

FY2010

Approved Budget

GOVERNING BOARD

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Executive Director



Albuquerque Bernalillo County
Water Utility Authority



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Albuquerque Bernalillo County Water Utility Authority

July 1, 2009

To: Trudy Jones, Chair
From: Mark S. Sanchez, Executive Director
Subject: Approved Fiscal Year 2010 Budget

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Authority) for Fiscal Year 2010. The development of this budget has been guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles adopted by the Board. In the preparation of this budget, the Authority has met with all the managers and reviewed current needs balanced against available resources. This budget, approved by the Board is balanced, fiscally conservative and sound.

In preparing this budget a number of assumptions have been made, including: labor costs will increase no more than 4%, Authority debt will be approximately 25 basis points under market rate based on the Authority's AAA bond rating, power, chemicals and fuel will not exceed the CPI index and the cost of operating the recently acquired New Mexico Utilities, Inc. (NMUI) will not exceed Authority estimates.

For Fiscal Year 2010 the approved budget does not include a rate increase. Based on the latest ten-year financial plan, the Authority continues to conservatively forecast that a rate increase will not be needed through Fiscal Year 2011. Maintaining the current operations without increasing rates presents many challenges for the Authority. Since Fiscal Year 2005 when the Authority prepared its first operating budget, total operating costs have increased 17% or \$25 million. These increases do not include the addition of New Mexico Utilities, Inc. (NMUI) to the Authority operations. The major contributor to these increases has been the financing and bringing online of the San Juan-Chama Project. The annual debt service expense for this Project averages \$34.2 million per year through Fiscal Year 2015. The operating costs of this Project for Fiscal Year 2010 are \$10 million. This is in addition to the costs of operating the well-based system. These costs are offset by dedicated revenues of \$24.8 million resulting in a deficit of approximately \$19+ million per year. In order to plan for the future and to insure financial stability, an amendment to the Authority's Rate Ordinance was approved by the Board which will increase rates by 5% in Fiscal Year 2012 and Fiscal Year 2014. The Authority has operated for the past five years with one rate increase of 1% in Fiscal Year 2007 which was designated for conservation. The Authority will continue to hold rates at the current level through Fiscal Year 2011 as has been pledged to the Board and ratepayers.

As mentioned, the Fiscal Year 2010 approved budget includes operational funding for the former NMUI. As approved by the Board, the Authority assumed ownership of this utility in May 2009. The acquisition of NMUI encompasses 15 employees, eight well sites and provides water and wastewater service to approximately 17,000 accounts (about 55,000 people) on Albuquerque's

West Side. The 34-square-mile service area includes Paradise Hills and the Ventana Ranch subdivision. The Fiscal Year 2010 approved operating budget for this program is \$3.2 million.

The San Juan-Chama Surface Water Treatment Plant will ramp up operation in Fiscal Year 2010 and will provide approximately 50% of the drinking water supplied to customers by the end of Fiscal Year 2010. The plan is to increase the amount of surface water in the system by approximately 25% per year until 100% of the drinking water is from treated surface water.

For Fiscal Year 2010, the Authority is again implementing a nonrecurring employee safety/performance incentive to be offset by savings generated through reduced costs associated with safety and/or performance. This incentive program was effective in reducing by one-half the injury time hours in Fiscal Year 2008.

The Authority continues to make adjustments to the organizational structure to better organize functional operations into work units that make more sense for day to day operations, provide more effective customer service and give the Authority better work-related integration for succession planning. Begun in Fiscal Year 2009, the Authority water and wastewater operations were separated into two areas, Plant and Field. The Plant Division is responsible for operations and maintenance for the Drinking Water Project, ground water arsenic treatment, ground water wells, pump stations and reservoirs, wastewater treatment facilities, disposal of solids including composting as well as operating and maintaining the separate water and wastewater systems for the Metropolitan Detention Center and Cordero Mesa. In addition, the Plant Division is responsible for operation and maintenance of the reuse diversion, pump stations and reservoirs. The Field Division is responsible for the operation, maintenance and repair of the existing water distribution system and the wastewater collections system along with the reuse water distribution system. These changes to the organization are budget neutral. These organizational changes have been guided by the span of control analysis that was conducted by an independent consultant as recommended in the American Water Works Association's (AWWA) Peer Review. The Authority used the report's recommendations to change the organizational structure in order to improve quality, productivity and customer satisfaction and optimize the number of layers in the organization.

In Fiscal Year 2010, the Sustainable Water Fund, Fund 622, has been collapsed into the General Operating Fund, Fund 621. The Sustainable Water Fund was established to account for the development and construction of the San Juan-Chama Surface Water Treatment Plant and all the improvements associated with this Project. Since this Project is now operational there is no longer a need to maintain a separate fund so the Sustainable Water Fund has been eliminated effective July 1, 2009. All operating transactions will now be accounted for in the General Operating Fund.

General Operating Fund, Fund 621

For Fiscal Year 2010, General Operating Fund revenue is projected to be \$164 million with approved expenditures of \$177 million. The \$15 million deficit will be offset by Working Capital Balance. With the combining of the Operating and Sustainable Water Funds, the beginning Fiscal Year 2010 Working Capital Balance is estimated to be \$22 million. In the development of the Authority's ten-year financial plan, the accumulation and use of Working Capital Balance has been taken into consideration and is integral to the authority maintaining current rates through Fiscal Year 2011. The projected Working Capital Balance at the end of Fiscal Year 2010 is \$7 million. In addition, the Rate Reserve Fund will contain \$5 million.

Revenue for Fiscal Year 2010 is estimated to be \$17 million above the Fiscal Year 2009 approved budget. \$13 million of this increase is from the New Mexico Utilities Program. Approved operating expenditures contain a net increase of \$10.4 for Fiscal Year 2010. This includes an increase of \$2.8 million in salaries, \$5 million in general operating expenditures, a \$.9 reduction in transfers and vehicle maintenance and an increase of \$3.5 million in transfers to debt service. \$3.2 million of the \$10.4 million increase is attributable to the New Mexico Utilities program.

Personnel expenditures include a 4% cost of living adjustment and the addition of 20 net new positions. Included in these positions are 15 employees from the NMUI acquisition. New positions include 3 Planner/Scheduler positions, an Assistant Engineer, a Field Asset Data Collector and a Facilities Plant Advisor; a vacant Customer Service Representative position was deleted. The general operating expenditures increase is due mainly to the addition of New Mexico Utilities (\$2.4 million) and an increase in electricity costs of \$2.9 million.

Capital Implementation Program

Also approved in a separate resolution is the Capital Implementation Program (CIP) budget for Fiscal Year 2010. The total approved appropriation for Fiscal Year 2010 is \$53.8 million for new projects as well as supplemental appropriations for existing CIP projects to provide additional funding based on current estimates of ongoing projects. By Ordinance, \$30 million of annual CIP funding must be used for system rehabilitation. The appropriation also includes \$6 million for system growth, \$6.6 million for the Southside Water Reclamation Plant rehabilitation, \$1 million for New Mexico Utilities projects, \$2.2 million for land acquisition and \$4 million for special projects. Another \$1 million is appropriated for the Fiscal Year 2010 funding increment for the Valley Utilities Projects co-managed with Bernalillo County. There are no appropriations for projects that will be funded with revenues from Fiscal Year 2011 and later.

The Authority has previously participated in the peer review process of the American Water Works Association's (AWWA) QualServe program. An on-site examination of the utility's operations by a team of outside, highly experienced utility professionals examined the utility's operations, business planning and management, customer relations, and organization. The peer review together with the annual benchmarking and self assessment programs have assisted the Authority in identifying what it does well and areas where improvement is necessary. The Authority has used the information and recommendations gathered from the QualServe program to provide guidance in the one-year objectives, the performance plan and the financial plan presented here. This information and recommendations have also been the basis for operational improvements already implemented in the Authority.

The Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. The Authority has completed several critical projects including the development of an asset register and hierarchy, an asset management information systems strategy, and a capital project validation process. The asset register and hierarchy have been incorporated into the Authority's Computer Management and Maintenance System in a manner that supports asset management business objectives. The capital project validation process has been incorporated into the Authority's capital project decade plan. This plan provides the strategy and direction to establish and implement the plan to assess the Authority's infrastructure and financial needs. The primary elements of the decade plan are business risk exposure for critical assets and asset groups and utilizing a triple bottom line approach to prioritize each project. Implementation of the asset management program

establishes the industry's best practices and enhances Authority's ability to spend funds at the right time and for the right reasons.

This approved budget represents the Authority's coordinative effort in developing a financial plan that will provide the necessary funding to perform all the varied operational and administrative functions, to provide customers with quality water and wastewater service and address the Authority's priorities for Fiscal Year 2010 to improve services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Albuquerque Bernalillo Co. Water Utility Authority
New Mexico**

**Special Capital Recognition
Special Performance Measures Recognition**

For the Fiscal Year Beginning

July 1, 2008

A handwritten signature in black ink, appearing to read 'K. L. R.', is written over the printed name of the President.

President

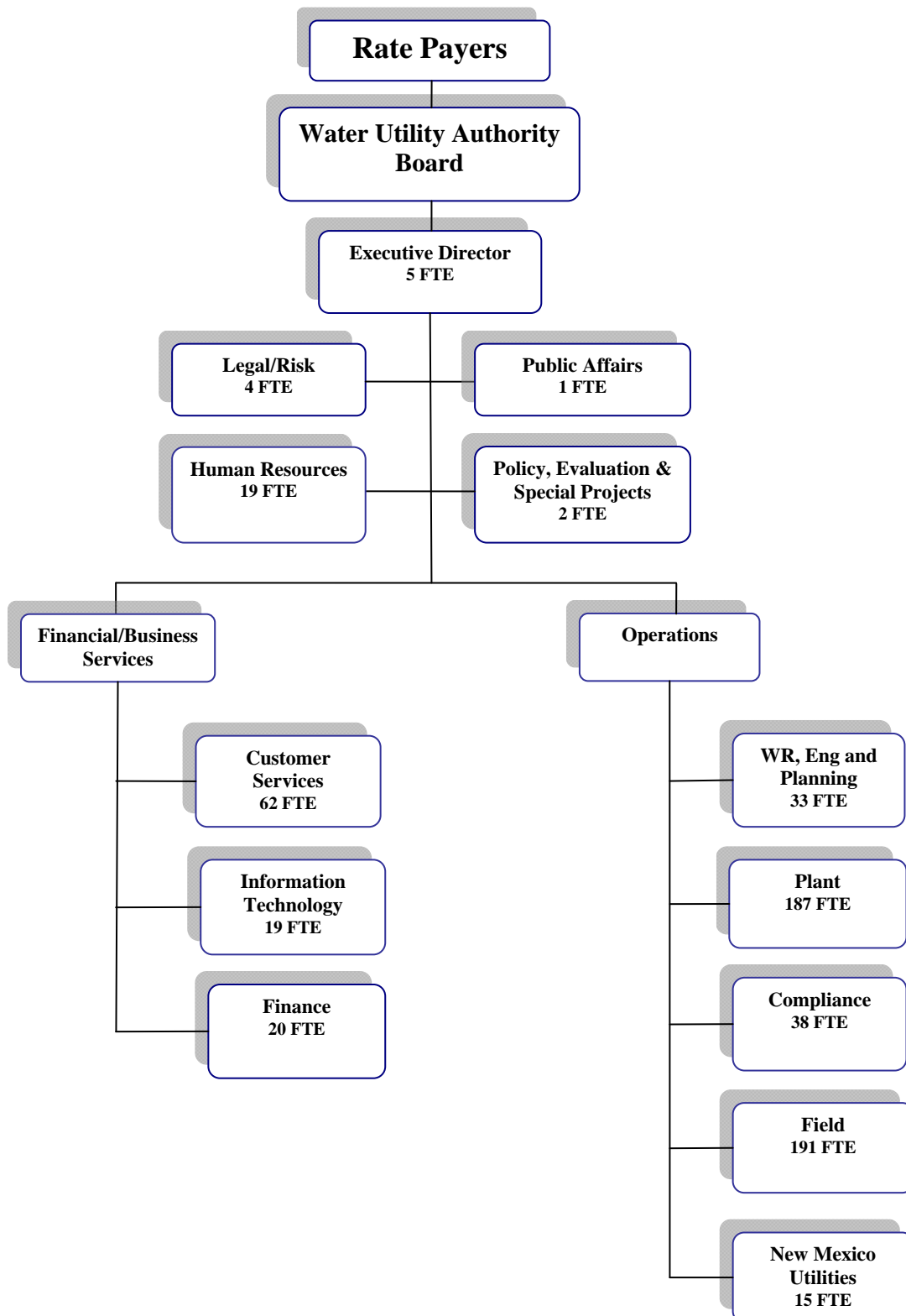
A handwritten signature in black ink, appearing to read 'Jeffrey R. Enos', is written over the printed name of the Executive Director.

Executive Director

THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) PRESENTED A DISTINGUISHED BUDGET PRESENTATION AWARD TO **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY, NEW MEXICO** FOR ITS ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2008. IN ORDER TO RECEIVE THIS AWARD, A GOVERNMENTAL UNIT MUST PUBLISH A BUDGET DOCUMENT THAT MEETS PROGRAM CRITERIA AS A POLICY DOCUMENT, AS A FINANCIAL PLAN, AS AN OPERATIONS GUIDE, AND AS A COMMUNICATIONS DEVICE.



Albuquerque Bernalillo County Water Utility Authority



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PREFACE

Budget Policies and Procedures Ordinance

NMSA 1978, Section 72-1-20 which created the Albuquerque Bernalillo County Water Utility Authority (Authority), along with Authority's Budget Policies and Procedures Ordinance require the Executive Director to formulate the operating budget for the Authority. The Executive Director shall propose the budget to the Board at the April regularly scheduled meeting each year. The Authority Board then will approve or amend and approve the Executive Director's approved budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

Process for Preparing, Reviewing, and Adopting the Budget

Prior to issuing budget instructions, the Authority's Ten Year Financial Plan is revised to determine the revenue and appropriation levels that are projected for the budgeted fiscal year as well as how future years will be impacted by these financial decisions. Details of the assumptions, challenges, one year objectives and working capital estimates used in the preparation of the Fiscal Year 2010 budget are contained in the Executive Summary of this document. Once revenue and appropriation levels are determined, budget instructions are issued in January. A salary forecast is completed for review by the Executive Director. Expense data is accumulated at the current level and totals are reviewed to determine if other actions or changes in budget instructions must be made in order to achieve a balanced budget. Budget meetings are held with the Executive Director and Authority Senior Staff. During this process Divisions may request program expansions or offer plans for reducing costs, or revenue enhancements. One-year objectives and the performance plan for the fiscal year are submitted to the Board in March for April approval. The performance plan contains performance measures that guide the operating and capital budgets in allocating the Authority's financial resources and is driven by the five-year goals and one-year objectives. The Executive Director submits the proposed operating and capital budgets to the Board on or before the 1st of April. This proposal includes the budgets, capital program, and rate proposal which may recommend changes in rates and fees. After receiving the budget proposal from the Executive Director, the Board schedules at least two public hearings on it. As a result of its deliberations and the information gathered at the public hearings, the Board may amend the budget proposal at any time prior to approval at the May regularly scheduled meeting.

Process for Amending the Budget after Adoption

In accordance with the Authority's Budget Policies and Procedures Ordinance, the Board upon its own initiative or upon a recommendation by the Executive Director may amend the operating and/or capital budget during the fiscal year to which it applies. No amendment to the operating budget shall result in total authorized expenditures that exceed resources to be available for the fiscal year to which the budget is applicable. During the fiscal year, the Executive Director is authorized to transfer funds or change expenditure authority within and among line-item authority, as established by the annual appropriation resolution and other approved appropriations for operating purposes, if the transfer or change does not result in the increase or decrease in that line-item expenditure authority in excess of the cumulative amount of \$100,000 or 5% of the line-item authority, whichever is lower. Actions taken by the Executive Director to transfer funds or change expenditure authority within and among line-item authority shall be reported in detail to the Board at its next regularly scheduled meeting. The Executive Director may transfer funding of up to 10% of an existing capital project within adopted projects as approved by the Board provided that the change

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

does not significantly alter the project's scope. Any change which exceeds this amount requires Board approval.

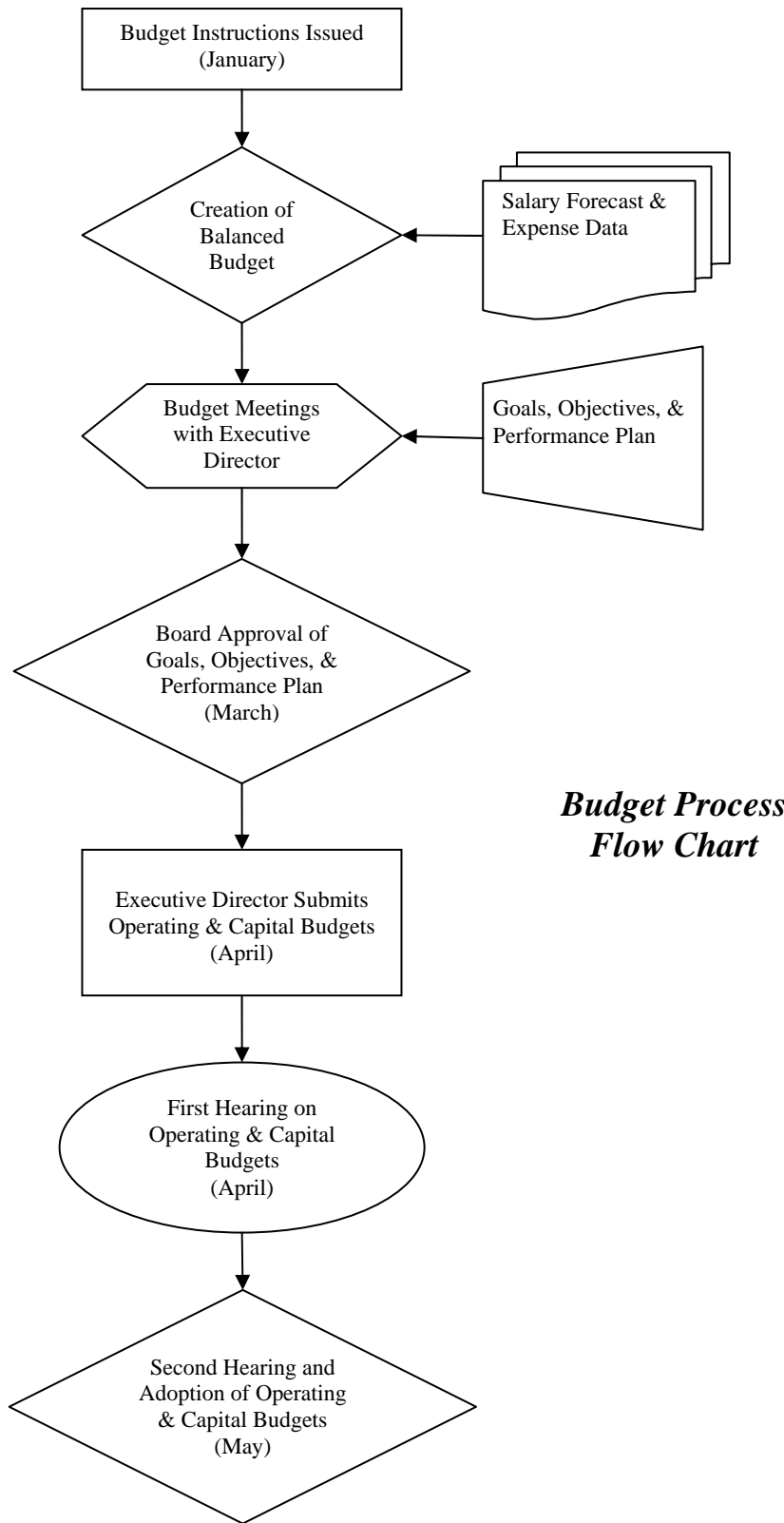
Budgetary and Accounting System Requirements

The budget and accounting basis for the Authority is on an accrual basis. Revenues are recognized when earned, and expenses are recognized as they are incurred. The Authority is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity.

Appropriations are at the Fund level, the level at which expenditures 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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY



***Budget Process
Flow Chart***

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FISCAL YEAR 2010 BUDGET CALENDAR OF EVENTS

Jan	Begin discussion on Authority's Performance Plan
Jan - Mar	Divisional preparation of FY/10 budget request. Meetings between Authority Executive Director, General Manager and Division Managers
Jan-Mar	Preparation of FY/10 CIP Budget request. Meetings between Authority Executive Director, General Manager and Division Managers
Jan – Feb	Authority preparation of Authority Objectives and Performance Measures
Jan 7	Budget Call to Operating Divisions
Feb – Mar	ABCWUA budget review with Executive Director, General Manager and Division Managers
Feb 13	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Charts
Feb 18	Introduction of Authority Objectives at Authority Meeting
Mar 17	CIP Budget Due to Finance Division
Mar 18	Approval of Authority Objectives at Authority Meeting
Mar 27	Proposed Operating and CIP Budget Document prepared and printed
Mar 27	Proposed Operating and CIP Budget Document submitted to Authority Staff
Apr 15	Introduction and Public Hearing of Proposed Operating and CIP Budget at Authority Meeting
May 20	2 nd Public Hearing and Approval of Proposed Operating and CIP Budget at Authority Meeting

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The activities of enterprise funds closely resemble those of businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The Budget is comprised of two parts. The first part is the Financial Plan, which is traditional financial information. The Financial Plan presents all funding issues by program strategy and division levels for all operating funds. The second part is the Performance Plan. The Performance Plan assesses the performance of the Authority using a set of identified and tested, high-level performance measures. These measures are designed to help the Authority improve its operational efficiency and effectiveness by identifying areas of improvement and provide a mechanism to conduct comparative analyses in order to implement quality improvement processes. These performance measures help guide the operating and capital budgets in allocating the Authority's financial resources thus making these budgets performance-based. These plans are **Volume I** and **Volume II** of the Authority Budget.

The **Financial Plan** (Volume I) has 8 major sections. The **Executive Summary** is designed as an overview, explaining the policies as well as outlining the budget. An overview of the Authority's **Five-Year Goals and One-Year Objectives** follows, explaining the Authority's five-year goals and one-year priority objectives. The **Approved Budget & Financial Consolidations** contains personnel information, Fund Balance Tables or Working Fund Tables, where appropriate, by fund group. The funds are presented with estimated ending balances for both the current year and the budget year. This section includes brief highlights and fund financial history.

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

The **Capital Budget** section explains the 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. There is also a brief explanation of the methodology used in budget preparation.

The **Appropriations Legislation** section contains copies of the legislation that has been approved by the Authority Board.

The **Performance Plan** (Volume II) contains 23 performance measures organized by the Authority's Five-Year Goal areas. Each goal area is described by a goal statement which explains the long-term desired result for that goal. The purpose of these performance measures is to help the Authority understand how it is meeting its goals and to answer some of the basic questions: 1) Are we improving year to year? 2) How do we compare with the industry standard? 3) Are we increasing customer satisfaction?

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EXECUTIVE SUMMARY

***Approved
Operating Budget
FY/10***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Executive Summary

The Albuquerque Bernalillo County Water Utility Authority (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 Authority operates and maintains water pump stations, reservoirs, wells, water lines, the San Juan-Chama Drinking Water Treatment Plant, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary sewer lines. The 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 a healthy, environmentally-sustainable, and economically-viable community.

Fiscal Year 2010 Budget Highlights

The Fiscal Year 2010 Executive Director's Approved Budget establishes the Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Authority has developed this budget by determining those costs necessary to run the utility operation.

Assumptions

In the preparation of the Fiscal Year 2010 budget, certain assumptions were made related to the operations of the Authority, the economic climate and system growth within Bernalillo County and the City of Albuquerque.

- **Water and Sewer Revenues.** The water and sewer rates do not increase for Fiscal Year 2010. Budgeted total Operating Revenues were projected using a 5 year historical trend based upon growth and consumption. The trend was structured by class of customer as well as by service size of each class. The projections also take into account the Authority's continued conservation efforts.
- **System Growth.** System growth is based on a 2% growth factor, however this growth is offset by estimated water conservation of 1%.
- **Utility Expansion Charges.** Utility expansion charges have been reduced for Fiscal Year 2010 to reflect the current downward trend in the development of residential housing.
- **Wage Adjustments.** The budget was developed using a 4% cost of living adjustment. Union contracts were negotiated in Fiscal Year 2009 and continue through Fiscal Year 2010.
- **Fringe Benefits.** Fringe Benefits are calculated at 42.28% of gross wages.
- **Power, Fuel and Chemicals.** Expenditures for power, fuel and chemicals will not exceed the Consumer Price Index in Fiscal Year 2010.
- **Surface Water Treatment Plant.** The operating costs associated with the new surface water treatment plant will be in line with the Authority's consultant estimate.
- **Target Working Capital Balance.** The target working capital balance for the General Operating Fund will be maintained at a minimum of \$10 million.
- **Conservative Projection of Revenues and Expenditures.** The budget is based on conservative revenue and expenditure estimates.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Challenges

Among the challenges facing the Authority in Fiscal Year 2010 are managing the increasing costs of fuel, chemicals and electricity for water treatment. The Authority now operates and maintains two water systems, the well/aquifer system and the surface water treatment system. Although the well system usage will be reduced as the surface water system becomes fully operational, the well system will still have to be fully operational to supplement the surface water as necessary. The operation of these systems represents a dual cost for the Authority. The increasing costs associated with fuel, chemicals and electricity also impact the operation of the Southside Water Reclamation Plant which will be undergoing extensive renovations beginning in Fiscal Year 2010. The Fiscal Year 2010 budget does have an increase for these expenses but they were based on the best information that we had when preparing the budget and during the approval process which occurred in May 2009. Since that time the cost of oil and chemicals has been increasing. In addition, the Authority has purchased the former New Mexico Utilities, Inc. which serves approximately 55,000 residents in northwest Albuquerque. For Fiscal Year 2010, the operations of the New Mexico Utilities Program will be continued as a separate entity and become fully integrated with Authority operations in Fiscal Year 2011.

One Year Objectives Fiscal Year 2010

The One-Year Objectives were derived from projects that the Water Authority is currently working on such as the surface drinking water and odor control projects. The Objectives also incorporate areas where the QualServe Benchmarking, Self Assessment and Peer Review programs identified as opportunities for improvement. Some of the objectives are tied to resources contained in the approved budget. A few of the objectives are carried over from Fiscal Year 2009 either because they require more time to complete, or are ongoing issues. Some of the objectives are tied to the Performance Plan in order to improve operations and customer service.

Working Capital

In the development of the Fiscal Year 2010 budget, expenses were projected to exceed revenue in the General Operating Fund. To bridge this gap the Authority has utilized Working Capital. For Fiscal Year 2010, \$15 million will be drawn from the Working Capital Balance to balance the budget. The Working Capital Balance at the end of Fiscal Year 2010 is projected at \$7 million. This is supplemented by the Rate Reserve fund which will have a \$5 million balance at the end of Fiscal Year 2010.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

General Operating Fund – 621

Total revenue approved for Fiscal Year 2010 is \$164 million. Of the total revenue, 97.5% is comprised of charges for water and wastewater services. Appropriations total \$177.4 million. To balance this budget, working capital is drawn down \$15.4 million. The Fiscal Year 2010 approved budget does not include a rate increase.

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues	5,809	2,323	2,323	2,323	2,323	-
Enterprise Revenues	161,086	143,081	143,081	142,806	159,902	17,096
Transfers from Other Funds	1,564	1,752	1,752	1,720	1,747	27
Total Current Resources	168,459	147,156	147,156	146,849	163,972	17,123
Beginning Working Capital Balance	38,372	45,062	45,062	45,062	22,476	(22,586)
TOTAL RESOURCES	206,832	192,218	192,218	191,911	186,448	(5,463)
APPROPRIATIONS:						
Joint Water/Sewer Operations	74,498	82,029	82,029	82,739	89,853	7,114
Transfers to Other Funds:	75,098	84,971	84,971	84,696	87,538	2,842
TOTAL APPROPRIATIONS	149,596	167,000	167,000	167,435	177,391	9,956
ADJ TO WORKING CAPITAL BALANCE	(12,174)	(2,000)	(2,000)	(2,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	45,062	23,218	23,218	22,476	7,057	(15,419)

Resources

General operating fund revenue is projected to be \$17 million more than the Fiscal Year 2009 approved budget amount. \$13 million of this increase is from the New Mexico Utilities program. \$3 million is from projected increases in water and sewer revenue.

Appropriations

Operating Expenditures – Operating expenditures contain a net increase of \$10.4 for Fiscal Year 2010. This includes an increase of \$2.8 million in salaries, \$5 million in general operating expenditures, a \$.9 reduction in transfers and vehicle maintenance and an increase of \$3.5 million in transfers to debt service. \$3.2 million of the \$10.4 million increase is attributable to the New Mexico Utilities program. Salaries contain a 4% cost of living adjustment as well as the addition of 20 net new positions. Fifteen of the new positions are from the New Mexico Utilities program.

Working Capital – The balance for Working Capital, total revenues minus total expenses, is estimated to be \$7 million at the end of the Fiscal Year 2010.

An additional \$2 million is reserved in the rate reserve fund established in Fiscal Year 2008. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

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Debt Service Fund – 631

Total current resources approved for Fiscal Year 2010 is \$75.4 million. The current resources are comprised of transfers from the General Operating Fund and Utility Expansion Charges (UEC), with a small amount from interest earnings. Appropriations total \$74.6 million, of which \$69.6 million is debt service to offset payments and \$5 million is the transfer to CIP.

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	857	600	600	200	600	400
Expansion Charges (UEC)	11,076	14,000	14,000	7,000	7,000	0
Total Miscellaneous Revenues	11,932	14,600	14,600	7,200	7,600	400
Transfer from Other Funds:						
Joint Water and Sewer Rehab - 628	326	0	0	0	0	0
Water/Sewer Operating Fund - 621	59,079	64,301	64,301	64,301	67,790	3,489
Total Transfers	59,405	64,301	64,301	64,301	67,790	3,489
Total Current Resources	71,338	78,901	78,901	71,501	75,390	3,889
Beginning Fund Balance	6,582	(4,136)	(4,136)	(4,136)	851	4,987
TOTAL RESOURCES	77,920	74,765	74,765	67,365	76,241	8,876
APPROPRIATIONS:						
Public Works Department						
Joint Water/Sewer Debt Service	62,981	64,301	64,301	59,514	69,627	10,114
Transfers to Other Funds						
Transfer to Valley Capital Fund - 627	6,000	-	-	-	-	-
Water and Sewer Capital Fund - 629	13,000	14,000	14,000	7,000	5,000	(2,000)
Total Transfers	19,000	14,000	14,000	7,000	5,000	(2,000)
TOTAL APPROPRIATIONS	81,981	78,301	78,301	66,514	74,627	8,114
ADJUSTMENTS:						
Adjustment to Fund Balance	(75)	-	-	-	-	-
TOTAL ADJUSTMENTS	(75)	-	-	-	-	-
AVAILABLE FUND BALANCE	(4,136)	(3,536)	(3,536)	851	1,613	763

Resources

Debt Service resources increase \$3.9 million in Fiscal Year 2010 mainly due to an increase in the transfer from the Operating Fund of \$3.5 million.

Appropriations

Debt service payments increase \$10 million over Fiscal Year 2009. This increase is due to the debt service for the San Juan-Chama Drinking Water project loan, Basic Capital, purchase of New Mexico Utilities and Water Reclamation projects. This is offset by the retirement of the 1997 Revenue Bond Issue. The decrease in the transfer to other funds represents a reduction in the transfer to CIP for growth projects in Fiscal Year 2010.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fiscal Year 2010 Operational Highlights

- The Fiscal Year 2010 Budget establishes the Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. There is a net increase in the operating expenses for the operating fund, Fund 621, of about \$10.4 million or 5.9%.
- The San Juan-Chama Drinking Water Project is expected to increase surface water treatment to provide 50% of water supplied to the service area. The Authority will continue to operate two water distribution systems, the surface water and the well water systems. This dual system operation will continue into the future even though the main source of water will be the surface water plant. It is anticipated that 70% of the area's future water supply will be from the surface water plant. The Authority continues to adjust the funding for the surface water plant as a history of operating costs is developed.
- The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan-Chama water into the aquifer has been very successful. A full-scale pilot program will continue to be the focus in Fiscal Year 2010 to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site.
- Various Field Division improvements will be completed or initiated this year: continuation of Large Interceptor rehabilitation and enhanced cleaning programs; update 800 megahertz radio equipment for the Authority's Dispatch Office; continuation and evaluation of the Large Meter Testing & Repair program with in-house resources and assistance from contract tester will be done; and support (verification, repairs, & maintenance) for finalization of the fire hydrant leak survey program & conservation program will begin in Fiscal Year 2010. On the Wastewater side the Authority will expand closed circuit televising and condition analysis of wastewater collection lines, and develop plans for integration of the operations and maintenance of the wastewater collections and water distribution from NMU (Corrales Trunk).
- The design of a new Santa Barbara Pump Station and Reservoir was completed in Fiscal Year 2008, with construction commencing in Fiscal Year 2009 and completing in Fiscal Year 2010. This will enable the decommissioning of the old Yale Reservoir on the UNM campus. Major pipelines will also be added to reroute flows to the new storage reservoir at the existing Santa Barbara Reservoir site.
- Work will continue on the South Valley Water System Expansion Project. This will provide a water system for the Southwest Valley of Bernalillo County. The overall project area is bounded on the east by the Rio Grande, on the west by the escarpment, on the north by Metzgar Boulevard, SW and on the south by the Isleta Pueblo. The project will provide water service to approximately 3,200 developed parcels in the Southwest Valley. Phase I of the Project is a major transmission line, which was completed in August 2007 with \$9 million in prior year ABCWUA funding.
- The South Valley Water System Expansion Project also includes Phase 2 and 2A Distribution to 1,240 households in the area bounded by Metzgar Road to the north, Raymac Road to the south, the Rio Grande to the east, and Coors Blvd. to the west. This portion of the project was completed in June 2008. Phase 2 and 2A Distribution Project utilized Fiscal Year 2006-07 CIP funding, in the amount of \$7 million.
- The Reservoir and West Transmission (Phase 3) is currently in construction. Construction is 90% complete, with the transmission completed and the primer coat of paint being placed inside the reservoir. There will be a number of steps in the startup, so the entire project is still scheduled for completion in July 2009. The booster station (Phase 4 of the SV Water System Expansion Project) is currently in design. Design for the booster station is 90% complete and the design should be completed at the end of May 2010.
- Final electrical work continues on Phase II of the Area I and J Sewer System Project, where the County is awaiting final approval of electrical meters for the project infrastructure. This sewer extension project is located in the North Valley, immediately south of Paseo Del Norte, to approximately the south edge of Tinnen Farms. The western boundary of the project area is the Albuquerque Riverside Drain. The

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- eastern boundary of the project area is the Pueblo Lateral/Griegos Drain, but included El Alhambra Circle (Caballero Norte), which was completed in 2007. The project will provide sewer service to approximately 350 properties and residents will be allowed to connect beginning in May 2009.
- The Plant Division will begin a major renovation of the Southside Water Reclamation Plant in Fiscal Year 2010. With the completion of the Surface Water Project, focus will now be shifted to upgrading and renovating the reclamation plant. This project is planned for a 10 year period with estimated annual funding of \$15 million. Funding will be provided through the Authority's Capital Implementation Program (CIP).
- Work will begin in Fiscal Year 2010 on replacing the hazardous chlorine gas system with a state of the art ultraviolet (UV) disinfection system. The UV system will kill bacteria and viruses in the wastewater prior to discharge to the Rio Grande. This will eliminate the need for hazardous chlorine and sulfur dioxide chemicals.
- The Southside Water Reclamation Plant currently generates electricity from the bio-gas produced in the digesters. This is no cost gas that qualifies the electricity generated for Renewable Energy Certificates (REC). These certificates have a value to other electrical energy producers and the Water Reclamation Division in Fiscal Year 2010 will sell their REC's to increase revenue. Plans are to continue to increase the amount of solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in Fiscal Year 2010. It is the Authority's goal to compost 15% of the total wastewater residuals.
- The Authority's Information Technology group has the following objectives for Fiscal Year 2010: the installation of Microsoft Office Sharepoint Server (MOSS) to provide the Authority online document and records management, Online Excel and Form services and Authority-wide search of documents; upgrade of several applications that will move them from an unsupported software platform to a platform that can be supported by Authority personnel; establish disaster recovery and development environments for the Geographic Information System (GIS); and expand the use of Cognos Metric Studio to track various metrics.
- The implementation of the Utility's new timekeeping system (Kronos) has been completed. This system automates the "punch card" time clock process. The software will be used for time and labor management, scheduling, human resources, payroll and absence management. The Authority will upgrade to the latest version of the system in Fiscal Year 2010.
- The implementation and upgrade of Maximo (the Utility's Computerized Maintenance Management System) will continue. Maximo consists of thirteen modules and is currently used for work order planning, scheduling, tracking and history analysis. Expected completion of Phase 1 is early Fiscal Year 2010. Phase 2 implementation will begin in Fiscal Year 2010 as well and will include purchasing functions. The deployment of mobile devices and mobile technology will begin to be implemented in Fiscal Year 2010 as part of the Maximo upgrade.
- The Authority will continue with the classification and compensation study that began in Fiscal Year 2009. Currently employee classifications are being reviewed with the compensation study scheduled for Fiscal Year 2010. Implementation of study findings is expected to take place in Fiscal Year 2011. Any financial impact as a result of the study will be included in the Fiscal Year 2011 budget.
- Debt service payments increased \$3.5 million over Fiscal Year 2009. This increase is due to the debt service for the San-Juan Chama Drinking Water project loan, Basic Capital, purchase of New Mexico Utilities and Water Reclamation projects. This is offset by the retirement of the 1997 Revenue Bond Issue. The Capital Implementation Program appropriation for Fiscal Year 2010 is \$53.8 million for new projects as well as supplemental appropriations for existing CIP projects to provide additional funding based on current estimates of ongoing projects. By Ordinance, \$30 million of annual CIP funding must be used for system rehabilitation. The appropriation also includes \$6 million for system growth, \$6.6

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- million for the Southside Water Reclamation Plant rehabilitation, \$1 million for New Mexico Utilities projects, \$2.2 million for land acquisition and \$4 million for special projects. Another \$1 million is appropriated for the Fiscal Year 2010 funding increment for the Valley Utilities Projects co-managed with Bernalillo County. There are no appropriations for projects that will be funded with revenues from Fiscal Year 2011.
- In Fiscal Year 2010, the Sustainable Water Fund, Fund 622, has been collapsed into the General Operating Fund, Fund 621. The Sustainable Water Fund was established to account for the development and construction of the San Juan-Chama Surface Water Treatment Plant and all the improvements associated with this Project. Since this Project is now operational there is no longer a need to maintain a separate fund and so the Sustainable Water Fund has been eliminated and effective July 1, 2009 all operating transactions will now be accounted for in the General Operating Fund.
- The Fiscal Year 2010 budget includes operational funding for the former New Mexico Utilities, Inc. (NMUI). As approved by the Board, the Authority assumed ownership of this utility in May 2009. The acquisition of NMUI encompasses 15 employees, eight well sites and provides water and wastewater service to approximately 17,000 accounts (about 55,000 people) on Albuquerque's West Side. The 34-square mile service area includes Paradise Hills and the Ventana Ranch subdivision. The Fiscal Year 2010 operating budget for this program is \$3.2 million.
- For Fiscal Year 2010 the budget does not include a rate increase. Based on the latest ten-year financial plan, the Authority continues to conservatively forecast that a rate increase will not be needed through Fiscal Year 2011. In order to plan for the future and to insure financial stability, an amendment to the Authority's Rate Ordinance was adopted that formalized the Board's commitment to 5% rate increases in Fiscal Year 2012 and Fiscal Year 2014. The Authority has operated for the past five years with one rate increase of 1% in Fiscal Year 2007 which was designated for conservation. The Authority will continue to hold rates at the current level through Fiscal Year 2011 as has been pledged to the Board and ratepayers.
- The Fiscal Year 2010 budget includes the addition of \$2 million to the Rate Reserve Fund established in Fiscal Year 2008.

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FINANCIAL POLICIES

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

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

STATE STATUTES:

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-3 BUDGET CONTENTS AND FORMAT.

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

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

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

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

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

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

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

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-1 INTENT.

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

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

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

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

ABCWUA Board participates in the development of the Executive Directors proposed budget.

BUDGET ORDINANCE PROVISIONS:

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

“(A) The Authority shall prepare a proposed operating and capital budget taking into consideration the needs of the Authority’s operations, and the resources anticipated to be available to the Authority for the fiscal year for which the budget is prepared.”

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“(B) The Executive Director shall propose an operating and capital budget to the Board at the April meeting of each year. This proposal shall include the budgets, capital program, and rate proposal which may propose changes in rates and fees.” The public reviews and has an opportunity to comment on the proposed budget.

BUDGET ORDINANCE PROVISIONS:

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

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

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

RATE ORDINANCE PROVISIONS:

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

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

“(C) Increasing Minimum Monthly Fixed Charges. If the determination of §1-2(B) above shows that the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, the fixed monthly charge will be increased for water and sewer accounts. The increase in fixed monthly charges will be a percentage of the established fixed monthly charges that produce additional revenues so that if the adjusted charges had been effective the previous quarter, the total revenues would have been sufficient to pay operating expenses and 133% of current debt service. The increased fixed monthly charge will be effective the second month following the quarter (i.e., the month following the determination), and will remain in effect until such time as the Authority acts on water and sewer rates. If the determination of §1-2(B) above shows the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, it shall be determined if the revenue loss is due to efforts of utility Customers to conserve water by reviewing usage patterns. If the usage study shows that the reduced revenues are due to conservation efforts, the Executive Director shall analyze the Utility’s operations for the purpose of determining whether or not corresponding expense reductions can be effected and shall present any such expense reduction proposals to the Authority.”

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

§ 2-1-11 FINANCIAL AND MANAGEMENT REPORTS.

“(B) Reports shall be received by the Board on a timely basis according to the following schedule:

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

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

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

“(A) The term of each and every instrument of debt shall be 12 years or less; except for sustainable water supply projects.”

“(B) At a minimum, 50% of the cost of capital projects which constitute the normal capital program of the water and sewer system including the rehabilitation and replacement of existing facilities, and the construction of water wells, pump stations, reservoirs, service lines, other water lines, gate valves, revenue meters and meter boxes, sewer lines, odor control stations, and pumping stations, and treatment facilities shall be paid with cash rather than borrowed funds. The normal capital program excludes special capital projects such as the expansion of the wastewater treatment plants, arsenic mitigation, state and federal grant projects, state and federal mandated projects, and related to water resources management to achieve a sustainable supply of water (Sustainable Water Supply Fund - 622).”

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

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“(D) Utility Expansion Charge (UEC) revenues or those of successor development fees in excess of \$6,000,000 per year shall be transferred to the Joint Water and Sewer Capital Funds. The transfer of these funds shall be made in the fiscal year following the assessment of the charges”

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

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

§ 1-6 WATER AND SEWER REHABILITATION FUND.

“(C) Expenditures for the rehabilitation of water wells, pump stations, reservoirs, service lines, other water lines, and gate valves from revenues in the Water and Sewer Rehabilitation Fund shall not be less than \$13 million dollars per year. The expenditures for rehabilitation of sewer lines, odor control stations, pumping stations and treatment facilities shall not be less than \$13 million dollars per year.”

***FIVE-YEAR GOALS AND
ONE-YEAR OBJECTIVES***

***Approved
Operating Budget
FY/10***

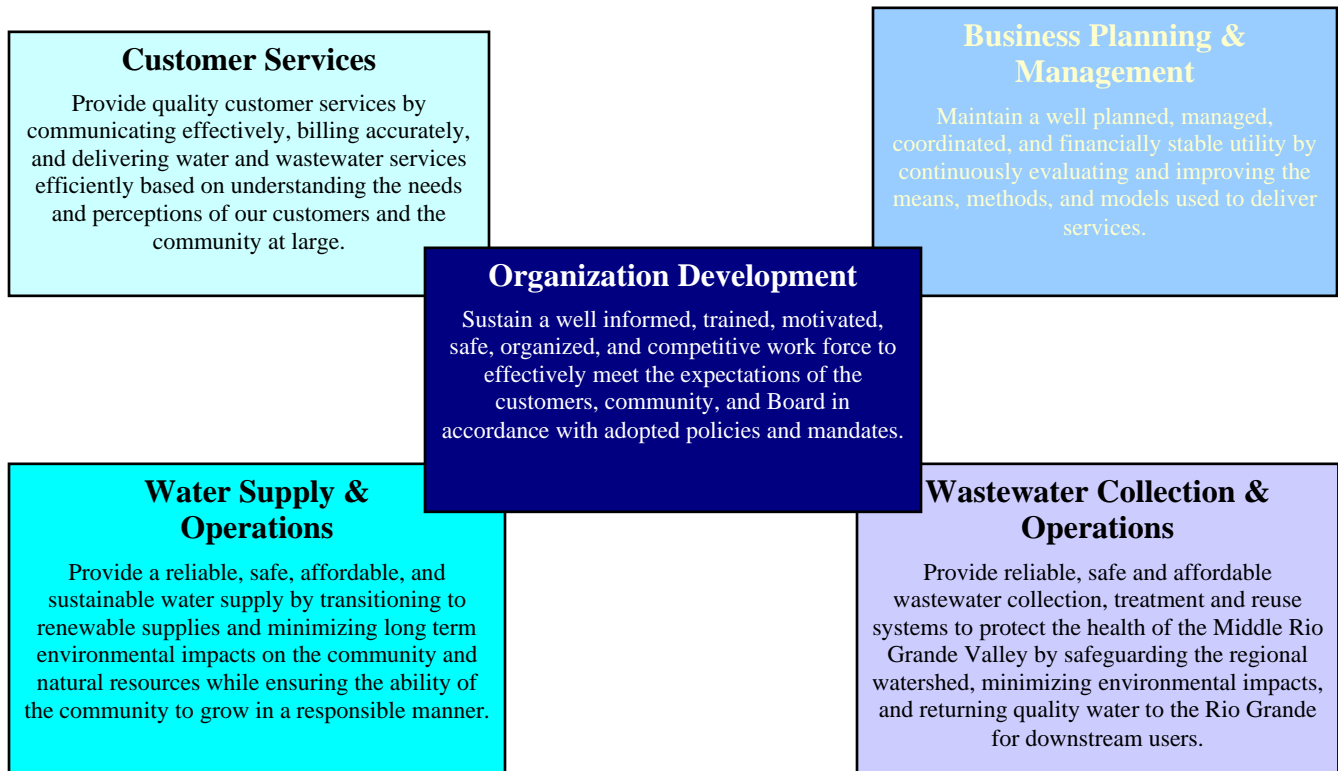
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Five-Year Goal Development

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

The Five-Year Goals adopted by the Authority are based on the American Water Works Association's QualServe business model. The QualServe framework is modeled on using fifteen successful quality achievement programs, including the Malcolm Baldrige National Quality Award Program, the Deming Award, and the International Standards Organization series of quality standards. The model characterizes the work of the typical water and wastewater utility around five business systems. The Authority's Five-Year Goals parallel the QualServe model. In addition, the Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal.

Authority's Five-Year Goals



AWWA QualServe Program

The Authority has participated in three AWWA QualServe programs which are designed to help the Authority identify and prioritize opportunities for improvement. The Benchmarking program allows the Authority to compare its performance against other utilities. The Self-Assessment program gathers employee's opinions about the Authority's operations in order to help determine the Authority's current performance level. The Peer Review program is an on-site in-depth review of our Authority operations by a team of volunteer utility professionals to help us design and implement improvements.

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One-Year Objectives

The One-Year Objectives are policy directives from the Authority Board which are used to close performance or service delivery gaps and improve performance levels. The Objectives incorporate areas where the QualServe Benchmarking, Self Assessment and Peer Review programs identified as opportunities for improvement. The One-Year Objectives also include projects that the Authority is currently working on such as the surface drinking water and odor control projects. Some of the Objectives are carried over from Fiscal Year 2009 either because they require more time to complete or are ongoing issues. Many of the Objectives are tied to performance measures in the Performance Plan in order to improve operations and customer service.

Summary of Fiscal Year 2010 Goals and Objectives

Goal 1: Water Supply and Operations

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

1. Increase operation of the San Juan-Chama Water Treatment Plant by providing approximately of 50% of overall water demand from the project; develop annual operations plan and submit to federal and state agencies; and optimize chemical use at the treatment plant by the end of the 3rd Quarter of FY/10.
2. Increase water operations planned, preventative and predictive maintenance for groundwater facilities by 25% (from approximately 3,000 hours to 3,750 hours) by the end of the 4th Quarter of FY/10.
3. Maintain completion of all stopped meter requests within 3 months of notification through the end of the 4th Quarter of FY/10; test all large meters and identify high priority meters for repair or replacement by the end of the 4th Quarter of FY/10.
4. Continue working development of desalinization water supply plan by the end of the 4th Quarter of FY/10.
5. Develop Large Scale Aquifer Storage and Recovery program including implementation of pilot program at the San Juan-Chama Drinking Water Treatment Plant that includes both direct injection and land application. Submit application for permit by 2nd Quarter and begin land application by the end of the 4th Quarter of FY/10.
6. Continue obtaining property interests in Abiquiu to allow for additional storage of San Juan-Chama water. Cooperate with the Corps of Engineers for modification of the Water Authority existing storage contract for native water storage and begin the environmental compliance by the end of the 4th Quarter FY/10.
7. Continue implementation of water loss programs focusing on revenue water; initiate a systematic lift-and-shift deployments of leak detection equipment on water lines; continue the inspection of fire hydrants; reduce unaccounted-for-water by 1% by the end of the 4th Quarter FY/10.
8. Continue implementing policy recommendations from the Water Resources Management Strategy by the end of the 4th Quarter FY/10.
9. Achieve water use of 159 gallons per person per day by the end of the 2nd Quarter of FY/10.

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Goal 2: Wastewater Collection and Operations

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

1. Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY/10.
2. Begin construction of odor control facilities for the collection system, lift stations, vacuum stations, and plant facilities by the end of the 4th Quarter of FY/10. By end of 4th Quarter, design highest priority stations identified in the Interceptor Odor Control Master Plan so construction can be implemented in FY/11.
3. Construct ultraviolet disinfection facilities to replace the current chlorine gas for disinfection and sulfur dioxide gas for dechlorination at the treatment plant by the end of the 4th Quarter of FY/10.
4. Beneficially reuse biosolids by diverting 15% of the biosolids to compost; blend water treatment plant iron residuals with biosolids compost to enhance the nutrient value of the compost; continue to explore new markets for compost through the end of the 4th Quarter of FY/10.
5. Develop and implement a long-term reclamation rehabilitation plan with the goal to expedite outmoded equipment replacement and plant facilities renovation based on asset management principles by identifying and prioritizing high-risk assets. The goal is to design and construct \$15 million of improvements per year while maintaining efficient operation of Southside Water Reclamation Plant through the 4th Quarter of FY/10.
6. Increase treatment plant preventive maintenance work orders by 50% (approximately 500 workorders to 750 workorders) by the end of the 4th Quarter of FY/10.
7. Develop and implement asset management decision-making for the collection system by applying asset management principles to reduce sewer overflows; televising 20% of unlined concrete interceptors per year; and increasing collection station preventive maintenance work orders by 25% by the end of the 4th Quarter of FY/10.
8. Improve compliance with the Water Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections and extra-strength dischargers through the end of the 4th Quarter of FY/10.
9. Begin construction and startup the Southside Municipal Effluent Polishing and Reuse Project by the end of the 3rd Quarter of FY/10.

Goal 3: Customer Services

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

1. Create a virtual classroom program on the Water Authority's website to provide interactive lessons to our customers by the end of the 4th Quarter of FY/10.
2. Maintain call wait time to less than 1 minute, 90 percent of the time through the 4th Quarter of FY/10.
3. Implement improvements based on customer relations performance benchmarks through the end of the 4th Quarter of FY/10.
4. Conduct a customer opinion survey in order to assess the Water Authority's performance from the customer's viewpoint from previous surveys by the end of the 3rd Quarter of FY/10.

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5. Increase paperless billing to 10,000 enrollments by the end of the 4th Quarter of FY/10.
6. Expand the Automated Meter Reading program by expending \$5.5 million on small meter replacement by the end of the 4th Quarter of FY/10.
7. Develop and execute a customer-focused marketing and communications strategy with an emphasis on conservation, pollution prevention, and web self-service through the 4th Quarter of FY/10.
8. Implement outreach strategy for former New Mexico Utilities customers by the end of the 1st Quarter of FY/10.

Goal 4: Business Planning and Management

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

1. Continue implementation of the Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs; continue development of tools necessary to complete a business case analysis for all CIP projects by the end of the 2nd Quarter; complete a business case analysis for all projects in the decade plan by the end of the 4th Quarter of FY/10; complete comprehensive data collection for all assets by the end of the 2nd Quarter; and complete an asset management plan by the end of the 4th Quarter of FY/10.
2. Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY/10. \$1 million shall be dedicated and used for identifying steel water pipes in poor condition and rehabilitating or replacing at least 2 miles of pipe by the end of the 4th Quarter of FY/10.
3. Begin implementation of an integrated water/sewer and reuse master plan and modeling system by the end of the 4th Quarter of FY/10.
4. Develop a comprehensive energy master plan for the Water Authority by the end of the 4th Quarter of FY/10. The plan should include demand and potential energy reduction measures and costs to implement alternative clean energy sources for use by the Water Authority.
5. Implement the Maximo purchasing module to streamline purchasing and contract tracking by the end of the 4th Quarter of FY/10.
6. Implement Phase 2 of Customer Care and Billing application to include added functionality for web self-service for our customers by the end of the 4th Quarter of FY/10.
7. Implement Sharepoint Server to better disseminate and manage documents throughout the organization by the end of the 4th Quarter of FY/10.
8. Implement the use of mobile devices in the field by the end of the 4th Quarter of FY/10.

Goal 5: Organizational Development

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

1. Continue implementation of succession and knowledge management planning to prepare for the large number of retirements expected in the next five to ten years and to effectively manage the Water Authority's assets through the end of the 4th Quarter of FY/10.
2. Evaluate centralizing engineering and planning functions throughout the organization by the end of the 2nd Quarter of FY/10.
3. Implement a phasing plan from the comprehensive classification and compensation study by the end of the 4th Quarter of FY/10.

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4. Reduce the number of employee injury lost days by 15% by the end of the 4th Quarter of FY/10.
5. Complete identified certification training courses from the 2009-2010 training calendar through the end of the 4th Quarter of FY/10.
6. Develop and implement Water Authority new employee orientation program by the end of the 2nd Quarter of FY/10.
7. Develop performance evaluations based on goals, objectives and performance benchmarks by the end of the 2nd Quarter of FY/10.
8. Incorporate asset management training, media training, and computer skills training into all areas of the training program by the end of the 2nd Quarter of FY1/0.
9. Maintain a utility-wide vacancy rate of no greater than 9% through Fiscal Year 2010.

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Strategic Planning, Budgeting and Improvement Process

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 (Volume 2) help guide the operating and capital budgets in allocating the Authority's financial resources. The Performance Plan illustrates how the Five-Year Goals, One-Year Objectives, and performance measures are integrated through the use of the logic model in order to achieve service delivery and performance improvement. The Performance Plans discusses in detail how the 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 Authority's Five-Year Goals.



This Process is periodically updated by the Authority's participation in the AWWA QualServe program: Benchmarking, Self-Assessment, and Peer Review. The Authority also utilizes an internal Asset Management Steering Committee to communicate and drive the development and implementation of the asset management program. The Committee also reviews and discusses the different components of the Authority's operations and recommends improvements. The Customer Advisory Committee, an external committee made up of customers, reviews and provides advice on all facets of utility operations and policy. Both Committees are involved in developing and reviewing the Objectives and assisting in the implementation of improvements.

All of these components are used for the Authority's "Agenda for Improvement" which is a detailed implementation plan for achieving and updating the Authority's performance improvement goals.

***APPROVED BUDGET
&
FINANCIAL
CONSOLIDATIONS***

***Approved
Operating Budget
FY/10***

PERSONNEL SUMMARY

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PERSONNEL INFORMATION

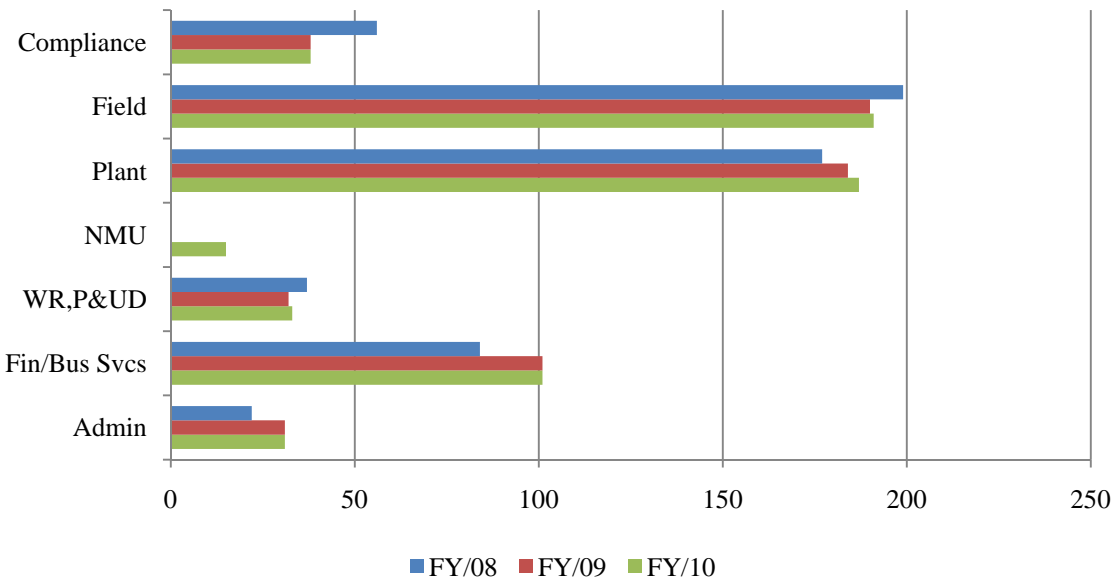
The Fiscal Year 2010 approved budget contains a net increase of 20 employees over the Fiscal Year 2009 level. The Fiscal Year 2010 budget is authorized and approved at 596 employees.

Three labor unions represent 468 of the 596 Utility employees. Local 2962 AFSME, AFL-CIO, CLC represents 48 clerical series employees, Local 624 AFSCME, AFL-CIO represents 301 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 119 management series employees.

Changes in Employment - The approved budget for Fiscal Year 2010 shows a net increase of 20 new positions. The positions are: 3 Planner/Schedulers, 15 employees from the New Mexico Utilities acquisition, Assistant Engineer, Field Asset Data Collector, and a Facilities Plant Advisor. The Authority also eliminated 1 position in Customer Services as part of a reclassification of a position to create a new Quality Assurance Coordinator.

POSITIONS:	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10
Administration					
Water Authority	10	12	12	12	12
Human Resources	12	19	19	19	19
Total Administration	22	31	31	31	31
Financial /Business Services					
Customer Services	58	62	62	62	62
Finance	7	20	20	20	20
Information Systems	19	19	19	19	19
Total Financial/Business Services	84	101	101	101	101
Plant					
Wastewater Treatment	99	106	106	106	106
Water Plant Facility Production	58	58	58	58	59
Strategy Implementation	20	20	20	20	22
Total Plant	177	184	184	184	187
Field					
Wastewater Collection	61	61	61	61	61
Water Distribution Facilitation	44	35	35	35	35
Water Plant Facility Distribution	91	91	91	91	92
North I-25 Reuse - 622	3	3	3	3	3
Total Field	199	190	190	190	191
New Mexico Utilities	0	0	0	0	15
Compliance	56	38	38	38	38
Water Resources/Plan/Ut Dev	37	32	32	32	33
TOTAL FULL TIME POSITIONS	575	576	576	576	596

Changes in Employment by Functional Unit



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ABCWUA FUNDS

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

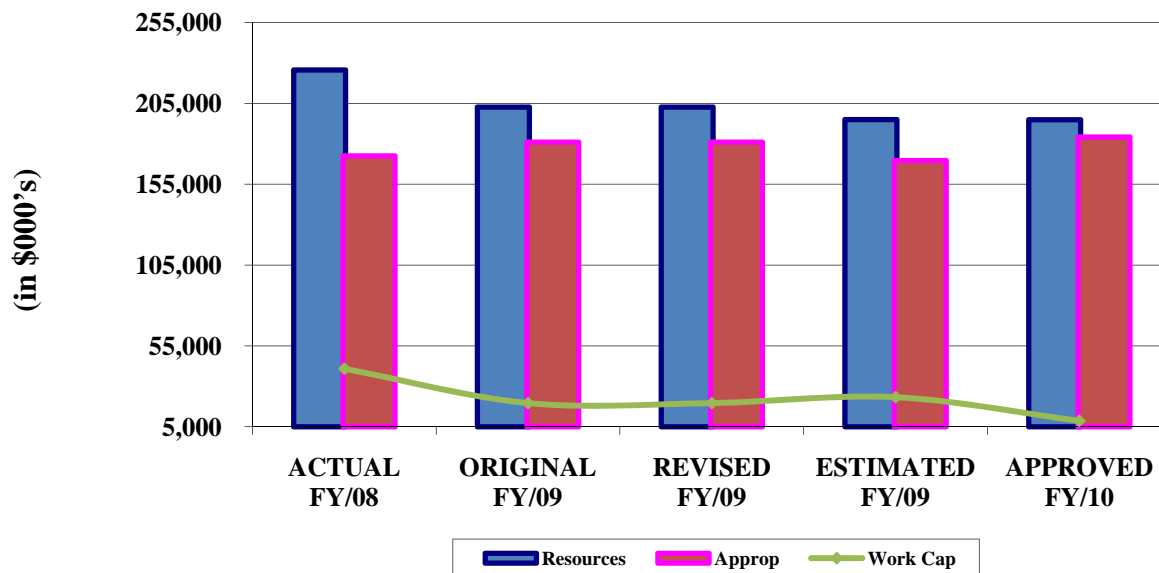
Fund 621 - Joint Water and Sewer Operating Fund - To account for the general operations of providing water and sewer services in the Authority's service area.

Fund 631 - Joint Water and Sewer Debt Service Fund - To accumulate the monies to pay the debt service associated with water and sewer services.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues	17,741	16,923	16,923	9,523	9,923	400
Enterprise Revenues	161,086	143,081	143,081	142,806	159,902	17,096
Transfers from Other Funds	60,969	66,053	66,053	66,021	69,537	3,516
Interfund Adjustments	<u>(59,079)</u>	<u>(64,301)</u>	<u>(64,301)</u>	<u>(64,301)</u>	<u>(67,790)</u>	<u>(3,489)</u>
Total Current Resources	180,717	161,756	161,756	154,049	171,572	17,523
Beginning Working Capital Balance	<u>44,954</u>	<u>40,926</u>	<u>40,926</u>	<u>40,926</u>	<u>23,327</u>	<u>(17,599)</u>
TOTAL RESOURCES	<u>225,671</u>	<u>202,682</u>	<u>202,682</u>	<u>194,975</u>	<u>194,899</u>	<u>(76)</u>
APPROPRIATIONS:						
Joint Water/Sewer Operations	74,498	82,029	82,029	82,739	89,853	7,114
Joint Water/Sewer D/S	62,981	64,301	64,301	59,514	69,627	10,113
Transfers to Other Funds:	94,098	98,971	98,971	91,696	92,538	842
Interfund Adjustments	<u>(59,079)</u>	<u>(64,301)</u>	<u>(64,301)</u>	<u>(64,301)</u>	<u>(67,790)</u>	<u>(3,489)</u>
TOTAL APPROPRIATIONS	<u>172,498</u>	<u>181,000</u>	<u>181,000</u>	<u>169,648</u>	<u>184,228</u>	<u>14,580</u>
ADJ TO WORKING CAPITAL BALANCE	(12,249)	(2,000)	(2,000)	(2,000)	(2,000)	0
ENDING WORKING CAPITAL BALANCE	<u>40,924</u>	<u>19,682</u>	<u>19,682</u>	<u>23,327</u>	<u>8,671</u>	<u>(14,656)</u>



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

COMBINED FISCAL YEAR 2010 FUNDS BUDGET

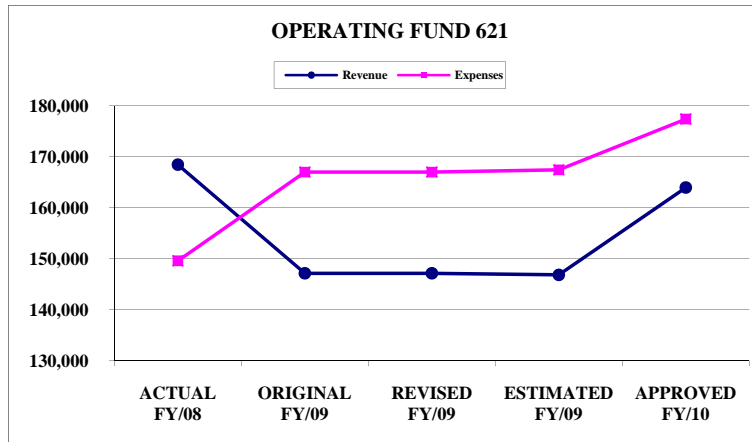
	GENERAL OPERATING <u>FUND 621</u>	DEBT SERVICE <u>FUND 631</u>	2009-2010 <u>TOTALS</u>
Revenues and Other Resources			
Interest	1,200,000	600,000	1,800,000
Miscellaneous	1,123,000		1,123,000
Water	69,544,000		69,544,000
Water Resources Management	4,468,000		4,468,000
Sewer	55,203,000		55,203,000
CIP Employees	750,000		750,000
Refuse Transfer	997,000		997,000
Franchise Fee	5,887,000		5,887,000
SJC Strategy Implementation	24,800,000		24,800,000
Utility Expansion Charges		7,000,000	7,000,000
Transfers		67,790,000	67,790,000
Interfund Adjustment			(67,790,000)
TOTAL	<u><u>163,972,000</u></u>	<u><u>75,390,000</u></u>	<u><u>171,572,000</u></u>
Expenditures			
Wages	29,116,020		29,116,020
Fringe Benefits	12,029,976		12,029,976
Professional and Other Services	1,634,866		1,634,866
Utilities	11,712,321		11,712,321
Supplies	9,094,659		9,094,659
Training and Travel	385,852		385,852
Repairs and Maintenance	7,708,742		7,708,742
Taxes	1,544,000		1,544,000
Interest	508,000		508,000
Principal	893,000		893,000
Contract Services	7,424,360		7,424,360
Capital Outlay	593,000		593,000
Insurance	4,842,384		4,842,384
Vehicle Maintenance	2,365,820		2,365,820
Transfers to Other Funds	12,755,000	5,000,000	17,755,000
Franchise Fee	5,443,000		5,443,000
Indirect Overhead	1,550,000		1,550,000
Transfers to Debt Service	67,790,000		67,790,000
Debt Service Payments		69,627,000	69,627,000
Interfund Adjustment			(67,790,000)
TOTAL	<u><u>177,391,000</u></u>	<u><u>74,627,000</u></u>	<u><u>184,228,000</u></u>
Revenue Over (Under) Expenditures	(13,419,000)	763,000	(12,656,000)
Beginning Fund Balance	22,476,000	851,000	23,327,000
Rate Reserve	(2,000,000)		(2,000,000)
Ending Fund Balance	<u><u>7,057,000</u></u>	<u><u>1,614,000</u></u>	<u><u>8,671,000</u></u>

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER AND SEWER OPERATING FUND – 621

Water and Sewer Fund budget provides quality water and wastewater removal to its ratepayers. With the exception of the Water Resources Management programs, this fund handles all operating dollars for the Water Authority. Transfers to the debt service fund and capital funds are also maintained in this fund. In Fiscal Year 2010, the Sustainable Water Supply Fund, Fund 622 is collapsed into Fund 621. Included in Fiscal Year 2010 is the newly acquired New Mexico Utilities Program.



- ◇ No rate increase for FY/10.
- ◇ 4% Cost of Living adjustment for salaries in FY/10.
- ◇ General operating expenses increase by 14.1% in FY/10.
- ◇ Transfers and Internal Services increase by 2.8% in FY/10.
- ◇ Working Capital balance drawn down in FY/10.
- ◇ Rate Reserve increased \$2 million for FY/10.

OPERATING FUND 621 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues	5,809	2,323	2,323	2,323	2,323	-
Enterprise Revenues	161,086	143,081	143,081	142,806	159,902	17,096
Transfers from Other Funds	1,564	1,752	1,752	1,720	1,747	27
Total Current Resources	168,459	147,156	147,156	146,849	163,972	17,123
Beginning Working Capital Balance	38,372	45,062	45,062	45,062	22,476	(22,586)
TOTAL RESOURCES	206,832	192,218	192,218	191,911	186,448	(5,463)
APPROPRIATIONS:						
Joint Water/Sewer Operations	74,498	32,029	82,029	82,739	39,853	7,114
Transfers to Other Funds:	75,098	34,971	84,971	84,696	37,538	2,842
TOTAL APPROPRIATIONS	149,596	167,000	167,000	167,435	177,391	9,956
ADJ TO WORKING CAPITAL BALANCE	(12,174)	2,000	(2,000)	(2,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	45,062	23,218	23,218	22,476	7,057	(15,419)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

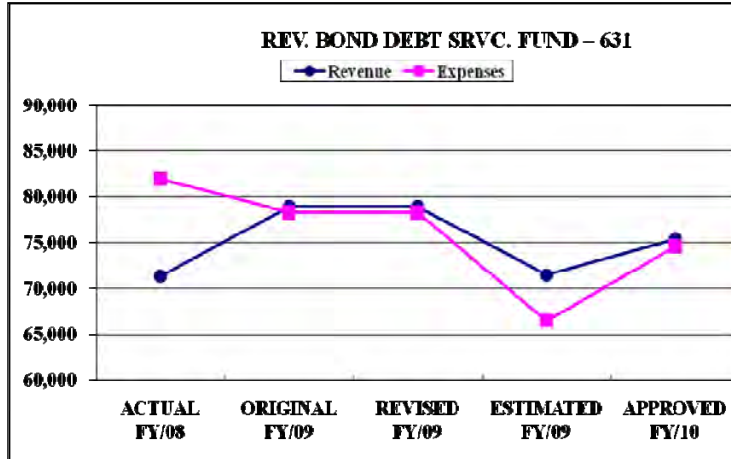
WATER AND SEWER OPERATING FUND – 621

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-			-		-
Interest on Investments	4,469	1,200	1,200	1,200	1,200	-
Other Miscellaneous Revenue	1,341	1,123	1,123	1,123	1,123	-
Total Miscellaneous Revenues	5,809	2,323	2,323	2,323	2,323	-
Enterprise Revenues						
City System- Water	54,999	48,900	48,900	48,900	58,210	9,310
City System- Sewer	34,211	38,855	38,855	38,855	46,056	7,201
City System- Contr/Aid	10,948	200	200	200	200	-
SJC Strategy Implementation	24,334	24,800	24,800	24,800	24,800	
City Metered Water Sales - Reuse	303	350	350	350	350	
City System- Franchise Fee	4,999	5,227	5,227	4,952	5,443	491
Water Resources Management	4,461	4,468	4,468	4,468	4,468	-
Water Facilities Rehab	9,098	7,100	7,100	7,100	7,100	-
Wastewater Facilities Rehab	10,622	6,200	6,200	6,200	6,200	-
Total City System	153,975	136,100	136,100	135,825	152,827	17,002
Valley System- Water	3,915	3,737	3,737	3,737	3,774	37
Valley System- Sewer	2,559	2,754	2,754	2,754	2,782	28
Valley System- Contr/Aid	154	75	75	75	75	-
Valley System- Franchise Fee	427	370	370	370	396	26
Los Ranchos- Franchise Fee	56	45	45	45	48	3
Total Valley System	7,111	6,981	6,981	6,981	7,075	94
Total Enterprise Revenues	161,086	143,081	143,081	142,806	159,902	17,096
Transfers from Other Funds						
CIP Funded Employees	615	772	772	740	750	10
Refuse Disposal Op. Fund - 651	949	980	980	980	997	17
Total Transfers	1,564	1,752	1,752	1,720	1,747	27
Total Current Resources	168,459	147,156	147,156	146,849	163,972	17,123
Beginning Working Capital Balance	38,372	45,062	45,062	45,062	22,476	(22,586)
TOTAL RESOURCES	206,832	192,218	192,218	191,911	186,448	(5,463)
APPROPRIATIONS:						
Program Strategies:						
Customer Services	4,127	4,584	4,584	4,515	4,888	373
Finance	5,457	7,033	7,033	7,037	7,073	36
Human Resources	825	1,363	1,363	1,328	1,497	169
New Mexico Utilities	-	-	-	-	3,244	3,244
Information Systems	2,975	3,224	3,224	2,821	3,326	505
Low Income Utility Credit	227	250	250	250	250	-
San Juan/Chama	2,228	2,246	2,246	2,246	2,246	-
Water Authority	2,474	2,649	2,649	2,841	2,869	28
Wastewater Collection	7,047	7,032	7,032	6,991	7,218	227
Compliance	4,357	3,412	3,412	3,023	3,381	358
Wastewater Treatment	10,564	11,957	11,957	12,681	12,940	259
Water Distribution Facilitation	3,458	3,283	3,283	3,219	3,390	171
Water Plant Facility Production	11,528	8,017	8,017	7,735	10,193	2,458
Water Plant Facility Distribution	11,157	10,874	10,874	12,289	11,109	(1,180)
North I-25 Reuse	432	420	420	460	449	(11)
Sustainable Water Supply	1,542	10,272	10,272	9,552	10,022	470
Water Resources	6,099	5,413	5,413	5,753	5,758	5
Total Enterprise Appropriations	74,498	82,029	82,029	82,739	89,853	7,114
Transfers to Other Funds:						
General Fund - 110	7,615	7,418	7,418	7,143	7,248	105
Joint Water/Sewer Rehab Fund - 628	6,000	11,000	11,000	11,000	11,500	500
Joint Water/Sewer Capital Fund - 629	2,404	2,252	2,252	2,252	1,000	(1,252)
Joint Water/Sewer Bond D/S Fund - 631	59,079	64,301	64,301	64,301	67,790	3,489
Total Transfers	75,098	84,971	84,971	84,696	87,538	2,842
TOTAL APPROPRIATIONS	149,596	167,000	167,000	167,435	177,391	9,956
ADJUSTMENTS:						
Adjustment to Allowance for Uncollectible A/R	-	-	-	-	-	-
Rate Stabilization	(1,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Reclassification of Working Capital for CAFR Presentation	(11,174)	-	-	-	-	-
TOTAL ADJUSTMENTS	(12,174)	(2,000)	(2,000)	(2,000)	(2,000)	-
ENDING WORKING CAPITAL BALANCE	45,062	23,218	23,218	22,476	7,057	(15,419)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER & SEWER REVENUE BOND DEBT SERVICE FUND – 631

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



- ◇ In years where expenditures exceed revenues, fund balance is used.
- ◇ Affordable Housing rebates which offset UEC revenue are paid out of this fund.
- ◇ The Authority follows a policy of 25 year debt for special projects, 12-year debt for basic capital projects and 50% cash financing for basic capital projects.

WATER & SEWER REVENUE BOND DEBT SERVICE FUND 631 RESOURCES, APPROPRIATIONS AND FUND BALANCE

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues	11,932	14,600	14,600	7,200	7,600	400
Transfer from Other Funds	59,405	64,301	64,301	64,301	67,790	3,489
Total Current Resources	71,338	78,901	78,901	71,501	75,390	3,889
Beginning Fund Balance	6,582	(4,136)	(4,136)	(4,136)	851	4,987
TOTAL RESOURCES	77,920	74,765	74,765	67,365	76,241	8,876
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	62,981	64,301	64,301	59,514	69,627	10,114
Transfers to Other Funds	19,000	14,000	14,000	7,000	5,000	(2,000)
TOTAL APPROPRIATIONS	81,981	78,301	78,301	66,514	74,627	8,114
FUND BALANCE PER CAFR	81,981	78,301	78,301	66,514	74,627	8,114
ADJUSTMENTS TO FUND BALANCE	(75)	0	0	0	0	0
AVAILABLE FUND BALANCE	(4,136)	(3,536)	(3,536)	851	1,613	763

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER & SEWER REVENUE BOND DEBT SERVICE FUND- 631

(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	857	600	600	200	600	400
Expansion Charges (UEC)	11,076	14,000	14,000	7,000	7,000	0
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	11,932	14,600	14,600	7,200	7,600	400
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Joint Water and Sewer Rehab - 628	326	0	0	0	0	0
Water/Sewer Operating Fund - 621	59,079	64,301	64,301	64,301	67,790	3,489
Total Transfers	59,405	64,301	64,301	64,301	67,790	3,489
Total Current Resources	71,338	78,901	78,901	71,501	75,390	3,889
Beginning Fund Balance	6,582	(4,136)	(4,136)	(4,136)	851	4,987
TOTAL RESOURCES	77,920	74,765	74,765	67,365	76,241	8,876
APPROPRIATIONS:						
Public Works Department						
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-
Joint Water/Sewer Debt Service	62,981	64,301	64,301	59,514	69,627	10,114
Transfers to Other Funds						
Transfer to Valley Capital Fund - 627	6,000	-	-	-	-	-
Transfer to Rehab Fund - 628	-	-	-	-	-	-
Water and Sewer Capital Fund - 629	13,000	14,000	14,000	7,000	5,000	(2,000.00)
Total Transfers	19,000	14,000	14,000	7,000	5,000	(2,000.00)
TOTAL APPROPRIATIONS	81,981	78,301	78,301	66,514	74,627	8,114
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	(75)	-	-	-	-	-
TOTAL ADJUSTMENTS	(75)	-	-	-	-	-
AVAILABLE FUND BALANCE	(4,136)	(3,536)	(3,536)	851	1,613	763

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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PROGRAM BUDGET HIGHLIGHTS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Expenditures

Comparing the Fiscal Year 2009 approved budget with the approved budget for Fiscal Year 2010 reveals an overall net increase of \$10.4 million. The approved budget for Fiscal Year 2010 has a net increase of \$2.8 million for total personnel expenditures. This increase results from a cost of living adjustment and the addition of 5 net new positions and the addition of 15 employees due to the acquisition of New Mexico Utilities Inc. (NMUI). These new positions include 3 Planner/Scheduler positions, an Assistant Engineer, a Field Asset Data Collector and a Facilities Plant Advisor. Total operating expenditures from the Fiscal Year 2009 approved budget as compared to the approved Fiscal Year 2010 budget increased by approximately \$10.4 million. This includes an increase of \$2.8 million in salaries, \$5 million in general operating expenditures a \$.9 reduction in transfers and vehicle maintenance and an increase of \$3.5 million in transfers to debt service. \$3.2 million of the \$10.4 million increase is attributable to the New Mexico Utilities program. Salaries contain a 4% cost of living adjustment as well as the addition of 20 net new positions. Fifteen of the new positions are from the New Mexico Utilities Program.

An additional \$2 million is reserved in the rate reserve fund established in Fiscal Year 2008. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

Debt service payments increase \$10 million over Fiscal Year 2009. This increase is due to the debt service for the San-Juan Chama Drinking Water project loan, Basic Capital, purchase of New Mexico Utilities and Water Reclamation projects. This is offset by the retirement of the 1997 Revenue Bond Issue. The decrease in the transfer to other funds represents a reduction in the transfer to CIP for growth projects in Fiscal Year 2010.

Adopted Issue Papers and Initiatives – Adopted issue papers and initiatives funded total \$3.5 million for the Joint Water and Sewer Operating Fund. A total of \$1.158 million is included as funding for a wage adjustment. The list below identifies the issues and divisions funded as well as the total amount of the funding provided.

Compensation – The approved budget includes a 4.0% cost of living adjustment for all permanent Authority employees.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Total ABCWUA Approved Issue Papers	
Fund 621 - Joint Water and Sewer Operating	4,678,390
Utility Wide Enterprise Fund Wage Adjustments	1,157,541
Plant	
Create Planner/Scheduler and Facilities Plant Advisor Positions	183,314
Reclassify Electronics Tech/Utility Tech Positions	29,151
Chemicals/Training/Maintenance	462,360
Electricity/Gas Savings	1,695,338
Finance	
Warehouse Manager (Delete Finance Technician Position)	29,505
Water Authority	
Employee Incentive	500,000
Customer Opinion Survey	25,000
Tuition Reimbursement Program	10,000
Dues and Subscriptions	15,750
Employee Quarterly Recognition Program	20,000
Safety Training Supplies	5,000
Human Resources	
Performance Evaluations	50,000
Certification Programs, Conferences, Copy Machine Lease	8,700
Customer Services	
CSD Bill Printing/Mailing Service	144,408
Create Quality Control Coordinator (delete Customer Acct. Rep and Cust. Svc. Supv. 1)	(30,364)
Water Resource, Engineering and Planning	
MOU with UNM Graduate Students	66,000
Create Assistant Engineer and Field Asset Data Collector Positions	131,970
Compliance	
Training Operating Expenses	20,500
Field	
Planner/Scheduler Position	54,217
Barricade/Permit Fees	100,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Details for Fund 621(Joint Water Sewer Operating Fund) and Fund 631 (Joint Water and Sewer Revenue Bond Debt Service Fund) can be found in the attached tables below.

(\$000's)	AUDITED ACTUAL FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
<u>JOINT WATER AND SEWER OPERATING FUND - 621</u>						
Customer Services	4,127	4,584	4,584	4,515	4,888	373
Finance	5,457	7,033	7,033	7,037	7,073	36
Human Resources	825	1,363	1,363	1,328	1,497	169
New Mexico Utilities	-	-	-	-	3,244	3,244
Information Systems	2,975	3,224	3,224	2,821	3,326	505
Low Income Utility Credit	227	250	250	250	250	-
San Juan/Chama	2,228	2,246	2,246	2,246	2,246	-
Water Authority	2,474	2,649	2,649	2,841	2,869	28
Wastewater Collection	7,047	7,032	7,032	6,991	7,218	227
Compliance	4,357	3,412	3,412	3,023	3,381	358
Wastewater Treatment	10,564	11,957	11,957	12,681	12,940	259
N-125 Reuse	432	420	420	460	449	(11)
Sustainable Water Supply	1,542	10,272	10,272	9,552	10,022	470
Water Distribution Facilitation	3,457	3,283	3,283	3,219	3,390	171
Water Plant Facility Production	11,528	8,017	8,017	7,735	10,193	2,458
Water Plant Facility Distribution	11,157	10,874	10,874	12,289	11,109	(1,180)
Water Resources/Engineering/Plan	6,099	5,413	5,413	5,753	5,758	5
Trfr from Fund 621 to Fund 110	7,615	7,418	7,418	7,143	7,248	105
Trfr from Fund 621 to Fund 628	6,000	11,000	11,000	11,000	11,500	500
Trfr from Fund 621 to Fund 629	2,404	2,252	2,252	2,252	1,000	(1,252)
Trfr from Fund 621 to Fund 631	59,079	64,301	64,301	64,301	67,790	3,489
Subtotal Jt. Water & Sewer Operating Fund - 621	149,596	167,000	167,000	167,435	177,391	9,956
<u>JOINT WATER AND SEWER REVENUE BOND D/S FUND - 631</u>						
Debt Service	62,981	64,301	64,301	59,514	69,627	10,114
Transfer to Capital Fund 627	6,000	-	-	-	-	-
Transfer to Capital Fund 629	13,000	14,000	14,000	7,000	5,000	(2,000)
Total Water/Sewer Debt Svc Fd-631	81,981	78,301	78,301	66,514	74,627	8,114
TOTAL	231,577	245,301	245,301	233,949	252,018	18,069
TOTAL DEPARTMENT APPROPRIATION	231,577	245,301	245,301	233,949	252,018	18,069
Interfund Adjustment	(59,079)	(64,301)	(64,301)	(64,301)	(67,790)	(3,489)
NET DEPARTMENT APPROPRIATIONS	172,498	181,000	181,000	169,648	184,228	14,580

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Financial Plans

The following tables are the financial plans for Fund 621 (Operating Fund). The plans look from Fiscal Year 2008 thru Fiscal Year 2017. These plans take into account the Authority's Capital needs, Debt Service needs, revenue sources and expenditures. They help the Authority plan for future potential expenditure levels in both operating and capital and compare them to the estimated revenue resources for each projected Fiscal Year. The plans show the effects of the budget on the Authority's Future Working Capital and provide a tool to project future budget needs for the Utility. Based upon these financial plans, the Authority conservatively forecasts that a rate increase will not be needed through Fiscal Year 2011.

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Operating Fund

Hypothetical DS Comparison

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital Funds										
Needs: Basic (Min 50% cash Trans)	44000	37000	35000	44000	44000	44000	44000	44000	44000	44000
DWL (Santa Barbara)		12000								
Steel Line	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
AMR	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Special Projects		4000	4000	4000	0	0	0	0	0	0
Valley Utility Projects	9000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Resources:										
Beginning Bal.	7088	28188	3288	33888	4988	30088	5188	28288	3388	26488
Adjustments (MDC)	0	0	0	0	0	0	0	0	0	0
Adjustments (CIS)										
Trf. from Operating	7000	12000	12500	8000	8000	3000	3000	3000	3000	3000
Trf. from Debt Service	19000	7000	5000	14000	14000	19000	19000	19000	19000	19000
NMFA Water Loans		12000								
Bond Proceeds	50000		55000		50000		48000		48000	
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	83088	59188	75788	55888	76988	52088	75188	50288	73388	48488
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	84188	60288	76888	56988	78088	53188	76288	51388	74488	49588
Balance June 30	28188	3288	33888	4988	30088	5188	28288	3388	26488	1588
Resources:										
Interest Income	600	820	800	800	800	800	800	800	800	800
UECs	14000	7000	5000	14000	14000	19000	19000	19000	19000	19000
AFH Rebates										
Transfer from 621	38000	38605	66183	68875	70786	71331	73200	71543	76146	73474
Transfer from 622	20,844	27,965								
Adjustments/Misc										
Bg. Fund Balance	10720	3593	6657	6657	1600	6657	1600	6657	1600	6657
Total	84164	77984	78640	90332	87186	97788	94600	98000	97546	99931
Expenditures:										
Agent Fees	358	15	15	15	15	15	15	15	15	15
Trf to Capital	19000	7000	5000	14000	14000	19000	19000	19000	19000	19000
Wtr/Swr Loans	4577	3438	3437	3437	3436	1818	1281	985	645	645
Series "1990A" P&I	11365	0	0	0	0	0				
SJC Series 1999 w/o bas	1558	1558	1559	1559	0	0				
Series 97 P&I	3869	5992		0	0	0				
99 P&I (excl SJC 622)	10977	10976	10981	10977						
2001 P&I	4032	4059	3978	4005	4034	4059				

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Operating Fund

Hypothetical DS Comparison

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Series 2005 P&I	737	2352	2629	1321	2376	2411	2316	2310	2295	2447
2005 SJC \$116.695M	5430	8960	5331	6333	10091	10279	12498	12717	10974	12332
NMFA 2004B 82.120M	4673	4843	4671	5124	6796	6834	6869	6097	6948	6995
2004 NMFA DWRFL	0	143	240	240	734	734	734	734	734	734
NMFA 20M 2005 SJC	743	1539	1018	1010	1444	1374	1708	1670	1880	1931
NMFA 36.295M Basic	2105	3076	6008	5863	4713	4582	4445	4004	5415	
NMFA Series 2007A Basic	4079	5168	5801	3883	4130	3204	3448	2087	2834	2638
NMFA Series 2007A Reuse/SJ	711	1191	1191	3121	2915	4864	3936	5069	3804	5147
Series 2008 Reuse/SJC \$55.6		3,415	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781
Series 2006 P&I	572	572	572	2629	1321	2376	2411	2316	2310	2295
Series 2006 P&I (8.680)	425	1170	1168	1170	1170	1167	1170	1171	1169	1169
Series 2006 SJC 112.765	5359	5859	7000	7982	7984	7985	7986	7981	7982	7986
Series 2009 (129.26)			8173	7721	12387	12393	12388	12393	12389	12392
Series 2009 (SJC 6.73)			429	504	504	501	503	501	504	499
Proposed Issue							4756	4756	4756	4756
Proposed Issue									4756	4756
Proposed Issue					4756	4756	4756	4756	4756	4756
Total	80571	71326	71983	83675	85586	91131	93000	91343	95946	93274
Resources										
Rate Revenue	141168	139687	149272	153004	164479	168591	181235	184860	188557	192328
Nonrate Revenue	13046	8953	9313	8953	9313	8953	9313	8953	9313	8953
Franchise Fee	5482	5642	5887	6122	6367	6622	6887	7162	7449	7747
Bg. Working Cap.	40519	45062	29476	15557	10917	8100	8496	17828	26777	32717
Total	200215	199344	193948	183637	191076	192267	205932	218804	232096	241746
Rate Stabilization Fund				7000						
Expenditures										
Basic O&M	76243	79406	86601	89199	91875	95550	99372	103347	107481	111780
Salary Savings 4.5		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Incentive	500			500	500	500	500	500	500	500
Est extra spending for Conser	800									
Maximo	1400									
Rate Stabilization Fund	1000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Transf. to DS	59079	64301	67790	68875	70786	71331	73200	71543	76146	73474
Transf. to Cap.	7000	13252	12500	8000	8000	3000	3000	3000	3000	3000
Total	155153	169867	178391	179720	182976	183770	188103	192027	199379	202644
Resources over Comm.	45062	29476	15557	10917	8100	8496	17828	26777	32717	39102
Rate Increases	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%	5.00%	0.00%	0.00%	0.00%
Accum. Inc. from 1990	54.3%	54.3%	54.3%	54.3%	59.3%	59.3%	64.3%	64.3%	64.3%	64.3%
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

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FUNCTIONAL UNITS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ADMINISTRATION

The Executive Director provides overall leadership for Authority operations. The Authority is focused regionally on conservation, elimination of septic tanks and provision of potable water to the developed areas of the City and Bernalillo County. The Authority also striving to make improvements to the existing water distribution and wastewater treatment systems, manage two water supply systems, curb the depletion of the aquifer, and manage the recent acquisition of New Mexico Utilities. In addition, the Authority is working towards realizing better management efficiencies for rate payers and providing long range planning and delivery for water and wastewater in the service area.

The work units under the Administrative umbrella include Legal and Risk Management, Human Resources, Public Affairs and Policy, Evaluation and Special Projects.

The Legal/Risk Management section consists of an attorney and a safety compliance staff. The attorney functions as general counsel for the utility and provides advice and legal counsel on all aspects of the utility operation. This work includes: advising on labor and employment matters; drafting and reviewing agreements, contracts, legislation, policies and procedures; functioning as a liaison and primary contact for outside counsel; overseeing and handling collection efforts; organizing and managing risk management activities; and, supervising the safety staff.

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

Public Affairs is responsible for media and public relations as well as the Authority's marketing and advertising efforts. Public Affairs serves as a first point of contact for media representatives seeking information and comment on issues concerning the Authority, and the office also proactively disseminates information to local and regional news outlets in furtherance of Authority communication objectives. The office plans and coordinates marketing campaigns, with emphasis on water conservation.

Policy, Evaluation and Special Projects provides policy design and development, development of legislation for Board approval, staff evaluation of all proposed legislation from the administrative, operational and financial prospective and coordination and development of the Authority's annual budget including the Goals and Objectives, Performance Plan and the Financial Plan. This unit monitors the Authority's progress in meeting the yearly objectives and financial performance. Quarterly progress reports are submitted to the Board on the status of the objectives and the financial plan. All significant financial expenditures and contracts are reviewed to insure accuracy and financial appropriateness. Authority-wide special projects are initiated and managed by this unit. Several recent special projects included the American Water Works Association QualServe program, Water Research Foundation projects, a span of control study, a leak detection program study, coordination of regional water or wastewater system expansion projects, and the coordination of the asset management program currently being implemented. In addition, this unit coordinates federal and state legislative appropriation requests. This unit also administers the Selection Advisory Committee (SAC) Ordinance. This ordinance governs the process of soliciting proposals and recommending selection of professional consultants to the Executive Director. The Customer Advisory Committee, an advisory group to the Authority, is coordinated by this unit.

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Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
Water Authority	2,474	2,649	2,649	2,841	2,869	28
Human Resources	825	1,363	1,363	1,328	1,497	169
Total	3,299	4,012	4,012	4,169	4,366	197
Staffing (FTE)	22	31	31	31	31	0

FISCAL YEAR 2010 ADMINISTRATION OBJECTIVES

- Continue implementation of the Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs; continue development of tools necessary to complete a business case analysis for all CIP projects by the end of the 2nd Quarter; complete a business case analysis for all projects in the decade plan by the end of the 4th Quarter of FY/10; complete comprehensive data collection for all assets by the end of the 2nd Quarter; and complete an asset management plan by the end of the 4th Quarter of FY/10.
- Conduct a customer opinion survey in order to assess the Water Authority's performance from the customer's viewpoint from previous surveys by the end of the 3rd Quarter of FY/10.
- Continue implementation of succession and knowledge management planning to prepare for the large number of retirements expected in the next five to ten years and to effectively manage the Water Authority's assets through the end of the 4th Quarter of FY/10.
- Complete identified certification training courses from the 2009-2010 training calendar through the end of the 4th Quarter of FY/10.
- Develop and implement Water Authority new employee orientation program by the end of the 2nd Quarter of FY/10.
- Develop performance evaluations based on goals, objectives and performance benchmarks by the end of the 2nd Quarter of FY/10.
- Incorporate asset management training, media training, and computer skills training into all areas of the training program by the end of the 2nd Quarter of FY/10.
- Maintain a utility-wide vacancy rate of no greater than 9% through FY/10.

FISCAL YEAR 2010 ADMINISTRATION HIGHLIGHTS

The implementation of the Utility's new timekeeping system (Kronos) has been completed. This system will automate the current "punch card" time clock process. The software will be used for time and labor management, scheduling, human resources, payroll and absence management. The Authority will upgrade to the latest version of the system in Fiscal Year 2010.

The Authority will continue with the classification and compensation study that began in Fiscal Year 2009. Currently employee classifications are being reviewed with the compensation study scheduled for Fiscal Year 2010. Implementation of study findings is expected to take place in Fiscal Year 2011. Any financial impact as a result of the study will be included in the Fiscal Year 2011 budget.

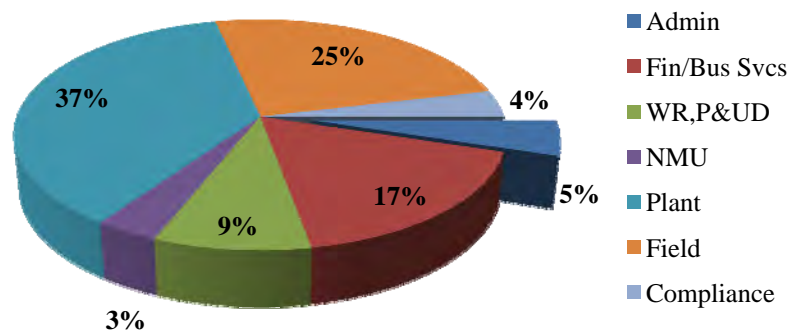
The Authority continues to make adjustments to the organization structure to better organize functional operations into work units that make more sense for day-to-day operations, provide more effective customer service and give the Authority better work related integration for succession planning. Beginning in Fiscal Year 2009, the Authority water and wastewater operations were separated into two areas, Plant and Field. These changes to the organization are budget neutral. These organizational changes have been guided by the span of control analysis that was conducted by an independent consultant as recommended in the American Water Works Association's

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(AWWA) Peer Review. The Authority used the report's recommendations to change the organization structure in order to improve quality, productivity and customer satisfaction and optimize the number of layers in the organization.

The Fiscal Year 2010 budget includes operational funding for the former New Mexico Utilities, Inc. (NMUI). The Authority assumed ownership of this utility in May 2009. The acquisition of NMUI encompasses 17 employees, eight well sites and provides water and wastewater service to approximately 17,000 accounts (about 55,000 people) on Albuquerque's West Side. The 34-square mile service area includes Paradise Hills and the Ventana Ranch subdivision. The Fiscal Year 2010 operating budget for this program is \$3.2 million.

APPROPRIATION BY FUNCTION – FUND 621



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FIELD DIVISION

The Field Division is responsible for operating and maintaining the water distribution system, wastewater collection and non-potable reuse distribution system. Drinking water is distributed to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 191,500 accounts, including 169,200 residential and 22,300 multi-family, commercial, institutional and industrial accounts, as of June 30, 2009. Approximately 58% of the water sales are for residential uses.

Water Distribution

The water distribution system consists of more than 2,500 miles of transmission and distribution pipelines that transport drinking water from the reservoirs to our customers throughout the service area. The water system takes advantage of the unique topography of the Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the System for control from a central control facility.

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

Wastewater Collection and Lift Stations

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

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

Storm Water

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

Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
Field	22,093	21,609	21,609	22,959	22,166	671
Staffing (FTE)	199	190	190	190	191	1

FISCAL YEAR 2010 FIELD DIVISION OBJECTIVES

- Maintain completion of all stopped meter requests within 3 months of notification through the end of the 4th Quarter of FY/10; test all large meters and identify high priority meters for repair or replacement by the end of the 4th Quarter of FY/10.

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- Begin construction of odor control facilities for the collection system, lift stations, vacuum stations, and plant facilities by the end of the 4th Quarter of FY/10. By end of 4th Quarter, design highest priority stations identified in the Interceptor Odor Control Master Plan so construction can be implemented in FY/11.
- Develop and implement asset management decision-making for the collection system by applying asset management principles to reduce sewer overflows; televising 20% of unlined concrete interceptors per year; and increasing collection station preventive maintenance work orders by 25% by the end of the 4th Quarter of FY/10.
- Improve compliance with the Water Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections and extra-strength dischargers through the end of the 4th Quarter of FY/10.

FISCAL YEAR 2010 FIELD DIVISION HIGHLIGHTS

Various Field Division improvements will be completed or initiated this year: continuation of Large Interceptor rehabilitation and enhanced cleaning programs; update 800 megahertz radio equipment for the Authority's Dispatch Office; continuation and evaluation of the Large Meter Testing & Repair program with in-house resources and assistance from contract tester will be done; and support (verification, repairs, & maintenance) for finalization of the fire hydrant leak survey program & conservation program will begin in Fiscal Year 2010. On the Wastewater side the Authority will expand closed circuit televising and condition analysis of wastewater collection lines, and develop plans for integration of the operations and maintenance of the wastewater collections and water distribution from NM Utilities (Corrales Trunk).

Work will continue on the South Valley Water System Expansion Project. This will provide a water system for the Southwest Valley of Bernalillo County. The overall project area is bounded on the east by the Rio Grande, on the west by the escarpment, on the north by Metzgar Boulevard SW, and on the south by the Isleta Pueblo. The project will provide water service to approximately 3,200 developed parcels in the Southwest Valley. Phase I of the Project is a major transmission line, which was completed in August 2007 with \$9 million in prior year ABCWUA funding.

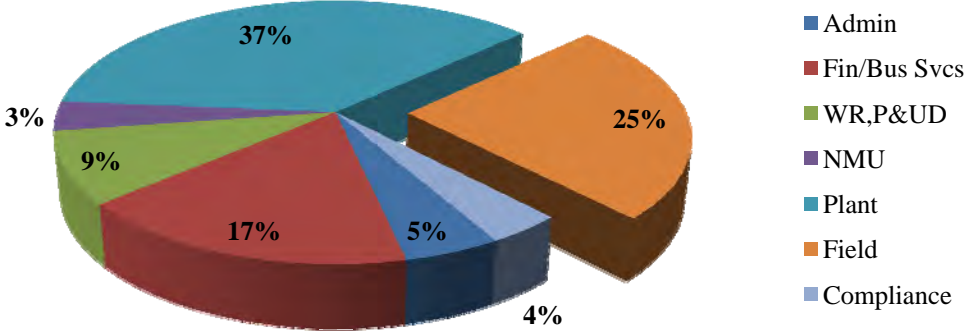
The South Valley Water System Expansion Project also includes Phase 2 and 2A Distribution to 1,240 households in the area bounded by Metzgar Road to the north, Raymac Road to the south, the Rio Grande to the east, and Coors Blvd. to the west. This portion of the project was completed in June 2008. Phase 2 and 2A Distribution Project utilized Fiscal Year 2006 and 2007 CIP funding, in the amount of \$7 million.

The Reservoir and West Transmission (Phase 3) is currently in construction. Construction is 90% complete, with the transmission completed and the primer coat of paint being placed inside the reservoir. There will be a number of steps in the startup, so the entire project is still scheduled for completion in July 2009. The booster station (Phase 4 of the SV Water System Expansion Project) is currently in design. Design for the booster station is 90% complete and the design should be completed at the end of May 2009.

Final electrical work continues on Phase II of the Area I and J Sewer System Project, where the County is awaiting final approval of electrical meters for the project infrastructure. This sewer extension project is located in the North Valley, immediately south of Paseo Del Norte, to approximately the south edge of Tinnen Farms. The western boundary of the project area is the Albuquerque Riverside Drain. The eastern boundary of the project area is the Pueblo Lateral/Griegos Drain, but included El Alhambra Circle (Caballero Norte), which was completed in 2007. The project will provide sewer service to approximately 350 properties and residents will be allowed to connect beginning in May 2009.

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APPROPRIATION BY FUNCTION – FUND 621



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PLANT DIVISION

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

Drinking Water

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

Groundwater from the middle Rio Grande basin aquifer will provide supply during peak and drought and consists of 93 wells grouped in 25 well fields located throughout the metropolitan area. Total well production capacity is approximately 294 million gallons per day (MGD). Maximum historical peak day demand is 214 MGD. A chlorination/fluoridation station associated with each well field satisfies the total required water treatment needs for the water produced in each well field. In addition, to the surface water facilities, the division is also responsible for operating and maintaining the arsenic treatment plant at the College Reservoir site, the water system that serves the Metropolitan Detention Center, and the Cordero Mesa Business Park.

Ground storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. Forty-five reservoirs are located throughout the service area, with a total reservoir storage capacity of 211 million gallons. If demand requires, reservoir water can also be transferred uphill through a pressure zone to the next highest reservoir or in an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 110 boosters, with a total capacity of 680 MGD, available for water transfers between reservoirs.

Wastewater and Biosolids Management

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

Total beneficial reuse of biosolids is accomplished by a combination of land application on 5,000 acres of public-private range land (85% of sludge produced) and production of compost (15% of sludge produced). A 660-acre dedicated land application site is used when beneficial reuse options are unavailable (for example, when the range land site is snow-covered).

Non-potable Water Reuse

The existing North I-25 reuse and reclamation system is operated by the Plant Division. The system includes a Ranney type diversion structure on the Rio Grande that diverts a small portion of San Juan-Chama water that

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is combined with industrial effluent to provide a source of non-potable water for large irrigation sites in the north valley and northeast heights.

Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
Plant	23,634	30,246	30,246	29,968	33,155	3,187
Staffing (FTE)	177	184	184	184	187	3

FISCAL YEAR 2010 PLANT DIVISION OBJECTIVES

- Increase operation of the San Juan-Chama Water Treatment Plant by providing approximately of 50% of overall water demand from the project; develop annual operations plan and submit to federal and state agencies; and optimize chemical use at the treatment plant by the end of the 3rd Quarter of FY/10.
- Increase water operations planned, preventative and predictive maintenance for groundwater facilities by 25% (from approximately 3,000 hours to 3,750 hours) by the end of the 4th Quarter of FY/10.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY/10.
- Construct ultraviolet disinfection facilities replace the current chlorine gas for disinfection and sulfur dioxide gas for dechlorination at the treatment plant by the end of the 4th Quarter of FY/10.
- Beneficially reuse biosolids by diverting 15% of the biosolids to compost; blend water treatment plant iron residuals with biosolids compost to enhance the nutrient value of the compost; continue to explore new markets for compost through the end of the 4th Quarter of FY/10.
- Develop and implement a long-term reclamation rehabilitation plan with the goal to expedite outmoded equipment replacement and plant facilities renovation based on asset management principles by identifying and prioritizing high-risk assets. The goal is to design and construct \$15 million of improvements per year while maintaining efficient operation of Southside Water Reclamation Plant through the 4th Quarter of FY/10.
- Increase treatment plant preventive maintenance work orders by 50% (approximately 500 workorders to 750 workorders) by the end of the 4th Quarter of FY/10.

FISCAL YEAR 2010 PLANT DIVISION HIGHLIGHTS

The San Juan-Chama Drinking Water Project is expected to increase surface water treatment to provide 50% of water supplied to the service area. The Authority will continue to operate two water distribution systems, the surface water and the well water systems. This dual system operation will continue into the future even though the main source of water will be the surface water plant. It is anticipated that 70% of the area's future water supply will be from the surface water plant. The Authority continues to adjust the funding for the surface water plant as a history of operating costs is developed.

The design of a new Santa Barbara Pump Station and Reservoir was completed in FY/08, with construction commencing in Fiscal Year 2009 and completing in Fiscal Year 2010. This will enable the decommissioning of the old Yale Reservoir on the UNM campus. Major pipelines will also be added to reroute flows to the new storage reservoir at the existing Santa Barbara Reservoir site.

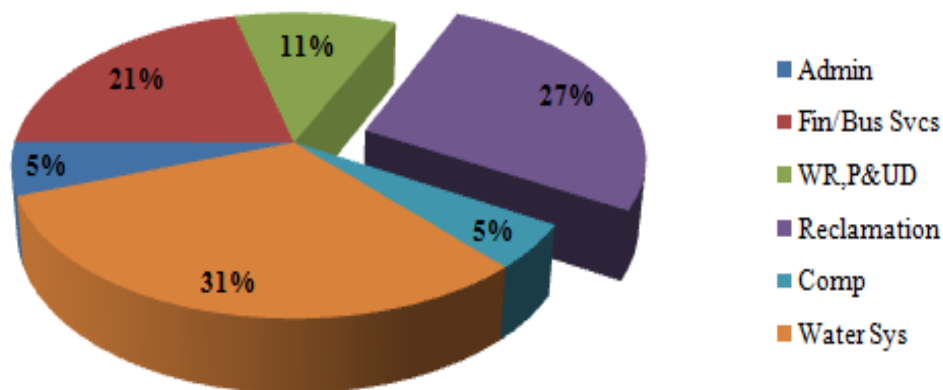
The Plant Division will begin a major renovation of the Southside Water Reclamation Plant in Fiscal Year 2010. With the completion of the Surface Water Project, focus will now be shifted to upgrading and renovating the reclamation plant. This project is planned for a 10 year period with estimated annual funding of \$15 million. Funding will be provided through the Authority's Capital Implementation Program (CIP).

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Work will begin in Fiscal Year 2010 on replacing the hazardous chlorine gas system with a state of the art ultraviolet disinfection system. The UV system will kill bacteria and viruses in the wastewater prior to discharge to the Rio Grande. This will eliminate the need for hazardous chlorine and sulfur dioxide chemicals.

The Southside Water Reclamation Plant currently generates electricity from the bio-gas produced in the digesters. This is no cost gas that qualifies the electricity generated for Renewable Energy Certificates (REC). These certificates have a value to other electrical energy producers and the Water Reclamation Division in Fiscal Year 2010 will sell their REC's to increase revenue. Plans are to continue to increase the amount of solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in Fiscal Year 2010. It is the Authority's goal to compost 15% of the total wastewater residuals.

APPROPRIATION BY FUNCTION – FUND 621



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER RESOURCES, ENGINEERING & PLANNING DIVISION

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

This Division also oversees the Authority's water conservation programs. In 2004, the Authority adopted a new water conservation goal of 10% reduction in addition to the 30% reduction goal established in 1995 to be implemented in 2005 with reduction rates of 1% per year until 2014. The long-term water conservation strategy elements implemented to date include an extensive public education and marketing effort, financial incentives for replacement of high volume toilets with low volume toilets, financial incentives for replacing existing high water use landscaping with xeriscaping, financial incentives for replacing high water use washing machines with low use models, and free water use audits. Residential audits include retrofits of showerheads, faucet aerators, and toilet displacement devices. Mandatory water waste prohibitions and limitations on high water use plants in landscaping new development have been enacted and are being enforced.

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

Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
Water Resources	6,099	5,413	5,413	5,753	5,758	5
San Juan/Chama	2,228	2,246	2,246	2,246	2,246	0
Total	8,327	7,659	7,659	7,999	8,004	5
Staffing (FTE)	37	32	32	32	33	1

FISCAL YEAR 2010 WATER RESOURCES, ENGINEERING & PLANNING OBJECTIVES

- Continue working on development of desalinization water supply plan by the end of the 4th Quarter of FY/10.
- Develop Large Scale Aquifer Storage and Recovery program including implementation of pilot program at the San Juan-Chama Drinking Water Treatment Plant that includes both direct injection and land application. Submit application for permit by 2nd Quarter and begin land application by the end of the 4th Quarter of FY/10.
- Continue obtaining property interests in Abiquiu to allow for additional storage of San Juan-Chama water. Cooperate with the Corps of Engineers for modification of the Water Authority existing storage contract for native water storage and begin the environmental compliance by the end of the 4th Quarter FY/10.

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- Continue implementation of water loss programs focusing on revenue water; initiate a systematic lift-and-shift deployments of leak detection equipment on water lines; continue the inspection of fire hydrants; reduce unaccounted-for-water by 1% by the end of the 4th Quarter FY/10.
- Continue implementing policy recommendations from the Water Resources Management Strategy by the end of the 4th Quarter FY/10.
- Achieve water use of 159 gallons per person per day by the end of the 2nd Quarter of FY/10.
- Begin construction and startup the Southside Municipal Effluent Polishing and Reuse Project by the end of the 3rd Quarter of FY/10.
- Continue implementation of the Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs; continue development of tools necessary to complete a business case analysis for all CIP projects by the end of the 2nd Quarter; complete a business case analysis for all projects in the decade plan by the end of the 4th Quarter of FY/10; complete comprehensive data collection for all assets by the end of the 2nd Quarter; and complete an asset management plan by the end of the 4th Quarter of FY/10.
- Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY/10. \$1 million shall be dedicated and used for identifying steel water pipes in poor condition and rehabilitating or replacing at least 2 miles of pipe by the end of the 4th Quarter of FY/10.
- Develop a comprehensive energy master plan for the Water Authority by the end of the 4th Quarter of FY/10. The plan should include demand and potential energy reduction measures and costs to implement alternative clean energy sources for use by the Water Authority.
- Create a virtual classroom program on the Water Authority's website to provide interactive lessons to our customers by the end of the 4th Quarter of FY/10.
- Evaluate centralizing engineering and planning functions throughout the organization by the end of the 2nd Quarter of FY/10.

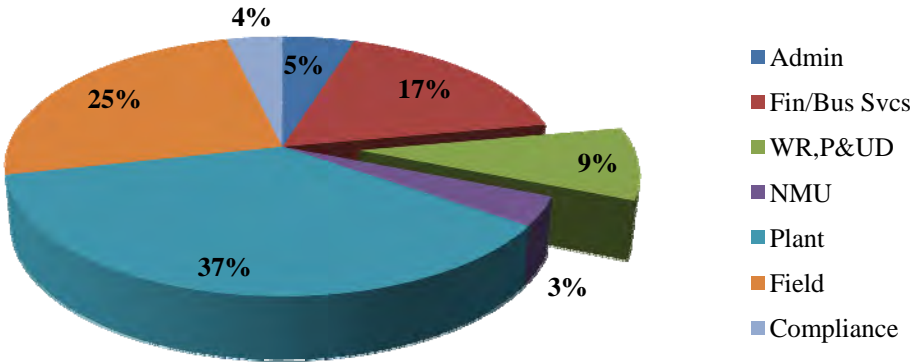
FISCAL YEAR 2010 WATER RESOURCES, ENGINEERING & PLANNING HIGHLIGHTS

The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan-Chama water into the aquifer has been very successful. A full-scale pilot program will continue to be the focus in Fiscal Year 2010 to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site.

The water conservation program has achieved overall reduction of usage from 250 gallons per person per day in 1995 to 164 gpcd in 2007. The Authority has an adopted goal of 150 gpcd by the year 2014 and is required to meet a 155 gpcd by the year 2024 as mandated by the Office of the State Engineer. The water conservation program continues to build on its success and will be expanded with more emphasis on outdoor usage in the near term as well as emphasizing the commercial and school rebate program.

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APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FINANCIAL/BUSINESS SERVICES DIVISION

The Financial/Business Services Division provides the Financial, Customer Services and Information Systems functions for the Authority.

The Finance section provides support and information to the Authority as well as outside entities such as bonding agencies, vendors, and local businesses. The section develops and administers rates, bonding functions, arbitrage calculations, budgeting, accounting, auditing and overall financial support.

The Customer Services section oversees the application for new services, water meter reading, utility billing, utility revenue collection as well as billing information to water and wastewater customers.

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

Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
Finance	5,457	7,033	7,033	7,037	7,073	36
Information Systems	2,975	3,224	3,224	2,821	3,326	505
Customer Services	4,127	4,584	4,584	4,515	4,888	373
Low Income Utility Credit	227	250	250	250	250	0
Total	12,786	15,091	15,091	14,623	15,537	914
Staffing (FTE)	84	101	101	101	101	0

FISCAL YEAR 2010 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Maintain call wait time to less than 1 minute, 90 percent of the time through the 4th Quarter of FY/10.
- Implement improvements based on customer relations performance benchmarks through the end of the 4th Quarter of FY/10.
- Increase paperless billing to 10,000 enrollments by the end of the 4th Quarter of FY/10.
- Expand the Automated Meter Reading program by expending \$5.5 million on small meter replacement by the end of the 4th Quarter of FY/10.
- Develop and execute a customer-focused marketing and communications strategy with an emphasis on conservation, pollution prevention, and web self-service through the 4th Quarter of FY/10.
- Implement outreach strategy for former New Mexico Utilities customers by the end of the 1st Quarter of FY/10.
- Implement the Maximo purchasing module to streamline purchasing and contract tracking by the end of the 4th Quarter of FY/10.
- Implement Phase 2 of Customer Care and Billing application to include added functionality for web self-service for our customers by the end of the 4th Quarter of FY/10.
- Implement Sharepoint Server to better disseminate and manage documents throughout the organization by the end of the 4th Quarter of FY/10.
- Implement the use of mobile devices in the field by the end of the 4th Quarter of FY/10.

FISCAL YEAR 2010 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

The Authority's Information Technology group has the following objectives for Fiscal Year 2010: the installation of Microsoft Office Sharepoint Server (MOSS) to provide the Authority online document and records management, Online Excel and Form services, Authority-wide search of documents; upgrade of several

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

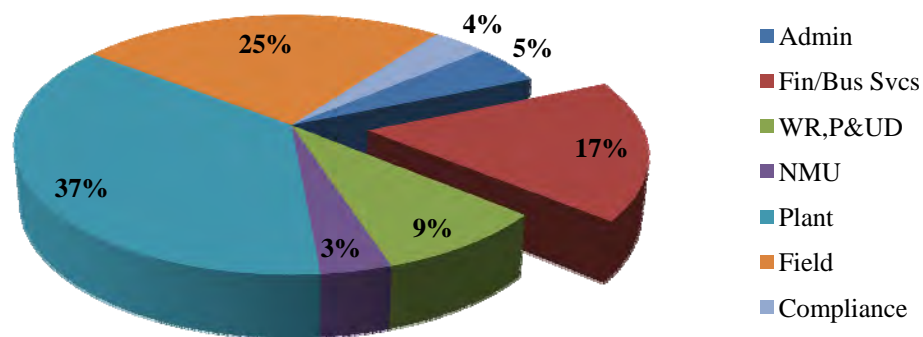
applications that will move them from an unsupported software platform to a platform that can be supported by Authority personnel; establish disaster recovery and development environments for the Geographic Information System (GIS); and expand the use of Cognos Metric Studio to track various metrics.

The implementation and upgrade of Maximo (the Utility's Computerized Maintenance Management System) will continue. Maximo consists of thirteen modules and is currently used for work order planning, scheduling, tracking and history analysis. Expected completion of Phase 1 is early Fiscal Year 2010. Phase 2 implementation will begin in Fiscal Year 2010 as well and will include purchasing functions. The deployment of mobile devices and mobile technology will begin to be implemented in Fiscal Year 2010 as part of the Maximo upgrade.

In Fiscal Year 2010, the Sustainable Water Fund, Fund 622, has been collapsed into the General Operating Fund, Fund 621. The Sustainable Water Fund was established to account for the development and construction of the San Juan-Chama Surface Water Treatment Plant and all the improvements associated with this Project. Since this Project is now operational there is no longer a need to maintain a separate fund and so the Sustainable Water Fund has been eliminated and effective July 1, 2009. All operating transactions will now be accounted for in the General Operating Fund.

Debt service payments increased \$3.5 million over Fiscal Year 2009. This increase is due to the debt service for the San-Juan Chama Drinking Water project loan, Basic Capital, purchase of New Mexico Utilities and Water Reclamation projects. This is offset by the retirement of the 1997 Revenue Bond Issue. The total proposed appropriation for Fiscal Year 2010 for Capital Implementation is \$53.8 million for new projects as well as supplemental appropriations for existing CIP projects to provide additional funding based on current estimates of ongoing projects.

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

COMPLIANCE DIVISION

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

Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
Compliance	4,357	3,412	3,412	3,023	3,381	358
Staffing (FTE)	56	38	38	38	38	0

FISCAL YEAR 2010 COMPLIANCE OBJECTIVES

New regulatory initiatives will be tracked to define operational impacts and develop compliance strategies.

- Full compliance with the Safe Drinking Water Act (SDWA) Groundwater Rule will be attained to meet the December 1, 2009 effective date.
- 100% of regulatory reports submitted on or before deadline.
- Zero (0) procedural National Pollutant Discharge Elimination System (NPDES) permit violations.
- A Pre-treatment ordinance amendment will be prepared to require installation of amalgam separators on waste lines in dental offices that work with mercury amalgam.
- Maintain trend lines for pollutants entering the SWRP at current levels or below.
- WQL operations will be process modeled and re-engineered to improve efficiency and expedite results turn-around times.
- Expansion of the P2 outreach program to assist regulated industrial customers and the public to reduce potential pollution threats.
- Development and implementation of SJCWTP source water and SWRP influent monitoring programs for pharmaceuticals and endocrine disruptors.
- Third party certification laboratory processes will be evaluated to determine the best fit for WQL and clients.
- Training will be provided to WQL staff to improve the Quality Assurance Program (QAP).
- State requirements for certification of Wastewater Laboratory Analysts will be met.
- A new Laboratory Information Management System (LIMS) designed specifically to support water/wastewater labs will be defined and implemented.

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- Functionality of the Operation Database System (ODS) intended to provide SJCWTP Process Control Laboratory data management, electronic generation of compliance reports for both Water/Wastewater Operations, and provide a laboratory repository for historical water quality results will be enhanced.

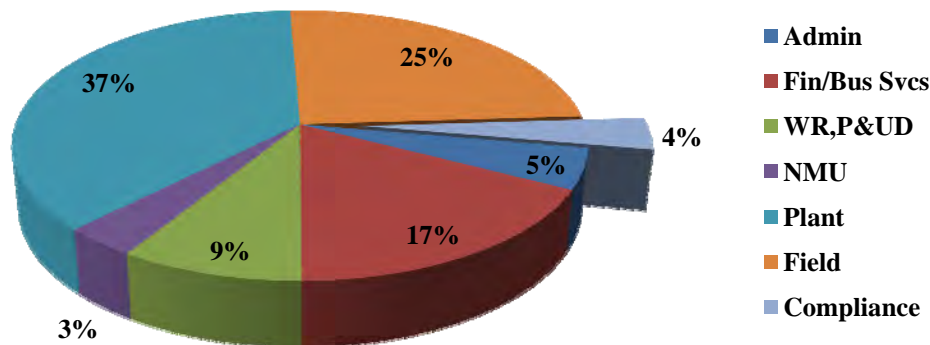
FISCAL YEAR 2010 COMPLIANCE HIGHLIGHTS

To improve efficiency and expedite results turn-around times, the Water Quality Laboratory (WQL) operations will be process modeled and re-engineered. Training efforts will continue to assure all Analysts are prepared to obtain appropriate state certification before January 2010. Training will be provided to improve the quality assurance program to maintain third party accreditation to meet client expectations. The Laboratory Information System (LIS) manages laboratory operations and maintains records of results and quality assurance processes for more than 7,500 sample analyses annually. Replacement of outdated and inappropriate software and dedicated staff will greatly facilitate use of this critical tool.

The Water Quality Program serves water operations to assure continued compliance with drinking water regulations, including the first year of baseline monitoring for the SJCWTP, as well as to provide process control monitoring for all facilities. Full compliance with the Groundwater Rule will be attained to meet the December 1, 2009 effective date. Sourcewater protection efforts will focus on monitoring of known groundwater contamination and monitoring of Rio Grande surface water supply. Customer complaints and inquiries will continue to be addressed expeditiously.

To comply with EPA NPDES Permit requirements, the pre-treatment program monitors and regulates industrial discharges by ordinance to assure quality of influent to the SWRP for pollutants of concern: heavy metals, toxic organics, and extra strength discharges and monitors effluent and sludge quality. New initiatives will focus on monitoring of pharmaceuticals and endocrine disrupters and reduction of mercury. Pretreatment will present an ordinance amendment to require installation of amalgam separators on waste lines in dental offices that work with mercury amalgam. The P2 program continues to assist regulated customers and the public to reduce potential pollution threats

APPROPRIATION BY FUNCTION – FUND 621



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

NEW MEXICO UTILITIES PROGRAM

The acquisition of NMUI encompasses 15 employees, eight well sites and provides water and wastewater service to approximately 17,000 accounts (about 55,000 people) on Albuquerque's West Side. The 34-square-mile service area includes Paradise Hills and the Ventana Ranch subdivision. The Fiscal Year 2010 approved operating budget for this program is \$3.2 million.

Expenditures by Division (\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
New Mexico Utilities	0	0	0	0	3,244	3,244
Staffing (FTE)	0	0	0	0	15	15

FISCAL YEAR 2010 NEW MEXICO UTILITIES PROGRAM OBJECTIVES

- Implement outreach strategy for former New Mexico Utilities customers by the end of the 1st Quarter of FY/10.

FISCAL YEAR 2010 NEW MEXICO UTILITIES PROGRAM HIGHLIGHTS

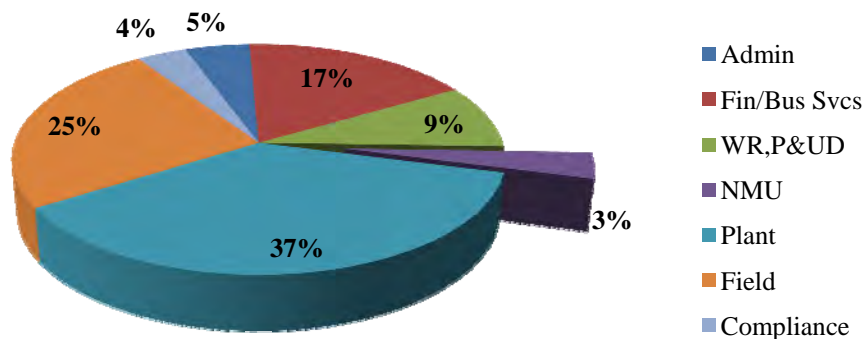
Conversion from New Mexico Utilities Legacy billing system to the Authority's Customer Care and Billing System (CC&B) by the end of the 1st Quarter Fiscal Year 2010. All former NMUI accounts will be processed on the CC&B system giving these customers one bill that will contain water, sewer and the City of Albuquerque's Solid Waste Charges. These customers will continue to pay the charges they have to NMUI and will move to the Authority's rate structure on July 1, 2010.

Work will begin to upgrade and replace MIOX on site chlorine generation units at NMU Well sites 1, 5, 8, and 9 with PSI Sodium Hypo-chlorite generation units. This work is anticipated to be completed by March 2010. Along with this the Authority will install Chlorine monitoring equipment at NMU wells # 1, 4, 5, 7, 8, and 9 by June 30, 2010.

The Authority will consolidate New Mexico Utilities into its compliance monitoring, scheduling, sampling, and reporting. Requests will be filed with the New Mexico Environmental Department. NMU will also perform top end and complete engine overhauls on NMU wells #1, 5, and 7 by the March 2011.

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APPROPRIATION BY FUNCTION – FUND 621



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REVENUE OUTLOOK

***Approved
Operating Budget
FY/10***

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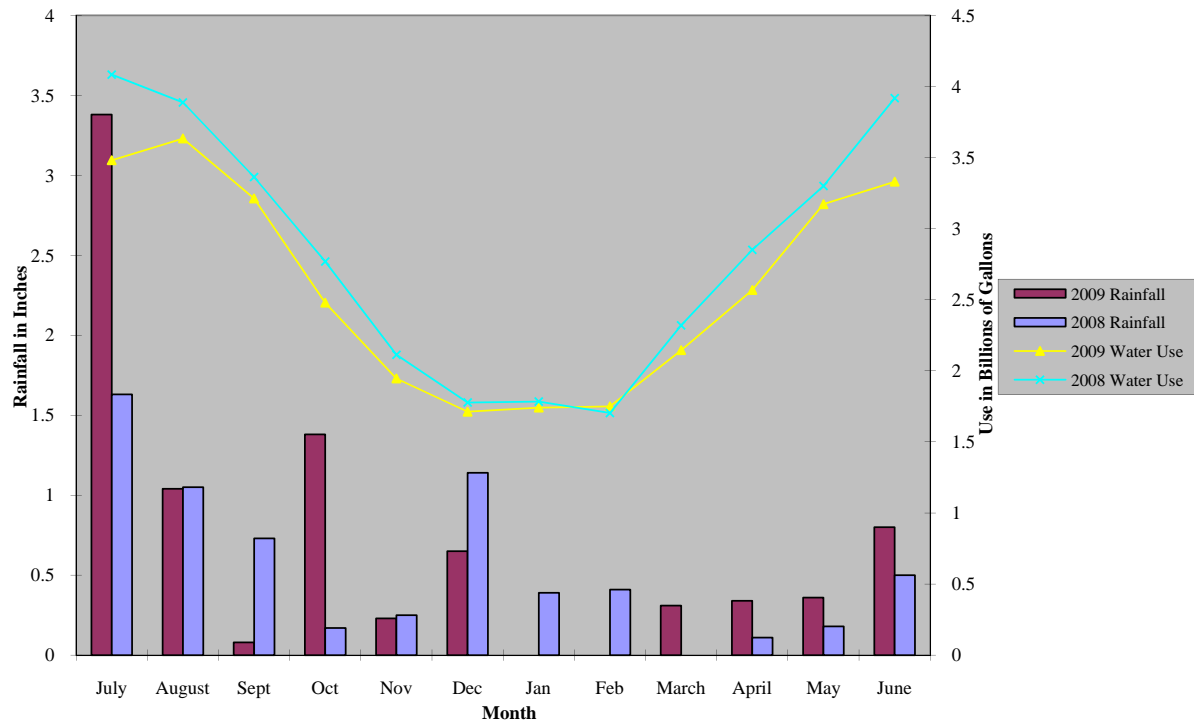
REVISED FISCAL YEAR 2008 AND APPROVED FISCAL YEAR 2009 REVENUE PROJECTIONS

The Authority's revenue projections are summarized in the two tables included in this section. The first table, Joint Water and Sewer Operating Fund 621, presents the operating budgeted revenue for Fiscal Year 2010 as compared to budget Fiscal Year 2009. The second table, Joint Water and Sewer Revenue Bond Debt Service Fund 631, also provides for the same comparison as the other table. For Fiscal Year 2008 the actual results are reported, and for Fiscal Year 2009 budgeted revenues and estimated actual are reported as well.

REVISED FISCAL YEAR 2009 REVENUE ESTIMATES

Total Authority operating fund revenues for Fiscal Year 2009 are anticipated to be \$147.16 million or \$20.9 million below Fiscal Year 2008. This is a decrease of 12% under Fiscal Year 2008 and is projected to be at the approved Fiscal Year 2009 budget level. The decrease is primarily the result of a decrease in Interest on Investments of \$3.3 million. The system has remained fairly flat from a growth perspective due to the slump in the housing industry. This along with continued conservation efforts shows a reduction of \$18.01 million in water and sewer revenue. This has been offset by an increase in water usage due to the below average moisture that the service area has received since the beginning of the fiscal year (see chart below).

Water Usage And Rainfall FY2008 and FY2009



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2010

Budgeted total Authority Operating Revenues for Fiscal Year 2010 are \$164 million representing an increase of \$16.8 million above the budgeted Fiscal Year 2009 amount. The increase is the result of several items. \$14 million of this increase is from the New Mexico Utilities Program with approximately \$3 million from anticipated increased water sales based on historic information and system growth. Revenue in the Debt Service Fund has a net decrease of \$3.5 million. This decrease is due to the deduction on Utility Expansion Charges (UEC) that are transferred to the CIP program for capital expansion projects.

Major Revenue Sources

Water Sales (\$69.5 million, 41% of total revenue). The Water System provides water services to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 191,500 accounts, including 169,200 residential and 22,300 multi-family, commercial, institutional and industrial accounts, as of June 30, 2009. Approximately 58% of the water sales are for residential uses.

Sewer (\$55 million, 32% of total revenue). Sewer services are provided to virtually all homes, schools, and businesses within the Albuquerque city limits, as well as the Village of Tijeras, Kirtland Air Force Base, Sandia Heights, and other residential areas in Bernalillo County. In all, the Authority provides service to about 530,000 people, with 170,000 residential customer accounts, 15,900 multi-family and commercial accounts, 870 institutional accounts and 100 industrial customer accounts.

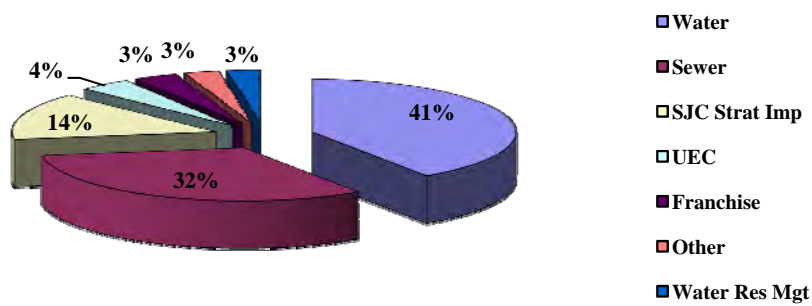
San Juan Chama Strategy Implementation (\$24.8 million, 14% of total revenue). The San Juan-Chama Drinking Water Project will supply up to 70% of the metropolitan area's future water. San Juan-Chama water diverted from the river will be transported to a state-of-the-art treatment plant, from which purified water will be delivered to Albuquerque and Bernalillo County area homes and businesses within the service area. Financing for this project is from seven dedicated phased incremental rate increases that have been approved and implemented. This Project began operations in fiscal year 2009.

Utility Expansion Charges (\$7 million, 4% of total revenue). A Utility Expansion Charge is paid at the time of a meter sale or an application for service for all properties connecting to the water and/or wastewater system.

Franchise Fee (\$5.9 million, 3% of total revenue). A 4% charge on the total sales of water and sewer services is added to customer billings to compensate the Authority for the franchise fee charged by the City of Albuquerque, Bernalillo County and the Village of Los Ranchos for the granted authorization to use rights-of-way and public places to construct, operate, and maintain water and wastewater systems.

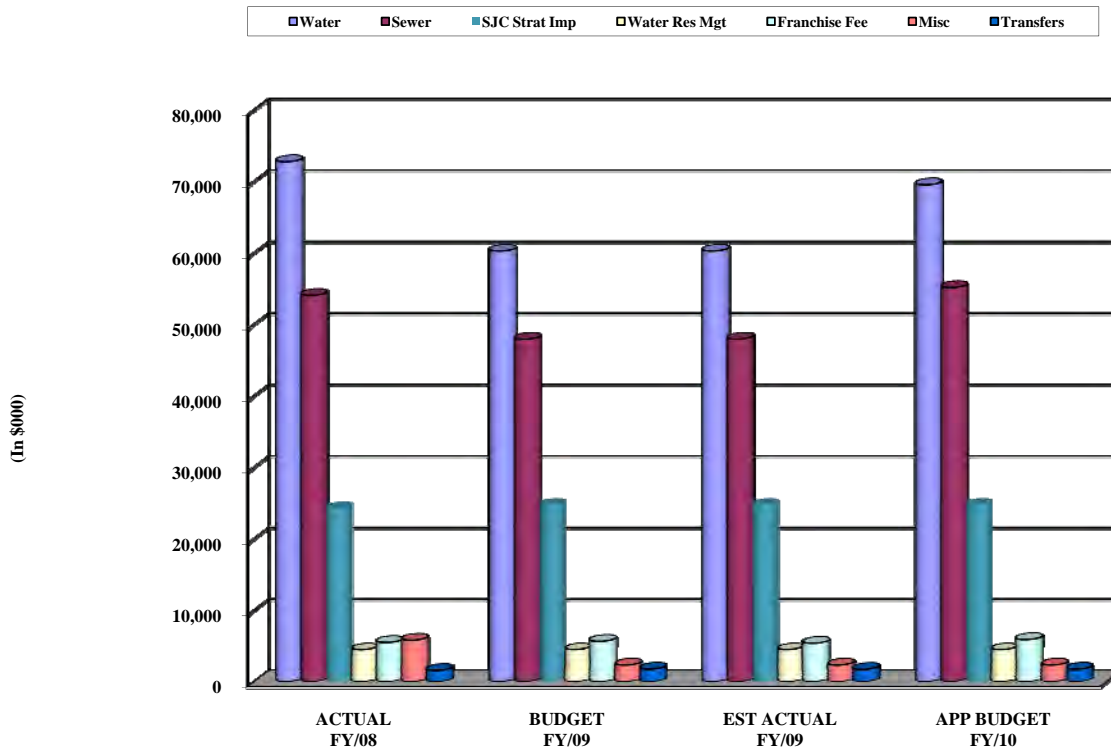
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Revenue Sources



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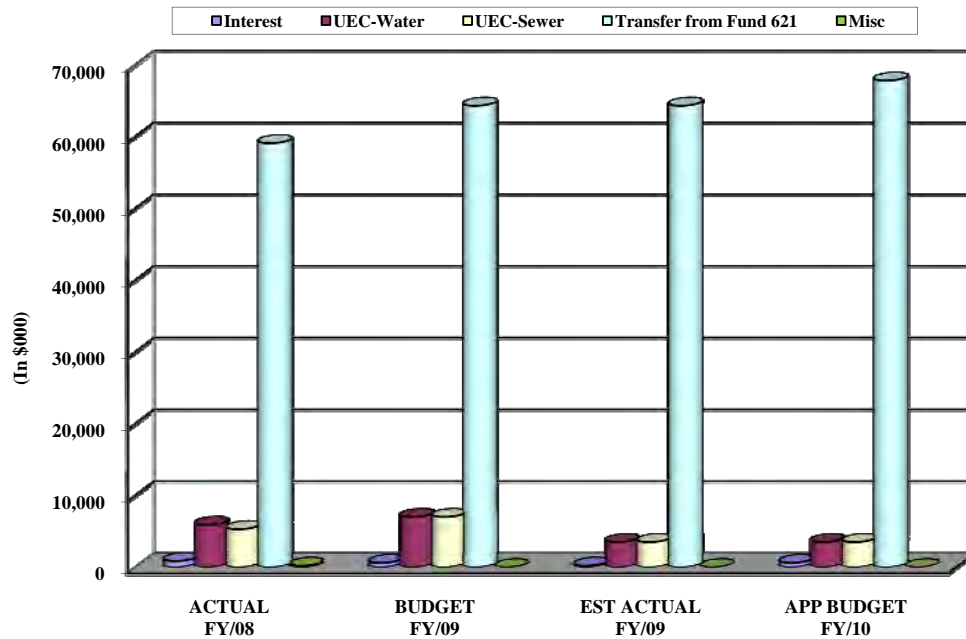
Fund 621 Operating Revenue



(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	4,469	1,200	1,200	1,200	1,200	-
Other Miscellaneous Revenue	1,341	1,123	1,123	1,123	1,123	-
Total Miscellaneous Revenues	5,809	2,323	2,323	2,323	2,323	-
Enterprise Revenues						
City System-Water	54,999	48,900	48,900	48,900	58,210	9,310
City System-Sewer	34,211	38,855	38,855	38,855	46,056	7,201
City System-Contr/Aid	10,948	200	200	200	200	-
SJC Strategy Implementation	24,334	24,800	24,800	24,800	24,800	-
City Metered Water Sales - Reuse	303	350	350	350	350	-
City System-Franchise Fee	4,999	5,227	5,227	4,952	5,443	491
Water Resources Management	4,461	4,468	4,468	4,468	4,468	-
Water Facilities Rehab	9,098	7,100	7,100	7,100	7,100	-
Wastewater Facilities Rehab	10,622	6,200	6,200	6,200	6,200	-
Total City System	153,975	136,100	136,100	135,825	152,827	17,002
Valley System-Water	3,915	3,737	3,737	3,737	3,774	37
Valley System-Sewer	2,559	2,754	2,754	2,754	2,782	28
Valley System-Contr/Aid	154	75	75	75	75	-
Valley System-Franchise Fee	427	370	370	370	396	26
Los Ranchos-Franchise Fee	56	45	45	45	48	3
Total Valley System	7,111	6,981	6,981	6,981	7,075	94
Total Enterprise Revenues	161,086	143,081	143,081	142,806	159,902	17,096
Transfers from Other Funds						
CIP Funded Employees	615	772	772	740	750	10
Refuse Disposal Op. Fund - 651	949	980	980	980	997	17
Total Transfers	1,564	1,752	1,752	1,720	1,747	27
Total Current Resources	168,459	147,156	147,156	146,849	163,972	17,123
Beginning Working Capital Balance	38,372	-	-	-	-	-
TOTAL RESOURCES	206,832	147,156	147,156	146,849	163,972	17,123

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fund 631 Debt Service Revenue



(\$000's)	AUDITED FY/08	ORIGINAL BUDGET FY/09	REVISED BUDGET FY/09	ESTIMATED ACTUAL FY/09	APPROVED BUDGET FY/10	APP 10/ EST ACT 09 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	857	600	600	200	600	400
Expansion Charges (UEC)	11,076	14,000	14,000	7,000	7,000	0
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	11,932	14,600	14,600	7,200	7,600	400
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Joint Water and Sewer Rehab - 628	326	0	0	0	0	0
Water/Sewer Operating Fund - 621	59,079	64,301	64,301	64,301	67,790	3,489
Total Transfers	59,405	64,301	64,301	64,301	67,790	3,489
Total Current Resources	71,338	78,901	78,901	71,501	75,390	3,889
Beginning Fund Balance	6,582	(4,136)	(4,136)	(4,136)	851	4,987
TOTAL RESOURCES	77,920	74,765	74,765	67,365	76,241	8,876

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ECONOMIC OUTLOOK

The following descriptions of the economy were based on the November baseline forecasts from Global Insight (GI) and University of New Mexico FOR-UNM model. These economic forecasts were used to produce GRT forecasts that were used in the Five-Year Forecast. Since the time that forecast was prepared the recession has deepened and forecasts of the length and depth of the downturn have increased.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

On December 1, 2008 the National Bureau of Economic Research declared that the economy has officially been in a recession since December 2007. The national economy has fallen faster and deeper than had been anticipated by Global Insight (GI) and other economists. While a mild recession has been expected by GI for much of 2008, the severity of the world financial problems have dramatically slowed the economy. GI in the November 2008 baseline forecast expects real Gross Domestic Product (GDP) growth to be zero in the fourth quarter of 2008 and not turn positive until the first quarter of 2010. This is four quarters of year over year decline. The worst quarters are the second and third of 2009 posting declines of 1.5% and 1.4% respectively. FY/09 is expected to decline 0.4% and FY/10 manages a slight increase of 0.1%. This follows the weakness of FY/07 and FY/08 which had below trend growth of 2% and 2.4% respectively. Inflation in FY/07 was 2.7%, but bounced back up in FY/08 to 3.7% in large part due to an increase in oil prices. In FY/09 and FY/10 the expected fall in the price of oil brings inflation down to 1.6% in FY/09 and only 0.2% in FY/10. The average oil price for FY/06 as measured as West Texas Intermediate crude averaged \$64.3 per bbl and in FY/07 averaged \$63.4. In FY/08 the price climbed to an average of \$98.6 per bbl (in the 2nd quarter of 2008 prices averaged \$124). The price is expected to average \$72.5 per bbl in FY/09 and \$55 per bbl in FY/10. Prices climb back to near \$90 by FY/13. The decreases in oil and commodity prices help keep inflation down. GI expects the Consumer Price Index (CPI) to increase 1.6% in FY/09 down from 3.7% in FY/08.

GI also presents risks to the forecast in the form of optimistic and pessimistic scenarios. The pessimistic scenario, assigned a probability of 25% assumes that the financial crisis worsens, sending the economy into a tailspin. Unemployment increases to over 9% and GDP declines by 0.9% in FY/09 and an additional decline of 1.7% in FY/10; the worst post-war recession. Housing starts in the U.S. dip below one million, to about 600 thousand the lowest level since 1945. In the optimistic scenario (probability 15%), the rapid response of the Federal Reserve to the crisis in financial markets, coupled with the Treasury's "rescue" plan and assistance from central banks abroad; the United States averts a severe downturn. The optimistic scenario still has a recession, but it is mild without two quarters of consecutive decline in GDP. These scenarios are included in the revenue forecast in the Alternative Scenarios section. Tables 1 and 4 contain charts and data related to this text.

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Gross Domestic Product (GDP).

Following the recession of 2001, the economy rebounded slowly. In FY/05 and FY/06 the economy had average growth of just over 3%. In FY/07 growth dipped to 2.0% as the economy faltered and the housing market slowed. In FY/08 growth continued to be slow and increased only 2.4%. In FY/09, as the economy faltered, growth has fallen and the fiscal year is expected to decline by 0.4% and grow only 0.1% in FY/10. There are four quarters of negative growth definitely indicating a recession. In FY/11 growth manages 2.6%, increasing in FY/12 and FY/13 to around 3.4% (near the long run average).

Employment and Productivity.

Following the recession in 2001 the economy started growing, but employment growth was slow. Growth in non-farm employment was only 0.3% in FY/04, before increasing at 1.9% and 1.6% in FY/06 and 1.4% in FY/07. Growth in FY/08 slowed to 0.7%. In FY/09 GI expects a decline in employment of 1% and a further decline of 0.9% in FY/10. Recovery begins in FY/11 with an increase of 0.9%. FY/12 and FY/13 are expected to grow 1.7% and 1.9% respectively. Unemployment is expected to increase substantially in this recession. In FY/08 the average rate of unemployment was 5.0%. This is expected to increase to around 6.8% in FY/09 and up to 8% in FY/10 and FY/11. The rate is only expected to decline to 6.8% in FY/13.

Productivity growth, as measured by output per hour, expanded rapidly in the late 1990's with the rate of growth up to 4% in FY/05. Growth has slowed and in FY/07 growth was only 0.3% but bounced back to 3% in FY/08. These high growth rates allowed wages to increase and not push up inflation. Productivity growth is expected to slow and increase by 1.3% in FY/09 and grow around 1.5% for the remainder of the forecast. Wage growth is limited by both lower inflation and the weak job market.

Inflation.

As measured by the consumer price index for urban consumers, inflation was low, around 2%, for the period FY/02-FY/04. In FY/05 inflation jumped to 3% driven largely by oil price increases with inflation reaching 3.8% in FY/06, but slowed in FY/07 to 2.6%. Oil prices again pushed the CPI up 3.7% in FY/08. In FY/09 a 1.6% increase is expected and an increase of only 0.2% in FY/10. The slowdown is primarily the result of lower oil and commodities prices. The CPI bounces up to 3.1% in FY/11 and remains near 2.5% in FY/12 and FY/13.

Interest Rates.

After cutting the federal funds rate to 1%, in 2004, the lowest level since the 1960s, the Federal Reserve Board (FRB) increased rates twice in 2004 and continued to increase rates throughout FY/05 into FY/06. Rates averaged 2% for FY/05 but were 4% at the end of the fiscal year. Rates were raised to 5.25% at the June 2006 meeting of the FRB. In September of 2007 the FRB decisively began lowering rates by making a cut in rates of 0.5%. This cut was based on the shifting risks of a slowing economy outweighing inflationary risks pressures. The FRB continued cutting rates with cuts of 0.75% in both January and March 2008. These cuts were aimed at offsetting the tightening in the credit markets caused by the sub prime mortgage problems. The current rate in November is one percent and the FRB has indicated it may cut rates again. GI expects the FRB to cut rates again by another 0.5% at the December meeting and keep the rates at 0.5% for 2009. Rates are expected to average 0.6% in FY/10 as the fed increases rates by 0.25 in the last quarter of the fiscal year. Rates then increase to 4.8% by FY/13. Ten year treasury bills are expected to decrease to 3.7% in FY/09 down from 4.1% in FY/08. FY/10 is expected to stay at 3.7% and then rates will increase up to 5.4% by FY/13.

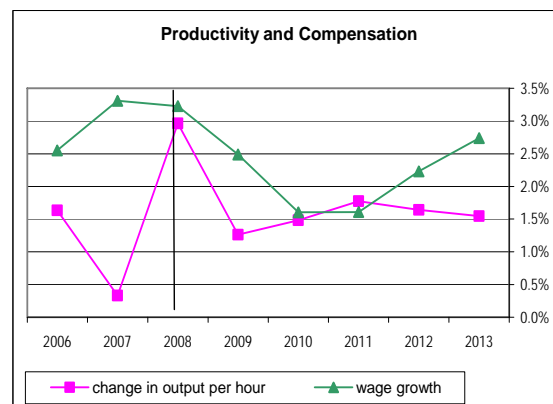
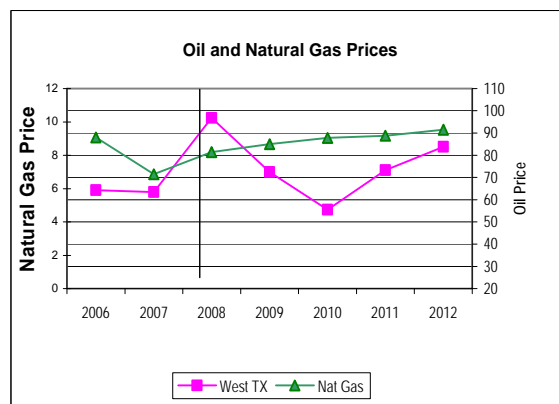
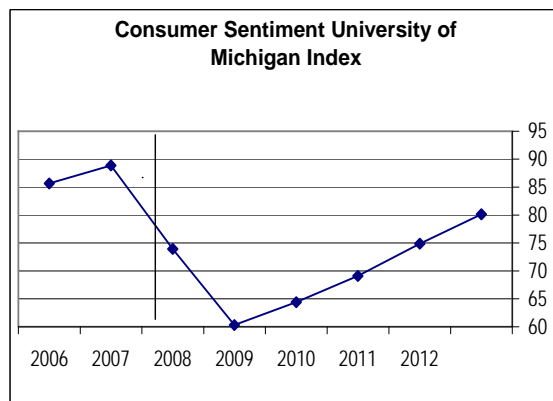
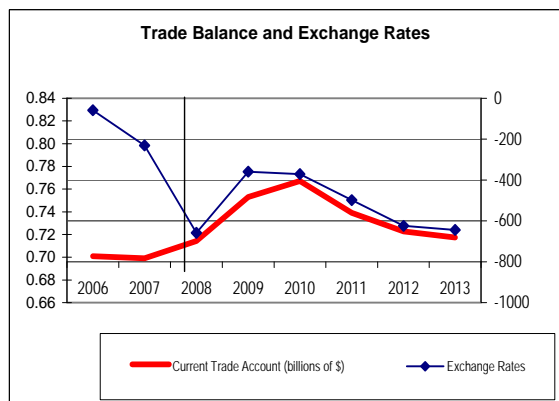
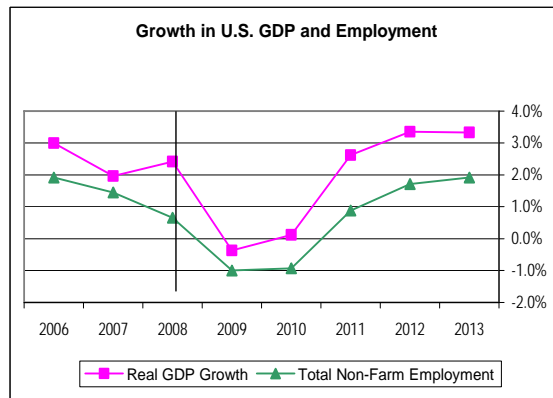
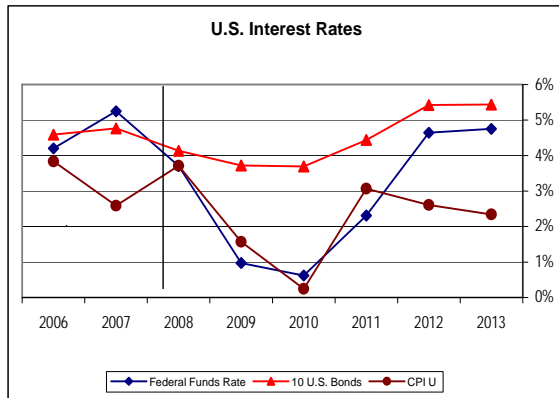
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World Economy.

The European economy has also fallen into recession. The dollar strengthened against other currencies in 2008 after falling since 2002. GI expects this strength to be brief as the recession begins to affect the strength of the dollar in the middle of 2009. Exports after growing have begun shrinking as the remainder of the world begins to slow. GI believes that the current trade account deficit will decline substantially; mostly from declines in oil imports as the price continues to fall. In FY/08 the current trade account deficit was \$699 billion, GI expects it to fall to \$483 billion in FY/09 and \$405 billion in FY/10. It is then expected to increase back up to \$681 billion by FY/13.

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TABLE I
U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)
 November 2008 Baseline Forecast



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ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. The financial problems at the national level have their own set of impacts on the local economy. Housing construction in Albuquerque has slowed dramatically, with single family housing permits falling to a fraction of their peak. With the slowdown and inability to get borrowing firms have closed and construction projects have lingered. Albuquerque still has economic development prospects that are developing such as Schott Solar, Advent and Fidelity at Mesa Del Sol, but the business environment will limit the opportunities for expansion. Sony Imageworks which was to locate at Mesa Del Sol has put their project on hold due to the economy. The Albuquerque Economy is somewhat sheltered from the impact of a national recession by the larger portion of government jobs in Albuquerque.

Employment growth in the Albuquerque economy is now slowing. Following very strong growth in non-agricultural employment of 3.1% in FY/06, growth slowed to 2.4% in FY/07 and grew at only 0.5% in FY/08. The slowdown is due in part to housing, and also layoffs at several major firms. Intel announced a cut of 1,000 jobs, Public Service Company of New Mexico (PNM) approximately 500 jobs and Eclipse Aviation about 650 jobs. The recent bankruptcy of Eclipse could lead to further layoffs. The unemployment rate is expected to increase from 3.5% in FY/08 to 4.5% in FY/09. It then increases and remains about 5% in the remaining years of the forecast.

Table 2 and 3 at the end of this section provides sector employment numbers for FY/04 to FY/13 by the major NAICS categories. Table 4 contains a synopsis of the national and local variables.

Wholesale and Retail Trade. This sector accounts for about 15% of employment in the Metropolitan Statistical Area (MSA) and has posted slow employment growth. From FY/03 to FY/07 the sector was relatively flat and posted annual growth of 1.1%. The forecast expects annual growth of about 0.8%. This is impacted by expected declines in employment in FY/09.

Transportation, Warehousing and Utilities. Employment in this sector grew by 1.2% in the period FY/04 to FY/08. This was largely due to the 3% growth posted in FY/07 and FY/08. The forecast is for reductions in employment in FY/09, but strong growth in the out years.

Manufacturing. This sector accounted for about 6% of employment in the MSA in FY/07 but falls to about 5% in the forecast. The sector lost 5,500 jobs between FY/98 and FY/05, but had strong growth in FY/06 and FY/07 adding nearly 1,400 jobs. Manufacturing, after several years of weakness, had robust growth of 3% in FY/06 and 2.9% in FY/07, but with layoffs it posted a negative 4.8% for FY/08. In FY/09 growth is expected to decline by 9.1% in part due to an expected closing of Eclipse Aviation (which filed for bankruptcy protection and in the forecast is expected to close). Employment is expected to decline an additional 6.8% in FY/10, and finally turn positive in FY/11 with growth of only 0.5%. Manufacturing is then expected to grow by 5.3% and 3.7% in FY/12 and FY/13. The sector is also important because of the effects it has on the rest of the economy. The jobs are relatively high paying and there are many local purchases having a larger multiplier effect on the economy than most industries. In FY/09 and FY/10 manufacturing is expected to lose about 3,500 jobs.

Educational and Health Services. Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO are one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy. In the period FY/04 to FY/08, the sector increased at an average rate of 3.3%. Growth slowed to 2.5% in FY/08 and growth for the period FY/09 to FY/13 is expected to average 2.8%.

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Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other travel related facilities. Growth has been volatile in this sector. In FY/06 growth was 3.9% followed by 4.6% in FY/07 slowing to 1.1% in FY/08. GRT growth for this sector has been strong, and lodger's tax grew at rates of 10.7% in FY/06, 8.2% in FY/07 and 7.4% in FY/08. The forecast shows a slowing of growth in the sector with a decline of 0.8% in FY/09 and average growth of only 1% in FY/09 to FY/13.

Financial Activities. This sector includes finance, insurance and real estate including credit intermediation. The employment in this sector increased at an annual average of 0.3% between FY/04 and FY/08. In FY/07 employment decreased by 1.1% and showed no growth in FY/08. This is followed by an expected decline of 0.7% in FY/09. The remainder of the forecast has a modest rebound and average annual growth for FY/10 to FY/13 of about 1.5%.

Professional and Business Services. This category includes temporary employment agencies and some of Albuquerque's back-office operations. It also includes Sandia National Labs (SNL). Growth in FY/05 and FY/06 was strong at 3.3% each year. Growth slowed to 2.4% in FY/07 and then to 1.3% in FY/08. The growth is expected to decline by 0.8% in FY/09 and increase only 0.6% in FY/10 before growing around 3% a year for the remainder of the forecast.

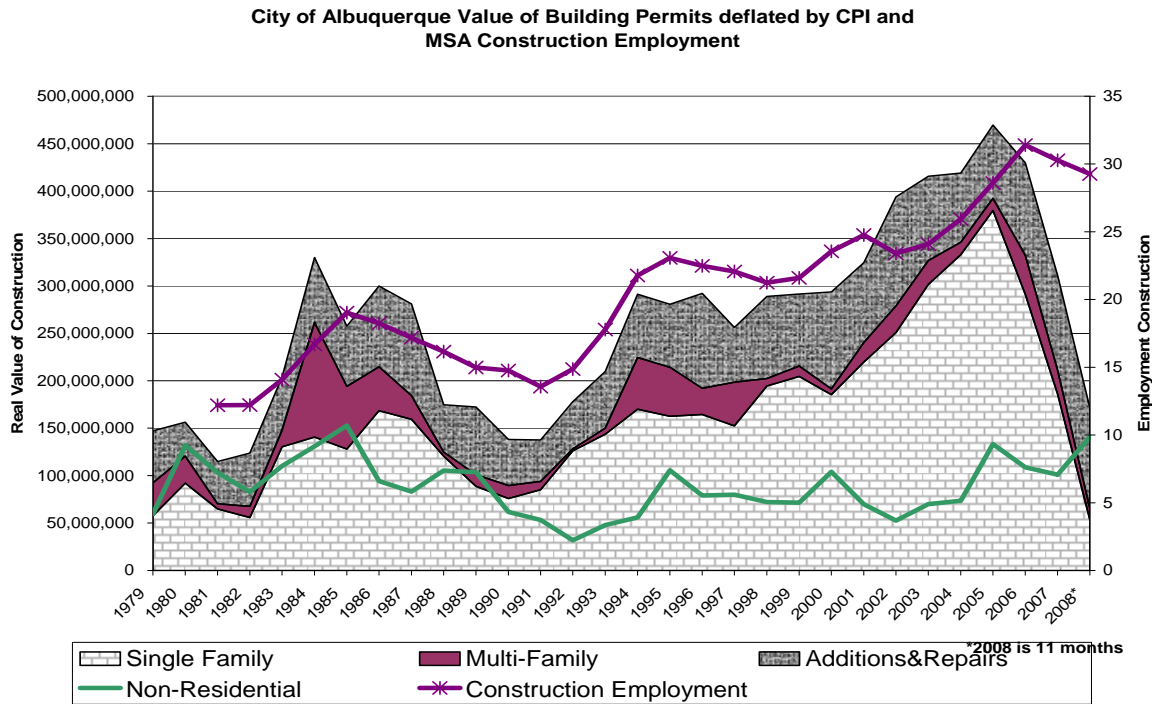
Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. This sector was very strong in the 1990s but lost over 2,300 jobs from FY/02 to FY/05 including the loss of jobs as the MCI call center closed. In FY/06 the sector grew by only 0.2%, but rebounded in FY/07 with growth of 4.1% then declined 1.2% in FY/08. The growth in employment is expected to remain slow, but be positive and grow at an average rate of 1.1% from FY/09 to FY/13.

Construction. Construction is typically cyclical, with significant swings in building and employment. The following chart (Figure 1) shows the real value of single-family, multi-family, and non-residential new permits from 1970 to 2008 (deflated by the CPI; 100=1982-84). Five distinct peaks occur in 1973, 1979, 1985, 1995 and 2005. The fall shown in 2006 and 2007 continues through the first 11 months of 2008 with a fall in total value of 20% led by a decrease in the value of single-family dwellings of 67%. Construction employment is also decreasing. Commercial construction in real terms has remained relatively flat and the total annual value of commercial construction has not reached any of the previous peaks, though it has done well in 2008.

Single family construction fell dramatically in 2008. The City issued an average of 27 permits a month in the period August through November. In the first 11 months of 2008 the City issued 622 single family permits compared to 2,021 for the same period of 2007. This is less than half the peak in 2004 and 2005. Non-residential permits have helped hold total construction up. While multi-family permitting has also fallen drastically; permitting values for commercial, public and additions have strengthened. The value of building permits for new commercial and new public projects increased 50%. Much of this increase is due to the Albuquerque Public Schools construction program. Additions and repairs increased 18%. Even with these large increases the total value of building permits is still down 18% in the first 11 months of 2008.

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FIGURE 1



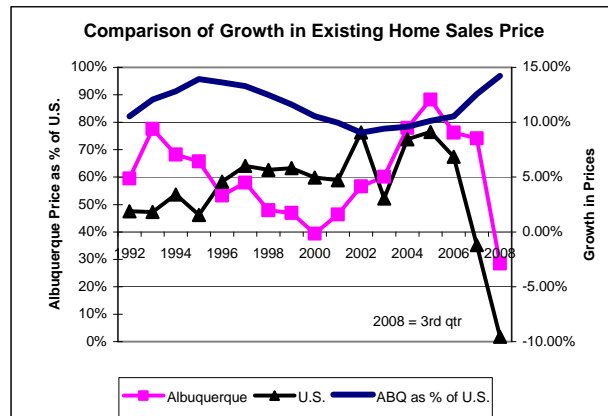
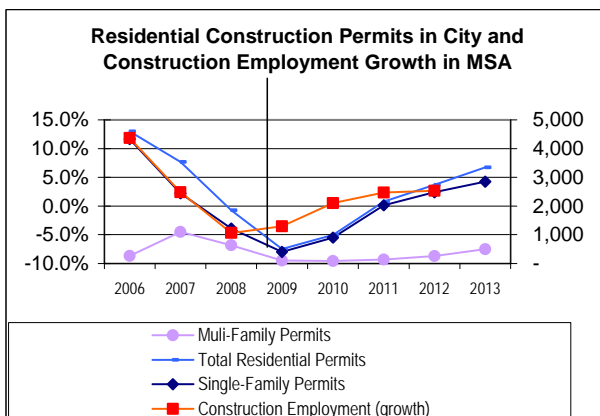
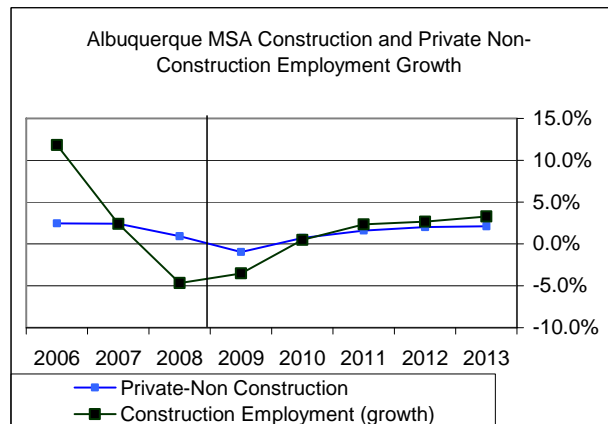
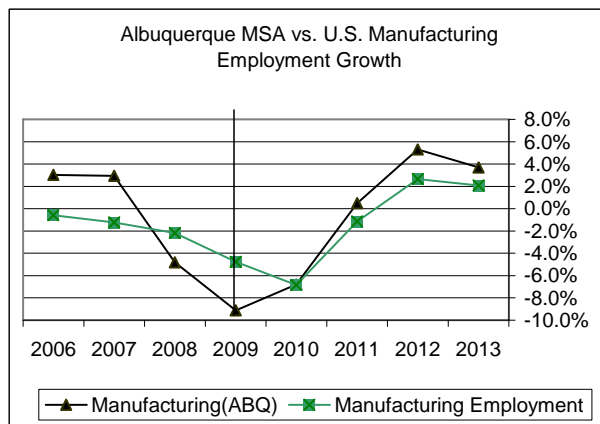
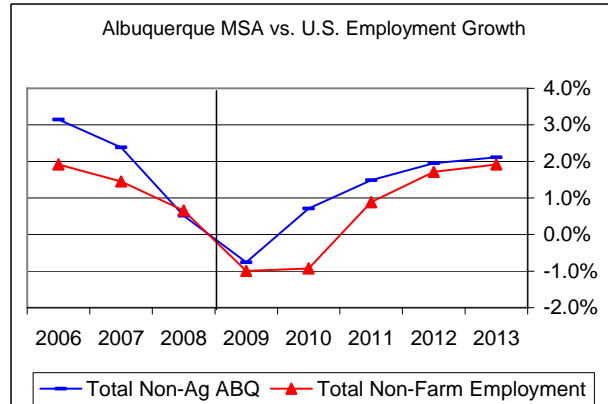
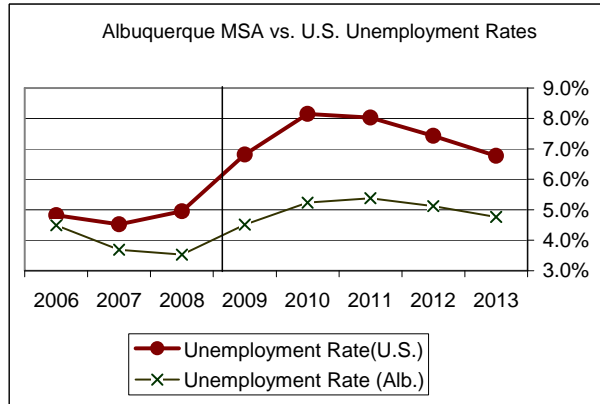
Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA. As shown in the chart above, construction employment moves similarly to permit values, but differences occur. Growth in employment was very strong in 2000-2002, driven in large part by the Intel project and the Big-I reconstruction project. The Big-I was completed ahead of schedule in June 2002, and the Intel project was also finished in June of 2002. As these jobs were lost, the City saw a reduction in employment in FY/02 and some additional losses in FY/03; losses of 3.3% and 2.3% respectively. In FY/04, growth was 5.2% and in FY/05 employment exceeded the peak in FY/02, with growth of 9.8% and in FY/06 growth slowed only slightly to 8.8%. Growth in FY/07 was only 2.4% and employment declined 4.7% in FY/08 and is expected to decline 3.5% in FY/09. FY/10 manages only 0.5% growth followed by 2.4% in FY/11 then increasing to over 3% only by FY/13. Single Family permits, while expected to increase, only reach 2,800 a year by FY/13. This level is well below the levels achieved in any year in the period FY/00 to FY/06.

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TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

By Fiscal Year BBER FORUNM Baseline November 2008



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TABLE 3

Albuquerque MSA Employment in Thousands										
	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
TOTAL NONAGRICULTURAL	366.058	373.467	385.200	394.375	396.392	393.387	396.168	402.048	409.892	418.549
NATURAL RESOURCES AND MINING AND CONSTRUCTI	24.783	27.200	30.417	31.150	29.692	28.642	28.782	29.453	30.237	31.232
MANUFACTURING	22.783	22.742	23.433	24.125	22.967	20.871	19.450	19.544	20.583	21.345
WHOLESALE TRADE	12.908	12.808	13.083	13.292	13.325	13.191	13.272	13.439	13.663	13.910
RETAIL TRADE	42.425	43.225	43.683	44.175	45.042	44.375	45.095	45.120	45.089	45.740
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.525	10.392	10.417	10.717	11.050	11.001	11.007	11.239	11.615	12.029
INFORMATION	9.900	8.992	9.008	9.375	9.250	9.205	9.063	9.147	9.494	9.622
FINANCIAL ACTIVITIES	18.950	19.192	19.375	19.167	19.158	19.016	19.653	19.902	19.999	20.193
PROFESSIONAL AND BUSINESS SERVICES	58.067	59.992	61.992	63.475	64.325	63.825	64.183	66.237	68.276	70.026
EDUCATIONAL AND HEALTH SERVICES	43.758	45.708	47.108	48.575	49.800	50.851	52.230	53.990	55.487	56.755
LEISURE AND HOSPITALITY	36.200	36.017	37.408	39.133	39.583	39.262	39.565	39.503	39.897	40.814
OTHER SERVICES	11.733	11.808	11.992	12.183	12.358	12.471	12.588	12.537	12.416	12.300
GOVERNMENT	74.025	75.392	77.283	79.008	79.842	80.671	81.271	81.928	83.127	84.574
LOCAL GOVERNMENT	36.133	37.067	38.075	39.083	39.808	40.716	41.279	41.911	42.649	43.350
STATE GOVERNMENT	23.850	24.258	24.800	25.375	25.625	25.438	25.282	25.413	25.908	26.644
FEDERAL GOVERNMENT	14.042	14.067	14.408	14.550	14.408	14.518	14.710	14.604	14.569	14.580
MILITARY EMPLOYMENT, THOUSANDS	6.466	6.463	6.350	6.449	6.479	6.623	6.603	6.505	6.445	6.405
Growth Rates										
TOTAL NONAGRICULTURAL	1.0%	2.0%	3.1%	2.4%	0.5%	-0.8%	0.7%	1.5%	2.0%	2.1%
NATURAL RESOURCES AND MINING AND CONSTRUCTI	5.5%	9.8%	11.8%	2.4%	-4.7%	-3.5%	0.5%	2.3%	2.7%	3.3%
MANUFACTURING	-5.6%	-0.2%	3.0%	3.0%	-4.8%	-9.1%	-6.8%	0.5%	5.3%	3.7%
WHOLESALE TRADE	-2.5%	-0.8%	2.1%	1.6%	0.2%	-1.0%	0.6%	1.3%	1.7%	1.8%
RETAIL TRADE	0.8%	1.9%	1.1%	1.1%	2.0%	-1.5%	1.6%	0.1%	-0.1%	1.4%
TRANSPORTATION, WAREHOUSING, AND UTILITIES	-0.8%	-1.3%	0.2%	2.9%	3.1%	-0.4%	0.1%	2.1%	3.3%	3.6%
INFORMATION	-6.1%	-9.2%	0.2%	4.1%	-1.3%	-0.5%	-1.5%	0.9%	3.8%	1.3%
FINANCIAL ACTIVITIES	0.5%	1.3%	1.0%	-1.1%	0.0%	-0.7%	3.3%	1.3%	0.5%	1.0%
PROFESSIONAL AND BUSINESS SERVICES	0.7%	3.3%	3.3%	2.4%	1.3%	-0.8%	0.6%	3.2%	3.1%	2.6%
EDUCATIONAL AND HEALTH SERVICES	4.1%	4.5%	3.1%	3.1%	2.5%	2.1%	2.7%	3.4%	2.8%	2.3%
LEISURE AND HOSPITALITY	2.5%	-0.5%	3.9%	4.6%	1.1%	-0.8%	0.8%	-0.2%	1.0%	2.3%
OTHER SERVICES	1.1%	0.6%	1.6%	1.6%	1.4%	0.9%	0.9%	-0.4%	-1.0%	-0.9%
GOVERNMENT	1.6%	1.8%	2.5%	2.2%	1.1%	1.0%	0.7%	0.8%	1.5%	1.7%
LOCAL GOVERNMENT	1.6%	2.6%	2.7%	2.6%	1.9%	2.3%	1.4%	1.5%	1.8%	1.6%
STATE GOVERNMENT	3.1%	1.7%	2.2%	2.3%	1.0%	-0.7%	-0.6%	0.5%	1.9%	2.8%
FEDERAL GOVERNMENT	-0.8%	0.2%	2.4%	1.0%	-1.0%	0.8%	1.3%	-0.7%	-0.2%	0.1%
MILITARY EMPLOYMENT, THOUSANDS	1.2%	0.0%	-1.7%	1.6%	0.5%	2.2%	-0.3%	-1.5%	-0.9%	-0.6%

TABLE 4

Economic Variables Underlying the Forecast

	Historical			Forecast				
	2006	2007	2008	2009	2010	2011	2012	2013
National Variables								
Real GDP Growth	3.0%	2.0%	2.4%	-0.4%	0.1%	2.6%	3.4%	3.3%
Federal Funds Rate	4.2%	5.3%	3.7%	1.0%	0.6%	2.3%	4.6%	4.8%
10 U.S. Bonds	4.6%	4.8%	4.1%	3.7%	3.7%	4.4%	5.4%	5.4%
CPI U	3.8%	2.6%	3.7%	1.6%	0.2%	3.1%	2.6%	2.3%
Unemployment Rate(U.S.)	4.8%	4.5%	5.0%	6.8%	8.1%	8.0%	7.4%	6.8%
Total Non-Farm Employment	1.9%	1.4%	0.7%	-1.0%	-0.9%	0.9%	1.7%	1.9%
Manufacturing Employment	-0.6%	-1.2%	-2.2%	-4.8%	-6.8%	-1.1%	2.7%	2.1%
Consumer sentiment index--University of Michigan	85.7	88.9	73.9	60.3	64.4	69.1	74.9	80.1
Exchange Rates	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7
Current Trade Account (billions of \$)	(773.0)	(783.3)	(699.0)	(483.1)	(405.2)	(560.8)	(651.9)	(681.2)
change in output per hour	1.6%	0.3%	3.0%	1.3%	1.5%	1.8%	1.6%	1.5%
West TX Intermediate (dollars per bbl)	64.3	63.4	96.8	72.5	55.5	73.3	83.8	89.8
wage growth	2.6%	3.3%	3.2%	2.5%	1.6%	1.6%	2.2%	2.7%
Albuquerque Variables								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	3.1%	2.4%	0.5%	-0.8%	0.7%	1.5%	2.0%	2.1%
Private-Non Construction	2.4%	2.4%	0.9%	-1.0%	0.7%	1.6%	2.0%	2.1%
Construction Employment (growth)	11.8%	2.4%	-4.7%	-3.5%	0.5%	2.3%	2.7%	3.3%
Manufacturing(ABQ)	3.0%	3.0%	-4.8%	-9.1%	-6.8%	0.5%	5.3%	3.7%
Unemployment Rate (Alb.)	4.5%	3.7%	3.5%	4.5%	5.2%	5.4%	5.1%	4.8%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	4,330	2,443	1,215	402	904	2,020	2,480	2846
Muli-Family Permits	269	1,094	638	107	87	134	257	500
Total Residential Permits	4,599	3,537	1,853	509	991	2,154	2,737	3346
Source Global Insight and FOR-UNM November 2008 Baseline Forecasts								

CAPITAL BUDGET

***Approved
Operating Budget
FY/10***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

CAPITAL IMPLEMENTATION PROGRAM

Capital Program Overview

The Authority's Capital program is comprised of three categories of projects, each with its own funding rules. The 'Basic Program' is funded by recurring revenues generated from the water/sewer rate structure. 'Special' projects are done outside of the Basic program but are funded from the same revenue stream that funds the Basic Program. Since the Basic Program is the first in line to get this revenue, the size and scope of these Special projects depend upon the availability of resources. Dedicated revenue projects have a revenue element in the rate structure dedicated to a specific purpose and accordingly, their size and scope are dependent upon the revenue stream generated. Grant funded projects are a fourth project category but since there is no net outlay of resources, these projects are not included in amounts reported in this document.

The Authority's 'Basic Program' for capital spending consists of a ten-year Decade Plan updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements and includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Authority Board with at least one public hearing and due deliberation. In even numbered fiscal years, the Decade Plan must be updated and approved by the Authority Board before that year's Capital program budget can be approved. This policy ensures there is always an approved two year planning element in place for every approved annual Basic Program budget. The Authority's Budget Policies and Procedures Ordinance, as required by the State Statutes creating the Authority, specifies that the Authority shall annually review and adopt one-year objectives related to the five year goals for the Authority. This requirement is applicable to the Capital program. Fiscal Year 2010 is the first year of the two year planning element which will be included in the Fiscal Year 2010 – 2019 Decade Plan.

'Basic Program' capital needs are incorporated into the water/sewer rate structure. The Rate Ordinance requires that Basic Program needs are funded at least 50% from cash with the balance of capital funding obtained through revenue bond or loan financing. The rate structure is designed to provide sufficient revenue to meet the 50% cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program. System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to Authority capital projects. UEC revenue is considered cash for purposes of meeting the 50% test. The current Rate Ordinance requires a \$30 million Basic rehabilitation program. The Rate Ordinance does not specify the size of the Basic growth program.

The new decade plan has some significant departures from the Fiscal Year 2008 – 2017 Decade Plan which was in place for fiscal years 2008 and 2009. This is not unexpected. The internal assessment of the condition of the Authority's infrastructure and future system needs as well as changes in the external environment in which the Authority operates will necessarily lead to changes in revenue allocation over time. In addition the Authority is starting to make capital decisions based on an asset management approach that is intended to provide a business model for managing infrastructure assets to minimize the total costs of owning and operating them at an acceptable level of risk.

Consistent with making capital decisions based on risk, a condition assessment of the Southside Water Reclamation Treatment Plant and its in-line supporting systems determined the need for an accelerated renovation program. Accordingly, a larger slice of the Basic program rehabilitation dollars are being allocated to treatment plant renovation and will be supplemented by \$20 million of proceeds from the revenue bond debt sale which closed in April 2009. It is anticipated that the \$20 million will be spent over the next three fiscal years. The increase in water reclamation facilities rehabilitation Basic program dollars means less money will be spent in other rehabilitation categories than what was shown in the Fiscal Year 2008 – 2017 Decade Plan.

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The emphasis on treatment plant renovation is one of three significant adjustments for Fiscal Year 2010 in the Fiscal Year 2010 – 2019 Decade Plan when compared to the Fiscal Year 2008 – 2017 Decade Plan.

The other two adjustments are:

- The NM45 road project to be done by the New Mexico Department of Transportation (NMDOT) has not started due to a lack of funding. The Authority had allocated \$10 million in Fiscal Year 2009 and 2010 for interceptor rehabilitation in conjunction with the road work.
- A continued decline in UEC revenue has led to a reduction in the Basic growth program from the \$14 million in the Fiscal Year 2008 – 2017 Decade Plan to \$6 million in the Fiscal Year 2010 – 2019 Decade Plan. UEC revenue has been the primary funding source for Basic Program system growth. The Fiscal Year 2010-2019 Decade Plan has growth spending returning to the \$14 million level in Fiscal Year 2011 and beyond but that is subject to UEC revenue increasing to former levels. There is no assurance that will occur.

There are no appropriations in the proposed Fiscal Year 2010 CIP budget for projects that will be funded with revenues from Fiscal Year 2011 and later.

Fiscal Year 2010 Capital Program Appropriations and Spending by Categories

The Authority's Capital program budget for Fiscal Year 2010 is \$36 million for the Basic capital program and \$17.8 million for special projects.

The Basic program is comprised of \$30 million for rehabilitation infrastructure needs as required by the Rate Ordinance and \$6 million for growth infrastructure needs. The \$30 million rehabilitation needs are comprised of \$17.50 million for water reclamation, \$10.42 million for water rehabilitation and \$2.08 million for shared rehab. Shared rehab are costs which benefit both water and water reclamation and are of a size or scope which does not lend itself to further allocation. Shared rehab includes certain on-call engineering services, franchise fee compliance efforts and construction inspection. The \$17.50 million for water reclamation includes \$14.3 million for improvements at the Southside Water Reclamation Plant.

The Rate Ordinance requires that the Basic capital program spending be financed at least 50% from cash transfers. The Basic capital program of \$36 million is being financed by \$16.5 million of cash transfers and \$19.5 million from debt financing. However, on a cumulative basis since the inception of the Water Authority, the 50% cash requirement has been met. The \$19.5 million in debt financing is a portion of the proceeds from the \$150.365 million revenue bond sale which closed in April 2009.

The \$17.8 million appropriation for special projects is comprised of several projects. All work other than the Valley Utilities Projects will be funded from debt proceeds. Projects include:

- \$2 million for Automated Meter Reading
- \$1 million for steel water line replacement
- \$6.6 million for improvements at the Southside Water Reclamation Plant and related facilities
- \$1 million for capital improvements to the New Mexico Utilities infrastructure
- \$2.2 million for the Bosque Prep land purchase (an option to purchase payment of \$100,000 has been made)
- \$1 million for the Fiscal Year 2010 funding increment for the Valley Utilities Projects done in coordination with Bernalillo County
- \$4 million for other special projects based on need

Not included in the current year appropriation is the Santa Barbara Pump Station and Reservoir project. This project includes a new pump station and reservoir, the rehabilitation of existing water lines and two new water lines west of the reservoir towards downtown. The first \$12 million in construction costs is being funded

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from a New Mexico Environment Department (NMED) loan. At this time, the value of signed contracts is less than the \$12 million in loan funds available. The entire \$12 million was appropriated in prior years.

Spending in the Fiscal Year 2010 Basic program will differ for some projects from the levels appropriated in the budget resolution because of expected positive and deficit carryovers from the Fiscal Year 2009 Basic program. Project categories with expected significant positive carryovers are Water Reclamation Lines and Facilities. Project categories with expected significant deficit carryovers are Water Lines rehab and Shared rehab. The deficit carryovers have been cured by increasing the Fiscal Year 2010 appropriations above planned spending.

In line with the restructuring of the Utility's operations from water and water reclamation to plant and field, the Authority Board is being requested to approve changing the capital equipment allocations in the Basic program from water and water reclamation to plant and field.

In order to meet reporting requirements, the Capital program is presented from the perspective of categories of spending. Category definitions are:

Rehabilitation = Costs required to extend the service life of an existing facility or to restore original performance or capacity by rehabilitating or replacing system components

Growth = Costs for either new facilities, component additions or system upgrades that provide service or capacity for new or future customers, or restores needed reserves previously used to support new customers. Included in growth are costs for improvements not tied to specific infrastructure assets. Improvements include management information systems development, geographic information systems development, vehicles and asset management.

Valley = Costs for water and sewer expansion projects in the North and South Valley service areas in partnership with Bernalillo County.

Water Resources Management Strategy (WRMS) = Costs for projects identified in the Water Resources Management Strategy as adopted by the City of Albuquerque in 1997 and as adopted by the Authority as successor. There is a revenue element in the rate structure dedicated for WRMS projects.

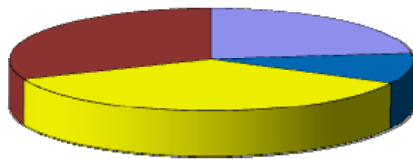
For presentation purposes the rehabilitation budget category called shared rehabilitation is split equally among water and water reclamation.

	Appropriation	Planned Spending
Basic Water Rehab	\$ 11,460,000	\$ 10,750,000
Basic Water Reclamation Rehab	\$ 18,540,000	\$ 27,050,000
Basic System Growth	\$ <u>6,000,000</u>	\$ <u>7,000,000</u>
Total Basic	\$ <u>36,000,000</u>	\$ <u>44,800,000</u>
Special Projects:		
Rehab		
Automated Meter Reading	\$ 2,000,000	\$ 2,000,000
Steel Water Line Replacement	\$ 1,000,000	\$ 1,000,000
Water Reclamation Plant Improvements	\$ 6,600,000	\$ 6,600,000
Santa Barbara Project	\$ -	\$ 7,000,000
Growth		
Valley Utilities Projects	\$ 1,000,000	\$ 1,000,000

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	Appropriation	Planned Spending
New Mexico Utilities Capital Improvements	\$ 1,000,000	\$ 1,000,000
Bosque Prep Land Purchase	\$ 2,200,000	\$ 2,100,000
Other Projects Depending on Need	\$ <u>4,000,000</u>	\$ <u>4,000,000</u>
Total Special Projects	\$ <u>17,800,000</u>	\$ <u>24,700,000</u>
Water Resources Management Strategy		
Southside Reuse Project	\$ -	\$ <u>5,000,000</u>
Total	\$ <u>53,800,000</u>	\$ <u>74,500,000</u>
Rehab	\$ 39,600,000	\$ 54,400,000
Growth	\$ 13,200,000	\$ 14,100,000
Valley Utilities Projects	\$ 1,000,000	\$ 1,000,000
Water Resources Management Strategy	\$ -	\$ <u>5,000,000</u>
Total	\$ <u>53,800,000</u>	\$ <u>74,500,000</u>

FY/10 Appropriation



FY/10 Planned Spending



■ Trans Op
■ Trans DS
■ Rev Bonds Basic
■ Rev Bonds Grow
■ Rev Bonds SP
■ Rev Bonds SSR
■ Rev Bonds SB

<u>Category</u>	<u>Percentage</u>	<u>Amount</u>
Rehab	73.6	\$ 39,600,000
Growth	24.5	\$ 13,200,000
Valley Utilities Projects	1.9	\$ 1,000,000
Water Resources Management Strategy	-	\$ -
Total	<u>100.0</u>	\$ <u>53,800,000</u>

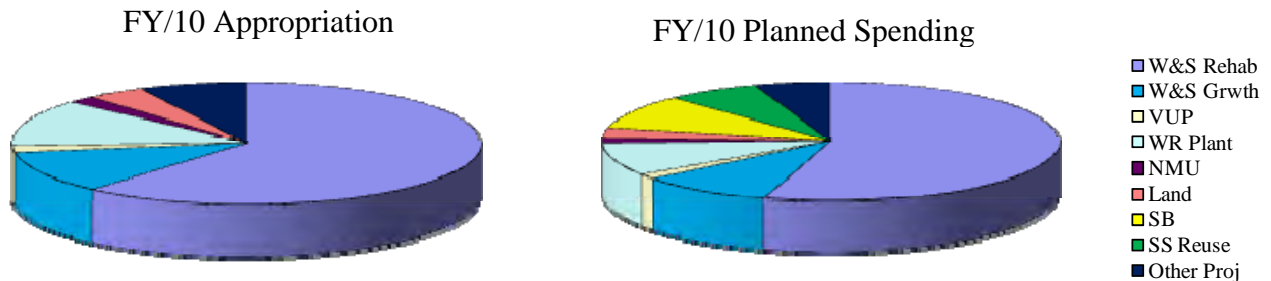
The revenue sources for the appropriations are comprised of:

Transfer from Operating Fund 621 for Basic rehab	\$ 11,500,000
Revenue bond proceeds for Basic rehab	\$ 18,500,000
Transfer from Operating Fund 621 for Basic growth	\$ 1,000,000
Revenue bond proceeds for Basic growth	\$ 1,000,000
Transfer from Debt Service Fund 631 for Basic growth	\$ 4,000,000
Transfer from Debt Service Fund 631 for Valley Utilities	\$ 1,000,000
Revenue bond proceeds for special projects	\$ <u>16,800,000</u>
Total	\$ <u>53,800,000</u>

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Reconciliation Between Appropriations And Planned Spending

Appropriations per this resolution	\$ 53,800,000
FY/09 Basic program rehabilitation carryover to FY/10	\$ 7,800,000
FY/09 Basic program growth carryover to FY/10	\$ 1,000,000
Option to purchase payment made in FY/09 on Bosque Prep site	\$ (100,000)
Previously appropriated bond and loan proceeds that will be used for the Santa Barbara Project	\$ 7,000,000
Southside Reuse Project	\$ <u>5,000,000</u>
Planned Spending	\$ <u>74,500,000</u>



By fund, the \$53.80 million is allocated: \$1.0 million in the Valley Utility Projects fund 627, \$39.6 million in the Joint Water & Sewer Rehabilitation Fund 628 and \$13.2 million in the Joint Water & Sewer Fund 629.

Fiscal Year 2010 - 2011 Capital Program Highlights

Planned spending in Fiscal Year 2010 and Fiscal Year 2011 for some selected projects is presented below. The Fiscal Year 2010 figures include anticipated Fiscal Year 2009 carryovers. Some Southside Water Reclamation Plant improvement projects have funding within and outside of the Basic program. The Fiscal Year 2010 – 2019 Decade Plan contains narrative descriptions of these projects and should be read in accompaniment with this document.

	FY/10	FY/11
<u>Basic Program Water Rehabilitation</u>		
Small Diameter Water Line Rehab	\$ 2,800,000	\$ 4,000,000
Annual Well and Booster Pump Station	\$ 1,500,000	\$ 1,500,000
Kiva Pump Station Repair/Replace	\$ 1,700,000	\$ -
San Juan Chama Drop Valve Project	\$ 1,400,000	\$ -
Water Meters, Boxes and Service Lines	\$ 1,200,000	\$ 1,200,000
<u>Basic Program Water Reclamation Rehabilitation</u>		
Interceptor Sewer Line Rehab	\$ 4,500,000	\$ 5,200,000
Small Diameter Sewer Line Rehab	\$ 1,400,000	\$ 1,000,000
Ultra Violet Disinfection System	\$ 8,500,000	\$ 1,000,000
FY/03 Plant Improvements	\$ 9,700,000	\$ -
FY/05 Lift Station Improvements	\$ 1,100,000	\$ -
<u>Basic Program Shared Rehabilitation</u>		
Franchise Fee Compliance	\$ 1,000,000	\$ 1,000,000

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		FY/10		FY/11
<u>Basic Program Growth</u>				
Gonzales Transmission Line	\$	1,000,000	\$	-
Aquifer Storage and Recovery	\$	600,000	\$	3,700,000
MIS / GIS	\$	1,500,000	\$	2,750,000
Heavy Equipment and Vehicles	\$	1,632,000	\$	1,000,000
<u>Special Project – Southside Water Reclamation Plant Improvements</u>				
FY/03 Plant Improvements	\$	800,000	\$	-
FY/05 Lift Station Improvements	\$	3,700,000	\$	-
MDC Rehabilitation	\$	630,000	\$	-
Odor Control Facilities Rehab	\$	900,000	\$	1,800,000

Grant Funded Projects

A \$250,000 grant from NMED is funding design work for well and water system improvements on Pajarito Mesa, an unincorporated area on the western edge of Bernalillo County. This work has been in progress for several months. Another \$500,000 grant from NMED is available to pay for the design and construction of water system improvements for the Pajarito Mesa Mutual Domestic Water Consumers Association. This work has not started.

Three grants from NMED and the New Mexico Department of Finance and Administration (DFA) totaling \$1.5 million have been received for the first three phases of the Bear Canyon Recharge Demonstration project. Bear Canyon is in the foothills at the eastern edge of Albuquerque. The project is intended to answer the question whether stored surface water will permeate down through the soil and replenish the aquifer.

Project Descriptions and Ten Year Budgets for Selected Projects from the Fiscal Year 2010-2019 Decade Plan

Small Diameter Sewer Line Rehab, \$10,000,000

There are over 1,835 miles of 8-inch and 10-inch sanitary sewer collection lines through the Authority's service area. Lines that were constructed using concrete material or other obsolete material have a life expectancy of 50 years or less. These types of lines must now be lined or replaced with suitable material to avoid collapses in the collection line and possibly the roadways that they occupy. Lining or replacement options will increase the life of the pipe up to 100 years if not longer. When the deterioration has compromised the integrity of the wall strength, the replacement option is the only option left for rehabilitation of the line. This option is about twice the cost of lining the pipe if it had been caught in time.

Ultraviolet Disinfection, \$8,600,000

Installation of an ultraviolet disinfection system will replace the existing chlorine/sulfur dioxide system which involves the bulk transport and storage of deadly gas. Surrounding neighborhoods as well as the plant site would be at risk in the event of a major spill. The ultraviolet disinfection system requires only electrical power to operate which removes the need to purchase and store any chemicals.

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FY/05 Lift Stations Improvements, \$3,740,000

Wastewater Sanitary Lift Stations, miscellaneous improvements to numerous sanitary lift stations located throughout the City of Albuquerque and Bernalillo County. Improvements include but are not limited to HVAC, electrical, control, piping, pumping and Bernalillo County. Improvements include but are not limited to HVAC, electrical, control, piping, pumping and structural. The sanitary lift stations serve to pump wastewater to a higher elevation so that wastewater can resume its flow by gravity.

FY/03 Water Reclamation Treatment Plant Improvements, \$7,500,000

These miscellaneous plant improvements are mainly to replace equipment which is obsolete, worn out and in need of replacement. As a result much of this equipment is difficult to maintain due to lack of parts. Failure of this equipment will result in the failure of critical plant processes and violations to the NPDES Discharge Permit.

Odor Control Facilities Improvements, \$2,100,000

Hydrogen sulfide is the primary gas that causes offensive odors from the sewer system. These gases are naturally generated through biological activity in the sewer. Larger sewers known as interceptors are the primary odor generators in the collection pipe system. The Sanitary Sewer Interceptor Odor Control Master Plan is scheduled to be complete by July 2009 and will study odor generation in the entire 15" and larger portion of the sewer system.

Project Descriptions and Ten Year Budgets for Selected Projects from the Fiscal Year 2010-2019 Decade Plan

The Sanitary Sewer Interceptor Odor Control Master Plan will identify system deficiencies and will propose a recommended capital improvement plan (CIP) with prioritized improvements to resolve the system deficiencies.

The project cost provides for:

- FY/10: Construction of a ferrous chloride facility at a WUA owned site.
- FY/10: Design of the highest priority facility identified in the Sanitary Sewer Interceptor Odor Control Master Plan.
- FY/11: Construction of the highest priority facility identified in the Sanitary Sewer Interceptor Odor Control Master Plan.

Small Diameter Water Line Rehab, \$40,000,000

There are over 2,235 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there is over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the Utility. As our older steel or cast iron lines become deficient, the Utility will often respond to numerous leaks. These leaks if

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gone unnoticed do have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and create incredible liability for the utility.

Water Meters, Meter Boxes and Service Line Replacement, \$12,000,000

Large revenue meter testing, repairs, and maintenance is one phase of project. Service line replacements reduce lost water and infrastructure damages in the public right-of-way. Replacement of non- or under registering water meters will enhance revenue and reduce unaccounted for water. Meter box replacement will reduce liability in sidewalk and other areas due to tripping and other public traffic hazards and also enhance the corrective maintenance of revenue meters.

Annual Well and Booster Pump Maintenance and Repair Program, \$15,000,000

Currently, 60 of the 92 wells are supplying 75% of potable water to the greater Albuquerque and Bernalillo County metropolitan area. Even with the new San Juan Chama Water Treatment Plant in operation, the wells are still needed to meet the majority of the consumptive demand now and a smaller percentage in the future and possibly 100% of the demand during periodic droughts. If the wells are allowed to fail and sit idle for long periods or indefinitely, there is a risk of not getting them back in service ever or in a timely manner due to problems with the well screens, equipment or water quality.

There are 35 booster stations that pump water from ground and elevated storage reservoirs to the upper zones of the water service area. A large percentage of these stations are the only means of getting water to the reservoirs in the upper zones. If the booster pumps and auxiliary equipment are not maintained and repaired as needed, there is a significant risk of failure to get water to customers and/or maintain the expected levels of service.

Project Descriptions and Ten Year Budgets for Selected Projects from the Fiscal Year 2010-2019 Decade Plan

The well and booster pump maintenance and repair program allows the Authority to renew and rehab these water facilities, to restore or improve capacity, meet current code requirements, and replace old unsafe electrical and mechanical equipment.

Developer Agreements for Infrastructure, \$14,268,000

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

Water and Sewer Line Policy Extensions, \$13,100,000

Frequently, water and sewer lines installed by others are smaller than will be required for ultimate system build-out. Sound engineering practice requires that the Authority invest the marginal difference to avoid having to return and replace recently installed lines. The Authority will coordinate master planned line installation work with other projects including those by City of Albuquerque, NMDOT, Village of Los Ranchos, AMAFCA, and Bernalillo County. This yields savings on portions of typical project costs, e.g. pavement work, and avoids having to unnecessarily disrupt the corridor in the future. By coordinating with others, any remaining funds can be used for additional Authority priority growth work.

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Information Technology, \$23,750,000

This project encompasses both new technology initiatives and the upgrade of hardware and software which is either approaching end-of-life or is unsupported by the vendor. Hardware life span is estimated between 3-5 years; with software life span of a current release level can range from 6 months to 2 years. As technology continues to increase in its support of business operations, it is critical to maintain its currency. The project cost provides for:

- **Servers and Databases (New and Upgrades):** This category covers servers that house all software applications and the databases that support those applications. Applications range from CC&B, Maximo and GIS to H2O Water Waste. Databases include supported Oracle and SQL Server databases, but also include databases that are no longer supported. It also includes networking equipment.
- **Applications (New and Upgrades):** This category covers the purchase and upgrades of new software, both enterprise-wide and division specific. Examples include: CC&B, Maximo, Sharepoint, LIMS, H2O Water Waste, and Kronos. On average, 2-4 service packs (including several patches) are released each year, with major releases occurring every 1-3 years.
- **Client Services (New and Upgrades):** This category covers hardware and software at the clients desktop. It includes the ongoing upgrade of desktop computers, monitors, keyboards, etc. and the upgrades of Windows operating systems and Microsoft software. It also includes the purchase of new desktop equipment and software.
- **Geographic Information Systems (GIS – New and Upgrades):** This category represents all purchases done within the GIS environment to include new software, hardware and mobile devices. It includes the purchase of GIS-related software for Maximo and mobile devices, including phones.
- **Mobile (New and Upgrades):** This new category addresses the mobile environment to include portable devices, phones, vehicle location devices, etc. It also includes upgrades to radio equipment. It is expected that category will expand over the coming years due to the advancement of mobile technology.

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The following table shows the planned funding allocation by category/project for a five year period.

CIP Plan Fiscal Year 2010 - 2014	2010	2011	2012	2013	2014	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
BASIC PROGRAM						
Sewer Lines Rehab						
Interceptor Sewer Rehab	1,200	4,200	4,200	3,000	3,000	15,600
Interceptor Sewer Rehab Contingency	500	1,000	1,000	1,000	1,000	4,500
Small Dia. Sewer line Rehab	1,000	1,000	1,000	1,000	1,000	5,000
Sewer line CCTV Inspections	500	500	500	500	500	2,500
NMDOT 45 South Coors Interceptor	0			3,000	3,000	6,000
Sewer Lines Rehab Subtotal	3,200	6,700	6,700	8,500	8,500	33,600
Wastewater Facilities Rehab						
Southside Water Reclamation Rehabilitation Program						0
Reclamation Rehab Study	100					100
Hoffman Blower Replacement Project	100	7,900				8,000
UV Disinfection System	7,600	1,000				8,600
FIS Main PNM Switchgear		500				500
PTF Pista Grit System Replacement Project		4,600	3,400			8,000
Replace Aeration Basin Diffusers		80	920			1,000
Dewatering Facilities		800	3,000	6,200		10,000
Digester Rehabilitation/Renovations			6,000	4,000		10,000
DAF Rehabilitation				500	5,500	6,000
New Digesters				500	5,500	6,000
Power Coordination Study					600	600
Electrical Improvements					300	300
Sludge Blending Tank					200	200
Primary Clarifier Rehabilitation/Replacement					600	600
Plant Ph 2 Odor Control Rehab		5,500	2,500	1,000	0	9,000
Water Reclamation Inhouse Projects		1,000	1,000	1,000	1,000	4,000
FY/03 Plant Improvements	7,500	0	0	0	0	7,500
Odor Control Facilities	450	900	750	0	0	2,100
Lift Stations						0
FY/05 Lift Station Improvements	3,740					3,740
Other Lift Station Improvements (SCADA, Spare Pumps, etc)	330	330	330	330		1,320
Lift Station 24					500	500
Interceptor Odor Control Study	450	900	750			2,100
MDC Wastewater Rehab and Forcemain	630			100	2,400	3,130
Wastewater Facilities Rehab Subtotal	20,900	23,510	18,650	13,630	16,600	93,290
Wastewater Facilities Rehab - Basic Program	14,300	13,990	12,290	7,590	8,490	56,660
Wastewater Special Funding - \$ 20 million	6,600	9,520	3,880			20,000
Additional Special Funding Needed			2,480	6,040	8,110	16,630
BASIC PROGRAM						
Water Lines Rehab						
Small Dia. Waterline Rehab	3,000	3,000	3,000	3,000	3,000	15,000
Small Dia. Waterline Rehab Contingency	1,000	1,000	1,000	1,000	1,000	5,000
Water Meters, Boxes & Services Rehab	1,200	1,200	1,200	1,200	1,200	6,000
Large Water Valve Replacement	250	250	250	250	250	1,250
Pressure Reducing Valve Replacements		200		200		400
Water Lines Rehab Subtotal	5,450	5,650	5,450	5,650	5,450	27,650

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Water Facilities Rehab						
Annual Sodium Hypochlorite Generator System Rehab/Replace	260	260	260	260	260	1,300
Annual Well and Booster PS Rehabilitation and Maintenance	1,500	1,500	1,500	1,500	1,500	7,500
San Juan-Chama Water Transfer - Drop Valve Project	1,200					1,200
Kiva Pump Station Rehab/Replace	1,700	0			0	1,700
Well Replacement Program				2,000	2,000	4,000
MDC Water System Rehab - Well and EDR Unit					250	250
Drinking Water Project Rehab	260	250	1,600	1,600	1,600	5,310
Volcano Cliffs Well No. 2 Washline Relocation					50	50
Kiva Reservoir Rehab					50	50
Lomas Reservoir Rehab			50	750		800
Gas Engine Conversions (Gonzales, Ponderosa, Volcano Cliffs,			400	400	0	800
Annual Reservoir Cleaning and Inspection	50	50	50	50	50	250
NMUI Rehab			300	300	300	900
Water Facilities Rehab Subtotal	4,970	2,060	4,160	6,860	6,060	24,110
Shared Line & Facility Rehab						
Fund 628 Const Mgmt & Inspection	772	400	400	400	400	2,372
Franchise Fee Water & Sewer Rehab	1,108	1,000	1,000	1,000	1,000	5,108
On-Call Engineering Water & Sewer	200	200	300	300	400	1,400
Shared Line & Facility Rehab Subtotal	2,080	1,600	1,700	1,700	1,800	8,880
Total Basic Rehabilitation Program	30,000	30,000	30,300	30,300	30,300	150,900
Special Projects						
Steel Waterline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
Leak Detection Program	0	0	0	500	500	1,000
AMR Meter Rehabilitation	2,000	2,000	2,000	2,000	2,000	10,000
NMUI	1,000					1,000
Valley Utility Projects	1,000	1,000	1,000	1,000	1,000	5,000
Special Projects Subtotal	5,000	4,000	4,000	4,500	4,500	22,000
Combined Rehabilitation and Special Projects	35,000	34,000	34,300	34,800	34,800	172,900
GROWTH						
Water Facilities Growth						
Aquifer Storage & Recovery	600	3,700	1,500			5,800
Water Facilities Growth	0	300		500	1,000	1,800
College Reservoir No. 2	0	0			500	500
Water Facilities Landscaping Program		100	100	100	100	400
Water Facilities Growth Subtotal	600	4,100	1,600	600	1,600	8,500
Wastewater Facilities Growth						
MDC Facility Improvements	0	0	0	200	1,500	1,700
Tijeras (Mesa del Sol) WWTP	0	0	200	1,500	1,500	3,200
Bosque Reuse WWTP	0	0	0	500	500	1,000
Wastewater Facilities Growth Subtotal	0	0	200	2,200	3,500	5,900
Water Lines Growth						
Water & Sewer Line Policy Extensions	500	1,400	1,400	1,400	1,400	6,100
Warehouse Meters	600	600	600	600	600	3,000
Water Lines Growth Subtotal	1,100	2,000	2,000	2,000	2,000	9,100

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Construction Inspection						
Fund 629 Construction Mgmt & Inspection	50	100	100	100	100	450
Construction Inspection Subtotal	50	100	100	100	100	450
Land Acquisition						
Plant Land Acquisition	0	0	200	200	200	600
Field Land Acquisition						
Land Acquisition Subtotal	0	0	200	200	200	600
Other Agreements						
NMDOT 45 South Coors Water Line					750	750
Other Agreements Subtotal	0	0	0	0	750	750
Water Rights and Storage						
Water Rights		250	250	250	250	1,000
Water Rights and Storage Subtotal	0	250	250	250	250	1,000
Development Agreements						
Developer Agreements	268	2,000	2,000	2,000	2,000	8,268
Development Agreements Subtotal	268	2,000	2,000	2,000	2,000	8,268
MIS/GIS						
MIS / GIS	1,500	2,750	3,000	2,500	2,000	11,750
MIS/GIS Subtotal	1,500	2,750	3,000	2,500	2,000	11,750
Heavy Equipment and Vehicles						
Vehicle Replacements		1,000	1,000	1,000	1,000	4,000
Plant Equipment						0
2 x Compost Mier/Windrow	260					260
Solids Management Equipment	340					340
Trommel Screener	400					400
Field Equipment						0
Interceptor Cleaning Equipment	100					100
Vactor Replacement	332					332
CCTV Replacement	200					200
Heavy Equipment and Vehicles Subtotal	1,632	1,000	1,000	1,000	1,000	5,632
Utility Risk Reduction						
Utility Risk Reduction	50	100	150	150	100	550
Utility Risk Reduction Subtotal	50	100	150	150	100	550
Master Plan and Asset Management						
Integrated Master Plan	400	1,000	500			1,900
Master Plan and Asset Management Subtotal	400	1,000	500	0	0	1,900
Miscellaneous						
Pino Yards Replacement		200	2,500	2,500		5,200
Low Income W/S Connections	400	500	500	500	500	2,400
Miscellaneous Subtotal	400	700	3,000	3,000	500	7,600
Total Growth Program	6,000	14,000	14,000	14,000	14,000	62,000
Total Rehabilitation, Special Projects and Growth	41,000	48,000	48,300	48,800	48,800	234,900

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Interceptor Sewer Rehab & Contingency

Decade Plan Line and Work Category: Lines 101 and 102 – Sewer Lines Rehab – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: 73

This program provides funding for evaluation, planning, design, construction, and related activity necessary for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation. Contingency funding, 102, is also included in the estimated cash flows.

Project Cash Flow Est.

FY/10	\$1,700,000
FY/11	\$5,200,000
FY/12	\$5,200,000
FY/13	\$4,000,000
FY/14	\$4,000,000
FY/15	\$4,000,000
FY/16	\$5,500,000
FY/17	\$5,500,000
FY/18	\$5,500,000
FY/19	\$5,500,000
Total	\$46,100,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

The sanitary sewer interceptor system is the backbone to the Utility's current sewer collection system. It is designed to carry large flows from the collection line system for delivery to the plant for treatment. There are over 242 miles throughout the service area of interceptor lines which range in size from 12-inch up to 72-inch.

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 cost of repair under emergency conditions after a collapse is two to three times more than the cost of rehabilitation on a planned basis and the liability associated far exceeds these costs.

Other Alternatives Considered? Interceptors that are found with structural integrity may be lined with a protective layer that will increase the life of the pipe for another 75 to 100 years. Lines that are beyond this type of rehabilitation may be replaced with a new pipe using material that is designed to last over 100 years.

New 48" Sewer Line to be Slip-lined into an existing 54" Concrete Pipe in Broadway NE



New 27-inch Sewer Line Slip-lined in the old 30" Concrete Pipe in Prospect NE west of Carlisle



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Sewerline Rehab and Replacement - \$19,392,000

Project Title – Small Diameter Sewer Line Rehab

Decade Plan Line and Work Category: Line 103 – Sewer Lines Rehab – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: 38

This program provides funding for planning, design, construction, and related activity necessary for rehabilitation and replacement of deteriorating small diameter sewer collection lines.

Project Cash Flow Est.

FY/10	\$1,000,000
FY/11	\$1,000,000
FY/12	\$1,000,000
FY/13	\$1,000,000
FY/14	\$1,000,000
FY/15	\$1,000,000
FY/16	\$1,000,000
FY/17	\$1,000,000
FY/18	\$1,000,000
FY/19	\$1,000,000
Total	\$10,000,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

There are over 1,835 miles of 8-inch and 10-inch sanitary sewer collection lines through the Authority's service area. Lines that were constructed using concrete material or other obsolete material have a life expectancy of 50 years or less. These types of lines must now be lined or replaced with suitable material to avoid collapses in the collection line and possibly the roadways that they occupy. Lining or replacement options will increase the life of the pipe up to 100 years if not longer. When the deterioration has compromised the integrity of the wall strength, the replacement option is the only option left for rehabilitation of the line. This option is about twice the cost of lining the pipe if it had been caught in time.

Other alternatives considered? N/A

***8-inch Sewer Lining
Installation Project
Downtown at 7th
Street and Kent***



***8-inch Sewer Lining Project
on Los Arboles NE***



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Ultraviolet Disinfection

Decade Plan Line and Work

Category:

203 - Facilities Rehab

Description: (when, where, expected level of service)

Risk Ranking: 93

This program funds the replacement of the existing chlorine/sulfur dioxide disinfection system with an ultraviolet disinfection system. The disinfection system kills all pathogens in the final plant effluent prior to discharging into the Rio Grande River.

Project Cash Flow Est.

FY/10	\$7,600,000
FY/11	\$1,000,000
FY/12	\$0
FY/13	\$0
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$8,600,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

Installation of an ultraviolet disinfection system will replace the existing chlorine/sulfur dioxide system which involves the bulk transport and storage of deadly gas. Surrounding neighborhoods as well as the plant site would be at risk in the event of a major spill. The ultraviolet disinfection system requires only electrical power to operate which removes the need to purchase and store any chemicals.

Other Alternatives Considered?

The various types of ultraviolet disinfection equipment were evaluated.

Future Location of the new UV Facility



Existing SO₂ Injection Structure



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title - FY2005 Lift Station Improvements Project

Decade Plan Line and Work

Category:

236 - Wastewater Facilities Rehab

Description:(when, where, expected level of service)

Risk Ranking: N/A

Wastewater Sanitary Lift Stations, miscellaneous improvements to numerous sanitary lift stations located throughout the City of Albuquerque and Bernalillo County. Improvements include but are not limited to HVAC, electrical, control, piping, pumping and Bernalillo County. Improvements include but are not limited to HVAC, electrical, control, piping, pumping and structural. The sanitary lift stations serve to pump wastewater to a higher elevation so that wastewater can resume its flow by gravity.

Project Cash Flow Est.

FY/10	\$3,740,000
FY/11	\$0
FY/12	\$0
FY/13	\$0
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$3,740,000

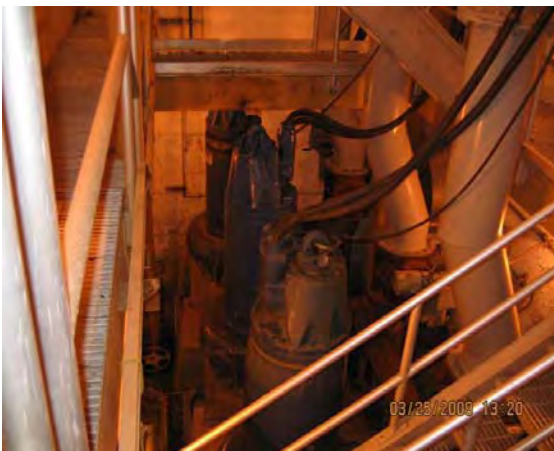
Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

Much of the HVAC, electrical, control, piping, pumping and structural elements of these sanitary lift stations needs to be upgraded or replaced in order to keep these stations operational for the future. The work includes bypass pumping capability to LS20, replace obsolete VFD's and configure them to power either the station pumps or the bypass pumps, replace LS 20 HVAC equipment, replace LS20 value actuators, replace corroded hatches, pipes, hangers, supports, and fittings throughout the sanitary lift stations, repair or replace various Lift Station odor control equipment and piping. Replace LS20 60" force main valves that failed in both the open and closed positions and other miscellaneous improvements. Failure of any sanitary lift station will result in backup of sewage into the public streets as well as private homes and businesses creating a public health risk.

Other Alternatives Considered?

None

Lift Station #20 Pumps



Broadway Lift Station



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title - FY2003 Miscellaneous Plant Improvements

Decade Plan Line and Work

Category:

234 - Wastewater Facilities Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: N/A

Wastewater Plant Improvements Project, Miscellaneous Plant Improvements to the Water Reclamation Plant which includes lower bar screen replacement, gas compressor replacement, Pump Stations 1 and 2 pump replacement, gas flare modifications, south aeration basins 5 & 6 diffuser replacement, Lift Station 11 electrical switchgear replacement, O&M Building electrical switchgear replacement, 72 inch flow meter, south blower building electrical modifications and a new septage dump station.

Project Cash Flow Est.

FY/10	\$7,500,000
FY/11	\$0
FY/12	\$0
FY/13	\$0
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$7,500,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

These miscellaneous plant improvements are mainly to replace equipment which is obsolete, worn out and in need of replacement. As a result much of this equipment is difficult to maintain due to lack of parts. Failure of this equipment will result in the failure of critical plant processes and violations to the NPDES Discharge Permit.

Other Alternatives Considered? None

PTF Lower Barscreens to be replaced



Gas Compression Compressors to be replaced



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Small Diameter Water Line Rehab

Decade Plan Line and Work Category: Lines 301 and 302 - Water Lines Rehab – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: 59

This program provides funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past their useful life. The activity includes both rehab, (301) and contingency, (302) funding.

Project Cash Flow Est.

FY/10	\$4,000,000
FY/11	\$4,000,000
FY/12	\$4,000,000
FY/13	\$4,000,000
FY/14	\$4,000,000
FY/15	\$4,000,000
FY/16	\$4,000,000
FY/17	\$4,000,000
FY/18	\$4,000,000
FY/19	\$4,000,000
Total	\$40,000,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

There are over 2,235 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there are over 500-miles of pipe that are deficient either in wall integrity or size that poses potential threats to the Utility. As our older steel or cast iron lines become deficient, the Utility will often respond to numerous leaks. These leaks if gone unnoticed do have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and create incredible liability for the utility.

Other alternatives considered? There are no other alternatives for this critical activity.

**New 6-inch Water
Line Installation**



Old Steel Line at the Break Point



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Meters, Boxes & Service Line Replacements

Decade Plan Line and Work Category: Line - 303 Water Lines Rehab

– 100% Rehab

Description: (when, where, expected level of service)

Risk Ranking: N/A

Continuous rehabilitation is necessary for poly service lines (as they are encountered and replaced with copper), non-registering revenue meters, and deteriorated meter box locations.

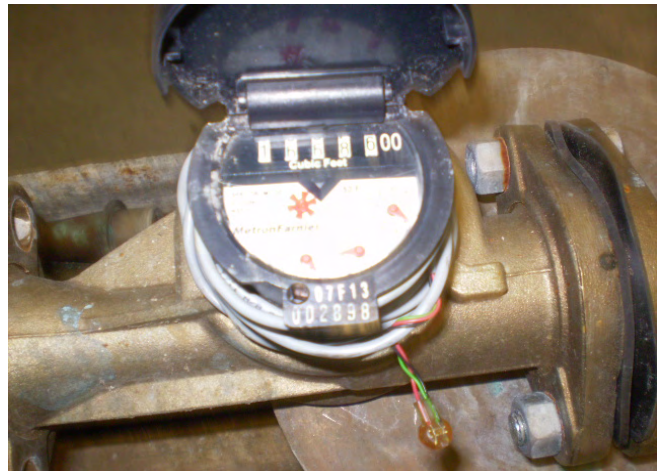
Project Cash Flow Est.

FY/10	\$1,200,000
FY/11	\$1,200,000
FY/12	\$1,200,000
FY/13	\$1,200,000
FY/14	\$1,200,000
FY/15	\$1,200,000
FY/16	\$1,200,000
FY/17	\$1,200,000
FY/18	\$1,200,000
FY/19	\$1,200,000
Total	\$12,000,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

Portion of funds is diverted to large revenue meter testing, repairs, and maintenance. Service line replacements reduce lost water and infrastructure damages in the public right-of-way. Replacement of non- or under registering water meters will enhance revenue and reduce unaccounted for water. Meter box replacement will reduce liability in sidewalk and other areas due to tripping and other public traffic hazards and also enhance the corrective maintenance of revenue meters.

Other Alternatives Considered? N/A



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Annual Well & Booster Pump Maintenance & Repair Program

Decade Plan Line and Work Category: Line 402 – Water Facilities Rehab – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: 74

Frequent repair and maintenance of wells and booster pumps at various well sites and booster stations that supply potable water to customers with minimal or no disruption of service.

Project Cash Flow Est.

FY/10	\$1,500,000
FY/11	\$1,500,000
FY/12	\$1,500,000
FY/13	\$1,500,000
FY/14	\$1,500,000
FY/15	\$1,500,000
FY/16	\$1,500,000
FY/17	\$1,500,000
FY/18	\$1,500,000
FY/19	\$1,500,000
Total	\$15,000,000

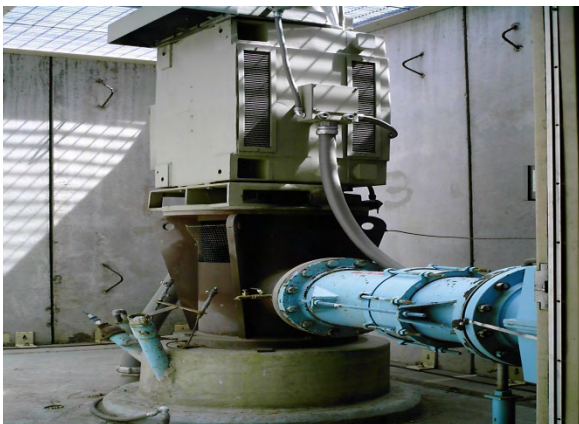
Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

Currently, 60 of the 92 wells are supplying 75% of potable water to the greater Albuquerque and Bernalillo County metropolitan area. Even with the new San Juan Chama Water Treatment Plant in operation, the wells are still needed to meet the majority of the consumptive demand now and a smaller percentage in the future and possibly 100% of the demand during periodic droughts. If the wells are allowed to fail and sit idle for long periods or indefinitely, there is a risk of not getting them back in service ever or in a timely manner due to problems with the well screens, equipment or water quality. There are 35 booster stations that pump water from ground and elevated storage reservoirs to the upper zones of the water service area. A large percentage of these stations are the only means of getting water to the reservoirs in the upper zones. If the booster pumps and auxiliary equipment are not maintained and repaired as needed, there is a significant risk of failure to get water to customers and/or maintain the expected levels of service. The well and booster pump maintenance and repair program allows us to renew and rehab these water facilities to restore or improve capacity, meet current code requirements, and replace old unsafe electrical and mechanical equipment. Also, having a qualified, well equipped and knowledgeable, on-call contractor available at all times to respond to frequent needs for repair, rehab and replacement of well and booster station equipment allows us to maintain our current level of service and meet consumptive demands.

Other Alternatives Considered?

One alternative is to do nothing, allowing the asset(s) to fail. This is not viable with respect to booster stations because water would not get to customers in certain locations of the service area if failed booster pumps were left inoperable. With respect to wells, low arsenic and/or high production wells are still needed during drought periods. If the wells are allowed to fail and sit idle for long periods, there will most likely be mechanical and water quality issues that could significantly impact the ability to get them back into service in a timely manner.

Love Well 8 – Motor & Discharge Head



West Mesa Booster Station



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – San Juan Chama Water Transfer – Drop Valve Project

Decade Plan Line and Work Category: Line 403 – Water Facilities Rehab – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: 79

During Fiscal Year 2010, analyze, design and construct water transfer systems for dropping water from upper pressure zones to lower pressure zones through drop valves/zone transfer valves installed at key pump stations and reservoir sites.

Project Cash Flow Est.

FY/10	\$1,200,000
FY/11	\$0
FY/12	\$0
FY/13	\$0
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$1,200,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

Treated surface water that is discharged into Burton, Leyendecker and Don Reservoirs needs to be conveyed downstream via transmission lines and discharged into Miles, Vol Andia, West Mesa and Leavitt to supply Peak Day Demands in Zone 1E on the east side. As quickly as possible, drop/zone transfer valves and the associated appurtenances and controls need to be installed at Miles, Vol Andia, West Mesa and Leavitt Reservoir sites to allow the transfer of treated surface water and/or low arsenic well water from the upper pressure zones to the lower zones. The low arsenic well water and treated surface water blended with the existing high arsenic supply water from the lower zones will help meet arsenic standards and consumptive demands. The new transfer valves will drop treated surface water from Burton Reservoir to Miles Reservoir, from Leyendecker Reservoir to Vol Andia Reservoirs, and from Don Reservoir to West Mesa Reservoir. These valves will either be installed in the pump stations or in underground vaults at the reservoir sites. A new, larger capacity transfer valve to replace the existing one at the Leavitt Reservoir site is needed to allow more flow to come in from West Mesa Reservoir for arsenic blending. If this project is not implemented, the Water Authority is at risk of violating the arsenic standards, not meeting consumptive demands in several service areas on the east and west sides, disrupting service to customers, not meeting the ABCWUA Board policies, negatively impacting the Authority's public image, and not having any system reliability and redundancy.

Other Alternatives Considered? The no action alternative is not a viable option for the reasons stated above. A study to identify, develop and compare possible configurations for the drop valve systems will be included in the scope of the engineering work.

Vol Andia Pump Station



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Kiva Pump Station Rehabilitation Project

Decade Plan Line and Work Category: **Line 404 – Water Facilities Rehab – 100% Rehab**

Description: *(when, where, expected level of service)*

Risk Ranking: 72

During Fiscal Year 2010, plan, design and construct the rehabilitation of the Kiva Pump Station that currently pumps water up to the Glenwood Hills, Canada and Simms Reservoirs located in the upper pressure zones of the Montgomery Trunk.

Project Cash Flow Est.

FY/10	\$1, 700,000
FY/11	\$0
FY/12	\$0
FY/13	\$0
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$1,700,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk? The Kiva Pump Station is approaching 50 years old and has never been rehabbed. The existing pumps are too small for the current demands on the Montgomery Trunk. Because of this, a temporary station was added about 20 years ago and operates in parallel with the permanent station. The temporary station is now almost beyond repair. There is also no station meter for measuring outflow due to split flows from the permanent and temporary booster stations at the site. The electrical equipment inside the main station is outdated and thus difficult to repair and maintain. It is suspected that the buried and exposed suction and discharge piping is badly corroded. Only a field investigation will verify this. The other mechanical equipment (valves, pumps, and pipe appurtenances) in both stations are badly corroded and in need replacement. The pump bases in the temporary station are beginning to sink into the grated floor, making it increasingly difficult to align the pumps with the motors. If either one of the stations fail, the Water Authority will not be able to meet water demand in the upper zones of the Montgomery Trunk mainly due to the fact that there is very little cross trunk transfer available in this particular service area. This type of failure will have a negative impact on several different fronts including the Water Authority's public image, ability to maintain the level of service and provide adequate fire protection. A small study is currently being conducted to identify the most cost-effective means of rehabbing the main station. The study will look at a new pump station in an underground vault or manhole outside the building envelope versus re-equipping the inside of the existing station with new mechanical and electrical equipment. The goal is to identify and develop a pump station concept that will cost under \$2,000,000 to design and construct. The new station will reduce the Water Authority's risk by maintaining the current level of service.

Other Alternatives Considered? The no-action alternative is not a viable option. A pump station is needed to get water to the upper zones of the Montgomery Trunk. Thousands of customers will be out of water if the pump station were allowed to fail.

Main Kiva Pump Station



Temporary Kiva Pump Station

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Franchise Fee Compliance

Decade Plan Line and Work Category: Line 502 – Franchise Fee Compliance – 100% Rehab

Description: (when, where, expected level of service)

Risk Ranking: 52

This program will provide funding for compliance with the ABCWUA Franchise Ordinance between the City of Albuquerque and the Water Authority within the municipal limits of the service area.

Project Cash Flow Est.

FY/10	\$1,108,000
FY/11	\$1,000,000
FY/12	\$1,000,000
FY/13	\$1,000,000
FY/14	\$1,000,000
FY/15	\$1,000,000
FY/16	\$1,500,000
FY/17	\$1,000,000
FY/18	\$1,000,000
FY/19	\$1,000,000
Total	\$10,108,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

The Franchise Ordinance primarily allows the Authority the use of the City's public rights-of-way as corridors to operate its water delivery and wastewater collection systems. In exchange, the Authority is responsible to pay a franchise fee associated with the use and rental as well as other detailed requirements stated in the Ordinance.

One of the conditions of use requires the Authority to fund relocation(s) of water and sewer infrastructure as needed within the rights-of-way for completion of the City's projects. These projects include installation of storm drainage, landscaping, or traffic signal facilities, and road reconstruction. The Ordinance also requires the Authority to make all reasonable efforts to relocate its utilities so as not to delay City projects. The Authority is also required to remove any and all abandoned facilities and infrastructure located in the rights-of-way within a period of 90 days following a request from the City.

Other Alternatives Considered? N/A This is mandatory for compliance.

16" Ductile Iron Water Line Relocation for a City Storm Drain Project in Atrisco SW



24" Concrete Cylinder Water Line Lowering and Relocation for a City Storm Drain Project in San Mateo NE



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Steel Waterline Rehab

Decade Plan Line and Work Category: Line 601– Special Projects – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: 72

This program provides funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of steel water lines which tend to be the oldest water lines in the system and typically past their useful life.

Project Cash Flow Est.

FY/10 \$1,000,000
FY/11 \$1,000,000
FY/12 \$1,000,000
FY/13 \$1,000,000
FY/14 \$1,000,000
FY/15 \$1,000,000
FY/16 \$1,000,000
FY/17 \$1,000,000
FY/18 \$1,000,000
FY/19 \$1,000,000
Total: \$10,000,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

There are over 60 miles of small diameter steel water lines (12" and less) that serve the Water Authority distribution system. These lines are among the small diameter water lines that provide metered water service, fire protection, and irrigation for customers. Steel lines in general are the oldest water lines (greater than 50 years) and most prone to numerous leaks due to deterioration and corrosion of the thin steel wall. Steel line leakage is highly problematic, with water waste and repeated repairs causing disruption of service and traffic. Undetected leakage can be catastrophic: a sinkhole can destroy an entire roadway segment. Or a leak can surface as a geyser, with resulting projectiles causing extensive damage and/or threat to life. Finding the lines that have the highest leak potential and replacing them prior to catastrophic failure is essential to reducing the Authority's exposure to life- and property-threatening risk.

Other Alternatives Considered? N/A

Corroded Steel Pipe



Steel line break, Hannett NE west of San Pedro



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

AMI Meter Rehabilitation

Decade Plan Line and Work Category:

Line 603

Special Projects

Description: *(when, where, expected level of service)*

Risk Ranking: N/A

This project provides funding for the planning, design, engineering services, construction, contract services, equipment and related activities necessary to provide Advanced Metering Infrastructure (AMI) throughout the water service area, including meter replacements, as appropriate.

Project Cash Flow Est.

FY/10	\$2,000,000
FY/11	\$2,000,000
FY/12	\$2,000,000
FY/13	\$2,000,000
FY/14	\$2,000,000
FY/15	\$2,000,000
FY/16	\$2,000,000
FY/17	\$2,000,000
FY/18	\$2,000,000
FY/19	\$2,000,000
Total	\$20,000,000

Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

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

Other Alternatives Considered? Continue to use analog, manually read meters that are very labor intensive.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – New Mexico Utilities (NMUI)

Decade Plan Line and Work Category: Line 604– Special Projects – 100% Rehab

Description: *(when, where, expected level of service)*

Risk Ranking: N/A

New Mexico Utilities, Inc. was recently acquired by the Water Authority to improve service to about 17,000 accounts in a 34-square-mile area on Albuquerque's West Side. This effectively increases our service area by approximately 10%. One million dollars has been programmed in Fiscal Year 2010 to complete the integration of NMUI to ABCWUA.

Project Cash Flow Est.

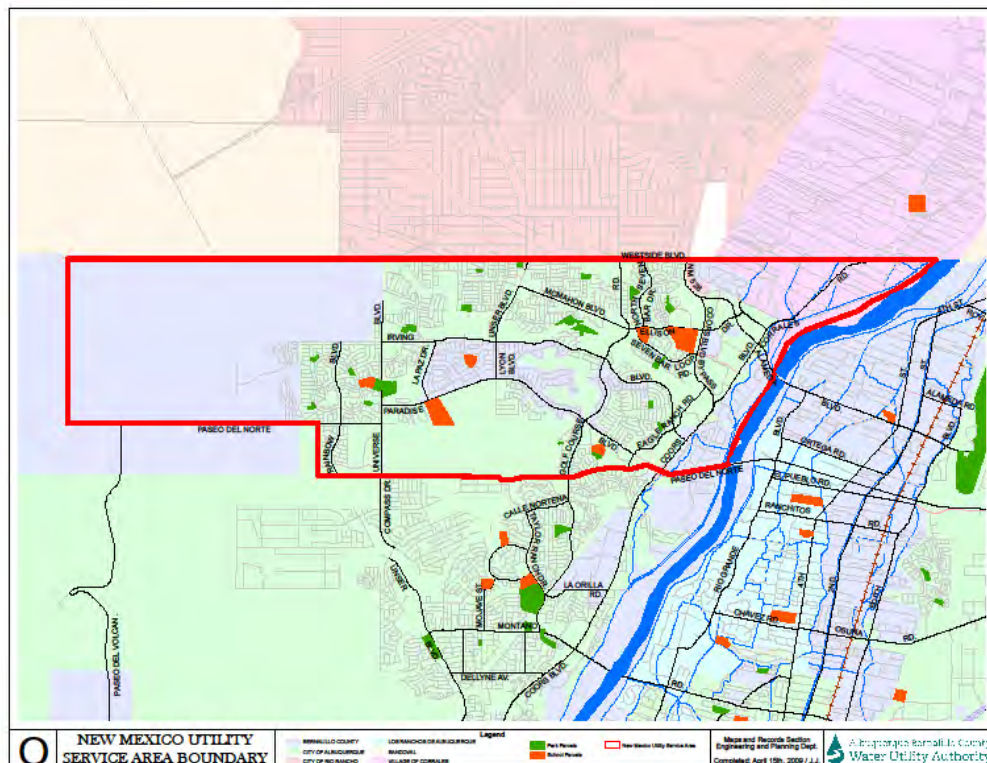
FY/10	\$1,000,000
FY/11	\$0
FY/12	\$0
FY/13	\$0
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$1,000,000

Narrative: knowledge of asset, why, project, failure type, how does this reduce WA risk?

For drinking water, NMUI has 8 wells and 5 reservoirs for storage. Prior to purchase, NMUI was sending wastewater to ABCWUA's Southside Reclamation plant for treatment. The \$1,000,000 funding will be used to absorb the 55,000 new customers into the ABCWUA system.

Other Alternatives Considered? N/A

New Mexico Utilities Service Boundary



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Project Title – Information Technology

Decade Plan Line and Work Category: Line 1901 – MIS/GIS – 100% Growth

Description: (when, where, expected level of service)

Risk Ranking: N/A

This project encompasses both new technology initiatives and the upgrade of hardware and software which is either approaching end-of-life or is unsupported by the vendor. Hardware life span is estimated between 3-5 years; with software life span of a current release level can range from 6 months to 2 years. As technology continues to increase in its support of business operations, it is critical to maintain its currency.

Project Cash Flow Est.

FY/10	\$1,500,000
FY/11	\$2,750,000
FY/12	\$3,000,000
FY/13	\$2,500,000
FY/14	\$2,000,000
FY/15	\$2,000,000
FY/16	\$3,500,000
FY/17	\$2,500,000
FY/18	\$2,000,000
FY/19	\$2,000,000
Total	\$23,750,000

Increases in out years due to major releases of Maximo, CC&B and Kronos which may require vendor assistance (FY/12 and FY/16) and major upgrades of high-end servers where end-of-life will be 5 years (FY/13 and FY/18). Does not include any potential costs due to further separation of IT services from the City.



Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?

Servers and Databases (New and Upgrades): This category covers servers that house all software applications and the databases that support those applications. Applications range from CC&B, Maximo and GIS to H2O Water Waste. Databases include supported Oracle and SQL Server databases, but also include databases that are no longer supported. It also includes networking equipment. The FY/10 requests for this category include:

- Server, Network and Database Upgrades: \$200,000
- Lease Payment on CC&B and Maximo Hardware: \$250,000

Applications (New and Upgrades): This category covers the purchase and upgrades of new software, both enterprise-wide and division specific. Examples include: CC&B, Maximo, Sharepoint, LIMS, H2O Water Waste, Kronos. On average, 2-4 service packs (including several patches) are released each year, with major releases occurring every 1-3 years. The FY/10 requests for this category include:

- Sharepoint Upgrade to Microsoft Office Sharepoint Server: \$150,000
 - Enterprise Search of Document
 - Document Imaging, Online Forms, Excel Services
- H2O Waste Upgrade (unsupported): \$50,000
- Soil Amendment Upgrade (unsupported): \$50,000
- Septic Hauling Upgrade (unsupported): \$50,000
- LIMS Upgrade Planning: \$50,000

Client Services (New and Upgrades): This category covers hardware and software at the clients desktop. It includes the ongoing upgrade of desktop computers, monitors, keyboards, etc. and the upgrades of Windows operating systems and Microsoft software. It also includes the purchase of new desktop equipment and software. The FY/10 requests for this category include:

- Desktop Upgrades/Computer Virtualization \$200,000
- Microsoft Software Assurance Agreement Lease \$170,000

Geographic Information Systems (GIS – New and Upgrades): This category represents all purchases done within the GIS environment to include new software, hardware and mobile devices. It includes the purchase of GIS-related software for Maximo and mobile devices, including phones. The FY/10 requests for this category include:

- Creating New Environments similar to CC&B and Maximo \$100,000
 - Establishing Disaster Recovery,
 - Development and Test Environments
- Application Enhancements \$80,000
 - Mobile Editing Enhancements MAXGIS
 - ESRI Licensing

Mobile (New and Upgrades): This new category addresses the mobile environment to include portable devices, phones, vehicle location devices, etc. It also includes upgrades to radio equipment. It is expected that category will expand over the coming years due to the advancement of mobile technology. The FY/10 requests for this category include:

- Mobile and Radio Units \$150,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Other Alternatives Considered?

- *Outsource the hosting of hardware and/or software and budget as an annual operating expense*
- *Delay upgrading hardware or applications until current versions are identified as being unsupported*
- *Defer deployment of Mobile Devices and/or new GIS/Sharepoint enhancements*
- *Defer creating hardware/software environments for GIS, Kronos and Sharepoint similar to that of CC&B and Maximo*
- *Continue to let City support Sharepoint*



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Capital Implementation Program Projects Coming on Line

The following table shows the projected impact on the operating budget of CIP coming on line.

CIP Plan Fiscal Year 2010 - 2014	2010	2011	2012	2013	2014	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
BASIC PROGRAM						
Sewer Lines Rehab						
Interceptor Sewer Rehab						0
Interceptor Sewer Rehab Contingency						0
Small Dia. Sewerline Rehab						0
Sewerline CCTV Inspections						0
NMDOT 45 South Coors Interceptor						0
Sewer Lines Rehab Subtotal	0	0	0	0	0	0
Wastewater Facilities Rehab						
Southside Water Reclamation Rehabilitation Program						0
Reclamation Rehab Study						0
Hoffman Blower Replacement Project		(215)				(215)
UV Disinfection System						0
FIS Main PNM Switchgear		(140)				(140)
PTF Pista Grit System Replacement Project						0
Replace Aeration Basin Diffusers						0
Dewatering Facilities						0
Digester Rehabilitation/Renovations						0
DAF Rehabilitation						0
New Digestors						0
Power Coordination Study						0
Electrical Improvements						0
Sludge Blending Tank						0
Primary Clarifier Rehabilitation/Replacement						0
Plant Ph 2 Odor Control Rehab						0
Water Reclamation Inhouse Projects						0
FY/03 Plant Improvements						0
Odor Control Facilities						0
Lift Stations						0
FY/05 Lift Station Improvements						0
Other Lift Station Improvements (SCADA, Spare Pumps, etc)						0
Lift Station 24						0
Interceptor Odor Control Study						0
MDC Wastewater Rehab and Forcemain						0
Wastewater Facilities Rehab Subtotal	0	(355)	0	0	0	(355)
Wastewater Facilities Rehab - Basic Program	0	(355)	0	0	0	(355)
BASIC PROGRAM						
Water Lines Rehab						
Small Dia. Waterline Rehab						0
Small Dia. Waterline Rehab Contingency						0
Water Meters, Boxes & Services Rehab						0
Large Water Valve Replacement						0
Pressure Reducing Valve Replacements						0
Water Lines Rehab Subtotal	0	0	0	0	0	0
Water Facilities Rehab						
Annual Sodium Hypochlorite Generator System Rehab/Replac						0
Annual Well and Booster PS Rehabilitation and Maintenance						0
San Juan-Chama Water Transfer - Drop Valve Project						0
Kiva Pump Station Rehab/Replac						0
Well Replacement Program						0
MDC Water System Rehab - Well and EDR Unit						0

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Drinking Water Project Rehab						0
Volcano Cliffs Well No. 2 Washline Relocation						0
Kiva Reservoir Rehab						0
Lomas Reservoir Rehab						0
Gas Engine Conversions (Gonzales, Ponderosa, Volcano Cliffs,						0
Annual Reservoir Cleaning and Inspection						0
NMUI Rehab						0
Water Facilities Rehab Subtotal	0	0	0	0	0	0
Shared Line & Facility Rehab						
Fund 628 Const Mgmt & Inspection						0
Franchise Fee Water & Sewer Rehab						0
On-Call Engineering Water & Sewer						0
Shared Line & Facility Rehab Subtotal	0	0	0	0	0	0
Total Basic Rehabilitation Program	0	(355)	0	0	0	(355)
Special Projects						
Steel Waterline Rehab						0
Leak Detection Program						0
AMR Meter Rehabilitation						0
NMUI						0
Valley Utility Projects						0
Special Projects Subtotal	0	0	0	0	0	0
Combined Rehabilitation and Special Projects	0	(355)	0	0	0	(355)
GROWTH						
Water Facilities Growth						
Aquifer Storage & Recovery		300				300
Water Facilities Growth						0
College Reservoir No. 2						0
Water Facilities Landscaping Program				(50)		(50)
Water Facilities Growth Subtotal	0	300	0	(50)	0	250
Wastewater Facilities Growth						
MDC Facility Improvements					150	150
Tijeras (Mesa del Sol) WWTP						0
Bosque Reuse WWTP						0
Wastewater Facilities Growth Subtotal	0	0	0	0	150	150
Water Lines Growth						
Water & Sewer Line Policy Extensions						0
Warehouse Meters						0
Water Lines Growth Subtotal	0	0	0	0	0	0
Construction Inspection						
Fund 629 Construction Mgmt & Inspection						0
Construction Inspection Subtotal	0	0	0	0	0	0
Land Acquisition						
Plant Land Acquisition						0
Field Land Acquisition						
Land Acquisition Subtotal	0	0	0	0	0	0
Other Agreements						
NMDOT 45 South Coors Water Line						0
Other Agreements Subtotal	0	0	0	0	0	0

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Water Rights and Storage						
Water Rights						0
Water Rights and Storage Subtotal	0	0	0	0	0	0
Development Agreements						
Developer Agreements						0
Development Agreements Subtotal	0	0	0	0	0	0
MIS/GIS						
MIS / GIS	(14)					(14)
MIS/GIS Subtotal	(14)	0	0	0	0	(14)
Heavy Equipment and Vehicles						
Vehicle Replacements						0
Plant Equipment						0
2 x Compost Mier/Window						0
Solids Management Equipment						0
Trommel Screener						0
Field Equipment						0
Interceptor Cleaning Equipment						0
Vactor Replacement						0
CCTV Replacement						0
Heavy Equipment and Vehicles Subtotal	0	0	0	0	0	0
Utility Risk Reduction						
Utility Risk Reduction						0
Utility Risk Reduction Subtotal	0	0	0	0	0	0
Master Plan and Asset Management						
Integrated Master Plan						0
Master Plan and Asset Management Subtotal	0	0	0	0	0	0
Miscellaneous						
Pino Yards Replacement			250			250
Low Income W/S Connections						0
Miscellaneous Subtotal	0	0	250	0	0	250
Total Growth Program	(14)	300	250	(50)	150	636
Total Rehabilitation, Special Projects and Growth	(14)	(55)	250	(50)	150	281

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Capital Implementation Program Coming on Line Fiscal Year 2010

There is a minor reduction in operating expenses from CIP coming on line in Fiscal Year 2010. This reduction is the result of the installation of new servers and computers for the Authority. It is estimated that the savings in the Electricity line item will be approximately \$50,000.

	FY/10	FY/11
<u>Computer Hardware Upgrade</u>	<u>Oper Exp</u>	<u>Oper Exp</u>
Electricity	(14,000)	0
Total	<u>(14,000)</u>	<u>0</u>

Special Projects Coming on Line Fiscal Year 2010

For Special Projects there are impacts on the Fiscal Year 2010 operating budget. The following details these impacts.

Oracle CC&B Upgrade

This upgrade was completed in April 2009. The Authority, through a Memorandum of Understanding, was using the City of Albuquerque to maintain the Customer Information System (CIS). The Authority begins maintenance the Customer Care & Billing (CC&B) system in Fiscal Year 2010. The Authority was paying the City approximately \$448,050 for the CIS maintenance which supports four City staff. This funding to support the Authority staff was part of the Transfer to Capital in Fiscal Year 2009 since this was a capital project. In Fiscal Year 2010 the payment to the City has stopped and the Transfer to Capital has been reduced by the \$448,050.

	FY/10	FY/11
<u>CC&B Project</u>	<u>Oper Exp</u>	<u>Oper Exp</u>
Trans to Other Funds		
City of Albuquerque	(448,050)	0
Total	<u>(448,050)</u>	<u>0</u>

Maximo/GIS Conversion

The Maximo/GIS Conversion system is projected to be completed in July 2009. Operating costs associated with the system remain as previously budgeted. There is addition of three new Planner/Scheduler positions, two for the Plant Division and one for the Field Division. The following are the additional personnel costs associated with this project for Fiscal Year 2010.

	FY/10	FY/11
<u>MAXIMO Implementation</u>	<u>Oper Exp</u>	<u>Oper Exp</u>
Personnel Expenses Plant	110,094	0
Personnel Expenses Field	55,047	0
Total	<u>165,141</u>	<u>0</u>

San Juan Chama Drinking Water Project

This \$450 million project began operations in the second half of Fiscal Year of 2009. Full scale production is expected in FY 2010. This project has received a total of \$10.2 million in operating funding through Fiscal Year 2009. For Fiscal Year 2010, funding is added for additional operating expenses. The Authority anticipates the need for additional operating funding for Fiscal Year 2011 including Repairs and Maintenance expenses.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>Water Treatment Plant</u>	<u>FY/10 Oper Exp</u>	<u>FY/11 Oper Exp</u>
Operating Expenses		
Supplies		
Chemicals	450,000	
Electricity	2,088,338	
Gas	(393,000)	
Repairs and Maintenance		500,000
Total	<u>2,145,338</u>	<u>500,000</u>

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DEBT OBLIGATIONS

*Approved
Operating Budget
FY/10*

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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. Revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10, NMSA 1978) which created the Albuquerque Bernalillo County Water Utility Authority (the “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 Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the 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 Authority. The Authority and the City entered into a Memorandum of Understanding 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 Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Authority as a political subdivision of the state. On March 21, 2007 the 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 Authority.

In the ordinances pursuant to which the Water/Sewer System obligations have been issued, the Authority agreed to charge all purchasers of services reasonable rates sufficient to produce net revenues annually to pay 133% of the annual debt service requirements on all Water/Sewer System obligations (excluding reserves therefore). The net revenues of the Water/Sewer System for FY/08 were \$93,560,776. The maximum calendar year combined debt service requirements for parity obligations payable from net revenues of the Water/Sewer System are estimated to be \$66,637,864 (occurring in yearend July 1, 2010). The coverage ratio of the 2008 Water/Sewer System net revenues \$93,560,776 to combined debt service requirements of parity obligations and the Wastewater Loans of \$69,440,562 occurring in yearend July 1, 2010 would be 1.35x. The FY/08 ratio of net revenues \$93,560,776 to actual FY/08 debt service (including subordinate debt) (\$61,784,880) is equal to 1.51x. The Authority does not plan to issue debt in Fiscal Year 2010.

The outstanding Water/Sewer System parity obligations are currently rated “Aa2” by Moody’s, “AAA” by S&P and “AA” by Fitch. In addition, the outstanding System bonds are credit enhanced and therefore have a higher rating which is based upon the rating of the credit enhancer rather than the rating of the Authority for such bonds.

Fiscal Year 2010 Debt Payments

Principal	\$35,492,397.01
Interest	33,651,893.98
Fees	<u>483,195.57</u>
Total Debt Service Payments	<u>\$69,627,486.56</u>

The tables on the next page detail the Fiscal Year 2010 debt payments and the total outstanding obligation indebtedness of the Authority.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Fiscal Year 2010 Debt Payments

<u>Issue</u>	Basic Capital Bonds		San Juan Chama Bonds		State of NM Environment Dept.	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1999A	9,912,727	1,067,945	1,407,273	151,630		
8M EID 199006					504,595	63,331
15M EID 195029					1,411,395	176,232
9.6287M SRF						
2.9M SRF 2.450 Part 1035DW						
3.6M SRF Duranes						
2004A NMFA-Basic 36.295M						
2004B NMFA-SJC 82.12M						
2004C NMFA 12M						
2005 NMFA SJC \$20						
2005	1,955,000	674,113	60,000	5,270,561		
2006 SJC \$112.765			4,470,000	5,337,466		
2006 Rehab 628-\$8.68	775,000	393,069				
2006 VUP 627 - \$11.945		572,205				
2007 NMFA Basic \$53.595M						
2007 NMFA SJC \$23.410M			0	0		
2008 Bond SJC \$48.430			0	2,421,500		
2008 Bond Reuse \$7.200			0	360,000		
2009 Bond	250,000	7,922,870				
2009 Bond SJC			0	429,095		
2009 Bond 2001 Refunding	<u>3,235,000</u>	<u>743,379</u>				
Total Principal and Total Interest	<u>16,127,727</u>	<u>11,373,581</u>	<u>5,937,273</u>	<u>13,970,252</u>	<u>1,915,990</u>	<u>239,564</u>

Schedule of Bonds & Other Debt Obligations

RATINGS/CR. ENH.
(Moody's/S&P/Fitch)

SENIOR DEBT OBLIGATIONS

JOINT WATER AND SEWER - SENIOR LIEN

Aa2/AAA/AA

JUL 1997 IMPROVEMENT
 JAN 1999 A - REFUNDING & IMPROVEMENT - New Money and refunded Series 1992 (partial)
 DEC 2001 - IMPROVEMENT
 MAY 2002 - NMFA DWRLF LOAN
 APRIL 2003 - NMFA DWRLF LOAN
 SEPT 2004 - NMFA PPRF LOAN
 OCT 2005 - IMPROVEMENT
 OCT 2005 - NMFA PPRF LOAN
 JUL 2006 - IMPROVEMENT
 OCT 2007 - NMFA PPRF LOAN
 APR 2008 - IMPROVEMENT
 APR 2009A-1 - IMPROVEMENT
 APR 2009A-2 - IMPROVEMENT

SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS

(1) Amount outstanding represents the accreted value of the Capital Appreciation Bonds (CAB) as of 7/1/08

SUBORDINATE DEBT OBLIGATIONS

WASTEWATER LOANS FROM THE STATE ENVIRONMENT DEPARTMENT:

NOV. 1989 LOAN
 NOV. 1995 LOAN
 NOV. 2001 LOAN
 2004 NMFA DRINKING LOAN ⁽¹⁾

SUBTOTAL - WASTEWATER LOANS (EID) after construction, new schedule produced.

GRAND TOTAL - CITY/COUNTY WATER AUTHORITY DEBT OBLIGATIONS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

State of NM Revolving Loan Fund		New Mexico Finance Authority		Fiscal Agent	Total Issue
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	
					12,539,575
					567,926
					1,587,627
403,279	242,521				645,800
155,846	12,063			1,097	169,006
302,282	33,374			4,768	340,423
		5,000,000	933,153	75,304	6,008,458
		2,025,000	2,471,802	174,319	4,671,121
		0	240,000	0	240,000
		250,000	720,172	48,021	1,018,193
					7,959,674
					9,807,466
					1,168,069
					572,205
		3,375,000	2,282,788	121,163	5,778,950
		0	1,132,625	58,525	1,191,150
					2,421,500
					360,000
					8,172,870
					429,095
					<u>3,978,379</u>
<u>861,407</u>	<u>287,958</u>	<u>10,650,000</u>	<u>7,780,540</u>	<u>483,196</u>	<u>69,627,487</u>

<u>FINAL MATURITY</u>	<u>ORIGINAL AMT ISSUED</u>	<u>AMOUNT RETIRED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATES</u>
07/01/09	46,715,000	40,995,000	5,720,000	4.75%
07/01/11	76,995,000	43,015,000	33,980,000	5.25%
07/01/13	30,000,000	26,725,000	3,275,000	4.25%
07/01/12	2,450,000	525,266	589,956	2.75%
07/01/15	3,600,000	1,396,586	2,203,414	1.75%
05/01/24	118,415,000	13,255,000	105,160,000	2.64% - 4.10%
07/01/25	132,985,000	0	132,985,000	3.50% - 5.00%
05/01/25	20,000,000	0	20,000,000	3.18% - 4.26%
07/01/26	133,390,000	0	133,390,000	4.25% - 5.00%
05/01/25	77,005,000	2,500,000	74,505,000	4.25% - 5.25%
07/01/33	55,630,000	0	55,630,000	5.00%
07/01/34	135,990,000	0	135,990,000	3.00% - 5.50%
07/01/13	14,375,000	0	14,375,000	3.00% - 5.00%
	<u>\$847,550,000</u>	<u>\$128,411,852</u>	<u>\$717,803,370</u>	

10/01/13	7,907,285	5,306,350	2,600,935	3.00%
07/01/12	12,000,000	6,237,079	5,762,921	4.00%
07/01/25	15,000,000	6,479,618	8,520,382	3.00%
05/01/31	12,000,000	0	12,000,000	2.00%
	<u>\$46,907,285</u>	<u>\$18,023,047</u>	<u>\$28,884,238</u>	
	<u>\$894,457,285</u>	<u>\$146,434,899</u>	<u>\$746,687,608</u>	

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***STATISTICAL
INFORMATION***

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

JOINT WATER AND SEWER OPERATING FUND - 621 RESOURCES, APPROPRIATIONS, AND FUND BALANCE LAST TEN FISCAL YEARS

(\$000's)	ACTUAL FY/99	ACTUAL FY/00	ACTUAL FY/01	ACTUAL FY/02
RESOURCES:				
Miscellaneous Revenues	142	(103)	147	504
Enterprise Revenues	95,383	96,195	97,680	101,423
Transfers from Other Funds	749	1,500	2,433	1,293
	<u>96,274</u>	<u>97,592</u>	<u>100,260</u>	<u>103,220</u>
Total Current Resources	96,274	97,592	100,260	103,220
Beginning Working Capital Balance	9,628	7,522	8,373	6,779
	<u>96,274</u>	<u>97,592</u>	<u>100,260</u>	<u>103,220</u>
TOTAL RESOURCES	<u>105,902</u>	<u>105,114</u>	<u>108,633</u>	<u>109,999</u>
APPROPRIATIONS:				
Joint Water/Sewer Operations	50,328	51,940	54,948	52,466
Transfers to Other Funds:	48,053	44,970	49,325	54,848
	<u>48,053</u>	<u>44,970</u>	<u>49,325</u>	<u>54,848</u>
TOTAL APPROPRIATIONS	<u>98,381</u>	<u>96,910</u>	<u>104,273</u>	<u>107,314</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>1</u>	<u>169</u>	<u>2,418 (a)</u>	<u>15,282</u>
ENDING WORKING CAPITAL BALANCE	<u>7,522</u>	<u>8,373</u>	<u>6,778</u>	<u>17,967</u>

(b) Returned from Escrow setup to purchase NM Utilities

(c) Returned from Escrow set up to purchase NM Utilities (\$15,980)

Note: In Fiscal Year 2010 the Authority collapsed Fund 622 into Fund 621 creating one operating Fund.

Source: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Report.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>ACTUAL FY/03</u>	<u>ACTUAL FY/04</u>	<u>ACTUAL FY/05</u>	<u>ACTUAL FY/06</u>	<u>ACTUAL FY/07</u>	<u>ACTUAL FY/08</u>
419	36	(283)	13,941	5,610	4,754
102,586	111,027	103,200	112,134	115,414	136,486
<u>1,199</u>	<u>1,281</u>	<u>1,331</u>	<u>1,353</u>	<u>1,520</u>	<u>1,564</u>
104,204	112,344	104,248	127,428	122,544	142,804
<u>17,967</u>	<u>10,865</u>	<u>12,419</u>	<u>5,194</u>	<u>19,967</u>	<u>19,537</u>
<u>122,171</u>	<u>123,209</u>	<u>116,667</u>	<u>132,622</u>	<u>142,511</u>	<u>162,341</u>
52,267	55,308	57,998	60,000	65,596	72,468
<u>51,919</u>	<u>56,030</u>	<u>53,175</u>	<u>50,152</u>	<u>59,250</u>	<u>52,705</u>
<u>104,186</u>	<u>111,338</u>	<u>111,173</u>	<u>110,152</u>	<u>124,846</u>	<u>125,173</u>
<u>(7,121)</u>	<u>548</u>	<u>(300)</u>	<u>2,551</u>	<u>1,872</u>	<u>(12,067)</u>
<u>10,864</u>	<u>12,419</u>	<u>5,194</u>	<u>19,919</u>	<u>19,537</u>	<u>25,101</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

SUSTAINABLE WATER SUPPLY FUND – 622 RESOURCES, APPROPRIATIONS, AND FUND BALANCE SINCE INCEPTION OF FUND

(\$000's)	ACTUAL FY/99	ACTUAL FY/00	ACTUAL FY/01	ACTUAL FY/02
RESOURCES:				
Miscellaneous Revenues	(10)	13	231	197
Strategy Implementation Revenues	4,005	7,310	9,954	13,279
Total Current Resources	3,995	7,323	10,185	13,473
Beginning Fund Balance	0	(727)	2,151	5,302
TOTAL RESOURCES	3,995	6,596	12,336	18,775
APPROPRIATIONS:				
Sustainable Water Operations	3,036	2,636	3,608	7,297
Transfers to Other Funds	1,680	1,809	3,498	6,948
TOTAL APPROPRIATIONS	4,716	4,445	7,106	14,245
ADJUSTMENTS TO FUND BALANCE	(6)	0	72	0
ENDING WORKING CAPITAL BALANCE	(727)	2,151	5,302	4,530

Note: In Fiscal Year 2010 the Authority collapsed Fund 622 into Fund 621 creating one operating Fund.

Source: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Report.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>ACTUAL</u> <u>FY/03</u>	<u>ACTUAL</u> <u>FY/04</u>	<u>ACTUAL</u> <u>FY/05</u>	<u>ACTUAL</u> <u>FY/06</u>	<u>ACTUAL</u> <u>FY/07</u>	<u>ACTUAL</u> <u>FY/08</u>
143	408	660	538	972	1,055
<u>16,263</u>	<u>21,542</u>	<u>23,330</u>	<u>25,096</u>	<u>24,975</u>	<u>24,600</u>
16,406	21,950	23,990	25,634	25,947	25,655
<u>4,514</u>	<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>
<u>20,920</u>	<u>28,913</u>	<u>32,065</u>	<u>29,839</u>	<u>37,653</u>	<u>44,490</u>
6,049	12,099	7,761	2,512	590	2,030
<u>7,890</u>	<u>8,543</u>	<u>21,735</u>	<u>14,302</u>	<u>18,122</u>	<u>22,393</u>
<u>13,939</u>	<u>20,642</u>	<u>29,496</u>	<u>16,814</u>	<u>18,712</u>	<u>24,423</u>
18	(196)	1,636	(1,319)	(106)	(106)
<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>	<u>19,961</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

JOINT WATER AND SEWER REVENUE BOND DEBT SERVICE FUND – 631 RESOURCES, APPROPRIATIONS, AND FUND BALANCE LAST TEN FISCAL YEARS

(\$000's)	ACTUAL FY/99	ACTUAL FY/00	ACTUAL FY/01	ACTUAL FY/02
RESOURCES:				
Miscellaneous Revenues	72,410	39,404	16,350	12,739
Transfers from Other Funds	31,985	35,626	32,518	38,863
Total Current Resources	104,395	75,030	48,868	51,602
Beginning Working Capital Balance	436	7,266	4,685	3,780
TOTAL RESOURCES	104,831	82,296	53,553	55,382
APPROPRIATIONS:				
Total Joint Water/Sewer D/S	97,438	70,751	44,723	45,856
Transfers to Other Funds:	0	7,000	5,250	3,938
TOTAL APPROPRIATIONS	97,438	77,751	49,973	49,794
ADJUSTMENTS TO WORKING CAPITAL BALANCE	(127)	140	200	143
ENDING WORKING CAPITAL BALANCE	7,266	4,685	3,780	5,731

Source: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Report.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

<u>ACTUAL FY/03</u>	<u>ACTUAL FY/04</u>	<u>ACTUAL FY/05</u>	<u>ACTUAL FY/06</u>	<u>ACTUAL FY/07</u>	<u>ACTUAL FY/08</u>
15,037	15,550	13,258	18,475	13,796	11,932
<u>35,496</u>	<u>40,392</u>	<u>50,493</u>	<u>52,517</u>	<u>59,347</u>	<u>59,406</u>
50,533	55,942	63,751	70,992	73,143	71,338
<u>5,731</u>	<u>6,442</u>	<u>10,019</u>	<u>11,185</u>	<u>13,679</u>	<u>6,582</u>
<u>56,264</u>	<u>62,384</u>	<u>73,770</u>	<u>82,177</u>	<u>86,822</u>	<u>77,920</u>
45,822	46,082	50,882	55,626	63,957	62,981
<u>4,000</u>	<u>5,909</u>	<u>12,000</u>	<u>13,612</u>	<u>16,000</u>	<u>19,000</u>
<u>49,822</u>	<u>51,991</u>	<u>62,882</u>	<u>69,238</u>	<u>79,957</u>	<u>81,981</u>
<u>0</u>	<u>(374)</u>	<u>297</u>	<u>740</u>	<u>(283)</u>	<u>(75)</u>
<u>6,442</u>	<u>10,019</u>	<u>11,185</u>	<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

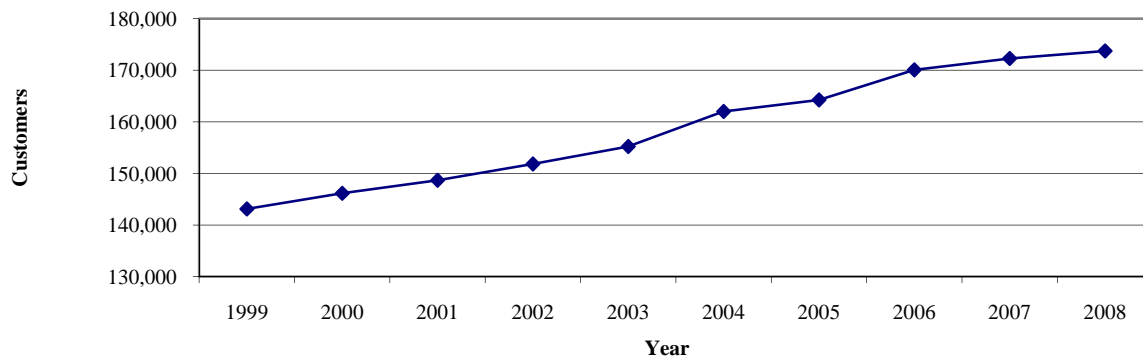
WATER AND WASTEWATER USERS BY CLASS AND METER SIZE LAST TEN FISCAL YEARS

History of Water Users by Class

<u>Class</u>	<u>Average Number of Customers by Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Residential	128,738	131,618	134,014	137,081	140,347	146,656	148,974	151,089	152,563	153,959
Multi-Family								6,812	7,565	7,644
Commercial	12,636	12,767	12,871	12,952	13,033	13,388	13,304	10,065	10,049	9,998
Institutional	1,618	1,638	1,660	1,683	1,712	1,836	1,853	1,981	1,983	2,013
Industrial	<u>129</u>	<u>127</u>	<u>125</u>	<u>124</u>	<u>121</u>	<u>122</u>	<u>114</u>	<u>113</u>	<u>110</u>	<u>110</u>
Total	<u>143,121</u>	<u>146,150</u>	<u>148,670</u>	<u>151,840</u>	<u>155,213</u>	<u>162,002</u>	<u>164,245</u>	<u>170,060</u>	<u>172,270</u>	<u>173,724</u>

History of Water Users by Meter Sizes

<u>Meter Size</u>	<u>Average Number of Customers by Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
¾"	118,730	121,854	124,523	128,192	132,387	139,351	142,018	146,842	149,846	151,172
1" and 1 ¼ "	20,076	19,899	19,692	19,153	18,321	17,863	17,588	17,773	17,581	17,621
1 ½ "	1,817	1,838	1,846	1,854	1,847	1,854	1,879	1,945	1,955	1,968
2"	1,769	1,822	1,868	1,892	1,905	1,958	1,997	2,509	1,816	1,839
3"	401	404	406	410	412	524	419	654	733	766
4"	233	238	242	246	247	311	251	244	246	264
6"	55	55	55	55	55	73	52	52	53	53
8" and over	<u>40</u>	<u>40</u>	<u>38</u>	<u>38</u>	<u>39</u>	<u>68</u>	<u>41</u>	<u>41</u>	<u>40</u>	<u>41</u>
Total	<u>143,121</u>	<u>146,150</u>	<u>148,670</u>	<u>151,840</u>	<u>155,213</u>	<u>162,002</u>	<u>164,245</u>	<u>170,060</u>	<u>172,270</u>	<u>173,724</u>

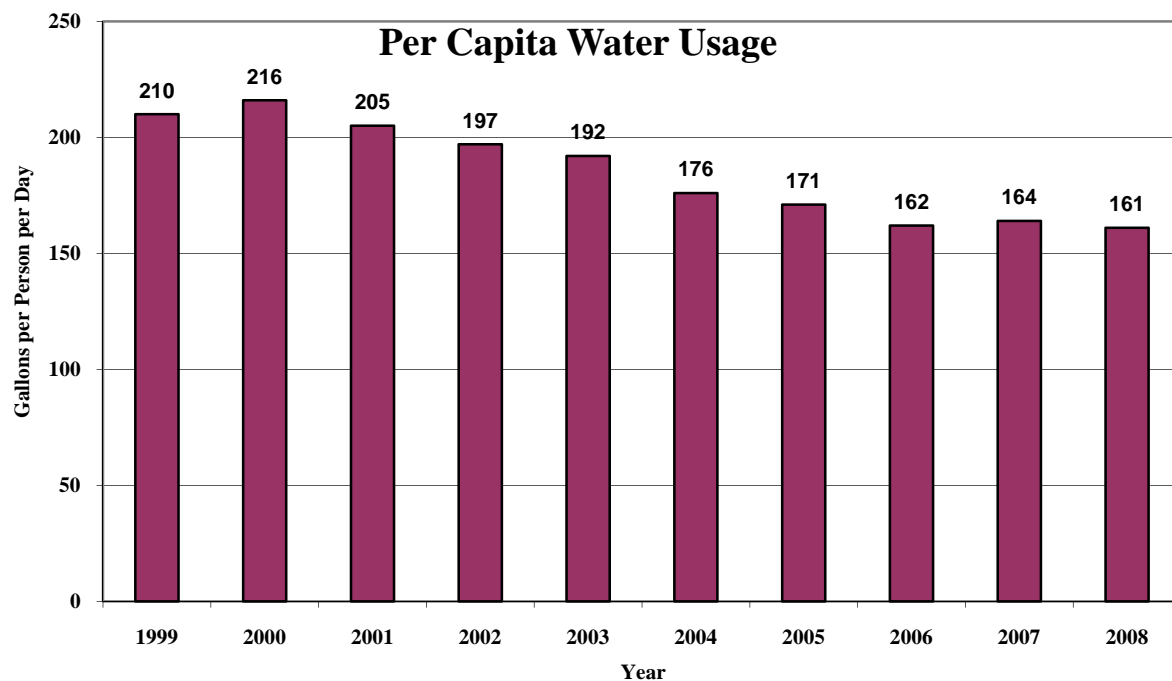
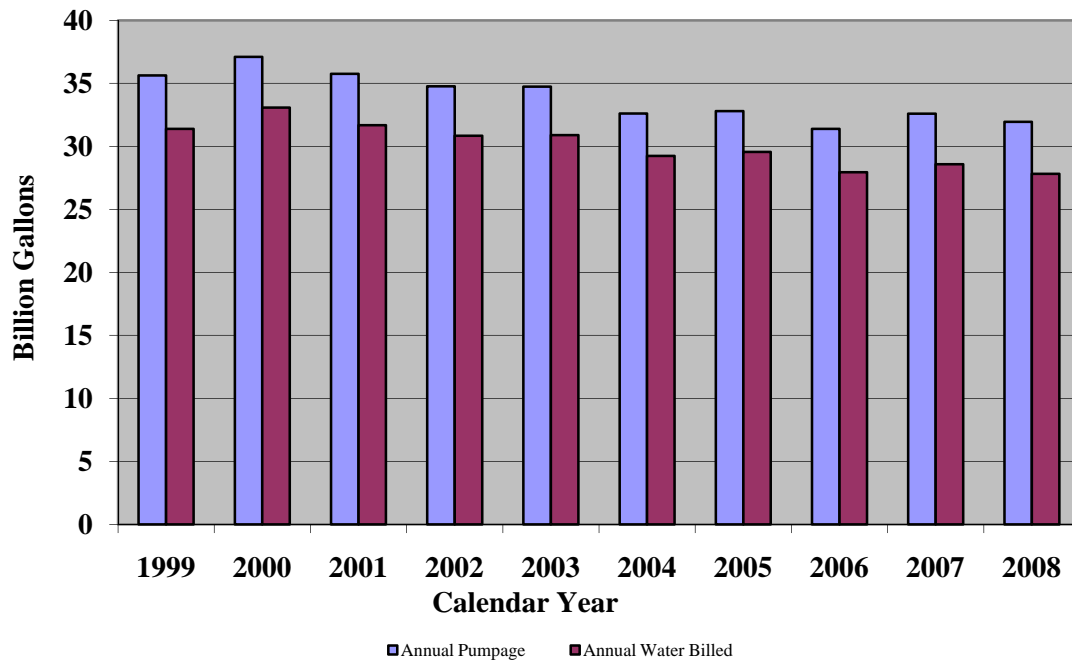


Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WATER CONSUMPTION LAST TEN CALENDAR YEARS

Water Pumped vs. Water Billed



Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

REVENUE FROM WATER AND SEWER CHARGES AND OTHER OPERATING REVENUE LAST TEN FISCAL YEARS

REVENUE FROM WATER AND SEWER CHARGES AND OTHER OPERATING REVENUE LAST TEN FISCAL YEARS

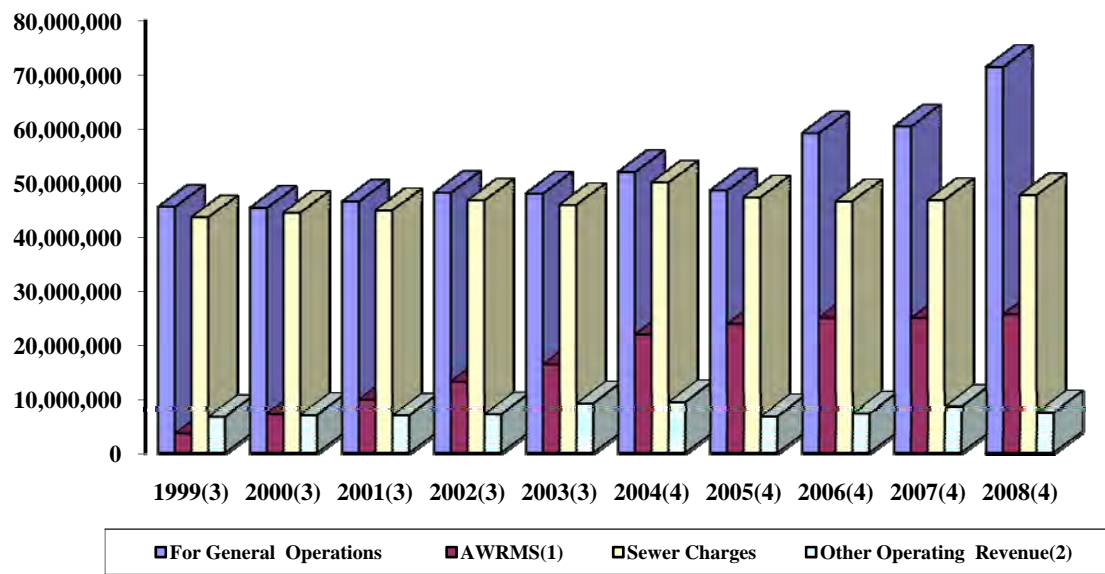
<u>Fiscal Year</u>	<i>Revenue from Water Charges</i>		<i>Revenue From</i>	<i>Other</i>	<i>Total</i>
	<i>For General</i>	<i>For</i>			
	<u>Operations</u>	<u>AWRMS⁽¹⁾</u>	<u>Sewer Charges</u>	<u>Revenue⁽²⁾</u>	<u>Revenue</u>
1999 ⁽³⁾	45,515,854	3,610,515	43,605,325	6,704,614	99,436,308
2000 ⁽³⁾	45,346,424	7,310,019	44,487,321	7,051,933	104,195,697
2001 ⁽³⁾	46,504,223	9,954,245	44,898,231	6,966,656	108,323,355
2002 ⁽³⁾	48,115,849	13,276,044	46,691,595	7,188,885	115,272,373
2003 ⁽³⁾	48,027,213	16,410,278	45,893,219	9,185,099	119,515,809
2004 ⁽⁴⁾	51,968,803	21,950,195	50,012,413	9,437,552	133,368,963
2005 ⁽⁴⁾	48,560,930	23,904,227	47,310,366	6,846,660	126,622,183
2006 ⁽⁴⁾	59,172,344	25,095,852	46,563,188	7,371,006	138,202,390
2007 ⁽⁴⁾	60,393,250	24,975,068	46,771,690	8,593,821	140,733,829
2008 ⁽⁴⁾	71,398,950	25,630,246	47,683,918	7,519,231	140,733,829

(1) These revenues are attributable to rate increases adopted by City Council to finance capital costs and operating expenses to implement the Albuquerque Water Resource Management Strategy ("AWRMS").

(2) These revenues are derived from the State Water Conservation Fees, Water Resource Management Fees, meter rentals and other miscellaneous services.

(3) Sources: City of Albuquerque Comprehensive Annual Financial Reports.

(4) Sources: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Reports.

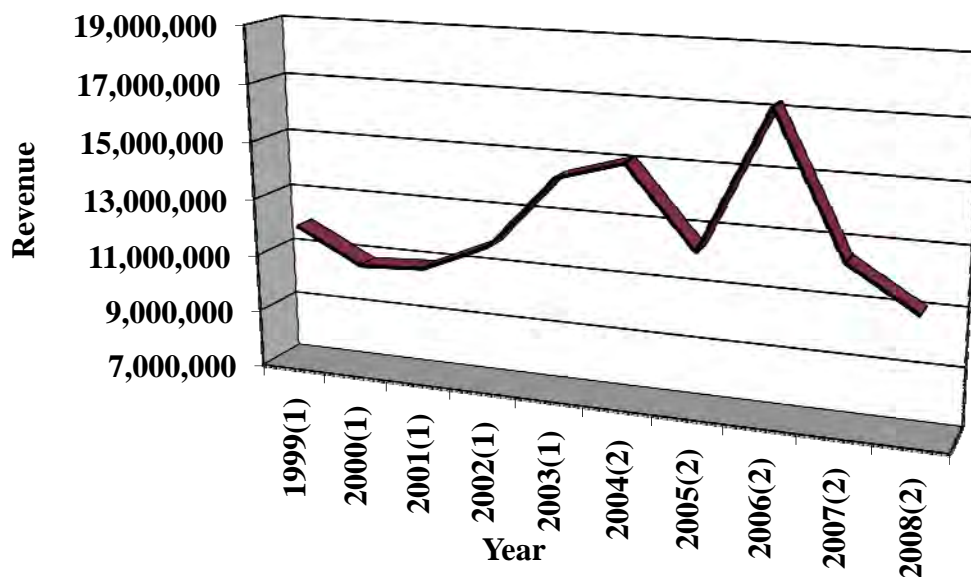


ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

REVENUE FROM UTILITY EXPANSION CHARGES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Utility Expansion Charge Revenues</u>
1999(1)	11,967,761
2000(1)	10,780,053
2001(1)	10,908,556
2002(1)	11,908,616
2003(1)	14,432,966
2004(2)	15,111,935
2005(2)	12,404,189
2006(2)	17,254,474
2007(2)	12,524,267
2008(2)	11,074,840

Utility Expansion Revenue

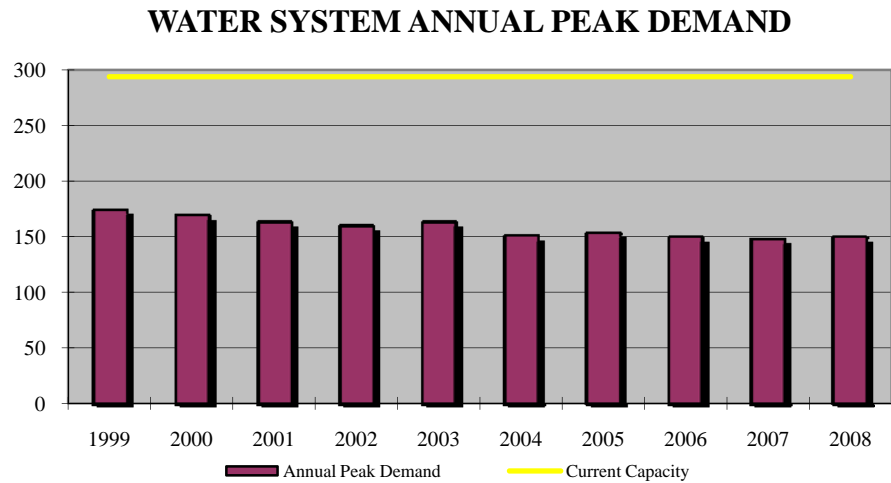


Sources: (1) Albuquerque Comprehensive Annual Financial Reports.
(2) Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Reports.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

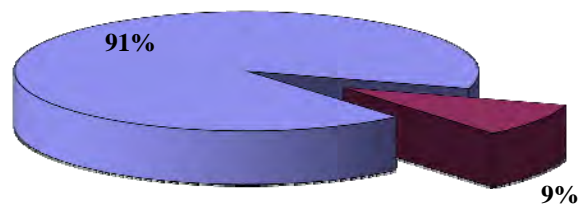
WATER SYSTEM ANNUAL PEAK DEMAND

- *Current system peak Demand of 150 MGD*
- *Current system capacity of 294 MGD*
- *System's current peak demand is 54% of capacity*



WATER SYSTEM TOP 10 CUSTOMERS

	<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2008 Revenue</u>	<u>% of Total Revenue</u>
1.	City of Albuquerque	1,927,086	\$ 6,027,021	5.76%
2.	Albuquerque Public Schools	322,670	1,384,736	1.32%
3.	Tanoan Country Club	212,920	466,305	0.45%
4.	University of New Mexico Physical	155,287	829,600	0.79%
5.	Lovelace Health	126,077	502,888	0.48%
6.	Presbyterian Health	93,294	581,345	0.56%
7.	Albuquerque Academy	82,843	179,735	0.17%
8.	Balloon Fiesta Park	75,412	47,961	0.05%
9.	Four Hills Mobile Home Park	65,250	199,527	0.19%
10.	University of New Mexico Hospital	63,935	350,003	0.33%
Total			\$ 10,569,121	10.11%
Total Revenue for System			\$ 104,548,427	



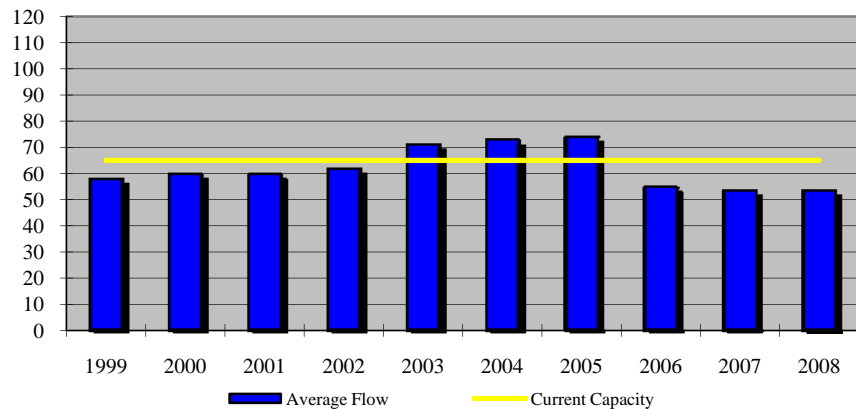
Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

WASTEWATER SYSTEM ANNUAL PEAK DEMAND

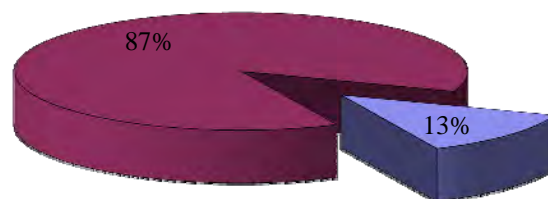
WASTEWATER SYSTEM ANNUAL AVG FLOW

- *Current system average flow of 58 MGD*
- *Current system capacity of 64 MGD*
- *System's current average demand is 84% of capacity*



WASTEWATER SYSTEM TOP 10 CUSTOMERS

Customer Name	Consumption Rate (Kgal)	Total Collected 2008 Revenue	% of Total Revenue
1. New Mexico Utilities	2,976,498	\$ 2,938,391	6.16%
2. Kirtland Air Force Base	788,400	890,374	1.87%
3. UNM Physical Plant	472,281	477,542	1.00%
4. City of Albuquerque	214,243	434,911	0.91%
5. Albuquerque Public Schools	128,450	418,583	0.88%
6. Lovelace Health	96,602	121,791	0.26%
7. Sandia Peak Services	89,190	70,610	0.15%
8. UNMHospital	69,672	185,847	0.39%
9. Presbyterian Health	57,340	127,285	0.27%
10. Creamland Dairies	53,910	304,093	0.64%
Total		\$ 5,969,427	12.52%
Total Revenue for System		\$ 47,683,918	



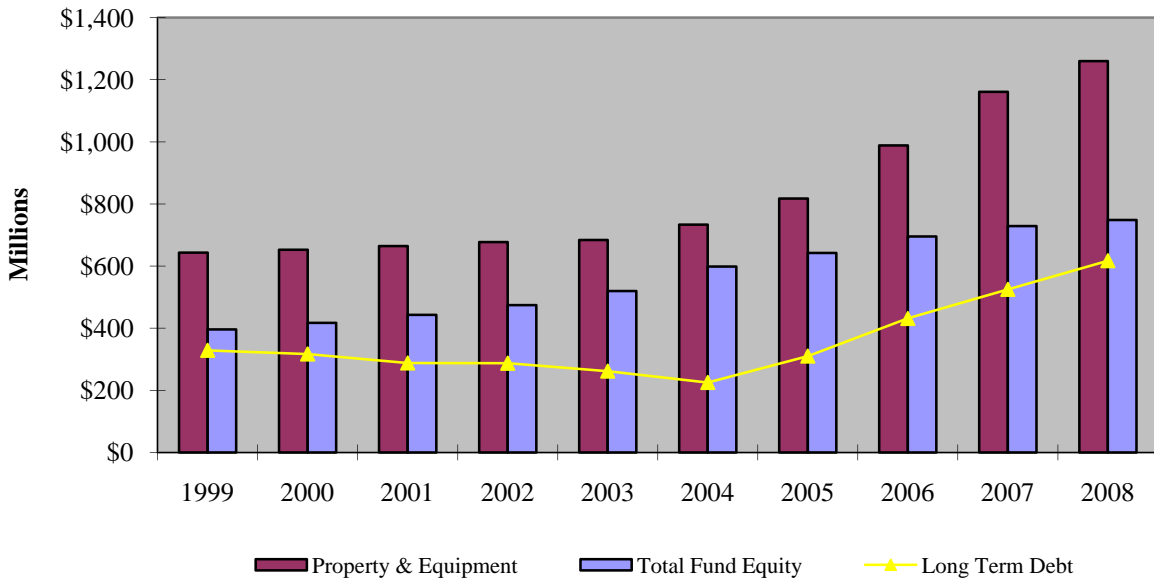
Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

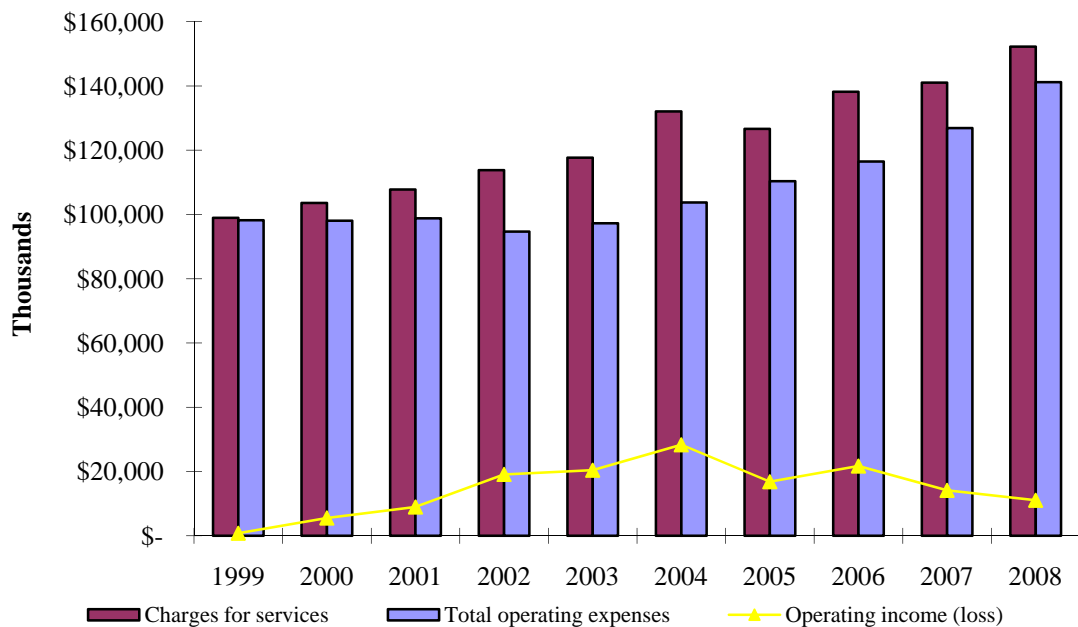
MISCELLANEOUS TREND ANALYSIS

LAST TEN FISCAL YEARS

Trend Analysis of Property & Equipment, Bonds Payable and Total Fund Equity



Trend Analysis of Utility Operations



Source: Albuquerque Bernalillo County Water Utility Authority

APPENDIX

***Approved
Operating Budget
FY/09***

ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS

Numerical Rounding

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

Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position which includes a cost of living adjustment no more than 4%.
- This base is increased for all wage adjustments for FY/10 to occur prior to July 1, 2009 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-1.3%, PERA – 19.01% for blue and white collar and management/professional, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, health insurance including retiree health insurance, and employee bus passes) – 14.32%.
- A vacancy savings rate of 0.5% for the Water Utility Department is calculated into employee salaries.

Operating Expenses

Division managers were required to provide detailed information supporting FY/10 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY/10 operating expenses were equal to FY/09 appropriated amounts. One-time appropriations for FY/09 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY/10, utilities (gas, electricity, and water) are budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increased workload, or a special need not previously funded.

Capital Expenditures

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

Transfers

- Workers' Compensation and insurance transfers are treated as direct transfers to the Risk Management Fund in each program for FY/10. These transfers are identified by the Finance and Administrative Services Department, Risk Management Division based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY/10 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.
- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AAA bond rating.
- Radio maintenance costs are based on historical average prices during an 18-month period ending December 2008.
- Fuel costs are estimated using YTD FY/09 and trending through FY/10. The average cost per gallon is \$3.00.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AFH – Affordable Housing

AMR – Automated Meter Reader

APS – Albuquerque Public Schools

ASOMS – Albuquerque Sewer Operations Management Strategy

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

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

CAC – Customer Advisory Committee

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIS – Customer Information System

CIP - Capital Improvements or Implementation Program

CMMS – Computerized Maintenance Management System

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

D & C – Design and Construct

DOE - Dept of Energy

DOL - Dept of Labor

D/S - Debt Service

DWL – Drinking Water Loan

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

FD - Fund

FTE - Full-time Equivalent Position

FY - Fiscal Year

GI – Global Insight economic forecasting, formerly Data Resources Wharton Econometric Forecasting Associates International

GASB - General Accounting Standards Board

GDP-Gross Domestic Product

GFOA - Government Finance Officers Association

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

MSA - Metropolitan Statistical Area

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

MOU – Memorandum of Understanding

MSA – Metropolitan Statistical Area

MRGCOG – Middle Rio Grande Council of Governments

NMDOT – New Mexico Department of Transportation

NMFA – New Mexico Finance Authority

NMED – New Mexico Environment Department

ACRONYMS

NMUI – New Mexico Utilities Group Inc.

NPDES – National Pollution Discharge
Elimination System

OSHA – Occupational Safety and Health
Administration

P&I – Principal and Interest

PERA - Public Employees Retirement Association

REC – Renewable Energy Credit

RFP - Request for Proposal(s)

SAD - Special Assessment District

SAF – Soil Amendment Facility

SCADA – Supervisory Control And Data
Acquisition

SJC – San Juan Chama

SRF – State Revolving Loan Fund

SWR - Sewer

SWRP - Southside Water Reclamation Plant

TRFR - Transfer

UEC – Utility Expansion Charge

UNM – University of New Mexico

UV – Ultra-Violet

WQL – Water Quality Laboratory

WRAC – Water Resources Advisory Committee

WTP – Water Treatment Plant

YR - Year

SELECTED GLOSSARY OF TERMS

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

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

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

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

APPROPRIATION: Legal authorization granted by the Authority Board to make expenditures 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 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 EXPENDITURES: Expenditures 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

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 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 Authority facilities in the City of Albuquerque, Bernalillo County or 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

SELECTED GLOSSARY OF TERMS

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

NEW MEXICO UTILITIES: Water and waste water service to approximately 17,000 accounts on Albuquerque's West Side. The 34-square-mile service area includes Paradise Hills and the Ventana Ranch subdivision.

NON-RECURRING EXPENDITURES: Expenditure 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: Term that applies to all outlays other than capital outlays

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

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

PROGRAM STRATEGY: The unit of appropriations and expenditure that ties related service activities together to address a desired community condition(s) that pertains to one of the 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 EXPENDITURES: Expenditures generally arising from the continued operations of the 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

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

SELECTED GLOSSARY OF TERMS

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 Utility, and are thereby not backed by the full faith and credit of the issuer

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

STATE ENGINEER PERMIT 4830: The permit allows the Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of 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 Authority's network and the metered quantity of water used by the customers. UFW has two components: (a) physical losses due to leakage from pipes, and (b) administrative losses due to illegal connections and under registration of water meters

UTILITY EXPANSION CHARGES: assessed by the 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

NUMERIC LIST OF FUND NAMES BY CATEGORY

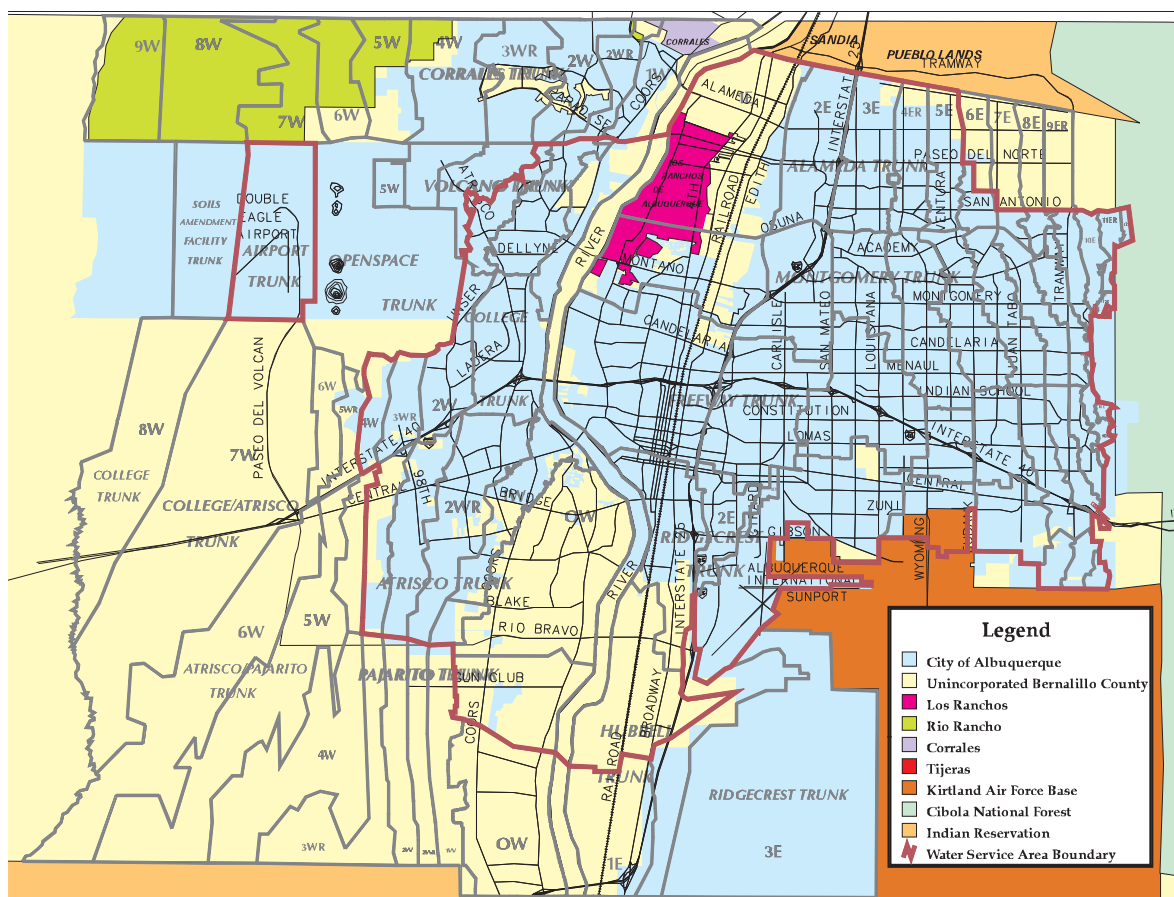
ENTERPRISE FUNDS:

621	Joint Water and Sewer Operating
631	Joint Water and Sewer Revenue Bond Debt Service

FUNDS REFERENCED:

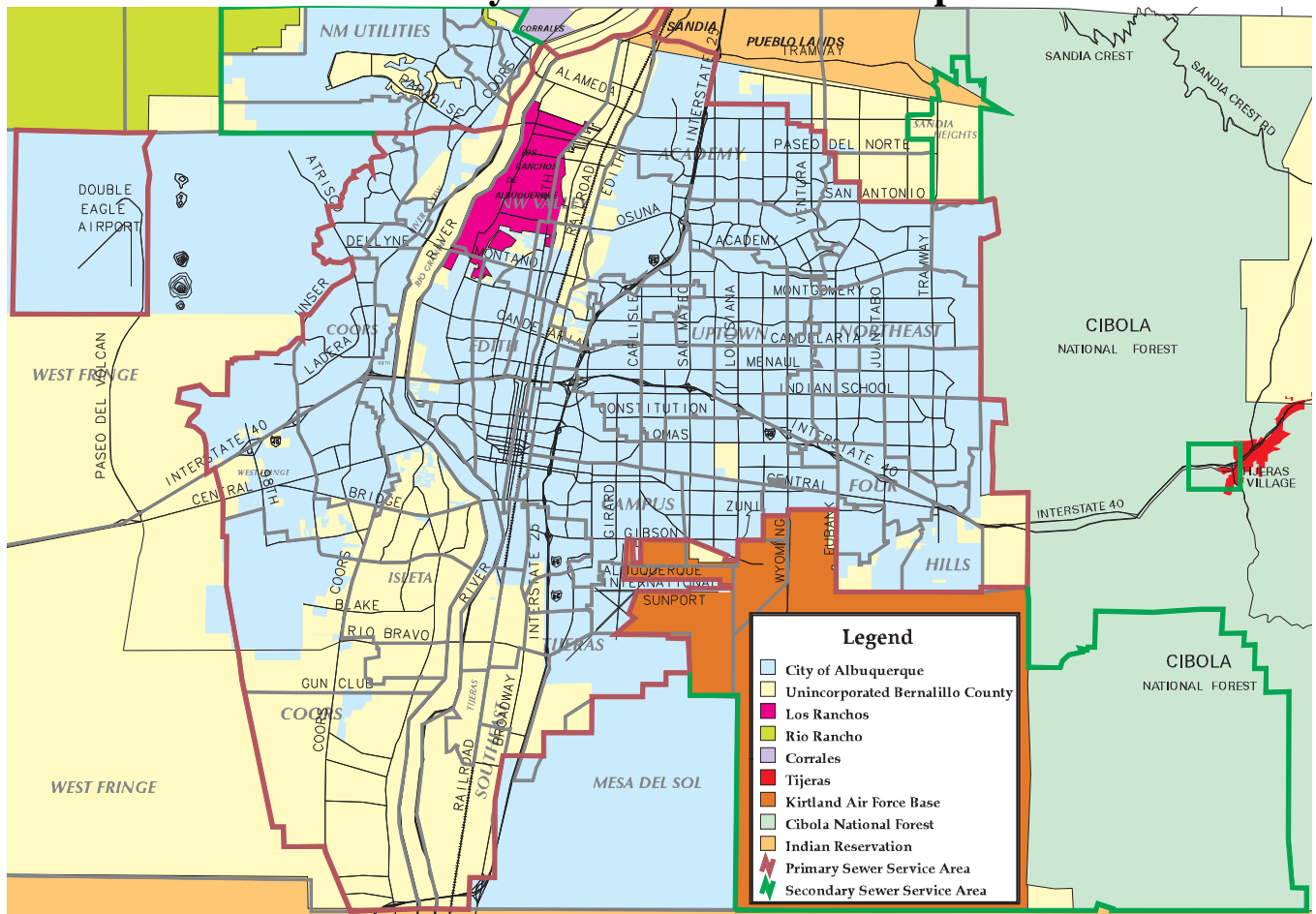
627	Joint Water & Sewer Valley Utility Projects
628	Joint Water & Sewer Rehab
629	Joint Water & Sewer Capital

Water Service Area Map



The Water Supply System Master Plan was established in 1982. The Water System provides water services to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County, New Mexico. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 172,300 accounts, including 152,600 residential and 19,700 multi-family, commercial, institutional and industrial accounts. Approximately 58% of the water sales are for residential uses. Ground water from the middle Rio Grande basin aquifer is presently the service area's primary source of supply used for the Water System. However, the Authority has begun construction of a Drinking Water Project which will treat water from the Rio Grande River for potable water use. The Drinking Water Project is part of the Authority's strategic plan to provide for a safe and sustainable water supply through conservation and the conjunctive use of surface water, reclaimed water, and shallow and deep groundwater. The groundwater supply is produced from 93 wells grouped in 25 well fields located throughout the metropolitan area. Total well production capacity is approximately 294 million gallons per day ("MGD"). Maximum historical peak day demand is 214 MGD. A chlorination / fluoridation station associated with each well field satisfies the total required water treatment needs for the water produced in each well field. Ground storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. Forty-five reservoirs are located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 2,500 miles of pipelines 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 Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the System for control from a central control facility. The Water System Service Area is approximately 167 square miles. Any extension of service outside the Service Area would incur "no net expense" to the Authority's customers in that that revenue generated from any expansion or improvement of the System shall be sufficient to support the costs of the water and wastewater facilities being expanded or improved.

Sanitary Sewer Service Area Map



The Sanitary Sewer System Master Plan was established in 1982. The Sewer System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant located south of the service area. The treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent chlorination and dechlorination prior to discharge to the Rio Grande River. Treatment plant capacity is based upon overall 76 MGD hydraulic capacity. However, capacity deficiency at the chlorination/dechlorination, anaerobic digestion and dewatered sludge handling facilities needs to be addressed to bring these facilities to the 76 MGD plant hydraulic capacity. Existing flows at the plant are about 54 MGD. The Sewer System Service Area is approximately 303 square miles. The secondary service area designates Wholesale-Special Contracts. These contract customers are responsible for a collection system beyond the point where their respective wastewater discharges into the Authority's interceptors. Any extension of service outside the Service Area would incur "no net expense" to the Authority's customers in that that revenue generated from any expansion or improvement of the System shall be sufficient to support the costs of the water and wastewater facilities being expanded or improved.

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LEGISLATION

***Approved
Operating Budget
FY/10***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. F/S R-08-8

1

RESOLUTION

2

APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO

3

COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY

4

1, 2008 AND ENDING JUNE 30, 2009.

5

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

8

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

10

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

12

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

14

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

16

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

18

BE IT RESOLVED BY THE WATER AUTHORITY:

19

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 2009:

22

JOINT WATER AND SEWER OPERATING FUND – 621 128,683,000

23

This appropriation is allocated to the following programs:

24

Water Authority 2,649,000

25

Low Income Utility Credit 250,000

26

Customer Services 4,584,000

27

Finance 6,879,000

28

Information Systems 3,224,000

1	San Juan/Chama	2,246,000
2	Compliance	3,412,000
3	Human Resources	1,363,000
4	Wastewater Collection	7,032,000
5	Wastewater Treatment	11,957,000
6	Water Plant Facility Production	8,017,000
7	Water Plant Facility Distribution	10,874,000
8	Water Distribution Facilitation	3,283,000
9	Water Resources, Engineering & Planning	5,413,000
10	Transfers to Other Funds:	
11	General Fund (110)	6,183,000
12	Joint Water and Sewer Rehab (628)	11,000,000
13	Joint Water and Sewer Capital (629)	2,252,000
14	Joint Water and Sewer Bond Debt Service (631)	38,065,000
15	Indirect Costs paid to the City of Albuquerque for services provided to the Water	
16	Authority are capped at \$1,486,000 for this fund.	
17	<u>SUSTAINABLE WATER SUPPLY FUND – 622</u>	38,317,000
18	This appropriation is allocated to the following programs:	
19	North – I-25 Reuse	420,000
20	Sustainable Water Supply	10,272,000
21	Franchise Fees Non City	154,000
22	Transfers to Other Funds:	
23	General Fund (110)	1,235,000
24	Joint Water and Sewer Debt Service (631)	26,236,000
25	Indirect Costs paid to the City of Albuquerque for services provided to the Water	
26	Authority are capped at \$64,000 for this fund.	
27	<u>JOINT WATER AND SEWER REVENUE BOND</u>	
28	<u>DEBT SERVICE FUND – 631</u>	78,301,000
29	This appropriation is allocated to the following programs:	
30	Debt Service	64,301,000
31	Transfer to Other Funds:	
32	Joint Water and Sewer Capital Fund (629)	14,000,000

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

7 Section 3. The Water Authority shall continue its partnership with non-profit
8 affordable housing developers under contract with local government whereby the first
9 time homebuyer will not be required to pay the Utility Expansion Charge until the
10 property is sold. No more than 50 units per year will be authorized under this program.
11 The Water Authority will secure its position with a second mortgage.

12 Section 4. The Rate Reserve Fund is augmented by the amount of \$2,000,000.

13 Section 5. The Executive Director is authorized to implement the realignment of
14 administrative functions contained in this appropriation upon approval of this legislation.

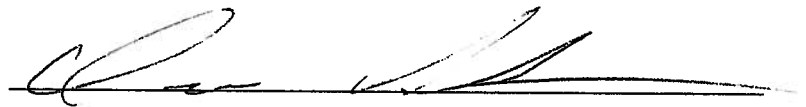
15 Section 6. The Executive Director is authorized to carry out all appropriations
16 contained in this budget in accordance with established policies and procedures.

1 PASSED AND ADOPTED THIS 21st DAY OF May, 2008
2 BY A VOTE OF: 4 FOR 2 AGAINST.

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5 Yes: Archuleta, Benton, Jones, Perlman

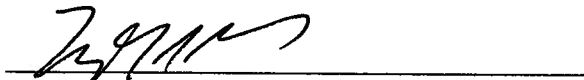
6 No: Brasher, Cordova

7 Excused: Cadigan, Cummins
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13 Deanna Archuleta, Chair
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19 ATTEST:

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22 Mark S. Sanchez, Executive Director
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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

RESOLUTION NO. R-08-9

1 **RESOLUTION**

2 **APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR**
3 **THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR**
4 **THE FISCAL YEAR BEGINNING JULY 1, 2008 AND ENDING JUNE 30, 2009.**

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

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

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

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

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

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

20 WHEREAS, the Water Utility Authority has determined that several new activities
21 are needed to make unnecessary the commingling within an activity of work being done
22 within the Basic capital program with work being done outside the Basic capital
23 program; and

24 WHEREAS, the Water Utility Authority has determined that other new activities
25 are needed for enhanced project tracking and measurement of current Decade Plan
26 objectives; and

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1 WHEREAS, the appropriation of these Capital Implementation Program funds to
 2 projects with their respective purposes are timely and necessary for the Albuquerque
 3 Bernalillo County Water Utility Authority to serve its customers.

4 BE IT RESOLVED BY THE WATER AUTHORITY:

5 Section 1. That the appropriations for the projects as stated below are hereby
 6 made and/or changed and that decreases in interest/contingency for activities/projects
 7 are transfers of revenues to the specific projects as indicated.

<u>Purpose</u>	<u>Source</u>	Increase
<u>Valley Projects Fund 627</u>		
Valley Low Income W/S Connections	Transfer from Fund 631	500,000
Valley Utility Projects	Transfer from Fund 631	1,000,000
<u>Water Utility / Joint Water & Sewer Rehab Fund 628</u>		
Treatment Plant Renovation	Transfer from Fund 621	1,000,000
	Loan Proceeds	6,000,000
Large Water Valve Replacement	Transfer from Fund 621	250,000
Water Line Replacement	Loan Proceeds	4,000,000
Water Facility Renovation	Transfer from Fund 621	1,000,000
Water Service Line Replacement	Transfer from Fund 621	100,000
Meter Box Replacement	Loan Proceeds	100,000
Pump Station Replacement	Transfer from Fund 621	200,000
Replacement Water Meters	Transfer from Fund 621	1,000,000
Sewer Rehabilitation Engineering	Transfer from Fund 621	100,000
Public Works Sewer Rehabilitation	Loan Proceeds	700,000
Sewer Line Replacement	Loan Proceeds	1,000,000
Odor Control Rehabilitation	Loan Proceeds	500,000
	Transfer from Fund 621	100,000
Water Rehabilitation Engineering	Transfer from Fund 621	100,000
Lift Station Improvements	Loan Proceeds	4,000,000
Interceptor Sewer Rehabilitation	Loan Proceeds	2,700,000
	Transfer from Fund 621	2,350,000
Automatic Meter Reading	Transfer from Fund 621	2,000,000
Leak Detection System	Transfer from Fund 621	100,000

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1	Ultraviolet Disinfection	Loan Proceeds	500,000
2	Franchise Fee Compliance	Transfer from Fund 621	1,000,000
3	Digester Renovation	Loan Proceeds	2,500,000
4	Steel Water Line Replacement	Transfer from Fund 621	1,000,000
5	Gas Engines Conversions	Transfer from Fund 621	450,000
6	Kiva Pump Station Replacement	Transfer from Fund 621	125,000
7	Griegos Pump Station Replacement	Transfer from Fund 621	125,000
8	<u>Water Utility / Joint Water & Sewer Fund 629</u>		
9	Westland Developer Agreement	Transfer from Fund 631	600,000
10	Utility Risk Reduction	Transfer from Fund 631	658,000
11	Pino Yards Replacement	Transfer from Fund 631	100,000
12	Developer Agreements	Transfer from Fund 631	1,267,000
13	Water Master Plan Line Extension	Transfer from Fund 631	1,400,000
14	Advance Land Acquisition	Transfer from Fund 631	200,000
15	Water Rights Enhancement	Transfer from Fund 631	500,000
16	Aquifer Storage and Recovery	Transfer from Fund 631	500,000
17	MIS Development	Transfer from Fund 631	1,950,000
18	Asset Management	Transfer from Fund 631	300,000
19	Maximo Conversion	Transfer from Fund 621	1,252,000
20	Landscape Facilities	Transfer from Fund 631	100,000
21	Water System Metering	Transfer from Fund 631	600,000
22	Arsenic Treatment Facilities	Transfer from Fund 631	925,000
23	MDC Water Supply & Facility	Transfer from Fund 631	600,000
24	Volcano Cliffs SAD 227 Agreement	Transfer from Fund 631	1,053,000
25	Industrial Master Plan Sewer	Transfer from Fund 631	917,000
26	Wastewater Master Plan	Transfer from Fund 631	500,000
27	Geographic Information Systems	Transfer from Fund 631	250,000
28	Canada Reservoir & Lines	Transfer from Fund 631	80,000
29	Water Vehicle Replacement	Transfer from Fund 621	500,000
30	Wastewater Vehicle Replacement	Transfer from Fund 621	500,000
31			

- 1 Section 2. That the following new activities are hereby established in the
2 Funds indicated.
- 3 Valley Projects Fund 627
- 4 1 – Water Authority Managed Water Projects
- 5 2 - Water Authority Managed Water Reclamation Projects
- 6 These two activities will allow the existing Valley Utilities Projects activity to contain only
7 the financial transactions related to the Valley work done in conjunction with Bernalillo
8 County and which is funded outside of the Basic capital program. Currently, costs for
9 Water Authority managed Valley projects, which are funded in the Basic capital
10 program, are commingled with costs of the Bernalillo County work.
- 11 Water Utility / Joint Water & Sewer Rehab Fund 628
- 12 1 - Santa Barbara Pump Station and Reservoir Project Construction
- 13 The portion of the construction effort that will be funded by an NMED loan is outside the
14 Basic capital program.
- 15 2 – Steel Water Line Replacement
- 16 The steel water line replacement program is outside the Basic capital program.
17 Currently, costs for this program are commingled in the Water Line Rehabilitation
18 activity which contains Basic program expenditures.
- 19 3 – Strategic Leak Detection Program
- 20 The strategic leak detection program encompasses the agreement with New Mexico
21 Institute of Mining and Technology/Environmental Finance Center approved by the
22 Board at its March 2008 meeting per WUA C-08-10 and is outside the Basic capital
23 program.
- 24 4 – Gas Engine Conversions
- 25 Gas Engine Conversions has its own line item in the FY 2008-2017 Decade
26 Plan.
- 27 5 – Kiva Pump Station Replacement
- 28 Kiva Pump Station Replacement has its own line item in the FY 2008-2017 Decade
29 Plan.
- 30 6 – Griegos Pump Station Replacement
- 31 Griegos Pump Station Replacement has its own line item in the FY 2008-2017 Decade
32 Plan.

1 Water Utility / Joint Water & Sewer Fund 629

2 1 - Dedicated Water Rights Lease Revenues

3 The acquisition of water rights using dedicated revenues received from the Bureau of
4 Reclamation is outside the Basic capital program. An activity separate from the existing
5 Water Rights Enhancement activity, which contains Basic program expenditures, will aid
6 in ensuring that the dedicated revenues are used solely for the intended purpose.

7 2 - Aquifer Storage and Recovery

8 Aquifer Storage and Recovery has its own line item in the FY 2008-2017 Decade Plan.

9 3 – Asset Management

10 There is no existing Basic program activity for asset management work. Current work is
11 being recorded in the ASOMS activity which is a poor fit. An Asset Management activity
12 is needed now as the Water Authority is expanding its asset management efforts.

13 4 - Maximo/GIS Conversion

14 The Board at its February 2008 meeting approved a \$1.4 million appropriation for the
15 upgrade of the Maximo system. Another \$1.252 million is included in the FY 2009
16 Capital program. The project is outside the Basic capital program.

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1 PASSED AND ADOPTED THIS 21st DAY OF May, 2008
2 BY A VOTE OF: 6 FOR 0 AGAINST.

3

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5 Yes: Archuleta, Benton, Brasher, Cordova, Jones, Perlman

6 No:

7 Excused: Cadigan, Cummins

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Deanna Archuleta, Chair

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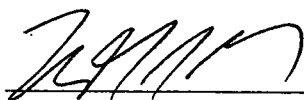
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19 ATTEST:

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Mark S. Sanchez, Executive Director

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. F/S R-08-6

1 **RESOLUTION**
2 **ESTABLISHING ONE-YEAR OBJECTIVES FOR THE WATER UTILITY AUTHORITY**
3 **IN FISCAL YEAR 2009 TO MEET FIVE-YEAR GOALS.**

4 WHEREAS, Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10
5 created the Albuquerque Bernalillo County Water Utility Authority ("Water Authority")
6 and provides for the administration and operation of the Water Authority, and as part of
7 the administrative responsibilities of the Water Authority, it shall establish and adopt
8 five-year goals and one-year objectives; and

9 WHEREAS, the Water Authority's Budget Policies and Procedures Ordinance
10 specifies that the Water Authority shall annually review and adopt one-year objectives
11 related to the five year goals for the Water Authority; and

12 WHEREAS, the Water Authority's operating budget shall be formulated by the
13 Water Authority's Executive Director and be consistent with the goals and objectives as
14 established and approved by the Water Authority; and

15 WHEREAS, the Water Authority's adoption of goals and objectives, which will be
16 valuable in themselves, will be major factors in determining funding for Water Authority
17 programs and improvements in both the operating budget and capital improvements
18 budgets.

19 BE IT RESOLVED BY THE WATER AUTHORITY:

20 Section 1. That the Water Authority adopts the following five-year goals and one-
21 year objectives.

22 GOAL 1. WATER SUPPLY AND OPERATIONS: Provide a reliable, safe,
23 affordable, and sustainable water supply by transitioning to renewable supplies and
24 minimizing long term environmental impacts on the community and natural resources
25 while ensuring the ability of the community to grow in a responsible manner.

- 1 Objective 1. Begin startup and trial operations of the Drinking Water Project
2 (DWP) including the diversion and raw water pump station and water treatment plant by
3 the 2nd Quarter FY09.
- 4 Objective 2. Begin construction of the mitigation measures for the DWP
5 including monitoring and construction of habitat in three areas of the Bosque by the 1st
6 Quarter FY09.
- 7 Objective 3. Complete public education and public acceptance plan including
8 introduction of surface water into the existing distribution system by the end of the 1st
9 Quarter FY09.
- 10 Objective 4. Integrate short and long-term water resources development plan
11 into the integrated water/wastewater/reuse master plan by the end of the 1st Quarter
12 FY09.
- 13 Objective 5. Continue working development of desalinization water supply
14 plan and report to the Board by the end of the 3rd Quarter of FY09.
- 15 Objective 6. Continue implementation of water loss programs focusing on
16 revenue water. Utilize International Water Association/American Water Works
17 Association Water Audit methodology for accounting and examination of water loss
18 programs. Reduce unaccounted-for-water by 1% by the end of the 4th Quarter FY09.
- 19 Objective 7. Prioritize and implement recommendations from the Water
20 Resources Management Strategy by the end of the 4th Quarter FY09.
- 21 Objective 8. Begin Phase II operations of the Bear Canyon Aquifer Storage
22 and Recovery project by the end of the 2nd Quarter of FY09. Submit permits required
23 for starting the large-scale Aquifer Storage and Recovery program for injecting or land
24 applying purified San Juan-Chama water into the eastside aquifer by the end of the 4th
25 Quarter FY09.
- 26 Objective 9. Achieve water use of 165 gallons per person per day by the end
27 of the 2nd Quarter of FY09.
- 28 Objective 10. Implement activities for native water storage in Abiquiu working
29 with the Corps of Engineers and other federal and state entities by the end of the 4th
30 Quarter FY09.
- 31 Objective 11. Increase water operations planned and preventative
32 maintenance by 25% by the end of the 4th Quarter of FY09.

Objective 12. Expand the Automated Meter Reading by expending \$2 million on small meter replacement by the end of the 4th Quarter of FY09.

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 1. Limit overall permit excursions to 2% by not exceeding no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY09.

Objective 2. Design and construct odor control facilities for collection system and plant by developing a conceptual odor control plan for lift stations, vacuum stations and collection system and by completing a study and design of Downtown/Martineztown Odor Control Biofilter by the end of the 4th Quarter of FY09.

Objective 3. Design ultraviolet disinfection facilities to eliminate chlorine hazard at plant by the end of the 2nd Quarter of FY09

Objective 4. Develop long-term plan for biosolids management, emphasizing beneficial uses by increasing average biosolids diversion to composting to 15% through the end of the 4th Quarter of FY09.

Objective 5. Develop facilities plan recommendations by updating the Southside Water Reclamation Plant (SWRP) capacity analysis, developing capacity needs projections for future satellite plant(s), and determining potential impacts of satellite plant(s) on SWRP flow, organics loading and odor control by the end of the 4th Quarter of FY09.

Objective 6. Expedite outmoded equipment replacement and plant facilities renovation based on asset management principles by identifying and prioritizing high-risk assets, constructing plant and digester renovations, and increasing preventive maintenance work orders by 50% by the end of the 4th Quarter of FY09.

Objective 7. Develop and implement asset management decision-making for collection system by applying asset management principles to reducing sewer overflows; televising 20% of unlined concrete interceptors per year, and developing a plan for stations preventive maintenance by field operations staff by the end of the 4th Quarter of FY09.

1 Objective 8. Improve compliance with the Water Authority's Rate Ordinance
2 by continuing validation of compliance for illegal sewer connections and extra-strength
3 dischargers through the end of the 4th Quarter of FY09.

4 Objective 9. Develop and implement a Water Reclamation Division
5 organizational succession plan by implementing hiring, training and certification
6 programs for mechanics, electricians and electronics technicians, implementing
7 certification training program for management staff, and revising training and
8 certification process to facilitate full Level 4 Operator staffing by the end of the 4th
9 Quarter of FY09.

10 GOAL 3. CUSTOMER SERVICES: Provide quality customer services by
11 communicating effectively, billing accurately, and delivering water and wastewater
12 services efficiently based on understanding the needs and perceptions of our customers
13 and the community at large.

14 Objective 1. Develop a consolidated marketing and public relations program
15 to improve customer recognition, build public support for present and future initiatives,
16 and educate the public about critical water-related issues by the end of the 2nd Quarter
17 of FY09.

18 Objective 2. Develop an emergency communications plan and an overall
19 communications plan for the Water Authority's stakeholders and with employees by the
20 end of the 3rd Quarter of FY09.

21 Objective 3. Reduce call wait time to less than 1 minute, 90 percent of the
22 time by use of staffing and technology through the 4th Quarter of FY09.

23 Objective 4. Develop customer relations performance benchmark metrics
24 based on best practices by the 4th Quarter of FY09.

25 Objective 5. Coordinate with Bernalillo County to establish a requirement of
26 obtaining a sewer account with the Water Authority as part of the sewer connection
27 permitting process by the end of the 2nd Quarter of FY09.

28 GOAL 4. BUSINESS PLANNING AND MANAGEMENT: Maintain a well
29 planned, managed, coordinated, and financially stable utility by continuously evaluating
30 and improving the means, methods, and models used to deliver services.

31 Objective 1. Implement Phase 2 of Comprehensive Asset Management
32 Program to manage existing assets more effectively and plan for future needs by the
33 end of the 4th Quarter of FY09.

Objective 2. Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY09. \$1 million shall be dedicated and used for identifying steel water pipes in poor condition and rehabilitating or replacing at least 2 miles of pipe by the end of the 4th Quarter of FY09.

Objective 3. Begin implementation of an integrated water/sewer and reuse master plan and modeling system by the end of the 4th Quarter of FY09.

Objective 4. Implement Maximo software application upgrade and associated Geographic Information System (GIS) in a manner that supports the Asset Management business objectives of the Water Authority by the end of the 4th Quarter of FY09.

Objective 5. Implement Customer Care and Billing application to include added functionality for web self-service for our customers by the end of the 4th Quarter of FY09.

Objective 6. Implement a pilot program for the use of mobile devices in the field by the end of the 4th Quarter of FY09.

Objective 7. Develop and implement a manhole and valve recovery program by the end of the 4th Quarter of FY09.

GOAL 5. 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.

Objective 1. Continue implementation of succession and knowledge management planning necessary to manage the Water Authority's assets through the end of the 4th Quarter of FY09.

Objective 2. Initiate a comprehensive classification and compensation study by the end of the 4th Quarter of FY09.

Objective 3. Reduce the number of employee injury lost days by 25% by the end of the 4th Quarter of FY09.

Objective 4. Complete the Utility Tech-1 training program for all the new hires from FY2008. Develop Utility Tech-4 curriculum to certified Utility Tech-3 personnel. Incorporate surface water training curriculum into the Training & Certification guidelines document. Complete this objective by the end of the 4th Quarter of FY09.

Objective 5. Develop and implement a program for hiring, training and certification programs for mechanics, electricians and electronics technicians;

1 implement certification training program for management staff; and revise training and
2 certification process to facilitate full Level 4 Operator staffing by the end of the 4th
3 Quarter of FY09.

4 Objective 6. Conduct an assessment of the Water Authority's training needs
5 and develop a professional and leadership program by the end of the 1st Quarter of
6 FY09.

7 Objective 7. Maintain a utility-wide vacancy rate of no greater than 10%
8 through FY09.


9 Section 2. That the Executive Director of the Water Utility Authority shall ensure
10 that these goals and objectives are carried out through the development of a
11 performance plan and shall submit a report by Goal to the Water Authority at least semi-
12 annually on the progress made toward implementation of the one-year objectives.

1 **PASSED AND ADOPTED THIS** 16th **DAY OF** April **, 2008**
2 **BY A VOTE OF:** 7 **FOR** 0 **AGAINST.**

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4
5 **Yes:** *Archuleta, Benton, Cordova, Cummins, Garduno, Jones, Perlman*

6 **No:**

7 **Excused:**
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13 **Deanna Archuleta, Chair**

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19 **ATTEST:**

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22 **Mark S. Sanchez, Executive Director**
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[+ Bracketed Material +] - New
[-Bracketed Material-] - Deletion

