

APPROVED FY 2014 BUDGET

BOARD MEMBERS

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Vice-Chair

Richard J. Berry

Maggie Hart Stebbins

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Debbie O'Malley

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ADMINISTRATION

Mark S. Sanchez
Executive Director



Albuquerque Bernalillo County
Water Utility Authority



Albuquerque Bernalillo County Water Utility Authority

May 22, 2013

To: Art De la Cruz, Chair
From: Mark S. Sanchez, Executive Director
Subject: Approved Fiscal Year 2014 Budget

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2014. This budget represents the Authority's financial plan for Fiscal Year 2014. The development of this financial plan has been guided by the Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. 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. This budget is based upon the 10 year financial plan, balanced, fiscally conservative and sound.

For Fiscal Year 2014 the approved budget includes a 5% revenue rate adjustment. Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and add an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3-million per year starting in Fiscal Year 2015.

In the preparation of this budget, the Authority has developed a maintenance of effort budget within the projected estimated revenues. Staffing levels have an increase of eight net positions in Fiscal Year 2014. There is a 1.45% increase in other employee benefits. General operating expenditures increase \$0.68 million with the major increase in the Franchise Fee based upon the 5% revenue adjustment that will go into effect on July 1, 2013. The most significant expense of the Authority continues to be debt service payments which will comprise 38% of the total operating expense in Fiscal Year 2014.

In Fiscal Year 2013, the Water Authority began the implementation of SunGard Enterprise Resource Planning (ERP) system. This project implements a full range of financial and human capital resources modules. In Fiscal Year 2014, Phase 1 of this project will go live on July 1, 2013. The Authority's first payroll run will begin in June of 2013. Phase 1 includes all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 will begin on July 1, 2013 and is anticipated to be completed at the end of the 2nd quarter of Fiscal Year 2014. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during Fiscal Year 2014 and the Authority will develop work plans to implement those modules.

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April 2013. Connections to the individual users commenced during the spring of 2013 and continue for approximately a year. Full operations are expected to begin in irrigation season 2013. The project will eventually 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 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, depending on drought conditions and surface water availability. 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 (SWRP) began in FY10 and is called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. The first two projects that are currently under design are a new Preliminary Treatment Facility (PTF) for screenings and grit removal and a new Solids Dewatering Facility. Construction of the new PTF is scheduled to begin in September 2013 whereas construction for the Solids Dewatering Facility is planned to start in March 2014. During FY14, renovation projects for both the air supply and air distribution equipment that feeds process air to the SWRP biological treatment process are scheduled to be completed as part of the RRAMP. The funding for the RRAMP improvements will be provided through the Authority's Capital Implementation Program (CIP).

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

Revenue for Fiscal Year 2014 is estimated to be \$199.5 million; approximately \$8.1 million above the Fiscal Year 2013 approved budget. Operating expenditures of \$193.8 million contain a net increase of \$12.1 million for Fiscal Year 2014. This includes an increase of \$1.9 million in salaries and fringe benefits, an increase in General Operating Expenses of \$0.69 million and an increase in internal services charges of \$9.7 million for Debt Service and increase operating transfer to Capital.

Five net new positions were added during Fiscal Year 2013 and three new positions are requested in this budget. These eight new positions are fully funded in Fiscal Year 2014. There is also a 1.45% increase for other employee benefits.

For Fiscal Year 2014 revenues are expected to be \$5.7 million over expenditures. This amount will bring the Working Capital or Fund Balance to \$10 million at June 30, 2014. By Ordinance, the Water Authority will be required to increase its Fund Balance to 1/12 of the annual budgeted

expenditures by Fiscal Year 2015 which will require an additional \$8 million to get the working capital balance to approximately \$18 million. For Fiscal Year 2014 \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Implementation Program (CIP) proposed budget for Fiscal Year 2014. The appropriation for Fiscal Year 2014 for CIP is \$52.0 million. \$49.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$49.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$15.0 million in supplemental rehabilitation funding and \$4.0 million in growth program funding. The \$15.0 million in supplemental rehabilitation funding is comprised of \$5.0 million for water reclamation facilities rehabilitation and \$10.0 million for all other rehabilitation categories.

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. In FY11, the Authority completed a comprehensive Asset Management Plan (AMP) used to provide a rational framework for understanding and planning of long-range asset renewal (rehabilitation and replacement) requirements. The AMP consolidates the Authority's asset information into a structured framework and uses it to provide a justifiable basis to support long-term organization, operations, and asset management decisions. In FY12, the Authority began work on preparing a set of 10-year asset management plans for various asset classes (i.e., small diameter pipes, large diameter pipes, wastewater treatment plant, groundwater and collection system facilities). The 10-year plans are generated to provide the Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In FY13, the Authority continued to improve on its asset management practices and completed the planned 10-year asset management plans. Those plans have been submitted for Board approval.

This 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 2014 to improvement of services and gain operating efficiencies.

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Albuquerque Bernalillo County Water Utility Authority

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Pablo Rael, Ex Officio Member

Mark S. Sanchez, Executive Director

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

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

For the Fiscal Year Beginning

July 1, 2011

Linda C. Dandson Jeffrey R. Emer

President

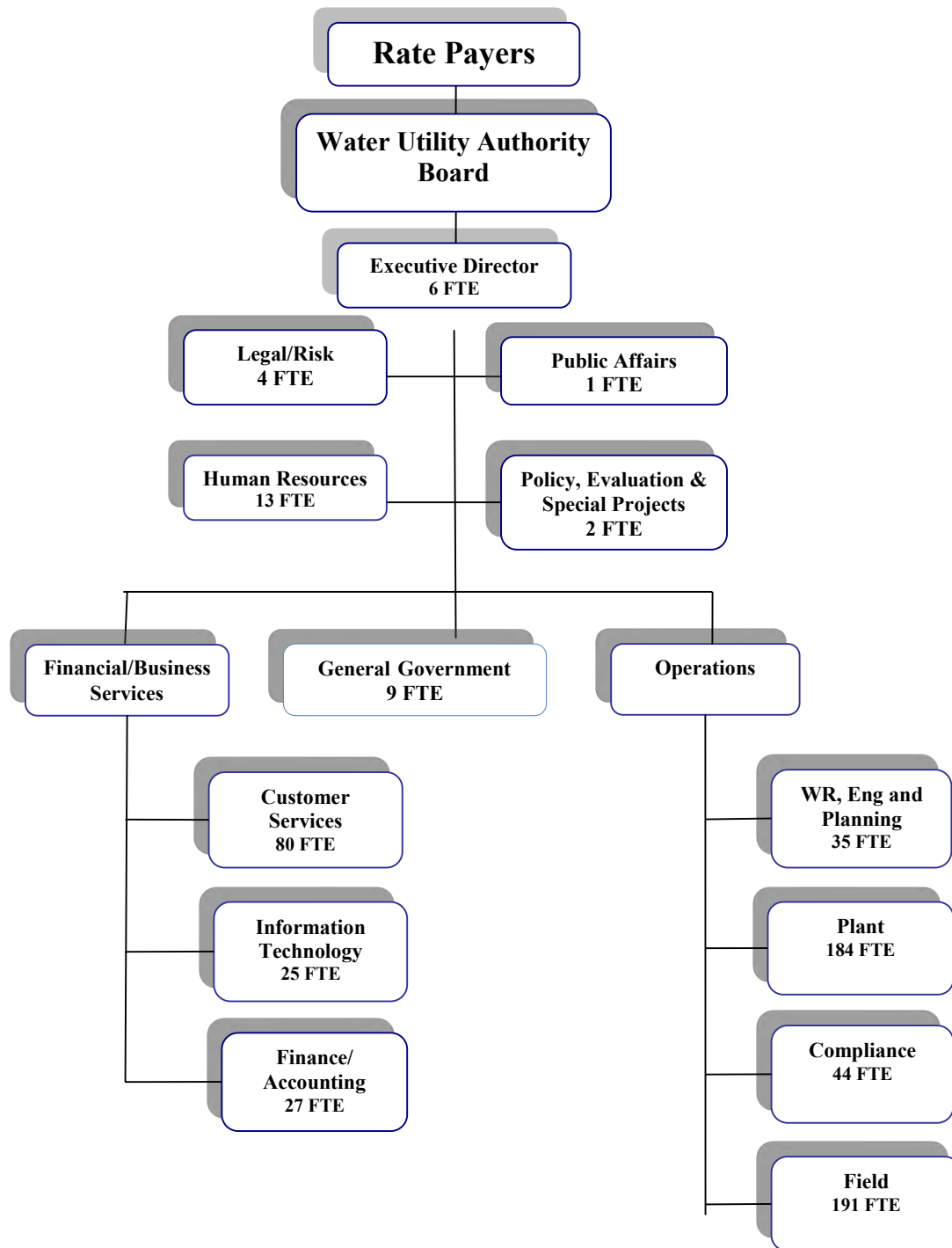
Executive Director

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, 2011. IN ORDER TO RECEIVE THIS AWARD, A GOVERNMENTAL UNIT MUST PUBLISH A BUDGET DOCUMENT THAT MEETS PROGRAM CRITERIA AS A POLICY DOCUMENT, AS A FINANCIAL PLAN, AS AN OPERATIONS GUIDE, AND AS A COMMUNICATIONS DEVICE.

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Albuquerque Bernalillo County Water Utility Authority



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 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 2014 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

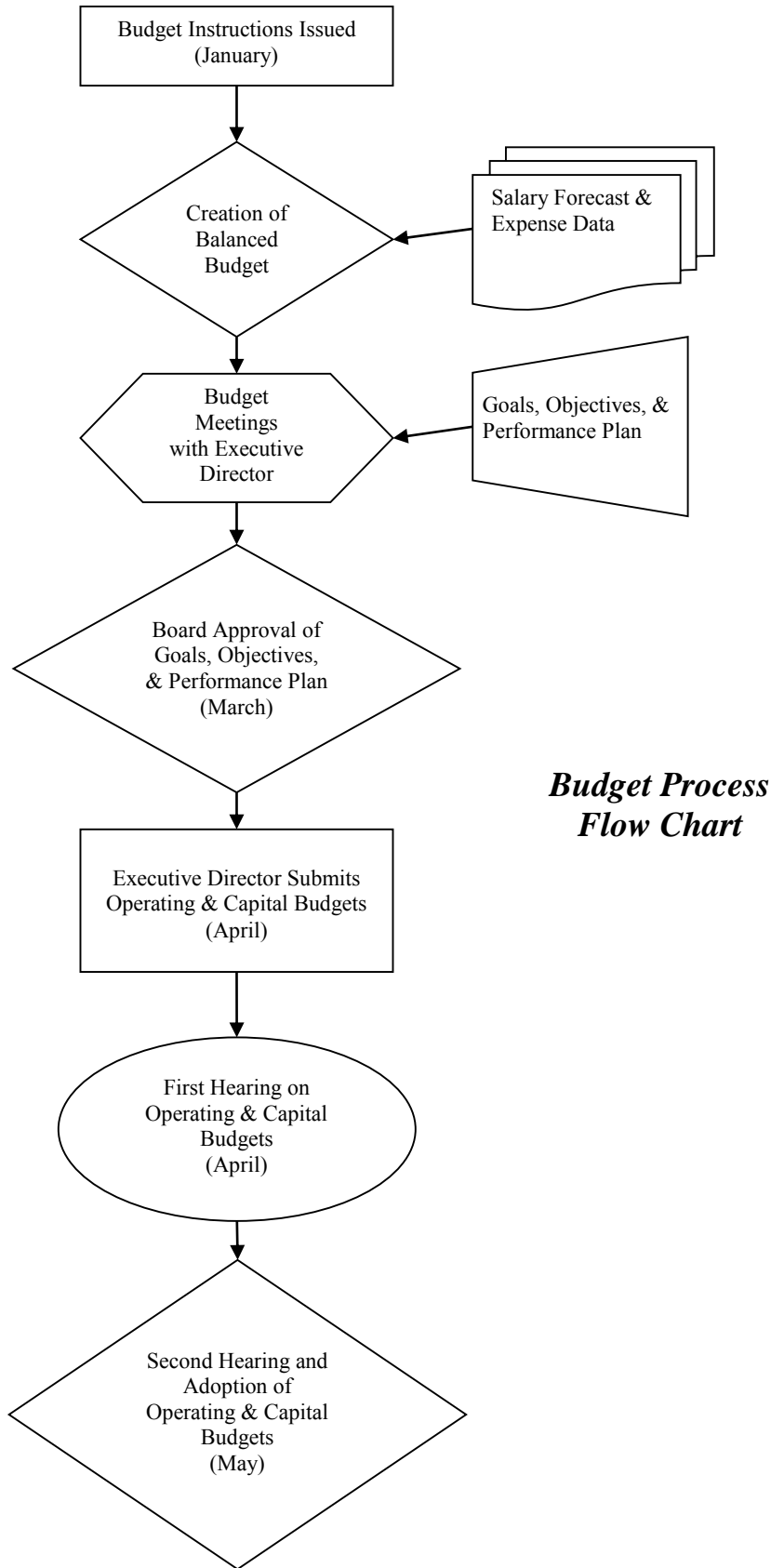
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

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

Budgetary and Accounting System Requirements

The budget and accounting basis for the Authority is on an accrual basis. Revenues are recognized when earned, and expenses are recognized as they are incurred. The Authority is operated as an enterprise fund, which is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity. Appropriations are at the Fund level, the level at which expenditures may not legally exceed appropriations. Budgetary control is maintained by a formal appropriation and encumbrance system. Appropriations may be made or modified during the year by a legally adopted resolution. Appropriations revert to fund/working capital balance to the extent they have not been expended or encumbered at fiscal year-end.

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***Budget Process
Flow Chart***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

FISCAL YEAR 2014 BUDGET CALENDAR OF EVENTS

Jan	Begin discussion on Authority's Performance Plan
Jan - Mar	Divisional preparation of FY14 budget request. Meetings between Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY14 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 21	Budget Call to Operating Divisions
Feb – Mar	ABCWUA budget review with Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Feb 20	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Changes
Feb 20	Introduction of Authority Objectives at Authority Meeting
Mar 20	CIP Budget Due to Finance Division
Mar 20	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 17	Introduction and public hearing of Proposed Operating and CIP Budget at Authority Meeting
May 22	2 nd Public Hearing and Approval of Proposed Operating and CIP Budget at Authority Meeting

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 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?

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EXECUTIVE SUMMARY

***Approved
Operating Budget
FY14***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

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 2014 Budget Highlights

The Fiscal Year 2014 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 2014 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 revenue rate adjustment has been approved for Fiscal Year 2014. 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 held constant for Fiscal Year 2014 reflecting the current stagnant trend in the development of residential housing.
- Wage Adjustments. There is a 2% cost of living adjustment for Fiscal Year 2014.
- Fringe Benefits. Fringe Benefits are calculated at 49.02% 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 2014 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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

dual cost for the Authority. The increasing costs associated with fuel, chemicals and electricity also impact the operation of the Southside Water Reclamation Plant which continues undergoing extensive renovations began in Fiscal Year 2010. The Authority has brought online the Southside Re-use Program which uses treated wastewater from the Southside Water Reclamation Plant to irrigate turf at parks, fields and other recreational areas. The projected costs of the reuse project have been included in the approved budget.

One Year Objectives Fiscal Year 2014

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 2014 Objectives are tied to resources contained in the Fiscal Year 2014 Budget. A few of the objectives are carried over from Fiscal Year 2013 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 2014 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 – 2014 BUDGET

General Fund – 21

Total revenue approved for Fiscal Year 2014 is \$199.5 million. Of the total revenue, 98.4% is comprised of charges for water and wastewater services. Appropriations total \$193.8 million.

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APP14/EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues	2,554	2,224	2,224	2,300	2,300	0
Enterprise Revenues	175,502	187,392	187,392	188,362	196,374	8,012
Transfers from Other Funds	1,745	1,792	1,792	1,792	800	(992)
Total Current Resources	179,801	191,408	191,408	192,454	199,474	7,020
Beginning Working Capital Balance	(10,650)	(10,869)	(10,869)	(10,869)	(3,634)	7,235
TOTAL RESOURCES	169,152	180,539	180,539	181,585	195,840	14,254
APPROPRIATIONS:						
Joint Water/Sewer Operations	95,371	98,989	98,989	100,561	109,693	9,132
Transfers to Other Funds	82,828	82,656	82,656	82,656	84,094	1,438
TOTAL APPROPRIATIONS	178,199	181,645	181,645	183,216	193,787	10,571
ADJ TO WORKING CAPITAL BALANCE	(1,822)	(2,000)	(2,000)	(2,003)	(2,000)	3
ENDING WORKING CAPITAL BALANCE	(10,869)	(3,106)	(3,106)	(3,634)	53	3,687

Resources

General Fund revenue for Fiscal Year 2014 is estimated to be \$8.1 million above the Fiscal Year 2013 approved budget; due mainly to the 5% rate adjustment. Revenue in the Debt Service Fund has a \$5.4 million increase due mainly from the transfer from the General Fund.

Appropriations

Operating Expenditures – Operating expenditures contain a net increase of \$12.1 million from Fiscal Year 2013. This includes an increase of \$1.9 million in salaries and benefits, an increase of \$0.69 million in operating expenses and a net increase of \$9.7 million for the Debt Service and Capital transfers.

Personnel expenditures include a 2% cost of living adjustment, as per labor agreements. Thirteen new positions were added in Fiscal Year 2014 and five positions were deleted for a net increase of eight positions in Fiscal Year 2014. Fiscal Year 2014 annualized cost of the additional positions is \$151,000. The positions added include four Utility Technicians, four Operations/Maintenance Supervisors, a Functional Support Specialist, three Communications Center Specialists, and one Assistant Operations/Maintenance Superintendent. Positions deleted include the Northwest Service Area Manager and 4 Utility Technicians. There is also a 1.45% increase for other employee benefits, due to increased cost of health insurance. Total general operating costs increase by \$691,000.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

The internal service charges increase by \$9.7 million and include an increase of \$4 million in the cash transfer to capital and a \$5.7 million increase in the transfer to debt service.

Working Capital –The balance for Working Capital is estimated to be \$10 million at the end of the Fiscal Year 2014.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Debt Service Fund – 31

Total current resources approved for Fiscal Year 2014 is \$80.3 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 \$77.9 million, of which \$73.6 million is debt service to offset payments and \$4.3 million is the transfer to CIP.

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APP14/EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues	8,142	8,500	8,500	8,500	8,200	(300)
Transfers from Other Funds	66,727	66,362	66,362	66,362	72,094	5,732
Total Current Resources	74,869	74,862	74,862	74,862	80,294	5,432
Beginning Fund Balance	(2,972)	(2,392)	(2,392)	(2,392)	(3,268)	(876)
TOTAL RESOURCES	71,897	72,470	72,470	72,470	77,026	4,556
APPROPRIATIONS:						
Total Joint Water/Sewer DS	70,450	72,738	72,738	72,738	73,621	883
Transfers to Other Funds	3,000	3,000	3,000	3,000	4,362	1362
TOTAL APPROPRIATIONS	73,450	75,738	75,738	75,738	77,983	2,245
ADJ TO FUND BALANCE	(840)	0	0	0	0	0
AVAILABLE FUND BALANCE	(2,392)	(3,268)	(3,268)	(3,268)	(957)	2,311

Resources

Debt Service resources increase \$5.4 million in Fiscal Year 2014 mainly due to an increase in the transfer from the General Fund.

Appropriations

Debt service payments increase \$2.2 million from Fiscal Year 2013 based on the Authority debt service schedule.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Fiscal Year 2014 Operational Highlights

The FY14 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, in conjunction with the Operating Divisions developed the budget by determining those costs necessary to running the utility operation. For FY14, the budget includes a 5% revenue rate adjustment. Looking forward, the Water Authority must continue to spend the \$250 million to upgrade its sewage treatment plant and add an additional \$36 million per year in Capital Implementation Program (CIP) funding to cover the costs of routine replacement of aging pipes, pumps and other infrastructure as recommended in a recent asset management study commissioned by the Water Authority. The CIP infrastructure renewal budget is planned to increase by \$3-million per year starting in FY15.

In FY13, the Water Authority began the implementation of SunGard Enterprise Resource Planning (ERP) system. This project implements a full range of financial and human capital resources modules. In FY14, Phase 1 of this project will go live on July 1, 2013. The Authority's first payroll run will begin in June of 2013. Phase 1 includes all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 will begin on July 1, 2013 and is anticipated to be completed at the end of the 2nd quarter of FY14. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during FY14 and the Authority will develop work plans to implement those modules.

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, depending on drought conditions and surface water availability. 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 design of the full-scale pilot Aquifer Storage and Recovery (ASR) program will be continuing in FY14 with permitting, design and construction to attempt to store more than 50,000 acre-feet into the aquifer at the Webster Well Field. This project will eventually create a future drought supply for the Authority.

The Northwest Service Area Division (NWSA) has been successfully integrated into some operations of the Authority. The NWSA now provides some selected services not only to customers of the former New Mexico Utilities but also to other Authority Westside ratepayers. In FY13, the Authority will continue to look at the expansion of the current Northwest Service Area (NWSA) Division from what was the New Mexico Utilities area to an area that will be bounded by Sandoval County on the north, the Rio Grande on the east, I-40 on the south and the Rio Puerco on the west. Any expenses associated with this expansion would have to be budget neutral. Since the Authority has long discussed area operations, the establishment of a northwest service area as described will provide a program that can be used to improve services to customers. The NWSA will implement the Clevest mobile workforce management system, which will provide a bridge for Maximo and CC&B in order to create SOP's for a paperless, real time, work order system, where field activities are dispatched, closed out and updated on a mobile platform. In addition, Clevest will be used to schedule and record the preventative maintenance (PM) activities on the meter change out, box and valve replacement initiative for NWSA and the Customer Service Division. 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 efforts include the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; continuation of the Large Meter Testing & Repair program with in-house resources, large valve exercising on critical transmission lines and corrosion monitoring and mitigation analysis.

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On the Collections Section side, the Authority will expand closed circuit televising (pending available funding) and condition analysis of wastewater collection lines, and have integrated the operations and maintenance of the wastewater collections lines & lift stations from the old NM Utilities (Corrales Trunk-NWSA). Continued efforts in odor and corrosion controls are proceeding from the Collections Section, notably at the 98th & Central facility where the bio filter was abandoned in favor of using carbon treatment and evaluation of magnesium chloride treatment for corrosion reduction. The USEPA has mandated in FY12 the implementation of a sustained Capacity Maintenance & Operations Management (CMOM) program for the wastewater collection system. The Collections Section implemented EPA-mandated (September, 2012) changes to reporting overflows in conjunction with enhanced communications with other impacted organizations (AMAFCA and the COA-Storm Drainage Section).

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 renew the treatment processes at the plant. The first two projects that are currently under design are a new Preliminary Treatment Facility (PTF) for screenings and grit removal and a new Solids Dewatering facility. Construction of the new PTF is scheduled to begin in September 2013 whereas construction for the Solids Dewatering Facility is planned to start in March 2014. During FY2014, renovation projects for both the air supply and air distribution equipment that feeds process air to the SWRP biological treatment process are scheduled to be completed as part of the RRAMP. The funding for the RRAMP improvements will be provided through the Authorities Capital Implementation Program (CIP).

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April 2013. Connections to the individual users commenced during the Spring of 2013 and continue for approximately a year. Full operations are expected to begin in irrigation season 2013. The project will eventually 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 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 using digester gas. 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 FY14. It is the Authority's goal to compost at least 25% of the total wastewater residuals while not "over-saturating" the regional market for compost product.

The Information Technology Division (ITD) will continue to push mobile technologies to field and operations staff to become more efficient, including Maximo, Sharepoint and mobile Kronos/Timekeeping. Office365 and Sharepoint will be upgraded to Office 2013 and rollout of Windows 8 will begin.

ITD will continue its separation from the City of Albuquerque's network. This includes beginning conversion to VOIP for phones, and replacing all network infrastructure to be owned and managed by ITD. Implementation of a Service Desk/Help Desk will be planned and implemented, which will allow for call monitoring, problem management and resolution, better documentation, and a more effective ITD in general. ITD will also begin the consolidation and standardization of file storage and shared drives, resulting in lower maintenance costs and easier manageability.

In FY13, the Authority completed the implementation of Phase 2 of its Automated Meter Infrastructure (AMI) project for small residential meters (less than 4"). The Authority now has over 40,000 meters on the AMI technology. In FY14, Phase 3 of the AMI implementation is expected to be completed. This will bring on an additional 20,000 meters, which will include all City of Albuquerque government accounts. The Customer Care and Billing (CC&B) billing web interface for customers will be completed in FY13 and will allow for the increase

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in the market penetration of paperless billing in FY14. The AMI project will provide access of monthly, daily and hourly water usage to customers.

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 quarterly a matrix of regulatory requirements to monitor new regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the new National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program will modify the Water Authority Sewer Use and Wastewater Control Ordinance, develop a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revise the Technically Based Local Limits. Continued improvement in ordinance compliance will be validated by inspection, monitoring, and enforcement actions for permitted industrial users, septage waste haulers, food service establishments, and dental offices. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation will be completed in FY14 and will result in improved water quality laboratory business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application. In addition, LIMS will facilitate monitoring and reporting of performance metrics for comparison with industry performance benchmarks. Finally, collection and analyses of laboratory data will be used to determine and document the actual cost for laboratory services. LIMS maintains records for millions of analytical results and associated quality assurance/quality control processes. Those results, along with results from other analytical laboratories, will be combined to develop a water quality monitoring data repository for user access to historical and current analytical results, inclusive of data validation procedures and statistical tools for analyses. The data repository will also be completed in FY14. A Quality Assurance/Quality Control Program will be further developed and implemented to improve environmental monitoring

The FY14 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 Water 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 in half over the past two fiscal years.

Debt service payments increased by \$5.7 million over FY13. The Authority's service area is still experiencing very slow growth due to the impact of the recession in the service area. The proposed appropriation for Fiscal Year 2014 for CIP is \$52.0 million. \$49.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$49.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$15.0 million in supplemental rehabilitation funding and \$4.0 million in growth program funding. The \$15.0 million in supplemental rehabilitation funding is comprised of \$5.0 million for water reclamation facilities rehabilitation and \$10.0 million for all other rehabilitation categories. Working Capital will increase by \$8 million in FY14. This \$8 million will be added to the FY13 balance of \$2 million. The Working Capital balance at June 30, 2014 is estimated to be \$10 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.

FINANCIAL POLICIES

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

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

STATE STATUTES:

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-3 BUDGET CONTENTS AND FORMAT.

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

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

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

“(B) The Authority budget shall be fund based.”

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

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

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

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-1 INTENT.

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

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

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

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

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

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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

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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."

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

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

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

§ 1-6 WATER AND SEWER REHABILITATION FUND.

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

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

***Approved
Operating Budget
FY14***

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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 2011 by AWWA from over 100 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

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current performance level. The Water Authority conducted a Self-Assessments in 2004 and in which allowed 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 identified 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 2013 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 2014.

Summary of Fiscal Year 2014 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. Routinely monitor emerging Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations and NM Water Quality Control Commission and Environmental Improvement Board regulations to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY14.
2. Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP) including administrative, policy and technical support to the Water Quality Advisory Board (WPAB). Continue to monitor ongoing or new ground water contamination sites and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports to the Water Authority Board through the 4th Quarter of FY14.
3. 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 FY14.
4. \$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 FY14.
5. Continue work on the Partnership for Safe Water program for surface water treatment and drinking water distribution systems to optimize water system operations and performance by the end of the 4th Quarter of FY14.
6. Develop and internal large diameter valve exercise program including field location and GPS coordinates of existing valves. The phasing schedule shall be completed by the end of the 4th Quarter of FY14.
7. Transition the meter-reading representatives to a Utility Tech position and add the AMI curriculum to the training program to transfer small meter replacement into Customer Services by the end of the 4th Quarter of FY14.

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8. Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY14.
9. Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 35% of all completed maintenance labor hours by the end of the 4th Quarter of FY14.
10. Maintain water use at 148 gallons per person per day by the end of the 2nd Quarter of FY14; establish annual goals to be achieved over the next ten years based on the savings to be achieved from Plan's programs.

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. Complete the Water Authority's Capacity Management Operation Maintenance (CMOM) report for managing sanitary sewer overflows by the end of the 2nd Quarter of FY14.
2. Develop a Fats, Oils, and Grease (FOG) policy to reduce impacts on the sewer system caused by FOG as required by the new National Pollutant Discharge Elimination System (NPDES) permit. The proposed policy shall be submitted to U.S. EPA and the NM Environment Department for approval by the end of the 1st Quarter of FY14.
3. Evaluate, design, and initiate the installation of a magnesium hydroxide station in the sanitary sewer system and establish criteria to evaluate performance impacts to the interceptor system including the Yucca/Central area and the water reclamation facility by the end of the 4th Quarter of FY14.
4. Televising and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY14.
5. Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY14.
6. Modify the Sewer Use and Wastewater Control Ordinance to comply with 40 CFR 403 regulations as required by the new NPDES permit and submit to U.S. EPA for approval by the end of the 1st Quarter of FY14.
7. Monitor compliance with the Water Authority's Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action. Report activities and compliance rates through the end of the 4th Quarter of FY14.
8. Revise the Technically Based Local Limits (TBLLs) as required by the new NPDES permit for submittal to U.S. EPA for approval by the end of the 1st Quarter of FY14.
9. Conduct an Arc Flash Hazard Evaluation and any necessary testing for the Collection facilities by the end of the 4th Quarter of FY14.
10. Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 30% of all completed maintenance labor hours by the end of the 4th Quarter of FY14.

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 FY14.
2. Implement Phase 3 of the Automated Meter Infrastructure (AMI) project by the end of 4th Quarter FY14.
3. Implement new payment methods for customer billing and web self-service in conjunction with Western Union payment centers and the AMI program by the end of the 1st Quarter of FY14. Increase

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paperless billing to 10,000 enrollments and web self-service to 40,000 registrations by the end of the 4th Quarter of FY14.

4. Develop a customer-focused marketing and communications strategy for the low-income credit program in conjunction with a new RFP for administering the program by the end of the 1st Quarter of FY14.
5. Conduct a customer opinion survey to assess the Water Authority's performance from the customer's viewpoint by the end of the 4th Quarter of FY14.
6. Initiate public involvement meetings to obtain input from customers on the Water Authority's activities through the end of the 4th Quarter of FY14.

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. Implement Phase 2 of the Enterprise Resource Planning (ERP) project by end of the 2nd Quarter of FY14; perform hard closes in ERP and provide monthly financials by the end of the 1st Quarter of FY14; create a plan and schedule for ERP Phase 3 implementation by the end of the 1st Quarter of FY14.
2. Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY14.
3. Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition of the Water Authority's groundwater facilities by the end of the 4th Quarter of FY14.
4. Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY14.

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. Reduce injury hours to 3,000 hours or less by the end of the 4th Quarter of FY14.
2. Complete the evaluation of plant facility operations and maintenance staff and begin developing new operator and supervisor training curriculums and revising standard operating procedures for the Water and Wastewater Treatment Plants by the end of the 4th Quarter of FY14.
3. Implement an employee performance evaluation system that aligns to performance strategies through the end of the 4th Quarter of FY14.
4. Complete the first phase of the Operational Improvement Strategy by the end of the 3rd Quarter of FY14. Incorporate performance standards and metrics into monthly reporting by the end of the 4th Quarter of FY14.
5. Maintain an average utility-wide vacancy rate of no greater than 6% through FY14.
6. Complete application to NACWA's Excellence in Management Program by the end of the 3rd Quarter of FY14.
7. Continue implementation of mobile solutions to operations staff through the end of the 4th Quarter of FY14.
8. Conduct an internal audit of the Water Quality Laboratory to prepare for the American Association for Laboratory Accreditation (A2LA) assessment in July 2015, with results reported by the end of the 1st Quarter of FY14. Address and resolve deficiencies by the end of the 3rd Quarter of FY14.

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Strategic Planning, Budgeting and Improvement Process

The Five-Year Goals and One-Year Objectives are a component of the Strategic Planning, Budgeting and Improvement Process. The Goals and Objectives and performance measures from the Performance Plan (Volume 2) help guide the operating and capital budgets in allocating the Authority's financial resources. The Performance Plan illustrates how the Five-Year Goals, One-Year Objectives, and performance measures are integrated through the use of the logic model in order to achieve service delivery and performance improvement. The Performance Plans discusses in detail how the Authority assesses its performance year to year, and how it compares its performance with that of other utilities. The integration of the performance measures and objectives are used to achieve the long-term desired results of the Authority's Five-Year Goals.



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

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

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***APPROVED BUDGET
&
FINANCIAL
CONSOLIDATIONS***

***Approved
Operating Budget
FY14***

PERSONNEL SUMMARY

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

PERSONNEL INFORMATION

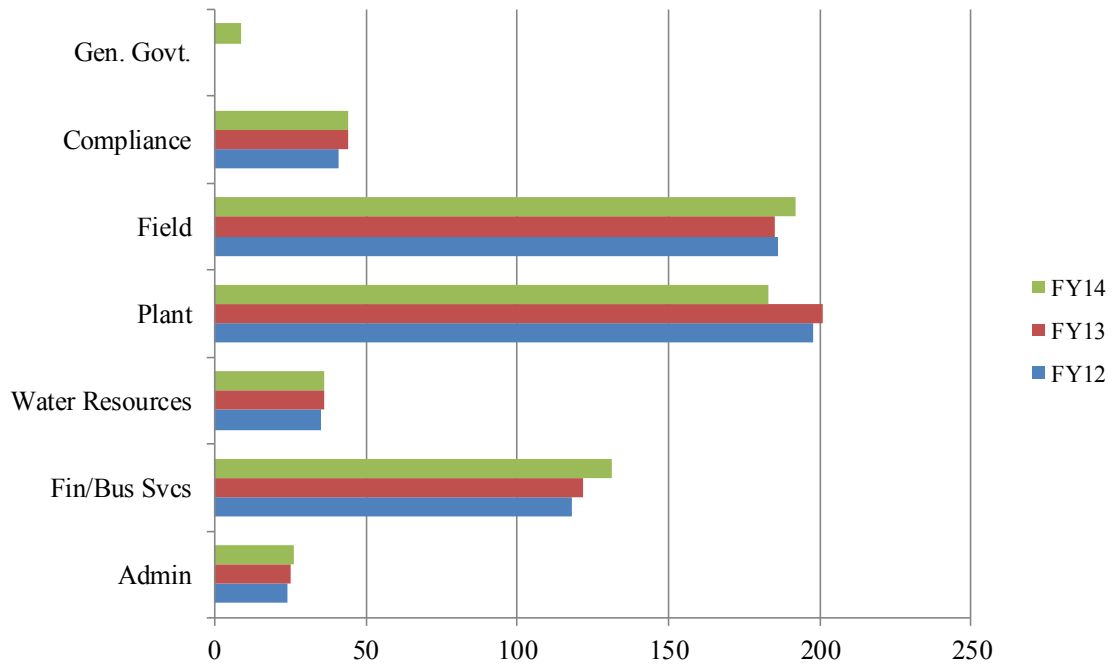
The Fiscal Year 2014 approved budget contains a net increase of 8 employees over the Fiscal Year 2013 level. The Fiscal Year 2014 budget is authorized and approved at 621 employees.

Three labor unions represent 495 of the 621 Utility employees. Local 2962 AFSME, AFL-CIO, CLC represents 55 clerical series employees, Local 624 AFSCME, AFL-CIO represents 316 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 124 management series employees.

Changes in Employment - The budget for Fiscal Year 2014 shows a net increase of 8 new. The positions added include four Utility Technicians, four Operations/Maintenance Supervisors, a Functional Support Specialist, three Communications Center Specialists, and one Assistant Operations/Maintenance Superintendent. Positions deleted include the Northwest Service Area Manager and 4 Utility Technicians.

POSITIONS:	ACTUAL FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14
Administration					
Water Authority	12	12	12	12	13
Human Resources	12	13	13	13	13
Total Administration	24	25	25	25	26
Financial /Business Services					
Finance	23	23	23	23	27
Customer Services	73	74	74	79	80
Information Technology	22	25	25	25	25
Total Financial/Business Services	118	122	122	127	132
Plant					
Wastewater Treatment	108	109	109	109	99
Groundwater	79	68	68	64	57
San Juan-Chama Water Treat Plant	11	24	24	28	28
Total Plant	198	201	201	201	184
Field					
Wastewater Collection	63	63	63	63	60
Water Field Operations	123	122	122	122	131
Total Field	186	185	185	185	191
Compliance	41	44	44	44	44
Water Resources Management	35	36	36	36	35
General Government	0	0	0	0	9
TOTAL FULL TIME POSITIONS	602	613	613	618	621

Changes in Employment by Functional Unit



Number of Employees

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ABCWUA FUNDS

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

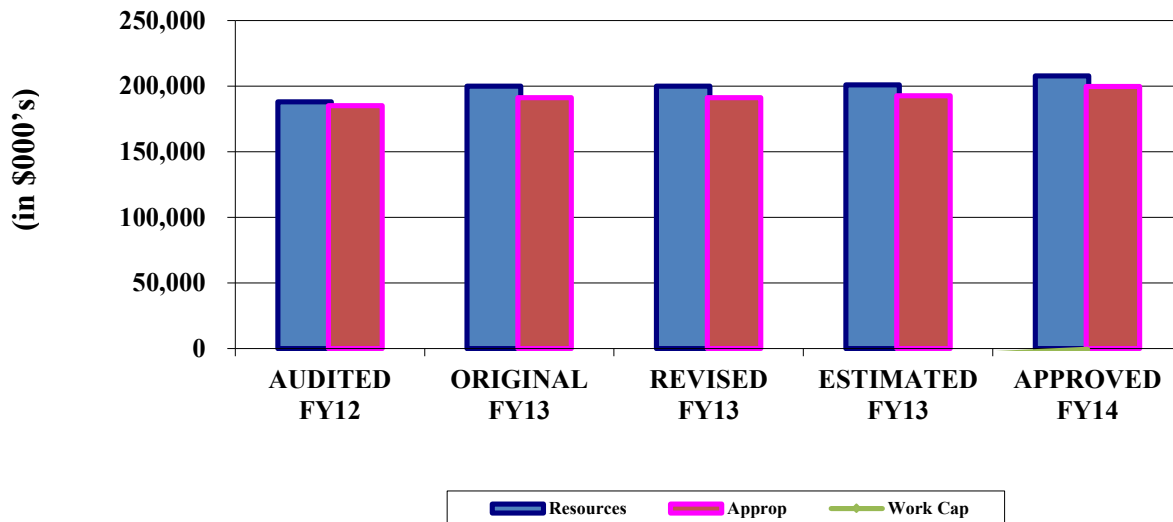
Fund 21 - General Fund - To account for the general operations of providing water and sewer services in the Authority's service area.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APP 14/ EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues	10,696	10,724	10,724	10,800	10,500	(300)
Enterprise Revenues	175,502	187,392	187,392	188,362	196,374	8,012
Transfers from Other Funds	68,472	68,154	68,154	68,154	72,894	4,740
Interfund Adjustments	(66,727)	(66,362)	(66,362)	(66,362)	(72,094)	(5,732)
Total Current Resources	187,943	199,908	199,908	200,954	207,674	6,720
Beginning Working Capital Balance	(13,622)	(13,261)	(13,261)	(13,261)	(6,902)	6,359
TOTAL RESOURCES	174,323	186,647	186,647	187,693	200,772	13,078
APPROPRIATIONS:						
Joint Water/Sewer Operations	95,371	98,989	98,989	100,561	109,693	9,132
Joint Water/Sewer D/S	70,450	72,738	72,738	72,738	73,621	883
Transfers to Other Funds:	85,828	85,656	85,656	85,656	88,456	2,800
Interfund Adjustments	(66,727)	(66,362)	(66,362)	(66,362)	(72,094)	(5,732)
TOTAL APPROPRIATIONS	184,923	191,021	191,021	192,592	199,676	7,083
ADJ TO WORKING CAPITAL BALANCE	(2,662)	(2,000)	(2,000)	(2,003)	(2,000)	0
ENDING WORKING CAPITAL BALANCE	(13,261)	(6,374)	(6,374)	(6,902)	(904)	5,998



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

COMBINED FISCAL YEAR 2014 FUNDS BUDGET

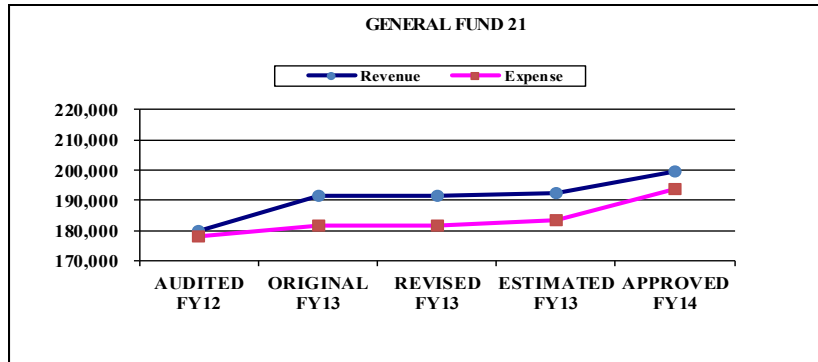
	GENERAL	DEBT SERVICE	2013-2014
	<u>FUND 21</u>	<u>FUND 31</u>	<u>TOTALS</u>
Revenues and Other Resources			
Interest	750,000	200,000	950,000
Miscellaneous	1,550,000		1,550,000
Water	90,415,000		90,415,000
Water Resources Management	4,500,000		4,500,000
Sewer	62,387,000		62,387,000
CIP Employees	800,000		800,000
Solid Waste Billing Fee	1,236,000		1,236,000
Franchise Fee	7,836,000		7,836,000
SJC Strategy Implementation	30,000,000		30,000,000
Utility Expansion Charges		8,000,000	8,000,000
Transfers		72,094,000	72,094,000
Interfund Adjustment			(72,094,000)
TOTAL	<u>199,474,000</u>	<u>80,294,000</u>	<u>207,674,000</u>
Expenditures			
Wages	34,111,302		34,111,302
Fringe Benefits	15,318,824		15,318,824
Professional and Other Services	1,251,612		1,251,612
Utilities	12,323,540		12,323,540
Supplies	9,295,937		9,295,937
Travel & Training	464,552		464,552
Repairs and Maintenance	10,971,380		10,971,380
Vehicle Maintenance	2,746,833		2,746,833
Insurance, Tort, and Other Liab	3,363,928		3,363,928
Franchise Fee	7,951,000		7,951,000
NM Water Conservation Fee	1,100,000		1,100,000
Interest	363,000		363,000
Principal	1,039,000		1,039,000
Admin Svcs-IDOH	1,550,000		1,550,000
Contractual Services	7,168,073		7,168,073
Capital Outlay	674,019		674,019
Transfers to Other Funds	12,000,000	4,362,000	16,362,000
Transfer to Debt Service	72,094,000		72,094,000
Debt Service Payments		73,621,000	73,621,000
Interfund Adjustment			(72,094,000)
TOTAL	<u>193,787,000</u>	<u>77,983,000</u>	<u>199,676,000</u>
Revenue Over (Under) Expenditures	5,687,000	2,311,000	7,998,000
Beginning Fund Balance	(3,634,000)	(3,268,000)	(6,902,000)
Rate Reserve	(2,000,000)		(2,000,000)
Ending Fund Balance	<u>53,000</u>	<u>(957,000)</u>	<u>(904,000)</u>

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

GENERAL FUND 21 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

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



- ◇ 5% rate adjustment for FY14.
- ◇ 2% Cost of Living adjustment for salaries in FY14.
- ◇ General operating expenses increase \$0.69M in FY14.
- ◇ Transfers and Internal Services increase \$9.7M in FY14.
- ◇ Working Capital balance maintained at \$10M in FY14.
- ◇ \$2M added to Rate Reserve in FY14.

GENERAL FUND 21 RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APPR 14/ EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues	2,554	2,224	2,224	2,300	2,300	0
Enterprise Revenues	175,502	187,392	187,392	188,362	196,374	8,012
Transfers from Other Funds	1,745	1,792	1,792	1,792	800	(992)
Total Current Resources	179,801	191,408	191,408	192,454	199,474	7,020
Beginning Working Capital Balance	(10,650)	(10,869)	(10,869)	(10,869)	(3,634)	7,234
TOTAL RESOURCES	169,152	180,539	180,539	181,585	195,840	14,254
APPROPRIATIONS:						
Joint Water/Sewer Operations	95,371	98,989	98,989	100,561	109,693	9,132
Transfers to Other Funds:	82,828	82,656	82,656	82,656	84,094	1,438
TOTAL APPROPRIATIONS	178,199	181,645	181,645	183,216	193,787	10,571
ADJ TO WORKING CAPITAL BALANCE	(1,822)	(2,000)	(2,000)	(2,003)	(2,000)	3
ENDING WORKING CAPITAL BALANCE	(10,869)	(3,106)	(3,106)	(3,634)	53	3,687

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

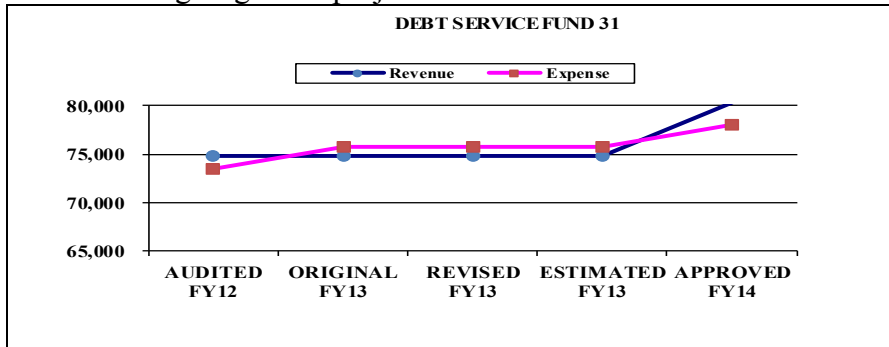
GENERAL FUND – 21

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APPR 14/ EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	1	750	750	750	750	-
Other Miscellaneous Revenue	2,553	1,474	1,474	1,550	1,550	-
Total Miscellaneous Revenues	2,554	2,224	2,224	2,300	2,300	-
Enterprise Revenues						
City System-Water	61,834	70,800	70,800	70,800	77,515	6,715
City System-Sewer	41,269	51,800	51,800	51,800	52,187	387
City System-Contr/Aid	369	350	350	350	350	-
SJC Strategy Implementation	28,748	30,000	30,000	30,000	30,000	-
City Metered Water Sales - Reuse	349	400	400	400	400	-
City System-Franchise Fee	5,900	6,544	6,544	6,544	7,130	586
Solid Waste Admin Fees	-	-	-	-	1,236	1,236
Water Resources Management	4,577	4,500	4,500	4,500	4,500	-
Water Facilities Rehab	9,823	7,100	7,100	7,000	7,100	100
Wastewater Facilities Rehab	13,103	6,200	6,200	7,000	6,200	(800)
Total City System	165,971	177,694	177,694	178,394	186,618	8,224
Valley System-Water	5,244	5,000	5,000	5,300	5,000	(300)
Valley System-Sewer	3,647	4,000	4,000	4,000	4,000	-
Valley System-Contr/Aid	22	50	50	20	50	30
Valley System-Franchise Fee	546	575	575	575	627	52
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	71	72	72	72	78	6
Total Valley System	9,531	9,698	9,698	9,968	9,756	(212)
Total Enterprise Revenues	175,502	187,392	187,392	188,362	196,374	8,012
Transfers from Other Funds						
CIP Funded Employees	698	650	650	650	800	150
Refuse Disposal Op. Fund - 651	1,047	1,142	1,142	1,142	-	(1,142)
Total Transfers	1,745	1,792	1,792	1,792	800	(992)
Total Current Resources	179,802	191,408	191,408	192,454	199,474	7,020
Beginning Working Capital Balance	(10,650)	(10,869)	(10,869)	(10,869)	(3,634)	7,234
TOTAL RESOURCES	169,152	180,539	180,539	181,585	195,840	14,254
APPROPRIATIONS:						
Programs:						
Administration	3,534	2,736	2,736	3,486	2,537	(949)
Human Resources	951	1,085	1,085	1,057	1,230	172
Finance	6,296	7,022	7,022	6,605	2,840	(3,765)
Customer Services	6,477	7,946	7,946	6,896	7,697	801
Information Technology	4,833	4,152	4,152	5,083	4,302	(781)
Wastewater Plant	16,031	11,792	11,792	12,272	10,030	(2,243)
San Juan-Chama Water Treatment Plant	8,311	2,712	2,712	3,016	3,059	43
Groundwater Operations	13,689	6,637	6,637	6,525	5,761	(764)
Wastewater Collection	8,945	6,352	6,352	6,836	9,135	2,299
Water Field Operations	13,653	16,756	16,756	17,553	16,058	(1,495)
Compliance	3,834	4,270	4,270	3,647	4,525	878
Water Resources Management	6,271	6,515	6,515	6,061	6,429	368
General Government	240	18,767	18,767	19,274	33,842	14,568
San Juan Chama	2,307	2,247	2,247	2,247	2,247	-
Total Enterprise Appropriations	95,371	98,989	98,989	100,561	109,693	9,132
Transfers to Other Funds:						
General Fund - 110	8,101	8,294	8,294	8,294	-	-
Rehab Fund - 28	8,000	8,000	8,000	8,000	12,000	4,000
Growth Fund - 29	-	-	-	-	-	-
Debt Service Fund - 31	66,727	66,362	66,362	66,362	72,094	5,732
Total Transfers	82,828	82,656	82,656	82,656	84,094	1,438
TOTAL APPROPRIATIONS	178,199	181,645	181,645	183,217	193,787	10,570
ADJUSTMENTS:						
Adjustment to Allowance for Uncollectible A/R	(82)	-	-	(3)	-	3
Rate Stabilization	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	-
Rate Stabilization Transferred to Working Cap for CAFR Presentation	260	-	-	-	-	-
TOTAL ADJUSTMENTS	(1,822)	(2,000)	(2,000)	(2,003)	(2,000)	3
ENDING WORKING CAPITAL BALANCE	(10,869)	(3,106)	(3,106)	(3,634)	53	3,687

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

DEBT SERVICE FUND – 31

The 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.

DEBT SERVICE FUND 31 RESOURCES, APPROPRIATIONS AND FUND BALANCE

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APP14/EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues	8,142	8,500	8,500	8,500	8,200	(300)
Transfers from Other Funds	<u>66,727</u>	<u>66,362</u>	<u>66,362</u>	<u>66,362</u>	<u>72,094</u>	<u>5,732</u>
Total Current Resources	74,869	74,862	74,862	74,862	80,294	5,432
Beginning Fund Balance	<u>(2,972)</u>	<u>(2,392)</u>	<u>(2,392)</u>	<u>(2,392)</u>	<u>(3,268)</u>	<u>(876)</u>
TOTAL RESOURCES	<u>71,897</u>	<u>72,470</u>	<u>72,470</u>	<u>72,470</u>	<u>77,026</u>	<u>4,556</u>
APPROPRIATIONS:						
Total Joint Water/Sewer DS	70,450	72,738	72,738	72,738	73,621	883
Transfers to Other Funds	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>4,362</u>	<u>1362</u>
TOTAL APPROPRIATIONS	<u>73,450</u>	<u>75,738</u>	<u>75,738</u>	<u>75,738</u>	<u>77,983</u>	<u>2,245</u>
ADJ TO FUND BALANCE	<u>(840)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AVAILABLE FUND BALANCE	<u>(2,392)</u>	<u>(3,268)</u>	<u>(3,268)</u>	<u>(3,268)</u>	<u>(957)</u>	<u>2,311</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

DEBT SERVICE FUND - 31

(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APPR 14/ EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	108	500	500	500	200	(300)
Expansion Charges (UEC)	8,035	8,000	8,000	8,000	8,000	0
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	8,142	8,500	8,500	8,500	8,200	(300)
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	66,727	66,362	66,362	66,362	72,094	5,732
Total Transfers	66,727	66,362	66,362	66,362	72,094	5,732
Total Current Resources	74,869	74,862	74,862	74,862	80,294	5,432
Beginning Fund Balance	(2,972)	(2,392)	(2,392)	(2,392)	(3,268)	(876)
TOTAL RESOURCES	71,898	72,470	72,470	72,470	77,026	4,556
APPROPRIATIONS:						
Public Works Department						
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-
Joint Water/Sewer Debt Service	70,450	72,738	72,738	72,738	73,621	883
Transfers to Other Funds						
Transfer to Valley Capital Fund - 627	-	-	-	-	-	-
Transfer to Rehab Fund - 628	-	-	-	-	-	-
Water and Sewer Capital Fund - 629	3,000	3,000	3,000	3,000	4,362	1,362.00
Total Transfers	3,000	3,000	3,000	3,000	4,362	1,362.00
TOTAL APPROPRIATIONS	73,450	75,738	75,738	75,738	77,983	2,245
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	(840)	-	-	-	-	-
TOTAL ADJUSTMENTS	(840)	-	-	-	-	-
AVAILABLE FUND BALANCE	(2,392)	(3,268)	(3,268)	(3,268)	(957)	2,311

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PROGRAM BUDGET HIGHLIGHTS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Expenditures

Comparing the Fiscal Year 2013 approved budget with the approved for Fiscal Year 2014 reveals an overall net increase of \$12.1 million. The approved budget for Fiscal Year 2014 has a net increase of \$1.9 million for total personnel expenditures. This increase includes a 2% cost of living adjustment as per the labor agreements, an increase of other employee benefits due to the increase in health insurance and the addition of 8 net new positions. Total general operating costs increase by \$691,000. The internal service charges increase by \$9.7 million and include an increase of \$4 million in the cash transfer to capital and a \$5.7 million increase in the transfer to debt service.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$10 million at the end of Fiscal Year 2014. 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 \$1,043,288 for General 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 – 2014 BUDGET

Total ABCWUA Approved Issue Papers		
Fund 21 - General Fund		1,043,288
Water Resources Management		
Engineering Intern (FY13 mid year addition)		35,925
3 Interns-Water Waste Program (FY13 mid year addition)		24,803
General Government		
Retirement		
Payouts		400,000
Customer Services		
4 Utility Technicians/1 O/M Supervisor (FY13 mid year addition)		-
(delete NWSA Mgr and Professional Services)		
Functional Support Specialist (FY13 mid year addition)		63,099
Increase Liens		15,000
Compliance		
NPDES		
Compliance		249,840
Data Management Systems Administrator (FY13 mid year reclass)		14,216
Field		
Fleet Maintenance Superintendent (FY13 mid year reclass)		14,431
Communications Center Specialist		40,684
2 Communications Center Specialists-Graveyard Shift		28,368
(delete Contractual Services)		
Plant		
Intern - WA Plant Administration (FY13 mid year addition)		16,793
Increase Water & Sewer		30,000
1 Asst O/M Supt; 3 O/M Supv (delete 4 UT Technicians)		19,129
(FY13 mid year additions)		
Operating Expenses for Southside Reuse Facility		91,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Details for Fund 21(General Fund) and Fund 31 (Debt Service Fund) can be found in the attached tables below.

(S000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APPR 14/ EST ACT 13 CHG
<u>GENERAL FUND - 21</u>						
Administration	3,534	2,736	2,736	3,486	2,537	(949)
Human Resources	951	1,085	1,085	1,057	1,230	172
Finance	6,296	7,022	7,022	6,605	2,840	(3,765)
Customer Services	6,477	7,946	7,946	6,896	7,697	801
Information Technology	4,833	4,152	4,152	5,083	4,302	(781)
Wastewater Plant	16,031	11,792	11,792	12,272	10,030	(2,243)
San Juan-Chama Water Treatment Plant	8,311	2,712	2,712	3,016	3,059	43
Groundwater Operations	13,689	6,637	6,637	6,525	5,761	(764)
Wastewater Collection	8,945	6,352	6,352	6,836	9,135	2,299
Water Field Operations	13,653	16,756	16,756	17,553	16,058	(1,495)
Compliance	3,834	4,270	4,270	3,647	4,525	878
Water Resources Management	6,271	6,515	6,515	6,061	6,429	368
General Government	240	18,767	18,767	19,274	33,842	14,568
San Juan-Chama	2,307	2,247	2,247	2,247	2,247	-
Trfr from Fund 21 to COA	8,101	8,294	8,294	8,294	-	(8,294)
Trfr from Fund 21 to Fund 28	8,000	8,000	8,000	8,000	12,000	4,000
Trfr from Fund 21 to Fund 29	-	-	-	-	-	-
Trfr from Fund 21 to Fund 31	66,727	66,362	66,362	66,362	72,094	5,732
Subtotal General Fund - 21	178,199	181,645	181,645	183,216	193,787	10,571
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	70,450	72,738	72,738	72,738	73,621	883
Transfer to Capital Fund 29	3,000	3,000	3,000	3,000	4,362	1,362
Total Debt Service Fund - 31	73,450	75,738	75,738	75,738	77,983	2,245
TOTAL	251,650	257,383	257,383	258,954	271,770	12,816
TOTAL WUA APPROPRIATIONS	251,650	257,383	257,383	258,954	271,770	12,816
Interfund Adjustment	(66,727)	(66,362)	(66,362)	(66,362)	(72,094)	(5,732)
NET WUA APPROPRIATIONS	184,923	191,021	191,021	192,592	199,676	7,084

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Financial Plans

The following table is the financial plan for Fund 21 (General Fund). The plan looks from FY12 thru FY22. 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 forecasts the rate revenue adjustment of 5% that was approved by the Board for FY14, FY16 and FY18.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Operating Fund

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital Funds											
Needs: Basic (Min 50% cash Trans)	33000	33000	34000	36000	37000	37000	37000	37000	38000	38000	38000
State Grant (Odor Control)											
Water Reclamation	14000		20000	10000	10000	10000	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	1000
AMI	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Special Projects	0	0	0	0	0	0	0	0	0	0	0
Valley Utility Projects	1000	0	0	0	0	0	0	0	0	0	0
Resources:											
Beginning Bal.	22988	28588	4688	26788	888	29988	2088	30188	2288	30388	1488
Trf. from Operating	8000	8000	12000	19000	22000	24000	27000	30000	34000	36000	39000
Trf. from Debt Service	3000	3000	4000	6000	6000	6000	6000	6000	6000	6000	6000
Bond Proceeds (Water Reclamation)											
Bond Proceeds	44500		62000		56000		56000		56000	0	56000
Bond Proceeds Southside/SJC	156600										
Adjustments											
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n	n
<i>Subtotal</i>	78488	39588	82688	51788	84888	59988	91088	66188	98288	72388	102488
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	79588	40688	83788	52888	85988	61088	92188	67288	99388	73488	103588
Balance June 30	28588	4688	26788	888	29988	2088	30188	2288	30388	1488	28588
Debt Service Fund											
Future Bond Interest=											
Resources:											
Interest Income	800	800	200	800	800	800	800	800	800	800	800
UECs	8000	8000	8000	9000	9000	9000	9000	9000	9000	9000	9000
Transfer from 621	66727	66362	72094	71108	76585	82909	84942	86240	83245	86541	80412
Transfer from 622											
Adjustments/Misc											
Bg. Fund Balance	-2823	2821	-2300	700	700	700	700	700	700	700	700
Total	72704	77983	77994	81608	87085	93409	95442	96740	93745	97041	90912
Expenditures:											
Agent Fees	15	15	15	15	15	15	15	15	15	15	15
Trf to Capital	3000	4000	4000	6000	6000	15000	15000	15000	15000	15000	15000
Wtr/Swr Loans	3436	1818	1281	985	645	645	645	645	645	645	645
SJC Series 1999 w/o bas	0	0									
Series 97 P&I	0	0									
99 P&I (excl SJC 622)											
2001 P&I	4034	4059									

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Operating Fund

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Series 2005 P&I	2376	2411	2316	2310	2295	2447					
04 P&I	0	0									
2005 SJC \$116.695M	10091	10279	12498	12717	10974	12332	11564	11326	11060	11060	10453
NMFA 2004B 82.120M	6796	6834	6869	6097	6948	6995	7044	7100	7149	7149	7256
2004 NMFA DWRFL	734	734	734	734	734	734	734	734	734	734	734
NMFA 20M 2005 SJC	1444	1374	1708	1670	1880	1931	1977	1909	1861	1861	1924
NMFA 36.295M Basic	4713	4582	4445	4004	5415						
NMFA Series 2007A Basic	4130	3204	3448	2087	2834	2638	8909	8954	2757	2757	3187
NMFA Series 2007A Reuse/SJ	2915	4864	3936	5069	3804	5147	2279	2507	2758	2758	3187
Series 2008 Reuse/SJC \$55.6	2781	2781	2781	2781	2781	2781	2781	2781	2781	2781	2781
Series 2006 P&I	1321	2376	2411	2316	2310	2295	2447				
Series 2006 P&I (8.680)	1170	1167	1170	1171	1169	1169	570				
Series 2006 SJC 112.765	7984	7985	7986	7981	7982	7986	6984	7986	7984	7984	7982
Series 2009 (129.26)	12387	12393	12388	12393	12389	12392	12389	12385	12393	12393	5844
Series 2009 (SJC 6.73)	504	501	503	501	504	499	499	499	503	503	504
AARA Funding	54	54	54	54	54	54	54	54	54	54	54
NMFA 2011 Basic 37.74		4397	4398	4398	4402	4398	4396	4397	4400	4399	4399
NMFA 2011 SJC & Soutside \$15.66		1079	1079	1075	1075	1075	1079	1076	1077	1077	1077
Proposed Issue			3275	6550	6550	6550	6550	6550	6550	6550	6550
Proposed Issue							3200	6497	6497	6497	6497
Proposed Issue					5626	5626	5626	5626	5626	5626	5626
								3200	6497	6497	6497
Total	69884	76905	77294	80908	86385	92709	94742	96040	93045	96341	90212
Fund Balance	2821	-2300	700	700	700	700	700	700	700	700	700
Other Inflation=											
Resources											
Rate Revenue	174250	179300	185942	189731	201115	203126	216329	219574	223966	228445	233014
Nonrate Revenue	8660	8547	8892	8892	8892	8892	8892	8892	8892	8892	8892
Rate Stabilization Fund											
Franchise Fee	6915	6915	7192	7336	7483	7632	7785	7941	8099	8261	8427
Bg. Working Cap.	-10647	-10869	2000	10951	17409	23192	21136	24829	24143	24289	21002
Total	179178	183893	204026	216910	234898	242843	254142	261236	265100	269887	271334
Expenditures											
Basic O&M plus issues	90311	92958	91221	92133	94436	95853	98249	101197	103726	106320	108978
Other (incl GF Trn & Tort)	10587	10799	16710	16961	17385	17645	17822	18356	18540	18725	18913
Salary Savings 4%		-1800	-2000	-2000	-1000	-1000	-1000	-1000	-1000	-1000	-1000
Offset to Issue Papers		3274	750								
Incentive	300	300	300	300	300	300	300	300	300	300	300
Non recurring issues											
Maximo											
Rate Stabilization Fund											
Transf. to DS	66727	66362	72094	71108	76585	82909	84942	86240	83245	86541	80412
Transf. to Capital (Asset Mgmt Ramp Up)	8000	8000	12000	19000	22000	24000	27000	30000	34000	36000	39000
Total	177925	181893	193075	199502	211706	221707	229313	237093	240811	248886	248602
Resources over Comm.	-10869	2000	10951	17409	23192	21136	24829	24143	24289	21002	22732

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FUNCTIONAL UNITS

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 is also striving to make improvements to the existing water distribution and wastewater treatment systems, manage two water supply systems, and curb the depletion of the aquifer. 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 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 – 2014 BUDGET

FISCAL YEAR 2014 ADMINISTRATION OBJECTIVES

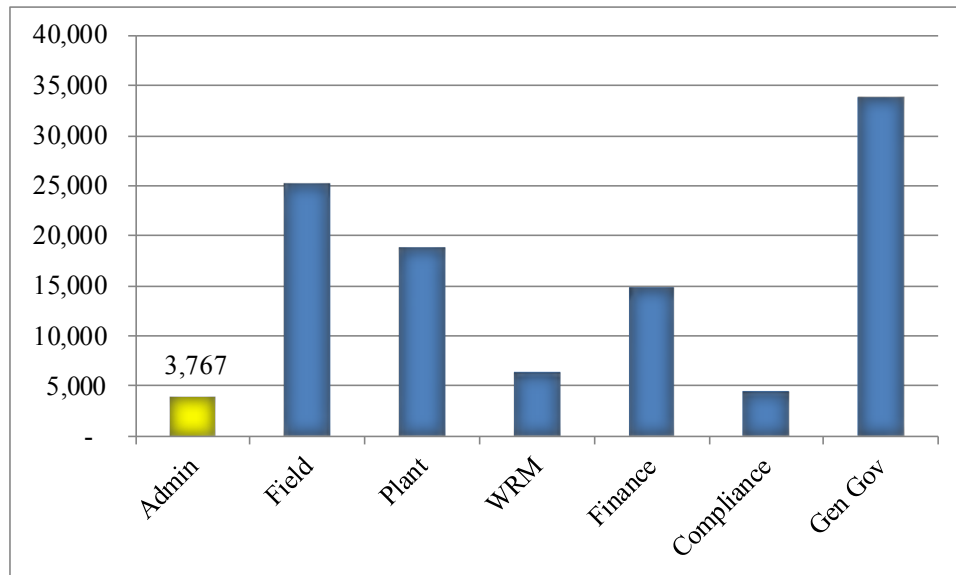
- Develop and implement employee performance evaluations to include performance on goals, objectives and benchmarks by the end of the 4th Quarter of FY14.
- Reduce the number of employee injury lost days by 10% by the end of the 4th Quarter of FY14.
- Maintain a utility-wide vacancy rate of no greater than 6% through FY14.

FISCAL YEAR 2014 ADMINISTRATION HIGHLIGHTS

The Authority will continue to fund the Employee Tuition Reimbursement Program and Employee Recognition Program in Fiscal Year 2014. 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 – 2014 BUDGET

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (S000's)	Original Revised Estimated Approved App 14/ Audited Budget Budget Actual Budget Est Act 13 FY12 FY13 FY13 FY13 FY14 CHG					
Executive Director						
Personnel	933	923	923	939	974	35
Operating	1,107	844	844	1,227	850	(377)
Capital	0	0	0	0	0	-
Internal Service	240	234	234	221	-	(221)
Total	2,280	2,000	2,000	2,387	1,823	(564)
COO's Office						
Personnel	828	323	323	707	332	(375)
Operating	154	128	128	113	126	13
Capital	0	0	0	0	0	-
Internal Service	8	9	9	6	-	(6)
Total	990	459	459	826	458	(368)
Safety						
Personnel	237	233	233	243	235	(7)
Operating	9	26	26	9	21	12
Capital	0	0	0	0	0	-
Internal Service	18	18	18	21	-	(21)
Total	264	277	277	273	256	(16)
Human Resources						
Personnel	866	923	923	924	1,074	150
Operating	77	160	160	130	156	26
Capital	0	0	0	0	0	-
Internal Service	8	2	2	3	-	(3)
Total	951	1,085	1,085	1,057	1,230	173
Total Division	4,485	3,821	3,821	4,543	3,767	(776)
Staffing (FTE)	24	25	25	25	26	1

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FIELD DIVISION

The Field division is responsible for operating and maintaining the water distribution system, wastewater collection and non-potable reuse distribution system. Drinking water is distributed to approximately 560,454 residents comprising approximately 83% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 195,150 accounts, including 174,909 residential and 20,240 multi-family, commercial, institutional and industrial accounts, as of FY13. Approximately 53.4% of the water sales are for residential uses.

Water Distribution

The water distribution system consists of more than 2,600 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 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 Wastewater Collections program 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 2014 FIELD DIVISION OBJECTIVES

- Develop a plan and schedule to decommission Yale Reservoir and Santa Barbara Pump Station by the end of the 3rd Quarter of FY14.
- 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 FY14.
- Televisive and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY14.

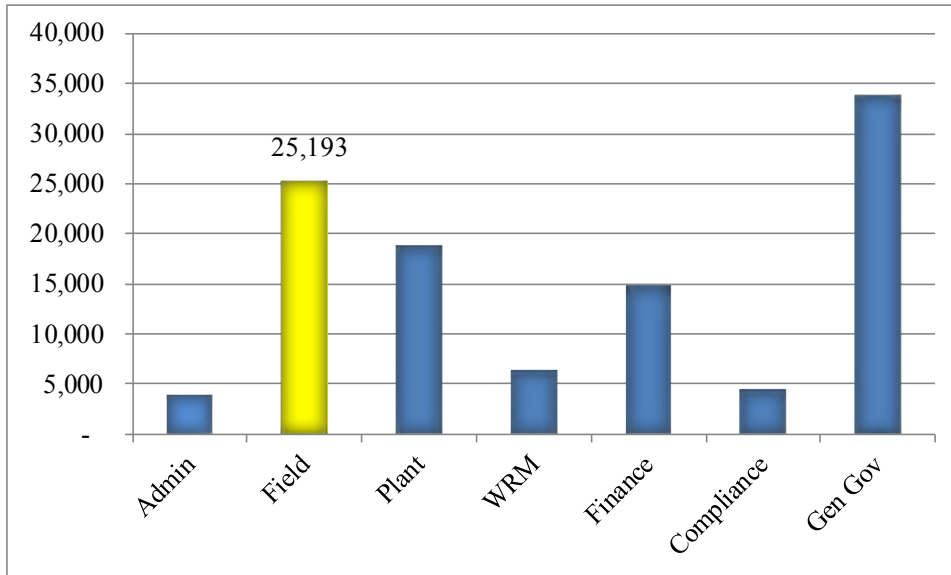
FISCAL YEAR 2014 FIELD DIVISION HIGHLIGHTS

Various Field Division efforts include the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; continuation of the Large Meter Testing & Repair program with in-house resources, large valve exercising on critical transmission lines and corrosion monitoring and mitigation analysis.

On the Collections Section side the Authority will expand closed circuit televising (pending available funding) and condition analysis of wastewater collection lines, and have integrated the operations and maintenance of the wastewater collections lines & lift stations from the old NM Utilities (Corrales Trunk-NWSA). Continued efforts in odor and corrosion controls are proceeding from the Collections Section, notably at the 98th & Central facility where the bio filter was abandoned in favor of using carbon treatment and evaluation of magnesium chloride treatment for corrosion reduction. The USEPA has mandated in FY12 the implementation of a sustained Capacity Maintenance & Operations Management (CMOM) program for the wastewater collection system. The Collections Section implemented EPA-mandated (September, 2012) changes to reporting overflows in conjunction with enhanced communications with other impacted organizations (AMAFCA and the COA-Storm Drainage Section).

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (\$000's)	Audited FY12	Original Budget FY13	Revised Budget FY13	Estimated Actual FY13	Approved Budget FY14	App 14/ Est Act 13 CHG
Water Distribution						
Personnel	9,906	9,339	9,339	10,741	9,767	(974)
Operating	2,302	6,320	6,320	5,222	6,262	1,040
Capital	0	116	116	163	30	(133)
Internal Service	1,446	981	981	1,427	-	(1,427)
Total	13,653	16,756	16,756	17,553	16,058	(1,495)
Collections						
Personnel	4,615	4,672	4,672	4,993	4,874	(118)
Operating	3,530	918	918	1,219	3,642	2,423
Capital	89	72	72	0	618	618
Internal Service	711	689	689	624	-	(624)
Total	8,945	6,352	6,352	6,836	9,135	2,299
Total Division	22,598	23,108	23,108	24,388	25,193	805
Staffing (FTE)	186	185	185	185	191	6

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PLANT DIVISION

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

Drinking Water

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

Groundwater from the middle Rio Grande basin aquifer provides 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 249 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 – 2014 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. Operational in April 2013, the Southside Reuse Program will use treated wastewater from the Water Authority's Southside Water Reclamation Plant, which includes domestic and industrial wastewater, to irrigate turf at parks, fields and other recreational areas. The project allows less reliance on unsustainable groundwater pumping and helps protect the aquifer.

FISCAL YEAR 2014 PLANT DIVISION OBJECTIVES

- Complete groundwater preventive maintenance to corrective maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY14.
- Complete surface water preventive maintenance to corrective maintenance ratio to at least 35% of all completed maintenance labor hours by the end of the 4th Quarter of FY14.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY14.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY14.
- Complete wastewater preventive maintenance to corrective maintenance ratio to at least 30% of all completed maintenance labor hours by the end of the 4th Quarter of FY14.
- Complete and Excellence in Management Program application from the National Association of Clean Water Agencies by the end of the 3rd Quarter of FY14.

FISCAL YEAR 2014 PLANT DIVISION HIGHLIGHTS

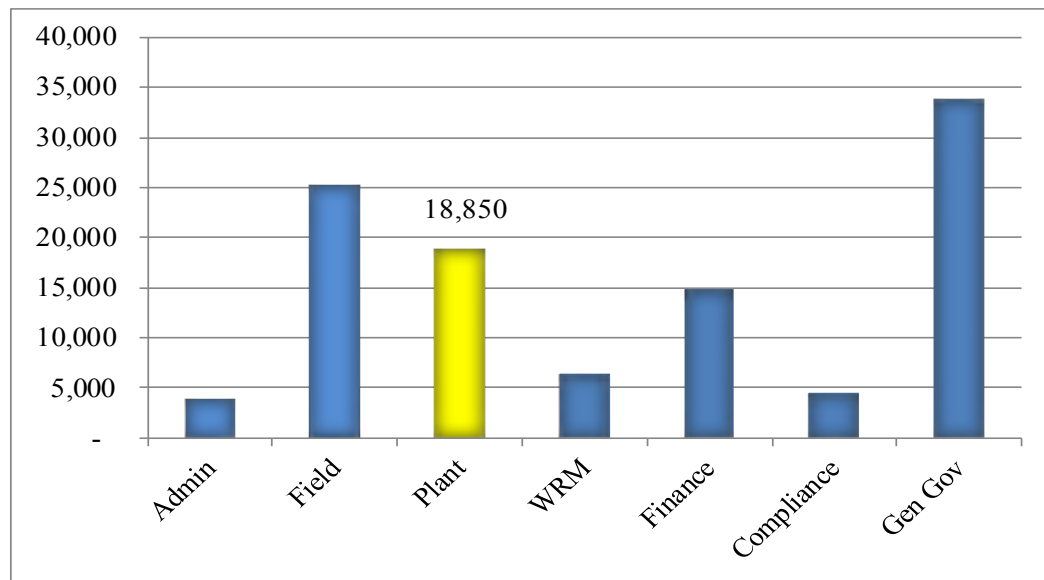
The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. The first two projects that are currently under design are a new Preliminary Treatment Facility (PTF) for screenings and grit removal and a new Solids Dewatering Facility. Construction of the new PTF is scheduled to begin in September 2013 whereas construction for the Solids Dewatering Facility is planned to start in March 2014. During FY14, renovation projects for both the air supply and air distribution equipment that feeds process air to the SWRP biological treatment process are scheduled to be completed as part of the RRAMP. The funding for the RRAMP improvements will be provided through the Authorities Capital Implementation Program (CIP).

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April 2013. Connections to the individual users commenced during the Spring of 2013 and continue for approximately a year. Full operations are expected to begin in irrigation season 2013. The project will eventually 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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

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 using digester gas. 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 at least 25% of the total wastewater residuals while not "over-saturating" the regional market for compost product.

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (S000's)	Audited FY12	Original Budget FY13	Revised Budget FY13	Estimated Actual FY13	Approved Budget FY14	App 14/ Est Act 13 CHG
Drinking Water						
Personnel	7,034	6,943	6,943	7,141	6,785	(356)
Operating	14,508	1,929	1,929	1,894	2,035	141
Capital	10	154	154	129	0	(129)
Internal Service	448	323	323	377	-	(377)
Total	22,000	9,349	9,349	9,541	8,820	(721)
WW & Biosolids Mgmt.						
Personnel	8,059	8,244	8,244	8,165	7,387	(779)
Operating	7,102	2,630	2,630	3,178	2,623	(555)
Capital	110	201	201	198	20	(178)
Internal Service	759	717	717	731	-	(731)
Total	16,031	11,792	11,792	12,272	10,030	(2,242)
Total Division	38,031	21,141	21,141	21,813	18,850	(2,963)
Staffing (FTE)	198	201	201	201	184	(17)

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WATER RESOURCES MANAGEMENT DIVISION

The Water Resources Management 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 2014 WATER RESOURCES MANAGEMENT OBJECTIVES

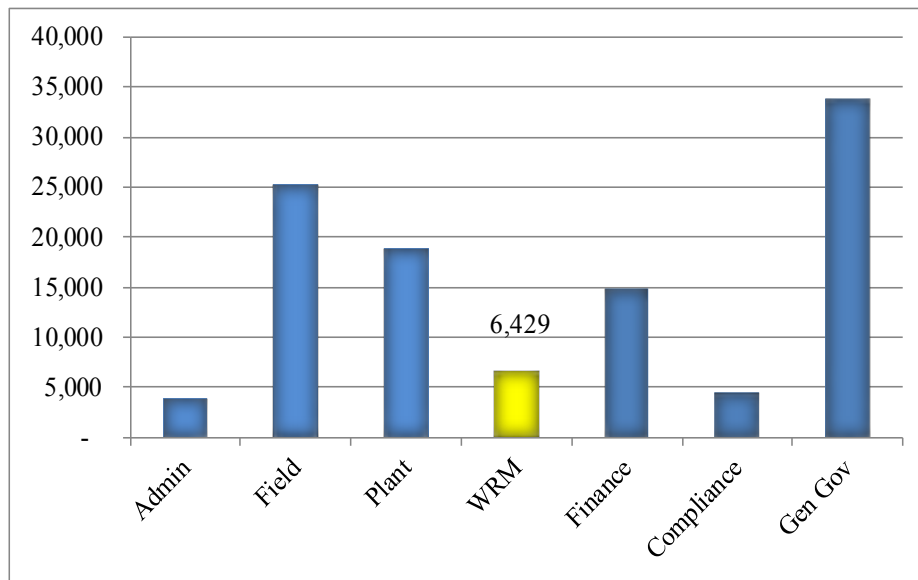
- Complete asset management plans for the reservoirs, wells, and pump stations to determine their conditions by the end of the 4th Quarter of FY14.
- Reduce distribution water loss by locating water leaks from surveying 500 miles of small diameter water lines through conventional leak detection methods and 2,000 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY14.
- Examine the expansion of single well injection for the aquifer storage and recovery program (ASR) and integrate with the Large Scale ASR program by the end of the 3rd Quarter of FY14.
- Maintain water use at 148 gallons per person per day and implement the updated Water Conservation Plan programs by the end of the 2nd Quarter of FY14; establish annual goals to be achieved over the next ten years based on the savings to be achieved from Plan's programs.
- Continue implementation of the Water Resources Management Strategy and report to the Customer Advisory Committee by the end of the 3rd Quarter of FY14.
- Continue implementation of the Water Quality Protection Policy and Action Plan (WPPAP). Provide quarterly status reports to the Water Authority Board through the end of the 4th Quarter of FY14.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY14.
- Expend \$31 million in water and wastewater capital rehabilitation and replacement programs by the end of the 4th Quarter of FY14. \$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 FY14.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

FISCAL YEAR 2014 WATER RESOURCES MANAGEMENT HIGHLIGHTS

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April 2013. Connections to the individual users commenced during the Spring of 2013 and continue for approximately a year. Full operations are expected to begin in irrigation season 2013. The project will eventually 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.

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (\$000's)	Audited FY12	Original Budget FY13	Revised Budget FY13	Estimated Actual FY13	Approved Budget FY14	App 14/ Est Act 13 CHG
Utility Development						
Personnel	1,661	1,710	1,710	1,698	1,686	(12)
Operating	80	144	144	106	144	38
Capital	0	0	0	23	0	(23)
Internal Service	12	13	13	17	-	(17)
Total	1,753	1,867	1,867	1,845	1,830	(15)
Water Resources						
Personnel	1,541	1,713	1,713	1,706	1,832	125
Operating	2,887	2,763	2,763	2,414	2,763	349
Capital	5	39	39	14	4	(10)
Internal Service	84	133	133	81	-	(81)
Total	4,518	4,648	4,648	4,216	4,599	383
Total Division	6,271	6,515	6,515	6,061	6,429	368
Staffing (FTE)	35	36	36	36	35	(1)

FINANCIAL/BUSINESS SERVICES DIVISION

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

The Finance department 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 departments oversee 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 Technology department 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 2014 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 FY14.
- Implement Phase 3 of the Automated Meter Infrastructure (AMI) project by the end of the 4th Quarter of FY14.
- Transition the meter-reading representatives to a Utility Tech position and add the AMI curriculum to the training program to transfer small meter replacement into customer service by the end of the 4th Quarter of FY14.
- Implement new payment methods for customer billing and web self-service in conjunction with Western Union payment centers and the AMI program by the end of the 1st Quarter of FY14. Increase paperless billing to 10,000 enrollments and web self-service to 40,000 registrations by the end of the 4th Quarter of FY14.
- Develop a customer-focused marketing and communication strategy for low-income credit program by the end of the 1st Quarter of FY14.
- Continue implementation and system integration of mobile solutions to operations staff for optimization of the work order process through the end of the 4th Quarter of FY14.
- Develop a phased strategy to create an independent data network for phone and internet by the end of the 2nd Quarter of FY14.
- Develop and Information Technology Strategic Plan that supports the upgrading and hosting of major utility applications, E-government/E-commerce, hosted solutions, and the consolidation of network storage by the end of the 4th Quarter of FY14; upgrade Customer Care and Billing system to latest version by the end of the 4th Quarter of FY14.
- Implement Phase 2 of the Enterprise Resource Planning (ERP) project to integrate and optimize major business management functions by the end of the 2nd Quarter of FY14; perform monthly hard closes in ERP and provide monthly financials by the end of the 1st Quarter of FY14; create a plan and schedule for ERP Phase 3 implementation by the end of the 1st Quarter of FY14.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

FISCAL YEAR 2014 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

In FY13, the Water Authority began the implementation of SunGard Enterprise Resource Planning (ERP) system. This project implements a full range of financial and human capital resources modules. In FY14 Phase 1 of this project is will go live on July1, 2013. The Authority's first payroll run will begin in June of 2013. Phase 1 includes all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 will begin on July 1, 2013 and is anticipated to be completed at the end of the 2nd quarter of FY14. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during FY14 and the Authority will develop work plans to implement those modules.

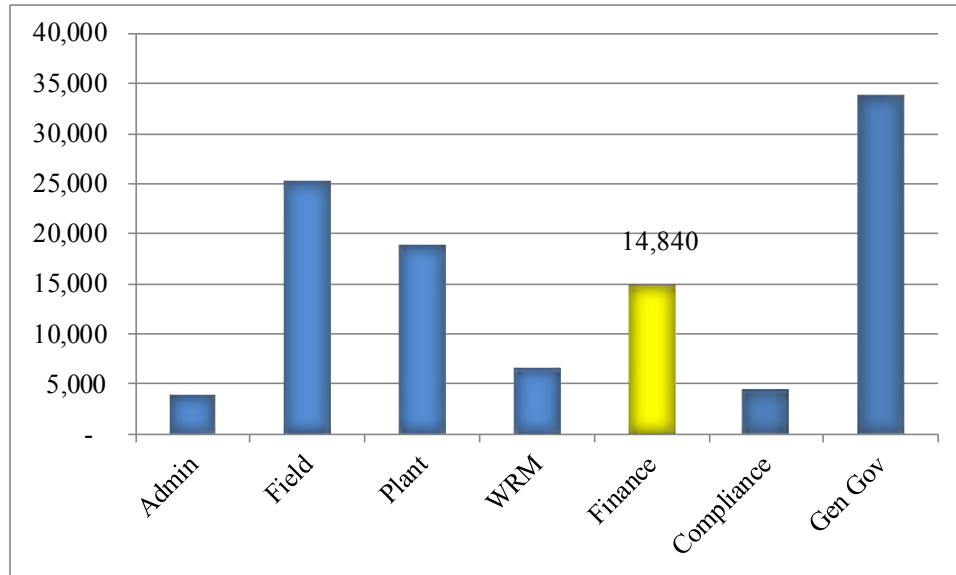
The Information Technology Division (ITD) will continue to push mobile technologies to field and operations staff to become more efficient, including Maximo, Sharepoint and mobile Kronos/Timekeeping. Office365 and Sharepoint will be upgraded to Office 2013 and rollout of Windows 8 will begin.

ITD will continue its' separation from the City of Albuquerque's network. This includes beginning conversion to VOIP for phones, and replacing all network infrastructure to be owned and managed by ITD. Implementation of a Service Desk/Help Desk will be planned and implemented which will allow for call monitoring, problem management and resolution, better documentation, and a more effective ITD in general. ITD will also begin the consolidation and standardization of file storage and shared drives, resulting in lowering maintenance costs and easier manageability.

In FY13, the Authority completed the implementation of Phase 2 of its Automated Meter Infrastructure (AMI) project for small residential meters (less than 4"). The Authority now has over 40,000 meters on the AMI technology. In FY14 Phase 3 of the AMI implementation is expected to be completed. This will bring on an additional 20,000 meters which will include all City of Albuquerque accounts. The Customer Care and Billing (CC&B) billing web interface for customers will be completed in FY13 and will allow for the increase in the market penetration of paperless billing in FY14. The AMI project will provide access of monthly, daily and hourly water usage to customers.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (\$000's)		Audited FY12	Original Budget FY13	Revised Budget FY13	Estimated Actual FY13	Approved Budget FY14	App 14/ Est Act 13 CHG
Finance							
Personnel		1,490	1,658	1,658	1,631	1,842	211
Operating		2,288	2,746	2,746	2,356	998	(1,358)
Capital		17	0	0	0	0	-
Internal Service		2,501	2,618	2,618	2,618	-	(2,618)
Total		6,296	7,022	7,022	6,605	2,840	(3,764)
Customer Services							
Personnel		4,342	4,475	4,475	4,672	4,868	195
Operating		1,902	3,086	3,086	1,817	2,830	1,013
Capital		67	80	80	245	0	(245)
Internal Service		165	305	305	161	-	(161)
Total		6,477	7,946	7,946	6,896	7,697	801
Information Technology							
Personnel		2,678	2,750	2,750	2,797	2,905	108
Operating		2,152	1,397	1,397	2,282	1,397	(885)
Capital		0	0	0	0	0	-
Internal Service		3	5	5	5	-	(5)
Total		4,833	4,152	4,152	5,083	4,302	(781)
Total Division		17,606	19,120	19,120	18,584	14,840	(3,744)
Staffing (FTE)		118	122	122	127	132	5

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COMPLIANCE DIVISION

Water and wastewater operations are regulated by a myriad of federal, state, and local environmental permits, regulations, rules, etc. including 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 department 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 NPDES department 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 2014 COMPLIANCE OBJECTIVES

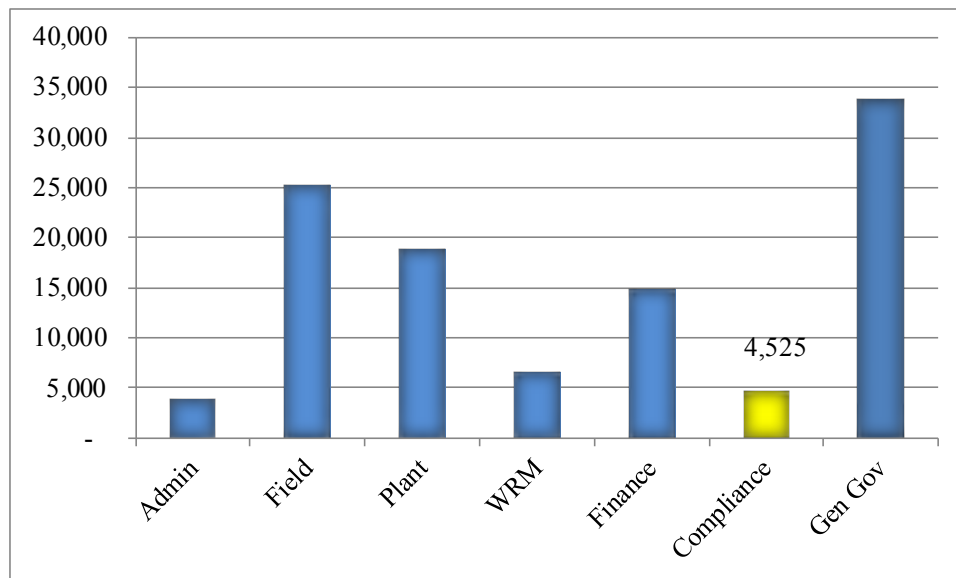
- Modify the Sewer Use and Wastewater Control Ordinance to comply with Environmental Protection Agency (EPA) general pretreatment regulations as required by the new National Pollutant Discharge Elimination System (NPDES) permit and submit to EPA for approval by the end of the 1st Quarter of FY14.
- Monitor compliance with the Sewer Use and Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement action for permitted industrial users, septage waste haulers, food service establishments, and dental offices and report activities through the end of the 4th Quarter of FY14.
- Develop a Fats, Oils, and Grease (FOG) Policy as required by the new NPDES permit and submit to EPA and New Mexico Environment Department for approval by the end of the 1st Quarter of FY14.
- Revise the Technically Based Local Limits (TBLLs) as required by the new NPDES permit for submittal to EPA for approval by the end of the 1st Quarter of FY14.
- Routinely monitor emerging Federal Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations and NM Water Quality Control Commission and Environmental Improvement Board regulations to identify potential impacts to Water Authority and provide quarterly reports through the end of the 4th Quarter of FY14.
- In conjunction with Information Technology, continue development and implementation of the Laboratory Information Management System (LIMS) by the end of the 4th Quarter of FY14.
- Prepare for the American Association for Laboratory Accreditation (A2LA) assessment in July 2015, conduct an internal audit of the Water Quality Laboratory to identify deficiencies, with results reported by the end of the 1st Quarter of FY14. Address and resolve deficiencies by the end of the 3rd Quarter of FY14.

FISCAL YEAR 2014 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 quarterly a matrix of regulatory requirements to monitor new regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the new National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program will modify the Water Authority Sewer Use and Wastewater Control Ordinance, develop a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revise the Technically Based Local Limits. Continued improvement in ordinance compliance will be validated by inspection, monitoring, and enforcement actions for permitted industrial users, septage waste haulers, food service establishments, and dental offices. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation will be completed in FY14 and will result in improved water quality laboratory business processes, electronic lab notebooks, better access to lab data and improved interfaces between lab equipment and the software application. In addition, LIMS will facilitate monitoring and reporting of performance metrics for comparison with industry performance benchmarks. Finally, collection and analyses of laboratory data will be used to determine and document the actual cost for laboratory services. LIMS maintains records for millions of analytical results and associated quality assurance/quality control processes. Those results, along with results from other analytical laboratories, will be combined to develop a water quality monitoring data repository for user access to historical and current analytical results, inclusive of data validation procedures and statistical tools for analyses. The data repository will also be completed in FY14. A Quality Assurance/Quality Control Program will be further developed and implemented to improve environmental monitoring.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (\$000's)	Audited FY12	Original Budget FY13	Revised Budget FY13	Estimated Actual FY13	Approved Budget FY14	App 14/ Est Act 13 CHG
Laboratory						
Personnel	1,622	1,851	1,851	1,571	1,850	279
Operating	353	252	252	161	461	300
Capital	0	0	0	0	0	-
Internal Service	7	7	7	12	-	(12)
Total	1,983	2,109	2,109	1,744	2,311	567
NPDES						
Personnel	874	873	873	797	1,063	267
Operating	21	74	74	83	114	31
Capital	0	0	0	0	0	-
Internal Service	17	15	15	11	-	(11)
Total	912	962	962	891	1,178	287
Water Quality						
Personnel	657	893	893	803	748	(55)
Operating	267	287	287	199	287	88
Capital	0	2	2	0	2	2
Internal Service	15	17	17	10	-	(10)
Total	939	1,199	1,199	1,012	1,036	25
Total Division	3,834	4,270	4,270	3,647	4,525	878
Staffing (FTE)	41	44	44	44	44	-

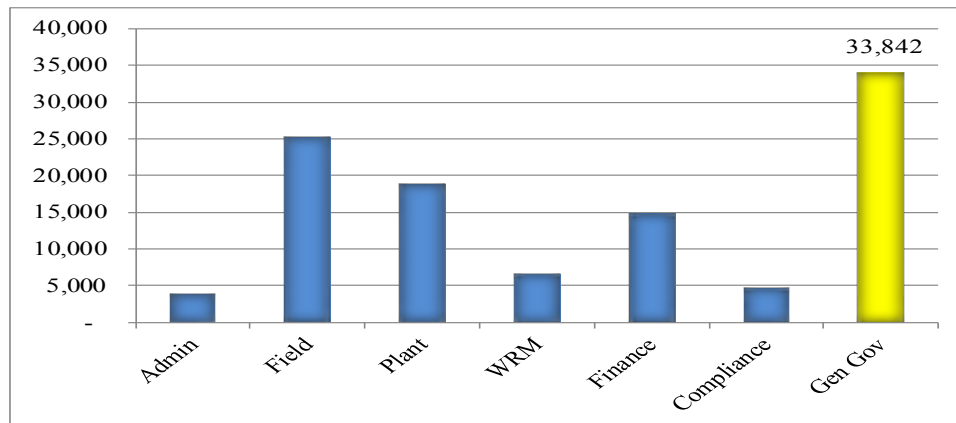
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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

GENERAL GOVERNMENT DIVISION

The General Government division was developed to appropriate the expenses that are Authority-wide and not specific to any one department or division. The departments in this division include: Chemicals, Retirement Payouts, CIP Funded Positions, San Juan-Chama, and General Govt. Included in the General Govt. department are the appropriations for: utilities/electricity/natural gas, Worker's Compensation, Insurance and Tort, franchise fees, NM Water Conservation Fees, Indirect Overhead, and the transfers to CIP and Debt Service funds.

Appropriation by Functional Unit (in \$000's)



Expenditures by Department (\$000's)	Audited FY12	Original Budget FY13	Revised Budget FY13	Estimated Actual FY13	Approved Budget FY14	App 14/ Est Act 13 CHG
General Government						
Personnel	-	-	-	-	-	-
Operating	240	18,767	18,767	19,274	25,391	6,117
Total	240	18,767	18,767	19,274	25,391	6,117
Gen Govt-Chemicals						
Personnel	-	-	-	-	-	-
Operating	-	-	-	-	7,241	7,241
Total	-	-	-	-	7,241	7,241
Retirement						
Personnel	-	-	-	-	400	400
Operating	-	-	-	-	-	-
Total	-	-	-	-	400	400
CIP Funded Positions						
Personnel	-	-	-	-	809	809
Operating	-	-	-	-	1	1
Total	-	-	-	-	810	810
Total Program	240	18,767	18,767	19,274	33,842	14,568
Staffing (FTE)	-	-	-	-	9	9
San Juan Chama						
Personnel	-	-	-	-	-	-
Operating	-	-	-	-	2,247	2,247
Total	-	-	-	-	2,247	2,247
General Government						
Transfers/Other Funds	-	-	-	-	84,094	84,094
Total Division	240	18,767	18,767	19,274	120,183	100,909

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REVENUE OUTLOOK

***Approved
Operating Budget
FY14***

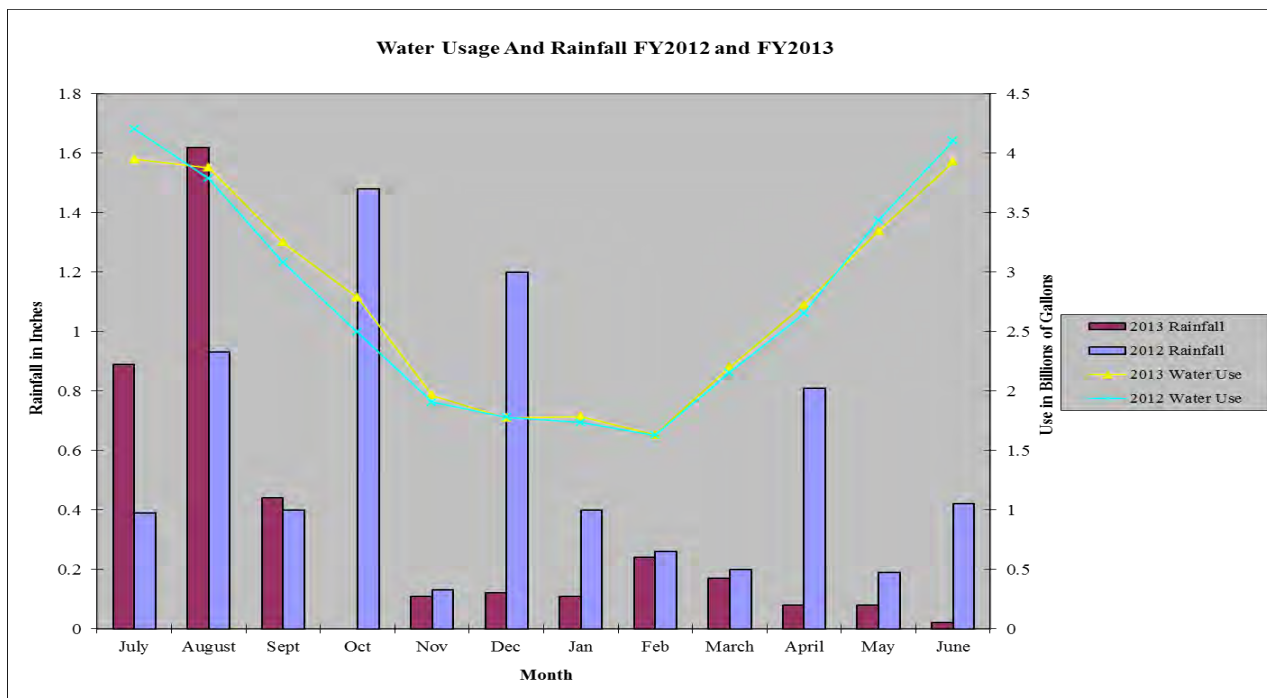
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

REVISED FISCAL YEAR 2012 AND APPROVED FISCAL YEAR 2013 REVENUE PROJECTIONS

The Authority's revenue projections are summarized in the two tables included in this section. The first table, General Fund 21, presents the operating budgeted revenue for Fiscal Year 2014 as compared to budget Fiscal Year 2013. The second table, Debt Service Fund 31, also provides for the same comparison as the other table. For Fiscal Year 2012 the actual results are reported, and for Fiscal Year 2013 budgeted revenues and estimated actual are reported as well.

REVISED FISCAL YEAR 2013 REVENUE ESTIMATES

Total Authority operating fund revenues for Fiscal Year 2013 are anticipated to be \$192.4 million or \$12.65 million above Fiscal Year 2012. This is an increase of 7.0% over Fiscal Year 2012 and is projected to be at the approved Fiscal Year 2013 budget level. The increase is primarily the result of an increase in 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 2013 are estimated to be at Fiscal Year 2013 budgeted levels.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2014

Budgeted total Authority Operating Revenues for Fiscal Year 2014 are \$199.47 million representing an increase of \$8.07 million above the budgeted Fiscal Year 2013 amount. The increase is due mainly from a 5% rate adjustment previously approved by the Board. Revenue in the Debt Service Fund increases \$5.4 million in Fiscal Year 2014 mainly due to an increase in the transfer from the General Fund.

The Authority's Rate Structure

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

Major Revenue Sources

Water Sales (\$90 million, 44% of total revenue). The Water System provides water services to approximately 560,000 residents comprising approximately 83% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 195,150 accounts, including 174,909 residential and 20,240 multi-family, commercial, institutional and industrial accounts, as of FY13. Approximately 53.4% of the water sales are for residential uses.

Sewer (\$62 million, 30% 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 175,000 residential customer accounts, 16,300 multi-family and commercial accounts, 2,114 institutional accounts and 95 industrial customer accounts.

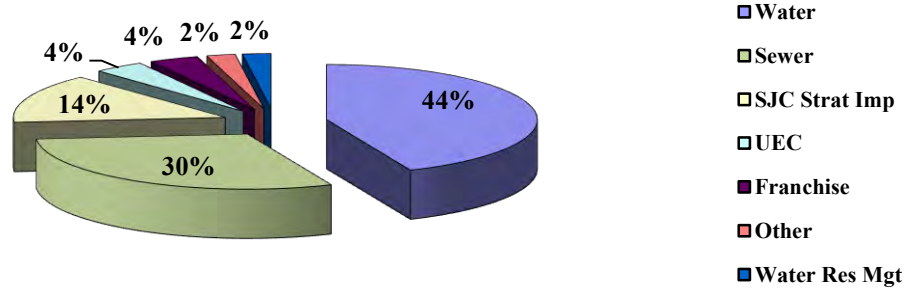
San Juan Chama Strategy Implementation (\$30 million, 14% of total revenue). The San Juan-Chama Drinking Water Project will supply up to 60% of the metropolitan area's future water. San Juan-Chama water diverted from the river will be transported to a state-of-the-art treatment plant, from which purified 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 (\$8 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 (\$7.8 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.

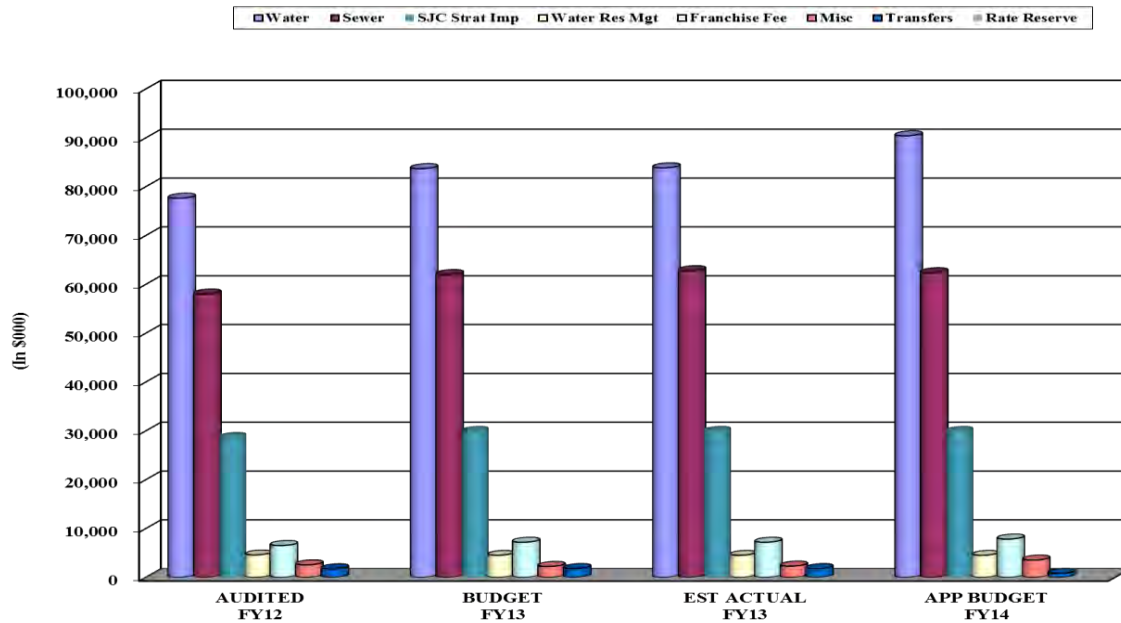
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Revenue Sources



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

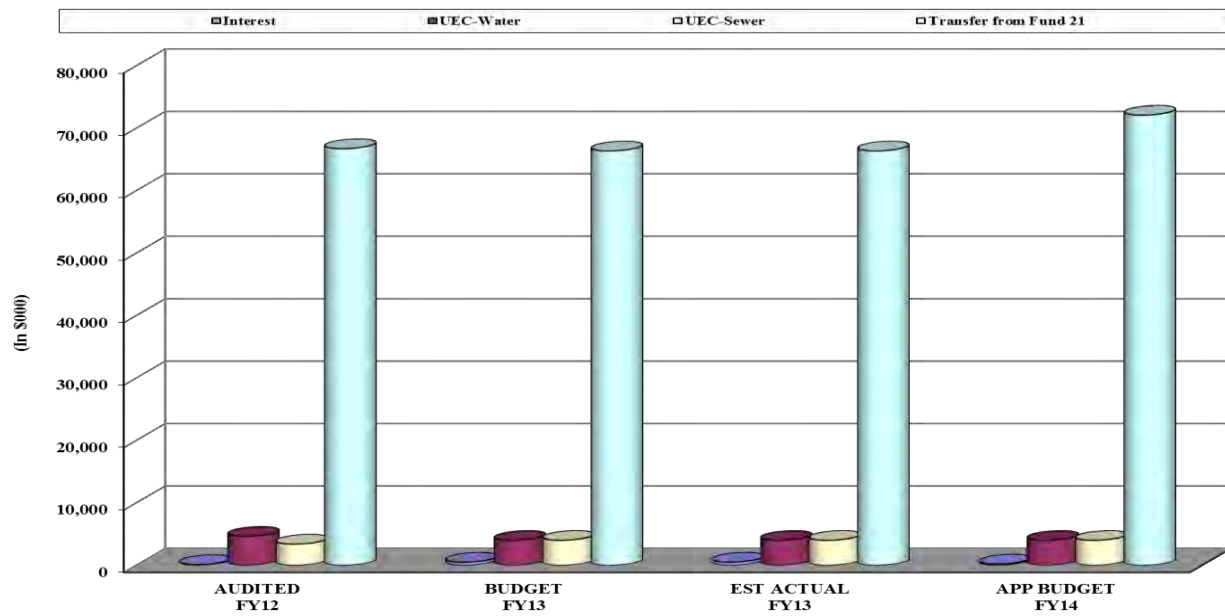
Fund 21 Operating Revenue



(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APPR 14/ EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues						
Bond Proceeds	-	-	-	-	-	-
Interest on Investments	1	750	750	750	750	-
Other Miscellaneous Revenue	2,553	1,474	1,474	1,550	1,550	-
Total Miscellaneous Revenues	2,554	2,224	2,224	2,300	2,300	-
Enterprise Revenues						
City System-Water	61,834	70,800	70,800	70,800	77,515	6,715
City System-Sewer	41,269	51,800	51,800	51,800	52,187	387
City System-Contr/Aid	369	350	350	350	350	-
SJC Strategy Implementation	28,748	30,000	30,000	30,000	30,000	-
City Metered Water Sales - Reuse	349	400	400	400	400	-
City System-Franchise Fee	5,900	6,544	6,544	6,544	7,130	586
Solid Waste Admin Fees	-	-	-	-	1,236	1,236
Water Resources Management	4,577	4,500	4,500	4,500	4,500	-
Water Facilities Rehab	9,823	7,100	7,100	7,000	7,100	100
Wastewater Facilities Rehab	13,103	6,200	6,200	7,000	6,200	(800)
Total City System	165,971	177,694	177,694	178,394	186,618	8,224
Valley System-Water	5,244	5,000	5,000	5,300	5,000	(300)
Valley System-Sewer	3,647	4,000	4,000	4,000	4,000	-
Valley System-Contr/Aid	22	50	50	20	50	30
Valley System-Franchise Fee	546	575	575	575	627	52
Rio Rancho-Franchise Fee	1	1	1	1	1	-
Los Ranchos-Franchise Fee	71	72	72	72	78	6
Total Valley System	9,531	9,698	9,698	9,968	9,756	(212)
Total Enterprise Revenues	175,502	187,392	187,392	188,362	196,374	8,012
Transfers from Other Funds						
CIP Funded Employees	698	650	650	650	800	150
Refuse Disposal Op. Fund - 651	1,047	1,142	1,142	1,142	-	(1,142)
Total Transfers	1,745	1,792	1,792	1,792	800	(992)
Total Current Resources	179,802	191,408	191,408	192,454	199,474	7,020
Beginning Working Capital Balance	(10,650)	(10,869)	(10,869)	(10,869)	(3,634)	7,234
TOTAL RESOURCES	169,152	180,539	180,539	181,585	195,840	14,254

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Fund 31 Debt Service Revenue



(\$000's)	AUDITED FY12	ORIGINAL BUDGET FY13	REVISED BUDGET FY13	ESTIMATED ACTUAL FY13	APPROVED BUDGET FY14	APPR 14/ EST ACT 13 CHG
RESOURCES:						
Miscellaneous Revenues:						
Interest on Investments	108	500	500	500	200	(300)
Expansion Charges (UEC)	8,035	8,000	8,000	8,000	8,000	0
Proceeds of Refunding Bonds	0	0	0	0	0	0
Release of Reserves	0	0	0	0	0	0
Total Miscellaneous Revenues	8,142	8,500	8,500	8,500	8,200	(300)
Transfer from Other Funds:						
General Fund - 110	0	0	0	0	0	0
Joint Water and Sewer Rehab - 28	0	0	0	0	0	0
Water/Sewer Operating Fund - 21	66,727	66,362	66,362	66,362	72,094	5,732
Total Transfers	66,727	66,362	66,362	66,362	72,094	5,732
Total Current Resources	74,869	74,862	74,862	74,862	80,294	5,432
Beginning Fund Balance	(2,972)	(2,392)	(2,392)	(2,392)	(3,268)	(876)
TOTAL RESOURCES	71,898	72,470	72,470	72,470	77,026	4,556

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ECONOMIC OUTLOOK

The following is based on the October 2012 forecasts from IHS Global Insight (GI). Along with the baseline forecast alternative forecasts are prepared with pessimistic and optimistic occurrences.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

Baseline Scenario

In the baseline forecast, assigned a probability of 65%, IHS Global Insight (GI) expects limited growth. The year over year growth in real GDP for FY13 is expected to be 1.7% which is below the 2.0% growth in FY12. Growth remains low due to the many uncertainties both in the U.S. and in the world. Exports, which had been leading the recovery, are lagging as Europe and the rest of the world slow and the dollar strengthens against the Euro. Consumer spending continues to be sluggish. Consumers have reduced their debt levels though they are still relatively high. In addition consumers lack confidence in the strength of the economy and the government's ability to make things better. GI assumes that the automatic spending cuts and tax increases will be delayed by the lame duck congress and that the new congress will come to some agreement on a package of spending cuts and tax increases, thus avoiding the problem of the "fiscal cliff". Employment growth remains sluggish and is only 1.2% in FY13, below the 1.4% in FY12. Total employment is not expected to reach its previous peak of FY08 until FY15. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY17 only declines to 6.9%.

Inflation is one of the few bright spots in the GI forecast. Weak employment growth puts little pressure on wages helping to limit pressure on prices. Oil prices are held in check due to the weakness in the world economy and GI expects declines in oil prices. West Texas intermediate crude decreases from \$89 in FY13 to \$82 in FY16. Only in FY17 are prices expected to be above \$100. GI expects growth in the Consumer Price Index (CPI) to remain muted, around 1.5% in FY13 and FY14 increasing slightly in FY15 and FY16 then increasing to 2.7% in FY17. 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 FY16; reaching 1.6% in FY16 and 4% in FY17.

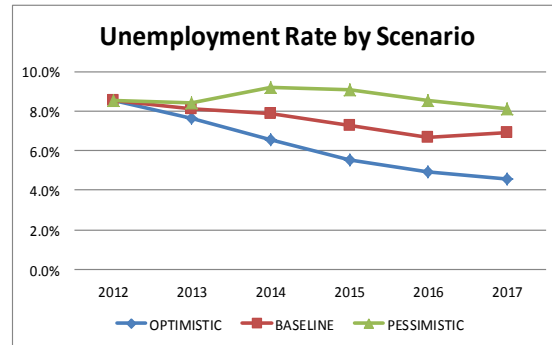
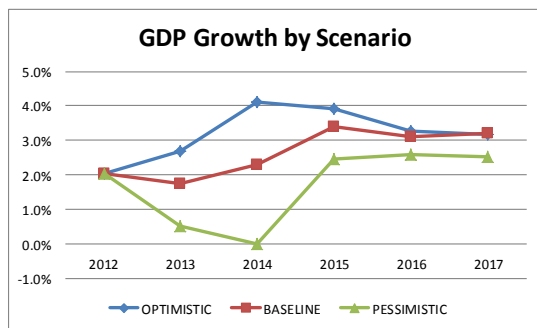
There are a number of risks in the economy. With the rate of growth in GDP so low, any unexpected occurrence could push the economy into recession. Global dynamics and the impact of additional stimulus (both announced and expected) will help to boost growth in the near term. Nevertheless, the current levels of uncertainty on businesses restrain activity in investment and hiring. Unfortunately, these high levels of uncertainty are likely to remain with us through the middle of next year and possibly longer. The first dynamic is how the United States is going to solve its fiscal problems. GI believes this is not likely to happen before mid-2013. Internationally; Greece's future in the Eurozone and the details of a Spanish bailout will involve a long process. This could take many months. Finally, the potential for a war with Iran and the blockage of the Strait of Hormuz would cause substantial problems with oil and other trade. GI believes that these uncertainties will almost certainly mean that a growth rebound will be held back until after mid-2013.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Pessimistic Scenario

This scenario is assigned a probability of 20%. In this scenario, the federal government fails to reach agreement and goes over the “fiscal cliff”. In addition the European governments fail to come to an agreement for boosting the economy and Greece must exit the Eurozone in early 2013. The combination of problems in Europe and the increases in tax rates and reductions in government expenditures push the U.S. economy into a recession. Unemployment increases going above 9%. Housing starts which had begun to show some strength begin falling.

Comparison of Scenarios by Fiscal Year



Optimistic Scenario

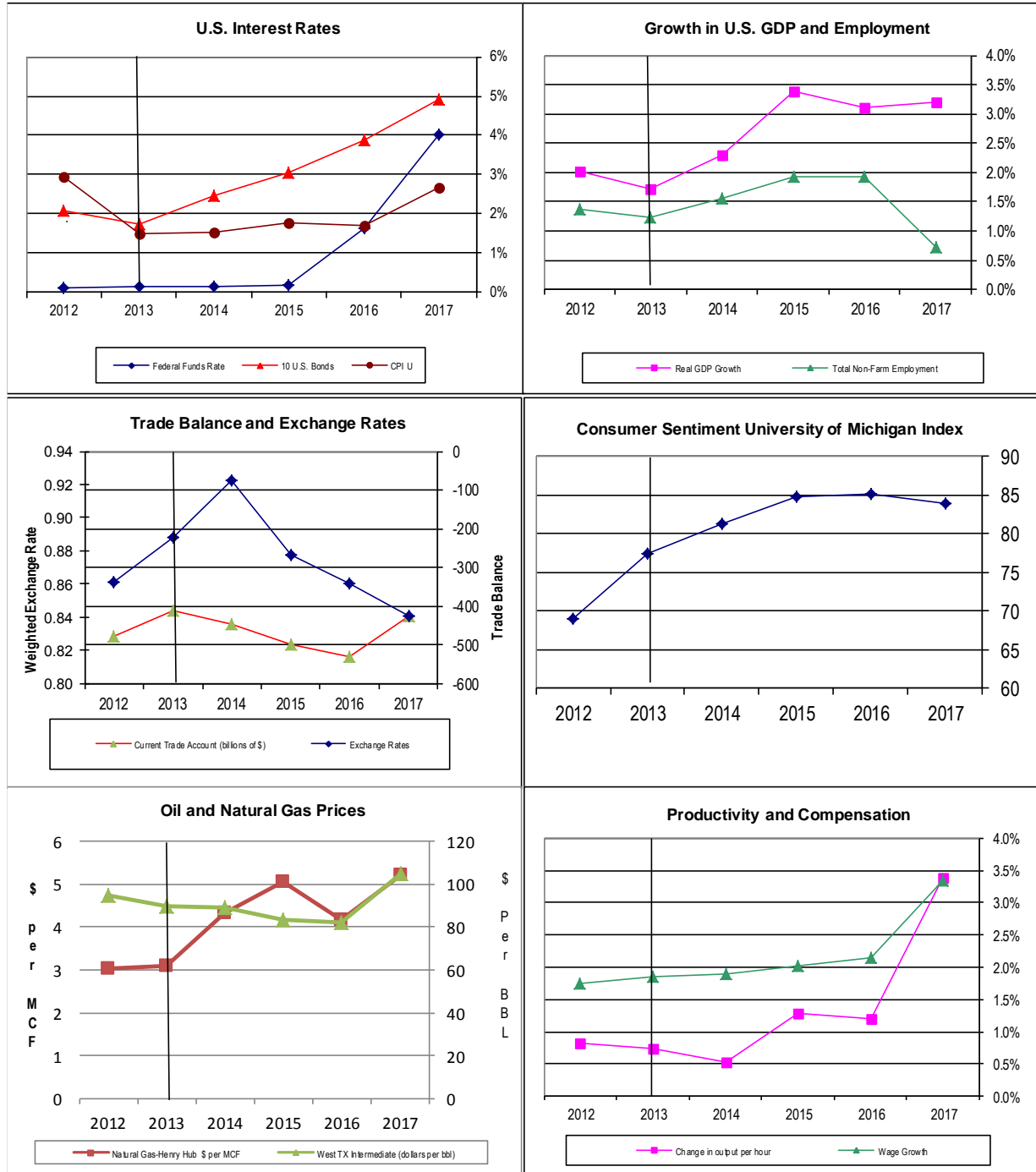
This scenario is assigned a probability of 15%. In it basically everything goes right. A tax and spending compromise is reached, the Eurozone takes decisive steps toward a banking and fiscal union that stabilizes the European economies. The economy shows strong growth in the middle of FY13 and then FY14 has growth of 4%. Employment growth is stronger and inflation accelerates and the FRB raises interest rates, but the economy is strong enough to take this in stride. Housing starts accelerate and unemployment drops to near 4% in FY17.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

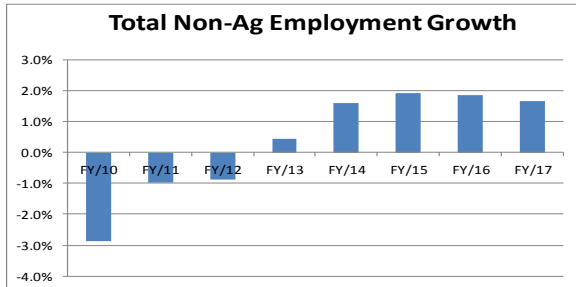
U.S. ECONOMIC VARIABLES AND FORECAST (FISCAL YEAR)

October 2012 Baseline Forecast

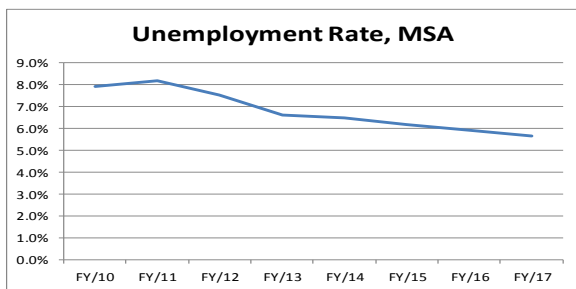


ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Albuquerque fell with the national economy, but is yet to recover. Employment continues to decline, though at a reduced rate. The FOR-UNM forecast of employment in October 2012, has employment growth showing a positive in the 2nd quarter of FY13 with FY13 showing an increase of 0.4%



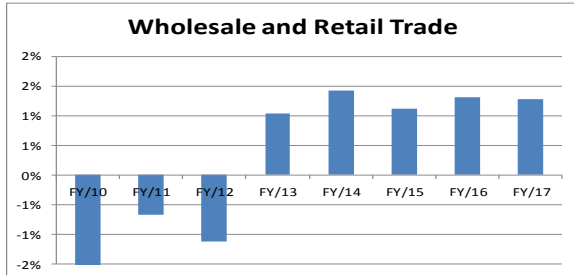
The Albuquerque economy lost over 27 thousand jobs from FY/08 to FY12 a loss of 7% of total employment. Growth for FY13 is expected at 0.4% with increases only beginning in the 2nd quarter of FY13. Construction is not expected to help the economy in FY13 and shows no increase until FY14 and then is relatively muted. While the economy is expected to add jobs it is at a slow rate and the previous employment peak in FY08 is nearly reached in FY17. The unemployment rate continues to decline, but some of this is due to discouraged workers leaving the labor force. The rate is expected to slowly decline to 5.7% in FY17.



Several tables following this section provide a summary of the economic variables underlying the forecast and detailed employment numbers for FY08 to FY17 by the major NAICS categories.

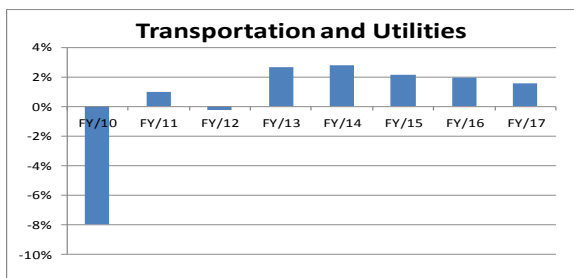
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Wholesale and Retail Trade. These sectors account for about 15% of employment in the Metropolitan Statistical Area (MSA). It is a particularly important sector in terms of the Gross Receipts Tax, which makes up about 30% of GRT. As the recession hit the closure of stores and reductions in purchases substantially hit employment and GRT in this sector.



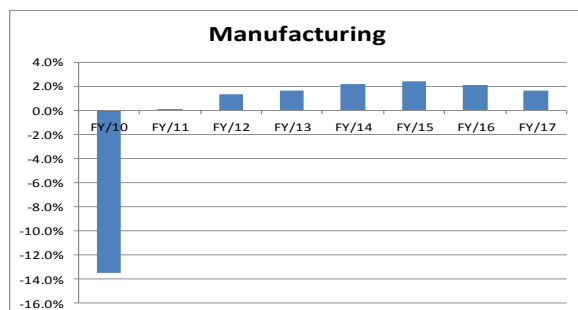
The sector is expected to have growth of just over 1% in FY13. Growth remains at these low levels for the remainder of the forecast period.

Transportation, Warehousing and Utilities. This sector while important, only accounts for 2.5% of employment. Employment in this sector was weak before the recession hit and then declined substantially in FY09 and FY10. In FY11 the sector grew 1.2%, but declined in FY12. The expectations for the forecast are a robust recovery with growth above 3% in FY13 and FY14. Even with this growth the sector remains below the level of FY07 and FY08.



Tables 2, 3, and 4 at the end of this section provide a summary of the economic variables underlying the forecast and employment numbers for FY07 to FY16 by the major NAICS categories.

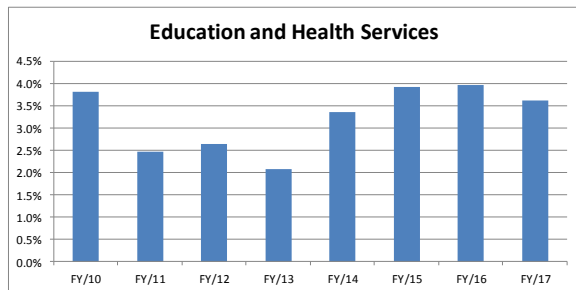
Manufacturing. This sector accounted for about 5% of employment in the MSA. It is an important sector as it creates jobs that bring revenue from outside the area. The purchases manufacturing firms make also make this sectors impact greater than its employment share.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

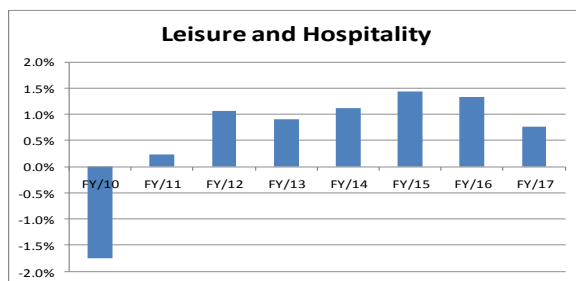
After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY13. The sector is expected to grow in the remainder of the forecast. However, FY17 employment is about 80% of the employment of FY08.

Educational and Health Services. This sector is predominantly health services and accounts for 15% of employment. 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.



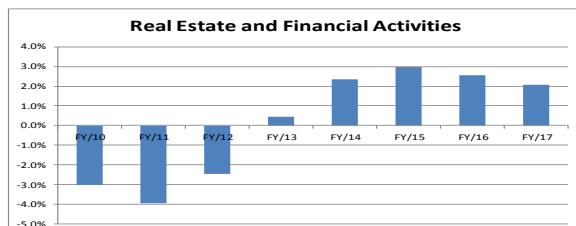
It was the only sector that increased through the recession and continues to be a driver of the economy.

Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 11% of employment in the MSA. This is a major component of GRT and Lodgers' Tax.



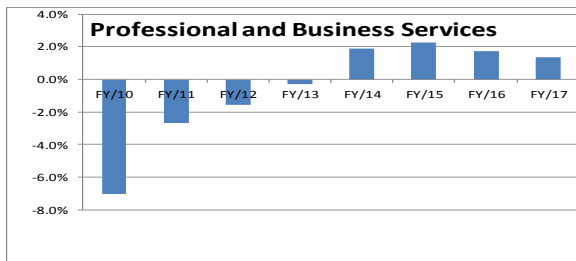
The forecast shows subdued growth in the sector with a maximum of 1.4% in FY15.

Real Estate & Financial Activities. This sector includes finance, insurance and real estate including credit intermediation. It accounts for about 4% of employment in the MSA. The financial crisis, the consolidation of banking, and the collapse of real estate impacted this sector. Almost 6,000 jobs were lost from FY07 to FY12. FY13 is expected to show a small increase, and then fairly strong growth for the remainder of the forecast. The sector rebounds and hits 3% employment growth in FY15.



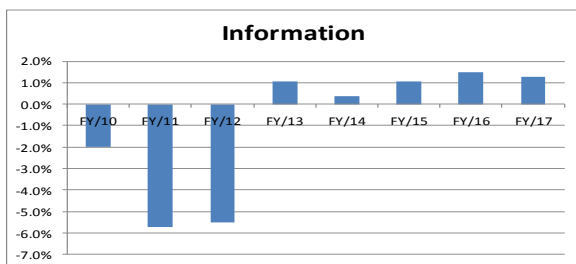
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Professional and Business Services. This category accounts for 16% of the employment in the MSA. It includes temporary employment agencies, some of Albuquerque’s back-office operations, and architect and engineering firms that are closely tied to construction. It also includes Sandia National Labs (SNL)



While the national labs have gained some positions the rest of the sector has been very weak. Following a small decrease in FY13 the sector is expected to grow in the remainder of the forecast. In FY17 it still remains 4,000 jobs below the peak of FY08.

Information. This sector includes businesses in publishing, broadcasting, telecommunications, and internet service establishments. It also includes the film studios. It accounts for about 2% of employment in the MSA. FY11 and FY12 each declined near 6%. FY13 shows some increase, but it remains limited.



Construction. Construction is typically cyclical, with significant swings in building and employment. Construction is an important sector and has an impact on the economy larger than its employment share of 6%.

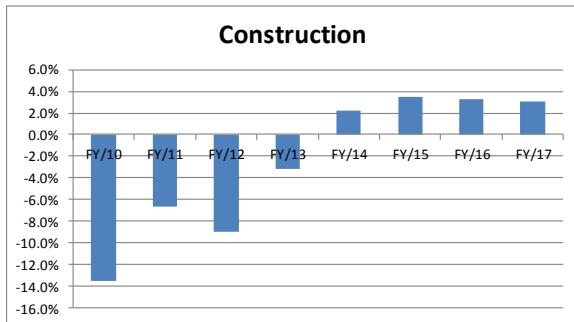
The graph following this section shows the real values of building permits after adjusting by the CPI. Construction is described as new and additions, alterations, and repairs from 1970 to 2012 (December of 2012 was estimated) by categories of residential and commercial. Five distinct peaks occur in 1973, 1979, 1985, 1995 and 2005. The last cycle was the longest and the fall following 2005 the largest.

The lowest level of residential construction was reached in the period of August 2008 to February 2009. From this point single family permitting has increased, but it remains subdued and at levels below any other in the chart. In 2008 much of the decline in residential construction was offset by new commercial, primarily public construction. Much of this construction was for new Albuquerque public schools. In 2009 residential housing stabilized, but commercial construction fell making 2009 the worst year as far as percentage decline in new construction. Additions, alterations, and repairs didn’t drop as significantly as new construction but still showed declines. This category is dominated by commercial and public projects.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

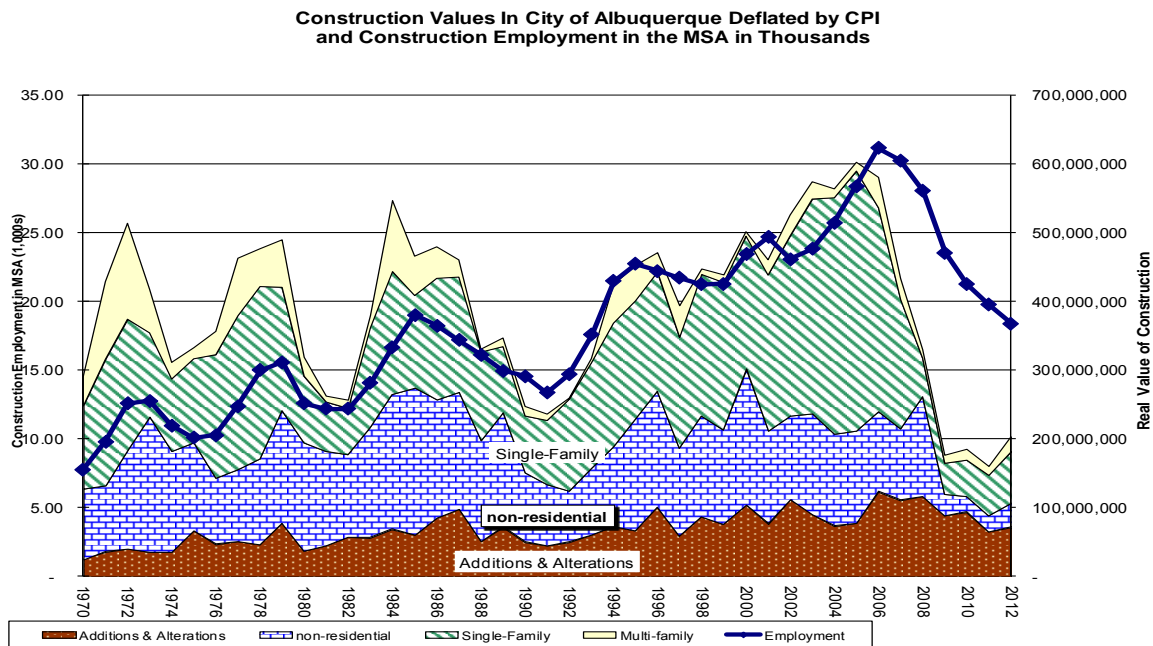
Looking forward single family permitting is expected to show significant growth nearly doubling from around 1,000 in FY13 to near 2,000 in FY17. This still is less than half of the permitting activity of the peak. Multi-family construction is also expected to show some recovery.

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.

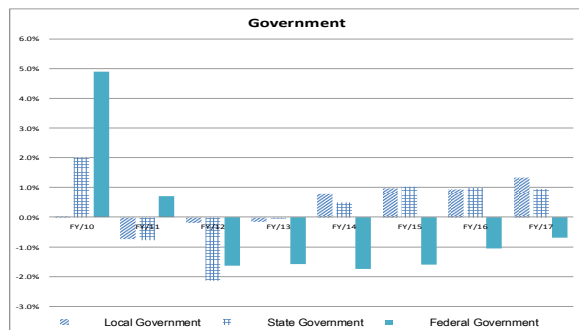


As shown in the chart following this section, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects. Growth in employment was very strong in 2000-2002, driven in large part by the Intel project and the Big-I reconstruction project. After falling consistently from FY09, employment in construction is forecast to have an increase of 2% in FY14. The remainder of the forecast remains subdued with increases of around 3% a year in FY15 to FY17.

FIGURE 1
City of Albuquerque Value of Permits Deflated by CPI



Government The government sector makes up almost 22% of the Albuquerque MSA employment. The largest part of State and Local government is education. Local government includes the public schools and State includes the University of New Mexico. The local sector also includes Indian enterprises. The federal government makes up 4.4% of employment; nationally the federal government makes up 3.4% of total employment. This doesn't include military employment which is counted separately. Active military is around 6,000 or about 1.7% of the total non-agricultural employment. Nationally military is 1% of total non-agricultural employment.



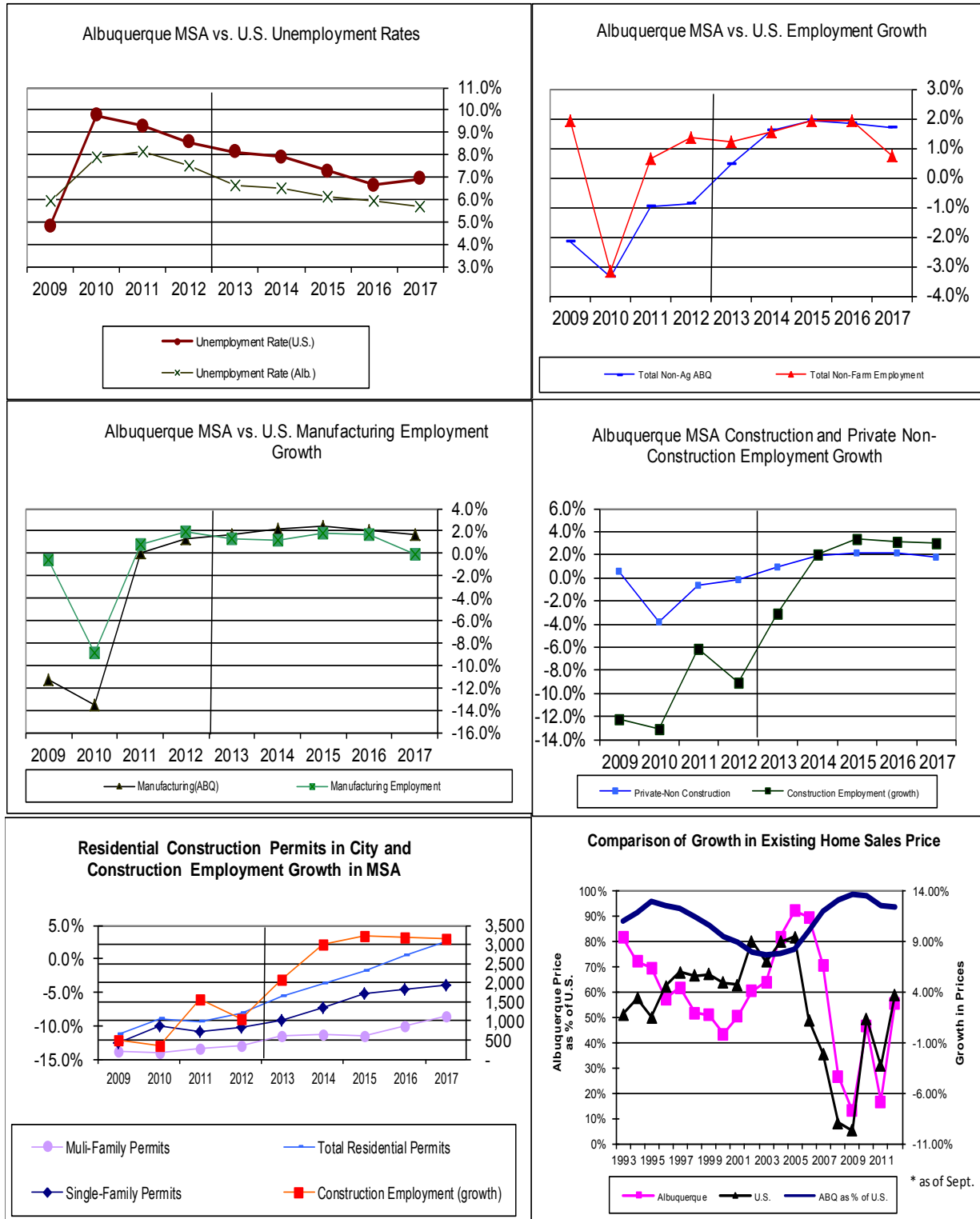
Government employment slowed and decreased in FY11 and FY12 and is expected to decrease again in FY13. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State and Local were flat in FY13 and improve in the out years. The federal government declined in FY13 and is expected to decline in every year in the remainder of the forecast as the federal government takes steps to reduce its size.

The following Charts and tables present more information on the Albuquerque economy and its comparison to the U.S.

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

October 2012 Economic Outlook- BBER and Global Insight



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

TABLE 3

Economic Variables Underlying the Forecast									
	Historical				Forecast				
	2009	2010	2011	2012	2013	2014	2015	2016	2017
National Variables									
Real GDP Growth	3.0%	0.2%	2.2%	2.0%	1.7%	2.3%	3.4%	3.1%	3.2%
Federal Funds Rate	4.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	1.6%	4.0%
10 U.S. Bonds	4.6%	3.5%	3.1%	2.1%	1.7%	2.5%	3.1%	3.9%	4.9%
CPI U	3.8%	1.0%	2.0%	2.9%	1.5%	1.5%	1.8%	1.7%	2.7%
Unemployment Rate(U.S.)	4.8%	9.7%	9.3%	8.6%	8.1%	7.9%	7.3%	6.7%	6.9%
Total Non-Farm Employment	1.9%	-3.2%	0.7%	1.4%	1.2%	1.6%	1.9%	1.9%	0.7%
Manufacturing Employment	-0.6%	-8.9%	0.9%	1.9%	1.3%	1.2%	1.8%	1.6%	-0.1%
Consumer sentiment index–University of Michigan	85.7	71.6	71.1	69.1	77.5	81.3	84.8	85.2	83.9
Exchange Rates	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Current Trade Account (billions of \$)	(792.6)	(419.1)	(458.4)	(477.8)	(412.9)	(447.5)	(497.4)	(530.5)	(424.2)
Change in output per hour	2.5%	4.2%	1.5%	0.8%	0.7%	0.5%	1.3%	1.2%	3.4%
Natural Gas-Henry Hub \$ per MCF		4.2	4.1	3.0	3.1	4.3	5.1	4.2	5.2
West TX Intermediate (dollars per bbl)	48.8	75.2	89.4	95.0	89.8	89.4	83.6	81.9	105.1
Wage Growth	1.5%	1.4%	1.7%	1.7%	1.8%	1.9%	2.0%	2.1%	3.3%
Albuquerque Variables									
Employment Growth and Unemployment in Albuquerque MSA									
Total Non-Ag ABQ	-2.2%	-3.4%	-1.0%	-0.9%	0.4%	1.6%	1.9%	1.8%	1.7%
Private-Non Construction	0.6%	-3.8%	-0.7%	-0.2%	1.0%	2.0%	2.2%	2.1%	1.8%
Construction Employment (growth)	-12.2%	-13.1%	-6.1%	-9.1%	-3.1%	2.1%	3.3%	3.1%	3.0%
Manufacturing(ABQ)	-11.3%	-13.5%	0.0%	1.3%	1.6%	2.2%	2.4%	2.1%	1.7%
Unemployment Rate (Alb.)	5.9%	7.9%	8.1%	7.5%	6.6%	6.5%	6.1%	5.9%	5.7%
Construction Units Permitted in City of Albuquerque									
Single-Family Permits	435	875	723	843	1,014	1,342	1,699	1,832	1,948
Muli-Family Permits	204	172	262	359	622	642	597	867	1,119
Total Residential Permits	639	1,047	985	1,202	1,635	1,984	2,296	2,698	3,067
Source Global Insight and FOR-UNM October 2012 Baseline Forecasts									

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

TABLE 4

Albuquerque MSA Employment in Thousands										
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
TOTAL NONAGRICULTURAL	382.27	374.02	361.44	357.95	354.80	356.39	362.05	368.96	375.77	382.05
CONSTRUCTION	30.10	26.42	22.97	21.57	19.62	19.01	19.40	20.05	20.67	21.29
MANUFACTURING	22.84	20.26	17.52	17.52	17.76	18.05	18.45	18.89	19.29	19.61
WHOLESALE TRADE	13.35	12.51	12.13	11.93	11.49	11.62	11.79	11.91	12.01	12.10
RETAIL TRADE	44.94	43.09	41.13	40.98	40.82	41.23	41.82	42.30	42.90	43.52
TRANSPORTATION, WAREHOUSING, AND UTILITIES	10.33	9.59	8.83	8.91	8.89	9.13	9.38	9.58	9.77	9.92
INFORMATION	9.18	9.18	8.99	8.48	8.01	8.10	8.13	8.21	8.33	8.44
FINANCIAL ACTIVITIES	17.87	17.28	16.76	16.09	15.70	15.77	16.14	16.62	17.05	17.40
PROFESSIONAL AND BUSINESS SERVICES	64.19	62.91	58.49	56.91	56.03	55.85	56.90	58.17	59.18	59.99
EDUCATIONAL AND HEALTH SERVICES	45.07	47.67	49.48	50.70	52.04	53.12	54.90	57.05	59.31	61.46
LEISURE AND HOSPITALITY	39.26	37.89	37.23	37.31	37.71	38.05	38.48	39.03	39.55	39.86
OTHER SERVICES	10.43	10.34	9.86	9.84	9.82	9.86	9.91	10.00	10.12	10.22
GOVERNMENT	74.70	76.89	78.05	77.70	76.92	76.61	76.77	77.15	77.59	78.25
LOCAL GOVERNMENT	39.95	41.29	41.30	41.00	40.93	40.86	41.19	41.59	41.98	42.54
STATE GOVERNMENT	20.28	20.67	21.09	20.93	20.48	20.48	20.58	20.79	21.00	21.20
FEDERAL GOVERNMENT	14.47	14.93	15.66	15.77	15.51	15.27	15.00	14.76	14.61	14.51
Private Non-Construction	277.47	270.71	260.42	258.68	258.26	260.77	265.88	271.76	277.51	282.50
MILITARY EMPLOYMENT, THOUSANDS	5.74	5.68	6.03	6.11	6.17	6.04	5.92	5.84	5.79	5.76
Growth Rates										
TOTAL NONAGRICULTURAL	0.4%	-2.2%	-3.4%	-1.0%	-0.9%	0.4%	1.6%	1.9%	1.8%	1.7%
CONSTRUCTION	-4.7%	-12.2%	-13.1%	-6.1%	-9.1%	-3.1%	2.1%	3.3%	3.1%	3.0%
MANUFACTURING	-5.2%	-11.3%	-13.5%	0.0%	1.3%	1.6%	2.2%	2.4%	2.1%	1.7%
WHOLESALE TRADE	-0.6%	-6.3%	-3.0%	-1.7%	-3.7%	1.2%	1.4%	1.0%	0.9%	0.7%
RETAIL TRADE	1.7%	-4.1%	-4.5%	-0.4%	-0.4%	1.0%	1.4%	1.1%	1.4%	1.4%
TRANSPORTATION, WAREHOUSING, AND UTILITIES	2.7%	-7.2%	-8.0%	1.0%	-0.2%	2.6%	2.8%	2.2%	1.9%	1.6%
INFORMATION	-2.2%	-0.1%	-2.0%	-5.7%	-5.5%	1.1%	0.4%	1.1%	1.5%	1.3%
FINANCIAL ACTIVITIES	-1.0%	-3.3%	-3.0%	-4.0%	-2.5%	0.5%	2.3%	3.0%	2.6%	2.1%
PROFESSIONAL AND BUSINESS SERVICES	0.9%	-2.0%	-7.0%	-2.7%	-1.5%	-0.3%	1.9%	2.2%	1.7%	1.4%
EDUCATIONAL AND HEALTH SERVICES	3.5%	5.8%	3.8%	2.5%	2.6%	2.1%	3.4%	3.9%	4.0%	3.6%
LEISURE AND HOSPITALITY	0.4%	-3.5%	-1.7%	0.2%	1.1%	0.9%	1.1%	1.4%	1.3%	0.8%
OTHER SERVICES	1.6%	-0.9%	-4.6%	-0.2%	-0.3%	0.4%	0.5%	0.9%	1.2%	1.0%
GOVERNMENT	2.1%	2.9%	1.5%	-0.4%	-1.0%	-0.4%	0.2%	0.5%	0.6%	0.9%
LOCAL GOVERNMENT	3.0%	3.4%	0.0%	-0.7%	-0.2%	-0.2%	0.8%	1.0%	0.9%	1.3%
STATE GOVERNMENT	2.1%	1.9%	2.0%	-0.8%	-2.1%	0.0%	0.5%	1.0%	1.0%	1.0%
FEDERAL GOVERNMENT	-0.5%	3.2%	4.9%	0.7%	-1.6%	-1.6%	-1.8%	-1.6%	-1.1%	-0.7%
Private Non-Construction	0.6%	-2.4%	-3.8%	-0.7%	-0.2%	1.0%	2.0%	2.2%	2.1%	1.8%
MILITARY EMPLOYMENT, THOUSANDS	-6.7%	-1.1%	6.2%	1.2%	1.0%	-2.1%	-1.9%	-1.3%	-0.9%	-0.5%

CAPITAL BUDGET

***Approved
Operating Budget
FY14***

CAPITAL IMPLEMENTATION PROGRAM

Capital Program Overview

The Authority's Capital program is comprised of different categories of projects, each with its own funding rules. The 'Basic Program' is funded by recurring revenues generated from the water/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.

The blueprint for the Authority's Basic Program is its 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 Basic Program budget. FY14 is the first year of the two year planning element included in the proposed FY14 – FY23 Decade Plan to be submitted to the Board for approval in April, 2013.

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 most significant change in the proposed FY14 – FY23 Decade Plan is the disaggregation of the previous water facilities rehabilitation category into two categories; drinking water plant groundwater systems and drinking water plant treatment systems renewal. The change was made to provide a separate reporting for each of the two water supply systems which the Authority maintains; the groundwater system and the surface water system. The other change made in the proposed decade plan is to pull out franchise fee compliance costs from the shared rehabilitation category in order to allow for clearer identification of the significant costs the Authority incurs for compliance with its franchise agreements. The proposed decade plan continues the construction of the plan from a Field/Plant/Compliance perspective rather than the water/water reclamation perspective used in earlier decade plans.

The funding for the Basic rehabilitation program in FY14 includes \$15.0 million in supplemental funding. The \$15.0 million will be part of \$20.0 million in supplemental funding that will be included in the next debt borrowing scheduled to close in the first half of FY14. This will be the first supplemental funding for the Basic rehabilitation program since \$20.0 million was borrowed in April, 2009. The remaining \$5.0 million will be appropriated in FY15. \$10.0 million will be used to replenish revenues depleted by spending in FY13 in Basic rehabilitation categories other than water reclamation facilities and allow for the full use of the FY14 rehabilitation program as shown in the proposed FY14 – FY23 Decade Plan. The other \$10.0 million will be

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used for two major initiatives at the Southside Water Reclamation Plant, the construction of a replacement Preliminary Treatment Facility (PTF) and the construction of a replacement Dewatering Facility.

The Basic growth program in FY14 increases to \$4.0 million, an increase of \$1.0 from FY13. The growth program is funded by Utility Expansion Charge (UEC) revenue which is tied to economic growth in the Authority's service area. Because of still very sluggish UEC revenues, the Basic growth program has had to reduce discretionary spending and focus on continuing initiatives in Information Technology (IT) support for the operating divisions. The non-discretionary portion of the growth program includes funding for the low income connection program managed by Bernalillo County and development repayment agreements as connections are made to the System.

The IT portion of the growth program is \$2.0 million in FY14 and represents half of the entire growth program. IT support will be especially crucial as the Authority as of July 1, 2013 goes live with its own financial and human resource systems and moves completely off the systems currently shared with the City of Albuquerque. The Authority has chosen SunGard Public Sector Inc. as its software provider. The software is designed for public sector clients rather than being a customization of commercial software for public sector use. The Authority is currently utilizing the City of Albuquerque's PeopleSoft systems which went live on January 1, 2009. The continuing difficulties with the PeopleSoft systems have been a primary contributor to the inability of the City and the Authority to get their annual external financial audit done on a timely basis and to timely monitor actual results against budgeted amounts. The Authority with SunGard has chosen financial and human resource systems appropriate for its size and needs and during the current implementation phase has remained true to the original objectives of minimal customization while changing business processes as needed to accommodate the delivered software.

There are no appropriations in the approved FY14 CIP budget for projects that will be funded with revenues from FY15 and later.

FY14 Capital Program Appropriations and Spending by Categories

Summary Perspective

The FY14 capital program appropriation totals \$52.0 million. \$49.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$49.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$15.0 million in supplemental rehabilitation funding and 4.0 million in growth program funding. The \$15.0 million in supplemental rehabilitation funding is comprised of \$5.0 million for the construction of the PTF and Dewatering facilities at the Southside Water Reclamation Plant and the remaining \$10.0 million is comprised of \$5.0 million for water lines, \$3.0 million for sewer lines and \$2.0 million for franchise fee costs. This \$10.0 million will be largely expended by the start of FY14.

The \$30.0 million in rehabilitation funding required by the Rate Ordinance allocates \$10.0 million for Field, \$19.7 million for Plant and \$.3 million for Compliance. Those figures become \$19.0 million for Field and \$25.7 million for Plant when the \$15.0 million in supplemental rehabilitation funding is included.

The \$3.0 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI) the successor technology to Automatic Meter Reading (AMR) / Leak Detection and \$1.0 million for steel water line replacement.

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

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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. In the following schedules, the word renewal is used in place of rehabilitation in conformity with the decade plan.

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

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

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

There are no appropriations in FY14 in either the Valley or the WRMS category.

Basic Program appropriations by decade plan category

Rehabilitation

Water Reclamation Line Renewal	\$	6,000,000
Water Line Renewal	\$	7,900,000
Water Reclamation Plant Renewal	\$	19,000,000
Soil Amendment Facility Renewal	\$	50,000
Lift Station and Vacuum Station Renewal	\$	1,230,000
Odor Control Facilities Renewal	\$	10,000
Drinking Water Plant Groundwater System Renewal	\$	2,005,000
Drinking Water Plant Treatment Systems Renewal	\$	3,600,000
Reuse Line and Plant Renewal	\$	60,000
Water Reclamation Compliance	\$	285,000
Water / Water Reclamation Shared Facility Renewal	\$	460,000
Franchise Fee Compliance	\$	4,000,000
CIP Funded Position Transfer	\$	<u>400,000</u>
	\$	<u>45,000,000</u>

Growth

Water Lines	\$	500,000
Development Agreements	\$	1,250,000
MIS / GIS	\$	2,000,000
Low Income Water / Sewer Connections	\$	<u>250,000</u>
	\$	<u>4,000,000</u>

Special Projects appropriations by decade plan category

Rehabilitation

Automated Meter Infrastructure	\$	1,500,000
Leak Detection	\$	500,000
Steel Water Line	\$	<u>1,000,000</u>
	\$	<u>3,000,000</u>

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<u>Category</u>	<u>Percentage</u>		<u>Amount</u>
Rehab	92.3	\$	48,000,000
Growth	7.7	\$	4,000,000
Total	100.0	\$	52,000,000

The revenue sources for the appropriations are comprised of:

	<u>Debt</u>	<u>Cash</u>
Rehab		
Basic per Rate Ordinance	\$ 18,000,000	\$ 12,000,000
Basic Supplemental	\$ 15,000,000	
Special Project	\$ 3,000,000	\$ -
Growth		
Basic Program	\$ -	\$ 4,000,000
Total	\$ 36,000,000	\$ 16,000,000

By fund, the \$52.0 million is allocated: \$48.0 million in the Joint Water & Sewer Rehabilitation Fund 628 and \$4.0 million in the Joint Water & Sewer Fund 629.

FY14 Capital Program Highlights

The major initiative in the Basic rehabilitation program for FY 2014 will be the beginning of construction of the replacement Preliminary Treatment Facility (PTF) and of the replacement Dewatering Facility at the Southside Water Reclamation Plant. These two projects were initially bundled in one bid but the combined bid for both projects came in too high and in response, the Authority decided to do value engineering on each project and bid each project separately. The proposed FY 2014 – FY 2023 decade plan includes \$25.5 million for these two projects in FY 2014 and FY 2015 and there will be approximately \$24.0 million in carryover funds from FY 2013 available as well for this work.

The other significant project at the Southside Water Reclamation Plant is the aeration basins improvement project. This project involves replacing the piping and diffuser assemblies in the aeration basins. The control valves will be relocated and moved to an accessible location for routine maintenance. The control valves are currently submerged in the mixed liquor. The valves are used to properly distribute air to the different zones of the bubble diffusers for each basin. The quality of the aeration process has a direct connection to the quality of the discharge into the river meeting NPDES permit requirements.

The largest planned project other than at the water reclamation plant is the chemical solids systems improvement project at the Surface Water Treatment Plant. During the process of removing solids from the water, a coagulant (ferric chloride) and a polymer are added to the water. The coagulant and the polymer promote the solids in aggregating and coming out of suspension. The solids removed during the clarification process require further processing. The chemical solids systems improvement project will include evaluation, design and construction of improvement to the waste solids handling and treatment systems at the surface water treatment plant. The improvements will facilitate the surface water treatment plant operating at its current finished water capacity of 92 million gallons per day (mgd) when the Rio Grande source water is especially turbid.

CIP Projects Coming On Line

In FY14, there are no CIP projects that are projected to come on line and there are no additional projected impacts to the operating budget in FY14.

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<u>Purpose</u>	<u>Source</u>	<u>Increase</u>
<u>Basic Program</u>		
<u>Rehab Fund 28</u>		
<u>Sanitary Sewer Pipeline Renewal</u>		
Interceptor Sewer Rehabilitation	Bond Proceeds	2,000,000
Small Diameter Sewer Line		
Rehabilitation	Bond Proceeds	3,500,000
Sewer Line CCTV Inspections	Bond Proceeds	500,000
<u>Drinking Water Pipeline Renewal</u>		
Small Diameter Water Line		
Rehabilitation	Bond Proceeds	7,000,000
Large Diameter Water Line		
Rehabilitation	Bond Proceeds	500,000
Water Meters, Meter Boxes and		
Service Lines Rehabilitation	Bond Proceeds	150,000
Large Water Valve Replacement	Bond Proceeds	250,000
<u>Southside Water Reclamation Plant Renewal</u>		
Preliminary Treatment Facility		
Replacement	Bond Proceeds	2,000,000
	Transfer from Fund 21	8,000,000
Dewatering Facility Replacement	Bond Proceeds	2,000,000
	Transfer from Fund 21	2,000,000
Interim Blower Capacity Improvements	Bond Proceeds	1,000,000
Aeration Basin Rehabilitation	Bond Proceeds	2,400,000
Water Reclamation Plant Contingency	Bond Proceeds	1,000,000
ABB Service Contract	Bond Proceeds	140,000
RAMP Report Update	Bond Proceeds	160,000
Program Management Assistance	Bond Proceeds	100,000
Digester Cleaning Program	Bond Proceeds	200,000
<u>Soil Amendment Facility (SAF) Renewal</u>		
Upgrade of Soil Amendment Facility	Bond Proceeds	50,000
<u>Lift Station and Vacuum Station Renewal</u>		
Lift Station Rehabilitation	Bond Proceeds	400,000
Vacuum Station Rehabilitation	Bond Proceeds	400,000

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Lift Station Programmable Logic

Controller Replacement	Bond Proceeds	130,000
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Asset Management Plan for

Lift Stations and Vacuum Stations	Bond Proceeds	150,000
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Arc Flash Study	Bond Proceeds	150,000
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Odor Control Facilities Renewal

Interceptor Odor Control	Bond Proceeds	10,000
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Drinking Water Plant Groundwater System Renewal

Sodium Hypochlorite Generator System

Rehabilitation / Replacement	Bond Proceeds	220,000
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Booster Pump Station Rehabilitation	Bond Proceeds	220,000
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Well Rehabilitation and Maintenance	Bond Proceeds	250,000
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Ridgecrest Well No. 5 Improvements	Bond Proceeds	40,000
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Kiva Reservoir No. 1 Rehabilitation	Bond Proceeds	150,000
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Reservoir Cleaning and Inspection	Bond Proceeds	50,000
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Corrales Trunk Gas Engine Overhauls	Bond Proceeds	50,000
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Booster Pump Surge Tank Renewal	Bond Proceeds	75,000
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Burton Reservoir No. 2 Renewal	Bond Proceeds	50,000
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Asset Management Plan for Water

Pumping Stations	Bond Proceeds	250,000
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Asset Management Plan for Reservoirs	Bond Proceeds	150,000
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Asset Management Plan for Wells	Bond Proceeds	250,000
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Valve Exercising Equipment and

Valve Replacement	Bond Proceeds	100,000
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Arc Flash Study for

Groundwater System	Bond Proceeds	150,000
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Drinking Water Plant Treatment Systems Renewal

Water Treatment Plant Contingency	Bond Proceeds	300,000
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Chemical Solids Systems

Improvements	Bond Proceeds	1,810,000
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Grit Removal Basin Improvements	Bond Proceeds	315,000
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Diversion Bar Screen Improvements	Bond Proceeds	40,000
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Settling Basin Edge Protection	Bond Proceeds	75,000
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Water Systems SCADA Rehabilitation	Bond Proceeds	110,000
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Demonstration Facility Rehabilitation	Bond Proceeds	50,000
Corrales Trunk Arsenic System		
Improvements	Bond Proceeds	100,000
Corrales Trunk Arsenic Media		
Replacement	Bond Proceeds	350,000
Raw Water Pumping Station		
Rehabilitation	Bond Proceeds	150,000
Relocate MDC and BCIP Arsenic		
Treatment Systems	Bond Proceeds	250,000
Add Caustic Soda Storage and Feed		
System at the SJCWTP	Bond Proceeds	50,000
<u>Reuse Line and Plant Rehabilitation</u>		
Reuse Line Rehabilitation	Bond Proceeds	10,000
Reuse Plant Rehabilitation	Bond Proceeds	50,000
<u>Compliance</u>		
Water Quality Laboratory	Bond Proceeds	250,000
NPDES Program	Bond Proceeds	13,000
Water Quality Program	Bond Proceeds	22,000
<u>Shared Renewal</u>		
Ferrous / Ferric Transfer		
Station 70 Rehabilitation	Bond Proceeds	360,000
Valve Assessment Program Study	Bond Proceeds	100,000
CIP Funded Position Transfer	Bond Proceeds	400,000
<u>Franchise Agreement Compliance</u>		
Franchise Fee Water and Sewer	Transfer from Fund 21	1,000,000
	Bond Proceeds	2,000,000
City of Albuquerque DMD Street		
Rehabilitation Manhole and Valve		
Box Adjustments	Transfer from Fund 21	1,000,000
<u>Growth Fund 29</u>		
Warehouse Meters	Transfer from Fund 31	500,000
Development Agreements	Transfer from Fund 31	1,250,000
MIS / GIS	Transfer from Fund 31	2,000,000
Low Income W/S Connections	Transfer from Fund 31	250,000

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Special Projects

Rehab Fund 28

Automatic Meter Reading	Bond Proceeds	2,000,000
Steel Water Line Replacement	Bond Proceeds	1,000,000

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

CIP Plan FY 2014 - 2018	2014	2015	2016	2017	2018	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	1,000	1,000	3,000	4,000	4,500	13,500
Interceptor Sewer On-Call Contingency	1,000	1,400	1,500	1,500	1,500	6,900
Small Diameter Sewer Line Rehab		1,000	1,500	2,400	3,000	7,900
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	3,000	4,400	7,000	8,900	10,000	33,300
Drinking Water Pipeline Renewal						
Small Diameter Water line Rehab	1,000	1,000	1,000	1,500	2,700	7,200
Small Diameter Water Line On-Call Contingency	1,000	1,000	1,000	1,000	1,000	5,000
Large Diameter Water Line On-Call Contingency	500	500	500	500	500	2,500
Water Meters, Boxes & Services Rehab	150	150	150	150	150	750
Large Water Valve Replacement	250	250	250	250	250	1,250
Pressure Reducing Valve Replacements		100		170		270
Asset Management Plan for Large Diameter Water Line		150				150
Drinking Water Pipeline Renewal Subtotal	2,900	3,150	2,900	3,570	4,600	17,120
Southside Water Reclamation Plant Renewal						
Preliminary Treatment Facility Replacement (PTF)	10,000	7,500				17,500
Dewatering Facility Replacement	4,000	6,000	1,000			11,000
Interim Blower Capacity Improvements	1,000					1,000
Existing Digester Rehabilitation and Improvements	1,000	1,500	2,140	3,000	2,700	10,340
Primary Clarifier Improvements	500	1,500	1,400	2,100		5,500
Aeration Basin Rehabilitation	2,400		1,800	1,800		6,000
Secondary Sludge Thickening Improvements	500			2,500	1,500	4,500
Cogeneration Improvements	250			500	6,140	6,890
SWRP Renewal Contingency	2,010	3,000	1,000	1,000	1,000	8,010
ABB Service Contract	140	140	155	160	160	755
Plant-Wide Electrical, Instrumentation & Control Improvement	500	1,000	1,000	1,000	1,000	4,500
RAS and Sludge Withdrawal Pumps Improvements				1,500	1,500	3,000
Storm Water Drainage Improvements			205	250		455
Plant Equalization Basins	100	750	4,500	4,000		9,350
RAMP Report Update	200					200
Program Management Assistance	100	100				200
High Efficiency Blower Upgrades	500			1,590	5,600	7,690
New Digester Capacity	500	1,210	8,400	4,400	4,000	18,510
Digester Cleaning Program	300	300	400	200	400	1,600
Chemical Storage and Feed Systems Upgrade		500				500
Pre-Screens for UV Disinfection Facility		500	2,000			2,500
Southside Water Reclamation Plant Renewal Subtotal	24,000	24,000	24,000	24,000	24,000	120,000
Basic Program Funding	14,000	14,000	14,000	14,000	14,000	70,000
Special Funding	10,000	10,000	10,000	10,000	10,000	50,000
Soil Amendment Facility (SAF) Renewal	-	-	-	-	-	
Upgrade of Soil Amendment Facility	50	50	50	50	50	250
SAF Renewal Subtotal	50	50	50	50	50	250

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Lift Station and Vacuum Station Renewal						
Lift Station Rehab	350	1,500	3,400	1,585	2,500	9,335
Lift Station 24 Rehab	50					50
Vacuum Station Rehab	400	770	1,000	2,000	2,000	6,170
Lift Station PLC Replacement	130	155	155			440
Asset Management Plan for Lift Station/Vacuum Station	150					150
Arc Flash Study	150					150
Lift Station and Vacuum Station Renewal Subtotal	1,230	2,425	4,555	3,585	4,500	16,295
Odor Control Facilities Renewal						
Interceptor Odor Control Renewal	10	10	10	250	10	290
Odor Control Facilities Renewal Subtotal	10	10	10	250	10	290
Drinking Water Plant: Groundwater System Renewal						
Annual Sodium Hypochlorite Generator System Rehab/Replace	220	205	150	175	157	907
Booster Pumping Station Rehab	220	590	250	210	210	1,480
Well Rehab and Replacement	200	120	1,060	1,060	2,035	4,475
Ridgecrest Well 5 Improvements	40					40
Kiva Reservoir No. 1 Rehab	150					150
College Reservoir Rehab				200	1,400	1,600
Love Reservoir No. 1 Rehab				250		250
Charles Wells Reservoir Rehab	50					50
Santa Barbara Reservoir No. 1 Rehab				250		250
Annual Reservoir Cleaning and Inspection	50	50	50	50	50	250
Corrales Well 2 Collector Pipeline	500	700	250			1,450
Corrales Trunk Gas Engine Overhauls	50	350	50	50	50	550
Booster Pump Surge Tank Renewal	75	50	50	50	50	275
Burton Reservoir No. 2 Renewal	50					50
Asset Management Plan for Water Pumping Stations	250					250
Asset Management Plan for Reservoirs	150					150
Asset Management Plan for Wells	250					250
Valve Exercising Equipment and Valve Replacement	100	100	100	100	100	500
Arc Flash Study for Groundwater System	150					150
DWP GW System Renewal Subtotal	2,505	2,165	1,960	2,395	4,052	13,077
Drinking Water Plant: Treatment Systems Renewal						
Water Treatment Plant Contingency Rehab	300	150	150	200	200	1,000
Chemical Solids Systems Improvements	1,210	740	1,075	945		3,970
Grit Removal Basin Improvements	315	240	240	1,240	1,240	3,275
Dissolved Ozone Monitoring Improvements		150				150
Diversion Bar Screen Improvements	120					120
Settling Basin Edge Protection	75					75
Water Systems SCADA Rehab	110	20	20	330	330	810
Radio and Telemetry Replacement				500		500
UPS Replacement				40		40
College Arsenic Removal Demonstration Facility Rehab	50	50	50	50	50	250
Corrales Trunk Arsenic System Improvements	25	100	100			225
Corrales Well 2 Arsenic Treatment Project	100	600	950			1,650
Corrales Well 4 Arsenic Treatment Project	120	540				660
Corrales Well 5 Arsenic Treatment Project	75					75
Corrales Trunk Arsenic Media Replacement	350	350	350	350	350	1,750
Raw Water Pumping Station Rehab	100	80	50	50	50	330
SJWTP Site Security Improvements	50					50
Relocate MDC & BCIP Arsenic Treatment Systems	50					50

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Add Caustic Soda Storage and Feed System at SJCWTP	50	250				300
DWP GW System Renewal Subtotal	3,100	3,270	2,985	3,705	2,220	15,280
Reuse Line and Plant Renewal						
Reuse Line Rehab	10	10	10	10	10	50
Reuse Plant Rehab	50	20	20	20	20	130
Reuse Line and Plant Renewal Subtotal	60	30	30	30	30	180
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						
Ferrous/Ferric Transfer Station 70 Rehab	360	500			83	943
Valve Assessment Program Study	100					100
CIP Funded Position Transfer	400	400	400	400	400	2,000
Shared Line & Plant Renewal Subtotal	860	900	400	400	483	3,043
Franchise Agreement Compliance						
Franchise Compliance Water & Sewer	1,000	1,000	1,000	1,000	1,000	5,000
DMD Street Rehab Manhole and Valve Box Adjustments	1,000	1,000	1,000	1,000	1,000	5,000
Franchise Agreement Compliance Subtotal	2,000	2,000	2,000	2,000	2,000	10,000
Total Basic Capital Program	40,000	43,000	46,000	49,000	52,000	230,000
Special Projects and Growth Programs						
Special Projects						
Steel Waterline Rehab	1,000	1,000	1,000	1,000	1,000	5,000
AMR Meter	2,000	2,000	2,000	2,000	2,000	10,000
Renewable energy Projects	350	350	350	350	350	1,750
Special Projects Subtotal	3,350	3,350	3,350	3,350	3,350	16,750
Water Lines Growth						
Warehouse Meters	500	500	500	500	500	2,500
Water Lines Growth Subtotal	500	500	500	500	500	2,500
Development Agreements						
Development Agreements	1,250	1,250	1,250	1,250	1,250	6,250
Development Agreements Subtotal	1,250	1,250	1,250	1,250	1,250	6,250
MIS/GIS						
MIS / GIS	2,000	2,000	2,000	2,000	2,000	10,000
MIS/GIS Subtotal	2,000	2,000	2,000	2,000	2,000	10,000
Miscellaneous						
Low Income W/S Connections	250	250	250	250	250	1,250
Miscellaneous Subtotal	250	250	250	250	250	1,250
Total Special Projects and Growth Programs	7,350	7,350	7,350	7,350	7,350	36,750
Total Capital Program	47,350	50,350	53,350	56,350	59,350	266,750

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Project Title - Small Diameter Sanitary Sewer Pipeline Rehab

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

Description: **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.

	(\$1000s)
FY14	500
FY15	1,500
FY16	2,000
FY17	2,900
FY18	3,500
FY19	5,000
FY20	5,000
FY21	6,500
FY22	7,000
FY23	7,500
Total	41,400

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 – 2014 BUDGET

Project Title - Small Diameter Water Line Renewal with Contingency

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

Description:

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.

	(\$1000s)	
FY14	2,000	There are over 2,000 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.
FY15	2,000	
FY16	2,000	
FY17	2,500	
FY18	3,700	
FY19	5,100	
FY20	6,000	
FY21	8,000	
FY22	9,755	
FY23	9,900	
Total =	50,955	

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 – 2014 BUDGET

Project Title - Preliminary Treatment Facility Replacement

Decade Plan Line and Work Category: 301 - Southside Water Reclamation Plant Renewal

Description: **Risk Ranking:** 74.2

Wastewater Grit Removal; This equipment is used to remove grit from the sewage and dewater it prior to off-site disposal. The proposed project involves replacement of the existing grit removal systems within the Preliminary Treatment Facility (PTF) with a more efficient and updated system to be implemented in a new facility.

Project Cash Flow Est.

	(\$1000s)
FY14	10,000
FY15	7,500
FY16	-
FY17	-
FY18	-
FY19	-
FY20	-
FY21	-
FY22	-
FY23	-
Total =	17,500

The existing grit equipment does not remove grit effectively. As a result, grit does not get removed from the sewage. The grit is then carried through the rest of the plant's processes where it damages equipment through abrasion and settles in the sludge digesters. Grit deposits in the digesters adversely impact the digestion process by reducing detention time otherwise available volume for sludge digestion and results in inadequate destruction of volatile solids. Grit increases digester maintenance costs by accelerating the need to take a digester out of service remove accumulated grit. This results in higher costs to the WUA for equipment repair and replacement. Inadequate grit removal also impairs the ability the Plant to meet NPDES Discharge Permit requirements.

The overall funding for this project is \$30.5-million, which includes approximately \$13-million in carry-over budget from FY13.

Other Alternatives Considered?

Several methods of grit removal besides the two existing equipment types were evaluated as part of the design process.

PTF Pista Grit System Grit Lift Pump



PTF Pista Grit Pump and Grit Recovery System



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Project Title - Chemical Solids Treatment Improvements at the SJCWTP

Decade Plan Line and Work Category: 802 - Drinking Water Plant: Treatment Systems Renewal

Description: Risk Ranking: 62.6

The four solids drying beds at the SJCWTP do not drain properly to allow the solids to dry sufficiently prior to removal. This has limited the ability to operate the SJCWTP at its full initial capacity of 92 mgd.

Project Cash Flow Est.

(\$1000s)

FY14	1,210
FY15	740
FY16	1,075
FY17	945
FY18	-
FY19	-
FY20	-
FY21	-
FY22	-
FY23	-
Total =	3,970

The SJCWTP has four drying beds that are used to dewater and dry the waste solids generated by the Activflo high rate clarification process. The design of the solids beds does not allow for complete dewatering of the solids. Therefore, it takes several months for the solids to dry and then it requires extraordinary efforts by the operations staff to excavate the partially dry material. The requested funding includes funding for a consultant to evaluate the current design and make recommendations for design modifications. The cost of construction will ultimately depend on the required modifications and will not be known until the design consultant completes its evaluation. During the initial years, revenue will be needed to lease temporary belt filter presses to dewater the thickened sludge.

Other Alternatives Considered?

Alternative improvements to the existing chemical solids systems will be evaluated. Also, supplemental sludge thickening and dewatering systems will be evaluated.

Sludge Drying Bed at SJCWTP



Ramp of Sludge Drying Bed at SJCWTP



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Project Title - Franchise Compliance: Pipeline Relocations

Decade Plan Line and Work Category: 1201 - Franchise Compliance

Description:

Risk Ranking: N/A

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. This decade plan item is for relocating water and sanitary sewer pipelines.

Project Cash Flow Est.

(\$1000s)

FY14	1,000
FY15	1,000
FY16	1,000
FY17	1,000
FY18	1,000
FY19	1,000
FY20	1,000
FY21	1,000
FY22	1,000
FY23	1,000
Total =	10,000

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 – 2014 BUDGET

Project Title - Management Information Systems and Geographical Information Systems

Decade Plan Line and Work Category: 2801 - MIS/GIS

Description:

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.

	(\$1000s)
FY14	2,000
FY15	2,000
FY16	2,000
FY17	2,000
FY18	2,000
FY19	2,000
FY20	2,000
FY21	2,000
FY22	2,000
FY23	2,000
Total =	20,000

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

DEBT OBLIGATIONS

***Approved
Operating Budget
FY14***

DEBT OBLIGATIONS

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

The outstanding Water/Sewer System parity obligations are currently rated “Aa1” by Moody’s, “AA+” by S&P and “AA” by Fitch.

The total outstanding obligation indebtedness of the Authority as of April 1, 2013 is \$615.090 million shown in the table on the next page.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Fiscal Year 2014 Debt Service Payments

Issue	Basic Capital Bonds		San Juan Chama Debt	
	Principal	Interest	Principal	Interest
2001 Loan -SRF \$9.6287M				
2003 NMFA DWRLF Loan				
2004A NMFA-Basic 36.295M				
2004B NMFA-SJC 82.12M				
2004 NMFA DWRLF Loan				
2005 NMFA PPRF Loan SJC \$20				
2005 Improvements	1,905,000.00	410,950.00	7,760,000.00	4,737,736.26
2006 SJC \$112.765			5,345,000.00	4,457,853.76
2006 Rehab 628-\$8.68	940,000.00	230,406.26		
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	6,610,000.00	5,777,500.00		
2009 Bond SJC			175,000.00	327,800.00
2009 NMFA DWRF Loan				
2009 WTB Loan - 51				
2009 WTB Loan - 79				
2010 NMFA DWRLF Loan-2379-PP				
2010 NMFA DWRLF Loan 2380-PP				
2010 NMFA DWRLF Loan 2381-PP				
2010 NMFA DWRLF Loan 2382-PP				
2011 NMFA Basic \$37.740				
2011 NMFA SJC \$5M				
2011 NMFA Reuse \$10.660				
2011 NMFA DWRLF Loan-205-ADW				
2011 NMFA DWRLF Loan-206-ADW				
2011 NMFA DWRLF Loan-207-ADW				
2013 NMFA (October 2013)				
	<u>9,455,000.00</u>	<u>6,991,061.26</u>	<u>13,280,000.00</u>	<u>12,304,890.02</u>

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS	RATINGS/CR. ENH.
JOINT WATER AND SEWER - SENIOR LIEN	Aa2/AA+/AA
2003 - NMFA DWRLF LOAN	
2004 - NMFA PPRF LOAN	
2005 - NMFA IMPROVEMENT	
2005 - NMFA PPRF LOAN	
Series 2006A Bonds	
Series 2007A NMFA Loan	
Series 2008A Bonds	
Series 2009A-1	
2009 NMFA DWRF Loan	
Series 2011 NMFA Loan	
SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS	

SUBORDINATE DEBT OBLIGATIONS

2001 Loan - SRF \$9.6287M
 2004 NMFA DWRLF Loan
 2009 WTB Loan - 51
 2009 WTB Loan - 79
 2010 NMFA DWRLF Loan - 2379-PP
 2010 NMFA DWRLF Loan - 2380-PP
 2010 NMFA DWRLF Loan - 2381-PP
 2010 NMFA DWRLF Loan - 2382
 2011 NMFA DWRLF Loan - 205-ADW
 2011 NMFA DWRLF Loan - 206-ADW
 2011 NMFA DWRLF Loan - 207-ADW
SUBTOTAL - SUBORDINATE LIEN LOANS

GRAND TOTAL - CITY/COUNTY WATER AUTHORITY DEBT OBLIGATIONS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

State of NM Revolving Loan Fund		New Mexico Finance Authority			
Principal	Interest	Principal	Interest	Fiscal Agent Fees	Total Issue
453,894.16	193,250.38				647,144.54
327,264.00	11,569.08			1,652.72	340,485.80
		4,000,000.00	435,670.00	32,387.50	4,468,057.50
		4,670,000.00	2,084,971.00	141,800.00	6,896,771.00
		464,774.00	162,836.82	-	627,610.82
		1,010,000.00	660,872.50	43,512.50	1,714,385.00
					14,813,686.26
					9,802,853.76
					1,170,406.26
					572,205.00
		1,360,000.00	1,986,887.50	101,262.50	3,448,150.00
		3,125,000.00	771,150.00	39,500.00	3,935,650.00
					2,421,500.00
					360,000.00
					12,387,500.00
					502,800.00
		45,869.00	6,987.38	2,329.13	55,185.51
		2,517.00	102.60		2,619.60
		5,042.00	205.52		5,247.52
		1,854.00	376.67		2,230.67
		2,825.00	520.82		3,345.82
		5,705.00	1,147.49		6,852.49
		9,838.00	426.60		10,264.60
		2,700,000.00	1,698,250.00		4,398,250.00
		120,000.00	225,274.00		345,274.00
		255,000.00	478,707.26		733,707.26
		22,123.00	1,074.80		23,197.80
		31,324.00	1,521.96		32,845.96
		3,101.00	150.66		3,251.66
			3,890,000.00		3,890,000.00
<u>781,158.16</u>	<u>204,819.46</u>	<u>17,834,972.00</u>	<u>12,407,133.58</u>	<u>362,444.35</u>	<u>73,621,478.83</u>

Original	Outstanding	Needs	Projects
3,600,000	661,090	661,090	0
118,415,000	69,675,000	12,955,000	56,720,000
132,985,000	110,200,000	8,300,000	101,900,000
20,000,000	17,405,000	0	17,405,000
133,390,000	109,730,000	4,610,000	105,120,000
77,005,000	56,305,000	40,505,000	15,800,000
55,630,000	55,630,000	0	55,630,000
135,990,000	128,140,000	47,005,000	81,135,000
1,010,000	954,585	0	954,585
<u>53,400,000</u>	<u>49,100,000</u>	<u>33,965,000</u>	<u>15,135,000</u>
\$731,425,000	\$597,800,675	\$148,001,090	\$449,799,585

Original	Outstanding	Basic Needs	Special Projects
9,627,877	6,441,679	0	6,441,679
10,426,232	9,304,961	0	9,304,961
50,000	41,041	0	41,041
100,000	82,205	0	82,205
40,429	36,739	0	36,739
59,872	52,082	0	52,082
124,172	117,601	0	117,601
200,000	170,633	0	170,633
452,000	407,810	0	407,810
640,000	577,430	0	577,430
<u>63,354</u>	<u>57,160</u>	<u>0</u>	<u>57,160</u>
\$21,783,936	\$17,289,341	\$0	\$17,289,341

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

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

Date	Series 2003 NMFA DWRFL	Series 2004 NMFA PPRF	Series 2005 NMFA PPRF	Series 2005 Public Marketing	Series 2006A Public Marketing	Series 2007A NMFA Loan
2014	338,833	11,364,829	1,714,385	14,813,686	11,545,465	7,383,800
2015	339,668	10,963,778	1,676,813	15,027,086	11,550,203	7,156,350
2016		12,425,790	1,888,433	13,269,336	11,548,215	6,637,900
2017		7,028,015	1,939,671	14,778,586	11,546,328	7,784,525
2018		7,079,739	1,986,495	11,554,586	11,549,403	8,908,550
2019		7,137,699	1,918,825	11,325,571	11,548,134	8,953,675
2020		7,190,134	1,870,825	11,059,646	11,550,678	2,757,275
2021		7,251,160	1,851,695	10,665,746	11,552,345	3,110,900
2022		7,303,464	1,935,195	10,452,996	11,552,375	3,186,688
2023		3,447,052	1,921,928	10,104,715	11,552,625	7,413,025
2024		2,939,142	1,925,698	9,742,455	11,549,000	7,271,513
2025			1,850,615	9,378,875	11,554,000	4,636,263
2026					11,550,000	
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
Total	\$678,501	\$84,130,801	\$22,480,577	\$142,173,286	\$150,148,769	\$75,200,463

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

Date	2001 Loan	Series 2004 NMFA DWRFL	2009 WTB Loan-51	2009 DWRFL Loan-79	2010 DWRFL Loan-2379	2010 DWRFL Loan-2380
2014	647,145	735,000	2,620	5,248	2,240	3,346
2015	647,145	734,700	2,620	5,247	2,241	3,347
2016	647,145	734,200	2,620	5,247	2,241	3,346
2017	647,145	733,500	2,620	5,248	2,241	3,346
2018	647,145	732,600	2,620	5,248	2,240	3,346
2019	647,145	731,500	2,620	5,247	2,241	3,347
2020	647,145	735,200	2,620	5,247	2,240	3,346
2021	647,145	733,600	2,620	5,248	2,240	3,347
2022	647,145	731,800	2,620	5,248	2,240	3,347
2023	647,145	734,800	2,620	5,248	2,240	3,347
2024	647,145	732,500	2,620	5,248	2,240	3,347
2025	647,145	735,000	2,620	5,248	2,241	3,347
2026		732,200	2,620	5,248	2,241	3,347
2027		734,200	2,620	5,248	2,241	3,347
2028		735,900	2,620	5,248	2,241	3,347
2029		732,300	2,620	5,247	2,241	3,347
2030		733,500			2,240	3,347
2031		734,400			2,239	
Total	\$7,765,735	\$13,206,900	\$41,919	\$83,963	\$40,328	\$56,894

GRAND TOTAL - SENIOR AND SUBORDINATE DEBT

854,894,836

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

Series 2008A Bonds	Series 2009A-1 Bonds New Money	2009 DWRP Loan	Series 2011 Bonds	Total Senior Debt	Total Debt Service
2,781,500	12,890,300	55,962	5,477,231	68,365,991	69,838,031
2,781,500	12,893,900	55,963	5,473,481	67,918,741	69,390,481
2,781,500	12,892,300	55,965	5,477,231	66,976,670	68,447,908
2,781,500	12,891,050	55,966	5,472,731	64,278,371	65,748,913
2,781,500	12,888,050	55,967	5,474,981	62,279,271	63,748,911
2,781,500	12,883,750	55,968	5,473,231	62,078,353	63,546,894
2,781,500	12,896,500	55,969	5,477,231	55,639,758	57,111,998
2,781,500	12,892,225	55,971	5,476,231	55,637,773	57,108,412
2,781,500	6,347,975	55,972	5,474,981	49,091,146	50,559,986
2,781,500	6,341,700	55,973	5,477,981	49,096,499	50,568,342
2,781,500	6,341,075	55,974	1,074,481	43,680,837	45,150,378
2,781,500	6,340,275	55,975	1,074,231	37,671,734	39,143,776
8,606,500	6,343,750	55,977	1,077,481	27,633,708	28,455,805
8,605,250	6,340,675	55,978	1,079,031	16,080,934	16,905,034
8,604,500	6,340,775	55,979	1,074,281	16,075,535	16,901,335
8,608,500	6,343,225	55,981	1,077,094	16,084,800	16,906,996
8,606,250	6,347,200	55,982	1,074,344	16,083,776	16,899,307
8,612,250	6,344,163		1,074,844	16,031,257	16,832,948
8,610,250	6,342,738		1,076,644	16,029,632	16,029,632
8,604,750	6,347,138		1,078,394	16,030,282	16,030,282
	6,341,313		1,074,719	7,416,032	7,416,032
			1,078,375	1,078,375	1,078,375
			\$1,075,063	1,075,063	1,075,063
\$102,236,250	\$185,590,075	\$951,523	\$68,744,292	\$832,334,537	\$854,894,836

2010 DWRP Loan-2381	2010 DWRP Loan-2382	2011 DWRP Loan-205	2011 DWRP Loan-206	2011 DWRP Loan-207	Total Subordinate Debt
6,881	10,265	23,198	32,846	3,252	1,472,040
6,881	10,265	23,197	32,846	3,251	1,471,740
6,881	10,264	23,197	32,846	3,251	1,471,238
6,881	10,265	23,198	32,847	3,252	1,470,542
6,881	10,265	23,198	32,846	3,252	1,469,641
6,881	10,264	23,198	32,846	3,252	1,468,541
6,881	10,264	23,198	32,847	3,252	1,472,240
6,881	10,264	23,197	32,847	3,251	1,470,639
6,881	10,264	23,198	32,847	3,251	1,468,840
6,881	10,265	23,199	32,847	3,251	1,471,843
6,881	10,265	23,198	32,847	3,251	1,469,542
6,881	10,265	23,198	32,847	3,251	1,472,042
6,881	10,264	23,198	32,847	3,251	822,097
6,881	10,265	23,199	32,848	3,251	824,100
6,881	10,265	23,199	32,847	3,251	825,799
6,881	10,264	23,198	32,847	3,251	822,196
6,881	10,265	23,199	32,848	3,251	815,531
5,754		23,199	32,846	3,253	801,691
\$122,731	\$174,498	\$417,566	\$591,242	\$58,525	22,560,300

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***STATISTICAL
INFORMATION***

***Approved
Operating Budget
FY14***

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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

GENERAL FUND - 21 RESOURCES, APPROPRIATIONS, AND FUND BALANCE LAST TEN FISCAL YEARS

(\$000's)	ACTUAL FY03	ACTUAL FY04	ACTUAL FY05	ACTUAL FY06
RESOURCES:				
Miscellaneous Revenues	419	36	(283)	13,941
Enterprise Revenues	102,586	111,027	103,200	112,134
Transfers from Other Funds	1,199	1,281	1,331	1,353
Total Current Resources	104,204	112,344	104,248	127,428
Beginning Working Capital Balance	17,967	10,865	12,419	5,194
TOTAL RESOURCES	122,171	123,209	116,667	132,622
APPROPRIATIONS:				
Joint Water/Sewer Operations	52,267	55,308	57,998	60,000
Transfers to Other Funds:	51,919	56,030	53,175	50,152
TOTAL APPROPRIATIONS	104,186	111,338	111,173	110,152
 ADJUSTMENTS TO WORKING CAPITAL BALANCE	 (7,121)	 548	 (300)	 2,551
 ENDING WORKING CAPITAL BALANCE	 10,864	 12,419	 5,194	 19,919

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 – 2014 BUDGET

<u>ACTUAL FY07</u>	<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ACTUAL FY10</u>	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>
5,610	4,754	2,586	1,562	3,064	2,554
115,414	136,486	121,411	152,148	157,276	175,505
<u>1,520</u>	<u>1,564</u>	<u>1,516</u>	<u>1,493</u>	<u>1,500</u>	<u>1,745</u>
122,544	142,804	125,513	155,203	161,840	179,804
<u>19,919</u>	<u>19,489</u>	<u>25,053</u>	<u>16,065</u>	<u>(636)</u>	<u>(10,650)</u>
<u>142,463</u>	<u>162,293</u>	<u>150,566</u>	<u>171,268</u>	<u>161,204</u>	<u>169,151</u>
65,596	72,468	71,994	89,853	96,243	95,371
<u>59,250</u>	<u>52,705</u>	<u>57,500</u>	<u>87,538</u>	<u>79,593</u>	<u>82,828</u>
<u>124,846</u>	<u>125,173</u>	<u>129,494</u>	<u>177,391</u>	<u>175,836</u>	<u>178,199</u>
<u>1,872</u>	<u>(12,067)</u>	<u>5,055</u>	<u>5,487</u>	<u>3,980</u>	<u>(1,822)</u>
<u>19,489</u>	<u>25,053</u>	<u>26,127</u>	<u>(636)</u>	<u>(10,650)</u>	<u>(10,869)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET**SUSTAINABLE WATER SUPPLY FUND – 622
RESOURCES, APPROPRIATIONS, AND FUND BALANCE
SINCE INCEPTION OF FUND**

(\$000's)	ACTUAL FY99	ACTUAL FY00	ACTUAL FY01	ACTUAL FY02
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 – 2014 BUDGET

<u>ACTUAL FY03</u>	<u>ACTUAL FY04</u>	<u>ACTUAL FY05</u>	<u>ACTUAL FY06</u>	<u>ACTUAL FY07</u>	<u>ACTUAL FY08</u>
143	408	660	538	972	1,055
<u>16,263</u>	<u>21,542</u>	<u>23,330</u>	<u>25,096</u>	<u>24,975</u>	<u>24,600</u>
16,406	21,950	23,990	25,634	25,947	25,655
<u>4,514</u>	<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>
<u>20,920</u>	<u>28,913</u>	<u>32,065</u>	<u>29,839</u>	<u>37,653</u>	<u>44,490</u>
6,049	12,099	7,761	2,512	590	2,030
<u>7,890</u>	<u>8,543</u>	<u>21,735</u>	<u>14,302</u>	<u>18,122</u>	<u>22,393</u>
<u>13,939</u>	<u>20,642</u>	<u>29,496</u>	<u>16,814</u>	<u>18,712</u>	<u>24,423</u>
18	(196)	1,636	(1,319)	(106)	(106)
<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>	<u>19,961</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET**DEBT SERVICE FUND – 31
RESOURCES, APPROPRIATIONS, AND FUND BALANCE
LAST TEN FISCAL YEARS**

(\$000's)	ACTUAL FY03	ACTUAL FY04	ACTUAL FY05	ACTUAL FY06
RESOURCES:				
Miscellaneous Revenues	15,037	15,550	13,258	18,475
Transfers from Other Funds	<u>35,496</u>	<u>40,392</u>	<u>50,493</u>	<u>52,517</u>
Total Current Resources	50,533	55,942	63,751	70,992
Beginning Working Capital Balance	<u>5,731</u>	<u>6,442</u>	<u>10,019</u>	<u>11,185</u>
TOTAL RESOURCES	<u>56,264</u>	<u>62,384</u>	<u>73,770</u>	<u>82,177</u>
APPROPRIATIONS:				
Total Joint Water/Sewer D/S	45,822	46,082	50,882	55,626
Transfers to Other Funds:	<u>4,000</u>	<u>5,909</u>	<u>12,000</u>	<u>13,612</u>
TOTAL APPROPRIATIONS	<u>49,822</u>	<u>51,991</u>	<u>62,882</u>	<u>69,238</u>
 ADJUSTMENTS TO WORKING CAPITAL BALANCE	 <u>0</u>	 <u>(374)</u>	 <u>297</u>	 <u>740</u>
 ENDING WORKING CAPITAL BALANCE	 <u>6,442</u>	 <u>10,019</u>	 <u>11,185</u>	 <u>13,679</u>

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

<u>ACTUAL FY07</u>	<u>ACTUAL FY08</u>	<u>ACTUAL FY09</u>	<u>ACTUAL FY10</u>	<u>ACTUAL FY11</u>	<u>ACTUAL FY12</u>
13,796	11,932	6,668	7,026	6,351	8,142
<u>59,347</u>	<u>59,406</u>	<u>64,301</u>	<u>67,790</u>	<u>65,337</u>	<u>66,727</u>
73,143	71,338	70,969	74,816	71,688	74,869
<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>
<u>86,822</u>	<u>77,920</u>	<u>66,833</u>	<u>69,164</u>	<u>68,999</u>	<u>71,897</u>
63,957	62,981	64,301	69,627	65,202	70,450
<u>16,000</u>	<u>19,000</u>	<u>14,000</u>	<u>5,000</u>	<u>3,000</u>	<u>3,000</u>
<u>79,957</u>	<u>81,981</u>	<u>78,301</u>	<u>74,627</u>	<u>68,202</u>	<u>73,450</u>
<u>(283)</u>	<u>(75)</u>	<u>5,816</u>	<u>2,774</u>	<u>(3,769)</u>	<u>(840)</u>
<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>	<u>(2,392)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

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

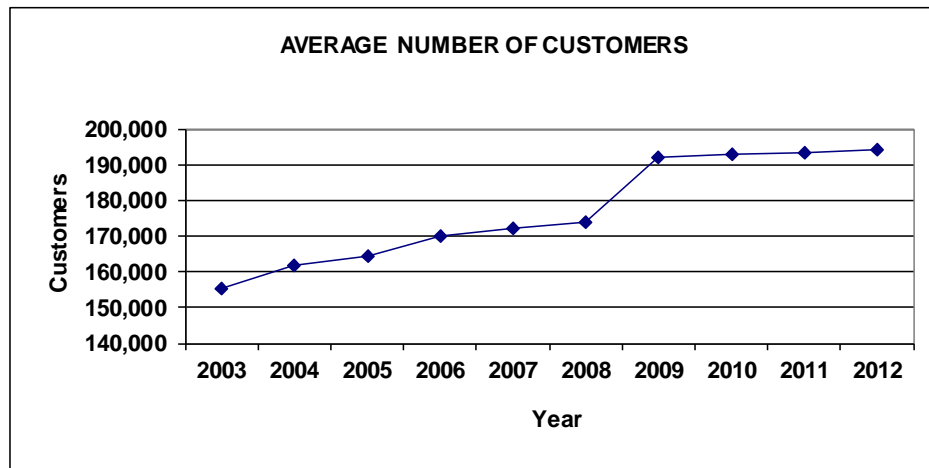
History of Water Users by Class

<u>Class</u>	<i>Average Number of Customers by Fiscal Year</i>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	140,347	146,656	148,974	151,089	152,563	153,959	171,983	172,787	173,339	174,277
Multi-Family ⁽¹⁾	-	-	-	6,812	7,565	7,644	6,231	6,349	6,364	6,393
Commercial	13,033	13,388	13,304	10,065	10,049	9,998	11,367	11,272	11,226	11,287
Institutional	1,712	1,836	1,853	1,981	1,983	2,013	2,119	2,223	2,279	2,316
Industrial	<u>121</u>	<u>122</u>	<u>114</u>	<u>113</u>	<u>110</u>	<u>110</u>	<u>113</u>	<u>106</u>	<u>99</u>	<u>102</u>
Total	<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>	<u>193,307</u>	<u>194,375</u>

History of Water Users by Meter Sizes

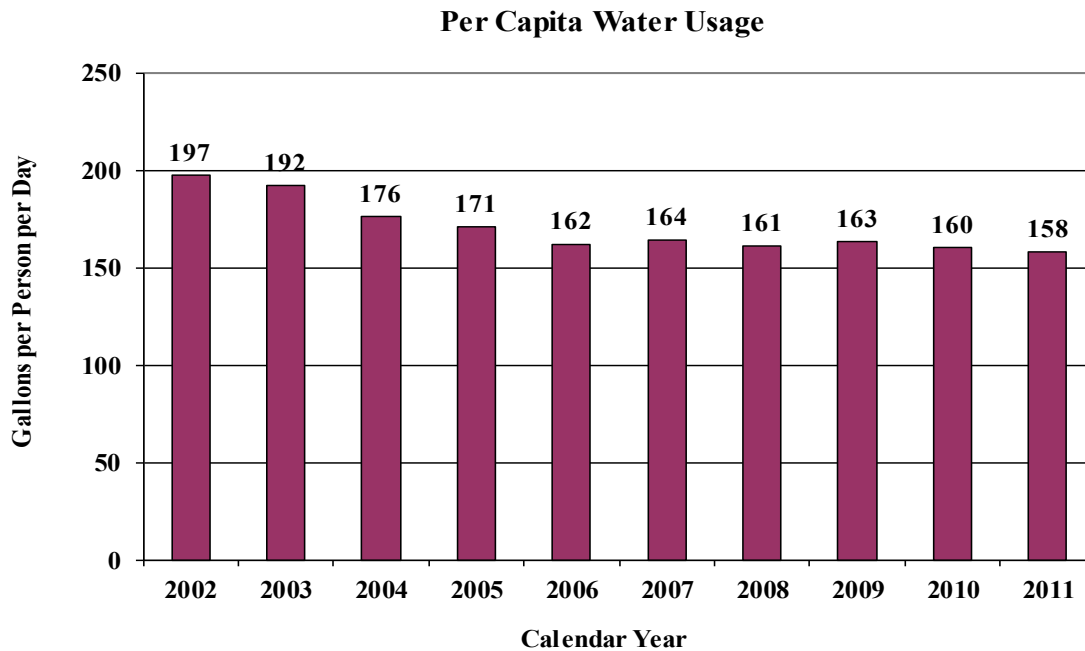
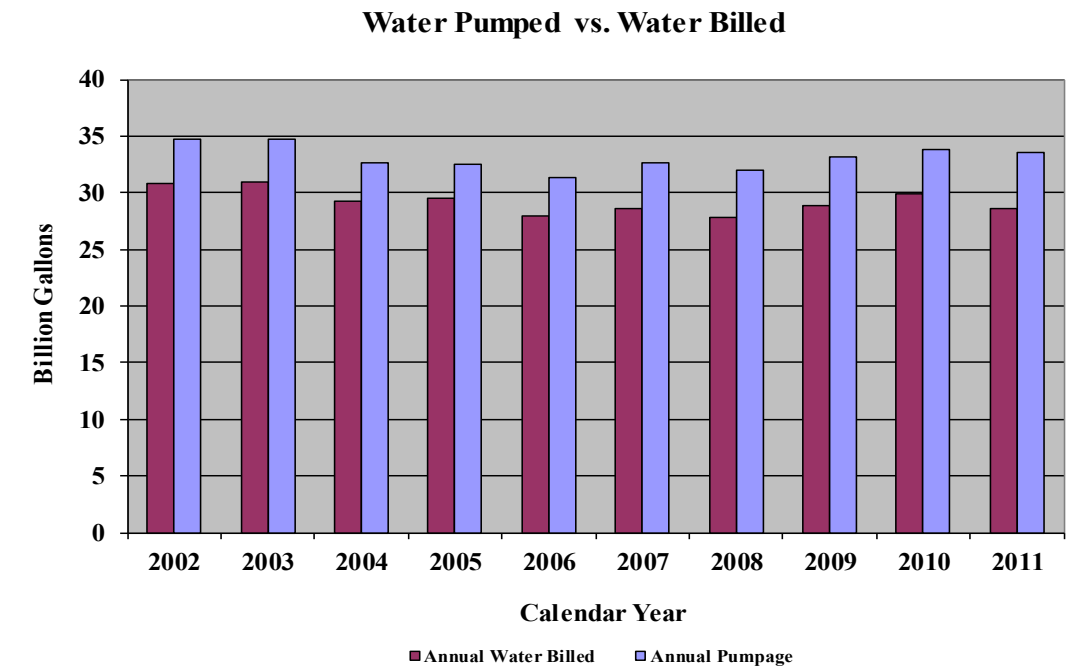
<u>Meter Size</u>	<i>Average Number of Customers by Fiscal Year</i>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
¾"	132,387	139,351	142,018	146,842	149,846	151,172	168,632	169,414	169,984	171,103
1" and 1 ¼ "	18,321	17,863	17,588	17,773	17,581	17,621	17,611	17,820	17,820	17,717
1 ½ "	1,847	1,854	1,879	1,945	1,955	1,968	2,169	2,195	2,195	2,221
2"	1,905	1,958	1,997	2,509	1,816	1,839	2,179	2,228	2,228	2,320
3"	412	524	419	654	733	766	834	714	714	634
4"	247	311	251	244	246	264	275	268	268	273
6"	55	73	52	52	53	53	67	58	58	61
8" and over	<u>39</u>	<u>68</u>	<u>41</u>	<u>41</u>	<u>40</u>	<u>41</u>	<u>46</u>	<u>40</u>	<u>40</u>	<u>46</u>
Total	<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>	<u>193,307</u>	<u>194,375</u>

⁽¹⁾ The Authority started using this class of user in 2006.



Source: Albuquerque Bernalillo County Water Utility Authority

**WATER CONSUMPTION
LAST TEN CALENDAR YEARS**

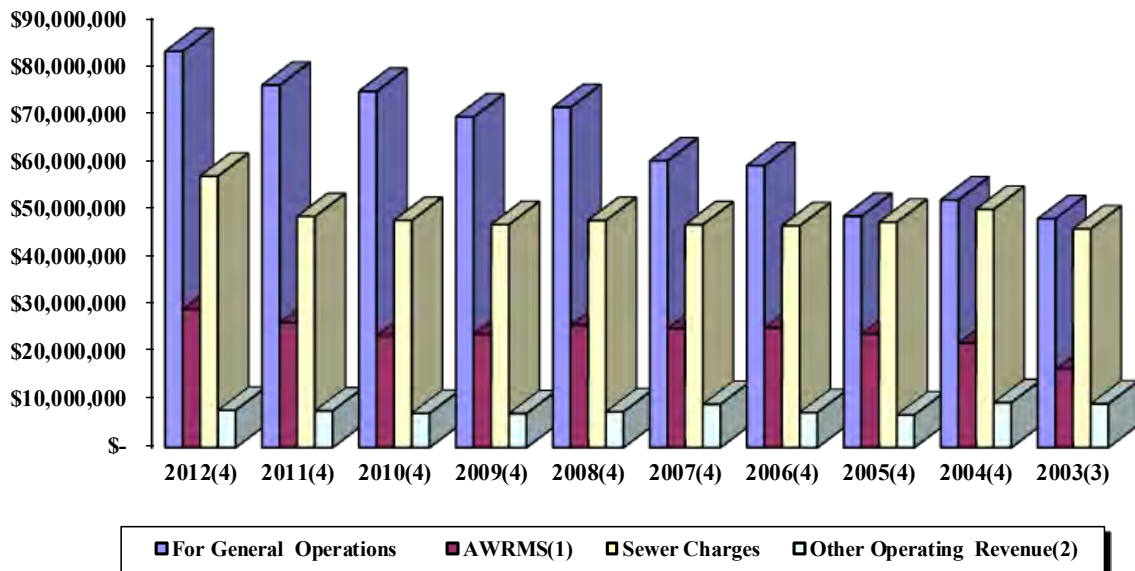


Source: Albuquerque Bernalillo County Water Utility Authority

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

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

Fiscal Year	Revenue from Water Charges		Revenue From Sewer Charges	Other Operating Revenue ⁽²⁾	Total Operating Revenue
	For General Operations	For AWRMS ⁽¹⁾			
2012 ⁽⁴⁾	83,145,457	29,096,281	56,982,228	7,830,724	177,054,690
2011 ⁽⁴⁾	76,072,550	26,219,494	48,504,637	7,718,145	158,514,826
2010 ⁽⁴⁾	74,773,904	23,483,160	47,685,066	7,202,722	153,144,852
2009 ⁽⁴⁾	69,395,141	23,803,266	46,805,468	7,141,714	147,145,589
2008 ⁽⁴⁾	71,398,950	25,630,246	47,683,918	7,519,231	152,232,345
2007 ⁽⁴⁾	60,186,959	24,975,068	46,771,690	9,100,112	141,033,829
2006 ⁽⁴⁾	59,172,344	25,095,852	46,563,188	7,371,006	138,202,390
2005 ⁽⁴⁾	48,560,930	23,904,227	47,310,366	6,846,660	126,622,183
2004 ⁽⁴⁾	51,968,803	21,950,195	50,012,413	9,437,552	133,368,963
2003 ⁽³⁾	48,027,213	16,410,278	45,893,219	9,185,099	119,515,809



(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.

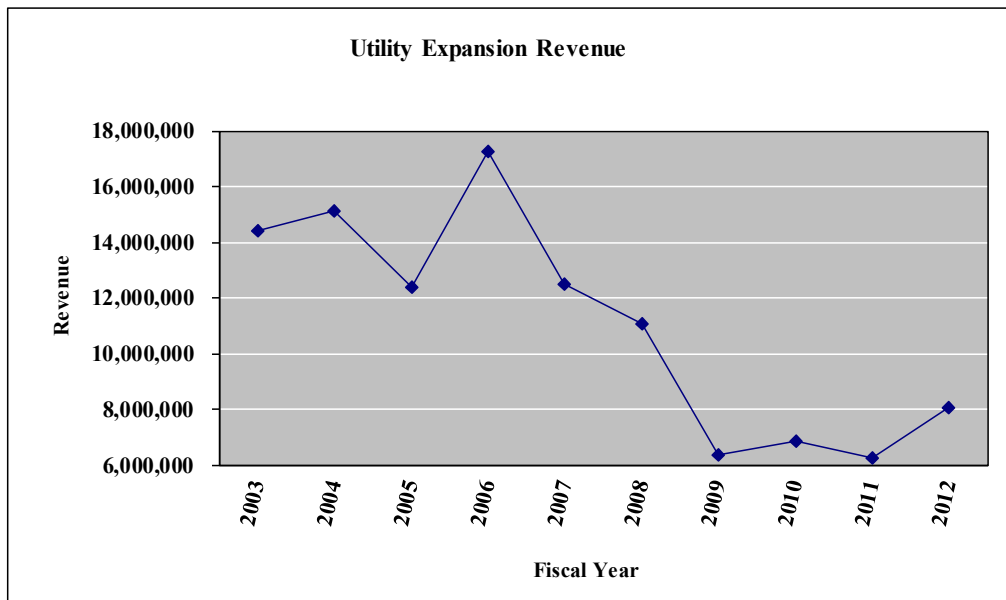
(3) Source: City of Albuquerque Comprehensive Annual Financial Report.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

REVENUE FROM UTILITY EXPANSION CHARGES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Utility Expansion Charge Revenues</u>
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
2011 ⁽²⁾	6,240,073
2012 ⁽²⁾	8,035,123

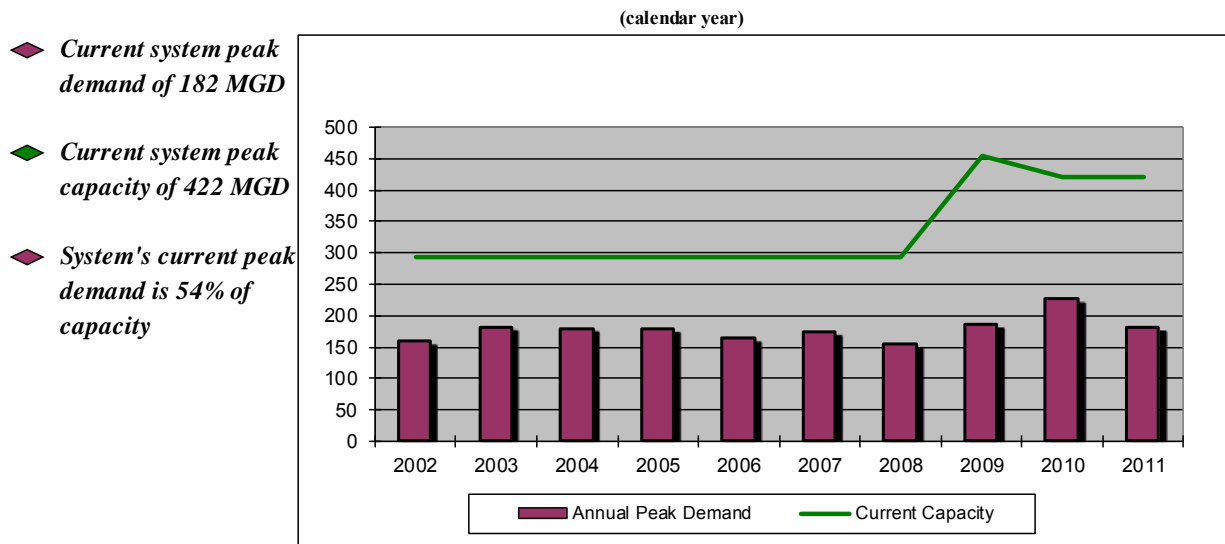


Source: (1) City of Albuquerque Comprehensive Annual Financial Report.

(2) Albuquerque Bernalillo County Water Utility Authority Comprehensive Annual Financial Report.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

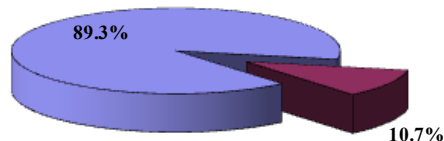
WATER SYSTEM ANNUAL PEAK DEMAND



WATER SYSTEM TOP 10 CUSTOMERS

(fiscal year)

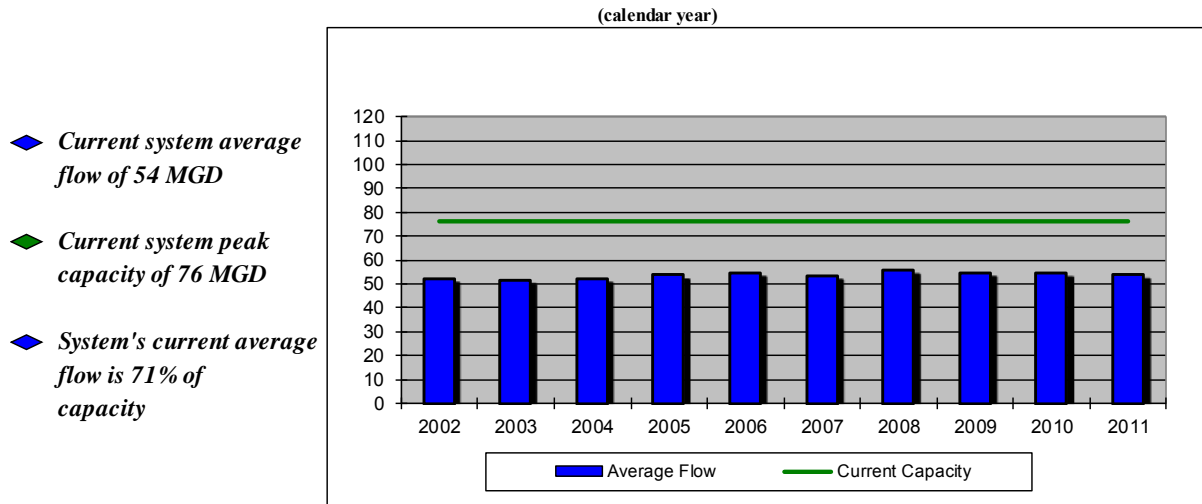
	<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2012 Revenue</u>	<u>% of Total Revenue</u>
1.	City of Albuquerque	2,670,583	\$ 6,376,402	5.68%
2.	Albuquerque Public Schools	670,264	2,236,868	1.99%
3.	University of New Mexico	309,098	1,028,516	0.92%
4.	Bernalillo County	216,554	614,860	0.55%
5.	Kirtland Air Force Base	192,614	578,997	0.52%
6.	Sumitomo	141,671	256,844	0.23%
7.	Albuquerque Academy	111,988	202,655	0.18%
8.	Lovelace Health	106,336	239,824	0.21%
9.	Central New Mexico Community College	81,128	284,977	0.25%
10.	ABCWUA	75,400	228,333	0.20%
	Total		\$ 12,048,276	10.73%
	Total Revenue for System		\$ 112,241,738	



Source: Albuquerque Bernalillo County Water Utility Authority

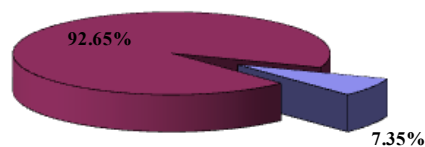
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2014 BUDGET

WASTEWATER SYSTEM ANNUAL PEAK DEMAND



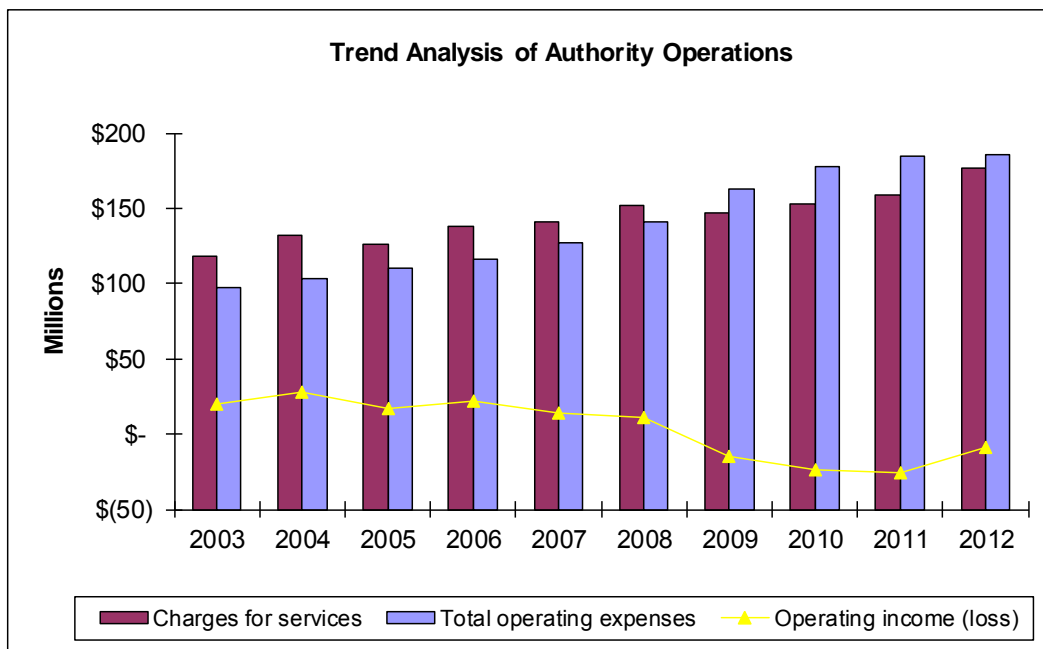
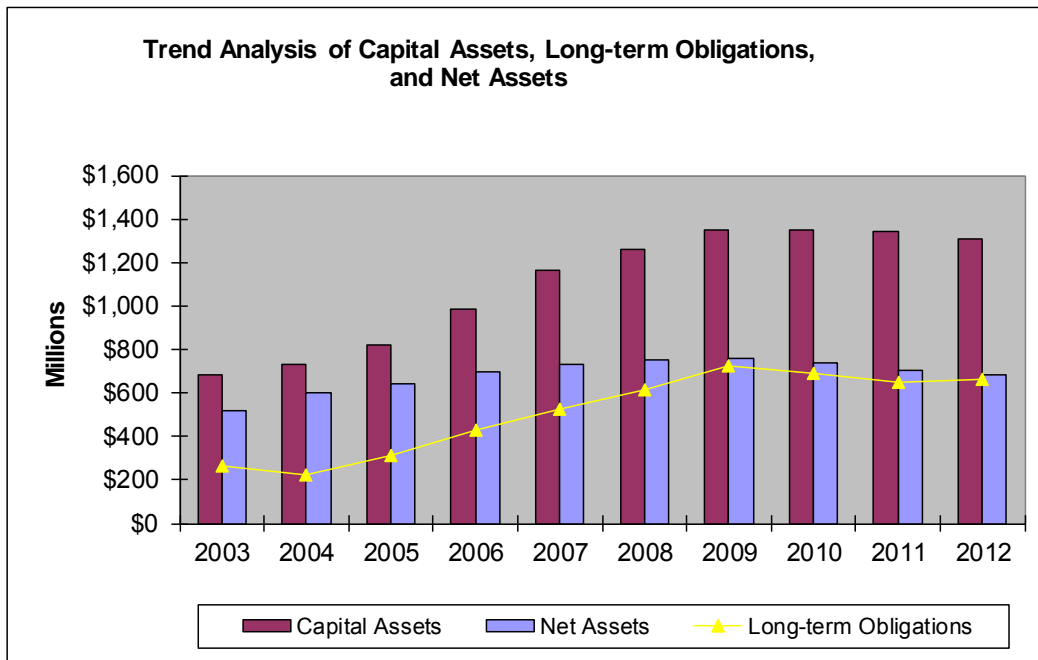
WASTEWATER SYSTEM TOP 10 CUSTOMERS

(fiscal year)			
<u>Customer Name</u>	<u>Consumption Rate (Kgal)</u>	<u>Total Collected 2012 Revenue</u>	<u>% of Total Revenue</u>
1. Kirtland Air Force Base	687,317	\$ 1,125,049	1.97%
2. University of New Mexico	545,296	785,525	1.38%
3. City of Albuquerque	177,032	490,072	0.86%
4. Albuquerque Public Schools	170,825	676,160	1.19%
5. Lovelace Health	95,110	156,384	0.27%
6. Sandia Peak Services	86,299	95,531	0.17%
7. Bernalillo County	68,718	163,398	0.29%
8. Creamland Dairies	52,696	516,135	0.91%
9. Four Hills MHP	40,341	68,824	0.12%
10. Central New Mexico Community College	36,631	111,158	0.20%
Total		\$ 4,188,236	7.35%
Total Revenue for System		\$ 56,982,228	



Source: Albuquerque Bernalillo County Water Utility Authority

**MISCELLANEOUS TREND ANALYSIS
LAST TEN FISCAL YEARS**



Source: Albuquerque Bernalillo County Water Utility Authority

APPENDIX

***Approved
Operating Budget
FY14***

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 FY14 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-2.00%, 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) – 20.36%.
- 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 FY14 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY14 operating expenses were equal to FY13 appropriated amounts. One-time appropriations for FY13 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY14, 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.
- Workers' Compensation and insurance are treated as direct costs for FY14. These costs are identified by the Executive Director's Department, Risk Management based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY14 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.

Capital Expenditures

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

Transfers

- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AAA bond rating.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AFH – Affordable Housing

AMR – Automated Meter Reader

APS – Albuquerque Public Schools

ASOMS – Albuquerque Sewer Operations Management Strategy

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

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

CAC – Customer Advisory Committee

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIS – Customer Information System

CIP - Capital Improvements or Implementation Program

CMMS – Computerized Maintenance Management System

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

D & C – Design and Construct

DOE - Dept of Energy

DOL - Dept of Labor

D/S - Debt Service

DWL – Drinking Water Loan

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

FD - Fund

FTE - Full-time Equivalent Position

FY - Fiscal Year

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

GASB - General Accounting Standards Board

GDP-Gross Domestic Product

GFOA - Government Finance Officers Association

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

MSA - Metropolitan Statistical Area

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

MOU – Memorandum of Understanding

MSA – Metropolitan Statistical Area

MRGCOG – Middle Rio Grande Council of Governments

NMDOT – New Mexico Department of Transportation

NMFA – New Mexico Finance Authority

NMED – New Mexico Environment Department

ACRONYMS

NMUI – New Mexico Utilities Group Inc.

NPDES – National Pollution Discharge Elimination System

NWSA – Northwest Service Area

OSHA – Occupational Safety and Health Administration

P&I – Principal and Interest

PERA - Public Employees Retirement Association

REC – Renewable Energy Credit

RFP - Request for Proposal(s)

SAD - Special Assessment District

SAF – Soil Amendment Facility

SCADA – Supervisory Control And Data Acquisition

SJC – San Juan Chama

SRF – State Revolving Loan Fund

SWR - Sewer

SWRP - Southside Water Reclamation Plant

TRFR - Transfer

UEC – Utility Expansion Charge

UNM – University of New Mexico

UV – Ultra-Violet

WQL – Water Quality Laboratory

WRAC – Water Resources Advisory Committee

WTP – Water Treatment Plant

YR - Year

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

CAPITAL EXPENDITURES: Expenditures to acquire or construct capital assets

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

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

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

FINANCIAL PLAN: See Operating Budget

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

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

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

FUND BALANCE: Fund equity of governmental funds

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

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

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

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

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

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

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

RECURRING REVENUES: Revenues generated each and every year

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

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

UTILITY EXPANSION CHARGES: assessed by the Authority to compensate for additional costs associated with the type and location of new development

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

NUMERIC LIST OF FUND NAMES BY CATEGORY

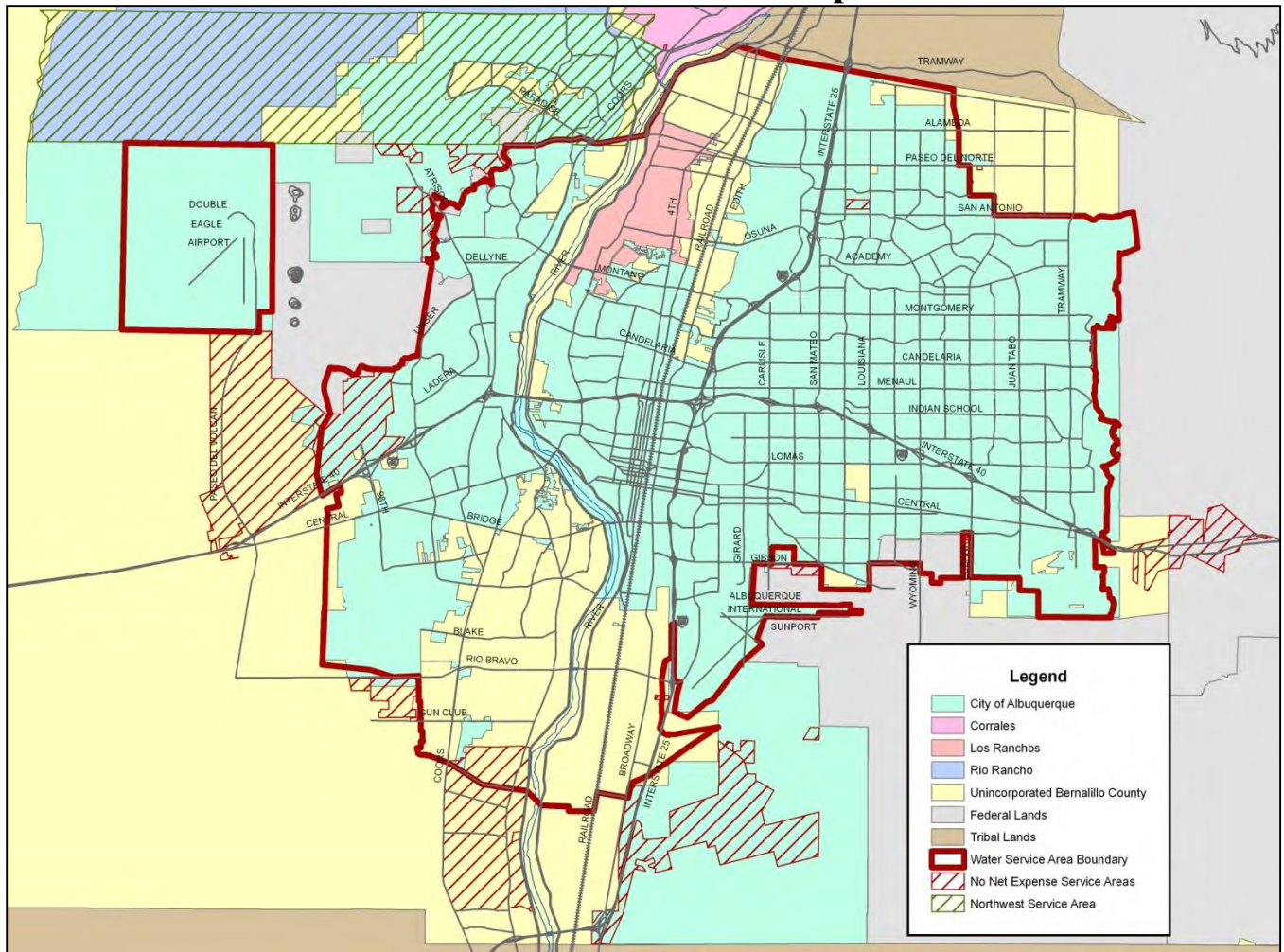
ENTERPRISE FUNDS:

21	General Fund
31	Debt Service

CIP FUNDS REFERENCED:

28	Rehab Fund
29	Growth Fund

Water Service Area Map



Major Assets:

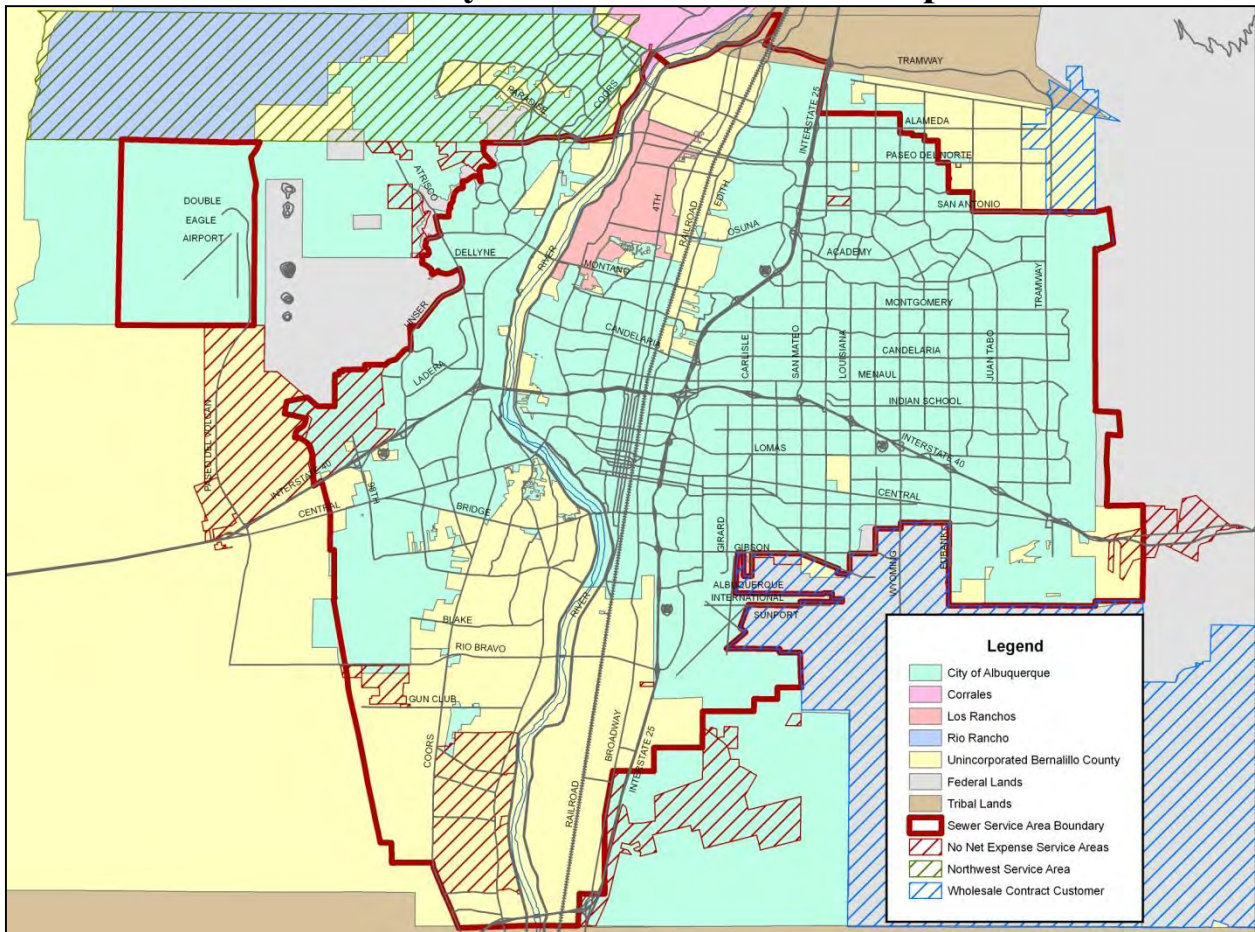
- 92 MGD San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 102 ground water supply wells
- 62 water supply reservoirs providing both mixed surface and ground water
- 3,130 miles of water supply pipeline
- 5 MGD arsenic 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 194,000 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 40% ground water and 60% 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.

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LEGISLATION

***Approved
Operating Budget
FY14***