



Meeting Date: May 18, 2022
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-22-14 – Appropriating Funds for the Capital Implementation Program of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023

ACTION: Recommend Approval

SUMMARY:

This legislation appropriates funding for the FY23 Capital Implementation Program (CIP). This appropriation provides funding for new projects as well as supplements current appropriations for projects that are ongoing.

FISCAL IMPACT:

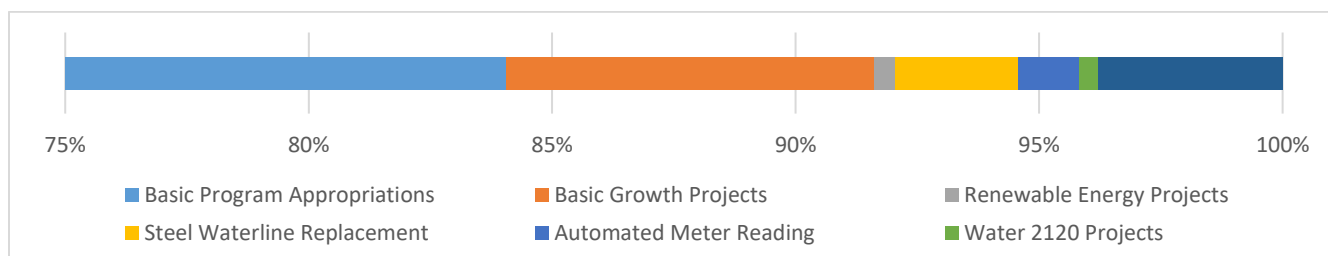
The FY23 capital implementation program appropriation totals \$79.2 million. \$66.5 million is appropriated for the basic rehab capital programs, \$6.0 million for growth related projects, \$0.3 million for Water 2120 projects, and \$6.4 million is appropriated for special projects.

The \$6.4 million for special projects is comprised of \$1.0 million for the Automated Meter Infrastructure (AMI), \$2.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$3.0 million for an Intergovernmental Agreement to use economic development funds from Bernalillo County for the Thunderbird Kirtland Development, LLC (aka MaxQ) water and sewer extensions and other necessary infrastructure improvements. The project consists of a mixed-use business park comprised of two phases totaling approximately 35 acres located in the Ridgcrest Trunk.

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 FY23 CIP budget for projects that will be funded with revenues from FY24 or later.

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

Demonstrated in the graph below is the overall percentage of each CIP category:



COMMENTS:

The blueprint for the Basic capital program is the Decade Plan, a ten-year plan required to be updated biennially with two, four, six, eight- and ten-year planning elements. There must always be an approved two-year planning element in place before the Board can approve a current year capital program appropriation. FY23 is the second year in the current FY 2022 – FY 2031 Decade Plan. Listed below are the detailed projects for year one:

	FY23 Budget
Basic Program Appropriations:	
Sanitary Sewer Pipeline Renewal	\$12,500,000
Drinking Water Pipeline Renewal	6,150,000
Southside Water Reclamation Plant Renewal	19,150,000
Soil Amendment Facility (SAF) Renewal	350,000
Lift Station and Vacuum Station Renewal	3,420,000
Odor Control Facilities Renewal	50,000
Drinking Water Plant Groundwater System Renewal	7,775,000
Drinking Water Plant Treatment System Renewal	5,000,000
Reuse Line and Plant Rehab	200,000
Compliance	365,000
Shared Renewal	4,686,000
Franchise Agreement Compliance	4,000,000
Vehicles and Heavy Equipment	2,921,000
Level 1 Priority Renewal Projects Total	\$66,567,000
	FY23 Budget
Special Projects:	
Steel Waterline Rehab	\$2,000,000
Automated Meter Infrastructure (AMI)	1,000,000
Renewable Energy Projects	350,000
Miscellaneous	3,000,000
Special Projects Total	\$6,350,000
Combined Basic Renewal and Special Projects	\$72,917,000
Growth Projects:	

Development Agreements	1,250,000
Land & Easement Acquisition	10,000
MIS/GIS	4,430,000
Miscellaneous	300,000
Growth Total	5,990,000
<i>Water 2120 Projects</i>	300,000
Growth/Other Projects Total	6,290,000
Grand Total	\$79,207,000

FY23 Capital Program Highlights

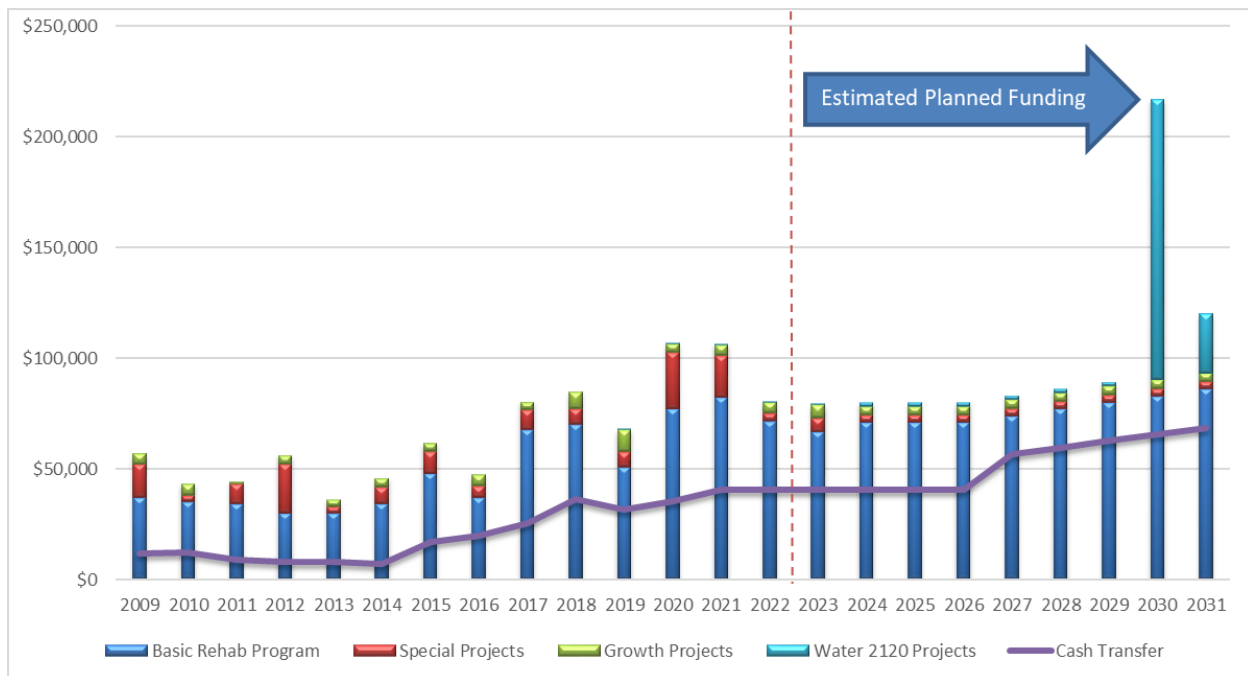
The Water Authority CIP includes projects to improve the overall efficiency of the Water Authority and to enhance the Water Authority's ability to provide services to its customers. The projects included in this CIP are intended to accomplish these objectives in the most efficient and cost-effective manner.

The Water Authority will continue to spend \$250 million to upgrade its wastewater treatment plant and add an additional \$36 million per year to Capital Improvement Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in the most recent asset management study commissioned by the Water Authority.

The Water Authority intends to enhance the water and sewer infrastructure with several targeted projects included in the 2022-2031 Decade Plan. Some of the major projects are listed below:

- Inspection and Rehabilitation of Steel Waterlines
- Upgrade of Automatic Metering Infrastructure (AMI)
- Improvements to Information Technology to include Supervisory Control and Data Acquisition (SCADA) system replacement at Plant facilities
- Sanitary Sewer Pipeline Renewal
- Small and Large Diameter Water Pipeline Renewal
- Southside Water Reclamation Plant Facility Renewal
- Groundwater System Renewal
- San Juan-Chama Drinking Water Plant System Renewal

Graphed below is the history and estimated planned funding through 2031:



Some of the project highlights include:

The sanitary sewer interceptor system is the backbone of the Water Authority's current sewer collection system. It is designed to carry large flows from the collection line system for delivery to the plant for treatment. 46-percent (approximately 111 miles) of the current interceptors within the system are made of concrete and have suffered substantial hydrogen sulfide corrosion damage along the upper portions of the pipe. This ultimately results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way. The FY23 budget reflects an increase of \$0.3 million from FY22 that will be used to continue to evaluate, plan, design, and construct for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation.

Replacing whole segments 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.

At the Southside Water Reclamation Plant (SWRP), funding will continue to be used to rehabilitate and make improvements to the existing Digesters. Construction consists of cover replacement coatings for Digester 10, as well as piping gallery adjustments between Digesters 4-6. At the Primary Clarifiers 1-4, odor control rehabilitation will require to cover 1-4 for future operational flexibility and to meet the ultimate SWRP design flowrate. Lastly, The SWRP landscaping will be significantly improved by installing new

access gates, create privacy, create attractive visual landscaped berms, and increase security at the critical centralized SWRP facility.

The Information Technology/GIS funding allocations will be utilized to purchase new/upgrade all hardware and software applications and the databases that support those applications. Applications include Finance Enterprise (formerly known as OneSolution), Kronos, LIMS and GIS, among others. Funding will be used to address the mobile, security and telecommunications environments and to provide continual efficiencies to reduce costs and maintain backups of mission critical systems.

In FY22, the Water Authority finalized seven subrecipient agreements for the purpose of carrying out a portion of Bernalillo County's American Rescue Plan Act (ARPA) Recovery Funds. The projects will continue into FY23 not to exceed \$53.8 million in Federal assistance and will assist the County in utilizing such funds.

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

Lastly, the Executive Director is authorized to negotiate and enter into subsequent intergovernmental agreements and amendments with Bernalillo County regarding the receipt of economic development funding and to take any other action necessary to carry out the directives of this resolution.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-22-14

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, 2022, AND ENDING JUNE 30, 2023

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 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 Water Authority to
21 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	12,500,000
27	Drinking Water Pipeline Renewal	6,150,000
28	Southside Water Reclamation Plant Renewal	19,150,000

1	Soil Amendment Facility (SAF) Renewal	350,000
2	Lift Station and Vacuum Station Renewal	3,420,000
3	Odor Control Facilities Renewal	50,000
4	Drinking Water Plant Groundwater System Renewal	7,775,000
5	Drinking Water Plant Treatment Systems Renewal	5,000,000
6	Reuse Line and Plant Rehab	200,000
7	Compliance	365,000
8	Shared Renewal	4,686,000
9	Franchise Agreement Compliance	
10	4,000,000	
11	Vehicles and Heavy Equipment	2,921,000
12	<u>Special Projects:</u>	
13	Steel Waterline Rehab	2,000,000
14	Automated Meter Infrastructure (AMI)	1,000,000
15	Renewable Energy Projects	350,000
16	Miscellaneous	3,000,000
17	<u>Growth:</u>	
18	Development Agreements	1,250,000
19	Land & Easement Acquisition	10,000
20	MIS/GIS	4,430,000
21	Miscellaneous	300,000
22	<u>Other:</u>	
23	Water 2120 Project Fund	300,000
24	<u>Revenue</u>	
25	Miscellaneous (Intergovernmental Agreement)	3,000,000
26	Section 2. That the Executive Director is authorized to negotiate and enter into	
27	subsequent intergovernmental agreements and amendments with Bernalillo County	
28	regarding the receipt of economic development funding and to take any other action	
29	necessary to carry out the directives of this resolution.	
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