

Meeting Date: May 18, 2016
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R -16-4 - Appropriating Funds for Operating the Albuquerque Bernalillo County Water Utility Authority for Fiscal Year Beginning July 1, 2016 and Ending June 30, 2017

ACTION: Recommend Approval

SUMMARY:

This legislation is the Water Authority's proposed budget appropriation for Fiscal Year 2017 beginning July 1, 2016. The FY17 budget was developed utilizing the Water Authority's Five-Year Goals, One-Year Objectives, Performance Plan, Guiding Principles and the Effective Utility Management Plan in determining the costs needed to effectively and efficiently run the utility operation.

FY 2017 HIGHLIGHTS:

The FY17 Executive Director's Proposed Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

The utility's success can be measured in a number of different ways. One of these is recognition by industry peers and professional organizations. In FY16 this recognition included:

- The National Association of Clean Water Agencies (NACWA) Gold Recognition Award for Excellence in Management.
- NACWA National Environmental Achievement Award: Public Information and Education Award (for the utility's grease abatement campaign)
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Commercial Real Estate Development Association (NAIOP) Vision Award

Another measure is the number of panels, presentations at major association conferences and seminars Water Authority staff has been asked to present. In FY16 the following presentations were made:

- AWWA Water Infrastructure Conference: Benchmarking Asset Management Best Practices Panel Session

- AWWA Utility Management Conference: Utility Benchmarking Panel Session, Utility Leader Forum on Technology, Succession Stories in Stakeholder Engagement Presentation
- AWWA Annual Conference: Enhancing the Utility's Financial Viability Presentation
- AMWA Water Policy Conference: Planning for Sustainability Panel Session
- Public Finance/Environmental Sustainability Conference: Financing Sustainable Water Supply Projects Presentation
- GFOA Annual Conference: Successful ERP Implementation Panel Session
- National Water Reuse Institute: Direct Potable Reuse Regulatory Framework
- National Ground Water Association: Groundwater Management Visibility Initiative Presentation

Other achievements in the preceding fiscal year include: kick-off of a new rainwater harvesting pilot program in partnership with the New Mexico Water Collaborative; record-low per capita water use by Water Authority customers in response to conservation initiatives; first-time recovery of water stored underground via the Bear Canyon Aquifer Storage and Recovery Project; and introduction of a new mobile app that allows customers to easily pay bills and check their account via phones and other mobile devices.

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY17. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators for the water, wastewater and ground water plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Previous backlogs of work have been reduced significantly and preparation for implementation of new maintenance programs is underway.

A key initiative during this fiscal year is the update to the 2007 Water Resources Management Strategy (WRMS), which will go into effect during the fiscal year. The new WRMS will incorporate the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the Station Engineer, Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it will take climate variability into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives will be used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options will be used to fill the gaps to meet future demand over the next 100-years.

The FY17 proposed budget includes \$250,000 to fund the addition of supplemental fluoride to the drinking water supply and an additional \$250,000 for the transfer to CIP to fund the capital costs associated with this project. The Water Authority ceased adding fluoride to the municipal drinking water supply in 2011 pending final recommendation on optimal fluoride levels from the federal government. The Centers

for Disease Control (CDC) eventually issued a recommended optimal level of 0.7 mg/L in 2015. Water Authority staff responded by developing a fluoridation plan to meet-as closely as possible-the recommended optimal level system-wide. That plan calls for the addition of fluoride at the Water Authority's San Juan-Chama plant, to treat all the water used throughout the Water Authority's system. This is a secure facility, designed for safe handling of bulk chemicals.

Operations

The operational cornerstone of the WRMS is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After eight years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey. Over the last six years of drought, the water supply has been increasing in the Middle Rio Grande. A video documenting this success is available for viewing at: <https://www.youtube.com/watch?v=Z6stQZw2L1M&feature=youtu.be>

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY17. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators for the water, wastewater and ground water plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Previous backlogs of work have been reduced significantly and preparation for implementation of new maintenance programs is underway.

The DWP provided 55% of all water distributed to Water Authority customers in calendar year 2015 even with more than six weeks of shutdown required by the State Engineer due to low flow conditions in the Rio Grande. The Water Authority's policy is to utilize as much surface water as possible to meet customer demand. In 2016, it is anticipated that flow conditions in the Rio Grande may limit the ability to divert in the late summer months similar to 2015. At the end of calendar year 2015, the Water Authority still had more than three years of stored water available through the DWP.

The Water Authority will continue to operate two potable water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future with the primary source of supply being treated surface water from the DWP. It is anticipated that approximately 70% of the area's long-term future water supply will be treated surface water from the DWP. The Water Authority continues to adjust funding for DWP operations as a history of operating costs is developed.

Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Water Authority's well system was evaluated during FY15 and a list of wells for renewal was prioritized. During FY17, there are plans to rehabilitate four existing wells as an interim measure for restoring lost production

capacity. Another project looking into the use of several currently out of service “high arsenic wells” is along the Alameda Trunk, which could provide an additional 30 MGD or more of water supply. With this project, the well water would be conveyed to the San Juan-Chama Water Treatment Plant (SJCWTP) to remove arsenic, making it suitable for drinking. This project would be especially beneficial during drought periods when there is insufficient flow in the Rio Grande to allow diversions of surface water to the SJCWTP. During such times, instead of having to idle the plant, it could be used to treat the high arsenic well water. During FY17, pilot studies will be completed to refine the treatment process for water drawn from these wells. In addition, the Water Authority will start construction of blending and treatment facilities that will allow Corrales Well 2, a high arsenic well in the Corrales Trunk, to be returned to service for water supply. Lastly, Corrales Well 8, which supplies 39% of the low arsenic groundwater in the Corrales trunk will be converted from a gas engine driver to an electric motor driver that will increase its reliability and reduce mechanical maintenance costs.

In FY17, the Water Authority will be commissioning the BCIP Pump Station that completes the recent western expansion of the College Trunk facilities. The Plant Groundwater facilities group will continue its field studies of reservoir stratification and determine which reservoirs would benefit from installation of active mixing systems to improve water quality. Groundwater will continue the Large Diameter Valve Exercise program at reservoirs, pump stations and well sites located in the Montgomery Trunk and then focus on those valves located at Freeway Trunk facilities.

The Water Authority began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, and final clarifier renovations. Construction of major renovations and improvements to the Solids Dewatering Facility will begin in FY17 with completion by the end of December 2017. Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems, and other SWRP facilities.

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Calendar year 2015 marked the second full season of irrigation by the initial group of 9 customers that connected to this system. These connections resulted in a reduction of potable water demands by 629 acre-feet. This project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol. The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The SWRP facility generates approximately 20% of its power requirements using digester gas and another 7% using renewable solar power from an on-site solar array.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost. During calendar year 2015, the Water Authority processed 49% of all bio-solids into compost which was nearly double the original goal to compost and sell at least 25% of the total quantity of bio-solids.

Wastewater Collections continues to implement the Capacity Management Operations and Maintenance (CMOM) program. The expanded closed circuit television (CCTV) inspection of 5% of the small diameter system provides for better maintenance and identification of specific rehab needs. Communication with entities potentially impacted by public or private sewage spills continues to be enhanced and documented in the Overflow Emergency Response Plan (OERP) which is a portion of the CMOM. The fleet of combination cleaning units is being renewed and provided with updated nozzles. The Fats, Oils, and Grease (FOG) busting and root foaming pilot programs will be evaluated in FY17. Collections will be completing asset management plans for the vacuum and lift station facilities.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. The division will begin implementation of safety programs to update in-house Utility Tech (UT) and Wastewater Worker (WWW) position certification programs. In FY17, the division will initiate valve condition and Pressure Reducing Valve (PRV)/vault replacement assessment programs.

The Water Resources Management division will be reorganized in FY17 into two divisions: Engineering and Water Resources. Water Resources Management will be focusing on further development of the Project Management Information System within the SharePoint application. The division will also be looking at completing the Guide to Development and initiating the Collection System Rehabilitation Program.

Compliance

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. FY17 will see the completion of the implementation of the new Laboratory Information Management System (LIMS), LabVantage. LabVantage will allow the laboratory to accept digital sample submission forms and permit a move away from paper. The new system will also connect directly to analytical instruments, preventing data entry errors. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY15. The LIMS steering committee will be implementing the first phase of the new LIMS system, LabVantage during FY16. A complete listing of current Water Quality Laboratory processes have been developed that will help with the configuration of LabVantage.

The Long Term Enhanced Surface Water Treatment Rule 2 (LT2) monitoring will also occur during FY17. LT2 monitoring tests the source water at the surface water treatment plant for turbidity, E. Coli, and Cryptosporidium. This LT2 monitoring has been occurring since FY15, and preliminary results indicate very low levels of Cryptosporidium in the source water.

In the NPDES program, FY17 will bring recommendations to update the septage rates. These rates have not changed in over 5 years. Extra-strength surcharge data was collected during FY16 and recommendations to bring the charges more in line with the cost of service are being developed. The program will also bring forth updates to the Cross Connection Control Ordinance in FY17. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

The New Mexico Environment Department Drinking Water Bureau will be conducting the Sanitary Survey for the water system in May 2017. Both Groundwater Operations group and the Compliance Division are participating in advanced inspections of facilities to prepare for the survey. Past Sanitary Surveys have resulted in multiple citations for poor conditions of facilities and inadequate maintenance. The current work will use electronic reporting tools to record findings and post reports to SharePoint. Corrective actions will also be documented in Maximo using the Service Request feature to generate work orders if repairs are necessary.

Reimplementation of the HachWIMS software program is underway for the Water Quality program. Important improvements in data management and reporting capabilities are expected products of the project. Data is now in one central location that any reporting tool, like HachWIMS, can access. HachWIMS will assist in data verification, validation and approval processes that are not currently feasible in other software programs due to licensing issues.

Training opportunities for Compliance Division staff in FY17 include attendance at the EPA Region 6 Pretreatment Conference and the annual AWWA/WEF New Mexico Workshop. Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions.

Budget, Finance and Business Management

In FY17, the Financial/Business Services division will complete a bond issue and refinancing of existing debt in the spring of 2017. The division will submit to the Government Finance Officers Association (GFOA) the FY17 Approved Budget for the Distinguished Budget Presentation Award, the FY16 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY16 Popular Annual Financial Report (PAFR) for the Popular Annual Financial Reporting Award. The division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

Customer Services (CSD) and Northwest Service Area (NWSA) have been successfully integrated into one group that handles call center, treasury, billing, new service

applications, field operations and meter maintenance functions. CSD, Field Operations, and NWSA Field Operations & Maintenance sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo (Work Order & Asset Management) and Customer Care & Billing (CC&B) in order to create operating procedures for a paperless, real-time work order system, where field activities are dispatched, updated and closed out on a mobile platform. In addition, Clevest will be used to manage line spots and schedule and record the preventative maintenance activities on the meter change outs, box and valve replacement initiatives.

CSD will be implementing the Wells Fargo online payment and Integrated Voice Response (IVR) system which will simplify the user interface when making online payments and improve the IVR process for the Water Authority customers. Customer Services Field Operations will be implementing Phase 4 of the Automated Meter Infrastructure project which will move towards a 50% saturation of automated meters in the service area and the goal is to complete all work orders on the Clevest mobile solution. In FY17, the top 25 large meters will begin to be tested annually.

The upgrade and implementation CMMS system, Maximo, will commence during the 4th quarter of FY16, with an anticipated go-live date of June 30, 2017. The overall goals for the Maximo upgrade center around a technical upgrade to bring the system up to the latest revision (7.6), streamlining and implementing more efficient business processes, standardizing the Asset Management System and work order processing, and leveraging mobile features and workflow, including Clevest as a Mobile Workforce Solution, to increase efficiency within the various operational groups across the Water Authority. Additional benefits include workload management tracking, labor tracking, preventative maintenance and conditional monitoring, as well as cleaner data and significantly improved reporting functions, resulting in improved asset management functions and cost savings.

Information Technology (ITD) will begin an assessment and RFP creation for a major system upgrade to the Customer Care & Billing (CC&B) system during the 3rd quarter of FY17, with an anticipated project start during the 1st quarter of FY18. ITD will also continue to support and provide minor upgrades to SunGard, the financial/HR/payroll system, and Kronos, the enterprise timekeeping system.

In FY16, ITD completed the migration away from all network and telephonic dependencies from the City of Albuquerque. This has resulted in more efficient business processes, better reliability, improved metrics and reporting, and cost savings. In FY17, ITD will assess options to build in additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also conduct a network security and cyber-security audit and assessment. This will allow the Water Authority to better protect its data and customer data.

An additional \$2 million is reserved in the rate reserve fund. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

Employee Relations and Development

In FY17, the Health and Wellness Specialist will continue offering wellness challenges for individuals and departments in conjunction with the Solutions Group as part of our health insurance. At least two (2) fitness challenges per quarter will be offered this year and will include nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. In addition, Authority Fit will be developing some signs that can be posted at Water Authority worksites to offer employees quick ways to exercise and mark out walking paths with distances for them to use around the premises. Downtown, walking routes with distances will be mapped out and distributed for employees to walk during their breaks and lunches.

Two Human Resources Analysts presented “Generational Differences” at the 2016 NM Water Workshop and plan to submit their presentation to the National Water Conference for presentation selection in FY17. Three members of the HR team will be attending the National Society for Human Resources Management Conference for the first time. This will give staff a valuable insight into market strategies for hiring, rewarding employees and developing our own leaders.

The Water Authority’s certification training programs continue to develop employees’ knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Major updates to the Treatment Plant Operator Program was implemented and will continue into FY17. Committees to update the Utility Technician Programs are formed and expected to finish a recommendation in FY17. Each fiscal year, there has been an increase in the number of utility operators obtaining their State of New Mexico Operator certification. In addition to traditional classroom and on-the-job training, employees will be able to access various training subjects online, making training more accessible to employees working non-traditional schedules (i.e. graveyard shift).

The proposed budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings as a result of a decrease in work-related losses. Funding for this program is contingent on the Water Authority generating the same or a greater amount in savings. This incentive program has been an effective tool in the reduction of the Water Authority’s Workers Compensation expense in half over two fiscal years.

FISCAL IMPACT:

This appropriation consists of the Water Authority General Fund which totals \$212,090,000 and the Water Authority’s Debt Service Fund which totals \$80,738,000.

COMMENTS:

For FY17, General Fund revenue is projected to be \$217.0 million with proposed expenditures of \$212.1 million. Revenues are expected to be \$4.9 million over proposed expenditures. This amount will bring the Working Capital or Fund Balance to

\$9.6 million at June 30, 2017. The Water Authority's rate ordinance sets a goal to have the Fund Balance at 1/12th of the annual budgeted operating expenditures.

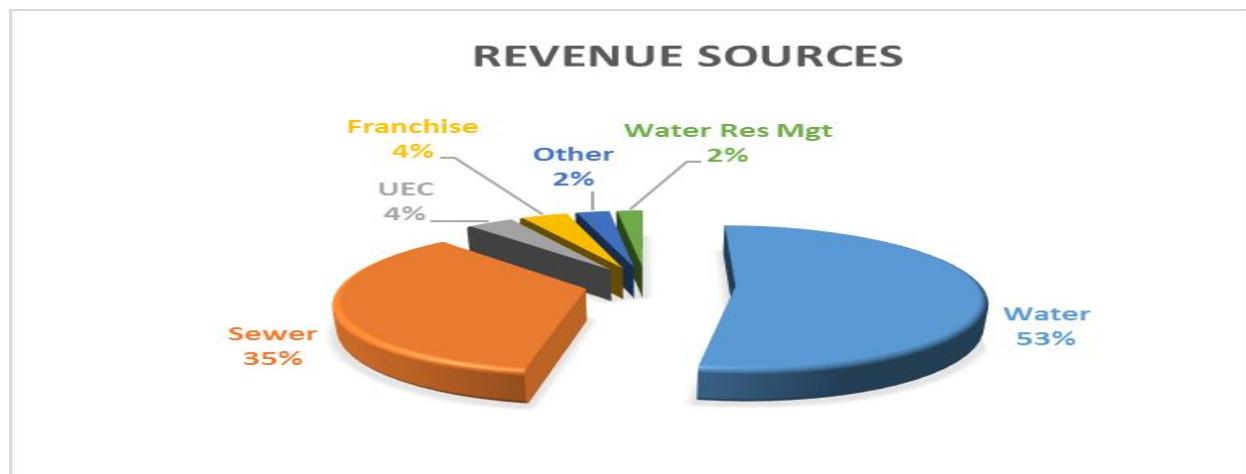
Revenues

The revenue table is an estimate of Revenues projected next year. The following is a revenue comparison of the FY15 Audited, FY16 Approved and the FY17 Proposed budgets:

WATER AUTHORITY GENERAL FUND - 21

| ACCOUNT NAME | AUDITED FY15 | BUDGET FY16 | BUDGET FY17 | DIFFERENCE FY17-FY16 |
|----------------------------|-------------------------|------------------------|------------------------|---------------------------------|
| Interest | 44 | 10 | 100 | 90 |
| Miscellaneous | 2,776 | 4,104 | 2,970 | (1,134) |
| Water | 114,814 | 115,954 | 118,954 | 3,000 |
| Water Resources Management | 4,170 | 4,500 | 4,500 | - |
| Wastewater | 64,004 | 79,686 | 79,686 | - |
| CIP Employees | 748 | 940 | 921 | (19) |
| Solid Waste Admin Fee | 1,323 | 1,339 | 1,401 | 62 |
| DMD Admin Fee | - | - | 349 | 349 |
| PNM Pass Thru | - | - | - | - |
| Franchise Fees | 7,110 | 7,991 | 8,111 | 120 |
| FUND TOTAL | 194,990 | 214,524 | 216,992 | 2,468 |

Operating Fund revenue for FY17 is estimated to be \$2.5 above the FY16 approved budget. The increase is due to the projected increase in rate revenue. Revenue in the Debt Service Fund has a \$2.2 million decrease due to a decrease in the transfer from operating for debt service payments.



* Consolidated for Reporting Purposes

* * Other includes Interest, CIP Employees, SW Admin Fee, DMD Admin Fee

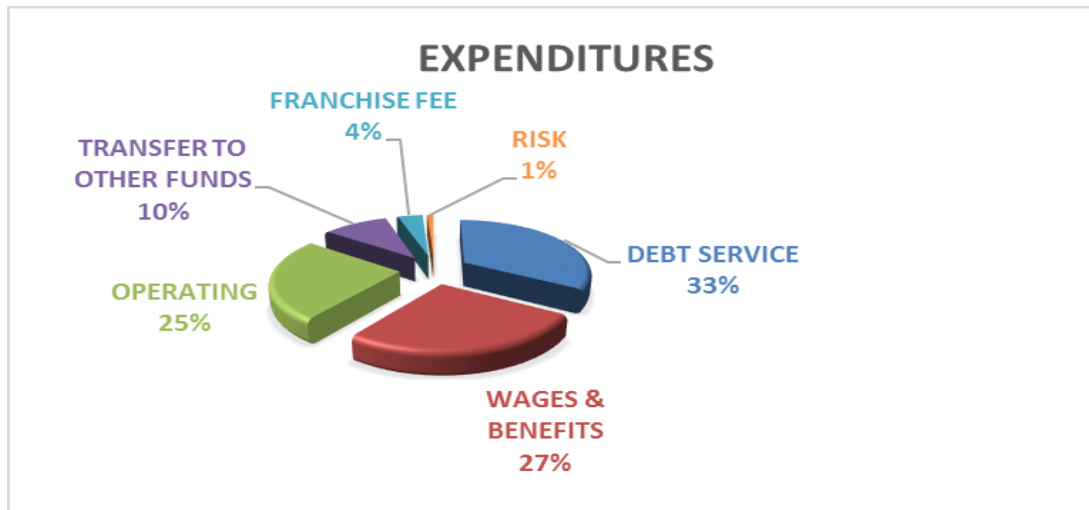
Expenditures

The following is the appropriation comparison of the FY15 Audited Actuals, FY16 Approved and the FY17 Proposed budgets:

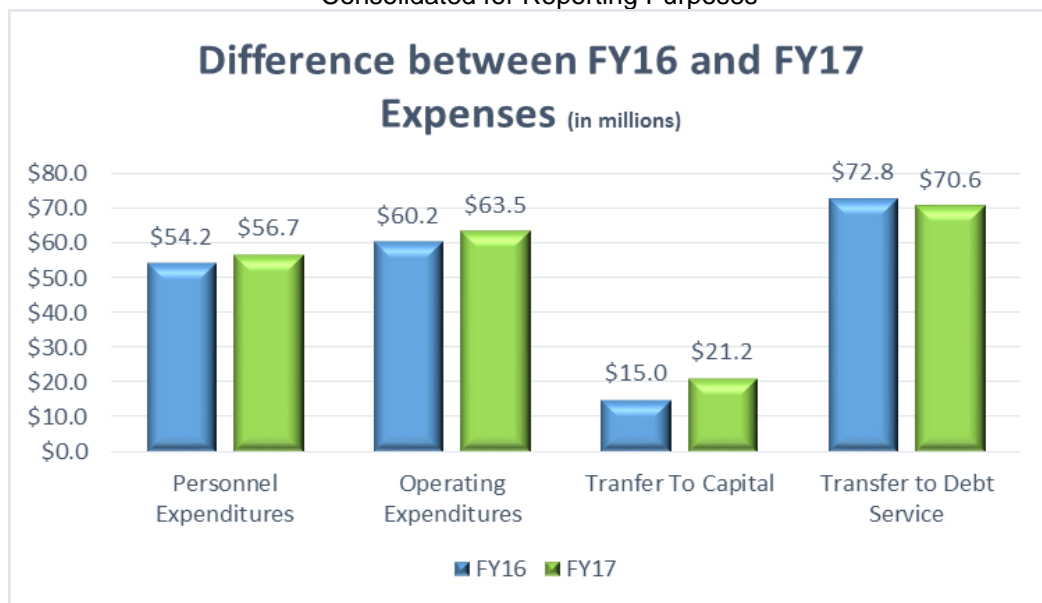
| | | FY 2015 | FY 2016 | FY 2017 | Difference |
|----|-------------------------------|-------------|-------------|-------------|-------------|
| AC | ACCOUNT DESCRIPTION | ACTUALS | APPROP | REQUEST | FY17-FY16 |
| 51 | 500101 REGULAR WAGES | 31,110,551 | 33,059,945 | 34,349,769 | 1,289,824 |
| | 500105 SPEC PAY | 702,516 | 682,050 | 682,050 | - |
| | 500110 LONGEVITY | 330,547 | 321,520 | 245,378 | (76,142) |
| | 500201 PART TIME | 335,049 | 532,480 | 661,719 | 129,239 |
| | 500301 OVERTIME | 1,618,029 | 1,628,683 | 1,772,683 | 144,000 |
| | 514400 PERA | 6,425,776 | 6,615,733 | 6,857,556 | 241,823 |
| | 514800 FICA | 2,586,335 | 2,650,276 | 2,752,161 | 101,885 |
| | 515600 OTHER EMP BENEFITS | 5,415,164 | 7,989,299 | 8,590,648 | 601,349 |
| | 515700 F/B-RETIREE HEALTH | 622,487 | 648,900 | 678,110 | 29,210 |
| | 516000 EDUCATIONAL INCENT | 38,911 | - | 55,000 | 55,000 |
| | 516200 EMPLOYEE INCENTIVE | | - | 30,000 | 30,000 |
| 51 | PERSONNEL EXPENDITURES Total | 49,185,365 | 54,128,886 | 56,675,073 | 2,546,187 |
| 52 | 520500 PROFESSIONAL SERV | 1,174,853 | - | - | - |
| | 521000 OTHER SERVICES | 79,665 | 14,670 | 18,500 | 3,830 |
| | 521500 UTILITIES | 105,423 | 253,000 | 253,000 | - |
| | 521510 ELECTRICITY | 11,144,418 | 9,330,528 | 9,330,528 | - |
| | 521520 GAS UTILITY | 1,440,553 | 1,960,500 | 1,960,500 | - |
| | 521530 REFUSE REMOVAL | 129,970 | 130,700 | 135,700 | 5,000 |
| | 521540/45 TELEPHONE/NETWORK | 649,510 | 554,909 | 370,614 | (184,295) |
| | 521550 WATER AND WASTEWATER | 304,061 | 196,000 | 297,000 | 101,000 |
| | 522000 SUPPLIES | 1,522,396 | 1,567,742 | 1,605,237 | 37,495 |
| | 522012 CHEMICALS | 7,018,427 | 6,940,972 | 7,191,000 | 250,028 |
| | 522500 TRAVEL | 73,101 | 84,300 | 90,600 | 6,300 |
| | 523000 TRAINING | 152,857 | 167,610 | 180,610 | 13,000 |
| | 523400 DUES/MEMBERSHIPS | 239,871 | 254,635 | 265,585 | 10,950 |
| | 523800 REPAIRS AND MAINT | 11,459,094 | 11,693,304 | 13,724,108 | 2,030,804 |
| | 523900 VEHICLE MAINT | 1,771,204 | 1,373,007 | 1,414,507 | 41,500 |
| | 523910 RADIO MAINT | 11,570 | 23,426 | 23,926 | 500 |
| | 523920 FUELS/LUBE | 1,179,371 | 1,387,634 | 1,387,634 | - |
| | 524105/106 WORKERS COMP | 1,168,802 | 352,247 | 352,247 | - |
| | 524107/108/115 INS TORT & OTH | 2,429,330 | 2,539,097 | 2,589,097 | 50,000 |
| | 525200 FRANCHISE FEES | 7,109,840 | 7,991,000 | 8,111,000 | 120,000 |
| | 525210 NM WATER CONS FEES | 407,343 | 658,470 | 656,902 | (1,568) |
| | 525300 CUST DEPOSITS | 98 | - | - | - |
| | 525430 INTEREST | 328,062 | 299,000 | 266,000 | (33,000) |
| | 525800 PRINCIPAL | 1,069,622 | 1,103,000 | 1,136,000 | 33,000 |
| | 527000/100 ADMIN SVCS/OPEB | 431,553 | 544,740 | 717,070 | 172,330 |
| | 527500 CONTRACTUAL SVCS | 8,615,298 | 10,014,297 | 10,771,235 | 756,938 |
| 52 | OPERATING EXPENDITURES Total | 60,016,292 | 59,434,788 | 62,848,600 | 3,413,812 |
| # | 532500 AUTOMOBILES | 228,735 | 838,326 | 658,326 | (180,000) |
| | 533000 MACH/EQUIP NONAUTO | - | 20,000 | 30,000 | 10,000 |
| 53 | CAPITAL CHARGES Total | 228,735 | 858,326 | 688,326 | (170,000) |
| 57 | 581000 BAD DEBT EXPENSE | | | - | - |
| | 591621 TRF OTHER FUNDS | 12,000,000 | 15,000,000 | 21,250,000 | 6,250,000 |
| | 595631 INTERFD D/S | 69,160,000 | 72,842,000 | 70,628,000 | (2,214,000) |
| 57 | INTERNAL SERVICE CHARGES | 81,160,000 | 87,842,000 | 91,878,000 | 4,036,000 |
| | Grand Total | 190,590,392 | 202,264,000 | 212,090,000 | 9,825,999 |

The FY17 proposed operating expenditures contain a net increase of \$9.8 million from the FY16 Approved Budget. This includes an increase of \$2.5 million in wages and

benefits, an increase in general operating expenses of \$3.3 million and an increase in interfund transfers of \$4.0 million for the transfers to capital and debt service.



* Consolidated for Reporting Purposes



Personnel expenditures include a 1% increase in benefits based on salary adjustments and index, as well as a 2% step increase in wages. Total personnel costs have increased by \$2.5 million as compared to FY16. One and one-half new mid-year positions were added in FY16, an additional 5 new positions are requested per this budget and 2 positions (Engineer Assistants) were deleted from the FTE count and are funded as part-time. The positions added in FY17 are a Network Administrator, Heavy Equipment Mechanic, Administrative Specialist, and two (2) Utility Technicians. Total general operating costs increase \$3.3 million. The interfund transfers increase by \$4.0

million which include a decrease to the debt service transfer of \$2.3 million (due to the bond refundings in FY15) and a \$6.3 million increase in the transfer to the capital fund.

The Water Authority's goals and objectives focus on improving the Utility's operations and improving customer conditions. The Budget Ordinance requires the Water Authority's operating budget be consistent with the goals and objectives, and that they be major factors in determining funding for Water Authority programs and improvements in both the operating and capital Implementation budgets. Many of the objectives also reflect policy direction. With the establishment of goals and objectives that have policy as well as budgetary implications, the Water Authority must actively manage the daily operations of the Utility.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-16-4

1 **RESOLUTION**
2 **APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO**
3 **COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY**
4 **1, 2016 AND ENDING JUNE 30, 2017.**

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

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

10 WHEREAS, the Budget Ordinance requires the Executive Director to formulate
11 the operating budget for the Water Authority; and

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

14 WHEREAS, the Board has received the budget formulated by the Executive
15 Director and has deliberated on it and provided public notice and input; and

16 WHEREAS, appropriations for the operation of the Water Authority must be
17 approved by the Board.

18 BE IT RESOLVED BY THE WATER AUTHORITY:

19 Section 1. That the following amounts are hereby appropriated to the following
20 funds for operating The Albuquerque Bernalillo County Water Utility Authority during
21 Fiscal Year 2017:

| | |
|-----------------------------|-------------|
| 22 <u>GENERAL FUND – 21</u> | 212,090,000 |
|-----------------------------|-------------|

23 This appropriation is allocated to the following programs:

| | |
|----------------------|-----------|
| 24 Administration | 2,511,000 |
| 25 Legal/Risk | 4,595,000 |
| 26 Human Resources | 1,409,000 |
| 27 Finance | 4,060,000 |
| 28 Customer Services | 8,934,000 |

| | | |
|----|--|------------|
| 1 | Information Technology | 6,964,000 |
| 2 | Wastewater Plant | 11,412,000 |
| 3 | San Juan-Chama Water Treatment Plant | 3,387,000 |
| 4 | Groundwater Operations | 6,302,000 |
| 5 | Wastewater Collections | 6,480,000 |
| 6 | Water Field Operations | 19,898,000 |
| 7 | Compliance | 5,269,000 |
| 8 | Engineering | 2,854,000 |
| 9 | Water Resources | 4,267,000 |
| 10 | Power & Chemicals | 18,482,000 |
| 11 | Taxes | 8,768,000 |
| 12 | Authority Overhead | 2,123,000 |
| 13 | San Juan-Chama | 2,247,000 |
| 14 | Supplemental Fluoride | 250,000 |
| 15 | Transfers to Other Funds: | |
| 16 | Rehab Fund (28) | 21,000,000 |
| 17 | Debt Service Fund (31) | 70,628,000 |
| 18 | Transfer to Capital for Fluoride | 250,000 |
| 19 | <u>DEBT SERVICE FUND – 31</u> | 80,738,000 |
| 20 | This appropriation is allocated to the following programs: | |
| 21 | Debt Service | 76,264,000 |
| 22 | Transfer to Other Funds: | |
| 23 | Growth Fund (29) | 4,474,000 |
| 24 | Section 2. The Executive Director is authorized to develop and establish a | |
| 25 | nonrecurring safety/performance incentive program. This program will provide | |
| 26 | employees with an incentive based on cost reductions or performance enhancements | |
| 27 | resulting in operating efficiencies and/or a reduction in work related losses. Funding for | |
| 28 | this program is contingent on savings in the same or a greater amount. | |
| 29 | Section 3. The Water Authority shall continue its partnership with non-profit | |
| 30 | affordable housing developers under contract with local government whereby the first | |
| 31 | time homebuyer will not be required to pay the Utility Expansion Charge until the | |
| 32 | property is sold. No more than 50 units per year will be authorized under this program. | |
| 33 | The Water Authority will secure its position with a second mortgage. | |

- 1 Section 4. The Rate Reserve Fund is augmented by the amount of \$2,000,000.
- 2 Section 5. The Executive Director is authorized to carry out all appropriations
- 3 contained in this budget in accordance with established policies and procedures.



Albuquerque Bernalillo County
Water Utility Authority

FY17 Proposed Operating & Capital Budgets

FY16 Recognition

- The National Association of Clean Water Agencies (NACWA) Gold Recognition Award for Excellence in Management.
- NACWA National Environmental Achievement Award: Public Information and Education Award (for the utility's grease abatement campaign)
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award
- Commercial Real Estate Development Association (NAIOP) Vision Award

FY17 Budget Assumptions

- No Rate Adjustment
- Nominal growth in service area
- Used FY15 consumption levels of 130 GCPD
- 5% Growth in operating expenses includes only essential items
- \$2 million is added to the Rate Reserve Fund
- Bring Fund Balance to 1/12 of Operating Expense

FY17 Operating Budget Highlights

Fluoride

- FY17 proposed budget includes \$250,000 to fund the addition of supplemental fluoride to the drinking water supply and an additional \$250,000 for the transfer to CIP to fund the capital costs associated with this project

Asset Management Implementation

- Construction of major renovations and improvements to the Solids Dewatering Facility with completion by December 2017
- Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems

FY17 Operating Budget Highlights

Customer Service

- Implementation of Wells Fargo online payment and Integrated Voice Response (IVR) systems
- Implement Phase 4 of the Automated Meter Infrastructure project to reach 50% smart meter saturation

System Applications

- Upgrade Maximo maintenance/operation system with an anticipated go-live date of June 30, 2017
- Assessment and RFP creation for a major system upgrade to the Customer Care & Billing (CC&B) system
- Implementation of LabVantage to streamline laboratory operations and document management

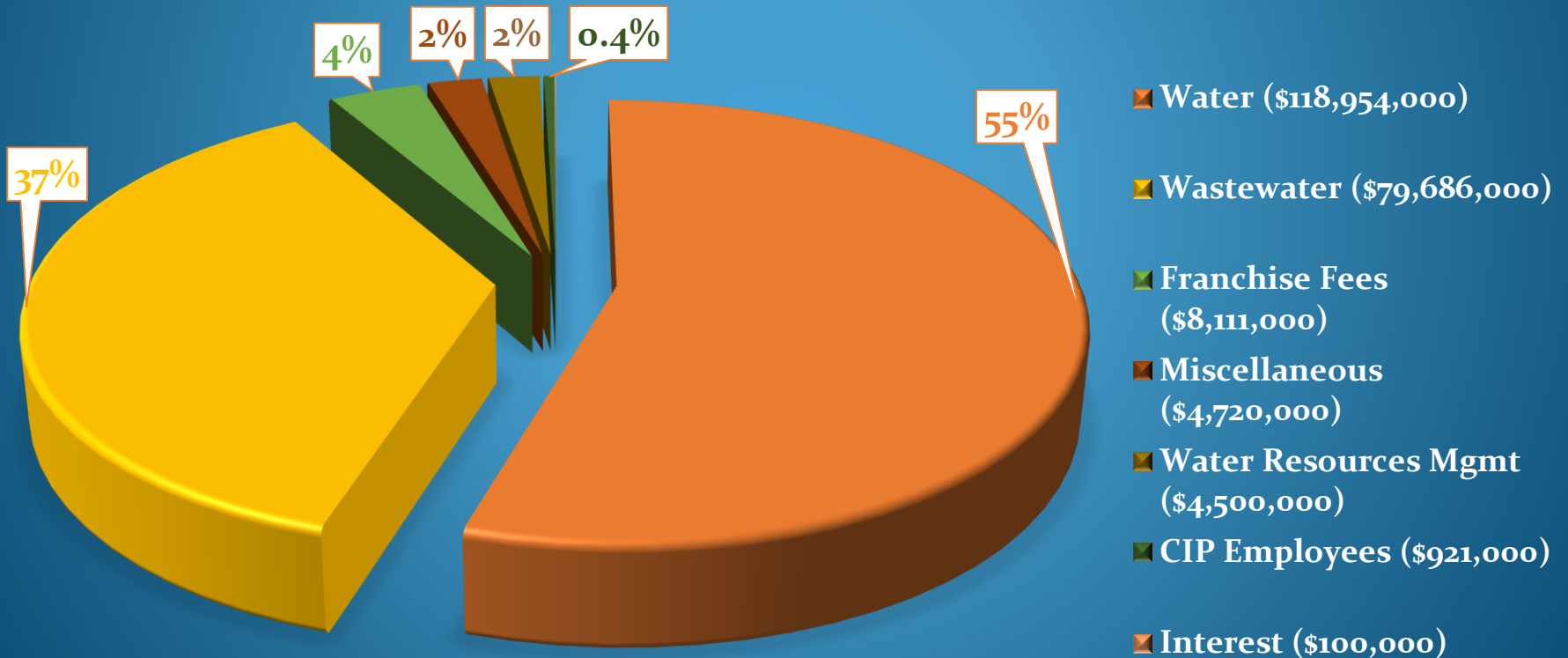
FY17 Operating Budget Highlights

Employee Development

- Continue updating certification training programs to develop employees' knowledge and skills in operational and customer service positions
- Better accessibility with online training for employees working non-traditional schedules (graveyard shift)

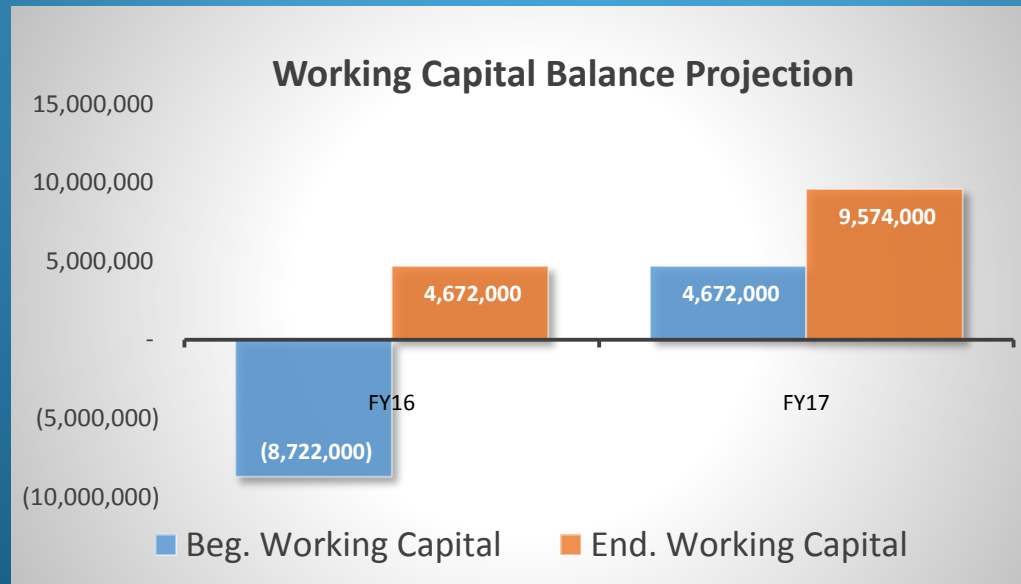
FY 17 General Fund Projected Revenues

\$216,992,000



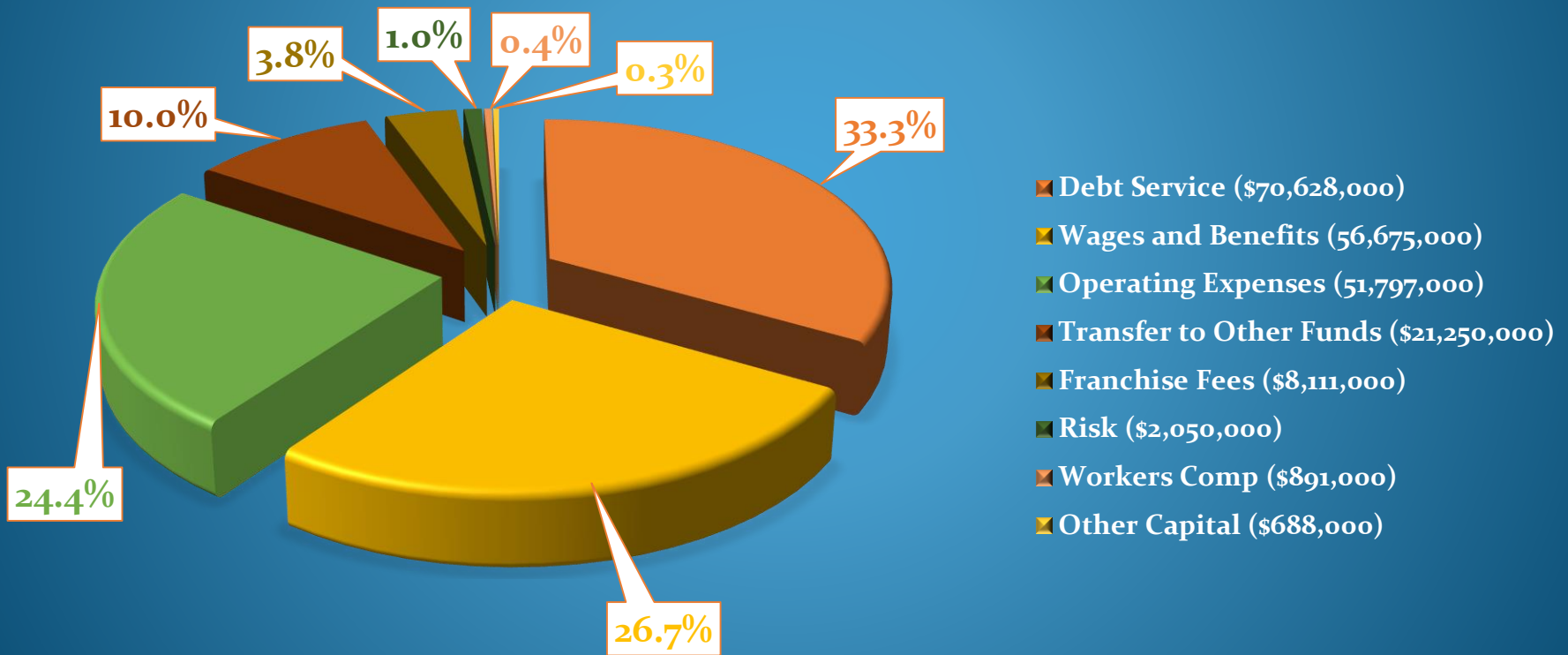
FY17 Working Capital Projected Balance

- FY17 - Beginning Working Capital Balance \$4,672,000
- FY17 - Additional CIP transfer \$6,250,000
- Increase Working Capital Balance to meet 1/12th Reserve Requirement



FY17 Budgeted Expenditures

\$212,090,000



FY17 CIP Highlights

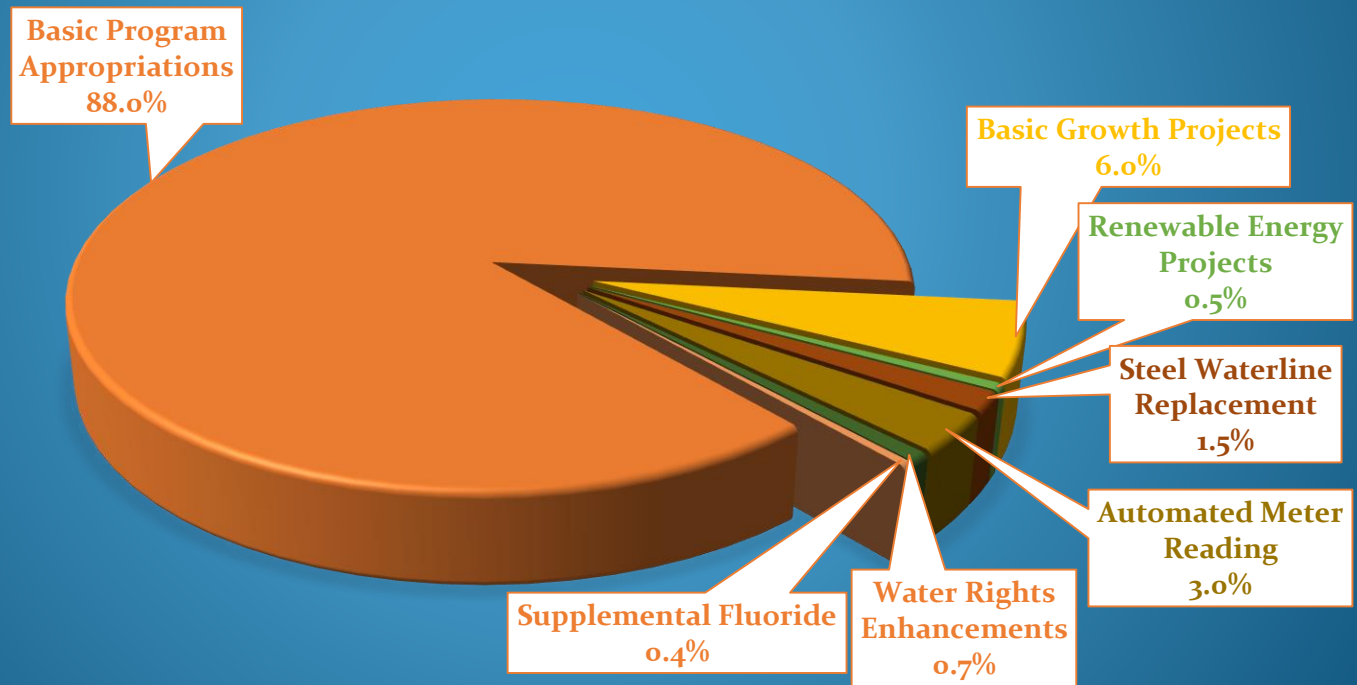
Total of \$67.0 million CIP projects include:

- \$59 million CIP for Basic Rehab Program
Construction of the Solids Dewatering Facility
\$2 million for Automated Meter Infrastructure (AMI)
- \$1 million for Steel Line Replacement
- \$350 thousand for Renewable Energy Projects
- \$4 million for Growth projects
- \$474,000 for Water Rights Enhancements
- \$250,000 for Supplemental Fluoride

Rate Ordinance requires no less than \$30.0 million for Basic rehabilitation program. Additionally, \$2.0 million annually is required for AMI.

FY17 CIP Planned Spending

\$67,074,000



CIP Planned Spending

in thousands

