



APPROVED BUDGET



FY2017

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Mark S. Sanchez
Executive Director



Albuquerque Bernalillo County
Water Utility Authority

*Approved
Operating Budget
FY17*



Albuquerque Bernalillo County Water Utility Authority

April 20, 2016

To: Trudy E. Jones, 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, 2016 and Ending June 30, 2017

Presented to the Board for review and consideration is the budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2017. This submittal is the Water Authority's financial plan for Fiscal Year 2017. The development of this financial plan has been guided by the Water Authority's Five-year Goals, One-year Objectives, Performance Plan and the Guiding Principles. In the development of this budget, the Water Authority has taken a conservative financial approach to provide effective and efficient water and wastewater services balanced against projected resources. This budget is based upon the 10-year financial plan, balanced, fiscally conservative and sound.

The utility's success can be measured in a number of different ways. One of these is recognition by industry peers and professional organizations. In FY16 this recognition included:

- The National Association of Clean Water Agencies (NACWA) Gold Recognition Award for Excellence in Management.
- NACWA National Environmental Achievement Award: Public Information and Education Award (for the utility's grease abatement campaign)
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Commercial Real Estate Development Association (NAIOP) Vision Award

Other achievements in the preceding fiscal year include: kick-off of a new rainwater harvesting pilot program in partnership with the New Mexico Water Collaborative; record-low per capita water use by Water Authority customers in response to conservation initiatives; first-time recovery of water stored underground via the Bear Canyon Aquifer Storage and Recovery Project; and introduction of a new mobile app that allows customers to easily pay bills and check their account via phones and other mobile devices.

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY17.

Helping to guide this effort will be an updated Water Resources Management Strategy (WRMS), which will go into effect during the fiscal year. The new WRMS will incorporate the latest science regarding future water availability. Using simulation models from Sandia National Laboratories

and the U.S. Geological Survey, among other agencies, it will take climate variability into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area.

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; this started in Fiscal Year 2015.

In the preparation of this budget, the Water Authority has developed a maintenance of effort budget within the projected estimated revenues. Staffing levels have an increase of 4.5 net positions in Fiscal Year 2017. There is a 1% increase in other employee benefits. General operating expenditures increased by \$3.0 million. The most significant expense of the Water Authority continues to be debt service payments which will comprise 33% of the total operating expense in Fiscal Year 2017.

The operational cornerstone of the WRMS is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After eight years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey.

The DWP provided 55% of all water distributed to Water Authority customers in calendar year 2015. The Water Authority's goal is to have the DWP supply 70-75% of all customer demand. Flow conditions in the Rio Grande may limit the ability to fully realize this goal. At the end of calendar year 2015, the Water Authority still had more than two years of stored water available through the DWP.

In FY17, the Health and Wellness Specialist will continue offering wellness challenges for individuals and departments in conjunction with the Solutions Group as part of our health insurance. At least two (2) fitness challenges per quarter will be offered this year and will include nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. In addition, Authority Fit will be developing some signs that can be posted at Water Authority worksites to offer employees quick ways to exercise and mark out walking paths with distances for them to use around the premises. Downtown, walking routes with distances will be mapped out and distributed for employees to walk during their breaks and lunches.

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

CSD will be implementing the Wells Fargo online payment and Integrated Voice Response (IVR) system which will simplify the user interface when making online payments and improve the IVR process for the Water Authority customers. Customer Services Field Operations will be implementing Phase 4 of the Automated Meter Infrastructure project which will move towards a 50% saturation of automated meters in the service area and the goal is to complete all work orders on the Clevest mobile solution. In FY17, the top 25 large meters will begin to be tested annually.

Revenue for Fiscal Year 2017 is estimated to be \$217.0 million representing an increase of \$2.5 million from the budgeted FY16 amount. Revenue in the Debt Service Fund has a \$2.2 million decrease due to a decrease in the transfer from the operating fund for debt service payments.

The proposed budget for FY17 shows a net increase of 4.5 new positions; 1.5 were FY16 mid-year additions, 2 positions (Engineer Assistant) were deleted from the FTE count and are budgeted as part-time and 5 are requested as part of this budget. The positions are: 1 Network Administrator, 1 Heavy Equipment Mechanic, 1 Administrative Specialist, and 2 Utility Technicians. There is also a 1% increase for other employee benefits and a 2% step increase for all employees.

For Fiscal Year 2017 revenues are expected to be \$5.4 million over proposed expenditures, which includes funding the rate reserve fund. This amount will bring the Working Capital or Fund Balance to \$11.8 million at June 30, 2017. The Water Authority continues to strive to achieve a Fund Balance to 1/12 of the annual budgeted operating expenditures. For Fiscal Year 2017, \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Improvement Program (CIP) budget for Fiscal Year 2017. The appropriation for Fiscal Year 2017 for CIP is \$66.8 million. \$59.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$3.8 million is appropriated for special projects. The \$3.8 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$350,000 for various renewable energy projects, and \$474,000 for water rights enhancements.

There are no appropriations in the Fiscal Year 2017 CIP budget for projects that will be funded with revenues from Fiscal Year 2018 or later.

The Water Authority continues to participate in American Water Works Association's (AWWA) 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 2013 by AWWA from 124 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 Water Authority has established an asset management program with a steering committee to oversee the program. The program is an extensive, well thought out 'Business Model' that helps utility managers make better acquisition, operations and maintenance, renewal, and replacement decisions. The principles of asset management were developed to address the critical problem of aging public infrastructure and changing utility business environment. In FY11, the Water 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 Water 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. The Water Authority has also completed several strategic 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 Water Authority with a more accurate understanding of the short and intermediate-term renewal requirements. In FY17, the Water Authority will continue to improve on its asset management practices by upgrading its Computer Management and Maintenance system and integrating mobile work order technology to improve the accuracy of the

asset data.

This budget represents the Water 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 Water Authority's priorities for Fiscal Year 2017 to improve services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority

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Mark S. Sanchez, Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Albuquerque Bernalillo Co. Water Utility Authority
New Mexico

For the Fiscal Year Beginning

July 1, 2015

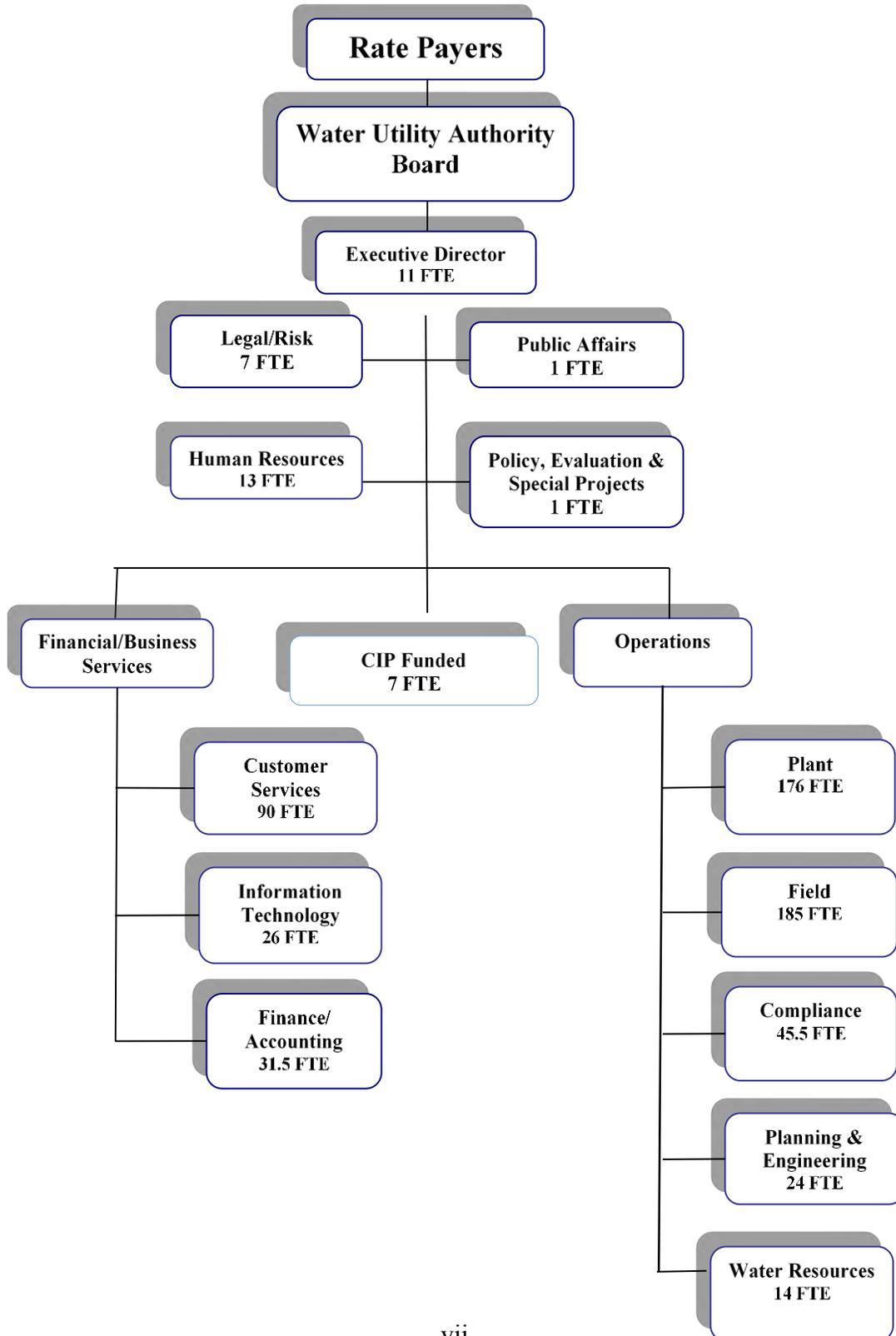
Executive Director

THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) PRESENTED A DISTINGUISHED BUDGET PRESENTATION AWARD TO **ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY, NEW MEXICO** FOR ITS ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2015. IN ORDER TO RECEIVE THIS AWARD, A GOVERNMENTAL UNIT MUST PUBLISH A BUDGET DOCUMENT THAT MEETS PROGRAM CRITERIA AS A POLICY DOCUMENT, AS AN OPERATIONS GUIDE, AS A FINANCIAL PLAN, AND AS A COMMUNICATIONS DEVICE.

THIS AWARD IS VALID FOR A PERIOD OF ONE YEAR ONLY. WE BELIEVE OUR CURRENT BUDGET CONTINUES TO CONFORM TO PROGRAM REQUIREMENTS, AND WE ARE SUBMITTING IT TO GFOA TO DETERMINE ITS ELIGIBILITY FOR ANOTHER AWARD.



Albuquerque Bernalillo County Water Utility Authority



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

TABLE OF CONTENTS

TRANSMITTAL LETTER..... i

BOARD MEMBER LISTING..... v

ORGANIZATION CHART vii

PREFACE..... 1

EXECUTIVE SUMMARY 5

FINANCIAL POLICIES 17

DEBT POLICIES 21

FIVE-YEAR GOALS AND ONE-YEAR OBJECTIVES..... 23

APPROVED BUDGET & FINANCIAL CONSOLIDATIONS 30

 PERSONNEL SUMMARY 31

 ABCWUA FUNDS 33

 PROGRAM BUDGET HIGHLIGHTS..... 42

 FUNCTIONAL UNITS 46

REVENUE OUTLOOK..... 69

 ECONOMIC OUTLOOK 74

 ALBUQUERQUE ECONOMY 77

CAPITAL BUDGET 82

 CAPITAL PROGRAM OVERVIEW 83

 PLANNED FUNDING ALLOCATIONS 85

 FY17 CAPITAL PROGRAM APPROPRIATIONS AND SPENDING BY CATEGORY..... 86

 CIP PROJECT DESCRIPTIONS..... 88

DEBT OBLIGATIONS..... 96

STATISTICAL INFORMATION 101

APPENDIX 116

 ANALYSIS METHODOLOGY 117

 ACRONYMS 118

 SELECTED GLOSSARY OF TERMS 121

 NUMERIC LIST OF FUND NAMES BY CATEGORY 124

 WATER SERVICE AREA MAP..... 125

 WASTEWATER SERVICE AREA MAP..... 127

LEGISLATION..... 129

 APPROPRIATING ENTERPRISE OPERATING FUNDS

 APPROPRIATING CAPITAL IMPROVEMENT PROGRAM FUNDS

 ESTABLISHING ONE-YEAR OBJECTIVES FOR THE WATER AUTHORITY

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

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

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

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

The **Capital Budget** section explains the Water Authority's capital process which is prepared on an annual basis. Anticipated capital projects and the expected operating impacts are discussed as well.

Debt Obligations and the **Appendix** complete the supporting documentation. The Appendix contains information that is useful to prepare or understand the budget, including definitions. There is also a brief explanation of the methodology used in budget preparation.

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

PREFACE

Budget Policies and Procedures Ordinance

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

Process for Preparing, Reviewing, and Adopting the Budget

Prior to issuing budget instructions, the Water Authority's Ten Year Financial Plan is revised to determine the revenue and appropriation levels that are projected for the budgeted fiscal year as well as how future years will be impacted by these financial decisions. Details of the assumptions, challenges, one-year objectives and working capital estimates used in the preparation of the Fiscal Year 2017 budget are contained in the Executive Summary of this document. Once revenue and appropriation levels are determined, budget instructions are issued in January. A salary forecast is completed for review by the Executive Director. Expense data is accumulated at the current level and totals are reviewed to determine if other actions or changes in budget instructions must be made in order to achieve a balanced budget. Budget meetings are held with the Executive Director and Water Authority Senior Staff. During this process, divisions may request program expansions, offer plans for reducing costs, or propose revenue enhancements. One-year objectives and the performance plan for the fiscal year are submitted to the Board in March for April approval. The performance plan contains performance measures that guide the operating and capital budgets in allocating the Water Authority's financial resources and is driven by the five-year goals and one-year objectives. The Executive Director submits the proposed operating and capital budgets to the Water Authority Board on or before the 1st of April. This proposal includes the budgets, capital program, and rate proposal which may recommend changes in rates and fees. After receiving the budget proposal from the Executive Director, the Water Authority Board schedules at least two public hearings on it. As a result of its deliberations and the information gathered at the public hearings, the Water Authority Board may amend the budget proposal at any time prior to approval at the May regularly scheduled meeting.

Process for Amending the Budget after Adoption

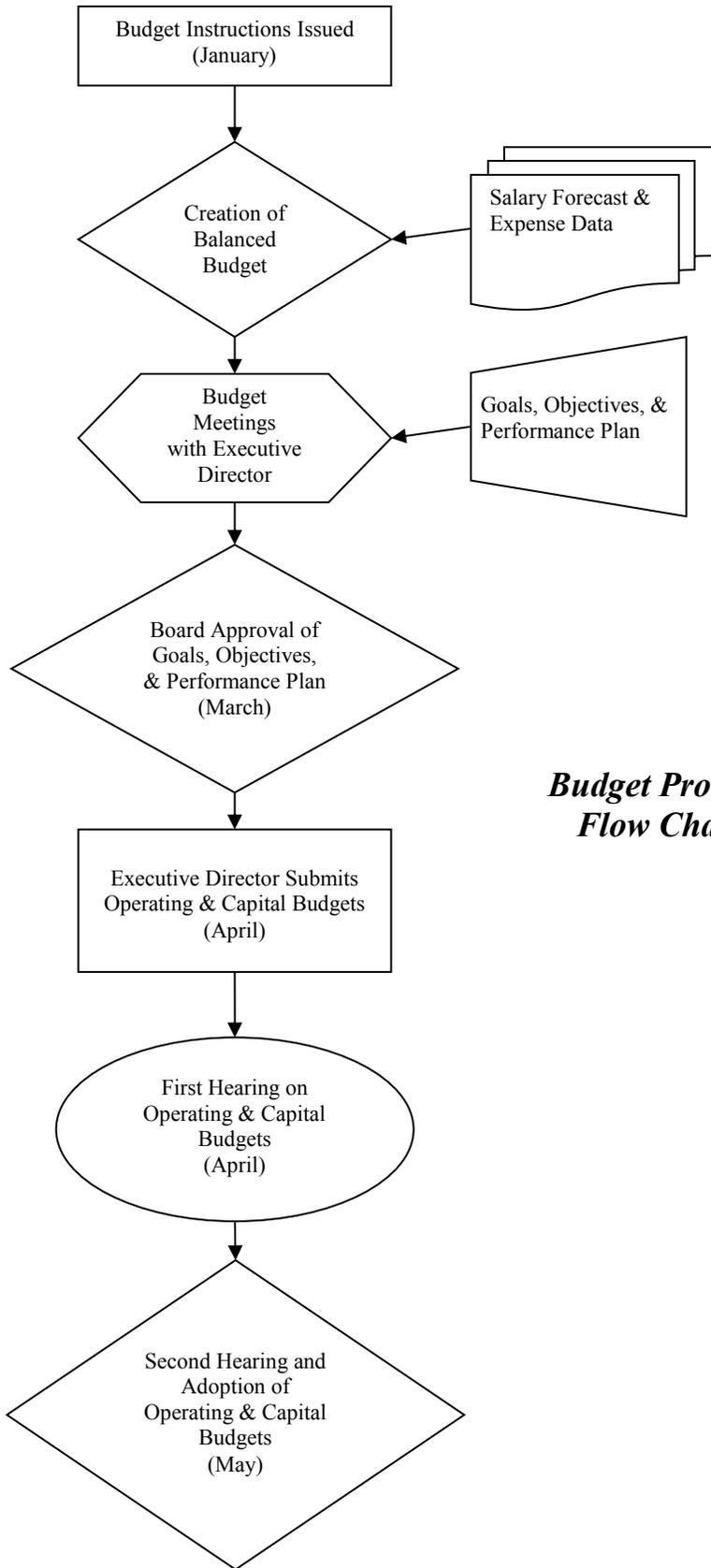
In accordance with the Water Authority's Budget Policies and Procedures Ordinance, the Water Authority Board, upon its own initiative or upon a recommendation by the Executive Director, may amend the operating and/or capital budget during the fiscal year to which it applies. No amendment to the operating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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Budgetary and Accounting System Requirements

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET



***Budget Process
Flow Chart***

**FISCAL YEAR 2017
BUDGET CALENDAR OF EVENTS**

Jan	Begin discussion on Water Authority’s Performance Plan
Jan - Mar	Divisional preparation of FY17 budget request. Meetings between Water Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY17 CIP Budget request. Meetings between Water Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan – Feb	Preparation of Water Authority Objectives and Performance Measures
Feb 3	Budget Call to Operating Divisions
Feb – Mar	Budget review with Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Feb 24	Introduction of Water Authority Objectives at Water Authority Board Meeting
Feb 29	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Changes
Mar 23	CIP Budget Due to Finance Division
Mar 23	Approval of Water Authority Objectives at Water Authority Board Meeting
Apr 1	Proposed Operating and CIP Budget Document Prepared and Printed
Apr 1	Proposed Operating and CIP Budget Document submitted to Water Authority Staff
Apr 7	Technical Customer Advisory Committee Presentation
Apr 20	Introduction and Public Hearing of Proposed Operating and CIP Budget at Water Authority Board Meeting
May 18	2 nd Public Hearing and Approval of Proposed Operating and CIP Budget at Water Authority Board Meeting

EXECUTIVE SUMMARY

***Approved
Operating Budget
FY17***

Executive Summary

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 San Juan-Chama Drinking Water Treatment Plant, the Southside Water Reclamation Plant, the Soil Amendment Facility, sewage lift stations, odor control facilities, and sanitary wastewater 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 a healthy, environmentally-sustainable, and economically-viable community.

Fiscal Year 2017 Budget Highlights

The Fiscal Year 2017 Executive Director's Approved Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, in conjunction with the operating divisions, developed this budget by determining those essential costs necessary to successfully run the utility operation.

Assumptions

In the preparation of the Fiscal Year 2017 budget, certain assumptions were made related to the operations of the Water Authority, the economic climate and system growth within Bernalillo County and the City of Albuquerque.

- Water and Wastewater Revenues. Budgeted total Operating Revenues were projected using a 5-year historical trend based upon growth and consumption. The trend was structured by class of customer as well as by service size of each class. The projections also take into account the Water Authority's continued conservation efforts.
- System Growth. System growth is based on a 2% growth factor, however this growth is offset by estimated water conservation of 1%.
- Utility Expansion Charges. Utility Expansion Charges remain at FY16 budgeted levels, reflecting the current trend in the development of residential housing.
- Wage Adjustments. There is a 2% cost of living adjustment for FY17.
- Fringe Benefits. Fringe Benefits are calculated at 55.67% of gross wages.
- Target Working Capital Balance. The target working capital balance for the General Operating Fund will be equal to 1/12th of the annual budgeted operating expenditures.
- Conservative Projection of Revenues and Expenditures. The budget is based on conservative revenue and expenditure estimates.

Challenges

Among the challenges facing the Water Authority in FY17 are managing the increasing costs of chemicals and electricity for water treatment. The Water Authority operates and maintains two water systems, the well/aquifer system and the surface water treatment system. Although the well system usage will be reduced as the surface water system increases capacity, the well system will still have to be fully operational to supplement the surface water, as necessary. The operation of these systems represents a dual cost for the Water Authority. The increasing costs associated with chemicals and electricity also impact the operation of the Southside Water Reclamation

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Plant which continues undergoing extensive renovations begun in Fiscal Year 2010. The Water Authority also operates the Southside Re-use Program which uses treated wastewater from the Southside Water Reclamation Plant to irrigate turf at parks, fields and other recreational areas. The projected costs of the reuse project have been included in the approved budget.

One Year Objectives Fiscal Year 2017

The One-Year Objectives are categorized by the Water Authority's Five-Year Goal areas. The Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal. The continuous performance 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.

Some objectives are related to completing projects or improving programs. Some of the FY17 objectives are tied to resources contained in the FY17 Approved Budget. A few of the objectives are carried over from FY16 either because they require more time to complete, or are ongoing issues. Some of the objectives are tied to the Performance Plan in order to improve operations and/or customer service.

Working Capital

In the FY17 budget, revenues are projected to exceed expenses in the General Operating Fund. Surplus revenue will be added to the Working Capital or Fund Balance to achieve a Fund Balance equal to 1/12th of the annual budgeted operating expenditures.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

General Fund – 21

Total revenue approved for Fiscal Year 2017 is \$217.0 million. Of the total revenue, 97.4% is comprised of charges for water and wastewater services. Appropriations total \$211.6 million.

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Miscellaneous Revenues	4,143	5,453	5,453	4,873	4,820	(633)
Enterprise Revenues	190,099	208,131	208,131	216,382	211,251	3,120
Transfers from Other Funds	748	940	940	792	921	(19)
Total Current Resources	194,990	214,524	214,524	222,047	216,992	2,468
Beginning Working Capital Balance	(10,676)	(8,722)	(8,722)	(8,722)	6,356	15,078
TOTAL RESOURCES	<u>184,314</u>	<u>205,802</u>	<u>205,802</u>	<u>213,325</u>	<u>223,348</u>	<u>17,546</u>
APPROPRIATIONS:						
Water/Wastewater Operations	109,430	114,422	114,422	114,074	119,962	5,540
Transfers to Other Funds	81,160	87,842	87,842	87,842	91,628	3,786
TOTAL APPROPRIATIONS	<u>190,590</u>	<u>202,264</u>	<u>202,264</u>	<u>201,916</u>	<u>211,590</u>	<u>9,326</u>
ADJ TO WORKING CAPITAL BALANCE	(2,445)	7,664	7,664	(5,054)	-	(7,664)
ENDING WORKING CAPITAL BALANCE	<u>(8,722)</u>	<u>11,202</u>	<u>11,202</u>	<u>6,356</u>	<u>11,758</u>	<u>556</u>

Resources

General Fund revenue for FY17 is estimated to be \$2.5 million above the FY16 approved budget due to increases in water consumption.

Appropriations

Operating Expenditures – Operating expenditures contain a net increase of \$9.3 million from Fiscal Year 2016. This includes an increase of \$2.5 million in salaries and benefits, an increase of \$3.0 million in operating expenses and an increase of \$3.8 million for the Debt Service and Capital transfers. Personnel expenditures include a 2% cost of living adjustment, as per labor agreements and a 1% increase in benefits primarily due to the Affordable Health Care Act. One and one-half new mid-year positions were added in FY16 and an additional 5 new positions were added per this budget. 2 Engineer Assistant positions were deleted from the FTE count. These positions will be budgeted as part-time positions. The positions added are: Network Administrator, Heavy Equipment Mechanic, Administrative Specialist, and 2 Utility Technicians. Total operating costs increase by \$3.0 million to fund the approved issue papers that were submitted by Water Authority divisions. The internal service charges increase by \$3.8 million which includes a decrease to the debt service transfer of \$2.2 million, due to the bond refundings in FY15, and a \$6.0 million increase in the transfer to the capital fund.

Working Capital

The Water Authority continues to strive to achieve a Fund Balance equal to 1/12th of the annual budgeted operating expenditures. The Working Capital balance at June 30, 2017 is projected to be \$11.8 million. The Water Authority will increase its General Fund Balance to 1/12th of the annual budgeted expenditures by FY17.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Debt Service Fund – 31

Total current resources approved for FY17 is \$78.6 million. The current resources are comprised of transfers from the General Fund and Utility Expansion Charges (UEC). Appropriations total \$80.7 million, of which \$76.2 million is debt service to offset principal and interest payments and \$4.5 million is the transfer to CIP.

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Miscellaneous Revenues	7,541	8,000	8,000	9,257	8,000	0
Transfers from Other Funds	<u>69,160</u>	<u>72,842</u>	<u>72,842</u>	<u>72,842</u>	<u>70,628</u>	<u>(2,214)</u>
Total Current Resources	76,701	80,842	80,842	82,099	78,628	(2,214)
Beginning Fund Balance	<u>515</u>	<u>48,798</u>	<u>48,798</u>	<u>48,798</u>	<u>54,576</u>	<u>5,778</u>
TOTAL RESOURCES	<u>77,217</u>	<u>129,640</u>	<u>129,640</u>	<u>130,897</u>	<u>133,205</u>	<u>3,565</u>
APPROPRIATIONS:						
Total Joint Water/Wastewater DS	35,203	72,842	72,842	71,906	76,264	3,422
Transfers to Other Funds	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>4,474</u>	<u>(526)</u>
TOTAL APPROPRIATIONS	<u>40,203</u>	<u>77,842</u>	<u>77,842</u>	<u>76,906</u>	<u>80,738</u>	<u>2,896</u>
ADJ TO FUND BALANCE	<u>11,785</u>	-	-	<u>585</u>	-	-
AVAILABLE FUND BALANCE	<u>48,798</u>	<u>51,798</u>	<u>51,798</u>	<u>54,576</u>	<u>52,467</u>	<u>669</u>

Resources

Debt Service resources decrease \$2.2 million in FY17 due to the overall savings achieved by refinancing bond issues in the Water Authority's debt portfolio in FY15.

Appropriations

Debt service payments increase \$3.4 million from FY16 based on the Water Authority's debt service schedule.

Fund Balance

The Fund Balance at June 30, 2017 is projected to be \$52.5 million.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Capital Project Funds – 28 & 29

Total current resources approved for FY17 is \$25.5 million. The current resources are comprised of transfers from the General Fund and Debt Service Fund. Appropriations total \$66.8 million, of which \$65.9 million is for the Basic Rehab and Growth programs and \$.9 million is a transfer to the General Fund.

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Proceed Revenues	80,811	-	-	-	-	-
Miscellaneous Revenues	2,081	-	-	5,060	-	-
Transfers from Other Funds	<u>17,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>25,474</u>	<u>5,474</u>
Total Current Resources	99,892	20,000	20,000	25,060	25,474	5,474
Beginning Fund Balance	<u>66,298</u>	<u>105,922</u>	<u>105,922</u>	<u>105,922</u>	<u>86,790</u>	<u>(19,132)</u>
TOTAL RESOURCES	<u>166,190</u>	<u>125,922</u>	<u>125,922</u>	<u>130,982</u>	<u>112,264</u>	<u>(13,658)</u>
APPROPRIATIONS:						
CIP Basic Rehab	49,774	54,060	74,970	32,088	61,429	(13,541)
CIP Growth	11,058	4,350	14,087	6,822	4,474	(9,613)
Transfers to Other Funds	<u>748</u>	<u>940</u>	<u>940</u>	<u>792</u>	<u>921</u>	<u>(19)</u>
TOTAL APPROPRIATIONS	<u>61,580</u>	<u>59,350</u>	<u>89,997</u>	<u>39,702</u>	<u>66,824</u>	<u>(23,173)</u>
ADJ TO FUND BALANCE	<u>1,312</u>	<u>-</u>	<u>-</u>	<u>(4,490)</u>	<u>-</u>	<u>-</u>
ENDING WORKING CAPITAL BALANCE	<u>105,922</u>	<u>66,572</u>	<u>35,925</u>	<u>86,790</u>	<u>45,440</u>	<u>9,515</u>

Resources

CIP resources increase \$5.5 million in FY17.

Appropriations

CIP appropriations increase \$7.54 million from FY16 Original Budget, based on the Water Authority's FY16-FY25 Decade Plan.

Fund Balance

The Fund Balance at June 30, 2017 is projected to be \$45.4 million.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Fiscal Year 2017 Highlights

The FY17 Executive Director's Approved Budget establishes the Water Authority's financial plan and uses the Goals, Objectives and the Performance Plan as guides for the appropriation of funds. The Water Authority, with input from the operating divisions, developed the budget by determining those essential costs necessary to successfully run the utility operation.

The utility's success can be measured in a number of different ways. One of these is recognition by industry peers and professional organizations. In FY16 this recognition included:

- The National Association of Clean Water Agencies (NACWA) Gold Recognition Award for Excellence in Management.
- NACWA National Environmental Achievement Award: Public Information and Education Award (for the utility's grease abatement campaign)
- The Government Financial Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting
- Commercial Real Estate Development Association (NAIOP) Vision Award

Another measure is the number of panels, presentations at major association conferences and seminars Water Authority staff has been asked to present. In FY16 the following presentations were made:

- AWWA Water Infrastructure Conference: Benchmarking Asset Management Best Practices Panel Session
- AWWA Utility Management Conference: Utility Benchmarking Panel Session, Utility Leader Forum on Technology, Succession Stories in Stakeholder Engagement Presentation
- AWWA Annual Conference: Enhancing the Utility's Financial Viability Presentation
- AMWA Water Policy Conference: Planning for Sustainability Panel Session
- Public Finance/Environmental Sustainability Conference: Financing Sustainable Water Supply Projects Presentation
- GFOA Annual Conference: Successful ERP Implementation Panel Session
- National Water Reuse Institute: Direct Potable Reuse Regulatory Framework
- National Ground Water Association: Groundwater Management Visibility Initiative Presentation

Other achievements in the preceding fiscal year include: kick-off of a new rainwater harvesting pilot program in partnership with the New Mexico Water Collaborative; record-low per capita water use by Water Authority customers in response to conservation initiatives; first-time recovery of water stored underground via the Bear Canyon Aquifer Storage and Recovery Project; and introduction of a new mobile app that allows customers to easily pay bills and check their account via phones and other mobile devices.

A key initiative during this fiscal year is the update to the 2007 Water Resources Management Strategy (WRMS), which will go into effect during the fiscal year. The new WRMS will incorporate the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the State Engineer, Sandia National Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it will take climate variability into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives will be used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options will be used to fill the gaps to meet future demand over the next 100 years.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Operations

The operational cornerstone of the WRMS is the San Juan-Chama Drinking Water Project (DWP), which will continue to have a major positive impact on the ground water resources in the Middle Rio Grande. After eight years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey. Over the last six years of drought, the water supply has been increasing in the Middle Rio Grande. A video documenting this success is available for viewing at: <https://www.youtube.com/watch?v=Z6stQZw2L1M&feature=youtu.be>

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY17. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators for the water, wastewater and ground water plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Previous backlogs of work have been reduced significantly and preparation for implementation of new maintenance programs is underway.

The DWP provided 55% of all water distributed to Water Authority customers in calendar year 2015 even with more than six weeks of shutdown required by the State Engineer due to low flow conditions in the Rio Grande. The Water Authority's policy is to utilize as much surface water as possible to meet customer demand. In 2016, it is anticipated that flow conditions in the Rio Grande may limit the ability to divert in the late summer months similar to 2015. At the end of calendar year 2015, the Water Authority still had more than two years of stored water available through the DWP.

The Water Authority will continue to operate two potable water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future with the primary source of supply being treated surface water from the DWP. It is anticipated that approximately 70% of the area's long-term future water supply will be treated surface water from the DWP. The Water Authority continues to adjust funding for DWP operations as a history of operating costs is developed.

Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Water Authority's well system was evaluated during FY15 and a list of wells for renewal was prioritized. During FY17, there are plans to rehabilitate four existing wells as an interim measure for restoring lost production capacity. Another project looking into the use of several currently out of service "high arsenic wells" is along the Alameda Trunk, which could provide an additional 30 MGD or more of water supply. With this project, the well water would be conveyed to the San Juan-Chama Water Treatment Plant (SJCWTP) to remove arsenic, making it suitable for drinking. This project would be especially beneficial during drought periods when there is insufficient flow in the Rio Grande to allow diversions of surface water to the SJCWTP. During such times, instead of having to idle the plant, it could be used to treat the high arsenic well water. During FY17, pilot studies will be completed to refine the treatment process for water drawn from these wells. In addition, the Water Authority will start construction of blending and treatment facilities that will allow Corrales Well 2, a high arsenic well in the Corrales Trunk, to be returned to service for water supply. Lastly, Corrales Well 8, which supplies 39% of the low arsenic groundwater in the Corrales trunk will be converted from a gas engine driver to an electric motor driver that will increase its reliability and reduce mechanical maintenance costs.

In FY17, the Water Authority will be commissioning the BCIP Pump Station that completes the recent western expansion of the College Trunk facilities. The Plant Groundwater facilities group will continue its field studies of reservoir stratification and determine which reservoirs would benefit from installation of active mixing systems to improve water quality. Groundwater will continue the Large Diameter Valve Exercise program at reservoirs,

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

pump stations and well sites located in the Montgomery Trunk and then focus on those valves located at Freeway Trunk facilities.

The Water Authority began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, and final clarifier renovations. Construction of major renovations and improvements to the Solids Dewatering Facility will begin in FY17 with completion by the end of December 2017. Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems, and other SWRP facilities.

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Calendar year 2015 marked the second full season of irrigation by the initial group of 9 customers that connected to this system. These connections resulted in a reduction of potable water demands by 629 acre-feet. This 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 SWRP facility generates approximately 20% of its power requirements using digester gas and another 7% using renewable solar power from an on-site solar array.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “oversaturating” the regional market for bio-solids compost. During calendar year 2015, the Water Authority processed 49% of all bio-solids into compost which was nearly double the original goal to compost and sell at least 25% of the total quantity of bio-solids.

Wastewater Collections continues to implement the Capacity Management Operations and Maintenance (CMOM) program. The expanded closed circuit television (CCTV) inspection of 5% of the small diameter system provides for better maintenance and identification of specific rehab needs. Communication with entities potentially impacted by public or private sewage spills continues to be enhanced and documented in the Overflow Emergency Response Plan (OERP) which is a portion of the CMOM. The fleet of combination cleaning units is being renewed and provided with updated nozzles. The Fats, Oils, and Grease (FOG) busting and root foaming pilot programs will be evaluated in FY17. Collections will be completing asset management plans for the vacuum and lift station facilities.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. The division will begin implementation of safety programs to update in-house Utility Tech (UT) and Wastewater Worker (WWW) position certification programs. In FY17, the division will initiate valve condition and Pressure Reducing Valve (PRV)/vault replacement assessment programs.

The Water Resources Management division will be reorganized in FY17 into two divisions: Planning & Engineering and Water Resources. Planning & Engineering will be focusing on further development of the Project Management Information System within the SharePoint application. The division will also be looking at completing the Guide to Development and initiating the Collection System Rehabilitation Program.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Compliance

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 matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. FY17 will see the completion of the implementation of the new Laboratory Information Management System (LIMS), LabVantage. LabVantage will allow the laboratory to accept digital sample submission forms and permit a move away from paper. The new system will also connect directly to analytical instruments, preventing data entry errors. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY15. The LIMS steering committee will be implementing the first phase of the new LIMS system, LabVantage during FY16. A complete listing of current Water Quality Laboratory processes have been developed that will help with the configuration of LabVantage.

The Long Term Enhanced Surface Water Treatment Rule 2 (LT2) monitoring will also occur during FY17. LT2 monitoring tests the source water at the surface water treatment plant for turbidity, E. Coli, and Cryptosporidium. This LT2 monitoring has been occurring since FY15, and preliminary results indicate very low levels of Cryptosporidium in the source water.

In the NPDES program, FY17 will bring recommendations to update the septage rates. These rates have not changed in over 5 years. Extra-strength surcharge data was collected during FY16 and recommendations to bring the charges more in line with the cost of service are being developed. The program will also bring forth updates to the Cross Connection Control Ordinance in FY17. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

The New Mexico Environment Department Drinking Water Bureau will be conducting the Sanitary Survey for the water system in May 2017. Both Groundwater Operations group and the Compliance Division are participating in advanced inspections of facilities to prepare for the survey. Past Sanitary Surveys have resulted in multiple citations for poor conditions of facilities and inadequate maintenance. The current work will use electronic reporting tools to record findings and post reports to SharePoint. Corrective actions will also be documented in Maximo using the Service Request feature to generate work orders if repairs are necessary.

Reimplementation of the HachWIMS software program is underway for the Water Quality program. Important improvements in data management and reporting capabilities are expected products of the project. Data is now in one central location that any reporting tool, like HachWIMS, can access. HachWIMS will assist in data verification, validation and approval processes that are not currently feasible in other software programs due to licensing issues.

Training opportunities for Compliance Division staff in FY17 include attendance at the EPA Region 6 Pretreatment Conference and the annual AWWA/WEF New Mexico Workshop. Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions.

Budget, Finance and Business Management

In FY17, the Financial/Business Services division will complete a bond issue and refinancing of existing debt in the spring of 2017. The division will submit to the Government Finance Officers Association (GFOA) the FY17 Approved Budget for the Distinguished Budget Presentation Award, the FY16 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY16 Popular Annual Financial Report (PAFR) for the Popular Annual Financial Reporting Award. The division believes that all three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Customer Services (CSD) and Northwest Service Area (NWSA) have been successfully integrated into one group that handles call center, treasury, billing, new service applications, field operations and meter maintenance functions. CSD, Field Operations, and NWSA Field Operations & Maintenance sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo (Work Order & Asset Management) and Customer Care & Billing (CC&B) in order to create operating procedures for a paperless, real-time work order system, where field activities are dispatched, updated and closed out on a mobile platform. In addition, Clevest will be used to manage line spots and schedule and record the preventative maintenance activities on the meter change outs, box and valve replacement initiatives.

CSD will be implementing the Wells Fargo online payment and Integrated Voice Response (IVR) system which will simplify the user interface when making online payments and improve the IVR process for the Water Authority customers. Customer Services Field Operations will be implementing Phase 4 of the Automated Meter Infrastructure project which will move towards a 50% saturation of automated meters in the service area and the goal is to complete all work orders on the Clevest mobile solution. In FY17, the top 25 large meters will begin to be tested annually.

The upgrade and implementation CMMS system, Maximo, will commence during the 4th quarter of FY16, with an anticipated go-live date of June 30, 2017. The overall goals for the Maximo upgrade center around a technical upgrade to bring the system up to the latest revision (7.6), streamlining and implementing more efficient business processes, standardizing the Asset Management System and work order processing, and leveraging mobile features and workflow, including Clevest as a Mobile Workforce Solution, to increase efficiency within the various operational groups across the Water Authority. Additional benefits include workload management tracking, labor tracking, preventative maintenance and conditional monitoring, as well as cleaner data and significantly improved reporting functions, resulting in improved asset management functions and cost savings.

Information Technology (ITD) will begin an assessment and RFP creation for a major system upgrade to the Customer Care & Billing (CC&B) system during the 3rd quarter of FY17, with an anticipated project start during the 1st quarter of FY18. ITD will also continue to support and provide minor upgrades to SunGard, the financial/HR/payroll system, and Kronos, the enterprise timekeeping system.

In FY16, ITD completed the migration away from all network and telephonic dependencies from the City of Albuquerque. This has resulted in more efficient business processes, better reliability, improved metrics and reporting, and cost savings. In FY17, ITD will assess options to build in additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also conduct a network security and cyber-security audit and assessment. This will allow the Water Authority to better protect its data and customer data.

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.

Employee Relations and Development

In FY17, the Health and Wellness Specialist will continue offering wellness challenges for individuals and departments in conjunction with the Solutions Group as part of our health insurance. At least two (2) fitness challenges per quarter will be offered this year and will include nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. In addition, Authority Fit will be developing some signs that can be posted at Water Authority worksites to offer employees quick ways to exercise and mark out walking paths with distances for them to use around the premises. Downtown, walking routes with distances will be mapped out and distributed for employees to walk during their breaks and lunches.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Two Human Resources Analysts presented “Generational Differences” at the 2016 NM Water Workshop and plan to submit their presentation to the National Water Conference for presentation selection in FY17. Three members of the HR team will be attending the National Society for Human Resources Management Conference for the first time. This will give staff a valuable insight into market strategies for hiring, rewarding employees and developing our own leaders.

The Water Authority’s certification training programs continue to develop employees’ knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Major updates to the Treatment Plant Operator Program was implemented and will continue into FY17. Committees to update the Utility Technician Programs are formed and expected to finish a recommendation in FY17. Each fiscal year, there has been an increase in the number of utility operators obtaining their State of New Mexico Operator certification. In addition to traditional classroom and on-the-job training, employees will be able to access various training subjects online, making training more accessible to employees working non-traditional schedules (i.e. graveyard shift).

The approved budget also includes nonrecurring funding for an employee safety 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 in half over two fiscal years.

FINANCIAL POLICIES

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

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

STATE STATUTES:

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-3 BUDGET CONTENTS AND FORMAT.

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

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

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

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

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

BUDGET ORDINANCE PROVISIONS:

§ 2-1-1 INTENT.

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

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

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

BUDGET ORDINANCE PROVISIONS:

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

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

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

BUDGET ORDINANCE PROVISIONS:

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

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

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

RATE ORDINANCE PROVISIONS:

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

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

“(C) Increasing Minimum Monthly Fixed Charges. If the determination of §1-2(B) above shows that the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, the fixed monthly charge will be increased for water and wastewater accounts. The increase in fixed monthly charges will be a percentage of the established fixed monthly charges that produce additional revenues so that if the adjusted charges had been effective the previous quarter, the total revenues would have been sufficient to pay operating expenses and 133% of current debt service. The increased fixed monthly charge will be effective the second month following the quarter (i.e., the month following the determination), and will remain in effect until such time as the Authority acts on water and wastewater rates. If the determination of §1-2(B) above shows the total revenues minus the expenses of the system are less than 133% of the current debt service for the cumulative quarter of the fiscal year, it shall be determined if the revenue loss is due to efforts of utility Customers to conserve water by reviewing usage patterns. If the usage study shows

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

that the reduced revenues are due to conservation efforts, the Executive Director shall analyze the Utility's operations for the purpose of determining whether or not corresponding expense reductions can be effected and shall present any such expense reduction proposals to the Authority.”

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

§ 2-1-11 FINANCIAL AND MANAGEMENT REPORTS.

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

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

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

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

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

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

§ 1-6 WATER AND SEWER REHABILITATION FUND.

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

DEBT POLICIES

The Water Authority’s Debt Management Policy & Guidelines provides for the following:

- Full and timely payment of principal and interest on all outstanding debt
- System revenue bonds shall be used as a source of funding, after considering alternative funding sources, such as federal and state grants and pay as you go financing
- Debt shall be incurred to finance capital improvements and long-term assets associated with the water and wastewater system. Types of projects include, but not limited to, constructing, acquiring, enlarging, extending, bettering, repairing or improving the water and wastewater system facilities. For a more detailed list refer to chapter 72, article 1 section 10K NMSA 1978 as amended
- Capital improvements plans should be developed, approved and financed in accordance with Rate Ordinances and the Decade Plan
- The Water Authority will evaluate the impact of debt amounts and debt service requirements of any new proposed debt within the overall context of outstanding debt
- Principal and interest retirement schedules shall be structured to: (1) meet available cash flow available to service debt, (2) achieve a low borrowing cost for the Water Authority, (3) accommodate the debt service payments of existing debt and (4) respond to perceptions of market demand. Level debt payments and shorter maturities shall always be encouraged to demonstrate to ratepayers, investors and rating agencies that debt is being managed and retired prudently
- Debt incurred shall generally be limited to obligations with serial and term maturities but may be sold in the form of other structures if circumstances warrant
- The term of each and every instrument of debt shall be 12 years or less; except for sustainable water supply projects. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impact

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

- Debt incurred may be issued, at the discretion of the Water Authority, on either Senior, Subordinate or Super Subordinate lien on the System’s net revenues
- The average life of the debt incurred should be no greater than the projected average life of the assets being financed
- The payment of debt shall be secured by net revenues of the joint water and wastewater system (“net system revenues”)
- Maintain Post Issuance Compliance Guidelines that formalize post issuance compliance controls and procedures related to the Water Authority’s financial and legal obligations (see Appendix)
- Inter-fund borrowing may be used as an alternative to conventional borrowing
- The Water Authority shall not pledge any Water Authority revenues to any conduit bond financings or guarantee indebtedness of others
- The Water Authority may use the services of qualified internal staff and outside advisors, including bond counsel, tax counsel, disclosure counsel, underwriters and financial advisors, to assist in the analysis, evaluation, and decision process
- The Water Authority shall select a method of sale that achieves the financial goals of the Water Authority and minimizes financing costs. Such sales can be competitive, negotiated or private placement, depending upon the project and market conditions. The recommendation by the Water Authority’s Financial Advisor will be considered in the decision as to the most appropriate sale method
- The Water Authority shall make every attempt to earn and maintain the highest investment grade rating achievable
- Finance team members and Underwriters should be selected in accordance with the Water Authority Purchasing Procedures and the Debt Management Policy & Guidelines (“Debt Policy”). The selection should maximize the quality of services received while minimizing the cost to the Water Authority. Any subtractions or additions to the finance team members shall be subject to the Water Authority’s Chief Financial Officer’s (“CFO”) approval. Selected underwriters and financial advisors shall adhere to the Municipal Securities Rule-making Board (“MSRB”) and the Securities and Exchange Commission (“SEC”) rules and regulations
- The Water Authority shall maintain good communications with bond rating agencies to ensure complete and clear understanding of the credit worthiness of the Water Authority
- Financial reports and bond official statements shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines issued by the Government Finance Officers Association (“GFOA”), Securities and Exchange Commission (“SEC”) and the Internal Revenue Service (“IRS”) to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers.
- Federal income tax laws restrict the ability to earn arbitrage in connection with tax-exempt bonds. Every attempt shall be made to eliminate or minimize negative arbitrage.

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

***Approved
Operating Budget
FY17***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Overview of Goal Development

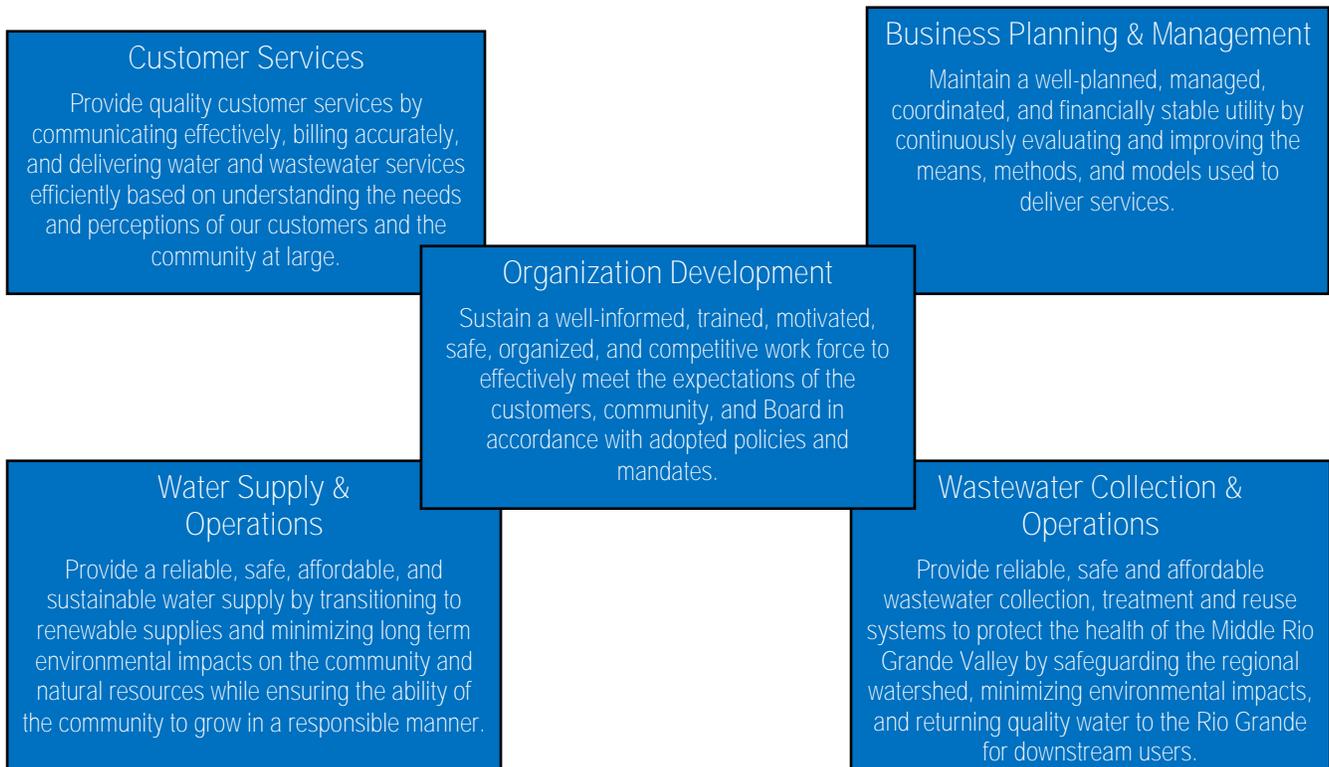
The Water Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide its budget process and address priority issues. In addition, the Water Authority’s Budget Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five-year goals. 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 improvement – 2017 budgets.

Five-Year Goal Development

The Five-Year Goals adopted by the Water Authority are based on the American Water Works Association’s (AWWA) business model 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: 1) Water Supply and Operations, 2) Wastewater Collections and Operations, 3) Customer Relations, 4) Business Planning and Management, and 5) Organization Development.

The Water Authority has participated in several continuous performance programs through AWWA including Benchmarking, Self-Assessment, and Peer Review. More recently, the Water Authority has incorporated the EPA’s Effective Utility Management (EUM) 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.

Water Authority’s Five-Year Goals & Guiding Goal Statements



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Overview of One-Year Objectives

The One-Year Objectives are categorized by the Water Authority’s Five-Year Goal areas. The Water Authority has developed guiding goal statements for each goal area which explains the long-term desired result for that goal. The continuous performance programs mentioned above 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 improved performance levels.

Some objectives are related to completing projects or improving programs. Some of the FY17 objectives are tied to resources contained in the FY17 Approved Budget. A few of the objectives are carried over from FY16 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.

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.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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 2017.

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 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Begin development of an asset management plan that evaluates and rates the condition and criticality of transmission and distribution line valves including the annual funding needed for the repair and replacement in a valve program by the end of the 4th Quarter of FY17.
- Maintain water use between 127 to 135 gallons per capita per day through the end of the 4th Quarter of FY17.
- Pending demonstration permit approval from the State Engineer, start construction of the Large Scale Aquifer Storage and Recovery Demonstration Project and evaluate the project's progress if completed by the end of the 4th Quarter of FY17.
- Continue the distribution water loss program by locating water leaks from surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY17.
- Submit annual distribution and treatment data to the Partnership for Safe Water program for inclusion in the program's annual report of aggregated system water quality data; begin implementing action plans from the self-assessments through the end of the 4th Quarter of FY17.
- Complete asset management plans for the reservoirs, wells, and pump stations to determine the condition and criticality of the Water Authority's groundwater facilities by the end of the 4th Quarter of FY17.
- Adopt the updated Water Resources Management Strategy by the 2nd Quarter of FY17; develop a Strategy Implementation Plan by the end of the 4th Quarter of FY17.
- 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 and surface water contamination sources and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports through the 4th Quarter of FY17.

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 through the end of the 4th Quarter of FY17.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

- Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY17.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Complete an Odor Control Facilities Asset Management Plan that evaluates the effectiveness of chemical dosing and assesses the condition and risk of all facilities with odor control systems; prepare asset management and capital improvement plans by the end of the 2nd Quarter of FY17.
- Continue implementation of the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY17.
- Continue the assessment of root foaming and FOG Buster pilot programs on wastewater lines and provide recommendation by the end of the 2nd Quarter of FY17.
- Televis and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY17.
- Monitor compliance with the Water Authority’s Cross Connection Prevention and Control Ordinance by continuing to inspect, monitor, and take enforcement action for users of backflow prevention devices; report activities and respective compliance rates through weekly, monthly, and quarterly reporting, while referencing past performance through the end of the 4th Quarter of FY17. Obtain a compliance rate goal of 75%.
- 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 FY17. Compliance rate goal is 87% 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.

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.

- Improve customer satisfaction and operational efficiency in achieving the four call-center targets through the 4th Quarter of FY17: 1) Average Wait Time of less than 2 minutes; 2) Average Contact Time of less than 4 minutes; 3) Abandoned Call Ratio of less than 8; and 4) First Call Resolution of greater than 90%.
- Improve customer satisfaction by achieving a billing accuracy ratio of less than 10 through the 4th Quarter of FY17.
- Continue implementation of the Automated Meter Infrastructure (AMI) project by modernizing 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 FY17.
- Complete Customer Conversation meetings to engage customers and obtain input from customers on the Water Authority’s activities through the end of the 4th Quarter of FY17.

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 \$40 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 FY17. \$1 million shall be

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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 FY17.

- 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 FY17.
- Implement Phase 3 of the telephony and data center/network to provide a more reliable infrastructure and network, better customer service, and additional functionality to staff by the end of the 4th Quarter of FY17.
- Assess the utility's cybersecurity capabilities by using the AWWA's Process Control System Security Guidance and Tool; evaluate the tool's recommendations for updating the utility's cybersecurity standards by the end of the 4th Quarter of FY17.
- Continue implementation of updating the Maximo work order system to effectively and efficiently record and manage the maintenance and operation of the utility's assets; assess the Clevest mobile technology's integration with the updated Maximo system through the end of the 4th Quarter of FY17.
- Continue the assessment for upgrading and enhancing the utility's billing application through the end of the 4th Quarter of FY17.
- Develop financial metrics to measure the utility's fiscal performance by the end of the 2nd Quarter of FY17.
- Evaluate the water and wastewater rate structures to ensure equity within the structures by the end of the 4th Quarter of FY17.
- Update the existing Crisis Communications Plan consistent with EPA, AWWA, and CDC guidelines by the end of the 3rd Quarter of FY17.
- 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. to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY17.
- 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 FY15 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, begin transition to LabVantage Laboratory Information Management System (LIMS) through the end of the 4th Quarter of FY17.
- 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 through the end of the 4th Quarter of FY17.
- 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 the 2nd Quarter of FY17.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory, completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each quarter of FY17, 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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Goal 5: Organizational Development

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

- Establish a steering committee to evaluate the results from the employee engagement and satisfaction survey and develop a plan or addressing areas where employees' responses indicated improvement was needed by the end of the 4th Quarter of FY17.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY17.
- Complete two employee wellness challenges per fiscal quarter with at least 60% participant completion rate; post fitness/exercise signs at the two plants by the end of the 4th Quarter of FY17.
- Update the Knowledge Management Strategy to assure that the right knowledge is systematically collected, stored, organized, and transferred to the appropriate employee in a timely and effective manner by the end of the 4th Quarter of FY17.
- Complete the standard operating procedures for the groundwater facilities by the end of the 4th Quarter of FY17.
- Reduce injury hours to 2,700 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY17.

*APPROVED BUDGET
&
FINANCIAL
CONSOLIDATIONS*

*Approved
Operating Budget
FY17*

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

PERSONNEL INFORMATION

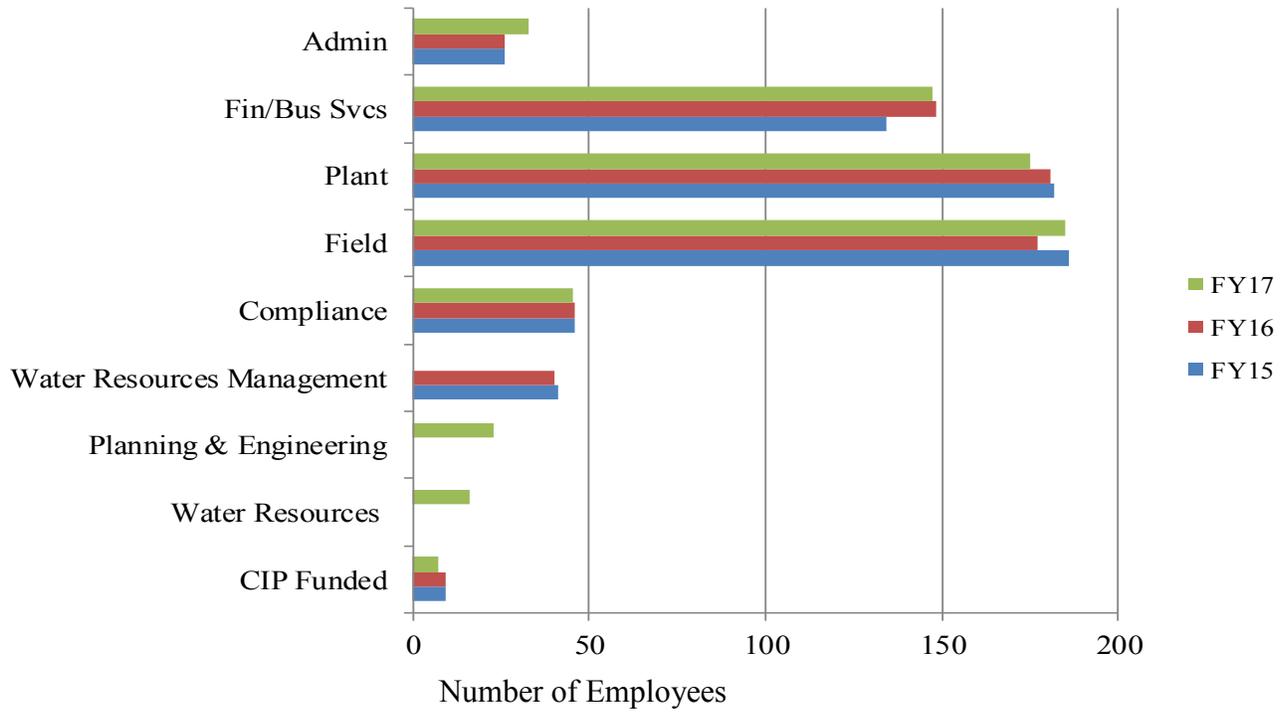
The FY17 approved budget contains a net increase of 4.5 employees over the FY16 level. The FY17 budget is authorized and approved at 632 employees.

Three labor unions represent 499 of the 632 Authority employees. Local 2962 AFSME, AFL-CIO, CLC represents 56 clerical series employees, Local 624 AFSCME, AFL-CIO represents 315 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 128 management series employees.

Changes in Employment - The budget for FY17 shows a net increase of 4.5 new positions. The positions added include Network Administrator, Heavy Equipment Mechanic, Administrative Specialist, and two (2) Utility Technicians. Two (2) Engineer Assistant positions were deleted from the FTE count and are budgeted as part-time positions. In FY17, the Water Resources Management program has been divided into two programs: Planning & Engineering and Water Resources.

POSITIONS:	ACTUAL FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
Administration						
Water Authority	8	8	7	7	13	6
Legal/Risk	5	5	6	6	7	1
Human Resources	13	13	13	13	13	0
Total Administration	26	26	26	26	33	7
Financial /Business Services						
Finance	28.5	31.5	31.5	31.5	31.5	0.0
Customer Services	80	92	90	90	90	0
Information Technology	26	25	25	25	26	1
Total Financial/Business Services	134.5	148.5	146.5	146.5	147.5	1
Plant						
Wastewater Treatment	99	99	94	94	92	(2)
Groundwater	56	56	56	56	55	(1)
San Juan-Chama Water Treat Plant	27	26	29	29	28	(1)
Total Plant	182	181	179	179	175	(4)
Field						
Wastewater Collection	60	60	61	61	61	0
Water Field Operations	126	117	121	121	124	3
Total Field	186	177	182	182	185	3
Compliance	46	46	46	46	45.5	(0.5)
Water Resources Management	41	40	39	39	-	(39)
Planning & Engineering	-	-	-	-	23	23
Water Resources	-	-	-	-	16	16
CIP Funded	9	9	9	9	7	(2)
TOTAL FULL TIME POSITIONS	624.5	627.5	627.5	627.5	632.0	4.5

Changes in Employment by Functional Unit



ABCWUA FUNDS

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

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

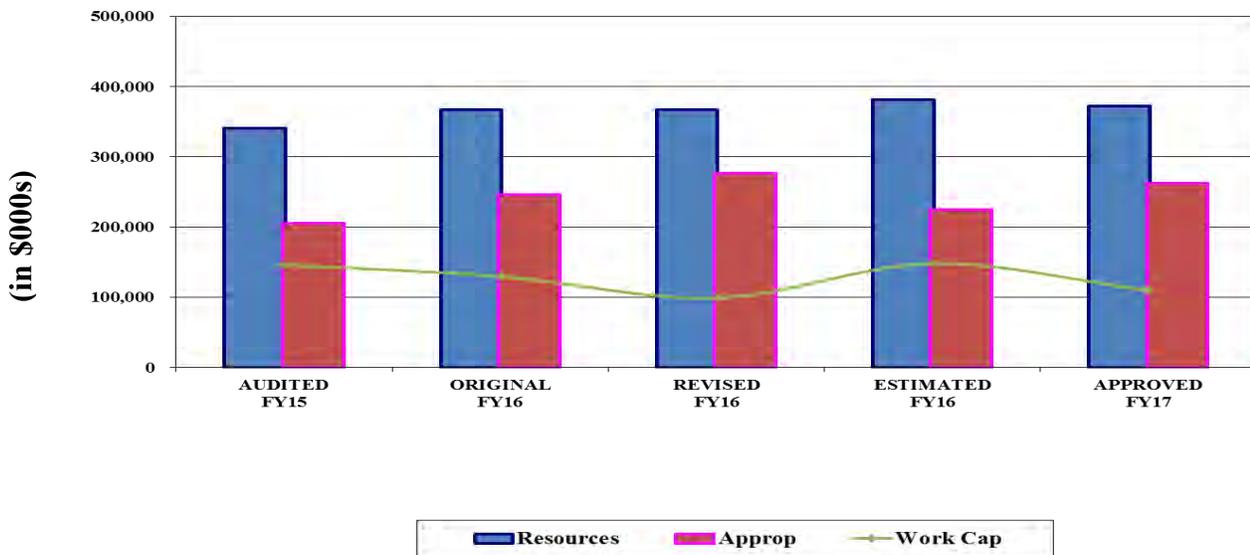
Fund 28 – Capital Rehab Fund/ Fund 29 – Capital Growth Fund - To account for the operations of the Water Authority's Capital Improvement program.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Proceed Revenues	80,811	-	-	-	-	-
Miscellaneous Revenues	13,765	13,453	13,453	19,190	12,820	(633)
Enterprise Revenues	190,099	208,131	208,131	216,382	211,251	3,120
Transfers from Other Funds	86,908	93,782	93,782	93,634	97,023	3,241
Interfund Adjustments	<u>(86,908)</u>	<u>(93,782)</u>	<u>(93,782)</u>	<u>(93,634)</u>	<u>(97,023)</u>	<u>(3,241)</u>
Total Current Resources	284,675	221,584	221,584	235,572	224,071	2,487
Beginning Working Capital Balance	<u>56,138</u>	<u>146,000</u>	<u>146,000</u>	<u>146,000</u>	<u>147,723</u>	<u>1,723</u>
TOTAL RESOURCES	<u>340,813</u>	<u>367,584</u>	<u>367,584</u>	<u>381,572</u>	<u>371,794</u>	<u>4,210</u>
APPROPRIATIONS:						
Enterprise Operations	109,430	114,422	114,422	114,074	119,962	5,540
Debt Service	35,203	72,842	72,842	71,906	76,264	3,422
CIP Basic Rehab & Growth	60,832	58,410	89,057	38,910	65,903	(23,154)
Transfers to Other Funds:	86,908	93,782	93,782	93,634	97,023	3,241
Interfund Adjustments	<u>(86,908)</u>	<u>(93,782)</u>	<u>(93,782)</u>	<u>(93,634)</u>	<u>(97,023)</u>	<u>(3,241)</u>
TOTAL APPROPRIATIONS	<u>205,465</u>	<u>245,674</u>	<u>276,321</u>	<u>224,890</u>	<u>262,129</u>	<u>(14,192)</u>
ADJ TO WORKING CAPITAL BALANCE	10,652	7,664	7,664	(8,959)	-	(7,664)
ENDING WORKING CAPITAL BALANCE	<u>146,000</u>	<u>129,574</u>	<u>98,927</u>	<u>147,723</u>	<u>109,665</u>	<u>10,738</u>



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

COMBINED FISCAL YEAR 2017 FUNDS BUDGET

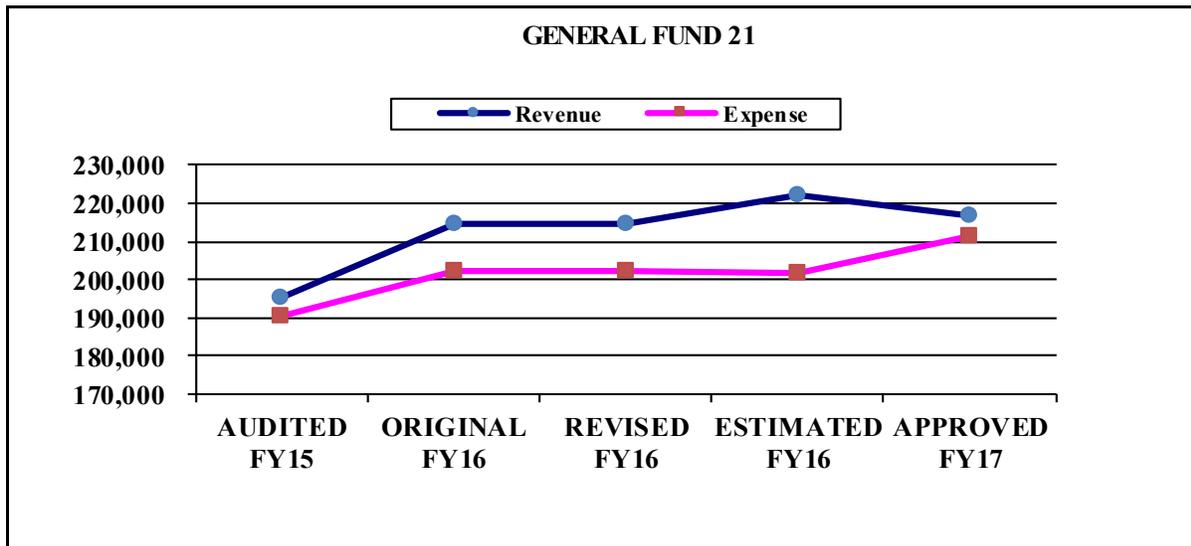
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	GENERAL <u>FUND 21</u>	DEBT SERVICE <u>FUND 31</u>	CAPITAL <u>FUNDS 28/29</u>	FY17 <u>TOTALS</u>
Revenues and Other Resources				
Interest	100			100
Miscellaneous	2,970			2,970
Water	118,954			118,954
Water Resources Management	4,500			4,500
Wastewater	79,686			79,686
Solid Waste Admin Fee	1,401			1,401
DMD Admin Fee	349			349
Franchise Fee	8,111			8,111
Utility Expansion Charges		8,000		8,000
Transfers	921	70,628	25,474	97,023
TOTAL	<u>216,992</u>	<u>78,628</u>	<u>25,474</u>	<u>321,094</u>
Expenditures				
Wages	37,712			37,712
Fringe Benefits	18,963			18,963
Professional and Other Services	19			19
Utilities	12,347			12,347
Supplies	8,546			8,546
Travel, Training, and Dues	537			537
Repairs and Maintenance	13,724			13,724
Vehicle Maintenance	2,826			2,826
WC, Insurance, Tort, and Other Liab	2,941			2,941
Franchise Fee	8,111			8,111
NM Water Conservation Fee	657			657
Interest	266			266
Principal	1,136			1,136
Admin Svcs/OPEB	717			717
Contractual Services	10,771		65,903	76,674
Capital Outlay	688			688
Transfer to Capital Fund	21,000	4,474		25,474
Transfer to Debt Service	70,628			70,628
Transfer to General Fund			921	921
Debt Service Payments		76,264		76,264
TOTAL	<u>211,590</u>	<u>80,738</u>	<u>66,824</u>	<u>359,152</u>
Revenue Over (Under) Expenditures	5,402	(2,110)	(41,350)	(38,058)
Beginning Fund Balance	6,356	54,576	86,790	147,722
Ending Fund Balance	<u>11,758</u>	<u>52,467</u>	<u>45,440</u>	<u>109,665</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**GENERAL FUND 21
RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE**

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



- ◇ 2% Cost of Living adjustment for salaries in FY17.
- ◇ General operating expenses increase \$3.0M in FY17.
- ◇ Transfers increase \$3.8M in FY17.
- ◇ Working Capital balance maintained at 1/12th budgeted expenditures in FY17.
- ◇ \$2M added to Rate Reserve in FY17.

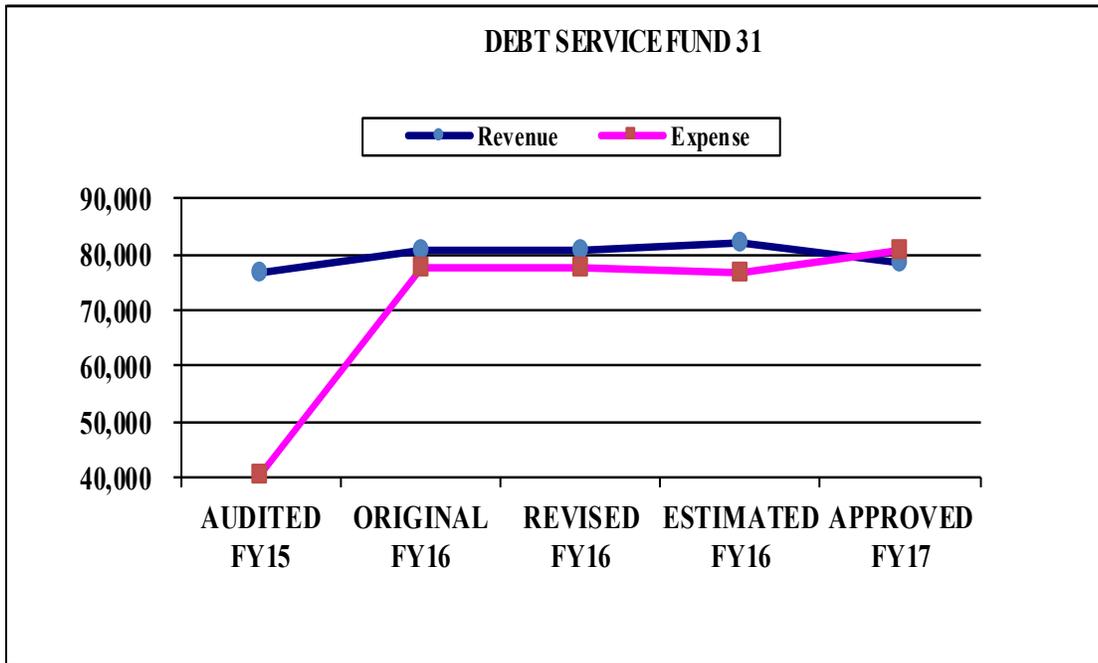
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Rate Revenues:						
Water Service	102,133	108,127	108,677	103,772	87,677	(21,000)
Metered Water Sales-Reuse	431	550	-	-	-	-
Water Facilities Rehab	11,867	6,902	6,902	31,805	30,902	24,000
Wastewater Service	40,710	70,124	70,124	41,103	54,124	(16,000)
Wastewater Facilities Rehab	23,294	9,562	9,562	26,975	25,562	16,000
Contr/Aid/Hookups	383	375	375	434	375	-
Water Resources Management	4,170	4,500	4,500	4,223	4,500	-
Total Rate Revenue	182,989	200,140	200,140	208,312	203,140	3,000
Other Revenues:						
Solid Waste Admin Fee	1,323	1,339	1,339	1,339	1,401	62
DMD Admin Fee	-	-	-	-	349	349
PNM Pass-Thru	-	-	-	326	-	-
CIP Funded Positions	748	940	940	792	921	(19)
Interest on Investments	44	10	10	155	100	90
Miscellaneous Revenue	2,776	4,104	4,104	3,052	2,970	(1,134)
Total Other Revenue	4,892	6,393	6,393	5,664	5,741	(652)
Total Rate and Other Revenues	187,880	206,533	206,533	213,976	208,881	2,348
Franchise Fees:						
Franchise Fee: City	6,466	7,271	7,271	7,337	7,380	109
Franchise Fee: Valley	570	639	639	652	649	10
Franchise Fee: Rio Rancho	1	1	1	1	1	-
Franchise Fee: Los Ranchos	72	80	80	81	81	1
Total Franchise Fees	7,110	7,991	7,991	8,071	8,111	120
Total Current Resources	194,990	214,524	214,524	222,047	216,992	2,468
Beginning Working Capital Balance	(10,676)	(8,722)	(8,722)	(8,722)	6,356	15,077
TOTAL RESOURCES	184,314	205,802	205,802	213,325	223,348	17,546
APPROPRIATIONS:						
Programs:						
Administration	2,033	1,832	1,832	1,910	2,511	679
Legal/Risk	4,816	4,074	4,074	4,649	4,595	521
Human Resources	1,210	1,373	1,373	1,253	1,409	36
Finance	3,350	3,700	3,700	3,816	4,060	360
Customer Services	7,392	8,963	8,963	8,708	8,934	(29)
Information Technology	6,191	5,686	5,686	6,035	6,964	1,278
Wastewater Plant	10,647	11,298	11,235	11,301	11,412	177
San Juan-Chama Water Treatment Plant	2,879	3,045	3,108	3,170	3,387	279
Groundwater Operations	5,531	5,790	5,876	5,789	6,302	426
Wastewater Collection	6,058	6,236	6,236	6,280	6,480	244
Water Field Operations	18,049	18,777	18,911	18,948	19,898	987
Compliance	4,149	5,186	4,986	4,384	5,269	283
Water Resources Management	6,235	7,199	7,179	6,171	-	(7,179)
Planning & Engineering	-	-	-	-	2,854	2,854
Water Resources	-	-	-	-	4,267	4,267
Power & Chemicals	19,694	18,482	18,482	18,970	18,482	-
Taxes	7,517	8,691	8,649	8,397	8,768	118
Overhead	1,423	1,843	1,885	2,067	2,123	239
San Juan-Chama	2,257	2,247	2,247	2,226	2,247	-
Total Enterprise Appropriations	109,430	114,422	114,422	114,074	119,962	5,540
Transfers to Other Funds:						
Rehab Fund - 28	12,000	15,000	15,000	15,000	21,000	6,000
Debt Service Fund - 31	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Transfers	81,160	87,842	87,842	87,842	91,628	3,786
TOTAL APPROPRIATIONS	190,590	202,264	202,264	201,916	211,590	9,326
ADJUSTMENTS:						
Year-End Adjustments	(2,445)	7,664	7,664	(5,054)	-	(7,664)
ENDING WORKING CAPITAL BALANCE	(8,722)	11,202	11,202	6,356	11,758	556

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

DEBT SERVICE FUND – 31

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



- ◇ In years where expenditures exceed revenues, fund balance is used.
- ◇ Beginning FY16, the Water Authority adopted a policy change to make the July debt service payment on July 1. In previous fiscal years, the July 1 payment was made on June 30.
- ◇ Affordable Housing rebates which offset UEC revenue are paid out of this fund.
- ◇ The Water Authority follows a policy of 25-year debt for special projects, 12-year debt for basic capital projects and 50% cash financing for basic capital projects.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

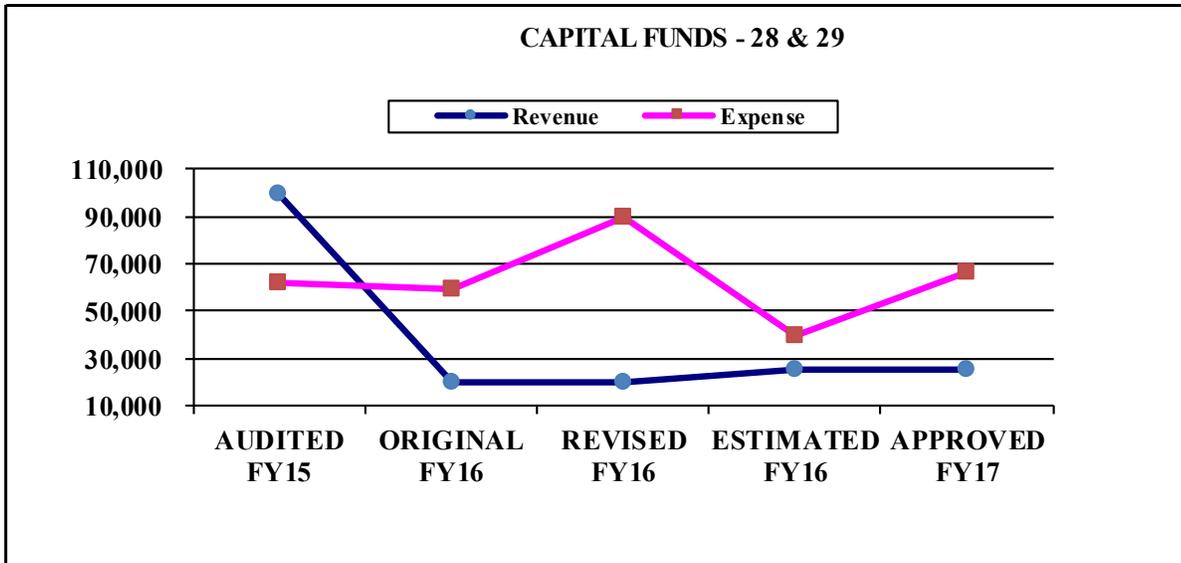
DEBT SERVICE FUND - 31

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	7,541	8,000	8,000	9,257	8,000	-
Total Miscellaneous Revenues	7,541	8,000	8,000	9,257	8,000	-
Transfer from Other Funds:						
General Fund - 21	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Transfers	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Current Resources	76,701	80,842	80,842	82,099	78,628	(2,214)
Beginning Fund Balance	515	48,798	48,798	48,798	54,576	5,777
TOTAL RESOURCES	77,216	129,640	129,640	130,897	133,205	3,564
APPROPRIATIONS:						
Joint Water/Sewer Debt Service	35,203	72,842	72,842	71,906	76,264	3,422
Transfers to Other Funds						
Growth Fund - 29	5,000	5,000	5,000	5,000	4,474	(526)
Total Transfers	5,000	5,000	5,000	5,000	4,474	(526)
TOTAL APPROPRIATIONS	40,203	77,842	77,842	76,906	80,738	2,896
ADJUSTMENTS:						
Adjustment to Fund Balance	11,785	-	-	585	-	-
TOTAL ADJUSTMENTS	11,785	-	-	585	-	-
ENDING FUND BALANCE	48,798	51,798	51,798	54,576	52,467	669

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**CAPITAL REHAB FUND – 28
CAPITAL GROWTH FUND - 29**

The Capital Funds are used to fund the operations of the Water Authority’s Capital Improvement Program based on projects identified in the Water Authority’s Decade Plan. The resources for these funds are the transfers from the General and the Debt Service Funds.



- ◇ In years where expenditures exceed revenues, fund balance is used.
- ◇ Transfer from the General Fund increased \$6M in FY17.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**CAPITAL REHAB FUND – 28
CAPITAL GROWTH FUND - 29**

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Proceeds:						
Loan Proceeds	640	-	-	-	-	-
Bond Proceeds	80,171	-	-	-	-	-
Total Proceed Revenue	80,811	-	-	-	-	-
Miscellaneous Revenues:						
State Grants	1,782	-	-	911	-	-
Lease of Water Rights	100	-	-	1,615	-	-
Miscellaneous Revenue	199	-	-	2,534	-	-
Total Miscellaneous Revenue	2,081	-	-	5,060	-	-
Transfer from Other Funds:						
General Fund - 21	12,000	15,000	15,000	15,000	21,000	6,000
Debt Service Fund - 31	5,000	5,000	5,000	5,000	4,474	(526)
Total Transfers	17,000	20,000	20,000	20,000	25,474	5,474
Total Current Resources	99,892	20,000	20,000	25,060	25,474	5,474
Beginning Fund Balance	66,298	105,922	105,922	105,922	86,790	(19,133)
TOTAL RESOURCES	166,190	125,922	125,922	130,982	112,264	(13,658)
APPROPRIATIONS:						
CIP Basic Rehab	50,522	55,000	75,910	32,880	62,350	(13,560)
CIP Growth	11,058	4,350	14,087	6,822	4,474	(9,613)
TOTAL APPROPRIATIONS	61,580	59,350	89,997	39,702	66,824	(23,173)
ADJUSTMENTS:						
Year-End Adjustments	1,312	-	-	(4,491)	-	-
ENDING FUND BALANCE	105,922	66,572	35,925	86,790	45,440	9,514

PROGRAM BUDGET HIGHLIGHTS

Expenditures

Comparing the FY16 approved budget with the approved budget for FY17 reveals an overall net increase of \$9.3 million. The approved budget for FY17 has a net increase of \$2.5 million for total personnel expenditures. This increase includes a 2% cost of living adjustment as per the labor agreements, an increase of other employee benefits due to the increase in health insurance and retirement and the addition of 4.5 net new positions. Total general operating costs increase by \$3.0 million. The internal service charges increase by \$3.8 million for the transfers to capital and debt service.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$11.8 million at the end of FY17. An additional \$2 million is reserved in the rate reserve fund. The Water Authority will also provide deferred UEC collections on up to 50 affordable housing units developed by non-profit housing developers.

Adopted Issue Papers and Initiatives – Adopted issue papers and initiatives funded in FY17 total \$3,767,613. The list below identifies the issues and divisions funded.

Compensation –The approved budget includes a cost of living adjustment for permanent Water Authority employees of 2%.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Water Authority Approved Issue Papers - FY17	
Fund 21 - General Fund	3,767,613
Administration	
Customer Conversations	34,950
Asset Management Benchmarking Project	58,797
WERF Annual Membership	25,000
Reorganizing Planner/Schedulers & Asset Mgmt Analyst	83,749
Legal Fees	301,000
Legal/Risk - Principal Engineer position-FY16 mid-year addition	141,206
PRC Fines Contingency	50,000
Financial Services	
Transfer E-Commerce Payments to Finance	-
Move Meter Reading department to Customer Services Field	-
ITD Repairs & Maintenance-CIP reallocation and funding	1,202,461
ITD Reorganization	10,750
ITD-Network Administrator position	45,470
Plant	
WW Plant Ops - Overtime	104,000
WW Plant - Uniforms, Repairs/Maintenance, and Water/Wastewater	140,000
SJCWTP - Overtime	40,000
SJCWTP - Contract Services, Water/Wastewater, and Telephones	36,167
Groundwater Wells - Repairs/Maintenance and Grounds Maintenance	168,710
SCADA - Temporary Staffing	123,500
Control Systems Operators - Temporary Staffing	70,000
Field	
Fleet Maintenance - Heavy Equipment Mechanic position	74,667
Fleet Maintenance - Administrative Specialist	61,456
Root Control	40,000
Line Location Enhancements - 2 Utility Technicians, vehicles, equipment	221,416
Montano Stockpile Improvements	30,000
Patching/Paving	400,000
Tools	48,500
Compliance	
Regulatory Compliance Manager position - FY16 mid-year addition	-
WRM	
Creation of Planning & Engineering and Water Resources divisions	-
General Government	
Funding for Annual Required Contribution (Retirees) to COA	170,814
Tuition Reimbursement Incentive programs	85,000
TOTAL	3,767,613

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Details of the appropriations for Fund 21 (General Fund), Fund 31 (Debt Service Fund), and Funds 28 & 29 (CIP Basic Rehab & Growth) can be found in the table below.

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
<u>GENERAL FUND - 21</u>						
Administration	2,033	1,832	1,832	1,910	2,511	679
Risk	4,816	4,074	4,074	4,649	4,595	521
Human Resources	1,210	1,373	1,373	1,253	1,409	36
Finance	3,350	3,700	3,700	3,816	4,060	360
Customer Services	7,392	8,963	8,963	8,708	8,934	(29)
Information Technology	6,191	5,686	5,686	6,035	6,964	1,278
Wastewater Plant	10,647	11,298	11,235	11,301	11,412	177
San Juan-Chama Water Treatment Plant	2,879	3,045	3,108	3,170	3,387	279
Groundwater Operations	5,531	5,790	5,876	5,789	6,302	426
Wastewater Collection	6,058	6,236	6,236	6,280	6,480	244
Water Field Operations	18,049	18,777	18,911	18,948	19,898	987
Compliance	4,149	5,186	4,986	4,384	5,269	283
Water Resources Management	6,235	7,199	7,179	6,171	-	(7,179)
Planning & Engineering	-	-	-	-	2,854	2,854
Water Resources	-	-	-	-	4,267	4,267
Power & Chemicals	19,694	18,482	18,482	18,970	18,482	-
Taxes	7,517	8,691	8,649	8,397	8,768	119
Overhead	1,423	1,843	1,885	2,067	2,123	238
San Juan-Chama	2,257	2,247	2,247	2,226	2,247	-
Transfer to Capital Fund - 28	8,000	15,000	15,000	15,000	21,000	6,000
Transfer to Debt Service Fund - 31	73,160	72,842	72,842	72,842	70,628	(2,214)
Subtotal General Fund - 21	<u>190,590</u>	<u>202,264</u>	<u>202,264</u>	<u>201,916</u>	<u>211,590</u>	<u>9,326</u>
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	35,203	72,842	72,842	71,906	76,264	3,422
Transfer to Capital Fund - 29	5,000	5,000	5,000	5,000	4,474	(526)
Total Debt Service Fund - 31	<u>40,203</u>	<u>77,842</u>	<u>77,842</u>	<u>76,906</u>	<u>80,738</u>	<u>2,896</u>
<u>CAPITAL FUNDS - 28 & 29</u>						
CIP Basic Rehab	49,774	54,060	74,970	32,088	61,429	(13,541)
CIP Growth	11,058	4,350	14,087	6,822	4,474	(9,613)
Transfer to General Fund - 21	748	940	940	792	921	(19)
Total Capital Funds - 28 & 29	<u>61,580</u>	<u>59,350</u>	<u>89,997</u>	<u>39,702</u>	<u>66,824</u>	<u>(23,173)</u>
TOTAL WUA APPROPRIATIONS	<u>292,373</u>	<u>339,456</u>	<u>370,103</u>	<u>318,524</u>	<u>359,152</u>	<u>(10,951)</u>
Interfund Adjustment	<u>(86,908)</u>	<u>(93,782)</u>	<u>(93,782)</u>	<u>(93,634)</u>	<u>(97,023)</u>	<u>(3,241)</u>
NET WUA APPROPRIATIONS	<u>205,465</u>	<u>245,674</u>	<u>276,321</u>	<u>224,890</u>	<u>262,129</u>	<u>(14,192)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Financial Plans

The following table is the financial plan for the Water Authority. The plan displays financial projections from FY16 thru FY25. This plan takes into account the Water Authority’s Capital needs, Debt Service needs, revenue sources and expenditures. The Financial Plan helps the Water 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 Water Authority’s Future Working Capital and provides a tool to project future budget needs for the Utility. Based upon this financial plan, the Water Authority forecasts the rate revenue adjustment of 5% for FY18.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Funds										
Needs: Basic (Min 50% cash Trans)	37,000	47,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Increase for Rehab/Asset Mnt P	3,000	6,000	14,000	12,000	15,000	18,000	21,000	24,000	27,000	30,000
Water Reclamation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Southside Reuse	-	-	-	-	-	-	-	-	-	-
Steel Line	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
AMI	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Special Projects	6,000	-	-	-	-	-	-	-	-	-
Valley Utility Projects	-	-	-	-	-	-	-	-	-	-
Resources:										
Beginning Bal.	3,888	28,988	1,562	29,662	1,762	29,862	1,962	30,062	2,162	30,262
Trf. from Operating	15,000	21,000	29,000	27,000	30,000	33,000	36,000	39,000	42,000	45,000
Trf. from Debt Service	5,000	4,474	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Bond Proceeds	57,000	10,000	56,000	-	56,000	-	56,000	-	56,000	-
Bond Proceeds Yucca/Central	6,000	-	-	-	-	-	-	-	-	-
Adjustments	-	2,000	-	-	-	-	-	-	-	-
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	86,888	66,462	92,562	62,662	93,762	68,862	99,962	75,062	106,162	81,262
Interest on Above	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Total	87,988	67,562	93,662	63,762	94,862	69,962	101,062	76,162	107,262	82,362
Balance June 30	28,988	1,562	29,662	1,762	29,862	1,962	30,062	2,162	30,262	2,362
Debt Service Fund										
Future Bond Interest=										
Resources:										
Interest Income	-	100	100	100	100	100	100	100	100	100
UECs	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transfer from 21	72,842	71,089	68,626	79,805	79,539	79,348	79,248	78,645	72,756	77,501
Adjustments/Misc	-	-	-	-	-	-	-	-	-	-
Bg. Fund Balance	2,512	7,173	5,670	5,670	5,670	5,670	5,670	5,670	5,670	5,670
Total	83,354	86,362	82,396	93,575	93,309	93,118	93,018	92,415	86,526	91,271
Expenditures:										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	5,000	4,474	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Debt Service	71,166	75,168	69,676	75,060	74,794	68,808	68,708	62,310	56,421	55,368
Advanced Rehab	-	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035
FY24 Bond Proceeds	-	-	-	-	-	-	-	-	-	5,795
FY22 Bond Proceeds	-	-	-	-	-	-	-	5,795	5,795	5,795
FY18 Bond Proceeds	-	-	-	5,795	5,795	5,795	5,795	5,795	5,795	5,795
FY20 Bond Proceeds	-	-	-	-	-	5,795	5,795	5,795	5,795	5,795
Total	76,181	80,692	76,726	87,905	87,639	87,448	87,348	86,745	80,856	85,601
Fund Balance	7,173	5,670	5,670	5,670	5,670	5,670	5,670	5,670	5,670	5,670
Operating Fund										
Resources										
Total	207,804	224,286	240,306	247,292	253,886	256,256	265,067	268,388	274,098	280,001
Expenditures										
Total	201,594	211,839	221,991	233,612	238,836	244,185	249,676	254,715	254,522	265,016
Resources over Comm.	6,210	12,447	18,315	13,680	15,050	12,071	15,392	13,673	19,576	14,985
Rate Increases	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	5.00%	0.00%	3.00%	0.00%
Accum. Inc. from 2004	21.0%	21.0%	26.0%	26.0%	31.0%	31.0%	36.0%	36.0%	39.0%	39.0%
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025

FUNCTIONAL UNITS

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

ADMINISTRATION

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

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

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

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

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

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

FISCAL YEAR 2017 ADMINISTRATION OBJECTIVES

- Establish a steering committee to evaluate the results from the employee engagement and satisfaction survey and develop a plan or addressing areas where employees’ responses indicated improvement was needed by the end of the 4th Quarter of FY17.
- Maintain an average utility-wide vacancy rate of no greater than 6% through the end of FY17.
- Complete two employee wellness challenges per fiscal quarter with at least 60% participant completion rate; post fitness/exercise signs at the two plants by the end of the 4th Quarter of FY17.
- Update the Knowledge Management Strategy to assure that the right knowledge is systematically collected, stored, organized, and transferred to the appropriate employee in a timely and effective manner by the end of the 4th Quarter of FY17.
- Reduce injury hours to 2,700 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY17.

FISCAL YEAR 2017 ADMINISTRATION HIGHLIGHTS

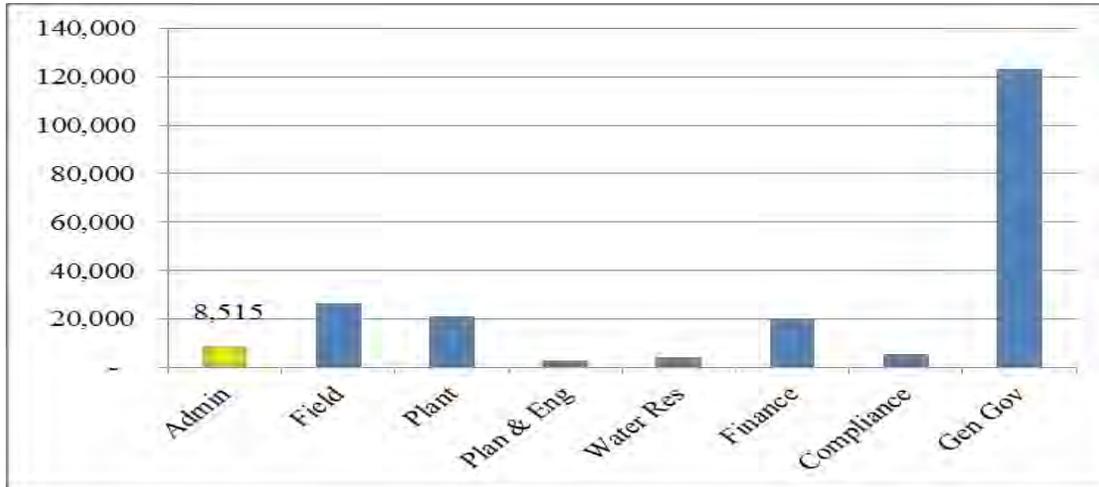
In FY17, the Health and Wellness Specialist will continue offering wellness challenges for individuals and departments in conjunction with the Solutions Group as part of our health insurance. At least two (2) fitness challenges per quarter will be offered this year and will include nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. In addition, Authority Fit will be developing some signs that can be posted at Water Authority worksites to offer employees quick ways to exercise and mark out walking paths with distances for them to use around the premises. Downtown, walking routes with distances will be mapped out and distributed for employees to walk during their breaks and lunches.

Two Human Resources Analysts presented “Generational Differences” at the 2016 NM Water Workshop and plan to submit their presentation to the National Water Conference for presentation selection in FY17. Three members of the HR team will be attending the National Society for Human Resources Management Conference for the first time. This will give staff a valuable insight into market strategies for hiring, rewarding employees and developing our own leaders.

The Water Authority’s certification training programs continue to develop employees’ knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Major updates to the Treatment Plant Operator Program was implemented and will continue into FY17. Committees to update the Utility Technician Programs are formed and expected to finish a recommendation in FY17. Each fiscal year, there has been an increase in the number of utility operators obtaining their State of New Mexico Operator certification. In addition to traditional classroom and on-the-job training, employees will be able to access various training subjects online, making training more accessible to employees working non-traditional schedules (i.e. graveyard shift).

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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



Expenditures by Department (S000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Appr 17/ Rev 16 Chg
Executive Director						
Personnel	633	669	669	553	677	8
Operating	931	687	687	833	806	119
Capital	-	-	-	-	-	-
Total	1,565	1,356	1,356	1,386	1,483	127
COO's Office						
Personnel	321	353	353	337	905	552
Operating	147	123	123	187	123	-
Capital	-	-	-	-	-	-
Total	468	476	476	524	1,028	552
Risk						
Personnel	526	620	620	692	790	170
Operating	4,290	3,454	3,454	3,938	3,805	351
Capital	-	-	-	18.19	-	-
Total	4,816	4,074	4,074	4,649	4,595	521
Human Resources						
Personnel	1,089	1,215	1,215	1,152	1,252	36
Operating	121	157	157	101	157	-
Capital	-	-	-	-	-	-
Total	1,210	1,373	1,373	1,253	1,409	36
Total Division	8,059	7,279	7,279	7,812	8,515	1,236
Staffing (FTE)	26	26	26	26	33	7

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

FIELD DIVISION

The Field division is responsible for operating and maintaining the water distribution system, wastewater collection and non-potable reuse distribution system. Drinking water is distributed to approximately 658,238 residents comprising approximately 95% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 207,762 accounts, including 186,461 residential and 21,301 multi-family, commercial, institutional and industrial accounts, as of January 1, 2016. Approximately 50% of the water sales are for residential uses.

Water Distribution

The water distribution system consists of more than 3,130 miles of transmission and distribution pipelines that transport drinking water from the reservoirs to our customers throughout the service area. The water system takes advantage of the unique topography of the 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.

In addition, the Field division is responsible for water service lines, large and small diameter valves, pressure reducing and air relief valves and utility line locations. The division is responsible for main and service line repairs, street and sidewalk excavations/restoration, system shutdowns for construction coordination and radio dispatch functions. The Field division also includes the Fleet Maintenance department which provides all maintenance and repairs to the vehicles and equipment in the Water Authority's fleet.

Wastewater Collection and Lift Stations

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

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

Storm Water

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

FISCAL YEAR 2017 FIELD DIVISION OBJECTIVES

- Begin development of an asset management plan that evaluates and rates the condition and criticality of transmission and distribution line valves including the annual funding needed for the repair and replacement in a valve program by the end of the 4th Quarter of FY17.
- Complete an Odor Control Facilities Asset Management Plan that evaluates the effectiveness of chemical dosing and assesses the condition and risk of all facilities with odor control systems; prepare asset management and capital improvement plans by the end of the 2nd Quarter of FY17.
- Continue the assessment of root foaming and FOG Buster pilot programs on wastewater lines and provide recommendation by the end of the 2nd Quarter of FY17.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

- Televis and assess the condition of approximately five percent of the small diameter sanitary wastewater system by the end of the 4th Quarter of FY17.

FISCAL YEAR 2017 FIELD DIVISION HIGHLIGHTS

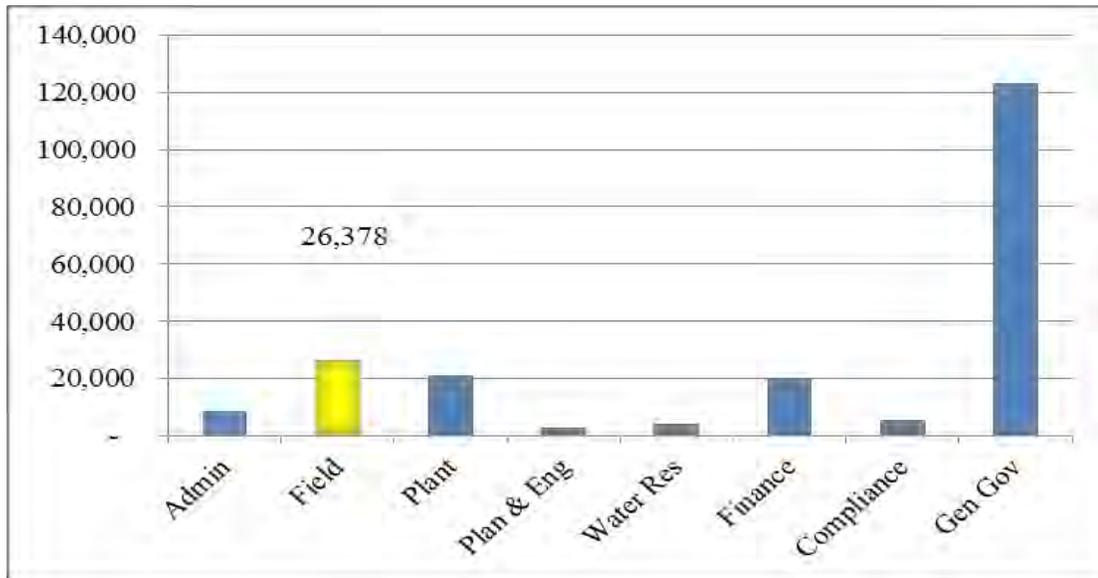
Various Field Division efforts include the continuation of Large Interceptor rehabilitation and enhanced cleaning programs; large valve exercising on critical transmission lines and corrosion monitoring and mitigation analysis.

Wastewater Collections continues to implement the Capacity Management Operations and Maintenance (CMOM) program. The expanded closed circuit television (CCTV) inspection of 5% of the small diameter system provides for better maintenance and identification of specific rehab needs. Communication with entities potentially impacted by public or private sewage spills continues to be enhanced and documented in the Overflow Emergency Response Plan (OERP) which is a portion of the CMOM. The fleet of combination cleaning units is being renewed and provided with updated nozzles. The Fats, Oils, and Grease (FOG) busting and root foaming pilot programs will be evaluated in FY17. Collections will be completing asset management plans for the vacuum and lift station facilities.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. The division will begin implementation of safety programs to update in-house Utility Tech (UT) and Wastewater Worker (WWW) position certification programs. In FY17, the division will initiate valve condition and Pressure Reducing Valve (PRV)/vault replacement assessment programs.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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



Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Appr 17/ Rev 16 Chg
Water Distribution						
Personnel	9,279	9,428	9,342	9,097	10,021	678
Operating	8,541	8,731	8,731	9,016	9,209	479
Capital	229	618	838	835	668	(170)
Total	18,049	18,777	18,911	18,948	19,898	987
Collections						
Personnel	4,725	5,013	5,013	4,976	5,257	244
Operating	1,333	1,223	1,223	1,294	1,223	(0)
Capital	-	-	-	10.00	-	-
Total	6,058	6,236	6,236	6,280	6,480	244
Total Division	24,107	25,013	25,147	25,228	26,378	1,231
Staffing (FTE)	186	177	182	182	185	3

PLANT DIVISION

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

Drinking Water

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

Groundwater from the middle Rio Grande basin aquifer provides supply during peak and drought and consists of 60 wells grouped in well fields located throughout the metropolitan area. Total well production capacity is approximately 184 million gallons per day (MGD). A chlorination/fluoridation station associated with each well field satisfies the total required water treatment needs for the water produced in each well field. In addition, to the surface water facilities, the division is also responsible for operating and maintaining the arsenic treatment plant at the College Reservoir site, the water system that serves the Metropolitan Detention Center, and the Cordero Mesa Business Park.

Ground storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 psi for consumers. Sixty-six reservoirs are located throughout the service area, with a total reservoir storage capacity of 211 million gallons. If demand requires, reservoir water can also be transferred uphill through a pressure zone to the next highest reservoir or in an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 129 boosters, with a total capacity of 775 MGD, available for water transfers between reservoirs.

Wastewater and Biosolids Management

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

Total beneficial reuse of biosolids is accomplished by a combination of land application on 5,000 acres of public-private range land (85% of sludge produced) and production of compost (15% of sludge *Non-potable Water Reuse*).

The existing North I-25 reuse and reclamation system is operated by the Plant Division. The system includes a Ranney type diversion structure on the Rio Grande that diverts a small portion of San Juan-Chama water that is combined with industrial effluent to provide a source of non-potable water for large irrigation sites in the north valley and northeast heights. Operational in April 2013, the Southside Re-use Program will use treated wastewater from the Water Authority's Southside Water Reclamation Plant, which includes domestic and industrial wastewater, to irrigate turf at parks, fields and other recreational areas. The project allows less reliance on unsustainable groundwater pumping and helps protect the aquifer.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

FISCAL YEAR 2017 PLANT DIVISION OBJECTIVES

- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY17.
- Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY17.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 65% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours by the end of the 4th Quarter of FY17.

FISCAL YEAR 2017 PLANT DIVISION HIGHLIGHTS

Over a third of the active wells are approaching their expected useful life of 60 years and will need to be replaced. The Water Authority's well system was evaluated during FY15 and a list of wells for renewal was prioritized. During FY17, there are plans to rehabilitate four existing wells as an interim measure for restoring lost production capacity. Another project looking into the use of several currently out of service "high arsenic wells" is along the Alameda Trunk, which could provide an additional 30 MGD or more of water supply. With this project, the well water would be conveyed to the San Juan-Chama Water Treatment Plant (SJCWTP) to remove arsenic, making it suitable for drinking. This project would be especially beneficial during drought periods when there is insufficient flow in the Rio Grande to allow diversions of surface water to the SJCWTP. During such times, instead of having to idle the plant, it could be used to treat the high arsenic well water. During FY17, pilot studies will be completed to refine the treatment process for water drawn from these wells. In addition, the Water Authority will start construction of blending and treatment facilities that will allow Corrales Well 2, a high arsenic well in the Corrales Trunk, to be returned to service for water supply. Lastly, Corrales Well 8, which supplies 39% of the low arsenic groundwater in the Corrales trunk will be converted from a gas engine driver to an electric motor driver that will increase its reliability and reduce mechanical maintenance costs.

In FY17, the Water Authority will be commissioning the BCIP Pump Station that completes the recent western expansion of the College Trunk facilities. The Plant Groundwater facilities group will continue its field studies of reservoir stratification and determine which reservoirs would benefit from installation of active mixing systems to improve water quality. Groundwater will continue the Large Diameter Valve Exercise program at reservoirs, pump stations and well sites located in the Montgomery Trunk and then focus on those valves located at Freeway Trunk facilities.

The Water Authority began a major renovation of the Southside Water Reclamation Plant (SWRP) in FY10 called the Reclamation Rehabilitation and Asset Management Plan (RRAMP). The RRAMP is a multi-year program to renew the treatment processes at the plant. Several key improvement projects in this program have been completed, including the Preliminary Treatment Facility (PTF), aeration basin and air piping renovations, and final clarifier renovations. Construction of major renovations and improvements to the Solids Dewatering Facility will begin in FY17 with completion by the end of December 2017. Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems, and other SWRP facilities.

Construction of the Southside Municipal Effluent Polishing and Reclamation project was completed in April, 2013. Calendar year 2015 marked the second full season of irrigation by the initial group of 9 customers that connected

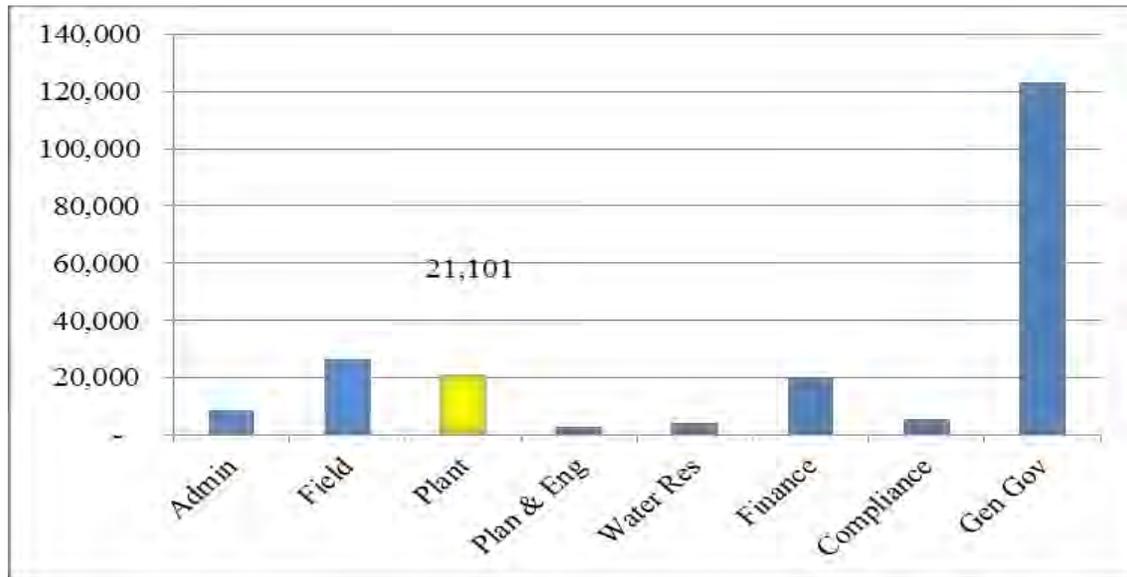
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

to this system. These connections resulted in a reduction of potable water demands by 629 acre-feet. This 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 SWRP facility generates approximately 20% of its power requirements using digester gas and another 7% using renewable solar power from an on-site solar array.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “oversaturating” the regional market for bio-solids compost. During calendar year 2015, the Water Authority processed 49% of all bio-solids into compost which was nearly double the original goal to compost and sell at least 25% of the total quantity of bio-solids.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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



Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Appr 17/ Rev 16 Chg
Drinking Water						
Personnel	6,339	7,021	7,170	6,846	7,477	307
Operating	2,072	1,814	1,814	2,113	2,212	398
Capital	-	-	-	-	-	-
Total	<u>8,410</u>	<u>8,835</u>	<u>8,984</u>	<u>8,959</u>	<u>9,689</u>	<u>705</u>
WW & Biosolids Mgmt.						
Personnel	7,933	8,307	8,243	8,044	8,281	38
Operating	2,714	2,972	2,972	3,223	3,111	140
Capital	-	20	20	33	20	-
Total	<u>10,647</u>	<u>11,298</u>	<u>11,235</u>	<u>11,301</u>	<u>11,412</u>	<u>177</u>
Total Division	19,057	20,133	20,219	20,260	21,101	882
Staffing (FTE)	182	181	179	179	175	(4)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

WATER RESOURCES MANAGEMENT DIVISION

In FY17, the Water Resources Management Division was reorganized into two divisions: Engineering & Planning and Water Resources.

WATER RESOURCES MANAGEMENT						
Expenditures by Department (S000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Appr 17/ Rev 16 Chg
Utility Development						
Personnel	2,199	2,615	2,595	2,172	-	(2,595)
Operating	142	139	139	174	-	(139)
Capital	-	-	-	21.44	-	-
Total	2,341	2,754	2,734	2,367	-	(2,734)
Water Resources						
Personnel	1,485	1,691	1,691	1,214	-	(1,691)
Operating	2,409	2,754	2,754	2,589	-	(2,754)
Capital	-	-	-	-	-	-
Total	3,894	4,445	4,445	3,803	-	(4,445)
Total Division	6,235	7,199	7,179	6,171	-	(7,179)
Staffing (FTE)	41	40	39	39	0	(39)

PLANNING & ENGINEERING DIVISION

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

FISCAL YEAR 2017 PLANNING & ENGINEERING OBJECTIVES

- Continue implementation of the Reclamation Rehabilitation Asset Management Plan by planning, designing and constructing reclamation facility improvements through the end of the 4th Quarter of FY17.
- Expend \$40 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 FY17. \$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 FY17.
- 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 FY17.

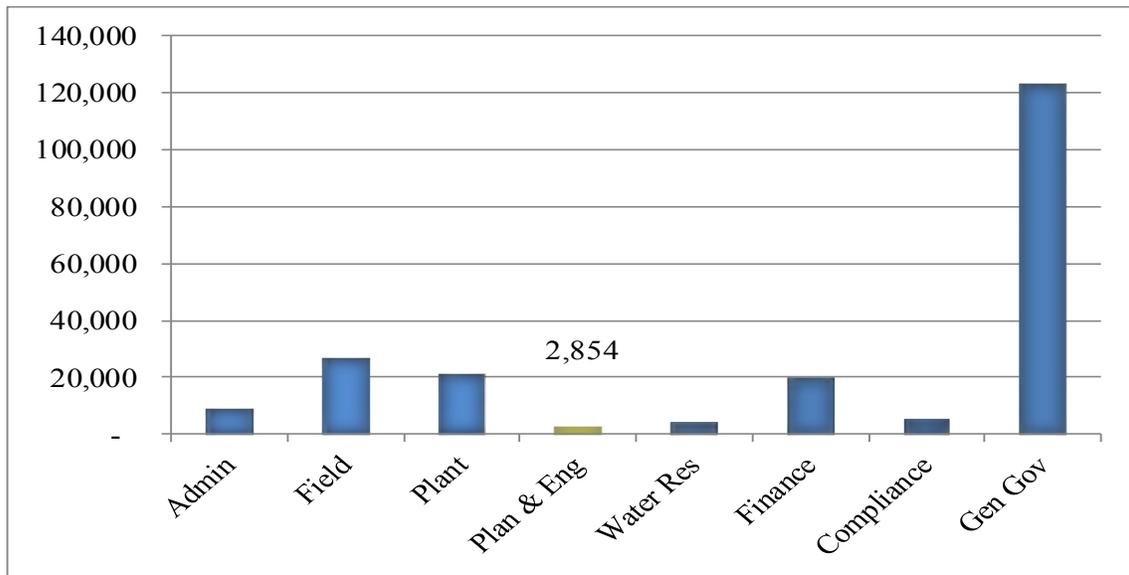
FISCAL YEAR 2017 PLANNING & ENGINEERING HIGHLIGHTS

Planning & Engineering will be focusing on further development of the Project Management Information System within the SharePoint application. The division will also be looking at completing the Guide to Development and initiating the Collection System Rehabilitation Program.

The division oversees the Water Authority’s Capital Improvement Program (CIP) program. The approved appropriation for FY17 is \$66.8 million. \$59.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$3.8 million is appropriated for special projects. The \$3.8 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$350,000 for various renewable energy projects, and \$474,000 for water rights enhancements.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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



Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Apr 17/ Rev 16 Chg
Central Engineering						
Personnel	-	-	-	-	1,775	1,775
Operating	-	-	-	-	60	60
Capital	-	-	-	-	-	-
Total	-	-	-	-	1,835	1,835
1 Stop Shop						
Personnel	-	-	-	-	417	417
Operating	-	-	-	-	12	12
Capital	-	-	-	-	-	-
Total	-	-	-	-	429	429
Maps/Records						
Personnel	-	-	-	-	432	432
Operating	-	-	-	-	110	110
Capital	-	-	-	-	-	-
Total	-	-	-	-	542	542
Water Quality						
Personnel	-	-	-	-	-	-
Operating	-	-	-	-	48	48
Capital	-	-	-	-	-	-
Total	-	-	-	-	48	48
Total Division	-	-	-	-	2,854	2,854
Staffing (FTE)	0	0	0	0	23	23.0

WATER RESOURCES DIVISION

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

This Division also oversees the Water Authority's water conservation programs. The long-term water conservation strategy elements implemented to date include an extensive public education and marketing effort, financial incentives for replacement of high volume toilets with low volume toilets, financial incentives for replacing existing high water use landscaping with xeriscaping, financial incentives for replacing high water use washing machines with low use models, and free water use audits. Residential audits include retrofits of showerheads, faucet aerators, and toilet displacement devices. Mandatory water waste prohibitions and limitations on high water use plants in landscaping new development have been enacted and are being enforced.

FISCAL YEAR 2017 WATER RESOURCES OBJECTIVES

- Maintain water use between 127 to 135 gallons per capita per day through the end of the 4th Quarter of FY17.
- Pending demonstration permit approval from the State Engineer, start construction of the Large Scale Aquifer Storage and Recovery Demonstration Project and evaluate the project's progress if completed by the end of the 4th Quarter of FY17.
- Continue the distribution water loss program by locating water leaks from surveying 650 miles of small diameter water lines through conventional leak detection methods and 2,200 miles of small diameter water lines through acoustic leak detection by the end of the 4th Quarter of FY17.
- Submit annual distribution and treatment data to the Partnership for Safe Water program for inclusion in the program's annual report of aggregated system water quality data; begin implementing action plans from the self-assessments through the end of the 4th Quarter of FY17.
- Adopt the updated Water Resources Management Strategy by the 2nd Quarter of FY17; develop a Strategy Implementation Plan by the end of the 4th Quarter of FY17.
- 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 and surface water contamination sources and provide technical comments to preserve and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide quarterly status reports through the 4th Quarter of FY17.

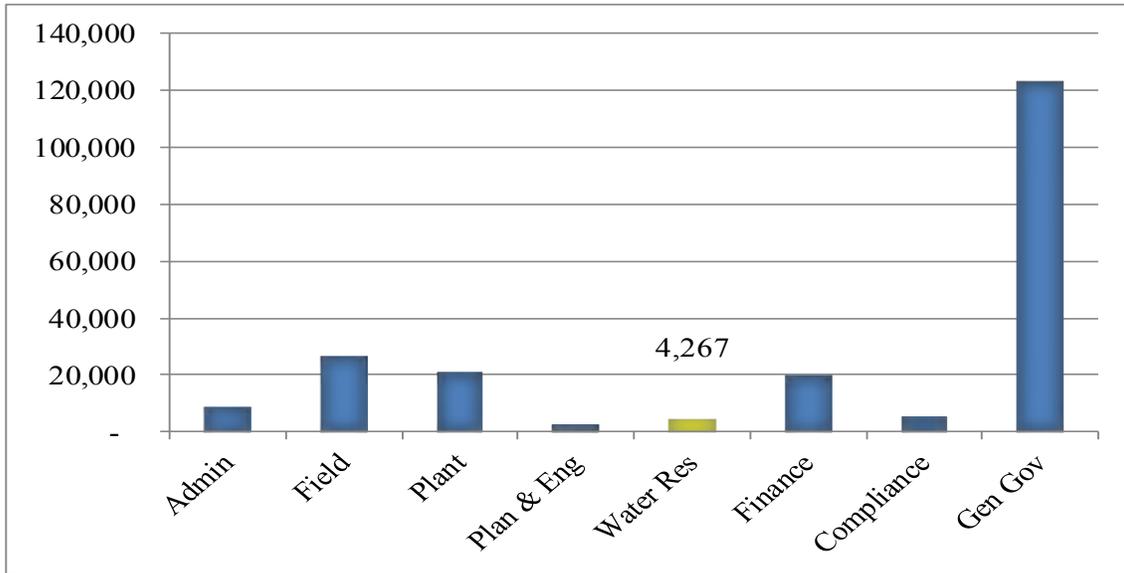
FISCAL YEAR 2017 WATER RESOURCES HIGHLIGHTS

A key initiative during this fiscal year is the update to the 2007 Water Resources Management Strategy (WRMS), which will go into effect during the fiscal year. The new WRMS will incorporate the latest science regarding the effect of climate change on the availability of surface water supplies. Using climatic hydrologic simulation models from the Office of the State Engineer, Sandia National Laboratories and the U.S. Bureau of Reclamation and Geological Survey, among other agencies, it will take climate variability into account and will for the first time look at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives will be used to examine the need for new supplies while maintaining a ground water resource

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

for future generations. A portfolio of supply options will be used to fill the gaps to meet future demand over the next 100 years.

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



Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Apr 17/ Rev 16 Chg
Water Resources Planning						
Personnel	-	-	-	-	535	535
Operating	-	-	-	-	492	492
Capital	-	-	-	-	-	-
Total	-	-	-	-	1,027	1,027
Conservation						
Personnel	-	-	-	-	869	869
Operating	-	-	-	-	2,040	2,040
Capital	-	-	-	-	-	-
Total	-	-	-	-	2,909	2,909
Groundwater Protection						
Personnel	-	-	-	-	180	180
Operating	-	-	-	-	151	151
Capital	-	-	-	-	-	-
Total	-	-	-	-	331	331
Total Division	-	-	-	-	4,267	4,267
Staffing (FTE)	0	0	0	0	16	16.0

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

FINANCIAL/BUSINESS SERVICES DIVISION

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

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

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

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

FISCAL YEAR 2017 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Improve customer satisfaction and operational efficiency in achieving the four call-center targets through the 4th Quarter of FY17: 1) Average Wait Time of less than 2 minutes; 2) Average Contact Time of less than 4 minutes; 3) Abandoned Call Ratio of less than 8; and 4) First Call Resolution of greater than 90%.
- Improve customer satisfaction by achieving a billing accuracy ratio of less than 10 through the 4th Quarter of FY17.
- Continue implementation of the Automated Meter Infrastructure (AMI) project by modernizing 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 FY17.
- Implement Phase 3 of the telephony and data center/network to provide a more reliable infrastructure and network, better customer service, and additional functionality to staff by the end of the 4th Quarter of FY17.
- Assess the utility's cybersecurity capabilities by using the AWWA's Process Control System Security Guidance and Tool; evaluate the tool's recommendations for updating the utility's cybersecurity standards by the end of the 4th Quarter of FY17.
- Continue implementation of updating the Maximo work order system to effectively and efficiently record and manage the maintenance and operation of the utility's assets; assess the Clevest mobile technology's integration with the updated Maximo system through the end of the 4th Quarter of FY17.
- Continue the assessment for upgrading and enhancing the utility's billing application through the end of the 4th Quarter of FY17.
- Develop financial metrics to measure the utility's fiscal performance by the end of the 2nd Quarter of FY17.
- Evaluate the water and wastewater rate structures to ensure equity within the structures by the end of the 4th Quarter of FY17.

FISCAL YEAR 2017 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

In FY17, the Financial/Business Services division will complete a bond issue and refinancing of existing debt in the spring of 2017. The division will submit to the Government Finance Officers Association (GFOA) the FY17 Approved Budget for the Distinguished Budget Presentation Award, the FY16 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY16 Popular Annual Financial Report (PAFR) for the Popular Annual Financial Reporting Award. The division believes that all

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

three financial documents meet or exceed the recommended requirements to successfully receive each award and to also be nationally recognized by GFOA for these accomplishments.

Customer Services (CSD) and Northwest Service Area (NWSA) have been successfully integrated into one group that handles call center, treasury, billing, new service applications, field operations and meter maintenance functions. CSD, Field Operations, and NWSA Field Operations & Maintenance sections will work together to implement the Clevest mobile workforce management system, which will provide a bridge for Maximo (Work Order & Asset Management) and Customer Care & Billing (CC&B) in order to create operating procedures for a paperless, real-time work order system, where field activities are dispatched, updated and closed out on a mobile platform. In addition, Clevest will be used to manage line spots and schedule and record the preventative maintenance activities on the meter change outs, box and valve replacement initiatives.

CSD will be implementing the Wells Fargo online payment and Integrated Voice Response (IVR) system which will simplify the user interface when making online payments and improve the IVR process for the Water Authority customers. Customer Services Field Operations will be implementing Phase 4 of the Automated Meter Infrastructure project which will move towards a 50% saturation of automated meters in the service area and the goal is to complete all work orders on the Clevest mobile solution. In FY17, the top 25 large meters will begin to be tested annually.

The upgrade and implementation CMMS system, Maximo, will commence during the 4th quarter of FY16, with an anticipated go-live date of June 30, 2017. The overall goals for the Maximo upgrade center around a technical upgrade to bring the system up to the latest revision (7.6), streamlining and implementing more efficient business processes, standardizing the Asset Management System and work order processing, and leveraging mobile features and workflow, including Clevest as a Mobile Workforce Solution, to increase efficiency within the various operational groups across the Water Authority. Additional benefits include workload management tracking, labor tracking, preventative maintenance and conditional monitoring, as well as cleaner data and significantly improved reporting functions, resulting in improved asset management functions and cost savings.

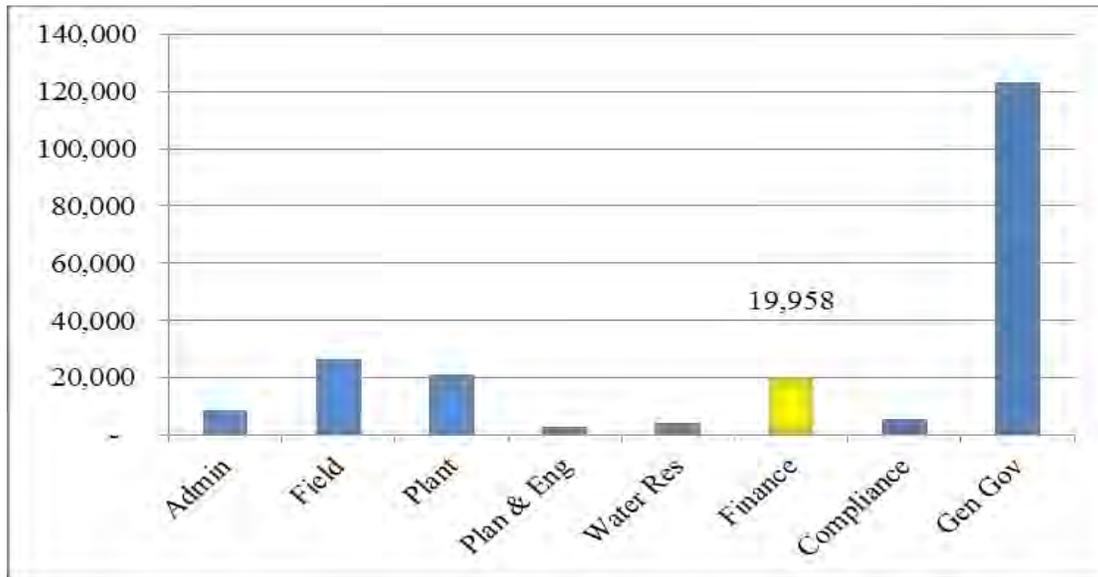
Information Technology (ITD) will begin an assessment and RFP creation for a major system upgrade to the Customer Care & Billing (CC&B) system during the 3rd quarter of FY17, with an anticipated project start during the 1st quarter of FY18. ITD will also continue to support and provide minor upgrades to SunGard, the financial/HR/payroll system, and Kronos, the enterprise timekeeping system.

In FY16, ITD completed the migration away from all network and telephonic dependencies from the City of Albuquerque. This has resulted in more efficient business processes, better reliability, improved metrics and reporting, and cost savings. In FY17, ITD will assess options to build in additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also conduct a network security and cyber-security audit and assessment. This will allow the Water Authority to better protect its data and customer data.

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.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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



Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Appr 17/ Rev 16 Chg
Finance						
Personnel	2,136	2,640	2,640	2,659	2,820	180
Operating	1,214	1,060	1,060	1,156	1,240	180
Capital	-	-	-	-	-	-
Total	3,350	3,700	3,700	3,816	4,060	360
Customer Services						
Personnel	4,990	6,106	6,106	6,077	6,257	151
Operating	2,401	2,857	2,857	2,631	2,677	(180)
Capital	-	-	-	-	-	-
Total	7,392	8,963	8,963	8,708	8,934	(29)
Information Technology						
Personnel	3,025	3,022	3,022	2,785	3,133	111
Operating	3,166	2,664	2,664	3,250	3,831	1,167
Capital	-	-	-	-	-	-
Total	6,191	5,686	5,686	6,035	6,964	1,278
Total Division	16,932	18,349	18,349	18,559	19,958	1,609
Staffing (FTE)	134.5	148.5	146.5	146.5	147.5	1.0

COMPLIANCE DIVISION

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

FISCAL YEAR 2017 COMPLIANCE OBJECTIVES

- 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. to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY17.
- 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 FY15 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, begin transition to LabVantage Laboratory Information Management System (LIMS) through the end of the 4th Quarter of FY17.
- 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 through the end of the 4th Quarter of FY17.
- 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 the 2nd Quarter of FY17.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory, completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each quarter of FY17, 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.

FISCAL YEAR 2017 COMPLIANCE HIGHLIGHTS

Water and Wastewater Operations are regulated by a myriad of federal, state, and local environmental permits, regulations, and rules. The Compliance division continues to maintain a matrix that is updated quarterly of regulatory requirements to monitor regulatory initiatives to define operational impacts and develop compliance strategies. FY17 will see the completion of the implementation of the new Laboratory Information Management System (LIMS), LabVantage. LabVantage will allow the laboratory to accept digital sample submission forms and permit a move away from paper. The new system will also connect directly to analytical instruments, preventing data entry errors. In conjunction with ITD, the Laboratory Information Management System (LIMS) implementation project was advanced in FY15. The LIMS steering committee will be implementing the first phase of the new LIMS system, LabVantage during FY16. A complete listing of current Water Quality Laboratory processes have been developed that will help with the configuration of LabVantage.

The Long Term Enhanced Surface Water Treatment Rule 2 (LT2) monitoring will also occur during FY17. LT2 monitoring tests the source water at the surface water treatment plant for turbidity, E. Coli, and Cryptosporidium. This LT2 monitoring has been occurring since FY15, and preliminary results indicate very low levels of Cryptosporidium in the source water.

In the NPDES program, FY17 will bring recommendations to update the septage rates. These rates have not changed in over 5 years. Extra-strength surcharge data was collected during FY16 and recommendations to bring the charges more in line with the cost of service are being developed. The program will also bring forth updates to the Cross Connection Control Ordinance in FY17. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

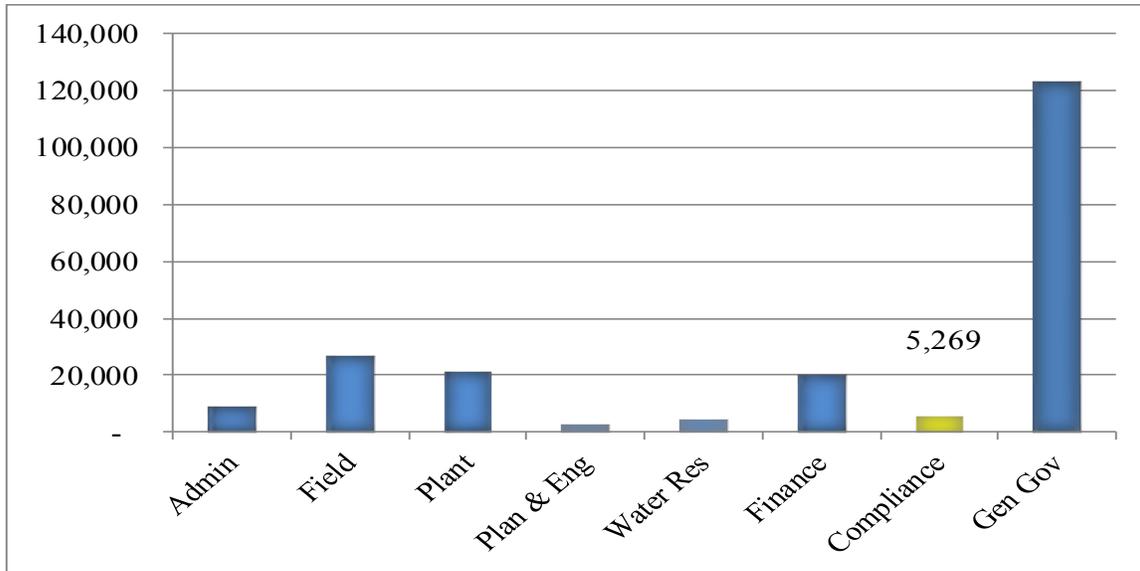
The New Mexico Environment Department Drinking Water Bureau will be conducting the Sanitary Survey for the water system in May 2017. Both Groundwater Operations group and the Compliance Division are participating in advanced inspections of facilities to prepare for the survey. Past Sanitary Surveys have resulted in multiple citations for poor conditions of facilities and inadequate maintenance. The current work will use electronic reporting tools to record findings and post reports to SharePoint. Corrective actions will also be documented in Maximo using the Service Request feature to generate work orders if repairs are necessary.

Reimplementation of the HachWIMS software program is underway for the Water Quality program. Important improvements in data management and reporting capabilities are expected products of the project. Data is now in one central location that any reporting tool, like HachWIMS, can access. HachWIMS will assist in data verification, validation and approval processes that are not currently feasible in other software programs due to licensing issues.

Training opportunities for Compliance Division staff in FY17 include attendance at the EPA Region 6 Pretreatment Conference and the annual AWWA/WEF New Mexico Workshop. Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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



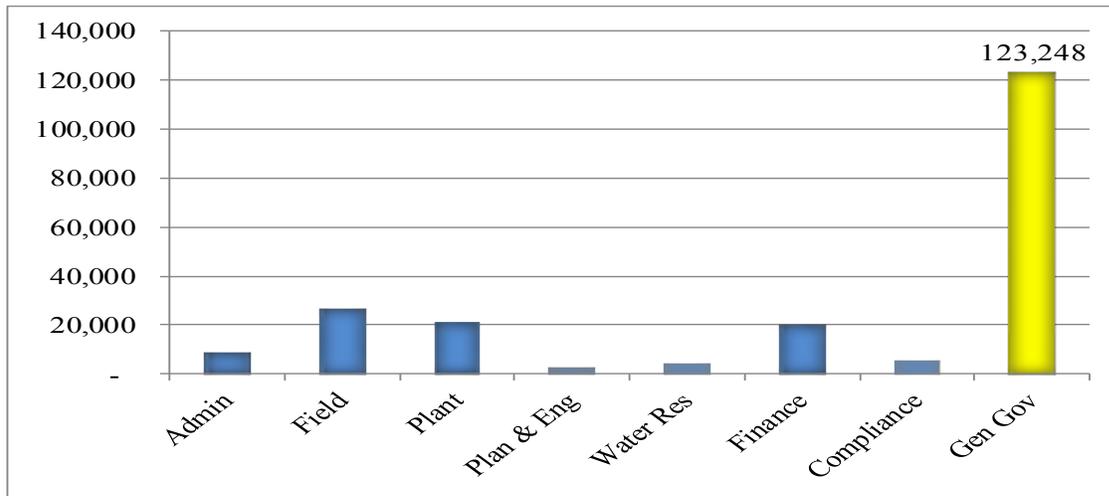
Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Appr 17/ Rev 16 Chg
Laboratory						
Personnel	1,544	1,784	1,784	1,717	1,846	62
Operating	132	458	333	286	458	125
Capital	-	-	-	45	-	-
Total	1,676	2,242	2,117	2,048	2,304	187
NPDES						
Personnel	1,252	1,470	1,470	1,206	1,504	35
Operating	69	147	147	69	147	-
Capital	-	-	-	-	-	-
Total	1,321	1,616	1,616	1,275	1,651	35
Water Quality						
Personnel	784	854	854	725	840	(14)
Operating	368	474	399	335	474	75
Capital	-	-	-	-	-	-
Total	1,152	1,328	1,253	1,060	1,314	61
Total Division	4,149	5,186	4,986	4,384	5,269	283
Staffing (FTE)	46	46	46	46	45.5	(0.5)

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

GENERAL GOVERNMENT DIVISION

The General Government Division was developed to appropriate the expenses that are Authority-wide and not specific to any one department or division. The departments in this division include: Power & Chemicals, Taxes, Overhead (includes retirement payouts and CIP funded positions), San Juan-Chama, and Interfund Transfers.

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



Expenditures by Department (\$000's)	Audited FY15	Original Budget FY16	Revised Budget FY16	Estimated Actual FY16	Approved Budget FY17	Apr 17/ Rev 16 Chg
Power & Chemicals						
Personnel	-	-	-	-	-	-
Operating	19,694	18,482	18,482	18,970	18,482	-
Total	19,694	18,482	18,482	18,970	18,482	-
Taxes						
Personnel	-	-	-	-	-	-
Operating	7,517	8,691	8,649	8,397	8,768	119
Total	7,517	8,691	8,649	8,397	8,768	119
Overhead						
Personnel	923	1,339	1,243	1,228	1,405	162
Operating	500	504	642	839	718	76
Total	1,423	1,843	1,885	2,067	2,123	238
Total Program	28,634	29,016	29,016	29,434	29,373	357
Staffing (FTE)	9	9	9	9	7	(2)
San Juan Chama						
Personnel	-	-	-	-	-	-
Operating	2,257	2,247	2,247	2,226	2,247	-
Total	2,257	2,247	2,247	2,226	2,247	-
General Government						
Transfers/Other Funds	81,160	87,842	87,842	87,842	91,628	3,786
Total Division	112,052	119,105	119,105	119,502	123,248	4,143

REVENUE OUTLOOK

*Approved
Operating Budget
FY17*

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

FISCAL YEAR 2015 ACTUAL REVENUES AND FISCAL YEAR 2016 REVENUE PROJECTIONS

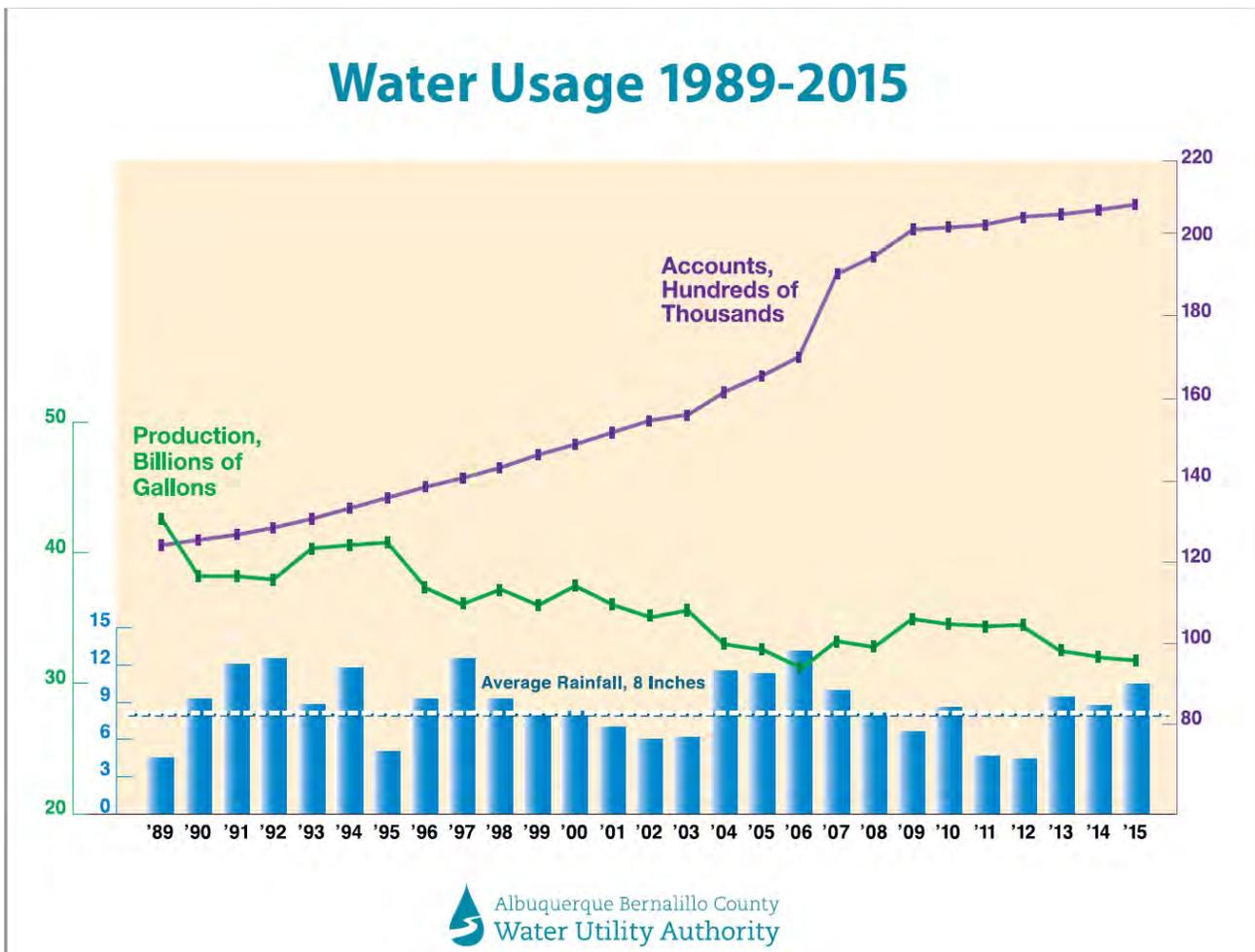
The Water Authority’s revenue projections are summarized in the two tables included in this section. The first table, General Fund 21, presents the actual results for FY15, budgeted revenues and estimated actuals for FY16, and budgeted revenue for FY17. The second table, Debt Service Fund 31, provides for the same comparison as the other table.

REVISED FISCAL YEAR 2016 REVENUE ESTIMATES

Total Water Authority operating fund revenues for FY16 are anticipated to be \$222.0 million or \$27.1 million above FY15. This is an increase of 13.9% over FY15 and is projected to be above the approved FY16 budget level by \$7.5 million. The increase is primarily the result of the 5% rate revenue adjustment approved for FY16. The system has remained fairly flat from a growth perspective due to the slump in the housing industry.

APPROVED BUDGET REVENUE ESTIMATES FOR FISCAL YEAR 2017

Budgeted total Water Authority Operating Revenues for FY17 are \$217.0 million representing an increase of \$2.5 million above the budgeted FY16 amount. Revenue in the Debt Service Fund decreases \$2.2 million in FY17 due to decreases in the revenue received from the transfer from the General Fund.



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

The Water Authority’s Rate Structure

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

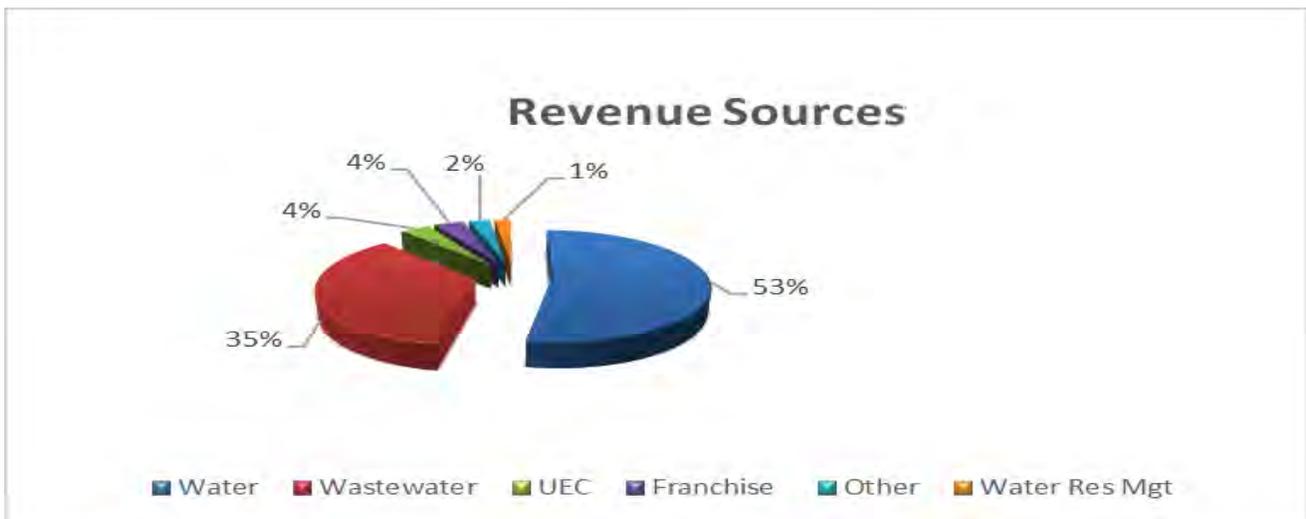
Major Revenue Sources

Water Sales (\$119.0 million, 53% of total revenue). The Water System provides water services to approximately 658,238 residents comprising approximately 95% of the residents of Bernalillo County. About one-third of unincorporated County residents are customers of the Water System. Service is provided to approximately 207,762 accounts, including 186,461 residential and 21,301 multi-family, commercial, institutional and industrial accounts. Approximately 50% of the water sales are for residential uses.

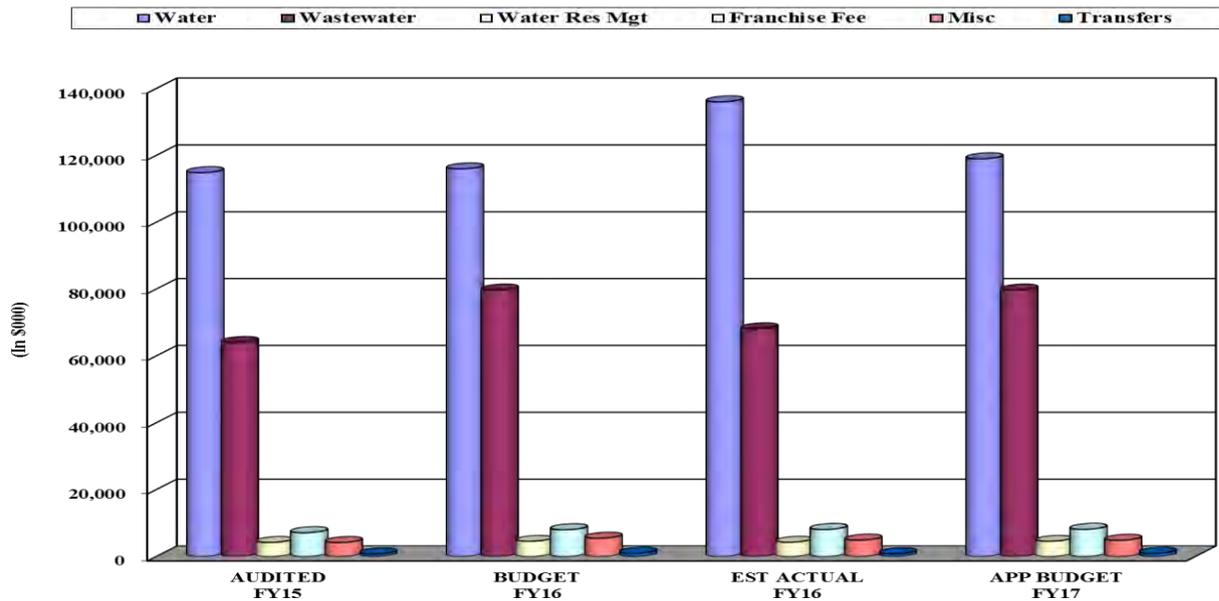
Wastewater (\$79.7 million, 35% of total revenue). Wastewater services are provided to virtually all homes, schools, and businesses within the Albuquerque city limits, as well as the Village of Tijeras, Kirtland Air Force Base, Sandia Heights, and other residential areas in Bernalillo County. In all, the Water Authority provides service to about 600,000 people, with 175,201 residential customer accounts, 16,501 multi-family and commercial accounts, 1,001 institutional accounts and 1,219 industrial and other customer accounts.

Utility Expansion Charges (\$8 million, 4% of total revenue). A Utility Expansion Charge is paid at the time of a meter sale or an application for service for all properties connecting to the water and/or wastewater system.

Franchise Fee (\$8.1 million, 4% of total revenue). A 4% charge on the total sales of water and wastewater services is added to customer billings to compensate the Water Authority for the franchise fees charged by the City of Albuquerque, Bernalillo County, Village of Los Ranchos and the City of Rio Rancho for the granted authorization to use rights-of-way and public places to construct, operate, and maintain water and wastewater systems.

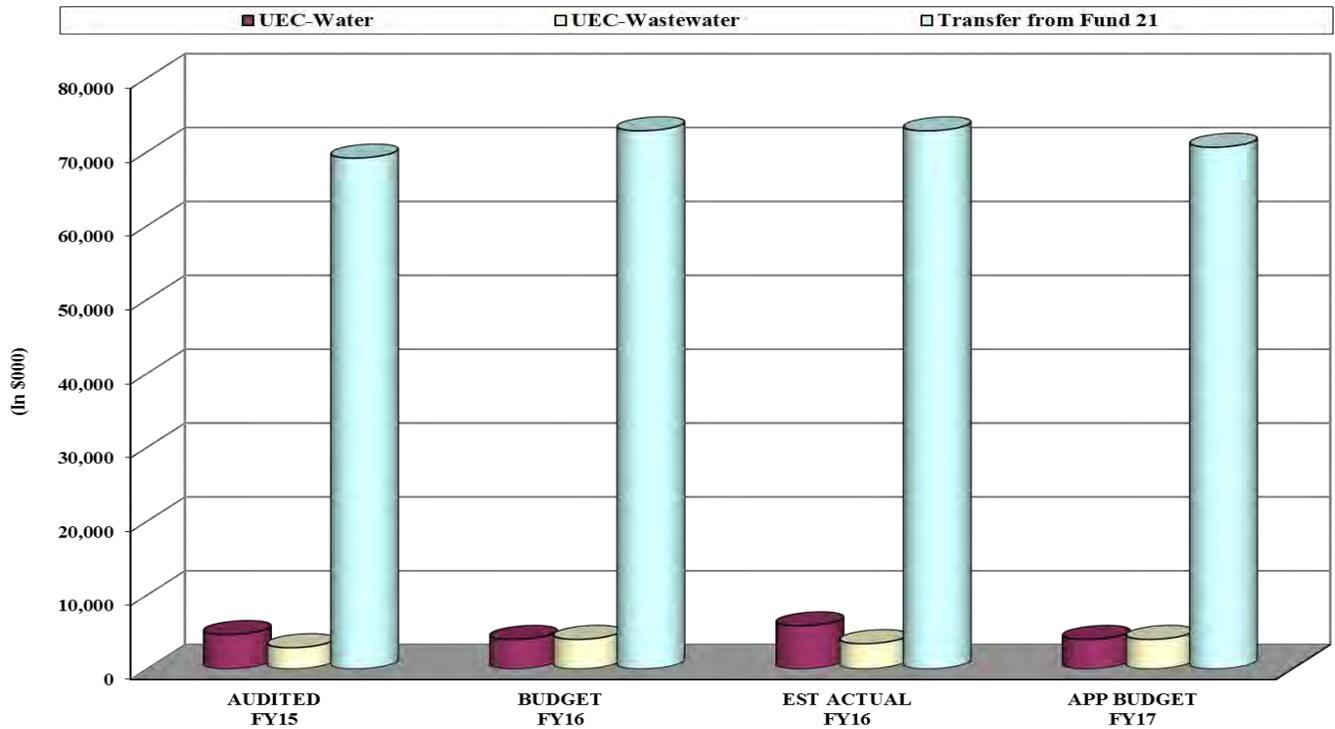


Fund 21 Operating Revenue



(S000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Rate Revenues:						
Water Service	102,133	108,127	108,677	103,772	87,677	(21,000)
Metered Water Sales-Reuse	431	550	-	-	-	-
Water Facilities Rehab	11,867	6,902	6,902	31,805	30,902	24,000
Wastewater Service	40,710	70,124	70,124	41,103	54,124	(16,000)
Wastewater Facilities Rehab	23,294	9,562	9,562	26,975	25,562	16,000
Contr/Aid/Hookups	383	375	375	434	375	-
Water Resources Management	4,170	4,500	4,500	4,223	4,500	-
Total Rate Revenue	<u>182,989</u>	<u>200,140</u>	<u>200,140</u>	<u>208,312</u>	<u>203,140</u>	<u>3,000</u>
Other Revenues:						
Solid Waste Admin Fee	1,323	1,339	1,339	1,339	1,401	62
DMD Admin Fee	-	-	-	-	349	349
PNM Pass-Thru	-	-	-	326	-	-
CIP Funded Positions	748	940	940	792	921	(19)
Interest on Investments	44	10	10	155	100	90
Miscellaneous Revenue	2,776	4,104	4,104	3,052	2,970	(1,134)
Total Other Revenue	<u>4,892</u>	<u>6,393</u>	<u>6,393</u>	<u>5,664</u>	<u>5,741</u>	<u>(652)</u>
Total Rate and Other Revenues	<u>187,880</u>	<u>206,533</u>	<u>206,533</u>	<u>213,976</u>	<u>208,881</u>	<u>2,348</u>
Franchise Fees:						
Franchise Fee: City	6,466	7,271	7,271	7,337	7,380	109
Franchise Fee: Valley	570	639	639	652	649	10
Franchise Fee: Rio Rancho	1	1	1	1	1	-
Franchise Fee: Los Ranchos	72	80	80	81	81	1
Total Franchise Fees	<u>7,110</u>	<u>7,991</u>	<u>7,991</u>	<u>8,071</u>	<u>8,111</u>	<u>120</u>
Total Current Resources	<u>194,990</u>	<u>214,524</u>	<u>214,524</u>	<u>222,047</u>	<u>216,992</u>	<u>2,468</u>
Beginning Working Capital Balance	(10,676)	(8,722)	(8,722)	(8,722)	6,356	15,077
TOTAL RESOURCES	<u>184,314</u>	<u>205,802</u>	<u>205,802</u>	<u>213,325</u>	<u>223,348</u>	<u>17,546</u>

Fund 31 Debt Service Revenue



DEBT SERVICE FUND 31

(\$000's)	AUDITED FY15	ORIGINAL BUDGET FY16	REVISED BUDGET FY16	ESTIMATED ACTUAL FY16	APPROVED BUDGET FY17	APPR 17/ REV 16 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	7,541	8,000	8,000	9,257	8,000	-
Total Miscellaneous Revenues	7,541	8,000	8,000	9,257	8,000	-
Transfer from Other Funds:						
General Fund - 21	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Transfers	69,160	72,842	72,842	72,842	70,628	(2,214)
Total Current Resources	76,701	80,842	80,842	82,099	78,628	(2,214)
Beginning Fund Balance	515	48,799	48,799	48,799	54,576	5,776
TOTAL RESOURCES	77,217	129,640	129,640	130,897	133,205	3,565

ECONOMIC OUTLOOK

The following is based on the January 2016 forecasts from IHS Global Insight (IHS). Along with the baseline forecast, alternative forecasts are prepared with pessimistic and optimistic scenarios.

NATIONAL ECONOMY AND KEY POINTS FROM THE GLOBAL INSIGHT OUTLOOK

The national economy influences the Albuquerque and New Mexico economy in a variety of ways. Interest rates affect purchasing and construction. Federal government spending affects the local economy through spending and employment at the federal agencies, the national labs and military bases. Inflation affects prices of local purchases and wages and salaries of employees.

Baseline Scenario

The baseline forecast reflects a probability of 65%; the real Gross Domestic Product (GDP) is slightly weaker for 2016 (2.7% vs. 2.9%) and 2017 (2.9% vs. 3.0%). The changes in 2016 are due to a stronger dollar, a softening of residential and non-residential investment and marginally stronger federal government spending.

The key assumptions include:

- The Federal Reserve will continue to gradually tighten money, with the federal funds rate target hitting 1.50% by the end of 2016, and peaking at 3.25% by the end of 2017.
- GDP growth among major-currency trading partners is still assumed to average 1.8% annually from 2015 through 2025. The dollar is expected to appreciate by 4.9% by 2016Q3 and gradually weaken thereafter.
- IHS lowered its outlook for oil prices, with an expected average cost at \$36.75 per barrel in 2016Q1, increasing to \$52.20 per barrel in 2017, and climb by an average of \$8.00 per barrel over the final three years of the forecast.

Nationally, the unemployment rate as of February 2016 is 4.9%, and the number of unemployed persons is at 7.8 million. Over the year, the unemployment rate and the number of unemployed persons were down by 0.6 percentage points and 831,000, respectively.

Even though the national and regional unemployment rates have come down, labor markets continue to disappoint, with job growth moving at a slower pace than is needed to fully recover. The New Mexico unemployment rate has fallen from a high of 8.0% in 2010 to 6.8%, and the Albuquerque metro area unemployment rate is currently at 6.5%. However, the declines in New Mexico's unemployment rates have been associated mostly with reductions in labor force participation, not robust job creation.

IHS forecast indicates inflation picks up in 2016 as lower oil prices begin to reverse and core Consumer Price Index (CPI) inflation hits 1.9% in 2016 and 2.0% in 2017. The inflation-adjusted dollar appreciates 6.4% against the broad index of trading partners' currencies in 2016 and begins to decline in the third quarter.

The low inflation expectation also plays into moderate increases in interest rates. IHS believes that the Federal Reserve Bank (FRB) will hike the Federal Funds rate four times in 2016, ending the year at 1.5%.

Pessimistic Scenario

The pessimistic scenario is assigned a probability of 20%. In this scenario, GDP growth slumps to 0.9% in 2016 with recession in the second and third quarters. Consumer spending slows sharply, up 1.9% in 2016 and 2017. Consumer confidence plunges through mid-2017 and begins slow recovery thereafter at depressed levels. Oil prices show averages of \$43 per barrel during 2016 and rebounds to \$57 per barrel in 2017, exceeding baseline thereafter as supply tightens. Inflation (CPI) shows weak demand that keeps inflation below 2.0% until 2017 but an inflationary environment takes hold and inflation exceeds the baseline starting late 2017. In

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

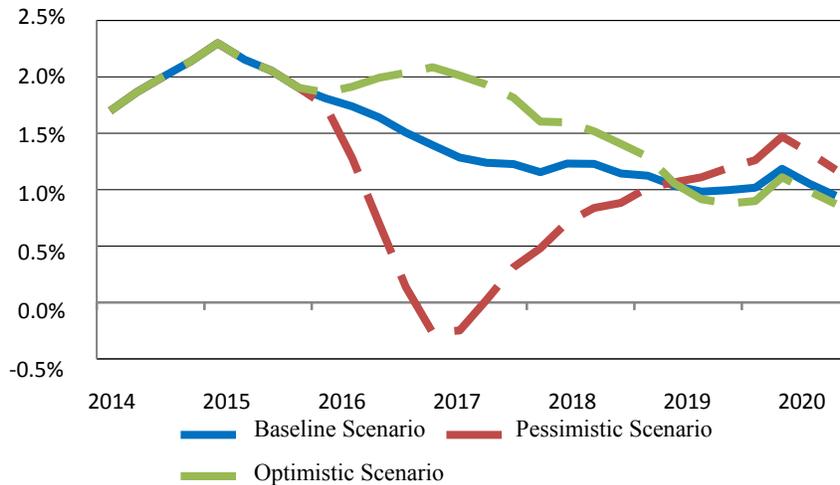
addition, the Federal Reserve abstains from additional rate increases until 2018; thereafter, the funds rate remains elevated in the face of inflationary pressure.

Optimistic Scenario

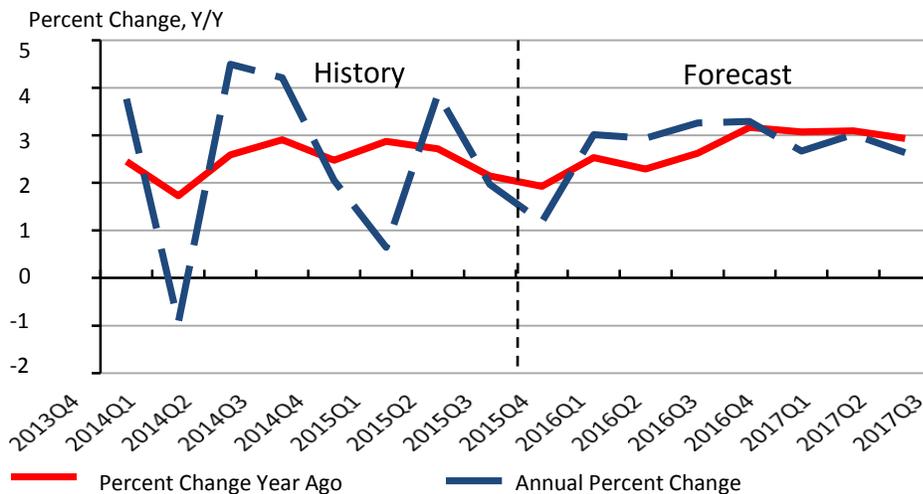
The optimistic scenario is assigned a probability of 15%. In this scenario, GDP growth shows a stronger rebound as improved wages and payroll employment feed a housing recovery, up 3.4% in 2016 and 3.9% in 2017. Consumer spending indicates an economy leader as incomes rise, up 2.9% in 2016 and 3.9% in 2017. Consumer confidence rebounds strongly through mid-2018 and then retreats, leveling off higher than in the baseline. Oil prices rise to \$64 per barrel by the end of 2016 but trends below the baseline thereafter. And inflation (CPI) shows core prices exceed the baseline through 2017 but then rejoin it in 2020. And the Federal Reserve will raise interest rates above 2% in 2016 and settle just beneath the 4% range in the longer term.

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

US Total Employment Growth - 3 Scenarios

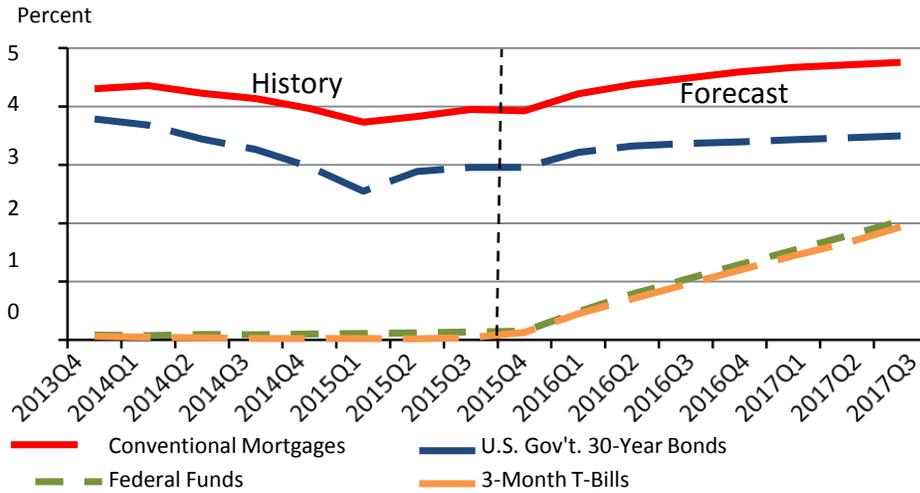


U.S. Real GDP Growth

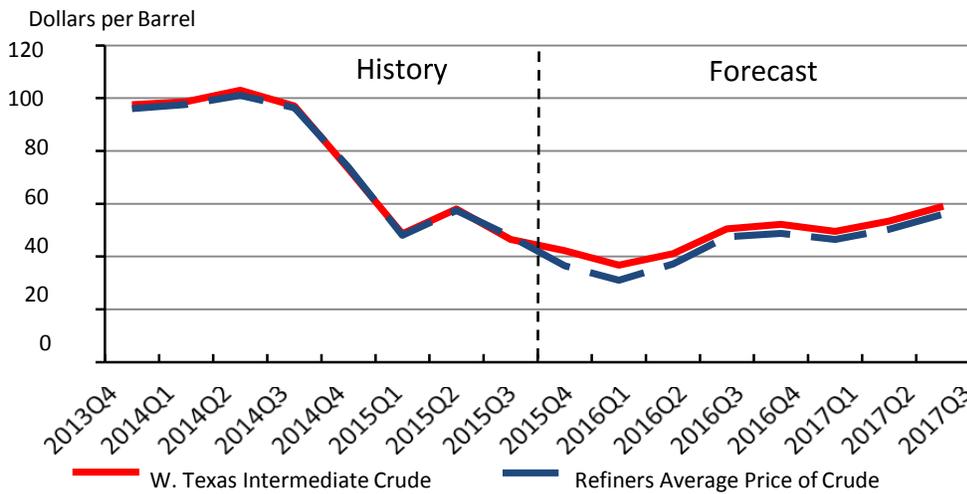


ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

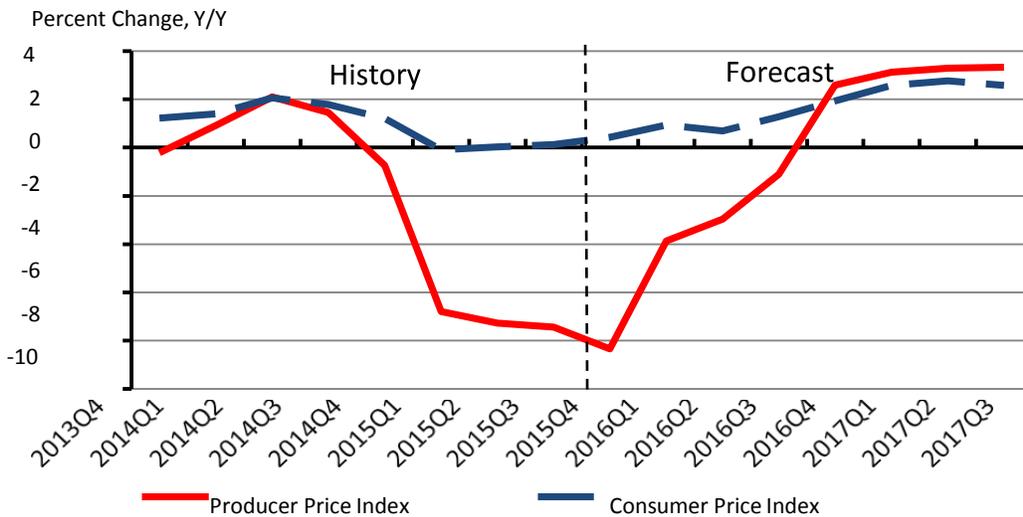
Interest Rates



Oil Prices



Inflation



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

ALBUQUERQUE METRO ECONOMY

The outlook for the Albuquerque economy is developed by the Bureau of Business and Economic Research (BBER) at the University of New Mexico. They use national forecasts from IHS and local insights to develop forecasts of the state and local economy. The BBER FOR-UNM forecasting model for January 2016 provides the forecast of the Albuquerque economy that is presented in the following section.

Albuquerque MSA Employment

According to the most recent data from the Current Employment Statistics (CES), the Albuquerque MSA economy forecast points to a solid growth for the remainder of the year. In the third and fourth quarters of 2015, growth was at 1.8%. However, the Albuquerque MSA has seen it come in a bit faster than the final quarterly data. BBER believes that the trend suggests job growth will come in slower than CES estimate at 1.4%.

Moving forward to 2016, the total employment in the Albuquerque MSA is forecasted to advance 1.4%. The private sector is forecasted to add 1.8% for the year and the government sector, on the other hand, is expected to lose -0.1% in the year. Solid contributors to growth include healthcare and social assistance sector jobs due to the impacts of the Affordable Care Act that continue to resonate through the year.

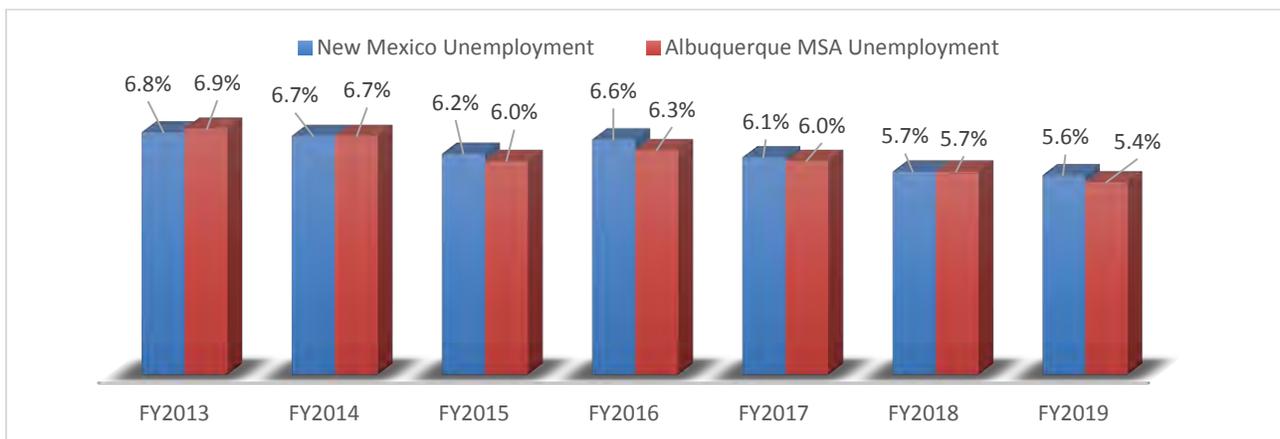
The construction sector is forecasted to add 3.8% in 2016 for that sector's fourth consecutive year of job creation. 2016 should mark this sector's fastest growth since prior to the last recession as homebuilding expands and businesses make needed investments.

Accommodation and food services has been one of the strongest sectors since the start of the current recovery. This sector should expand for the sixth consecutive year by 1.8%. Retail trade is projected to add jobs by 1.3%. Like accommodation and food services, this sector has performed well during the recovery, however, retail trade is still projected to be well below its pre-recessionary employment level.

In the public sector, federal government is forecasted to drop jobs in 2016 (-1.6%) while the local government subsector is expected to be flat. State government, however, is forecasted to help offset the public sector trend and add approximately 0.8%.

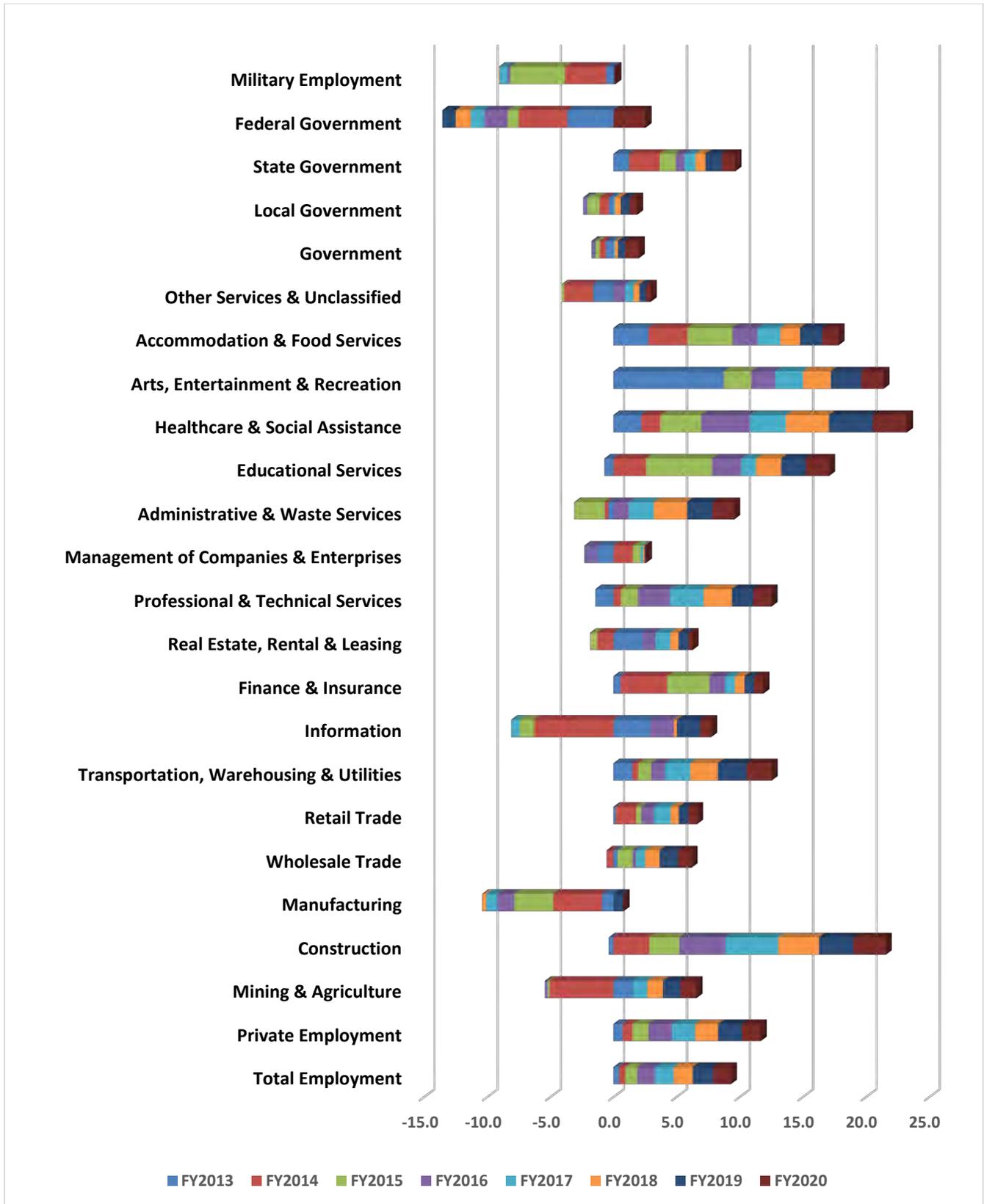
In the longer term, through 2020, the Albuquerque MSA economy is forecasted to add 27,717 jobs for 1.5% average annual growth (AAG). Most of the growth over the period will be concentrated in the private sector (1.8%); however, the government sector will also contribute (0.5%).

Unemployment Rate History and Forecasted

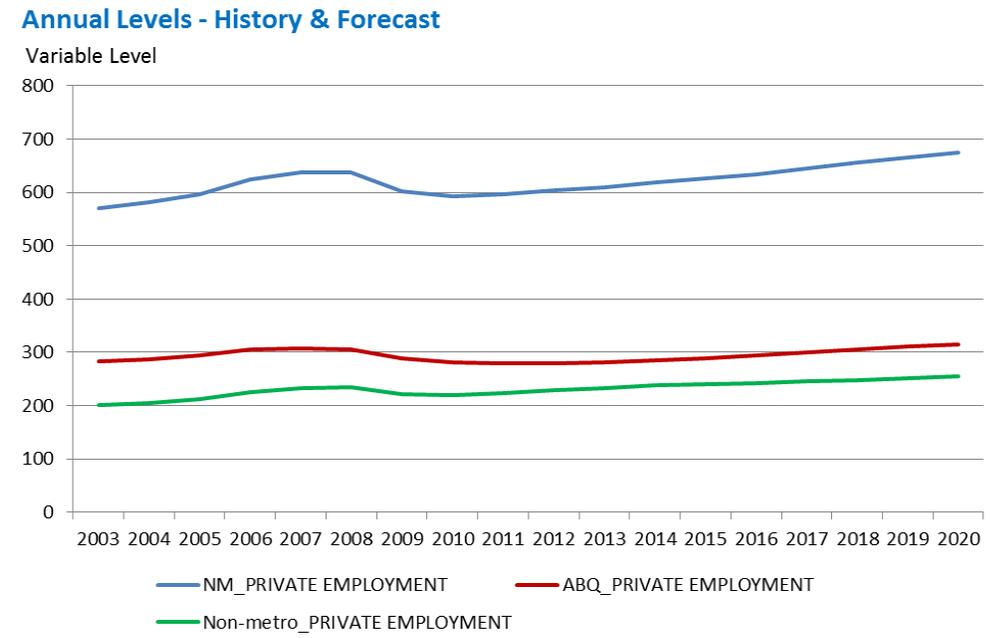
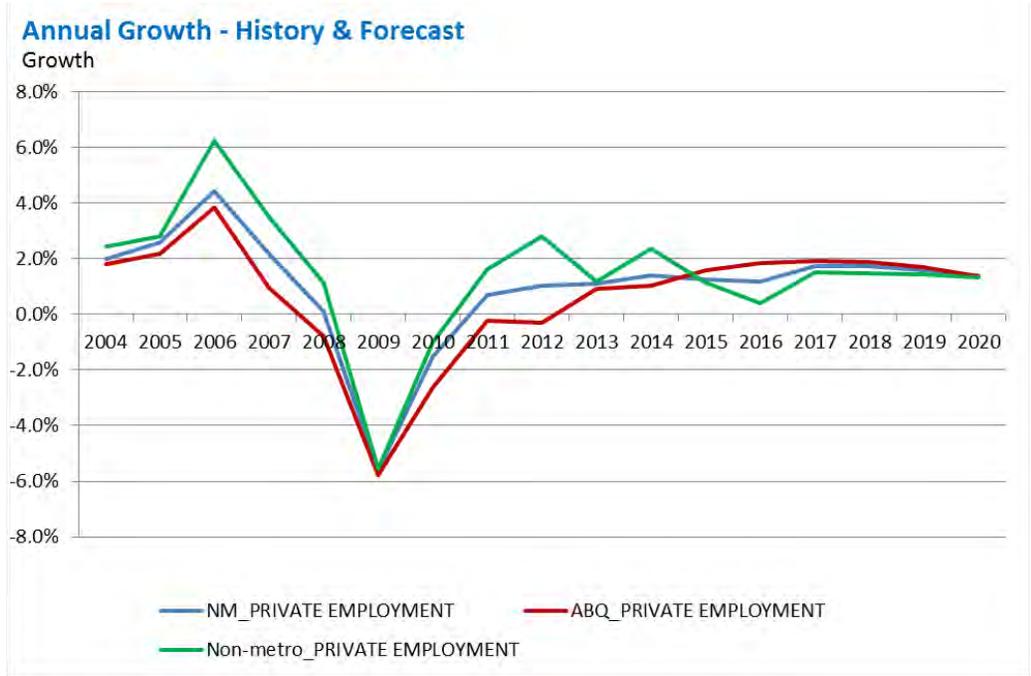


ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Albuquerque MSA Total Employment Change in Growth by Sector Type



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET



Housing & Construction

Reflecting the national slump, New Mexico housing permits fell 30% in 2007, 38% in 2008, 19% in 2009 and by 4.8% in 2010, when the home-buyer credits helped to stimulate some new construction. Total number of housing units permitted declined further by 11% in 2011. Permits bounced back in 2012, growing by 31% before retreating by 2.6% in 2013 and further by 13.5% in 2014. The first quarter of 2015 showed some life as

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

permits advanced 5.8% compared to the same quarter a year earlier; however, permits were flat in the second quarter.

Higher housing sales, up 10% statewide during the first ten months of 2015, have begun to result in a modest increase in median sales values. Preliminary data suggest that housing construction is beginning to respond, at least in Albuquerque, but more time is needed to determine the trend.

Construction permits show the trends in construction and the types of construction. Construction is categorized as new construction or additions, alterations, and repairs. New construction is further separated as residential and commercial.

Total housing permits in the City of Albuquerque are expected to slowly increase throughout the forecast with the largest gains in 2016 and 2017. Total housing permits in 2016 are forecasted to grow by 656 (59.3%) permits over a year earlier to 1,763 permits, with about 70% of the permits being the single-family variety (1,281 permits) and the remainder in multi-family (544 permits). Thereafter, total permits are expected to number 2,253 in 2017, 2,489 in 2018, 2,571 in 2019, and 2,645 in 2020. In general, multi-family permits should make up from 550 to 700 per year, with the balance being made up of single-family. Although permits are expected to reach their highest level since before the recession in 2003, this level will only equate to 46% of the previous peak reached in 2003 (5,716 total permits in that year).

Housing Permits - NM & Albuquerque Breakdown (Thousands)

	2013	2014	2015	2016	2017	2018
NM Total Housing Units Authorized	5.254	4.548	4.688	5.539	6.446	7.157
% Change Year Ago	-2.6%	-13.4%	3.1%	18.2%	16.4%	11.0%
NM Single-Family Housing Units	3.713	3.469	3.660	4.253	5.075	5.503
% Change Year Ago	3.3%	-6.6%	5.5%	16.2%	19.3%	8.4%
NM Multi-Family Housing Units	1.541	1.079	1.027	1.286	1.371	1.654
% Change Year Ago	-14.5%	-30.0%	-4.8%	25.2%	6.6%	20.6%
City of Albuquerque Total Housing Units	1.846	1.179	1.106	1.763	2.253	2.489
% Change Year Ago	10.2%	-36.1%	-6.2%	59.3%	27.8%	10.5%
City of Albuquerque Single-Family Housing Units	0.849	0.873	1.002	1.218	1.669	1.870
% Change Year Ago	-8.7%	2.8%	14.8%	21.5%	37.0%	12.1%
City of Albuquerque Multi-Family Housing Units	0.997	0.306	0.104	0.544	0.584	0.619
% Change Year Ago	33.8%	-69.3%	-66.1%	424.1%	7.2%	6.1%

Coming out of losses for twenty-three consecutive quarters, the construction sector jobs has now added jobs for eleven consecutive quarters although the rate of job growth would be described as slow-moving. Nevertheless, gains in this sector are encouraging, given how badly the sector was decimated since the last recession when the sector fell from 31,181 jobs in 2006 to only 18,596 jobs in 2012.

Looking forward, the construction sector is forecasted to finally begin to add jobs at a consistent pace (3.4%), with growth fairly even throughout the period. By 2020, employment in this sector is now expected to hit 76% of the pre-recession peak of 31,181 reached in 2006, a slight improvement compared to the October 2015 forecast.

Construction Employment (Thousands)

	2013	2014	2015	2016	2017	2018
New Mexico Construction Employment	42.170	42.763	43.721	44.694	45.932	46.930
% Change Year Ago	2.6%	1.4%	2.2%	2.2%	2.8%	2.2%
Albuquerque MSA Construction Employment	19.250	19.682	20.212	20.970	21.854	22.476
% Change Year Ago	2.6%	1.4%	2.2%	2.2%	2.8%	2.2%

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Labor Force Statistics from the Current Population Survey

Original Data Value

Series title: (Seas) Unemployment Rate
 Labor force status: Unemployment rate
 Type of data: Percent or rate
 Age: 16 years and over
 Years: 2006 to 2016

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
United States												
2006	4.7	4.8	4.7	4.7	4.6	4.6	4.7	4.7	4.5	4.4	4.5	4.4
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.3	7.3	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.2	6.1	6.2	6.2	6.0	5.7	5.8	5.6
2015	5.7	5.5	5.5	5.4	5.5	5.3	5.3	5.1	5.1	5.0	5.0	5.0
2016	4.9	4.9										
New Mexico												
2006	4.4	4.3	4.1	3.9	4.1	5.0	4.8	4.4	4.1	3.8	3.7	3.4
2007	4.0	3.8	3.7	3.5	3.6	4.4	4.2	3.7	3.6	3.5	3.5	3.5
2008	4.1	3.9	4.0	3.7	3.9	4.9	4.9	4.7	4.6	4.6	4.9	5.2
2009	6.5	6.7	7.3	7.2	7.6	8.7	8.4	8.0	7.6	7.5	7.5	7.4
2010	8.1	8.1	8.2	7.9	8.1	9.0	8.8	8.4	8.0	7.7	7.6	7.3
2011	7.9	7.6	7.3	7.0	7.1	8.1	8.0	7.8	7.6	7.4	7.3	7.2
2012	7.8	7.4	7.2	6.6	6.7	7.8	7.7	7.2	6.8	6.7	6.7	6.7
2013	7.4	7.1	6.7	6.4	6.5	7.7	7.5	7.1	6.9	6.9	6.8	6.6
2014	7.2	7.0	6.9	6.4	6.5	7.5	7.4	6.9	6.6	6.3	6.3	6.0
2015	6.7	6.7	6.6	6.2	6.4	7.4	7.2	6.7	6.4	6.3	6.3	6.2
2016	6.5	6.3										
Albuquerque MSA												
2006	4.1	3.9	3.7	3.6	3.8	4.7	4.6	4.3	4.0	3.7	3.6	3.3
2007	3.9	3.6	3.5	3.3	3.4	4.3	4.2	3.8	3.7	3.6	3.6	3.5
2008	4.0	3.9	4.0	3.7	3.9	5.0	4.9	4.8	4.9	5.0	5.2	5.4
2009	6.7	7.1	7.6	7.5	7.8	9.0	8.7	8.2	7.9	7.7	7.6	7.4
2010	7.8	7.8	7.9	7.7	7.9	9.0	8.8	8.5	8.2	7.8	7.7	7.2
2011	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
2012	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
2013	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
2014	5.9	6.0	5.6	5.4	5.6	6.8	6.7	6.5	6.4	6.3	6.0	5.7
2015	6.4	6.3	6.1	5.8	6.0	7.0	6.8	6.4	6.1	6.0	5.9	5.7
2016	5.8	5.7										

CAPITAL BUDGET

*Approved
Operating Budget
FY17*

What are Capital Improvements?

Capital Improvements include the purchase, construction, replacement, addition, or major repair of public facilities, infrastructure, and equipment. The selection and evaluation of capital projects involves analysis of Water Authority requirements, speculation on growth, the ability to make estimates, and the consideration of historical perspectives. A “Capital Project” has a monetary value of at least \$5,000, has a useful life of more than two years, and results in the creation or revitalization of a fixed asset. A capital project is usually relatively large compared to other “capital outlay” items in the annual operating budget.

How are Capital Improvements Funded?

The Water 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/wastewater rate structure. Special Projects are done outside of the Basic Program but are funded from the same revenue stream that funds the Basic Program.

The current 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.



San-Juan Chama Drinking Water Plant

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 Water Authority capital projects. UEC revenue is considered cash for purposes of meeting the cash test.

The Water Authority has increased in recent years its utilization of state and federal grants to fund some Capital Improvement Projects in part or in whole.

What is the Capital Improvement Plan (CIP)?

The CIP is a multiyear plan used to identify and coordinate capital needs in a way that maximizes the return to the ratepayers. Advance planning of all Water Authority projects helps the Board, staff, and public make choices based on rational decision-making, rather than reacting to events as they occur. The CIP represents improvements that are viewed as urgent and can be funded from available revenue and/or reserve sources. The system of CIP management is important because: (1) the consequences of investments and capital improvements extend far into the future; (2) decisions to invest are often irreversible; (3) such decisions significantly influence a community's ability to grow and prosper.

The CIP Process

The development and update of the CIP is an ongoing activity. It is part of the overall budgeting process since current year capital improvements are implemented through adoption of the annual budget. Specific activities in the process are:

- **Establishing Timetables, Goals, and Objectives:**

At the onset of the budgeting process, the CIP update begins with formal budget planning decisions between management and department heads. Timetables are set that extend through development and final adoption of the budget. Water Authority goals and objectives are reviewed to ensure that they are being met through the budget cycle.

- **Taking Inventory and Developing Proposals:**

Staff gathers information about the Water Authority's capital facilities and equipment in order to assess the condition of each. Staff carefully considers construction, repair, replacement, and additions. From there, a list of proposed projects and equipment is developed.

- **Conducting Financial Analysis:** Finance staff conducts financial analysis of historic and projected revenues and expenses in order to estimate the Water Authority's cash flow and

long term financial condition. Capital financing alternatives are identified and recommendations are prepared to match the type of funding most appropriate for specific capital improvements.

The CIP Ten-Year (Decade) Plan

The blueprint for the Water 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 Water 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 Water 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. Fiscal Year 2017 is the second year of the two-year planning element included in the FY16 – FY25 Decade Plan approved by the Board in June, 2015.

Demonstrated on the following page is the planned funding allocation by category for a ten-year period in (\$000's).

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Ref. No.	Project Description	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	TOTAL
Basic Programs												
100	Sewer Pipelines	\$7,125	\$8,600	\$13,000	\$12,500	\$12,650	\$15,650	\$17,500	\$17,550	\$20,550	\$20,550	\$145,675
200	Water Pipelines	9,115	3,630	4,860	6,160	6,860	9,060	10,815	22,745	25,860	28,860	127,965
300	SWRP	17,450	26,520	23,000	21,725	24,000	26,000	24,000	14,000	14,000	11,660	202,354
400	SAF	200	50	50	50	50	50	50	50	50	50	650
500	Lift & Vacuum Stations	875	2,375	3,605	3,135	2,550	3,300	4,750	5,450	1,785	2,325	30,150
600	Odor Control Facilities	310	60	60	250	10	10	10	10	10	10	740
700	DWP-Groundwtr	3,120	2,400	5,965	5,520	6,810	3,225	3,490	3,925	3,925	6,265	44,645
800	DWP-Treatment	3,285	1,800	980	2,630	1,845	740	400	300	800	300	13,080
900	Reuse Line/Plant	920	70	70	70	70	70	70	70	70	70	1,550
1000	Compliance	-	195	110	110	55	45	65	50	100	60	790
1100	Shared Renewal	700	400	400	400	650	400	400	400	400	400	4,550
1200	Franchise Agree.	2,000	12,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	30,000
1300	Hvy. Equipment	900	900	900	450	450	450	450	450	450	450	5,850
Basic Program Total		46,000	59,000	55,000	55,000	58,000	61,000	64,000	67,000	70,000	73,000	608,000
Special Projects												
9000	All Special Projects	9,350	3,824	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	39,500
Special Projects Total		9,350	3,824	3,350	39,500							
Growth Projects												
2300	Waterlines Development	-	-	500	500	500	500	500	500	500	500	4,000
2700	Agr.	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	12,500
2800	MIS/GIS	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
3100	Master Plans	500	500	-	-	-	-	-	-	-	-	1,000
3200	Miscellaneous	250	250	250	250	250	250	250	250	250	250	2,500
Growth Total		4,000	40,000									
Grand Total		\$59,350	\$66,824	\$62,350	\$62,350	\$65,350	\$68,350	\$71,350	\$74,350	\$77,350	\$80,350	\$687,500

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET



Fiscal Year 2017 Water Authority Capital Improvement Program Budget

The FY17 capital program appropriation totals \$66.8 million. \$59.0 million is appropriated for the level one priority basic capital programs, \$4.0 million for growth related projects, and \$3.8 million is appropriated for special projects.

The \$3.8 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$350,000 for

various renewable energy projects, and \$474,000 for water rights enhancements. There are no appropriations in the proposed FY17 CIP budget for projects that will be funded with revenues from FY18 or later.

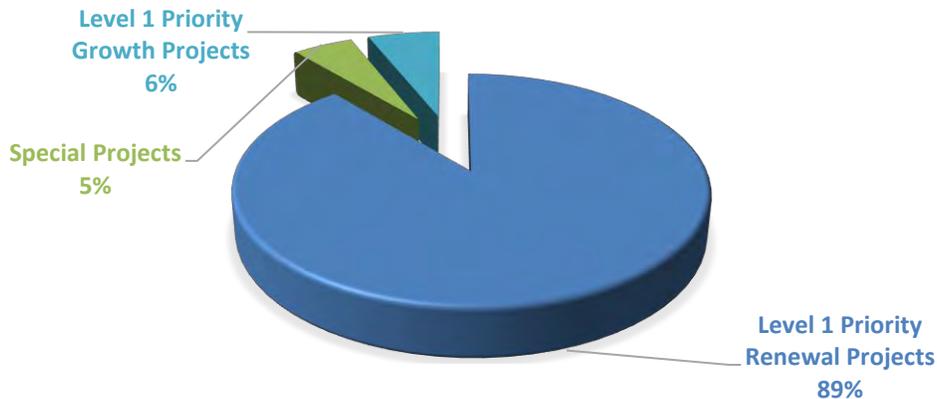
Demonstrated in the following table and charts on the following page, show planned improvements listing of all the Level 1 priority renewal projects, special projects, and growth related projects.

Capital Improvement Budget				
Ref No.	Project Description	FY15 Actual (000's)	FY16 Budget (000's)	FY17 Budget (000's)
Basic Program Appropriations:				
100	Sanitary Sewer Pipeline Renewal	\$3,856	\$7,125	\$8,600
200	Drinking Water Pipeline Renewal	2,824	9,115	3,630
300	Southside Water Reclamation Plant Renewal	31,745	17,450	26,520
400	Soil Amendment Facility (SAF) Renewal	182	200	50
500	Lift Station and Vacuum Station Renewal	1,171	875	2,375
600	Odor Control Facilities Renewal	-	310	60
700	Drinking Water Plant Groundwater System Renewal	1,748	3,120	2,400
800	Drinking Water Plant Treatment Systems Renewal	3,687	3,285	1,800
900	Reuse Line and Plant Rehab	215	920	70
1000	Compliance	97	-	195
1100	Shared Renewal	1,485	700	400
1200	Franchise Agreement Compliance	922	2,000	12,000
1300	Vehicles and Heavy Equipment	-	900	900
Level 1 Priority Renewal Projects Total		\$47,932	\$46,000	\$59,000

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Capital Improvement Budget				
Ref No.	Project Description	FY15 Actual (000's)	FY16 Budget (000's)	FY17 Budget (000's)
Special Projects:				
9401	Steel Waterline Rehab	\$816	\$1,000	\$1,000
9403	Automated Meter Infrastructure (AMI)	1,664	2,000	2,000
9404	Renewable Energy Projects	110	350	350
9405	Dedicated Water Rights Enhancement	3,124	-	474
9406	San Juan-Chama Drinking Water Project	90	-	-
9408	San Juan-Chama Mitigation	147	-	-
9409	SunGard ERP Project	34	-	-
9411	Water Trust Board No. 206	1,121	-	-
9415	Issuance Costs	2,273	-	-
9417	NMED Grant SAP 14 1600 STB	408	-	-
9418	Magnesium Hydro Project	270	-	-
9419	Yucca and Central Odor Control	-	6,000	-
	Special Projects Total	\$10,057	\$9,350	\$3,824
	Combined Level 1 Priority Renewal and Special Projects	\$57,989	\$55,350	\$62,824
Growth Projects:				
2000	Drinking Water Plant Facilities Growth	258	-	-
2400	Land Acquisition	22	-	-
2600	Water Rights and Storage	15	-	-
2700	Development Agreements	741	1,250	1,250
2800	Management Information Systems/Geographical Information Systems (MIS/GIS)	2,305	2,000	2,000
3000	Master Plans	17	500	500
3200	Miscellaneous Growth	229	250	250
	Level 1 Priority Growth Projects Total	\$3,587	\$4,000	\$4,000
	Grand Total	\$61,576	\$59,350	\$66,824

Demonstrated in the graph below is the overall percentage of each Capital Improvements Project category:



**Capital Improvement Project Descriptions
for Basic Programs**

100 – Sanitary Sewer Pipeline Renewal (\$8,600,000) this program provides funding for evaluation, planning, design, construction, and related activity necessary for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation. There are no projected impact on operating costs.

200 – Drinking Water Pipeline Renewal (\$3,630,000) this program provides funding for evaluation, planning, design, and construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past their useful life. There are over 2,000 miles of small diameter (4-inch to 10-inch) water lines that serve as the distribution network for the Water Authority’s water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there is over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the utility. As older steel or cast iron lines become deficient, the Water Authority will often respond to numerous leaks. These leaks, if gone unnoticed, have the potential, under certain circumstances, to become sinkholes which destroy entire roadways and could create a liability for the Water Authority. There are no projected impact on operating costs.



300 – Southside Water Reclamation Plant Renewal (\$26,520,000) the Solids Dewatering Facility (SDF) removes water from all the plant’s sludge prior to transport to the Soils Amendment Facility (SAF) for disposal. The existing SDF has been in use for over 25 years and requires renewal. During FY15, an evaluation was completed to determine if it would be more cost effective in terms of life-cycle costs to rehab the existing SDF or construct a brand new facility. The results of this evaluation determined that a rehab alternative is the most efficient and cost effective method in moving forward with this project. Funding will be used to design and construct improvements to the SDF. The improvements will provide a safer work environment, better and more reliable solids dewatering performance, and a projected positive impact on operating maintenance costs.

Existing Solids Dewatering Facility



400 – Soil Amendment Facility (SAF) Renewal (\$50,000) The SAF is an important element in the Water Authority’s wastewater treatment systems. The Southside Water Reclamation Plant (SWRP) generates approximately 60 tons of solids per day. The solids are land applied and composed of at the SAF. The composed solids are sold and generate income for the Water Authority. Without the SAF, the Water Authority would have to pay to dispose of the solids in a landfill. Funding allows for rehabilitation of the existing fixed equipment and facilities at the SAF. This includes buildings, pumping systems, and grounds. There are no projected impact on operating costs.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

500 – Lift Station and Vacuum Station Renewal (\$2,375,000) This project provides funding for the planning, design, engineering services, contract and/or in-house service related to general lift stations. The Water Authority owns, operates, and maintains vacuum networks of vacuum sewers, which provide service to residences, businesses, and other facilities in the North and South Valleys. The sanitary sewage is drawn to ten vacuum stations. From there it is pumped through force mains to connections to the Water Authority's gravity flow sewer system and then conveyed from treatment at the Southside Water Reclamation Plant (SWRP). Funding for vacuum stations will be used for house pumps, tanks, and other equipment used to collect and convey the sanitary sewage. This will help maintain the level of service by the customers. There are no projected impact on operating costs.

Lift Station #20 Force Main Header



Vacuum Station 66



600 – Odor Control Facilities Renewal (\$60,000) This project provides funding for evaluation, planning, design, construction, and related activity necessary for odor control in the collection system. Hydrogen sulfide is the primary gas that causes offensive odors from the sewer system. These gases are naturally generated through biological activity in the sewer. Larger sewers, known as interceptors, are the primary odor generators in the collection pipe system and the primary focus for funding is controlling interceptor odors. Funding will also be used to address collection system odors from all sources including small diameter pipes, pump stations, and manholes. There are no projected impact on operating costs.

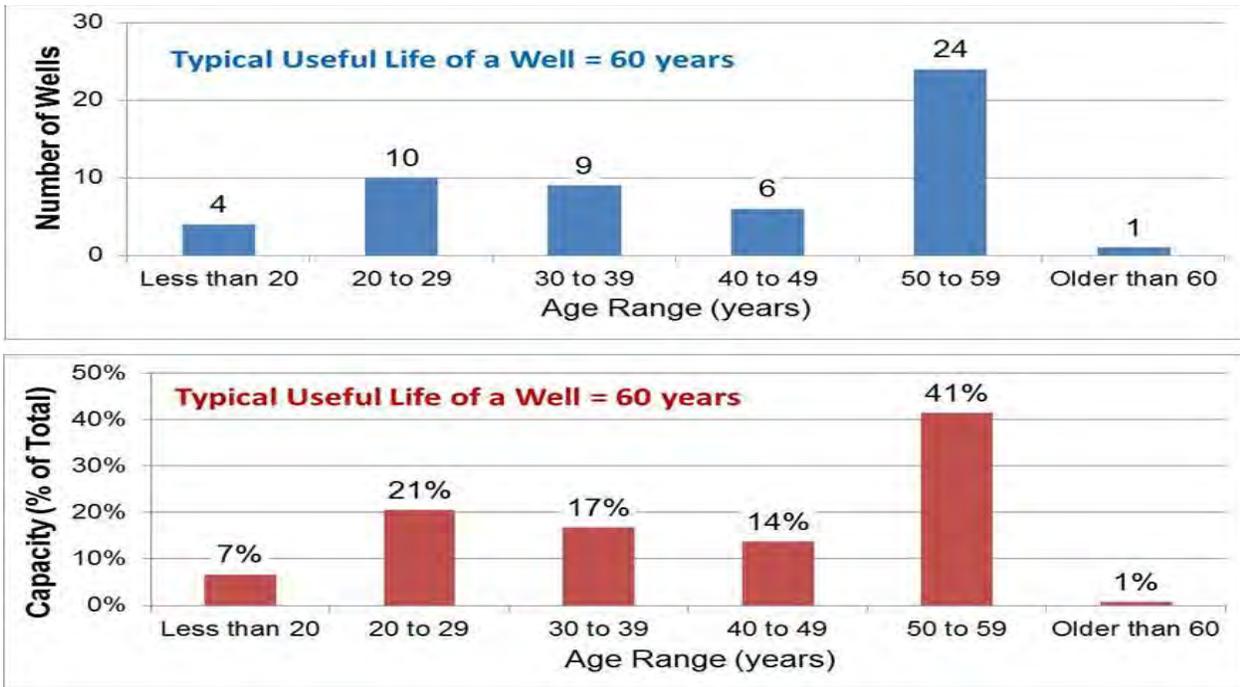
700 – Drinking Water Plant Groundwater System Renewal (\$2,400,000) The Water Authority must maintain a full capacity groundwater supply system even with the San Juan - Chama Drinking Water Project. At times, river water may not be available for diversion, so the Water Authority will have to rely fully on its wells to provide groundwater for delivery to customers. Also, the wells are needed to provide peak capacity during the high demand periods of the year (i.e., warm weather months).

Demonstrated on the next page shows over 40 percent of the Water Authority's wells are older than 50 years. These wells should be replaced in the next decade. Sixty years is the typical maximum life of a well before it needs to be replaced. Some wells fail sooner than this and some last longer.

This multiyear funding will be used to hire a consultant to advise the Water Authority on where to locate replacement wells and to start well replacements. An approximate cost for a replacement well is \$2 million. The level of funding shown is anticipated to allow for approximately 12 well replacements. As more funding becomes available, the rate of well replacement will be increased.

Funding is also provided to continue the evaluation of the Alameda Trunk Arsenic Project for delivering water from wells in the Alameda Trunk and adjacent Montgomery trunk to the San Juan Chama Water Treatment Plant for arsenic removal.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET



Also, there are three arsenic removal treatment systems in the Corrales area Trunk. This system use granular ferric hydroxide media, which requires periodic replacement. Funding will be used to replace the arsenic removal media from the different pressure vessels. This is necessary to restore the ability of these systems to remove arsenic from the well water prior to distributing the water to Water Authority customers. Without periodic replacement, the treated water arsenic level would exceed the federal and state drinking water maximum contaminant level of 10 parts per billion (ppb). There are no projected impact on operating costs.

Granular ferric hydroxide arsenic removal media



800 – Drinking Water Plant Treatment Systems Renewal (\$1,800,000) This project is to provide funding for improvements to the bar screens at the San Juan Chama Water Project Diversion Structure.

The manual bar screens are designed to remove sticks and other debris from the water being withdrawn from the Rio Grande prior to pumping it to the San Juan Chama Water Treatment Plant. Currently, the bar screens have to be manually cleaned up to three times per day by the plant maintenance staff, although the screens were not actually designed to accommodate this type of cleaning. Therefore, the manual cleaning operation takes important operator time and effort to perform these duties when other more important duties may be needed. As the SJCWTP is used at higher flow rates, the clogging problems will be increased due to higher flow rates and more flow volume per day.

The funding is intended to hire a design consultant to evaluate the problems and make recommendations for design changes. It is anticipated that it will be necessary to retrofit the facility with mechanical bar screen cleaning equipment. The estimated cost of constructing the improvements will be developed as part of the

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

consultant's work. There is a positive impact on operating costs by decreasing the labor hours needed to manually clean the bar screens.

900 – Reuse Line and Plant Rehab (\$70,000) This project is to provide funding for general renewal of reclaimed (recycled) water field and plant assets, including pipelines, buried valves, treatment facilities, pumping stations, and storage reservoirs. Using reclaimed water reduces demand on the Water Authority's potable water system. These expenses will be offset by revenues from non-potable water sales.

1000 – Compliance (\$195,000) This project is to provide funding for renewal of laboratory equipment at the Water Authority's Water Quality Lab. The Water Quality Lab supports the operation of the Southside Water Reclamation Plant and the drinking water system. In order to maintain the capability for scientifically valid and reliable monitoring and analysis, deteriorating analytical instruments must be replaced when performance degrades to a level that compromises data quality.

Funding will also provide for rehabilitation of equipment, facilities, and computer software used by staff for compliance with the National Pollutant Discharge Elimination System (NPDES) Program and for the Drinking Water Quality Program.

There is a projected positive impact on operating costs by replacing deteriorating analytical equipment with more efficient instruments.

1100 – Shared Facility Renewal (\$400,000) This project is to provide funding for eight staff positions. Funding these positions from Capital Improvement funds creates a positive impact on operating costs.

1200 – Franchise Agreement Compliance (\$12,000,000) \$2,000,000 of this project provides funding for compliance with the Water Authority's Franchise Ordinance between the City of Albuquerque and the Water Authority within the municipal limits of the service area. This is used for relocating water and sanitary sewer pipelines

and for adjusting the height of manholes and valve boxes as part of street resurfacing projects. The remaining \$10,000,000 will be used specifically for the City of Albuquerque plan of the Central Avenue-Albuquerque Rapid Transit (ART) project. This plan is in development for the Central Avenue Corridor from 98th to Tramway Boulevard, to connect east to west and provide infrastructure to enhance neighborhoods. There is no projected impact on operating costs.

24" Concrete Cylinder Water Line



1300 – Vehicles and Heavy Equipment (\$900,000)

The Water Authority has over 2,400 miles of sewer pipes that are used to convey sanitary sewage to the Southside Water Reclamation Plant (SWRP). Field heavy equipment is used daily to clean different sections of the collection system. Work is primarily done with the use of Vactor (vacuum cleaning) trucks. The Water Authority has a fleet of 12 trucks. Funding will allow renewal of the fleet and their associated accessories. There is a projected positive impact on maintenance operating costs by replacing these units with more efficient equipment.

Sewer Cleaning Truck (Vactor)



**Capital Improvement Project Descriptions
for Special Projects**

9401 – Steel Waterline Rehab (\$1,000,000) There are over 60 miles of small diameter steel water lines (12” and less) that serve the Water Authority distribution system. These lines are among the small diameter water lines that provide metered water service, fire protection, and irrigation for customers. Steel lines in general are the oldest water lines (greater than 50 years) and most prone to numerous leaks due to deterioration and corrosion of the thin steel wall.

Steel line leakage is highly problematic, with water waste and repeated repairs causing disruption of service and traffic. Undetected leakage can be catastrophic: a sinkhole can destroy an entire roadway segment. Or a leak can surface as a geyser, with resulting projectiles causing extensive damage and/or threat to life. Finding the lines that have the highest leak potential and replacing them prior to catastrophic failure is essential to reducing the Authority’s exposure to life- and property-threatening risk.

This program provides funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of steel water lines which tend to be the oldest water lines in the system and typically past their useful life. Operating costs are expected to decrease due to fewer leak repairs.

Corroded Steel Pipe

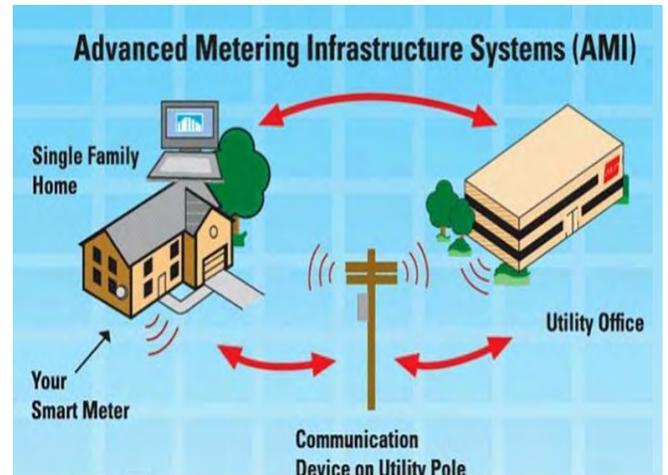


9403 – Automated Meter Infrastructure (AMI) (\$2,000,000) This project funds replacement of existing revenue meters with AMI equipped “smart” meters and the infrastructure needed to capture meter reading information. AMI utilizes a fixed communication infrastructure of licensed or unlicensed radio frequency (RF) technology to transmit daily or more frequent meter reads from the meter to the utility. No personnel are required to leave the utility offices to acquire meter reads. AMI offers enhanced functionality and customer benefits including of off-cycle reads along with all associated field visits. Benefits from the access to increased customer usage information (interval usage at a minimum of four reads per day) includes tamper/theft detection, flow profiling, meter right sizing and leak detections on a meter by meter basis or system-wide level.

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

There is a projected positive impact on maintenance operating costs by replacing revenue meters with Automated Meter Infrastructure.

AMI Illustration



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

9404 – Renewable Energy Projects (\$350,000) The Water Authority needs to become less reliant upon non-renewable energy supplies such as fossil fuel generated electricity and natural gas. Recently, the Water Authority started up a solar array project at the Southside Water Reclamation Plant (SWRP) to generate electricity. The SWRP continues to use biogas for generating electricity to power the plant. Excess power is sold to Public Service Company of New Mexico (PNM). More projects such as these are needed to allow the utility to become more sustainable and more energy efficient so as to reduce its reliance on generated electrical energy. This effort will reduce operational costs and make the utility more sustainable.

This funding will allow for the evaluation and implementation of additional renewable power projects such as enhancing biogas production at the SWRP to allow more electrical energy generation. Also, energy efficiency projects such as the use of light emitting diode (LED) lighting at Water Authority facilities can be pursued to lower the utilities total power needs to be provided by non-renewable supplies. This will create a positive impact on operating costs related to maintenance and electrical costs.

9419 – Yucca and Central Odor Control Project Included in the 2015 Revenue Bonds was \$6.0 million dedicated towards the Yucca and Central Odor Control Project. Funding was allocated in Fiscal Year 2015 budget, however, only the evaluation, planning stage has been completed.

The neighborhood in the vicinity of Yucca Drive and Central Avenue has been plagued with offensive sewer odors for many years. This problem is caused by the current geometry of the segment of Westside Interceptor in this location. An interceptor flows down a steep hill, makes changes in direction, and then flattens out. This results in pressurization of the odorous sewer gases that then escape into the atmosphere.

This project will re-align the interceptor and incorporate features to maintain a steady gradient. This will minimize gas pressurization and the resulting off-gassing.

The balance of revenue bond funding will be used for the design, construction, and related activity necessary for the realignment of a segment of the Westside Interceptor in the location of the intersection of Yucca Drive and Central Avenue. There is no projected impact on operating costs.

Yucca and Central Realignment



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Capital Improvement Project Descriptions for Growth Projects

2700– Development Agreements (\$1,250,000) In accordance with sound utility practice, the Water Authority requires developers of new service into undeveloped areas to construct the necessary major facilities. We then agree to reimburse the developer using funds from Utility Expansion Charges (UECs) as connections are made to those facilities. This causes the developer (not the current ratepayers) to assume the market risk for constructing major new facilities. One example of facilities built by a developer include the new Otto Reservoir within the Westland/ Suncal development area. Similar agreements are in force and planned in other surrounding areas. Includes Mesa Del Sol, Suncal, Don Reservoir, Volcano Cliffs, Alameda Trunk and NM Utilities, Inc.

This project provides for reimbursement of developer expenditures to construct major facilities as the capacity of those facilities is utilized by development. This reflects funding from new customer UECs for reimbursement under development agreements for extending master plan infrastructure beyond existing serviceable areas and are subject to Water Authority approval.

New 6-inch Waterline Installation



2700– Management Information Systems and Geographical Information Systems (MIS/GIS) (\$2,000,000) This project encompasses primarily new technology initiatives and the upgrade of hardware/software which is either approaching end-of-life or is unsupported by the vendor. Hardware life span is estimated between 3-5 years; with software life span of a current release level can range from 6 months to 2 years. As technology continues to increase in its support of business operations, it is critical to maintain its currency.

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

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

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

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

Mobile, Security and Telecommunications (New and Upgrades): This new category addresses the mobile, security and telecommunications environment to include portable devices, phones, vehicle location devices, radios, security cameras, etc. It is expected that category will expand over the

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

coming years due to the advancement of mobile, security and telecommunications technology. The majority of items listed either provide for continual efficient running and backups of mission critical systems (CC&B, Maximo, Kronos, LIMS, GIS, Security) or provide ongoing improvements to overall operations to improve efficiencies and lower operational costs.



3000– Master Plans (\$500,000) The Water Authority is conducting a comprehensive and ongoing integrated resource master planning for all water, wastewater and non-potable water reuse supply, distribution, and treatment facilities. This planning effort will examine levels of service, service areas and resource commitments, as well as, identify future facilities, master plan line and service requirements across the Water Authority's service area.

Sound utility management requires having a well-developed and adopted plan for delivering service. The latest adopted Master Plans for water and sewer were developed in the late 1970's. Since then many assumptions upon which they were developed have changed drastically. Widespread effects of conservation have reduced flows in water and sewer lines. That is beneficial by making more capacity available, but this results in longer fluid residence times causing quality concerns in water lines and additional odor potentials in sewers. The Water Authority is being pressed to provide service into new areas that will be assessed in this planning work. Good facility master planning is needed to wisely meet the needs of present and future ratepayers.

This funding will be used to complete the development of a new Comprehensive Master Plan. There is no quantifiable impact on operating costs.

3200– Miscellaneous Growth (\$5,250,000) The Water Authority has set aside funds to assist low income residents in obtaining basic sanitation and clean water services. This program is targeted for low income residents who are currently using septic tanks for wastewater and wells for drinking water, but who have not connect to available Water Authority service due to cost. The Water Authority will supplement up to 2/3rds of the cost for connection to the system.

This project provides funding for the cost of utility expansion for low income customers who meet established criteria. There is no projected impact on operating costs.



DEBT OBLIGATIONS

*Approved
Operating Budget
FY17*

DEBT OBLIGATIONS

The joint water and wastewater system (the “Water/Wastewater 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/Wastewater 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 “Water Authority”) and provided that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Wastewater System would be transferred to the Water Authority. The legislation also provides that the debts of the City, payable from net revenues of the Water/Wastewater System, shall be debts of the Water Authority and that the Water Authority shall not impair the rights of holders of outstanding debts of the Water/Wastewater System. The legislation also required that the New Mexico Public Regulation Commission audit the Water/Wastewater System prior to the transfer of money, assets and debts of the Water/Wastewater System; the audit was completed December 2003. The policy-making functions of the Water/Wastewater System have been transferred to the Water Authority. The Water Authority and the City entered into a Memorandum of Understanding dated January 21, 2004, as amended April 7, 2004, under which the City continued to operate the Water/Wastewater System until June 30, 2007. In 2005, the New Mexico Legislature amended Section 7-1-10, NMSA 1978, to provide the Water Authority the statutory powers provided to all public water and wastewater utilities in the state and to recognize the Water Authority as a political subdivision of the State. On March 21, 2007 the Water 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 Water Authority.

The outstanding Water/Wastewater System parity obligations are currently rated “Aa2” by Moody’s, “AA+” by S&P and “AA” by Fitch.

The total outstanding obligation indebtedness of the Water Authority as of July 1, 2016 is \$621.274 million shown in the table on the next page.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

Fiscal Year 2017 Debt Service Payments

Ratings: Aa2/AA+/AA

Issue	Basic Capital Bonds		San Juan-Chama Debt		New Mexico Finance Authority		Total Issue
	Principal	Interest	Principal	Interest	Principal	Interest	
Bonds Series 2006A Basic	1,040,000.00	27,300.00					1,067,300.00
Bonds Series 2006A SJC			5,870,000.00	151,143.75			6,021,143.75
Bonds Series 2009A-1 Basic	4,930,000.00	865,550.00					5,795,550.00
Bonds Series 2009A-1 NMU	1,650,000.00	1,309,637.50					2,959,637.50
Bonds Series 2009A-1 SJC			190,000.00	148,900.00			338,900.00
Bonds Series 2009A-1 SWRP	535,000.00	425,787.50					960,787.50
Bonds Series 2013A Basic	3,595,000.00	2,765,400.00					6,360,400.00
Bonds Series 2013B	9,455,000.00	2,146,625.00					11,601,625.00
Bonds Series 2014A	1,090,000.00	4,618,012.50					5,708,012.50
Bonds Series 2014B	8,910,000.00	3,826,000.00					12,736,000.00
Bonds Series 2015	0.00	9,536,747.50					9,536,747.50
NMFA Loan No. 03 Basic					5,265,000.00	271,762.50	5,536,762.50
NMFA Loan No. 03 SJC					275,000.00	14,212.50	289,212.50
NMFA Loan No. 04 1727-AD					493,294.00	157,649.92	650,943.92
NMFA Loan No. 05 WTB-79					67,042.00	167.60	67,209.60
NMFA Loan No. 06 WTB-51					33,470.00	83.67	33,553.67
NMFA Loan No. 07 2316-ADW					47,259.00	7,919.68	55,178.68
NMFA Loan No. 11 WTB-177					141,045.00	352.61	141,397.61
NMFA Loan No. 12 WTB-205					363,399.00	910.99	364,309.99
NMFA Loan No. 13 WTB-206					514,547.00	1,289.89	515,836.89
NMFA Loan No. 14 WTB-207					50,935.00	127.69	51,062.69
NMFA Loan No. 15 Basic					3,125,000.00	1,272,500.00	4,397,500.00
NMFA Loan No. 15 Reuse					292,707.54	439,218.74	731,926.28
NMFA Loan No. 15 SJC					137,292.46	206,012.50	343,304.96
TOTAL	<u>31,205,000.00</u>	<u>25,521,060.00</u>	<u>6,060,000.00</u>	<u>300,043.75</u>	<u>10,805,991.00</u>	<u>2,372,208.29</u>	<u>76,264,303.04</u>

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS	Original	Outstanding	Basic Needs	Special Projects
Bonds Series 2006	133,390,000	6,910,000	1,040,000	5,870,000
Bonds Series 2009A-1	135,990,000	58,655,000	21,145,000	37,510,000
Bonds Series 2013A	62,950,000	57,465,000	57,465,000	
Bonds Series 2013B	55,265,000	47,660,000	47,660,000	
Bonds Series 2014A	97,270,000	97,270,000	97,270,000	
Bonds Series 2015	211,940,000	211,940,000	211,940,000	
NMFA Loan No. 03	77,005,000	5,540,000	5,265,000	275,000
NMFA Loan No. 07 2316-ADW	1,000,000	815,597		815,597
NMFA Loan No. 15	53,400,000	39,410,000	25,450,000	13,960,000
SUBTOTAL WATER AUTHORITY SENIOR DEBT OBLIGATIONS	\$ 828,210,000	\$525,665,597	\$ 467,235,000	\$ 58,430,597

SUBORDINATE/SUPERSUBORDINATE DEBT OBLIGATIONS	Original	Outstanding	Basic Needs	Special Projects
Bonds Series 2014B	87,005,000	86,555,000	86,555,000	
NMFA Loan No. 04 1727-AD	10,426,232	7,882,496		7,882,496
NMFA Loan No. 05 WTB-79	100,000	67,042		67,042
NMFA Loan No. 06 WTB-51	50,000	33,470		33,470
NMFA Loan No. 11 WTB-177	200,000	141,045		141,045
NMFA Loan No. 12 WTB-205	452,000	363,399		363,399
NMFA Loan No. 13 WTB-206	640,000	514,547		514,547
NMFA Loan No. 14 WTB-207	63,354	50,935		50,935
SUBTOTAL SUBORDINATE/SUPERSUBORDINATE DEBT OBLIGATIONS	\$ 98,936,586	\$ 95,607,934	\$ 86,555,000	\$ 9,052,934

GRAND TOTAL - WATER AUTHORITY DEBT OBLIGATIONS **\$ 927,146,586** **\$621,273,531** **\$ 553,790,000** **\$ 67,483,531**

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

Fiscal Year	Series 2006A Bonds	Series 2009A-1 Bonds	Series 2013A Bonds	Series 2013B Refunding	Series 2014A Bonds
2017	7,088,444	10,054,875	6,360,400	11,601,625	5,708,013
2018		10,052,750	6,335,125	6,512,250	12,313,913
2019		10,036,600	6,333,625	6,559,000	12,274,288
2020		10,025,825	6,327,500	6,610,750	12,216,413
2021		1,432,200	6,321,375	6,651,875	12,183,413
2022		1,432,200	6,314,750	6,706,500	12,136,038
2023		1,432,200	6,312,000	6,748,750	12,236,456
2024		1,432,200	6,302,625	2,980,750	12,182,375
2025		1,432,200	6,296,125	2,480,500	12,164,750
2026		1,432,200	6,291,750		12,082,375
2027		1,432,200	1,330,875		10,461,375
2028		1,432,200	1,329,250		
2029		1,432,200	1,330,750		
2030		1,432,200	1,330,250		
2031		6,218,181	1,327,750		
2032		6,208,450	1,328,125		
2033		6,199,938	1,326,250		
2034		6,196,725	1,322,125		
2035		6,183,156	1,320,625		
2036			1,321,500		
2037			1,319,625		
2038			1,319,875		
2039			1,317,125		
TOTAL	<u>7,088,444</u>	<u>85,498,500</u>	<u>80,419,400</u>	<u>56,852,000</u>	<u>125,959,406</u>

Fiscal Year	Series 2015 Bonds	Loan No. 03 NMFA	Loan No. 07 2316-ADW NMFA	Loan No. 15 NMFA	TOTAL SENIOR DEBT
2017	9,536,748	5,825,975	55,179	5,472,731	61,703,989
2018	12,682,548		55,177	5,474,981	53,426,743
2019	21,127,848		55,174	5,473,231	61,859,765
2020	21,106,973		55,172	5,477,231	61,819,863
2021	23,986,223		55,169	5,476,231	56,106,485
2022	24,311,348		55,167	5,474,981	56,430,983
2023	17,987,223		55,165	5,477,981	50,249,775
2024	22,087,723		55,162	1,074,481	46,115,315
2025	21,920,973		55,159	1,074,231	45,423,938
2026	19,336,348		55,157	1,077,481	40,275,311
2027	20,866,723		55,155	1,079,031	35,225,358
2028	21,042,446		55,152	1,074,281	24,933,329
2029	12,990,008		55,149	1,077,094	16,885,200
2030	12,981,050		55,147	1,074,344	16,872,991
2031	8,245,640		55,143	1,074,844	16,921,558
2032	8,181,775		55,143	1,076,644	16,850,137
2033	8,172,900			1,078,394	16,777,481
2034	8,195,700			1,074,719	16,789,269
2035				1,078,375	8,582,156
2036				1,075,063	2,396,563
2037					1,319,625
2038					1,319,875
2039					1,317,125
TOTAL	<u>294,760,191</u>	<u>5,825,975</u>	<u>882,569</u>	<u>52,316,350</u>	<u>709,602,835</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

Fiscal Year	Series 2014B Bonds	Loan No. 04 1727-AD NMFA	Loan No. 05 WTB-79 NMFA	Loan No. 06 WTB-51 NMFA	Loan No. 11 WTB-177 NMFA	Loan No. 12 WTB-205 NMFA
2017	12,736,000	650,944	5,248	2,620	10,265	23,200
2018	14,119,975	650,969	5,248	2,620	10,265	23,198
2019	11,070,550	650,994	5,247	2,620	10,265	23,198
2020	10,844,725	651,020	5,248	2,620	10,265	23,198
2021	10,572,475	651,047	5,248	2,620	10,264	23,200
2022	10,148,125	651,073	5,248	2,620	10,264	23,197
2023	9,931,375	651,100	5,248	2,620	10,265	23,198
2024	9,577,875	651,128	5,248	2,620	10,265	23,199
2025	9,216,000	651,156	5,248	2,620	10,265	23,199
2026	8,850,875	651,185	5,248	2,620	10,264	23,198
2027		651,215	5,248	2,620	10,265	23,198
2028		651,245	5,248	2,620	10,265	23,199
2029		651,276	5,247	2,620	10,264	23,199
2030		651,308			10,265	23,198
2031						23,199
2032						23,199
TOTAL	<u>107,067,975</u>	<u>9,115,661</u>	<u>68,222</u>	<u>34,059</u>	<u>143,705</u>	<u>371,176</u>

Fiscal Year	Loan No. 13 WTB-206 NMFA	Loan No. 14 WTB-207 NMFA	TOTAL SUPER/ SUB. DEBT	TOTAL DEBT SERVICE
2017	32,850	3,252	13,464,377	75,168,366
2018	32,846	3,252	14,848,373	68,275,116
2019	32,846	3,252	11,798,972	73,658,738
2020	32,846	3,252	11,573,173	73,393,036
2021	32,849	3,252	11,300,955	67,407,440
2022	32,847	3,251	10,876,625	67,307,609
2023	32,847	3,251	10,659,904	60,909,679
2024	32,847	3,251	10,306,433	56,421,749
2025	32,848	3,251	9,944,587	55,368,526
2026	32,847	3,251	9,579,489	49,854,800
2027	32,847	3,251	728,645	35,954,003
2028	32,848	3,251	728,676	25,662,005
2029	32,848	3,251	728,706	17,613,906
2030	32,847	3,251	720,869	17,593,859
2031	32,848	3,251	59,297	16,980,856
2032	32,846	3,253	59,298	16,909,435
2033				16,777,481
2034				16,789,269
2035				8,582,156
2036				2,396,563
2037				1,319,625
2038				1,319,875
2039				<u>1,317,125</u>
	<u>525,558</u>	<u>52,025</u>	<u>117,378,381</u>	<u>826,981,216</u>

***STATISTICAL
INFORMATION***

***Approved
Operating Budget
FY17***

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

(000's)	ACTUAL FY06	ACTUAL FY07	ACTUAL FY08	ACTUAL FY09	ACTUAL FY10
RESOURCES:					
Miscellaneous Revenues	13,941	5,610	4,754	2,586	1,562
Enterprise Revenues	112,134	115,414	136,486	121,411	152,148
Transfers from Other Funds	<u>1,353</u>	<u>1,520</u>	<u>1,564</u>	<u>1,516</u>	<u>1,493</u>
Total Current Resources	127,428	122,544	142,804	125,513	155,203
Beginning Working Capital Balance	<u>5,194</u>	<u>19,919</u>	<u>19,489</u>	<u>23,786</u>	<u>16,065</u>
TOTAL RESOURCES	<u>132,622</u>	<u>142,463</u>	<u>162,293</u>	<u>149,299</u>	<u>171,268</u>
APPROPRIATIONS:					
Joint Water/Wastewater Operations	60,000	65,596	72,468	71,994	89,853
Transfers to Other Funds	<u>50,152</u>	<u>59,250</u>	<u>52,705</u>	<u>57,500</u>	<u>87,538</u>
TOTAL APPROPRIATIONS	<u>110,152</u>	<u>124,846</u>	<u>125,173</u>	<u>129,494</u>	<u>177,391</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>(2,551)</u>	<u>1,872</u>	<u>(13,334)</u>	<u>(3,740)</u>	<u>5,487</u>
ENDING WORKING CAPITAL BALANCE	<u>19,919</u>	<u>19,489</u>	<u>23,786</u>	<u>16,065</u>	<u>(636)</u>

Note: In FY09 the Water Authority collapsed Fund 622 into Fund 21 creating one operating fund.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

(000's)	ACTUAL FY11	ACTUAL FY12	ACTUAL FY13	ACTUAL FY14	ACTUAL FY15
RESOURCES:					
Miscellaneous Revenues	3,064	2,554	1,188	3,843	4,143
Enterprise Revenues	157,276	175,505	178,942	180,228	190,099
Transfers from Other Funds	<u>1,500</u>	<u>1,745</u>	<u>1,710</u>	<u>593</u>	<u>748</u>
Total Current Resources	161,840	179,804	181,840	184,664	194,990
Beginning Working Capital Balance	<u>(636)</u>	<u>(10,650)</u>	<u>(10,869)</u>	<u>(10,921)</u>	<u>(10,676)</u>
TOTAL RESOURCES	<u>161,204</u>	<u>169,154</u>	<u>170,971</u>	<u>173,743</u>	<u>184,314</u>
APPROPRIATIONS:					
Joint Water/Wastewater Operations	96,243	95,371	102,310	110,291	109,430
Transfers to Other Funds	<u>79,593</u>	<u>82,828</u>	<u>82,177</u>	<u>76,094</u>	<u>81,160</u>
TOTAL APPROPRIATIONS	<u>175,836</u>	<u>178,199</u>	<u>184,487</u>	<u>186,385</u>	<u>190,590</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>3,982</u>	<u>(1,824)</u>	<u>2,595</u>	<u>1,967</u>	<u>(2,445)</u>
ENDING WORKING CAPITAL BALANCE	<u>(10,650)</u>	<u>(10,869)</u>	<u>(10,921)</u>	<u>(10,676)</u>	<u>(8,722)</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

(000's)	ACTUAL FY99	ACTUAL FY00	ACTUAL FY01	ACTUAL FY02	ACTUAL FY03
RESOURCES:					
Miscellaneous Revenues	(10)	13	231	197	143
Strategy Implementation Revenues	<u>4,005</u>	<u>7,310</u>	<u>9,954</u>	<u>13,279</u>	<u>16,263</u>
Total Current Resources	3,995	7,323	10,185	13,476	16,406
Beginning Fund Balance	<u>-</u>	<u>(727)</u>	<u>2,151</u>	<u>5,302</u>	<u>4,530</u>
TOTAL RESOURCES	<u>3,995</u>	<u>6,596</u>	<u>12,336</u>	<u>18,778</u>	<u>20,936</u>
APPROPRIATIONS:					
Sustainable Water Operations	3,036	2,636	3,608	7,297	6,049
Transfers to Other Funds	<u>1,680</u>	<u>1,809</u>	<u>3,498</u>	<u>6,948</u>	<u>7,890</u>
TOTAL APPROPRIATIONS	<u>4,716</u>	<u>4,445</u>	<u>7,106</u>	<u>14,245</u>	<u>13,939</u>
ADJUSTMENTS TO FUND BALANCE	<u>(6)</u>	<u>-</u>	<u>72</u>	<u>(3)</u>	<u>(34)</u>
ENDING FUND BALANCE	<u>(727)</u>	<u>2,151</u>	<u>5,302</u>	<u>4,530</u>	<u>6,963</u>

Note: In FY09, the Water Authority collapsed Fund 622 into Fund 21 creating one operating fund.

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

(000's)	ACTUAL FY04	ACTUAL FY05	ACTUAL FY06	ACTUAL FY07	ACTUAL FY08
RESOURCES:					
Miscellaneous Revenues	408	660	538	972	1,055
Strategy Implementation Revenues	<u>21,542</u>	<u>23,330</u>	<u>25,096</u>	<u>24,975</u>	<u>24,600</u>
Total Current Resources	21,950	23,990	25,634	25,947	25,655
Beginning Fund Balance	<u>6,963</u>	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>
TOTAL RESOURCES	<u>28,913</u>	<u>32,065</u>	<u>29,839</u>	<u>37,653</u>	<u>44,490</u>
APPROPRIATIONS:					
Sustainable Water Operations	12,099	7,761	2,512	590	2,030
Transfers to Other Funds	<u>8,543</u>	<u>21,735</u>	<u>14,302</u>	<u>18,122</u>	<u>22,393</u>
TOTAL APPROPRIATIONS	<u>20,642</u>	<u>29,496</u>	<u>16,814</u>	<u>18,712</u>	<u>24,423</u>
ADJUSTMENTS TO FUND BALANCE	<u>(196)</u>	<u>1,636</u>	<u>(1,319)</u>	<u>(106)</u>	<u>(106)</u>
ENDING FUND BALANCE	<u>8,075</u>	<u>4,205</u>	<u>11,706</u>	<u>18,835</u>	<u>19,961</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**DEBT SERVICE FUND – 31
RESOURCES, APPROPRIATIONS, AND FUND BALANCE
LAST TEN FISCAL YEARS**

(000's)	ACTUAL FY06	ACTUAL FY07	ACTUAL FY08	ACTUAL FY09	ACTUAL FY10
RESOURCES:					
Miscellaneous Revenues	18,475	13,796	11,932	6,668	7,026
Transfers from Other Funds	<u>52,517</u>	<u>59,347</u>	<u>59,406</u>	<u>64,301</u>	<u>67,790</u>
Total Current Resources	70,992	73,143	71,338	70,969	74,816
Beginning Fund Balance	<u>11,185</u>	<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>
TOTAL RESOURCES	<u>82,177</u>	<u>86,822</u>	<u>77,920</u>	<u>66,833</u>	<u>69,164</u>
APPROPRIATIONS:					
Joint Water/Wastewater Debt Service	55,626	63,957	62,981	64,301	69,627
Transfers to Other Funds	<u>13,612</u>	<u>16,000</u>	<u>19,000</u>	<u>14,000</u>	<u>5,000</u>
TOTAL APPROPRIATIONS	<u>69,238</u>	<u>79,957</u>	<u>81,981</u>	<u>78,301</u>	<u>74,627</u>
ADJUSTMENTS TO FUND BALANCE	<u>740</u>	<u>(283)</u>	<u>(75)</u>	<u>5,816</u>	<u>2,774</u>
ENDING FUND BALANCE	<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>

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

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**DEBT SERVICE FUND – 31
RESOURCES, APPROPRIATIONS, AND FUND BALANCE
LAST TEN FISCAL YEARS**

(000's)	ACTUAL FY11	ACTUAL FY12	ACTUAL FY13	ACTUAL FY14	ACTUAL FY15
RESOURCES:					
Miscellaneous Revenues	6,351	8,142	8,282	7,872	7,565
Transfers from Other Funds	<u>65,337</u>	<u>66,727</u>	<u>66,362</u>	<u>72,094</u>	<u>69,160</u>
Total Current Resources	71,688	74,869	74,644	79,966	76,725
Beginning Fund Balance	<u>(2,689)</u>	<u>(2,972)</u>	<u>(2,392)</u>	<u>(2,476)</u>	<u>515</u>
TOTAL RESOURCES	<u>68,999</u>	<u>71,897</u>	<u>72,252</u>	<u>77,490</u>	<u>77,240</u>
APPROPRIATIONS:					
Joint Water/Wastewater Debt Service	65,202	70,450	72,670	75,245	35,203
Transfers to Other Funds	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>
TOTAL APPROPRIATIONS	<u>68,202</u>	<u>73,450</u>	<u>75,670</u>	<u>78,245</u>	<u>40,203</u>
ADJUSTMENTS TO FUND BALANCE	<u>(3,769)</u>	<u>(840)</u>	<u>942</u>	<u>1,269</u>	<u>11,760</u>
ENDING FUND BALANCE	<u>(2,972)</u>	<u>(2,392)</u>	<u>(2,476)</u>	<u>515</u>	<u>48,798</u>

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

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

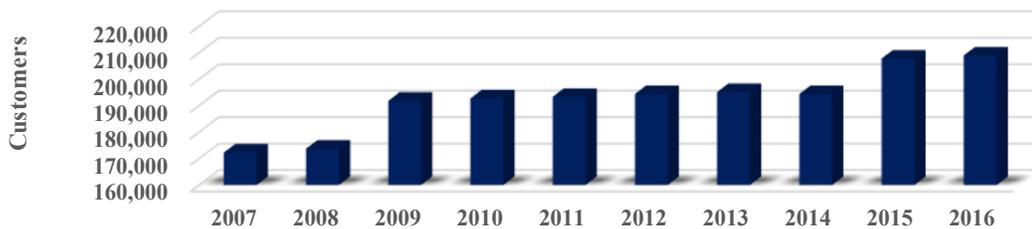
History of Water Users by Class:

Class	Number of Customers by Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Residential	187,479	186,461	174,193	174,909	174,277	173,339	172,787	171,983	153,959	152,563
Multi-Family	7,268	7,115	6,569	6,430	6,393	6,364	6,349	6,231	7,644	7,565
Commercial	11,901	11,923	11,303	11,321	11,287	11,226	11,272	11,367	9,998	10,049
Institutional	2,187	2,150	2,196	2,391	2,316	2,279	2,223	2,119	2,013	1,983
Industrial	110	113	99	99	102	99	106	113	110	110
Total	208,945	207,762	194,360	195,150	194,375	193,307	192,737	191,813	173,724	172,270

History of Water Users by Meter Sizes:

Meter Size	Number of Customers by Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
¾"	185,894	184,743	171,395	171,874	171,103	169,984	169,414	168,632	151,172	149,846
1" and 1 ¼"	17,392	17,447	17,474	17,645	17,717	17,820	17,820	17,611	17,621	17,581
1 ½"	2,300	2,269	2,238	2,249	2,221	2,195	2,195	2,169	1,968	1,955
2"	2,386	2,349	2,303	2,352	2,320	2,228	2,228	2,179	1,839	1,816
3"	590	575	578	634	634	714	714	834	766	733
4"	278	276	270	286	273	268	268	275	264	246
6"	64	63	60	63	61	58	58	67	53	53
8" and over	41	40	42	47	46	40	40	46	41	40
Total	208,945	207,762	194,360	195,150	194,375	193,307	192,737	191,813	173,724	172,270

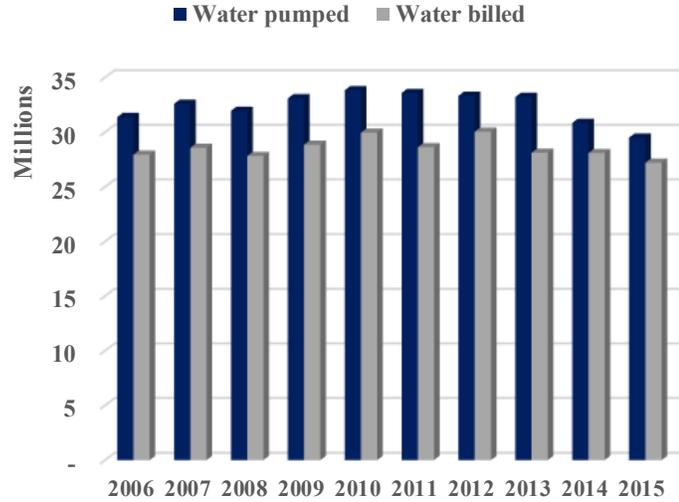
AVERAGE NUMBER OF CUSTOMERS



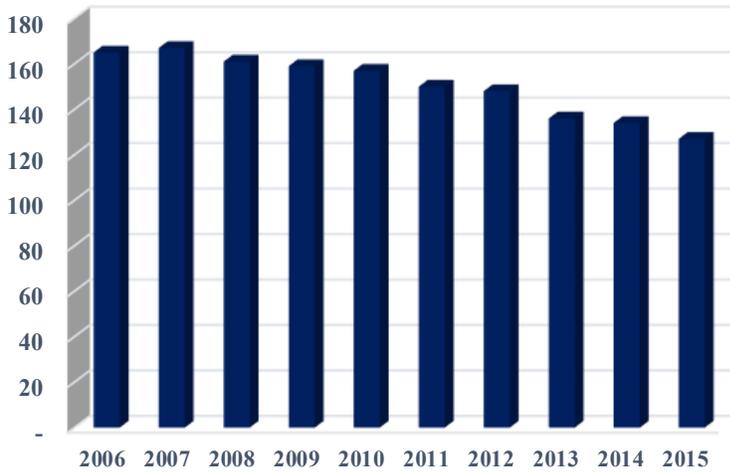
Source: ABCWUA Financial/Business Services Division

**WATER CONSUMPTION
LAST TEN CALENDAR YEARS**

	<u>Water Pumped</u>	<u>Water Billed</u>	<u>% Billed</u>
2015	29,498,000	27,195,260	92.19%
2014	30,836,000	28,075,612	91.05%
2013	33,222,000	28,113,371	84.62%
2012	33,318,000	30,044,094	90.17%
2011	33,577,000	28,621,945	85.24%
2010	33,830,964	29,949,844	88.53%
2009	33,098,373	28,844,216	87.15%
2008	31,940,000	27,816,110	87.09%
2007	32,589,000	28,573,691	87.68%
2006	31,384,000	27,942,376	89.03%



Per Capita Water Usage



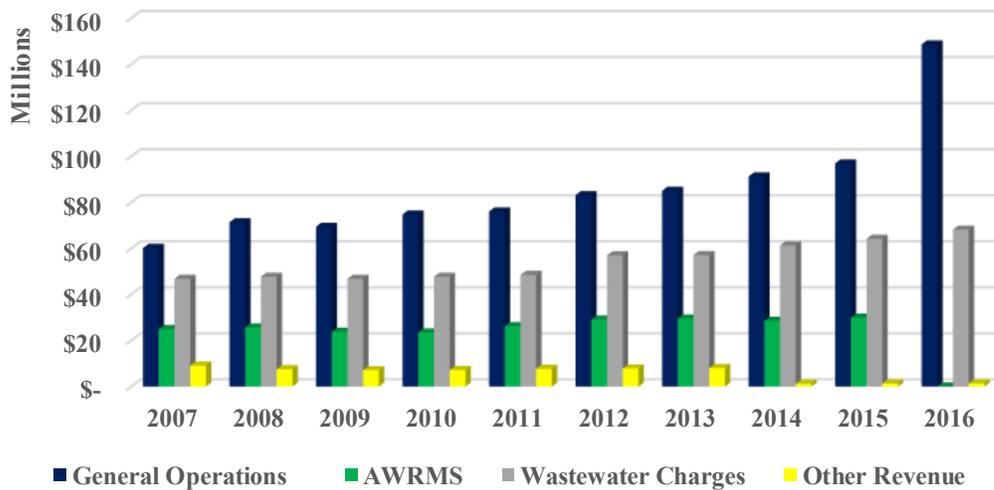
	<u>Per Capita Water Usage</u>
2015	127
2014	134
2013	136
2012	148
2011	150
2010	157
2009	159
2008	161
2007	167
2006	165

Source: ABCWUA Financial/Business Services Division

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**REVENUE FROM WATER AND WASTEWATER CHARGES AND OTHER OPERATING REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Revenue from Water Charges		Wastewater Charges	Other Revenue	Total Operating Revenue
	General Operations	AWRMS			
2016	\$ 148,622,758	\$ -	\$ 68,166,636	\$ 1,339,000	\$ 218,128,394
2015	96,878,168	29,939,349	64,171,110	1,323,000	192,311,627
2014	91,229,726	28,561,586	61,327,115	1,232,000	182,350,427
2013	84,994,139	29,558,320	57,072,020	8,053,146	179,677,625
2012	83,145,457	29,096,281	56,982,228	7,830,724	177,054,690
2011	76,072,550	26,219,494	48,504,637	7,718,145	158,514,826
2010	74,773,904	23,483,160	47,685,066	7,202,722	153,144,852
2009	69,395,141	23,803,266	46,805,468	7,141,714	147,145,589
2008	71,398,950	25,630,246	47,683,918	7,519,231	152,232,345
2007	60,186,959	24,975,068	46,771,690	9,100,112	141,033,829

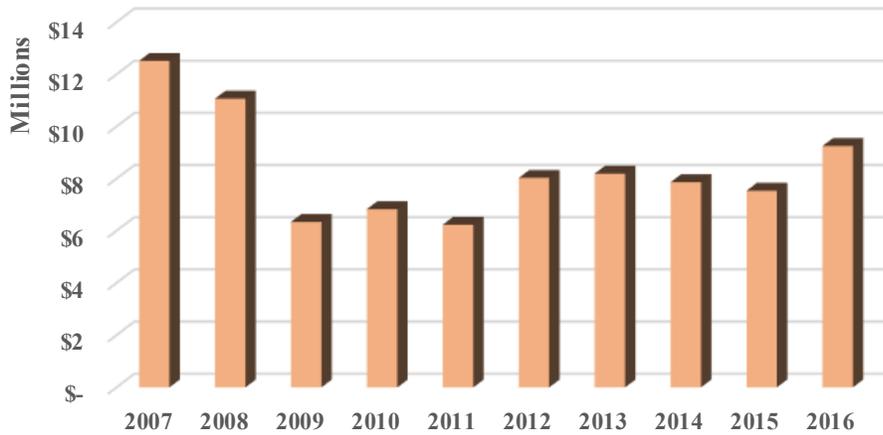


Source: ABCWUA Financial/Business Services Division
Albuquerque Water Resource Management Strategy (AWRMS).

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY
REVENUE FROM UTILITY EXPANSION CHARGES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Utility Expansion Charges</u>
2016	\$ 9,256,938
2015	7,541,201
2014	7,872,237
2013	8,197,016
2012	8,035,123
2011	6,240,073
2010	6,834,261
2009	6,346,401
2008	11,074,840
2007	12,516,234



Source: ABCWUA Financial/Business Services Division

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

PRINCIPAL REVENUE PAYERS CURRENT FISCAL YEAR AND NINE YEARS AGO

Water Customer Name	2016				2007			
	Water Revenue	Rank	% of Total Revenue	Consumption	Water Revenue	Rank	% of Total Revenue	Consumption
City of Albuquerque	\$ 9,960,711	1	6.70%	2,802,472	\$ 4,424,281	1	5.20%	1,643,328
Albuquerque Public Schools	3,044,848	2	2.05%	687,963	1,165,378	2	1.37%	355,548
University of New Mexico	1,273,790	3	0.86%	306,136			0.00%	
Bernalillo County	751,872	4	0.51%	210,757			0.00%	
Kirtland Air Force Base	640,281	5	0.43%	134,821			0.00%	
Lovelace Health	273,852	6	0.18%	88,523	400,589	5	0.47%	111,154
Central NM Community College	276,635	7	0.19%	64,987			0.00%	
ABCWUA	312,612	8	0.21%	84,308			0.00%	
Sumitomo	269,132	9	0.18%	111,845	219,222	6	0.26%	105,147
Albuquerque Academy	241,286	10	0.16%	99,320	138,100	10	0.16%	56,495
Tanoan Country Club			0.00%		363,870	3	0.43%	169,836
Four Hills Mobile Home Park			0.00%		225,774	8	0.27%	66,054
UNM Hospital			0.00%		258,769	9	0.30%	60,996
UNM Physical Plant			0.00%		735,085	4	0.86%	169,551
Presbyterian Health			0.00%		529,545	7	0.62%	77,010
Total	\$ 17,045,019		11.47%	4,591,132	\$ 8,460,613		9.93%	2,815,119
Total Water System Revenue	\$ 148,622,758				\$ 85,162,027			

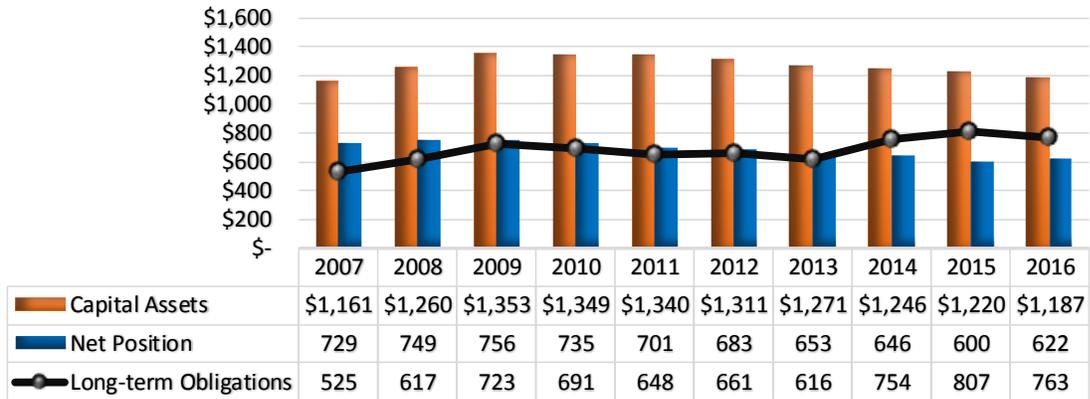
Wastewater Customer Name	2016				2007			
	Wastewater Revenue	Rank	% of Total Revenue	Consumption	Wastewater Revenue	Rank	% of Total Revenue	Consumption
Kirtland Air Force Base	\$ 1,263,401	1	0.018534	744,617	\$ 858,882	2	1.84%	788,400
University of New Mexico	874,125	2	1.28%	485,108			0.00%	
Albuquerque Public Schools	808,579	3	1.19%	142,838	432,123	5	0.92%	152,708
City of Albuquerque	671,861	4	0.99%	170,284	426,594	4	0.91%	202,543
Creamland Dairies	484,979	5	0.71%	50,247			0.00%	
Lovelace Health	254,237	6	0.37%	68,503	123,087	6	0.26%	98,525
Bernalillo County	181,653	7	0.27%	55,140			0.00%	
Central NM Community College	116,680	8	0.17%	31,466			0.00%	
Sandia Peak Services	77,037	9	0.11%	72,929	72,956	7	0.16%	91,339
Four Hills Mobile Home Park	75,329	10	0.11%	34,730	92,617	10	0.20%	61,099
New Mexico Utilities			0.00%		2,893,074	1	6.19%	2,842,160
UNM Physical Plant			0.00%		446,444	3	0.95%	398,715
UNM Hospital			0.00%		158,517	9	0.34%	70,496
Sumitomo			0.00%		93,093	8	0.20%	71,437
Total	\$ 4,807,881		7.05%	1,855,862	\$ 5,597,387		11.97%	4,777,422
Total Wastewater System Revenue	\$ 68,166,636				\$ 46,771,690			

Source: ABCWUA Financial/Business Services Division

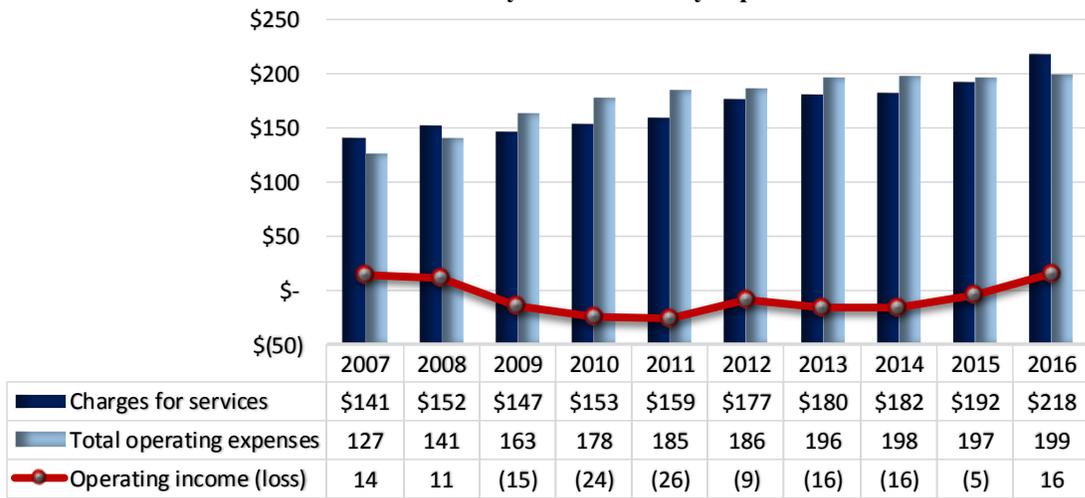
ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**TREND ANALYSIS FOR NET POSITION AND OPERATIONS
LAST TEN FISCAL YEARS
(In millions of dollars)**

**Trend Analysis of Capital Assets, Long-term Obligations,
and Net Position**



Trend Analysis of Authority Operations



ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

**OUTSTANDING DEBT RATIO
LAST TEN FISCAL YEARS
(In thousands of dollars)**

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Loan Agreements</u>	<u>Water Rights Contract</u>	<u>Lines of Credit</u>	<u>Total</u>	<u>Per Capita</u>	<u>Per Customer</u>
2016	\$ 566,455	\$ 54,819	\$ 8,715	\$ -	\$ 629,989	\$ 1,127	\$ 3,015
2015	601,985	63,327	9,817	-	675,129	1,170	3,250
2014	533,544	137,284	10,887	-	681,715	1,204	3,198
2013	434,114	210,805	11,925	-	656,844	1,172	3,366
2012	460,415	229,644	12,932	-	702,991	1,267	3,617
2011	479,674	193,620	13,910	103	687,307	1,239	3,556
2010	504,063	206,642	14,858	760	726,323	1,322	3,768
2009	532,742	209,584	15,779	3,524	761,629	1,400	3,971
2008	418,114	219,780	16,672	-	654,566	1,215	3,768
2007	389,871	152,529	17,539	-	559,939	1,050	3,250

Note:

1. Per Capita is based on the estimated 2014 population provided by the US Census Bureau.
2. Per customer is based on the number of customers for the Authority.

Source: ABCWUA Financial/Business Services Division

**SENIOR LIEN DEBT COVERAGE
LAST TEN FISCAL YEARS
(In thousands of dollars)**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Coverage Required</u>
				<u>Principal⁽⁴⁾</u>	<u>Interest</u>		
2016	\$ 234,846	\$ 114,969	\$ 119,877	\$ 43,031	\$ 10,927	2.22	1.33
2015	203,834	107,597	96,237	33,819	13,533	2.03	1.33
2014	199,234	108,177	91,057	41,151	26,817	1.34	1.33
2013	184,338	96,611	87,727		65,462	1.34	1.33
2012	180,272	94,085	86,187		64,978	1.33	1.33
2011	166,652	88,790	77,862		70,359	1.11	1.33
2010	158,528	87,768	70,760		70,983	1.00	1.33
2009	160,800	83,177	77,623		65,144	1.19	1.33
2008	166,580	72,541	94,039		61,785	1.52	1.33
2007	162,390	65,336	97,054		62,027	1.56	1.33

Note:

1. Gross revenues include operating, non-operating, and miscellaneous revenues.
2. Operating expenses exclude depreciation, bad debt, and non-capitalized major repair.
3. Interest debt service is net of any premium and/or discounts.
4. Fiscal year 2006-2013 principal and interest are combined. Starting in fiscal year 2014, they are recognized separately.
5. Beginning in fiscal year 2014, revenues and expenses include franchise fees in accordance with the updated bond ordinance. In years prior, both franchise revenues and expenses were backed out of the calculation.

Source: ABCWUA Financial/Business Services Division

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY – 2017 BUDGET

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

Year	Population Albuquerque MSA	Total Personal Income	Per Capita Personal Income	Unemployment Rate
2016	559,121	\$ 20,650,016	\$ 36,933	6.4%
2015	557,169	20,035,240	35,959	5.7%
2014	566,059	19,385,257	34,246	6.4%
2013	560,454	18,359,913	32,759	6.8%
2012	554,905	18,192,560	32,785	7.2%
2011	554,905	17,664,291	31,833	7.6%
2010	549,411	16,695,501	30,388	8.0%
2009	543,971	16,278,876	29,926	7.8%
2008	538,586	16,255,603	30,182	4.6%
2007	533,253	18,412,160	34,528	3.3%

Note:

1. Population number is for the Albuquerque Metropolitan Service Area (MSA).

Source: US Census Bureau and the University of New Mexico Bureau of Business and Economic Research (BBER)

TOP TEN MAJOR EMPLOYERS CURRENT FISCAL YEAR AND NINE YEARS AGO

Employer	2016			2007		
	Number of Employees	Rank	% of Albuquerque MSA Employment	Number of Employees	Rank	% of Albuquerque MSA Employment
Kirtland Air Force Base (civilian)	35,690		9.66%	35,690	1	9.07%
Albuquerque Public Schools	14,480		3.92%	14,480	2	3.68%
University of New Mexico	14,300		3.87%	14,295	3	3.63%
Sandia National Laboratories	8,400		2.27%			0.00%
Presbyterian Hospital	7,369		1.99%	6,670	4	1.69%
City of Albuquerque	6,680		1.81%	6,500	5	1.65%
UNM Hospital	5,950		1.61%	4,596	9	1.17%
State of New Mexico	5,910		1.60%	5,485	6	1.39%
Kirtland Air Force Base (military)	4,860		1.32%	4,860	8	1.23%
Lovelace Health System	3,700		1.00%	5,200	7	1.32%
Intel Corporation	3,300		0.89%	3,500	10	0.89%
Total	110,639		29.94%	101,276		25.73%
Total Non-Agriculture Employees			369,554			393,622

Source: University of New Mexico Bureau of Business and Economic Research (BBER) and www.livability.com/Albuquerque

APPENDIX

*Approved
Operating Budget
FY17*

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 FY17 so as to incorporate current contractual increases.
- Employee benefits are calculated on wage and salary costs at the following rates: FICA - 7.65% regular, RHCA-2.00%, PERA – 20.16% for blue and white collar and management/professional, and 7.00% for temporary employees and some seasonal employees. Other employee benefits (group life, health insurance including retiree health insurance, and employee bus passes) – 25.86%.
- 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 FY17 budget requests for supplies, repairs and maintenance, and contract services. Other FY17 operating expenses were equal to FY16 appropriated amounts. One-time appropriations for FY16 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY17, utilities (gas, electricity, and water) are budgeted based on historical expenditures and anticipated needs.
- Power, chemicals and fuel will not exceed the CPI index and the cost of operating two water distribution systems will not exceed the consultant estimate.
- Beyond those stated above, line item increases needing special justifications include extraordinary price increases, increased workload, or a special need not previously funded.
- Workers' Compensation and insurance are treated as direct costs for FY17. These costs are identified by the Legal/Risk Management department, based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY17 according to the class of vehicle and historical cost of maintaining that class. These charges are designed to recover the costs of normal maintenance including a preventive maintenance program which schedules vehicles for periodic checks and needed repairs as determined by those checks.

Capital Expenditures

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

ACRONYMS

A2LA – American Association for Laboratory Accreditation

ABCWUA – Albuquerque Bernalillo County Water Utility Authority

AFH – Affordable Housing

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

AFSCME - American Federation of State, County and Municipal Employees

AMI – Automated Meter Infrastructure

AMP – Asset Management Plan

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

CAFR – Comprehensive Annual Financial Report

CC&B – Customer Care and Billing

CCTV – Closed Circuit Television

CIP - Capital Improvement Program

CIS – Customer Information System

CMDWWCA – Carnuel Mutual Domestic Water and Waste Water Consumer Association

CMMS – Computerized Maintenance Management System

CMOM – Capacity Management Operations & Maintenance Program

COLA - Cost-of-Living Adjustment

CPI-U - Consumer Price Index for all Urban Consumers

CSD – Customer Services program

CWA – Clean Water Act

D & C – Design and Construct

DAF – Dissolved Air Flootation

DOE - Department of Energy

DOL - Department of Labor

DS - Debt Service

DWL – Drinking Water Loan

DWP – San Juan–Chama Drinking Water Project

EID – Environmental Improvement Division

EPA – Environmental Protection Agency

ERP – Enterprise Resource Planning

EUM – Effective Utility Management

FD – Fund

FOG – Fats, Oils, & Grease

FRB – Federal Reserve Bank

FTE - Full-time Equivalent Position

FY - Fiscal Year

GASB - General Accounting Standards Board

GDP - Gross Domestic Product

GFOA - Government Finance Officers Association

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

GIS – Geographic Information System

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

ACRONYMS

GPS – Global Positioning System	O/M – Operations and Maintenance
GRT – Gross Receipts Tax	OERP – Overflow Emergency Response Plan
HMO – Health Maintenance Organization	OSHA – Occupational Safety and Health Administration
HR – Human Resources	P&I – Principal and Interest
IDOH - Indirect Overhead	PAFR – Popular Annual Financial Report
IPC – Indicators Progress Commission	PERA - Public Employees Retirement Association
ITD – Information Technology Program	PNM – Public Service Company of New Mexico
IVR – Interactive Voice Response	PTF – Preliminary Treatment Facility
IWA – International Water Audit	REC – Renewable Energy Credit
KAFB – Kirtland Air Force Base	RFP - Request for Proposal(s)
LIMS – Laboratory Information Management System	RRAMP – Reclamation Rehabilitation and Asset Management Plan
LT2 – Long Term Enhanced Surface Water Treatment Rule 2	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	SDF – Solids Dewatering Facility
MOU – Memorandum of Understanding	SDWA – State Drinking Water Act
MRGCOG – Middle Rio Grande Council of Governments	SJC – San Juan-Chama
MSA – Metropolitan Statistical Area	SJCWTP - San Juan–Chama Water Treatment Plant
NBER – National Bureau of Economic Research	SNL – Sandia National Laboratory
NM – New Mexico	SOP – Standard Operating Procedures
NMDOT – New Mexico Department of Transportation	SRF – State Revolving Loan Fund
NMED – New Mexico Environment Department	SSO's – Sanitary Sewer Overflows
NMFA – New Mexico Finance Authority	SWR - Sewer
NMUI – New Mexico Utilities Group Inc.	SWRP - Southside Water Reclamation Plant
NPDES – National Pollution Discharge Elimination System	TAT – Turnaround Time
NWSA – Northwest Service Area	TRFR – Transfer
	UCMR3 –Unregulated Contaminant Monitoring Rule 3

ACRONYMS

UEC – Utility Expansion Charge

UNM – University of New Mexico

UV – Ultra-Violet

WPAB – Water Quality Advisory Board

WPPAP – Water Quality Protection Policy & Action
Plan

WQL – Water Quality Laboratory

WRAC – Water Resources Advisory Committee

WRMS – Water Resources Management Strategy

WTP – Water Treatment Plant

YR - Year

SELECTED GLOSSARY OF TERMS

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

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

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

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

APPROPRIATION: Legal authorization granted by the Water 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 Water 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

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

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 Water 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 Water Authority facilities in the City of Albuquerque, Bernalillo County, the Village of Los Ranchos, and the City of Rio Rancho

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. See also Working Capital Balance

SELECTED GLOSSARY OF TERMS

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

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

NON-RECURRING REVENUES: Revenues generated only once

NORTHWEST SERVICE AREA: Water and wastewater 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

OPERATING EXPENDITURES: 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 Water 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 Water Authority in a manner and at a level of service that prevailed in the last budget, or new and/or increased services expected to be provided throughout the foreseeable future

RECURRING REVENUES: Revenues generated each and every year

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

SELECTED GLOSSARY OF TERMS

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

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

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

STATE ENGINEER PERMIT 4830: The permit allows the Water Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of Water 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 quantities of water supplied to the Water 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 Water Authority to compensate for additional costs associated with the type and location of new development

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

NUMERIC LIST OF FUND NAMES BY CATEGORY

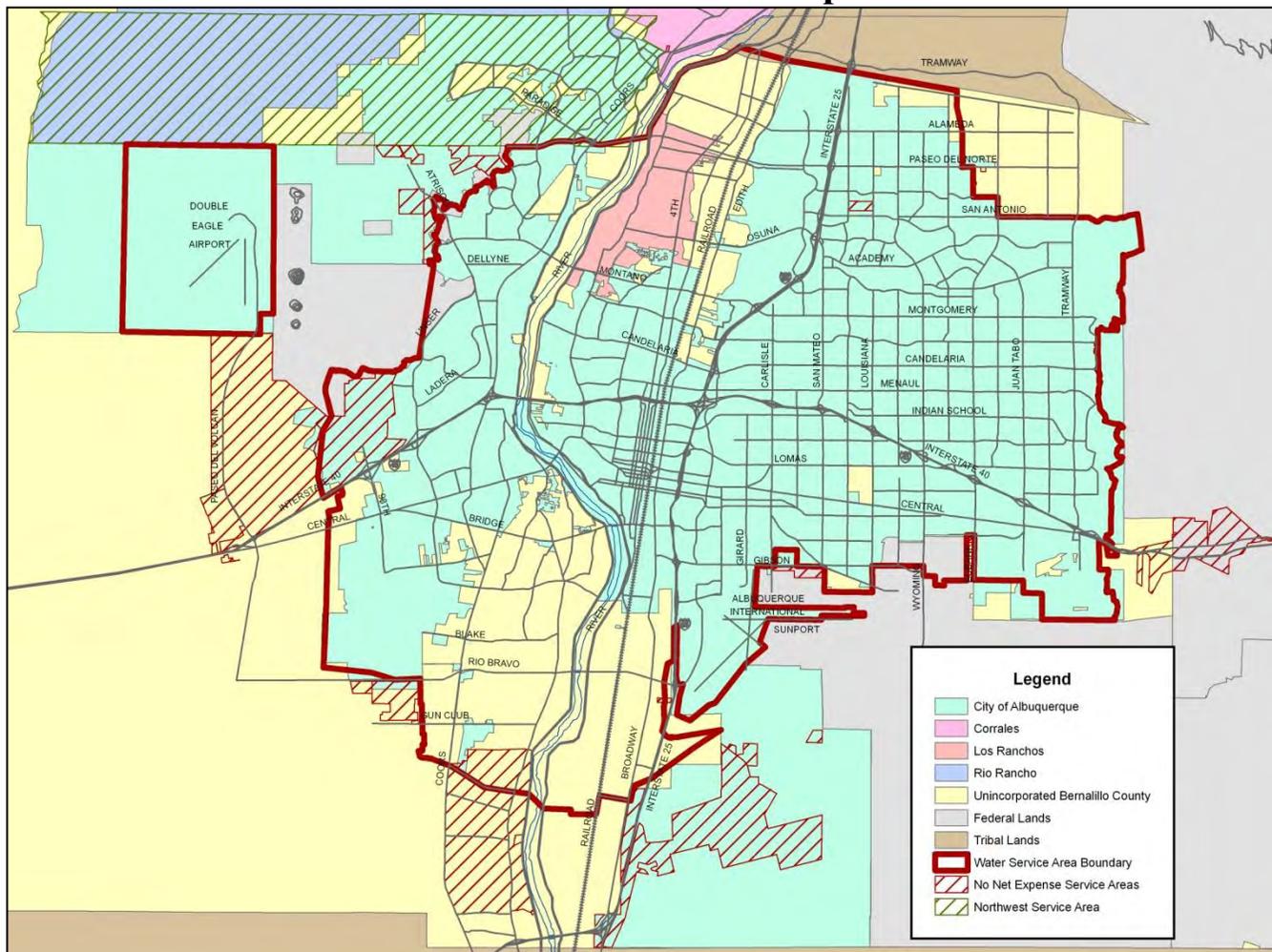
ENTERPRISE FUNDS:

21 General Fund
31 Debt Service

CIP FUNDS:

28 Rehab Fund
29 Growth Fund

Water Service Area Map



Major Assets:

- 92 MGD San Juan-Chama Surface Water Treatment Plant
- Adjustable diversion dam, intake structure and raw water pump station on the Rio Grande
- 60 ground water supply wells (184 MGD)
- 62 water supply reservoirs providing both mixed surface and groundwater including non-potable reservoirs
- 46 pump stations including non-potable facilities
- 3,130 miles of water supply pipeline
- 4 arsenic removal treatment facilities (15 MGD)

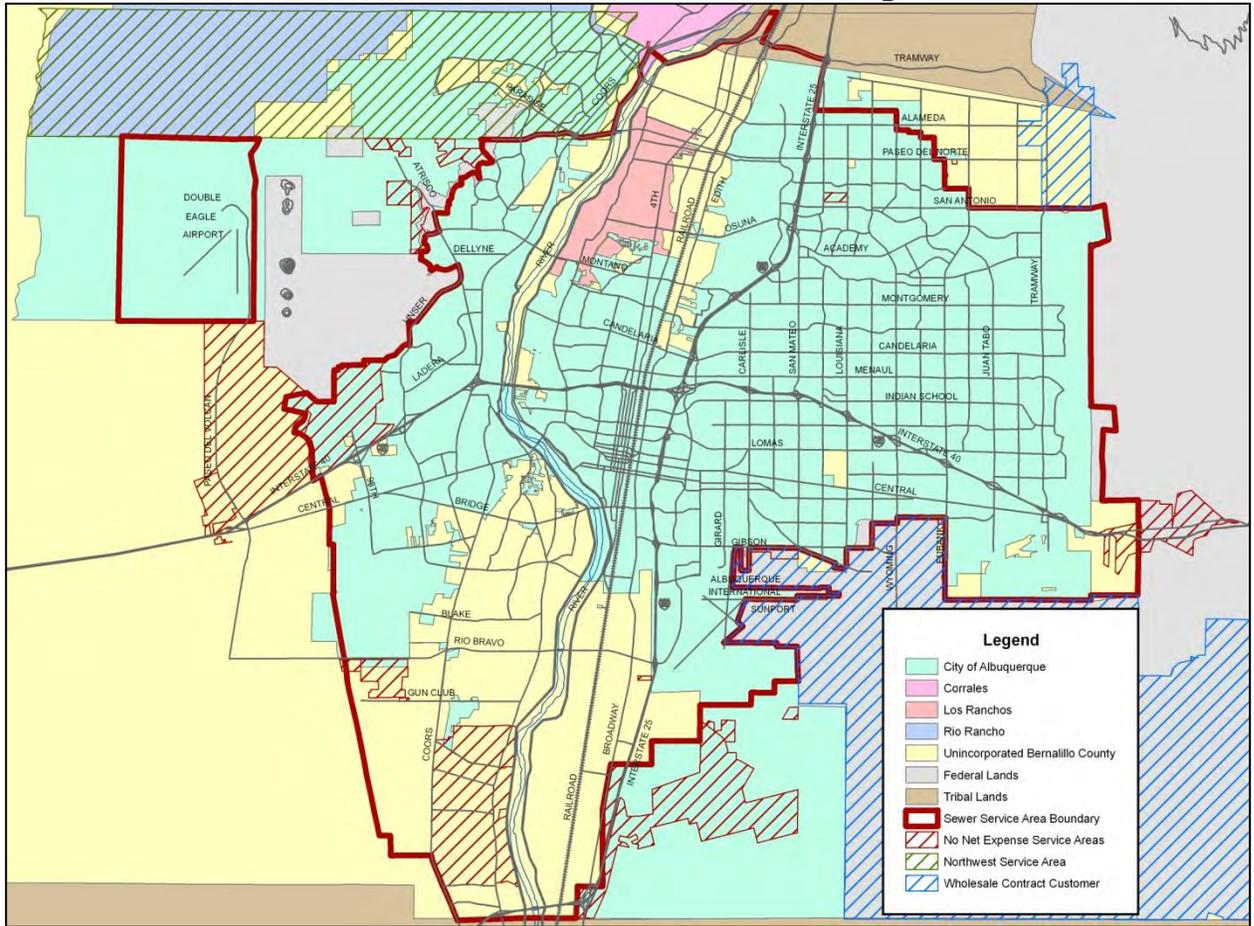
The Water System provides water services to approximately 658,238 residents comprising approximately 95% of the residents of the County. About one-third of unincorporated County residents are customers of the Water System. As of January 1, 2016, service is provided to approximately 207,762 customers, including 186,461 residential and 21,301 multi-family, commercial, institutional and industrial accounts. Approximately 50% of the water sales are for residential uses.

Groundwater from the middle Rio Grande basin aquifer and surface water from the San Juan-Chama Drinking Water Project are the primary sources of supply used for the Water System. In Calendar Year 2015, the Authority's water resources use consisted of 44.2% from groundwater and 54.8% from San Juan-Chama surface water and 1% from reuse of treated effluent for irrigation. The groundwater supply is produced from 60 wells grouped in 17 well fields located throughout the metropolitan area and the surface water is diverted from the Rio Grande. Total available well production capacity is approximately 184 million gallons per day ("MGD"). Maximum historical peak day demand is 214 MGD. Peak day demand for 2015 was 145 MGD. A chlorination station associated with each well field satisfies the total required water treatment needs for the water produced in each well field.

Groundwater storage reservoirs provide for fire, peak hour and uphill transfer storage. Water is distributed from higher to lower elevations through a 115-foot vertical height pressure zone to provide minimum static pressures of 50 pounds per square inch (psi) for consumers. Sixty-two (62) reservoirs are located throughout the service area, with a total reservoir storage capacity of 245 million gallons. If demand requires, reservoir water can also be transferred to a higher zone or across zones through an east-west series of reservoirs by means of pump stations sited at the reservoirs. There are a total of 129 boosters, with a total capacity of 775 MGD, available for water transfers between reservoirs. These reservoirs are interconnected by 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 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 Water System for control from a central control facility.

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.

Wastewater Service Area Map



Major Assets:

- Southside Water Reclamation Plant
- 45 Lift Stations
- 2,400 miles of collection pipeline

The Wastewater System consists of small diameter collector sewers, sewage lift stations, and large diameter interceptor sewers conveying wastewater flows by gravity to the Southside Water Reclamation Plant. The wastewater treatment plant provides preliminary screening, grit removal, primary clarification and sludge removal, advanced secondary treatment including ammonia and nitrogen removal, final clarification, and effluent disinfection using ultraviolet light prior to discharge to the Rio Grande.

Treatment plant capacity is based upon 76 MGD hydraulic capacity. Existing flows at the plant have averaged 52 MGD over the past five years. The Authority has an operational industrial pretreatment program approved by the United States Environmental Protection Agency (“EPA”). The EPA recognized that the Authority’s pollution prevention efforts have been largely responsible for the Authority maintaining compliance with strict standards contained in National Pollution Discharge Elimination System (“NPDES”) permits. The Authority’s wastewater effluent discharge consistently meets all NPDES permit requirements. The current NPDES permit expires in October 2017.

Since January 2003, the treatment plant has had a 6.6 mega-watt cogeneration facility to provide most of its power needs. The cogeneration facilities are complemented by a one mega-watt solar energy plant that began service in December 2012. These on-site power generating facilities normally supply 100% of the treatment plant’s present electrical needs, along with providing heating of various buildings and sludge digesters. The engines are fueled by methane produced in the digesters and by natural gas purchased through a contract carrier. The Southside Water Reclamation Plant currently generates electricity from the bio-gas produced in the digesters. This is no cost gas that qualifies the electricity generated for Renewable Energy Certificates (“REC”). These certificates have a value to other electrical energy producers and the Authority continues to research how to sell its RECs to increase revenue. For example, the Authority issued an RFB for the unused REC’s which were purchased by El Paso Electric.

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.

LEGISLATION

*Approved
Operating Budget
FY17*

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. R-16-4

RESOLUTION

APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017.

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 2017:

<u>GENERAL FUND – 21</u>	211,590,000
This appropriation is allocated to the following programs:	
Administration	2,511,000
Legal/Risk	4,595,000
Human Resources	1,409,000
Finance	4,060,000
Customer Services	8,934,000

1	Information Technology	6,964,000
2	Wastewater Plant	11,412,000
3	San Juan-Chama Water Treatment Plant	3,387,000
4	Groundwater Operations	6,302,000
5	Wastewater Collections	6,480,000
6	Water Field Operations	19,898,000
7	Compliance	5,269,000
8	Engineering	2,854,000
9	Water Resources	4,267,000
10	Power & Chemicals	18,482,000
11	Taxes	8,768,000
12	Authority Overhead	2,123,000
13	San Juan-Chama	2,247,000
14	Transfers to Other Funds:	
15	Rehab Fund (28)	21,000,000
16	Debt Service Fund (31)	70,628,000
17	<u>DEBT SERVICE FUND – 31</u>	80,738,000

18 This appropriation is allocated to the following programs:

19	Debt Service	76,264,000
20	Transfer to Other Funds:	
21	Growth Fund (29)	4,474,000

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

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

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

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

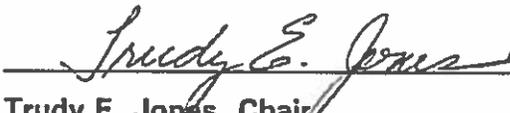
1 PASSED AND ADOPTED THIS 18th DAY OF May, 2016
2 BY A VOTE OF: 4 FOR 2 AGAINST.

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Yes: De La Cruz, Jones, Perry, Sanchez

No: Davis, Hart Stebbins

Excused: O'Malley



Trudy E. Jones, Chair

ATTEST:



Mark S. Sanchez, Executive Director

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

May 18, 2016

FLOOR AMENDMENT NO. 1 TO R-16-4
AMENDMENT SPONSORED BY MEMBER JONES

1. On page 2, delete lines 14 and 18.

1	Southside Water Reclamation Plant Renewal	26,520,000
2	Soil Amendment Facility (SAF) Renewal	50,000
3	Lift Station and Vacuum Station Renewal	2,375,000
4	Odor Control Facilities Renewal	60,000
5	Drinking Water Plant Groundwater System Renewal	2,400,000
6	Drinking Water Plant Treatment Systems Renewal	1,800,000
7	Reuse Line and Plant Rehab	70,000
8	Compliance	195,000
9	Shared Renewal	400,000
10	Franchise Agreement Compliance	2,000,000
11	Vehicles and Heavy Equipment	900,000
12	<u>Special Projects:</u>	
13	Steel Waterline Rehab	1,000,000
14	Automated Meter Infrastructure (AMI)	2,000,000
15	Renewable Energy Projects	350,000
16	Water Rights Enhancements	474,000
17	<u>Growth:</u>	
18	Development Agreements	1,250,000
19	MIS/GIS	2,000,000
20	Master Plans	500,000
21	Miscellaneous	250,000
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1 PASSED AND ADOPTED THIS 18th DAY OF May, 2016
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Yes: De La Cruz, Jones, Perry, Sanchez

No: Davis, Hart Stebbins

Excused: O'Malley



Trudy E. Jones, Chair

ATTEST:



Mark S. Sanchez, Executive Director

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

May 18, 2016

FLOOR AMENDMENT NO. 1 TO R-16-5

AMENDMENT SPONSORED BY MEMBER JONES

1. On page 2, delete line 16.

1 Objective 3. Begin development of an asset management plan that evaluates
2 and rates the condition and criticality of transmission and distribution line valves
3 including the annual funding needed for the repair and replacement in a valve program
4 by the end of the 4th Quarter of FY17.

5 Objective 4. Maintain water use between 127 to 135 gallons per capita per
6 day through the end of the 4th Quarter of FY17.

7 Objective 5. Pending demonstration permit approval from the State Engineer,
8 start construction of the Large Scale Aquifer Storage and Recovery Demonstration
9 Project and evaluate the project's progress if completed by the end of the 4th Quarter of
10 FY17.

11 Objective 6. Continue distribution water loss program by locating water leaks
12 from surveying 650 miles of small diameter water lines through conventional leak
13 detection methods and 2,200 miles of small diameter water lines through acoustic leak
14 detection by the end of the 4th Quarter of FY17.

15 Objective 7. Submit annual distribution and treatment data to the Partnership
16 for Safe Water program for inclusion in the program's annual report of aggregated
17 system water quality data; begin implementing action plans from the self-assessments
18 through the end of the 4th Quarter of FY17.

19 Objective 8. Complete asset management plans for the reservoirs, wells, and
20 pump stations to determine the condition and criticality of the Water Authority's
21 groundwater facilities by the end of the 4th Quarter of FY17.

22 Objective 9. Adopt the updated Water Resources Management Strategy by
23 the 2nd Quarter of FY17; develop a Strategy Implementation Plan by the end of the 4th
24 Quarter of FY17.

25 Objective 10. Continue implementation of the Water Quality Protection Policy
26 and Action Plan (WPPAP) including administrative, policy and technical support to the
27 Water Quality Advisory Board (WPAB). Continue to monitor ongoing or new ground
28 and surface water contamination sources and provide technical comments to preserve
29 and protect the aquifer and surface water supplies in the Middle Rio Grande. Provide
30 quarterly status reports through the 4th Quarter of FY17.

31 GOAL 2. WASTEWATER COLLECTION AND OPERATIONS: Provide
32 reliable, safe and affordable wastewater collection, treatment and reuse systems to
33 protect the health of the Middle Rio Grande Valley by safeguarding the regional

1 watershed, minimizing environmental impacts, and returning quality water to the Rio
2 Grande for downstream users.

3 Objective 1. Limit overall permit excursions to no more than 5 operating
4 discharge permit violations through the end of the 4th Quarter of FY17.

5 Objective 2. Beneficially reuse biosolids by diverting 30% of the biosolids to
6 compost through the end of the 4th Quarter of FY17.

7 Objective 3. Complete Waste Water Plant Preventive Maintenance to
8 Corrective Maintenance ratio to at least 50% of all completed maintenance labor hours
9 by the end of the 4th Quarter of FY17.

10 Objective 4. Complete an Odor Control Facilities Asset Management Plan
11 that evaluates the effectiveness of chemical dosing and assesses the condition and risk
12 of all facilities with odor control systems; prepare asset management and capital
13 improvement plans by the end of the 2nd Quarter of FY17.

14 Objective 5. Continue implementation of the Reclamation Rehabilitation
15 Asset Management Plan by planning, designing and constructing reclamation facility
16 improvements through the end of the 4th Quarter of FY17.

17 Objective 6. Continue the assessment of root foaming and FOG Buster pilot
18 programs on sewer lines and provide recommendation by the end of the 2nd Quarter of
19 FY17.

20 Objective 7. Televisе and assess the condition of approximately five percent
21 of the small diameter sanitary sewer system by the end of the 4th Quarter of FY17.

22 Objective 8. Monitor compliance with the Water Authority's Cross Connection
23 Prevention and Control Ordinance by continuing to inspect, monitor, and take
24 enforcement action for users of backflow prevention devices; report activities and
25 respective compliance rates through weekly, monthly, and quarterly reporting, while
26 referencing past performance through the end of the 4th Quarter of FY17. Obtain a
27 compliance rate goal of 75%.

28 Objective 9. Monitor compliance with the Water Authority's Sewer Use and
29 Wastewater Control Ordinance by continuing to inspect, monitor, and take enforcement
30 action for permitted industrial users, septage waste haulers, food service
31 establishments, and dental offices; report activities and respective compliance rates
32 through weekly, monthly, and quarterly reporting, while referencing past performance

1 through the end of the 4th Quarter of FY17. Compliance rate goal is 87% for each
2 category.

3 Objective 10. Implement the Fats, Oils, and Grease (FOG) Policy to reduce
4 impacts on the sewer system by inspecting each Food Service Establishment (FSE)
5 once every three years, working with the Collections section with Sanitary Sewer
6 Overflow (SSOs) investigations, and convene FOG Task Force of other governmental
7 entities to coordinate efforts to reduce FOG discharges. Track and report the number of
8 SSOs due to FOG compared with previous years. In conjunction with Public Affairs
9 Manager, develop a public relations campaign to inform rate-payers of Best
10 Management Practices for FOG. Report campaign progress monthly and quarterly.

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

15 Objective 1. Improve customer satisfaction and operational efficiency in
16 achieving the four call-center targets through the 4th Quarter of FY17: 1) Average Wait
17 Time of less than 2 minutes; 2) Average Contact Time of less than 4 minutes; 3)
18 Abandoned Call Ratio of less than 8; 4) First Call Resolution of greater than 90%.

19 Objective 2. Improve customer satisfaction by achieving a billing accuracy
20 ratio of less than 10 through the 4th Quarter of FY17.

21 Objective 3. Continue implementation of the Automated Meter Infrastructure
22 (AMI) project by modernizing aging meter infrastructure with smart meters to increase
23 revenue, support conservation efforts, and provide better customer service by the end
24 of the 4th Quarter of FY17.

25 Objective 4. Complete Customer Conversation meetings to engage
26 customers and obtain input from customers on the Water Authority's activities through
27 the end of the 4th Quarter of FY17.

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

31 Objective 1. Expend \$40 million in water and wastewater capital rehabilitation
32 and replacement programs to replace aging, high risk assets that are past their useful
33 life by the end of the 4th Quarter of FY17. \$1 million shall be dedicated and used for

1 identifying steel water pipes in critical or poor condition and rehabilitating or replacing at
2 least 2 miles of small diameter steel water lines by the end of the 4th Quarter of FY17.

3 Objective 2. Continue development of a comprehensive energy master plan
4 to reduce energy demand by utilizing alternative clean energy sources by the end of the
5 4th Quarter of FY17.

6 Objective 3. Implement Phase 3 of the telephony and data center/network to
7 provide a more reliable infrastructure and network, better customer service, and
8 additional staff functionality by the end of the 4th Quarter of FY17.

9 Objective 4. Assess the utility's cybersecurity capabilities by using the
10 AWWA's Process Control System Security Guidance and Tool; evaluate the tool's
11 recommendations for updating the utility's cybersecurity standards by the end of the 4th
12 Quarter of FY17.

13 Objective 5. Continue implementation of updating the Maximo work order
14 system to effectively and efficiency record and manage the maintenance and operation
15 of the utility's assets; assess the Clevest mobile technology's integration with the
16 updated Maximo system through the end of the 4th Quarter of FY17.

17 Objective 6. Continue the assessment for upgrading and enhancing the
18 utility's billing application through the end of the 4th Quarter of FY17.

19 Objective 7. Develop financial metrics to measure utility's fiscal performance
20 by the end of the 2nd Quarter of FY17.

21 Objective 8. Evaluate water and sewer rate structures to ensure equity within
22 the structures by the end of the 4th Quarter of FY17.

23 Objective 9. Update the existing Crisis Communications Plan consistent with
24 EPA, AWWA and CDC guidelines by the end of the 3rd Quarter of FY17.

25 Objective 10. Maintain the Compliance Division Regulatory Compliance
26 Permit Matrix and the Regulatory Matrix Status Report to respectively maintain
27 schedules for permit submittals and monitor and report emerging Safe Drinking Water
28 Act (SDWA) and Clean Water Act (CWA) regulations, New Mexico Water Quality
29 Control Commission and Environmental Improvement Board regulations, and local laws
30 ordinances, etc. to identify and assess potential impacts on the Water Authority.
31 Provide quarterly reports through the end of the 4th Quarter of FY17.

32 Objective 11. Collect, monitor, and report weekly, monthly and quarterly key
33 laboratory performance metrics to include: WQL results approved and reported for

1 each laboratory section (chemistry, microbiology, metals, and external labs), laboratory
2 productivity (results reported per productive hour), and the percentage of results
3 reported late (turnaround time (TAT)). Maintain performance levels at FY15 levels.
4 Research and identify industry performance benchmarks to be included for comparison.

5 Objective 12. Continue collection and analyses of the operational data
6 necessary to determine and document the actual cost of service for laboratory services
7 for the analytical methods within the Water Quality Laboratory scope of accreditation.
8 The status of the data collection and analyses efforts will be reported quarterly.

9 Objective 13. In conjunction with the Information Technology Division, begin
10 transition to Labvantage Laboratory Information Management System through the end
11 of the 4th Quarter of FY17.

12 Objective 14. Continue to develop the data repository including coordinating
13 with Plant Operations Division to develop reports generated from the Data Repository to
14 provide new access to approved laboratory and field analytical instrument water quality
15 analyses and user statistical analyses tools through the end of the 4th Quarter of FY17.

16 Objective 15. Continue to develop the Environmental Monitoring Program to
17 improve the reliability of results from field instrumentation and sample collection
18 techniques. Develop a program plan based on designated ISO standard to address
19 accreditation requirements to include standard operating procedures, document control
20 and records management plans, and a process for demonstration of staff capability.
21 Implement program plan by the end of the 2nd Quarter of FY17.

22 Objective 16. Prepare for the American Association for Laboratory
23 Accreditation (A2LA) annual assessment of the Water Quality Laboratory including
24 completing required internal audits and annual review and revision of Standard
25 Operating Procedures. Monitor and report findings each Quarter of FY17, along with
26 progress made to address and resolve any deficiencies identified in the preceding
27 quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective
28 Action Reports and the necessary time for completion of corrective actions.

29 GOAL 5. ORGANIZATION DEVELOPMENT: Sustain a well informed,
30 trained, motivated, safe, organized, and competitive work force to effectively meet the
31 expectations of the customers, community, and Board in accordance with adopted
32 policies and mandates.

1 Objective 1. Establish a steering committee to evaluate the results from the
2 employee engagement and satisfaction survey and develop a plan for addressing areas
3 where employees' responses indicated improvement was needed by the end of the 4th
4 Quarter of FY17.

5 Objective 2. Maintain an average utility-wide vacancy rate of no greater than 6%
6 through the end of FY17.

7 Objective 3. Complete two employee wellness challenges per fiscal quarter with
8 at least a 60% participant completion rate; post fitness/exercise signs at the two plants
9 by the end of the 4th Quarter of FY17.

10 Objective 4. Update the Knowledge Management Strategy to assure that the
11 right knowledge is systematically collected, stored, organized, and transferred to the
12 appropriate employee in a timely and effective manner by the end of the 4th Quarter of
13 FY17.

14 Objective 5. Complete the standard operating procedures for the groundwater
15 facilities by the end of the 4th Quarter of FY17.

16 Objective 6. Reduce injury hours to 2,700 hours or less to improve productivity
17 and reliability of services provided by employees by the end of the 4th Quarter of FY17.

18 Section 2. That the Executive Director of the Water Utility Authority shall ensure
19 that these goals and objectives are carried out and integrated with the performance plan
20 and submit a report by Goal to the Water Authority Board at least semi-annually on the
21 progress made toward implementation of the one-year objectives.

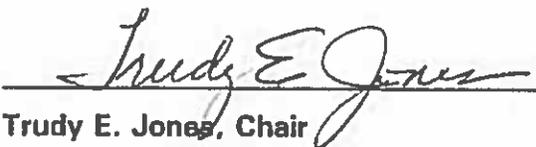
1 PASSED AND ADOPTED THIS 20th DAY OF April, 2016
2 BY A VOTE OF: 5 FOR 0 AGAINST.

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Yes: Davis, De La Cruz, Jones, Perry, Sanchez

No:

Excused: Hart Stebbins, O'Malley,



Trudy E. Jones, Chair

ATTEST:



Mark S. Sanchez, Executive Director