APPROVED FY2023 Budget and Performance Plan

Albuquerque Bernalillo County
Water Utility Authority

Albuquerque Bernalillo County Water Utility Authority

Albuquerque, New Mexico

Approved Operating Budget FY23

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Albuquerque Bernalillo County
Water Utility Authority

To: Klarissa J. Peña, Chair

From: Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2022 and Ending June 30, 2023

Presented to the Board for review and consideration is the budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2023 (FY23). This submittal is the Water Authority's financial plan for FY23. The development of this financial plan has been guided by the Water Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this budget, the Water Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This budget is based upon the 10-year Financial Plan. It is balanced, fiscally conservative and sound.

The Water Authority has developed the budget according to the utility's projected estimated revenues. General Fund revenue for FY23 is estimated to be $244.7 million, representing an increase of $12.8 million from the FY22 budget amount. There is a 5% rate revenue adjustment proposed for FY23.

The General Fund operating expenses for FY23 are $243.8 million, representing an increase of $4.4 million from the FY22 budget, including interfund transfers. This is comprised of an increase of $3.9 million for salaries and benefits, an increase of $0.3 million for operating expenses, and an increase of $0.2 million for interfund transfers to the capital and debt service funds. Personnel expenses include a 5.0% step increase in wages, a 7.9% increase in health benefit costs and a 0.5% increase in PERA pension costs. The most significant expense continues to be debt service payments, which comprise 32.0% of the total General Fund operating expense in FY23.

For FY23, General Fund revenues, including an addition of $1.0 million from fund balance, are expected to be $0.9 million more than budgeted expenses. This amount will bring the Working Capital or Fund Balance to $32.7 million at June 30, 2023. The Water Authority's target is to maintain its Fund Balance to at least 1/12 of the annual budgeted operating expenses as defined by the Water Authority's Rate Ordinance. For FY23, the Rate Reserve fund remains at $9.0 million; the Risk Reserve is $0.5 million; and the Soil Amendment Facility Reserve increases to $2.1 million.

Submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for FY23. This budget reflects the Water Authority's commitment to spend $250.0 million to upgrade its sewage treatment plant and an additional $36.0 million per year to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in an asset management study commissioned by the Water Authority. The proposed CIP appropriation for FY23 is $79.2 million. $66.5 million is appropriated for the basic rehab capital programs, $6.0 million for growth-related projects, $6.4 million for special projects, and $0.3 million for *Water 2120* projects. The 6.4 million for special projects is comprised of $1.0 million for Automated Meter Infrastructure (AMI), $2.0 million for steel water line replacement, $0.4 million for various renewable energy projects and $3.0 million for an Intergovernmental Agreement to use economic development funds from Bernalillo County for the Thunderbird Kirtland Development, LLC (aka MaxQ) water and sewer extensions and other necessary infrastructure improvements. The project consists of a mixed-use business park comprised of two phases totaling approximately 35 acres located in the Ridgecrest Trunk.

In FY22, the Water Authority finalized a subrecipient agreement for the purpose of carrying out a portion of Bernalillo County's American Rescue Plan Act (ARPA) Recovery Funds. The listed projects below will continue in

FY23 not to exceed $58,816,573 in Federal assistance and will assist the County in utilizing such funds. Below is a listing of the projects, funding amount, and a brief description.

1. Carnuel Sewage Collection System ($3,845,000) – Funding will be used for construction of a force main system that will provide sewer service to Carnuel residents and has a direct positive community impact and reduction in groundwater pollution (eliminates septic systems). The Water Authority has received $155,000 in Capital Outlay funding through the State of NM. ARPA funding will used for the construction phase.
2. MDC Water & Sewer Improvements ($4,200,000) – Funding will be used to install a lift station and force main at the MDC facility for improved sewer service. This will eliminate potential compliance violations and costly operations and maintenance for the existing on-site lagoon treatment system.
3. Mesa del Sol Non-Potable Reuse Booster Pump & Reservoir (4,896,536) – Funding will be used to design and construct a re-use reservoir, booster pump and transmission lines to provide adequate pressures for re-use system throughout Mesa del Sol.
4. South Valley Drinking Water Project Phase 8 & 9 ($8,000,000) – Funding will be used to design and construct waterlines for residents and businesses in the South Valley that currently rely on private wells.
5. Kirtland Air Force Base (KAFB) Tijeras Interceptor Rehabilitation ($15,000,000) – Funding will be used to design and rehabilitate the existing interceptor line through KAFB as well as support the Max Q development project.
6. Volcano Cliffs & Corrales Trunk Reservoir & Transmission Line ($15,000,000) – Funding will be used to design and construct a reservoir and transmission line for increased water capacity and transfer within Volcano Cliffs trunk and Corrales trunk.
7. Bosque Non-Potable Water Reclamation Plant and Reuse System ($2,875,037) – Consistent with Water 2120, this project extends the Water Authority's water resources through conservation and direct and indirect potable reuse. This project would provide non-potable water for industrial purposes and irrigation needs to parks, schools, and golf courses. ARPA funding will complete the 1st phase, which is underway, that includes finalizing the layouts for the facility (conceptual design) and submission of a NPDES permit to discharge to the Rio Grande south of Montano Road. This funding will also begin the 2nd phase that consists of preliminary and final design.

This budget represents the Water Authority's coordinative effort to bring to the Board a financial plan that provides the necessary funding to perform all the varied operational and administrative functions, to maintain the level of service to its customers with high-quality water and wastewater service and address the Water Authority's priorities for FY23 to improve services and gain operating efficiencies.

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Distinguished Budget Presentation Award

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Albuquerque Bernalillo Co. Water Utility Authority
New Mexico

For the Fiscal Year Beginning

July 01, 2021

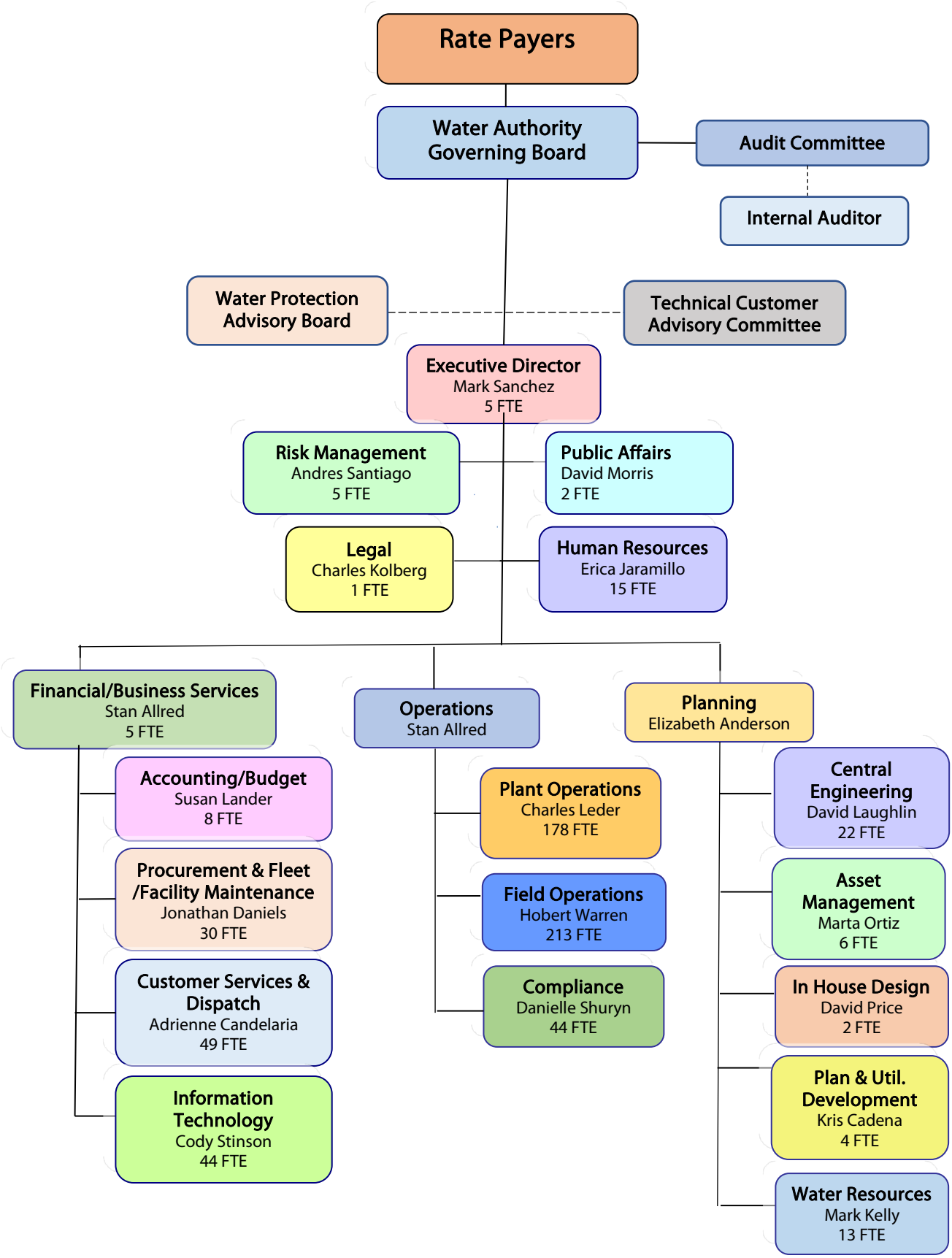
Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Albuquerque Bernalillo County Water Utility Authority, New Mexico** for its annual budget for the fiscal year beginning July 1, 2021. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

ORGANIZATION CHART



The **Approved Budget** presents all funding issues by program strategy and division levels for all operating funds. The **Appendix** is the **Performance Plan**, which assesses the performance of the Water Authority using measures that are designed to help the Water Authority improve its operational efficiency and effectiveness. These performance measures help guide the operating and capital budgets in allocating the Water Authority's financial resources, thus making these budgets performance based.

The **Approved Budget** has 9 major sections: Executive Summary, Five-Year Goals and One-Year Objectives, Approved Budget & Financial Consolidations, Revenue Analysis and Economic Outlook, Functional Units, Capital Budget, Debt Obligations, Statistical and Supplemental Information and Appropriations Legislation.

Executive Summary: This section is designed as an overview, explaining the policies as well as outlining the budget.

Five-Year Goals and One-Year Objectives: This section explains the Water Authority's five-year goals and details the current one-year priority objectives.

Approved Budget & Financial Consolidations: This section contains Resources, Appropriations, Fund Balance/ Working Capital Tables by fund group, and the financial plan. The funds are presented with estimated ending fund balances for both the current year and the budget year.

Revenue Analysis and Economic Outlook: This section contains detailed information on the projected revenue and the Economic Outlook to be addressed in the coming year. This section also looks at the Albuquerque economy as it relates to the budget.

Functional Units: This section contains personnel information and functional unit information.

Capital Budget: This section explains the Water Authority's capital process which is prepared on an annual basis. Anticipated capital projects and the expected operating impacts are discussed as well.

Debt Obligations: This section provides tables and schedules of the Water Authority's debt obligations.

Statistical and Supplemental Information: This section contains statistical information that is useful to understand the budget and Water Authority operations. There is a brief explanation of the methodology used in budget preparation, a listing of acronyms, and a selected glossary of terms.

Appropriations Legislation: This section contains copies of the legislation that has been approved by the Water Authority Board.

The Appendix contains the **Performance Plan,** which contains performance measures organized by the Water Authority's Five-Year Goal areas. Each goal area is described by a goal statement which explains the long-term desired result for that goal. The purpose of these performance measures is to help the Water Authority understand how it is meeting its goals and to answer some of the basic questions: 1) Are we improving year to year? 2) How do we compare with the industry standard? 3) Are we increasing customer satisfaction?

The electronic version of the FY23 Approved Budget can be found at the Water Authority's website:

http://www.abcwua.org/your-water-authority-finances/

The electronic version of the FY23 Performance Plan can be found at the Water Authority's website:

http://www.abcwua.org/your-water-authority-finances/

The electronic version of the FY2022-2031 CIP Decade Plan can be found at the Water Authority's website:

http://www.abcwua.org/your-water-authority-finances/

Budget Policies and Procedures Ordinance

NMSA 1978, Section 72-1-10, which created the Albuquerque Bernalillo County Water Utility Authority (Water Authority), along with the Water Authority's Budget Policies and Procedures Ordinance, requires the Executive Director to formulate the operating budget for the Water Authority. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year. The Water Authority Board then will approve or amend and approve the Executive Director's proposed budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

Process for Preparing, Reviewing, and Adopting the Budget

In November and December, the Water Authority's Ten-Year Financial Plan is revised to determine the revenue and appropriation levels that are projected for the budgeted fiscal year as well as how future years will be impacted by these financial decisions.

In December, departments and divisions prepare their One-Year Objectives. Objectives meetings are held with the Executive Director and Senior Staff to review and finalize the One-Year Objectives. A salary forecast is completed for review by the Executive Director. Expense data is accumulated at the current level and totals are reviewed to determine if other actions or changes in budget instructions must be made to achieve a balanced budget. Once revenue and appropriation levels are determined, the base budget is prepared.

In January, the budget instructions are issued to divisions and the Performance Plan data is updated. The performance plan contains performance measures that guide the operating and capital budgets in allocating the Water Authority's financial resources and is driven by the five-year goals and one-year objectives.

In February and March, budget meetings are held with the Executive Director and Water Authority Senior Staff. During this process, divisions may request program expansions, offer plans for reducing costs, or propose revenue enhancements. One-Year Objectives and Performance Plan data are reviewed and updated. The Capital Implementation Program (CIP) Decade Plan is reviewed and updated for the fiscal year CIP Proposed budget submission.

In March, staff present the One-Year Objectives to the Technical Customer Advisory Committee (TCAC) for their feedback and input. Staff also present the Performance Plan with prior year results. The One-Year Objectives are presented to the WUA Board for public presentation and feedback and approval in April.

In April, the proposed budget document is presented to the TCAC for feedback and input. The Executive Director submits the proposed operating and CIP budgets to the Water Authority Board. This proposal includes the budgets, capital program, and rate proposal which may recommend changes in rates and fees. After receiving the budget proposal from the Executive Director, the Water Authority Board schedules at least two public hearings on it. Because of its deliberations and the information gathered at the public hearings, the Water Authority Board may amend the budget proposal at any time prior to approval at the May regularly scheduled meeting.

In May, the Water Authority Board approves the operating budget, CIP budget, and performance plan.

Process for Amending the Budget after Adoption

In accordance with the Water Authority's Budget Policies and Procedures Ordinance, the Water Authority Board, upon its own initiative or upon a recommendation by the Executive Director, may amend the operating and/or capital budget during the fiscal year to which it applies. No amendment to the operating budget shall result in total authorized expenses that exceed resources to be available for the fiscal year to which the budget is applicable. During the fiscal year, the Executive Director is authorized to transfer funds or change expense authority within and among line-item authority, as established by the annual appropriation resolution and other approved appropriations for operating purposes, if the transfer or change does not result in the increase or decrease in that line-item expense authority in excess of the cumulative amount of $100,000 or 5% of the line-item authority, whichever is lower. Actions taken by the Executive Director to transfer funds or change expense authority within and among line-item

authority shall be reported in detail to the Water Authority Board at its next regularly scheduled meeting. The Executive Director may transfer funding of up to 10% of an existing capital project within adopted projects as approved by the Board provided that the change does not significantly alter the project's scope. Any change which exceeds this amount requires Water Authority Board approval.

Basis of Budgeting and Accounting

The Water Authority uses the **accrual method for both the budget and accounting basis**. Under the accrual method, revenues are recognized when earned, and expenses are recognized as they are incurred.

The Water Authority is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity.

The Water Authority accounts for all activities to provide water and wastewater services for the residents of the City of Albuquerque and outlying areas. These activities include, but are not limited to, administration, operation, maintenance, financing and related debt service, billing and collection. This proprietary type of fund provides services, which are intended to be financed primarily through user charges, or activities where periodic determination of net income is appropriate.

Appropriations are at the fund level, the level at which expenses may not legally exceed appropriations. Budgetary control is maintained by a formal appropriation and encumbrance system. Appropriations may be made or modified during the year by a legally adopted resolution. Appropriations revert to fund/working capital balance to the extent they have not been expended or encumbered at fiscal year-end.

BUDGET PROCESS FLOW CHART

BUDGET CALENDAR OF EVENTS

Nov-Dec	Review Ten-Year Financial Plan; Develop Salary Forecast; Prepare Base Budget; Prepare Budget Manual; Prepare One-Year Objectives
Jan	Budget Call to Operating Divisions
Jan - Mar	Divisional preparation of FY23 Operating Budget request. Meetings between Water Authority Executive Director, Chief Officers and Division Managers
Jan-Mar	Preparation of FY23 CIP Budget request. Meetings between Water Authority Executive Director, Chief Officers and Division Managers
Jan – Feb	Preparation of Water Authority One-Year Objectives and Update Performance Plan
Feb – Mar	Budget review with Executive Director, Chief Officers and Division Managers
Feb 28	Proposed operating budgets due to Finance Division; Includes all Issue Papers and Organization Changes; proposed CIP Budget due to CIP Program Manager
Mar 3	Technical Customer Advisory Committee (TCAC) Presentation of One-Year Objectives
Mar 23	Introduction and Public Hearing of One-Year Objectives at Water Authority Board Meeting
Apr 1	Proposed Operating and CIP Budget Documents Prepared
Apr 7	Technical Customer Advisory Committee Budget Presentation
Apr 20	Approval of Water Authority One-Year Objectives at Water Authority Board Meeting
Apr 20	Introduction and Public Hearing of Proposed Operating and CIP Budgets at Water Authority Board Meeting
May 18	2nd Public Hearing and Approval of Proposed Operating and CIP Budgets at Water Authority Board Meeting
June 1	Proposed Operating and CIP Budgets due to NM Department of Finance and Administration (DFA)
July 31	Approved Operating and CIP Budgets due to DFA and submission to Government Finance Officers Association (GFOA)

EXECUTIVE SUMMARY

Approved Operating Budget FY23

EXECUTIVE SUMMARY

Profile of the Water Authority

In January 2003, the New Mexico Legislature approved, and the Governor signed Senate Bill 887, which transferred the municipal Water and Wastewater Utility of the City of Albuquerque to the Albuquerque Bernalillo County Water Utility Authority (Water Authority). Senate Bill 887 became law in June 2003 (NMSA 1978 § 72-1-10). In December 2003, the Water Authority, the City of Albuquerque (City) and Bernalillo County (County) entered into an operations and maintenance agreement to continue the day- to-day management of the water utility under the City. Transition of the utility to full control by the Water Authority was completed in July 2007. During the 2005 New Mexico Legislative Session, Senate Bill 879 became law, investing the Water Authority with the statutory powers provided to all New Mexico public water and wastewater utilities, and, as such, making it a political subdivision of the state.

The Albuquerque Bernalillo County Water Utility Authority (Water Authority) identifies resources to provide quality water in sufficient quantity, collect and treat wastewater to acceptable standards, provide professional utility engineering services, and provide utility customer services. The Water Authority operates and maintains water pump stations, reservoirs, wells, water lines, the San Juan-Chama Drinking Water Treatment Plant, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary wastewater lines. The Water Authority also works to secure the region with a safe, adequate, and sustainable water supply.

The Water Authority is governed by an eight-member board consisting of three Albuquerque City Councilors, three Bernalillo County Commissioners, the Mayor of the City of Albuquerque, and a non- voting member from the Village of Los Ranchos.

The Board is responsible, among other things, for passing resolutions, adopting the budget, appointing committees and hiring the Water Authority's Executive Director. The Water Authority's Executive Director is responsible for carrying out the policies and resolutions of the governing board and for overseeing the day-to-day operations of the Water Authority.

The Board is required to adopt an initial budget for the fiscal year no later than May 31 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the Water Authority's financial planning and control. The budget is appropriated by fund.

The Board is also required to adopt one-year objectives related to five-year goals based on the American Water Works Association's business model. The Water Authority budget for operations and capital implementation is driven by the five-year goals and one-year objectives.

Mission

The mission of the Albuquerque Bernalillo County Water Utility Authority is to:
Assure responsive Customer Service. Provide reliable, high quality, affordable and sustainable water supply, wastewater collection treatment, and reuse systems. Support a healthy, environmentally sustainable, and economically viable community.

FY23 Budget Highlights

The FY23 Executive Director's Approved Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, in conjunction with the operating divisions, developed this budget by determining those essential costs necessary to successfully run the utility operation.

Assumptions

In the preparation of the FY23 budget, certain assumptions were made related to the operations of the Water Authority, the economic climate and system growth within Bernalillo County and the City of Albuquerque.

- Water and Wastewater Revenues. Budgeted total operating revenues were projected using a 5-year historical trend based upon growth and consumption. The trend was structured by class of customer as well as by service size of each class. The projections also consider the Water Authority's continued conservation efforts.
- System Growth. System growth is based on a 2% growth factor; however, this growth is offset by estimated water conservation of 1%.

- Utility Expansion Charges. Utility Expansion Charges remain at $8.0 million, reflecting the current trend in the development of residential housing.
- Wage Adjustments. There is a 5% cost of living adjustment for FY23.
- Fringe Benefits. Fringe Benefits reflect an increase of 7.9% for health insurance and a 0.5% increase for PERA pension.
- Target Fund Balance/Working Capital Balance. The target fund balance/working capital balance for the General Operating Fund will be equal to or greater than 1/12th of the annual budgeted operating expenses.
- Conservative Projection of Revenues and Expenses. The budget is based on conservative revenue and expense estimates.

Challenges

The biggest challenge facing the Water Authority in FY23 is navigating the after-effects of the COVID-19 pandemic. These effects include major supply chain issues that hinder the purchase of needed supplies for the repair and maintenance of Water Authority infrastructure. Another major issue facing the Water Authority is staffing shortages. There has been an increase in turnover in Water Authority staff and challenges in hiring qualified staff for a variety of positions. Staffing shortages with Water Authority contractors have also impacted the cost and timeliness of various projects.

Another challenge facing the Water Authority are managing the increasing costs across the board for supplies; especially in the areas of fuels and chemicals for water and wastewater treatment. The Water Authority operates and maintains two water systems, the well/aquifer system and the surface water treatment system. Although the well system usage is reduced as the surface water system increases in capacity, the well system still must be fully operational to supplement the surface water, as necessary especially in times of drought where the water levels in the Rio Grande River prohibit the usage of the surface water plant.

The Southwest region of the United States has been facing drought conditions for many years. In response, The Water Authority adopted the City of Albuquerque's Drought Management Strategy when the Water Authority was created in 2004. The Drought Management Strategy was updated and approved over the years by the Board, most recently in 2012. The purpose of a Drought Management Strategy is to preserve and protect the aquifer and to meet water conservation goals during a drought.

In March 2018, the Drought Management Strategy was renamed "The Plan for Customer Demand Reduction During Drought" and was incorporated into the water conservation plan. All elements of the plan remained the same which identified four levels of drought as follows: drought advisory, drought watch, drought warning and drought emergency, and provides various educational steps and voluntary and mandatory conservation measures to reduce water usage during each of these drought levels.

The Water Authority board declared a Stage One Drought Watch on March 17, 2021, in response to drought conditions that have persisted in the region. Under this stage, staff increased public awareness efforts regarding conservation, doubled water waste fines for customers allowing water to flow or overspray onto streets and sidewalks. Fines are also doubled for time-of-day violations; sprinklers are not allowed between 11 a.m. and 7 p.m. from April 1-October 31. These measures are implemented to manage customer demand under hot, dry weather and poor snowpack conditions. The Water Authority service area is currently considered to be in severe to extreme drought conditions.

One Year Objectives FY23

The One-Year Objectives are categorized by the Water Authority's Five-Year Goal areas. The Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal. The continuous performance programs help the Water Authority to identify gaps in service delivery or performance. The Water Authority's performance measures are used to help monitor the Water Authority's performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives, which are policy directives from the Water Authority Board,

are used to close performance or service delivery gaps and improve performance levels.

Some objectives are related to completing projects or improving programs. Some of the FY23 objectives are tied to resources contained in the FY23 Approved Budget. A few of the objectives are carried over from FY22 either because they require more time to complete or are ongoing issues. Some of the objectives are tied to the Performance Plan to improve operations and/or customer service.

Fund Balance/Working Capital

In the FY23 budget, revenues are projected to equal expenses in the General Operating Fund. Surplus revenue will be added to the balance to achieve a Fund Balance/Working Capital equal to at least 1/12th of the annual budgeted operating expenses.

As we look forward to FY23, we also reflect on the Water Authority successes in the preceding year. These included:

- ✓ An AQUARIUS award from the U.S. Environmental Protection Agency (EPA) for the utility's efforts to bring water service to the Village of Carnuel
- ✓ Achievement of 20% reliance on renewable energy sources
- ✓ Holding water and sewer rates steady for the fourth consecutive year
- ✓ A President's Award for Treatment Plant Optimization from the Partnership for Safe Water
- ✓ FY21 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- ✓ FY20 GFOA Certificate of Achievement for Excellence in Financial Reporting (both Comprehensive and Popular)

Other achievements in the preceding fiscal year include entering into an agreement with Intel for the chipmaker to finance construction of a non-potable water pipeline to serve planned capacity expansion; and finalizing an agreement with the Navajo Nation to assist in conveying water owned by the Navajo trip to the community of To'Hajiilee.

Operations

In calendar year 2021, the Surface Water Treatment Plant (SWTP) section produced 26% of all water for the Water Authority, which reflects drought conditions in the Rio Grande River during the year. After a five-month shut-down due to the drought conditions, SWTP staff, along with Groundwater crews and Water Quality staff, coordinated a successful restart of the plant with no observations of discolored water by staff or complaints by the public. The SWTP received the AWWA Partnership for Safe Water-Treatment President's Award.

Groundwater section provided all the potable water to the service area between mid-June 2021 and mid-November 2021 due to the shutdown of the SWTP. Staff navigated through COVID-19 related staffing shortages without compromising service to Water Authority customers.

Groundwater major projects during the year included: using high arsenic wells for the first time to supply Northside non-potable water customers in response to the Alameda collector well-being off and performing in-house asset renewal, upgrades and maintenance to pump control valves and booster and well pumps.

The Southside Water Reclamation Plant (SWRP) section accomplishments included: performing the start-up of the new rotary drum thickener facility, consistently meeting the effluent quality standards, and partnered with Collections section to reduce odor control chemical costs. The plant received their CY2021 Annual Compliance Certification for the current Title V air quality permit and had no deviations to report. A new air quality permit was received for the SWRP site that will eventually allow termination of the Title V permit.

Field Distribution section crews installed 15,000 additional Automated Meter Infrastructure (AMI) meter devices. The division received and responded to 28,000 line- locate requests from New Mexico 811 for excavations during the fiscal year leading to a reduction in underground utility damage frequency. Staff inspected and exercised 4,000 isolation valves (80% operability rating), tested approximately 300 small water meters for accuracy (median 98.3%), updated over 835 assets into the asset registry and provided over 540 record drawings to accurately locate buried infrastructure. Crews performed 180 confined space entries at every San Juan-Chama transmission line vault to inspect conditions, document findings and develop a preventative maintenance program for annual vault rehabilitation projects.

Increased pressure reducing valve maintenance coupled with remote pressure monitoring continued to yield an overall decline in water leaks/breaks, allowing for a shift from traditional reactive maintenance to a more balance preventative and corrective maintenance structure. Water service line leaks and water main breaks are trending towards 385 and 215 per year, respectively. In-house crews completed replacement of a 10" pressure reducing valve,

resulting in cost savings from not using an outside contractor.

Wastewater Collections section continued to implement the Capacity Management Operations and Maintenance (CMOM) program. As part of the commitment to the program staff and contractors televised 5% of the small diameter system, and staff continue to investigate methods and tools to reduce the number of sanitary sewer overflows.

Collections staff were able to optimize chemical usage and chemical savings by using various sewer model software and to further provide odor control using portable odor control units at project sites.

Collections staff built a dirt dam in the North Diversion Channel to test a pump off which could aid in the prevention of wastewater infiltrating the river if it ever seeped into the diversion channels.

Planning & Utility Development section, in coordination with the City of Albuquerque and Bernalillo County, continued its work to ensure that the water and wastewater infrastructure designed and constructed as part of new developments met Water Authority standards. A complete draft of the Guide to Development has been written which consists of 14 sections. Staff drafted 29 Standard Operating Procedures to better define internal processes. In December 2021, staff met with contractors, engineers, and developers to present the Water Authority Work Order process and in January, a survey was conducted to that group to gain feedback for the existing Mini Work Order process.

In FY22, the In-House Design section performed the following projects: preparation of construction documents for replacement of failing steel water lines, pre-design, in conjunction with the Collections Section, of sanitary sewer re-routing at Elizabeth and Menaul to address on-going odor issues, preparation of draft Water Authority Master/Guide Specifications to be used in lieu of City of Albuquerque Standard Specifications; re-start meetings of the Technical Standards Committee, collection of coordinates of buried infrastructure using a GPS receiver, preliminary work on the Lift Station Design Guide, preparation of a conformed set of record drawings for the Don Reservoir Site, and provided guidance to consultants on the preparation of "facility drawings" for the Groundwater Section.

Centralized Engineering section managed CIP projects primarily associated with the renewal of the Water Authority's water and wastewater infrastructure. Capital renewal expenses by the end of FY22 are projected to be approximately $50 million. During the fiscal year, this section had to face many challenges including: extended material delivery timelines, contractor crew availability and consultant availability which extended times for scope/fee preparation and deliverables.

Critical and priority rehab projects managed included: Sunport Effluent Reuse construction was completed; coordinated $3 million of Franchise projects with the City of Albuquerque, Bernalillo County, New Mexico Department of Transportation, and the Albuquerque Metropolitan Arroyo Flood Control Authority; the extension of the South Valley/Los Padillas Waterline Project; the Fortuna/Avalon Interceptor Rehab, construction of storage sheds at SWTP, and multiple groundwater well site rehabs.

Critical and priority special projects managed during the fiscal year included: Winrock Wastewater Recovery Plant design, Intel project designs, and designs for the To'Hajiilee Waterline project.

The Asset Management staff continued to progress, with a consultant, with the Comprehensive Asset Management Plant by performing condition and risk assessments, and updating asset attributes and replacement cost data, expanded the dashboards and key performance indicators that are distributed throughout the Authority on a monthly basis; continued efforts to update the accuracy of the Maximo asset registry; and developed a business process for project management for tracking each work authorization for each CIP project. Staff managed and monitored a variety of New Mexico Finance Authority loan/subsidy agreements, New Mexico State Capital Outlay programs, and American Rescue Plan Act (ARPA) sub-recipient agreements.

Water Resources reported 900 million gallons of water was conserved in CY2021 from CY2020. Water savings was achieved in many ways: City of Albuquerque Parks and Recreation savings, Water Waste compliance, outreach to the top 5% water users, leak inspections, Drought Class participants, Water Authority rebates, customer consultations, and Drought Campaign response.

Water Resources Water Conservation section reported that 1,430 customers participated in the 505Outside.com "3 Steps to Landscape Success" program and 247 landscape professionals were trained on the best management practices of landscape efficiency through the WaterSmart Academy.

Water Resources Water Rights & Environmental Planning staff finalized the Groundwater Management Plan, the Reuse Plan, and the Environmental Plan and drilling began on the Data Gap Monitoring well.

The Water Authority continued its commitment of $200,000 in support of the Rio Grande Water Fund's watershed restoration and its joint funding agreement with the U.S. Department of the Interior for hydrologic monitoring and water resource assessments of the Middle Rio Grande Basin. Staff continued meeting with Explora to develop water exhibits for their new STEM science center which is set to open in CY2022.

Compliance

The Water Quality Lab put into place its Instrument Replacement/Procurement Timeline plan to prepare for future replacement of laboratory equipment. Staff are working with Central Engineering in the rehab/upgrade project of the Water Quality Lab & SWRP Administration buildings. As part of this project, staff has developed a document management and archive project.

The National Pollutant Discharge Elimination system (NPDES) program completed the Fish Tissue study requirement of the new permit and submitted the results to the Environmental Planning Agency (EPA). Staff selected a consultant to provide engineering assistance to complete the Mercury Reduction Plan. The Cross Connection software migration to the cloud environment began and staff will implement the tester self-reporting module of the software program.

Per-and Polyfluoroalkyl Substances (PFAS) screening was required in both the new North Non-potable and South Reuse New Mexico Environment Department permits. Staff obtained samples at both systems and the results showed PFAS were "Not Detected".

Administration, Employee Relations and Development

In November 2021, Public Relations Customer Services staff held virtual Customer Conversations meetings on the topic of "Returning to Normal Billing Operations". Staff solicited ideas from the ratepayers on the best ways to proceed with normal billing and collection operations. In Spring 2022, the 2021 Water Quality Report will be published and distributed to the service area and in Spring/Summer 2022, advertising will increase to focus on conservation and drought communications.

The Risk/Safety program implemented a Continuity of Operations Plan and other support functions amid COVID-19 and staff continued to support and deliver safety trainings and compliance inspections during the pandemic.

Risk, Plant Operations and Information Technology (ITD) staff implemented key Security Consultant's Deliverables in accordance with AWWA G430 standards and the Vulnerability Assessment. Staff managed the coordination of the joint public sector Interagency Federal Emergency Management Agency (FEMA) Hazard Mitigation plan which was adopted/approved by the Water Authority Board.

Risk and Human Resources coordinated the COVID-19 pandemic and continuity of operations function as it related to COVID compliance and adhering to Centers for Disease Control and New Mexico Department of Health guidelines. As part of this function, staff implemented a software system for track tracing and monitoring of employee vaccination status.

Human Resources wellness staff continued to offer wellness challenges remotely and offered challenges to employees and send well communication emails on a variety of topics such as chronic disease prevention, mental health & wellbeing, nutrition, healthy eating tips, recipes, and exercise, safety and stretching.

The certification training programs continued to develop employees' knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. There were twenty-nine non-certification and fifty-two certification promotions of employees throughout the Water Authority during the fiscal year; ninety employees completed the 2nd year of the Management Series Training Program; and employees received a total of $65,925 (to date) in tuition assistance.

Budget, Finance and Business Management

The Water Authority received the following recognition from the Government Finance Officers Association (GFOA): FY20 Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report (ACFR) and the Popular Annual Financial Report (PAFR), the FY22 Distinguished Budget Presentation Award, and the Triple Crown medallion for CY2021.

The Finance Accounting section submitted the FY21 ACFR to the GFOA for the Certificate of Achievement for Excellence in Financial Report program and the PAFR program.

Purchasing staff partnered with Central Engineering and Bernalillo County to prepare documents for solicitation of projects funded under the ARPA federal program.

Warehouse and Fleet Maintenance staff fully implemented regular cycle counts in the warehouse locations and made significant headway towards streamlining proper configuration of stored inventory versus just-in-time acquisition. Staff successfully navigated the challenges of vendor supply and labor shortages to continue to provide materials and services to Water Authority departments.

Treasury section managed the zero-interest rate environment by liquidating the U.S. Treasury securities investment ladder and moving balances to the New Mexico Local Government Investment Pool fund.

Treasury and Customer Services implemented a self-service payment kiosk at the Mission Avenue location. This kiosk allows customers to make payments in a convenient and safe location during non-operating hours.

Customer Services staff prepared customers for return to normal operations by developing a program for payment arrangements and participating with the State of New Mexico Emergency Rental Assistance Program.

Information Technology staff focused on security in all areas during FY22.

Maps/Records staff conducted a best practice review to assess Geographic Information System (GIS) processes and improve data editing processes and accuracy. Staff implemented a quality assurance/quality control process to verify the GIS data and to validate the data sets and classes.

Infrastructure projects included adding two-factor authentication, upgraded video surveillance servers, upgraded backup servers and software and added virus protection via artificial intelligence to the Supervisory Control and Data Acquisition (SCADA) servers and laptops.

Other significant ITD projects included: the continued update of the SCADA system, added connections for redundancy at various work locations, added security features to network and software applications, installation of firewalls and threat monitoring programs, and reorganization of the quality assurance/service desk functions.

The FY23 Executive Director's Approved Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

Helping to guide this effort is *Water 2120,* the Water Authority's 100-year water resources management strategy, adopted in September 2016. *Water 2120* incorporates the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the State Engineer, Sandia National Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it takes climate variability into account and for the first time looks at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives are used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options is used to fill the gaps to meet future demand over the next 100 years. A key component going forward will be the shift from acquisition of water rights to the development of reuse facilities to have a more resilient supply.

Operations

The operational cornerstone of *Water 2120* is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After twelve years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey.

The Water Authority will continue to operate two potable water supply systems, surface water and groundwater. The Water Authority's goal is to have the DWP supply 70-75% of all customer demand. Flow conditions in the Rio Grande, due to the continuing drought conditions, have limited the ability to fully realize this goal on a consistent basis.

The Water Authority began a major renovation of the SWRP in FY10, called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plan t. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility (SDF). In FY23, RRAMP improvements will continue with the existing digesters, odor control rehabilitation at the primary clarifiers, and landscaping will be improved to include new access gates and increase security at the facility.

In FY23, SWRP staff will actively recruit new customers for the Soil Amendment Facility compost and wood chips.

Areas of focus for SWRP staff will be to optimize the operation of digester gas cleaning and cogeneration emission control systems; managing the cogeneration and solar power systems to increase the supply of power from renewable resources; and to optimize effluent re-use water disinfection practices and establish key performance indicators to monitor the progress.

The SWTP staff plan to work towards the AWWA Partnership for Safe Water-Treatment Phase IV Excellence in Treatment Award. Other areas of focus for the plant will be to coordinate a faster re-start of the plant in November 2022 without sacrificing the quality of the restart and partnering with Collections and SWRP staff to optimize the iron sludge discharges for odor control purposes.

Groundwater Operations management will fine tune the groundwater system operations to trim the summer power costs while maintaining system resilience & reliability. Staff plan to deploy high arsenic wells to meet supply needs in the Northside non-potable system once the Collector Well is offline (pending permit approvals). Staff will be working with the electricity vendor to assess the impact of wide-spread power outages on water deliveries and will engage the services of a

consultant to perform the requisite hydraulic modeling to counteract the impacts.

Groundwater staff will continue optimizing operations for arsenic absorption and evaluate alternatives for arsenic treatment and begin a pilot project focused on the sodium hypochlorite generator salt and the frequency of electrolytic cell cleanings using hydrochloric acid.

Wastewater Collections section will utilize closed-circuit television (CCTV) to monitor unlined concrete lines that are 15" and greater. Staff will partner with SWTP and SWRP staff to optimize the iron sludge discharges for odor control purposes. Staff will implement a pilot study that uses "smart" manhole covers to aid in the prediction of blockages.

Water Field-Distribution section will continue to task a dedicated crew to replace 30,000 aging water meters with smart meters. Field crews will continue to perform block to block rehab repairs which will generate significant cost savings by performing these tasks in-house.

Field crews will continue the flushing program to systematically flush water lines and filter the water using the new No Des system before returning it to the distribution system and minimize water loss. Inf FY22, 8.2 million gallons of water were saved using this system. Crews will continue to exercise 4,000 isolation valves; the long-term goal is to exercise all isolation valves over a ten-year period. To support the water audit and strategic water loss plan, staff will test a minimum of 300 small meters and test all new meters when they are received.

Field crews will begin year 2 of the 5-year plan to replace the San Juan-Chama transmission line actuators. The current actuators are undersized and weak, so crews are replacing them before they break; generating cost savings by not having to hire outside contractors.

Water Resources-Conservation has updated the Xeriscape rebate program and will launch a new campaign for this effort. Staff will focus their efforts on the following areas: the Homeowners' Association Landscape Irrigation Transformation program (evaluations of irrigation systems), the Low-Income Conservation Support program (conservation audits and conservation kits), and the Multi-Family Outreach program (apartment performance efficiency audits and retrofit kits).

Staff will continue its collaboration with Explora to coordinate staff for mentorship opportunities and facilitation of the interactive water exhibits for the new STEM center.

Water Resources-Environmental staff will work to get the remaining permanent easements around Abiquiu reservoir, which is an important step to increasing the storage at this facility from 170,000 acre-feet to 238,000 acre-feet. Staff will begin the permitting process for the next Aquifer Storage Recovery well site, begin monitoring and analysis of the groundwater at the data gap well site, begin the permitting process for the Bosque Water Resource Recovery Plant and complete the design of the Silvery Minnow habitat created by the SWRP Outfall project.

Centralized Engineering will continue managing CIP projects. Major projects include: $12.5 million for Sanitary Sewer Pipeline Renewal projects, $19.5 million for SWRP Renewal projects, $7.8 million for Drinking Water Plant Groundwater System Renewal projects and $4.4 million for Information Technology projects.

In-House Design projects for FY23 include preparing two additional steel water line packages, preparing two sanitary sewer renewal packages, continuing development and refinement of the master/guide specifications and standard detail drawings, and continuing work on the Lift Station Design Guide and the Booster Pumping Station Design Guide.

The Asset Management Program Team will continue the Comprehensive Asset Management Plan with a consultant by performing condition and risk assessments and updating asset attributes and replacement cost data.

Asset Management staff will continue to monitor progress on the Strategic Asset Management Program and transition the dashboards and key performance indicators to Microsoft Power BI.

The Grant Administrator position will evaluate, plan and manage the submission of grant proposals to obtain funding for projects.

The Utility Development group will continue to review and edit the draft Guide to Development. Staff will develop key performance indicators for various deliverables to help manage workload and assist with decision-making. Staff will update the Work Order process to allow users to make submittals online and revamp the Mini Work Order process to increase efficiency.

Compliance

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies.

The Water Quality Lab will be participating in the rehab and upgrade project for the Water Quality Lab building. As part of this project, staff will be managing on-site documentation and preparing documents for archival storage.

NPDES program staff will work with a consultant to complete the mercury minimization plan which has a compliance deadline of December 2022. Staff will spearhead a feasibility study for permanent pH monitoring stations outside of the SWRP plan to be able to investigate low pH alerts at the plant intake areas.

Administration, Employee Relations and Development

The Water Authority will continue to conduct periodic activities to engage, educate, and provide updates to customers, legislators and neighborhood associations regarding Water Authority activities and initiatives, and offer opportunities for dialogue and feedback.

Public Relations staff conduct Customer Conversations meetings to engage customers and obtain input from customers and complete and disseminate results of the Customer Opinion Survey. Staff will also deploy video message boards at various locations to enhance internal communications.

Risk/Safety will continue implementing the Security Consultant's deliverables in accordance with AWWA G430 standards and to carry out important liability protection of the utility's assets. Risk staff will continue supporting the multi-jurisdictional Hazard Mitigation Plan. Staff will expand its risk software system to enhance data management by analyzing claims and loss data to identify trends for risk mitigation and cost reduction.

The Safety Team will provide safety inspections and trainings to include compliance-related items and will expand contractor services to include conducting key strategic ergonomic assessments for both field and plant operation areas.

Human Resources wellness staff is looking forward to planning the FY23 Safety Picnic for staff. Staff will continue offering wellness challenges for individuals and departments focusing on nutrition, physical activity and weight loss tips, disease and injury prevention topics to employees. A major focus for FY23 will be to increase mental health awareness in partnership with the Employee Assistance Program.

Human Resources Training staff will focus on developing a strategic plan for the Innovation Program. This program will help identify new ways to seek efficiencies throughout the organization.

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

Budget, Finance and Business Management

Finance will submit to GFOA the FY23 Approved Budget for the Distinguished Budget Presentation Award, the FY22 Annual Comprehensive Financial Report for the Certificate of Achievement for Excellence in Financial Reporting and the FY22 Popular Annual Financial Report for the Popular Annual Financial Reporting Award. The division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

Treasury will manage the rising interest rate environment by maintaining a diversified portfolio of bank balances and investments to offset banking fees. Staff will partner with Accounts Payable and ITD to implement the Wells Fargo Payment Manager program to increase the security of payments to vendors and to outsource check printing. In conjunction with Customer Services, staff will develop and document policies and SOPs for customer payment-related transactions and continue providing process improvement strategies.

During FY23, the Purchasing section will work with Centralized Engineering to re-solicit On-Call Engineering Services and Well Rehabilitation contracts, begin to digitize and/or archive procurement records, and standardize record-keeping and ordering documentation for the warehouse, fleet, and facility maintenance, and Fleet staff will finalize the fleet satellite storeroom management procedures.

Budget will continue to provide budget and ERP system training to utility staff and schedule monthly budget update meetings with staff. Staff will monitor, update and lead discussions of the FY23 Water Authority Goals & Objectives and Effective Utility Management (EUM) metrics.

Customer Services will continue the process of returning to normal operations by offering payment arrangements and referring customers to assistance programs. A Training Advisory Committee will be updating the Customer Care Training Program and staff will be assisting with the Water & Wastewater Cost of Service study.

ITD will be reorganizing the Quality Assurance and Service Desk operations into the Service Management operation and a new Project Management operation will be established. The Project Management operation will support all teams in managing projects, provide a centralized documentation location, and provide reports and dashboards for ITD projects.

ITD Service Management will be implementing enhanced password security functions and to identify, maintain and audit all ITD-related assets in Maximo.

ITD Security staff will continue to work on reducing risk scores, perform external penetration testing and application testing to identify security risks, and continue moving towards a Zero Trust Framework.

ITD SCADA objectives for FY23 include standardization and implementation, continuation of the Reclamation upgrade, Collections and Stormwater replacement, and to refresh the network for the Reclamation SCADA system and CyberVision.

The Rate Reserve fund will remain at $9.0 million; the Risk Reserve at $0.5 million; and the Soil Amendment Facility Reserve increases to $2.1 million. The Water Authority will continue partnerships with other governmental entities to support non-profit community development projects.

BUDGET, FINANCIAL, LEASE AND DEBT POLICIES

Long-term financial policies are contained in state statute, and Albuquerque Bernalillo County Water Utility Authority ordinances. Five major policies are described by the various laws and instructions cited below. A final policy regarding the need to match nonrecurring revenue with nonrecurring appropriations is described but is not found in law or formal rule.

1. The adopted budget is balanced, and subsequent action will preserve the balance. Balance is defined as resources equal to or in excess of expenses for each fiscal year.

STATE STATUTES:

6-6-6. Approved budgets; claims or warrants in excess of budget; liability. "When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials."

BUDGET ORDINANCE PROVISIONS:

§ 2-1-3 BUDGET CONTENTS AND FORMAT.

"(A) The Executive Director's budget proposal submitted to the Board shall include: The Executive Director's budget message; An annual appropriation resolution recommended by the Executive Director for operating and capital; A complete statement of the non-capital project financial operation of the Authority for the fiscal year last completed; A comparable statement for the current fiscal year including expenditures to date and anticipated expenditures to the end of that year; A financial plan in comparable form for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted.

The Financial Plan for the ensuing fiscal year shall include: All proposed expenditures for the administration, operation and maintenance and capital projects of the Authority; All interest and debt redemption charges; All anticipated revenues and other available resources by source and amount; The proposed means of financing all proposed expenditures.

A performance plan for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted. The performance plan shall be connected to the five-year goals and contain performance measures that help guide the operating and capital budgets in allocating the Authority's financial resources."

"(B) The Authority budget shall be fund based."

"(C) The budget proposal shall be balanced and not propose expenditures in excess of resources anticipated to be available to the Authority for the fiscal year for which the budget is proposed."

§ 2-1-8 BUDGET AMENDMENTS BY BOARD DURING FISCAL YEAR.

Upon its own initiative or upon a recommendation by the Executive Director, the Board may amend the operating and/or capital budget during the fiscal year to which it applies. No amendment to the operating budget shall result in total authorized expenditures that exceed resources to be available for the fiscal year to which the budget is applicable.

2. Authority goals and objectives are established and integrated into the budget process.

BUDGET ORDINANCE PROVISIONS:

§ 2-1-1 INTENT.

"(A) Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10 created the Albuquerque Bernalillo County Water Utility Authority ("Authority") and provides for the administration and operation of the Authority. As part of the administrative responsibilities of the Authority, it shall establish and adopt five-year goals and one-year objectives, which goals and objectives shall be reviewed and revised annually by the Albuquerque Bernalillo County Water Utility Authority Board ("Board"). The Authority operating budget shall be formulated by the Authority's Executive Director and be consistent with the goals and objectives as established and approved by the Board. In order to maintain uniformity, other legislation and policies of the Authority are to be consistent with these goals and objectives as well. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year with the Board to approve the budget as proposed or amend and approve it at or before the May regularly scheduled meeting."

"(B) To adopt a goals and objectives process that encourages active citizen participation, that is linked to the budget process, that encourages performance measurement, and that is consistent with the desired conditions of the Authority's service area, the Authority shall coordinate its goal setting with the City of Albuquerque and Bernalillo County governments."

"(C) The Board's adoption of goals and objectives, which will be valuable in themselves, will be major factors in determining funding for Authority programs and improvements in the operating budget and the capital improvements budget."

"(D) This ordinance shall apply to all expenditures made by and approved by the Authority and shall supersede any existing policies governing the operating and capital budgets."

3. ABCWUA Board participates in the development of the Executive Director's proposed budget.

BUDGET ORDINANCE PROVISIONS:

§ 2-1-2 PREPARATION OF AUTHORITY BUDGET PROPOSAL.

"(A) The Authority shall prepare a proposed operating and capital budget taking into consideration the needs of the Authority's operations, and the resources anticipated to be available to the Authority for the fiscal year for which the budget is prepared."
"(B) The Executive Director shall propose an operating and capital budget to the Board at the April meeting of each year. This proposal shall include the budgets, capital program, and rate proposal which may propose changes in rates and fees." The public reviews and has an opportunity to comment on the proposed budget.

BUDGET ORDINANCE PROVISIONS:

§ 2-1-5 CONSIDERATION OF BUDGET PROPOSAL BY THE BOARD.

"(A) After receiving the budget proposal from the Executive Director the Board shall schedule at least two public hearings on it. As a result of its deliberations and the information gathered at the public hearings, the Board may amend the budget proposal at any time prior to the May regularly scheduled meeting."

4. Total revenues minus the expenses of the system shall be 133% or more of the debt service requirement.

RATE ORDINANCE PROVISIONS:

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

"(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 §1-2(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% 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% 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 charge 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 affected and shall present any such expense reduction proposals to the Water Authority."

5. Nonrecurring revenue should not be used to support recurring expense. Nonrecurring revenue is produced from a one-time event, such as a change in reserve policy. Nonrecurring expenses include studies, capital projects, capital outlay, computer equipment, buildings, land and one-time expenses to pay off a loan, prior year litigation expenses or other similar expenses.

§ 2-1-11 FINANCIAL AND MANAGEMENT REPORTS.

"(B) Reports shall be received by the Board on a timely basis according to the following schedule:
(4) The midyear report shall be received for introduction at the Board meeting in February. The midyear report shall be accompanied by a midyear appropriation resolution for those programs which are projected to be overspent and which the Executive Director determines that expenditure controls cannot bring the programs within the limits of administration expenditure authority, $100,000 or 5% of the line-item authority, whichever is lower. Mid-year appropriation adjustments shall be proposed only when caused by unexpected circumstances such as a natural disaster, unforeseen shifts in the national economy, and other events that constitute an emergency. Except as otherwise provided, the Executive Director and Board shall confine budget adjustments to the midyear resolution. The midyear report and midyear appropriation resolution shall be reviewed by the Board at a minimum of one public hearing."

The Authority's Debt and Capital Improvement Plan spending is integrated in the budget process and is mandated by ordinance.

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

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

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

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

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

§ 1-1-6 WATER AND SEWER REHABILITATION FUND.

"(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 $40 million dollars per year."

LEASE POLICIES

In FY20, the Water Authority elected to early implement GASB Statement No. 87, Leases.

The Water Authority's Lease Policy & Guidelines provides for the following:

- Definition of a Lease – A contract that conveys control of the right to use another entity's nonfinancial asset, such as buildings, land, vehicles and equipment, as specified in the contract for a period of time in an exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under this policy, unless specifically excluded in GASB Statement No. 87.

- Lease Term – The lease term is defined as the period during which a lessee/lessor has a noncancelable right to use an asset, plus the following periods, if applicable:
    - Periods covered by a lessee's/lessor's option to extend the lease if it is reasonably certain that the lessee/lessor will exercise that option
    - Periods covered by a lessee's/lessor's option to terminate the lease if it is reasonably certain that the lessee/lessor will not exercise that option

- The Water Authority will not recognize as a lease for the following:
    - A short-term lease – A lease that has a maximum possible term under the lease contract of 12 months (or less), including any options to extend
    - A lease <$5,000 – A lease amount that is under a $5,000 minimum lease threshold
    - GASB Statement No. 87 exceptions such as intangible assets (i.e., software licenses) and biological assets (i.e., water rights)

- The Water Authority will prepare the note disclosure and record all accounting entries in the Comprehensive Annual Financial Report (CAFR) according to the guidance of GASB Statement No. 87.

- The Water Authority will implement GASB Statement No. 87 effective July 1, 2018, for comparative statement presentation purposes.

DEBT POLICIES

The Water Authority's Debt Management Policy & Guidelines provides for the following:

- Full and timely payment of principal and interest on all outstanding debt
- System revenue bonds shall be used as a source of funding, after considering alternative funding sources, such as federal and state grants and pay as you go financing
- Debt shall be incurred to finance capital improvements and long-term assets associated with the water and wastewater system. Types of projects include, but not limited to, constructing, acquiring, enlarging, extending, bettering, repairing or improving the water and wastewater system facilities. For a more detailed list refer to chapter 72, article 1 section 10K NMSA 1978 as amended
- Capital improvements plans should be developed, approved and financed in accordance with Rate Ordinances and the Decade Plan
- The Water Authority will evaluate the impact of debt amounts and debt service requirements of any new proposed debt within the overall context of outstanding debt
- Principal and interest retirement schedules shall be structured to: (1) meet available cash flow available to service debt, (2) achieve a low borrowing cost for the Water Authority, (3) accommodate the debt service payments of existing debt and (4) respond to perceptions of market demand. Level debt payments and shorter maturities shall always be encouraged to demonstrate to ratepayers, investors and rating agencies that debt is being managed and retired prudently. Debt incurred shall generally be limited to obligations with serial and term maturities but may be sold in the form of other structures if circumstances warrant
- 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 impact
- Debt incurred may be issued, at the discretion of the Water Authority, on either Senior, Subordinate or Super Subordinate liens on the System's net revenues

- The average life of the debt incurred should be no greater than the projected average life of the assets being financed
- The payment of debt shall be secured by net revenues of the joint water and wastewater system ("net system revenues")
- Maintain Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the Water Authority's financial and legal obligations (see Appendix)
- Inter-fund borrowing may be used as an alternative to conventional borrowing
- The Water Authority shall not pledge any Water Authority revenues to any conduit bond financings or guarantee indebtedness of others
- The Water Authority may use the services of qualified internal staff and outside advisors, including bond counsel, tax counsel, disclosure counsel, underwriters and financial advisors, to assist in the analysis, evaluation, and decision process
- The Water Authority shall select a method of sale that achieves the financial goals of the Water Authority and minimizes financing costs. Such sales can be competitive, negotiated or private placement, depending upon the project and market conditions. The recommendation by the Water Authority's Financial Advisor will be considered in the decision as to the most appropriate sale method
- The Water Authority shall make every attempt to earn and maintain the highest investment grade rating achievable
- Finance team members and Underwriters should be selected in accordance with the Water Authority Purchasing Procedures and the Debt Management Policy & Guidelines ("Debt Policy"). The selection should maximize the quality of services received while minimizing the cost to the Water Authority. Any subtractions or additions to the finance team members shall be subject to the Water Authority's Chief Financial Officer's ("CFO") approval. Selected underwriters and financial advisors shall adhere to the Municipal Securities Rule-making Board ("MSRB") and the Securities and Exchange Commission ("SEC") rules and regulations
- The Water Authority shall maintain good communications with bond rating agencies to ensure complete and clear understanding of the credit worthiness of the Water Authority
- Financial reports and bond official statements shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines issued by the Government Finance Officers Association ("GFOA"), Securities and Exchange Commission ("SEC") and the Internal Revenue Service ("IRS") to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers.
- Federal income tax laws restrict the ability to earn arbitrage relating to tax-exempt bonds. Every attempt shall be made to eliminate or minimize negative arbitrage.

FIVE-YEAR GOALS AND ONE-YEAR OBJECTIVES

Approved Operating Budget FY23

MISSION AND OVERVIEW OF GOAL DEVELOPMENT

The Albuquerque Bernalillo County Water Utility Authority (Water Authority) identifies resources to provide quality water in sufficient quantity, collect and treat wastewater to acceptable standards, provide professional utility engineering services, and provide utility customer services. The Water Authority operates and maintains water pump stations, reservoirs, wells, water lines, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary sewer lines. The Water Authority also works to secure the region with a safe, adequate, and sustainable water supply.

Mission

The mission of the Albuquerque Bernalillo County Water Utility Authority is to:

Assure responsive Customer Service.
Provide reliable, high quality, affordable and sustainable water supply, wastewater collection treatment, and reuse systems.
Support healthy, environmentally sustainable, and economically viable community.

Overview of Goal Development

The Water Authority Budget Ordinance requires that a Performance Plan be connected to the Five-Year Goals and contain performance measures that help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority uses these measures to help improve its operational efficiency and effectiveness by identifying areas of improvement. The measures also provide a mechanism to conduct comparative analyses to implement quality improvement processes and enhance decision-making.

The Water Authority utilizes the *American Water Works Association's (AWWA) Benchmarking Performance Indicators Survey* (Survey) in developing its Performance Plan. The Survey provides utilities an opportunity to collect and track data from already identified and tested performance measures, based on the same collection process and definitions. The most recent survey data was compiled in 2019 by AWWA from 144 different utilities. The Performance Plan uses the survey data as a basis for its performance measures to track the Water Authority's performance with that of other utilities.

The FY23 Performance Plan can be found in the Appendix section of this budget document and on the Water Authority's website:

http://www.abcwua.org/your-water-authority-finances/

FIVE-YEAR GOAL DEVELOPMENT

The Water Authority's Performance Plan is organized by its Five-Year Goal areas which are modeled after AWWA's business model. This model is based on fifteen successful quality achievement programs, including the Malcolm Baldridge National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems. The figure below shows the Water Authority's Five-Year Goals which parallels the AWWA model. The Water Authority also developed guiding goal statements for each goal area which explains the long-term desired result for each goal.

The Performance Plan contains 27 key performance measures. The performance measures are organized by the Five-Year Goal areas. The performance measures are linked to the Goal areas in that the tracking of the metric is used to achieve the long-term desired result for that goal.

Water Authority's Five-Year Goals & Guiding Goal Statements

Customer Services

Provide quality customer services by communicating effectively, billing accurately, and delivering water and wastewater services efficiently based on understanding the needs and perceptions of our customers and the community at large.

Business Planning & Management

Maintain a well-planned, managed, coordinated, and financially stable utility by continuously evaluating and improving the means, methods, and models used to deliver services.

Organization Development

Sustain a well-informed, trained, motivated, safe, organized, and competitive work force to effectively meet the expectations of the customers, community, and Board in accordance with adopted policies and mandates.

Water Supply & Operations

Provide a reliable, safe, affordable, and sustainable water supply by transitioning to renewable supplies and minimizing long term environmental impacts on the community and natural resources while ensuring the ability of the community to grow in a responsible manner.

Wastewater Collection & Operations

Provide reliable, safe and affordable wastewater collection, treatment and reuse systems to protect the health of the Middle Rio Grande Valley by safeguarding the regional watershed, minimizing environmental impacts, and returning quality water to the Rio Grande for downstream users.

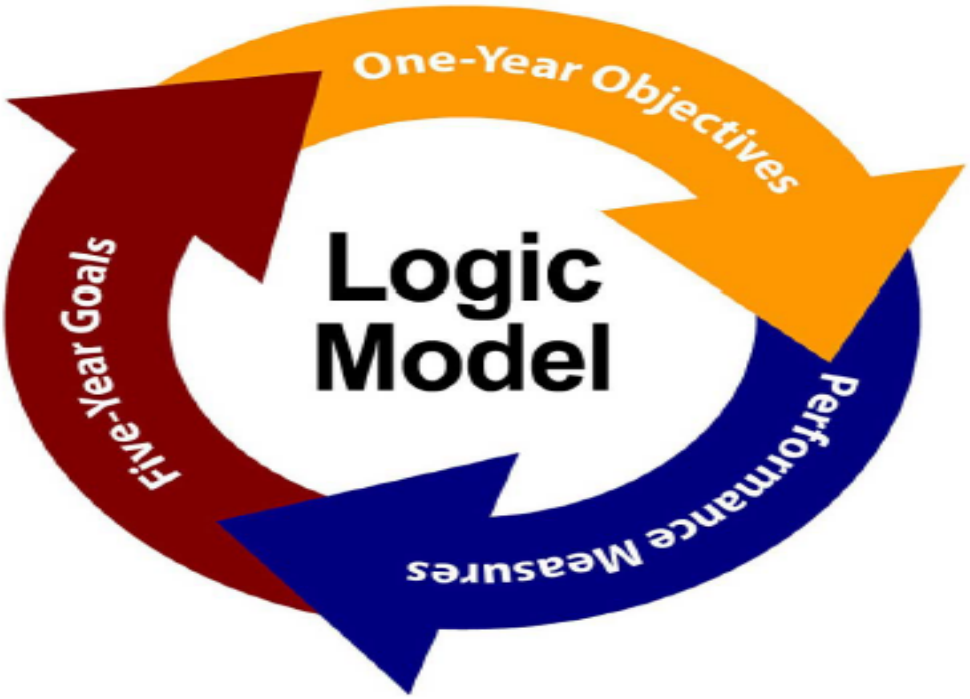
PERFORMANCE PLAN LOGIC MODEL

The Performance Plan presents each performance measure through an *evaluation logic model.* The logic model is a systematic and visual method that shows how performance measures quantify what is being done (inputs), how well it is being done (outputs), and why it is being done (outcomes). *Inputs* are the specific data needed to construct and calculate each performance measure. These resources may include dollars, hours, people or material resources used to produce an output. *Outputs* are the product of the calculation of the inputs and describe the level of effectiveness of each performance measure. The outputs are the metrics that are benchmarked with other utilities. *Outcomes* are the desired result of the performance measure that the Water Authority would like to achieve relating to its long-range goals and with its shorter-term objectives. The logic model is used to show where the organization wants to be and how it can get there.

Simply stated, the performance measures identify gaps in service delivery or performance. They are used to help monitor the Water Authority's performance and to develop performance targets. The Water Authority sets performance targets that are aligned with the desired outcomes to determine how effective or efficient the utility is in achieving the desired outcome. The Water Authority uses the desired outcomes to create an ongoing discussion with its stakeholders and show why decisions are made in prioritizing and allocating financial resources.

The Five-Year Goals and One-Year Objectives are incorporated into the logic model. The figure below shows the alignment between the goals, objectives and performance measures in the logic model. With the performance measures being used to identify gaps, the One-Year Objectives, which are policy directives from the Water Authority Board, are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving or implementing programs.

Logic Model Alignment of Goals, Objectives and Performance Measures



FY23 GOALS AND OBJECTIVES

Below are the Goals and One-Year Objectives for FY23, as approved by the Water Authority Board.

Goal 1: Water Supply and Operations

Provide a reliable, safe, affordable, and sustainable water supply by transitioning to renewable supplies and minimizing long term environmental impacts on the community and natural resources while ensuring the ability of the community to grow in a responsible manner.

1. Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.

2. Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.

3. Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system by the end of the 4th Quarter of FY23.

4. Complete an assessment of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY23. Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority's Geographical Information System (GIS) group to determine potential impact areas. Subsequently, engage the services of a hydraulic modeling consultant to perform strategic hydraulic modeling to assess resulting water supply capacity limitations and water outage timelines.
5. Assess arsenic treatment media adsorption capacity at groundwater treatment plants to determine if the nominal 40,000 bed-volume metric marketed by the media manufacturer can be increased and optimized to reduce the frequency of media replacement by the end of the 4th Quarter of FY23. Collect and analyze data captured from the existing four treatment plants to support this objective.

6. Report on the feasibility of using electro-chemical coagulation as an alternate approach for treating water from high arsenic wells by the end of the 4th Quarter of FY23.

7. Submit annual treatment data to the Partnership for Safe Water - Treatment program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.
    - ❖ Maintain turbidities for each individual filter cell and for combined filter effluent at less than 0.1 nephelometric turbidity unit (NTU) more than 95% of time in operation.
    - ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to American Water Works Association (AWWA).
    - ❖ Continue working towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water -Treatment.

8. Submit annual distribution data to the Partnership for Safe Water - Distribution program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.
    - ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.

9. To improve energy efficiency and reduce operation and maintenance costs, continue deployment of automated meter infrastructure (AMI) pressure monitoring infrastructure at strategic locations and utilize data to optimize operations by the end of the 4th Quarter of FY23. Work with the vendor on software development to improve functionality.

10. To improve reliability and reduce interrupted water service, inspect at least 4,000 isolation valves by the end of the 4th Quarter of FY23.

11. To improve the validated water audit inputs for apparent water loss, test a minimum of 300 small meters and half of all large meters to include the top 25 consumers to support the water audit and strategic water loss plan by the end of the 4th Quarter of FY23. Test meters in accordance with

the recommendations of the water audit conducted by the Southwest Environmental Finance Center in calendar year 2021.

12. As part of the water distribution system preventative maintenance program, continue the flushing program that uses a systematic approach to flush water lines, filtering the water using the NO-DES system before returning it to distribution by the end of the 4th Quarter of FY23. Monitor monthly and report the occurrence of complaints before and after flushing to evaluate whether the flushing program improved water quality in the pilot area. Identify metrics to be used for measuring the effectiveness of this process moving forward.

13. Develop a GIS layer to graphically inform operations staff of water and wastewater infrastructure under construction by the end of the 4th Quarter of FY23. This information will improve knowledge transfer between initial utility construction and utility maintenance. The information will be utilized to prevent underground utility damages, facilitate scheduled water shutoffs and improve response times during an emergency.

14. Provide timely response to utility locate requests and achieve a damage ratio of less than two Water Authority-caused damages per 1,000 utility locate requests by the end of the 4th Quarter of FY23. Explore utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure.

15. Evaluate the current Drought Management Plan in the framework of drought triggers, drought management measures, and reduction targets to manage consumer demand in times of drought by the end of the 2nd Quarter of FY23.

16. Locate water leaks by surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY23; Track, evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY23. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY23.

17. To prepare for increased climate variability, encourage installation of water conservative landscaping, while working towards the *Water 2120* conservation goal of 110 gallons per capita per day (gpcd) by 2037 by implementing the following activities by the end of the 4th Quarter of FY23:
    i. Perform a smart controller field performance study on the top 5% of residential customers.
    ii. Increase smart controller rebate adjustments and Xeriscape square feet conversions by comparing current fiscal year to prior fiscal years.
    iii. Increase the amount of commercial class customers rebate adjustments by comparing from baseline (prior fiscal year) to current fiscal year.
    iv. Increase Xeriscape square feet conversions by comparing the current fiscal year to prior fiscal years. Begin outreach to target golf courses for turf removal and conversion to non-potable sources.
    v. Work on outreach and education to target multi-family accounts for water savings by establishing a pilot program for homeowner's associations.

18. Work with the New Mexico Environment Department and Office of the State Engineer to begin aquifer storage and recovery (ASR) permitting by the end of the 4th Quarter of FY23. Develop a project plan and cost estimate by the end of 2nd Quarter FY23.

19. Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Residential Irrigation Audits; 2) 100 Landscape Professionals Trained; 3) 10 Meetings with Apartment Managers; and 4) two Water Conservation Open House Meetings by the end of the 4th Quarter of FY23.

20. To better educate children on the importance of water and resource planning, continue to collaborate with ¡Explora! to coordinate Water Authority staff for mentorships and facilitation of interactive water exhibits for the new Science Technology Engineering Mathematics (STEM) center through the 4th Quarter of FY23.

21. Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions:
    i. Complete source water assessments for surface water and groundwater by the 2nd Quarter of FY23. The source water assessments will utilize the source water protection areas developed from the capture analysis and the updated potential sources of contamination inventory from FY21. Review the results of the source water assessments to determine if changes are required to the RAPP and protection measures;
    ii. Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY23;
    iii. Collaborate and coordinate with other agencies, including support of the Water Protection Advisory Board (WPAB) and the Office of Natural Resources Trustee (ONRT) through the end of the 4th Quarter of FY23; and
    iv. Contract with the NM Bureau of Geology and Mineral Resources to provide an update to the Middle Rio Grande Basin Water Quality Study by the end of the 4th Quarter of FY23.

22. Provide leadership and support of the Middle Rio Grande Endangered Species Collaborative Program (ESA Collaborative Program) through 1) Participation in the Collaborative Program Executive Committee and 2) Participating in the development of adaptive management practices for the program through the 4th Quarter of FY23.

23. To support native water storage for water users in the Middle Rio Grande as approved by Congress, complete acquisition of easements for additional storage in Abiquiu Reservoir by the end of the 4th Quarter of FY23. Continue towards permitting and environmental approvals for storage of native water in Abiquiu Reservoir through the 4th Quarter of FY23.

24. Conduct regular water quality monitoring and reporting of the Water Authority data gap well at the Kirtland Air Force Base (KAFB) Bulk Fuels Facility jet fuel leak site through the end of FY23. Evaluate whether additional monitoring wells are needed by the end of the 1st Quarter of FY23 and seek funding, if applicable.

25. Develop a drinking water modeling program that maintains a centralized version of the model to include updates from all users, routine user training to keep everyone on the same page with developments and a process for Chief Engineers to submit modeling requests for investigations and receive a documented response by the end of the 4th Quarter of FY23. Update the drinking water model SharePoint page to be a central resource for all drinking water modeling users.

Goal 2: Wastewater Collection and Operations

Provide reliable, safe and affordable wastewater collection, treatment and reuse systems to protect the health of the Middle Rio Grande Valley by safeguarding the regional watershed, minimizing environmental impacts, and returning quality water to the Rio Grande for downstream users.

1. Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY23.

2. Beneficially reuse biosolids by diverting 30% to compost thru the end of the 4th Quarter of FY23.

3. Complete Wastewater Plant Preventive Maintenance to Corrective Maintenance ratio to at least 45% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.

4. Continue work on the Partnership for Clean Water program for the Southside Water Reclamation Plant (SWRP) to optimize system operations and performance by the end of the 4th Quarter of FY23.
   - ❖ Continue work on outstanding items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.

5. Optimize operation of the new digester gas cleaning system and cogeneration facility emission reduction systems to meet air quality limits set by the new permit by the end of the 4th Quarter of FY23.

6. Generate at least 25% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY23 and report progress quarterly.

7. To gain information for future re-use projects, establish appropriate key performance indicators (KPIs) for the chloramination process at SWRP used to disinfect effluent re-use water by the end of the 4th Quarter of FY23. Use these indicators to optimize chemical feed rates at SWRP and at the Puerto del Sol and Mesa del Sol closed loop pumping systems to maintain desired water quality for effluent re-use water.

8. In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of the unlined concrete lines 15-inch diameter and larger by the end of the 4th Quarter of FY23.

9. Manage chemical usage to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Identify metrics for monitoring and reporting by the end of the 1st Quarter of FY23. Monitor and report metrics through the end of the 4th Quarter of FY23. Identify additional odor control stations as needed.

10. To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan, initiate a manhole monitoring pilot study to diagnose flow patterns and provide advance alerts of downstream blockages. Complete a two-year pilot program with preliminary observations by the end of the 4th Quarter of FY23.

11. As part of the CMOM Program, evaluate pilot modifications to the Sub-Basin cleaning program. Look at possible changes such as sub-basin cleaning frequency to optimize effectiveness of preventative maintenance cleaning to the lines most likely to spill by the end of the 4th Quarter of FY23.

12. Install AMI devices in three additional vacuum station service areas to gather system performance data and respond quickly to low-vacuum conditions by the end of the 4th Quarter of FY23.

13. While striving to emit zero odors from the wastewater collections system and SWRP, work to reduce the cost of odor control chemicals by optimizing the amount of residual iron sludge discharged from the surface water treatment by the end of the 4th Quarter of FY23.

14. Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. Obtain a compliance rate goal of 75% through the end of the 4th Quarter of FY23.

15. National Pollutant Discharge Elimination System (NPDES) Pretreatment Program monitors compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance:
    i. Monitor continuous discharge permitted industries 16 days per year or 4 days per quarter;
    ii. Complete 16 industrial permit inspections each quarter;
    iii. Complete 175 Food Service Establishment inspections each quarter; and
    iv. Complete 52 dental office inspections each quarter.

    Report on performance and percent of Sewer Users in compliance for each category each quarter during FY23.

16. Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by working with the Collections section with SSO investigations to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years through the end of the 4th Quarter of FY23.

17. Initiate a feasibility study to determine the appropriate technology and locations for new, permanent pH monitoring stations to be constructed on each of the four interceptors entering the SWRP and send real-time information to the Supervisory Controls and Data Acquisition (SCADA) systems by the end of the 4th Quarter of FY23. These stations will provide important real-time data on pH excursions that may adversely impact the SWRP treatment process, will be able to immediately identify on which interceptor the issue is occurring, and provide a continuous and high-quality historical data record for any necessary enforcement.

18. The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by the end of the 2nd Quarter of FY23, as required in the permit.

19. Complete full-scale design of the Silvery Minnow habitat created by the SWRP Outfall Project by the end of the 1st Quarter of FY23. Submit required documents to receive ONRT funding to begin construction of the project by the end of the 2nd Quarter of FY23. Apply for additional funding sources (e.g., Water Trust Board, River Stewardship Program) for the construction of the project.

20. In support of the Bosque Water Reclamation Plant, identify relevant and required easements, permits, and environmental documents required for project design, construction, and operation by the end of the 2nd Quarter of FY23. Work collaboratively to develop actions, workflow, and timeline for completion of the required easements, permits, and environmental documents by the end of the 4th Quarter of FY23.

Goal 3: Customer Services

Provide quality customer services by communicating effectively, billing accurately, and delivering water and wastewater services efficiently based on understanding the needs and perceptions of our customers and the community at large.

1. Improve customer satisfaction and operational efficiency in achieving the call-center targets through the 4th Quarter of FY23:
   - ❖ Average Wait Time of less than 1:00 minute;
   - ❖ Average Contact Time of less than 4:00 minutes;
   - ❖ Abandoned Call Ratio of less than 3;
   - ❖ First Call Resolution of greater than 95%;
   - ❖ Average Call Quality of greater than 85%; and
   - ❖ Develop a metric for Dispatch Call Quality by the end of the 1st Quarter of FY23. Track and report data through the end of the 4th Quarter of FY23.

2. Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY23.

3. Convene a Training Advisory Committee to review and approve changes to the Customer Care Training Program by the end of the 2nd Quarter of FY23.

4. Conduct a water and wastewater rate cost of service study. Evaluate water and wastewater rate structures to ensure equity within the structures. Complete an affordability study based on the 2021 EPA Financial Capability Assessment guidelines by the end of the 4th Quarter of FY23.

5. Work with customers to reduce the 60/90 delinquency rate by one-third by the end of the 4th Quarter of FY23.

6. Continue implementation of the AMI project by replacing 30,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY23.

7. Conduct Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority's activities through the end of the 4th Quarter of FY23.

8. Complete and disseminate results of the customer opinion survey by the end of the 1st Quarter of FY23.

Goal 4: Business Planning and Management

Maintain a well-planned, managed, coordinated, and financially stable utility by continuously evaluating and improving the means, methods, and models used to deliver services.

1. Expend $64 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY23. $1 million shall be dedicated and used for identifying and replacing high-risk water pipes in critical or poor condition by the end of the 4th Quarter of FY23.

2. Prepare a report on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work by the end of the 1st Quarter of FY23. Continue implementation of the RRAMP by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY23.

3. Implement at least one planned Interceptor Rehabilitation project in FY23, and complete at least one interceptor design package by the 4th Quarter of FY23; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY23.

4. Coordinate with Bernalillo County to design and initiate construction of a force main to convey wastewater from the Municipal Detention Center to the Water Authority collections system through the end of the 4th Quarter of FY23.

5. Work with the Navajo Nation to design and construct water conveyance infrastructure to deliver water provided by the Navajo Nation to To'Hajiilee through the end of the 4th Quarter of FY23.

6. Work with Intel to design and construct water conveyance infrastructure to deliver raw water to the Intel facility through the end of the 4th Quarter of FY23.

7. Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities by the end of the 4th Quarter of FY23.

8. Finalize the Utility Development Guide and solicit feedback from stakeholders by the end of the 4th Quarter of FY23.

9. Review and update the Mini Work Order process to improve turn-around time by the end of the 4th Quarter of FY23.

10. Finalize Operating Plans for Centralized Engineering, Utility Development, Field, Water Resources, and Asset Management, to be used to inform/train new staff and for existing staff to use as a resource by the end of the 4th Quarter of FY23.

11. Complete a comprehensive asset management plan to understand and document the asset condition, risk assessment, remaining useful life, and replacement cost for every asset by the end of the 4th Quarter of FY23. Input this information into the enterprise asset management system and begin life cycle cost accounting.

12. Continue monitoring progress on the strategic asset management program (SAMP), with quarterly monitoring of the following metrics and associated target(s) by the end of the 4th Quarter of FY23.
    i. Assets Inventoried, Target greater than 50%
    ii. Asset Activity (Created, Decommissioned and Updated), Target greater than 6,500
    iii. Assets with Purchase & Replacement Cost populated, Target greater than 5,000
    iv. Work Orders without Assets, Target less than 25%
    v. Assets missing Classifications & Attributes, Target less than 25%
    vi. Assets missing required data fields,

Target less than 50%

vii. Maximo Employee Training, Target greater than 500 hours

viii. Preventative Maintenance Optimization, Target greater than 30%

13. Transition existing SAMP dashboards to Microsoft Power BI by the end of the 4th Quarter of FY23. Utilizing Power BI, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate KPIs.

14. Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, by developing policies and procedures that include strategies for internal communication and trainings on security-related topics. Track and measure metrics that are directly related to National Infrastructure Protection Plan Water Sector-Specific Plan and America's Infrastructure Act. Conduct at least 2 table-top exercises for security and cybersecurity that include representatives from across the organization. Based on the countermeasures identified in Phase 1 of the Water Authority's Final Security Plan, implement at least 3 of the countermeasures by the end of the 4th Quarter of FY23.

15. Complete the annual update and review of the Comprehensive Information Technology Security Plan and related policies that are aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology (NIST) Cybersecurity Framework by the end of the 4th Quarter of FY23. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the Water Authority's SCADA systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat.

16. Continue implementation of the SCADA Master Program by migrating to a single SCADA platform utilized by multiple Operations areas. By the end of the 4th Quarter of FY23 complete the SWRP distributed control system human machine interface upgrade, Collection/Stormwater programmable logic controller replacement, new SWRP radio tower, and network refresh.

17. Complete Information Technology (IT) projects scheduled for FY23 to include the refresh of the SCADA network and infrastructure for the SWRP by the end of the 2nd Quarter of FY23.
    - ❖ Begin installation and setup of such Infrastructure to upgrade the SWRP SCADA systems to mirror the IT infrastructure model currently installed at the Surface Water Treatment Plant by the end of the 4th Quarter of FY23.
    - ❖ Complete assessment for Data Center Location, overall Network and Security design by the end of the 1st Quarter of FY23.
    - ❖ Build in redundant network connections, Internet Service Provider (ISP) services and Telephony to accommodate a reliable and consistent set of services for both the Enterprise and Operational Technology networks by the end of the 3rd Quarter of FY23.
    - ❖ Evaluate and implement offline data storage to protect the Water Authority from cybersecurity attacks and ransomware by the end of the 1st Quarter of FY23.

18. Establish a Service Management Office to provide governance, business relationship management, knowledge management and service level agreements; and the implementation of a Program Management Office (PMO) to provide a single point of management, control and accountability for the establishment, development, implementation and maintenance of project management standards, practices and procedures by the end of the 2nd Quarter of FY23. High level objectives for the PMO office include implementation of a tool to properly manage projects and creating a repository for documentation.

19. Utilizing a gap analysis and best practices review, identify current and future Geographic Information System (GIS) and Asset Management needs by the end of the 4th Quarter of FY23. Create a new GIS layer for 'Construction in Progress' by the end of the 3rd Quarter of FY23.

20. Continue to identify opportunities to apply machine learning to assess current operations through the end of the 4th Quarter of FY23. Expand usage of Splunk data analytics tool to implement functions for cybersecurity, water quality, and/or asset management by the end of the 4th Quarter of FY23. Complete Effective Utility Management (EUM) metric automation buildout leveraging Splunk by the end of the 1st Quarter of FY23. Develop a strategy for the utilization of machine learning and analytics to predict failure of linear and vertical assets by the end of the 4th Quarter of FY23.

21. Evaluate and assess reducing privately leased space as it applies to staffing space, asset management, relocation of the 'Map Room' and integrated network pathways that would need to be moved by the end of the 4th Quarter of FY23.

22. Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act and Clean Water Act regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, local laws ordinances, and issues involving emerging contaminants to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY23.

23. Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include:
    i. Water Quality Laboratory results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs). Maintain greater than 0.5 results reported per productive hour per quarter in each analytical section through end of the 4th Quarter of FY23.

    ii. Laboratory Productivity (results reported per productive hour, results sent to subcontract laboratories in lieu of in-house testing). Maintain greater than 2,000 results per quarter in each analytical section through end of the 4th Quarter of FY23.

    iii. Percentage of results reported late (turnaround time). Maintain less than 10 percent results reported late per quarter and provide quarterly results through end of the 4th Quarter of FY23.

24. Continue to develop LabVantage ("laboratory information management system") throughout FY23 to increase the automation of data entry to reduce data entry errors and reduce the amount paper used at the laboratory. Begin developing reports in LabVantage by the end of the 4th Quarter of FY23.

25. Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct at least one internal audit per year. Conduct and report on internal audits of sampling procedures and report results as they pertain to regulatory requirements and standard operating procedures. Issue corrective action response requests as needed and track and report on their progress. Ensure Compliance Division field instruments are calibrated as necessary and that personnel demonstrate capability in sample collection and measurement. Monitor and report on corrective action response report (CARR) closure duration quarterly through the end of the 4th Quarter of FY23.

26. Maintain accreditation with the American Association for Laboratory Accreditation by addressing any changes resulting from the on-site assessment of the Water Quality Laboratory. Conduct internal audits, Standard

Operating Procedure (SOP) revisions, and identify actions to address risks and opportunities as required by ISO/IEC 17025:2017. Implement any changes resulting from the 2019 Methods Update Rule. Track and report on corrective actions and risk assessment responses. Maintain a closure duration of less than 60 days per CARR and an average completion of less than 30 days for all CARRs per fiscal year through the end of the 4th Quarter of FY23.

27. Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify all schools and child-care centers in the service area that will require lead monitoring and develop sample plan templates for the facilities to use to track multiple faucets by the end of the 4th Quarter of FY23. Initiate research to understand the monitoring, data requirements and expectations for corrosion control studies under the new rule.

28. Consistent with the EUM continuous improvement process, complete the biennial attribute self-assessment using the EUM Benchmarking Assessment Tool by the end of the 2nd Quarter of FY23 and incorporate findings into the FY24 goals and objectives.

Goal 5: Organizational Development

Sustain a well-informed, trained, motivated, safe, organized, and competitive work force to effectively meet the expectations of the customers, community, and Board in accordance with adopted policies and mandates.

1. Recognize at least 15% of the work force through initiatives such as employee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY23.

2. Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees with a 60% or greater overall completion rate by the end of the 4th Quarter of FY23. In collaboration with our Employee Assistance Program, increase mental health awareness through quarterly trainings and presentations. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY23.

3. Maintain an average utility-wide vacancy rate of no greater than 7% through the end of FY23. Maintain an average number of days to fill positions of 40 days or less and report quarterly through the end of the 4th Quarter of FY23.

4. Continue promoting a Culture of Safety by providing a variety of job-related safety trainings, opportunities for recognition and safety communications to create awareness and promote good work practices. Track the hours of training offered and percent attendance by working group through the end of the 4th Quarter of FY23 and study the data to identify trends that could be mitigated by implementing tailored work practices, SOPs, and customized safety trainings. Reduce injury hours to 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY23.

5. Provide employees with job-related training and monitor hours of training completed. Maintain an average of at least 25 hours of training per employee through the end of the 4th Quarter of FY23.
6. Consistent with the Water Research Foundation Utility Innovation Project, develop a Strategic Plan for the Water Authority's Innovation Program by the end of the 4th Quarter of FY23. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.

7. Develop a formalized plan for remote working options within the Water Authority by the end of the 2nd Quarter of FY23.

8. Augment Internal Communications via deployment of video message boards and content by the end of the 4th Quarter of FY23.

9. Conduct a cost/benefit analysis of the Water Authority benefit plans by the end of the 2nd Quarter of FY23.

APPROVED BUDGET

AND

FINANCIAL CONSOLIDATIONS

Approved
Operating Budget
FY23

ABCWUA FUNDS

The Water Authority accounts for all activities to provide water and wastewater services for the residents of both the City of Albuquerque and Bernalillo County. These activities include, but are not limited to, administration, operation, maintenance, financing and related debt service, billing and collection. This proprietary-type Water Authority provides services which are intended to be financed primarily through user charges or activities where periodic determination of net income is appropriate.

Fund 21 - General Fund - To account for the general operations of providing water and wastewater services in the Water Authority's service area.

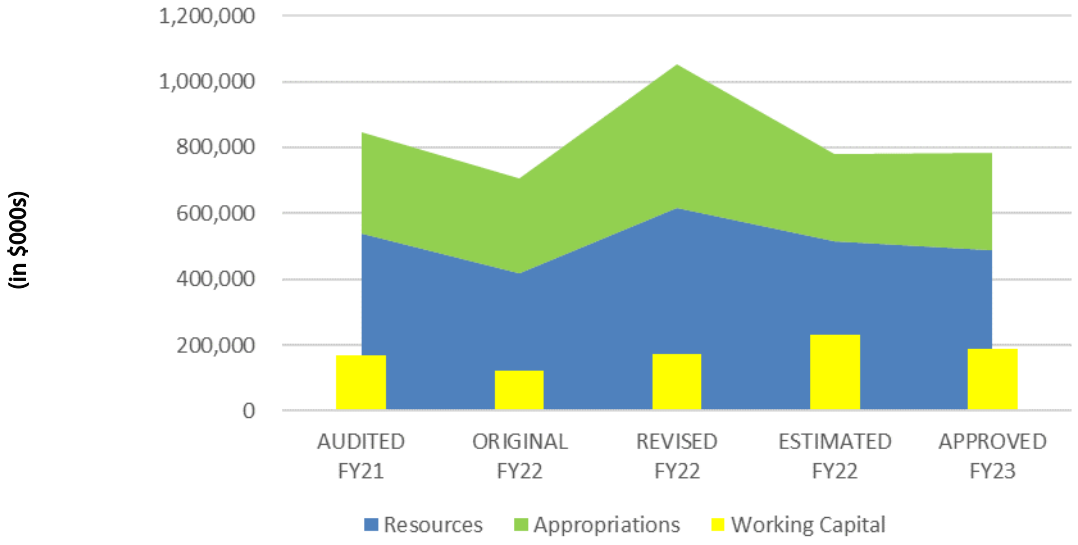
Fund 27 – Water 2120 Projects/ Fund 28 – Capital Rehab Fund/ Fund 29 – Capital Growth Fund - To account for the operations of the Water Authority's Capital Improvement Program.

Fund 31 - Debt Service Fund - To accumulate the monies to pay the debt service associated with water and wastewater services.

Fund 41 – San Juan Chama Project Contractors Association Fund - To account for the operations of the San Juan Chama Project Contractors Association. The resources for these funds are the administration fees and special assessments collection from the members of the association.

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Proceed Revenues	49,719	-	88,270	88,822	-	(88,270)
Miscellaneous Revenues	5,210	10,543	57,214	12,520	13,773	(43,441)
Enterprise Revenues	236,160	228,761	292,873	234,234	241,098	(51,775)
Transfers from Other Funds	122,233	118,433	118,433	118,433	118,618	185
Interfund Adjustments	(122,233)	(118,433)	(118,433)	(118,433)	(118,618)	(185)
Total Current Resources	291,089	239,304	438,357	335,576	254,871	(183,486)
Add from Working Capital		8,461	8,461	8,461	1,000	(7,461)
Beginning Working Capital Balance	248,824	170,361	170,361	170,361	232,280	61,919
TOTAL RESOURCES	539,913	418,127	617,179	514,398	488,151	(129,028)
APPROPRIATIONS:						
Enterprise Operations	117,200	124,897	125,068	123,781	129,316	4,248
CIP Water 2120, Basic Rehab & Growth	106,158	80,393	230,617	58,706	79,207	(151,410)
Debt Service	83,792	81,754	81,754	81,386	88,663	6,909
Transfers to Other Funds:	122,233	118,433	118,433	118,433	118,618	185
Interfund Adjustments	(122,233)	(118,433)	(118,433)	(118,433)	(118,618)	(185)
TOTAL APPROPRIATIONS	307,150	287,044	437,439	263,873	297,186	(140,253)
Adj to Working Capital Balance	(62,401)	(8,461)	(8,461)	(18,245)	(1,000)	7,461
ENDING WORKING CAPITAL BALANCE	170,361	122,622	171,278	232,280	189,966	18,688
Rate Reserve	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	-
Risk Reserve	(500)	(500)	(500)	(500)	(500)	-
Soil Amendment Facility Reserve	(1,486)	(1,486)	(1,486)	(1,486)	(2,147)	(661)
ENDING WORKING CAPITAL BALANCE (NET OF RESERVES)	159,376	111,636	160,293	221,294	178,319	18,026

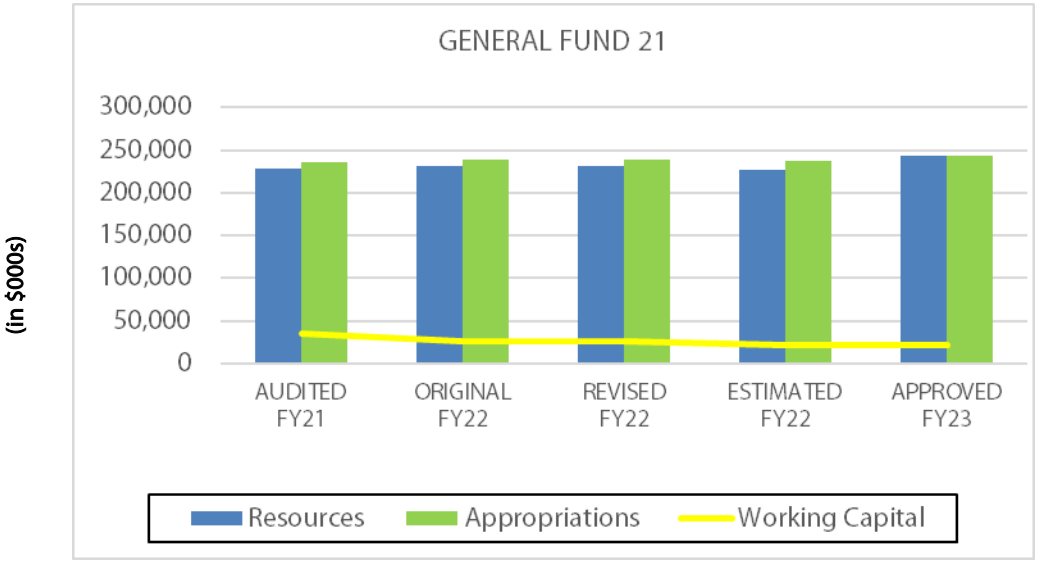


COMBINED FY23 FUNDS BUDGET

($000's)	GENERAL FUND FUND 21	CAPITAL FUNDS 27/28/29	DEBT SERVICE FUND 31	SJCPCA FUND FUND 41	FY23 TOTALS
RESOURCES					
Interest	500				500
Miscellaneous	7,909	3,000		172	11,081
Water	130,504				130,504
Water Resources Management	4,500				4,500
Wastewater	98,094				98,094
Solid Waste Admin Fee	1,705				1,705
DMD Admin Fee	487				487
Utility Expansion Charges			8,000		8,000
Transfers	-	40,618	78,000	-	118,618
TOTAL CURRENT RESOURCES	243,699	43,618	86,000	172	373,489
Add from Working Capital	1,000	-	-	-	1,000
Beginning Fund Balance	32,778	146,309	53,167	27	232,280
TOTAL RESOURCES	**277,477**	**189,927**	**139,167**	**199**	**606,769**
APPROPRIATIONS					
Wages	45,141				45,141
Fringe Benefits	21,274				21,274
Other Services	19				19
Utilities	12,815				12,815
Supplies	11,748				11,748
Travel, Training, and Dues	666				666
Repairs and Maintenance	14,589				14,589
Vehicle Maintenance	3,100				3,100
WC, Insurance, Tort, and Other Liab	3,506				3,506
NM Water Conservation Fee	656				656
Interest	42				42
Principal	1,360				1,360
Admin Svcs/OPEB	494				494
Contractual Services	13,734	79,207		172	93,113
Transfer to Capital Fund	36,618		4,000		40,618
Transfer to Debt Service	78,000				78,000
Debt Service Payments			88,663		88,663
TOTAL APPROPRIATIONS	**243,762**	**79,207**	**92,663**	**172**	**415,804**
Revenue Over (Under) Expenditures	33,715	(35,589)	(6,663)	-	(8,537)
Adjustment to Fund Balance	1,000	-	-	-	1,000
ENDING FUND BALANCE	**32,715**	**110,720**	**46,504**	**27**	**189,966**
Rate Reserve	9,000	-	-	-	9,000
Risk Reserve	500	-	-	-	500
Soil Amendment Facility Reserve	2,147	-	-	-	2,147
ENDING FUND BALANCE (NET OF RESERVES)	**21,068**	**110,720**	**46,504**	**27**	**178,319**

GENERAL FUND – 21
RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

The General Fund budget provides quality water and wastewater removal to its ratepayers. This fund handles all operating dollars for the Water Authority. Transfers to the debt service fund and capital funds are also maintained in this fund.



Resources

General Fund revenue budget for FY23 is $244.7 million, including an addition of $1.00 million from working capital. Of the total revenue, 95.3% is comprised of charges for water and wastewater services. FY23 revenue is estimated to be $12.8 million above the FY22 revised budget. This increase reflects the 5% revenue rate adjustment approved by the Water Authority Board for FY23.

Appropriations

General Fund appropriation budget for FY23 is $243.8 million. Operating expenses contain a net increase of $4.4 million from the FY22 revised budget. This includes an increase of $3.9 million in salaries and benefits, an increase of $0.3 million in operating expenses, an increase of $0.2 million for the transfer to the Debt Service fund. Personnel expenses include a 5% cost of living adjustment, as per labor agreements, a 7.9% increase in health benefit costs and a 0.5% increase in PERA pension costs. FY23 approved issue papers submitted by divisions total $0.9 million. A detailed listing of the approved issue papers is on page 81.

Reserves

For FY23, the Rate Reserve is $9.0 million; the Risk Reserve is $0.5 million; and the Soil Amendment Facility Reserve increases to $2.1 million.

Working Capital

The Water Authority's policy is to maintain a Fund Balance equal to at least 1/12th of the annual budgeted operating expenses. The Working Capital balance at June 30, 2023, is projected to be $32.7 million.

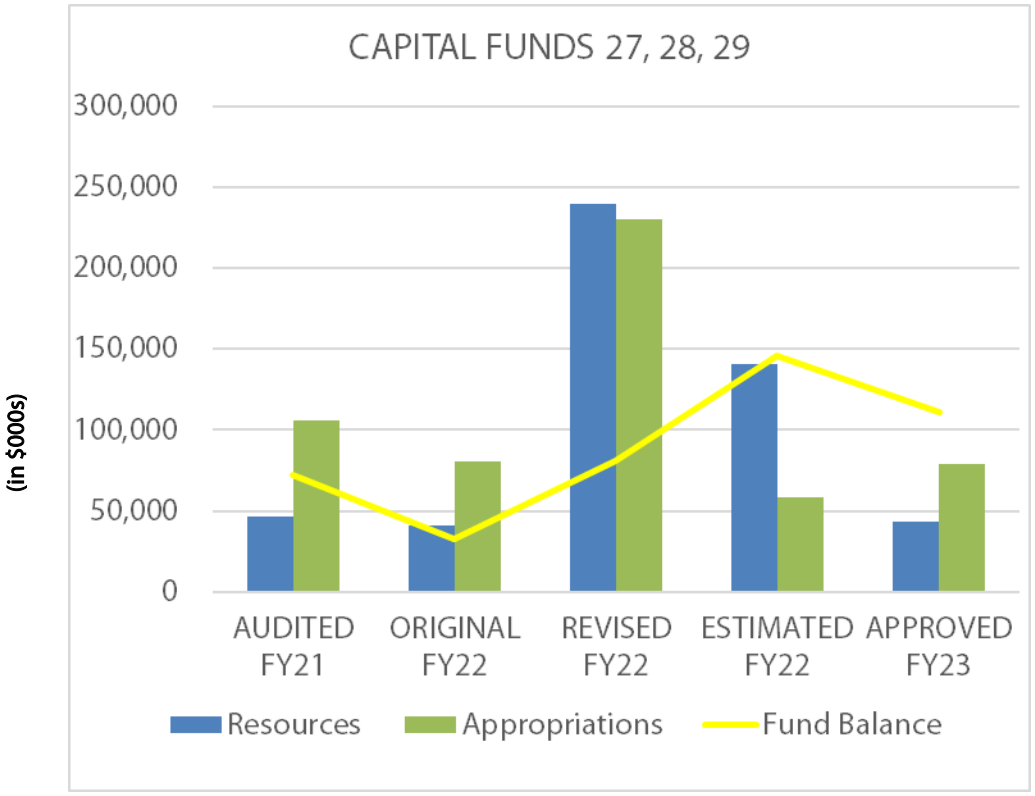
The decrease in the Working Capital balance reflects the policy decision of the Water Authority to "draw down" the excess working capital to offset increases in operating expenses. This policy has enabled the Water Authority to maintain the water/wastewater rates for previous four fiscal years.

GENERAL FUND – 21
RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Rate Revenues:						
Water Service	104,253	90,578	90,578	103,478	96,107	5,529
Water Facilities Rehab	37,760	32,402	32,402	37,515	34,022	1,620
Wastewater Service	42,006	64,869	64,869	42,069	69,112	4,243
Wastewater Facilities Rehab	34,321	27,602	27,602	34,558	28,982	1,380
Contr/Aid/Hookups	366	375	375	337	375	-
Water Resources Management	4,372	4,500	4,500	4,261	4,500	-
Total Rate Revenue	**223,078**	**220,326**	**220,326**	**222,218**	**233,098**	**12,772**
Other Revenues:						
Solid Waste Admin Fee	1,673	1,761	1,761	1,761	1,705	(56)
DMD Admin Fee	350	373	373	373	487	114
Interest on Investments	214	500	500	163	500	-
Miscellaneous Revenue	2,486	7,909	7,909	2,057	7,909	-
Total Other Revenue	**4,722**	**10,543**	**10,543**	**4,354**	**10,601**	**58**
Total Current Resources	227,800	230,869	230,869	226,572	243,699	12,830
Add from Working Capital	-	8,461	8,461	8,461	1,000	(7,461)
Beginning Working Capital Balance	54,913	46,032	46,032	46,032	32,778	(13,255)
TOTAL RESOURCES	**282,713**	**285,362**	**285,362**	**281,065**	**277,477**	**(7,885)**
APPROPRIATIONS:						
Programs:						
Administration	1,823	1,797	1,797	1,630	1,839	42
Risk	5,048	5,643	5,643	5,709	5,668	25
Legal	945	799	799	873	816	17
Human Resources	1,740	1,778	1,778	1,733	1,856	78
Finance	7,525	7,984	8,045	9,327	9,569	1,524
Customer Services	4,827	5,226	5,226	4,778	5,265	39
Information Technology	9,089	8,728	8,728	10,281	9,775	1,047
Wastewater Plant	11,908	11,869	11,869	11,485	11,747	(122)
San Juan-Chama Water Treatment Plant	4,162	4,570	4,570	4,109	4,790	220
Groundwater Operations	6,407	6,883	6,825	6,552	7,169	344
Wastewater Collection	7,124	7,571	7,571	7,433	7,835	264
Water Field Operations	17,980	20,729	20,726	18,705	21,100	374
Compliance	4,688	5,682	5,682	4,996	5,920	238
Central Engineering	2,953	3,178	3,178	3,150	3,432	254
Asset Management	557	601	601	583	763	162
Planning & Utility Development	551	666	700	616	824	124
Water Resources	3,177	4,643	4,609	3,641	4,652	43
Power & Chemicals	21,949	21,487	21,487	22,606	21,051	(436)
Taxes	857	656	656	1,066	656	-
Overhead	1,367	1,660	1,660	1,597	1,670	10
San Juan-Chama	2,522	2,747	2,747	2,739	2,747	-
Total Enterprise Appropriations	**117,200**	**124,897**	**124,897**	**123,611**	**129,144**	**4,247**
Transfers to Other Funds:						
Rehab Fund - 28	36,418	36,618	36,618	36,618	36,618	-
Debt Service Fund - 31	81,815	77,815	77,815	77,815	78,000	185
Total Transfers	**118,233**	**114,433**	**114,433**	**114,433**	**114,618**	**185**
TOTAL APPROPRIATIONS	**235,433**	**239,330**	**239,330**	**238,044**	**243,762**	**4,432**
Adjustment to Working Capital	(1,248)	(8,461)	(8,461)	(10,243)	(1,000)	7,461
ENDING WORKING CAPITAL BALANCE	**46,032**	**37,571**	**37,571**	**32,778**	**32,715**	**(4,856)**
Rate Reserve	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	-
Risk Reserve	(500)	(500)	(500)	(500)	(500)	-
Soil Amendment Facility Reserve	(1,486)	(1,486)	(1,486)	(1,486)	(2,147)	(661)
ENDING WORKING CAPITAL BALANCE (NET OF RESERVES)	**35,046**	**26,585**	**26,585**	**21,792**	**21,068**	**(5,517)**

CAPITAL FUNDS – 27, 28, 29
RESOURCES, APPROPRIATIONS AND FUND BALANCE

The Capital Funds are used to fund the operations of the Water Authority's Capital Improvement Program based on projects identified in the Water Authority's Decade Plan. The resources for these funds are the transfers from the General and the Debt Service Funds.



Resources

Total current resources approved for FY23 are $43.6 million. These resources are comprised of transfers from the General Fund ($36.6 million) and the Debt Service Fund ($4.0 million) and Miscellaneous revenue ($3.0). CIP resources increase $2.6 million in FY23 from the FY22 Original Budget.

Appropriations

FY23 appropriations total $79.2 million. CIP appropriations decrease $1.2 million from the FY22 Original Budget, based on the Water Authority's FY22-FY31 Decade Plan.

Fund Balance

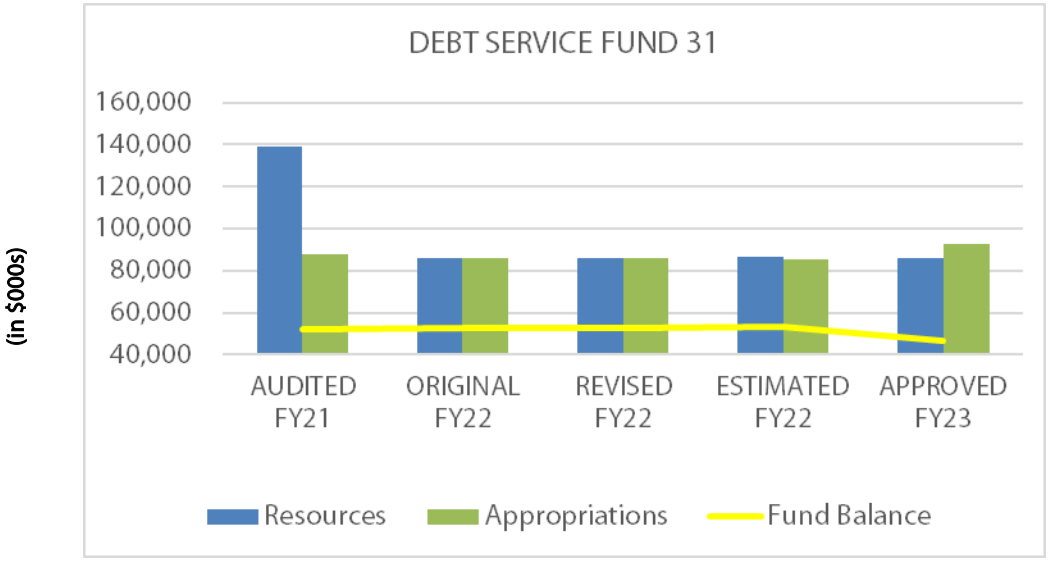
The Fund Balance at June 30, 2022 is projected to be $110.7 million.

CAPITAL FUNDS – 27, 28, 29
RESOURCES, APPROPRIATIONS AND FUND BALANCE

($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Proceeds:						
Loan Proceeds	1,919	-	1,571	2,123	-	(1,571)
Bond Proceeds	-	-	86,699	86,699	-	(86,699)
Total Proceed Revenue	1,919	-	88,269	88,821	-	(88,269)
Miscellaneous Revenues:						
Other	24	-	46,500	7,561	3,000	(43,500)
Total Miscellaneous Revenue	24	-	46,500	7,561	3,000	(43,500)
Enterprise Revenues:						
Grants	1,599	-	63,612	1,542	-	(63,612)
Lease of Water Rights	810	-	500	200	-	(500)
Water Resource Charge	1,613	435	435	1,873	-	(435)
Total Enterprise Revenues	4,022	435	64,547	3,614	-	(64,547)
Transfer from Other Funds:						
General Fund - 21	36,418	36,618	36,618	36,618	36,618	-
Debt Service Fund - 31	4,000	4,000	4,000	4,000	4,000	-
Total Transfers	40,418	40,618	40,618	40,618	40,618	-
Total Current Resources	46,383	41,053	239,934	140,615	43,618	(196,316)
Beginning Fund Balance	144,180	71,898	71,898	71,898	146,309	74,411
TOTAL RESOURCES	**190,563**	**112,951**	**311,831**	**212,513**	**189,927**	**(121,904)**
APPROPRIATIONS:						
CIP Water 2120	137	300	3,831	70	300	(3,531)
CIP Basic Rehab	101,273	75,083	217,795	54,930	72,917	(144,878)
CIP Growth	4,748	5,010	8,991	3,706	5,990	(3,001)
Total CIP	106,158	80,393	230,617	58,706	79,207	(151,410)
Transfer To Other Funds:						
Debt Service Fund - 31	-	-	-	-	-	-
Total Transfers	-	-	-	-	-	-
TOTAL APPROPRIATIONS	**106,158**	**80,393**	**230,617**	**58,706**	**79,207**	**(151,410)**
ADJUSTMENTS:						
Adjustment to Fund Balance	(12,507)	-	-	(7,498)	-	-
ENDING FUND BALANCE	**71,898**	**32,558**	**81,214**	**146,309**	**110,720**	**29,506**

DEBT SERVICE FUND - 31
RESOURCES, APPROPRIATIONS AND FUND BALANCE

The Debt Service Fund is used to accumulate monies for payment of principal and interest on revenue bonds secured by pledge of water and wastewater revenues. It is the Water Authority's policy to allocate the annual amount of Utility Expansion Charge (UEC) revenues as follows: $6 million remains in this fund and the remainder is transferred to the capital funds to be used for cash financing of growth projects.



Resources

Debt Service resources approved for FY23 are $86.0 million; an increase of $0.2 million. The current resources are comprised of revenue from Utility Expansion Charges (UEC) and transfers from the General Fund. UEC revenue remains at $8.0 million based on the current trend in residential development. The transfer from the General Fund increases $0.2 million based on the Water Authority's debt service schedule.

Appropriations

Appropriations total $92.7 million, of which $88.7 million is principal and interest payments for outstanding debt and $4.0 million is a transfer to the Growth Capital fund. Debt service payments increase in FY23 $6.9 million, based on the Water Authority's debt service schedule. The transfer to the capital fund remains at $4.0 million.

Fund Balance

Fund Balance at June 30, 2022 is projected to be $46.5 million.

DEBT SERVICE FUND - 31
RESOURCES, APPROPRIATIONS AND FUND BALANCE

($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Proceed Revenues	47,800	-	-	-	-	-
Miscellaneous Revenues	464	-	-	434	-	-
Utility Expansion Charges	9,060	8,000	8,000	8,402	8,000	-
Transfers from Other Funds	81,815	77,815	77,815	77,815	78,000	185
Total Current Resources	139,139	85,815	85,815	86,651	86,000	185
Beginning Fund Balance	49,731	52,432	52,432	52,432	53,167	735
TOTAL RESOURCES	**188,870**	**138,247**	**138,247**	**139,083**	**139,167**	**920**
APPROPRIATIONS:						
Debt Service	83,792	81,754	81,754	81,386	88,663	6,909
Transfers to Other Funds	4,000	4,000	4,000	4,000	4,000	-
TOTAL APPROPRIATIONS	**87,792**	**85,754**	**85,754**	**85,386**	**92,663**	**6,909**
Year-End Adjustment	(48,646)	-	-	(530)	-	-
Adj to Fund Balance	-	-	-	-	-	-
ENDING FUND BALANCE	**52,432**	**52,493**	**52,493**	**53,167**	**46,504**	**(5,989)**

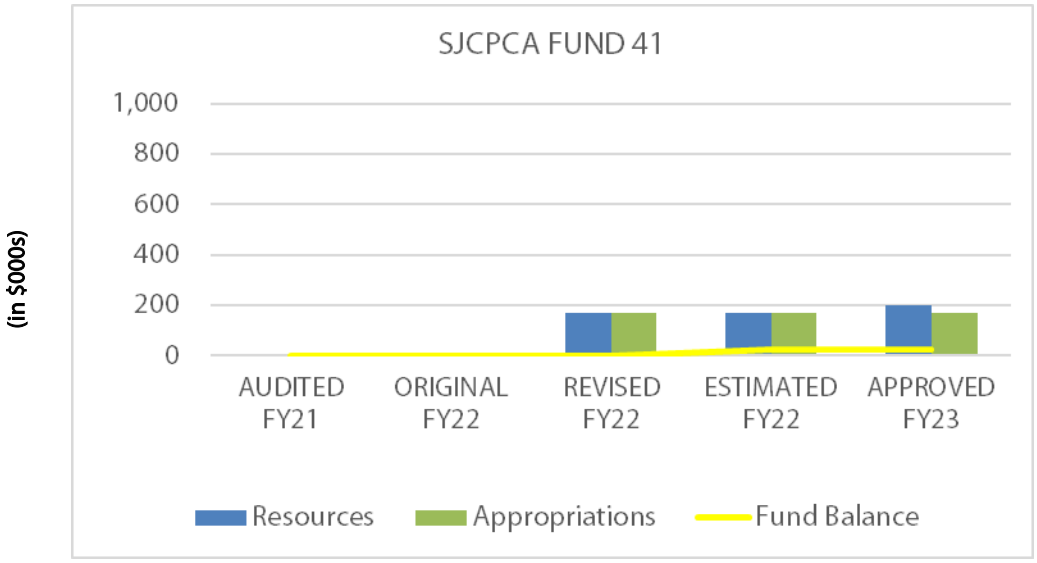
SAN JUAN CHAMA PROJECT CONTRACTORS ASSOCIATION (SJCPCA) FUND – 41 RESOURCES, APPROPRIATIONS AND FUND BALANCE

The San Juan Chama Project Contractors Association (SJCPCA) Funds are used to fund the operations of the SJCPCA. The resources for these funds are the administration fees and special assessments collection from the members of the association.

The Water Authority Board approved a Memorandum of Agreement creating the SJCPCA with various political subdivisions, public entities, and federally recognized Indian tribes for the protection of the San Juan-Chama Project and the associated water supply for the mutual benefit of the water users represented by the parties to the agreement.

The Water Authority was elected by the SJCPCA to serve as the fiscal agent for the SJCPCA. As the fiscal agent, the Water Authority shall:

1. Manage the fiscal affairs of the SJCPCA, with the supervision of the Board.
2. Collect an annual assessment from each member and any special assessments approved by the Board.
3. Manage the investment of SJCPCA funds which shall be held in trust for the members and used for the purposes of the agreement.



Resources

Total current resources approved for FY23 are $0.2 million. These resources are comprised of administration fees ($0.04 million) and Special Assessments ($0.17 million) collected from members of the association. Resources increase $0.03 million in FY23 from the FY22 Revised Budget.

Appropriations

FY23 appropriations total $0.2 million.

Fund Balance

The Fund Balance at June 30, 2022, is projected to be $0.03 million.

SAN JUAN CHAMA PROJECT CONTRACTORS ASSOCIATION (SJCPCA)
FUND – 41
RESOURCES, APPROPRIATIONS AND FUND BALANCE

($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Administration Fees	-	-	46	46	40	(6)
Special Assessments	-	-	124	125	132	8
Total Current Resources	-	-	170	171	172	2
Beginning Fund Balance	-	-	-	-	27	27
TOTAL RESOURCES	**-**	**-**	**170**	**171**	**199**	**29**
APPROPRIATIONS:						
General Government	-	-	170	170	172	2
TOTAL APPROPRIATIONS	**-**	**-**	**170**	**170**	**172**	**2**
Year-End Adjustment	-	-	-	26	-	-
Adj to Fund Balance	-	-	-	-	-	-
ENDING FUND BALANCE	**-**	**-**	**-**	**27**	**27**	**27**

FINANCIAL PLAN

The Water Authority uses a ten-year financial plan that factors in resources, expenses, capital needs and debt service requirements. The financial plan provides the Water Authority with the ability to compare the impact of future financial activity and issues to determine the most appropriate method of maintaining the Water Authority's financial stability. The Water Authority reviews water and wastewater rates bi-annually to ensure that inter- and intra- class equity is maintained.

To plan for the future and to ensure financial stability, an amendment to the Water Authority's Rate Ordinance was approved by the Board in June 2013 which increased rate revenue by 5% in fiscal years 2014, 2015, 2016 and again in 2018. There was no rate increase in fiscal year 2020 or fiscal year 2021 and no rate increase is scheduled for fiscal year 2022. The Water Authority will be preparing a cost-of-service study in 2022 to look at future needs of the system.

Effective July 1, 2007, the Water Authority Board approved policies that impact financial planning for the future. A Rate Stabilization Fund was established to help offset fluctuations in revenue in the future and mitigate the need for rate increases. An annual adjustment to the Utility Expansion Charge (UEC) and the Water Resource Charge (WRC) based on the building cost or construction cost indices was implemented. This adjustment will allow the Water Authority's capital program to maintain constant dollars with inflationary increases in the future. A Water Resource Charge was established to provide the resources for the Water Authority to begin the planning, acquisition and development of new water sources to meet the demands of new customers outside the established service area without impacting existing customers.

In FY20, the Water Authority established a reserve to provide funds for the future closure and post- closure care costs for the utility's Soil Amendment Facility, which processes byproducts of wastewater treatment. The New Mexico Solid Waste Rules, 20.9.3.27 NMAC, require the registration of a composting facility with the New Mexico Environment Department. As part of this registration, the agency must provide financial assurance for the closure and nuisance abatement (Rule 20.9.10.9 NMAC) in the event the facility is to be closed. Management analysis of GASB Statement No. 18 determined that no liability needs to be recorded as the facility does not store byproducts on-site.

The Water Authority also develops a Decade Plan every two years that guides the Capital Implementation Program (CIP). The projects included in the plan are identified for near-term and future work and include both rehabilitation needs and growth-related activities. The Water Authority's financial planning considers basic program needs as part of its revenue requirements, and, by policy, requires financing fifty percent of basic program rehabilitation CIP work from water and wastewater rate revenues. The balance of capital funding is obtained through revenue bond or loan financing. Growth-related projects are funded through UEC revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriations to CIP projects. The development of a Decade Plan allows for long-term planning for both initial construction and rehabilitation costs as well as additional operating costs to operate and maintain new water and wastewater facilities.

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY21 thru FY30. This plan considers the Water Authority's Capital needs, Debt Service needs, revenue sources and expenses. The Financial Plan helps the Water Authority plan for future potential expense levels in both operating and capital and compare them to the estimated revenue resources for each projected fiscal year. The plan shows the effects of the budget on the Water Authority's future Working Capital and provides a tool to project future budget needs for the Utility.

The highlighted amount in Capital Funds – Water 2120 for FY29 and FY30 is for the new Reuse Plant identified in the *Water 2120* Plan.

FINANCIAL PLAN

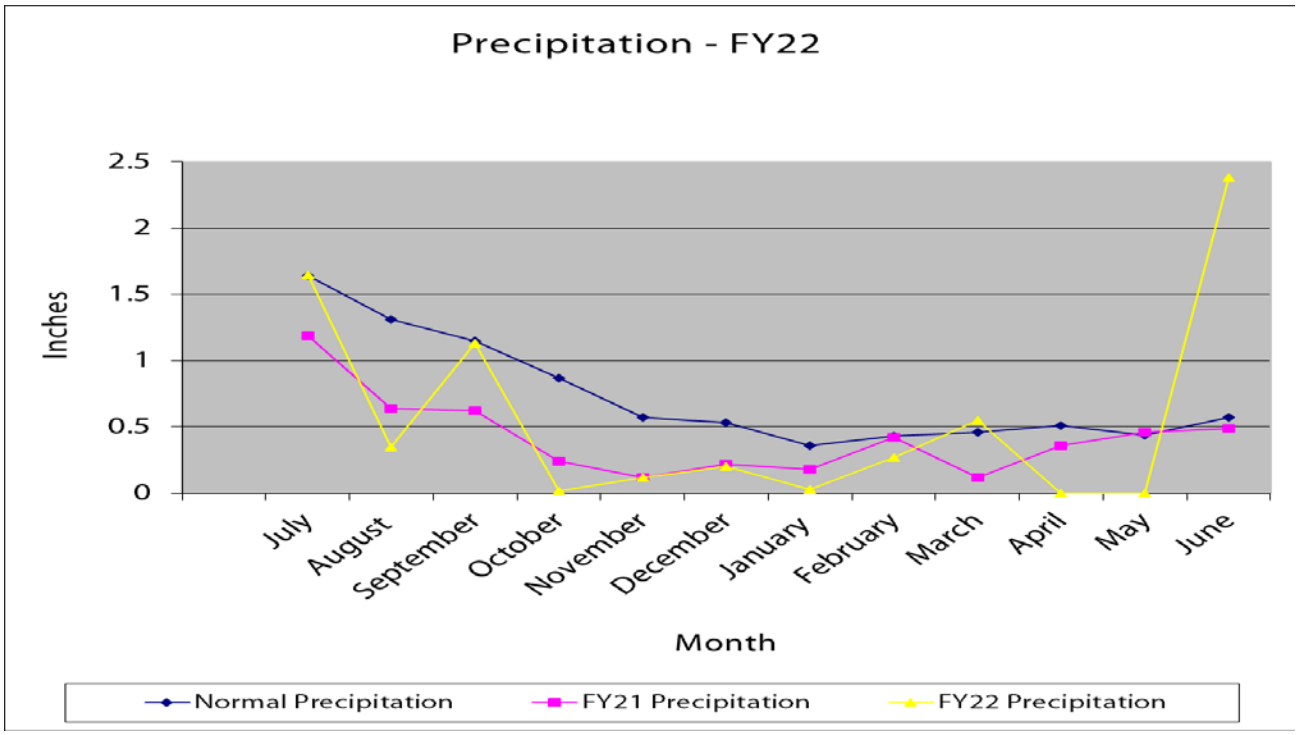
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Capital Funds										
Needs: Basic (Min 50% cash Tra	37000	37000	37000	37000	37000	37000	37000	37000	37000	37000
Increase for Rehab/Asset Mgt P	166564	32917	32350	32350	35350	38350	41350	44350	47350	50350
Growth Projects	8991	5990	4000	4000	4000	4000	4000	4000	4000	4000
Additional CIP										
Steel Line	1026	2000	1000	1000	1000	1000	1000	1000	1000	1000
AMI	5497	1000	2000	2000	2000	2000	2000	2000	2000	2000
Water 2120	3831	300	1700	1700	1700	1700	1700	1700	100000	26700
Resources:										
Beginning Bal.	71898	81215	46061	65064	29167	51270	25373	55476	29579	25382
Trf. from Operating	36618	36618	36618	36618	39618	42618	45618	48618	51618	54618
Trf. from Operating-Water 2120						10000	10000	10000	10000	10000
Trf. from Debt Service	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Bond/Loan Proceeds	74055		56000		58000		56000		120000	52000
Water Resource Charge	435	435	435	435	435	435	435	435	435	435
Adjustments/Misc	117118	3000								
Subtotal	304124	125268	143114	106117	131220	108323	141426	118529	215632	146870
Interest on Above				1100	1100	1100	1100	1100	1100	1100
Total	304124	125268	143114	107217	132320	109423	142526	119629	216732	147970
Balance June 30	81215	46061	65064	29167	51270	25373	55476	29579	25382	26920
Debt Service Fund										
Resources:										
Interest Income		400	100	100	100	100	100	100	100	100
UECs	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Transfer from 621	77815	78000	89722	87722	86578	75307	68688	60288	59935	52196
Adjustments/Misc										
Bg. Fund Balance	52432	52493	46230	46230	46230	46230	46230	46230	46230	46230
Total	138247	138893	144052	142052	140909	129638	123018	114618	114266	106526
Expenditures:										
Agent Fees	0	0	15	15	15	15	15	15	15	15
Trf to Capital	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Debt Service	81754	88663	88307	86307	81163	67392	56773	48373	48020	40281
Advanced Rehab										
Adjustments/Misc							5000	5000	5000	5000
FY/26 Bond Proceeds					4000	6500	5500	5500	5500	5500
FY/24Bond Proceeds			5500	5500	5500	5500	5500	5500	5500	5500
Total	85754	92663	97822	95822	94678	83407	76788	68388	68035	60296
Fund Balance	52493	46230	46230	46230	46230	46230	46230	46230	46230	46230
Operating Fund										
Resources										
Rate Revenue	220326	232050	233210	244871	246095	252247	253509	253509	254776	254776
adj due to re-estimate										
Growth Revenue		2000	3000	3000	3000	3000	3000	3000	3000	3000
Nonrate Revenue	10543	10601	10000	10000	10000	10000	10000	10000	10000	10000
Addl Working Capital	8461									
Bg. Res over Comm	46032	40099	40988	30652	31551	29521	29576	32132	37341	38368
Total	285363	284750	287199	288523	290646	294768	296085	298640	305117	306144
Expenditures										
Labor	60849	65698	67012	68352	69719	71113	72536	73986	75466	76975
Operations Exp	61131	60162	61064	61980	62910	63854	64811	66108	67430	68778
Issue Paper		984	-170							
Incentive	300	300	300	300	300	300	300	300	300	300
Adjustments/Misc	6551									
Transf. to DS	77815	78000	89722	87722	86578	75307	68688	60288	59935	52196
Transf. to Cap. Water 2120						10000	10000	10000	10000	10000
Transf. to Cap.	36618	36618	36618	36618	39618	42618	45618	48618	51618	54618
Total	245264	243762	256546	256972	261125	265192	263953	261300	266749	264868
Operating Reserves	1986	2647	2647	2647	2647	2647	2647	2647	2647	2647
Rate Reserve	9000	9000	9000	9000	9000	9000	9000	9000	9000	9000
Resources over Comm.	29113	29341	19005	19904	17874	17929	20485	25694	26721	29629
Res over Comm w/out Res	40099	40988	30652	31551	29521	29576	32132	37341	38368	41276
Rate Increases	0.00%	5.00%	0.00%	5.00%	0.00%	2.50%	0.00%	0.00%	0.00%	0.00%
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**

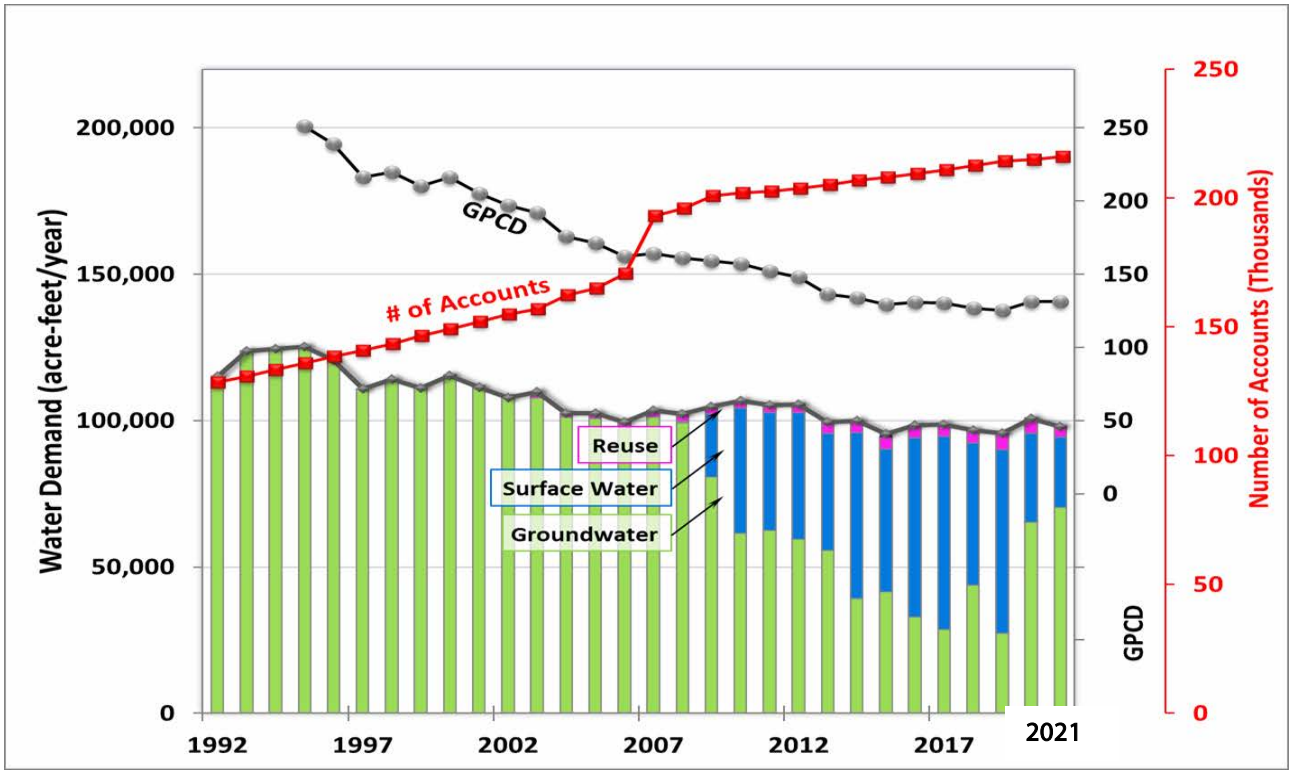
REVENUE ANALYSIS
AND
ECONOMIC OUTLOOK

Approved
Operating Budget
FY23

PRECIPITATION HISTORY & WATER USAGE TRENDS

A history of the precipitation for FY21 and FY22 as compared to the average moisture that the service area has received since the beginning of the fiscal year is seen in the chart below as well as a chart of the water use trends.





RATE STRUCTURE AND MAJOR REVENUE SOURCES

The Water Authority's Rate Structure

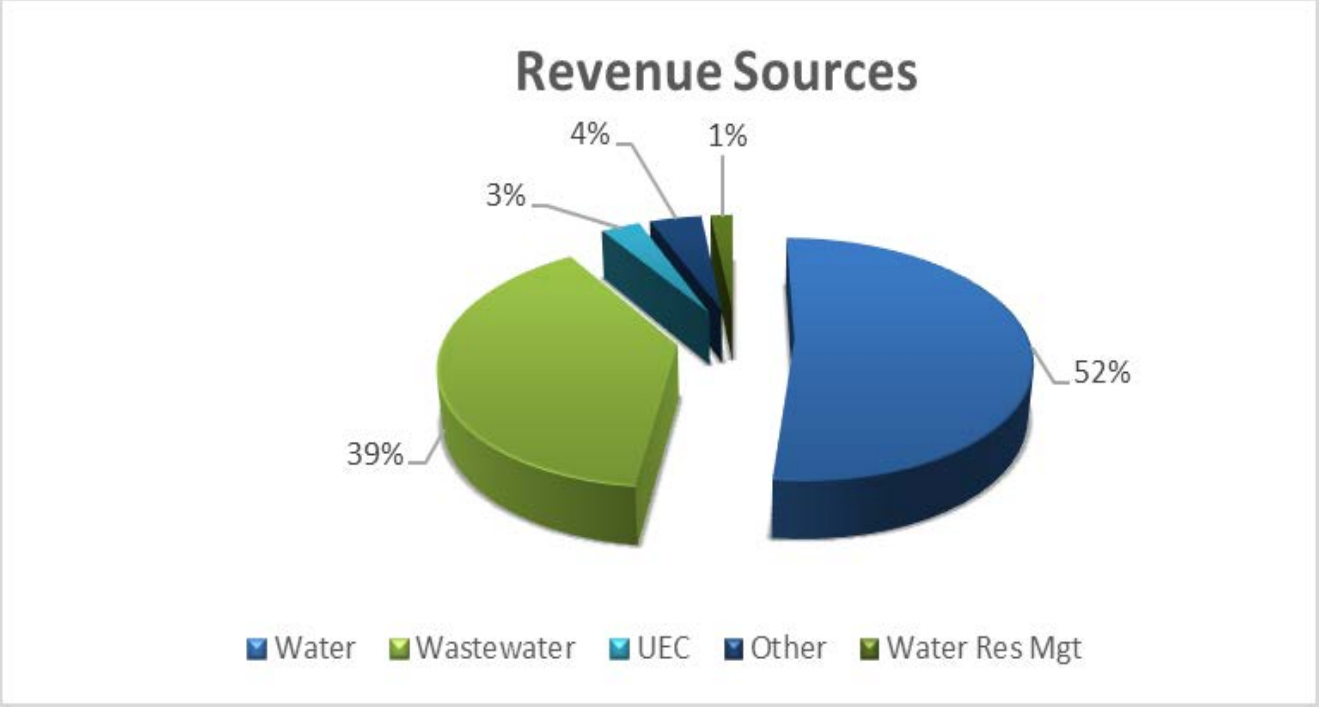
The Water Authority's rate structure is based upon Cost-of-Service Principles. It is evaluated every two years to ensure that there is equity amongst the different classes of customers and within the class of customers. During the summer months, the rate structure has a seasonal block rate structure to promote conservation. The base line is based upon the customer's winter usage. The Water Authority rate structure also has additional fees for those highest water users in the summer.

Major Revenue Sources

Water Sales ($130.5 million, 51.8% of total revenue). The Water System provides water services to approximately 665,392 residents comprising approximately 95% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 216,022 accounts, including 186,255 residential and 29,767 multi-family, commercial, institutional and industrial accounts. Approximately 68.4% of the water sales are for residential uses.

Wastewater ($98.1 million, 38.9% of total revenue). Wastewater services are provided to virtually all homes, schools, and businesses within the Albuquerque city limits, as well as the Village of Tijeras, Kirtland Air Force Base, Sandia Heights, and other residential areas in Bernalillo County. In all, the Water Authority provides service to about 600,000 people, with approximately 203,567 accounts, including 183,526 residential customer accounts, 17,733 multi-family and commercial accounts, 1,053 institutional accounts and 1,255 industrial and other customer accounts.

Utility Expansion Charges ($8.0 million, 3.2% of total revenue). A Utility Expansion Charge is paid at the time of a meter sale or an application for service for all properties connecting to the water and/or wastewater system.



REVENUE

FY21 AUDITED ACTUAL REVENUES AND FY22 REVENUE PROJECTIONS

The Water Authority's revenue projections are summarized in the three tables included in this section. The first table, General Fund 21, presents the audited actual results for FY21, budgeted revenues and estimated actuals for FY22, and budgeted revenue for FY23. The second table, Debt Service Fund 31, third table, CIP Funds 27, 28, 29, and fourth table, SJCPCA Fund 41, provide for the same comparison as the General Fund 21 table.

REVISED FY22 REVENUE ESTIMATES

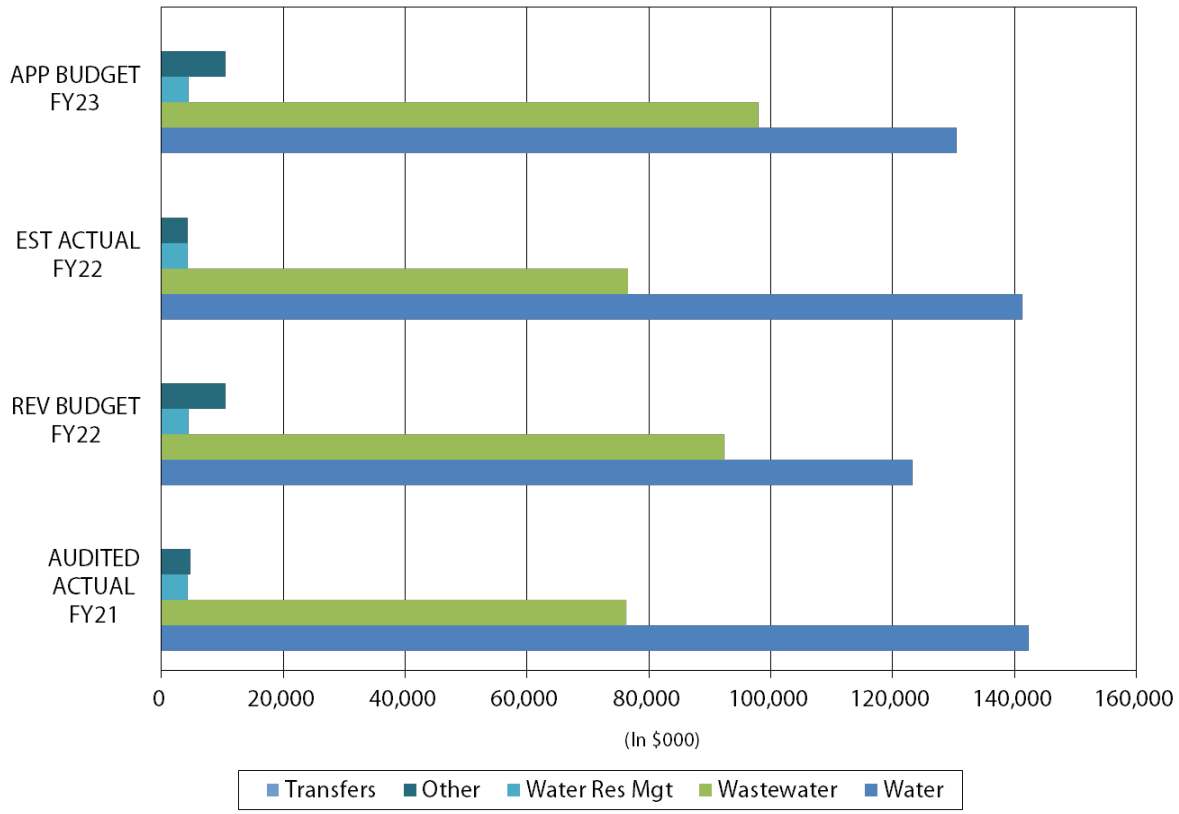
General Fund revenues for FY22 are anticipated to be $226.6 million or $1.2 million below FY21 actuals. Rate revenue is anticipated to be $0.9 million below FY21 actuals; Other revenue is projected to be $0.4 million below FY21 actuals. The decrease in Rate revenue is attributed to a decrease in consumption due to both a slight increase in rainfall in FY22 and effects of the Covid-19 pandemic. The decrease in Miscellaneous revenue is partly attributed to the decrease in Interest Income stemming from a drop in interest rates.

APPROVED BUDGET REVENUE ESTIMATES FOR FY23

Budgeted General Fund revenues for FY23 are $244.7 million including the addition of $1.0 million from fund balance, represents an increase of $4.4 million above the revised budgeted FY22 amount.

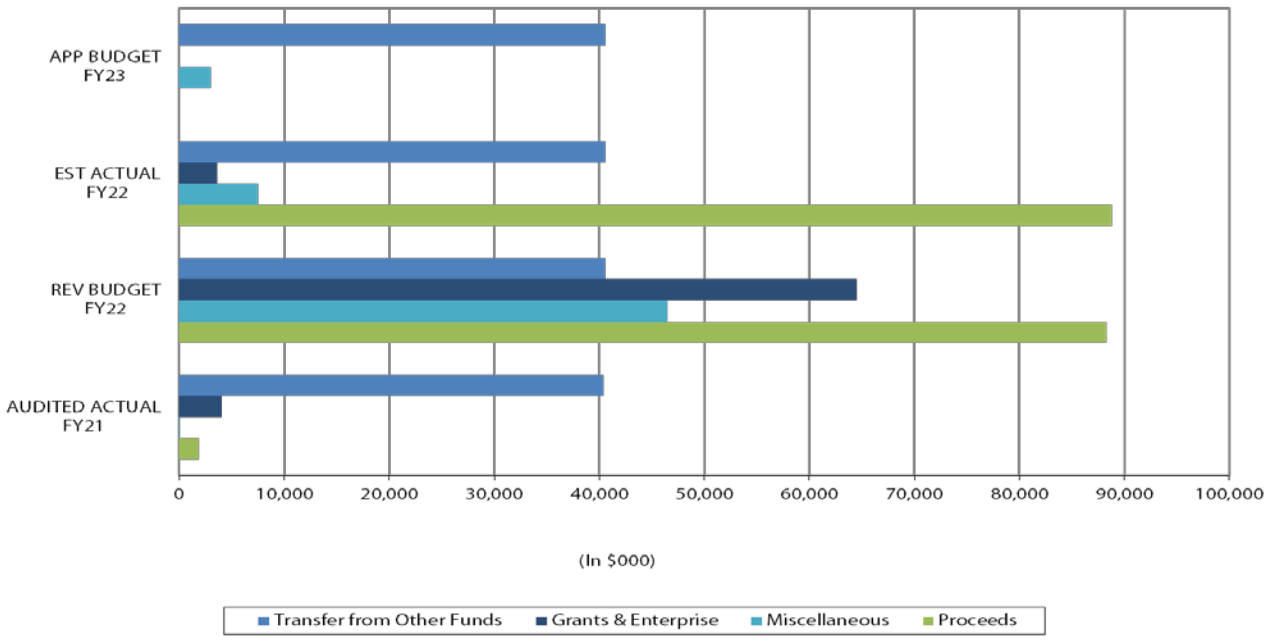
Revenue in the Debt Service Fund increases $0.2 million in FY23 due to an increase in the transfer from the General Fund for debt service payments.

REVENUE – GENERAL FUND - 21



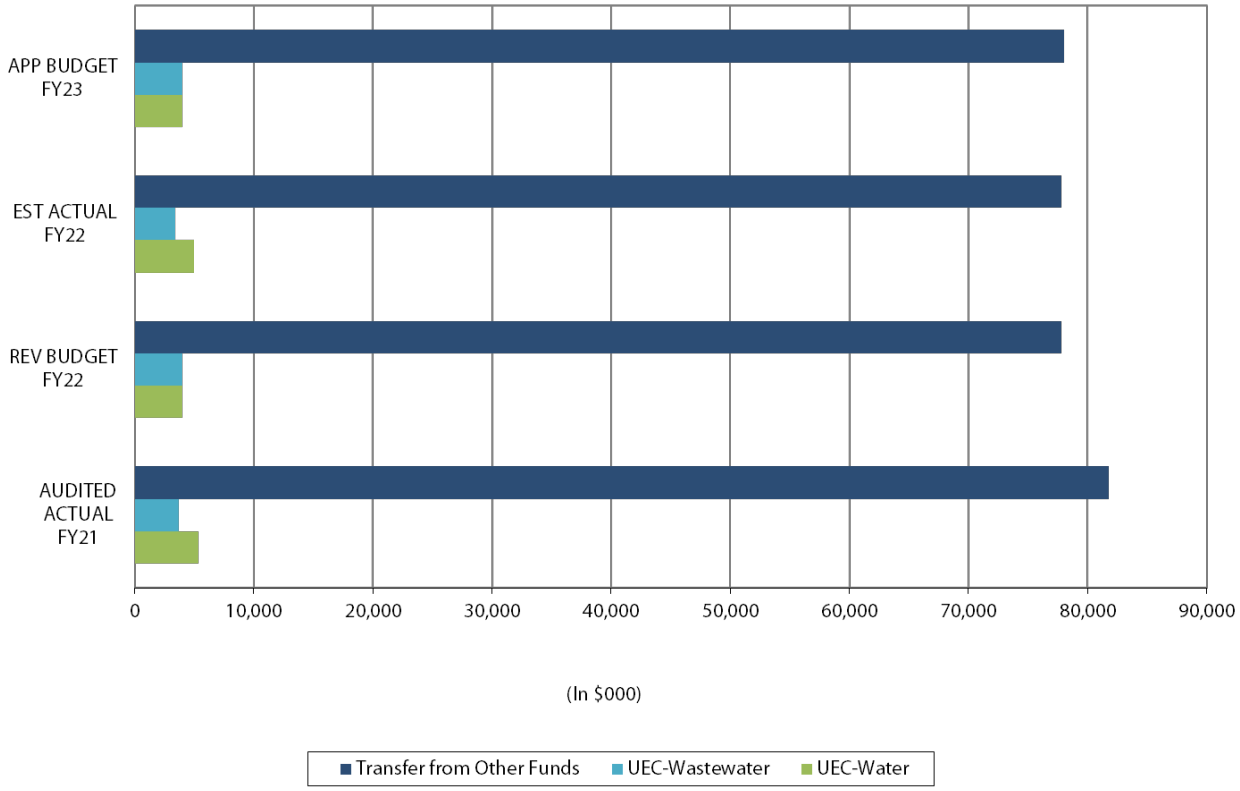
($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Rate Revenues:						
Water Service	104,253	90,578	90,578	103,478	96,107	5,529
Water Facilities Rehab	37,760	32,402	32,402	37,515	34,022	1,620
Wastewater Service	42,006	64,869	64,869	42,069	69,112	4,243
Wastewater Facilities Rehab	34,321	27,602	27,602	34,558	28,982	1,380
Contr/Aid/Hookups	366	375	375	337	375	-
Water Resources Management	4,372	4,500	4,500	4,261	4,500	-
Total Rate Revenue	**223,078**	**220,326**	**220,326**	**222,218**	**233,098**	**12,772**
Other Revenues:						
Solid Waste Admin Fee	1,673	1,761	1,761	1,761	1,705	(56)
DMD Admin Fee	350	373	373	373	487	114
Interest on Investments	214	500	500	163	500	-
Miscellaneous Revenue	2,486	7,909	7,909	2,057	7,909	-
Total Other Revenue	**4,722**	**10,543**	**10,543**	**4,354**	**10,601**	**58**
Total Current Resources	227,800	230,869	230,869	226,572	243,699	12,830
Add from Working Capital	-	8,461	8,461	8,461	1,000	(7,461)
Beginning Working Capital Balance	54,913	46,032	46,032	46,032	32,778	(13,255)
TOTAL RESOURCES	**282,713**	**285,362**	**285,362**	**281,065**	**277,477**	**(7,885)**

REVENUE – CIP FUNDS – 27, 28, 29



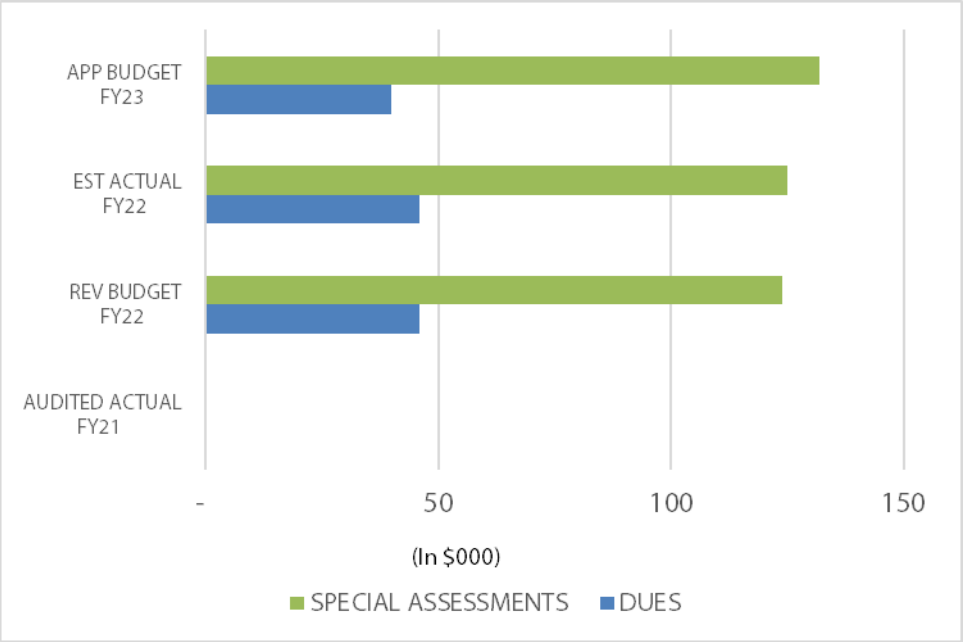
($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Proceeds:						
Loan Proceeds	1,919	-	1,571	2,123	-	(1,571)
Bond Proceeds	-	-	86,699	86,699	-	(86,699)
Total Proceed Revenue	1,919	-	88,269	88,821	-	(88,269)
Miscellaneous Revenues:						
Other	24	-	46,500	7,561	3,000	(43,500)
Total Miscellaneous Revenue	24	-	46,500	7,561	3,000	(43,500)
Enterprise Revenues:						
Grants	1,599	-	63,612	1,542	-	(63,612)
Lease of Water Rights	810	-	500	200	-	(500)
Water Resource Charge	1,613	435	435	1,873	-	(435)
Total Enterprise Revenues	4,022	435	64,547	3,614	-	(64,547)
Transfer from Other Funds:						
General Fund - 21	36,418	36,618	36,618	36,618	36,618	-
Debt Service Fund - 31	4,000	4,000	4,000	4,000	4,000	-
Total Transfers	40,418	40,618	40,618	40,618	40,618	-
Total Current Resources	46,383	41,053	239,934	140,615	43,618	(196,316)
Beginning Fund Balance	144,180	71,898	71,898	71,898	146,309	74,411
TOTAL RESOURCES	**190,563**	**112,951**	**311,831**	**212,513**	**189,927**	**(121,904)**

REVENUE – DEBT SERVICE FUND - 31



($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Proceed Revenues	47,800	-	-	-	-	-
Miscellaneous Revenues	464	-	-	434	-	-
Utility Expansion Charges	9,060	8,000	8,000	8,402	8,000	-
Transfers from Other Funds	81,815	77,815	77,815	77,815	78,000	185
Total Current Resources	139,139	85,815	85,815	86,651	86,000	185
Beginning Fund Balance	49,731	52,432	52,432	52,432	53,167	735
TOTAL RESOURCES	**188,870**	**138,247**	**138,247**	**139,083**	**139,167**	**920**

REVENUE – SJCPCA FUND – 41



($000's)	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
RESOURCES:						
Administration Fees	-	-	46	46	40	(6)
Special Assessments	-	-	124	125	132	8
Total Current Resources	-	-	170	171	172	2
Beginning Fund Balance	-	-	-	-	27	27
TOTAL RESOURCES	**-**	**-**	**170**	**171**	**199**	**29**

ECONOMIC OUTLOOK

The following is based on the April 2022 forecast from IHS Global Insight (IHS). Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The national economy influences the Albuquerque and New Mexico economy in a variety of ways. Interest rates affect purchasing and construction. Federal government spending affects the local economy through spending and employment at the federal agencies, the national labs and military bases. Inflation affects prices of local purchases and wages and salaries of employees.

Baseline Scenario

This scenario reflects a probability of 50%. The key assumptions include:

- Gross Domestic Product (GDP) rises 3.0% in 2022; growth slows to 2.8% in 2023 and 2.7% in 2024
- Consumer Spending, a key driver of growth, grows a modest 3.1% in 2022, 2.1% in 2023, and 2.5% in 2024
- Business Fixed Investment jumps 5.8% in 2022 with growth at 4.0% in 2023 and 3.2% in 2024
- Housing starts rise from 1.60 million in 2021 to 1.62 million in 2022; declining to 1.51 million in 2023 and 1.49 million in 2024
- Exports grow 4.8% in 2022, 7.9% in 2023, and 6.0% in 2024
- Fiscal Policy with a new budget bill increased budget authority for 2022 roughly 2.8% above previous baseline. The real increase is propagated, resulting in modes new fiscal stimulus. Build Back Better has stalled and is not in the forecast.
- Monetary Policy assumes a total of 200 basis points of Fed rate hikes in 2022 and another 100 basis points in 2023
- Credit Conditions eased in 2021 and remain stabilized in 2022-2024
- Productivity Growth slips from 1.8% in 2021 to -0.1% in 2022, then accelerates to 1.7% in 2023 and 2.5% in 2024
- Consumer Confidence dips in early 2022 before rising steadily
- Oil Prices have Brent crude oil rising from $71/barrel in 2021 to $110 in 2022 before falling to $93 in 2023 and $87 in 2024
- Stock Markets -the S&P 500 rose 26.9% in 2021; declines 6.7% over 2022; grows at 0.9% in 2023 and 2.3% in 2024
- Inflation Consumer Price Index (CPI) is 4.8% in 2022; 3.0% in 2023; and 2.2% in 2024
- Foreign Growth Eurozone growth rises 2.4% in 2022 and 1.8% in 2023. China's growth slows from 8.1% in 2021 to 5.1% in 2022 and 5.2% in 2023
- US broad dollar begins depreciating in the 2nd quarter of 2022 and continues gently falling through the end of the forecast horizon

Pessimistic Scenario

This scenario reflects a probability of 35%. The key assumptions include:

- Gross Domestic Product (GDP) rises 2.1% in 2022; growth slows to 0.8% in 2023 and 1.9% in 2024
- Consumer Spending, a key driver of growth, rises 2.4% in 2022, decorates to 0.2% in 2023 and grows 1.6% in 2024
- Business Fixed Investment grows 3.3% in 2022, falls 2.5% in 2023, and rises 0.1% in 2024
- Housing starts decrease from 1.60 million in 2021 to 1.56 million in 2022 and falling to 1.38 million in 2023 and 1.37 in 2024

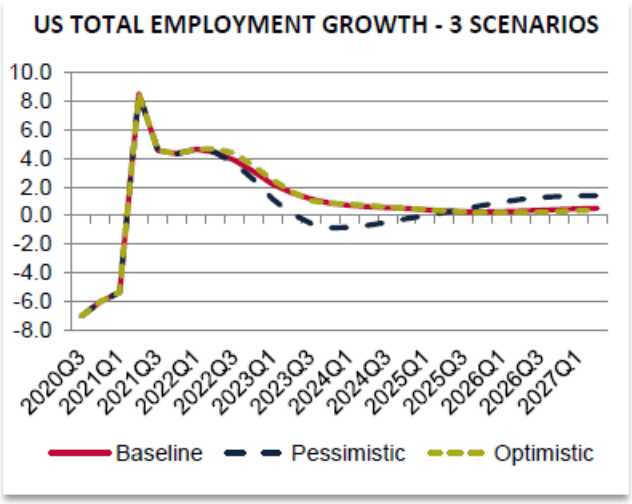
- Exports increase 3.6% in 2022, 6.2% in 2023 and 6.7% in 2024
- Fiscal Policy same fiscal assumptions as in baseline
- Monetary Policy Federal Reserve raises the fed funds rate by only 75 basis points in 2022 and stays there through early 2026
- Credit Conditions remain slightly tighter than in baseline
- Productivity Growth decreases by 0.7% in 2022 before picking up to1.3% in 2023 and 2.8% in 2024
- Consumer Confidence remains below the baseline over the entire forecast interval
- Oil Prices have Brent crude oil averages $118 in 2022, $110 in 2023, and $104 in 2024
- Stock Markets - the S&P 500 rose 26.9% in 2021, falls 15.1% in 2022, before recovering 4.0% in 2023 and 4.9% in 2024
- Inflation Consumer Price Index (CPI) registers 5.0% growth in 2022, slows to 3.3% in 2023 and 1.9% in 2024
- Foreign Growth – the global economy suffers from Russia-Ukraine conflict, and COVID-19-related setbacks endure
- US Dollar real dollar rises sharply through early 2022 before generally decreasing slowly

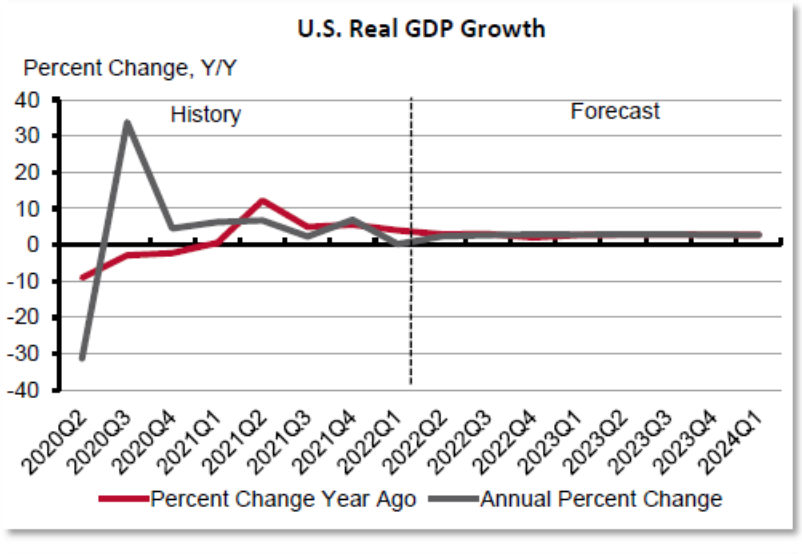
Optimistic Scenario

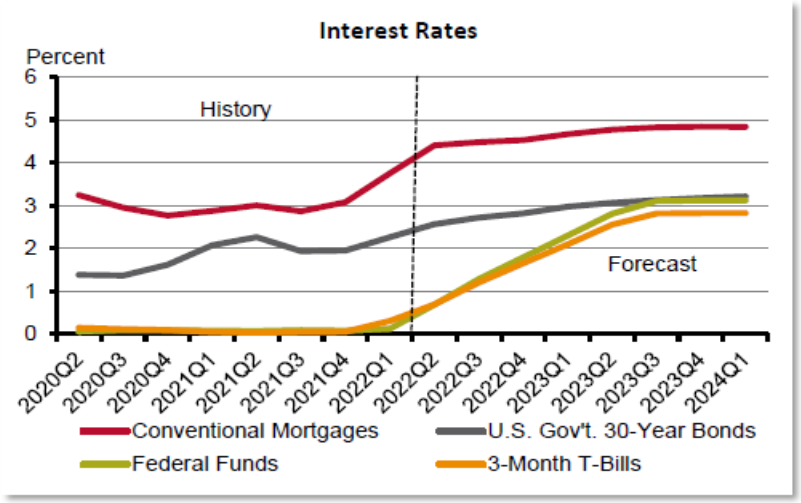
This scenario reflects a probability of 15%. The key assumptions include:

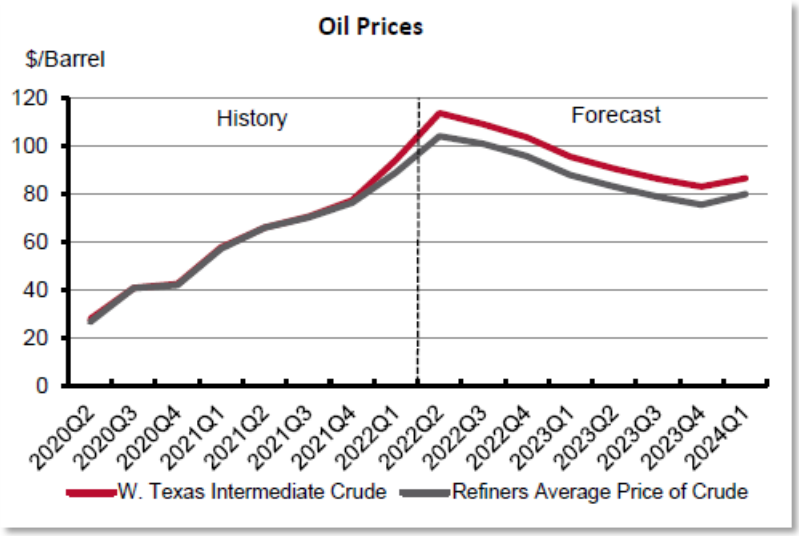
- Gross Domestic Product (GDP) RISES 4.0% in 2022; slows to 3.7% in 2023 and 2.6% in 2024
- Consumer Spending, a key driver of growth, rises 4.2% in 2022 and 3.3% in 2023, before easing to 2.5% growth in 2024
- Business Fixed Investment rises 7.5% in 2022, 6.2% in 2023 and 3.8% in 2024
- Housing starts rise from 1.60 million in 2021 to 1.65 million in 2022 before settling back to 1.54 million in 2023 and 1.52 million in 2024
- Exports rise 5.6% in 2022, 8.5% in 2023 and 5.5% in 2024
- Fiscal Policy same fiscal assumptions as in baseline
- Monetary Policy mostly the same as the baseline, but less overshoot of the long-run federal funds rate over 2023-2025
- Credit Conditions are slightly looser than in baseline
- Productivity Growth rises 0.7% in 2022 and continues to grow at 2.6% in 2023 and 2.4% in 2024
- Consumer Confidence outperforms baseline over the entire forecast interval
- Oil Prices have Brent crude oil averages $109 in 2022, $93 in 2023, and $87 in 2024
- Stock Markets -the S&P 500 rose 26.9% in 2021, and declines 0.1% in 2022; grows 0.1% in 2023 and 1.2% in 2024
- Inflation Consumer Price Index (CPI) inflation rises to 4.8% in 2022, slowing to 3.4% in 2023 and 2.4% in 2024
- Foreign Growth global economy recovers more quickly than in baseline
- US Dollar strengthens slightly more than in the baseline

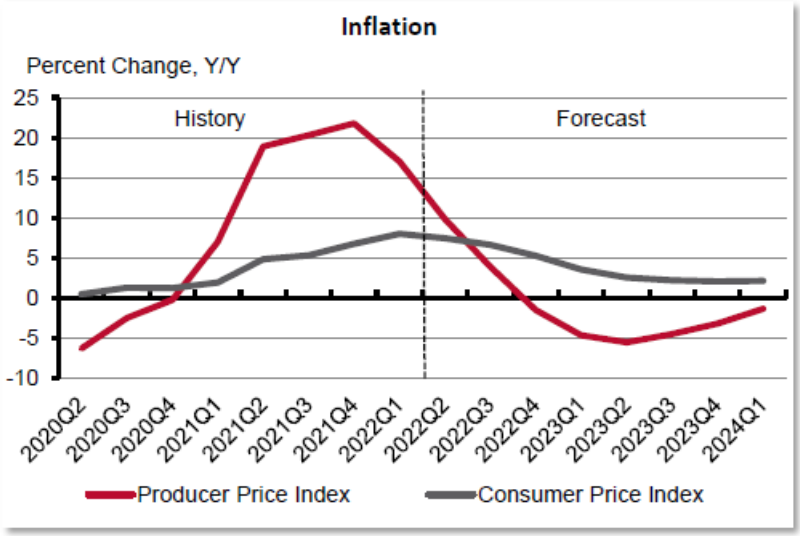
The following charts provide information on some of the key measures in the April 2022 forecast.






Interest Rates
Percent
6
5
4
3
2
1
0
History
Forecast
2020Q2
2020Q3
2020Q4
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2
2022Q3
2022Q4
2023Q1
2023Q2
2023Q3
2023Q4
2024Q1
Conventional Mortgages
U.S. Gov't. 30-Year Bonds
Federal Funds
3-Month T-Bills


Oil Prices
$/Barrel
120
100
80
60
40
20
0
History
Forecast
2020Q2
2020Q3
2020Q4
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2
2022Q3
2022Q4
2023Q1
2023Q2
2023Q3
2023Q4
2024Q1
W. Texas Intermediate Crude
Refiners Average Price of Crude


Inflation
Percent Change, Y/Y
25
20
15
10
5
0
-5
-10
History
Forecast
2020Q2
2020Q3
2020Q4
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2
2022Q3
2022Q4
2023Q1
2023Q2
2023Q3
2023Q4
2024Q1
Producer Price Index
Consumer Price Index

ALBUQUERQUE ECONOMIC OUTLOOK

The outlook for the Albuquerque economy is developed by the Bureau of Business and Economic Research (BBER) at the University of New Mexico. They use national forecasts from IHS and local insights to develop forecasts of the state and local economy. The BBER FOR-UNM forecasting model for April 2022 provides the forecast of the Albuquerque economy that is presented in the following section.

Albuquerque MSA Employment

Near Term Forecast

According to the most recent data from the Current Employment Statistics (CES), the Albuquerque MSA economy forecast for calendar year 2022 projects that the MSA will add 13,797 jobs (3.7%) with private sector gains (12,511 jobs, 4.1%) and government gains (1,286 jobs, 1.7%).

Private sector gains are projected for nearly every sector. As the economy moves ahead, the largest gains will be had not only in industries with the largest number of employees and in industries hit the hardest by the pandemic, but also in industries well-situated for growth.

As accommodation & food services continues to dig itself out of a deep hole, that industry should add 3,715 jobs (10.9%) in the year. Arts, entertainment & recreation, the other piece of the leisure & hospitality super-sector, should add around 524 jobs (12.5%). With good growth in 2022, the combined leisure & hospitality industry should now reach about 95% of its pre-pandemic peak by end-2022.

Professional & technical services did not contract in 2020 and is projected to have expanded by 1.8% in 2021. In 2022, growth should accelerate as the industry adds about 1,419 jobs (4.2%). Administrative & waste services fell hard in 2020 (-10.6%) as temporary workers were some of the first to be let go at the start of the pandemic. Some of those jobs were recovered in 2021 (3.5%) and a solid 1,306 (5.5%) additional jobs should be added in 2022. With gains in this industry, it will only be about 600 jobs below the pre-pandemic peak.

Retail trade over-performed in 2021 as virtually all jobs lost in 2020 were recovered in the year. The winning streak should continue in 2022 as the industry is poised to add another 1,100 jobs (2.7%). Meanwhile, Healthcare & social assistance, the largest single industry in terms of employment, is projected to add 747 jobs (1.3%) in 2022. This industry, which contracted by 2.4% in 2020 (for the industry's first annual contraction since at least 1990), nearly made up for the losses in 2021 (2.2%). Growth in 2022 should slow, but employment will be pushed above pre-pandemic levels.

Construction only contracted by 1.1% in 2020, but solid growth in 2021 (3.3%) will recover all of the lost jobs-and then some. The positive trajectory in the industry should continue in 2022 (702 jobs, 2.2%).

Although the manufacturing industry has seen a few good years recently, the industry has experienced a longer-term downward trend and contraction in 2020 (-4.4%). Some jobs were probably recovered in 2021 and with expansion at places such as Intel and Bueno Foods, the industry should continue to expand in 2022 (601 jobs, 3.7%).

Other industries that should add a substantial number of jobs in 2022 include information (498 jobs, 9.7%); other services (352 jobs, 3.9%); transportation & warehousing (343 jobs, 3.8%); educational services (339 jobs, 6.7%) wholesale trade (301 jobs, 2.8%); finance & insurance (211 jobs, 3.9%); and real estate, rental & leasing (203 jobs, 3.9%).

The only industry projected to shed jobs in the year is agriculture (-53 jobs, -8.5%).

Government will add jobs in aggregate in 2022 (1,513 jobs, 2.1%) after falling in 2020 (-2,475 jobs, -3.2%) and 2021 (-1,010 jobs, -1.3%). Local government will lead the way and add 810 jobs (2.2%), especially as tribal businesses continue to backfill jobs lost to the pandemic, and state government, with an excellent funding outlook, will add 501 jobs (2.2%). Federal government, on the other hand, will bring down the total (-25 jobs, -0.2%).

Out Years Forecast

In the longer term from 2022 to 2027, the Albuquerque MSA economy is forecasted to add 23,378 jobs for an average annual growth (AAG) rate of 1.2%. This is a bit of a downward revision compared to the previous forecast. The downward revision in the out-years is due to the combined effects of improved near-term expectations as well as a slower national employment growth projection, per HIS Markit. Job levels in the MSA should exceed 2019 levels by 2023. By the end of the forecast window in 2027, the economy should have around 23,082 more jobs (6.0%) than in 2019.

Both the private sector and public sector will see positive growth over the period with the private sector adding 19,204 jobs (1.2% AAG) and the government sector adding 4,175 jobs (1.1% AAG).

Leading the gains over the forecast window will be accommodation and food services. This industry has added jobs in each year since 2011 before contracting in 2020 (-20.3%). This sector is expected to add significant jobs over the longer term (5,061 jobs, 2.7% AAG). By the end of the forecast window, this sector will be about 3,323 jobs (8.4%) above 2019 levels.

Healthcare and social assistance (4,698 jobs, 1.6% AAG) will also add a sizeable number of jobs. Gains over the period will come after losses in 2020 (-2.4%, for the sector's first annual loss since at least 1990). By the end of the forecast window, this sector will exceed the pre-COVID peak by 5,291 jobs or 9.3%.

The professional & technical services sector, which relies in part on federal contracts and grants in New Mexico, should also contribute nicely over the period and add 4,673 jobs (2.7% AAG) with consistent gains through the forecast window. In fact, employment in this sector is projected to be some 6,770 jobs, or 20% higher, in 2027 than in 2019.

The administrative & waste services sector is also forecasted to be a solid performer over the period (1,430 jobs, 1.1% AAG) as employers hire temporary workers to fill staffing holes and backfill some of the recently lost call center jobs (as call center employment is nothing if not cyclical). Also projected to add substantial jobs is transportation & warehousing (1,043 jobs, 2.2% AAG) which will be buoyed by job addition at the Amazon fulfillment center in Los Lunas.

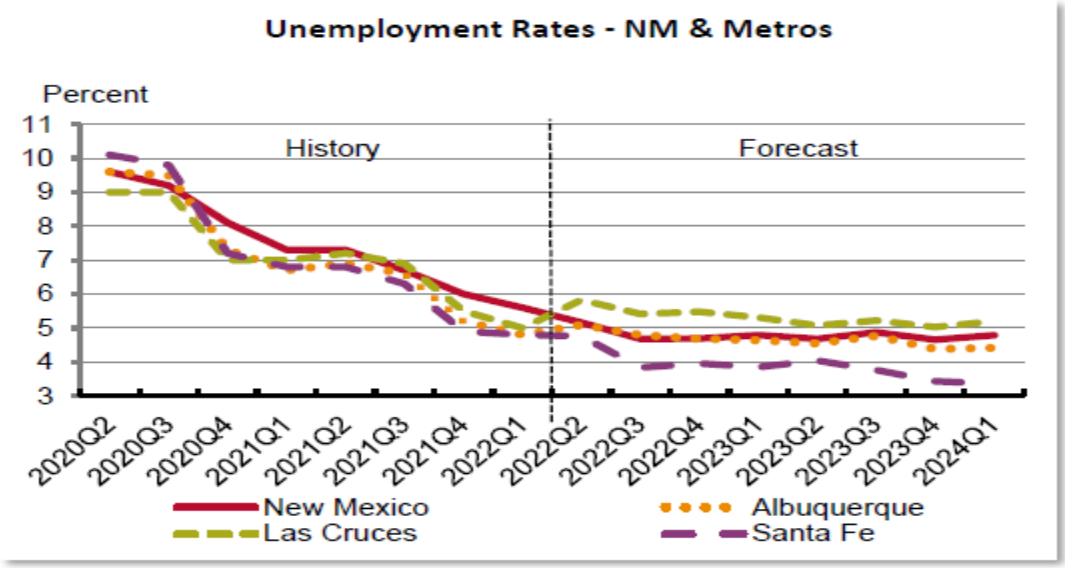
Also projected to add a good number of jobs over the period are other services (718 jobs, 1.5% AAG); wholesale trade (647 jobs, 1.2% AAG); finance & insurance (602 jobs, 0.9% AAG); manufacturing (560 jobs, 0.7% AAG); educational services (534 jobs, 2.0 AAG); and arts, entertainment & recreation (301 jobs, 1.3% AAG).

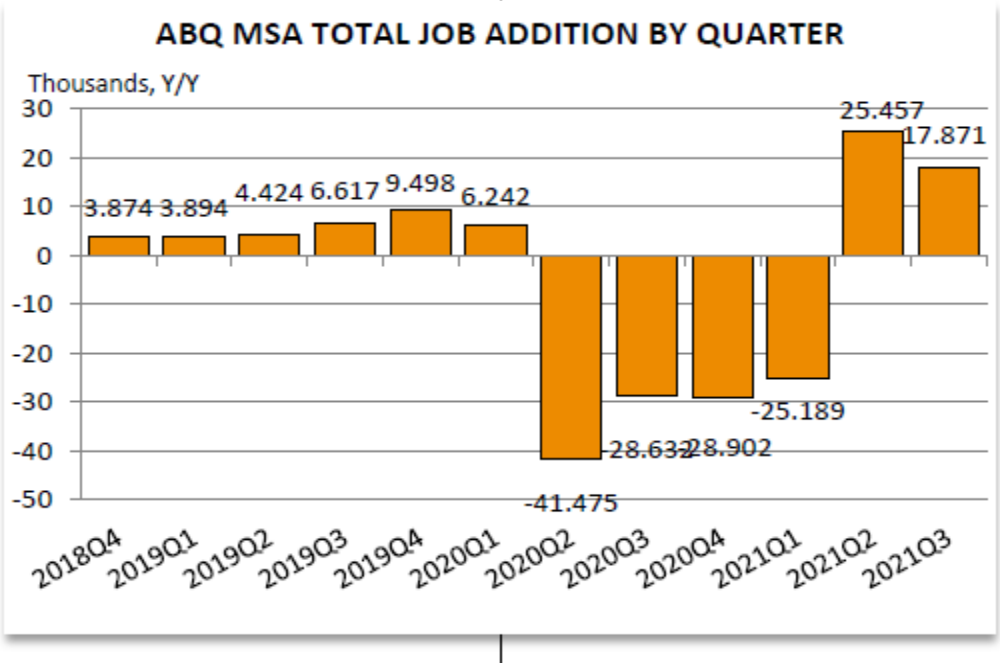
Only retail trade (-2,278 jobs, -1.1% AAG) is projected to shed jobs over the forecast window. By 2027, employment in this industry will be about 3.0% below where it was in 2019.

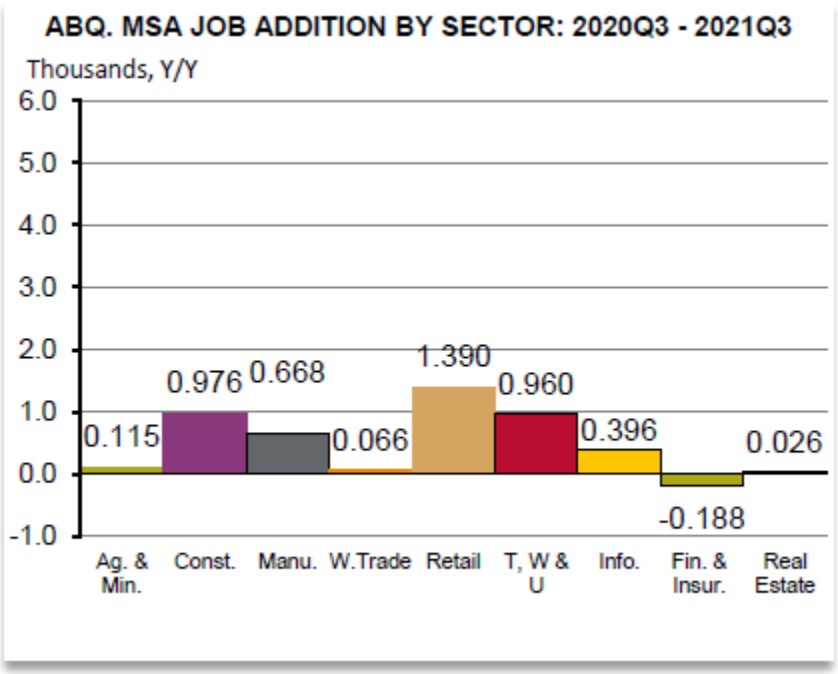
Improved funding outlooks will allow for solid public sector hiring. As a result, local government is projected to add 2,933 jobs (1.6% AAG), and state government is projected to add 1,086 jobs (0.9% AAG) over the period. Local government, in particular, will benefit from a return to normalcy as tribal businesses continue to resume activities. Federal government (156 jobs, 0.2% AAG) will add a handful of jobs.

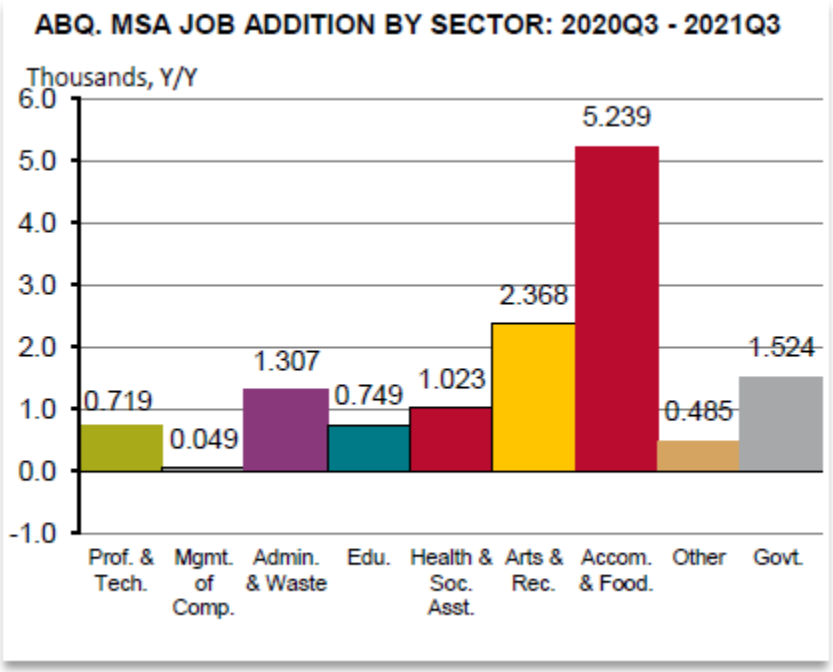
After a weak 2017 (2.0%), personal income growth accelerated in 2018 (3.5%) and 2019 (4.8%). Although wage & salary growth slowed in 2020, large transfer payments keep income growth afloat (8.4%). Continued expansion of transfers should keep growth strong in 2021(8.0%) before the bottom falls out in 2022 (0.7%). Thereafter, annual growth should average about 5.0% per year.

In 2020, the MSA's labor force contracted 2.4% before recovering in 2021 (1.8%) and 2022 (1.3%, projected). Thereafter, growth should average about 0.8% per year. After increasing from 4.7% in 2019 to 7.9% in 2020, the non-seasonally adjusted unemployment rate fell to 6.4% in 2021. The rate should continue to fall in 2022, to 4.8% before sliding to 4.6% in 2023 and 2024. The rate should slowly rise thereafter to average about 4.9%.


Unemployment Rates - NM & Metros
Percent
11
10
9
8
7
6
5
4
3
History
Forecast
2020Q2
2020Q3
2020Q4
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2
2022Q3
2022Q4
2023Q1
2023Q2
2023Q3
2023Q4
2024Q1
New Mexico
Albuquerque
Las Cruces
Santa Fe


ABQ MSA TOTAL JOB ADDITION BY QUARTER
Thousands, Y/Y
30
20
10
0
-10
-20
-30
-40
-50
3.874
3.894
4.424
6.617
9.498
6.242
-41.475
-28.632
-28.902
-25.189
25.457
17.871
2018Q4
2019Q1
2019Q2
2019Q3
2019Q4
2020Q1
2020Q2
2020Q3
2020Q4
2021Q1
2021Q2
2021Q3


ABQ. MSA JOB ADDITION BY SECTOR: 2020Q3 - 2021Q3
Thousands, Y/Y
6.0
5.0
4.0
3.0
2.0
1.0
0.0
-1.0
0.115
0.976
0.668
0.066
1.390
0.960
0.396
-0.188
0.026
Ag. & Min.
Const.
Manu.
W.Trade
Retail
T, W & U
Info.
Fin. & Insur.
Real Estate


ABQ. MSA JOB ADDITION BY SECTOR: 2020Q3 - 2021Q3
Thousands, Y/Y
6.0
5.0
4.0
3.0
2.0
1.0
0.0
-1.0
0.719
0.049
1.307
0.749
1.023
2.368
5.239
0.485
1.524
Prof. & Tech.
Mgmt. of Comp.
Admin. & Waste
Edu.
Health & Soc. Asst.
Arts & Rec.
Accom. & Food.
Other
Govt.

Housing & Construction

Construction permits show the trends in construction and the types of construction. Construction is categorized as new construction or additions, alterations, and repairs. New construction is further separated as residential and commercial.

After declining in 2020, to 1,282 permits (-210 permits compared to a year earlier), total housing permits in the City of Albuquerque bounced back in 2021 to 1,761 permits. For the remainder of the forecast period, permits should average about 1,718 per year.

Housing Permits - NM & Albuquerque Breakdown (Thousands)

	2020	2021	2022	2023	2024
NM Total Housing Units	5.275	7.307	5.978	6.525	6.615
% Change Year Ago	9.6	38.5	-18.2	9.1	1.4
NM Single-Family Housing Units	4.607	5.123	5.175	5.56	5.583
% Change Year Ago	13.2	11.2	1.0	7.4	0.4
NM Multi-Family Housing Units	0.668	2.184	0.802	0.964	1.033
% Change Year Ago	-10.5	226.9	-63.3	20.2	7.1
City of Albuquerque Total Housing Units	1.282	1.761	1.568	1.694	1.732
% Change Year Ago	-14.1	37.4	-11.0	8.0	2.3
City of Albuquerque Single-Family Housing Units	0.865	0.789	1.182	1.265	1.264
% Change Year Ago	-3.1	-8.8	49.8	7.0	-0.1
City of Albuquerque Multi-Family Housing Units	0.417	0.972	0.386	0.429	0.468
% Change Year Ago	-30.4	133.1	-60.3	11.0	9.2

The construction sector is forecasted to expand and add jobs at a moderate pace (995 jobs, 0.8% AAG). After fighting its way out of a hole, employment levels in 2027 will exceed 2019 levels by about 2,260 jobs; however, despite the gains over the period, this sector will still have nearly 5,000 fewer jobs than it had at its peak prior to the start of the Great Recession (26,304 jobs in 2027 versus 31,181 in 2006). There is some upside risk to this sector as it may benefit from possible investments by Facebook, Netflix, and Amazon, retrofitting of the Intel plant in Rio Rancho, and infrastructure investment proposed by the Biden Administration.

Construction Employment - NM & Albuquerque (Thousands)

	2020	2021	2022	2023	2024
NM Construction Employment	48.369	47.747	50.194	51.142	51.482
% Change Year Ago	-2.8	-1.3	5.1	1.9	0.7
Albuquerque MSA Construction Employment	23.821	24.606	25.309	25.598	25.722
% Change Year Ago	-2.8	3.2	2.8	1.1	0.5

FUNCTIONAL UNITS

Approved
Operating Budget
FY23

PERSONNEL INFORMATION

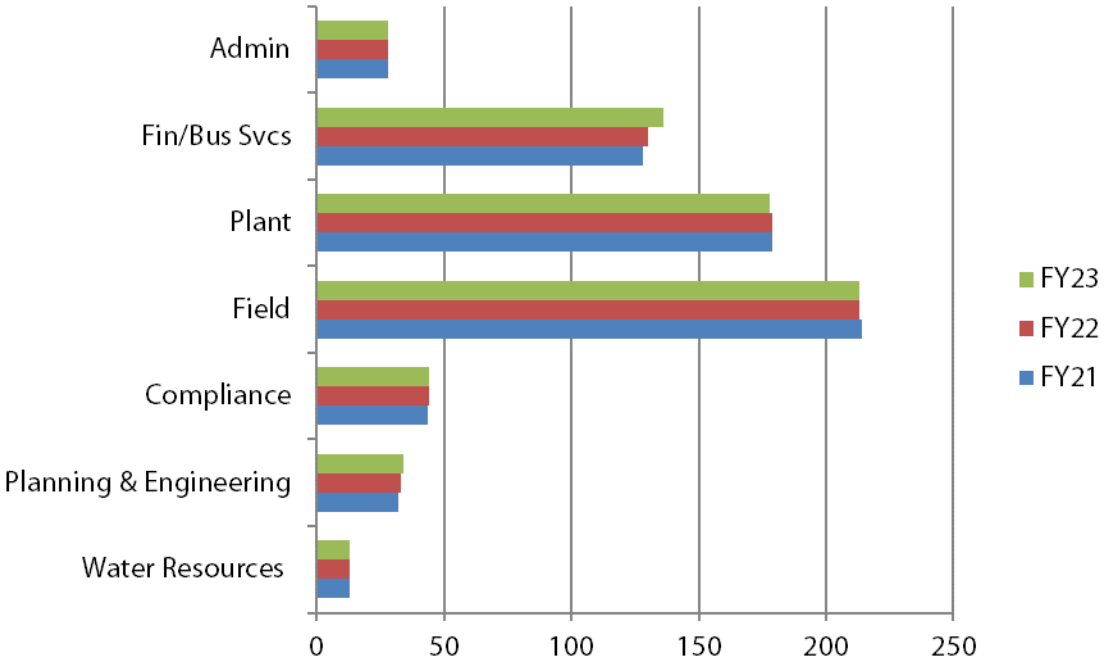
The FY23 budget is authorized and approved at 646.0 full-time equivalent (FTE) employees.

Three labor unions represent 498 of the 646 Authority employees. Local 2962 AFSME, AFL-CIO, CLC represents 55 clerical series employees, Local 624 AFSCME, AFL-CIO represents 310 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 139 management series employees.

Changes in Employment - The FY23 approved budget has an increase of 6.0 full-time equivalent positions over the FY22 level: Facility Maintenance Worker in Financial Services, Cyber Security Engineer in Information Technology, Assistant O/M Superintendent in San Juan-Chama Water Treatment Plant, two (2) Groundwater Control System Operators in Groundwater Operations, and Grant Administrator in Asset Management. All other changes are due to staff reassignments and program realignments.

POSITIONS	AUDITED ACTUAL FY21	ORIGINAL BUDGET FY22	REVISED BUDGET FY22	ESTIMATED ACTUAL FY22	APPROVED BUDGET FY23	APPR 23/ REV 22 CHG
Administration						
Water Authority	7	7	7	7	7	0
Risk	5	5	5	5	5	0
Legal	1	1	1	1	1	0
Human Resources	15	15	15	15	15	0
Total Administration	28	28	28	28	28	0
Financial /Business Services						
Finance	40	42	43	43	44	1
Customer Services	51	49	49	49	49	0
Information Technology	37	38	38	38	43	5
Total Financial/Business Services	128	129	130	130	136	6
Plant						
Wastewater Treatment	91	91	91	91	88	(3)
San Juan-Chama Water Treat Plant	34	34	34	35	35	1
Groundwater	54	53	54	56	55	1
Total Plant	179	178	179	182	178	(1)
Field						
Wastewater Collection	64	64	64	64	64	0
Water Field Operations	150	151	149	149	149	0
Total Field	214	215	213	213	213	0
Compliance	43.5	44.0	44.0	44.0	44.0	0.0
Planning & Engineering						
Central Engineering	24	24	24	24	24	0
Asset Management	5	5	5	5	6	1
Planning & Utility Development	3	3	4	4	4	0
Total Planning & Engineering	32	32	33	33	34	1
Water Resources	13	14	13	13	13	0
TOTAL FULL TIME POSITIONS	**637.5**	**640.0**	**640.0**	**643.0**	**646.0**	**6.0**

CHANGES IN EMPLOYMENT BY FUNCTIONAL UNIT



Number of Employees

FY23 APPROVED ISSUE PAPERS

Approved issue papers and initiatives funded in FY23 total $983,972. The list below identifies the issues and divisions that received additional funding.

Water Authority Approved Issue Papers - FY23	
Fund 21 - General Fund	**983,972**
Financial Services	
Facilities Maintenance-Reallocate costs to department	-
Facilities Maintenance-Facility Maintenance Worker Position	81,777
ITD-Cyber Security Engineer Position-Contract Svcs Savings	-
ITD-New Annual Maintenance/Support Agreements	205,000
ITD-Reallocate SCADA to ITD	-
Plant	
SJCWTP - Asst. O/M Superintendent Position-FY22 Mid-Year	111,514
SJCWTP - Operations Training One-Time	30,000
GW Operations - Control System Operator Positions-FY22 Mid-Year	197,292
GW Operations - Operations Training One-Time	60,000
Compliance	
NPDES - Mercury Minimization Plan-On-Call Engineers One-Time	50,000
NPDES - pH Monitoring Stations - Feasibility Study One-Time	30,000
Planning & Engineering	
Asset Management - Grant Funding Administrator Position	103,389
Planning & Utility Development - Training	5,000
Water Resources	
Water Resources Planning/Various - Consolidate WR departments	-
General Government	
Increase SAF Post-Closure Reserve (reserved fund balance)	-
Tuition Reimbursement & Incentive Programs	110,000
San Juan Chama Professional Contractors Association	
Phase 2 Asset Management Plan - Revenue Offset	-
TOTAL	**983,972**

ADMINISTRATION

The work units under the Administrative umbrella include Executive Director, Public Affairs, Risk, Legal, and Human Resources.

The Executive Director provides overall leadership for Water Authority operations. This program encompasses the Public Affairs operations. This program provides policy design and development, development of legislation for Water Authority Board approval, staff evaluation of all proposed legislation from the administrative, operational and financial prospective and coordination and development of the Water Authority's annual budget including the Goals and Objectives and the Performance Plan. The Technical Customer Advisory Committee (TCAC), an advisory group to the Water Authority, is coordinated by this unit.

In FY22, the COO's Office budget was reorganized into the Executive Director department.

The Chief Operations Officer provides leadership of the Water Authority's operations divisions: Plant, Field, and Compliance.

Risk consists of risk and safety compliance staff.

Legal consists of an attorney who functions as general counsel for the utility and provides advice and legal counsel on all aspects of the utility operation. This work includes advising on labor and employment matters; drafting and reviewing agreements, contracts, legislation, policies and procedures; functioning as a liaison and primary contact for outside counsel; and overseeing and handling collection efforts.

Human Resources provides all human resource functions to the Water Authority. This includes hiring, training, disciplinary actions, benefits, labor relations and other personnel issues as they arise.

FY23 ADMINISTRATION OBJECTIVES

1. Recognize at least 15% of the work force through initiatives such as employee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY23.
2. Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees with a 60% or greater overall completion rate by the end of the 4th Quarter of FY23. In collaboration with our Employee Assistance Program, increase mental health awareness through quarterly trainings and presentations. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY23.
3. Maintain an average utility-wide vacancy rate of no greater than 7% through the end of FY23. Maintain an average number of days to fill positions of 40 days or less and report quarterly through the end of the 4th Quarter of FY23.
4. Continue promoting a Culture of Safety by providing a variety of job-related safety trainings, opportunities for recognition and safety communications to create awareness and promote good work practices. Track the hours of training offered and percent attendance by working group through the end of the 4th Quarter of FY23 and study the data to identify trends that could be mitigated by implementing tailored work practices, SOPs, and customized safety trainings. Reduce injury hours to 2,500 hours or less to improve productivity and reliability

of services provided by employees by the end of the 4th Quarter of FY23.
5. Provide employees with job-related training and monitor hours of training completed. Maintain an average of at least 25 hours of training per employee through the end of the 4th Quarter of FY23.
6. Consistent with the Water Research Foundation Utility Innovation Project, develop a Strategic Plan for the Water Authority's Innovation Program by the end of the 4th Quarter of FY23. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.
7. Develop a formalized plan for remote working options within the Water Authority by the end of the 2nd Quarter of FY23.
8. Augment Internal Communications via deployment of video message boards and content by the end of the 4th Quarter of FY23.
9. Conduct a cost/benefit analysis of the Water Authority benefit plans by the end of the 2nd Quarter of FY23.
10. Conduct Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority's activities through the end of the 4th Quarter of FY23.
11. Complete and disseminate results of the customer opinion survey by the end of the 1st Quarter of FY23.

FY23 ADMINISTRATION HIGHLIGHTS

The Water Authority will continue to conduct periodic activities to engage, educate, and provide updates to customers, legislators and neighborhood associations regarding Water Authority activities and initiatives, and offer opportunities for dialogue and feedback.

Public Relations staff conduct Customer Conversations meetings to engage customers and obtain input from customers and complete and disseminate results of the Customer Opinion Survey. Staff will also deploy video message boards at various locations to enhance internal communications.

Risk/Safety will continue implementing the Security Consultant's deliverables in accordance with AWWA G430 standards and to carry out important liability protection of the utility's assets. Risk staff will continue supporting the multi-jurisdictional Hazard Mitigation Plan. Staff will expand its risk software system to enhance data management by analyzing claims and loss data to identify trends for risk mitigation and cost reduction.

The Safety Team will provide safety inspections and trainings to include compliance-related items and will expand contractor services to include conducting key strategic ergonomic assessments for both field and plant operation areas.

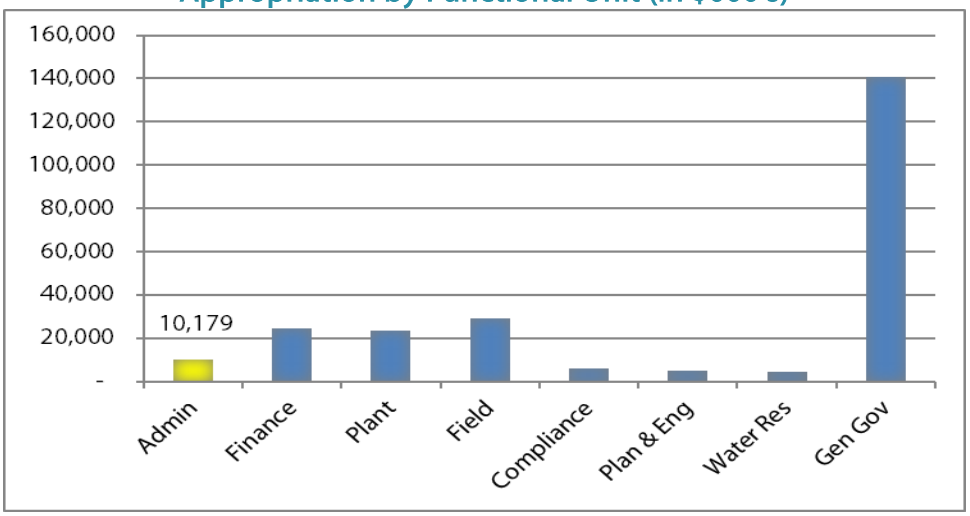
Human Resources wellness staff is looking forward to planning the FY23 Safety Picnic for staff. Staff will continue offering wellness challenges for individuals and departments focusing on nutrition, physical activity and weight loss tips, disease and injury prevention topics to employees. A major focus for FY23 will be to increase mental health awareness in partnership with the Employee Assistance Program.

Human Resources Training staff will focus on developing a strategic plan for the Innovation Program. This program will help identify new ways to seek efficiencies throughout the organization.

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

ADMINISTRATION

Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Executive Director						
Personnel	644	1,007	1,007	788	1,050	43
Operating	705	790	790	793	789	(1)
Total	1,348	1,797	1,797	1,581	1,839	42
COO's Office						
Personnel	305	-	-	-	-	-
Operating	170	-	-	-	-	-
Total	475	-	-	-	-	-
Risk						
Personnel	500	494	494	497	517	23
Operating	4,548	5,149	5,149	5,152	5,151	2
Total	5,048	5,643	5,643	5,649	5,668	25
Legal						
Personnel	184	184	184	204	201	17
Operating	760	615	615	664	615	(0)
Total	945	799	799	868	816	17
Human Resources						
Personnel	1,589	1,566	1,566	1,542	1,644	78
Operating	152	212	212	197	212	-
Total	1,740	1,778	1,778	1,739	1,856	78
Total Division	**9,556**	**10,017**	**10,017**	**9,837**	**10,179**	**162**
Staffing (FTE)	28	28	28	28	28	-

FINANCIAL/BUSINESS SERVICES

The Financial/Business Services Division provides the Financial, Fleet Maintenance, Facilities Maintenance, Customer Services and Information Technology functions for the Water Authority.

Finance provides support and information to the Water Authority as well as outside entities such as bonding agencies, vendors, and local businesses. The section develops and administers rates, bonding functions, arbitrage calculations, budgeting, accounting, payroll, purchasing/warehouse, auditing and overall financial support. This unit monitors the Water Authority's progress in meeting the yearly objectives and financial performance. Quarterly progress reports are submitted to the Water Authority Board on the status of the objectives and the financial plan. During FY20, Fleet Maintenance, which provides all maintenance and repairs to the vehicles and equipment in the Water Authority's fleet, was moved under the Purchasing section. During FY22, Facilities Maintenance, which provides maintenance and repair services to Water Authority facilities, was established under the Purchasing section.

Customer Services oversees the application for new services, utility billing, dispatch operations, utility revenue collection as well as billing information to water and wastewater customers.

Information Technology maintains and supports the information technology services function of the Water Authority. This includes office automation, GIS applications, operation management systems, billing/collection systems, asset management and work order systems and communication systems.

FY23 FINANCIAL/BUSINESS SERVICES OBJECTIVES

1. Improve customer satisfaction and operational efficiency in achieving the call-center targets through the 4th Quarter of FY23:
   - ❖ Average Wait Time of less than 1:00 minute;
   - ❖ Average Contact Time of less than 4:00 minutes;
   - ❖ Abandoned Call Ratio of less than 3;
   - ❖ First Call Resolution of greater than 95%;
   - ❖ Average Call Quality of greater than 85%; and
   - ❖ Develop a metric for Dispatch Call Quality by the end of the 1st Quarter of FY23. Track and report data through the end of the 4th Quarter of FY23.
2. Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY23.
3. Convene a Training Advisory Committee to review and approve changes to the Customer Care Training Program by the end of the 2nd Quarter of FY23.
4. Conduct a water and wastewater rate cost of service study. Evaluate water and wastewater rate structures to ensure equity within the structures. Complete an affordability study based on the 2021 EPA Financial Capability Assessment guidelines by the end of the 4th Quarter of FY23.
5. Work with customers to reduce the 60/90 delinquency rate by one-third by the end of the 4th Quarter of FY23.
6. Continue implementation of the AMI project by replacing 30,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY23.
7. Consistent with the EUM continuous improvement process, complete the biennial attribute self-assessment using the EUM Benchmarking Assessment Tool by the end of the 2nd Quarter of FY23 and incorporate findings into the FY24 goals and objectives.
8. Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, by developing policies and procedures that include strategies for internal communication and trainings on security-related topics. Track and measure metrics that are directly

related to National Infrastructure Protection Plan Water Sector-Specific Plan and America's Infrastructure Act. Conduct at least 2 table-top exercises for security and cybersecurity that include representatives from across the organization. Based on the countermeasures identified in Phase 1 of the Water Authority's Final Security Plan, implement at least 3 of the countermeasures by the end of the 4th Quarter of FY23.

9. Complete the annual update and review of the Comprehensive Information Technology Security Plan and related policies that are aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology (NIST) Cybersecurity Framework by the end of the 4th Quarter of FY23. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the Water Authority's SCADA systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat.
10. Continue implementation of the SCADA Master Program by migrating to a single SCADA platform utilized by multiple Operations areas. By the end of the 4th Quarter of FY23 complete the SWRP distributed control system human machine interface upgrade, Collection/Stormwater programmable logic controller replacement, new SWRP radio tower, and network refresh.
11. Complete Information Technology (IT) projects scheduled for FY23 to include the refresh of the SCADA network and infrastructure for the SWRP by the end of the 2nd Quarter of FY23.
12. Begin installation and setup of such Infrastructure to upgrade the SWRP SCADA systems to mirror the IT infrastructure model currently installed at the Surface Water Treatment Plant by the end of the 4th Quarter of FY23.
13. Complete assessment for Data Center Location, overall Network and Security design by the end of the 1st Quarter of FY23.
14. Build in redundant network connections, Internet Service Provider (ISP) services and Telephony to accommodate a reliable and consistent set of services for both the Enterprise and Operational Technology networks by the end of the 3rd Quarter of FY23.
15. Evaluate and implement offline data storage to protect the Water Authority from cybersecurity attacks and ransomware by the end of the 1st Quarter of FY23.
16. Establish a Service Management Office to provide governance, business relationship management, knowledge management and service level agreements; and the implementation of a Program Management Office (PMO) to provide a single point of management, control and accountability for the establishment, development, implementation and maintenance of project management standards, practices and procedures by the end of the 2nd Quarter of FY23. High level objectives for the PMO office include implementation of a tool to properly manage projects and creating a repository for documentation.
17. Utilizing a gap analysis and best practices review, identify current and future Geographic Information System (GIS) and Asset Management needs by the end of the 4th Quarter of FY23. Create a new GIS layer for 'Construction in Progress' by the end of the 3rd Quarter of FY23.
18. Continue to identify opportunities to apply machine learning to assess current operations through the end of the 4th Quarter of FY23. Expand usage of Splunk data analytics tool to implement functions for cybersecurity, water quality, and/or asset management by the end of the 4th Quarter of FY23. Complete Effective Utility Management (EUM) metric automation buildout leveraging Splunk by the end of the 1st Quarter of FY23. Develop a strategy for the utilization of machine learning and analytics to predict failure of linear and vertical assets by the end of the 4th Quarter of FY23.
19. Evaluate and assess reducing privately leased space as it applies to staffing space, asset management, relocation of the 'Map Room' and integrated network pathways that would need to be moved by the end of the 4th Quarter of FY23.

FY23 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

Finance will submit to GFOA the FY23 Approved Budget for the Distinguished Budget Presentation Award, the FY22 Annual Comprehensive Financial Report for the Certificate of Achievement for Excellence in Financial Reporting and the FY22 Popular Annual Financial Report for the Popular Annual Financial Reporting Award. The division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

Treasury will manage the rising interest rate environment by maintaining a diversified portfolio of bank balances and investments to offset banking fees. Staff will partner with Accounts Payable and ITD to implement the Wells Fargo Payment Manager program to increase the security of payments to vendors and to outsource check printing. In conjunction with Customer Services, staff will develop and document policies and SOPs for customer payment-related transactions and continue providing process improvement strategies.

During FY23, the Purchasing section will work with Centralized Engineering to re-solicit On-Call Engineering Services and Well Rehabilitation contracts, begin to digitize and/or archive procurement records, and standardize record-keeping and ordering documentation for the warehouse, fleet, and facility maintenance, and Fleet staff will finalize the fleet satellite storeroom management procedures.

Budget will continue to provide budget and ERP system training to utility staff and schedule monthly budget update meetings with staff. Staff will monitor, update and lead discussions of the FY23 Water Authority Goals & Objectives and EUM metrics.

Customer Services will continue the process of returning to normal operations by offering payment arrangements and referring customers to assistance programs. A Training Advisory Committee will be updating the Customer Care Training Program and staff will be assisting with the Water & Wastewater Cost of Service study.

ITD will be reorganizing the Quality Assurance and Service Desk operations into the Service Management operation and a new Project Management operation will be established. The Project Management operation will support all teams in managing projects, provide a centralized documentation location, and provide reports and dashboards for IT projects.

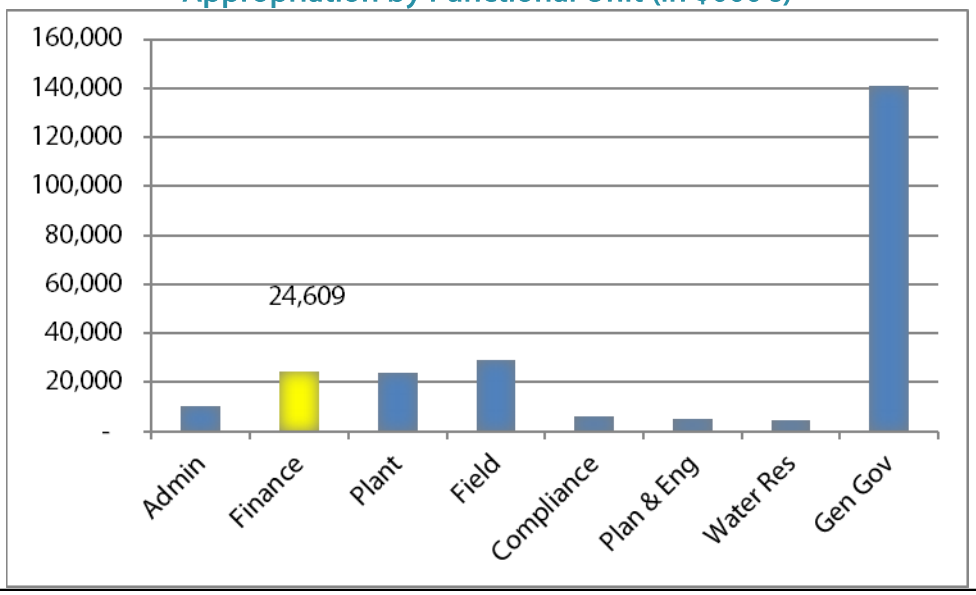
ITD Service Management will be implementing enhanced password security functions and to identify, maintain and audit all IT-related assets in Maximo.

IT Security staff will continue to work on reducing risk scores, perform external penetration testing and application testing to identify security risks, and continue moving towards a Zero Trust Framework.

IT SCADA objectives for FY23 include HMI standardization and implementation, continuation of the Reclamation DCS HMI upgrade, Collections and Stormwater PLC replacement, and to refresh the network for the Reclamation SCADA system and CyberVision.

FINANCIAL/BUSINESS SERVICES

Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Finance						
Personnel	2,580	2,740	2,740	2,828	2,879	138
Operating	1,608	1,444	1,444	1,637	1,448	5
Total	4,188	4,184	4,184	4,465	4,327	143
Fleet Maintenance						
Personnel	923	935	997	1,166	1,113	116
Operating	2,414	2,865	2,865	1,973	2,857	(8)
Total	3,337	3,800	3,861	3,139	3,970	109
Facilities Maintenance						
Personnel	-	-	-	-	80	80
Operating	-	-	-	1,037	1,192	1,192
Total	-	-	-	1,037	1,272	1,272
Customer Services						
Personnel	3,102	3,300	3,300	3,005	3,430	130
Operating	1,725	1,926	1,926	1,821	1,835	(91)
Total	4,827	5,226	5,226	4,826	5,265	39
Information Technology						
Personnel	4,570	4,560	4,560	4,551	5,411	851
Operating	4,519	4,168	4,168	4,361	4,364	196
Total	9,089	8,728	8,728	8,912	9,775	1,047
Total Division	**21,442**	**21,938**	**21,999**	**22,379**	**24,609**	**2,610**
Staffing (FTE)	128	129	130	130	136	6.0

PLANT

The Plant Division is responsible for operating and maintaining the facilities required for providing a safe and sustainable water supply and treating and disposing of wastewater generated in the community.

Wastewater and Biosolids Management

The Southside Water Reclamation Plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent chlorination and dechlorination prior to discharge to the Rio Grande River. Treatment plant capacity is based upon 76 MGD hydraulic capacity. The treatment plant has a 6.6 mega-watt cogeneration facility. This facility supplies 100% of the treatment plant's present electrical needs, along with providing heating of various buildings and sludge digesters. The engines are fueled by methane produced in the digesters and by natural gas purchased through a contract carrier. The plant currently generates electricity from the biogas produced in the digesters. This is no cost gas that qualifies the electricity generated for Renewable Energy Certificates (REC). These certificates have a value to other electrical energy producers and the Authority continues to research on how to sell its RECs to increase revenue.

Total beneficial reuse of biosolids is accomplished by a combination of land application on 5,000 acres of public-private range land (85% of sludge produced) and production of compost (15% of sludge *Non-potable Water Reuse*).

The existing North I-25 reuse, and reclamation system is operated by the Plant Division. The system includes a Ranney type diversion structure on the Rio Grande that diverts a small portion of San Juan-Chama water that is combined with industrial effluent to provide a source of non-potable water for large irrigation sites in the north valley and northeast heights. Operational in April 2013, the Southside Re-use Program will use treated wastewater from the Water Authority's Southside Water Reclamation Plant, which includes domestic and industrial wastewater, to irrigate turf at parks, fields and other recreational areas. The project allows less reliance on unsustainable groundwater pumping and helps protect the aquifer.

Drinking Water

The Water Authority currently operates and maintains two different water systems capable of providing high quality drinking water to the community. The San Juan-Chama Drinking Water Project will supply 70-75% of the metropolitan area's future water. Surface water from the Rio Grande is diverted from the river through a high-tech, 620-foot-long adjustable height bladder dam. Eight miles of pipeline transports the diverted water to the new water treatment plant for purification. Thirty-six miles of new pipeline then transports the treated water to the existing reservoirs throughout the service area.

The groundwater supply is produced from sixty (60) wells grouped in 17 well fields located throughout the metropolitan area and the San Juan-Chama surface water is diverted from the Rio Grande. Total well production capacity is approximately 255 million gallons per day ("MGD"). Eliminating high arsenic wells (those greater than 10 parts per billion arsenic) results in available production capacity of 179 MGD. Peak day demand for 2021 was 141 MGD. The Water Authority also has 4 arsenic treatment facilities that remove naturally occurring arsenic from groundwater. Each well field includes chlorination for disinfection as required by the Safe Drinking Water Act.

Water storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 pounds per square inch ("psi") for consumers. 61 reservoirs are located throughout the service area, with a total reservoir storage capacity of 245 million gallons. If demand requires, reservoir water can also be transferred to a higher zone or across zones through an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 45 pump stations housing 130 booster pumps, with a total capacity of 748 MGD, available for water transfers between reservoirs.

FY23 PLANT OBJECTIVES

1. Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.
2. Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.
3. Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system by the end of the 4th Quarter of FY23.
4. Complete an assessment of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY23. Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority's Geographical Information System (GIS) group to determine potential impact areas. Subsequently, engage the services of a hydraulic modeling consultant to perform strategic hydraulic modeling to assess resulting water supply capacity limitations and water outage timelines.
5. Assess arsenic treatment media adsorption capacity at groundwater treatment plants to determine if the nominal 40,000 bed-volume metric marketed by the media manufacturer can be increased and optimized to reduce the frequency of media replacement by the end of the 4th Quarter of FY23. Collect and analyze data captured from the existing four treatment plants to support this objective.
6. Report on the feasibility of using electro-chemical coagulation as an alternate approach for treating water from high arsenic wells by the end of the 4th Quarter of FY23.
7. Submit annual treatment data to the Partnership for Safe Water - Treatment program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.
    - ❖ Maintain turbidities for each individual filter cell and for combined filter effluent at less than 0.1 nephelometric turbidity unit (NTU) more than 95% of time in operation.
    - ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to American Water Works Association (AWWA).
    - ❖ Continue working towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water -Treatment.
8. Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY23.
9. Beneficially reuse biosolids by diverting 30% to compost thru the end of the 4th Quarter of FY23.
10. Complete Wastewater Plant Preventive Maintenance to Corrective Maintenance ratio to at least 45% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.
11. Continue work on the Partnership for Clean Water program for the Southside Water Reclamation Plant (SWRP) to optimize system operations and performance by the end of the 4th Quarter of FY23.
12. Continue work on outstanding items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.
13. Optimize operation of the new digester gas cleaning system and cogeneration facility emission reduction systems to meet air quality limits set by the new permit by the end of the 4th Quarter of FY23.
14. Generate at least 25% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY23 and report progress quarterly.
15. To gain information for future re-use projects, establish appropriate key performance indicators (KPIs) for the chloramination process at SWRP used to disinfect effluent re-use water by the end of the 4th Quarter of FY23. Use these indicators to optimize chemical feed rates at SWRP and at the Puerto del Sol and Mesa del Sol closed loop pumping systems to maintain desired water quality for effluent re-use water.

FY23 PLANT HIGHLIGHTS

The operational cornerstone of *Water 2120* is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After twelve years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey.

The Water Authority will continue to operate two potable water supply systems, surface water and groundwater. The Water Authority's goal is to have the DWP supply 70-75% of all customer demand. Flow conditions in the Rio Grande, due to the continuing drought conditions, have limited the ability to fully realize this goal on a consistent basis.

The Water Authority began a major renovation of the SWRP in FY10, called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plat. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility (SDF). In FY23, RRAMP improvements will continue with the existing digesters, odor control rehabilitation at the primary clarifiers, and landscaping will be improved to include new access gates and increase security at the facility.

In FY23, SWRP staff will actively recruit new customers for the Soil Amendment Facility compost and wood chips.

Areas of focus for SWRP staff will be to optimize the operation of digester gas cleaning and cogeneration emission control systems; managing the cogeneration and solar power systems to increase the supply of power from renewable resources; and to optimize effluent re-use water disinfection practices and establish key performance indicators to monitor the progress.

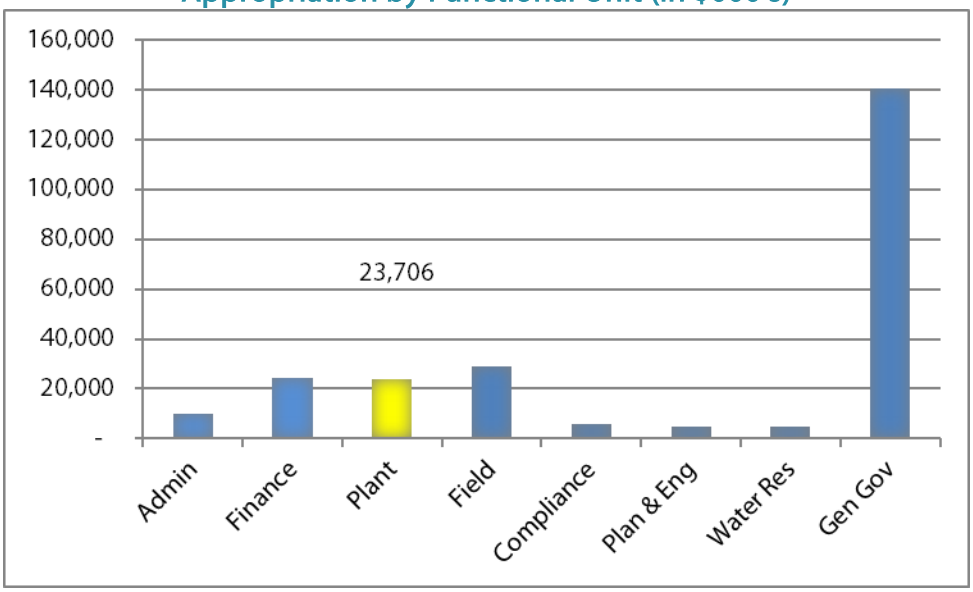
The SWTP staff plan to work towards the AWWA Partnership for Safe Water-Treatment Phase IV Excellence in Treatment Award. Other areas of focus for the plant will be to coordinate a faster re-start of the plant in November 2022 without sacrificing the quality of the restart and partnering with Collections and SWRP staff to optimize the iron sludge discharges for odor control purposes.

Groundwater Operations management will fine tune the groundwater system operations to trim the summer power costs while maintaining system resilience & reliability. Staff plan to deploy high arsenic wells to meet supply needs in the Northside non-potable system once the Collector Well is offline (pending permit approvals). Staff will be working with PNM to assess the impact of wide-spread power outages on water deliveries and will engage the services of a consultant to perform the requisite hydraulic modeling to counteract the impacts.

Groundwater staff will continue optimizing operations for arsenic absorption and evaluate alternatives for arsenic treatment and begin a pilot project focused on the sodium hypochlorite generator salt and the frequency of electrolytic cell cleanings using hydrochloric acid.

PLANT

Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Wastewater Plant						
Personnel	8,555	9,013	9,013	8,586	9,111	98
Operating	3,353	2,856	2,856	3,235	2,636	(220)
Total	11,908	11,869	11,869	11,821	11,747	(122)
San Juan-Chama WTP						
Personnel	3,230	3,416	3,416	3,258	3,816	400
Operating	931	1,154	1,154	1,181	974	(180)
Total	4,162	4,570	4,570	4,439	4,790	220
Groundwater Operations						
Personnel	5,170	5,430	5,372	5,272	5,878	505
Operating	1,237	1,453	1,453	1,429	1,291	(162)
Total	6,407	6,883	6,825	6,701	7,169	344
Total Division	**22,477**	**23,322**	**23,264**	**22,961**	**23,706**	**442**
Staffing (FTE)	179	178	179	182	178	(1)

FIELD

The Field division is responsible for operating and maintaining the water distribution system, wastewater collection and non-potable reuse distribution system. Drinking water is distributed to approximately 687,405 residents comprising approximately 95% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 216,022 accounts, including 186,255 residential and 29,767 multi-family, commercial, institutional and industrial accounts. Approximately 68.4% of the water sales are for residential uses.

Wastewater Collection and Lift Stations

Wastewater Collections serves both customers connected to the collection system and those transporting wastewater to the treatment plant. The wastewater system consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant located south of the service area.

The wastewater collection system also includes lift stations that convey wastewater from lower to higher areas or across the Rio Grande. In the north and south valley, wastewater is collected in a vacuum system that includes valve pits, vacuum lines and a vacuum pump station that collects and conveys wastewater to gravity sewers to the Southside Water Reclamation plant for treatment and disposal.

The Field division provides contract operations for existing storm water lift stations. These lift stations move storm water from low lying areas to other facilities for ultimate discharge to the Rio Grande.

Water Distribution

The water distribution system consists of more than 3,103 miles of transmission and distribution pipelines that transport drinking water from the reservoirs to our customers throughout the service area. The water system takes advantage of the unique topography of the Water Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the water system is provided by remote telemetry units distributed throughout the system for control from a central control facility.

In addition, the Field division is responsible for water service lines, large and small diameter valves, pressure reducing and air relief valves and utility line locations. The division is responsible for main and service line repairs, street and sidewalk excavations/restoration, system shutdowns for construction coordination, and water meter reading and meter boxes and meter installation.

FY23 FIELD OBJECTIVES

1. Submit annual distribution data to the Partnership for Safe Water - Distribution program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23.
   - ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.
2. To improve energy efficiency and reduce operation and maintenance costs, continue deployment of automated meter infrastructure (AMI) pressure monitoring infrastructure at strategic locations and utilize data to optimize operations by the end of the 4th Quarter of FY23. Work with the vendor on software development to improve functionality.
3. To improve reliability and reduce interrupted water service, inspect at least 4,000 isolation valves by the end of the 4th Quarter of FY23.
4. To improve the validated water audit inputs for apparent water loss, test a minimum of 300 small meters and half of all large meters to include the top 25 consumers to support the water audit and strategic water loss plan by the end of the 4th Quarter of FY23. Test meters

in accordance with the recommendations of the water audit conducted by the Southwest Environmental Finance Center in calendar year 2021.

5. As part of the water distribution system preventative maintenance program, continue the flushing program that uses a systematic approach to flush water lines, filtering the water using the NO-DES system before returning it to distribution by the end of the 4th Quarter of FY23. Monitor monthly and report the occurrence of complaints before and after flushing to evaluate whether the flushing program improved water quality in the pilot area. Identify metrics to be used for measuring the effectiveness of this process moving forward.
6. Develop a GIS layer to graphically inform operations staff of water and wastewater infrastructure under construction by the end of the 4th Quarter of FY23. This information will improve knowledge transfer between initial utility construction and utility maintenance. The information will be utilized to prevent underground utility damages, facilitate scheduled water shutoffs and improve response times during an emergency.
7. Provide timely response to utility locate requests and achieve a damage ratio of less than two Water Authority-caused damages per 1,000 utility locate requests by the end of the 4th Quarter of FY23. Explore utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure.
8. In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of the unlined concrete lines 15-inch diameter and larger by the end of the 4th Quarter of FY23.
9. Manage chemical usage to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Identify metrics for monitoring and reporting by the end of the 1st Quarter of FY23. Monitor and report metrics through the end of the 4th Quarter of FY23. Identify additional odor control stations as needed.
10. To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan, initiate a manhole monitoring pilot study to diagnose flow patterns and provide advance alerts of downstream blockages. Complete a two-year pilot program with preliminary observations by the end of the 4th Quarter of FY23.
11. As part of the CMOM Program, evaluate pilot modifications to the Sub-Basin cleaning program. Look at possible changes such as sub-basin cleaning frequency to optimize effectiveness of preventative maintenance cleaning to the lines most likely to spill by the end of the 4th Quarter of FY23.
12. Install AMI devices in three additional vacuum station service areas to gather system performance data and respond quickly to low-vacuum conditions by the end of the 4th Quarter of FY23.
13. While striving to emit zero odors from the wastewater collections system and SWRP, work to reduce the cost of odor control chemicals by optimizing the amount of residual iron sludge discharged from the surface water treatment by the end of the 4th Quarter of FY23.

FIELD

FY22 FIELD HIGHLIGHTS

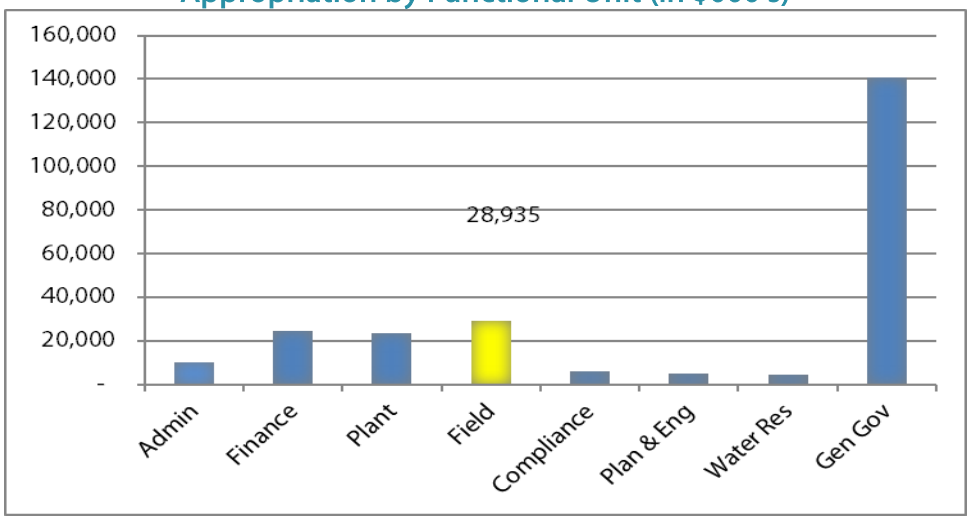
Wastewater Collections section will utilize closed-circuit television (CCTV) to monitor unlined concrete lines that are 15" and greater. Staff will partner with SWTP and SWRP staff to optimize the iron sludge discharges for odor control purposes. Staff will implement a pilot study that uses "smart" manhole covers to aid in the prediction of blockages.

Water Field-Distribution section will continue to task a dedicated crew to replace 30,000 aging water meters with smart meters. Field crews will continue to perform block to block rehab repairs which will generate significant cost savings by performing these tasks in-house.

Field crews will continue the flushing program to systematically flush water lines and filter the water using the new No Des system before returning it to the distribution system and minimize water loss. Inf FY22, 8.2 million gallons of water were saved using this system. Crews will continue to exercise 4,000 isolation valves; the long-term goal is to exercise all isolation valves over a ten-year period. To support the water audit and strategic water loss plan, staff will test a minimum of 300 small meters and test all new meters when they are received.

Field crews will begin year 2 of the 5-year plan to replace the SJC transmission line actuators. The current actuators are undersized and weak, so crews are replacing them before they break; generating cost savings by not having to hire outside contractors.

Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Wastewater Collection						
Personnel	5,877	6,104	6,104	5,987	6,378	274
Operating	1,247	1,467	1,467	1,428	1,457	(10)
Total	7,124	7,571	7,571	7,415	7,835	264
Water Field Operations						
Personnel	12,559	13,205	13,201	12,666	13,556	355
Operating	5,421	7,524	7,524	7,038	7,544	20
Total	17,980	20,729	20,726	19,704	21,100	374
Total Division	**25,103**	**28,300**	**28,297**	**27,118**	**28,935**	**638**
Staffing (FTE)	214	215	213	213	213	-

COMPLIANCE

Water and wastewater operations are regulated by a myriad of federal, state, and local environmental permits, regulations, rules, etc. including Safe Drinking Water Act regulations and National Pollutant Discharge Elimination System permits, state Solid Waste Facility, Ground Water Discharge, and Underground Storage Tank Permits and Registration, and Bernalillo County Air Quality permits. The Compliance Division continues to develop and maintain a matrix to define requirements, index historical compliance reports and manage submittals to assure all regulatory requirements and procedures are met accurately and on time. Water Quality serves the water operations group to assure continued compliance with drinking water regulations, including monitoring for the San Juan-Chama Water Treatment Plant (SJCWTP), as well as to provide process control monitoring for all facilities and source water monitoring of known and suspected groundwater contamination and the Rio Grande surface water supply. NPDES monitors and regulates industrial discharges by Authority ordinance to assure quality of influent to the Southside Water Reclamation Plant (SWRP) for pollutants of concern: heavy metals, toxic organics, and extra strength discharges and monitors effluent and sludge quality. While drinking water customer complaints and inquiries are addressed expeditiously and an annual Water Quality Report is provided to consumers, the P2 program continues to assist regulated industrial waste discharge customers and the public to reduce potential pollution threats. The Water Quality Laboratory (WQL), an internationally accredited environmental laboratory, provides more than 18,500 sample analyses annually to support Plant and Field Operations and other client groups.

FY23 COMPLIANCE OBJECTIVES

1. Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. Obtain a compliance rate goal of 75% through the end of the 4th Quarter of FY23.
2. National Pollutant Discharge Elimination System (NPDES) Pretreatment Program monitors compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance:
   - ❖ Monitor continuous discharge permitted industries 16 days per year or 4 days per quarter;
   - ❖ Complete 16 industrial permit inspections each quarter;
   - ❖ Complete 175 Food Service Establishment inspections each quarter; and
   - ❖ Complete 52 dental office inspections each quarter.

   Report on performance and percent of Sewer Users in compliance for each category each quarter during FY23.
3. Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by working with the Collections section with SSO investigations to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years through the end of the 4th Quarter of FY23.
4. Initiate a feasibility study to determine the appropriate technology and locations for new, permanent pH monitoring stations to be constructed on each of the four interceptors entering the SWRP and send real-time information to the Supervisory Controls and Data Acquisition (SCADA) systems by the end of the 4th Quarter of FY23. These stations will provide important real-time data on pH excursions that may adversely impact the SWRP treatment process, will be able to immediately identify on which interceptor the issue is occurring, and provide a continuous and high-quality historical data record for any necessary enforcement.
5. The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by

the end of the 2nd Quarter of FY23, as required in the permit.

6. Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act and Clean Water Act regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, local laws ordinances, and issues involving emerging contaminants to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY23.
7. Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include:
8. Water Quality Laboratory results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs). Maintain greater than 0.5 results reported per productive hour per quarter in each analytical section through end of the 4th Quarter of FY23.
9. Laboratory Productivity (results reported per productive hour, results sent to subcontract laboratories in lieu of in-house testing). Maintain greater than 2,000 results per quarter in each analytical section through end of the 4th Quarter of FY23.
10. Percentage of results reported late (turnaround time). Maintain less than 10 percent results reported late per quarter and provide quarterly results through end of the 4th Quarter of FY23.
11. Continue to develop LabVantage ("laboratory information management system") throughout FY23 to increase the automation of data entry to reduce data entry errors and reduce the amount paper used at the laboratory. Begin developing reports in LabVantage by the end of the 4th Quarter of FY23.
12. Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct at least one internal audit per year. Conduct and report on internal audits of sampling procedures and report results as they pertain to regulatory requirements and standard operating procedures. Issue corrective action response requests as needed and track and report on their progress. Ensure Compliance Division field instruments are calibrated as necessary and that personnel demonstrate capability in sample collection and measurement. Monitor and report on corrective action response report (CARR) closure duration quarterly through the end of the 4th Quarter of FY23.
13. Maintain accreditation with the American Association for Laboratory Accreditation by addressing any changes resulting from the on-site assessment of the Water Quality Laboratory. Conduct internal audits, Standard Operating Procedure (SOP) revisions, and identify actions to address risks and opportunities as required by ISO/IEC 17025:2017. Implement any changes resulting from the 2019 Methods Update Rule. Track and report on corrective actions and risk assessment responses. Maintain a closure duration of less than 60 days per CARR and an average completion of less than 30 days for all CARRs per fiscal year through the end of the 4th Quarter of FY23.
14. Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify all schools and child-care centers in the service area that will require lead monitoring and develop sample plan templates for the facilities to use to track multiple faucets by the end of the 4th Quarter of FY23. Initiate research to understand the monitoring, data requirements and expectations for corrosion control studies under the new rule.

COMPLIANCE

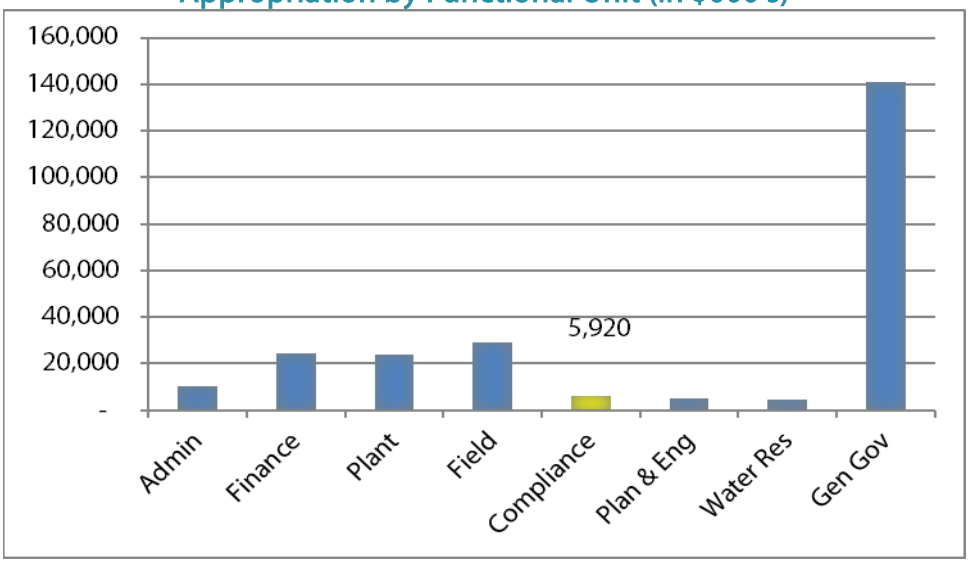
FY23 COMPLIANCE HIGHLIGHTS

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies.

The Water Quality Lab will be participating in the rehab and upgrade project for the Water Quality Lab building. As part of this project, staff will be managing on-site documentation and preparing documents for archival storage.

NPDES program staff will work with a consultant to complete the mercury minimization plan which has a compliance deadline of December 2022. Staff will spearhead a feasibility study for permanent pH monitoring stations outside of the SWRP plan to be able to investigate low pH alerts at the plant intake areas.

Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Laboratory						
Personnel	1,605	1,899	1,899	1,721	2,106	208
Operating	412	514	514	524	453	(62)
Total	2,017	2,413	2,413	2,245	2,559	146
NPDES						
Personnel	1,214	1,560	1,560	1,279	1,600	40
Operating	128	220	220	181	301	81
Total	1,343	1,780	1,780	1,460	1,901	121
Water Quality						
Personnel	801	967	967	773	936	(31)
Operating	528	522	522	731	524	2
Total	1,329	1,489	1,489	1,504	1,460	(29)
Total Division	**4,688**	**5,682**	**5,682**	**5,209**	**5,920**	**238**
Staffing (FTE)	43.5	44	44	44	44	-

PLANNING & ENGINEERING

The division coordinates and manages Capital Improvement Plan (CIP) line extensions and infrastructure design for water and wastewater system expansion, manages water and wastewater line rehabilitation and reviews and approves new water and wastewater utility development. The group also coordinates and manages small diameter water and wastewater rehabilitation and replacement to developed areas of the North and South Valley.

The Asset Management program is an extensive business model that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. In Fiscal Year 2019, the Water Authority upgraded its Maximo® Enterprise Asset Management System/Computerized Maintenance Management System and integrated mobile work order technology to improve the accuracy of the asset data.

FY23 PLANNING & ENGINEERING OBJECTIVES

1. Locate water leaks by surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY23; Track, evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY23. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY23.
2. Expend $64 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY23. $1 million shall be dedicated and used for identifying and replacing high-risk water pipes in critical or poor condition by the end of the 4th Quarter of FY23.
3. Prepare a report on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work by the end of the 1st Quarter of FY23. Continue implementation of the RRAMP by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY23.
4. Implement at least one planned Interceptor Rehabilitation project in FY23, and complete at least one interceptor design package by the 4th Quarter of FY23; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY23.
5. Coordinate with Bernalillo County to design and initiate construction of a force main to convey wastewater from the Municipal Detention Center to the Water Authority collections system through the end of the 4th Quarter of FY23.
6. Work with the Navajo Nation to design and construct water conveyance infrastructure to deliver water provided by the Navajo Nation to To'Hajiilee through the end of the 4th Quarter of FY23.
7. Work with Intel to design and construct water conveyance infrastructure to deliver raw water to the Intel facility through the end of the 4th Quarter of FY23.
8. Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities by the end of the 4th Quarter of FY23.
9. Finalize the Utility Development Guide and solicit feedback from stakeholders by the end of the 4th Quarter of FY23.
10. Review and update the Mini Work Order process to improve turn-around time by the end of the 4th Quarter of FY23.
11. Finalize Operating Plans for Centralized Engineering, Utility Development, Field, Water Resources, and Asset Management,

to be used to inform/train new staff and for existing staff to use as a resource by the end of the 4th Quarter of FY23.

12. Complete a comprehensive asset management plan to understand and document the asset condition, risk assessment, remaining useful life, and replacement cost for every asset by the end of the 4th Quarter of FY23. Input this information into the enterprise asset management system and begin life cycle cost accounting.
13. Continue monitoring progress on the strategic asset management program (SAMP), with quarterly monitoring of the following metrics and associated target(s) by the end of the 4th Quarter of FY23.
    - ❖ Assets Inventoried, Target greater than 50%
    - ❖ Asset Activity (Created, Decommissioned and Updated), Target greater than 6,500
    - ❖ Assets with Purchase & Replacement Cost populated, Target greater than 5,000
    - ❖ Work Orders without Assets, Target less than 25%
    - ❖ Assets missing Classifications & Attributes, Target less than 25%
    - ❖ Assets missing required data fields, Target less than 50%
    - ❖ Maximo Employee Training, Target greater than 500 hours
    - ❖ Preventative Maintenance Optimization, Target greater than 30%
14. Transition existing SAMP dashboards to Microsoft Power BI by the end of the 4th Quarter of FY23. Utilizing Power BI, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate KPIs.

FY23 PLANNING & ENGINEERING HIGHLIGHTS

Centralized Engineering will continue managing CIP projects. Major projects include: $12.5 million for Sanitary Sewer Pipeline Renewal projects, $19.5 million for SWRP Renewal projects, $7.8 million for Drinking Water Plant Groundwater System Renewal projects and $4.4 million for Information Technology projects.

In-House Design projects for FY23 include preparing two additional steel water line packages, preparing two sanitary sewer renewal packages, continuing development and refinement of the master/guide specifications and standard detail drawings, and continuing work on the Lift Station Design Guide and the Booster Pumping Station Design Guide.

The Asset Management Program Team will continue the Comprehensive Asset Management Plan with a consultant by performing condition and risk assessments and updating asset attributes and replacement cost data.

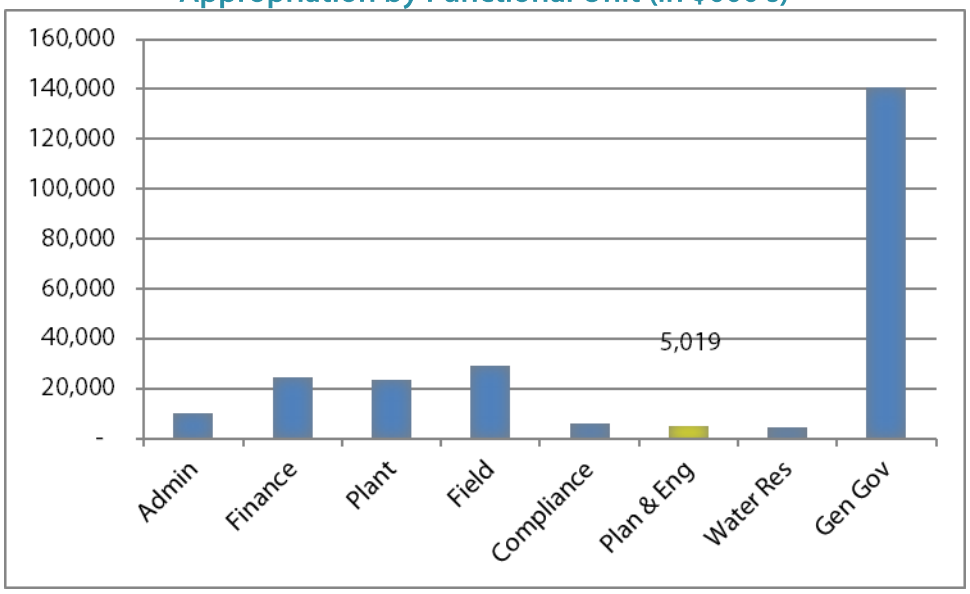
Asset Management staff will continue to monitor progress on the Strategic Asset Management Program and transition the dashboards and key performance indicators to Microsoft Power BI.

The Grant Administrator position will evaluate, plan and manage the submission of grant proposals to obtain funding for projects.

The Utility Development group will continue to review and edit the draft Guide to Development. Staff will develop key performance indicators for various deliverables to help manage workload and assist with decision-making. Staff will update the Work Order process to allow users to make submittals online and revamp the Mini Work Order process to increase efficiency.

PLANNING & ENGINEERING

Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Central Engineering						
Personnel	2,812	3,112	3,112	2,991	3,364	252
Operating	141	66	66	180	68	-
Total	2,953	3,178	3,178	3,171	3,432	252
Asset Management						
Personnel	543	568	568	558	726	158
Operating	14	33	33	31	37	4
Total	557	601	601	589	763	162
Planning & Util. Develop.						
Personnel	463	578	612	519	730	118
Operating	88	88	88	117	94	6
Total	551	666	700	636	824	124
Total Division	**4,061**	**4,445**	**4,479**	**4,397**	**5,019**	**538**
Staffing (FTE)	32	32	33	33	34	1.0

WATER RESOURCES

The Water Resources Division implements the Water Authority Board-adopted Water Resources Management Strategy (Strategy) to provide a safe and sustainable water supply. The Strategy provides policies and recommendations for continuation of the need to shift from sole reliance on the aquifer to renewable supplies including the San Juan-Chama Drinking Water Project. The Strategy is designed to ensure Water Authority customers a safe and sustainable water supply at least to 2060. The Strategy incorporates the projects identified to be implemented in the original strategy including the San Juan-Chama Drinking Water Project, North I-25 Non-potable Surface and Industrial Reuse Project, Southside Municipal Effluent Polishing and Reuse project and demonstration project for aquifer storage and recovery.

This Division also oversees the Water Authority's water conservation programs. The long-term water conservation strategy elements implemented to date include an extensive public education and marketing effort, financial incentives for replacement of high-volume toilets with low volume toilets, financial incentives for replacing existing high-water use landscaping with xeriscaping, financial incentives for replacing high water use washing machines with low use models, and free water use audits. Residential audits include retrofits of showerheads, faucet aerators, and toilet displacement devices. Mandatory water waste prohibitions and limitations on high water use plants in landscaping new development have been enacted and are being enforced.

FY23 WATER RESOURCES OBJECTIVES

1. Evaluate the current Drought Management Plan in the framework of drought triggers, drought management measures, and reduction targets to manage consumer demand in times of drought by the end of the 2nd Quarter of FY23.
2. To prepare for increased climate variability, encourage installation of water conservative landscaping, while working towards the *Water 2120* conservation goal of 110 gallons per capita per day (gpcd) by 2037 by implementing the following activities by the end of the 4th Quarter of FY23:
   i. Perform a smart controller field performance study on the top 5% of residential customers.
   ii. Increase smart controller rebate adjustments and Xeriscape square feet conversions by comparing current fiscal year to prior fiscal years.
   iii. Increase the amount of commercial class customers rebate adjustments by comparing from baseline (prior fiscal year) to current fiscal year.
   iv. Increase Xeriscape square feet conversions by comparing the current fiscal year to prior fiscal years. Begin outreach to target golf courses for turf removal and conversion to non-potable sources.
   v. Work on outreach and education to target multi-family accounts for water savings by establishing a pilot program for homeowner's associations.
3. Work with the New Mexico Environment Department and Office of the State Engineer to begin aquifer storage and recovery (ASR) permitting by the end of the 4th Quarter of FY23. Develop a project plan and cost estimate by the end of 2nd Quarter FY23.
4. Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Residential Irrigation Audits; 2) 100 Landscape Professionals Trained; 3) 10 Meetings with Apartment Managers; and 4) two Water Conservation Open House Meetings by the end of the 4th Quarter of FY23.
5. To better educate children on the importance of water and resource planning, continue to collaborate with ¡Explora! to coordinate Water Authority staff for mentorships and facilitation of interactive water exhibits for the new Science Technology Engineering Mathematics (STEM) center through the 4th Quarter of FY23.
6. Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions:

i. Complete source water assessments for surface water and groundwater by the 2nd Quarter of FY23. The source water assessments will utilize the source water protection areas developed from the capture analysis and the updated potential sources of contamination inventory from FY21. Review the results of the source water assessments to determine if changes are required to the RAPP and protection measures;
ii. Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY23;
iii. Collaborate and coordinate with other agencies, including support of the Water Protection Advisory Board (WPAB) and the Office of Natural Resources Trustee (ONRT) through the end of the 4th Quarter of FY23; and
iv. Contract with the NM Bureau of Geology and Mineral Resources to provide an update to the Middle Rio Grande Basin Water Quality Study by the end of the 4th Quarter of FY23.

7. Provide leadership and support of the Middle Rio Grande Endangered Species Collaborative Program (ESA Collaborative Program) through 1) Participation in the Collaborative Program Executive Committee and 2) Participating in the development of adaptive management practices for the program through the 4th Quarter of FY23.
8. To support native water storage for water users in the Middle Rio Grande as approved by Congress, complete acquisition of easements for additional storage in Abiquiu Reservoir by the end of the 4th Quarter of FY23. Continue towards permitting and environmental approvals for storage of native water in Abiquiu Reservoir through the 4th Quarter of FY23.
9. Conduct regular water quality monitoring and reporting of the Water Authority data gap well at the Kirtland Air Force Base (KAFB) Bulk Fuels Facility jet fuel leak site through the end of FY23. Evaluate whether additional monitoring wells are needed by the end of the 1st Quarter of FY23 and seek funding, if applicable.
10. Develop a drinking water modeling program that maintains a centralized version of the model to include updates from all users, routine user training to keep everyone on the same page with developments and a process for Chief Engineers to submit modeling requests for investigations and receive a documented response by the end of the 4th Quarter of FY23. Update the drinking water model SharePoint page to be a central resource for all drinking water modeling users.
11. Complete full-scale design of the Silvery Minnow habitat created by the SWRP Outfall Project by the end of the 1st Quarter of FY23. Submit required documents to receive ONRT funding to begin construction of the project by the end of the 2nd Quarter of FY23. Apply for additional funding sources (e.g., Water Trust Board, River Stewardship Program) for the construction of the project.
12. In support of the Bosque Water Reclamation Plant, identify relevant and required easements, permits, and environmental documents required for project design, construction, and operation by the end of the 2nd Quarter of FY23. Work collaboratively to develop actions, workflow, and timeline for completion of the required easements, permits, and environmental documents by the end of the 4th Quarter of FY23.

FY23 WATER RESOURCES HIGHLIGHTS

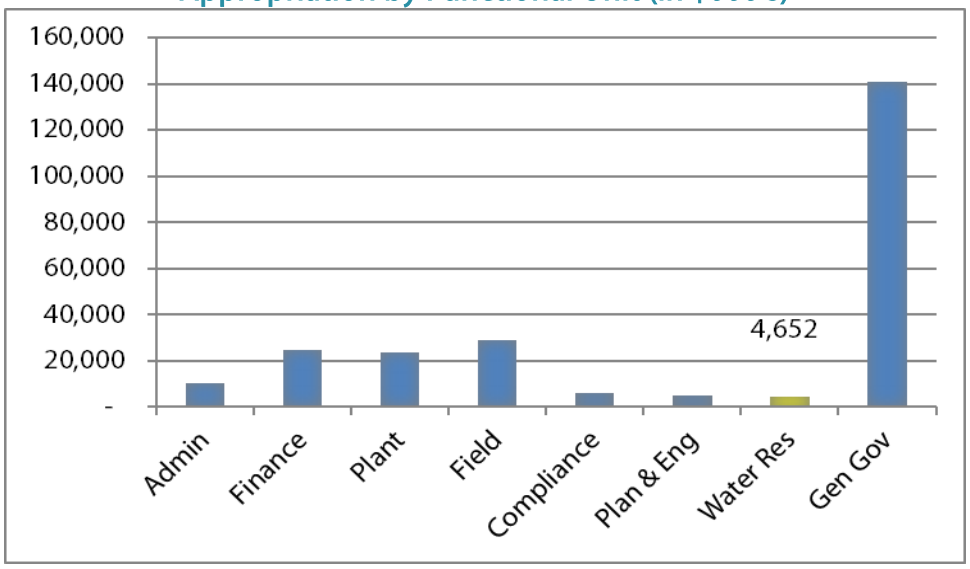
Water Resources-Conservation has updated the Xeriscape rebate program and will launch a new campaign for this effort. Staff will focus their efforts on the following areas: the Homeowners' Association Landscape Irrigation Transformation program (evaluations of irrigation systems), the Low-Income Conservation Support program (conservation audits and conservation kits), and the Multi-Family Outreach program (apartment performance efficiency audits and retrofit kits).

Staff will continue its collaboration with Explora to coordinate staff for mentorship opportunities and facilitation of the interactive water exhibits for the new STEM center.

WATER RESOURCES

Water Resources-Environmental staff will work to get the remaining permanent easements around Abiquiu reservoir, which is an important step to increasing the storage at this facility from 170,000 acre-feet to 238,000 acre-feet. Staff will begin the permitting process for the next Aquifer Storage Recovery well site, begin monitoring and analysis of the groundwater at the data gap well site, begin the permitting process for the Bosque Water Resource Recovery Plant and complete the design of the Silvery Minnow habitat created by the SWRP Outfall project.

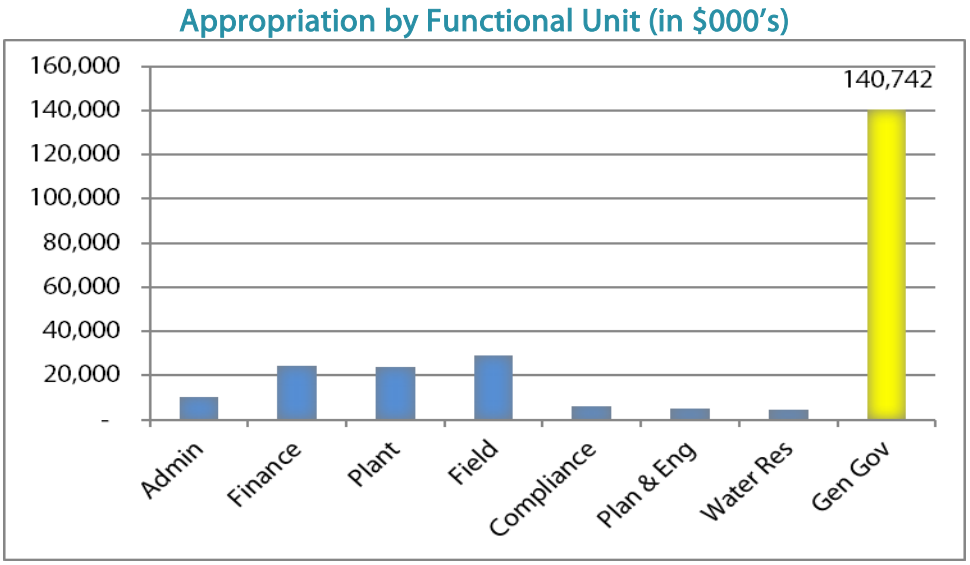
Appropriation by Functional Unit (in $000's)



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Water Resources Planning						
Personnel	594	563	528	476	731	202
Operating	542	1,284	1,284	1,308	1,704	421
Total	1,136	1,846	1,812	1,784	2,435	623
Conservation						
Personnel	568	632	632	609	649	17
Operating	1,063	1,566	1,566	1,568	1,568	-
Total	1,631	2,198	2,198	2,177	2,217	17
Groundwater Protection						
Personnel	93	179	179	63	-	(179)
Operating	317	388	388	397	-	-
Total	410	567	567	460	-	(179)
Arsenic Removal						
Personnel	-	-	-	-	-	-
Operating	-	32	32	-	-	(32)
Total	-	32	32	-	-	(32)
Total Division	**3,177**	**4,643**	**4,609**	**4,422**	**4,652**	**429**
Staffing (FTE)	13	14	13	13	13	-

GENERAL GOVERNMENT DIVISION

The General Government Division was developed to appropriate the expenses that are Authority-wide and not specific to any one department or division. The departments in this division include: Power & Chemicals, Taxes, Overhead (includes retirement payouts), San Juan-Chama loan, and Interfund Transfers.



Expenses by Department ($000's)	Audited Actual FY21	Original Budget FY22	Revised Budget FY22	Estimated Actual FY22	Approved Budget FY23	Appr 23/ Rev 22 Chg
Power & Chemicals						
Operating	21,949	21,487	21,487	22,935	21,051	(436)
Total	21,949	21,487	21,487	22,935	21,051	(436)
Taxes						
Operating	857	656	656	948	656	-
Total	857	656	656	948	656	-
Overhead						
Personnel	557	500	500	409	510	10
Operating	811	1,160	1,160	983	1,160	-
Total	1,367	1,660	1,660	1,392	1,670	10
Total Program	**24,174**	**23,803**	**23,803**	**25,275**	**23,377**	**(426)**
San Juan Chama						
Operating	2,522	2,747	2,747	2,682	2,747	-
Total	2,522	2,747	2,747	2,682	2,747	-
General Government						
Interfund Transfers	118,233	114,433	114,433	114,433	114,618	185
Total Division	**144,929**	**140,983**	**140,983**	**142,390**	**140,742**	**(241)**

CAPITAL BUDGET

Approved
Operating Budget
FY23

CAPITAL BUDGET

What are Capital Improvements?

Capital Improvements include the purchase, construction, replacement, addition, or major repair of public facilities, infrastructure, and equipment. The selection and evaluation of capital projects involves analysis of Water Authority requirements, speculation on growth, the ability to make estimates, and the consideration of historical perspectives. A "Capital Project" has a monetary value of at least $5,000, has a useful life of more than two years, and results in the creation or revitalization of a fixed asset. A capital project is usually relatively large compared to other "capital outlay" items in the annual operating budget.

San Juan-Chama Drinking Water Plant

How are Capital Improvements Funded?

The Water Authority's Capital program is comprised of different categories of projects, each with its own funding rules. The Basic Program is funded by recurring revenues generated from the water/wastewater rate structure. Special Projects are done outside of the Basic Program but are funded from the same revenue stream that funds the Basic Program.
The current Rate Ordinance states that, on average, 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds.

The balance of capital funding is obtained through revenue bond or loan financing.

The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program.
System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Water Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test.
The Water Authority has increased in recent years its utilization of state and federal grants to fund some Capital Improvement Projects in part or in whole.

CAPITAL BUDGET

What is the Capital Improvement Plan (CIP)?

The Water Authority's mission is to provide a reliable, supply of high-quality water, at an affordable price, and sustainable water supply, wastewater collection treatment, and reuse systems to our customers. To continue meeting the Water Authority's mission, the following goals need to be consistently achieved when implementing Capital Improvement Program (CIP) projects:

- CIP Projects are planned, identified, and executed in a manner that ensures overall project success.
- CIP Project implementation efficiency is maximized, both in terms of resources and expenditures.
- CIP Projects are consistently implemented, regardless of the lead department and/or individual(s) assigned to complete a particular project.
- Water Authority stakeholders understand their respective roles, and all collectively share responsibility, accountability, and credit for the successful completion of CIP Projects.
- Project status and financial reports are timely, accurate, and consistently formatted.

The Water Authority uses a Team Approach to complete CIP Projects. This means that projects are identified and executed in a manner which involves all stakeholders, both within the Water Authority (Central Engineering, Information Technology, Finance, Operations and Maintenance, and Water Resources) and outside the Water Authority (Water Authority ratepayers, other agencies and interested organizations, and impacted businesses and residences) as appropriate.

CIP Planning Process

To meet its mission, the Water Authority strives to ensure that the following goals and objectives are maintained over a 10-year planning horizon:

- Water Supply Reliability: Avoid chronic shortages, manage risk from future uncertainty, and maximize local control.
- Production and Distribution Facility Reliability: Maintain the Water Authority's infrastructure, improve employee and/or public safety, perform other work necessary to maintain or improve service to customers, and address vulnerabilities from seismic and other events.
- High Quality: Consistently meet or exceed existing and future water quality regulations. Provide uniform aesthetic quality to all customers to the extent practicable.
- Affordable Cost: Ensure that sound, responsible financial management practices are observed in the conduct of Water Authority business.
- Environmental Protection: Plan, design, and operate Water Authority facilities efficiently, effectively, and safely, bearing in mind our responsibility to be a good neighbor and a good steward of the environment by avoiding or mitigating environmental impacts, reliably complying with existing and future environmental regulations, and protecting groundwater resources.

The Water Authority's planning process has been developed to ensure that the following is well documented and understood by all stakeholders – Water Authority's overall planning objectives, justification of planned CIP Projects, relationship of individual projects, and refinement of project criteria as more information becomes known. The Water Authority's planning is intended to support healthy, environmentally sustainable, and an economically viable community and to allow for the orderly expansion of development consistent with both the local land use and growth management plans and the Water Authority's mission. Key components of the planning process include accurately predicting future water demands and confirming existing and planned water supplies.

The 2011 Utility-Wide Asset Management Plan (UWAMP), with various revised sections over the last several years, serves as a baseline to ensure that appropriate project-specific decisions are made

over a 10-year specific planning period. UWAMP establish refined criteria for water production and groundwater, water quality (as related to CIP projects), transmission mains, storage facilities and booster pump stations, reliability, wastewater collection treatment, reuse systems, and major replacements. The UWAMP is based upon detailed analyses and hydraulic modeling, current and projected customer demands, the current and projected state of water supply and wastewater infrastructure such as pipelines, pumping stations, and production facilities, and current and projected regulations and standards related to water quality, water storage, land uses, and other factors impacting water and wastewater service needs.

The Water Authority's CIP includes all projects identified in the UWAMP, as well as other maintenance and reliability projects and extraordinary expense items. New projects that are not developed during the planning process, and thus not contained within the CIP Spreadsheet, may be added as needed. Depending on the cost and type of project, Board approval for funding may be required. Typically, new projects are identified either during the annual budget process or because of regularly held Engineering/Operations Project Coordination Meetings.

The CIP Ten-Year (Decade) Plan

The blueprint for the Water Authority's Basic Program is its Decade Plan, a 10-year CIP that is updated biennially in even numbered fiscal years with two, four, six, eight and ten-year planning elements. The Decade Plan includes detailed requirements for program development and project scope, schedule, budget, justification, and alternatives. The Decade Plan requires approval by the Water Authority Board with at least one public hearing and due deliberation. In those fiscal years where the Decade Plan must be updated, the new Decade Plan must be approved by the Water Authority's Board before that year's CIP budget can be approved. This policy ensures there is always an approved two-year planning element in place for every approved annual Basic Program budget.

FY23 is the second year of the two-year planning element included in the FY22 – FY31 Decade Plan approved by the board in April 2021.

The electronic version of the FY2022-2031 CIP Decade Plan can be found at the Water Authority's website:

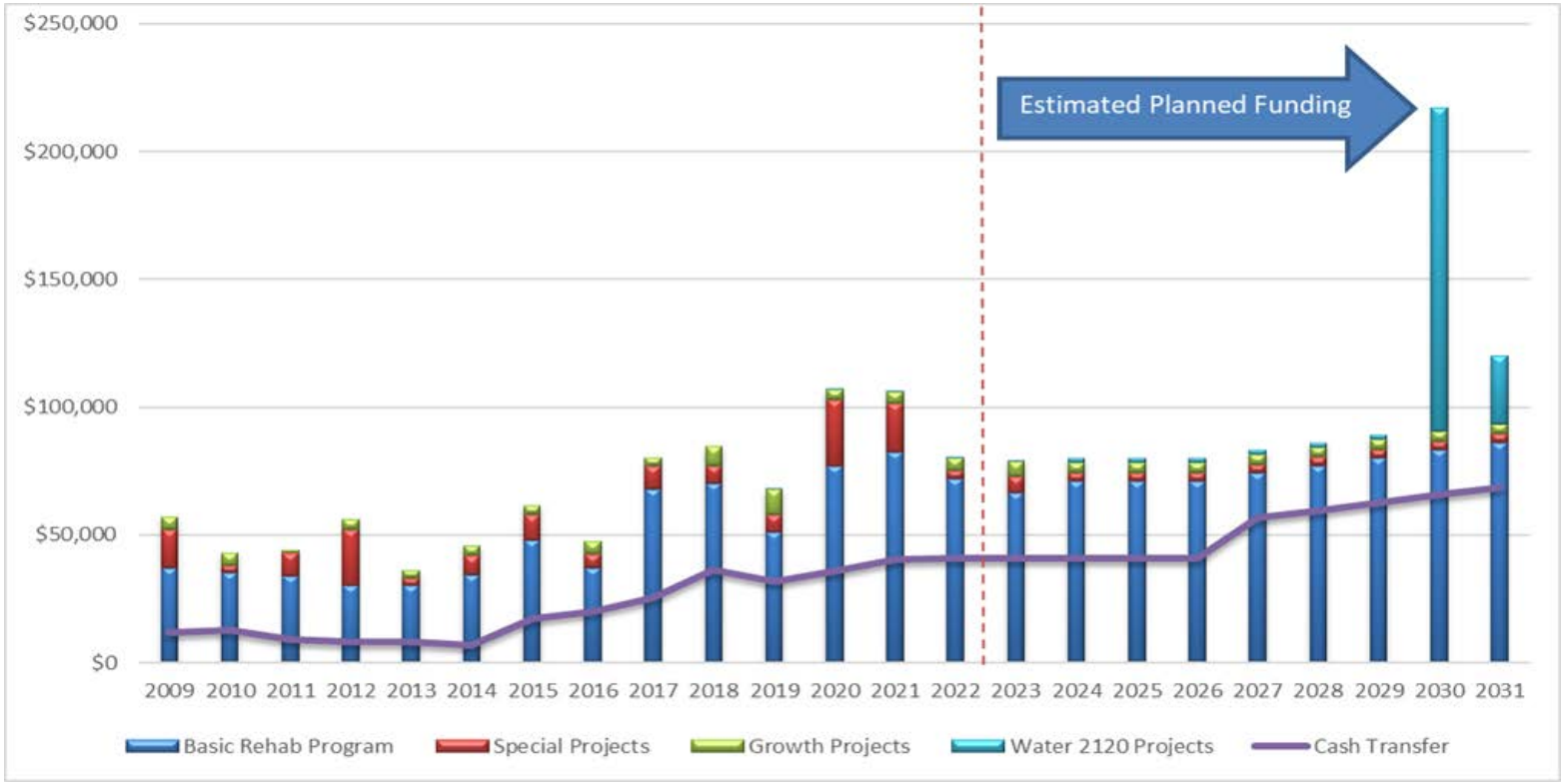
http://www.abcwua.org/your-water-authority-finances/

Demonstrated on the following page is the planned funding allocation by category for a ten-year period in ($000's).

Decade Plan FY 2022 - 2031: Summary of Projects

Category No.	Category Descriptions	Projected Fiscal Year Revenue by Category ($1000's) 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Priority Renewal Projects:												
100	Sanitary Sewer Pipelines	12,150	15,500	20,850	23,750	25,100	20,600	21,600	21,600	32,600	32,600	**226,350**
200	Drinking Water Pipelines	6,475	6,150	11,275	11,475	11,225	11,225	11,225	11,225	11,225	11,225	**102,725**
300	Southside Water Reclamation Plant	27,750	19,150	14,100	11,150	6,650	6,500	7,500	14,000	6,500	6,500	**119,800**
400	Soil Amendment Facility (SAF)	50	350	50	50	50	50	50	50	50	50	**800**
500	Lift Station and Vacuum Station	1,548	3,420	2,020	1,420	1,420	1,780	1,420	1,150	1,150	1,150	**16,478**
600	Odor Control Facilities	200	50	850	50	50	50	50	50	50	50	**1,450**
700	Drinking Water Plant: Groundwater	7,850	7,850	5,792	10,206	14,929	22,474	20,606	17,190	14,630	13,056	**134,583**
800	Drinking Water Plant: Treatment	1,875	5,000	5,450	3,350	3,350	1,350	1,250	1,150	1,150	1,150	**25,075**
900	Reuse Line and Plant	1,800	200	200	200	200	200	200	200	200	200	**3,600**
1000	Compliance	365	365	365	365	365	365	365	365	365	365	**3,650**
1100	Shared Renewal	4,482	4,686	3,051	3,294	3,468	3,628	2,475	390	140	390	**26,004**
1200	Franchise Agreement Compliance	4,200	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	**40,200**
1300	Vehicles and Heavy Equipment	2,988	2,921	2,941	3,835	4,029	3,778	5,259	4,630	3,940	5,264	**39,584**
	Total Priority Renewal Projects	**71,733**	**69,642**	**70,944**	**73,145**	**74,836**	**76,000**	**76,000**	**76,000**	**76,000**	**76,000**	**740,300**
Water 2120 Projects:												
8000	All Water 2120 Projects	435	235	635	635	635	635	635	635	635	635	**5,750**
	Total Special Projects	**435**	**235**	**635**	**635**	**635**	**635**	**635**	**635**	**635**	**635**	**5,750**
Special Projects:												
9400	All Special Projects	10,923	5,350	7,550	3,350	3,350	3,350	3,350	3,350	3,350	3,350	**47,273**
	Total Special Projects	**10,923**	**5,350**	**7,550**	**3,350**	**3,350**	**3,350**	**3,350**	**3,350**	**3,350**	**3,350**	**47,273**
Priority Growth Projects:												
2400	Land and Easement Acquisition	10	10	10	10	10	10	10	10	10	10	**100**
2700	Development Agreements	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	**12,500**
2800	MIS/GIS	3,425	4,430	2,490	2,410	2,450	2,490	2,450	2,410	2,490	2,490	**27,535**
3100	Master Plans	75	50	-	80	40	-	40	80	-	-	**365**
3200	Miscellaneous	250	250	250	250	250	250	250	250	250	250	**2,500**
	Total Priority Growth Projects	**5,010**	**5,990**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**43,000**

Graphed below is the historical expense and estimated planned funding through 2031:



CIP Budget Development, Monitoring and Amendment Policy and Procedures

The development and update of the CIP is an ongoing activity. It is part of the overall budgeting process since current year capital improvements are implemented through adoption of the annual budget. Policy requires no less than $30.0 million allocated for the Basic Program as specified in the current Rate Ordinance. Specific activities in the development process are:

- **Establishing Timetables, Goals, and Objectives:**

At the onset of the budgeting process, the CIP update begins with formal budget planning decisions between management and department heads as described in the CIP Planning Process above. Timetables are set that extend through development and final adoption of the budget. Water Authority goals and objectives are reviewed to ensure that they are being met through the budget cycle.

- **Taking Inventory and Developing Proposals:**

Staff gathers information about the Water Authority's capital facilities and equipment to assess the risk and condition of each. Staff carefully considers construction, repair, replacement, and additions. From there, a list of proposed projects and equipment is developed.

- **Conducting Financial Analysis:**

Finance staff conducts financial analysis of historic and projected revenues and expenses to estimate the Water Authority's cash flow and long-term financial condition. Capital financing alternatives are identified, and recommendations are prepared to match the type of funding most appropriate for specific capital improvements.

Administrative Policy also allows for rollovers of capital funds in excess and/or deficit from each previous fiscal year remaining budget. Unobligated funds remaining at the end of a budget year to the next budget year to cover allowable costs in that budget period. This carryover does not require Water Authority Board approval. Restricted funds, grants, bond and loan proceeds, and cash transfers that are recorded in capital funds are the only cumulative balances allowed under this policy.

Capital Improvement Program Budget

The Water Authority's CIP budget is comprised of different categories of projects, each with its own funding rules. The Basic Program is funded by recurring revenues generated from the water/wastewater rate structure. Special Projects are done outside of the Basic Program but are funded from the same revenue stream that funds the Basic Program.

The current Rate Ordinance states that, on average, 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds.

The balance of capital funding is obtained through revenue bond or loan financing.

The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program.

System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Water Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test.

The Water Authority regularly reviews and pursues Grant opportunities from a variety of sources, primarily State and Federal agencies. The primary advantage of grants is that unlike loans, they do not have to be repaid. A grant provides a valuable funding source to help finance eligible projects for the Water Authority. It is important to remember that grants are very competitive. A considerable amount of time and preparation are required to final grant opportunities that fit within the granting agencies parameters, plan a project(s), and then develop a winning proposal. Throughout the year, planning and construction needs are matched with

funding opportunities offered by the various granting agencies.

The Water Authority received several million dollars in Federal grant funding and the Water Authority was recently awarded $2.0 million for implementation of the Advanced Metering Infrastructure (AMI) Project Phase 6, of which $0.8 million is repayable and 90 percent grant funds totaling $7.7 million for construction of a waterline to To'Hajiilee. Additional detail on these and other grants received by the Water Authority is detailed in the table on the next several pages.

Granting Agency	Grant Name	Purpose of Grant	FY22 Budget (000's)	FY23 * Budget (000's)
Bernalillo County	American Rescue Plan Act (ARPA) Subaward –Bosque Non-potable Water Reclamation Plant and Reuse System	The planning and design of a new satellite Bosque Water Resource Recovery Facility (WRRF) to treat wastewater for non-potable reuse/irrigation, improve the capacity of the existing downstream Westside Interceptor, and discharge treated water to the Rio Grande to help maintain river flows through the Oxbow section.	$2,875	$ -
Bernalillo County	ARPA Subaward – Carnuel Sewage Collection System	The acquisition of easement/right-of-way, and construction and engineering services during construction of the Village of Carnuel Wastewater System Expansion Phase I project.	3,845	-
Bernalillo County	ARPA Subaward – Kirtland Air Force Base (KAFB) Tijeras Interceptor Rehabilitation	To rehabilitate aging interceptor sewer pipe within the KAFB Property. Funding will be used to for construction and engineering services during construction.	15,000	-
Bernalillo County	ARPA Subaward – Metro Detention Center (MDC) Water and Sewer Improvements	The design, easement/right-of-way acquisition, construction, and engineering during construction of a new lift station and force main that will pump sewage from MDC facility on the West Mesa to the existing gravity sewer system located at Atrisco Vista Blvd and I-40/US66.	4,200	-
Bernalillo County	ARPA Subaward – Mesa Del Sol Non-potable Reuse Booster Pump Station and Reservoir	The acquisition of land/easement, construction, and engineering services during construction of a new non-potable reuse Pump Station, Reservoir, and Disinfection facility near Mesa Del Sol.	4,896	-
Bernalillo County	ARPA Subaward – South Valley Drinking Water Project, Phase 8 and 9	The planning, design, easement/right-of-way acquisition, construction, and engineering services during construction of a portion of the Phase 8 and Phase 9 South Valley Drinking Water Project, which has expanded potable drinking water availability throughout the South Valley of Bernalillo County.	8,000	-

Granting Agency	Grant Name	Purpose of Grant	FY22 Budget (000's)	FY23 * Budget (000's)
Bernalillo County	ARPA Subaward – Volcano Cliffs and Corrales Trunk Reservoir and Transmission Line	The design, easement/right-of-way acquisition, construction, and engineering services during construction of the Volcano Cliffs Arsenic Treatment Facility and associated Pump Station upgrades and a new transmission line that will facilitate increase pumping capacity and potable delivery within and between the Volcano and Corrales transmission line trunks.	$15,000	$ -
State of NM – Department of Environment (NMED)	Water Authority - Bosque Wastewater Treatment and Discharge System Design	To plan, design, and construct a wastewater treatment and discharge system, including a treatment plant, irrigation and aquifer storage and recovery systems, on the westside of the Rio Grande in Bernalillo County.	410	285
NMED	Water Authority – Monitor Well Construction	To plan, design, and construct a ground water monitoring well to monitor ethylene dibromide contamination in the area of KAFB.	770	25
NMED	Water Authority – Water and Wastewater System Upgrade	To plan, design, construct, and upgrade water and wastewater systems, including connecting homes to a public sanitary sewer system, in the Carnuel community and Tijeras watershed in Bernalillo County.	155	-
NMED	Water Authority – Wastewater Plant Outfall Construction	To plan, design, construct the realignment of the Southside Water Reclamation Plant (SWRP) effluent outfall to the Rio Grande.	323	709
New Mexico Finance Authority (NMFA) Water Trust Board (WTB)	Advanced Metering Infrastructure (AMI) Phase 6 (60% Grant/40% Loan, with $1.2 million match)	The project consists of replacing approximately 18,000 existing water meters with AMI meters and devices and shall include such other related work and revisions necessary to complete the project.	2,000	-
NMFA WTB	To'Hajiilee Water Project (90% Grant/10% Loan, with $3.5 million match)	The project consists of the construction of an approximately 7.7-mile pipeline to To'Hajiilee from the Water Authority's existing storage tanks on the City of Albuquerque's west side and shall include such other related work and revisions necessary to complete the project.	7,708	-
NMED	Water Authority – Water Treatment Facility Equipment	The design, easement/right-of-way acquisition, construction, and engineering services during construction of the Volcano Cliffs Arsenic Treatment Facility and associated Pump Station upgrades and a new transmission line that will facilitate increase pumping capacity and potable delivery within and between the Volcano and Corrales transmission line trunks.	-	50

CAPITAL BUDGET

Granting Agency	Grant Name	Purpose of Grant	FY22 Budget (000's)	FY23 * Budget (000's)
NMED	Water Authority – Winrock On-site Resource Recovery Facility	To plan, design, construct and equip a wastewater reclamation plant to serve the Winrock site and public parks in the City of Albuquerque.	-	250
NMFA WTB	Advanced Metering Infrastructure (AMI) Phase 7 (90% Grant/10% Loan, with $1.2 million match)	The project consists of replacing approximately 18,000 existing water meters with AMI meters and devices and shall include such other related work and revisions necessary to complete the project.	$ -	$2,000
NMFA WTB	Volcano Cliffs Arsenic Treatment Facility Upgrades (90% Grant/10% Loan, with $10.5 million match)	The design, easement/right-of-way acquisition, construction, and engineering services during construction of the Volcano Cliffs Arsenic Treatment Facility and associated Pump Station upgrades and a new transmission line that will facilitate increase pumping capacity and potable delivery within and between the Volcano and Corrales transmission line trunks.	-	7,100
		Total Grant Funding:	**$65,182**	**$10,419**

* FY23 budget amounts are pending Water Authority Board approval and will be added as a budget amendment

CAPITAL BUDGET

The Water Authority's Capital Improvement Program Expense Budget totals $79.2 million for FY23. The projects included in this budget are consistent with the Water Authority's UWAMP and Decade Plan, which identify projects as being required for the replacement of existing infrastructure or projects for expansion.

Projects that are budgeted include the purchase, construction, replacement, addition, or major repair of public facilities, infrastructure, and equipment. The selection and evaluation of capital projects involves analysis of Water Authority requirements, speculation on growth, the ability to make estimates, and the consideration of historical perspectives. A "Capital Project" has a monetary value of at least $5,000, has a useful life of more than two years, and results in the creation or revitalization of a fixed asset. A capital project is usually relatively large compared to other "capital outlay" items in the annual operating budget.

The FY23 Adopted Budget includes the following capital projects, listed by category: Basic Program, Special Projects, and Growth Projects.

$66.5 million is appropriated for the level one priority basic capital programs, $6.4 million for special projects, $6.0 million for growth related projects, and $0.3 million for *Water 2120* projects. There are no appropriations in the proposed FY23 CIP budget for projects that will be funded with revenues from FY24 or later.

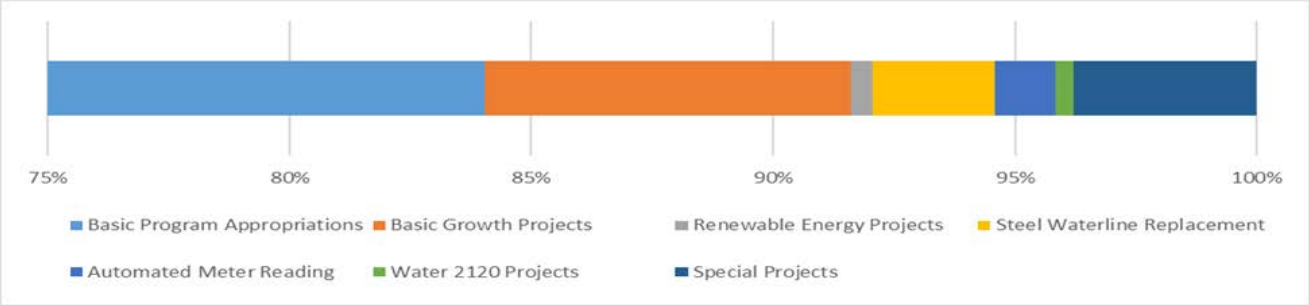
Demonstrated in the table below and the chart on the following page, are planned improvements listing of all the priority renewal projects, special projects, and growth-related projects. ($000's).

CAPITAL BUDGET

Project Description	(000's)	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Budget
Basic Program Appropriations:					
Sanitary Sewer Pipeline Renewal		$ 12,064	$ 17,517	$ 12,150	$ 12,500
Drinking Water Pipeline Renewal		8,450	6,678	6,475	6,150
Southside Water Reclamation Plant Renewal		22,084	31,754	27,750	19,150
Soil Amendment Facility (SAF) Renewal		117	497	50	350
Lift Station and Vacuum Station Renewal		7,474	4,856	1,548	3,420
Odor Control Facilities Renewal		475	53	200	50
Drinking Water Plant Groundwater System Renewal		10,091	9,063	7,850	7,775
Drinking Water Plant Treatment Systems Renewal		6,430	5,294	1,875	5,000
Reuse Line and Plant Rehab		211	407	1,800	200
Compliance		430	130	365	365
Shared Renewal		108	1,430	4,482	4,686
Franchise Agreement Compliance		4,942	3,614	4,200	4,000
Vehicles and Heavy Equipment		4,104	1,174	2,988	2,921
BASIC PROGRAM TOTAL		**$ 76,980**	**$ 82,467**	**$ 71,733**	**$ 66,567**

Project Description	(000's)	FY20 Actual	FY21 Actual	FY22 Budget	FY23 Budget
Special Projects Appropriations:					
Steel Waterline Rehab		$ 1,294	$ 680	$ 1,000	$ 2,000
Automated Meter Infrastructure (AMI)		1,584	1,988	2,000	1,000
Renewable Energy Projects		552	115	350	350
Issuance Costs		665	341	-	-
Miscellaneous		21,625	15,682	-	3,000
SPECIAL PROJECTS TOTAL		**$ 25,720**	**$ 18,806**	**$ 3,350**	**$ 6,350**
COMBINED BASIC PROGRAM/SPECIAL PROJECTS		**102,700**	**101,273**	**75,083**	**72,917**
Growth Projects Appropriations:					
Drinking Water Plant Facilities Growth		$ 240	$ -	$ -	$ -
Land & Easment Acquisition		2	39	10	10
Development Agreement Reimbursements		443	1,499	1,250	1,250
Management Information Systems/Geographical Information Systems (MIS/GIS)		2,974	3,014	3,425	4,430
Master Plans		225	165	75	50
Miscellaneous Growth		44	31	250	250
GROWTH PROJECTS TOTAL		**$ 3,928**	**$ 4,748**	**$ 5,010**	**$ 5,990**
Water 2120 Projects Appropriations:					
Water 2120 Plan		$ 45	$ 137	$ 300	$ 300
WATER 2120 PROJECTS TOTAL		**$ 45**	**$ 137**	**$ 300**	**$ 300**
GRAND TOTAL		**$ 106,673**	**$ 106,158**	**$ 80,393**	**$ 79,207**

Demonstrated in the graph below is the overall percentage of each Capital Improvements Project category:



FY23 Project Highlights

The Water Authority CIP budget includes projects to improve the overall efficiency of the Water Authority and to enhance the Water Authority's ability to provide services to its customers. The projects included in this CIP budget are intended to accomplish these objectives in the most efficient and cost-effective manner.

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.

The Water Authority intends to enhance the water and sewer infrastructure with several targeted projects as outlined in the 2022-2031 Decade Plan. Some of the major project details include:

1. 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 results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way.

2. 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.

3. At the Southside Water Reclamation Plant (SWRP), funding will continue to be used to rehabilitate and make improvements to the existing Digesters. Construction consists of cover replacement coatings for Digester 10, as well as piping gallery adjustments between Digesters 4-6. At the Primary Clarifiers 1-4, odor control rehabilitation will require to cover 1-4 for future operational flexibility and to meet the ultimate SWRP design flowrate. Lastly, The SWRP landscaping will be significantly improved by installing new access gates, create privacy, create attractive visual landscaped berms, and increase security at the critical centralized SWRP facility.

4. 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 OneSolution), 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.

5. The Water Authority has entered into a Development Agreement with Thunderbird Development, LLC which sets forth the conditions under which the Water Authority will provide water and sanitary sewer service to the Developer's proposed development of a mixed-use business park south of Gibson Boulevard between Carlisle Boulevard and Charlene Drive, ("Max Q"). Bernalillo County (County) acknowledges that the Water Authority's development policies dictate that the Water Authority cannot contribute funds of any kind to the design and construction of the infrastructure identified in the Development Agreement and agrees to reimburse the Water Authority for all expenses incurred for the construction of the necessary infrastructure. The County has allocated funding earmarked for the design and construction of the infrastructure necessary to provide water and sanitary sewer service to the Max Q development.

In FY22, the Water Authority finalized a subrecipient agreement for the purpose of carrying out a portion of Bernalillo County's American Rescue Plan Act (ARPA) Recovery Funds. The listed projects below will continue in FY23 not to exceed $53.8 million in Federal assistance and will assist the County in utilizing such funds.

1. Carnuel Sewage Collection System ($3.8 million) – Funding will be used for construction of a force main system that will provide sewer service to Carnuel residents and has a direct positive community impact and reduction in groundwater pollution (eliminates septic systems). The Water Authority has received $155,000 in Capital Outlay funding through the State of NM. ARPA funding will used for the construction phase.

2. MDC Water & Sewer Improvements ($4.2 million) – Funding will be used to install a lift station and force main at the MDC facility for improved sewer service. This will eliminate potential compliance violations and costly operations and maintenance for the existing on-site lagoon treatment system.

3. Mesa del Sol Non-Potable Reuse Booster Pump & Reservoir ($4.9 million) – Funding will be used to design and construct a re-use reservoir, booster pump and transmission lines to provide adequate pressures for re-use system throughout Mesa del Sol.

4. South Valley Drinking Water Project Phase 8 & 9 ($8.0 million) – Funding will be used to design and construct waterlines for residents and businesses in the South Valley that currently rely on private wells.

5. Kirtland Air Force Base (KAFB) Tijeras Interceptor Rehabilitation ($15.0 million) – Funding will be used to design and rehabilitate the existing interceptor line through KAFB as well.

6. Volcano Cliffs & Corrales Trunk Reservoir & Transmission Line ($15.0 million) – Funding will be used to design and construct a reservoir and transmission line for increased water capacity and transfer within Volcano Cliffs trunk and Corrales trunk.

7. Bosque Non-Potable Water Reclamation Plant and Reuse System ($2.9 million) – Consistent with Water 2120, this project extends the Water Authority's water resources through conservation and direct and indirect potable reuse. This project would provide non-potable water for industrial purposes and irrigation needs to parks, schools, and golf courses. ARPA funding will complete the 1st phase, which

is underway, that includes finalizing the layouts for the facility (conceptual design) and submission of a NPDES permit to discharge to the Rio Grande south of Montano Road. This funding will also begin the 2nd phase that consists of preliminary and final design.

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

Impacts of Capital Projects on Operating Costs

Nearly all the capital projects budgeted for FY23 relate to renewal or replacement of existing water and wastewater infrastructure and there are few significant operating impacts. However, the following nonrecurring project has significant impacts on Water Authority operations. Although this project will impact Water Authority operations, the budgetary impacts are not fully developed as the capital projects are largely still in construction during the budget period.

Advanced Metering Infrastructure (AMI) Project:

The Water Authority is in the process of implementing an Advanced Metering Infrastructure (AMI) Project designed to benefit the Water Authority and its customers. The Water Authority's AMI Project includes the deployment of both AMI metering technology for all consumption meters and a best-in-class customer web portal to provide customer self-service access to the AMI data and customer service functions.

The deployment of AMI will have significant impact on staff labor both during the transition deployment period and after AMI implementation. Industry leading practices will be utilized for updating current business processes and developing and adopting new business processes needed for the AMI system.

Operational impacts include:

- Manual meter reading will be automated through the AMI system.
- Addressing leaks proactively as consumption data is available in 15-minute intervals.
- Reduced field visits for customer requests and consumption related issues, such as tampering, reading verification and high bill complaints.
- Updated testing, installation, and removal process for new meter types with radio devices.
- Increased need for technological support for internal and external customers.
- Conduct water consumption analysis on daily, weekly, and monthly intervals.
- Enhanced efforts for customer engagement and conservation.
- Detecting meter issues, such as backflow events and non-registering meters, more frequently.
- Temporary dual processes during transition phase of the project.

Capital Improvement Project Descriptions for Basic Programs

100 – Sanitary Sewer Pipeline Renewal ($12,500,000) this program provides funding for evaluation, planning, design, construction, and related activity necessary for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation.

200 – Drinking Water Pipeline Renewal ($6,150,000) this program provides funding for evaluation, planning, design, and construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past their useful life. There are over 2,000 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Water Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there is over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the utility. As older steel or cast-iron lines become deficient, the Water Authority will often respond to numerous leaks. These leaks, if gone unnoticed, have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and could create a liability for the Water Authority.

300 – Southside Water Reclamation Plant Renewal ($19,150,000) This program provides funding for the evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of facilities at the Southside Water Reclamation Plant.

Existing Solids Dewatering Facility

400 – Soil Amendment Facility (SAF) Renewal ($350,000) The SAF is an important element in the Water Authority's wastewater treatment systems. The Southside Water Reclamation Plant (SWRP) generates approximately 60 tons of solids per day. The solids are land applied and composed of at the SAF. The composed solids are sold and generate income for the Water Authority. Without the SAF, the Water Authority would have to pay to dispose of the solids in a landfill. Funding allows for rehabilitation of the existing fixed equipment and facilities at the SAF. This includes buildings, pumping systems, and grounds.

500 – Lift Station and Vacuum Station Renewal ($3,420,000) This program provides funding for the planning, design, engineering services, contract and/or in-house service related to general lift stations. The Water Authority owns, operates, and maintains vacuum networks of vacuum sewers, which provide service to residences, businesses, and other facilities in the North and South Valleys. The sanitary sewage is drawn to ten vacuum stations. From there it is pumped through force mains to connections to the Water Authority's gravity flow sewer system and then conveyed from treatment at the Southside Water Reclamation Plant (SWRP). Funding for vacuum stations will be used for house pumps, tanks, and other equipment used to collect and convey the sanitary sewage. This will help maintain the level of service by the customers.

Lift Station #20 Force Main Header

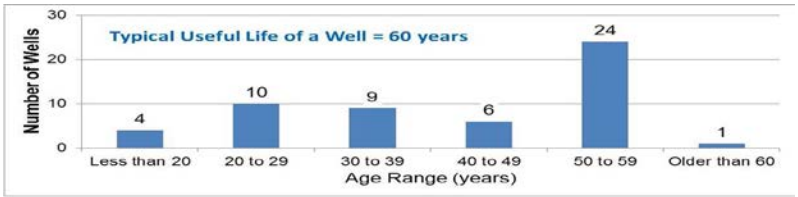
Vacuum Station 66

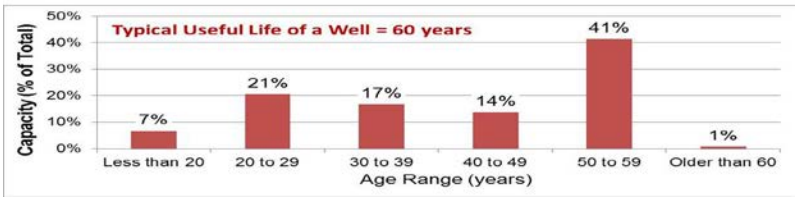
600 – Odor Control Facilities Renewal ($50,000)
This program provides funding for evaluation, planning, design, construction, and related activity necessary for odor control in the collection system. Hydrogen sulfide is the primary gas that causes offensive odors from the sewer system. These gases are naturally generated through biological activity in the sewer. Larger sewers, known as interceptors, are the primary odor generators in the collection pipe system and the primary focus for funding is controlling interceptor odors. Funding will also be used to address collection system odors from all sources including small diameter pipes, pump stations, and manholes.

700 – Drinking Water Plant - Groundwater ($7,775,000) The Water Authority must maintain a full capacity groundwater supply system even with the San Juan - Chama Drinking Water Project. At times, river water may not be available for diversion, so the Water Authority will have to rely fully on its wells to provide groundwater for delivery to customers. Also, the wells are needed to provide peak capacity during the high demand periods of the year (i.e., warm weather months).

Demonstrated on the next page shows over 40 percent of the Water Authority's wells are older than 50 years. These wells should be replaced in the next decade. Sixty years is the typical maximum life of a well before it needs to be replaced. Some wells fail sooner than this and some last longer.

This multiyear funding will be used to hire a consultant to advise the Water Authority on where to locate replacement wells and to start well replacements. An approximate cost for a replacement well is $2 million. The level of funding shown is anticipated to allow for approximately 12 well replacements. As more funding becomes available, the rate of well replacement will be increased. Funding is also provided to continue the evaluation of the Alameda Trunk Arsenic Project for delivering water from wells in the Alameda Trunk and adjacent Montgomery trunk to the San Juan Chama Water Treatment Plant for arsenic removal.





Also, there are three arsenic removal treatment systems in the Corrales area Trunk. This system uses granular ferric hydroxide media, which requires periodic replacement. Funding will be used to replace the arsenic removal media from the different pressure vessels. This is necessary to restore the ability of these systems to remove arsenic from the well water prior to distributing the water to Water Authority customers. Without periodic replacement, the treated water arsenic level would exceed the federal and state drinking water maximum contaminant level of 10 parts per billion (ppb).

Granular ferric hydroxide arsenic removal media

800 – Drinking Water Plant - Treatment ($5,000,000) This program provides funding for the evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of facilities at the San Juan-Chama Drinking Water Plant.

900 – Reuse Line and Plant Rehab ($200,000) This program provides funding for general renewal of reclaimed (recycled) water field and plant assets, including pipelines, buried valves, treatment facilities, pumping stations, and storage reservoirs. Using reclaimed water reduces demand on the Water Authority's potable water system. These expenses will be offset by revenues from non-potable water sales.

1000 – Compliance ($365,000) This program provides funding for renewal of laboratory equipment at the Water Authority's Water Quality Lab. The Water Quality Lab supports the operation of the Southside Water Reclamation Plant and the drinking water system. In order to maintain the capability for scientifically valid and reliable monitoring and analysis, deteriorating analytical instruments must be replaced when performance degrades to a level that compromises data quality.

Funding will also provide for rehabilitation of equipment, facilities, and computer software used by staff for compliance with the National Pollutant Discharge Elimination System (NPDES) Program and for the Drinking Water Quality Program.

1200 – Franchise Agreement Compliance ($4,000,000) This program provides funding for compliance with the Water Authority's Franchise Ordinance between the City of Albuquerque and the Water Authority within the municipal limits of the service area. This is used for relocating water and sanitary sewer pipelines and for adjusting the height of manholes and valve boxes as part of street resurfacing projects.

24" Concrete Cylinder Water Line

1300 – Vehicles and Heavy Equipment ($2,921,000) The Water Authority has over 2,400 miles of sewer pipes that are used to convey sanitary sewage to the Southside Water Reclamation Plant (SWRP). Field heavy equipment is used daily to clean different sections of the collection system. Work is primary done with the use of Vactor (vacuum cleaning) trucks. The Water Authority has a fleet of 12 Vactor trucks. Funding will allow renewal of the fleet and their associated accessories. There is a projected positive impact on maintenance operating costs by replacing these units with more efficient equipment.

Sewer Cleaning Truck (Vactor)

Capital Improvement Project Descriptions for Special Projects

9401 – Steel Waterline Rehab ($2,000,000) There are over 60 miles of small diameter steel water lines (12" and less) that serve the Water Authority distribution system. These lines are among the small diameter water lines that provide metered water service, fire protection, and irrigation for customers. Steel lines in general are the oldest water lines (greater than 50 years) and most prone to numerous leaks due to deterioration and corrosion of the thin steel wall.

Steel line leakage is highly problematic, with water waste and repeated repairs causing disruption of service and traffic. Undetected leakage can be catastrophic: a sinkhole can destroy an entire roadway segment. Or a leak can surface as a geyser, with resulting projectiles causing extensive damage and/or threat to life. Finding the lines that have the highest leak potential and replacing them prior to catastrophic failure is essential to reducing the Authority's exposure to life- and property-threatening risk.

This program provides funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of steel water lines which tend to be the oldest water lines in the system and typically past their useful life. Operating costs are expected to decrease due to fewer leak repairs.

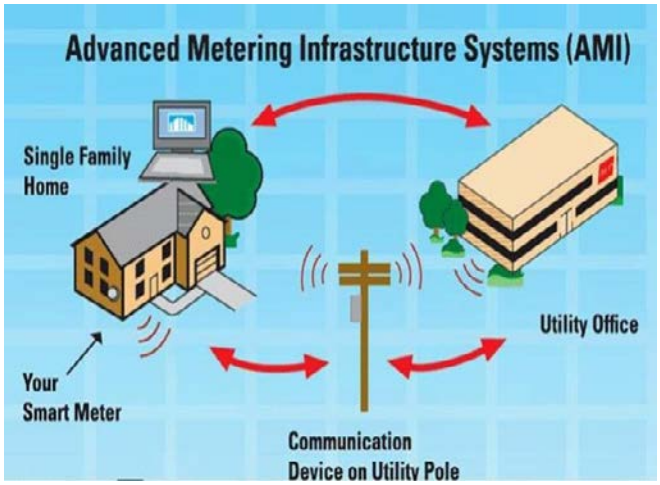
Corroded Steel Pipe

9403 – Automated Meter Infrastructure (AMI) ($1,000,000) This project funds replacement of existing revenue meters with AMI equipped "smart" meters and the infrastructure needed to capture meter reading information. AMI utilizes a fixed communication infrastructure of licensed or unlicensed radio frequency (RF) technology to transmit daily or more frequent meter reads from the meter to the utility. No personnel are required to leave the utility offices to acquire meter reads. AMI offers enhanced functionality and customer benefits including of off-cycle reads along with all associated field visits. Benefits from the access to increased customer usage information (interval usage at a minimum of four reads per day) includes tamper/theft detection, flow profiling, meter right sizing and leak detections on a meter-by-meter basis or system-wide level.

Funding provides for the planning, design, engineering services, construction, contract services, equipment and related activities necessary to provide Automated Meter Infrastructure (AMI) throughout the water service area, including meter replacements, as appropriate.

There is a projected positive impact on maintenance operating costs by replacing revenue meters with Automated Meter Infrastructure.

AMI Illustration



9404 – Renewable Energy Projects ($350,000) The Water Authority needs to become less reliant upon non-renewable energy supplies such as fossil fuel generated electricity and natural gas. Recently, the Water Authority started up a solar array project at the Southside Water Reclamation Plant (SWRP) to generate electricity. The SWRP continues to use biogas for generating electricity to power the plant. Excess power is sold to Public Service Company of New Mexico (PNM). More projects such as these are needed to allow the utility to become more sustainable and more energy efficient to reduce its reliance on generated electrical energy. This effort will reduce operational costs and make the utility more sustainable.

This funding will allow for the evaluation and implementation of additional renewable power projects such as enhancing biogas production at the SWRP to allow more electrical energy generation. Also, energy efficiency projects such as the use of light emitting diode (LED) lighting at Water Authority facilities can be pursued to lower the utilities total power needs to be provided by non-renewable supplies. This will create a positive impact on operating costs related to maintenance and electrical costs.

Capital Improvement Project Descriptions for Growth Projects

2700– Development Agreements ($1,250,000) In accordance with sound utility practice, the Water Authority requires developers of new service into undeveloped areas to construct the necessary major facilities. We then agree to reimburse the developer using funds from Utility Expansion Charges (UECs) as connections are made to those facilities. This causes the developer (not the current ratepayers) to assume the market risk for constructing major new facilities. One example of facilities built by a developer include the new Otto Reservoir within the Westland/ Suncal development area. Similar agreements are in force and planned in other surrounding areas. Includes Mesa Del Sol, Suncal, Don Reservoir, Volcano Cliffs, Alameda Trunk and NM Utilities, Inc.

This project provides for reimbursement of developer expenses to construct major facilities as the capacity of those facilities is utilized by development. This reflects funding from new customer UECs for reimbursement under development agreements for extending master plan infrastructure beyond existing serviceable areas and are subject to Water Authority approval.

New 6-inch Waterline Installation

2800– Management Information Systems and Geographical Information Systems (MIS/GIS) ($4,430,000) This program encompasses primarily new technology initiatives and the upgrade of hardware/software which is either approaching end-of-life or is unsupported by the vendor. Hardware life span is estimated between 3-5 years; with software life span of a current release level can range from 6 months to 2 years. As technology continues to increase in its support of business operations, it is critical to maintain its currency.

Servers and Databases (New and Upgrades): This category covers servers that house all software applications and the databases that support those applications. Applications include CC&B, Maximo, Kronos, LIMS and GIS, among others. Databases include Oracle and SQL Server and some that are no longer supported. It also includes networking equipment.

Applications (New and Upgrades): This category covers the purchase and upgrades of new software, both enterprise-wide and division specific. Examples include CC&B, Maximo, SharePoint, LIMS, H2O Water Waste, and Kronos. On average, 2-4 service packs (including several patches) are released each year, with major releases occurring every 1-3 years.

Client Services (New and Upgrades): This category covers hardware and software at the client's coming years due to the advancement of mobile, security and telecommunications technology.
Most items listed either provide for continual efficient running and backups of mission critical systems (CC&B, Maximo, Kronos, LIMS, GIS, Security) or provide ongoing improvements to overall operations to improve efficiencies and lower operational costs.

desktop. It includes the ongoing upgrade of desktop computers, monitors, keyboards, etc. and the upgrades of Windows operating systems and Microsoft software. It also includes the purchase of new desktop equipment and software.

Geographic Information Systems (GIS – New and Upgrades): This category represents all purchases done within the GIS environment to include new software and software. It includes the purchase of GIS-related software for Maximo and mobile devices, including vehicle tracking.

Mobile, Security and Telecommunications (New and Upgrades): This new category addresses the mobile, security and telecommunications environment to include portable devices, phones, vehicle location devices, radios, security cameras, etc. It is expected that category will expand over the

3200– Miscellaneous Growth ($250,000) The Water Authority has set aside funds to assist low-income residents in obtaining basic sanitation and clean water services. This program is targeted for low-income residents who are currently using septic tanks for wastewater and wells for drinking water, but who have not connected to available Water Authority service due to cost. The Water Authority will supplement up to 2/3rds of the cost for connection to the system.

This project provides funding for the cost of utility expansion for low-income customers who meet established criteria. There is no projected impact on operating costs.

DEBT OBLIGATIONS

Approved
Operating Budget
FY23

DEBT OBLIGATIONS

Creation of the Water Authority and Transfer of Debt Portfolio

The joint water and wastewater system (the "Water/Wastewater System") was owned by the City of Albuquerque, New Mexico (the "City") and operated by its Public Works Department until December 17, 2003. Revenue bond debt relating to the Water/Wastewater System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10, NMSA 1978) which created the Albuquerque Bernalillo County Water Utility Authority (the "Water Authority") and provided that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Wastewater System would be transferred to the Water Authority. The legislation also provides that the debts of the City, payable from net revenues of the Water/Wastewater System, shall be debts of the Water Authority and that the Water Authority shall not impair the rights of holders of outstanding debts of the Water/Wastewater System. The legislation also required that the New Mexico Public Regulation Commission audit the Water/Wastewater System prior to the transfer of money, assets and debts of the Water/Wastewater System; the audit was completed December 2003. The policy-making functions of the Water/Wastewater System have been transferred to the Water Authority. The Water Authority and the City entered into a Memorandum of Understanding dated January 21, 2004, as amended April 7, 2004, under which the City continued to operate the Water/Wastewater System until June 30, 2007. In 2005, the New Mexico Legislature amended Section 7-1-10, NMSA 1978, to provide the Water Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Water Authority as a political subdivision of the State. On March 21, 2007, the Water Authority and City entered into a new MOU effective July 1, 2007. At that time the utility employees transitioned from the City and became employees of the Water Authority.

Current Bond Ratings

The outstanding Water/Wastewater System parity obligations are currently rated "AA" Outlook Positive by Fitch, "Aa2" by Moody's and "AA+" by S&P.

Total Outstanding Obligations

The total outstanding obligation indebtedness of the Water Authority, as of July 1, 2022, is $595.455 million shown in the table on the next page.

DEBT OBLIGATIONS

FY23 DEBT SERVICE PAYMENTS

Ratings: AA/Aa2/AA+

	Basic Capital Bonds		New Mexico Finance Authority		
Issue	Principal	Interest	Principal	Interest	Total Issue
Bonds Series 2013A Basic	4,770,000.00	369,500.00			5,139,500.00
Bonds Series 2013B	6,330,000.00	418,750.00			6,748,750.00
Bonds Series 2014A	9,970,000.00	2,266,456.25			12,236,456.25
Bonds Series 2014B	8,435,000.00	1,496,375.00			9,931,375.00
Bonds Series 2015	11,785,000.00	6,202,222.50			17,987,222.50
Bonds Series 2017	4,680,000.00	3,355,193.76			8,035,193.76
Bonds Series 2018	5,825,000.00	3,066,875.00			8,891,875.00
Bonds Series 2020	6,000,000.00	3,322,000.00			9,322,000.00
Bonds Series 2020-A	5,700,000.00	579,713.48			6,279,713.48
Bonds Series 2021		3,124,050.00			3,124,050.00
NMFA Loan No. 04 1727-AD			555,693.00	95,406.88	651,099.88
NMFA Loan No. 07 2316-ADW			50,167.00	2,497.74	52,664.74
NMFA Loan DW4877			120,408.00	40,306.54	160,714.54
NMFA Loan DW5028			43,553.00	15,150.00	58,703.00
NMFA Loan WPF-5103			36,444.00	4,477.78	40,921.78
TOTAL	63,495,000.00	24,201,135.99	806,265.00	157,838.94	88,660,239.93

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS	Original	Outstanding	Basic Needs	Special Projects
Bonds Series 2013A	62,950,000	9,775,000	9,775,000	
Bonds Series 2013B	55,265,000	11,540,000	11,540,000	
Bonds Series 2014A	97,270,000	52,915,000	52,915,000	
Bonds Series 2015	211,940,000	150,500,000	150,500,000	
Bonds Series 2017	87,970,000	71,350,000	71,350,000	
Bonds Series 2018	75,085,000	64,250,000	64,250,000	
Bonds Series 2020	69,440,000	69,440,000	69,440,000	
Bonds Series 2020A	47,800,000	46,630,000	46,630,000	
Bonds Series 2021	73,255,000	73,255,000	73,255,000	
NMFA Loan No. 07 2316-ADW	1,000,000	274,858		274,858
NMFA Loan DW4877	2,724,282	2,724,282		2,724,282
NMFA Loan DW5028	1,515,000	1,515,000		1,515,000
SUBTOTAL WATER AUTHORITY SENIOR DEBT OBLIGATIONS	**$ 786,214,282**	**$554,169,140**	**$ 549,655,000**	**$ 4,514,140**

SUBORDINATE DEBT OBLIGATIONS	Original	Outstanding		
Bonds Series 2014B	87,005,000	34,145,000	34,145,000	
NMFA Loan No. 04 1727-AD	10,426,232	4,770,344		4,770,344
NMFA Loan WPF-5103	800,000	800,000		800,000
NMFA Loan WPF-5401	800,000	800,000		800,000
NMFA Loan WPF-5402	770,827	770,827		770,827
SUBTOTAL SUBORDINATE DEBT OBLIGATIONS	**$ 99,802,059**	**$ 41,286,171**	**$ 34,145,000**	**$ 7,141,171**
GRAND TOTAL - WATER AUTHORITY DEBT OBLIGATIONS	**$ 886,016,341**	**$595,455,311**	**$ 583,800,000**	**$ 11,655,311**

DEBT OBLIGATIONS

Albuquerque Bernalillo County Water Utility Authority - Senior Lien Debt (Principal and Interest)

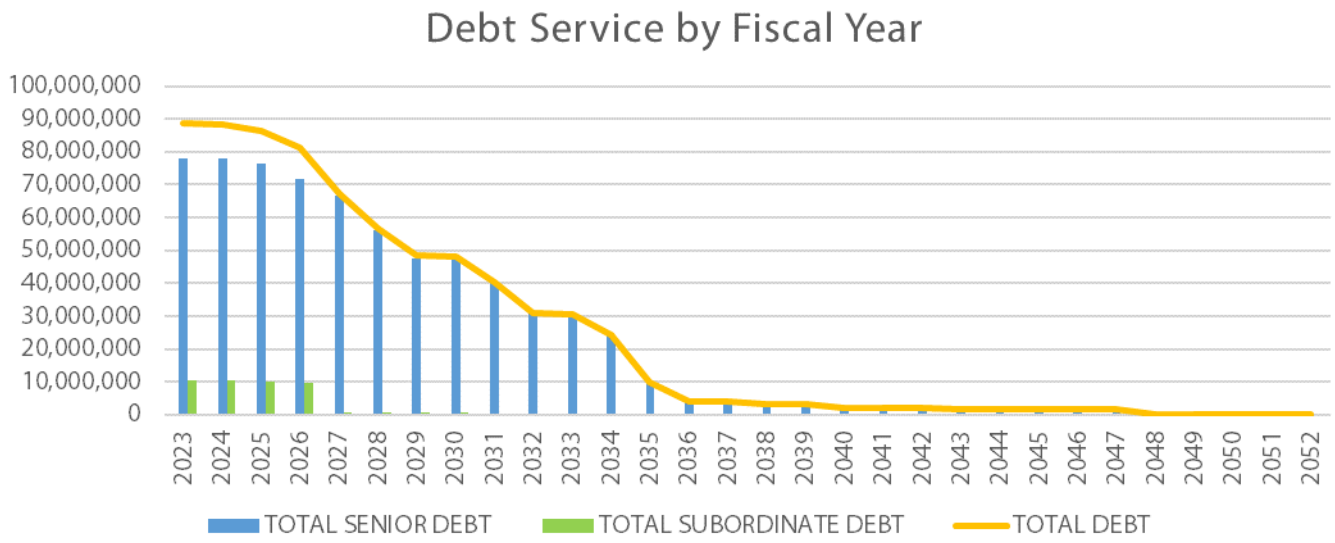
Fiscal Year	Series 2013A Bonds	Series 2013B Refunding	Series 2014A Bonds	Series 2015 Bonds	Series 2017 Bonds	Series 2018 Bonds	Series 2020 Bonds
2023	5,139,500	6,748,750	12,236,456	17,987,223	8,035,194	8,891,875	9,322,000
2024	5,130,125	2,980,750	12,182,375	22,087,723	8,025,444	8,888,250	9,022,000
2025		2,480,500	12,164,750	21,920,973	8,023,694	8,879,625	9,097,375
2026			12,082,375	19,336,348	8,014,319	8,870,375	8,778,125
2027			10,461,375	20,866,723	8,006,819	8,859,750	8,458,875
2028				21,042,446	8,000,444	8,851,875	8,139,625
2029				12,990,008	7,994,444	8,845,750	7,815,500
2030				12,981,050	7,988,069	8,835,500	7,496,500
2031				8,245,640	5,947,694	8,825,250	7,177,500
2032				8,181,775	5,940,194		6,858,500
2033				8,172,900	5,930,444		6,539,500
2034				8,195,700	5,927,694		
2035					5,963,972		
TOTAL	10,269,625	12,210,000	59,127,331	182,008,506	93,798,422	79,748,250	88,705,500

Fiscal Year	Series 2020A Bonds	Series 2021 Bonds		Loan No. 07 2316-ADW NMFA	Loan DW4877 NMFA	Loan DW5028 NMFA	TOTAL SENIOR DEBT
2023	6,279,713	3,124,050		52,665	160,715	58,703	**78,036,843**
2024	6,280,390	3,124,050		52,662	160,714	58,703	**77,993,184**
2025	7,125,633	6,390,300		52,659	160,713	58,704	**76,354,925**
2026	7,117,649	7,105,175		52,657	160,712	58,703	**71,576,438**
2027	2,058,328	7,672,425		52,655	160,711	58,704	**66,656,364**
2028	2,061,839	7,668,300		19,052	160,710	58,703	**56,002,994**
2029	2,057,643	7,661,175			160,709	58,704	**47,583,931**
2030	2,055,680	7,655,425			160,707	58,703	**47,231,634**
2031	2,052,032	7,676,150			160,707	58,703	**40,143,676**
2032	2,051,168	7,675,350			160,705	58,704	**30,926,396**
2033	2,052,506	7,669,450			160,705	58,703	**30,584,208**
2034	2,051,365	7,663,150			160,704	58,703	**24,057,316**
2035	2,042,730	1,717,975			160,703	58,703	**9,944,083**
2036	2,135,913	1,718,700			160,702	58,704	**4,074,018**
2037	2,042,650	1,718,375			160,701	58,704	**3,980,430**
2038	1,166,153	1,717,000			160,699	58,703	**3,102,556**
2039	1,165,519	1,719,500			160,698	58,704	**3,104,421**
2040		1,715,875			160,697	58,703	**1,935,275**
2041		1,716,125				58,703	**1,774,828**
2042		1,715,175				58,703	**1,773,878**
2043		1,710,800				58,703	**1,769,503**
2044		1,707,500				58,704	**1,766,204**
2045		1,706,900				58,704	**1,765,604**
2046		1,703,900				58,704	**1,762,604**
2047		1,703,400				58,703	**1,762,103**
2048						58,703	**58,703**
2049						58,704	**58,704**
2050						58,703	**58,703**
2051						58,704	**58,704**
2052						58,703	**58,703**
TOTAL	51,796,910	103,356,225		282,349	2,892,711	1,761,102	685,956,931

DEBT OBLIGATIONS

Albuquerque Bernalillo County Water Utility Authority - Subordinate Lien Debt (Principal and Interest)

Fiscal Year	Series 2014B Bonds	Loan No. 04 1727-AD NMFA	Loan No. WPF-5103 NMFA	Loan No. WPF-5401 NMFA	Loan No. WPF-5402 NMFA	TOTAL SUB. DEBT	TOTAL DEBT
2023	9,931,375	651,100	40,922			10,623,397	88,660,240
2024	9,577,875	651,128	41,199	41,204	39,668	10,351,074	88,344,258
2025	9,216,000	651,156	41,200	41,204	39,668	9,989,228	86,344,153
2026	8,850,875	651,185	41,199	41,204	39,668	9,624,132	81,200,570
2027		651,215	41,199	41,203	39,669	773,287	67,429,651
2028		651,245	41,200	41,204	39,669	773,317	56,776,311
2029		651,276	41,199	41,204	39,668	773,348	48,357,279
2030		651,308	41,199	41,203	39,669	773,379	48,005,013
2031			41,199	41,204	39,669	122,072	40,265,748
2032			41,199	41,203	39,669	122,071	31,048,467
2033			41,199	41,203	39,669	122,071	30,706,279
2034			41,200	41,204	39,668	122,072	24,179,388
2035			41,200	41,204	39,668	122,072	10,066,155
2036			41,200	41,204	39,669	122,072	4,196,090
2037			41,200	41,204	39,668	122,072	4,102,502
2038			41,199	41,204	39,669	122,072	3,224,628
2039			41,199	41,203	39,668	122,071	3,226,492
2040			41,199	41,203	39,668	122,071	2,057,346
2041			41,199	41,203	39,668	122,071	1,896,899
2042			41,200	41,203	39,669	122,072	1,895,950
2043				41,204	39,669	80,873	1,850,376
2044							1,766,204
2045							1,765,604
2046							1,762,604
2047							1,762,103
2048							58,703
2049							58,704
2050							58,703
2051							58,704
2052							58,703
TOTAL	37,576,125	5,209,614	823,710	824,073	793,370	45,226,891	731,183,824



Bond Series 2013A - $62,950,000 – Joint Water and Sewer System Improvement Revenue Bonds. Provide funding for capital improvements to the Southside Water Reclamation Plant and regular System improvements, expansion, maintenance, and upgrades.

Bond Series 2013B - $55,265,000 – Joint Water and Sewer System Refunding Revenue Bonds. Provide partial refunding of the Series 2004 New Mexico Finance Authority (NMFA) bonds.

Bond Series 2014A - $97,270,000 – Joint Water and Sewer System Improvement Revenue Bonds
Bond Series 2014B - $87,005,000 – Joint Water and Sewer System Improvement Refunding Bonds. Provide refunding of the Series 2005 Bonds, 2005 NMFA Loan, Series 2006A Bonds, Series 2001 New Mexico Environment Department (NMED) Loan, and various 2010 Drinking Water Loans.

Bond Series 2015 - $211,940,000 -Joint Water and Sewer System Refunding and Improvement Revenue Bonds. Provide refunding of the Series 2007 NMFA Loan, the Series 2008A Bonds, and partial refunding of the Series 2009A-1 Bonds; also provides funding for acquiring additional Water and Sewer system assets, and extending, repairing, replacing and improving the Water and Sewer System.

Bond Series 2017 - $87,970,000 – Joint Water and Sewer System Refunding and Improvement Revenue Bonds. Provide refunding of the Series 2009A-1 Bonds; also provides funding for acquiring additional Water and Sewer system assets, and extending, repairing, replacing and improving the Water and Sewer System.

Bond Series 2018 - $75,085,000 – Joint Water and Sewer System Improvement Revenue Bonds. Provide funding for acquiring additional Water and Sewer system assets, and extending, repairing, replacing and improving the Water and Sewer System.

Bond Series 2020 - $$69,440,000 – Joint Water and Sewer System Improvement Revenue Bonds. Provide funding for acquiring additional Water and Sewer system assets, and extending, repairing, replacing and improving the Water and Sewer System.

Bond Series 2020A - $47,800,000 – Joint Water and Sewer System Refunding Revenue Bonds, Taxable. Provide refunding of the Series 2011 NMFA Loan and the Series 2013A Bonds.

Bond Series 2021 - $73,255,000 - Joint Water and Sewer System Improvement Revenue Bonds. Provide funding for acquiring additional Water and Sewer system assets, and extending, repairing, replacing and improving the Water and Sewer System.

NMFA Loan No. 04 1727-ADW - $10,426,232 – Drinking Water State Revolving Loan Fund. Provide funding for the Santa Barbara Pump Station and Reservoir Project.

NMFA Loan No. 07 2316-ADW - $1,000,000 – Drinking Water State Revolving Loan Fund. Provide funding for upgrades and improvements to the water system including construction of Phase II of a water line extension to the community of Carnuel.

NMFA Loan DW4877 - $2,724,282 - Drinking Water State Revolving Loan Fund. Provide funding for acquiring additional Water and Sewer system assets, and extending, repairing, replacing and improving the Water and Sewer System, including acquisition and installation of water distribution lines for the Los Padillas community as part of the South Valley water project.

NMFA Loan DW5028 - $1,515,000 – Drinking Water State Revolving Loan Fund. Provide funding for Phase 2C of Carnuel Drinking Water Project.

NMFA Loan WPF-5103 - $800,000 – Water Project Fund Loan. Provide funding for replacing 16,000 water meters with Advanced Metering Infrastructure (AMI) meters and devices.

NMFA Loan WPF-5401 - $800,000 – Water Project Fund Loan. Provide funding for replacing 18,000 existing water meters with AMI meters and devices.

NMFA Loan WPF-5402 - $770,827 – Water Project Fund Loan. Provide funding for construction of an approximately 7.7-mile pipeline to To'Hajiilee Navajo Chapter and other related work and revisions necessary to complete the project.

STATISTICAL
AND
SUPPLEMENTAL INFORMATION

Approved
Operating Budget
FY23

GENERAL FUND – 21 RESOURCES, APPROPRIATIONS, FUND BALANCE

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY12	ACTUAL FY13	ACTUAL FY14	ACTUAL FY15	ACTUAL FY16
RESOURCES:					
Miscellaneous Revenues	2,554	1,188	3,843	4,143	4,873
Enterprise Revenues	175,505	178,942	180,228	190,099	216,208
Transfers from Other Funds	1,745	1,710	593	748	792
Total Current Resources	179,804	181,840	184,664	194,990	221,873
Beginning Working Capital Balance	ENDING W	(219)	(271)	(26)	(8,722)
TOTAL RESOURCES	**179,804**	**181,621**	**184,393**	**194,964**	**213,151**
APPROPRIATIONS:					
Enterprise Operations	95,371	102,310	110,291	109,430	114,039
Transfers to Other Funds	82,828	82,177	76,094	81,160	87,842
TOTAL APPROPRIATIONS	**178,199**	**184,487**	**186,385**	**190,590**	**201,881**
ADJUSTMENTS TO WORKING CAPITAL BALANCE	(1,824)	2,595	1,967	(2,445)	(4,912)
ENDING WORKING CAPITAL BALANCE	**(219)**	**(271)**	**(26)**	**1,928**	**6,356**

(000's)	ACTUAL FY17	ACTUAL FY18	ACTUAL FY19	ACTUAL FY20	ACTUAL FY21
RESOURCES:					
Miscellaneous Revenues	3,592	4,976	5,837	6,083	4,722
Enterprise Revenues	213,553	223,968	218,494	222,875	223,078
Transfers from Other Funds	793	943	-	-	-
Total Current Resources	217,938	229,887	224,331	228,958	227,800
Beginning Working Capital Balance	6,356	13,667	41,204	53,634	54,913
TOTAL RESOURCES	**224,294**	**243,553**	**265,535**	**282,592**	**282,713**
APPROPRIATIONS:					
Enterprise Operations	109,476	110,381	113,981	117,292	117,200
Transfers to Other Funds	91,628	101,158	98,856	111,029	118,233
TOTAL APPROPRIATIONS	**201,104**	**211,539**	**212,837**	**228,321**	**235,433**
ADJUSTMENTS TO WORKING CAPITAL BALANCE	(9,523)	9,190	936	642	(1,248)
ENDING WORKING CAPITAL BALANCE	**13,667**	**41,204**	**53,634**	**54,913**	**46,032**

DEBT SERVICE FUND – 31 RESOURCES, APPROPRIATIONS, FUND BALANCE

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY12	ACTUAL FY13	ACTUAL FY14	ACTUAL FY15	ACTUAL FY16
RESOURCES:					
Miscellaneous Revenues	8,142	8,282	7,872	7,565	9,257
Transfers from Other Funds	66,727	66,362	72,094	69,160	72,842
Total Current Resources	74,869	74,644	79,966	76,725	82,099
Beginning Fund Balance	(2,972)	(2,392)	(2,476)	515	48,798
TOTAL RESOURCES	**71,897**	**72,252**	**77,490**	**77,240**	**130,897**
APPROPRIATIONS:					
Debt Service	70,450	72,670	75,245	35,203	71,906
Transfers to Other Funds	3,000	3,000	3,000	5,000	5,000
TOTAL APPROPRIATIONS	**73,450**	**75,670**	**78,245**	**40,203**	**76,906**
ADJUSTMENTS TO FUND BALANCE	(840)	942	1,269	11,760	586
ENDING FUND BALANCE	**(2,392)**	**(2,476)**	**515**	**48,798**	**54,576**

(000's)	ACTUAL FY17	ACTUAL FY18	ACTUAL FY19	ACTUAL FY20	ACTUAL FY21
RESOURCES:					
Miscellaneous Revenues	8,546	10,398	7,270	9,323	57,324
Transfers from Other Funds	70,628	70,908	72,267	79,421	81,815
Total Current Resources	79,174	81,306	79,537	88,743	139,139
Beginning Fund Balance	54,576	52,819	56,420	49,939	49,731
TOTAL RESOURCES	**133,750**	**134,125**	**135,957**	**138,683**	**188,870**
APPROPRIATIONS:					
Debt Service	75,747	70,189	82,176	83,888	83,792
Transfers to Other Funds	4,474	6,000	5,000	4,000	4,000
TOTAL APPROPRIATIONS	**80,221**	**76,189**	**87,176**	**87,888**	**87,792**
ADJUSTMENTS TO FUND BALANCE	(710)	(1,516)	1,159	(1,063)	(48,646)
ENDING FUND BALANCE	**52,819**	**56,420**	**49,939**	**49,731**	**52,432**

WATER USERS BY CLASS AND METER SIZE

LAST TEN FISCAL YEARS

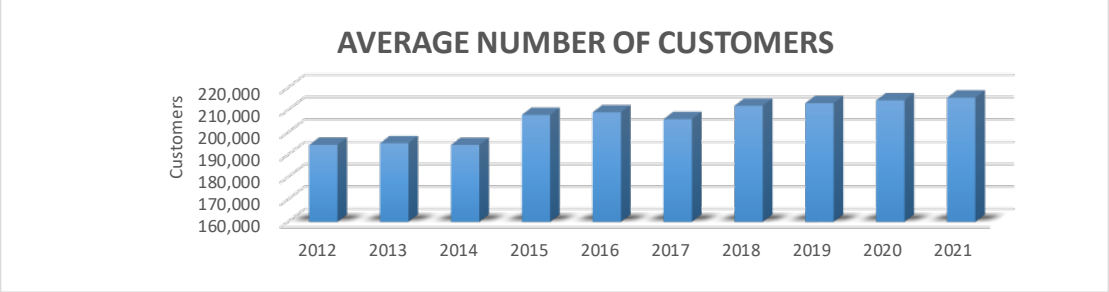
	Number of Customers by Fiscal Year									
Class	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential	185,889	184,919	183,942	183,018	181,814	187,479	186,461	174,193	174,909	174,277
Multi-Family	7,925	7,907	7,876	7,851	7,801	7,268	7,115	6,569	6,430	6,393
Commercial	12,242	12,159	12,100	12,023	11,913	11,901	11,923	11,303	11,321	11,287
Institutional	3,807	3,766	3,701	3,680	3,650	2,187	2,150	2,196	2,391	2,316
Industrial	123	119	121	122	119	110	113	99	99	102
Other metered	996	909	824	720	616					
Subtotal	210,982	209,779	208,564	207,414	205,913	208,945	207,762	194,360	195,150	194,375
SW	1,410	1,402	1,392	1,365	1,362					
Other non-metered	3,150	3,139	3,135	3,120	2,940					
Total	215,542	214,320	213,091	211,899	210,215					

History of Water Users by Meter Sizes:

Meter Size	Number of Customers by Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
¾"	186,802	185,668	184,464	183,398	182,232	185,894	184,743	171,395	171,874	171,103
1" and 1 ¼ "	17,815	17,847	17,843	17,975	17,796	17,392	17,447	17,474	17,645	17,717
1 ½ "	2,549	2,522	2,522	2,467	2,381	2,300	2,269	2,238	2,249	2,221
2"	2,811	2,737	2,713	2,575	2,509	2,386	2,349	2,303	2,352	2,320
3"	606	609	626	606	603	590	575	578	634	634
4"	286	286	287	284	282	278	276	270	286	273
6"	69	66	66	66	68	64	63	60	63	61
8" and over	44	44	43	43	42	41	40	42	47	46
Subtotal	210,982	209,779	208,564	207,414	205,913	208,945	207,762	194,360	195,150	194,375
Other Non-metered	4,560	4,541	4,527	4,485	4,302					
Total	215,542	214,320	213,091	211,899	210,215					

(1) Beginning in Fiscal Year 2017, the water users by meter size are illustrated between metered and non-metered accounts.

Source: Water Authority Financial/Business Services Division

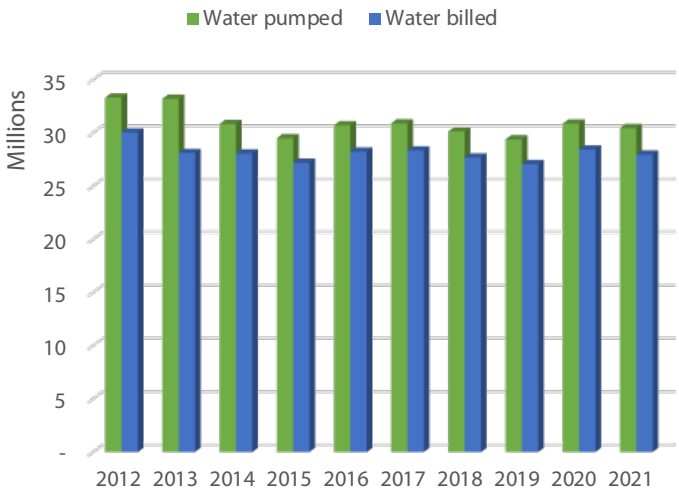


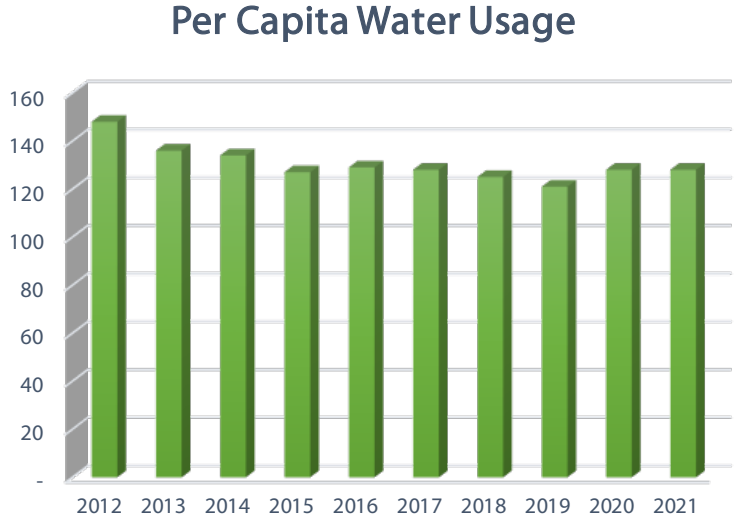
Source: ABCWUA Financial/Business Services Division

WATER CONSUMPTION

LAST TEN CALENDAR YEARS

	Water Pumped	Water Billed	% Billed
2021	30,466,000	27,967,068	91.80%
2020	30,878,760	28,431,768	92.08%
2019	29,392,000	27,073,469	92.11%
2018	30,139,000	27,696,655	91.90%
2017	30,895,000	28,357,626	91.79%
2016	30,720,000	28,250,591	91.96%
2015	29,498,000	27,195,260	92.19%
2014	30,836,000	28,075,612	91.05%
2013	33,222,000	28,113,371	84.62%
2012	33,318,000	30,044,094	90.17%





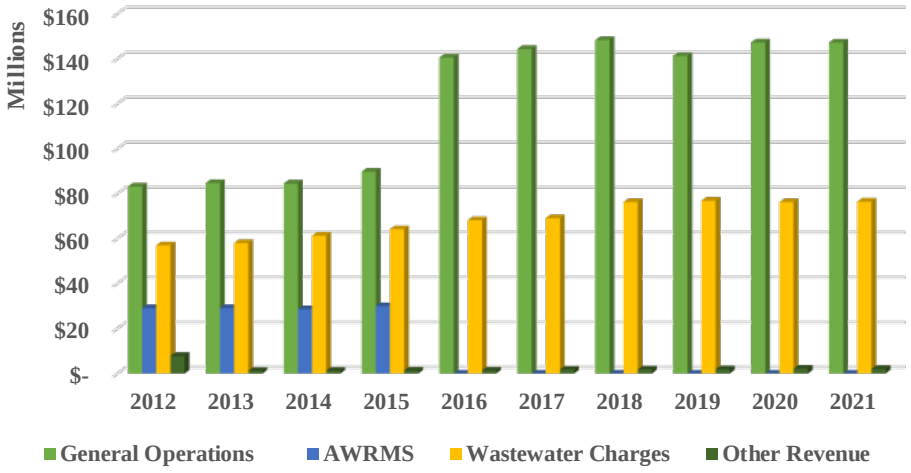
	Per Capita Water Usage
2021	128
2020	128
2019	121
2018	125
2017	128
2016	129
2015	127
2014	134
2013	136
2012	148

Source: ABCWUA Financial/Business Services Division

REVENUE FROM OPERATING REVENUE

LAST TEN FISCAL YEARS

Fiscal Year	Revenue from Water Charges		Wastewater Charges	Other Revenue	Total Operating Revenue
	General Operations	AWRMS (1)			
2021	147,199,054	-	76,441,792	2,022,568	225,663,414
2020	147,244,774	-	76,231,345	2,133,000	225,609,119
2019	141,267,719	-	76,848,592	1,868,000	219,984,311
2018	148,315,450	-	76,253,042	1,828,000	226,396,492
2017	144,342,932	-	69,101,050	1,750,000	215,193,982
2016	140,551,140	-	68,166,636	1,339,000	210,056,776
2015	89,768,328	29,939,349	64,171,110	1,323,000	185,201,787
2014	84,500,221	28,561,586	61,327,115	1,232,000	175,620,922
2013	84,713,861	29,161,139	58,031,483	1,142,000	173,048,483
2012	83,145,457	29,096,281	56,982,228	7,830,724	177,054,690

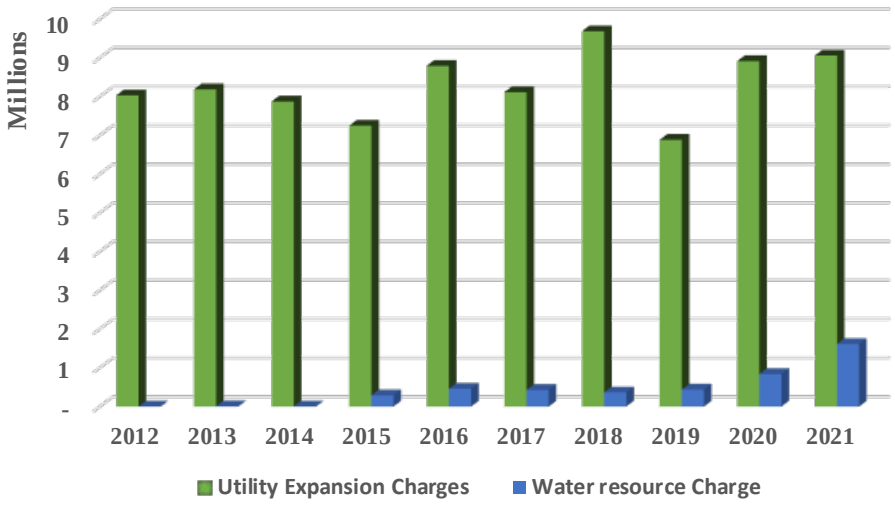


Source: ABCWUA Financial/Business Services Division
Note: In Fiscal Year 2016 the Albuquerque Water Resource Management Strategy (AWRMS) revenues were combined with General Operations revenue as part of the new rate ordinance structure.

REVENUE FROM UTILITY EXPANSION CHARGES

LAST TEN FISCAL YEARS

Fiscal Year	Utility Expansion Charges	Water Resource Charge
2021	9,060,038	1,612,875
2020	8,916,871	838,525
2019	6,884,954	437,646
2018	9,685,634	363,963
2017	8,116,695	429,283
2016	8,795,436	461,502
2015	7,250,838	290,363
2014	7,872,237	0
2013	8,189,953	7,063
2012	8,035,123	0



Source: ABCWUA Financial/Business Services Division

PRINCIPAL REVENUE PAYERS

CURRENT FISCAL YEAR AND NINE YEARS AGO

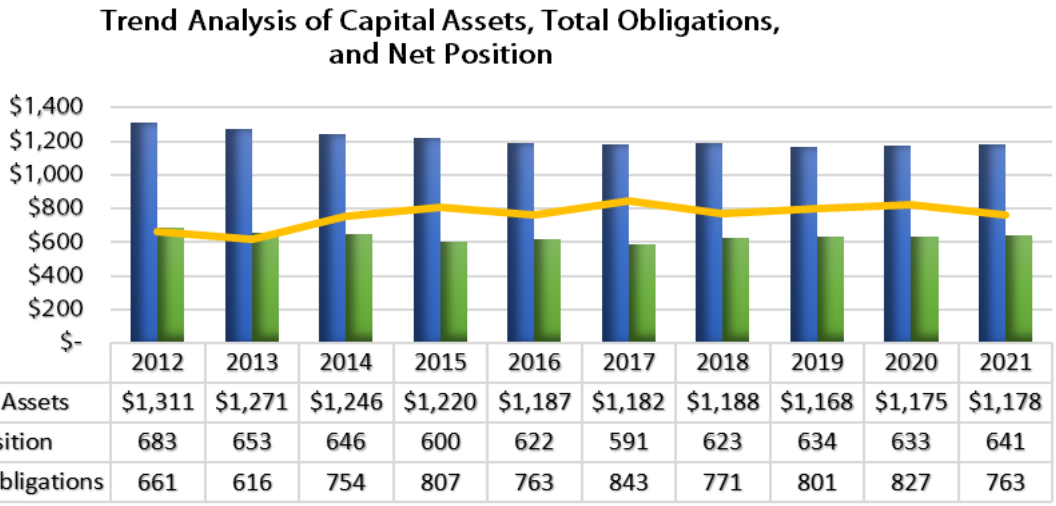
	2021				2012			
Water Customer Name	Water Revenue	Rank	% of Total Revenue	Consumption	Water Revenue	Rank	% of Total Revenue	Consumption
City of Albuquerque	$ 9,132,031	1	6.20%	2,843,232	$ 6,376,402	1	5.68%	2,670,583
Albuquerque Public Schools	2,692,712	2	1.83%	550,917	2,236,868	2	1.99%	670,264
University of New Mexico	1,344,432	3	0.91%	269,947	1,028,516	3	0.92%	309,098
Kirtland Air Force Base	705,762	4	0.48%	154,602	578,997	5	0.52%	192,614
Bernalillo County	652,986	5	0.44%	178,989	614,860	4	0.55%	216,554
Water Authority	341,117	6	0.23%	35,928	228,333	10	0.20%	75,400
Lovelace Health	275,167	7	0.19%	85,550	239,824	8	0.21%	103,336
Central NM Community College	270,075	8	0.18%	58,994	284,977	9	0.25%	81,128
Sumitomo	252,362	9	0.17%	102,303	256,844	6	0.23%	141,671
Albuquerque Academy	217,017	10	0.15%	105,018	202,655	7	0.18%	111,988
Total	$ 15,883,661		10.79%	4,385,480	$ 12,048,276		10.73%	4,572,636
Total Water System Revenue	$ 147,199,054				$ 112,241,738			

	2021				2012			
Wastewater Customer Name	Wastewater Revenue	Rank	% of Total Revenue	Consumption	Wastewater Revenue	Rank	% of Total Revenue	Consumption
Kirtland Air Force Base	$ 1,421,964	1	1.86%	745,391	$ 1,125,049	1	1.97%	687,317
University of New Mexico	1,105,808	2	1.45%	843,083	785,525	2	1.38%	545,296
Albuquerque Public Schools	714,363	3	0.93%	77,065	676,160	4	1.19%	170,825
City of Albuquerque	661,245	4	0.87%	85,860	490,072	3	0.86%	177,032
Creamland Dairies	529,433	5	0.69%	52,623	516,135	8	0.91%	52,696
Bernalillo County	150,456	7	0.20%	34,717	163,398	7	0.29%	68,718
Lovelace Health	194,892	6	0.25%	63,043	156,384	5	0.27%	95,110
Central NM Community College	118,502	8	0.16%	25,399	111,158	10	0.20%	36,631
Sandia Peak Services	98,802	9	0.13%	83,179	95,531	6	0.17%	86,299
Four Hills Mobile Home Park	77,820	10	0.10%	29,974	68,824	9	0.12%	40,341
			0.00%		-			-
			0.00%		-			-
Total	$ 5,073,285		6.64%	2,040,334	$ 4,188,236		7.35%	1,960,265
Total Wastewater System Revenue	$ 76,441,792				$ 56,982,228			

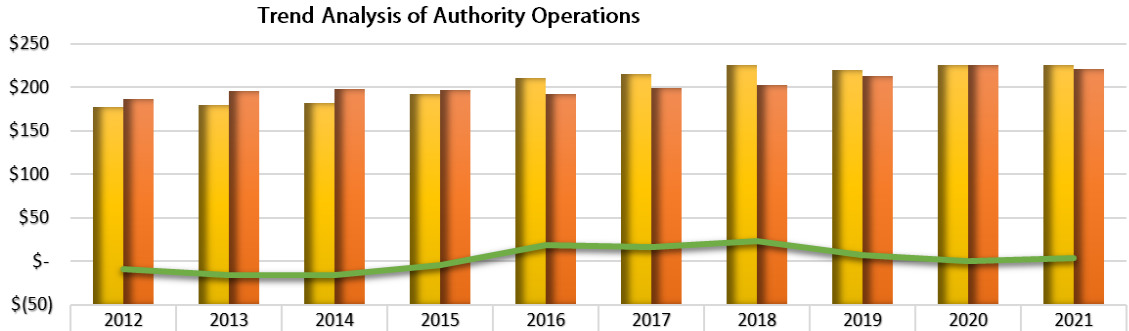
Source: ABCWUA Financial/Business Services Division

TREND ANALYSIS

LAST TEN FISCAL YEARS



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Capital Assets	$1,311	$1,271	$1,246	$1,220	$1,187	$1,182	$1,188	$1,168	$1,175	$1,178
Net Position	683	653	646	600	622	591	623	634	633	641
Total Obligations	661	616	754	807	763	843	771	801	827	763



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Charges for services	$177	$180	$182	$192	$210	$215	$226	$220	$225	$226
Total operating expenses	186	196	198	197	192	199	203	213	226	221
Operating income (loss)	(9)	(16)	(16)	(5)	18	16	23	7	-0.1	4

Source: ABCWUA Financial/Business Services Division

OUTSTANDING DEBT RATIO

LAST TEN FISCAL YEARS

(In thousands of dollars)

Fiscal Year	Revenue Bonds	Notes from direct borrowings	Water Rights Contract	Unamortized Premium	Leases	Total	Per Capita	Per Customer
2021	$ 567,270	$ 8,565	$ 2,679	$ 39,671	$ 559	$ 618,744	915	2,871
2020	595,930	31,560	3,960	52,874	964	685,288	1,009	3,198
2019	577,825	35,873	5,203	46,119	-	665,020	979	3,121
2018	551,950	39,938	6,409	48,088	-	646,385	955	3,050
2017	589,880	44,013	7,579	60,241	-	701,713	1,286	3,338
2016	566,455	54,819	8,715	58,712	-	688,701	1,232	3,296
2015	601,985	63,627	9,817	71,578	-	747,007	1,294	3,595
2014	515,450	131,515	10,887	23,864	-	681,716	1,204	3,507
2013	420,780	210,805	11,925	13,334	-	656,844	1,172	3,366
2012	443,015	229,644	12,932	17,400	-	702,991	1,267	3,617

Note:
1. Per Capita is based on the estimated 2020 population provided by the US Census Bureau.
2. Per customer is based on the number of customers for the Authority.
3. This schedule was restated for the prior years due to adding un-amortized premium to the schedule

Source: ABCWUA Financial/Business Services Division

SENIOR LIEN DEBT COVERAGE

LAST TEN FISCAL YEARS

SENIOR LIEN

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal[4]	Debt Service Interest	Debt Service Amortized Premium	Coverage	Coverage Required
2021	$ 241,449	$ 112,883	$ 128,566	$49,354	$23,410	(10,488)	2.06	1.33
2020	$ 240,436	$ 120,498	$ 119,938	$48,054	$23,876	(9,233)	1.91	1.33
2019	235,645	115,118	120,527	45,093	25,534	(10,074)	1.99	1.33
2018	241,177	112,698	128,479	31,018	23,948	(10,447)	2.89	1.33
2017	227,044	111,326	115,718	37,497	23,899	(10,247)	2.26	1.33
2016	226,774	106,897	119,877	43,031	23,794	(10,477)	2.13	1.33
2015	203,834	107,597	96,237	33,819	22,579	(7,205)	1.96	1.33
2014	199,234	108,177	91,057	41,151	31,502	(4,684)	1.34	1.33
2013	184,338	96,611	87,727	39,732	23,773	-	1.38	1.33
2012	180,272	94,085	86,187	38,674	22,878	-	1.40	1.33

SENIOR AND SUBORDINATE LIEN

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal[4]	Debt Service Interest	Debt Service Amortized Premium	Coverage	Coverage Required
2021	$ 241,449	$ 112,883	$ 128,566	$58,168	$25,624	(11,512)	1.78	1.20
2020	$ 240,436	$ 120,498	$ 119,938	$56,782	$26,476	(10,455)	1.65	1.20
2019	235,645	115,118	120,527	53,691	28,485	(11,525)	1.71	1.20
2018	241,177	112,698	128,479	42,216	27,303	(12,153)	2.24	1.20
2017	227,044	111,326	115,718	46,901	27,673	(12,407)	1.86	1.20
2016	226,774	106,897	119,877	43,964	27,865	(12,866)	2.03	1.20
2015	203,834	107,597	96,237	34,491	25,746	(9,046)	1.88	1.20
2014	199,234	108,177	91,057	42,081	31,889	(4,684)	1.31	1.20
2013	184,338	96,611	87,727	41,265	24,197		1.34	1.20
2012	180,272	94,085	86,187	41,574	23,404		1.33	1.20

Note:

1. Gross revenues include operating, non-operating, and miscellaneous revenues.
2. Operating expenses exclude depreciation, bad debt, and non-capitalized major repair.
3. Interest debt service is net of any premium and/or discounts.
4. Fiscal year 2006-2013 principal and interest are combined. Starting in fiscal year 2014, they are recognized separately.
5. Beginning in fiscal year 2014, revenues and expenses include franchise fees in accordance with the updated bond ordinance. In years prior, both franchise revenues and expenses and amortization were backed out of the calculation.

Source: ABCWUA Financial/Business Services Division

DEMOGRAPHIC/ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Year	Population Albuquerque MSA	Total Personal Income	Per Capita Personal Income	Unemployment Rate
2021	676,444	31,499,968	46.567	6.9%
2020	679,121	28,264,337	41.619	8.7%
2019	679,096	27,484,373	40,472	4.8%
2018	676,953	26,162,880	38,648	4.5%
2017	545,852	20,689,428	37,903	6.0%
2016	559,121	20,650,016	36,933	6.1%
2015	557,169	20,035,240	35,959	5.7%
2014	566,059	19,385,257	34,246	6.4%
2013	560,454	18,359,913	32,759	6.8%
2012	554,905	18,192,560	32,785	7.2%

Note:

1. Population number is for the Albuquerque Metropolitan Service Area (MSA).

Sources: US Census Bureau and the University of New Mexico Bureau of Business and Economic Research

TOP 10 MAJOR EMPLOYERS

CURRENT FISCAL YEAR AND NINE YEARS AGO

	2021			2012		
Employer	Number of Employees	Rank	% of Albuquerque MSA Employment	Number of Employees	Rank	% of Albuquerque MSA Employment
Sandia National Laboratories	14,120	1	3.85%	-	-	0.00%
Presbyterian Health System	13,456	2	3.67%	7,369	4	1.85%
Albuquerque Public Schools	12,000	3	3.27%	14,480	2	3.64%
Kirtland Air Force Base	10,500	4	2.86%	44,090	1	11.07%
University of New Mexico	7,527	5	2.05%	14,300	3	3.59%
University of New Mexico Hospital	6,417	6	1.75%	5,950	6	1.49%
City of Albuquerque	5,800	7	1.58%	6,680	5	1.68%
State of New Mexico	4,950	8	1.35%	5,910	7	1.48%
Lovelace Health System	4,239	9	1.16%	3,700	8	0.93%
Central NM Community College	2,935	10	0.80%	-	-	0.00%
Intel Corporation	-	-	0.00%	3,300	9	0.83%
Bernalillo County	-	-	0.00%	2,300	10	0.58%
Total	81,944		22.34%	108,079		27.15%
Total Employment			366,863			398,152

Source: Albuquerque Economic Development, Data as of January 2021

ANALYSIS METHODOLOGY FOR COMPUTING LINE-ITEM ADJUSTMENTS

Numerical Rounding

Budgets were developed using whole numbers. When program strategies were summarized, each was rounded to the nearest one thousand. Rounding makes for ease of reading when reviewing the document.

Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position.

- This base is increased or decreased for all wage adjustments for FY23 to incorporate current contractual increases.

- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.00%, PERA – 20.91% for blue and white collar and management/professional, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, health insurance including retiree health insurance) – budgeted at family plan levels.

- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

Operating Expenses

Division managers were required to provide detailed information supporting FY23 budget requests. Other FY23 operating expenses were equal to FY22 appropriated amounts. One-time appropriations for FY22 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.

- For FY23, utilities (gas, electricity, and water) are budgeted based on historical expenses and anticipated needs.

- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.

- Beyond those stated above, line-item increases needing special justifications include extraordinary price increases, increased workload, or a special need not previously funded.

- Workers' Compensation and insurance are treated as direct costs for FY23. These costs are identified by the Risk Management department, based on the historical experience and exposure factors relative to each specific program.

- Vehicle maintenance charges are estimated for FY23 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.

Capital Expenses

New and replacement property items are included in the appropriate program appropriations within each of the funds.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AFL-CIO – American Federation of Labor and Congress of Industrial Organizations

AFSCME - American Federation of State, County and Municipal Employees

AMI – Automated Meter Infrastructure

ARPA – American Rescue Plan Act

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

BBER – University of New Mexico, Bureau of Business and Economic Research

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIP - Capital Improvement Program or Capital Implementation Program

CMOM – Capacity Management Operations & Maintenance Program

COO – Chief Operating Officer

CPI - Consumer Price Index

DFA – NM Department of Finance and Administration

DS - Debt Service

DWP – San Juan–Chama Drinking Water Project

EPA – Environmental Protection Agency

ERP – Enterprise Resource Planning

EUM – Effective Utility Management

FEMA – Federal Emergency Management Agency

FOG – Fats, Oils, & Grease

FTE - Full-time Equivalent Position

FY - Fiscal Year

GASB - General Accounting Standards Board

GDP - Gross Domestic Product

GFOA - Government Finance Officers Association

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPS – Global Positioning System

IHS – IHS Global Insight

ISO – International Organization for Standardization

ITD – Information Technology Program

KAFB – Kirtland Air Force Base

LIMS – Laboratory Information Management System

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

MIS – Management Information System

MOU – Memorandum of Understanding

MSA – Metropolitan Statistical Area

NACWA – National Association of Clean Water Agencies

NM – New Mexico

NMED – New Mexico Environment Department

NMFA – New Mexico Finance Authority

NPDES – National Pollution Discharge Elimination System

OPEB – Other Post-Employment Benefits

P&I – Principal and Interest

PAFR – Popular Annual Financial Report

PERA - Public Employees Retirement Association

PFAS – Per-and Polyfluoroalkyl Substances

PPCP – Pharmaceuticals and Personal Care Products

ACRONYMS

PTF – Preliminary Treatment Facility

RAPP – Rivers and Aquifers Protection Plan

REC – Renewable Energy Credit

RHCA – Retiree Health Care Association

RFP - Request for Proposal(s)

RRAMP – Reclamation Rehabilitation and Asset Management Plan

SAF – Soil Amendment Facility

SCADA – Supervisory Control and Data Acquisition

SDF – Solids Dewatering Facility

SJCWTP - San Juan–Chama Water Treatment Plant

SOP – Standard Operating Procedures

SRF – State Revolving Loan Fund

SSO's – Sanitary Sewer Overflows

SW – Solid Waste

SWRP - Southside Water Reclamation Plant

SWTP – Surface Water Treatment Plant

TCAC – Technical Customer Advisory Committee

UEC – Utility Expansion Charge

UNM – University of New Mexico

UV – Ultra-Violet

WA - Water

WAF – Water Assistance Fund

WATS – Wastewater Aerobic/Anaerobic Transformations in Sewers Model

WQL – Water Quality Laboratory

WR – Water Resources Department

WRMS – Water Resources Management Strategy

WTP – Water Treatment Plant

WW - Wastewater

YR - Year

SELECTED GLOSSARY OF TERMS

ACCRUED EXPENSES: Expenses incurred but not due until a later date

ADJUSTMENTS FOR POLICY DIRECTION CHANGES: Approved adjustment to the maintenance-of-effort budget both positive and negative which are considered major policy issues

AMERICAN WATER WORKS ASSOCIATION: An international nonprofit scientific and educational society dedicated to the improvement of water quality and supply and is the authoritative resource for knowledge, information, and advocacy to improve the quality and supply of water in North America

ANNUALIZED COSTS: Costs to provide full year funding for services initiated and partially funded in the prior year

APPROPRIATION: Legal authorization granted by the Water Authority Board to make expenses and to incur obligations for specific purposes within specified time and amount limits

APPROPRIATIONS RESOLUTION: Legal means to enact an appropriation request, e.g., annual operating budget

AUDIT: Official examination of financial transactions and records to determine results of operations and establish the Water Authority's financial condition

BASE BUDGET: Portion of an annual budget providing for financing of existing personnel, replacement of existing equipment, and other continuing expenses without regard for price changes

BONDED INDEBTEDNESS/BONDED DEBT: That portion of indebtedness represented by outstanding general obligation or revenue bonds

CAPITAL BUDGET: Plan of approved capital outlays and the means of financing them

CAPITAL EXPENSES: Expenses to acquire or construct capital assets

DEBT SERVICE FUND: Fund for the accumulation of resources to pay principal, interest, and fiscal agent fees on long-term debt

DEPARTMENT: A set of related functions that are managed below the Program Strategy level, and are the smallest unit of budgetary accountability and control

ENCUMBRANCES: Commitments of appropriated monies for goods and services to be delivered in the future

ENTERPRISE FUND: Fund established to account for services financed and operated similar to private businesses and with costs recovered entirely through user charges

FINANCIAL PLAN: See Operating Budget

FISCAL YEAR: For the Water Authority, a period from July 1 to June 30 where the financial plan (budget) begins the period, and an audit ends the period

FRANCHISE FEE: A fee based upon gross revenue that results from an authorization granted to rent and use the rights-of-way and public places to construct, operate and maintain Water Authority facilities in the City of Albuquerque, Bernalillo County, the Village of Los Ranchos, and the City of Rio Rancho

FUND: Fiscal and accounting entity with self-balancing set of books to accommodate all assets and liabilities while conforming to designated parameters

FUND BALANCE: Fund equity of governmental funds. See also Working Capital Balance

GOALS: General ends toward which the Water Authority directs its efforts in terms of meeting desired community conditions. The Executive Director and Water Authority Board with input from the community, establish Goals for the Water Authority

INDIRECT OVERHEAD: Cost of central services allocated back to a department through a cost allocation plan

INTERFUND TRANSFER: Legally authorized transfers from one fund to another fund

INTERGOVERNMENTAL REVENUES: Revenues from other governments in the form of grants, entitlements, shared revenues, etc.

ISSUE PAPERS: Forms used in the budget process to track and request budget changes

MAINTENANCE OF EFFORT: Base budget plus allowances for cost-of-living wage adjustments and inflationary price increases, or within a limited time frame

MAXIMO: Maximo Enterprise's asset and service management software capabilities maximize the lifetime value of complex assets and closely align them with the Water Authority's overall business strategy

NON-RECURRING EXPENSES: Expenses occurring only once, or within a limited time frame, usually associated with capital purchases and pilot projects

NON-RECURRING REVENUES: Revenues generated only once

OPERATING EXPENSES: Term that applies to all outlays other than capital outlays

OPERATING BUDGET: Financial plan for future operations based on estimated revenues and expenses for a specific period

OPERATING REVENUES: Proprietary (enterprise service) fund revenues directly related to the fund's primary service activities and derived from user charges for services

PROGRAM STRATEGY: The unit of appropriations and expense that ties related service activities together to address a desired community condition(s) that pertains to one of the Water Authority's Goals

QUALSERVE: A voluntary, continuous improvement program offered jointly by the American Water Works Association and the Water Environment Federation to help water/wastewater utilities improve their performance and increase customer satisfaction on a continuing basis. The program evaluates all facets of the utility business including organization development, business operations, customer relations, and core water/wastewater operations. QualServe comprises of three components: Benchmarking, Self-Assessment, and Peer Review

RECURRING EXPENSES: Expenses generally arising from the continued operations of the Water Authority in a manner and at a level of service that prevailed in the last budget, or new and/or increased services expected to be provided throughout the foreseeable future

RECURRING REVENUES: Revenues generated each and every year

RATE RESERVE: A reserve set aside as restricted cash to be used as revenue in years when revenue is down to offset potential rate increases

RESERVE: Portion of fund balance earmarked to indicate its unavailability or to indicate portion of fund equity as legally segregated for a specific future use

REVENUES: Amounts received from user fees, taxes and other sources during the fiscal year

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from earnings of the Water Authority, and are thereby not backed by the full faith and credit of the issuer

STATE ENGINEER PERMIT 4830: The permit allows the Water Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of Water Authority San Juan-Chama water and native Rio Grande water. The native Rio Grande water is required to be simultaneously released from the Southside Water Reclamation Plant. The State Engineer's permit is the foundation of the Drinking Water Project from a water rights perspective

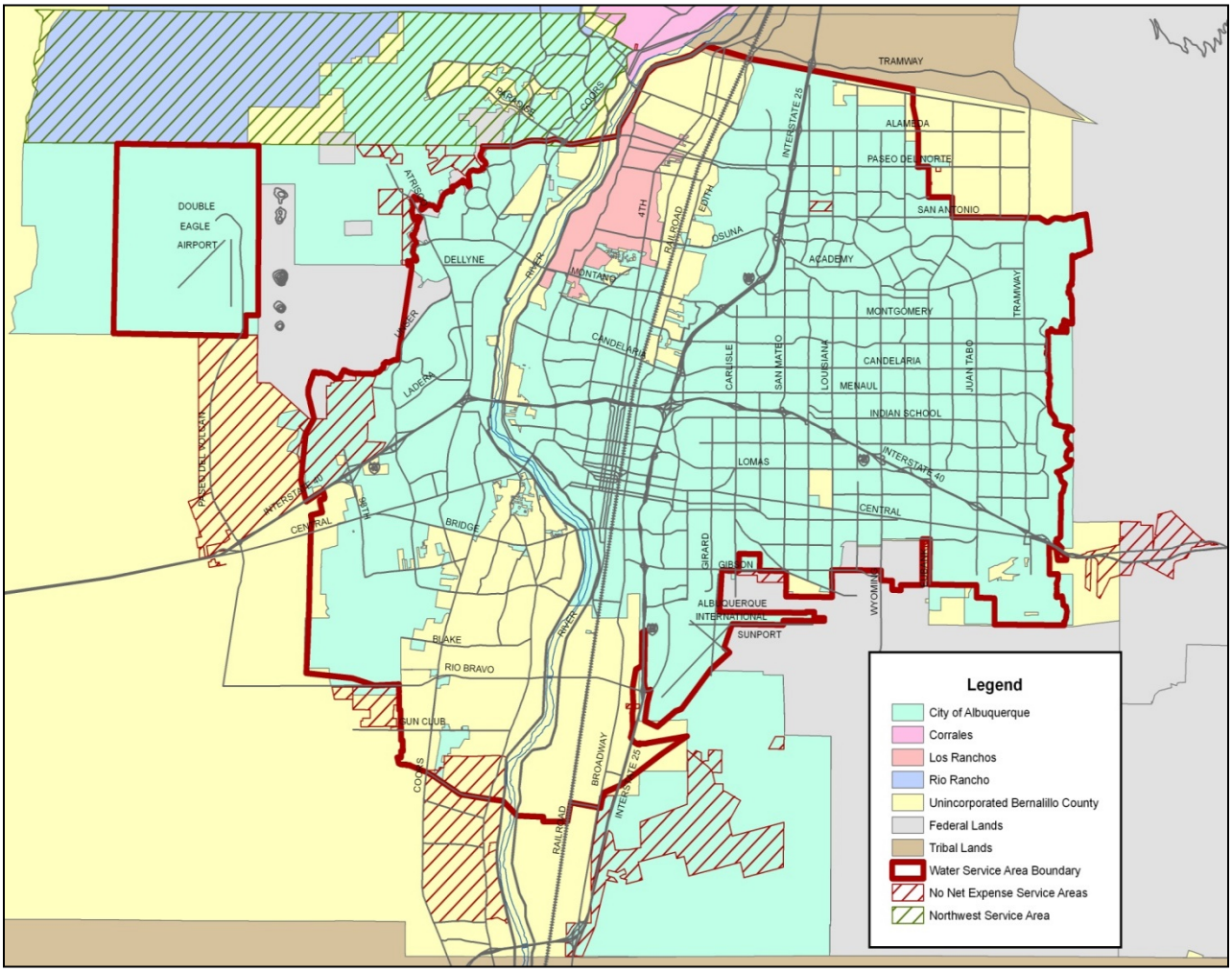
UNACCOUNTTED FOR WATER: The difference between the quantities of water supplied to the Water Authority's network and the metered quantity of water used by the customers. UFW has two components: (a) physical losses due to leakage from pipes, and (b) administrative losses due to illegal connections and under registration of water meters

UTILITY EXPANSION CHARGES: Assessed by the Water Authority to compensate for additional

costs associated with the type and location of new development

WORKING CAPITAL BALANCE: Remaining current assets in a fund if all current liabilities are paid with current assets

WATER SERVICE AREA MAP



Major Assets:

- 92 MGD San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 60 ground water supply wells (255 MGD)
- 61 water supply reservoirs providing both mixed surface and groundwater including non-potable reservoirs (245 MGD)
- 45 pump stations including non-potable facilities (748 MGD)
- 130 booster pumps
- 3,103 miles of water supply pipeline
- 5 arsenic removal treatment facilities (15 MGD)

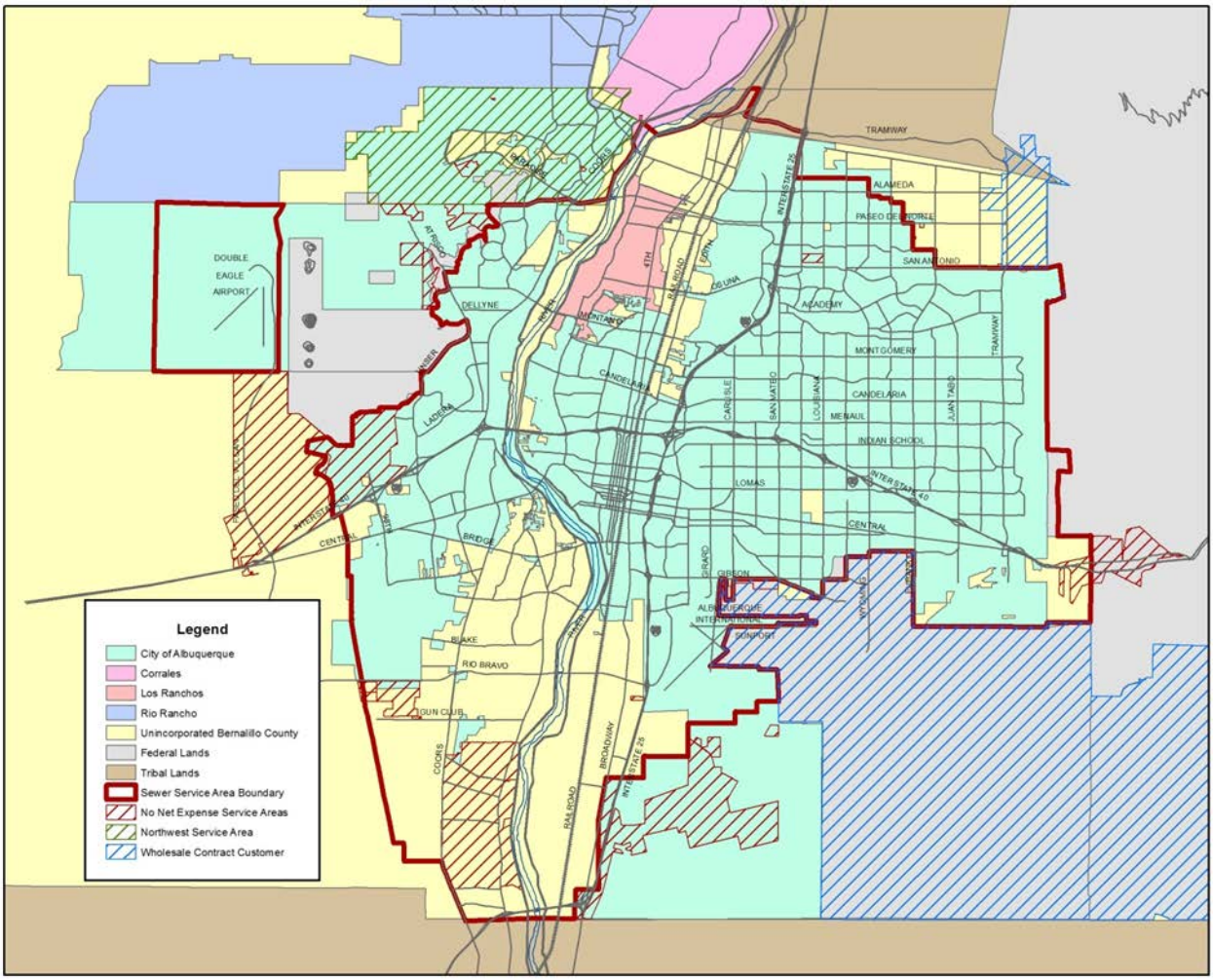
WATER SERVICE AREA MAP

The Water System provides water services to approximately 665,392 residents comprising approximately 95% of the residents of the County. About one-third of unincorporated County residents are customers of the Water System. As of December 31, 2021, service is provided to approximately 216,022 customer accounts, including 186,255 residential and 29,767 multi-family, commercial, institutional and industrial accounts. Approximately 68.4% of the water sales are for residential uses.

Surface water from the San Juan-Chama Project that is utilized through the San Juan-Chama Drinking Water Project is the primary source of potable water supply for the Water Authority. Groundwater is used to supplement surface water supplies to meet peak demands and to provide supply during drought periods or other times when surface water is not available. The Water Authority also owns and operates two non-potable water systems to provide irrigation and industrial water in the service area. In calendar year 2021, the Water Authority's potable water resources use consisted of 74% from groundwater and 26% from San Juan-Chama surface water. The non-potable water supply is derived from 4% of reuse of treated effluent and non-potable for irrigation. The groundwater supply is produced from sixty (60) wells grouped in seventeen (17) well fields located throughout the metropolitan area and the San Juan-Chama surface water is diverted from the Rio Grande. Total well production capacity is approximately 255 million gallons per day (MGD). Eliminating high arsenic wells (those greater than ten (10) parts per billion arsenic) results in available production capacity of 179 MGD. Peak day demand for 2021 was 141 MGD. The Water Authority also has five (5) arsenic treatment facilities that remove naturally occurring arsenic from groundwater. Each well field includes chlorination for disinfection as required by the Safe Drinking Water Act.

Water storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of fifty (50) pounds per square inch (psi) for consumers. Sixty-one (61) reservoirs are located throughout the service area, with a total reservoir storage capacity of two hundred forty-five (245) million gallons. If demand requires, reservoir water can also be transferred to a higher zone or across zones through an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of forty-five (45) pump stations housing one hundred thirty (130) booster pumps, with a total capacity of 748 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by three thousand one hundred three (3,103) miles of pipelines, consisting of active distribution mains, transmission mains, well collector and hydrant legs, and are situated at various locations east and west of the service area to provide multiple sources of supply to customers and for operating economies. The Water System takes advantage of the unique topography of the Water Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the Water System for control from a central control facility.

WASTEWATER SERVICE AREA MAP



Major Assets:

- Southside Water Reclamation Plant
- 45 Lift Stations
- 2,400 miles of collection pipeline

WASTEWATER SERVICE AREA MAP

The System's wastewater component consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant. The wastewater treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent disinfection using ultraviolet light prior to discharge to the Rio Grande.

Treatment plant capacity is based upon 76 MGD hydraulic capacity. Existing flows at the plant have averaged 45.44 MGD over the past five (5) years, but these figures do not reflect the amount of non-potable water being reused for irrigation and industrial use at the Southside Water Reclamation Plant. The Water Authority has an operational industrial pretreatment program approved by the EPA. The EPA recognized that the Water Authority's pollution prevention efforts have been largely responsible for the Water Authority maintaining compliance with strict standards contained in NPDES Permit #NM0022250. The Water Authority's wastewater effluent discharge consistently meets all NPDES permit requirements. In February 2017, the Water Authority submitted a NPDES permit renewal application. In February 2018, EPA issued a Proposed NPDES Permit, and the Water Authority provided comments to EPA on June 25, 2018. On October 10, 2019, the Water Authority received the final NPDES Permit. The re-issued permits were effective December 1, 2019.

The Water Authority received an Administrative Order (an "AO") from the EPA for violations of the NPDES permit associated with sanitary sewer overflows, laboratory reporting issues, and plant violations from 2001 to 2010. The Water Authority received two additional AOs for an overflow which occurred on February 27, 2015, because of a major power failure. The first 2015 AO required that the Water Authority implement electrical and other improvements to prevent another power failure and the potential for another spill. All of that work was completed in 2015 and a project completion report was filed with EPA. The second 2015 AO includes adoption of the Corrective Action Plan items that were scheduled to be completed by 2020. All projects in the second 2015 AO were completed and a project completion report was submitted to EPA in June 2018.

Since January 2003, the treatment plant has had a 6.6 mega-watt cogeneration facility to provide most of its power needs. The cogeneration facilities are complemented by a one mega-watt solar energy plant that began service in December 2012. These on-site power generating facilities normally supply 100% of the treatment plant's present electrical needs, along with providing heating of various buildings and sludge digesters. The engines are fueled by methane produced in the digesters and by natural gas purchased through a contract carrier. The Southside Water Reclamation Plant currently generates electricity from the biogas produced in the digesters. In accordance with the State's Energy Transition Act, the Water Authority permanently retired the Renewable Energy Certificates ("REC") associated with digester gas. Over the past three (3) years, they had no marketable value.

The Water Authority currently manages wastewater sludge using two methods: surface disposal and production of compost. The Water Authority sells the compost, primarily to the State Department of Transportation. A 660-acre dedicated surface disposal site is used when seasonal market conditions are not favorable for sale of compost product. During Fiscal Year 2021, 18% of all sludge produced at the treatment plant was beneficially recycled into compost and sold. The Water Authority's Compliance Division operates a water quality laboratory, providing analytical support for process control and regulatory compliance for wastewater, drinking water, groundwater, storm water, surface water, the zoological park, residuals management and environmental health programs. The laboratory is internationally accredited under International Standards Organization Standard 17025 for inorganic chemistry and microbiology testing. The entire laboratory is also accredited by the American Association for Laboratory Accreditation. The Water Authority reduces expenses by analyzing most of the bacteriological samples at the Water Authority's internal water quality lab.

LEGISLATION

Approved
Operating Budget
FY23

PASSED AND ADOPTED THIS 18th DAY OF May, 2022
BY A VOTE OF: 6 FOR 0 AGAINST.

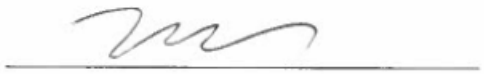
Yes: Peña, O'Malley, Fiebelkorn, Jones, Quezada, and Rael

No:

Excused: Pyskoty

Klarissa Peña, Chair

ATTEST:



Mark S. Sanchez, Executive Director

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-22-13

RESOLUTION

APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2022 AND ENDING JUNE 30, 2023

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

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

WHEREAS, the Budget Ordinance requires the Executive Director to submit a performance plan for the fiscal year commencing on July 1 of the year in which the budget proposal is submitted, and the performance plan shall be connected to the five-year goals and contain performance measures that help guide the operating and capital budgets in allocating the Water Authority's financial resources; and

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the following amounts are hereby appropriated to the following funds for operating The Albuquerque Bernalillo County Water Utility Authority during Fiscal Year 2023:

GENERAL FUND – 21 243,762,000

This appropriation is allocated to the following programs:

Administration		1,839,000
Risk		5,668,000
Legal		816,000
Human Resources		1,856,000
Finance		9,569,000
Customer Services		5,265,000
Information Technology		9,775,000
Wastewater Plant		11,747,000
San Juan-Chama Water Treatment Plant		4,790,000
Groundwater Operations		7,169,000
Wastewater Collections		7,835,000
Water Field Operations		21,100,000
Compliance		5,920,000
Central Engineering		3,432,000
Asset Management		763,000
Planning & Utility Development		824,000
Water Resources		4,652,000
Power & Chemicals		21,051,000
Taxes		656,000
Authority Overhead		1,670,000
San Juan-Chama		2,747,000
Transfers to Other Funds:		
Rehab Fund (28)		36,618,000
Debt Service Fund (31)		78,000,000
DEBT SERVICE FUND – 31		92,663,000
This appropriation is allocated to the following programs:		
Debt Service		88,663,000
Transfer to Other Funds:		
Growth Fund (29)		4,000,000
SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND – 41		171,754
This appropriation is allocated to the following programs:		
General Government		171,754

Section 2. The Executive Director is authorized to develop and establish a nonrecurring safety/performance incentive program. This program will provide employees with an incentive based on cost reductions or performance enhancements resulting in operating efficiencies and/or a reduction in work related losses. Funding for this program is contingent on savings in the same or a greater amount.

Section 3. The Executive Director is authorized to continue the Water Authority's partnerships with other governmental entities to support non-profit community development projects. Qualified projects may be approved to defer payment of all or a portion of applicable Utility Expansion Charges until the property is sold. The Water Authority will secure its position with a second mortgage on the subject property.

Section 4. If working capital balance exceeds 1/12 of operating expenses, and debt service payments and debt service coverage are met, the remaining working capital balance shall be reserved for capital projects.

Section 5. The Executive Director is authorized to carry out all appropriations contained in this budget in accordance with established policies and procedures.

PASSED AND ADOPTED THIS 18th DAY OF May, 2022

BY A VOTE OF: 6 FOR 0 AGAINST.

Yes: Peña, O'Malley, Fiebelkorn, Jones, Quezada, and Rael

No:

Excused: Pyskoty

Klarissa Peña, Chair

ATTEST:

Mark S. Sanchez, Executive Director

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-22-14

RESOLUTION

APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2022, AND ENDING JUNE 30, 2023

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

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

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

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

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

Basic Program Appropriations:

Sanitary Sewer Pipeline Renewal	12,500,000
Drinking Water Pipeline Renewal	6,150,000
Southside Water Reclamation Plant Renewal	19,150,000

Soil Amendment Facility (SAF) Renewal		350,000
Lift Station and Vacuum Station Renewal		3,420,000
Odor Control Facilities Renewal		50,000
Drinking Water Plant Groundwater System Renewal		7,775,000
Drinking Water Plant Treatment Systems Renewal		5,000,000
Reuse Line and Plant Rehab		200,000
Compliance		365,000
Shared Renewal		4,686,000
Franchise Agreement Compliance		
4,000,000		
Vehicles and Heavy Equipment		2,921,000
Special Projects:		
Steel Waterline Rehab		2,000,000
Automated Meter Infrastructure (AMI)		1,000,000
Renewable Energy Projects		350,000
Miscellaneous		3,000,000
Growth:		
Development Agreements		1,250,000
Land & Easement Acquisition		10,000
MIS/GIS		4,430,000
Miscellaneous		300,000
Other:		
Water 2120 Project Fund		300,000
Revenue		
Miscellaneous (Intergovernmental Agreement)		3,000,000

Section 2. That the Executive Director is authorized to negotiate and enter into subsequent intergovernmental agreements and amendments with Bernalillo County regarding the receipt of economic development funding and to take any other action necessary to carry out the directives of this resolution.

APPENDIX - PERFORMANCE PLAN

Approved Operating Budget FY23

Fiscal Year 2023
Performance Plan

Albuquerque Bernalillo County
Water Utility Authority

Table of Contents

Executive Summary

The Albuquerque Bernalillo County Water Utility Water Authority's (Water Authority) Budget Ordinance requires that a Performance Plan be connected to the Five-Year Goals and contain performance measures that help guide the operating and capital budgets in allocating the Water Authority's financial resources. The FY23 Performance Plan assesses the performance of the Water Authority using a set of identified and tested, high-level performance measures. These measures are designed to help the Water Authority improve its operational efficiency and effectiveness by identifying areas of improvement. The measures also provide a mechanism to conduct comparative analyses in order to implement quality improvement processes and enhance decision-making.

The Performance Plan contains three years of actual prior year data which establishes a baseline as well as projected performance targets that drive financial and budgetary policies. In addition to assessing its performance year to year, the Water Authority assesses its performance in relation to the other utilities.

The Performance Plan contains 27 key performance measures organized by the Water Authority's Five-Year Goal areas. The following table summarizes the Water Authority's performance compared to it targets and tracks the Water Authority's progress of baseline, current, and target performance.

Goal	Performance Measure	Baseline	Current	Target
Water Supply & Operations	Drinking Water Compliance Rate	▲	▲	▲
	Distribution System Water Loss	▲	▲	▲
	Water Distribution System Integrity	■	■	■
	Operations and Maintenance Cost Ratios	▲	▲	▲
	Planned Maintenance Ratio	■	■	■
	Water Use per Capita Consumption	■	■	▲
Wastewater Collection & Operations	Sewer Overflow Rate	■	■	■
	Collection System Integrity	■	■	■
	Wastewater Treatment Effectiveness Rate	■	■	■
	Operations and Maintenance Cost Ratios	▲	▲	▲
	Planned Maintenance Ratio	■	■	■
Customer Services	Customer Service and Technical Quality Complaints	▲	▲	▲
	Customer Service Cost per Account	■	■	■
	Billing Accuracy	■	■	■
	Call Center Indicators	■	▲	▲
	Residential Cost of Water/Sewer Service	■	■	■
	Stakeholder Outreach Index	▲	▲	▲
Business Planning & Management	Debt Ratio	■	■	■
	Return on Assets	■	■	■
	System Renewal/Replacement Rate	■	■	■
	Triple Bottom Line Index	■	■	■
Organization Development	Employee Health and Safety Severity Rate	■	■	■
	Training Hours per Employee	■	▲	▲
	Customer Accounts per Employee	▲	▲	▲
	Employee Turnover	▲	■	▲
	Retirement Eligibility	▲	▲	▲
	Organizational Best Practices Index	▲	▲	▲

Performance Key

▲	■	■	▼
Excellent	**Good**	**Fair**	**Poor**

Introduction

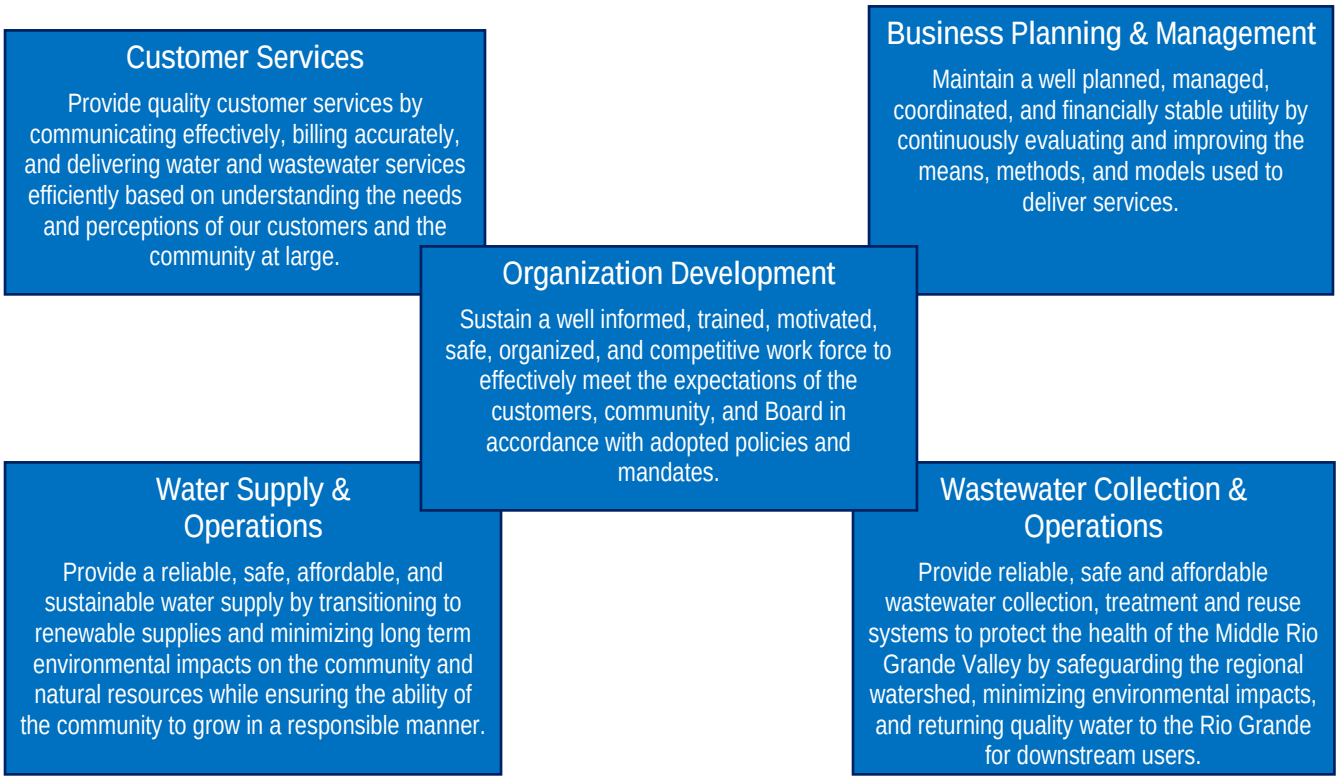
The Albuquerque Bernalillo County Water Utility Water Authority's (Water Authority) Budget Ordinance requires that a Performance Plan be connected to the Five-Year Goals and contain performance measures that help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority uses these measures to help improve its operational efficiency and effectiveness by identifying areas of improvement. The measures also provide a mechanism to conduct comparative analyses in order to implement quality improvement processes and enhance decision-making.

The Water Authority utilizes the *American Water Works Association's (AWWA) Benchmarking Performance Indicators Survey* (Survey) in developing its Performance Plan. The Survey provides utilities an opportunity to collect and track data from already identified and tested performance measures, based on the same collection process and definitions. The most recent survey data was compiled in 2021 (FY20 data) by AWWA from 158 different utilities. The Performance Plan uses the survey data as a basis for its performance measures to track the Water Authority's performance with that of other utilities.

Five-Year Goals

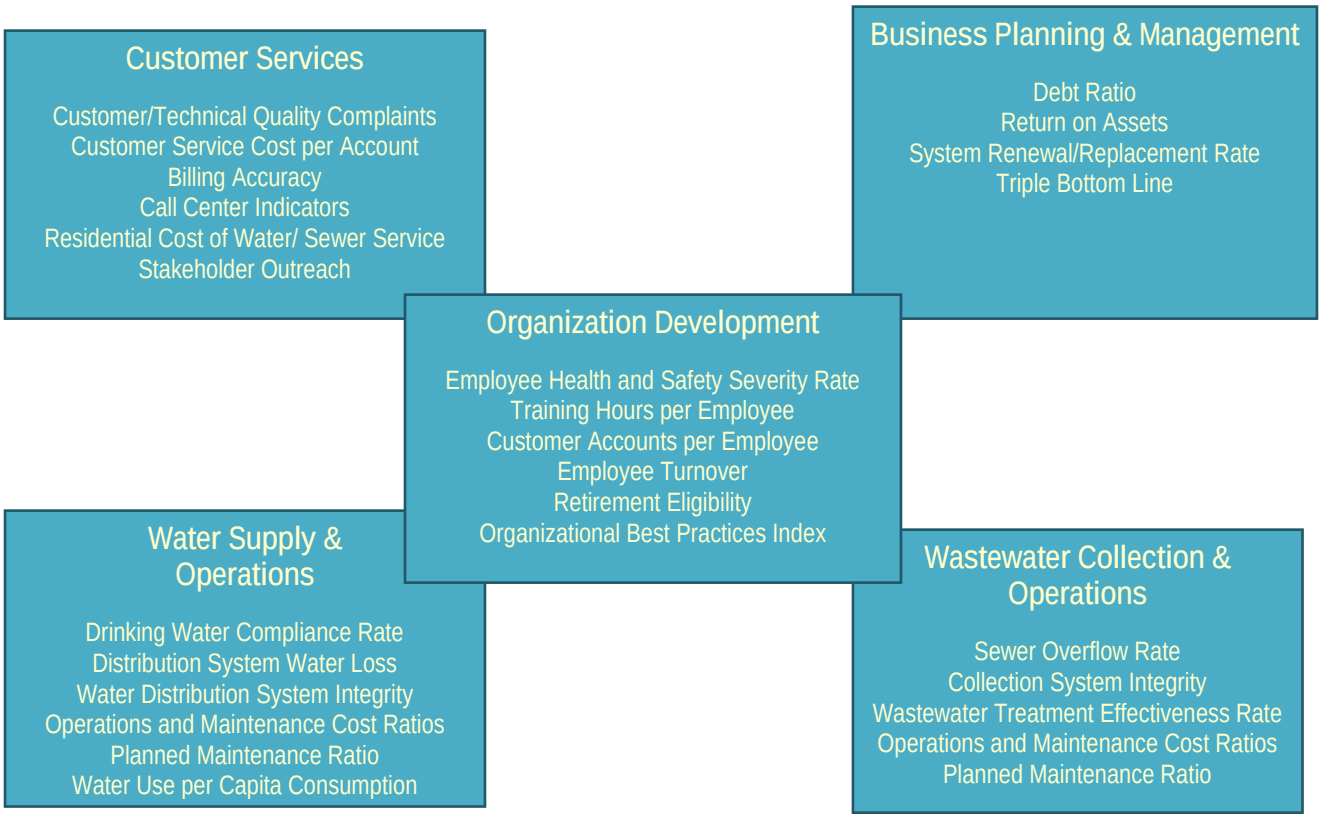
The Water Authority's Performance Plan is organized by the Water Authority's Five-Year Goal areas which are modeled after AWWA's business model. This model is based on fifteen successful quality achievement programs, including the Malcolm Baldridge National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems. Figure 1 shows the Water Authority's Five-Year Goals which parallels the AWWA model. The Water Authority also developed guiding goal statements for each goal area which explains the long-term desired result for each goal.

Figure 1: Water Authority's Five-Year Goals & Guiding Goal Statements



The Performance Plan contains 27 key performance measures. The performance measures are organized by the Water Authority's Five-Year Goal areas shown in Figure 2. The performance measures are linked to the Goal areas in that the tracking of the metric is used to achieve the long-term desired result for that goal.

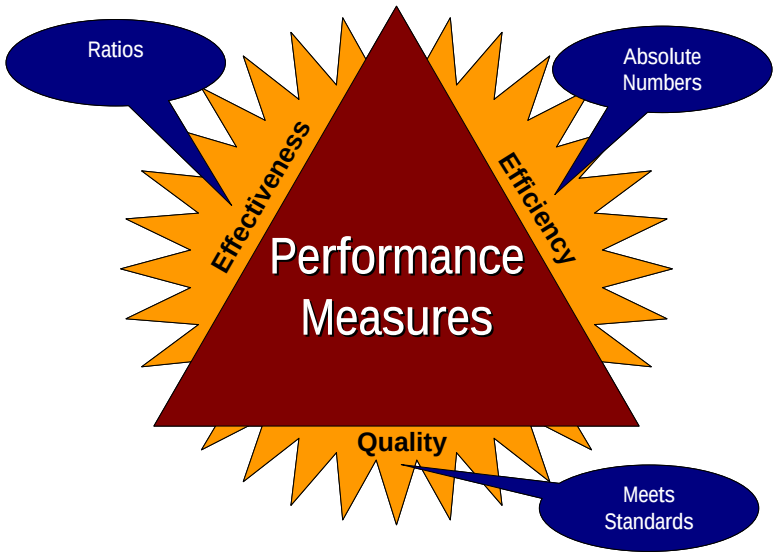
Figure 2: Performance Measures by Goal Area



Performance Measure Types

The Plan's performance measures fall into three main categories: Quality, Effectiveness and Efficiency. Quality measures are presented as standards. Effectiveness measures are presented as ratios. Efficiency measures are presented as absolute numbers.

(1) *Standards*, such as meeting drinking water quality standards
(2) *Ratios*, such as operation and maintenance costs per million gallons of water or wastewater processed
(3) *Absolute numbers*, such as the monthly bill for a residential water or wastewater customer



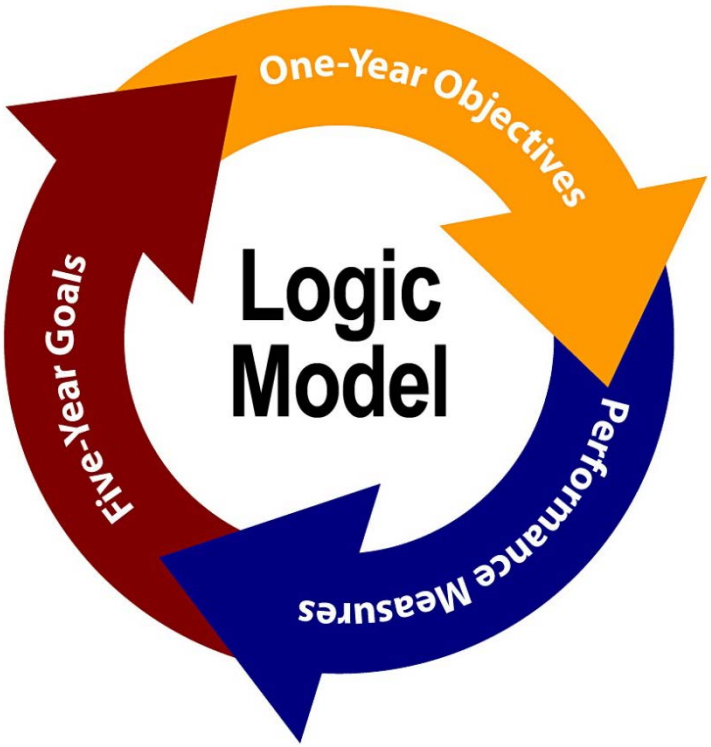
Performance Plan Logic Model

The Performance Plan presents each performance measure through an *evaluation logic model*. The logic model is a systematic and visual method that shows how performance measures quantify what is being done (inputs), how well it is being done (outputs), and why it is being done (outcomes). *Inputs* are the specific data needed to construct and calculate each performance measure. These resources may include dollars, hours, people or material resources used to produce an output. *Outputs* are the product of the calculation of the inputs and describe the level of effectiveness of each performance measure. The outputs are the metrics that are benchmarked with other utilities. *Outcomes* are the desired result of the performance measure that the Water Authority would like to achieve in connection with its long-range goals and with its shorter-term objectives. The logic model is used to show where the organization wants to be and how it can get there.

Simply stated, the performance measures identify gaps in service delivery or performance. They are used to help monitor the Water Authority's performance and to develop performance targets. The Water Authority sets performance targets that are aligned with the desired outcomes to determine how effective or efficient the utility is in achieving the desired outcome. The Water Authority uses the desired outcomes to create an ongoing discussion with its stakeholders and show why decisions are made in prioritizing and allocating financial resources.

The Five-Year Goals and One-Year Objectives are incorporated into the logic model. Figure 3 shows the alignment between the goals, objectives and performance measures in the logic model. With the performance measures being used to identify gaps, the One-Year Objectives which are policy directives from the Water Authority Board are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving or implementing programs.

Figure 3: Logic Model Alignment of Goals, Objectives and Performance Measures



Benchmarking and Industry Peer Group

The Performance Plan contains three years of actual prior year data (FY19 through FY21) which establishes a baseline. The Plan also includes estimated current fiscal year performance measures (FY22) as well as projected performance in the proposed budget year (FY23). The Plan allows the Water Authority to benchmark its performance from year to year and to determine how its current and projected performance compare to baseline past performance. Overall, the Performance Plan's logic model incorporates five years of data in determining its performance, evaluating trends, and determining projected performance.

In addition to assessing its performance year to year, the Water Authority also compares its performance with that of other utilities in its *industry peer group*. As stated in the Introduction section, the Water Authority obtains its comparative data from the AWWA Benchmarking Performance Indicators Survey. By benchmarking with other utilities, the Water Authority is able to assess its performance relative to other high-performing utilities. For each performance measure, the industry peer group is presented throughout the Plan.

Industry Peer Group	
1)	**Combined Water/Sewer** Represents those utilities designated as providing both water and wastewater services
2)	**Populations greater than 500,000** Utilities that serve populations greater 500,000
3)	**Region 4** Utilities in the following States: AR, AZ, CO, ID, KS, LA, MO, NE, NM, OK, TX, UT, WY

Strategic Planning, Budgeting and Improvement Process

The Performance Plan is a component of the *Strategic Planning, Budgeting and Improvement Process* that is discussed in the Financial Plan. This Process drives the development of the annual operating and capital budgets by providing data used to set performance goals, as well as allocate and prioritize resources. Performance measures provide an approach for strategically allocating and prioritizing resources to balance the level and cost of services with customer expectations. For example, higher treatment costs may be the desired outcome to improve customer satisfaction.

As a part of the Strategic Planning, Budgeting and Improvement Process, the Five-Year Goals, One-Year Objectives, and performance measures are integrated through the use of the logic model in order to achieve service delivery and performance improvement. A good example of the integration between performance measures and objectives is the Employee Health and Safety Severity Rate (see pages 101-103) which measures the rate of employee days lost from work due to illness or injury. Since starting the benchmarking process, the Water Authority noticed that its lost workdays were on average fifteen times higher than other utilities. As a result, the Water Authority has used the Objectives to implement several programs including safety incentive bonuses to reduce the number of employee lost days. Overall, the integration of the performance measures and objectives are used to achieve the long-term desired results of the Water Authority's Five-Year Goals.

Performance Accountability & Budgeting

Each Water Authority division manager is responsible for their respective goal areas and objectives and for tracking their performance. The Executive Director, who is the champion and supportive leader of the performance management process, meets with the division managers and their staff to review progress reports on the performance measures and objectives.

A biennial customer opinion survey is conducted to assess the utility's performance from the customer's viewpoint. Results of a customer opinion survey are presented to the Board. The

survey allows the Water Authority to track customer satisfaction on the programs, policies, and operational performance of the organization. Several survey questions are tied to the performance measures and levels of service. In this way, the survey provides qualitative data that relates to quantitative data from the benchmarking to ensure that the Water Authority is balancing performance improvement with customer expectations.

The Water Authority also uses performance measures and performance targets in conjunction with the review of the annual budget. The Executive Director and Division Managers integrate performance reporting into the budget process in order to focus the budget discussion on the allocation of resources and to address performance gaps. Budget requests are tied either to performance measure targets or objectives in terms of providing a justification for their purpose. By integrating the objectives and performance measures into the budget process, the Water Authority has moved from just measuring performance to managing performance and how and what it what it wants to achieve. As a result, the Water Authority has become more transparent and accountable to its customers and the governing board.

Performance Measurement Linkage to Asset Management Planning

The Water Authority has established a Strategic Asset Management Program (SAMP) based on a business model that helps the Water Authority make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. The Water Authority uses performance measures, performance targets, and the customer opinion survey to develop its levels of service to deliver the defined services at the lowest life-cycle cost. In quantifying its performance, the Water Authority has begun to balance its performance with the levels of service, cost of service, customer expectations, and business risk. As a part of its SAMP, the Water Authority has developed its levels of service to coincide with its performance measures at the Goal level. Moreover, a quarterly key performance indicator report is presented to the governing board which provides a snapshot of utility performance by service level categories.

Performance Measurement Linkage to Effective Utility Management

The Effective Utility Management (EUM) was developed by the Environmental Protection Agency and several water and wastewater associations and research foundations. EUM is designed to help water and wastewater utilities comprehensively assess current operations and identify a path to improving in key areas that are the highest priorities. The Water Authority uses EUM to make informed decisions and practical, systematic changes to achieve excellence in utility performance in the face of everyday challenges and long-term needs for the utility and the community it serves.

The Water Authority uses the EUM guidebook to help identify and address its most pressing needs through an incremental, continual improvement management approach. This guidebook, called the Primer, contains *Ten Attributes of Effectively Managed Utilities* which helps the utility maintain a balanced focus on the ten operational areas. Figure 4 provides a performance relationship matrix between the Five-Year Goals and the EUM Attributes. The Water Authority uses performance benchmarking data from both the AWWA and EUM frameworks to select priorities for improvement, based on the utility's strategic objectives and the needs of the community it serves.

Figure 4: Performance Relationship Diagram of Goals and EUM Attributes

EUM Attribute	Water Supply & Operations	Wastewater Collection & Operations	Customer Services	Business Planning & Management	Organization Development	Attribute Score
 CUSTOMER SATISFACTION			■			■
 EMPLOYEE AND LEADERSHIP DEVELOPMENT					▲	▲
 ENTERPRISE RESILIENCY	■	■			■	■
 FINANCIAL VIABILITY			■	■		■
 INFRASTRUCTURE STRATEGY AND PERFORMANCE	■	■		■		■

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

Figure 4: Performance Relationship Diagram of Goals and EUM Attributes (continued)

EUM Attribute	Water Supply & Operations	Wastewater Collection & Operations	Customer Services	Business Planning & Management	Organization Development	Attribute Score
 OPERATIONAL OPTIMIZATION	■	■			■	■
 PRODUCT QUALITY	▲	■				■
 STAKEHOLDER UNDERSTANDING AND SUPPORT			▲			▲
 COMMUNITY SUSTAINABILITY				■	■	■
 WATER RESOURCE SUSTAINABILITY	▲			▲		▲
Goal Score	■	■	■	■	■	■

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

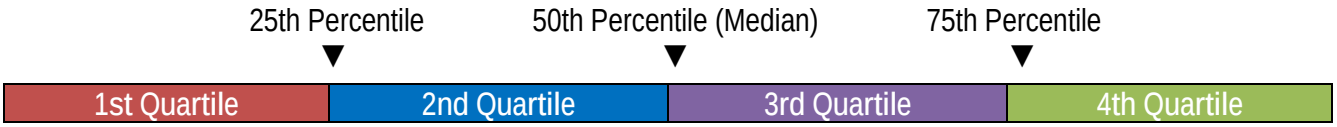
Communicating Performance Measurement

Performance measurement results and progress in meeting performance targets are communicated to elected officials and customers through this report, and to employees throughout the organization. Increasing employee understanding of the performance measures and the organization's long-term goals is a critical step in achieving the Water Authority's long-term goals. The Employee Health and Safety Severity Rate is a good example how the Water Authority educated the importance of meeting its goals and making safety a high priority in the organization. Employee annual performance reviews are aligned with the policy strategic objectives which have helped to educate employees about the utility's core values, goals and annual objectives. It has engaged employees by creating awareness or by specifically allowing employees to be more accountable in improving the utility's performance as measured through its key performance indicators.

Presentation of Data

The Performance Plan's comparative data is presented in quartile rankings. The top quartile reflects the 75th percentile, and the bottom quartile reflects the 25th percentile. The median is the 50th percentile value. Figure 5 illustrates the four quartiles. Data in the 2nd and 3rd quartiles is described as the "Interquartile Range" which includes 50% of all the values submitted for each performance measure. This range is considered nominal or representative of the majority of the data.

Figure 5: Percentile/Quartile Illustration



Layout of Performance Plan

The performance measures are categorized by the Water Authority's Five-Year Goal areas.

- Each Goal area section provides an overview of the Goal with a Guiding Goal Statement and Goal Performance Scorecard for each performance measure.
- Each Goal area section shows how the Objectives are linked to the performance measures and their scorecard status.
- Each performance measure is presented through a logic model of inputs, outputs and outcomes as well as comparative statistics and charts to illustrate how the Water Authority is performing year to year and how it is performing compared to the industry peer group.

A results narrative includes a discussion and analysis of how the performance measure meets anticipated performance targets and long-range goals. If the targets are not being met, an explanation is provided for the reason and what is expected in the future. The Performance Plan also indicates if there are One-Year Objectives related to a performance measure to show how policy directives are used to improve service delivery and/or minimize performance gaps. In addition, the Performance Plan provides customer opinion survey statistics to show how customer expectations relate to the performance measure.

Goal 1
Water Supply and Operations

Guiding Goal Statement

Provide a reliable, safe, affordable, and sustainable water supply by transitioning to renewable supplies and minimizing long term environmental impacts on the community and natural resources while ensuring the ability of the community to grow in a responsible manner.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
1-1	Drinking Water Compliance Rate	▲	▲
1-2	Distribution System Water Loss	▲	▲
1-3	Water Distribution System Integrity	■	■
1-4	O&M Cost Ratios: O&M Cost per account	▲	▲
1-4	O&M Cost Ratios: O&M Cost per MG processed	■	■
1-4	O&M Cost Ratios: Direct cost of treatment per MG	■	■
1-5	Planned Maintenance Ratio	■	■
1-6	Water Use per Capita Consumption	■	■
	Overall Goal Status	■	■

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions: i. Complete source water assessments for surface water and groundwater by the 2nd Quarter of FY23. The source water assessments will utilize the source water protection areas developed from the capture analysis and the updated potential sources of contamination inventory from FY21. Review the results of the source water assessments to determine if changes are required to the RAPP and protection measures; ii. Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY23; iii. Collaborate and coordinate with other agencies, including support of the Water Protection Advisory Board (WPAB) and the Office of Natural Resources Trustee (ONRT) through the end of the 4th Quarter of FY23; and iv. Contract with the NM Bureau of Geology and Mineral Resources to provide an update to the Middle Rio Grande Basin Water Quality Study by the end of the 4th Quarter of FY23.	**1-1**
Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system by the end of the 4th Quarter of FY23.	**1-1**
Complete an assessment of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY23. Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority's Geographical Information System (GIS) group to determine potential impact areas. Subsequently, engage the services of a hydraulic modeling consultant to perform strategic hydraulic modeling to assess resulting water supply capacity limitations and water outage timelines.	**1-1**
Assess arsenic treatment media adsorption capacity at groundwater treatment plants to determine if the nominal 40,000 bed-volume metric marketed by the media manufacturer can be increased and optimized to reduce the frequency of media replacement by the end of the 4th Quarter of FY23. Collect and analyze data captured from the existing four treatment plants to support this objective.	**1-1**
Report on the feasibility of using electro-chemical coagulation as an alternate approach for treating water from high arsenic wells by the end of the 4th Quarter of FY23.	**1-1**
As part of the water distribution system preventative maintenance program, continue the flushing program that uses a systematic approach to flush water lines, filtering the water using the NO-DES system before returning it to distribution by the end of the 4th Quarter of FY23. Monitor monthly and report the occurrence of complaints before and after flushing to evaluate whether the flushing program improved water quality in the pilot area. Identify metrics to be used for measuring the effectiveness of this process moving forward.	**1-1**
To improve the validated water audit inputs for apparent water loss, test a minimum of 300 small meters and half of all large meters to include the top 25 consumers to support the water audit and strategic water loss plan by the end of the 4th Quarter of FY23. Test meters in accordance with the recommendations of the water audit conducted by the Southwest Environmental Finance Center in calendar year 2021.	**1-2**
Locate water leaks by surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY23; Track, evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY23. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY23.	**1-2** **1-3**
Develop a GIS layer to graphically inform operations staff of water and wastewater infrastructure under construction by the end of the 4th Quarter of FY23. This information will improve knowledge transfer between initial utility construction and utility maintenance. The	**1-3**

FY23 Objectives	Measure Reference
information will be utilized to prevent underground utility damages, facilitate scheduled water shutoffs and improve response times during an emergency.	
Provide timely response to utility locate requests and achieve a damage ratio of less than two Water Authority-caused damages per 1,000 utility locate requests by the end of the 4th Quarter of FY23. Explore utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure.	**1-3**
To improve reliability and reduce interrupted water service, inspect at least 4,000 isolation valves by the end of the 4th Quarter of FY23.	**1-3**
To improve energy efficiency and reduce operation and maintenance costs, continue deployment of automated meter infrastructure (AMI) pressure monitoring infrastructure at strategic locations and utilize data to optimize operations by the end of the 4th Quarter of FY23. Work with the vendor on software development to improve functionality.	**1-3**
Work with the New Mexico Environment Department and Office of the State Engineer to begin aquifer storage and recovery (ASR) permitting by the end of the 4th Quarter of FY23. Develop a project plan and cost estimate by the end of 2nd Quarter FY23.	**1-3**
Conduct regular water quality monitoring and reporting of the Water Authority data gap well at the Kirtland Air Force Base (KAFB) Bulk Fuels Facility jet fuel leak site through the end of FY23. Evaluate whether additional monitoring wells are needed by the end of the 1st Quarter of FY23 and seek funding, if applicable.	**1-3**
Develop a drinking water modeling program that maintains a centralized version of the model to include updates from all users, routine user training to keep everyone on the same page with developments and a process for Chief Engineers to submit modeling requests for investigations and receive a documented response by the end of the 4th Quarter of FY23. Update the drinking water model SharePoint page to be a central resource for all drinking water modeling users.	**1-3**
Submit annual treatment data to the Partnership for Safe Water - Treatment program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23. ❖ Maintain turbidities for each individual filter cell and for combined filter effluent at less than 0.1 nephelometric turbidity unit (NTU) more than 95% of time in operation. ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to American Water Works Association (AWWA). ❖ Continue working towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water -Treatment.	**1-4**
Submit annual distribution data to the Partnership for Safe Water - Distribution program for inclusion in the program's annual report of aggregated system water quality data by the end of the 4th Quarter of FY23. ❖ Continue work on items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA.	**1-4**
Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.	**1-5**
Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.	**1-5**
To prepare for increased climate variability, encourage installation of water conservative landscaping, while working towards the *Water 2120* conservation goal of 110 gallons per capita per day (gpcd) by 2037 by implementing the following activities by the end of the 4th Quarter of FY23: i. Perform a smart controller field performance study on the top 5% of residential customers. ii. Increase smart controller rebate adjustments and Xeriscape square feet conversions by comparing current fiscal year to prior fiscal years. iii. Increase the amount of commercial class customers rebate adjustments by comparing from baseline (prior fiscal year) to current fiscal year.	**1-6**

FY23 Objectives	Measure Reference
iv. Increase Xeriscape square feet conversions by comparing the current fiscal year to prior fiscal years. Begin outreach to target golf courses for turf removal and conversion to non-potable sources. v. Work on outreach and education to target multi-family accounts for water savings by establishing a pilot program for homeowner's associations.	
Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Residential Irrigation Audits; 2) 100 Landscape Professionals Trained; 3) 10 Meetings with Apartment Managers; and 4) two Water Conservation Open House Meetings by the end of the 4th Quarter of FY23.	**1-6**
Evaluate the current Drought Management Plan in the framework of drought triggers, drought management measures, and reduction targets to manage consumer demand in times of drought by the end of the 2nd Quarter of FY23.	**1-6**
To better educate children on the importance of water and resource planning, continue to collaborate with ¡Explora! to coordinate Water Authority staff for mentorships and facilitation of interactive water exhibits for the new Science Technology Engineering Mathematics (STEM) center through the 4th Quarter of FY23.	**1-6**
Provide leadership and support of the Middle Rio Grande Endangered Species Collaborative Program (ESA Collaborative Program) through: 1) Participation in the Collaborative Program Executive Committee and 2) Participating in the development of adaptive management practices for the program through the 4th Quarter of FY23.	**1-6**
To support native water storage for water users in the Middle Rio Grande as approved by Congress, complete acquisition of easements for additional storage in Abiquiu Reservoir by the end of the 4th Quarter of FY23. Continue towards permitting and environmental approvals for storage of native water in Abiquiu Reservoir through the 4th Quarter of FY23.	**1-6**

Performance Measure Division Responsibility

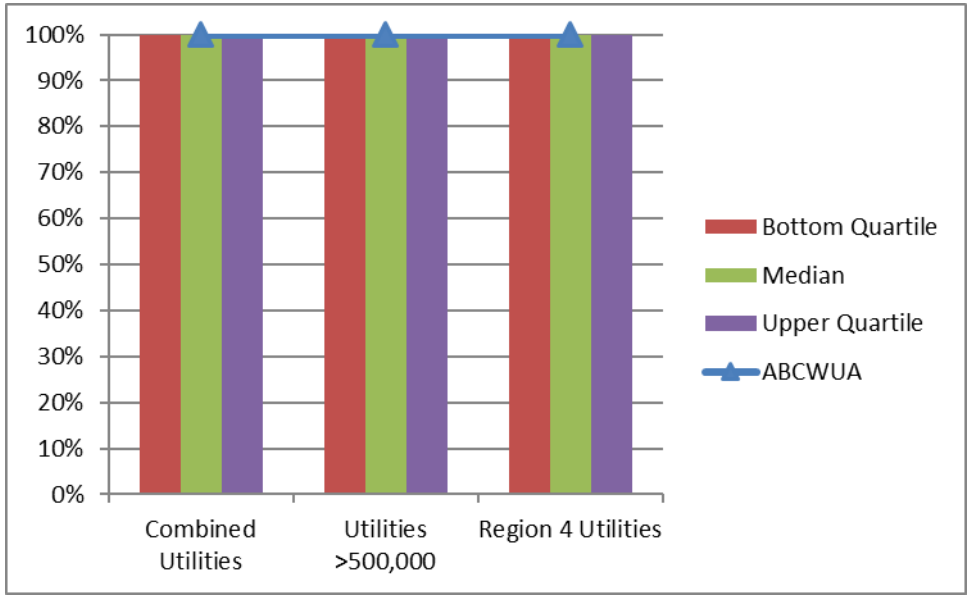
Ref #	Performance Measure	Operations Plant	Operations Field	Operations Compliance	Operations Water Resources, Engineering & Planning
1-1	Drinking Water Compliance Rate	✓		✓	
1-2	Distribution System Water Loss		✓		✓
1-3	Water Distribution System Integrity		✓		✓
1-4	O&M Cost Ratios: O&M Cost per account	✓	✓		
1-4	O&M Cost Ratios: O&M Cost per MG processed	✓			
1-4	O&M Cost Ratios: Direct cost of treatment / MG	✓			
1-5	Planned Maintenance Ratio	✓	✓		✓
1-6	Water Use per Capita Consumption				✓

1-1 Drinking Water Compliance Rate

Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Quality	Quantify the percentage of time each year that the Water Authority meets all of the health-related drinking water standards in the US National Primary Drinking Water Regulations	Number of days in full compliance	100%	100%	100%	100%	100%	100%	Provide safe and reliable drinking water to our customers 100% of the time

Industry Benchmark



Results Narrative

The drinking water compliance rate indicates the percent of time that a drinking water utility is in full compliance with all of the water quality contaminants and treatment techniques mandated for public water systems in the United States. A utility measures its compliance relative only to those primary maximum contaminant levels and treatment techniques that apply to its operations. The drinking water compliance rate uses simple tests of "in compliance" and "not in compliance." As a performance measure for comparative analysis, the drinking water compliance rate allows a utility to gauge its compliance with health-related drinking water parameters relative to other water utilities reporting data into the comparative analysis system.

Measurement Status

The Water Authority has been in 100% compliance for the past three fiscal years and is on-target to meet 100% compliance for the next two fiscal years.

For FY12, the Water Authority developed several policy objectives to improve the processes and procedures for water quality compliance reporting. The Water Authority created a new Compliance Division in FY10 to better improve and consolidate all its compliance functions. In FY13, the Compliance Division developed and implemented a reporting system and environmental monitoring program.

In FY19, the Water Authority revised its Water Quality Report with an updated design. The updated report has an easier-to-read design that was developed with input from ratepayers via the utility's Customer Conversations program. The report, a requirement of the EPA, provides information about where our drinking water originates, how it is made safe to drink, and water quality regulations. It also includes the results of EPA-required sampling and testing.

In FY20, the Water Authority received recognition from the Partnership for Safe Water for treatment and distribution system operations. The Partnership for Safe Water provides self-assessment and optimization programs so that utilities have the tools to optimize water utility operation and help ensure public health protection. As a part of this program, a target was established to maintain filter effluent turbidity less than 0.1 NTU more than 95% of time in operation.

In FY23, the Water Authority will work towards the application for the Phase IV Excellence in Water Treatment Award in the Partnership for Safe Water-Treatment program.

2020 Customer Opinion Survey

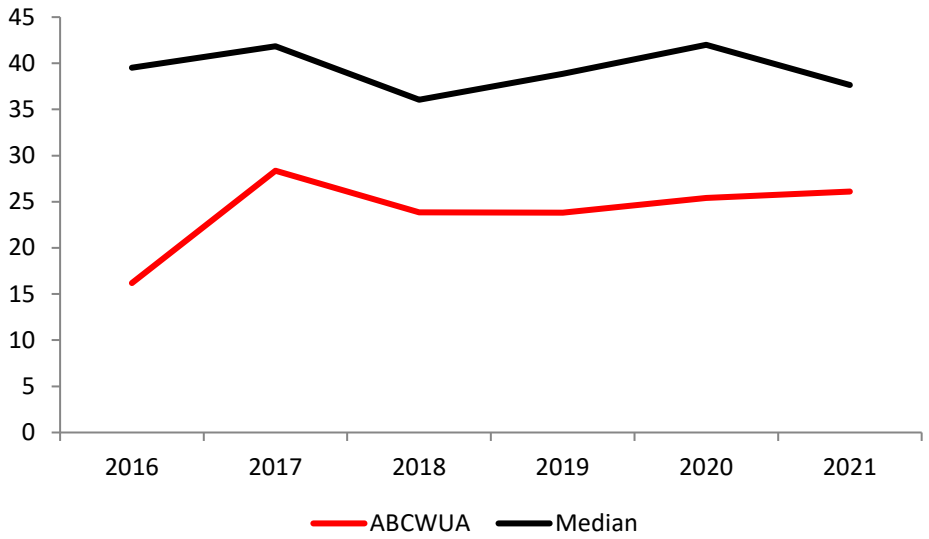
- 97% of customers are either very or somewhat satisfied with the reliability/availability of water
- 77% of customers are either very or somewhat satisfied with the safety and purity of drinking water
- 79% of customers are either very or somewhat satisfied with the quality (taste, smell, appearance) of drinking water

1-2 Distribution System Water Loss

Performance Results (Real Losses – gallons per service connection per day)

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				2019	2020	2021	2022	2023	
Efficiency	Quantify the amount of produced water that fails to reach customers and cannot otherwise be accounted for through authorized usage	Total water loss from leakages, total water distributed	25.1	23.8	25.4	26.1	29.2	28.0	Improve water use efficiency and recover lost revenue

Industry Benchmarks



Lower Values Desirable

Results Narrative

Distribution system water loss is the difference between the volume of water distributed for use by all customer classes and the volume of water actually consumed by authorized users. There are many factors contributing to distribution system water loss. The major ones are leakage, metering inaccuracies, and unauthorized consumption. Among these, only leakage is a true loss of water. Metering inaccuracies affect the utility's capability for measuring true loss, but such inaccuracies can lead to both overstatements and understatements of the true loss. Because water losses impact revenues, it is important that a utility have practices in place to understand the specific causes of losses in its system. Tracking water losses will help the Water Authority understand the condition of distribution system infrastructure and the effects of its operation, maintenance, and replacement practices. This measure provides opportunity for the Water Authority to compare the distribution system water loss against that in the distribution systems of other utilities.

Measurement Status

Compared to its industry peers, the Water Authority has been successful in maintaining very low real water losses. In FY09, the Water Authority began its leak detection program that focused on finding water line leaks before they surface, fixing leaking hydrants, and improving meter inaccuracy.

The Water Authority has utilized the AWWA Water Audit methodology in determining its apparent and real water losses. In FY19, the utility's water audit was validated. In FY20, the Water Authority improved the validated water audit inputs for apparent water loss, conducted a statistically significant number of small meter tests to support the water audit and strategic water loss plan. The utility also conducted an apparent loss forensic analysis and identify areas of improvement for reducing water loss. In FY22, the utility validated the FY21 water audit and evaluated strategies to reduce both apparent and real water losses.

In FY23, the Water Authority will begin a 3-year program of replacing the current leak detection units with updated technology.

2020 Customer Opinion Survey

- 70% of customers are either very or somewhat satisfied with the condition of the water lines in the number of leaks that they may observe surfacing

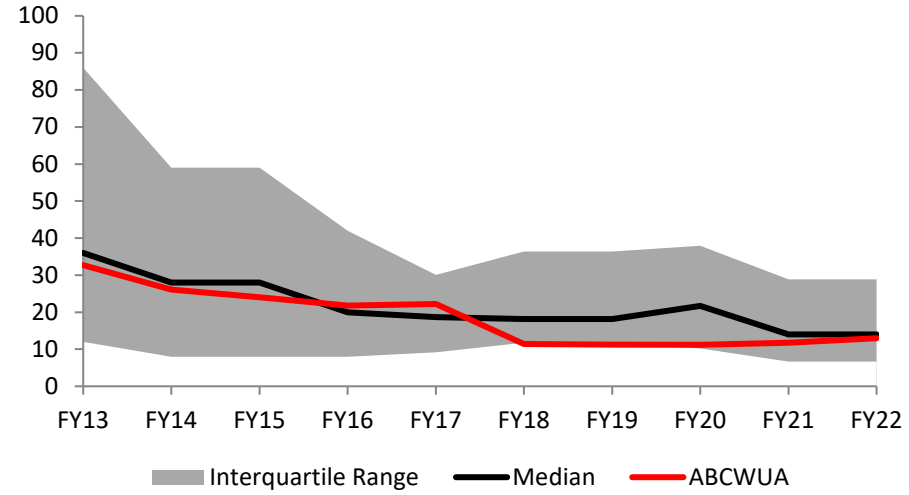
1-3 Water Distribution System Integrity

Performance Results

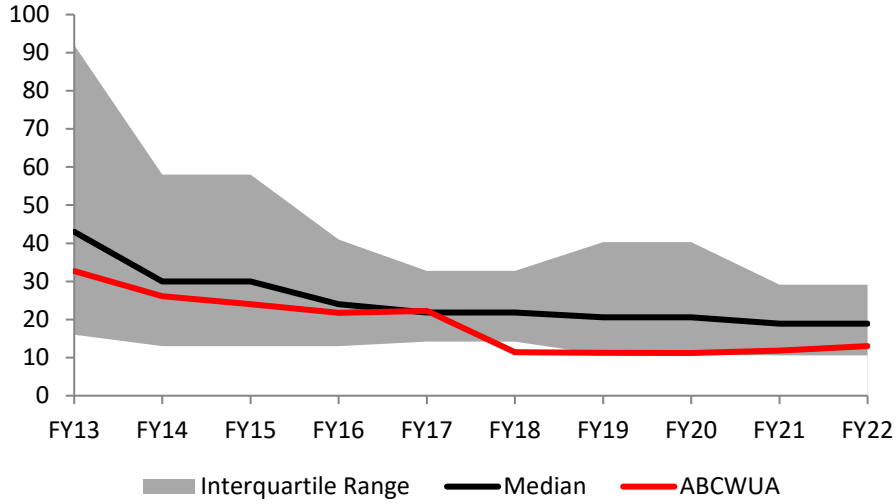
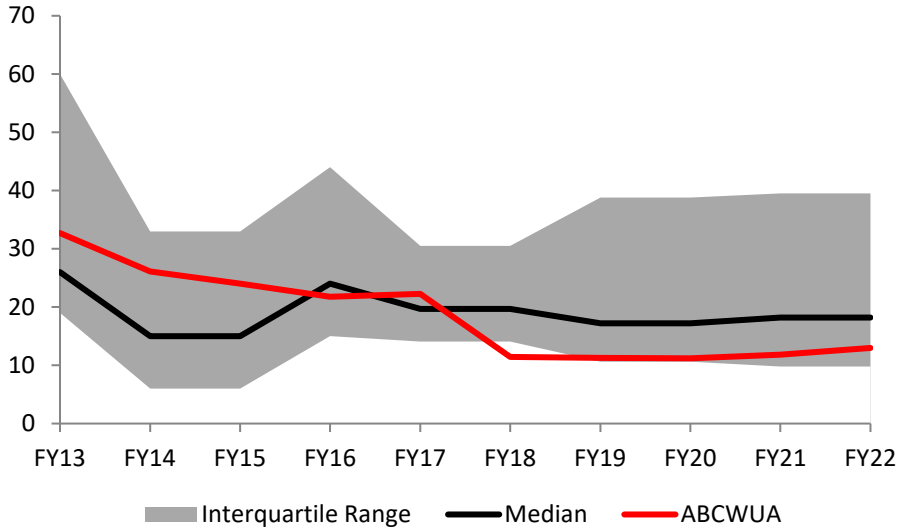
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the condition of the water distribution system	Number of leaks per 100 miles of distribution piping	11.2	11.3	11.2	11.2	13.0	11.3	Improve the condition and reliability of the water distribution system and reduce emergency repairs and water supply interruptions

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

For a water utility, distribution system integrity has importance for health, customer service, operations, and asset management reasons. Excessive leaks and breaks result in increased costs due to an increased number of emergency repairs. Utilities use operational and maintenance (O&M) procedures designed to reduce the value of this measure. The cost of these (O&M) programs must be balanced against the cost of emergency repairs and the consequences of water supply interruptions. Comparing the value of this measure with other utilities can provide information on the rate that many utilities may find acceptable.

Measurement Status

The Water Authority's performance in this measure has been below the median for the past three fiscal years. The Water Authority has adopted policy objectives to increase spending on water line rehabilitation which will help reduce emergency repairs and water supply interruptions. Since FY08, the Water Authority has invested $1 million in steel water line rehabilitation in addition to planned water line rehabilitation spending. The purpose for this objective is to target steel lines because they have a higher frequency of leaks than other material types in the system. The Water Authority included as an objective for FY22 to continue spending an additional $1 million in steel water line rehabilitation. In FY23, $2 million has been appropriated for steel water line rehabilitation.

In FY11, the Water Authority completed a ten-year asset management plan for its small diameter water lines. This plan has been utilized in its capital planning in order to replace water lines that are past their useful life and have had multiple leaks on the same line segment.

In February 2020, the Water Authority updated the asset management plan for small diameter waterlines and sewerlines. This update included: completing an inventory of all the lines, identifying the installation year, material type and size; assessing the Probability of Failure of the lines; determining the Consequence of Failure of the lines; calculating the risk of line failure; and creating a 10-year capital improvement replacement plan budget.

2020 Customer Opinion Survey

- 75% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to repair leaks and the response time for restoring service

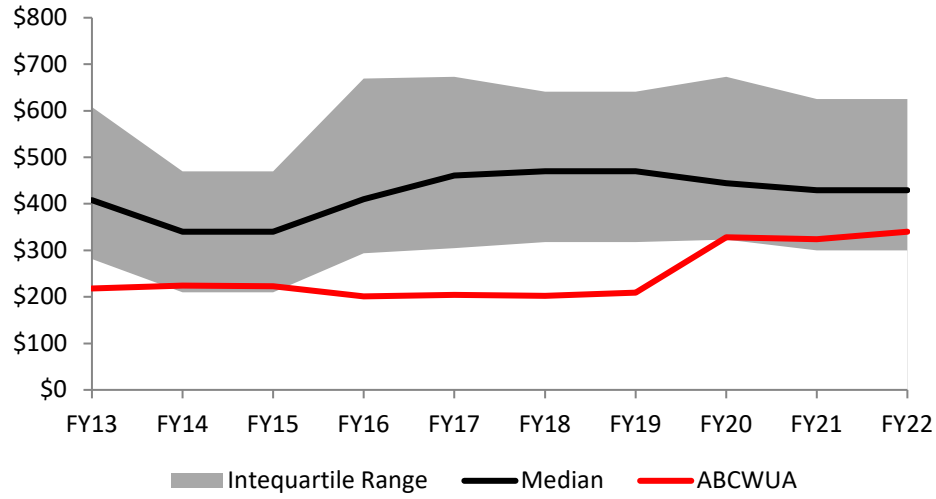
1-4 Operations and Maintenance Cost Ratio

Performance Results for O&M Cost per Account

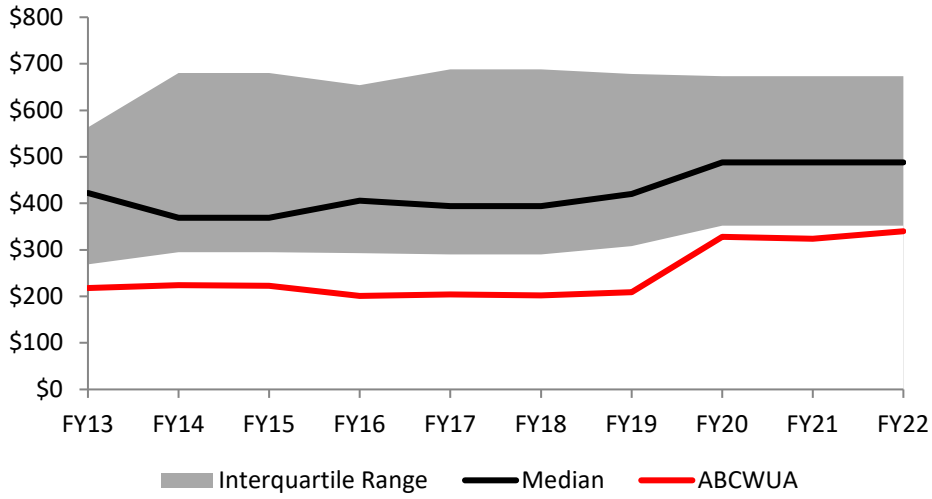
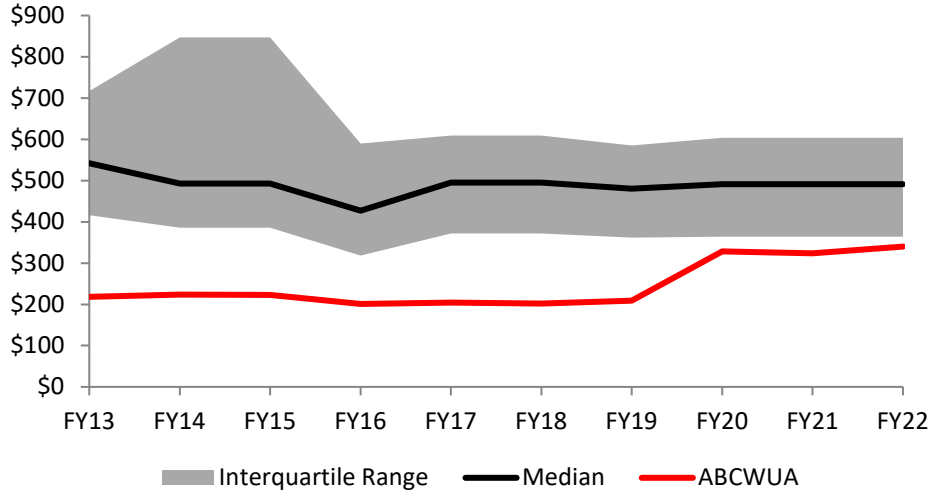
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total number of active customer accounts	$287	$209	$328	$324	$340	$340	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per Account

Combined Water/ Wastewater Utilities



Lower Values Desirable

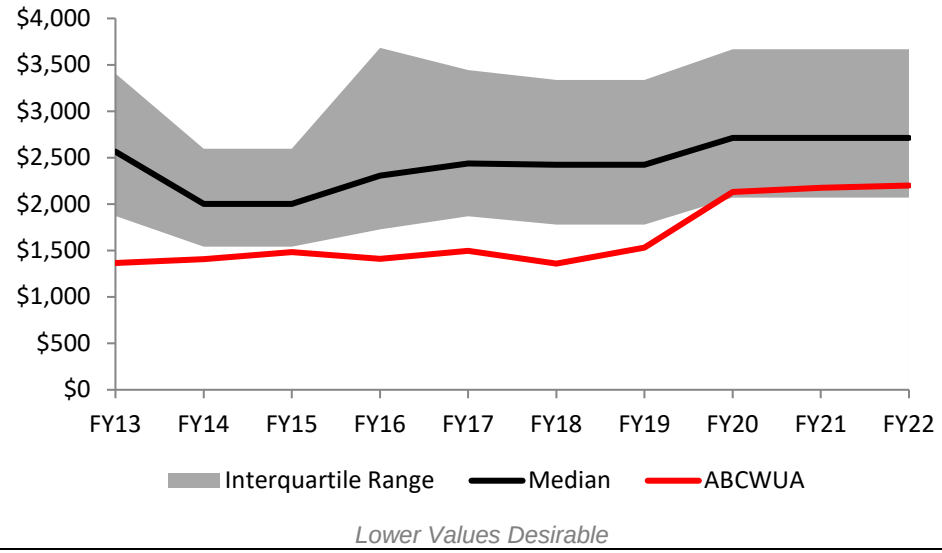
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost per MG Distributed

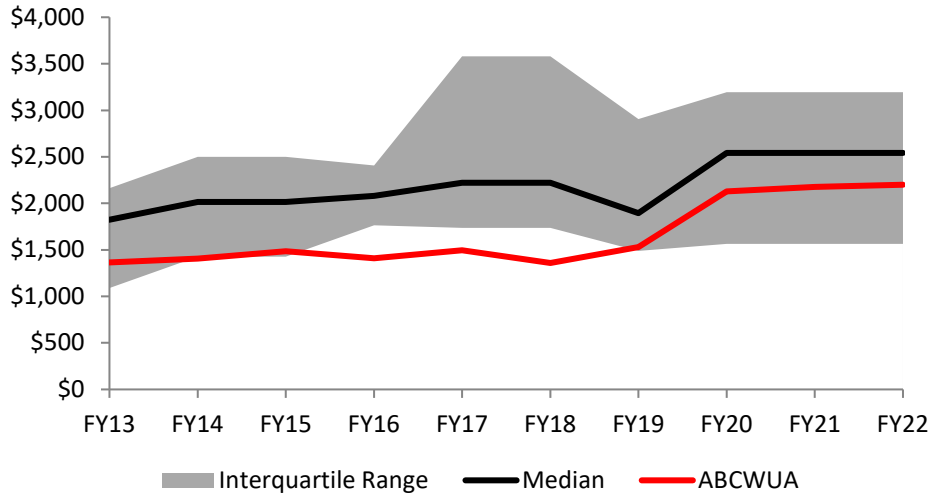
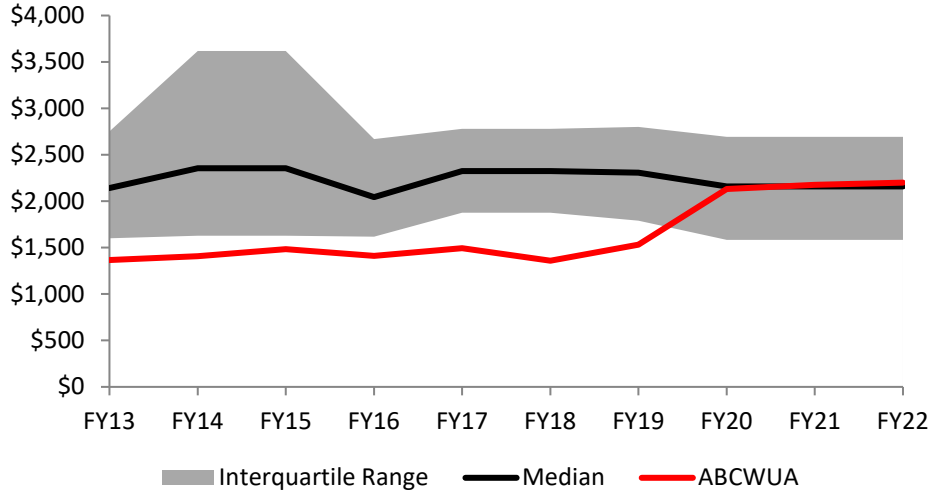
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total volume of water distributed	$1,946	$1,531	$2,130	$2,177	$2,200	$2,200	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per MG Distributed

Combined Water/ Wastewater Utilities



Lower Values Desirable

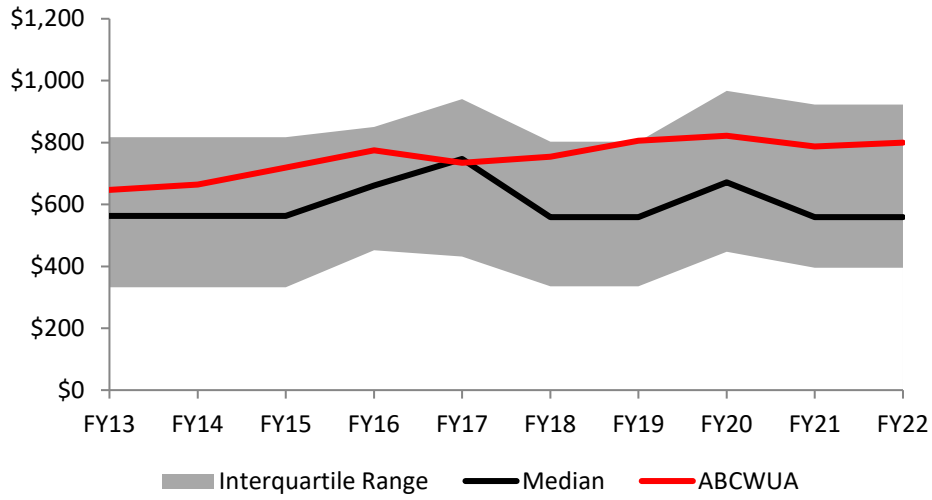
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost of Treatment per MG

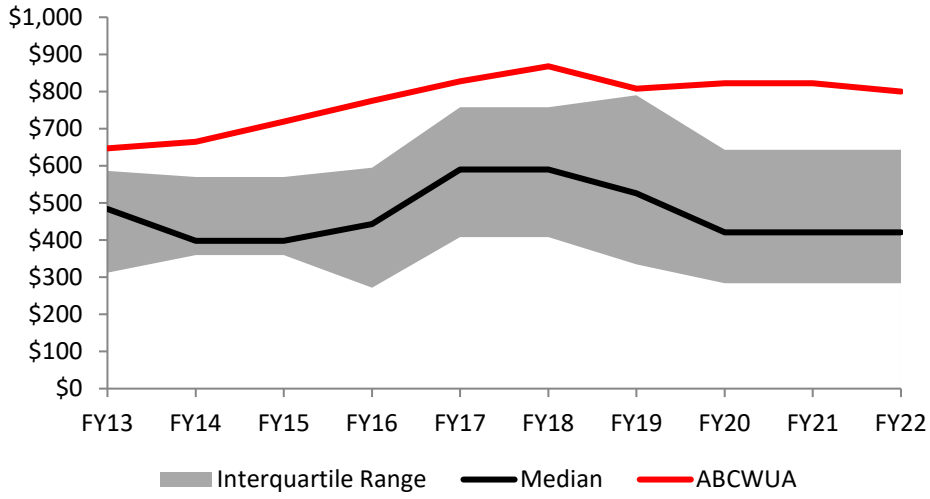
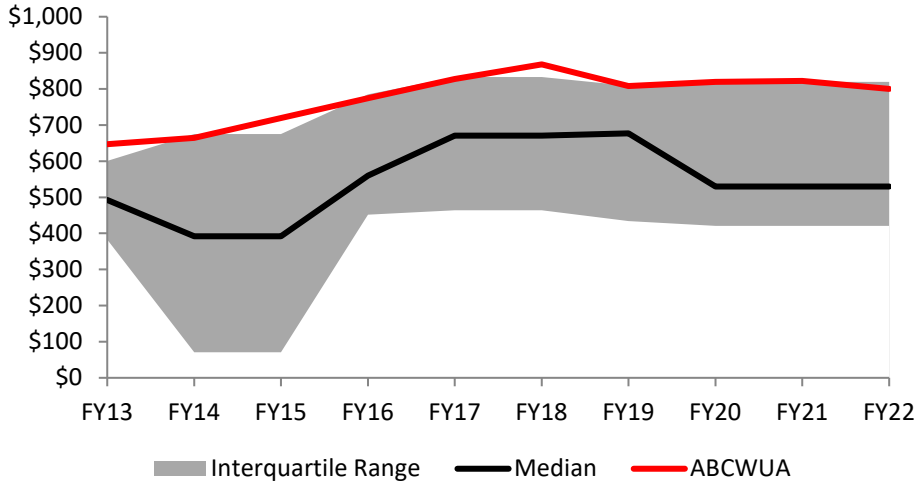
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total Direct O&M costs and total volume of water treated	$805	$806	$822	$787	$800	$800	Maintain lower O&M costs without reducing customer level of service

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative
These related measures tally the cost of O&M per account and per million gallons of water processed. Comparing the value of this measure with other utilities can provide information regarding the status of current accepted practices.

Measurement Status
The Water Authority's performance in this measure has been above the median range for the past three fiscal years except for Treatment O&M. Treatment O&M costs have increased with operating both surface and ground water supply systems which provides more sustainability and reliability to customers. The Water Authority has also installed solar arrays to generate 7.5 MW in electricity for its two treatment plants (drinking water and wastewater). The renewable energy produced by these facilities, plus participation in the local energy utility's peak electrical demand response program, saves about $2 million annually. For FY23, the Water Authority will continue to work on the Partnership for Safe Water program to optimize its system operations and performance.

Another FY23 Objective is to continue deployment of automated meter infrastructure pressure monitoring infrastructure to improve energy efficiency and reduce operation and maintenance costs in reduced pressure zones. Through hydraulic modeling, opportunities will be assessed for operational efficiency by eliminating redundant pressure reducing stations.

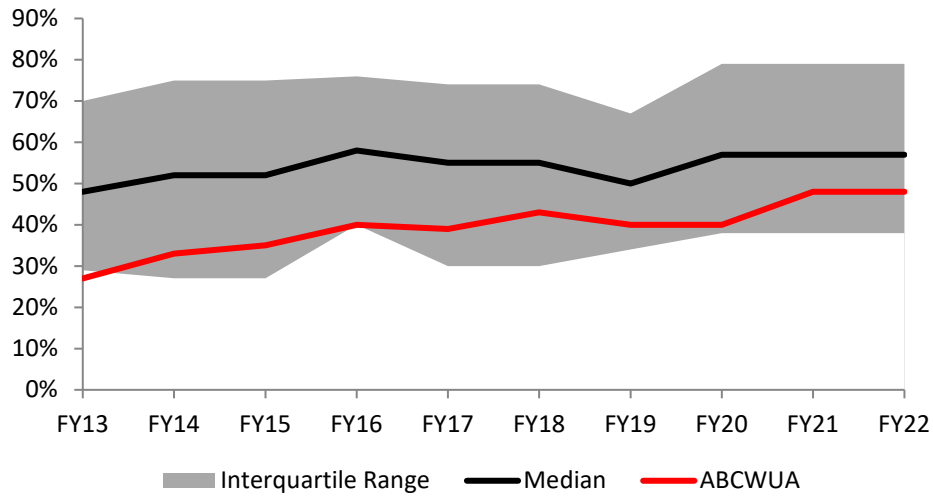
1-5 Planned Maintenance Ratio

Performance Results

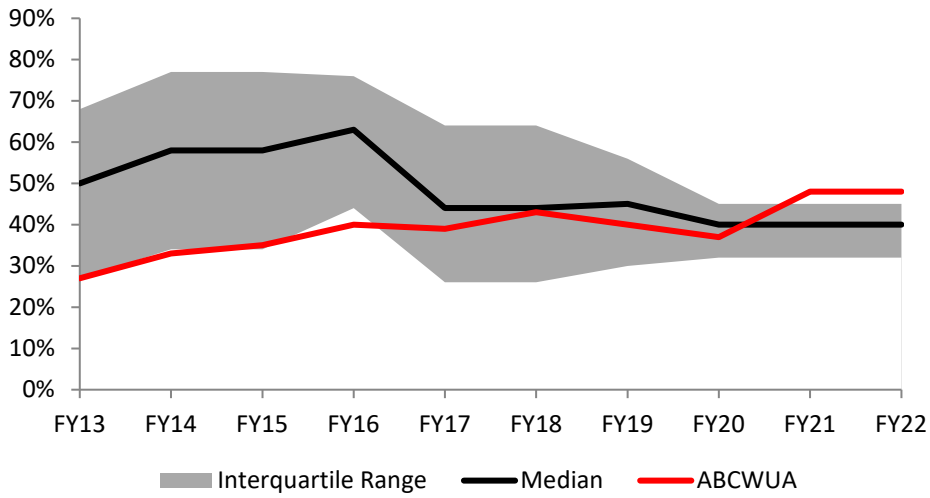
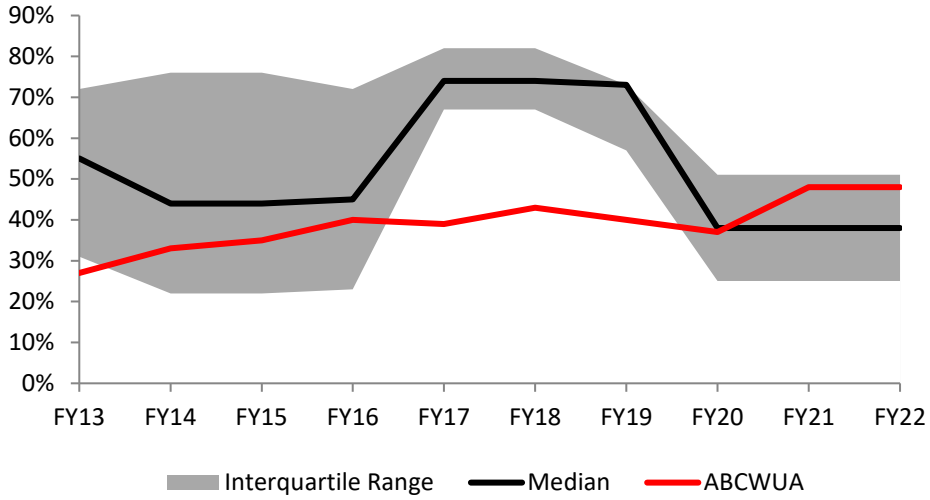
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Comparison of how effectively the Water Authority is in investing in planned maintenance	Hours of planned maintenance compared to hours of corrective maintenance	40%	40%	40%	48%	48%	50%	Reduce emergency maintenance from system malfunctions

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

Planned maintenance includes preventive and predictive maintenance. Preventive maintenance is performed according to a predetermined schedule rather than in response to failure. Predictive maintenance is initiated when secondary monitoring signals from activities indicate that maintenance is due. All other maintenance is categorized as corrective (i.e., maintenance resulting from an asset that is no longer providing reliable service such as a breakdown, blockage, or leakage). Planned maintenance is preferable for assets for which the cost of repairs is high relative to the cost of corrective maintenance. The avoided cost includes both the cost of repair and the cost consequences of the service disruption, with the latter including an allowance for customer costs. Many utilities want to increase their percentage of planned maintenance activities and reduce their percentage of corrective maintenance activities. A higher ratio may indicate a reduction in emergency maintenance resulting from system malfunctions (e.g., pipeline breaks or pump failures).

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years and has increased beginning in FY21. Since FY08, the Water Authority has used this performance measure to identify gaps in planned/preventative maintenance activities. Over the past six fiscal years, the Water Authority has focused on increasing water operations planned maintenance for its groundwater facilities and the surface water plant. For the distribution system, the Water Authority will be increasing planned maintenance through its leak detection program mentioned in Performance Measure 1-2, Distribution System Water Loss.

For FY23, there are two policy objectives with planned maintenance targets for both the ground and surface water facilities and the water distribution system.

Planned maintenance is a key component to the Water Authority's asset management program. In FY18, the Water Authority upgraded its work order system to integrate with the Water Authority's asset management program to collect and track its asset information. The purpose for this upgrade was to obtain better information to make better decisions on the Water Authority's assets.

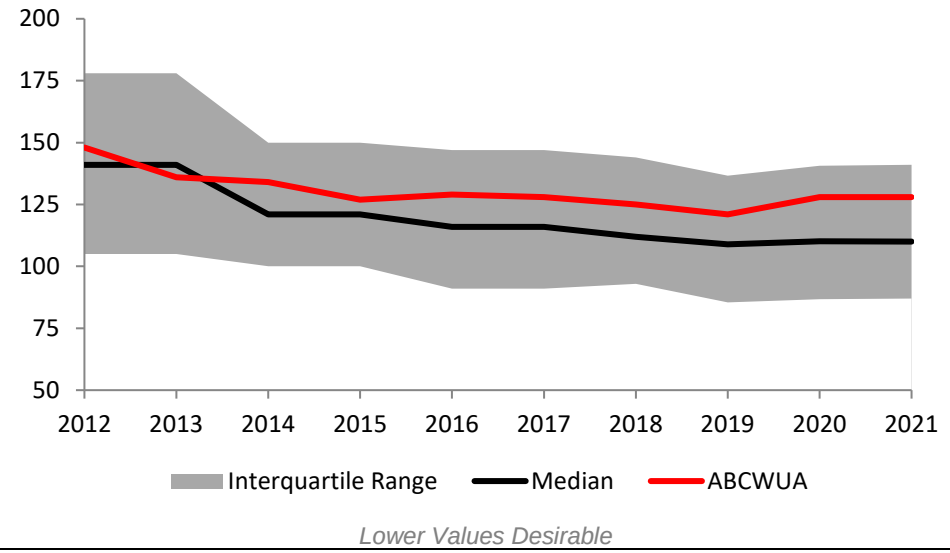
1-6 Water Use per Capita Consumption

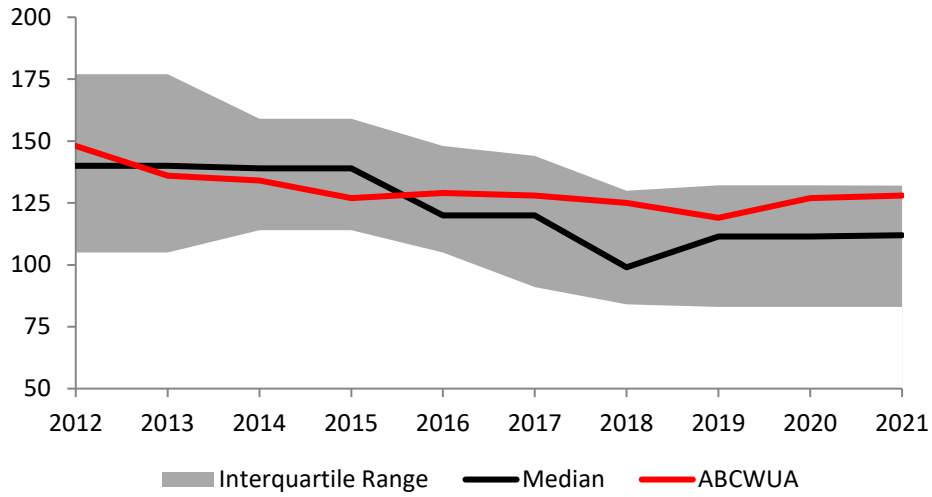
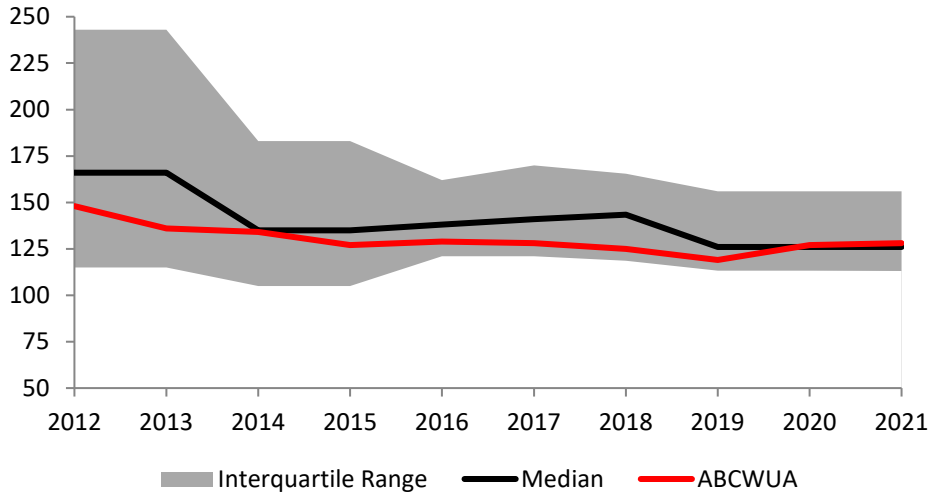
Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				2018	2019	2020	2021	2022	
Effectiveness	Measure water savings by comparing the annual consumption and account growth by customer class and system-wide per capita usage	Gallons per person per day (GPCD)	124	125	121	128	128	127	Reduce water consumption to extend water resources and minimize environment impacts

Industry Benchmarks

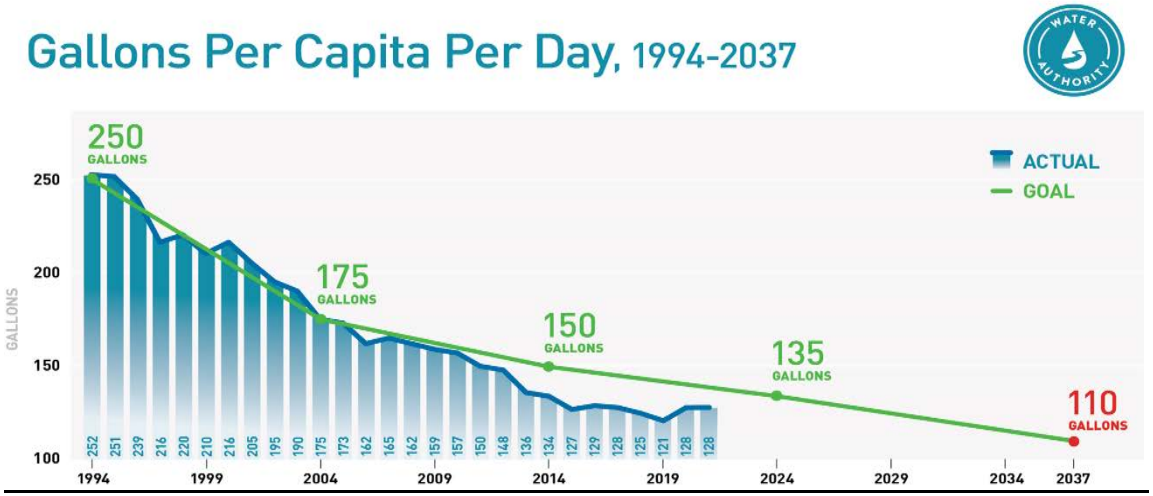
Combined Water/ Wastewater Utilities



Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

In 2021, despite high temperatures and the ongoing drought, customer demand was almost 1 billion gallons less than in 2020. In 2021, the US Census Bureau released the Biennial Census data. The average size per household decreased and this changed the estimates in the population served causing the GPCD in 2021 to remain the same as in 2020.



One reason for the success in water reduction is from the 1-2-3-2-1 "Water by the Numbers" program, which asks Water Authority customers to voluntarily limit their outdoor water usage to one day per week in March, two days a week in April and May and three days a week in the summer before ramping down in the fall. To the right is the diagram used to educate customers on the program.

2020 Customer Opinion Survey

- 72% of customers are either very or somewhat satisfied with the utility's conservation programs
- 62% of customers either strongly or somewhat agree that they follow the Water by the Numbers program when setting their irrigation schedule

Goal 2
Wastewater Collection & Operations

Guiding Goal Statement

Provide reliable, safe and affordable wastewater collection, treatment and reuse systems to protect the health of the Middle Rio Grande Valley by safeguarding the regional watershed, minimizing environmental impacts, and returning quality water to the Rio Grande for downstream users.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
2-1	Sewer Overflow Rate	■	■
2-2	Collection System Integrity	■	■
2-3	Wastewater Treatment Effectiveness Rate	■	■
2-4	O&M Cost Ratios: O&M Cost per account	▲	▲
2-4	O&M Cost Ratios: O&M Cost per MG processed	■	■
2-4	O&M Cost Ratios: Direct cost of treatment per MG	■	■
2-5	Planned Maintenance Ratio	■	■
	Overall Goal Status	■	■

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan, initiate a manhole monitoring pilot study to diagnose flow patterns and provide advance alerts of downstream blockages. Complete a two-year pilot program with preliminary observations by the end of the 4th Quarter of FY23.	**2-1**
In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of the unlined concrete lines 15-inch diameter and larger by the end of the 4th Quarter of FY23.	**2-1** **2-2**
Manage chemical usage to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Identify metrics for monitoring and reporting by the end of the 1st Quarter of FY23. Monitor and report metrics through the end of the 4th Quarter of FY23. Identify additional odor control stations as needed.	**2-2**
As part of the CMOM Program, evaluate pilot modifications to the Sub-Basin cleaning program. Look at possible changes such as sub-basin cleaning frequency to optimize effectiveness of preventative maintenance cleaning to the lines most likely to spill by the end of the 4th Quarter of FY23.	**2-2**
Install AMI devices in three additional vacuum station service areas to gather system performance data and respond quickly to low-vacuum conditions by the end of the 4th Quarter of FY23.	**2-2**
Initiate a feasibility study to determine the appropriate technology and locations for new, permanent pH monitoring stations to be constructed on each of the four interceptors entering the SWRP and send real-time information to the Supervisory Controls and Data Acquisition (SCADA) systems by the end of the 4th Quarter of FY23. These stations will provide important real-time data on pH excursions that may adversely impact the SWRP treatment process, will be able to immediately identify on which interceptor the issue is occurring, and provide a continuous and high-quality historical data record for any necessary enforcement. The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by the end of the 2nd Quarter of FY23, as required in the permit.	**2-2**
National Pollutant Discharge Elimination System (NPDES) Pretreatment Program monitors compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance: o Monitor continuous discharge permitted industries 16 days per year or 4 days per quarter; o Complete 16 industrial permit inspections each quarter; o Complete 175 Food Service Establishment inspections each quarter; and o Complete 52 dental office inspections each quarter. Report on performance and percent of Sewer Users in compliance for each category each quarter during FY23.	**2-2** **2-3**
Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. Obtain a compliance rate goal of 75% through the end of the 4th Quarter of FY23.	**2-2** **2-3**

Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by working with the Collections section with SSO investigations to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years through the end of the 4th Quarter of FY23.	**2-2** **2-3**
Limit overall permit excursions to no more than 5 operating discharge permit violations to comply with effluent quality standards through the end of the 4th Quarter of FY23.	**2-3**
Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY23.	**2-3**
Optimize operation of the new digester gas cleaning system and cogeneration facility emission reduction systems to meet air quality limits set by the new permit by the end of the 4th Quarter of FY23.	**2-3**
The NPDES Program will collaborate with Plant Operations to complete the monitoring, strategy determination and planning processes required to develop and submit a Mercury Minimization Plan by the end of the 2nd Quarter of FY23, as required in the permit.	**2-3**
Continue work on the Partnership for Clean Water program for the Southside Water Reclamation Plant (SWRP) to optimize system operations and performance; Continue work on outstanding items identified from the Phase 3 Self-Assessment that are not yet considered optimized and submit a progress report to AWWA by the end of the 4th Quarter of FY23.	**2-4**
While striving to emit zero odors from the wastewater collections system and SWRP, work to reduce the cost of odor control chemicals by optimizing the amount of residual iron sludge discharged from the surface water treatment by the end of the 4th Quarter of FY23.	**2-4**
Generate at least 25% of total SWRP power needs from the on-site solar array and from digester gas-fueled cogeneration by the end of the 4th Quarter of FY23 and report progress quarterly.	**2-4**
To gain information for future re-use projects, establish appropriate key performance indicators (KPIs) for the chloramination process at SWRP used to disinfect effluent re-use water by the end of the 4th Quarter of FY23. Use these indicators to optimize chemical feed rates at SWRP and at the Puerto del Sol and Mesa del Sol closed loop pumping systems to maintain desired water quality for effluent re-use water.	**2-4**
Complete Wastewater Plant Preventive Maintenance to Corrective Maintenance ratio to at least 45% of all completed maintenance labor hours by the end of the 4th Quarter of FY23.	**2-5**
Complete full-scale design of the Silvery Minnow habitat created by the SWRP Outfall Project by the end of the 1st Quarter of FY23. Submit required documents to receive ONRT funding to begin construction of the project by the end of the 2nd Quarter of FY23. Apply for additional funding sources (e.g., Water Trust Board, River Stewardship Program) for the construction of the project.	**N/A**
In support of the Bosque Water Reclamation Plant, identify relevant and required easements, permits, and environmental documents required for project design, construction, and operation by the end of the 2nd Quarter of FY23. Work collaboratively to develop actions, workflow, and timeline for completion of the required easements, permits, and environmental documents by the end of the 4th Quarter of FY23.	**N/A**

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations Plant	Operations Field	Operations Compliance
2-1	Sewer Overflow Rate		✓	
2-2	Collection System Integrity		✓	
2-3	Wastewater Treatment Effectiveness Rate	✓		✓
2-4	O&M Cost Ratios: O&M Cost per account	✓	✓	
2-4	O&M Cost Ratios: O&M Cost per MG processed	✓		
2-4	O&M Cost Ratios: Direct cost of treatment / MG	✓		
2-5	Planned Maintenance Ratio	✓	✓	

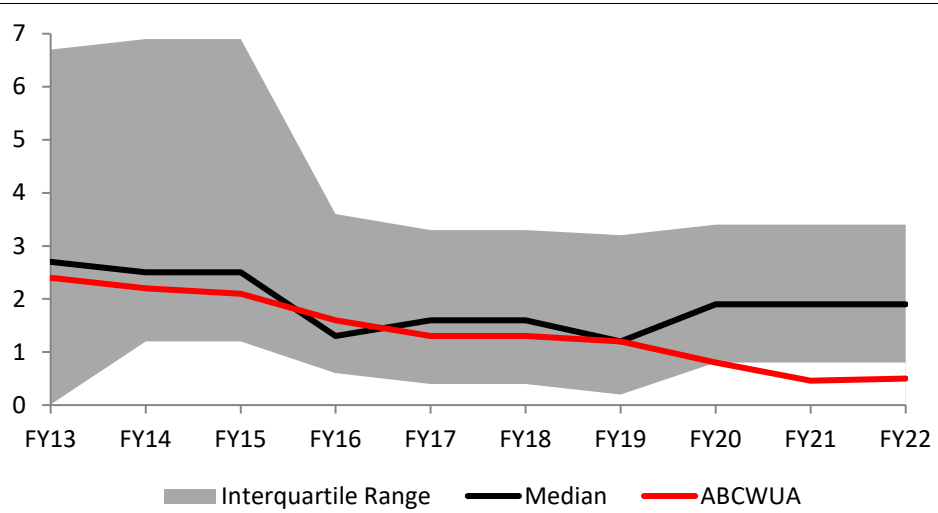
2-1 Sewer Overflow Rate

Performance Results

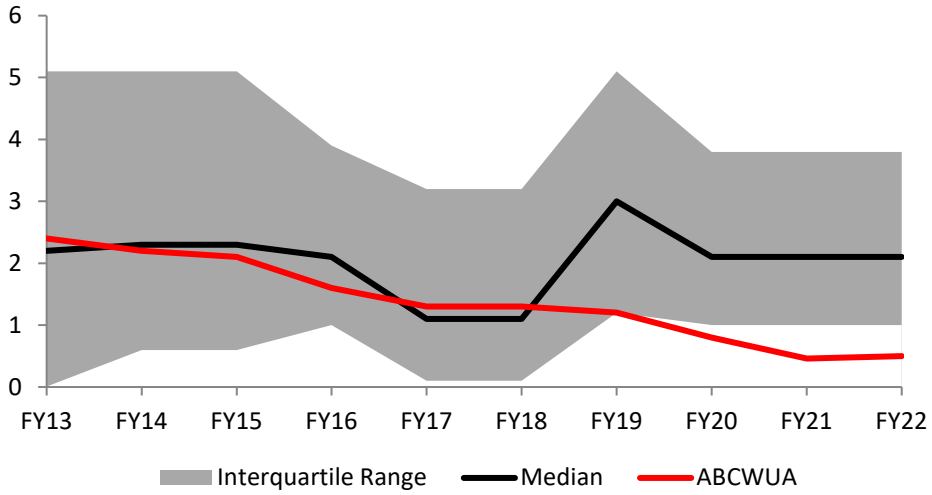
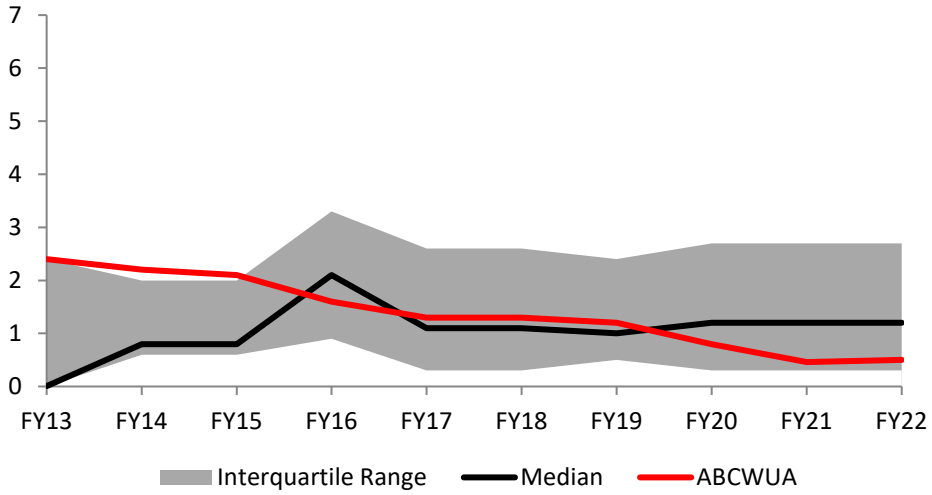
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the condition of the collection system and the effectiveness of routine maintenance	Number of sewer overflows per 100 miles of collection piping	0.8	1.2	0.8	0.5	0.5	0.5	Improve the condition and reliability of the collection system and reduce customer complaints

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

Overflows are good measures of collection system condition and the effectiveness of maintenance activities. This measure is intended to measure overflows created by conditions within collection system components under control of the utility. This measure does not include conditions which are deemed outside control of the utility such as general flooding from wet weather conditions.

Measurement Status

The Water Authority's performance in this measure has been within or above the median range for the past three fiscal years and is on-target to maintain a very low overflow rate for the next two fiscal years. The Water Authority has been using its GIS in connection with its upgraded work order system based on asset management principles to analyze sanitary sewer overflows. For FY14, the Collection Section implemented the CMOM activities from the CMOM report completed in FY13. The FY23 Objectives will help to improve the monitoring, cleaning, and response procedures related to sewer overflows.

Every year, the Water Authority provides bill inserts reminding customers not to pour cooking grease down the drain as this causes backups and overflows in the collection system; this usually occurs during the holidays.

2020 Customer Opinion Survey

- 72% of customers are either very or somewhat satisfied with the condition of the sewer lines in the number of overflows that they may observe
- 70% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to respond to overflows or backups and the response time for restoring service

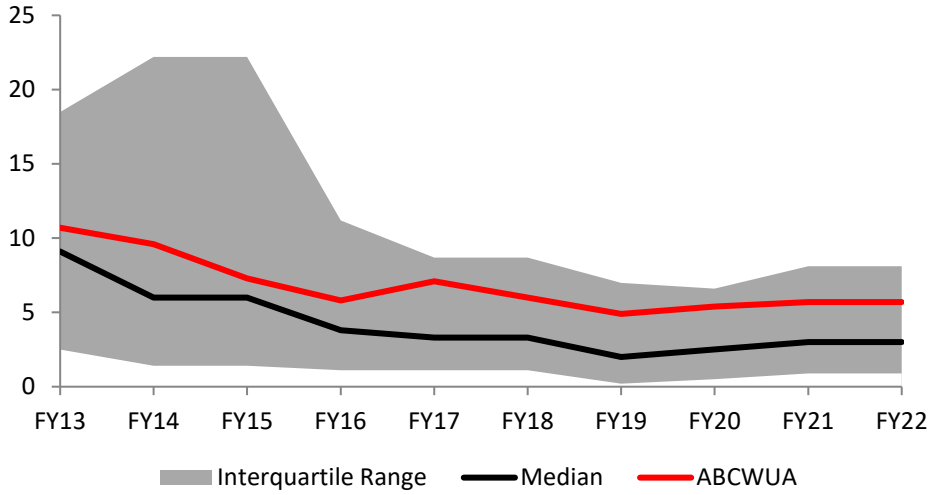
2-2 Collection System Integrity

Performance Results

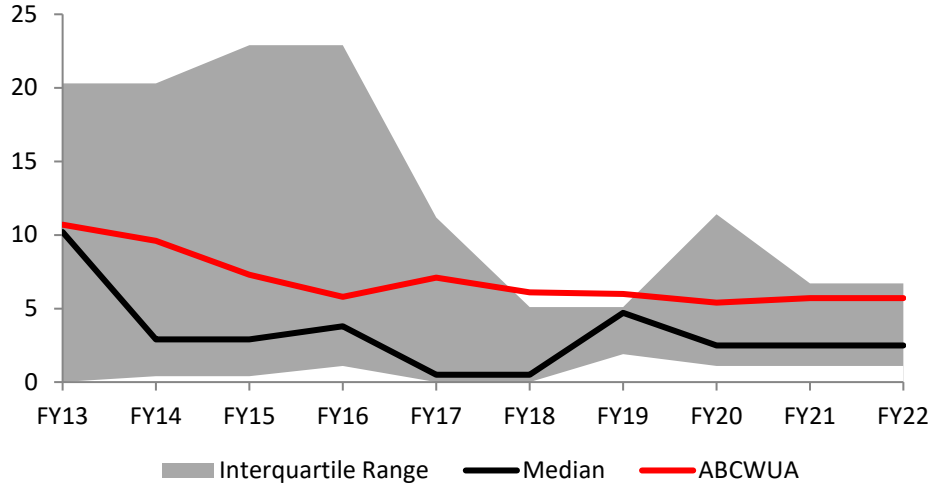
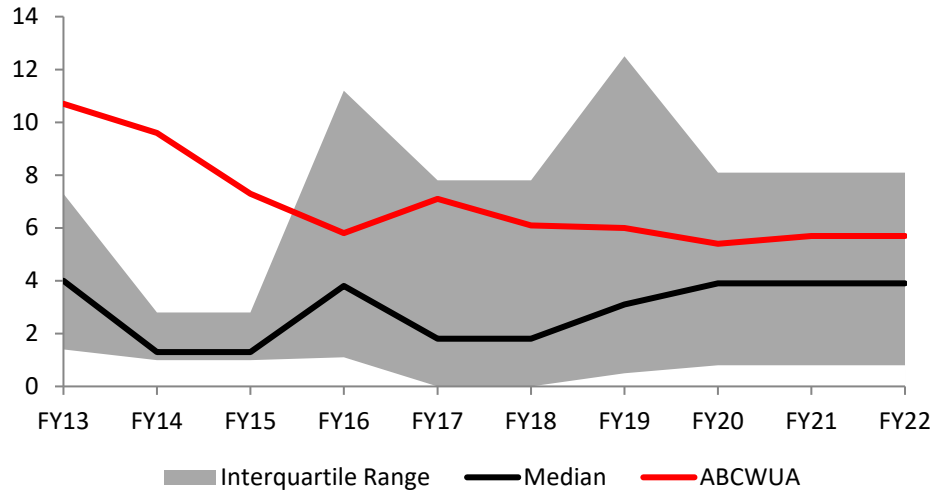
Measure Type	Purpose	Inputs	Outputs					Outcome
			Baseline	Prior Year Actuals		Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure of the condition of a sewage collection system	Number of collection system failures each year per 100 miles of collection system piping	5.3	4.9	5.4	5.7	5.7	5.3	Improve the condition and capacity of the collection system and minimize catastrophic failures

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

When tracked over time, a utility can compare its failure rate to those at other utilities and it can evaluate whether its own rate is decreasing, stable, or increasing. When data is maintained by the utility to characterize failures according to pipe type and age, type of failure, and cost of repairs, better decisions regarding routine maintenance and replacement/renewals can be made.

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years. For FY11, the Water Authority completed ten-year asset management plans for both its small and large diameter sewer lines. These plans were utilized for the utility's capital planning to help minimize expensive catastrophic failures.

In February 2020, the Water Authority updated the asset management plan for small diameter water lines and sewer lines. This update included: completing an inventory of all the lines, identifying the installation year, material type and size; assessing the Probability of Failure of the lines; determining the Consequence of Failure of the lines; calculating the risk of line failure; and creating a 10-year capital improvement replacement plan budget.

For FY23, there is a policy objective to assess the condition of small diameter sanitary sewer lines as a part of the CMOM program.

2020 Customer Opinion Survey

- 95% of customers are either very or somewhat satisfied with the reliability of wastewater collection
- 79% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to control odors form sewer lines or treatment facilities

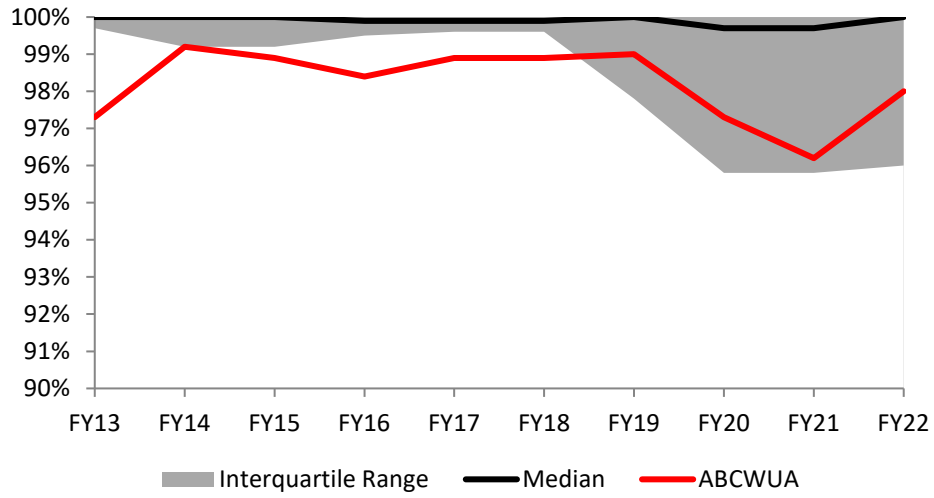
2-3 Wastewater Treatment Effectiveness Rate

Performance Results

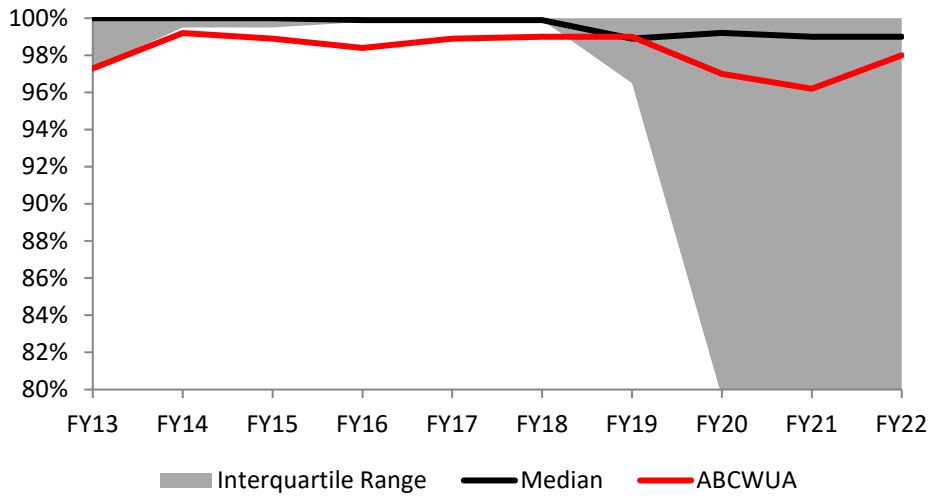
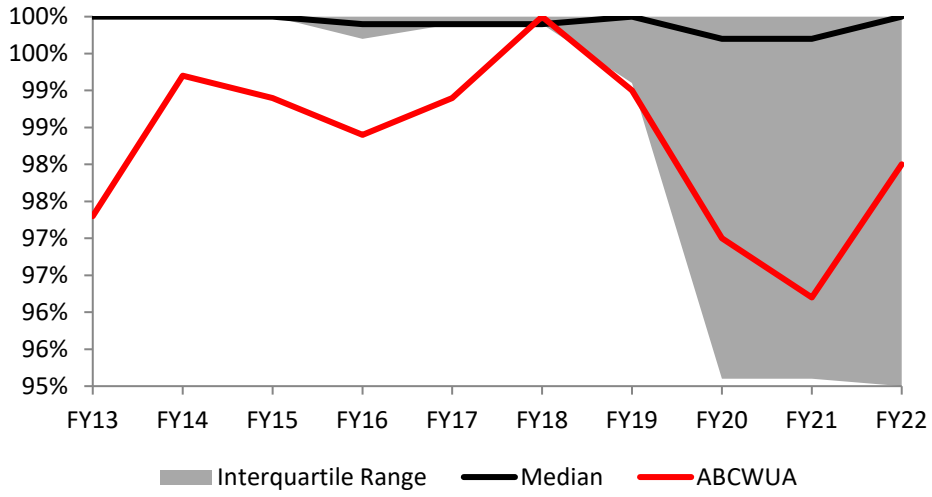
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Quality	Quantify the Water Authority's compliance with the effluent quality standards in effect at its wastewater treatment facilities	Percent of time each year that an individual wastewater treatment facility is in full compliance with applicable effluent quality requirements	97.6%	99.2%	97.3	96.2	98.0	99.0	Minimize environmental impacts to the river by returning high quality water to the river

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

The wastewater treatment effectiveness rate allows a utility to compare its treatment effectiveness rate for its facility with those at other utilities. It also can track its individual facility performances over time. Ideally, the percentage of days in a year that the treatment facility satisfies all discharge permit requirements should be 100%. A number lower than this indicates that a violation occurred during the year.

Measurement Status

The Water Authority's performance in this measure has been above the median range for last three fiscal years. The Water Authority's goal in for FY23 is to have no more than five non-compliance days.

In FY11, the Water Authority completed conversion to ultraviolet disinfection to eliminate use of chlorine for safety, security and to protect river environment. The Water Authority will continue to meet its performance targets during major rehabilitation activities at the wastewater treatment plant. The utility is close to completing a $250 million overhaul of the treatment plant.

Peak Performance AWARDS
NATIONAL ASSOCIATION OF CLEAN WATER AGENCIES

The Water Authority received the NACWA **Silver** Peak Performance Award in 2013-2014, 2016-2019 which recognizes public wastewater treatment facilities for their outstanding compliance records.

2020 Customer Opinion Survey

- 84% of customers feel that it is very or somewhat important that the Water Authority should return high quality treated water back to the river

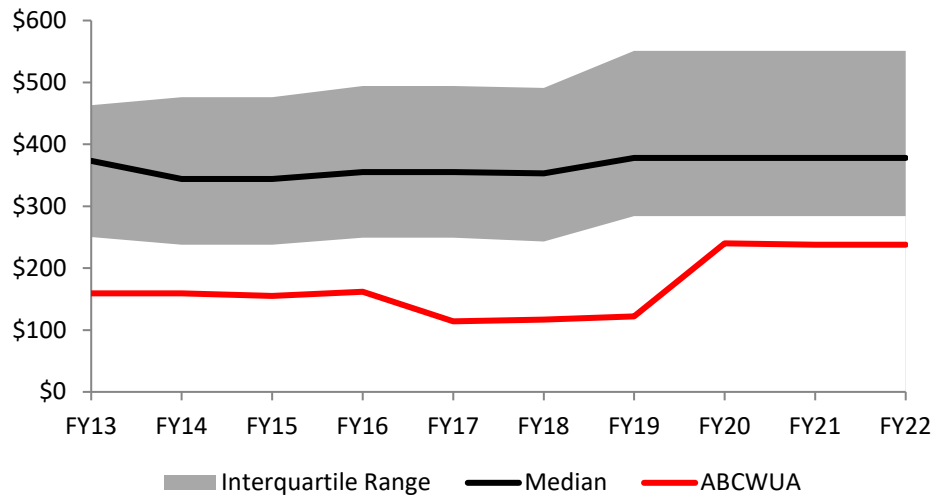
2-4 Operations and Maintenance Cost Ratio

Performance Results for O&M Cost per Account

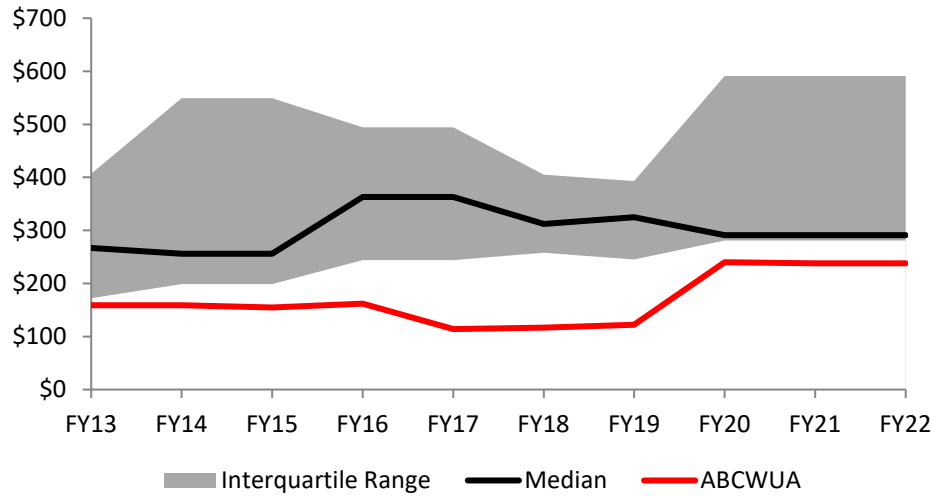
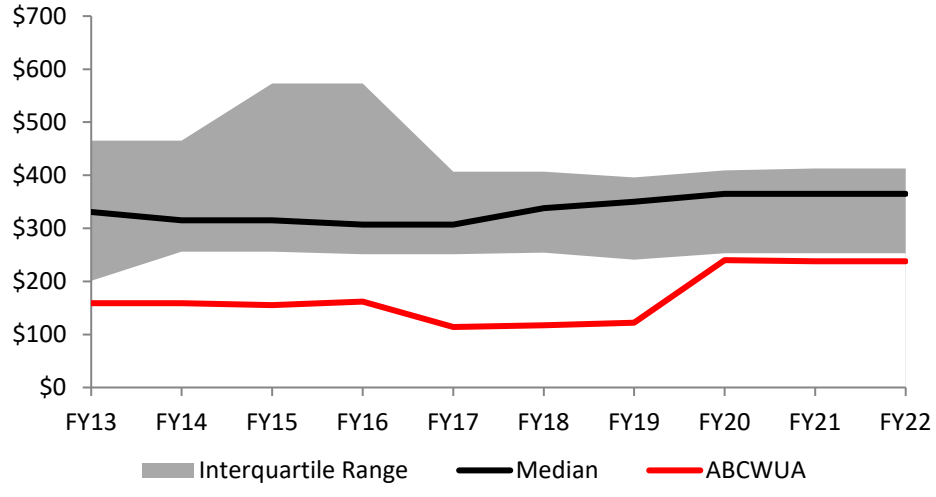
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total number of active customer accounts	$200	$122	$240	$238	$238	$240	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per Account

Combined Water/ Wastewater Utilities



Lower Values Desirable

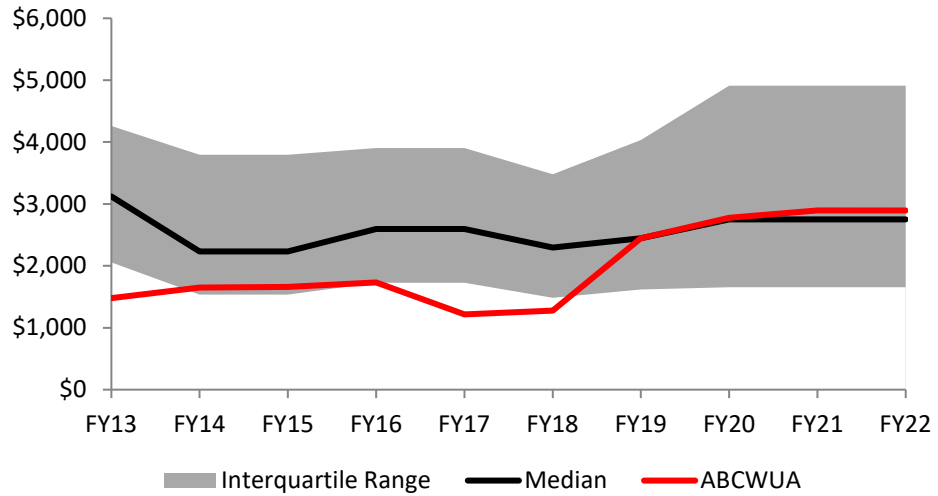
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost per MG Collected

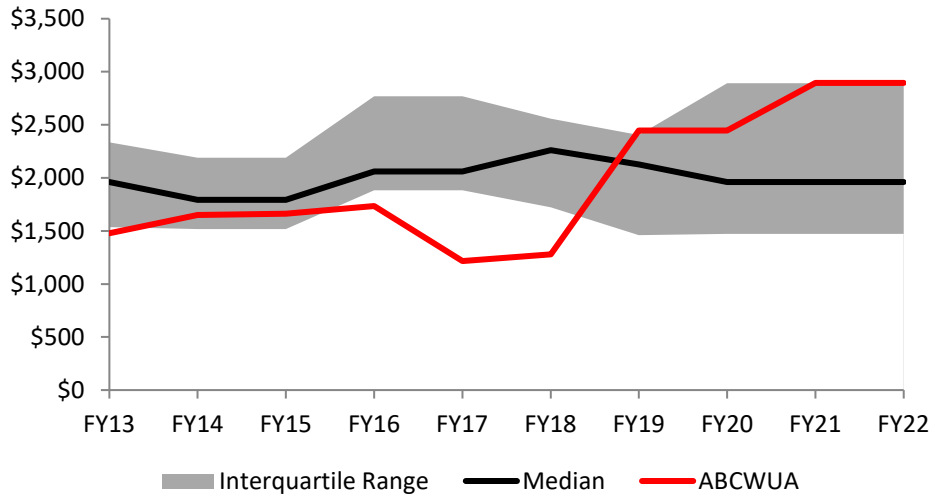
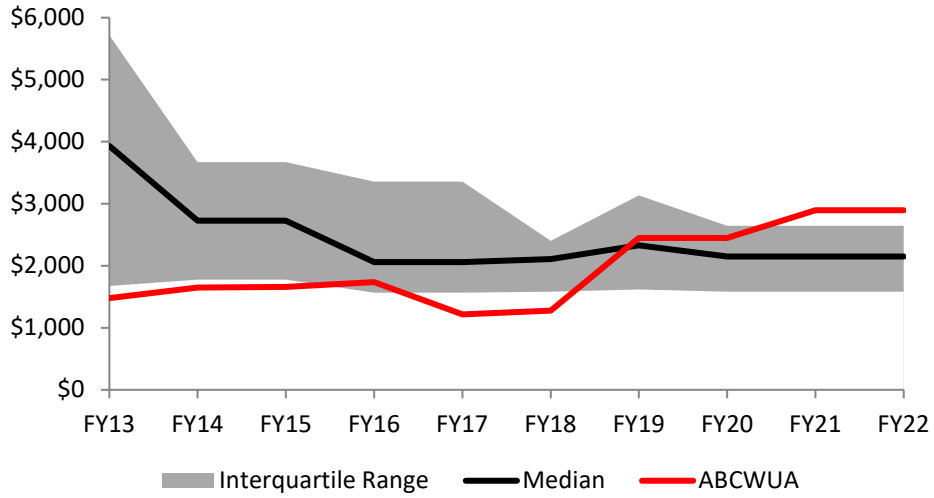
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total wastewater collected	$2,706	$2,447	$2,777	$2,895	$2,895	$2,750	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per MG Collected

Combined Water/ Wastewater Utilities



Lower Values Desirable

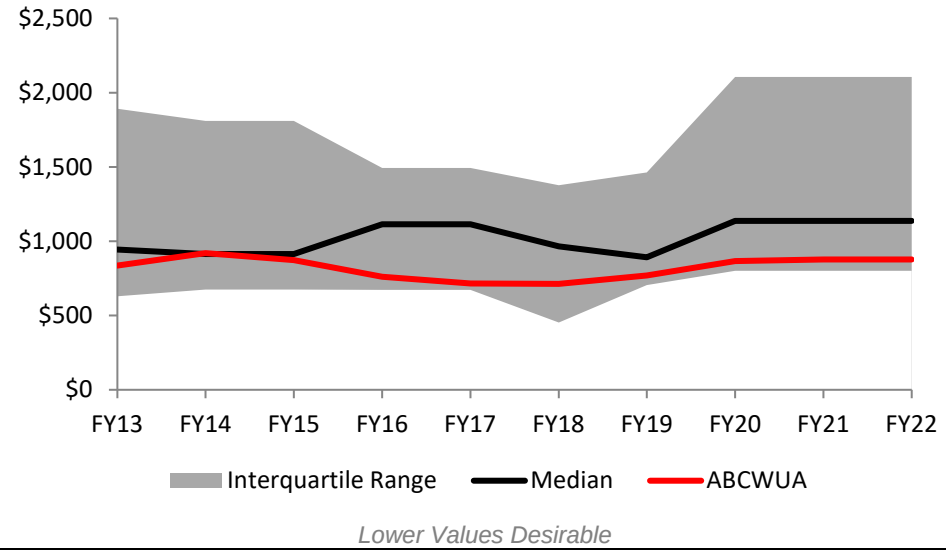
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost of Treatment per MG

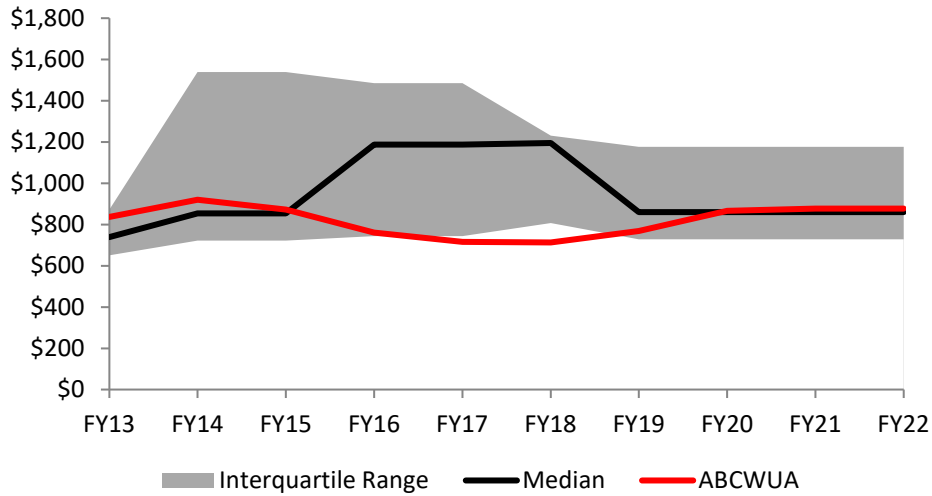
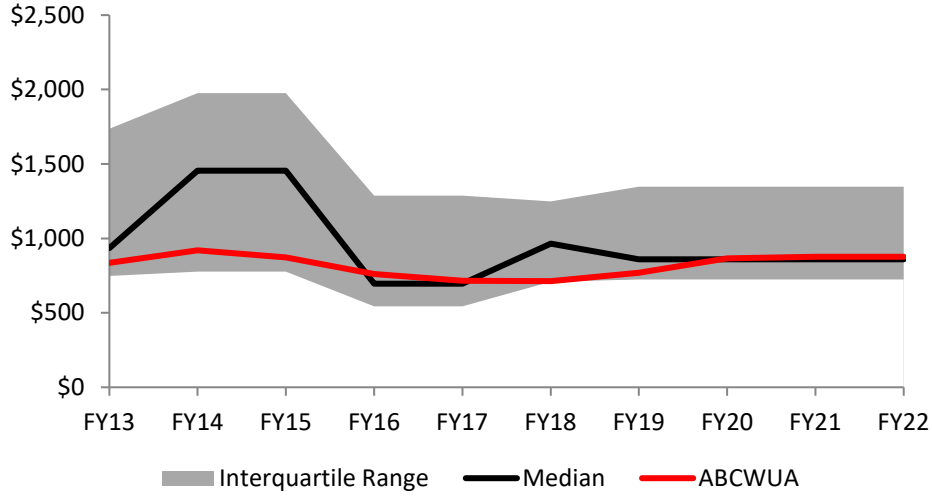
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total Direct O&M costs and total wastewater treated	$838	$769	$867	$877	$877	$877	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost of Treatment per MG

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative
These related measures tally the cost of O&M per account and per million gallons of wastewater processed. Comparing the value of this measure with other utilities can provide information regarding the status of current accepted practices.

Measurement Status
The Water Authority's performance in this measure has been above or within the median range for the past three fiscal years and is on-target to maintain this performance for the next two fiscal years.

A FY10 policy objective involved constructing ultraviolet disinfection facilities and replacing the current chlorine gas for disinfection and sulfur dioxide gas for dechlorination at the wastewater treatment plant. This project was completed in FY11, and it has helped to reduce operation costs, provide cleaner water that is returned to the river, and meet effluent quality requirements.

In FY20, the Water Authority received recognition from the Partnership for Clean Water for treatment operations. The Partnership for Clean Water provides self-assessment and optimization programs so that utilities have the tools to optimize wastewater utility operation and help ensure public health protection.

For FY23, the Water Authority will continue to work on the Partnership for Clean Water program to optimize its system operations and performance.

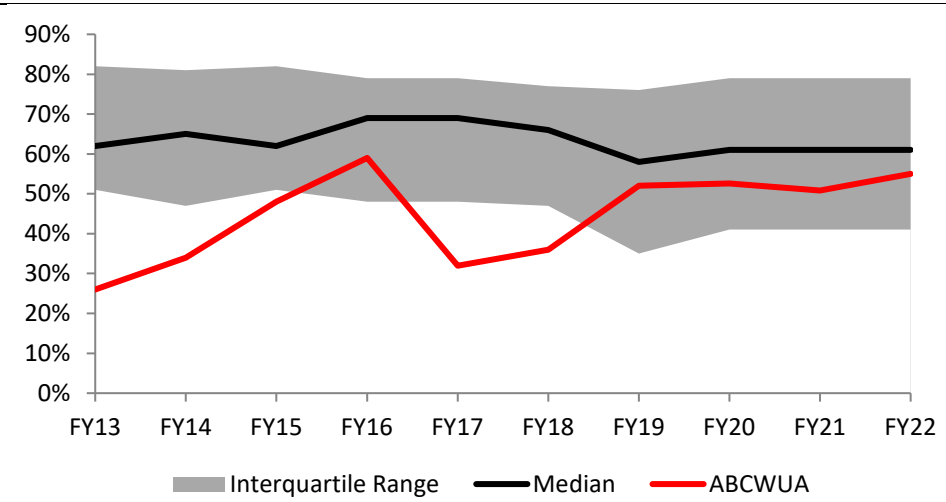
2-5 Planned Maintenance Ratio

Performance Results

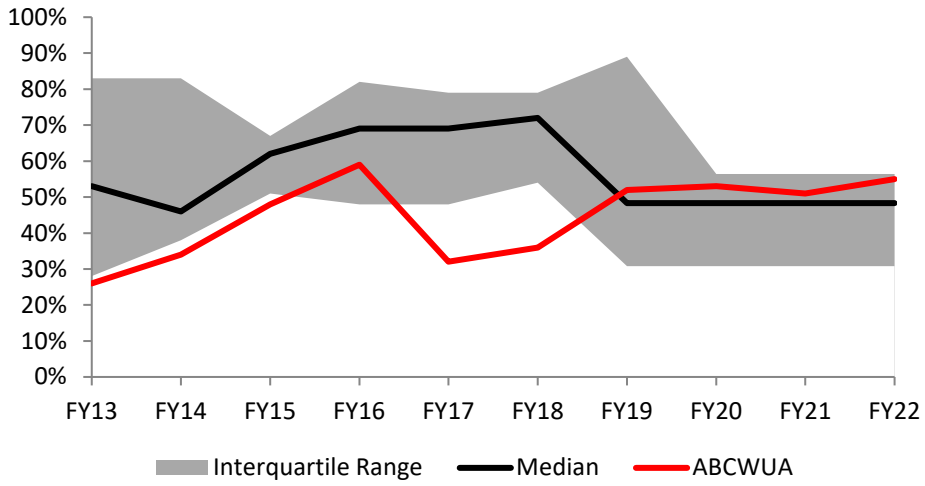
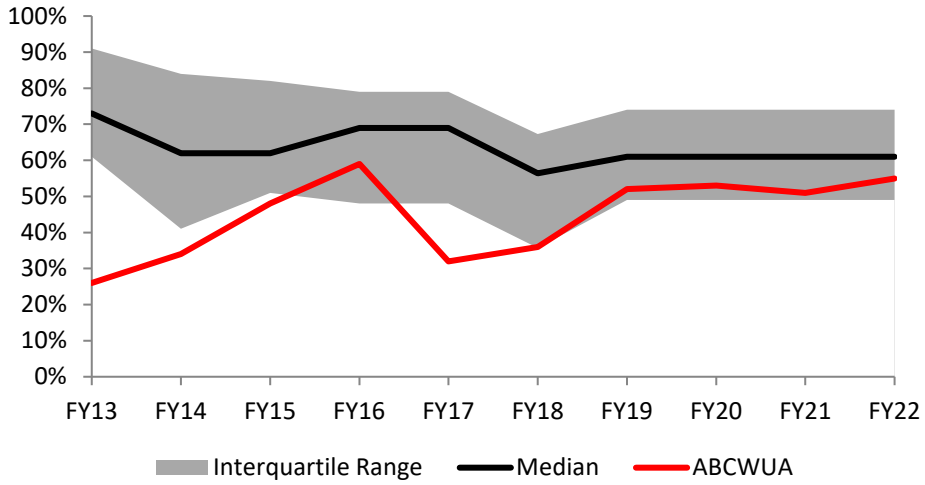
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Comparison of how effectively the Water Authority is in investing in planned maintenance	Hours of planned maintenance compared to hours of corrective maintenance	52%	52%	53%	51%	55%	55%	Reduce emergency maintenance from system malfunctions

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

Planned maintenance includes preventive and predictive maintenance. Preventive maintenance is performed according to a predetermined schedule rather than in response to failure. Predictive maintenance is initiated when secondary monitoring signals from activities indicate that maintenance is due. All other maintenance is categorized as corrective (i.e., maintenance resulting from an asset that is no longer providing reliable service such as a breakdown, blockage, or leakage). Planned maintenance is preferable for assets for which the cost of repairs is high relative to the cost of corrective maintenance. The avoided cost includes both the cost of repair and the cost consequences of the service disruption, with the latter including an allowance for customer costs. Many utilities want to increase their percentage of planned maintenance activities and reduce their percentage of corrective maintenance activities. A higher ratio may indicate a reduction in emergency maintenance resulting from system malfunctions.

Measurement Status

The Water Authority's performance in this measure has been below the median range for the past three fiscal years, but there has been gradual improvement with the Plant Division increasing its planned maintenance work. For the past six fiscal years, there have been objectives to increase planned maintenance work orders at the wastewater treatment plant. These objectives will also help the Water Authority meets its performance targets mentioned in Performance Measure 2-3, Wastewater Treatment Effectiveness Rate. For FY23, there is a policy objective with planned maintenance targets for the wastewater treatment plant.

Planned maintenance is a key component to the Water Authority's asset management program. In FY18, the Water Authority upgraded its work order system to integrate with the Water Authority's asset management program in order to collect and track its asset information. The purpose for this upgrade was to obtain better information to make better decisions on the Water Authority's assets.

Goal 3
Customer Services

Guiding Goal Statement

Provide quality customer services by communicating effectively, billing accurately, and delivering water and wastewater services efficiently based on understanding the needs and perceptions of our customers and the community at large.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
3-1	Customer Quality Complaints	▲	▲
3-1	Technical Quality Complaints	▲	▲
3-2	Customer Service Cost per Account	■	■
3-3	Billing Accuracy	■	■
3-4	Call Center Indicators	▲	▲
3-5	Residential Cost of Water & Wastewater Service	■	■
3-6	Stakeholder Outreach Index	▲	▲
	Overall Goal Status	■	■

Performance Key

▲	■	■	▼
Excellent	Good	Fair	Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
Continue implementation of the Automated Meter Infrastructure (AMI) project by replacing 30,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY23.	**3-1** **3-4**
Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY23.	**3-3**
Improve customer satisfaction and operational efficiency in achieving the call-center targets through the 4th Quarter of FY23: • Average Wait Time of less than 1:00 minute; • Average Contact Time of less than 4:00 minutes; • Abandoned Call Ratio of less than 3; • First Call Resolution of greater than 95%; • Average Call Quality of greater than 85%; and • Develop a metric for Dispatch Call Quality by the end of the 1st Quarter of FY23. Track and report data through the end of the 4th Quarter of FY23.	**3-4**
Convene a Training Advisory Committee to review and approve changes to the Customer Care Training Program by the end of the 2nd Quarter of FY23.	**3-6**
Conduct Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority's activities through the end of the 4th Quarter of FY23.	**3-6**
Conduct a water and wastewater rate cost of service study. Evaluate water and wastewater rate structures to ensure equity within the structures. Complete an affordability study based on the 2021 EPA Financial Capability Assessment guidelines by the end of the 4th Quarter of FY23.	**3-6**
Work with customers to reduce the 60/90 delinquency rate by one-third by the end of the 4th Quarter of FY23.	**3-6**
Complete and disseminate results of the customer opinion survey by the end of the 1st Quarter of FY23.	**3-6**

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations Field	Operations Compliance	Customer Services	Information Technology	Finance
3-1	Customer Service & Technical Quality Complaints		✓	✓		
3-2	Customer Service Cost per Account			✓		✓
3-3	Billing Accuracy			✓	✓	
3-4	Call Center Indicators			✓		
3-5	Residential Cost of Water & Wastewater Service					✓
3-6	Stakeholder Outreach Index			✓		

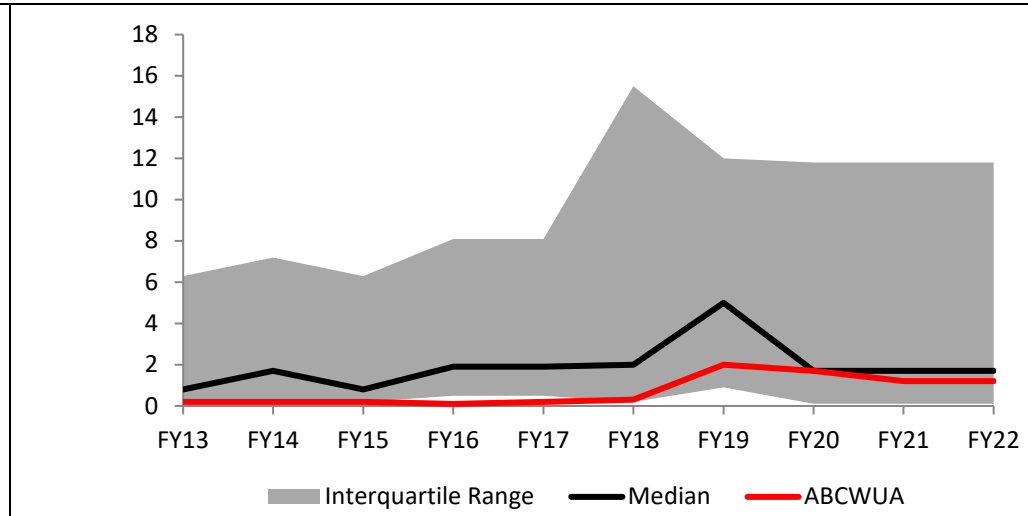
3-1 Customer Service Complaints and Technical Quality Complaints

Performance Results (Service Associated Complaints)

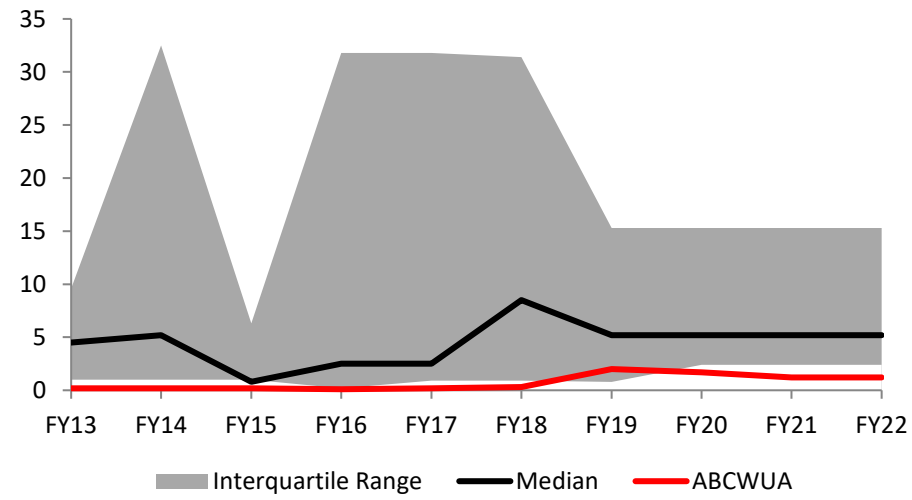
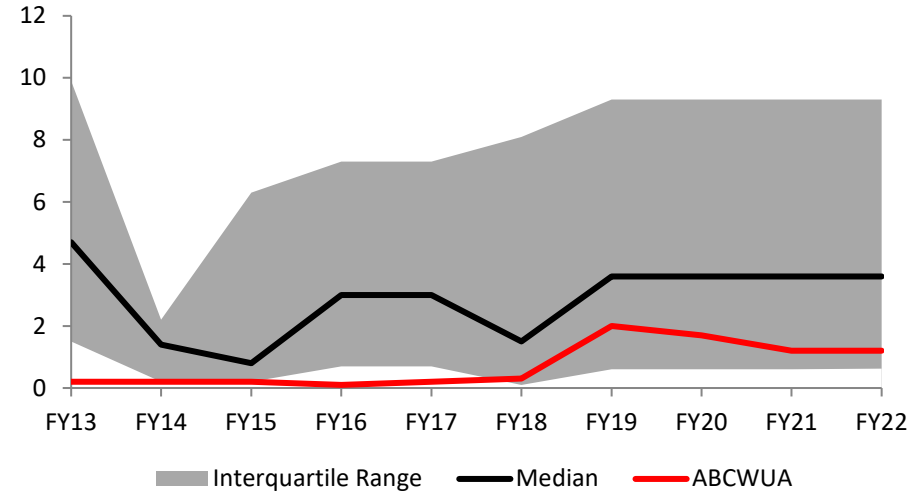
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the complaint rates experienced by the Water Authority, with individual quantification of those related to customer service and those related to core utility services	Number of customer service complaints per 1,000 customer accounts	1.6	2.0	1.7	1.2	1.2	1.2	Improve customer satisfaction with service and product

Industry Benchmark (Service Associated Complaints)

Combined Water/ Wastewater Utilities



Lower Values Desirable

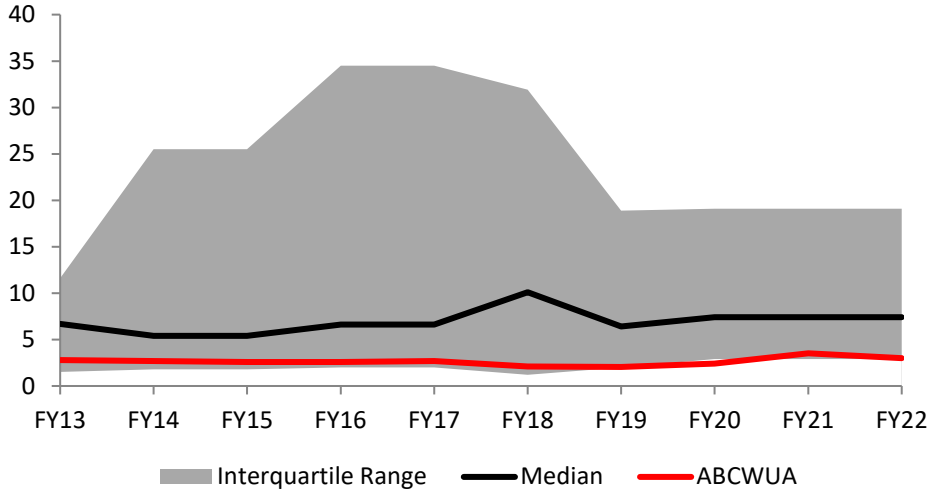
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results (Technical Quality Complaints)

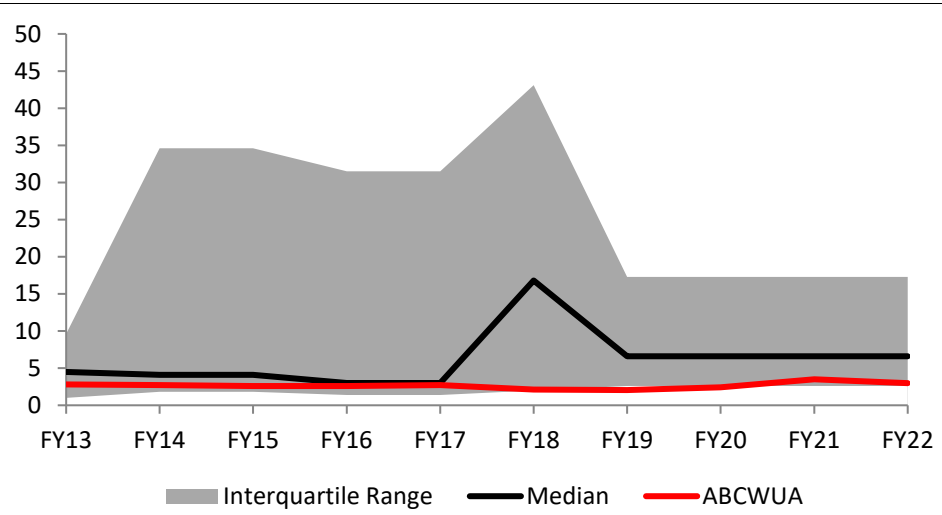
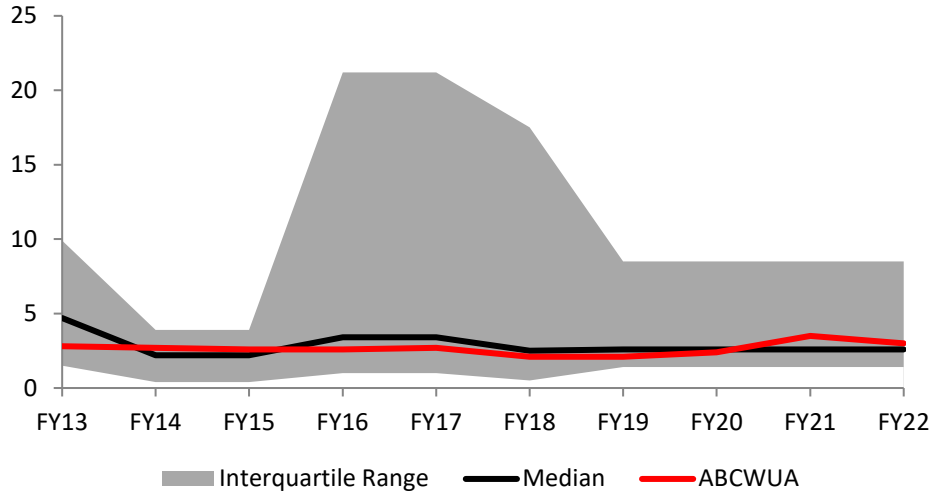
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the complaint rates experienced by the Water Authority, with individual quantification of those related to customer service and those related to core utility services	Number of technical quality complaints per 1,000 customer accounts	2.7	2.1	2.4	3.5	3.0	2.5	Improve customer satisfaction with service and product

Industry Benchmarks (Technical Quality Complaints)

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

These pair of measures capture all complaints received by the utility, which are reported either as "service associated" or as "technical quality" complaints. The number of complaints is a good measure of customer service. The two categories allow a utility to track those that are people related and those that are product related.

Measurement Status

The Water Authority's performance in this measure has been above the median range for the past three fiscal years for customer service complaints and above the median range for technical quality complaints. The Water Authority upgraded its call center phone systems to effectively track customer service performance; the new phone system also allows customers to pay their bills by phone and provide 24/7 service to billing, emergencies, and reporting water waste. Moreover, the Water Authority has developed and executed a customer-focused marketing and communications strategy with an emphasis on conservation, pollution prevention, and web self-service.

Water Authority Customer Service operations were greatly affected by the COVID-19 pandemic. The payment lobby was closed for in-person payments, many staff members transitioned to remote working, and delinquency charges and water turn-offs were suspended. In 2022, the payment lobby was re-opened, staff began to come back into the office and in Spring 2022 collection efforts resumed. Customer Services set up a system of payment plans and referrals to a wide variety of sources for bill assistance.

For FY23, the Water Authority will continue implementation of the Automated Meter Infrastructure (AMI) project by replacing 30,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service. Another objective is to begin a valve-exercising program to improve reliability and reduce interrupted water service, by exercising 4,000 isolation valves.

2020 Customer Opinion Survey

- 77% of customers are either very or somewhat satisfied with the safety and purity of drinking water
- 79% of customers are either very or somewhat satisfied with the quality (taste, smell, appearance) of drinking water
- 84% of customers are either very or somewhat important to returning high quality water back to the river

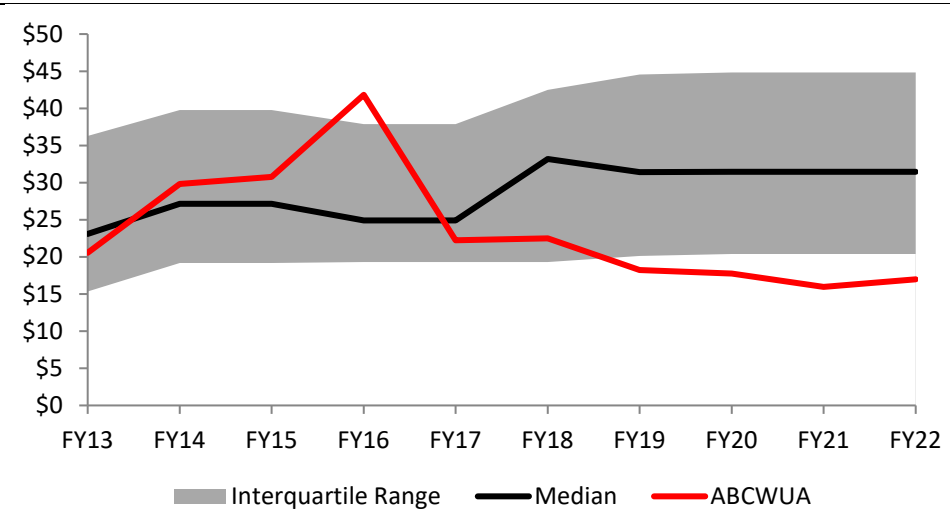
3-2 Customer Service Cost per Account

Performance Results

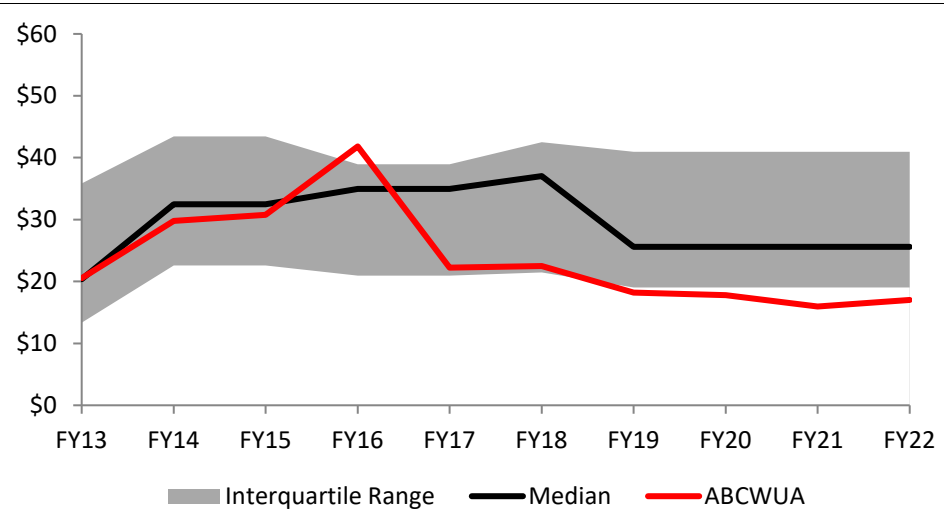
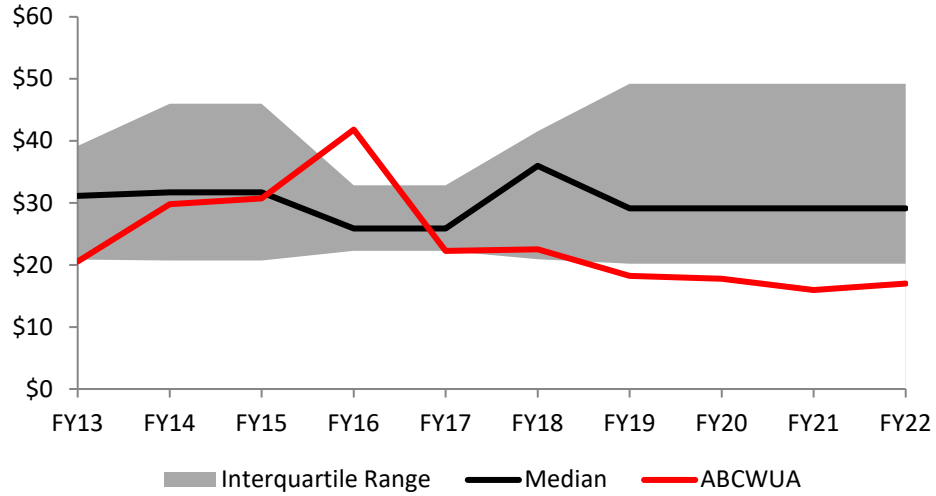
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Measure the amount of resources the Water Authority applies to its customer service program	Total customer service cost and the number of active accounts	$17.32	$18.23	$17.77	$15.96	$17.00	$17.50	Improve efficiency by reducing customer service cost per account while meeting customer expectations

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

The measure is expressed as the cost of managing a single customer account for one year. When viewed alone, it quantifies resource efficiency. Viewing in conjunction with other measures such as customer complaints gives the utility more information about operational performance.

Measurement Status

The Water Authority's performance in this measure has been above the median range for the past three fiscal years. Customer service costs have increased from the result of implementing its Automated Meter Infrastructure program which is about 62% complete. Costs will decrease over time as more meters are replaced with smart meters which will increase revenue, support conservation efforts, and provide better customer service.

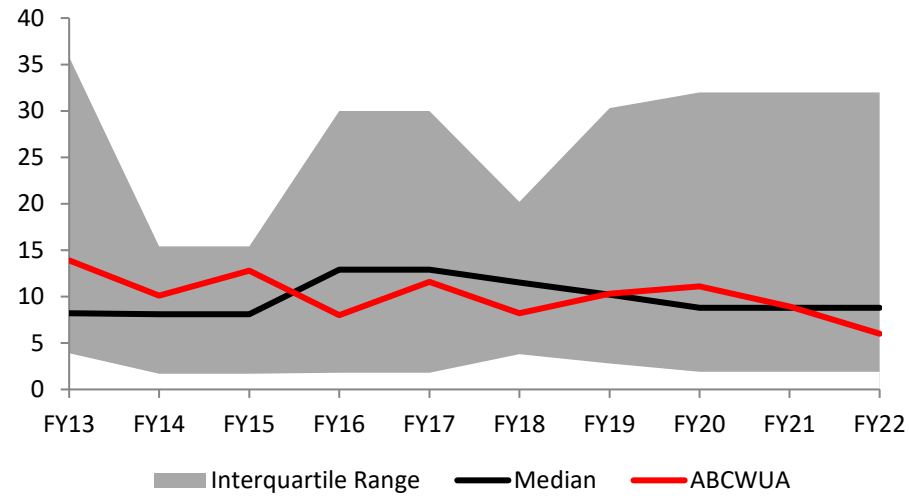
3-3 Billing Accuracy

Performance Results

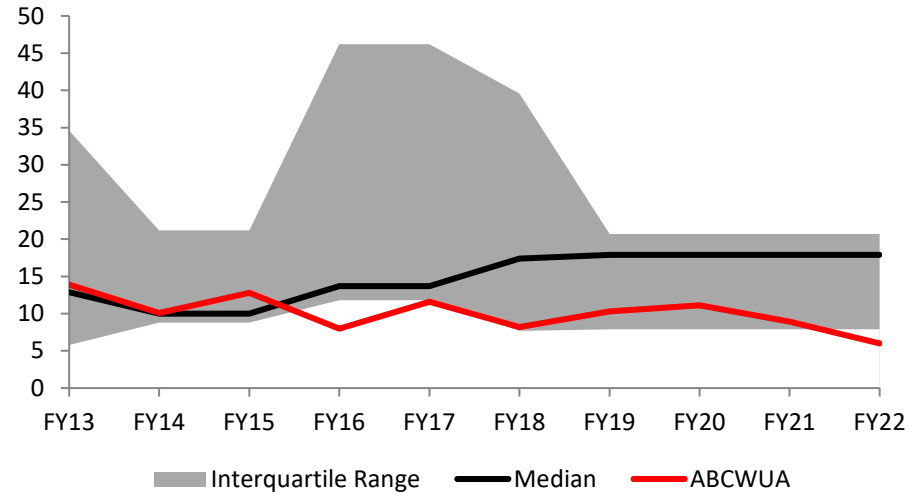
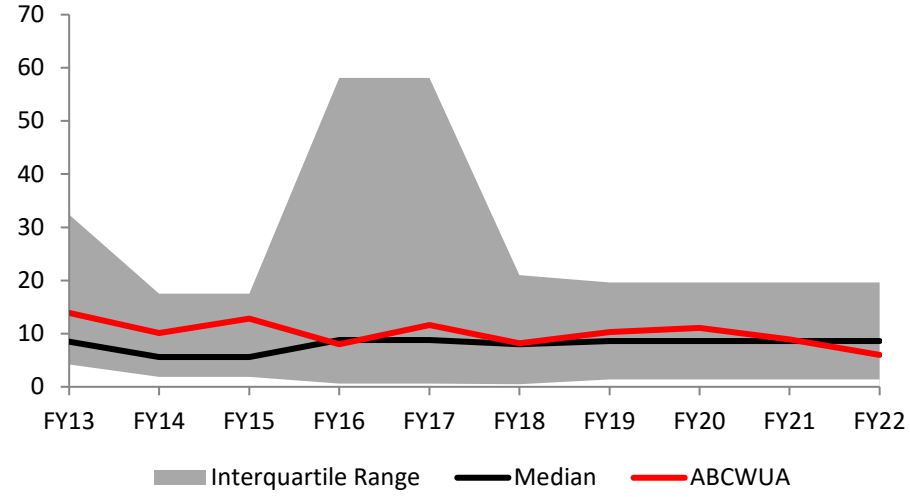
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the effectiveness of the Water Authority's billing practices	Number of error-driven billing adjustments per 10,000 bills generated during the year	9.6	10.3	11.1	8.9	6.0	6.0	Improve billing accuracy to minimize customer complaints

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

Customers rarely think about their utility, unless they have a problem with service or billing. This measure helps a utility measure how effective its billing practices are relative to others.

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years. As the utility implements its Automated Metering Infrastructure (AMI) system, performance in this measure will improve. The purpose of the AMI Project is to replace the Water Authority's aging meters with modern smart meters to save money, deliver more accurate bills and encourage users to conserve water.

AMI customers can view in real-time exactly how much water they consume and use this information to actively manage and reduce their daily usage. They also can change their basic account data, create personal goals and budgets with reminders and updates, and download targeted educational material to learn about and enroll in resource-conservation programs. The technology also allows the Water Authority to remotely review consumption levels across the service area, assisting with conservation and billing and identifying and repairing leaks before they become significant problems.

2020 Customer Opinion Survey

- 88% of customers are either very or somewhat satisfied with the accuracy of their bill
- 82% of customers are either very or somewhat satisfied with the bill format and water usage graph
- 88% of customers are either very or somewhat satisfied with the billing payment options

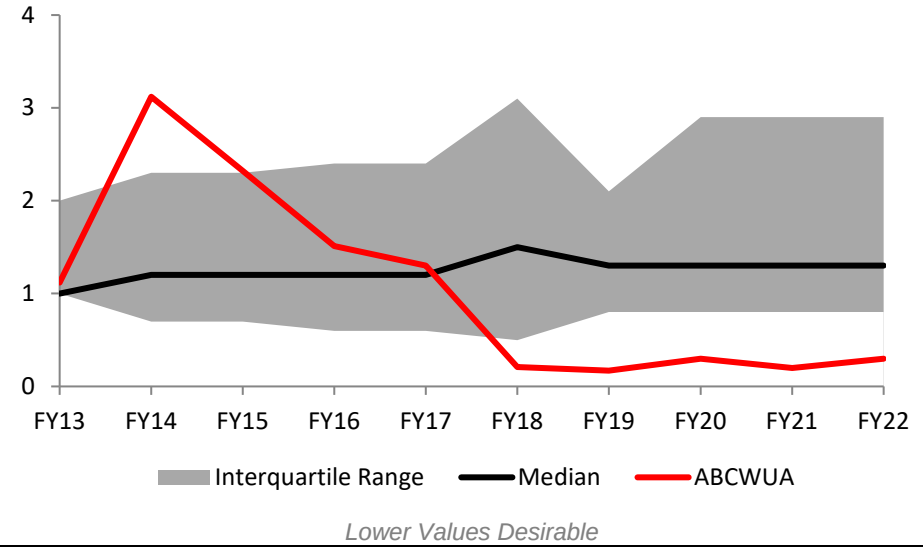
3-4 Call Center Indicators

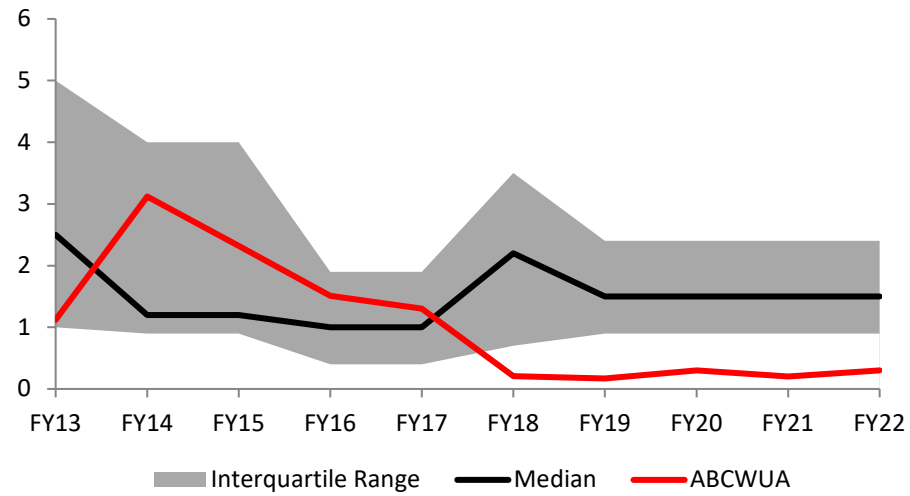
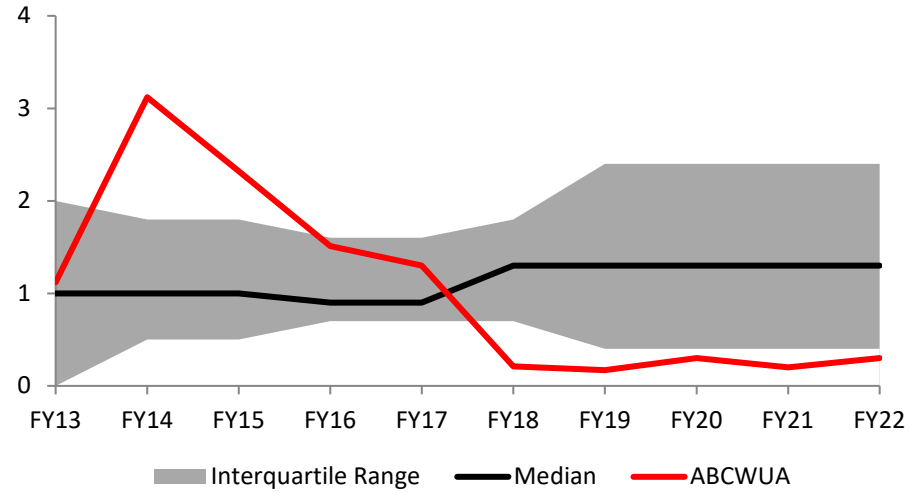
Performance Results Average Wait Time (minutes)

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the call wait time experienced by Water Authority customers	Average time a caller must wait on hold before they can speak to an agent or customer service representative, not including time spent navigating through computerized menu options	0:25	0:20	0:30	0:20	0:30	0:20	Reduce call wait time and avoid customers hanging up

Industry Benchmarks

Combined Water/ Wastewater Utilities



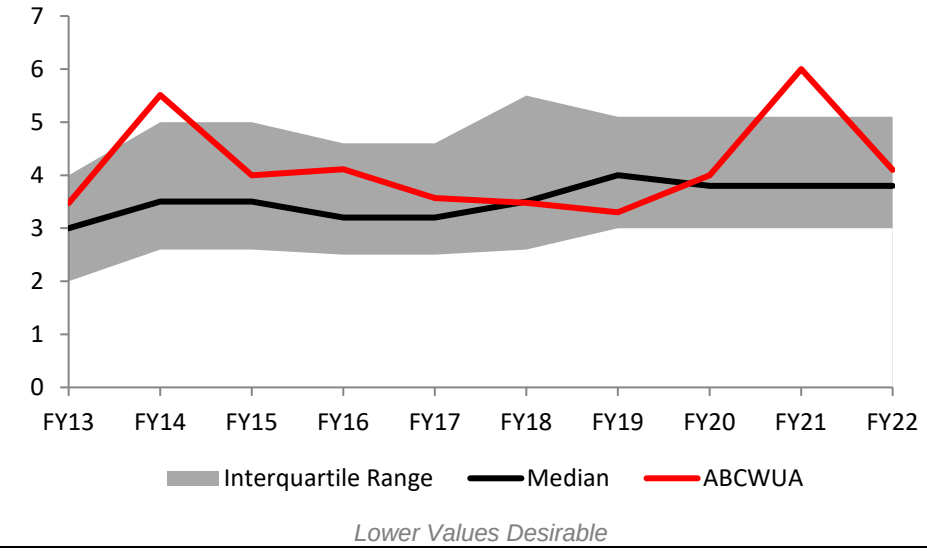
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results Average Total Call Time (minutes)

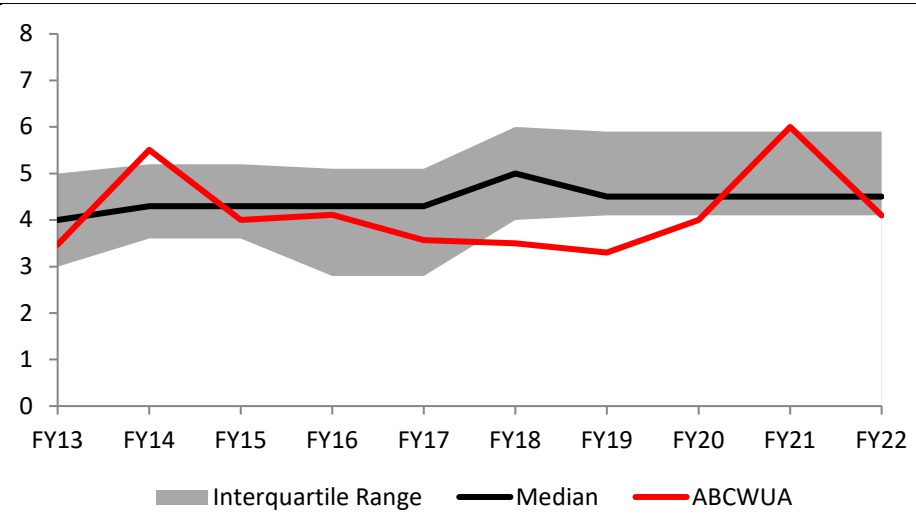
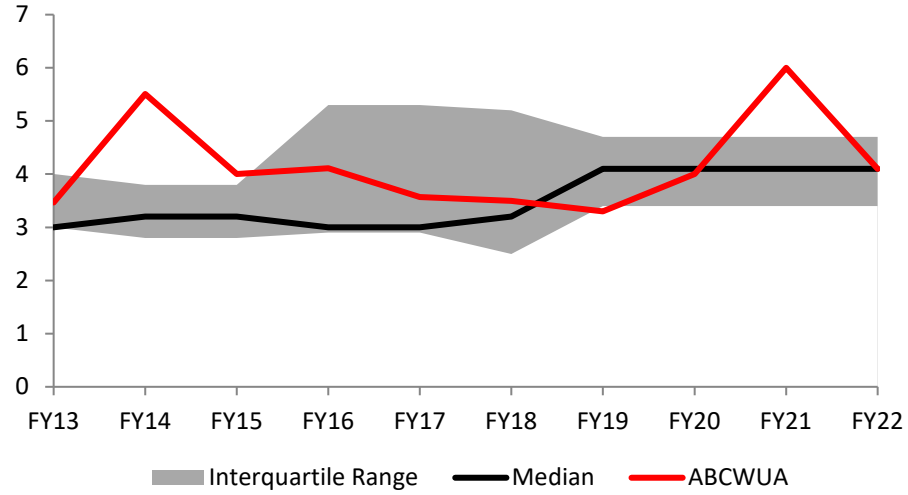
Measure Type	Purpose	Inputs	Outputs					Outcome
			Baseline	Prior Year Actuals			Current /Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the time spent to resolve the purpose of the phone call by Water Authority customers	Average time spent by a customer service representative on the phone with a customer	4:40	3:30	4:00	6:00	4:10	3:30	Reduce the average total call time to enable CSRs to handle more customer calls and reduce wait time

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

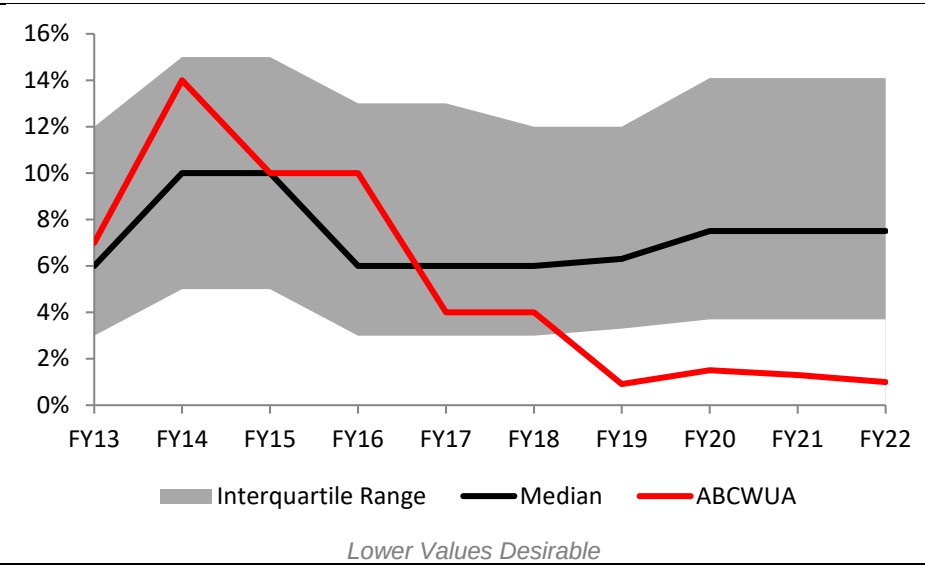
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results Abandoned Call Ratio

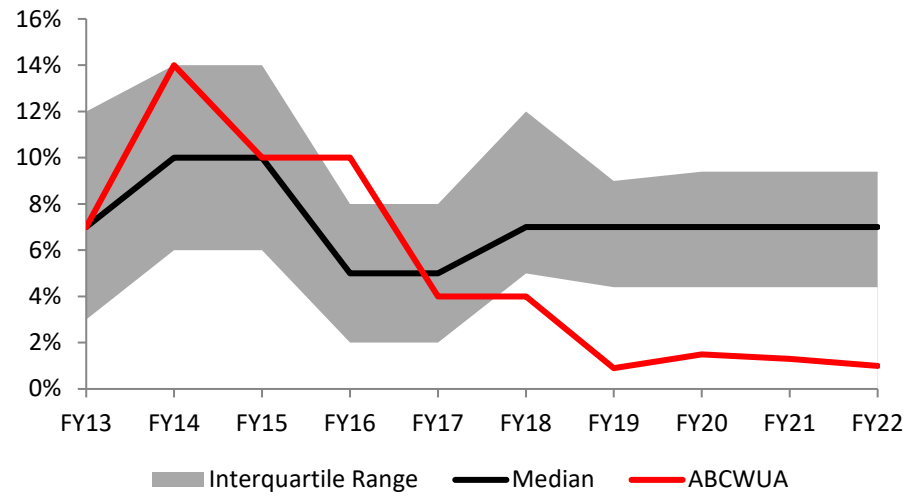
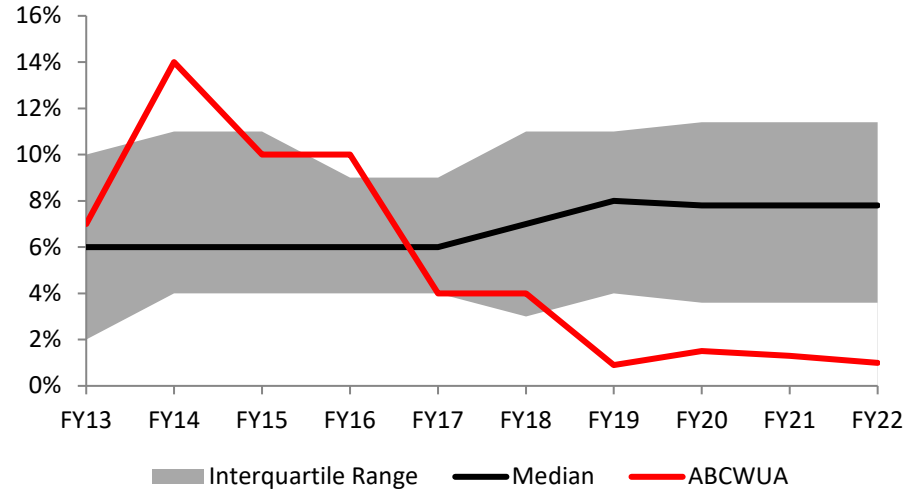
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the number calls abandoned from Water Authority customers	Total number of calls abandoned divided by the total number of calls received	1.1%	0.9%	1.5%	1.0%	1.0%	1.0%	Allow CSRs to effectively assist customers with their needs before they become impatient and hang up

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

The efficiency (cost) and effectiveness (outcomes) of call centers can be evaluated in many different ways. Utilities can track and compare their call center's average wait time, average talk time, and abandoned call ratio to better understand if expenses can be reduced while customer satisfaction is improved. Abandoned calls are those terminated by the calling party before being answered by an agent or customer service representative (CSR). The total number of calls received during the reporting period refers to the number of calls attempting to reach the contact center that are not blocked, incomplete, or denied.

Measurement Status

The Water Authority's performance in this measure has been within or above the median range for the set of Call Center Indicators. The Water Authority upgraded its call center phone systems to effectively track customer service performance allowing the utility to benchmarking with industry peers. The new phone system also allows customers to pay their bills by phone and provide 24/7 service to billing, emergencies, and reporting water waste.

The Water Authority has begun tracking and setting targets for four customer service metrics. To improve customer satisfaction and operational efficiency, the following targets were established for FY23 1) Average Wait Time of less than 1:00 minute; 2) Average Contact Time of less than 4:00 minutes; 3) Abandoned Call Ratio of less than 3; 4) First Call Resolution of greater than 95%; and 5) Average Call Quality of greater than 85%.

For FY23, a new Objective has been added to develop a metric for Dispatch Call Quality and to track and report that data.

2020 Customer Opinion Survey

- 64% of customers gave either excellent or good rating on the overall quality of service provided by a customer service representative
- 84% of customers are either very or somewhat satisfied with the courtesy of the customer service representative
- 73% of customers are either very or somewhat satisfied with the knowledge and ability to answer your questions or resolve your issues
- 67% of customers are either very or somewhat satisfied with the length of wait to speak with a customer service representative

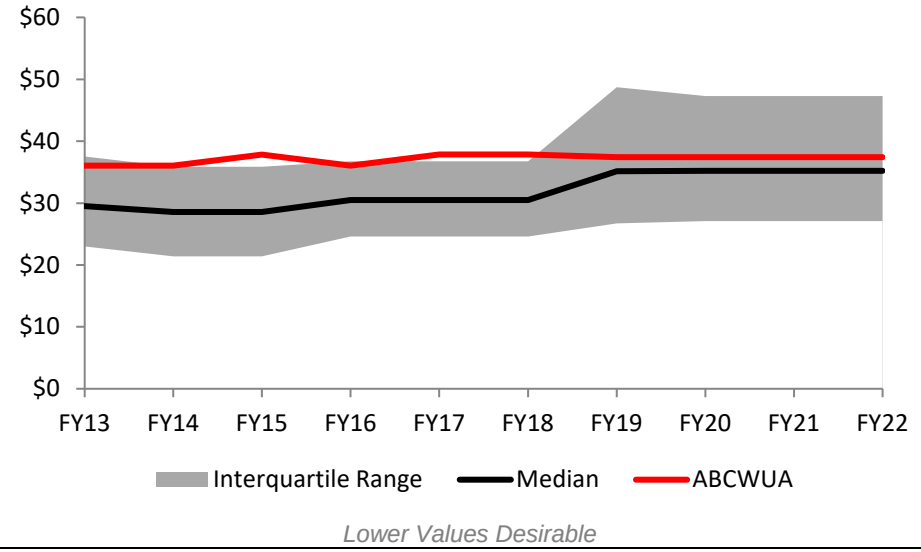
3-5 Residential Cost of Water and/or Sewer Service

Performance Results (Average Residential Water Service)

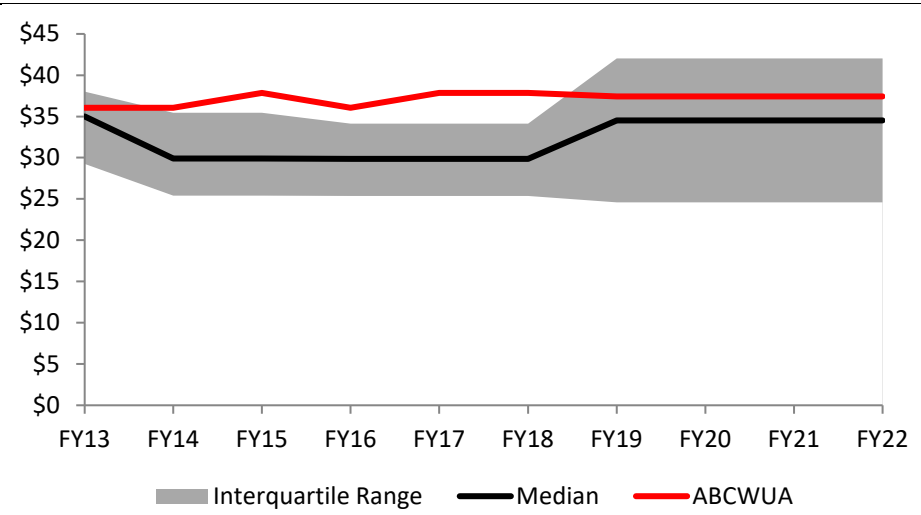
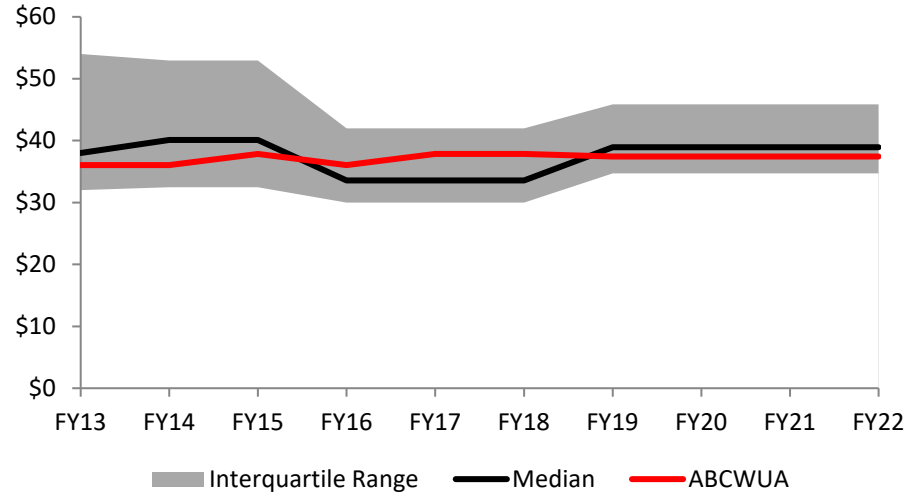
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Compare the residential cost of water and sewer service based on both a defined quantity of water use and the average residential bill amounts for those services	Bill amount for monthly residential water/sewer service and average residential water/sewer bill for one month of service	$37.57	$37.43	$37.43	$37.43	$37.43	$39.30	Provide affordable water and legally justifiable rates to our customers

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

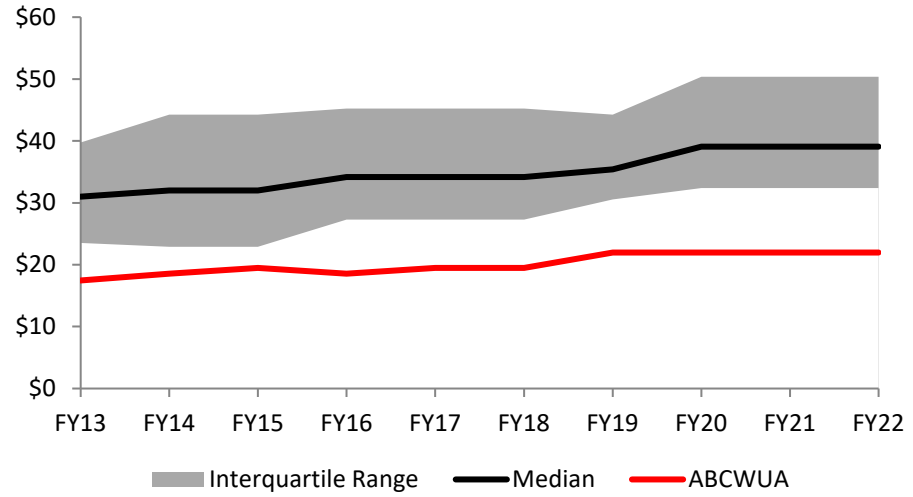
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results (Average Residential Sewer Service)

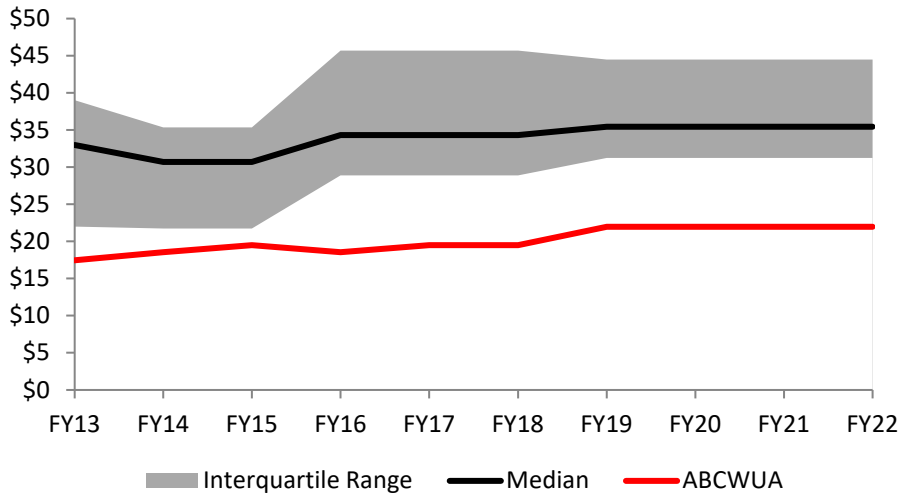
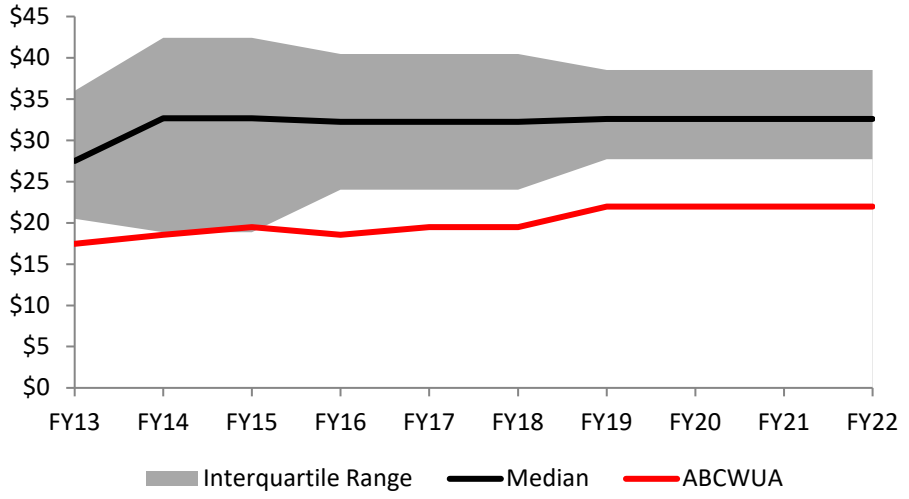
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Compare the residential cost of water and sewer service based on both a defined quantity of water use and the average residential bill amounts for those services	Bill amount for monthly residential water/sewer service and average residential water/sewer bill for one month of service	$21.14	$21.97	$21.97	$21.97	$21.97	$23.07	Provide affordable water and legally justifiable rates to our customers

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

This measure shows average residential water bill amount for one month of service for water and wastewater. The data provided is based on a bill amount for a typical residential customer served water through a 3/4 × 5/8-inch meter. Because each utility is unique, this measure is quite complex. In some places, rates may be artificially low or high to achieve non-utility objectives. In others, utilities may have rates controlled by public utility commissions.

Measurement Status

The Water Authority's performance in this measure has been below the median range for the past three fiscal years for average residential water service, and above the median range for the past three fiscal years for average residential sewer service. The Water Authority completed a comprehensive water and wastewater rate study in FY05 which had not been conducted since the early 1990s. The Water Authority adopted a policy objective for FY08 to update that rate study to include wholesale water rates. Another reason to update the rate study is to include a cost of services model for master planned communities so that these new, large developments pay 100% of the cost for building master planned facilities.

The FY12 rate ordinance added a 200% tier to the extra use surcharge to promote conservation and increased the Low Use Water Discount from 20% to 30%. A 5% rate revenue increase was implemented in FY12, FY14, FY15, FY16, and FY18. The FY15 rate adjustment was on exclusively on the fixed rate to meet infrastructure renewal needs. The rate increases are a component of implementing the Finance Plan by incrementally increasing more capital funds to take care of increasing infrastructure needs.

The Water Authority completed a rate evaluation in FY21 and proposed no rate adjustment for FY22. The rate structure continues to balance conservation with rate stability and revenue sufficiency by moving more revenue recovery from the base charge than in previous years. Even with the adopted and planned rate increases, the Water Authority anticipates that it will continue to be within the median range over the next five years compared to industry peers.

A rate revenue increase is planned for FY23. An objective was added for FY23 to conduct a water/wastewater rate cost of service study that will include an affordability study based on the 2021 EPA Financial Capability Assessment guidelines.

2020 Customer Opinion Survey

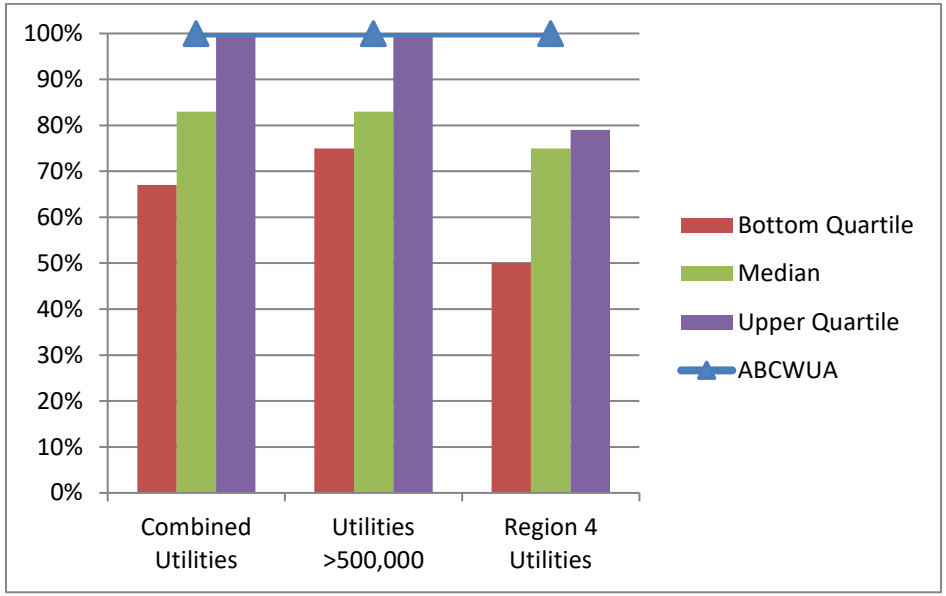
- 83% of customers either strongly or somewhat agree that water and sewer services are a good value for the amount of money paid
- 78% of customers either strongly or somewhat agree that because water is a scarce resource, water rates should be designed to reflect the value of water in our daily lives
- 60% of customers either strongly or somewhat agree that water rates should be increased to cover the cost of providing a reliable water supply for future generations

3-6 Stakeholder Outreach Index

Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current /Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the utility's stakeholder outreach activities	Self-assessment based on Stakeholder Outreach Checklist	100%	100%	100%	100%	100%	100%	Assess the utility's outreach efforts with its stakeholders

Industry Benchmarks



Generally, higher values are desirable

Results Narrative

This indicator provides a measure of a utility's stakeholder outreach activities. It is calculated based on self-assigned points the various categories in the Stakeholder Outreach Checklist. The value assigned to each statement is based on evidence that existed during the reporting period to support the statement, as reviewed and rated by senior utility management. Total scores can range from 0 to 12 and are presented as a percentage of the maximum possible score of 12.

Measurement Status

In FY20, the Water Authority conducted a customer opinion survey in order to assess the Water Authority's performance from the customer's viewpoint from previous surveys. This was the eighth customer opinion survey conducted since the first survey in 2006 which allowed the Water Authority view trends of customer's opinions. The results of the 2020 survey have been incorporated into the Performance Plan as many questions or statements are connected to the benchmarks in the Performance Plan. A customer opinion survey will next be conducted in FY22.

In last eight fiscal years, the Water Authority has conducted quarterly customer meetings called Customer Conversations to engage its customers through topic forums. The Technical Customer Advisory Committee (TCAC) host each meeting and TCAC members attend these meetings to observe the process and listen to customers' discussions and comments. The purpose of these forums is to engage customers through interactive activities to allow customers to discuss issues with fellow customers and provide meaningful feedback to the utility. The feedback is very helpful in creating or amending programs, policies, or projects.

In 2016, the Water Authority received the Water Environment Federation's **Public Communication and Outreach Award**. In 2017, the utility received the National Association of Clean Water Agencies' **Public Information and Education Award**. These awards recognize the scope and achievements of the Water Authority's education program. The primary goal of the education program is to inform and inspire students (and the parents they in turn help educate) to conserve water and protect our limited water resources. The program has contributed to the tremendous progress Albuquerque has made in decreasing its per capita water use. By helping the community save 300 billion gallons of water, the Water Authority's education program – with its puppet shows, classroom activities, field trips, and wastewater plant tours – has played a critical role in supporting the overall mission of the Water Authority.

Goal 4
Business Planning & Management

Guiding Goal Statement

Maintain a well planned, managed, coordinated, and financially stable utility by continuously evaluating and improving the means, methods, and models used to deliver services.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
4-1	Debt Ratio		
4-2	Return on Assets		
4-3	System Renewal / Replacement Rate (Water)		
4-3	System Renewal / Replacement Rate (Wastewater)		
4-4	Triple Bottom Line Index		
	Overall Goal Status		

Performance Key

Excellent | Good | Fair | Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
Expend $64 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY23. $1 million shall be dedicated and used for identifying and replacing high-risk water pipes in critical or poor condition by the end of the 4th Quarter of FY23.	**4-3**
Prepare a report on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work by the end of the 1st Quarter of FY23. Continue implementation of the RRAMP by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY23.	**4-3**
Finalize Operating Plans for Centralized Engineering, Utility Development, Field, Water Resources, and Asset Management, to be used to inform/train new staff and for existing staff to use as a resource by the end of the 4th Quarter of FY23.	**4-3**
Complete a comprehensive asset management plan to understand and document the asset condition, risk assessment, remaining useful life, and replacement cost for every asset by the end of the 4th Quarter of FY23. Input this information into the enterprise asset management system and begin life cycle cost accounting.	**4-3**
Coordinate with Bernalillo County to design and initiate construction of a force main to convey wastewater from the Municipal Detention Center to the Water Authority collections system through the end of the 4th Quarter of FY23.	**4-3**
Work with the Navajo Nation to design and construct water conveyance infrastructure to deliver water provided by the Navajo Nation to To'Hajiilee through the end of the 4th Quarter of FY23.	**4-3**
Implement at least one planned Interceptor Rehabilitation project in FY23, and complete at least one interceptor design package by the 4th Quarter of FY23; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY23.	**4-3**
Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act and Clean Water Act regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, local laws ordinances, and issues involving emerging contaminants to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY23.	**4-4**
Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: i. Water Quality Laboratory results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs). Maintain greater than 0.5 results reported per productive hour per quarter in each analytical section through end of the 4th Quarter of FY23. ii. Laboratory Productivity (results reported per productive hour, results sent to subcontract laboratories in lieu of in-house testing). Maintain greater than 2,000 results per quarter in each analytical section through end of the 4th Quarter of FY23. iii. Percentage of results reported late (turnaround time). Maintain less than 10 percent results reported late per quarter and provide quarterly results through end of the 4th Quarter of FY23.	**4-4**
Continue to develop LabVantage ("laboratory information management system") throughout FY23 to increase the automation of data entry to reduce data entry errors and reduce the amount paper used at the laboratory. Begin developing reports in LabVantage by the end of the 4th Quarter of FY23.	**4-4**

Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct at least one internal audit per year. Conduct and report on internal audits of sampling procedures and report results as they pertain to regulatory requirements and standard operating procedures. Issue corrective action response requests as needed and track and report on their progress. Ensure Compliance Division field instruments are calibrated as necessary and that personnel demonstrate capability in sample collection and measurement. Monitor and report on corrective action response report (CARR) closure duration quarterly through the end of the 4th Quarter of FY23.	**4-4**
Maintain accreditation with the American Association for Laboratory Accreditation by addressing any changes resulting from the on-site assessment of the Water Quality Laboratory. Conduct internal audits, Standard Operating Procedure (SOP) revisions, and identify actions to address risks and opportunities as required by ISO/IEC 17025:2017. Implement any changes resulting from the 2019 Methods Update Rule. Track and report on corrective actions and risk assessment responses. Maintain a closure duration of less than 60 days per CARR and an average completion of less than 30 days for all CARRs per fiscal year through the end of the 4th Quarter of FY23.	**4-4**
Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify all schools and child-care centers in the service area that will require lead monitoring and develop sample plan templates for the facilities to use to track multiple faucets by the end of the 4th Quarter of FY23. Initiate research to understand the monitoring, data requirements and expectations for corrosion control studies under the new rule.	**4-4**
Work with Intel to design and construct water conveyance infrastructure to deliver raw water to the Intel facility through the end of the 4th Quarter of FY23.	**NA**
Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities by the end of the 4th Quarter of FY23.	**NA**
Finalize the Utility Development Guide and solicit feedback from stakeholders by the end of the 4th Quarter of FY23.	**NA**
Review and update the Mini Work Order process to improve turn-around time by the end of the 4th Quarter of FY23.	**NA**
Continue monitoring progress on the strategic asset management program (SAMP), with quarterly monitoring of the following metrics and associated target(s) by the end of the 4th Quarter of FY23. i. Assets Inventoried, Target greater than 50% ii. Asset Activity (Created, Decommissioned and Updated), Target greater than 6,500 iii. Assets with Purchase & Replacement Cost populated, Target greater than 5,000 iv. Work Orders without Assets, Target less than 25% v. Assets missing Classifications & Attributes, Target less than 25% vi. Assets missing required data fields, Target less than 50% vii. Maximo Employee Training, Target greater than 500 hours viii. Preventative Maintenance Optimization, Target greater than 30%	**NA**
Transition existing SAMP dashboards to Microsoft Power BI by the end of the 4th Quarter of FY23. Utilizing Power BI, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate KPIs.	**NA**
Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, by developing policies and procedures that include strategies for internal communication and trainings on security-related topics. Track and measure metrics that are directly related to National Infrastructure Protection Plan Water Sector-Specific Plan and America's Infrastructure Act. Conduct at least 2 table-top exercises for security and cybersecurity that include representatives from across the organization. Based on the countermeasures identified in Phase 1 of the Water Authority's Final Security Plan, implement at least 3 of the countermeasures by the end of the 4th Quarter of FY23.	**NA**

Complete the annual update and review of the Comprehensive Information Technology Security Plan and related policies that are aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology (NIST) Cybersecurity Framework by the end of the 4th Quarter of FY23. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the Water Authority's SCADA systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat.	**NA**
Continue implementation of the SCADA Master Program by migrating to a single SCADA platform utilized by multiple Operations areas. By the end of the 4th Quarter of FY23 complete the SWRP distributed control system human machine interface upgrade, Collection/Stormwater programmable logic controller replacement, new SWRP radio tower, and network refresh.	**NA**
Complete Information Technology (IT) projects scheduled for FY23 to include the refresh of the SCADA network and infrastructure for the SWRP by the end of the 2nd Quarter of FY23. ❖ Begin installation and setup of such Infrastructure to upgrade the SWRP SCADA systems to mirror the IT infrastructure model currently installed at the Surface Water Treatment Plant by the end of the 4th Quarter of FY23. ❖ Complete assessment for Data Center Location, overall Network and Security design by the end of the 1st Quarter of FY23. ❖ Build in redundant network connections, Internet Service Provider (ISP) services and Telephony to accommodate a reliable and consistent set of services for both the Enterprise and Operational Technology networks by the end of the 3rd Quarter of FY23. ❖ Evaluate and implement offline data storage to protect the Water Authority from cybersecurity attacks and ransomware by the end of the 1st Quarter of FY23.	**NA**
Establish a Service Management Office to provide governance, business relationship management, knowledge management and service level agreements; and the implementation of a Program Management Office (PMO) to provide a single point of management, control and accountability for the establishment, development, implementation and maintenance of project management standards, practices and procedures by the end of the 2nd Quarter of FY23. High level objectives for the PMO office include: implementation of a tool to properly manage projects and creating a repository for documentation.	**NA**
Utilizing a gap analysis and best practices review, identify current and future Geographic Information System (GIS) and Asset Management needs by the end of the 4th Quarter of FY23. Create a new GIS layer for 'Construction in Progress' by the end of the 3rd Quarter of FY23.	**NA**
Consistent with the EUM continuous improvement process, complete the biennial attribute self-assessment using the EUM Benchmarking Assessment Tool by the end of the 2nd Quarter of FY23 and incorporate findings into the FY24 goals and objectives.	**NA**
Evaluate and assess reducing privately leased space as it applies to staffing space, asset management, relocation of the 'Map Room' and integrated network pathways that would need to be moved by the end of the 4th Quarter of FY23.	**NA**
Continue to identify opportunities to apply machine learning to assess current operations through the end of the 4th Quarter of FY23. Expand usage of Splunk data analytics tool to implement functions for cybersecurity, water quality, and/or asset management by the end of the 4th Quarter of FY23. Complete Effective Utility Management (EUM) metric automation buildout leveraging Splunk by the end of the 1st Quarter of FY23. Develop a strategy for the utilization of machine learning and analytics to predict failure of linear and vertical assets by the end of the 4th Quarter of FY23.	**NA**

Performance Measure Division Responsibility

Ref #	Performance Measure	Finance	Operations Water Resources, Engineering & Planning
4-1	Debt Ratio	✓	
4-2	Return on Assets	✓	
4-3	System Renewal / Replacement Rate (Water)	✓	✓
4-3	System Renewal / Replacement Rate (Wastewater)	✓	✓
4-4	Triple Bottom Line Index		✓

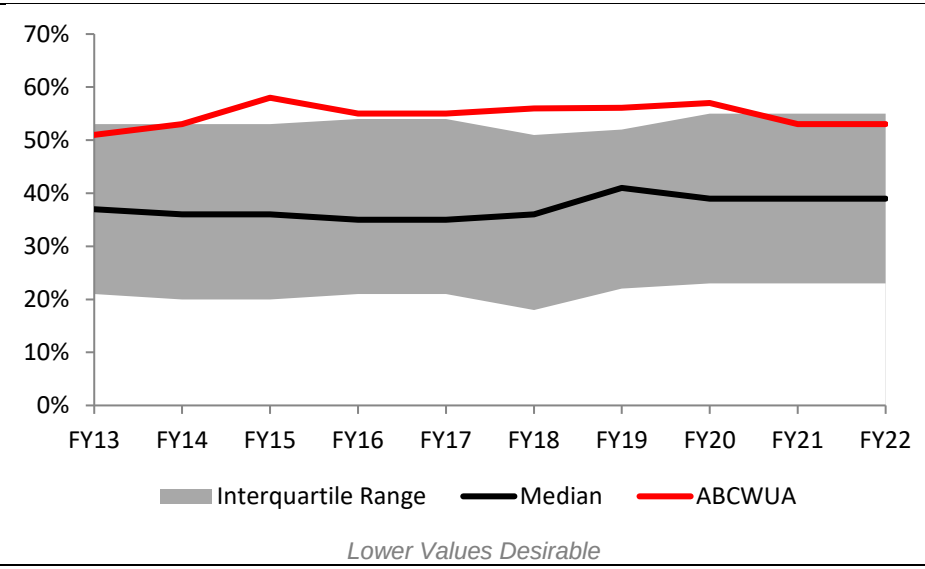
4-1 Debt Ratio

Performance Results

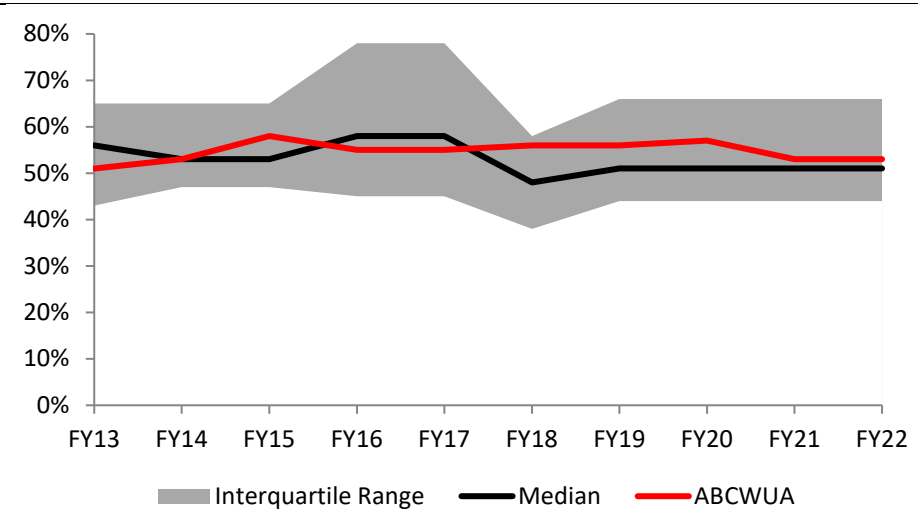
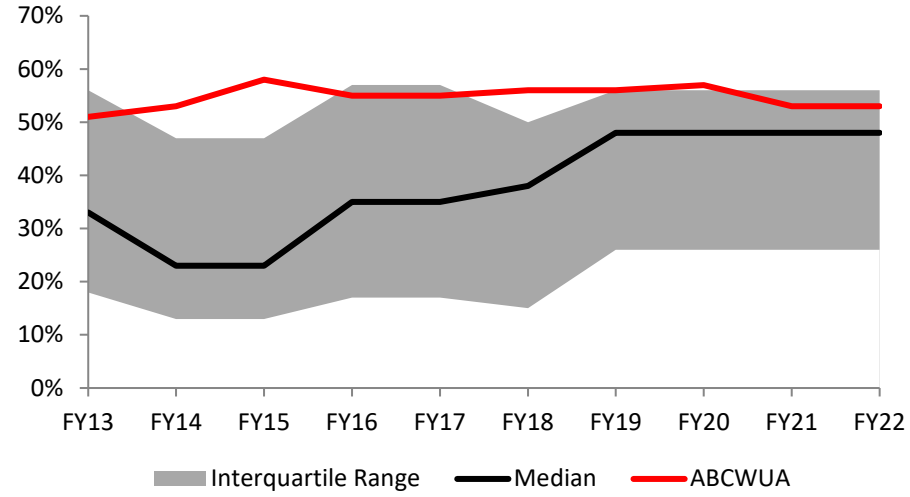
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the Water Authority's level of indebtedness	Total liabilities and total assets	55%	56%	57%	53%	53%	53%	Maintain low debt burden and communicate fiscally responsible to our customers

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

The higher the calculated debt ratio, the more dependent the utility is on debt financing. Many utilities use this measure as an internal measure of performance. Debt equity ratio is an important measure because a high debt burden brings larger costs for interest and capital repayments.

Measurement Status

The Water Authority's performance in this measure has been below the median range for the past three fiscal years.

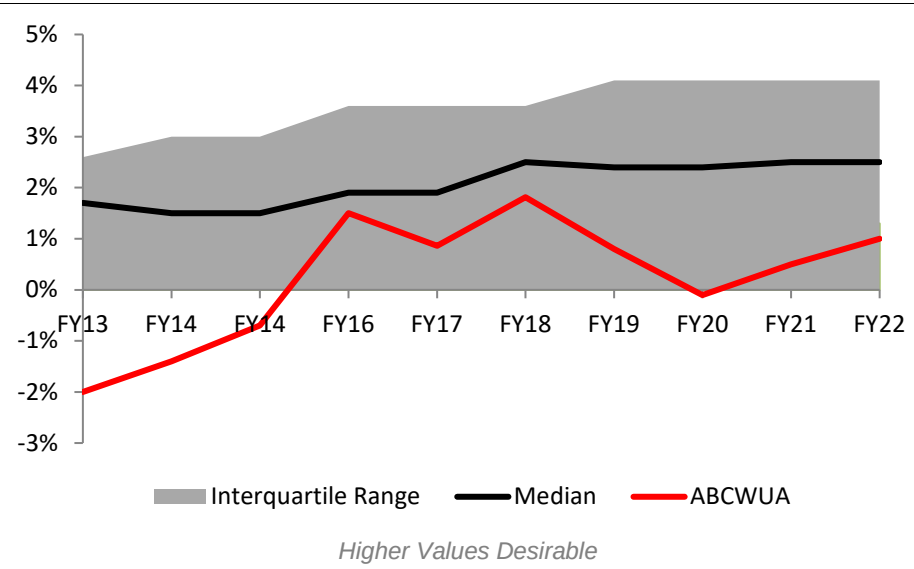
The Water Authority has borrowed a significant amount of funds to pay for a new surface drinking water treatment plant as part of the $500 million San Juan Chama Drinking Water Project. The Water Authority has approximately $595.5 million in outstanding debt which is primarily attributed to carrying out the Water Resources Management Strategy projects, including the San Juan Chama Drinking Water Project. In addition, the Water Authority has secured its water supply for the long term compared to most utilities which must invest a significant amount of capital in securing a water supply. The Water Authority has never managed for a high rating from the three rating agencies. The cost of the new facilities, rehabilitation of existing facilities and asset management plan implementation will continue to require significant capital financing. The only way to improve this category would be to not invest in the required capital improvements and/or have significant rate increases to improve cash on hand. The long-term outlook for the Water Authority is above its peers given the capital investments which will be made and the rapid retirement of debt. The Water Authority has a bond rating of AA by Fitch, Aa2 by Moody's and AA+ by Standard and Poor's.

4-2 Return on Assets

Performance Results

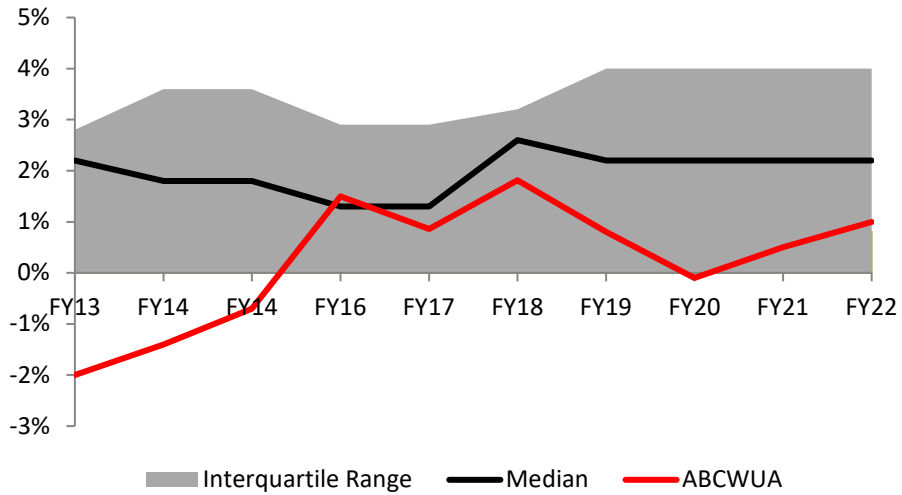
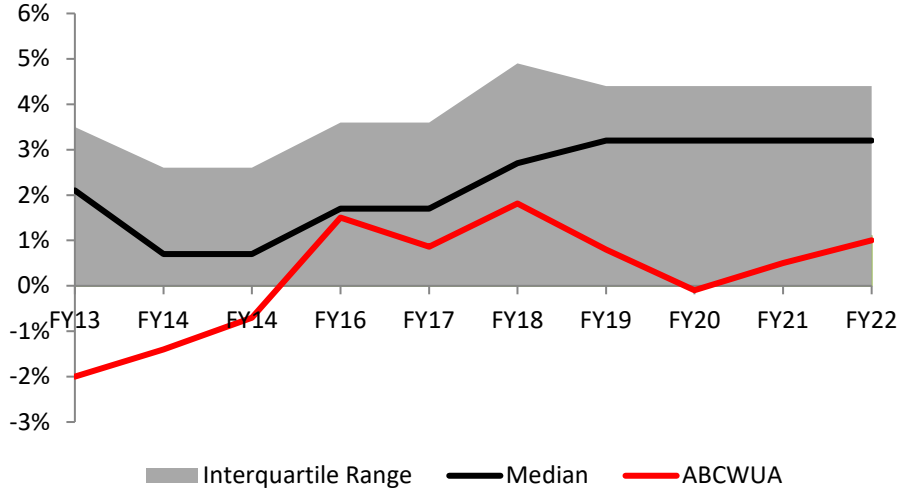
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the financial effectiveness of the Water Authority	Net income and total assets	0.4%	0.8%	-0.1%	0.5%	1.0%	1.0%	Improve the financial health of the Water Authority

Combined Water/ Wastewater Utilities



Higher Values Desirable

Industry Benchmarks

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

The return on assets ratio measures how well a utility's management team is doing its job. A comparison of net income and average total assets, the return on assets ratio reveals how much income management has been able to squeeze from each dollar's worth of a utility's assets. All utilities are interested in their financial health and are particularly sensitive to this measure, seeking higher ratios where possible.

Measurement Status

The Water Authority's performance in this measure is within the median range for the last three fiscal years. The San Juan Chama Drinking Water Project has had a major impact on depreciation and interest expenses. The Water Authority has developed and implemented a long-term financial plan which anticipates revenue needs and allows for financial stability, ongoing system improvements and rate stability for customers. It has also ensured conservative financial policies, including a 12-year financing on basic capital with 50% cash. In addition, $40 million must be invested in system rehabilitation and replacement. The utility has also established rate reserve fund to mitigate revenue fluctuations and postpone rate increases ($9 million).

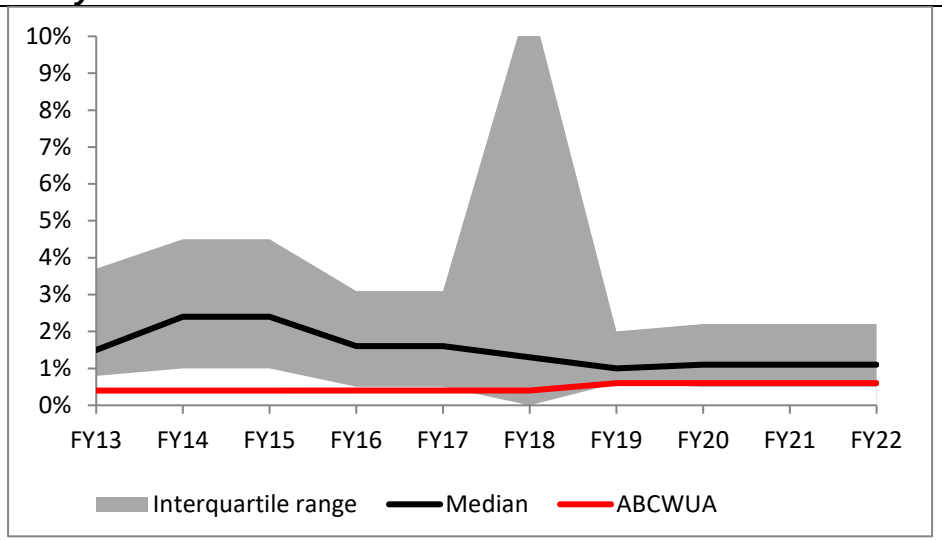
4-3 System Renewal / Replacement Rate

Performance Results (Water Pipeline & Distribution)

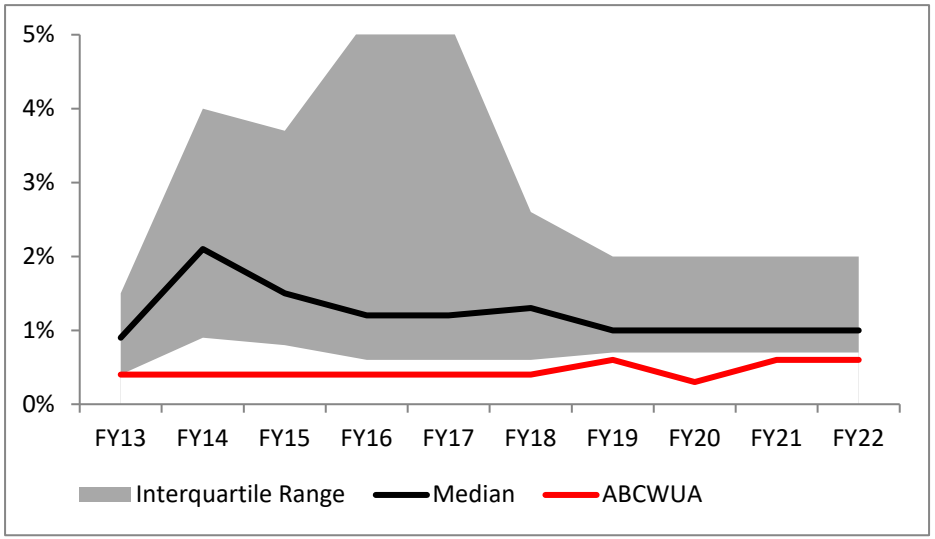
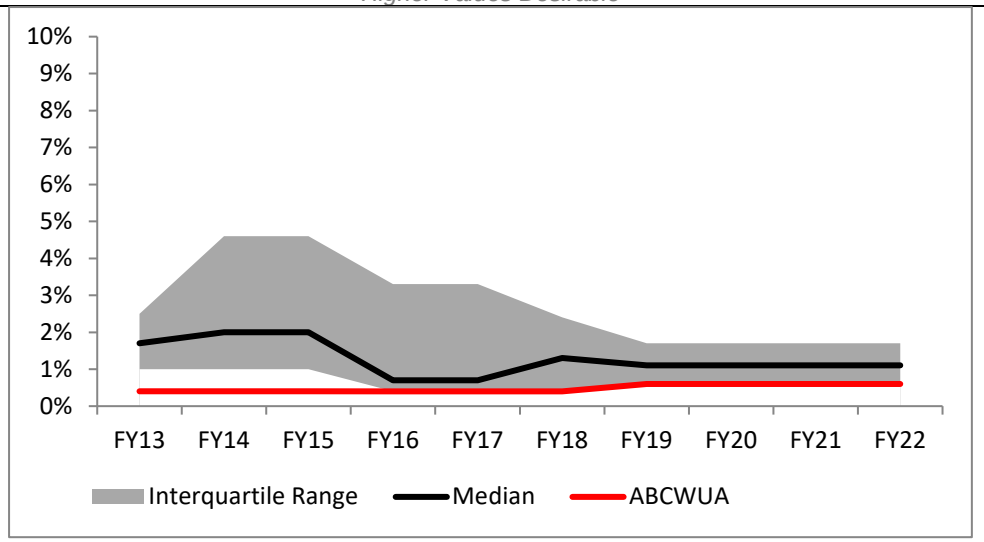
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

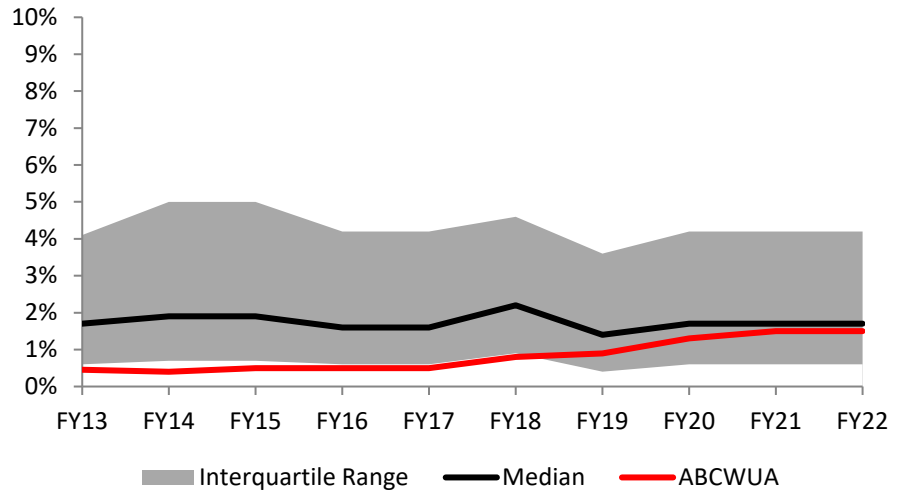
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Water Facility & Pumping)

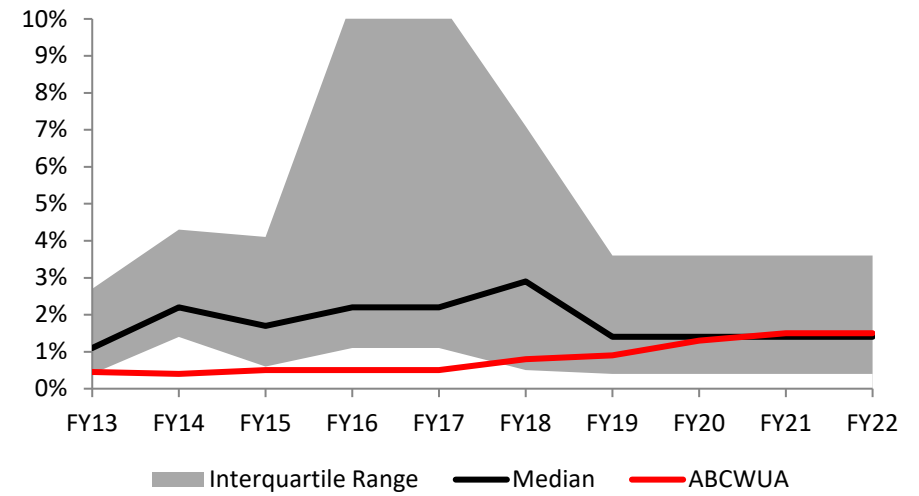
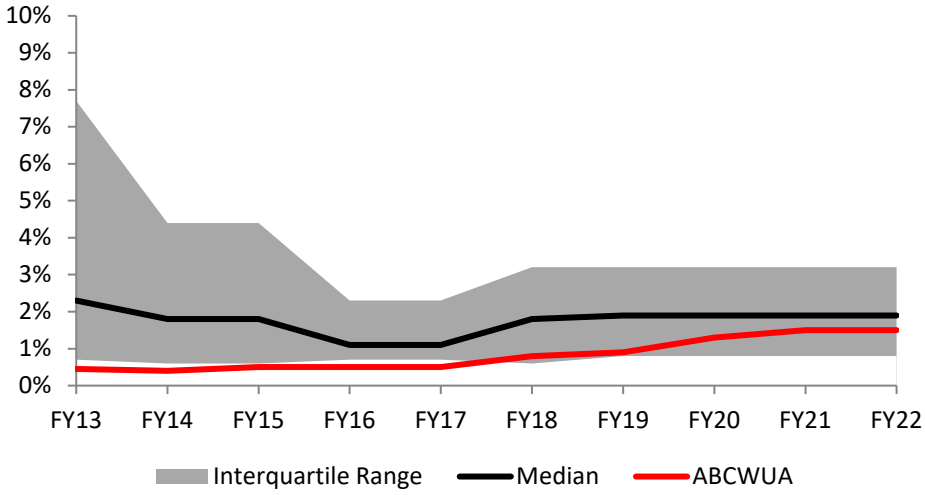
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	1.2%	0.9%	1.3%	1.5%	1.5%	1.5%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

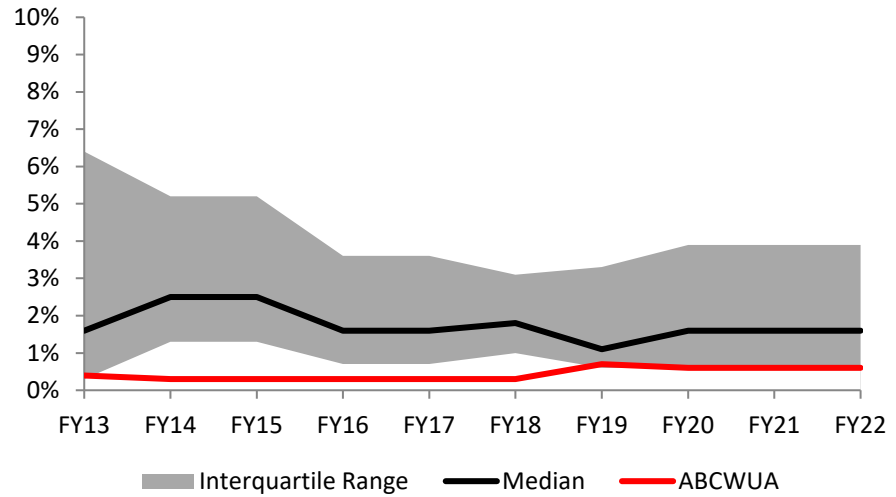
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Wastewater Pipeline & Collection)

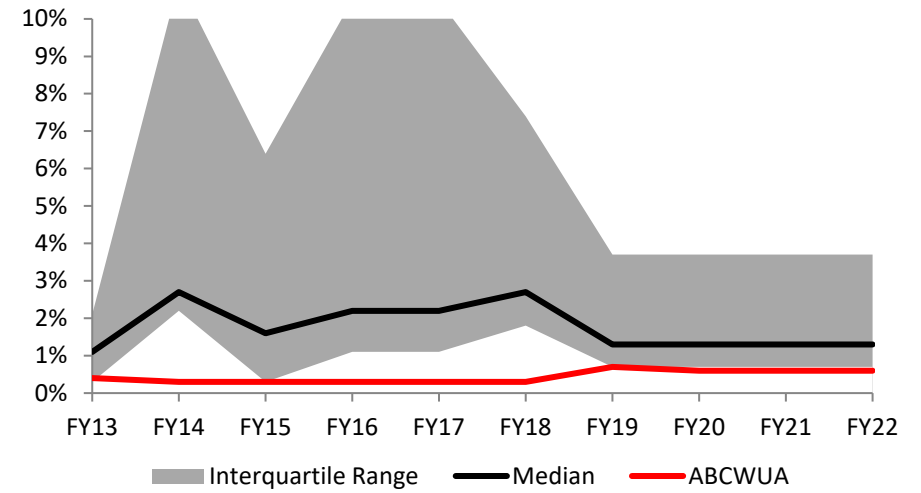
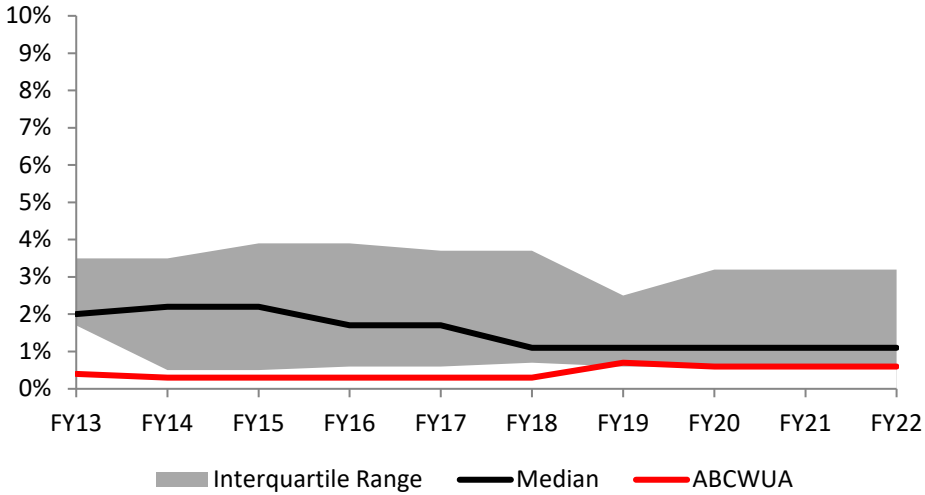
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	0.6%	0.7%	0.6%	0.6%	0.6%	0.8%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

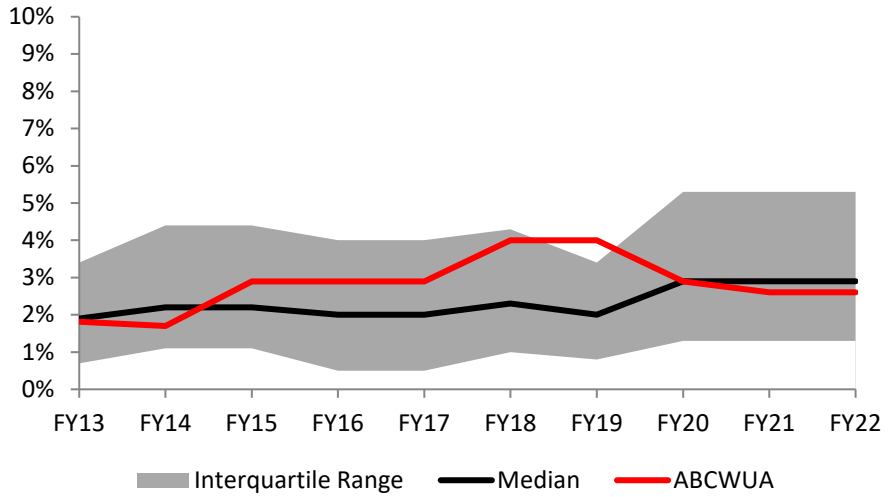
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Wastewater Facility & Pumping)

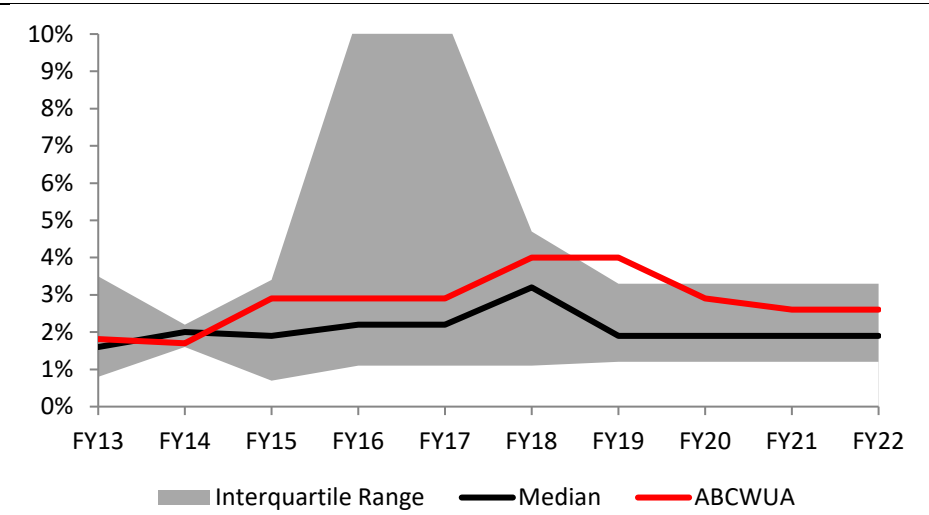
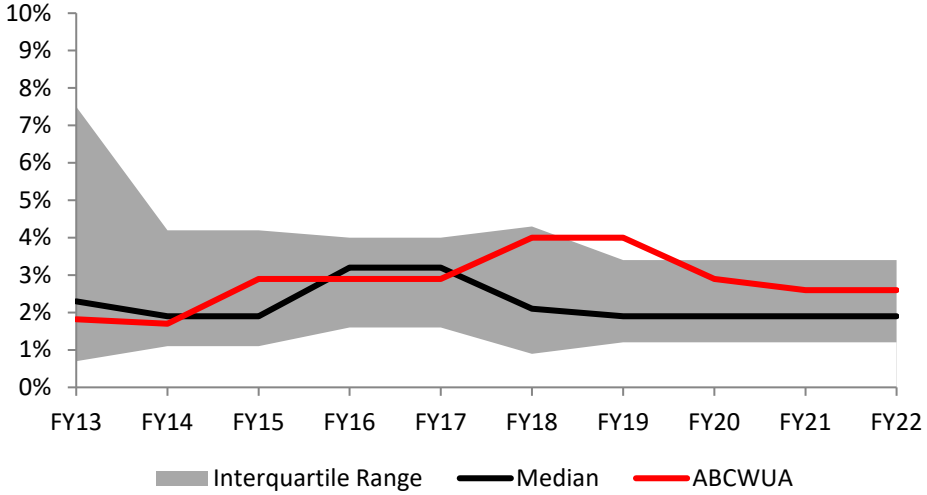
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	3.2%	4.0%	2.9%	2.6%	2.6%	3.0%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

This measure quantifies the degree to which a water or wastewater utility is replacing its infrastructure based on target lives for both water and wastewater asset groups. Data for these asset groups are provided in four categories:

1. Water pipeline/distribution
2. Water treatment facility and pumping
3. Wastewater pipelines and collection
4. Wastewater treatment facility and pumping

Measurement Status

The Water Authority's performance in this measure has been within the median range for the past three fiscal years in three of the four asset groups. The wastewater treatment performance is within or above the median range because of the significant replacement and rehabilitation program at the wastewater treatment plant. Since FY07, the Water Authority increased its capital program spending from $30 million per year to $70 million per year, including significant increases in planned rehabilitation spending from $22 million to $58 million. Since FY15, the utility has added $3 million each year cumulatively. In FY23, the capital budget is $76.2 million.

In FY08, the Water Authority formally established its asset management program to prolong asset life, improve decisions about asset rehabilitation, repair, and replacement, and meet customer expectations with a focus on system sustainability and reliability. The program is an extensive, well thought out 'Business Model' that helps the Water Authority make better acquisition, operations and maintenance, renewal, and replacement decisions. In FY11, the Water Authority completed an Asset Management Plan (AMP) as a part of its asset management program. The AMP provides a 30-year projection that allows the Water Authority to budget for renewals and replacements into the future. In addition, the Water Authority upgraded its work order system in FY18 in a manner that supports asset management business objectives. Moreover, the Water Authority has incorporated asset management principles and management of risk into ten-year Capital Improvement Plan. In 2019, the utility created a strategic asset management planning section to assist in providing optimal service, stewardship, and decision making and to reduce operational risk and to improve the Level of Service for Water Authority customers.

2020 Customer Opinion Survey

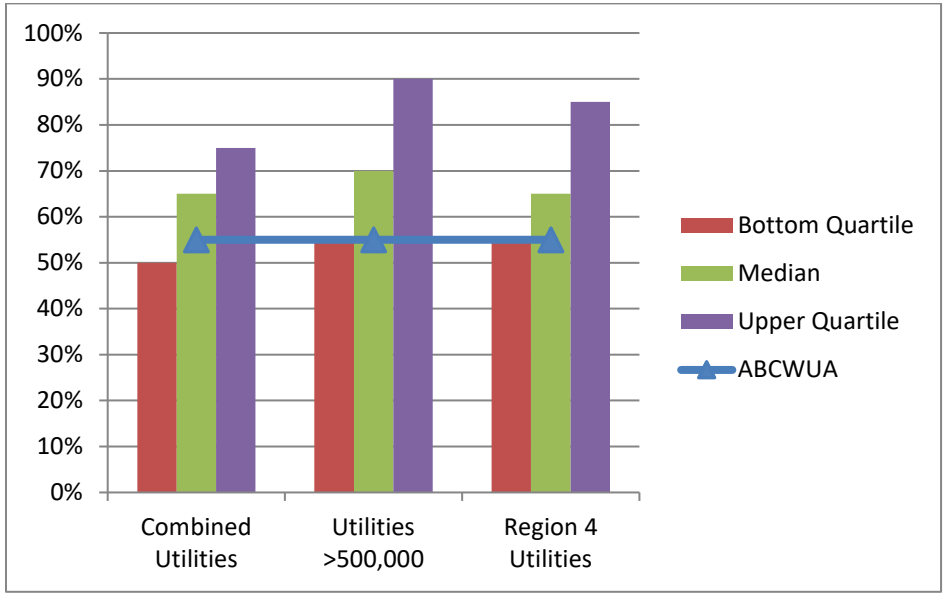
- 86% of customers feel that it is very or somewhat important to invest in the repair and replacement of old water and sewer lines

4-4 Triple Bottom Line Index

Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current /Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Quantify the utility's sustainability efforts	Self-assessment based on Triple-Bottom-Line Checklist	60%	65%	55%	55%	55%	60%	Assess the utility's sustainability efforts

Industry Benchmarks



Generally, higher values are desirable

Results Narrative

This indicator provides a measure of a utility's sustainability efforts. It is calculated based on self-assessed points assigned in the various categories in the Triple-Bottom-Line (TBL) Checklist. The TBL framework represents a balanced view of environmental, social, and economic considerations. The value assigned to each statement is based on evidence that existed during the reporting period to support the statement, as reviewed and rated by senior utility management. Cumulative scores can range from 0 to 20 and are presented as percentages (total score / 20 × 100%).

Measurement Status

The Triple-Bottom-Line Index was recently included by AWWA in their benchmarking survey. The Water Authority has been measuring this Index for the last three fiscal years. It will continue to track these indicators and benchmark with industry peers and determine targets for its sustainability programs.

The Water Authority received the **2018 Exemplary Source Water Protection Award**. The AWWA distinguished the Water Authority from its peers for its innovative approach for protecting its source waters and the conjunctive management of its water resources to ensure long-term safety and resiliency of our water supply. Source water protection activities highlighted by the AWWA in its selection included the Water Authority's low-income credit program, the monitoring and mapping of potential and know groundwater contamination in the service area, and the comprehensive water planning efforts. The Water Authority also updated its source water protection plan.

In 2020, the Water Authority received the **National Association of Clean Water Agencies Environmental Achievement Award for Watershed Collaboration**. The Water Authority was recognized for its work in watershed stewardship, source water protection, community partnership and engagement, and its education program.

In FY22, the Water Authority received **the U.S. Environmental Protection Agency (EPA) AQUARIUS Award for Excellence in Systems Partnerships.** The Water Authority was recognized for its efforts to bring water service to the Village of Carnuel.

Goal 5
Organizational Development

Guiding Goal Statement

Sustain a well informed, trained, motivated, safe, organized, and competitive work force to effectively meet the expectations of the customers, community, and Board in accordance with adopted policies and mandates.

Goal Performance Scorecard

Ref #	Performance Measure	Status	Trend
5-1	Employee Health and Safety Severity Rate	■	■
5-2	Training Hours per Employee	▲	▲
5-3	Customer Accounts per Employee (Water)	▲	▲
5-3	Customer Accounts per Employee (Wastewater)	▲	▲
5-4	Employee Turnover	■	■
5-5	Retirement Eligibility	▲	▲
5-6	Organizational Best Practices Index	▲	▲
	Overall Goal Status	▲	▲

Performance Key

▲ Excellent ■ Good ■ Fair ▼ Poor

Linkage of Objectives to Performance Measures

FY23 Objectives	Measure Reference
Continue promoting a Culture of Safety by providing a variety of job-related safety trainings, opportunities for recognition and safety communications to create awareness and promote good work practices. Track the hours of training offered and percent attendance by working group through the end of the 4th Quarter of FY23 and study the data to identify trends that could be mitigated by implementing tailored work practices, SOPs, and customized safety trainings. Reduce injury hours to 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY23.	**5-1**
Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees with a 60% or greater overall completion rate by the end of the 4th Quarter of FY23. In collaboration with our Employee Assistance Program, increase mental health awareness through quarterly trainings and presentations. Incorporate more remote wellness options for employees to participate in, including video classes and instructional videos by the end of the 4th Quarter of FY23.	**5-1**
Provide employees with job-related training and monitor hours of training completed. Maintain an average of at least 25 hours of training per employee through the end of the 4th Quarter of FY23.	**5-2**
Maintain an average utility-wide vacancy rate of no greater than 7% through the end of FY23. Maintain an average number of days to fill positions of 40 days or less and report quarterly through the end of the 4th Quarter of FY23.	**5-4**
Recognize at least 15% of the work force through initiatives such as employee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY23.	**5-6**
Consistent with the Water Research Foundation Utility Innovation Project, develop a Strategic Plan for the Water Authority's Innovation Program by the end of the 4th Quarter of FY23. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.	**5-6**
Develop a formalized plan for remote working options within the Water Authority by the end of the 2nd Quarter of FY23.	**5-6**
Augment Internal Communications via deployment of video message boards and content by the end of the 4th Quarter of FY23.	**5-6**
Conduct a cost/benefit analysis of the Water Authority benefit plans by the end of the 2nd Quarter of FY23.	**5-6**

Performance Measure Division Responsibility

Ref #	Performance Measure	Operations	Financial / Business Services	Human Resources
5-1	Employee Health and Safety Severity Rate			✓
5-2	Training Hours per Employee			✓
5-3	Customer Accounts per Employee (Water)	✓	✓	
5-3	Customer Accounts per Employee (Wastewater)	✓	✓	
5-4	Employee Turnover	✓		✓
5-5	Retirement Eligibility	✓		✓
5-6	Organizational Best Practices Index	✓	✓	✓

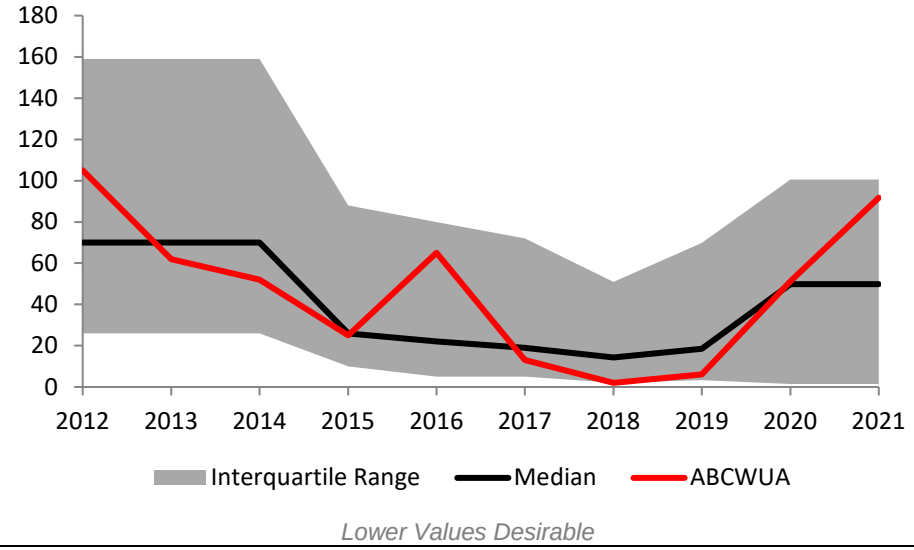
5-1 Employee Health and Safety Severity Rate

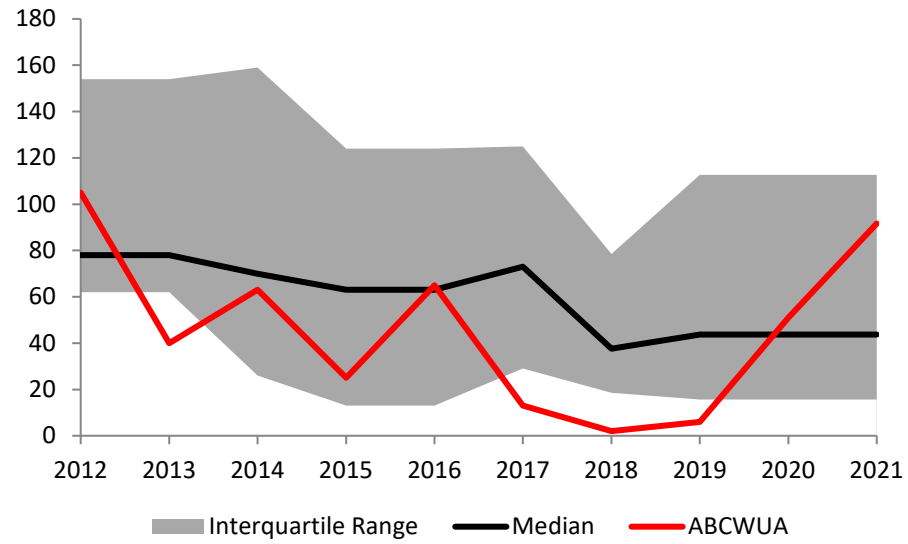
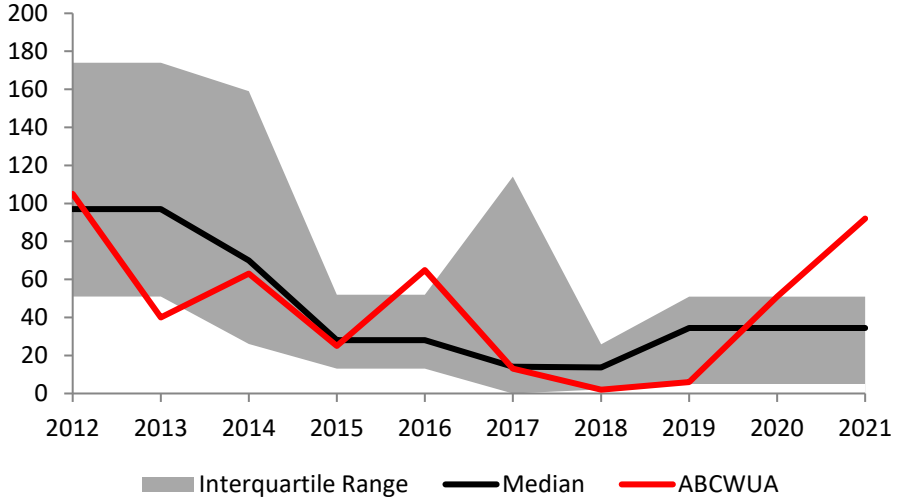
Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				2018	2019	2020	2021	2022	
Effectiveness	Quantify the rate of employee days lost from work due to illness or injury	Total workdays away from work and total hours worked by all employees	20	2	6	51	92	50	Improve employee health and safety to reduce total workdays from work

Industry Benchmarks

Combined Water/ Wastewater Utilities



Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

The Occupational Safety and Health Administration (OSHA) has established accident and illness recording and reporting requirements that affect most organizations. The OSHA standard is recommended because it has broad applicability and most utilities are already recording the needed data. The OSHA lost-days measure quantifies the rate of days lost due to illness or injury per 100 employee-years of work. It was selected as a good measure for water and wastewater utilities because it summarizes a very useful set of data that is readily available at most utilities.

Excessive lost workdays affect productivity and can cost utilities in a number of ways. Health care, insurance premiums, and overtime can all be adversely impacted by lost work due to injury or health reasons.

Measurement Status

The Water Authority's performance in this measure was below the median range when the Water Authority began measuring its performance in 2005. Since 2006, the Water Authority's performance in this measure has improved every year with a 100% decrease in injury hours over the last ten years. From past policy objectives, the Water Authority has developed safe work incentives and routine employee safety training. In addition, the Water Authority improved its Light Duty Program to get workers back to the job safely. This new process has provided a clearer understanding on what needs to take place when an injury occurs including the documentation, payroll coding and expectation and assignment of the employee. Starting in 2009, the Water Authority awarded its employees with a $300 incentive payment, taxes paid for meeting injury reduction goals. Overall, employees met the target goal 10 out of the 13 years.

The uptick in workdays away from work in FY20 through FY22 is related to the COVID-19 pandemic.

A policy objective for FY23 is to reduce injury hours to 2,500 hours or less to improve productivity and reliability of services provided by employees; the goal relates to a $300 per employee safety incentive program. Another FY22 Objective is to provide a variety of job-related safety trainings, opportunities for recognition, and safety communications to create awareness and promote good work practices.

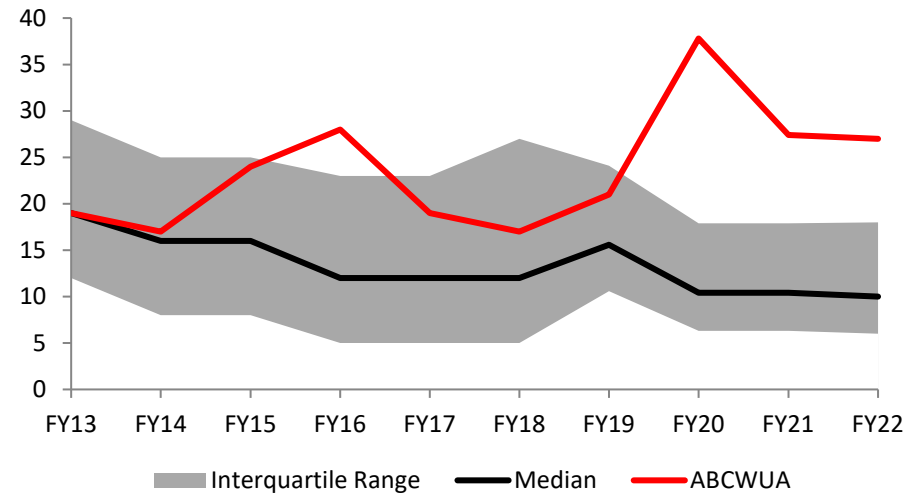
5-2 Training Hours per Employee

Performance Results

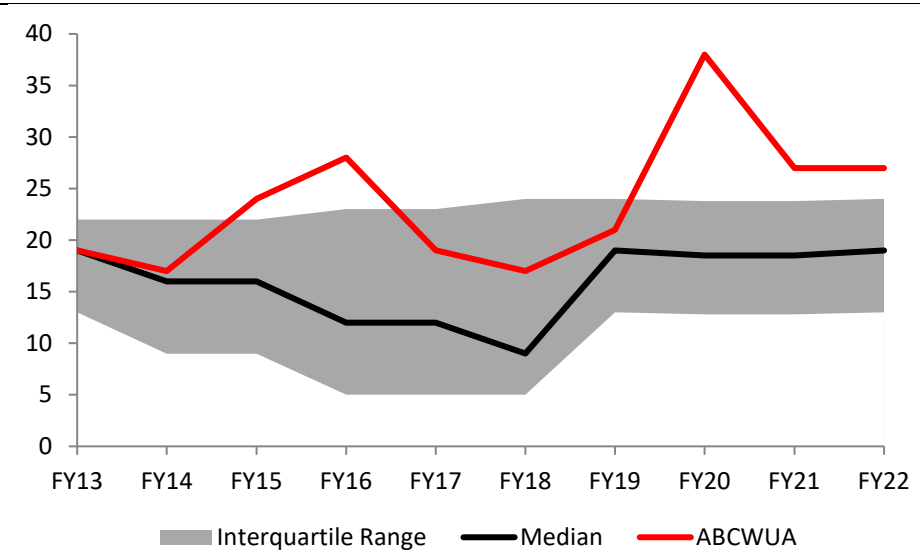
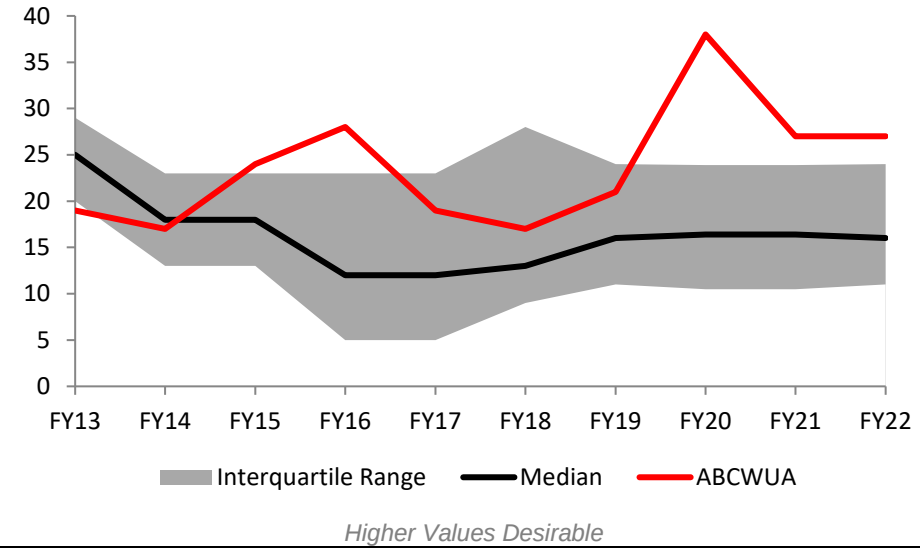
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Effectiveness	Measure the quantity of formal training completed by Water Authority employees	Number of formal training hours per employee per year	29	21	38	27	27	27	Improve employee knowledge and skills to maintain a motivated and effective works force

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

This measure is intended to reflect the organization's commitment to formal training as a means of improving employee knowledge and skills. It also does not address the effectiveness or efficiency of the training programs used by the utility.

Measurement Status

The Water Authority's performance in this measure has been within or above the median range for the past three fiscal years. The Water Authority adopted a policy objective in FY09 to increase certification training hours and by creating an organizational succession plan by implementing hiring, training and certification programs for mechanics, electricians and electronics technicians. The Water Authority has improved it performance in this measure since the implementation of these training programs. The utility has developed and implemented a training program for meter replacement technicians as well as the technicians maintaining the AMI program. The Water Authority continued to improve its performance in FY21 by implementing a new two-year mid-management certification training program that allows growth in the knowledge, skills and abilities for these employees and provide for better leadership and supervisor capabilities.

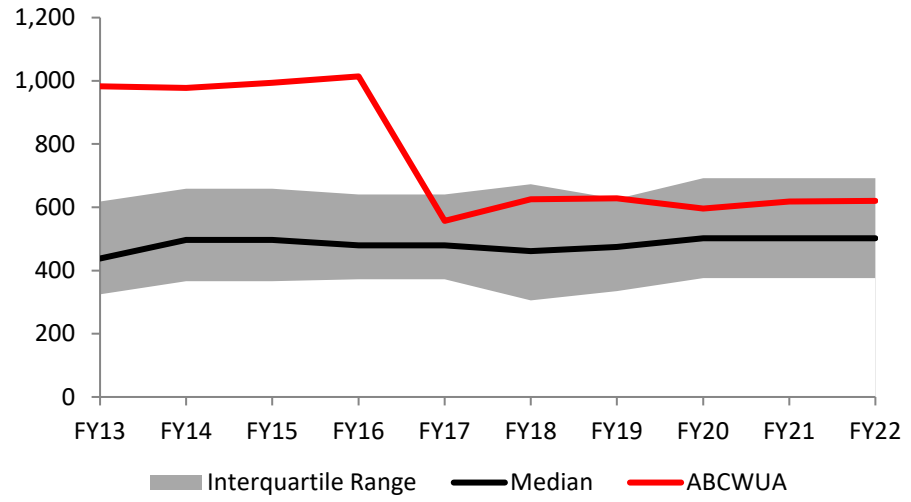
5-3 Customer Accounts per Employee

Performance Results (Customer Water Accounts per Employee)

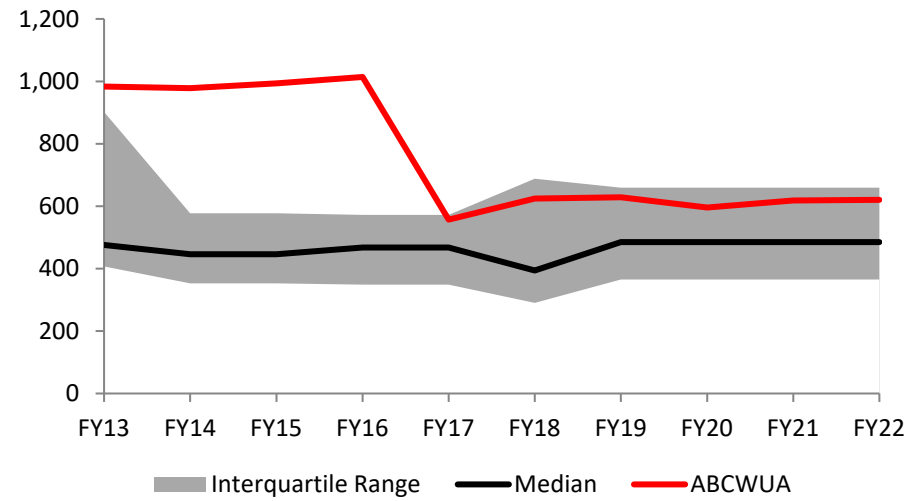
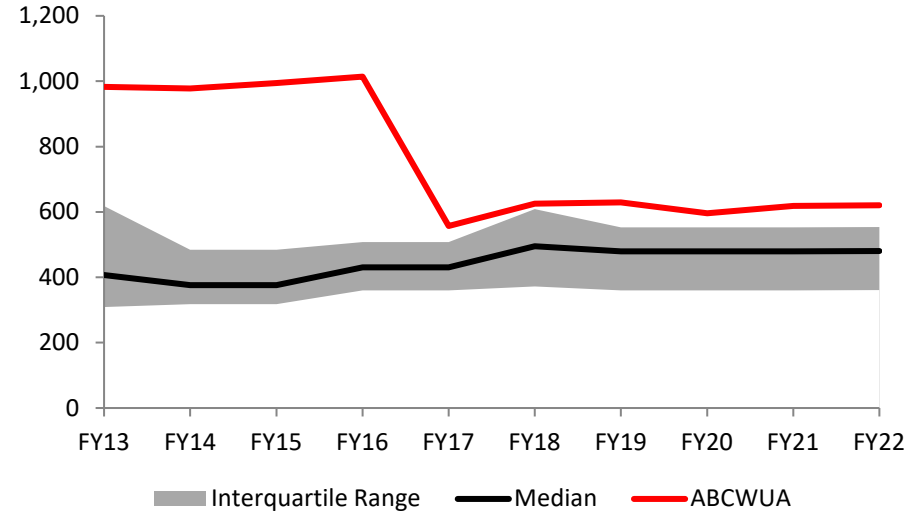
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Measure employee efficiency	Number of active accounts per employee and average million gallons of water delivered and processed per day per employee	614	629	596	618	620	625	Provide efficient service to our customers to meet their expectations

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

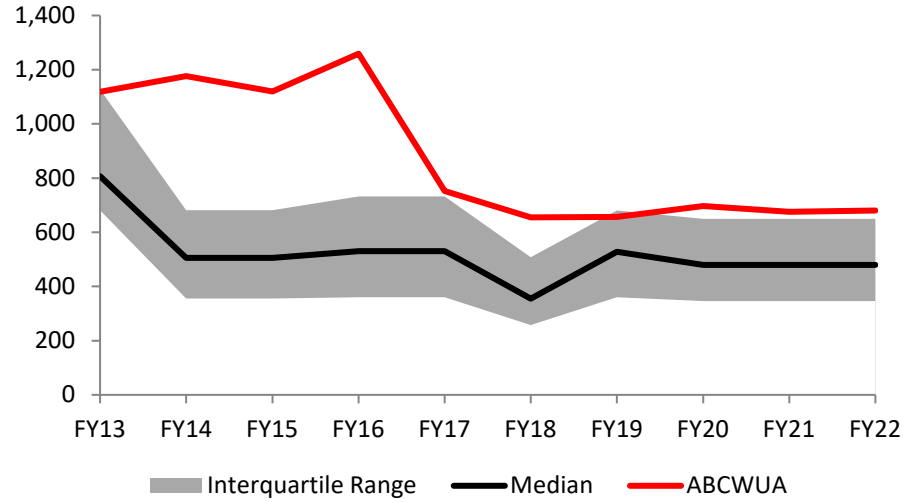
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Customer Wastewater Accounts per Employee)

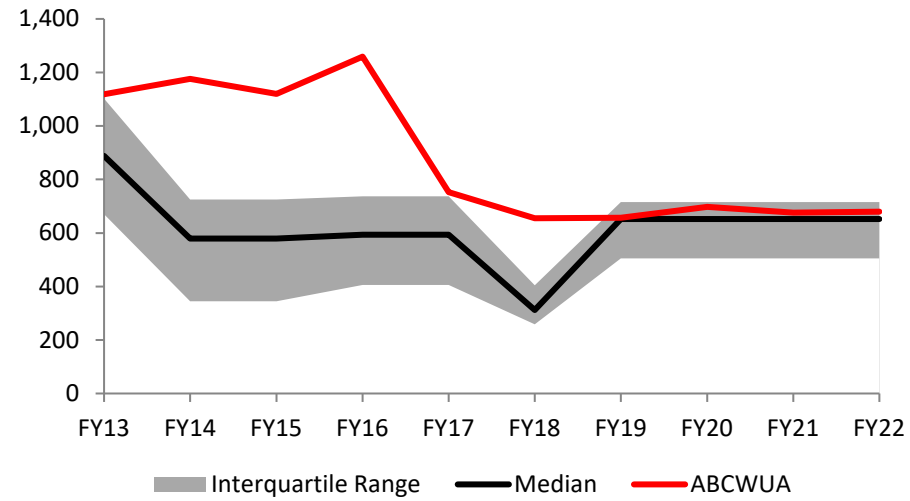
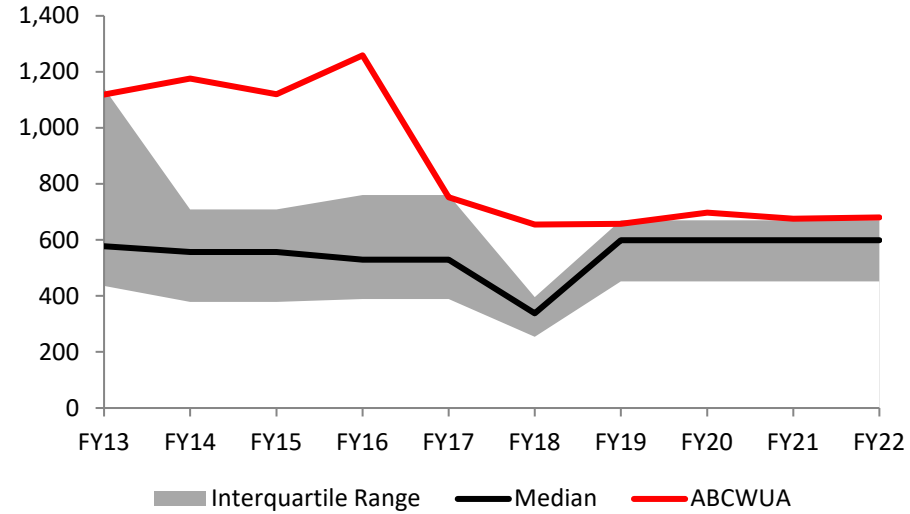
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Measure employee efficiency	Number of active accounts per employee and average million gallons of water delivered and processed per day per employee	677	657	697	676	680	685	Provide efficient service to our customers to meet their expectations

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative
These measures measure employee efficiency expressed by water and wastewater accounts per employee.

Measurement Status
The Water Authority's performance in this measure has been within the top quartile for the past three fiscal years for water and wastewater accounts per employee. The utility anticipates no change in the metric for FY23.

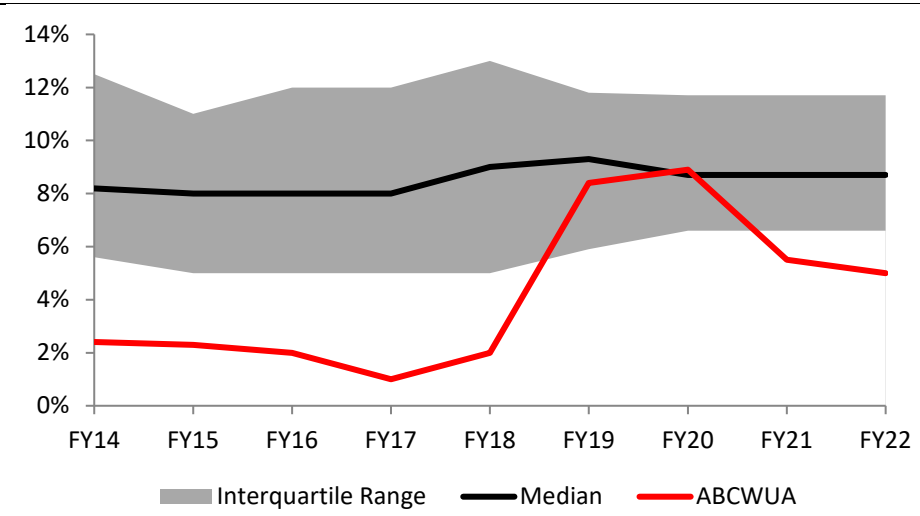
5-4 Employee Turnover

Performance Results

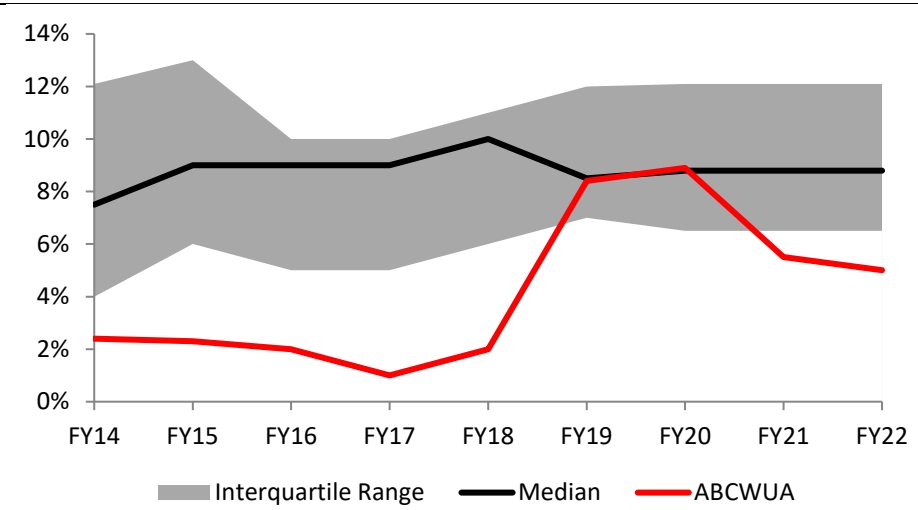
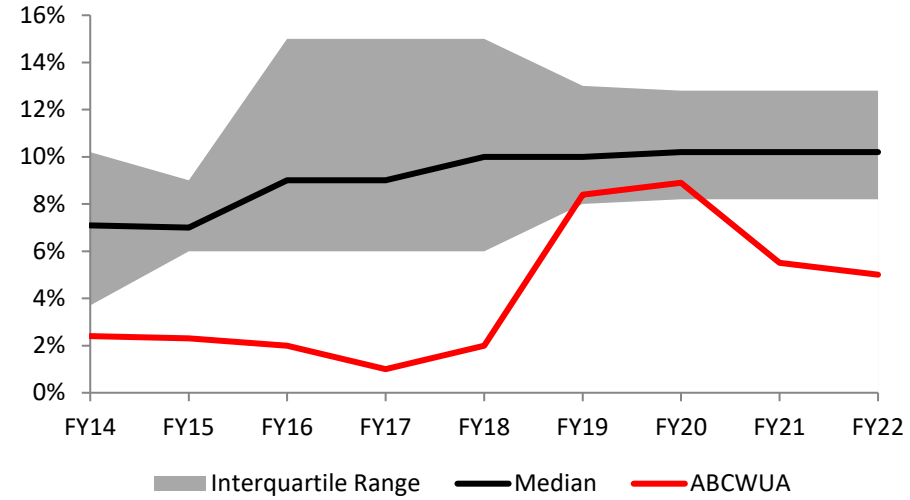
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Quantify the annual employee departures	Number of regular employee departures during the reporting period / Total number of FTEs	7.6%	8.4%	8.9%	5.5%	5.0%	5.0%	Determine staffing levels for operation needs and meeting service levels

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

This indicator quantifies annual employee departures normalized by the utility's workforce (as FTEs) per year. Regular employee departures include employees who leave voluntarily, retire, or are let go during the reporting period. Regular employees are those who worked more than 1,000 hours during the reporting period.

Measurement Status

The utility's performance is above the median range. The utility will continue to track this metric to determine staffing levels for operation needs and meeting service levels.

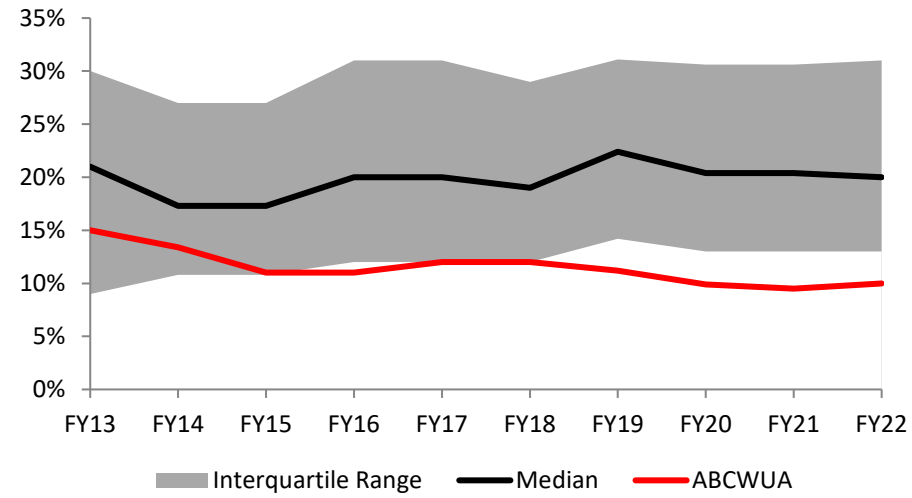
5-5 Retirement Eligibility

Performance Results

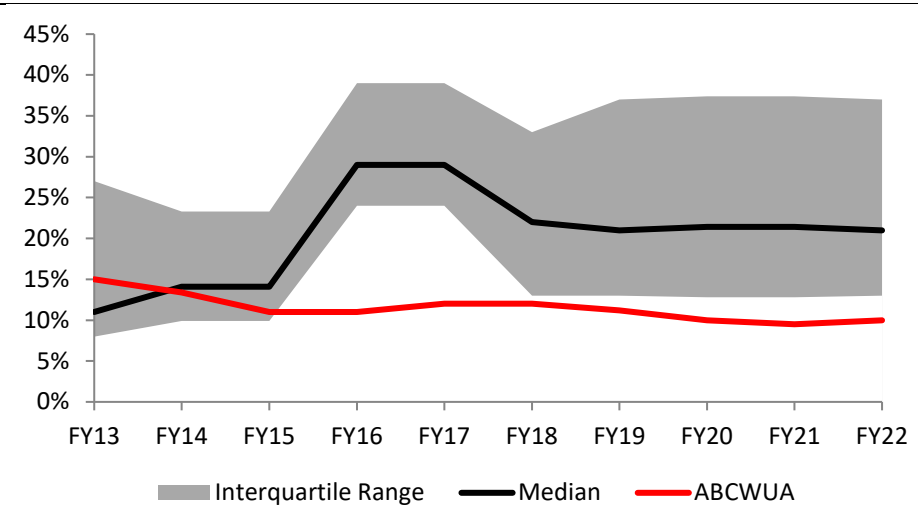
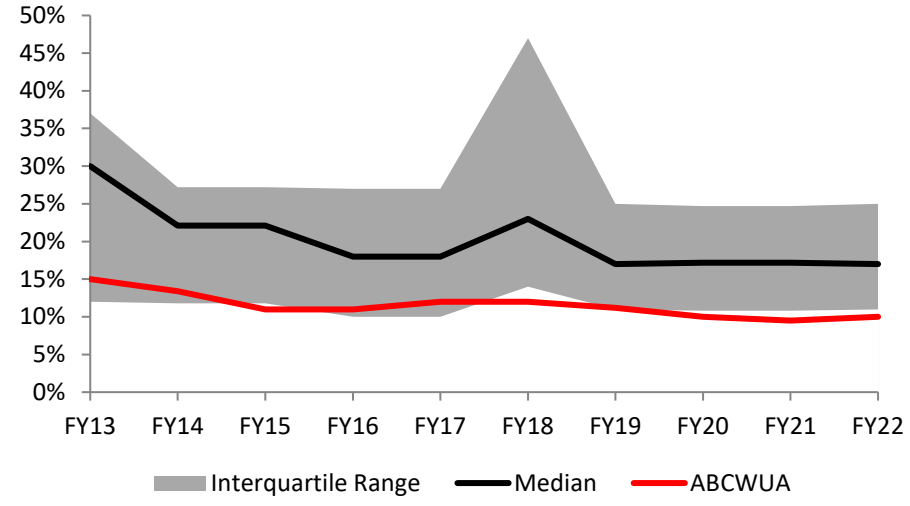
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Efficiency	Quantify the number employees who can retire	Number of regular employees eligible for retirement in the next 5 years / Total number of FTEs	10.2%	11.2%	9.9%	9.5%	10%	10%	Determine staffing levels for operation needs and meeting service levels

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

This indicator provides a measure of the number of regular employees eligible for retirement normalized by the utility's workforce (as FTEs). Regular employees are those who worked more than 1,000 hours during the reporting period.

Measurement Status

The utility's performance is within or above the median range. The utility will continue to track this metric to determine staffing levels for operation needs and meeting service levels.

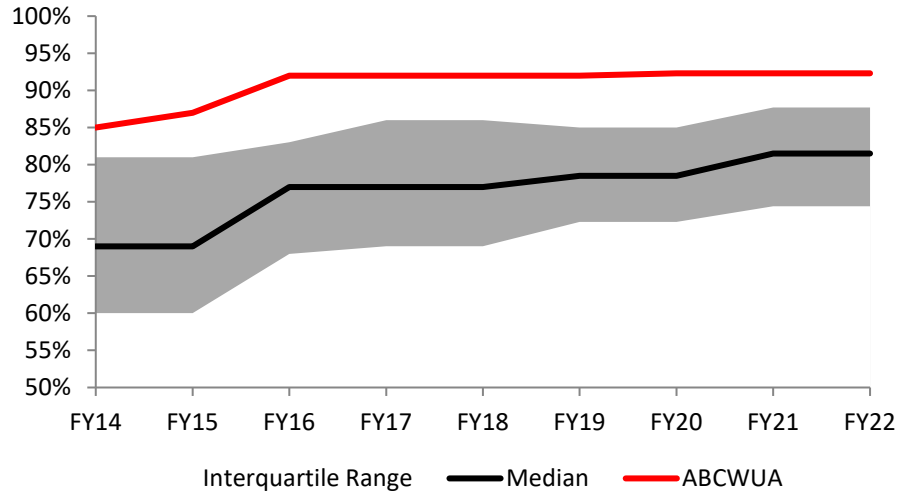
5-6 Organizational Best Practices Index

Performance Results

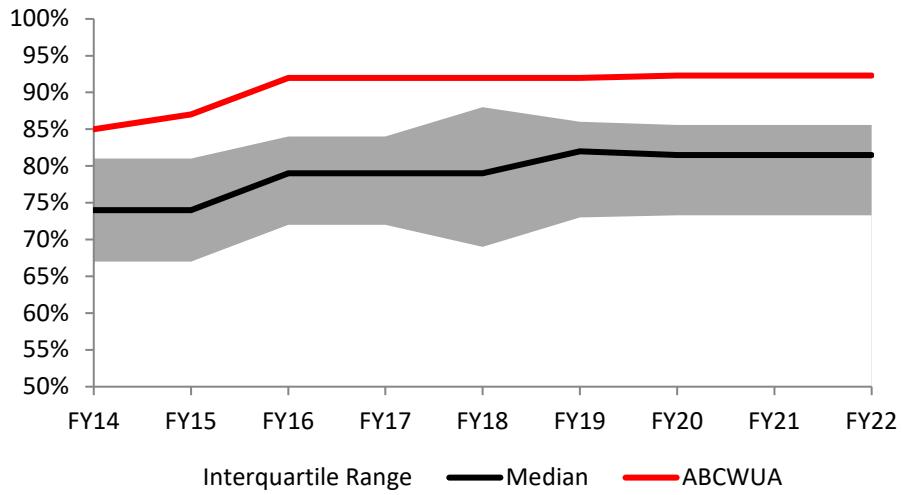
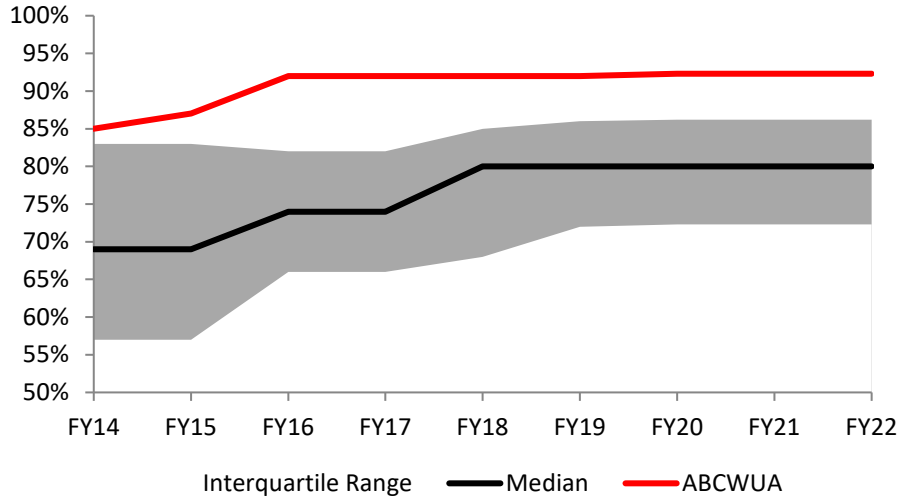
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY19	FY20	FY21	FY22	FY23	
Quality	To summarize the Water Authority's implementation of management programs important to water and wastewater utilities	Self-scoring system to identify the degree to which the Water Authority is implementing the seven organizational best practices	92%	92%	92%	92%	92%	92%	Implement best management practices to sustain a competitive work force

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Results Narrative

This measure summarizes the status of implementation of good management practices at a utility. It is particularly useful for identifying potential benchmarking partners, especially organizations that may have advanced knowledge and experience with applying these tools. Correlations with other measures might show that performance in other areas is related to investments in improved management practices. The Water Authority used a self-scoring system to identify the degree to which organizational best practices are being implemented. The scoring system is based on assessments performed by the utility through the Effective Utility Management (EUM) framework. Scores for the fourteen areas are aggregated as a percentage.

The practices included in the index are as follows:

- Strategic Planning & Implementation
- Long-term Financial Planning
- Risk Management Planning
- Performance Measurement System
- Optimized Asset Management Program
- Customer Involvement Program
- Governing Body Transparency
- Drought Response/Water Shortage Contingency Plan
- Source Water Protection Plan
- Succession Planning
- Continuous Improvement Program
- Leadership Effectiveness

Measurement Status

The Water Authority's performance in this measure is above the median range for the past three fiscal years. After implementing the areas of improvement from the EUM assessments, the Water Authority anticipates continued progress on this measure. This measure is particularly useful for identifying potential benchmarking partners, especially organizations that may have advanced knowledge and experience with applying these tools. The Water Authority is working on its EUM program which incorporates the benchmarking performance indicators from the AWWA Utility Benchmarking program. The utility will utilize the EUM program to make performance improvements in its operations and service delivery by examining its performance on a quarterly basis.

NATIONAL ASSOCIATION OF CLEAN WATER AGENCIES
EXCELLENCE IN Management AWARD

The Water Authority received the **Gold** Excellence in Management Award in 2015 and 2019 recognizing the utility's significant achievement in utility management and adopting successful management practices.

In 2016 and 2019, the Water Authority was recognized as a Utility of the Future Today. The Utility of the Future (UOTF) Today Recognition Program is a partnership of the Environmental Protection Agency and water sector organizations—the National Association of Clean Water Agencies, the Water Environment Federation, the Water Research Foundation and the WateReuse Association. The program celebrates the progress and exceptional performance of utilities while supporting the widespread adoption of the innovative UOTF business model. Utilities were selected for recognition based upon the adoption of UOTF principles (water reuse, watershed stewardship, beneficial biosolids reuse, community partnering & engagement, energy efficiency, energy generation & recovery, and nutrient & materials recovery) as the "Organizational Culture of the Future." The Water Authority was recognized for its efforts in transitioning from a traditional wastewater treatment system to a community-based resource recovery center and leader in the overall sustainability and resilience of the community the utility serves. UOTF acknowledged the Water Authority's progress in utility management, community partnerships and engagement, beneficial biosolids reuse, and water reuse.

In 2018, the Water Authority was recognized for its excellence in utility management through the highest accolade given by the Association of Metropolitan Water Agencies – the Platinum Award. The utility was recognized for high-quality, affordable water, responsive customer service, attention to resource management, infrastructure renewal and environmental protection.