

PROPOSED FY 2015 BUDGET



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Albuquerque Bernalillo County
Water Utility Authority

*Proposed
Operating Budget
FY/15*



Albuquerque Bernalillo County Water Utility Authority

April 23, 2014

To: Klarissa J. Pena, Chair

From:  Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2014 and Ending June 30, 2015

Presented to the Board for review and consideration is the proposed budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2015. This submittal is the Authority's financial plan for Fiscal Year 2015. 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 proposed budget the Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This proposed budget is based upon the 10 year financial plan, balanced, fiscally conservative and sound.

For Fiscal Year 2015 the proposed 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 adding 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 3.5 net positions in Fiscal Year 2015. There is a 2.5% increase in other employee benefits. General operating expenditures decreased \$51,919. The most significant expense of the Authority continues to be debt service payments which will comprise 37% of the total operating expense in Fiscal Year 2014.

In Fiscal Year 2014, the Water Authority implemented the SunGard Enterprise Resource Planning (ERP) system. This project implemented a full range of financial and human capital resources modules. In Fiscal Year 2014 Phase 1 was completed and the project went live on July 1, 2013. The Authority's first payroll run began in June of 2013. Phase 1 included all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 began on July 1, 2013 and is anticipated to be completed on April 28, 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 2015 and the Authority will develop work plans to implement those modules.

The Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project permit. The Authority anticipates a minor change in the permit by summer 2014. The project continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin.

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, but this may change as we enter the fifth year of drought in the Middle Rio Grande. With the pending drought, the Authority provided a loan of 20,000 acre-feet to the Middle Rio Grande Conservancy District along with providing supplemental water for the Bureau of Reclamation. The goal is to sustain endangered species and partner with other water entities during this irrigation season. It is anticipated that the Authority will still have more than three years of water available at the end of calendar year 2014.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY/10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continue including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authority's Capital Improvement Program (CIP).

The proposed 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 2015 is estimated to be \$203.9 million representing a \$4.5 increase from the budgeted Fiscal Year 2014 amount, due to the projected increase in miscellaneous revenue as trended over the last 2 years. Revenues for Fiscal Year 2015 also include a 5% rate revenue increase to fund investments in the Authority's infrastructure based upon the Asset Management Plan. Revenue increase in the Debt Service Fund is projected for Fiscal Year 2015 of approximately \$7.0 million due to an increase in the debt service payment for FY/15.

The proposed budget for Fiscal Year 2015 shows a net increase of 3.5 new positions, 2 were Fiscal Year 2014 midyear additions and 2.5 are requested as part of this budget. The positions are: 1 Risk Manager, 1 System Support Specialist II, 1 GPS Coordinator, 1 Heavy Equipment Mechanic and 1 part time Treasury Officer. The Records Manager position was deleted as part of this change. Two new positions were added in Fiscal Year 2014 and two and a half new positions are requested in this budget. Also, as part of this budget the position of Records Manger has been deleted bringing the total of net new positions to 3.5. There is also a 2.5% increase for other employee benefits and a 2% step increase for all employees.

For Fiscal Year 2015, General Operating Fund revenue is projected to be \$203.9 million with proposed expenditures of \$196.8 million. Revenues are expected to be \$7.1 million over proposed expenditures. This amount will bring the Working Capital or Fund Balance to \$10.6 million at June 30, 2015. By Ordinance, the Water Authority will be required to increase its Fund

Balance to 1/12 of the annual budgeted operating expenditures by Fiscal Year 2015. For Fiscal Year 2015 \$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 2015. The proposed appropriation for Fiscal Year 2015 for CIP is \$51.0 million. \$46.0 million is appropriated for the Basic capital program and \$5.0 million is appropriated for special projects. The \$51.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$20.0 million in supplemental rehabilitation funding and 5.0 million in growth program funding. The \$16.0 million in supplemental rehabilitation funding is comprised of \$10.0 million for water reclamation facilities rehabilitation and \$6.0 million for all other rehabilitation categories.

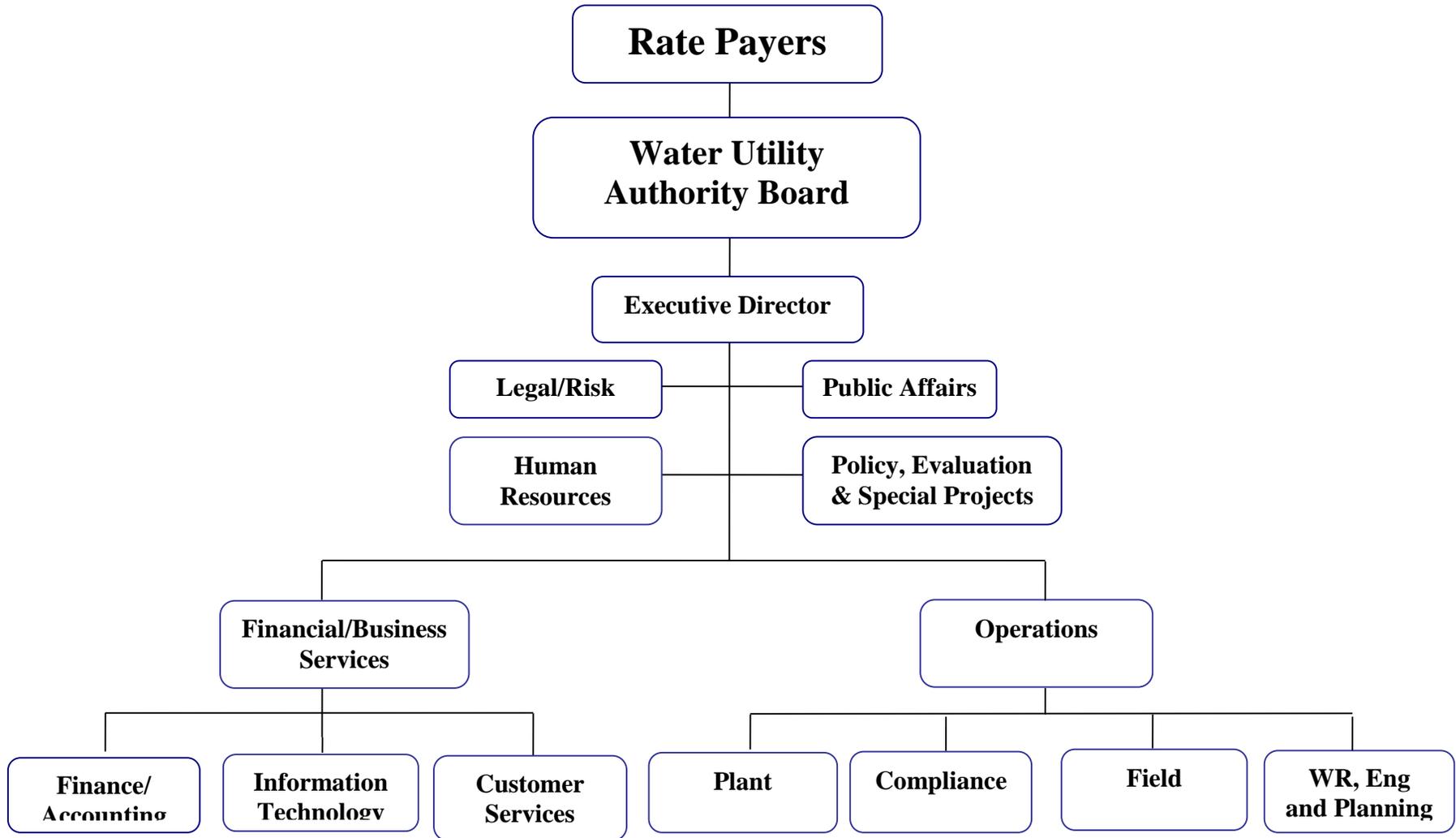
The Water Authority continues to participate in American Water Works Association's (AWWA) QualServe Benchmarking program which allows the utility to compare its performance against other utilities at least every two years. The most recent survey data was compiled in 2012 by AWWA from over 100 different utilities. The Water Authority utilizes performance measures or indicators to help guide the operating and capital budgets in prioritizing and allocating the Water Authority's financial resources. The Water Authority also uses these measures to help improve its operational efficiency and effectiveness through the One-Year Objectives.

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 Fiscal Year 2011, 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 Fiscal Year 2012, 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 Fiscal Year 2014, the Authority continued to improve on its asset management practices and completed the planned 10-year asset management plans. Those plans were submitted for Board approval.

This budget proposal 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 2015 to improvement of services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority



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ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PREFACE

NMSA 1978, Section 72-1-20 which created the Albuquerque Bernalillo County Water Utility Authority (Authority), along with Authority Ordinance O-04-6 requires 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 proposed budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

Budget Instructions are issued in January. A salary forecast is completed for review by the Authority. 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 Staff. During this process divisions may request program expansions or offer plans for reducing costs, or revenue enhancements.

Appropriations are at a 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.

Budget Data is prepared consistent with the Authority's basis of Accounting. The Authority's Enterprise Funds are on an accrual basis. Revenues are recorded in the accounting period in which earned, and expenses are recorded at the time liabilities are incurred. Transactions are recorded in individual funds. However, depreciation and amortization, although expensed in the accounting system, is not a budget item in the Authority budget.

The Authority's Goals and Objectives focus on improving the Authority's operations and improving customer conditions. The Goals are based on the American Water Works Association's Qualserve program. The FY/13 Goals and Objectives have been approved by the Authority Board.

The Budget Proposal has 8 major sections. The **Budget Proposal & Financial Consolidation** section is designed as an overview. This section contains 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 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 is a copy of the legislation that is submitted to the Authority Board along with this document. It must be passed as submitted or amended and passed by the Authority Board before the budget becomes law.

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***BUDGET PROPOSAL
&
FINANCIAL
CONSOLIDATIONS***

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The Albuquerque Bernalillo County Water Utility Authority (Water Authority) identifies resources to provide quality water in sufficient quantity, collect and treat wastewater to acceptable standards, provide professional utility engineering services, and provide utility customer services. The Water Authority operates and maintains water pump stations, reservoirs, wells, water lines, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary sewer lines. The Water Authority also works to secure the region with a safe, adequate, and sustainable water supply.

Mission

The mission of the Albuquerque Bernalillo County Water Utility Authority is to:

Assure responsive Customer Service.

Provide reliable, high quality, affordable and sustainable water supply, wastewater collection treatment, and reuse systems.

Support healthy, environmentally-sustainable, and economically-viable community.

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.

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Water Authority's Five-Year Goals



Effective Utility Management & AWWA QualServe Program

Effective Utility Management (EUM) was produced by water and wastewater utility leaders in 2008 to assist utility managers and policy makers improve water and wastewater management. The EUM Primer distills the expertise and experience of these utility leaders into a framework intended to help a utility manager identify and address their most pressing needs through a customized, incremental approach that is relevant to the day-to-day challenges utilities face. EUM incorporates the benchmarking performance indicators from the AWWA Utility Benchmarking Survey. Taken as a whole, the benchmarking performance indicators provide the Water Authority the ability to gauge progress in the EUM Attribute areas. The Water Authority has participated in all 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 2012 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 current performance level. The Water Authority conducted Self-Assessments in 2004 and in 2011 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. In 2012, the AWWA discontinued the Self-Assessment and Peer Review components but will continue the Utility Benchmarking Survey. The Water Authority plans on utilizing the EUM framework in order to advance its continuous performance improvement process.

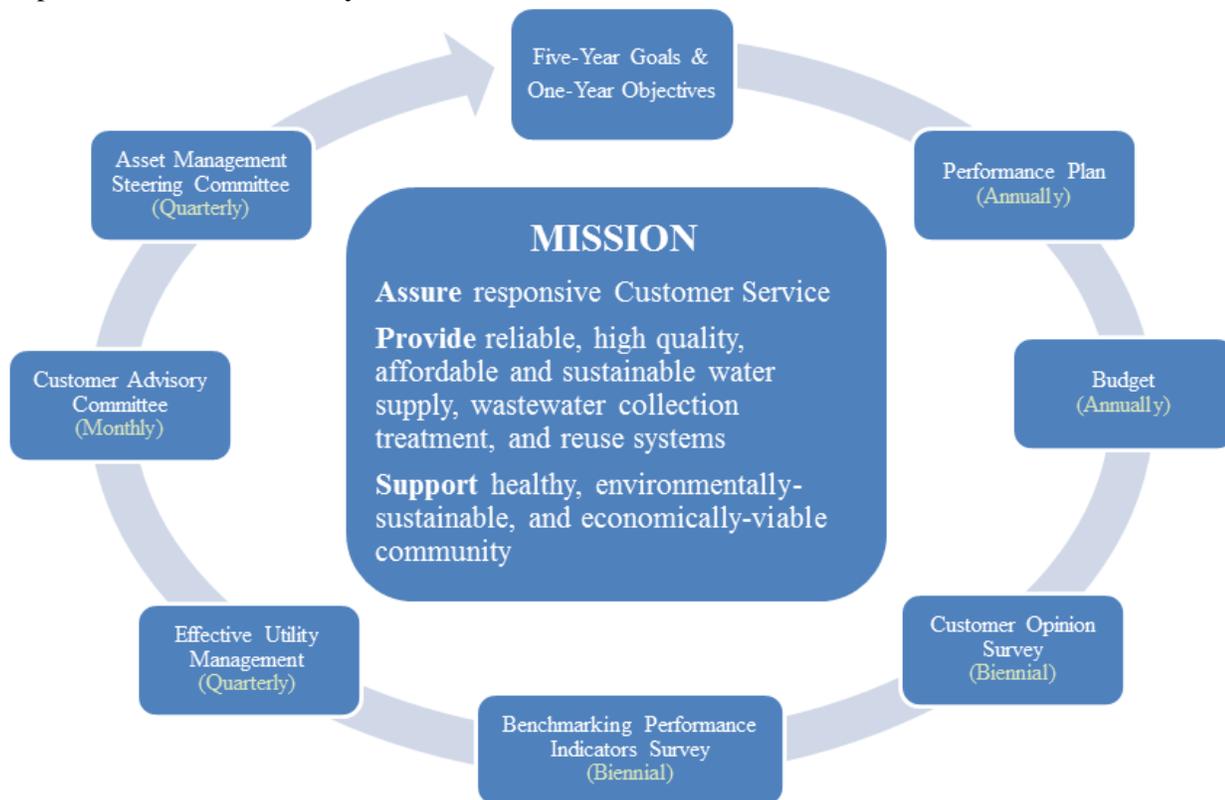
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One-Year Objectives

The AWWA and EUM 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 Water 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 FY15 Objectives are tied to resources contained in the proposed FY15 Budget. A few of the objectives are carried over from FY14 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. The Performance Plan discusses in more detail the linkage between the Five-Year Goals, One-Year Objectives, and Performance Measures.

Strategic Planning, Budgeting and Improvement Process

This diagram below shows the Water Authority's strategic planning process. It starts with long-range goals and short-term objectives which are linked to performance measures in the Performance Plan which help guide the budget process. This process is periodically evaluated by utility customers every two years through surveys and through the AWWA Benchmarking program. The benchmarking program allows the utility to benchmark its performance among 25 key performance indicators. In addition, Water Authority employees provide input on operational improvement and service delivery through the Asset Management Steering Committee. The Customer Advisory Committee provides input on the utility's policies, plans, and programs. More recently, the Water Authority has incorporated the EUM program into its strategic planning process which is designed to help utilities to make practical, systematic changes to achieve excellence in performance. The Water Authority has been using the EUM's Ten Attributes to select priorities for improvement, based on each organization's strategic objectives and the needs of the community it serves. All the strategic planning process components help fulfil the Water Authority's MISSION.



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

Below is a summary of the Goals and Objectives for Fiscal Year 2015.

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.

- 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 FY15.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 40% of all completed maintenance labor hours by the end of the 4th Quarter of FY15. If funding is available, implement the decommissioning plans for Yale Reservoir and Santa Barbara Pump Station by the end of the 4th Quarter of FY15.
- Purchase the necessary field equipment and begin implementation of a pilot large diameter valve exercise program including field location and GPS coordinates of existing valves. The program should include developing exercise protocol and standard operating procedures and determining overall manpower needs and equipment to implement a priority phasing schedule based on business risk exposure rating; continue implementation of program through the end of the 4th Quarter of FY15.
- Maintain water use between 136 to 146 gallons per capita per day for calendar year 2014; maintain water use between 135 to 145 gallons per capita per day for calendar year 2015.
- Submit an application for a full scale aquifer storage and recovery permit for Bear Canyon by the end of the 1st Quarter of FY15.
- Submit an application for an aquifer storage and recovery demonstration permit at Webster Well #1 by the end of the 2nd Quarter of FY15.
- Complete 95% design of the Large Scale aquifer storage and recovery project by the end of the 2nd Quarter of FY15.
- Complete a plan to provide field trips to all area fourth grade students by the end of the 2nd Quarter of FY15.
- Continue the distribution water loss program 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 FY15.
- 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 FY15.
- 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 FY15.
- Continue implementation of the Water Resources Management Strategy and report to the Customer Advisory Committee by the end of the 3rd Quarter of FY15; and initiate the process to update the Water Resources Management Strategy (WRMS) by the 4th quarter of 2015 with the Customer Advisory Committee and a series of public forums.

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- 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 FY15.

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.

- Limit overall permit excursions to no more than 5 operating discharge permit violations to comply with effluent quality standards through the end of the 4th Quarter of FY15.
- Complete application to NACWA's Peak Performance Award and the Excellence in Management Program by the end of the 3rd Quarter of FY15.
- Beneficially reuse biosolids by diverting 25% of the biosolids to compost through the end of the 4th Quarter of FY15.
- Complete Waste 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 FY15.
- To continue minimizing odors, begin testing of the 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 FY15.
- Conduct a root foaming pilot program on sewer lines that meet the root infested and/or inaccessibility criteria; assess the effectiveness to mechanical cleaning currently practiced and provide recommendation by the end of the 4th Quarter of FY15.
- Conduct a Fats, Oils, and Grease (FOG) Buster pilot program on sewer lines; evaluate and provide recommendation by the end of the 4th Quarter of FY15.
- Develop a nozzle program for cleaning sewer lines in conjunction with the Maximo software module and based on televised identified conditions; provide status report and recommendation by the end of the 4th Quarter of FY15.
- Televiser and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY15.
- Complete an Arc Flash Hazard Evaluation and begin implementation if funding is available by the end of the 4th Quarter of FY15.
- Complete asset management plans for the sanitary sewer lift stations to determine the condition and criticality of the Water Authority's facilities by the end of the 4th Quarter of FY15.
- Implement the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY15.
- Continue examination of water reclamation and reuse alternatives for future use of wastewater effluent or other non-potable water sources by the end of the 4th Quarter of FY15.
- Monitor compliance with the Water Authority's 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; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4th Quarter of FY15. Obtain a compliance rate goal is 85% for each category.
- Implement the Fats, Oils, and Grease (FOG) Policy to reduce impacts on the sewer system by inspecting each Food Service Establishment (FSE) once every three years, working with the Collections section with Sanitary Sewer Overflow (SSOs) investigations, and convene FOG Task Force of other governmental entities to coordinate efforts to reduce FOG discharges. Track and report the number of SSOs due to FOG compared with previous years. In conjunction with Public Affairs Manager, develop a public relations campaign to inform rate-payers of Best Management Practices for FOG. Report campaign progress monthly and quarterly.

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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.

- Maintain call wait time for all call centers to less than 1 minute, 90 percent of the time to provide effective customer service through the 4th Quarter of FY15.
- Implement Phase 4 of the Automated Meter Infrastructure (AMI) project pending WaterSmart funding to modernize the Water Authority's aging meter infrastructure with smart meters to increase revenue, support conservation efforts, and provide better customer service by the end of the 4th Quarter of FY15.
- Implement new payment methods for customer billing and web self-service in conjunction with Western Union payment centers and the AMI program to provide more payment options to customers and improved cash flow through the end of the 4th Quarter of FY15. Increase paperless billing to 22,000 enrollments and web self-service to 60,000 registrations by the end of the 4th Quarter of FY15.
- Continue 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 FY15.
- Evaluate and provide status reports on the low-income credit program; provide water use status reports on the low-income conservation program through the end of the 4th Quarter of FY15.
- Conduct quarterly Customer Conversation meetings to engage customers and obtain input on the Water Authority's activities through the end of the 4th Quarter of FY15

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.

- Expend \$34 million in water and wastewater capital rehabilitation and replacement programs to replace aging, high risk assets that are past their useful life by the end of the 4th Quarter of FY15. \$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 FY15.
- Continue to develop the integrated water/sewer/reuse master plan by incorporating the Southwest quadrant of Bernalillo County by the end of the 4th Quarter of FY15.
- Continue development of a comprehensive energy master plan to reduce energy demand by utilizing alternative clean energy sources by the end of the 4th Quarter of FY15.
- Continue implementation and system integration of mobile solutions to operations staff for optimization of the work order process including Clevest, and automation of preventative maintenance on utility equipment through the end of the 4th Quarter of FY15.
- Implement an independent telephony/data network that will provide a more reliable infrastructure and network in order to provide better customer service and additional functionality to staff by the end of the 4th Quarter of FY15.
- Implement an Information Technology Strategic Plan that supports the upgrading and hosting of major utility applications including: Customer Care and Billing (CC&B) application, Maximo Work Order application, Sungard Core Finance & HR/Payroll application; consolidate network storage by the end of the 4th Quarter of FY15; continue implementation of an IT Service Desk WUA wide.
- Implement Phase 3 of the Enterprise Resource Planning (ERP) project to integrate and optimize major business management functions by the end of the 4th Quarter of FY15.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY15; develop a customer outreach strategy to educate customers on the value of water and infrastructure rehabilitation needs by the end of the 1st Quarter of FY15.
- Maintain the Compliance Division Regulatory Compliance Permit Matrix and the Regulatory Matrix Status Report to respectively maintain schedules for permit submittals and monitor and report emerging Safe Drinking Water Act (SDWA) and Clean Water Act (CWA) regulations, New Mexico Water Quality Control Commission and Environmental Improvement Board regulations, and local laws ordinances, etc.

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- to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY15.
- Collect, monitor, and report weekly, monthly and quarterly key laboratory performance metrics to include: WQL results approved and reported for each laboratory section (chemistry, microbiology, metals, and external labs), laboratory productivity (results reported per productive hour), and the percentage of results reported late (turnaround time (TAT)). Maintain performance levels at FY13 levels. Research and identify industry performance benchmarks to be included for comparison.
- Continue collection and analyses of the operational data necessary to determine and document the actual cost of service for laboratory services for the analytical methods within the Water Quality Laboratory scope of accreditation. The status of the data collection and analyses efforts will be reported quarterly.
- In conjunction with the Information Technology Division, continue reimplementation of the Laboratory Information Management System (LIMS).
- Continue to develop the data repository including coordinating with Plant Operations Division to develop reports generated from the Data Repository to provide new access to approved laboratory and field analytical instrument water quality analyses and user statistical analyses tools.
- Continue to develop the Environmental Monitoring Program to improve the reliability of results from field instrumentation and sample collection techniques. Develop a program plan based on designated ISO standard to address accreditation requirements to include standard operating procedures, document control and records management plans, and a process for demonstration of staff capability. Implement program plan by the end of Quarter 2 of FY15.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each Quarter of FY15, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
- In conjunction with ITD Quality Assurance, define a clear organizational architecture and IT governance structure for Compliance Division technology assets. Roles and responsibilities for this structure will be defined through a division service portfolio. The service portfolio will identify all information services provided to the Compliance Division and include a service catalog of software/hardware required to deliver services and service level agreements (SLAs) defining service metrics.
- In order to evaluate and improve the services provided by Pretreatment staff members that interact with the public and customers on a daily basis, a customer service survey will be developed and implemented to survey businesses and facilities that are inspected and/or monitored by Pretreatment staff members to include permitted industrial users, food service establishments, dental facilities, septage waste haulers, as well as pollution prevention assessments, public outreach events and consultations. Report survey results quarterly, as well as improvements made as a result of findings.

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.

- Implement Phase 2 of employee performance expectations that aligns to performance strategies through the 4th Quarter of FY15.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY15.
- Improve workforce efficiency by implementing electronic personnel action forms in conjunction with the Sungard financial system by the end of the 4th Quarter of FY15.
- Complete the standard operating procedures for the water and wastewater plants and begin training by the end of the 4th Quarter of FY15.
- Continue implementation of the Operational Improvement Strategy by implementing the Area Procedures and Evaluations, and documenting and collecting data from key performance indicators to improve work load management and system performance efficiencies by the end of the 4th Quarter of FY15.

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- Reduce injury hours to 2,750 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY15.

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Fiscal Year 2015 Highlights

The FY/15 Executive Director's Proposed 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 FY/15 the proposed 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 adding 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 FY/15.

In FY/14, the Water Authority implemented the SunGard Enterprise Resource Planning (ERP) system. This project implemented a full range of financial and human capital resources modules. In FY/14, Phase 1 was completed and the project went live on July 1, 2013. The Authority's first payroll run began in June of 2013. Phase 1 included all the Financial Modules, Payroll and the HR functions as they relate to Payroll. Phase 2 began on July 1, 2013 and is anticipated to be completed on April 28, 2014. This Phase will implement the remaining HR modules to include items such as Employee Self Service. Other SunGard modules will become available during FY/15 and the Authority will develop work plans to implement those modules.

The Authority received a positive ruling from the NM Court of Appeals which was upheld by the NM Supreme Court for permit SP-4830 which is the San Juan-Chama Drinking Water Project permit. The Authority anticipates a minor change in the permit by summer 2014. The project continues to have a major positive impact on the ground water resources in the Middle Rio Grande with continuing increases in aquifer elevations observed throughout the basin.

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, but this may change as we enter the fifth year of drought in the Middle Rio Grande. With the pending drought, the Authority provided a loan of 20,000 acre-feet to the Middle Rio Grande Conservancy District along with providing supplemental water for the Bureau of Reclamation. The goal is to sustain endangered species and partner with other water entities during this irrigation season. It is anticipated that the Authority will still have more than three years of water available at the end of calendar year 2014.

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 Authority's well system will be evaluated during FY15. Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Authority will be finalizing a well replacement study that will be used as a guide toward a replacement strategy for maintaining groundwater well capacity. The Authority is also looking into use of several of its currently out of service wells along the Alameda Trunk to provide 30 MGD or more of water supply to the Water Treatment Plant during times of low river flow.

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The design of the full-scale pilot Aquifer Storage and Recovery (ASR) program will be continuing in FY/14 with permitting, design and construction to attempt to ultimately store more than 50,000 acre-feet into the aquifer at the Large Scale project at the water treatment plant site along with the Webster well. This project will allow storage during winter months that could be used in a single year or through a series of years assist in providing a drought management account for the rate payers.

The Northwest Service Area Division (NWSA) has been successfully integrated into 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. 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 Field Operations & Maintenance Sections will work together to 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 manage line spot, schedule and record the preventative maintenance (PM) activities on the meter change out, box and valve replacement initiative for the field operations and maintenance Sections 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.

On the Collections Section side, the Authority continues to implement the Capacity Management Operations and Maintenance (CMOM) program including expanding closed circuit televising (pending available funding) and condition analysis of wastewater collection lines, root control and enhanced cleaning programs.. Continued efforts in odor and corrosion controls are also progressing along with a new program to evaluate of magnesium hydroxide treatment for odor control reduction and pH adjustment. . 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 Authority's 24 sanitary sewer lift stations and 10 vacuum sewer stations will be evaluated and assessed for condition and risk. Asset Management plans will be produced and used as a guide for the future rehab of these facilities. The assessments are scheduled to be completed by the end of FY15.

The Plant Division began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY/10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Construction began on the Preliminary Treatment Facility (PTF) in late 2013 and will continue until summer 2015. Engineering evaluation of alternatives for the Solids Dewatering facility continues, including replacing the facility with a new facility or rehabilitation of the existing facility. Construction improvements to the blower complex, aeration basins and systems, digester mixers and electrical systems are underway and will continue in 2014. The funding for the RRAMP improvements will be provided through the Authorities Capital Improvement 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 will continue until all of the users have connected. Full operations began during irrigation season 2013 and continue in irrigation season 2014. The project will eventually provide up to 2,500 acre-feet of non-potable water to more than forty 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

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FY/15. 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. This includes Maximo, SharePoint and mobile Kronos/Timekeeping. ITD will also begin preparations for the upgrade of WUA Enterprise applications including Maximo, SunGard, and Customer Care & Billing (CC&B).

ITD will continue its' separation from the City of Albuquerque's network. This includes beginning conversion to VOIP for phones, and the replacement of all network infrastructure to be owned and managed by the WUA. ITD will also begin the consolidation and standardization of file storage and shared drives, resulting in lowering maintenance costs and standardization.

In FY/15, the Authority continues with the implementation of Phase 3 of its Automated Meter Infrastructure (AMI) project for small residential meters (less than 4"). The Authority now has over 55,000 meters on the AMI technology. In FY/15, Phase 3 of the AMI implementation is expected to be completed, which will include all City of Albuquerque accounts, so the City of Albuquerque can be billed on a composite bill. The Customer Care and Billing (CC&B) billing Web Self Service with a single logon interface for customers will be completed in FY/15 and will allow for the increase in the market penetration of paperless billing in FY/15, and 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 maintain a quarterly matrix of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. To comply with requirements of the 2012 National Pollutant Discharge Elimination System (NPDES) permit requirements, the Industrial Pretreatment Program completed modification of the Water Authority Sewer Use and Wastewater Control Ordinance as approved by the Governing Body in January 2014 to become effective in July 2014, developed a policy to reduce the impacts to the sewer systems caused by Fats, Oils, and Grease (FOG) discharges, and revised the Technically Based Local Limits. Each of these documents has been submitted to EPA for approval and has been compiled, along with other documents as a proposed Pretreatment Program Modification for submittal for approval to EPA. Improvements in ordinance compliance continue with 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 project was advanced in FY14. The LIMS implementation scoping study was developed through the fall of 2013 with the final document completed by February 2014. A sample management model has been created and documented, as well as configuration test cases for existing laboratory procedures for the Water Quality Laboratory and Water Process Laboratory. A complete listing of processes to be documented was created and presented to a newly established steering committee. Development of these process models will be facilitated using modeling software under acquisition by ITD. These processes incorporate performance metrics to enable comparisons to industry standards as well as track actual cost for laboratory services. LIMS maintains records for millions of analytical results and associated quality assurance/quality control processes. Phase One of the Data Repository has been completed to combine LIMS records, along with results from other analytical laboratories, 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. Development of the Environmental Monitoring Program continues based upon pilot activities completed in FY/14.

The proposed 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

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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 \$5.4 million over FY/14. 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 2015 for CIP is \$51.0 million. \$46.0 million is appropriated for the Basic capital program and \$5.0 million is appropriated for special projects. The \$51.0 million is comprised of \$30.0 million in base level rehabilitation funding required by the Rate Ordinance, \$20.0 million in supplemental rehabilitation funding and 5.0 million in growth program funding. The \$16.0 million in supplemental rehabilitation funding is comprised of \$10.0 million for water reclamation facilities rehabilitation and \$6.0 million for all other rehabilitation categories. Working Capital will increase by \$13.5 million in FY/15. The Working Capital balance at June 30, 2015 is estimated to be \$10.9 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.

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The Albuquerque Bernalillo County Water Utility Authority can be examined by Division. Comparing the original budget for FY/14 with the proposed FY/15 shows changes in the Plant, Field, and the Water Authority Divisions.

| Utility Spending by Division | | | | | | |
|-------------------------------|-------------------|----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------|
| (\$000's) | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15/ EST ACT 14 CHG |
| Administration | 3,935 | 2,537 | 2,537 | 2,696 | 2,142 | (554) |
| Risk | - | - | - | - | 3,679 | 3,679 |
| Human Resources | 1,052 | 1,230 | 1,230 | 1,208 | 1,304 | 96 |
| Finance | 6,741 | 2,840 | 2,840 | 3,096 | 3,342 | 245 |
| Customer Services | 6,912 | 7,697 | 7,697 | 7,056 | 7,834 | 778 |
| Information Technology | 5,565 | 4,302 | 4,302 | 5,261 | 5,748 | 487 |
| Wastewater Plant | 11,744 | 10,030 | 10,097 | 10,431 | 10,830 | 399 |
| San Juan-Chama Water Treatmer | 3,198 | 3,059 | 3,059 | 3,174 | 2,917 | (257) |
| Groundwater Operations | 6,605 | 5,761 | 5,761 | 5,767 | 5,670 | (97) |
| Wastewater Collection | 7,098 | 9,135 | 9,067 | 9,536 | 5,940 | (3,596) |
| Water Field Operations | 18,535 | 16,058 | 16,058 | 15,077 | 18,904 | 3,827 |
| Compliance | 3,761 | 4,525 | 4,525 | 3,783 | 5,338 | 1,555 |
| Water Resources Management | 6,333 | 6,429 | 6,429 | - | 7,040 | 445 |
| Power & Chemicals | 17,883 | 18,782 | 18,782 | 17,646 | 18,482 | 836 |
| Taxes | - | 8,936 | 8,936 | 6,978 | 8,536 | 1,558 |
| Overhead | 821 | 6,124 | 6,124 | - | 1,700 | (3,107) |
| San Juan Chama | 2,126 | 2,247 | 2,247 | 2,221 | 2,247 | 26 |
| Total | 102,310 | 109,693 | 109,693 | 105,331 | 111,652 | 6,321 |

Expenditures

The proposed operating expenditures contain a net increase of \$3.0 million from FY/14. This includes an increase of \$2.0 million in salaries and benefits, and an increase in internal services charges of \$1.0 million for Debt Service.

Personnel expenditures include a 2.5% increase in benefits primarily due to the Affordable Health Care Act as well as a 2% step increase in salaries. Total Personnel Costs have increased by \$2 million as compared to FY/14. Two net new mid-year positions were added in FY/14, and an additional 2.5 new positions are requested per this budget. The Records Manager position was also deleted as part of this budget. The FY/15 annualized costs of the additional positions are budget neutral by offsetting positions and other operating costs. The positions added are a Risk Manager, a Systems Support Specialist II, a Heavy Equipment Mechanic, a GPS Coordinator and a half time Treasury Officer. Total general operating costs are close to the same level as FY/14. Capital costs decreased by \$33,600. The internal service charges increase by \$1.0 million which include an increased in the transfer to debt service of \$1.0 million due to the borrowing in the fall of FY/14.

Working Capital will add \$10 million from the surplus of revenue over expenditures in FY/15. This \$10 million will be added to the FY/14 balance of \$1 million. The Working Capital balance at June 30, 2015 is estimated to be \$10.9 million. By Ordinance, the Water Authority will be required to increase its Fund Balance to 1/12 of the annual budgeted expenditures by FY/15.

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.

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Proposed Issue Papers and Initiatives – Proposed issue papers and have been offset by other Appropriations or positions from the General Fund. The list below identifies the issues and divisions affected.

| Total ABCWUA Proposed Issue Papers | |
|--|---|
| Fund 21 - General Fund | - |
| Administration | |
| Risk Manager (Offset Risk and Tort Cost) | - |
| Reclassify Mixed Media Tech to Health and Wellness Asst | - |
| Fund Customer Conversation Meetings (Offset IDOH) | - |
| Financial Services | |
| CIP Coming On Line - SunGard (.5 FTE for Treasury-Offset Positions and IDOH) | - |
| Reclassify Functional Support Specialist to SAI | - |
| System Support Specialist II - Help Desk (eliminated 3 intern positions) | - |
| IT Maint and Liscense Cost (Offset IDOH, Chemicals and Water Con Fee) | - |
| Water Resources Management | |
| Senior Engineer (Deleted a Engineering Position) | - |
| Plant | |
| UV Lamp and Cetrifuge Rehab (Offset by IDOH) | - |
| Training for WW Mech and Water Plant Field (Offset by position Deletion) | - |
| ET Supervisor and Consolidate ET's (nuetral reclass) | - |
| Bldgs and Grounds Supervisor (reclass JU Tech - Nutetral reclass) | - |
| Reclassify Control System Supervisor (Nuetral) | - |
| Reclassify (6) Control System Operators (Nuetral) | - |
| Compliance | |
| Move Cross Conection Program to Compliance (Nuetral) | - |
| Unregulated Contaiminant Monitoring (Round 3)(Offset IDOH 1 time cost) | - |
| Field | |
| Root Control (Mandated - Offset IDOH) | - |
| Vactor FOG Buster System (Mandated - Offset Position Deletion) | - |
| GPS Coordinator for Fleet (Offset Vehicle Maint and Fuel Cost) | - |
| Heavy Equipment Mechanic (Offset Fuel cost) | - |
| Field Servicer/Fueler Upgrade (Offset deletion of position) | - |

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Changes in Employment - The proposed budget for FY/15 shows a net increase of 3.5 new positions, 2 were FY/14 midyear additions and 2.5 are requested as part of this budget. The positions are: 1 Risk Manager, 1 System Support Specialist II, 1 GPS Coordinator, 1 Heavy Equipment Mechanic and 1 part time Treasury Officer. The Records Manager position was deleted as part of this change.

| | ORIGINAL | REVISED | ESTIMATED | PROPOSED |
|--------------------------------------|------------|------------|------------|--------------|
| | BUDGET | BUDGET | ACTUAL | BUDGET |
| | FY/13 | FY/14 | FY/14 | FY/15 |
| POSITIONS: | | | | |
| Administration | 12 | 13 | 13 | 8 |
| Risk | 0 | 0 | 0 | 5 |
| Human Resources | 13 | 13 | 13 | 13 |
| Finance | 23 | 27 | 27 | 28.5 |
| Customer Services | 74 | 80 | 80 | 80 |
| Information Technology | 25 | 25 | 25 | 26 |
| Wastewater Plant | 109 | 99 | 99 | 99 |
| San Juan-Chama Water Treatment Plant | 24 | 28 | 28 | 27 |
| Groundwater Operations | 68 | 57 | 57 | 56 |
| Wastewater Collection | 63 | 65 | 65 | 60 |
| Water Field Operations | 122 | 126 | 126 | 126 |
| Compliance | 44 | 44 | 44 | 46 |
| Water Resources Management | 36 | 35 | 35 | 41 |
| CIP Funded | 0 | 9 | 9 | 9 |
| TOTAL FULL TIME POSITIONS | 613 | 621 | 621 | 624.5 |

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

| (\$000's) | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15/ EST ACT 14 CHG |
|--|------------------------|----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------|
| <u>GENERAL FUND - 21</u> | | | | | | |
| Administration | 3,935 | 2,537 | 2,537 | 2,696 | 2,142 | (554) |
| Risk | 0 | 0 | 0 | 0 | 3,679 | 3,679 |
| Human Resources | 1,052 | 1,230 | 1,230 | 1,208 | 1,304 | 96 |
| Finance | 6,741 | 2,840 | 2,840 | 3,096 | 3,342 | 245 |
| Customer Services | 6,912 | 7,697 | 7,697 | 7,056 | 7,834 | 778 |
| Information Technology | 5,565 | 4,302 | 4,302 | 5,261 | 5,748 | 487 |
| Wastewater Plant | 11,744 | 10,030 | 10,097 | 10,431 | 10,830 | 399 |
| San Juan-Chama Water Treatment Plant | 3,198 | 3,059 | 3,059 | 3,174 | 2,917 | (257) |
| Groundwater Operations | 6,605 | 5,761 | 5,761 | 5,767 | 5,670 | (97) |
| Wastewater Collection | 7,098 | 9,135 | 9,067 | 9,536 | 5,940 | (3,596) |
| Water Field Operations | 18,535 | 16,058 | 16,058 | 15,077 | 18,904 | 3,827 |
| Compliance | 3,761 | 4,525 | 4,525 | 3,783 | 5,338 | 1,555 |
| Water Resources Management | 6,333 | 6,429 | 6,429 | 6,595 | 7,040 | 445 |
| Power & Chemicals | 17,883 | 18,782 | 18,782 | 17,646 | 18,482 | 836 |
| Taxes | 0 | 8,936 | 8,936 | 6,978 | 8,536 | 1,558 |
| Overhead | 821 | 6,124 | 6,124 | 4,807 | 1,700 | (3,107) |
| San Juan-Chama | 2,126 | 2,247 | 2,247 | 2,221 | 2,247 | 26 |
| Trfr from Fund 21 to COA | <u>7,815</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Trfr from Fund 21 to Fund 28 | 8,000 | 12,000 | 12,000 | 4,000 | 12,000 | 8,000 |
| Trfr from Fund 21 to Fund 29 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Trfr from Fund 21 to Fund 31 | 66,362 | 72,094 | 72,094 | 72,094 | 73,161 | 1,067 |
| <u>Subtotal General Fund - 21</u> | 184,487 | 193,787 | 193,787 | 181,425 | 196,813 | 15,388 |
| DEBT SERVICE FUND - 31 | | | | | | |
| Debt Service | <u>72,670</u> | <u>69,731</u> | <u>69,731</u> | <u>69,731</u> | <u>75,161</u> | <u>5,430</u> |
| Transfer to Capital Fund 29 | 3,000 | 3,000 | 3,000 | 3,000 | 5,000 | 2,000 |
| Total Debt Service Fund - 31 | 75,670 | 72,731 | 72,731 | 72,731 | 80,161 | 7,430 |
| TOTAL | <u>260,156</u> | <u>266,518</u> | <u>266,518</u> | <u>254,156</u> | <u>276,974</u> | <u>22,818</u> |
| TOTAL WUA APPROPRIATIONS | 260,156 | 266,518 | 266,518 | 254,156 | 276,974 | 22,818 |
| Interfund Adjustment | <u>(66,362)</u> | <u>(72,094)</u> | <u>(72,094)</u> | <u>(72,094)</u> | <u>(73,161)</u> | <u>(1,067)</u> |
| NET WUA APPROPRIATIONS | <u>193,794</u> | <u>194,424</u> | <u>194,424</u> | <u>182,062</u> | <u>203,813</u> | <u>21,751</u> |

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| (\$000's) | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15/ EST ACT 14 CHG |
|--|-------------------|----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------|
| GENERAL FUND - 21 | | | | | | |
| 100 WATER AUTHORITY: | | | | | | |
| 005 Executive Director | 2,779 | 1,823 | 1,823 | 2,101 | 1,670 | (431) |
| 006 COO's Office | 892 | 458 | 458 | 379 | 471 | 92 |
| 010 Safety | 264 | 256 | 256 | 216 | - | (216) |
| PROGRAM APPROPRIATION | 3,935 | 2,537 | 2,537 | 2,696 | 2,142 | (554) |
| RISK: | | | | | | |
| 010 Risk | - | - | - | - | 3,679 | 3,679 |
| PROGRAM APPROPRIATION | - | - | - | - | 3,679 | 3,679 |
| 110 HUMAN RESOURCES: | | | | | | |
| 015 Human Resources | 1,052 | 1,230 | 1,230 | 1,208 | 1,304 | 96 |
| PROGRAM APPROPRIATION | 1,052 | 1,230 | 1,230 | 1,208 | 1,304 | 96 |
| 120 FINANCE: | | | | | | |
| 020 Finance | 6,741 | 2,840 | 2,840 | 3,096 | 3,342 | 245 |
| PROGRAM APPROPRIATION | 6,741 | 2,840 | 2,840 | 3,096 | 3,342 | 245 |
| 130 CUSTOMER SERVICES: | | | | | | |
| 025 Customer Services & Billing | 4,096 | 4,187 | 4,128 | 4,109 | 4,572 | 462.89 |
| 030 CS Meter Reading | 2,004 | 1,810 | 1,869 | 1,869 | 1,816 | -53.256 |
| 031 Customer Service Field | 812 | 1,701 | 1,701 | 1,077 | 1,446 | 369 |
| PROGRAM APPROPRIATION | 6,912 | 7,697 | 7,697 | 7,056 | 7,834 | 778 |
| 140 INFORMATION TECHNOLOGY: | | | | | | |
| 035 Information Technology | 5,565 | 4,302 | 4,302 | 5,261 | 5,748 | 487 |
| PROGRAM APPROPRIATION | 5,565 | 4,302 | 4,302 | 5,261 | 5,748 | 487 |
| 150 WASTEWATER PLANT: | | | | | | |
| 040 WW Plant Administration | 573 | 372 | 372 | 387 | 326 | -61.066 |
| 045 WW Cogen | 261 | 752 | 752 | 602 | 849 | 247 |
| 050 WW Mechanical | 4,594 | 3,846 | 3,846 | 3,814 | 4,242 | 428 |
| 055 WW Plant Operations | 4,510 | 3,515 | 3,515 | 3,986 | 3,655 | (332) |
| 060 WW MDC | 76 | 63 | 63 | 77 | 63 | (14) |
| 065 WW SAF | 1,702 | 1,408 | 1,476 | 1,539 | 1,501 | (39) |
| 070 WW Warehouse | 28 | 73 | 73 | 26 | 69 | 43 |
| 115 South Reuse | - | - | - | - | 126 | 126 |
| PROGRAM APPROPRIATION | 11,744 | 10,030 | 10,097 | 10,431 | 10,830 | 399 |
| 160 SJC WATER TREATMENT PLANT: | | | | | | |
| 075 San Juan-Chama Water Treatment Pla | 3,198 | 3,059 | 3,059 | 3,174 | 2,917 | (257) |
| PROGRAM APPROPRIATION | 3,198 | 3,059 | 3,059 | 3,174 | 2,917 | (257) |

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| | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15/ EST ACT 14 CHG |
|--|-------------------|----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------|
| 170 GROUNDWATER SYSTEM: | | | | | | |
| 080 WA Engineering Operations | 837 | 411 | 411 | 333 | - | (333) |
| 085 WA Wells, PS, Boosters, Reservoirs | 3,633 | 3,239 | 3,239 | 3,221 | 3,294 | 72 |
| 090 GW Treatment | 942 | 938 | 938 | 901 | 1,284 | 383 |
| 095 WA Control System Operators | 1,125 | 905 | 905 | 1,129 | 676 | (453) |
| 096 SCADA | - | - | - | - | 318 | 318 |
| 100 WA Arsenic Treatment | 20 | 70 | 70 | 74 | 70 | (4) |
| 105 WA MDC | 34 | 50 | 50 | 26 | 8 | (18) |
| 110 North Reuse | 15 | 72 | 72 | 64 | 21 | (43) |
| 115 South Reuse | - | 76 | 76 | 19 | - | (19) |
| PROGRAM APPROPRIATION | <u>6,605</u> | <u>5,761</u> | <u>5,761</u> | <u>5,767</u> | <u>5,670</u> | <u>(97)</u> |
| | | | | | | |
| 180 WASTEWATER COLLECTIONS: | | | | | | |
| 120 WW Gravity | 5,172 | 3,891 | 3,891 | 4,318 | 4,462 | 144 |
| 125 WW Lift Station Operations | 1,926 | 1,522 | 1,522 | 1,690 | 1,479 | (211) |
| 126 Fleet Maintenance | - | 3,722 | 3,655 | 3,529 | - | (3,529) |
| PROGRAM APPROPRIATION | <u>7,098</u> | <u>9,135</u> | <u>9,067</u> | <u>9,536</u> | <u>5,940</u> | <u>(3,596)</u> |
| | | | | | | |
| 190 WATER FIELD OPERATIONS: | | | | | | |
| 126 Fleet Maintenance | - | - | - | - | 3,678 | 3,678 |
| 130 WA Customer Requests | 787 | 727 | 727 | 588 | 648 | 60 |
| 131 Cross Connections | - | 447 | 447 | 425 | - | (425) |
| 135 WA Distribution Lines | 14,199 | 11,478 | 11,478 | 11,084 | 11,828 | 744 |
| 140 WA Meter NS/Repairs | 1,338 | 1,360 | 1,360 | 953 | 986 | 33 |
| 145 WA Field Administration | 2,211 | 2,046 | 2,046 | 2,026 | 1,764 | (263) |
| PROGRAM APPROPRIATION | <u>18,535</u> | <u>16,058</u> | <u>16,058</u> | <u>15,077</u> | <u>18,904</u> | <u>3,827</u> |
| | | | | | | |
| 200 COMPLIANCE: | | | | | | |
| 150 Laboratory | 1,823 | 2,311 | 2,311 | 1,746 | 2,199 | 453 |
| 155 NPDES | 848 | 1,178 | 1,178 | 1,050 | 1,552 | 502 |
| 160 Water Quality | 1,091 | 1,036 | 1,036 | 987 | 1,587 | 600 |
| PROGRAM APPROPRIATION | <u>3,761</u> | <u>4,525</u> | <u>4,525</u> | <u>3,783</u> | <u>5,338</u> | <u>1,555</u> |
| | | | | | | |
| 210 WATER RESOURCES MGMT: | | | | | | |
| 165 Central Engineering | 1,056 | 1,045 | 1,045 | 1,068 | 1,762 | 694 |
| 170 One Stop Shop Enterprise | 256 | 265 | 265 | 253 | 334 | 80 |
| 175 Maps & Records | 470 | 520 | 520 | 464 | 524 | 60 |
| 180 Water Resources Planning | 1,391 | 1,251 | 1,251 | 1,417 | 1,121 | (296) |
| 185 Water Conservation | 3,007 | 2,985 | 2,985 | 3,192 | 2,918 | (274) |
| 190 Groundwater Protection | 152 | 313 | 313 | 199 | 332 | 133 |
| 195 Arsenic Removal | 1 | 49 | 49 | 1 | 48 | 47 |
| PROGRAM APPROPRIATION | <u>6,333</u> | <u>6,429</u> | <u>6,429</u> | <u>6,595</u> | <u>7,040</u> | <u>445</u> |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

| (\$000's) | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15 EST ACT 14 CHG |
|-------------------------------------|----------------------|----------------------------|---------------------------|-----------------------------|----------------------------|------------------------------|
| 220 GENERAL GOVERNMENT: | | | | | | |
| 200 General Government (OH) | 821 | 4,914 | 4,914 | 4,807 | 456 | (4,351) |
| 200 Power | 17,883 | 11,541 | 11,541 | 17,646 | 11,541 | |
| 200 Taxes | - | 8,936 | 8,936 | 6,978 | 8,536 | |
| 205 Early Retirement | - | 400 | 400 | | 400 | 400 |
| 206 SJCWTP Chemicals | - | 4,396 | 4,396 | | 3,896 | 3,896 |
| 207 GW Chemicals | - | 262 | 262 | | 262 | 262 |
| 208 WW Treatment Chemicals | - | 1,039 | 1,039 | | 1,039 | 1,039 |
| 209 Collections Chemicals | - | 1,544 | 1,544 | | 1,744 | 1,744 |
| 210 CIP Funded Positions | - | 810 | 810 | | 844 | 844 |
| PROGRAM APPROPRIATION | <u>18,704</u> | <u>33,842</u> | <u>33,842</u> | <u>29,431</u> | <u>28,717</u> | <u>(714)</u> |
| | | | | | | |
| 230 SAN JUAN-CHAMA: | | | | | | |
| 220 San Juan-Chama | 2,126 | 2,247 | 2,247 | 2,221 | 2,247 | 26 |
| PROGRAM APPROPRIATION | <u>2,126</u> | <u>2,247</u> | <u>2,247</u> | <u>2,221</u> | <u>2,247</u> | <u>26</u> |
| | | | | | | |
| TRANSFER FROM FUND 21 TO COA | | | | | | |
| 205 General Government | 7,815 | - | - | - | - | - |
| PROGRAM APPROPRIATION | <u>7,815</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | | |
| TRANSFER FROM FUND 21 TO 28 | | | | | | |
| 205 General Government | 8,000 | 12,000 | 12,000 | 4,000 | 12,000 | 8,000 |
| PROGRAM APPROPRIATION | <u>8,000</u> | <u>12,000</u> | <u>12,000</u> | <u>4,000</u> | <u>12,000</u> | <u>8,000</u> |
| | | | | | | |
| TRANSFER FROM FUND 21 TO 29 | | | | | | |
| 205 General Government | - | - | - | - | - | - |
| PROGRAM APPROPRIATION | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | | |
| TRANSFER FROM FUND 21 TO 31 | | | | | | |
| 205 General Government | 66,362 | 72,094 | 72,094 | 72,094 | 73,161 | 1,067 |
| PROGRAM APPROPRIATION | <u>66,362</u> | <u>72,094</u> | <u>72,094</u> | <u>72,094</u> | <u>73,161</u> | <u>1,067</u> |
| | | | | | | |
| DEBT SERVICE FUND - 31 | | | | | | |
| 250 DEBT SERVICE | | | | | | |
| 230 DS - NM Loans | 28,702 | 26,714 | 26,714 | 26,714 | 31,921 | 5,207 |
| 235 DS - Loans | 43,968 | 986 | 986 | 986 | 987 | 1 |
| 240 DS - Revenue Bonds | - | 42,031 | 42,031 | 42,031 | 42,253 | 222 |
| PROGRAM APPROPRIATION | <u>72,670</u> | <u>69,731</u> | <u>69,731</u> | <u>69,731</u> | <u>75,161</u> | <u>5,430</u> |
| | | | | | | |
| 260 UEC TRANSFER | | | | | | |
| 245 DS - UEC Transfer | 3,000 | 3,000 | 3,000 | 3,000 | 5,000 | 2,000 |
| PROGRAM APPROPRIATION | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>5,000</u> | <u>2,000</u> |

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Financial Plan

The following table is the financial plan for Fund 21 (General Fund). The plan looks from FY/14 thru FY/23. 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% for FY/15 due to decreasing consumption levels in the service area and 5% rate revenue adjustments that were approved by the Board for FY/16 and FY/18.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Operating Fund

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Capital Funds | | | | | | | | | | |
| Needs: Basic (Min 50% cash Trans) | 34000 | 36000 | 37000 | 37000 | 37000 | 37000 | 38000 | 38000 | 38000 | 38000 |
| Increase for Rehab/Asset Mgt Plan | | 3000 | 6000 | 9000 | 12000 | 15000 | 18000 | 21000 | 24000 | 27000 |
| Water Reclamation | 12000 | 3000 | 25000 | 10000 | 10000 | 10000 | 10000 | 10000 | 10000 | 10000 |
| Southside Reuse | | | | | | | | | | |
| SJC Remediation | | | | | | | | | | |
| Steel Line | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| AMI | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 |
| Special Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Valley Utility Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Resources: | | | | | | | | | | |
| Beginning Bal. | 4688 | 26788 | 14888 | 28988 | 1088 | 29188 | 2288 | 30388 | 2488 | 29588 |
| Trf. from Operating | 4000 | 12000 | 18000 | 24000 | 27000 | 31000 | 34000 | 37000 | 39000 | 44000 |
| Trf. from Debt Service | 4000 | 5000 | 6000 | 6000 | 6000 | 6000 | 6000 | 6000 | 6000 | 6000 |
| Bond Proceeds (Water Reclamation) | | | | | | | | | | |
| Bond Proceeds | 62000 | 15000 | 60000 | | 56000 | | 56000 | 0 | 56000 | |
| Bond Proceeds Southside/SJC | | | | | | | | | | |
| Adjustments | | | | | | | | | | |
| First Year is 6mos. (y/n) | n | n | n | n | n | n | n | n | n | n |
| <i>Subtotal</i> | 74688 | 58788 | 98888 | 58988 | 90088 | 66188 | 98288 | 73388 | 103488 | 79588 |
| Interest on Above | 1100 | 1100 | 1100 | 1100 | 1100 | 1100 | 1100 | 1100 | 1100 | 1100 |
| Total | 75788 | 59888 | 99988 | 60088 | 91188 | 67288 | 99388 | 74488 | 104588 | 80688 |
| Balance June 30 | | | | | | | | | | |
| | 26788 | 14888 | 28988 | 1088 | 29188 | 2288 | 30388 | 2488 | 29588 | 2688 |
| Debt Service Fund | | | | | | | | | | |
| Future Bond Interest= | | | | | | | | | | |
| Resources: | | | | | | | | | | |
| Interest Income | 200 | 200 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 |
| UECs | 8000 | 8000 | 9000 | 9000 | 9000 | 9000 | 9000 | 9000 | 9000 | 9000 |
| Transfer from 621 | 72895 | 73160 | 77631 | 77385 | 80343 | 81938 | 79257 | 82715 | 77247 | 73388 |
| Adjustments/Misc | | | | | | | | | | |
| Bg. Fund Balance | -2300 | -2972 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 78795 | 78388 | 87431 | 87185 | 90143 | 91738 | 89057 | 92515 | 87047 | 83188 |
| Expenditures: | | | | | | | | | | |
| Agent Fees | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Trf to Capital | 4000 | 6000 | 6000 | 15000 | 15000 | 15000 | 15000 | 15000 | 15000 | 15000 |
| Wtr/Swr Loans | 1281 | 985 | 645 | 645 | 645 | 645 | 645 | 645 | 645 | 645 |
| SJC Series 1999 w/o bas | | | | | | | | | | |
| 99 P&I (excl SJC 622) | | | | | | | | | | |
| 2001 P&I | | | | | | | | | | |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Operating Fund

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Series 2005 P&I | 2316 | 2310 | 2295 | 2447 | | | | | | |
| 2005 SJC \$116.695M | 12498 | 10368 | 11838 | 6630 | 6684 | 6744 | 6793 | 6856 | 6907 | 3051 |
| NMFA 2004B 82.120M | 6869 | 6097 | 6948 | 6995 | 7044 | 7100 | 7149 | 7149 | 7256 | 7256 |
| 2004 NMFA DWRFL | 734 | 734 | 734 | 734 | 734 | 734 | 734 | 734 | 734 | 734 |
| NMFA 20M 2005 SJC | 1708 | 1670 | 1880 | 1931 | 1977 | 1909 | 1861 | 1861 | 1924 | 1924 |
| NMFA 36.295M Basic | 4445 | 4004 | 5415 | | | | | | | |
| NMFA Series 2007A Basic | 3448 | 2087 | 2834 | 2638 | 8909 | 8954 | 2757 | 2757 | 3187 | 3187 |
| NMFA Series 2007A Reuse/SJ | 3936 | 5069 | 3804 | 5147 | 2279 | 2507 | 2758 | 2758 | 3187 | 3187 |
| Series 2008 Reuse/SJC \$55.6 | 2781 | 2781 | 2781 | 2781 | 2781 | 2781 | 2781 | 2781 | 2781 | 2781 |
| Series 2006 P&I | 2411 | 2316 | 2310 | 2295 | 2447 | | | | | |
| Series 2006 P&I (8.680) | 1170 | 1171 | 1169 | 1169 | 570 | | | | | |
| Series 2006 SJC 112.765 | 7986 | 7981 | 7982 | 7986 | 6984 | 7986 | 7984 | 7984 | 7982 | 7982 |
| Series 2009 (129.26) | 12388 | 12393 | 12389 | 12392 | 12389 | 12385 | 12393 | 12393 | 5844 | 5844 |
| Series 2009 (SJC 6.73) | 503 | 501 | 504 | 499 | 499 | 499 | 503 | 503 | 504 | 504 |
| AARA Funding | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 | 54 |
| NMFA 2011 Basic 37.74 | 4398 | 4398 | 4402 | 4398 | 4396 | 4397 | 4400 | 4399 | 4399 | 4399 |
| NMFA 2011 SJC &Soutside \$15.66 | 1079 | 1075 | 1075 | 1075 | 1079 | 1076 | 1077 | 1077 | 1077 | 1077 |
| NMFA 2013A | 4076 | 6426 | 6432 | 6428 | 6431 | 6430 | 6429 | 6428 | 6431 | 6428 |
| Proposed Issue | | | | | 3200 | 6497 | 6497 | 6497 | 6497 | 6497 |
| Proposed Issue | | | 5626 | 5626 | 5626 | 5626 | 5626 | 5626 | 5626 | 5626 |
| | | | | | | | 3200 | 6497 | 6497 | 6497 |
| Proposed 15M Catch up | | | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 | 1500 |
| Proposed Refinance Savings | | -600 | -1200 | -1200 | -1100 | -1100 | -1100 | -1000 | -1000 | -1000 |
| Total | 78095 | 77835 | 87431 | 87185 | 90143 | 91738 | 89057 | 92515 | 87047 | 83188 |
| Fund Balance | 700 | 553 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Fund | | | | | | | | | | |
| Resources | | | | | | | | | | |
| Rate Revenue | 175300 | 185731 | 196875 | 198844 | 210774 | 212882 | 215011 | 227911 | 230191 | 232492 |
| Nonrate Revenue | 8892 | 10892 | 10892 | 10892 | 10892 | 10892 | 10892 | 10892 | 10892 | 10892 |
| Franchise Fee | 7192 | 7336 | 7483 | 7632 | 7785 | 7941 | 8099 | 8261 | 8427 | 8595 |
| Adj Bg Working Cap for GASB 45 | 1100 | 800 | | | | | | | | |
| Bg. Working Cap. | -10921 | 1010 | 10603 | 15995 | 15487 | 18795 | 16415 | 13601 | 13766 | 16984 |
| Total | 181563 | 205769 | 225852 | 233363 | 244938 | 250510 | 250417 | 260666 | 263276 | 268963 |
| Rate Stabilization Fund | | | | | | | | | | |
| Expenditures | | | | | | | | | | |
| Basic O&M plus issues | 88448 | 79490 | 81080 | 82701 | 84355 | 86043 | 87763 | 89519 | 91309 | 93135 |
| Power/Chem/Overhead & Taxes | 16710 | 31516 | 32146 | 32789 | 33445 | 34114 | 34796 | 35666 | 36736 | 37838 |
| Salary Savings 4% | -1500 | -3000 | -1000 | -1000 | -1000 | -1000 | -1000 | 0 | 0 | 0 |
| Rate Stabilization Fund | | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 |
| Transf. to DS | 72895 | 73160 | 77631 | 77385 | 80343 | 81938 | 79257 | 82715 | 77247 | 73388 |
| Transf. to Cap. | 4000 | 12000 | 18000 | 24000 | 27000 | 31000 | 34000 | 37000 | 39000 | 44000 |
| Total | 180553 | 195166 | 209857 | 217875 | 226143 | 234095 | 236816 | 246899 | 246292 | 250361 |
| Resources over Comm. | 1010 | 10603 | 15995 | 15487 | 18795 | 16415 | 13601 | 13766 | 16984 | 18602 |
| Rate Increases | 5% | 5% | 5% | 0% | 5% | 0% | 0% | 5% | 0% | 0% |
| Accum. Inc. from 2004 | 11% | 16% | 21% | 21% | 26% | 26% | 26% | 31% | 31% | 31% |
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |

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REVENUE OUTLOOK

*Proposed
Operating Budget
FY/15*

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

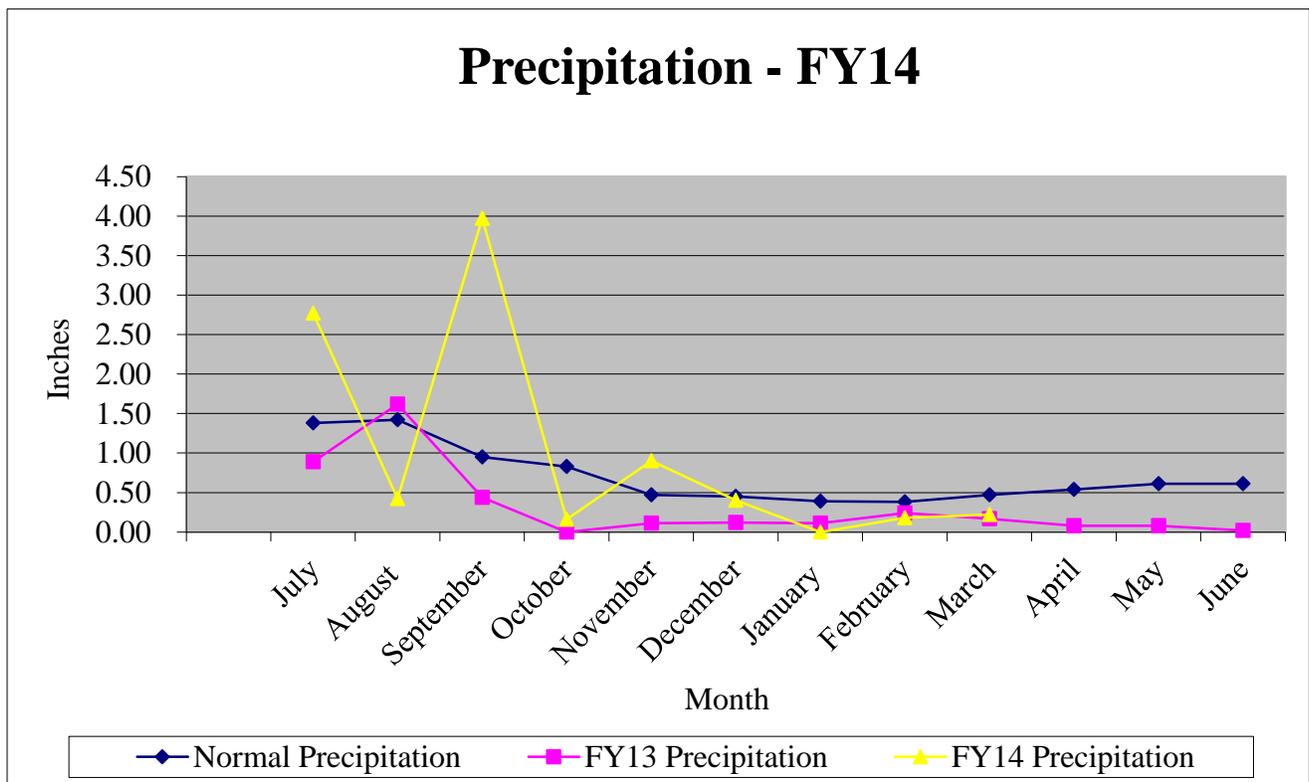
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

REVISED FY/13 AND PROPOSED FY/14 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 FY/15 as compared to budget FY/14. The second table, Debt Service Fund 31, also provides for the same comparison as the other table. For FY/13 the actual unaudited results are reported, and for FY/14 budgeted revenues and estimated actual are reported as well.

REVISED FY/14 REVENUE ESTIMATES

Total Authority operating fund revenues for FY/14 are anticipated to be \$190.7 million. The system has seen minimal growth in the service area due to development on the Northwest Area of the Authority’s service area and in Mesa del Sol. The revenues tempered by continued conservation efforts for FY/14 are estimated to be below FY/14 budgeted levels. This has been compounded by a decrease in water usage due to the above average moisture that the service area has received since the beginning of the fiscal year (see chart below).



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

PROPOSED BUDGET REVENUE ESTIMATES FOR FY/15

Budgeted total Authority Operating Revenues for FY/15 are \$203.9 million representing a \$4.5 increase from the budgeted FY/14 amount, due to the projected increase in miscellaneous revenue as trended over the last 2 years. Revenues for FY/15 also include a 5% rate revenue increase to fund investments in the Authority's infrastructure based upon the Asset Management Plan. Revenue increase in the Debt Service Fund is projected for FY/15 of approximately \$7.0 million due to an increase in the debt service payment for FY/15.

GENERAL FUND 21

| (\$000's) | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15/ EST ACT 14 CHG |
|-----------------------------------|-----------------------|----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------|
| RESOURCES: | | | | | | |
| Miscellaneous Revenues | | | | | | |
| Bond Proceeds | - | - | - | - | - | - |
| Interest on Investments | (2) | 750 | 750 | 750 | 10 | (740) |
| Other Miscellaneous Revenue | <u>5,113</u> | <u>1,550</u> | <u>1,550</u> | <u>1,550</u> | <u>5,500</u> | <u>3,950</u> |
| Total Miscellaneous Revenues | <u>5,111</u> | <u>2,300</u> | <u>2,300</u> | <u>2,300</u> | <u>5,510</u> | <u>3,210</u> |
| Enterprise Revenues | | | | | | |
| City System-Water | 63,790 | 77,515 | 77,151 | 68,515 | 74,507 | 5,992 |
| City System-Sewer | 40,937 | 52,187 | 52,187 | 38,600 | 41,313 | 2,713 |
| City System-Contr/Aid | 386 | 350 | 350 | 350 | 350 | - |
| SJC Strategy Implementation | 29,161 | 30,000 | 30,000 | 30,000 | 31,200 | 1,200 |
| City Metered Water Sales - Reuse | 397 | 400 | 400 | 400 | 400 | - |
| City System-Franchise Fee | 6,006 | 7,130 | 7,130 | 7,130 | 7,130 | - |
| Solid Waste Admin Fees | - | 1,236 | 1,236 | 1,236 | 1,323 | 87 |
| Water Resources Management | 4,594 | 4,500 | 4,500 | 4,500 | 4,500 | - |
| Water Facilities Rehab | 9,881 | 7,100 | 7,100 | 10,000 | 10,000 | - |
| Wastewater Facilities Rehab | <u>13,260</u> | <u>6,200</u> | <u>6,200</u> | <u>17,200</u> | <u>17,200</u> | <u>-</u> |
| Total City System | <u>168,410</u> | <u>186,618</u> | <u>186,618</u> | <u>177,931</u> | <u>187,923</u> | <u>9,992</u> |
| Valley System-Water | 5,249 | 5,000 | 5,000 | 5,000 | 5,000 | - |
| Valley System-Sewer | 3,673 | 4,000 | 4,000 | 4,000 | 4,000 | - |
| Valley System-Contr/Aid | 21 | 50 | 50 | 20 | 20 | - |
| Valley System-Franchise Fee | 552 | 627 | 627 | 627 | 627 | - |
| Rio Rancho-Franchise Fee | 1 | 1 | 1 | 1 | 1 | - |
| Los Ranchos-Franchise Fee | <u>70</u> | <u>78</u> | <u>78</u> | <u>78</u> | <u>78</u> | <u>-</u> |
| Total Valley System | <u>9,566</u> | <u>9,756</u> | <u>9,756</u> | <u>9,726</u> | <u>9,726</u> | <u>-</u> |
| Total Enterprise Revenues | 177,976 | 196,374 | 196,374 | 187,657 | 197,649 | 9,992 |
| Transfers from Other Funds | | | | | | |
| CIP Funded Employees | 568 | 800 | 800 | 800 | 800 | - |
| Refuse Disposal Op. Fund - 651 | <u>1,142</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Transfers | <u>1,710</u> | <u>800</u> | <u>800</u> | <u>800</u> | <u>800</u> | <u>-</u> |
| Total Current Resources | 184,798 | 199,474 | 199,474 | 190,757 | 203,959 | 13,202 |
| Rate Reserve | 4,000 | | | | | |
| Adj Beg WCB for GASB 45 | | 1,100 | 1,100 | 1,100 | | (1,100) |
| Beginning Working Capital Balance | <u>(10,869)</u> | <u>(10,921)</u> | <u>(10,921)</u> | <u>(10,921)</u> | <u>(490)</u> | <u>10,432</u> |
| TOTAL RESOURCES | <u><u>177,930</u></u> | <u><u>189,653</u></u> | <u><u>189,653</u></u> | <u><u>180,936</u></u> | <u><u>203,469</u></u> | <u><u>22,534</u></u> |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

DEBT SERVICE FUND 31

| (\$000's) | UNAUDITED FY13 | ORIGINAL BUDGET FY14 | REVISED BUDGET FY14 | ESTIMATED ACTUAL FY14 | PROPOSED BUDGET FY15 | PROP 15/ EST ACT 14 CHG |
|------------------------------|----------------------|----------------------------|---------------------------|-----------------------------|----------------------------|-------------------------------|
| RESOURCES: | | | | | | |
| Miscellaneous Revenues | 8,282 | 8,200 | 8,200 | 8,200 | 9,000 | 800 |
| Transfer from Other Funds | <u>66,362</u> | <u>72,094</u> | <u>72,094</u> | <u>72,094</u> | <u>73,161</u> | <u>1,067</u> |
| Total Current Resources | 74,644 | 80,294 | 80,294 | 80,294 | 82,161 | 1,867 |
| Beginning Fund Balance | <u>(2,392)</u> | <u>(2,476)</u> | <u>(2,476)</u> | <u>(2,476)</u> | <u>2,724</u> | <u>5,200</u> |
| TOTAL RESOURCES | <u>72,252</u> | <u>77,818</u> | <u>77,818</u> | <u>77,818</u> | <u>84,885</u> | <u>7,066</u> |
| APPROPRIATIONS: | | | | | | |
| Total Joint Water/Sewer D/S | 72,670 | 69,731 | 69,731 | 69,731 | 75,161 | 5,430 |
| Transfers to Other Funds | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>3,000</u> | <u>5,000</u> | <u>2,000</u> |
| TOTAL APPROPRIATIONS | <u>75,670</u> | <u>72,731</u> | <u>72,731</u> | <u>72,731</u> | <u>80,161</u> | <u>7,430</u> |
| FUND BALANCE PER CAFR | <u>75,670</u> | <u>72,731</u> | <u>72,731</u> | <u>72,731</u> | <u>80,161</u> | <u>7,430</u> |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ECONOMIC OUTLOOK

The following is based on the October 2013 forecasts from IHS Global Insight (GI). Along with the baseline forecast alternative forecasts are prepared with pessimistic and optimistic scenarios.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

Baseline Scenario

In the baseline forecast, assigned a probability of 60%, IHS Global Insight (GI) expects limited growth in the U.S economy. The year over year growth in real GDP for FY/14 is expected to be 1.9% which is below the 2.0% growth in FY/13. 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 still remain weak and the dollar remains relatively strong 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. With the government shutdown in October consumer confidence fell to an all-time low. GI assumes that the automatic spending cuts of the sequestration will continue through calendar year 2014 and that some combination of tax increases and spending cuts will occur moving forward. Employment growth remains sluggish but has shown steady increases. Growth was 1.6% in FY/13, and 1.7% in FY/14. Total employment is not expected to reach its previous peak of FY/08 until FY/15. Unemployment reached a peak of 9.9% in the fourth quarter of 2009 and by FY/18 declines to 5.5%.

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. Inflation is expected to remain below 2% from FY/14 through FY/18. Oil prices increase in FY/14 to over \$100 per barrel, but remain below \$100 for the remainder of the forecast. GI expects growth in the Consumer Price Index (CPI) to remain muted, around 1.5% in FY/14 and increasing slightly in FY/15 to 1.7% and only reaching 1.9% in FY/17 and FY/18. 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 FY/16; reaching 1.1% in FY/16 and 4% by FY/18.

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. The battle in congress over spending, taxes and extension of the debt ceiling pushed confidence to a new low in October 2013. The shutdown of the federal government in October was not directly factored into the forecast, but the November forecast showed little impact. The "sequester" is expected to be in place through December 2014. 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 over the next few years.

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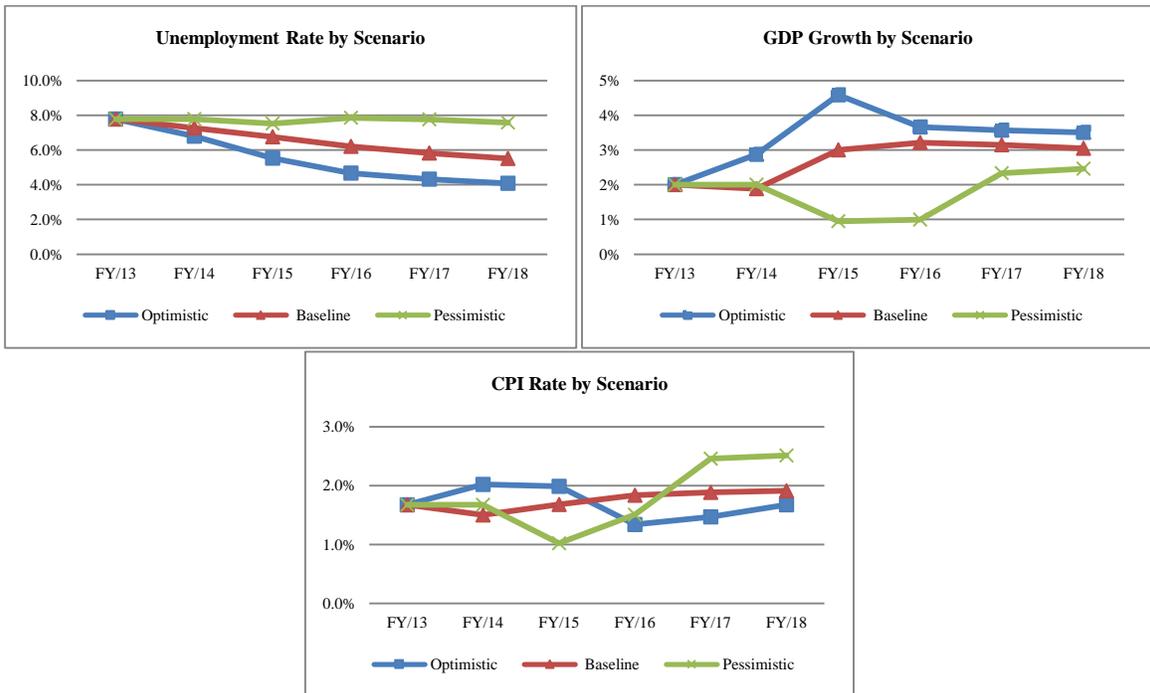
Pessimistic Scenario

The pessimistic scenario is assigned a probability of 20%. In this scenario, the recovery stalls. Construction is weak in part due to more difficulty in access to credit; an increase in the credit crunch. The “sequester” is replaced by more severe cuts including a suspension of long term unemployment benefits. Unemployment basically remains at a high level, only decreasing to 7.4% by FY/18. Inflation is above the baseline at 2.5% in the out years in part due to supply constraints that raise the price of oil to \$112 per barrel. Internationally the Eurozone falls back into recession and emerging markets are weak. The FRB doesn’t increase rates until FY/18 as it attempts to continue to stimulate the economy.

Optimistic Scenario

The optimistic scenario is assigned a probability of 20%. In this scenario GI assumes that basically everything goes right. A tax and spending compromise is reached, the Eurozone and emerging markets show strong growth helping exports. Inflation is above the baseline as strong demand pushes it up. The FRB reacts and starts raising interest rates in FY/15 to limit inflation. Even with higher interest rates housing starts accelerate and unemployment drops to near 4.1% in FY/18.

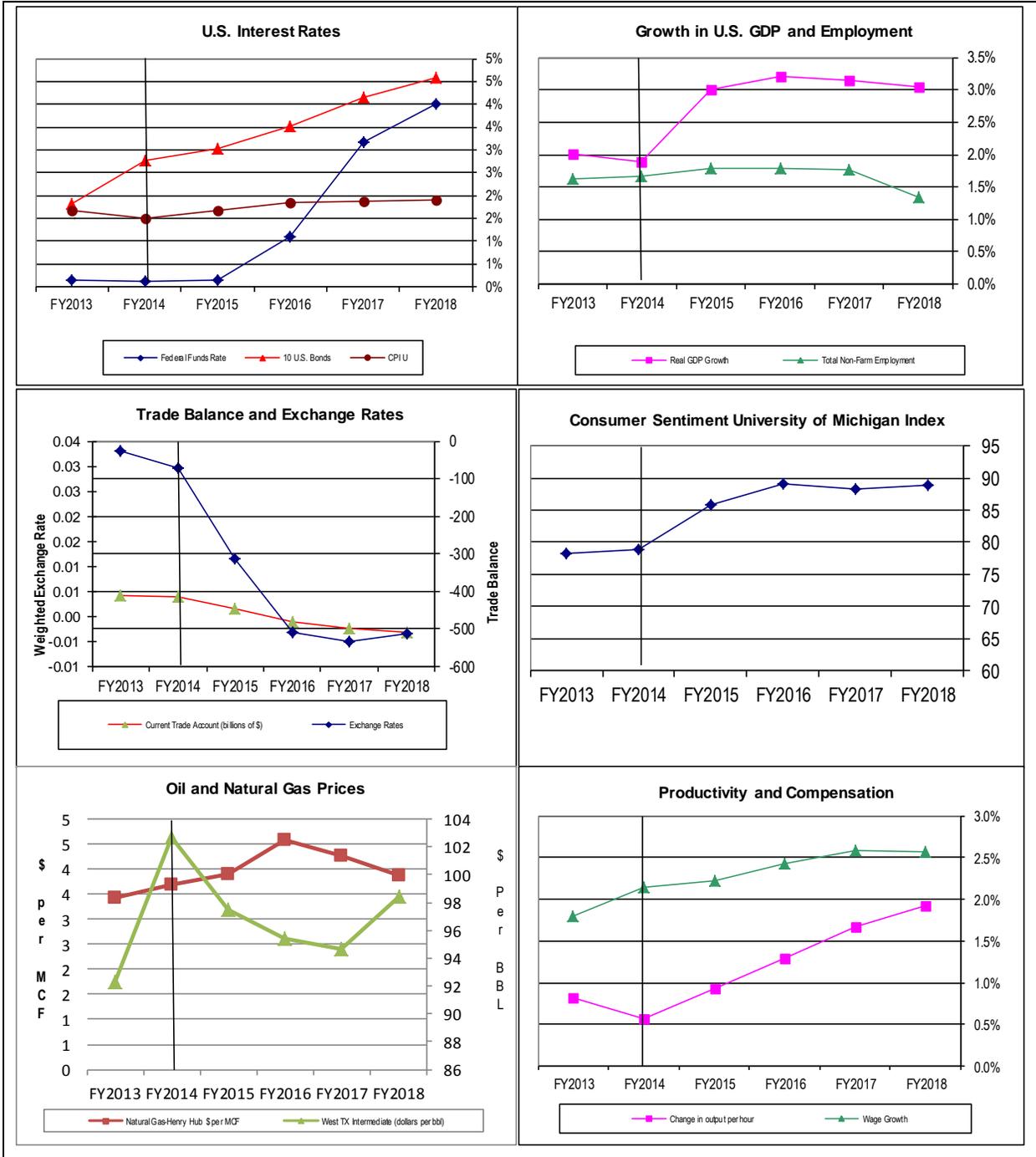
The following charts provide information on some of the key measures in the forecast.



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

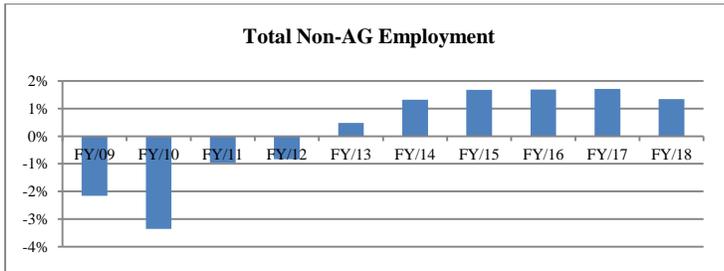
October 2013 Baseline Forecast



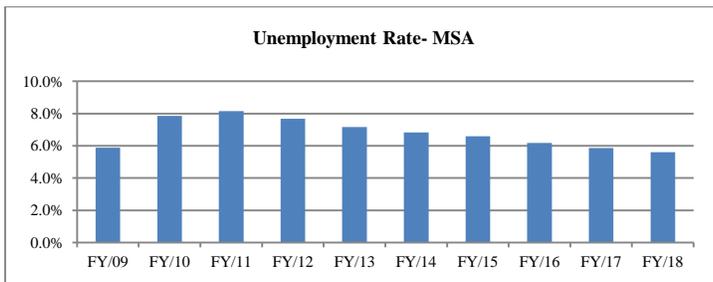
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ALBUQUERQUE ECONOMY

The Albuquerque economy is affected by the U.S. and world economies. Albuquerque fell with the national economy, but has lagged in its recovery. Employment has begun to grow, but at very modest rates. The FOR-UNM forecast of employment in October 2013, has positive non-agricultural (non-ag) employment growth beginning in FY/13. FY/13 increased 0.5% and FY/14 is expected to grow 1.3%.



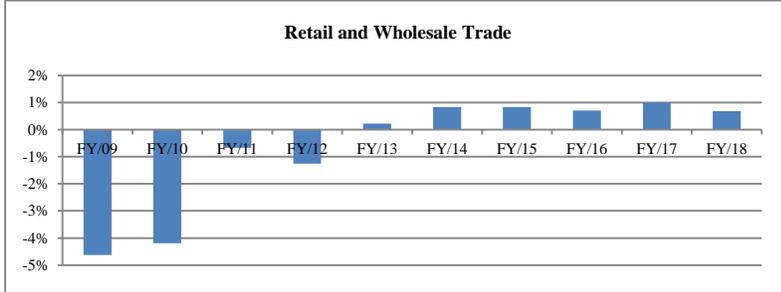
The Albuquerque economy lost over 27 thousand jobs from FY/08 to FY/12 a loss of 7% of total employment. Growth for FY/15 is expected at 1.7% with FY/16 increasing at the same rate. This is a muted growth rate for pulling out of a recession. The economy does not reach FY/08 levels until FY/18. Construction has improved and is now helping the economy. 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 5.6% in FY/18.



Several tables following this section provide a summary of the economic variables underlying the forecast and detailed employment numbers for FY/11 to FY/18 by the major NAICS categories.

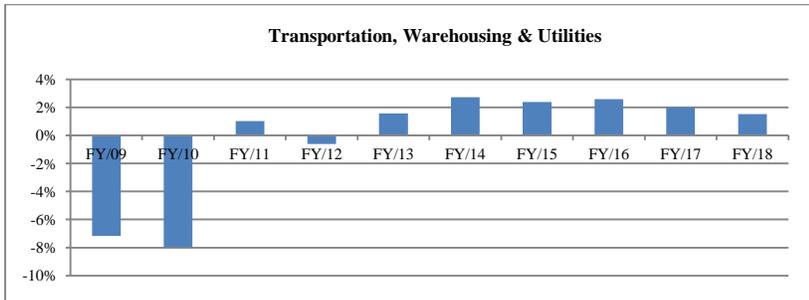
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Retail and Wholesale Trade. These sectors account for about 15% of employment in the Metropolitan Statistical Area (MSA). It is a particularly important sector in terms of the Gross Receipts Tax; making up about 30% of GRT. As the recession hit the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

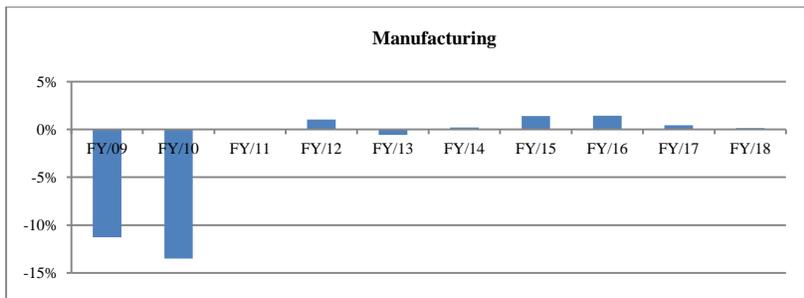


The sector is expected to have employment growth of just over 1% in FY/13. Growth remains at these low levels for the remainder of the forecast period.

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 FY/09 and FY/10. In FY/11 the sector grew 1.2%, but declined in FY/12. The expectations for the forecast are a robust recovery with growth approaching 3% in FY/14. Even with this growth the sector remains below the levels of FY/07 and FY/08.



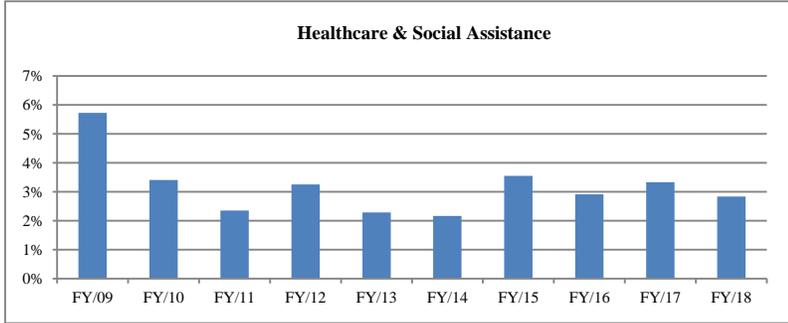
Manufacturing. This sector accounted for about 5% of employment in the MSA. It is an important sector as it creates jobs that bring revenue from outside the area. It also makes purchases of materials and services in the local economy making this sector's impact greater than its employment share.



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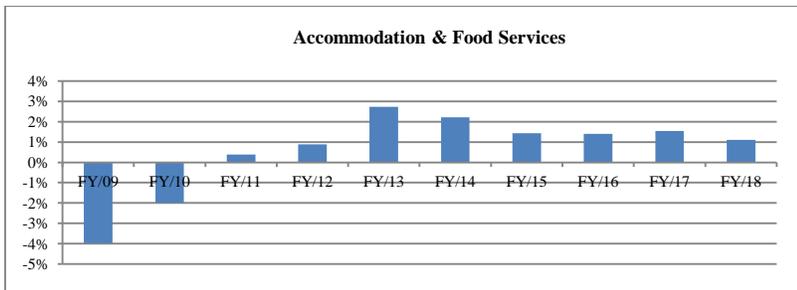
After substantial job losses including closing of Eclipse Aviation and GE, the sector posted small gains in FY11 and FY/12. In FY/13 the sector declined and FY/14 is expected to increase despite job losses at Intel. The sector is expected to grow slowly in the remainder of the forecast. However, FY/18 employment is about 83% of the employment of FY/08.

Educational and Health Services. This sector is predominantly health services and accounts for 14% 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.

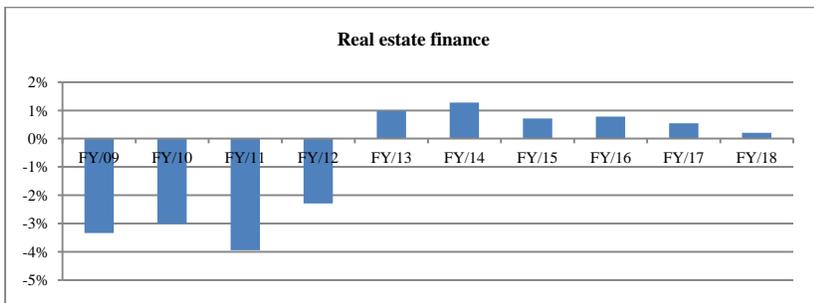


It was the only sector that increased through the recession and continues to be a driver of the economy.

Accommodation and Food Services. This category includes eating and drinking establishments as well as hotels and other travel related facilities. It accounts for 10% of employment in the MSA. The sector is a major contributor to GRT and Lodgers' Tax. FY/13 showed strong growth of 2.7% and FY/14 has expected growth of 2.2%. The sector reaches its previous peak of FY/08 in FY/14. The remainder of the forecast shows subdued growth in the sector with a maximum of 1.5% in FY/17.

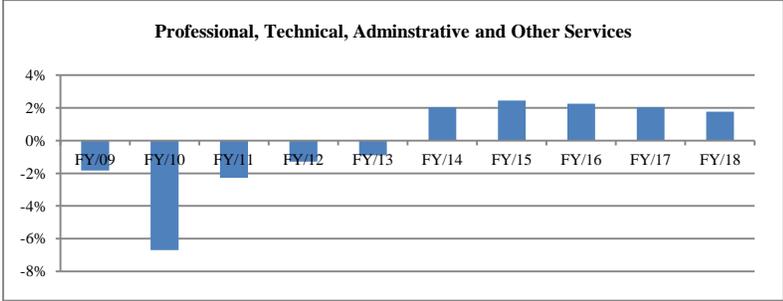


Real Estate & Financial Activities. This is two sectors (Real Estate and Finance and Insurance). The sector includes finance, insurance and real estate including credit intermediation. It accounts for about 4% of employment in the MSA. The financial crisis, the consolidation of banking, and the collapse of real estate impacted this sector. FY/13 shows an increase of 1% with FY/14 increasing 1.3%. Growth tapers off through the remainder of the forecast. The sector remains 1,600 jobs below the level of FY/07.



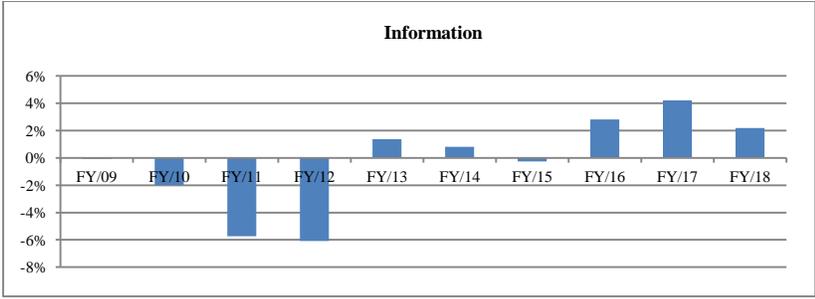
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Professional and Business Services. This category is a grouping of four service sectors (Professional and Technical, Management of Companies, Administrative and Waste Services, and Other Services). The category accounts for 18% of the employment in 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)



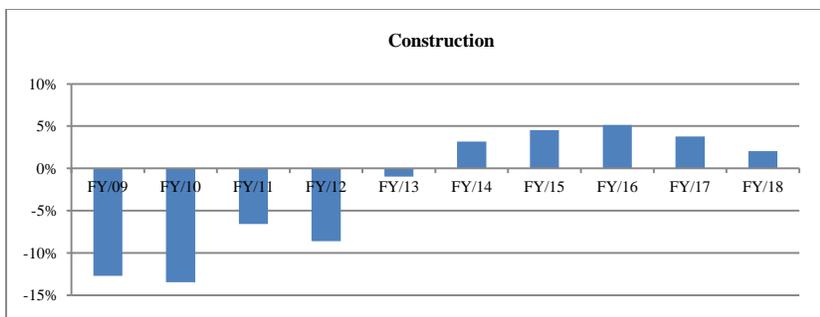
While the national labs have gained some positions the rest of the sector has been very weak. The federal budget problems and sequestration are creating risks in spending reductions and the loss of jobs both at the labs and contractors hired by the labs. Following a small decrease in FY/13 the category is expected to grow in the remainder of the forecast. In FY/18 it still remains 2,000 jobs below the peak of FY/08.

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. FY/11 and FY/12 each declined near 6%. FY/13 increased 1.4%, but the forecast is very weak until FY/16



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 5%. This sector lost 12 thousand jobs from FY/07 to FY/13. In FY/07 its employment share was 8%. After falling consistently from FY/07, employment in construction began increasing at the end of FY/13. FY/13 ended down 1%, but the forecast is expected to show positive growth. FY/14 is expected to increase 3.2% with large increases in FY/15, FY/16, and FY/17. In FY/18 growth is expected to be 2.1%. Even with this growth construction employment is forecasted to be 27% or 8,400 jobs below the FY/07 peak.

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Construction permits show the trends in construction and the types of construction. 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 2013 (December of 2013 was estimated) by categories of residential and commercial. Five distinct peaks occurred 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 sector 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 did not drop as significantly as new construction but still showed declines. This category is dominated by commercial and public projects.

Looking forward, single family permitting is expected to show significant growth nearly doubling from around 1,000 in FY/13 to near 2,000 in FY/17. 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.

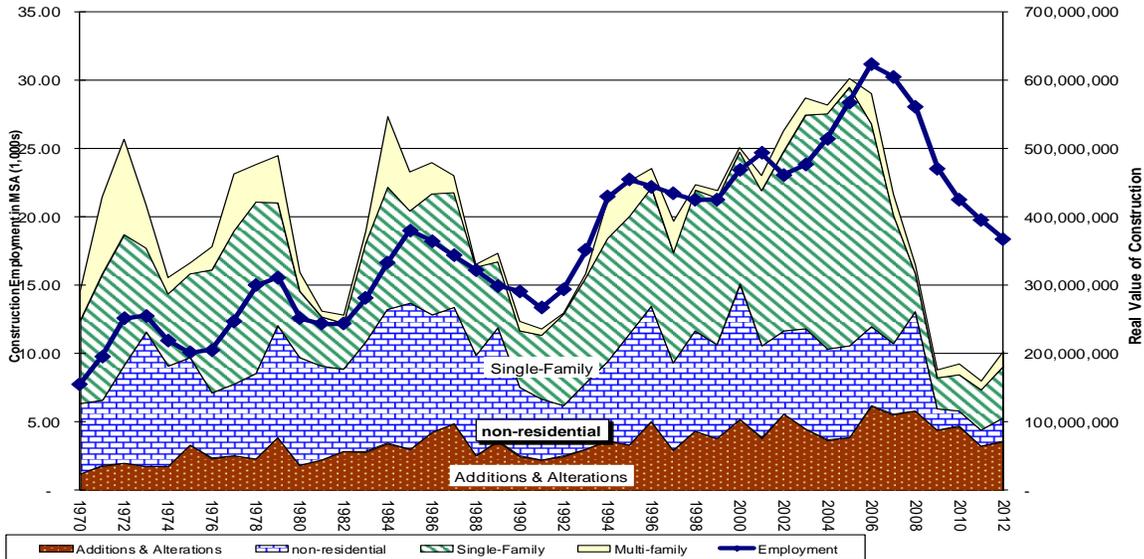
As shown in the chart following this section, construction employment moves similarly to permit values, but differences occur. Some of this is due to projects outside the City as well as non-building projects. Growth in employment was very strong in 2000-2006, driven in large part by the Intel project and the Big-I reconstruction project.

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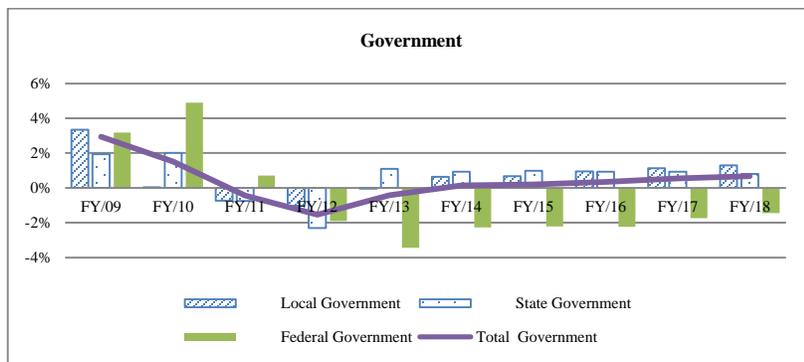
FIGURE 1

City of Albuquerque Value of Permits Deflated by CPI

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



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 Government includes the University of New Mexico. The local sector also includes Indian enterprises. The Federal Government makes up 4.4% of employment; nationally 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 FY/11, FY/12 and FY/13. Local and State employment decreased due to declines in tax revenue and the inability to fund the same level of employees. State and Local are flat in FY/13 and improve in the out years, due to increases in state and local government. Federal Government after growing strongly in FY/09 and FY/10 showed little growth in FY/11 and declines in FY/12 through the remainder of the forecast. This occurs due to the federal government taking steps to reduce its expenditures.

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

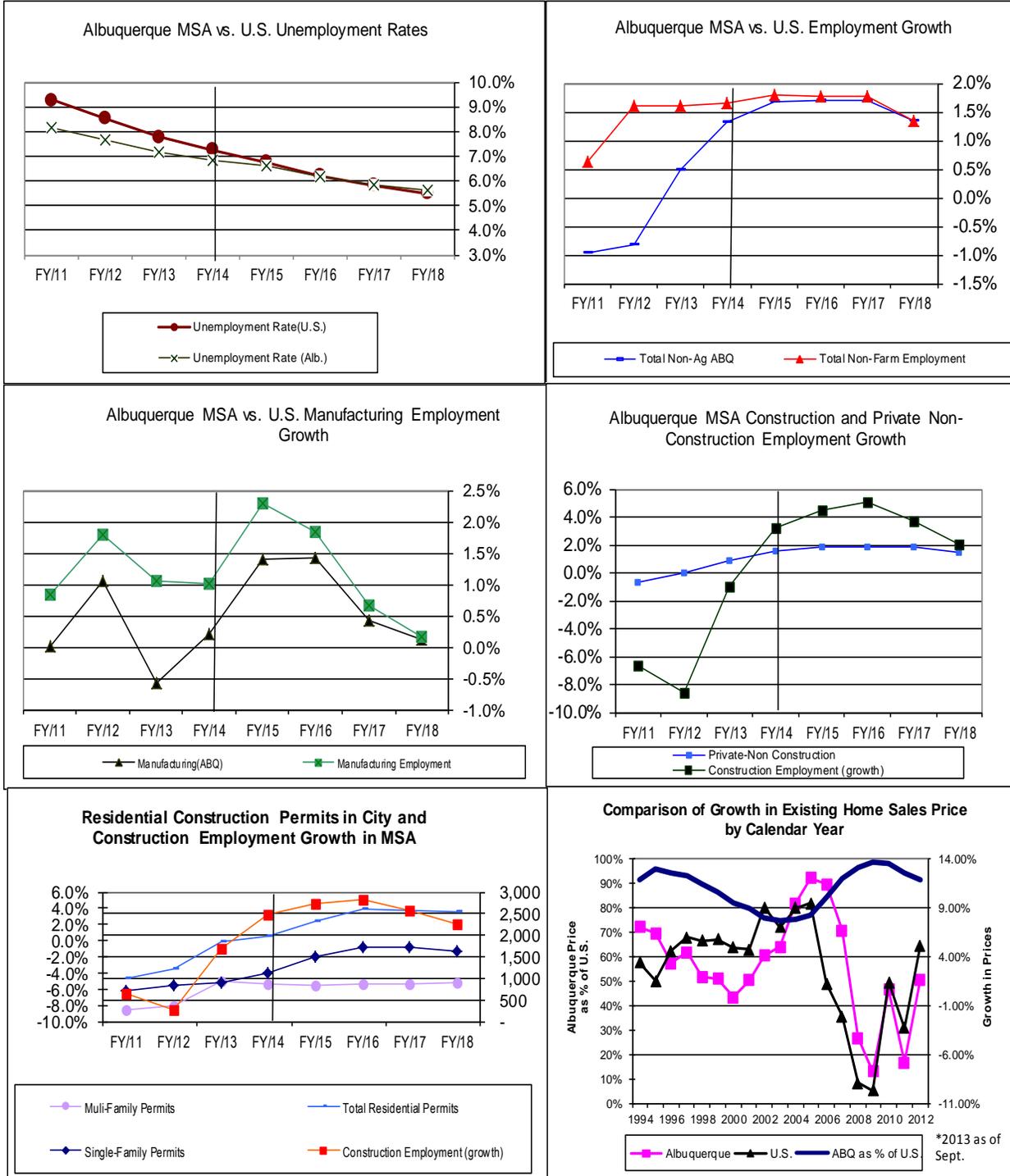
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The following Charts and tables present more information on the Albuquerque economy and its comparison to the U.S.

TABLE 2

LOCAL ECONOMIC VARIABLES HISTORY AND FORECAST

October 2013 Economic Outlook- BBER and Global Insight



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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 | | | | | | | | | |

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TABLE 4

| Albuquerque MSA Employment in Thousands | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 |
| Total Employment | 357,958 | 354,986 | 356,711 | 361,421 | 367,482 | 373,709 | 380,105 | 385,217 |
| Private Employment | 280,256 | 278,480 | 280,531 | 285,132 | 291,036 | 297,001 | 302,974 | 307,574 |
| Mining & Agriculture | 0.814 | 0.742 | 0.766 | 0.730 | 0.737 | 0.745 | 0.755 | 0.764 |
| Construction | 20.730 | 18.946 | 18.760 | 19.355 | 20.229 | 21.263 | 22.062 | 22.516 |
| Manufacturing | 17.524 | 17.708 | 17.607 | 17.643 | 17.891 | 18.147 | 18.226 | 18.250 |
| Wholesale Trade | 11.928 | 11.484 | 11.572 | 11.627 | 11.754 | 11.879 | 12.009 | 12.087 |
| Retail Trade | 40.976 | 40.755 | 40.783 | 41.167 | 41.482 | 41.732 | 42.140 | 42.427 |
| Transportation, Warehousing & Utilities | 8.919 | 8.865 | 9.004 | 9.249 | 9.470 | 9.715 | 9.908 | 10.058 |
| Information | 8.478 | 7.963 | 8.071 | 8.137 | 8.116 | 8.345 | 8.697 | 8.888 |
| Finance & Insurance | 11.033 | 10.615 | 10.682 | 10.843 | 10.890 | 10.909 | 10.921 | 10.933 |
| Real Estate, Rental & Leasing | 5.060 | 5.109 | 5.195 | 5.237 | 5.306 | 5.413 | 5.490 | 5.513 |
| Professional & Technical Services | 28.711 | 28.420 | 27.988 | 27.959 | 28.340 | 28.812 | 29.295 | 29.770 |
| Management of Companies & Enterprises | 3.298 | 3.340 | 3.296 | 3.356 | 3.372 | 3.383 | 3.390 | 3.394 |
| Administrative & Waste Services | 24.928 | 24.311 | 24.267 | 25.598 | 26.722 | 27.684 | 28.542 | 29.287 |
| Educational Services | 4.690 | 4.933 | 4.861 | 4.822 | 4.871 | 4.930 | 5.004 | 5.072 |
| Healthcare & Social Assistance | 46.013 | 47.509 | 48.598 | 49.653 | 51.415 | 52.916 | 54.682 | 56.237 |
| Arts, Entertainment & Recreation | 3.628 | 3.946 | 4.403 | 4.340 | 4.410 | 4.490 | 4.576 | 4.649 |
| Accommodation & Food Services | 33.675 | 33.971 | 34.897 | 35.670 | 36.181 | 36.688 | 37.251 | 37.663 |
| Other Services & Unclassified | 9.851 | 9.853 | 9.782 | 9.747 | 9.850 | 9.948 | 10.027 | 10.065 |
| Government | 77.703 | 76.506 | 76.179 | 76.289 | 76.446 | 76.708 | 77.131 | 77.644 |
| Local Government | 41.004 | 40.587 | 40.567 | 40.823 | 41.099 | 41.487 | 41.953 | 42.493 |
| State Government | 20.928 | 20.447 | 20.672 | 20.866 | 21.070 | 21.264 | 21.463 | 21.634 |
| Federal Government | 15.771 | 15.472 | 14.940 | 14.600 | 14.277 | 13.957 | 13.715 | 13.516 |
| Military Employment | 6.095 | 6.234 | 6.242 | 6.170 | 6.186 | 6.106 | 6.065 | 6.042 |
| Growth Rates | | | | | | | | |
| Total Employment | -1.0% | -0.8% | 0.5% | 1.3% | 1.7% | 1.7% | 1.7% | 1.3% |
| Private Employment | -1.1% | -0.6% | 0.7% | 1.6% | 2.1% | 2.0% | 2.0% | 1.5% |
| Mining & Agriculture | 4.8% | -8.9% | 3.2% | -4.7% | 1.0% | 1.1% | 1.3% | 1.2% |
| Construction | -6.6% | -8.6% | -1.0% | 3.2% | 4.5% | 5.1% | 3.8% | 2.1% |
| Manufacturing | 0.0% | 1.1% | -0.6% | 0.2% | 1.4% | 1.4% | 0.4% | 0.1% |
| Wholesale Trade | -1.7% | -3.7% | 0.8% | 0.5% | 1.1% | 1.1% | 1.1% | 0.6% |
| Retail Trade | -0.4% | -0.5% | 0.1% | 0.9% | 0.8% | 0.6% | 1.0% | 0.7% |
| Transportation, Warehousing & Utilities | 1.0% | -0.6% | 1.6% | 2.7% | 2.4% | 2.6% | 2.0% | 1.5% |
| Information | -5.7% | -6.1% | 1.4% | 0.8% | -0.3% | 2.8% | 4.2% | 2.2% |
| Finance & Insurance | -4.0% | -3.8% | 0.6% | 1.5% | 0.4% | 0.2% | 0.1% | 0.1% |
| Real Estate, Rental & Leasing | -3.8% | 1.0% | 1.7% | 0.8% | 1.3% | 2.0% | 1.4% | 0.4% |
| Professional & Technical Services | -3.5% | -1.0% | -1.5% | -0.1% | 1.4% | 1.7% | 1.7% | 1.6% |
| Management of Companies & Enterprises | 0.9% | 1.3% | -1.3% | 1.8% | 0.5% | 0.3% | 0.2% | 0.1% |
| Administrative & Waste Services | -2.1% | -2.5% | -0.2% | 5.5% | 4.4% | 3.6% | 3.1% | 2.6% |
| Educational Services | 3.6% | 5.2% | -1.4% | -0.8% | 1.0% | 1.2% | 1.5% | 1.4% |
| Healthcare & Social Assistance | 2.4% | 3.3% | 2.3% | 2.2% | 3.5% | 2.9% | 3.3% | 2.8% |
| Arts, Entertainment & Recreation | -1.5% | 8.8% | 11.6% | -1.4% | 1.6% | 1.8% | 1.9% | 1.6% |
| Accommodation & Food Services | 0.4% | 0.9% | 2.7% | 2.2% | 1.4% | 1.4% | 1.5% | 1.1% |
| Other Services & Unclassified | -0.1% | 0.0% | -0.7% | -0.4% | 1.1% | 1.0% | 0.8% | 0.4% |
| Government | -0.4% | -1.5% | -0.4% | 0.1% | 0.2% | 0.3% | 0.6% | 0.7% |
| Local Government | -0.7% | -1.0% | 0.0% | 0.6% | 0.7% | 0.9% | 1.1% | 1.3% |
| State Government | -0.8% | -2.3% | 1.1% | 0.9% | 1.0% | 0.9% | 0.9% | 0.8% |
| Federal Government | 0.7% | -1.9% | -3.4% | -2.3% | -2.2% | -2.2% | -1.7% | -1.4% |
| Military Employment | 1.0% | 2.3% | 0.1% | -1.1% | 0.3% | -1.3% | -0.7% | -0.4% |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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CAPITAL BUDGET

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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. FY/15 is the second year of the first two year planning element included in the FY/14 – FY/23 Decade Plan approved by the Board in June, 2013.

Basic Program capital needs are incorporated into the water/sewer rate structure. The Rate Ordinance states that on average 50 percent of the cost of capital projects which constitute the normal (Basic) capital program of the water and sewer system shall be paid with cash rather than from borrowed funds. The balance of capital funding is obtained through revenue bond or loan financing. The rate structure is designed to provide sufficient revenue to meet the 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 cash test. The current Rate Ordinance requires a \$33 million Basic rehabilitation program. The Rate Ordinance does not specify the size of the Basic growth program.

The most significant change in the adopted FY/14 – FY/23 Decade Plan was 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 current decade plan was 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 current decade plan views the capital program from a Field / Plant / Compliance perspective.

The funding for the Basic rehabilitation program in FY/15 includes \$10.0 million in supplemental funding for rehabilitation of the Southside Water Reclamation Plant. Another \$10 million in supplemental funding for reclamation plant rehabilitation was approved for FY/14. The \$20 million in supplemental funding has been allocated to the Preliminary Treatment Facility Replacement (PTF) project which got underway in FY/14 and represents the major new project in the current decade plan.

The Basic growth program in FY/15 is \$5.0 million, an increase of \$1.0 from FY/14. 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 stagnant 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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

connection program managed by Bernalillo County and development repayment agreements as connections are made to the System. The FY/15 increase in the growth program will be used for the Increased Transmission Capacity to Corrales Trunk project which will move water from the Volcano Cliffs reservoirs site into the Corrales Trunk. The project will also facilitate conveyance of treated surface water and reduce reliance on groundwater.

There are no appropriations in the approved FY/15 CIP budget for projects that will be funded with revenues from FY/16 and later.

FY/15 Capital Program Appropriations and Spending by Categories

Summary Perspective

The FY/15 capital program appropriation totals \$51.0 million. \$48.0 million is appropriated for the Basic capital program and \$3.0 million is appropriated for special projects. The \$48.0 million is comprised of \$33.0 million in base level rehabilitation funding per the Rate Ordinance, \$10.0 million in supplemental water reclamation facility rehabilitation funding and \$5.0 million in growth program funding.

The \$33.0 million in rehabilitation funding per the Rate Ordinance allocates \$14.91 million for Field, \$17.49 million for Plant and \$.60 million for Compliance. The \$10 million in supplemental water reclamation facility funds increases the Plant funding to \$27.49 million.

The \$3.0 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI) / 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:

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 FY/15 in either the Valley or the WRMS category.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Basic Program appropriations by decade plan category

Rehabilitation

| | | |
|---|----|-------------------|
| Water Reclamation Line Renewal | \$ | 4,400,000 |
| Water Line Renewal | \$ | 3,150,000 |
| Water Reclamation Plant Renewal | \$ | 24,000,000 |
| Soil Amendment Facility Renewal | \$ | 50,000 |
| Lift Station and Vacuum Station Renewal | \$ | 2,425,000 |
| Odor Control Facilities Renewal | \$ | 10,000 |
| Drinking Water Plant Groundwater System Renewal | \$ | 2,165,000 |
| Drinking Water Plant Treatment Systems Renewal | \$ | 3,270,000 |
| Reuse Line and Plant Renewal | \$ | 30,000 |
| Water Reclamation Compliance | \$ | 600,000 |
| Water / Water Reclamation Shared Facility Renewal | \$ | 500,000 |
| Franchise Fee Compliance | \$ | 2,000,000 |
| CIP Funded Position Transfer | \$ | <u>400,000</u> |
| | \$ | <u>43,000,000</u> |

Growth

| | | |
|--------------------------------------|----|------------------|
| Water Lines | \$ | 1,500,000 |
| Development Agreements | \$ | 1,250,000 |
| MIS / GIS | \$ | 2,000,000 |
| Low Income Water / Sewer Connections | \$ | <u>250,000</u> |
| | \$ | <u>5,000,000</u> |

Special Projects appropriations by decade plan category

Rehabilitation

| | | |
|--------------------------------|----|------------------|
| Automated Meter Infrastructure | \$ | 2,000,000 |
| Steel Water Line | \$ | <u>1,000,000</u> |
| | \$ | <u>3,000,000</u> |

| <u>Category</u> | <u>Percentage</u> | <u>Amount</u> |
|-----------------|-------------------|----------------------|
| Rehab | 90.2 | \$ 46,000,000 |
| Growth | <u>9.8</u> | \$ <u>5,000,000</u> |
| Total | <u>100.0</u> | \$ <u>51,000,000</u> |

The revenue sources for the appropriations are comprised of:

| | <u>Debt</u> | | <u>Cash</u> |
|--------------------------|----------------------|----|-------------------|
| Rehab | | | |
| Basic per Rate Ordinance | \$ 24,000,000 | \$ | 9,000,000 |
| Basic Supplemental | \$ 10,000,000 | | |
| Special Project | \$ - | \$ | 3,000,000 |
| Growth | | | |
| Basic Program | \$ - | \$ | <u>5,000,000</u> |
| Total | <u>\$ 34,000,000</u> | \$ | <u>17,000,000</u> |

By fund, the \$51.0 million is allocated: \$46.0 million in the Rehab Fund 28 and \$5.0 million in the Growth Fund 29.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

FY/15 Capital Program Highlights

The major project in the Basic rehabilitation program for FY/15 will be the ongoing construction of the replacement Preliminary Treatment Facility (PTF). The project has a current contract cost of \$30.8 million and is expected to be substantially complete by the end of FY/15. The other major project in the current decade plan, the Dewatering Replacement project, is being reevaluated whether rehabilitation or replacement of the existing facility represents the best use of limited funds.

A major stress on the Basic rehabilitation program cash flows in FY/14 came from the projects done to move the Authority's water and sewer lines required by the Paseo Del Norte Interchange Rehabilitation project managed by the City of Albuquerque. More than \$5 million will end up being spent for these line relocations which add little value to the Authority's infrastructure but are necessary per the terms of the franchise agreements. The Authority chose to contract for the work itself rather than have the work done by the City contractors in the belief that the ultimate cost would be less and a higher quality result would be achieved. These line projects will be substantially complete by June 30, 2014.

A smaller but significant project ongoing at the Southside Water Reclamation Plant is the continuing effort to upgrade the plant wide electrical and instrumentation controls. The electrical gear at the reclamation plant has reached or has passed its design life which makes it difficult for the plant to keep the electrics in a good and safe working condition. There are negative impacts on reliability as a result which has impacted treatment processes during plant wide facility power outages and been responsible for NPDES discharge permit violations.

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.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

| <u>Purpose</u> | <u>Source</u> | <u>Increase</u> |
|---|-----------------------|-----------------|
| <u>Basic Program</u> | | |
| <u>Rehab Fund 628</u> | | |
| <u>Sanitary Sewer Pipeline Renewal</u> | | |
| Interceptor Sewer Rehabilitation | Bond Proceeds | 1,000,000 |
| Interceptor Rehab Contingency | Bond Proceeds | 1,400,000 |
| Small Diameter Sewer Line Rehabilitation | Bond Proceeds | 1,000,000 |
| Small Diameter Sewer Line Rehab Contingency | Bond Proceeds | 500,000 |
| Sewer Line CCTV Inspections | Bond Proceeds | 500,000 |
| <u>Drinking Water Pipeline Renewal</u> | | |
| Small Diameter Water Line Rehabilitation | Bond Proceeds | 1,000,000 |
| Small Diameter Water Line Rehab Contingency | Bond Proceeds | 1,000,000 |
| Large Diameter Water Line Rehab Contingency | Bond Proceeds | 500,000 |
| Water Meters, Meter Boxes and Service Lines Rehabilitation | Bond Proceeds | 150,000 |
| Large Water Valve Replacement | Bond Proceeds | 250,000 |
| Pressure Reducing Valve Replacement | Bond Proceeds | 100,000 |
| Asset Management Plan For Large Diameter Water Line | Bond Proceeds | 150,000 |
| <u>Southside Water Reclamation Plant Renewal</u> | | |
| Preliminary Treatment Facility Replacement | Bond Proceeds | 7,500,000 |
| Dewatering Facility Replacement | Bond Proceeds | 6,000,000 |
| Existing Digester Rehabilitation Improvements | Bond Proceeds | 1,500,000 |
| Primary Clarifier Improvements | Bond Proceeds | 1,500,000 |
| Water Reclamation Plant Contingency | Transfer from Fund 21 | 1,500,000 |
| | Bond Proceeds | 1,500,000 |
| ABB Service Contract | Transfer from Fund 21 | 140,000 |

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| | | |
|--|-----------------------|-----------|
| Plant Wide Electrical, Instrumentation | | |
| And Control Improvements | Bond Proceeds | 1,000,000 |
| Plant Equalization Basins | Transfer from Fund 21 | 750,000 |
| Program Management Assistance | Transfer from Fund 21 | 100,000 |
| New Digester Capacity | Transfer from Fund 21 | 1,210,000 |
| Digester Cleaning Program | Transfer from Fund 21 | 300,000 |
| Chemical Storage and Feed | | |
| Systems Upgrade | Transfer from Fund 21 | 500,000 |
| Pre-Screens for UV Disinfection | | |
| Facility | Transfer from Fund 21 | 500,000 |
| <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 | 1,500,000 |
| Vacuum Station Rehabilitation | Bond Proceeds | 770,000 |
| Lift Station Programmable Logic | | |
| Controller Replacement | Bond Proceeds | 155,000 |
| <u>Odor Control Facilities Renewal</u> | | |
| Interceptor Odor Control | Bond Proceeds | 10,000 |
| <u>Drinking Water Plant Groundwater System Renewal</u> | | |
| Sodium Hypochlorite Generator System | | |
| Rehabilitation / Replacement | Bond Proceeds | 205,000 |
| Booster Pump Station Rehabilitation | Bond Proceeds | 590,000 |
| Well Rehabilitation and Maintenance | Bond Proceeds | 120,000 |
| Reservoir Cleaning and Inspection | Bond Proceeds | 50,000 |
| Corrales Well No. 5 Improvements | Bond Proceeds | 700,000 |
| Corrales Trunk Gas Engine Overhauls | Bond Proceeds | 350,000 |
| Booster Pump Surge Tank Renewal | Bond Proceeds | 50,000 |
| Valve Exercising Equipment and | | |
| Valve Replacement | Bond Proceeds | 100,000 |
| <u>Drinking Water Plant Treatment Systems Renewal</u> | | |
| Water Treatment Plant Contingency | Bond Proceeds | 150,000 |
| Chemical Solids Systems | | |
| Improvements | Bond Proceeds | 740,000 |
| Grit Removal Basin Improvements | Bond Proceeds | 240,000 |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

| | | |
|--|-----------------------|-----------|
| Dissolved Ozone Monitoring | | |
| Improvements | Bond Proceeds | 150,000 |
| Water Systems SCADA Rehabilitation | Bond Proceeds | 20,000 |
| College Arsenic Removal | | |
| Demonstration Facility Rehabilitation | Transfer from Fund 21 | 50,000 |
| Corrales Trunk Arsenic System | | |
| Improvements | Bond Proceeds | 100,000 |
| Corrales Well No. 2 Arsenic | | |
| Treatment Project | Bond Proceeds | 600,000 |
| Corrales Well No. 4 Arsenic | | |
| Treatment Project | Bond Proceeds | 540,000 |
| Corrales Trunk Arsenic Media | | |
| Replacement | Transfer from Fund 21 | 350,000 |
| Raw Water Pumping Station | | |
| Rehabilitation | Bond Proceeds | 80,000 |
| Add Caustic Soda Storage and Feed | | |
| System at the SJCWTP | Transfer from Fund 21 | 250,000 |
| <u>Reuse Line and Plant Rehabilitation</u> | | |
| Reuse Line Rehabilitation | Bond Proceeds | 10,000 |
| Reuse Plant Rehabilitation | Bond Proceeds | 20,000 |
| <u>Compliance</u> | | |
| Water Quality Laboratory | Transfer from Fund 21 | 295,000 |
| NPDES Program | Transfer from Fund 21 | 155,000 |
| Water Quality Program | Bond Proceeds | 150,000 |
| <u>Shared Renewal</u> | | |
| Ferrous / Ferric Transfer Station 70 | | |
| Rehabilitation | Transfer from Fund 21 | 500,000 |
| CIP Funded Position Transfer | Transfer from Fund 21 | 400,000 |
| <u>Franchise Agreement Compliance</u> | | |
| Franchise Fee Water and Sewer | Transfer from Fund 21 | 1,000,000 |
| City of Albuquerque DMD Street | | |
| Rehabilitation Manhole and Valve | | |
| Box Adjustments | Transfer from Fund 21 | 1,000,000 |
| <u>Growth Fund 629</u> | | |
| Warehouse Meters | Transfer from Fund 31 | 500,000 |

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| | | |
|---------------------------------|-----------------------|-----------|
| Development Agreements | Transfer from Fund 31 | 1,250,000 |
| Increased Transmission Capacity | | |
| To Corrales Trunk | Transfer from Fund 31 | 1,000,000 |
| MIS / GIS | Transfer from Fund 31 | 2,000,000 |
| Low Income W/S Connections | Transfer from Fund 31 | 250,000 |

Special Projects

Water Utility / Joint Water & Sewer Rehab Fund 628

| | | |
|--------------------------------|-----------------------|-----------|
| Automatic Meter Infrastructure | Transfer from Fund 21 | 2,000,000 |
| Steel Water Line Replacement | Transfer from Fund 21 | 1,000,000 |

DEBT OBLIGATIONS

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

DEBT OBLIGATIONS

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

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, 2014 is \$665.789 million shown in the table on the next page.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ABCWUA

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

April 1, 2014

RATINGS

SENIOR DEBT OBLIGATIONS

JOINT WATER AND SEWER - SENIOR LIEN

Aa1/AA+/AA

APRIL 2003 - NMFA DWRLF LOAN

SEPT 2004 - NMFA PPRF LOAN¹

OCT 2005 - NMFA PPRF LOAN

Series 2005 Bonds

Series 2006A Bonds

Series 2007A NMFA Loan

Series 2008A Bonds

Series 2009A-1

2009 NMFA DWRFL

NOV 2011 - NMFA LOAN

Series 2013A

Series 2013B

SUBTOTAL - CITY/COUNTY WATER AUTHORITY OBLIGATIONS

SUBORDINATE & SUPER-SUBORDINATE DEBT OBLIGATIONS

2001 Loan

2004 NMFA DWRLF Loan

2009 WTB Loan

2009 NMFA DWRLF Loan

2010 NMFA DWRLF Loan - 2379-PP

2010 NMFA DWRLF Loan - 2380-PP

2010 NMFA DWRLF Loan - 2381-PP

2010 DWRFL - 2382-ADW

2011 DWRFL - 205-ADW

2011 DWRFL - 206-ADW

2011 DWRFL - 207-ADW

SUBTOTAL - SUBORDINATE & SUPER-SUBORDINATE LIEN LOANS

¹ A portion, those maturing on and after May 1, 2015, of the NMFA 2004 Bonds were refunded by the Series 2013B bonds.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

| <u>FINAL MATURITY</u> | <u>ORIGINAL AMT ISSUED</u> | <u>AMOUNT RETIRED</u> | <u>AMOUNT OUTSTANDING</u> | <u>INTEREST RATES</u> |
|---------------------------|--------------------------------|---------------------------|-------------------------------|---------------------------|
| | | | | 4.75% |
| 07/01/15 | 3,600,000 | 2,938,910 | 661,090 | 2.00% |
| 05/01/14 | 118,415,000 | 109,745,000 | 8,670,000 | 3.53% |
| 05/01/25 | 20,000,000 | 2,595,000 | 17,405,000 | 3.72% - 4.26% |
| 07/01/25 | 132,985,000 | 22,785,000 | 110,200,000 | 4.00% - 5.00% |
| 07/01/26 | 133,390,000 | 23,660,000 | 109,730,000 | 4.25% - 5.25% |
| 06/01/25 | 77,005,000 | 20,700,000 | 56,305,000 | 4.50% - 5.25% |
| 07/01/33 | 55,630,000 | 0 | 55,630,000 | 5.00% |
| 07/01/34 | 135,990,000 | 14,315,000 | 121,675,000 | 3.00% - 5.50% |
| 11/01/30 | 1,010,000 | 92,176 | 917,824 | 1.00% |
| 07/01/36 | 53,400,000 | 4,300,000 | 49,100,000 | 3.50% - 5.00% |
| 07/01/38 | 62,950,000 | 0 | 62,950,000 | 3.00% - 5.00% |
| 07/01/24 | 55,265,000 | 0 | 55,265,000 | 5.00% |
| | \$849,640,000 | \$201,131,086 | \$648,508,914 | |
| 07/01/25 | 15,000,000 | 8,558,317 | 6,441,683 | 3.00% |
| 05/01/30 | 12,000,000 | 2,705,000 | 9,295,000 | 2.00% |
| 05/01/29 | 50,000 | 8,959 | 41,041 | 0.25% |
| 05/01/29 | 100,000 | 17,795 | 82,205 | 0.25% |
| 05/01/29 | 47,518 | 8,760 | 38,758 | 1.00% |
| 01/23/30 | 60,600 | 8,311 | 52,289 | 1.00% |
| 01/23/31 | 125,453 | 9,044 | 116,409 | 1.00% |
| 05/01/30 | 200,000 | 29,367 | 170,633 | 0.25% |
| 05/01/31 | 452,000 | 44,190 | 407,810 | 0.25% |
| 05/01/31 | 640,000 | 62,570 | 577,430 | 0.25% |
| 05/01/31 | 63,354 | 6,194 | 57,160 | 0.25% |
| | \$28,738,925 | \$11,458,507 | \$17,280,418 | |
| | \$878,378,925 | \$212,589,593 | \$665,789,332 | |

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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APPENDIX

*Proposed
Operating Budget
FY/15*

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 FY15 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-2.0%, PERA remains at 20.16% for blue and white collar and management/professional, this amount does include the additional 1.5% required by the PERA Legislation, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, and health insurance including retiree health insurance) – 22.86%.
- 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 FY15 budget requests for professional services, contract services, supplies and repairs and maintenance. Other FY15 operating expenses were equal to FY14 appropriated amounts. One-time appropriations for FY14 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY15, utilities (gas, electricity, and water) are budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increased workload, or a special need not previously funded.

Capital Expenditures

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

Transfers

- Workers' Compensation and insurance, tort and risk expenses are treated as expenses in the Risk, Taxes and Overhead divisions for FY15. These amounts are identified based on the historical experience and exposure factors relative to the Water Utility Authority.
- Vehicle maintenance charges are estimated for FY15 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.
- Authority debt interest costs for future borrowings will be approximately 25 basis points under market rate based on the Authority's AA+ bond rating.
- Fuel costs have been appropriated for FY15 at approx. \$2.78 a gallon.

ACRONYMS

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

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

AFH – Affordable Housing

AFSCME - American Federation of State, County and Municipal Employees

AMI – Automated Meter Infrastructure

AMR – Automated Meter Reader

APS – Albuquerque Public Schools

ASOMS – Albuquerque Sewer Operations Management Strategy

ASR – Aquifer Storage and Recovery

AWWA – American Water Works Association

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

CAC – Customer Advisory Committee

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIS – Customer Information System

CIP - Capital Improvements or Implementation Program

CMDWWCA – Carnuel Mutual Domestic Water and Waste Water Consumer Association

CMMS – Computerized Maintenance Management System

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

CWA – Clean Water Act

D & C – Design and Construct

DAF – Dissolved Air Floatation

DOE - Dept of Energy

DOL - Dept of Labor

D/S - Debt Service

DWL – Drinking Water Loan

DWP – San Juan – Chama Drinking Water Project

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

FD - Fund

FTE - Full-time Equivalent Position

FY - Fiscal Year

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

GASB - General Accounting Standards Board

GDP-Gross Domestic Product

GFOA - Government Finance Officers Association

GI – Global Insight

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

GRT – Gross Receipts Tax

HMO – Health Maintenance Organization

HR – Human Resources

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

ITD – Information Technology Division

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

ACRONYMS

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

SELECTED GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

CAPITAL EXPENDITURES: Expenditures to acquire or construct capital assets

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

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

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

FINANCIAL PLAN: See Operating Budget

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

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

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

FUND BALANCE: Fund equity of governmental funds

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

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

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

NON-RECURRING REVENUES: Revenues generated only once

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

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

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

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

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

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

RECURRING REVENUES: Revenues generated each and every year

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

SELECTED GLOSSARY OF TERMS

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:

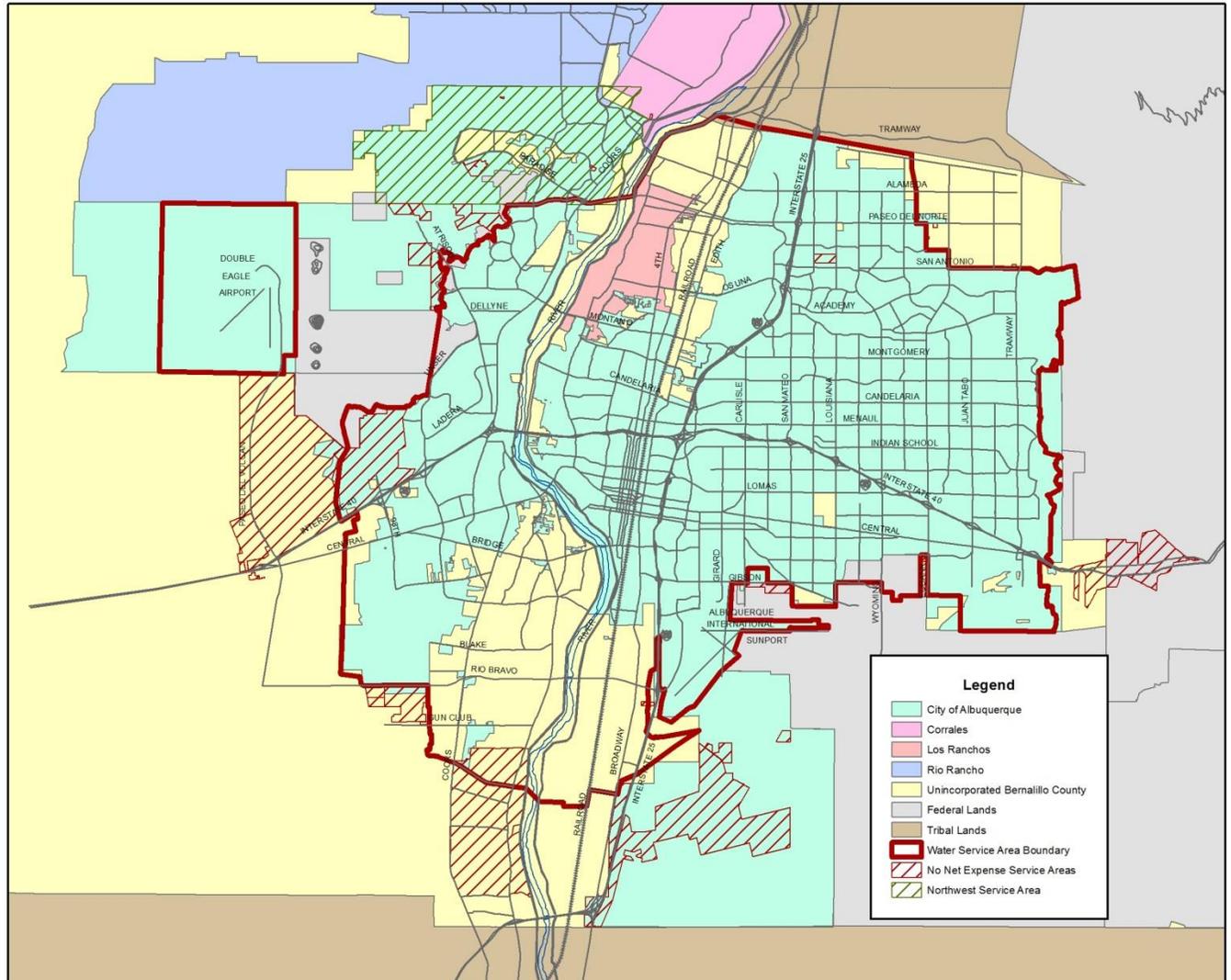
- 21 General
- 31 Debt Service

FUNDS REFERENCED:

- 28 Rehab
- 29 Growth

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Water Service Area Map



Major Assets:

- San Juan-Chama Surface 92 MGD Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 101 ground water supply wells (294 MGD)
- 62 water supply reservoirs providing both mixed surface and ground water
- 3,130 miles of water supply pipeline
- 4 arsenic removal treatment facilities (15 MGD)

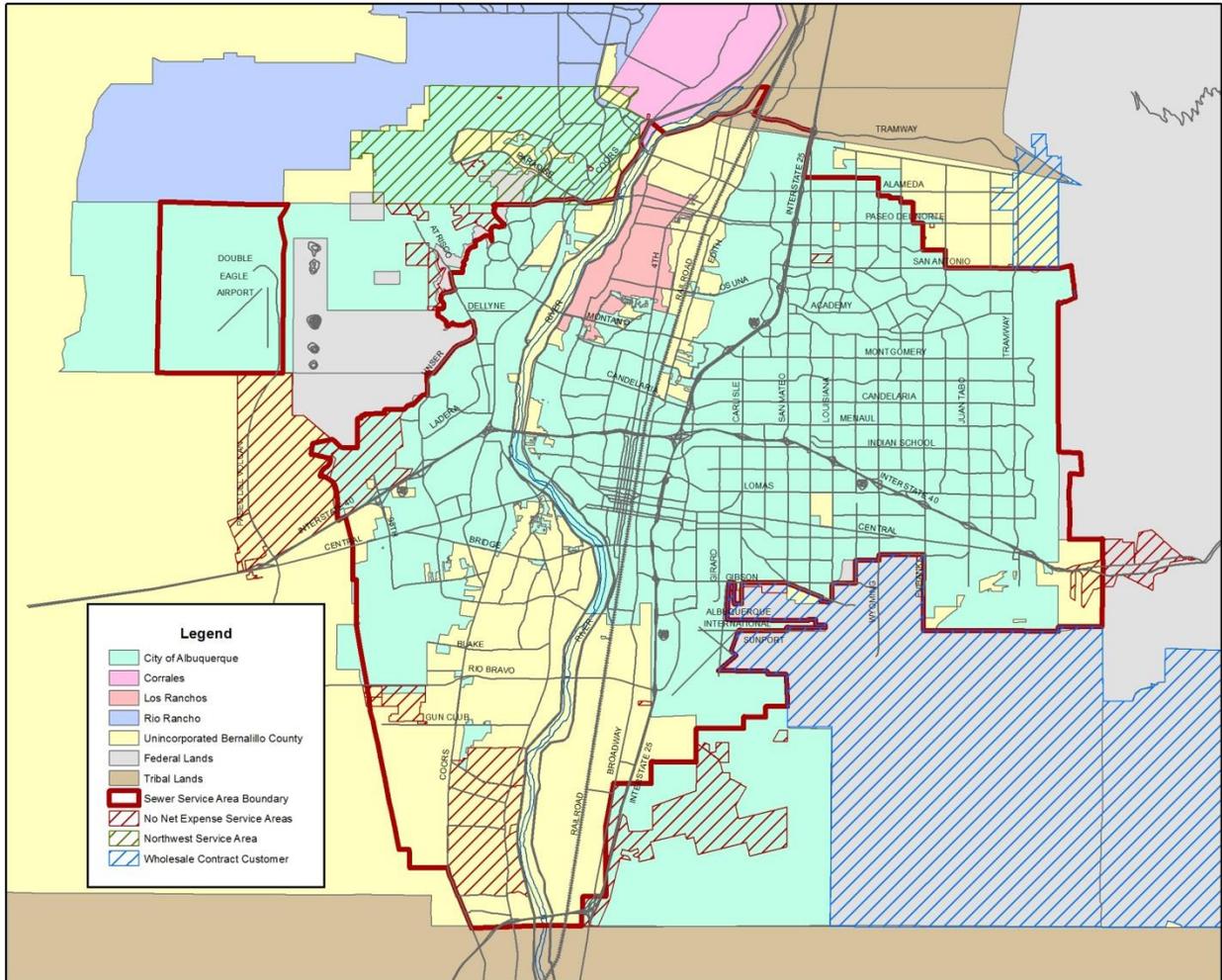
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

The Water System provides water services to approximately 640,000 residents comprising approximately 88% of the residents of Bernalillo County, New Mexico. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 200,000 accounts. Approximately 58% of the water sales are for residential uses. Up until December 2008, ground water from the middle Rio Grande basin aquifer was the Water Authority's primary source of supply used for the Water System. Now, the Water Authority is using about 50% ground water and 50% surface water from its newly completed Surface Water Drinking Water Treatment Plant which treats imported Colorado river water (San Juan-Chama water) from the Rio Grande River for potable water use. The new treatment plant has the capacity to produce 92 MGD and can be expanded to 120 MGD. The San Juan-Chama Drinking Water Project is part of the Authority's strategic plan to provide for a safe and sustainable water supply through conservation and the conjunctive use of surface water, reclaimed water, and shallow and deep groundwater. The ground water supply is produced from 101 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 167 square miles.

Any extension of service outside the Service Area would incur "no net expense" to the Water Authority's customers in that that revenue generated from any expansion or improvement of the System shall be sufficient to support the costs of the water and/or wastewater facilities being expanded or improved. In addition, the new developments outside the water service area are required to pay a water supply charge for acquisition of future water supplies. In 2007, the Water Authority adopted a set of guiding principles for utility development and planning. Some of the major policies include: balancing water use with renewable supply, not subsidizing development outside the service by current Water Authority customers, linking land use with infrastructure, ensuring that system expansion is concurrent with infrastructure service levels, protecting valued environmental and cultural resources of the region, and utilizing asset management principles for evaluating and considering rehabilitating, replacing or acquiring new assets.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

Sanitary Sewer Service Area Map



Major Assets:

- Southside Water Reclamation Plant
- 45 Lift Stations
- 2,700 miles of collection pipeline

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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. Existing flows at the plant are about 54 MGD. The Sewer System Service Area is approximately 303 square miles. The secondary service area designates Wholesale-Special Contracts. These contract customers are responsible for a collection system beyond the point where their respective wastewater discharges into the Water Authority's interceptors.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

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LEGISLATION

***Proposed
Operating Budget
FY/15***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-14-8

RESOLUTION APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015.

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

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

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the following amounts are hereby appropriated to the following funds for operating The Albuquerque Bernalillo County Water Utility Authority during Fiscal Year 2014:

| | |
|--|-------------|
| <u>JOINT WATER AND SEWER OPERATING FUND – 21</u> | 196,813,000 |
|--|-------------|

This appropriation is allocated to the following divisions:

| | |
|------------------------|------------|
| Administration | 2,142,000 |
| Risk | 3,679,000 |
| Human Resources | 1,304,000 |
| Finance | 3,342,000 |
| Customer Services | 7,834,000 |
| Information Technology | 5,748,000 |
| Wastewater Plant | 10,830,000 |

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[-Bracketed Material-] - Deletion

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

Section 5. The Executive Director is authorized to carry out all appropriations contained in this budget in accordance with established policies and procedures.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

RESOLUTION NO. R-14-9

RESOLUTION

APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015

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

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

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

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

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

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

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

BE IT RESOLVED BY THE AUTHORITY:

Section 1. That the appropriations for the projects as stated below are hereby made.

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion

[+Bracketed Material+] - New
 [-Bracketed Material-] - Deletion

| <u>Purpose</u> | <u>Source</u> | <u>Increase</u> |
|---|---------------|-----------------|
| <u>Basic Program</u> | | |
| <u>Water Utility / Joint Water & Sewer Rehab Fund 628</u> | | |
| <u>Sanitary Sewer Pipeline Renewal</u> | | |
| Interceptor Sewer Rehabilitation | Bond Proceeds | 1,000,000 |
| Interceptor Rehab Contingency | Bond Proceeds | 1,400,000 |
| Small Diameter Sewer Line Rehabilitation | Bond Proceeds | 1,000,000 |
| Small Diameter Sewer Line Rehab Contingency | Bond Proceeds | 500,000 |
| Sewer Line CCTV Inspections | Bond Proceeds | 500,000 |
| <u>Drinking Water Pipeline Renewal</u> | | |
| Small Diameter Water Line Rehabilitation | Bond Proceeds | 1,000,000 |
| Small Diameter Water Line Rehab Contingency | Bond Proceeds | 1,000,000 |
| Large Diameter Water Line Rehab Contingency | Bond Proceeds | 500,000 |
| Water Meters, Meter Boxes and Service Lines Rehabilitation | Bond Proceeds | 150,000 |
| Large Water Valve Replacement Pressure Reducing Valve Replacement | Bond Proceeds | 250,000 |
| Asset Management Plan For Large Diameter Water Line | Bond Proceeds | 100,000 |
| 150,000 | | |
| <u>Southside Water Reclamation Plant Renewal</u> | | |
| Preliminary Treatment Facility Replacement | Bond Proceeds | 7,500,000 |
| Dewatering Facility Replacement | Bond Proceeds | 6,000,000 |
| Existing Digester Rehabilitation Improvements | Bond Proceeds | 1,500,000 |
| Primary Clarifier Improvements | Bond Proceeds | 1,500,000 |

[+Bracketed Material+] - New
 [-Bracketed Material-] - Deletion

| | | | |
|---|------------------------------|------------------|-----------|
| Water Reclamation Plant Contingency | Transfer from | Fund | 21 |
| 1,500,000 | | | |
| | Bond Proceeds | 1,500,000 | |
| ABB Service Contract | Transfer from Fund 21 | 140,000 | |
| Plant Wide Electrical, Instrumentation | | | |
| And Control Improvements | Bond Proceeds | 1,000,000 | |
| Plant Equalization Basins | Transfer from Fund 21 | 750,000 | |
| Program Management Assistance | Transfer from Fund 21 | 100,000 | |
| New Digester Capacity | Transfer from Fund 21 | 1,210,000 | |
| Digester Cleaning Program | Transfer from Fund 21 | 300,000 | |
| Chemical Storage and Feed | | | |
| Systems Upgrade | Transfer from Fund 21 | 500,000 | |
| Pre-Screens for UV Disinfection | | | |
| Facility | Transfer from Fund 21 | 500,000 | |
| <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 | 1,500,000 | |
| Vacuum Station Rehabilitation | Bond Proceeds | 770,000 | |
| Lift Station Programmable Logic | | | |
| Controller Replacement | Bond Proceeds | 155,000 | |
| <u>Odor Control Facilities Renewal</u> | | | |
| Interceptor Odor Control | Bond Proceeds | 10,000 | |
| <u>Drinking Water Plant Groundwater System Renewal</u> | | | |
| Sodium Hypochlorite Generator System | | | |
| Rehabilitation / Replacement | Bond Proceeds | 205,000 | |
| Booster Pump Station Rehabilitation | Bond Proceeds | 590,000 | |
| Well Rehabilitation and Maintenance | Bond Proceeds | 120,000 | |
| Reservoir Cleaning and Inspection | Bond Proceeds | 50,000 | |
| Corrales Well No. 5 Improvements | Bond Proceeds | 700,000 | |
| Corrales Trunk Gas Engine Overhauls | Bond | Proceeds | |
| 350,000 | | | |
| Booster Pump Surge Tank Renewal | Bond Proceeds | 50,000 | |

[+Bracketed Material+] - New
 [-Bracketed Material-] - Deletion

| | | | |
|--|-----------------------|------|---------|
| Valve Exercising Equipment and | | | |
| Valve Replacement | Bond Proceeds | | 100,000 |
| <u>Drinking Water Plant Treatment Systems Renewal</u> | | | |
| Water Treatment Plant Contingency | Bond Proceeds | | 150,000 |
| Chemical Solids Systems | | | |
| Improvements | Bond Proceeds | | 740,000 |
| Grit Removal Basin Improvements | Bond Proceeds | | 240,000 |
| Dissolved Ozone Monitoring | | | |
| Improvements | Bond Proceeds | | 150,000 |
| Water Systems SCADA Rehabilitation | Bond Proceeds | | 20,000 |
| College Arsenic Removal | | | |
| Demonstration Facility Rehabilitation | Transfer | from | Fund 21 |
| 50,000 | | | |
| Corrales Trunk Arsenic System | | | |
| Improvements | Bond Proceeds | | 100,000 |
| Corrales Well No. 2 Arsenic | | | |
| Treatment Project | Bond Proceeds | | 600,000 |
| Corrales Well No. 4 Arsenic | | | |
| Treatment Project | Bond Proceeds | | 540,000 |
| Corrales Trunk Arsenic Media | | | |
| Replacement | Transfer from Fund 21 | | 350,000 |
| Raw Water Pumping Station | | | |
| Rehabilitation | Bond Proceeds | | 80,000 |
| Add Caustic Soda Storage and Feed | | | |
| System at the SJCWTP | Transfer from Fund 21 | | 250,000 |
| <u>Reuse Line and Plant Rehabilitation</u> | | | |
| Reuse Line Rehabilitation | Bond Proceeds | | 10,000 |
| Reuse Plant Rehabilitation | Bond Proceeds | | 20,000 |
| <u>Compliance</u> | | | |
| Water Quality Laboratory | Transfer from Fund 21 | | 295,000 |
| NPDES Program | Transfer from Fund 21 | | 155,000 |
| Water Quality Program | Bond Proceeds | | 150,000 |
| <u>Shared Renewal</u> | | | |

| | | |
|--|-----------------------|-----------|
| Ferrous / Ferric Transfer Station 70 | | |
| Rehabilitation | Transfer from Fund 21 | 500,000 |
| CIP Funded Position Transfer | Transfer from Fund 21 | 400,000 |
| <u>Franchise Agreement Compliance</u> | | |
| Franchise Fee Water and Sewer | Transfer from Fund 21 | 1,000,000 |
| City of Albuquerque DMD Street | | |
| Rehabilitation Manhole and Valve | | |
| Box Adjustments | Transfer from Fund 21 | 1,000,000 |
| <u>Water Utility / Joint Water & Sewer Fund 629</u> | | |
| Warehouse Meters | Transfer from Fund 31 | 500,000 |
| Increased Transmission Capacity | | |
| To Corrales Trunk | Transfer from Fund 31 | 1,000,000 |
| 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 |
| <u>Special Projects</u> | | |
| <u>Water Utility / Joint Water & Sewer Rehab Fund 628</u> | | |
| Automatic Meter Infrastructure | Transfer from Fund 21 | 2,000,000 |
| Steel Water Line Replacement | Transfer from Fund 21 | 1,000,000 |