

APPROVED BUDGET FY2012

BOARD MEMBERS

Art De La Cruz
Chair

Richard J. Berry

Rey Garduño

Trudy E. Jones
Vice-Chair

Maggie Hart Stebbins

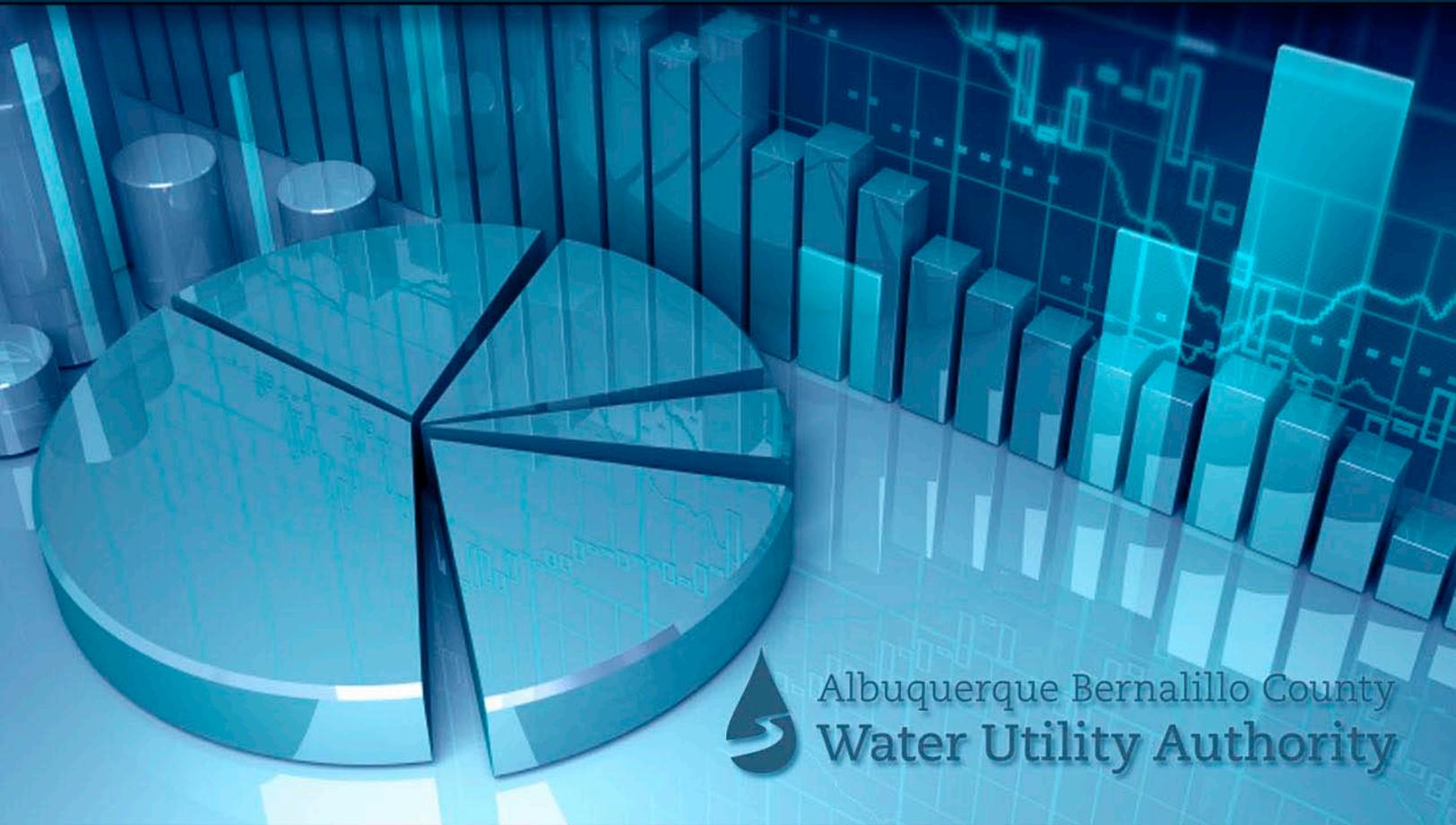
Michelle Lujan Grisham

Ken Sanchez

Pablo R. Rael
"Ex-Officio"

ADMINISTRATION

Mark S. Sanchez
Executive Director



Albuquerque Bernalillo County
Water Utility Authority

*Approved
Operating Budget
FY12*



Albuquerque Bernalillo County Water Utility Authority

August 31, 2011

To: Art De La Cruz, Chair
From:  Mark S. Sanchez, Executive Director
Subject: Approved Fiscal Year 2012 Budget

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Authority) for Fiscal Year 2012. This budget represents the Authority's financial plan for Fiscal Year 2012. 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 budget is balanced, fiscally conservative, sound and conforms to all adopted policies. The 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 2012 the approved budget includes a 5% rate adjustment that had been previously approved by the Board and the implementation of the latest two year rate study as required by Ordinance to maintain rate equity. In the development of this budget the Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. As with other governmental entities, the Authority continues to weather the results of the recent economic decline. In Fiscal Year 2011 water and wastewater revenue has declined with Utility Expansion Charges (UEC) also feeling the effect of limited development in the City of Albuquerque and Bernalillo County. Revenue from interest income has not recovered and continues to decline. Expenses increase approximately 3.4% from Fiscal Year 2011 to Fiscal Year 2012. This increase is mainly from increased salaries and benefits and increased cash transfers to capital and debt service.

The Fiscal Year 2012 approved budget is a maintenance of effort budget. Staffing levels remain relatively constant with the addition of two net new positions in Fiscal Year 2012. There is a 2% cost of living salary adjustment approved for Fiscal Year 2012 to comply with current labor agreements. Annualized costs associated with the Classification and Compensation study implemented in Fiscal Year 2011 are also included. There is a 2.5% increase in other employee benefits due to increased health insurance costs. General operating expenditures are maintained at Fiscal Year 2011 levels. The most significant expense of the Authority continues to be debt service payments which comprise 38% of the total operating expense for Fiscal Year 2012.

Several assumptions have been made in the preparation of this budget including: a 2% cost of living adjustment for labor in Fiscal Year 2012, Authority debt will be approximately 25 basis points under market rate based on the Authority's AAA bond rating, a 5% rate adjustment and limited development and growth.

Construction of the Southside Municipal Effluent Polishing and Reclamation project will be complete in early Fiscal Year 2012. Connections to the individual users will commence during the Fall/Winter with full operations to begin in irrigation season 2012. The project will provide up to 2,500 acre-feet of non-potable water to more than 40 large turf sites in the southeast heights and south valley of Albuquerque, including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Courses, Bullhead and Vietnam Veterans parks and Mesa del Sol.

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% 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 approximately 70% 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.

Major renovation of the Southside Water Reclamation Plant, under a multi-year upgrade and replacement program, will continue in Fiscal Year 2012. The new Headworks facility and a new solids dewatering facility are currently under design. Construction on these two facilities will begin in the fall of 2011. The funding for these projects will be provided through the Authority's Capital Implementation Program.

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

General Operating Fund 621

Revenue for Fiscal Year 2012 is estimated to be \$183.8 million; approximately \$9.8 million above the Fiscal Year 2011 approved budget when adjusted for the appropriation of the \$7 million Rate Reserve in Fiscal Year 2011. The \$9.8 million increase is due mainly to the 5% rate adjustment and the implementation of the latest two year rate study. Proposed operating expenditures, \$177.5 million, contain a net increase of \$5.9 for Fiscal Year 2012. This includes an increase of \$3.5 million in salaries and fringe benefits and an increase in transfers of \$2.4 million.

Personnel expenditures include a 2% cost of living adjustment, \$831,000, as per labor agreements. Seven new positions were added in Fiscal Year 2011 and five positions were deleted for a net increase of two positions. These Fiscal Year 2011 positions are fully funded in Fiscal Year 2012, \$289,000. Annualized costs associated with the Classification and Compensation study implemented in Fiscal Year 2011, approximately \$1 million, are also included in this budget. There is also a 2.5% increase for other employee benefits, \$900,000, due to increased cost of health insurance. Total general operating costs increase by \$40,000 and capital costs decrease by \$47,000. The internal service charges increase by \$2.4 million and include an increase of \$1 million in the cash transfer to capital and a \$1.4 million increase in the transfer to debt service.

Fiscal Year 2012 revenues are expected to be \$6.2 million over expenditures. The Authority will use this excess revenue to bring the Working Capital or Fund Balance to \$10 million at June 30, 2012 and to add \$2 million to the Rate Reserve. In Fiscal Year 2011 the Board approved the transfer of \$7 million from the Rate Reserve to the Working Capital or Fund

Balance to maintain a \$10 million balance. This transfer provided the Authority the required funding to operate in Fiscal Year 2011 without a rate adjustment. The Rate Reserve was depleted in Fiscal Year 2011. Working Capital or Fund Balance is estimated to be \$5.7 million at the end of Fiscal Year 2011.

Capital Implementation Program

Also approved under separate legislation was the Capital Implementation Program (CIP) budget for Fiscal Year 2012. The approved appropriation for Fiscal Year 2012 is \$40.88 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 Fiscal Year 2012 appropriation also includes \$3 million for system growth, \$3.88 million for Southside Water Reclamation Plant rehabilitation, \$3 million for special projects and \$1 million for the Fiscal Year 2012 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 2013 or later.

The Authority continues to participate in American Water Works Association's (AWWA) QualServe program. The QualServe program provides a framework for water and wastewater utilities to continually improve using a Plan-Do-Check-Act framework. It currently offers a well-developed toolbox of a benchmarking, self-assessment, and peer review for water and wastewater utilities. The QualServe program has assisted the Authority in identifying what it does well and areas where improvement is necessary. The Authority has used the information and recommendations gathered from the QualServe program to provide guidance in the one-year objectives, the performance plan and the financial plan presented here. This information and recommendations have also been the basis for operational improvements already implemented in the Authority.

The Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. The Authority has completed several critical projects including the development of an asset register and hierarchy, an asset management information systems strategy, and a capital project validation process. The asset register and hierarchy have been incorporated into the Authority's Computer Management and Maintenance System in a manner that supports asset management business objectives. The capital project validation process has been incorporated into the Authority's capital project decade plan to assess the Authority's infrastructure and financial needs. The primary elements of the decade plan are business risk exposure for critical assets and asset groups and utilizing a triple bottom line approach to prioritize each project. The decade plan is aligned with the Authority's recently completed asset management plan which provides a 100-year projection that will allow the Authority to budget for renewals and replacements into the future. The asset management plan provides several recommendations for asset management improvement which the Authority will continue to work on in line with industry best practices.

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 2012 to improvement of services and gain operating efficiencies.

This Page Left Intentionally Blank



Albuquerque Bernalillo County Water Utility Authority

BOARD MEMBERS

Art De La Cruz, Chair

Trudy Jones, Vice-Chair

Richard J. Berry

Rey Garduño

Maggie Hart Stebbins

Michelle Lujan Grisham

Ken Sanchez

Pablo Rael, Ex Officio Member

Mark S. Sanchez, Executive Director

This Page Left Intentionally Blank



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

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

Special Performance Measures Recognition

For the Fiscal Year Beginning

July 1, 2010

President

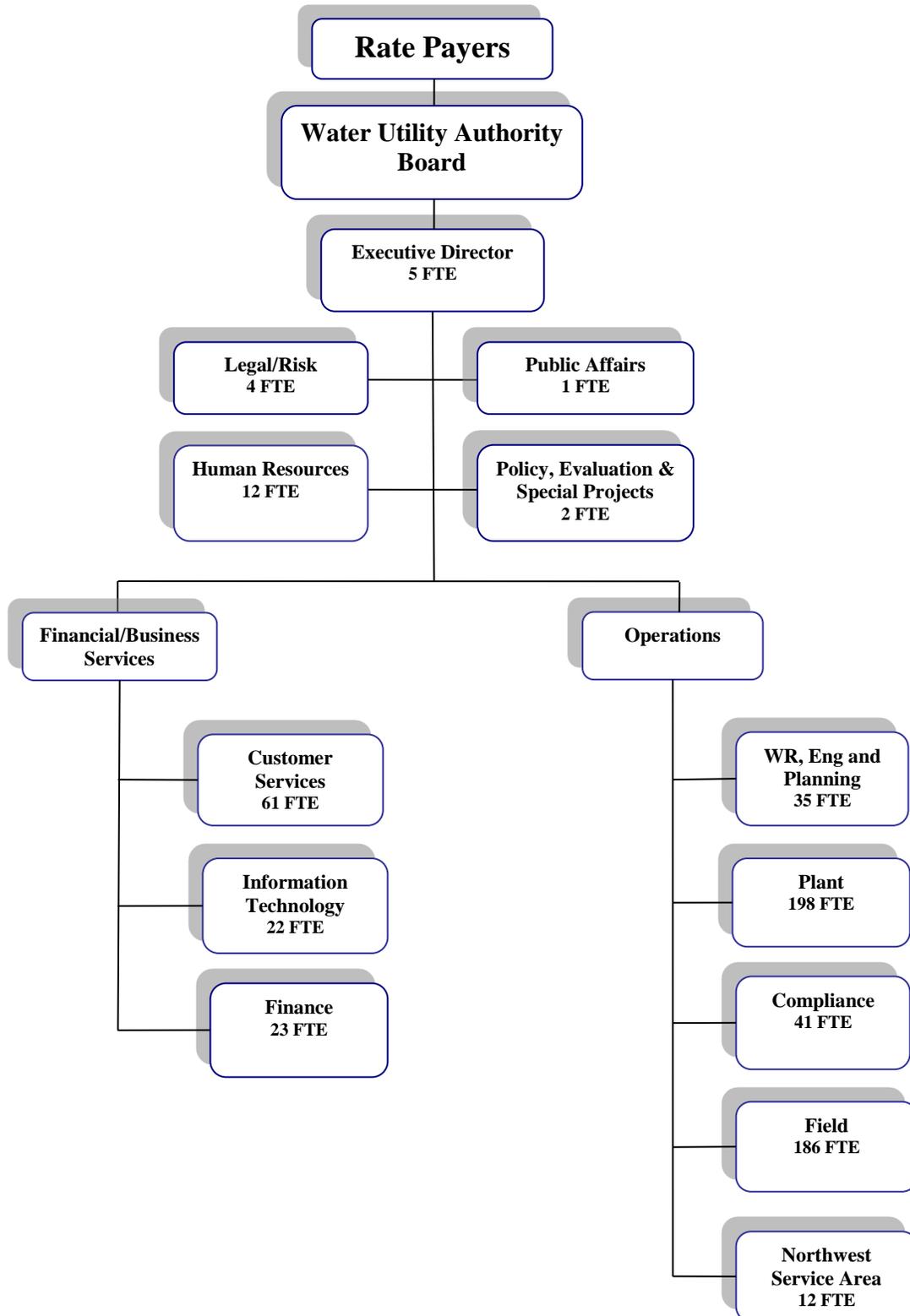
Executive Director

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, 2010. 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.

This Page Left Intentionally Blank



Albuquerque Bernalillo County Water Utility Authority



This Page Left Intentionally Blank

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	

This Page Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 2012 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

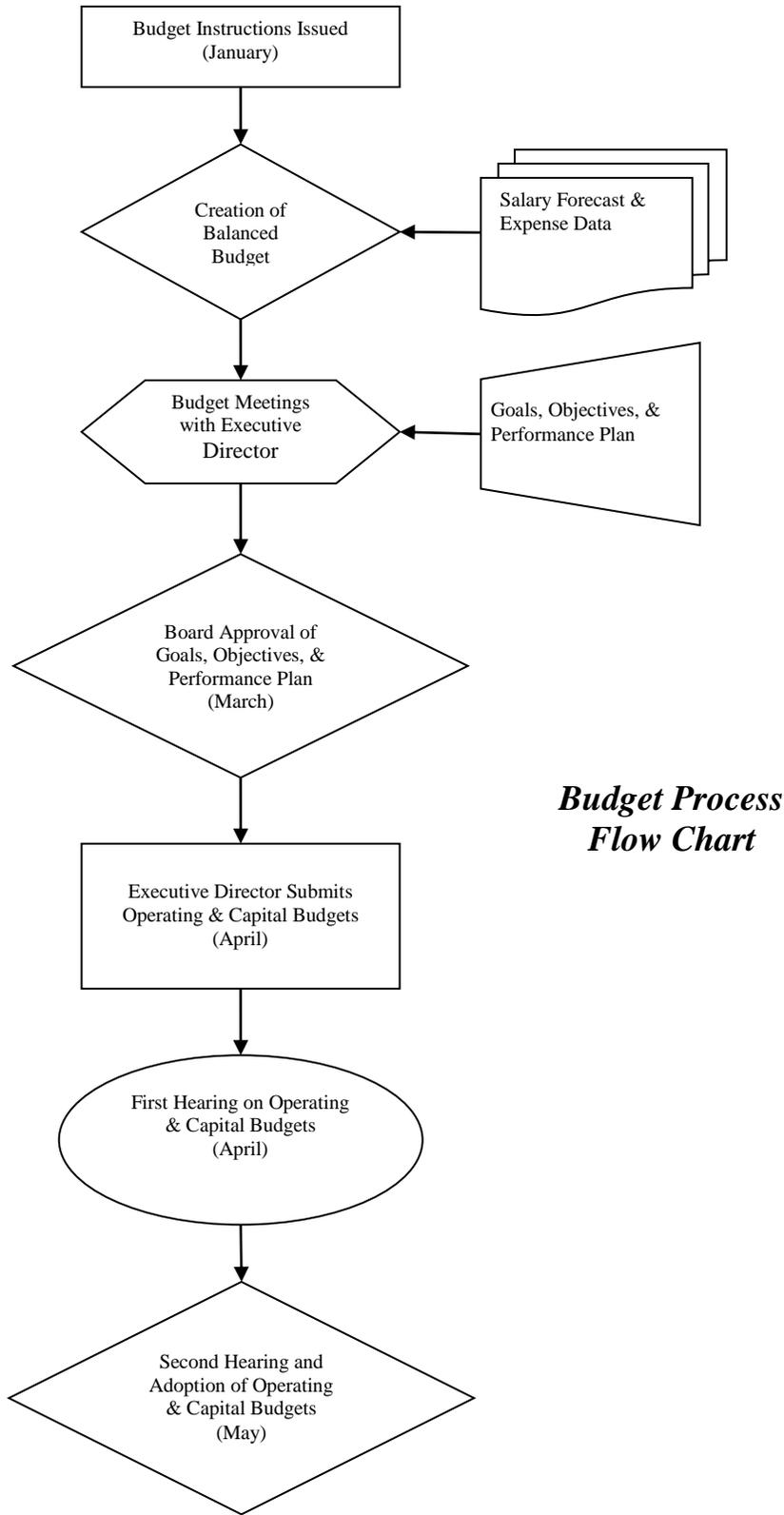
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET



***Budget Process
Flow Chart***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

**FISCAL YEAR 2012
BUDGET CALENDAR OF EVENTS**

Jan	Begin discussion on Authority’s Performance Plan
Jan - Mar	Divisional preparation of FY12 budget request. Meetings between Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY12 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 10	Budget Call to Operating Divisions
Feb – Mar	ABCWUA budget review with Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Feb 11	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Changes
Feb 16	Introduction of Authority Objectives at Authority Meeting
Mar 16	CIP Budget Due to Finance Division
Mar 16	Approval of Authority Objectives at Authority Meeting
Apr 1	Proposed Operating and CIP Budget Document prepared and printed
Apr 1	Proposed Operating and CIP Budget Document submitted to Authority Staff
Apr 20	Introduction and public hearing of Proposed Operating and CIP Budgets at Authority Meeting
May 18	2 nd Public Hearing and Approval of Proposed Operating and CIP Budgets at Authority Meeting

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 – 2012 BUDGET

This Page Left Intentionally Blank

EXECUTIVE SUMMARY

***Approved
Operating Budget
FY12***

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 2012 Budget Highlights

The Fiscal Year 2012 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 2012 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. A water and sewer rate increase has been approved for Fiscal Year 2012. 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 decreased by \$2 million for Fiscal Year 2012 reflecting the current downward trend in the development of residential housing.
- Wage Adjustments. There is a 2% cost of living adjustment for Fiscal Year 2012.
- Fringe Benefits. Fringe Benefits are calculated at 47.04% of gross wages.
- 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.

Challenges

Among the challenges facing the Authority in Fiscal Year 2012 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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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. In Fiscal Year 2012 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. At the end of Fiscal Year 2011 the ultraviolet (UV) disinfection system for the Southside Water Reclamation Plant was brought on line. The UV system kills bacteria and viruses in the wastewater prior to discharge to the Rio Grande. With the implementation of the UV system, the need for hazardous chlorine and sulfur dioxide chemicals was eliminated. The projected costs of the reuse project and the savings with the UV system have been included in the approved budget.

One Year Objectives Fiscal Year 2012

The American Water Works Association (AWWA) QualServe programs help the Water Authority to identify gaps in service delivery or performance. The Water Authority's performance measures are used to help monitor the Authority's performance and to develop performance targets. With the performance measures being used to identify gaps, the One-Year Objectives which are policy directives from the Water Authority Board are used to close performance or service delivery gaps and improve performance levels. It should be noted that not all One-Year Objectives are tied to performance measures or have a measurable component. Some Objectives are related to completing projects or improving programs. Some of the Fiscal Year 2012 Objectives are tied to resources contained in the Fiscal Year 2012 Budget. A few of the objectives are carried over from Fiscal Year 2011 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/or customer service.

Working Capital

In the Fiscal Year 2012 budget, revenues are projected to exceed expenses in the General Operating Fund. Surplus revenue will be added to the Working Capital or Fund Balance to maintain a \$10 million balance.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

General Operating Fund – 621

Total revenue approved for Fiscal Year 2012 is \$183.8 million. Of the total revenue, 97.8% is comprised of charges for water and wastewater services. Appropriations total \$177.5 million. The excess revenue of \$6.3 million funds the Rate Reserve, (\$2 million) and \$4.3 million going to Fund Balance.

(\$000's)	UNAUDITED FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues	1,793	2,374	2,374	2,374	2,024	(350)
Enterprise Revenues	151,920	162,816	162,816	162,816	180,078	17,262
Transfers from Other Funds	1,493	1,782	1,782	1,682	1,697	15
Total Current Resources	155,206	166,972	166,972	166,872	183,799	16,927
Beginning Working Capital Balance	27,321	2,471	2,471	2,471	5,746	3,275
TOTAL RESOURCES	182,527	169,443	169,443	169,343	189,545	20,202
APPROPRIATIONS:						
Joint Water/Sewer Operations	90,820	92,002	92,002	89,083	94,718	5,635
Transfers to Other Funds:	87,236	79,594	79,594	79,594	82,824	3,230
TOTAL APPROPRIATIONS	178,056	171,596	171,596	168,677	177,542	8,865
ADJ TO WORKING CAPITAL BALANCE	(2,000)	5,000	5,000	5,080	(2,000)	(7,080)
ENDING WORKING CAPITAL BALANCE	2,471	2,847	2,847	5,746	10,003	4,257

Resources

Operating Fund revenue for Fiscal Year 2012 is estimated to be \$9.8 million above the Fiscal Year 2011 approved budget, due mainly to the 5% rate adjustment. Revenue in the Debt Service Fund has a \$1.1 million decrease due mainly from a decrease in UEC anticipated revenue, (\$2 million) and an increase of \$1.3 million in the transfer from the General Operating Fund.

Appropriations

Operating Expenditures – Operating expenditures contain a net increase of \$5.9 million from Fiscal Year 2011. This includes an increase of \$3.5 million in salaries and benefits and a net increase of \$2.4 million in internal services charges and transfers.

Personnel expenditures include a 2% cost of living adjustment, \$831,000 as per labor agreements. Seven new positions were added in Fiscal Year 2011 and five positions were deleted for a net increase of two positions in Fiscal Year 2012. Fiscal Year 2012 annualized cost of the additional positions is \$242,000. The positions added include three Utility Maintenance Mechanics, two Journeyman Utility Techs, an O/M Supervisor and a Water Quality Hydrologist. Positions deleted include two Sr. Office Assistants, an HR Compliance Officer and two Control Systems Operators. Approximately \$1 million of annualized costs associated with the Classification and Compensation study implemented in Fiscal Year 2011 are also included this budget. There is also a 2.5% increase for other employee benefits, \$900,000, due to increased cost of health insurance. Total general operating costs increase by \$40,000 and capital costs decrease by \$47,000. The internal service charges increase by \$2.4 million and include an increase of \$1 million in the cash transfer to capital and a \$1.4 million increase in the transfer to debt service. Of note in this expense category is the reduction of \$749,000 in the Worker's Comp line item. This reduction is result of the effectiveness of Board approved employee incentive program and the effort of Authority employees.

Working Capital – \$6.3 million of excess revenue will be added to the Working Capital in Fiscal Year 2012. The balance for Working Capital is estimated to be \$10 million at the end of the Fiscal Year 2012

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

Debt Service Fund – 631

Total current resources approved for Fiscal Year 2012 is \$74.3 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 \$70.7 million, of which \$67.7 million is debt service to offset payments and \$3 million is the transfer to CIP.

(\$000's)	UNAUDITED FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues	7,030	10,000	10,000	10,000	7,500	(2,500)
Transfer from Other Funds	67,790	65,337	65,337	65,337	66,727	1,390
Total Current Resources	74,820	75,337	75,337	75,337	74,227	(1,110)
Beginning Fund Balance	(5,652)	(1,624)	(1,624)	(1,624)	1,376	3,000
TOTAL RESOURCES	69,168	73,713	73,713	73,713	75,603	1,890
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	65,792	69,337	69,337	69,337	67,727	(1,610)
Transfers to Other Funds	5,000	3,000	3,000	3,000	3,000	0
TOTAL APPROPRIATIONS	70,792	72,337	72,337	72,337	70,727	(1,610)
FUND BALANCE PER CAFR	70,792	72,337	72,337	72,337	70,727	(1,610)
ADJUSTMENTS TO FUND BALANCE	0	0	0	0	0	0
AVAILABLE FUND BALANCE	(1,624)	1,376	1,376	1,376	4,876	3,500

Resources

Debt Service resources decrease \$1.1 million in Fiscal Year 2012 mainly due to a \$2 million reduction in UEC income.

Appropriations

Debt service payments decrease \$1.6 million from Fiscal Year 2011 based on the Authority debt service schedule. Transfers to other funds remains at \$3 million.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Fiscal Year 2012 Operational Highlights

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% 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 approximately 70% 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.

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. The design of the full-scale pilot program is continuing in Fiscal Year 2012 with permitting, design and construction to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site. This project will eventually create a future drought supply for the Authority.

The Northwest Service Area Division (NWSA) has been successfully integrated into the general operations of the Authority. The NWSA provides services not only to customers of the former New Mexico Utilities but also to other Authority Westside ratepayers. The NWSA will continue to pilot Mobile Maximo in order to create SOP's for a paperless, real time, work order system, where field activities are dispatched and closed out on mobile devices. In addition, Mobile Maximo will be used to schedule and record the preventative maintenance activities on the meter box and valve replacement initiative for the service area. Also, the NWSA will be developing a reporting matrix where response time, emergency repairs, work order completion percentage, and preventative maintenance can be measured and benchmarked against industry leaders.

Various Field Division improvements will be completed or initiated this fiscal year including the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; continuation and evaluation of the Large Meter Testing & Repair program with in-house resources; and support (verification, repairs, & maintenance) for finalization of the fire hydrant leak survey program & conservation program will continue in Fiscal Year 2012.

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 NM Utilities (Corrales Trunk). More efforts in odor and corrosion controls are also underway from the Collections Section, notably at 2nd & Griego and the 98th & Central facilities.

Work will continue on the South Valley Water System Expansion Project. This Project will provide a water system for the Southwest Valley of Bernalillo County. The overall project area is bounded on the east by the Rio Grande, on the west by the escarpment, on the north by Metzgar Boulevard, SW and on the south by the Isleta Pueblo. The project will provide water service to approximately 3,200 developed parcels in the Southwest Valley. Phases 1 to 5 have been completed and accepted by the Water Authority for operations and maintenance. Phase 6 has been divided into two phases, 6a and 6b. Phase 6a consists of distribution lines along Coors Boulevard, Isleta Boulevard, Los Padillas Road, Norment Road and the neighborhood between Coors Boulevard and the Isleta Drain. Phase 6a is under construction and will be complete by September 2011; the project will cost approximately \$2.8 million to construct. Phase 6b consists of all the other distribution lines between Cherry Tree Lane and Los Padillas Road not including Phase 6a. This phase will start construction in October 2011 and is estimated to cost \$3.2 million 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 – 2012 BUDGET

The construction of the Southside Municipal Effluent Polishing and Reclamation project will be complete in early Fiscal Year 2012. Connections to the individual users will commence during the Fall/Winter with full operations to begin in irrigation season 2012. The project will provide up to 2,500 acre-feet of non-potable water to more than 40 large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Course, Bullhead and Vietnam Veterans park and Mesa del Sol.

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. Construction on these two facilities will begin in the fall of 2011. The funding for the RRAMP improvements will be provided through the Authority's Capital Implementation Program (CIP).

The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The Southside Water Reclamation Facility generates approximately 30% of its power requirements. Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in Fiscal Year 2012. It is the Authority's goal to compost 20% of the total wastewater residuals.

During Fiscal Year 2012, the Information Technology Division (ITD) will concentrate on improving the desktop environment for users and continue the enhancement of existing applications. Regarding the desktop and mobile computer environment, the ITD will convert to Microsoft's Office365 environment for email, communications and collaboration. This service will provide the Authority with online document and records management, improved searching of documents, improved SharePoint services and video conferencing. This will include implementation of Active Directory, Office 2010 and Windows 7 and the computer replacement of several computers that no longer meet standards. Mobile devices will be deployed in areas that will improve the business processes of field work.

In Fiscal Year 2012, the Authority will finish the implementation of Phase 1 of its 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. The AMI project will provide access to customers of their monthly, daily and hourly water usage. In January 2012, Phase 2 will begin with the deployment of the system to a pilot group of small residential meters.

The implementation and upgrade of Maximo (the Utility's Computerized Maintenance Management System) will continue. Maximo consists of thirteen modules and is currently used for work order planning, scheduling, tracking and history analysis. Expected completion of Phase 1 is early Fiscal Year 2012. During Fiscal Year 2012, the Authority anticipates bringing online the Purchasing, Inventory, Training and Qualification modules. In addition, the Authority will continue its deployment of Maximo on mobile devices such as laptops and tablets. This mobile environment will include accessing not just Maximo, but also operating manuals and Mapbooks electronically in the field.

The Laboratory Information Management System (LIMS) implementation will be completed in Fiscal Year 2012 and will result in improved water quality business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to develop and maintain a matrix of regulatory requirements and procedural conventions to assure accurate and timely reporting. A Quality Assurance/Quality Control Program will be developed to improve environmental monitoring practices. Monitoring of new regulatory initiatives will be further emphasized to define operational impacts and develop compliance strategies. The Industrial Pretreatment Program will continue to improve compliance with the Water Authority Sewer Use and Wastewater Control Ordinance by continuing validation of compliance of food establishments, extra-strength discharge users, and industrial waste permit holders. Implementation of the Master Plan for the Laboratory Information Management System (LIMS), a laboratory operations management tool that maintains records for millions of analytical results and associated quality assurance/quality control processes, continues. A LIMS reporting system for turnaround-time and hold-time performance will be developed, along with full-scale operational implementation of electronic data acquisition. Process modeling of business practices to improve efficiencies and define key performance metrics will continue.

Work will continue with Phases 1 and 3 of the Carnuel Water Systems Improvements Project. Phase 1 connects Carnuel to the existing ABCWUA 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 2011. 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 2011.

The Authority will continue to fund the Employee Tuition Reimbursement Program and Employee Recognition Program in Fiscal Year 2012. 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.

Debt service payments increase by \$1.4 million over Fiscal Year 2011. 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) appropriation for Fiscal Year 2012 is \$40.88 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 \$3 million for system growth, \$3.88 million for the Southside Water Reclamation Plant rehabilitation, and \$3 million for special projects and \$1 million for the Fiscal Year 2012 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 2013 and later.

For Fiscal Year 2012 the budget includes a rate adjustment of 5% previously approved by the Board. For Fiscal Year 2012 the Water Authority projects a revenue surplus between revenues and expenditures of \$5.5 million. The Water Authority will use this excess revenue to bring Working Capital or Fund Balance to \$10.6 million at June 30, 2012. In Fiscal Year 2011 the Board approved the transfer of \$7 million from the Rate Reserve to the Working Capital or Fund Balance to help maintain a \$10 million balance. This transfer provided the Authority the required funding to operate in Fiscal Year 2011 without a rate adjustment. The Rate Reserve fund was depleted in Fiscal Year 2011 and the balance of Working Capital or Fund Balance is estimated to be \$4.2 million at the end of Fiscal Year 2011.

The Fiscal Year 2012 budget includes the addition of \$2 million to the Rate Reserve.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 – 2012 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 – 2012 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 – 2012 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 – 2012 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
FY12***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Five-Year Goal Development

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

The Five-Year Goals adopted by the Water 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 Water Authority’s Five-Year Goals parallel the QualServe model. In addition, the Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal.

Water Authority’s Five-Year Goals



AWWA QualServe Program

The Water Authority has participated in three AWWA QualServe programs which are designed to help the Water Authority identify and prioritize opportunities for improvement. The *Benchmarking* program allows the Water Authority to compare its performance against other utilities at least every two years. The Benchmarking program provides utilities an opportunity to collect and track data from already identified and tested performance measures, based on the same collection process and definitions. The most recent survey data was compiled in 2009 by AWWA from over 60 different utilities. The *Self-Assessment* program gathers employee’s opinions about the Water Authority’s operations in order to help determine the Water Authority’s current

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

performance level. The Water Authority conducted a Self-Assessment in 2004 and will be conducting another Assessment in 2011 which will allow the utility to compare results to determine where the employees feel the utility has improved or needs more improvement. The *Peer Review* program is an on-site, in-depth review of the Water Authority's operations by a team of volunteer utility professionals to help the utility design and implement improvements. A Peer Review was conducted in 2005 which indentified 119 strengths and 127 areas of improvement. Many of the areas of improvement have been incorporated into the Water Authority's One-Year Objectives discussed below.

One-Year Objectives

The One-Year Objectives are policy directives from the Water 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 Water Authority is currently working on such as the effluent reuse and odor control projects. Some of the Objectives are carried over from Fiscal Year 2011 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 2012.

Summary of Fiscal Year 2012 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 ground water planned maintenance by completing 2,200 labor hours by the end of the 4th Quarter of FY12.
2. Complete and close 80% of all inoperable meter work orders within 3 months of notification through the end of the 4th Quarter of FY12.
3. Develop and begin implementation of a valve exercising program to minimize property damage and water loss and capture the global positioning system location by the end of the 4th Quarter of FY12.
4. Reduce distribution water loss by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY12.
5. Conduct pilot project on large diameter water line leak detection methods and complete evaluation of technologies by the end of the 4th Quarter of FY12.
6. Join the Partnership for Safe Water treatment and distribution programs to optimize water system operations and performance by the end of the 1st Quarter FY12.
7. Achieve water use of 155 gallons per person per day by the end of the 2nd Quarter of FY12.

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 FY12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

2. Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY12.
3. Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY12.
4. Increase Southside Water Reclamation Plant planned maintenance by completing 12,500 labor hours by the end of the 4th Quarter of FY12.
5. Optimize the 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 FY12.
6. Utilize asset management decision-making to reduce sanitary sewer overflows and collapses through the end of the 4th Quarter of FY12.
7. Improve compliance with the Water Authority’s Sewer Use and Wastewater Control Ordinance by continuing validation of compliance of food establishments, extra-strength discharge users, and industrial waste permit holders through the end of the 4th Quarter of FY12.
8. Develop performance metrics and implement a reporting system for turnaround-time and hold-time performance at the Water Quality Lab by the end of the 4th Quarter of FY12.

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 FY12.
2. Increase paperless billing to 10,000 enrollments and implement added functionality for all web self-service users by the end of 4th Quarter of FY12.
3. Implement the Automated Meter Infrastructure program in conjunction with Meter Change Out Portal, Mass Meter Change Portal and Customer Services Portal by the end of 3rd Quarter FY12.
4. Implement Accounts Receivable billing in the Customer, Care and Billing (CC&B) application by the end of 3rd Quarter FY12.
5. Provide a Water Authority-wide Compliance data repository that will allow authorized users access to current and historical data by the end of 4th Quarter of FY12.

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 ten-year asset management plans by the 4th Quarter of FY12; and continue integration of Asset Management Plan into the CIP Decade Plan.
2. Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY12. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY12.
3. Continue development of an integrated water/sewer and reuse master plan and modeling system through the end of the 4th Quarter of FY12.
4. Implement the Maximo Purchasing module to streamline inventory/purchasing and contract tracking by the end of the 3rd Quarter of FY12; complete all Water Authority Maximo systems and shutdown legacy applications by the end of the 2nd Quarter of FY12.
5. Implement cloud-based applications for email, communication and collaboration that will better disseminate and manage documents and information throughout the organization by the end of the 4th Quarter FY12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

6. Implement mobile field devices for Maximo and Laboratory Information Systems in conjunction with business change management and cost/benefit analysis for field services by the 2nd Quarter of FY12.
7. Develop and/or update all standard operating procedures and compile them into an electronic library by the end of the 4th Quarter of FY12.
8. Based on GFOA best practices and in accordance with the Ten-Year Financial Plan, evaluate various options for increasing the financial capacity for capital spending and provide a report to the Water Authority Board by the 2nd Quarter of FY12.
9. Based on GFOA best practices and in accordance with the Ten-Year Financial Plan, develop a strategy to increase the Water Authority's reserve fund to one-twelfth of operating expenses and provide a report to the Water Authority Board by the end of the 2nd Quarter FY12.
10. Evaluate shifting small meter replacement to the Customer Services Division based on best practices by the end of the 2nd Quarter of FY12.
11. Monitor emerging State and Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations to identify and assess potential impacts on the Water Authority and provide quarterly reports.
12. Improve the reliability of compliance results by developing an environmental monitoring Quality Assurance Program and implement its provision for State and Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) by the end of 4th Quarter of FY12.

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. Conduct an AWWA QualServe Self Assessment to obtain employee opinions on the Water Authority's operations by end of the 2nd Quarter of FY12.
2. Develop and implement an incentive program to advance all capable water and wastewater system employees to journey-level certification (both utility and state) through the end of the 4th Quarter of FY12.
3. Implement employee performance evaluation system that aligns to performance objectives and benchmarks by the end of the 4th Quarter of FY12.
4. Reduce the number of employee injury lost days by 10% by the end of the 4th Quarter of FY12.
5. Maintain a utility-wide vacancy rate of no greater than 8% through FY12.

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.

This Page is Left Intentionally Blank

*APPROVED BUDGET
&
FINANCIAL
CONSOLIDATIONS*

*Approved
Operating Budget
FY12*

PERSONNEL SUMMARY

This Page is Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

PERSONNEL INFORMATION

The Fiscal Year 2012 approved budget contains a net increase of 2 employees over the Fiscal Year 2011 level. The Fiscal Year 2012 budget is authorized and approved at 602 employees.

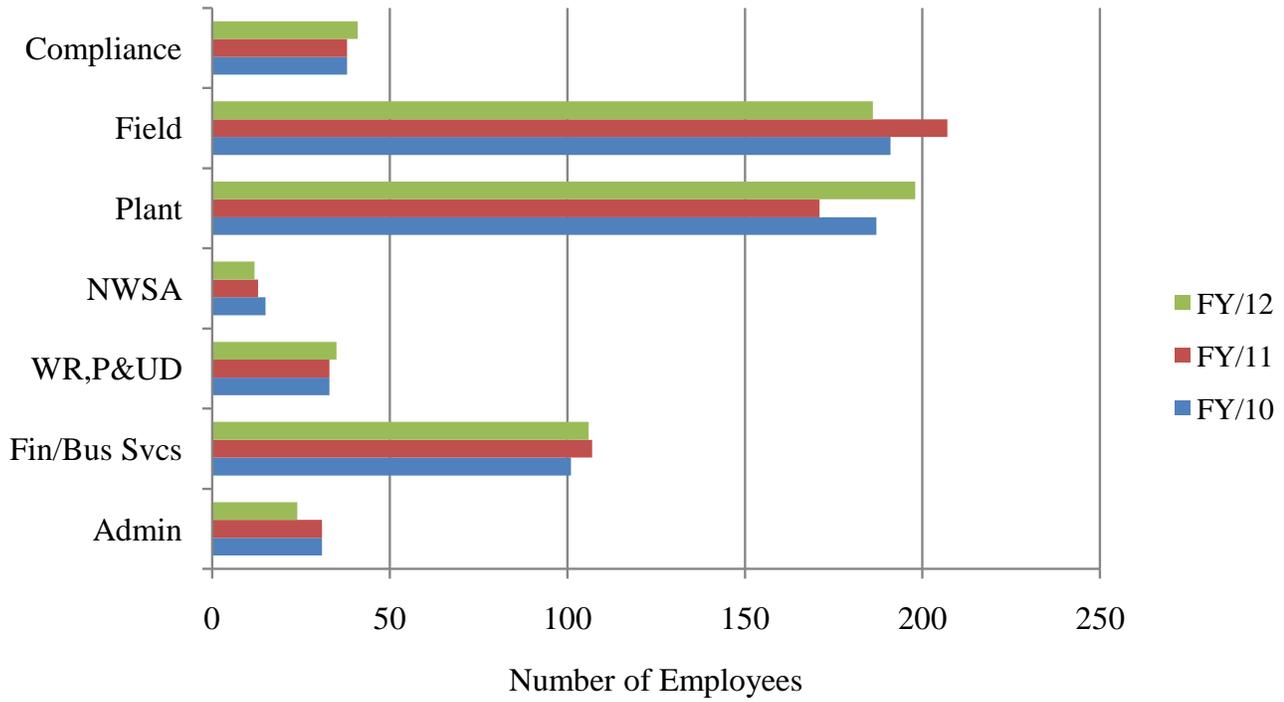
Three labor unions represent 495 of the 602 Utility employees. Local 2962 AFSCME, AFL-CIO, CLC represents 53 clerical series employees, Local 624 AFSCME, AFL-CIO represents 320 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 122 management series employees.

Changes in Employment - The budget for Fiscal Year 2012 shows a net increase of 2 new positions. The positions added include three Utility Maintenance Mechanics, two Journeyman Utility Techs, an O/M Supervisor and a Water Quality Hydrologist. Positions deleted include two Sr. Office Assistants, an HR Compliance Officer and two Control Systems Operators

POSITIONS:	ACTUAL FY/10	ORIGINAL BUDGET FY/11	REVISED BUDGET FY/11	ESTIMATED ACTUAL FY/11	APPROVED BUDGET FY/12
Administration					
Water Authority	12	12	12	12	12
Human Resources	19	19	19	19	12
Total Administration	31	31	31	31	24
Financial /Business Services					
Customer Services	62	62	62	62	61
Finance	20	23	23	23	23
Information Systems	19	22	22	22	22
Total Financial/Business Services	101	107	107	107	106
Plant					
Wastewater Treatment	106	107	107	110	108
Water Plant Facility Production	59	55	55	56	79
Strategy Implementation	22	9	9	12	11
Total Plant	187	171	171	178	198
Field					
Wastewater Collection	61	61	61	61	63
Water Distribution Facilitation	35	68	68	68	20
Water Plant Facility Distribution	92	77	77	76	103
North I-25 Reuse - 622	3	1	1	1	0
Total Field	191	207	207	206	186
Northwest Service Area	15	13	13	14	12
Compliance	38	38	38	38	41
Water Resources/Engineering/Plan	33	33	33	34	35
TOTAL FULL TIME POSITIONS	596	600	600	608	602

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Changes in Employment by Functional Unit



This Page is Left Intentionally Blank

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.

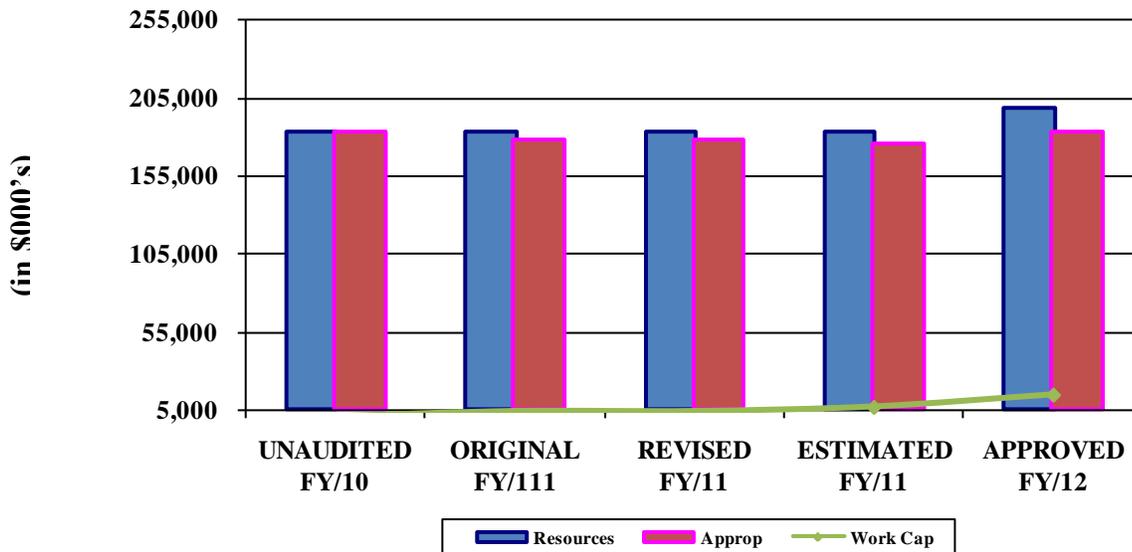
Fund 621 - Joint Water and Sewer Operating Fund - To account for the general operations of providing water and sewer services in the Authority's service area.

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 – 2012 BUDGET

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	UNAUDITED FY/10	ORIGINAL BUDGET FY/11	REVISED BUDGET FY/11	ESTIMATED ACTUAL FY/11	APPROVED BUDGET FY/12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues	8,823	12,374	12,374	12,374	9,524	(2,850)
Enterprise Revenues	151,920	162,816	162,816	162,816	180,078	17,262
Transfers from Other Funds	69,283	67,119	67,119	67,019	68,424	1,405
Interfund Adjustments	(67,790)	(65,337)	(65,337)	(65,337)	(66,727)	(1,390)
Total Current Resources	162,236	176,972	176,972	176,872	191,299	14,427
Beginning Working Capital Balance	21,669	847	847	847	7,122	6,275
TOTAL RESOURCES	183,905	177,819	177,819	177,719	198,421	20,702
APPROPRIATIONS:						
Joint Water/Sewer Operations	90,820	92,002	92,002	89,083	94,718	5,635
Joint Water/Sewer D/S	65,792	69,337	69,337	69,337	67,727	(1,610)
Transfers to Other Funds:	92,236	82,594	82,594	82,594	85,824	3,230
Interfund Adjustments	(67,790)	(65,337)	(65,337)	(65,337)	(66,727)	(1,390)
TOTAL APPROPRIATIONS	181,058	178,596	178,596	175,677	181,542	5,865
ADJ TO WORKING CAPITAL BALANCE	(2,000)	5,000	5,000	5,080	(2,000)	0
ENDING WORKING CAPITAL BALANCE	847	4,223	4,223	7,122	14,879	14,837



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

COMBINED FISCAL YEAR 2012 FUNDS BUDGET

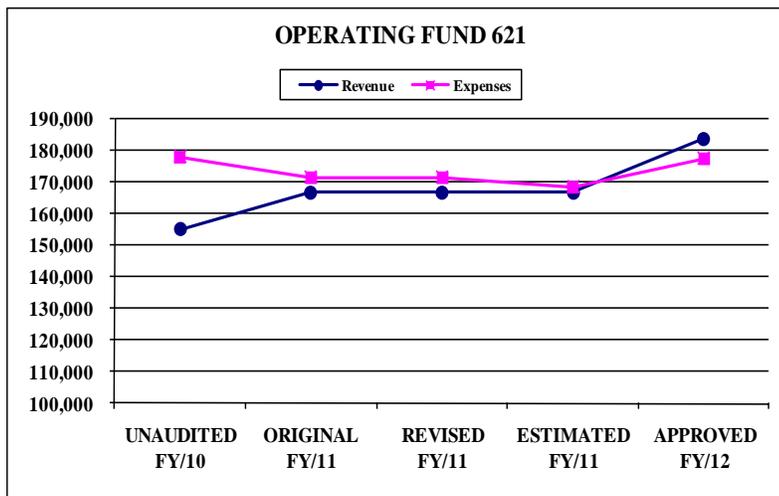
	GENERAL OPERATING <u>FUND 621</u>	DEBT SERVICE <u>FUND 631</u>	2011-2012 <u>TOTALS</u>
Revenues and Other Resources			
Interest	750,000	500,000	1,250,000
Miscellaneous	1,274,000		1,274,000
Water	79,975,000		79,975,000
Water Resources Management	4,468,000		4,468,000
Sewer	61,093,000		61,093,000
CIP Employees	650,000		650,000
Refuse Transfer	1,047,000		1,047,000
Franchise Fee	6,915,000		6,915,000
SJC Strategy Implementation	27,627,000		27,627,000
Utility Expansion Charges		7,000,000	7,000,000
Transfers		66,727,000	66,727,000
Interfund Adjustment			(66,727,000)
TOTAL	<u>183,799,000</u>	<u>74,227,000</u>	<u>191,299,000</u>
Expenditures			
Wages	31,765,019		31,765,019
Fringe Benefits	14,050,600		14,050,600
Professional and Other Services	1,584,866		1,584,866
Utilities	12,123,982		12,123,982
Supplies	9,257,504		9,257,504
Training and Travel	432,552		432,552
Repairs and Maintenance	8,534,916		8,534,916
Taxes	686,000		686,000
Interest	424,000		424,000
Principal	978,000		978,000
Contract Services	7,857,243		7,857,243
Capital Outlay	642,019		642,019
Insurance	3,320,983		3,320,983
Vehicle Maintenance	3,060,316		3,060,316
Transfers to Other Funds	8,255,000	3,000,000	11,255,000
Franchise Fee	6,292,000		6,292,000
Indirect Overhead	1,550,000		1,550,000
Transfers to Debt Service	66,727,000		66,727,000
Debt Service Payments		67,727,000	67,727,000
Interfund Adjustment			(66,727,000)
TOTAL	<u>177,542,000</u>	<u>70,727,000</u>	<u>181,542,000</u>
Revenue Over (Under) Expenditures	6,257,000	3,500,000	9,757,000
Beginning Fund Balance	5,746,000	1,376,000	7,122,000
Rate Reserve	(2,000,000)		(2,000,000)
Ending Fund Balance	<u>10,003,000</u>	<u>4,876,000</u>	<u>14,879,000</u>

This Page is Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

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.



◇ 5% rate adjustment for FY/12 and implementation of two-year rate study revision.

◇ 2% Cost of Living adjustment for salaries in FY/12.

◇ General operating expenses remain flat in FY/12.

◇ Transfers and Internal Services have a net increase of 2.8% in FY/12.

◇ Working Capital balance maintained at \$10 M in FY/12.

◇ \$2 M added to Rate Reserve in FY/12.

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

(\$000's)	UNAUDITED FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues	1,793	2,374	2,374	2,374	2,024	(350)
Enterprise Revenues	151,920	162,816	162,816	162,816	180,078	17,262
Transfers from Other Funds	1,493	1,782	1,782	1,682	1,697	15
Total Current Resources	155,206	166,972	166,972	166,872	183,799	16,927
Beginning Working Capital Balance	27,321	2,471	2,471	2,471	5,746	3,275
TOTAL RESOURCES	182,527	169,443	169,443	169,343	189,545	20,202
APPROPRIATIONS:						
Joint Water/Sewer Operations	90,820	92,002	92,002	89,083	94,718	5,635
Transfers to Other Funds:	87,236	79,594	79,594	79,594	82,824	3,230
TOTAL APPROPRIATIONS	178,056	171,596	171,596	168,677	177,542	8,865
ADJ TO WORKING CAPITAL BALANCE	(2,000)	5,000	5,000	5,080	(2,000)	(7,080)
ENDING WORKING CAPITAL BALANCE	2,471	2,847	2,847	5,746	10,003	4,257

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

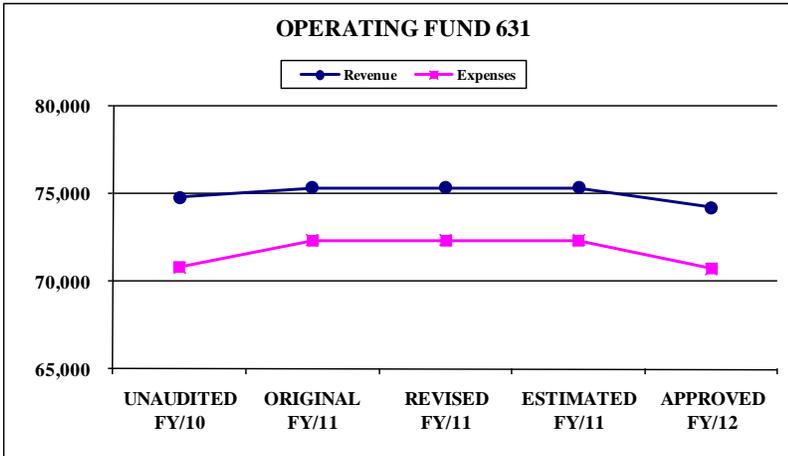
WATER AND SEWER OPERATING FUND – 621

(\$000's)	UNAUDITED FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	364	1,200	1,200	1,200	750	(450)
Other Miscellaneous Revenue	1,429	1,174	1,174	1,174	1,274	100
Total Miscellaneous Revenues	1,793	2,374	2,374	2,374	2,024	(350)
Enterprise Revenues						
City System-Water	57,821	59,229	59,229	59,229	68,036	8,807
City System-Sewer	35,081	44,836	44,836	44,836	51,551	6,715
City System-Contr/Aid	369	240	240	240	240	-
SJC Strategy Implementation	23,245	27,627	27,627	27,627	27,627	-
City Metered Water Sales - Reuse	238	350	350	350	350	-
City System-Franchise Fee	5,141	5,452	5,452	5,452	6,292	840
Water Resources Management	4,087	4,468	4,468	4,468	4,468	-
Water Facilities Rehab	8,669	7,100	7,100	7,100	7,100	-
Wastewater Facilities Rehab	9,790	6,200	6,200	6,200	6,200	-
Total City System	144,441	155,502	155,502	155,502	171,864	16,362
Valley System-Water	4,311	3,850	3,850	3,850	4,373	523
Valley System-Sewer	2,692	2,824	2,824	2,824	3,168	344
Valley System-Contr/Aid	(12)	100	100	100	50	(50)
Valley System-Franchise Fee	427	479	479	479	553	74
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	59	60	60	60	69	9
Total Valley System	7,479	7,314	7,314	7,314	8,214	900
Total Enterprise Revenues	151,920	162,816	162,816	162,816	180,078	17,262
Transfers from Other Funds						
CIP Funded Employees	496	750	750	650	650	-
Refuse Disposal Op. Fund - 651	997	1,032	1,032	1,032	1,047	15
Total Transfers	1,493	1,782	1,782	1,682	1,697	15
Total Current Resources	155,206	166,972	166,972	166,872	183,799	16,927
Beginning Working Capital Balance	27,321	2,471	2,471	2,471	5,746	3,275
TOTAL RESOURCES	182,527	169,443	169,443	169,343	189,545	20,202
APPROPRIATIONS:						
Program Strategies:						
Customer Services	4,694	4,999	4,999	4,949	5,262	313
Finance	6,604	7,485	7,485	6,902	6,804	(98)
Human Resources	1,354	1,465	1,465	1,391	961	(430)
Northwest Service Area	2,390	2,709	2,709	1,396	2,325	929
Information Systems	3,640	3,768	3,768	3,930	3,807	(123)
Low Income Utility Credit	230	250	250	250	250	-
San Juan/Chama	2,006	2,247	2,247	2,247	2,247	-
Water Authority	3,182	2,779	2,779	3,811	3,007	(804)
Wastewater Collection	7,858	7,591	7,591	7,917	8,055	138
Compliance	2,834	3,444	3,444	3,390	4,059	669
Wastewater Treatment	14,427	13,293	13,293	12,771	14,511	1,740
Water Distribution Facilitation	3,468	5,388	5,388	5,956	2,024	(3,932)
Water Plant Facility Production	10,660	9,409	9,409	9,674	11,470	1,796
Water Plant Facility Distribution	13,002	10,027	10,027	9,916	12,114	2,198
North I-25 Reuse	473	342	342	373	236	(137)
Sustainable Water Supply	7,985	10,976	10,976	8,456	11,233	2,777
Water Resources	6,013	5,830	5,830	5,754	6,353	599
Total Enterprise Appropriations	90,820	92,002	92,002	89,083	94,718	5,635
Transfers to Other Funds:						
General Fund - 110	6,946	7,257	7,257	7,257	8,097	840
Joint Water/Sewer Rehab Fund - 628	11,500	6,000	6,000	6,000	8,000	2,000
Joint Water/Sewer Capital Fund - 629	1,000	1,000	1,000	1,000	-	(1,000)
Joint Water/Sewer Bond D/S Fund - 631	67,790	65,337	65,337	65,337	66,727	1,390
Total Transfers	87,236	79,594	79,594	79,594	82,824	3,230
TOTAL APPROPRIATIONS	178,056	171,596	171,596	168,677	177,542	8,865
ADJUSTMENTS:						
Adjustment to Allowance for Uncollectible A/R	-	-	-	80	-	(80)
Rate Stabilization	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Rate Stabilization Transferred to Working Cap for CAFR Presentation	-	7,000	7,000	7,000	-	(7,000)
TOTAL ADJUSTMENTS	(2,000)	5,000	5,000	5,080	(2,000)	(7,080)
ENDING WORKING CAPITAL BALANCE	2,471	2,847	2,847	5,746	10,003	4,257

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues	7,030	10,000	10,000	10,000	7,500	(2,500)
Transfer from Other Funds	67,790	65,337	65,337	65,337	66,727	1,390
Total Current Resources	74,820	75,337	75,337	75,337	74,227	(1,110)
Beginning Fund Balance	(5,652)	(1,624)	(1,624)	(1,624)	1,376	3,000
TOTAL RESOURCES	69,168	73,713	73,713	73,713	75,603	1,890
APPROPRIATIONS:						
Total Joint Water/Sewer D/S	65,792	69,337	69,337	69,337	67,727	(1,610)
Transfers to Other Funds	5,000	3,000	3,000	3,000	3,000	0
TOTAL APPROPRIATIONS	70,792	72,337	72,337	72,337	70,727	(1,610)
FUND BALANCE PER CAFR	70,792	72,337	72,337	72,337	70,727	(1,610)
ADJUSTMENTS TO FUND BALANCE	0	0	0	0	0	0
AVAILABLE FUND BALANCE	(1,624)	1,376	1,376	1,376	4,876	3,500

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

WATER & SEWER REVENUE BOND DEBT SERVICE FUND- 631

(\$000's)	UNAUDITED FY/10	ORIGINAL BUDGET FY/11	REVISED BUDGET FY/11	ESTIMATED ACTUAL FY/11	APPROVED BUDGET FY/12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	193	1,000	1,000	1,000	500	(500)
Expansion Charges (UEC)	6,837	9,000	9,000	9,000	7,000	(2,000)
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	7,030	10,000	10,000	10,000	7,500	(2,500)
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Joint Water and Sewer Rehab - 628	0	0	0	0	0	0
Water/Sewer Operating Fund - 621	67,790	65,337	65,337	65,337	66,727	1,390
Total Transfers	67,790	65,337	65,337	65,337	66,727	1,390
Total Current Resources	74,820	75,337	75,337	75,337	74,227	(1,110)
Beginning Fund Balance	(5,652)	(1,624)	(1,624)	(1,624)	1,376	3,000
TOTAL RESOURCES	69,168	73,713	73,713	73,713	75,603	1,890
APPROPRIATIONS:						
Public Works Department						
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-
Joint Water/Sewer Debt Service	65,792	69,337	69,337	69,337	67,727	(1,610)
Transfers to Other Funds						
Transfer to Valley Capital Fund - 627	0	-	-	-	-	-
Transfer to Rehab Fund - 628	-	-	-	-	-	-
Water and Sewer Capital Fund - 629	5,000	3,000	3,000	3,000	3,000	-
Total Transfers	5,000	3,000	3,000	3,000	3,000	-
TOTAL APPROPRIATIONS	70,792	72,337	72,337	72,337	70,727	(1,610)
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	-	-	-	-	-	-
TOTAL ADJUSTMENTS	-	-	-	-	-	-
AVAILABLE FUND BALANCE	(1,624)	1,376	1,376	1,376	4,876	3,500

This Page is Left Intentionally Blank

PROGRAM BUDGET HIGHLIGHTS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Expenditures

Comparing the Fiscal Year 2011 approved budget with the approved for Fiscal Year 2012 reveals an overall net increase of \$5.9 million. The approved budget for Fiscal Year 2012 has a net increase of \$3.5 million for total personnel expenditures. This increase includes a 2% cost of living adjustment of \$831,000 as per the labor agreements, an increase of other employee benefits of \$900,000 due to the increase in health insurance and the addition of 7 net new positions added in midyear Fiscal Year 2011. These positions are three Utility Maintenance Mechanics, two Journeyman Utility Techs, an O/M Supervisor and a Water Quality Hydrologist. Annualized costs associated with the Classification and Compensation study implemented in Fiscal Year 2011 were also included in the Budget. Total general operating costs increase by \$40,000 and Capital Costs decrease by \$47,000. The internal service charges increase by \$2.4 million and include an increase of \$1 million in the cash transfer to capital and a \$1.4 million increase in the transfer to debt service. Of note in the expense category is the reduction of \$749,000 in Workers Compensation. This reduction is result of the effectiveness of the Board approved employee incentive program and the effort of Authority employees.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$4.2 million at the end of Fiscal Year 2011. Working Capital is augmented by \$5.5 million from the surplus of revenue over expenditures for Fiscal Year 2012. The Working Capital balance at June 30, 2012 is estimated to be \$10.6 million. An additional \$2 million is reserved in the rate reserve fund. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

Adopted Issue Papers and Initiatives – Adopted issue papers and initiatives funded total \$393,000 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 includes a cost of living adjustment for permanent Water Authority employees of 2%.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Total ABCWUA Approved Issue Papers	
Fund 621 - Joint Water and Sewer Operating	392,962
Plant	
3 Utility Maintenance Mechanics (FY11 mid year addition)	201,214
2 Journeyman Utility Techs (FY11 mid year addition)	146,621
O/M Supervisor (FY11 mid year addition) - offset by the deletion of 2 Control System Operators	(35,050)
Human Resources	
Delete 2 Senior Office Assistants and a Compliance Officer	(160,782)
Water Resource, Engineering and Planning	
Reclassify Research Analyst (FY11 mid year addition)	8,088
Water Quality Hydrologist (FY11 mid year addition)	52,055
Compliance	
Engineering Associate - Intern (FY11 mid year addition)	46,544
Field	
Puerta Del Sol Golf Course Annual Easement and Access	50,000
GPS/Mobile Units/Corrosion software	65,500
Line Spotting Enhancements (one-time cost)	18,772

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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/10	ORIGINAL BUDGET FY/11	REVISED BUDGET FY/11	ESTIMATED ACTUAL FY/11	D BUDGET FY/12	APP 12/ EST ACT 11 CHG
<u>JOINT WATER AND SEWER OPERATING FUND - 621</u>						
Customer Services	4,694	4,999	4,999	5,044	5,262	218
Finance	6,604	7,485	7,485	7,007	6,804	(203)
Human Resources	1,346	1,465	1,465	1,385	961	(424)
Northwest Service Area	2,390	2,709	2,709	1,805	2,325	520
Information Technology	3,640	3,768	3,768	3,851	3,807	(44)
Low Income Utility Credit	230	250	250	250	250	-
San Juan/Chama	1,628	2,247	2,247	2,247	2,247	-
Water Authority	3,182	2,779	2,779	3,569	3,007	(562)
Wastewater Collection	7,858	7,591	7,591	7,740	8,055	315
Compliance	2,834	3,444	3,444	3,437	4,059	622
Wastewater Treatment	14,431	13,293	13,293	14,467	14,511	44
N-125 Reuse	473	342	342	363	236	(127)
Sustainable Water Supply	7,982	10,976	10,976	9,202	11,233	2,031
Water Distribution Facilitation	3,468	5,388	5,388	5,850	2,024	(3,826)
Water Plant Facility Production	10,656	9,409	9,410	9,854	11,470	1,616
Water Plant Facility Distribution	12,994	10,027	10,027	12,245	12,114	(131)
Water Resources/Engineering/Plan	6,013	5,830	5,830	5,763	6,353	590
Trfr from Fund 621 to Fund 110	7,248	7,257	7,257	7,257	8,097	840
Trfr from Fund 621 to Fund 628	11,500	6,000	6,000	6,000	8,000	2,000
Trfr from Fund 621 to Fund 629	1,000	1,000	1,000	1,000	-	(1,000)
Trfr from Fund 621 to Fund 631	67,790	65,337	65,337	65,337	66,727	1,390
Subtotal Jt. Water & Sewer Operating Fund - 621	<u>177,962</u>	<u>171,596</u>	<u>171,596</u>	<u>173,673</u>	<u>177,542</u>	<u>3,869</u>
<u>JOINT WATER AND SEWER REVENUE BOND D/S FUND - 631</u>						
Debt Service	65,792	69,337	69,337	69,337	67,727	(1,610)
Transfer to Capital Fund 627	-	-	-	-	-	-
Transfer to Capital Fund 629	5,000	3,000	3,000	3,000	3,000	-
Total Water/Sewer Debt Svc Fund-631	<u>70,792</u>	<u>72,337</u>	<u>72,337</u>	<u>72,337</u>	<u>70,727</u>	<u>(1,610)</u>
TOTAL	<u>248,754</u>	<u>243,933</u>	<u>243,933</u>	<u>246,010</u>	<u>248,269</u>	<u>2,259</u>
TOTAL DEPARTMENT APPROPRIATION	<u>248,754</u>	<u>243,933</u>	<u>243,933</u>	<u>246,010</u>	<u>248,269</u>	<u>2,259</u>
Interfund Adjustment	(67,790)	(65,337)	(65,337)	(65,337)	(66,727)	(1,390)
NET DEPARTMENT APPROPRIATIONS	<u>180,964</u>	<u>178,596</u>	<u>178,596</u>	<u>180,673</u>	<u>181,542</u>	<u>869</u>

This Page is Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Financial Plans

The following table is the financial plan for Fund 621 (Operating Fund). The plan looks from Fiscal Year 2010 thru Fiscal Year 2019. This plan takes into account the Authority's Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps 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 plan shows the effects of the budget on the Authority's Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Authority conservatively forecasts that a rate increase of 5% will be needed in Fiscal Year 2012.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Operating Fund

Hypothetical DS Comparison

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Capital Funds										
Needs: Basic (Min 50% cash Trans)	35000	34000	33000	33000	34000	35000	36000	36000	36000	36000
State Grant (Odor Control)										
Water Reclamation		7000	7000	7000	20000	10000	10000	10000	10000	10000
DWL (Santa Barbara)										
Southside Reuse			11000							
SJC Remediation			5000							
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		0	0	0	0	0	0	0	0
Valley Utility Projects	1000	1000	1000	0	0	0	0	0	0	0
Resources:										
Beginning Bal.	3288	54888	22988	35588	4688	26788	2888	32988	5088	33188
Valley Grant 627										
NMFA Water Loans										
NMED Sewer Loans										
State Grant Odor Control										
Bond Proceeds (Water Reclamation)	21000									
Bond Proceeds	55000		44500		62000		56000		56000	
Bond Proceeds Southside/SJC			16000							
Adjustments										
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Total	97888	67988	79588	47688	83788	50888	81988	57088	88188	63288
Balance June 30	54888	22988	35588	4688	26788	2888	32988	5088	33188	5288
Debt Service Fund										
Future Bond Interest=										
Transfer from 621	66183	65337	66727	72972	71373	70991	77335	82663	83694	84994
Transfer from 622										
Release of Res.										
Return of Intel Deposit										
Adjustments/Misc										
Total	78640	69862	71704	80416	79804	82422	89766	96093	98124	99425
Expenditures:										
S87/Series "2000A" P&I	0	0	0	0						
Series "C" P&I										
Series 92 P&I										
R										
Series 94A P&I	0	0	0	0						
Series 95 P&I	0	0	0	0						
SJC Series 1999 w/o bas	1559	1559	0	0						
Series 97 P&I		0	0	0						
99 P&I (excl SJC 622)	10981	10977								
2001 P&I	3978	4005	4034	4059						

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Operating Fund

Hypothetical DS Comparison

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Series 2005 P&I	2,629	1,321	2,376	2,411	2,316	2,310	2,295	2,447		
04 P&I	0	0	0	0						
2005 SJC \$116.695M	5,331	6,333	10,091	10,279	12,498	12,717	10,974	12,332	11,564	11,326
NMFA 2004B 82.120M	4,671	5,124	6,796	6,834	6,869	6,097	6,948	6,995	7,044	7,100
2004 NMFA DWRFL	240	240	734	734	734	734	734	734	734	734
NMFA 20M 2005 SJC	1,018	1,010	1,444	1,374	1,708	1,670	1,880	1,931	1,977	1,909
NMFA 36.295M Basic	6,008	5,863	4,713	4,582	4,445	4,004	5,415			
NMFA Series 2007A Basic	5,801	3,883	4,130	3,204	3,448	2,087	2,834	2,638	8,909	8,954
NMFA Series 2007A Reuse/SJ	1,191	3,121	2,915	4,864	3,936	5,069	3,804	5,147	2,279	2,507
Series 2008 Reuse/SJC \$55.6	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781	2,781
Series 2006 P&I	572	2,629	1,321	2,376	2,411	2,316	2,310	2,295	2,447	
Series 2006 P&I (8.680)	1,168	1,170	1,170	1,167	1,170	1,171	1,169	1,169	570	
Series 2006 SJC 112.765	7,000	7,982	7,984	7,985	7,986	7,981	7,982	7,986	6,984	7,986
Series 2009 (129.26)	8,173	7,721	12,387	12,393	12,388	12,393	12,389	12,392	12,389	12,385
Series 2009 (SJC 6.73)	429	504	504	501	503	501	504	499	499	499
AARA Funding		10	54	54	54	54	54	54	54	54
Proposed Issue					3,275	6,550	6,550	6,550	6,550	6,550
Proposed Issue			2,581	5,163	5,163	5,163	5,163	5,163	5,163	5,163
Total	71,983	72,685	73,061	80,785	78,173	80,791	88,135	94,463	96,494	97,794
Fund Balance	(2,275)	(2,823)	(1,356)	(369)	1,631	1,631	1,631	1,631	1,631	1,631
Other Inflation=										
Resources										
Bond Proceeds										
Rate Stabilization Fund										
Bg. Working Cap.	23,482	2,763	5,063	10,846	11,163	17,605	19,342	17,764	10,895	1,040
Total	179,454	169,856	188,588	197,200	208,935	218,423	223,252	224,815	221,135	214,519
Rate Stabilization Fund		7,000								
Basic O&M plus issues	85,101	88,663	91,928	93,767	95,642	97,555	99,506	101,496	103,526	105,596
Other (incl GF Trn & Tort)	10,500	10,592	10,587	10,799	11,015	11,235	11,347	11,461	11,575	11,691
Reduction in IDOH										
Salary Savings 4.5	(1,000)	(1,800)	(1,800)	(1,800)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Non recurring issues										
Maximo										
Rate Stabilization Fund	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transf. to DS	67,790	65,337	66,727	72,972	71,373	70,991	77,335	82,663	83,694	84,994
Transf. to Cap.	12,500	7,000	8,000	8,000	12,000	18,000	16,000	17,000	20,000	23,000
Total	176,691	171,792	177,742	186,037	191,330	199,081	205,488	213,920	220,095	226,582
Resources over Comm.	2,763	5,063	10,846	11,163	17,605	19,342	17,764	10,895	1,040	(12,063)
Rate Increases	0.00%	0.00%	5.00%	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accum. Inc. from 1990	54.3%	54.3%	59.3%	59.3%	64.3%	64.3%	64.3%	64.3%	64.3%	64.3%
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019

This Page is Left Intentionally Blank

FUNCTIONAL UNITS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 – 2012 BUDGET

FISCAL YEAR 2012 ADMINISTRATION OBJECTIVES

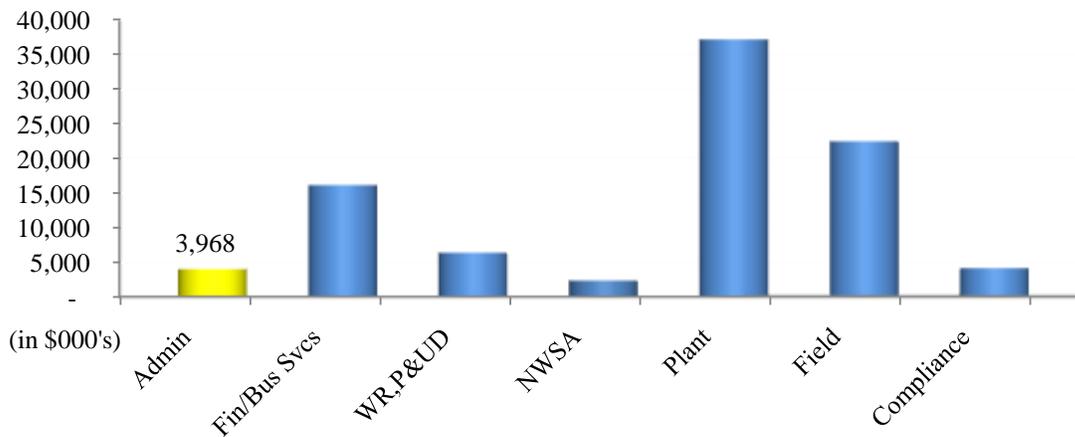
- Develop and implement an incentive program to advance all capable water and wastewater system employees to journey-level certification (both utility and state) through the end of the 4th Quarter of FY12.
- Implement employee performance evaluation system that aligns to performance objectives and benchmarks by the end of the 4th Quarter of FY12.
- Reduce the number of employee injury lost days by 10% by the end of the 4th Quarter of FY12.
- Maintain a utility-wide vacancy rate of no greater than 8% through FY12.

FISCAL YEAR 2012 ADMINISTRATION HIGHLIGHTS

The Authority will continue to fund the Employee Tuition Reimbursement Program and Employee Recognition Program in Fiscal Year 2012. 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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Water Authority						
Personnel	1,847	1,713	1,713	2,094	1,734	(360)
Operating	1,133	948	948	1,469	965	(504)
Capital	0	0	0	0	0	-
Internal Service	202	118	118	248	308	61
Total	3,182	2,779	2,779	3,811	3,007	(804)
Human Resources						
Personnel	1,086	1,301	1,301	1,182	887	(295)
Operating	264	127	127	172	70	(101)
Capital	0	32	32	32	0	(32)
Internal Service	4	5	5	5	4	(2)
Total	1,354	1,465	1,465	1,391	961	(430)
Total Division	4,536	4,244	4,244	5,202	3,968	(1,234)
Staffing (FTE)	31	31	31	31	24	(7)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

This Page is Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

FIELD DIVISION

The Field Division is responsible for operating and maintaining the water distribution system, wastewater collection and non-potable reuse distribution system. Drinking water is distributed to approximately 530,600 residents comprising approximately 88% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 201,110 accounts, including 176,321 residential and 24,960 multi-family, commercial, institutional and industrial accounts, as of May 30, 2011. Approximately 53.4% 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 2012 FIELD DIVISION OBJECTIVES

- Complete and close 80% of all inoperable meter work orders within 3 months of notification through the end of the 4th Quarter of FY12.
- Develop and begin implementation of a valve exercising program to minimize property damage and water loss and capture the global positioning system location by the end of the 4th Quarter of FY12
- Utilize asset management decision-making to reduce sanitary sewer overflows and collapses through the end of the 4th Quarter of FY12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

FISCAL YEAR 2012 FIELD DIVISION HIGHLIGHTS

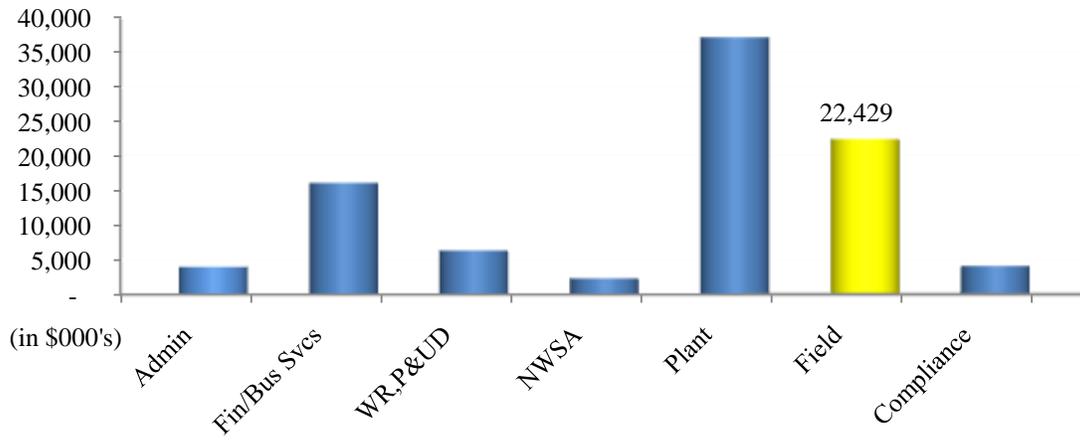
Various Field Division improvements will be completed or initiated this fiscal year including the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; continuation and evaluation of the Large Meter Testing & Repair program with in-house resources; and support (verification, repairs, & maintenance) for finalization of the fire hydrant leak survey program & conservation program will continue in FY12.

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 NM Utilities (Corrales Trunk). More efforts in odor and corrosion controls are also underway from the Collections Section, notably at 2nd & Griego and the 98th & Central facilities.

Work will continue on the South Valley Water System Expansion Project. This Project will provide a water system for the Southwest Valley of Bernalillo County. The overall project area is bounded on the east by the Rio Grande, on the west by the escarpment, on the north by Metzgar Boulevard, SW and on the south by the Isleta Pueblo. The project will provide water service to approximately 3,200 developed parcels in the Southwest Valley. Phases 1 to 5 have been completed and accepted by the Water Authority for operations and maintenance. Phase 6 has been divided into two phases, 6a and 6b. Phase 6a consists of distribution lines along Coors Boulevard, Isleta Boulevard, Los Padillas Road, Norment Road and the neighborhood between Coors Boulevard and the Isleta Drain. Phase 6a is under construction and will be complete by September 2011; the project will cost approximately \$2.8 million to construct. Phase 6b consists of all the other distribution lines between Cherry Tree Lane and Los Padillas Road not including Phase 6a. This phase will start construction in October 2011 and is estimated to cost \$3.2 million.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Appropriation by Functional Unit



Expenditures by Division (S000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Field						
Personnel	13,409	13,914	13,914	15,042	13,361	(1,680)
Operating	9,987	7,689	7,689	7,584	7,705	121
Capital	359	300	300	0	188	188
Internal Service	1,046	1,445	1,445	1,536	1,175	(361)
Total	24,801	23,348	23,348	24,162	22,429	(1,733)
Staffing (FTE)	191	207	207	206	186	(20)

This Page is Left Intentionally Blank

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 *Non-potable Water Reuse*)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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 the fall of 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 2012 PLANT DIVISION OBJECTIVES

- Increase ground water planned maintenance by completing 2,200 labor hours by the end of the 4th Quarter of FY12.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY12.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY12.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY12.
- Increase Southside Water Reclamation Plant planned maintenance by completing 12,500 labor hours by the end of the 4th Quarter of FY12.
- Optimize the 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 FY12.

FISCAL YEAR 2012 PLANT DIVISION HIGHLIGHTS

The San Juan-Chama Drinking Water Project (DWP) is expected to increase surface water treatment to provide 60% 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 approximately 70% 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.

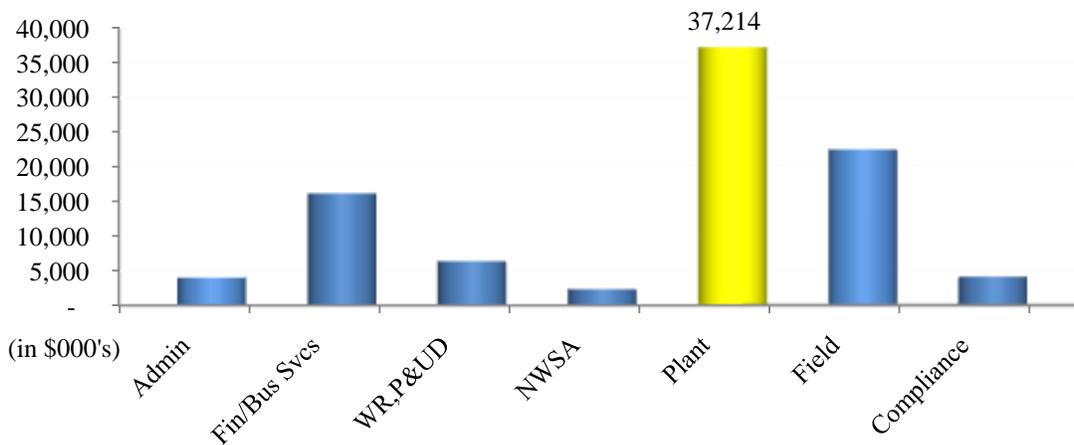
The construction of the Southside Municipal Effluent Polishing and Reclamation project will be complete in early FY12. Connections to the individual users will commence during the Fall/Winter with full operations to begin in irrigation season 2012. The project will provide up to 2,500 acre-feet or non-potable water to more than 40 large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Course, Bullhead and Vietnam Veterans park and Mesa del Sol.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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. Construction on these two facilities will begin in the fall of 2011. The funding for the RRAMP improvements will be provided through the Authority’s Capital Improvement Program (CIP).

The SWRP continues to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The Southside Water Reclamation Facility generates approximately 30% of its power requirements. Plans are to continue to increase the amount of residual solids that are composted and sold to increase revenue and work cooperatively to increase the amount of compost sold in FY12. It is the Authority’s goal to compost 20% of the total wastewater residuals.

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Plant						
Personnel	12,377	11,900	11,900	12,058	15,031	2,973
Operating	19,790	20,643	20,643	17,786	20,938	3,152
Capital	276	259	259	0	355	355
Internal Service	630	876	876	1,057	890	(167)
Total	33,072	33,678	33,678	30,901	37,214	6,313
Staffing (FTE)	187	171	171	178	198	20

This Page is Left Intentionally Blank

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 2012 WATER RESOURCES, ENGINEERING & PLANNING OBJECTIVES

- Reduce distribution water loss by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY12.
- Conduct pilot project on large diameter water line leak detection methods and complete evaluation of technologies by the end of the 4th Quarter of FY12.
- Join the Partnership for Safe Water treatment and distribution programs to optimize water system operations and performance by the end of the 1st Quarter FY12.
- Achieve water use of 155 gallons per person per day by the end of the 2nd Quarter of FY12.
- Continue implementation of the Comprehensive Asset Management Program to manage existing assets more effectively and plan for future needs; complete ten-year asset management plans by the 4th Quarter of FY12; and continue integration of Asset Management Plan into the CIP Decade Plan.
- Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY12. \$1 million shall be dedicated and used for identifying steel water pipes in critical or poor condition and rehabilitating or replacing at least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

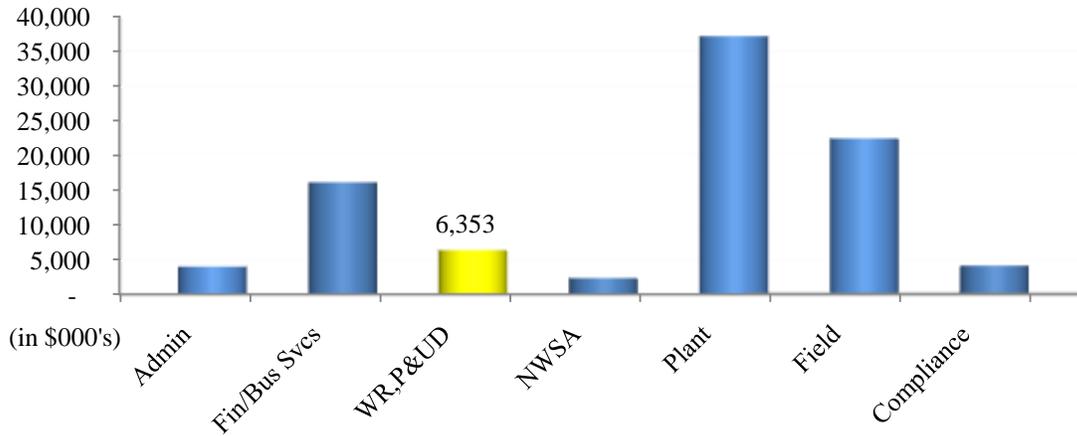
FISCAL YEAR 2012 WATER RESOURCES, ENGINEERING & PLANNING HIGHLIGHTS

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. The design of the full-scale pilot program is continuing in FY12 with permitting, design and construction to attempt to store more than 50,000 acre-feet into the aquifer at the water treatment plant site. This project will eventually create a future drought supply for the Authority.

The construction of the Southside Municipal Effluent Polishing and Reclamation project will be complete in early FY12. Connections to the individual users will commence during the Fall/Winter with full operations to begin in irrigation season 2012. The project will provide up to 2,500 acre-feet of non-potable water to more than 40 large turf sites in the southeast heights and south valley of Albuquerque including Isotopes Baseball Park, UNM Championship and Puerto del Sol Golf Course, Bullhead and Vietnam Veterans park and Mesa del Sol.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Appropriation by Functional Unit



Expenditures by Division (S000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Water Resources/Engineering/Planning						
Personnel	2,663	2,797	2,797	2,865	3,196	331
Operating	3,197	2,910	2,910	2,747	2,939	192
Capital	38	39	39	5	39	34
Internal Service	115	84	84	137	180	43
Total	6,013	5,830	5,830	5,754	6,353	599
Staffing (FTE)	33	33	33	34	35	1

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

This Page is Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 2012 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 FY12.
- Increase paperless billing to 10,000 enrollments and implement added functionality for all web self-service users by the end of 4th Quarter of FY12.
- Implement the Automated Meter Infrastructure program in conjunction with Meter Change Out Portal, Mass Meter Change Portal and Customer Services Portal by the end of 3rd Quarter FY12.
- Implement Accounts Receivable billing in the Customer, Care and Billing (CC&B) application by the end of 3rd Quarter FY12.
- Continue development of an integrated water/sewer and reuse master plan and modeling system through the end of the 4th Quarter of FY12.
- Implement the Maximo Purchasing module to streamline inventory/purchasing and contract tracking by the end of the 3rd Quarter of FY12; complete all Water Authority Maximo systems and shutdown legacy applications by the end of the 2nd Quarter of FY12.
- Implement cloud-based applications for email, communication and collaboration that will better disseminate and manage documents and information throughout the organization by the end of the 4th Quarter FY12.
- Implement mobile field devices for Maximo and Laboratory Information Systems in conjunction with business change management and cost/benefit analysis for field services by the 2nd Quarter of FY12.
- Develop and/or update all standard operating procedures and compile them into an electronic library by the end of the 4th Quarter of FY12.
- Based on GFOA best practices and in accordance with the Ten-Year Financial Plan, evaluate various options for increasing the financial capacity for capital spending and provide a report to the Water Authority Board by the 2nd Quarter of FY12.
- Based on GFOA best practices and in accordance with the Ten-Year Financial Plan, develop a strategy to increase the Water Authority's reserve fund to one-twelfth of operating expenses and provide a report to the Water Authority Board by the end of the 2nd Quarter FY12.
- Evaluate shifting small meter replacement to the Customer Services Division based on best practices by the end of the 2nd Quarter of FY12.
- Conduct an AWWA QualServe Self Assessment to obtain employee opinions on the Water Authority's operations by end of the 2nd Quarter of FY12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

FISCAL YEAR 2012 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

In FY12, the Information Technology Division (ITD) will concentrate on improving the desktop environment for users and continue the enhancement of existing applications. Regarding the desktop and mobile computer environment, the ITD will convert to Microsoft's Office365 environment for email, communications and collaboration. This service will provide the Authority with online document and records management, improved searching of documents, improved SharePoint services and video conferencing. This will include implementation of Active Directory, Office 2010 and Windows 7 and the computer replacement of several computers that no longer meet standards. Mobile devices will be deployed in areas that will improve the business processes of field work.

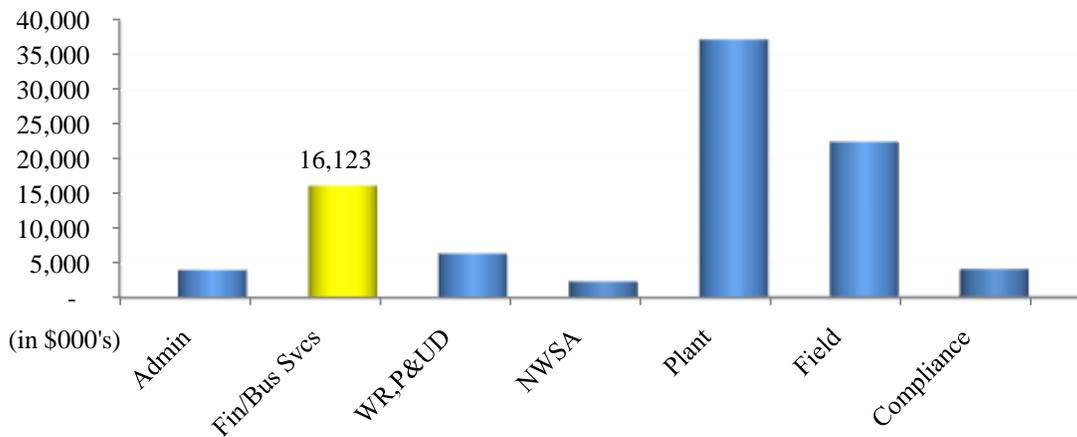
In FY12, the Authority will finish the implementation of Phase 1 of its Automated Meter Infrastructure (AMI) project for large meters, revamp our Customer Care and Billing (CC&B) billing web interface for customers and increase our market penetration of paperless billing. The AMI project will provide access to customers of their monthly, daily and hourly water usage. In January 2012, Phase 2 will begin with the deployment of the system to a pilot group of small residential meters.

The implementation and upgrade of Maximo (the Utility's Computerized Maintenance Management System) will continue. Maximo consists of thirteen modules and is currently used for work order planning, scheduling, tracking and history analysis. Expected completion of Phase 1 is early FY12. During FY12, the Authority anticipates bringing online the Purchasing, Inventory, Training and Qualification modules. In addition, the Authority will continue its deployment of Maximo on mobile devices such as laptops and tablets. This mobile environment will include accessing not just Maximo, but also operating manuals and Mapbooks electronically in the field.

The Laboratory Information Management System (LIMS) implementation will be completed in FY12 and will result in improved water quality business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Finance						
Personnel	1,299	1,513	1,513	1,572	1,635	62
Operating	2,054	2,622	2,622	1,979	2,669	689
Capital	0	0	0	0	0	-
Internal Service	3,252	3,350	3,350	3,350	2,501	(850)
Total	6,604	7,485	7,485	6,902	6,804	(98)
Information Systems						
Personnel	2,304	2,401	2,401	2,158	2,420	262
Operating	1,333	1,362	1,362	1,767	1,384	(383)
Capital	0	0	0	0	0	-
Internal Service	3	4	4	4	3	(1)
Total	3,640	3,768	3,768	3,930	3,807	(123)
Customer Services						
Personnel	3,122	3,315	3,315	3,333	3,519	185
Operating	1,388	1,516	1,516	1,486	1,543	57
Capital	47	58	58	0	58	58
Internal Service	138	110	110	130	142	13
Total	4,694	4,999	4,999	4,949	5,262	313
Low Income Utility Credit						
Operating	230	250	250	250	250	-
Total	230	250	250	250	250	-
Total Division	15,168	16,502	16,502	16,031	16,123	92
Staffing (FTE)	101	107	107	107	106	(1)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

This Page is Left Intentionally Blank

COMPLIANCE DIVISION

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

FISCAL YEAR 2012 COMPLIANCE OBJECTIVES

- Develop performance metrics and implement a reporting system for turnaround-time and hold-time performance at the Water Quality Lab by the end of the 4th Quarter of FY12.
- Provide a Water Authority-wide Compliance data repository that will allow authorized users access to current and historical data by the end of 4th Quarter of FY12.
- Monitor emerging State and Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations to identify and assess potential impacts on the Water Authority and provide quarterly reports.
- Improve the reliability of compliance results by developing an environmental monitoring Quality Assurance Program and implement its provision for State and Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) by the end of 4th Quarter of FY12.
- Improve compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance by continuing validation of compliance of food establishments, extra-strength discharge users, and industrial waste permit holders through the end of the 4th Quarter of FY12.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

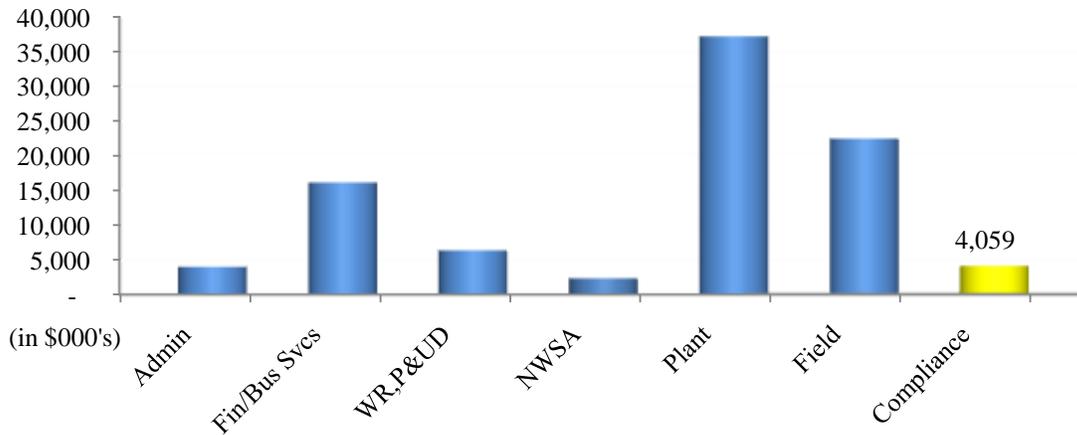
FISCAL YEAR 2012 COMPLIANCE HIGHLIGHTS

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance Division continues to develop and maintain a matrix of regulatory requirements and procedural conventions to assure accurate and timely reporting. A Quality Assurance/Quality Control Program will be developed to improve environmental monitoring practices. Monitoring of new regulatory initiatives will be further emphasized to define operational impacts and develop compliance strategies. The Industrial Pretreatment Program will continue to improve compliance with the Water Authority Sewer Use and Wastewater Control Ordinance by continuing validation of compliance of food establishments, extra-strength discharge users, and industrial waste permit holders. Implementation of the Master Plan for the Laboratory Information Management System (LIMS), a laboratory operations management tool that maintains records for millions of analytical results and associated quality assurance/quality control processes, continues. A LIMS reporting system for turnaround-time and hold-time performance will be developed, along with full-scale operational implementation of electronic data acquisition. Process modeling of business practices to improve efficiencies and define key performance metrics will continue.

The Laboratory Information Management System (LIMS) implementation will be completed in FY12 and will result in improved water quality business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Appropriation by Functional Unit



Expenditures by Division (S000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Compliance						
Personnel	2,232	2,747	2,747	2,763	3,347	584
Operating	577	678	678	601	679	79
Capital	0	2	2	0	2	2
Internal Service	25	17	17	26	31	4
Total	2,834	3,444	3,444	3,390	4,059	669
Staffing (FTE)	38	38	38	38	41	3

NORTHWEST SERVICE AREA DIVISION

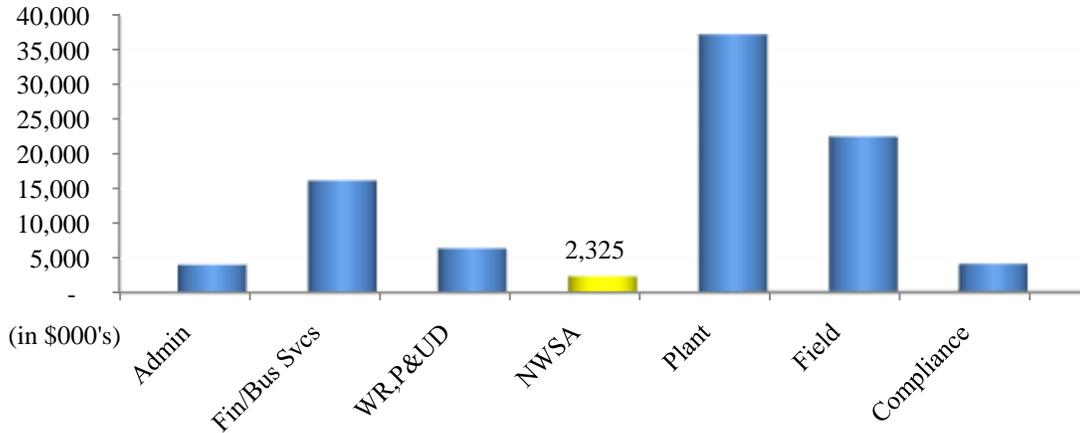
The Northwest Service Area (NWSA) encompasses 13 employees, eight well sites and provides water and wastewater service to approximately 17,500 accounts (about 55,000 people) on Albuquerque's West Side. The 34-square-mile service area includes Paradise Hills and the Ventana Ranch subdivision. The NWSA 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.

FISCAL YEAR 2012 NORTHWEST SERVICE AREA PROGRAM HIGHLIGHTS

The NWSA will continue to pilot Mobile Maximo in order to create SOP's for a paperless, real time, work order system, where field activities are dispatched and closed out on mobile devices. In addition, Mobile Maximo will be used to schedule and record the preventative maintenance activities on the meter box and valve replacement initiative for the service area. Also, the NWSA will be developing a reporting matrix where response time, emergency repairs, work order completion percentage, and preventative maintenance can be measured and benchmarked against industry leaders.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Appropriation by Functional Unit



Expenditures by Division (\$000's)	Unaudited FY/10	Original Budget FY/11	Revised Budget FY/11	Estimated Actual FY/11	Approved Budget FY/12	App 12/ Est Act 11 CHG
Northwest Service Area						
Personnel	878	686	686	783	686	(97)
Operating	1,482	1,954	1,954	584	1,598	1,014
Capital	0	0	0	0	0	-
Internal Service	29	69	69	29	40	12
Total	2,390	2,709	2,709	1,396	2,325	929
Staffing (FTE)	15	13	13	14	12	(2)

This Page is Left Intentionally Blank

REVENUE OUTLOOK

***Approved
Operating Budget
FY12***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

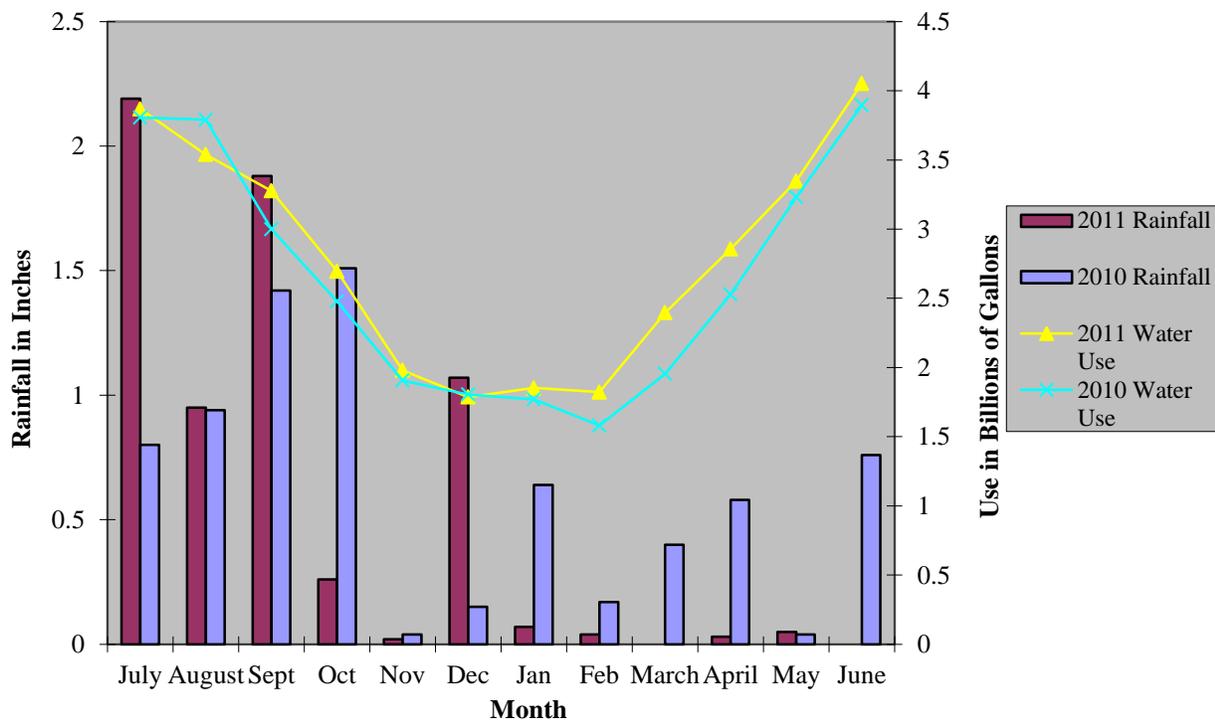
**REVISED FISCAL YEAR 2010 AND APPROVED FISCAL YEAR 2011
REVENUE PROJECTIONS**

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 2012 as compared to budget Fiscal Year 2011. 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 2010 the actual results are reported, and for Fiscal Year 2011 budgeted revenues and estimated actual are reported as well.

REVISED FISCAL YEAR 2011 REVENUE ESTIMATES

Total Authority operating fund revenues for Fiscal Year 2011 are anticipated to be \$166.97 million or \$11.4 million above Fiscal Year 2010. This is an increase of 6.8% over Fiscal Year 2010 and is projected to be at the approved Fiscal Year 2011 budget level. The increase is primarily the result of the customers in the Northwest Service Area having their rates adjusted to the Authority’s rate levels and increase water usage. The system has remained fairly flat from a growth perspective due to the slump in the housing industry. These along with continued conservation efforts revenues for Fiscal Year 2011 are estimated to be at Fiscal Year 2011 budgeted levels. This has been compounded by an increase in water usage due to the below average moisture that the service area has received since the beginning of the fiscal year (see chart below).

Water Usage And Rainfall FY2010 and FY2011



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2012

Budgeted total Authority Operating Revenues for Fiscal Year 2012 are \$183.8 million representing an increase of \$9.8 million above the budgeted Fiscal Year 2011 amount. The increase is due mainly from a 5% rate adjustment previously approved by the Board as well as the implementation of the two year rate study revision as required by Ordinance to maintain rate equity. Revenue in the Debt Service Fund decreases \$1.1 million in Fiscal Year 2012 mainly due to a \$2 million reduction in UEC income.

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 (\$80 million, 42% of total revenue). The Water System provides water services to approximately 600,000 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 201,281 accounts, including 176,321 residential and 24,960 multi-family, commercial, institutional and industrial accounts, as of May 30, 2011. Approximately 53.4% of the water sales are for residential uses.

Sewer (\$61 million, 32% of total revenue). Sewer services are provided to virtually all homes, schools, and businesses within the Albuquerque city limits, as well as the Village of Tijeras, Kirtland Air Force Base, Sandia Heights, and other residential areas in Bernalillo County. In all, the Authority provides service to about 600,000 people, with 173,000 residential customer accounts, 17,600 multi-family and commercial accounts, 2,200 institutional accounts and 100 industrial customer accounts.

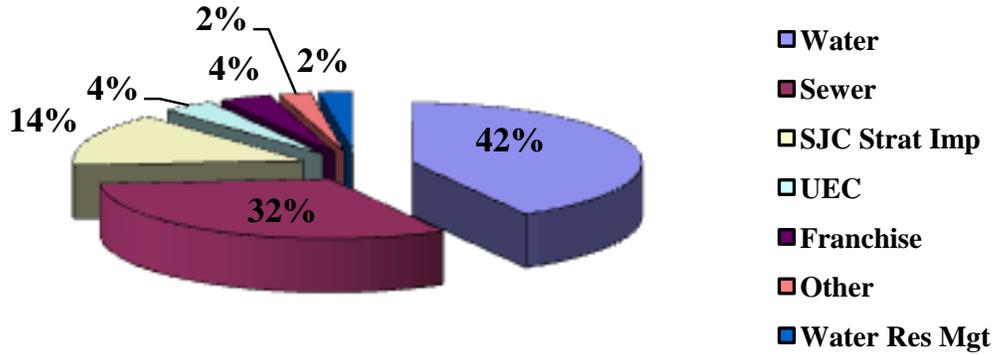
San Juan Chama Strategy Implementation (\$27.6 million, 14% of total revenue). The San Juan-Chama Drinking Water Project will supply up to 75% of the metropolitan area's future water. San Juan-Chama water diverted from the river will be transported to a state-of-the-art treatment plant, from which purified 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 (\$7 million, 4% of total revenue). A Utility Expansion Charge is paid at the time of a meter sale or an application for service for all properties connecting to the water and/or wastewater system.

Franchise Fee (\$6.9 million, 4% 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.

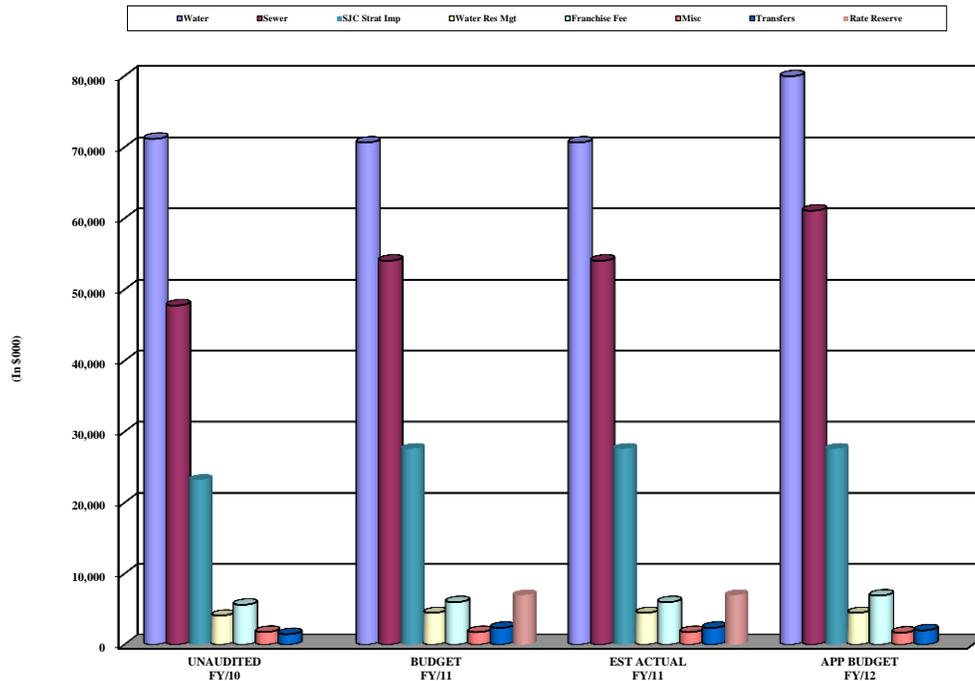
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Revenue Sources



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

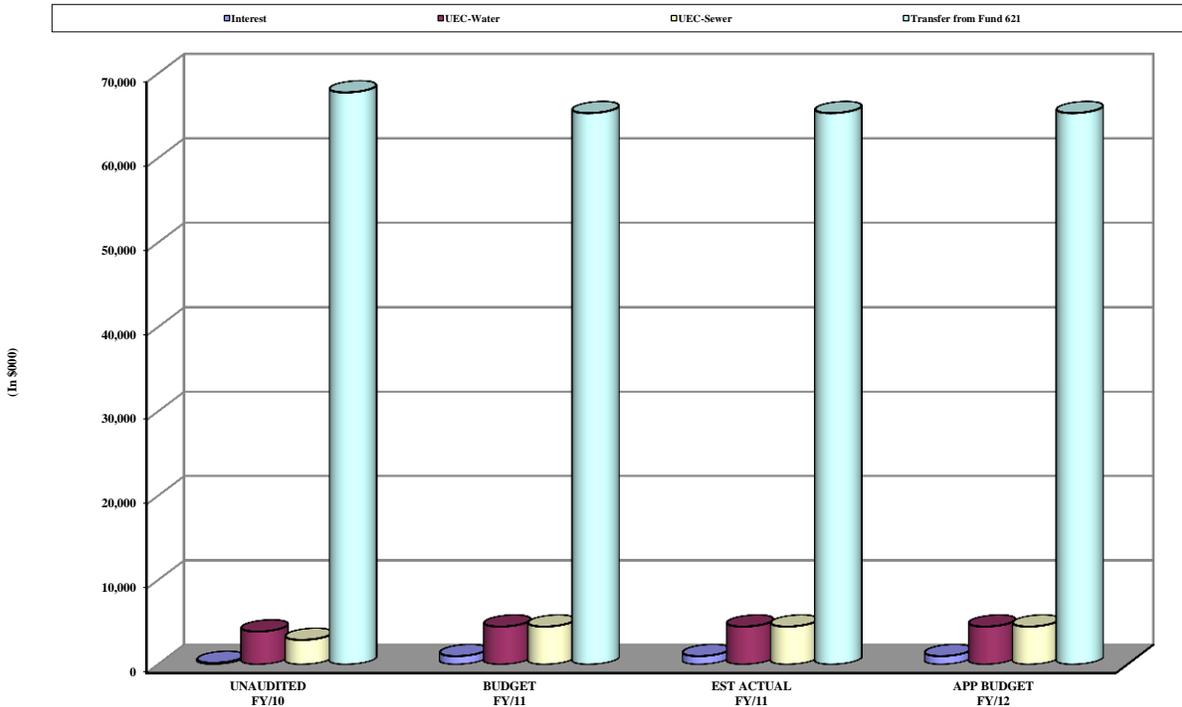
Fund 621 Operating Revenue



	UNAUDITED FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	364	1,200	1,200	1,200	750	(450)
Other Miscellaneous Revenue	1,429	1,174	1,174	1,174	1,274	100
Total Miscellaneous Revenues	1,793	2,374	2,374	2,374	2,024	(350)
Enterprise Revenues						
City System-Water	57,821	59,229	59,229	59,229	68,036	8,807
City System-Sewer	35,081	44,836	44,836	44,836	51,551	6,715
City System-Contr/Aid	369	240	240	240	240	-
SJC Strategy Implementation	23,245	27,627	27,627	27,627	27,627	-
City Metered Water Sales - Reuse	238	350	350	350	350	-
City System-Franchise Fee	5,141	5,452	5,452	5,452	6,292	840
Water Resources Management	4,087	4,468	4,468	4,468	4,468	-
Water Facilities Rehab	8,669	7,100	7,100	7,100	7,100	-
Wastewater Facilities Rehab	9,790	6,200	6,200	6,200	6,200	-
Total City System	144,441	155,502	155,502	155,502	171,864	16,362
Valley System-Water	4,311	3,850	3,850	3,850	4,373	523
Valley System-Sewer	2,692	2,824	2,824	2,824	3,168	344
Valley System-Contr/Aid	(12)	100	100	100	50	(50)
Valley System-Franchise Fee	427	479	479	479	553	74
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	59	60	60	60	69	9
Total Valley System	7,479	7,314	7,314	7,314	8,214	900
Total Enterprise Revenues	151,920	162,816	162,816	162,816	180,078	17,262
Transfers from Other Funds						
CIP Funded Employees	496	750	750	650	650	-
Refuse Disposal Op. Fund - 651	997	1,032	1,032	1,032	1,047	15
Total Transfers	1,493	1,782	1,782	1,682	1,697	15
Total Current Resources	155,206	166,972	166,972	166,872	183,799	16,927
Beginning Working Capital Balance	27,321	2,471	2,471	2,471	5,746	3,275
TOTAL RESOURCES	182,527	169,443	169,443	169,343	189,545	20,202

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Fund 631 Debt Service Revenue



(\$000's)	UNAUDITED FY10	ORIGINAL BUDGET FY11	REVISED BUDGET FY11	ESTIMATED ACTUAL FY11	APPROVED BUDGET FY12	APP 12/ EST ACT 11 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	193	1,000	1,000	1,000	500	(500)
Expansion Charges (UEC)	6,837	9,000	9,000	9,000	7,000	(2,000)
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	7,030	10,000	10,000	10,000	7,500	(2,500)
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Joint Water and Sewer Rehab - 628	0	0	0	0	0	0
Water/Sewer Operating Fund - 621	67,790	65,337	65,337	65,337	66,727	1,390
Total Transfers	67,790	65,337	65,337	65,337	66,727	1,390
Total Current Resources	74,820	75,337	75,337	75,337	74,227	(1,110)
Beginning Fund Balance	(5,652)	0	0	0	1,376	1,376
TOTAL RESOURCES	69,168	75,337	75,337	75,337	75,603	266

This Page is Left Intentionally Blank

ECONOMIC OUTLOOK

It should be noted that the following is based on the October 2010 forecast and events have transpired that may or may not agree with this forecast.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The National Bureau of Economic Research (NBER) declared that the recession ended in June 2009. At 18 months, this is the longest post WWII recession. The recovery has been weak and to this point relatively jobless. Unemployment remains high and is not expected to come down noticeably in the next year.

In the October 2010 forecast, Global Insight (GI) expects moderate growth with year over year growth in real GDP and FY/11 is expected to be 2.2% above FY/10 which increased by 0.7%. Employment growth is not expected to be positive until FY/11 when it is expected to grow only 0.5%. Total employment is not expected to reach its previous peak, which occurred in the last quarter of 2007, until the second quarter of 2014. Unemployment is expected to reach its peak of 9.8% in fourth quarter of 2010 and by FY/15 only decline to 7.6%. Inflation is one of the few bright spots in the GI forecast. They expect growth in the Consumer Price Index (CPI) to remain muted, below 2% for most of the forecast. Some of this is due to the expectation of fairly moderate increases in the price of oil with prices staying around \$78 per barrel through FY/11 and gradually increasing to \$98 in FY/14. The primary reason for the expectation of low inflation is the weakness in demand due to the weak labor market.

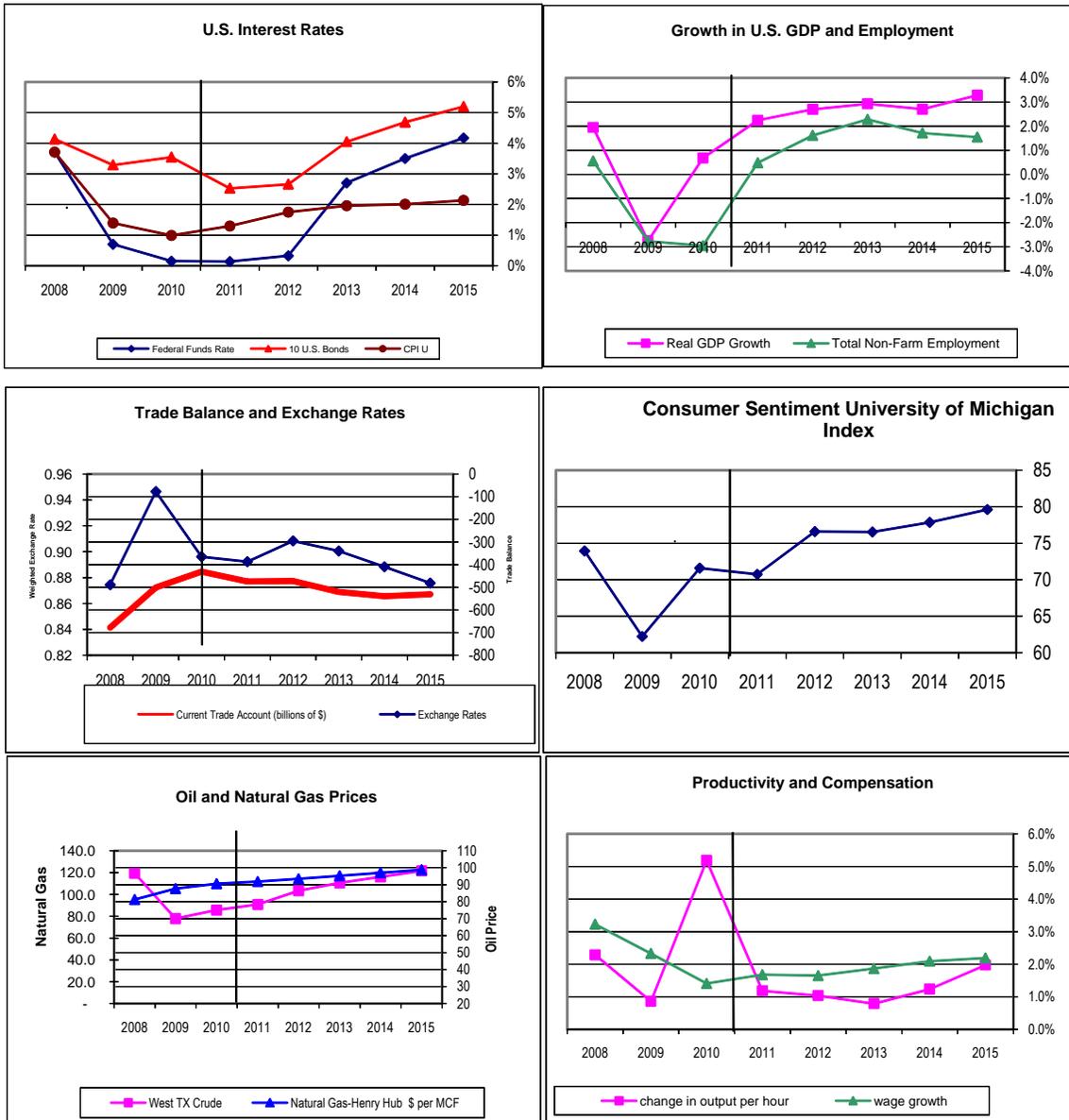
The low inflation expectation also plays into moderate increases in interest rates. GI believes that the Federal Reserve Bank (FRB) will not raise rates until 2012; reaching 2.7% in 2013 and continue slowly increasing to reach 4.2% in FY/15.

The alternative forecast gives a 25% probability to a pessimistic scenario and 15% probability to an optimistic scenario. The pessimistic scenario has the economy falling back into recession. This is driven by weakening in credit markets both domestically and across the world. The unemployment rate peaks at 10.7% in FY/12 and only declines to 9.1% by FY/15. Added to this, increases in the price of commodities push up the CPI to above baseline levels in out years. The optimistic scenario has a quicker recovery. This is driven by the credit markets working better and increases in productivity. The unemployment rate also declines to 6.5% by FY/15

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

TABLE I
U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)
 October 2010 Baseline Forecast



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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. Single family housing has increased, but it appears that much of the increase was due to stimulus programs for home buyers. With the slowdown and inability to get loans firms have closed and construction projects have lingered. Commercial development has been limited, with several government projects helping construction.

Employment growth in the Albuquerque economy began slowing in FY/08 and has continued. In FY/09 employment declined 2.2% continuing with FY/10 down by 2.9%, and in FY/11 the decline is only 0.6%, with growth expected in the 2nd two quarters of the fiscal year. The third quarter of 2009 showed the largest year over year decrease at -4.8%. The slowdown is due in part to construction slowing, but layoffs at several major firms has also played a major role. Manufacturing suffered with cuts at Intel, Eclipse Aviation and GE. Public Service Company of New Mexico (PNM) eliminated approximately 500 jobs. The unemployment rate is expected to increase from 3.5% in FY/08 to 8.8% in FY/11. It remains at this level in FY/12 and declines to 7.4% in FY/15. The pre-recession peak in employment (399 thousand in the 4th quarter 2007) is not reached again until the 4th quarter of 2015.

Table 4 at the end of this section provides sector employment numbers for FY/08 to FY/15 by the major NAICS categories.

Wholesale and Retail Trade. These sectors account for about 14% of employment in the Metropolitan Statistical Area (MSA). The sectors posted declines of 4.7% and 4.3% in FY/09 and FY/10. Wholesale trade is expected to recover somewhat faster than retail but together they decline 0.4% in FY/11. FY/12 has growth of 2.5%. The forecast remains well below the employment levels of FY/06 to FY/08.

Transportation, Warehousing and Utilities. Employment in this sector was weak before the recession hit. The recession exacerbated this with decreases of 6.6% in FY/09 and 8.8% in FY/10. The forecast has a slight increase in FY/11 then employment bounces back with growth of 2.5% and 2.6% in FY/12 and FY/13. Growth slows to near 1% for the remainder of the forecast.

Manufacturing. This sector accounted for about 6% of employment in the MSA in FY/07 but falls to below 5% in FY/10 and the remainder of the forecast. The sector lost approximately 6,600 jobs between FY/07 and FY/10, with FY/11 showing an additional loss of around 70 jobs but starting to create new jobs at the end of FY/11. Employment is expected to increase just over 3% in both FY/12 and FY/13. Growth slows in FY/14 and FY/15. In FY/15 manufacturing employment is still almost 5,000 jobs below the FY/07 level.

Educational and Health Services. Albuquerque is a major regional medical center. Presbyterian Hospital and its HMO are one of the largest employers in the area. This is also one of the fastest growing categories in the MSA economy. In the period FY/06 to FY/09, the sector increased at an average rate of 3.8%. In FY/10 the sector grew at 3%; making it the only sector outside of government to grow in either FY/09 or FY/10. Growth is expected to slow to 2.7% in FY/11. The sector slows and has average annual growth of around 2% in FY/12 to FY/15.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other travel related facilities. Growth has been volatile in this sector. In FY/07 growth was 4.7% driven by expansion in restaurants and hotels. In FY/08 the growth had slowed to 0.6% and then declined 3.7% in FY/09. In FY/10 growth is expected to decline 0.9%. This is a major component of GRT and Lodgers' Tax and the growth in tax revenues trends somewhat with employment in the sector. The forecast shows subdued growth in the sector with a maximum of 2.5% in FY/13.

Financial Activities. This sector includes finance, insurance and real estate including credit intermediation. The employment in this sector had a slight decline between FY/05 and FY/08. Growth in FY/05 and FY/06 was offset by declines in FY/07 and FY/08. In FY/09 employment decreased by 3.3% and is expected to decline another 2.3% in FY/10. Both the financial crisis and the construction decline impact this sector. Not until FY/12 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 from FY/05 to FY/08 averaged 2.3%. Employment declined by 2.4% in FY/09 and is expected to decline 5.6% in FY/10 and an additional decline of 2% in FY/11. The sector has a moderate rebound of 3.1% in FY/12. 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 FY/02 to FY/05 including the loss of jobs when the MCI call center closed. In FY/06 the sector grew by only 0.2%, but rebounded in FY/07 with growth of 4.1% then declined 1.9% in FY/08. FY/09 only had a decline of 0.7%, but FY/10 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 and the total annual value of commercial construction has not reached any of the previous peaks, though it did well in 2008, in part due to public construction.

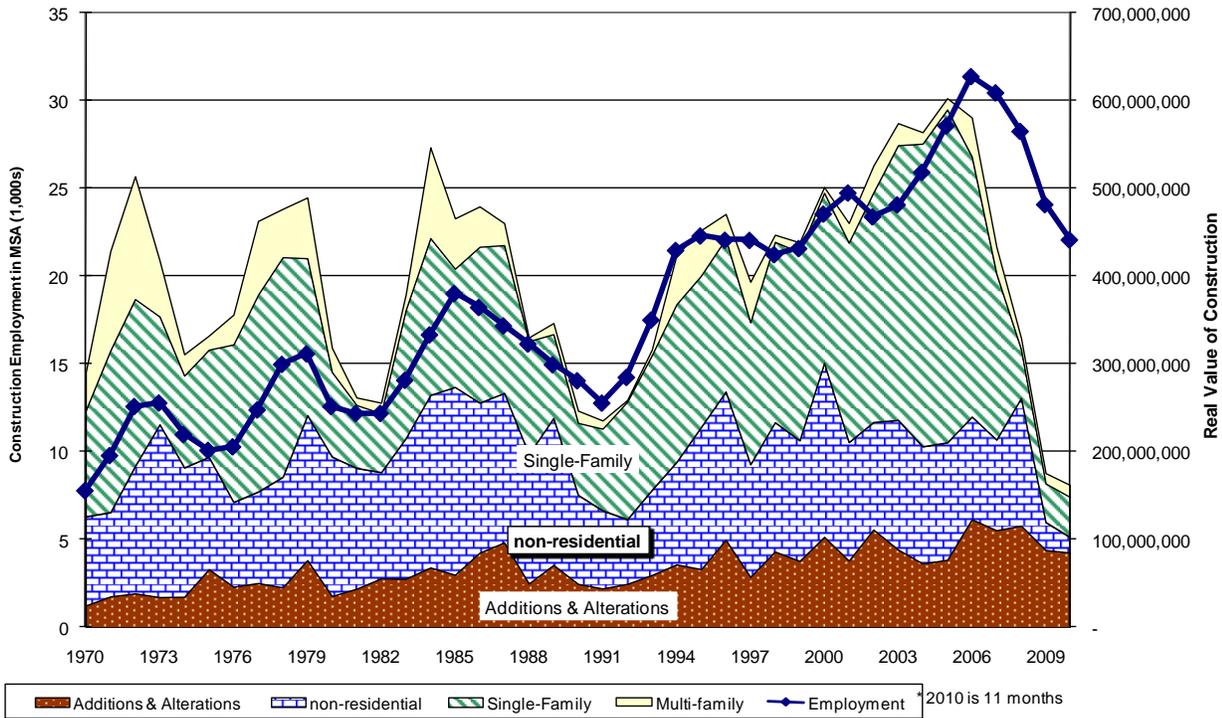
Single family construction fell dramatically in 2008. The City issued an average of 27 permits a month in the period August 2008 through February 2009. In FY/10 there were 876 single family permits issued. In FY/09 only 436 single family permits were issued. This compares to 1,214 in FY/08 and 2,490 in FY/07. The peak occurred in FY/04 and FY/05 with approximately 5,000 permits issued each year.

While there was some strengthening of non-residential permitted value in FY/08 and early FY/09 much of this was due to Albuquerque Public Schools construction program. Following this, new non-residential permits have continued to fall. In the first 11 months of 2010 compared to the same period in 2009, the decline in total value was about 1%. Most of this decline occurred because of the slowdown in new public construction. Additions, alterations and repairs have held up relatively well and the modest increases in single family permitting has the total value of building permits 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

**Construction Values In City of Albuquerque Deflated by CPI
and Construction Employment in the MSA in Thousands**

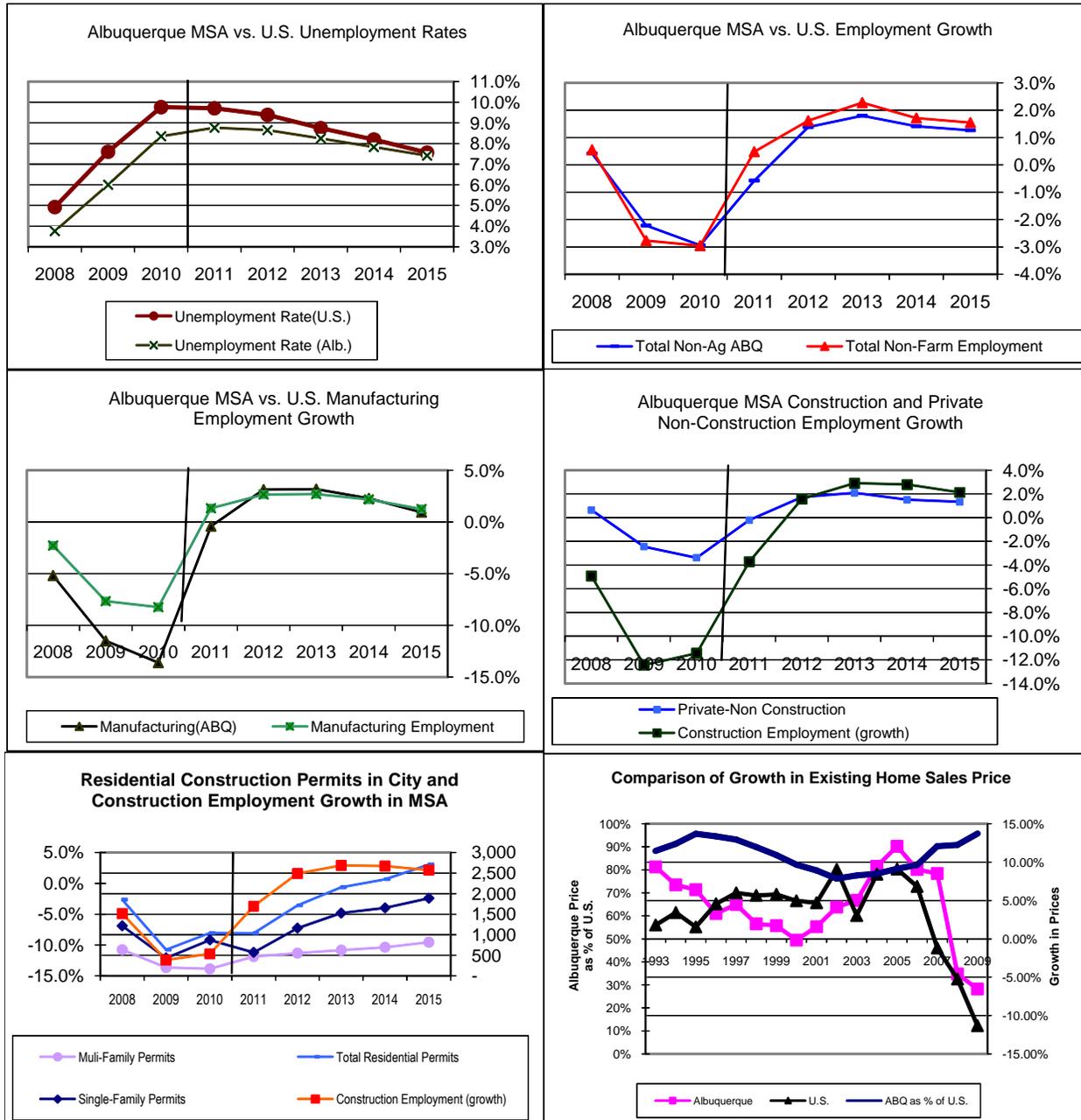


Building permits only tell part of the construction story. Non-building construction such as roads and storm drainage are not captured in the permit numbers. Large construction projects for the State, such as University Hospital, are permitted by the State rather than the City. Employment in the construction sector gives a picture of growth in the entire MSA. As shown in the chart above, construction employment moves similarly to permit values, but differences occur. Growth in employment was very strong in 2000-2002, driven in large part by the Intel project and the Big-I reconstruction project. The Big-I was completed ahead of schedule in June 2002, and the Intel project was also finished in June of 2002. As these jobs were lost, the City saw a reduction in employment in FY/02 and some additional losses in FY/03: losses of 3.3% and 2.3% respectively. Employment growth remained strong through FY/07 when it began to slow. In FY/08 employment slowed 5% followed by declines of 12.4% and 11.4% in FY/09 and FY/10. The forecast is for continued declines in FY/11 though slowing to a decline of 3.7%. Employment is expected to grow in FY/12 through FY/15, but with a maximum of only 2.9% in FY/13. Employment in FY/15 is expected to be almost 7,000 below the peak in FY/07.

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

By Fiscal Year BBER FORUNM Baseline October 2010



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

TABLE 3

Economic Variables Underlying the Forecast

	Historical			Forecast				
	2008	2009	2010	2011	2012	2013	2014	2015
National Variables								
Real GDP Growth	2.0%	-2.8%	0.7%	2.2%	2.7%	2.9%	2.7%	3.3%
Federal Funds Rate	3.7%	0.7%	0.2%	0.1%	0.3%	2.7%	3.5%	4.2%
10 U.S. Bonds	4.1%	3.3%	3.5%	2.5%	2.7%	4.1%	4.7%	5.2%
CPI U	3.7%	1.4%	1.0%	1.3%	1.8%	2.0%	2.0%	2.1%
Unemployment Rate(U.S.)	4.9%	7.6%	9.8%	9.7%	9.4%	8.7%	8.2%	7.6%
Total Non-Farm Employment	0.6%	-2.8%	-3.0%	0.5%	1.6%	2.3%	1.7%	1.6%
Manufacturing Employment	-2.3%	-7.7%	-8.2%	1.3%	2.7%	2.7%	2.2%	1.2%
Consumer sentiment index--University of Michigan	73.9	62.2	71.6	70.8	76.6	76.5	77.8	79.6
Exchange Rates	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Current Trade Account (billions of \$)	(677.4)	(500.1)	(430.9)	(473.9)	(472.6)	(520.3)	(538.8)	(530.2)
change in output per hour	2.3%	0.9%	5.2%	1.2%	1.0%	0.8%	1.2%	2.0%
Natural Gas-Henry Hub \$ per MCF	95.4	105.3	109.8	111.8	114.4	117.1	119.8	122.6
West TX Intermediate (dollars per bbl)	96.8	70.1	75.2	78.4	86.5	91.2	94.6	98.2
wage growth	3.2%	2.3%	1.4%	1.7%	1.7%	1.9%	2.1%	2.2%
Albuquerque Variables								
Employment Growth and Unemployment in Albuquerque MSA								
Total Non-Ag ABQ	0.4%	-2.2%	-2.9%	-0.6%	1.4%	1.8%	1.4%	1.3%
Private-Non Construction	0.6%	-2.4%	-3.4%	-0.2%	1.7%	2.1%	1.5%	1.3%
Construction Employment (growth)	-4.9%	-12.4%	-11.4%	-3.7%	1.6%	2.9%	2.8%	2.1%
Manufacturing(ABQ)	-5.2%	-11.5%	-13.6%	-0.4%	3.1%	3.2%	2.3%	0.9%
Unemployment Rate (Alb.)	3.8%	6.0%	8.4%	8.8%	8.7%	8.2%	7.8%	7.4%
Construction Units Permitted in City of Albuquerque								
Single-Family Permits	1,215	435	873	571	1,159	1,526	1,652	1,887
Multi-Family Permits	638	204	172	470	555	628	698	821
Total Residential Permits	1,853	639	1,045	1,041	1,714	2,154	2,350	2,708
Source Global Insight and FOR-UNM October 2010 Baseline Forecasts								

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

TABLE 4

Albuquerque MSA Employment in Thousands										
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
TOTAL NONAGRICULTURAL	385.200	394.367	396.017	387.217	375.817	373.648	378.806	385.617	391.076	396.020
CONSTRUCTION	30.417	31.150	29.617	25.933	22.967	22.114	22.464	23.118	23.764	24.272
MANUFACTURING	23.433	24.133	22.883	20.250	17.492	17.420	17.967	18.540	18.965	19.145
WHOLESALE TRADE	13.083	13.292	13.350	12.392	12.008	12.191	12.343	12.545	12.676	12.762
RETAIL TRADE	43.683	44.167	44.825	43.025	41.050	40.677	40.748	41.768	42.273	42.696
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.417	10.717	10.933	10.217	9.317	9.334	9.571	9.819	9.945	10.043
INFORMATION	9.008	9.375	9.200	9.150	8.925	8.683	8.885	9.130	9.384	9.524
FINANCIAL ACTIVITIES	19.375	19.167	18.983	18.350	17.908	17.812	18.033	18.205	18.183	18.170
PROFESSIONAL AND BUSINESS SERVICES	61.992	63.492	64.333	62.808	59.275	58.070	59.857	61.550	63.059	64.735
EDUCATIONAL AND HEALTH SERVICES	47.108	48.542	49.842	52.675	54.275	55.755	57.377	58.524	59.470	60.557
LEISURE AND HOSPITALITY	37.408	39.158	39.408	37.950	37.625	37.237	37.049	37.499	37.871	37.998
OTHER SERVICES	11.992	12.183	12.308	12.267	11.783	11.931	11.965	11.967	11.979	11.979
GOVERNMENT	77.283	78.992	80.333	82.200	83.192	82.419	82.542	82.943	83.498	84.134
LOCAL GOVERNMENT	38.075	39.067	40.225	41.625	41.658	40.690	40.823	41.097	41.425	41.821
STATE GOVERNMENT	24.800	25.375	25.625	25.658	25.858	25.460	25.527	25.786	26.132	26.421
FEDERAL GOVERNMENT	14.408	14.550	14.483	14.917	15.675	16.269	16.192	16.060	15.940	15.891
Private Non-Construction	277.500	284.225	286.067	279.084	269.658	269.115	273.800	279.556	283.814	287.614
MILITARY EMPLOYMENT, THOUSANDS	6.093	6.121	5.780	5.940	6.269	6.361	6.347	6.250	6.265	6.225

CAPITAL BUDGET

***Approved
Operating Budget
FY12***

CAPITAL IMPLEMENTATION PROGRAM

Capital Program Overview

The blueprint for the Authority's capital program is the Decade Plan, a ten-year capital plan required to be updated biennially in even numbered fiscal years with two, four, six, eight and ten year planning elements. The Decade Plan includes detailed requirements for program development and project scope, schedule, budget, justification and alternatives. The Decade Plan requires approval by the Authority Board with at least one public hearing and due deliberation. In those fiscal years where the Decade Plan must be updated, the new Decade Plan must be approved by the Authority's 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 capital program budget. FY12 is the first year of the two year planning element included in the FY12 – FY21 Decade Plan approved by the Board in April 2011.

The Authority's capital program is comprised of 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 for that specific purpose and accordingly, their size and scope are dependent upon the revenue stream generated. The Authority has increased in recent years its utilization of state and federal grants to fund some capital projects in whole or in part.

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 FY12 – FY21 Decade Plan was significant for the use of risk analysis techniques combined with an asset management strategy to determine where the Authority's capital resources should be expended in order to maximize the benefit to rate payers. The Authority's asset management plan 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. The adopted decade plan represents the funding decisions made by a broad array of staff and managers throughout the Authority. Project prioritization resulted from unprecedented levels of discussions within the Authority and with outside consultants engaged to assist the Authority in charting a path for its capital program.

The FY12 – FY21 Decade Plan for rehabilitation was designed from a pipeline / plant perspective rather than from the water / water reclamation perspective used in prior decade plans. A pipeline / plant perspective provides a basic delineation of the infrastructure as either being in the ground or on the surface of the ground. In order to enhance distinctions within the plant category, odor control, lift station and compliance rehabilitation were shown separately from water reclamation plant. Unfunded work was also included in the new decade plan as an attempt to demonstrate what the needs were irrespective of funding.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Ongoing at the Southside Water Reclamation Plant is an accelerated renovation program funded by \$20 million in proceeds from the Authority's revenue bond sale in April 2009. The accelerated program resulted from a condition assessment of the Plant done in 2009. If similar supplemental funding becomes available in FY14, the FY12 – FY21 Decade Plan has three major initiatives starting in FY14 – the Digester Rehabilitation and Capacity Improvement project, the Aeration Basin Rehabilitation project and the Dissolved Air Flotation (DAF) Rehabilitation project.

The Basic growth program has shifted in focus from placing from new pipe in the ground to achieving performance improvement goals and meeting mandated standards. The discretionary spending in the FY12 Growth program budget will continue initiatives in Information Technology (IT) support for the operating divisions. The remainder of the Growth program is primarily non-discretionary and includes funding for the low income connection program managed by Bernalillo County and repayment to developers as connections are made to the System.

There are no appropriations in the approved FY12 CIP budget for projects that will be funded with revenues from FY13 and later.

FY12 Capital Program Appropriations and Spending by Categories

Overall Perspective

The Authority's Capital program budget for FY12 is \$33 million for the Basic capital program and \$7.88 million for special projects.

The Basic program is comprised of \$30 million for rehabilitation infrastructure needs as required by the Rate Ordinance and \$3 million for growth infrastructure needs. Included in the special projects section is the final \$3.88 million appropriation of the \$20 million in supplemental funding for the Southside Water Reclamation Plant discussed above.

FY12 planned spending differs from the appropriation because of positive and deficit carryovers from the FY11 capital program. Deficit carryovers are absorbed to the extent feasible and beneficial by subsequent year revenues with a corresponding reduction in the next year's spending. There were some large diameter sewer line collapses late in FY11 that will be difficult to fully absorb in FY12.

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.

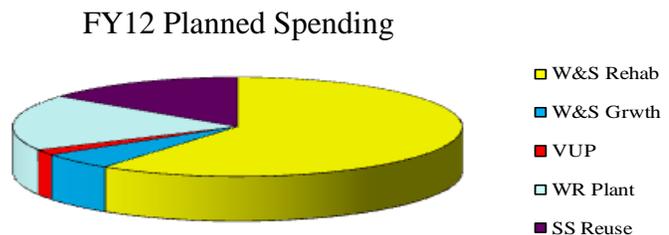
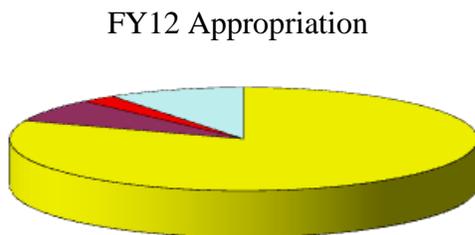
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

For presentation purposes the renewal budget categories called compliance and shared renewal are split between pipeline and plant renewal depending on the specific work. Based on recent history, the expectation is that the Basic program will be fully expended in FY12 and FY13.

	Appropriation	Planned Spending
Basic Pipeline Renewal	\$ 9,150,000	\$ 9,150,000
Basic Plant Renewal	\$ 20,850,000	\$ 20,850,000
Basic System Growth	\$ <u>3,000,000</u>	\$ <u>3,000,000</u>
Total Basic	\$ <u>33,000,000</u>	\$ <u>33,000,000</u>
 Special Projects:		
Rehab		
Automated Meter Infrastructure	\$ 2,000,000	\$ 2,000,000
Steel Water Line Replacement	\$ 1,000,000	\$ 1,000,000
Water Reclamation Plant Improvements	\$ 3,880,000	\$ 10,000,000
 Growth		
Valley Utilities Projects	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>
Total Special Projects	\$ <u>7,880,000</u>	\$ <u>14,000,000</u>
 Water Resources Management Strategy		
Southside Reuse Project	\$ -	\$ <u>8,000,000</u>
Total	\$ <u>40,880,000</u>	\$ <u>55,000,000</u>

<u>Category</u>	<u>Percentage</u>	<u>Amount</u>
Rehab	90.2	\$ 36,880,000
Growth	7.3	\$ 3,000,000
Valley Utilities Projects	2.5	\$ 1,000,000
Water Resources Management Strategy	-	\$ -
Total	<u>100.0</u>	\$ <u>40,880,000</u>



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

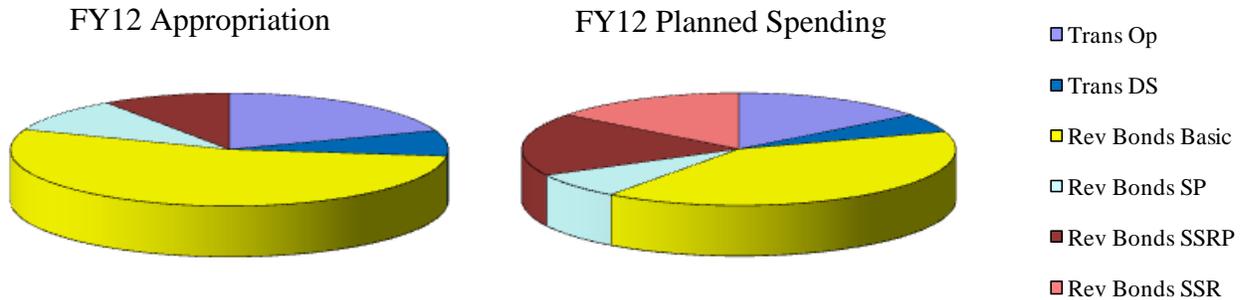
The revenue sources for the appropriations are comprised of:

Transfer from Operating Fund 621 for Basic rehab	\$	8,000,000
Revenue bonds for Basic rehab	\$	22,000,000
Transfer from Debt Service Fund 631 for Basic growth	\$	3,000,000
Revenue bonds for Southside Water Reclamation Plant improvements	\$	3,880,000
Revenue bonds for Valley Utilities	\$	1,000,000
Revenue bonds for Automated Meter Infrastructure	\$	2,000,000
Revenue bond proceeds steel water lines	\$	<u>1,000,000</u>
Total	\$	<u>40,880,000</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Reconciliation between Appropriations and Planned Spending

Appropriations per this resolution	\$	40,880,000
Previously appropriated bond and loan proceeds that will be used for the Southside Water Reclamation Plant improvements	\$	6,120,000
Southside Reuse Project	\$	<u>8,000,000</u>
Planned spending	\$	<u>55,000,000</u>



By fund, the \$40.88 million is allocated: \$1.5 million in the Valley Projects fund 627 (the \$.5 million for the low income connection program is in fund 627), \$36.88 million in the Joint Water & Sewer Rehabilitation Fund 628 and \$2.5 million in the Joint Water & Sewer Fund 629.

Basic Program Perspective

Basic Program appropriations For FY12 and FY13 by decade plan category are presented below. The expectation is that planned spending will equal appropriations by category for both years.

	FY12		FY13
<u>Renewal Program</u>			
<u>Pipeline Renewal Program</u>			
Sanitary Sewer Pipeline Renewal	\$ 4,550,000		\$ 5,000,000
Drinking Water Pipeline Renewal	\$ 3,400,000		\$ 3,700,000
<u>Plant Renewal Program</u>			
Southside Water Reclamation Plant Renewal	\$ 15,000,000		\$ 15,000,000
Lift Station and Vacuum Station Renewal	\$ 880,000		\$ 590,000
Odor Control Facilities Renewal	\$ 850,000		\$ -
Drinking Water Plant Renewal	\$ 3,335,000		\$ 3,710,000
<u>Compliance Program</u>			
Water Quality Lab	\$ 250,000		\$ 295,000
NPDES and Water Quality Program	\$ 35,000		\$ 305,000
<u>Shared Renewal</u>			
Franchise Fee Compliance	\$ 1,000,000		\$ 1,000,000
CIP Funded Position Transfer and Other	\$ <u>700,000</u>		\$ <u>400,000</u>
Total Renewal Program	\$ <u>30,000,000</u>		\$ <u>30,000,000</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Growth Program

Warehouse Meters	\$	620,000	\$	640,000
Development Agreements	\$	600,000	\$	700,000
MIS / GIS	\$	1,200,000	\$	1,200,000
Vehicle Replacements	\$	-	\$	400,000
Utility Risk Reduction	\$	25,000	\$	5,000
Master Plans	\$	-	\$	500,000
Low Income Connection Program	\$	500,000	\$	500,000
CIP Funded Position Transfer	\$	<u>55,000</u>	\$	<u>55,000</u>
Total Basic Growth Program	\$	<u>3,000,000</u>	\$	<u>4,000,000</u>

FY12 – FY13 Capital Program Highlights

The FY12 – FY21 Decade Plan contains narrative descriptions of the individual projects within each category and should be read in accompaniment with this document.

The focus of the rehabilitation effort is on the Southside Water Reclamation Plant (the Plant). 50% of the Basic rehabilitation program for FY12 and FY13 or \$30 million is allocated to Plant renovation. With the \$16 million carryover of supplemental funding, there is \$46 million in planned spending at the Plant in the next two fiscal years, \$25 million in FY12 and \$21 million in FY13. The intention behind this major rehabilitation effort at the Plant is preventing the failure of critical plant processes that could lead to violations of the Authority's discharge permit which allows the discharge of the Plant effluent into the Rio Grande River.

The number one priority project at the Southside Water Reclamation Plant is the Preliminary Treatment Facility (PTF) / Dewatering project which represents separate construction activities but will be bid as one project. The project is expected to go out for bid in the fall of 2011 with construction starting in mid FY12.

The PTF equipment is used to removed grit from the sewage and dewater it prior to off-site disposal. The PTF project will replace the existing grit removal systems within the PTF with a more efficient and updated system in a new PTF facility. The existing grit removal equipment does not effectively remove grit which is then carried through subsequent processing where the grit damages equipment through abrasion and settles in the sludge digesters. Grit deposits in the sludge digesters adversely affect the digestion process by reducing otherwise available volume for sludge digestion and results in inadequate destruction of volatile solids.

The dewatering facility removes water from all of the plant's sludge prior to transport to the Soil Amendment Facility for disposal. The Dewatering project will upgrade the facility with new centrifuges and add one centrifuge, change to a more efficient polymer system, and install dewatered sludge conveyance systems for each centrifuge. The additional centrifuge is needed to keep up with demand when one or two centrifuges are out of service. Currently all centrifuges are serviced by a single conveyor system which is inefficient and ineffective when the conveyer system goes off line. The existing polymer system uses a dry polymer and suffers from frequent clogging. The new polymer system will be capable of using a liquid polymer.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

The other project with significant funding for FY12 is the Final Clarifier project. This project got started ahead of schedule in FY11 and will be completed in FY12. The final clarifiers settle and remove the activated sludge components and produce the cleaned and treated final effluent before discharge into the Rio Grande River. The Final Clarifier project will replace the center mechanisms, drives, arms and skimmers with new equipment at the South final clarifiers. The current center mechanisms and drives are old and failing and adversely affecting the capacity to produce quality effluent.

The Ultra-Violet (UV) Disinfection project was a major initiative of the prior FY10 – FY2019 Decade Plan and is scheduled for completion in FY12. The UV project is replacing the existing chlorine / sulfur dioxide disinfection system with an ultraviolet disinfection system. The disinfection system kills all pathogens in the effluent from the final clarifiers prior to discharge into the Rio Grande River. An ultraviolet system is much safer than a chlorine / sulfur dioxide system which involves the bulk transport and storage of deadly chemicals. The UV system will eliminate the risk of a major spill of these chemicals.

Also ongoing in FY12 is the In-House Improvements project comprised of smaller projects designed and ordered by the Plant division. Installation can be made by an on-call contractor. This project gives the Plant work crews the flexibility and the ability to prioritize needs and get the most critical needs addressed in a relatively short period of time.

While Southside Water Reclamation Plant projects dominate rehabilitation spending, there are planned rehabilitation projects in other areas. The largest water plant rehabilitation project is an upgrade of the SCADA (Supervisory Control and Data Acquisition) system at the Surface Water Treatment Plant. The SCADA system network of computer servers and workstations which control the surface and groundwater pumping and treatment systems is facing obsolescence. The FY11/12 small diameter water and sewer line contract will be ongoing in FY12. An additional 2.5 miles of water line work was added to the contract in FY11. Funding is also allocated for on-call small diameter water and sewer line work allowing the Authority to respond quickly to emergencies and requests from Authority work crews. Funding continues to be needed for franchise fee compliance costs. These costs arise primarily from City of Albuquerque and Bernalillo County projects where the Authority is responsible for paying for the cost of relocating its lines in the public right of way. A single project, the rehabilitation of Lead and Coal avenues, is expected to cost the Authority more than \$1 million in franchise fee compliance costs.

The MIS/GIS funding will provide for conversion to Microsoft's Office365 environment for email, communications and collaboration including online documents and records management, improved Sharepoint services and implementation of Office 2010 and Windows 7. The Authority will move off of the City's Outlook, Sharepoint and communication systems. The implementation and upgrade of Maximo (the Authority's Computerized Maintenance Management System) will continue. During FY12, the Authority anticipates bringing online the Purchasing, Inventory, Training and Qualification modules as well as continuing its deployment of Maximo on mobile devices such as laptops and tablets. The Laboratory Information Management System (LIMS) implementation will be completed in FY12 resulting in improved water quality business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application. Other items planned for FY12 include a Kronos Timekeeping upgrade to the latest version.

Southside Reuse Project Funding

Federal grants will continue to provide a significant funding source in FY12 for the Southside Reuse project. The grants are from the United States Bureau of Reclamation under the Title XVI (Water Reclamation and Reuse) Program of Public Law 102-575. During FY10/FY11, the Authority received \$2.415 million in American Recovery and Reinvestment Act (ARRA) funding for the Southside Reuse project. Signed contracts as of June 30, 2011 total nearly \$34 million with \$26.4 million spent.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

The Southside Reuse project is the final reuse and reclamation project called for in the 2007 Water Resource Management Strategy (WRMS) 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.

The work is comprised of three pipeline projects and the construction of the effluent filtration plant at the Southside Water Reclamation Plant where the effluent will be treated before distribution. At the end of FY11, the effluent filtration plant project is the only construction project not completed.

Carnuel Water Systems Improvement Project Funding

In October 2008, the Authority and the Carnuel Mutual Domestic Water and Waste Water Consumer Association (CMDWWCA) entered into an agreement to extend water infrastructure improvements and provide water service to the Carnuel community east of Albuquerque. This agreement was amended in December 2008 to identify the Authority as the fiscal agent for the CMDWWCA on all state and federal grant and/or loan agreements. The Authority will own, operate and maintain the water system which supplies and distributes water to the CMDWWCA. Reimbursement for costs associated with the operation and maintenance of the system, including reserves, shall be collected by the Authority through collection of payments from customers based on established rates contained in the Rate Ordinance.

The Carnuel project has been funded by a combination of federal and state grants, federally funded loan/subsidies through the New Mexico Finance Authority and state funded loan/grants through the New Mexico Finance Authority. As of June 30, 2011 expenditures were \$4.11 million and exceeded revenues by \$17,000. The first water line construction contract is complete. While current activity is solely for water projects the long-term planning for the Carnuel area includes the construction of a sewer infrastructure. The pace of work on the Carnuel project depends upon the availability of revenues to reimburse the Authority for the work as the Board has adopted a no net cost approach to extending the Authority's infrastructure.

FY12 CIP Program Budget Resolution by Purpose and Funding Source is presented below

<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
<u>Basic Program</u>		
<u>Valley Projects Fund 627</u>		
Valley Low Income W/S Connections	Transfer from Fund 631	500,000
<u>Water Utility / Joint Water & Sewer Rehab Fund 628</u>		
<u>Sanitary Sewer Pipeline Renewal</u>		
Interceptor Sewer Rehabilitation	Bond Proceeds	2,550,000
Small Diameter Sewer Line		
Rehabilitation	Bond Proceeds	1,500,000
Sewer Line CCTV Inspections	Bond Proceeds	500,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Drinking Water Pipeline Renewal

Small Diameter Water Line

Rehabilitation Bond Proceeds 2,250,000

Large Diameter Water Line

Rehabilitation Bond Proceeds 500,000

Water Service Line Replacement Bond Proceeds 5,000

Water Meter Box Replacement Bond Proceeds 5,000

Water Meter Replacement Bond Proceeds 90,000

Large Water Valve Replacement Bond Proceeds 250,000

Valve and Hydrant Exercising System Bond Proceeds 150,000

Asset Management Plan for Large

Diameter Water Lines Bond Proceeds 150,000

Southside Water Reclamation Plant Renewal

Preliminary Treatment Facility

Replacement Bond Proceeds 1,300,000

Transfer from Fund 621 4,000,000

Dewatering Facility Replacement Bond Proceeds 1,300,000

Transfer from Fund 621 4,000,000

Final Clarifier Rehabilitation Bond Proceeds 4,100,000

In-House Plant Projects Bond Proceeds 150,000

ABB Service Contract Bond Proceeds 120,000

Plant Wide Fiber Optic and

Coaxial Cable Replacements Bond Proceeds 30,000

Lift Station and Vacuum Station Renewal

Lift Station Rehabilitation Bond Proceeds 270,000

Corrales Trunk Lift Station SCADA Bond Proceeds 100,000

Lift Station Radio Replacement Bond Proceeds 140,000

Lift Station Programmable Logic

Controller Replacement Bond Proceeds 120,000

Asset Management Plan for Lift

Stations and Vacuum Stations Bond Proceeds 250,000

Odor Control Facilities Renewal

Interceptor Odor Control Renewal Bond Proceeds 750,000

Asset Management Plan for Odor

Control Bond Proceeds 100,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Drinking Water Plant Renewal

Annual Sodium Hypochlorite Generator

System Rehabilitation / Replacement	Bond Proceeds	130,000
-------------------------------------	---------------	---------

Annual Well and Booster Pump Station

Rehabilitation and Maintenance	Bond Proceeds	200,000
--------------------------------	---------------	---------

Dissolved Ozone Monitoring

Improvements	Bond Proceeds	150,000
--------------	---------------	---------

Diversion Bar Screen Improvements

Bond Proceeds	100,000
---------------	---------

Settling Basin Edge Protection

Bond Proceeds	25,000
---------------	--------

Kiva Reservoir No. 1 Rehabilitation

Bond Proceeds	140,000
---------------	---------

Water Treatment Plant SCADA Control

Upgrade	Bond Proceeds	1,800,000
---------	---------------	-----------

Radio and Telemetry Replacement

Bond Proceeds	40,000
---------------	--------

Corrales Trunk Gas Engine Overhauls

Bond Proceeds	50,000
---------------	--------

Asset Management Plan for Water

Pumping Stations	Bond Proceeds	250,000
------------------	---------------	---------

Asset Management Plan for Reservoirs

Bond Proceeds	150,000
---------------	---------

Rio Grande Diversion Dam Repairs

Bond Proceeds	300,000
---------------	---------

Compliance

Water Quality Laboratory

Bond Proceeds	250,000
---------------	---------

NPDES Program

Bond Proceeds	13,000
---------------	--------

Water Quality Program

Bond Proceeds	22,000
---------------	--------

Shared Renewal

Franchise Fee Compliance

Bond Proceeds	1,000,000
---------------	-----------

Ferrous/Ferric Transfer Station No. 70

Rehabilitation	Bond Proceeds	300,000
----------------	---------------	---------

CIP Funded Position Transfer

Bond Proceeds	400,000
---------------	---------

Water Utility / Joint Water & Sewer Fund 629

Warehouse Meters

Transfer from Fund 631	620,000
------------------------	---------

Development Agreements

Transfer from Fund 631	600,000
------------------------	---------

MIS / GIS

Transfer from Fund 631	1,200,000
------------------------	-----------

Utility Risk Reduction / GPS

Transfer from Fund 631	25,000
------------------------	--------

CIP Funded Position Transfer

Transfer from Fund 631	55,000
------------------------	--------

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Special Projects

Valley Projects Fund 627

Valley Utilities Projects	Bond Proceeds	1,000,000
---------------------------	---------------	-----------

Water Utility / Joint Water & Sewer Rehab Fund 628

Automatic Meter Reading	Bond Proceeds	2,000,000
-------------------------	---------------	-----------

Steel Water Line Replacement	Bond Proceeds	1,000,000
------------------------------	---------------	-----------

Preliminary Treatment Facility

Replacement	Bond Proceeds	1,940,000
-------------	---------------	-----------

Dewatering Facility Replacement	Bond Proceeds	1,940,000
---------------------------------	---------------	-----------

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

CIP Plan FY 2012 - 2016	2012	2013	2014	2015	2016	Total
Facility and Project Descriptions	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Basic Capital Program						
Sanitary Sewer Pipeline Renewal						
Interceptor Sewer Rehab	1,750	2,000	2,500	1,500	2,800	10,550
Interceptor Sewer On-Call Contingency	800	1,000	1,000	1,000	1,000	4,800
Small Diameter Sewer Line Rehab	1,000	1,000	1,000	1,000	1,000	5,000
Small Diameter Sewer Line On-Call Contingency	500	500	500	500	500	2,500
Sewer Line CCTV Inspections	500	500	500	500	500	2,500
Sanitary Sewer Pipeline Renewal Subtotal	4,550	5,000	5,500	4,500	5,800	25,350
Drinking Water Pipeline Renewal						
Small Diameter Water line Rehab	1,750	2,000	2,500	1,290	2,800	10,340
Small Diameter Water Line On-Call Contingency	500	500	500	500	500	2,500
Large Diameter Water Line On-Call Contingency	500	500	500	500	500	2,500
Water Meters, Boxes & Services Rehab	100	250	250			600
Large Water Valve Replacement	250	250	250		250	1,000
Pressure Reducing Valve Replacements		200		200		400
Valve & Hydrant Exercising System	150					150
Asset Management Plan for Large Diameter Water Line	150					150
Drinking Water Pipeline Renewal Subtotal	3,400	3,700	4,000	2,490	4,050	17,640
Southside Water Reclamation Plant Renewal						
Preliminary Treatment Facility Replacement (PTF)	5,300	6,400				11,700
Dewatering Facility Replacement	5,300	6,400				11,700
Final Clarifier Rehabilitation	4,100					4,100
Digester Rehabilitation, Capacity and Gas Improvements		250	11,750	4,000	9,500	25,500
Primary Clarifier Improvements		450	14,710	9,310	2,620	27,090
Aeration Basin Rehabilitation			2,000	2,000	2,600	6,600
DAF Rehabilitation		660	4,900	5,100		10,660
Cogeneration Improvements					8,625	8,625
In-House Plant Projects	150	500	500	500	500	2,150
ABB Service Contract	120	140	140	140	155	695
ABB SCADA Upgrade		200				200
Plant Wide Fiber Optic and Coaxial Cable Replacements	30					30
RAS and Sludge Withdrawal Pumps Improvements				2,950		2,950
Southside Water Reclamation Plant Renewal Subtotal	15,000	15,000	34,000	24,000	24,000	112,000
Basic Program Funding	15,000	15,000	14,000	14,000	14,000	72,000
Special Funding			20,000	10,000	10,000	40,000
Soil Amendment Facility (SAF) Renewal						
Upgrade of Soil Amendment Facility	-	-	-	-	-	-
				200	2,800	3,000
SAF Renewal Subtotal	0	0	0	200	2,800	3,000
Lift Station and Vacuum Station Renewal						
Lift Station Rehab	270	330				600
Lift Station 24 Rehab			800	5,800		6,600
Corrales Trunk Lift Station SCADA	100					100
Lift Station Radio Replacement	140	140				280
Lift Station PLC Replacement	120	120	130	155	155	680
Asset Management Plan for Lift Station/Vacuum Station	250					250
Lift Station and Vacuum Station Renewal Subtotal	880	590	930	5,955	155	8,510

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Odor Control Facilities Renewal						
Interceptor Odor Control Renewal	750					750
Asset Management Plan for Odor Control	100					100
Odor Control Facilities Renewal Subtotal	850	0	0	0	0	850
Drinking Water Plant Renewal						
Annual Sodium Hypochlorite Generator System Rehab/Replace	130	130	260	130	130	780
Annual Well and Booster PS Rehabilitation and Maintenance	200	1,450	1,380	750	750	4,530
Water Treatment Plant Contingency Rehab		50	150		150	350
Solids Drying Beds Improvements		50				50
Grit Removal Basin Improvements		50				50
Dissolved Ozone Monitoring Improvements	150	250				400
Diversion Bar Screen Improvements	100	500				600
Settling Basin Edge Protection	25	50				75
Kiva Reservoir No. 1 Rehab	140					140
Lomas Reservoir No. 2 Rehab		310				310
Water Treatment Plant SCADA Control Upgrade	1,800	100	100	110	110	2,220
Radio and Telemetry Replacement	40				500	540
UPS Replacement					40	40
College Reservoir Rehab		220	1,370			1,590
Love Reservoir No.1 Rehab			500			500
College Arsenic Removal Demonstration Facility Rehab		50	50			100
Corrales Trunk System Reliability Improvements		200				200
Corrales Trunk Gas Engine Overhauls	50	50	50	350	60	560
Booster Pump Surge Tank Renewal			200			200
Asset Management Plan for Water Pumping Stations	250					250
Asset Management Plan for Reservoirs	150					150
Asset Management Plan for Wells		250				250
Rio Grande Diversion Dam Repairs	300					300
Drinking Water Plant Renewal Subtotal	3,335	3,710	4,060	1,340	1,740	14,185
Compliance						
Water Quality Laboratory	250	295	20	47	47	659
NPDES Program	13	155	78	68	8	322
Water Quality Program	22	150	12			184
Compliance Subtotal	285	600	110	115	55	1,165
Shared Renewal						
Franchise Fee Water & Sewer	1,000	1,000	1,000	1,000	1,000	5,000
Ferrous/Ferric Transfer Station 70 Rehab	300					300
CIP Funded Position Transfer	400	400	400	400	400	2,000
Shared Line & Plant Renewal Subtotal	1,700	1,400	1,400	1,400	1,400	7,300
Total Basic Capital Program	30,000	30,000	50,000	40,000	40,000	190,000
Special Projects and Growth Programs						
Special Projects						
Steel Waterline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
Leak Detection Program	250		500			750
AMR Meter	1,725	2,000	1,500	2,000	2,000	9,225
Valley Utility Projects	1,000					1,000
Southside Water Reclamation Plant	3,880					3,880
Field Asset GPS Coordinates	25					25
Special Projects Subtotal	7,880	3,000	3,000	3,000	3,000	19,880

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Drinking Water Plant Growth						
Aquifer Storage & Recovery					1,135	1,135
Second Charles Wells Reservoir Site Procurement					500	500
Water Facilities Landscaping Program			100	100		200
Drinking Water Plant Growth Subtotal	0	0	100	100	1,635	1,835
Wastewater Facilities Growth						
MDC Facility Improvements			200	1,500		1,700
Bosque Reuse WWTP			200			200
Wastewater Facilities Growth Subtotal	0	0	400	1,500	0	1,900
Water Lines Growth						
Warehouse Meters	620	640	1,000	1,000	1,000	4,260
Water Lines Growth Subtotal	620	640	1,000	1,000	1,000	4,260
Land Acquisition						
Plant Land Acquisition			200	200	200	600
Land Acquisition Subtotal	0	0	200	200	200	600
Other Agreements						
NMDOT 45 South Coors Water Line			750	750		1,500
Other Agreements Subtotal	0	0	750	750	0	1,500
Water Rights and Storage						
Water Rights and Storage			500	500	500	1,500
Water Rights and Storage Subtotal	0	0	500	500	500	1,500
Development Agreements						
Development Agreements	600	700	1,460	1,410	1,440	5,610
Development Agreements Subtotal	600	700	1,460	1,410	1,440	5,610
MIS/GIS						
MIS / GIS	1,200	1,200	2,000	2,000	3,000	9,400
MIS/GIS Subtotal	1,200	1,200	2,000	2,000	3,000	9,400
Vehicles and Heavy Equipment						
Vehicle Replacements		400	1,100	600	600	2,700
Plant Heavy Equipment			250	250	250	750
Field Heavy Equipment			250	250	250	750
SAF Wood Chipper			380			380
SAF Tractor Trailer Replacement			240			240
Water Line Flushing Filtration Unit			350			350
Vehicles and Heavy Equipment Subtotal	0	400	2,570	1,100	1,100	5,170
Utility Risk Reduction						
Utility Risk Reduction/Security			335	335	335	1,005
GPS	25	5	5	5	5	45
Utility Risk Reduction Subtotal	25	5	340	340	340	1,050
Master Plans						
Integrated Master Plan		500	2,000			2,500
Energy Master Plan			500	500		1,000
Master Plans Subtotal	0	500	2,500	500	0	3,500

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Miscellaneous						
Pino Yards Replacement			1,625	4,045	4,230	9,900
Low Income W/S Connections	500	500	500	500	500	2,500
CIP Funded Position Transfer	55	55	55	55	55	275
Miscellaneous Subtotal	555	555	2,180	4,600	4,785	12,675
Total Special Projects and Growth Programs	10,880	7,000	17,000	17,000	17,000	68,880
Total Capital Program	40,880	37,000	67,000	57,000	57,000	258,880

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Sanitary Sewer Interceptor Rehab and Contingency

Decade Plan Line and Work Category: 101 & 102 - Sewer Pipeline Renewal

Description: *(when, where, expected level of service)* **Risk Ranking:** 61.6

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

Project Cash Flow Est.

FY12	\$	2,550,000
FY13	\$	3,000,000
FY14	\$	3,500,000
FY15	\$	2,500,000
FY16	\$	3,800,000
FY17	\$	4,500,000
FY18	\$	3,300,000
FY19	\$	2,220,000
FY20	\$	5,000,000
FY21	\$	5,010,000
Total	\$	35,380,000

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

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

46-percent (approximately 111 miles) of the current interceptors within the system are made of concrete and have suffered substantial hydrogen sulfide corrosion damage along the upper portions of the pipe. This ultimately results in complete pipe failure which could cause a sinkhole to form at any time within the public right-of-way.

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

Other Alternatives Considered?

None

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



New 27-inch Sewer Line Sliplined in the old 30” Concrete Pipe in Prospect NE west of Carlisle



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Small Diameter Sanitary Sewer Pipeline Rehab

Decade Plan Line and Work Category: 103 & 104 - Sewer Pipeline Renewal

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

Risk Ranking: 62.5

This program provides funding for planning, design, construction, and related activity necessary for rehabilitation and replacement of deteriorating small diameter sewer collection lines. The cash flow includes both 103 and 104 funding.

Project Cash Flow Est.

FY12	\$ 1,500,000
FY13	\$ 1,500,000
FY14	\$ 1,500,000
FY15	\$ 1,500,000
FY16	\$ 1,500,000
FY17	\$ 1,500,000
FY18	\$ 1,500,000
FY19	\$ 1,500,000
FY20	\$ 1,500,000
FY21	\$ 1,500,000
Total	\$15,000,000

Narrative: *(knowledge of asset, why project, how, failure, how does this reduce WA risk)*

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

Other Alternatives Considered?

None

8-inch Sewer Lining Installation Project

Downtown at 7th Street and Kent



8-inch Sewer Lining Project on Los Arboles NE



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Small Diameter Water Line Renewal with Contingency

Decade Plan Line and Work Category: 201 & 202 - Water Lines Renewal

Description: *(when, where, expected level of service)* **Risk Ranking:** 61.2

This program provides funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past their useful life. The activity includes both rehab, (201) and contingency, (202) funding.

Project Cash Flow Est.

FY12	\$	2,250,000
FY13	\$	2,500,000
FY14	\$	3,000,000
FY15	\$	1,790,000
FY16	\$	3,300,000
FY17	\$	3,850,000
FY18	\$	1,500,000
FY19	\$	1,500,000
FY20	\$	3,790,000
FY21	\$	4,800,000
Total	\$	28,280,000

Narrative: *(knowledge of asset, why project, how, failure, how does this reduce WA risk)*

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

Other Alternatives Considered?

None. There are no other alternatives for this critical activity.

New 6-inch Water Line Installation



Old Steel Line at the Break Point



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Sludge Dewatering Facilities

Decade Plan Line and Work Category: 302 - Wastewater Facilities Rehab

Description: *(when, where, expected level of service)* **Risk Ranking:** 66.5

Wastewater Sludge Dewatering System. The Dewatering Facility removes water from all of the plant's sludge prior to transport to the Soils Amendment Facility for disposal. The Dewatering Facility needs to be upgraded with new centrifuges plus one more centrifuge, change to a different type of polymer solution make-up system, and installation separate dewatered sludge conveyance for each centrifuge.

Project Cash Flow Est.

FY12	\$5,300,000
FY13	\$6,400,000
FY14	\$0
FY15	\$0
FY16	\$0
FY17	\$0
FY18	\$0
FY19	\$0
FY20	\$0
FY21	\$0
Total	\$11,700,000

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

The existing centrifuges are old and maintaining them with new parts is becoming a problem. In addition, another centrifuge needs to be added to increase firm capacity so that the Dewatering Facility can keep up with demand with one or two centrifuges out of service. Separate dewatered sludge conveyance for each centrifuge is needed so that if one goes down only one centrifuge is affected. Currently all centrifuges are serviced by only one conveyor. The current polymer solution make-up system suffers frequent clogging of dry powder conveyance lines and in turn, creates housekeeping problems and slip hazards. If the Dewatering Facility is not upgraded, the plant will continue to have problems meeting NPDES Discharge Permit requirements because sludge solids cannot be reliably removed from treatment.

Other Alternatives Considered?

In accordance with the RRAMP prepared by Brown & Caldwell, it was determined that building an-all new dewatering facility was a better alternative than trying to renovate the existing facility.

Dewatering Facility



Dewatering centrifuges



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Water Treatment Plant SCADA Control Upgrade

Decade Plan Line and Work Category: 717 - Drinking Water Plant Renewal

Description: *(when, where, expected level of service)* **Risk Ranking:** 50.4

This project funds the Telvent Supervisory Control and Data Acquisition (SCADA) system hardware replacement and software upgrade. The SCADA process computers provide continuous operations 24 hours a day 365 days a year. Due to the age of the process control computers, Dell will not warranty them any longer. Were the SCADA equipment to fail, it would be extremely difficult to produce, treat or distribute water manually.

Project Cash Flow Est.

			Narrative: (knowledge of asset, why project, how, failure, how does this reduce WA risk)
FY12	\$	1,800,000	The Telvent SCADA system computer servers and workstations that control the surface and groundwater pumping and treatment systems are facing obsolescence. Dell will not warranty the equipment nor can Dell resellers provide replacement parts. The existing MSSQL 2000 engine and MS2003 Server software are outdated and require modernization to keep pace with the Telvent hardware upgrade. The existing SCADA software is a decade behind national standards for SCADA security and need to be upgraded to provide better protection against computer related threats which could jeopardize water service. A Telvent SCADA software maintenance contract is needed to guarantee that the SCADA system can be restored immediately following any possible equipment failure.
FY13	\$	100,000	
FY14	\$	100,000	
FY15	\$	110,000	
FY16	\$	110,000	
FY17	\$	860,000	
FY18	\$	-	
FY19	\$	-	
FY20	\$	-	
FY21	\$	-	
Total		\$ 3,080,000	

Other Alternatives Considered?
N/A SCADA must operate 24/7/365.

SCADA Servers



SCADA Workstation



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Franchise Fee Compliance

Decade Plan Line and Work Category: **1001 - Shared Renewal**

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

Risk Ranking: **36.7**

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

Project Cash Flow Est.

Narrative: *(knowledge of asset, why project, how, failure, how does this reduce WA risk)*

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

FY12	\$	1,000,000
FY13	\$	1,000,000
FY14	\$	1,000,000
FY15	\$	1,000,000
FY16	\$	1,000,000
FY17	\$	1,000,000
FY18	\$	1,000,000
FY19	\$	1,000,000
FY20	\$	1,000,000
FY21	\$	1,000,000
Total	\$	10,000,000

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

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

Other Alternatives Considered?

N/A This is mandatory for compliance.

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



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



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Steel Waterline Rehab

Decade Plan Line and Work Category: 1101 - Special Projects

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

Risk Ranking: N/A

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

Narrative: *(knowledge of asset, why project, how, failure, how does this reduce WA risk)*

Project Cash Flow Est.

FY12	\$	1,000,000
FY13	\$	1,000,000
FY14	\$	1,000,000
FY15	\$	1,000,000
FY16	\$	1,000,000
FY17	\$	1,000,000
FY18	\$	1,000,000
FY19	\$	1,000,000
FY20	\$	1,000,000
FY21	\$	1,000,000
Total	\$	\$10,000,000

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

Other Alternatives Considered?

None

Corroded Steel Pipe



Steel line break, Hannett NE west of San Pedro



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Project Title - Management Information Systems and Geographical Information Systems

Decade Plan Line and Work Category: 2001 - MIS/GIS

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

Risk Ranking: 36.0

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

Project Cash Flow Est.

FY12	\$	1,200,000
FY13	\$	1,200,000
FY14	\$	2,000,000
FY15	\$	2,000,000
FY16	\$	3,000,000
FY17	\$	2,000,000
FY18	\$	2,000,000
FY19	\$	2,000,000
FY20	\$	3,000,000
FY21	\$	2,000,000
Total	\$	20,400,000

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

Increases in out years due to major releases of Maximo, CC&B, LIMS and Kronos which may require vendor assistance (FY12, FY16, FY20). Does not include any potential costs due to further separation of IT services from the City.



Servers and Databases (New and Upgrades): This category covers servers that house all software applications and the databases that support those applications. Applications include CC&B, Maximo, Kronos, LIMS and GIS, among others. Databases include Oracle and SQL Server and some that are no longer supported. It also includes networking equipment. The FY12 requests for this category include: Server, Network and Database Upgrades: \$350,000

Applications (New and Upgrades): This category covers the purchase and upgrades of new software, both enterprise-wide and division specific. Examples include: CC&B, Maximo, Sharepoint, LIMS, H2O Water Waste, and Kronos. On average, 2-4 service packs (including several patches) are released each year, with major releases occurring every 1-3 years. The FY12 requests for this category include:
 CC&B, Maximo, Kronos upgrades: \$1,400,000
 Sharepoint upgrade to Office365: \$250,000

Enterprise Search of Documents, Cloud Storage
 Document Imaging, Online Forms, Excel Services, Visio Services
 Office Web Apps, Outlook and Exchange, Communications, Video Conferencing
 Soil Amendment Upgrade (unsupported): \$50,000
 Septic Hauling Upgrade (unsupported): \$50,000

Client Services (New and Upgrades): This category covers hardware and software at the clients desktop. It includes the ongoing upgrade of desktop computers, monitors, keyboards, etc. and the upgrades of Windows operating systems and Microsoft software. It also includes the purchase of new desktop equipment and software. The FY12 requests for this category include:
 Desktop Upgrades/Computer Virtualization: \$100,000
 Active Directory: \$150,000
 Microsoft Software Assurance Agreement Lease: \$150,000

Geographic Information Systems (GIS – New and Upgrades): This category represents all purchases done within the GIS environment to include new software and hardware. It includes the purchase of GIS-related software for Maximo and mobile devices, including vehicle tracking. The FY12 requests for this category include:
 Creating New Environments similar to CC&B and Maximo: \$150,000
 Establishing Disaster Recovery, Development and Test Environments
 Application Enhancements: \$100,000
 Mobile Editing Enhancements, MAXGIS, ESRI Licensing

Mobile, Security and Telecommunications (New and Upgrades): This new category addresses the mobile, security and telecommunications environment to include portable devices, phones, vehicle location devices, radios, security cameras, etc. It is expected that category will expand over the coming years due to the advancement of mobile, security and telecommunications technology. The FY12 requests for this category include:
 Mobile and Radio Units: \$150,000
 Security: \$100,000

Risks: The majority of items requested either provides for continual efficient running and backups of mission critical systems (CC&B, Maximo, Kronos, LIMS, GIS, Security) or provide ongoing improvements to officer operations to improve efficiencies and lower costs.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 2012 - 2016 Facility and Project Descriptions	2012 (000's)	2013 (000's)	2014 (000's)	2015 (000's)	2016 (000's)	Total (000's)
Basic Capital Program						
Southside Water Reclamation Plant Renewal						
Preliminary Treatment Facility Replacement (PTF)			250			250
In-House Plant Projects	20	20	20	20	20	100
Southside Water Reclamation Plant Renewal Subtotal	20	20	270	20	20	350
Lift Station and Vacuum Station Renewal						
Lift Station Rehab	15	15	15	15	15	75
Lift Station and Vacuum Station Renewal Subtotal	15	15	15	15	15	75
Odor Control Facilities Renewal						
Interceptor Odor Control Renewal	100					100
Odor Control Facilities Renewal Subtotal	100	0	0	0	0	100
Drinking Water Plant Renewal						
Dissolved Ozone Monitoring Improvements		15	15	15	15	60
Diversion Bar Screen Improvements		10	10	10	10	40
Drinking Water Plant Renewal Subtotal	0	25	25	25	25	100
Compliance						
Water Quality Laboratory	3	3	3	3	3	15
Compliance Subtotal	3	3	3	3	3	15
Shared Renewal						
Ferrous/Ferric Transfer Station 70 Rehab	10	10	10	10	10	50
Shared Line & Plant Renewal Subtotal	10	10	10	10	10	50
Total Basic Capital Program	148	73	323	73	73	690

Capital Implementation Program Projects Coming on Line Fiscal Year 2012

The impact to the Fiscal Year 2012 operating budget of CIP coming on line is estimated to be \$148,000. The additional expenses include operating supplies, chemicals and utilities. Costs associated with the Fiscal Year 2012 CIP coming on line will be absorbed within the approved budget.

Special Projects Coming on Line Fiscal Year 2012

The only Special Project scheduled to come on line in Fiscal Year 2012 is the Southside Re-use Program, which is scheduled to be in operation the first quarter of Fiscal Year 2012. 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>	<u>FY12</u> <u>Oper Exp</u>	<u>FY13</u> <u>Oper Exp</u>
Electricity	170,000	170,000
Chemicals	30,000	30,000
Supplies	80,000	80,000
Total	<u>280,000</u>	<u>280,000</u>

DEBT OBLIGATIONS

***Approved
Operating Budget
FY12***

DEBT OBLIGATIONS

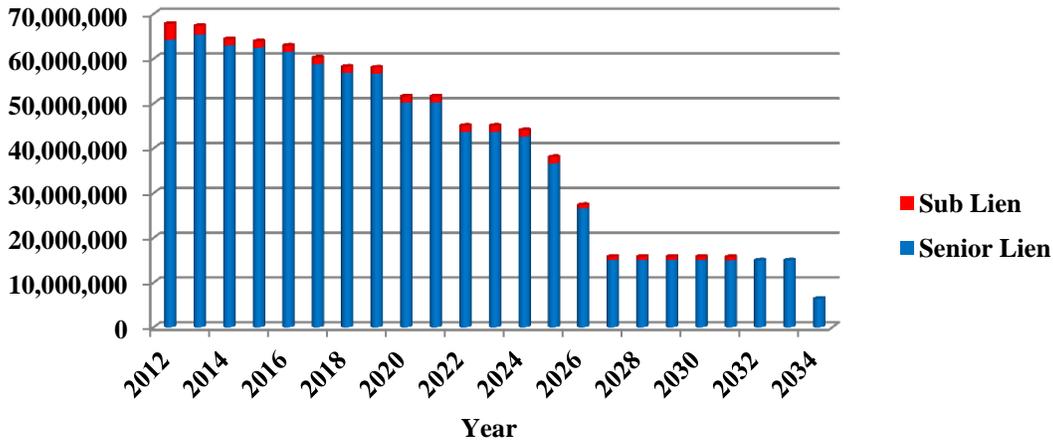
The joint water and sewer system (the “Water/Sewer System”) was owned by the City of Albuquerque, New Mexico (the “City”) and operated by its Public Works Department until December 17, 2003. Revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature 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. 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. There are no legal debt limits required of the Authority. The Authority plans to issue debt in Fiscal Year 2012.

The outstanding Water/Sewer System parity obligations are currently rated “Aa1” by Moody’s, “AAA” by S&P and “AA” by Fitch. In addition, the outstanding System bonds are credit enhanced and therefore have a higher rating which is based upon the rating of the credit enhancer rather than the rating of the Authority for such bonds.

Fiscal Year 2012 Debt Payments

Principal	\$38,415,216.96
Interest	28,848,659.12
Fees	<u>463,113.32</u>
Total Debt Service Payments	<u>\$67,726,989.40</u>

Total Debt Service Payments by Year



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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
8M EID 199006					535,324.80	32,601.28
15M EID 195029					1,526,564.78	61,062.59
9.6287M SRF						
2.9M SRF 2.450 Part 1035DW						
3.6M SRF Duranes						
2004A NMFA-Basic 36.295M						
2004B NMFA-SJC 82.12M						
1727-DW Santa Barbara						
2005 NMFA SJC \$20						
2005	1,795,000.00	580,662.50	4,860,000.00	5,231,186.26		
2006 SJC \$112.765			4,875,000.00	4,931,653.76		
2006 Rehab 628-\$8.68	850,000.00	319,631.26				
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	5,995,000.00	6,392,250.00				
2009 Bond SJC			160,000.00	344,050.00		
2009 Bond 2001 Refunding	3,700,000.00	333,500.00				
2009 DWRFL Loan \$1.010M						
2009 WTB Loan-0051						
2009 DWRFL Loan-0079						
2010 WTB Loan-177						
2010 DWRFL Loan 2379-PP						
2010 DWRFL Loan 2380-PP						
2010 DWRFL Loan 2381-PP						
2010 DWRFL Loan 2380-ADW						
	12,340,000.00	8,198,248.76	9,895,000.00	13,288,390.02	2,061,889.58	93,663.87

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 DWRLF
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
 2010 NMFA DWRLF Loan - 2382-PP
SUBTOTAL - SUBORDINATE LIEN LOANS

GRAND TOTAL - CITY/COUNTY WATER AUTHORITY DEBT OBLIGATIONS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

State of NM Revolving Loan Fund		New Mexico Finance Authority		Fiscal Agent Fees	Total Issue
Principal	Interest	Principal	Interest		
					567,926.08
					1,587,627.37
427,838.78	217,879.63				645,718.41
122,280.60	3,362.72			305.70	125,949.02
314,526.00	22,687.84			3,241.12	340,454.96
		4,000,000.00	662,070.00	50,720.83	4,712,790.83
		4,300,000.00	2,334,039.00	161,958.33	6,795,997.33
		446,682.00	178,627.42	25,518.20	650,827.62
		695,000.00	702,020.00	46,585.42	1,443,605.42
					12,466,848.76
					9,806,653.76
					1,169,631.26
					572,205.00
		1,915,000.00	2,106,287.50	108,725.00	4,130,012.50
		1,820,000.00	1,040,950.00	53,700.00	2,914,650.00
					2,421,500.00
					360,000.00
					12,387,250.00
					504,050.00
					4,033,500.00
		46,316.00	0.00	9,641.44	55,957.44
		2,505.00	0.00	115.14	2,620.14
		5,017.00	0.00	230.62	5,247.62
		9,789.00	0.00	475.62	10,264.62
		2,157.00	0.00	356.38	2,513.38
		2,751.00	0.00	454.50	3,205.50
		5,696.00	0.00	940.90	6,636.90
		2,769.00	432.36	144.12	3,345.48
<u>864,645.38</u>	<u>243,930.19</u>	<u>13,253,682.00</u>	<u>7,024,426.28</u>	<u>463,113.32</u>	<u>67,726,989.40</u>

Final Maturity	Original	Outstanding	Basic Needs	Special Projects
07/01/11	76,995,000	0	0	0
07/01/14	2,450,000	133,360	133,360	0
07/01/15	3,600,000	1,296,448	1,296,448	0
05/01/24	118,415,000	86,455,000	65,500,000	20,955,000
05/01/25	132,985,000	124,045,000	12,005,000	112,040,000
07/01/25	20,000,000	18,750,000	0	18,750,000
07/01/26	133,390,000	121,435,000	6,350,000	115,085,000
06/01/25	77,005,000	64,970,000	36,010,000	28,960,000
07/01/33	55,630,000	55,630,000	0	55,630,000
07/01/34	135,990,000	134,295,000	51,165,000	83,130,000
07/01/13	14,375,000	7,610,000	7,610,000	0
11/01/30	1,010,000	964,144	0	964,144
	\$694,850,000	\$615,583,952	\$180,069,808	\$435,514,144

Final Maturity	Original	Outstanding	Basic Needs	Special Projects
10/01/13	7,907,285	1,086,709	0	1,086,709
07/01/12	15,000,000	1,526,565	0	1,526,565
07/01/25	15,000,000	7,310,192	0	7,310,192
05/01/31	12,000,000	12,000,000	0	12,000,000
11/13/29	50,000	46,057	0	46,057
11/13/29	100,000	92,251	0	92,251
01/23/30	47,518	47,518	0	47,518
01/23/30	60,600	60,600	0	60,600
01/23/30	125,453	125,453	0	125,453
01/23/30	200,000	190,235	0	190,235
	\$50,490,856	\$22,485,580	\$0	\$22,485,580
	<u>\$745,340,856</u>	<u>\$638,069,532</u>	<u>\$180,069,808</u>	<u>\$457,999,724</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

Date	Series 2002 NMFA DWRF	Series 2003 NMFA DWRF	Series 2004 NMFA PPRF	Series 2005 NMFA PPRF	Series 2005 Public Marketing	Series 2006A Public Marketing
2012	48,165	337,214	11,553,747	1,447,718	12,466,849	11,548,490
2013	48,278	338,016	11,463,997	1,378,045	12,689,786	11,544,615
2014	48,394	338,833	11,364,829	1,714,385	14,813,686	11,545,465
2015		339,668	10,963,778	1,676,813	15,027,086	11,550,203
2016			12,425,790	1,888,433	13,269,336	11,548,215
2017			7,028,015	1,939,671	14,778,586	11,546,328
2018			7,079,739	1,986,495	11,554,586	11,549,403
2019			7,137,699	1,918,825	11,325,571	11,548,134
2020			7,190,134	1,870,825	11,059,646	11,550,678
2021			7,251,160	1,851,695	10,665,746	11,552,345
2022			7,303,464	1,935,195	10,452,996	11,552,375
2023			3,447,052	1,921,928	10,104,715	11,552,625
2024			2,939,142	1,925,698	9,742,455	11,549,000
2025				1,850,615	9,378,875	11,554,000
2026						11,550,000
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
Total	\$144,837	\$1,353,731	\$107,148,544	\$25,306,340	\$167,329,921	\$173,241,874

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

Date	Series 1989 Loan	1995 Loan	2001 Loan	Series 2004 NMFA DWRF	2009 WTB Loan	2009 DWRF Loan
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	\$1,135,852	\$1,587,627	\$9,060,024	\$14,677,000	\$47,159	\$94,458

GRAND TOTAL - SENIOR AND SUBORDINATE DEBT

920,205,060

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

Series 2007A NMFA Loan	Series 2008A Bonds	Series 2009A-1 Bonds New Money	Series 2009A-2 Bonds Refunding	2009 DWRf Loan	Total Senior Debt	Total Debt Service
7,044,663	2,781,500	12,891,300	4,033,500	55,957	64,209,102	67,777,341
8,067,275	2,781,500	12,893,550	4,058,500	55,961	65,319,523	67,300,261
7,383,800	2,781,500	12,890,300		55,962	62,937,154	64,349,893
7,156,350	2,781,500	12,893,900		55,963	62,445,260	63,857,728
6,637,900	2,781,500	12,892,300		55,965	61,499,439	62,911,434
7,784,525	2,781,500	12,891,050		55,966	58,805,640	60,216,963
8,908,550	2,781,500	12,888,050		55,967	56,804,290	58,214,742
8,953,675	2,781,500	12,883,750		55,968	56,605,122	58,014,502
2,757,275	2,781,500	12,896,500		55,969	50,162,527	51,575,636
3,110,900	2,781,500	12,892,225		55,971	50,161,542	51,573,082
3,186,688	2,781,500	6,347,975		55,972	43,616,165	45,025,934
7,413,025	2,781,500	6,341,700		55,973	43,618,518	45,031,317
7,271,513	2,781,500	6,341,075		55,974	42,606,356	44,016,887
4,636,263	2,781,500	6,340,275		55,975	36,597,503	38,010,563
	8,606,500	6,343,750		55,977	26,556,227	27,319,374
	8,605,250	6,340,675		55,978	15,001,903	15,767,082
	8,604,500	6,340,775		55,979	15,001,254	15,768,164
	8,608,500	6,343,225		55,981	15,007,706	15,771,045
	8,606,250	6,347,200		55,982	15,009,432	15,766,112
	8,612,250	6,344,163			14,956,413	15,690,813
	8,610,250	6,342,738			14,952,988	14,952,988
	8,604,750	6,347,138			14,951,888	14,951,888
		6,341,313			6,341,313	6,341,313
\$90,312,400	\$107,799,250	\$211,374,925	\$8,092,000	\$1,063,442	\$893,167,263	920,205,060

2010 DWRf Loan	2010 DWRf Loan	2010 DWRf Loan	2010 DWRf Loan	Total Subordinate Debt
2,544	3,213	6,651	10,265	3,568,239
2,550	3,220	6,666	10,264	1,980,738
2,555	3,227	6,680	10,265	1,412,739
2,561	3,234	6,695	10,265	1,412,467
2,567	3,241	6,710	10,264	1,411,995
2,572	3,249	6,725	10,265	1,411,322
2,579	3,256	6,741	10,265	1,410,453
2,584	3,264	6,756	10,265	1,409,380
2,591	3,271	6,772	10,264	1,413,109
2,597	3,279	6,788	10,264	1,411,540
2,603	3,287	6,804	10,264	1,409,769
2,608	3,294	6,819	10,265	1,412,799
2,615	3,303	6,836	10,265	1,410,531
2,621	3,310	6,852	10,265	1,413,060
2,628	3,318	6,869	10,264	763,148
2,634	3,326	6,885	10,265	765,178
2,640	3,334	6,902	10,265	766,910
2,647	3,343	6,919	10,264	763,339
2,628	3,351	6,937	10,265	756,680
				734,400
\$49,325	\$62,318	\$129,007	\$195,027	27,037,796

This Page is Left Intentionally Blank

***STATISTICAL
INFORMATION***

***Approved
Operating Budget
FY12***

This Page is Left Intentionally Blank

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

(\$000's)	<u>ACTUAL FY/01</u>	<u>ACTUAL FY/02</u>	<u>ACTUAL FY/03</u>	<u>ACTUAL FY/04</u>
RESOURCES:				
Miscellaneous Revenues	147	504	419	36
Enterprise Revenues	97,680	101,423	102,586	111,027
Transfers from Other Funds	2,433	1,293	1,199	1,281
Total Current Resources	100,260	103,220	104,204	112,344
Beginning Working Capital Balance	8,373	6,779	17,967	10,865
TOTAL RESOURCES	<u>108,633</u>	<u>109,999</u>	<u>122,171</u>	<u>123,209</u>
APPROPRIATIONS:				
Joint Water/Sewer Operations	54,948	52,466	52,267	55,308
Transfers to Other Funds:	49,325	54,848	51,919	56,030
TOTAL APPROPRIATIONS	<u>104,273</u>	<u>107,314</u>	<u>104,186</u>	<u>111,338</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>2,418 (a)</u>	<u>15,282 (b)</u>	<u>(7,121)</u>	<u>548</u>
ENDING WORKING CAPITAL BALANCE	<u>6,778</u>	<u>17,967</u>	<u>10,864</u>	<u>12,419</u>

(b) Returned from Escrow setup to purchase NM Utilities

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

Note: In Fiscal Year 2009 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 – 2012 BUDGET

<u>ACTUAL FY/06</u>	<u>ACTUAL FY/07</u>	<u>ACTUAL FY/08</u>	<u>ACTUAL FY/09</u>	<u>ACTUAL FY/10</u>
13,941	5,610	4,754	2,586	1,562
112,134	115,414	136,486	121,411	152,148
<u>1,353</u>	<u>1,520</u>	<u>1,564</u>	<u>1,516</u>	<u>1,493</u>
127,428	122,544	142,804	125,513	155,203
<u>5,194</u>	<u>19,967</u>	<u>19,537</u>	<u>25,101</u>	<u>16,065</u>
<u>132,622</u>	<u>142,511</u>	<u>162,341</u>	<u>150,614</u>	<u>171,268</u>
60,000	65,596	72,468	71,994	89,853
<u>50,152</u>	<u>59,250</u>	<u>52,705</u>	<u>57,500</u>	<u>87,538</u>
<u>110,152</u>	<u>124,846</u>	<u>125,173</u>	<u>129,494</u>	<u>177,391</u>
<u>2,551</u>	<u>1,872</u>	<u>(12,067)</u>	<u>5,055</u>	<u>5,487</u>
<u>19,919</u>	<u>19,537</u>	<u>25,101</u>	<u>26,175</u>	<u>(636)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 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 2009 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 – 2012 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>
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 – 2012 BUDGET

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

(\$000's)	ACTUAL FY/01	ACTUAL FY/02	ACTUAL FY/03	ACTUAL FY/04
RESOURCES:				
Miscellaneous Revenues	16,350	12,739	15,037	15,550
Transfers from Other Funds	<u>32,518</u>	<u>38,863</u>	<u>35,496</u>	<u>40,392</u>
Total Current Resources	48,868	51,602	50,533	55,942
Beginning Working Capital Balance	<u>4,685</u>	<u>3,780</u>	<u>5,731</u>	<u>6,442</u>
TOTAL RESOURCES	<u>53,553</u>	<u>55,382</u>	<u>56,264</u>	<u>62,384</u>
APPROPRIATIONS:				
Total Joint Water/Sewer D/S	44,723	45,856	45,822	46,082
Transfers to Other Funds:	<u>5,250</u>	<u>3,938</u>	<u>4,000</u>	<u>5,909</u>
TOTAL APPROPRIATIONS	<u>49,973</u>	<u>49,794</u>	<u>49,822</u>	<u>51,991</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>200</u>	<u>143</u>	<u>0</u>	<u>(374)</u>
ENDING WORKING CAPITAL BALANCE	<u>3,780</u>	<u>5,731</u>	<u>6,442</u>	<u>10,019</u>

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

<u>ACTUAL FY/05</u>	<u>ACTUAL FY/06</u>	<u>ACTUAL FY/07</u>	<u>ACTUAL FY/08</u>	<u>ACTUAL FY/09</u>	<u>ACTUAL FY/10</u>
13,258	18,475	13,796	11,932	6,668	7,026
<u>50,493</u>	<u>52,517</u>	<u>59,347</u>	<u>59,406</u>	<u>64,301</u>	<u>67,790</u>
63,751	70,992	73,143	71,338	70,969	74,816
<u>10,019</u>	<u>11,185</u>	<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>
<u>73,770</u>	<u>82,177</u>	<u>86,822</u>	<u>77,920</u>	<u>66,833</u>	<u>69,164</u>
50,882	55,626	63,957	62,981	64,301	69,627
<u>12,000</u>	<u>13,612</u>	<u>16,000</u>	<u>19,000</u>	<u>14,000</u>	<u>5,000</u>
<u>62,882</u>	<u>69,238</u>	<u>79,957</u>	<u>81,981</u>	<u>78,301</u>	<u>74,627</u>
<u>297</u>	<u>740</u>	<u>(283)</u>	<u>(75)</u>	<u>5,816</u>	<u>2,774</u>
<u>11,185</u>	<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

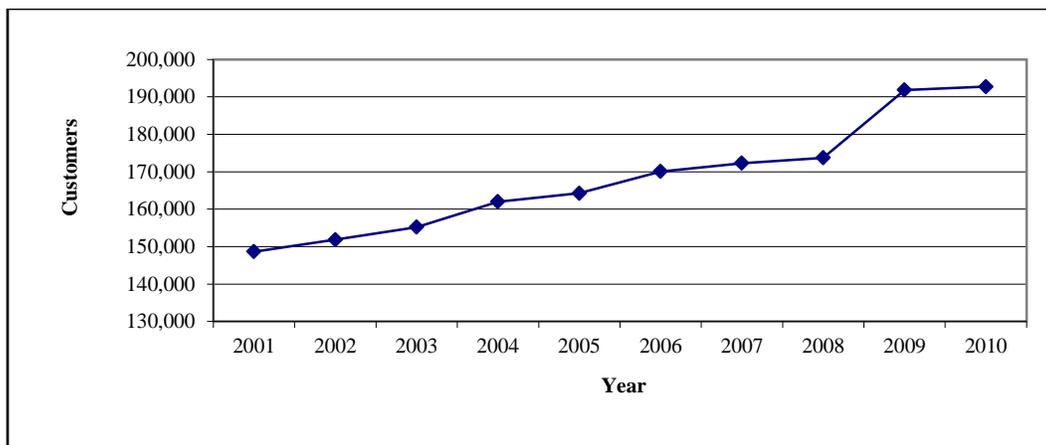
**WATER AND WASTEWATER USERS BY CLASS AND METER SIZE
LAST TEN FISCAL YEARS**

History of Water Users by Class

<u>Class</u>	<u>Average Number of Customers by Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	134,014	137,081	140,347	146,656	148,974	151,089	152,563	153,959	171,983	172,787
Multi-Family						6,812	7,565	7,644	6,231	6,349
Commercial	12,871	12,952	13,033	13,388	13,304	10,065	10,049	9,998	11,367	11,272
Institutional	1,660	1,683	1,712	1,836	1,853	1,981	1,983	2,013	2,119	2,223
Industrial	<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>	<u>106</u>
Total	<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>	<u>192,737</u>

History of Water Users by Meter Sizes

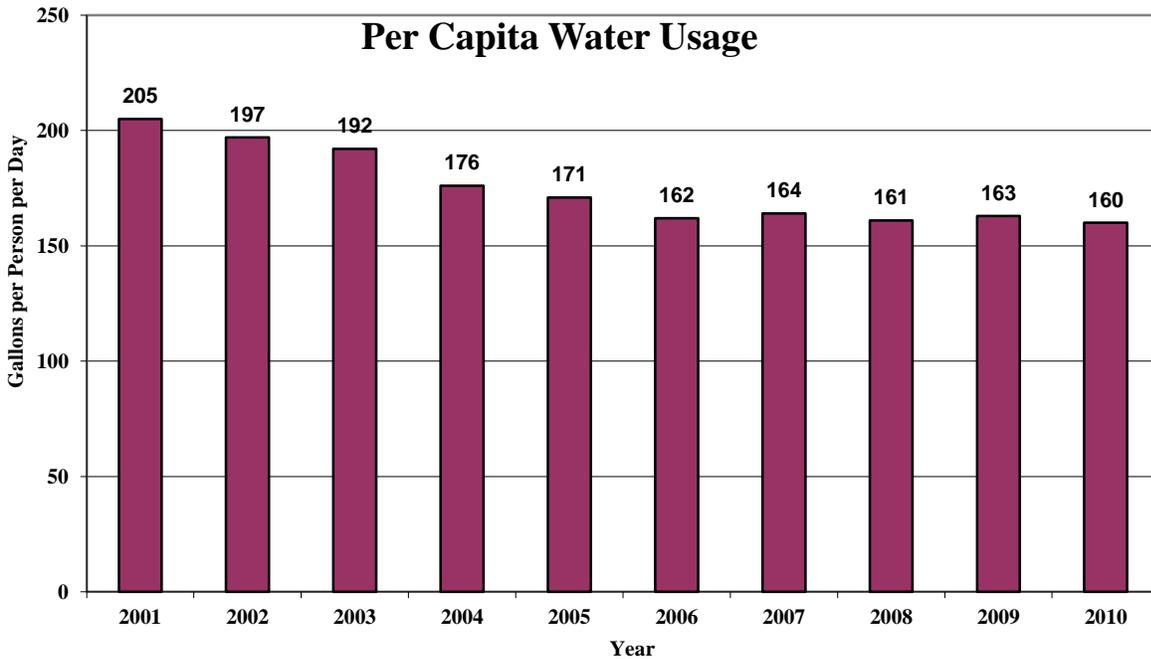
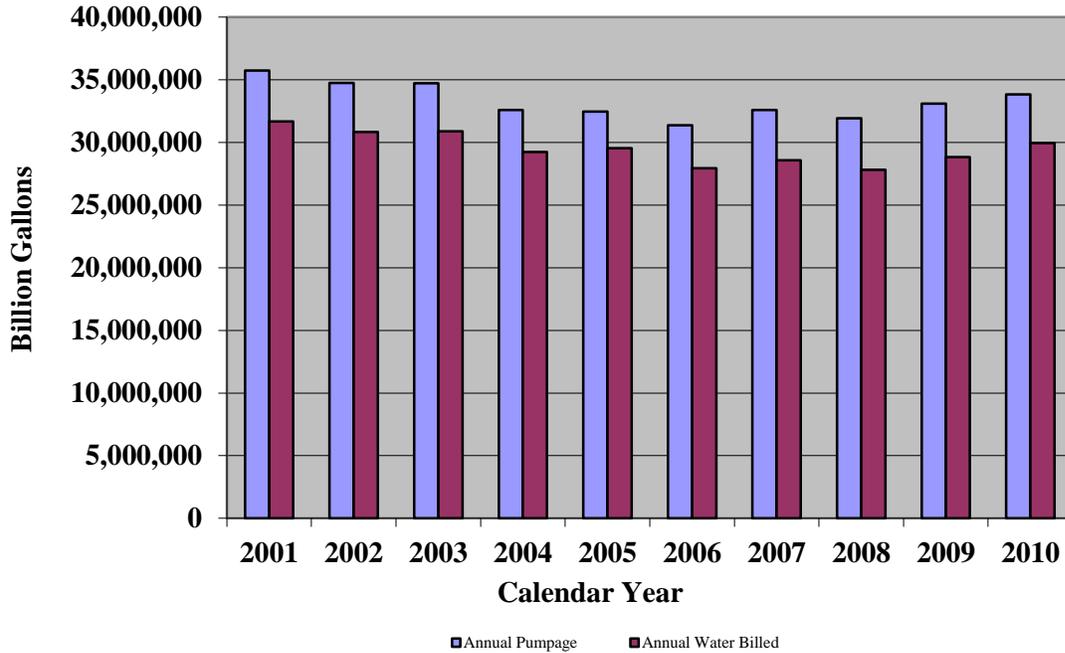
<u>Meter Size</u>	<u>Average Number of Customers by Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
¾"	124,523	128,192	132,387	139,351	142,018	146,842	149,846	151,172	168,632	169,414
1" and 1 ¼ "	19,692	19,153	18,321	17,863	17,588	17,773	17,581	17,621	17,611	17,820
1 ½ "	1,846	1,854	1,847	1,854	1,879	1,945	1,955	1,968	2,169	2,195
2"	1,868	1,892	1,905	1,958	1,997	2,509	1,816	1,839	2,179	2,228
3"	406	410	412	524	419	654	733	766	834	714
4"	242	246	247	311	251	244	246	264	275	268
6"	55	55	55	73	52	52	53	53	67	58
8" and over	<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>	<u>40</u>
Total	<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>	<u>192,737</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 – 2012 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

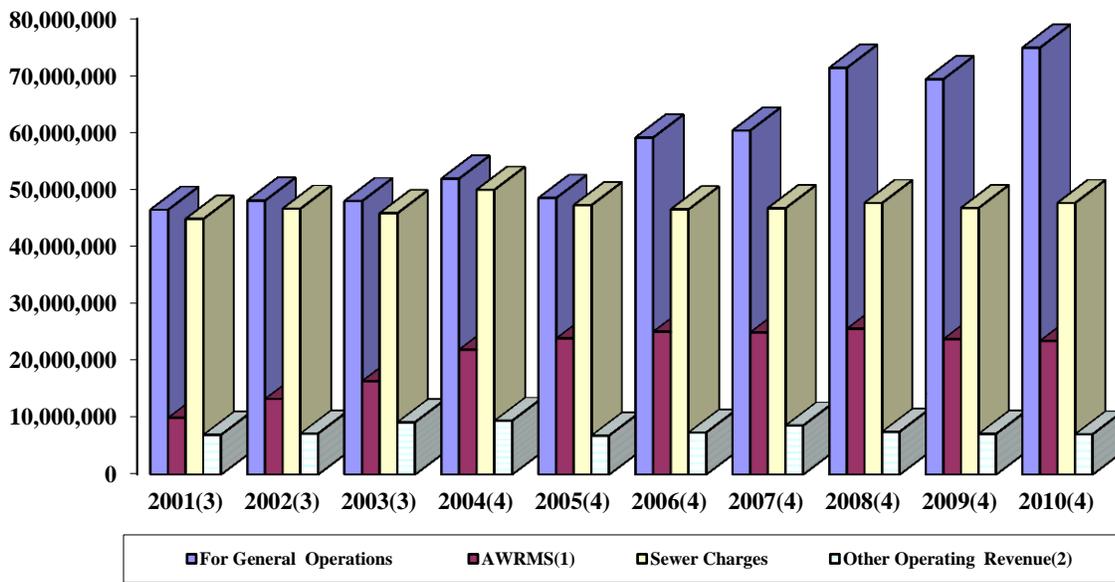
<u>Fiscal Year</u>	<i>Revenue from Water Charges</i>				<u>Total Operating Revenue</u>
	<u>For General Operations</u>	<u>For AWRMS⁽¹⁾</u>	<u>Revenue From Sewer Charges</u>	<u>Other Operating Revenue⁽²⁾</u>	
2001(3)	46,504,223	9,954,245	44,898,231	6,966,656	108,323,355
2002(3)	48,115,849	13,276,044	46,691,595	7,188,885	115,272,373
2003(3)	48,027,213	16,410,278	45,893,219	9,185,099	119,515,809
2004(4)	51,968,803	21,950,195	50,012,413	9,437,552	133,368,963
2005(4)	48,560,930	23,904,227	47,310,366	6,846,660	126,622,183
2006(4)	59,172,344	25,095,852	46,563,188	7,371,006	138,202,390
2007(4)	60,393,250	24,975,068	46,771,690	8,593,821	140,733,829
2008(4)	71,398,950	25,630,246	47,683,918	7,519,231	140,733,829
2009(4)	69,395,141	23,803,266	46,805,468	7,141,714	147,145,589
2010(4)	74,902,424	23,483,160	47,685,066	7,074,202	153,144,852

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

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

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

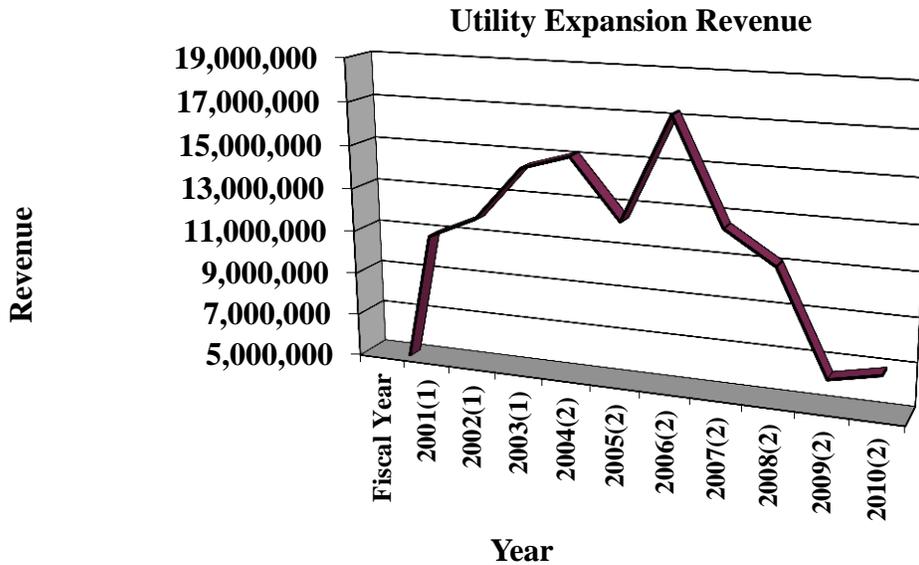
(4) Sources: Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Reports.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

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

<u>Fiscal Year</u>	<u>Total Utility Expansion Charge Revenues</u>
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)	12,516,234
2008(2)	11,074,840
2009(2)	6,346,401
2010(2)	6,834,261

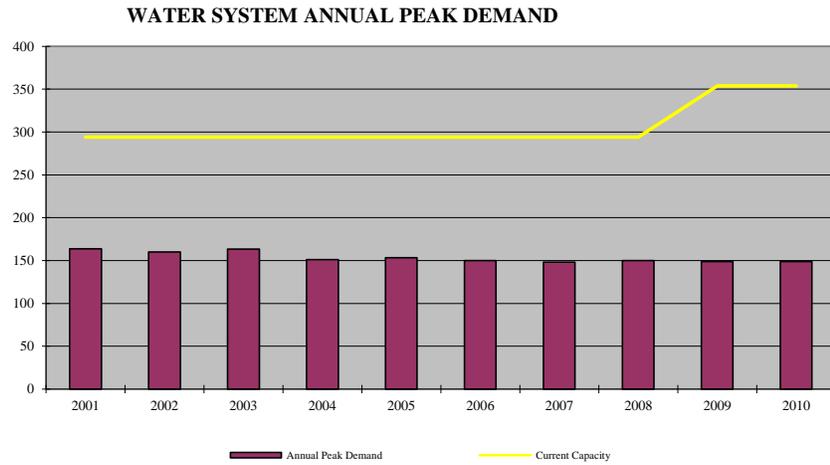


Sources: (1) Albuquerque Comprehensive Annual Financial Reports.
 (2) Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Reports.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

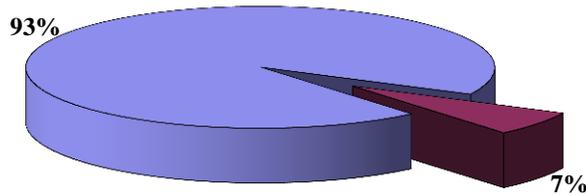
WATER SYSTEM ANNUAL PEAK DEMAND

- *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	2,303,765	\$ 3,583,840	3.65%
2. Albuquerque Public Schools	599,384	1,389,671	1.41%
3. University of New Mexico Physical	228,298	563,694	0.57%
4. Kirtland Air Force Base	142,324	307,914	0.31%
5. Bernalillo County	133,921	314,333	0.32%
6. Lovelace Health Care	98,651	186,691	0.19%
7. ABCWUA	67,617	188,884	0.19%
8. Albuquerque Academy	65,649	121,616	0.12%
9. Sumitomo	59,839	105,997	0.11%
10. CNM	46,952	151,924	0.15%
Total		\$ 6,914,564	7.04%
Total Revenue for System		\$ 98,257,064	

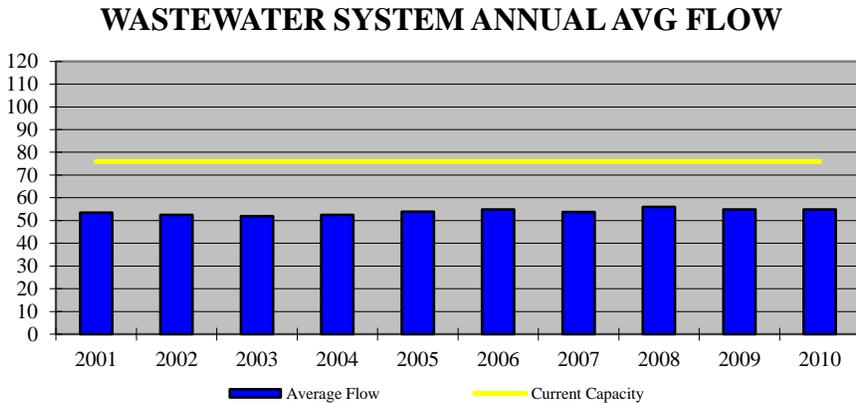


Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2012 BUDGET

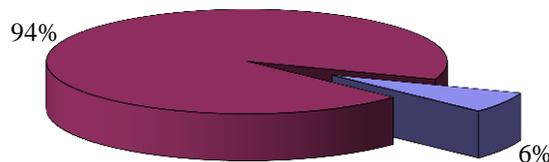
WASTEWATER SYSTEM ANNUAL PEAK DEMAND

- *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

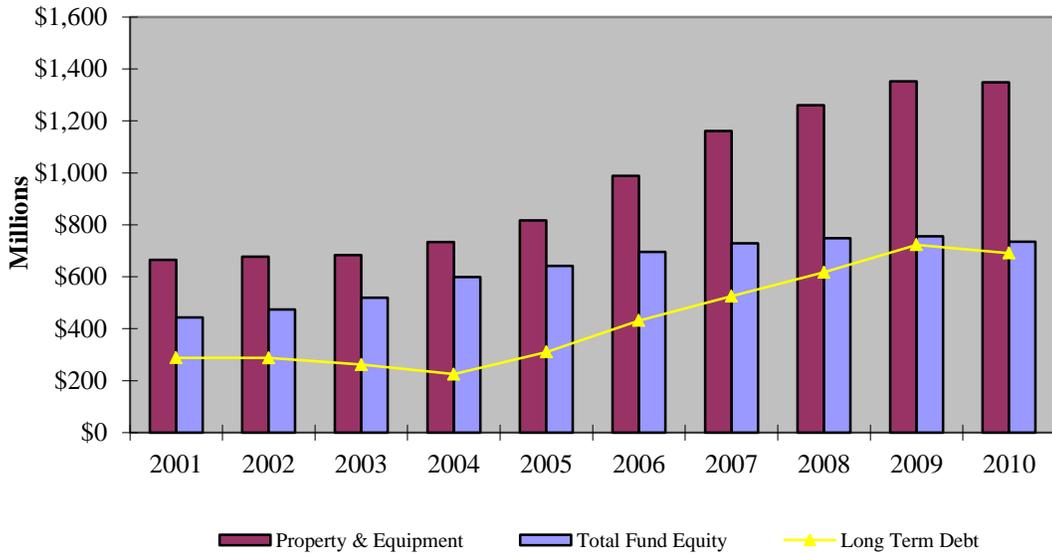
<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2009 Revenue</u>	<u>% of Total Revenue</u>
1. Kirtland Air Force Base	554,046	\$947,437	1.99%
2. UNM Physical Plant	327,411	543,532	1.14%
3. City of Albuquerque	138,188	375,335	0.79%
4. Albuquerque Public Schools	123,612	548,263	1.15%
5. Lovelace Health	84,250	132,809	0.28%
6. Sandia Peak Services	63,843	68,181	0.14%
7. Bernalillo County	44,389	106,259	0.22%
8. General Electric	26,644	60,942	0.13%
9. Creamland Dairies	25,511	261,126	0.55%
10. Town Park HOA	21,746	36,875	0.08%
.			
Total		\$3,080,759	6.46%
Total Revenue for System		\$47,685,066	



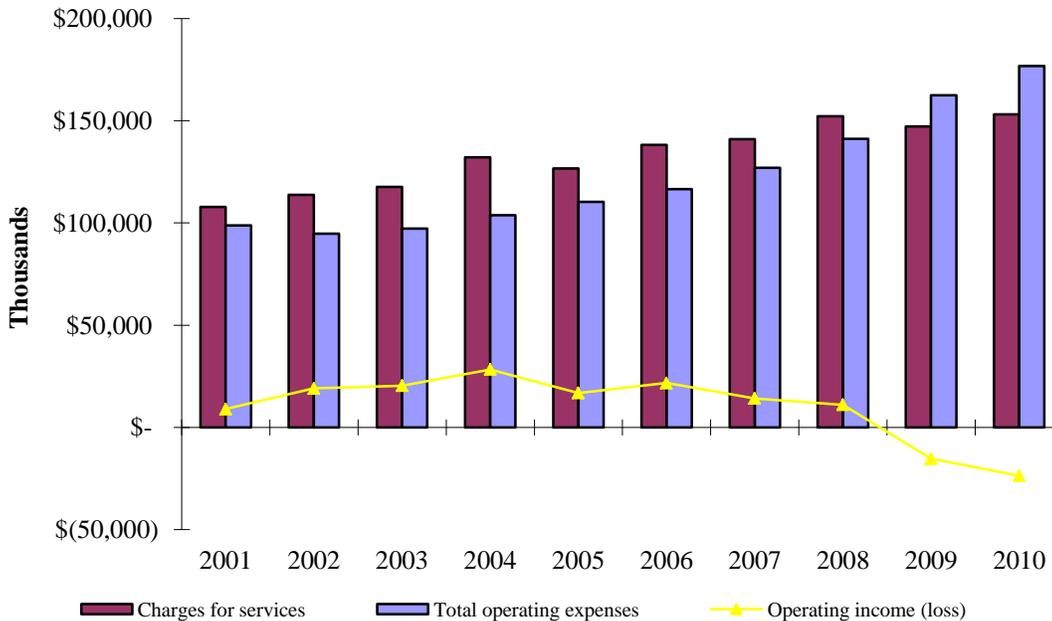
Source: Albuquerque Bernalillo County Water Utility Authority

**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
FY12*

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 FY12 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-1.83%, 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) – 18.55%.
- A vacancy savings rate of 0.5% for the Water Authority is calculated into employee salaries.

Operating Expenses

Division managers were required to provide detailed information supporting FY12 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY12 operating expenses were equal to FY11 appropriated amounts. One-time appropriations for FY11 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY12, 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 FY12. 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 FY12 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 2010.
- Fuel costs are estimated using YTD FY11 and trending through FY12. The average cost per gallon is \$3.25.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

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

AFH – Affordable Housing

AFSCME - American Federation of State, County and Municipal Employees

AMI – Automated Meter Infrastructure

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

CMDWWCA – Carnuel Mutual Domestic Water and Waste Water Consumer Association

CMMS – Computerized Maintenance Management System

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

CWA – Clean Water Act

D & C – Design and Construct

DAF – Dissolved Air Floatation

DOE - Dept of Energy

DOL - Dept of Labor

D/S - Debt Service

DWL – Drinking Water Loan

DWP – San Juan – Chama Drinking Water Project

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

GI – Global Insight

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

GRT – Gross Receipts Tax

HMO – Health Maintenance Organization

HR – Human Resources

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

ITD – Information Technology Division

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

ACRONYMS

LIMS – Laboratory Information System	RRAMP – Reclamation Rehabilitation and Asset Management Plan
MSA - Metropolitan Statistical Area	SAD - Special Assessment District
MDC – Metropolitan Detention Center	SAF – Soil Amendment Facility
MGD – Million Gallons per Day	SCADA – Supervisory Control And Data Acquisition
MIS – Management Information System	SDWA – State Drinking Water Act
MOU – Memorandum of Understanding	SJC – San Juan Chama
MSA – Metropolitan Statistical Area	SJCWTP - San Juan – Chama Drinking Water Project
MRGCOG – Middle Rio Grande Council of Governments	SNL – Sandia National Laboratory
NBER – National Bureau of Economic Research	SOP – Standard Operating Procedures
NM – New Mexico	SRF – State Revolving Loan Fund
NMDOT – New Mexico Department of Transportation	SWR - Sewer
NMFA – New Mexico Finance Authority	SWRP - Southside Water Reclamation Plant
NMED – New Mexico Environment Department	TRFR - Transfer
NMUI – New Mexico Utilities Group Inc.	UEC – Utility Expansion Charge
NPDES – National Pollution Discharge Elimination System	UNM – University of New Mexico
NWSA – Northwest Service Area	UV – Ultra-Violet
O/M – Operations and Maintenance	WQL – Water Quality Laboratory
OSHA – Occupational Safety and Health Administration	WRAC – Water Resources Advisory Committee
P&I – Principal and Interest	WTP – Water Treatment Plant
PERA - Public Employees Retirement Association	YR - Year
PNM – Public Service Company of New Mexico	
PTF – Preliminary Treatment Facility	
REC – Renewable Energy Credit	
RFP - Request for Proposal(s)	

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

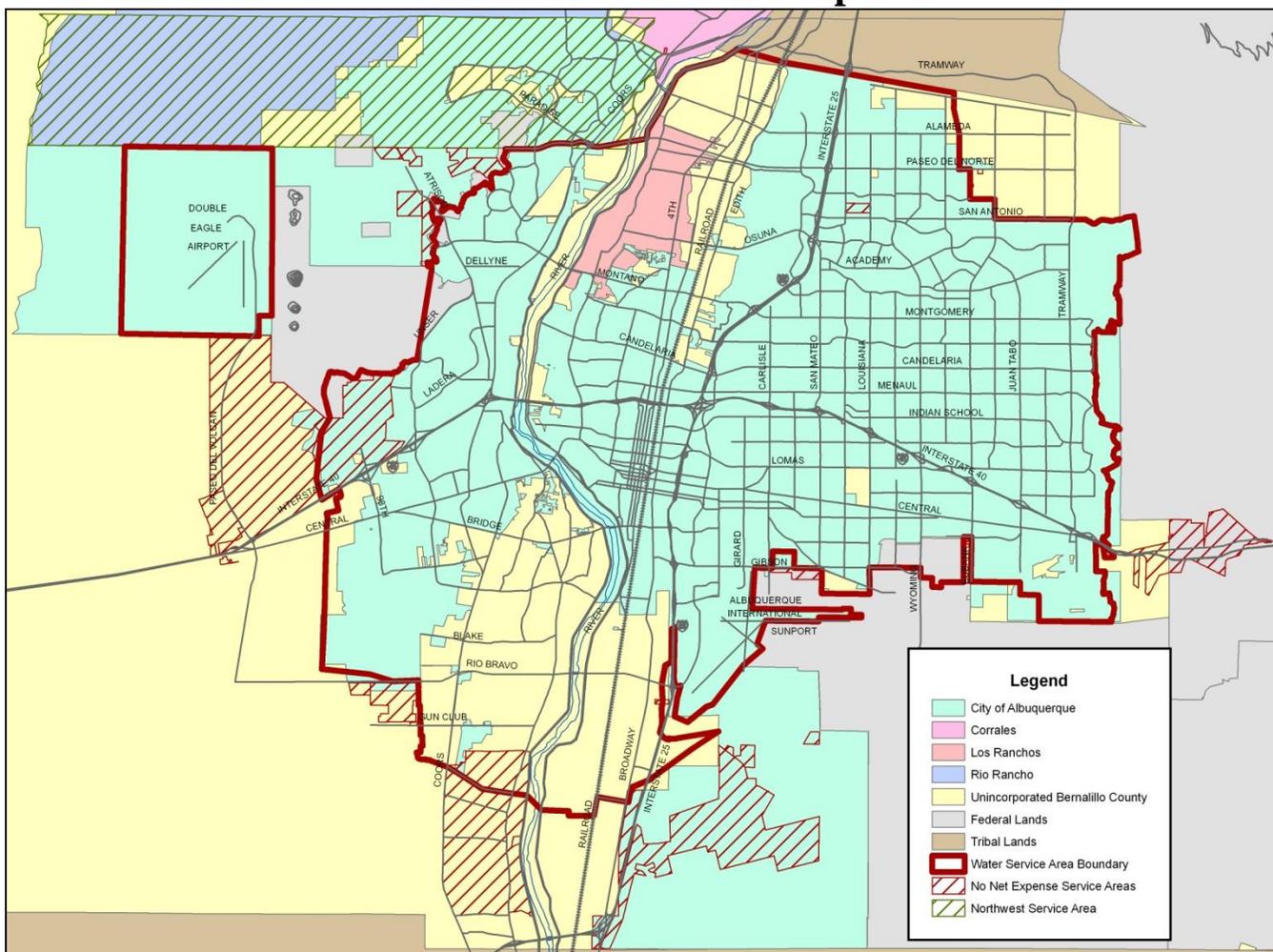
ENTERPRISE FUNDS:

- 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:

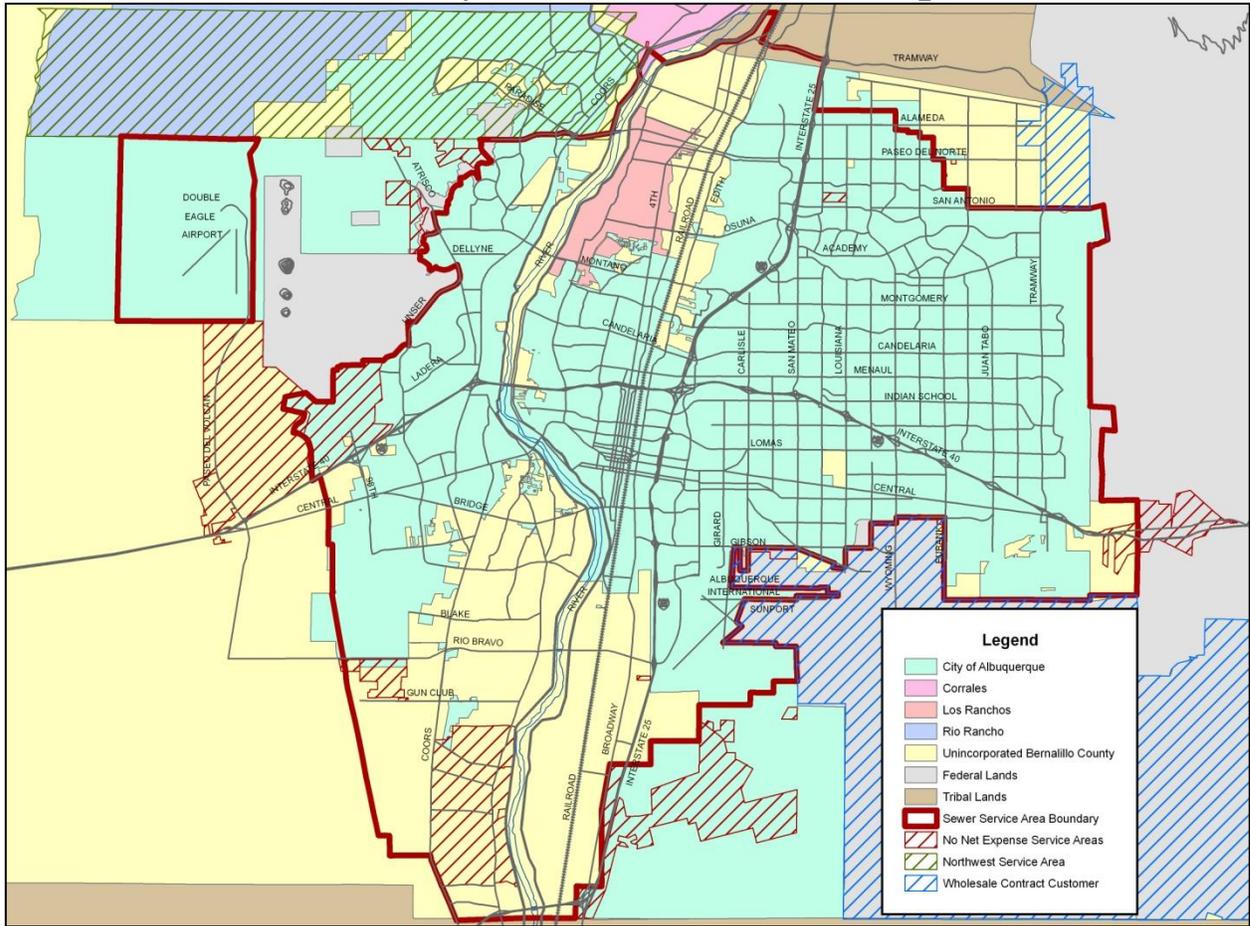
- 92 MGD San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 102 ground water supply wells
- 62 water supply reservoirs providing both mixed surface and ground water
- 3,130 miles of water supply pipeline
- 5 MGD arsenic removal treatment plant

The Water System provides water services to approximately 607,000 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 59% 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 Water 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 102 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 62 reservoirs located throughout the service area, with a total reservoir storage capacity of 211 million gallons. These reservoirs are interconnected by over 3,130 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 186 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. In FY11, these customers were 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
- 45 Lift Stations
- 2,400 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. In FY12, the chlorination/dechlorination system was replaced by ultraviolet light disinfection. Existing flows at the plant are about 54 MGD. The Sewer System Service Area is approximately 196 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. In FY11, these customers were incorporated into the Sewer System and pay the same rates as current customers.

This Page is Left Intentionally Blank

LEGISLATION

*Approved
Operating Budget
FY12*