

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

TITLE: R-14-9 – Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2014 and Ending June 30, 2015.

ACTION: Recommend Approval

SUMMARY:

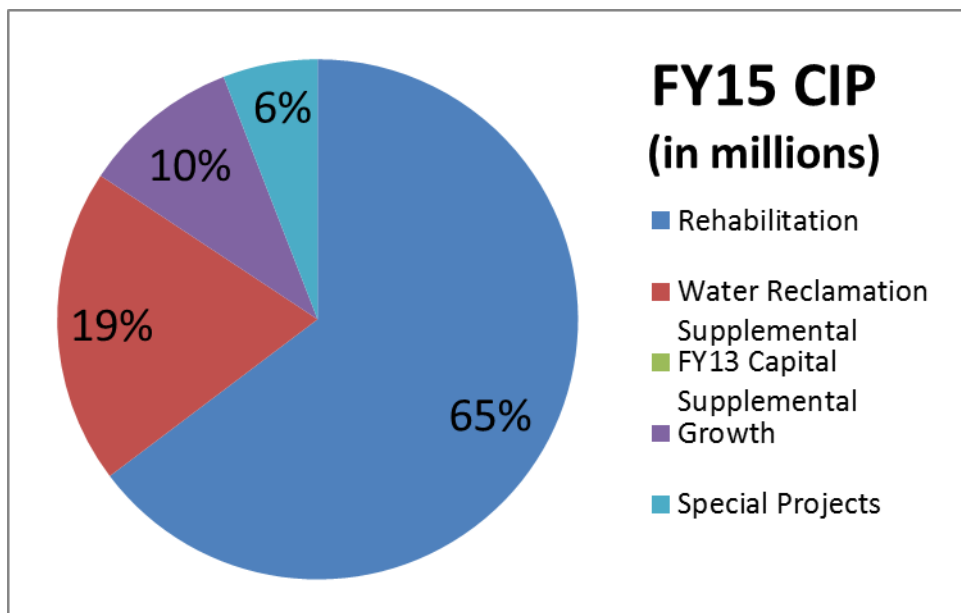
This legislation appropriates funding for the FY/15 Capital Implementation Program (CIP). This appropriation provides funding for new projects as well as supplements current appropriations for projects that are ongoing.

FISCAL IMPACT:

The appropriation totals \$51.0 million. \$48.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$48.0 million is comprised of \$33.0 million in base level rehabilitation funding per the Rate Ordinance, \$10.0 million in supplemental water reclamation facility rehabilitation funding and \$5.0 million in growth program funding.

The \$33.0 million in rehabilitation funding per the Rate Ordinance allocates \$14.91 million for Field, \$17.49 million for Plant and \$.60 million for Compliance. The \$10 million in supplemental water reclamation facility funds increases the Plant funding to \$27.49 million.

The \$3.0 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI) / Leak Detection and \$1.0 million for steel water line replacement.



The \$5 million in growth program funding represents a \$1 million increase from the current year. This is second consecutive year the growth program has been increased by \$1 million and reflects the recovery to some degree of Utility Expansion Charge (UEC) revenue which is the sole funding source of the growth program.

The debt proceeds allocated in the appropriation were received in October, 2013 when the Series 2013A Revenue Bonds were sold. The Series 2013B bonds were refunding bonds and will refund a 2005 New Mexico Finance Authority Loan. The Series 2013A bonds allow for the continued supplemental funding of rehabilitation at the water reclamation plant as well as continued support for the Basic rehabilitation program.

There are no appropriations included in this legislation for projects that will be funded with resources from FY 2016 and beyond.

COMMENTS:

The revenue sources for the appropriations in this legislation are comprised of:

	<u>Debt</u>	<u>Cash</u>
Rehab		
Basic per Rate Ordinance	\$ 24,000,000	\$ 9,000,000
Basic Supplemental	\$ 10,000,000	
Special Project	\$	\$ 3,000,000
Growth		
Basic Program	\$ _____ -	\$ <u>5,000,000</u>
Total	\$ <u>34,000,000</u>	\$ <u>17,000,000</u>

The blueprint for the Basic capital program is the Decade Plan, a ten year plan required to be updated biennially with two, four, six, eight and ten year planning elements. There must always be an approved two year planning element in place before the Board can approve a current year capital program appropriation. FY 2015 is the second year in the current FY 2014 – FY 2023 Decade Plan which the Board approved a year ago.

Basic Program appropriations by decade plan category

<u>Rehab</u>	
Water Reclamation Line Renewal	\$ 4,400,000
Water Line Renewal	\$ 3,150,000
Water Reclamation Plant Renewal	\$ 24,000,000
Soil Amendment Facility Renewal	\$ 50,000
Lift Station and Vacuum Station Renewal	\$ 2,425,000
Odor Control Facilities Renewal	\$ 10,000
Drinking Water Plant Groundwater System Renewal	\$ 2,165,000
Drinking Water Plant Treatment Systems Renewal	\$ 3,270,000
Reuse Line and Plant Renewal	\$ 30,000
Water Reclamation Compliance	\$ 600,000
Water / Water Reclamation Shared Facility Renewal	\$ 500,000
Franchise Fee Compliance	\$ 2,000,000
CIP Funded Position Transfer	\$ <u>400,000</u>
	\$ <u>43,000,000</u>

Growth

Water Lines	\$ 1,500,000
Development Agreements	\$ 1,250,000
MIS / GIS	\$ 2,000,000
Low Income Water/Sewer Connections	\$ <u>250,000</u>
	\$ <u>5,000,000</u>

FY 2015 CAPITAL PROGRAM HIGHLIGHTS:

The major project in the Basic rehabilitation program for FY/15 will be the ongoing construction of the replacement Preliminary Treatment Facility (PTF). The project has a current contract cost of \$30.8 million and is expected to be substantially complete by the end of FY/15. The other major project in the current decade plan, the Dewatering Replacement project, is being reevaluated whether rehabilitation or replacement of the existing facility represents the best use of limited funds.

A major stress on the Basic rehabilitation program cash flows in FY 2014 came from the projects done to move the Water Authority's water and sewer lines required by the Paseo Del Norte Interchange Rehabilitation project managed by the City of Albuquerque. More than \$5 million will end up being spent for these line relocations which add little value to the Water Authority's infrastructure but are necessary per the terms of the franchise agreements. These line projects will be substantially complete by June 30, 2014.

A smaller but significant project ongoing at the Southside Water Reclamation Plant is the continuing effort to upgrade the plant wide electrical and instrumentation controls. The electrical gear at the reclamation plant has reached or has passed its design life which makes it difficult for the plant to keep the electrics in a good and safe working condition. There are negative impacts on reliability as a result which has impacted treatment processes during plant wide facility power outages and been responsible for NPDES discharge permit violations.

The largest planned project other than at the water reclamation plant is the chemical solids systems improvement project at the Surface Water Treatment Plant. During the process of removing solids from the water, a coagulant (ferric chloride) and a polymer are added to the water. The coagulant and the polymer promote the solids in aggregating and coming out of suspension. The solids removed during the clarification process require further processing. The chemical solids systems improvement project will include evaluation, design and construction of improvement to the waste solids handling and treatment systems at the surface water treatment plant. The improvements will facilitate the surface water treatment plant operating at its current finished water capacity of 92 million gallons per day (mgd) when the Rio Grande source water is especially turbid.

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

The growth project chosen to receive the new funding is the Increased Transmission Capacity to Corrales Trunk project which will move water from the Volcano Cliffs reservoirs site into the Corrales Trunk. The project will also facilitate conveyance of treated surface water and reduce reliance on groundwater.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-14-9

1 **RESOLUTION**

2 **APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR**
3 **THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR**
4 **THE FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015**

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

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

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

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

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

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

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

22 BE IT RESOLVED BY THE WATER AUTHORITY:

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

25	<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
26	<u>Basic Program</u>		
27	<u>Water Utility / Joint Water & Sewer Rehab Fund 628</u>		
28	<u>Sanitary Sewer Pipeline Renewal</u>		

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion

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1	Interceptor Sewer Rehabilitation	Bond Proceeds	1,000,000
2	Interceptor Rehab Contingency	Bond Proceeds	1,400,000
3	Small Diameter Sewer Line		
4	Rehabilitation	Bond Proceeds	1,000,000
5	Small Diameter Sewer Line		
6	Rehab Contingency	Bond Proceeds	500,000
7	Sewer Line CCTV Inspections	Bond Proceeds	500,000
8	<u>Drinking Water Pipeline Renewal</u>		
9	Small Diameter Water Line		
10	Rehabilitation	Bond Proceeds	1,000,000
11	Small Diameter Water Line		
12	Rehab Contingency	Bond Proceeds	1,000,000
13	Large Diameter Water Line		
14	Rehab Contingency	Bond Proceeds	500,000
15	Water Meters, Meter Boxes and		
16	Service Lines Rehabilitation	Bond Proceeds	150,000
17	Large Water Valve Replacement	Bond Proceeds	250,000
18	Pressure Reducing Valve		
19	Replacement	Bond Proceeds	100,000
20	Asset Management Plan For		
21	Large Diameter Water Line	Bond Proceeds	150,000
22	<u>Southside Water Reclamation Plant Renewal</u>		
23	Preliminary Treatment Facility		
24	Replacement	Bond Proceeds	7,500,000
25	Dewatering Facility Replacement	Bond Proceeds	6,000,000
26	Existing Digester Rehabilitation		
27	Improvements	Bond Proceeds	1,500,000
28	Primary Clarifier Improvements	Bond Proceeds	1,500,000
29	Water Reclamation Plant Contingency	Transfer from Fund 21	1,500,000
30		Bond Proceeds	1,500,000
31	ABB Service Contract	Transfer from Fund 21	140,000
32	Plant Wide Electrical, Instrumentation		
33	And Control Improvements	Bond Proceeds	1,000,000

1	Plant Equalization Basins	Transfer from Fund 21	750,000
2	Program Management Assistance	Transfer from Fund 21	100,000
3	New Digester Capacity	Transfer from Fund 21	1,210,000
4	Digester Cleaning Program	Transfer from Fund 21	300,000
5	Chemical Storage and Feed		
6	Systems Upgrade	Transfer from Fund 21	500,000
7	Pre-Screens for UV Disinfection		
8	Facility	Transfer from Fund 21	500,000
9	<u>Soil Amendment Facility (SAF) Renewal</u>		
10	Upgrade of Soil Amendment Facility	Bond Proceeds	50,000
11	<u>Lift Station and Vacuum Station Renewal</u>		
12	Lift Station Rehabilitation	Bond Proceeds	1,500,000
13	Vacuum Station Rehabilitation	Bond Proceeds	770,000
14	Lift Station Programmable Logic		
15	Controller Replacement	Bond Proceeds	155,000
16	<u>Odor Control Facilities Renewal</u>		
17	Interceptor Odor Control	Bond Proceeds	10,000
18	<u>Drinking Water Plant Groundwater System Renewal</u>		
19	Sodium Hypochlorite Generator System		
20	Rehabilitation / Replacement	Bond Proceeds	205,000
21	Booster Pump Station Rehabilitation	Bond Proceeds	590,000
22	Well Rehabilitation and Maintenance	Bond Proceeds	120,000
23	Reservoir Cleaning and Inspection	Bond Proceeds	50,000
24	Corrales Well No. 5 Improvements	Bond Proceeds	700,000
25	Corrales Trunk Gas Engine Overhauls	Bond Proceeds	350,000
26	Booster Pump Surge Tank Renewal	Bond Proceeds	50,000
27	Valve Exercising Equipment and		
28	Valve Replacement	Bond Proceeds	100,000
29	<u>Drinking Water Plant Treatment Systems Renewal</u>		
30	Water Treatment Plant Contingency	Bond Proceeds	150,000
31	Chemical Solids Systems		
32	Improvements	Bond Proceeds	740,000
33	Grit Removal Basin Improvements	Bond Proceeds	240,000

1	Dissolved Ozone Monitoring		
2	Improvements	Bond Proceeds	150,000
3	Water Systems SCADA Rehabilitation	Bond Proceeds	20,000
4	College Arsenic Removal		
5	Demonstration Facility Rehabilitation	Transfer from Fund 21	50,000
6	Corrales Trunk Arsenic System		
7	Improvements	Bond Proceeds	100,000
8	Corrales Well No. 2 Arsenic		
9	Treatment Project	Bond Proceeds	600,000
10	Corrales Well No. 4 Arsenic		
11	Treatment Project	Bond Proceeds	540,000
12	Corrales Trunk Arsenic Media		
13	Replacement	Transfer from Fund 21	350,000
14	Raw Water Pumping Station		
15	Rehabilitation	Bond Proceeds	80,000
16	Add Caustic Soda Storage and Feed		
17	System at the SJCWTP	Transfer from Fund 21	250,000
18	<u>Reuse Line and Plant Rehabilitation</u>		
19	Reuse Line Rehabilitation	Bond Proceeds	10,000
20	Reuse Plant Rehabilitation	Bond Proceeds	20,000
21	<u>Compliance</u>		
22	Water Quality Laboratory	Transfer from Fund 21	295,000
23	NPDES Program	Transfer from Fund 21	155,000
24	Water Quality Program	Bond Proceeds	150,000
25	<u>Shared Renewal</u>		
26	Ferrous / Ferric Transfer Station 70		
27	Rehabilitation	Transfer from Fund 21	500,000
28	CIP Funded Position Transfer	Transfer from Fund 21	400,000
29	<u>Franchise Agreement Compliance</u>		
30	Franchise Fee Water and Sewer	Transfer from Fund 21	1,000,000
31	City of Albuquerque DMD Street		
32	Rehabilitation Manhole and Valve		
33	Box Adjustments	Transfer from Fund 21	1,000,000

1	<u>Water Utility / Joint Water & Sewer Fund 629</u>		
2	Warehouse Meters	Transfer from Fund 31	500,000
3	Increased Transmission Capacity		
4	To Corrales Trunk	Transfer from Fund 31	1,000,000
5	Development Agreements	Transfer from Fund 31	1,250,000
6	MIS / GIS	Transfer from Fund 31	2,000,000
7	Low Income W/S Connections	Transfer from Fund 31	250,000
8	<u>Special Projects</u>		
9	<u>Water Utility / Joint Water & Sewer Rehab Fund 628</u>		
10	Automatic Meter Infrastructure	Transfer from Fund 21	2,000,000
11	Steel Water Line Replacement	Transfer from Fund 21	1,000,000
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