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Meeting Date: May 19, 2021  
Staff Contact: Stan Allred, Chief Financial Officer

**TITLE:** R-21-9 – Appropriating Funds for the Capital Implementation Program of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2021 and Ending June 30, 2022

**ACTION:** Recommend Approval

**SUMMARY:**

This legislation appropriates funding for the FY22 Capital Implementation Program (CIP). This appropriation provides funding for new projects as well as supplements current appropriations for projects that are ongoing.

**FISCAL IMPACT:**

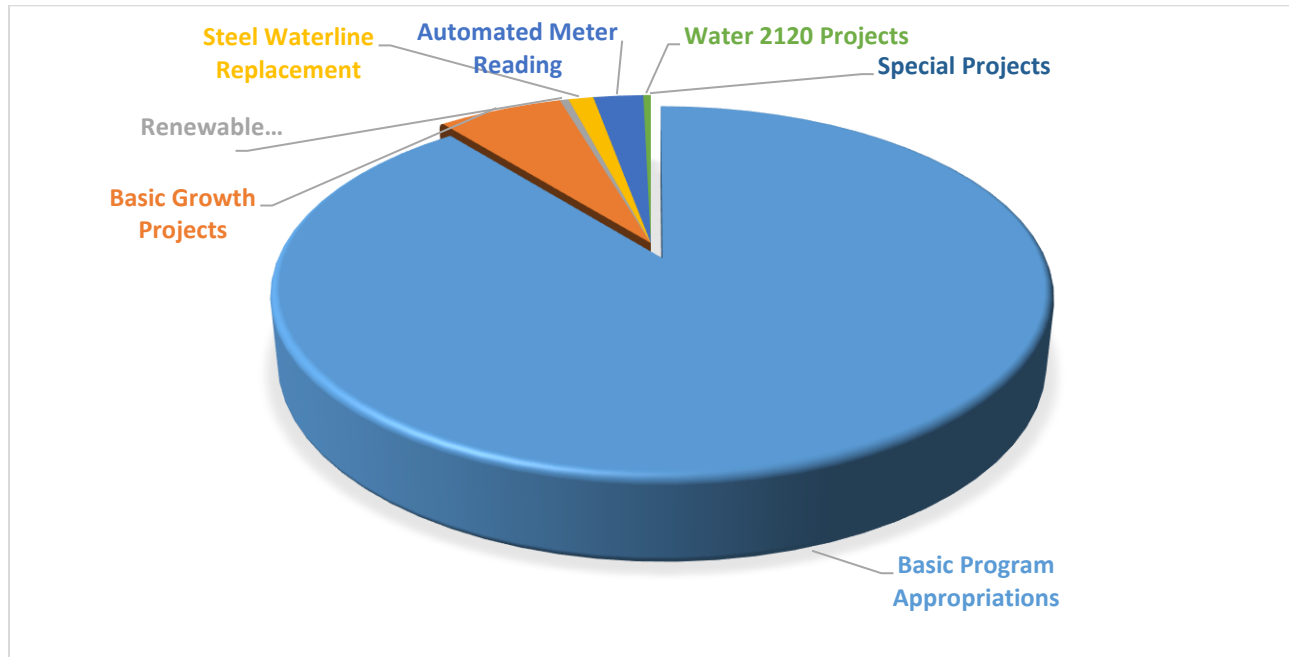
The FY22 capital implementation program appropriation totals \$80.4 million. \$71.7 million is appropriated for the basic rehab capital programs, \$5.0 million for growth related projects, \$0.3 million for *Water 2120* projects, and \$3.4 million is appropriated for special projects.

The \$3.4 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, and \$0.4 million for various renewable energy projects.

The current Rate Ordinance requires no less than \$30.0 million for Basic rehabilitation program. Additionally, \$2.0 million is budgeted annually for the Automated Meter Infrastructure (AMI) program. There are no appropriations in the proposed FY22 CIP budget for projects that will be funded with revenues from FY23 or later.

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

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



## COMMENTS:

The blueprint for the Basic capital program is the Decade Plan, a ten-year plan required to be updated biennially with two, four, six, eight- and ten-year planning elements. There must always be an approved two-year planning element in place before the Board can approve a current year capital program appropriation. FY22 is the first year in the current FY 2022 – FY 2031 Decade Plan. Listed below are the detailed projects for year one:

	<b>FY22 Budget</b>
<b><u>Basic Program Appropriations:</u></b>	
Sanitary Sewer Pipeline Renewal	\$12,150,000
Drinking Water Pipeline Renewal	6,475,000
Southside Water Reclamation Plant Renewal	27,750,000
Soil Amendment Facility (SAF) Renewal	50,000
Lift Station and Vacuum Station Renewal	1,548,000
Odor Control Facilities Renewal	200,000
Drinking Water Plant Groundwater System Renewal	7,850,000
Drinking Water Plant Treatment System Renewal	1,875,000
Reuse Line and Plant Rehab	1,800,000
Compliance	365,000
Shared Renewal	4,482,000
Franchise Agreement Compliance	4,200,000

Vehicles and Heavy Equipment	2,988,000
<b>Level 1 Priority Renewal Projects Total</b>	<b>\$71,733,000</b>
	<b>FY22</b>
	<b>Budget</b>
<b>Special Projects:</b>	
Steel Waterline Rehab	\$1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
<b>Special Projects Total</b>	<b>\$3,350,000</b>
<b>Combined Basic Renewal and Special Projects</b>	<b>\$75,083,000</b>
<b>Growth Projects:</b>	
Development Agreements	\$1,250,000
Land & Easement Acquisition	10,000
MIS/GIS	3,425,000
Miscellaneous	325,000
<b>Growth Total</b>	<b>\$5,010,000</b>
Water 2120 Projects	300,000
<b>Growth/Other Projects Total</b>	<b>\$5,310,000</b>
<b>Grand Total</b>	<b>\$80,393,000</b>

### **FY22 Capital Program Highlights**

The Water Authority will continue to spend \$250 million to upgrade its wastewater treatment plant and add an additional \$36 million per year to Capital Improvement Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in the most recent asset management study commissioned by the Water Authority. Infrastructure renewal backlog is being addressed over the coming years to maintain service levels and protect the health, safety, and economic viability of our community.

Various projects include:

The sanitary sewer interceptor system is the backbone of the Water Authority's current sewer collection system. It is designed to carry large flows from the collection line system for delivery to the plant for treatment. 46-percent (approximately 111 miles) of the current interceptors within the system are made of concrete and have suffered substantial hydrogen sulfide corrosion damage along the upper portions of the pipe. This ultimately results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way. The FY22 budget reflects an increase of \$1.1 million from FY21 that will be used to continue to evaluate, plan, design, and construct for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation.

Replacing whole segments aged pipe will reduce ongoing operation and maintenance costs. If aging pipeline is not replaced, the impact of emergency response will increase

for these repairs and multiple leaks will occur in the same segment of pipe. This program will provide funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past the useful life.

The Supervisory Control and Data Acquisition (SCADA) system hardware replacement and software upgrade will continue in FY22. The SCADA process computers provide continuous operations 24 hours a day 365 days a year. Due to the age of the process control computers, Dell warranties are no longer valid. If the SCADA equipment should fail, it would be extremely difficult to produce, treat or distribute water manually.

At the Southside Water Reclamation Plant (SWRP), funding will continue to be used to rehabilitate and make improvements to the existing primary clarifiers. Covered Primary Clarifiers 1-4 and upgraded PH1/PH2 will allow Primary Clarifiers 5-8 to be taken out of service periodically for maintenance, with no treatment process impact, and no Odor problems. This also will include repair of structural concrete and replacement of the mechanical scraper mechanisms. In addition, covers will be added to assist in combating offensive odors.

The South Aeration Basins 5 & 6 Rehab – Construction project will resolve diffuser/piping repairs/replacement plus relocation of valves above the mixed liquor level are necessary to maintain and operate these aeration basins effectively. Rehab of the aeration basins ensures effective DO transfer in the basins, allowing SWRP Ops to make proper process changes to achieve WQ discharge criteria. Effective aeration and accessible equipment will decrease effort required for O&M activities.

The Information Technology/GIS funding allocations will be utilized to purchase new/upgrade all hardware and software applications and the databases that support those applications. Applications include Finance Enterprise (formerly known as One Solution), Kronos, LIMS and GIS, among others. Funding will be used to address the mobile, security and telecommunications environments and to provide continual efficiencies to reduce costs and maintain backups of mission critical systems.

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

# ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-21-9

**1 RESOLUTION**

**2 APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR**  
**3 THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR**  
**4 THE FISCAL YEAR BEGINNING JULY 1, 2021 AND ENDING JUNE 30, 2022**

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

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

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

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

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

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

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

**22** BE IT RESOLVED BY THE WATER AUTHORITY:

**23** That the appropriations for the projects as stated below are hereby made.

**24** Basic Program Appropriations:

<b>25</b>	Sanitary Sewer Pipeline Renewal	12,150,000
<b>26</b>	Drinking Water Pipeline Renewal	6,475,000
<b>27</b>	Southside Water Reclamation Plant Renewal	27,750,000
<b>28</b>	Soil Amendment Facility (SAF) Renewal	50,000

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

1	Lift Station and Vacuum Station Renewal	1,548,000
2	Odor Control Facilities Renewal	200,000
3	Drinking Water Plant Groundwater System Renewal	7,850,000
4	Drinking Water Plant Treatment Systems Renewal	1,875,000
5	Reuse Line and Plant Rehab	1,800,000
6	Compliance	365,000
7	Shared Renewal	4,482,000
8	Franchise Agreement Compliance	
9	4,200,000	
10	Vehicles and Heavy Equipment	2,988,000
11	<u>Special Projects:</u>	
12	Steel Waterline Rehab	1,000,000
13	Automated Meter Infrastructure (AMI)	2,000,000
14	Renewable Energy Projects	350,000
15	<u>Growth:</u>	
16	Development Agreements	1,250,000
17	Land & Easement Acquisition	10,000
18	MIS/GIS	3,425,000
19	Miscellaneous	325,000
20	<u>Other:</u>	
21	Water 2120 Project Fund	300,000
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