

FY2011

APPROVED BUDGET

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Maggie Hart Stebbins, Vice-Chair

Alan B. Armijo

Richard J. Berry

Art De La Cruz

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Mark S. Sanchez, Executive Director



Albuquerque Bernalillo County
Water Utility Authority



Albuquerque Bernalillo County Water Utility Authority

July 1, 2010

To: Trudy Jones, Chair
From:  Mark S. Sanchez, Executive Director
Subject: Approved Fiscal Year 2011 Budget

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Authority) for Fiscal Year 2011. This budget represents the Authority's financial plan for Fiscal Year 2011. The development of this financial plan was guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. This approved budget is balanced, fiscally conservative and sound and conforms to all policies adopted. The approved budget will carry out the Authority's mission of assuring responsive customer service, providing reliable, high-quality, affordable and sustainable water supply, wastewater collection, treatment, and reuse systems, and supporting a healthy, environmentally sustainable and economically viable community.

For Fiscal Year 2011 the approved budget does not include a rate increase. There is an adjustment to the Northwest Service Area ratepayers, formerly New Mexico Utilities, to bring those ratepayers into the Authority's rate structure as previously approved by the Board. In keeping with the commitment made to the Board, the Authority in the development of this approved budget has taken a conservative approach to provide effective and efficient water and wastewater services balanced against projected resources. As with other governmental entities, the Authority has also seen the results of the current economic decline. Water and wastewater revenue has remained relatively flat while Utility Expansion Charges (UEC) have fallen from a high of about \$17 million in Fiscal Year 2006 to \$9 million anticipated for Fiscal Year 2011. Water conservation has resulted in the Authority service area reaching 159 gallons consumed per day (gcpd) in 2009 and moving toward reaching the goal of 150 gcpd in 2014. However, conservation also means that revenue generated from water and wastewater is substantially reduced. Revenue from interest income has also declined due to the current economy. Expenses have and continue to increase from a Fiscal Year 2008 actual of \$149.6 million to \$172 million for Fiscal Year 2011. Much of the increase over this period is based on the acquisition of the former New Mexico Utilities and the increases associated with bringing the San Juan Chama Drinking Water Project online.

In the preparation of this budget the Authority reviewed various alternatives to reduce expenditures to balance the budget. In reviewing current staffing and salaries, the Authority has determined that a reduction in this area would not be prudent based on the ongoing service needs. While there is no reduction in staffing, there is no cost of living salary adjustment for Fiscal Year 2011. A 3% shift between the employer/employee split in other employee benefits from the current 83%-17% to an 80%-20% split has been approved. This shift in percentage will help offset the increased cost in other employee benefits as a result of increases in health, dental and

vision insurance rates. This shift is subject to the collective bargaining process, but the dollar amount associated with this shift is included in the budget. In reviewing general operating expenditures, there were some reductions taken; however, these reductions were more than offset by increases in power, chemicals and supplies. The most significant expense of the Authority continues to be debt service payments which comprise 38% of our total operating expense for Fiscal Year 2011. Operating expenses other than these mentioned remain relatively static. One item of note is the decline in the Worker's Compensation expense, which the Authority has worked diligently in partnership with employees to reduce over the past three years.

Several assumptions have been made in the preparation of this budget including: no cost of living adjustment for labor in Fiscal Year 2011, Authority debt will be approximately 25 basis points under market rate based on the Authority's AAA bond rating, and power, chemicals and fuel will not exceed the CPI. Revenue is projected to remain flat. Development and growth are also projected to remain flat.

The Northwest Service Area Division (NWSA) has been successfully integrated into the general operations of the Authority. The NWSA now provides services not only to customers of the former New Mexico Utilities but also to other Authority Westside ratepayers. In Fiscal Year 2011, the Authority will begin to look at the expansion of the current Northwest Service Area Division from what was the New Mexico Utilities area to an area that will be bounded by Sandoval County on the north, the Rio Grande River on the east, I-40 on the south and the Rio Puerco on the west. Any expenses associated with this expansion would have to be budget neutral. Since the Authority has long discussed area operations, the establishment of a northwest service area as described will provide a program that can be used to improve services to customers.

The San Juan-Chama Drinking Water Project (DWP) 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 supply systems, the surface water and the ground water systems. This dual system operation will continue into the future even though the primary source of supply will be the surface water from the DWP. It is anticipated that 75% of the area's future water supply will be surface water from the DWP. The Authority continues to adjust the funding for operations of the DWP as a history of operating costs is developed.

For Fiscal Year 2011, 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 has been an effective tool in the reduction of the Authority's Workers Compensation expense as mentioned. In Fiscal Year 2006, injury time was at 24,021 hours. In Fiscal Year 2009 this amount was reduced to 9,774 hours, a 60% reduction. For Fiscal Year 2010 the current trend projects that injury time will be lower than the planned target of 9,000 hours.

General Operating Fund 621

For Fiscal Year 2011 the gap between revenues and expenditures is estimated to be \$4.6 million in the General Operating Fund. The Authority proposes to close this gap through the use of working capital or fund balance. In the Fiscal Year 2010 budget presentation, based on the Authority's ten year financial plan, the Board was informed that the use of working capital or fund balance and the rate reserve would be anticipated given that no rate increase would be proposed in Fiscal Year 2011. The working capital or fund balance at the end of Fiscal Year 2010 is projected to be \$8 million. Subtracting the \$4.6 million Fiscal Year 2011 deficit, the working capital or fund balance will be approximately \$3.4 million at the end of Fiscal Year

2011. This balance will be augmented by the rate reserve that was established by the Board in Fiscal Year 2008 which will have a \$7 million balance in Fiscal Year 2011. With the \$3.4 million in working capital or fund balance and the \$7 million from the rate reserve, the Authority is able to maintain a \$10 million working capital or fund balance for Fiscal Year 2011.

Revenue for Fiscal Year 2011 is estimated to be \$167 million; approximately \$3 million above the Fiscal Year 2010 approved budget. The \$3 million increase is mainly from the change in rates for the former New Mexico Utilities ratepayers, \$2.8 million. This increase is due to the addition of the sustainable water supply charge that was not part of the NMUI rate structure. Approved operating expenditures, \$172 million, contain a net decrease of \$5.8 from Fiscal Year 2010. This includes an increase of \$1 million in personnel expenditures, \$2 million in general operating expenditures and a decrease in internal services charges of \$9 million.

Personnel expenditures do not include a cost of living adjustment. Four positions that were added in Fiscal Year 2010 are included at a cost of \$243,000. These positions are a Facilities Plant Advisor, a Senior Office Assistant, a Leak Detection Tech and an Environmental Scientist. In addition, the increased cost of health insurance accounts for approximately \$.5 million. The general operating expenditures increase is due mainly to increases in utilities, supplies and chemicals. There is a shift in appropriations for vehicle maintenance charges from the internal services category to the general operating category of \$1 million. The shift has no impact on total operating costs. Changes in internal services include the \$1 million vehicle maintenance transfer, a reduction of \$5.5 million in the cash transfer to capital and a \$2.5 million reduction in the transfer to debt service.

Capital Implementation Program

Also included in a separate resolution is the Capital Implementation Program (CIP) approved budget for Fiscal Year 2011. The total approved appropriation for Fiscal Year 2011 is \$47.52 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 \$4 million for system growth, \$9.52 million for the Southside Water Reclamation Plant rehabilitation, \$3 million for special projects and \$1 million for the Fiscal Year 2011 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 2012 and later.

The Authority participated in the peer review process of the American Water Works Association's (AWWA) QualServe program in 2005. 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 an asset management plan as a part of its asset management program. The asset management plan will provide a 30-year projection that will allow the Authority to budget for renewals and replacements into the future.

This approved budget represents the Authority's coordinative effort to bring to the Board 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 2011 to improvement of services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority

BOARD MEMBERS

Trudy Jones, Chair

Maggie Hart Stebbins, Vice-Chair

Alan B. Armijo

Richard J. Berry

Art De La Cruz

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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**Albuquerque Bernalillo Co. Water Utility Authority
New Mexico**

Special Performance Measures Recognition

For the Fiscal Year Beginning

July 1, 2009

President

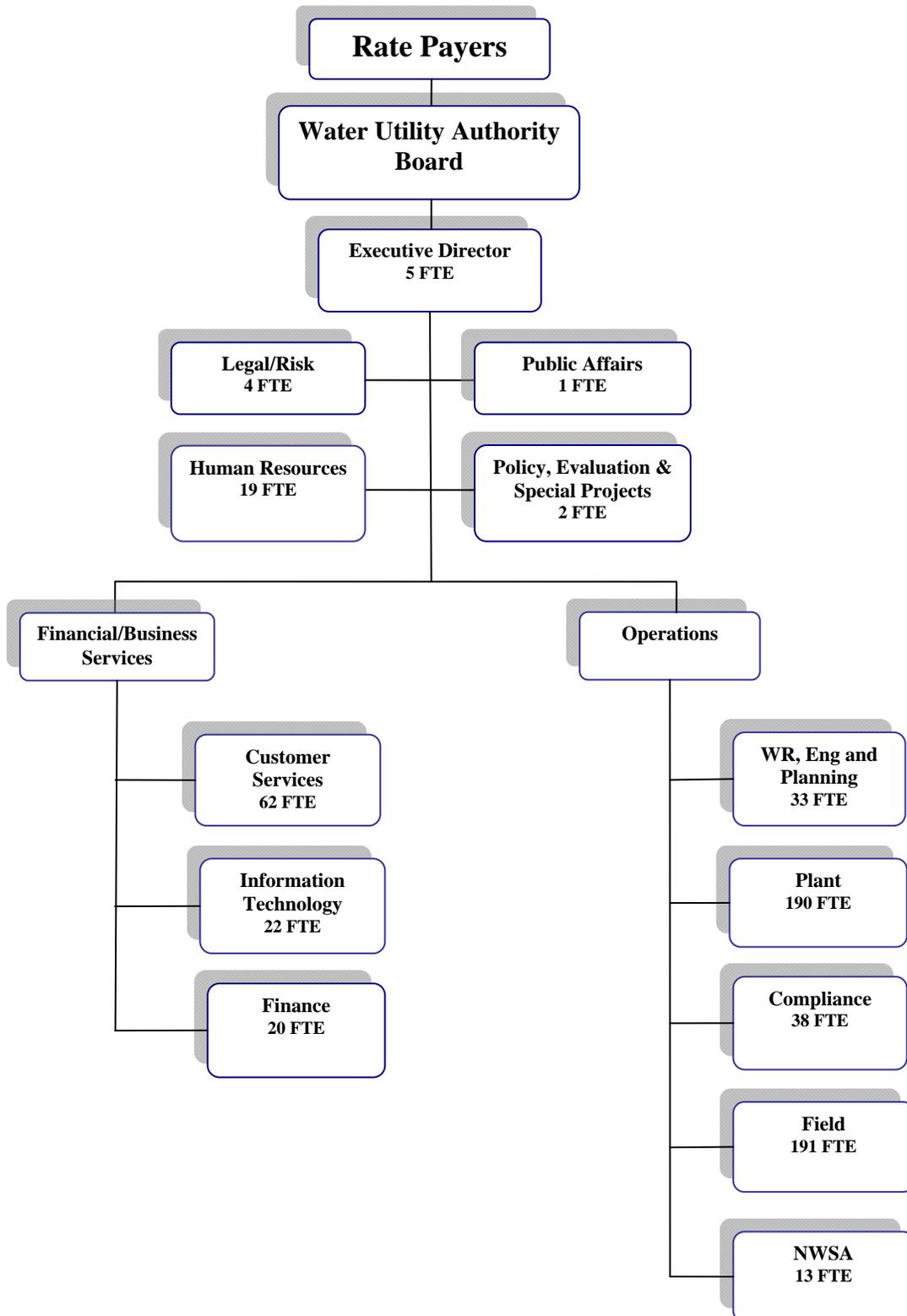
Executive Director

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, 2009. 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.

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Albuquerque Bernalillo County Water Utility Authority



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PREFACE.....	1
EXECUTIVE SUMMARY.....	7
FINANCIAL POLICIES.....	16
FIVE-YEAR GOALS AND ONE-YEAR OBJECTIVES.....	21
APPROVED BUDGET & FINANCIAL CONSOLIDATIONS.....	29
Personnel Summary.....	31
ABCWUA Funds.....	37
Program Budget Highlights.....	47
Functional Units.....	57
REVENUE OUTLOOK	85
Economic Outlook.....	93
Albuquerque Economy.....	95
CAPITAL BUDGET	101
Fiscal Year 11- 12 Capital Program Highlights.....	107
Planned Funding Allocations.....	110
Fiscal Year 2011 Capital Program.....	114
CIP Projects Coming On Line.....	126
DEBT OBLIGATIONS.....	129
STATISTICAL INFORMATION.....	137
APPENDIX	
Analysis Methodology.....	155
Acronyms.....	156
Selected Glossary of Terms.....	158
Numeric List of Fund Names by Category.....	161
Water Service Area Map.....	162
Wastewater Service Area Map.....	164
LEGISLATION.....	167
Appropriating Enterprise Operating Funds	
Appropriating Capital Implementation Program Funds	
Establishing One-Year Objectives for the Water Utility Authority	

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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 2011 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

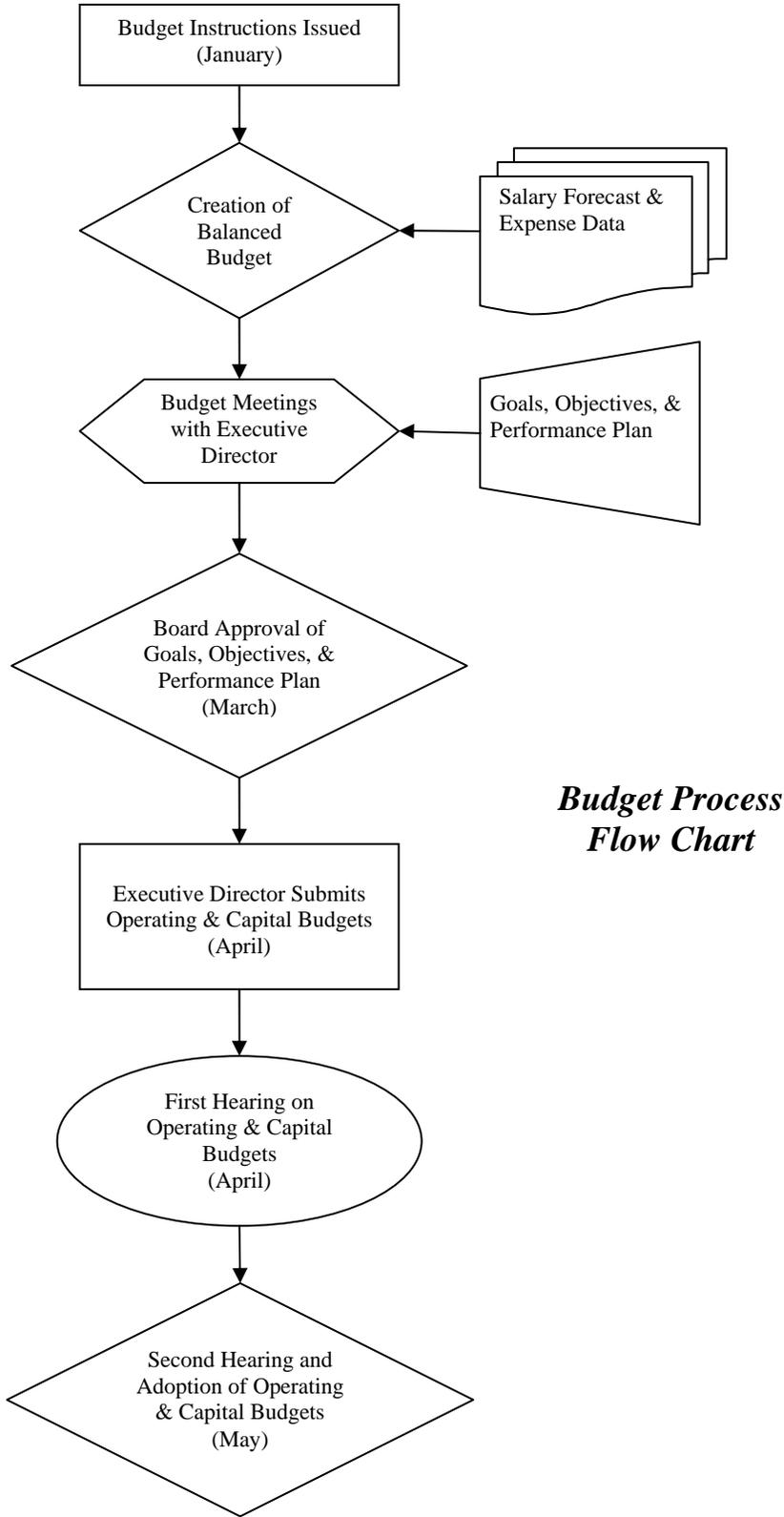
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.

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***Budget Process
Flow Chart***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

**FISCAL YEAR 2011
BUDGET CALENDAR OF EVENTS**

Jan	Begin discussion on Authority’s Performance Plan
Jan - Mar	Divisional preparation of FY 2011 budget request. Meetings between Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY 2011 CIP Budget request. Meetings between Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan – Feb	Authority preparation of Authority Objectives and Performance Measures
Jan 7	Budget Call to Operating Divisions
Feb – Mar	BCWUA budget review with Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Feb 12	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Charts
Feb 17	Introduction of Authority Objectives at Authority Meeting
Mar 17	CIP Budget Due to Finance Division
Mar 17	Approval of Authority Objectives at Authority Meeting
Apr 2	Proposed Operating and CIP Budget Document prepared and printed
Apr 2	Proposed Operating and CIP Budget Document submitted to Authority Staff
Apr 21	Introduction and public hearing of Proposed Operating and CIP Budget at Authority Meeting
May 19	2 nd Public Hearing and Approval of Proposed Operating and CIP Budget at Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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?

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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EXECUTIVE SUMMARY

***Approved
Operating Budget
FY11***

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 2011 Budget Highlights

The Fiscal Year 2011 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 2011 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 2011. 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 are increased slightly for Fiscal Year 2011 but continue to reflect the current downward trend in the development of residential housing.
- **Wage Adjustments.** There is no cost of living adjustment for Fiscal Year 2011. Union contracts are being negotiated to be effective in Fiscal Year 2011.
- **Fringe Benefits.** Fringe Benefits are calculated at 42.78% of gross wages. The Budget includes a 3% shift between the employer/employee split in other employee benefits from the current 83%-17% to an 80%-20% split. This shift is subject to the collective bargaining process, but the dollar amount associated with this shift is assumed in the budget.
- **Power, Fuel and Chemicals.** Expenditures for power, fuel and chemicals will not exceed the Consumer Price Index in Fiscal Year 2011.
- **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 – 2011 BUDGET

Challenges

Among the challenges facing the Authority in Fiscal Year 2011 are managing the increasing costs of fuel, chemicals and electricity for water treatment. The Authority 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 increases capacity, 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 continues undergoing extensive renovations began in Fiscal Year 2010. The Fiscal Year 2011 budget contains an increase for these expenses based on the most current information. In Fiscal Year 2011 the Authority will bring online the Southside Re-use Program which will use treated wastewater from the Southside Water Reclamation Plant to irrigate turf at parks, fields and other recreational areas and the ultraviolet (UV) disinfection system for the Southside Water Reclamation Plant. 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 costs associated with bringing these projects on-line will be absorbed within the approved budget.

One Year Objectives Fiscal Year 2011

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 were 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 2010 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 2011 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 2011, \$4.6 million will be drawn from Working Capital to balance the budget. In order to maintain a \$10 million Working Capital Balance in Fiscal Year 2011, \$7 million from the Authority's Rate Reserve has been appropriated to the Working Capital Balance.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

General Operating Fund – 621

Total revenue approved for Fiscal Year 2011 is \$167 million. Of the total revenue, 97.5% is comprised of charges for water and wastewater services. Appropriations total \$171.6 million. To balance this budget, working capital is drawn down \$4.6 million. The Fiscal Year 2011 approved budget does not include a rate increase.

(\$000's)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues	3,663	2,323	2,323	2,323	2,374	51
Enterprise Revenues	146,112	159,902	159,902	159,903	162,816	2,913
Transfers from Other Funds	1,516	1,747	1,747	1,597	1,782	185
Total Current Resources	151,292	163,972	163,972	163,823	166,972	3,149
Beginning Working Capital Balance	45,062	24,375	24,375	24,375	10,137	(14,238)
TOTAL RESOURCES	196,354	188,347	188,347	188,198	177,109	(11,089)
APPROPRIATIONS:						
Joint Water/Sewer Operations	85,476	89,853	89,853	88,523	92,002	3,479
Transfers to Other Funds:	84,503	87,538	87,538	87,538	79,594	(7,944)
TOTAL APPROPRIATIONS	169,979	177,391	177,391	176,061	171,596	(4,465)
ADJ TO WORKING CAPITAL BALANCE						
Rate Reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Rate Reserve Transferred to Working Capital					7,000	7,000
TOTAL ADJ TO WORKING CAPITAL BALANCE	(2,000)	(2,000)	(2,000)	(2,000)	5,000	7,000
ENDING WORKING CAPITAL BALANCE	24,374	8,956	8,956	10,137	10,513	376

Resources

General operating fund revenue is projected to be \$3 million more than the Fiscal Year 2010 approved budget amount. \$2.8 million of this increase is due to the adjustment of rates for the Northwest Service Area, formerly New Mexico Utilities (NMUI), to include the sustainable water supply charge that was not part of the NMUI rate structure.

Appropriations

Operating Expenditures – Operating expenditures contain a net decrease of \$5.8 million from Fiscal Year 2010. This includes an increase of \$1 million in salaries and benefits, \$2 million in general operating expenditures and a net decrease of \$9 million in internal services charges and transfers. The Operating Cost increase of \$2 million includes increases in utilities \$557,000, supplies \$309,000 and chemicals \$187,000. There is a shift in the appropriation for vehicle maintenance charges from the internal services category to the general operating category of \$1 million. The shift has no impact on total operating costs. The internal service changes include the \$1 million vehicle maintenance transfer, a reduction of \$5.5 million in the cash transfer to capital and a \$2.5 million reduction in the transfer to debt service.

Working Capital – \$4.6 million will be drawn from Working Capital to balance the budget. The balance for Working Capital is estimated to be \$10.5 million at the end of the Fiscal Year 2011 including \$7 million from the Authority's Rate Reserve that is appropriated to the Working Capital Balance.

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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Debt Service Fund – 631

Total current resources approved for Fiscal Year 2011 is \$75.3 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 \$72.3 million, of which \$69.3 million is debt service to offset payments and \$3 million is the transfer to CIP.

(\$000's)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues	6,671	7,600	7,600	7,600	10,000	2,400
Transfer from Other Funds	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Current Resources	70,972	75,390	75,390	75,390	75,337	(53)
Beginning Fund Balance	(4,136)	(5,733)	(5,733)	(5,733)	(2,775)	2,958
TOTAL RESOURCES	66,836	69,657	69,657	69,657	72,562	2,905
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	65,569	69,627	69,627	69,627	69,337	(290)
Transfers to Other Funds	7,000	5,000	5,000	5,000	3,000	(2,000)
TOTAL APPROPRIATIONS	72,569	74,627	74,627	74,627	72,337	(2,290)
FUND BALANCE PER CAFR	72,569	74,627	74,627	74,627	72,337	(2,290)
ADJUSTMENTS TO FUND BALANCE						
AVAILABLE FUND BALANCE	(5,733)	(4,970)	(4,970)	(4,970)	225	5,195

Resources

Debt Service resources increase \$2.9 million in Fiscal Year 2011 mainly due to a \$2.9 million positive change in the beginning Fund Balance.

Appropriations

Debt service payments decrease \$.29 million from Fiscal Year 2010 based on the Authority debt service schedule. The decrease in the transfer to other funds represents a reduction in the transfer to CIP for growth projects in Fiscal Year 2011.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Fiscal Year 2011 Operational Highlights

The Fiscal Year 2011 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 in conjunction with its Operating Divisions developed the budget by determining those costs necessary for running the Authority's operation.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 50% of water supplied to the service area. The Authority will continue to operate both surface well water and a ground water system. This dual system will continue into the future, although it is anticipated that 75% of the area's future water supply will be surface water from the DWP. The Authority continues to adjust the funding for operations of the DWP as a history of operating costs are developed

The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan-Chama water into the aquifer was successful with approximately 1,100 acre-feet infiltrated into the ground over two years. A full-scale pilot program is continuing in Fiscal Year 2011 with permitting, design and construction to attempt to place more than 50,000 acre-feet into the aquifer at the water treatment plant site. The aim of this project is to eventually create a future ground water drought supply accessible to the Authority.

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 completion in Fiscal Year 2010. This new reservoir will enable the decommissioning of the old Yale Reservoir on the University of New Mexico campus during Fiscal Year 2011. Major pipelines have been added to reroute flows from the new storage reservoir at the existing Santa Barbara Reservoir site. With the decommissioning of the old Yale Reservoir, the Authority is working with UNM to transition this property for campus use.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in Fiscal Year 2010 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to upgrade and replace the treatment processes that have outlived their useful life. The first two projects that are currently under design are a new Headworks facility and a new Solids Dewatering facility. The funding for the RRAMP improvements will be provided through the Authority's Capital Implementation Program (CIP). Work began 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 SWRP continues to generate Renewable Energy Certificates (REC) and an audit of the RECs has been completed and vintage RECs from 2006 through July 2009 will be put to bid. Plans 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 2011. It is the Authority's goal to compost 20% of the total wastewater residuals.

Various Field Division improvements will be completed or initiated in Fiscal Year 2011: Continuation of Large Interceptor rehabilitation and enhanced cleaning programs; update of 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 support (verification, repairs, and maintenance) for finalization of the fire hydrant leak survey program & conservation program. For the Collections Section 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 the former New Mexico Utilities, Inc. (Corrales Trunk). More efforts in odor and corrosion controls are also underway from the Collections Section, notably with the completion of facilities at 2nd & Griegos and at 98th & Central.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Work will continue with Phase 1 and 3 of the Carnuel Water Systems Improvements Project. Phase 1 connects Carnuel to the existing Authority system and will provide distribution to customers within Zone 8E of Carnuel along NM 333. The phase includes the following items: 1) Connection to existing 14-inch Zone 8E piping in Camino La Sierra, north of I-40; 2) Jack and bore across I-40 to south side of I-40 frontage road; and 3) 12-inch piping along I-40 frontage road and NM 333 to about Riddle Road. This project is currently under construction and will be completed in November 2010. Phase 3 continues to extend the Zone 8E system to the remainder of Carnuel (South of Highway 333 and Interstate 40 – Coyote Springs Road Area). This phase is currently under design and construction will start in September 2010.

The Northwest Service Area (NWSA), which encompasses the area formerly served by New Mexico Utilities, Inc., has been successfully integrated into the general operations of the Authority. The NWSA now provides a service not only to former NMUI customers but also to the Authority's other Westside ratepayers. In Fiscal Year 2011, the Authority will begin to look at the expansion of the current NWSA to include the entire area bounded by Sandoval County on the north, the Rio Grande River on the east, I-40 on the south and the Rio Puerco on the west. Any expenses associated with this expansion would have to be budget neutral. Development of area operations such as this will improve operational efficiency as well as services to customers.

Work will continue on the South Valley Water System Expansion Project, which 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 volcanic escarpment, on the north by Metzgar Boulevard and on the south by the Isleta Pueblo. The project will provide water service to approximately 3,200 developed parcels in the Southwest Valley. Phases 1 to 5 are expected to be completed by the end of Fiscal Year 2010. Phase 6, the Distribution System from Cherry Tree Lane to Los Padillas Road, is in preliminary design with a construction cost estimate of \$6 million. The boundary for this phase of the project is Cherry Tree Lane and Court on the north, Los Padillas Road on the south, Coors Blvd. on the west and the Rio Grande on the east.

During Fiscal Year 2011, the Information Technology Division (ITD) will concentrate on improving the desktop environment for users and continue the enhancement of existing applications

Regarding the desktop computer environment, ITD will install 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. This will include upgrades to Office 2010 and Windows 7, and the implementation of Active Directory. During Fiscal Year 2011, ITD will also begin a computer replacement program for computers that no longer meet standards.

In Fiscal Year 2010, the Authority increased the Geographic Information System (GIS) functionality, and in Fiscal Year 2011 will continue improving GIS while implementing electronic map books for field workers. In Fiscal Year 2010, the Authority finalized the implementation of Maximo (the Authority's computerized maintenance management system) for the Water Treatment Plant and Water Operations. During Fiscal Year 2011, the Authority anticipates bringing Maximo online at the Water Reclamation Plant, the Northwest Service Area, and in the areas of Purchasing, Inventory, and Training and Qualification. The Authority will continue the deployment of mobile devices in the field to facilitate asset management using Maximo.

In Fiscal Year 2011 the Authority expects to begin the Automated Meter Infrastructure (AMI) project for large meters, revamp our Customer Care and Billing (CC&B) billing web interface for customers, and increase our market penetration of paperless billing.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

The Authority anticipates the completion of the classification and compensation study in Fiscal Year 2010. Implementation of the study is to begin in Fiscal Year 2011. The Authority will continue its employee tuition reimbursement program and employee recognition program in Fiscal Year 2011. The Authority is again proposing a nonrecurring employee safety/performance incentive to be offset by savings generated through reduced costs associated with safety and/or performance.

The Debt Service appropriation for Fiscal Year 2011 decreased by \$2.4 million over Fiscal Year 2010. This is due to the decrease in the transfer of Utility Expansion Charge (UEC) revenue to Fund 629. The Authority's service area is still experiencing very slow growth due to the impact of the recession in the service area. The Capital Implementation Program (CIP) proposed appropriation for Fiscal Year 2011 is \$47.52 million for new projects as well as supplemental appropriations to provide additional funding based on current estimates for ongoing projects. By Ordinance, \$30 million of annual CIP funding must be used for system rehabilitation. The appropriation also includes \$4 million for system growth, \$9.52 million for the Southside Water Reclamation Plant rehabilitation, \$3 million for special projects and \$1 million for the Fiscal Year 2011 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 2012 and later.

For Fiscal Year 2011 the proposed budget does not include a rate increase. There is an adjustment to rates in the Northwest Service Area (the former New Mexico Utilities, Inc.) to bring those ratepayers into the Authority's rate structure as previously approved by the Board.

For Fiscal Year 2011 the gap between revenues and expenditures is estimated to be \$4.6 million. The Authority proposes to close this gap through the use of working capital or fund balance. In the Fiscal Year 2010 budget presentation, based on the Authority's 10-year financial plan, the Board was informed that the use of working capital or fund balance and the rate reserve would be anticipated given that no rate increase would be proposed in Fiscal Year 2011. The working capital or fund balance at the end of Fiscal Year 2010 is projected to be \$8 million. Subtracting the \$4.6 million Fiscal Year 2011 deficit, the working capital or fund balance will be approximately \$3.4 million at the end of Fiscal Year 2011. This balance will be augmented by the rate reserve that was established by the Board in Fiscal Year 2008 which will have a \$7 million balance in Fiscal Year 2011. With the \$3.4 million in working capital or fund balance and the \$7 million from the rate reserve, the Authority is able to maintain a \$10 million working capital or fund balance for Fiscal Year 2011.

The Fiscal Year 2011 budget includes the addition of \$2 million to the Rate Reserve.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.”

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

§ 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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

BUDGET ORDINANCE PROVISIONS:

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

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

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

BUDGET ORDINANCE PROVISIONS:

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.”

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.”

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

“(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
FY11***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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 effluent reuse and odor control projects. Some of the Objectives are carried over from Fiscal Year 2010 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 (Volume 2) in order to improve operations and customer service. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. The Performance Plan discusses in more detail the linkage between the Five-Year Goals, One-Year Objectives, and Performance Measures. Below is a summary of the Goals and Objectives for Fiscal Year 2011.

Summary of Fiscal Year 2011 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 75% of overall water demand from the project through the end of the 4th Quarter of FY11.
2. Increase water operations planned maintenance for groundwater facilities by 10% by the end of the 4th Quarter of FY11.
3. Maintain completion of all stopped meter requests within 3 months of notification through the end of the 4th Quarter of FY11; test all large meters and identify high priority meters for repair or replacement through the end of the 4th Quarter of FY11.
4. Continue partnership with existing research entities to participate in ongoing and future research of desalination and continue development of long-term desalination water supply plan through the end of the 4th Quarter of FY11.
5. Design and construct Large Scale Aquifer Storage and Recovery Project at the SJC Drinking Water Treatment Plant that includes both direct injection and land application by the end of the 4th Quarter of FY11.
6. Continue obtaining storage easements 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 through the end of the 4th Quarter FY11.
7. Continue implementation of water loss programs including systematic lift-and-shift deployments of leak detection equipment on water lines and inspection of fire hydrants and other water distribution components as needed; reduce unaccounted-for-water by 1% by the end of the 4th Quarter FY11.
8. Continue implementing policy recommendations from the Water Resources Management Strategy by the end of the 4th Quarter FY11.
9. Achieve water use of 156 gallons per person per day by the end of the 2nd Quarter of FY11.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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 FY11.
2. Beneficially reuse biosolids by diverting 20% 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 FY11.
3. Begin implementation of the Reclamation Rehabilitation Asset Management Plan; begin construction of reclamation facilities including a new Preliminary Treatment Facility and a new Dewatering Facility by the end of the 4th Quarter of FY11.
4. Increase Southside Water Reclamation Plant planned maintenance work orders by 10% by the end of the 4th Quarter of FY11.
5. Operate and maintain the Primary Treatment Facility Scrubber for odor control at the SWRP through the end of the 4th Quarter of FY11.
6. Optimize the PRI-SC (Peroxide Regenerated Iron – Sulfide Control) program for odor control in the Collection System and at the Southside Water Reclamation Plant through the end of the 4th Quarter of FY11.
7. Utilize asset management decision-making for selection of FY12 Large Diameter Sewer Rehabilitation project; continue study of small diameter sanitary sewer overflows and develop mitigations for evaluated overflows based on asset management principles by the end of the 4th Quarter of FY11.
8. Improve compliance with the Water Authority’s Rate Ordinance by continuing validation of compliance for illegal sewer connections through the end of the 4th Quarter of FY11.
9. Complete construction and begin operations of the Southside Municipal Effluent Polishing and Reuse Project by the end of the 3rd Quarter of FY11.

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. Maintain call wait time for all call centers to less than 1 minute, 90 percent of the time through the 4th Quarter of FY11.
2. Upgrade call center phone systems and other automated technologies to effectively track customer service performance and integrate Northwest Service Area into new system by the end of the 2nd Quarter of FY11.
3. Increase paperless billing to 10,000 enrollments and implement added functionality for all web self-service users by the end of 4th Quarter of FY11.
4. Evaluate the Automated Meter Infrastructure program for meter replacement by the end of the 4th Quarter of FY11.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

5. Add information to the Water Authority’s interactive website to include a tour of the wastewater reclamation process by the end of the 4th Quarter of FY11.
6. 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 FY11.
7. Edit and streamline the Water Authority’s web site by the end of the 4th Quarter of FY11

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; complete comprehensive data collection for all assets by the end of the 3rd Quarter of FY11; and begin integration of Asset Management Plan into the 2012-2021 Decade Plan.
2. Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY11. \$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 FY11.
3. Continue development of an integrated water/sewer and reuse master plan and modeling system through the end of the 4th Quarter of FY11.
4. Implement the Maximo Purchasing module to streamline inventory/purchasing and contract tracking by the end of the 4th Quarter of FY11; complete all Water Authority Maximo systems and shutdown legacy applications by the end of the 4th Quarter of FY11.
5. Consolidate all warehouse functions to effectively and efficiently provide support to all operating units; streamline warehouse functions in conjunction with Asset Management/Maximo inventory implementation objectives that would be consistent throughout the entire Authority operating units; and effectively control inventory costs and controls by looking at new ways to provide inventory such as rolling stock, controlled inventory stock and streamlined procurement procedures by the end of the 4th Quarter of FY11.
6. Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY11; continue the rate change to the Northwest Service Area by the end of the 4th Quarter of FY11.
7. Implement Active Directory and SharePoint Server to better disseminate and manage documents throughout the organization by the end of the 4th Quarter of FY11.
8. Develop Northwest Service Area pilot operations plan and evaluate implementation of the plan by the end of 4th Quarter of FY11.
9. Complete pilot program deployment of mobile devices and develop standards for mobile devices in conjunction with Maximo by the end of the 4th Quarter of FY11.
10. Develop and/or update all standard operating procedures, business process changes, and work order closure procedures by the end of the 4th Quarter of FY11.
11. Develop collaborative program-specific protocol agreements to document monitoring and analytical activities in support of regulatory compliance and process control requirements by the end of the 4th Quarter of FY11.
12. Process model business practices for Water Quality, NPDES, and Water Quality Laboratory programs to improve efficiencies and define key performance metrics by the end of the 4th Quarter of FY11.
13. Develop procedural conventions for all regulatory submittals to assure zero procedural violations with 100% of regulatory reports submitted on or before due date through the end of the 4th Quarter of FY11.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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 FY11.
2. Implement the classification and compensation study by the end of the 4th Quarter of FY11.
3. Complete certification training courses from the 2010-2011 training calendar through the end of the 4th Quarter of FY11.
4. Implement online training modules (i.e., harassment avoidance, substance abuse policy, and employee safety) as well as facility tours for new employee orientation by end of the 2nd Quarter FY11.
5. Develop and implement a certification training program for 1) the Lab Analysts by the end of the 2nd Quarter of FY11 and 2) the Control Center Operators by the end of the 2nd Quarter of FY11.
6. Review and update the Treatment Plant Operator (TPO) certification program and add the Field Operator Technician to this certification program by the end of the 2nd Quarter of FY11.
7. Develop performance evaluations to include performance on goals, objectives and benchmarks by the end of the 4th Quarter of FY11.
8. Provide a program for ongoing training in enterprise and desktop software by the end of 2nd Quarter of FY11.
9. Implement the new Positive Corrective Action system across the organization by the 2nd Quarter of FY11.
10. Reduce the number of employee injury lost days by 10% by the end of the 4th Quarter of FY11.
11. Maintain a utility-wide vacancy rate of no greater than 9% through FY11.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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
FY11*

PERSONNEL SUMMARY

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

PERSONNEL INFORMATION

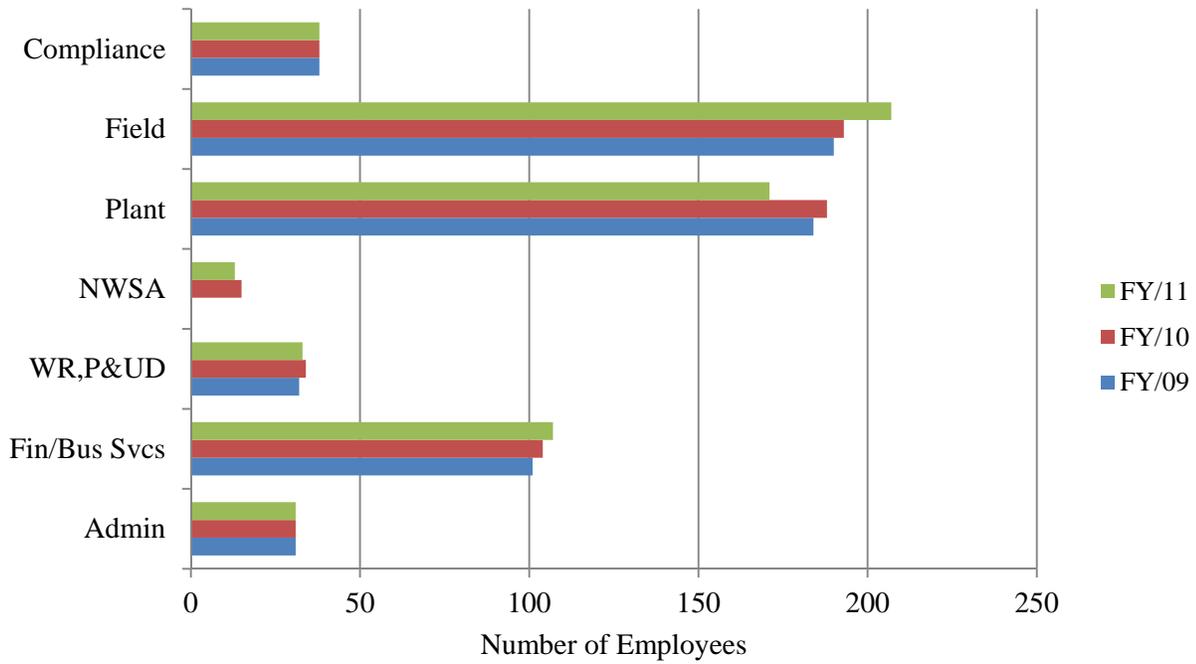
The Fiscal Year 2011 approved budget contains an increase of 4 employees over the Fiscal Year 2010 level. The Fiscal Year 2011 budget is authorized and approved at 600 employees.

Three labor unions represent 472 of the 600 Utility employees. Local 2962 AFSME, AFL-CIO, CLC represents 49 clerical series employees, Local 624 AFSCME, AFL-CIO represents 302 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 121 management series employees.

Changes in Employment - The budget for Fiscal Year 2011 shows an increase of 4 new positions that were Fiscal Year 2010 midyear additions. The positions are: Facilities Plant Advisor, Senior Office Assistant, Leak Detection Tech and Environmental Scientist. Two positions were shifted from the NWSA to Finance and there was also a large shift of personnel based upon current reporting requirements to Plant and Field.

POSITIONS:	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11
Administration					
Water Authority	12	12	12	12	12
Human Resources	19	19	19	19	19
Total Administration	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>
Financial /Business Services					
Customer Services	62	62	62	62	62
Finance	20	20	20	20	23
Information Systems	19	19	19	22	22
Total Financial/Business Services	<u>101</u>	<u>101</u>	<u>101</u>	<u>104</u>	<u>107</u>
Plant					
Wastewater Treatment	106	106	106	107	107
Water Plant Facility Production	58	59	59	59	55
Strategy Implementation	20	22	22	22	9
Total Plant	<u>184</u>	<u>187</u>	<u>187</u>	<u>188</u>	<u>171</u>
Field					
Wastewater Collection	61	61	61	61	61
Water Distribution Facilitation	35	35	35	38	68
Water Plant Facility Distribution	91	92	92	91	77
North I-25 Reuse - 622	3	3	3	3	1
Total Field	<u>190</u>	<u>191</u>	<u>191</u>	<u>193</u>	<u>207</u>
Northwest Service Area	0	15	15	15	13
Compliance	38	38	38	38	38
Water Resources/Engineering/Plan	32	33	33	34	33
TOTAL FULL TIME POSITIONS	576	596	596	603	600

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.

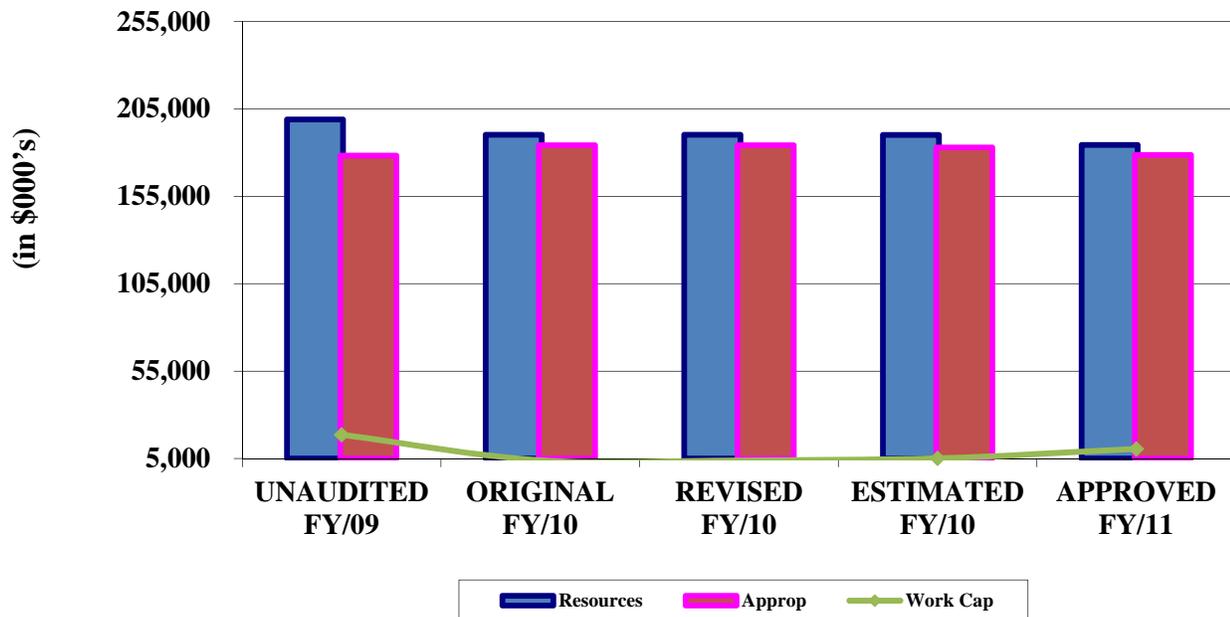
Fund 621 - Joint Water and Sewer Operating Fund - To account for the general operations of providing water and sewer services in the Authority's service area.

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 – 2011 BUDGET

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues	10,334	9,923	9,923	9,923	12,374	2,451
Enterprise Revenues	146,112	159,902	159,902	159,903	162,816	2,913
Transfers from Other Funds	65,817	69,537	69,537	69,387	67,119	(2,268)
Interfund Adjustments	<u>(64,301)</u>	<u>(67,790)</u>	<u>(67,790)</u>	<u>(67,790)</u>	<u>(65,337)</u>	<u>2,453</u>
Total Current Resources	157,962	171,572	171,572	171,423	176,972	5,549
Beginning Working Capital Balance	40,926	18,642	18,642	18,642	7,362	(11,280)
TOTAL RESOURCES	<u>198,888</u>	<u>190,214</u>	<u>190,214</u>	<u>190,065</u>	<u>184,334</u>	<u>(5,731)</u>
APPROPRIATIONS:						
Joint Water/Sewer Operations	85,476	89,853	89,853	88,523	92,002	3,479
Joint Water/Sewer D/S	65,569	69,627	69,627	69,627	69,337	(290)
Transfers to Other Funds:	91,503	92,538	92,538	92,538	82,594	(9,944)
Interfund Adjustments	<u>(64,301)</u>	<u>(67,790)</u>	<u>(67,790)</u>	<u>(67,790)</u>	<u>(65,337)</u>	<u>2,453</u>
TOTAL APPROPRIATIONS	<u>178,247</u>	<u>184,228</u>	<u>184,228</u>	<u>182,898</u>	<u>178,596</u>	<u>(4,302)</u>
ADJ TO WORKING CAPITAL BALANCE	(2,000)	(2,000)	(2,000)	(2,000)	5,000	0
ENDING WORKING CAPITAL BALANCE	<u>18,641</u>	<u>3,986</u>	<u>3,986</u>	<u>5,167</u>	<u>10,738</u>	<u>(1,429)</u>



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

COMBINED FISCAL YEAR 2011 FUNDS BUDGET

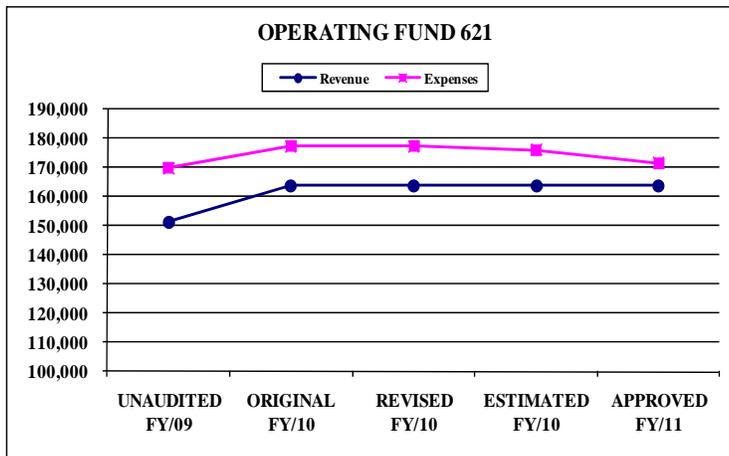
	GENERAL OPERATING <u>FUND 621</u>	DEBT SERVICE <u>FUND 631</u>	2010-2011 <u>TOTALS</u>
Revenues and Other Resources			
Interest	1,200,000	1,000,000	2,200,000
Miscellaneous	1,174,000		1,174,000
Water	70,665,000		70,665,000
Water Resources Management	4,468,000		4,468,000
Sewer	54,064,000		54,064,000
CIP Employees	750,000		750,000
Refuse Transfer	1,032,000		1,032,000
Franchise Fee	5,992,000		5,992,000
SJC Strategy Implementation	27,627,000		27,627,000
Utility Expansion Charges		9,000,000	9,000,000
Transfers		65,337,000	65,337,000
Interfund Adjustment			(65,337,000)
TOTAL	<u><u>166,972,000</u></u>	<u><u>75,337,000</u></u>	<u><u>176,972,000</u></u>
Expenditures			
Wages	29,492,887		29,492,887
Fringe Benefits	12,794,136		12,794,136
Professional and Other Services	1,579,091		1,579,091
Utilities	12,297,635		12,297,635
Supplies	9,266,976		9,266,976
Training and Travel	410,852		410,852
Repairs and Maintenance	8,612,626		8,612,626
Taxes	1,640,000		1,640,000
Interest	453,000		453,000
Principal	949,000		949,000
Contract Services	6,696,243		6,696,243
Capital Outlay	698,019		698,019
Insurance	4,914,978		4,914,978
Vehicle Maintenance	2,121,907		2,121,907
Transfers to Other Funds	7,255,000	3,000,000	10,255,000
Franchise Fee	5,452,000		5,452,000
Indirect Overhead	1,624,650		1,624,650
Transfers to Debt Service	65,337,000		65,337,000
Debt Service Payments		69,337,000	69,337,000
Interfund Adjustment			(65,337,000)
TOTAL	<u><u>171,596,000</u></u>	<u><u>72,337,000</u></u>	<u><u>178,596,000</u></u>
Revenue Over (Under) Expenditures	(4,624,000)	3,000,000	(1,624,000)
Beginning Fund Balance	10,137,000	(2,775,000)	7,362,000
Rate Reserve	(2,000,000)		(2,000,000)
Rate Reserve to Fund Balance	7,000,000		7,000,000
Ending Fund Balance	<u><u>10,513,000</u></u>	<u><u>225,000</u></u>	<u><u>10,738,000</u></u>

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.



- ◇ No rate increase for FY11.
- ◇ No Cost of Living adjustment for salaries in FY11.
- ◇ General operating expenses have a net increase of 2.5% in FY11.
- ◇ Transfers and Internal Services have a net decrease of 8.5% in FY11.
- ◇ Working Capital balance drawn down in FY11.
- ◇ \$7M of Rate Reserve transferred to Fund Balance for FY11.

**OPERATING FUND 621
RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE**

(\$000's)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues	3,663	2,323	2,323	2,323	2,374	51
Enterprise Revenues	146,112	159,902	159,902	159,903	162,816	2,913
Transfers from Other Funds	1,516	1,747	1,747	1,597	1,782	185
Total Current Resources	151,292	163,972	163,972	163,823	166,972	3,149
Beginning Working Capital Balance	45,062	24,375	24,375	24,375	10,137	(14,238)
TOTAL RESOURCES	196,354	188,347	188,347	188,198	177,109	(11,089)
APPROPRIATIONS:						
Joint Water/Sewer Operations	85,476	89,853	89,853	88,523	92,002	3,479
Transfers to Other Funds:	84,503	87,538	87,538	87,538	79,594	(7,944)
TOTAL APPROPRIATIONS	169,979	177,391	177,391	176,061	171,596	(4,465)
ADJ TO WORKING CAPITAL BALANCE						
Rate Reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Rate Reserve Transferred to Working Capital					7,000	7,000
TOTAL ADJ TO WORKING CAPITAL BALANCE	(2,000)	(2,000)	(2,000)	(2,000)	5,000	7,000
ENDING WORKING CAPITAL BALANCE	24,374	8,956	8,956	10,137	10,513	376

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

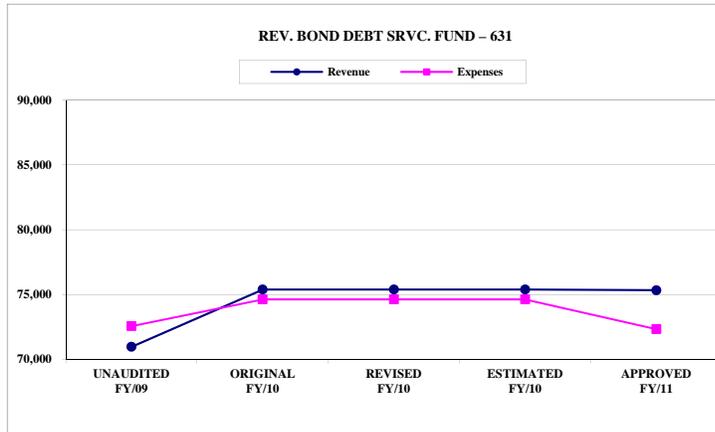
WATER AND SEWER OPERATING FUND – 621

(\$000's)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	1,690	1,200	1,200	1,200	1,200	-
Other Miscellaneous Revenue	1,973	1,123	1,123	1,123	1,174	51
Total Miscellaneous Revenues	3,663	2,323	2,323	2,323	2,374	51
Enterprise Revenues						
City System-Water	52,763	58,210	58,210	58,210	59,229	1,019
City System-Sewer	33,391	46,056	46,056	46,056	44,836	(1,220)
City System-Contr/Aid	244	200	200	200	240	40
SJC Strategy Implementation	23,807	24,800	24,800	24,800	27,627	2,827
City Metered Water Sales - Reuse	243	350	350	350	350	-
City System-Franchise Fee	4,912	5,443	5,443	5,443	5,452	9
Water Resources Management	4,208	4,468	4,468	4,468	4,468	-
Water Facilities Rehab	8,793	7,100	7,100	7,100	7,100	-
Wastewater Facilities Rehab	10,588	6,200	6,200	6,200	6,200	-
Total City System	138,948	152,827	152,827	152,827	155,502	2,675
Valley System						
Valley System-Water	3,954	3,774	3,774	3,774	3,850	76
Valley System-Sewer	2,620	2,782	2,782	2,782	2,824	42
Valley System-Contr/Aid	111	75	75	75	100	25
Valley System-Franchise Fee	424	396	396	396	479	83
Rio Rancho-Franchise Fee	0	-	-	1	1	-
Los Ranchos-Franchise Fee	55	48	48	48	60	12
Total Valley System	7,164	7,075	7,075	7,076	7,314	238
Total Enterprise Revenues	146,112	159,902	159,902	159,903	162,816	2,913
Transfers from Other Funds						
CIP Funded Employees	536	750	750	600	750	150
Refuse Disposal Op. Fund - 651	980	997	997	997	1,032	35
Total Transfers	1,516	1,747	1,747	1,597	1,782	185
Total Current Resources	151,292	163,972	163,972	163,823	166,972	3,149
Beginning Working Capital Balance	45,062	24,375	24,375	24,375	10,137	(14,238)
TOTAL RESOURCES	196,354	188,347	188,347	188,198	177,109	(11,089)
APPROPRIATIONS:						
Program Strategies:						
Customer Services	4,559	4,888	4,888	4,732	4,999	267
Finance	6,716	7,073	7,073	6,960	7,485	525
Human Resources	1,229	1,497	1,497	1,383	1,465	82
Northwest Service Area	252	3,244	3,244	2,272	2,709	437
Information Systems	3,352	3,326	3,326	3,468	3,768	300
Low Income Utility Credit	229	250	250	250	250	-
San Juan/Chama	2,401	2,246	2,246	2,246	2,247	1
Water Authority	3,491	2,869	2,869	3,072	2,779	(293)
Wastewater Collection	7,637	7,218	7,218	8,256	7,591	(665)
Compliance	2,840	3,381	3,381	3,016	3,444	428
Wastewater Treatment	13,373	12,940	12,940	13,840	13,293	(547)
Water Distribution Facilitation	3,363	3,390	3,390	3,429	5,388	1,959
Water Plant Facility Production	6,893	10,193	10,193	10,193	9,409	(784)
Water Plant Facility Distribution	12,301	11,109	11,109	11,661	10,027	(1,634)
North I-25 Reuse	507	449	449	536	342	(194)
Sustainable Water Supply	10,405	10,022	10,022	7,567	10,976	3,409
Water Resources	5,928	5,758	5,758	5,641	5,830	189
Total Enterprise Appropriations	85,476	89,853	89,853	88,523	92,002	3,479
Transfers to Other Funds:						
General Fund - 110	6,950	7,248	7,248	7,223	7,257	34
Joint Water/Sewer Rehab Fund - 628	11,000	11,500	11,500	11,500	6,000	(5,500)
Joint Water/Sewer Capital Fund - 629	2,252	1,000	1,000	1,025	1,000	(25)
Joint Water/Sewer Bond D/S Fund - 631	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Transfers	84,503	87,538	87,538	87,538	79,594	(7,944)
TOTAL APPROPRIATIONS	169,978	177,391	177,391	176,061	171,596	(4,465)
ADJUSTMENTS:						
Rate Stabilization	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Rate Stabilization Transferred to Working Capital	-	-	-	-	7,000	7,000
TOTAL ADJUSTMENTS	(2,000)	(2,000)	(2,000)	(2,000)	5,000	7,000
ENDING WORKING CAPITAL BALANCE	24,375	8,956	8,956	10,137	10,513	376

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues	6,671	7,600	7,600	7,600	10,000	2,400
Transfer from Other Funds	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Current Resources	70,972	75,390	75,390	75,390	75,337	(53)
Beginning Fund Balance	(4,136)	(5,733)	(5,733)	(5,733)	(2,775)	2,958
TOTAL RESOURCES	66,836	69,657	69,657	69,657	72,562	2,905
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	65,569	69,627	69,627	69,627	69,337	(290)
Transfers to Other Funds	7,000	5,000	5,000	5,000	3,000	(2,000)
TOTAL APPROPRIATIONS	72,569	74,627	74,627	74,627	72,337	(2,290)
FUND BALANCE PER CAFR	72,569	74,627	74,627	74,627	72,337	(2,290)
ADJUSTMENTS TO FUND BALANCE	0	0	0	0	0	0
AVAILABLE FUND BALANCE	(5,733)	(4,970)	(4,970)	(4,970)	225	5,195

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

WATER & SEWER REVENUE BOND DEBT SERVICE FUND- 631

(\$000's)	UNAUDITED FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	325	600	600	600	1,000	400
Expansion Charges (UEC)	6,346	7,000	7,000	7,000	9,000	2,000
Total Miscellaneous Revenues	6,671	7,600	7,600	7,600	10,000	2,400
Transfer from Other Funds:						
Water/Sewer Operating Fund - 621	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Transfers	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Current Resources	70,972	75,390	75,390	75,390	75,337	(53)
Beginning Fund Balance	(4,136)	(5,733)	(5,733)	(5,733)	(2,775)	2,958
TOTAL RESOURCES	66,836	69,657	69,657	69,657	72,562	2,905
APPROPRIATIONS:						
Public Works Department						
Joint Water/Sewer Debt Service	65,569	69,627	69,627	69,627	69,337	(290)
Transfers to Other Funds						
Transfer to Valley Capital Fund - 627	841					
Water and Sewer Capital Fund - 629	6,159	5,000	5,000	5,000	3,000	(2,000)
Total Transfers	7,000	5,000	5,000	5,000	3,000	(2,000)
TOTAL APPROPRIATIONS	72,569	74,627	74,627	74,627	72,337	(2,290)
AVAILABLE FUND BALANCE	(5,733)	(4,970)	(4,970)	(4,970)	225	5,195

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PROGRAM BUDGET HIGHLIGHTS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Expenditures

Comparing the FY10 approved budget with the approved budget for FY11 reveals an overall net decrease of \$5.8 million. The approved budget for FY11 has a net increase of \$1.1 million for total personnel expenditures. This increase results from an increase of other employee benefits of \$500,000 and the addition of 4 net new positions added in midyear FY10. These positions are a Facilities Plant Advisor, a Senior Office Assistant, a Leak Detection Tech and an Environmental Scientist. The general operating expenditures increase is due mainly to increases in utilities, supplies, chemicals and repairs and maintenance. There is a shift of funds for vehicle maintenance charges from the internal services category to the general operating category of \$1 million. The shift has no impact on total operating costs. The changes to internal service include the \$1 million vehicle maintenance transfer, a reduction of \$5.5 million in the cash transfer to capital and a \$2.5 million reduction in the transfer to debt service.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$8 million at the end of the FY10. Working Capital of \$4.6 million will be used to offset the FY11 projected deficit. This balance will be augmented by the rate reserve that was established by the Board in FY08 which will have a \$7 million balance in FY11. With the \$3.4 million in Working Capital and the \$7 million from the rate reserve, the Authority is able to maintain a \$10 million Working Capital balance for FY11.

Adopted Issue Papers and Initiatives – Adopted issue papers and initiatives funded total \$1.59 million for the Joint Water and Sewer Operating Fund. The list below identifies the issues and divisions funded as well as the total amount of the funding provided.

Compensation – The approved budget does not include a cost of living adjustment for all permanent Authority employees.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Total ABCWUA Approved Issue Papers	
Fund 621 - Joint Water and Sewer Operating	1,587,929
Plant	
SCADA Replacement (One-time Cost)	87,000
Facility Plant Advisor (FY10 mid year addition)	77,875
Water and Sewer Charges	32,000
Contractual Services/MDC/Ground Water Rules Supplies/Arsenic and NWSA Computer Equip	197,000
Electricity/Gas	557,000
Finance	
Senior Office Assitant (FY10 mid year addition)	39,775
Water Authority	
Tuition Reimbursement Program	30,000
Employee Quarterly Recognition Program	30,000
Human Resources	
Passenger Van for Training and NEO (one-time cost)	32,000
Training consultants (one-time cost)	54,225
Customer Services	
Additional yearly truck replacement	16,000
Push to talk Phones annual recurring cost to replace radios	10,490
Water Resource, Engineering and Planning	
Leak Detection Tech (FY10 mid year addition)	45,274
Environmental Scientist (FY10 mid year addition)	80,018
Compliance	
Increase funds for Annual Consumer Confidence Report	15,000
Field	
Collection Odor Control Chemicals	200,000
GPS/Mobile Units/Corrosion software	65,500
Line Spotting Enhancements (one-time cost)	18,772

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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)	UNAUDITED ACTUAL FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
<u>JOINT WATER AND SEWER OPERATING FUND - 621</u>						
Customer Services	4,559	4,888	4,888	4,732	4,999	267
Finance	6,716	7,073	7,073	6,960	7,485	525
Human Resources	1,229	1,497	1,497	1,383	1,465	82
Northwest Service Area	252	3,244	3,244	2,272	2,709	437
Information Systems	3,347	3,326	3,326	3,468	3,768	300
Low Income Utility Credit	229	250	250	250	250	-
San Juan/Chama	2,401	2,246	2,246	2,246	2,247	1
Water Authority	3,491	2,869	2,869	3,072	2,779	(293)
Wastewater Collection	7,626	7,218	7,218	8,256	7,591	(665)
Compliance	2,838	3,381	3,381	3,016	3,444	428
Wastewater Treatment	13,365	12,940	12,940	13,840	13,293	(547)
N-I25 Reuse	507	449	449	536	342	(194)
Sustainable Water Supply	10,405	10,022	10,022	7,567	10,976	3,409
Water Distribution Facilitation	3,363	3,390	3,390	3,429	5,388	1,959
Water Plant Facility Production	6,880	10,193	10,193	10,193	9,409	(784)
Water Plant Facility Distribution	12,296	11,109	11,109	11,661	10,027	(1,634)
Water Resources/Engineering/Plan	5,928	5,758	5,758	5,641	5,830	189
Trfr from Fund 621 to Fund 110	6,950	7,248	7,248	7,223	7,257	34
Trfr from Fund 621 to Fund 628	11,000	11,500	11,500	11,500	6,000	(5,500)
Trfr from Fund 621 to Fund 629	2,252	1,000	1,000	1,025	1,000	(25)
Trfr from Fund 621 to Fund 631	64,301	67,790	67,790	67,790	65,337	(2,453)
Subtotal Jt. Water & Sewer Operating Fund - 621	<u>169,936</u>	<u>177,391</u>	<u>177,391</u>	<u>176,061</u>	<u>171,596</u>	<u>(4,465)</u>
<u>JOINT WATER AND SEWER REVENUE BOND D/S FUND - 631</u>						
Debt Service	80,701	69,627	69,627	69,627	69,337	(290)
Transfer to Capital Fund 627	841	-	-	-	-	-
Transfer to Capital Fund 629	6,159	5,000	5,000	5,000	3,000	(2,000)
Total Water/Sewer Debt Svc Fd-631	87,701	74,627	74,627	74,627	72,337	(2,290)
TOTAL	257,637	252,018	252,018	250,688	243,933	(6,755)
TOTAL DEPARTMENT APPROPRIATION	<u>257,637</u>	<u>252,018</u>	<u>252,018</u>	<u>250,688</u>	<u>243,933</u>	<u>(6,755)</u>
Interfund Adjustment	(64,301)	(67,790)	(67,790)	(67,790)	(65,337)	2,453
NET DEPARTMENT APPROPRIATIONS	193,336	184,228	184,228	182,898	178,596	(4,302)

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Financial Plans

The following tables are the financial plans for Fund 621 (Operating Fund). The plans look from Fiscal Year 2009 thru Fiscal Year 2018. 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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Operating Fund

Hypothetical DS Comparison

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Capital Funds										
Needs: Basic (Min 50% cash Trans)	37000	35000	34000	33000	44000	44000	44000	44000	44000	44000
Water Reclamation			7000	7000	7000	10000	10000	10000	10000	10000
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		0	0	0	0	0	0	0
Valley Utility Projects	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Resources:										
Beginning Bal.	28188	3288	54888	22988	39588	7688	37788	5888	35988	4088
Adjustments (MDC)	0	0	0	0	0	0	0	0	0	0
Adjustments (CIS)										
Trf. from Operating	12000	12500	9000	10000	10000	12000	12000	12000	12000	12000
State Grant Odor Control										
Bond Proceeds (Water Reclamation)		21000								
Bond Proceeds		55000		44500		62000		62000		62000
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	59188	96788	66888	82488	61588	94688	62788	92888	60988	91088
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	60288	97888	67988	83588	62688	95788	63888	93988	62088	92188
Debt Service Fund										
Resources:										
Interest Income	820	800	800	800	800	800	800	800	800	800
UECs	7000	5000	9000	10000	15000	15000	15000	15000	15000	15000
Adjustments/Misc										
Bg. Fund Balance	3593	6657	-2275	177	1600	1600	1600	1600	1600	1600
Total	77984	78640	72862	76064	86192	87580	89198	92320	94922	93753
Expenditures:										
Trf to Capital	7000	5000	3000	5000	12000	13000	13000	13000	15000	15000
Wtr/Swr Loans	3438	3437	3437	3436	1818	1281	985	645	645	645
Series 94A P&I	0	0	0	0	0					
Series 95 P&I	0	0	0	0	0					
SJC Series 1999 w/o bas	1558	1559	1559	0	0					
Series 97 P&I	5992		0	0	0					
99 P&I (excl SJC 622)	10976	10981	10977							
2001 P&I	4059	3978	4005	4034	4059					

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Operating Fund

Hypothetical DS Comparison

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Series 2005 P&I	2352	2629	1321	2376	2411	2316	2310	2295	2447	
04 P&I	0	0	0	0	0					
2005 SJC \$116.695M	8960	5331	6333	10091	10279	12498	12717	10974	12332	11564
NMFA 2004B 82.120M	4843	4671	5124	6796	6834	6869	6097	6948	6995	7044
2004 NMFA DWRFL	143	240	240	734	734	734	734	734	734	734
NMFA 20M 2005 SJC	1539	1018	1010	1444	1374	1708	1670	1880	1931	1977
NMFA 36.295M Basic	3076	6008	5863	4713	4582	4445	4004	5415		
NMFA Series 2007A Basic	5168	5801	3883	4130	3204	3448	2087	2834	2638	8909
NMFA Series 2007A Reuse/SJ	1191	1191	3121	2915	4864	3936	5069	3804	5147	2279
Series 2008 Reuse/SJC \$55.6	3,415	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781
Series 2006 P&I	572	572	2629	1321	2376	2411	2316	2310	2295	2447
Series 2006 P&I (8.680)	1170	1168	1170	1170	1167	1170	1171	1169	1169	570
Series 2006 SJC 112.765	5859	7000	7982	7984	7985	7986	7981	7982	7986	6984
Series 2009 (129.26)		8173	7721	12387	12393	12388	12393	12389	12392	12389
Series 2009 (SJC 6.73)		429	504	504	501	503	501	504	499	499
AARA Funding			10	54	54	54	54	54	54	54
Proposed Issue						3275	6550	6550	6550	6550
Fund Balance	6657	(2275)	177	1600	1600	1600	1600	1600	1600	1600
Operating Fund										
Resources										
Rate Revenue	139687	146272	152016	162657	165910	176694	180228	185635	191204	196940
Nonrate Revenue	8953	9313	9190	9374	9561	9753	9948	10147	10349	10556
Franchise Fee	5642	5887	5887	6005	6125	6247	6372	6500	6630	6762
Bg. Working Cap.	45062	23482	8263	10563	11742	10297	12295	12943	12608	11855
Rate Stabilization Fund			7000							
Expenditures										
Basic O&M plus issues	79406	85101	88363	90572	92836	96085	99448	102929	106532	110260
Reduction in IDOH										
Reduction in Benefits										
Salary Savings 4.5	(1,000)	(1,000)	(1,800)	(1,800)	(1,800)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Incentive		-200	300	300	300	300	300	300	300	300
Rate Stabilization Fund	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Transf. to DS	64301	67790	65337	65087	68792	70180	71798	74920	77523	76354
Transf. to Cap.	13252	12500	7000	10000	10000	12000	12000	12000	12000	12000
Total	169867	176691	171792	176857	183040	190696	195899	202616	208936	211611
Resources over Comm.	23482	8263	10563	11742	10297	12295	12943	12608	11855	14503
Rate Increases	0.00%	0.00%	0.00%	5.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Accum. Inc. from 1990	54.3%	54.3%	54.3%	59.3%	59.3%	64.3%	64.3%	64.3%	64.3%	64.3%
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018

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FUNCTIONAL UNITS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

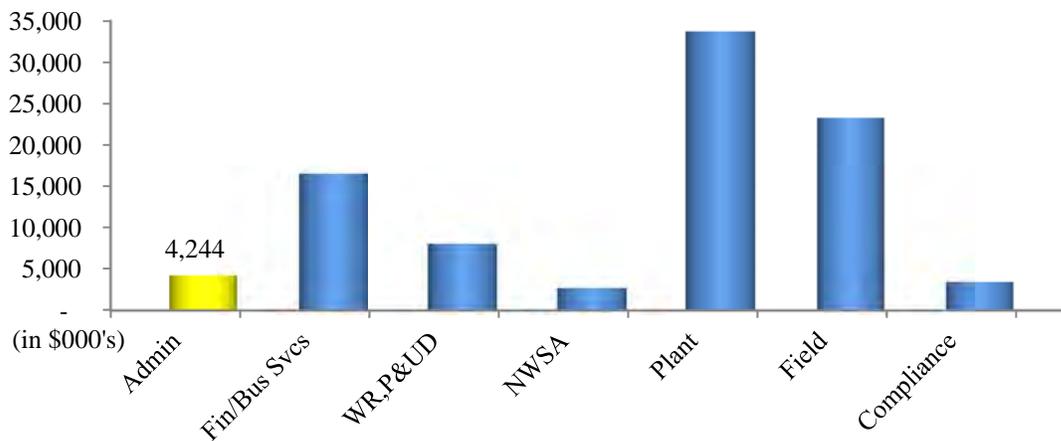
FISCAL YEAR 2011 ADMINISTRATION OBJECTIVES

- 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 FY11.
- Implement the classification and compensation study by the end of the 4th Quarter of FY11.
- Complete certification training courses from the 2010-2011 training calendar through the end of the 4th Quarter of FY11.
- Implement online training modules (i.e., harassment avoidance, substance abuse policy, and employee safety) as well as facility tours for new employee orientation by end of the 2nd Quarter FY11.
- Develop and implement a certification training program for 1) the Lab Analysts by the end of the 2nd Quarter of FY11 and 2) the Control Center Operators by the end of the 2nd Quarter of FY11.
- Review and update the Treatment Plant Operator (TPO) certification program and add the Field Operator Technician to this certification program by the end of the 2nd Quarter of FY11.
- Develop performance evaluations to include performance on goals, objectives and benchmarks by the end of the 4th Quarter of FY11.
- Provide a program for ongoing training in enterprise and desktop software by the end of 2nd Quarter of FY11.
- Implement the new Positive Corrective Action system across organization by the end of 2nd Quarter of FY11.
- Reduce the number of employee injury lost days by 10% by the end of the 4th Quarter of FY11.
- Maintain a utility-wide vacancy rate of no greater than 9% through FY11.
- 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 FY11.
- Edit and streamline the Water Authority’s web site by the end of the 4th Quarter of FY11.

FISCAL YEAR 2011 ADMINISTRATION HIGHLIGHTS

The Authority anticipates the completion of the classification and compensation study in FY10. Implementation of study findings is expected to begin in FY11. The Authority will continue its employee tuition reimbursement program and employee recognition program in FY11. The Authority is again proposing a nonrecurring employee safety/performance incentive to be offset by savings generated through reduced costs associated with safety and/or performance.

Appropriation by Functional Unit



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Water Authority						
Personnel	1,702	1,835	1,835	2,359	1,713	(646)
Operating	1,685	977	977	640	948	308
Capital	104	0	0	0	0	-
Internal Service	-	57	57	73	118	45
Total	3,491	2,869	2,869	3,072	2,779	(293)
Human Resources						
Personnel	1,100	1,264	1,264	1,089	1,301	212
Operating	125	218	218	280	127	(153)
Capital	0	0	0	0	32	32
Internal Service	4	14	14	14	5	(10)
Total	1,229	1,497	1,497	1,383	1,465	82
Total Division	4,720	4,366	4,366	4,455	4,244	(211)
Staffing (FTE)	31	31	31	31	31	0

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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 591,650 residents comprising approximately 90% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 201,110 accounts, including 176,089 residential and 25,021 multi-family, commercial, institutional and industrial accounts, as of March 30, 2010. Approximately 54% 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.

FISCAL YEAR 2011 FIELD DIVISION OBJECTIVES

- Maintain completion of all stopped meter requests within 3 months of notification through the end of the 4th Quarter of FY11; test all large meters and identify high priority meters for repair or replacement through the end of the 4th Quarter of FY11.
- Optimize the PRI-SC (Peroxide Regenerated Iron – Sulfide Control) program for odor control in the Collection System and at the Southside Water Reclamation Plant through the end of the 4th Quarter of FY11.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

- Utilize asset management decision-making for selection of FY12 Large Diameter Sewer Rehabilitation project; continue study of small diameter sanitary sewer overflows and develop mitigations for evaluated overflows based on asset management principles by the end of the 4th Quarter of FY11.
- Improve compliance with the Water Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections through the end of the 4th Quarter of FY11.
- Improve compliance with the Water Authority's Rate Ordinance by continuing validation of compliance for illegal sewer connections through the end of the 4th Quarter of FY11.

FISCAL YEAR 2011 FIELD DIVISION HIGHLIGHTS

Various Field Division improvements will be completed or initiated this fiscal year: Continuation of Large Interceptor rehabilitation and enhanced cleaning programs; update of 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 support (verification, repairs, and maintenance) for finalization of the fire hydrant leak survey program & conservation program.

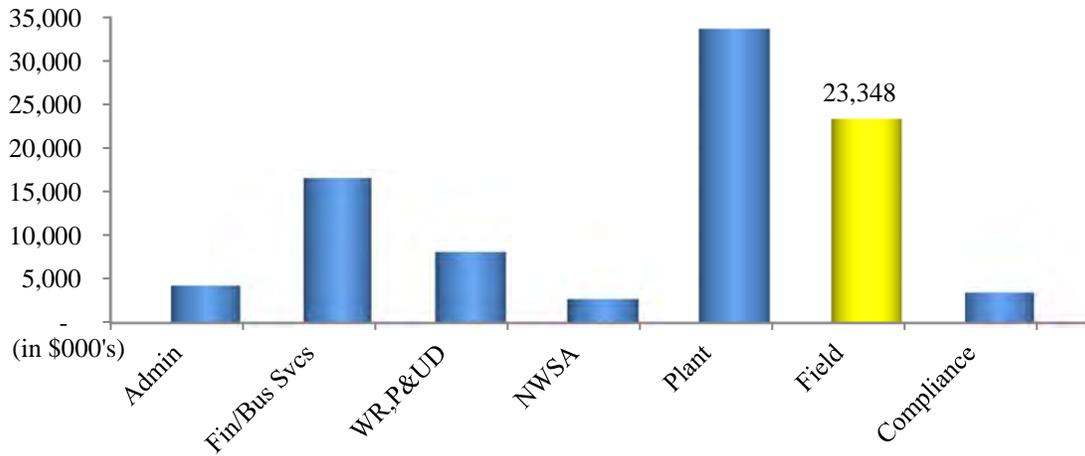
For the Collections Section the Authority will expand closed circuit televising and condition analysis of wastewater collection lines, and develop plans for integration of the operations and maintenance of the wastewater collections and water distribution from the former New Mexico Utilities, Inc. (Corrales Trunk). More efforts in odor and corrosion controls are also underway from the Collections Section, notably with the completion of facilities at 2nd & Griegos and at 98th & Central.

Work will continue with Phase 1 and 3 of the Carnuel Water Systems Improvements Project. Phase 1 connects Carnuel to the existing Authority system and will provide distribution to customers within Zone 8E of Carnuel along NM 333. The phase includes the following items: 1) Connection to existing 14-inch Zone 8E piping in Camino La Sierra, north of I-40; 2) Jack and bore across I-40 to south side of I-40 frontage road; and 3) 12-inch piping along I-40 frontage road and NM 333 to about Riddle Road. This project is currently under construction and will be completed in November 2010. Phase 3 continues to extend the Zone 8E system to the remainder of Carnuel (South of Highway 333 and Interstate 40 – Coyote Springs Road Area). This phase is currently under design and construction will start in September 2010.

Work will continue on the South Valley Water System Expansion Project, which 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 volcanic escarpment, on the north by Metzgar Boulevard and on the south by the Isleta Pueblo. The project will provide water service to approximately 3,200 developed parcels in the Southwest Valley. Phases 1 to 5 are expected to be completed by the end of FY/10. Phase 6, the Distribution System from Cherry Tree Lane to Los Padillas Road, is in preliminary design with a construction cost estimate of \$6 million. The boundary for this phase of the project is Cherry Tree Lane and Court on the north, Los Padillas Road on the south, Coors Blvd. on the west and the Rio Grande on the east.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Field						
Personnel	12,768	12,828	12,828	13,114	13,914	800
Operating	8,977	6,736	6,736	8,916	7,689	(1,227)
Capital	246	350	350	390	300	(91)
Internal Service	1,817	2,251	2,251	1,462	1,445	(17)
Total	<u>23,808</u>	<u>22,166</u>	<u>22,166</u>	<u>23,882</u>	<u>23,348</u>	<u>(534)</u>
Staffing (FTE)	190	191	191	193	207	14

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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 75% 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).

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Non-potable Water Reuse

The existing North I-25 reuse and reclamation system is operated by the Plant Division. The system includes a Ranney type diversion structure on the Rio Grande that diverts a small portion of San Juan-Chama water that is combined with industrial effluent to provide a source of non-potable water for large irrigation sites in the north valley and northeast heights. Scheduled to become operational in early 2011, the Southside Re-use Program will use treated wastewater from the Water Authority's Southside Water Reclamation Plant, which includes domestic and industrial wastewater, to irrigate turf at parks, fields and other recreational areas. The project will allow less reliance on unsustainable groundwater pumping and help protect the aquifer.

FISCAL YEAR 2011 PLANT DIVISION OBJECTIVES

- Increase operation of the San Juan-Chama Water Treatment Plant by providing approximately of 75% of overall water demand from the project through the end of the 4th Quarter of FY11.
- Increase water operations planned maintenance for groundwater facilities by 10% by the end of the 4th Quarter of FY11.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY11.
- Beneficially reuse biosolids by diverting 20% 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 FY11.
- Begin implementation of the Reclamation Rehabilitation Asset Management Plan; begin construction of reclamation facilities including a new Preliminary Treatment Facility and a new Dewatering Facility by the end of the 4th Quarter of FY11.
- Increase Southside Water Reclamation Plant planned maintenance work orders by 10% by the end of the 4th Quarter of FY11.
- Operate and maintain the Primary Treatment Facility Scrubber for odor control at the SWRP through the end of the 4th Quarter of FY11.

FISCAL YEAR 2011 PLANT DIVISION HIGHLIGHTS

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 50% of water supplied to the service area. The Authority will continue to operate both surface a water and a ground water system. This dual system will continue into the future, although it is anticipated that 75% of the area's future water supply will be surface water from the DWP. The Authority continues to adjust the funding for operations of the DWP as a history of operating costs are developed.

The design of a new Santa Barbara Pump Station and Reservoir was completed in FY08, with construction commencing in FY09 and completion in FY10. This new reservoir will enable the decommissioning of the old Yale Reservoir on the University of New Mexico campus during FY11. Major pipelines have been added to reroute flows from the new storage reservoir at the existing Santa Barbara Reservoir site. With the decommissioning of the old Yale Reservoir, the Authority is working with UNM to transition this property for campus use.

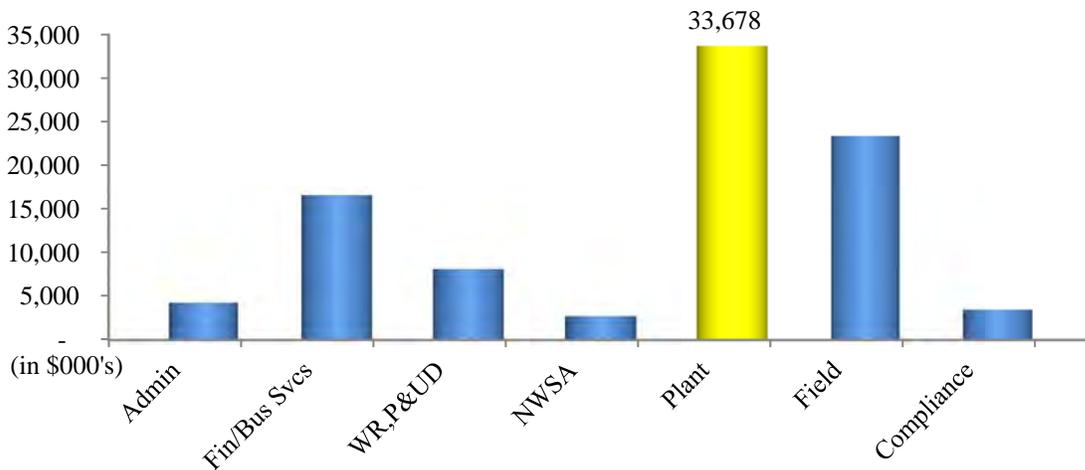
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The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to upgrade and replace the treatment processes that have outlived their useful life. The first two projects that are currently under design are a new Headworks facility and a new Solids Dewatering facility. The funding for the RRAMP improvements will be provided through the Authority’s Capital Improvement Program (CIP).

Work began in FY10 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.

Bring on-line the Southside Re-use Program which will use treated wastewater from the Water Authority’s Southside Water Reclamation Plant, to irrigate turf at parks, fields and other recreational areas. This Project is scheduled to become operational in the second half of FY11.

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Plant						
Personnel	11,367	12,454	12,454	12,239	11,900	(339)
Operating	18,163	19,305	19,305	18,006	20,643	2,637
Capital	194	160	160	310	259	(52)
Internal Service	947	1,236	1,236	1,045	876	(169)
Total	30,671	33,155	33,155	31,600	33,678	2,078
Staffing (FTE)	184	187	187	188	171	(17)

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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.

FISCAL YEAR 2011 WATER RESOURCES, ENGINEERING & PLANNING OBJECTIVES

- Continue partnership with existing research entities to participate in ongoing and future research of desalination and continue development of long-term desalination water supply plan through the end of the 4th Quarter of FY11.
- Design and construct Large Scale Aquifer Storage and Recovery Project at the SJC Drinking Water Treatment Plant that includes both direct injection and land application by the end of the 4th Quarter of FY11.
- Continue obtaining storage easements 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 through the end of the 4th Quarter FY11.
- Continue implementation of water loss programs including systematic lift-and-shift deployments of leak detection equipment on water lines and inspection of fire hydrants and other water distribution components as needed; reduce unaccounted-for-water by 1% by the end of the 4th Quarter FY11.
- Continue implementing policy recommendations from the Water Resources Management Strategy by the end of the 4th Quarter FY11.
- Achieve water use of 156 gallons per person per day by the end of the 2nd Quarter of FY11.
- Add information to the Water Authority's interactive website to include a tour of the wastewater reclamation process by the end of the 4th Quarter of FY11.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

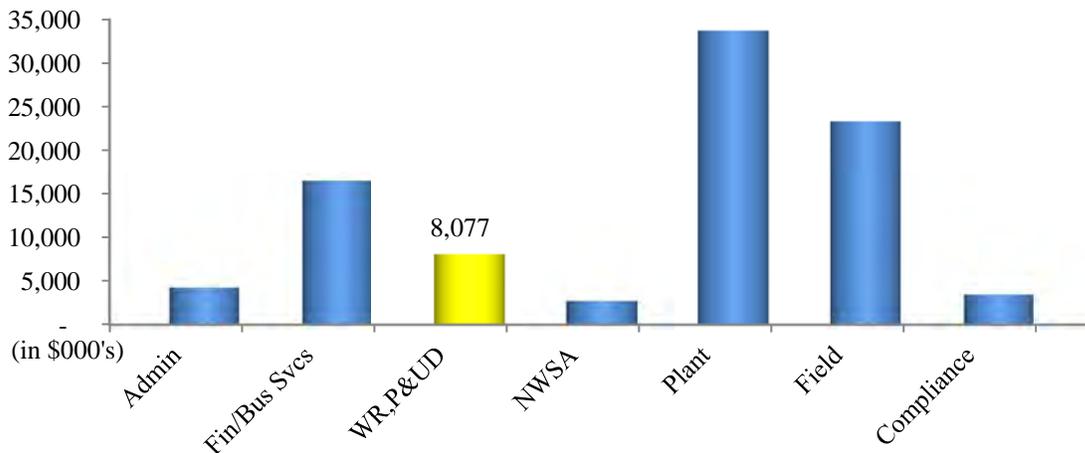
- Continue implementation of the Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs; complete comprehensive data collection for all assets by the end of the 3rd Quarter of FY11; and begin integration of Asset Management Plan into the 2012-2021 Decade Plan.
- Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY11. \$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 FY11.
- Develop and/or update all standard operating procedures, business process changes, and work order closure procedures by the end of the 4th Quarter of FY11.
- Continue development of an integrated water/sewer and reuse master plan and modeling system through the end of the 4th Quarter of F11.

FISCAL YEAR 2011 WATER RESOURCES, ENGINEERING & PLANNING HIGHLIGHTS

The Bear Canyon Aquifer Storage and Recovery project to infiltrate San Juan-Chama water into the aquifer was successful with approximately 1,100 acre-feet infiltrated into the ground over two years. A full-scale pilot program is continuing in FY11 with permitting, design and construction to attempt to place more than 50,000 acre-feet into the aquifer at the water treatment plant site. The aim of this project is to eventually create a future ground water drought supply accessible to the Authority.

The Southside Re-use Program which will use treated wastewater from the Water Authority’s Southside Water Reclamation Plant, to irrigate turf at parks, fields and other recreational areas is scheduled to come on-line in the second half of FY11.

Appropriation by Functional Unit



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Water Resources						
Personnel	2,486	2,696	2,696	2,653	2,797	144
Operating	3,259	2,874	2,874	2,808	2,910	102
Capital	28	39	39	25	39	14
Internal Service	155	149	149	155	84	(71)
Total	<u>5,928</u>	<u>5,758</u>	<u>5,758</u>	<u>5,641</u>	<u>5,830</u>	<u>189</u>
Staffing (FTE)	32	33	33	34	33	(1)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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.

FISCAL YEAR 2011 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Maintain call wait time for all call centers to less than 1 minute, 90 percent of the time through the 4th Quarter of FY11.
- Increase paperless billing to 10,000 enrollments and implement added functionality for all web self-service users by the end of 4th Quarter of FY11.
- Evaluate the Automated Meter Infrastructure program for meter replacement by the end of the 4th Quarter of FY11.
- Implement the Maximo Purchasing module to streamline inventory/purchasing and contract tracking by the end of the 4th Quarter of FY11; complete all Water Authority Maximo systems and shutdown legacy applications by the end of the 4th Quarter of FY11.
- Consolidate all warehouse functions to effectively and efficiently provide support to all operating units; streamline warehouse functions in conjunction with Asset Management/Maximo inventory implementation objectives that would be consistent throughout the entire Authority operating units; and effectively control inventory costs and controls by looking at new ways to provide inventory such as rolling stock, controlled inventory stock and streamlined procurement procedures by the end of the 4th Quarter of FY11.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY11.
- Implement Active Directory and SharePoint Server to better disseminate and manage documents throughout the organization by the end of the 4th Quarter of FY11.
- Complete pilot program deployment of mobile devices and develop standards for mobile devices in conjunction with Maximo by the end of the 4th Quarter of FY11.

FISCAL YEAR 2011 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

In FY11, the Information Technology Division (ITD) will concentrate on improving the desktop environment for users and continue the enhancement of existing applications.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Regarding the desktop computer environment, ITD will install 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. This will include upgrades to Office 2010 and Windows 7, and the implementation of Active Directory. During FY11, ITD will also begin a computer replacement program for computers that no longer meet standards.

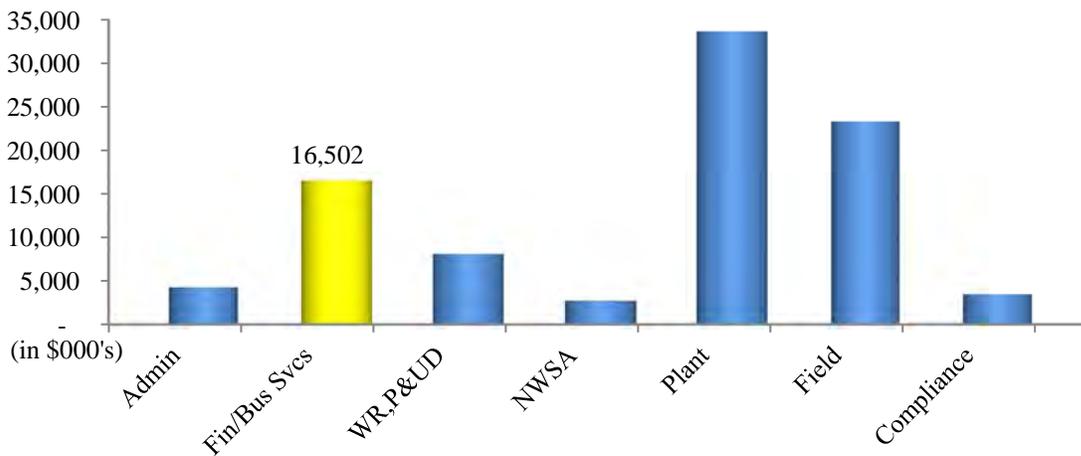
In FY10, the Authority increased the Geographic Information System (GIS) functionality, and in FY11 will continue improving GIS while implementing electronic map books for field workers.

In FY10, the Authority finalized the implementation of Maximo (the Authority’s computerized maintenance management system) for the Water Treatment Plant and Water Operations. During FY11, the Authority anticipates bringing Maximo online at the Water Reclamation Plant, the Northwest Service Area, and in the areas of Purchasing, Inventory, and Training and Qualification. The Authority will continue the deployment of mobile devices in the field to facilitate asset management using Maximo.

It is expected that during FY11 that the Authority will begin the Automated Meter Infrastructure (AMI) project for large meters, revamp our Customer Care and Billing (CC&B) billing web interface for customers, and increase our market penetration of paperless billing. Lastly, in FY10 our CC&B and applications were placed into our disaster recovery environment.

Debt service payments for FY11 decrease by \$2.4 million from FY10. This is due to a decrease in the transfer of Utility Expansion Charge (UEC) revenue to the Capital Fund. The Authority’s service area is still experiencing very slow growth due to the impact of the recession in the service area.

Appropriation by Functional Unit



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Finance						
Personnel	1,281	1,315	1,315	1,308	1,513	205
Operating	2,072	2,506	2,506	2,400	2,622	222
Capital	0	0	0	0	0	-
Internal Service	3,363	3,252	3,252	3,252	3,350	99
Total	6,716	7,073	7,073	6,960	7,485	525
Information Systems						
Personnel	1,908	1,958	1,958	2,232	2,401	169
Operating	1,419	1,362	1,362	1,220	1,362	143
Capital	20	0	0	11	0	(11)
Internal Service	5	5	5	5	4	(1)
Total	3,352	3,326	3,326	3,468	3,768	300
Customer Services						
Personnel	3,023	3,260	3,260	3,182	3,315	133
Operating	1,345	1,407	1,407	1,324	1,516	192
Capital	44	42	42	47	58	11
Internal Service	147	179	179	179	110	(69)
Total	4,559	4,888	4,888	4,732	4,999	267
Low Income Utility Credit						
Operating	229	250	250	250	250	-
Total	229	250	250	250	250	-
Total Division	14,857	15,537	15,537	15,410	16,502	1,092
Staffing (FTE)	101	101	101	104	107	3

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COMPLIANCE DIVISION

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, rules, etc. including U.S. Environmental Protection Agency (EPA) Safe Drinking Water Act regulations and Clean Water Act National Pollutant Discharge Elimination System (NPDES) permits, Solid Waste, Ground Water Discharge, Underground Storage Tank Permits and Registration, and Air Quality permits. The Compliance Division continues to develop and maintain a matrix to define requirements, index historical compliance reports and regulatory communication and manage submittals to assure all regulatory requirements and procedures are met accurately and on time. The Water Quality Program serves water plant and distribution system operations to assure continued compliance with drinking water regulations, as well as to provide process control monitoring for production and treatment facilities, distribution system monitoring, and monitoring of groundwater and surface water supply sources. Similarly, the NPDES/Pretreatment Program serves wastewater reclamation operations to assure continued compliance with the permit for effluent discharge. The program enforces the Water Authority ordinances to assure quality of industrial and extra strength customer surcharges received by the Southside Water Reclamation Plant. While the Water Quality Program addresses customer complaints and inquiries, the Pretreatment Pollution Prevention program assists regulated industrial waste discharge customers and the public to reduce potential pollution threats. The Water Quality Laboratory (WQL), an A2LA accredited and New Mexico Environment Department certified environmental laboratory, performs analyses of more than 14,500 samples annually to provide more than 80,000 determinations to lab clients. For the Water Authority, WQL provides greater than \$1 M in lab services annually.

FISCAL YEAR 2011 COMPLIANCE OBJECTIVES

- Develop collaborative program-specific protocol agreements to document monitoring and analytical activities in support of regulatory compliance and process control requirements by the end of the 4th Quarter of FY11.
- Process model business practices for Water Quality, NPDES, and Water Quality Laboratory programs to improve efficiencies and define key performance metrics by the end of the 4th Quarter of FY11.
- Develop procedural conventions for all regulatory submittals to assure zero procedural violations with 100% of regulatory reports submitted on or before due date through the end of the 4th Quarter of FY11.

FISCAL YEAR 2011 COMPLIANCE HIGHLIGHTS

Development of program-specific protocol agreements demands review of current and future regulatory monitoring and laboratory analytical requirements. The protocols will explicitly define compliance criteria (e.g., sample types, detection limits, analytical methods, frequencies, etc.), as well as laboratory operational requirements (e.g. turnaround times, reporting requirements, notification instructions for out of specified limit results, format and media of data deliverables, etc). Protocol development provides an opportunity to identify and model associated business practices to improve efficiencies and define key performance metrics.

The Water Quality Program serves water plant and distribution system operations to assure continued compliance with drinking water regulations, as well as to provide process control monitoring for production and treatment facilities and the distribution system, as well as monitoring of groundwater and surface water supply sources. Continued planning to meet revised and new regulatory requirements will assure future challenges are met. Customer outreach activities include operation of a Water Info phone line and e-mail submittal of customer complaints and inquiries, along with preparation and distribution of an annual Water Quality Report and web-site.

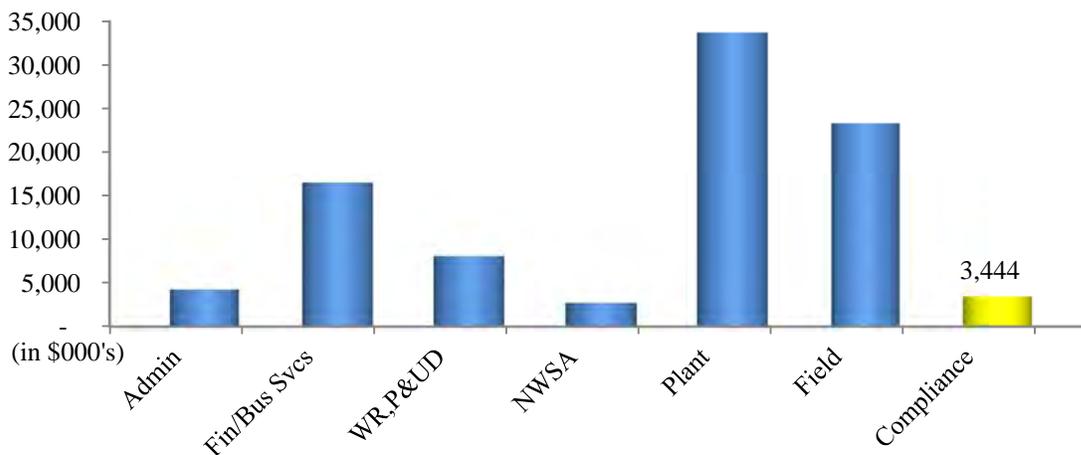
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

New staff resources will continue to enhance the NPDES/Pretreatment Program with support for the SWRP compliance program. With EPA proposal of a new NPDES permit scheduled for FY11, efforts will be focused on preparation of the response for permit negotiation. The Pretreatment Program will continue to implement plans to assure compliance with the amendment to the Water Authority's Sewer Use and Wastewater Control Ordinance Relating to Water Quality, Requiring Dental Office to Remove Dental Amalgam Prior to Discharge of Their Wastewater. In cooperation with Cross-Connection Program and the Customer Services Division, development of a program to identify and maintain records of restaurants and other extra-strength surcharge customers to achieve compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance will continue. Routine inspections are planned. The Pollution Prevention program continues to assist regulated customers and the public to reduce potential pollution threats.

Water Quality Laboratory training efforts will continue to assure all Analysts are prepared to obtain appropriate New Mexico Water Quality Control Commission waste water analyst certification before January 2011. Training will be provided to improve the quality assurance/quality control processes required by federal and state regulations. Required third party accreditation and certification for laboratory operations be will be maintained. With new dedicated staff resources, development of a Master Plan for the Laboratory Information Management System (LIMS) will be completed to facilitate re-implementation of the existing system. Re-implementation will provide substantial savings versus purchase of a new system. LIMS is a laboratory operations management tool that maintains records for millions of analytical results and associated quality assurance/quality control processes.

Development and maintenance of the SharePoint Water Authority document management system to define compliance requirements, index historical compliance reports and regulatory communication, and manage submittals to assure all regulatory requirements and procedures are met accurately and on time will continue. Procedural conventions for all regulatory submittals to assure zero (0) procedural violations with 100% of regulatory reports submitted on or before due date will be developed and implemented to interface with the SharePoint scheduling tool.

Appropriation by Functional Unit



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Compliance						
Personnel	2,253	2,694	2,694	2,360	2,747	387
Operating	521	649	649	615	678	62
Capital	0	2	2	2	2	-
Internal Service	66	35	35	38	17	(21)
Total	<u>2,840</u>	<u>3,381</u>	<u>3,381</u>	<u>3,016</u>	<u>3,444</u>	<u>428</u>
Staffing (FTE)	38	38	38	38	38	0

NORTHWEST SERVICE AREA DIVISION

The Northwest Service Area (NWSA) encompasses 13 employees, eight well sites and provides water and wastewater service to approximately 17,500 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 NWSA provides a unique working model in which to get an accurate measurement of the efficiencies and cost of area operations, and at the same time serve as a testing ground for implementing new technology and business practices on a small scale, thus minimizing cost and risk to the Authority before full implementation. The Fiscal Year 2011 approved operating budget for this program is \$2.7 million

FISCAL YEAR 2011 NEW MEXICO UTILITIES PROGRAM OBJECTIVES

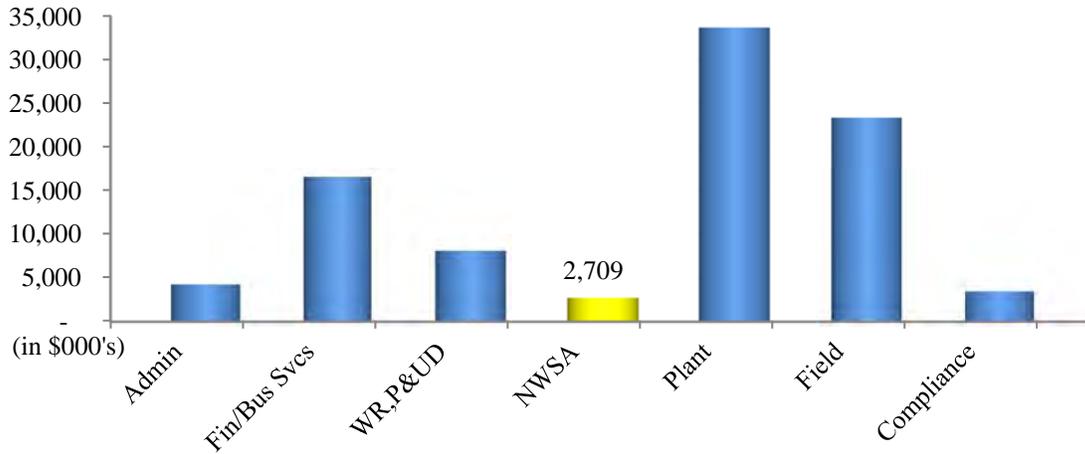
- Develop Northwest Service Area pilot operations plan and evaluate implementation of the plan by the end of 4th Quarter of FY11.
- Upgrade call center phone systems and other automated technologies to effectively track customer service performance and integrate Northwest Service Area into new system by the end of the 2nd Quarter of FY11.
- Continue the rate change to the Northwest Service Area by the end of the 4th Quarter of FY11.
- Continue working with cross-connection to identify and locate backflow devices for inspection by the end of the 4th Quarter of FY11.
- Design and construct strategic field staging office for area operations at existing Corrales well #2, project to include: portables, network configuration, and conversion of existing building into warehouse facilities by the end of the 4th Quarter of FY11.
- Design and construct small diameter sewer line from Corrales well #2 to existing manhole located along the Calabacillas Arroyo, which will serve as an outfall for field crew staging office and possible odor control injection facility to replace SIPI site by the end of the 4th Quarter of FY11.
- Continue to assist plant division in conversion of existing facilities to the Authority's SCADA system, and provide technical information for completion of facility green books by the end of the 4th Quarter of FY11.

FISCAL YEAR 2011 NORTHWEST SERVICE AREA PROGRAM HIGHLIGHTS

The Northwest Service Area (NWSA), which encompasses the area formerly served by New Mexico Utilities, Inc., has been successfully integrated into the general operations of the Authority. The NWSA now provides a service not only to former NMUI customers but also to the Authority's other Westside ratepayers. In FY11, the Authority will begin to look at the expansion of the current NWSA to include the entire area bounded by Sandoval County on the north, the Rio Grande River on the east, I-40 on the south and the Rio Puerco on the west. Any expenses associated with this expansion would have to be budget neutral. Development of area operations such as this will improve operational efficiency as well as services to customers.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/09	Original Budget FY/10	Revised Budget FY/10	Estimated Actual FY/10	Approved Budget FY/11	App 11/ Est Act 10 CHG
Northwest Service Area						
Personnel	125	840	840	889	686	(203)
Operating	127	2,375	2,375	1,358	1,962	604
Capital	0	0	0	0	0	-
Internal Service	-	29	29	25	61	36
Total	252	3,244	3,244	2,272	2,709	437
Staffing (FTE)	0	15	15	15	13	(2)

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REVENUE OUTLOOK

***Approved
Operating Budget
FY11***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

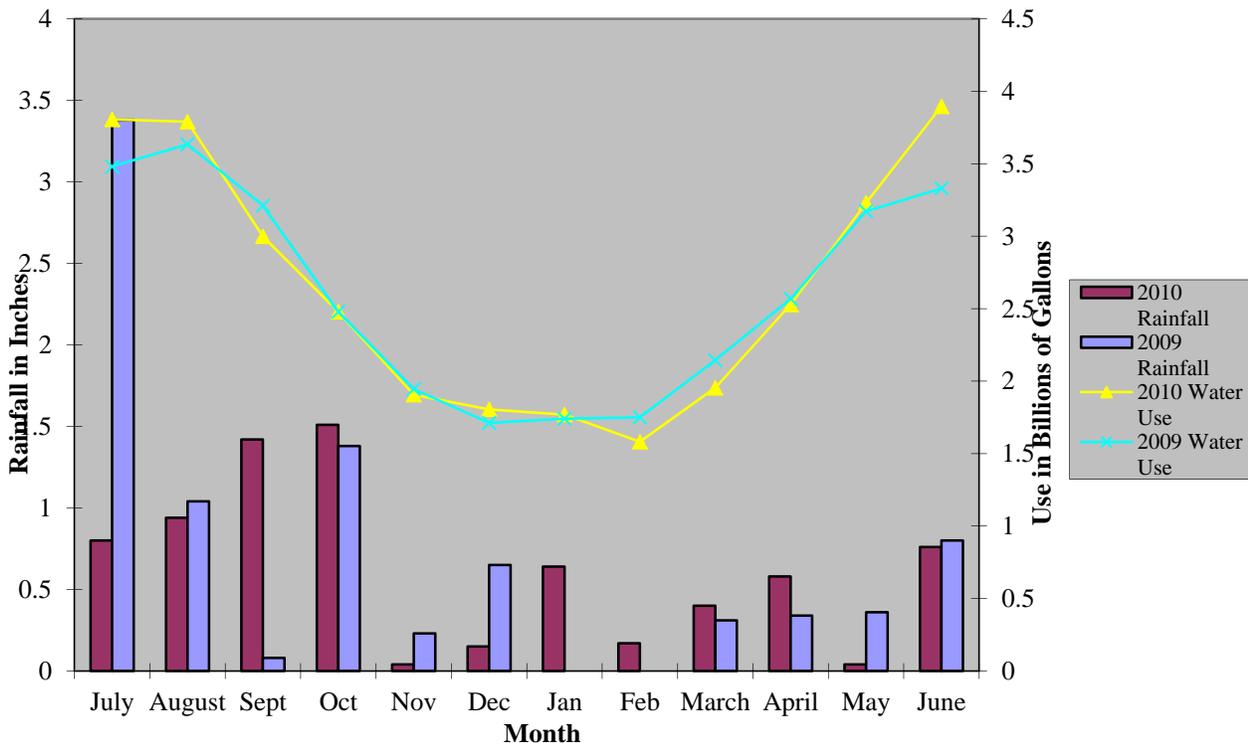
REVISED FISCAL YEAR 2009 AND APPROVED FISCAL YEAR 2010 REVENUE PROJECTIONS

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 2011 as compared to budget Fiscal Year 2010. 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 2009 the actual results are reported, and for Fiscal Year 2010 budgeted revenues and estimated actual are reported as well.

REVISED FISCAL YEAR 2010 REVENUE ESTIMATES

Total Authority operating fund revenues for Fiscal Year 2010 are anticipated to be \$163.97 million or \$13.6 million above Fiscal Year 2009. This is an increase of 9% over Fiscal Year 2009 and is projected to be below the approved Fiscal Year 2010 budget level. The increase is primarily the result of the acquisition of the New Mexico Utilities Service area. The system has remained fairly flat from a growth perspective due to the slump in the housing industry. This along with continued conservation efforts revenues for Fiscal Year 2010 is estimated to be approximately \$4 million less than what was budgeted. This has been compounded by a decrease in water usage due to the above average moisture that the service area has received since the beginning of the fiscal year (see chart below).

Water Usage And Rainfall FY2009 and FY2010



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2011

Budgeted total Authority Operating Revenues for Fiscal Year 2011 are \$167 million representing an increase of \$3 million above the budgeted Fiscal Year 2010 amount. \$2.8 million of this increase is due to the adjustment of rates for the Northwest Service Area, formerly New Mexico Utilities (NMUI), to include the sustainable water supply charge that was not part of the NMUI rate structure. This rate change was approved by the Board in Fiscal Year 2010 to be effective in Fiscal Year 2011. Revenue in the Debt Service Fund has a slight decrease and contains an adjustment in transfers; there is an increase in the UEC transfer of \$2 million offset by a decrease in the transfer from the Operating Fund.

The Authority's Rate Structure

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

Major Revenue Sources

Water Sales (\$70.7 million, 40% of total revenue). The Water System provides water services to approximately 591,650 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 200,498 accounts, including 175,514 residential and 24,984 multi-family, commercial, institutional and industrial accounts, as of June 30, 2010. Approximately 55% of the water sales are for residential uses.

Sewer (\$54 million, 31% 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 591,650 people, with 170,000 residential customer accounts, 15,900 multi-family and commercial accounts, 870 institutional accounts and 100 industrial customer accounts.

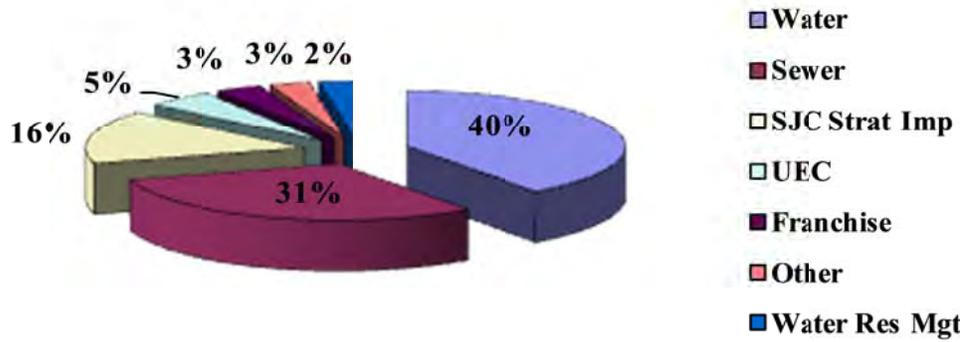
San Juan Chama Strategy Implementation (\$27.6 million, 16% of total revenue). The San Juan-Chama Drinking Water Project will supply up to 75% of the metropolitan area's future water. San Juan-Chama water diverted from the river will be transported to a state-of-the-art treatment plant, from which purified 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 (\$9 million, 5% 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.

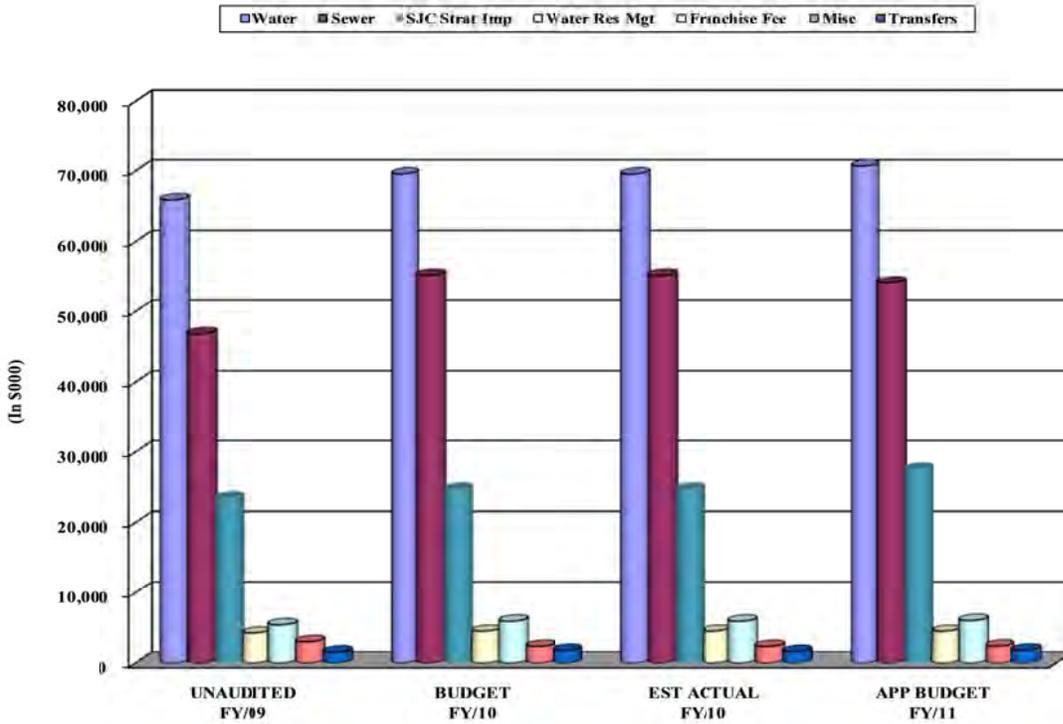
Franchise Fee (\$6 million, 3% of total revenue). A 4% charge on the total sales of water and sewer services is added to customer billings to compensate the Authority for the franchise fee charged by the City of Albuquerque, Bernalillo County, Village of Los Ranchos and the City of Rio Rancho for the granted authorization to use rights-of-way and public places to construct, operate, and maintain water and wastewater systems.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Revenue Sources

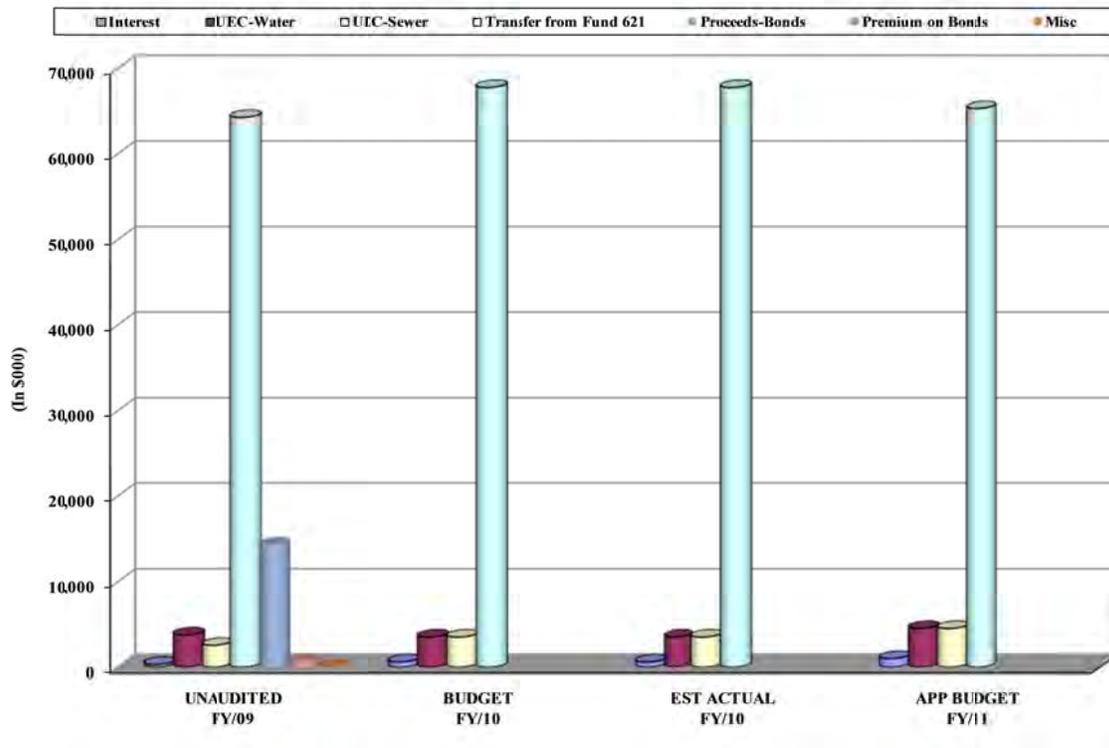


Fund 621 Operating Revenue



	UNAUDITED ACTUAL FY/09	ORIGINAL BUDGET FY/10	REVISED BUDGET FY/10	ESTIMATED ACTUAL FY/10	APPROVED BUDGET FY/11	APP 11/ EST ACT 10 CHG
RESOURCES:						
Miscellaneous Revenues	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	1,682	1,200	1,200	1,200	1,200	-
Other Miscellaneous Revenue	1,311	1,123	1,123	1,123	1,174	51
Total Miscellaneous Revenues	2,993	2,323	2,323	2,323	2,374	51
Enterprise Revenues						
City System-Water	52,746	58,210	58,210	58,210	59,229	1,019
City System-Sewer	33,391	46,056	46,056	46,056	44,836	(1,220)
City System-Contr/Aid	244	200	200	200	240	40
SJC Strategy Implementation	23,561	24,800	24,800	24,800	27,627	2,827
City Metered Water Sales-Reuse	243	350	350	350	350	-
City System-Franchise Fee	4,912	5,443	5,443	5,443	5,452	9
Water Resources Management	4,207	4,468	4,468	4,468	4,468	-
Water Facilities Rehab	8,793	7,100	7,100	7,100	7,100	-
Wastewater Facilities Rehab	10,588	6,200	6,200	6,200	6,200	-
Total City System	138,684	152,827	152,827	152,827	155,502	2,675
Valley System						
Valley System-Water	3,954	3,774	3,774	3,774	3,850	76
Valley System-Sewer	2,620	2,782	2,782	2,782	2,824	42
Valley System-Contr/Aid	111	75	75	75	100	25
Valley System-Franchise Fee	424	396	396	396	479	83
Rio Rancho-Franchise Fee	-	-	-	1	1	-
Los Ranchos-Franchise Fee	55	48	48	48	60	12
Total Valley System	7,164	7,075	7,075	7,076	7,314	238
Total Enterprise Revenues	145,848	159,902	159,902	159,903	162,816	2,913
Transfers from Other Funds						
CIP Funded Employees	536	750	750	600	750	150
Refuse Disposal Op. Fund - 651	980	997	997	997	1,032	35
Total Transfers	1,516	1,747	1,747	1,597	1,782	185
Total Current Resources	150,357	163,972	163,972	163,823	166,972	3,149
Beginning Working Capital Balance	45,062	23,483	23,483	23,483	9,245	(14,238)
TOTAL RESOURCES	195,419	187,455	187,455	187,306	176,217	(11,089)

Fund 631 Debt Service Revenue



	UNAUDITED ORIGINAL	REVISED	ESTIMATED	APPROVED	APP 11/	
(\$000's)	ACTUAL	BUDGET	BUDGET	ACTUAL	BUDGET	
	FY/09	FY/10	FY/10	FY/10	FY/11	
					EST ACT 10	
					CHG	
RESOURCES:						
Miscellaneous Revenues						
Interest on Investments	318	600	600	600	1,000	400
Expansion Charges (UEC)	6,349	7,000	7,000	7,000	9,000	2,000
Proceeds of Refunding Bonds	15,132	-	-	-	-	-
Release of Reserves	-	-	-	-	-	-
Total Miscellaneous Revenues	21,798	7,600	7,600	7,600	10,000	2,400
Transfers from Other Funds						
General Fund - 110	-	-	-	-	-	-
Joint Water and Sewer Rehab	-	-	-	-	-	-
Water/Sewer Operating Fund - 621	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Transfers	64,301	67,790	67,790	67,790	65,337	(2,453)
Total Current Resources	86,099	75,390	75,390	75,390	75,337	(53)
Beginning Working Capital Balance	(4,136)	(5,738)	(5,738)	(5,738)	(2,775)	2,963
TOTAL RESOURCES	81,963	69,652	69,652	69,652	72,562	2,910

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ECONOMIC OUTLOOK

It should be noted that the following is based on the November 2009 forecast, and events have transpired that may or may not support this forecast.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

On December 1, 2008 the National Bureau of Economic Research (NBER) 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. The third quarter of 2009 was stronger than the second quarter and GI and other economists believe that the recession may now be over. Even so unemployment continues to grow and the national unemployment rate exceeded 10% in October 2009. Additionally, the economy is expected to come back slowly due to the severity of the financial problems and the impacts they have on the remainder of the economy.

In the November 2009 forecast, GI expected moderate growth with year over year growth exceeding zero for the first time in the first quarter of 2010. The whole of FY10 is expected to be 0.4% above FY09 which declined by 2.2%. Employment growth is not expected to be positive until FY11 when it is may grow only 0.6%. Total employment is not expected to reach its previous peak, which occurred in the last quarter of 2007, until the first quarter of 2013. Unemployment by FY14 is projected at 7.7% after its high of 10% for FY10. Inflation is one of the few bright spots in the GI forecast. GI expects growth in the Consumer Price Index (CPI) to remain muted; below 2% for most of the forecast. Some of this is due to an expectation of only moderate increases in the price of oil; staying around \$70 per barrel through FY11 and only gradually increasing to \$89 in FY14. The primary reason for the expectation of low inflation is the weakness in demand due to the weak labor market.

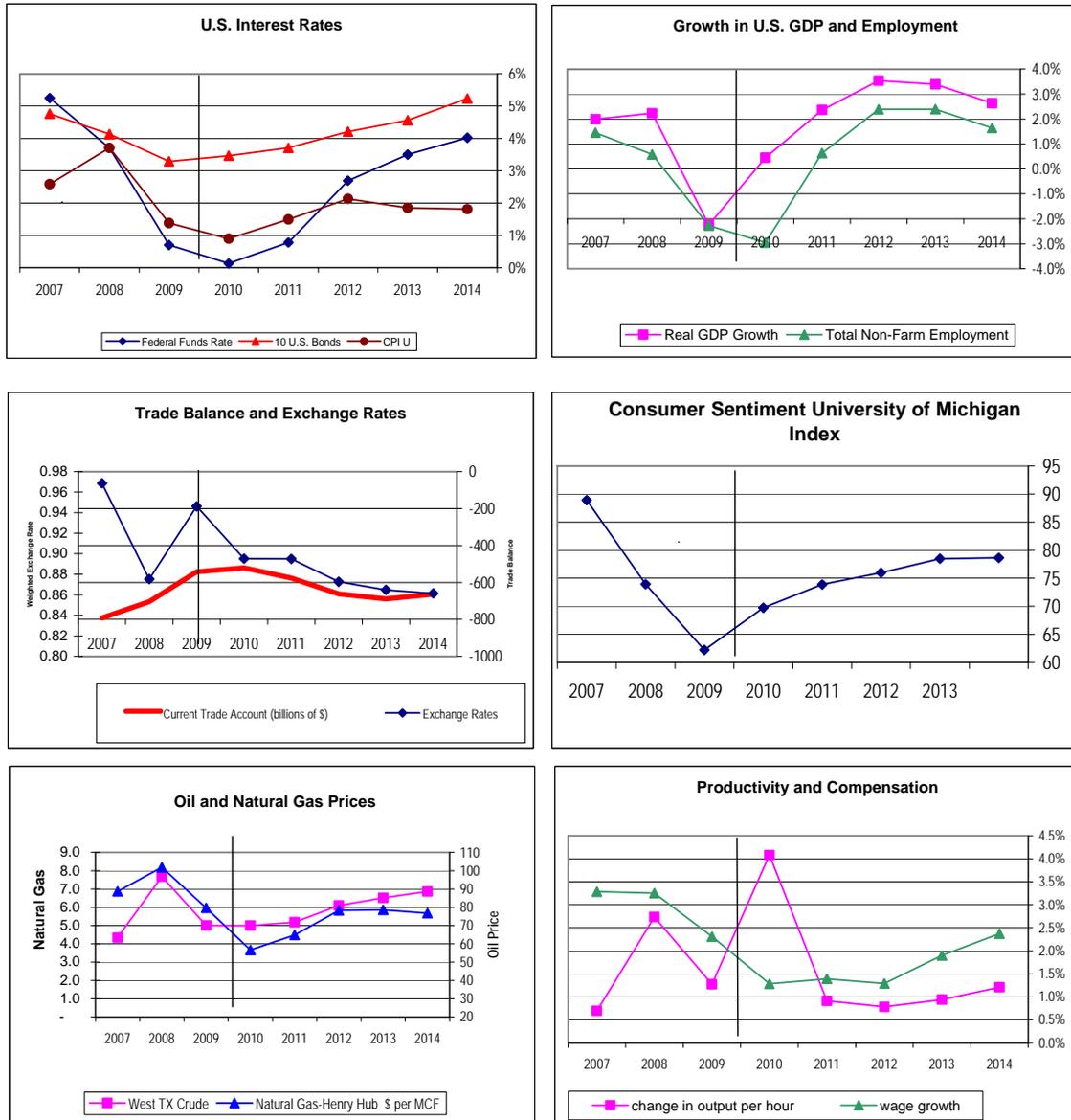
The low inflation expectation also plays into moderate increases in interest rates. GI believes that the Federal Reserve Bank will not raise rates until 2011; reaching 3.5% in 2012

The alternative forecast gives a 20% probability to a pessimistic scenario and 20% probability to an optimistic scenario. The pessimistic scenario has the economy falling back into recession. The recession in total would last 11 quarters. This is driven by tighter credit both domestically and across the world. The unemployment rate peaks at 11% in 2011 and only declines to 9%. Added to this, increases in the price of commodities push up the CPI to above baseline levels. The optimistic scenario has a quicker recovery. This is driven by the credit markets working better and increases in productivity.

The following charts present a general description of important variables in the GI forecast.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

TABLE I
U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)
 November 2009 Baseline Forecast



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Housing construction in Albuquerque has slowed dramatically, with single family housing permits falling to a fraction of their peak. As with the national economy, new single family permits seem to have reached bottom and have been increasing. With the slowdown and inability to get loans firms have closed and construction projects have lingered. Albuquerque still has economic development prospects that are being completed such as Schott Solar and Fidelity at Mesa Del Sol, but the business environment will limit the opportunities for expansion. There are many other projects that have stalled, or just not started 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 began slowing in FY08 and has continued. Benchmarking of the employment numbers also showed that the economy was contracting more rapidly than was thought. Following very strong growth in non-agricultural employment of 3.1% in FY06, growth slowed to 2.6% in FY07 followed by only 0.4% in FY08. In FY09 growth was down 2.2%, with the forecast for FY10 being down by 2.6%. It appears that the third quarter of 2009 will show the largest year over year decrease at - 5.5%. 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 1,500 jobs. Further declines are expected as GE is closing their plant in 2010. The unemployment rate is expected to increase from 3.5% in FY08 to 8.2% in FY10. It remains at this level in FY11 and declines to 6.7% in FY14. The pre-recession peak in employment (390 thousand in 4th quarter 2007) isn't reached again until the 3rd quarter of 2012.

Table 4 at the end of this section provides sector employment numbers for FY05 to FY14 by the major NAICS categories.

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 FY05 to FY08 the sector was relatively flat and posted annual growth of 1.3%. In FY09 employment declined by 4.5% and is expected to decline by 6% in FY10. In FY11 employment growth is expected at 1.4% and remains near this for the out years.

Transportation, Warehousing and Utilities. Employment in this sector grew by 0.5% in the period FY05 to FY08. This was largely due to the 3% growth posted in FY07 and 2% in FY08. The forecast is for reductions in employment of 6.6%, 6.5% and 0.1% in FY09, FY10 and FY11, respectively. This bounces back with growth of 3.9% in FY12, followed by growth of 3.3% and 2.3% in FY13 and FY14.

Manufacturing. This sector accounted for about 6% of employment in the MSA in FY07 but falls to about 5% in the forecast. The sector lost 5,500 jobs between FY98 and FY05, but had strong growth in FY06 and FY07 adding nearly 1,400 jobs. Manufacturing, after several years of weakness, had robust growth of 3% in FY06 and 2.9% in FY07, but with layoffs it posted negatives of 5.2% for FY08 and 11.5% for FY09. In FY10 growth is expected to decline by 10.9% in part due to the expected closing of the GE plant in Albuquerque. Employment is expected to increase by 3.8% in FY11, an additional 5.4% in FY12 and continued expansion of 4% and 2.9% in FY13 and FY14. In FY14 manufacturing employment is still 3,000 jobs below the FY07 level.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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 FY05 to FY08, the sector increased at an average rate of 3%. In FY09 the sector grew at 5.5%; making it the only sector outside of government to grow in FY09. Growth is expected to slow to 3.6% in FY09 and FY10. The sector slows ultimately to 2.5% annual growth.

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 FY05 to FY08 growth averaged 3.0% driven by expansion in restaurants and hotels. In FY08 the growth had slowed to 0.6% and then declined 3.8% in FY09. In FY10 growth is expected to decline 1.7%. This is a major component of GRT and Lodgers' Tax and the growth in tax revenues trends with employment in the sector. The forecast shows subdued growth in the sector with a maximum of 2.5% in FY13.

Financial Activities. This sector includes finance, insurance and real estate including credit intermediation. The employment in this sector had a slight decline between F05 and FY08. Growth in FY05 and FY06 was offset by declines in FY07 and FY08. In FY09 employment decreased by 3.3% and is expected to decline another 2.3% in FY10. Both the financial crisis and the construction decline impact this sector. Not until FY12 does the sector show growth.

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 FY05 to FY08 averaged 2.3%. Employment declined by 2.3% in FY09 and is expected to decline 3% in FY10. In FY10, the sector is expected to rebound strongly by 5.1%. Growth slows, but is still relatively strong for the remainder of the forecast.

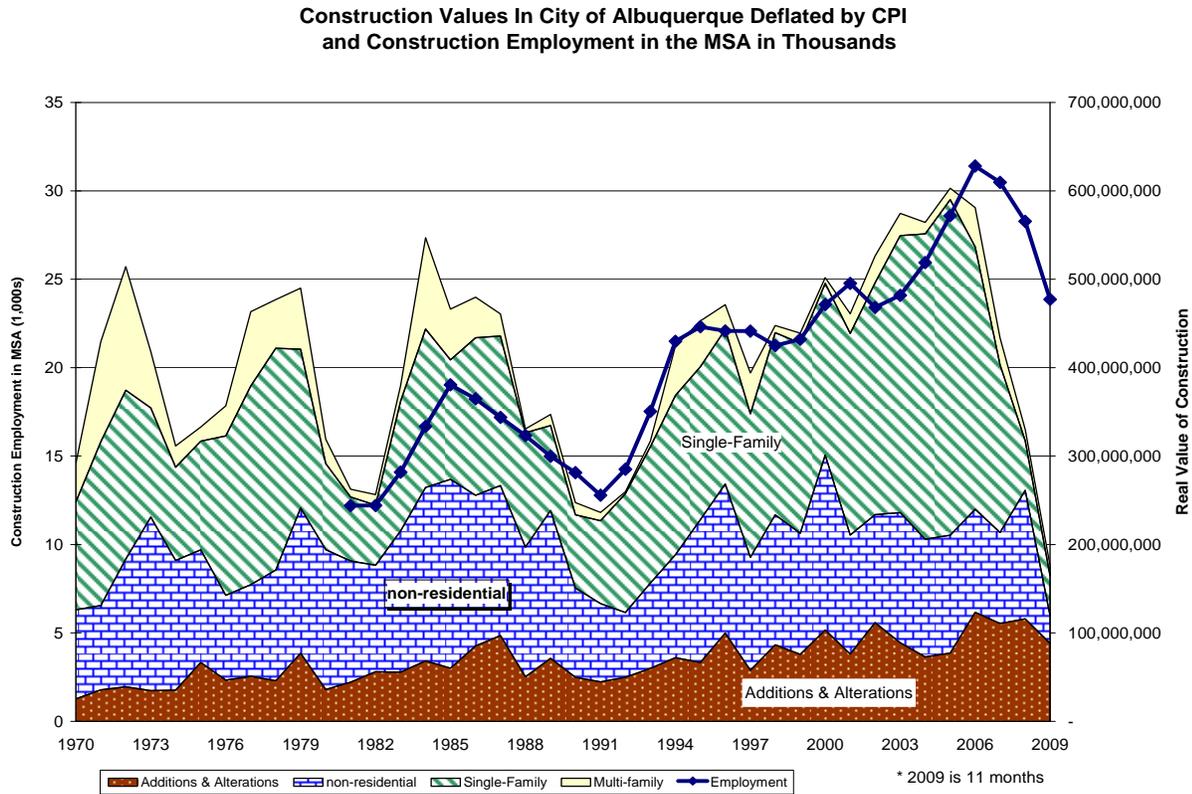
Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. This sector was very strong in the 1990s but lost over 2,300 jobs from FY02 to FY05 including the loss of jobs when the MCI call center closed. In FY06 the sector grew by only 0.2%, but rebounded in FY07 with growth of 4.1% then declined 1.9% in FY08. FY09 only had a decline of 0.7%, but FY10 is expected to decline by 3.7%.

Construction. Construction is typically cyclical, with significant swings in building and employment. The following chart shows the real value of new residential (single-family, multi-family), non-residential (public and private), and additions alterations and repairs from 1970 to 2009 (11 months of data) and deflated by the CPI; 100=1982-84. Five distinct peaks occur in 1973, 1979, 1985, 1995 and 2005. The fall in single family housing from 2005 to 2009 is the largest in this time period but apparently reached bottom in the period of August 2008 to February 2009. Construction employment is also decreasing. Commercial construction in real terms has remained relatively flat through 2008 and showed some increase in part due to growth in public construction. Commercial construction in real or nominal terms has slowed substantially in the last year.

Single family construction fell dramatically in 2008. The City issued an average of 27 permits a month in the period August 2008 through February 2009. The average from March to November 2009 is 54 with November at 87 units permitted. In FY09 only 436 single family permits were issued. This compares to 1,214 in FY08 and 2,490 in FY07. The peak occurred in FY04 and FY05 with approximately 5,000 permits issued each year.

While there was some strengthening of commercial permitting value in FY08 and early FY09 much of this was due to Albuquerque Public Schools construction program. In the first 11 months of 2009 the total value of building permits is 44% below the same period in 2008. Commercial construction was the largest source of this decline with value declining 77%. This was somewhat offset by single family and additions and Alterations.

FIGURE 1
City of Albuquerque Value of Permits Deflated by CPI

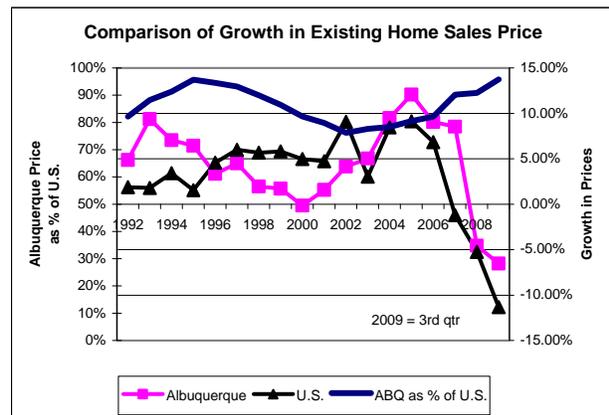
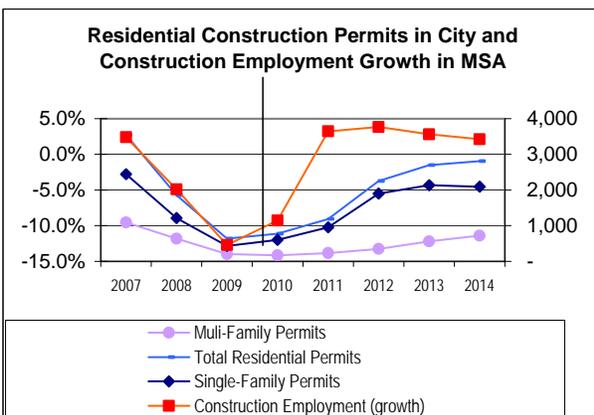
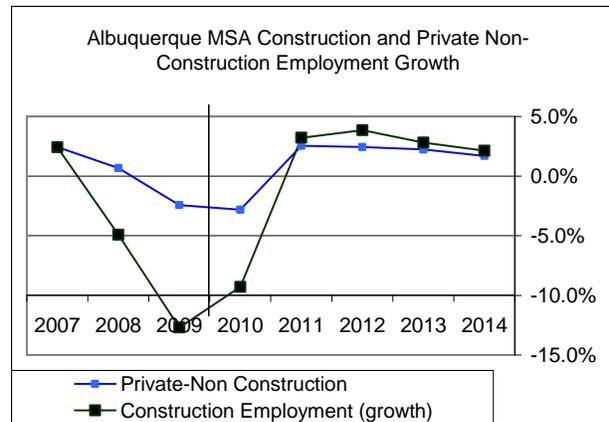
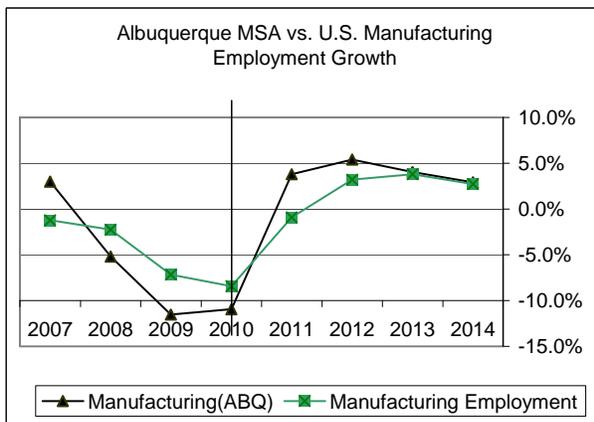
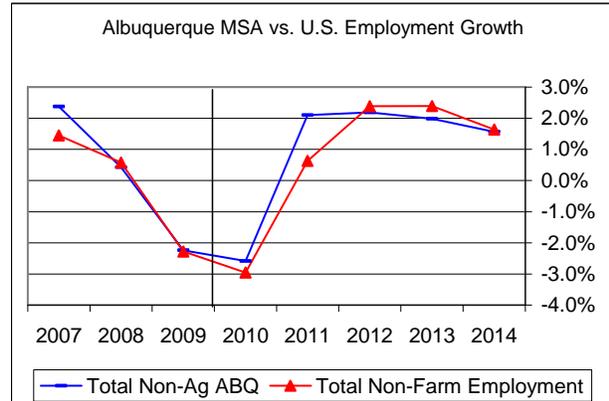
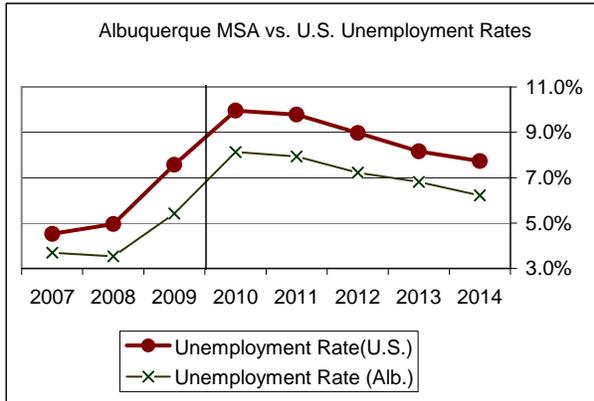


Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction 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 FY02 and some additional losses in FY03; losses of 3.3% and 2.3% respectively. In FY04, growth was 5.2% and in FY05 employment exceeded the peak of FY02, with growth of 9.8% this strong growth continued in FY06 at a rate of 11.8%. After slowing to growth of 2.4% in FY07, employment fell 4.9% in FY08 and 12.7% in FY09. The slide is expected to continue in FY10 with a decrease of 9.3%. Employment is expected to grow in FY11 through FY14, but with a maximum of only 3.8% in F12. Construction employment in FY14 is still almost 5,000 below the peak in FY07.

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

By Fiscal Year BBER FORUNM Baseline November 2009



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

TABLE 3

Economic Variables Underlying the Forecast

	Historical			Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014
National Variables								
Real GDP Growth	2.0%	2.2%	-2.2%	0.4%	2.4%	3.5%	3.4%	2.6%
Federal Funds Rate	5.3%	3.7%	0.7%	0.1%	0.8%	2.7%	3.5%	4.0%
10 U.S. Bonds	4.8%	4.1%	3.3%	3.5%	3.7%	4.2%	4.6%	5.2%
CPI U	2.6%	3.7%	1.4%	0.9%	1.5%	2.1%	1.9%	1.8%
Unemployment Rate(U.S.)	4.5%	5.0%	7.6%	10.0%	9.8%	9.0%	8.2%	7.7%
Total Non-Farm Employment	1.4%	0.6%	-2.3%	-3.0%	0.6%	2.4%	2.4%	1.6%
Manufacturing Employment	-1.2%	-2.3%	-7.2%	-8.4%	-0.9%	3.2%	3.8%	2.7%
Consumer sentiment index--University of Michigan	88.9	73.9	62.2	69.7	73.9	76.0	78.5	78.6
Exchange Rates	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Current Trade Account (billions of \$)	(792.4)	(704.0)	(542.3)	(521.3)	(576.3)	(662.0)	(688.8)	(663.1)
change in output per hour	0.7%	2.7%	1.3%	4.1%	0.9%	0.8%	0.9%	1.2%
Natural Gas-Henry Hub \$ per MCF	6.9	8.2	6.0	3.7	4.5	5.8	5.9	5.7
West TX Intermediate (dollars per bbl)	63.4	96.8	70.1	70.0	71.8	81.0	85.2	88.6
wage growth	3.3%	3.3%	2.3%	1.3%	1.4%	1.3%	1.9%	2.4%
Albuquerque Variables								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	2.4%	0.4%	-2.2%	-2.6%	2.1%	2.2%	2.0%	1.6%
Private-Non Construction	2.4%	0.7%	-2.4%	-2.8%	2.5%	2.4%	2.2%	1.7%
Construction Employment (growth)	2.4%	-4.9%	-12.7%	-9.3%	3.2%	3.8%	2.8%	2.1%
Manufacturing(ABQ)	3.0%	-5.2%	-11.5%	-10.9%	3.8%	5.4%	4.0%	2.9%
Unemployment Rate (Alb.)	3.7%	3.5%	5.4%	8.1%	7.9%	7.2%	6.8%	6.2%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	2,443	1,215	435	604	955	1,899	2,135	2092
Muli-Family Permits	1,094	638	204	172	233	351	562	717
Total Residential Permits	3,537	1,853	639	776	1,188	2,250	2,697	2809
Source Global Insight and FOR-UNM November 2009 Baseline Forecasts								

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

TABLE 4

Albuquerque MSA Employment in Thousands										
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
TOTAL NONAGRICULTURAL	373.467	385.200	394.367	396.042	387.188	377.187	385.126	393.558	401.378	407.664
CONSTRUCTION	27.200	30.417	31.150	29.617	25.856	23.455	24.208	25.139	25.843	26.392
MANUFACTURING	22.742	23.433	24.133	22.883	20.248	18.032	18.716	19.728	20.522	21.118
WHOLESALE TRADE	12.808	13.083	13.292	13.367	12.506	11.752	11.980	12.230	12.462	12.648
RETAIL TRADE	43.225	43.683	44.167	44.833	43.057	40.482	40.989	41.318	42.008	42.647
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.392	10.417	10.717	10.933	10.210	9.550	9.538	9.913	10.240	10.477
INFORMATION	8.992	9.008	9.375	9.200	9.136	8.796	8.909	9.225	9.336	9.478
FINANCIAL ACTIVITIES	19.192	19.375	19.167	18.983	18.360	17.939	17.753	18.008	18.140	18.116
PROFESSIONAL AND BUSINESS SERVICES	59.992	61.992	63.492	64.342	62.867	60.950	64.079	66.415	68.051	69.225
EDUCATIONAL AND HEALTH SERVICES	45.708	47.108	48.542	49.850	52.606	54.475	56.451	58.269	59.734	61.205
LEISURE AND HOSPITALITY	36.017	37.408	39.158	39.392	37.882	37.240	37.596	37.654	38.585	39.061
OTHER SERVICES	11.808	11.992	12.183	12.325	12.289	12.070	12.163	12.174	12.210	12.255
GOVERNMENT	75.392	77.283	78.992	80.317	82.171	82.447	82.744	83.485	84.248	85.040
LOCAL GOVERNMENT	37.067	38.075	39.067	40.208	41.589	41.548	41.783	42.337	42.934	43.486
STATE GOVERNMENT	24.258	24.800	25.375	25.625	25.654	25.317	25.325	25.628	25.916	26.203
FEDERAL GOVERNMENT	14.067	14.408	14.550	14.483	14.927	15.582	15.636	15.520	15.398	15.351
Private Non-Construction	270.875	277.500	284.225	286.108	279.161	271.285	278.174	284.934	291.287	296.232
MILITARY EMPLOYMENT, THOUSANDS	6.339	6.124	6.102	5.930	6.321	6.613	6.677	6.645	6.589	6.517
Growth Rates										
TOTAL NONAGRICULTURAL	2.0%	3.1%	2.4%	0.4%	-2.2%	-2.6%	2.1%	2.2%	2.0%	1.6%
CONSTRUCTION	9.8%	11.8%	2.4%	-4.9%	-12.7%	-9.3%	3.2%	3.8%	2.8%	2.1%
MANUFACTURING	-0.2%	3.0%	3.0%	-5.2%	-11.5%	-10.9%	3.8%	5.4%	4.0%	2.9%
WHOLESALE TRADE	-0.8%	2.1%	1.6%	0.6%	-6.4%	-6.0%	1.9%	2.1%	1.9%	1.5%
RETAIL TRADE	1.9%	1.1%	1.1%	1.5%	-4.0%	-6.0%	1.3%	0.8%	1.7%	1.5%
TRANSPORTATION, WAREHOUSING, AND UTILITIES	-1.3%	0.2%	2.9%	2.0%	-6.6%	-6.5%	-0.1%	3.9%	3.3%	2.3%
INFORMATION	-9.2%	0.2%	4.1%	-1.9%	-0.7%	-3.7%	1.3%	3.5%	1.2%	1.5%
FINANCIAL ACTIVITIES	1.3%	1.0%	-1.1%	-1.0%	-3.3%	-2.3%	-1.0%	1.4%	0.7%	-0.1%
PROFESSIONAL AND BUSINESS SERVICES	3.3%	3.3%	2.4%	1.3%	-2.3%	-3.0%	5.1%	3.6%	2.5%	1.7%
EDUCATIONAL AND HEALTH SERVICES	4.5%	3.1%	3.0%	2.7%	5.5%	3.6%	3.6%	3.2%	2.5%	2.5%
LEISURE AND HOSPITALITY	-0.5%	3.9%	4.7%	0.6%	-3.8%	-1.7%	1.0%	0.2%	2.5%	1.2%
OTHER SERVICES	0.6%	1.6%	1.6%	1.2%	-0.3%	-1.8%	0.8%	0.1%	0.3%	0.4%
GOVERNMENT	1.8%	2.5%	2.2%	1.7%	2.3%	0.3%	0.4%	0.9%	0.9%	0.9%
LOCAL GOVERNMENT	2.6%	2.7%	2.6%	2.9%	3.4%	-0.1%	0.6%	1.3%	1.4%	1.3%
STATE GOVERNMENT	1.7%	2.2%	2.3%	1.0%	0.1%	-1.3%	0.0%	1.2%	1.1%	1.1%
FEDERAL GOVERNMENT	0.2%	2.4%	1.0%	-0.5%	3.1%	4.4%	0.3%	-0.7%	-0.8%	-0.3%
Private Non-Construction	1.4%	2.4%	2.4%	0.7%	-2.4%	-2.8%	2.5%	2.4%	2.2%	1.7%
MILITARY EMPLOYMENT, THOUSANDS	-2.0%	-3.4%	-0.4%	-2.8%	6.6%	4.6%	1.0%	-0.5%	-0.8%	-1.1%

CAPITAL BUDGET

***Approved
Operating Budget
FY11***

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 are no net outlays of resources these projects are not included in amounts reported in this document.

The Authority's management of the 'Basic Program' starts with the development of a ten-year Decade Plan updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements and containing 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. FY11 is the second year of the two year planning element included in the FY10 – FY19 Decade Plan approved by the Board in May 2009.

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 development of the current Decade Plan was significant for its approach using risk analysis and asset management to determine where the Authority's capital resources should be expended in order to maximize the benefit to rate payers. The asset management approach 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. Rate payers' investment in the infrastructure is maximized as a result.

Consistent with a risk based approach for making capital decisions, a condition assessment done of the Southside Water Reclamation Treatment Plant and its in-line feeder systems determined the need for an accelerated renovation program. \$20 million of proceeds from the revenue bond sale in April 2009 were earmarked for supplementing Basic Program rehabilitation spending at the Southside Water Reclamation Plant. The \$20 million was allocated over FY10, FY11 and FY12 in the current Decade Plan. Outside consultants were brought in to develop a strategic reclamation rehab and asset management plan and prioritize the spending of these resources. As a result of this effort, three projects – the Dewatering Facilities project, the Final Clarifiers Rehabilitation project and the Primary Clarifiers Rehabilitation project – have been accelerated and two projects – the Plant Odor Control Phase 2 project and the Digester

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Rehabilitation project – have been delayed. Further refinement of project priorities can be expected in the FY12 – FY21 Decade Plan that will be developed in the spring of 2011.

The other major initiative in FY10 that will have significant spending in FY11 was the start of construction on the Southside Reuse project. The Southside Reuse project is the final reuse and reclamation project called for in the 2007 Water Resource Management Strategy which combined existing policies from the original 1997 Water Resource Management Strategy with several new policies that were developed in cooperation with federal, state and local agencies. The Southside Reuse project will provide about 2,500 acre-feet per year of treated and polished wastewater effluent for irrigation and industrial uses in the Southeast Heights and South Valley of Albuquerque including Mesa del Sol.

Three Southside Reuse pipeline construction projects are ongoing. The project is funded by San Juan-Chama dedicated funds and a 25% cost share from the Bureau of Reclamation under the Title XVI program. Some of the grant money is American Recovery and Reinvestment Act (ARRA) funding. There are no current year appropriations for this work. Prior year appropriations total \$22 million.

The growth side of the Basic Program will see a reduction in resources from the \$6 million in FY10 to \$4 million in FY11. The reduced size of the growth program reflects a no growth projection for UEC revenue and a need to preserve financial resources for operations. The current Decade Plan has growth spending at the \$14 million level in FY12 and beyond but the FY12 – FY21 Decade Plan which will be the basis for the FY12 capital program is anticipated to have Basic Growth program spending for FY12 near the current level.

There are no appropriations in the proposed FY11 CIP budget for projects that will be funded with revenues from FY12 and later.

FY11 Capital Program Appropriations and Spending by Categories

The Authority's Capital program budget for FY11 is \$34 million for the Basic capital program and \$13.52 million for special projects.

The \$34 million for the Basic capital program is comprised of \$30 million for rehabilitation infrastructure needs as required by the Rate Ordinance and \$4 million for growth infrastructure needs. The \$30 million rehabilitation needs are comprised of \$20.69 million for water reclamation, \$7.71 million for water rehabilitation and \$1.60 million for shared rehab including franchise fee compliance. Shared rehab are costs which benefit both water and water reclamation and are of a size or scope which does not require further allocation. The \$20.69 million for water reclamation includes \$13.99 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 \$34 million is being financed by \$10.0 million of cash transfers and \$24.0 million from debt financing. On a cumulative basis since the inception of the Water Authority, the 50% cash requirement based on spending is being met. The \$24.0 million in debt financing is a portion of the proceeds from the \$150.365 million revenue bond sale in April 2009.

The \$13.52 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 Automatic Meter Reading
- \$1 million for steel water line replacement
- \$9.52 million for improvements at the Southside Water Reclamation Plant
- \$1 million for the FY11 funding increment for the Valley Utilities Projects

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Spending in the FY11 Basic Program will differ for some projects from the levels appropriated in the budget resolution because of expected positive and deficit carryovers from the FY10 Basic program. Rehab project categories with expected significant positive carryovers are Water Reclamation Facilities rehab and Water Facilities rehab. Rehab project categories with expected significant deficit carryovers are Water Reclamation Lines rehab and Water Lines rehab. Growth project categories with expected significant deficit carryovers are vehicle replacement and new water meters. The deficit in the water meter program is requiring an infusion of \$1 million of bond proceeds in addition to the deficit carryover that will be absorbed by FY11 revenues.

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. 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.

	<u>Appropriation</u>	<u>Planned Spending</u>
Basic Water Rehab	\$ 8,510,000	\$ 8,000,000
Basic Water Reclamation Rehab	\$ 21,490,000	\$ 26,000,000
Basic System Growth	\$ <u>4,000,000</u>	\$ <u>4,000,000</u>
Total Basic	\$ <u>34,000,000</u>	\$ <u>38,000,000</u>
Special Projects:		
Rehab		
Automatic Meter Reading	\$ 2,000,000	\$ 2,000,000
Steel Water Line Replacement	\$ 1,000,000	\$ 1,000,000
Water Reclamation Plant Improvements	\$ <u>9,520,000</u>	\$ <u>10,000,000</u>
	\$ <u>12,520,000</u>	\$ <u>13,000,000</u>
Growth		
Valley Utilities Projects	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>
Water Resources Management Strategy		
Southside Reuse Project	\$ _____ -	\$ <u>10,000,000</u>
Total Capital Program	\$ <u>47,520,000</u>	\$ <u>62,000,000</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

		<u>Appropriation</u>		<u>Planned Spending</u>
Rehab	\$	42,520,000	\$	47,000,000
Growth	\$	4,000,000	\$	4,000,000
Valley Utilities Projects	\$	1,000,000	\$	1,000,000
Water Resources Management Strategy	\$	_____ -	\$	<u>10,000,000</u>
Total	\$	<u>47,520,000</u>	\$	<u>62,000,000</u>

Rehab		73.6	\$	42,520,000
Growth		24.5	\$	4,000,000
Valley Utilities Projects		1.9	\$	1,000,000
Water Resources Management Strategy		_____ -	\$	_____ -
Total		<u>100.0</u>	\$	<u>47,520,000</u>

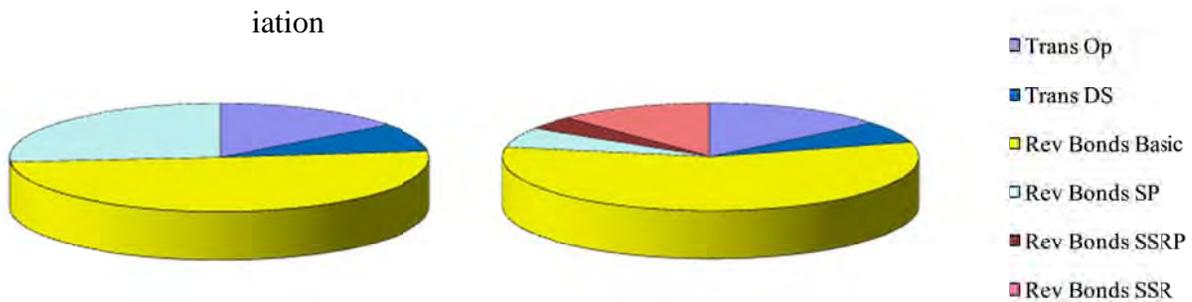
The revenue sources for the appropriations are comprised of:

	<u>Amount</u>
Transfer from Operating Fund 621 for Basic rehab	\$ 6,000,000
Revenue bond proceeds for Basic rehab	\$ 24,000,000
Transfer from Operating Fund 621 for Basic growth	\$ 1,000,000
Transfer from Debt Service Fund 631 for Basic growth	\$ 3,000,000
Transfer from Debt Service Fund 631 for Valley Utilities	\$ 1,000,000
Revenue bond proceeds for special projects	\$ <u>12,520,000</u>
Total	\$ <u>47,520,000</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Reconciliation Between Appropriations And Planned Spending

	<u>Amount</u>
Appropriations per this resolution	\$ 47,520,000
Current year appropriation from the \$20 million supplemental funding for The Southside Water Reclamation Plant not expected to be spent In FY11	\$ (6,120,000)
Prior year appropriation from the \$20 million supplemental funding for the Southside Water Reclamation Plant expected to be spent in FY11	\$ 6,600,000
FY10 Basic Program water reclamation facilities rehab carryover to FY11	\$ 5,500,000
FY10 Basic Program all other rehab carryover to FY11	\$ (1,500,000)
Previously appropriated bond and loan proceeds that will be used for the Southside Reuse Project	\$ <u>10,000,000</u>
 Planned Spending	 \$ <u><u>62,000,000</u></u>



By fund, the \$47.52 million is allocated: \$1.0 million in the Valley Utility Projects fund 627, \$42.52 million in the Joint Water & Sewer Rehabilitation Fund 628 and \$4.0 million in the Joint Water & Sewer Fund 629.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

FY11 – FY12 Capital Program Highlights

Planned spending in FY11 and FY12 for some selected projects is presented below. The FY11 figures include anticipated FY10 carryovers. The Southside Water Reclamation Plant improvement projects are funded by Basic Program revenues and by the \$20 million in supplemental funding. The FY10 – FY19 Decade Plan contains narrative descriptions of these projects and should be read in accompaniment with this document.

With the very limited resources in the FY11 Basic growth program, the focus was on increasing efficiency through funding of Information Technology projects benefiting other divisions and maintaining the long range vision through continued funding of the integrated infrastructure plan and aquifer storage and recovery work. Vehicle replacements received no funding in the FY11 growth program other than what was necessary to cover FY10 over spending.

	<u>FY11</u>	<u>FY12</u>
<u>Basic Program Water Rehabilitation</u>		
Small Diameter Water Line Rehab	\$ 5,650,000	\$ 5,450,000
Annual Well and Booster Pump Station	\$ 1,500,000	\$ 1,500,000
<u>Water Reclamation Rehabilitation</u>		
Preliminary Treatment Facility and Dewatering Facilities (done as one Project in a single building)	\$ 5,900,000	\$ 18,700,000
Final Clarifiers Rehabilitation	\$ 7,000,000	\$ -
Primary Clarifiers Rehabilitation	\$ 1,000,000	\$ 5,300,000
Aeration Basin Rehabilitation	\$ 1,000,000	\$ 2,100,000
North Blowers Replacement	\$ 625,000	\$ -
Ultra-Violet Disinfection	\$ 5,000,000	\$ -
FY05 Lift Station Improvements	\$ 900,000	\$ -
FY03 Plant Improvements	\$ 3,400,000	\$ -
Digester Rehabilitation	\$ 575,000	\$ 5,300,000
<u>Basic Program Shared Rehabilitation</u>		
Franchise Fee Compliance	\$ 1,000,000	\$ 1,000,000
<u>Basic Program Growth</u>		
MIS / GIS	\$ 1,000,000	\$ 1,000,000
Integrated Infrastructure Plan	\$ 1,000,000	\$ -

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Grants/Loans/Subsidy Projects:

The Board approved a number of new grants / loans / subsidies in FY10 that will have continued spending in FY11. These new funding sources are seen as a way to continue to upgrade and improve the Authority's infrastructure and customer service without straining cash and debt reserves. The major projects being undertaken with these monies are 1) Carnuel water system improvements 2) Pajarito Mesa water system improvements and 3) Bear Canyon aquifer storage and recovery. Appropriations for these projects are made at the time the Board approves the funding agreement. Some of the grant money is ARRA funding. The subsidies represent the loan amount that will not have to be repaid provided the terms and conditions of the agreements are met. The interest rate on these loans is extremely low.

Valley Utilities Projects:

The Valley Utilities Projects (the Projects) comprise water and sewer construction projects in the unincorporated areas of Bernalillo County for the purpose of allowing residents to connect to the Authority's system and end their use of wells and septic tanks. The Water Authority is providing the majority of funding for each project with Bernalillo County, the State of New Mexico and the U.S. Environmental Protection Agency funding the remaining costs.

The scope of work encompasses sewer projects in the North Valley and water projects in the South Valley. The South Valley work is being done in phases within the Bernalillo County South Valley Drinking Water Project. As project managers, the Bernalillo County Public Works Department bids, contracts with and pays the engineering and construction firms doing the work and then seeks reimbursement from the Water Authority.

The Board through several annual funding increments including \$1M in FY11 has committed \$33M for the Projects through FY11.

Projects for which the Authority's financial contribution is ongoing are:

South Valley:

- Phase 3 Reservoir and Pajarito Road West Transmission Line – Construction is complete. The final cost to the Authority is not known at this time. The Authority has paid to date \$7.57 million for its share of the project cost.

Projects for which the Authority has not made any financial contributions to date are:

South Valley:

- Phase 4 Water Booster Station – The project is under construction. The project was redesigned at the request of the Authority to construct a smaller building and move the pumps underground.
- Phase 5 Water Distribution System – The project is under construction. The project location is Raymac Road to Cherry Tree Lane.

Projects for which the Authority's financial contribution is complete are:

North Valley:

- Area J Gravity Sewer System in Caballero Norte
 - Area I Phase 2 and Area J Gravity Sewer
- The Authority's share of the project cost was \$5.0 million.

South Valley:

- Phase 1 Transmission Line – The Authority's share of the project cost was \$9.0 million.
- Phases 2 and 2A Water Distribution System – The Authority's share of the project cost was \$7.0 million.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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

CIP Plan FY 2011 - 2015	2011	2012	2013	2014	2015	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
BASIC PROGRAM						
Sewer Lines Rehab						
Interceptor Sewer Rehab	4,200	4,200	3,000	3,000	3,000	17,400
Interceptor Sewer Rehab Contingency	1,000	1,000	1,000	1,000	1,000	5,000
Small Dia. Sewerline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
Sewerline CCTV Inspections	500	500	500	500	500	2,500
NMDOT 45 South Coors Interceptor			3,000	3,000	3,000	9,000
Coors Fortuna Relief Interceptor Rehab		0	0	0	1,000	1,000
Sewer Lines Rehab Subtotal	6,700	6,700	8,500	8,500	9,500	39,900
Wastewater Facilities Rehab						
Southside Water Reclamation Rehabilitation Program						
Hoffman Blower Replacement Project	7,900					7,900
UV Disinfection System	1,000					1,000
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 Digestors			500	5,500		6,000
Power Coordination Study				600		600
Electrical Improvements				300	3,700	4,000
Sludge Blending Tank				200	1,800	2,000
Primary Clarifier Rehabilitation/Replacement				600	6,600	7,200
Building Hot Water Extension to PTF					100	100
Reuse Water Valve Replacement					300	300
Odor Control - Domes on Primary Clarifiers					300	300
Sludge Equalization Tank					100	100
Plant Ph 2 Odor Control Rehab	5,500	2,500	1,000	0	0	9,000
Water Reclamation Inhouse Projects	1,000	1,000	1,000	1,000	1,000	5,000
Odor Control Facilities	900	750	0	0	0	1,650
Lift Stations						
Other Lift Station Improvements (SCADA, Spare Pumps, etc)	330	330	330		500	1,490
Lift Station 24				500	5,500	6,000
Interceptor Odor Control Study	900	750				1,650
MDC Wastewater Rehab and Forcemain			100	2,400		2,500
Soil Amendment Facility Rehab					200	200
Wastewater Facilities Rehab Subtotal	23,510	18,650	13,630	16,600	20,100	92,490
Wastewater Facilities Rehab - Basic Program	13,990	12,290	7,590	8,490	4,690	47,050
Wastewater Special Funding - \$ 20 million	9,520	3,880				13,400
Additional Special Funding Needed		2,480	6,040	8,110	15,410	32,040
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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

CIP Plan FY 2011 - 2015	2011	2012	2013	2014	2015	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Pressure Reducing Valve Replacements	200		200		200	600
Water Lines Rehab Subtotal	5,650	5,450	5,650	5,450	5,650	27,850
Water Facilities Rehab						
Annual Sodium Hypochlorite Generator System Rehab/Replac	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
Well Replacement Program			2,000	2,000	2,000	6,000
MDC Water System Rehab - Well and EDR Unit				250	1,500	1,750
Drinking Water Project Rehab	250	1,600	1,600	1,600	1,600	6,650
Volcano Cliffs Well No. 2 Washline Relocation				50	550	600
Kiva Reservoir Rehab				50	750	800
Lomas Reservoir Rehab		50	750			800
Gas Engine Conversions (Gonzales, Ponderosa, Volcano Cliffs,		400	400	0	0	800
College Reservoir Rehab					80	80
Annual Reservoir Cleaning and Inspection	50	50	50	50	50	250
Webster Reservoir Rehab					70	70
NWSA Rehab		300	300	300	300	1,200
Water Facilities Rehab Subtotal	2,060	3,860	6,560	5,760	8,360	27,800
Shared Line & Facility Rehab						
Fund 628 Const Mgmt & Inspection	400	400	400	400	400	2,000
Franchise Fee Water & Sewer Rehab	1,000	1,000	1,000	1,000	1,000	5,000
On-Call Engineering Water & Sewer	200	300	300	400	400	1,600
Shared Line & Facility Rehab Subtotal	1,600	1,700	1,700	1,800	1,800	8,600
Total Basic Rehabilitation Program	30,000	30,000	30,000	30,000	30,000	150,000
Special Projects						
Steel Waterline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
Leak Detection Program	0	0	500	500	0	1,000
AMR Meter Rehabilitation	2,000	2,000	2,000	2,000	2,000	10,000
Valley Utility Projects	1,000	1,000	1,000	1,000	1,000	5,000
Special Projects Subtotal	4,000	4,000	4,500	4,500	4,000	21,000
Combined Rehabilitation and Special Projects	34,000	34,000	34,500	34,500	34,000	171,000
GROWTH						
Water Facilities Growth						
Aquifer Storage & Recovery	250	1,500				1,750
Water Facilities Growth	0		500	1,000	750	2,250
College Reservoir No. 2	0			500	1,500	2,000
Water Facilities Landscaping Program		100	100	100	100	400
Water Facilities Growth Subtotal	250	1,600	600	1,600	2,350	6,400

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

CIP Plan FY 2011 - 2015	2011	2012	2013	2014	2015	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Wastewater Facilities Growth						
MDC Facility Improvements	0	0	200	1,500	0	1,700
Tijeras (Mesa del Sol) WWTP	0	200	1,500	1,500	500	3,700
Bosque Reuse WWTP	0	0	500	500	2,000	3,000
Wastewater Facilities Growth Subtotal	0	200	2,200	3,500	2,500	8,400
Water Lines Growth						
Water & Sewer Line Policy Extensions	0	1,400	1,400	1,400	1,400	5,600
Warehouse Meters	596	600	600	600	600	2,996
Water Lines Growth Subtotal	596	2,000	2,000	2,000	2,000	8,596
Construction Inspection						
Fund 629 Construction Mgmt & Inspection	0	100	100	100	100	400
Construction Inspection Subtotal	0	100	100	100	100	400
Land Acquisition						
Plant Land Acquisition	0	200	200	200	200	800
Land Acquisition Subtotal	0	200	200	200	200	800
Other Agreements						
NMDOT 45 South Coors Water Line				750	750	1,500
Other Agreements Subtotal	0	0	0	750	750	1,500
Water Rights and Storage						
Water Rights	0	250	250	250	250	1,000
Water Rights and Storage Subtotal	0	250	250	250	250	1,000
Development Agreements						
Developer Agreements	300	2,000	2,000	2,000	2,000	8,300
Development Agreements Subtotal	300	2,000	2,000	2,000	2,000	8,300
MIS/GIS						
MIS / GIS	1,133	3,000	2,500	2,000	2,000	10,633
MIS/GIS Subtotal	1,133	3,000	2,500	2,000	2,000	10,633
Heavy Equipment and Vehicles						
Vehicle Replacements	428	1,000	1,000	1,000	1,000	4,428
Heavy Equipment and Vehicles Subtotal	428	1,000	1,000	1,000	1,000	4,428
Utility Risk Reduction						
SAF Security Lighting					200	200
Utility Risk Reduction		150	150	100	150	550
Utility Risk Reduction Subtotal	0	150	150	100	350	750
Master Plan and Asset Management						
Asset Management	28					28
Integrated Master Plan	1,065	500				1,565
Master Plan and Asset Management Subtotal	1,093	500	0	0	0	1,593
Miscellaneous						
Pino Yards Replacement	0	2,500	2,500			5,000
Low Income W/S Connections	200	500	500	500	500	2,200
Miscellaneous Subtotal	200	3,000	3,000	500	500	7,200

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

CIP Plan FY 2011 - 2015	2011	2012	2013	2014	2015	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Total Growth Program	4,000	14,000	14,000	14,000	14,000	60,000
Grand Total Rehabilitation, Special Projects and Growth	38,000	48,000	48,500	48,500	48,000	231,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Project Title – Interceptor Sewer Rehab & Contingency

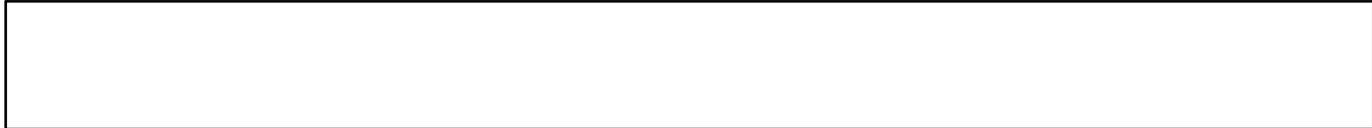
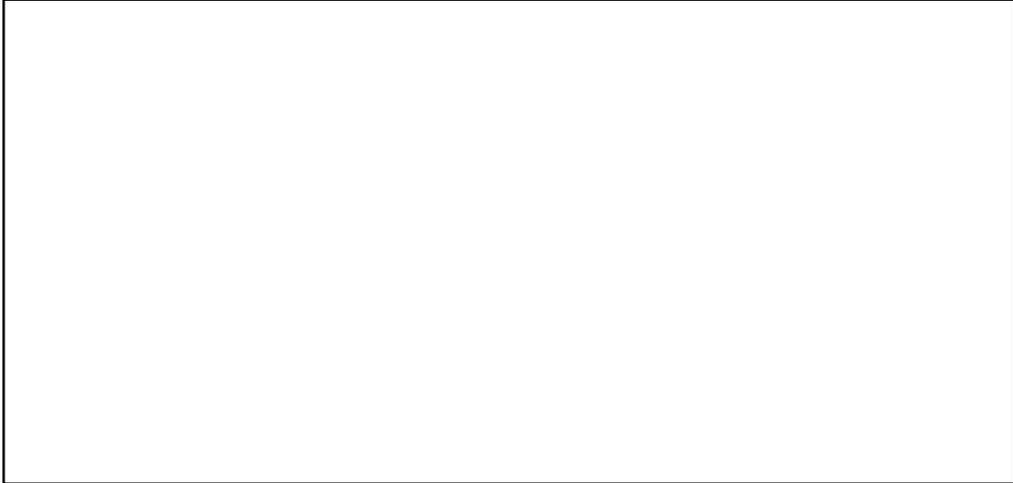
Decade Plan Line and Work Category: Lines 101 and 102 – Sewer Lines Rehab – 100% Rehab

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

Risk Ranking: 73

Project Cash Flow Est.

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	\$44,400,000



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 – 2011 BUDGET

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

Project Cash Flow Est.

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	\$9,000,000

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



8-inch Sewer Lining Project on Los Arboles NE



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.

		<i>Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?</i>
FY/11	\$1,000,000	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.
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	

Other Alternatives Considered?
The various types of ultraviolet disinfection equipment were evaluated.

Future Location of the new UV Facility



Existing SO₂ Injection Structure



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/11	\$3,740,000	<p><i>Narrative: knowledge of asset, why project, how, failure, how does this reduce WA risk?</i></p> <p>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 valve 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.</p>
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	

Other Alternatives Considered?

None

Lift Station #20 Pumps



Broadway Lift Station



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Project Title – Plant Phase 2 Odor Control Rehab

Decade Plan Line and Work Category: 232 - Mandate

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

Risk Ranking: 55

Wastewater Primary Clarification System and Odor Control System, do recommended improvements to the Plant to reduce odors below detection in the plant and surrounding area.

Project Cash Flow Est.

FY/11	\$5,500,000
FY/12	\$2,500,000
FY/13	\$1,000,000
FY/14	\$0
FY/15	\$0
FY/16	\$0
FY/17	\$0
FY/18	\$0
FY/19	\$0
Total	\$9,000,000

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

The odor problems at the Plant have been identified and phased work was recommended to achieve a non-detectable odor condition from the Plant. The first phase of work has been done reducing the odors down to an occasional issue and the second phase is to reduce the odors even further to eliminate odors in and around the plant. This is the good neighbor relationship with the adjacent neighborhood association and the treatment plant.

Other Alternatives Considered? An Odor study was conducted that identified the problem areas and their recommendations are the basis for the projects that will address the odor issues at the plant.

Uncovered Primary Clarifier generates odors



Primary Clarifiers to be covered for odor control



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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

Project Cash Flow Est.

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	\$36,000,000

New 6-inch Water Line Installation



Old Steel Line at the Break Point



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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

Project Cash Flow Est.

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	\$10,800,000



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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

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

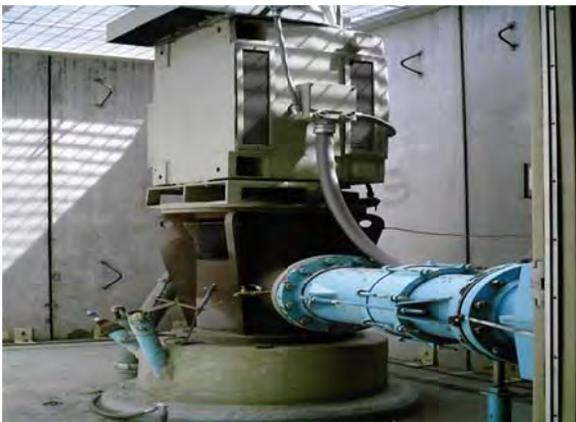
Description: *(when, where, expected level of service)*

Risk Ranking: 74

Project Cash Flow Est.

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	\$13,500,000

Love Well 8 – Motor & Discharge Head



West Mesa Booster Station



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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

between the

Project Cash Flow Est.

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	\$9,000,000

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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 – 2011 BUDGET

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

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Project Cash Flow Est.

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:	\$9,000,000

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Corroded Steel Pipe



Steel line break, Hannett NE west of San Pedro



AMI Meter Rehabilitation

Decade Plan Line and Work Category:

Line 603

Special Projects

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

Risk Ranking: N/A

Project Cash Flow Est.

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	\$18,000,000



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011

BUDGET

Project Title – Information Technology

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

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

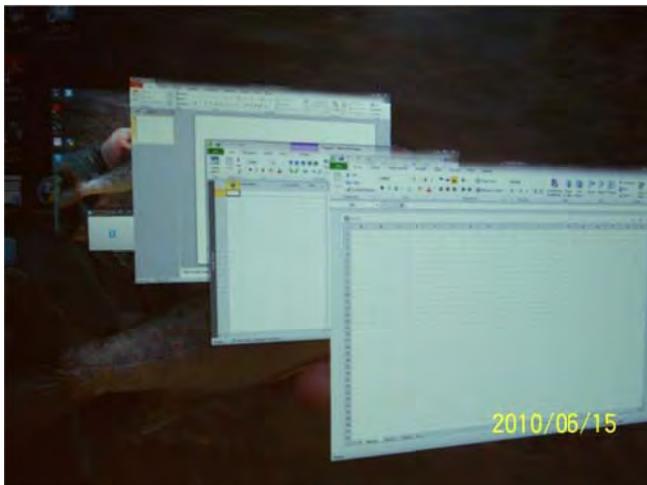
Risk Ranking: N/A

in

Project Cash Flow Est.

FY/11	\$1,133,000
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	\$20,633,000

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Capital Implementation Program Projects Coming on Line

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

CIP Coming On-line FY 2011 - 2015	2011	2012	2013	2014	2015	Totals
Project Name - Description	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
BASIC PROGRAM						
Wastewater Facilities Rehab						
Southside Water Reclamation Rehabilitation Program						
UV Disinfection System	(136)	(136)				(272)
PTF Pista Grit System Replacement Project		150				150
DAF Rehabilitation				150		150
New Digestors				200		200
Primary Clarifier Rehabilitation/Replacement					50	50
Plant Ph 2 Odor Control Rehab			300			300
Water Reclamation Inhouse Projects	20	20	20	20	20	100
Interceptor Odor Control Study		100				100
MDC Wastewater Rehab and Forcemain		100				100
Wastewater Facilities Rehab Subtotal	(116)	234	320	370	70	878
Water Facilities Rehab						
Well Replacement Program			25	25	25	75
Drinking Water Project Rehab		50	50	50	50	200
Water Facilities Rehab Subtotal	0	50	75	75	75	275
Total Basic Rehabilitation Program	(116)	284	395	445	145	1,153
GROWTH						
Water Facilities Growth						
Aquifer Storage & Recovery		200				200
Water Facilities Landscaping Program		10	10	10	10	40
Water Facilities Growth Subtotal	0	210	10	10	10	240
Wastewater Facilities Growth						
Tijeras (Mesa del Sol) WWTP				50		50
Wastewater Facilities Growth Subtotal	0	0	0	50	0	50
Miscellaneous						
Pino Yards Replacement			200			200
Miscellaneous Subtotal	0	0	200	0	0	200
Total Growth Program	0	210	210	60	10	490
Total Rehabilitation and Growth	(116)	494	605	505	155	1,643

Capital Implementation Program Projects Coming on Line Fiscal Year 2011

There is a net reduction in operating expenses from CIP coming on line in Fiscal Year 2011. The reduction is the result of the replacement of the chlorine gas system with a state-of-the-art ultraviolet (UV) disinfection system at the Southside Reclamation Plant. This replacement will eliminate the need for chlorine and sulfur dioxide chemicals. This project is expected to come on line in January 2011 and be operational for six months of Fiscal Year 2011. The expected savings are \$136,000 in Fiscal Years 2011 and 2012. This savings is netted against an increased cost of \$20,000 for additional operating expenses as a result of ongoing plant improvements at the Southside Reclamation Plant.

	FY11	FY12
<u>UV Disinfection System</u>	<u>Oper Exp</u>	<u>Oper Exp</u>
Electricity	120,000	120,000
Chemicals	<u>(256,000)</u>	<u>(256,000)</u>
Total	<u>(136,000)</u>	<u>(136,000)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

<u>In House Projects</u>	FY11	FY12
	<u>Oper Exp</u>	<u>Oper Exp</u>
Electricity	10,000	10,000
Chemicals	7,000	7,000
Supplies	<u>3,000</u>	<u>3,000</u>
Total	<u>20,000</u>	<u>20,000</u>

Special Projects Coming on Line Fiscal Year 2011

The only Special Project scheduled to come on line in Fiscal Year 2011 is the Southside Re-use Program, which is scheduled to be in operation the fourth quarter of Fiscal Year 2011. The Southside Re-use Program will use treated wastewater from the Water Authority’s Southside Water Reclamation Plant to irrigate turf at parks, fields and other recreational areas in the southern area of the city. The project will allow less reliance on unsustainable groundwater pumping and help protect the aquifer. The annual cost of operating this facility is estimated to be \$280,000.

<u>Southside Re-use</u>	FY11	FY12
	<u>Oper Exp</u>	<u>Oper Exp</u>
Electricity	42,500	127,500
Chemicals	7,500	22,500
Supplies	<u>20,000</u>	<u>60,000</u>
Total	<u>70,000</u>	<u>210,000</u>

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DEBT OBLIGATIONS

***Approved
Operating Budget
FY11***

DEBT OBLIGATIONS

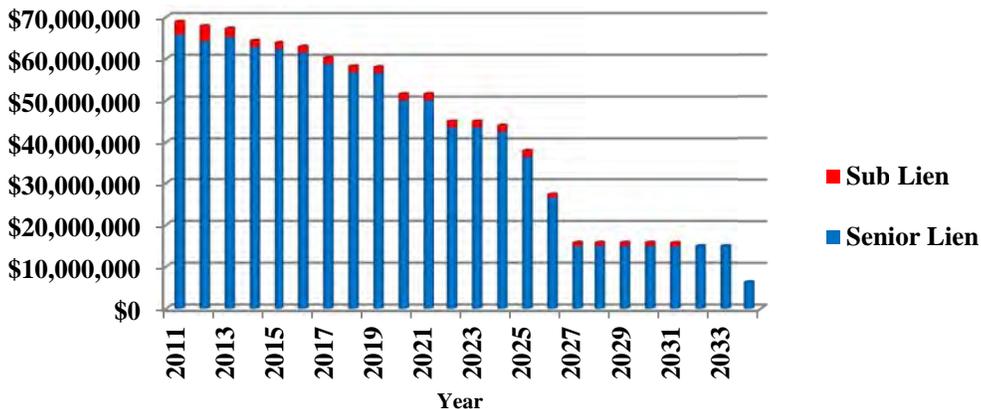
The joint water and sewer system (the “Water/Sewer System”) was owned by the City of Albuquerque, New Mexico (the “City”) and operated by its Public Works Department until December 17, 2003. Revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature 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 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. The Authority has plans on selling bonds in late Fiscal Year 2011 for its basic program, Southside Reuse and Wastewater plant improvements.

Fiscal Year 2011 Debt Payments

Principal	\$38,375,195.03
Interest	30,506,413.59
Fees	<u>455,210.69</u>
Total Debt Service Payments	<u>\$69,336,819.31</u>

Total Debt Service Payments by Year



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Fiscal Year 2011 Debt Service Payments

Issue	Basic Capital Bonds		San Juan Chama Debt		State of NM Environment Dept.	
	Principal	Interest	Principal	Interest	Principal	Interest
1999A	10,429,090.91	547,527.28	1,480,909.09	77,747.72		
8M EID 199006					519,732.82	48,193.27
15M EID 195029					1,467,850.75	119,776.62
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	715,000.00	605,687.50	1,065,000.00	5,268,461.26		
2006 SJC \$112.765			4,655,000.00	5,147,491.26		
2006 Rehab 628-\$8.68	810,000.00	360,131.26				
2006 VUP 627 - \$11.945		572,205.00				
2007 NMFA Basic \$53.595M						
2007 NMFA SJC \$23.410M						
2008 Bond SJC \$48.430			0.00	2,421,500.00		
2008 Bond Reuse \$7.200			0.00	360,000.00		
2009 Bond	1,290,000.00	6,430,950.00				
2009 Bond SJC			155,000.00	348,700.00		
2009 Bond 2001 Refunding	3,530,000.00	474,700.00				
2009 DWRF Loan \$1.010M						
2009 WTB Loan \$50K						
2009 DWRF Loan \$100K						
2010 DWRF Loan 2379-PP						
2010 DWRF Loan 2380-PP						
2010 DWRF Loan 2381-PP						
	<u>16,774,090.91</u>	<u>8,991,201.04</u>	<u>7,355,909.09</u>	<u>13,623,900.24</u>	<u>1,987,583.57</u>	<u>167,969.89</u>

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS RATINGS/CR. ENH. Aa1/AAA/AA+

JOINT WATER AND SEWER - SENIOR LIEN
 JAN 1999 A - REFUNDING & IMPROVEMENT - New Money and refunded Series 1992 (partial)
 MAY 2002 - NMFA DWRLF LOAN
 APRIL 2003 - NMFA DWRLF LOAN
 SEPT 2004 - NMFA PPRF LOAN
 OCT 2005 - IMPROVEMENT
 OCT 2005 - NMFA PPRF LOAN
 Series 2006A Bonds
 Series 2007A NMFA Loan
 Series 2008A Bonds
 Series 2009A-1
 Series 2009A-2
 2009 NMFA DWRF
SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS

SUBORDINATE DEBT OBLIGATIONS

1989 Loan
 1995 Loan
 2001 Loan
 2004 NMFA DWRLF Loan
 2009 WTB Loan
 2009 NMFA DWRLF Loan
 2010 NMFA DWRLF Loan - 2379-PP
 2010 NMFA DWRLF Loan - 2380-PP
 2010 NMFA DWRLF Loan - 2381-PP
SUBTOTAL - SUBORDINATE LIEN LOANS

GRAND TOTAL - CITY/COUNTY WATER AUTHORITY DEBT OBLIGATIONS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

State of NM Revolving Loan Fund		New Mexico Finance Authority		Fiscal Agent Fees	Total Issue
Principal	Interest	Principal	Interest		
					12,535,275.00
					567,926.09
					1,587,627.37
415,377.46	230,382.50				645,759.96
160,533.00	7,777.38			707.04	169,017.42
308,343.00	28,083.84			4,011.98	340,438.82
		5,000,000.00	799,986.67	62,804.17	5,862,790.84
		2,540,000.00	2,415,440.67	169,041.67	5,124,482.34
		0.00	240,000.06	-	240,000.06
		250,000.00	712,488.33	47,395.83	1,009,884.16
					7,654,148.76
					9,802,491.26
					1,170,131.26
					572,205.00
		1,600,000.00	2,159,620.83	112,725.00	3,872,345.83
		1,930,000.00	1,117,345.83	58,525.00	3,105,870.83
					2,421,500.00
					360,000.00
					7,720,950.00
					503,700.00
					4,004,700.00
		45,856.00	10,100.00		55,956.00
		2,498.00	121.39		2,619.39
		5,004.00	243.14		5,247.14
		0.00	356.38		356.38
		0.00	454.50		454.50
			941		941
<u>884,253.46</u>	<u>266,243.72</u>	<u>11,373,358.00</u>	<u>7,457,098.70</u>	<u>455,210.69</u>	<u>69,336,819.31</u>

FINAL MATURITY	ORIGINAL AMT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING	INTEREST RATES
07/01/11	76,995,000	65,085,000	11,910,000	1.75%
07/01/12	2,450,000	2,167,186	282,814	4.25% - 5.00%
07/01/15	3,600,000	1,995,209	1,604,791	4.25% - 5.25%
05/01/24	118,415,000	24,420,000	93,995,000	5.00%
05/01/25	20,000,000	1,000,000	19,000,000	3.00% - 5.50%
07/01/25	132,985,000	7,160,000	125,825,000	
07/01/26	133,390,000	6,490,000	126,900,000	
06/01/25	77,005,000	8,505,000	68,500,000	
07/01/23	55,630,000	0	55,630,000	
07/01/13	11,140,000	0	11,140,000	
07/01/34	135,740,000	0	135,740,000	
11/01/30	1,010,000	0	1,010,000	3.00% - 5.00%
	<u>\$768,360,000</u>	<u>\$116,822,395</u>	<u>\$651,537,605</u>	

FINAL MATURITY	ORIGINAL AMT ISSUED	AMOUNT RETIRED	AMOUNT OUTSTANDING	INTEREST RATES
10/01/13	7,907,285	6,300,843	1,606,442	3.00%
07/01/12	15,000,000	12,005,584	2,994,416	4.00%
07/01/25	15,000,000	7,274,430	7,725,570	3.00%
05/01/31	12,000,000	0	12,000,000	
11/13/29	50,000	1,445	48,555	
11/13/29	100,000	2,745	97,255	
01/23/31	47,518	0	47,518	
01/23/31	60,600	0	60,600	2.00%
01/23/31	100,000	0	100,000	2.00%
	<u>\$50,265,403</u>	<u>\$25,585,047</u>	<u>\$24,680,356</u>	
	<u>\$818,625,403</u>	<u>\$142,407,442</u>	<u>\$676,217,961</u>	

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

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

Date	Series 1999A	Series 2002 NMFA DWRFL	Series 2003 NMFA DWRFL	Series 2004 NMFA PPRF	Series 2005 NMFA PPRF	Series 2005 Public Marketing
2011	12,535,275	168,310	336,427	10,755,428	962,488	7,654,149
2012		125,949	340,455	11,553,747	1,447,718	12,466,849
2013			340,470	11,463,997	1,378,045	12,689,786
2014			340,486	11,364,829	1,714,385	14,813,686
2015			340,503	10,963,778	1,676,813	15,027,086
2016				12,425,790	1,888,433	13,269,336
2017				7,028,015	1,939,671	14,778,586
2018				7,079,739	1,986,495	11,554,586
2019				7,137,699	1,918,825	11,325,571
2020				7,190,134	1,870,825	11,059,646
2021				7,251,160	1,851,695	10,665,746
2022				7,303,464	1,935,195	10,452,996
2023				3,447,052	1,921,928	10,104,715
2024				2,939,142	1,925,698	9,742,455
2025					1,850,615	9,378,875
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
Total	\$12,535,275	\$294,259	\$1,698,341	\$117,903,972	\$26,268,828	\$174,984,070

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

Date	Series 1989 Loan	1995 Loan	2001 Loan	Series 2004 NMFA DWRFL	2009 WTB Loan	2009 DWRFL Loan
2011	567,926	1,587,627	645,760	240,000	2,619	5,247
2012	567,926	1,587,627	647,145	735,000	2,620	5,248
2013	567,926		647,145	735,100	2,620	5,247
2014			647,145	735,000	2,620	5,248
2015			647,145	734,700	2,620	5,247
2016			647,145	734,200	2,620	5,247
2017			647,145	733,500	2,620	5,248
2018			647,145	732,600	2,620	5,248
2019			647,145	731,500	2,620	5,247
2020			647,145	735,200	2,620	5,247
2021			647,145	733,600	2,620	5,248
2022			647,145	731,800	2,620	5,248
2023			647,145	734,800	2,620	5,248
2024			647,145	732,500	2,620	5,248
2025			647,145	735,000	2,620	5,248
2026				732,200	2,620	5,248
2027				734,200	2,620	5,248
2028				735,900	2,620	5,248
2029				732,300	2,620	5,247
2030				733,500		
2031				734,400		
Total	\$1,703,778	\$3,175,255	\$9,705,784	\$14,917,000	\$49,778	\$99,705

GRAND TOTAL - SENIOR AND SUBORDINATE DEBT

\$988,892,833

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

Series 2006A Public Marketing	Series 2007A NMFA Loan	Series 2008A Bonds	Series 2009A-1 Bonds	Series 2009A-2 Bonds	2009 DWRF Loan	Total Senior Debt
11,544,828	6,806,967	2,781,500	4,004,700	8,224,650	55,956	65,830,677
11,548,490	7,044,663	2,781,500	4,033,500	12,891,300	55,957	64,290,127
11,544,615	8,067,275	2,781,500	4,058,500	12,893,550	55,961	65,273,700
11,545,465	7,383,800	2,781,500		12,890,300	55,962	62,890,413
11,550,203	7,156,350	2,781,500		12,893,900	55,963	62,446,095
11,548,215	6,637,900	2,781,500		12,892,300	55,965	61,499,439
11,546,328	7,784,525	2,781,500		12,891,050	55,966	58,805,640
11,549,403	8,908,550	2,781,500		12,888,050	55,967	56,804,290
11,548,134	8,953,675	2,781,500		12,883,750	55,968	56,605,122
11,550,678	2,757,275	2,781,500		12,896,500	55,969	50,162,527
11,552,345	3,110,900	2,781,500		12,892,225	55,971	50,161,542
11,552,375	3,186,688	2,781,500		6,347,975	55,972	43,616,165
11,552,625	7,413,025	2,781,500		6,341,700	55,973	43,618,518
11,549,000	7,271,513	2,781,500		6,341,075	55,974	42,606,356
11,554,000	4,636,263	2,781,500		6,340,275	55,975	36,597,503
11,550,000		8,606,500		6,343,750	55,977	26,556,227
		8,605,250		6,340,675	55,978	15,001,903
		8,604,500		6,340,775	55,979	15,001,254
		8,608,500		6,343,225	55,981	15,007,706
		8,606,250		6,347,200	55,982	15,009,432
		8,612,250		6,344,163		14,956,413
		8,610,250		6,342,738		14,952,988
		8,604,750		6,347,138		14,951,888
				6,341,313		6,341,313
\$184,786,701	\$97,119,367	\$110,580,750	\$12,096,700	\$219,599,575	\$1,119,398	\$958,987,236

2010 DWRF Loan	2010 DWRF Loan	2010 DWRF Loan	Total Subordinate Debt
356	455	941	3,050,932
2,513	3,206	6,637	3,557,922
2,519	3,213	6,651	1,970,421
2,525	3,220	6,666	1,402,423
2,530	3,227	6,680	1,402,150
2,536	3,234	6,695	1,401,677
2,542	3,241	6,710	1,401,005
2,548	3,249	6,725	1,400,134
2,553	3,256	6,741	1,399,061
2,559	3,264	6,756	1,402,790
2,565	3,271	6,772	1,401,220
2,571	3,279	6,788	1,399,450
2,577	3,287	6,804	1,402,481
2,583	3,294	6,819	1,400,208
2,589	3,303	6,836	1,402,739
2,595	3,310	6,852	752,826
2,602	3,318	6,869	754,857
2,608	3,326	6,886	756,588
2,614	3,334	6,902	753,017
2,621	3,343	6,919	746,382
2,628	3,351	6,937	747,315
\$51,735	\$65,978	\$136,585	29,905,597

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***STATISTICAL
INFORMATION***

***Approved
Operating Budget
FY11***

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

**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
Total Current Resources	96,274	97,592	100,260	103,220
Beginning Working Capital Balance	9,628	7,522	8,373	6,779
TOTAL RESOURCES	105,902	105,114	108,633	109,999
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
TOTAL APPROPRIATIONS	98,381	96,910	104,273	107,314
ADJUSTMENTS TO WORKING CAPITAL BALANCE	1	169	2,418 (a)	15,282
ENDING WORKING CAPITAL BALANCE	7,522	8,373	6,778	17,967

(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 – 2011 BUDGET

<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>
36	(283)	13,941	5,610	4,754
111,027	103,200	112,134	115,414	136,486
<u>1,281</u>	<u>1,331</u>	<u>1,353</u>	<u>1,520</u>	<u>1,564</u>
112,344	104,248	127,428	122,544	142,804
<u>10,865</u>	<u>12,419</u>	<u>5,194</u>	<u>19,967</u>	<u>19,537</u>
<u>123,209</u>	<u>116,667</u>	<u>132,622</u>	<u>142,511</u>	<u>162,341</u>
55,308	57,998	60,000	65,596	72,468
<u>56,030</u>	<u>53,175</u>	<u>50,152</u>	<u>59,250</u>	<u>52,705</u>
<u>111,338</u>	<u>111,173</u>	<u>110,152</u>	<u>124,846</u>	<u>125,173</u>
<u>548</u>	<u>(300)</u>	<u>2,551</u>	<u>1,872</u>	<u>(12,067)</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 – 2011 BUDGET

**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	<u>4,005</u>	<u>7,310</u>	<u>9,954</u>	<u>13,279</u>
Total Current Resources	3,995	7,323	10,185	13,473
Beginning Fund Balance	<u>0</u>	<u>(727)</u>	<u>2,151</u>	<u>5,302</u>
TOTAL RESOURCES	<u>3,995</u>	<u>6,596</u>	<u>12,336</u>	<u>18,775</u>
APPROPRIATIONS:				
Sustainable Water Operations	3,036	2,636	3,608	7,297
Transfers to Other Funds	<u>1,680</u>	<u>1,809</u>	<u>3,498</u>	<u>6,948</u>
TOTAL APPROPRIATIONS	<u>4,716</u>	<u>4,445</u>	<u>7,106</u>	<u>14,245</u>
ADJUSTMENTS TO FUND BALANCE	<u>(6)</u>	<u>0</u>	<u>72</u>	<u>0</u>
ENDING WORKING CAPITAL BALANCE	<u>(727)</u>	<u>2,151</u>	<u>5,302</u>	<u>4,530</u>

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 – 2011 BUDGET

<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>
<u>18</u>	<u>(196)</u>	<u>1,636</u>	<u>(1,319)</u>	<u>(106)</u>	<u>(106)</u>
<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 – 2011 BUDGET

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

<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 – 2011 BUDGET

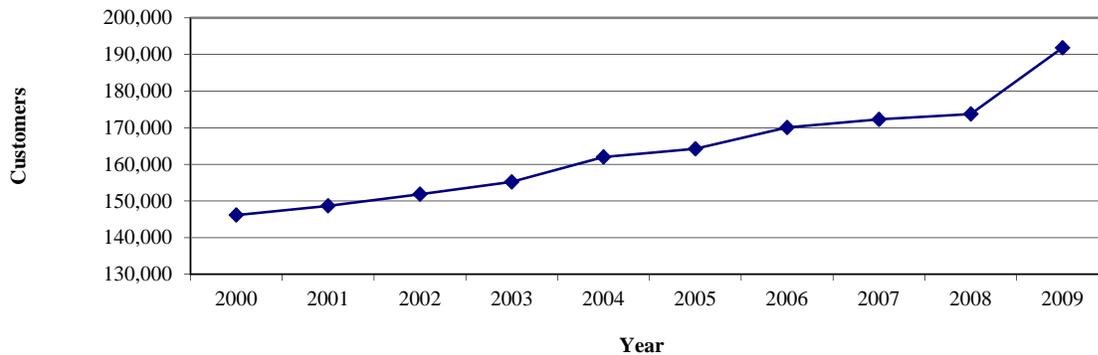
**WATER AND WASTEWATER USERS BY CLASS AND METER SIZE
LAST TEN FISCAL YEARS**

History of Water Users by Class

Class	Average Number of Customers by Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Residential	131,618	134,014	137,081	140,347	146,656	148,974	151,089	152,563	153,959	171,983
Multi-Family							6,812	7,565	7,644	6,231
Commercial	12,767	12,871	12,952	13,033	13,388	13,304	10,065	10,049	9,998	11,367
Institutional	1,638	1,660	1,683	1,712	1,836	1,853	1,981	1,983	2,013	2,119
Industrial	<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>	<u>113</u>
Total	<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>	<u>191,813</u>

History of Water Users by Meter Sizes

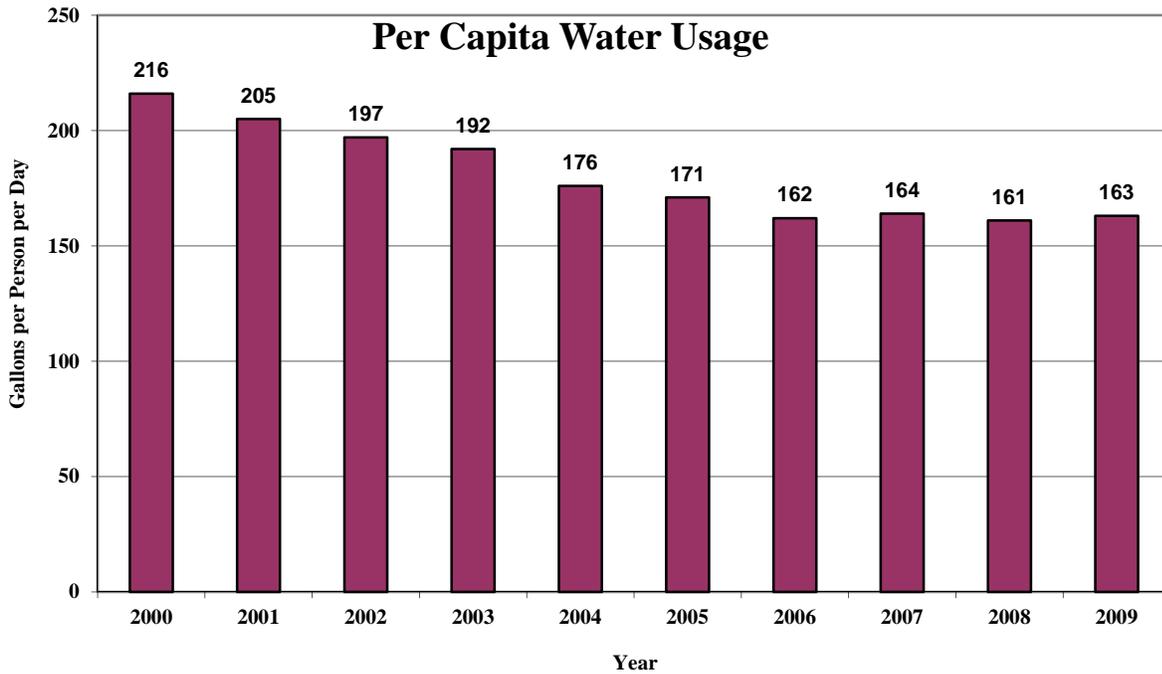
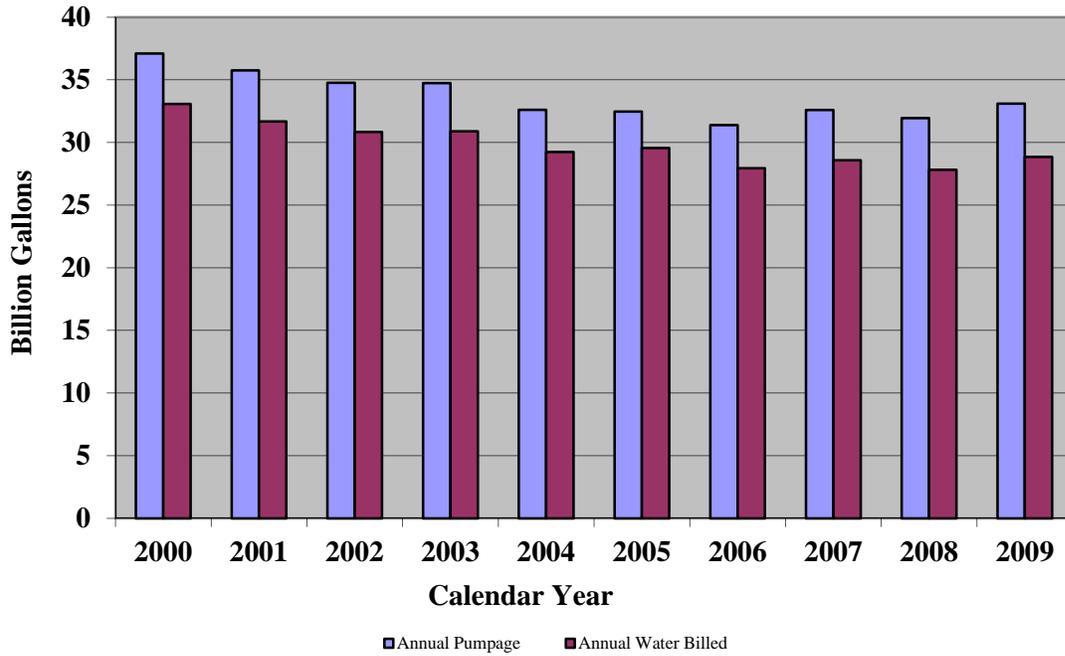
Meter Size	Average Number of Customers by Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
¾"	121,854	124,523	128,192	132,387	139,351	142,018	146,842	149,846	151,172	168,632
1" and 1 ¼ "	19,899	19,692	19,153	18,321	17,863	17,588	17,773	17,581	17,621	17,611
1 ½ "	1,838	1,846	1,854	1,847	1,854	1,879	1,945	1,955	1,968	2,169
2"	1,822	1,868	1,892	1,905	1,958	1,997	2,509	1,816	1,839	2,179
3"	404	406	410	412	524	419	654	733	766	834
4"	238	242	246	247	311	251	244	246	264	275
6"	55	55	55	55	73	52	52	53	53	67
8" and over	<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>	<u>46</u>
Total	<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>	<u>191,813</u>



Source: 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 – 2011 BUDGET

**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>		<u>Revenue From Sewer Charges</u>	<u>Other Operating Revenue⁽²⁾</u>	<u>Total Operating Revenue</u>
	<u>For General Operations</u>	<u>For AWRMS⁽¹⁾</u>			
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	9,100,112	141,033,829
2008 ⁽⁴⁾	71,398,950	25,630,246	47,683,918	7,519,231	152,232,345
2009 ⁽⁵⁾	69,395,141	23,803,266	46,805,468	7,141,714	147,145,589

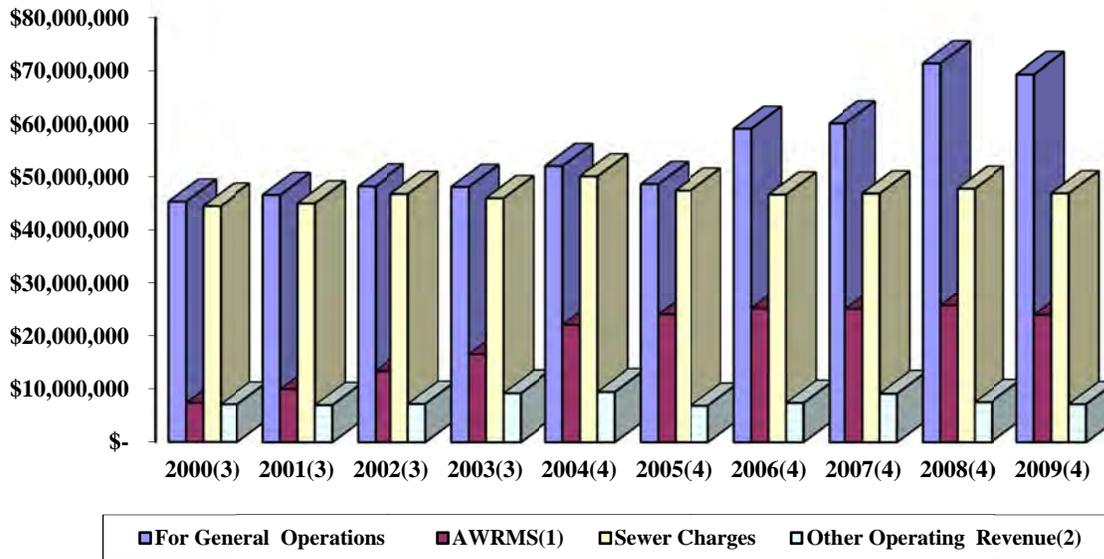
(1) These revenues are attributable to rate increases adopted by City Council to finance capital costs and operating expenses to implement the Albuquerque Water Resource Management Strategy (“AWRMS”).

(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.

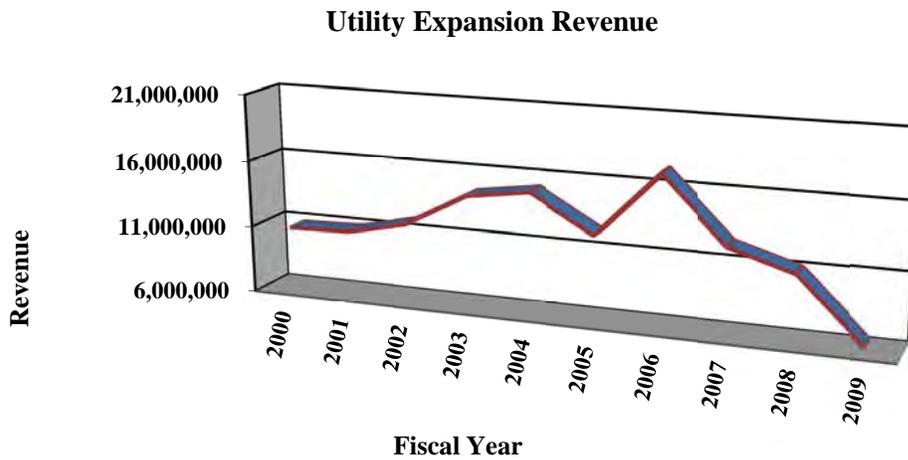
(5) Sources: Albuquerque Bernalillo County Water Utility Authority Unaudited Financial Information



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

**REVENUE FROM UTILITY EXPANSION CHARGES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total Utility Expansion Charge Revenues</u>
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
2009(3)	11,074,840

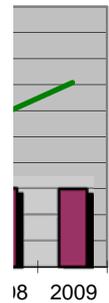


Sources: (1) Albuquerque Comprehensive Annual Financial Reports.
 (2) Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Reports.
 (3) Albuquerque Bernalillo County Water Utility Authority Un-audited Comprehensive Annual Financial Report FY09 is unaudited.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

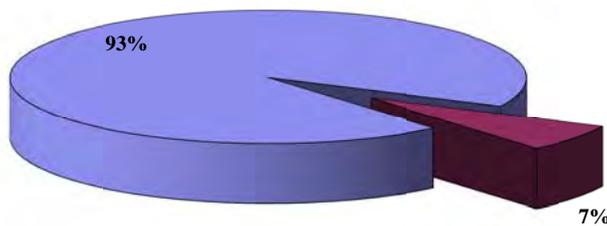
WATER SYSTEM ANNUAL PEAK DEMAND

- *Current system peak Demand of 149 MGD*
- *Current system capacity of 354 MGD*
- *System's current peak demand is 42% 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	1,920,863	\$ 3,958,332	4.25%
2. Albuquerque Public Schools	442,461	1,351,427	1.45%
3. Tanoan Country Club	156,841	248,890	0.27%
4. University of New Mexico Physical	135,588	379,206	0.41%
5. Lovelace Health	105,240	196,776	0.21%
6. Albuquerque Biopark Zoo ⁽¹⁾	102,662	172,338	0.18%
7. University of New Mexico Hospital	67,239	134,075	0.14%
8. General Electric	55,190	98,957	0.11%
9. Towne Park Home Owners Associat	50,200	92,494	0.10%
10. New Mexico State Fair Complex	44,908	114,814	0.12%
Total		<u>\$ 6,747,309</u>	7.24%
Total Revenue for System		<u>\$ 93,198,407</u>	

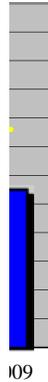


Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2011 BUDGET

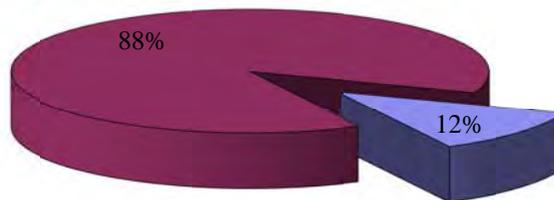
WASTEWATER SYSTEM ANNUAL PEAK DEMAND

- *Current system average flow of 55 MGD*
- *Current system capacity of 76 MGD*
- *System's current average demand is 72% of capacity*



WASTEWATER SYSTEM TOP 10 CUSTOMERS

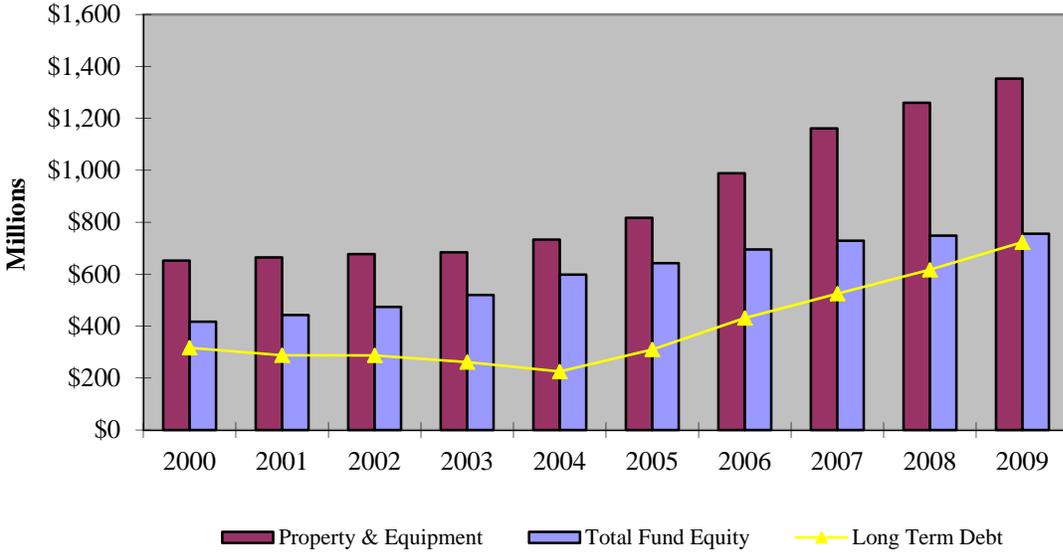
<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2009 Revenue</u>	<u>% of Total Revenue</u>
1. New Mexico Utilities	2,281,994	\$ 2,718,901	5.81%
2. Kirtland Air Force Base	589,723	893,237	1.91%
3. UNM Physical Plant	339,171	427,102	0.91%
4. City of Albuquerque	147,587	411,163	0.88%
5. Albuquerque Public Schools	123,781	531,982	1.14%
6. Lovelace Health	83,351	126,879	0.27%
7. Albuquerque Biopark Zoo	71,893	95,801	0.20%
8. Sandia Peak Services	68,259	71,914	0.15%
9. University of New Mexico Hospital	52,846	144,208	0.31%
10. Presbyterian Health	52,740	128,057	0.27%
Total		\$ 5,549,244	11.86%
Total Revenue for System		\$ 46,805,468	



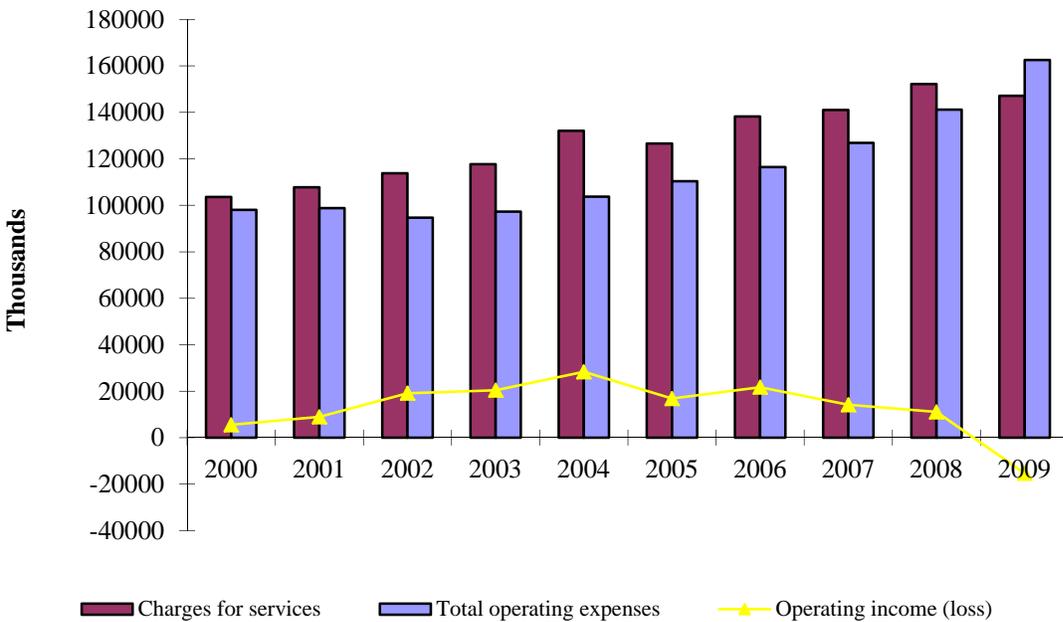
Source: Albuquerque Bernalillo County Water Utility Authority

**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
FY11*

ANALYSIS METHODOLOGY FOR COMPUTING LINE ITEM ADJUSTMENTS

Numerical Rounding

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

Salaries

- The wage and salary base was established for each filled or authorized-to-be-filled position.
- This base is increased or decreased for all wage adjustments for FY11 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-1.67%, 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) – 16.12%.
- 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 FY11 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY10 operating expenses were equal to FY10 appropriated amounts. One-time appropriations for FY10 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY11, 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 FY11. 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 FY11 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 2009.
- Fuel costs are estimated using YTD FY10 and trending through FY11. 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

NWSA – Northwest Service Area

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

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

SELECTED GLOSSARY OF TERMS

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

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

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from earnings of the 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

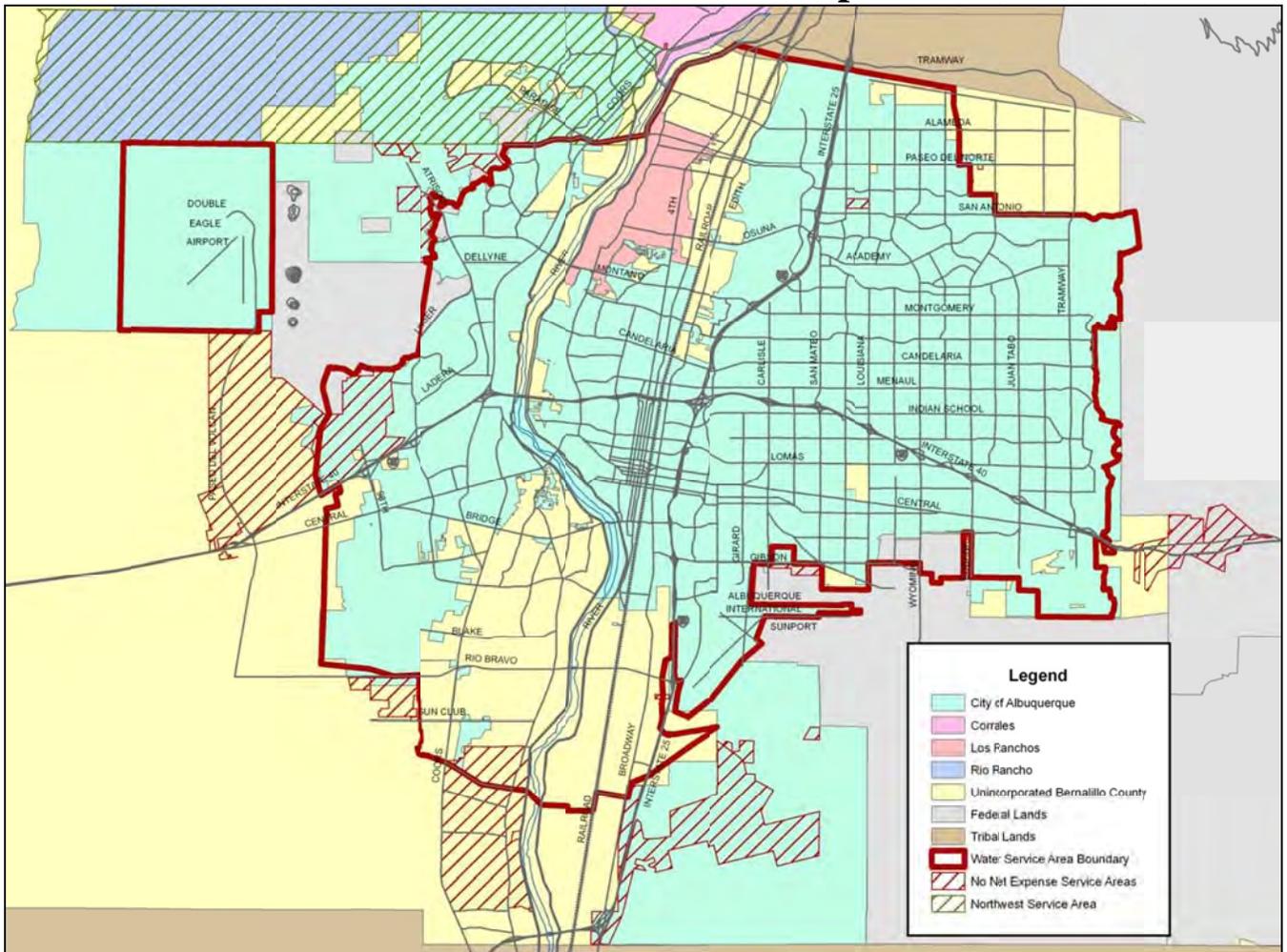
ENTERPRISE FUNDS:

- 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



Major Assets:

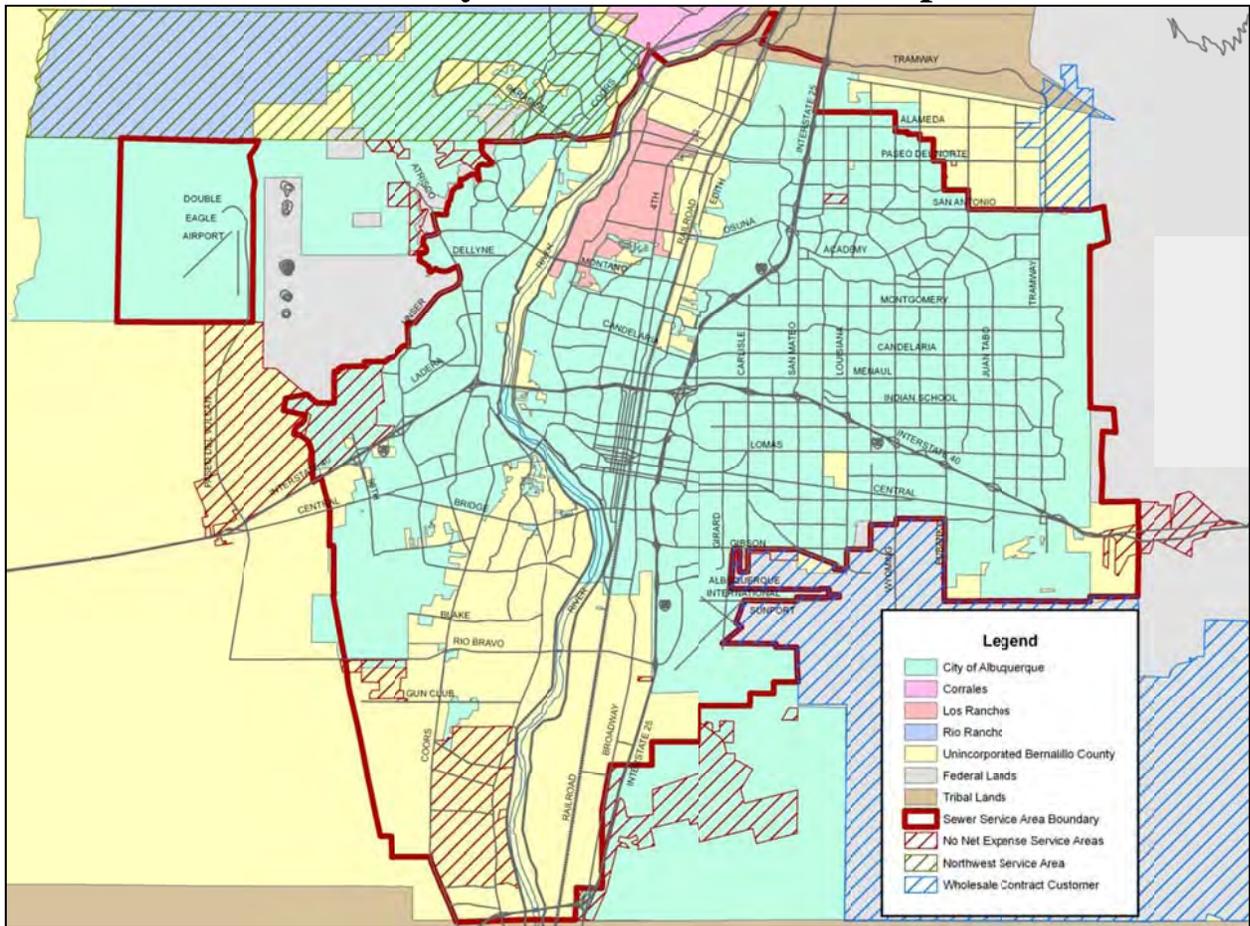
- San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 93 ground water supply wells
- 46 water supply reservoirs providing both mixed surface and ground water
- 3,039 miles of water supply pipeline
- 5 MGD arsenic removal treatment plant

The Water System provides water services to approximately 550,000 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 200,000 accounts. Approximately 58% of the water sales are for residential uses. Up until December 2008, ground water from the middle Rio Grande basin aquifer was the Water Authority's primary source of supply used for the Water System. Now, the Water Authority is using about 50% ground water and 50% surface water from its newly completed Surface Water Drinking Water Treatment Plant which treats imported Colorado river water (San Juan-Chama water) from the Rio Grande River for potable water use. The new treatment plant has the capacity to produce 92 MGD and can be expanded to 120 MGD. The San Juan-Chama 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 ground water supply is produced from 93 wells located throughout the metropolitan area. Total well production capacity is approximately 294 MGD. Maximum historical peak day demand is 214 MGD. Ground storage reservoirs that hold both surface and ground water 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. There are 46 reservoirs located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 3,000 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 Water Authority's service area which allows ground level storage while simultaneously providing system pressure by gravity. Control of the Water System is provided by remote telemetry units distributed throughout the System for control from a central control facility. 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 Water 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/or wastewater facilities being expanded or improved. In addition, the new developments outside the water service area are required to pay a water supply charge for acquisition of future water supplies. In 2007, the Water Authority adopted a set of guiding principles for utility development and planning. Some of the major policies include: balancing water use with renewable supply, not subsidizing development outside the service by current Water Authority customers, linking land use with infrastructure, ensuring that system expansion is concurrent with infrastructure service levels, protecting valued environmental and cultural resources of the region, and utilizing asset management principles for evaluating and considering rehabilitating, replacing or acquiring new assets.

In May 2009, the Water Authority acquired a private utility in the northwest section of Bernalillo County. Starting in FY11, these customers will be incorporated into the Water System and pay the same rates as current customers. The new rates reflect the cost of providing a sustainable long-term supply via the San Juan-Chama Drinking Water Project, and the cost of conservation programs designed to ensure our water future in Albuquerque and Bernalillo County.

Sanitary Sewer Service Area Map



Major Assets:

- Southside Water Reclamation Plant
- 43 Lift Stations
- 2,535 miles of collection pipeline

The Sewer System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows to the Southside Water Reclamation Plant. 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. The existing chlorination/dechlorination system is being replaced by ultraviolet light disinfection in Spring 2011. 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 Water Authority's interceptors.

Any extension of service outside the Service Area would incur "no net expense" to the Water 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/or wastewater facilities being expanded or improved. In 2007, the Water Authority adopted a set of guiding principles for utility development and planning. Some of the major policies include: promote reuse, reduce odor, improve treatment capacity, improve capacity in the collection system, not subsidizing development outside the service by current Water Authority customers, linking land use with infrastructure, ensuring that system expansion is concurrent with infrastructure service levels, protecting valued environmental and cultural resources of the region, and utilizing asset management principles for evaluating and considering rehabilitating, replacing or acquiring new assets.

In May 2009, the Water Authority acquired a private utility in the northwest section of Bernalillo County. Starting in FY11, these customers will be incorporated into the Sewer System and pay the same rates as current customers. The new rates reflect the cost of providing a sustainable long-term supply via the San Juan-Chama Drinking Water Project, and the cost of conservation programs designed to ensure our water future in Albuquerque and Bernalillo County.

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LEGISLATION

*Approved
Operating Budget
FY11*