

APPROVED

FY 2018

BUDGET

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Mark S. Sanchez
Executive Director



Albuquerque Bernalillo County
Water Utility Authority

*Approved
Operating Budget
FY18*

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Albuquerque Bernalillo County Water Utility Authority

April 19, 2017

To: Klarissa J. Pena, Chair

From: Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018

Presented to the Board for review and consideration is the budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2018. This submittal is the Water Authority's financial plan for Fiscal Year 2018. 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. It is balanced, fiscally conservative and sound.

The Water Authority has developed the budget according to the utility's projected estimated revenues. Revenue for FY18 is estimated to be \$229.9 million, representing an increase of \$12.9 million from the budgeted FY17 amount. The projected estimated revenues for FY18 include the amount from the rate revenue increase. This amount will enable the Water Authority to add an additional \$3.0 million to the transfer to the capital fund in FY18 to provide funding for infrastructure and rehabilitation projects.

The operating expenses for FY18 are \$222.9 million, representing an increase of \$11.3 million from FY17 original budget, including interfund transfers. This increase is comprised of \$2.1 million for salaries and benefits, \$2.9 million for operating expenses, and \$6.3 million for interfund transfers to the capital and debt service funds. Personnel expenses include a 2% step increase in wages and the addition of one position, Wastewater Worker. The most significant expense continues to be debt service payments which will comprise 32% of the total operating expense in Fiscal Year 2018.

For FY18, revenues are expected to be \$7.0 million over expenses, which includes funding the Rate Reserve fund. This amount will bring the Working Capital or Fund Balance to \$10.7 million at June 30, 2018, net of the Rate Reserve. The Water Authority's target is to maintain its Fund Balance at 1/12 of the annual budgeted operating expenses as defined by the Water Authority's Rate Ordinance. For FY18, \$2 million is added to the Rate Reserve fund.

The budget includes a 6.5% increase in the transfers from the General Fund to the Debt Service and Capital funds. This increase is funded by the projected estimated revenues generated by the rate revenue increase for FY18. This reflects the Water Authority's commitment to spend \$250 million to upgrade its sewage treatment plant and an additional \$36 million per year in Capital Improvement 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 \$6.0 million in FY18.

Also submitted in a separate resolution is the Capital Improvement Program (CIP) budget for FY18. The CIP appropriation for FY18 is \$64.6 million. \$52.0 million is appropriated for the level one priority basic capital programs, \$6.0 million for growth-related projects, and \$6.6 million is appropriated for special projects. The \$6.6 million for special projects is comprised of \$2.0 million for Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$3.2 million for specific pipeline rehab projects.

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 FY18 to improve services and gain operating efficiencies.



Albuquerque Bernalillo County Water Utility Authority

BOARD MEMBERS

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Debbie O'Malley, Vice-Chair

Richard J. Berry

Pat Davis

Maggie Hart Stebbins

Wayne Johnson

Trudy E. Jones

Pablo Rael, Ex Officio Member

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, 2016

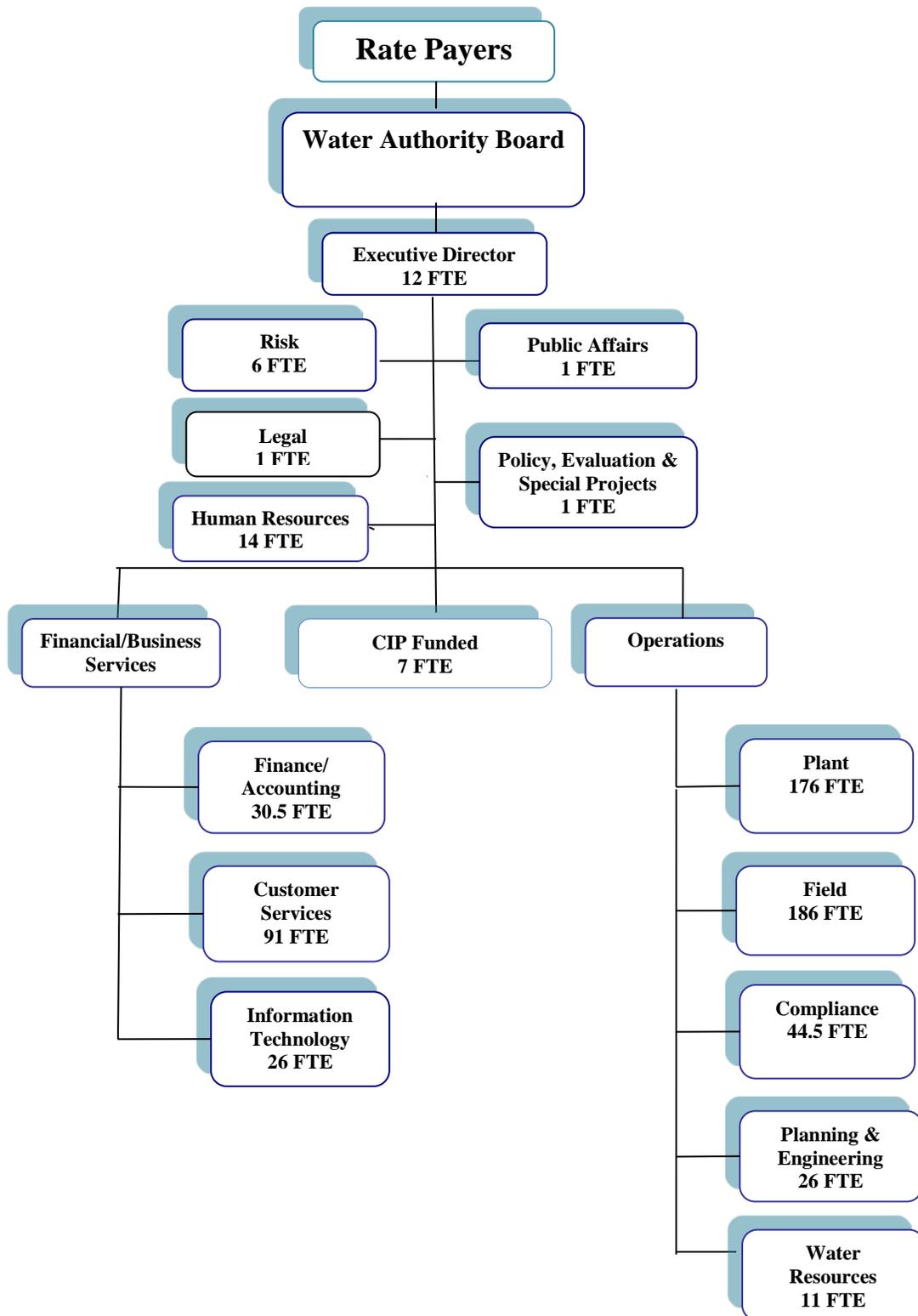
A handwritten signature in black ink, appearing to read 'Jeffrey R. Davis', is written in a cursive style.

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, 2016. 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.

ORGANIZATION CHART



COMPOSITION OF THE BUDGET DOCUMENT

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?

The FY18 Performance Plan can be found at the Water Authority's website: <http://www.abcwua.org/Finances.aspx>.

BUDGET POLICIES AND PROCESSES

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 2018 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

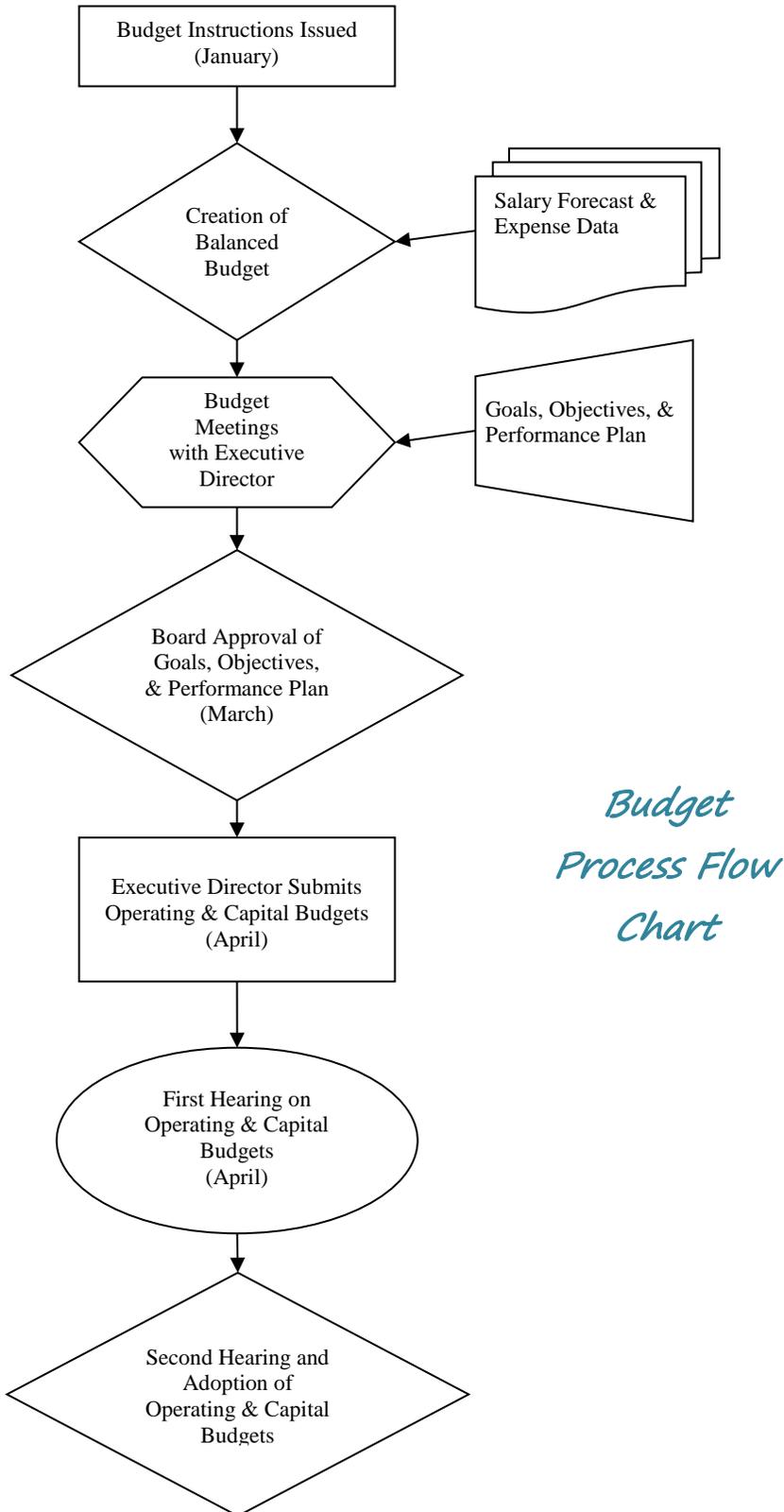
In accordance with the Water Authority's Budget Policies and Procedures Ordinance, the Water Authority Board, upon its own initiative or upon a recommendation by the Executive Director, may amend the operating and/or capital budget during the fiscal year to which it applies. No amendment to the operating budget shall result in total authorized expenses 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 expense 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 expense 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 expense 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.

BUDGET POLICIES AND PROCESSES

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 expenses may not legally exceed appropriations. Budgetary control is maintained by a formal appropriation and encumbrance system. Appropriations may be made or modified during the year by a legally adopted resolution. Appropriations revert to fund/working capital balance to the extent they have not been expended or encumbered at fiscal year-end.

BUDGET PROCESS FLOW CHART



*Budget
Process Flow
Chart*

BUDGET CALENDAR OF EVENTS

Jan	Begin discussion on Water Authority's Performance Plan
Jan - Mar	Divisional preparation of FY18 budget request. Meetings between Water Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY18 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 6	Budget Call to Operating Divisions
Feb – Mar	Budget review with Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Feb 28	Proposed budgets due to Finance Division, Includes all Issue Papers and Organization Changes
Mar 22	CIP Budget Due to Finance Division
Mar 22	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 6	Technical Customer Advisory Committee Presentation
Apr 19	Introduction and Public Hearing of Proposed Operating and CIP Budget at Water Authority Board Meeting
May 17	2 nd Public Hearing and Approval of Proposed Operating and CIP Budget at Water Authority Board Meeting

EXECUTIVE SUMMARY

*Approved
Operating Budget
FY18*

MISSION, ASSUMPTIONS, CHALLENGES

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 2018 Budget Highlights

The Fiscal Year 2018 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 2018 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 FY17 budgeted levels, reflecting the current trend in the development of residential housing.
- **Wage Adjustments.** There is a 2% cost of living adjustment for FY18.
- **Fringe Benefits.** Fringe Benefits are calculated at 56.67% 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 expenses.
- **Conservative Projection of Revenues and Expenses.** The budget is based on conservative revenue and expense estimates.

Challenges

Among the challenges facing the Water Authority in FY18 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

ONE YEAR OBJECTIVES, WORKING CAPITAL

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 2018

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 FY18 objectives are tied to resources contained in the FY18 Approved Budget. A few of the objectives are carried over from FY17 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 FY18 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 expenses.

GENERAL FUND – 21

Total revenue approved for Fiscal Year 2018 is \$229.9 million. Of the total revenue, 97.8% is comprised of charges for water and wastewater services. Appropriations total \$222.9 million.

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Miscellaneous Revenues	4,873	4,820	4,820	4,535	4,005	(815)
Enterprise Revenues	216,208	211,251	211,251	220,943	224,881	13,630
Transfers from Other Funds	<u>792</u>	<u>921</u>	<u>921</u>	<u>793</u>	<u>1,014</u>	<u>93</u>
Total Current Resources	221,872	216,992	216,992	226,271	229,900	12,908
Beginning Working Capital Balance	<u>(8,722)</u>	<u>6,356</u>	<u>6,356</u>	<u>6,356</u>	<u>13,667</u>	<u>7,311</u>
TOTAL RESOURCES	<u>213,151</u>	<u>223,348</u>	<u>223,348</u>	<u>232,627</u>	<u>243,567</u>	<u>20,219</u>
APPROPRIATIONS:						
Water/Wastewater Operations	114,039	119,962	121,462	117,810	124,992	3,530
Transfers to Other Funds	<u>87,842</u>	<u>91,628</u>	<u>91,628</u>	<u>91,628</u>	<u>97,908</u>	<u>6,280</u>
TOTAL APPROPRIATIONS	<u>201,881</u>	<u>211,590</u>	<u>213,090</u>	<u>209,438</u>	<u>222,900</u>	<u>9,810</u>
Adj to Working Capital Balance	(4,912)	-	-	(1,522)	-	-
Rate Reserve	-	-	-	(8,000)	(10,000)	(10,000)
ENDING WORKING CAPITAL BALANCE	<u>6,356</u>	<u>11,758</u>	<u>10,258</u>	<u>13,667</u>	<u>10,667</u>	<u>409</u>

Resources

General Fund revenue for FY18 is estimated to be \$12.9 million above the FY17 original budget due to increases in water consumption.

Appropriations

Operating Expenses – Operating expenses contain a net increase of \$9.8 million from the FY17 revised budget. This includes an increase of \$2.1 million in salaries and benefits, an increase of \$1.4 million in operating expenses and an increase of \$6.3 million for the Debt Service and Capital transfers. Personnel expenses 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 new Wastewater Worker position was added in FY18. Total operating costs increase by \$1.4 million to fund the approved issue papers that were submitted by Water Authority divisions. The internal service charges increase by \$6.3 million which includes an increase to the debt service transfer of \$0.3 million 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 expenses. The Working Capital balance at June 30, 2018 is projected to be \$10.7 million, net of the Rate Reserve. The Water Authority will increase its General Fund Balance to 1/12th of the annual budgeted expenses by FY18.

DEBT SERVICE FUND – 31

Total current resources approved for FY18 are \$78.9 million. The current resources are comprised of transfers from the General Fund and Utility Expansion Charges (UEC). Appropriations total \$77.0 million, of which \$71.0 million is debt service to offset principal and interest payments and \$6.0 million is the transfer to CIP.

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Miscellaneous Revenues	9,257	8,000	8,000	8,546	8,000	-
Transfers from Other Funds	<u>72,842</u>	<u>70,628</u>	<u>70,628</u>	<u>70,628</u>	<u>70,908</u>	<u>280</u>
Total Current Resources	82,099	78,628	78,628	79,174	78,908	280
Beginning Fund Balance	<u>48,798</u>	<u>54,576</u>	<u>54,576</u>	<u>54,576</u>	<u>52,819</u>	<u>(1,758)</u>
TOTAL RESOURCES	<u>130,897</u>	<u>133,204</u>	<u>133,204</u>	<u>133,750</u>	<u>131,728</u>	<u>(1,477)</u>
APPROPRIATIONS:						
Total Joint Water/Wastewater DS	71,906	76,264	76,264	75,747	70,993	(5,271)
Transfers to Other Funds	<u>5,000</u>	<u>4,474</u>	<u>4,474</u>	<u>4,474</u>	<u>6,000</u>	<u>1,526</u>
TOTAL APPROPRIATIONS	<u>76,906</u>	<u>80,738</u>	<u>80,738</u>	<u>80,221</u>	<u>76,993</u>	<u>(3,745)</u>
ADJ TO FUND BALANCE	<u>586</u>	-	-	<u>(711)</u>	-	-
AVAILABLE FUND BALANCE	<u>54,576</u>	<u>52,466</u>	<u>52,466</u>	<u>52,819</u>	<u>54,735</u>	<u>2,268</u>

Resources

Debt Service resources increase \$0.3 million in FY18 based on the Water Authority's debt service schedule.

Appropriations

Debt service payments decrease in FY18 by a net \$3.7 million; debt service payments, based on the Water Authority's debt service schedule, decrease \$5.3 million and the transfer to the capital fund increases \$1.5 million.

Fund Balance

The Fund Balance at June 30, 2018 is projected to be \$54.7 million.

CAPITAL PROJECT FUNDS – 28 & 29

Total current resources approved for FY18 is \$33.0 million. The current resources are comprised of transfers from the General Fund and Debt Service Fund. Appropriations total \$64.6 million, of which \$63.6 million is for the Basic Rehab and Growth programs and \$1.0 million is a transfer to the General Fund.

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Proceed Revenues	-	-	-	71,705	-	-
Miscellaneous Revenues	5,059	-	-	1,462	-	-
Transfers from Other Funds	<u>20,000</u>	<u>25,474</u>	<u>25,474</u>	<u>25,474</u>	<u>33,000</u>	<u>7,526</u>
Total Current Resources	25,059	25,474	25,474	98,640	33,000	7,526
Beginning Fund Balance	<u>105,922</u>	<u>86,790</u>	<u>86,790</u>	<u>86,790</u>	<u>108,457</u>	<u>21,667</u>
TOTAL RESOURCES	<u>130,982</u>	<u>112,264</u>	<u>112,264</u>	<u>185,430</u>	<u>141,457</u>	<u>29,193</u>
APPROPRIATIONS:						
CIP Basic Rehab	39,314	61,429	96,159	73,349	57,586	(38,573)
CIP Growth	7,255	4,474	24,354	5,948	6,000	(18,354)
Transfers to Other Funds	<u>792</u>	<u>921</u>	<u>966</u>	<u>793</u>	<u>1,014</u>	<u>48</u>
TOTAL APPROPRIATIONS	<u>47,361</u>	<u>66,824</u>	<u>121,479</u>	<u>80,090</u>	<u>64,600</u>	<u>(56,879)</u>
ADJ TO FUND BALANCE	<u>3,170</u>	-	-	<u>3,117</u>	-	-
ENDING WORKING CAPITAL BALANCE	<u>86,790</u>	<u>45,440</u>	<u>(9,215)</u>	<u>108,457</u>	<u>76,857</u>	<u>86,072</u>

Resources

CIP resources increase \$7.5 million in FY18.

Appropriations

CIP appropriations decrease \$2.2 million from the FY17 Original Budget, based on the Water Authority's FY18-FY27 Decade Plan.

Fund Balance

The Fund Balance at June 30, 2018 is projected to be \$76.9 million.

FY 17 ACCOMPLISHMENTS

As we look forward to FY18, we also reflect on the utility's successes in the preceding year. Chief among these was the completion and adoption of *Water 2120*, the Water Authority's 100-year water resources management strategy. The plan, which evolved from earlier strategies implemented over the past two decades, was supported by numerous organizations, including the Nature Conservancy, the U.S. Fish and Wildlife Service, the Greater Albuquerque Chamber of Commerce, the U.S. Bureau of Reclamation, and the Army Corps of Engineers. It was developed with input from the utility's Technical Customer Advisory Committee as well as from the general public, whose views were solicited at a series of Customer Conversation forums and a Town Hall meeting. The document will guide Water Authority decisions for decades into the future to ensure a sustainable, resilient water resource.

Recognition for the utility's work came from a number of industry peers and professional organizations and included:

- Water Resources Utility of the Future Award;
- The National Association of Clean Water Agencies (NACWA) National Environmental Achievement Award for the utility's school outreach and conservation education program;
- Water Environment Federation (WEF) Public Communication and Outreach Award;
- Partnership for Safe Water – Distribution System Operations Directors Award;
- American Advertising Association Gold Award (“ADDY”) for the 2016 popular annual financial report (“Groundwater on the Rebound”);
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award
- GFOA Certificate of Achievement for Excellence in Financial Reporting (both Popular and Comprehensive);
- Recognition in the U.S. Water Alliance “Spotlight” for conservation and aquifer preservation efforts

Other achievements in FY17 included: The debut of a new and improved online payment system; completion of a new large solar array to help power the utility's surface water treatment plant; successful rehabilitation of a well that had been taken off-line because of high arsenic levels; and groundbreaking on a major sewer realignment project in Southwest Albuquerque to improve flows and odor control. Meanwhile, an extensive multi-year, \$250 million refurbishment of the Southside Water Reclamation Plant in Albuquerque's South Valley continued apace. The Water Authority was elected to become part of the Executive Board of the Rio Grande Water Fund and was invited to participate in the Water Research Foundation Emerging Opportunities Program.

In calendar year 2016, the Southside Water Reclamation Plant (SWRP) qualified for the NACWA Silver Peak Performance Award and was recognized as a charter member of the AWWA-sponsored Partnership for Clean Water.

The SWRP continued to generate Renewable Energy Certificates using digester gas (containing methane) which is used to power a generator. The SWRP facility generated approximately 20% of its power requirements using digester gas and another 7% using renewable solar power from an on-site solar array.

Water Field Operations developed and submitted a five-year strategic plan which will assist the division in managing its operation and achieving goals/objectives. Water Field staff attended Excavation Safety training and confined space training with Water Authority Safety personnel.

Wastewater Collections continued to implement the Capacity Management Operations and Maintenance (CMOM) program. The expanded closed circuit television (CCTV) inspection of 5% of the small diameter system provided for better maintenance and identification of specific rehab needs. Communication with entities potentially impacted by public or private sewage spills continued 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.

FY 17 ACCOMPLISHMENTS

The Compliance division prepared the National Pollutant Discharge Elimination System (NPDES) permit renewal application and presented it to the Region IV EPA. Staff began work on the revisions to the Cross Connection Ordinance and met with the community to obtain input for the revisions. The Water Quality program implemented electronic forms to document results from sanitary survey pre-inspections. The Water Quality Lab implemented a new Laboratory Information Management System (LIMS). The laboratory was accredited for Total Phosphorous Analysis, received A2LA Accreditation valid to July 31, 2018, and received NMED certification for Microbiological Analysis valid to April 5, 2019.

The Finance Accounting section submitted the FY16 Comprehensive Annual Financial Report (CAFR) to the Government Financial Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Report program and the Popular Annual Financial Report (PAFR) program. Purchasing staff coordinated with all Water Authority divisions to establish Emergency Procurement Procedures and performed a comprehensive best practices analysis of the Purchasing Ordinance and alternatives for procurement legal framework. Budget staff submitted the FY17 Approved Budget to GFOA for the Distinguished Budget Presentation Award program.

The Customer Services program implemented the Wells Fargo online payment and Integrated Voice Response (IVR) system which simplified the user interface when making online payments and improved the IVR process for the Water Authority customers. Customer Services Field Operations implemented Phase 4 of the Automated Meter Infrastructure project which moved the utility to a 44% saturation of automated meters in the service area. The Large Meter Team tested 206 large meters, repairing 36 and replacing 57 and repaired 259 hydrant meters.

Information Technology (ITD) implemented Informacast, a VoIP and mobile paging system to provide a mass communication mechanism for Water Authority staff, implemented the Wasp Inventory Auditing and Barcoding System to allow for tracking of fixed assets, and completed an IT Disaster Recovery/Business Continuity Plan.

The upgrade and implementation CMMS system, Maximo, continued through FY17. 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.

The Risk/Safety program began a program of quarterly “all-hands” meetings, monthly safety team meetings and weekly meetings of Risk/Safety staff. The program also published a Personal Safety Policy, an annual training calendar, developed a New Employee program, an Ozone testing program, and worked with Water Authority staff to develop a monthly report to track respirator and ozone exams and annual testing.

Human Resources Wellness staff coordinated the annual Employee Safety picnic, offered various wellness/fitness challenges and programs, and installed blood pressure monitors at all Water Authority locations.

The certification training programs continued to develop employees’ knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Sixty-eight employees were promoted throughout the Water Authority, thirteen employees completed their respective career ladders, thirty-seven employees received Train-the-Trainer certification, twenty-two employees completed a 40-hour New Supervisor class and seventeen supervisors completed the 64-hour Rocky Mountain AWWA Supervisory Leadership class.

FY18 HIGHLIGHTS

The FY18 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.

Helping to guide this effort is *Water 2120*, the Water Authority's 100-year water resources management strategy, which went into effect during FY17. *Water 2120* incorporates 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 takes climate variability into account and for the first time looks at a 100-year time horizon for the greater Albuquerque area. Three different demand scenarios along with three supply alternatives are used to examine the need for new supplies while maintaining a ground water resource for future generations. A portfolio of supply options is used to fill the gaps to meet future demand over the next 100 years.

Operations

The operational cornerstone of *Water 2120* 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 nine 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. 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 FY18. 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. Field operations has developed and submitted a five year “strategic plan” to guide its operational goals and objectives.

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. The DWP provided 66% of all water distributed to Water Authority customers in calendar year 2016. 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.

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.

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost and sell at least 30% of the total quantity of bio-solids.

FY18 HIGHLIGHTS

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.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. In FY18, the division will evaluate maintenance reduction potential by eliminating select redundant/inoperable pressure reducing valves monitored with AMR technology.

Water Resources will expand and develop their education series by offering new classes, online videos, and workshops. In conjunction with the expanded education effort, the division will also be redesigning the rebate programs. Water Resources staff will participate in a UNM study on public knowledge and perceptions of reuse, begin developing a Reuse Plan, and permitting and building expansions to the reuse system. As part of the Aquifer Monitoring Plan, staff will establish a monitoring network and report on water levels every five years.

Planning & Engineering will complete the draft Guide to Development, begin development of Water Authority construction standards, and develop a business case of in-house vs. consultant design services to streamline processes and maintain a high standard of quality.

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.

In the NPDES program, FY18 will bring recommendations to incorporate the septage rates into the rate ordinance and evaluate the rates. These rates have not changed in over 5 years. The program will also complete revisions to the Cross Connection Control Ordinance. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

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.

Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions sponsored by AWWA.

Administration, Employee Relations and Development

The Water Authority has committed to the State Legislature to schedule quarterly outreach meetings in each quadrant of the City. These meetings will provide updates for legislators and neighborhood associations regarding Water Authority activities and initiatives, and offer opportunities for dialogue and feedback.

FY18 HIGHLIGHTS

Human Resources wellness staff will continue offering wellness challenges for individuals and departments. At least two fitness challenges per quarter will be offered in conjunction with nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. Staff will install outdoor gym equipment at the SWRP, including instructions on using the equipment.

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 Utility Technician program were made and will continue into FY18. A committee to update the Wastewater Worker training program will be convened to review and recommend updates to this program in FY18. 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). A new Training Specialist position will be dedicated solely to training the operators at the SWTP. This new position will focus on delivering classroom and on-the-job training from the new developed Utility Tech Surface Water Plant training program.

The proposed 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 the last three fiscal years.

Budget, Finance and Business Management

Finance will submit to GFOA the FY18 Approved Budget for the Distinguished Budget Presentation Award, the FY17 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY17 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.

In FY18, Accounting Services will complete an Accounts Payable Policy and Procedures document, bring risk cost analysis in-house, and to comply with the Debt Post Issuance Compliance Policy, an Arbitrage Compliance Service will be contracted to review the debt issuances.

Purchasing will revise procurement boilerplate documents and processes to adopt best practices and increase efficiency and effectiveness of the Purchasing Office. Processes to be addressed include: sole source and exempt procurement processes, formal bid and proposal instructions, terms and conditions, and contracts, purchasing violation documentation, and property disposition. The Purchasing Office will also be improving communication mechanisms for status of procurement and availability of materials and services, completing the Warehouse Ordering and Payment Policies and Procedures document, and overseeing the Maximo implementation of purchasing and warehouse related functions.

Budget will continue to provide budget and ERP system training to utility staff and schedule monthly budget update meetings with staff.

Treasury will optimize management of Water Authority funds while implementing the investment strategy, complete asset tracking and develop procedures supporting annual inventories, and work with fiscal agent and

FY18 HIGHLIGHTS

other Authority staff to develop a “round up” program for utility bills to fund a low income payment assistance program.

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 work together to implement the Clevest mobile workforce management system, which provides 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 is 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 a major upgrade to the CC&B system in FY18. Customer Services Field Operations will continue working on the Automated Meter Infrastructure project which will move provide a 50% saturation of automated meters in the service area by the end of FY18.

The upgrade and implementation of the CMMS system, Maximo, will “go live” during the 1st Quarter of FY18. 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. Planning for Phase II of the Maximo project, which includes procurement and full cost accounting will begin in December 2017.

ITD will also continue to support and provide upgrades to SunGard, the financial/HR/payroll system, Cognos reporting, and Kronos, the enterprise timekeeping system.

In FY18, ITD will work towards building additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also continue to build out its Service Desk functions including additional workflows for automatic routing and incident reporting provided to application owners for reporting.

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.

BUDGET 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 expenses 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.”

BUDGET & FINANCIAL POLICIES

§ 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.

BUDGET & FINANCIAL POLICIES

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

FINANCIAL POLICIES

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 expense. Nonrecurring revenue is produced from a one-time event, such as a change in reserve policy. Nonrecurring expenses include studies, capital projects, capital outlay, computer equipment, buildings, land and one-time expenses 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."

FINANCIAL & DEBT POLICIES

“(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

DEBT POLICIES

- 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
FY18*

MISSION AND OVERVIEW OF GOAL DEVELOPMENT

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

Mission

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

Assure responsive Customer Service.

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

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

Overview of Goal Development

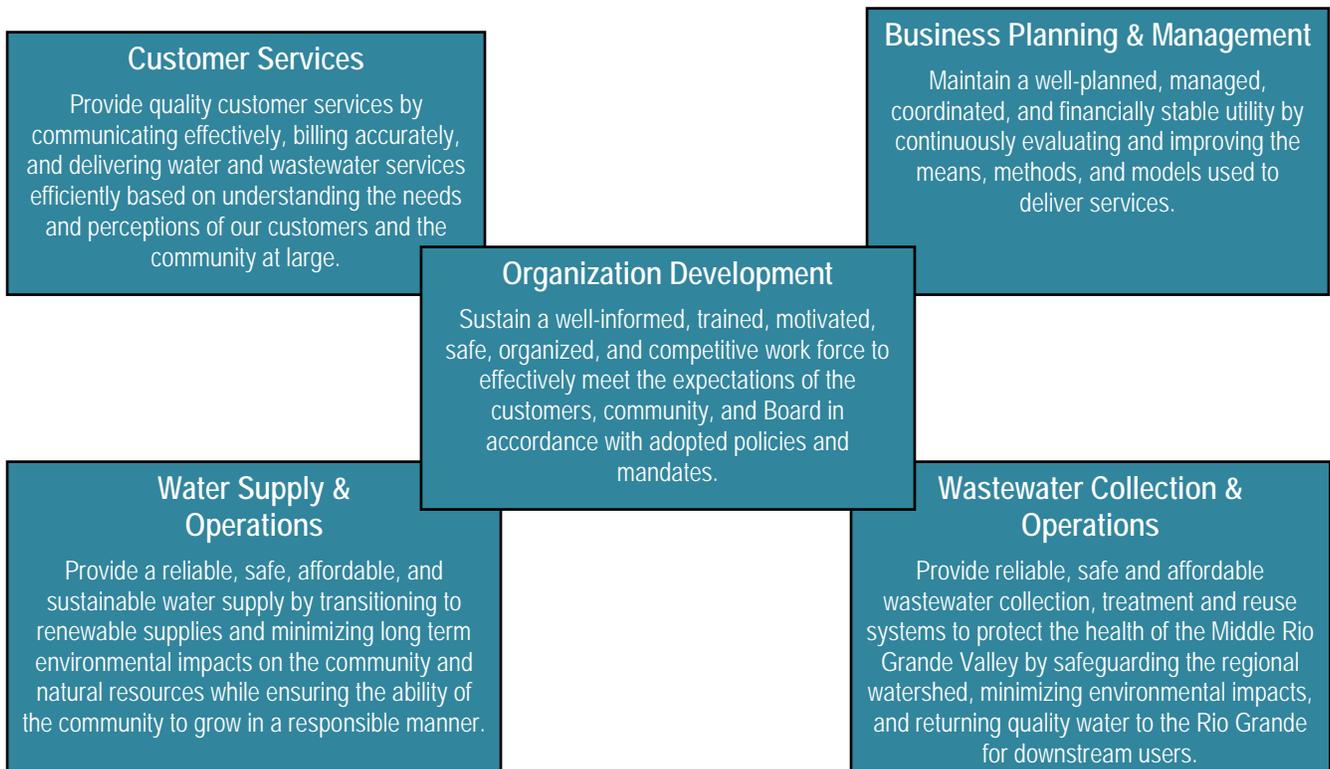
The Water Authority established Five-Year Goals and One-Year Objectives in 2005 to help guide its budget process and address priority issues. In addition, the Water Authority's Budget Ordinance specifies that the Water Authority shall annually review and adopt one-year objectives related to the five-year 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 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. Since 2012, 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 framework to identify areas for improvement.

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



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.

In addition to identifying areas of improvement, some of the Objectives are related to completing projects or improving programs. A few of the objectives are carried over from FY17 either because they require more time to complete or are ongoing issues.

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.



FY18 GOALS AND OBJECTIVES

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.

The Performance Plan may be viewed on the Authority's website at: www.abcwua.org/Finances.aspx

Below is a summary of the Goals and Objectives for Fiscal Year 2018, as approved by the Water Authority Board.

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 66% of all completed maintenance labor hours by the end of the 4th Quarter of FY18.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY18.
- Using the Automated Meter Infrastructure system, permanently install pressure sensors at key locations to continuously monitor and record the data in Pressure Zone 4ER by the end of the 1st Quarter of FY18; evaluate operation and maintenance costs by eliminating redundant pressure reducing valves by the end of the 4th Quarter of FY18.
- Continue 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 FY18.
- Maintain water use between 127 to 132 gallons per capita per day through the end of the 4th Quarter of FY18.
- Begin operation of the Large Scale Aquifer Storage and Recovery Demonstration Project and evaluate the project's progress through the end of the 4th Quarter of FY18.
- Establish a monitoring/tracking program for conservation education outreach to service area residents by the end of the 1st Quarter of FY18.
- Continue to implement Water 2120 and prepare a new water conservation plan and aquifer monitoring plan and report to the Board by the end of the 3rd Quarter of FY18. Prepare and present the environmental plan to the Board by the end of the 4th Quarter of FY18.
- 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 FY18.
- 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; continue implementing action plans from the self-assessments through the end of the 4th Quarter of FY18.

FY18 GOALS AND OBJECTIVES

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 FY18.
- Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY18.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 60% of all completed maintenance labor hours by the end of the 4th Quarter of FY18.
- 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 FY18.
- Install a pH adjustment station on east side of the Rio Grande to provide redundancy to the existing pH adjustment station on the west side, assist in meeting the pH limit for the Southside Reclamation Plant effluent, and maintain odor control at the plant and in the treated portion of the collection system by the end of the 4th Quarter of FY18.
- Televis and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY18.
- 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 FY18. 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.
- In conjunction with the FOG campaign, include a Toilets Are Not Trashcans campaign focused on protecting the pipes, pumps, plants, and personnel by reducing the materials that are inappropriately flushed or drained into the sewer system through the end of the 4th Quarter of FY18.
- Continue work on the Partnership for Clean Water program for the water reclamation treatment to optimize system operations and performance; submit a self-assessment to AWWA by the end of the 4th Quarter of FY18.

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 FY18: 1) Average Wait Time of less than 1:30 minutes; 2) Average Contact Time of less than 4 minutes; 3) Abandoned Call Ratio of less than 5; and 4) First Call Resolution of greater than 90%.

FY18 GOALS AND OBJECTIVES

- Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 through the 4th Quarter of FY18.
- Implement ‘Project Round Up’ assistance program to assist area families facing difficulty paying their utility bills by the end of the 2nd Quarter of FY18. For this program, customers’ monthly utility bills are rounded up to the next highest dollar with donations routed to a third party.
- Evaluate all credit card payment transactions and provide recommendations for determining methods for reducing transaction fees by the end of the 3rd Quarter of FY18.
- 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 FY18.
- 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 FY18.
- Conduct outreach meetings, site tours, and activities to engage and educate legislators and neighborhood coalitions on services, policies and critical infrastructure projects on a quarterly basis.

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 \$52 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 FY18. \$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 FY18.
- Update the Comprehensive Asset Management Plan to determine the condition and criticality of the utility’s assets by the end of the 4th Quarter of FY18.
- Develop a vehicle asset management plan to better plan for capital replacement of vehicles by the end of the 4th Quarter of FY18.
- Finalize odor control measures at the Southside Water Reclamation Plant and prepare implementation plan and report to the Board by the end of the 1st Quarter of FY18.
- Implement landscape and sidewalk improvements along 2nd Street at the Southside Water Reclamation plant by the end of the 4th Quarter of FY18.
- Coordinate with Bernalillo County for funding to complete design and planning for the Los Padillas water system (South Valley Drinking Water Project Phase 7b). Apply for grant funding for construction of the water distribution system.
- Update the vulnerability assessment on utility facilities and systems and implement the most cost-effective measures to reduce risk for physical security, cyber security, and business activities by the end of the 4th Quarter of FY18.
- Complete installation of redundant network paths to all utility locations in order to reduce down time and increase efficiencies across all business units by the end of the 4th Quarter of FY18.
- Plan, assess, and upgrade SunGard enterprise financial system and complete the open enrollment module by the end of the 4th Quarter of FY18.
- Complete the upgrade to Maximo comprehensive asset management system to effectively and efficiently record and manage the maintenance and operation of the utility’s assets by the end of the 1st Quarter of FY18. Begin planning for Phase 2 of procurement and full cost accounting by the end of the 4th Quarter of FY18.
- Complete Phases 1 and 2 of upgrading the CC&B billing application by the end of the 4th Quarter of FY18.
- Evaluate the utility’s procurement code and implement best practices in updating purchasing policies and procedures by the end of the 4th Quarter of FY18.
- Evaluate the methodology of the Water Supply Charge and integrate the new rates into the Rate Ordinance by the end of the 4th Quarter of FY18.

FY18 GOALS AND 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 FY18.
- 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. Compare to industry benchmarks.
- 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. Use the collected data to update the laboratory prices.
- 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 FY18.
- 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 FY18.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each Quarter of FY18, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
- Gather and report on external subcontract laboratory costs that are processed by the Water Quality Lab (WQL). Improve how the WQL manages BR numbers from purchasing and sample ids generated in LabVantage and the corresponding invoices received from the external subcontract laboratories. Utilize the existing Compliance Division 'Database of Compliance' (DOC), and make available the cost of external subcontract laboratory analysis for reporting in COGNOS.
- Develop an incident and change management process for the Compliance Division Information Services using the cloud based Office 365 platform. The process will be used to track change request for information services such as LabVantage and the DOC. This involves creating automated workflows and interfaces between a variety of Office 365 applications including but not limited to Outlook, SharePoint, and OneDrive. Additional processes will be developed to track client inquiries for the WQL, and customer comments/complaints for the other Compliance Division programs.
- Monitor for Pharmaceuticals and Personal Care Products (PPCPs) in the source water, drinking water and wastewater. Compare PPCP concentrations before and after drinking water and wastewater treatment. Report the findings of this voluntary monitoring by the end of the 4th Quarter of FY18. Compare the results to historical monitoring performed in 2009-2010.

FY18 GOALS AND OBJECTIVES

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.

- Conduct an employee engagement and satisfaction survey by the end of the 2nd Quarter of FY18; communicate the survey results to employees by the end of the 4th Quarter of FY18.
- Maintain an average utility-wide vacancy rate of no greater than 5% through the end of FY18.
- Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees by the end of the 4th Quarter of FY18.
- Continue updating 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 FY18.
- Complete the standard operating procedures for the groundwater facilities by the end of the 4th Quarter of FY18.
- Reduce injury hours to 2,675 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY18.

*APPROVED BUDGET
&
FINANCIAL CONSOLIDATIONS*

*Approved
Operating Budget
FY18*

PERSONNEL INFORMATION

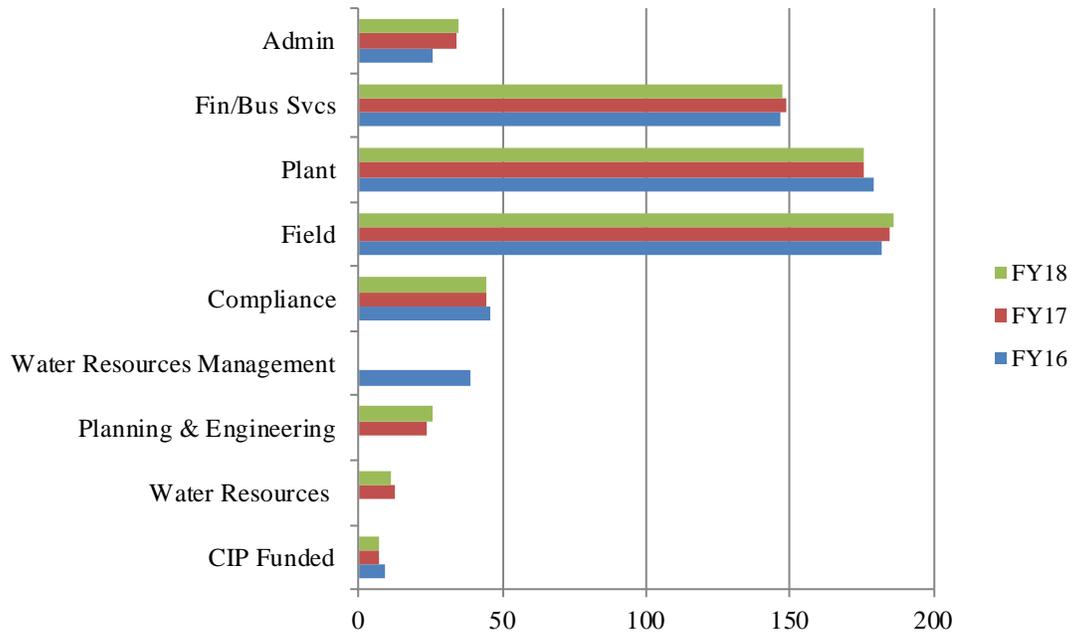
The FY18 approved budget contains an increase of 1.0 employee over the FY17 level. The FY18 budget is authorized and approved at 633 employees.

Three labor unions represent 500 of the 633 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 129 management series employees.

Changes in Employment - The budget for FY18 shows a net increase of 1.0 new positions. The position added is a Wastewater Worker.

POSITIONS:	ACTUAL FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
Administration						
Water Authority	7	13	13	13	14	1
Legal/Risk	6	7	0	0	0	0
Risk	0	0	6	6	6	0
Legal	0	0	1	1	1	0
Human Resources	13	13	14	14	14	0
Total Administration	26	33	34	34	35	1
Financial /Business Services						
Finance	31.5	31.5	30.5	30.5	30.5	0.0
Customer Services	90	90	91	91	91	0
Information Technology	25	26	27	27	26	(1)
Total Financial/Business Services	146.5	147.5	148.5	148.5	147.5	(1)
Plant						
Wastewater Treatment	94	92	92	92	92	0
Groundwater	56	55	54	54	54	0
San Juan-Chama Water Treat Plant	29	28	30	30	30	0
Total Plant	179	175	176	176	176	0
Field						
Wastewater Collection	61	61	61	61	62	1
Water Field Operations	121	124	124	124	124	0
Total Field	182	185	185	185	186	1
Compliance	46	45.5	44.5	44.5	44.5	0.0
Water Resources Management	39	0	0	0	0	0
Planning & Engineering	0	23	24	24	26	2
Water Resources	0	16	13	13	11	(2)
CIP Funded	9	7	7	7	7	0
TOTAL FULL TIME POSITIONS	627.5	632.0	632.0	632.0	633.0	1.0

CHANGES IN EMPLOYMENT BY FUNCTIONAL UNIT



Number of Employees

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.

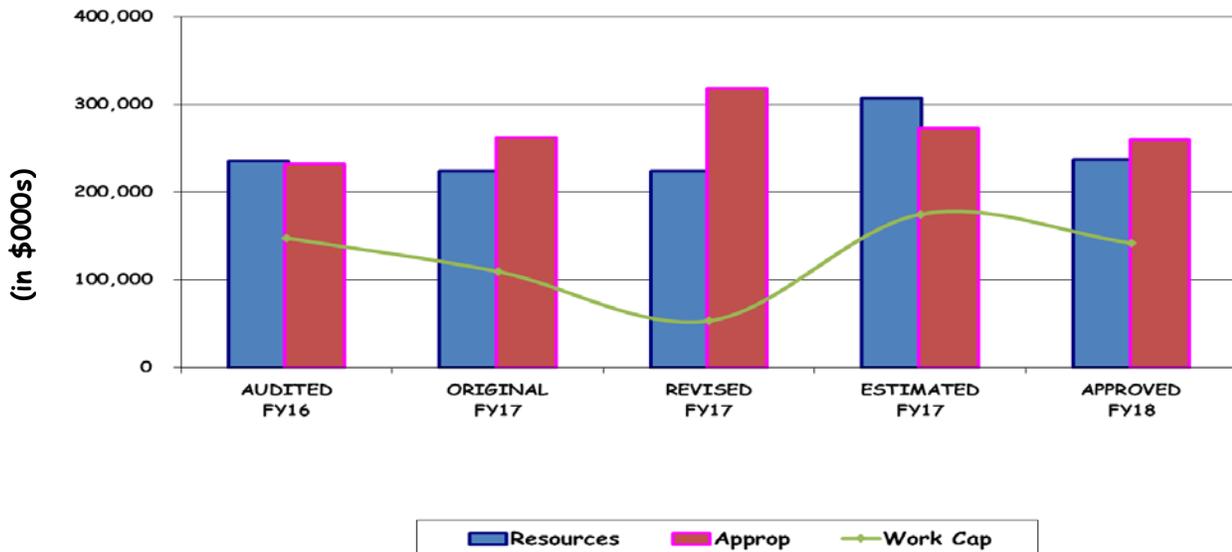
Fund 21 – General Fund - To account for the general operations of providing water and wastewater services in the Water Authority's service area.

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.

CONSOLIDATED RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Proceed Revenues	-	-	-	71,705	-	-
Miscellaneous Revenues	19,189	12,820	12,820	14,543	12,005	(815)
Enterprise Revenues	216,208	211,251	211,251	220,943	224,881	13,630
Transfers from Other Funds	93,634	97,023	97,023	96,895	104,922	7,899
Interfund Adjustments	<u>(93,634)</u>	<u>(97,023)</u>	<u>(97,023)</u>	<u>(96,895)</u>	<u>(104,922)</u>	<u>(7,899)</u>
Total Current Resources	235,397	224,071	224,071	307,191	236,886	12,815
Beginning Working Capital Balance	<u>145,998</u>	<u>147,722</u>	<u>147,722</u>	<u>147,722</u>	<u>174,591</u>	<u>26,869</u>
TOTAL RESOURCES	<u>381,396</u>	<u>371,793</u>	<u>371,793</u>	<u>454,913</u>	<u>411,477</u>	<u>39,684</u>
APPROPRIATIONS:						
Enterprise Operations	114,039	119,962	121,462	117,810	124,992	3,530
Debt Service	71,906	76,264	76,264	75,747	70,993	(5,271)
CIP Basic Rehab & Growth	46,569	65,903	120,513	79,297	63,586	(56,927)
Transfers to Other Funds:	93,634	97,023	97,068	96,895	104,922	7,854
Interfund Adjustments	<u>(93,634)</u>	<u>(97,023)</u>	<u>(97,068)</u>	<u>(96,895)</u>	<u>(104,922)</u>	<u>(7,854)</u>
TOTAL APPROPRIATIONS	<u>232,514</u>	<u>262,129</u>	<u>318,239</u>	<u>272,854</u>	<u>259,571</u>	<u>(58,668)</u>
ADJ TO WORKING CAPITAL BALANCE	(1,156)	-	(45)	(7,468)	(10,000)	(9,955)
ENDING WORKING CAPITAL BALANCE	<u>147,722</u>	<u>109,664</u>	<u>53,509</u>	<u>174,591</u>	<u>141,906</u>	<u>88,397</u>



COMBINED FISCAL YEAR 2018 FUNDS BUDGET

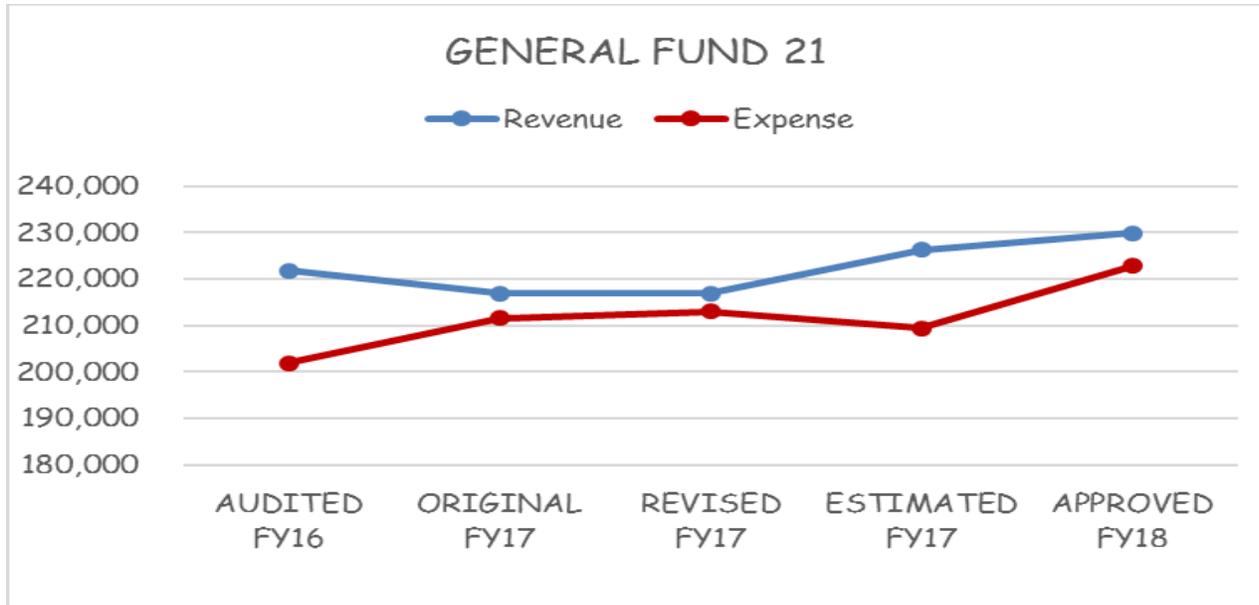
(000's)

	GENERAL <u>FUND 21</u>	DEBT SERVICE <u>FUND 31</u>	CAPITAL <u>FUNDS 28/29</u>	FY18 <u>TOTALS</u>
Revenues and Other Resources				
Interest	100			100
Miscellaneous	2,077			2,077
Water	123,355			123,355
Water Resources Management	4,500			4,500
Wastewater	88,391			88,391
Solid Waste Admin Fee	1,480			1,480
DMD Admin Fee	348			348
Franchise Fee	8,635			8,635
Utility Expansion Charges		8,000		8,000
Transfers	1,014	70,908	33,000	104,922
TOTAL	229,900	78,908	33,000	341,808
 Expenditures				
Wages	38,892			38,892
Fringe Benefits	19,924			19,924
Professional and Other Services	19			19
Utilities	12,416			12,416
Supplies	10,142			10,142
Travel, Training, and Dues	587			587
Repairs and Maintenance	13,750			13,750
Vehicle Maintenance	2,817			2,817
WC, Insurance, Tort, and Other Liab	3,506			3,506
Franchise Fee	8,635			8,635
NM Water Conservation Fee	657			657
Interest	231			231
Principal	1,171			1,171
Admin Svcs/OPEB	637			637
Contractual Services	10,990		63,586	74,576
Capital Outlay	618			618
Transfer to Capital Fund	27,000	6,000		33,000
Transfer to Debt Service	70,908			70,908
Transfer to General Fund			1,014	1,014
Debt Service Payments		70,993		70,993
TOTAL	222,900	76,993	64,600	364,493
 Revenue Over (Under) Expenditures	7,000	1,915	(31,600)	(22,685)
 Beginning Fund Balance	13,667	52,467	108,457	174,590
Rate Reserve	10,000			
 Ending Fund Balance	10,667	54,382	76,857	141,906

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 FY18.
- ◇ General operating expenses increase \$1.4M in FY18.
- ◇ Transfers increase \$6.3M in FY18.
- ◇ Working Capital balance maintained at 1/12th budgeted expenses in FY18.
- ◇ \$2M added to Rate Reserve in FY18.

GENERAL FUND - 21

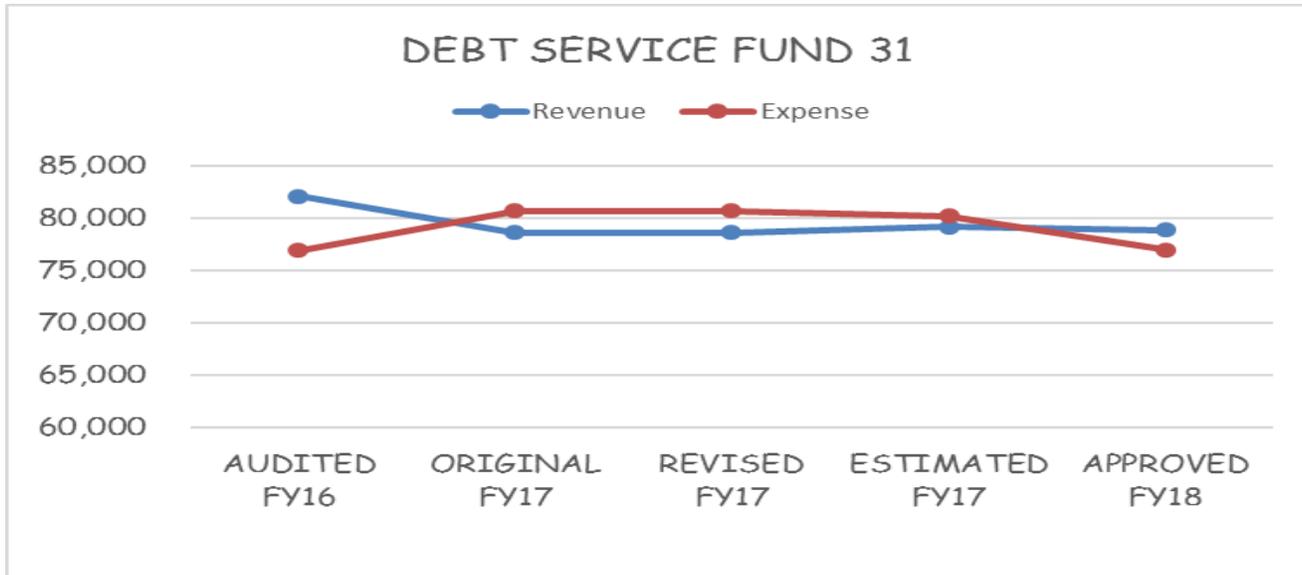
RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Rate Revenues:						
Water Service	103,597	87,677	87,677	104,441	90,578	2,901
Water Facilities Rehab	31,805	30,902	30,902	34,518	32,402	1,500
Wastewater Service	41,103	54,124	54,124	41,443	62,829	8,705
Wastewater Facilities Rehab	26,975	25,562	25,562	27,457	25,562	-
Contr/Aid/Hookups	434	375	375	388	375	-
Water Resources Management	4,222	4,500	4,500	4,363	4,500	-
Total Rate Revenue	208,136	203,140	203,140	212,610	216,246	13,106
Other Revenues:						
Solid Waste Admin Fee	1,339	1,401	1,401	1,401	1,480	79
DMD Admin Fee	-	349	349	349	348	(1)
PNM Pass-Thru	326	-	-	(1)	-	-
CIP Funded Positions	792	921	921	793	1,014	93
Interest on Investments	155	100	100	86	100	-
Miscellaneous Revenue	3,052	2,970	2,970	2,700	2,077	(893)
Total Other Revenue	5,665	5,741	5,741	5,328	5,019	(722)
Total Rate and Other Revenues	213,801	208,881	208,881	217,938	221,265	12,384
Franchise Fees:						
Franchise Fee: City	7,337	7,380	7,380	7,576	7,857	477
Franchise Fee: Valley	652	649	649	670	691	42
Franchise Fee: Rio Rancho	1	1	1	1	1	-
Franchise Fee: Los Ranchos	81	81	81	86	86	5
Total Franchise Fees	8,072	8,111	8,111	8,333	8,635	524
Total Current Resources	221,872	216,992	216,992	226,271	229,900	12,908
Beginning Working Capital Balance	(8,722)	6,356	6,356	6,356	13,667	7,310
TOTAL RESOURCES	213,151	223,348	223,348	232,627	243,567	20,219
APPROPRIATIONS:						
Programs:						
Administration	1,954	2,511	2,511	2,726	2,792	281
Legal/Risk	4,649	4,595	-	-	-	-
Risk	-	-	4,155	4,239	4,523	368
Legal	-	-	440	459	703	263
Human Resources	1,253	1,409	1,441	1,313	1,508	67
Finance	3,817	4,060	3,944	3,894	4,004	60
Customer Services	8,739	8,934	8,967	8,588	9,112	145
Information Technology	6,059	6,964	7,080	7,073	7,131	51
Wastewater Plant	11,291	11,412	11,361	10,747	11,680	319
San Juan-Chama Water Treatment Plant	3,116	3,387	3,487	3,415	3,639	152
Groundwater Operations	5,880	6,302	6,253	5,985	6,427	174
Wastewater Collection	6,281	6,480	6,480	6,540	6,758	278
Water Field Operations	18,965	19,898	19,898	19,134	20,129	231
Compliance	4,378	5,269	5,237	4,513	5,400	163
Water Resources Management	6,175	-	-	-	-	-
Planning & Engineering	-	2,854	3,124	2,871	3,390	266
Water Resources	-	4,267	3,964	3,592	3,872	(92)
Power & Chemicals	18,790	18,482	19,982	19,940	19,982	-
Taxes	8,397	8,768	8,768	8,666	9,292	524
Overhead	2,067	2,123	2,123	1,737	2,403	280
San Juan-Chama	2,226	2,247	2,247	2,378	2,247	-
Total Enterprise Appropriations	114,039	119,962	121,462	117,810	124,992	3,530
Transfers to Other Funds:						
Rehab Fund - 28	15,000	21,000	21,000	21,000	27,000	6,000
Debt Service Fund - 31	72,842	70,628	70,628	70,628	70,908	280
Total Transfers	87,842	91,628	91,628	91,628	97,908	6,280
TOTAL APPROPRIATIONS	201,881	211,590	213,090	209,438	222,900	9,810
ADJUSTMENTS:						
Year-End Adjustments	(4,912)	-	-	(1,522)	-	-
Rate Reserve	-	-	-	(8,000)	(10,000)	(10,000)
ENDING WORKING CAPITAL BALANCE	6,356	11,758	10,258	13,667	10,667	409

DEBT SERVICE FUND - 31

RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

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 expenses exceed revenues, fund balance is used.
- ◇ 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.

DEBT SERVICE FUND - 31

RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

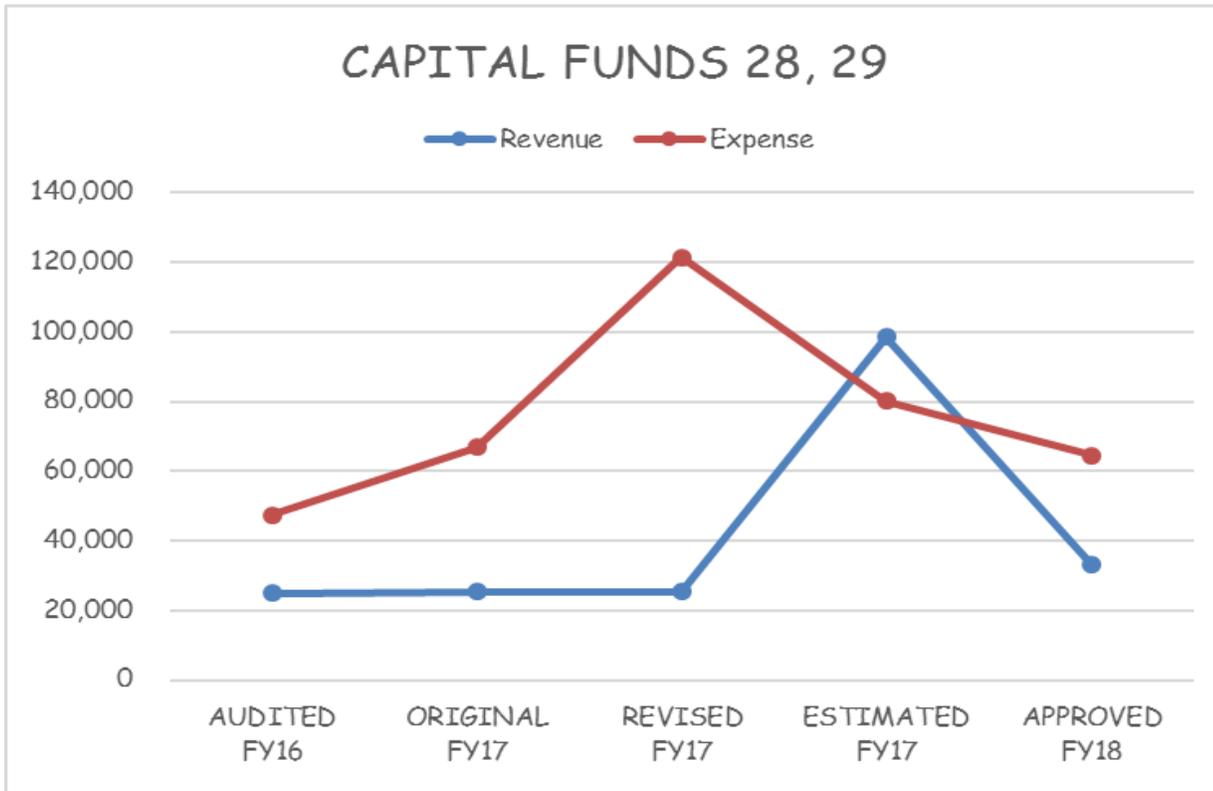
DEBT SERVICE FUND 31

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	9,257	8,000	8,000	8,546	8,000	-
Total Miscellaneous Revenues	9,257	8,000	8,000	8,546	8,000	-
Transfer from Other Funds:						
General Fund - 21	72,842	70,628	70,628	70,628	70,908	280
Total Transfers	72,842	70,628	70,628	70,628	70,908	280
Total Current Resources	82,099	78,628	78,628	79,174	78,908	280
Beginning Fund Balance	48,798	54,576	54,576	54,576	52,467	(2,110)
TOTAL RESOURCES	130,897	133,204	133,204	133,750	131,375	(1,830)
APPROPRIATIONS:						
Joint Water/Sewer Debt Service	71,906	76,264	76,264	75,747	70,993	(5,271)
Transfers to Other Funds						
Growth Fund - 29	5,000	4,474	4,474	4,474	6,000	1,526
Total Transfers	5,000	4,474	4,474	4,474	6,000	1,526
TOTAL APPROPRIATIONS	76,906	80,738	80,738	80,221	76,993	(3,745)
ADJUSTMENTS:						
Adjustment to Fund Balance	585	-	-	(1,063)	-	-
TOTAL ADJUSTMENTS	585	-	-	(1,063)	-	-
ENDING FUND BALANCE	54,576	52,466	52,466	52,467	54,382	1,916

CAPITAL FUNDS – 28, 29

RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

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 expenses exceed revenues, fund balance is used.
- ◇ Transfer from the General Fund increased \$6M in FY18.

CAPITAL FUNDS – 28, 29

RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

CAPITAL PROJECT FUNDS

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Proceeds:						
Loan Proceeds	-	-	-	-	-	
Bond Proceeds	-	-	-	71,705	-	
Total Proceed Revenues	-	-	-	71,705	-	-
Miscellaneous Revenues:						
State Grants	911	-	-	280	-	-
Lease of Water Rights	1,615	-	-	1,182	-	-
Other	2,534	-	-	-	-	-
Total Miscellaneous Revenues	5,059	-	-	1,462	-	-
Transfer from Other Funds:						
General Fund - 21	15,000	21,000	21,000	21,000	27,000	6,000
Debt Service Fund - 31	5,000	4,474	4,474	4,474	6,000	1,526
Total Transfers	20,000	25,474	25,474	25,474	33,000	7,526
Total Current Resources	25,059	25,474	25,474	98,640	33,000	7,526
Beginning Fund Balance	105,922	86,790	86,790	86,790	108,457	21,667
TOTAL RESOURCES	130,982	112,264	112,264	185,430	141,457	29,193
APPROPRIATIONS:						
CIP Basic Rehab	39,314	61,429	96,159	73,349	57,586	(38,573)
CIP Growth	7,255	4,474	24,354	5,948	6,000	(18,354)
Transfers to Other Funds	792	921	966	793	1,014	48
TOTAL APPROPRIATIONS	47,361	66,824	121,479	80,090	64,600	(56,879)
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	3,170	-	-	3,117	-	-
TOTAL ADJUSTMENTS	3,170	-	-	3,117	-	-
AVAILABLE FUND BALANCE	86,790	45,440	(9,215)	108,457	76,857	86,072

PROGRAM BUDGET HIGHLIGHTS

Expenses

Comparing the FY17 revised budget with the approved budget for FY18 reveals an overall net increase of \$9.8 million. The approved budget for FY18 has a net increase of \$2.1 million for total personnel expenses. 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 1 net new position. Total general operating costs increase by \$1.4 million. The internal service charges increase by \$6.3 million for the transfers to capital and debt service.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$10.7 million at the end of FY18, net of the Rate Reserve. 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 FY18 total \$1,390,099. 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%.

FY18 APPROVED ISSUE PAPERS

Water Authority Approved Issue Papers - FY18	
Fund 21 - General Fund	1,390,099
Administration	
Neighborhood Coalition Meetings	30,000
Vulnerability Assessment	100,000
COO's Office-Temporary Staffing	72,000
Risk WC and Other Claims Funding	565,000
Risk - Contract Services and O&M Funding	66,735
Financial Services	
BBER Subscription	6,000
Arbitrage Rebate Compliance Services	10,000
Transfer Systems Analyst II Position to COO's Office	-
Plant	
CCOPS 12-hr Shift Overtime Funding	25,000
SCADA Telvent Maintenance Contract Funding	27,000
Field	
WW Collections - Water/Wastewater Funding	57,192
Lift Stations - Wastewater Worker Position	80,009
Water Resources	
Reassign Leak Detection to Central Engineering	-
General Government	
3rd Party Insurance Funding	266,163
Tuition Reimbursement & Incentive programs	85,000
TOTAL	1,390,099

FY18 APPROPRIATIONS BY PROGRAM

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 FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
<u>GENERAL FUND - 21</u>						
Administration	1,954	2,511	2,511	2,726	2,792	281
Legal/Risk	4,649	4,595	-	-	-	-
Risk	-	-	4,155	4,239	4,523	368
Legal	-	-	440	459	703	263
Human Resources	1,253	1,409	1,441	1,313	1,508	67
Finance	3,817	4,060	3,944	3,894	4,004	60
Customer Services	8,739	8,934	8,967	8,587	9,112	145
Information Technology	6,059	6,964	7,080	7,072	7,131	51
Wastewater Plant	11,291	11,412	11,361	10,747	11,680	319
San Juan-Chama Water Treatment Plant	3,116	3,387	3,487	3,415	3,639	152
Groundwater Operations	5,880	6,302	6,253	5,985	6,427	174
Wastewater Collection	6,281	6,480	6,480	6,540	6,758	278
Water Field Operations	18,965	19,898	19,898	19,134	20,129	231
Compliance	4,378	5,269	5,237	4,513	5,400	163
Water Resources Management	6,175	-	-	-	-	-
Planning & Engineering	-	2,854	3,124	2,871	3,390	266
Water Resources	-	4,267	3,964	3,592	3,872	(92)
Power & Chemicals	18,790	18,482	19,982	19,940	19,982	(0)
Taxes	8,397	8,768	8,768	8,666	9,292	524
Overhead	2,067	2,123	2,123	1,737	2,403	280
San Juan-Chama	2,226	2,247	2,247	2,378	2,247	-
Transfer to Capital Fund - 28	15,000	21,000	21,000	21,000	27,000	6,000
Transfer to Debt Service Fund - 31	72,842	70,628	70,628	70,628	70,908	280
Subtotal General Fund - 21	<u>201,881</u>	<u>211,590</u>	<u>213,090</u>	<u>209,438</u>	<u>222,900</u>	<u>9,810</u>
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	71,906	76,264	76,264	75,747	70,993	(5,271)
Transfer to Capital Fund - 29	5,000	4,474	4,474	4,474	6,000	1,526
Total Debt Service Fund - 31	<u>76,906</u>	<u>80,738</u>	<u>80,738</u>	<u>80,221</u>	<u>76,993</u>	<u>(3,745)</u>
<u>CAPITAL FUNDS - 28 & 29</u>						
CIP Basic Rehab	39,314	61,429	96,159	73,349	57,586	(38,573)
CIP Growth	7,255	4,474	24,354	5,948	6,000	(18,354)
Transfer to General Fund - 21	792	921	966	793	1,014	48
Total Capital Funds - 28 & 29	<u>47,361</u>	<u>66,824</u>	<u>121,479</u>	<u>80,090</u>	<u>64,600</u>	<u>(56,879)</u>
TOTAL WUA APPROPRIATIONS	<u>326,148</u>	<u>359,152</u>	<u>415,307</u>	<u>369,749</u>	<u>364,493</u>	<u>(50,814)</u>
Interfund Adjustment	<u>(93,634)</u>	<u>(97,023)</u>	<u>(97,068)</u>	<u>(96,895)</u>	<u>(104,922)</u>	<u>(7,854)</u>
NET WUA APPROPRIATIONS	<u>232,514</u>	<u>262,129</u>	<u>318,239</u>	<u>272,854</u>	<u>259,571</u>	<u>(58,668)</u>

FINANCIAL PLAN

The following table is the financial plan for the Water Authority. The plan displays financial projections from FY17 thru FY26. This plan takes into account the Water Authority's Capital needs, Debt Service needs, revenue sources and expenses. The Financial Plan helps the Water Authority plan for future potential expense 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.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Capital Funds										
Needs: Basic (Min 50% cash Trans)	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Increase for Rehab/Asset Mgt Plan	6,000	9,000	12,000	15,000	18,000	21,000	24,000	27,000	30,000	30,000
Water Reclamation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Advanced Rehab	10,000	3,000	-	-	-	-	-	-	-	-
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
CC&B	-	2,000	-	-	-	-	-	-	-	-
Resources:										
Beginning Bal.	28,988	11,588	45,688	15,788	42,888	12,988	38,088	8,188	35,288	7,388
Trf. from Operating	21,000	27,000	27,000	31,000	33,000	37,000	39,000	45,000	47,000	47,000
Trf. from Debt Service	4,000	6,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Bond Proceeds	10,000	61,000	-	56,000	-	54,000	-	54,000	-	54,000
Bond Proceeds Yucca/Central	-	-	-	-	-	-	-	-	-	-
Adjustments	2500	-	-	-	-	-	-	-	-	-
First Year is 6mos. (y/n)	n	n	n	n	n	n	n	n	n	n
<i>Subtotal</i>	66,488	105,588	76,688	106,788	79,888	107,988	81,088	111,188	86,288	112,388
Interest on Above	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Total	67,588	106,688	77,788	107,888	80,988	109,088	82,188	112,288	87,388	113,488
Balance June 30	11,588	45,688	15,788	42,888	12,988	38,088	8,188	35,288	7,388	33,488
Debt Service Fund										
Resources:										
Interest Income	100	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	9,000	9,000
Transfer from 21	70,615	70,908	75,131	79,547	75,559	80,751	72,350	75,352	73,298	72,274
Adjustments/Misc	-	-	-	-	-	-	-	-	-	-
Bg. Fund Balance	7,173	7,188	7,188	6,188	4,188	4,188	4,188	2,188	2,188	2,188
Total	85,888	86,196	90,419	93,835	87,847	93,039	84,638	85,640	84,586	83,562
Expenditures:										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	4,000	8,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Debt Service	75,168	70,993	80,216	79,932	73,944	73,836	67,435	62,937	61,883	56,359
Advanced Rehab	1,035	-	-	-	-	-	-	-	-	-
FY26 Bond Proceeds	-	-	-	-	-	-	-	-	-	5,500
FY24 Bond Proceeds	-	-	-	-	-	-	-	5,500	5,500	5,500
FY20 Bond Proceeds	-	-	-	5,700	5,700	5,500	5,500	5,500	5,500	5,500
FY22 Bond Proceeds	-	-	-	-	-	5,500	5,500	5,500	5,500	5,500
Total	80,218	79,008	84,231	89,647	83,659	88,851	82,450	83,452	82,398	82,374
Fund Balance	7,188	7,188	6,188	4,188	4,188	4,188	2,188	2,188	2,188	1,188
Operating Fund										
Resources										
Total	224,286	241,795	247,522	257,031	257,087	267,170	266,994	277,933	279,365	279,703
Expenditures										
Total	212,390	225,295	231,667	242,298	240,564	252,051	248,329	259,713	262,084	263,527
Resources over Comm.	11,896	16,500	15,855	14,733	16,523	15,120	18,664	18,219	17,282	16,176
Rate Increases	0.00%	5.00%	0.00%	4.50%	0.00%	3.50%	0.00%	3.00%	0.00%	0.00%
Accum. Inc. from 2004	21.0%	26.0%	26.0%	30.5%	30.5%	34.0%	34.0%	37.0%	37.0%	37.0%
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026

FUNCTIONAL UNITS

ADMINISTRATION - OVERVIEW

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, Risk Management, Human Resources, Public Affairs and Policy, and Evaluation and Special Projects.

Legal consists of an attorney who 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; and overseeing and handling collection efforts. Risk Management consists of risk and safety compliance 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 expenses 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.

ADMINISTRATION – FY18 OBJECTIVES AND HIGHLIGHTS

FISCAL YEAR 2018 ADMINISTRATION OBJECTIVES

- 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 FY18.
- Conduct outreach meetings, site tours, and activities to engage and educate legislators and neighborhood coalitions on services, policies and critical infrastructure projects on a quarterly basis.
- In conjunction with the FOG campaign, include a Toilets Are Not Trashcans campaign focused on protecting the pipes, pumps, plants, and personnel by reducing the materials that are inappropriately flushed or drained into the sewer system through the end of the 4th Quarter of FY18.
- Update the vulnerability assessment on utility facilities and systems and implement the most cost-effective measures to reduce risk for physical security, cyber security, and business activities by the end of the 4th Quarter of FY18.
- Conduct an employee engagement and satisfaction survey by the end of the 2nd Quarter of FY18; communicate the survey results to employees by the end of the 4th Quarter of FY18.
- Maintain an average utility-wide vacancy rate of no greater than 5% through the end of FY18.
- Complete two employee wellness challenges per fiscal quarter focusing on nutrition, physical activity and weight loss, and disease and injury prevention to employees by the end of the 4th Quarter of FY18.
- Continue updating 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 FY18.
- Reduce injury hours to 2,675 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY18.

FISCAL YEAR 2018 ADMINISTRATION HIGHLIGHTS

The Water Authority has committed to the State Legislature to schedule quarterly outreach meetings in each quadrant of the City. These meetings will provide updates for legislators and neighborhood associations regarding Water Authority activities and initiatives, and offer opportunities for dialogue and feedback.

Human Resources wellness staff will continue offering wellness challenges for individuals and departments. At least two fitness challenges per quarter will be offered in conjunction with nutrition, physical activity and weight loss tips as well as disease and injury prevention topics to employees. Staff will install outdoor gym equipment at the SWRP, including instructions on using the equipment.

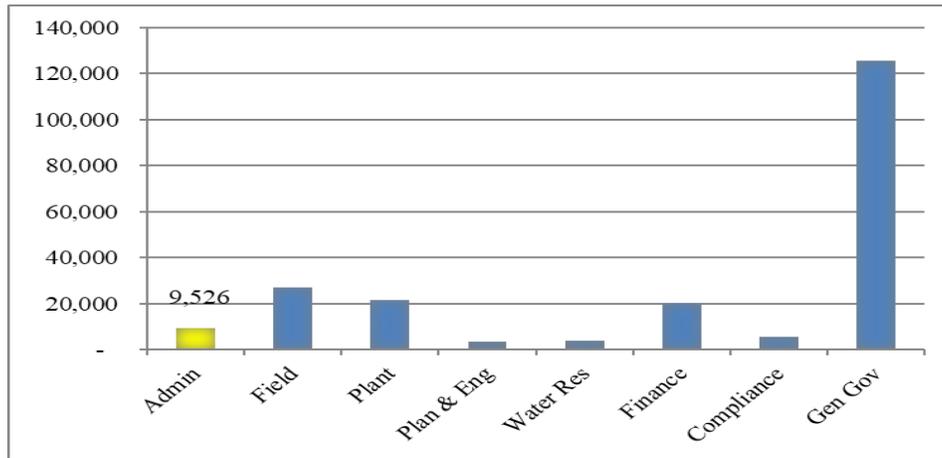
The Water Authority's certification training programs continue to develop employees' knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Major updates to the Utility Technician program were made and will continue into FY18. A committee to update the Wastewater Worker training program will be convened to review and recommend updates to this program in FY18. 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). A new Training Specialist position will be dedicated solely to training the operators at the SWTP. This new position will focus on delivering classroom and on-the-job training from the new developed Utility Tech Surface Water Plant training program.

ADMINISTRATION – FY18 OBJECTIVES AND HIGHLIGHTS

The 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 the last three fiscal years.

ADMINISTRATION – EXPENSES BY DEPARTMENT

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



Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Appr 18/ Rev 17 Chg
Executive Director						
Personnel	553	677	677	668	697	20
Operating	876	806	806	902	742	(64)
Capital	-	-	-	-	-	-
Total	1,429	1,483	1,483	1,570	1,439	(44)
COO's Office						
Personnel	337	905	905	927	1,058	153
Operating	188	123	123	229	295	172
Capital	-	-	-	-	-	-
Total	525	1,028	1,028	1,156	1,353	325
Legal/Risk						
Personnel	692	790	-	-	-	-
Operating	3,938	3,805	-	-	-	-
Capital	18.19	-	-	-	-	-
Total	4,649	4,595	-	-	-	-
Risk						
Personnel	-	-	690	640	607	(83)
Operating	-	-	3,466	3,599	3,916	450
Capital	-	-	-	-	-	-
Total	-	-	4,155	4,239	4,523	368
Legal						
Personnel	-	-	100	74	182	82
Operating	-	-	340	385	521	182
Capital	-	-	-	-	-	-
Total	-	-	440	459	703	263
Human Resources						
Personnel	1,152	1,252	1,283	1,209	1,351	67
Operating	102	157	137	84	157	20
Capital	-	-	20.00	19.98	-	(20.00)
Total	1,253	1,409	1,441	1,313	1,508	67
Total Division	7,856	8,515	8,547	8,738	9,526	979
Staffing (FTE)	26	33	34	34	35	1

FIELD DIVISION – OVERVIEW & FY18 OBJECTIVES

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 670,779 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 208,140 accounts, including 186,301 residential and 21,839 multi-family, commercial, institutional and industrial accounts. 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 2018 FIELD DIVISION OBJECTIVES

- Using the Automated Meter Infrastructure system, permanently install pressure sensors at key locations to continuously monitor and record the data in Pressure Zone 4ER by the end of the 1st Quarter of FY18; evaluate operation and maintenance costs by eliminating redundant pressure reducing valves by the end of the 4th Quarter of FY18.
- Install a pH adjustment station on east side of the Rio Grande to provide redundancy to the existing pH adjustment station on the west side, assist in meeting the pH limit for the Southside Reclamation Plant effluent, and maintain odor control at the plant and in the treated portion of the collection system by the end of the 4th Quarter of FY18.

FIELD DIVISION – FY18 HIGHLIGHTS

- Televised and assessed the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY18.

FISCAL YEAR 2018 FIELD DIVISION HIGHLIGHTS

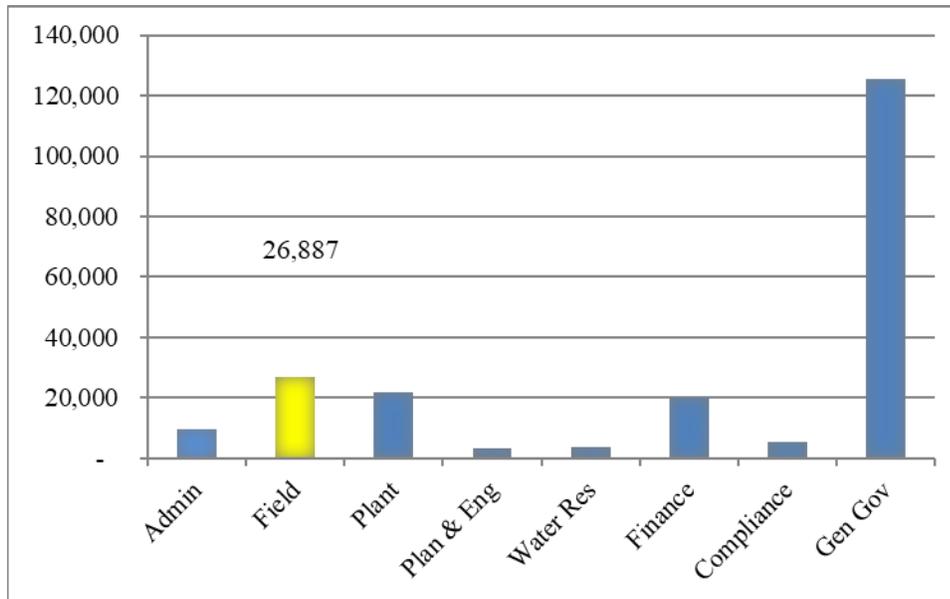
Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY18. The Operations groups have completed documentation for shift procedures and standard operating procedures and are implementing and measuring key performance indicators. In addition, we will continue to implement mobile technology to document and complete work assignments in the various groups including field operations. Field operations has developed and submitted a five year “strategic plan” to guide its operational goals and objectives.

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.

Water Distribution Field will begin implementation of the Maximo version upgrade and integration, training, and sustained use of hand-held electronic data recording devices. In FY18, the division will evaluate maintenance reduction potential by eliminating select redundant/inoperable pressure reducing valves monitored with AMR technology.

FIELD DIVISION – EXPENSES BY DEPARTMENT

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



Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Apr 18/ Rev 17 Chg
Water Distribution						
Personnel	9,097	10,021	10,021	9,814	10,302	281
Operating	9,033	9,209	9,193	8,637	9,209	16
Capital	835	668	684	684	618	(66)
Total	18,965	19,898	19,898	19,134	20,129	231
Collections						
Personnel	4,976	5,257	5,257	5,268	5,518	261
Operating	1,296	1,223	1,223	1,272	1,240	17
Capital	10.00	-	-	-	-	-
Total	6,281	6,480	6,480	6,540	6,758	278
Total Division	25,246	26,378	26,378	25,674	26,887	509
Staffing (FTE)	182	185	185	185	186	1

PLANT DIVISION – OVERVIEW

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 70-75% 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 17 well fields located throughout the metropolitan area. Total well production capacity is approximately 294 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 245 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.

PLANT DIVISION – FY18 OBJECTIVES AND HIGHLIGHTS

FISCAL YEAR 2018 PLANT DIVISION OBJECTIVES

- Complete Ground Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 66% of all completed maintenance labor hours by the end of the 4th Quarter of FY18.
- Complete Surface Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 55% of all completed maintenance labor hours by the end of the 4th Quarter of FY18.
- 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; continue implementing action plans from the self-assessments through the end of the 4th Quarter of FY18.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY18.
- Beneficially reuse biosolids by diverting 30% of the biosolids to compost through the end of the 4th Quarter of FY18.
- Complete Waste Water Plant Preventive Maintenance to Corrective Maintenance ratio to at least 60% of all completed maintenance labor hours by the end of the 4th Quarter of FY18.
- Continue work on the Partnership for Clean Water program for the water reclamation treatment to optimize system operations and performance; submit a self-assessment to AWWA by the end of the 4th Quarter of FY18.
- Complete the standard operating procedures for the groundwater facilities by the end of the 4th Quarter of FY18.

FISCAL YEAR 2018 PLANT DIVISION HIGHLIGHTS

The operational cornerstone of *Water 2120* 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 nine 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. A video documenting this success is available for viewing at: <https://www.youtube.com/watch?v=Z6stQZw2L1M&feature=youtu.be>

Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY18. 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.

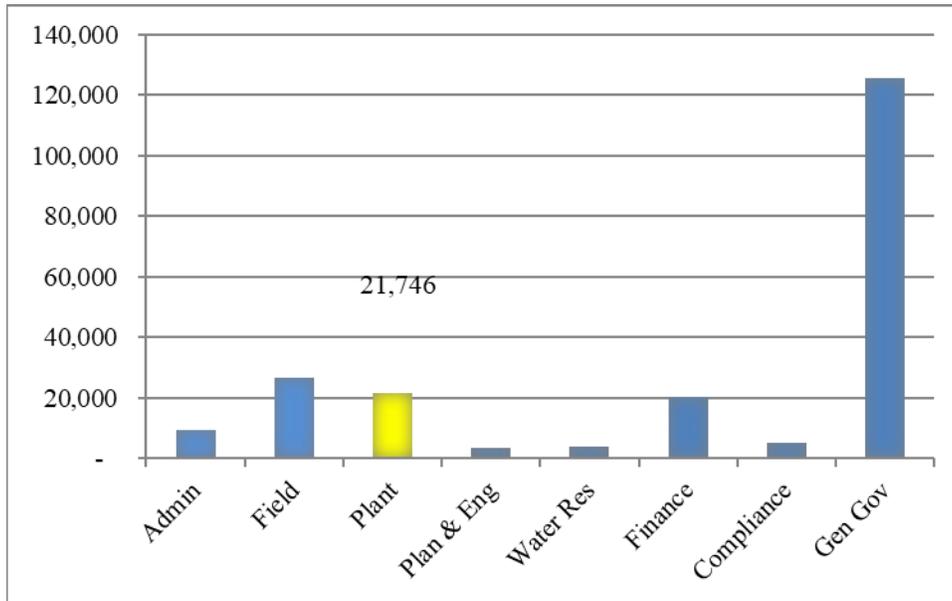
The Water Authority will continue to operate two potable water supply systems, the surface water and the ground water systems. This dual system operation will continue into the future with the primary source of supply being treated surface water from the DWP. The DWP provided 66% of all water distributed to Water Authority customers in calendar year 2016. 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.

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.

PLANT DIVISION – EXPENSES BY DEPARTMENT

Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost and sell at least 30% of the total quantity of bio-solids.

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



Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Appr 18/ Rev 17 Chg
Drinking Water						
Personnel	6,846	7,477	7,527	7,237	7,897	369
Operating	2,151	2,212	2,212	2,163	2,169	(43)
Capital	-	-	-	-	-	-
Total	8,996	9,689	9,740	9,400	10,066	326
WW & Biosolids Mgmt.						
Personnel	8,044	8,281	8,230	7,939	8,549	319
Operating	3,213	3,111	3,111	2,801	3,131	20
Capital	33	20	20	7	-	(20)
Total	11,291	11,412	11,361	10,747	11,680	319
Total Division	20,287	21,101	21,101	20,147	21,746	645
Staffing (FTE)	179	175	176	176	176	-

PLANNING & ENGINEERING – OVERVIEW, FY18

OBJECTIVES & HIGHLIGHTS

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 2018 PLANNING & ENGINEERING OBJECTIVES

- Continue 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 FY18.
- 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 FY18.
- Expend \$52 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 FY18. \$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 FY18.
- Update the Comprehensive Asset Management Plan to determine the condition and criticality of the utility's assets by the end of the 4th Quarter of FY18.
- Develop a vehicle asset management plan to better plan for capital replacement of vehicles by the end of the 4th Quarter of FY18.
- Finalize odor control measures at the Southside Water Reclamation Plant and prepare implementation plan and report to the Board by the end of the 1st Quarter of FY18.
- Implement landscape and sidewalk improvements along 2nd Street at the Southside Water Reclamation plant by the end of the 4th Quarter of FY18.
- Coordinate with Bernalillo County for funding to complete design and planning for the Los Padillas water system (South Valley Drinking Water Project Phase 7b). Apply for grant funding for construction of the water distribution system.

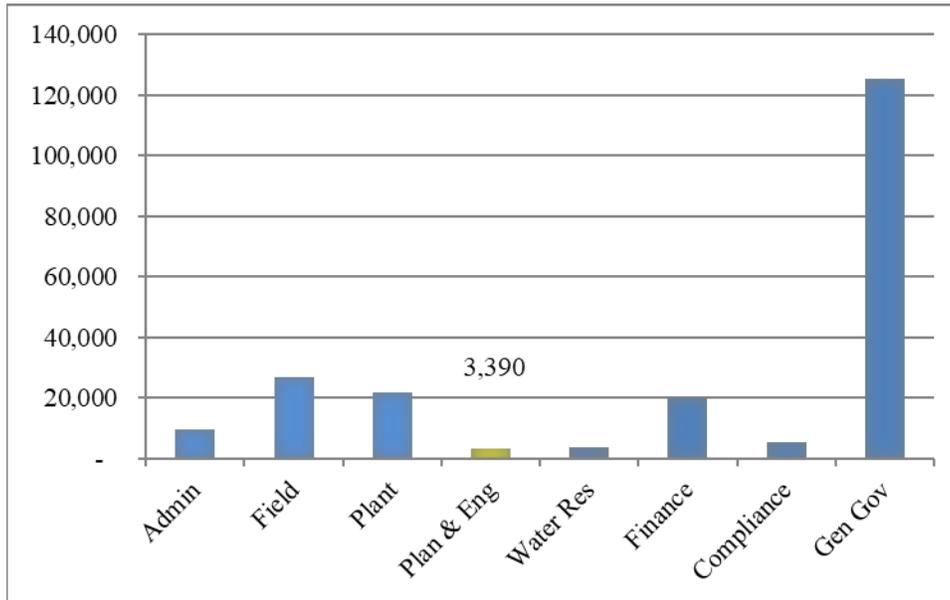
FISCAL YEAR 2018 PLANNING & ENGINEERING HIGHLIGHTS

Planning & Engineering will complete the draft Guide to Development, begin development of Water Authority construction standards, and develop a business case of in-house vs. consultant design services to streamline processes and maintain a high standard of quality.

The division oversees the Water Authority's Capital Improvement Program (CIP) program. The approved appropriation for FY18 is \$64.6 million. \$52.0 million is appropriated for the level one priority basic capital programs, \$6.0 million for growth related projects, and \$6.6 million is appropriated for special projects. The \$6.6 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$3.2 million for specific pipeline rehab projects.

PLANNING & ENGINEERING – EXPENSES BY DEPARTMENT

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



Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Appr 18/ Rev 17 Chg
Central Engineering						
Personnel	1,573	1,775	2,045	1,855	2,285	240
Operating	94	60	60	49	60	-
Capital	21	-	-	-	-	-
Total	1,688	1,835	2,105	1,905	2,345	240
1 Stop Shop						
Personnel	228	417	417	459	423	6
Operating	26	12	12	10	12	-
Capital	-	-	-	-	-	-
Total	254	429	429	469	435	6
Maps/Records						
Personnel	371	432	432	427	452	20
Operating	58	110	110	70	110	-
Capital	-	-	-	-	-	-
Total	429	542	542	497	562	20
Arsenic Removal						
Personnel	-	-	-	-	-	-
Operating	-	48	48	-	48	-
Capital	-	-	-	-	-	-
Total	-	48	48	-	48	-
Total Division	2,372	2,854	3,124	2,871	3,390	266
Staffing (FTE)	23	23	24	24	26	2.0

Note: In FY16, Planning & Engineering and Water Resources divisions were combined in one division, Water Resources Management. For ease of viewing in this section, the FY16 actuals are shown in the separate divisions.

WATER RESOURCES – OVERVIEW, FY18 OBJECTIVES & HIGHLIGHTS

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 2018 WATER RESOURCES OBJECTIVES

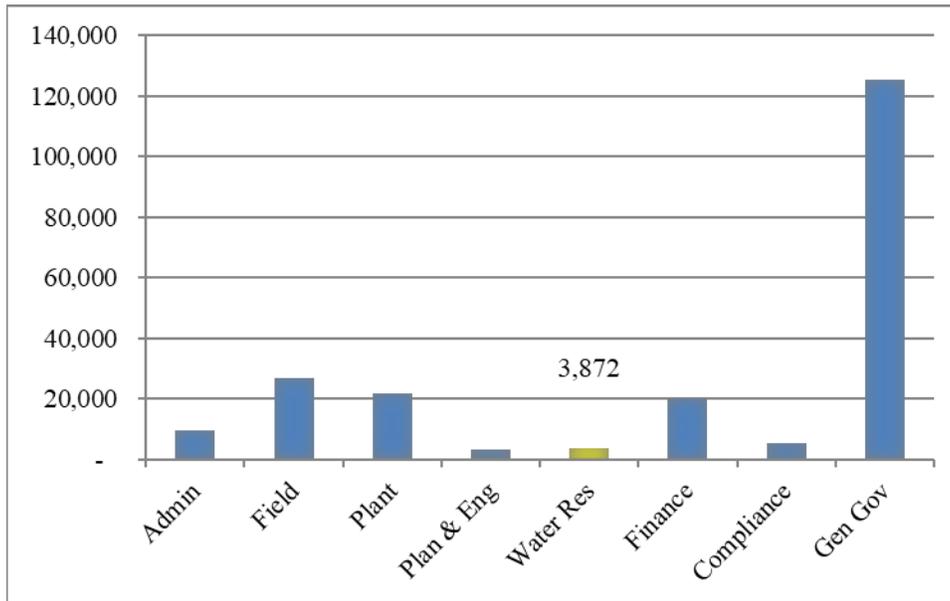
- Maintain water use between 127 to 132 gallons per capita per day through the end of the 4th Quarter of FY18.
- Begin operation of the Large Scale Aquifer Storage and Recovery Demonstration Project and evaluate the project's progress through the end of the 4th Quarter of FY18.
- Establish a monitoring/tracking program for conservation education outreach to service area residents by the end of the 1st Quarter of FY18.
- Continue to implement Water 2120 and prepare a new water conservation plan and aquifer monitoring plan and report to the Board by the end of the 3rd Quarter of FY18. Prepare and present the environmental plan to the Board by the end of the 4th Quarter of FY18.
- 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 FY18.

FISCAL YEAR 2018 WATER RESOURCES HIGHLIGHTS

Water Resources will expand and develop their education series by offering new classes, online videos, and workshops. In conjunction with the expanded education effort, the division will also be redesigning the rebate programs. Water Resources staff will participate in a UNM study on public knowledge and perceptions of reuse, begin developing a Reuse Plan, and permitting and building expansions to the reuse system. As part of the Aquifer Monitoring Plan, staff will establish a monitoring network and report on water levels every five years.

WATER RESOURCES – EXPENSES BY DEPARTMENT

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



Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Appr 18/ Rev 17 Chg
Water Resources Planning						
Personnel	435.45	535.48	265.47	257.55	542	277
Operating	456.73	491.52	491.52	383.64	1,349	857
Capital	-	-	-	-	-	-
Total	892	1,027	757	641	1,891	1,134
Conservation						
Personnel	732	869	837	789	465	(371)
Operating	2,108	2,040	2,040	2,075	1,282	(758)
Capital	-	-	-	7	-	-
Total	2,840	2,909	2,876	2,870	1,747	(1,129)
Groundwater Protection						
Personnel	47	180	180	25	183	2
Operating	25	151	151	56	51	(99)
Capital	-	-	-	-	-	-
Total	72	331	331	81	234	(97)
Total Division	3,804	4,267	3,964	3,592	3,872	(92)
Staffing (FTE)	16	16	13	13	11	(2.0)

Note: In FY16, Planning & Engineering and Water Resources divisions were combined in one division, Water Resources Management. For ease of viewing in this section, the FY16 actuals are shown in the separate divisions.

FINANCIAL/BUSINESS SERVICES -OVERVIEW, FY18 OBJECTIVES

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 2018 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Improve customer satisfaction and operational efficiency in achieving the four call-center targets through the 4th Quarter of FY18: 1) Average Wait Time of less than 1:30 minutes; 2) Average Contact Time of less than 4 minutes; 3) Abandoned Call Ratio of less than 5; and 4) First Call Resolution of greater than 90%.
- Improve customer satisfaction by achieving a billing accuracy ratio of less than 8 through the 4th Quarter of FY18.
- Implement 'Project Round Up' assistance program to assist area families facing difficulty paying their utility bills by the end of the 2nd Quarter of FY18. For this program, customers' monthly utility bills are rounded up to the next highest dollar with donations routed to a third party.
- Evaluate all credit card payment transactions and provide recommendations for determining methods for reducing transaction fees by the end of the 3rd Quarter of FY18.
- 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 FY18.
- Complete installation of redundant network paths to all utility locations in order to reduce down time and increase efficiencies across all business units by the end of the 4th Quarter of FY18.
- Plan, assess, and upgrade SunGard enterprise financial system and complete the open enrollment module by the end of the 4th Quarter of FY18.
- Complete the upgrade to Maximo comprehensive asset management system to effectively and efficiently record and manage the maintenance and operation of the utility's assets by the end of the 1st Quarter of FY18. Begin planning for Phase 2 of procurement and full cost accounting by the end of the 4th Quarter of FY18.
- Complete Phases 1 and 2 of upgrading the CC&B billing application by the end of the 4th Quarter of FY18.
- Evaluate the utility's procurement code and implement best practices in updating purchasing policies and procedures by the end of the 4th Quarter of FY18.
- Evaluate the methodology of the Water Supply Charge and integrate the new rates into the Rate Ordinance by the end of the 4th Quarter of FY18.

FINANCIAL/BUSINESS SERVICES – FY18 HIGHLIGHTS

FISCAL YEAR 2018 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

Finance will submit to GFOA the FY18 Approved Budget for the Distinguished Budget Presentation Award, the FY17 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY17 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.

In FY18, Accounting Services will complete an Accounts Payable Policy and Procedures document, bring risk cost analysis in-house, and to comply with the Debt Post Issuance Compliance Policy, an Arbitrage Compliance Service will be contracted to review the debt issuances.

Purchasing will revise procurement boilerplate documents and processes to adopt best practices and increase efficiency and effectiveness of the Purchasing Office. Processes to be addressed include: sole source and exempt procurement processes, formal bid and proposal instructions, terms and conditions, and contracts, purchasing violation documentation, and property disposition. The Purchasing Office will also be improving communication mechanisms for status of procurement and availability of materials and services, completing the Warehouse Ordering and Payment Policies and Procedures document, and overseeing the Maximo implementation of purchasing and warehouse related functions.

Budget will continue to provide budget and ERP system training to utility staff and schedule monthly budget update meetings with staff.

Treasury will optimize management of Water Authority funds while implementing the investment strategy, complete asset tracking and develop procedures supporting annual inventories, and work with fiscal agent and other Authority staff to develop a “round up” program for utility bills to fund a low income payment assistance program.

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 work together to implement the Clevest mobile workforce management system, which provides 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 is 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 a major upgrade to the CC&B system in FY18. Customer Services Field Operations will continue working on the Automated Meter Infrastructure project which will move provide a 50% saturation of automated meters in the service area by the end of FY18.

The upgrade and implementation of the CMMS system, Maximo, will “go live” during the 1st Quarter of FY18. 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

FINANCIAL/BUSINESS SERVICES – FY18 HIGHLIGHTS

improved asset management functions and cost savings. Planning for Phase II of the Maximo project, which includes procurement and full cost accounting will begin in December 2017.

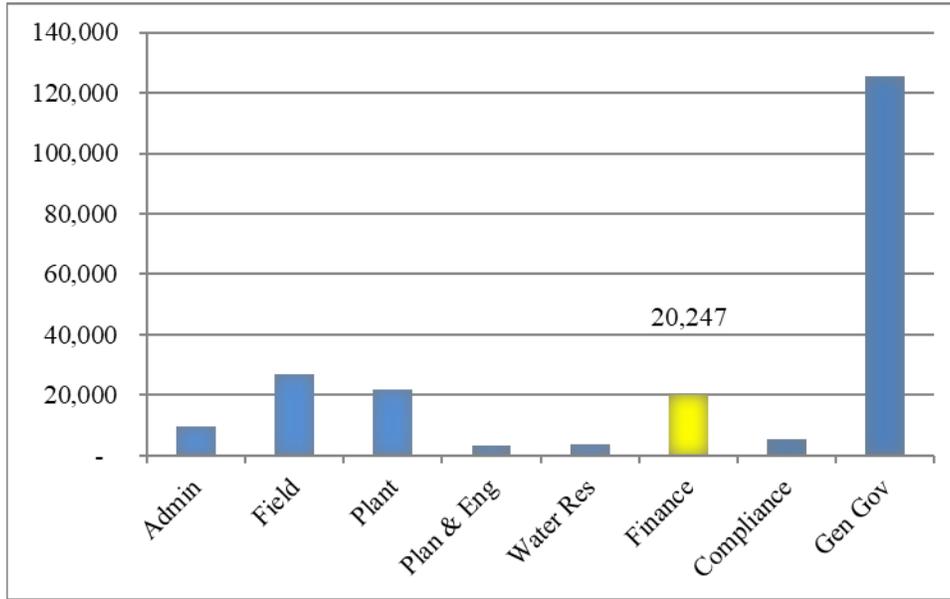
ITD will also continue to support and provide upgrades to SunGard, the financial/HR/payroll system, Cognos reporting, and Kronos, the enterprise timekeeping system.

In FY18, ITD will work towards building additional redundancy for IT systems, the enterprise network, and telephony services that are critical to being an efficient utility. ITD will also continue to build out its Service Desk functions including additional workflows for automatic routing and incident reporting provided to application owners for reporting.

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

FINANCIAL/BUSINESS SERVICES – EXPENSES BY DEPARTMENT

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



Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Apr 18/ Rev 17 Chg
Finance						
Personnel	2,659	2,820	2,704	2,582	2,748	44
Operating	1,158	1,240	1,240	1,312	1,256	16
Capital	-	-	-	-	-	-
Total	3,817	4,060	3,944	3,894	4,004	60
Customer Services						
Personnel	6,077	6,257	6,290	6,186	6,435	145
Operating	2,662	2,677	2,677	2,387	2,677	-
Capital	-	-	-	15	-	-
Total	8,739	8,934	8,967	8,587	9,112	145
Information Technology						
Personnel	2,785	3,133	3,249	3,128	3,300	51
Operating	3,275	3,831	3,831	3,945	3,831	-
Capital	-	-	-	-	-	-
Total	6,059	6,964	7,080	7,072	7,131	51
Total Division	18,616	19,958	19,991	19,553	20,247	256
Staffing (FTE)	146.5	147.5	148.5	148.5	147.5	(1.0)

COMPLIANCE – OVERVIEW & FY18 OBJECTIVES

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 2018 COMPLIANCE OBJECTIVES

- 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 FY18. 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.
- 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 FY18.
- 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

COMPLIANCE – FY18 OBJECTIVES AND HIGHLIGHTS

- reported late (turnaround time (TAT)). Maintain performance levels at FY15 levels. Compare to industry benchmarks.
- 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. Use the collected data to update the laboratory prices.
- 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 FY18.
- 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 FY18.
- Prepare for the American Association for Laboratory Accreditation (A2LA) annual assessment of the Water Quality Laboratory including completing required internal audits and annual review and revision of Standard Operating Procedures. Monitor and report findings each Quarter of FY18, along with progress made to address and resolve any deficiencies identified in the preceding quarter. Monitor and report weekly, monthly, and quarterly the number of Corrective Action Reports and the necessary time for completion of corrective actions.
- Gather and report on external subcontract laboratory costs that are processed by the Water Quality Lab (WQL). Improve how the WQL manages BR numbers from purchasing and sample ids generated in LabVantage and the corresponding invoices received from the external subcontract laboratories. Utilize the existing Compliance Division 'Database of Compliance' (DOC), and make available the cost of external subcontract laboratory analysis for reporting in COGNOS.
- Develop an incident and change management process for the Compliance Division Information Services using the cloud based Office 365 platform. The process will be used to track change request for information services such as LabVantage and the DOC. This involves creating automated workflows and interfaces between a variety of Office 365 applications including but not limited to Outlook, SharePoint, and OneDrive. Additional processes will be developed to track client inquiries for the WQL, and customer comments/complaints for the other Compliance Division programs.
- Monitor for Pharmaceuticals and Personal Care Products (PPCPs) in the source water, drinking water and wastewater. Compare PPCP concentrations before and after drinking water and wastewater treatment. Report the findings of this voluntary monitoring by the end of the 4th Quarter of FY18. Compare the results to historical monitoring performed in 2009-2010.

FISCAL YEAR 2018 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.

In the NPDES program, FY18 will bring recommendations to incorporate the septage rates into the rate ordinance and evaluate the rates. These rates have not changed in over 5 years. The program will also complete revisions to the Cross Connection Control Ordinance. The current version of the ordinance needs refining to remove ambiguity and improve clarity.

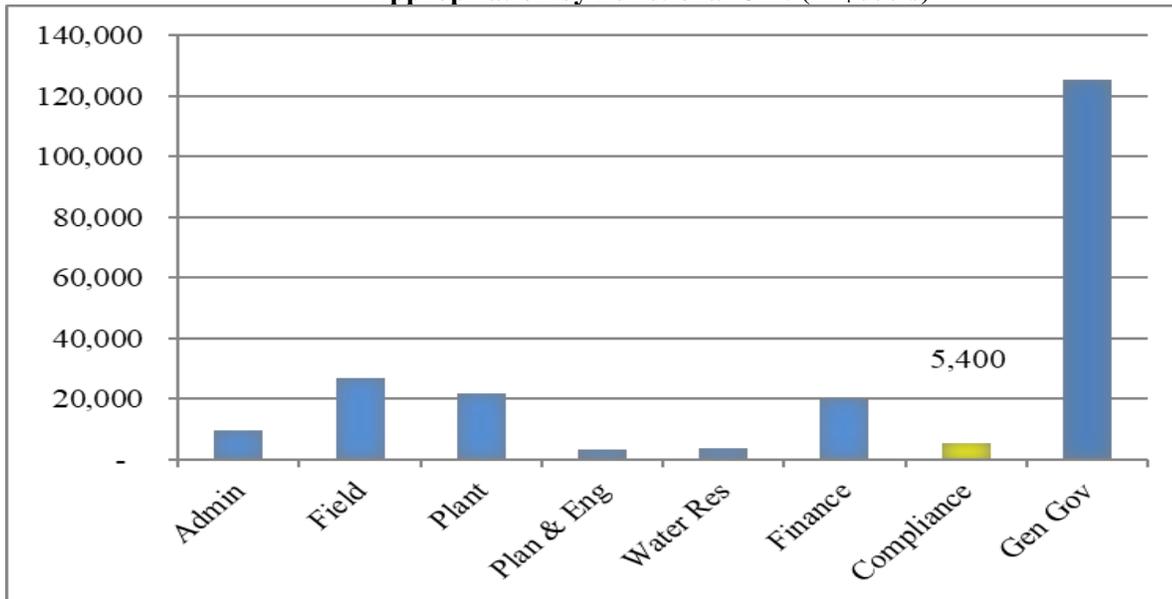
COMPLIANCE – FY18 HIGHLIGHTS

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.

Leadership skills and training will be developed within the division by attending various training programs and subscribing to webinar sessions sponsored by AWWA.

COMPLIANCE – EXPENSES BY DEPARTMENT

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



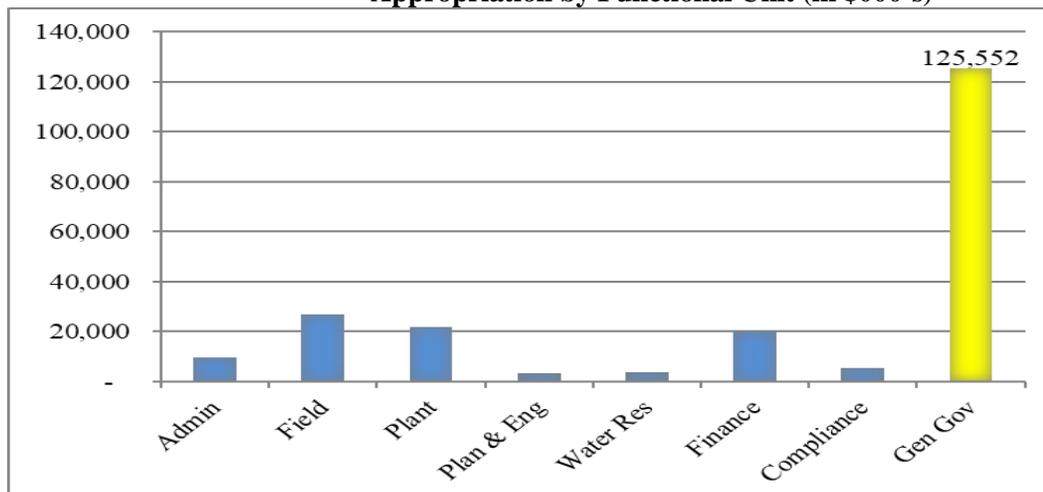
Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Appr 18/ Rev 17 Chg
Laboratory						
Personnel	1,717	1,846	1,815	1,653	1,895	81
Operating	287	458	458	196	458	-
Capital	37	-	-	14	-	-
Total	2,041	2,304	2,272	1,863	2,353	81
NPDES						
Personnel	1,206	1,504	1,504	1,338	1,522	18
Operating	71	147	147	98	147	-
Capital	-	-	-	-	-	-
Total	1,277	1,651	1,651	1,436	1,669	18
Water Quality						
Personnel	725	840	840	780	904	64
Operating	335	474	452	412	474	22
Capital	-	-	22	21	-	(22)
Total	1,060	1,314	1,314	1,213	1,378	64
Total Division	4,378	5,269	5,237	4,513	5,400	163
Staffing (FTE)	46	45.5	44.5	44.5	44.5	-

GENERAL GOVERNMENT – OVERVIEW & EXPENSES BY DEPARTMENT

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)



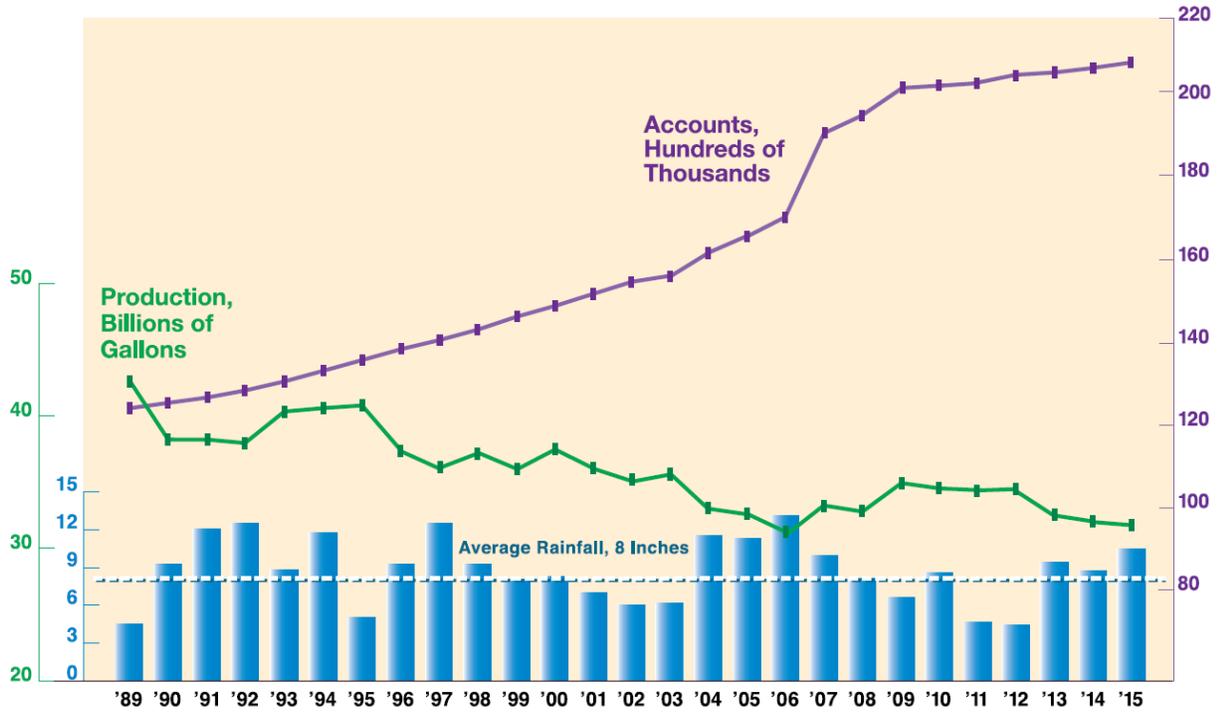
Expenses by Department (\$000's)	Audited FY16	Original Budget FY17	Revised Budget FY17	Estimated Actual FY17	Approved Budget FY18	Appr 18/ Rev 17 Chg
Power & Chemicals						
Personnel	-	-	-	-	-	-
Operating	18,790	18,482	19,982	19,940	19,982	-
Total	18,790	18,482	19,982	19,940	19,982	-
Taxes						
Personnel	-	-	-	-	-	-
Operating	8,397	8,768	8,768	8,666	9,292	524
Total	8,397	8,768	8,768	8,666	9,292	524
Overhead						
Personnel	990	1,320	1,005	864	1,499	494
Operating	1,077	803	1,118	873	904	(214)
Total	2,067	2,123	2,123	1,737	2,403	280
Total Program	29,254	29,373	30,873	30,344	31,677	804
Staffing (FTE)	9	7	7	7	7	0
San Juan Chama						
Personnel	-	-	-	-	-	-
Operating	2,226	2,247	2,247	2,378	2,247	-
Total	2,226	2,247	2,247	2,378	2,247	-
General Government						
Transfers/Other Funds	81,160	87,842	87,842	87,842	91,628	3,786
Total Division	112,640	119,462	120,962	120,564	125,552	4,590

REVENUE OUTLOOK

*Approved
Operating Budget
FY18*

WATER USAGE 1990 - 2016

Water Usage 1989-2015



RATE STRUCTURE & MAJOR REVENUE SOURCES

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.

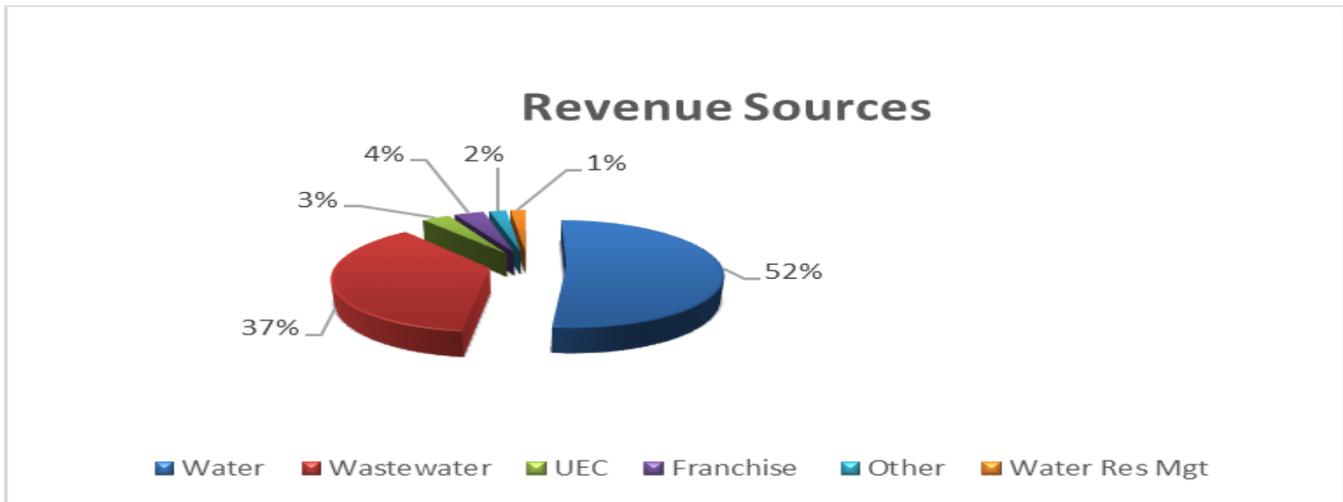
Major Revenue Sources

Water Sales (\$123.4 million, 52% of total revenue). The Water System provides water services to approximately 670,779 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 208,140 accounts, including 186,301 residential and 21,839 multi-family, commercial, institutional and industrial accounts. Approximately 50% of the water sales are for residential uses.

Wastewater (\$88.4 million, 37% 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 (\$8.6 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.



REVENUE – GENERAL FUND – 21

FISCAL YEAR 2016 ACTUAL REVENUES AND FISCAL YEAR 2017 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 FY16, budgeted revenues and estimated actuals for FY17, and budgeted revenue for FY18. The second table, Debt Service Fund 31, provides for the same comparison as the other table.

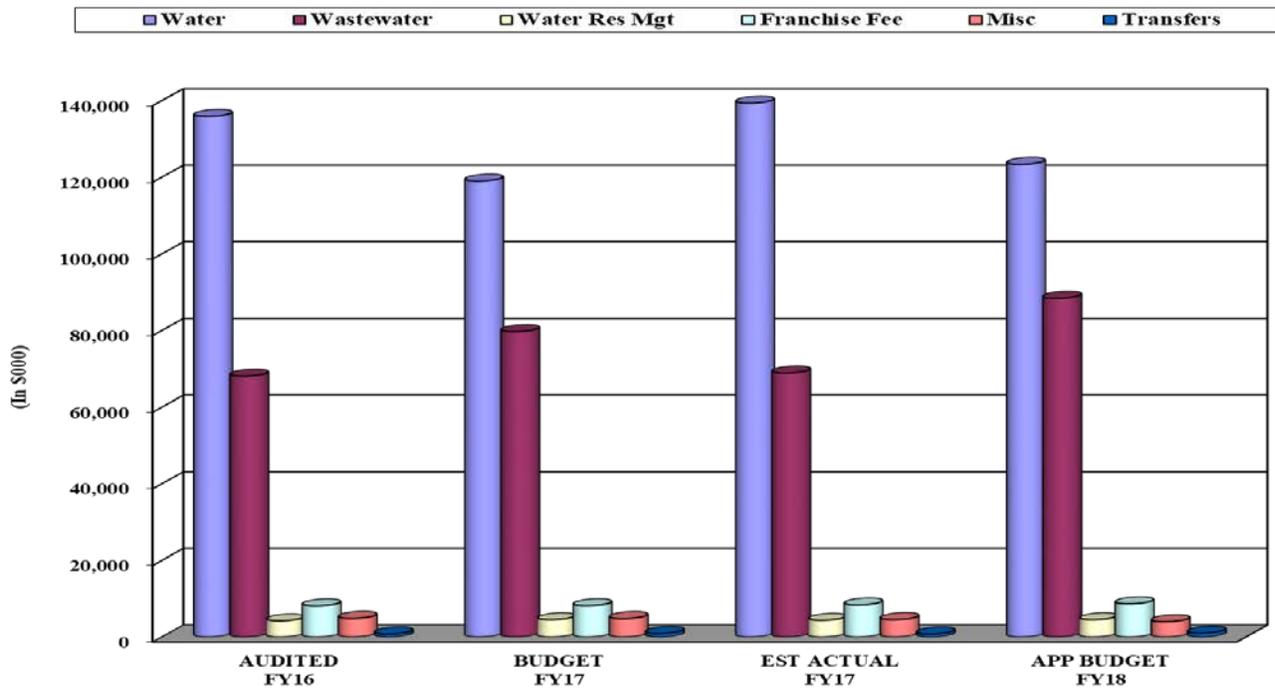
REVISED FISCAL YEAR 2017 REVENUE ESTIMATES

Total Water Authority operating fund revenues for FY17 are anticipated to be \$226.3 million or \$4.4 million above FY16. This is an increase of 2.0% over FY16 and is projected to be above the approved FY17 budget level by \$9.3 million. 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 2018

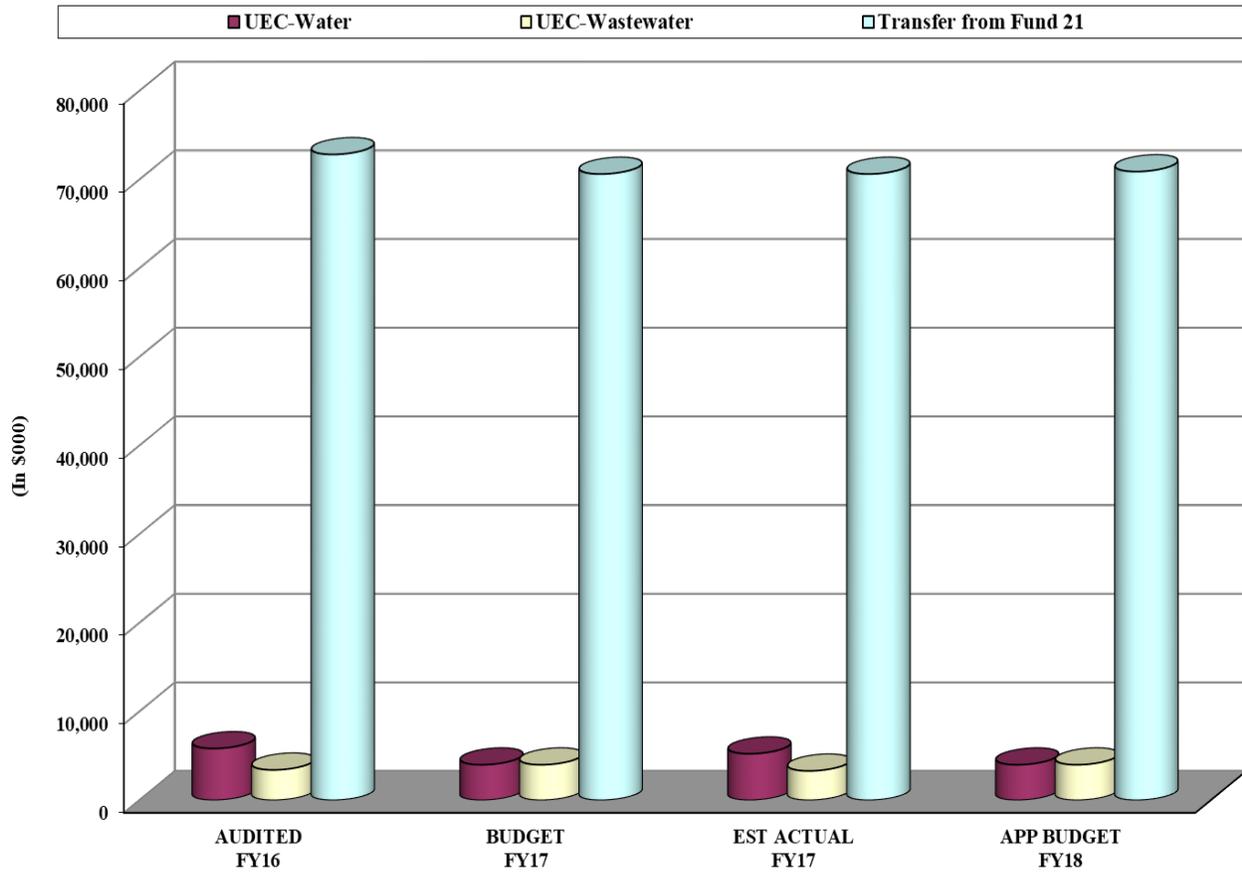
Budgeted total Water Authority Operating Revenues for FY18 are \$229.9 million representing an increase of \$12.9 million above the budgeted FY17 amount. Revenue in the Debt Service Fund increases \$280,000 in FY18 due to increases in the revenue received from the transfer from the General Fund.

REVENUE – GENERAL FUND – 21



(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Rate Revenues:						
Water Service	103,597	87,677	87,677	104,441	90,578	2,901
Water Facilities Rehab	31,805	30,902	30,902	34,518	32,402	1,500
Wastewater Service	41,103	54,124	54,124	41,443	62,829	8,705
Wastewater Facilities Rehab	26,975	25,562	25,562	27,457	25,562	-
Contr/Aid/Hookups	434	375	375	388	375	-
Water Resources Management	4,222	4,500	4,500	4,363	4,500	-
Total Rate Revenue	208,136	203,140	203,140	212,610	216,246	13,106
Other Revenues:						
Solid Waste Admin Fee	1,339	1,401	1,401	1,401	1,480	79
DMD Admin Fee	-	349	349	349	348	(1)
PNM Pass-Thru	326	-	-	(1)	-	-
CIP Funded Positions	792	921	921	793	1,014	93
Interest on Investments	155	100	100	86	100	-
Miscellaneous Revenue	3,052	2,970	2,970	2,700	2,077	(893)
Total Other Revenue	5,665	5,741	5,741	5,328	5,019	(722)
Total Rate and Other Revenues	213,801	208,881	208,881	217,938	221,265	12,384
Franchise Fees:						
Franchise Fee: City	7,337	7,380	7,380	7,576	7,857	477
Franchise Fee: Valley	652	649	649	670	691	42
Franchise Fee: Rio Rancho	1	1	1	1	1	-
Franchise Fee: Los Ranchos	81	81	81	86	86	5
Total Franchise Fees	8,072	8,111	8,111	8,333	8,635	524
Total Current Resources	221,872	216,992	216,992	226,271	229,900	12,908
Beginning Working Capital Balance	(8,722)	6,356	6,356	6,356	13,667	7,310
TOTAL RESOURCES	213,151	223,348	223,348	232,627	243,567	20,219

REVENUE – DEBT SERVICE FUND – 31



DEBT SERVICE FUND 31

(\$000's)	AUDITED FY16	ORIGINAL BUDGET FY17	REVISED BUDGET FY17	ESTIMATED ACTUAL FY17	APPROVED BUDGET FY18	APPR 18/ REV 17 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	9,257	8,000	8,000	8,546	8,000	-
Total Miscellaneous Revenues	9,257	8,000	8,000	8,546	8,000	-
Transfer from Other Funds:						
General Fund - 21	72,842	70,628	70,628	70,628	70,908	280
Total Transfers	72,842	70,628	70,628	70,628	70,908	280
Total Current Resources	82,099	78,628	78,628	79,174	78,908	280
Beginning Fund Balance	48,798	54,576	54,576	54,576	52,467	(2,110)
TOTAL RESOURCES	130,897	133,204	133,204	133,750	131,375	(1,830)

ECONOMIC OUTLOOK

The following is based on the January 2017 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 GDP is stronger than its previous forecast with the differences sharpest for 2018. GDP is expected to grow by 2.3% in 2017 and 2.6% in 2018.

The key assumptions include:

- Federal funds rate of 1.50% by the end of 2017, 2.25% by end-2018 and 3.00% by end-2019. Higher rates will result in a 3.2% appreciation of the trade-weighted dollar by end-2017.
- GDP growth among major-currency trading partners averaging 1.7% annually from 2017 through 2027. GDP growth among other trade partners will average 3.5% over the same period.
- Oil prices to average \$53.20/barrel in 2017, 23% higher than the 2016 average; \$55.65/barrel in 2018, increasing an average of \$7/barrel over the final five years of the forecast.

Inflation measured by the Consumer Price Index for All Urban Consumers SAAR, has generally been subdued. Inflation will stay tame but above 2.0% in the near term; after coming in nearly flat in 2015 and only increasing 1.3% in 2016. Global Insight projects that prices will rise 2.5% in 2017, 2.1% in 2018 and then around 2.6% annually through 2022. Personal income growth came in at 4.4% in 2015, growth slowed significantly to 3.5 in 2016. Weak growth is due to slow growth of investment income and continued softness of wage and salary growth. Income growth should bounce back to 4.6% in 2017 and accelerate to 5.2% in 2018 and 2019.

Pessimistic Scenario

The pessimistic scenario is assigned a probability of 20%. In this scenario, GDP expands 1.3% in 2017, before contracting 1.1% in 2018, resulting from strained trade relations. Consumer spending gains momentum 2.3% in 2017, before slowing to 0.5% growth in 2018 as economy stumbles. Consumer confidence plunges 25 points from third-quarter 2017 to a low in second-quarter 2018, which is below baseline. Brent crude oil shoots up past \$70 in mid-2017 as OPEC cuts oil production and cautious US produces increase production slightly. Modest demand-side growth sends headline inflation to a peak of 3.7 % in third-quarter 2017.

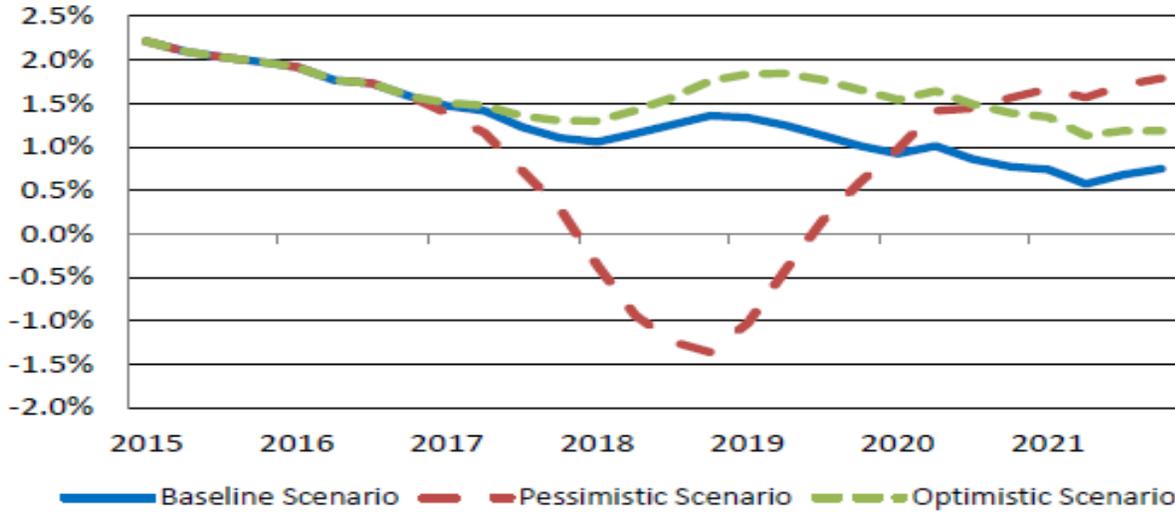
Optimistic Scenario

The optimistic scenario is assigned a probability of 15%. In this scenario, GDP growth of 2.8% in 2017 and then 3.4% in 2018. This is attributed to a potential boost in supply and demand side of the economy that the new presidential administration could create. Consumer spending climbs 3.2% in 2017 and 3.6% in 2018 thanks to higher incomes and lower inflation. Consumer confidence outperforms baseline for almost the entire forecast interval. And inflation (CPI) shows core prices rise, peaking at 3.0% in first-quarter 2019 and then falling steadily until 2022.

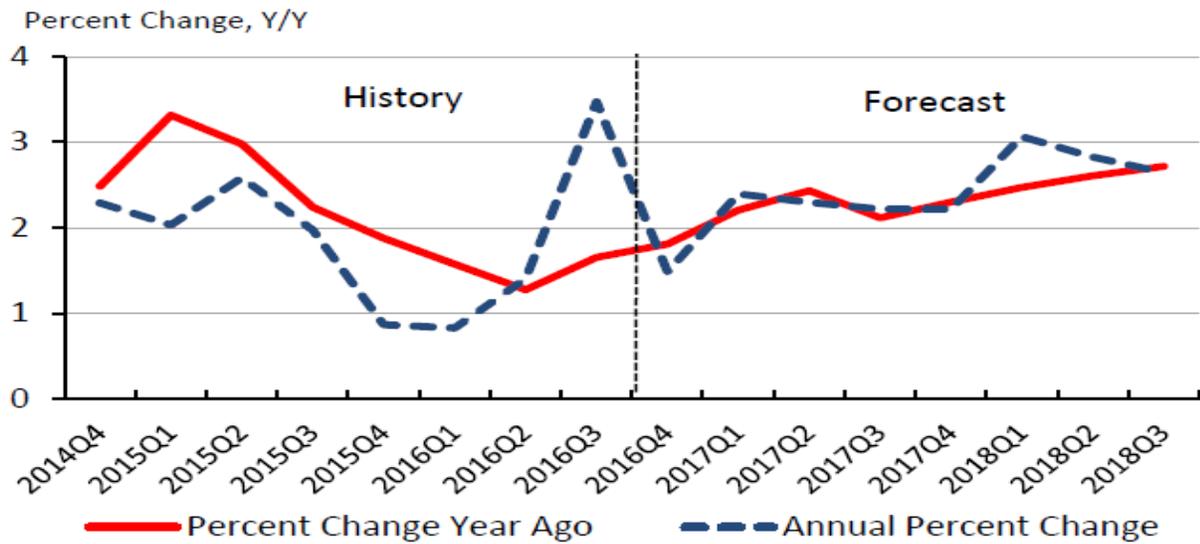
ECONOMIC OUTLOOK

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

US Total Employment Growth - 3 Scenarios

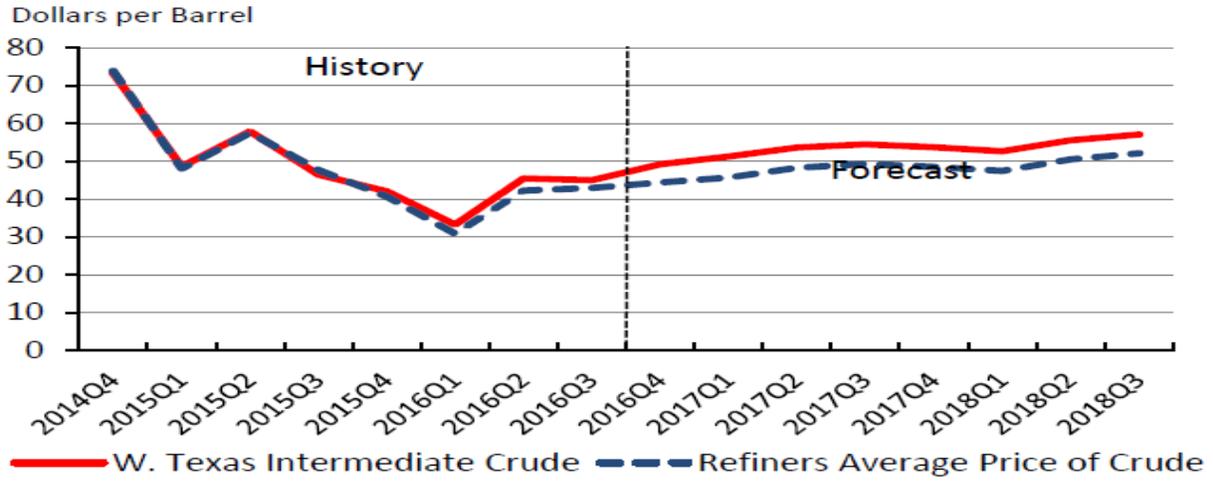


U.S. Real GDP Growth

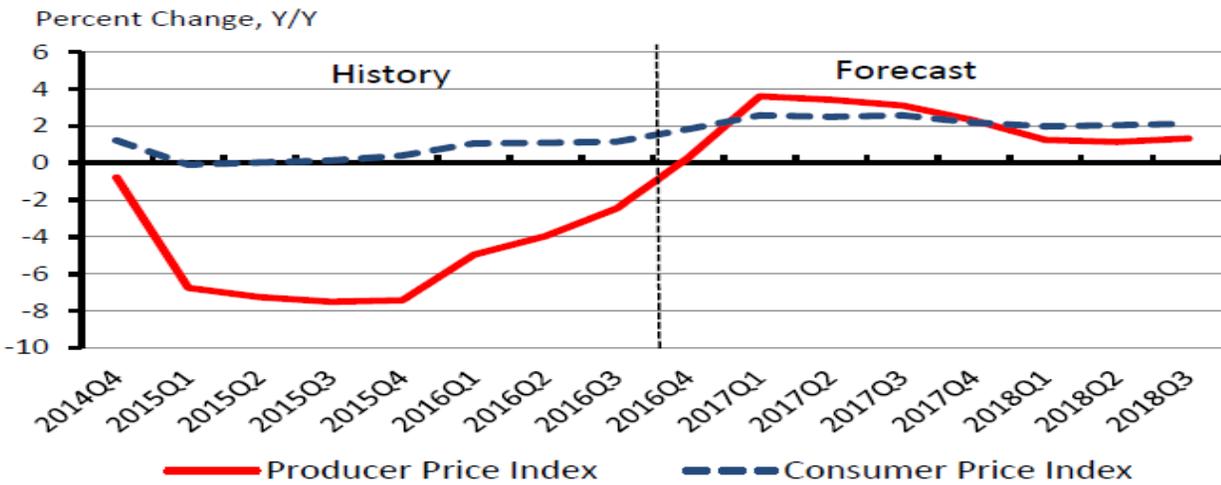


ECONOMIC OUTLOOK

Oil Prices



Inflation



ALBUQUERQUE ECONOMIC OUTLOOK

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 2017 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 slowing growth for the remainder of the year. In the third and fourth quarters of 2016, growth in the Metropolitan Statistical Area (MSA) slowed by 1.2%.

Moving forward to 2017, the total employment in the Albuquerque MSA is forecasted to advance 1.1%. The private sector is forecasted to add 1.8% for the year and the government sector, on the other hand, is expected to lose -0.5% in the year. Large contributors of growth include the healthcare and social assistance sector jobs with a 2.9% increase. BBER has slowed the growth in this sector due to the uncertainty related to the scale back of the Affordable Care Act.

The construction sector is forecasted to add 2.1% in 2017 for that sector's fifth consecutive year of job creation. In 2017 employment in this sector is only expected to average about 21,000 persons, which is below the 2006 peak of 32,000 persons. Construction was a sector that was hit harder than the rest, but it is slowly inching upwards.

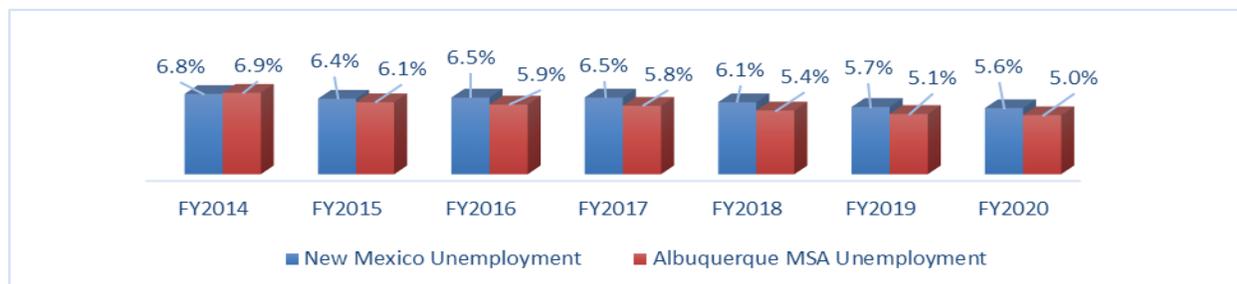
Accommodation and food services has been one of the consistent sectors since the start of the current recovery. This sector should expand for the seventh consecutive year by 1.8%. Administrative and waste services is projected to strengthen in 2017 due to call-center activity in the MSA.

Retail trade is projected to add jobs by 0.5%, which continuous its growth streak. 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, two of the three levels of government are expected to shed jobs. The largest hit will be in local government with a drop of -0.7%. These loses are due to cuts at the state-level, which also plan to drop in 2017 (-0.4%). Meanwhile, federal government will move sideways (0.1%), however that may change due to the new presidential administration's call to freeze federal hiring.

In the longer term, through 2022 the Albuquerque MSA economy is forecasted to add 25,392 jobs for 1.4% average annual growth (AAG). Most of the growth over the period will be concentrated in the private sector (1.6%), however, the government sector will also contribute (0.3%).

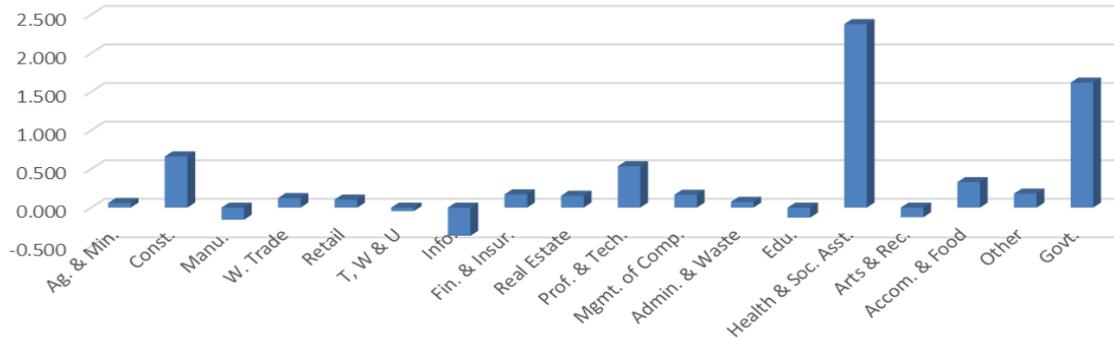
Unemployment Rate History and Forecasted



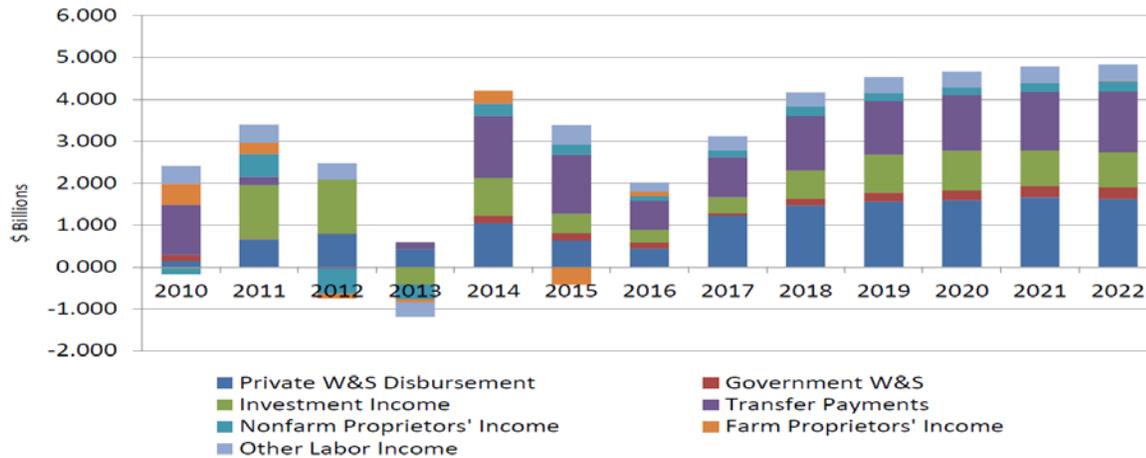
ALBUQUERQUE ECONOMIC OUTLOOK

ABQ Jobs Gained by Sector 2015:2 - 2016:2

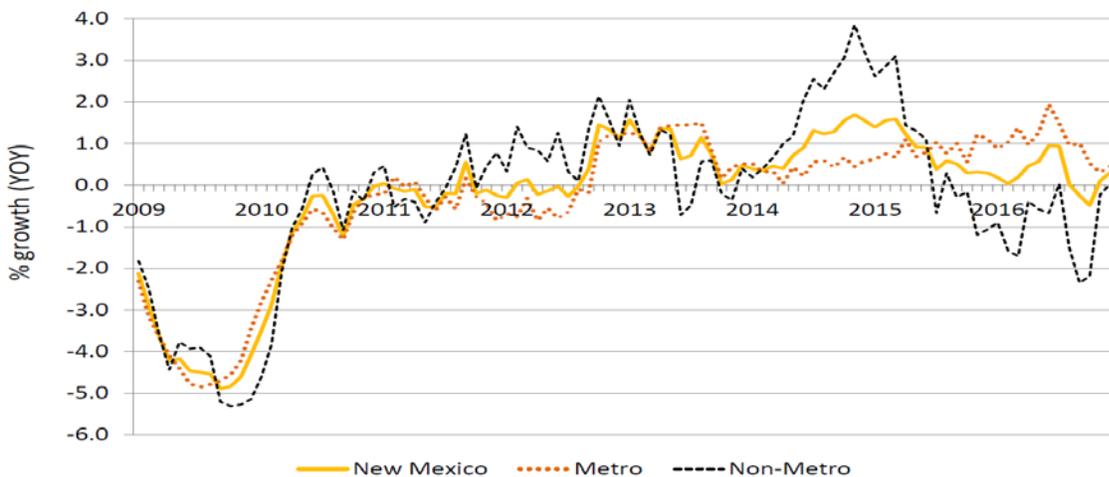
Thousands, Y/Y



Personal Income Growth, by Component, 2010-2022



Employment Growth by Geography, 2009-2016



ALBUQUERQUE ECONOMIC OUTLOOK

Housing & Construction

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 2018 and 2021. Total housing permits in 2017 are forecasted to grow by 126 (14.2%) permits over a year earlier to 1,015 permits, more than three-quarters of all permits to be issued are of the single-family variety (772 permits) and the remainder in multi-family. Thereafter, total permits are expected to number 1,287 in 2018, 1,539 in 2019, 1,697 in 2020, 1,948 in 2021 and 1,975 in 2022. In general, multi-family permits should make up 300 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 2022, this level will only equate to 40% of the previous peak reached in 2003 (5,716 total permits in that year).

Housing Permits – NM & Albuquerque Breakdown (Thousands)

	2015	2016	2017	2018	2019	2020
NM Total Housing Units	4.095	3.624	3.624	4.533	4.958	5.422
% Change Year Ago	-9.5	-11.5	0.4	24.6	9.4	9.3
NM Single-Family Housing Units	3.664	3.542	3.164	3.694	4.038	4.432
% Change Year Ago	6.4	-3.3	-10.7	16.7	9.3	9.7
NM Multi-Family Housing Units	0.431	0.082	0.473	0.839	0.920	0.990
% Change Year Ago	-60.1	-81.0	476.6	77.4	9.7	7.6
City of Albuquerque Total Housing Units	0.992	0.889	1.015	1.287	1.539	1.697
% Change Year Ago	-15.9	-10.4	14.2	26.8	19.6	10.3
City of Albuquerque Single-Family Housing Units	0.986	0.868	0.772	1.008	1.240	1.373
% Change Year Ago	12.9	-12.0	-11.1	30.6	23.0	10.7
City of Albuquerque Multi-Family Housing Units	0.006	0.021	0.243	0.279	0.299	0.325
% Change Year Ago	-98.0	243.7	1078.8	14.8	7.2	8.4

Following a near collapse in 2009 and 2010 and continued contraction through 2012, the construction sector posted three years of slow growth. The sector lost momentum in the second half of 2015 and posted weak gains in 2016. In 2017, gains in residential building in metro areas are likely to be largely offset by a slowdown in activity in oil-producing areas. For the long term, prospects in the construction sector will be partly determined by the scale of new infrastructure projects.

Construction Employment (Thousands)

	2015	2016	2017	2018	2019	2020
New Mexico Construction Employment	43.496	43.808	44.427	45.582	46.917	48.171
% Change Year Ago	1.7	0.7	1.4	2.6	2.9	2.7
Albuquerque MSA Construction Employment	19.881	20.486	20.924	21.556	22.228	22.922
% Change Year Ago	1.7	0.7	1.4	2.6	2.9	2.7

CAPITAL BUDGET

*Approved
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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



San-Juan Chama Drinking Water Plant

funding is obtained through revenue bond or loan financing.

The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program.

System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to 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.

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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 2018 is the first year of the two-year planning element included in the FY18 – FY27 Decade Plan approved by the Board in June 2017.

The full plan is available to view on the Water Authority's website at the following link:
<http://www.abcwua.org/Finances.aspx>

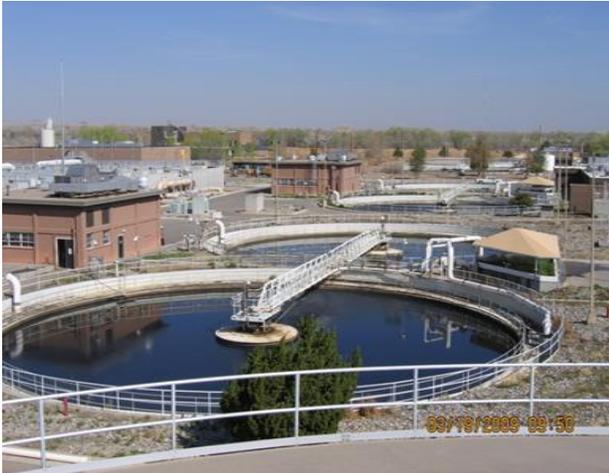
Operating Cost/Saving Impacts

The potential operating cost/saving impacts of the projects are listed on the Project Summary Sheets in the FY18 – FY27 Decade Plan.

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

Ref. No.	Project Description	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	TOTAL
Basic Programs												
100	Sewer Pipelines	\$4,750	\$6,950	\$9,375	\$11,000	\$15,000	\$16,690	\$18,115	\$19,660	\$18,925	\$20,750	\$141,215
200	Water Pipelines	8,550	7,550	5,050	6,050	10,050	10,050	12,050	27,050	25,050	28,050	139,500
300	SWRP	18,025	19,370	22,920	23,740	21,980	18,800	13,300	13,200	18,270	13,980	183,585
400	SAF	100	100	100	100	100	100	100	100	100	100	1,000
500	Lift & Vacuum Stations	4,150	3,150	3,050	3,100	3,050	3,050	3,050	3,050	3,125	3,050	31,825
600	Odor Control Facilities	750	750	250	250	250	250	250	250	250	250	3,500
700	DWP-Groundwtr	6,045	4,695	4,460	4,460	5,760	12,860	18,240	4,860	4,860	4,860	71,100
800	DWP-Treatment Reuse	1,470	4,910	5,290	7,960	3,435	790	450	350	850	350	25,855
900	Line/Plant	70	70	70	70	70	70	70	70	70	70	700
1000	Compliance Shared	595	195	195	195	195	195	195	195	195	195	2,350
1100	Renewal Franchise	1,495	1,060	1,090	1,125	1,160	1,195	1,230	1,265	1,305	1,345	12,270
1200	Agree. Hvy.	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
1300	Equipment	4,000	4,200	4,150	950	950	950	950	950	1,000	1,000	19,100
Basic Program Total		52,000	55,000	58,000	61,000	64,000	67,000	70,000	73,000	76,000	76,000	652,000
Special Projects												
9000	All Special Projects	6,600	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	36,750
Special Projects Total		6,600	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	3,350	36,750
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	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,000
3200	Miscellaneous	250	250	250	250	250	250	250	250	250	250	2,500
Growth Total		5,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	37,500
Grand Total		\$64,600	61,850	64,850	67,850	70,850	73,850	76,850	79,850	82,850	82,850	726,250

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Fiscal Year 2018 Water Authority Capital Improvement Program Budget

The FY18 capital program appropriation totals \$64.6 million. \$52.0 million is appropriated for the level one priority basic capital programs, \$6.0 million for growth related projects, \$6.6 million is appropriated for special projects.

The \$6.6 million for special projects is comprised of \$2.0 million for the Automated Meter Infrastructure (AMI), \$1.0 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$3.2 million for specific pipeline rehab projects. There are no appropriations in the proposed FY18 CIP budget for projects that will be funded with revenues from FY19 or later.

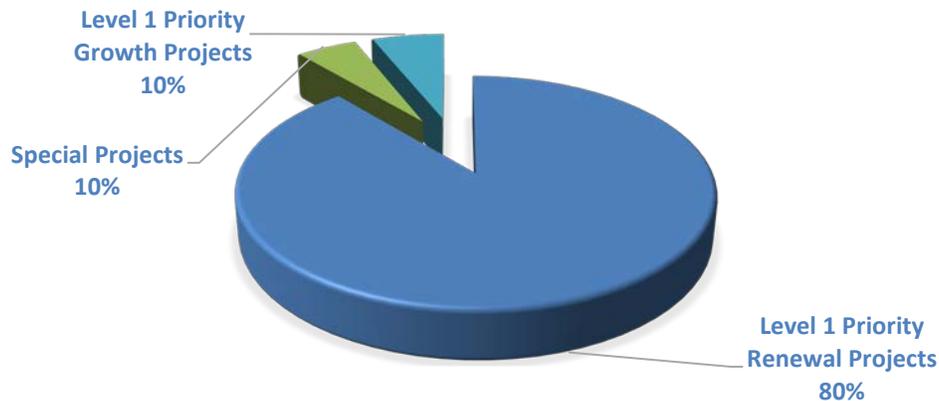
Demonstrated in the table and charts on the following page, are planned improvements listing of all the Level 1 priority renewal projects, special projects, and growth-related projects.

Capital Improvement Budget				
Ref No.	Project Description	FY16 Actual (000's)	FY17 Budget (000's)	FY18 Budget (000's)
Basic Program Appropriations:				
100	Sanitary Sewer Pipeline Renewal	\$4,395	\$13,600	\$4,750
200	Drinking Water Pipeline Renewal	5,133	8,630	8,550
300	Southside Water Reclamation Plant Renewal	17,049	26,520	18,025
400	Soil Amendment Facility (SAF) Renewal	52	50	100
500	Lift Station and Vacuum Station Renewal	742	2,375	4,150
600	Odor Control Facilities Renewal	104	60	750
700	Drinking Water Plant Groundwater System Renewal	3,976	2,400	6,045
800	Drinking Water Plant Treatment Systems Renewal	2,120	1,800	1,470
900	Reuse Line and Plant Rehab	86	70	70
1000	Compliance	440	195	595
1100	Shared Renewal	939	400	1,495
1200	Franchise Agreement Compliance	1,223	2,000	2,000
1300	Vehicles and Heavy Equipment	919	900	4,000
Level 1 Priority Renewal Projects Total		\$37,178	\$59,000	\$52,000

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Capital Improvement Budget				
Ref No.	Project Description	FY16 Actual (000's)	FY17 Budget (000's)	FY18 Budget (000's)
Special Projects:				
9401	Steel Waterline Rehab	\$1,539	\$1,000	\$1,000
9403	Automated Meter Infrastructure (AMI)	1,068	2,000	2,000
9404	Renewable Energy Projects	70	350	350
9405	Dedicated Water Rights Enhancement	623	-	-
9406	San Juan-Chama Drinking Water Project	25	-	-
9408	San Juan-Chama Mitigation	420	-	-
9409	SunGard ERP Project	130	-	-
9416	Corrales 2 to 3 Projects	2	-	-
9417	NMED Grant SAP 14 1600 STB	1,098	-	-
9418	Magnesium Hydro Project	30	-	-
	Miscellaneous	-	-	3,250
9419	Yucca and Central Odor Control	294	-	-
	Special Projects Total	\$5,299	\$3,350	\$6,600
	Combined Level 1 Priority Renewal and Special Projects	\$42,477	\$62,350	\$58,600
Growth Projects:				
2000	Drinking Water Plant Facilities Growth	236	-	-
2400	Land Acquisition	1	-	-
2600	Water Rights and Storage	10	-	-
2700	Development Agreements	2,510	1,250	1,250
2800	Management Information Systems/Geographical Information Systems (MIS/GIS)	2,054	2,000	4,000
3100	Master Plans	39	500	-
3200	Miscellaneous Growth	39	250	250
	Level 1 Priority Growth Projects Total	\$4,889	\$4,000	\$5,500
	Dedicated Water Resource Enhancement	3,124	474	500
	Grand Total	\$47,366	\$66,824	\$64,600

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



CAPITAL BUDGET

Capital Improvement Project

Descriptions for Basic Programs

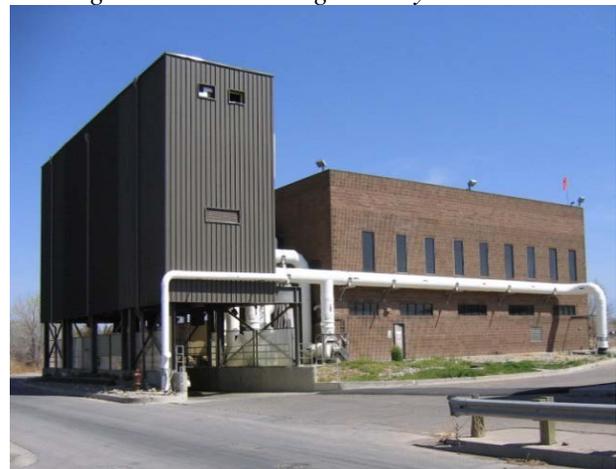
100 – Sanitary Sewer Pipeline Renewal (\$4,750,000) this program provides funding for evaluation, planning, design, construction, and related activity necessary for sanitary sewer interceptor rehabilitation or complete removal and replacement of severely deteriorated sewer interceptor lines that are beyond feasible rehabilitation.

200 – Drinking Water Pipeline Renewal (\$8,550,000) 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.



300 – Southside Water Reclamation Plant Renewal (\$18,025,000) 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.

Existing Solids Dewatering Facility



400 – Soil Amendment Facility (SAF) Renewal (\$100,000) 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.

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500 – Lift Station and Vacuum Station Renewal (\$4,150,000) 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.

Lift Station #20 Force Main Header



Vacuum Station 66



600 – Odor Control Facilities Renewal (\$750,000) 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.

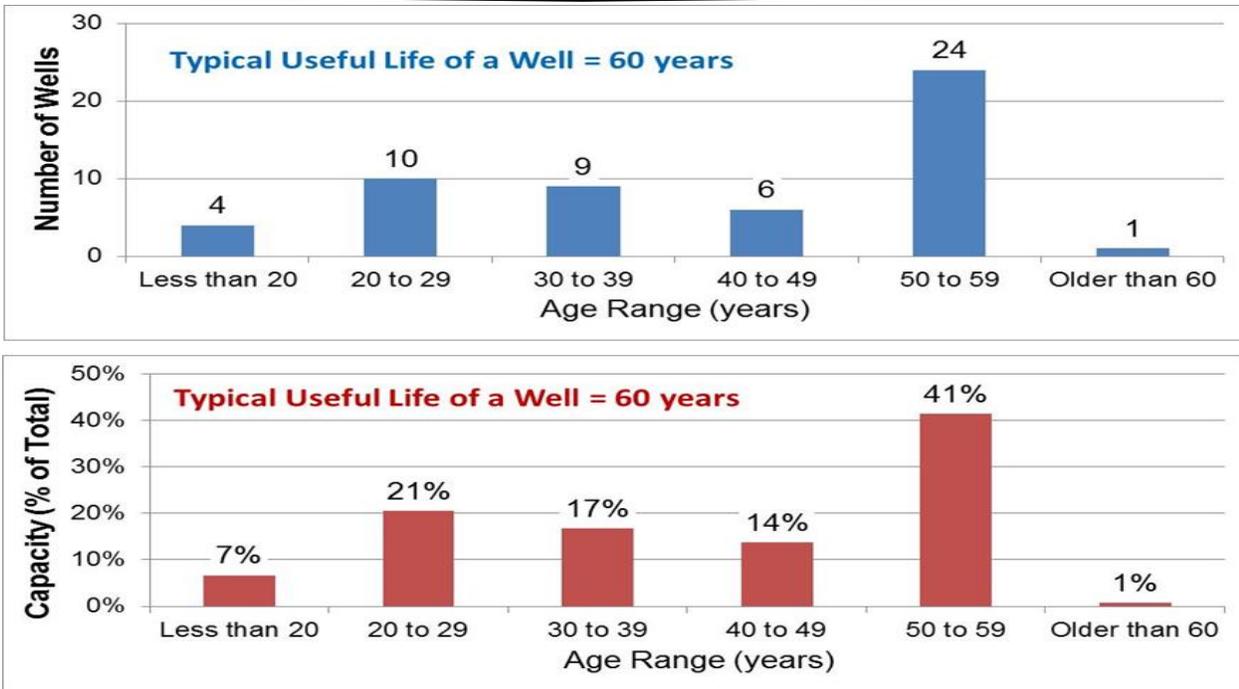
700 – Drinking Water Plant Groundwater System Renewal (\$6,045,000) The Water Authority must maintain a full capacity groundwater supply system even with the San Juan - Chama Drinking Water Project. At times, river water may not be available for diversion, so the Water Authority will have to rely fully 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.

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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).

Granular ferric hydroxide arsenic removal media



800 – Drinking Water Plant Treatment Systems Renewal (\$1,470,000) 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

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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 (\$595,000) 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.

1100 – Shared Facility Renewal (\$1,495,000) 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 (\$2,000,000) 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.

24" Concrete Cylinder Water Line



1300 – Vehicles and Heavy Equipment (\$4,000,000) 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)



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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

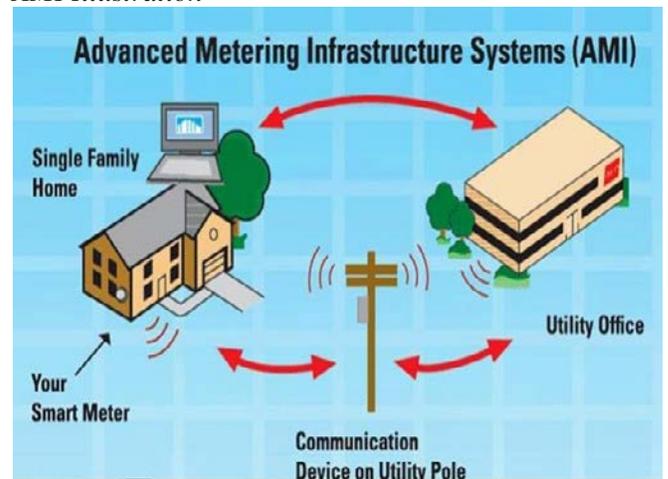


9403 – Automated Meter Infrastructure (AMI) (\$2,000,000) This project funds replacement of existing revenue meters with AMI equipped “smart” meters and the infrastructure needed to capture meter reading information. AMI utilizes a fixed communication infrastructure of licensed or unlicensed radio frequency (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



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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.

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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 expenses 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) (\$4,000,000) 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 software. 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

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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 (\$0) 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 (\$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

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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, 2017 is \$634.562 million shown in the table on the next page.

DEBT OBLIGATIONS

Fiscal Year 2018 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 2009A-1 Basic	5,165,000.00	630,175.00					5,795,175.00
Bonds Series 2009A-1 NMU	1,735,000.00	229,875.00					1,964,875.00
Bonds Series 2009A-1 SJC			195,000.00	25,875.00			220,875.00
Bonds Series 2009A-1 SWRP	565,000.00	74,625.00					639,625.00
Bonds Series 2013A Basic	3,735,000.00	2,600,125.00					6,335,125.00
Bonds Series 2013B	4,720,000.00	1,792,250.00					6,512,250.00
Bonds Series 2014A	7,910,000.00	4,403,912.50					12,313,912.50
Bonds Series 2014B	10,695,000.00	3,424,975.00					14,119,975.00
Bonds Series 2015	3,210,000.00	9,472,547.50					12,682,547.50
Bonds Series 2017	0.00	3,553,661.46					3,553,661.46
NMFA Loan No. 04 1727-AD					503,185.00	147,784.04	650,969.04
NMFA Loan No. 07 2316-ADW					47,732.00	7,444.72	55,176.72
NMFA Loan No. 15 Basic					3,280,000.00	1,116,250.00	4,396,250.00
NMFA Loan No. 15 Reuse					309,725.42	424,583.36	734,308.78
NMFA Loan No. 15 SJC					145,274.58	199,147.88	344,422.46
NMFA Loan 3544-WTB					669,550.00	3,896.41	673,446.41
TOTAL	<u>37,735,000.00</u>	<u>26,182,146.46</u>	<u>195,000.00</u>	<u>25,875.00</u>	<u>4,955,467.00</u>	<u>1,899,106.41</u>	<u>70,992,594.87</u>

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS	Original	Outstanding	Basic Needs	Special Projects
Bonds Series 2009A-1	135,990,000	24,070,000	16,215,000	7,855,000
Bonds Series 2013A	62,950,000	53,870,000	53,870,000	
Bonds Series 2013B	55,265,000	38,205,000	38,205,000	
Bonds Series 2014A	97,270,000	96,180,000	96,180,000	
Bonds Series 2015	211,940,000	211,940,000	211,940,000	
Bonds Series 2017	87,970,000	87,970,000	87,970,000	
NMFA Loan No. 07 2316-ADW	1,000,000	768,338		768,338
NMFA Loan No. 15	53,400,000	35,855,000	22,325,000	13,530,000
SUBTOTAL WATER AUTHORITY SENIOR DEBT OBLIGATIONS	\$ 705,785,000	\$548,858,338	\$ 526,705,000	\$ 22,153,338
SUBORDINATE/SUPERSUBORDINATE DEBT OBLIGATIONS	Original	Outstanding	Basic Needs	Special Projects
Bonds Series 2014B	87,005,000	77,645,000	77,645,000	
NMFA Loan No. 04 1727-AD	10,426,232	7,389,202		7,389,202
NMFA Loan No. XX WTB-3544	669,550	669,550		669,550
SUBTOTAL SUBORDINATE/SUPERSUBORDINATE DEBT OBLIGATIONS	\$ 98,100,782	\$ 85,703,752	\$ 77,645,000	\$ 8,058,752
GRAND TOTAL - WATER AUTHORITY DEBT OBLIGATIONS	<u>\$ 803,885,782</u>	<u>\$ 634,562,090</u>	<u>\$ 604,350,000</u>	<u>\$ 30,212,090</u>

DEBT OBLIGATIONS

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

Fiscal Year	Series 2009A-1 Bonds	Series 2013A Bonds	Series 2013B Refunding	Series 2014A Bonds
2018	8,620,550	6,335,125	6,512,250	12,313,913
2019	8,604,400	6,333,625	6,559,000	12,274,288
2020	8,593,625	6,327,500	6,610,750	12,216,413
2021		6,321,375	6,651,875	12,183,413
2022		6,314,750	6,706,500	12,136,038
2023		6,312,000	6,748,750	12,236,456
2024		6,302,625	2,980,750	12,182,375
2025		6,296,125	2,480,500	12,164,750
2026		6,291,750		12,082,375
2027		1,330,875		10,461,375
2028		1,329,250		
2029		1,330,750		
2030		1,330,250		
2031		1,327,750		
2032		1,328,125		
2033		1,326,250		
2034		1,322,125		
2035		1,320,625		
2036		1,321,500		
2037		1,319,625		
2038		1,319,875		
2039		1,317,125		
TOTAL	<u>25,818,575</u>	<u>74,059,000</u>	<u>45,250,375</u>	<u>120,251,394</u>

Fiscal Year	Series 2015 Bonds	Series 2017 Bonds	Loan No. 07 2316-ADW NMFA	Loan No. 15 NMFA	TOTAL SENIOR DEBT
2018	12,682,548	3,553,661	55,177	5,474,981	55,548,204
2019	21,127,848	8,066,794	55,174	5,473,231	68,494,359
2020	21,106,973	8,048,194	55,172	5,477,231	68,435,857
2021	23,986,223	8,046,069	55,169	5,476,231	62,720,354
2022	24,311,348	8,038,569	55,167	5,474,981	63,037,352
2023	17,987,223	8,035,194	55,165	5,477,981	56,852,769
2024	22,087,723	8,025,444	55,162	1,074,481	52,708,559
2025	21,920,973	8,023,694	55,159	1,074,231	52,015,432
2026	19,336,348	8,014,319	55,157	1,077,481	46,857,430
2027	20,866,723	8,006,819	55,155	1,079,031	41,799,977
2028	21,042,446	8,000,444	55,152	1,074,281	31,501,573
2029	12,990,008	7,994,444	55,149	1,077,094	23,447,444
2030	12,981,050	7,988,069	55,147	1,074,344	23,428,859
2031	8,245,640	5,947,694	55,143	1,074,844	16,651,071
2032	8,181,775	5,940,194	55,143	1,076,644	16,581,881
2033	8,172,900	5,930,444		1,078,394	16,507,988
2034	8,195,700	5,927,694		1,074,719	16,520,238
2035		5,963,972		1,078,375	8,362,972
2036				1,075,063	2,396,563
2037					1,319,625
2038					1,319,875
2039					1,317,125
TOTAL	<u>285,223,444</u>	<u>129,551,709</u>	<u>827,390</u>	<u>46,843,619</u>	<u>727,825,505</u>

DEBT OBLIGATIONS

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 XX 3544-WTB NMFA	TOTAL SUPER/SUB. DEBT	TOTAL DEBT SERVICE
2018	14,119,975	650,969	673,446	15,444,390	70,992,595
2019	11,070,550	650,994		11,721,544	80,215,903
2020	10,844,725	651,020		11,495,745	79,931,601
2021	10,572,475	651,047		11,223,522	73,943,876
2022	10,148,125	651,073		10,799,198	73,836,550
2023	9,931,375	651,100		10,582,475	67,435,243
2024	9,577,875	651,128		10,229,003	62,937,562
2025	9,216,000	651,156		9,867,156	61,882,588
2026	8,850,875	651,185		9,502,060	56,359,490
2027		651,215		651,215	42,451,193
2028		651,245		651,245	32,152,818
2029		651,276		651,276	24,098,721
2030		651,308		651,308	24,080,167
2031					16,651,071
2032					16,581,881
2033					16,507,988
2034					16,520,238
2035					8,362,972
2036					2,396,563
2037					1,319,625
2038					1,319,875
2039					1,317,125
TOTAL	<u>94,331,975</u>	<u>8,464,717</u>	<u>673,446</u>	<u>103,470,139</u>	<u>831,295,644</u>

*STATISTICAL
INFORMATION*

*Approved
Operating Budget
FY18*

GENERAL FUND – 21 RESOURCES, APPROPRIATIONS, FUND BALANCE

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY07	ACTUAL FY08	ACTUAL FY09	ACTUAL FY10	ACTUAL FY11
RESOURCES:					
Miscellaneous Revenues	5,610	4,754	2,586	1,562	3,064
Enterprise Revenues	115,414	136,486	121,411	152,148	157,276
Transfers from Other Funds	<u>1,520</u>	<u>1,564</u>	<u>1,516</u>	<u>1,493</u>	<u>1,500</u>
Total Current Resources	122,544	142,804	125,513	155,203	161,840
Beginning Working Capital Balance	<u>19,919</u>	<u>19,489</u>	<u>23,786</u>	<u>16,065</u>	<u>(636)</u>
TOTAL RESOURCES	<u>142,463</u>	<u>162,293</u>	<u>149,299</u>	<u>171,268</u>	<u>161,204</u>
APPROPRIATIONS:					
Joint Water/Wastewater Operations	65,596	72,468	71,994	89,853	96,243
Transfers to Other Funds	<u>59,250</u>	<u>52,705</u>	<u>57,500</u>	<u>87,538</u>	<u>79,593</u>
TOTAL APPROPRIATIONS	<u>124,846</u>	<u>125,173</u>	<u>129,494</u>	<u>177,391</u>	<u>175,836</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>1,872</u>	<u>(13,334)</u>	<u>(3,740)</u>	<u>5,487</u>	<u>3,982</u>
ENDING WORKING CAPITAL BALANCE	<u>19,489</u>	<u>23,786</u>	<u>16,065</u>	<u>(636)</u>	<u>(10,650)</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.

GENERAL FUND – 21 RESOURCES, APPROPRIATIONS, FUND BALANCE

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY12	ACTUAL FY13	ACTUAL FY14	ACTUAL FY15	ACTUAL FY16
RESOURCES:					
Miscellaneous Revenues	2,554	1,188	3,843	4,143	4,873
Enterprise Revenues	175,505	178,942	180,228	190,099	216,208
Transfers from Other Funds	<u>1,745</u>	<u>1,710</u>	<u>593</u>	<u>748</u>	<u>792</u>
Total Current Resources	179,804	181,840	184,664	194,990	221,873
Beginning Working Capital Balance	<u>(10,650)</u>	<u>(10,869)</u>	<u>(10,921)</u>	<u>(10,676)</u>	<u>(8,722)</u>
TOTAL RESOURCES	<u>169,154</u>	<u>170,971</u>	<u>173,743</u>	<u>184,314</u>	<u>213,151</u>
APPROPRIATIONS:					
Joint Water/Wastewater Operations	95,371	102,310	110,291	109,430	114,039
Transfers to Other Funds	<u>82,828</u>	<u>82,177</u>	<u>76,094</u>	<u>81,160</u>	<u>87,842</u>
TOTAL APPROPRIATIONS	<u>178,199</u>	<u>184,487</u>	<u>186,385</u>	<u>190,590</u>	<u>201,881</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>(1,824)</u>	<u>2,595</u>	<u>1,967</u>	<u>(2,445)</u>	<u>(4,912)</u>
ENDING WORKING CAPITAL BALANCE	<u>(10,869)</u>	<u>(10,921)</u>	<u>(10,676)</u>	<u>(8,722)</u>	<u>6,356</u>

**SUSTAINABLE WATER SUPPLY FUND – 622 RESOURCES,
APPROPRIATIONS, 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.

**SUSTAINABLE WATER SUPPLY FUND – 622 RESOURCES,
 APPROPRIATIONS, 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>

**DEBT SERVICE FUND – 31 RESOURCES, APPROPRIATIONS, FUND
BALANCE**

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY07	ACTUAL FY08	ACTUAL FY09	ACTUAL FY10	ACTUAL FY10
RESOURCES:					
Miscellaneous Revenues	13,796	11,932	6,668	7,026	6,351
Transfers from Other Funds	<u>59,347</u>	<u>59,406</u>	<u>64,301</u>	<u>67,790</u>	<u>65,337</u>
Total Current Resources	73,143	71,338	70,969	74,816	71,688
Beginning Fund Balance	<u>13,679</u>	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>
TOTAL RESOURCES	<u>86,822</u>	<u>77,920</u>	<u>66,833</u>	<u>69,164</u>	<u>68,999</u>
APPROPRIATIONS:					
Joint Water/Wastewater Debt Service	63,957	62,981	64,301	69,627	65,202
Transfers to Other Funds	<u>16,000</u>	<u>19,000</u>	<u>14,000</u>	<u>5,000</u>	<u>3,000</u>
TOTAL APPROPRIATIONS	<u>79,957</u>	<u>81,981</u>	<u>78,301</u>	<u>74,627</u>	<u>68,202</u>
ADJUSTMENTS TO FUND BALANCE	<u>(283)</u>	<u>(75)</u>	<u>5,816</u>	<u>2,774</u>	<u>(3,769)</u>
ENDING FUND BALANCE	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>

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

**DEBT SERVICE FUND – 31 RESOURCES, APPROPRIATIONS, FUND
BALANCE**

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY12	ACTUAL FY13	ACTUAL FY14	ACTUAL FY15	ACTUAL FY16
RESOURCES:					
Miscellaneous Revenues	8,142	8,282	7,872	7,565	9,257
Transfers from Other Funds	<u>66,727</u>	<u>66,362</u>	<u>72,094</u>	<u>69,160</u>	<u>72,842</u>
Total Current Resources	74,869	74,644	79,966	76,725	82,099
Beginning Fund Balance	<u>(2,972)</u>	<u>(2,392)</u>	<u>(2,476)</u>	<u>515</u>	<u>48,798</u>
TOTAL RESOURCES	<u>71,897</u>	<u>72,252</u>	<u>77,490</u>	<u>77,240</u>	<u>130,897</u>
APPROPRIATIONS:					
Joint Water/Wastewater Debt Service	70,450	72,670	75,245	35,203	71,906
Transfers to Other Funds	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>	<u>5,000</u>
TOTAL APPROPRIATIONS	<u>73,450</u>	<u>75,670</u>	<u>78,245</u>	<u>40,203</u>	<u>76,906</u>
ADJUSTMENTS TO FUND BALANCE	<u>(840)</u>	<u>942</u>	<u>1,269</u>	<u>11,760</u>	<u>586</u>
ENDING FUND BALANCE	<u>(2,392)</u>	<u>(2,476)</u>	<u>515</u>	<u>48,798</u>	<u>54,576</u>

WATER USERS BY CLASS AND METER SIZE

LAST TEN FISCAL YEARS

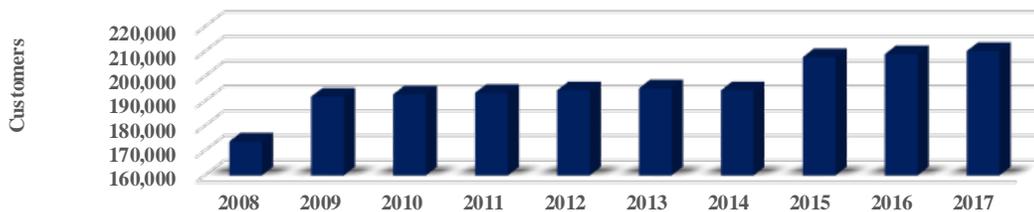
History of Water Users by Class:

Class	Number of Customers by Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Residential	181,814	187,479	186,461	174,193	174,909	174,277	173,339	172,787	171,983	153,959
Multi-Family	7,801	7,268	7,115	6,569	6,430	6,393	6,364	6,349	6,231	7,644
Commercial	11,913	11,901	11,923	11,303	11,321	11,287	11,226	11,272	11,367	9,998
Institutional	3,650	2,187	2,150	2,196	2,391	2,316	2,279	2,223	2,119	2,013
Industrial	119	110	113	99	99	102	99	106	113	110
Other metered	616									
Subtotal	205,913	208,945	207,762	194,360	195,150	194,375	193,307	192,737	191,813	173,724
SW	1,362									
Other non-metered	2,940									
Total	210,215									

History of Water Users by Meter Sizes:

Meter Size	Number of Customers by Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
¾"	182,232	185,894	184,743	171,395	171,874	171,103	169,984	169,414	168,632	151,172
1" and 1 ¼"	17,796	17,392	17,447	17,474	17,645	17,717	17,820	17,820	17,611	17,621
1 ½"	2,381	2,300	2,269	2,238	2,249	2,221	2,195	2,195	2,169	1,968
2"	2,509	2,386	2,349	2,303	2,352	2,320	2,228	2,228	2,179	1,839
3"	603	590	575	578	634	634	714	714	834	766
4"	282	278	276	270	286	273	268	268	275	264
6"	68	64	63	60	63	61	58	58	67	53
8" and over	42	41	40	42	47	46	40	40	46	41
Subtotal	205,913	208,945	207,762	194,360	195,150	194,375	193,307	192,737	191,813	173,724
Other Non-metered	4,302									
Total	210,215									

AVERAGE NUMBER OF CUSTOMERS

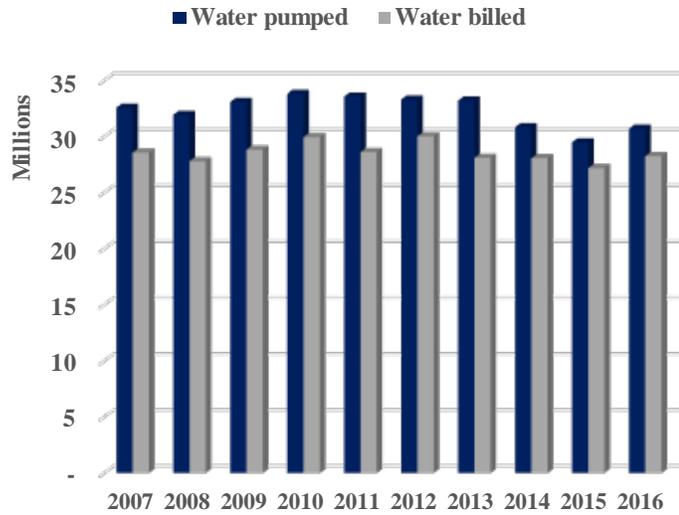


Source: ABCWUA Financial/Business Services Division

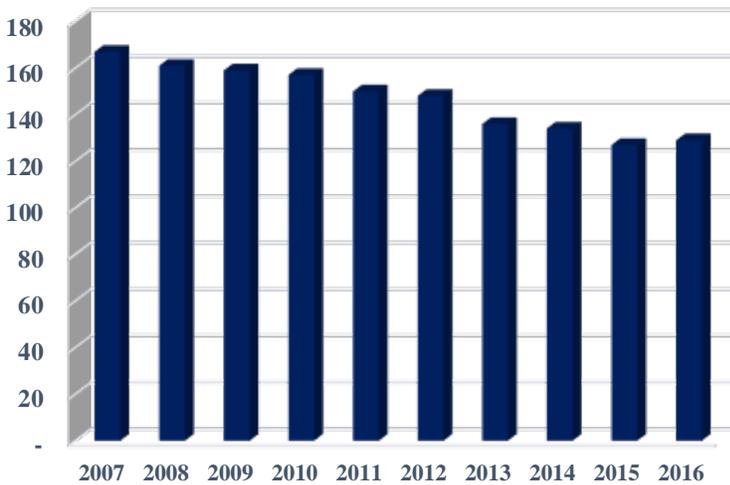
WATER CONSUMPTION

LAST TEN FISCAL YEARS

	<u>Water Pumped</u>	<u>Water Billed</u>	<u>% Billed</u>
2016	30,720,000	28,250,591	91.96%
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%



Per Capita Water Usage



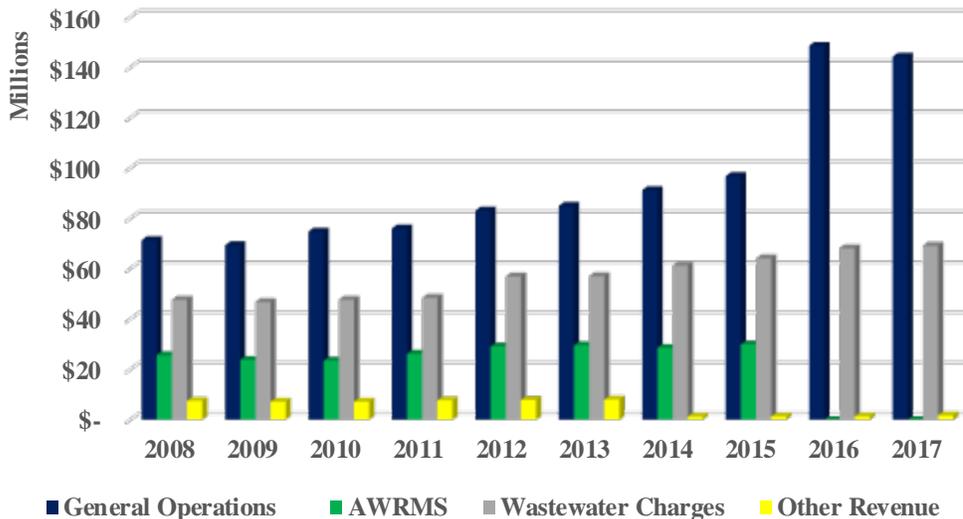
	<u>Per Capita Water Usage</u>
2016	129
2015	127
2014	134
2013	136
2012	148
2011	150
2010	157
2009	159
2008	161
2007	167

Source: ABCWUA Financial/Business Services Division

REVENUE FROM OPERATING REVENUE

LAST TEN FISCAL YEARS

Fiscal Year	Revenue from Water Charges		Wastewater Charges	Other Revenue	Total Operating Revenue
	General Operations	AWRMS ⁽¹⁾			
2017	144,342,932	-	69,101,050	1,750,000	215,193,982
2016	140,551,140	-	68,166,636	1,339,000	210,056,776
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



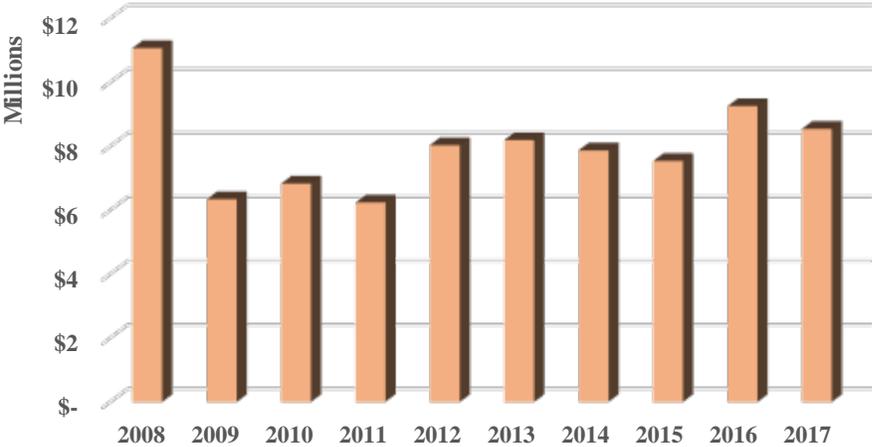
Source: ABCWUA Financial/Business Services Division

Note: In Fiscal Year 2016 the Albuquerque Water Resource Management Strategy (AWRMS) revenues were combined with General Operations revenue as part of the new rate ordinance structure.

REVENUE FROM UTILITY EXPANSION CHARGES

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Utility Expansion Charges</u>
2017	8,545,978
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



Source: ABCWUA Financial/Business Services Division

PRINCIPAL REVENUE PAYERS

CURRENT FISCAL YEAR AND NINE YEARS AGO

Water Customer Name	2017				2008			
	Water Revenue	Ran k	% of Total Revenue	Consumption	Water Revenue	Ran k	Total Revenue	Consumption
City of Albuquerque	\$ 9,134,660	1	5.98%	2,884,365	\$ 6,027,021	1	6.21%	1,927,086
Albuquerque Public Schools	3,169,349	2	2.08%	742,653	1,384,736	2	1.43%	322,670
University of New Mexico	1,299,145	3	0.85%	136,463			0.00%	
Bernalillo County	828,899	4	0.54%	231,851			0.00%	
Kirtland Air Force Base	684,830	5	0.45%	148,765			0.00%	
ABCWUA	324,528	8	0.21%	86,736			0.00%	
Central NM Community College	278,331	7	0.18%	64,731			0.00%	
Lovelace Health	291,783	6	0.19%	93,113	502,888	5	0.52%	126,077
Sumitomo	270,565	9	0.18%	110,990		6	0.00%	-
Albuquerque Academy	255,004	10	0.17%	104,396	179,735	10	0.19%	82,843
Tanoan Country Club			0.00%		466,305	3	0.48%	212,920
Four Hills Mobile Home Park			0.00%		199,527	8	0.21%	65,250
UNM Hospital			0.00%		350,003	9	0.36%	63,935
UNM Physical Plant			0.00%		829,600	4	0.86%	155,287
Presbyterian Health			0.00%		581,345	7	0.60%	93,294
Towne Park					136,675		0.14%	52,082
Total	\$ 16,537,094		10.83%	4,604,063	\$ 10,657,835		10.84%	3,101,444
Total Water System Revenue	\$ 152,676,463				\$ 97,029,196			

Wastewater Customer Name	2017				2008			
	Wastewater Revenue	Ran k	% of Total Revenue	Consumption	Wastewater Revenue	Ran k	Total Revenue	Consumption
Kirtland Air Force Base	\$ 1,273,411	1	1.84%	746,335	\$ 890,374	2	1.87%	788,400
University of New Mexico	901,821	2	1.31%	566,858			0.00%	
Albuquerque Public Schools	758,774	3	1.10%	130,320	418,583	5	0.88%	128,450
City of Albuquerque	643,308	4	0.93%	93,915	434,911	4	0.91%	214,243
Creamland Dairies	648,381	5	0.94%	49,381	304,093		0.64%	53,910
Lovelace Health	196,583	6	0.28%	56,804	121,791	6	0.26%	96,602
Bernalillo County	190,554	7	0.28%	59,627			0.00%	
Central NM Community College	113,967	8	0.16%	29,383			0.00%	
Sandia Peak Services	80,507	9	0.12%	76,759	70,610	7	0.15%	89,190
Four Hills Mobile Home Park	73,920	10	0.11%	33,565	-	10	0.00%	-
New Mexico Utilities			0.00%		2,938,391	1	6.16%	2,976,498
UNM Physical Plant			0.00%		477,542	3	1.00%	472,281
UNM Hospital			0.00%		185,847	9	0.39%	69,672
Presbyterian Health			0.00%		127,285	8	0.27%	57,340
Total	\$ 4,881,225		7.06%	1,842,947	\$ 5,969,427		12.52%	4,946,586
Total Wastewater System Revenue	\$ 69,101,505				\$ 47,683,918			

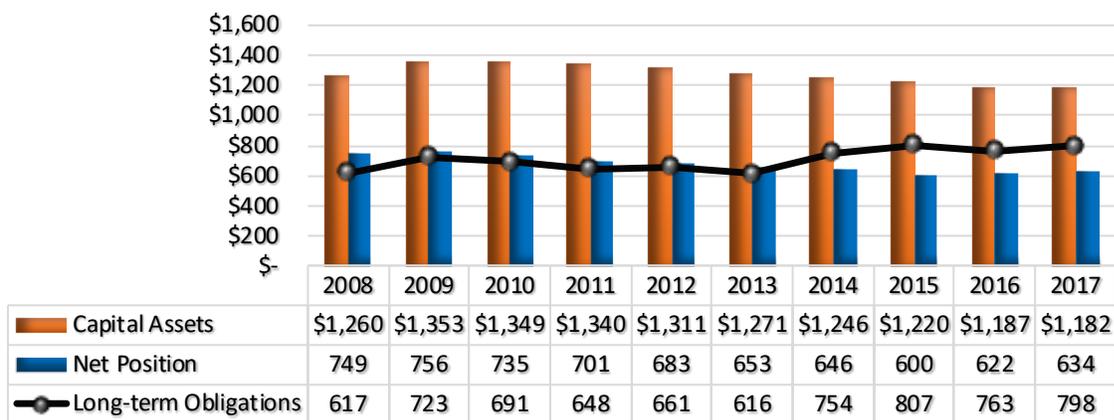
Source: ABCWUA Financial/Business Services Division

TREND ANALYSIS

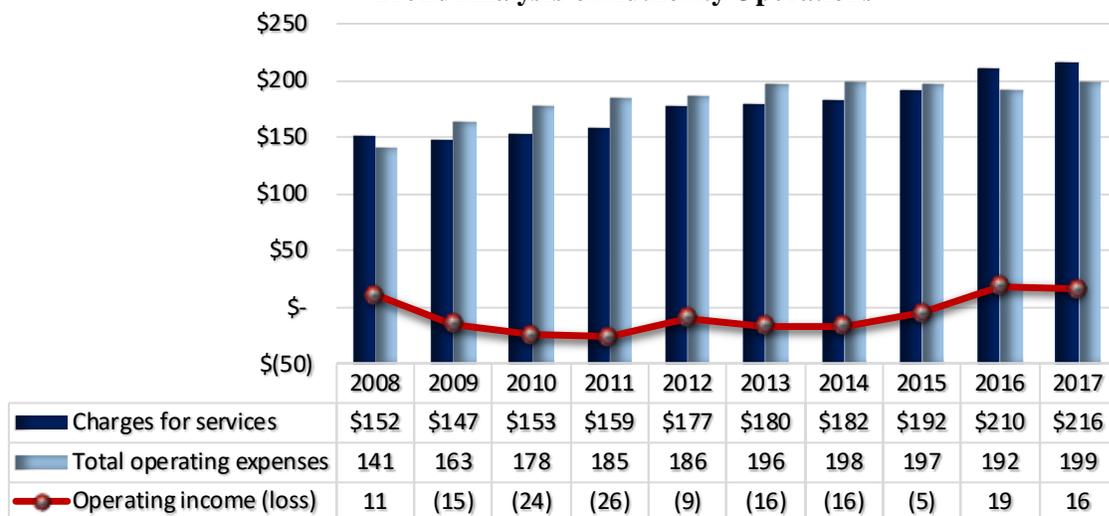
LAST TEN FISCAL YEARS

(In millions of dollars)

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



Trend Analysis of Authority Operations



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>Un-amortized Premium</u>	<u>Total</u>	<u>Per Capita</u>	<u>Per Customer</u>
2017	589,880	44,013	7,579	-	60,241	701,713	1,286	3,419
2016	566,455	54,819	8,715	-	58,712	688,701	1,232	3,296
2015	601,985	63,327	9,817	-	71,578	675,129	1,170	3,250
2014	533,544	137,284	10,887	-	23,864	681,715	1,204	3,198
2013	434,114	210,805	11,925	-	13,334	656,844	1,172	3,366
2012	460,415	229,644	12,932	-	17,400	702,991	1,267	3,617
2011	479,674	193,620	13,910	103	12,631	687,307	1,239	3,556
2010	504,063	206,642	14,858	760	12,529	726,323	1,322	3,768
2009	532,742	209,584	15,779	3,524	17,397	761,629	1,400	3,971
2008	418,114	219,780	16,672	-	10,189	654,566	1,215	3,768

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.
3. This schedule was restated for the prior years due to adding un-amortized premium to the schedule

Source: ABCWUA Financial/Business Services Division

SENIOR LIEN DEBT COVERAGE

LAST TEN FISCAL YEARS

(In thousands of dollars)

SENIOR LIEN

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage	Coverage Required
				Principal ⁽⁴⁾	Interest	Amortized Premium		
2017	\$ 227,044	\$ 111,326	115,718	\$37,497	\$23,899	(12,407)	2.36	1.33
2016	226,774	106,897	119,877	43,031	23,794	(12,866)	2.22	1.33
2015	203,834	107,597	96,237	33,819	22,579	(9,046)	2.03	1.33
2014	199,234	108,177	91,057	41,151	31,502	(4,684)	1.34	1.33
2013	184,338	96,611	87,727	39,732	23,773	-	1.38	1.33
2012	180,272	94,085	86,187	38,674	22,878	-	1.40	1.33
2011	166,652	88,790	77,862	37,329	29,146	-	1.17	1.33
2010	158,528	87,768	70,760	34,094	33,953	-	1.04	1.33
2009	160,800	83,177	77,623	34,996	27,345	-	1.25	1.33
2008	166,580	72,541	94,039	34,460	24,007	-	1.61	1.33

SENIOR AND SUBORDINATE LIEN

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage	Coverage Required
				Principal ⁽⁴⁾	Interest	Amortized Premium		
2017	\$ 227,044	\$ 111,326	115,718	\$46,901	\$27,673	(12,407)	1.86	1.20
2016	226,774	106,897	119,877	43,964	27,865	(12,866)	2.03	1.20
2015	203,834	107,597	96,237	34,491	25,746	(9,046)	1.88	1.20
2014	199,234	108,177	91,057	42,081	31,889	(4,684)	1.31	1.20
2013	184,338	96,611	87,727	41,265	24,197	-	1.34	1.20
2012	180,272	94,085	86,187	41,574	23,404	-	1.33	1.20
2011	166,652	88,790	77,862	38,270	32,089	-	1.11	1.20
2010	158,528	87,768	70,760	36,413	34,570	-	1.00	1.20
2009	160,800	83,177	77,623	37,235	27,909	-	1.19	1.20
2008	166,580	72,541	94,039	37,858	23,927	-	1.52	1.20

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 and amortization were backed out of the calculation.

Source: ABCWUA Financial/Business Services Division

DEMOGRAPHIC/ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Year	Population Albuquerque MSA	Total Personal Income	Per Capita Personal Income	Unemployment Rate
2017	545,852	20,689,428	37,903	6.0%
2016	559,121	20,650,016	36,933	6.1%
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).
Business and Economic Research (BBER)

Source: US Census Bureau and the University of New Mexico Bureau of

TOP 10 MAJOR EMPLOYERS

CURRENT FISCAL YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Number of Employees	Rank	% of Albuquerque MSA Employment	Number of Employees	Rank	% of Albuquerque MSA Employment
Albuquerque Public Schools	14,810	1	3.95%	14,000	3	3.38%
Kirtland Air Force Base (civilian)	10,125	2	2.70%	35,690	1	8.62%
Sandia National Laboratories	9,852	3	2.63%			0.00%
Presbyterian Hospital	7,310	4	1.95%	7,315	4	1.77%
UNM Hospital	6,021	5	1.61%	4,595	8	1.11%
City of Albuquerque	5,500	6	1.47%	6,500	5	1.57%
State of New Mexico	4,950	7	1.32%	5,605	6	1.35%
University of New Mexico	4,210	8	1.12%	15,435	2	3.73%
Kirtland Air Force Base (military)			0.00%	4,860	7	1.17%
Lovelace Health System	4,000	9	1.07%	3,400	9	0.82%
Bernalillo County	2,425	10	0.65%			
Intel Corporation	-		0.00%	3,300	10	0.80%
Total	69,203		18.47%	100,700		24.33%
Total Employment			374,775			413,897

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

APPENDIX

*Approved
Operating Budget
FY18*

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 FY18 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) – 26.86%.
- 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 FY18 budget requests for supplies, repairs and maintenance, and contract services. Other FY18 operating expenses were equal to FY17 appropriated amounts. One-time appropriations for FY17 were deleted.

- Inflationary adjustments were not granted as automatic across-the-board adjustments.
- For FY18, utilities (gas, electricity, and water) are budgeted based on historical expenses 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 FY18. These costs are identified by the Risk Management department, based on the historical experience and exposure factors relative to each specific program.
- Vehicle maintenance charges are estimated for FY18 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 Expenses

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 expenses 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 EXPENSES: Expenses 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

SELECTED GLOSSARY OF TERMS

FUND BALANCE: Fund equity of governmental funds. See also Working Capital Balance

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 EXPENSES: Expenses 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 EXPENSES: Term that applies to all outlays other than capital outlays

OPERATING BUDGET: Financial plan for future operations based on estimated revenues and expenses 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 expense 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 EXPENSES: Expenses 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

SELECTED GLOSSARY OF TERMS

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

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

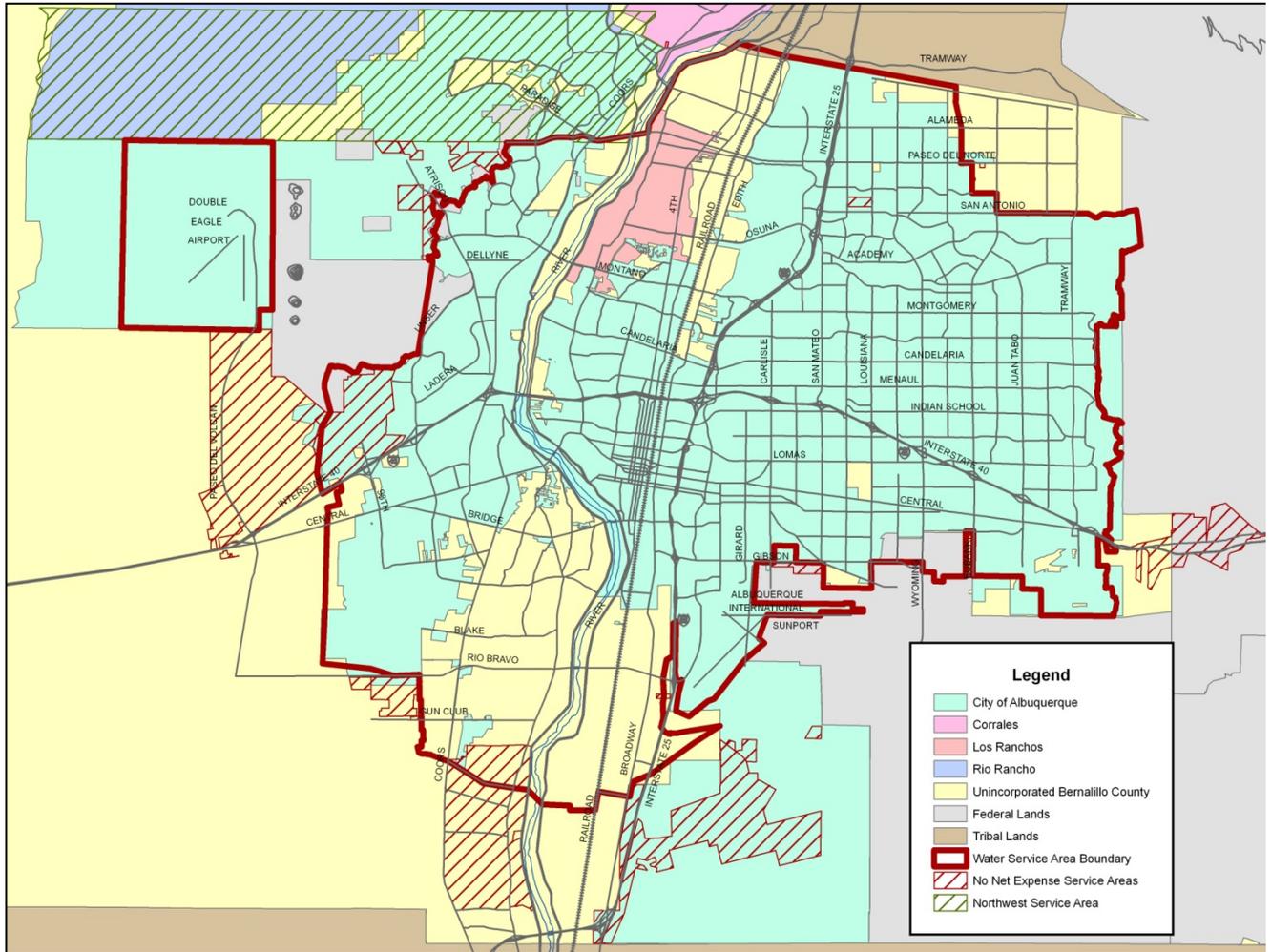
ENTERPRISE FUNDS:

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)

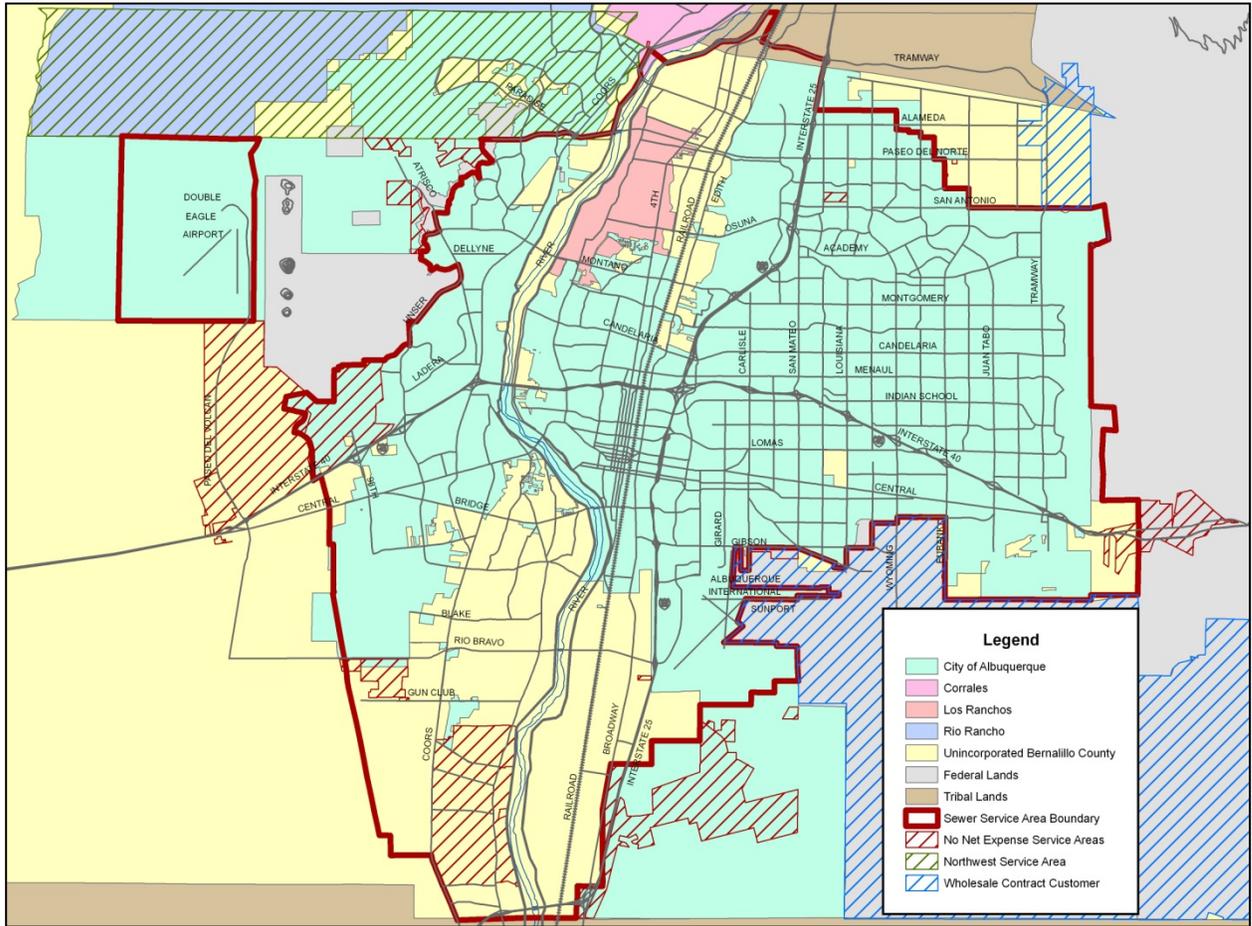
The Water System provides water services to approximately 670,779 residents comprising approximately 95% of the residents of the County. About one-third of unincorporated County residents are customers of the Water System. As of January 1, 2017, service is provided to approximately 208,140 customers, including 186,301 residential and 21,839 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 2016, the Authority's water resources use consisted of 32.73% from groundwater and 65.57% from San Juan-Chama surface water and 1.7% 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 San Juan-Chama surface water is diverted from the Rio Grande. Total well production capacity is approximately 294 million gallons per day ("MGD"). Eliminating high arsenic wells (those greater than 10 parts per billion arsenic) results in available production capacity of 184 MGD. Maximum historical peak day demand is 214 MGD. Peak day demand for 2016 was 144 MGD. A chlorination station associated with each well field satisfies the total required water treatment needs for the water produced in each well field.

Water 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”) Permit #NM0022250. The Authority’s wastewater effluent discharge consistently meets all NPDES permit requirements. The current NPDES permit expires in October 2017. Application for renewing this Permit will be submitted to the EPA during the first quarter of calendar year 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.

Total beneficial reuse of sludge is accomplished by three methods: surface disposal (62% of sludge produced); land application on 5,000 acres of public-private range land (0% of sludge produced); and production of compost (38% of sludge produced). The Authority sells the compost, primarily to the State Department of Transportation. A 660-acre dedicated land application site is used when beneficial reuse options are unavailable (for example, when the range land site is snow-covered). The Authority’s Compliance Division operates a water quality laboratory, providing analytical support for process control and regulatory compliance for wastewater, drinking water, groundwater, storm water, surface water, the zoological park, residuals management and environmental health programs. The laboratory is internationally accredited under International Standards Organization Standard 17025 for inorganic chemistry and microbiology testing. The Authority reduces expenses by analyzing all the bacteriological samples at the Authority’s internal water quality lab.

LEGISLATION

*Approved
Operating Budget
FY18*

1 PASSED AND ADOPTED THIS 17th DAY OF May, 2017
2 BY A VOTE OF: 5 FOR 0 AGAINST.

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Yes: Johnson, Davis, Hart-Stebbins, Peña, and Jones

No:

Excused: Perry and O'Malley



Klarissa J. Peña, Chair

ATTEST:



Mark S. Sanchez, Executive Director

1	Customer Services	9,112,000
2	Information Technology	7,131,000
3	Wastewater Plant	11,680,000
4	San Juan-Chama Water Treatment Plant	3,639,000
5	Groundwater Operations	6,427,000
6	Wastewater Collections	6,758,000
7	Water Field Operations	20,129,000
8	Compliance	5,400,000
9	Planning & Engineering	3,390,000
10	Water Resources	3,872,000
11	Power & Chemicals	19,982,000
12	Taxes	9,292,000
13	Authority Overhead	2,403,000
14	San Juan-Chama	2,247,000
15	Transfers to Other Funds:	
16	Rehab Fund (28)	27,000,000
17	Debt Service Fund (31)	70,908,000
18	<u>DEBT SERVICE FUND – 31</u>	76,993,000
19	This appropriation is allocated to the following programs:	
20	Debt Service	70,993,000
21	Transfer to Other Funds:	
22	Growth Fund (29)	6,000,000

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

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

33 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.

3 Section 6. Based on the savings in power and chemicals, supplemental fluoride
4 will be added to achieve the national guideline established by the Centers for Disease
5 Control and the U.S. Environmental Protection Agency.

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Yes: Johnson, Davis, Hart-Stebbins, Peña, and Jones

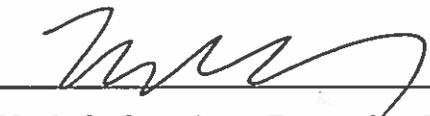
No:

Excused: Perry and O'Malley



Klarissa J. Peña, Chair

ATTEST:



Mark S. Sanchez, Executive Director

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

1	Soil Amendment Facility (SAF) Renewal	100,000
2	Lift Station and Vacuum Station Renewal	4,150,000
3	Odor Control Facilities Renewal	750,000
4	Drinking Water Plant Groundwater System Renewal	6,045,000
5	Drinking Water Plant Treatment Systems Renewal	1,470,000
6	Reuse Line and Plant Rehab	70,000
7	Compliance	595,000
8	Shared Renewal	1,495,000
9	Franchise Agreement Compliance	2,000,000
10	Vehicles and Heavy Equipment	4,000,000
11	<u>Special Projects:</u>	
12	Steel Waterline Rehab	1,000,000
13	Automated Meter Infrastructure (AMI)	2,000,000
14	Renewable Energy Projects	350,000
15	EPA Compliance Pipeline Projects	3,250,000
16	<u>Growth:</u>	
17	Development Agreements	1,250,000
18	MIS/GIS	4,000,000
19	Miscellaneous	250,000
20	<u>Other:</u>	
21	Water Resource Enhancement (Water Supply Charge)	500,000
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