
Meeting Date: May 21, 2014
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: O-14-1 – 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 FY15, Changing Definitions, Update Utility Expansion Charges and Water Supply Charge by the Engineering News Report Index, Changes to the Water Authority’s investment Policy as Recommended by the Investment Oversight Committee, Clarify and Change Policy Items and Make Clerical Changes

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 need for a 5% rate revenue adjustment to maintain planned infrastructure spending; 2) increase the Utility Expansion Charges and Water Supply Charge by the ENR index per sections 1-1-8(A)(1) and 1-1-8(D)(1) of the Ordinance and 3) make changes to Appendix A (Investment Policy) as recommended by the Investment Oversight Committee and the Water Authority’s Investment Advisor (Public Trust Advisors).

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 2015 to invest in the Water Authority’s infrastructure based upon the Asset Management Plan.

The proposed amendment also adjusts the Utility Expansion Charges and Water Supply Charge by 2.4% based upon the April 1, 2014 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.

This Ordinance includes an amendment to the Water Authority’s “Investment Policy”, which outlines the policy’s to establish the authority and procedures for the investment of Water Authority funds. After review by the Water Authority’s Investment Advisor Public Trust Advisors, changes were made to strengthen the policy, define members to the Oversight Committee, follow best practices as defined by the Governmental Financial Officers Association and to follow NM State Statues.

FISCAL IMPACT:

The 5% base water and sewer rate adjustment will have a \$2.73 per month impact for the Water Authority's residential users using a 5/8" meter, and multifamily accounts will increase by \$3.73 for a 5/8" meter and those using a 3' meter will see a \$90.09 per month increase. Commercial customer using a 2" meter will see a \$42.13 increase; Industrial customers using a 3" meter will see a \$214.94 increase and Institutional customers using a 3" meter will see a \$66.27 per month increases. Again, this dependent based upon a customer's service size.

The net increase in Utility Expansion Charges and the Water Supply Charge for the average residential connection will be \$68 for water, \$51 for sewer and \$35 for the Water Supply Charge.

The proposed amendments are consistent with the ten-year financial plan presented to the Board, and guiding the Water Authority long term.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. O-14-1

1 **ORDINANCE**

2 **AMENDING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY**
3 **AUTHORITY WATER AND SEWER RATE ORDINANCE TO ADJUST WATER AND**
4 **SEWER RATES BY A FIVE PERCENT RATE REVENUE ADJUSTMENT FOR FY15,**
5 **CHANGING DEFINITIONS, UPDATE UTILITY EXPANSION CHARGE AND WATER**
6 **SUPPLY CHARGE BY THE ENGINEERING NEWS REPORT INDEX, CHANGES TO**
7 **THE WATER AUTHORITY'S INVESTMENT POLICY APPROVED BY THE**
8 **INVESTMENT OVERSIGHT COMMITTEE, CLARIFY AND CHANGE POLICY ITEMS**
9 **AND MAKE CLERICAL CHANGES.**

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

12 Section1. Section 1 is amended as follows:

13 Section 1 WATER AND SEWER RATES

14 1-1-1. SHORT TITLE.

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

17 1-1-2. COMPUTATION OF REVENUES, EXPENSES AND DEBT SERVICE;
18 DETERMINATION OF DEBT COVERAGE; REQUIRED MONTHLY FIXED CHARGE.

19 (A) Definition of Terms.

20 AWWA. American Water Works Association.

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

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

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[-Bracketed/Strikethrough Material-] - Deletion

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

3 CITY. The City of Albuquerque, New Mexico.

4 COUNTY. Bernalillo County, New Mexico.

5 CURRENT DEBT SERVICE REQUIREMENT. Payments into a current
6 debt ordinances authorizing the issuance of bonds to be paid from the net revenues of
7 the systems.

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

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

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

17 EXECUTIVE DIRECTOR. The Executive Director of the Water Authority.

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

21 FISCAL YEAR. July 1 through June 30.

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

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

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

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.

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.

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

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

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

9 (C) Increasing Minimum Monthly Fixed Charges. If the determination of §1-1-
10 2(B) above shows that the total revenues minus the expenses of the system are less
11 than 133 percent of the current debt service for the cumulative quarter of the fiscal year,
12 the fixed monthly charge will be increased for water and sewer accounts. The increase
13 in fixed monthly charges will be a percentage of the established fixed monthly charges
14 that produce additional revenues so that if the adjusted charges had been effective the
15 previous quarter, the total revenues would have been sufficient to pay operating
16 expenses and 133 percent of current debt service. The increased fixed monthly
17 charge will be effective the second month following the quarter (i.e., the month following
18 the determination), and will remain in effect until such time as the Water Authority acts
19 on water and sewer rates. If the determination of §1-1-2(B) above shows the total
20 revenues minus the expenses of the system are less than 133 percent of the current
21 debt service for the cumulative quarter of the fiscal year, it shall be determined if the
22 revenue loss is due to efforts of Water Authority Customers to conserve water by
23 reviewing usage patterns. If the usage study shows that the reduced revenues are due
24 to conservation efforts, the Executive Director shall analyze the Utility's operations for
25 the purpose of determining whether or not corresponding expense reductions can be
26 effected and shall present any such expense reduction proposals to the Water
27 Authority.

28 (D) Increasing Water Commodity Charges. If the quarterly analysis of power
29 cost related to water pumping shows that costs are increasing or decreasing, the
30 Executive Director is authorized to adjust the water commodity charge to reflect the
31 change. An adjustment in the commodity charge will only be made if the needed
32 commodity charge adjustment is \$0.01 or greater, and shall be in \$0.01 increments.

(E) General Procedural Provisions. The Executive Director may enact 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. In addition to this Fixed

Monthly Charge, there shall be a Strategy Implementation Fixed Monthly Charge, §1-1-3[+(C)+] [-B-](2), which shall be dedicated to the Sustainable Water Supply Program.

Fixed Monthly Charge - Metered Service

[-Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-
						family
1	$\frac{5}{8}$ X $\frac{3}{4}$	\$8.63	\$8.81	\$ 18.53	\$9.29	\$11.09
2	1	16.51	16.84	36.66	17.85	21.51
3	1½	56.98	58.22	129.90	61.88	75.10
4	2	127.89	130.70	293.23	138.96	168.97
5	3	235.54	240.77	541.10	256.00	311.44
6	4	561.87	574.30	1292.84	610.79	743.47
7	6	892.12	881.27	1983.86	937.22	1140.79
8	8 & over	1947.05	1990.20	4482.96	2337.28	2577.04]
[+Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-
						family
1	$\frac{5}{8}$ X $\frac{3}{4}$	\$8.52	\$8.71	\$18.32	\$9.18	\$10.97
2	1	16.32	16.65	36.26	17.65	21.28
3	1½	56.34	57.57	128.45	61.19	74.26
4	2	126.47	129.24	289.93	137.40	167.04
5	3	232.90	238.06	535.03	253.13	307.94
6	4	557.29	567.86	1278.32	603.93	735.13
7	6	886.94	871.38	1961.59	926.69	1127.98
8	8 & over	1925.18	1967.85	4432.62	2311.04	2548.09+]

Effective July 1, 2015 and 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) In addition to the Fixed Monthly Charge in §1-1-3(C), the rates and compensation to be paid to the Water Authority for public and private use of water supplied by the Water Authority within the Service Area for any and all purposes shall be in accordance with the following schedule of charges. This Strategy Implementation Fixed Monthly Charge shall be dedicated to the Sustainable Water Supply to fund the implementation, operation and maintenance of the Water Resources Management

Strategy, which will develop the Water Authority's surface water supplies. Any interest earned on these dedicated funds shall be used only for this purpose.

Fixed Monthly Charge - Metered Service Strategy Implementation

~~[-Fixed Monthly Charge - Metered Service Strategy Implementation]~~

Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-
						family
1	$\frac{5}{8} \times \frac{3}{4}$	\$3.95	\$4.36	\$6.13	\$4.26	\$4.36
2	1	9.46	9.68	15.09	9.14	10.04
3	$1\frac{1}{2}$	15.66	17.27	24.43	16.93	17.27
4	2	27.79	30.66	43.39	30.05	30.66
5	3	62.48	68.96	97.58	67.56	68.96
6	4	111.04	122.57	173.40	120.08	122.57
7	6	249.78	275.74	390.15	270.12	275.74
8	8 & over	444.02	490.17	693.59	480.19	490.17

~~Fixed Monthly Charge - Metered Service Strategy Implementation-]~~

[+Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-
						family
1	$\frac{5}{8} \times \frac{3}{4}$	\$4.51	\$4.98	\$7.01	\$4.87	\$4.98
2	1	10.81	11.06	17.25	10.45	11.48
3	$1\frac{1}{2}$	17.90	19.74	27.92	19.35	19.74
4	2	31.76	35.04	49.59	34.35	35.04
5	3	71.41	78.82	111.53	77.22	78.82
6	4	126.92	140.10	198.20	137.25	140.10
7	6	285.50	315.17	445.94	308.75	315.17
8	8 & over	507.51	560.26	792.77	548.86	560.26+]

Effective July 1, 2015 and 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.

(3) 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

1	$\frac{3}{4}$	\$12.57
2	1	25.37
3	1½	73.40
4	2	157.61
5	3	327.55
6	4	728.07
7	6	1228.95
8	8	2606.77

9 Effective July 1, 2015 and July 1, 2017

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

12 (D) Unmetered Water Service.

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

14 Applicable to all service through which water is used solely for extinguishing accidental
 15 fires.

16	Fixed Monthly Charge	
17	Line Size	Service Area
18	(inches)	
19	2	\$4.40
20	3	6.60
21	4	8.80
22	6	16.50
23	8	25.30
24	10	35.20
25	12	51.70

26 Effective July 1, 2015 and July 1, 2017

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

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

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

33 (1) Permits

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

8 (b) A qualified applicant (business owner or licensed contractor)
9 or designated agent wishing to obtain a fire hydrant meter permit must submit a
10 completed application form to the Water Authority. Completed and signed applications
11 may be mailed or hand delivered. If the applicant assigns a designated agent to obtain
12 the permit, a designated agent certification form must be signed and notarized by the
13 business owner or licensed contractor and submitted with the completed application.

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

17 (d) Under a standard fire hydrant meter permit, the applicant
18 may request the use of any fire hydrant from the Water Authority's designated network
19 of green-top fire hydrants. Applicants desiring to use an out-of-network hydrant must
20 submit a written request with the fire hydrant meter application stating the reason(s) for
21 needing to use the out-of-network hydrant. Water Authority staff will review such
22 requests on a case by case basis and a decision shall be issued within three business
23 days of receiving the request.

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

28 (2) System Connection and Water Use.

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

32 (b) The permit holder shall utilize a backflow prevention method
33 or device acceptable to the Water Authority at all times the fire hydrant meter is in use

1 to protect the Water Authority's water supply. Failure to use an acceptable backflow
2 prevention method or device shall be cause for confiscating the fire hydrant meter and
3 terminating the permit.

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

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

11 (3) Loss, Damage and Payment Surety Bond.

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

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

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

24 (4) Reporting. The permit holder shall be required to report and pay
25 for fire hydrant water usage on a monthly basis. Fire hydrant meter readings shall be
26 submitted, in writing between the first (1st) and tenth (10th) day of the month for water
27 usage during the previous calendar month, regardless of whether any water usage
28 occurred during that month. Failure to submit meter readings between the first (1st) and
29 the tenth (10th) of the month shall result in a \$20.00 late meter reading fee per
30 occurrence. Failure to report meter readings on or before the last day of the month the
31 readings are due shall be cause for confiscation of the meter and termination of the
32 permit.

33 (5) Fees and Charges.

1 (a) The nonrefundable connection fee is \$230.00 for each
2 hydrant issued for a fire hydrant meter permit.

3 (b) All fire hydrant meter permit holders shall pay a monthly
4 maintenance charge of \$70.00. This monthly maintenance charge shall not be
5 prorated.

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

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

15 (F) Water Commodity Charge.

16 (1) (a) In addition to the Fixed Monthly Charge, all water used by a
17 Customer within the Service Area for any purpose whatsoever shall be charged at the
18 rate of \$1.093 per unit (one unit equals 100 cubic feet). In addition, there shall be a
19 charge of 0.024 per unit, added to this commodity charge, which is the amount
20 necessary to compensate the Water Authority for the water conservation fee charged by
21 the State of New Mexico and for the Sustainable Water Supply, §1-1-3(F)(2). This is
22 determined by the meter reading or by estimating the usage by statistical methods.
23 Customers shall pay bills monthly.

24 Effective July 1, 2015 and July 1, 2017

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

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

32 Effective July 1, 2015 and July 1, 2017

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

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

6 Pajarito Mutual Domestic - \$1.15 per 100 CCF
7 Effective July 1, 2015 and July 1, 2017

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

10 (2) In addition to the fixed monthly charges and the Commodity
11 Charge, §1-1-3(F)(1)(a), all water used by a Customer within the Service Area for any
12 purpose whatsoever shall be charged at the rate of \$0.444 per unit (one unit equals 100
13 cubic feet). This charge per unit will be dedicated to a Sustainable Water Supply to
14 fund the Water Resources Management Strategy. Any interest earned on these
15 dedicated funds shall be used only for this purpose.

16 Effective July 1, 2015 and July 1, 2017

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

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

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

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

31 (ii) All usage will be calculated annually on a per site basis.
32 Any usage of individual wells at these sites shall be submitted in writing to the Water
33 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) and §1-1-3(F)(2). 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) and in §1-1-3(F)(2). 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) and §1-1-3(F)(2).

(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 in §1-1-3(F)(2), and shall be added to the total charge determined in §1-1-3(F)(4)(b) 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 in §1-1-3(F)(2), and shall be added to the total charge determined in §1-1-3(F)(4)(b) 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) in §1-1-3(F)(2), and shall be added to the total charge determined in §1-1-3(F)(4)(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

1 percent of the commodity charges in §1-1-3(F)(1)(a) and in §1-1-3(F)(2), and shall be
2 added to the total charge determined in §1-1-3(F)(4)(b) for usage during the months of
3 April through October.

4 (d) The surcharge amount added for each unit exceeding 400
5 percent of the Winter Mean water usage as calculated in §1-1-2(A) shall be equal to 50
6 percent of the commodity charges in §1-1-3(F)(1)(a) and §1-1-3(F)(2), and shall be
7 added to the total charge determined in §1-1-3(F)(4)(b) for usage during the months of
8 April through October. For those residential customers that have a Winter Mean equal
9 to or greater than 15 units, the surcharge amount added for each unit exceeding 400
10 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to
11 100 percent of the Commodity Charges §1-1-3(F)[+(1)+](a) and in §1-1-3(F)(2), and
12 shall be added to the total charge determined in §1-1-3(F)(4)(b) for usage during the
13 months of April through October.

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

26 (f) For residential class Customers only having service sizes 1
27 through 3, a 50 percent discount shall be applied to the commodity charges in §1-1-
28 3(F)(1)(a) [+and+] in §1-1-3(F)(2) for water usage during the months of April through
29 October which is 150 percent or less than the Class Winter Mean water usage.

30 (G) Multiple Meter Service. Customers with service by more than one meter
31 to any premise shall be charged the applicable fees associated with each meter except
32 for single-family residential Customers who have two meters, of which one is used for

1 irrigation. The monthly fixed charge for these single-family residential Customers will be
2 based on the largest meter at the single-family residence.

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

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

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

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

5/8" x 3/4"	\$140
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1"	185
----	-----

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

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

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

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

26 (J) The Customer utility statements shall contain the following itemized
27 element: "Sustainable Water Supply: \$`x,' where `x' shall be the cost of the rate
28 increase to fund the implementation of the Water Resources Management Strategy.

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

32 (L) Real property owners receiving water service from the Water Authority are
33 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

1 of 5 percent down payment. The balance shall be subject to a fixed monthly charge to
2 include a carrying charge set at 7 percent per annum. On all connections, the balance
3 shall be paid in full within 120 months.

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

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

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

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

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

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

29 1-1-5. SEWER RATES.

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

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

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

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

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

13 CUSTOMER CLASSIFICATIONS.

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

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

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

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

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

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

30 (7) KIRTLAND AIR FORCE BASE (KAFB).

31 (8) FOOD SERVICE ESTABLISHMENT or FSE. Any establishment,
32 commercial or noncommercial, such as a restaurant, cafeteria, snack bar, temple,
33 mosque, church, synagogue, worship hall, banquet facility, preschool, school, or

1 meeting place, with a kitchen that is used for preparing, serving, or otherwise making
2 available for consumption foodstuffs in commercial amounts in or on a receptacle that
3 requires washing and that discharges to the Water Authority's POTW.

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

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

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

17 BOD -- 250 mg/l

18 COD -- 500 mg/l

19 TSS -- 330 mg/l

20 NH3N -- 25 mg/l

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

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

STANDARD METHODS. The laboratory procedures set forth in the latest edition, at the time of analysis, of Standard Methods for Examination of Water and Wastewater, as prepared, approved and published jointly by the American Public Health Association and American Water Works Association and the Water Pollution Control 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-
						fam
1	$\frac{5}{8} \times \frac{3}{4}$	\$8.25	\$10.21	\$46.40	\$7.91	\$13.70

1	2	1	13.36	16.20	78.61	12.77	22.69
2	3	1½	54.73	69.26	338.58	52.07	95.51
3	4	2	136.19	172.77	850.70	129.50	238.11
4	5	3	182.37	231.46	1141.14	173.41	319.15
5	6	4	388.53	493.42	2437.26	369.37	680.80
6	7	6	517.43	653.90	3247.67	491.89	906.91
7	8	8 & over	919.83	1168.50	5777.61	874.40	1612.81
8]						

9	[+Serv Size	Meter	Resid	Comm	Indust	Instit	Multi-
10	fam						
11	1	5/8 X 3/4	\$6.93	\$8.60	\$38.94	\$6.64	\$11.49
12	2	1	11.20	14.03	65.98	10.72	19.04
13	3	1½	45.94	58.13	284.19	43.70	80.25
14	4	2	114.32	145.02	710.57	108.70	199.85
15	5	3	153.06	194.28	957.85	145.55	267.89
16	6	4	326.11	414.17	2045.76	310.03	571.45
17	7	6	434.32	547.98	2725.99	412.88	761.24
18	8	8 & over	772.07	945.99	4849.54	733.95	1353.75+

Effective July 1, 2015 and 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.

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

Liquid Waste

Flow (CCF)	Residential	Commercial	Industrial	Institutional	Multi-family
[-0-10	\$8.25	\$10.21	\$46.40	\$7.91	\$13.70
11-19	13.36	16.20	78.61	12.77	22.69
20-63	54.73	69.26	338.58	52.07	95.51
64-82	136.19	172.77	850.70	129.50	238.11
83-343	182.37	231.46	1141.14	173.41	319.15
344-599	388.53	493.42	2437.26	369.37	680.80
600-803	517.43	653.90	3247.67	491.89	906.91
804 over	919.83	1168.50	5777.61	874.40	1612.81]
[+0-10	\$6.93	\$8.60	\$38.94	\$6.64	\$11.49

1	<u>11-19</u>	<u>11.20</u>	<u>14.03</u>	<u>65.98</u>	<u>10.72</u>	<u>19.04</u>
2	<u>20-63</u>	<u>45.94</u>	<u>58.13</u>	<u>284.19</u>	<u>43.70</u>	<u>80.25</u>
3	<u>64-82</u>	<u>114.32</u>	<u>145.02</u>	<u>710.57</u>	<u>108.70</u>	<u>199.85</u>
4	<u>83-343</u>	<u>153.03</u>	<u>194.28</u>	<u>957.85</u>	<u>145.55</u>	<u>267.89</u>
5	<u>344-599</u>	<u>326.11</u>	<u>414.17</u>	<u>2045.76</u>	<u>310.03</u>	<u>571.45</u>
6	<u>600-803</u>	<u>434.32</u>	<u>547.98</u>	<u>2725.99</u>	<u>412.88</u>	<u>761.24</u>
7	<u>804-over</u>	<u>772.07</u>	<u>945.99</u>	<u>4849.54</u>	<u>733.95</u>	<u>1353.75+]</u>

8 Effective July 1, 2015 and July 1, 2017

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

11 (4) Fixed Monthly Charges for Wholesale and KAFB

12	[-Serv Size	Wholesale	Item	KAFB
13	1	\$10.43	Per Month	\$33,212.76
14	2	17.09		
15	3	37.79		
16	4	176.82		
17	5	236.90		
18	6	505.04		
19	7	672.70		
20	8	1139.15-]		

21	<u>[+Serv Size</u>	<u>Wholesale</u>	<u>Item</u>	<u>KAFB</u>
22	<u>1</u>	<u>\$8.76</u>	<u>Per Month</u>	<u>\$27877.80</u>
23	<u>2</u>	<u>14.33</u>		
24	<u>3</u>	<u>22.91</u>		
25	<u>4</u>	<u>148.42</u>		
26	<u>5</u>	<u>198.89</u>		
27	<u>6</u>	<u>423.91</u>		
28	<u>7</u>	<u>564.64</u>		
29	<u>8</u>	<u>941.04+]</u>		

30 Effective July 1, 2015 and July 1, 2017

31 A 5 percent revenue increase is approved and a schedule of charges will be designed
 32 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			
Residential	\$0.585	\$0.772	\$1.357
Commercial	0.585	0.772	1.357
Industrial	0.585	0.772	1.357
Institutional	0.585	0.772	1.357
Multi-family	0.585	0.772	1.357
Special Contracts			
Wholesale	\$0.585	\$0.124	\$0.709
KAFB	0.585	0.124	0.709

Effective July 1, 2015 and 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.

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

(2) Customers without Water Service. The volume of wastewater discharge shall be determined by the physical measurement at the expense of the customer; however, where accurate and reasonable estimates can be made by statistical methods, such estimates shall be considered the volume of discharge upon which the 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+](l) below. If it is determined that the wastewater strength exceeds the limits specified, a surcharge shall be levied at the rate of:

(a) \$.11 per pound of COD for the excess of 500 mg/l of COD; and

(b) \$.23 per pound of BOD for the excess of 250 mg/l BOD; and

(c) \$.21 per pound of TSS for the excess of 330 milligrams per liter of TSS; and

(d) \$.54 per pound of NH₃N for the excess of 25 mg/l of NH₃N.

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

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

(F) Septic Tank Truck Discharge. No user owning vacuum or "cesspool" type pumping trucks or other liquid waste transport trucks shall discharge such waste into the POTW, unless such person shall first have applied for and received a Septic Tank Discharge or Chemical Toilet Discharge Permit from the [+Industrial Pretreatment Engineer+] ~~[-Executive Director-]~~ pursuant to the [+Sewer Use and Wastewater Control Ordinance Section 3-3-7+] ~~[-regulations "Establishing Administrative Policies and Fees for the Discharge of Septic Tank and Chemical Toilet Wastes" currently adopted by the Water Authority-]~~.

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

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

(I) Sampling and Testing Procedures.

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

(2) All measurements, tests and analysis of the characteristics of waters and wastes shall be determined in accordance with the latest edition of Standard Methods for the Examination of Water and Wastewater, published jointly by the

American Public Health Association and Water Pollution Control Federation, and the American Waterworks 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 0.184 per unit.

Fixed Water Rates (per month)

[-Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-
family						
1	$\frac{5}{8} \times \frac{3}{4}$	\$1.22	\$1.24	\$2.60	\$1.30	\$1.55
2	1	2.32	2.36	5.13	2.50	3.01
3	1½	7.99	8.16	18.21	8.67	10.53
4	2	17.92	18.32	41.11	19.48	23.72
5	3	33.02	33.76	75.86	35.89	43.67
6	4	77.27	80.51	181.26	85.63	104.23
7	6	120.87	123.55	278.13	131.40	159.94
8	8 & over	272.98	279.03	628.51	327.68	361.31]
[+Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-
family						
1	$\frac{5}{8} \times \frac{3}{4}$	\$1.40	\$1.42	\$2.99	\$1.50	\$1.78
2	1	2.67	2.72	5.90	2.88	3.46
3	1½	9.19	9.38	20.94	9.97	12.11
4	2	20.61	21.07	47.28	22.40	27.28
5	3	37.97	38.83	87.24	41.27	50.22
6	4	88.86	92.59	208.45	98.48	119.86
7	6	139.00	142.08	319.85	151.11	183.93
8	8 & over	313.93	320.88	722.78	376.83	415.51+]

Effective July 1, 2015 and 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

[-Serv Size	Meter Sz	Resid	Comm	Indust	Instit	Multi-fam	Wholesale
1	$\frac{5}{8} \times \frac{3}{4}$	\$1.98	\$2.43	\$11.16	\$1.90	\$3.30	\$2.50
2	1	3.22	4.02	18.90	3.07	5.46	4.12
3	1½	13.16	16.65	81.39	12.52	22.89	17.06
4	2	32.73	41.53	207.65	31.13	57.25	42.50
5	3	43.85	55.64	274.31	41.69	76.72	56.94
6	4	93.41	118.61	585.89	88.80	163.65	121.41
7	6	124.38	157.99	780.71	118.24	218.01	161.71
8	8 & over	221.12	312.40	1388.89	210.19	387.70	287.53]
<u>[+Serv Size</u>	<u>Meter Sz</u>	<u>Resid</u>	<u>Comm</u>	<u>Indust</u>	<u>Instit</u>	<u>Multi-fam</u>	<u>Wholesale</u>
<u>1</u>	<u>$\frac{5}{8} \times \frac{3}{4}$</u>	<u>\$2.19</u>	<u>\$2.68</u>	<u>\$12.33</u>	<u>\$2.10</u>	<u>\$3.65</u>	<u>\$2.77</u>
<u>2</u>	<u>1</u>	<u>3.56</u>	<u>4.44</u>	<u>20.88</u>	<u>3.39</u>	<u>6.03</u>	<u>4.55</u>
<u>3</u>	<u>1½</u>	<u>14.54</u>	<u>18.40</u>	<u>89.94</u>	<u>13.84</u>	<u>25.29</u>	<u>18.85</u>
<u>4</u>	<u>2</u>	<u>36.17</u>	<u>45.89</u>	<u>229.45</u>	<u>34.40</u>	<u>63.26</u>	<u>46.97</u>
<u>5</u>	<u>3</u>	<u>48.46</u>	<u>61.48</u>	<u>303.11</u>	<u>46.07</u>	<u>84.77</u>	<u>62.91</u>
<u>6</u>	<u>4</u>	<u>103.22</u>	<u>131.06</u>	<u>647.41</u>	<u>98.12</u>	<u>180.83</u>	<u>134.16</u>
<u>7</u>	<u>6</u>	<u>137.44</u>	<u>174.58</u>	<u>862.69</u>	<u>130.66</u>	<u>240.90</u>	<u>178.69</u>
<u>8</u>	<u>8 & over</u>	<u>244.34</u>	<u>345.20</u>	<u>1534.72</u>	<u>232.26</u>	<u>428.41</u>	<u>317.72</u> +]

Effective July 1, 2015 and 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.

Monthly Rehabilitation Charges for KAFB

Item KAFB

~~[-Per Month \$7,984.02-]~~

[+Per Month \$8,822.34+]

Effective July 1, 2015 and 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) Committed expenditures for the rehabilitation of water wells, pump stations, reservoirs, service lines, other water lines, gate valves and the committed

1 expenditures for rehabilitation of sewer lines, odor control stations, pumping stations
2 and treatment facilities from revenues in the Water and Sewer Rehabilitation Fund shall
3 not be less than \$30 million dollars per year.

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

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

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

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

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

29 (D) Utility Expansion Charge (UEC) revenues or those of successor
30 development fees in excess of \$6[-,000,000-] [+million+] per year shall be transferred to
31 the Joint Water and Sewer Capital Funds. The transfer of these funds shall be made in
32 the fiscal year following the most recent audited Comprehensive Annual Financial
33 Report.

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

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

6 (G) The Water Authority has implemented an asset management program to
7 manage its capital infrastructure focusing on minimizing the total cost of designing,
8 acquiring, operating, maintaining, replacing, and disposing of capital assets over their
9 life cycle while achieving desired service levels. It will allow the Water Authority to
10 manage existing assets more effectively, make informed decisions on policy and
11 budgetary matters, and plan for future needs. Based upon this program the Water
12 Authority will begin to incrementally increase its Capital Implementation Program
13 spending at approximately \$3 million a year until the Water Authority can reach and
14 sustain a spending level of approximately \$76 million a year.

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

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

32 1-1-8. UTILITY EXPANSION CHARGE (UEC) and WATER SUPPLY CHARGE (WSC).

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

(a) Financing for Water UEC

Finance for Water UEC

Water Meter Size	Water Payment	Minimum Cash Down	Balance to Finance
5/8 X 3/4"	\$2,834	\$142	\$2,692
1"	4,723	236	4,487
1 1/2"	9,446	472	8,974
2"	15,116	756	14,360
3"	30,227	1,511	28,716
4"	47,231	2,361	44,870
6"	94,465	4,723	89,771
8" or More	151,144	7,557	143,587-]

<u>Water Meter Size</u>	<u>Water Payment</u>	<u>Minimum Cash Down</u>	<u>Balance to Finance</u>
5/8 X 3/4"	\$2902	\$145	\$2,757
1"	4,836	242	4,594
1-1/2"	9,673	484	9,189
2"	15,479	774	14,705
3"	30,952	1,548	29,404
4"	48,365	2,418	45,947
6"	96,732	4,837	91,895
8" or More	154,771	7,739	147,032+]

(b) Financing for Sewer UEC

Finance for Wastewater UEC

Water Meter Size	Liquid Waste Flow	Sewer Payment	Minimum Cash Down	Balance to Finance
5/8 X 3/4"	0 10	\$2,126	\$106	\$2,020

1	1"	11-19	3,543	177	3,366
2	1 1/2"	20-63	7,084	354	6,730
3	2"	64-82	11,335	567	10,768
4	3"	83-343	22,725	1,136	21,589
5	4"	344-599	35,420	1,771	33,649
6	6"	600-803	70,845	3,542	67,303
7	8" or More	804 & over	113,353	5,668	107,685-]
8	[+Water Meter Size Liquid Waste Flow Sewer Minimum				
9	<u>Balance to</u>				
10			Payment	Cash Down	Finance
11	5/8 X 3/4"	0-10	\$2,177	\$109	\$2,068
12	1"	11-19	3,628	181	3,447
13	1-1/2"	20-63	7,254	363	6,891
14	2"	64-82	11,607	580	14,027
15	3"	83-343	23,270	1,164	22,106
16	4"	344-599	37,191	1,860	35,331
17	6"	600-803	74,387	3,719	70,668
18	8" or More	804 & over	116,073	5,804	110,269+]

(2) The UEC 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 7 percent per annum. On all connections, the balance shall be paid in full within 120 months.

(3) The fixed monthly charge for the UEC 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 UEC, including the fixed monthly charge, shall be placed in a separate account to be used for financing the expansion for the water and sewer system.

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

(C) Charges for multiple residential units:

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

(a) Apartment Complexes.

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

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

$$\text{Equivalent Units} = (0.45) \times (\text{No. of Units}) + 1.49$$

$$\text{Total UEC} = (\text{Equivalent Units}) \times (5/8" \times 3/4" \text{ Meter UEC})$$

(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). The promissory note shall not bear any interest from the date of the promissory note with maturity date of the promissory note. The promissory note shall bear interest 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). The WSC fee does not apply to non-potable water service.

Financing for Water Supply Charge - WSC

Water Meter Size	Water Payment	Minimum Cash Down	Balance to Finance
5/8 X 3/4"	\$1,464	\$73	\$1,391
1"	2,448	122	2,326
1 1/2"	4,877	244	4,633

1	2"	7,804	390	7,414
2	3"	15,608	780	14,828
3	4"	24,386	1,219	23,167
4	6"	48,880	2,444	46,436
5	8" or More	78,038	3,902	74,136-]
6	[+Water Meter Size Water Payment			Minimum Cash Down
7	Finance			Balance to
8	5/8 X 3/4"	\$1,499	\$75	\$1,424
9	1"	2,507	125	2,382
10	1-1/2"	4,994	250	4,744
11	2"	7,991	400	7,591
12	3"	15,983	799	15,184
13	4"	24,971	1,249	23,722
14	6"	50,053	2,503	47,550
15	8" or More	79,911	3,996	75,915+]

(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. All revenues generated from the WSC will be maintained in it's own activity and to be used only as specified in §1-1-8(D)(1).

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

- 1 (4) 2" meter set only, \$635
- 2 (5) 3" metered service line installation.
- 3 (a) 3" meter set only with compound meter without vault, \$2,185
- 4 (6) 4" metered service line installation.
- 5 (a) 4" meter set only with compound meter without vault, \$3,125
- 6 (b) 4" meter set only with fire assembly meter without vault
- 7 \$7,210
- 8 (7) 6" metered service line installation.
- 9 (a) 6" meter set only with compound meter without vault, \$5,140
- 10 (b) 6" meter set only with fire assembly meter without vault
- 11 \$7,520
- 12 (8) 8" metered service line installation.
- 13 (a) 8" meter set only with fire assembly without vault \$13,040
- 14 (9) 10" and larger: Contact the Utility for price quote
- 15 (B) Meter Size Reduction Installation.
- 16 (1) 5/8 X 3/4" through 1-1/2", contact the Utility for price quote
- 17 (2) 2", contact the Utility for price quote
- 18 (3) 3" and larger, contact the Utility for price quote
- 19 (C) Nonpayment Delinquency Fee.
- 20 (1) 5/8 X 3/4" and 1", \$45
- 21 (2) 1-1/2" through 10", \$60
- 22 (D) Combined Fire-Domestic Meters.
- 23 (1) Requests for this type of metered service, which provide both fire
- 24 protection and domestic-irrigation service, may be made at the New Services Section of
- 25 Utility Development. Upon the satisfactory determination of peak flow water delivery
- 26 requirements, as certified by an engineer registered in the State of New Mexico, in
- 27 accordance with the City and the County fire codes and the AWWA M22 an equivalent
- 28 meter size will be determined for the service. Fixed monthly charges for private fire
- 29 protection shall also be applied commensurate with the degree of fire protection
- 30 capacity being provided.
- 31 (2) Fees for installation (set only) is in §1-1-9(A).
- 32 (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 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.

(F) Meter Reset

(1) Contact the Utility for a price quote.

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.

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 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 may affirm, overrule or modify the decision to terminate the services. The decision shall be final.

1 (E) In the event a hearing is requested, the services shall not be terminated
2 until and in accordance with that decision.

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

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

8 1-1-16. EFFECTIVE DATE AND PUBLICATION

9 The effective date of this Ordinance will be July 1, [-2013-][+2014+] unless
10 otherwise stated.

11 1-1-98. PROHIBITIONS.

12 (A) No person shall use or cause to be used any water produced or
13 distributed by the Water Authority without the consent of Water Authority. Water
14 distributed through authorized meter or obtained by any means authorized by
15 ordinances or administration rules and regulations shall constitute the consent of the
16 Water Authority.

17 (B) No person shall discharge or cause to be discharged any liquid waste to
18 the liquid waste collection or treatment system operated by the Water Authority without
19 the consent of the Water Authority and compliance with the Water Authority's Sewer
20 Use and Waste Water Control Ordinance. Approved connections or permits shall
21 constitute such consent.

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

26 (D) Violation of any of the above described Prohibitions constitutes a violation
27 of the conditions of Water Authority service and shall be subject to a connection service
28 charge of \$400.00 per occurrence and charges for one year of usage based upon prior
29 usage or the customer class average or termination of service.

30 Section 2. SEVERABILITY CLAUSE. If any Section, paragraph, sentence,
31 clause, work or phrase of this Ordinance is for any reason held to be invalid or
32 unenforceable by any court of competent jurisdiction, such decision shall not affect the
33 validity of the remaining provisions of this Ordinance. The Water Authority hereby

1 declares that it would have passed this Ordinance and each Section, paragraph,
2 sentence, clause, word or phrase thereof irrespective of any provision being declared
3 unconstitutional or otherwise invalid.

Appendix A



INVESTMENT POLICY

Albuquerque Bernalillo County Water Utility Authority Investment Policy

~~[This policy shall be known as the Albuquerque Bernalillo County Water Utility Authority Investment (ABCWUA) policy entitled and adopted on June 19, 2013.]~~

Definitions

As used in this investment policy:

- ~~(a) *Investment committee* means a committee consisting of member of the ABCWUA's Audit Committee, the Executive Director, the Chief Financial Officer (CFO) and the Chief Operating Officer (COO).~~
- ~~(b) *Investment officer* means the CFO or his/her designee.~~
- ~~(c) *NASD* means National Association of Security Dealers.~~
- ~~(d) *FDIC* means Federal Deposit Insurance Corporation.~~
- ~~(e) *FSLIC* means Federal Savings and Loan Insurance Corporation.~~
- ~~(f) *SIPC* means Security Investment Protection Corporation.~~
- ~~(g) *Financial institution* means a federally insured bank or savings and loan association.~~
- ~~(h) *Local financial institution* means those with a main office or manned branch office located within the service area of ABCWUA.~~
- ~~(i) *Time deposit* means a certificate of deposit or savings certificate deposited in a federally insured bank or savings and loan association.~~
- ~~(j) *Net worth* is as defined by the Financial Institutions Division of the Department of Commerce and Industry of the State of New Mexico.~~
- ~~(k) *Basis points* is construed so that one hundred (100), basis points equals one (1) percent interest.~~

Policy declarations

~~It is the intent of this policy to establish the authority and procedures for the investment of the ABCWUA's funds in an effort to:~~

- ~~(1) Maximize investment returns while minimizing risk;~~
- ~~(2) Maintain a level of liquidity to ensure that unanticipated cash needs are met;~~
- ~~(3) Allow for diversification of the ABCWUA's portfolio;~~
- ~~(4) Recognize the impact of the ABCWUA's investment program on the local economy.~~
 - ~~(b) The criteria for selecting investments shall be, in the following order of priority:
 - ~~(1) Safety;~~
 - ~~(2) Liquidity;~~
 - ~~(3) Yield.~~~~
 - ~~(c) The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule, which is: "Investments shall be made with judgment and care, under circumstances then prevailing, which 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." The prudent investor rule shall be applied in the context of managing the overall portfolio.~~
 - ~~(d) The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for specific~~

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~~security's credit risk or market price changes, provided that these deviations are reported immediately to the investment committee and that appropriate action is taken to control adverse developments.~~

Allowed investment instruments

~~[Allowed investment instruments are:]~~

- ~~(a) U.S. Treasury obligations.~~
- ~~(b) U.S. Government agency and instrumentality obligations.~~
- ~~(c) 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.~~
- ~~(d) Time deposits in banks and savings and loan associations.~~
- ~~(e) Interest bearing checking accounts in banks and savings and loan associations.~~
- ~~(f) Passbook savings accounts.~~
- ~~(g) Banker's acceptances.~~
- ~~(h) SEC 2a-7 money market funds whose portfolios consist of the foregoing securities.~~
- ~~(i) The Local Government Investment Pool pursuant to Section 6-10-10.1, NMSA 1978.~~

~~Deposit-type securities (i.e., certificates of deposit) shall be collateralized in accordance with the State Board of Finance. 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).~~

Limitations and Restrictions

~~The investment officer shall at all time maintain sufficient liquidity to coincide with projected cash flow needs, taking into account expenditures (payroll, debt retirement payments, capital improvements program disbursement) as well as considering anticipated revenue. These funds may be invested for a period of time equal to the planned expenditure of the funds.~~

~~No more than 40% of the portfolio may be invested in any one sector except for U.S. Treasuries and Agencies. Individual holdings of obligors other than those backed by the U.S. Government, its agencies, or its instrumentalities are limited to 5% of the total market value of the portfolio.~~

- ~~• No individual security will have a final maturity greater than 3 years~~
- ~~• With the exception of CDs and bank deposits, any investment portfolio with marketable securities will have an average weighted maturity or duration of no greater than 1.5-2.0 years~~
- ~~• For securities which are peg to a floating interest rate, the next reset date shall be used to determine the effective maturity~~

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~~All issuers must be minimally rated A-/A3 by S&P and Moody's rating agencies at the time of purchase with split ratings allowed. Should a downgrade occur below the minimum rating, the investment officer shall confer with its investment advisors on a decision to sell or hold the security.~~

Time deposits

~~(a) Financial institutions must meet all of the following requirements to qualify as a depository for the ABCWUA:~~

~~(1) Financial institution must be federally insured.~~

~~(2) Financial institution's equity to asset ratio must be at or above levels recommended by federal regulatory agencies.~~

~~(3) Financial institutions must submit to the ABCWUA within forty five (45) days following the end of each quarter a copy of their quarterly call report as issued to the appropriate federal agency to qualify as a depositor.~~

~~(4) Financial institutions whose annual reports indicate successive losses for the two (2) preceding years will not qualify as a depositor.~~

~~(5) Financial institutions must have assets in excess of one hundred million dollars (\$100,000,000.00).~~

~~(6) Time deposits shall be in a minimum denomination of one hundred thousand dollars (\$100,000.00).~~

~~(f) The total of time deposits with any financial institution shall not at any time exceed the net worth of said financial institution.~~

Security for time deposits

~~Any financial institution designated as a depository shall deliver securities of the type specified in Section 6-10-16 NMSA, 1978, or a joint safekeeping receipt therefore, to the investment officer in an aggregate value equal to one half the amount of the ABCWUA money to be received, in accordance with subsection B of Section 6-10-16 NMSA, 1978.~~

Banker's Acceptances

~~(a) The investment officer shall be authorized to purchase banker's acceptances when the yield on said instruments exceeds the highest bid from the local financial institutions by twenty five (25) basis points.~~

~~(b) Investment in banker's acceptances shall be limited to those whose accepting bank qualifies for time deposit.~~

~~(c) The investment officer shall not invest in excess of five (5) percent of the ABCWUA's portfolio in banker's acceptances of a single accepting bank.~~

Safekeeping of Securities

~~(a) No ABCWUA funds to be invested in negotiable securities shall be paid out unless there is a simultaneous transfer of securities either by physical delivery or, in the case of un-certificated securities, by appropriate book entry on the books of the issuer to the ABCWUA or to a third party safekeeping financial institution acting as agent or trustee for the ABCWUA, which agent or trustee shall furnish timely confirmation to the ABCWUA.~~

Albuquerque Bernalillo County Water Utility Authority

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~~(b) Notwithstanding the provisions of subsection (a) of this section, securities may be held in "street name" with an SIPC insured broker or dealer at a level not to exceed the amount of the SIPC insurance plus any insurance provided by an insurance company which has received an A+ rating by A.M. Best and Company.]~~

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:

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

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

Albuquerque Bernalillo County Water Utility Authority Investment Policy

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.

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)

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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.

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.

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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.

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.* 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 its 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 issued 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

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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 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.

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.

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:

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- 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.

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:

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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 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 provide in writing to ABCWUA:

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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.

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;

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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**

Secretary _____ Chief Financial Officer _____

| Date: _____ Date: _____

History:

Previously issued+]

FY15 Proposed Operating/Capital Budget and Rate Ordinance



Albuquerque Bernalillo County
Water Utility Authority

FY15 Operating & CIP Budget Highlights

- A 5% rate revenue adjustment is proposed
- Operating working capital of 1/12 of operating expenditures as required by ordinance
- \$2 million is added to the Rate Reserve Fund
- \$51 million for capital projects

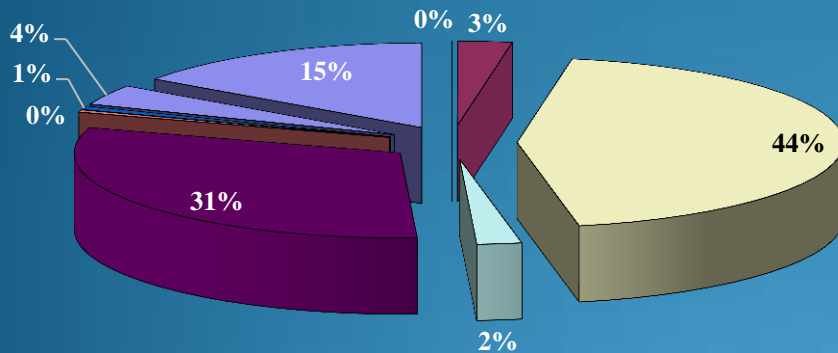
FY15 Budget Assumptions

- Nominal growth in service area
- Consumption assumed to be at 135 gcpd
- Growth in operating expenses include only essential items
- Continued increased capital spending for rehabilitation work at the Southside Reclamation Plant

FY15 Projected Revenues

\$203,959,000

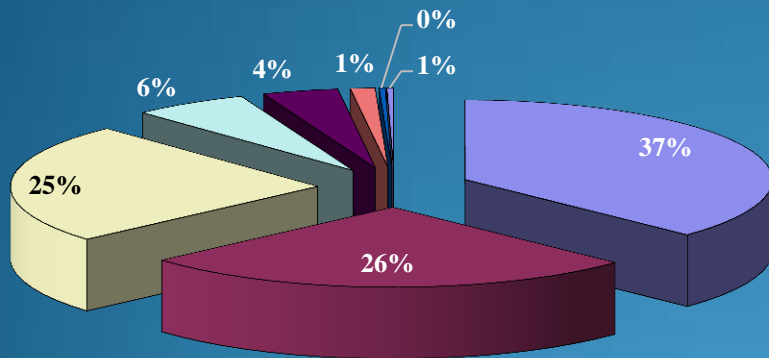
Revenue Sources



- INTEREST (\$10,000)
- MISCELLANEOUS (\$5,500,000)
- WATER (\$90,277,000)
- WATER RESOURCES MANAGEMENT (\$4,500,000)
- SEWER (\$62,513,000)
- CIP EMPLOYEES (\$800,000)
- SOLID WASTE TRANSFER (\$1,323,000)
- FRANCHISE FEE (\$7,836,000)
- SJC STRATEGY IMLEMENTATION (\$31,200,000)

FY15 Budgeted Expenditures

\$196,813,000



■ **DEBT SERVICE (\$73,160,000)**

■ **WAGES & BENEFITS (\$51,803,000)**

■ **OPERATING EXPENSE (\$48,142,000)**

■ **TRANSFER TO OTHER FUNDS (\$12,000,000)**

■ **FRANCHISE FEE (\$7,836,000)**

■ **RISK (\$2,544,000)**

■ **OTHER CAPITAL (\$640,000)**

■ **WORKERS COMP (\$688,000)**

Finance Plan Summary

Operating Fund										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUE										
Total	181,563	205,769	225,852	233,363	244,938	250,510	250,417	260,666	263,276	268,963
EXPENDITURES										
Total	180,553	195,166	209,857	217,875	226,143	234,095	236,816	246,899	246,292	250,361
WORKING CAPITAL BALANCE	1,010	10,603	15,995	15,487	18,795	16,415	13,601	13,766	16,984	18,602
Rate Revenue Adjustment	5.00%	5.00%	5.00%	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%

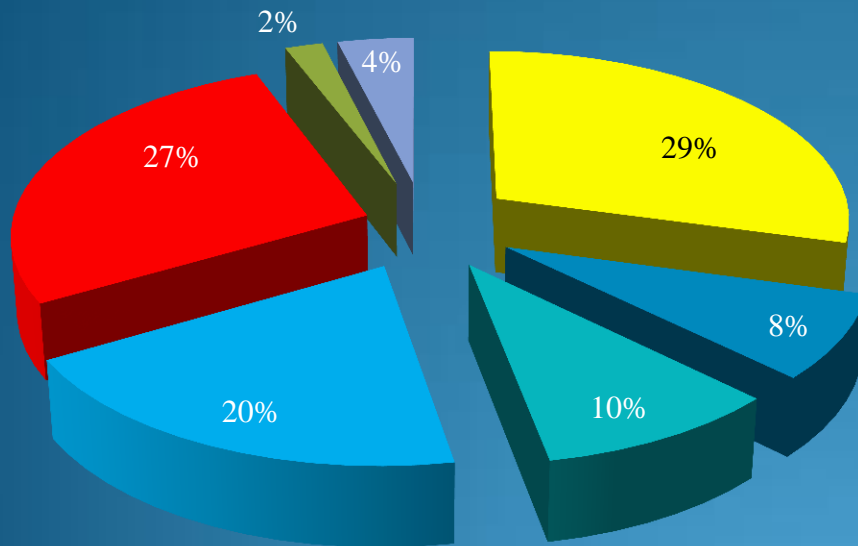
CIP Appropriations

Authorization of \$51 million

- \$48 million for FY15 basic water and sewer program of which a minimum of \$33 million is for rehab and replacement. Included in the total amount is \$10 million for the Southside Reclamation Plant and \$5 million for growth
- \$3 million for Special Projects
 - \$2 million for AMI
 - \$1 million Steel Water Line Replacement

FY15 CIP Planned Spending

\$51,000,000



■ Basic Pipeline Renewal (\$14,910,000)

■ Basic Plant Renewal (\$4,090,000)

■ Basic Growth Projects (\$5,000,000)

■ Construction of PTF and Dewatering (\$10,000,000)

■ Southside Water Reclam. Plant (\$14,000,000)

■ Steel Water Line Replacement (\$1,000,000)

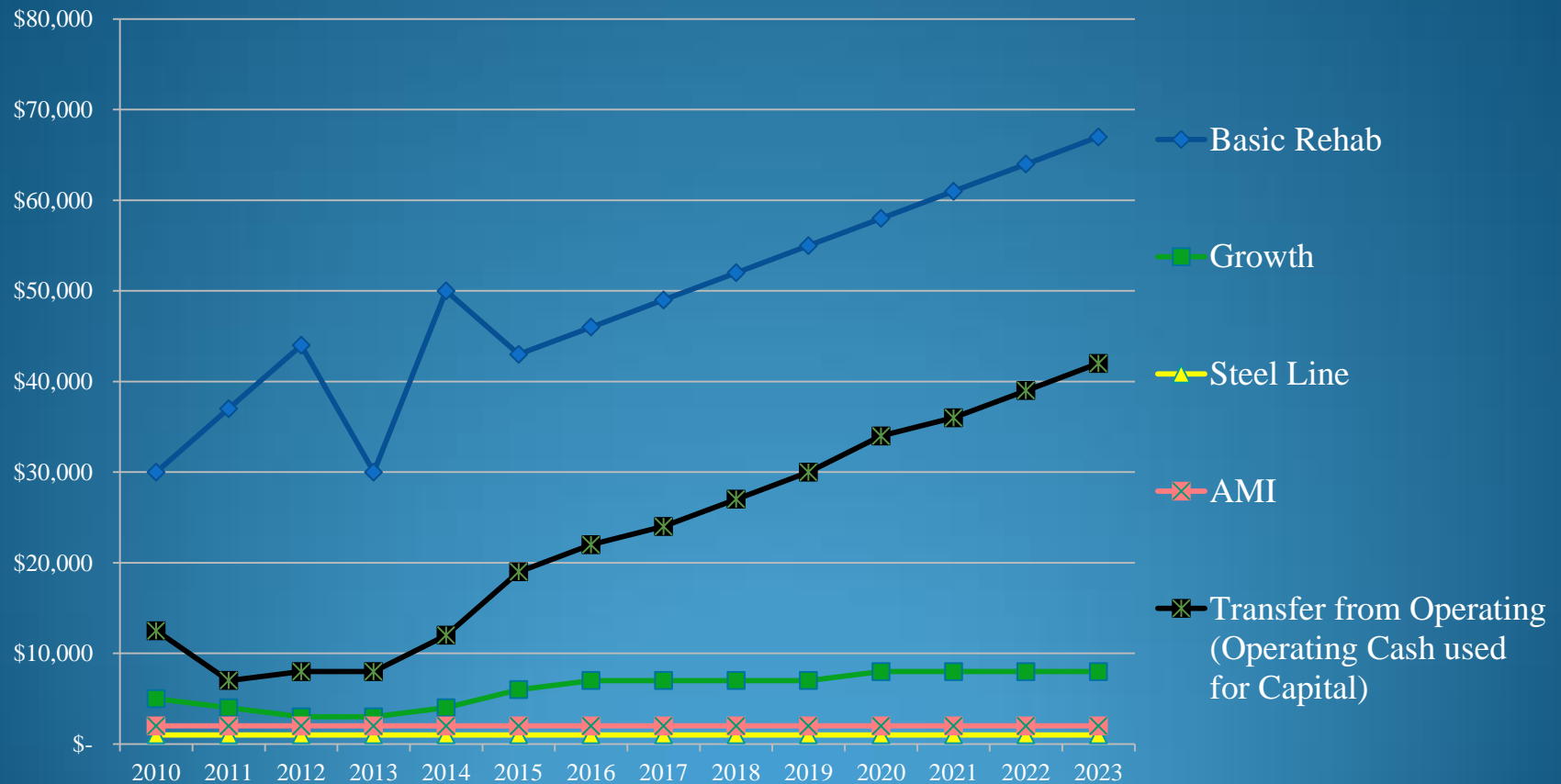
■ Automated Meter Reading (\$2,000,000)

Increase CIP Spending

in thousands

Capital Funds	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Basic Rehab w/ Increase for Rehab / Asset Management Plan	\$ 50,000	\$ 43,000	\$ 46,000	\$ 49,000	\$ 52,000	\$ 55,000	\$ 58,000	\$ 61,000	\$ 64,000	\$ 67,000
Steel Line	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
AMI	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Growth	\$ 4,000	\$ 6,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000

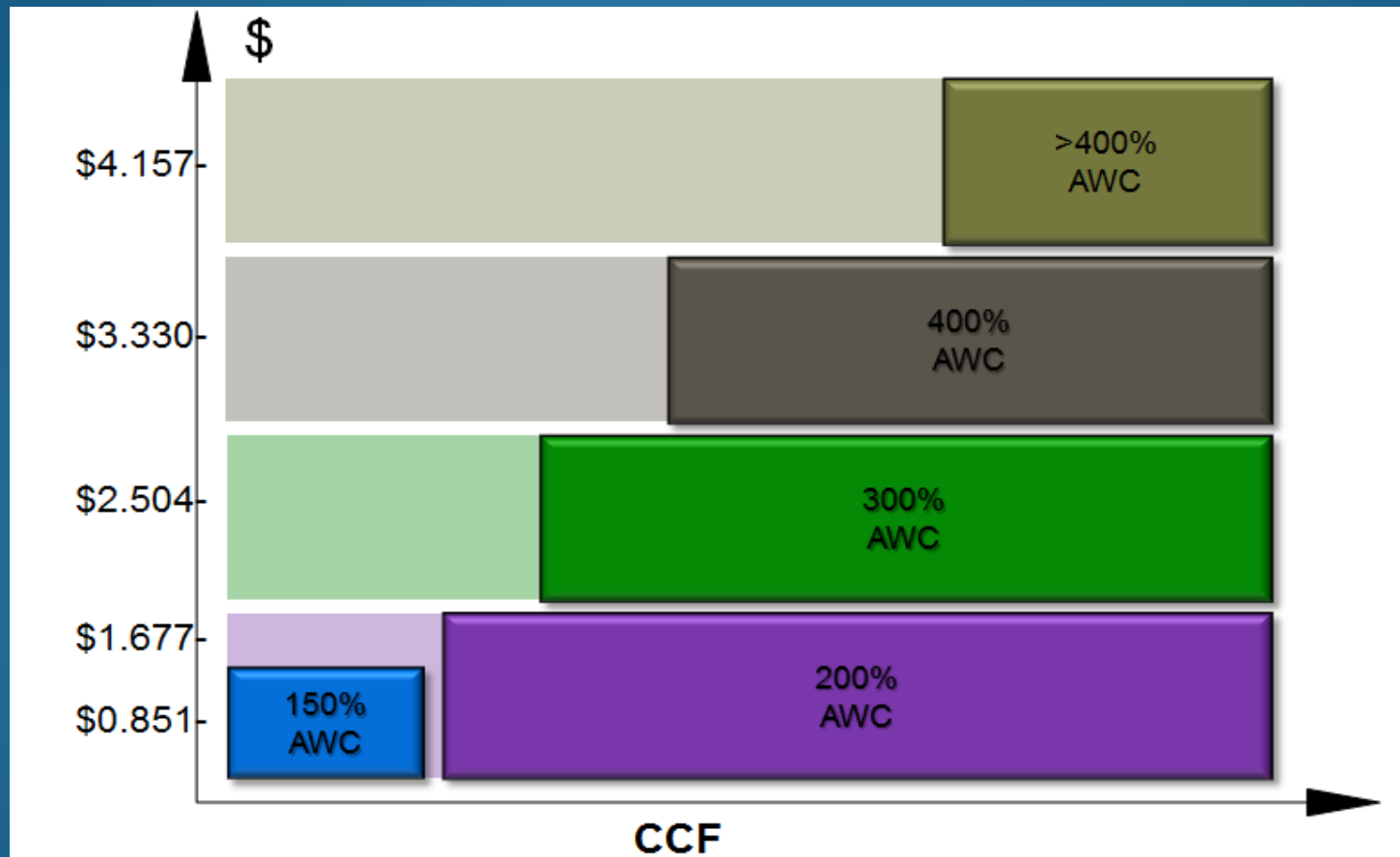
FY15 CIP Planned Spending Increase



Water and Wastewater Service Charges- Residential 5/8" Meter

Item	Existing FY2014	Proposed FY 2015
Water	\$8.63	\$9.92
Strategy Implementation	\$3.95	\$4.51
Sewer	\$8.25	\$9.12
Total	\$20.83	\$23.55

Water Commodity Rates



Recommendation

- Increase the Fixed Service Charges to Meet the 5% Rate Revenue Requirement
- Maintain the 50% Low Usage Discount on Commodity Charges for Residential Service Size 1 Customers
- Adjust Utility Expansion Charges and Water Supply Charge by 2.4% Based Upon the April 1, 2014 ENR Building and Construction Cost Indexes