



Meeting Date: May 17, 2017
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-17-10 – Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018

ACTION: Recommend Approval

SUMMARY:

This legislation appropriates funding for the FY18 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 FY18 capital program appropriation totals \$64.6 million. \$52.0 million is appropriated for the level one priority basic capital programs, \$6.0 million for growth related projects, and \$6.6 million is appropriated for special projects.

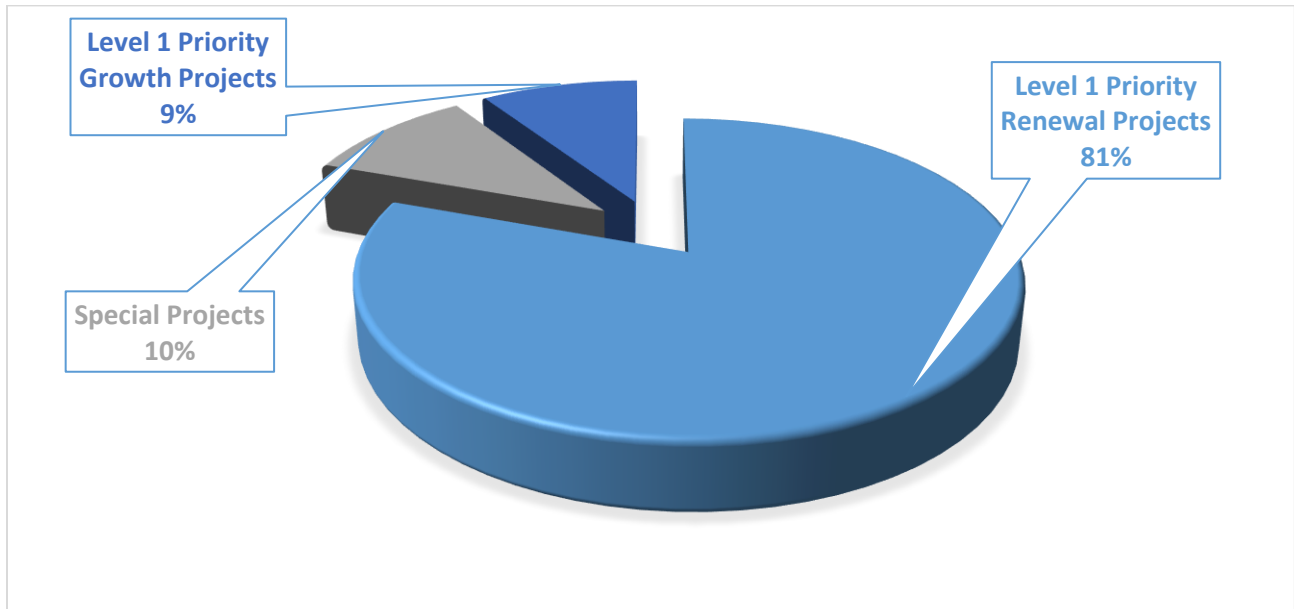
The \$6.6 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$3.2 million for specific pipeline rehab projects.

The current Rate Ordinance requires no less than \$30.0 million for Basic rehabilitation program. Additionally, \$2.0 million is budgeted annually for the Automated Meter Infrastructure (AMI) program. There are no appropriations in the proposed FY18 CIP budget for projects that will be funded with revenues from FY19 or later.

The recent rate revenue increases alleviate future borrowing and increases the level of funding for infrastructure rehab projects.

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

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



COMMENTS:

The blueprint for the Basic capital program is the Decade Plan, a ten year plan required to be updated biennially with two, four, six, eight and ten year planning elements. There must always be an approved two year planning element in place before the Board can approve a current year capital program appropriation. FY18 was the first year in the current FY 2018 – FY 2027 Decade Plan. Listed below are the detailed projects for year two:

	FY18 Budget
Basic Program Appropriations:	
Sanitary Sewer Pipeline Renewal	\$4,750,000
Drinking Water Pipeline Renewal	8,550,000
Southside Water Reclamation Plant Renewal	18,025,000
Soil Amendment Facility (SAF) Renewal	100,000
Lift Station and Vacuum Station Renewal	4,150,000
Odor Control Facilities Renewal	750,000
Drinking Water Plant Groundwater System Renewal	6,045,000
Drinking Water Plant Treatment System Renewal	1,470,000
Reuse Line and Plant Rehab	70,000
Compliance	595,000
Shared Renewal	1,495,000
Franchise Agreement Compliance	2,000,000
Vehicles and Heavy Equipment	4,000,000
Level 1 Priority Renewal Projects Total	\$52,000,000

	FY18 Budget
Special Projects:	
Steel Waterline Rehab	\$1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
Miscellaneous	3,250,000
Special Projects Total	\$6,600,000
Combined Level 1 Priority Renewal and Special Projects	\$58,600,000
Growth Projects:	
Development Agreements	1,250,000
MIS/GIS	4,000,000
Miscellaneous	250,000
Growth Total	5,500,000
Water Resources Enhancement	500,000
Level 1 Priority Growth/Other Projects Total	\$6,000,000
Grand Total	\$64,600,000

FY18 Capital Program Highlights

One of the major projects in the basic rehabilitation program is the Solids Dewatering Facility (SDF). During FY15, an evaluation was completed to determine if it would be more cost effective in terms of life-cycle costs to rehab the existing SDF or construct a brand new facility. The results of this evaluation determined that a rehab alternative is the most efficient and cost effective method in moving forward with this project. Design for this project and advertising occurred during FY16 with construction to begin in FY17. In FY18 funding will be used to complete the improvements to the SDF. The improvements will provide a safer work environment, better and more reliable solids dewatering performance, and reduce maintenance costs.

There are over 2,000 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Water Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there are over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the Water Authority. As the older steel or cast iron lines become deficient, Water Authority staff will often respond to numerous leaks. These leaks if gone unnoticed do have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and create a significant liability.

Replacing whole segments of aged pipe will reduce ongoing operation and maintenance costs. If aging pipeline is not replaced, the impact of emergency response will increase for these repairs and multiple leaks will occur in the same segment of pipe. This program will provide funding for evaluation, planning, design, construction, and related

activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past the useful life.

The operation of the aeration basin blowers represents approximately 50% of the electrical energy demand at the Southside Water Reclamation Plant (SWRP). Most of the current multi-stage centrifugal blowers have been in-service for several decades and are of an outdated design. New blower technology using higher speeds result in significant operational cost savings in energy and maintenance. Funding will provide for a consultant to assist in the design for replacing the existing four multi-stage blowers at the North Blower Building with eight high efficiency blowers. The compressed air capacity will increase from 29,000 to 36,000 cubic feet per minute (cfm).

The digesters remove volatile solids in the sludge produced by the plant's liquid treatment operations prior to sludge dewatering and land disposal. The digestion process converts volatile solids into a methane gas by-product that is burned by the plant's co-generation system to produce electric power for the plant operations and produce hot water for digester heating and space heating of all the buildings. Funding will be used to continue the renewal and increase the capacity of the digesters. This will include conversion of two of the secondary digesters to primary digesters to provide more digester capacity. Once this additional capacity is available, the different digesters will be able to go off-line at any time for repairs and allow structural and coating renewal of its interiors without disruption of the system. Mixers will also be upgraded to more efficient units to save energy costs. The sludge heating system rehab will also allow for more consistent temperature control.

The Information Technology/GIS funding allocations will be utilized to complete the Asset Management system upgrade, which includes Phase I tasks associated with the project and enhancing utilization of mobility to support Asset Management initiatives. The Phase II Asset Management activities will include barcoding fixed assets, implementing the transportation module, and enhancing procurement functions within Maximo to further support the Asset Management goals and objectives related to Asset Management life-cycle accounting practices.

The Customer Care & Billing (CC&B) software will begin with a technical and functional upgrade. This project will be a multi-year upgrade. Other projects include transitioning infrastructure and server environment to a Hyper-Converged environment, resulting in cost savings, performance enhancement, and promotes "green" initiatives to downsize the footprint of traditional IT related equipment. Efforts to continue to add redundancy to the Network and Telephony system will result in more effective and efficient services.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-17-10

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, 2017 AND ENDING JUNE 30, 2018

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 an annual Capital Implementation Program budget for the Water Authority; and

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

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

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

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

22 BE IT RESOLVED BY THE WATER AUTHORITY:

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

25 Basic Program Appropriations:

26	Sanitary Sewer Pipeline Renewal	4,750,000
27	Drinking Water Pipeline Renewal	8,550,000
28	Southside Water Reclamation Plant Renewal	18,025,000

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

1	Soil Amendment Facility (SAF) Renewal	100,000
2	Lift Station and Vacuum Station Renewal	4,150,000
3	Odor Control Facilities Renewal	750,000
4	Drinking Water Plant Groundwater System Renewal	6,045,000
5	Drinking Water Plant Treatment Systems Renewal	1,470,000
6	Reuse Line and Plant Rehab	70,000
7	Compliance	595,000
8	Shared Renewal	1,495,000
9	Franchise Agreement Compliance	2,000,000
10	Vehicles and Heavy Equipment	4,000,000
11	<u>Special Projects:</u>	
12	Steel Waterline Rehab	1,000,000
13	Automated Meter Infrastructure (AMI)	2,000,000
14	Renewable Energy Projects	350,000
15	EPA Compliance Pipeline Projects	3,250,000
16	<u>Growth:</u>	
17	Development Agreements	1,250,000
18	MIS/GIS	4,000,000
19	Miscellaneous	250,000
20	<u>Other:</u>	
21	Water Resource Enhancement (Water Supply Charge)	500,000
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