
Meeting Date: December 2, 2015
Staff Contact: Mark S. Sanchez, Executive Director

TITLE: C-15-33 – 2016 State Legislative Priorities

ACTION: Recommend Approval

SUMMARY:

The Water Authority has six recommended State Legislative Priorities for 2016 Session.

1. Aquifer Storage & Recovery (ASR)

The Water Authority is seeking \$5.5 million funding from the Water Trust Board to construct the Large Scale ASR project at the San Juan-Chama Drinking Water Plant. The program was developed following the legislative approval of the Ground Water Storage and Recovery Act in 1999. Aquifer Storage and Recovery is a critical water management tool that allows for temporary or long-term storage of surface into the aquifer to reduce evaporation and to provide a sustainable supply for residents in the Middle Rio Grande. Design of the project is complete and the funding would provide for the construction of an injection well and vadose well at the Water Authority's surface water treatment plant. ASR is a critical component of the Water Authority's Water Resources Management Strategy to provide a safe and sustainable water supply.

2. Bosque Non-potable Water Reclamation Plant and Reuse System

To ensure a safe and sustainable water supply into the future, the Water Authority has planned the development of the Bosque Non-potable Water Reclamation Plant and Reuse system on the Westside of Albuquerque. The project will provide non-potable water for industrial purposes and irrigation needs to parks, schools, and golf courses. In addition, the Bosque Non-potable Water Reclamation Plant will discharge water to the Rio Grande during the non-irrigation season with additional opportunities for aquifer storage and recovery along the Calabacillas arroyo. The project will provide non-potable water to Intel, Mariposa Regional Park, Bosque School, Ladera and Desert Greens golf courses, and other schools and athletic facilities. By providing non-potable water for irrigation and industrial needs, the project will help preserve and protect the aquifer. During the non-irrigation season, non-potable water will be discharged into the Rio Grande for environmental purposes with opportunities to utilize the water for aquifer storage and recovery.

The Water Authority is seeking \$750,000 in state funding to complete the necessary environmental studies and permitting for the project. The environmental studies will include NEPA and NPDES permitting for discharge to the Rio Grande during non-irrigation season. The Water Authority is working with the federal delegation to obtain

an authorization for federal funding under the Title XVI program, which would provide up to 25% of the total funding for reuse and reclamation projects.

3. Carnuel Water Systems Improvement Project

As fiscal agent on behalf of Carnuel, the Water Authority has applied for \$900,000 in state capital outlay funding for Phase 2b of the Carnuel Water Project. Phase 2b is a continuation of the work in the Echo Canyon area and along State Road 333. Phase 2b is designed and will be ready-to-bid. The Carnuel area is faced with continuing problems of water quality degradation due to failing septic systems, and poor soil conditions and topography. This project will provide clean, reliable drinking water and fire protection to Carnuel residents.

4. Reconstruction and Relocation of Pump Station for Lost Horizons

The Water Authority has provided water service to the old radar site west of Albuquerque called Lost Horizons. The Water Authority is seeking \$175,000 to design and reconstruct the existing pump station which is located at the Don Reservoir site in Albuquerque. The new pump station site would be located at the Bernalillo County Industrial Park which would replace an existing 50-year old facility and would connect to the existing potable water line which extends along the I-40 corridor. The new pump station is critical to provide drinking water and fire protection to the existing residents.

5. Albuquerque Rapid Transit Project – Utility Relief Funding

The City of Albuquerque desires to improve its transportation options by constructing a Bus Rapid Transit system along Central Avenue from Unser Blvd to Tramway Blvd or approximately 13.5 miles. The proposed system called Albuquerque Rapid Transit or ART will offer timelier, more dependable service than what exists today and encourage transit-oriented development in the corridor.

Construction is expected to begin mid-2016 and continue through 2017. The project is expected to cost \$100 million. Some of the significant construction components including station platforms and dedicated lanes are needed in order to achieve faster, reliable service. However, this project will require the Water Authority to modify the placement of its utilities to ensure no disruption to the ART system. Pursuant to the City's franchise ordinance, the Water Authority is required to modify the placement of its utilities for city projects.

The Water Authority contracted Smith Engineering to analyze the water and sewer pipe segments within or adjacent to the ART corridor. This analysis identified high and extreme risk pipe segments that would likely cause disruption of service. The analysis also analyzed for design conflicts for the proposed bus stations, street lights, and traffic signal foundations.

The estimated impact of replacing or rehabilitating utilities in conjunction with this project is \$30,171,563. The City of Albuquerque did not budget utility rehabilitation for this project in the federal match or part of the City's budgetary match. The Water Authority typically expends no more than \$2 million per year for City franchise work. The majority of the Water Authority's annual rehabilitation budget of \$30 million is dedicated to updating critical treatment facilities. The utility's CIP is based on asset management principles that identifies projects by risk. The Water Authority has close

to \$1 billion in rehabilitation needs, and it cannot defer or delay these critical projects as they are required to meet compliance and customer service levels.

The Water Authority is requesting state funding to help cover the Water Authority's expense to fund the \$30 million pipeline replacement. Without additional state funding, the Water Authority would need to borrow money and increase rates to cover the expense. It is expected that rates would increase by 20% over two years to finance the project in addition to planned rate increases of 5% every two years to finance its asset management program. These additional rate increases would cause rate shock to utility customers. With 1 in 5 Albuquerque households below the poverty level, these rate increases would affect many low income families.

6. Review of Governmental Gross Receipts Tax

Support a review of the contribution of Governmental Gross Receipts Taxes to the New Mexico Finance Authority and the allocation of resources for projects, which provided for interconnection of disadvantaged systems, public health and safety and water conservation and reuse projects. The Water Authority is the largest contributor of Governmental Gross Receipts Taxes and receives very little return on this contribution in terms of funded projects. The region has many unfunded interconnection projects of disadvantaged systems, which could use funding and is often not supported by NMFA. Additionally, there are many unfunded conservation and reuse projects which required funding to advance. It would be helpful if the GGRT allocation to NMFA could be reduced and allow these projects to go forward.