
Meeting Date: May 23, 2018
Staff Contact: Hobert Warren, CSD Manager

TITLE: O-18-4 – Amending the Albuquerque Bernalillo County Water Utility Authority Water and Sewer Rate Ordinance to Update the Utility Financial Policy to Establish a Water 2120 Fund (R-16-12); Update the Minimum Committed Expenditures to \$40 Million in the Water and Sewer Rehabilitation Fund; Update the Utility Expansion Charge, Water Supply Charge, Septic Tank, and Chemical Toilet Charge by 2.60% Based on the Engineering News Report Index; and Update Appendix C Post Issuance Compliance Policy

ACTION: Recommend Approval

SUMMARY:

This Legislation amends the Albuquerque Bernalillo County Water Utility Authority (Water Authority) Water and Sewer Rate Ordinance to establish a Water 2120 Fund section 1-1-7(J) per (R-16-12), which will be funded at a minimum of \$2 million per year beginning in Fiscal Year 2020, and update the minimum committed expenditures in the Water and Sewer Rehabilitation Fund section 1-1-6(C) to not less than 40 million dollars per year.

In addition, the Ordinance is amended to increase the Utility Expansion Charges, Water Supply Charge, Septic Tank Charge, and Chemical Toilet Charge by the ENR index per sections 1-1-8(A)(1), 1-1-8(D)(1) and 1-1-9(G)(1)(2) of the Ordinance

The proposed amendment adjusts the Water and Sewer Utility Expansion Charges and Water Supply Charge by 2.60% based upon the April 1, 2017 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.

The Septic Tank Charge and Chemical Toilet Charge will be adjusted by 2.60% based upon the April 1, 2017 ENR Building and Construction Cost Indexes. This is the annual adjustment made in accordance to sections 1-1-9(G)(1) and 1-1-9(G)(2) of the Water Authority's Rate Ordinance.

Finally, Appendix C related to the Post Issuance Compliance Policy has been reviewed and modified to conform with current applicable federal laws. Also, the current listing of outstanding System Revenue Bonds has been updated as of March 2018.

FISCAL IMPACT:

The net increase on Water and Sewer Utility Expansion Charges and the Water Supply Charge for the average residential connection will be \$82 for water, \$61 for sewer and \$42 for the Water Supply Charge.

The net increase in Septic Tank Charges will be \$.0006 per gallon and the Chemical Toilet Charge will be \$.0013 per gallon.

The proposed amendments are consistent with the Water Authority's ten year Financial Plan and Rate Ordinance.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. O-18-4

ORDINANCE

AMENDING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY
AUTHORITY WATER AND SEWER RATE ORDINANCE TO UPDATE THE UTILITY
FINANCIAL POLICY TO ESTABLISH A WATER 2120 FUND (R-16-12); UPDATE THE
MINIMUM COMMITTED EXPENDITURES TO 40 MILLION IN THE WATER AND SEWER
REHABILITATION FUND; UPDATE THE UTILITY EXPANSION CHARGE, WATER
SUPPLY CHARGE, SEPTIC TANK, AND CHEMICAL TOILET CHARGE BY 2.60%
BASED ON THE ENGINEERING NEWS REPORT INDEX; AND UPDATE APPENDIX C
POST ISSUANCE COMPLIANCE POLICY

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

Section 1. Section 1 is amended as follows:

Section 1 WATER AND SEWER RATES

1-1-1. SHORT TITLE.

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

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

(A) Definition of Terms.

AWWA. American Water Works Association.

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

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

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

3 CITY. The City of Albuquerque, New Mexico.

4 COUNTY. Bernalillo County, New Mexico.

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

7 DEBT SERVICE REQUIREMENTS. With respect to System Obligations
8 for any given period, the sum of: (1) the amount required to pay the interest, or to make
9 reimbursements for payments of interest, becoming due on System Obligations during that
10 period, plus (2) the amount required to pay the principal or Accreted Value, becoming due
11 on System Obligations during that period, whether at maturity, an accretion term date or
12 upon mandatory sinking fund redemption dates, plus (3) the periodic payments required to
13 be made by the Water Authority pursuant to a Qualified Exchange Agreement minus (4) the
14 periodic payments to be received by the Water Authority pursuant to a Qualified Exchange
15 Agreement. No payments required for any System Obligations which may be tendered or
16 otherwise presented for payment at the option or demand of the owners of System
17 Obligations, or which may occur because of the exercise of an option by the Water
18 Authority, or which may otherwise become due by reason of any other circumstance or
19 contingency, including acceleration or early termination payments, which constitute other
20 than regularly scheduled payments of principal, Accreted Value, interest or other regularly
21 scheduled payments on System Obligations shall be included in any computation of Debt
22 Service Requirements for that period.

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

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

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

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

1 FISCAL YEAR. July 1 through June 30.

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

6 LOW INCOME HOUSING DEVELOPMENTS. Any multi-family residential
7 development constructed by the City of Albuquerque or Bernalillo County or a non-profit
8 developer in conjunction with one of these local governments which is substantially
9 intended to provide affordable housing to very low income citizens as defined by 60 percent
10 or less of median income as established by the US Department of Housing and Urban
11 Development.

12 METER SIZE. The physical size of a water meter as designated by
13 AWWA Standard.

14 NET REVENUES. The Revenues of the Utility less the Expenses. For
15 purposes of calculating compliance with Sections 1-1-2(B) and 1-1-2(C) and the Additional
16 Bonds Tests and Rate Covenants in the Debt Management and Policy & Guidelines, Net
17 Revenues shall be defined and calculated in accordance with the definition of Net
18 Revenues established in the applicable ordinance authorizing the issuance of the relevant
19 System Obligations.

20 PAJARITO MESA MUTUAL DOMESTIC WATER AND WASTEWATER
21 CONSUMERS ASSOCIATION (PMMDWWCA). Non-profit organization generally located
22 in the Pajarito land grant established in 2000 under the laws of New Mexico Sanitary
23 Projects Act.

24 REVENUES. Revenues will include all charges for current water and
25 sewer service, income from miscellaneous services or property, interest on investments of
26 the Joint Water and Sewer Funds, connection fees, and interest on notes or other
27 receivables.

28 RIO RANCHO. The City of Rio Rancho, New Mexico.

29 SENIOR OBLIGATIONS. System Obligations now outstanding or hereafter
30 issued with a first lien, but not an exclusive first lien, on the Net Revenues on a parity with
31 the lien of the Outstanding Senior Obligations.

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.

SUBORDINATE OBLIGATIONS. System Obligations now outstanding or hereafter issued with a lien on the Net Revenues subordinate to the lien thereon of the Senior Obligations but superior to the lien thereon of the Super Subordinated Obligations.

SUPER SUBORDINATED OBLIGATIONS. System Obligations now outstanding or hereafter issued with a lien on the Net Revenue subordinate to the lien thereon of the Senior Obligations and subordinate to the lien thereon of the Subordinate Obligations.

SYSTEM OBLIGATIONS. All bonds and other similar indebtedness payable solely or primarily from the Net Revenues, including, without limitation, the Senior Obligations, the Subordinate Obligations, and the Super Subordinated Obligations.

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 2120 SECURING OUR WATER FUTURE. A 100-year water resource management strategy and policy document (R-16-12) which provides ratepayers a resilient and sustainable water supply for the next century.

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

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

(C) Increasing Minimum Monthly Fixed Charges. So long as there are Senior Obligations outstanding, if the determination of §1-1-2(B) above shows that the Net Revenues are less than 133 percent of the Debt Service Requirements on the outstanding Senior Obligations, the fixed monthly charge will be increased for water and sewer accounts. So long as there are Subordinate Obligations outstanding, if the determination of §1-1-2(B) above shows that the Net Revenues are less than 120 percent of the Debt Service Requirements on the outstanding Senior Obligations and outstanding Subordinate Obligations, the fixed monthly charge will be increased for water and sewer accounts. The increase in the fixed monthly charges will be a percentage of the established fixed monthly charges that produce additional revenues so that if the adjusted charges had been effective the previous quarter, the total Net Revenues would have been sufficient to meet the requirements of this paragraph. If the determination of §1-1-2(B) above shows that the Net Revenues are insufficient to meet the requirements above, it shall be determined if the revenue loss is due to efforts of Water Authority Customers to conserve water by reviewing usage patterns. If the usage study shows that the reduced revenues are due to conservation efforts, the Executive Director shall analyze the Utility's operations for the purpose of determining whether or not corresponding expense reductions can be effected and shall present any such expense reduction proposals to the Water Authority.

(D) Increasing Water Commodity Charges. If the quarterly analysis of power cost related to water pumping shows that costs are increasing or decreasing, the Executive Director is authorized to adjust the water commodity charge to reflect the change. An

adjustment in the commodity charge will only be made if the needed commodity charge adjustment is \$0.01 or greater, and shall be in \$0.01 increments. The Electric Fuel Cost Adjustment is to be calculated: (Fuel Rider - \$0.50) x Average annual kWh / Annual Billed Consumption in CCF.

(E) General Procedural Provisions. The Executive Director may enact administrative procedures 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.

Fixed Monthly Charge - Metered Service

Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-family
1	$\frac{5}{8} \times \frac{3}{4}$	\$9.79	\$10.26	\$19.22	\$10.55	\$12.03
2	1	20.22	20.65	40.31	21.02	24.58
3	1½	56.61	58.83	120.32	61.42	72.00
4	2	121.35	125.77	262.46	131.74	155.63
5	3	232.26	241.37	497.91	252.17	290.05
6	4	524.56	543.03	1143.32	569.75	675.21
7	6	889.87	901.53	1850.64	940.83	1104.04
8	8 & over	1863.70	1933.16	4036.09	2196.26	2391.09

(2) 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

$\frac{3}{4}$	\$13.86
1	27.97
1½	80.92
2	173.76
3	361.13
4	802.69
6	1354.92
8	2873.97

(D) Unmetered Water Service.

(1) For service connections to the utility for private fire protection. Applicable to all service through which water is used solely for extinguishing accidental fires.

Fixed Monthly Charge

Line Size (inches)	Service Area
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2	\$4.85
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3	7.28
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4	9.70
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6	18.20
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8	27.90
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10	38.81
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12	57.00
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(2) Unmetered water service for any purpose other than standby fire protection will be a violation of this Ordinance and subject to the penalties specified herein; except by written agreement approved by the Executive Director.

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

(1) Permits.

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

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

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

1 (d) Under a standard fire hydrant meter permit, the applicant may
2 use any fire hydrant from the Water Authority's designated network of green-top fire
3 hydrants. Applicants desiring to use an out-of-network hydrant must submit an alternate
4 location application stating the reason(s) for needing to use the out-of-network hydrant.
5 Water Authority staff will review such requests on a case by case basis and a decision shall
6 be issued within three business days of receiving the request.

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

10 (2) System Connection and Water Use.

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

14 (b) The permit holder shall utilize a backflow prevention method or
15 device acceptable to the Water Authority at all times the fire hydrant meter is in use to
16 protect the Water Authority's water supply. Failure to use an acceptable backflow
17 prevention method or device shall be cause for confiscating the fire hydrant meter and
18 terminating the permit.

19 (c) The Executive Director may appoint employees to inspect fire
20 hydrant meters at any time, but not less than once per annum. Permit holders shall make
21 provisions for such inspections.

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

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

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

31 (b) All or a portion of the loss, damage and payment surety deposit
32 will be refunded depending upon the cost of repairing the fire hydrant meter and the

1 outstanding balance for meter charges when it is returned to the Water Authority. The
2 Water Authority shall cause the repair work to be done and compute the time and materials
3 necessary to rehabilitate the fire hydrant meter.

4 (c) The Executive Director may waive the loss, damage and
5 payment surety deposit for special events or non-construction related short term projects.

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

14 (5) Fees and Charges.

15 (a) A nonrefundable program fee of \$230.00 will be charged for
16 each fire hydrant meter permit.

17 (b) All fire hydrant meter permit holders shall pay a monthly base
18 charge of \$70.00. This monthly base charge shall not be prorated.

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

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

28 (F) Water Commodity Charge.

29 (1) (a) In addition to the Fixed Monthly Charge, all water used by a
30 Customer within the Service Area for any purpose whatsoever shall be charged at the rate
31 of \$2.018 per unit (one unit equals 100 cubic feet). In addition, there shall be a charge of
32 0.024 per unit, added to this commodity charge, which is the amount necessary to

1 compensate the Water Authority for the water conservation fee charged by the State of
2 New Mexico. This is determined by the meter reading or by estimating the usage by
3 statistical methods. Customers shall pay bills monthly.

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

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

12 Pajarito Mutual Domestic - \$1.400 per 100 CCF

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

18 (3) (a) Surcharges for irrigation-only water accounts shall be
19 assessed annually in the year following the water usage based upon an annual irrigation
20 budget allowance established for such accounts and in accordance with the following:

21 (i) Water budgets will be established by the Water Authority
22 whenever a new irrigation account is established or an existing account is converted to an
23 irrigation account.

24 (ii) All usage will be calculated annually on a per site basis. Any
25 usage of individual wells at these sites shall be submitted in writing to the Water Authority
26 by the 15th of the month following the use.

27 (iii) All golf courses existing prior to October 1, 1995 will be allowed
28 up to 40 inches of water over the entire landscaped area per calendar year.

29 (iv) All new golf courses or existing golf course expansions
30 permitted after October 1, 1995 will be allowed up to 37 inches of water over the entire
31 landscaped area per calendar year.

32 (v) Athletic fields will be allowed up to 45 inches of water over the

1 entire landscaped area per calendar year.

2 (vi) All other landscaped areas will receive a water budget of 35
3 inches of water over the entire landscaped area per calendar year.

4 A surcharge will be applied to the usage above the annual irrigation budget allowance. For
5 excess usage up to 150 percent (first tier) of the annual irrigation budget, the surcharge
6 shall be 50 percent of the commodity rate shown in §1-1-3(F)(1)(a). For excess usage
7 greater than 150 percent (second tier) of the annual irrigation budget, the surcharge shall
8 be 100 percent of the commodity rate shown in §1-1-3(F)(1)(a). For excess usage greater
9 than 200 percent (third tier) of the annual irrigation budget, the surcharge shall be 150
10 percent of the commodity rate shown in §1-1-3(F)(1)(a).

11 (b) The surcharge amount added for each unit exceeding 200
12 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to 50
13 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge
14 determined in §1-1-3(F)(1)(a) for usage during the following months of April through
15 October. For those residential customers that have a Winter Mean equal to or greater than
16 15 units, the surcharge amount added for each unit exceeding 200 percent of the Winter
17 Mean water usage as calculated in §1-1-2(A), shall be equal to 100 percent of the
18 commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge determined in
19 §1-1-3(F)(1)(a) for usage during the months of April through October.

20 (c) The surcharge amount added for each unit exceeding 300
21 percent of the Winter Mean water usage as calculated in §1-1-2(A), shall be equal to 50
22 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge
23 determined in §1-1-3(F)(3)(b) for usage during the months of April through October. For
24 those residential customers that have a Winter Mean equal to or greater than 15 units, the
25 surcharge amount added for each unit exceeding 300 percent of the Winter Mean water
26 usage as calculated in §1-1-2(A), shall be equal to 100 percent of the commodity charges
27 in §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(3)(b) for
28 usage during the months of April through October.

29 (d) The surcharge amount added for each unit exceeding 400
30 percent of the Winter Mean water usage as calculated in §1-1-2(A) shall be equal to 50
31 percent of the commodity charges in §1-1-3(F)(1)(a), and shall be added to the total charge
32 determined in §1-1-3(F)(3)(c) for usage during the months of April through October. For

1 those residential customers that have a Winter Mean equal to or greater than 15 units, the
2 surcharge amount added for each unit exceeding 400 percent of the Winter Mean water
3 usage as calculated in §1-1-2(A), shall be equal to 100 percent of the Commodity Charges
4 §1-1-3(F)(1)(a), and shall be added to the total charge determined in §1-1-3(F)(3)(c) for
5 usage during the months of April through October.

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

18 (f) For residential class Customers only having service sizes 1
19 through 3, a 50 percent discount shall be applied to the commodity charges in §1-1-
20 3(F)(1)(a) for water usage greater than the customer's Winter Mean water usage during the
21 months of April through October when water usage is equal or less than 150 percent of the
22 Class Winter Mean water usage.

23 (G) Multiple Meter Service. Customers with service by more than one meter to
24 any premise shall be charged the applicable fees associated with each meter except for
25 single-family residential Customers who have two meters, of which one is used for
26 irrigation. The monthly fixed charge for these single-family residential Customers will be
27 based on the largest meter at the single-family residence.

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

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

(1) Meters 5/8 X 3/4" to 2"		
Meter Size	Tag and Testing Charge Service	
5/8" x 3/4"	\$140	
1"	185	
1-1/2"	380	
2"	455	

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

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

(J) 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."

(K) Real property owners receiving water service from the Water Authority are 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.

1 (C) Commodity Charge.

2 (1) In addition to the Fixed Monthly Charge, all non-potable water used by
3 a Customer within the Service Area shall be charged at the rate corresponding to 80
4 percent of the potable water commodity rate (one unit equals 100 cubic feet). This is
5 determined by the meter reading or by estimating the usage by statistical methods.
6 Customers shall pay bills monthly.

7 (2) Bills may be based on the estimated average annual non-potable
8 water use by units, annualized and divided by 12 months, plus the fixed monthly charge.
9 Any special charges, such as UEC, shall be included on the bill. The Executive Director
10 may administratively adjust bills periodically by crediting and debiting accounts as
11 appropriate if errors have been found and verified.

12 (3) All surcharges for irrigation-only water accounts shall be charged at the
13 rate based upon the non-potable water commodity rate (one unit equals 100 cubic feet).

14 (D) Multiple Meter Service. Customers with non-potable water service by more
15 than one meter to any premise shall be charged the applicable fees associated with each
16 meter.

17 (E) Tag and Testing Charge. Refer to §1-1-3 (I) for applicable provisions and
18 charges.

19 (F) Utility Expansion Charge (UEC).

20 (1) A Utility Expansion Charge shall be paid to the Water Authority at the
21 time of non-potable meter sale or application for non-potable water service for all new
22 services connecting to the non-potable water system. The UEC may be paid in full at the
23 time of non-potable service application, or paid over time with an initial minimum of 5
24 percent down payment. The balance shall be subject to a fixed monthly charge to include a
25 carrying charge set at 7 percent per annum. On all connections, the balance shall be paid
26 in full within 120 months.

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

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

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

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

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

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

1-1-5. SEWER RATES.

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

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

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

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

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

CUSTOMER CLASSIFICATIONS.

(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.

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

(7) KIRTLAND AIR FORCE BASE (KAFB).

(8) FOOD SERVICE ESTABLISHMENT or FSE. Any establishment, commercial or noncommercial, such as a restaurant, cafeteria, snack bar, temple, mosque, church, synagogue, worship hall, banquet facility, preschool, school, or meeting place, with a kitchen that is used for preparing, serving, or otherwise making available for consumption foodstuffs in commercial amounts in or on a receptacle that requires washing and that discharges to the Water Authority's POTW.

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

LATERAL SEWER. An individual user's sewer pipe beginning at the public sewer and extending to the premises actually served. The lateral sewer includes the stub to which a user connects to the public sewer and all appurtenances on such lateral sewer.

1 The user is responsible for the maintenance of the lateral sewer including those portions
2 that may be within any right-of-way. The term is interchangeable with "house service
3 connection," "sewer service line," or "building sewer."

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

8 BOD -- 250 mg/l

9 COD -- 500 mg/l

10 TSS -- 330 mg/l

11 NH₃N – 25 mg/l

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

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

25 STANDARD METHODS. The laboratory procedures set forth in the latest
26 edition, at the time of analysis, of Standard Methods for Examination of Water and
27 Wastewater, as prepared, approved and published jointly by the American Public Health
28 Association and American Water Works Association and the Water Pollution Control
29 Federation.

30 TOTAL SUSPENDED SOLIDS or TSS. Those solids which are retained by a
31 standard glass fiber filter and dried to constant weight at 103 – 105° C. expressed in
32 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-family
1	$\frac{5}{8} \times \frac{3}{4}$	\$2.99	\$3.70	\$16.82	\$2.87	\$4.97
2	1	4.84	5.90	28.49	4.63	8.22
3	1½	19.84	25.11	122.72	18.88	34.62
4	2	49.37	62.62	308.35	46.94	86.31
5	3	66.11	83.90	413.63	62.86	115.68
6	4	140.83	178.85	883.44	133.88	246.77
7	6	187.56	237.02	1177.19	178.30	328.73
8	8 & over	333.41	423.55	2094.23	316.95	584.60

1	(3)	Fixed Monthly Charge for Customers without water service:					
2	Liquid Waste						
3	Flow (CCF)	Residential	Commercial	Industrial	Institutional	Multi-	
4						family	
5	0 - 10	$\frac{5}{8} \times \frac{3}{4}$	\$2.99	\$3.70	\$16.82	\$2.87	\$4.97
6	11-19	1	4.84	5.90	28.49	4.63	8.22
7	20-63	1½	19.84	25.11	122.72	18.88	34.62
8	64-82	2	49.37	62.62	308.35	46.94	86.31
9	83-343	3	66.11	83.90	413.63	62.86	115.68
10	344-599	4	140.83	178.85	883.44	138.88	246.77
11	600-803	6	187.56	237.02	1177.19	178.30	328.73
12	804-over	8 & over	333.41	423.55	2094.23	316.95	584.60

13 (4) Fixed Monthly Charges for Wholesale and KAFB

14	Serv Size	Wholesale	Item	KAFB
15	1	\$3.78	Per Month	\$12,038.74
16	2	6.19		
17	3	13.70		
18	4	64.09		
19	5	85.88		
20	6	183.06		
21	7	243.83		
22	8	412.91		

23

24 (D) Commodity Charge. All wastewater discharge shall be charged on the basis
 25 of the Commodity Charges for Retail and Special Customers rate table on a per unit basis
 26 (one unit equals 100 cubic feet).

27 Commodity Charges for Retail and Special Contract Customers

28	Customer Class	Base (\$/CCF)	Rehab (\$/CCF)	Total Commodity (\$/CCF)
29	Retail Customers			
30	Residential	\$1.394	\$0.288	\$1.682
31	Commercial	1.394	0.288	1.682
32	Industrial	1.394	0.288	1.682

1	Institutional	1.394	0.288	1.682
2	Multi-family	1.394	0.288	1.682
3	Special Contracts			
4	Wholesale	\$0.727	\$0.151	\$0.878
5	KAFB	0.727	0.151	0.878

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

14 (2) Customers without Water Service. The volume of wastewater
15 discharge shall be determined by the physical measurement at the expense of the
16 customer; however, where accurate and reasonable estimates can be made by statistical
17 methods, such estimates shall be considered the volume of discharge upon which the
18 Commodity Charge is based. The Water Authority expressly reserves the right to
19 determine the estimated wastewater volume for any customer without water service, which
20 determination may be appealed to the Executive Director.

21 (3) Special Wastewater Discharge Volume. The Water Authority
22 recognizes that sewage discharge patterns for individual Customers may vary to a great
23 extent from the norms of any particular class; therefore, any Customer may, at their own
24 expense, provide the Water Authority with sewage flow data for consideration of a special
25 wastewater discharge volume. Such data shall be certified by an engineer registered in the
26 state. The Water Authority expressly reserves the right to determine the estimated
27 wastewater volume for any Customer, which determination may be appealed to the
28 Executive Director.

29 (E) Extra-Strength Surcharge.

30 (1) All Customers discharging wastewater into the POTW are subject to a
31 surcharge if the discharged wastewater exceeds normal domestic wastewater strength.
32 NORMAL STRENGTH is defined as:

- 1 (a) Chemical Oxygen Demand (COD) less than or equal to 500
2 mg/l; and
3 (b) Biochemical Oxygen Demand (BOD) less than or equal to 250
4 mg/l; and
5 (c) Total Suspended Solids (TSS) less than or equal to 330 mg/l;
6 and
7 (d) Ammonia Nitrogen (NH₃N) less than or equal to 25 mg/l.

8 (2) The Water Authority shall determine strength as defined by the above
9 parameters in §1-1-5(E)(1) above. The procedures are described §1-1-5(I) below. If it is
10 determined that the wastewater strength exceeds the limits specified, a surcharge shall be
11 levied at the rate of:

- 12 (a) \$.17 per pound of COD for the excess of 500 mg/l of COD; and
13 (b) \$.33 per pound of BOD for the excess of 250 mg/l BOD; and
14 (c) \$.27 per pound of TSS for the excess of 330 milligrams per liter
15 of TSS; and
16 (d) \$.81 per pound of NH₃N for the excess of 25 mg/l of NH₃N.

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

20 (4) The Water Authority shall promulgate administrative procedures to
21 carry out the provisions of the extra-strength surcharge.

22 (F) Septic Tank Truck Discharge. No user owning vacuum or "cesspool" type
23 pumping trucks or other liquid waste transport trucks shall discharge such waste into the
24 POTW, unless such person shall first have applied for and received a Septic Tank
25 Discharge or Chemical Toilet Discharge Permit from the Industrial Pretreatment Engineer
26 pursuant to the Sewer Use and Wastewater Control Ordinance Section 3-3-7.

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

29 (H) Sampling; Metering Manhole Requirements. When required by the Utility, the
30 owner of property serviced by a lateral sewer carrying industrial wastes shall install a
31 suitable control manhole or cleanout together with such necessary meter and other
32 appurtenances in the lateral sewer to facilitate observation, sampling, and measurement of

1 the wastes. Such monitoring locations shall be accessible, safely located, and constructed
2 in such a manner as to prevent infiltration of ground and surface waters. They shall be
3 constructed in accordance with plans approved by the Utility. The Utility has established
4 standard details. The monitoring location and all equipment shall be installed by the owner
5 at his expense, and shall be maintained by him so as to be safe and accessible at all times.

6 (I) Sampling and Testing Procedures.

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

11 (2) All measurements, tests and analysis of the characteristics of waters
12 and wastes shall be determined in accordance with the latest edition of Standard Methods
13 for the Examination of Water and Wastewater, published jointly by the American Public
14 Health Association and Water Pollution Control Federation, and the American Waterworks
15 Association.

16 (3) Sampling shall be carried out by customarily accepted methods. The
17 particular analyses involved will determine whether a 24-hour composite of all outfalls of a
18 premise is appropriate or whether a grab sample or samples should be taken. Normally,
19 but not always, BOD, COD, NH₃N and TSS analyses are obtained from 24-hour
20 composites of all outfalls.

21 (4) Those industries suspected of discharging either high COD, BOD,
22 NH₃N wastes or high TSS wastes shall be sampled for four consecutive days by grab
23 samples or 24-hour composite samples from a Utility manhole. If COD results exceed 500
24 mg/l, BOD results exceed 250 mg/l, NH₃N results exceed 25 mg/l, or TSS results exceed
25 330 mg/l on any of the two of the four consecutive days, or in any of the 24-hour composite
26 samples, a sampling manhole may be required for industries discharging greater than
27 25,000 gallons per day or if required by the Water Authority's Sewer Use and Wastewater
28 Control Ordinance or successor Ordinance. Upon installation of the sampling manhole, an
29 automatic sampler will be used to gather a composite which shall be used to compute a
30 monthly surcharge. Industries discharging less than 25,000 gallons per day and not
31 otherwise requiring a sampling manhole may be required to install a cleanout and an
32 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 0.392 per unit.

Fixed Water Rates (per month)

Serv Size	Meter Size	Residential	Commercial	Industrial	Institutional	Multi-family
1	$\frac{5}{8}$ X $\frac{3}{4}$	\$6.12	\$6.41	\$12.01	\$6.59	\$7.52
2	1	12.63	12.90	25.19	13.13	15.36
3	1½	35.37	36.76	75.17	38.37	44.98
4	2	75.82	78.58	163.99	82.31	97.24
5	3	145.11	150.81	311.10	157.55	181.22
6	4	327.75	339.29	714.36	355.98	421.88
7	6	555.99	563.28	1156.29	587.84	689.81
8	8 & over	1164.45	1207.85	2521.77	1372.24	1493.97

(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

Fixed Sewer Rates (per month)

Serv Size	Meter Sz	Resid	Comm	Indust	Instit	Multi-fam	Wholesale
1	5/8 X 3/4	\$7.54	\$9.33	\$42.40	\$7.22	\$12.52	\$9.53
2	1	12.21	14.87	71.83	11.67	20.73	15.61
3	1 - 1 1/2	50.02	63.29	309.39	47.59	87.28	34.53
4	2	124.45	157.88	777.37	118.34	217.58	161.57
5	3	166.66	211.51	1042.77	158.47	291.64	216.50
6	4	355.04	450.89	2227.17	337.52	622.11	461.50
7	6	472.83	597.53	2967.73	449.50	828.74	614.71
8	8 & over	840.54	1067.78	5279.60	799.03	1473.80	1040.96

Monthly Rehabilitation Charges for KAFB

Item KAFB

Per Month \$30,349.92

(C) Committed expenditures for the rehabilitation of water wells, pump stations, reservoirs, service lines, other water lines, gate valves and the committed expenditures for rehabilitation of sewer lines, odor control stations, pumping stations and treatment facilities from revenues in the Water and Sewer Rehabilitation Fund shall not be less than ~~\$30~~ \$40 million dollars per year.

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

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

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

(B) At a minimum, an average of 50 percent of the cost of capital projects which constitute the normal capital program of the water and sewer system including the rehabilitation and replacement of existing facilities, and the construction of water wells, pump stations, reservoirs, service lines, other water lines, gate valves, revenue meters and meter boxes, sewer lines, odor control stations, and pumping stations, and treatment facilities shall be paid with cash rather than borrowed funds. The normal capital program

1 excludes special capital projects such as the expansion of the wastewater treatment plants,
2 arsenic mitigation, state and federal grant projects, state and federal mandated projects,
3 and related to water resources management to achieve a sustainable supply of water. This
4 policy shall not apply to the possible acquisition of other operating water and wastewater
5 utility systems or to mitigate short term rate impacts.

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

11 (D) Utility Expansion Charge (UEC) revenues or those of successor development
12 fees in excess of \$6 million per year shall be transferred to the Joint Water and Sewer
13 Capital Funds. The transfer of these funds shall be made in the fiscal year following the
14 most recent audited Comprehensive Annual Financial Report.

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

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

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

29 (H) A Rate Reserve Fund is established for reserving water and sewer revenues
30 in a dedicated fund for the purpose of offsetting declines in rate revenue and to mitigate
31 future rate increases. This Rate Reserve Fund will be funded at \$2 million per year. The
32 goal for the Water Authority is to achieve and maintain a Working Capital Balance that will

be 1/12 of the Water Authority's annual budgeted expenditures. The Rate Reserve Fund will be counted in the Working Capital Balance calculation, however any expenditure from the Rate Reserve Fund will require an appropriation approved by the Water Authority Board.

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

(J) A Water 2120 Fund is established to fund water supply infrastructure projects in implementing the adopted Water 2120: Securing Our Water Future (R-16-12). Revenue from the Water Supply Charge shall be earmarked solely for the projects identified in Water 2120 into this fund. Beginning in Fiscal Year 2020, this fund will be funded at a minimum of \$2 million per year.

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"	\$3,233	\$162	\$3,071
1"	5,388	269	5,119
1-1/2"	10,775	539	10,236

1	2"	17,245	862	16,383
2	3"	34,482	1,724	32,758
3	4"	53,879	2,694	51,185
4	6"	107,762	5,388	102,374
5	8" or More	172,417	8,621	163,796
6	5/8 X 3/4"	\$3,151	\$158	\$2,993
7	1"	5,251	263	4,988
8	1-1/2"	10,502	525	9,977
9	2"	16,808	840	15,968
10	3"	33,608	1,680	31,928
11	4"	52,514	2,626	49,888
12	6"	105,031	5,252	99,779
13	8" or More	168,048	8,402	159,646

14 (b) Financing for Sewer UEC

15 Finance for Wastewater UEC

16	Water Meter Size	Liquid Waste Flow	Sewer Payment	Minimum Cash Down	Balance to Finance
17					
18	5/8 X 3/4"	0-10	\$2,425	\$121	\$2,304
19	1"	11-19	4,041	202	3,839
20	1-1/2"	20-63	8,082	404	7,678
21	2"	64-82	12,930	646	12,284
22	3"	83-343	25,923	1,296	24,627
23	4"	344-599	41,432	2,072	39,360
24	6"	600-803	82,869	4,143	78,726
25	8" or More	804 & over	129,307	6,465	122,842
26	5/8 X 3/4"	0-10	\$2,364	\$118	\$2,246
27	1"	11-19	3,939	197	3,742
28	1-1/2"	20-63	7,877	394	7,483
29	2"	64-82	12,602	630	11,972
30	3"	83-343	25,266	1,263	24,002
31	4"	344-599	40,382	2,019	38,363
32	6"	600-803	80,769	4,038	76,731

1 ~~8" or More~~ ~~804 & over~~ ~~126,030~~ ~~6,302~~ ~~119,728~~

2 (2) The UEC may be paid in full or paid over time with an initial minimum
3 of 5 percent down payment and the balance shall be subject to a fixed monthly charge to
4 include a carrying charge set at 7 percent per annum. On all connections, the balance
5 shall be paid in full within 120 months.

6 (3) The fixed monthly charge for the UEC shall run against the property
7 and be the responsibility of any subsequent owner until paid in full. All monies collected
8 through the imposition of the UEC, including the fixed monthly charge, shall be placed in a
9 separate account to be used for financing the expansion for the water and sewer system.

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

14 (C) Charges for multiple residential units:

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

18 (a) Apartment Complexes.

19 (i) With 30 dwelling units or less shall pay 50 percent of the
20 product of the total number of units times the water and/or sanitary sewer UEC for a 5/8" x
21 3/4" water meter.

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

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

25 Total UEC = (Equivalent Units) x (5/8" x 3/4" Meter UEC)

26 (b) Mobile Home Parks, regardless of size, shall pay 53 percent of
27 the product of the total number of dwelling units times the water and/or sanitary sewer UEC
28 for a 5/8" x 3/4" water meter.

29 (c) Condominiums, regardless of size, shall pay 53 percent of the
30 product of the total number of dwelling units times the water and/or sanitary sewer UEC for
31 a 5/8" x 3/4" water meter.

32 (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), which shall constitute its maturity date. The promissory note shall not bear any interest from the date of the promissory note to its maturity date, but shall bear interest thereafter 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).

Financing for Water Supply Charge - WSC

Water Meter Size	Water Payment	Minimum Cash Down	Balance to Finance
<u>5/8 X 3/4"</u>	<u>\$1,669</u>	<u>\$83</u>	<u>\$1,586</u>
<u>1"</u>	<u>2,793</u>	<u>140</u>	<u>2,653</u>
<u>1-1/2"</u>	<u>5,564</u>	<u>278</u>	<u>5,286</u>
<u>2"</u>	<u>8,902</u>	<u>445</u>	<u>8,457</u>
<u>3"</u>	<u>17,806</u>	<u>890</u>	<u>16,916</u>
<u>4"</u>	<u>27,627</u>	<u>1,381</u>	<u>26,246</u>
<u>6"</u>	<u>55,760</u>	<u>2,788</u>	<u>52,972</u>
<u>8" or More</u>	<u>89,023</u>	<u>4,451</u>	<u>84,572</u>
5/8 X 3/4"	\$1,627	\$81	\$1,546
1"	2,722	136	2,586
1-1/2"	5,423	271	5,152
2"	8,676	434	8,242
3"	17,355	868	16,487
4"	26,927	1,346	25,581
6"	54,347	2,717	51,630
8" or More	86,767	4,338	82,429

(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 except for master planned water, wastewater, and reuse supply projects as contained in development agreements. All revenues generated from the WSC will be maintained in its own activity and to be used only as specified in §1-1-8(D)(1).

(5) Master planned developments outside the service area shall meet additional water, wastewater, and reuse service provision requirements in accordance with Water Authority policies and plans.

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

(4) 2" meter set only, \$635

(5) 3" metered service line installation.

(a) 3" meter set only with compound meter without vault, \$2,185

(6) 4" metered service line installation.

(a) 4" meter set only with compound meter without vault, \$3,125

(b) 4" meter set only with fire assembly meter without vault \$7,210

(7) 6" metered service line installation.

(a) 6" meter set only with compound meter without vault, \$5,140

(b) 6" meter set only with fire assembly meter without vault \$7,520

(8) 8" metered service line installation.

(a) 8" meter set only with fire assembly without vault \$13,040

(9) 10" and larger: Contact the Utility for price quote

(B) Meter Size Reduction Installation.

(1) 5/8 X 3/4" through 1-1/2", contact the Utility for price quote

(2) 2", contact the Utility for price quote

(3) 3" and larger, contact the Utility for price quote

1 (C) Nonpayment Delinquency Fee.

2 (1) 5/8 X 3/4" and 1", \$45

3 (2) 1-1/2" through 10", \$60

4 (D) Combined Fire-Domestic Meters.

5 (1) Requests for this type of metered service, which provide both fire
6 protection and domestic-irrigation service, may be made at the New Services Section of
7 Utility Development. Upon the satisfactory determination of peak flow water delivery
8 requirements, as certified by an engineer registered in the State of New Mexico, in
9 accordance with the City and the County fire codes and the AWWA M22 an equivalent
10 meter size will be determined for the service. Fixed monthly charges for private fire
11 protection shall also be applied commensurate with the degree of fire protection capacity
12 being provided.

13 (2) Fees for installation (set only) is in §1-1-9(A).

14 (E) Cross Connection Fees

15 (1) Containment Inspection Fees. An inspection fee of \$50 shall be
16 assessed to all customers required to have premise inspections to cover expenses incurred
17 by the Water Authority during the initial inspection of the premise. The inspection fee shall
18 be assessed only to those customers whose premise are is in compliance with this
19 Ordinance at the time of inspection.

20 (2) Backflow Prevention Assembly Administrative Charge. All customers
21 required to provide cross-connection control by containment and/or isolation shall be
22 assessed an annual administrative fee of \$30 (fee is not to be prorated in case of change in
23 ownership) for each backflow prevention assembly located at the premise. This fee
24 incorporates expenses incurred by the Water Authority to maintain records, to process
25 required testing notices and to enter data as required.

26 (3) Late report fee. A late report fee of \$100 per month may be assessed
27 for passing test reports submitted more than 30 days past the due date. The late report fee
28 will be assessed monthly until a passing test report is submitted.

29 (4) Non-existent containment backflow preventer assembly fee. A non-
30 existent containment backflow preventer assembly fee of \$200 per month may be assessed
31 for each service line without a backflow preventer or with an unapproved backflow
32 preventer.

(5) Unauthorized connection fee. An unauthorized connection fee of \$200 per month may be assessed for each service line with an unauthorized tee, branch, connection fitting, or opening between the containment backflow prevention assembly and the service connection.

(F) Meter Reset

(1) Contact the Utility for a price quote.

(G) Septage Fees. Each time the septage hauler enters the septage disposal site at the Southside Water Reclamation Plant, the permittee will be assessed a charge based on the type of permitted waste and based on 85% of the permitted septage hauler tank capacity no matter the amount discharged. The amount of the Septic Tank and Chemical Toilet charge shall be adjusted annually by building cost or construction cost indices (BCI or CCI) as published by the Engineering News Record (ENR).

(1) Septic Tank Charge. The septic tank charge is ~~\$.02426~~ .02489 per gallon.

(2) Chemical Toilet Charge. The chemical toilet charge is ~~\$.05077~~ .05209 per gallon.

(3) Septage Hauler Registration Charge. A septage hauler registration charge of \$25 per vehicle shall be assessed to all septage haulers submitting a septage hauler application.

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.

(D) The Executive Director is authorized to establish and issue guidelines for billing procedures, including but not limited to payment plans for delinquent accounts.

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 a 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

1 protest the Water Authority's proposed action at an administrative hearing.

2 (C) The Customer must request in writing that a hearing be held and such
3 request must be received by the Executive Director on or before the date the services are
4 to be terminated. If the Customer requesting the hearing is not the owner of record, the
5 Customer must provide proof that the owner of record will be bound by the decision of the
6 hearing officer.

7 (D) At such hearing, the Customer may present evidence as the Water Authority
8 and the Executive Director, or his designated hearing officer, may affirm, overrule or modify
9 the decision to terminate the services. The decision shall be final.

10 (E) In the event a hearing is requested, the services shall not be terminated
11 pending the conclusion of the hearing and this issuance of a decision.

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

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

17 1-1-16. EFFECTIVE DATE AND PUBLICATION.

18 The effective date of this Ordinance will be July 1, ~~2017~~ 2018 unless otherwise
19 stated.

20 1-1-98. PROHIBITIONS.

21 (A) No person shall use or cause to be used any water produced or distributed by
22 the Water Authority without the consent of Water Authority. Water distributed through an
23 authorized meter or obtained by any means authorized by ordinances or administration
24 rules and regulations shall constitute the consent of the Water Authority.

25 (B) No person shall discharge or cause to be discharged any liquid waste to the
26 liquid waste collection or treatment system operated by the Water Authority without the
27 consent of the Water Authority and in compliance with the Water Authority's Sewer Use
28 and Waste Water Control Ordinance. Approved connections or permits shall constitute
29 such consent.

30 (C) No person shall willfully break, injure, or tamper with any property of the
31 Water Authority, including but not limited to: wells, pump stations, reservoirs, sewage

1 treatment plants, lift stations, distribution lines, fire hydrant service lines, meters, gate
2 valves, manhole covers or grates.

3 (D) Violation of any of the above described Prohibitions constitutes a violation of
4 the conditions of Water Authority service and may be subject to a connection service
5 charge of \$400.00 per occurrence and charges of four years of usage based upon prior
6 usage or the customer class average or termination of service.

7 **Section 2. SEVERABILITY CLAUSE.** If any Section, paragraph, sentence, clause, word
8 or phrase of this Ordinance is for any reason held to be invalid or unenforceable by any
9 court of competent jurisdiction, such decision shall not affect the validity of the remaining
10 provisions of this Ordinance. The Water Authority hereby declares that it would have
11 passed this Ordinance and each Section, paragraph, sentence, clause, word or phrase
12 thereof irrespective of any provision being declared unconstitutional or otherwise invalid.



POST ISSUANCE COMPLIANCE POLICY

As of May 23, 2018



Post-Issuance Tax and Securities Compliance Guidelines for Bonds

Overview

This guide lists the post-issuance tax compliance controls and procedures related to financial obligations (“Post-Issuance Compliance Guidelines”) maintained by Albuquerque Bernalillo County Water Utility Authority (the “Water Authority”). Post-Issuance Compliance Guidelines are intended to ensure that the Water Authority complies, and is able to demonstrate such compliance with applicable legal provisions including certain recordkeeping and reporting requirements in order (a) to maintain the tax status of the bonds for federal income tax purposes under the Internal Revenue Code and the Treasury Regulations, (b) to ensure that the bonds continue to comply with the securities laws contained in Rule 15c2-12 of the Securities Exchange Board. References herein to “Tax-exempt bonds” include the issuance of tax exempt and tax-advantaged bonds, loans and other similar debt instruments that may be issued by the Water Authority. This guideline is designed to formalize compliance procedures so that the Water Authority utilizes the proceeds of all issues of bonds in accordance with applicable federal tax requirements, and complies with all other applicable federal requirements with respect to bond issues.

A list of currently outstanding bond issues, inclusive of taxable and tax advantaged issues when applicable is attached hereto as Exhibit A. Such exhibit will be updated from time to time as new bond issues arise or existing bond issues cease to be outstanding. Certain additional transactional covenants and recurring reporting and similar obligations of the Water Authority relevant to the Water Authority’s current bonds and leases are set forth in Exhibit B hereto, which may be amended from time to time to address future leases or bond issues.

Section I: Issuance of Bonds

Financing with tax-exempt bonds is determined by the Water Authority’s Board with consultation from the following:

- Water Authority’s Finance Staff
- Financial Advisor (RBC Capital Markets as of May 1, 2013)
- Bond Counsel (Brownstein Hyatt Farber Schreck as of May 1, 2013)
- Disclosure Counsel (Modrall Sperling as of May 1, 2013)

Bond Counsel

The Water Authority will retain a firm of nationally recognized bond counsel (“Bond Counsel”) to deliver a legal opinion upon issuance of Bonds. The Water Authority will consult with Bond Counsel, other legal counsel and advisors throughout the bond financing process as well as during the post-issuance term of the bonds.

External Counsel Advisors

The Water Authority maintains a relationship with a firm to serve as financial advisor (“Financial Advisor”) in

connection with the issuance of tax exempt bond financing to advise with respect to outstanding tax-exempt bonds and for future capital projects.

Tax Certificate

The federal tax requirements relating to each issue of Bonds will be set forth in a related Tax Certificate, which will be included in the closing transcript for each issue. The certifications, representations, expectations and covenants set forth in the Tax Certificate relate primarily to the restriction on use of the Bond-financed facilities by persons or entities other than the Water Authority, changes in use of Bond-financed assets, restrictions applicable to the investment of Bond proceeds and other moneys relating to the Bonds, arbitrage rebate requirements, and economic life of the Bond-financed assets. Bond Counsel will rely in part on the Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes.

IRS Form 8038-G

Bond Counsel, with assistance from the Water Authority and other professionals associated with each Bond issuance, shall prepare an IRS Form 8038-G. The Chief Financial Officer (“CFO”) or designee will review and sign at closing, and will confirm that the IRS Form 8038-G with respect to all Bond issues is timely filed by Bond Counsel, including any required schedules and attachments. The Form 8038-G filed with the IRS, together with an acknowledgement copy or IRS Notice CP152, will be included as part of the closing transcript for each Bond issue.

Bond Financing Transcript

The transcript associated with each Bond financing, will include copies of the executed Opinion of Bond Counsel, Tax Certificate, and IRS Form 8038-G. The CFO will keep a copy of the transcript in accordance with the provisions of Section V-“Records Retention”, of these Post-Issuance Compliance Guidelines.

Section II. Application of Bond Proceeds

The CFO will monitor and report to the Executive Director (“ED”) the use of Bond Proceeds. Bond Proceeds will be used for the purpose set forth in the respective Tax Certificate.

Reimbursement / Official Intent

If it is anticipated that a capital expenditure will eventually be reimbursed with proceeds of a bond issue, at the time of expenditure, or in any event, not later than 60 days after payment of the original expenditure, the Water Authority will adopt an official intent that complies with Section 1.150-2(e) of the Treasury Regulations. Further, the actual reimbursement allocation must be made not later than 18 months after the later of either the date the original expenditure is paid; or the date the project is placed in service or abandoned, but in no event more than 60 days after the fifth anniversary of the issue date or the date 60 days after the retirement of the issue, if earlier.

Assignment of Responsibility and Establishment of Calendar

On the date of issuance of any bond, the CFO will identify for the bond issue:

- The funds and/or accounts into which bond proceeds are deposited
- The types of expenditures expected to be made with the bond proceeds deposited into those funds and/or accounts and any expenditures prohibited from being made from such funds or accounts.

- The dates by which all bond proceeds must be spent or become subject to arbitrage yield limitations ("Expenditure Deadlines") and all interim dates by which funds and/or accounts must be checked to ensure compliance with the applicable Expenditure Deadlines.

Timely Expenditure of Bond Proceeds

At the time of issuance of any Bond issue, the Water Authority must reasonably expect to spend at least 85% of all proceeds expected to be used to finance improvements, which proceeds would exclude proceeds in a reasonably required reserve fund, ("Net Sale Proceeds") within three (3) years of issuance. In addition, the Water Authority must have incurred or expect to incur within six months after issuance expenditures or a binding obligation of not less than 5% of such amount of proceeds, and must expect to complete the project and allocate the proceeds to costs with due diligence. Satisfaction of these requirements allows project-related Bond proceeds to be invested at an unrestricted yield for three (3) years. The CFO will review the anticipated Project construction and funding timeline. The Water Authority's finance staff will monitor the appropriate capital project accounts and ensure that Bond proceeds are spent in the time period required under federal tax law. If the CFO discovers that an Expenditure Deadline has not been met, said person will consult with Bond Counsel to determine the appropriate course of action with respect to such unspent bond proceeds. Special action may need to be taken with such unspent bond proceeds, including yield restriction, or redemption of Bonds.

Final Allocation

Expenditures will be summarized in a final allocation of bond proceeds ("Final Allocation") in a manner consistent with allocations made to determine compliance with arbitrage yield restriction and rebate requirements. The Final Allocation will memorialize the assets or portion thereof financed with bond proceeds and the assets or portion thereof financed with other funds.

The Final Allocation must occur not later than 18 months after the later of the date the expenditure is paid or the date the Project to which the expenditure relates is completed and actually operating at substantially the level for which it was designed. This allocation must be made in any event not later than 60 days after the end of the fifth year after issuance of the Bonds or 60 days after none of the Bonds are outstanding, if earlier.

The CFO will be responsible for ensuring that such Final Allocation is made for the bonds.

Modification of Bond Terms

The CFO is responsible for identifying any events resulting in (a) changes or modifications of any of the contractual terms of bonds (including, without limitation, modifications of the bond interest rates, maturity dates or payment schedule), (b) changes to any credit enhancement of or liquidity facility for bonds, (c) changes in the nature of the security for the bonds, (d) purchase of bonds by the Water Authority or any entities related to the Water Authority or (e) any deferral or forbearance of default of payment of principal and interest due on bonds. Such actions may result in a deemed reissuance of the bonds for federal income tax purposes and could require protective actions to maintain the tax status of the bonds. Bond Counsel should be consulted prior to taking any of these actions.

Use of Bond Proceeds

Bond Proceeds generally should be used for long-term capital projects and not more than 5% of the proceeds should be loaned to one or more Nongovernmental Persons. Bond Proceeds (including earnings on original sale proceeds), other than proceeds deposited in a reasonably required reserve fund or used to pay costs of issuance, should be spent on Capital Expenditures. For this purpose, Capital Expenditures generally mean costs to acquire, construct, or improve property (land, buildings and equipment), or to adapt the property to a new

or different use. The property must have a useful life longer than one (1) year. Capital Expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital Expenditures do not include operating expenses of the projects or incidental or routine repair or maintenance of the Project, even if the repair or maintenance will have a useful life longer than one (1) year.

Segregation of Bond Proceeds

Bond Proceeds shall be maintained in separate accounts or subaccounts to ensure accurate calculations and accounting as required by the Internal Revenue Code. The Water Authority shall establish separate accounts or subaccounts as provided in the related Bond Resolution.

Section III: Use of Bond Financed Assets

The Water Authority reviews, and will continue to review, any third-party uses of its Bond-financed facilities (“Projects”) for private business use. In addition, the Water Authority will continue to consult regularly with Bond Counsel and Financial Advisor regarding applicable federal tax limitations imposed on the Water Authority’s outstanding tax-exempt obligations and whether arrangements with third parties give rise to private business use of the Projects. The CFO will maintain records identifying the assets or portion of assets that are financed with proceeds of a Bond issue, the uses and the users (including terms of use and type of use). Such records may be kept in any combination of paper or electronic form. In the event the use of Bond proceeds or the Project is different from the covenants and representations in the Tax Certificate, the CFO shall be notified at that time and Bond Counsel will be promptly notified and consulted to ensure that there is no adverse effect on the tax-exempt status of the Bond issue.

Ownership and Use of Project

For the life of the Bond issue, the Project must be owned and operated by the Water Authority (or another state or local governmental entity). At all times while the Bond issue is outstanding, no more than 10% (or \$15,000,000, if less) of the Bond proceeds or the Project may be used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit (“Private Use”). Generally, Private Use consists of any contract or other arrangement, including leases, management contracts, operating agreements, guarantee contracts, take or pay contracts, output contracts or research contracts, which provides for use by a person who is not a state or local government on a basis different than the general public. Use may include: (i) owning, leasing, providing services, operating, or managing the Project; (ii) acquiring the output (or throughput) of the Project; or (iii) acquiring or using technology developed at the Project. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes “General Public Use”. General Public Use is any arrangement providing for use that is available to the general public at either no charge or on the basis of rates that are generally applicable and uniformly applied. Water Authority staff will monitor all leases and subleases on property that has been financed with tax-exempt long-term obligations. Prior to entering into any lease or sublease on a bond-financed property, Water Authority staff will consult with Bond Counsel to determine the impact, if any, such lease or sublease would have on the tax status of outstanding tax-exempt obligations.

The Water Authority will use long-term obligations to finance those projects that are intended to be owned and operated by the Authority for the entire term of the long-term financing. Prior to selling or otherwise disposing of any tax-exempt debt financed project for which debt remains outstanding, the Water Authority will consult with Bond Counsel to determine the impact, if any, such sale or disposition would have on the tax status of outstanding tax-exempt debt.

Management or Operating Agreements

Any management, operation or service contracts whereby a non-exempt entity is using Bond-financed assets must relate to portions of the Project that fit within the above-mentioned 10% allowable Private Use or the contracts must meet the IRS safe harbor for management contracts. Any replacements of or changes to such contracts should be reviewed by Bond Counsel. The Water Authority shall contact Bond Counsel if there may be a lease, sale, disposition or other change in use of Bond-financed assets. The CFO will maintain records on contracts related with Water Authority real estate on the Facility Management System. In general, management or service contracts related to Projects must provide for reasonable compensation for services rendered with no compensation based on a share of net profits from operations.

The CFO will inform the persons responsible for the management and operation of the Bond-financed assets (“Asset Managers”) of the Private Business Use restrictions relating to the Bond-financed assets. The CFO will require Asset Managers to submit any management contract with respect to any portion of Bond-financed Assets for his or her review prior to entering into such management contract. The CFO will meet at least annually with Asset Managers to identify and discuss any existing or planned use of Bond-financed assets that may give rise to Private Business Use.

Useful Life Limitation

The weighted average maturity of the Bond issue cannot exceed 120% of the weighted average economic life of the Bond-financed assets. In other words, the weighted average economic life of the Project must be at least 80% of the weighted average maturity of the Bond issue. The term of a long-term obligation should not exceed the useful life of a project financed by those obligations; or in the case of multiple projects, the term of the long-term obligation will not exceed the average useful life. The useful life of an object is confirmed at the time of issuance. Also, each asset of the Authority has a useful life that is recorded in the Authority enterprise resource program.

Section IV: Investment Restrictions, Arbitrage Liability

Investment Restrictions

Investment restrictions relating to Bond proceeds and other moneys relating to the Bonds are set forth in the Tax Certificate. The Authority’s finance staff will monitor the investment of Bond proceeds to ensure compliance with yield restriction rules. The Authority’s CFO is responsible for directing the investment of proceeds of Bonds or other funds related to the Water Authority’s Bonds and will provide periodic updates on the investments of Bond proceeds to the Water Authority investment committee.

Arbitrage Yield Calculations and Rebate

Investment earnings on Bond proceeds will be tracked and monitored to comply with applicable yield restrictions and/or rebate requirements. The Authority is responsible for calculating (or causing the calculation of) rebate liability for each Bond issue, and for making any required rebate payments. Any funds of the Authority set aside or otherwise pledged or earmarked to pay debt service on Bonds should be analyzed to assure compliance with the tax law rules on arbitrage, invested sinking funds and pledged funds (including gifts or donations linked to the Bond-financed assets).

Arbitrage Rebate Consultant

The Authority will retain an arbitrage rebate consultant, to perform rebate calculations as required in the Tax Certificate of each Bond financing. The CFO is responsible for providing the arbitrage rebate consultant with requested documents and information on a prompt basis, reviewing applicable rebate reports and other

calculations and generally interacting with the arbitrage rebate consultant to ensure the timely preparation of rebate reports and payment of any rebate liability.

Arbitrage Rebate Payments

The reports and calculations provided by the arbitrage rebate consultant will confirm compliance with rebate requirements, which include the Authority to make rebate payments, if any rebate liability exists, no later than the fifth (5th) anniversary date and each fifth (5th) anniversary date thereafter through the final maturity or redemption date of a Bond issue. A final rebate payment must be made within sixty (60) days of the final maturity or redemption date of a Bond issue. The CFO or their designee will confer and consult with the arbitrage rebate consultant to determine whether any rebate spending exception may be met. Rebate spending exceptions are available for periods of 6 months, 18 months and 2 years. The Authority will review the Tax Certificate and/or consult with the arbitrage rebate consultant or Bond Counsel for more details regarding the rebate spending exceptions. Copies of all arbitrage rebate reports, related return filings with the IRS (i.e., IRS Form 8038-T), copies of cancelled checks with respect to any rebate payments, and information statements must be retained as described in Section V below. The Authority's finance staff will follow the procedures set forth in the Tax Certificate entered into with respect to any Bond issue that relate to compliance with the rebate requirements.

Section V: Record Retention

The CFO will maintain, or cause to be maintained, copies of all relevant documents and records sufficient to support that the tax requirements relating to a Bond issue have been satisfied will be maintained by the Water Authority for the later of: (i) the term of a Bond issue, or (ii) the term of any subsequent issue that refunds the original Bond issue, plus three (3) years, including the following documents and records:

- Bond closing transcript
- All records of investments, arbitrage reports, returns filed with the IRS and underlying documents
- Construction contracts, purchase orders, invoices and payment records
- Documents relating to costs reimbursed with Bond proceeds
- All contracts and arrangements involving Private Use of the Bond-financed property
- All reports relating to the allocation of Bond proceeds and Private Use of Bond-financed property
- Itemization of property financed with Bond proceeds
- Subscription information related to United States Treasury Securities – State and Local Government Series (SLGs)
- Solicitation and all responses received from the bidding of any guaranteed investment contracts and Government Obligations

Section VI. Annual Review of Post Issuance Compliance Controls

The Water Authority will conduct periodic reviews of compliance with these Post-Issuance Compliance Guidelines to determine whether any violations have occurred so that such violations can be remedied through the “remedial action” regulations (Treas. Reg. Section 1.141-12) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance). If any changes to the terms or provisions of a Bond issue are contemplated, the Water Authority will consult Bond Counsel. The Water Authority recognizes and acknowledges that such modifications could result in a “reissuance” for federal tax purposes (i.e., a deemed refunding) of the Bond issue and thereby jeopardize the tax-exempt status of interest on the Bonds after the modifications. At least annually, the CFO will conduct an evaluation of the effectiveness of the design and operation of the Water Authority’s Post-Issuance Compliance Guidelines with the assistance of the Water Authority’s Financial Advisor as needed and internal finance staff of the Water Authority as appropriate, to the extent determined by any of them to be necessary or appropriate.

Annual Review and Training

The CFO will coordinate an annual review process to investigate, monitor, assure and document compliance with the tax and continuing disclosure requirements described in these guidelines. CFO or other staff responsible for monitoring post-issuance tax compliance matters will attend regular training or educational forums necessary to stay up to date on tax-exempt bond compliance requirements.

Continuing Disclosure Compliance Requirements

In each year that the Water Authority has bonds or taxable obligations outstanding subject to SEC Rule 15c2-12, it must provide updated information or its designee, must file or cause to be filed its annual report (the "Annual Report") with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system for municipal securities disclosure ("EMMA"). Aforementioned updated information must be provided by the Water Authority or designee by the date specified in each bond's official statement. Refer to Exhibit B for the required disclosure dates for Water Authority's existing bonds.

In preparing its Annual Report, the Water Authority should review each of its outstanding continuing disclosure undertakings (if any) (collectively, the "Undertakings") to determine the quantitative financial information and operating data which, together with the audited financial statements, will constitute the content of the Annual Report. Certain quarterly reports may also need to be filed with the MSRB through EMMA.

The Water Authority, through its Disclosure Counsel, will also continuously monitor other events relevant to the bonds and provide proper notice to the MSRB through EMMA as may be required by the Undertakings. A list of relevant events is included on Exhibit C hereto, which may be amended from time to time to reflect updates in the law.

The Water Authority will coordinate any submissions with the MSRB through EMMA with Disclosure Counsel or other legal counsel.

EXHIBIT A

TO POST-ISSUANCE COMPLIANCE GUIDELINES

LIST OF CURRENTLY OUTSTANDING BONDS

SYSTEM REVENUE BONDS

- \$135,990,000 (original principal amount; dated April 8, 2009) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2009A-1** (Final Maturity: July 1, 2034)
- \$62,950,000 (original principal amount; dated October 22, 2013) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2013A** (Final Maturity: July 1, 2038)
- \$55,265,000 (original principal amount; dated October 22, 2013) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2013B** (Final Maturity: July 1, 2024)
- \$97,270,000 (original principal amount; dated September 24, 2014) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2014A** (Final Maturity: July 1, 2026)
- \$87,005,000 (original principal amount; dated September 24, 2014) Subordinate Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2014B** (Final Maturity: July 1, 2025)
- \$211,940,000 (original principal amount; dated April 27, 2015) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2015** (Final Maturity: July 1, 2033)
- \$87,970,000 (original principal amount; dated March 1, 2017) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue Bonds, **Series 2017** (Final Maturity: July 1, 2034)

NMFA LOANS

- \$10,426,232 (original principal amount) Subordinate Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue NMFA DWRFL, **Series 2008** (Final Maturity: May 1, 2025)
- \$1,000,000 (original principal amount) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue NMFA DWRFL, **Series 2009** (Final Maturity: July 1, 2031)
- \$53,400,000 (original principal amount) Senior Lien Albuquerque Bernalillo County Water Utility Authority, New Mexico, System Revenue NMFA PPRF, **Series 2011** (Final Maturity: June 1, 2036)

EXHIBIT B
TO POST-ISSUANCE COMPLIANCE GUIDELINES

THE FOLLOWING SUMMARIES ARE NOT COMPLETE DESCRIPTIONS OF THE COVENANTS DESCRIBED IN THE BOND DOCUMENTS, AND REFERENCE MUST BE MADE TO THE APPLICABLE DOCUMENT SECTIONS FOR A FULL DESCRIPTION OF SUCH COVENANTS. The Water Authority should seek advice of Bond Counsel or other legal counsel to assist in reviewing tax, insurance, disclosure and business covenants summarized below.

ISSUE	ADDITIONAL BOND TEST	CDU DATE	RATE COVENANT	RESERVE REQUIREMENT
NET SYSTEM REVENUE BONDS				
SERIES 2009A-1	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2013A	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2013B	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2014A	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2014B	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2015	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A
SERIES 2017	1.33X Max Combined Annual Debt Svc & Historic or Proj. Test	Mar. 31	Sufficient To Pay 1.33X Debt Svc	N/A

EXHIBIT C
TO POST-ISSUANCE COMPLIANCE GUIDELINES
SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS

For its Undertakings with respect to bonds or other obligations issued before December 1, 2010, the Water Authority must monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking:

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes.

For its Undertakings with respect to bonds or other obligations issued on or after December 1, 2010, the Water Authority must monitor the following events and provide notice of such events to the MSRB through EMMA as required by the applicable Undertaking, but not later than 10 business days after occurrence:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of bondholders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Water Authority
13. The consummation of a merger, consolidation or acquisition involving the Water Authority or the sale of all or substantially all of the assets of the Water Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material/applicable.