify that, to the best of its knowledge, the information submitted in response to this section is accurate, complete and not misleading.

Conflicts of Interest

Each offeror shall list all potential conflicts of interest of which the firms have knowledge of which may arise with respect to the representation of the Authority on this proposal, including, without limitation, any circumstances which would create the appearance of a conflict of interest.

Each offeror shall disclose any political contribution, gift or fund-raising, either direct or indirect, valued in excess of \$250.00 (singularly or in the aggregate) made by the firms or individuals at the firms to any elected official or person seeking office in the state of New Mexico in the last five (5) years; any current, proposed or past financial or business relationship or arrangement between a firm or any individual at the firm and any Board member, officer or employee of the Authority; and any other actual or potential conflict which may give rise to a claim of conflict of interest.

Each offeror shall provide acknowledgement that it has complied with all Municipal Securities Rulemaking Board ("MSRB") rule G-37 filings, and shall document specific breaches of the Rule for which sanctions were imposed. The offers shall only be required to provide any supplementary information requested by the Authority.

Regulatory Action

Each offeror shall disclose any judicial or administrative proceedings of public record that have been filed against the firm during the five (5) years preceding the date of the proposal that concerned the offeror participation in a securities transaction.

Each offeror shall list and describe the current disposition or status of any litigation or formal or informal action taken by any state or federal securities commission, the MSRB, or any other regulatory body against the firm (or taken against any individuals now at the firm who will work under this contract) within the last

Appendix B

five (5) years.

Each offeror shall disclose employment practices and describe the current disposition or status of any litigation or formal or informal action taken by the Equal Employment Opportunity Commission or any other regulatory body against the firm within the last five (5) years with respect to its employment practices.

X. INVESTOR AND RATING AGENCY COMMUNICATIONS

Disclosure

It is the Authority's policy to provide primary and secondary disclosure to all its bond investors on a periodic basis as required by the Securities and Exchange Commission (SEC) Disclosure Rule 15c2-12 and SEC Antifraud Provision Rule 10b-5 and Municipal Securities Rulemaking Board (MSRB) Rule G-36 as stated below:

SEC Disclosure Rule 15c2-12 requires that issuers of municipal securities undertake in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information to various information repositories.

SEC Antifraud Provisions Rule 10b-5 requires that disclosure made by issuers of municipal securities be both accurate and complete in all material respects at the time the disclosure is provided.

MSRB Rule G-17 requires, in the conduct of municipal securities or municipal advisory activities, each broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest or unfair practice.

MSRB Rule G-23 establishes ethical standards and disclosure requirements for brokers, dealers, municipal securities dealers who act as financial advisors to issuers with respect to the issuance of municipal securities. Firms are prohibited from engaging in Underwriting and Remarketing activities with issuers of municipal securities with whom they maintain a financial advisory relationship, as defined by MSRB Rule G-23.

MSRB Rule G-36 requires filing by the broker dealer of the Official Statement within 10 days of the Bond Purchase Agreement execution.

The Authority acknowledges the responsibilities of the underwriting community and shall assist underwriters in their efforts to comply with SEC Disclosure Rule 15c2-12, SEC Antifraud Rule 10b-5 and MSRB Rule G-36.

Official Statement Filing - Primary Disclosure

The Authority shall file its official statements with the MSRB, all nationally recognized municipal securities repositories (EMMA which currently the only nationally recognized municipal securities repository).

Comprehensive Annual Financial

The Authority shall provide its comprehensive annual financial report and shall disseminate other information that it deems pertinent to the market in a timely manner. The Authority shall file its CAFR with EMMA on a timely basis as required.

XI. SECURITIES DISCLOSURE POLICIES AND PRACTICES OF ADMINISTRATION OFFICIALS

In connection with the issuance of certain bonds, notes, and other municipal securities, the Authority is required to prepare and disseminate certain disclosure information in order to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934,

Appendix B

including a requirement for continuing disclosure of annual financial information and notices of certain material events. This policy shall centralize the information dissemination process, establish appropriate controls on disclosure statements made by the Authority and enable the Authority and its enterprises to comply with Rule 15c2-12, in order to assure the Authority's access to the capital markets as a source of funds for necessary and useful public undertakings of the Authority. This policy is not intended in any way to limit any person's access to public records or information, nor to infringe upon the normal political process, in particular the right of any elected official of the Authority to review, discuss, release, comment upon or criticize any information.

Policy

The CFO shall be responsible for reviewing and recommending, prior to release to the public, all official statements and disclosure statements relating to municipal securities as to which the Authority is the issuer or an obligated person for purposes of Rule 15c2-12.

No official statement relating to any municipal securities as to which the Authority is the issuer or an obligated person for purposes of Rule 15c2-12 shall be issued or released to the public until and unless approved in writing by the ED.

No disclosure statement concerning municipal securities as to which the Authority is the issuer or an obligated person for purposes of Rule 15c2-12 shall be made, issued or released to the public by any employee, agent or official of the Authority until and unless such disclosure statement and the release thereof shall be approved in writing by the ED.

The Authority shall not bind itself pursuant to an undertaking relating to securities, such as certain types of private activity bonds, as to which is not an obligated person for purposes of Rule 15c2-12. No undertaking relating to municipal securities as to which the Authority is the issuer or an obligated person for purposes of Rule 15c2-12 shall be binding upon the Authority without the written approval of the ED.

No disclosure statement, official statement or undertaking in respect of any municipal securities as to which the Authority is the issuer or an obligated person for purposes of Rule 15c2-12 that is issued or released to the public by any employee, agent or official of the Authority without the express written approval of the ED as required by this policy shall be deemed to be a statement or undertaking by or on behalf of the Authority.

Action

Unless otherwise required by law, prior to releasing to the public any official statement or disclosure statement intended to be made public, all non-elected employees, agents and officials of the Authority shall report to and file with the CFO any such proposed disclosure statement, together with such additional information requested by the CFO, including certificates as to the accuracy of such disclosure statement, and each such employee, agent and official of the Authority shall consult with the CFO concerning such proposed official statement or disclosure statement.

Published disclosure statements

All information and documentation requested by the CFO that may be required to support the preparation of a disclosure statement, official statement or undertaking shall be provided by the appropriate Authority departments, as identified by the CFO, on a timely, complete, and accurate basis.

All disclosure statements, official statements and undertakings shall be compiled by disclosure counsel whom, together with the CFO and other counsel who are parties to the documentation. They shall be afforded, by the originating department, such unobstructed access to documentation and information, as they may deem appropriate.

Rating agency, investor and media communications

Appendix B

As previously required in Administrative Instruction No. 2-5, all communications with rating agency personnel, including responses to their periodic questions, shall be managed through and approved by the ED.

In order to ensure uniform market access to information that may be relevant to the valuation of the Authority's securities, the release of any information, whether in response to an ad hoc question or self initiated, that may be potentially relied upon by the market to impute the credit worthiness of the Authority's debt, whether intended for that purpose or not, shall be reviewed by the CFO and Disclosure Counsel to determine whether or not:

- The information is already in the public domain;
- The information is a disclosure event as defined by the SEC, requiring prompt notification of the MSRB for EMMA filing; and
- The information is full, accurate, complete and not misleading.
- Securities disclosure policies and practices of with respect to the Board



POST ISSUANCE COMPLIANCE POLICY

As of July 1, 2013



**Post-Issuance Tax and Securities
Compliance Guidelines for Bonds**

Overview

This guide lists the post-issuance tax compliance controls and procedures related to financial obligations ("Post-Issuance Compliance Guidelines") maintained by Albuquerque Bernalillo County Water Utility Authority (the "Authority"). Post-Issuance Compliance Guidelines are intended to ensure that the Authority complies, and is able to demonstrate such compliance with applicable legal provisions including certain recordkeeping and reporting requirements in order (a) to maintain the tax status of the bonds for federal income tax purposes under the Internal Revenue Code and the Treasury Regulations, (b) to ensure that the bonds continue to comply with the securities laws contained in Rule 15c2-12 of the Securities Exchange Board. References herein to "Tax-exempt bonds" include the issuance of tax exempt and tax-advantaged bonds, loans and other similar debt instruments that may be issued by the Authority. This guideline is designed to formalize compliance procedures so that the Authority utilizes the proceeds of all issues of bonds in accordance with applicable federal tax requirements, and complies with all other applicable federal requirements with respect to bond issues.

A list of currently outstanding bond issues, inclusive of taxable and tax advantaged issues when applicable is attached hereto as Exhibit A. Such exhibit will be updated from time to time as new bond issues arise or existing bond issues cease to be outstanding. Certain additional transactional covenants and recurring reporting and similar obligations of the Authority relevant to the Authority's current bonds and leases are set forth in Exhibit B hereto, which may be amended from time to time to address future leases or bond issues.

Section I: Issuance of Bonds

Financing with tax-exempt bonds is determined by the Authority's Board with consultation from the following:

- Authority's Finance Staff
- Financial Advisor (RBC Capital Markets as of May 1, 2013)
- Bond Counsel (Brownstein Hyatt Farber Schreck as of May 1, 2013)
- Disclosure Counsel (Modrall Sperling as of May 1, 2013)

Bond Counsel

The Authority will retain a firm of nationally recognized bond counsel ("Bond Counsel") to deliver a legal

Appendix C

opinion upon issuance of Bonds. The Authority will consult with Bond Counsel, other legal counsel and advisors throughout the bond financing process as well as during the post-issuance term of the bonds.

External Counsel Advisors

The Authority maintains a relationship with a firm to serve as financial advisor (“Financial Advisor”) in connection with the issuance of tax exempt bond financing to advise with respect to outstanding tax-exempt bonds and for future capital projects.

Tax Certificate

The federal tax requirements relating to each issue of Bonds will be set forth in a related Tax Certificate, which will be included in the closing transcript for each issue. The certifications, representations, expectations and covenants set forth in the Tax Certificate relate primarily to the restriction on use of the Bond-financed facilities by persons or entities other than the Authority, changes in use of Bond-financed assets, restrictions applicable to the investment of Bond proceeds and other moneys relating to the Bonds, arbitrage rebate requirements, and economic life of the Bond-financed assets. Bond Counsel will rely in part on the Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes.

IRS Form 8038-G

Bond Counsel, with assistance from the Authority and other professionals associated with each Bond issuance, shall prepare an IRS Form 8038-G. The CFO or designee will review and sign at closing, and will confirm that the IRS Form 8038-G with respect to all Bond issues is timely filed by Bond Counsel, including any required schedules and attachments. The Form 8038-G filed with the IRS, together with an acknowledgement copy or IRS Notice CP152, will be included as part of the closing transcript for each Bond issue.

Bond Financing Transcript

The transcript associated with each Bond financing, will include copies of the executed Opinion of Bond Counsel, Tax Certificate, and IRS Form 8038-G. The Chief Financial Officer (“CFO”) will keep a copy of the transcript in accordance with the provisions of Section V-“Records Retention”, of these Post-Issuance Compliance Guidelines.

Section II. Application of Bond Proceeds

The CFO will monitor and report to the Executive Director (“ED”) the use of Bond Proceeds. Bond Proceeds will be used for the purpose set forth in the respective Tax Certificate.

Assignment of Responsibility and Establishment of Calendar

On the date of issuance of any bond, the CFO will identify for the bond issue:

- The funds and/or accounts into which bond proceeds are deposited
- The types of expenditures expected to be made with the bond proceeds deposited into those funds and/or accounts and any expenditures prohibited from being made from such funds or accounts.

Appendix C

- The dates by which all bond proceeds must be spent or become subject to arbitrage yield limitations ("Expenditure Deadlines") and all interim dates by which funds and/or accounts must be checked to ensure compliance with the applicable Expenditure Deadlines.

Timely Expenditure of Bond Proceeds

At the time of issuance of any Bond issue, the Authority must reasonably expect to spend at least 85% of all proceeds expected to be used to finance improvements, which proceeds would exclude proceeds in a reasonably required reserve fund, ("Net Sale Proceeds") within three (3) years of issuance. In addition, the Authority must have incurred or expect to incur within six months after issuance expenditures or a binding obligation of not less than 5% of such amount of proceeds, and must expect to complete the project and allocate the proceeds to costs with due diligence. Satisfaction of these requirements allows project-related Bond proceeds to be invested at an unrestricted yield for three (3) years. The CFO will review the anticipated Project construction and funding timeline. The Authority's finance staff will monitor the appropriate capital project accounts and ensure that Bond proceeds are spent in the time period required under federal tax law. If the CFO discovers that an Expenditure Deadline has not been met, said person will consult with Bond Counsel to determine the appropriate course of action with respect to such unspent bond proceeds. Special action may need to be taken with such unspent bond proceeds, including yield restriction, or redemption of Bonds.

Final Allocation

Expenditures will be summarized in a final allocation of bond proceeds ("Final Allocation") in a manner consistent with allocations made to determine compliance with arbitrage yield restriction and rebate requirements. The Final Allocation will memorialize the assets or portion thereof financed with bond proceeds and the assets or portion thereof financed with other funds.

The Final Allocation must occur not later than 18 months after the later of the date the expenditure is paid or the date the Project to which the expenditure relates is completed and actually operating at substantially the level for which it was designed. This allocation must be made in any event not later than 60 days after the end of the fifth year after issuance of the Bonds or 60 days after none of the Bonds are outstanding, if earlier.

The CFO will be responsible for ensuring that such Final Allocation is made for the bonds.

Modification of Bond Terms

The CFO is responsible for identifying any events resulting in (a) changes or modifications of any of the contractual terms of bonds (including, without limitation, modifications of the bond interest rates, maturity dates or payment schedule), (b) changes to any credit enhancement of or liquidity facility for bonds, (c) changes in the nature of the security for the bonds, (d) purchase of bonds by the Authority or any entities related to the Authority or (e) any deferral or forbearance of default of payment of principal and interest due on bonds. Such actions may result in a deemed reissuance of the bonds for federal income tax purposes and could require protective actions to maintain the tax status of the bonds. Bond Counsel should be consulted prior to taking any of these actions.

Use of Bond Proceeds

Bond Proceeds generally should be used for long-term capital projects and not more than 5% of the proceeds should be loaned to one or more Nongovernmental Persons. Bond Proceeds (including earnings on original sale proceeds), other than proceeds deposited in a reasonably required reserve fund or used to pay costs of

Appendix C

issuance, should be spent on Capital Expenditures. For this purpose, Capital Expenditures generally mean costs to acquire, construct, or improve property (land, buildings and equipment), or to adapt the property to a new or different use. The property must have a useful life longer than one (1) year. Capital Expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital Expenditures do not include operating expenses of the projects or incidental or routine repair or maintenance of the Project, even if the repair or maintenance will have a useful life longer than one (1) year.

Segregation of Bond Proceeds

Bond Proceeds shall be maintained in separate accounts or subaccounts to ensure accurate calculations and accounting as required by the Internal Revenue Code. The Authority shall establish separate accounts or subaccounts as provided in the related Bond Resolution.

Section III: Use of Bond Financed Assets

The Authority reviews, and will continue to review, any third-party uses of its Bond-financed facilities (“Projects”) for private business use. In addition, the Authority will continue to consult regularly with Bond Counsel and Financial Advisor regarding applicable federal tax limitations imposed on the Authority’s outstanding tax-exempt obligations and whether arrangements with third parties give rise to private business use of the Projects. The CFO will maintain records identifying the assets or portion of assets that are financed with proceeds of a Bond issue, the uses and the users (including terms of use and type of use). Such records may be kept in any combination of paper or electronic form. In the event the use of Bond proceeds or the Project is different from the covenants and representations in the Tax Certificate, the CFO shall be notified at that time and Bond Counsel will be promptly notified and consulted to ensure that there is no adverse effect on the tax-exempt status of the Bond issue.

Ownership and Use of Project

For the life of the Bond issue, the Project must be owned and operated by the Authority (or another state or local governmental entity). At all times while the Bond issue is outstanding, no more than 10% (or \$15,000,000, if less) of the Bond proceeds or the Project may be used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit (“Private Use”). Generally, Private Use consists of any contract or other arrangement, including leases, management contracts, operating agreements, guarantee contracts, take or pay contracts, output contracts or research contracts, which provides for use by a person who is not a state or local government on a basis different than the general public. Use may include: (i) owning, leasing, providing services, operating, or managing the Project; (ii) acquiring the output (or throughput) of the Project; or (iii) acquiring or using technology developed at the Project. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes “General Public Use”. General Public Use is any arrangement providing for use that is available to the general public at either no charge or on the basis of rates that are generally applicable and uniformly applied. Authority staff will monitor all leases and subleases on property that has been financed with tax-exempt long-term obligations. Prior to entering into any lease or sublease on a bond-financed property, Authority staff will consult with Bond Counsel to determine the impact, if any, such lease or sublease would have on the tax status of outstanding tax-exempt obligations.

The Authority will use long-term obligations to finance those projects that are intended to be owned and operated by the Authority for the entire term of the long-term financing. Prior to selling or otherwise disposing of any tax-exempt debt financed project for which debt remains outstanding, the Authority will consult with Bond Counsel to determine the impact, if any, such sale or disposition would have on the tax status of outstanding tax-exempt debt.

Appendix C

Management or Operating Agreements

Any management, operation or service contracts whereby a non-exempt entity is using Bond-financed assets must relate to portions of the Project that fit within the above-mentioned 10% allowable Private Use or the contracts must meet the IRS safe harbor for management contracts. Any replacements of or changes to such contracts should be reviewed by Bond Counsel. The Authority shall contact Bond Counsel if there may be a lease, sale, disposition or other change in use of Bond-financed assets. The CFO will maintain records on contracts related with Authority real estate on the Facility Management System. In general, management or service contracts related to Projects must provide for reasonable compensation for services rendered with no compensation based on a share of net profits from operations.

Useful Life Limitation

The weighted average maturity of the Bond issue cannot exceed 120% of the weighted average economic life of the Bond-financed assets. In other words, the weighted average economic life of the Project must be at least 80% of the weighted average maturity of the Bond issue. The term of a long-term obligation should not exceed the useful life of a project financed by those obligations; or in the case of multiple projects, the term of the long-term obligation will not exceed the average useful life. The useful life of an object is confirmed at the time of issuance. Also, each asset of the Authority has a useful life that is recorded in the Authority enterprise resource program.

Section IV: Investment Restrictions, Arbitrage Liability

Investment Restrictions

Investment restrictions relating to Bond proceeds and other moneys relating to the Bonds are set forth in the Tax Certificate. The Authority's finance staff will monitor the investment of Bond proceeds to ensure compliance with yield restriction rules. The Authority's CFO is responsible for directing the investment of proceeds of Bonds or other funds related to the Authority's Bonds and will provide periodic updates on the investments of Bond proceeds to the CFO or related staff.

Arbitrage Yield Calculations and Rebate

Investment earnings on Bond proceeds will be tracked and monitored to comply with applicable yield restrictions and/or rebate requirements. The Authority is responsible for calculating (or causing the calculation of) rebate liability for each Bond issue, and for making any required rebate payments. Any funds of the Authority set aside or otherwise pledged or earmarked to pay debt service on Bonds should be analyzed to assure compliance with the tax law rules on arbitrage, invested sinking funds and pledged funds (including gifts or donations linked to the Bond-financed assets).

Arbitrage Rebate Consultant

The Authority will retain an arbitrage rebate consultant, to perform rebate calculations as required in the Tax Certificate of each Bond financing. The CFO is responsible for providing the arbitrage rebate consultant with requested documents and information on a prompt basis, reviewing applicable rebate reports and other calculations and generally interacting with the arbitrage rebate consultant to ensure the timely preparation of rebate reports and payment of any rebate liability.

Arbitrage Rebate Payments

Appendix C

The reports and calculations provided by the arbitrage rebate consultant will confirm compliance with rebate requirements, which include the Authority to make rebate payments, if any rebate liability exists, no later than the fifth (5th) anniversary date and each fifth (5th) anniversary date thereafter through the final maturity or redemption date of a Bond issue. A final rebate payment must be made within sixty (60) days of the final maturity or redemption date of a Bond issue. The [] will confer and consult with the arbitrage rebate consultant to determine whether any rebate spending exception may be met. Rebate spending exceptions are available for periods of 6 months, 18 months and 2 years. The Authority will review the Tax Certificate and/or consult with the arbitrage rebate consultant or Bond Counsel for more details regarding the rebate spending exceptions. Copies of all arbitrage rebate reports, related return filings with the IRS (i.e., IRS Form 8038-T), copies of cancelled checks with respect to any rebate payments, and information statements must be retained as described below. The Authority's finance staff will follow the procedures set forth in the Tax Certificate entered into with respect to any Bond issue that relate to compliance with the rebate requirements.

Appendix C

Section V: Record Retention

The CFO will maintain, or cause to be maintained, copies of all relevant documents and records sufficient to support that the tax requirements relating to a Bond issue have been satisfied will be maintained by the Authority for the later of: (i) the term of a Bond issue, or (ii) the term of any subsequent issue that refunds the original Bond issue, plus three (3) years, including the following documents and records:

- Bond closing transcript
- All records of investments, arbitrage reports, returns filed with the IRS and underlying documents
- Construction contracts, purchase orders, invoices and payment records
- Documents relating to costs reimbursed with Bond proceeds
- All contracts and arrangements involving Private Use of the Bond-financed property
- All reports relating to the allocation of Bond proceeds and Private Use of Bond-financed property
- Itemization of property financed with Bond proceeds

VI. Annual Review of Post Issuance Compliance Controls

The Authority will conduct periodic reviews of compliance with these Post-Issuance Compliance Guidelines to determine whether any violations have occurred so that such violations can be remedied through the “remedial action” regulations (Treas. Reg. Section 1.141-12) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance). If any changes to the terms or provisions of a Bond issue are contemplated, the Authority will consult Bond Counsel. The Authority recognizes and acknowledges that such modifications could result in a “reissuance” for federal tax purposes (i.e., a deemed refunding) of the Bond issue and thereby jeopardize the tax-exempt status of interest on the Bonds after the modifications. At least annually, the CFO will conduct an evaluation of the effectiveness of the design and operation of the Authority’s Post-Issuance Compliance Guidelines with the assistance of the Authority’s Financial Advisor as needed and internal finance staff of the Authority as appropriate, to the extent determined by any of them to be necessary or appropriate.

Tax Return Filings

The Authority’s Finance Staff will assure compliance with IRS tax return filing requirements.

The Authority’s Finance Staff will coordinate the engagement of an accounting firm and the delivery of requested information in order to assure the preparation and filing of annual tax returns on a timely basis.

Annual Review

The CFO will coordinate an annual review process to investigate, monitor, assure and document compliance with the tax and continuing disclosure requirements described in these guidelines.

Continuing Disclosure Compliance Requirements

In each year that the Authority has bonds or taxable obligations outstanding subject to SEC Rule 15c2-12, it must provide updated information or its designee, must file or cause to be filed its annual report (the “Annual

Appendix C

Report") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system for municipal securities disclosure ("EMMA"). Aforementioned updated information must be provided by the City or designee by the date specified in each bond's official statement. Refer to Exhibit B for the required disclosure dates for Authority's existing bonds.

In preparing its Annual Report, the Authority should review each of its outstanding continuing disclosure undertakings (if any) (collectively, the "Undertakings") to determine the quantitative financial information and operating data which, together with the audited financial statements, will constitute the content of the Annual Report. Certain quarterly reports may also need to be filed with the MSRB through EMMA.

The Authority, through its Disclosure Counsel, will also continuously monitor other events relevant to the bonds and provide proper notice to the MSRB through EMMA as may be required by the Undertakings. A list of relevant events is included on Exhibit C hereto, which may be amended from time to time to reflect updates in the law.

The Authority will coordinate any submissions with the MSRB through EMMA with Disclosure Counsel or other legal counsel.

EXHIBIT A

TO POST-ISSUANCE COMPLIANCE GUIDELINES

LIST OF CURRENTLY OUTSTANDING BONDS

SYSTEM REVENUE BONDS

- \$132,985,000 (original principal amount; dated October 25, 2005) Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2005** (Final Maturity: July 1, 2025)
- \$133,390,000 (original principal amount; dated July 12, 2006) Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2006A** (Final Maturity: July 1, 2026)
- \$55,630,000 (original principal amount; dated April 9, 2008) Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2008A** (Final Maturity: July 1, 2033)
- \$135,990,000 (original principal amount; dated April 8, 2009) Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2009A-1** (Final Maturity: July 1, 2034)
- \$14,375,000 (original principal amount; dated April 8, 2009) Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2009A-2** (Final Maturity: July 1, 2013)

NMFA LOANS (SENIOR LIEN)

- \$3,600,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2003** (Final Maturity: July 1, 2015)
- \$118,415,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA PPRF, **Series 2004** (Final Maturity: May 1, 2024)
- \$20,000,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA PPRF , **Series 2005** (Final Maturity: May 1, 2025)
- \$77,005,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA PPRF, **Series 2007** (Final Maturity: May 15, 2025)
- \$1,010,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2009** (Final Maturity: June 1, 2030)
- \$52,055,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA PPRF, **Series 2011** (Final Maturity: June 1, 2036)

Appendix C

NMFA & NMED LOANS (SUBORDIATE-LIEN)

- \$7,907,285 (original principal amount) ABCWUA, New Mexico, System Revenue NMED Loan, **Series 1989** (Final Maturity: 2013)
- \$15,000,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMED, Loan **Series 2001** (Final Maturity: 2025)
- \$12,000,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2004** (Final Maturity: 2030)
- \$47,518 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2010 ADW 2379** (Final Maturity: 2031)
- \$57,648 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2010 ADW 2380** (Final Maturity: 2031)
- \$125,453 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2010 ADW 2381** (Final Maturity: 2031)

NMFA & NMED LOANS (SUPER-SUBORDIATE-LIEN)

- \$50,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA WTB, **Series 2009 Loan 51** (Final Maturity: 2030)
- \$100,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA WTB, **Series 2009 Loan 79** (Final Maturity: 2030)
- \$190,235 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2010 ADW 2382** (Final Maturity: 2031)
- \$452,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2011 ADW 205** (Final Maturity: 2031)
- \$640,000 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2011 ADW 206** (Final Maturity: 2031)
- \$63,354 (original principal amount) ABCWUA, New Mexico, System Revenue NMFA DWRFL, **Series 2011 ADW 207** (Final Maturity: 2031)

EXHIBIT B
TO POST-ISSUANCE COMPLIANCE GUIDELINES

THE FOLLOWING SUMMARIES ARE NOT COMPLETE DESCRIPTIONS OF THE COVENANTS DESCRIBED IN THE BOND DOCUMENTS, AND REFERENCE MUST BE MADE TO THE APPLICABLE DOCUMENT SECTIONS FOR A FULL DESCRIPTION OF SUCH COVENANTS. The Authority should seek advice of Bond Counsel or other legal counsel to assist in reviewing tax, insurance, disclosure and business covenants summarized below.

ISSUE	ADDITIONAL BOND TEST	CDU DATE	RATE COVENANT	RESERVE REQUIREMENT
NET SYSTEM REVENUE BONDS				
SERIES 2005	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2006A	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2008A	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2009A-1	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2009A-2	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A

Appendix C

EXHIBIT C TO POST-ISSUANCE COMPLIANCE GUIDELINES **SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS**

For its Undertakings with respect to bonds or other obligations issued before December 1, 2010, the Authority must monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking:

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes.

For its Undertakings with respect to bonds or other obligations issued on or after December 1, 2010, the Authority must monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking, but not later than 10 business days after occurrence:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of bondholders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Authority
13. The consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material/applicable.

Appendix C

A. Introduction

These procedures have been adopted by the Authority in order to comply with federal securities laws related to the Authority's bonds and loans.

B. Types of Disclosure Governed by These Procedures

The Authority will use these procedures in connection with the following forms of disclosure (collectively, "Disclosure Documents"):

1. Primary Disclosure.
 - i. Preliminary Official Statements
 - ii. Final Official Statements
2. Secondary Disclosure.
 - i. Continuing Disclosure
 - Examples: annual reports and notices of specified events provided pursuant to a continuing disclosure agreement.
 - ii. Voluntary Disclosure
 - Examples: quarterly financial information, a change in fiscal year and other additional financial or operation information; amendments to continuing disclosure undertakings; a change in obligated persons and other event-based disclosures.
3. Other Disclosure.
 - i. Information about the Authority that is material and reasonably expected to reach investors. Information is material if there is a substantial likelihood that it would be considered significant by a reasonable investor.
 - Examples: financial information on the Authority's website, such as the Authority's budget and fiscal reports; public statements regarding the Authority's finances that are made by representatives of the Authority.
 - ii. Statements or omissions related to the tax status of the Authority's obligations.
 - Examples: statements or omissions in tax certificates, loan agreements or other documents relied on by bond counsel.

C. Disclosure Training

The Authority shall retain bond counsel and/or disclosure counsel. The Chief Financial Officer or employee assigned by the Executive Director shall work with such counsel to create, implement and periodically revise ongoing disclosure training. Every person designated by the Chief Financial Officer to assemble information or otherwise participate in the preparation of a disclosure document (a "Responsible Person") shall receive disclosure training related to federal securities laws as well as training related to their role in preparing the Authority's Disclosure Documents.

D. Ongoing Disclosure Policies and Procedures

The following are general, ongoing disclosure policies and procedures of the Authority. With the assistance of bond counsel or disclosure counsel, the Chief Financial Officer and Authority employee designated by the Chief Financial Officer shall do the following:

1. Monitor Compliance on a Weekly Basis. In addition to the filing of annual reports, the Authority must provide notice of events specified in the Authority's continuing disclosure undertakings. Generally, notice of such events must be provided to the Municipal Securities Rulemaking Board

Appendix C

within ten business days after the occurrence of such event. In order to ensure compliance with the Authority's continuing disclosure undertakings, the Chief Financial Officer or designee shall review the list of events specified in the Authority's continuing disclosure undertakings on a weekly basis to determine whether any such event has occurred that may require notice.

2. **Verify Primary Disclosure at Key Times.** The Authority's Preliminary and final Official Statement must not contain any untrue statement of material fact, or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Chief Financial Officer or designee must verify the accuracy of its primary disclosure not only during drafting and review, but also at the time of (i) posting or mailing the Preliminary Official Statement, (ii) pricing of the Authority's bonds or loans, and (iii) at the time of closing of the transaction. If developments occur that may make the Authority's primary disclosure inaccurate or incomplete as described above, the Chief Financial Officer or designee will work with the disclosure counsel and/or bond counsel to remedy these potential issues.
3. **Promptly Address Issues and Questions.** Everyone who participates in creating or reviewing a Disclosure Document should promptly address issues that arise throughout the disclosure process. The Chief Financial Officer or designee and Responsible Parties must address and resolve all questions they may have regarding the accuracy and completeness of a Disclosure Document.
4. **Consider What is Missing.** Instead of simply updating numerical data from one year to another, Responsible Parties and the Chief Financial Officer or designee must consider what is missing from Disclosure Documents. For example, material developments related to the Authority's financial condition may have occurred, cost projections for a project may have changed or laws affecting the Authority may have been enacted. Material developments such as these may not appear in prior Disclosure Documents and therefore cannot be adequately disclosed by simply updating prior Disclosure Documents.
5. **Encourage Responsible Parties and Disclosure Team Members to Raise Issues.** Responsible Parties, the Chief Financial Officer or designee and any other participants have a duty to carefully consider and question the information in Disclosure Documents to ensure that the Authority's disclosure is complete and accurate. Issues and questions regarding the completeness or accuracy of any Disclosure Document should first be raised internally. Such questions should be discussed with the Chief Financial Officer or designee, bond counsel or disclosure counsel and others within the Authority until resolved.

E. Conclusion

These procedures have been adopted by the Authority. The Chief Financial Officer or designee will review these procedures no less than annually and will periodically consult with bond counsel and/or disclosure counsel to ensure these procedures are effective in producing disclosure that is accurate, complete and in compliance with federal securities laws.

FY18 Proposed Budget

Operating & Capital Improvement Plan (CIP) Budgets



Albuquerque Bernalillo County
Water Utility Authority

FY18 Budget Assumptions

- Rate Revenue Adjustment
- Nominal Growth in Service Area
- Assumed FY16 Consumption Levels at 129 GCPD
- Capital Spending Increases by \$6.0 million
- Rate Reserve Increased by \$2.0 million
 - Rate Reserve dedicated for the purpose of offsetting declines in rate revenue
- Fund Balance at 1/12th of Operating Expenses



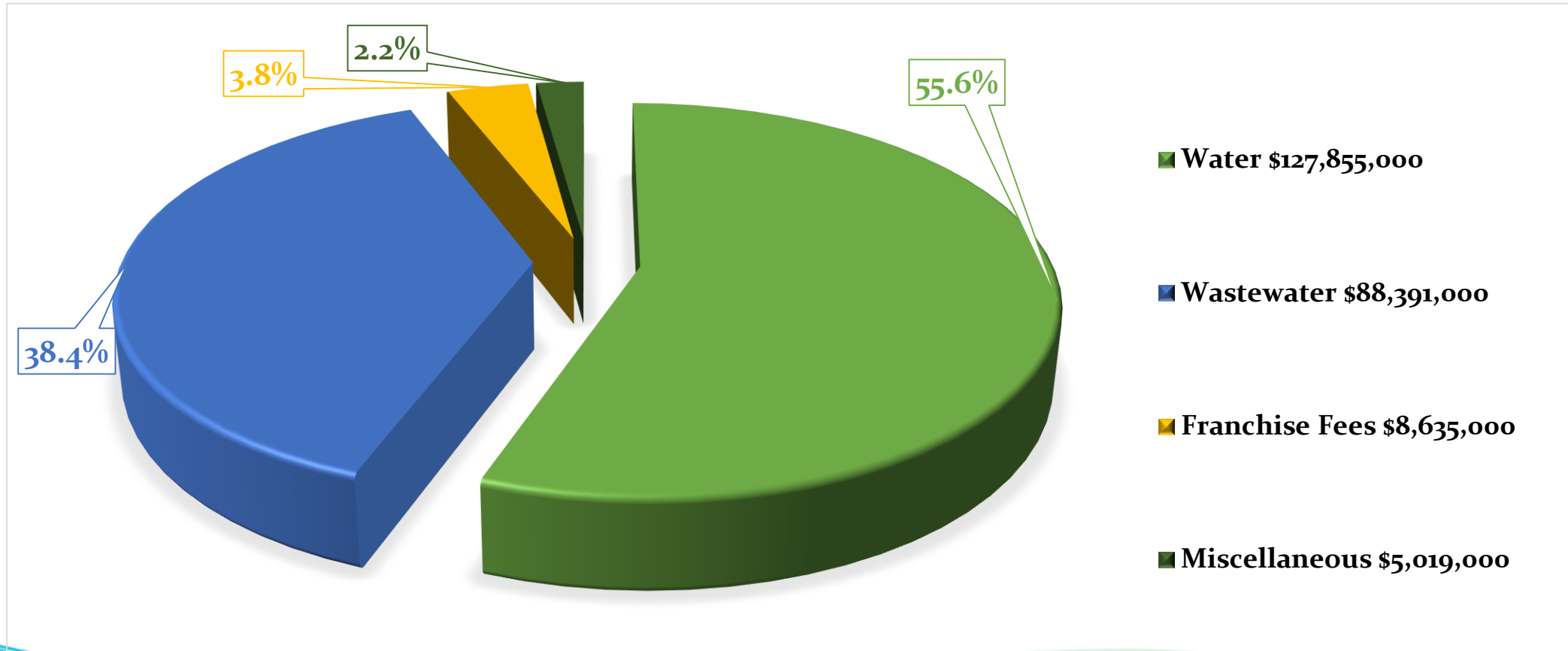
FY18 Selected Priorities

- Enhance Community Outreach and Communication
- Begin the Implementation of Water 2120 Plan
- Increase Groundwater Reserve by injecting purified surface water at SWJC Water Treatment Plant (Large Scale Aquifer Storage & Recovery)
- Continue Increased Infrastructure Investment Plan
- Round Up Program for Emergency Needs



FY18 General Fund Projected Revenues

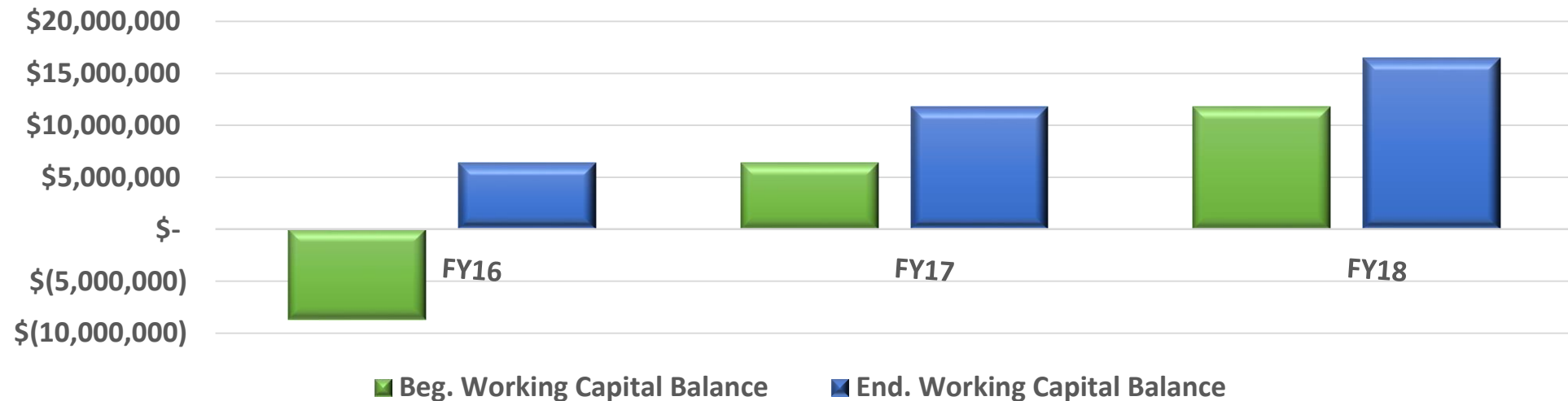
\$229,900,000



Albuquerque Bernalillo County
Water Utility Authority

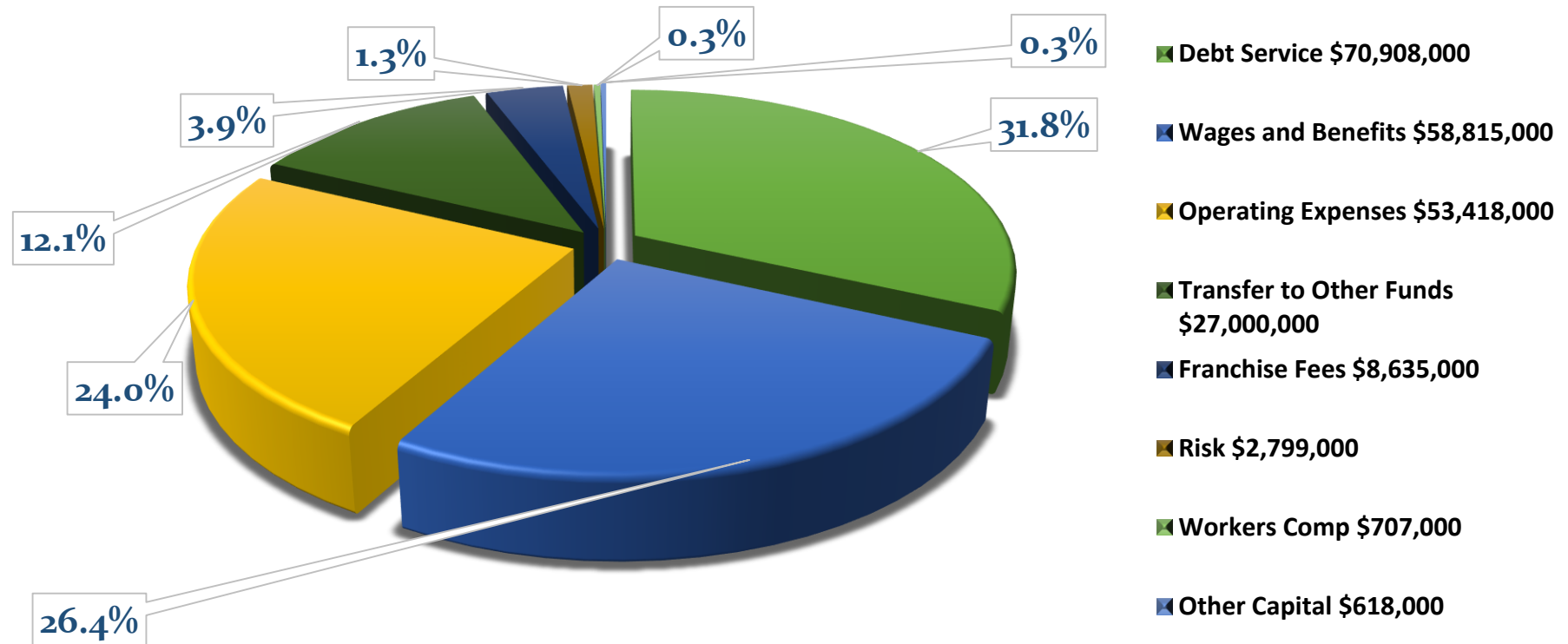
FY18 Working Capital Projected Balance

- FY18 – Additional Capital Improvement Plan Transfer \$3.0 million
- Working Capital projected to meet 1/12th Reserve Requirement

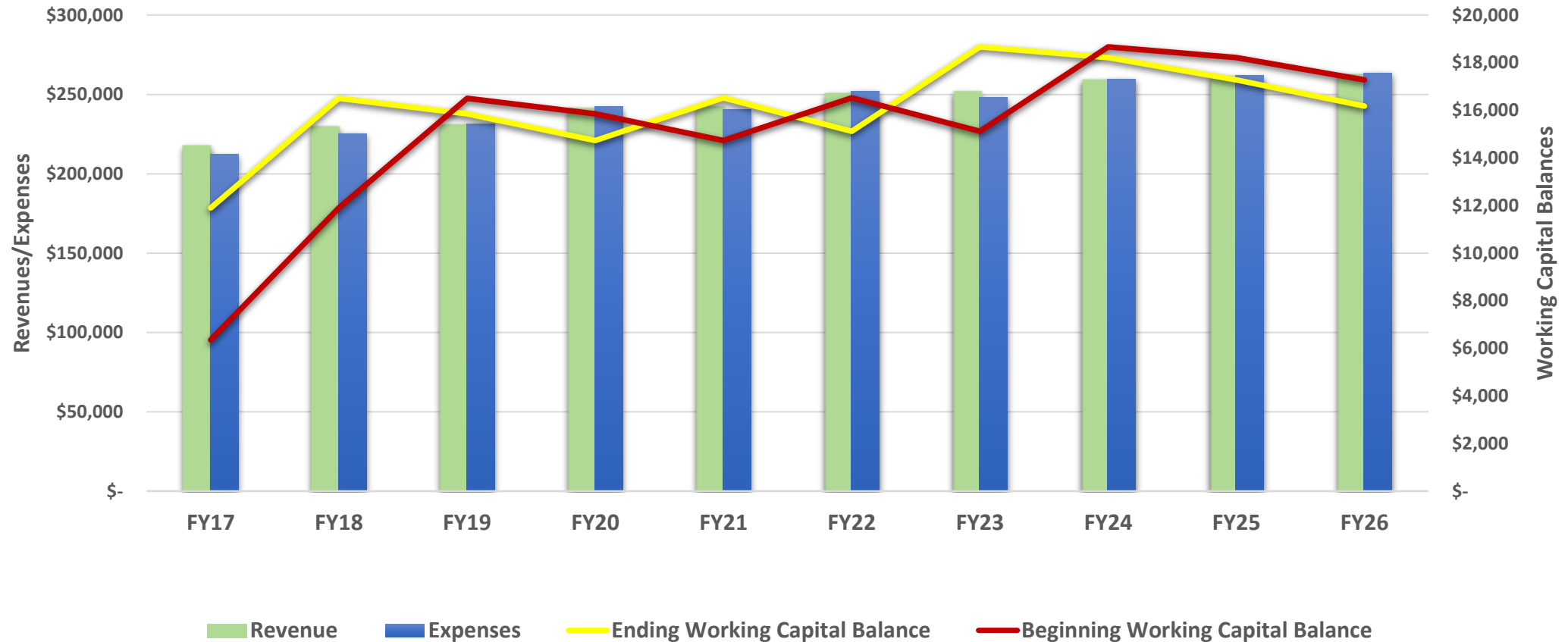


FY18 Budgeted Expenses

\$222,900,000



Finance Plan Summary



Albuquerque Bernalillo County
Water Utility Authority

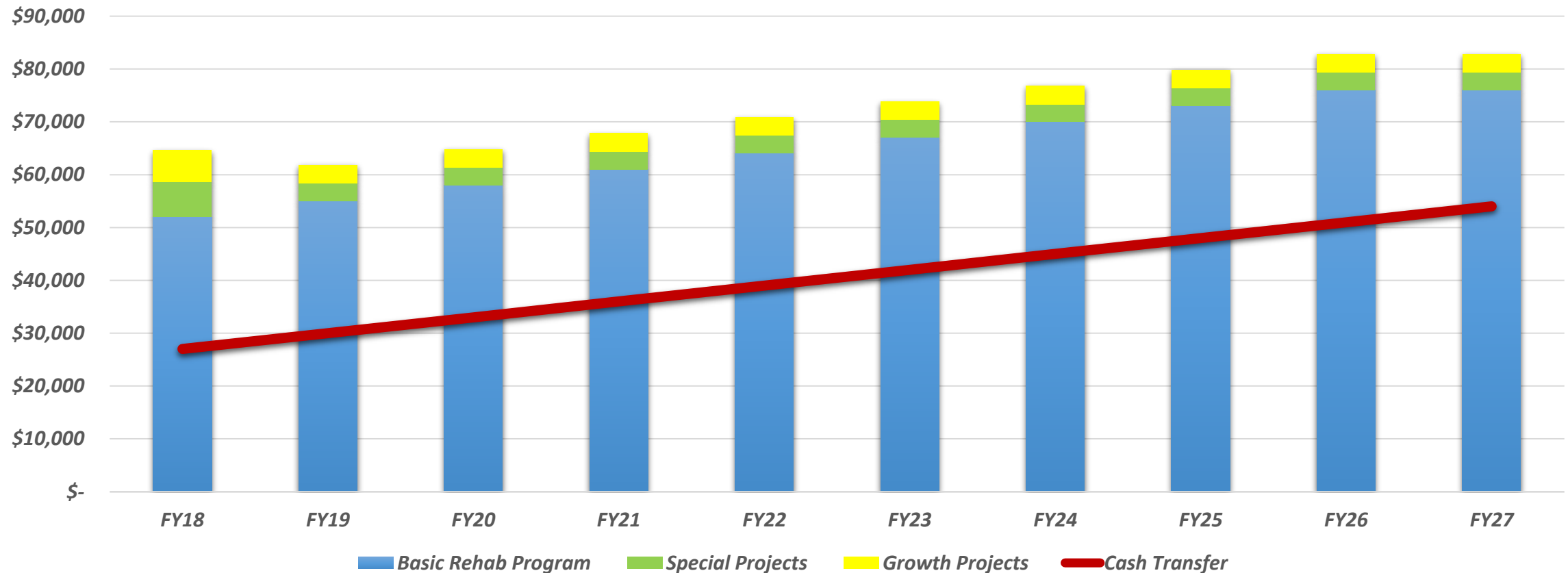
FY18 Capital Improvement Plan(CIP) Appropriations

- \$64.1 Million Appropriation Includes:
 - \$52 Million Basic Rehab Program
 - Major Initiatives Include:
 - \$6.0 Million for Completion of Solids Dewatering Facility
 - \$4.0 Million for Vehicle and Heavy Equipment Replacement
 - \$3.0 Million for EPA Compliance Reuse Pipeline Project
 - \$2.0 Million Automated Meter Infrastructure (AMI) – 50% build-out target
 - \$1.0 Million for Steel Line Replacement
 - \$350,000 for Renewable Energy Projects



Albuquerque Bernalillo County
Water Utility Authority

CIP Spending – Decade Plan



Each \$1.0 million in Capital Spending creates 15 Jobs
Source: US Water Alliance

Meeting Date: May 17, 2017
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-17-9 – Appropriating Funds for Operating the Albuquerque Bernalillo County Water Utility Authority for Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018

ACTION: Recommend Approval

SUMMARY:

This legislation is the Water Authority's proposed budget appropriation for Fiscal Year 2018 beginning July 1, 2017. The FY18 budget was developed utilizing the Water Authority's Five-Year Goals, One-Year Objectives, Performance Plan and the Guiding Principles in determining the costs needed to effectively and efficiently run the utility operation.

FY 2018 HIGHLIGHTS:

The FY18 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, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

Helping to guide this effort is *Water 2120*, the Water Authority's 100-year water resources management strategy, which went into effect during FY17. *Water 2120* incorporates the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the State Engineer, Sandia National Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it takes climate variability into account and for the first time looks at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives are used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options is used to fill the gaps to meet future demand over the next 100 years.

Operations

The operational cornerstone of *Water 2120* is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After nine years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey. A video documenting this success is available for viewing at:

<https://www.youtube.com/watch?v=Z6stQZw2L1M&feature=youtu.be>

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY18. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators for the water, wastewater and ground water plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Field operations has developed and submitted a five year “strategic plan” to guide its operational goals and objectives.

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 with the primary source of supply being treated surface water from the DWP. The DWP provided 65% of all water distributed to Water Authority customers in calendar year 2016. The Water Authority’s goal is to have the DWP supply 70-75% of all customer demand. Flow conditions in the Rio Grande may limit the ability to fully realize this goal.

The Water Authority 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. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, and final clarifier renovations. Construction of major renovations and improvements to the Solids Dewatering Facility will begin in FY17 with completion by the end of December 2017. Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems, and other SWRP facilities.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost and sell at least 30% of the total quantity of bio-solids.

Wastewater Collections 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 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.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. In FY18, the division will evaluate maintenance reduction potential by eliminating select redundant/inoperable pressure reducing valves monitored with AMR technology. Water Resources will expand and develop their education series by offering new classes, online videos, and workshops. In conjunction with the expanded education effort, the division will also be redesigning the rebate programs. Water Resources staff will participate in a UNM study on public knowledge and perceptions of reuse, begin developing a Reuse Plan, and permitting and building expansions to the reuse system. As part of the Aquifer Monitoring Plan, staff will establish a monitoring network and report on water levels every five years.

Planning & Engineering will complete the draft Guide to Development, begin development of Water Authority construction standards, and develop a business case of in-house vs. consultant design services to streamline processes and maintain a high standard of quality.

Compliance

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.

In the NPDES program, FY18 will bring recommendations to incorporate the septage rates into the rate ordinance and evaluate the rates. These rates have not changed in over 5 years. The program will also complete revisions to the Cross-Connection Control Ordinance. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

Reimplementation of the HachWIMS software program is underway for the Water Quality program. Important improvements in data management and reporting capabilities are expected products of the project. Data is now in one central location that any reporting tool, like HachWIMS, can access. HachWIMS will assist in data verification, validation and approval processes that are not currently feasible in other software programs due to licensing issues.

Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions sponsored by AWWA.

Administration, Employee Relations and Development

The Water Authority has committed to the State Legislature to schedule quarterly outreach meetings in each quadrant of the City. These meetings will provide updates for

legislators and neighborhood associations regarding Water Authority activities and initiatives, and offer opportunities for dialogue and feedback.

Human Resources wellness staff will continue offering wellness challenges for individuals and departments. At least two fitness challenges per quarter will be offered in conjunction with nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. Staff will install outdoor gym equipment at the SWRP, including instructions on using the equipment.

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. Major updates to the Utility Technician program were made and will continue into FY18. A committee to update the Wastewater Worker training program will be convened to review and recommend updates to this program in FY18. 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). A new Training Specialist position will be dedicated solely to training the operators at the SWTP. This new position will focus on delivering classroom and on-the-job training from the new developed Utility Tech Surface Water Plant training program.

The proposed budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings because 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 in the last three fiscal years.

Budget, Finance and Business Management

Finance will submit to GFOA the FY18 Approved Budget for the Distinguished Budget Presentation Award, the FY17 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY17 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.

In FY18, Accounting Services will complete an Accounts Payable Policy and Procedures document, bring risk cost analysis in-house, and to comply with the Debt Post Issuance Compliance Policy, an Arbitrage Compliance Service will be contracted to review the debt issuances.

Purchasing will revise procurement boilerplate documents and processes to adopt best practices and increase efficiency and effectiveness of the Purchasing Office. Processes

to be addressed include: sole source and exempt procurement processes, formal bid and proposal instructions, terms and conditions, and contracts, purchasing violation documentation, and property disposition. The Purchasing Office will also be improving communication mechanisms for status of procurement and availability of materials and services, completing the Warehouse Ordering and Payment Policies and Procedures document, and overseeing the Maximo implementation of purchasing and warehouse related functions.

Budget will continue to provide budget and ERP system training to utility staff and schedule monthly budget update meetings with staff.

Treasury will optimize management of Water Authority funds while implementing the investment strategy, complete asset tracking and develop procedures supporting annual inventories, and work with fiscal agent and other Authority staff to develop a “round up” program for utility bills to fund a low-income payment assistance program.

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 work together to implement the Clevest mobile workforce management system, which provides a bridge for Maximo (Work Order & Asset Management) and Customer Care & Billing (CC&B) 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 is used to manage line spots and schedule and record the preventative maintenance activities on the meter change outs, box and valve replacement initiatives.

CSD will be implementing a major upgrade to the CC&B system in FY18. Customer Services Field Operations will continue working on the Automated Meter Infrastructure project which will move provide a 50% saturation of automated meters in the service area by the end of FY18.

The upgrade and implementation of the CMMS system, Maximo, will “go live” during the 1st Quarter of FY18. The overall goals for the Maximo upgrade center around a technical upgrade to bring the system up to the latest revision (7.6), streamlining and implementing more efficient business processes, standardizing the Asset Management System and work order processing, and leveraging mobile features and workflow, including Clevest as a Mobile Workforce Solution, to increase efficiency within the various operational groups across the Water Authority. Additional benefits include workload management tracking, labor tracking, preventative maintenance and conditional monitoring, as well as cleaner data and significantly improved reporting functions, resulting in improved asset management functions and cost savings. Planning for Phase II of the Maximo project, which includes procurement and full cost accounting will begin in December 2017.

ITD will also continue to support and provide upgrades to SunGard, the financial/HR/payroll system, Cognos reporting, and Kronos, the enterprise timekeeping system.

In FY18, ITD will work towards building additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also continue to build out its Service Desk functions including additional workflows for automatic routing and incident reporting provided to application owners for reporting.

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.

FISCAL IMPACT:

This appropriation consists of the Water Authority General Fund which totals \$222,900,000 and the Water Authority Debt Service Fund which totals \$76,993,000.

COMMENTS:

For FY18, General Fund revenue is projected to be \$229.9 million with proposed expenditures of \$222.9 million. Revenues are expected to be \$7.0 million over proposed expenditures. This amount will bring the Working Capital or Fund Balance to \$16.5 million at June 30, 2018. The Water Authority's target is to maintain its Fund Balance at 1/12 of the annual budgeted operating expenditures as defined by the Water Authority's Rate Ordinance.

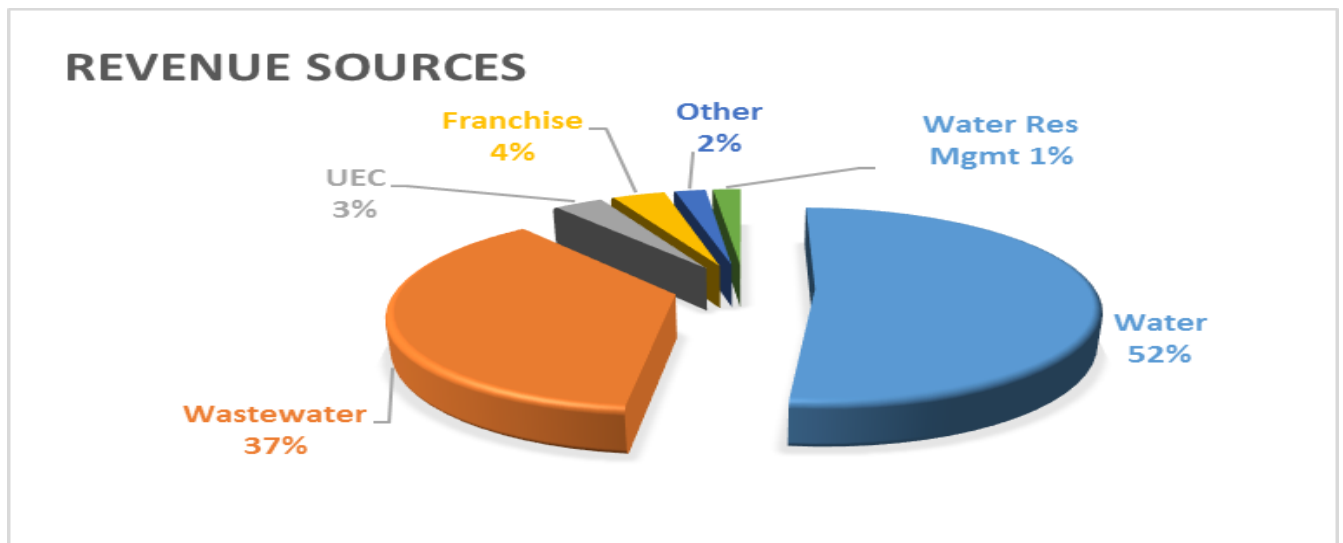
Revenues

The revenue table is an estimate of revenues projected next year. The following is a revenue comparison of the FY16 Audited, FY17 Approved and the FY18 Proposed budgets:

WATER AUTHORITY GENERAL FUND - 21

ACCOUNT NAME	AUDITED FY16	BUDGET FY17	BUDGET FY18	DIFFERENCE FY18-FY17
Interest	155	100	100	-
Miscellaneous	3,052	2,970	2,077	(893)
Water	135,836	118,954	123,355	4,401
Water Resources Management	4,222	4,500	4,500	-
Wastewater	68,077	79,686	88,391	8,705
CIP Employees	792	921	1,014	93
Solid Waste Admin Fee	1,339	1,401	1,480	79
DMD Admin Fee	-	349	348	(1)
PNM Pass Thru	326	-	-	-
Franchise Fees	8,072	8,111	8,635	524
FUND TOTAL	221,872	216,992	229,900	12,908

Operating Fund revenue for FY18 is estimated to be \$12.9 million above the FY17 approved budget. The increase is due to the projected increase in rate revenue. Revenue in the Debt Service Fund has a \$.280 million increase.



* Consolidated for Reporting Purposes

** Other includes Interest, CIP Employees, SW Admin Fee, DMD Admin Fee

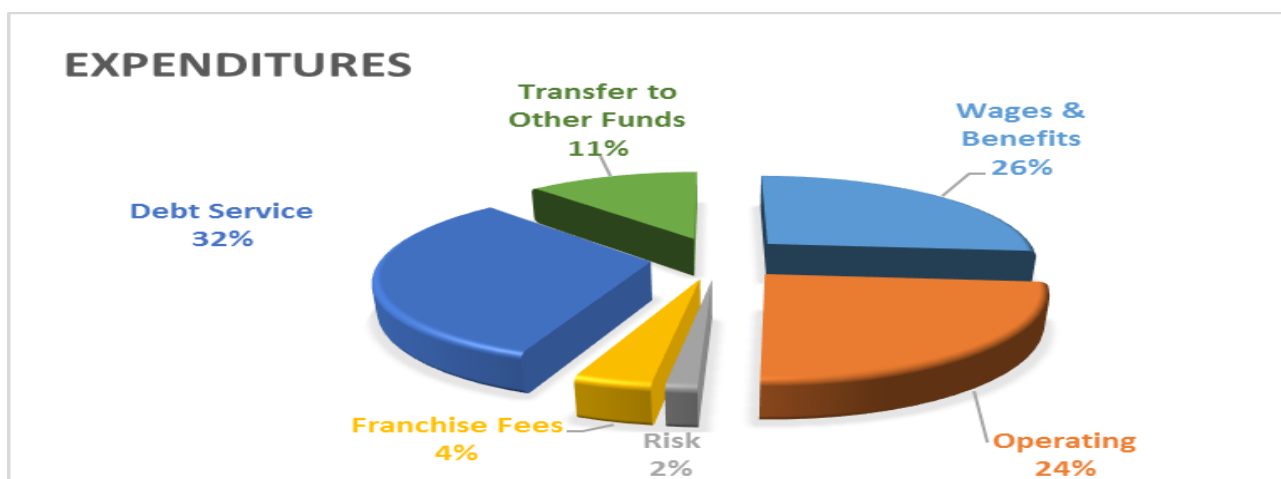
Expenditures

The following is the appropriation comparison of the FY16 Audited Actuals, FY17 Approved and the FY18 Proposed budgets:

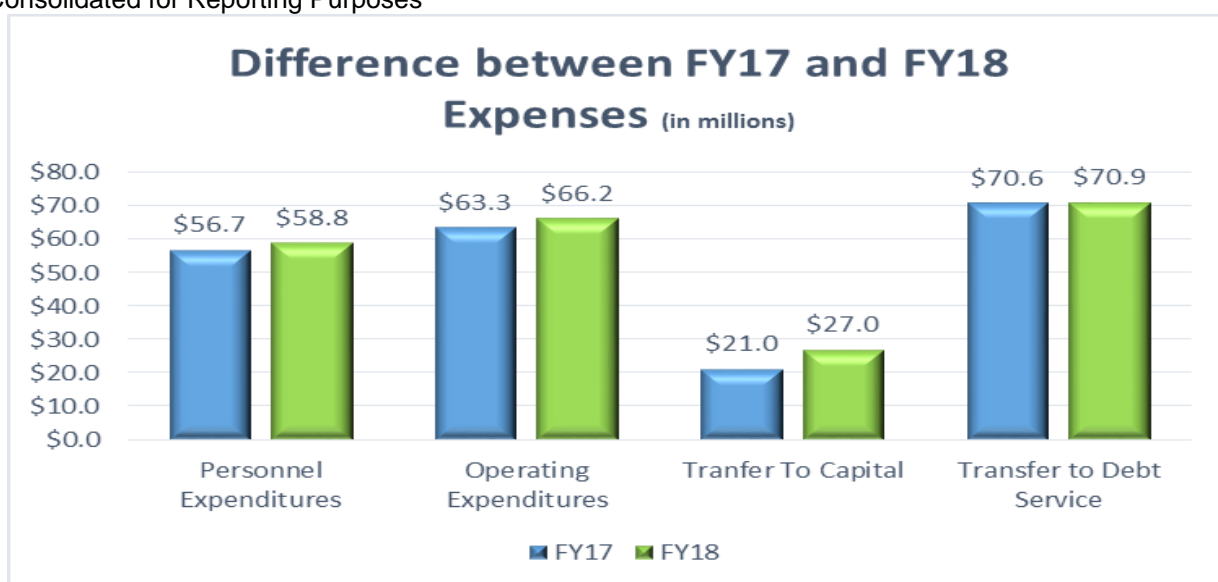
WATER AUTHORITY GENERAL FUND - 21

PROGRAM	AUDITED FY16	BUDGET FY17	BUDGET FY18	DIFFERENCE FY18-FY17
Administration	1,954	2,511	2,792	281
Legal/Risk	4,649	-	-	-
Risk	-	4,155	4,523	368
Legal	-	440	703	263
Human Resources	1,253	1,409	1,508	99
Finance	3,817	3,944	4,004	60
Customer Services	8,739	8,967	9,112	145
Information Technology	6,059	7,080	7,131	51
Wastewater Plant	11,320	11,361	11,680	319
San Juan-Chama Water Treat Plant	3,176	3,487	3,639	152
Groundwater Operations	5,791	6,253	6,427	174
Wastewater Collection	6,281	6,480	6,758	278
Water Field Operations	18,965	19,898	20,129	231
Compliance	4,378	5,269	5,400	131
Water Resources Management	6,175	-	-	-
Planning & Engineering	-	3,124	3,390	266
Water Resources	-	3,964	3,872	(92)
Power & Chemicals	18,789	18,482	19,982	1,500
Taxes	8,397	8,768	9,292	524
Overhead	2,067	2,123	2,403	280
San Juan-Chama	2,226	2,247	2,247	-
Tfr Gen Fund to Rehab Fund	15,000	21,000	27,000	6,000
Tfr Gen Fund to Debt Serv Fund	72,842	70,628	70,908	280
FUND TOTAL	201,881	211,590	222,900	11,310

The FY18 proposed operating expenditures contain a net increase of \$11.3 million from the FY17 Approved Budget. This includes an increase of \$2.1 million in wages and benefits, an increase in general operating expenses of \$2.9 million and an increase in interfund transfers of \$6.3 million for the transfers to capital and debt service.



* Consolidated for Reporting Purposes



Personnel expenditures include a 2% step increase in wages. Total personnel costs have increased by \$2.1 million as compared to FY17. One new position was added in FY18, Wastewater Worker. Total general operating costs increase \$2.9 million. The interfund transfers increase by \$6.3 million.

The Working Capital balance at June 30, 2018 is estimated to be \$16.5 million. The Water Authority's target is to maintain its Fund Balance at 1/12 of the annual budgeted operating expenditures as defined by the Water Authority's Rate Ordinance.

The Water Authority's goals and objectives focus on improving the Utility's operations and improving customer conditions. The Budget Ordinance requires the Water Authority's operating budget 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 Implementation budgets. Many of the objectives also reflect policy direction. With the establishment of goals and objectives that have policy as well as budgetary implications, the Water Authority must actively manage the daily operations of the Utility.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-17-9

1 **RESOLUTION**

2 **APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO**
3 **COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY**
4 **1, 2017 AND ENDING JUNE 30, 2018**

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

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

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

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

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

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

18 **BE IT RESOLVED BY THE WATER AUTHORITY:**

19 Section 1. That the following amounts are hereby appropriated to the following
20 funds for operating The Albuquerque Bernalillo County Water Utility Authority during
21 Fiscal Year 2018:

22 GENERAL FUND – 21 222,900,000

23 This appropriation is allocated to the following programs:

24 Administration	2,792,000
25 Risk	4,523,000
26 Legal	703,000
27 Human Resources	1,508,000
28 Finance	4,004,000

1	Customer Services	9,112,000
2	Information Technology	7,131,000
3	Wastewater Plant	11,680,000
4	San Juan-Chama Water Treatment Plant	3,639,000
5	Groundwater Operations	6,427,000
6	Wastewater Collections	6,758,000
7	Water Field Operations	20,129,000
8	Compliance	5,400,000
9	Planning & Engineering	3,390,000
10	Water Resources	3,872,000
11	Power & Chemicals	19,982,000
12	Taxes	9,292,000
13	Authority Overhead	2,403,000
14	San Juan-Chama	2,247,000
15	Transfers to Other Funds:	
16	Rehab Fund (28)	27,000,000
17	Debt Service Fund (31)	70,908,000
18	<u>DEBT SERVICE FUND – 31</u>	76,993,000
19	This appropriation is allocated to the following programs:	
20	Debt Service	70,993,000
21	Transfer to Other Funds:	
22	Growth Fund (29)	6,000,000
23	Section 2. The Executive Director is authorized to develop and establish a	
24	nonrecurring safety/performance incentive program. This program will provide	
25	employees with an incentive based on cost reductions or performance enhancements	
26	resulting in operating efficiencies and/or a reduction in work related losses. Funding for	
27	this program is contingent on savings in the same or a greater amount.	
28	Section 3. The Water Authority shall continue its partnership with non-profit	
29	affordable housing developers under contract with local government whereby the first	
30	time homebuyer will not be required to pay the Utility Expansion Charge until the	
31	property is sold. No more than 50 units per year will be authorized under this program.	
32	The Water Authority will secure its position with a second mortgage.	
33	Section 4. The Rate Reserve Fund is augmented by the amount of \$2,000,000.	

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

FY18 Proposed Budget

Operating & Capital Improvement Plan (CIP) Budgets



Albuquerque Bernalillo County
Water Utility Authority

FY18 Budget Assumptions

- Rate Revenue Adjustment
- Nominal Growth in Service Area
- Assumed FY16 Consumption Levels at 129 GCPD
- Capital Spending Increases by \$6.0 million
- Rate Reserve Increased by \$2.0 million
 - Rate Reserve dedicated for the purpose of offsetting declines in rate revenue
- Fund Balance at 1/12th of Operating Expenses



FY18 Selected Priorities

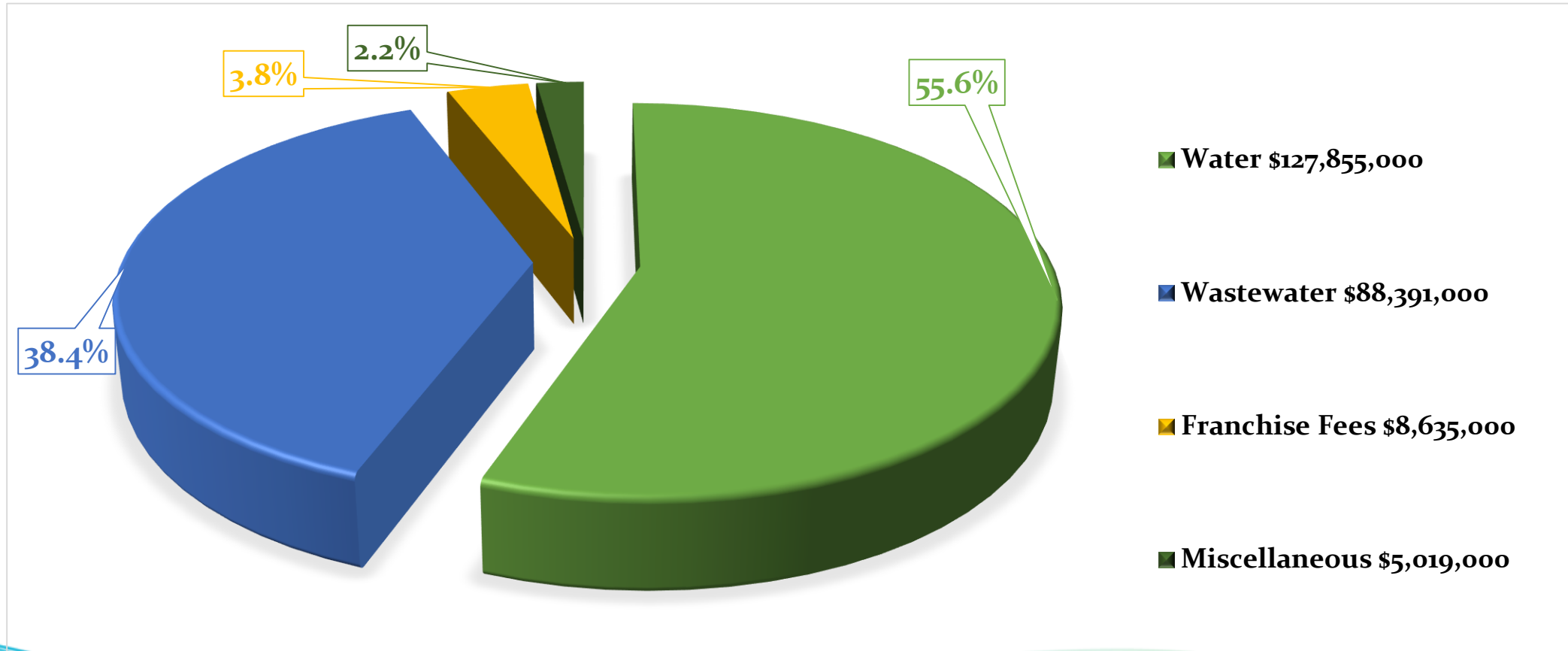
- Enhance Community Outreach and Communication
- Begin the Implementation of Water 2120 Plan
- Increase Groundwater Reserve by injecting purified surface water at SWJC Water Treatment Plant (Large Scale Aquifer Storage & Recovery)
- Continue Increased Infrastructure Investment Plan
- Round Up Program for Emergency Needs



Albuquerque Bernalillo County
Water Utility Authority

FY18 General Fund Projected Revenues

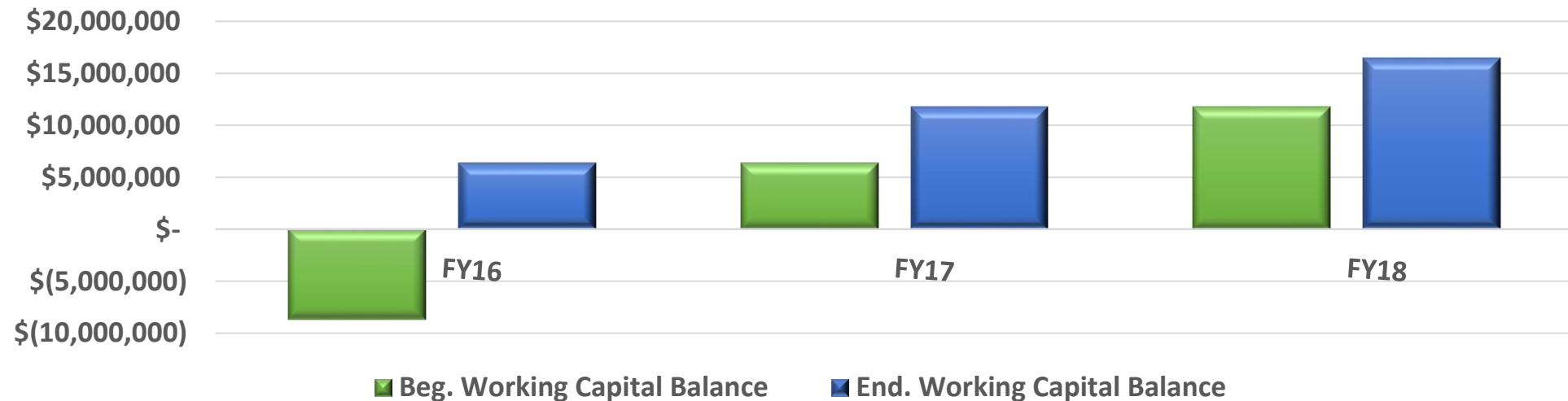
\$229,900,000



Albuquerque Bernalillo County
Water Utility Authority

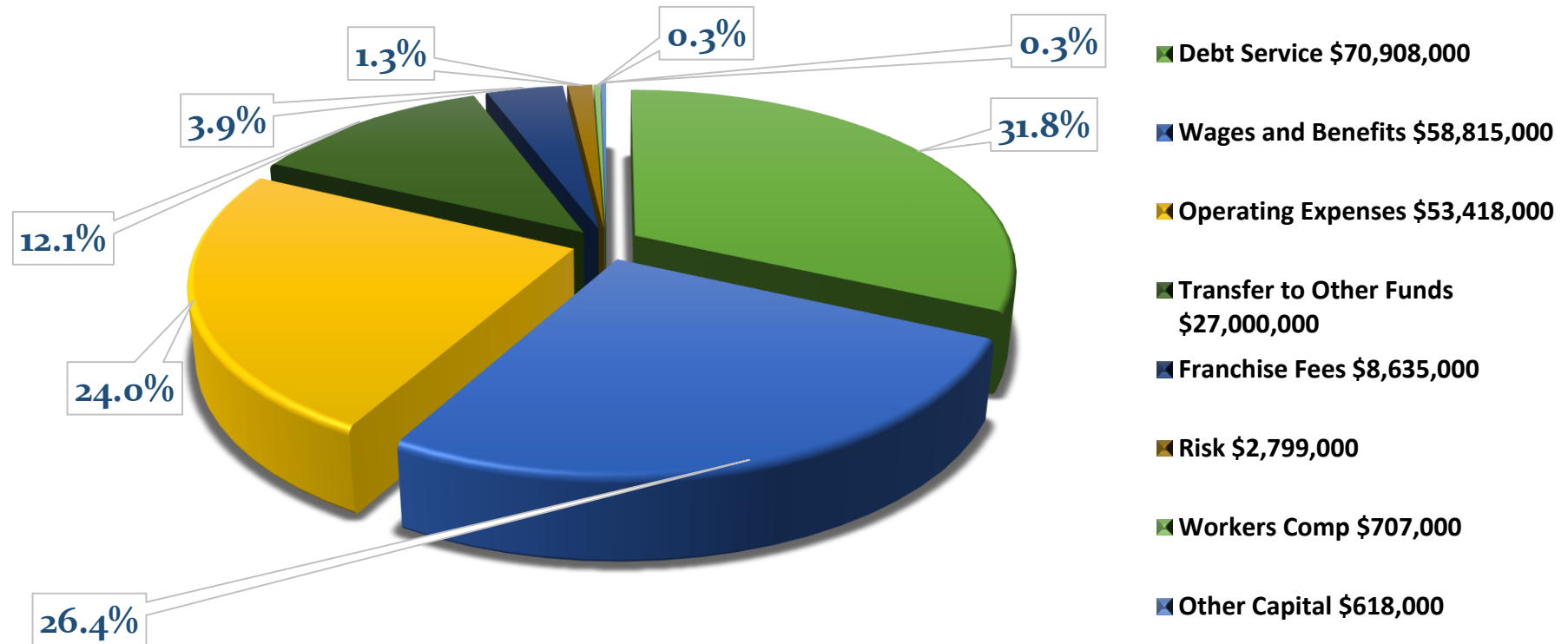
FY18 Working Capital Projected Balance

- FY18 – Additional Capital Improvement Plan Transfer \$3.0 million
- Working Capital projected to meet 1/12th Reserve Requirement

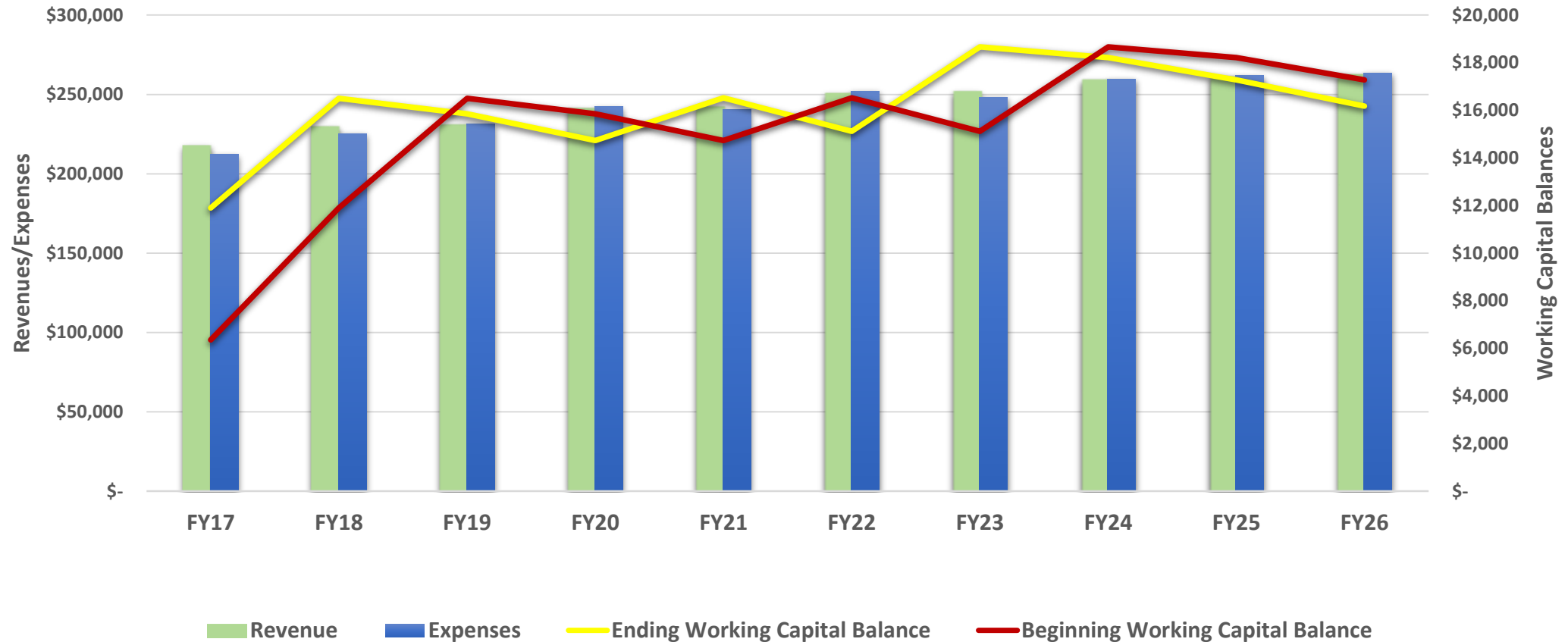


FY18 Budgeted Expenses

\$222,900,000



Finance Plan Summary



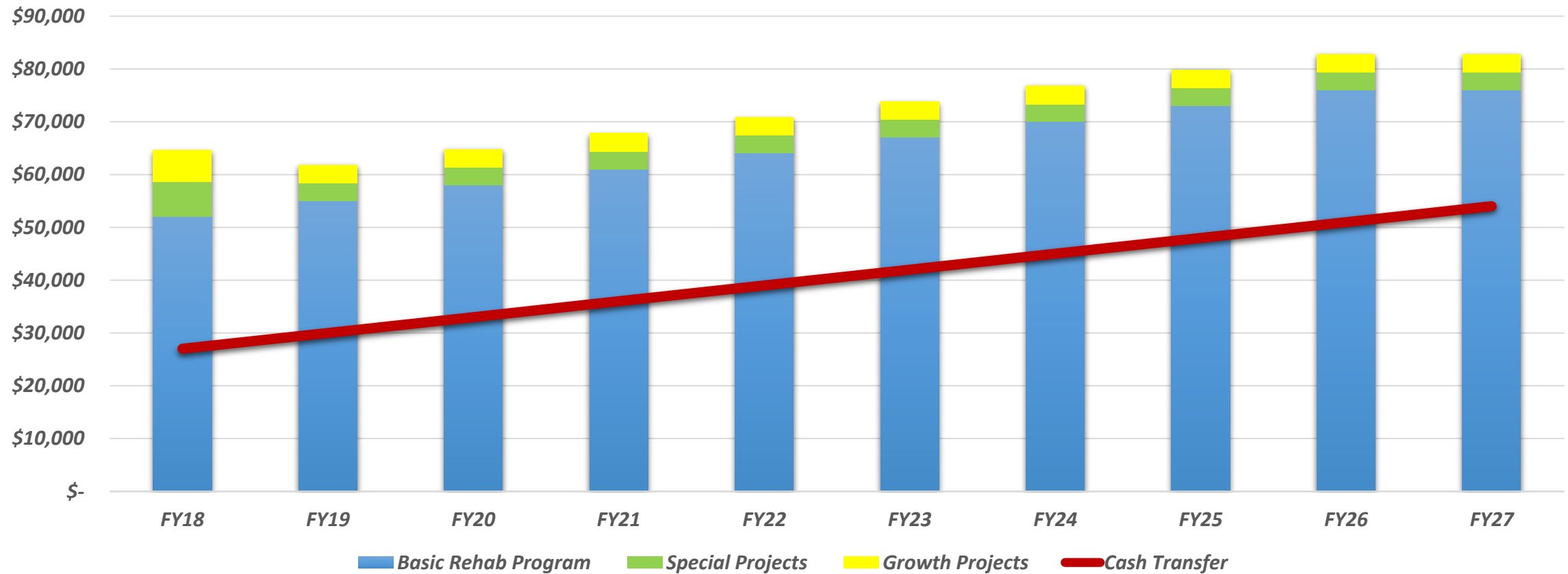
FY18 Capital Improvement Plan(CIP) Appropriations

- \$64.1 Million Appropriation Includes:
 - \$52 Million Basic Rehab Program
 - Major Initiatives Include:
 - \$6.0 Million for Completion of Solids Dewatering Facility
 - \$4.0 Million for Vehicle and Heavy Equipment Replacement
 - \$3.0 Million for EPA Compliance Reuse Pipeline Project
 - \$2.0 Million Automated Meter Infrastructure (AMI) – 50% build-out target
 - \$1.0 Million for Steel Line Replacement
 - \$350,000 for Renewable Energy Projects



Albuquerque Bernalillo County
Water Utility Authority

CIP Spending – Decade Plan



Each \$1.0 million in Capital Spending creates 15 Jobs
Source: US Water Alliance



Meeting Date: May 17, 2017
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-17-10 – Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018

ACTION: Recommend Approval

SUMMARY:

This legislation appropriates funding for the FY18 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 FY18 capital program appropriation totals \$64.6 million. \$52.0 million is appropriated for the level one priority basic capital programs, \$6.0 million for growth related projects, and \$6.6 million is appropriated for special projects.

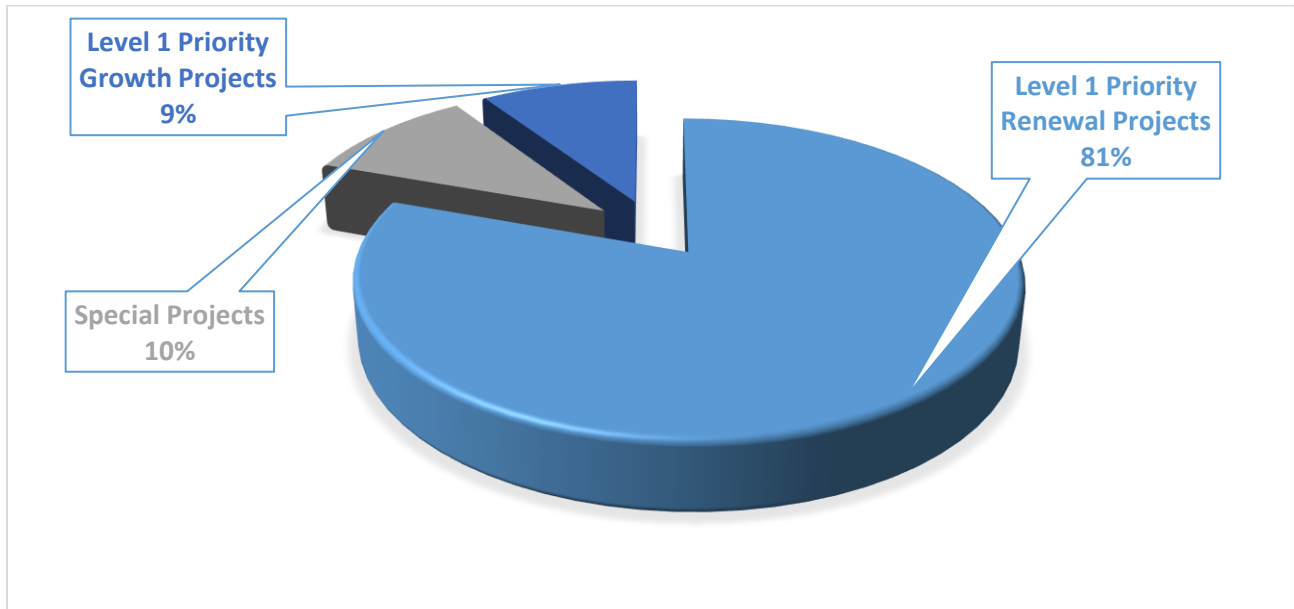
The \$6.6 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$3.2 million for specific pipeline rehab projects.

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 FY18 CIP budget for projects that will be funded with revenues from FY19 or later.

The recent rate revenue increases alleviate future borrowing and increases the level of funding for infrastructure rehab projects.

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. FY18 was the first year in the current FY 2018 – FY 2027 Decade Plan. Listed below are the detailed projects for year two:

	FY18 Budget
Basic Program Appropriations:	
Sanitary Sewer Pipeline Renewal	\$4,750,000
Drinking Water Pipeline Renewal	8,550,000
Southside Water Reclamation Plant Renewal	18,025,000
Soil Amendment Facility (SAF) Renewal	100,000
Lift Station and Vacuum Station Renewal	4,150,000
Odor Control Facilities Renewal	750,000
Drinking Water Plant Groundwater System Renewal	6,045,000
Drinking Water Plant Treatment System Renewal	1,470,000
Reuse Line and Plant Rehab	70,000
Compliance	595,000
Shared Renewal	1,495,000
Franchise Agreement Compliance	2,000,000
Vehicles and Heavy Equipment	4,000,000
Level 1 Priority Renewal Projects Total	\$52,000,000

	FY18 Budget
Special Projects:	
Steel Waterline Rehab	\$1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
Miscellaneous	3,250,000
Special Projects Total	\$6,600,000
Combined Level 1 Priority Renewal and Special Projects	\$58,600,000
Growth Projects:	
Development Agreements	1,250,000
MIS/GIS	4,000,000
Miscellaneous	250,000
Growth Total	5,500,000
Water Resources Enhancement	500,000
Level 1 Priority Growth/Other Projects Total	\$6,000,000
Grand Total	\$64,600,000

FY18 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. Design for this project and advertising occurred during FY16 with construction to begin in FY17. In FY18 funding will be used to complete the improvements to the SDF. The improvements will provide a safer work environment, better and more reliable solids dewatering performance, and reduce maintenance costs.

There are over 2,000 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Water Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there are over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the Water Authority. As the older steel or cast iron lines become deficient, Water Authority staff will often respond to numerous leaks. These leaks if gone unnoticed do have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and create a significant liability.

Replacing whole segments of aged pipe will reduce ongoing operation and maintenance costs. If aging pipeline is not replaced, the impact of emergency response will increase for these repairs and multiple leaks will occur in the same segment of pipe. This program will provide funding for evaluation, planning, design, construction, and related

activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past the useful life.

The operation of the aeration basin blowers represents approximately 50% of the electrical energy demand at the Southside Water Reclamation Plant (SWRP). Most of the current multi-stage centrifugal blowers have been in-service for several decades and are of an outdated design. New blower technology using higher speeds result in significant operational cost savings in energy and maintenance. Funding will provide for a consultant to assist in the design for replacing the existing four multi-stage blowers at the North Blower Building with eight high efficiency blowers. The compressed air capacity will increase from 29,000 to 36,000 cubic feet per minute (cfm).

The digesters remove volatile solids in the sludge produced by the plant's liquid treatment operations prior to sludge dewatering and land disposal. The digestion process converts volatile solids into a methane gas by-product that is burned by the plant's co-generation system to produce electric power for the plant operations and produce hot water for digester heating and space heating of all the buildings. Funding will be used to continue the renewal and increase the capacity of the digesters. This will include conversion of two of the secondary digesters to primary digesters to provide more digester capacity. Once this additional capacity is available, the different digesters will be able to go off-line at any time for repairs and allow structural and coating renewal of its interiors without disruption of the system. Mixers will also be upgraded to more efficient units to save energy costs. The sludge heating system rehab will also allow for more consistent temperature control.

The Information Technology/GIS funding allocations will be utilized to complete the Asset Management system upgrade, which includes Phase I tasks associated with the project and enhancing utilization of mobility to support Asset Management initiatives. The Phase II Asset Management activities will include barcoding fixed assets, implementing the transportation module, and enhancing procurement functions within Maximo to further support the Asset Management goals and objectives related to Asset Management life-cycle accounting practices.

The Customer Care & Billing (CC&B) software will begin with a technical and functional upgrade. This project will be a multi-year upgrade. Other projects include transitioning infrastructure and server environment to a Hyper-Converged environment, resulting in cost savings, performance enhancement, and promotes "green" initiatives to downsize the footprint of traditional IT related equipment. Efforts to continue to add redundancy to the Network and Telephony system will result in more effective and efficient services.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-17-10

1 RESOLUTION

2 APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR
3 THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR
4 THE FISCAL YEAR BEGINNING JULY 1, 2017 AND ENDING JUNE 30, 2018

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

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

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

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

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

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

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

22 BE IT RESOLVED BY THE WATER AUTHORITY:

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

25 Basic Program Appropriations:

26	Sanitary Sewer Pipeline Renewal	4,750,000
27	Drinking Water Pipeline Renewal	8,550,000
28	Southside Water Reclamation Plant Renewal	18,025,000

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

1	Soil Amendment Facility (SAF) Renewal	100,000
2	Lift Station and Vacuum Station Renewal	4,150,000
3	Odor Control Facilities Renewal	750,000
4	Drinking Water Plant Groundwater System Renewal	6,045,000
5	Drinking Water Plant Treatment Systems Renewal	1,470,000
6	Reuse Line and Plant Rehab	70,000
7	Compliance	595,000
8	Shared Renewal	1,495,000
9	Franchise Agreement Compliance	2,000,000
10	Vehicles and Heavy Equipment	4,000,000
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	EPA Compliance Pipeline Projects	3,250,000
16	<u>Growth:</u>	
17	Development Agreements	1,250,000
18	MIS/GIS	4,000,000
19	Miscellaneous	250,000
20	<u>Other:</u>	
21	Water Resource Enhancement (Water Supply Charge)	500,000
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		



Meeting Date: May 17, 2017

Staff Contact: David Price, Planning & Engineering Division Manager

TITLE: C-17-8 – 2018-2027 Decade Plan for Capital Improvements

ACTION: Recommend Approval

SUMMARY:

This Water Authority uses asset management principals to schedule renewal of its water and wastewater infrastructure. Those assets with the highest risk are targeted for renewal first. Risk of an asset failure is estimated by multiplying its “probability of failure” by its “consequence of failure.” The Water Authority is employing different evaluation techniques to evaluate the current condition of its different infrastructure assets such as videoing the inside of sewer pipelines and water reservoirs. Based on these condition assessments, more accurate estimates of the probability of failure and useful life of the asset can be determined.

Based on the 2011 Asset Management Study, the Water Authority needs to increase the rate of asset renewal to maintain the level of service accustomed by its rate payers. Proactive renewal of assets is more cost effective (i.e., lower life-cycle cost) than allowing assets to run to failure, which require asset replacement rather than rehabilitation. This is the basis for the capital spending ramp up which the board has approved.

FISCAL IMPACT:

Budgeted in Capital Budget and Ten Year Financial Plan.

FY2018 - 2027 Decade Plan Update



Albuquerque Bernalillo County
Water Utility Authority

FY2018-2027 Decade Plan

- Identifies capital projects for next 10 years
- Developed every 2 years
- Direct Link to Water Authority's Financial Plan to proposed capital needs
- Incorporates data and analysis from Asset Management Plan



FY18 – 27 Decade Plan Infrastructure Renewal Budgets

Asset Renewal Category	FY 18 (\$-million)	FY 19 (\$-million)	FY 18 – 27 (\$-million)
100 Sanitary Sewers	4.8	7.0	141
200 Potable Water Pipelines	8.6	7.6	140
300 Southside Water Reclamation Plant	18.0	19.4	183
400 Soil Amendment Facility	0.1	0.1	1.0
500 Lift & Vacuum Stations	4.1	3.1	32
600 Odor Control Facilities	0.8	0.8	3.5
700 Drinking Water Plant: Groundwater	6.0	4.7	71
800 Drinking Water Plant: Treatment	1.5	4.9	26
900 Non-Potable Water Systems	0.1	0.1	0.7
1000 Compliance Division	0.6	0.2	2.4
1100 Shared Renewal	1.5	1.1	12
1200 Franchise Agreement Compliance	2.0	2.0	20
1300 Vehicles & Heavy Equipment	4.0	4.2	19

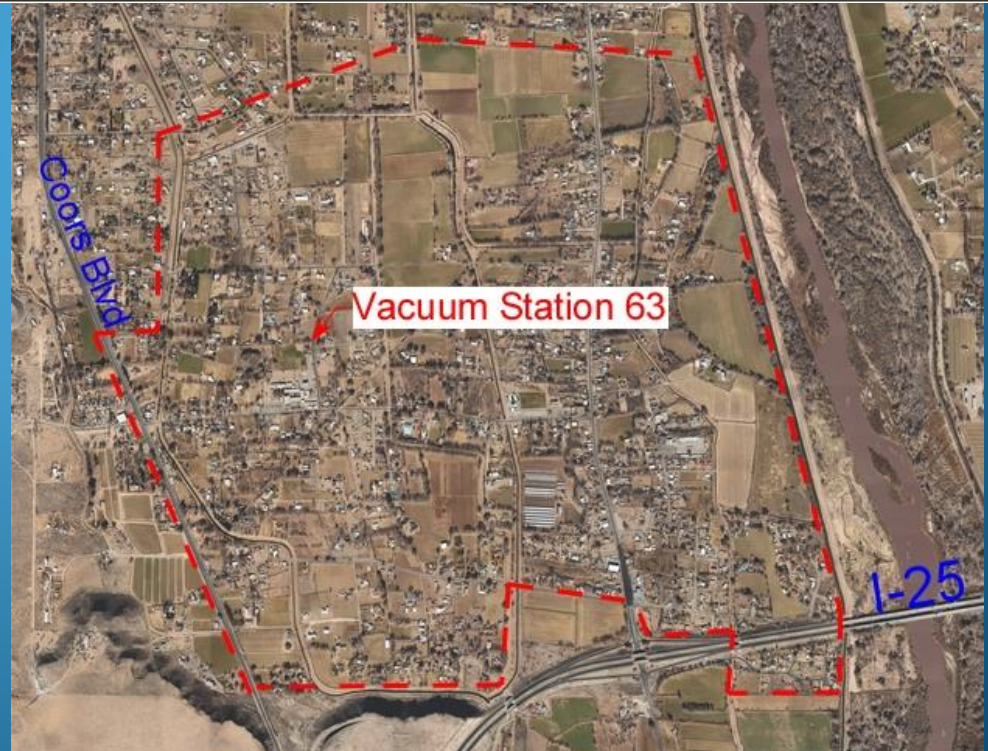
Southside Water Reclamation Plant Primary Clarifier Renewal

- SWRP has 8 Primary Clarifiers, which can be major sources of odors
- The clarifiers have open tops, so odor control is difficult
- Renewal project currently under design that will include covering the four large primary clarifiers.
- Construction of the first clarifier renewal should be complete in early 2018, remaining three by winter of 2019 - 2020



Vacuum Station 63 and Sewage Collection System Renewal Project

- Vacuum Station 63 serves Los Padillas neighborhood
- One of the oldest vacuum stations; in-service since 1995
- \$1.7-million project currently under construction with scheduled completion in November 2017



San Jose Reservoir and Pumping Station Site Restoration

- San Jose Wells, Reservoir & Pumping Station are permanently out-of-service
- Project would demolish reservoir and buildings



Questions?



Meeting Date: May 17, 2017
Staff Contact: John M. Stomp III, P.E., Chief Operating Officer

TITLE: C-17-17 – Approving Agreement with City of Rio Rancho and Intel for Emergency Sanitary Sewer Service

ACTION: Recommend Approval

SUMMARY:

The City of Rio Rancho (Rio Rancho) is reconstructing the existing Wastewater Treatment Plant adjacent to Intel and has requested that the Water Authority provide an emergency outfall as a backup during construction. The Water Authority currently provides sewer service to Intel and Rio Rancho and would connect an emergency outfall into Intel's system for emergency use. All flows into Intel's system would be metered and Rio Rancho would be responsible for establishing a sewer account and pay established ordinance rates for the service.

FISCAL IMPACT:

None. Rio Rancho would be billed for sewer service based on the metered flows during the temporary operation.

AGREEMENT

THIS AGREEMENT (the “Agreement”) is made and entered into as of the date indicated below by and among the City of Rio Rancho, New Mexico, a municipal corporation (the “City”), the Albuquerque Bernalillo County Water Utility Authority, a statutory water utility authority created by Section 72-1-10, NMSA 1978 (the “Water Authority”), and Intel Corporation, a Delaware Corporation duly authorized to transact business in New Mexico (“Intel”).

RECITALS

WHEREAS, a sanitary sewer line (“SAS1”) runs from the northwest corner of the City’s Wastewater Treatment Plant No. 1 (the “WWTP”), along Sara Road S.E. to NM Route 528, where it connects to a second sanitary sewer line (“SAS2”); and

WHEREAS, SAS2 runs along Intel’s property on the east side of NM Route 528 from the corner of Sara Road S.E. to Westside Boulevard S.E., where it connects to the Water Authority’s sanitary sewer line; and

WHEREAS, the City plans to construct, install and maintain a diversion structure on SAS1 adjacent to the WWTP (the “Structure”) and such piping, pumps and/or other equipment as may be suitable to deliver untreated sewage from the WWTP to SAS1;

WHEREAS, the City is entitled to clean, repair, upgrade and maintain SAS1, at the City’s expense, in a manner suitable for its conveyance of untreated sewage from the WWTP to the Water Authority’s sanitary sewer facilities;

WHEREAS, Intel discharges domestic and industrial wastewater into SAS2 for conveyance to the Water Authority’s sanitary sewer facilities; and

WHEREAS, the City may need to use SAS1 and SAS2 on a Short-term Emergency basis, if and when the WWTP loses all or part of its ability to function and cannot treat wastewater to an acceptable quality; and

WHEREAS, during such a Short-term Emergency period, the City’s wastewater flows into SAS1 will comeingle with Intel’s wastewater flows into SAS2, and the combined SAS1 and SAS2 streams will flow to the Water Authority’s sanitary sewer facilities; and

WHEREAS, Intel is willing to coordinate with the City to share use of SAS2 for Short-term Emergency periods, provided that:

- 1) Intel is not negatively affected by the City’s temporary use of SAS2’s sewer line capacity,
- 2) such wastewater from the City does not exceed the Water Authority’s regulations concerning pollutant limits,

- 3) the City's monitoring points are established such that compliance issues which may arise during the City's Short-term Emergency use can easily be attributed to the proper party; and
- 4) the City mitigates, in consultation with Intel, any potential odor problems during the City's Short-term Emergency use of SAS1 and SAS2, that may arise at or upstream of the parshall flume located at the southern end of SAS2 near Westside Boulevard S.E.; and

WHEREAS, the Water Authority is willing to temporarily accept and treat the City's untreated wastewater that would otherwise be treated at the WWTP, provided that such wastewater does not exceed the Water Authority's regulations concerning pollutant limits;

WHEREAS, Intel has an agreement dated November 29, 1993, titled Agreement for Sewer Services, that allows Intel to receive return flow credits as specified in that document and this Agreement has no effect on that agreement;

NOW, THEREFORE, in consideration of the premises and the respective obligations and conditions set forth herein, the parties agree as follows:

1. Definitions

- A. "Short-term Emergency" shall mean periods not exceeding 120 days, or such greater period as the parties may agree to in writing, if the WWTP is incapacitated due to Uncontrollable Forces.
 - B. "Immediately" shall mean within fifteen (15) minutes, or as soon as practicable, after having become aware of a potential non-compliance situation. In no event shall action which is to take place immediately exceed the expiration of more than thirty (30) minutes.
 - C. "Uncontrollable Forces" shall mean any cause beyond the control of the party unable to perform an obligation of this Agreement, including, but not limited to failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, or action or non-action by government or other agency with jurisdiction that restricts fulfillment of this Agreement, including failure to obtain the necessary authorizations or approvals from any governmental agency or authority, any of which such party could not reasonably have been expected to avoid, and which by the exercise of due diligence such party is unable to overcome.
 - D. "Schedule for Sampling Wastewater Constituents" shall mean the list of wastewater constituents to be measured, the frequency and method of sampling, and the applicable limits for each constituent, all as agreed upon by the City, the Water Authority, and Intel, and as set forth in Exhibit "A," attached hereto.
- 2. Term.** The term of this Agreement shall commence on the Execution Date and shall continue in effect until terminated by the City, Intel, or the Water Authority, for any reason, at the

terminating party's discretion, by prior written notice to the other parties of no less than 30 days.

3. The City shall be entitled to:

- a. discharge its untreated wastewater up to six hundred and fifty thousand (650,000) gallons per day ("gpd") on a Short-term Emergency basis from the WWTP through SAS1 and SAS2 to the Water Authority's sanitary sewer facilities, within the limits and conditions hereinafter set forth.

4. The City shall:

- a. construct, install and maintain a meter at the Structure approved by the Water Authority to measure flow into SAS1 and an access chamber and sampling station appropriate to sample for the wastewater constituents set forth in Exhibit A attached hereto;
- b. coordinate with Intel as to the extent and timing of any cleaning, repair, upgrades and maintenance to SAS2 that the City desires to make so that SAS2 is suitable for conveyance of untreated wastewater from the WWTP through SAS1 and SAS2 to the Water Authority's sanitary sewer facilities;
- c. whenever the City is delivering wastewater to the SAS1: 1) meter flows at the Structure continuously, and 2) sample at the Structure, the constituents of the wastewater delivered to SAS1 as shown on Exhibit A, according to the schedule shown therein;
- d. monitor activities so that it has the capacity to detect non-compliance;
- e. comply with the Water Authority's Sewer Use and Wastewater Control Ordinance and Pretreatment Permit with Intel concerning effluent discharge into the Water Authority's collection system;
- f. notify and coordinate with Intel as soon as practicable as to duration of and timing, before discharging any wastewater to SAS1, or discharging wastewater to SAS1 that the City reasonably expects will exceed 650,000 gpd;
- g. notify the Water Authority as soon as practicable, before discharging any wastewater to SAS1, or discharging wastewater to SAS1 that the City reasonably expects will exceed 650,000 gpd;
- h. pay the Water Authority the sewer rate established in the Water and Sewer Rate Ordinance in effect at the time of discharge for the City's untreated wastewater discharged from the WWTP into the Water Authority's sanitary sewer facilities through SAS1 and SAS2, within 30 days of the City's receipt of an invoice thereafter;
- i. immediately notify the Water Authority and Intel whenever its sampling indicates it is discharging wastewater into SAS1 that is not in compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance or Intel's Pretreatment Permit limits;

- j. be responsible for any damages or fines determined to be a result of the City's untreated wastewater discharged from the WWTP into the Water Authority's sanitary sewer facilities through SAS1 and SAS2;
- k. in consultation with Intel, mitigate any odor problems during the City's Short-term Emergency use of SAS1 and SAS2, that may arise at or upstream of the parshall flume located at the southern end of SAS2 near Westside Boulevard S.E., or in the Water Authority's conveyance system and/or publicly owned treatment works that are attributable to the City's discharge;
- l. make application for temporary wastewater service to the Water Authority in advance of construction to establish an account with billing information.

5. The Water Authority shall:

- a. accept for treatment the City's untreated wastewater from the WWTP that the City sends through SAS1 and SAS2 to the Water Authority's collection system;
- b. bill the City separately from Intel with monthly invoices for their respective untreated wastewater flows in accordance with the Water Authority's Water and Sewer Rate Ordinance in effect at the time of discharge;
- c. using the same parameters described in Exhibit A, sample the City's wastewater discharge into SAS1 and Intel's wastewater discharge into SAS2;
- d. notify the City and Intel promptly of any exceedance above the Water Authority's regulated pollutant limits of parameters set forth in Exhibit A that is suspected to have come from the City's untreated wastewater discharged from the WWTP under the conditions aforesaid.
- e. work with the Office of the State Engineer to grant return flow credits to the City based on metered flows into the Water Authority's collection system after subtracting the amount discharged by Intel.

6. Intel shall:

- a. cooperate with the City and the Water Authority in the activities addressed hereinabove;
- b. immediately notify the City and the Water Authority whenever Intel's sampling indicates that the City may be discharging into SAS1 wastewater constituents which exceed the Water Authority's regulated pollutant limits;
- c. notify and consult with the City whenever Intel anticipates that its SAS2 capacity is, or may likely become compromised by the City's Short-term Emergency use of SAS2.

7. Existing Agreements. This Agreement does not modify existing agreements between any of the parties.

8. **Headings.** Descriptive headings are for convenience only and shall not control or affect the meaning or construction any provision of this Agreement.
9. **Exhibits.** The exhibits referred to in this Agreement are incorporated herein and are a part of this Agreement as if they were set forth fully herein.
10. **Expenses.** Each party shall pay its own expenses (including, without limitation, attorney's fees) incident to the negotiation and preparation of this Agreement and any and all other documents necessary or appropriate to consummate the transactions contemplated hereby.
11. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.
12. **Governing Law.** This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of New Mexico applicable to agreements made and to be performed wholly within the State of New Mexico.
13. **Successors and Assigns.** This Agreement is assignable by Intel, in whole or in part, without the City or Water Authority's prior consent, provided the assignee accepts all terms and conditions of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors and assigns.
14. **Entire Agreement.** This Agreement constitutes the entire agreement among the parties with respect to the matters addressed herein and supersedes all prior and contemporaneous agreements, dealings, and negotiations concerning such matters. No modification, alteration, or amendment of this Agreement shall be effective unless made in writing and executed by each of the parties. No waiver of any breach hereof shall be held to be a waiver of any other or subsequent breach.
15. **Force Majeure.** Neither party shall be considered in default in respect to any obligation hereunder, if delays in or failure of performance shall be due to Uncontrollable Forces. Neither party shall, however, be relieved of liability for failure of performance if such failure is due to removable or remediable causes which it fails to remove or remedy with reasonable dispatch. Nothing contained herein, however, shall be construed to require either party to prevent or settle a strike or other labor disturbance against its will. The party whose performance hereunder is so affected shall immediately notify the other party of all pertinent facts and take all reasonable steps to promptly and diligently prevent such causes if feasible to do so, or to minimize or eliminate the effects thereof without delay.
16. **City Governing Body Appropriation and Authorization Required.** The City's obligations hereunder are contingent upon sufficient appropriation and authorization by the City's Governing Body for the performance of such obligations. If sufficient appropriations and authorizations are not made, this Agreement shall terminate upon written notice from the City to the other parties. Notwithstanding any other provision of this Agreement to the contrary,

such termination under the provisions of this paragraph shall not result in any claim for payment or damages against the City.

- 17. Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such determination shall not affect the validity of the remaining provisions unless the parties determine that the court's determination causes this Agreement to fail in any of its essential purposes.
- 18. Notices.** All notices given hereunder must be in writing, signed by the party giving it, and either hand-delivered or sent by registered or certified mail, return receipt requested, postage prepaid, to the address(es) set forth below. Additionally, notice to the Water Authority or City required by paragraphs 4(g), 4(i), 5(d), and 6(b) hereof shall first be provided by telephone and/or e-mail, to the telephone number and/or e-mail address set forth below, followed by written notification, as aforesaid, as soon as practicable thereafter. Notice to Intel required by paragraphs 4(f), 4(i), and 5(d) hereof shall first follow the process set forth in Exhibit B, followed by written notification, as aforesaid, as soon as practicable thereafter.

If to the City:

Jim Chiasson, P.E.
Director, Utilities Department
City of Rio Rancho
3200 Civic Center Cir. NE
Rio Rancho, NM 87144
(505) 896-8736

If to the Water Authority:

with a copy to:

Mark S. Sanchez, Executive Director
Albuquerque Bernalillo County
Water Utility Authority
P.O. Box 568
Albuquerque, NM 87103-0568
(505) 289-3000

If to Intel:

with a copy to:

Mindy Koch
Mail Stop RR5-465
Intel Corporation

Jeff Kindley
Mail Stop RR5-465
Intel Corporation

4100 Sara Road
Rio Rancho, NM 87124

4100 Sara Road
Rio Rancho, NM 87124

Any party may change its address or an addressee by written notice to the other parties as aforesaid.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT as of the Effective Date written above.

CITY OF RIO RANCHO

By: _____
Keith J. Riesberg, City Manager

Date

Approved as to form:

Gregory F. Lauer, City Attorney

ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY

By: _____
Mark S. Sanchez, Executive Director

Date

Approved as to form:

Peter Auh, General Counsel

INTEL CORPORATION

By: _____
Mindy Koch

date

Exhibit A: Schedule for Sampling Wastewater Constituents

Parameter	Frequency	Method of Sampling	Who Performs Analysis?	Test Method
pH Fluoride Ammonia Copper	Copper once per month, all others once per week	24-hour composite starting at 9 am every Tuesday with samples taken every 15 minutes	Intel, New Mexico Materials Lab	N/A
Gallium	Semi- annual	Four consecutive 24-hour composite samples. Samples taken every 15- minutes and coordinated with Intel so sampling is done on the same days	Test America	6010B
Ethylene Glycol n-Methyl Pyrrolidone (NMP)	Semi- annual	24-hour composite taken every 15- minutes. Coordinated with Intel so sampling is done on same day	Test America	8015C_DAI 8270C
Water Authority Sampling	Typically monthly	Water Authority to set up samplers at Intel and City on same day and test for same parameters	Water Authority	N/A

Exhibit B: Escalation to Intel for use of SAS1 and SAS2

Contacts

Primary contact during normal working hours (M-F 8:00-5:00):

Jeff Kindley, Site Infrastructure Manager
505-715-0205 (Mobile), 505-893-1212 (Desk)
Jeffrey.t.kindley@intel.com

Outside of normal working hours or if no response is received from the primary contact listed above:

CS On-Call Manager Phone
505-850-9338

If no answer is received from either of the above contacts:

Intel Security Command Center
505-893-5555

Intel may change contact information by written notice to the other parties as provided in paragraph 18 of this Agreement.

When the City of Rio Rancho Should Contact Intel:

- When there is a Short-term Emergency need to send untreated wastewater into SAS1 and SAS2 for treatment by the Water Authority.
- During a Short-term Emergency condition, when any flow rate (real or metered) that is in excess of 650,000 gpd (700 gpm) through SAS1 and SAS2.
- During a Short-term Emergency condition, when any reading on waste stream parameters listed in Exhibit A is above the Water Authority's regulations concerning pollutant limits.
- Upon completion of Short-term Emergency condition and the City of Rio Rancho intends to cease wastewater flow into SAS1 and SAS2.

Information to Provide to Intel:

- Name and contact information of the reporting party from the City.
- Description of the failure/issue that is driving the need to send flow to SAS1 and SAS2.
- Estimate of time required for repair.
- Estimate of the exact time and date that flow is expected to be introduced to SAS1 and SAS2.
- Estimate of flow rate expected through SAS1 and SAS2.
- Verification that the City of Rio Rancho sampling/metering instrumentation has been started and is operational.
- Has Water Authority already been contacted? If so, who was the person that was contacted? If not, when will that contact be made and by whom?

Water Report

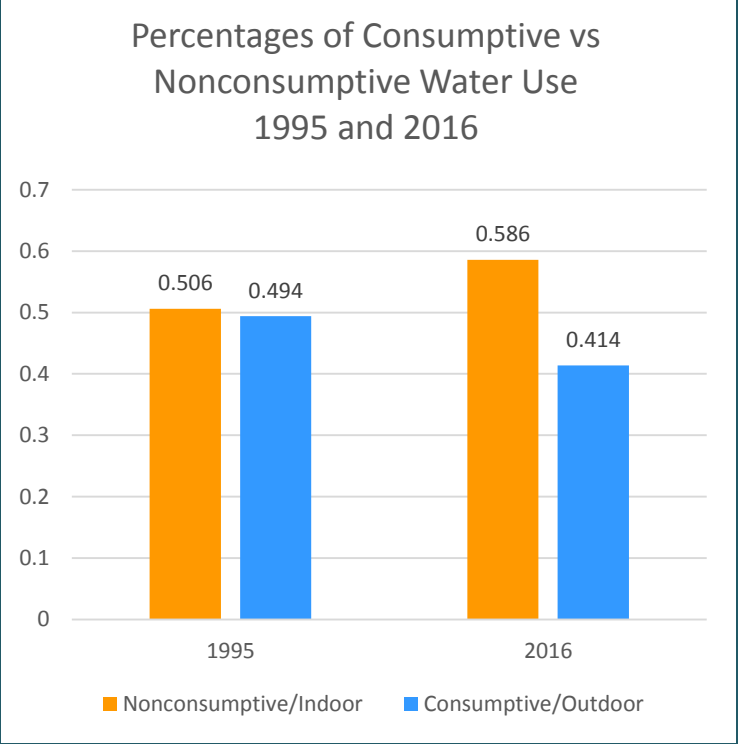
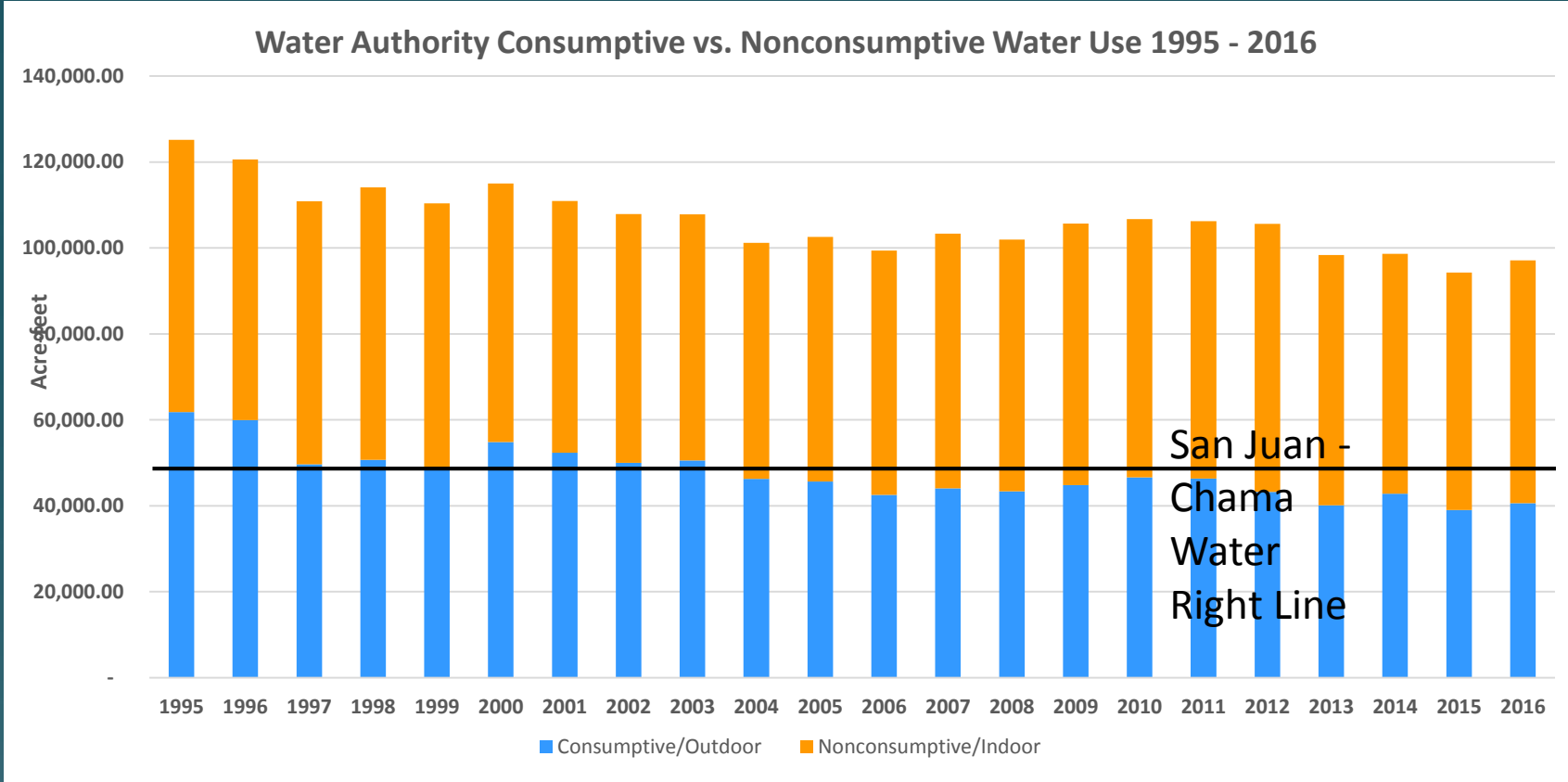
ABCWUA Board Meeting

May 17, 2017

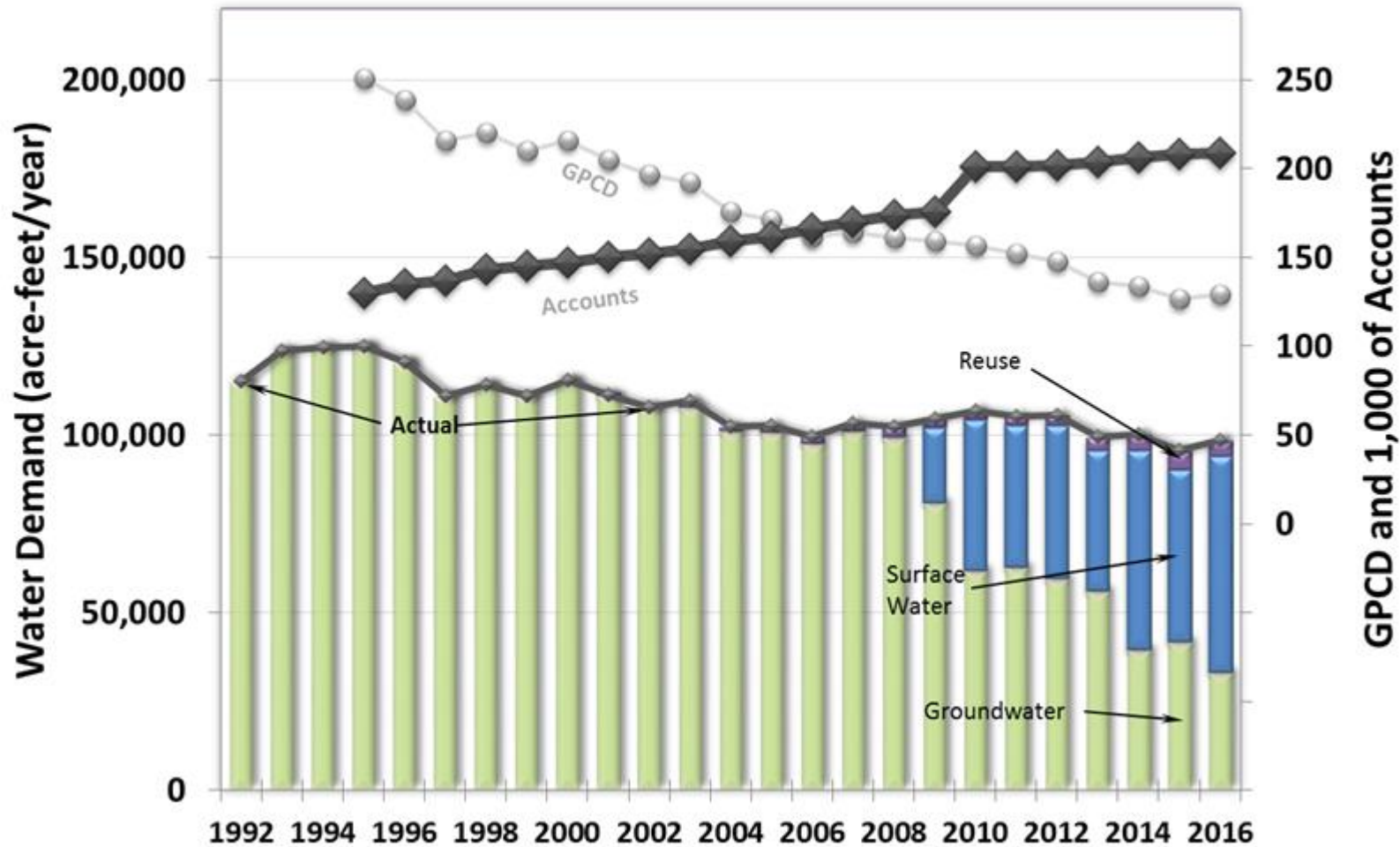
Katherine Yuhas, Water Resources Division Manager



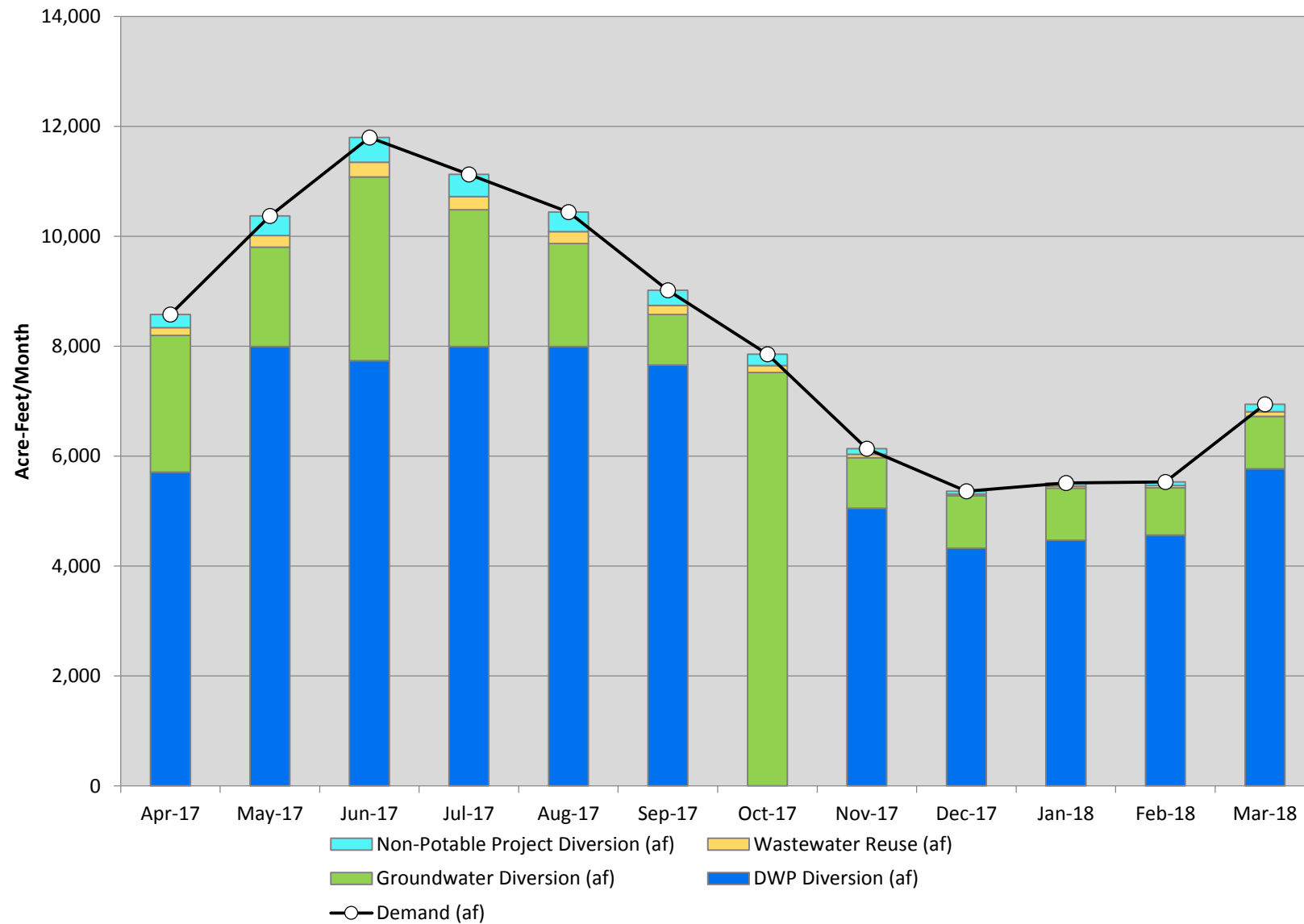
Albuquerque Bernalillo County
Water Utility Authority



Demand and Water Sources



Annual Operating Plan: Water Authority Monthly Water Diversions



2016 Consumer Confidence Report

Mark Kelly, P.E.
Compliance Division Manager



Albuquerque Bernalillo County
Water Utility Authority

Why have a CCR?



SDWA Required

Public notice of what was detected during required monitoring of regulated contaminants

How does our drinking water compare to the SDWA set maximums?



Albuquerque Bernalillo County
Water Utility Authority

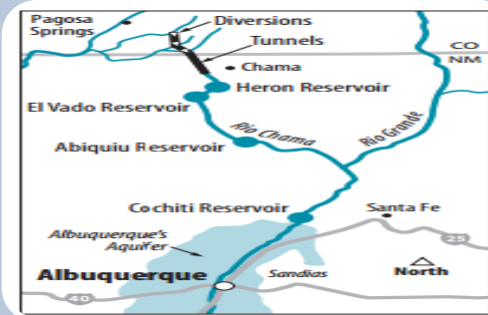
Requirements

How to Contact Us

Emergency repair hotline 842-WATR(9287)
General and billing information 842-WATR(9287)
Water quality information 289-3653
Report water waste 842-WATR(9287)
Report unusual activity at water facilities 842-WATR(9287)
Pollution prevention/industrial pretreatment 289-3419
Water protection policy & action plan 289-3025
Cross-connections 289-3417
Water quality email waterquality@abcwua.org

Information Websites

Albuquerque Bernalillo County Water Utility Authority www.abcwua.org
City of Albuquerque www.cabq.gov
Bernalillo County www.bermco.gov
Bernalillo County Water Conservation www.bermco.gov/water
NM Environment Department Drinking Water Bureau www.nmenv.state.nm.us/dwb/index.htm
American Water Works Association www.awwa.org
USEPA www.epa.gov/safewater



Definitions

Cryptosporidium is a microbial pathogen found in surface water throughout the U.S. We monitor untreated water for the presence of *Cryptosporidium*. If ingested, these parasites may produce symptoms of nausea, stomach cramps, diarrhea, and associated headaches. Note: *Cryptosporidium* is reported in oocysts, which are spores of the organism.

Based on the levels of *Cryptosporidium* found in source water the ABCWUA acquires water systems to use specific treatment techniques and to demonstrate their efficiency. The surface water treatment plant was designed to provide a multi-barrier approach (pre-sedimentation, clarification and filtration) to removing *Cryptosporidium* in order to meet the USEPA requirements.

Detected: The concentration of a substance measured at or above the USEPA specified Method Detection Limit.

Maximum Contaminant Level (MCL): The highest level of a contaminant allowable in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

ND (<1 PPB): Not Detected at the Method Detection Limit specified in parentheses.

Parts Per Billion (PPB): Parts per billion or micrograms per liter (µg/L). 1 PPB = 0.001 PPM. Example: one drop of water in an Olympic-size swimming pool.

Parts Per Million (PPM): Parts per million or milligrams per liter (mg/L). 1 PPM = 1,000 PPB. Example: four drops of water in a 55-gallon barrel.

picoCuries per liter (pCi/L): A measure of radioactivity.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.

Water System Information

- Contact Information

Sources of Water

Definitions



Albuquerque Bernalillo County
Water Utility Authority

Requirements

Results of Compliance Monitoring at Entry Points to the Distribution System

UCMR requires regulators that test the amount of certain substances in drinking water. UCMR defines where and how often samples for each substance must be collected. The table below shows the substances that are the most recent water quality testing done at the City Plant in the Distribution System (PDS) sampling under UCMR. (Dates listed based on the most recent test.)

Substance	Sample Collection Year	Minimum Detected	Average Detected	Maximum Detected	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCL-G)	Source	Health Effects Language
Asbestos	2014-2015	2m PPM	1 PPM	6 PPM	10 PPM (1 PPM)	2m PPM (1 PPM)	Emission of asbestos released deposits.	See bottom of page 3.
Barium	2014-2015	2m PPM	2m PPM	6 PPM	2 PPM (0.1 PPM)	2 PPM (0.1 PPM)	Emission of natural deposits.	
Chromium	2014-2015	2m PPM	1 PPM	6 PPM	100 PPM (1.0 PPM)	100 PPM (1.0 PPM)	Emission of natural deposits.	
Fluoride	2014-2015	0.1 PPM	0.1 PPM	1.2 PPM	4 PPM (0.10 PPM)	4 PPM (0.10 PPM)	Emission of natural deposits.	Not Applicable
Nitrate	2014	2m PPM	0.1 PPM	1.0 PPM	10 PPM (0.10 PPM)	10 PPM (0.10 PPM)	Emission of natural deposits.	Not Applicable
Organic Chemicals	2014-2015	2m PPM	0.001 PPM	0.01 PPM	10 PPM (0.00001 PPM)	2m PPM (0.00001 PPM)	Discharge from petroleum or chemical industries.	See page 3.
Radon	2014-2015	2m pCi/L	0.5 pCi/L	2 pCi/L	10 pCi/L (0.4 pCi/L)	2m pCi/L (0.4 pCi/L)	Emission of natural deposits.	Not Applicable
Strontium	2014-2015	1 PPM	1 PPM	6 PPM	10 PPM (1.0 PPM)	2m PPM (1.0 PPM)	Emission of natural deposits.	Not Applicable
Unregulated Substances	2014	2m PPM	Not Applicable	Not Applicable	10 PPM (0.00001 PPM)	2m PPM (0.00001 PPM)	Discharge from petroleum or chemical industries.	Not Applicable

TT: not at 100% of sites

Unregulated substances detected during UCMR3: Laboratory Minimum Reporting Level (MRL*)

Substance Name	MRL	Range of Results	Average of Results
1,4-dioxane	0.07 PPB	<0.07 to 0.19 PPB	<0.07 PPB
Chlorate	20 PPB	<20 to 169 PPB	88 PPB
Chromium, total	0.2 PPB	<0.2 to 9 PPB	0.96 PPB
Chromium-6	0.03 PPB	<0.03 to 7.3 PPB	0.97 PPB
Molybdenum	1 PPB	<1.1 to 7.5 PPB	3.1 PPB
Strontium	0.3 PPB	144 to 631 PPB	379 PPB
Vanadium	0.2 PPB	<0.2 to 14 PPB	3.4 PPB

* MRL is the lowest concentration that can be detected by laboratory equipment.

More information about the Unregulated Contaminant Monitoring Program is available at www.epa.gov/dwuamr.

USEPA Special Notice For Immuno-compromised Persons

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline 1-800-426-4791.

USEPA Arsenic Health Effects Language:

For water containing greater than 5 PPB of arsenic and up to and including 10 PPB of arsenic: While your drinking water meets USEPA's standard for arsenic, it does contain low levels of arsenic. USEPA's standard balances the current understanding of arsenic's possible health effects against the costs of removing arsenic from drinking water. USEPA continues to research the health effects of low levels of arsenic, which is a metal known to cause cancer in humans at high concentrations and is linked to other health effects such as skin damage and circulatory problems.

Detected Contaminants

- Entry Points
- Distribution
- Surface Water Plant

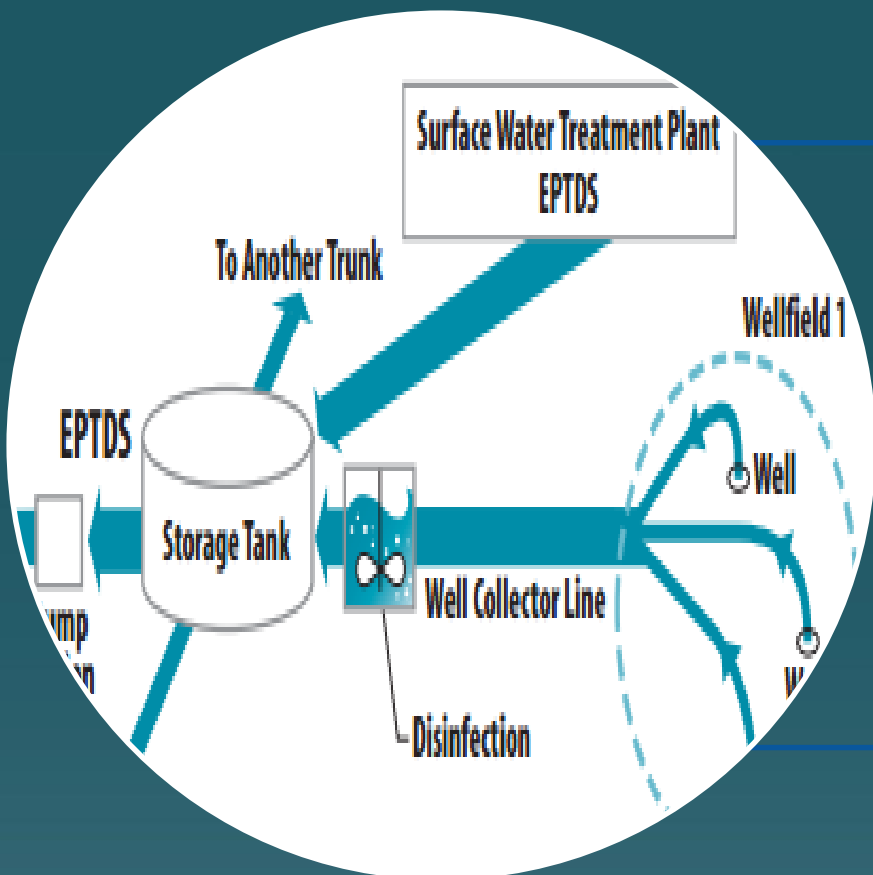
Compliance With Other Drinking Water Regulations

- UCMR₃
- LT₂

Educational Information



Albuquerque Bernalillo County
Water Utility Authority



Water System Information

Albuquerque Bernalillo County Water Utility Authority
 P.O. Box 558 Albuquerque, NM 87103 www.abwausa.org
 Albuquerque Bernalillo County Water Utility Authority administers the water and wastewater utility for Albuquerque and the metro areas of Bernalillo County. The New Mexico State Legislature created the Albuquerque Bernalillo County Water Utility Authority in June of 2005.

Chair	Karlissa Peña	City of Albuquerque	Council District 1
Vice-Chair	Dorinda O'Malley	County of Bernalillo	Commission District 1
Members	Richard L. Berry	City of Albuquerque	Mayor
	Pat Davis	City of Albuquerque	Council District 6
	Trudy Jones	City of Albuquerque	Council District 8
	Margie-Lynn Smith	County of Bernalillo	Commission District 3
	Wayne Johnson	County of Bernalillo	Commission District 7
Office Member	Patricia H. Raul	Village of Los Ranchos	Board Trustee
Executive Director	Mark S. Sanchez		

*Meetings are held at the Vincent E. George Joint Chambers of the Albuquerque Convention Center. Meeting schedules and agendas are available at www.abwausa.org.

Board Members

Emergency repair hotline	842-8846
General and billing information	842-8474 (EXT. 200)
Water quality information	288-3632
Report water waste	842-8474 (EXT. 107)
Report unusual activity at water facilities	842-8474 (EXT. 107)
Pollution prevention/industrial pretreatment	288-3417
Water protection policy & action plan	288-3417
Water conservation	288-3417

Phone Numbers

Albuquerque Bernalillo County Water Utility Authority	www.abwausa.org
City of Albuquerque	www.cityofalbuquerque.org
County of Bernalillo	www.bernalillo.gov
Bernalillo County Water Conservation	www.bernalillo.gov/water
NM Environment Department Drinking Water Bureau	www.nmenv.state.nm.us/dwb/index.htm
American Water Works Association	www.awwa.org
USEPA	www.epa.gov/safewater

Websites



Albuquerque Bernalillo County
Water Utility Authority

Ground
Water



Surface
Water

Sources
of
Water



Albuquerque Bernalillo County
Water Utility Authority

Definitions

Definitions

Cryptosporidium is a microbial pathogen found in surface water throughout the U.S. We monitor untreated water for the presence of *Cryptosporidium*. If ingested, these parasites may produce symptoms of nausea, stomach cramps, diarrhea, and associated headaches. Note: *Cryptosporidium* is reported in oocysts, which are spores of the organism.

Based on the levels of *Cryptosporidium* found in source water, the USEPA requires water systems to use specific treatment techniques and to demonstrate their efficiency. The surface water treatment plant was designed to provide a multi-barrier approach (pre-sedimentation, clarification and filtration) to removing *Cryptosporidium* in order to meet the USEPA requirements.

Detected: The concentration of a substance measured at or above the USEPA specified Method Detection Limit.

Maximum Contaminant Level (MCL): The highest level of a contaminant allowable in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

Maximum Contaminant Level Goal (MCLG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

ND (<1 PPB): Not Detected at the Method Detection Limit specified in parentheses.

Parts Per Billion (PPB): Parts per billion or micrograms per liter ($\mu\text{g/L}$). $1 \text{ PPB} = 0.001 \text{ PPM}$.
Example: one drop of water in an Olympic-size swimming pool.

Parts Per Million (PPM): Parts per million or milligrams per liter (mg/L). $1 \text{ PPM} = 1,000 \text{ PPB}$.
Example: four drops of water in a 55-gallon barrel.

picoCuries per liter (pCi/L): A measure of radioactivity.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.



Detected Contaminants

2016 Results of Compliance Monitoring at Entry Points to the Distribution System

USEPA sets regulations that limit the amount of certain substances in drinking water. USEPA defines where and how often samples for each substance must be collected. The table below shows the substances found in the most recent water quality testing done at the Entry Points to the Distribution System (EPTDS) to comply with USEPA. (Detection limit in Parentheses.)

Substance	Sample Collection Years	Minimum Detected	Average Detected	Maximum Detected	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCLG)	Source	Health Effects Language
Metals								
Arsenic	2014-2016	Zero PPB	3 PPB	8 PPB	10 PPB (1 PPB)	Zero PPB (1 PPB)	Erosion of natural volcanic deposits.	See bottom of page 3.
Barium	2014-2016	Zero PPM	Zero PPM	0.2 PPM	2 PPM (0.1 PPM)	2 PPM (0.1 PPM)	Erosion of natural deposits.	
Chromium	2014-2016	Zero PPB	1 PPB	8 PPB	100 PPB (1.0 PPB)	100 PPB (1.0 PPB)	Erosion of natural deposits.	
Minerals								
Fluoride	2014-2016	0.3 PPM	0.5 PPM	1.2 PPM	4 PPM (0.10 PPM)	4 PPM (0.10 PPM)	Erosion of natural deposits.	Not Applicable
Nutrients								
Nitrate	2016	Zero PPM	0.3 PPM	3.0 PPM	10 PPM (0.10 PPM)	10 PPM (0.10 PPM)	Erosion of natural deposits.	Not Applicable
Organics								
Total Xylenes	2014-2016	Zero PPM	0.005 PPM	0.014 PPM	10 PPM (0.00009 PPM)	Zero PPM (0.00009 PPM)	Discharge from petroleum or chemical factories.	See page 3.
Radionuclides								
Gross Alpha Particle Activity	2014-2016	Zero pCi/L	0.6 pCi/L	2.6 pCi/L	15 pCi/L (0.8 pCi/L)	Zero pCi/L (0.8 pCi/L)	Erosion of natural deposits.	Not Applicable
Uranium	2014-2016	1 PPB	3 PPB	6 PPB	30 PPB (1.0 PPB)	Zero PPB (1.0 PPB)	Erosion of natural deposits.	Not Applicable
Disinfectants								
Chlorine	2016	Zero PPM	Not Applicable	Not Applicable	TT = Maintain required chlorine level or restore within 4 hours.	Not Applicable	Disinfectant (sodium hypochlorite).	Not Applicable
		TT met at 100% of sites.						



Albuquerque Bernalillo County
Water Utility Authority

Detected Contaminants

2016 Compliance Results of

Distribution System Monitoring

USEPA sets regulations that limit the amount of certain substances in drinking water. USEPA defines where and how often samples for each substance must be collected. The table below shows the substances found in the most recent water quality testing done in the Distribution System to comply with USEPA. (Detection limit in parentheses.)

Substance Detected	Safe Level	DETAILED INFORMATION							
Microbiological		Source	Year of Samples	Minimum Detected	Average Detected	Maximum Detected	Maximum Contaminant Level (or equivalent)	Maximum Contaminant Level Goal (or equivalent)	
Total Coliform (240 samples each month)	Yes	Coliforms are bacteria that are normally present in the environment.	2016	—	—	Total coliform bacteria were detected in 0.00% of the samples collected.	Presence of coliform bacteria in 5.0% or more of samples in any month.	0% of samples with detectable coliform bacteria.	
Disinfectants									
Chlorine	Yes	Disinfectant (sodium hypochlorite).	2016	0.2 PPM	0.8 PPM	1.5 PPM	4 PPM (MRDL)	4 PPM (MRDLG)	
Disinfection By-Products		Source	Year of Samples	Range of Results		Maximum Detected	Maximum Contaminant Level (or equivalent)	Maximum Contaminant Level Goal (or equivalent)	
Total Trihalomethanes (TTHMs) ¹	Yes	By-product of chlorination.	2016	1-59 PPB ³		41 PPB (highest LRAA ⁴ at site 1).	80 PPB (0.15 PPB)	Not Applicable	
Haloacetic Acids (HAA5s) ²	Yes	By-product of chlorination.	2016	0-19 PPB ³		14 PPB (highest LRAA ⁴ at site 1).	60 PPB (0.06 PPB)	Not Applicable	
Lead & Copper		Source	Year of Samples	90th Percentile	No. of Samples that Exceed Action Level	Maximum Detected	Action Level ⁵	Maximum Contaminant Level Goal	
Zones 1-20 (50 samples every 3 years)	Copper	Yes	Corrosion of household plumbing.	2015	0.29 PPM	Zero	0.47 PPM	1.3 PPM (0.01 PPM)	Zero PPM
	Lead	Yes	Corrosion of household plumbing.	2015	2 PPB	Zero	4 PPB	15 PPB (1.0 PPB)	Zero PPB

¹ TTHMs are the sum of the concentrations of the trihalomethane compounds. ² HAA5s are the sum of the concentrations of the haloacetic acid compounds. ³ The range represents the minimum and maximum of all quarterly analytical results at all 12 locations. ⁴ The Locational Running Annual Average (LRAA) is the average of analytical results for samples taken at a particular monitoring location during the previous four calendar quarters. ⁵ Action Level: The concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow. The Action Level is compared to the concentration detected in the 90th percentile sample.



Albuquerque Bernalillo County
Water Utility Authority

Detected Contaminants

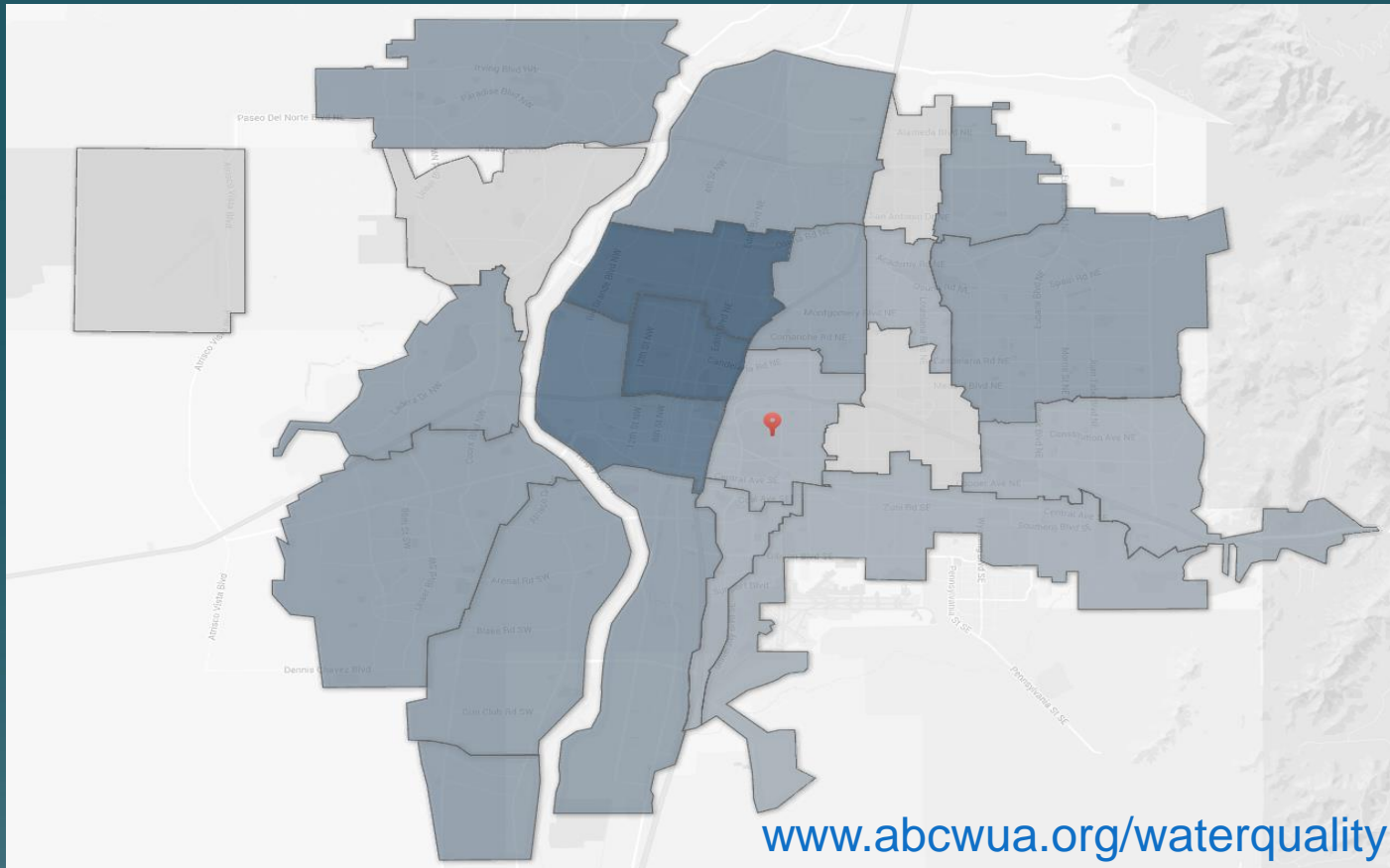
2016 Results of Compliance Monitoring at the Surface Water Treatment Plant

USEPA sets regulations that limit the amount of certain substances in drinking water. USEPA defines where and how often samples for each substance must be collected and how they must be analyzed. The table below shows only the substances found in compliance monitoring for the finished water at the Surface Water Treatment Plant. For surface water, USEPA also requires that specific treatment techniques are used and shown to be effective. (Detection limit in parentheses.)

Substance	Maximum Contaminant Level (MCL)	Maximum Contaminant Level Goal (MCLG)	Minimum Detected	Average Detected	Maximum Detected	Source
Microbiological						
<i>Cryptosporidium</i> (untreated water)	TT	Zero Oocysts/L	Zero Oocysts/L	0.09 Oocysts/L	1.0 Oocyst/L	Human and animal fecal waste.
Turbidity <i>A measure of cloudiness of the water. It is a good indicator of the effectiveness of filtration.</i>	1 Nephelometric Turbidity Unit (NTU) 95% of the finished water samples must be less than 0.3 NTU	Zero NTU	0.01 NTU 100% of samples taken in each month were less than 0.3 NTU.	Not Applicable	0.10 NTU	Soil runoff.
Total Organic Carbon (TOC)	TT (1.0 PPM)	Not Applicable	ND (<1.0 PPM)	0.9 PPM	1.6 PPM	Naturally present in the environment.
Minerals						
Fluoride	4 PPM (0.10 PPM)	4 PPM	0.35 PPM	0.35 PPM	0.35 PPM	Erosion of natural deposits.
Nutrients						
Nitrate	10 PPM (0.10 PPM)	10 PPM	0.15 PPM	0.15 PPM	0.15 PPM	Erosion of natural deposits.
Disinfection By-Products						
Bromate (for health effects - bottom left, page 3).	10 PPB (1 PPB)	Zero PPB	1.1 PPB	2.6 PPB	4.3 PPB	By-product of drinking water disinfection.
Disinfectants	Maximum Residual Disinfectant Level (MRDL)	Maximum Residual Disinfectant Level Goal (MRDLG)	Minimum Detected	Average Detected	Maximum Detected	Source
Chlorine	4 PPM	4 PPM	0.7 PPM	1.3 PPM	2.0 PPM	Disinfectant (sodium hypochlorite).



Additional Information Available



Albuquerque Bernalillo County
Water Utility Authority

Compliance With Other Drinking Water Regulations

Unregulated substances detected during UCMR3: Laboratory Minimum Reporting Level (MRL*)

Substance Name	MRL	Range of Results	Average of Results
1,4-dioxane	0.07 PPB	<0.07 to 0.19 PPB	<0.07 PPB
Chlorate	20 PPB	<20 to 169 PPB	88 PPB
Chromium, total	0.2 PPB	<0.2 to 9 PPB	0.96 PPB
Chromium-6	0.03 PPB	<0.03 to 7.3 PPB	0.97 PPB
Molybdenum	1 PPB	<1.1 to 7.5 PPB	3.1 PPB
Strontium	0.3 PPB	144 to 631 PPB	379 PPB
Vanadium	0.2 PPB	<0.2 to 14 PPB	3.4 PPB

* MRL is the lowest concentration that can be detected by laboratory equipment.

More information about the Unregulated Contaminant Monitoring Program is available at www.epa.gov/dwucomr.



Albuquerque Bernalillo County
Water Utility Authority

Educational Information

USEPA Special Notice For Immuno-compromised Persons

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline 1-800-426-4791.

USEPA Arsenic Health Effects Language:

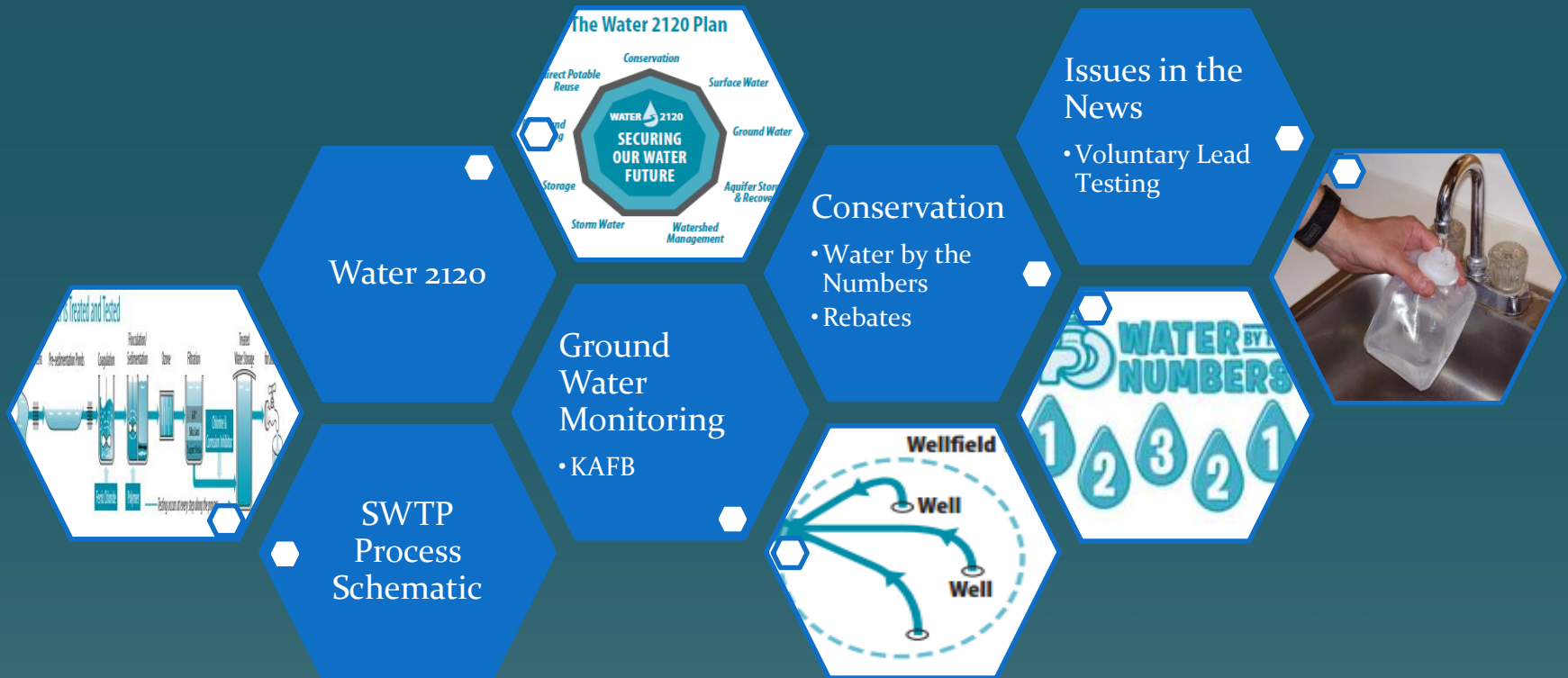
For water containing greater than 5 PPB of arsenic and up to and including 10 PPB of arsenic:

While your drinking water meets USEPA's standard for arsenic, it does contain low levels of arsenic. USEPA's standard balances the current understanding of arsenic's possible health effects against the costs of removing arsenic from drinking water. USEPA continues to research the health effects of low levels of arsenic, which is a metal known to cause cancer in humans at high concentrations and is linked to other health effects such as skin damage and circulatory problems.



Albuquerque Bernalillo County
Water Utility Authority

Optional Info



Albuquerque Bernalillo County
Water Utility Authority

Voluntary Lead Results

2016 Customer Requested Testing				2015 USEPA Required Testing			Action Level
Parameter	Minimum	Maximum	90th Percentile	Minimum	Maximum	90th Percentile	
Lead PPB	0	13	2	0	4	2	15
Copper PPM	0.01	0.39	0.24	0.03	0.47	0.29	1.3



Lead Testing

- Also available in 2017
- Sign up Online
 - www.abcwua.org/leadsurvey
- Call 289-3653



Albuquerque Bernalillo County
Water Utility Authority

Additional Monitoring

- UCMR₄
 - 30 Contaminants
 - Includes Cyanotoxins
- Pharmaceutical and Personal Care Products Monitoring
 - Update 2011 Report
 - 113 Substances
 - 6 Monitoring Locations
 - Will Include Reuse

