Bear Canyon Recharge Project

PROPOSED FY2024 Budget and Performance Plan

Albuquerque Bernalillo County
Water Utility Authority

Proposed Operating Budget FY24

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

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Albuquerque Bernalillo Co. Water Utility Authority
New Mexico

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morrill

Executive Director

Albuquerque Bernalillo County
Water Utility Authority

April 19, 2023

To: Eric Olivas, 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, 2023 and Ending June 30, 2024

Presented to the Board for review and consideration is the proposed budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2024 (FY24). This submittal is the Water Authority's financial plan for FY24. 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 proposed budget, the Water Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed 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 FY24 is estimated to be $248.4 million, representing an increase of $3.7 million from the FY23 budget amount. There is no rate revenue adjustment proposed for FY24.

The proposed General Fund operating expenses for FY24 are $248.4 million, representing an increase of $1.7 million from the FY23 revised budget, including interfund transfers. This is comprised of an increase of $3.3 million for salaries and benefits, a decrease of $3.0 million for operating expenses, and an increase of $1.4 million for interfund transfers to the capital and debt service funds. Personnel expenses include a 2.0% step increase in wages, a 2.5% 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 31.0% of the total General Fund operating expense in FY24.

For FY24, General Fund revenues, including an addition of $0.5 million from fund balance, are expected to be $0.005 million more than proposed expenses. This amount will bring the Working Capital or Fund Balance to $32.6 million at June 30, 2024. The Water Authority's target is to maintain its Fund Balance at 1/12 of the annual budgeted operating expenses as defined by the Water Authority's Rate Ordinance. For FY24, the Rate Reserve fund remains at $9.0 million; the Risk Reserve is $0.5 million; and the Soil Amendment Facility Reserve is $2.1 million.

Submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for FY24. 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 FY24 is $103.5 million. $88.7 million is appropriated for the basic rehab capital programs, $4.0 million for growth-related projects, $8.3 million for special projects, and $2.5 million for *Water 2120* projects. The $8.3 million for special projects is comprised of $1.0 million for Automated Meter Infrastructure (AMI), $2.0 million for steel water line replacement, $0.3 million for various renewable energy projects and $5.0 million for the Mission Facility site renewal.

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 FY24 not to exceed $55,816,573 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). 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. The Water Authority has received $300,000 in Capital Outlay funding through the State of NM.
8. Carnuel Water System Expansion ($1,000,000) – Funding will be used for additional waterline extension design and construction for the Village of Carnuel Water System Expansion project. The Water Authority has received $3000,000 in Capital Outlay funding through the State of NM.
9. To'Hajiilee Water Line Extension ($1,000,000) – Funding will be used for construction of a 7.8 mile, 10-inch gravity transmission line from the 7W Reservoir located on the westside of Bernalillo county to the Well 5 site.

This budget proposal 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 (LOS) to its customers with high-quality water and wastewater service and address the Water Authority's priorities for FY24 to improve services and gain operating efficiencies.

FY23 ACCOMPLISHMENTS

As we look forward to FY24, we also reflect on the Water Authority successes in recent years. These included:

- ✓ Achievement of 20% reliance on renewable energy sources
- ✓ FY23 Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- ✓ FY21 GFOA Certificate of Achievement for Excellence in Financial Reporting (both Comprehensive and Popular)
- ✓ AQUARIUS award from the U.S. Environmental Protection Agency (EPA) for the utility's efforts to bring water service to the Village of Carnuel
- ✓ 2021 American Council of Engineering Companies (ACEC) Engineering Excellence Award, Power Loop A&B, Phase 1 (Carollo Engineers, designer)
- ✓ 2021-2022 American Water Works Association (AWWA) Partnership for Safe Water Treatment-Presidents Award

Other achievements in the preceding fiscal year include progressing to the design phase on the To'Hajiilee Transmission Line project that will provide high-quality potable water to the To'Hajiilee Navajo community, and the Volcano Cliffs Arsenic Treatment Facility that will treat water from 5 existing wells, providing approximately 12 million gallons per day (MGD) of potable water for the users in the westside of the service area. The Water Authority expects that both of these projects will go to construction in FY24. The Intel Raw Water Transmission Line project will be completed before the end of FY23.

Operations

In calendar year 2022, the Surface Water Treatment Plant (SWTP) section produced 46% of all water for the Water Authority, which reflects drought conditions in the Rio Grande River during the year. After a three-month shut-down due to the drought conditions during the summer months, 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.

Groundwater section provided all the potable water to the service area between mid-June 2022 and mid-October 2022 due to the shutdown of the SWTP.

Groundwater major projects during the year included: performing in-house asset renewal, upgrades and maintenance to pump control valves and booster and well pumps, refining the scope for a study of stranded high arsenic well assets, and assessing the impacts on service from wide-scale loss of power.

The Southside Water Reclamation Plant (SWRP) section accomplishments included: installing ultra-violet channel flow control baffles and performing channel cleaning to help reduce exceedances of E. coli bacteria and mercury; diverting 29% of biosolid waste to compost production, successfully commissioning exhaust gas treatment systems for the North Cogen engines and achieving a goal of 34% energy use from renewable power sources.

Field Distribution section crews installed over 17,000 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 tested approximately 455 large water meters and over 300 small water meters for accuracy (median 94.8%) and updated over 756 assets into the asset registry. Staff are pouring and casting concrete meter vaults instead of purchasing premade vaults, resulting in cost savings. Crews upgraded four actuators at the SWTP and continued the pressure management program with 38 device rebuilds and two complete replacements.

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 continued to investigate methods and tools to reduce the number of sanitary sewer overflows.

Collections staff piloted a manhole monitoring study to diagnose flow patterns and provide advance alerts of downstream blockages to reduce the number of sanitary sewer overflows.

FY23 ACCOMPLISHMENTS

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. Staff migrated the Work Order process and Connection Permits to an online platform where customers can track the status of their projects and provided training to contractors on the new permit process. Staff developed processes for capturing information for asset management purposes, developed key performance indicators (KPIs) for primary deliverables and began the process of archiving historical documents.

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 FY23 are projected to be approximately $60 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: the Process Lab prefabricated buildings, primary clarifiers and the SCADA tower at SWRP; the raw water intake mechanical rake project at SWTP, multiple Groundwater wellsite rehabilitations, multiple franchise agreement projects coordinated with the City of Albuquerque, Bernalillo County, New Mexico Department of Transportation and Albuquerque Metropolitan Arroyo Flood Control Authority, and interceptor rehabilitation projects.

Critical and priority special projects managed during the fiscal year included: designs for the To'Hajiilee Waterline project, Intel Raw Water Transmission line construction, evaluation of options for the SWTP settling basins cleaning, completion of grading/drainage plans at the Vulcan site, and management of the various ARPA-funded projects in coordination with Bernalillo County.

The Asset Management staff continued progress on updating the asset registry, completed the Comprehensive Asset Management Plan, developed a property asset report for Risk to update replacement costs for insurance purposes, developed framework in Maximo to load barricades and paving restoration costs, developed processes for optimizing preventive maintenance with various work groups, set up business processes for Fleet and Facility Maintenance, and conducted training assessments with work groups.

Grants Management submitted the State of New Mexico "Intended Use Plan" for Clean and Drinking Water State Revolving funds and the Infrastructure Capital Improvement Plan which is required for State capital outlay requests. Staff submitted reimbursement requests for the American Rescue Plan Act (ARPA) funded projects to Bernalillo County and coordinated the receipt of additional ARPA funds. Applications were submitted for Congressional directed spending funds, funding for Emerging Contaminants and funding for the Lead Service Line Replacement programs.

Water Resources reported 1.3 billion gallons of water was conserved in CY22 from CY21. Water savings was achieved in many ways: Drought Rebate classes, water waste compliance, Outreach to the top 5% residential water users, leak inspections, rebates, and programs with City of Albuquerque and Bernalillo County partners. As a result of these savings, the Water Authority achieved 127 gallons per capita per day (GPCD) in CY22, continuing the utility's move towards the goal of 110 GPCD by year 2037.

Conservation staff completed the new "Irrigation Efficiency Guide" and lead the Customer Conversations forum sessions on Drought Planning.

Water Resources Water Rights & Environmental Planning staff coordinated with Central Engineering and Groundwater staff to optimize the recharge at Bear Canyon and added 2,000 acre-feet of recoverable water through the Aquifer Storage Recovery (ASR) wells. The SWRP Outfall Restoration project continued to progress on the design package, submittal of the biological assessment and stakeholder meetings with local and federal agencies.

FY23 ACCOMPLISHMENTS

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 and provide resources for teaching and mentoring for their new STEM science center which opened in CY2022.

Compliance

The Water Quality Lab staff developed performance metrics to monitor quality and productivity. Lab capacity returned to normal/pre-COVID performance levels during the fiscal year.

Staff conducted a 3-day training session for divisions on use of the drinking water and reuse models. Staff expect the model to be finalized by fiscal year-end.

The Water Quality program completed the Sanitary Survey with the New Mexico Environmental Department's Drinking Water Bureau. Staff increased source supply monitoring for Per-and Polyfluoroalkyl Substances (PFAS) and 1,4 dioxane, and successfully completed ground water well monitoring. Equipment was purchased last fiscal year to enable the utility to perform its own monitoring.

The National Pollutant Discharge Elimination system (NPDES) program finalized the Mercury Reduction Plan and sent the revisions to the U.S. Environmental Protection Agency (EPA). Construction was completed on the sample preparation laboratory and staff completed Pretreatment program document revisions and public outreach on the changes to the program.

Administration, Employee Relations and Development

In November 2022, Public Relations and Water Resources staff held virtual Customer Conversations meetings on the topic of "Drought Planning".

The Risk/Safety program conducted a pre-assessment meeting with local fire department officials in preparation for a Bulk Chemical Spill Response functional exercise (tabletop exercise). The new 2022 Federal Motor Carrier Safety Administration program for entry-level commercial driver's license (CDL) training was implemented. Risk staff effectively mitigated claims before they materialized into tort claims and negotiated favorable pre-mediation settlements; these measures both realized significant cost savings for the utility.

Risk, Plant Operations and Information Technology (ITD) staff continued to implement key Security Consultant's Deliverables in accordance with AWWA G430 standards and the Vulnerability Assessment.

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

Human Resources and Safety staff worked in conjunction with a Physical Therapy & Worksite Strategies consultant to perform job function analyses in three work groups: Field Distribution, Groundwater and Compliance. The goal of these analyses is to mitigate workplace injuries and reduce non-work hours caused by these injuries.

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 ninety-one certification promotions of employees throughout the Water Authority during the fiscal year and employees received a total of $30,000 (to date) in tuition assistance.

Budget, Finance and Business Management

The Water Authority received the following recognition from the Government Finance Officers Association (GFOA): FY21 Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report (ACFR) and the Popular Annual Financial Report (PAFR), and the FY23 Distinguished Budget Presentation Award.

FY23 ACCOMPLISHMENTS

The Finance Accounting section submitted the FY22 ACFR and PAFR to GFOA for the Certificate of Achievement for Excellence in Financial Reporting program.

Purchasing staff prepared documents for solicitation of various CIP projects, developed multiple analytical reports for tracking procurement records and initiated development of a web-based procurement scoring application.

Warehouse staff established formal after-hours access procedures for emergency use of the warehouses and developed key performance indicators (KPIs) to monitor warehouse operations and order fulfillment productivity.

Fleet & Facility Maintenance partnered with Asset Management staff to develop an automated service request management system, finalized the fleet satellite storeroom management procedures, and established centralized contracts for various facility maintenance activities.

Treasury section managed the rising interest rate environment reestablishing a Treasury Bill securities ladder and maximized the return on liquid bank balances by utilizing government money market account sweeps.

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

Customer Services updated the Customer Care Training program, partnered with Finance staff and the rate consultant to complete a Water & Wastewater Cost of Service study and instituted a call quality monitoring program in the Dispatch area. In October 2022, CSD joined other utilities, agencies, and social services partners in the Albuquerque Community Assistance Fair.

Security continued to be the focus for Information Technology staff in all areas during FY23.

Maps/Records staff completed the Construction in Progress lay in the Geographic Information System (GIS), completed the Data Readiness Assessment for the utility network upgrade, and began an inventory of the maps located in the Map Room.

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, and the Service Management and Project Management Offices.

The FY24 Executive Director's Proposed Budget establishes the Water Authority's financial plan and uses the Goals, Objectives, and the Performance Plan as guides for the appropriation of funds. The Water Authority, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

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 thirteen 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 Southside Water Reclamation Plant (SWRP) in FY10, called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plat. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility, aeration basin and air piping renovations, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility. In FY24, RRAMP improvements will continue with the preliminary treatment facility, the anaerobic digesters, aeration basin, and cogeneration facility renewals.

In FY24, SWRP staff will actively recruit new customers for the Soil Amendment Facility compost.

Areas of focus for SWRP staff will be to continue to optimize the operation of digester gas cleaning and cogeneration emission control systems and develop indicators for the chloramination process used to disinfect effluent reuse water.

The Surface Water Treatment Plant staff plan to work towards the American Water Works Association (AWWA) Partnership for Safe Water-Treatment Phase IV Excellence in Treatment Award. Other areas of focus for the plant will be to test quenching of backwash water chlorine residual to improve the biofiltration activity in the filter beds and to continue to investigate measures to obtain more product water from the same diversion volume.

Groundwater Operations management will fine tune the groundwater system operations to trim the summer power costs while maintaining system resilience & reliability. 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. Staff will develop and execute a program of regular inspections of the drinking water reservoir inventory.

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 continue the pilot study that uses "smart" manhole covers to aid in the prediction of blockages and provide final recommendations.

Water Field-Distribution section will continue to task a dedicated crew to replace 20,000 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. 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 3 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 of approximately $40,000 per actuator by not having to hire outside contractors.

Water Resources-Conservation will implement the new Water Resources Drought Management Plan, develop a landscape classification analysis to support implementation of the Colorado River Water Users MOU, and update the Xeriscape program.

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 begin permitting of a new, deep-injection ASR project, finalize project permitting for construction and complete procurement documents for the SWRP Outfall Restoration project, operate current ASR projects and continue water level measurements and water quality sampling support, and renew the agreements with the U.S. Geological Survey and City of Albuquerque BioPark Refugium.

Centralized Engineering will continue managing CIP projects. Major projects for FY24 include: $33.3 million for Sanitary Sewer Pipeline Renewal projects, $19.2 million for Drinking Water Plant Treatment Systems Renewal projects, $8.8 million for SWRP Renewal projects, $7.2 million for Drinking Water Plant Groundwater System Renewal projects and $3.5 million for Information Technology projects.

The Asset Management Program Team will finalize inventories for the asset registry and set up depreciation schedules on assets.

Asset Management, Finance, and Information Technology staff will continue to transition the dashboards, Effective Utility Management (EUM) measures and key performance indicators to Microsoft Power BI.

Grants Management will finalize the Grant Funding strategy and the grant policies & procedures documents. Staff will continue to apply for Water Trust Board, Congressional Directed Spending, and other state and federal grant opportunities.

The Utility Development group will develop a system and process to minimize outstanding Connection Permits and offer refresher presentations to contractors on the Connection Permit process and give presentations for the new Work Order process. Staff will continue to add KPIs to increase data quality assurance and to better track status of deliverables.

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 investigating data entry automation to improve quality control and reduce paper waste. The lab also will look to increase capacity to support large sample collection projects for analyzing Per-and Polyfluoroalkyl Substances (PFAS) at external labs, lead samples analyzed in-house and managing sending low-level mercury

wastewater samples to external labs.

FY24 will see the implementation and complete development of standard operating procedures for use and model management of the Drinking Water and Reuse models. Staff will establish a reduced role for the consultants as the internal management processes are put in place.

NPDES program staff will work with a complete the Mercury Minimization Plan work including sample collection, data analysis, writing the implementation update report for the EPA and increase public education and outreach. Staff will initiate an investigation of PFAS with monitoring throughout the treatment plant and on each interceptor with monthly data collection. A website portal will be implemented for the Cross Connection Program inspections. Staff will begin preparing the NPDES renewal permit application.

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 will conduct Customer Conversations meetings to engage customers and obtain input from customers. Staff will review and update the utility emergency communications plan.

Risk/Safety will continue optimizing safety training by analyzing post-injury data and working with a contractor to conduct field ergonomic assessments and with a safety engineering firm to conduct safety risk assessments at various plant and field locations. Staff will expand the risk software system to enhance data management by analyzing claims and loss data to identify trends for risk mitigation and cost reduction.

Risk will continue to work with the insurance broker to conduct insurance training for the Purchasing group and evaluate contract language for further risk transfer and will continue to implement the 2022 Federal Motor Carrier Safety Administration program for entry-level CDL driver training.

Human Resources wellness staff is looking forward to planning the FY24 Safety Picnic for staff. Staff will continue offering wellness challenges for individuals and departments focusing on mental health, nutrition, physical activity and weight loss tips, disease and injury prevention topics to employees.

Human Resources Training staff will focus on implementation of the Innovation Program. This program will help identify new ways to seek efficiencies throughout the organization. Staff will also implement a pilot Mentorship Program.

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 FY24 Approved Budget for the Distinguished Budget Presentation Award, the FY23 Annual Comprehensive Financial Report for the Certificate of Achievement for Excellence in Financial Reporting and the FY23 Popular Annual Financial Report for the Popular Annual Financial Reporting Award. The division believes that all three financial documents will 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 continue to review and improve the back-office processes. Staff will engage other utilities to pilot the utility's payment kiosk to accept their customers' payments.

During FY24, the Purchasing section will work with Centralized Engineering to re-solicit On-Call Engineering Services, Volcano Cliffs Arsenic Treatment Facility and other federally funded construction and engineering contracts and roll out and train users on the new purchasing scoring application. Warehouse staff will improve data collection management by performing analyses including inventory cost analysis, asset cost rollup accuracy and material/service usage on work orders.

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 FY24 Water Authority Goals & Objectives and EUM metrics and Performance Plan.

Customer Services will begin to prepare for an upgrade to the Customer Care & Billing (CCB) software system. This upgrade will improve customer response time, reduce custom coding and reduce the manual review of processes. Staff will partner with Utility Development staff to streamline the New Construction Application process.

The Information Technology program (ITD) will continue to build the foundational structure for the Service Management Office to standardize IT policies and procedures and partner with departments to capture institutional knowledge and document services to create a formal Service Catalog and a more stringent Change Control process. The Project Management Office will implement the Project Portfolio Management tool to provide a centralized location to manage the entire collection of projects and align them with organizational goals.

Application staff will begin the Customer Service CCB software upgrade, upgrade the Compliance LabVantage software, implement GIS enhancements, shift identified services to the cloud, and perform ongoing cybersecurity patching.

Maps and Records staff will assist with the EPA's Lead and Copper Rule data gathering requirements, complete the inventory of the Map Room, and build schema for Connection Permits and load them into GIS.

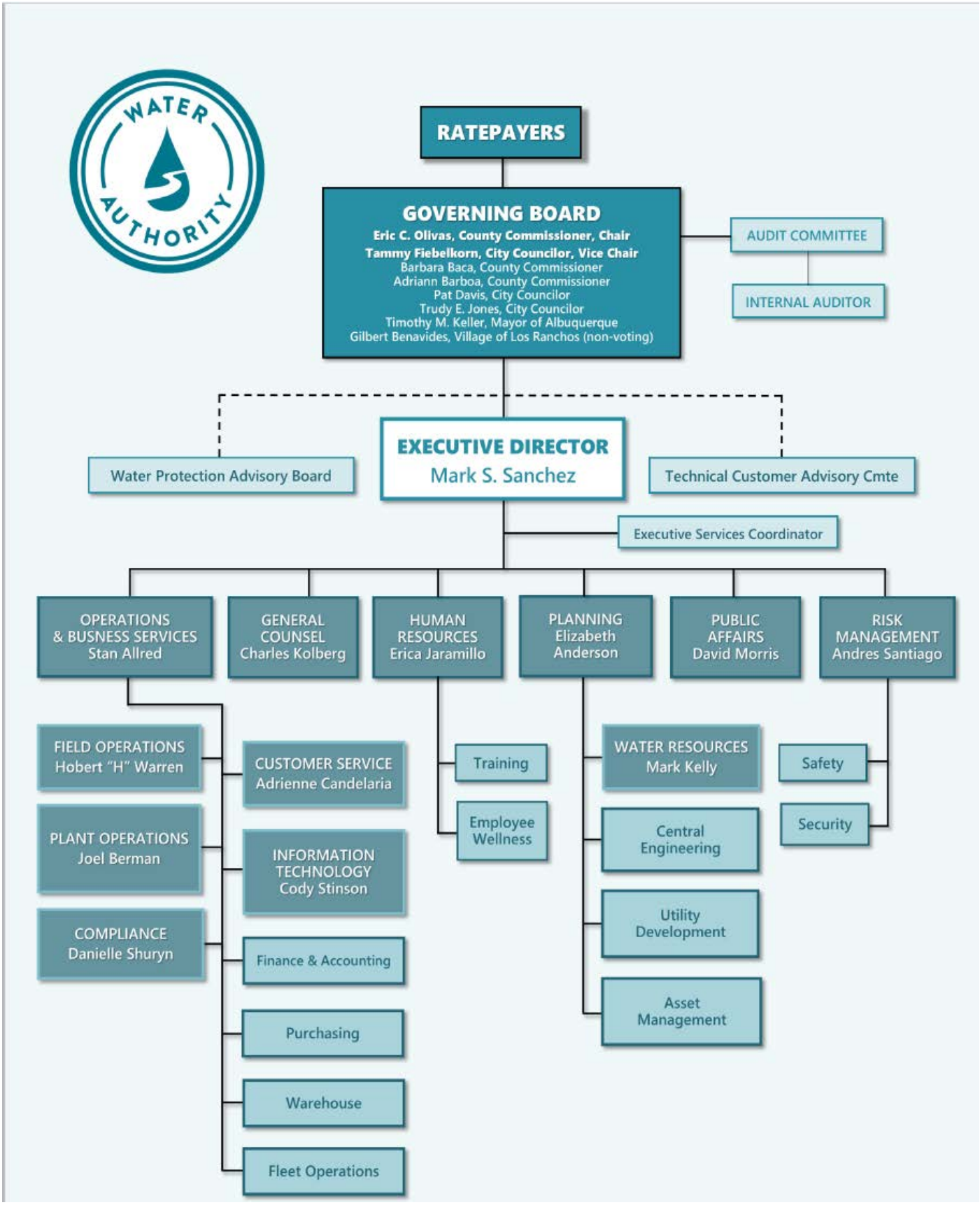
ITD Network staff will continue to build in redundant network connections, internet service provider services and telephony to accommodate a reliable and consistent service for the utility.

ITD Cybersecurity 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 FY24 include complete installation and setup of the new radio tower and move towards completion of the SWRP application conversion.

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

ORGANIZATION CHART



NMSA 1978 Section 72-1-10, which created the Water Authority, along with Water Authority Ordinance O-04-6 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.

Budget instructions are issued in January. A salary forecast is completed for review by staff. 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. Budget meetings are held with the Executive Director and Water Authority staff, where divisions may request program expansions, offer plans for reducing costs, or revenue enhancements.

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 data is prepared consistent with the Water Authority's basis of accounting. The Water Authority's Enterprise Funds are on an accrual basis. Revenues are recorded in the accounting period in which earned, and expenses are recorded at the time liabilities are incurred. Transactions are recorded in individual funds. However, depreciation, amortization, and bad debt expense, although expensed in the accounting system, are not budget items in the Water Authority budget.

The Water Authority's Goals and Objectives focus on improving the utility's operations and improving customer conditions. The goals are based on the American Water Works Association's (AWWA) business model using fifteen successful quality achievement programs. The FY24 Goals and Objectives have been submitted for approval to the Water Authority Board.

The Proposed Budget has 7 major sections. The Budget Proposal & Financial Consolidations section is designed as an overview. This section contains the Water Authority's Goals and Objectives, Strategic Planning process, Appropriations, and Proposed Issue Papers. The funds are presented with estimated ending balances for the current year. This section also includes the Financial Plan.

The Revenue Outlook section contains detailed information on the projected revenues 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.

The Capital Budget 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 and the Appendix complete the supporting documentation. The Appendix contains information that is useful to prepare or understand the budget, including definitions.

The Appropriations Legislation section contains a copy of the legislation that is submitted to the Water Authority Board along with this document. It must be passed as submitted or amended and passed by the Water Authority Board before the budget becomes law.

The Performance Plan section contains the FY24 Performance Plan. This plan contains performance measures that help guide the operating and capital budgets in allocating the Water Authority's financial resources.

BUDGET PROPOSAL
&
FINANCIAL CONSOLIDATIONS

Proposed
Operating Budget
FY24

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 established Five-Year Goals and One-Year Objectives in 2005 to help guide its budget process and address priority issues. In addition, the Water Authority's Budget Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five-year goals. The Ordinance also states that the Water Authority's operating budget shall be formulated by the Water Authority's Executive Director and be consistent with the goals and objectives, and that they be major factors in determining funding for Water Authority programs and improvements in both the operating and capital improvement budgets.

FY24 GOALS AND OBJECTIVES

The Five-Year Goals adopted by the Water Authority are based on the American Water Works Association's (AWWA) business model using 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: 1) Water Supply and Operations, 2) Wastewater Collections and Operations, 3) Customer Relations, 4) Business Planning and Management, and 5) Organization Development.

The Water Authority has participated in several continuous performance programs through AWWA including Benchmarking, Self-Assessment, and Peer Review. Since 2012, the Water Authority has incorporated the EPA's *Effective Utility Management* (EUM) into its strategic planning process, which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes framework to identify areas for improvement.

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 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

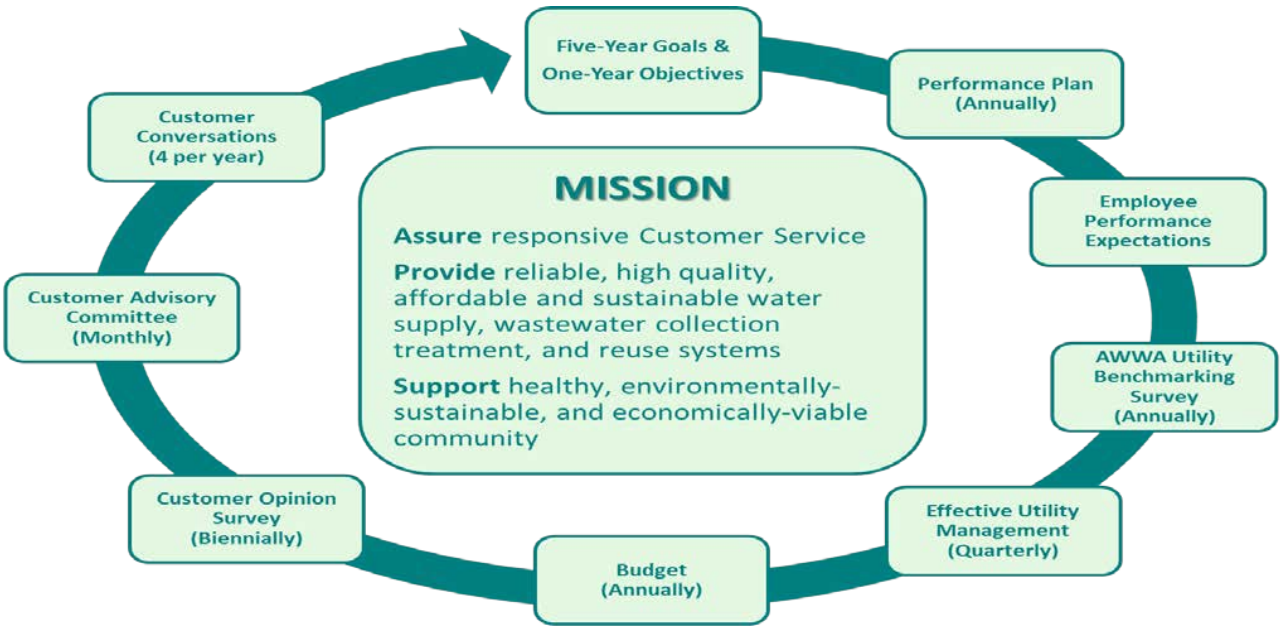
Provide reliable, safe and affordable wastewater collection, treatment and reuse systems to protect the health of the Middle Rio Grande Valley by safeguarding the regional watershed, minimizing environmental impacts, and returning quality water to the Rio Grande for downstream users.

FY24 GOALS AND OBJECTIVES

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

In addition to identifying areas of improvement, some of the Objectives are related to completing projects or improving programs. A few of the objectives are carried over from FY23 either because they require more time to complete or are ongoing issues.

The diagram below shows the Water Authority's strategic planning process. It starts with long-range goals and short-term objectives which are linked to performance measures in the Performance Plan which help guide the budget process. This process is periodically evaluated by utility customers every two years through opinion surveys and customer focus group meetings four times per year. Customer Conversations are roundtable discussions with customers focusing on important issues facing the utility. The facilitated meetings are innovative and interactive, engaging customers with hands-on activities so that they can think through the decisions and discuss issues with fellow customers. The Water Authority measures its progress in the goals and objectives through the AWWA Benchmarking program. The benchmarking program allows the utility to benchmark its performance among 28 key performance indicators. The goals and objectives are integrated into the employee's performance evaluations biannually through the Employee Performance Expectations. The Technical Customer Advisory Committee provides input on the utility's policies, plans, and programs. The Water Authority has incorporated the EPA's Effective Utility Management (EUM) program into its strategic planning process, which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes and Five Keys to Management Success to select priorities for improvement, based on each organization's strategic objectives and the needs of the community it serves. All the strategic planning process components help fulfil the Water Authority's MISSION.



FY24 GOALS AND OBJECTIVES

The Five-Year Goals and One-Year Objectives are a component of the Strategic Planning, Budgeting and Improvement Process. The Goals and Objectives and performance measures from the Performance Plan help guide the operating and capital budgets in allocating the Water Authority's financial resources. The Performance Plan illustrates how the Five-Year Goals, One-Year Objectives, and performance measures are integrated using the logic model to achieve service delivery and performance improvement. The Performance Plan discusses in detail how the Water Authority assesses its performance year to year, and how it compares its performance with that of other utilities. 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.

Below is a summary of the Goals and Objectives for FY24, as introduced to the Water Authority Board in March 2023.

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.

Objective 1.1 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 FY24.

Objective 1.2 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 FY24.

Objective 1.3 Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system and identify priority Arsenic Treatment plant projects for design and construction by the end of the 4th Quarter of FY24.

Objective 1.4 Complete the assessment that began in FY23 of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY24. Work directly with the Public Service Company of New Mexico (PNM) and the Water Authority's Geographic 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.

Objective 1.5 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 ongoing through the end of the 4th Quarter of FY24. Collect and analyze data captured from the existing four treatment plants to support this objective.

Objective 1.6 Develop and execute a program of regular inspections of the inventory of drinking water reservoirs at a frequency consistent with good practices for steel and concrete reservoir assets and AWWA Partnership for Safe Water- Distribution goals by the end of the 4th Quarter of FY24.

Objective 1.7 Implement the following in the Maximo asset management system:

- Checklist for Groundwater Swing Shift Operators to complete the Swing Shift standard operating procedure (SOP) requirements for each site on an iPad tablet by the end of the 4th Quarter of FY24.

- Checklist for Groundwater Weekly Disinfection for operators to complete the ClorTec/PSI chlorine generation equipment weekly data gathering in Maximo by the end of the 4th Quarter of FY24.
- Annual Groundwater Reservoir Exterior Inspection Program to annually document the condition of each reservoir. Report progress at the end of each quarter by the end of the 4th Quarter of FY24.

Objective 1.8 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 FY24.

- 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.

Objective 1.9 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 FY24.

- 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).

Objective 1.10 To improve reliability and reduce interrupted water service, inspect at least 4,000 isolation valves by the end of the 4th Quarter of FY24.

Objective 1.11 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 FY24. Test meters in accordance with the recommendations of the water audit conducted by the Southwest Environmental Finance Center in calendar year 2021.

Objective 1.12 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 FY24. Monitor monthly and report the occurrence of complaints before and after flushing to evaluate whether the flushing program improved water quality in the area. Identify metrics to be used for measuring the effectiveness of this process moving forward.

Objective 1.13 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 FY24. Continue exploring utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure and report on results.

Objective 1.14 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 FY24; Track,

evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY24. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY24.

Objective 1.15 Support and advocate for the Water Authority's interests on the Colorado River through the end of the 4th Quarter of FY24.

- Promote basin-wide collaboration and advocacy for sustainable water resources through continued leadership and support for the San Juan Chama Contractor's Association.
- Plan for implementation of the Colorado River Water Users Memorandum of Understanding, which promotes municipal water conservation through conversions to drought-and climate-resilient landscaping, while maintaining vital urban landscapes and tree canopies that benefit our communities, wildlife, and the environment.

Objective 1.16 To prepare for increased climate variability, encourage the installation of desert-friendly xeriscapes, 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 FY24:

- Perform 100 water use audits on high water users.
- Increase education and outreach on water conservation, xeriscape conversions, climate wise landscaping, and water waste.
- Develop a water use audit to identify leaks and develop a retrofit program for customers enrolled in the Water Authority's low-income credit program.

Objective 1.17 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 FY24. Develop a project plan and cost estimate by the end of 2nd Quarter FY24.

Objective 1.18 Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Water use Efficiency Audits; 2) 400 Landscape Professionals trained; and 3) 24 newsletter articles by the end of the 4th Quarter of FY24.

Objective 1.19 To better educate children on the importance of water resources 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 FY24.

Objective 1.20 Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions:

- Complete an update of locations and/or plume extent at known groundwater contamination sites within the Service Area by the 2nd Quarter of FY24; map the update to include updated data from sites in the 2018 groundwater contamination site map and newly established sites by the NMED. Additionally, update the groundwater contamination site summaries from the 2018 RAPP with current site regulatory status, contaminants of concern and regulatory oversight summary;
- Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY24;
- 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 FY24; and

- 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 FY24.

Objective 1.21 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 FY24.

Objective 1.22 To establish native water storage in Abiquiu Reservoir as approved by Congress, coordinate the update of the USACE Water Control Manual and storage contract updates through the 4th Quarter of FY24. Continue towards permitting and environmental approvals for Abiquiu Reservoir through the 4th Quarter of FY24.

Objective 1.23 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 FY24. Evaluate whether additional monitoring wells are needed by the end of the 1st Quarter of FY24 and seek funding, if applicable.

Objective 1.24 Develop a strategy to convert existing irrigation accounts to non-potable accounts. Recommend actions based on the strategy by the 4th Quarter of FY24.

Objective 1.25 To reduce water loss in the system work with the Non-Revenue Water Loss Control group to identify increases in AMI data management opportunities for enhancing the customer portal, reducing non-revenue water loss, improving conservation programs, optimizing distribution system operations, and facilitating capital planning decisions by the 4th Quarter of FY24.

Objective 1.26 Develop a hydraulic modeling program that maintains centralized versions of the hydraulic models, provides routine user training, and develops Standard Operating Procedures (SOPs) by the end of the 4th Quarter of FY24.

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.

Objective 2.1 Seek recognition in the National Association of Clean Water Agencies (NACWA) Peak Performance award program for excellence in permit compliance through the end of the 4th Quarter of FY24.

Objective 2.2 Beneficially reuse biosolids by diverting at least 30% of the biosolids to compost through the end of the 4th Quarter of FY24.

Objective 2.3 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 FY24.

Objective 2.4 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 FY24.

- 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.

Objective 2.5 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 FY24. 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.

Objective 2.6 In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of approximately 5% of the small diameter sanitary sewer system by the end of the 4th Quarter of FY24. Evaluate and prioritize unlined concrete large diameter lines (15-inch diameter and larger) for rehabilitation based on the condition from the FY23 CCTV data by the end of the 4th Quarter of FY24.

Objective 2.7 Manage chemical usage and residual iron sludge from the Water Treatment Plant to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Monitor and report metrics through the end of the 4th Quarter of FY24, including progress on Odor Control Station construction. Identify additional odor control stations as needed.

Objective 2.8 To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan. Continue the manhole monitoring pilot study initiated in FY23 to diagnose flow patterns and provide advance alerts of downstream blockages. Provide final recommendations based on the pilot study by the end of the 4th Quarter of FY24.

Objective 2.9 As part of the CMOM Program, continue to 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. Provide final recommendations for modifications to the cleaning program by the end of the 4th Quarter of FY24.

Objective 2.10 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 FY24.

Objective 2.11 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 FY24.

Objective 2.12 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 FY24.

Objective 2.13 Implement the Fats, Oils, Grease and Solids (FOGS) Policy to reduce impacts on the sewer system by working with the Collections section with sanitary sewer overflow (SSO) investigations to coordinate efforts to reduce FOGS discharges. Track and report the number of SSOs due to FOGS compared with previous years through the end of the 4th Quarter of FY24.

Objective 2.14 Implement the Mercury Minimization Plan and report to the United States Environmental Protection Agency (EPA) by the end of the 2nd Quarter of FY24, as required in the permit.

Objective 2.15 Continue to collaborate with the Office of the Natural Resources Trustee (ONRT) on projects that support environmental restoration, such as the SWRP Outfall Restoration Project. Report on identified opportunities and project progress through the 4th Quarter of FY24.

Objective 2.16 In support of the Bosque Water Reclamation Plant, work collaboratively to develop actions, workflow, and an updated timeline for completion of the required easements, permits, and environmental documents throughout FY24.

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.

Objective 3.1 Improve customer satisfaction and operational efficiency in achieving the call- center targets through the 4th Quarter of FY24:

- 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 90% for Call Center and Communication Center

Objective 3.2 Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 errors per 10,000 bills through the 4th Quarter of FY24.

Objective 3.3 Collaborate with Utility Development staff to review, improve and streamline the New Construction application processes by the end of the 4th Quarter of FY24.

Objective 3.4 Continue implementation of the AMI project by replacing 20,000 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 FY24.

Objective 3.5 Conduct Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority's activities through the end ofthe 4th Quarter of FY24.

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.

Objective 4.1	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 FY24. $2 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 FY24.
Objective 4.2	Prepare quarterly updates in FY24 on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work. Continue implementation of the RRAMP by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY24.
Objective 4.3	Implement at least one planned Interceptor Rehabilitation project in FY24,and complete at least one interceptor design package by the 4th Quarter of FY24; Implement at least one planned Small Diameter Sanitary SewerRehabilitation project in FY24.
Objective 4.4	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 FY24.
Objective 4.5	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 FY24.
Objective 4.6	Seek to increase renewable/green energy generation at Water Authority facilities. Provide updates on plan and project progress, and report power generation over time by the end of the 4th Quarter of FY24. 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 FY24 and report progress quarterly.
Objective 4.7	Develop an annual asset workbook onboarding training program for On-Call contractors and consultants to improve understanding of asset onboarding workbooks (AOBWB) responsibilities. Perform on-going training sessions with project managers, consultants, and contractors by the end of the 4th Quarter of FY24.
Objective 4.8	Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities and update quarterly on the progress through the 4th Quarter of FY24.
Objective 4.9	Finalize the Utility Development Guide to clarify the development process for users by the end of the 4th Quarter of FY24.
Objective 4.10	Collaborate with local governments in an effort to develop more affordable housing through the end of the 4th Quarter of FY24.
Objective 4.11	Finalize Operating Plans for Centralized Engineering and Utility Development 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 FY24.
Objective 4.12	Continue monitoring progress on Utility Development processes, with quarterly monitoring of the following metrics and associated target(s) through the end of the 4th Quarter of FY24.

- Availability Statement / Serviceability Letter
    i. Turn-around time (excludes time in holding when additional information is required from the requestor), target response time of less than 45 days
    ii. Hold time, seek ways to reduce hold time, monitor and report progress
- Identify metrics and targets for others areas of Utility Development, such as turn-around times for connection permits and closeout packages. Currently deliverable status is reported through the Water Authority's Tracking Sites so customers can check on the status of their requests at:
    iii. https://availability.abcwua.org/
    iv. https://wa-workorders.abcwua.org/
    v. https://connectionpermit.abcwua.org/

Objective 4.13 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 FY24.

- 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%

Objective 4.14 To improve decision making with available data transition existing Strategic Asset Management Plan (SAMP), Scorecard, Effective Utility Management (EUM) and Operations dashboards to Microsoft Power BI by the end of the 4th Quarter of FY24. Utilizing Power BI dashboards, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate key performance indicators (KPIs).

Objective 4.15 Continue promoting a Culture of Security in accordance with the American Water Works Association (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 quarterly throughout FY24 that are directly related to National Infrastructure Protection Plan Water Sector-Specific Plan and America's Infrastructure Act.

Objective 4.16 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 FY24. 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. Automate and implement a secure zero-trust model to proactively detect and remediate indicators of compromise to minimize the impact to the Water Authority.

Objective 4.17 Continue implementation of the Supervisory Control and Data Acquisition (SCADA) System Master Program. Implement both short-term and long-term goals directly tied to the sequencing of migrating to a single SCADA platform utilized including programmed projects by the end of the 4th quarter of FY24.

Objective 4.18 Complete Information Technology (IT) projects scheduled for FY24 and report progress quarterly.

Objective 4.19 Continue efforts to build and grow the Project Management Office. Begin implementation of a Project Portfolio Management (PPM) system to provide a centralized location to manage the utility's entire collection of projects. Continue efforts to build foundational structure for the Service Management Office to standardize Information Technology (IT) policies and procedures within the division. Create a formal Service Catalog and a more stringent Change Control Process by the end of the 4th Quarter of FY24.

Objective 4.20 Create a process to effectively update the Construction in Progress layer in GIS. Review and prioritize tasks needed to fulfill the requirements of the Data Readiness Assessment for the migration to the Utility Network. Complete and create standard editing procedures for the Service Lines layer data. Build schema for the new Connection Permits layer that replaces Tapping Permits and Mini Work Orders and place all existing Connection Permits into GIS. Continue to provide assistance with Revised Lead and Copper Rule (RLCR) compliance, the Utility Network upgrade, and the Water Model through the end of the 4th Quarter of FY24.

Objective 4.21 Consolidate efforts to centralize a Data Warehouse/DataHub for more effective reporting and data analytics. Work with all divisions to organize data in a fashion that provides usable data to positively impact business decisions by the end of the 4th Quarter of FY24.

Objective 4.22 Upgrade and patch all enterprise applications to add required upgrades and enhancements, mitigate potential cybersecurity vulnerabilities, continue daily support, leverage functionality enhancements to improve business processes and capture and use data intelligently and create efficiencies through the end of the 4th Quarter of FY24. Projects include:

- Upgrade the Customer care and billing (CC&B) application. The upgrade will include issuing a request for proposals (RFP), selecting a vendor and beginning implementation by the end of the 4th Quarter of FY24.
- Utility Network upgrade to begin FY24 with completion targeted for FY25.

Objective 4.23 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 and 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 FY24.

Objective 4.24 Collect, monitor, and report weekly, monthly, and quarterly key laboratory performance metrics to include:

- 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 FY24.
- 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 FY24.

- 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 FY24.

Objective 4.25 Continue to develop LabVantage ("laboratory information management system") throughout FY24 to increase the automation of data entry to reduce data entry errors, reduce the amount paper used at the laboratory and develop reports in LabVantage through the end of the 4th Quarter of FY24.

Objective 4.26 Utilize the Environmental Monitoring Program to monitor the reliability and consistency of results from Compliance field instrumentation and sample collection techniques. Conduct and report on at least one internal audit per year. 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 Quarterof FY24.

Objective 4.27 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 2023 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 FY24.

Objective 4.28 Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify and collect information from 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 FY24 Develop tools for monitoring, data requirements and expectations for corrosion control studies under the new rule.

Objective 4.29 Review and update the utility emergency communications plan by the end of the 4th Quarter of FY24.

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.

Objective 5.1 Recognize at least 15% of the work force through initiatives such asemployee incentive awards, on-the-spot awards, and years of service awards through the 4th Quarter of FY24.

Objective 5.2 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 FY24. 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 FY24.

Objective 5.3	Develop an awareness program to increase employee participation in annual physicals by 20% by the end of the 4th Quarter of FY24.
Objective 5.4	Maintain an average utility-wide vacancy rate of no greater than 7% through the 4th Quarter of FY24. Maintain an average number of days to fill positions of 40 days or less through the end of the 4th Quarter of FY24.
Objective 5.5	Consistent with the EUM self-assessment, track and measure the effectiveness of an onsite injury prevention program by utilizing a local ergonomic/physical therapy contractor to conduct field ergonomic assessments. The goal of these assessments is to mitigate workplace injuries and to reinforce correct body mechanics. Maintain the yearly injury hours goal of 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY24.
Objective 5.6	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 FY24.
Objective 5.7	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 FY24. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.
Objective 5.8	Implement a mentorship program to support staff as they progress in their careers and reduce silos between divisions. Conduct a pilot program by the end of the 2nd Quarter of FY24.

APPROPRIATIONS BY PROGRAM

The Albuquerque Bernalillo County Water Utility Authority can be examined by program. Comparing the revised budget for FY23 with the proposed FY24 budget shows changes in the Water Authority programs, excluding the interfund transfers.

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
Administration	1,584	1,839	1,821	1,585	1,826	5
Risk	5,680	5,668	5,668	6,066	6,187	519
Legal	872	816	816	934	823	7
Human Resources	1,691	1,856	1,841	1,779	1,919	78
Finance	4,495	4,327	4,365	4,490	4,392	27
Fleet & Facility Maintenance	4,998	5,242	5,251	5,218	5,730	479
Customer Services	4,817	5,265	5,229	4,992	5,409	180
Information Technology	9,866	9,775	9,874	10,488	10,530	656
Wastewater Plant	11,373	11,747	11,732	11,822	12,213	481
San Juan-Chama Water Treat Plant	4,064	4,790	4,790	4,505	4,899	109
Groundwater Operations	6,517	7,169	7,169	7,086	7,298	129
Wastewater Collection	7,423	7,835	7,834	7,945	8,031	197
Water Field Operations	18,428	21,100	21,064	20,178	21,508	444
Compliance	5,127	5,920	5,913	5,902	6,266	353
Central Engineering	3,193	3,432	3,424	3,336	3,795	371
Asset Management	591	763	763	764	805	42
Planning & Utility Development	608	824	818	774	999	181
Water Resources	3,511	4,652	4,648	4,317	4,767	119
Power & Chemicals	23,091	21,051	24,051	25,078	21,256	(2,795)
Taxes	916	656	656	879	656	-
Overhead	980	1,670	1,670	961	1,670	-
San Juan-Chama	2,546	2,747	2,747	2,954	1,440	(1,307)
Total Enterprise Appropriations	**122,371**	**129,144**	**132,144**	**132,056**	**132,419**	**275**

The proposed FY24 operating expenses budget, excluding the interfund transfers, contains an increase of $0.3 million from the FY23 revised budget. Total personnel costs increase $3.3 million. General operating costs decrease $3.0 million.

Personnel expenses for FY24 include a 2.0% step increase in wages, a 2.5% increase in health benefits costs, and a 0.5% increase in PERA pension costs. There are 6.0 additional full-time equivalent positions proposed for FY24.

Interfund transfers in FY24 increase $1.4 million from the FY23 revised budget for the transfer to the Water 2120 CIP Fund. There is no change in the debt service fund transfer; this reflects the schedule of principal and interest payments for FY24.

The Water Authority's target is to maintain its Fund Balance at 1/12th of the annual budgeted operating expenses as defined by the Water Authority's Rate Ordinance. The General Fund Working Capital balance at June 30, 2024 is projected to be $32.4 million, net of the reserve fund balances.

The Rate Reserve fund balance is $9.0 million; the Risk Reserve balance is $0.5 million; and the Soil Amendment Facility Reserve balance is $2.1 million.

The Executive Director is authorized to continue the Water Authority's partnerships with other governmental entities to support non-profit community development projects.

FY24 PROPOSED ISSUE PAPERS

Proposed issue papers were submitted by Water Authority programs. The list below identifies the issue papers and programs affected.

Water Authority Proposed Issue Papers - FY24	
Fund 21 - General Fund	**2,245,981**
Administration	
Risk-Increase Insurance Tort & Other Premiums	500,000
Financial Services	
Fleet Maintenance-Increase Fuels	318,208
Facilities Maintenance-Increase Repairs & Maintenance	100,000
Customer Services-Pay Scale Increase-Customer Care Program	72,656
Information Technology-Cloud Solutions & Infrastructure Hosting	187,000
Information Technology-Staff Augmentation/Professional Services	100,000
Plant	
Wastewater Mechanical-Electrician Position	105,218
Field	
Wastewater Collections-Convert Wastewater Worker to CDL Trainer Position	20,286
Compliance	
Laboratory-Water Quality Laboratory Technician Position	96,475
NPDES - Senior Scientist Position	119,264
Water Quality-Water Quality Scientist Position	106,270
Planning & Engineering	
Central Engineering-Increase Travel & Training	4,900
Central Engineering-2 Senior Engineer Positions	55,704
Water Resources	
Conservation-Supplies for Printing and Water Smart Academy	50,000
General Government	
General Govt-Tuition Reimbursement & Incentive Programs	110,000
Wastewater Plant Chemicals-Cogen Emissions Control Chemicals	205,000
San Juan-Chama-Increase SJC Project O&M Costs	95,000
San Juan Chama Professional Contractors Association	
FY24 Budget Adjustments	-
TOTAL	**2,245,981**

CHANGES IN EMPLOYMENT

The proposed budget for FY24 adds six full-time equivalent positions: Electrician in Wastewater Plant; Water Quality Laboratory Technician, NPDES Senior Scientist, and Water Quality Scientist in Compliance; and 2 Senior Engineers in Central Engineering.

POSITIONS:	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
Administration	7	7	7	7	7	-
Risk	5	5	5	5	5	-
Legal	1	1	1	1	1	-
Human Resources	15	15	15	15	15	-
Finance	32	31	31	31	31	-
Fleet & Facility Maintenance	10	12	13	13	13	
Customer Services	49	49	49	49	49	-
Information Technology	38	44	43	43	43	-
Wastewater Plant	91	88	88	88	89	1
San Juan-Chama Water Treat Plant	34	35	35	35	35	-
Groundwater Operations	53	55	55	55	55	-
Wastewater Collection	64	64	64	64	64	-
Water Field Operations	151	149	149	149	149	-
Compliance	44	44	44	44	47	3
Central Engineering	24	24	24	24	26	2
Asset Management	5	6	6	6	6	-
Planning & Utility Development	3	4	4	4	4	-
Water Resources	14	13	13	13	13	-
TOTAL FULL-TIME POSITIONS	**640.0**	**646.0**	**646.0**	**646.0**	**652.0**	**6.0**

APPROPRIATIONS BY FUND

Details of the expense appropriations for Fund 21(General Fund), Funds 27, 28 & 29 (Water 2120 Projects, Basic Rehab & Growth CIP Funds), Fund 31 (Debt Service Fund), and Fund 41 (San Juan Chama Professional Contractors Association) can be found in the table below.

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
GENERAL FUND - 21						
Administration	1,584	1,839	1,821	1,585	1,826	5
Risk	5,680	5,668	5,668	6,066	6,187	519
Legal	872	816	816	934	823	7
Human Resources	1,691	1,856	1,841	1,779	1,919	78
Finance	4,495	4,327	4,365	4,490	4,392	27
Fleet & Facility Maintenance	4,998	5,242	5,251	5,218	5,730	479
Customer Services	4,817	5,265	5,229	4,992	5,409	180
Information Technology	9,866	9,775	9,874	10,488	10,530	656
Wastewater Plant	11,373	11,747	11,732	11,822	12,213	481
San Juan-Chama Water Treat Plant	4,064	4,790	4,790	4,505	4,899	109
Groundwater Operations	6,517	7,169	7,169	7,086	7,298	129
Wastewater Collection	7,423	7,835	7,834	7,945	8,031	197
Water Field Operations	18,428	21,100	21,064	20,178	21,508	444
Compliance	5,127	5,920	5,913	5,902	6,266	353
Planning & Engineering	3,193	3,432	3,424	3,336	3,795	371
Asset Management	591	763	763	764	805	42
Planning & Utility Development	608	824	818	774	999	181
Water Resources	3,511	4,652	4,648	4,317	4,767	119
Power & Chemicals	23,091	21,051	24,051	25,078	21,256	(2,795)
Taxes	916	656	656	879	656	-
Overhead	980	1,670	1,670	961	1,670	-
San Juan-Chama	2,546	2,747	2,747	2,954	1,440	(1,307)
Trf from General Fund 21 to Rehab Fund 28	36,618	36,618	36,618	36,618	36,618	-
Trf from General Fund 21 to Water 2120 Fund 27	-	-	-	-	1,402	1,402
Trf from General Fund 21 to Debt Service Fund 31	77,815	78,000	78,000	78,000	78,000	-
Subtotal General Fund - 21	**236,804**	**243,762**	**246,762**	**246,674**	**248,439**	**1,677**
CAPITAL FUNDS - 27, 28 & 29						
Water 2120 Projects	73	300	4,481	4,481	2,402	(2,079)
CIP Basic Rehab	69,326	72,917	232,745	232,746	97,118	(135,627)
CIP Growth	4,082	5,990	11,468	11,468	4,000	(7,468)
Subtotal Capital Funds - 27, 28 & 29	**73,481**	**79,207**	**248,695**	**248,695**	**103,520**	**(145,175)**
DEBT SERVICE FUND - 31						
Debt Service	82,042	88,663	88,663	88,663	88,346	(317)
Transfer to Growth Fund 29	4,000	4,000	4,000	4,000	4,000	-
Subtotal Debt Service Fund - 31	**86,042**	**92,663**	**92,663**	**92,663**	**92,346**	**(317)**
SJCPCA FUND - 41						
General Government	149	172	199	199	64	(134)
Subtotal SJCPCA Fund - 41	**149**	**172**	**199**	**199**	**64**	**(134)**
TOTAL WATER AUTHORITY APPROPRIATIONS	**396,476**	**415,804**	**588,318**	**588,231**	**444,369**	**(143,949)**
Interfund Adjustment	(118,433)	(118,618)	(118,618)	(118,618)	(120,020)	(1,402)
NET WATER AUTHORITY APPROPRIATIONS	**278,043**	**297,186**	**469,700**	**469,613**	**324,349**	**(145,351)**

APPROPRIATIONS BY FUND

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
GENERAL FUND - 21						
100 WATER AUTHORITY:						
005 Executive Director	1,584	1,839	1,821	1,585	1,826	5
PROGRAM APPROPRIATION	**1,584**	**1,839**	**1,821**	**1,585**	**1,826**	**5**
105 RISK:						
010 Risk	5,680	5,668	5,668	6,066	6,187	519
PROGRAM APPROPRIATION	**5,680**	**5,668**	**5,668**	**6,066**	**6,187**	**519**
106 LEGAL:						
011 Legal	872	816	816	934	823	7
PROGRAM APPROPRIATION	**872**	**816**	**816**	**934**	**823**	**7**
110 HUMAN RESOURCES:						
015 Human Resources	1,691	1,856	1,841	1,779	1,919	78
PROGRAM APPROPRIATION	**1,691**	**1,856**	**1,841**	**1,779**	**1,919**	**78**
120 FINANCE:						
020 Finance	4,495	4,327	4,365	4,490	4,392	27
PROGRAM APPROPRIATION	**4,495**	**4,327**	**4,365**	**4,490**	**4,392**	**27**
121 FLEET FACILITY MAINTENANCE						
021 Fleet Maintenance	3,961	3,970	3,956	3,979	4,326	370
022 Facilities Maintenance	1,037	1,272	1,295	1,240	1,404	109
PROGRAM APPROPRIATION	**4,998**	**5,242**	**5,251**	**5,218**	**5,730**	**479**
130 CUSTOMER SERVICES:						
025 Customer Services & Billing	3,866	4,276	4,240	3,997	4,408	168
026 Dispatch Operations	951	989	989	996	1,001	12
PROGRAM APPROPRIATION	**4,817**	**5,265**	**5,229**	**4,992**	**5,409**	**180**
140 INFORMATION TECHNOLOGY:						
035 Information Technology	9,866	9,775	9,874	10,488	10,530	656
PROGRAM APPROPRIATION	**9,866**	**9,775**	**9,874**	**10,488**	**10,530**	**656**

APPROPRIATIONS BY FUND

($000's	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
150 WASTEWATER PLANT:						
045 WW Cogen	978	1,169	1,169	825	1,166	(3)
050 WW Mechanical	3,962	4,062	4,062	4,437	4,276	214
055 WW Plant Operations	4,960	4,987	4,979	5,064	5,201	222
060 WW MDC	71	28	28	31	28	-
061 WW 2nd Chance Facility	4	15	15	8	15	-
065 WW SAF	1,351	1,410	1,403	1,417	1,451	48
115 South Reuse	47	76	76	40	76	-
PROGRAM APPROPRIATION	**11,373**	**11,747**	**11,732**	**11,822**	**12,213**	**481**
160 SJC WATER TREATMENT PLANT:						
075 San Juan-Chama Water Treatment Plant	3,971	4,720	4,720	4,449	4,829	109
100 College Arsenic Treatment	94	70	70	56	70	-
PROGRAM APPROPRIATION	**4,064**	**4,790**	**4,790**	**4,505**	**4,899**	**109**
170 GROUNDWATER SYSTEM:						
085 WA Wells, PS, Boosters, Reservoirs	4,308	4,825	4,763	4,855	5,034	271
090 GW Treatment	1,139	1,337	1,399	1,232	1,168	(231)
095 WA Control System Operators	807	986	986	987	1,075	89
096 SCADA	241	-	-	-	-	-
110 North Reuse	21	21	21	12	21	-
PROGRAM APPROPRIATION	**6,517**	**7,169**	**7,169**	**7,086**	**7,298**	**129**
180 WASTEWATER COLLECTIONS:						
120 WW Gravity	5,099	5,582	5,582	5,627	5,744	162
125 WW Lift Station Operations	2,324	2,253	2,252	2,318	2,287	35
PROGRAM APPROPRIATION	**7,423**	**7,835**	**7,834**	**7,945**	**8,031**	**197**
190 WATER FIELD OPERATIONS:						
130 Utility Locating	822	996	905	892	1,129	224
135 WA Distribution Lines	16,227	18,676	18,732	18,072	19,212	480
136 Meter Operations	1,378	1,428	1,428	1,214	1,167	(261)
PROGRAM APPROPRIATION	**18,428**	**21,100**	**21,064**	**20,178**	**21,508**	**444**

APPROPRIATIONS BY FUND - DETAIL

($000's	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
200 COMPLIANCE:						
150 Laboratory	2,289	2,559	2,552	2,581	2,678	126
155 NPDES	1,452	1,901	1,901	1,879	1,986	85
160 Water Quality	1,386	1,460	1,460	1,442	1,602	142
PROGRAM APPROPRIATION	**5,127**	**5,920**	**5,913**	**5,902**	**6,266**	**353**
211 PLANNING & ENGINEERING:						
165 Central Engineering	3,193	3,432	3,424	3,336	3,795	371
166 Asset Management	591	763	763	764	805	42
170 Planning & Utility Development	608	824	818	774	999	181
PROGRAM APPROPRIATION	**4,392**	**5,019**	**5,005**	**4,874**	**5,599**	**594**
212 WATER RESOURCES:						
180 Water Resources Planning	1,335	2,435	2,435	2,251	2,457	22
185 Water Conservation	1,756	2,217	2,213	2,066	2,310	97
190 Groundwater Protection	420	-	-	-	-	-
195 Arsenic Removal	-	-	-	-	-	-
PROGRAM APPROPRIATION	**3,511**	**4,652**	**4,648**	**4,317**	**4,767**	**119**
220 GENERAL GOVERNMENT:						
201 Power	12,697	11,296	12,796	12,967	11,296	(1,500)
206 SJCWTP Chemicals	4,185	5,810	5,810	5,032	5,810	-
207 GW Chemicals	595	262	262	191	262	-
208 WW Treatment Chemicals	1,188	875	875	1,507	1,080	205
209 Collections Chemicals	4,427	2,808	4,308	5,381	2,808	(1,500)
PROGRAM APPROPRIATION	**23,091**	**21,051**	**24,051**	**25,078**	**21,256**	**(2,795)**
200 Taxes	916	656	656	879	656	-
PROGRAM APPROPRIATION	**916**	**656**	**656**	**879**	**656**	**-**
200 Overhead	682	1,270	1,270	734	1,270	-
205 Early Retirement	298	400	400	227	400	-
PROGRAM APPROPRIATION	**980**	**1,670**	**1,670**	**961**	**1,670**	**-**
230 SAN JUAN-CHAMA:						
215 San Juan-Chama	2,546	2,747	2,747	2,954	1,440	(1,307)
PROGRAM APPROPRIATION	**2,546**	**2,747**	**2,747**	**2,954**	**1,440**	**(1,307)**

APPROPRIATIONS BY FUND - DETAIL

($000's	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
TRANSFER FROM FUND 21 TO 28						
200 General Government	36,618	36,618	36,618	36,618	36,618	-
PROGRAM APPROPRIATION	**36,618**	**36,618**	**36,618**	**36,618**	**36,618**	**-**
TRANSFER FROM FUND 21 TO 27						
200 General Government	-	-	-	-	1,402	1,402
PROGRAM APPROPRIATION	**-**	**-**	**-**	**-**	**1,402**	**1,402**
TRANSFER FROM FUND 21 TO 31						
200 General Government	77,815	78,000	78,000	78,000	78,000	-
PROGRAM APPROPRIATION	**77,815**	**78,000**	**78,000**	**78,000**	**78,000**	**-**
CIP FUNDS						
27 WATER 2120 PROJECTS FUND						
Water 2120 Projects	73	300	4,481	4,481	2,402	(2,079)
PROGRAM APPROPRIATION	**73**	**300**	**4,481**	**4,481**	**2,402**	**(2,079)**
28 REHAB FUND						
Basic Rehab	49,081	66,567	106,530	106,530	88,768	(17,762)
Special Projects	20,244	6,350	126,216	126,216	8,350	(117,866)
PROGRAM APPROPRIATION	**69,326**	**72,917**	**232,745**	**232,745**	**97,118**	**(135,627)**
29 GROWTH FUND						
Growth	4,082	5,990	11,468	11,468	4,000	(7,468)
PROGRAM APPROPRIATION	**4,082**	**5,990**	**11,468**	**11,468**	**4,000**	**(7,468)**
DEBT SERVICE FUND - 31						
250 DEBT SERVICE						
230 DS - NM Loans	723	967	967	967	1,047	80
240 DS - Revenue Bonds	81,319	87,696	87,696	87,696	87,299	(397)
PROGRAM APPROPRIATION	**82,042**	**88,663**	**88,663**	**88,663**	**88,346**	**(317)**
260 UEC TRANSFER						
245 DS - UEC Transfer	4,000	4,000	4,000	4,000	4,000	-
PROGRAM APPROPRIATION	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**-**
SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND - 41						
220 GENERAL GOVERNMENT:						
200 General Government	149	172	199	199	64	(134)
PROGRAM APPROPRIATION	**149**	**172**	**199**	**199**	**64**	**(134)**

FINANCIAL PLAN

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY23 thru FY32. 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.

FINANCIAL PLAN

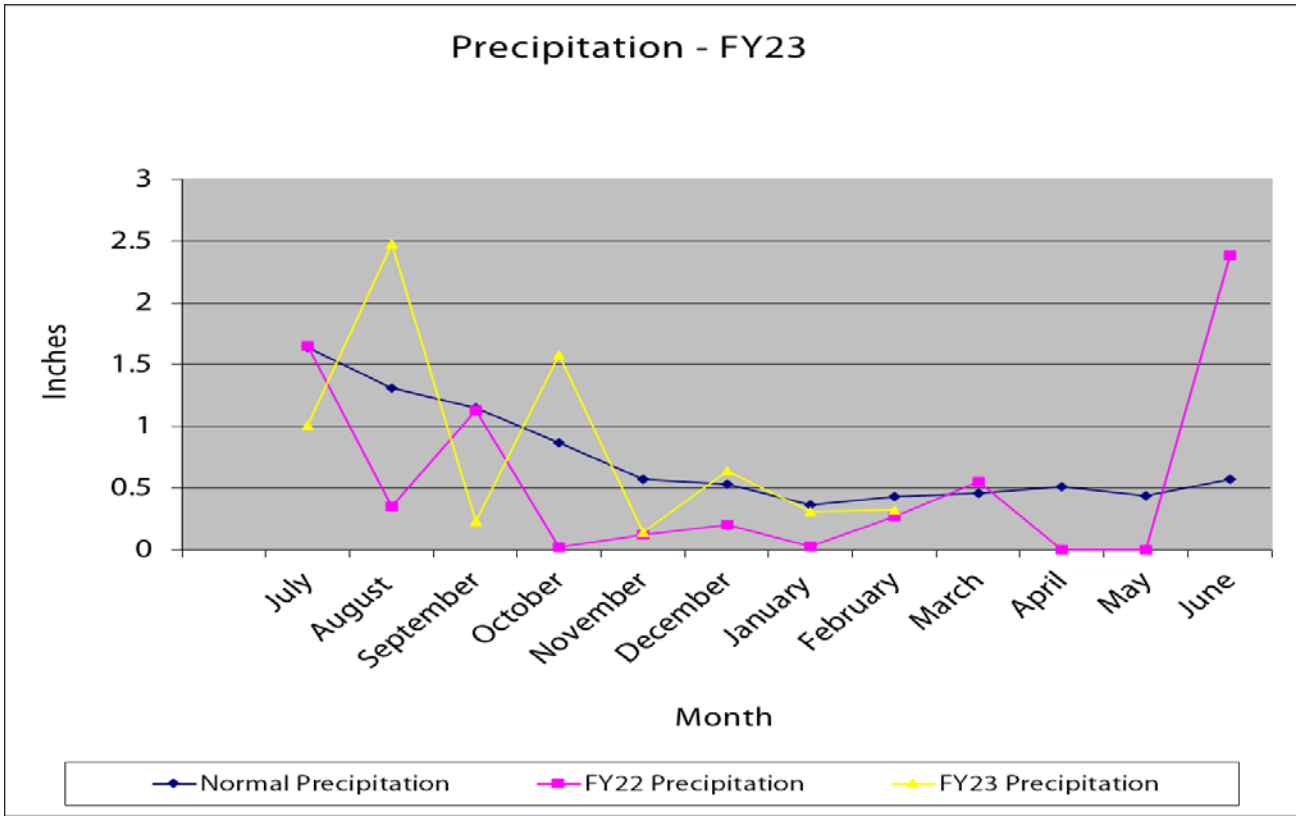
	Audited 2022	Revised 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capital Funds											
Needs: Basic (Min 50% cash Tra	37000	37000	37000	37000	37000	37000	37000	37000	37000	37000	37000
Increase for Rehab/Asset Mgt I	25686	188746	56768	59768	29268	32268	34268	37168	40268	43268	40268
Growth Projects	4082	10672	4000	4000	4000	4000	4000	4000	4000	4000	4000
Renewal Energy	117	350	350	350	350	350	350	350	350	350	350
Steel Line	1026	2024	2000	2000	2000	2000	2000	2000	2000	2000	2000
AMI	5497	5625	1000	1000	1000	1000	1000	1000	1000	1000	1000
Water 2120	73	4058	2402	2402	2402	13402	13402	15402	81402	11402	11402
Resources:											
Beginning Fund Balance	71898	146309	52990	114990	55990	84490	58640	86140	61740	89240	65175
Trf. from Operating	36618	36618	36618	39618	42618	45268	48618	51618	54618	57618	54618
Trf from Operating 2120			1402	1402	1402	12402	12402	14402	12402	10402	10402
Trf. from Debt Service	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Grants	2625	78184									
Bond/Loan Proceeds	89240	2173	121000		54000		52000		120000		52000
Water Resource Charge	1874	435	1000	1000	1000	1000	1000	1000	1000	1000	1000
Adjustments/Misc	13535	33746									
Subtotal	219790	301465	217010	161010	159010	147160	176660	157160	253760	162695	187630
Interest on Above			1500	1500	1500	1500	1500	1500	1500	1500	1500
Total	219790	301465	218510	162510	160510	148660	178160	158660	255260	164195	189130
Ending Fund Balance	146309	52990	114990	55990	84490	58640	86140	61740	89240	65175	93110
Debt Service Fund											
Resources:											
Interest Income		400	400	100	100	100	100	100	100	100	100
UECs	8421	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Transfer from 621	77815	78000	78000	86915	84915	72415	65319	64967	72415	62415	62415
Adjustments/Misc	434										
Begininning Fund Balance	52432	53167	46904	37289	37289	37289	37289	37289	37289	37289	37289
Total	139103	139567	133304	132304	130304	117804	110708	110356	117804	107804	107804
Expenditures:											
Agent Fees	0	0	15	15	15	15	15	15	15	15	15
Trf to Capital	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Debt Service	82042	88663	92000	91000	85000	70000	58404	58052	52000	42000	42000
Adjustments/Misc	(106)						5500	5500	5500	5500	5500
FY/26 Bond Proceeds					4000	6500	5500	5500	5500	5500	5500
FY/30									13500	13500	13500
Total	85936	92663	96015	95015	93015	80515	73419	73067	80515	70515	70515
Ending Fund Balance	53167	46904	37289	37289	37289	37289	37289	37289	37289	37289	37289
Operating Fund											
Resources											
Rate Revenue	221607	229795	234944	250692	251945	251945	264542	264542	264542	264542	264542
Growth Revenue		2000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Nonrate Revenue	4129	10601	10000	10000	10000	10000	10000	10000	10000	10000	10000
Addl Working Capital											
Rate reserve											
Beginning Fund Balance	46032	32778	32573	32426	34483	34435	30834	41132	43957	35453	33009
Total	271768	275174	280518	296118	299429	299380	308377	318675	321500	312995	310551
Expenditures											
Labor	60060	64830	68358	69725	71120	72542	73993	75473	76982	78522	80092
Operations Exp	60011	63500	61158	64321	65286	66265	67259	68605	69977	71376	72804
Issue Paper			2246								
Incentive	300	300	300	300	300	300	300	300	300	300	300
Non-recurring issues			657								
Transf. to DS	77815	78000	78000	86915	84915	72415	65319	64967	72415	62415	62415
Transfer to Cap 2120			1402	1402	1402	12402	12402	14402	12402	10402	10402
Transf. to Cap.	36618	36618	36618	39618	42618	45268	48618	51618	54618	57618	54618
Total	240976	245248	250738	264282	267641	271193	269891	277364	288694	282633	282631
Operating Reserves	1986	2647	2647	2647	2647	2647	2647	2647	2647	2647	2647
Rate Reserve	9000	9000	9000	9000	9000	9000	9000	9000	9000	9000	9000
Ending Fund Balance w/Res	21792	20926	20779	22836	22788	19187	29485	32310	23806	21362	18920
Ending Fund Balance w/o Res	32778	32573	32426	34483	34435	30834	41132	43957	35453	33009	30567
Rate Increases	0.00%	5.00%	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**

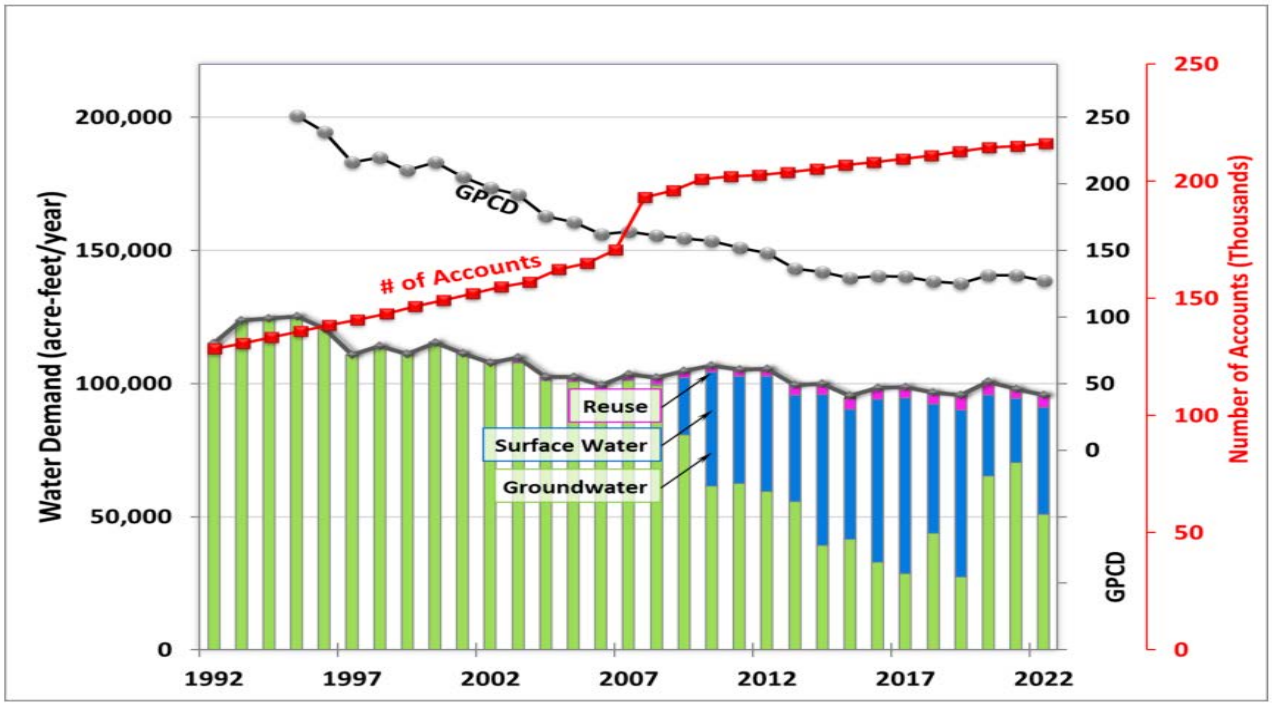
REVENUE OUTLOOK

Proposed
Operating Budget
FY24

PRECIPITATION HISTORY & WATER USE TRENDS

A history of the precipitation for FY22 and FY23 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.





REVENUE OUTLOOK

The Water Authority's revenue projections are summarized in the four tables included in this section. Table 1, General Fund 21, presents the operating budgeted revenue for FY24 as compared to budget FY23. Table 2, Capital Funds 27, 28, 29, Table 3, Debt Service Fund 31, and Table 4, San Juan Chama Professional Contractors Association Fund 41 provide for the same comparison as Table 1. For FY22, the actual audited results are reported, and for FY23, budgeted revenues and estimated actuals are reported as well.

Total Water Authority General Fund revenues for FY23 are projected to be $243.7 million. The system has seen minimal growth in the service area.

Budgeted General Fund revenues for FY24 are $248.4 million, representing an increase of $4.2 million from the FY23 Revised Budget amount (net of addition from Working Capital). FY24 revenues include an addition of $0.5 million from the General Fund Working Capital balance.

TABLE 1 - GENERAL FUND 21

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
RESOURCES:						
Rate Revenue						
Water Service	102,868	96,107	96,107	96,107	98,107	2,000
Water Facilities Rehab	37,515	34,022	34,022	34,022	34,022	-
Wastewater Service	42,069	69,112	69,112	69,112	71,184	2,072
Wastewater Facilities Rehab	34,558	28,982	28,982	28,982	28,982	-
Contr/Aid/Hookups	337	375	375	375	375	-
Water Resources Management	4,261	4,500	4,500	4,500	4,500	-
Total Rate Revenue	**221,607**	**233,098**	**233,098**	**233,098**	**237,170**	**4,072**
Other Revenue						
Solid Waste Admin Fee	1,761	1,705	1,705	1,705	1,711	6
DMD Admin Fee	373	487	487	487	654	167
Interest on Investments	163	500	500	500	500	-
PNM Pass Thru	-	-	-	-	-	-
Miscellaneous Revenue	1,831	7,909	7,909	7,909	7,909	-
Total Other Revenue	**4,129**	**10,601**	**10,601**	**10,601**	**10,774**	**173**
Total Current Resources	225,736	243,699	243,699	243,699	247,944	4,245
Add from Working Capital	-	1,000	1,000	1,000	500	(500)
Total Revenue	**225,736**	**244,699**	**244,699**	**244,699**	**248,444**	**3,745**
Beginning Working Capital Balance	46,032	32,778	32,778	32,778	32,573	(205)
TOTAL RESOURCES	**271,767**	**277,477**	**277,477**	**277,477**	**281,017**	**3,540**

The revenue from the transfers from other funds for FY24 in the Capital Funds is projected to be the $1.4 million above FY23 due to the additional transfer from the General Fund to the Water 2120 Fund. The Bond/Loan Proceeds revenue is from the anticipated bond sale in Fall 2023.

TABLE 2 - CAPITAL FUNDS 27, 28, 29

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
RESOURCES:						
Bond/Loan Proceeds	89,240	-	88,269	88,269	121,000	32,731
Grants/Loans	2,625	-	63,612	63,612	-	(63,612)
Water Rights/Water Resource Charges	2,074	-	935	935	1,000	65
Miscellaneous	12,344	3,000	46,500	46,500		(46,500)
Total Revenues	**106,283**	**3,000**	**199,316**	**199,316**	**122,000**	**(77,316)**
Transfer from Other Funds:						
General Fund - 21	36,618	36,618	36,618	36,618	38,020	1,402
Debt Service Fund - 31	4,000	4,000	4,000	4,000	4,000	-
Total Transfers	**40,618**	**40,618**	**40,618**	**40,618**	**42,020**	**1,402**
Total Current Resources	146,901	43,618	239,934	239,934	164,020	(75,914)
Beginning Fund Balance	71,898	146,309	146,309	146,309	52,990	(93,319)
TOTAL RESOURCES	**218,799**	**189,927**	**386,242**	**386,242**	**217,010**	**(169,232)**

The FY24 Expansion Charges revenue and the transfer from the General Fund will remain the same as FY23.

TABLE 3 - DEBT SERVICE FUND 31

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
RESOURCES:						
Bond Proceeds	-	-	-	-	-	-
Miscellaneous Revenues	434	-	-	400	400	-
Expansion Charges (UEC)	8,421	8,000	8,000	8,000	8,000	-
Total Revenues	**8,855**	**8,000**	**8,000**	**8,400**	**8,400**	**400**
Transfer from Other Funds:						
General Fund - 21	77,815	78,000	78,000	78,000	78,000	-
Total Transfers	**77,815**	**78,000**	**78,000**	**78,000**	**78,000**	-
Total Current Resources	86,670	86,000	86,000	86,400	86,400	400
Beginning Fund Balance	52,432	53,167	53,167	53,167	46,904	(6,263)
TOTAL RESOURCES	**139,102**	**139,167**	**139,167**	**139,567**	**133,304**	**(5,863)**

REVENUE OUTLOOK

The $.1 million revenue decrease for FY24 in the San Juan Chama Professional Contractors Association Fund reflects the decrease in the special assessments as the Asset Management project has completed.

TABLE 4 - SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND 41

($000's)	AUDITED FY22	ORIGINAL BUDGET FY23	REVISED BUDGET FY23	ESTIMATED ACTUAL FY23	PROPOSED BUDGET FY24	PROP 24/ REV 23 CHG
RESOURCES:						
Administration Fees	40	40	40	40	38	(2)
Special Assessments	125	132	147	147	26	(121)
Total Revenues	**164**	**172**	**186**	**186**	**64**	**(122)**
Total Current Resources	164	172	186	186	64	(122)
Beginning Fund Balance	-	27	27	27	135	108
TOTAL RESOURCES	**164**	**199**	**213**	**213**	**199**	**(14)**

ECONOMIC OUTLOOK

The following is based on the January 2023 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 55%. The key assumptions include:

- Gross Domestic Product (GDP) growth rises 2.0% in 2022; growth slows to 0.5% in 2023 before rising to 1.8% in 2024
- Consumer Spending slips from 8.3% in 2021 to 2.9% in 2022. Growth continues in 2023 and 2024 at 1.5% and 1.2%, respectively
- Business Fixed Investment increases 3.7% in 2022 with growth slowing in 2023 and 2024 to 0.2% and 0.9%, respectively
- Housing starts shrink from 1.61 million in 2021 to 1.56 million in 2022; continue downward to 1.19 million in 2023 and going up slightly to 1.26 million in 2024
- Exports grow 7.0% in 2022, 3.2% in 2023 and 5.2% in 2024
- Fiscal Policy forecast reflects legislation enacted before 29 December, but does not yet include the Consolidated Appropriations Act that funds the government for fiscal year 2023
- Monetary Policy expects the upper end of the federal funds rate target to reach 4.86% by late 2023
- Credit Conditions eased in 2021 and remain mostly stabilized in 2022-2024
- Productivity Growth drops from 2.4% in 2021 to 01.4% in 2022 and rises to 0.1% in 2023 and 2.1% in 2024
- Consumer Confidence dips through the middle of next year before gently escalating
- Oil Prices have Brent crude oil rises from $71/barrel in 2021 to $101 in 2022 before falling to $90 in 2023 and $87 in 2024
- Stock Markets -the year-end value of the S&P 500 rose 26.9% in 2021. The index experiences a drop of 20.6% over 2022 before rising 1.0% over 2023 and 2.9% over 2024
- Inflation Consumer Price Index (CPI) is 3.5% in 2021, 5.07% in 2022, 3.6% in 2023 and 2.4% in 2024
- Foreign Growth Eurozone growth rises 3.3% in 2022 and slips to -0.2% in 2023 after a 5.3% rebound in 2021, while China's growth slows from 8.1% in 2021 to 2.8% in 2022 and 4.6% in 2023
- US Dollar real dollar appreciates through early 2023 before gently falling through the end of the forecast horizon

Pessimistic Scenario

This scenario reflects a probability of 25%. The key assumptions include:

- Gross Domestic Product (GDP) rises 2.0% in 2022; contracts 0.2%7% in 2023; growth resumes at 1.2% in 2024
- Consumer Spending rises 2.9% in 2022, before slipping to 0.7% in 2023 and 2024
- Business Fixed Investment grows 3.6% in 2022, contracting 2.4% in 2023 and 2.9% in 2024
- Housing starts drop in 2022 to 1.55 million before declining further to 1.10 million in 2023, then rise to 1.14 million in 2024
- Exports grow 7.0% in 2022, 1.6% in 2023, and 4.0% in 2024
- Fiscal Policy has the same assumptions as in the baseline
- Monetary Policy federal funds rates reaches an upper limit of 4.85% in mid-2023 before descending to an upper limit of 0.62% by 2025, where it remains throughout the forecast period
- Credit Conditions remain slightly tighter than in baseline

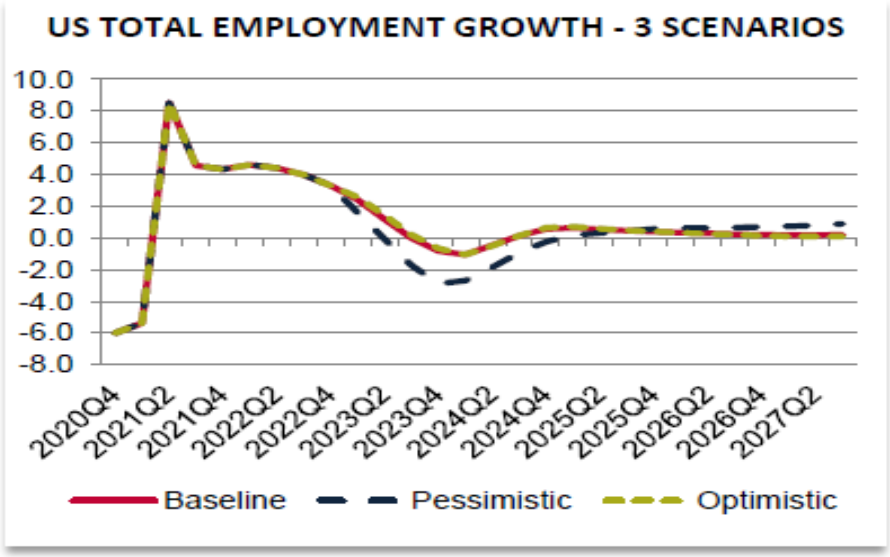
- Productivity Growth falls to -1.6% in 2022 before jumping to 0.8% in 2023 and 3.1% in 2024
- Consumer Confidence remains below the baseline over the entire forecast interval
- Oil Prices have Brent crude oil averages at $101/barrel in 2022, $107 in 2023, and $103 in 2024
- Stock Markets - the S&P 500 rose 26.9% in 2021. It falls 20.6% in 2022 and 4.7% in 2023, before rising 2.4% in 2024
- Inflation Consumer Price Index (CPI) is 5.0% in 2022, slows to 4.0% in 2023 and 2.3% in 2024
- Foreign Growth – the global economy suffers from Russia-Ukraine conflict, and COVID-19 related setbacks endure
- US Dollar real dollar rises through the first quarter of 2023 before decreasing slowly

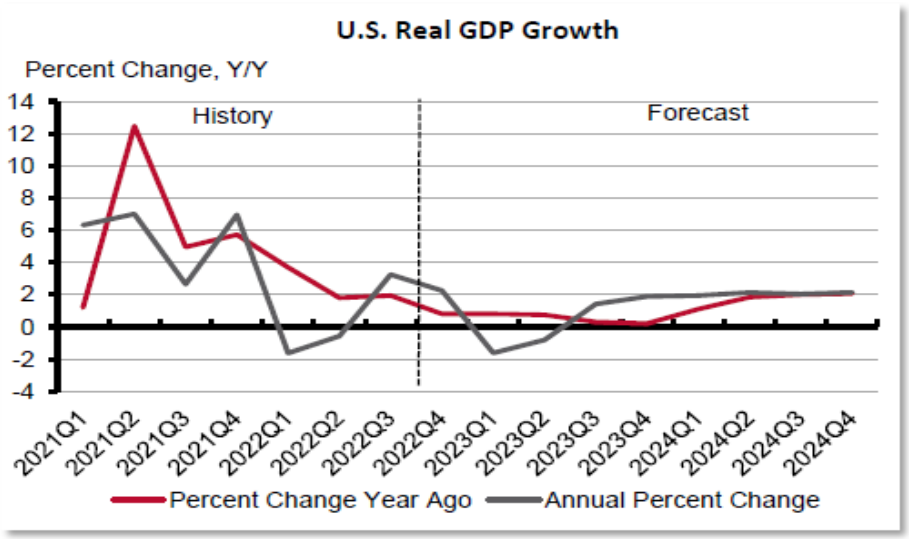
Optimistic Scenario

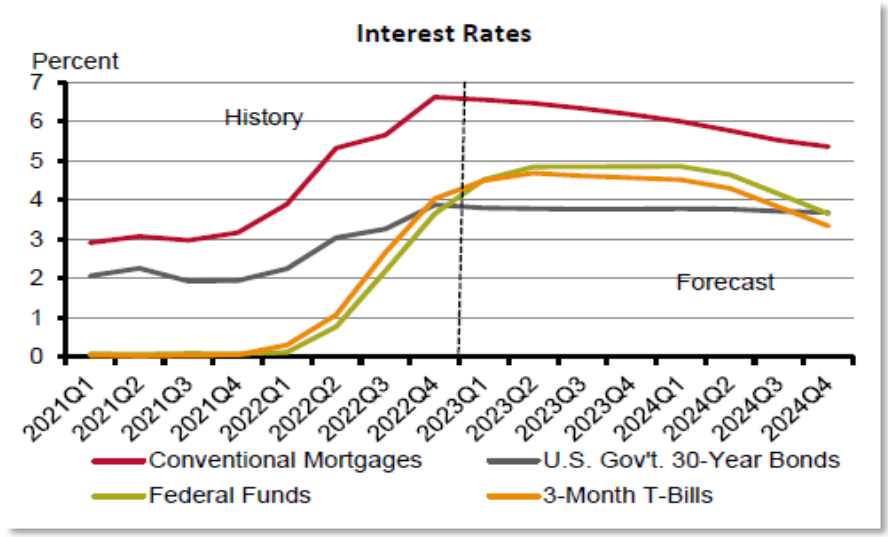
This scenario reflects a probability of 20%. The key assumptions include:

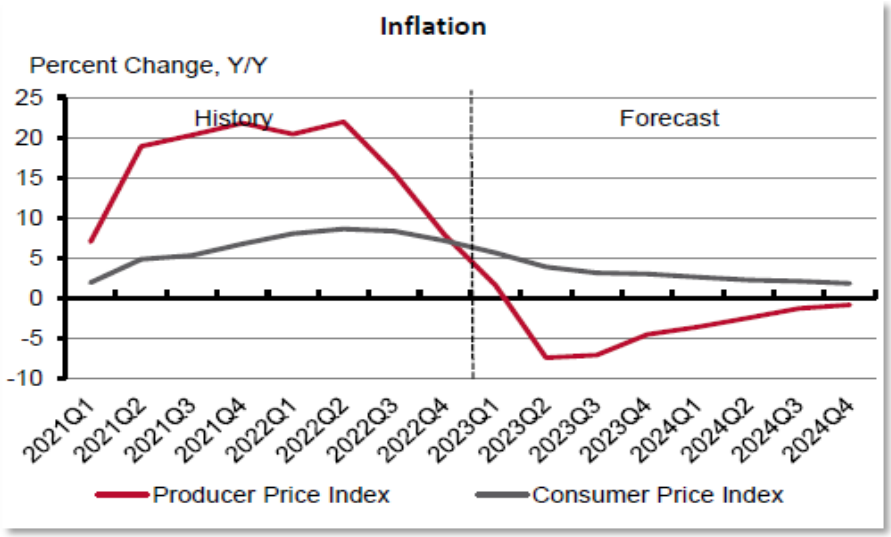
- Gross Domestic Product (GDP) rises 2.1% in 2022, 1.4% in 2023 and 1.9% in 2024
- Consumer Spending rises 2.9% in 2022 before easing to 2.4% in 2023 and 1.4% in 2024
- Business Fixed Investment rises 3.7% in 2022, 1.7% in 2023 and 1.7% in 2024
- Housing starts edge down from 1.61 million in 2021 to 1.56 million in 2022. Starts then fall to 1.22 million in 2023 and pick up to 1.29 million in 2024
- Exports rise 7.0% in 2022, 4.5% in 2023 and 4.7% in 2024
- Fiscal Policy has the same assumptions as in the baseline
- Monetary Policy has a similar path to the baseline, but more over-shoot of the long-run federal funds rate over 2023-2026
- Credit Conditions are slightly looser than in the baseline
- Productivity Growth falls to -1.4% in 2022 before rising by 0.6% in 2023 and 1.9% in 2024
- Consumer Confidence outperforms baseline over the entire forecast interval
- Oil Prices have Brent crude oil averages at $101 in 2022, and $88 in 2023 and $87 in 2024
- Stock Markets -the S&P 500 rose 26.9% in 2021, and will decline 20.6% in 2022 before growing 6.0% in 2023 and 3.5% in 2024
- Inflation Consumer Price Index (CPI) inflation rises to 4.9% in 2022, slowing to 3.7% in 2023 and 2.7% in 2024
- Foreign Growth global economy recovers more quickly than in the baseline amid a faster resolution to the Russia-Ukraine conflict
- US Dollar strengthens slightly more than in the baseline

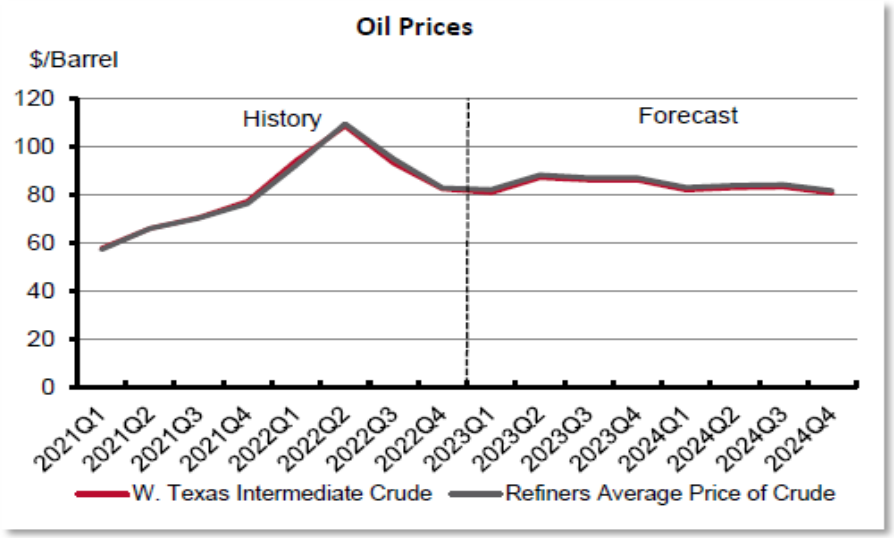
The following charts provide information on some of the key measures in the forecast.






Interest Rates
Percent
7
6
5
4
3
2
1
0
History
Forecast
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2
2022Q3
2022Q4
2023Q1
2023Q2
2023Q3
2023Q4
2024Q1
2024Q2
2024Q3
2024Q4
Conventional Mortgages
U.S. Gov't. 30-Year Bonds
Federal Funds
3-Month T-Bills


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


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

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 HIS Markit and local insights to develop forecasts of the state and local economy. The BBER FOR-UNM forecasting model for January 2023 provides the forecast of the Albuquerque economy that is presented in the following section.

Albuquerque MSA Employment

In this forecast, employment data for the second calendar quarter of 2022 was released by the New Mexico Department of Workforce Solutions (NMDWS). After four consecutive quarters of year-over-year losses from 2020Q2 to 2021Q1, the Albuquerque Metropolitan Statistical Area (MSA) added 15,502 (5.3%) jobs in the most recent quarter.

With the gains, employment is above all-time highs for the second quarter. In the quarter, the MSA registered 384,320 jobs. This compares to the previous record for a second quarter which occurred in 2019A2 and came in at 383,206 jobs.

In the second quarter of 2022, all but two private sector industries added jobs. Leading the gain was transportation & warehousing (3,975 jobs, 44.9%) as the industry continued to roar ahead. Employment in this industry grew on a year-over-year basis at an average rate of nearly 50% during the last three quarters and is well above where it was prior to the pandemic-or at any point in the industry's history.

Also adding substantial jobs was accommodation & food services (3,594 jobs, 10.6%) as the industry continues to climb out of a deep hole. Still, employment in this industry remains below its pre-pandemic peak. The arts, entertainment & recreation sector (1,246 jobs, 29.9%), which is the companion sector in the leisure & hospitality industry, also added a substantial number of jobs. Like accommodations, this industry continues to remain well below pre-pandemic levels. Meanwhile, other services, which tends to follow the path of leisure & hospitality, added 443 jobs (4.9%) in the quarter.

Administrative & waste services (1,015 jobs, 4.3%) also added a substantial number of jobs in the most recent quarter, though it remains below pre-pandemic levels.

Retail trade (980 jobs, 2.4%) is another industry moving in a positive direction. After contracting by about 5,200 jobs (-13.0%) at the start of the pandemic, buoyancy in this industry is surprising given the longer-term trend of declines. This industry has fully recovered all jobs lost to the pandemic.

Professional & technical services (827 jobs, 2.5%) similarly added a large number of jobs and has fully recovered back to pre-pandemic employment levels.

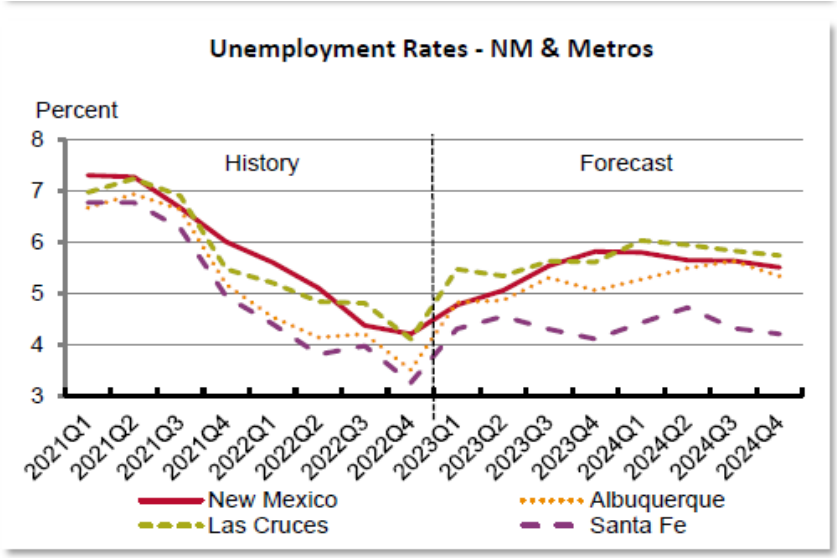
The information industry, which had generally been trending down over the last two decades, has turned around and has been moving forward for nearly two years. In the most recent quarter, this sector added 664 jobs (13.7%).

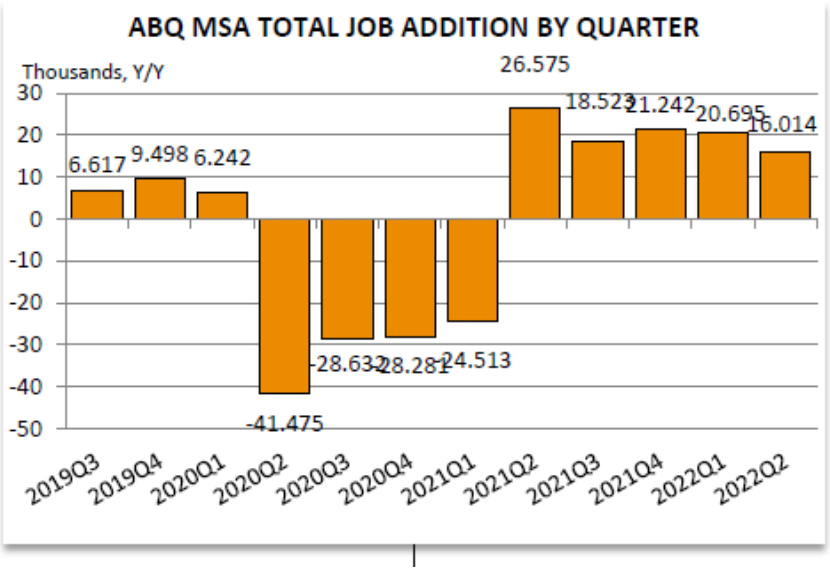
Manufacturing (594 jobs, 3.7%) also managed to add jobs for the industry's fifth consecutive quarter of job addition.

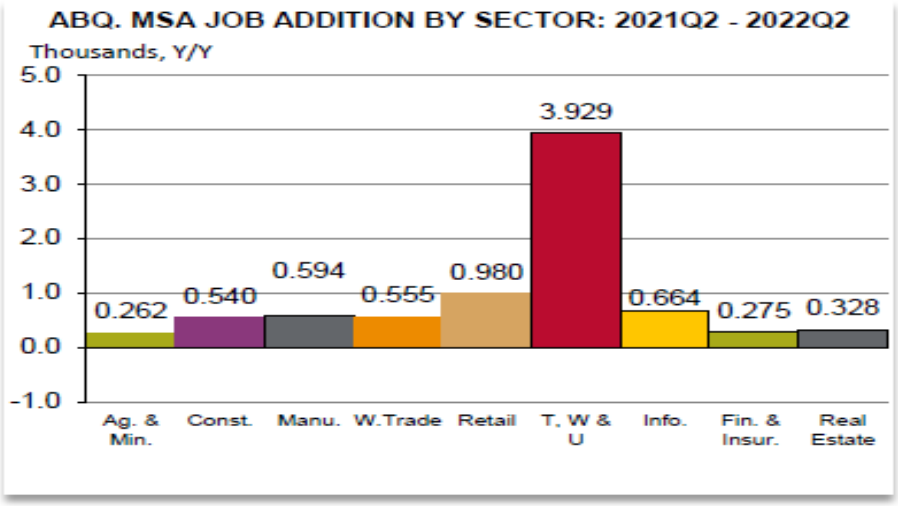
Also moving ahead sharply in the quarter were wholesale trade (555 jobs, 5.2%) and construction (540 jobs, 2.2%). Meanwhile, educational services (529 jobs, 10.1%) expanded nicely in the quarter and is just about even with pre-pandemic levels.

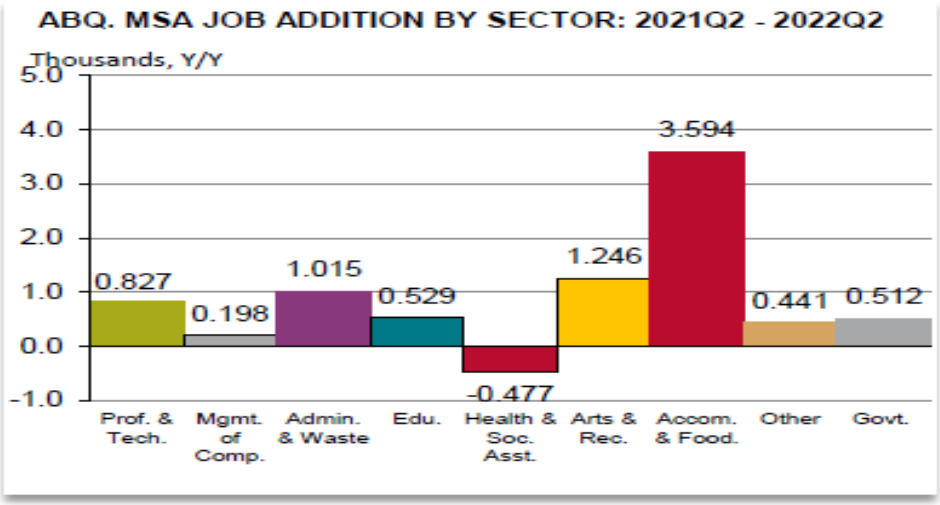
Surprisingly, healthcare & social assistance, which tends to be one of the most consistent industries in the Albuquerque MSA, lost 477 jobs (-0.8%) in the quarter. This is the second consecutive quarter of declines for this industry. Also losing jobs was utilities (-46 jobs, -4.2%).

Although government sectors added jobs in aggregate (512 jobs, 0.7%), tow of the three government subsectors dropped jobs in the quarter. Local government (1,039 jobs, 2.9%) added considerable jobs for this industry's fourth consecutive quarter of gains. Gains in this sub-industry mostly reflect a resumption of activity by tribal businesses but are also likely due to the hiring of city and county workers as well as public school teachers, which are included here. Still, this subsector remains well below pre-pandemic levels. Meanwhile, state government lost a hefty 240 jobs (-1.1%) as hiring did not keep pace with attrition. Federal government (-287 jobs, -1.9%) also lost a sizeable number of jobs.


Unemployment Rates - NM & Metros
Percent
8
7
6
5
4
3
History
Forecast
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2
2022Q3
2022Q4
2023Q1
2023Q2
2023Q3
2023Q4
2024Q1
2024Q2
2024Q3
2024Q4
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
6.617
9.498
6.242
-41.475
-28.632
-28.281
-24.513
26.575
18.523
21.242
20.695
16.014
2019Q3
2019Q4
2020Q1
2020Q2
2020Q3
2020Q4
2021Q1
2021Q2
2021Q3
2021Q4
2022Q1
2022Q2


ABQ. MSA JOB ADDITION BY SECTOR: 2021Q2 - 2022Q2
Thousands, Y/Y
5.0
4.0
3.0
2.0
1.0
0.0
-1.0
0.262
0.540
0.594
0.555
0.980
3.929
0.664
0.275
0.328
Ag. & Min.
Const.
Manu.
W.Trade
Retail
T, W & U
Info.
Fin. & Insur.
Real Estate


ABQ. MSA JOB ADDITION BY SECTOR: 2021Q2 - 2022Q2
Thousands, Y/Y
5.0
4.0
3.0
2.0
1.0
0.0
-1.0
0.827
0.198
1.015
0.529
-0.477
1.246
3.594
0.441
0.512
Prof. & Tech.
Mgmt. of Comp.
Admin. & Waste
Edu.
Health & Soc. Asst.
Arts & Rec.
Accom. & Food.
Other
Govt.

CAPITAL BUDGET

Proposed
Operating Budget
FY24

What is the Capital Improvement Plan (CIP)?

The Capital Improvement Plan (CIP) is a multiyear plan used to identify and coordinate capital needs in a way that maximizes the return to the ratepayers. Advanced planning of all Water Authority projects helps the Board, staff, and public make choices based on rational decision-making, rather that reacting to events as they occur. The CIP represents improvements that are viewed as urgent and can be funded from available revenue and/or reserve sources. The system of CIP management is important because: (1) the consequences of investments and capital improvements extend far into the future; (2) decisions to invest are often irreversible; (3) such decisions significantly influence a community's ability to grow and prosper.

The CIP Ten-Year (Decade) Plan

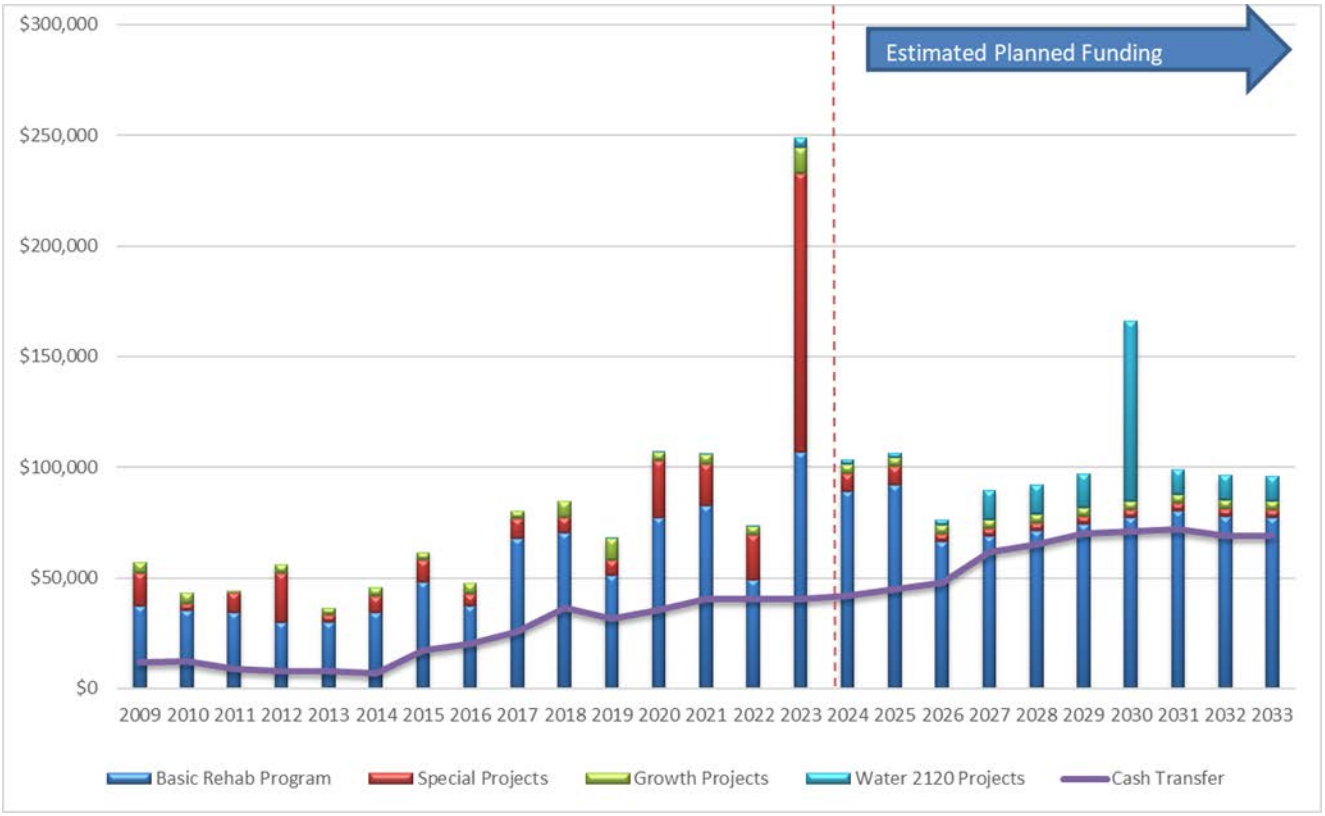
The blueprint for the Water Authority's Basic Program is its Decade Plan, a ten-year capital plan required to be updated annually and includes detailed requirements for program development and project scope, schedule, budget, justification, and alternatives. The Decade Plan requires approval by the Water Authority Board with at least one public hearing and due deliberation. The Decade Plan must be approved by the Water Authority's Board in conjunction with the FY24 CIP budget.

The full plan is available to view on the Water Authority's website at the following link:

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

CAPITAL BUDGET

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



Decade Plan FY 2024 - 2033: Summary of Projects

Category No.	Category Descriptions	Projected Fiscal Year Revenue by Category ($1000's) 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
Priority Renewal Projects:												
100	Sanitary Sewer Pipelines	33,250	33,650	18,605	18,500	18,350	22,500	30,119	32,350	31,350	32,645	**271,319**
200	Drinking Water Pipelines	6,020	7,250	7,850	5,850	5,600	7,025	7,125	7,225	7,625	7,625	**69,195**
300	Southside Water Reclamation Plant	8,750	11,500	11,075	10,525	8,850	10,325	8,325	6,950	7,150	7,200	**90,650**
400	Soil Amendment Facility (SAF)	150	125	450	50	100	100	100	100	100	100	**1,375**
500	Lift Station and Vacuum Station	1,600	2,850	4,450	7,335	8,050	2,100	1,350	6,350	6,710	4,600	**45,395**
600	Odor Control Facilities	450	600	400	50	50	100	100	100	100	100	**2,050**
700	Drinking Water Plant: Groundwater	7,150	6,582	6,323	6,713	14,903	16,075	12,523	10,738	11,048	11,675	**103,730**
800	Drinking Water Plant: Treatment	19,125	17,150	4,850	8,175	3,800	3,550	4,300	7,375	5,375	4,625	**78,325**
900	Reuse Line and Plant	200	400	650	650	150	200	200	200	200	200	**3,050**
1000	Compliance	533	371	425	230	125	353	336	590	320	708	**3,991**
1100	Shared Renewal	5,040	5,040	5,040	5,190	5,140	5,190	5,040	290	40	540	**36,550**
1200	Franchise Agreement Compliance	4,000	3,750	3,750	3,750	3,750	3,750	3,750	4,000	4,250	4,250	**39,000**
1300	Vehicles and Heavy Equipment	2,500	2,500	2,500	2,000	2,500	3,000	4,000	4,000	3,000	3,000	**28,999**
	Total Priority Renewal Projects	**88,768**	**91,768**	**66,368**	**69,018**	**71,368**	**74,268**	**77,268**	**80,268**	**77,268**	**77,268**	**773,629**
Water 2120 Projects:												
8000	All Water 2120 Projects	2,402	2,402	2,402	13,402	13,402	15,402	81,402	11,402	11,402	11,402	**165,020**
	Total Water 2120 Projects	**2,402**	**2,402**	**2,402**	**13,402**	**13,402**	**15,402**	**81,402**	**11,402**	**11,402**	**11,402**	**165,020**
Special Projects:												
9400	All Special Projects	8,350	8,350	3,250	3,250	3,250	3,350	3,350	3,350	3,350	3,350	**43,200**
	Total Special Projects	**8,350**	**8,350**	**3,250**	**3,250**	**3,250**	**3,350**	**3,350**	**3,350**	**3,350**	**3,350**	**43,200**
Priority Growth Projects:												
2200	Sewer and Wastewater Fac Grwth	-	-	-	-	-	-	-	-	-	-	**-**
2300	Wtr Pipe and Wtr Facility Grth	-	-	-	1,990	2,000	210	-	-	-	-	**4,200**
2400	Land and Easement Acquisition	10	10	10	10	10	10	10	10	10	10	**100**
2700	Development Agreements	500	500	1,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	**10,750**
2800	MIS/GIS	3,490	3,490	2,740	500	490	2,280	2,490	2,490	2,490	2,490	**22,950**
3100	Master Plans	-	-	-	-	-	-	-	-	-	-	**-**
3200	Miscellaneous	-	-	250	250	250	250	250	250	250	250	**2,000**
	Total Priority Growth Projects	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**4,000**	**40,000**

Operating Cost/Saving Impacts

The potential operating cost/saving impacts of the projects are listed on the Project Summary Sheets in the FY24 – FY33 Decade Plan.

Policy for the Budget Development, Monitoring and Amendment of the Capital Improvement Program

The development and update of the Capital Improvement Program (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.

Specific activities in the 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. 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 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.

FY24 Water Authority Capital Improvement Program Budget

The FY24 capital program appropriation totals $103.5 million. $88.7 million is appropriated for the level one priority basic capital programs, $4.0 million for growth related projects, $8.3 million for special projects, and $2.5 million for Water 2120 porjects. There are no appropriations in the proposed FY24 CIP budget for projects that will be funded with revenues from FY25 or later.

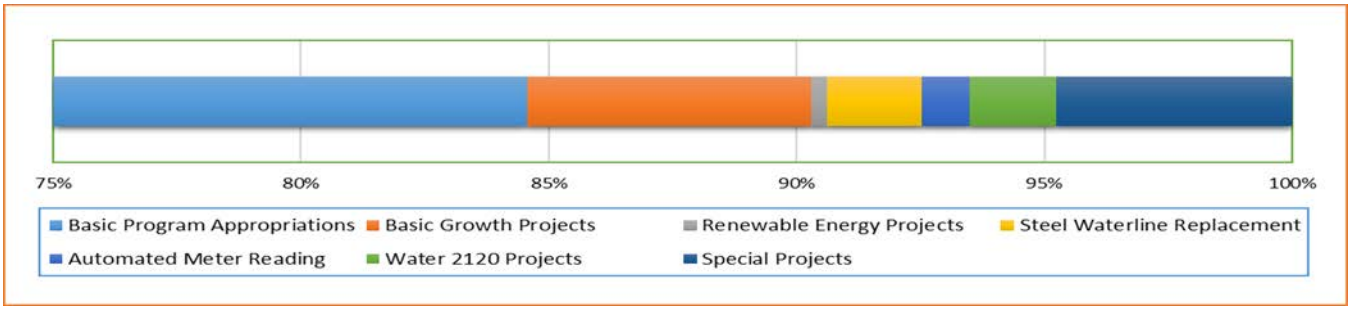
The current Rate Ordinance requires no less than $30.0 million for Basic rehabilitation program.

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

Demonstrated in the table and charts 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	FY21 Audited Actual (000's)	FY22 Audited Actual (000's)	FY23 Revised Budget (000's)	FY24 Proposed Budget (000's)
Basic Program Appropriations:				
Sanitary Sewer Pipeline Renewal	$ 17,517	$ 6,914	$ 34,136	$ 33,250
Drinking Water Pipeline Renewal	6,678	5,377	7,248	6,020
Southside Water Reclamation Plant Renewal	31,754	15,291	31,371	8,750
Soil Amendment Facility (SAF) Renewal	497	287	350	150
Lift Station and Vacuum Station Renewal	4,856	2,301	3,456	1,600
Odor Control Facilities Renewal	53	11	50	450
Drinking Water Plant Groundwater System Renewal	9,063	7,807	7,818	7,150
Drinking Water Plant Treatment Systems Renewal	5,294	1,798	5,077	19,125
Reuse Line and Plant Rehab	407	845	814	200
Compliance	130	79	651	533
Shared Renewal	1,430	2,286	6,886	5,040
Franchise Agreement Compliance	3,614	4,541	4,000	4,000
Vehicles and Heavy Equipment	1,174	1,543	4,673	2,500
Level 1 Priority Renewal Projects Total	**$ 82,467**	**$ 49,080**	**$ 106,530**	**$ 88,768**
Special Projects:				
Steel Waterline Rehab	$ 680	$ 1,001	$ 2,024	$ 2,000
Automated Meter Infrastructure (AMI)	1,988	872	5,625	1,000
Renewable Energy Projects	115	117	618	350
Issuance Costs	341	668	51	-
Miscellaneous	15,682	17,588	117,898	5,000
Special Projects Total	**$ 18,806**	**$ 20,246**	**$ 126,216**	**$ 8,350**
Combined Level 1 Priority Renewal and Special Proje	**101,273**	**69,326**	**232,746**	**97,118**
Growth Projects:				
Sewer and Wastewater Facilities Growth	$ -	$ -	$ 796	$ -
Land & Easment Acquisition	39	10	810	10
Development Agreements	1,499	1,284	3,009	500
Management Information Systems/Geographical Information Systems (MIS/GIS)	3,014	2,604	5,819	3,490
Master Plans	165	181	277	-
Miscellaneous Growth	31	3	757	-
Level 1 Priority Growth Projects Total	**$ 4,748**	**$ 4,082**	**$ 11,468**	**$ 4,000**
Water 2120 Plan	137	73	4,481	2,402
Grand Total	**$ 106,158**	**$ 73,481**	**$ 248,695**	**$ 103,520**



FY24 Project Highlights

The Water Authority Capital Improvement Program (CIP) 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 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 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 included in the 2024-2033 Decade Plan. Some of the major projects are listed below:

- ✓ Inspection and Rehabilitation of Steel Waterlines
- ✓ Upgrade of Automatic Metering Infrastructure (AMI)
- ✓ Improvements to Information Technology to include Supervisory Control and Data Acquisition (SCADA) system replacement at Plant facilities
- ✓ Sanitary Sewer Pipeline Renewal
- ✓ Small and Large Diameter Water Pipeline Renewal
- ✓ Southside Water Reclamation Plant Facility Renewal
- ✓ Groundwater System Renewal
- ✓ San Juan-Chama Drinking Water Plant System Renewal

Some of the major project details include:

The sanitary sewer interceptor system is the backbone of the Water Authority's current sewer collection system. It is designed to carry large flows from the collection line system for delivery to the plant for treatment. 46-percent (approximately 111 miles) of the current interceptors within the system are made of concrete and have suffered substantial hydrogen sulfide corrosion damage along the upper portions of the pipe. This ultimately results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way. The FY24 budget reflects a budget of $33.2 million that will be used to continue to evaluate, plan, design, and construct for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation.

- $8.0 million for the Westside Interceptor Rehab - I-40 to Western Trail - Design/Construction
  - o The operational impact is that emergency repair/rehab is 2x to 3x more expensive than planned rehab. Proactive rehab will save CIP dollars, reduce maintenance requirements by Collections staff (reduced sediment, fewer odor complaints), and reduce sanitary sewer overflow (SSO) frequency.

- $3.0 million for the Griegos Interceptor from 24" Rio Grande to 12th St (4000 linear ft - appx 1 mi). Rehab design required based on CCTV footage showing hanging gaskets, crown corrosion, and/or soil visible.
  - o The operational impact is that emergency repair/rehab is 2x to 3x more expensive than planned rehab. Proactive rehab will save CIP dollars, reduce maintenance requirements by Collections staff (reduced sediment, fewer odor complaints), and reduce SSO frequency.

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

deteriorated and are past the useful life.

The San Juan-Chama Water Treatment Plant (SJCWTP) Basin Improvements funding is required for emergency capital improvements to address unanticipated equipment or other asset failures at the facilities. This is a critical facility in the Water Authority's drinking water system and any asset failures need to be addressed quickly to maintain the expected level of service.

- $28.0 million for Basin Dredging – Sediment, filter backwash, and organic matter buildup in the basins impacts available raw water storage volume and has negative water quality impacts to SJCWTP treatment processes. A dredging/mixing study followed by dredging operations needs to be implemented.
  - The operational impact of this project will Improve plant performance and water quality. Contracted dredging operation should not increase operations & maintenance labor/costs at SJCWTP.

The Vulcan's lease on the 50-acre parcel at the southwest corner of Chappell and Singer NE has ended. The Water Authority has developed a plan for the site with near-term and long-term improvements. Prior to constructing improvements, the site will need to be graded to establish developable property. Near-term improvements consist of a relocated dirt processing facility ("stockpile"), compost sales, landscape material storage for restoration of customer property, scale/weigh house, and several storage buildings for salt, chemicals, infrastructure repair materials and weather sensitive vehicles.

- $5.0 million will be used to plan, design and construct the site and facilities in multiple phases. The stockpile component will locate the dirt processing operations in a more industrial setting resulting in less concerns for adjacent neighbors. The vehicle storage will protect weather sensitive equipment (e.g., NO-DES, water truck, street sweeper) from freezing thereby extending the life of the equipment, the need to winterize and the associated maintenance costs. The various buildings will provide a secure and centralized location for storing materials for the operation of the water system. The compost sales will provide a more convenient location for the public to purchase compost. The scale/weigh house facilitates compost sales and also ensures that dump trucks are loaded to DOT specifications prior to entering public roadways.
  - The operational impact will include an advanced treatment component that aligns with Water 2120 goals, and
    - The stockpile component will locate the dirt processing operations in a more industrial setting resulting in less concerns for adjacent neighbors.
    - The vehicle storage will protect weather sensitive equipment (e.g., NO-DES, water truck, street sweeper) from freezing thereby extending maintenance costs.
    - The various buildings will provide a secure and centralized location for storing materials for the operation of the water system.
    - The compost sales will provide a more convenient location for the public to purchase compost. The scale/weigh house facilitates compost sales and also ensures that dump trucks are loaded to DOT specifications prior to entering public roadways.

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 Maximo, Finance Enterprise, Kronos, Laboratory Information Management System and GIS, among others. Funding will be used to address the mobile, security and telecommunications environments and to provide continual efficiencies to reduce costs and maintain backups of mission critical systems.

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

DEBT OBLIGATIONS

Proposed Operating Budget FY24

DEBT OBLIGATIONS

The joint water and sewer system (the "Water/Sewer System") was owned by the City of Albuquerque, New Mexico (the "City") and operated by its Public Works Department until December 17, 2003. 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 (Water Authority) and provided that all functions, appropriations, money, records, equipment, and other real and personal property pertaining to the Water/Sewer System would be transferred to the Water Authority. The legislation also provided that the debts of the City payable from net revenues of the Water/Sewer 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/Sewer System. The legislation also required that the New Mexico Public Regulation Commission audit the Water/Sewer System prior to the transfer of money, assets, and debts of the Water/Sewer System; the audit was completed December 2003. The policy-making functions of the Water/Sewer System have been transferred to the Water Authority. The Water Authority and the City entered into a Memorandum of Understanding (MOU) dated January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer 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.

The outstanding Water Authority parity obligations are currently rated "AA+" by Fitch, "Aa2" by Moody's and "AA+" by S&P.

The total outstanding obligation indebtedness of the Water Authority as of April 1, 2023 is $533.1 million, shown in the table on the next page.

DEBT OBLIGATIONS

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS
as of April 1, 2023
RATINGS: AA+ Fitch; Aa2 Moody's; AA+ S&P

	FINAL MATURITY	ORIGINAL AMT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING	INTEREST RATES
SENIOR DEBT OBLIGATIONS					
Bonds Series 2013A	7/1/2038	62,950,000	57,945,000	5,005,000	3.00-5.00%
Bonds Series 2013B	7/1/2024	55,265,000	50,055,000	5,210,000	3.00-5.00%
Bonds Series 2014A	7/1/2026	97,270,000	54,325,000	42,945,000	3.00-5.00%
Bonds Series 2015	7/1/2033	211,940,000	73,225,000	138,715,000	3.00-5.00%
Bonds Series 2017	7/1/2034	87,970,000	21,300,000	66,670,000	3.375-5.00%
Bonds Series 2018	7/1/2030	75,085,000	16,660,000	58,425,000	5.00%
Bonds Series 2020	7/1/2032	69,440,000	6,000,000	63,440,000	5.00%
Bonds Series 2020A	7/1/2038	47,800,000	6,870,000	40,930,000	5.00%
Bonds Series 2021	7/1/2046	73,255,000	-	73,255,000	3.00-5.00%
NMFA Loan No. 07 2316-ADW	7/1/2031	1,000,000	525,309	474,691	3.00-5.00%
NMFA Loan DW4877	5/1/2040	2,724,170	-	2,724,170	0.25-2.00%
NMFA Loan DW5028	5/1/2052	1,515,000	-	1,515,000	1.00%
SUBTOTAL - SENIOR DEBT OBLIGATIONS		**$ 786,214,170**	**$ 286,905,309**	**$ 499,308,861**	
SUBORDINATE & SUPER SUBORDINATE DEBT OBLIGATIONS					
Bonds Series 2014B	7/1/2025	$ 87,005,000	$ 61,295,000	$ 25,710,000	3.00-5.00%
NMFA Loan No. 04 1727-AD	5/1/2030	10,426,232	5,655,888	4,770,344	1.00-5.00%
NMFA Loan WPF-5103	6/1/2042	800,000	-	800,000	0.25%
NMFA Loan WPF-5401	6/1/2043	800,000	-	800,000	0.25%
NMFA Loan WPF-5402	6/1/2043	770,827	-	770,827	0.25%
NMFA Loan WPF-5659	6/1/2044	200,000	-	200,000	0.25%
NMFA Loan WPF-5660	6/1/2044	710,000	-	710,000	0.25%
SUBTOTAL - SUBORDINATE & SUPER SUBORDINATE DEBT OBLIGATIONS		**$ 100,712,059**	**$ 66,950,888**	**$ 33,761,171**	
TOTAL DEBT OBLIGATIONS		**$ 886,926,229**	**$ 353,856,197**	**$ 533,070,032**	

APPENDIX

Proposed Operating Budget FY24

FY24 BUDGET METHODOLOGY AND ASSUMPTIONS

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 FY24 to incorporate current contractual increases.

❖ Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.0%, PERA-26.45% for blue and white collar and management/professional, this amount does include the 0.5% yearly for both employer and employee as required by the PERA Legislation. Other employee benefits (health, dental, vision, retiree health insurance, group life) – budgeted at FY23 actual amounts plus a 2.5% contracted rate increase for health insurance.

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

Operating Expenses

FY24 operating expenses were budgeted equal to FY23 appropriated amounts. One-time appropriations for FY23 were deleted.

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

❖ For FY24, utilities (gas, electricity, and water/wastewater) were 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, increases in workload, or a special need not previously funded.

❖ Workers' Compensation and other insurance, tort and risk expenses are treated as expenses in the Risk department for FY24. These amounts are identified based on the historical experience and exposure factors relative to the Water Authority.

❖ Vehicle maintenance charges are estimated for FY24 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.

❖ Fuel costs have been appropriated for FY24 per the US Energy Information Administration forecast of oil prices. The forecast for gasoline prices is $3.09/gallon and for diesel is $3.70/gallon.

Capital Expenses

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

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AMI – Automated Meter Infrastructure

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 Implementation or Improvements Program

CMOM – Capacity Management Operations & Maintenance Program

CPI - Consumer Price Index

DWP – San Juan–Chama Drinking Water Project

EPA – Environmental Protection Agency

ERP – Enterprise Resource Planning

EUM – Effective Utility Management

FOGS – Fats, Oils, Grease & Solids

FTE - Full-time Equivalent Position

FY - Fiscal Year

GDP - Gross Domestic Product

GFOA - Government Finance Officers Association

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPS – Global Positioning System

HR – Human Resources

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

NM – New Mexico

NMED – New Mexico Environment Department

NPDES – National Pollution Discharge Elimination System

PAFR – Popular Annual Financial Report

PERA - Public Employees Retirement Association

PFAS - Per-and Polyfluoroalkyl Substances

PNM – Public Service Company of New Mexico

PTF – Preliminary Treatment Facility

RRAMP – Reclamation Rehabilitation and Asset Management Plan

SCADA – Supervisory Control and Data Acquisition

SJC – San Juan-Chama

SJCWTP - San Juan–Chama Water Treatment Plant

SOP – Standard Operating Procedures

SSOs – Sanitary Sewer Overflows

SWRP - Southside Water Reclamation Plant

SWTP – Surface Water Treatment Plant

UEC – Utility Expansion Charge

UNM – University of New Mexico

WPAB – Water Protection Advisory Board

GLOSSARY

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 incur 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, Rio Rancho and the Village of Los Ranchos

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

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

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

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 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

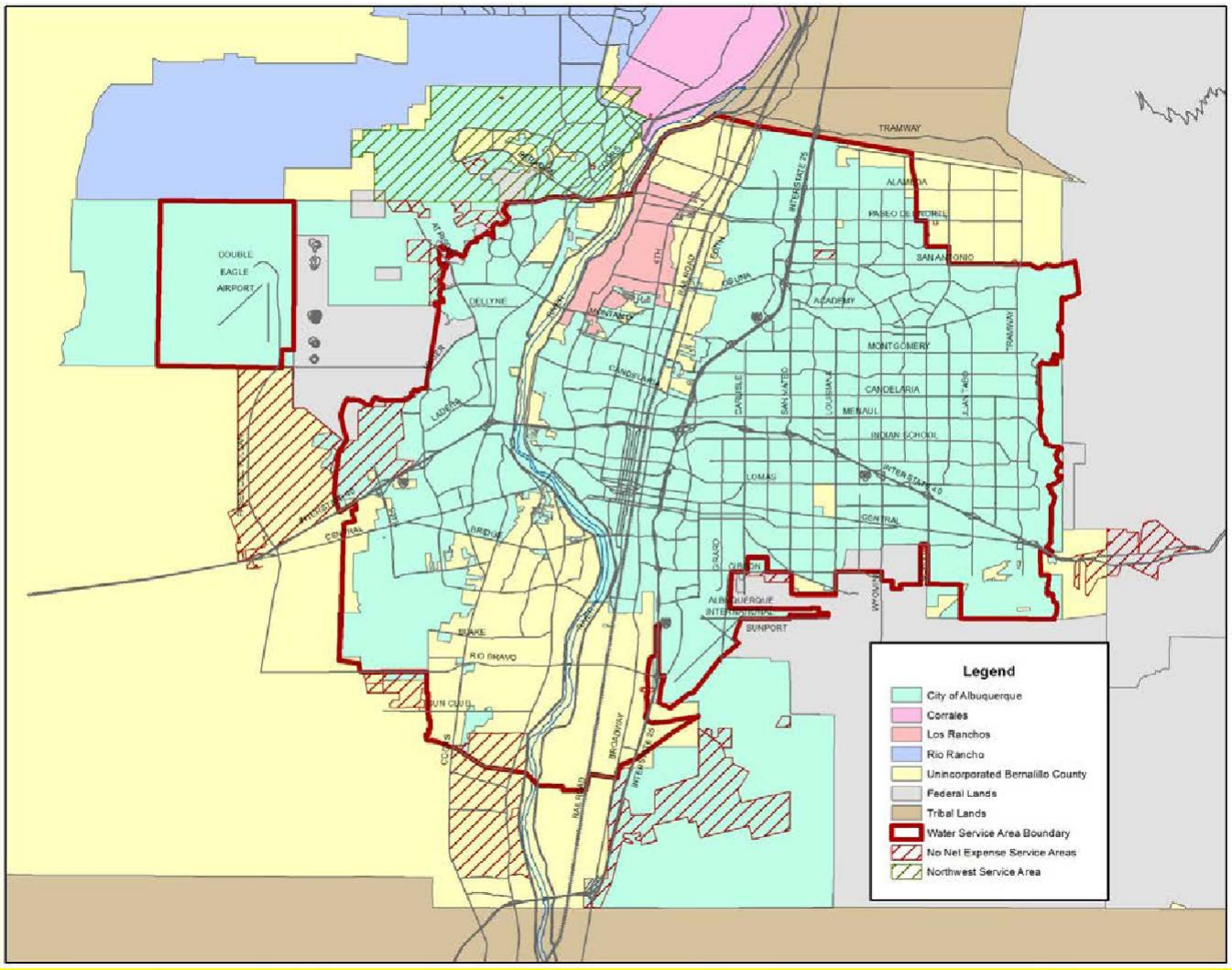
STATE ENGINEER PERMIT 4830: The permit allows the Water Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of Water Authority San Juan-Chama water and native Rio Grande water. The native Rio Grande water is required to be simultaneously released from the Southside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

UNACCOUNTATED FOR WATER: The difference between the quantity 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: 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
- 45 pump stations including non-potable facilities
- 3,059 miles of water supply pipeline
- 5 arsenic removal treatment facilities (15 MGD)

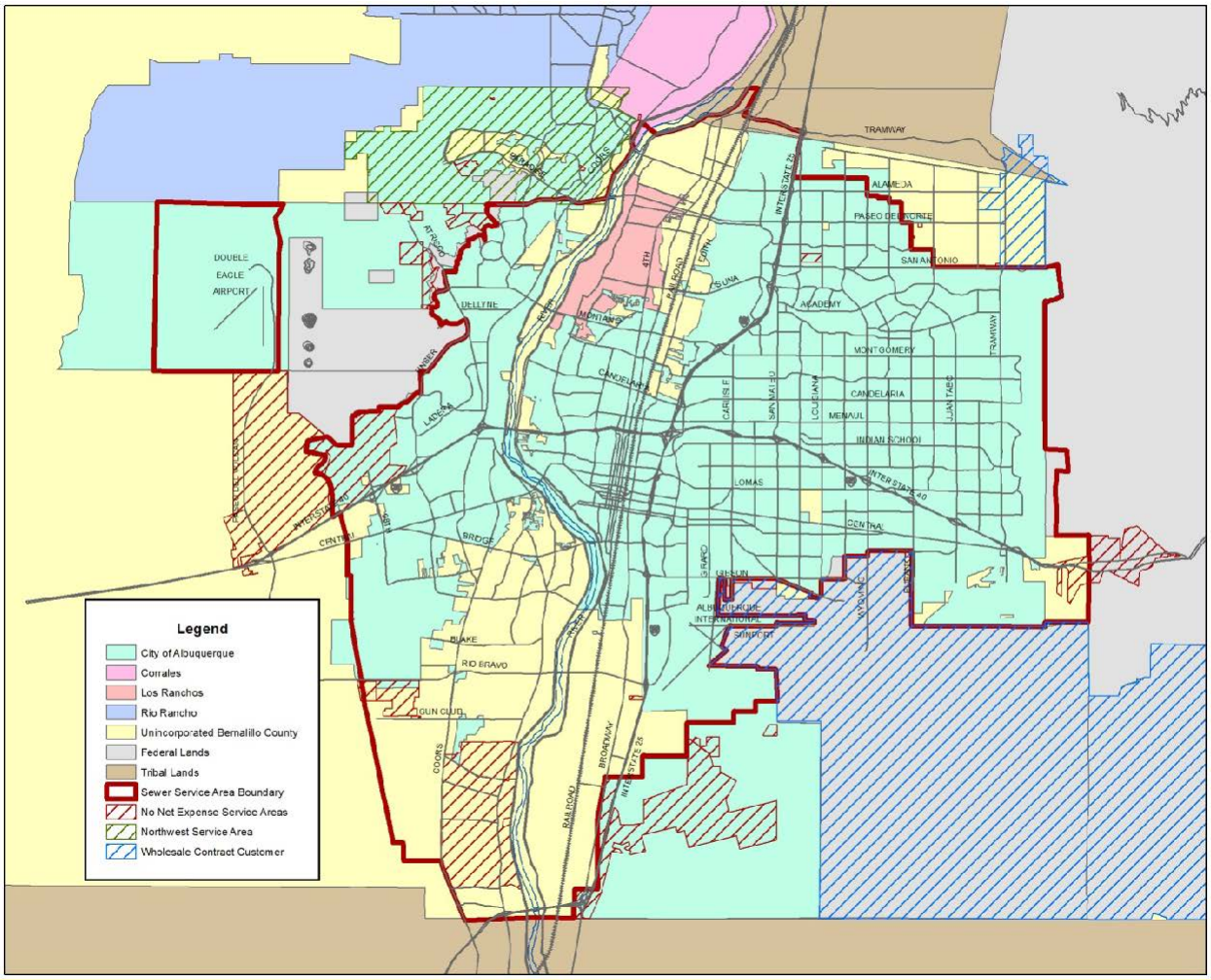
WATER SERVICE AREA MAP

The System provides water services to approximately 654,067 residents comprising approximately 95% of the residents of the County. Approximately one-third of unincorporated County residents are water customers of the Water System. As of January 1, 2023, service is provided to approximately 216,856 customer accounts, including 186,886 residential and 29,970 multi-family, commercial, institutional and industrial accounts. Approximately 76.4% of the water sales are for residential uses.

Surface water from the San Juan-Chama Drinking Water 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 (2) non-potable water systems to provide irrigation and industrial water in the service area. In calendar year 2022, the Water Authority's potable water resources use consisted of 55% from groundwater and 45% 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 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 ten (10) parts per billion arsenic) results in available production capacity of 179 MGD. Peak day demand for 2022 was 146 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 to 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 245,000,000 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 39 potable water pump stations housing 130 booster pumps, with a total capacity of 748 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by 3,059 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 "SWRP"). 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 45.5 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 SWRP. 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, with the most recent renewal of such permit effective December 1, 2019 (as renewed, the "NPDES Permit"). The Water Authority's wastewater effluent discharge consistently meets all requirements contained in the NPDES Permit.

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 (2) 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 work was completed in 2015 and a project completion report was filed with the EPA. The second 2015 AO included adoption of the Corrective Action Plan items that were completed, and a project completion report was submitted to the EPA in June 2018.

Since January 2003, the wastewater 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 1 mega-watt ground mounted solar energy array and a 6.3 mega-watt covered parking mounted solar energy array. These on-site power generating facilities normally supply 100% of the wastewater 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 SWRP 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 (2) 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 2022, 23% 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

Proposed Operating Budget FY24

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-xx-xx

RESOLUTION

APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024

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 2024:

GENERAL FUND – 21	248,439,000
This appropriation is allocated to the following programs:	
Administration	1826,000
Risk	6,187,000
Legal	823,000
Human Resources	1,919,000
Finance	4,392,000
Fleet & Facility Maintenance	5,730,000
Customer Services	5,409,000

Information Technology	10,530,000
Wastewater Plant	12,213,000
San Juan-Chama Water Treatment Plant	4,899,000
Groundwater Operations	7,298,000
Wastewater Collections	8,031,000
Water Field Operations	21,508,000
Compliance	6,266,000
Central Engineering	3,795,000
Asset Management	805,000
Planning & Utility Development	999,000
Water Resources	4,767,000
Power & Chemicals	21,256,000
Taxes	656,000
Authority Overhead	1,670,000
San Juan-Chama	1,440,000
Transfers to Other Funds:	
Rehab Fund (28)	36,618,000
Water 2120 Fund (27)	1,402,000
Debt Service Fund (31)	78,000,000
DEBT SERVICE FUND – 31	92,346,000
This appropriation is allocated to the following programs:	
Debt Service	88,346,000
Transfer to Other Funds:	
Growth Fund (29)	4,000,000
SAN JUAN CHAMA PROFESSIONAL CONTRACTORS ASSOCIATION FUND – 41	64,043
This appropriation is allocated to the following programs:	
General Government	64,043

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.

ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY

BILL NO. R-XX-XX

RESOLUTION

APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024 AND 2024-2033 DECADE PLAN

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 2024-2033 Decade Plan 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	33,250,000
Drinking Water Pipeline Renewal	6,020,000
Southside Water Reclamation Plant Renewal	8,750,000
Soil Amendment Facility (SAF) Renewal	150,000
Lift Station and Vacuum Station Renewal	1,600,000
Odor Control Facilities Renewal	450,000

Drinking Water Plant Groundwater System Renewal	7,150,000
Drinking Water Plant Treatment Systems Renewal	19,125,000
Reuse Line and Plant Rehab	200,000
Compliance	533,000
Shared Renewal	5,040,000
Franchise Agreement Compliance	4,000,000
Vehicles and Heavy Equipment	2,500,000
Special Projects:	
Steel Waterline Rehab	2,000,000
Automated Meter Infrastructure (AMI)	1,000,000
Renewable Energy Projects	350,000
Miscellaneous	5,000,000
Growth:	
Development Agreements	500,000
Land & Easement Acquisition	10,000
MIS/GIS	3,490,000
Other:	
Water 2120 Project Fund	2,402,000

PERFORMANCE PLAN

Proposed Operating Budget FY24

Fiscal Year 2024
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 FY24 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 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

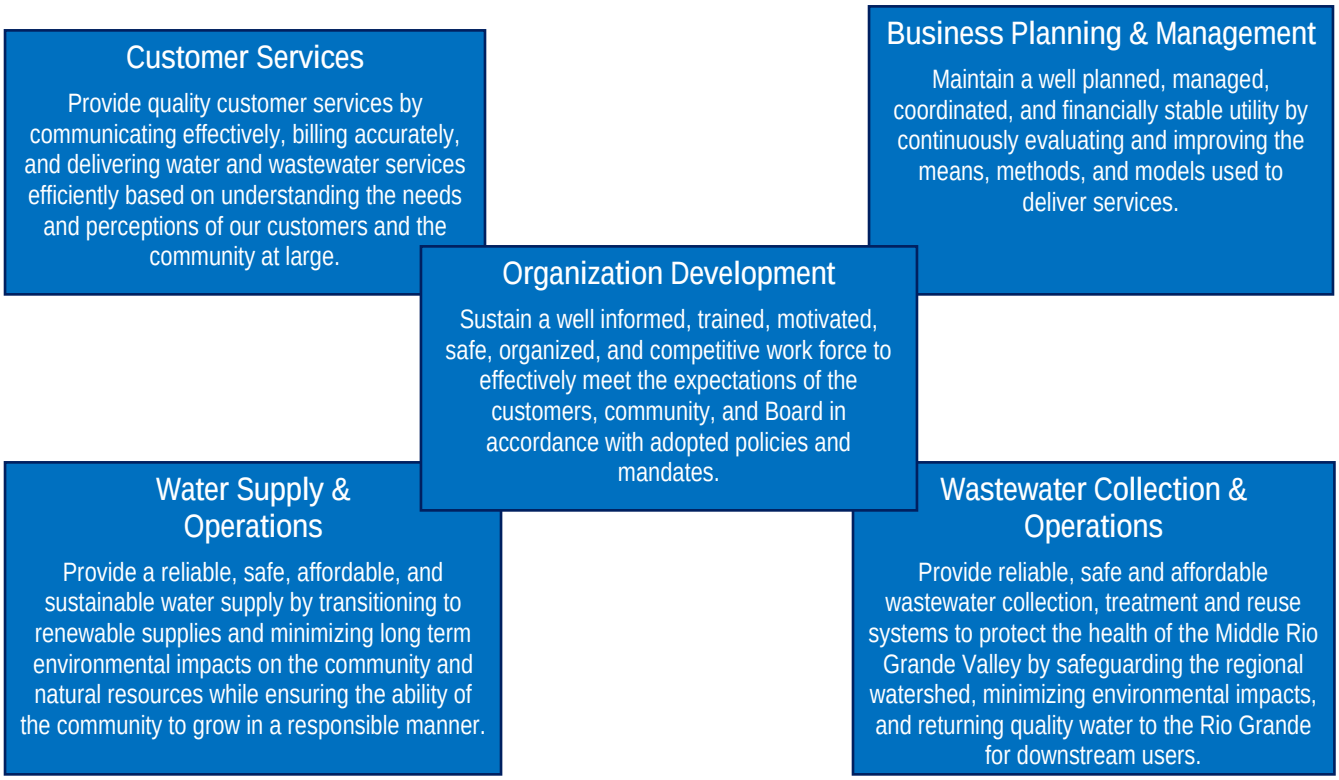
The Albuquerque Bernalillo County Water Utility Water Authority's (Water Authority) Budget Ordinance requires that a Performance Plan be connected to the Five-Year Goals and contain performance measures that help guide the operating and capital budgets in prioritizing and allocating the Water Authority's 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 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 2022 (FY21 data) by AWWA from 168 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

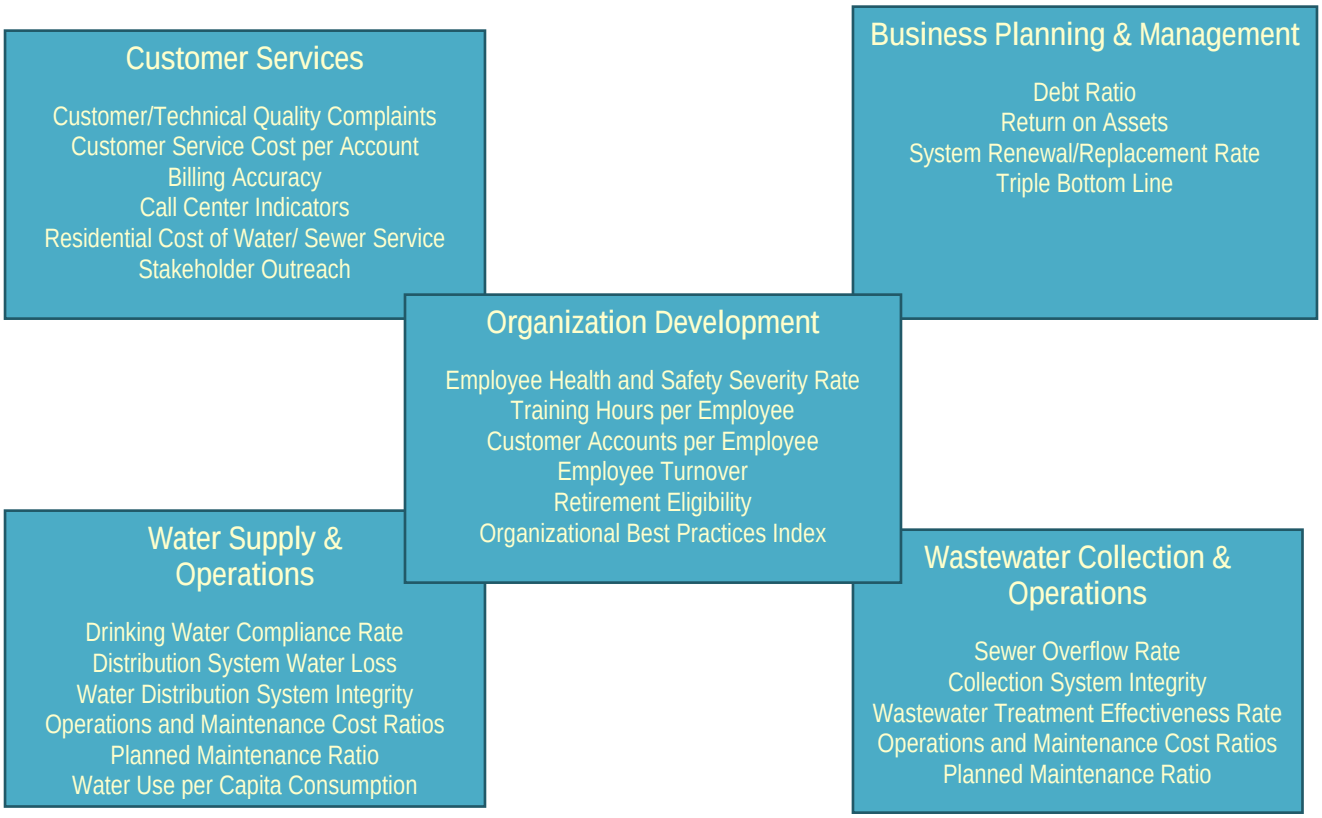
The Water Authority's Performance Plan is organized by the Water Authority's Five-Year Goal areas which are modeled after AWWA's business model. This model is based on fifteen successful quality achievement programs, including the Malcolm Baldridge National Quality Award Program, the Deming Award, and 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.

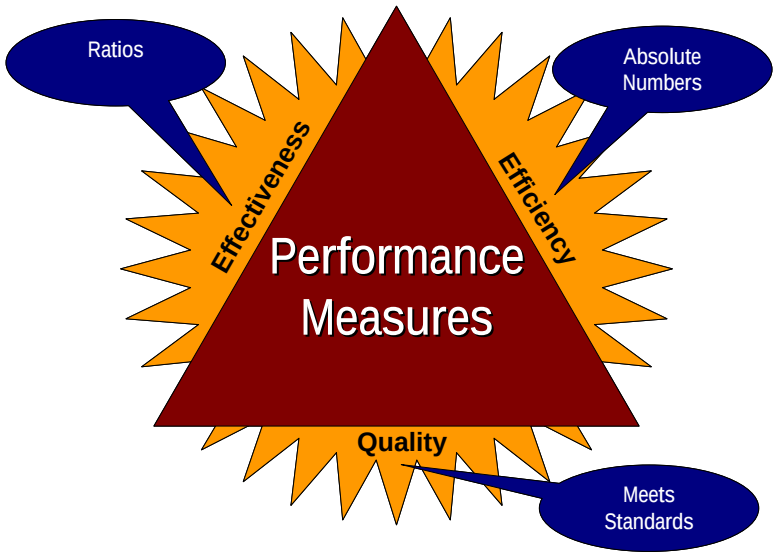
Figure 2: Performance Measures by Goal Area



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



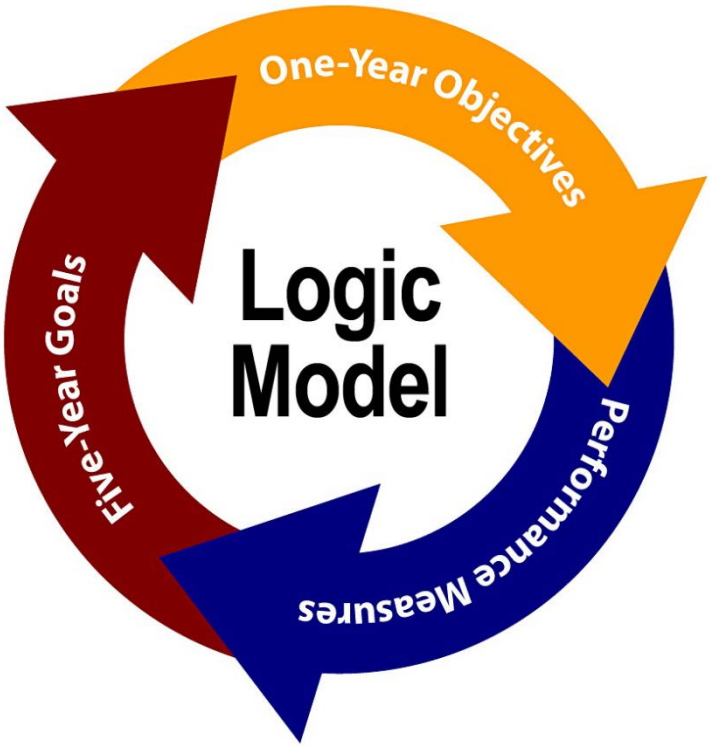
Performance Plan Logic Model

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 (FY20 through FY22) which establishes a baseline. The Plan also includes estimated current fiscal year performance measures (FY23) as well as projected performance in the proposed budget year (FY24). The Plan allows the Water Authority to benchmark its performance from year to year and to determine how its current and projected performance compares 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 can 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 using 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 is 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 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 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

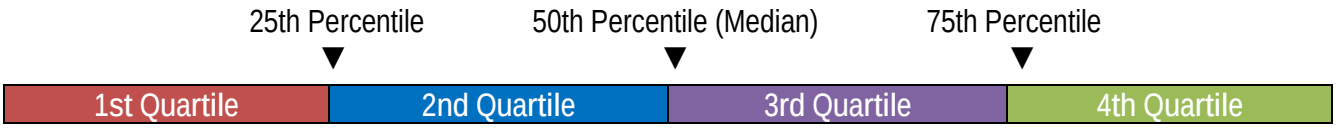
Communicating Performance Measurement

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 most 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

FY24 Objectives	Measure Reference
Implement the Rivers and Aquifers Protection Plan (RAPP), the Water Authority's source water protection plan, through the following actions: ❖ Complete an update of locations and/or plum extent at known groundwater contamination sites within the Service Area by the 2nd Quarter of FY24; map the update to include updated data from sites in the 2018 groundwater contamination site map and newly established sites by the NMED. Additionally, update the groundwater contamination site summaries from the 2018 RAPP with current site regulatory status, contaminants of concern and regulatory oversight summary; ❖ Track and review site data and documents for priority groundwater contamination sites through the end of the 4th Quarter of FY24; ❖ 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 FY24; and ❖ 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 FY24.	**1-1**
Develop a long-term strategy for utilizing existing wells that are currently out of service within the water system and identify priority Arsenic Treatment plant projects for design and construction by the end of the 4th Quarter of FY24.	**1-1**
Complete the assessment that began in FY23 of the impact of widescale power outages upon water system production and pumping facilities by the end of the 4th Quarter of FY24. 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 FY24. Collect and analyze data captured from the existing four treatment plants to support this objective.	**1-1**
Develop and execute a program of regular inspections of the inventory of drinking water reservoirs at a frequency consistent with good practices for steel and concrete reservoir assets and AWWA Partnership for Safe Water-Distribution goals by the end of the 4th Quarter of FY24.	**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 FY24. 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**
Implement the following in the Maximo asset management system: ❖ Checklist for Groundwater Swing Shift Operators to complete the Swing Shift standard operating procedure (SOP) requirements for each site on an iPad tablet by the end of the 4th Quarter of FY24. ❖ Checklist for Groundwater Weekly Disinfection for operators to complete the ClorTec/PSI chlorine generation equipment weekly data gathering in Maximo by the end of the 4th Quarter of FY24.	**1-1**

FY24 Objectives	Measure Reference
❖ Annual Groundwater Reservoir Exterior Inspection Program to annually document the condition of each reservoir. Report progress at the end of each quarter by the end of the 4th Quarter of FY24.	
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 FY24. 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 FY24; Track, evaluate, and report on existing ZoneScan and Echologics acoustic leak detection systems on a quarterly basis in FY24. Report on acoustic equipment "fleet" replacement on a quarterly basis in FY24.	**1-2** **1-3**
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 FY24. Continue exploring utility locating equipment and mapping technologies to improve locate accuracy, provide documentation, and reduce costly damages to buried water and wastewater infrastructure and report on results.	**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 FY24.	**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 FY24. Develop a project plan and cost estimate by the end of 2nd Quarter FY24.	**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 FY24. Evaluate whether additional monitoring wells are needed by the end of the 1st Quarter of FY24 and seek funding, if applicable.	**1-3**
Develop a hydraulic modeling program that maintains centralized versions of the hydraulic models, provides routine user training, and develops Standard Operating Procedures (SOPs) by the end of the 4th Quarter of FY24.	**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 FY24. ❖ 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 FY24. ❖ 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 FY24.	**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 FY24.	**1-5**
Support and advocate for the Water Authority's interests on the Colorado River through the end of the 4th Quarter of FY24. ❖ Promote basin-wide collaboration and advocacy for sustainable water resources through continued leadership and support for the San Juan Chama Contractor's Association.	**1-6**

FY24 Objectives	Measure Reference
❖ Plan for implementation of the Colorado River Water Users Memorandum of Understanding, which promotes municipal water conservation through conversions to drought-and climate-resilient landscaping, while maintaining vital urban landscapes and tree canopies that benefit our communities, wildlife, and the environment.	
To prepare for increased climate variability, encourage the installation of desert-friendly xeriscapes, 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 FY24: ❖ Perform 100 water use audits on high water users. ❖ Increase education and outreach on water conservation, xeriscape conversions, climate wise landscaping, and water waste. ❖ Develop a water use audit to identify leaks and develop a retrofit program for customers enrolled in the Water Authority's low-income credit program.	**1-6**
Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Water Use Efficiency Audits; 2) 400 Landscape Professionals trained; and 3) 24 newsletter articles by the end of the 4th Quarter of FY24.	**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 FY24.	**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 FY24.	**1-6**
To establish native water storage in Abiquiu Reservoir as approved by Congress, coordinate the update of the USACE Water Control Manual and storage contract updates through the end of the 4th Quarter of FY24. Continue towards permitting and environmental approvals for Abiquiu Reservoir through the 4th Quarter of FY24.	**1-6**
Develop a strategy to convert existing irrigation accounts to non-potable accounts. Recommend actions based on the strategy by the 4th Quarter of FY24.	**1-6**
To reduce water loss in the system, work with the Non-Revenue Water Loss Control group to identify increases in AMI data management opportunities for enhancing the customer portal, reducing non-revenue water loss, improving conservation programs, optimizing distribution system operations, and facilitating capital planning decisions by the 4th Quarter of FY24.	**1-6**

Performance Measure Division Responsibility

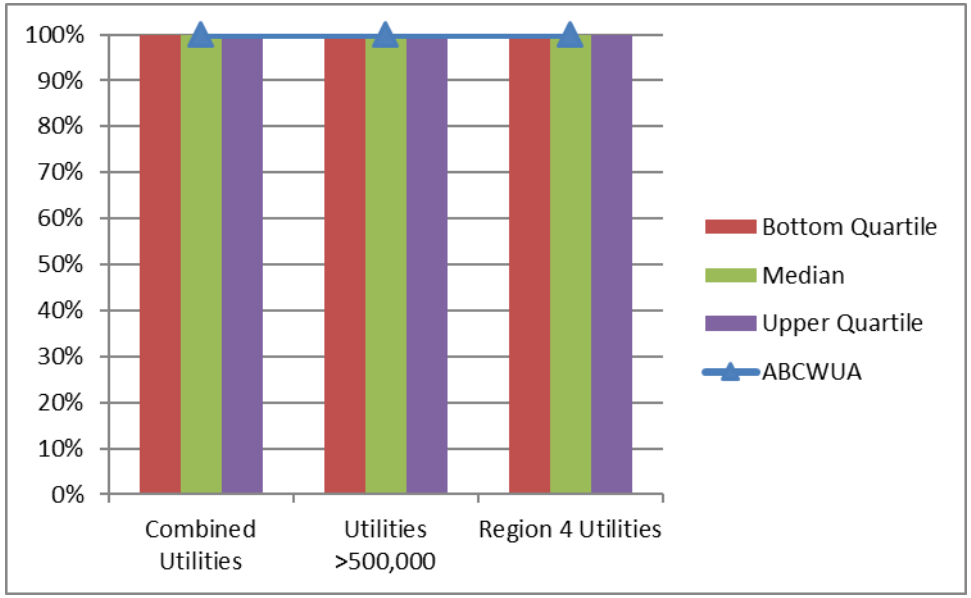
Ref #	Performance Measure	Operations Plant	Operations Field	Operations Compliance	Operations Water Resources, Engineering & Planning
1-1	Drinking Water Compliance Rate	✓		✓	
1-2	Distribution System Water Loss		✓		✓
1-3	Water Distribution System Integrity		✓		✓
1-4	O&M Cost Ratios: O&M Cost per account	✓	✓		
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	
				FY20	FY21	FY22	FY23	FY24	
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 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 FY24, 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.

2022 Customer Opinion Survey

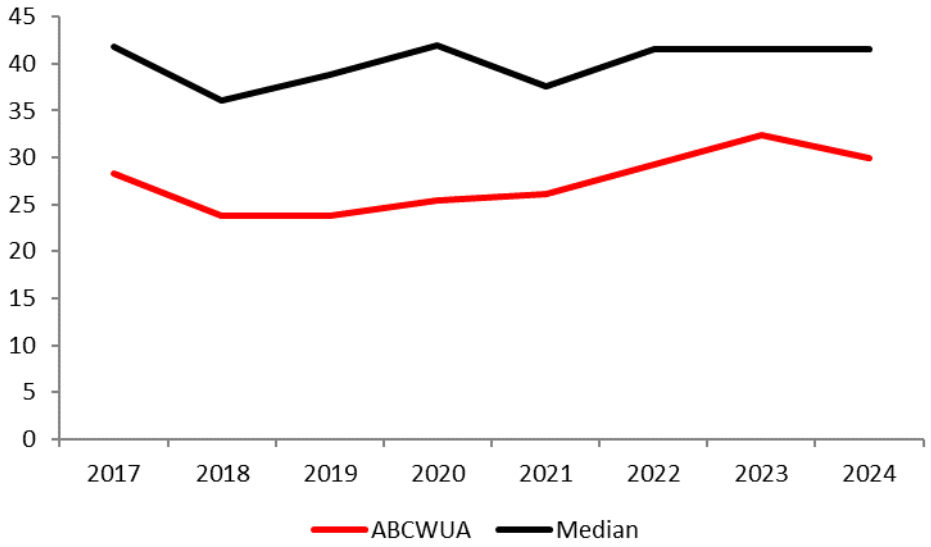
- 97% of customers are either very or somewhat satisfied with the reliability/availability of water
- 81% of customers are either very or somewhat satisfied with the safety and purity of drinking water
- 77% of customers are either very or somewhat satisfied with the quality (taste, smell, appearance) 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	
				2020	2021	2022	2023	2024	
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	26.90	25.40	26.09	29.20	32.4	30.0	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 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 began a 3-year program of replacing the current leak detection units with updated technology.

2022 Customer Opinion Survey

- 69% 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

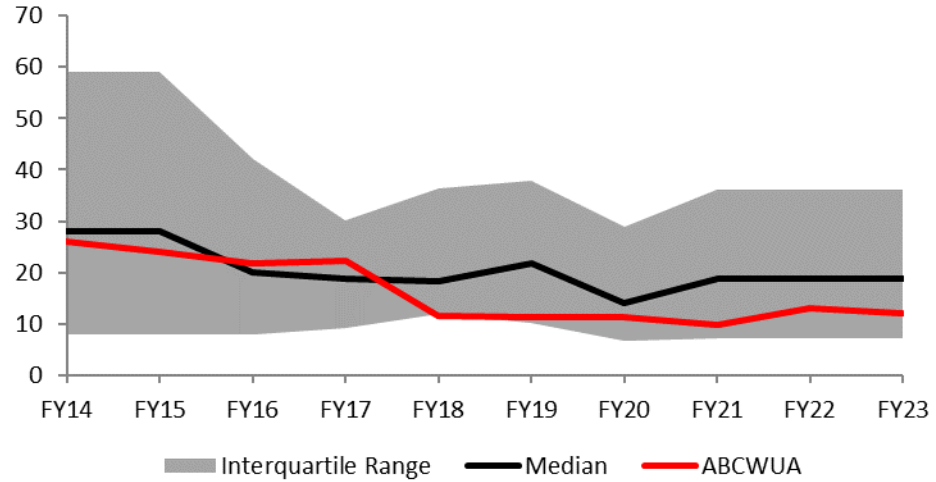
1-3 Water Distribution System Integrity

Performance Results

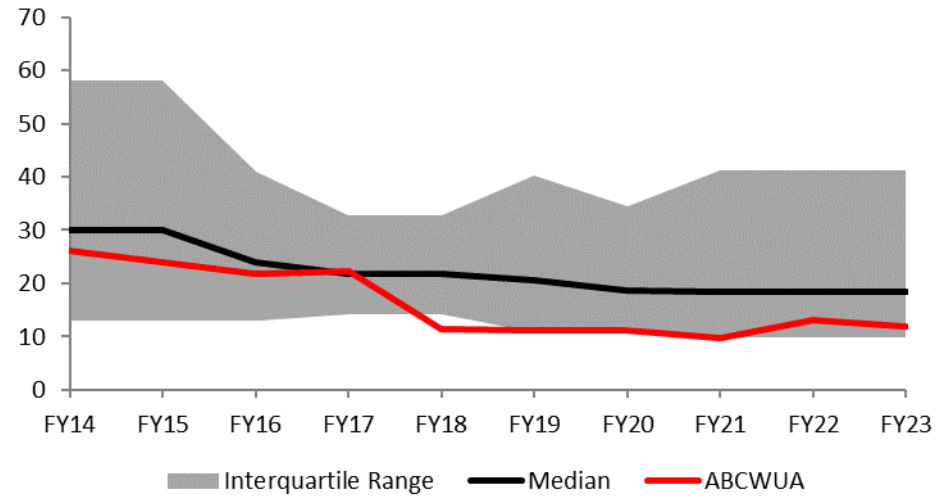
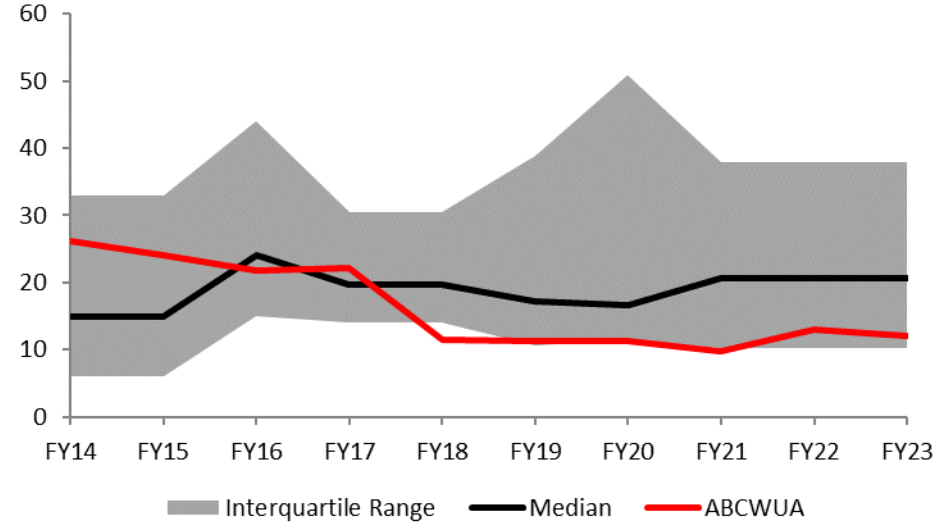
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the condition of the water distribution system	Number of leaks per 100 miles of distribution piping	11.4	11.2	9.8	13.1	12.0	11.4	Improve the condition 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 FY23 to continue spending an additional $1 million in steel water line rehabilitation. In FY24, $2 million has been appropriated for steel water line rehabilitation.

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.

2022 Customer Opinion Survey

- 73% 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

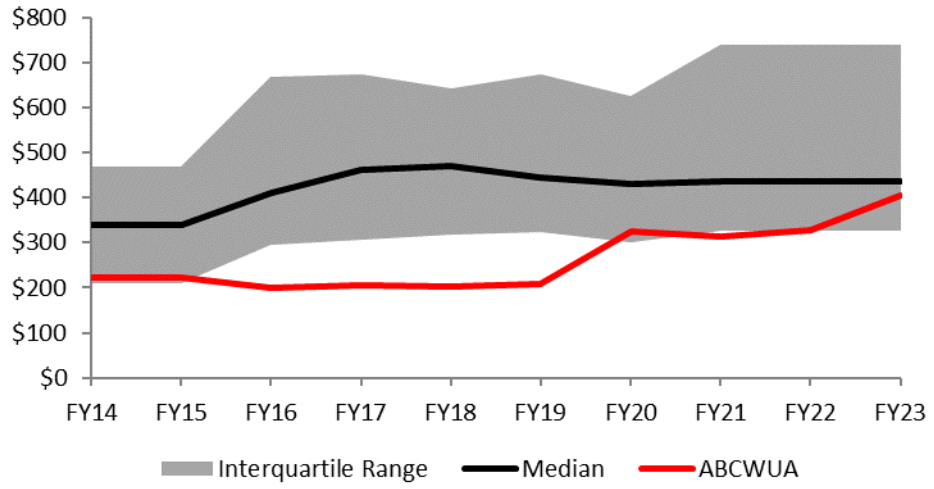
1-4 Operations and Maintenance Cost Ratio

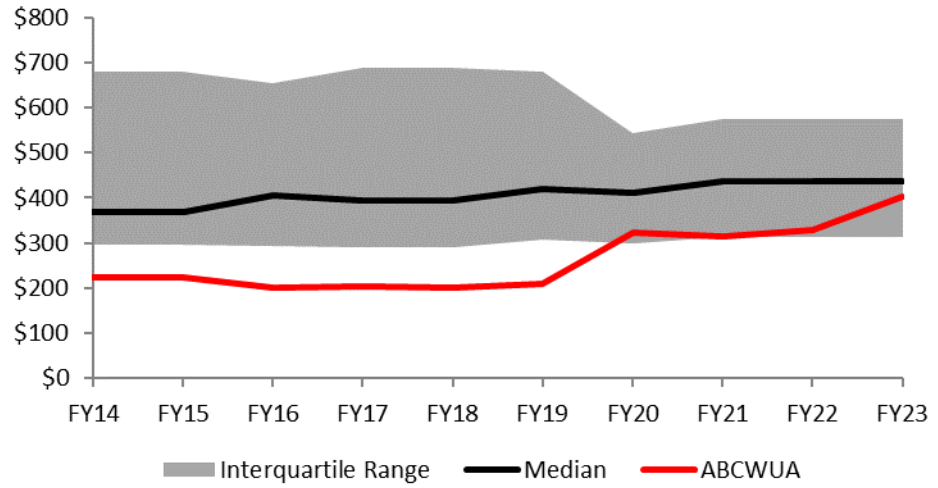
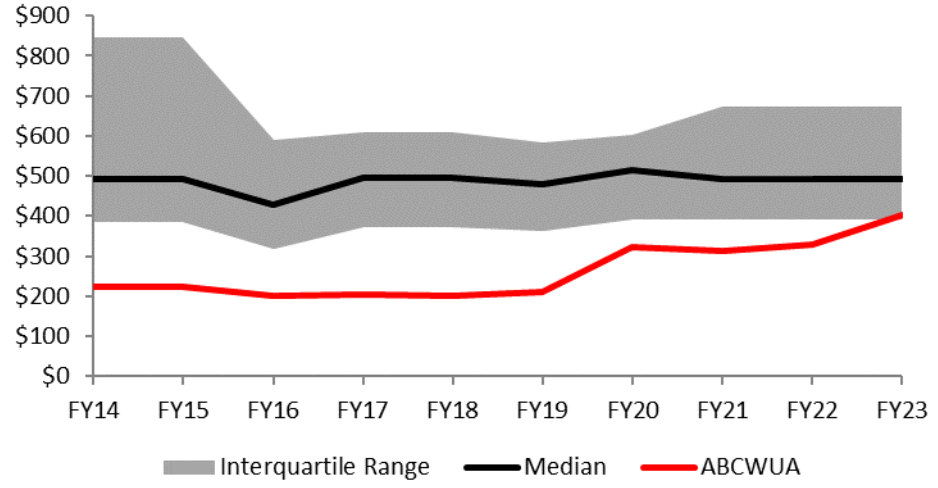
Performance Results for O&M Cost per Account

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
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	$322	$324	$314	$328	$404	$404	Maintain lower O&M costs without reducing customer level of service

Industry Benchmark for O&M Cost per Account

Combined Water/ Wastewater Utilities



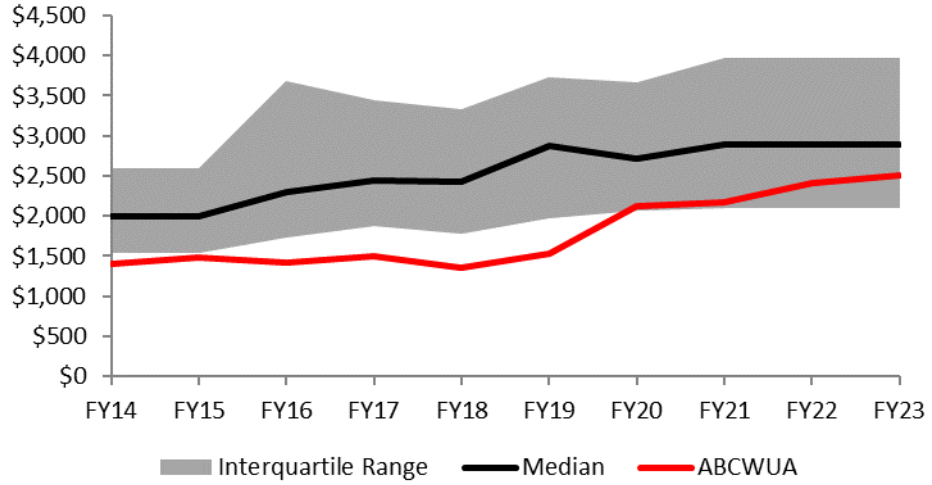
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost per MG Distributed

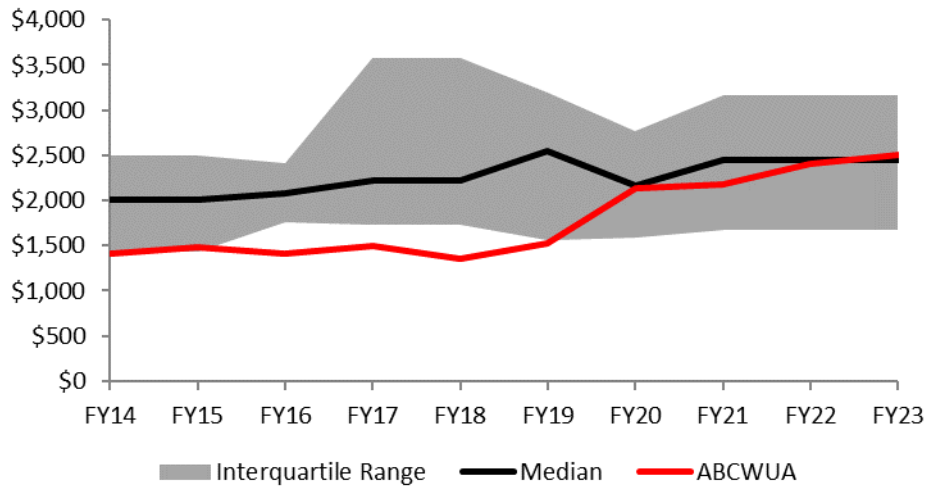
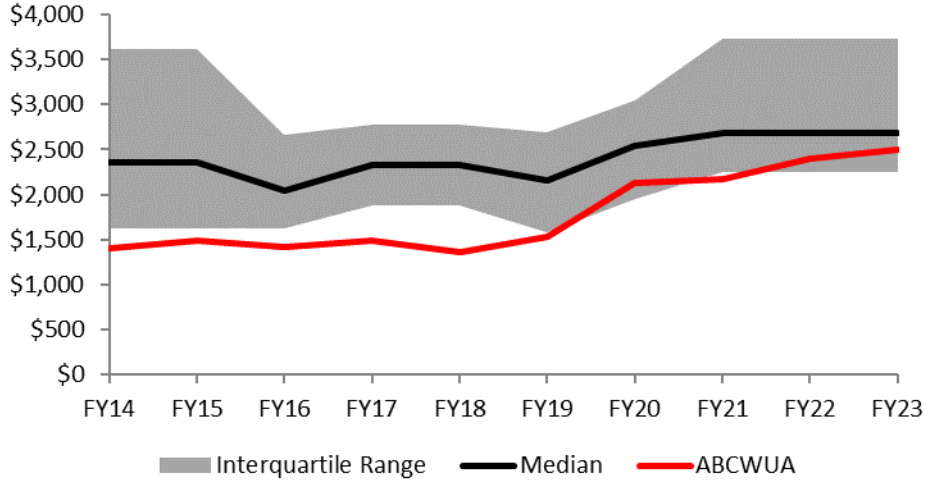
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total volume of water distributed	$2,236	$2,130	$2,177	$2,403	$2,500	$2,500	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

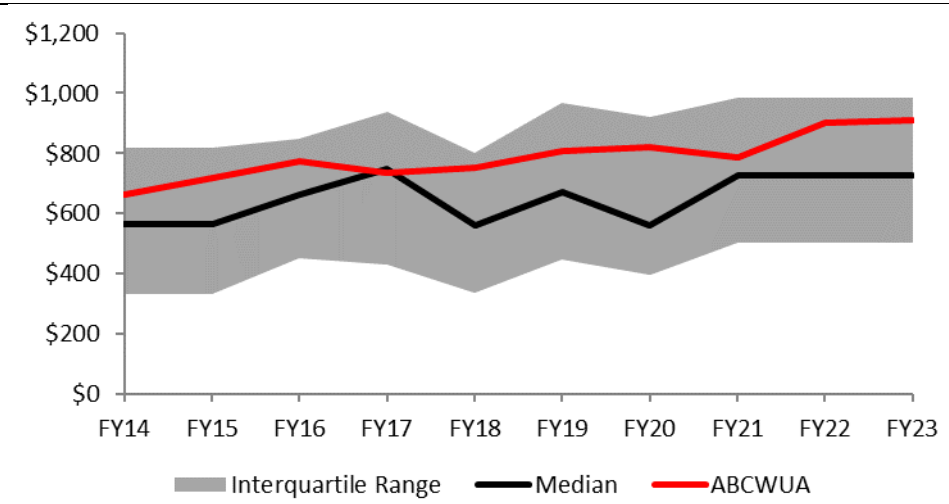
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost of Treatment per MG

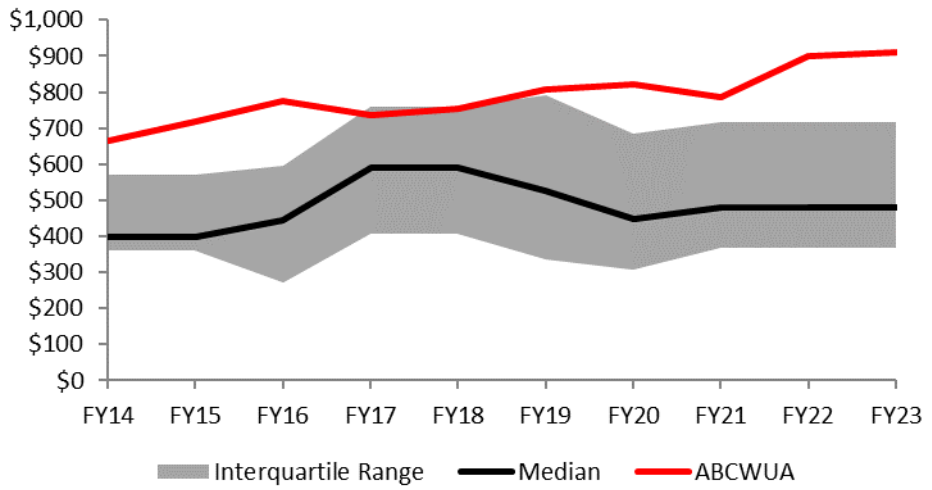
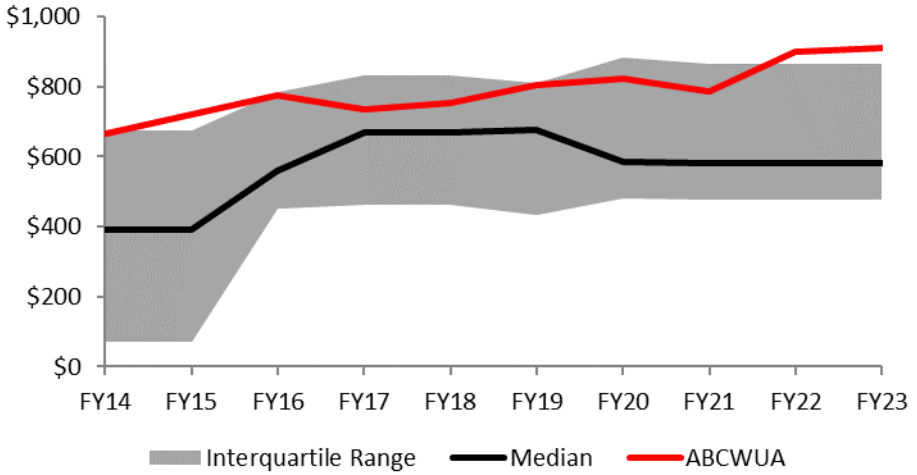
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total Direct O&M costs and total volume of water treated	$836	$822	$787	$901	$910	$910	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. Beginning in FY22, the Water Authority has experienced increased operating costs due to supply chain issues and inflationary cost increases. Staff are continuously monitoring expenses and exploring solutions to keep expenses in-line while not compromising levels of service.

The Water Authority has also installed solar arrays which generated 15.4 MWh in electricity for its two treatment plants (drinking water and wastewater) in FY22. 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 FY24, the Water Authority will continue to work on the Partnership for Safe Water program to optimize its system operations and performance.

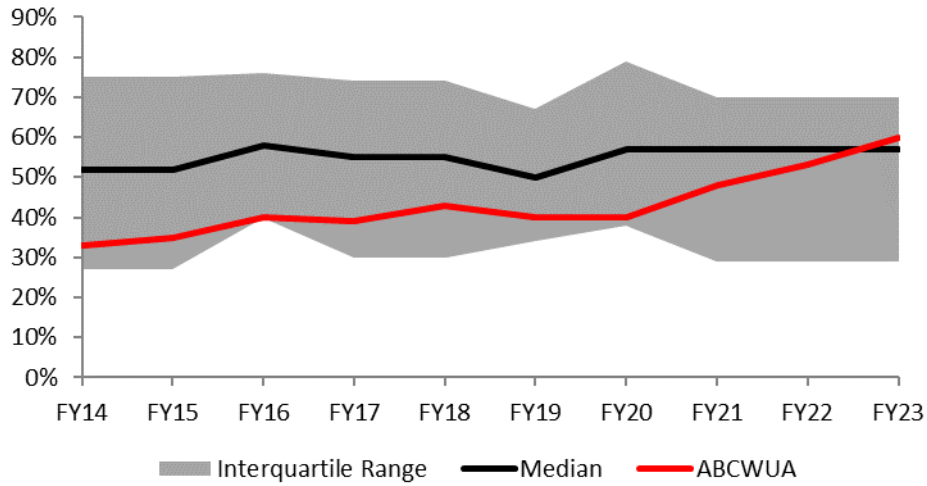
1-5 Planned Maintenance Ratio

Performance Results

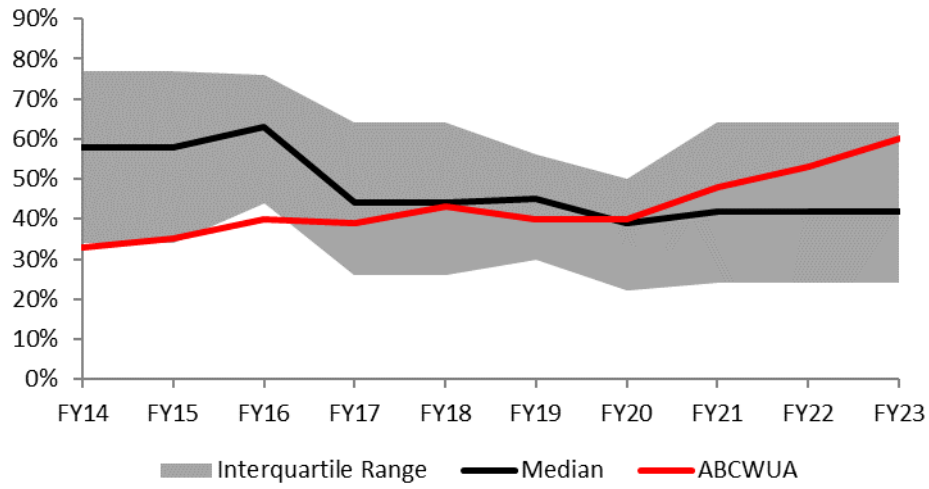
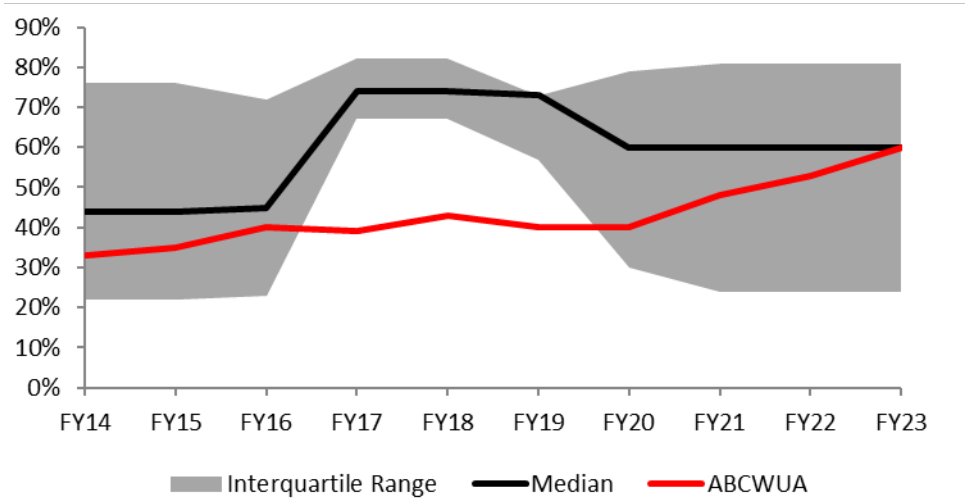
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Comparison of how effectively the Water Authority is in investing in planned maintenance	Hours of planned maintenance compared to hours of corrective maintenance	47%	40%	48%	53%	60%	62%	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 below the median range for the past three fiscal years but has been increasing 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 FY24, 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. As the Water Authority fully develops the asset management program, the planned maintenance performance is expected to continue to increase.

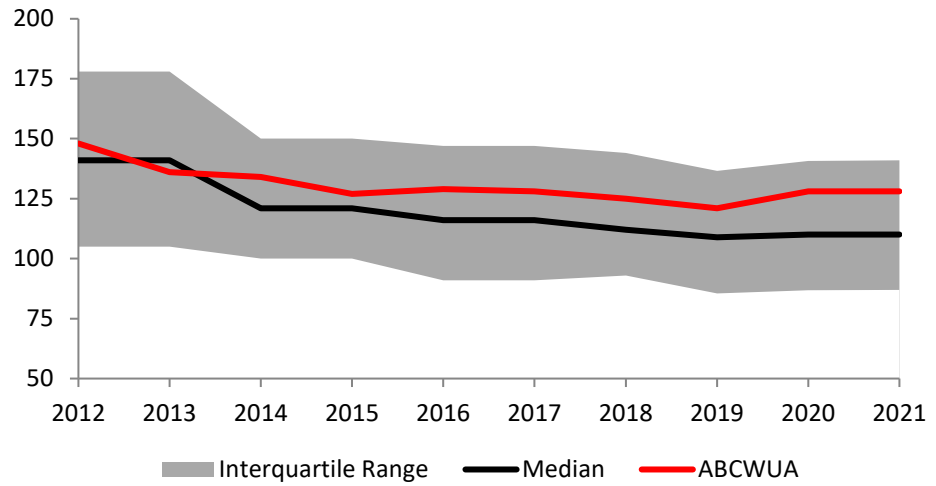
1-6 Water Use per Capita Consumption

Performance Results

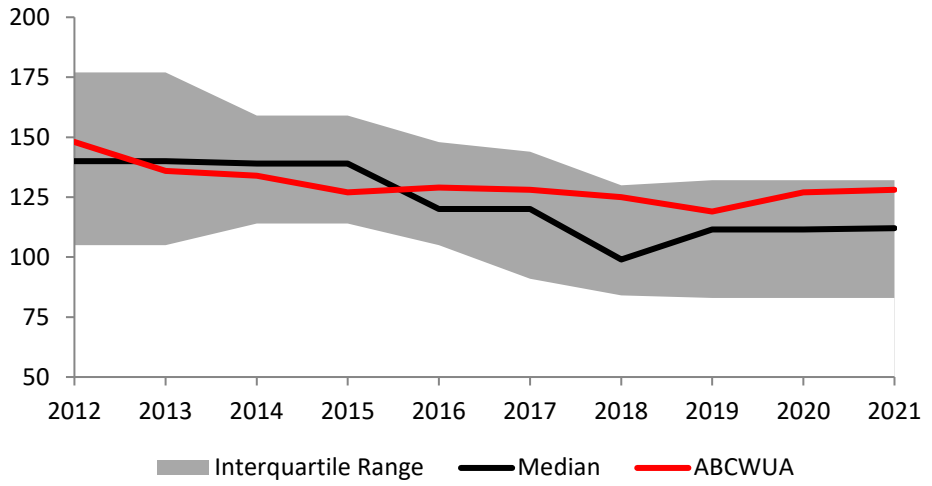
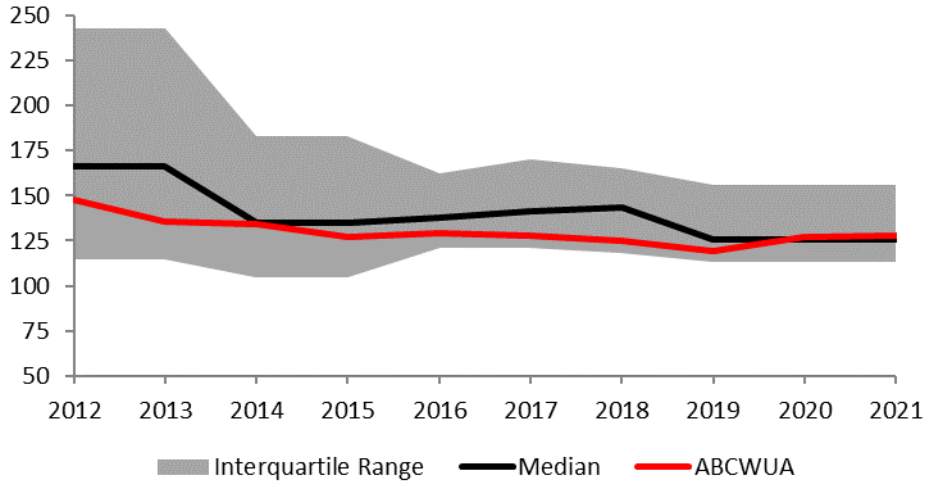
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				2019	2020	2021	2022	2023	
Effectiveness	Measure water savings by comparing the annual consumption and account growth by customer class and system-wide per capita usage	Gallons per person per day (GPCD)	125	121	128	128	127	126	Reduce water consumption to extend water resources and minimize environment impacts

Industry Benchmarks

Combined Water/ Wastewater Utilities

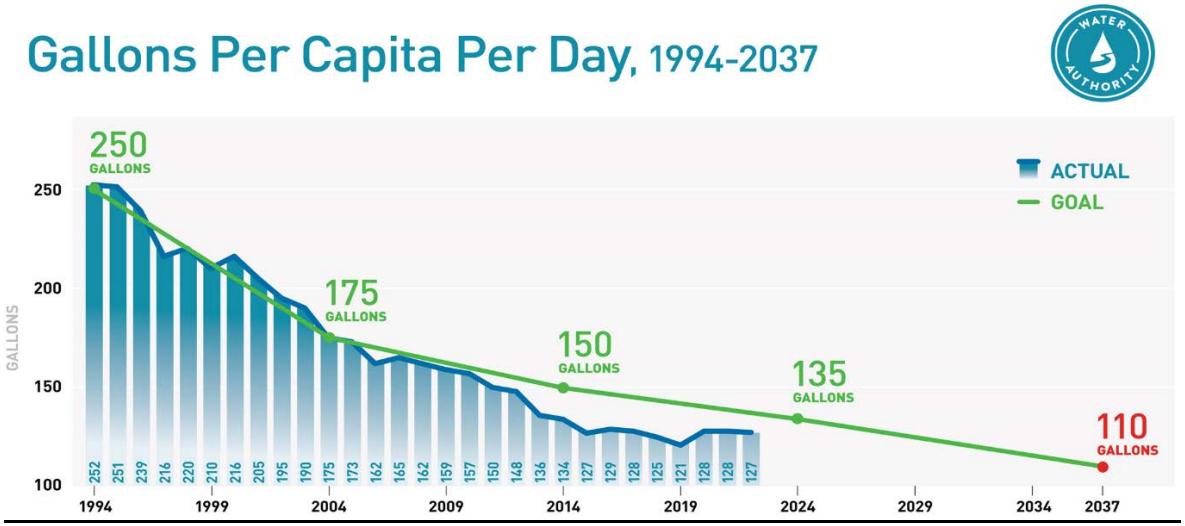


Lower Values Desirable

Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Results Narrative

In 2022, despite high temperatures and the ongoing drought, customer demand was 1 billion gallons less than in 2021. 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. The GPCD dropped to 127 in 2022.



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.

2022 Customer Opinion Survey

- 72% of customers are either very or somewhat satisfied with the utility's conservation programs
- 64% 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

FY24 Objectives	Measure Reference
To continuously reduce sanitary sewer overflows (SSOs) in accordance with the CMOM Plan, continue the manhole monitoring pilot study initiated in FY23 to diagnose flow patterns and provide advance alerts of downstream blockages. Provide final recommendations based on the pilot study by the end of the 4th Quarter of FY24.	**2-1**
In accordance with the Capacity, Management, Operations and Management (CMOM) Plan, televise and assess the condition of approximately 5% of the small diameter sanitary sewer system by the end of the 4th Quarter of FY24. Evaluate and prioritize unlined concrete large diameter lines (15-inch diameter and larger) for rehabilitation based on the condition from the FY23 CCTV data by the end of the 4th Quarter of FY24.	**2-1** **2-2**
Manage chemical usage and residual iron sludge from the Water Treatment Plant to maintain collection system corrosion and odor control, with a goal of zero odors, while considering impacts on wastewater treatment operations and effluent quality. Monitor and report metrics through the end of the 4th Quarter of FY24, including progress on Odor Control Station construction. Identify additional odor control stations, as needed.	**2-2**
As part of the CMOM Program, continue to 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. Provide final recommendations for modifications to the cleaning program by the end of the 4th Quarter of FY24.	**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 FY24.	**2-2**
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 FY24.	**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 FY24.	**2-2** **2-3**

Implement the Fats, Oils, and Grease and Solids (FOGS) Policy to reduce impacts on the sewer system by working with the Collections section with sanitary sewer overflow (SSO) investigations to coordinate efforts to reduce FOGS discharges. Track and report the number of SSOs due to FOGS compared with previous years through the end of the 4th Quarter of FY24.	**2-2** **2-3**
Seek recognition in the National Association of Clean Water Agencies (NACWA) Peak Performance award program for excellence in permit compliance through the end of the 4th Quarter of FY24.	**2-3**
Beneficially reuse biosolids by diverting at least 30% of the biosolids to compost through the end of the 4th Quarter of FY24.	**2-3**
Implement the Mercury Minimization Plan and report to the United States Environmental Protection Agency (EPA) by the end of the 2nd Quarter of FY24, 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 by the end of the 4th Quarter of FY24. ❖ 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.	**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 FY24. 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 FY24.	**2-5**
Continue to collaborate with the Office of the Natural Resources Trustee (ONRT) on projects that support environmental restoration, such as the SWRP Outfall Restoration Project. Report on identified opportunities and project progress through the 4th Quarter of FY24.	**N/A**
In support of the Bosque Water Reclamation Plant, work collaboratively to develop actions, workflow, and an updated timeline for completion of the required easements, permits, and environmental documents throughout FY24.	**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	✓	✓	

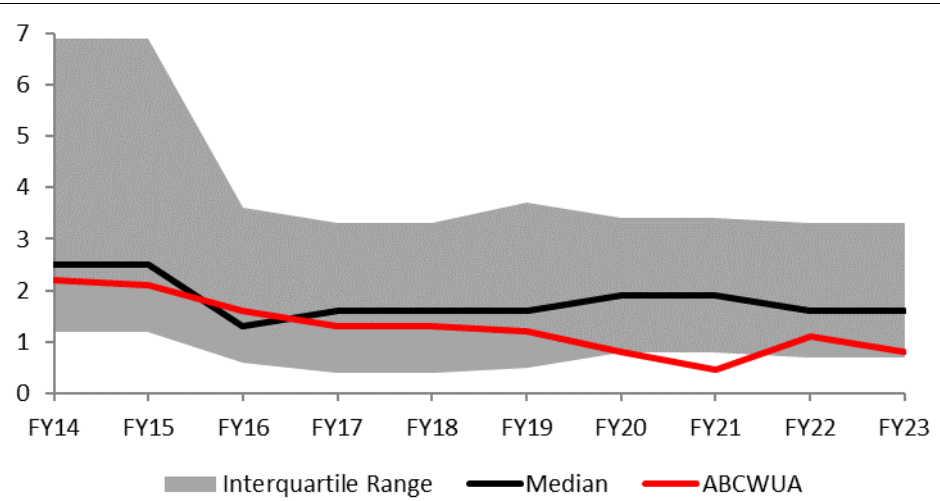
2-1 Sewer Overflow Rate

Performance Results

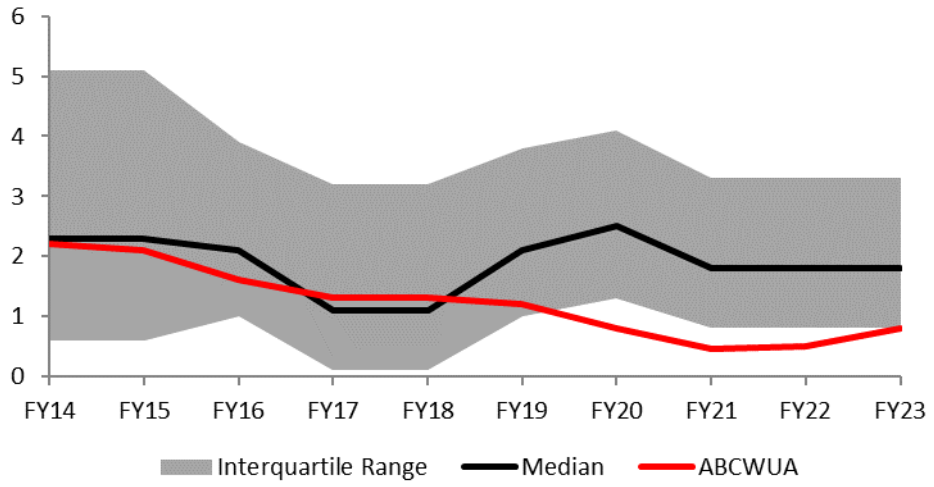
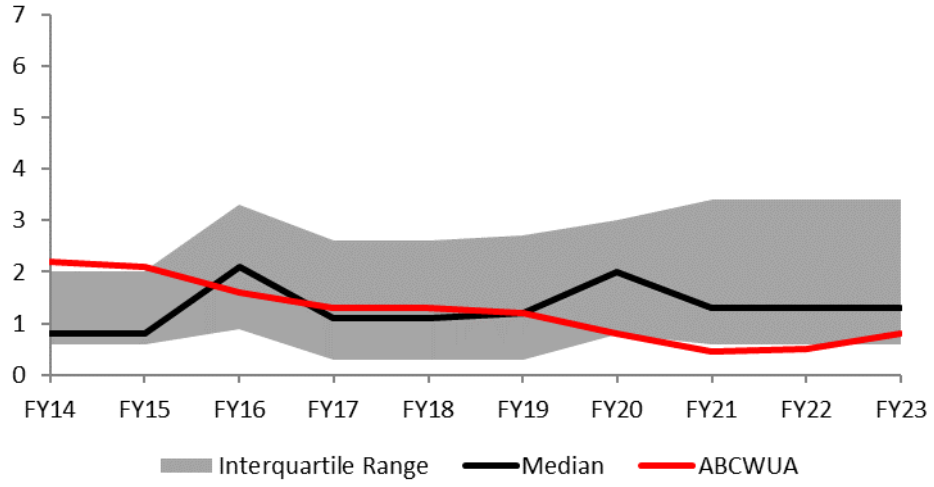
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the condition of the collection system and the effectiveness of routine maintenance	Number of sewer overflows per 100 miles of collection piping	0.8	0.8	0.5	1.1	0.8	0.8	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 FY24 Objectives will help to improve the monitoring, cleaning, and response procedures related to sewer overflows.

You wouldn't flush an elephant down the toilet – or would you?!

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.

The Water Authority's website now has a game where you can either prevent or create a sewer overflow:

https://www.abcwua.org/keeping-elephants-out-of-sewers/

2022 Customer Opinion Survey

- 70% of customers are either very or somewhat satisfied with the condition of the sewer lines in the number of overflows that they may observe
- 71% 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

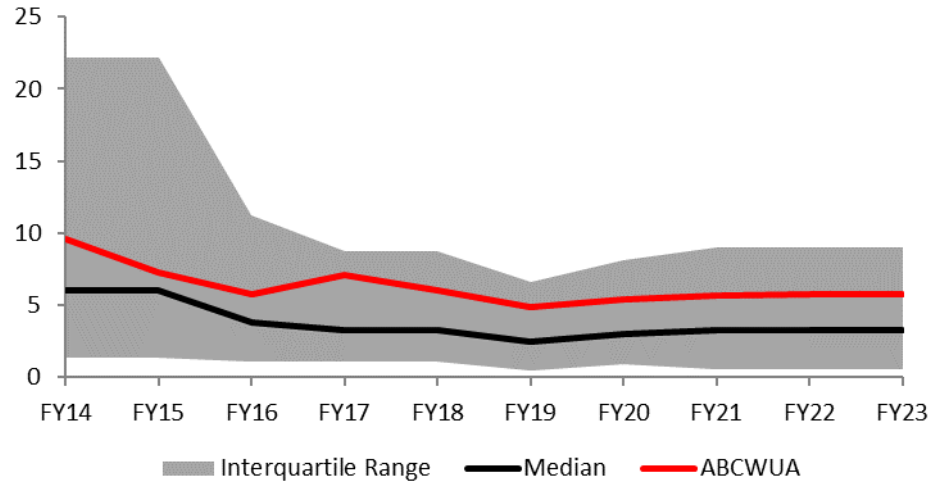
2-2 Collection System Integrity

Performance Results

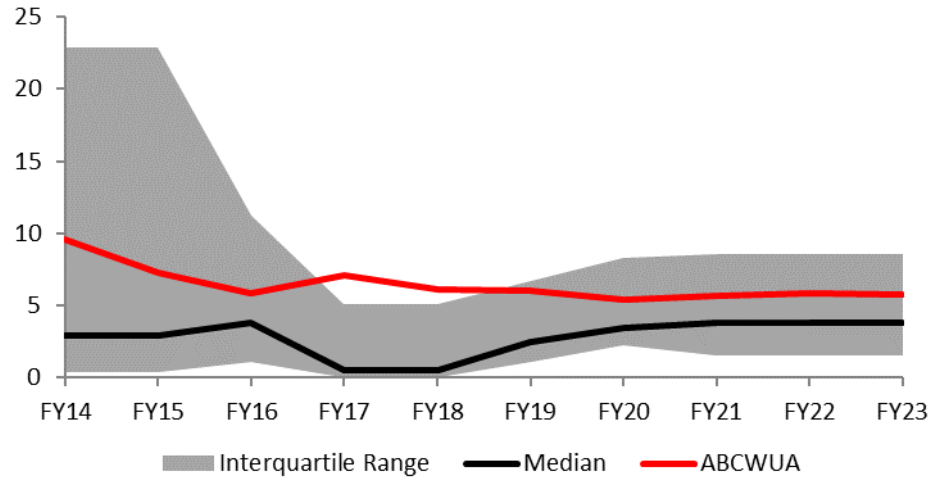
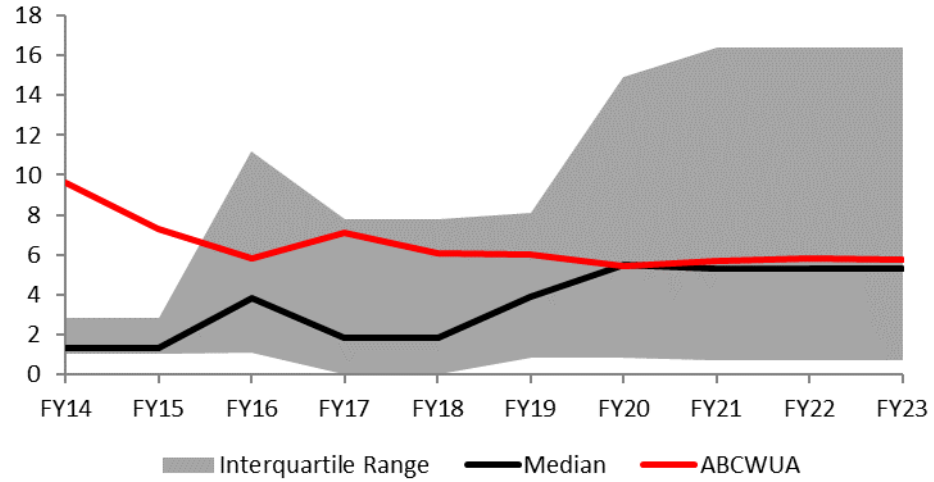
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Measure of the condition of a sewage collection system	Number of collection system failures each year per 100 miles of collection system piping	5.6	5.4	5.7	5.8	5.8	5.6	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.

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 FY24, there is a policy objective to assess the condition of small diameter sanitary sewer lines as a part of the CMOM program. This objective includes evaluating and prioritizing unlined concrete large diameter lines for rehabilitation.

2022 Customer Opinion Survey

- 98% of customers are either very or somewhat satisfied with the reliability of wastewater drainage
- 81% of customers are either very or somewhat satisfied with the effectiveness of the Water Authority to control odors form sewer lines or treatment facilities

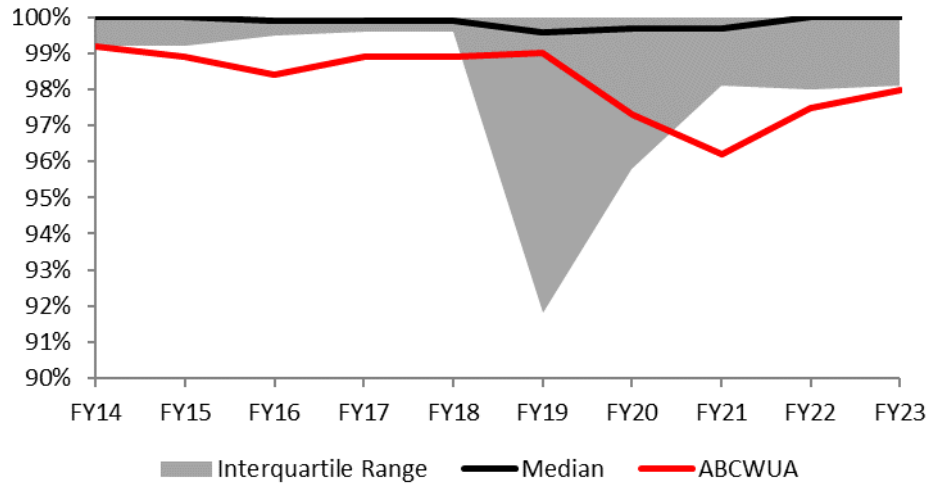
2-3 Wastewater Treatment Effectiveness Rate

Performance Results

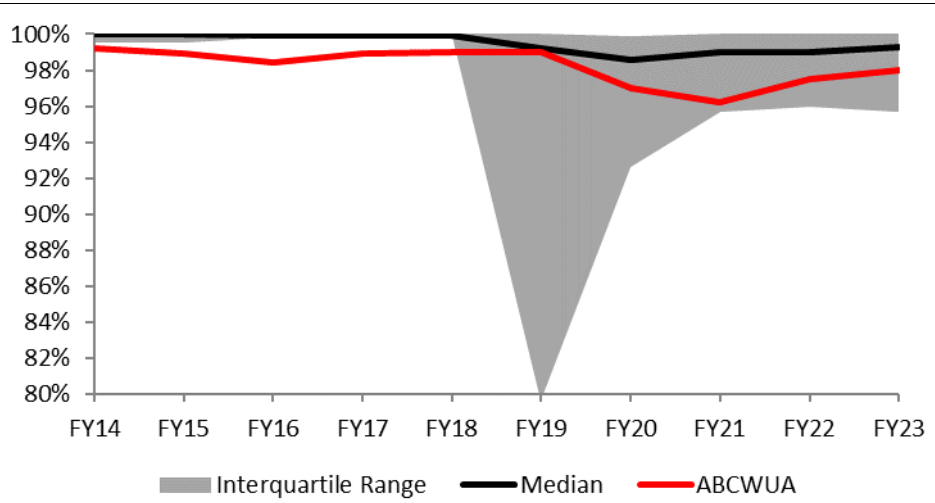
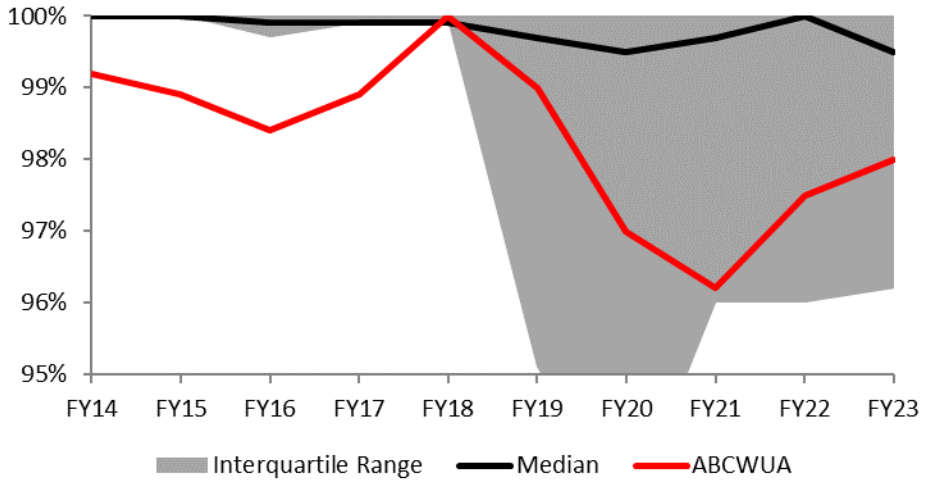
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Quality	Quantify the Water Authority's compliance with the effluent quality standards in effect at its wastewater treatment facilities	Percent of time each year that an individual wastewater treatment facility is in full compliance with applicable effluent quality requirements	97.0%	97.3%	96.2%	97.5%	98.0%	98.0%	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 FY24 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.

2022 Customer Opinion Survey

- 91% of customers feel that it is very or somewhat important that the Water Authority should return high quality treated water back to the river

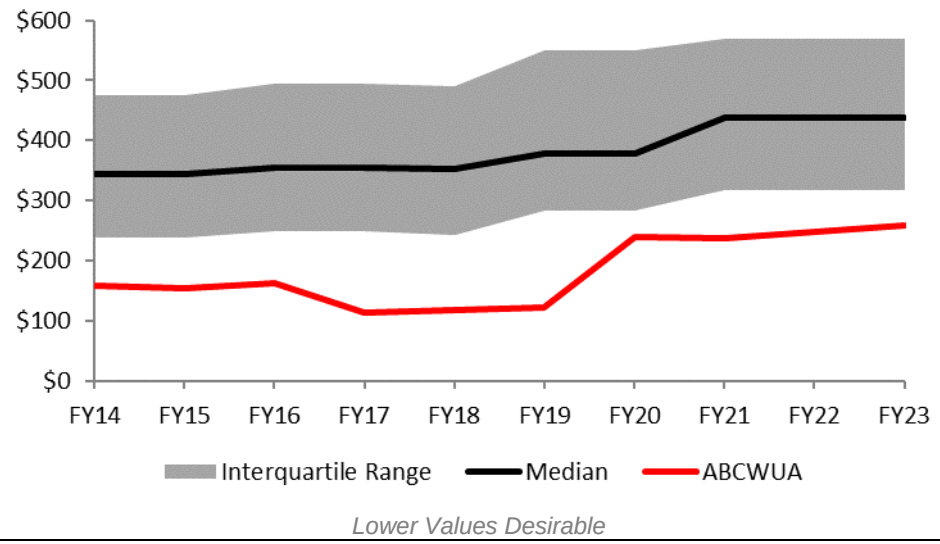
2-4 Operations and Maintenance Cost Ratio

Performance Results for O&M Cost per Account

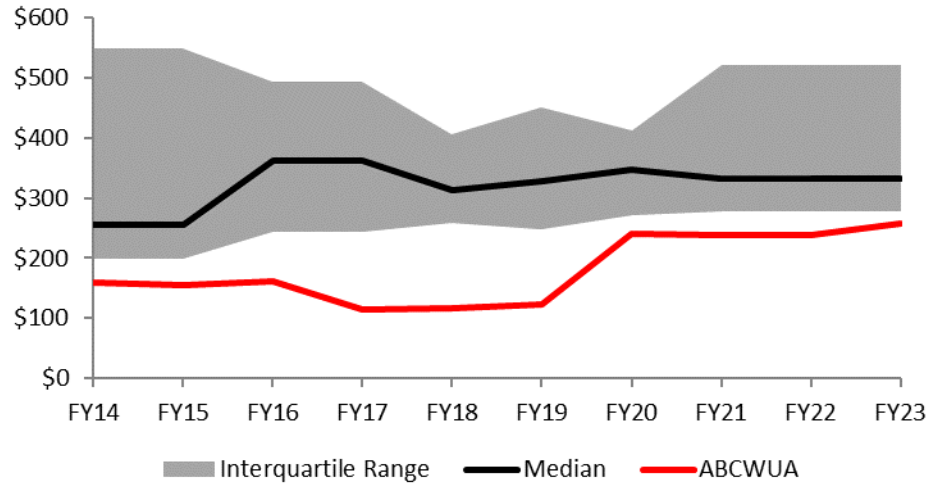
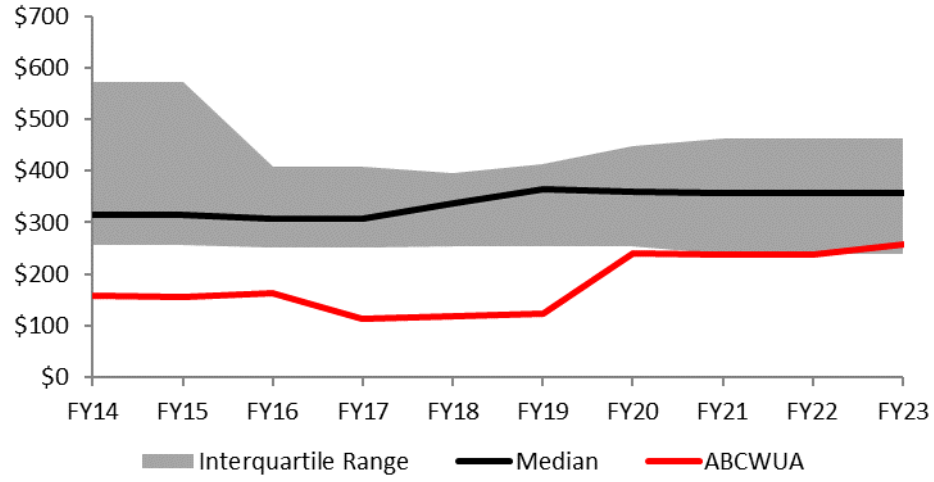
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total number of active customer accounts	$238	$240	$238	$248	$258	$258	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

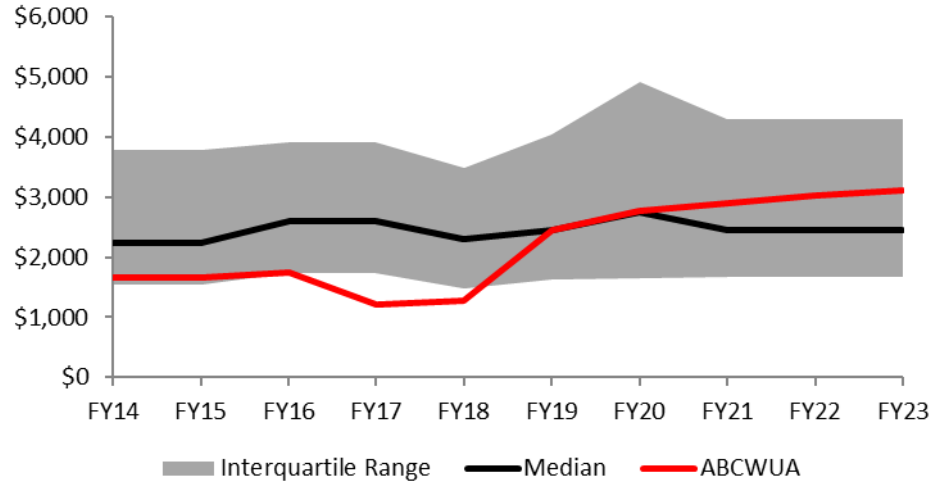
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost per MG Collected

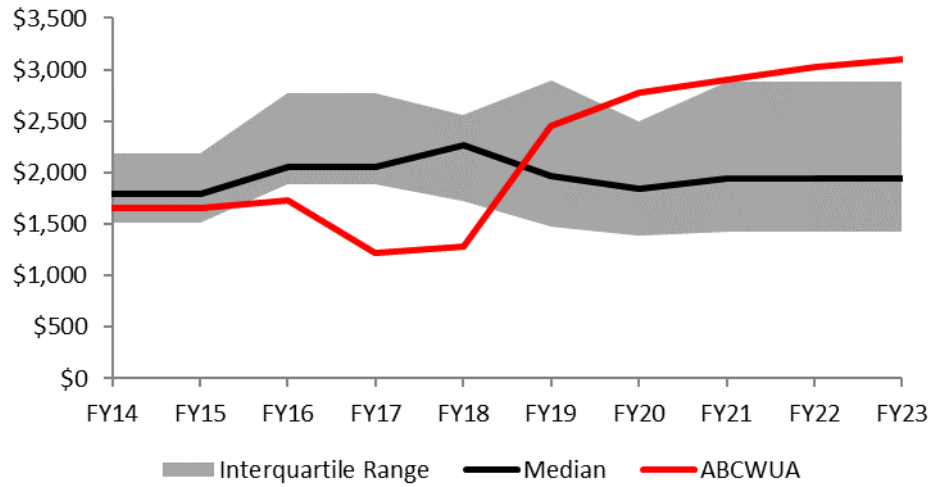
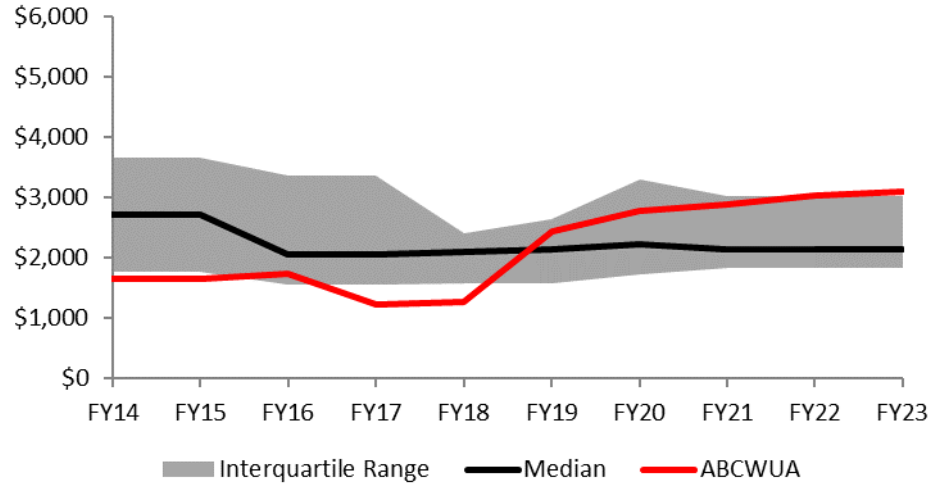
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total O&M costs and total wastewater collected	$2,900	$2,777	$2,895	$3,029	$3,100	$3,100	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

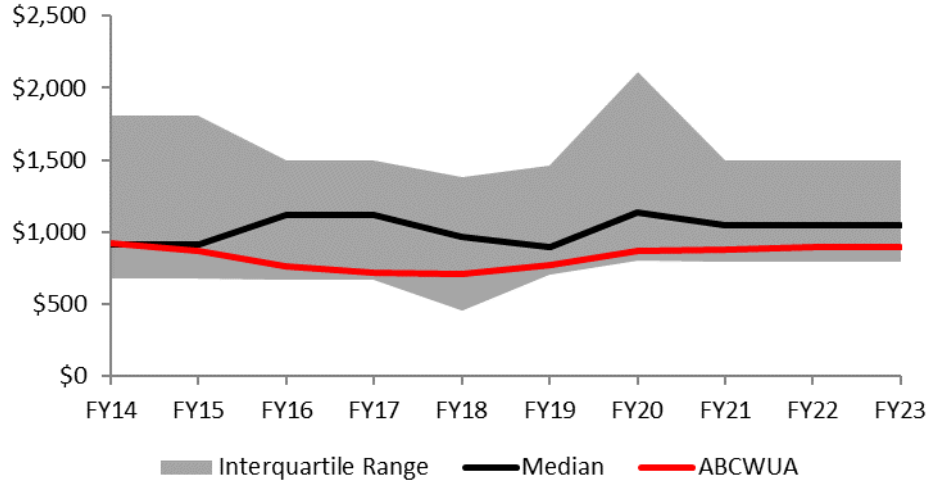
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results for O&M Cost of Treatment per MG

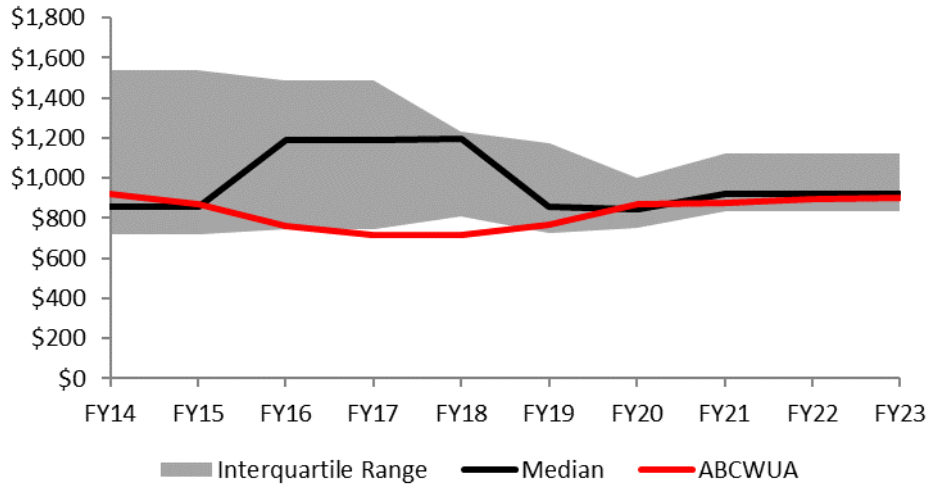
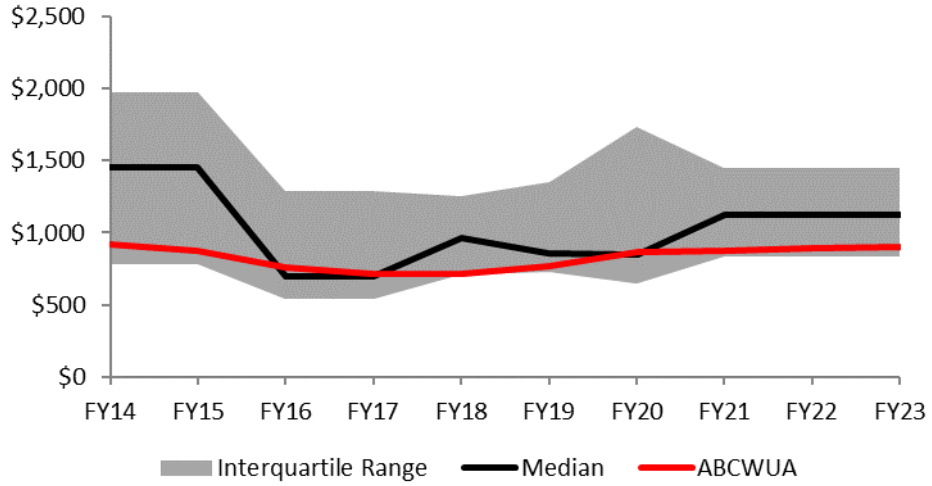
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify all utility costs related to operations and maintenance (O&M), with breakouts of those costs related to water treatment, as related to volumes processed and the number of active customers	Total Direct O&M costs and total wastewater treated	$879	$867	$877	$895	$900	$900	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.

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 FY24, the Water Authority will continue to work on the Partnership for Clean Water program to optimize its system operations and performance.

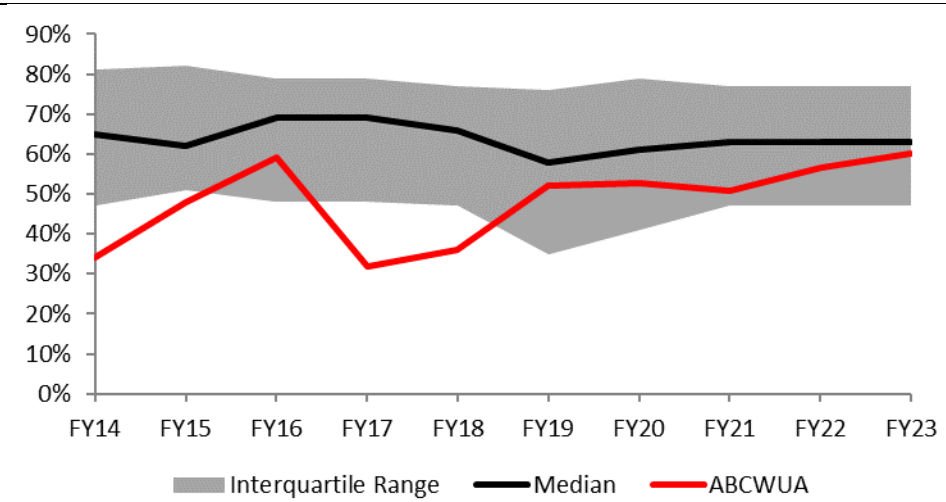
2-5 Planned Maintenance Ratio

Performance Results

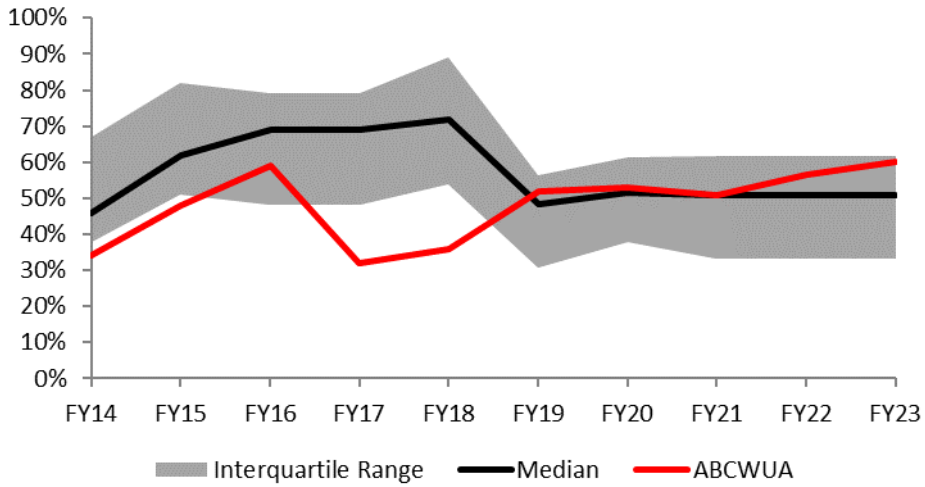
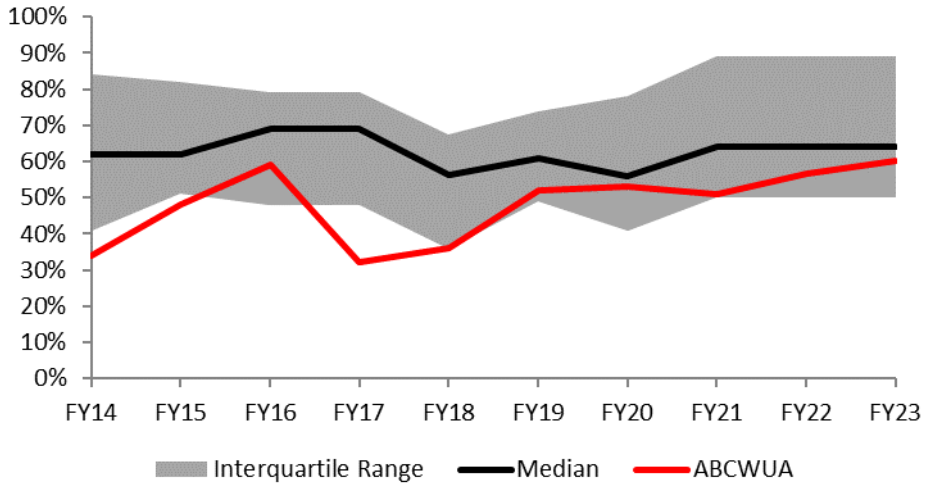
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Comparison of how effectively the Water Authority is in investing in planned maintenance	Hours of planned maintenance compared to hours of corrective maintenance	52%	53%	51%	57%	60%	62%	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 seven 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 FY24, 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 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

FY24 Objectives	Measure Reference
Continue implementation of the Automated Meter Infrastructure (AMI) project by replacing 20,000 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 FY24.	**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 FY24.	**3-3**
Improve customer satisfaction and operational efficiency in achieving the call-center targets through the 4th Quarter of FY24: • 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 90% for Call Center and Communication Center	**3-4**
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 FY24.	**3-6**
Collaborate with Utility Development staff to review, improve and streamline the New Construction application processes by the end of the 4th Quarter of FY24.	**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			✓		

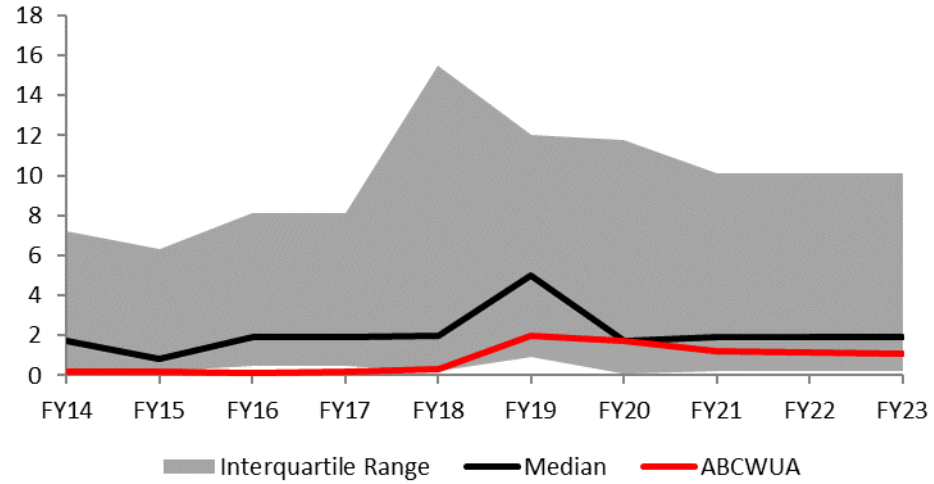
3-1 Customer Service Complaints and Technical Quality Complaints

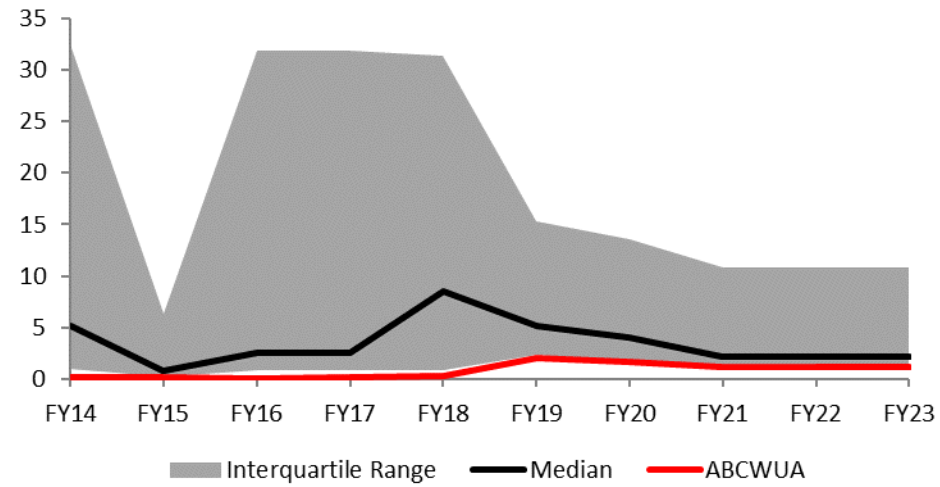
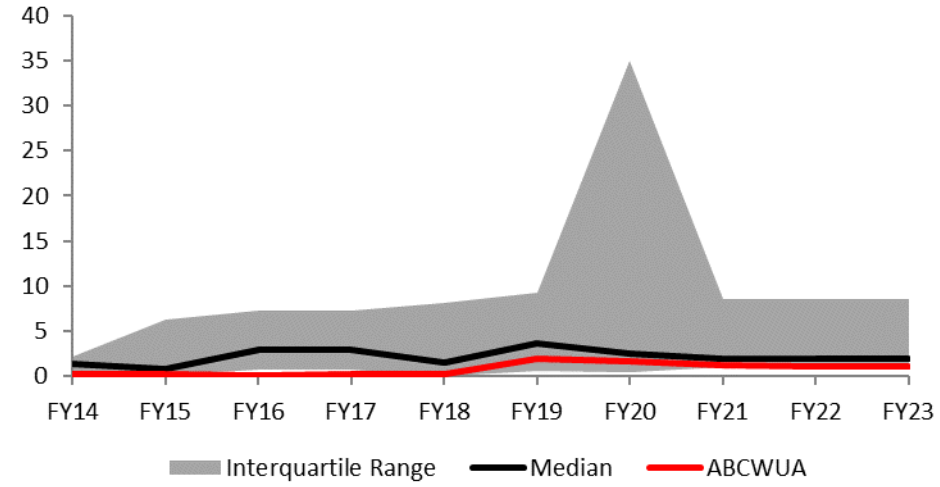
Performance Results (Service Associated Complaints)

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
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	1.3	1.7	1.2	1.1	1.1	1.1	Improve customer satisfaction with service and product

Industry Benchmark (Service Associated Complaints)

Combined Water/ Wastewater Utilities



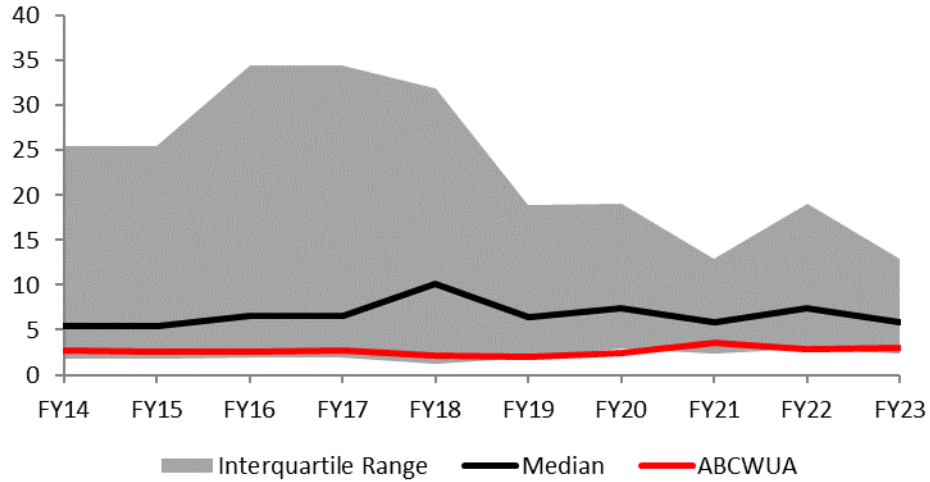
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results (Technical Quality Complaints)

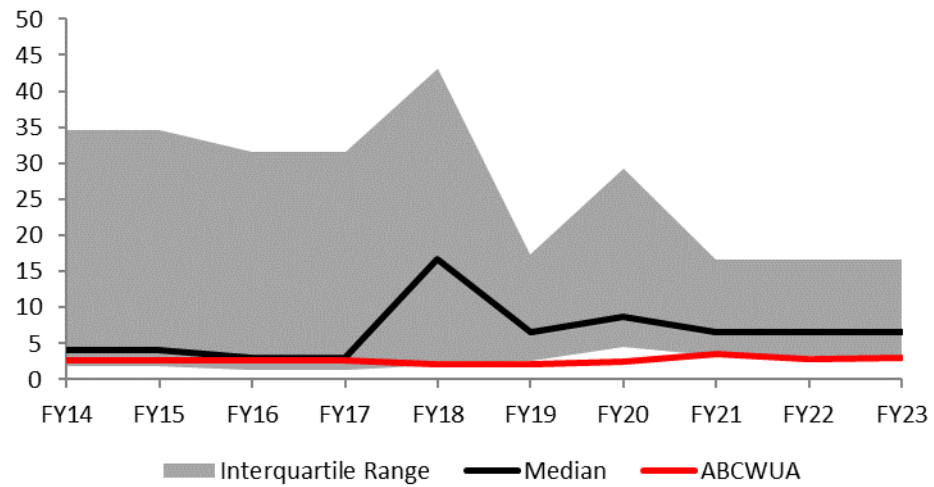
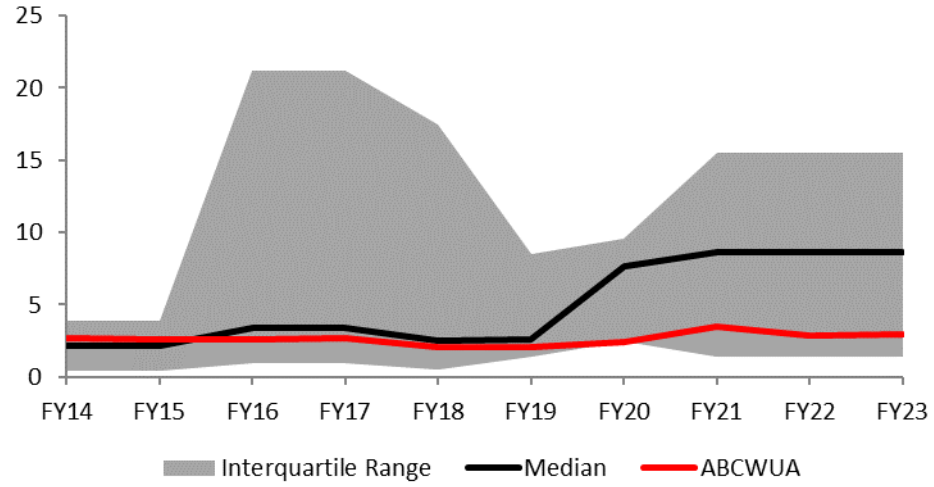
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Measure the complaint rates experienced by the Water Authority, with individual quantification of those related to customer service and those related to core utility services	Number of technical quality complaints per 1,000 customer accounts	2.9	2.4	3.5	2.9	3.0	2.9	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 FY24, the Water Authority will continue implementation of the Automated Meter Infrastructure (AMI) project by replacing 20,000 aging water meters with smart meters to increase revenue, support conservation efforts, and provide better customer service. Another objective is to continue a valve-exercising program to improve reliability and reduce interrupted water service, by exercising 4,000 isolation valves.

2022 Customer Opinion Survey

- 81% of customers are either very or somewhat satisfied with the safety and purity of drinking water
- 77% of customers are either very or somewhat satisfied with the quality (taste, smell, appearance) of drinking water
- 91% of customers feel that it is very or somewhat important that the Water Authority should return high quality treated water back to the river

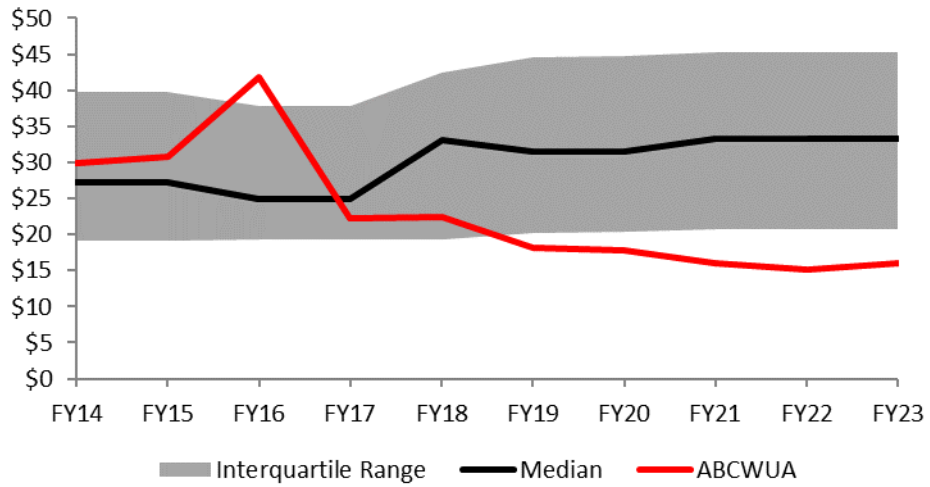
3-2 Customer Service Cost per Account

Performance Results

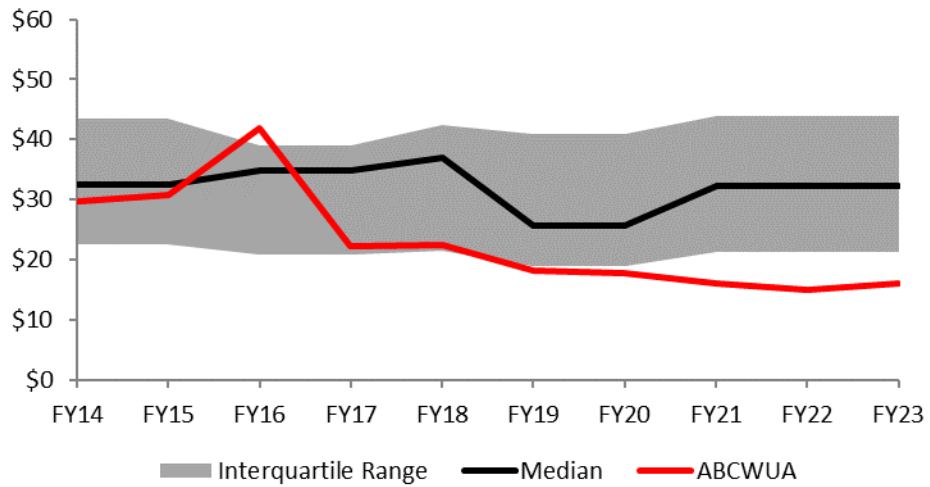
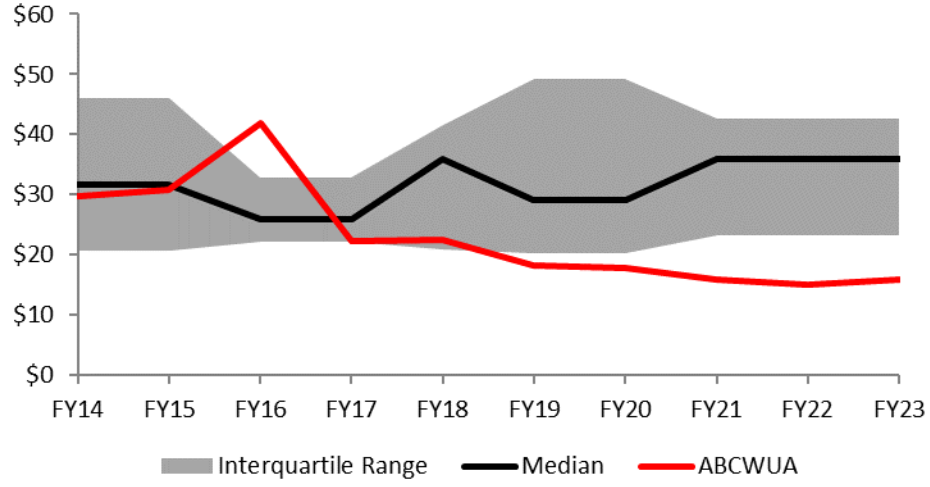
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Measure the amount of resources the Water Authority applies to its customer service program	Total customer service cost and the number of active accounts	$16.26	$17.77	$15.96	$15.06	$16.00	16.00	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 75% 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.

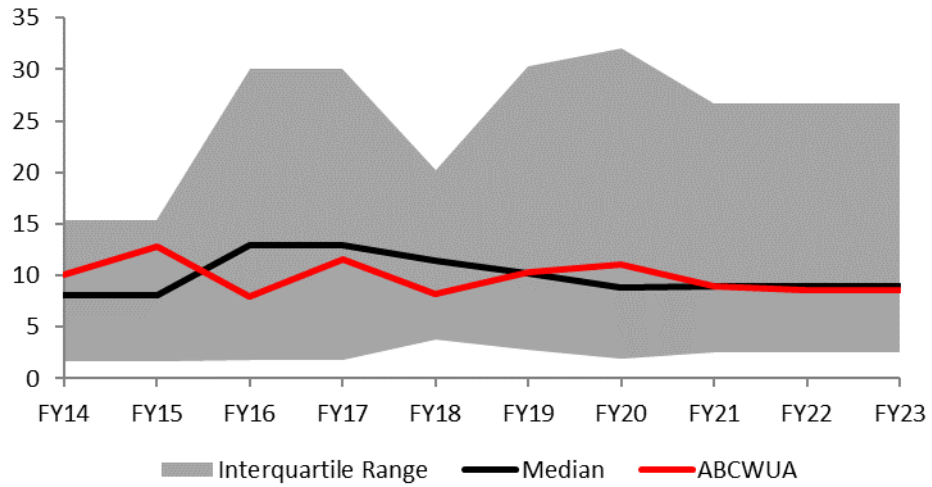
3-3 Billing Accuracy

Performance Results

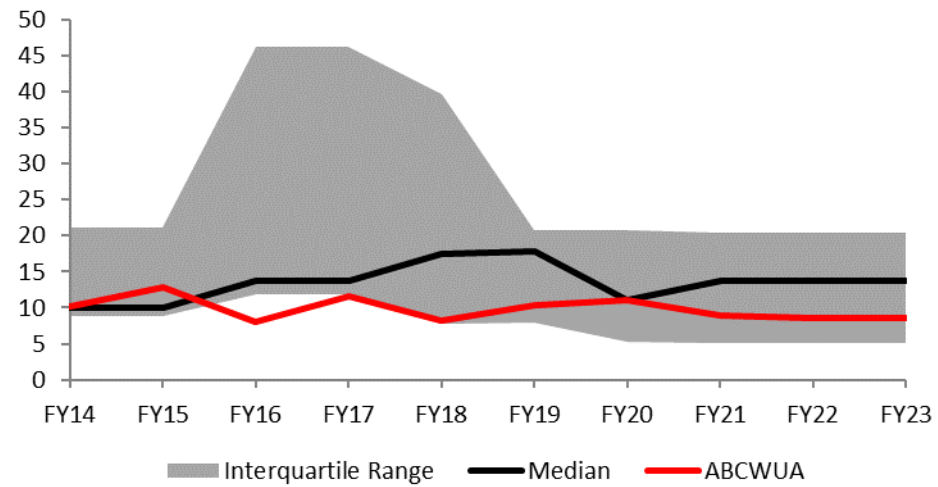
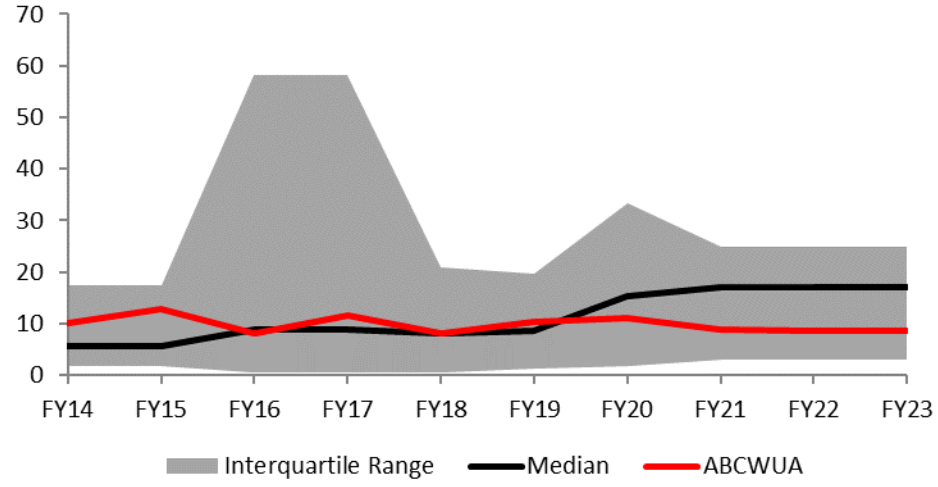
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Measure the effectiveness of the Water Authority's billing practices	Number of error-driven billing adjustments per 10,000 bills generated during the year	9.5	11.1	8.9	8.6	8.6	8.0	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 or above the median range for the past three fiscal years. As the utility continues implementation of its Automated Metering Infrastructure (AMI) system, we see the performance in this measure improving. 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.

2022 Customer Opinion Survey

- 89% of customers are either very or somewhat satisfied with the accuracy of their billing statement
- 87% of customers are either very or somewhat satisfied with understanding the bill format and water usage graph
- 90% of customers are either very or somewhat satisfied with the billing payment options

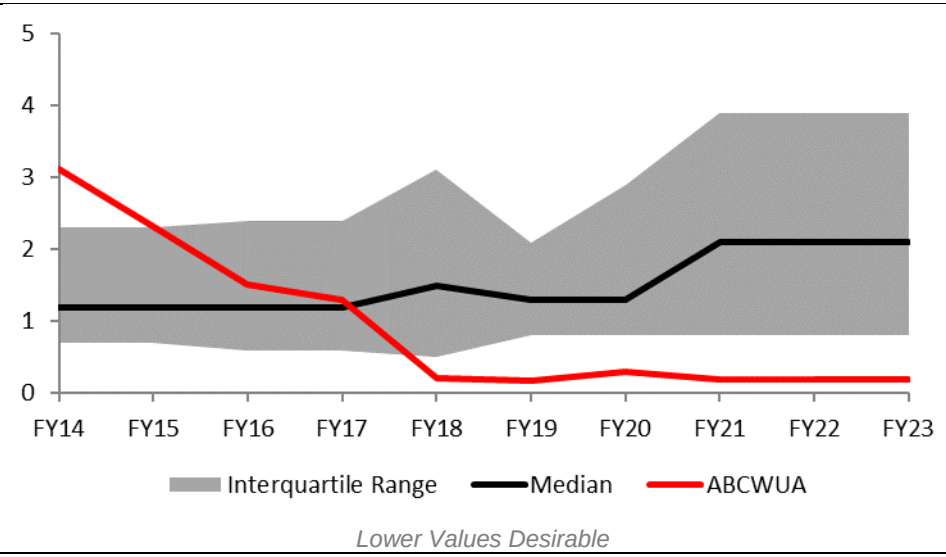
3-4 Call Center Indicators

Performance Results Average Wait Time (minutes)

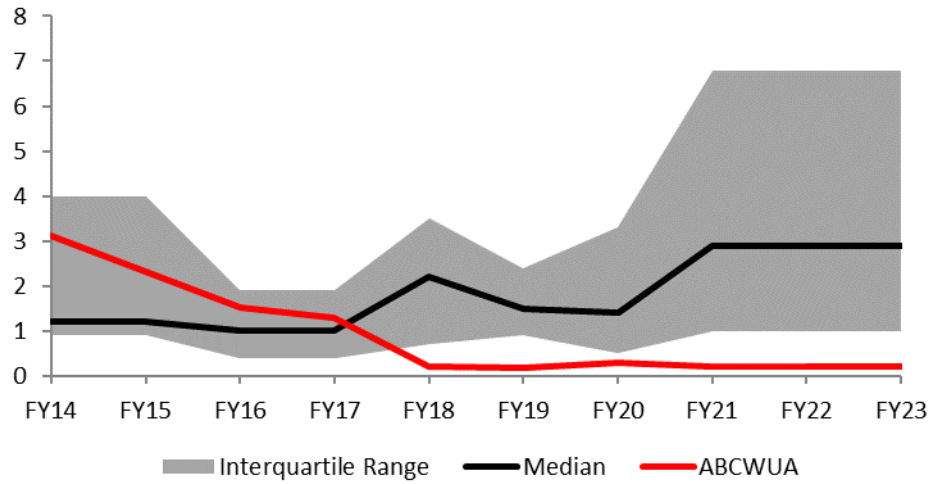
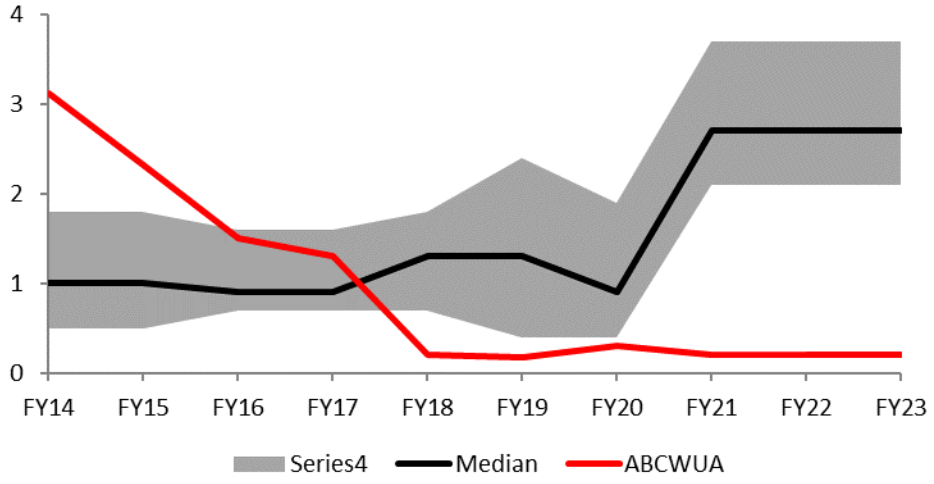
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the call wait time experienced by Water Authority customers	Average time a caller must wait on hold before they can speak to an agent or customer service representative, not including time spent navigating through computerized menu options	0:23	0:30	0:20	0:20	0:20	0:20	Reduce call wait time and avoid customers hanging up

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

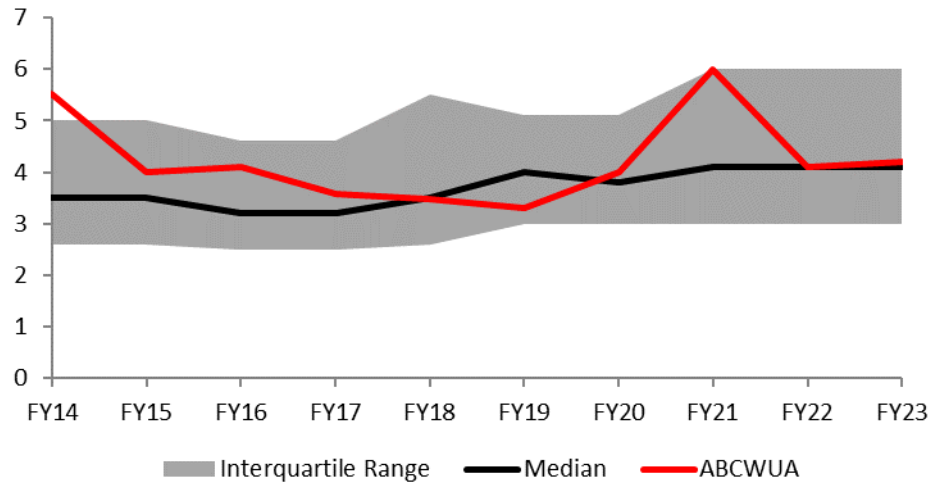
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results Average Total Call Time (minutes)

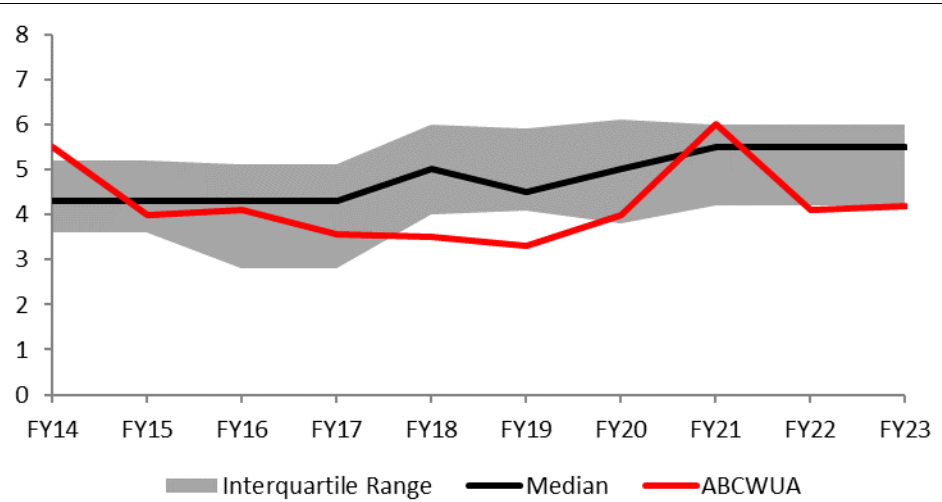
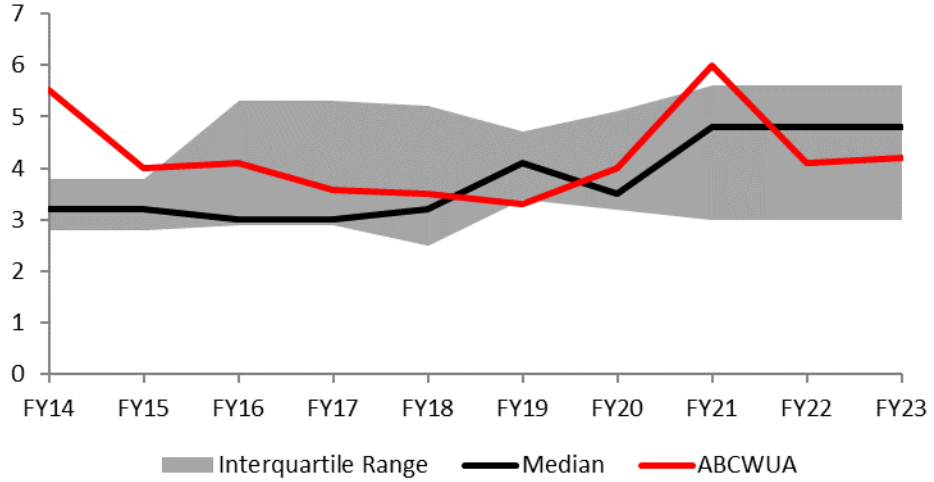
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current /Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the time spent to resolve the purpose of the phone call by Water Authority customers	Average time spent by a customer service representative on the phone with a customer	5:10	4:00	6:00	4:10	4:20	4:00	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

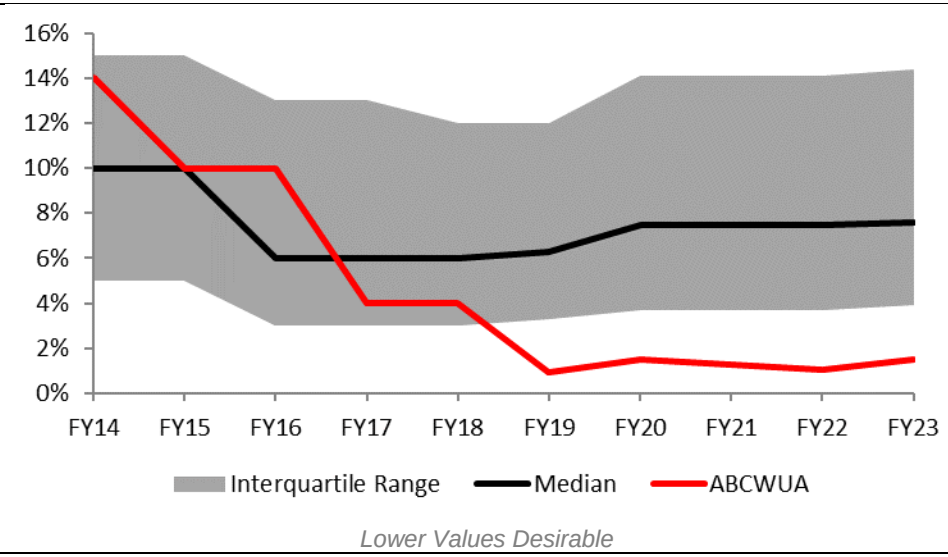
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results Abandoned Call Ratio

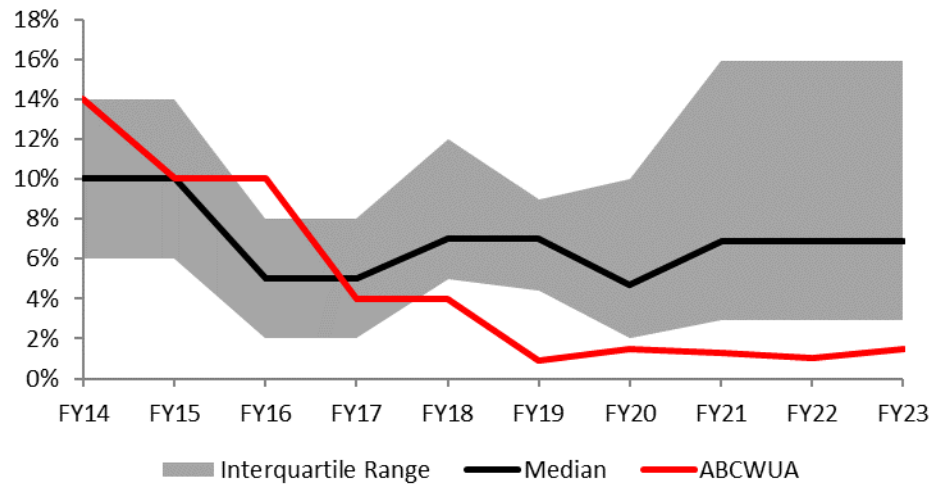
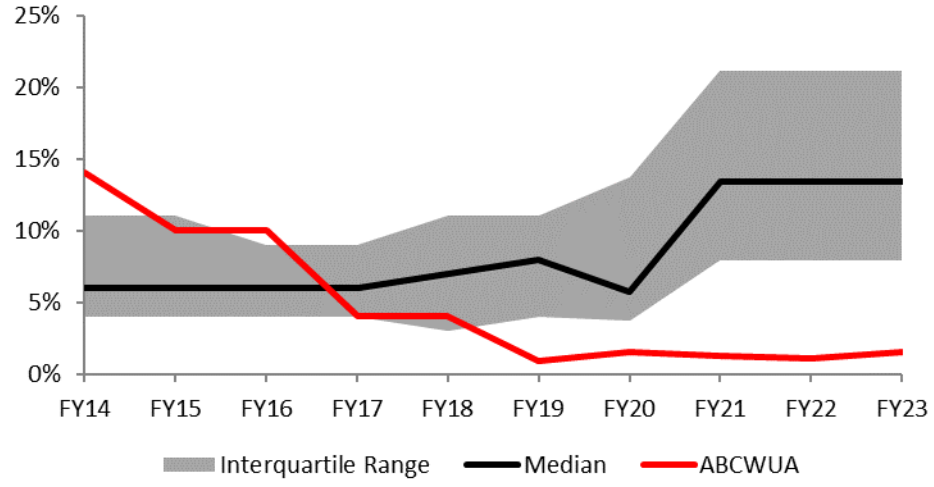
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the number calls abandoned from Water Authority customers	Total number of calls abandoned divided by the total number of calls received	1.3%	1.5%	1.3%	1.1%	1.5%	1.3%	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 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 FY24 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 90% for Call Center and Communication Center.

2022 Customer Opinion Survey

- 88% of customers gave either excellent or good rating on the overall quality of service provided by a customer service representative
- 96% of customers are either very or somewhat satisfied with the courtesy of the customer service representative
- 83% of customers are either very or somewhat satisfied with the knowledge and ability to answer your questions or resolve your issues
- 80% of customers are either very or somewhat satisfied with the length of wait to speak with a customer service representative

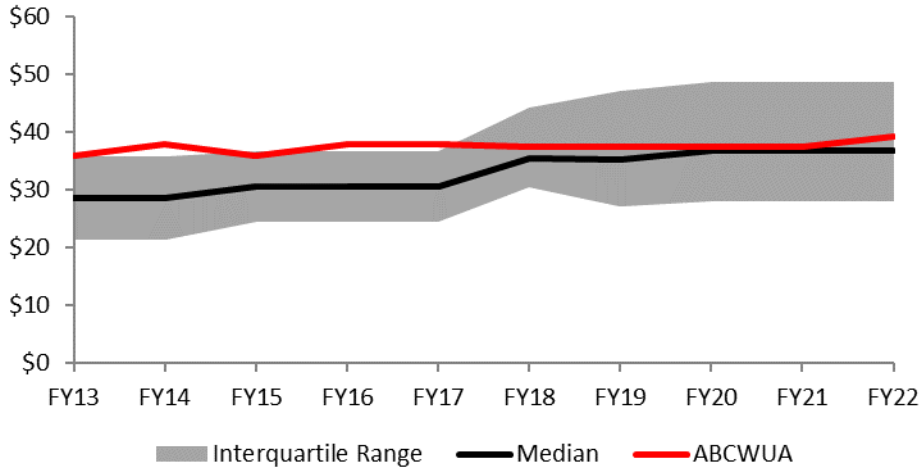
3-5 Residential Cost of Water and/or Sewer Service

Performance Results (Average Residential Water Service)

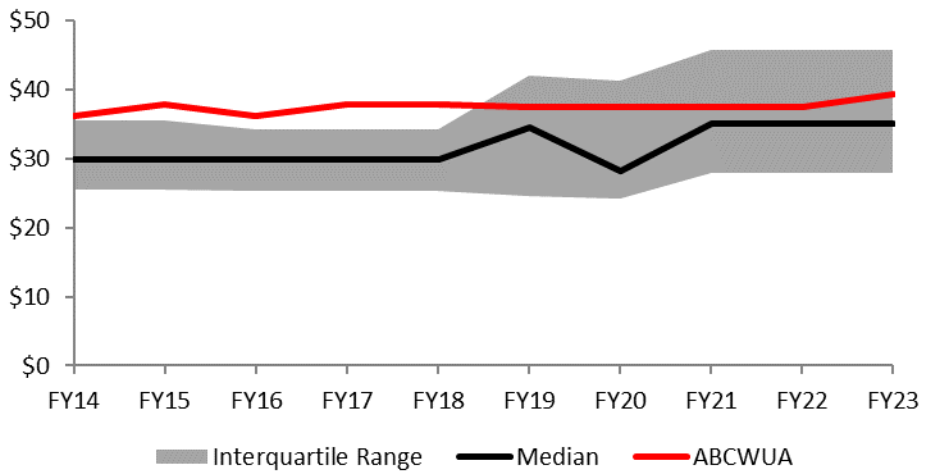
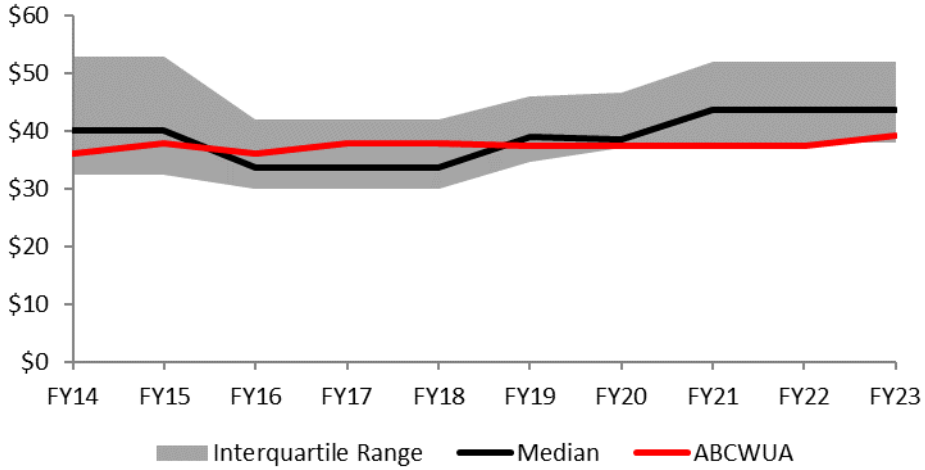
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Compare the residential cost of water and sewer service based on both a defined quantity of water use and the average residential bill amounts for those services	Bill amount for monthly residential water/sewer service and average residential water/sewer bill for one month of service	$37.43	$37.43	$37.43	$37.43	$39.30	$41.26	Provide affordable water and legally justifiable rates to our customers

Industry Benchmarks

Combined Water/ Wastewater Utilities



Lower Values Desirable

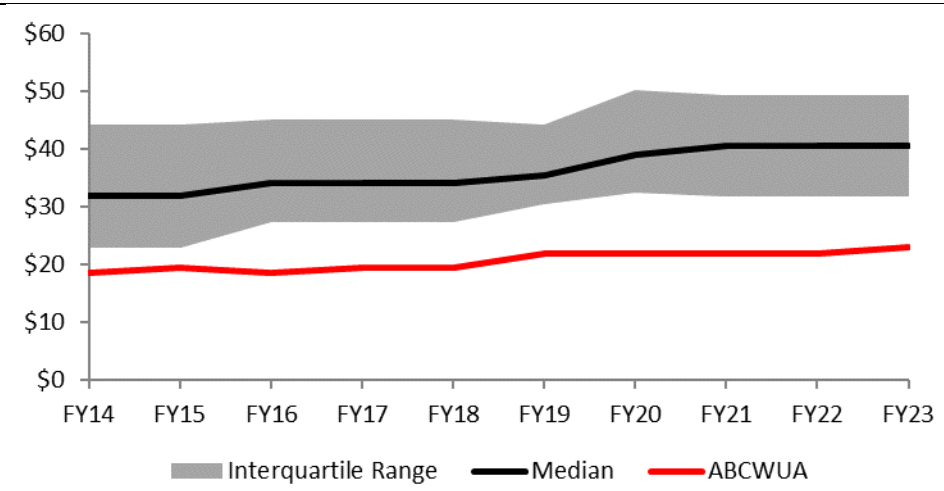
Utilities with populations greater than 500,000	 *Lower Values Desirable*
Utilities located in Region 4	 *Lower Values Desirable*

Performance Results (Average Residential Sewer Service)

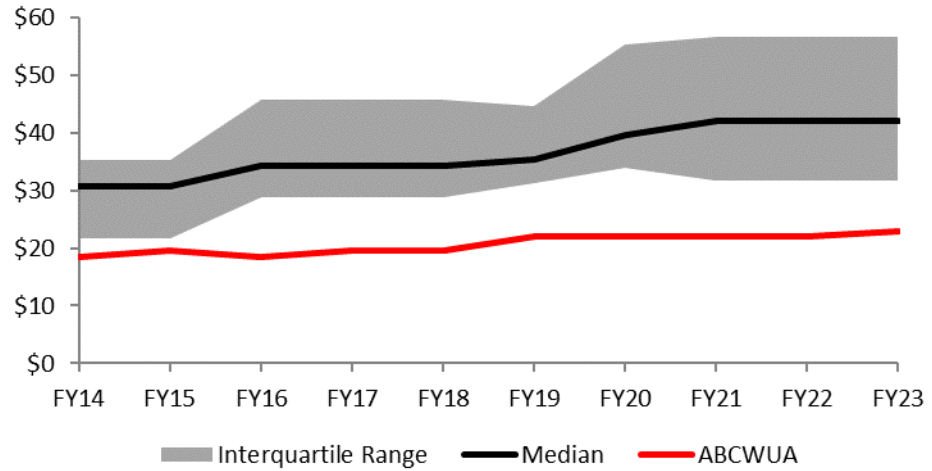
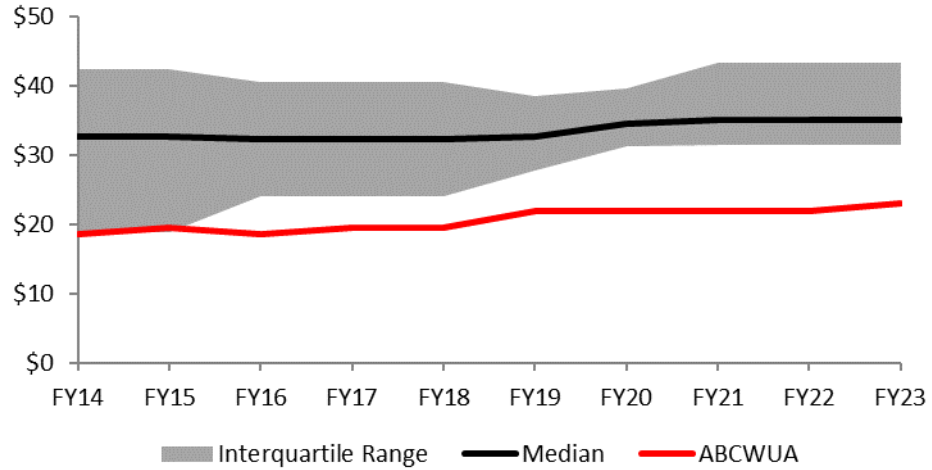
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Compare the residential cost of water and sewer service based on both a defined quantity of water use and the average residential bill amounts for those services	Bill amount for monthly residential water/sewer service and average residential water/sewer bill for one month of service	$21.97	$21.97	$21.97	$21.97	$23.00	$24.00	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 5% rate revenue increase was implemented in FY23. During FY23, a water/wastewater rate cost of service study was conducted; the study also included an affordability study.

2022 Customer Opinion Survey

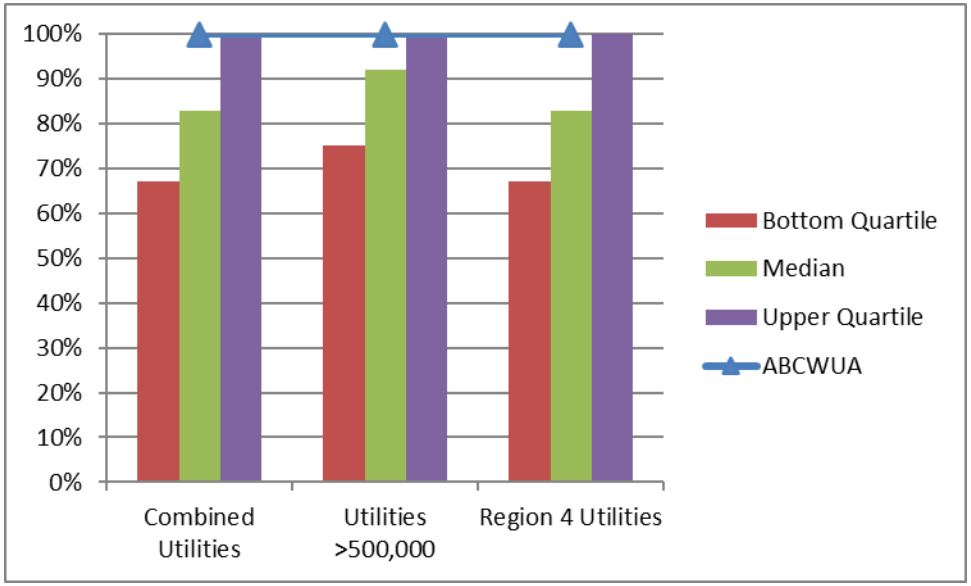
- 88% of customers either strongly or somewhat agree that water and sewer services are a good value for the amount of money paid
- 77% of customers either strongly or somewhat agree that because water is a scarce resource, water rates should be designed to reflect the value of water in our daily lives
- 59% 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	
				FY20	FY21	FY22	FY23	FY24	
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 FY22, the Water Authority conducted a customer opinion survey to assess the Water Authority's performance from the customer's viewpoint from previous surveys. This was the ninth 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 2022 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 FY24.

In last nine 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

FY24 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 FY24. $2 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 FY24.	**4-3**
Prepare quarterly updates on the status of the implementation of the Reclamation Rehabilitation Asset Management Plan (RRAMP) including activities completed and remaining work. Continue implementation of the RRAMP by planning, designing, and constructing reclamation facility improvements through the end of the 4th Quarter of FY24.	**4-3**
Finalize Operating Plans for Centralized Engineering and Utility Development 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 FY24.	**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 FY24.	**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 FY24.	**4-3**
Implement at least one planned Interceptor Rehabilitation project in FY24, and complete at least one interceptor design package by the 4th Quarter of FY24; Implement at least one planned Small Diameter Sanitary Sewer Rehabilitation project in FY24.	**4-3**
Seek to increase renewable/green energy generation at Water Authority facilities. Provide updates on plan and project progress, and report power generation over time by the end of the 4th Quarter of FY24. 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 FY24 and report progress quarterly.	**4-3**
Develop an annual asset workbook onboarding training program for On-Call contractors and consultants to improve understanding of asset onboarding workbooks (AOBWB) responsibilities. Perform on-going training sessions with project managers, consultants, and contractors by the end of the 4th Quarter of FY24.	**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 FY24.	**4-4**
Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: ❖ 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 FY24. ❖ 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 FY24. ❖ 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 FY24.	**4-4**
Continue to develop LabVantage ("laboratory information management system") throughout FY24 to increase the automation of data entry to reduce data entry errors, reduce the amount	**4-4**

FY24 Objectives	Measure Reference
paper used at the laboratory and develop reports in LabVantage through the end of the 4th Quarter of FY24.	
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 at least one internal audit per year. 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 FY24.	**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 2023 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 FY24.	**4-4**
Prepare for the Revised Lead and Copper Rule to establish a system for a lead service line inventory. Identify and collect information from 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 FY24. Develop tools for monitoring, data requirements and expectations for corrosion control studies under the new rule.	**4-4**
Create a Grant/Loan Funding Plan and annual Grant/Loan Funding Cycle Schedules to prioritize projects for State and Federal funding opportunities and update quarterly on the progress through the 4th Quarter of FY24.	**NA**
Finalize the Utility Development Guide to clarify the development process for users by the end of the 4th Quarter of FY24.	**NA**
Continue monitoring progress on Utility Development processes, with quarterly monitoring of the following metrics and associated target(s) through the end of the 4th Quarter of FY24. ❖ Availability Statement/Serviceability Letter ➢ Turn-around time (excludes time in holding when additional information is required from the requestor), target response time of less than 45 days ➢ Hold time, seek ways to reduce hold time, monitor and report progress ❖ Identify metrics and targets for other areas of Utility Development, such as turn-around times for connection permits and closeout packages. Currently, deliverable status is reported through the Water Authority's Tracking Sites so customers can check on the status of their requests at: ➢ https://availability.abcwua.org/ ➢ https://wa-workorders.abcwua.org/ ➢ https://connectionpermit.abcwua.org/	**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 FY24. ❖ 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%	**NA**

FY24 Objectives	Measure Reference
❖ Maximo Employee Training, Target greater than 500 hours ❖ Preventative Maintenance Optimization, Target greater than 30%	
To improve decision making with available data, transition existing SAMP, Scorecard, Effective Utility Management (EUM) and Operations dashboards to Microsoft Power BI by the end of the 4th Quarter of FY24. Utilizing Power BI dashboards, with the integration with Maximo and Finance Enterprise, will ease the time required to calculate key performance indicators (KPIs).	**NA**
Continue promoting a Culture of Security in accordance with the AWWA G430 standard within the Water Authority, develop policies and procedures that include strategies for internal communication and trainings on security-related topics. Track and measure metrics quarterly throughout FY24 that are directly related to the National Infrastructure Protection Plan Water Sector-Specific Plan and America's Infrastructure Act. Conduct at least 1 table-top exercise for security and cybersecurity that includes representatives from across the organization.	**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 FY24. Track and measure metrics that are directly related to NIST standards. Incorporate specific standards and policies that directly relate to the Water Authority's Supervisory Control and Data Acquisition (SCADA) systems. Complete Annual Penetration (PEN) test and remediate any critical items that pose an imminent threat. Automate and implement a secure zero-trust model to proactively detect and remediate indicators of compromise to minimize the impact to the Water Authority.	**NA**
Continue implementation of the SCADA Master Program. Implement both short-term and long-term goals directly tied to the sequencing of migrating to a single SCADA platform utilized including programmed projects by the end of the 4th Quarter of FY24.	**NA**
Complete Information Technology (IT) projects scheduled for FY24 and report progress quarterly.	**NA**
Continue efforts to build and grow the Project Management Office. Begin implementation of a Project Portfolio Management (PPM) system to provide a centralized location to manage the utility's entire collection of projects. Continue efforts to build foundational structure for the Service Management Office to standardize Information Technology (IT) policies and procedures within the division. Create a formal Service Catalog and a more stringent Change Control Process by the end of the 4th Quarter of FY24.	**NA**
Create a process to effectively update the Construction in Progress layer in GIS. Review and prioritize tasks needed to fulfill the requirements of the Data Readiness Assessment for the migration to the Utility Network. Complete and create standard editing procedures for the Service Lines layer data. Build schema for the new Connection Permits layer that replaces Tapping Permits and Mini Work Orders and place all existing Connection Permits into GIS. Continue to provide assistance with Revised Lead and Copper Rule (RLCR) compliance, the Utility Network upgrade, and the Water Model through the end of the 4th Quarter of FY24.	**NA**
Consolidate efforts to centralize a Data Warehouse/Data Hub for more effective reporting and data analytics. Work with all divisions to organize data in a fashion that provides usable data to positively impact business decisions by the end of the 4th Quarter of FY24.	**NA**

FY24 Objectives	Measure Reference
Upgrade and patch all enterprise applications to add required upgrades and enhancements, mitigate potential cybersecurity vulnerabilities, continue daily support, leverage functionality enhancements to improve business processes and capture and use data intelligently and create efficiencies through the end of the 4th Quarter of FY24. Projects include: ❖ Upgrade the Customer Care and Billing (CC&B) application. The upgrade will include issuing a request for proposals (RFP), selecting a vendor and beginning implementation by the end of the 4th Quarter of FY24. ❖ Utility Network upgrade to begin FY24, with completion targeted for FY25.	**NA**
Review and update the utility emergency communications plan by the end of the 4th Quarter of FY24.	**NA**
Collaborate with local governments in an effort to develop more affordable housing through the end of the 4th Quarter of FY24.	**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		✓

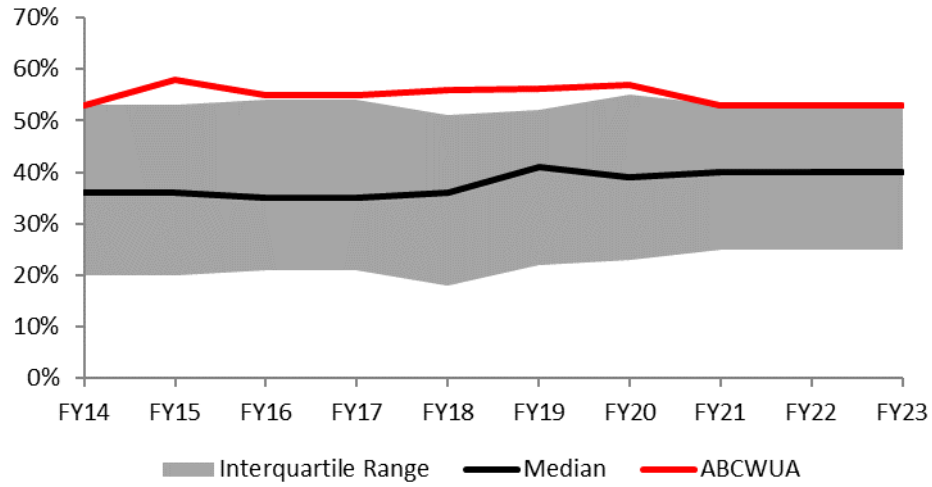
4-1 Debt Ratio

Performance Results

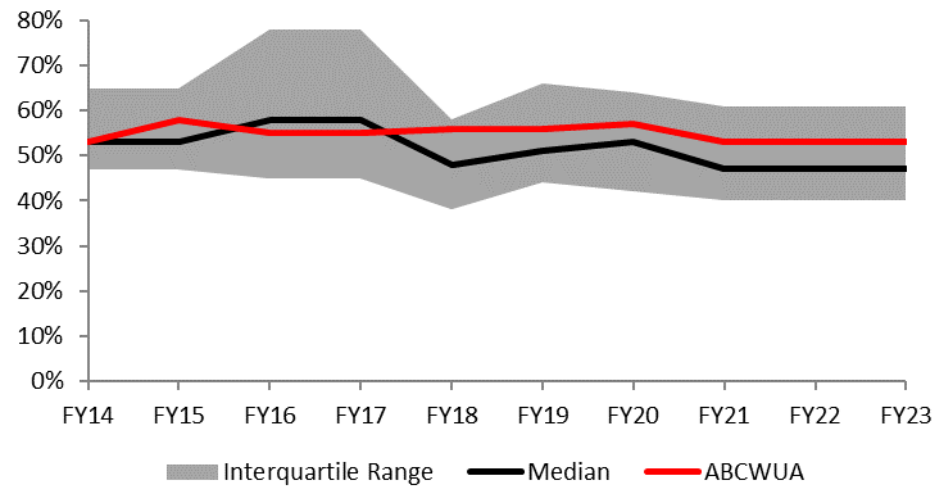
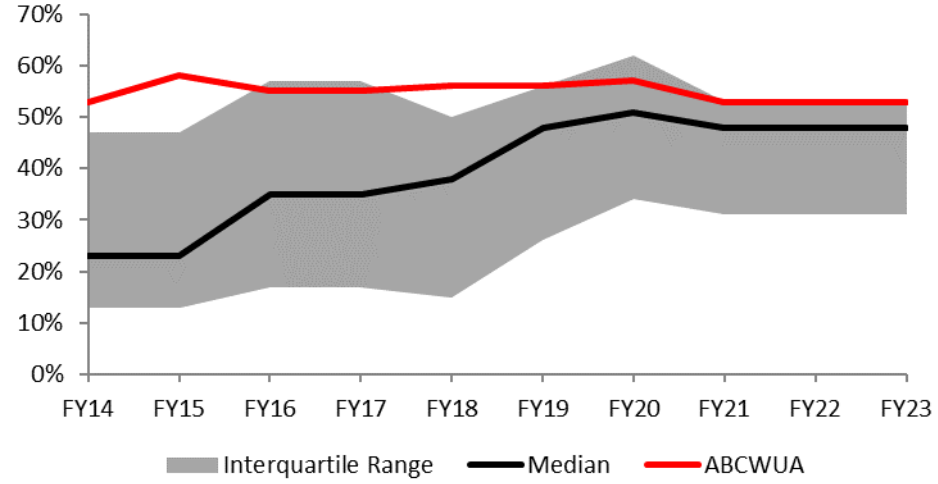
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the Water Authority's level of indebtedness	Total liabilities and total assets	54%	57%	53%	53%	53%	54%	Maintain low debt burden and communicate 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.

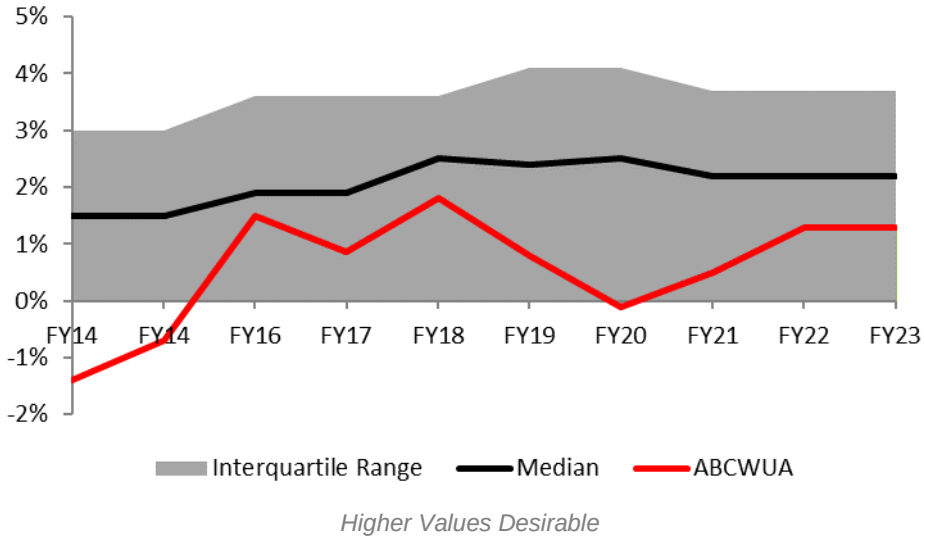
The Water Authority had borrowed a significant amount of funds to pay for a new surface drinking water treatment plant as part of the $500 million San Juan Chama Drinking Water Project. The Water Authority has approximately $532.8 million in outstanding debt which is primarily attributed to carrying 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

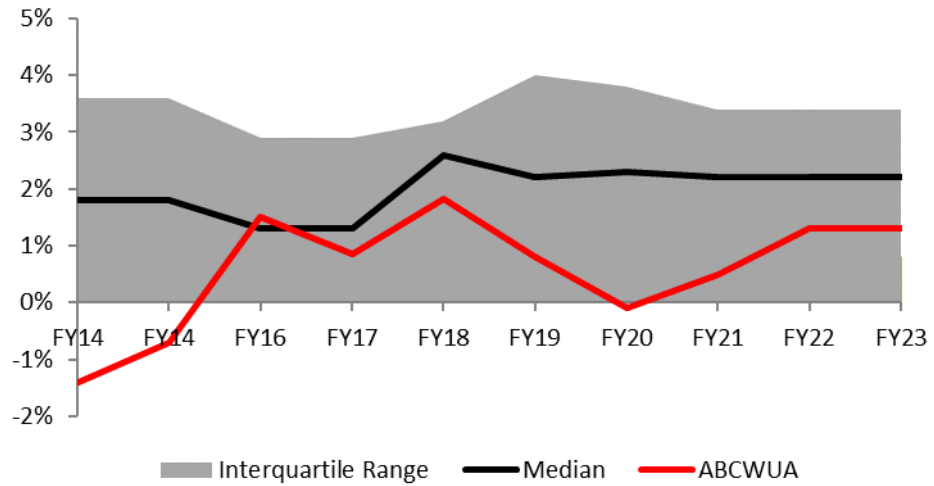
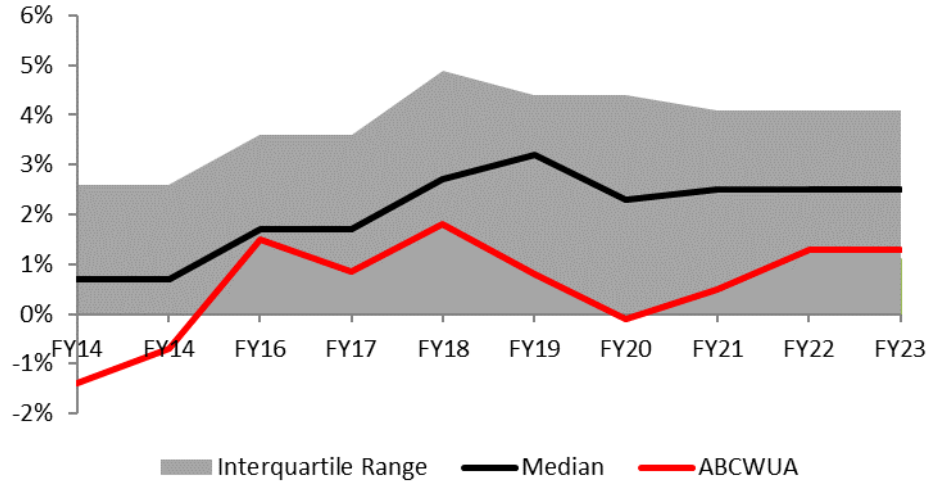
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Measure the financial effectiveness of the Water Authority	Net income and total assets	0.6%	-0.1%	0.5%	1.3%	1.3%	1.4%	Improve the financial health of the 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).

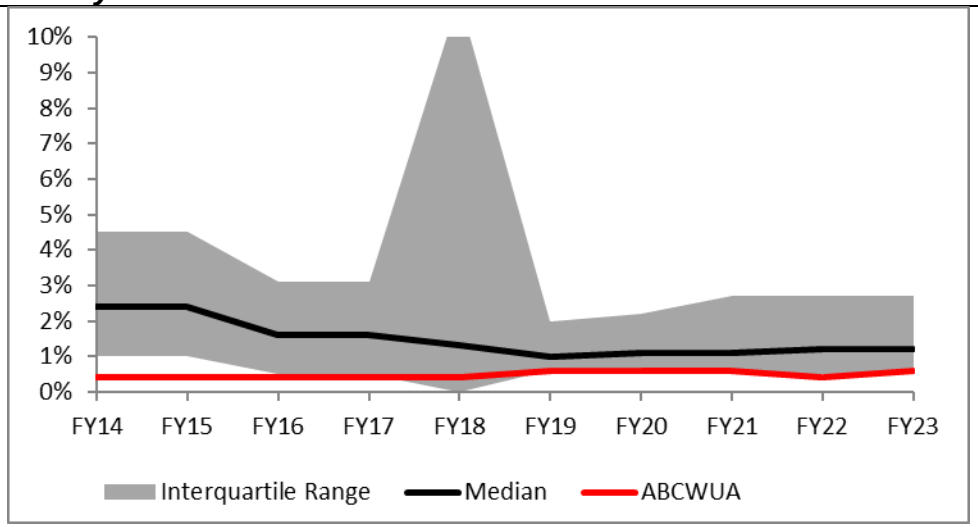
4-3 System Renewal / Replacement Rate

Performance Results (Water Pipeline & Distribution)

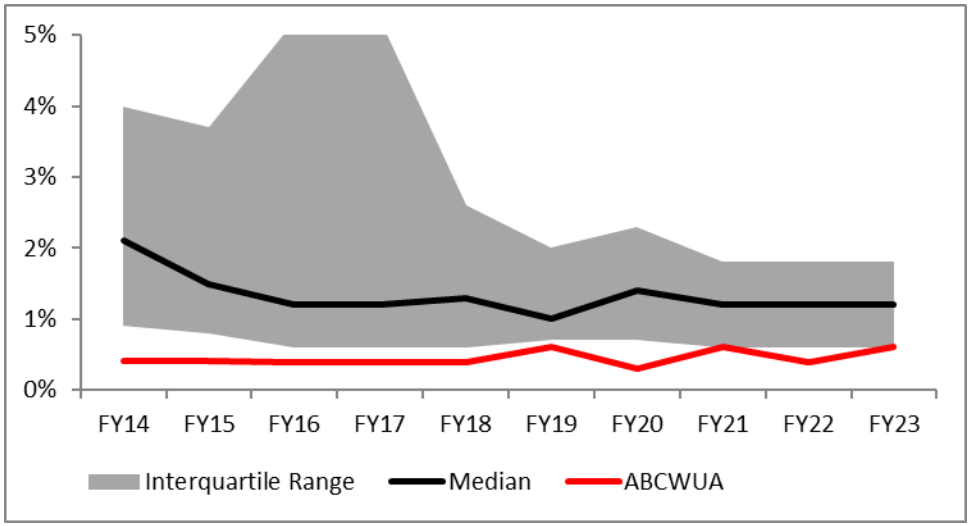
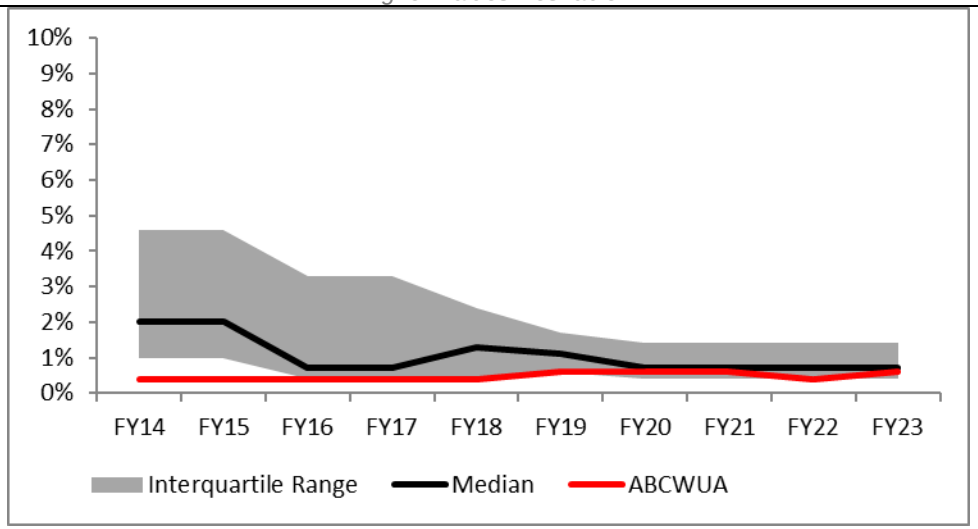
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	0.5%	0.6%	0.6%	0.4%	0.6%	0.6%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

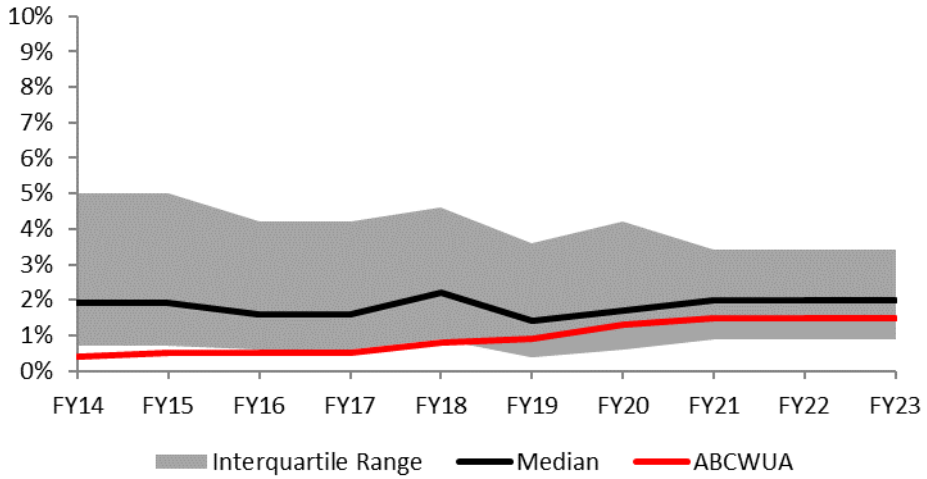
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Water Facility & Pumping)

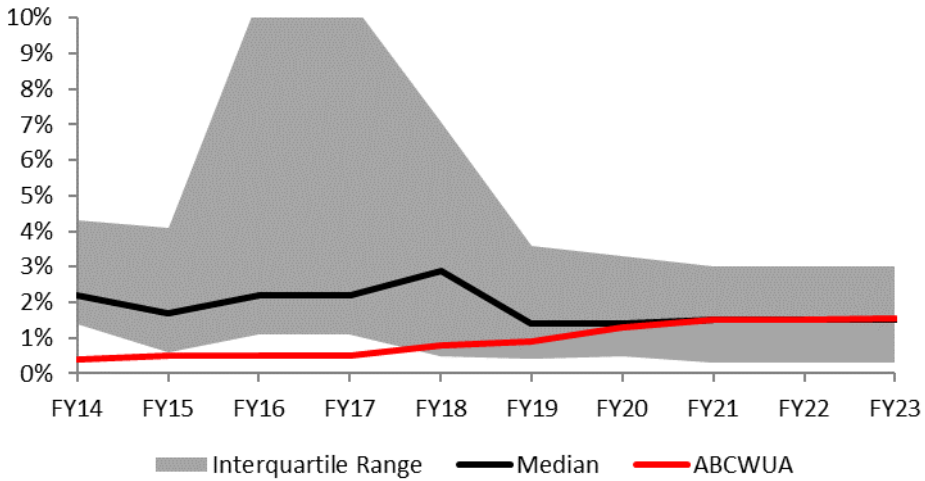
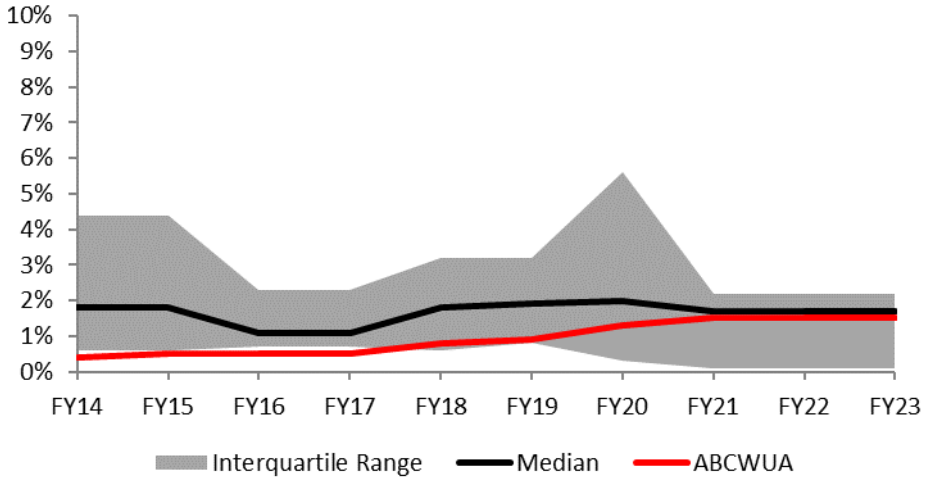
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	1.4%	1.3%	1.5%	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

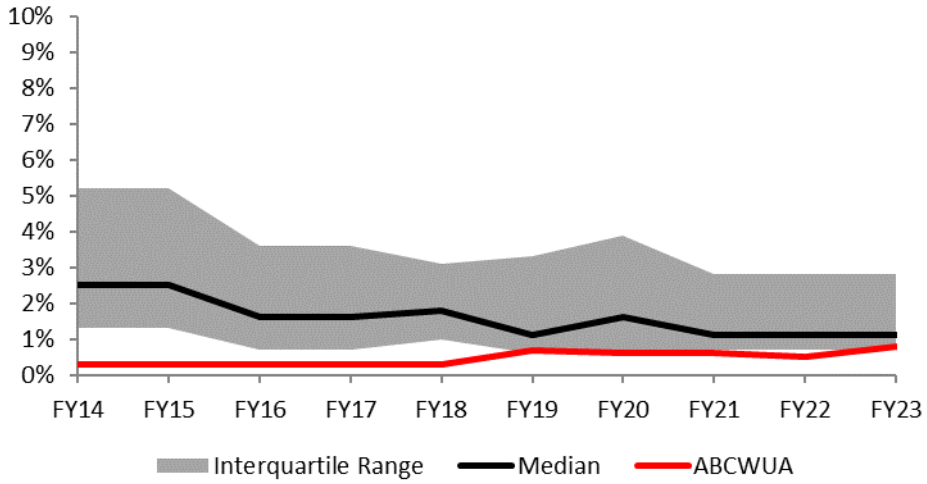
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Wastewater Pipeline & Collection)

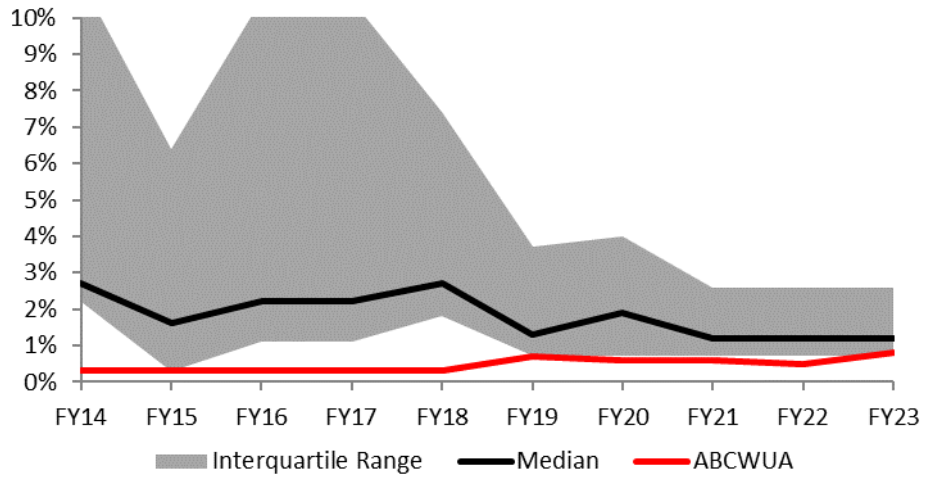
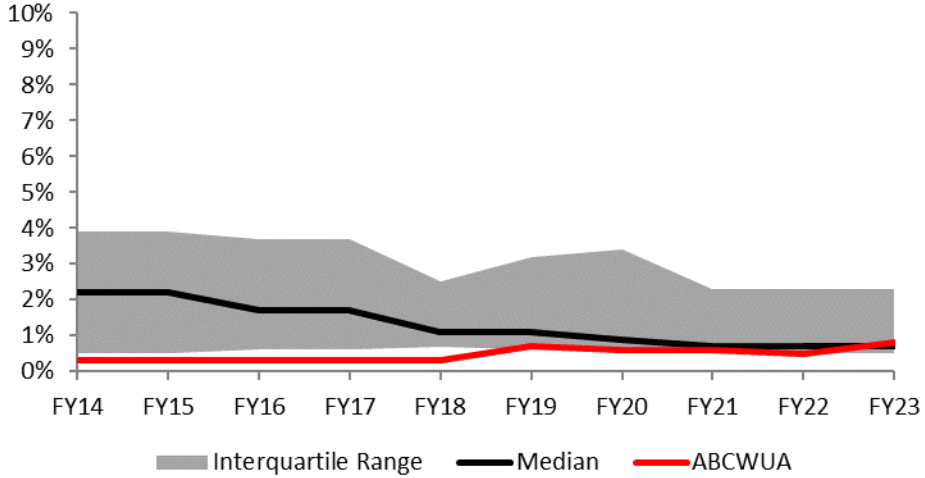
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	0.6%	0.6%	0.6%	0.5%	0.5%	0.8%	Reduce corrective maintenance by investing in infrastructure improvements to the system

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

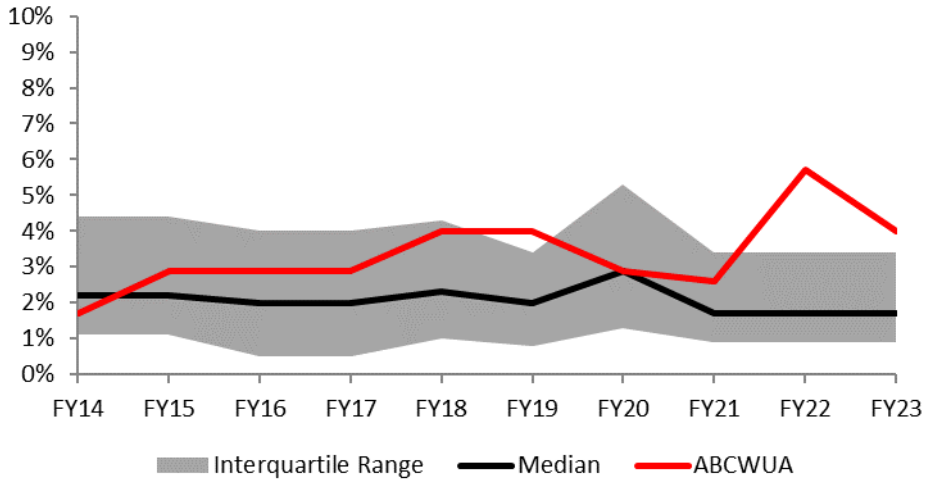
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Wastewater Facility & Pumping)

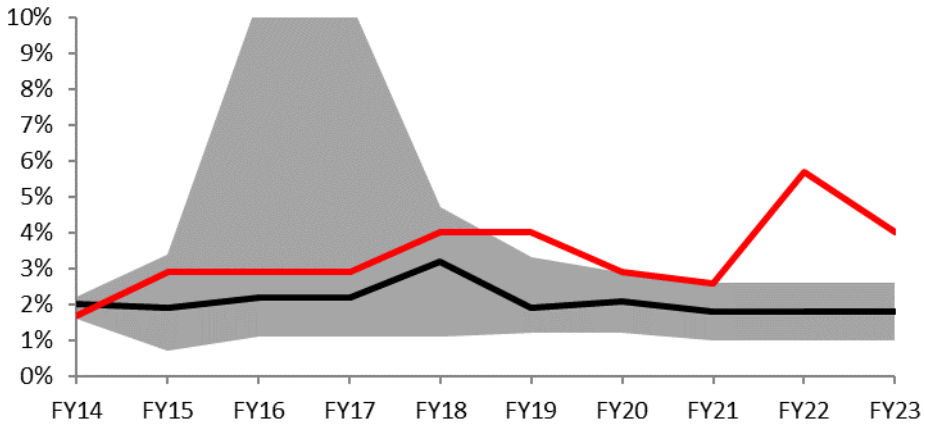
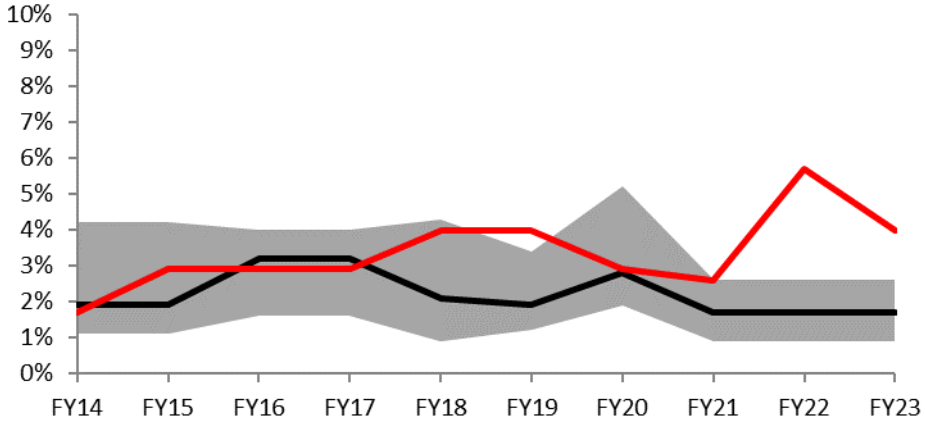
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the rate at which the Water Authority is meeting its individual need for infrastructure renewal or replacement	Total actual expenditures reserved for renewal and replacement and total present worth for renewal and replacement needs for each asset group	3.7%	2.9%	2.6%	5.7%	4.0%	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 FY24, the proposed capital budget is $103.5 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.

2022 Customer Opinion Survey

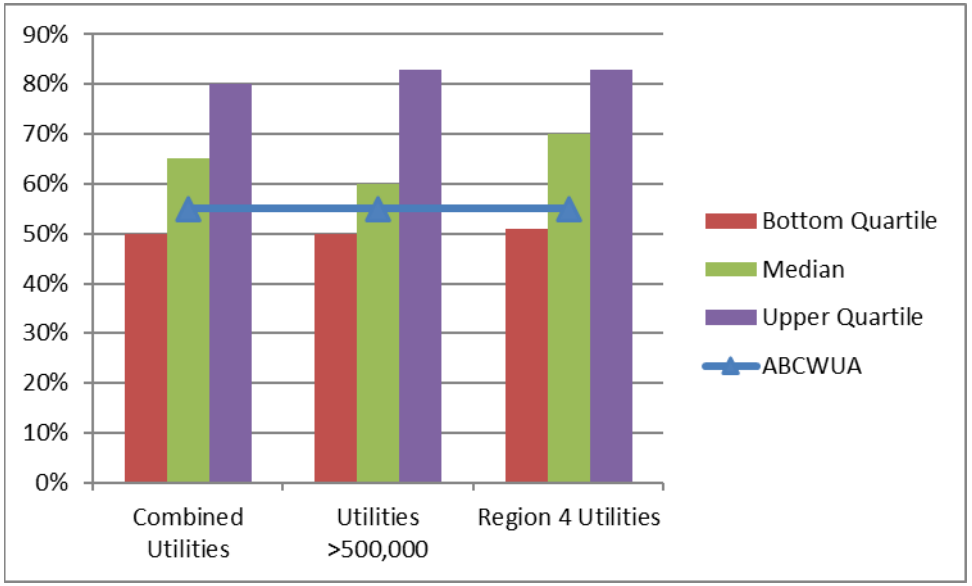
- 85% of customers feel that it is very or somewhat important to invest in the repair and replacement of old water and sewer lines

4-4 Triple Bottom Line Index

Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current /Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Quantify the utility's sustainability efforts	Self-assessment based on Triple-Bottom-Line Checklist	55%	55%	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 is included by AWWA in their benchmarking survey. The Water Authority has been measuring this Index for since FY14. 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

FY24 Objectives	Measure Reference
Consistent with the EUM self-assessment, track and measure the effectiveness of an onsite injury prevention program by utilizing a local ergonomic/physical therapy contractor to conduct field ergonomic assessments. The goal of these assessments is to mitigate workplace injuries and to reinforce correct body mechanics. Maintain the yearly injury hours goal of 2,500 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY24.	**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 FY24. 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 FY24.	**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 FY24.	**5-2**
Maintain an average utility-wide vacancy rate of no greater than 7% through the 4th Quarter of FY24. Maintain an average number of days to fill positions of 40 days or less through the end of the 4th Quarter of FY24.	**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 FY24.	**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 FY24. The Innovation Program will help identify new ways to seek efficiencies throughout the organization.	**5-6**
Develop an awareness program to increase employee participation in annual physicals by 20% by the end of the 4th Quarter of FY24.	**5-6**
Implement a mentorship program to support staff as they progress in their careers and reduce silos between divisions. Conduct a pilot program by the end of the 2nd Quarter of FY24.	**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	✓	✓	✓

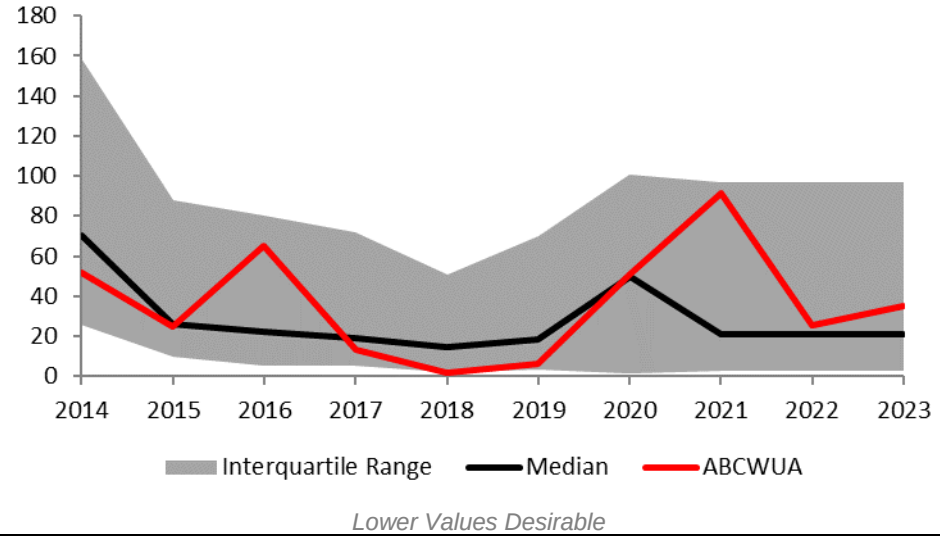
5-1 Employee Health and Safety Severity Rate

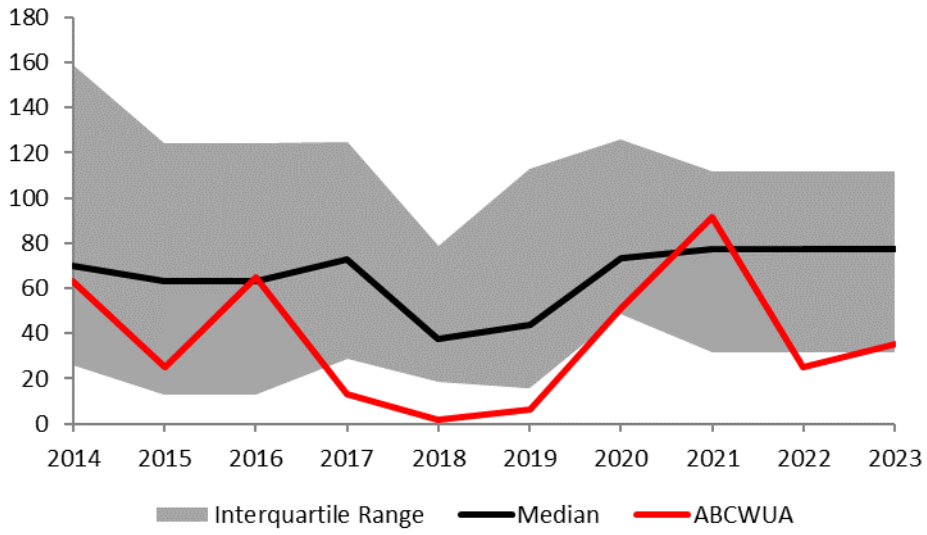
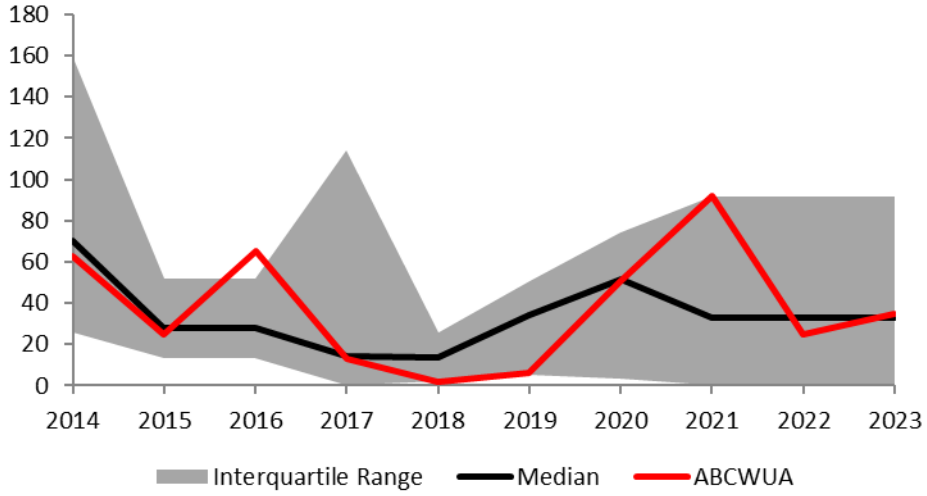
Performance Results

Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				2019	2020	2021	2022	2023	
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	50	6	51	92	25	35	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-hours 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 several 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 this time span. 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 11 out of the 14 years.

The uptick in workdays away from work in FY20 through FY22 is related to the COVID-19 pandemic.

A policy objective for FY24 is to maintain the goal of injury hours at 2,500 hours or less to improve productivity and reliability of services provided by employees; the goal relates to the $300 per employee safety incentive program. Another FY24 Objective is to assess the effectiveness of an onsite injury prevention program by utilizing a local ergonomic/physical therapy contractor to conduct field ergonomic assessments. The goal of these assessments is to mitigate workplace injuries and to reinforce correct body mechanics.

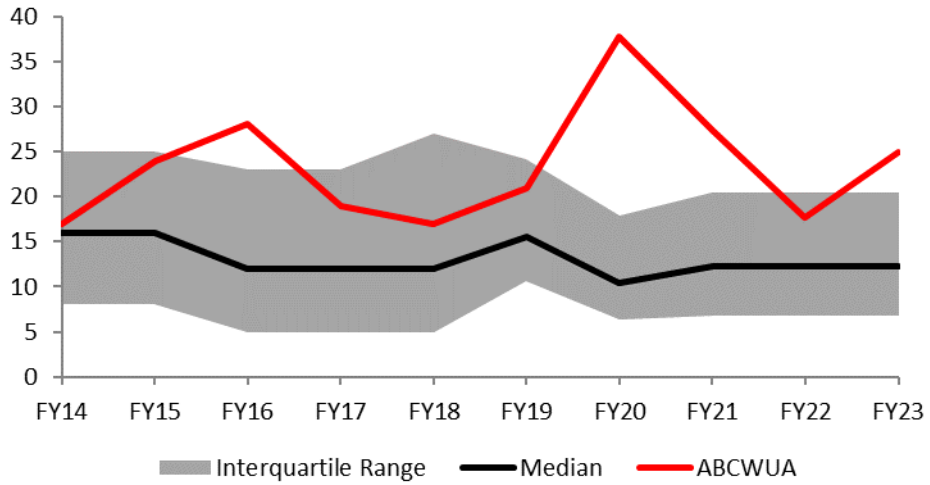
5-2 Training Hours per Employee

Performance Results

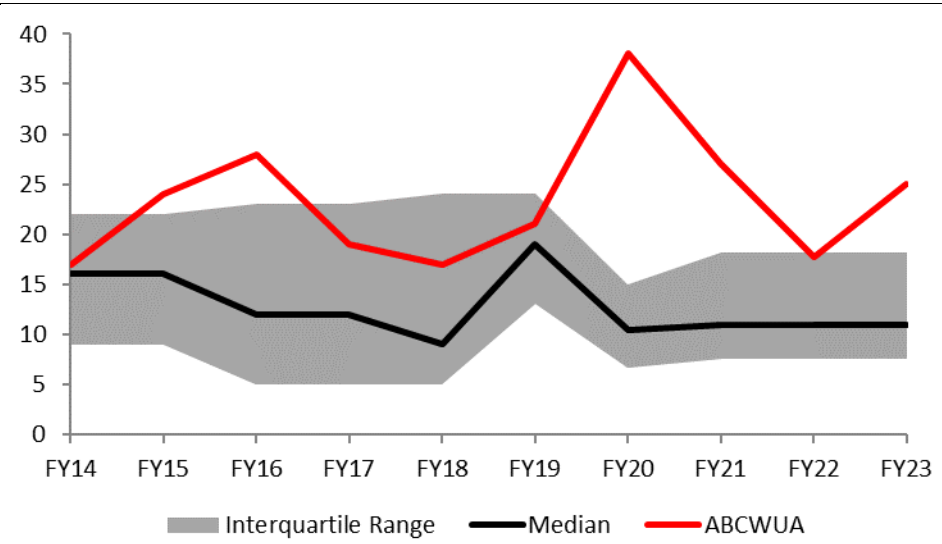
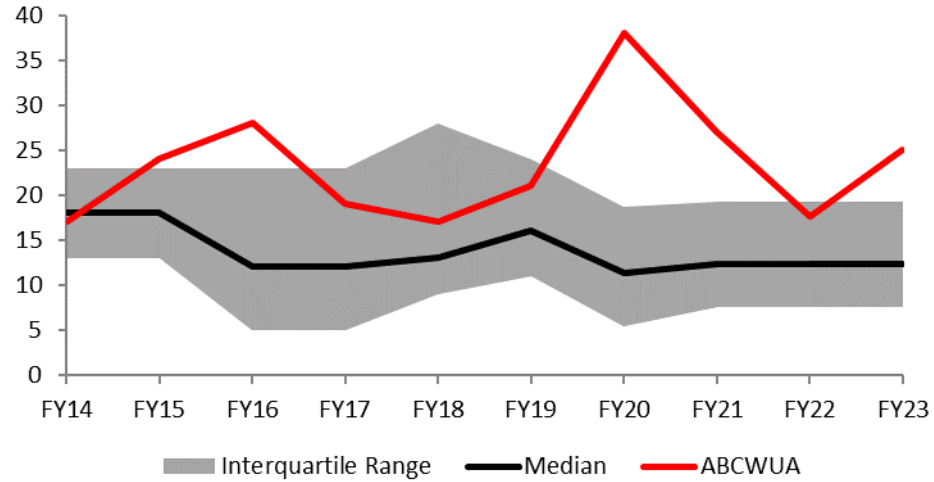
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Effectiveness	Measure the quantity of formal training completed by Water Authority employees	Number of formal training hours per employee per year	28	38	27	18	25	28	Improve 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 FY20 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.

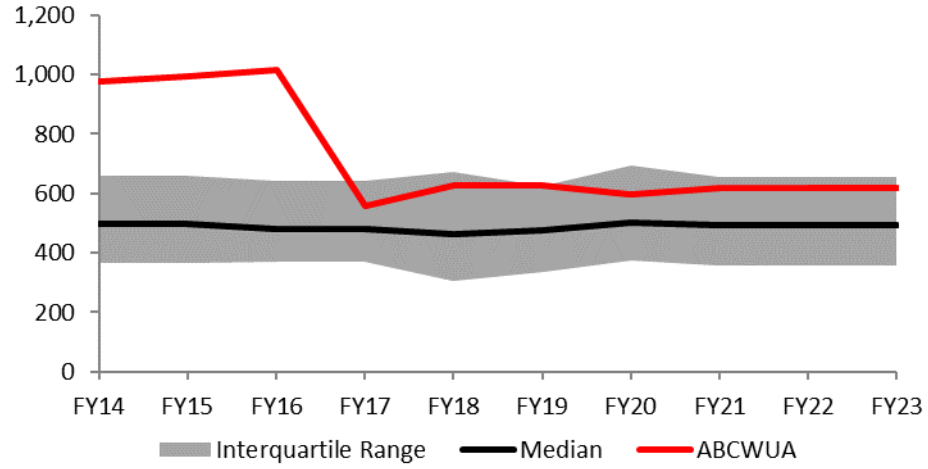
5-3 Customer Accounts per Employee

Performance Results (Customer Water Accounts per Employee)

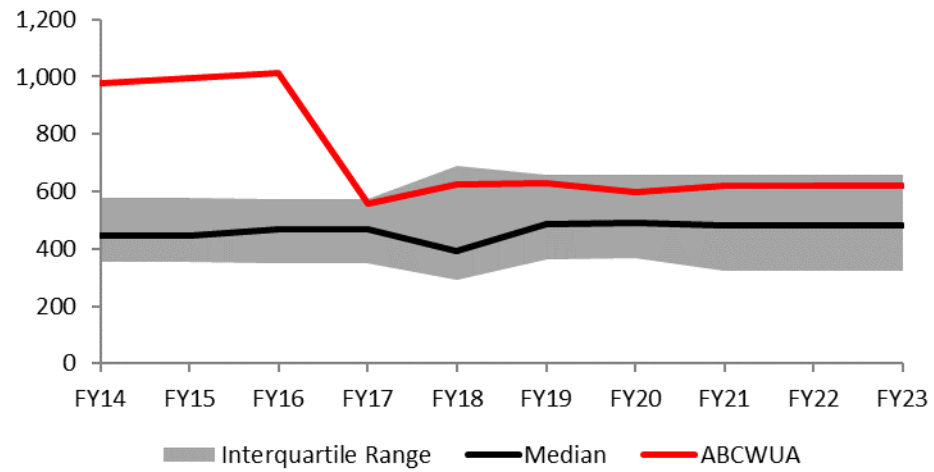
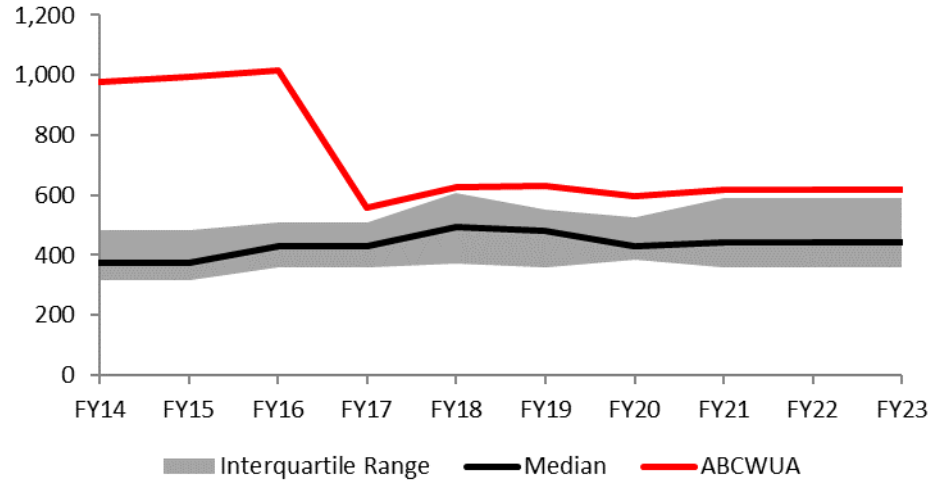
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Measure employee efficiency	Number of active accounts per employee and average million gallons of water delivered and processed per day per employee	611	596	618	618	618	620	Provide efficient service to our customers to meet their expectations

Industry Benchmarks

Combined Water/ Wastewater Utilities



Higher Values Desirable

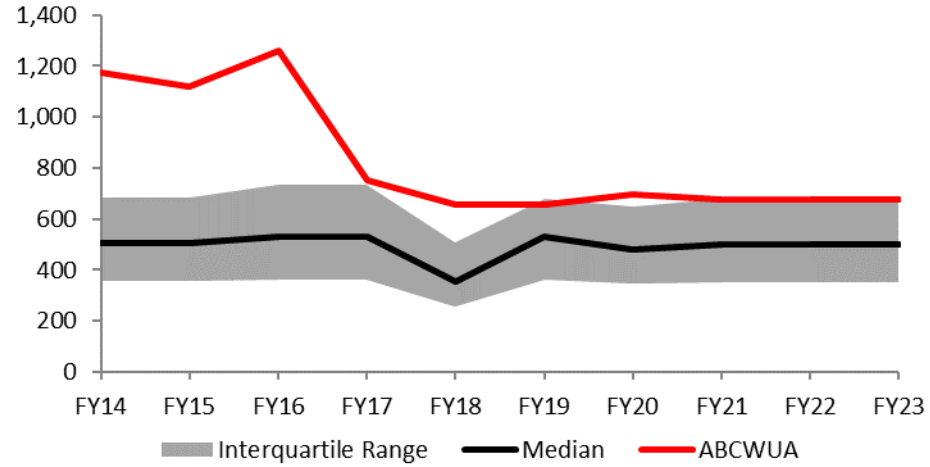
Utilities with populations greater than 500,000	 *Higher Values Desirable*
Utilities located in Region 4	 *Higher Values Desirable*

Performance Results (Customer Wastewater Accounts per Employee)

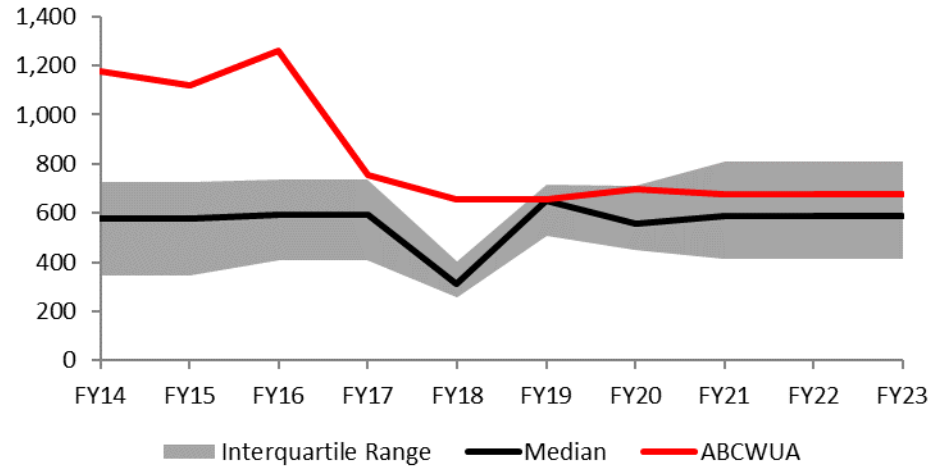
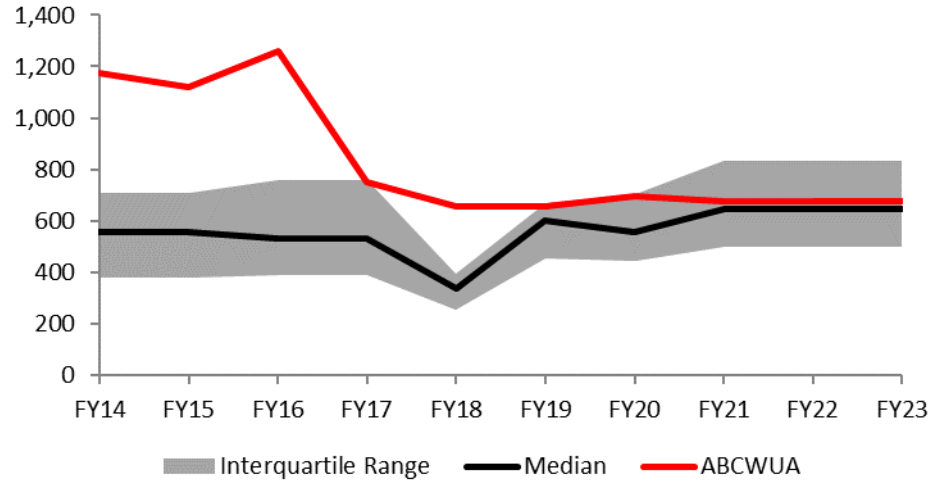
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Measure employee efficiency	Number of active accounts per employee and average million gallons of water delivered and processed per day per employee	684	697	676	678	678	680	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 FY24.

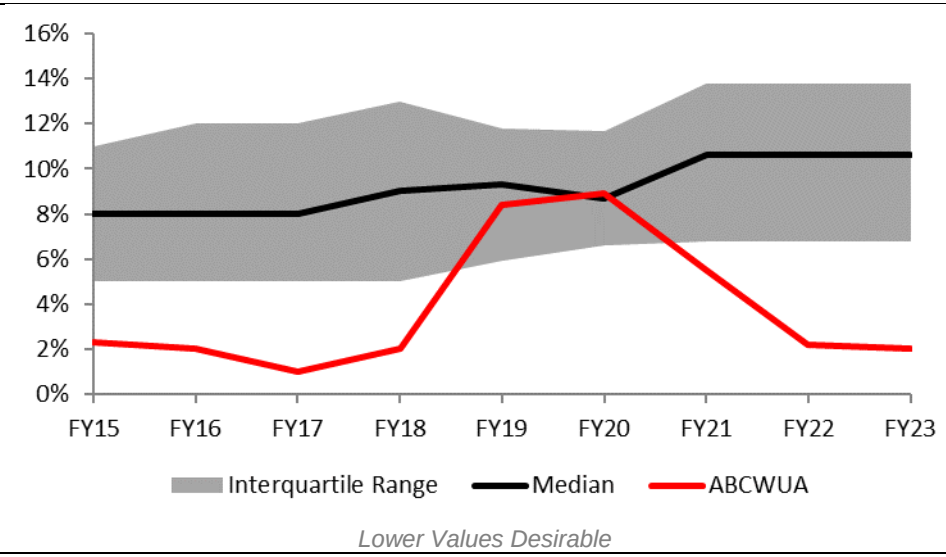
5-4 Employee Turnover

Performance Results

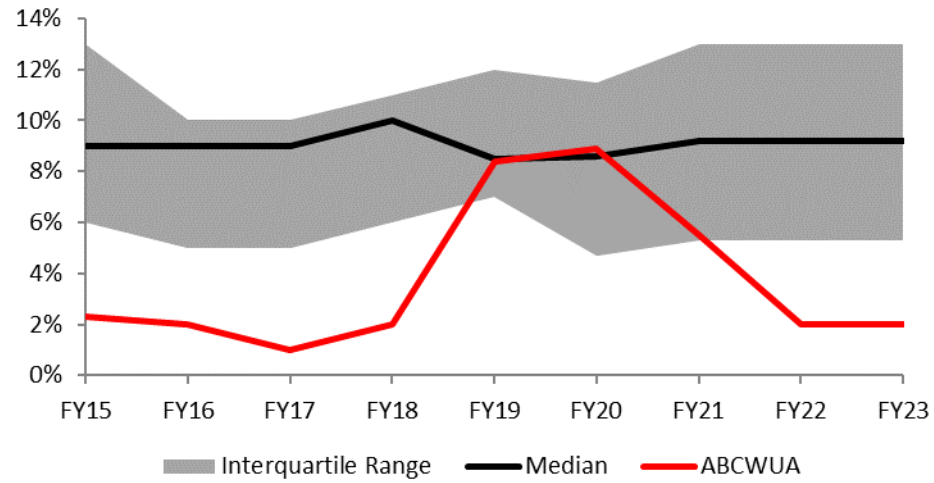
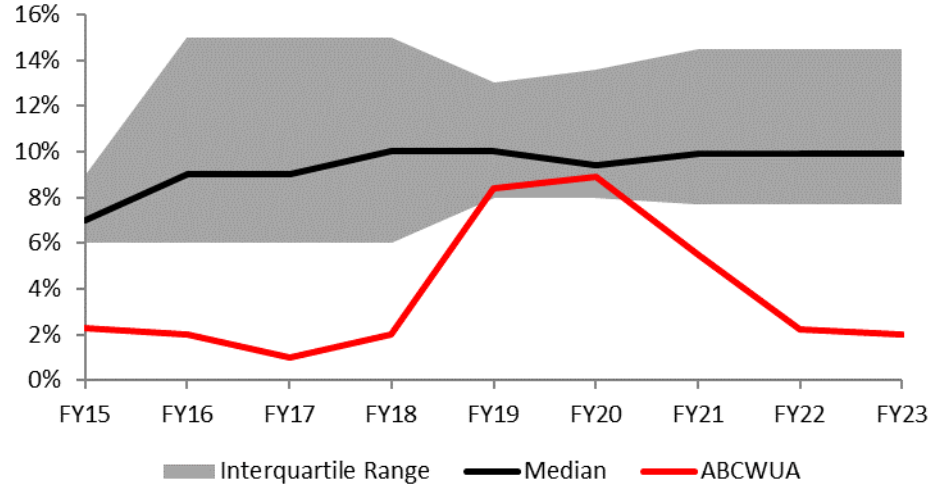
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Quantify the annual employee departures	Number of regular employee departures during the reporting period / Total number of FTEs	5.7%	9.0%	6.0%	2.0%	2.0%	3.0%	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 Full-Time Equivalents (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.

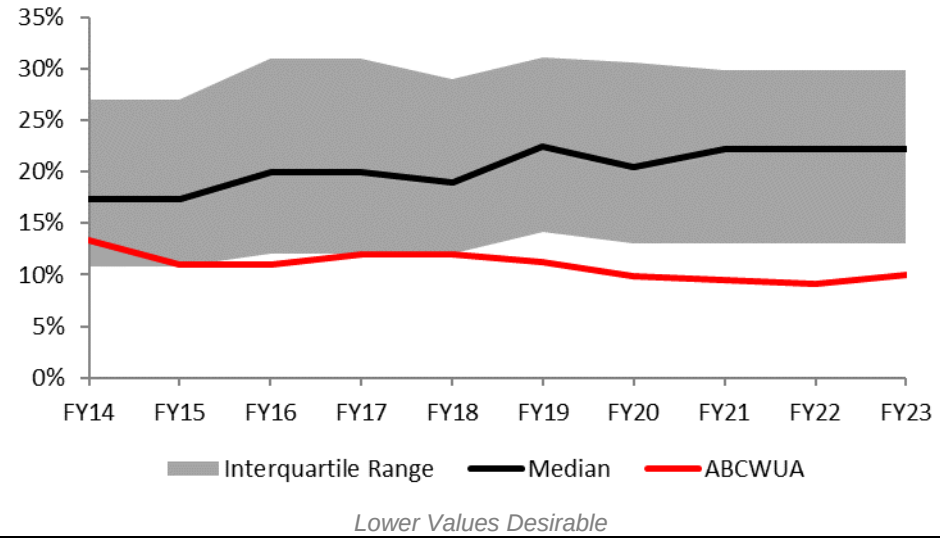
5-5 Retirement Eligibility

Performance Results

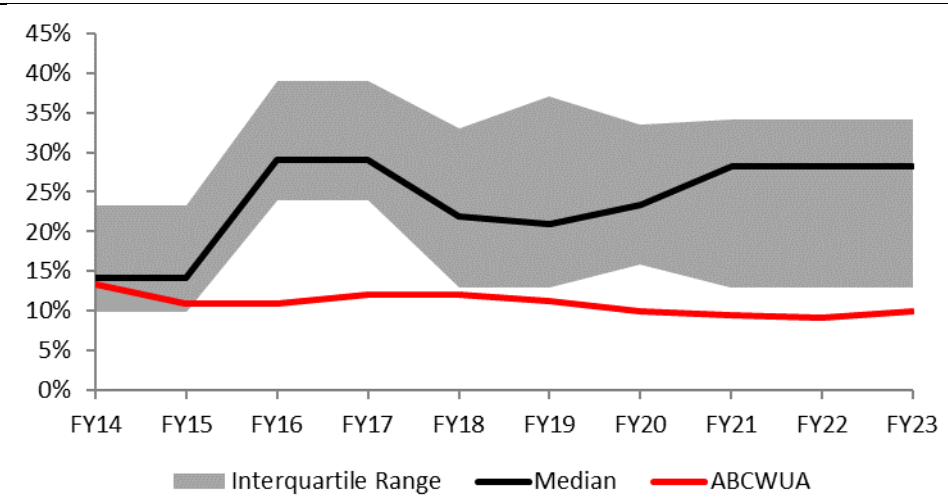
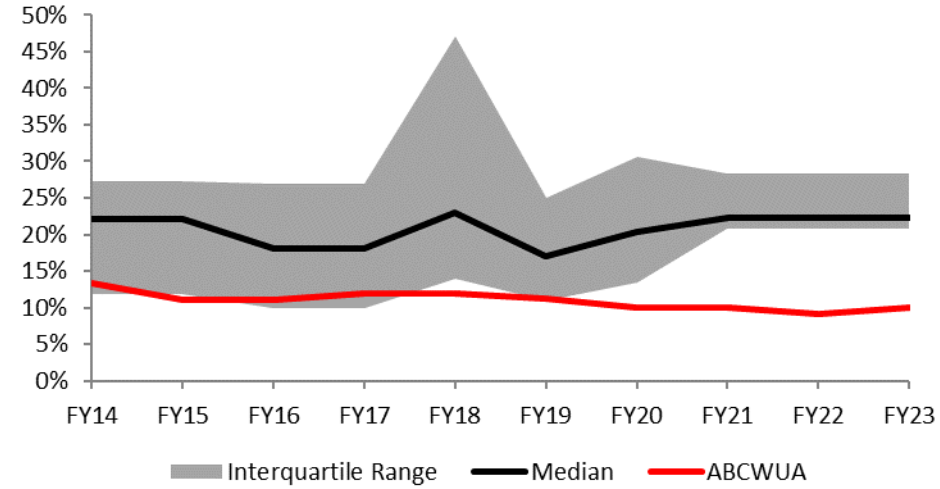
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Efficiency	Quantify the number employees who can retire	Number of regular employees eligible for retirement in the next 5 years / Total number of FTEs	9.7%	10.0	10.0%	9.0%	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.

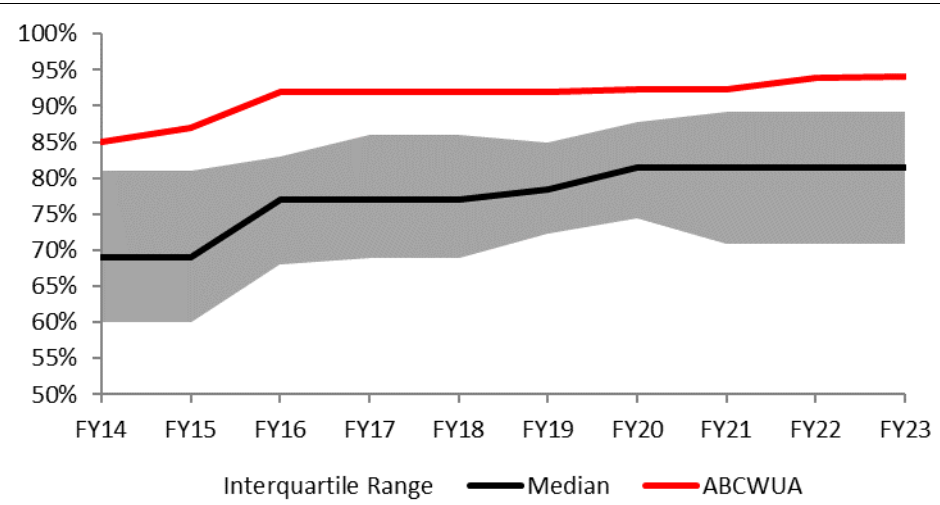
5-6 Organizational Best Practices Index

Performance Results

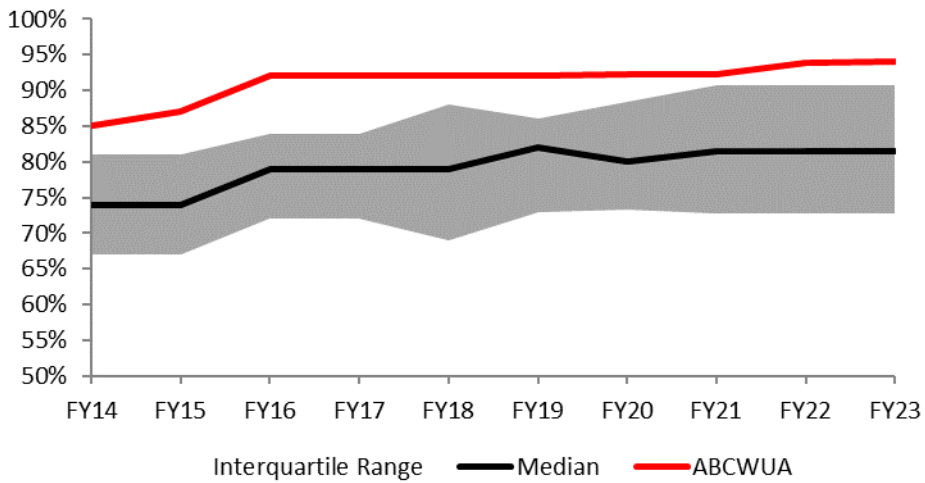
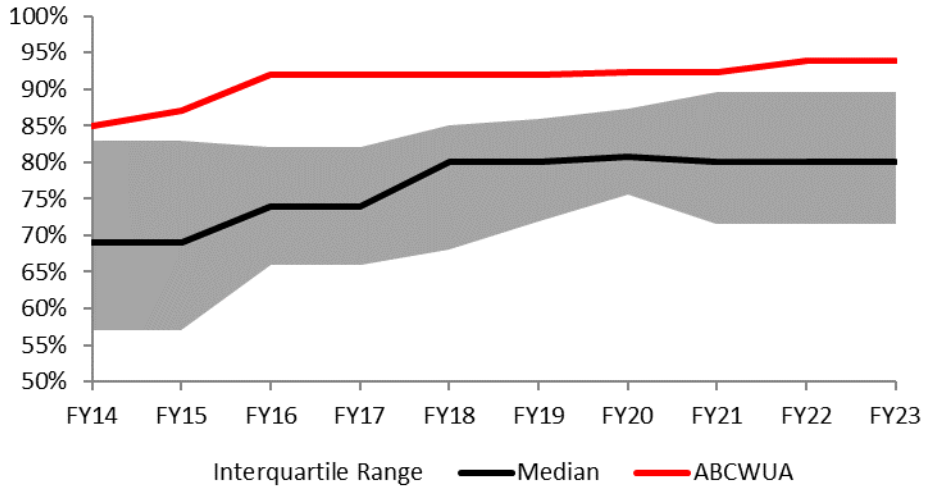
Measure Type	Purpose	Inputs	Outputs						Outcome
			Baseline	Prior Year Actuals			Current/Est	Projected	
				FY20	FY21	FY22	FY23	FY24	
Quality	To summarize the Water Authority's implementation of management programs important to water and wastewater utilities	Self-scoring system to identify the degree to which the Water Authority is implementing the seven organizational best practices	92%	92%	92%	94%	94%	95%	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's EUM program incorporates the benchmarking performance indicators from the AWWA Utility Benchmarking program. The utility utilizes 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.