

APPROVED FY 2019 BUDGET

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ADMINISTRATION

Mark S. Sanchez
Executive Director



Albuquerque Bernalillo County
Water Utility Authority



*Approved
Operating Budget
FY19*

TABLE OF CONTENTS – CLICK ON PAGE # FOR DIRECT ACCESS TO CONTENT

TRANSMITTAL LETTER	1
BOARD MEMBER LISTING	3
ORGANIZATION CHART	5
READER’S GUIDE	6
BUDGET POLICIES AND PROCESSES	7
BUDGET PROCESS FLOW CHART	9
BUDGET CALENDAR OF EVENTS	10
EXECUTIVE SUMMARY	11
FY18 ACCOMPLISHMENTS	17
FY19 HIGHLIGHTS	20
BUDGET, FINANCIAL AND DEBT POLICIES	24
FIVE-YEAR GOALS AND ONE-YEAR OBJECTIVES	30
APPROVED BUDGET & FINANCIAL CONSOLIDATIONS	40
PERSONNEL SUMMARY.....	41
ABCWUA FUNDS.....	43
PROGRAM BUDGET HIGHLIGHTS.....	52
FUNCTIONAL UNITS.....	56
REVENUE OUTLOOK	78
ECONOMIC OUTLOOK.....	85
ALBUQUERQUE ECONOMY.....	89
CAPITAL BUDGET	93
CAPITAL PROGRAM OVERVIEW.....	94
PLANNED FUNDING ALLOCATIONS.....	96
FY19 CAPITAL PROGRAM APPROPRIATIONS AND SPENDING BY CATEGORY.....	97
CIP PROJECT DESCRIPTIONS.....	100
DEBT OBLIGATIONS	108
STATISTICAL INFORMATION	113
APPENDIX	130
ANALYSIS METHODOLOGY.....	131
ACRONYMS.....	132
SELECTED GLOSSARY OF TERMS.....	135
WATER SERVICE AREA MAP.....	138
WASTEWATER SERVICE AREA MAP.....	140
LEGISLATION	142
APPROPRIATING ENTERPRISE OPERATING FUNDS	
APPROPRIATING CAPITAL IMPROVEMENT PROGRAM FUNDS	



Albuquerque Bernalillo County Water Utility Authority

April 18, 2018

To: Trudy E. Jones, Chair

From:  Mark S. Sanchez, Executive Director

Subject: Resolution Appropriating Funds for the Operation of the Water Authority for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

Presented to the Board is the approved budget for the Albuquerque Bernalillo County Water Utility Authority (Water Authority) for Fiscal Year 2019 (FY19). This submittal is the Water Authority's financial plan for FY19. 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. General Fund revenue for FY19 is estimated to be \$225.8 million, representing an increase of \$4.6 million from the FY18 revised budget amount.

The proposed General Fund operating expenses for FY19 are \$214.0 million, representing a decrease of \$3.8 million from the FY18 revised budget, including interfund transfers. This is comprised of a decrease of \$1.2 million for salaries and benefits based on retirements and efficiencies, an increase of \$0.4 million for operating expenses, and a decrease of \$3.0 million for interfund transfers to the capital and debt service funds. In February 2018, the Water Authority amended the budget for a one-time \$3.0 million increase in the transfer from the General Fund to the Capital Improvement Fund. Personnel expenses include a 2.0% step increase in wages and a 15.0% increase in health benefit costs. There is no change in full-time equivalent positions for FY19. The most significant expense continues to be debt service payments, which comprise 33.0% of the total General Fund operating expense in FY19.

For FY19, General Fund revenues are \$11.8 million over expenses, which includes funding the Rate Reserve fund. This amount will bring the Working Capital or Fund Balance to \$37.0 million at June 30, 2019. 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 FY19, \$2 million is added to the Rate Reserve fund.

Also submitted in a separate resolution is the Capital Improvement Program (CIP) approved budget for FY19. This budget reflects the Water Authority's commitment to spend \$250.0 million to upgrade its sewage treatment plant and an additional \$36.0 million per year 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 appropriation for FY19 is \$88.3 million. \$70.6 million is appropriated for the level one priority basic capital programs, \$5.0 million for growth-related projects, \$12.4 million for special projects, and \$0.3 million for Water 2120 projects. The \$12.4 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, \$5.0 million for various identified projects, \$2.6 million for the Los Padillas Water System, and \$1.5 million for a contribution to a Bernalillo County Visitor's Center.

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 FY19 to improve services and gain operating efficiencies.



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

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PRESENTED TO

Albuquerque Bernalillo Co. Water Utility Authority
New Mexico

For the Fiscal Year Beginning

July 1, 2017

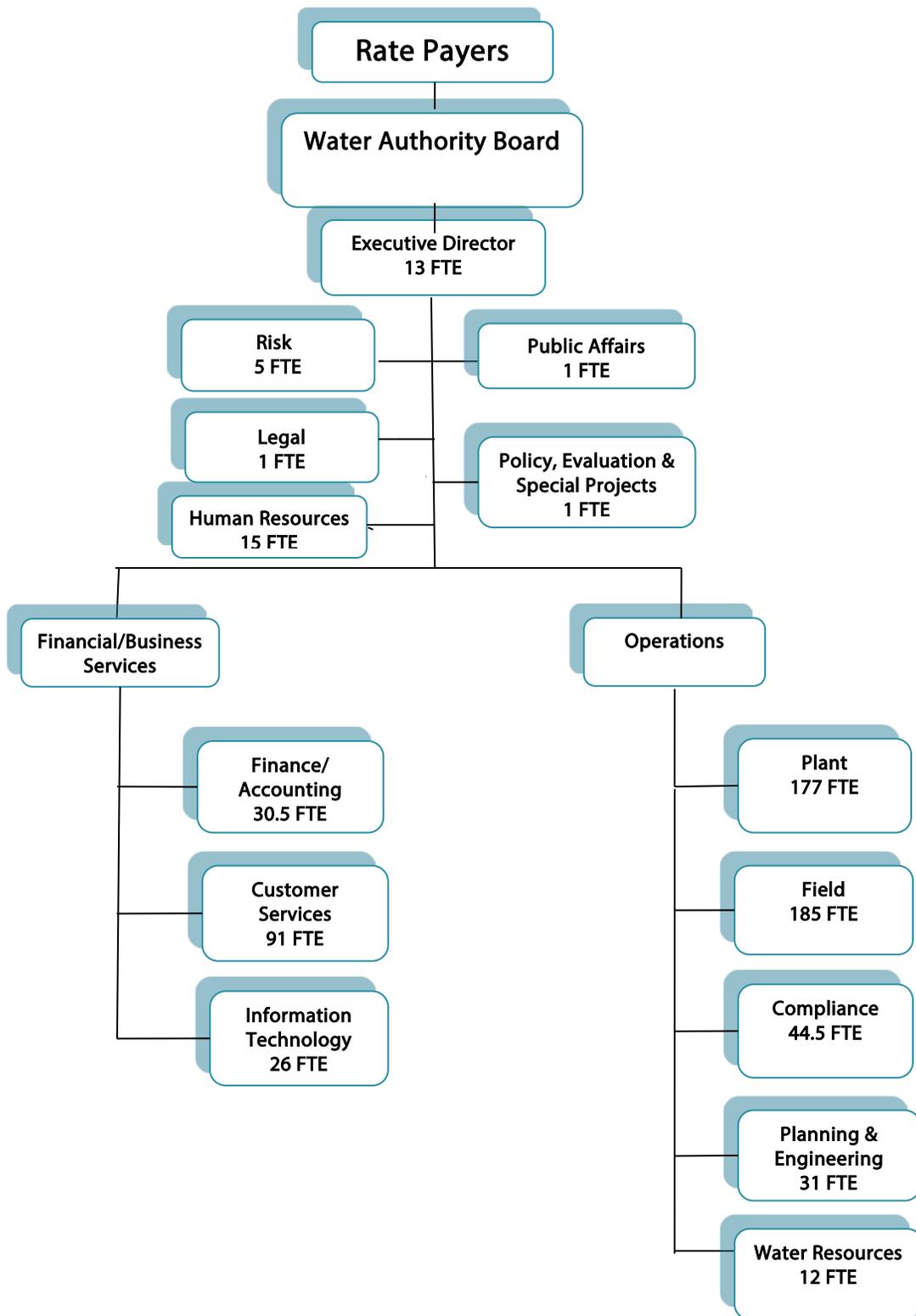
Christopher P. Morrill

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, 2017. 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



READER'S GUIDE

The Budget is comprised of two parts. The first part is the **Approved Budget**, which presents all funding issues by program strategy and division levels for all operating funds. The second part is the **Performance Plan**, which assesses the performance of the Water Authority using measures that are designed to help the Water Authority improve its operational efficiency and effectiveness. These performance measures help guide the operating and capital budgets in allocating the Water Authority's financial resources, thus making these budgets performance-based.

The **Approved Budget** has 8 major sections: Executive Summary, Five-Year Goals and One-Year Objectives, Approved Budget & Financial Consolidations, Revenue Analysis and Economic Outlook, Capital Budget, Debt Obligations, Appendix and Appropriations Legislation.

Executive Summary: This section is designed as an overview, explaining the policies as well as outlining the budget.

Five-Year Goals and One-Year Objectives: This section explains the Water Authority's five-year goals and details the current one-year priority objectives.

Approved Budget & Financial Consolidations: This section contains personnel information, Resources/Appropriations/Fund Balance/ Working Capital Tables by fund group, and functional unit information. The funds are presented with estimated ending fund balances for both the current year and the budget year.

Revenue Analysis and Economic Outlook: This section 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.

Capital Budget: This 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: This section provides tables and schedules of the Water Authority's debt obligations.

Appendix: The Appendix contains statistical information that is useful to understand the budget and Water Authority operations. There is a brief explanation of the methodology used in budget preparation, a listing of acronyms, and a selected glossary of terms.

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

The **Performance Plan** 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 FY19 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, requires 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 proposed budget, after the Board has received the budget and has deliberated on it, provided public notice and allowed for public input at or before the May regularly scheduled meeting.

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 FY19 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.

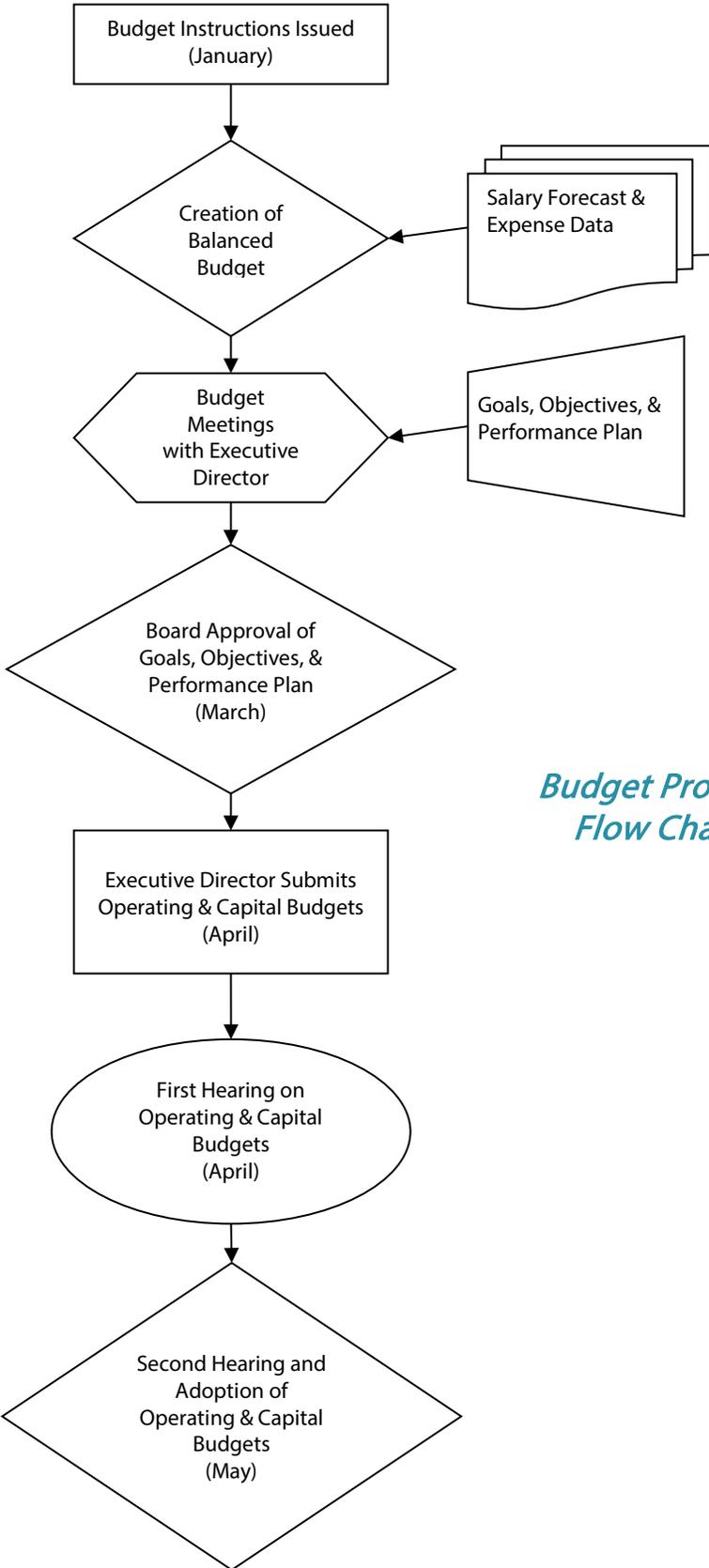
BUDGET POLICIES AND PROCESSES

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 FY19 Operating Budget request. Meetings between Water Authority Executive Director, Chief Operating Officer, Chief Financial Officer and Division Managers
Jan-Mar	Preparation of FY19 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
Jan 29	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 21	CIP Budget Due to Finance Division
Mar 21	Approval of Water Authority Objectives at Water Authority Board Meeting
Apr 1	Proposed Operating and CIP Budget Documents Prepared and Printed
Apr 1	Proposed Operating and CIP Budget Documents submitted to Water Authority Staff
Apr 5	Technical Customer Advisory Committee Presentation
Apr 18	Introduction and Public Hearing of Proposed Operating and CIP Budgets at Water Authority Board Meeting
May 23	2 nd Public Hearing and Approval of Proposed Operating and CIP Budgets at Water Authority Board Meeting
June 1	Proposed Operating and CIP Budgets due to NM Department of Finance and Administration (DFA)
July 31	Approved Operating and CIP Budgets due to DFA and submission to GFOA



EXECUTIVE SUMMARY

*Approved
Operating Budget
FY19*

MISSION, FY19 HIGHLIGHTS, AND FUND BALANCE

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.

FY19 Budget Highlights

The FY19 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 FY19 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 increased by \$1.5 million, reflecting the current trend in the development of residential housing.
- **Wage Adjustments.** There is a 2% cost of living adjustment for FY19.
- **Fringe Benefits.** Fringe Benefits reflect an increase of 15%.
- **Target Fund Balance/Working Capital Balance.** The target fund balance/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 FY19 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 Plant which continues undergoing extensive renovations begun in FY10.

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.

MISSION, FY19 HIGHLIGHTS, AND FUND BALANCE

One Year Objectives FY19

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 FY19 objectives are tied to resources contained in the FY19 Approved Budget. A few of the objectives are carried over from FY18 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.

Fund Balance/Working Capital

In the FY19 budget, revenues are projected to exceed expenses in the General Operating Fund. Surplus revenue will be added to the balance to achieve a Fund Balance/Working Capital equal to 1/12th of the annual budgeted operating expenses.

GENERAL FUND – 21

Total current resources approved for FY19 is \$225.8 million. Of the total revenue, 97.6% is comprised of charges for water and wastewater services. Appropriations total \$214.0 million.

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Miscellaneous Revenues	3,592	12,640	4,005	4,976	5,517	1,512
Enterprise Revenues	213,553	216,246	216,246	223,968	220,326	4,080
Transfers from Other Funds	793	1,014	1,014	943	-	(1,014)
Total Current Resources	217,938	229,900	221,265	229,887	225,843	4,578
Beginning Working Capital Balance	6,356	13,667	13,667	13,667	34,204	20,537
TOTAL RESOURCES	<u>224,294</u>	<u>243,567</u>	<u>234,932</u>	<u>243,554</u>	<u>260,047</u>	<u>25,115</u>
APPROPRIATIONS:						
Water/Wastewater Operations	109,476	124,992	116,607	110,267	115,789	(818)
Transfers to Other Funds	91,628	97,908	101,158	101,158	98,220	(2,938)
TOTAL APPROPRIATIONS	<u>201,104</u>	<u>222,900</u>	<u>217,765</u>	<u>211,425</u>	<u>214,009</u>	<u>(3,756)</u>
Adj to Working Capital Balance	(1,523)	-	-	9,075	-	-
Rate Reserve	(8,000)	(10,000)	(7,000)	(7,000)	(9,000)	(2,000)
ENDING WORKING CAPITAL BALANCE	<u>13,667</u>	<u>10,667</u>	<u>10,167</u>	<u>34,204</u>	<u>37,038</u>	<u>26,871</u>

Resources

General Fund revenue for FY19 is estimated to be \$4.6 million above the FY18 revised budget due to increases in water consumption. In FY18, the accounting for franchise fees as revenues and expenses was recategorized as accounts payable and receivable and the budgets were amended accordingly.

Appropriations

Operating expenses contain a net decrease of \$3.8 million from the FY18 revised budget. This includes a decrease of \$1.2 million in salaries and benefits due to retirements and efficiencies, an increase of \$0.4 million in operating expenses and a decrease of \$3.0 million for the Debt Service and Capital transfers. Personnel expenses include a

2% cost of living adjustment, as per labor agreements and a 15% increase in benefits primarily due to the Affordable Health Care Act.

Approved issue papers submitted by divisions total \$1.2 million. In FY18, there was a one-time \$3.0 million increase in the transfer to the Capital fund which was funded by reducing the Rate Reserve.

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, 2019 is projected to be \$37.0 million, net of the Rate Reserve.

DEBT SERVICE FUND – 31

Total current resources approved for FY19 are \$81.1 million. The current resources are comprised of revenue from Utility Expansion Charges (UEC) and transfers from the General Fund. Appropriations total \$85.7 million, of which \$80.7 million is debt service to offset principal and interest payments and \$5.0 million is a transfer to a Capital fund.

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Miscellaneous Revenues	8,546	8,000	8,000	10,398	9,500	1,500
Transfers from Other Funds	<u>70,628</u>	<u>70,908</u>	<u>70,908</u>	<u>70,908</u>	<u>71,631</u>	<u>723</u>
Total Current Resources	79,174	78,908	78,908	81,306	81,131	2,223
Beginning Fund Balance	<u>54,576</u>	<u>52,819</u>	<u>52,819</u>	<u>52,819</u>	<u>56,420</u>	<u>3,601</u>
TOTAL RESOURCES	<u>133,750</u>	<u>131,728</u>	<u>131,728</u>	<u>134,125</u>	<u>137,551</u>	<u>5,823</u>
APPROPRIATIONS:						
Total Joint Water/Wastewater DS	75,747	70,993	70,993	70,189	80,730	9,737
Transfers to Other Funds	<u>4,474</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>(1,000)</u>
TOTAL APPROPRIATIONS	<u>80,221</u>	<u>76,993</u>	<u>76,993</u>	<u>76,189</u>	<u>85,730</u>	<u>8,737</u>
Adj to Fund Balance	(710)	-	-	(1,516)	-	-
ENDING FUND BALANCE	<u>52,819</u>	<u>54,735</u>	<u>54,735</u>	<u>56,420</u>	<u>51,821</u>	<u>(2,913)</u>

Resources

Debt Service resources increase \$2.2 million in FY19. UEC revenue increases \$1.5 million based on the current trend in residential development. The transfer from the General Fund increases \$0.7 million based on the Water Authority's debt service schedule.

Appropriations

Debt service payments increase in FY19 \$9.7 million, based on the Water Authority's debt service schedule, and the transfer to the capital fund decreases \$1.0 million.

Fund Balance

Fund Balance at June 30, 2019 is projected to be \$51.8 million.

CAPITAL PROJECT FUNDS – 27, 28 & 29

Total current resources approved for FY19 are \$31.6 million. The current resources are comprised of transfers from the General Fund and Debt Service Fund. Appropriations total \$88.3 million.

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Proceed Revenues	71,705	-	755	670	-	(755)
Miscellaneous Revenues	1,462	-	3,239	1,812	-	(3,239)
Transfers from Other Funds	<u>25,474</u>	<u>33,000</u>	<u>36,250</u>	<u>36,250</u>	<u>31,589</u>	<u>(4,661)</u>
Total Current Resources	98,640	33,000	40,244	38,731	31,589	(8,655)
Beginning Fund Balance	<u>86,790</u>	<u>108,457</u>	<u>108,457</u>	<u>108,457</u>	<u>60,475</u>	<u>(47,982)</u>
TOTAL RESOURCES	<u>185,430</u>	<u>141,457</u>	<u>148,700</u>	<u>147,188</u>	<u>92,064</u>	<u>(56,637)</u>
 APPROPRIATIONS:						
CIP Water 2120	-	-	-	-	300	300
CIP Basic Rehab	75,521	57,586	85,110	74,874	83,068	(2,042)
CIP Growth	3,775	6,000	27,109	8,488	5,000	(22,109)
Transfers to Other Funds	<u>793</u>	<u>1,014</u>	<u>1,014</u>	<u>943</u>	<u>-</u>	<u>(1,014)</u>
TOTAL APPROPRIATIONS	<u>80,089</u>	<u>64,600</u>	<u>113,233</u>	<u>84,305</u>	<u>88,368</u>	<u>(24,865)</u>
Adj to Fund Balance	3,116	-	-	(2,409)	-	-
ENDING FUND BALANCE	<u>108,457</u>	<u>76,857</u>	<u>35,468</u>	<u>60,475</u>	<u>3,696</u>	<u>(31,772)</u>

Resources

CIP resources decrease \$1.4 million in FY19 from the FY18 Original Budget.

Fund Balance

The Fund Balance at June 30, 2019 is projected to be \$3.7 million.

Appropriations

CIP appropriations increase \$23.7 million from the FY18 Original Budget, based on the Water Authority's FY19-FY28 Decade Plan.

FY18 ACCOMPLISHMENTS

As we look forward to FY19, we also reflect on the utility's successes in the preceding year. Among these was the drilling of the Water Authority's first direct-injection aquifer storage and recovery (ASR) wells. These will allow the utility to store surface water underground for later recovery, and are an important operational component of *WATER 2120*, the Water Authority's 100-year water resources management strategy. The utility unveiled this plan, one of the most comprehensive long-term water strategies in the Western United States, in FY18 after several years of development. *WATER 2120* has been endorsed 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.

Other accomplishments of 2018 include:

- An *Exemplary Source-Water Protection Award* from the American Water Works Association (AWWA) in recognition of the utility's water quality monitoring program, its pollution-prevention advocacy and education efforts, its collaboration with local, state and federal agencies in source-water monitoring and clean-up activities, and its investment in watershed management initiatives in Northern New Mexico;
- Groundbreaking on a project to extend municipal water service to the historic South Valley neighborhood of Los Padillas, a 300-year-old semirural enclave where shallow domestic wells are associated with potential public health problems;
- Recognition of a new solar array at the utility's surface-water treatment plant as the *Renewable Energy Project of the Year* by New Mexico's Association of Energy Engineers;
- The Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award;
- GFOA Certificates of Achievement for Excellence in Financial Reporting (both Popular and Comprehensive)

In calendar year 2017, the Southside Water Reclamation Plant (SWRP) qualified for the NACWA Silver Peak Performance Award.

The SWRP continued to generate Renewable Energy Certificates using digester gas (containing methane) 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. The Soil Amendment Facility set a record for its compost production-56% of all bio-solids were composted.

In calendar year 2017, the Surface Water Treatment Plant (SWTP) produced a record-breaking 70% of all water for the Water Authority. The treatment plant also met the Partnership for Safe Water turbidity goal over 99.5% of the time during the year. The Water Authority began selling grit basin solids from the SWTP to Waste Management for the Rio Rancho landfill.

Groundwater Operations completed the New Mexico Environment Department (NMED) Triennial Sanitary Survey, updated their asset inventory and facilities mapping, and completed Corrales trunk improvements.

Field Distribution crews installed approximately 3,000 lineal feet of water main and appurtenances in the South Valley (Los Padillas Project). Staff attended a variety of safety training sessions throughout the year: Silica Awareness, Safety in Cold Weather, Trace Wire, and Power Tool Safety & Inspections.

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. Staff conducted two simulated Sanitary Sewer Overflows (SSO) to

FY18 ACCOMPLISHMENTS

go through the OERP process with one or more entities that may jointly respond to an SSO, and to see if all procedures are appropriate. The fleet of combination cleaning units is being renewed and provided with updated nozzles.

The Compliance division submitted the National Pollutant Discharge Elimination System (NPDES) permit renewal application and received the new proposed permit. Staff completed revisions to the Cross-Connection Ordinance. The Water Quality program implemented electronic forms to document results from sanitary survey pre-inspections. The Water Quality Lab expanded its use of the Laboratory Information Management System (LIMS).

The Finance Accounting section submitted the FY17 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. Finance/Executive Director staff completed the Risk Liability Claim Cost Analysis to project the expected liability claim expenses. Purchasing worked with Bernalillo County on their new Home Rule Procurement Code which will be adopted and implemented by the Water Authority in FY19. Budget staff submitted the FY17 Approved Budget to GFOA and received the Distinguished Budget Presentation Award.

Customer Services absorbed the Conservation Rebate Program from Water Resources. Billing Operations streamlined the payment refund process, updated their collection processes, and continued to advance the Customer Care Representatives through their career track. Customer Services Field Operations implemented Phase 4 of the Automated Meter Infrastructure (AMI) project which moved the utility to a 48% saturation of automated meters in the service area and reduced the number of stopped meters in the service area to zero.

Information Technology (ITD) implemented Splunk, a tool for analyzing and reporting Water Quality and SCADA data, moved the One

Solution platform from the cloud to on-premise, upgraded the Cognos reporting platform, and upgraded the Performance Evaluation system.

Security continues to be a major concern. To address security concerns, ITD implemented email filtering/security, completed a penetration analysis and testing for cyber security threats, upgraded the malware and phishing protection, and created redundant network paths to all Water Authority locations.

The upgrade and implementation of the CMMS system, Maximo, continued through FY18. The overall goals for the Maximo upgrade center around 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 & Engineering Maps & Records section updated the Water Systems Map and began the Field Asset Global Positioning System (GPS) Project to map over 48,000 valves into the system. One Stop Shop began the draft Guide to Development and created new databases for UEC reimbursements for development agreements and Pro Rata. Central Engineering worked with the City of Albuquerque Utility Development Section to update their Development Process Manual and managed major CIP projects including the Southside Water Reclamation Plant Renewal Program, Interceptor Renewal Program, Small Diameter Sewer Renewal, Large Scale ASR Well, and the Solar Array at the Surface Water Treatment Plant. A major accomplishment for Central Engineering was the completion of the 2015 U.S. EPA Administrative Order by fiscal year-end.

FY18 ACCOMPLISHMENTS

A major accomplishment for the Water Resources division was the drilling of the Water Authority's first ASR well, allowing the utility to store water underground for later recovery. The division created and managed a Youth Mentorship program. Water Conservation updated the Water Conservation Plan and revised the WaterWaste Ordinance. Several environmental programs were spearheaded, including the Rio Grande Silvery Minnow Recovery, Hydro-geomorphic Monitoring with drones of habitat sites, and Watershed Restoration.

The Risk/Safety program completed the Risk Management Administrative Instruction, created OSHA Inspection Procedures, and implemented quarterly safety committee meetings. Staff provided safety training to all Water Authority staff on topics including: CPR training, new employee introductory safety training, testing/monitoring emergency lighting, exit signs, eye wash stations/showers, and fire extinguishers.

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. Human Resources staff responded to feedback from the Employee Survey and implemented an employee recognition program which includes on the spot recognition and years of service recognition and increased outreach programs to employees.

The certification training programs continue to develop employees' knowledge and skills in various positions, including water and wastewater operations and maintenance, dispatch, and customer service. Fifty-two employees were promoted throughout the Water Authority training programs, twenty employees received Train-the-Trainer certification, twelve employees completed a 40-hour New Supervisor class and sixteen supervisors completed the 64-hour Rocky Mountain AWWA Supervisory Leadership class.

FY19 HIGHLIGHTS

The FY19 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, adopted in September 2016. *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. A key component going forward will be the shift from acquisition of water rights to the development of reuse facilities to have a more resilient supply.

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 ten 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 FY19. 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 operation groups.

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 70% of all water distributed to Water Authority customers in calendar year 2017. 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 on a consistent basis.

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, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility (SDF). 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.

In FY19, the DWP will focus on efforts related to solids management by continuing sales of grit basin material to Waste Management for the Rio Rancho

FY19 HIGHLIGHTS

Landfill and beginning a pilot testing of iron sludge disposal to aid with significant odor control and provide corrosion benefits. The plant will also begin Phase II of its Ozone system modifications, coarse screening improvements at river intake, and construction of a lime storage silo. Wastewater Collections continues to implement the CMOM program and the expanded closed-circuit television (CCTV) inspection of 5% of the small diameter system which provides for better maintenance and identification of specific rehab needs.

Water Distribution Field will focus on pressure monitoring, pressure reducing valve preventive maintenance, and eliminating select redundant/inoperable pressure reducing valves monitored with Automated Meter Infrastructure (AMI) technology. Staff will continue with the Los Padillas water line extensions and partner with Compliance and Plant staff to address South Valley water quality issues.

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 and move from indoor to outside rebate programs. Water Resources staff will develop the Environmental Plan and the Groundwater Monitoring Plan. Plans are to launch a Water Conservation newsletter and website which will contain irrigation, gardening and horticultural tips and practices.

Planning & Engineering will complete the Guide to Development, complete the Field Asset GPS Coordinates Program, and prepare a list of recommended modifications to the Expansion Ordinance in coordination with the Guide to Development. Staff will be developing a proposed fee schedule for Utility Development deliverables and begin work on a Construction Inspection Manual.

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, FY19 will complete revisions to the Cross-Connection Control Ordinance. The current version of the ordinance needs refining to remove ambiguity and improve clarity. The program will also be obtaining a new NPDES permit and completing their PPCP wastewater sampling during 2018.

The Water Quality lab will be developing Standard Operating Procedures for analyses of TKN and Fecal as MPN. The program will also be meeting with CIP staff to begin the process of renovation projects at the lab.

Administration, Employee Relations and Development

The Water Authority will continue to conduct periodic activities to engage, educate, and provide updates to customers, 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 be developing a Sick to Well Time Policy and a Wellness Champion/Stretching policy.

A major focus for Human Resources will be the design and implementation of a new Application System. This system will be more user-friendly for both applicants and Water Authority staff and will allow staff to push jobs out to various recruitment websites and provide continuous recruitment capability. Staff will also continue to implement Employee Satisfaction Survey and Employee Connections initiatives.

FY19 HIGHLIGHTS

The budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings that result from 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 FY19 Approved Budget for the Distinguished Budget Presentation Award, the FY18 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY18 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 FY19, Accounting Services will be leading the Maximo Phase II implementation of Asset on-boarding and disposition, barcoding for the annual capital asset inventory required by State statute, life-cycle costing of assets, and developing policies and procedures for capturing costs for new and existing assets.

Purchasing will fully implement the new Bernalillo County Home Rule Procurement Code. Two areas of major focus for FY19 will be the completion of the Warehouse Ordering and Payment Policies and Procedures and overseeing the Maximo Phase II implementation for Purchasing and Inventory related functions, specifically Maximo/OneSolution integration options, inventory management improvements, satellite storerooms, and inventory barcoding.

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 the Living River Fund and Water Assistance Fund donation programs.

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) 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 FY19. Customer Services Field Operations will continue working on the Automated Meter Infrastructure project which will provide a 50% saturation of automated meters in the service area by the end of FY19.

ITD Quality Assurance staff will continue the buildout of the service desk, implement an Information Security Plan, update IT policies relating to IT security, and coordinate change management and training efforts for the CC&B upgrade.

IT Infrastructure objectives for FY19 include the buildout and migration of the Disaster Recovery site to the Surface Water Plant, migration of all database servers to SimpliVity, completion of a comprehensive security plan, and building redundant infrastructure for card key and video surveillance systems.

FY19 HIGHLIGHTS

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, FINANCIAL AND DEBT 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.

1. 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."

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

BUDGET, FINANCIAL AND DEBT POLICIES

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.

2. 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.”

BUDGET, FINANCIAL AND DEBT POLICIES

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

BUDGET ORDINANCE PROVISIONS:

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

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

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

BUDGET ORDINANCE PROVISIONS:

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

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

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

RATE ORDINANCE PROVISIONS:

§ 1-1-2 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 Water Authority."

"(C) Increasing Minimum Monthly Fixed Charges. So long as there are Senior Obligations outstanding, if the determination of §1-1-2(B) above shows that the net revenues are less than 133% of the debt service requirements on the outstanding Senior Obligations, the fixed monthly charge will be increased for water and sewer accounts. So long as there are Subordinate Obligations outstanding, if the determination of §1-1-2(B) above shows that the Net Revenues are less than 120% of the Debt Service Requirements on the outstanding Senior Obligations and outstanding Subordinate Obligations, the fixed monthly charge will be increased for water and sewer accounts. The increase in the fixed monthly charge will be a percentage of the established fixed monthly charges that produce additional revenues so that if the adjusted charges had been effective the

BUDGET, FINANCIAL AND DEBT POLICIES

previous quarter, the total Net Revenues would have been sufficient to meet the requirements of this paragraph. If the determination of §1-1-2(B) above shows that the Net Revenues are insufficient to meet the requirements above, it shall be determined if the revenue loss is due to efforts of Water Authority Customers to conserve water by reviewing usage patterns. If the usage study shows that the reduced revenues are due to conservation efforts, the Executive Director shall analyze the Utility's operations for the purpose of determining whether or not corresponding expense reductions can be effected and shall present any such expense reduction proposals to the Water Authority."

5. 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.

§ 1-1-7 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. This policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts."

"(B) At a minimum, an average of 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. This

BUDGET, FINANCIAL AND DEBT POLICIES

policy shall not apply to the possible acquisition of other operating water and wastewater utility systems or to mitigate short term rate impacts.”

“(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 sustainable water supply or to mitigate short term rate impacts.”

“(D) Utility Expansion Charge (UEC) revenues or those of successor development fees in excess of \$6 million 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 most recent audited Comprehensive Annual Financial Report.”

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

§ 1-1-6 WATER AND SEWER REHABILITATION FUND.

“(C) Committed expenditures for the rehabilitation of water wells, pump stations, reservoirs, service lines, other water lines, gate valves and the committed expenditures for rehabilitation of sewer lines, odor control stations, pumping stations and treatment facilities from revenues in the Water and Sewer Rehabilitation Fund shall not be less than \$40 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

BUDGET, FINANCIAL AND DEBT POLICIES

- 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 incurred may be issued, at the discretion of the Water Authority, on either Senior, Subordinate or Super Subordinate liens 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
FY19*

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/STRATEGIC PLANNING PROCESS

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 FY18 either because they require more time to complete or are ongoing issues.

The 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 opinion surveys and customer focus group meetings four times per year. Customer Conversations are roundtable discussions with customers focusing on important issues facing the utility. The facilitated meetings are innovative and interactive, engaging customers with hands-on activities so that they can think through the decisions and discuss issues with fellow customers. The Water Authority measures its progress in the goals and objectives through the AWWA Benchmarking program. The benchmarking program allows the utility to benchmark its performance among 25 key performance indicators. The goals and objectives are integrated into the employee's performance evaluations biannually through the Employee Performance Expectations. The Technical Customer Advisory Committee provides input on the utility's policies, plans, and programs. The Water Authority has incorporated the EPA's Effective Utility Management (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 and Five Keys to Management Success 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.



FY19 GOALS AND OBJECTIVES

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 FY19, 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 FY19.
- Complete Surface 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 FY19.
- Evaluate the Automated Meter Infrastructure Pressure Monitoring pilot project and assess operation and maintenance costs by eliminating redundant pressure reducing valves by the end of the 4th Quarter of FY19.
- 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 FY19. Pilot an acoustic leak detection system with intelligent nodes to monitor and communicate possible leaks to a central data collection hub by the end of the 4th Quarter of FY19.
- 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-assessment through the end of the 4th Quarter of FY19.
- Maintain water use at or below 128 gallons/capita/day thru the end of the 4th Quarter of FY19.
- Begin testing the Large-Scale Aquifer Storage & Recovery project through the end of the 3rd Quarter of FY19. Complete operational plan based on the testing by the end of the 4th Quarter of FY19.
- Complete an evaluation of the next Aquifer Storage and Recovery project to determine the best location and project type by the end of the 4th Quarter of FY19.
- Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Irrigation Audits; 2) 45 Meetings with Landscapers; 3) 30 Meetings with Property Managers; and 4) 2 Water Conservation Open House Meetings by the end of the 4th Quarter of FY19.
- Continue implementation of *Water 2120*: 1) Complete Environmental Plan; 2) Prepare draft of the Groundwater Management Plan; 3) Begin development of the Reuse Plan by the end of the 4th Quarter of FY19.
- Complete update to the source water protection plan by the end of the 2nd Quarter of FY19. Begin implementation of the updated plan, including monitoring for new and existing groundwater and surface water contamination and education outreach through the end of the 4th Quarter of FY19. Participate in and provide comments to protect the groundwater aquifer and surface water supplies throughout the Middle Rio Grande; continue work with the Water Protection Advisory Board through administrative, policy, and technical support.

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 FY19.
- Beneficially reuse biosolids by diverting 30% to compost thru the end of the 4th Quarter of FY19.
- 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 FY19.
- 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 2nd Quarter of FY19.
- 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 FY19.
- Televisе and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY19.
- Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. 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. 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.

FY19 GOALS AND OBJECTIVES

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 FY19: 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 FY19.
- Provide communications support for the implementation of the Water Assistance Fund and updates to CC&B billing system through the end of the 4th Quarter of FY19.
- 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 FY19.
- 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 FY19.
- Conduct periodic activities and communication initiatives to engage and educate legislators, stakeholders and neighborhood coalitions regarding Water Authority services, policies and projects through the end of the 4th Quarter of FY19.

FY19 GOALS AND OBJECTIVES

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 \$55 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 FY19. \$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 FY19.
- Complete update the Comprehensive Asset Management Plan to determine the condition and criticality of the utility's assets by the end of the 2nd Quarter of FY19.
- Complete vehicle asset management plan to better plan for capital replacement of vehicles by the end of the 2nd Quarter of FY19.
- In order to provide a central location for processes and procedures, complete a Utility Development Guide by the end of the 2nd Quarter of FY19. Update System Expansion Ordinance to align to the Guide. Review fee structure for Utility Development deliverables.
- Continue design, planning, and construction of the Los Padillas water system (South Valley Drinking Water Project Phase 7b). Identify funding for Phase 7c for design and planning through the end of the 4th Quarter of FY19.
- Begin implementation of recommendations from the vulnerability assessment on utility facilities and systems to reduce risk of physical security, cyber security, and business activities by the end of the 4th Quarter of FY19. Update Emergency Response Plan by the end of the 4th Quarter of FY19.
- Complete a Comprehensive Information Technology Security Plan that is aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology Cybersecurity Framework to protect the utility's critical infrastructure from cyber-attacks by the end of the 4th Quarter of FY19.
- Complete a needs assessment of the Supervisory Control and Data Acquisition (SCADA) system; implement recommendations of the assessment for the updated platform to align with the asset management program by the end of the 4th Quarter of FY19.
- Complete Phase 2 of the Maximo comprehensive asset management system upgrade which includes asset onboarding and de-commissioning, full life cycle accounting, barcoding, fleet management, and preventive and condition monitoring by the end of the 4th Quarter of FY19.
- Complete replacement of an applicant online system that aligns to the OneSolution enterprise financial system by the end of the 4th Quarter of FY19.
- Complete upgrade to the CC&B billing application by the end of the 3rd Quarter of FY19.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY19.
- Finalize conceptual plan to consolidate field, fleet, warehouse and customer services operations from multiple locations to the Drinking Water Plant. Complete design documents and start construction for building, site work and ancillary facilities by the end of the 4th Quarter of FY19.
- 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,

FY19 GOALS AND OBJECTIVES

etc. to identify and assess potential impacts on the Water Authority. Provide quarterly reports through the end of the 4th Quarter of FY19.

- 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)). 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 LIMS, LabVantage, throughout FY19 to increase the automation of data entry to reduce data entry errors and reduce the amount of paper used at the laboratory. Develop dashboards to help analysts and management manage samples and workflows entirely in the application. Expand the collection of electronic data to field analytics, balances, probes, and spectrophotometry instruments stored in the Database of Compliance.
- 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 4th Quarter of FY19.
- Prepare for the New Mexico Environment Department Drinking Water Laboratory Certification audit for microbiological water testing in the 4th Quarter of FY19. 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.

- 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.
- Monitor for Pharmaceuticals and Personal Care Products (PPCPs) in the source water, drinking water and wastewater. Report the findings of this voluntary monitoring by the end of the 4th Quarter of FY19. Compare the results to historical monitoring performed in 2009-2010.

FY19 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.

- Align ongoing supervisor training to address issues identified during Employee Connections meetings and from Employee Satisfaction Surveys; modify supervisor training to incorporate employee appreciation, recognition and communication by the end of the 2nd Quarter of FY19.
- Maintain an average utility-wide vacancy rate of no greater than 5% through the end of FY19.
- 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 FY19.
- 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 FY19.
- Reduce injury hours to 2,650 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY19.



*APPROVED BUDGET
&
FINANCIAL CONSOLIDATIONS*

*Approved
Operating Budget
FY19*

PERSONNEL INFORMATION

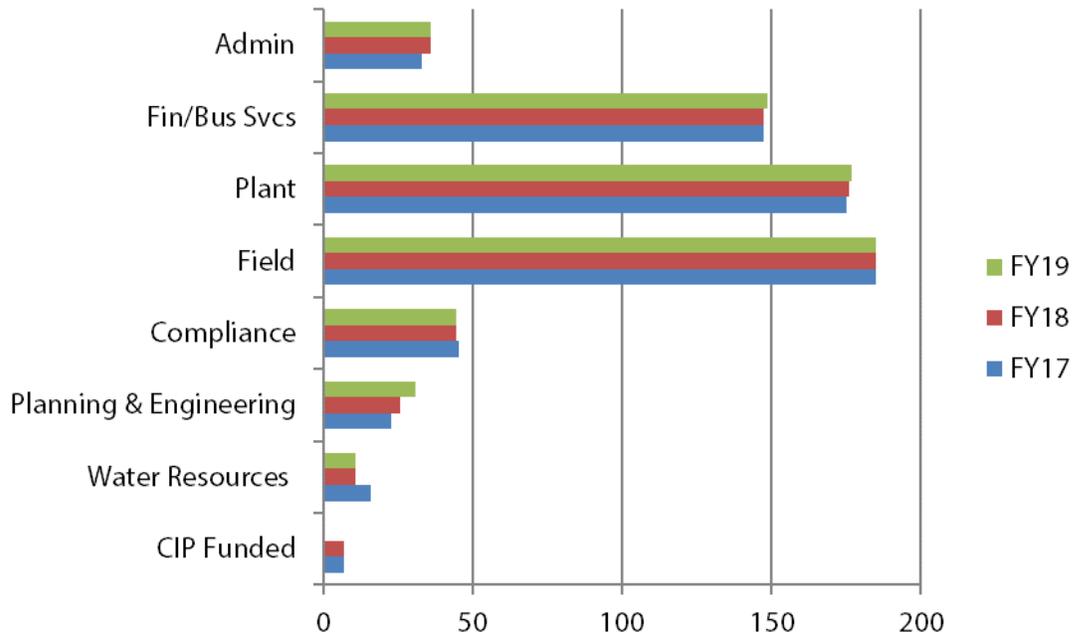
The FY19 budget is authorized and approved at 633 employees.

Three labor unions represent 499 of the 633 Authority employees. Local 2962 AFSME, AFL-CIO, CLC represents 56 clerical series employees, Local 624 AFSCME, AFL-CIO represents 314 blue collar employees and Local 3022 AFSCME, COUNCIL 18, AFL-CIO represents 129 management series employees.

Changes in Employment - The FY19 approved budget has no change in full-time equivalent positions over the FY18 level. In FY19, the positions in the CIP Funded department were reallocated to other programs.

POSITIONS:	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
Administration						
Water Authority	13	14	14	14	14	0
Risk	6	6	6	6	6	0
Legal	1	1	1	1	1	0
Human Resources	13	14	15	15	15	0
Total Administration	33	35	36	36	36	0
Financial /Business Services						
Finance	31.5	30.5	30.5	30.5	31.5	1.0
Customer Services	90	91	91	91	91	0
Information Technology	26	26	26	26	26	0
Total Financial/Business Services	147.5	147.5	147.5	147.5	148.5	1
Plant						
Wastewater Treatment	92	92	92	92	92	0
San Juan-Chama Water Treat Plant	28	30	30	30	31	1
Groundwater	55	54	54	54	54	0
Total Plant	175	176	176	176	177	1
Field						
Wastewater Collection	61	62	62	62	62	0
Water Field Operations	124	124	123	123	123	0
Total Field	185	186	185	185	185	0
Compliance	45.5	44.5	44.5	44.5	44.5	0.0
Planning & Engineering	23	26	26	26	31	5
Water Resources	16	11	11	11	11	0
CIP Funded	7	7	7	7	0	(7)
TOTAL FULL TIME POSITIONS	632.0	633.0	633.0	633.0	633.0	0.0

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.

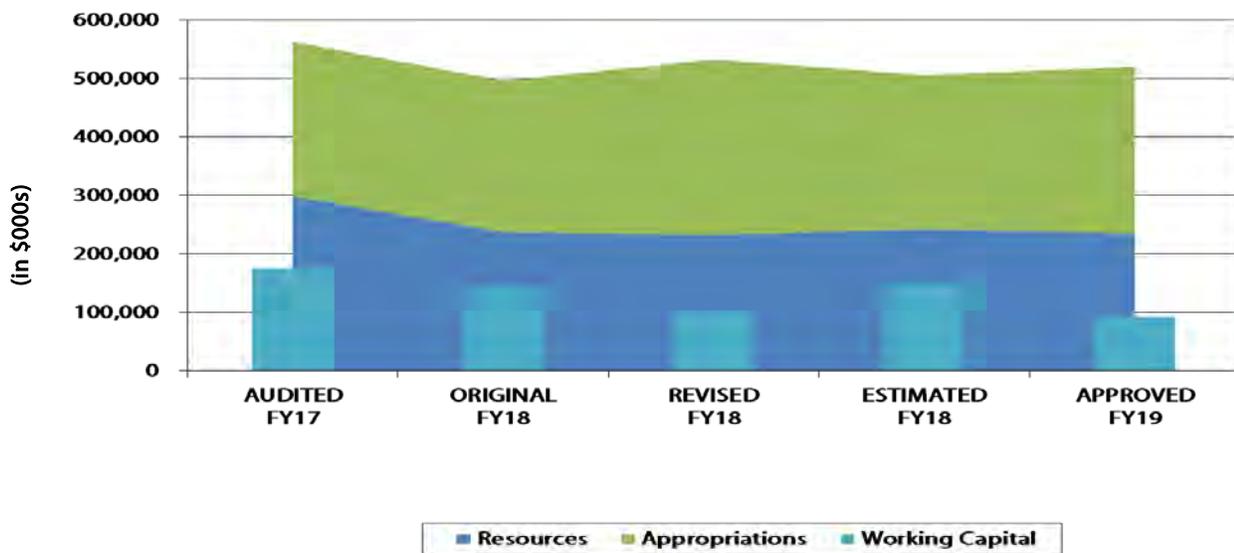
Fund 21 - General Fund - To account for the general operations of providing water and wastewater services in the Water Authority's service area.

Fund 27 – Water 2120 Projects/ 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 FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Proceed Revenues	71,705	-	755	670	-	(755)
Miscellaneous Revenues	13,600	20,640	15,244	17,186	15,017	(227)
Enterprise Revenues	213,553	216,246	216,246	223,968	220,326	4,080
Transfers from Other Funds	96,895	104,922	108,172	108,101	103,220	(4,952)
Interfund Adjustments	<u>(96,895)</u>	<u>(104,922)</u>	<u>(108,172)</u>	<u>(108,101)</u>	<u>(103,220)</u>	<u>4,952</u>
Total Current Resources	298,857	236,887	232,245	241,824	235,343	3,098
Beginning Working Capital Balance	<u>147,722</u>	<u>174,943</u>	<u>174,943</u>	<u>174,943</u>	<u>151,099</u>	<u>(23,844)</u>
TOTAL RESOURCES	<u>446,579</u>	<u>411,830</u>	<u>407,188</u>	<u>416,767</u>	<u>386,442</u>	<u>(20,746)</u>
APPROPRIATIONS:						
Enterprise Operations	109,476	124,992	116,607	110,267	115,789	(818)
Debt Service	75,747	70,993	70,993	70,189	80,730	9,737
CIP Water 2120, Basic Rehab & Growth	79,296	63,586	112,219	83,362	88,368	(23,851)
Transfers to Other Funds:	96,895	104,922	108,172	108,101	103,220	(4,952)
Interfund Adjustments	<u>(96,895)</u>	<u>(104,922)</u>	<u>(108,172)</u>	<u>(108,101)</u>	<u>(103,220)</u>	<u>4,952</u>
TOTAL APPROPRIATIONS	<u>264,519</u>	<u>259,571</u>	<u>299,819</u>	<u>263,818</u>	<u>284,887</u>	<u>(14,932)</u>
Adj to Working Capital Balance	883			5,150		-
Rate Reserve	(8,000)	(10,000)	(7,000)	(7,000)	(9,000)	
ENDING WORKING CAPITAL BALANCE	<u>174,943</u>	<u>142,259</u>	<u>100,370</u>	<u>151,099</u>	<u>92,555</u>	<u>(7,815)</u>

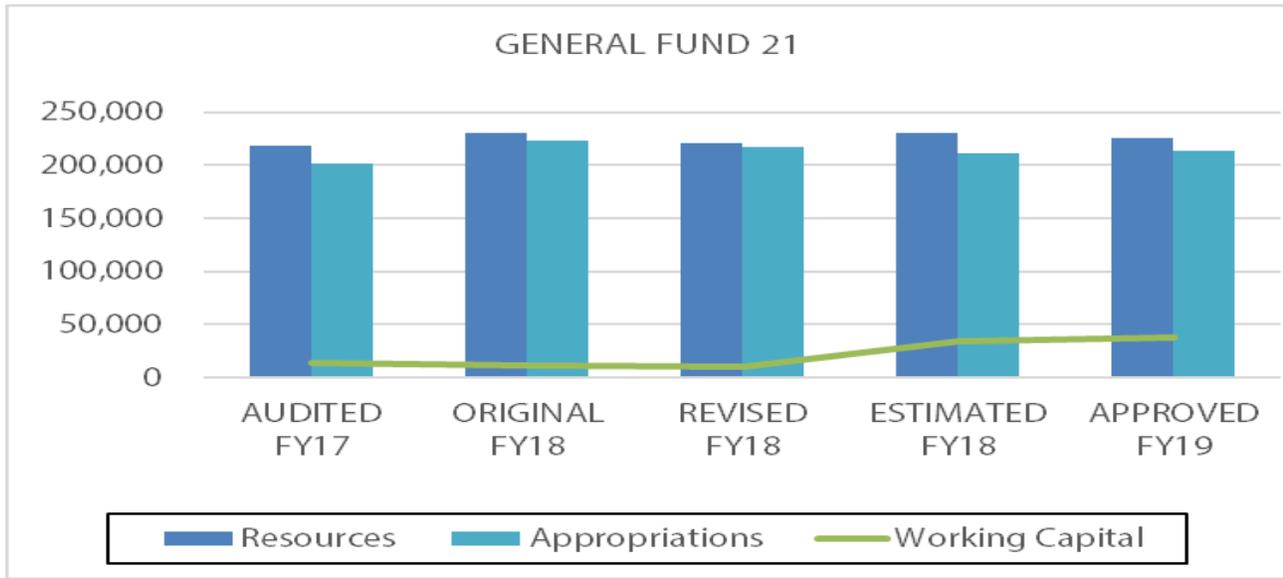


COMBINED FY19 FUNDS BUDGET

(000's)	GENERAL FUND FUND 21	DEBT SERVICE FUND 31	CAPITAL FUNDS 27/28/29	FY19 TOTALS
RESOURCES				
Interest	540			540
Miscellaneous	3,109			3,109
Water	123,355			123,355
Water Resources Management	4,500			4,500
Wastewater	92,471			92,471
Solid Waste Admin Fee	1,509			1,509
DMD Admin Fee	359			359
Utility Expansion Charges		9,500		9,500
Transfers		71,631	31,589	103,220
TOTAL RESOURCES	<u>225,843</u>	<u>81,131</u>	<u>31,589</u>	<u>338,563</u>
APPROPRIATIONS				
Wages	39,684			39,684
Fringe Benefits	17,942			17,942
Professional and Other Services	19			19
Utilities	12,576			12,576
Supplies	10,385			10,385
Travel, Training, and Dues	594			594
Repairs and Maintenance	14,023			14,023
Vehicle Maintenance	2,837			2,837
WC, Insurance, Tort, and Other Liab	3,506			3,506
NM Water Conservation Fee	656			656
Interest	196			196
Principal	1,206			1,206
Admin Svcs/OPEB	659			659
Contractual Services	11,506		88,368	99,874
Capital Outlay	-			-
Transfer to Capital Fund	26,589	5,000		31,589
Transfer to Debt Service	71,631			71,631
Transfer to General Fund				-
Debt Service Payments		80,730		80,730
TOTAL APPROPRIATIONS	<u>214,009</u>	<u>85,730</u>	<u>88,368</u>	<u>388,107</u>
Revenue Over (Under) Expenditures	11,835	(4,599)	(56,779)	(49,544)
Beginning Fund Balance	34,204	56,420	60,475	151,099
Rate Reserve	9,000			
ENDING FUND BALANCE	<u>37,038</u>	<u>51,821</u>	<u>3,696</u>	<u>92,555</u>

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 FY19.
- ◇ General operating expenses increase \$0.4M in FY19.
- ◇ Transfers decrease \$3.0M in FY19.
- ◇ Working Capital balance maintained at 1/12th budgeted expenses in FY19.
- ◇ \$2M added to Rate Reserve in FY19.

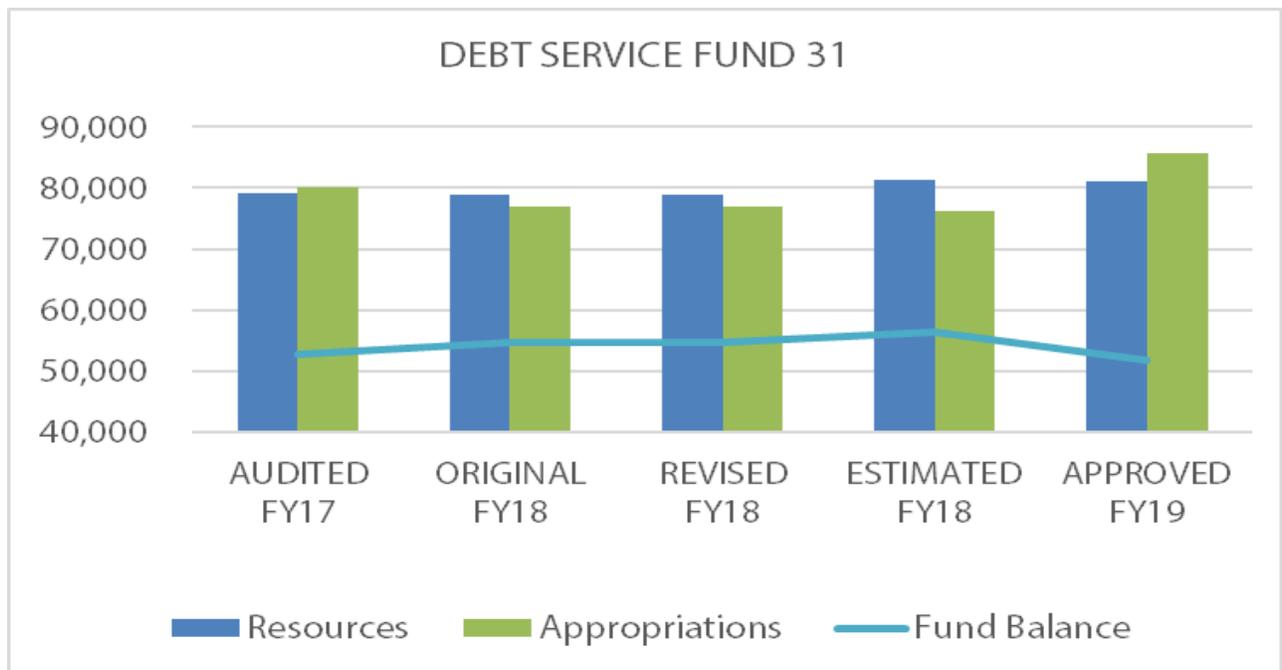
GENERAL FUND - 21

RESOURCES, APPROPRIATIONS AND WORKING CAPITAL BALANCE

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Rate Revenues:						
Water Service	105,183	90,578	90,578	105,696	90,578	-
Water Facilities Rehab	34,518	32,402	32,402	37,326	32,402	-
Wastewater Service	41,644	62,829	62,829	42,622	64,869	2,040
Wastewater Facilities Rehab	27,457	25,562	25,562	33,456	27,602	2,040
Contr/Aid/Hookups	388	375	375	450	375	-
Water Resources Management	4,363	4,500	4,500	4,418	4,500	-
Total Rate Revenue	213,552	216,246	216,246	223,968	220,326	4,080
Other Revenues:						
Solid Waste Admin Fee	1,401	1,480	1,480	1,480	1,509	29
DMD Admin Fee	349	348	348	348	359	11
CIP Funded Positions	793	1,014	1,014	943	-	(1,014)
Interest on Investments	86	100	100	322	540	440
Miscellaneous Revenue	1,756	2,077	2,077	2,826	3,109	1,032
Total Other Revenue	4,385	5,019	5,019	5,919	5,517	498
Total Rate and Other Revenues	217,938	221,265	221,265	229,887	225,843	4,578
Franchise Fees:						
Franchise Fee: City	-	7,857	-	-	-	-
Franchise Fee: Valley	-	691	-	-	-	-
Franchise Fee: Rio Rancho	-	1	-	-	-	-
Franchise Fee: Los Ranchos	-	86	-	-	-	-
Total Franchise Fees	-	8,635	-	-	-	-
Total Current Resources	217,938	229,900	221,265	229,887	225,843	4,578
Beginning Working Capital Balance	6,356	13,667	13,667	13,667	34,204	20,536
TOTAL RESOURCES	224,294	243,567	234,932	243,554	260,047	25,115
APPROPRIATIONS:						
Programs:						
Administration	2,726	2,792	2,792	3,139	2,684	(108)
Risk	4,239	4,523	4,523	3,614	4,534	11
Legal	459	703	703	863	760	57
Human Resources	1,313	1,508	1,552	1,472	1,588	36
Finance	3,894	4,004	4,004	3,865	4,184	180
Customer Services	8,587	9,112	9,112	8,679	9,050	(62)
Information Technology	7,072	7,131	7,131	6,997	7,096	(35)
Wastewater Plant	10,747	11,680	11,680	10,976	11,426	(254)
San Juan-Chama Water Treatment Plant	3,415	3,639	3,639	3,478	3,971	332
Groundwater Operations	5,985	6,427	6,427	6,284	6,629	202
Wastewater Collection	6,540	6,758	6,758	6,824	6,701	(57)
Water Field Operations	19,134	20,129	20,085	18,152	19,595	(490)
Compliance	4,513	5,400	5,400	4,242	5,261	(139)
Planning & Engineering	2,871	3,390	3,342	2,958	3,899	557
Water Resources	3,587	3,872	3,920	3,631	3,861	(59)
Power & Chemicals	19,940	19,982	20,232	20,612	20,236	-
Taxes	338	9,292	657	262	656	(1)
Overhead	1,737	2,403	2,403	2,110	1,410	(993)
San Juan-Chama	2,378	2,247	2,247	2,109	2,247	-
Total Enterprise Appropriations	109,476	124,992	116,607	110,267	115,788	(819)
Transfers to Other Funds:						
Rehab Fund - 28	21,000	27,000	30,250	30,250	26,589	(3,661)
Debt Service Fund - 31	70,628	70,908	70,908	70,908	71,631	723
Total Transfers	91,628	97,908	101,158	101,158	98,220	(2,938)
TOTAL APPROPRIATIONS	201,104	222,900	217,765	211,425	214,009	(3,756)
ADJUSTMENTS:						
Year-End Adjustments	(1,523)	-	-	9,075	-	-
Rate Reserve	(8,000)	(10,000)	(7,000)	(7,000)	(9,000)	(2,000)
ENDING WORKING CAPITAL BALANCE	13,667	10,667	10,167	34,204	37,038	26,871

DEBT SERVICE FUND - 31 RESOURCES, APPROPRIATIONS AND FUND 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

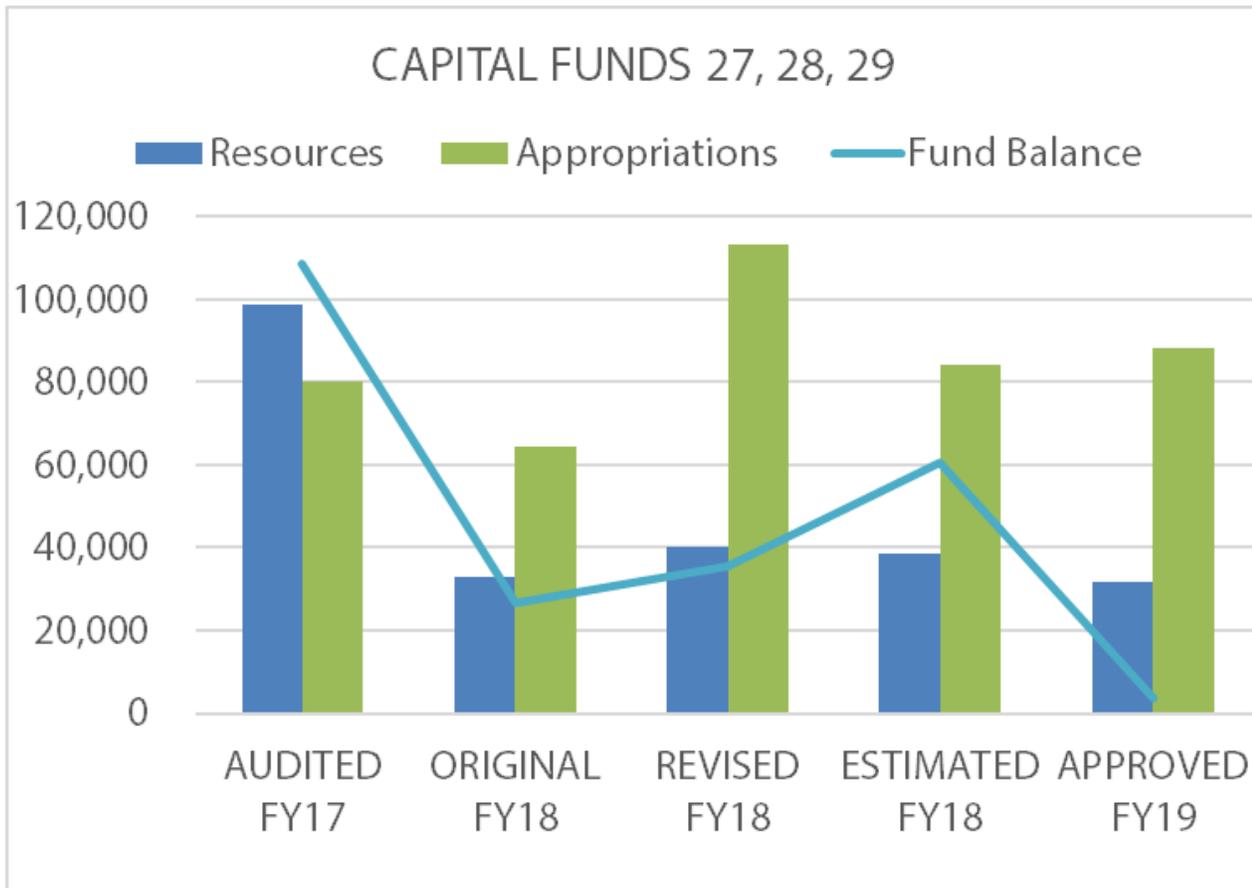
RESOURCES, APPROPRIATIONS AND FUND BALANCE

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	<u>8,546</u>	<u>8,000</u>	<u>8,000</u>	<u>10,398</u>	<u>9,500</u>	<u>1,500</u>
Total Miscellaneous Revenues	8,546	8,000	8,000	10,398	9,500	1,500
Transfer from Other Funds:						
General Fund - 21	<u>70,628</u>	<u>70,908</u>	<u>70,908</u>	<u>70,908</u>	<u>71,631</u>	<u>723</u>
Total Transfers	70,628	70,908	70,908	70,908	71,631	723
Total Current Resources	79,174	78,908	78,908	81,306	81,131	2,223
Beginning Fund Balance	<u>54,576</u>	<u>52,819</u>	<u>52,819</u>	<u>52,819</u>	<u>56,420</u>	<u>3,600</u>
TOTAL RESOURCES	<u>133,750</u>	<u>131,728</u>	<u>131,728</u>	<u>134,125</u>	<u>137,551</u>	<u>5,823</u>
APPROPRIATIONS:						
Joint Water/Sewer Debt Service	75,747	70,993	70,993	70,189	80,730	9,737
Transfers to Other Funds						
Growth Fund - 29	<u>4,474</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>(1,000)</u>
Total Transfers	4,474	6,000	6,000	6,000	5,000	(1,000)
TOTAL APPROPRIATIONS	<u>80,221</u>	<u>76,993</u>	<u>76,993</u>	<u>76,189</u>	<u>85,730</u>	<u>8,737</u>
ADJUSTMENTS:						
Adjustment to Fund Balance	<u>(710)</u>	-	-	<u>(1,516)</u>	-	-
TOTAL ADJUSTMENTS	(710)	-	-	(1,516)	-	-
ENDING FUND BALANCE	<u>52,819</u>	<u>54,735</u>	<u>54,735</u>	<u>56,420</u>	<u>51,821</u>	<u>(2,913)</u>

CAPITAL FUNDS – 27, 28, 29

RESOURCES, APPROPRIATIONS AND FUND 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.

CAPITAL FUNDS – 27, 28, 29

RESOURCES, APPROPRIATIONS AND FUND BALANCE

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Proceeds:						
Loan Proceeds	-	-	755	670	-	(755)
Bond Proceeds	<u>71,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Proceed Revenues	71,705	-	755	670	-	(755)
Miscellaneous Revenues:						
State Grants	280	-	1,255	1,023	-	(1,255)
Lease of Water Rights	1,182	-	-	79	-	-
Other	<u>-</u>	<u>-</u>	<u>1,984</u>	<u>711</u>	<u>-</u>	<u>(1,984)</u>
Total Miscellaneous Revenues	1,462	-	3,239	1,812	-	(3,239)
Transfer from Other Funds:						
General Fund - 21	21,000	27,000	30,250	30,250	26,589	(3,661)
Debt Service Fund - 31	<u>4,474</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>(1,000)</u>
Total Transfers	25,474	33,000	36,250	36,250	31,589	(4,661)
Total Current Resources	98,640	33,000	40,244	38,731	31,589	(8,655)
Beginning Fund Balance	<u>86,790</u>	<u>108,457</u>	<u>108,457</u>	<u>108,457</u>	<u>60,475</u>	<u>(47,982)</u>
TOTAL RESOURCES	<u>185,430</u>	<u>141,457</u>	<u>148,700</u>	<u>147,188</u>	<u>92,064</u>	<u>(56,637)</u>
APPROPRIATIONS:						
CIP Water 2120	-	-	-	-	300	300
CIP Basic Rehab	75,521	57,586	85,110	74,874	83,068	(2,042)
CIP Growth	3,775	6,000	27,109	8,488	5,000	(22,109)
Transfers to Other Funds	<u>793</u>	<u>1,014</u>	<u>1,014</u>	<u>943</u>	<u>-</u>	<u>(1,014)</u>
TOTAL APPROPRIATIONS	80,089	64,600	113,233	84,305	88,368	(24,865)
ADJUSTMENTS:						
Change in Reserve	-	-	-	-	-	-
Adjustment to Fund Balance	<u>3,116</u>	<u>-</u>	<u>-</u>	<u>(2,409)</u>	<u>-</u>	<u>-</u>
TOTAL ADJUSTMENTS	3,116	-	-	(2,409)	-	-
ENDING FUND BALANCE	<u>108,457</u>	<u>76,857</u>	<u>35,468</u>	<u>60,475</u>	<u>3,696</u>	<u>(31,772)</u>

PROGRAM BUDGET HIGHLIGHTS

Expenses

Comparing the FY18 revised budget with the approved budget for FY19 reveals an overall net decrease of \$3.8 million. The approved budget for FY19 has a decrease of \$1.2 million in salaries and benefits due to retirements and efficiencies, an increase of \$0.4 million in operating expenses and a decrease of \$3.0 million for the Debt Service and Capital transfers. Personnel expenses include a 2% cost of living adjustment, as per labor agreements and a 15% increase in benefits primarily due to the Affordable Health Care Act.

In FY18, there was a one-time \$3.0 increase in the transfer to the Capital fund which was funded by reducing the Rate Reserve.

The balance for Working Capital, total revenues minus total expenses, is estimated to be \$37.0 million at the end of FY19, net of the Rate Reserve. An additional \$2 million is reserved in the rate reserve fund for FY19. 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 FY19 total \$1,202,511. 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%.

FY19 APPROVED ISSUE PAPERS

Water Authority Approved Issue Papers - FY19	
Fund 21 - General Fund	1,202,511
Administration	
Executive Director - Lobbying Services	20,000
COO's Office - Vacuum Sewer Assessment	50,000
Risk - Contract Services	37,000
Legal - Legal Services	60,000
Legal - Operating Expenses	8,000
Financial Services	
Finance - Banking/Investment Fees	159,411
ITD - Cyber Security Management	100,000
Plant	
SJCWTP - Vehicle Maintenance	20,000
SJCWTP - Contract Services	20,000
Groundwater Operations - Repairs & Maintenance	234,500
Groundwater Operations - CCOPS 12-hr Shift Overtime	53,000
Field	
WW Collections - Lift Stations Repairs & Maintenance	30,000
Fleet Maintenance - Maximo Fleet Consulting Assistance	100,000
WA Distribution Lines - Montano Stockpile Refuse Removal	150,000
Compliance	
Laboratory - Reassign Trane HVAC Contract from WW Plant	-
Planning & Engineering	
Central Engineering - Leak Detection Equipment Pilot Program	75,000
General Government	
Vehicle Purchases from Fleet Maintenance to CIP	-
CIP Funded Positions from CIP to Various Operating Programs	-
Electricity for Valle de Oro	600
Tuition Reimbursement & Incentive Programs	85,000
TOTAL	1,202,511

FY19 APPROPRIATIONS BY PROGRAM

Details of the appropriations for Fund 21 (General Fund), Fund 31 (Debt Service Fund), and Funds 27, 28 & 29 (CIP Water 2120, Basic Rehab & Growth) can be found in the table below.

(\$000's)	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
<u>GENERAL FUND - 21</u>						
Administration	2,726	2,792	2,792	3,139	2,684	(108)
Risk	4,239	4,523	4,523	3,614	4,534	11
Legal	459	703	703	863	760	57
Human Resources	1,313	1,508	1,552	1,472	1,588	36
Finance	3,894	4,004	4,004	3,865	4,184	180
Customer Services	8,587	9,112	9,112	8,679	9,050	(62)
Information Technology	7,072	7,131	7,131	6,997	7,096	(35)
Wastewater Plant	10,747	11,680	11,680	10,976	11,426	(254)
San Juan-Chama Water Treatment Plant	3,415	3,639	3,639	3,478	3,971	332
Groundwater Operations	5,985	6,427	6,427	6,284	6,629	202
Wastewater Collection	6,540	6,758	6,758	6,824	6,701	(57)
Water Field Operations	19,134	20,129	20,085	18,152	19,595	(490)
Compliance	4,513	5,400	5,400	4,242	5,261	(139)
Planning & Engineering	2,871	3,390	3,342	2,958	3,899	557
Water Resources	3,587	3,872	3,920	3,631	3,861	(59)
Power & Chemicals	19,940	19,982	20,232	20,612	20,236	4
Taxes	338	9,292	657	262	656	(1)
Overhead	1,737	2,403	2,403	2,110	1,410	(993)
San Juan-Chama	2,378	2,247	2,247	2,109	2,247	-
Trf from General Fund 21 to Rehab Fund 28	21,000	27,000	30,250	30,250	26,589	(3,661)
Trf from General Fund 21 to Debt Service Fund 31	70,628	70,908	70,908	70,908	71,631	723
Subtotal General Fund - 21	201,104	222,900	217,765	211,425	214,009	(3,756)
<u>CAPITAL FUNDS - 27, 28 & 29</u>						
Water 2120 Projects	-	-	-	-	300	300
CIP Basic Rehab	75,521	57,586	85,110	74,874	83,068	(2,042)
CIP Growth	3,775	6,000	27,109	8,488	5,000	(22,109)
Transfer to General Fund - 21	793	1,014	1,014	943	-	(1,014)
Subtotal Capital Funds - 27, 28 & 29	80,089	64,600	113,233	84,305	88,368	(24,865)
<u>DEBT SERVICE FUND - 31</u>						
Debt Service	75,747	70,993	70,993	70,189	80,730	9,737
Transfer to Growth Fund - 29	4,474	6,000	6,000	6,000	5,000	(1,000)
Subtotal Debt Service Fund - 31	80,221	76,993	76,993	76,189	85,730	8,737
TOTAL WATER AUTHORITY APPROPRIATIONS	361,414	364,493	407,991	371,919	388,107	(19,884)
Interfund Adjustment	(96,895)	(104,922)	(108,172)	(108,101)	(103,220)	4,952
NET WATER AUTHORITY APPROPRIATIONS	264,519	259,571	299,819	263,818	284,887	(14,932)

FINANCIAL PLAN

The following table is the financial plan for Fund 21 (General Fund). The plan displays financial projections from FY18 thru FY27. This plan considers 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.

Operating Fund

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Capital Funds										
Needs: Basic (Min 50% cash Trans)	37000	37000	37000	37000	37000	37000	37000	37000	37000	37000
Increase for Rehab/Asset Mgt Plan	9000	12000	15000	18000	21000	24000	27000	30000	30000	30000
Water Reclamation	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
Advanced Rehab	3000	15000		20000		5000				
Steel Line	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
AMI	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
CC&B	2000	1500	0	0						
Resources:										
Beginning Bal.	11588	45688	18406	44124	34842	59560	35278	60997	32715	58434
Trf. from Operating	27000	27618	31618	33618	36618	39618	43619	46618	46619	46619
Trf. from Debt Service	6000	5500	4000	4000	4000	4000	4000	4000	4000	4000
Bond Proceeds	61000	17000	54000	20000	54000	5000	54000		54000	
Bond Proceeds Yucca/Central Adjustments										
First Year is 6 mos. (y/n)	n	n	n	n	n	n	n	n	n	n
Subtotal	105588	95806	108024	101742	129460	108178	136897	111615	137334	109053
Interest on Above	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
Total	106688	96906	109124	102842	130560	109278	137997	112715	138434	110153
Balance June 30	45688	18406	44124	34842	59560	35278	60997	32715	58434	30153
Debt Service Fund										
Future Bond Interest=										
Resources:										
Interest Income	100	100	100	100	100	100	100	100	100	100
UECs	9500	9500	9500	9500	9500	9500	9500	9500	9500	9500
Transfer from 21 Adjustments/Misc	69408	71631	71847	75259	81551	76750	79052	77998	77974	77974
Bq. Fund Balance	7188	7188	3188	1188	1188	1188	1188	1188	1188	1188
Total	86196	88419	84635	86047	92339	87538	89840	88786	88762	88762
Expenditures:										
Agent Fees	15	15	15	15	15	15	15	15	15	15
Trf to Capital	8000	5000	3500	3500	3500	3500	3500	3500	3500	3500
Debt Service	70993	80216	79932	73944	73836	67435	62937	61883	56359	56359
Advanced Rehab										
FY26 Bond Proceeds									5500	5500
FY24 Bond Proceeds							6800	6800	6800	6800
FY20 Bond Proceeds				7400	7400	7400	7400	7400	7400	7400
FY22 Bond Proceeds					6400	8000	8000	8000	8000	8000
Total	79008	85231	83447	84859	91151	86350	88652	87598	87574	87574
Fund Balance	7188	3188	1188	1188	1188	1188	1188	1188	1188	1188
Operating Fund Resources										
Rate Revenue	215872	219952	220952	233104	233104	244759	244759	253326	254592	255865
adj due to re-estimate										
Nonrate Revenue	5392	5832	5832	5832	5832	5832	5832	6000	6000	6000
Franchise Fee										
Rate reserve										
Bq. Res over Comm	11896	13880	16655	13832	17993	11077	15802	12378	13867	14737
Total	233161	239664	243438	252768	256929	261668	266393	271704	274459	276603
Rate Stabilization Fund Expenditures										
Labor	58710	57625	58778	59953	61152	62375	63623	64895	66193	67517
Operation Exp	57174	58164	58064	58645	59231	59823	60422	61026	61636	62252
Savings										
Salary Savings1%										
Issue Paper Incentive	300		300	300	300	300	300	300	300	300
Rate Stabilization Fund	2000									
Transf. to DS	69408	71631	71847	75259	81551	76750	79052	77998	77974	77974
Transf. to Cap.	27000	26589	31618	33618	36618	39618	43619	46618	46619	46619
Total	214592	214009	220607	227775	238852	238867	247015	250837	252722	254662
Rate Reserve Resources over Comm.	7000	9000	9000	7000	7000	7000	7000	7000	7000	7000
Total	13880	16655	13832	17993	11077	15802	12378	13867	14737	14940
Rate Increases	5.00%	0.00%	0.00%	5.00%	0.00%	4.50%	0.00%	3.00%	0.00%	0.00%
Accum. Inc. from 2004	26.0%	26.0%	26.0%	31.0%	31.0%	35.5%	35.5%	38.5%	38.5%	38.5%
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027



FUNCTIONAL UNITS

ADMINISTRATION

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

FY19 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 FY19.
- Conduct periodic activities and communication initiatives to engage and educate legislators, stakeholders and neighborhood coalitions regarding Water Authority services, policies and projects through the end of the 4th Quarter of FY19.
- Begin implementation of recommendations from the vulnerability assessment on utility facilities and systems to reduce risk of physical security, cyber security, and business activities by the end of the 4th Quarter of FY19. Update Emergency Response Plan by the end of the 4th Quarter of FY19.
- Align ongoing supervisor training to address issues identified during Employee Connections meetings and from Employee Satisfaction Surveys; modify supervisor training to incorporate employee appreciation, recognition and communication by the end of the 2nd Quarter of FY19.
- Maintain an average utility-wide vacancy rate of no greater than 5% through the end of FY19.
- 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 FY19.
- 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 FY19.
- Reduce injury hours to 2,650 hours or less to improve productivity and reliability of services provided by employees by the end of the 4th Quarter of FY19.

FY19 ADMINISTRATION HIGHLIGHTS

The Water Authority will continue to conduct periodic activities to engage, educate, and provide updates to customers, 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 be developing a Sick to Well Time Policy and a Wellness Champion/Stretching policy.

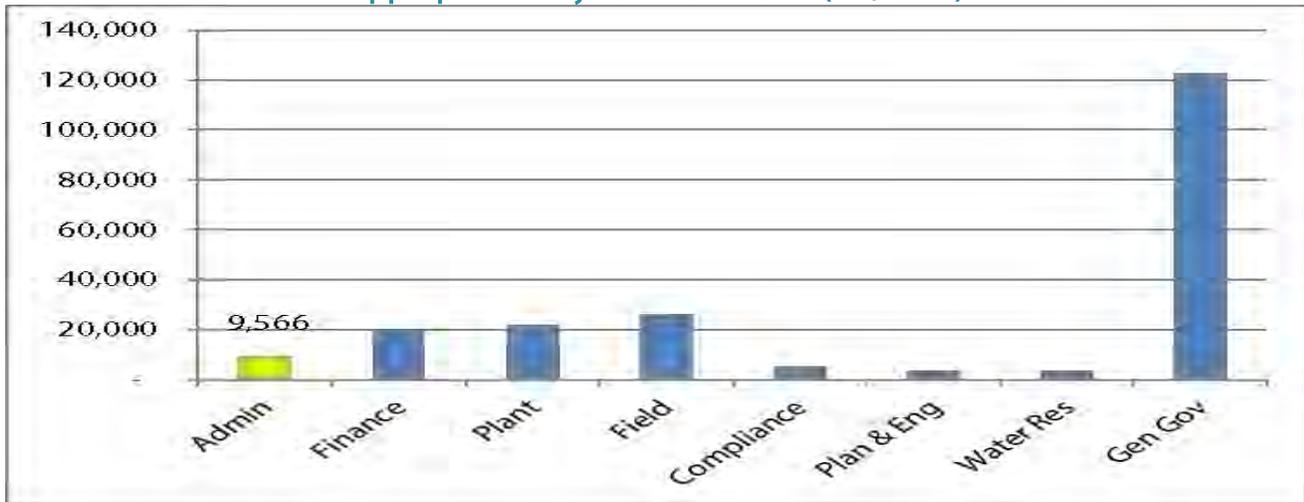
A major focus for Human Resources will be the design and implementation of a new Application

System. This system will be more user-friendly for both applicants and Water Authority staff and will allow staff to push jobs out to various recruitment websites and provide continuous recruitment capability. Staff will also continue to implement Employee Satisfaction Survey and Employee Connections initiatives.

The budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings that result from 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

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Appr 19/ Rev 18 Chg
Executive Director						
Personnel	668	697	697	712	662	(35)
Operating	902	742	742	952	762	20
Capital	-	-	-	-	-	-
Total	1,570	1,439	1,439	1,663	1,424	(15)
COO's Office						
Personnel	927	1,058	1,058	1,039	1,015	(43)
Operating	229	295	295	437	245	(50)
Capital	-	-	-	-	-	-
Total	1,156	1,353	1,353	1,475	1,260	(93)
Risk						
Personnel	640	607	607	484	581	(26)
Operating	3,599	3,916	3,916	3,131	3,953	37
Capital	-	-	-	-	-	-
Total	4,239	4,523	4,523	3,616	4,534	11
Legal						
Personnel	74	182	182	172	171	(11)
Operating	385	521	521	691	589	68
Capital	-	-	-	-	-	-
Total	459	703	703	863	760	57
Human Resources						
Personnel	1,209	1,351	1,395	1,329	1,431	36
Operating	84	157	157	143	157	-
Capital	19.98	-	-	-	-	-
Total	1,313	1,508	1,552	1,472	1,588	36
Total Division	8,738	9,526	9,570	9,089	9,566	(4)
Staffing (FTE)	33	35	36	36	36	-

FINANCIAL/BUSINESS SERVICES

FINANCIAL/BUSINESS SERVICES

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.

FY19 FINANCIAL/BUSINESS SERVICES OBJECTIVES

- Improve customer satisfaction and operational efficiency in achieving the four call-center targets through the 4th Quarter of FY19: 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 FY19.
- Provide communications support for the implementation of the Water Assistance Fund and updates to CC&B billing system through the end of the 4th Quarter of FY19.
- 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 FY19.
- Complete a Comprehensive Information Technology Security Plan that is aligned with the standards, guidelines, and best practices of the National Institute of Standards and Technology Cybersecurity Framework to protect the utility's critical infrastructure from cyber-attacks by the end of the 4th Quarter of FY19.
- Complete a needs assessment of the Supervisory Control and Data Acquisition (SCADA) system; implement recommendations of the assessment for the updated platform to align with the asset management program by the end of the 4th Quarter of FY19.
- Complete Phase 2 of the Maximo comprehensive asset management system upgrade which includes asset onboarding and de-commissioning, full life cycle accounting, barcoding, fleet management, and preventive and condition monitoring by the end of the 4th Quarter of FY19.
- Complete replacement of an applicant online system that aligns to the OneSolution enterprise financial system by the end of the 4th Quarter of FY19.
- Complete upgrade to the CC&B billing application by the end of the 3rd Quarter of FY19.
- Evaluate water and sewer rate structures to ensure equity within the structures by the end of the 4th Quarter of FY19.
- Finalize conceptual plan to consolidate field, fleet, warehouse and customer services operations from multiple locations to the Drinking Water Plant. Complete design documents and start construction for building, site work and ancillary facilities by the end of the 4th Quarter of FY19.

FINANCIAL/BUSINESS SERVICES

FY19 FINANCIAL/BUSINESS SERVICES HIGHLIGHTS

Finance will submit to GFOA the FY19 Approved Budget for the Distinguished Budget Presentation Award, the FY18 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY18 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 FY19, Accounting Services will be leading the Maximo Phase II implementation of Asset on-boarding and disposition, barcoding for the annual capital asset inventory required by State statute, life-cycle costing of assets, and developing policies and procedures for capturing costs for new and existing assets.

Purchasing will fully implement the new Bernalillo County Home Rule Procurement Code. Two areas of major focus for FY19 will be the completion of the Warehouse Ordering and Payment Policies and Procedures and overseeing the Maximo Phase II implementation for Purchasing and Inventory related functions, specifically Maximo/OneSolution integration options, inventory management improvements, satellite storerooms, and inventory barcoding.

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 the Living River Fund and Water Assistance Fund donation programs.

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) 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 FY19. Customer Services Field Operations will continue working on the Automated Meter Infrastructure project which will provide a 50% saturation of automated meters in the service area by the end of FY19.

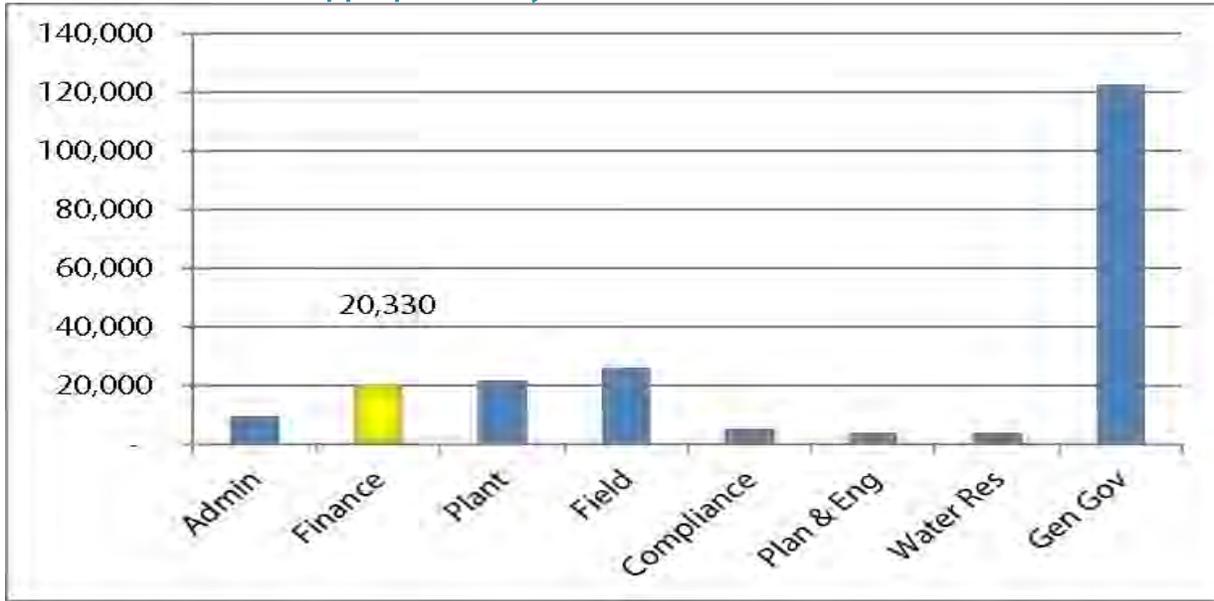
ITD Quality Assurance staff will continue the buildout of the service desk, implement an Information Security Plan, update IT policies relating to IT security, and coordinate change management and training efforts for the CC&B upgrade.

IT Infrastructure objectives for FY19 include the buildout and migration of the Disaster Recovery site to the Surface Water Plant, migration of all database servers to SimpliVity, completion of a comprehensive security plan, and building redundant infrastructure for card key and video surveillance systems.

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

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Apr 19/ Rev 18 Chg
Finance						
Personnel	2,582	2,748	2,748	2,597	2,768	21
Operating	1,312	1,256	1,256	1,268	1,416	159
Capital	-	-	-	-	-	-
Total	3,894	4,004	4,004	3,865	4,184	180
Customer Services						
Personnel	6,186	6,435	6,435	6,246	6,373	(62)
Operating	2,387	2,677	2,677	2,433	2,677	-
Capital	15	-	-	-	-	-
Total	8,587	9,112	9,112	8,678	9,050	(62)
Information Technology						
Personnel	3,128	3,300	3,300	3,021	3,165	(135)
Operating	3,945	3,831	3,831	3,976	3,931	100
Capital	-	-	-	-	-	-
Total	7,072	7,131	7,131	6,997	7,096	(35)
Total Division	19,553	20,247	20,247	19,539	20,330	83
Staffing (FTE)	147.5	147.5	147.5	147.5	148.5	1.0

PLANT

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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 biogas 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

PLANT

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.

FY19 PLANT 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 FY19.
- Complete Surface 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 FY19.
- 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-assessment through the end of the 4th Quarter of FY19.
- Limit overall permit excursions to no more than 5 operating discharge permit violations through the end of the 4th Quarter of FY19.
- Beneficially reuse biosolids by diverting 30% to compost thru the end of the 4th Quarter of FY19.
- 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 FY19.
- 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 2nd Quarter of FY19.

FY19 PLANT 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 ten years of operation, the DWP – along with conservation and other resource management efforts – has resulted in rising aquifer levels throughout the service area as documented by the U.S. Geological Survey.

The 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 70% of all water distributed to Water Authority customers in calendar year 2017. 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 on a consistent basis.

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, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility (SDF). Improvements will also be made to the Anaerobic Digesters, Primary Clarifiers, Secondary Sludge Thickening Facilities, plant-wide electrical systems, and other SWRP facilities.

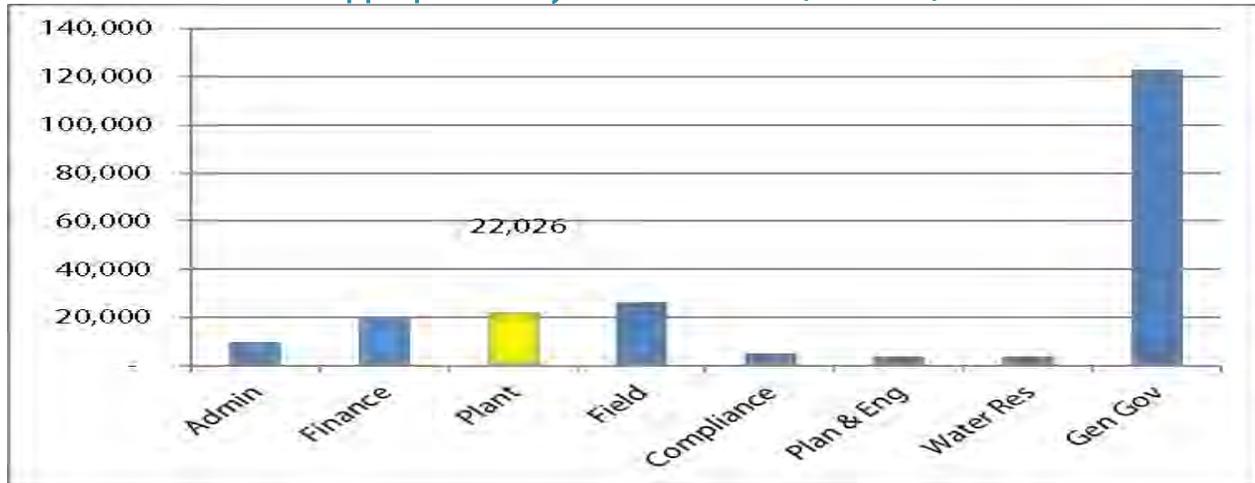
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Plans are to continue to increase the amount of wastewater bio-solids that are composted and sold while not “over-saturating” the regional market for bio-solids compost and sell at least 30% of the total quantity of bio-solids.

In FY19, the DWP will focus on efforts related to solids management by continuing sales of grit basin

material to Waste Management for the Rio Rancho Landfill and beginning a pilot testing of iron sludge disposal to aid with significant odor control and provide corrosion benefits. The plant will also begin Phase II of its Ozone system modifications, coarse screening improvements at river intake, and construction of a lime storage silo.

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Appr 19/ Rev 18 Chg
Wastewater Plant						
Personnel	7,939	8,549	8,549	8,231	8,350	(199)
Operating	2,801	3,131	3,131	2,745	3,076	(55)
Capital	7	-	-	-	-	-
Total	10,747	11,680	11,680	10,976	11,426	(254)
San Juan-Chama WTP						
Personnel	2,545	2,741	2,741	2,669	3,033	292
Operating	870	898	898	809	938	40
Capital	-	-	-	-	-	-
Total	3,415	3,639	3,639	3,478	3,971	332
Groundwater Operations						
Personnel	4,692	5,155	5,155	4,965	5,123	(32)
Operating	1,293	1,272	1,272	1,319	1,506	234
Capital	-	-	-	-	-	-
Total	5,985	6,427	6,427	6,284	6,629	202
Total Division	20,147	21,746	21,746	20,737	22,026	280
Staffing (FTE)	175	176	176	176	177	1

FIELD

FIELD

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 676,298 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 211,899 accounts, including 183,018 residential and 28,881 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 both 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.

FY19 FIELD OBJECTIVES

- Evaluate the Automated Meter Infrastructure Pressure Monitoring pilot project and assess operation and maintenance costs by eliminating redundant pressure reducing valves by the end of the 4th Quarter of FY19.
- Televisive and assess the condition of approximately five percent of the small diameter sanitary sewer system by the end of the 4th Quarter of FY19.

FIELD

FY19 FIELD HIGHLIGHTS

Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY19. 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 operation groups.

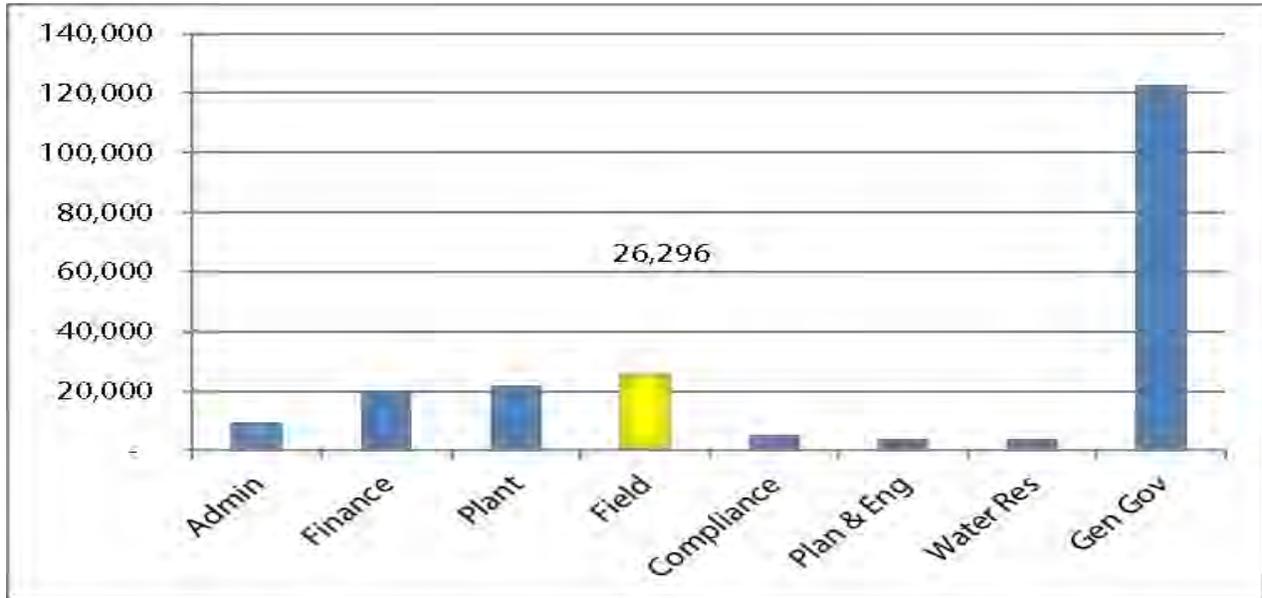
Wastewater Collections continues to implement the CMOM program and the expanded closed-

circuit television (CCTV) inspection of 5% of the small diameter system which provides for better maintenance and identification of specific rehab needs.

Water Distribution Field will focus on pressure monitoring, pressure reducing valve preventive maintenance, and eliminating select redundant/inoperable pressure reducing valves monitored with Automated Meter Infrastructure (AMI) technology. Staff will continue with the Los Padillas water line extensions and partner with Compliance and Plant staff to address South Valley water quality issues.

FIELD

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Apr 19/ Rev 18 Chg
Water Distribution						
Personnel	9,814	10,302	10,258	9,628	10,136	(122)
Operating	8,637	9,209	9,209	7,945	9,459	250
Capital	684	618	618	580	-	(618)
Total	19,134	20,129	20,085	18,152	19,595	(490)
Collections						
Personnel	5,268	5,518	5,518	5,412	5,431	(87)
Operating	1,272	1,240	1,240	1,412	1,270	30
Capital	-	-	-	-	-	-
Total	6,540	6,758	6,758	6,824	6,701	(57)
Total Division	25,674	26,887	26,843	24,976	26,296	(547)
Staffing (FTE)	185	186	185	185	185	-

COMPLIANCE

COMPLIANCE

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.

FY19 COMPLIANCE OBJECTIVES

- Monitor compliance with the Water Authority's Cross Connection Prevention and Control Ordinance. 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. 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.
- 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 FY19.
- 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)). 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

COMPLIANCE

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 LIMS, LabVantage, throughout FY19 to increase the automation of data entry to reduce data entry errors and reduce the amount of paper used at the laboratory. Develop dashboards to help analysts and management manage samples and workflows entirely in the application. Expand the collection of electronic data to field analytics, balances, probes, and spectrophotometry instruments stored in the Database of Compliance.
- 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 4th Quarter of FY19.
- Prepare for the New Mexico Environment Department Drinking Water Laboratory Certification audit for microbiological water testing in the 4th Quarter of FY19. 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.
- 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.
- Monitor for Pharmaceuticals and Personal Care Products (PPCPs) in the source water, drinking water and wastewater. Report the findings of this voluntary monitoring by the end of the 4th Quarter of FY19. Compare the results to historical monitoring performed in 2009-2010.

FY19 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.

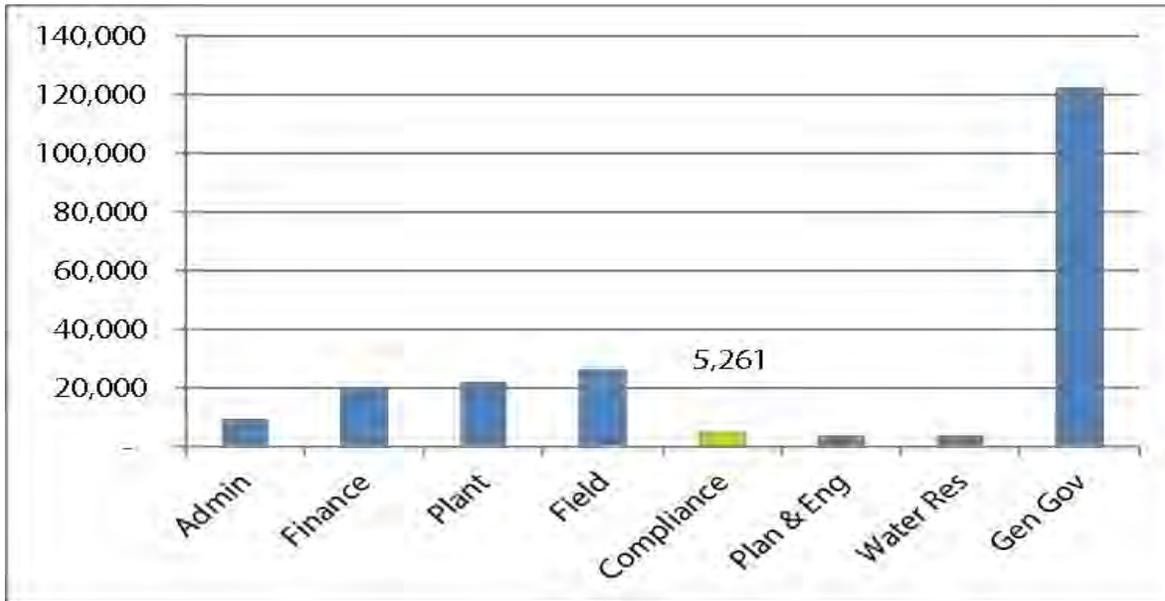
In the NPDES program, FY19 will complete revisions to the Cross-Connection Control Ordinance. The current version of the ordinance needs refining to

remove ambiguity and improve clarity. The program will also be obtaining a new NPDES permit and completing their PPCP wastewater sampling during 2018.

The Water Quality lab will be developing Standard Operating Procedures for analyses of TKN and Fecal as MPN. The program will also be meeting with CIP staff to begin the process of renovation projects at the lab.

COMPLIANCE

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Appr 19/ Rev 18 Chg
Laboratory						
Personnel	1,653	1,895	1,895	1,632	1,770	(125)
Operating	196	458	458	251	513	55
Capital	14	-	-	6	-	-
Total	1,863	2,353	2,353	1,889	2,283	(70)
NPDES						
Personnel	1,338	1,522	1,522	1,004	1,451	(71)
Operating	98	147	147	97	147	-
Capital	-	-	-	-	-	-
Total	1,436	1,669	1,669	1,101	1,598	(71)
Water Quality						
Personnel	780	904	904	832	906	2
Operating	412	474	474	420	474	-
Capital	21	-	-	-	-	-
Total	1,213	1,378	1,378	1,252	1,380	2
Total Division	4,513	5,400	5,400	4,242	5,261	(139)
Staffing (FTE)	45.5	44.5	44.5	44.5	44.5	-

PLANNING & ENGINEERING

PLANNING & ENGINEERING

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.

FY19 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 FY19. Pilot an acoustic leak detection system with intelligent nodes to monitor and communicate possible leaks to a central data collection hub by the end of the 4th Quarter of FY19.
- 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 FY19.
- Expend \$55 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 FY19. \$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 FY19.
- Complete update the Comprehensive Asset Management Plan to determine the condition and criticality of the utility's assets by the end of the 2nd Quarter of FY19.
- Complete vehicle asset management plan to better plan for capital replacement of vehicles by the end of the 2nd Quarter of FY19.
- In order to provide a central location for processes and procedures, complete a Utility Development Guide by the end of the 2nd Quarter of FY19. Update System Expansion Ordinance to align to the Guide. Review fee structure for Utility Development deliverables.
- Continue design, planning, and construction of the Los Padillas water system (South Valley Drinking Water Project Phase 7b). Identify funding for Phase 7c for design and planning through the end of the 4th Quarter of FY19.

FY19 PLANNING & ENGINEERING HIGHLIGHTS

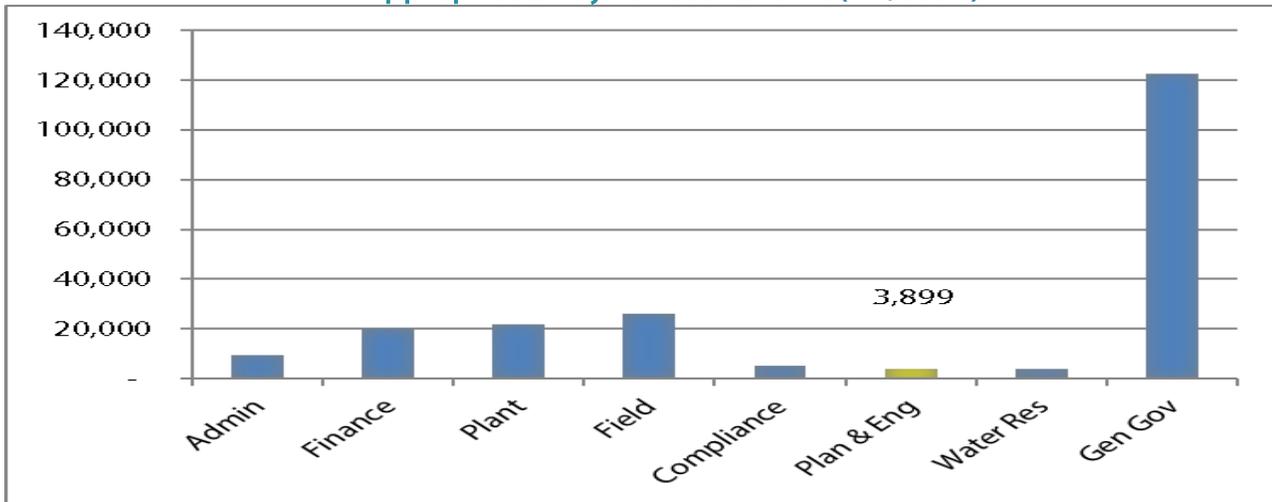
Planning & Engineering will complete the Guide to Development, complete the Field Asset GPS Coordinates Program, and prepare a list of recommended modifications to the Expansion Ordinance in coordination with the Guide to Development. Staff will be developing a proposed fee schedule for Utility Development deliverables

and begin work on a Construction Inspection Manual.

The division oversees the Water Authority's Capital Improvement Program (CIP) program. The approved appropriation for FY19 is \$88.3 million.

PLANNING & ENGINEERING

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Appr 19/ Rev 18 Chg
Central Engineering						
Personnel	1,855	2,285	2,285	2,006	2,776	491
Operating	49	60	60	71	136	76
Capital	-	-	-	-	-	-
Total	1,905	2,345	2,345	2,077	2,912	567
1 Stop Shop						
Personnel	459	423	423	344	430	7
Operating	10	12	12	58	12	-
Capital	-	-	-	-	-	-
Total	469	435	435	403	442	7
Maps/Records						
Personnel	427	452	452	399	435	(17)
Operating	70	110	110	79	110	-
Capital	-	-	-	-	-	-
Total	497	562	562	478	545	(17)
Arsenic Removal						
Personnel	-	-	-	-	-	-
Operating	-	48	-	-	-	-
Capital	-	-	-	-	-	-
Total	-	48	-	-	-	-
Total Division	2,871	3,390	3,342	2,958	3,899	557
Staffing (FTE)	23	26	26	26	31	5.0

Note: During FY18, the Arsenic Removal function was reallocated from Planning & Engineering to Water Resources.

WATER RESOURCES

WATER RESOURCES

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.

FY19 WATER RESOURCES OBJECTIVES

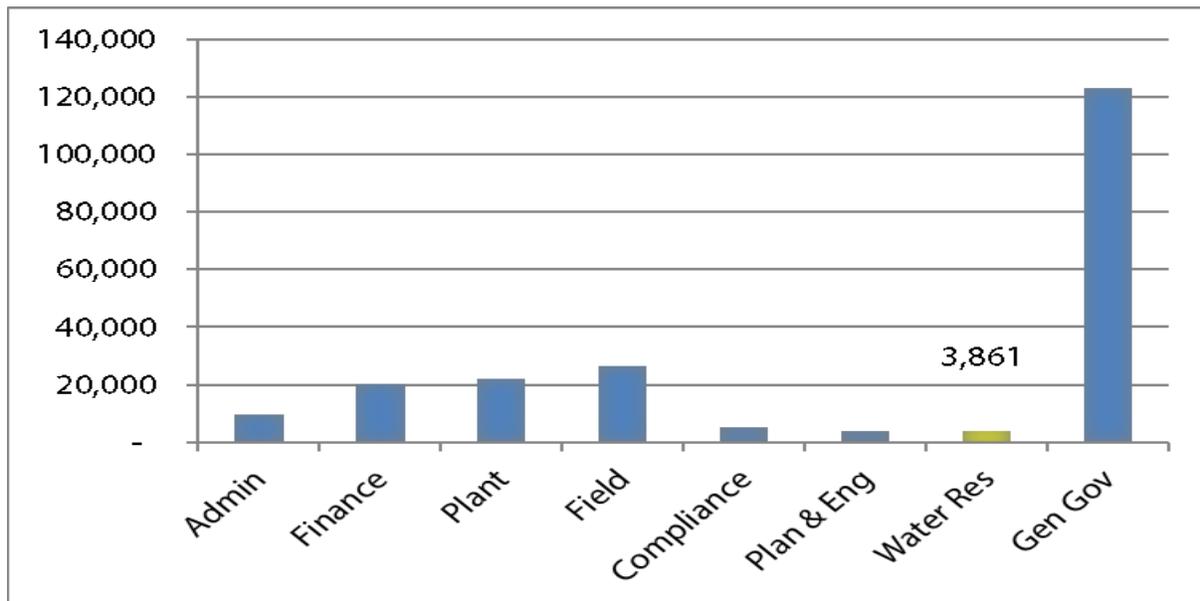
- Maintain water use at or below 128 gallons/capita/day thru the end of the 4th Quarter of FY19.
- Begin testing the Large-Scale Aquifer Storage & Recovery project through the end of the 3rd Quarter of FY19. Complete operational plan based on the testing by the end of the 4th Quarter of FY19.
- Complete an evaluation of the next Aquifer Storage and Recovery project to determine the best location and project type by the end of the 4th Quarter of FY19.
- Track and report conservation education outreach to service area customers and meet the following targets: 1) 100 Irrigation Audits; 2) 45 Meetings with Landscapers; 3) 30 Meetings with Property Managers; and 4) 2 Water Conservation Open House Meetings by the end of the 4th Quarter of FY19.
- Continue implementation of *Water 2120*: 1) Complete Environmental Plan; 2) Prepare draft of the Groundwater Management Plan; 3) Begin development of the Reuse Plan by the end of the 4th Quarter of FY19.
- Complete update to the source water protection plan by the end of the 2nd Quarter of FY19. Begin implementation of the updated plan, including monitoring for new and existing groundwater and surface water contamination and education outreach through the end of the 4th Quarter of FY19. Participate in and provide comments to protect the groundwater aquifer and surface water supplies throughout the Middle Rio Grande; continue work with the Water Protection Advisory Board through administrative, policy, and technical support.

WATER RESOURCES

FY19 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 and move from indoor to outside rebate programs. Water Resources staff will develop the Environmental Plan and the Groundwater Monitoring Plan. Plans are to launch a Water Conservation newsletter and website which will contain irrigation, gardening and horticultural tips and practices.

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



WATER RESOURCES

Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Appr 19/ Rev 18 Chg
Water Resources Planning						
Personnel	258	542	542	542	483	(59)
Operating	384	1,349	1,349	1,135	1,349	-
Capital	-	-	-	-	-	-
Total	641	1,891	1,891	1,677	1,832	(59)
Conservation						
Personnel	789	465	465	433	471	6
Operating	2,075	1,282	1,282	1,357	1,282	-
Capital	7	-	-	-	-	-
Total	2,870	1,747	1,747	1,789	1,753	6
Groundwater Protection						
Personnel	20	183	183	81	177	(6)
Operating	56	51	51	83	51	-
Capital	-	-	-	-	-	-
Total	76	234	234	165	228	(6)
Arsenic Removal						
Personnel	-	-	-	-	-	-
Operating	-	-	48	-	48	-
Capital	-	-	-	-	-	-
Total	-	-	48	-	48	-
Total Division	3,587	3,872	3,920	3,631	3,861	(59)
Staffing (FTE)	16	11	11	11	11	-

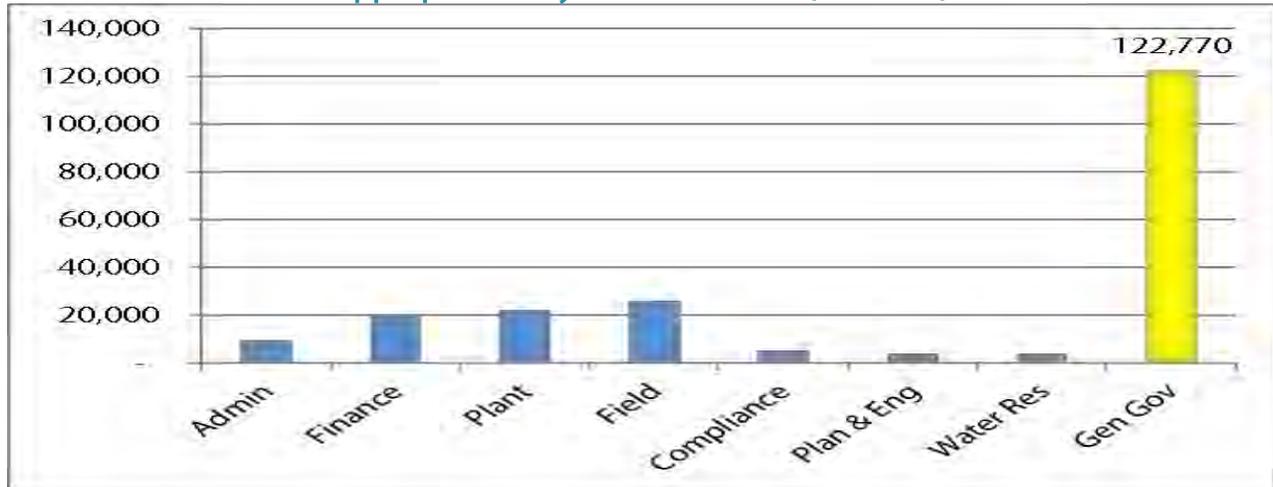
Note: During FY18, the Arsenic Removal function was reallocated from Planning & Engineering to Water Resources.

GENERAL GOVERNMENT

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), San Juan-Chama loan, and Interfund Transfers.

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



Expenses by Department (\$000's)	Audited FY17	Original Budget FY18	Revised Budget FY18	Estimated Actual FY18	Approved Budget FY19	Appr 19/ Rev 18 Chg
Power & Chemicals						
Personnel	-	-	-	-	-	-
Operating	19,940	19,982	20,232	20,612	20,237	5
Total	19,940	19,982	20,232	20,612	20,237	5
Taxes						
Personnel	-	-	-	-	-	-
Operating	338	9,292	657	262	656	(1)
Total	338	9,292	657	262	656	(1)
Overhead						
Personnel	1,050	1,415	1,415	1,301	485	(930)
Operating	687	988	988	809	925	(63)
Total	1,737	2,403	2,403	2,110	1,410	(993)
Total Program	22,015	31,677	23,292	22,984	22,303	(989)
Staffing (FTE)	7	7	7	7	0	(7)
San Juan Chama						
Personnel	-	-	-	-	-	-
Operating	2,378	2,247	2,247	2,109	2,247	-
Total	2,378	2,247	2,247	2,109	2,247	-
General Government						
Transfers/Other Funds	91,628	97,908	101,158	101,158	98,220	(2,938)
Total Division	116,021	131,832	126,697	126,251	122,770	(3,927)



REVENUE OUTLOOK

*Approved
Operating Budget
FY19*

WATER USAGE GRAPH

Water Usage 1989-2017



RATE STRUCTURE AND MAJOR REVENUE SOURCES

The Water Authority's Rate Structure

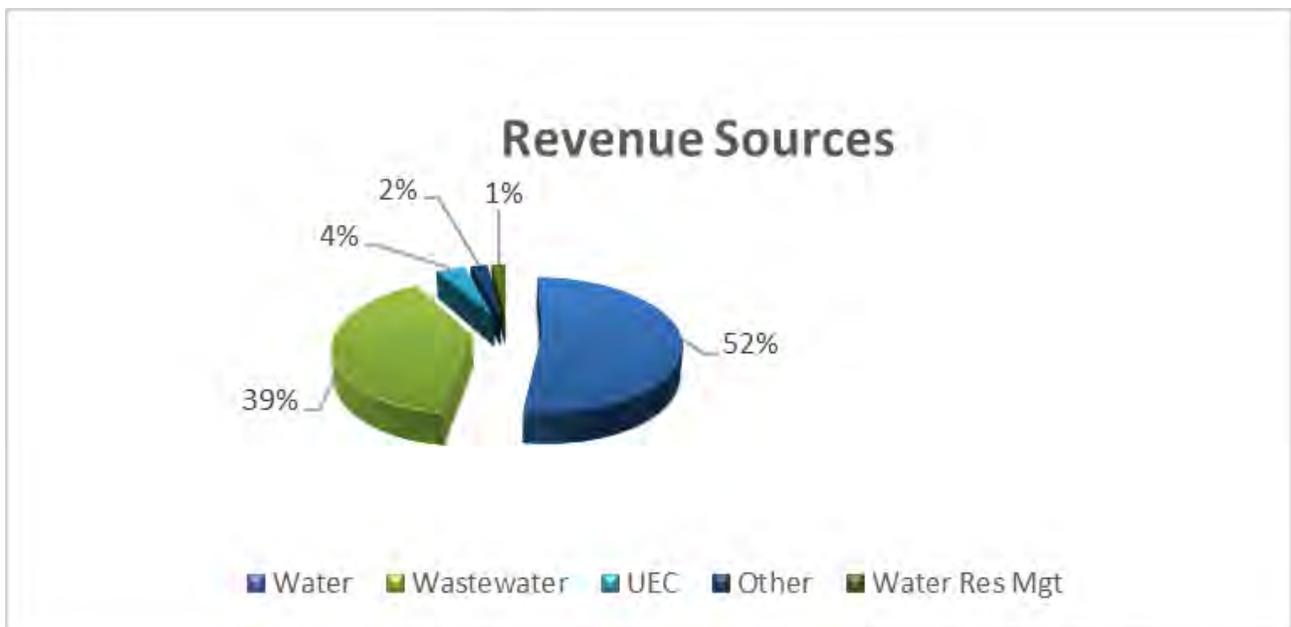
The Water Authority's rate structure is based upon Cost of Service Principles. It is evaluated every two years to ensure that there is equity amongst the different classes of customers and within the class of customers. During the summer months, the rate structure has a seasonal block rate structure 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 676,298 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 211,899 accounts, including 183,018 residential and 28,881 multi-family, commercial, institutional and industrial accounts. Approximately 50% of the water sales are for residential uses.

Wastewater (\$92.5 million, 39% 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 (\$9.5 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.



REVENUE – GENERAL FUND - 21

FY17 AUDITED REVENUES AND FY18 REVENUE PROJECTIONS

The Water Authority's revenue projections are summarized in the three tables included in this section. The first table, General Fund 21, presents the audited results for FY17, budgeted revenues and estimated actuals for FY18, and budgeted revenue for FY19. The second table, Debt Service Fund 31, and third table, CIP Funds 27, 28, 29, provide for the same comparison as the other table.

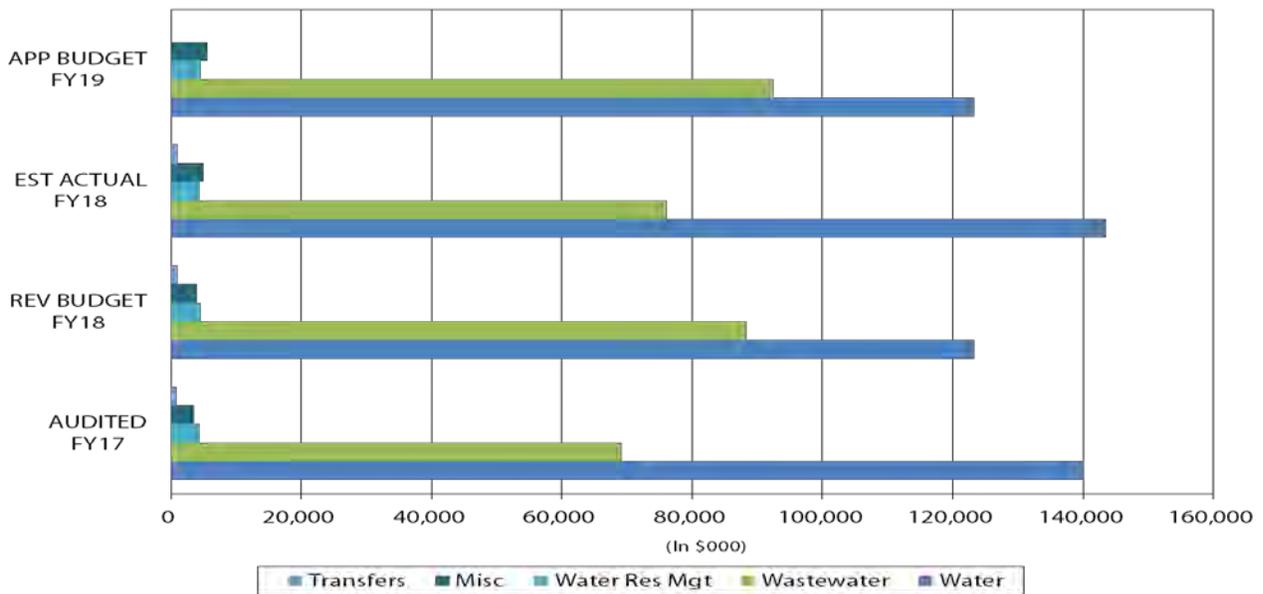
REVISED FY18 REVENUE ESTIMATES

Total Water Authority operating fund revenues for FY18 are anticipated to be \$229.9 million or \$11.9 million above FY17. This is an increase of 5.0% over FY17 and revenues are projected to be above the revised FY18 budget by \$8.6 million. In FY18, the accounting for franchise fees as revenues and expenses was reclassified as accounts payable and receivable and the budgets were amended accordingly.

APPROVED BUDGET REVENUE ESTIMATES FOR FY19

Budgeted total Water Authority Operating Revenues for FY19 are \$225.8 million, representing an increase of \$4.6 million above the revised budgeted FY18 amount. Revenue in the Debt Service Fund increases \$2.2 million in FY19 due to increases in the UEC revenue and the transfer from the General Fund.

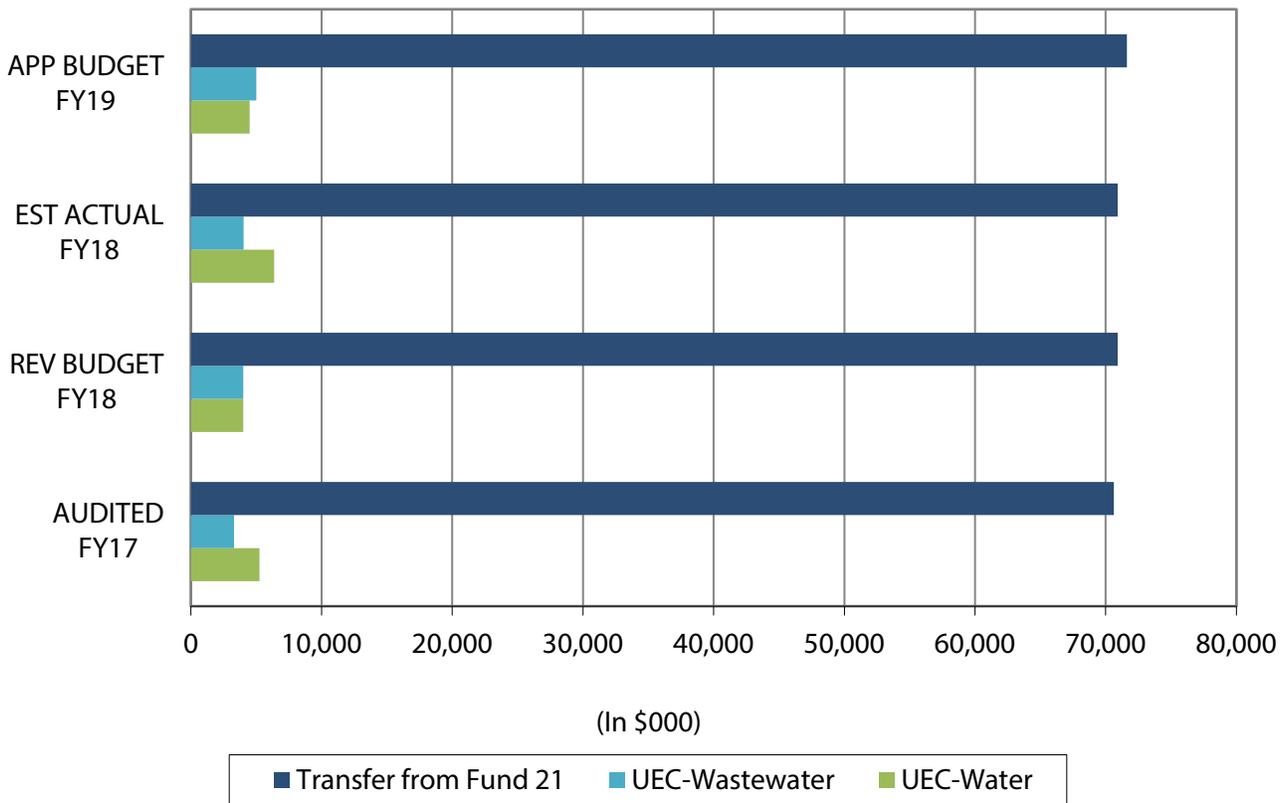
REVENUE – GENERAL FUND - 21



	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Rate Revenue						
Water Service	105,183	90,578	90,578	105,696	90,578	-
Water Facilities Rehab	34,518	32,402	32,402	37,326	32,402	-
Wastewater Service	41,644	62,829	62,829	42,622	64,869	2,040
Wastewater Facilities Rehab	27,457	25,562	25,562	33,456	27,602	2,040
Contr/Aid/Hookups	388	375	375	450	375	-
Water Resources Management	4,363	4,500	4,500	4,418	4,500	-
Total Rate Revenue	213,552	216,246	216,246	223,968	220,326	4,080
Other Revenue						
Solid Waste Admin Fee	1,401	1,480	1,480	1,480	1,509	29
DMD Admin Fee	349	348	348	348	359	11
Interest on Investments	86	100	100	322	540	440
Miscellaneous Revenue	1,756	2,077	2,077	2,826	3,109	1,032
Total Other Revenue	3,592	4,005	4,005	4,976	5,517	1,512
Franchise Fee Revenue	-	8,635	-	-	-	-
Total Franchise Fee Revenue	-	8,635	-	-	-	-
Transfers from Other Funds						
CIP Funded Employees	793	1,014	1,014	943	-	(1,014)
Total Transfers	793	1,014	1,014	943	-	(1,014)
Total Current Resources	217,937	229,900	221,265	229,887	225,843	4,578
Beginning Working Capital Balance	6,356	13,667	13,667	13,667	34,204	20,537
TOTAL RESOURCES	224,294	243,567	234,932	243,554	260,047	25,115

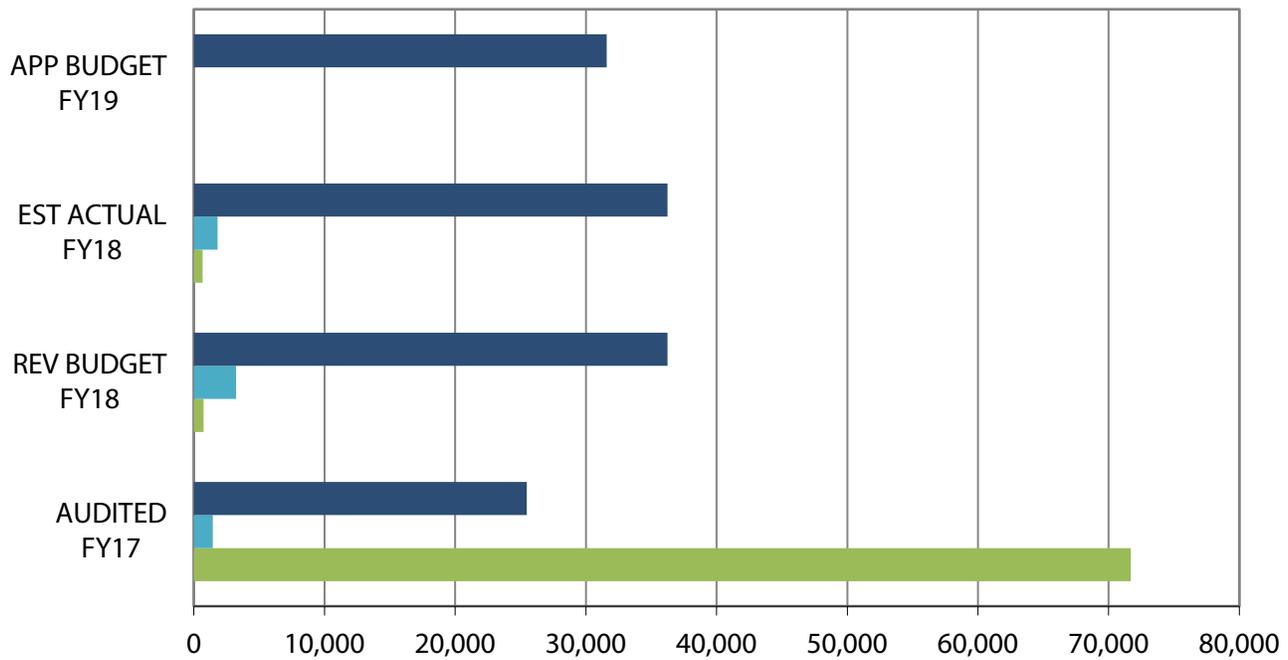
Note: The beginning working capital balance does not include GASB 45 or the rate reserve.

REVENUE – DEBT SERVICE FUND - 31



	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Miscellaneous Revenues:						
Expansion Charges (UEC)	8,546	8,000	8,000	10,398	9,500	1,500
Total Miscellaneous Revenues	8,546	8,000	8,000	10,398	9,500	1,500
Transfer from Other Funds:						
General Fund - 21	70,628	70,908	70,908	70,908	71,631	723
Total Transfers	70,628	70,908	70,908	70,908	71,631	723
Total Current Resources	79,174	78,908	78,908	81,306	81,131	2,223
Beginning Fund Balance	54,576	52,819	52,819	52,819	56,420	3,601
TOTAL RESOURCES	133,750	131,727	131,727	134,125	137,551	5,823

REVENUE – CIP FUNDS – 27, 28, 29



(In \$000)

■ Transfer from Other Funds ■ Miscellaneous ■ Proceeds

	AUDITED FY17	ORIGINAL BUDGET FY18	REVISED BUDGET FY18	ESTIMATED ACTUAL FY18	APPROVED BUDGET FY19	APPR 19/ REV 18 CHG
RESOURCES:						
Other Revenues:						
Bond/Loan Proceeds	71,705	-	755	670	-	(755)
Miscellaneous	<u>1,462</u>	-	<u>3,239</u>	<u>1,812</u>	-	<u>(3,239)</u>
Total Other Revenues	73,167	-	3,994	2,482	-	(3,994)
Transfer from Other Funds:						
General Fund - 21	21,000	27,000	30,250	30,250	26,589	(3,661)
Debt Service Fund - 31	<u>4,474</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>(1,000)</u>
Total Transfers	<u>25,474</u>	<u>33,000</u>	<u>36,250</u>	<u>36,250</u>	<u>31,589</u>	<u>(4,661)</u>
Total Current Resources	98,640	33,000	40,244	38,731	31,589	(8,655)
Beginning Fund Balance	<u>86,790</u>	<u>108,457</u>	<u>108,457</u>	<u>108,457</u>	<u>60,475</u>	<u>(47,982)</u>
TOTAL RESOURCES	<u>185,430</u>	<u>141,457</u>	<u>148,700</u>	<u>147,188</u>	<u>92,064</u>	<u>(56,637)</u>

ECONOMIC OUTLOOK

The following is based on the April 2018 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

This scenario reflects a probability of 65%. The key assumptions include:

- Gross Domestic Product (GDP) moderate growth, at 2.7% in 2018 and 2.9% in 2019
- Consumer Spending, a key driver of growth, is up 2.5% in 2018 and 2.7% in 2019
- Business Fixed Investment growth rebounds to 5.8% in 2018 and accelerates to 6.3% in 2019
- Housing shows gradual improvement, with 1.4 million starts by 4th quarter 2019
- Exports climb 4.3% in 2018 and 6.3% in 2019
- Fiscal Policy forecast incorporates the impacts of the passage of the Tax Cuts and Jobs Act and the Bipartisan Budget Act of 2018
- Monetary Policy Federal Reserve hikes the federal funds rate 4 times in 2018, ending at 2.5%
- Credit Conditions are gradually easing
- Productivity Growth is modest, averaging 1.5% during 2018-28
- Consumer Confidence is on an upward trajectory through the end of 2018
- Oil Prices have Brent crude oil averages at \$64/barrel in 2018 and \$57 in 2019
- Stock Markets have the S&P 500 climbing 9.7% in 2018 and declining by 2.4% in 2019
- Inflation Consumer Price Index (CPI) averages 2.4% over 2018-20
- Foreign Growth Eurozone in 2018 falls to 2.3%, while China's growth eases to 6.7%
- US Dollar inflation-adjusted dollar peaks in 2nd quarter 2019, then depreciates

Pessimistic Scenario

This scenario reflects a probability of 20%. The key assumptions include:

- Gross Domestic Product (GDP) moderate growth, at 2.6% in 2018; 1.1% in 2019 with a two-quarter recession in the middle of that year
- Consumer Spending, a key driver of growth, rises 2.6% in 2018 and slows to 1.5% in 2019 due to higher interest rates
- Business Fixed Investment growth expands 5.2% in 2018 before cooling to 0.8% growth in 2019 as falling business confidence and capital expenses take their toll
- Housing recovery ended with the close of 2017 and starts never surpasses 1.5 million over forecast
- Exports increase 4.2% in 2018 and accelerate to 4.8% growth in 2019
- Fiscal Policy forecast incorporates the impacts of the passage of the Tax Cuts and Jobs Act and the Bipartisan Budget Act of 2018
- Monetary Policy Federal Reserve lowers rate from 2nd quarter 2019 due to recession
- Credit Conditions have lending standards remaining high
- Productivity Growth is below baseline, averaging 1.3% during 2018-28
- Consumer Confidence plummets nearly 20 points from 4th quarter 2017; remains well below baseline
- Oil Prices have Brent crude oil averages at \$64/barrel in 2018 and \$57 in 2019

ECONOMIC OUTLOOK

- Stock Markets have the S&P 500 increasing by 10.9% in 2018 and then sinking by 5.6% in 2019, and 0.2% in 2020, before rising by 2.2% in 2021
- Inflation Consumer Price Index (CPI) falls below baseline levels through 2020
- Foreign Growth Eurozone in 2018 falls to 2.3%, while China's growth eases to 6.7%
- US Dollar is below baseline from late 2018 to 2022 due to lackluster domestic growth

Optimistic Scenario

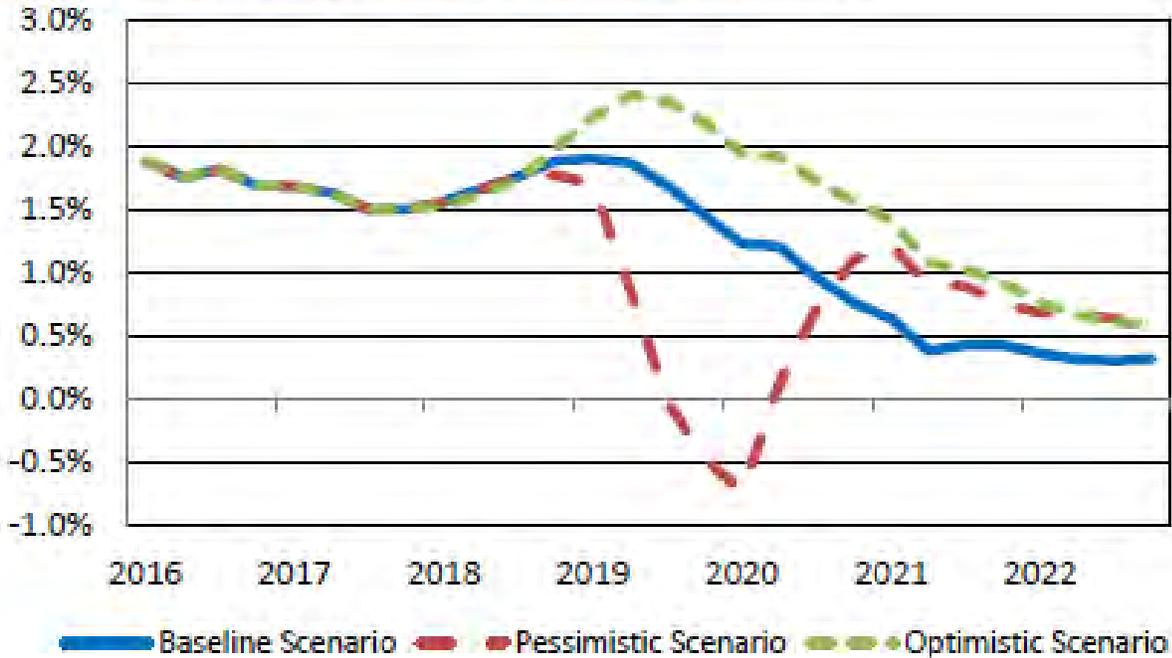
This scenario reflects a probability of 15%. The key assumptions include:

- Gross Domestic Product (GDP) growth hits 3.2% in 2018 and 4.2% in 2019 as the housing market bounces back
- Consumer Spending, a key driver of growth, is up 2.8% in 2018 and rises to 3.8% in 2019 due to higher incomes and lower inflation
- Business Fixed Investment growth expands 6.4% in 2018, moves up to 8.5% growth in 2019, and falls back to 5.9% in 2020
- Housing has young adults forming households in greater numbers due to strengthening economy, resulting in 1.6 million starts by mid-2019
- Exports increase 5.8% in 2018 and 8.8% in 2019 as economic conditions in the rest of the world improve
- Fiscal Policy forecast incorporates the impacts of the passage of the Tax Cuts and Jobs Act and the Bipartisan Budget Act of 2018
- Monetary Policy Federal Reserve rate settles at 3.5%
- Credit Conditions are rapidly easing
- Productivity Growth averages 1.9% during 2018-27
- Consumer Confidence outperforms baseline for the entire forecast interval
- Oil Prices have Brent crude oil averages at \$59/barrel in 2018 and \$47 in 2019 due to oversupply
- Stock Markets have the S&P 500 jumping 16.7% in 2018, declining 0.3% in 2019 and stays flat in 2020
- Inflation Consumer Price Index (CPI) rises until peaking in 2019
- Foreign Growth Eurozone has both developed economies and emerging markets improving, the result of structural reforms and quantitative easing programs
- US Dollar slides initially but moves above baseline in 2019 due to stronger foreign growth

ECONOMIC OUTLOOK

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

US Total Employment Growth - 3 Scenarios

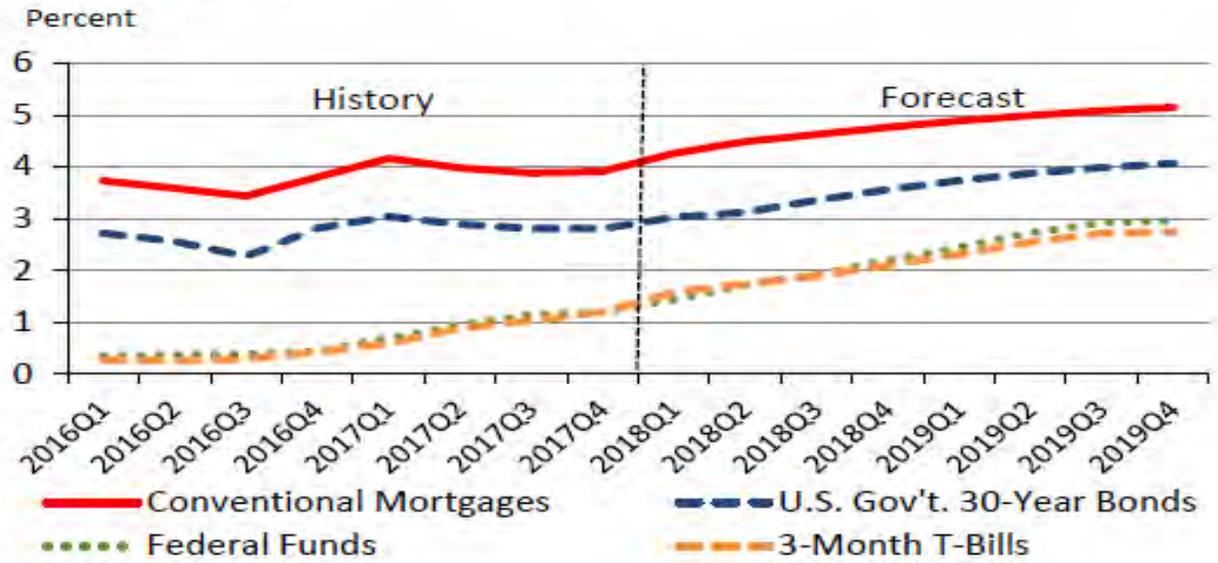


U.S. Real GDP Growth

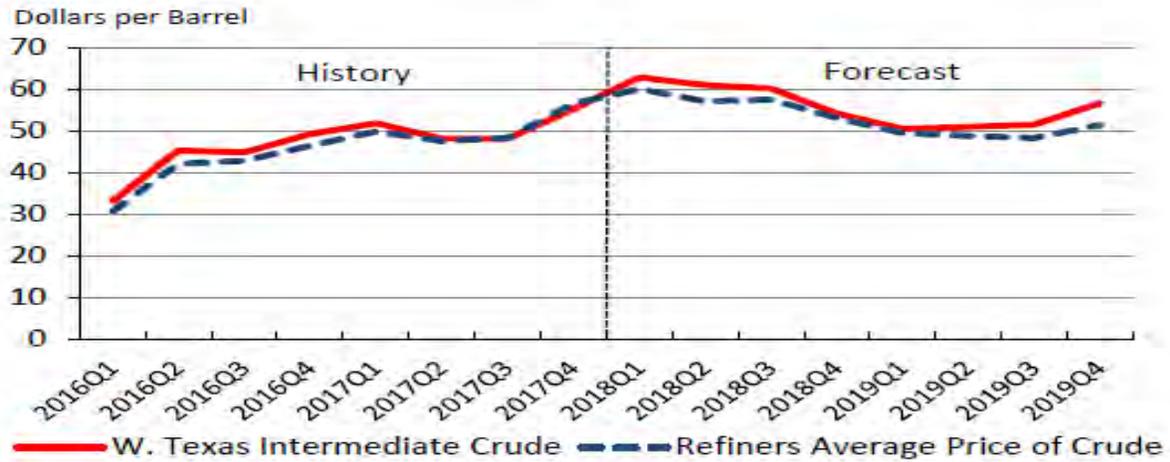


ECONOMIC OUTLOOK

Interest Rates



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 April 2018 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 of 1.2% for the remainder of the year.

Moving forward in 2018, the total employment in the Albuquerque MSA is forecasted to advance 1.2%. The private sector is forecasted to add 1.5% for the year and the government sector, on the other hand, is expected to lose -0.1% in the year. Large contributors of growth include the healthcare and social assistance sector jobs with a 2.9% increase.

The construction sector is forecasted to add 3.9% in 2018 for that sector's sixth consecutive year of expansion. In 2018 employment in this sector is only expected to average about 23,300 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 eighth consecutive year by 1.8%.

Administrative and waste services is projected to strengthen by 1.6% in 2018 due to call-center activity in the MSA.

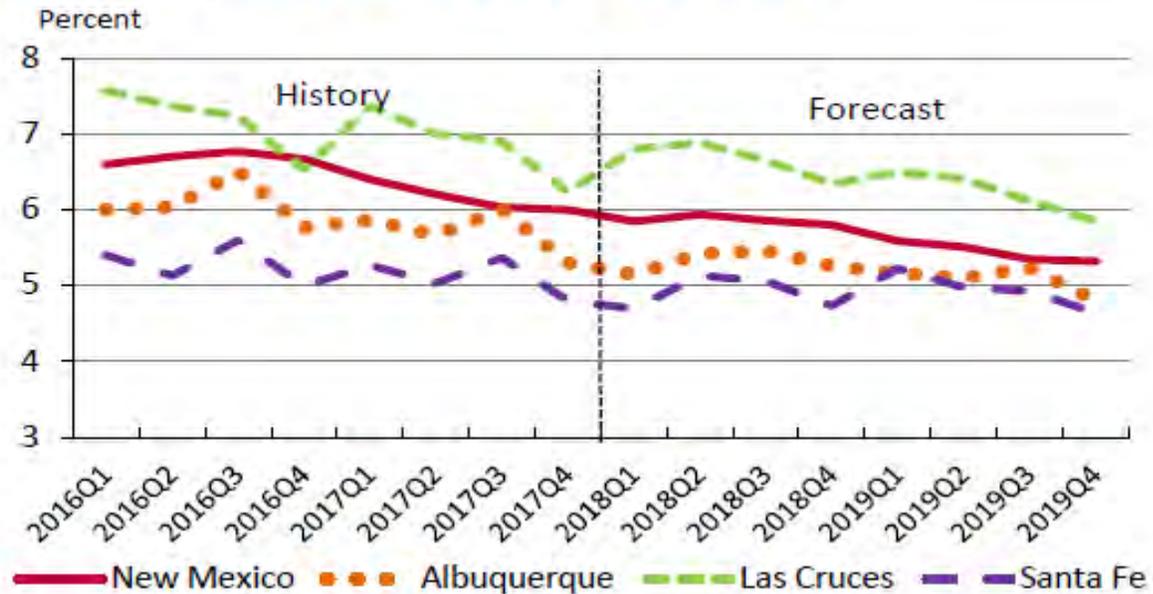
Retail trade is projected to add jobs by 0.4%. Like accommodation and food services, this sector has performed well during the recovery, however, retail trade is still projected to be well below its pre-recessionary employment level.

In the public sector, two of the three levels of government are expected to add jobs. The biggest gainer will be federal government, increasing 0.2%. Local government will also be adding jobs, 0.1%, as the new administration begins to fill staffing voids. State government will shed jobs, decreasing -0.4%.

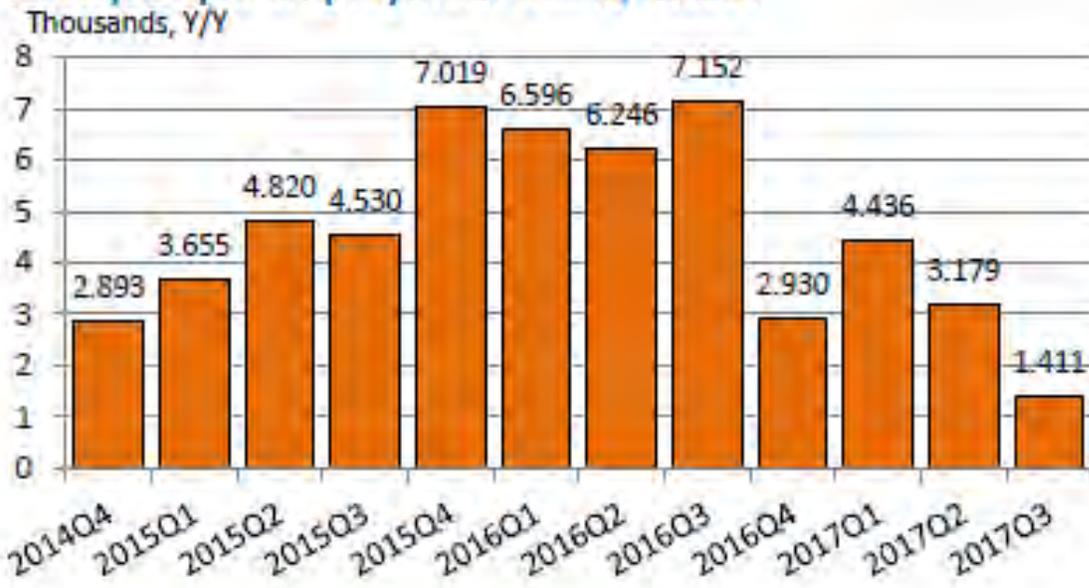
In the longer term, through 2023 the Albuquerque MSA economy is forecasted to add 23,940 jobs for 1.3% average annual growth (AAG). Most of the growth over the period will be concentrated in the private sector (1.3%), however, the government sector will also contribute (1.0%).

ALBUQUERQUE ECONOMIC OUTLOOK

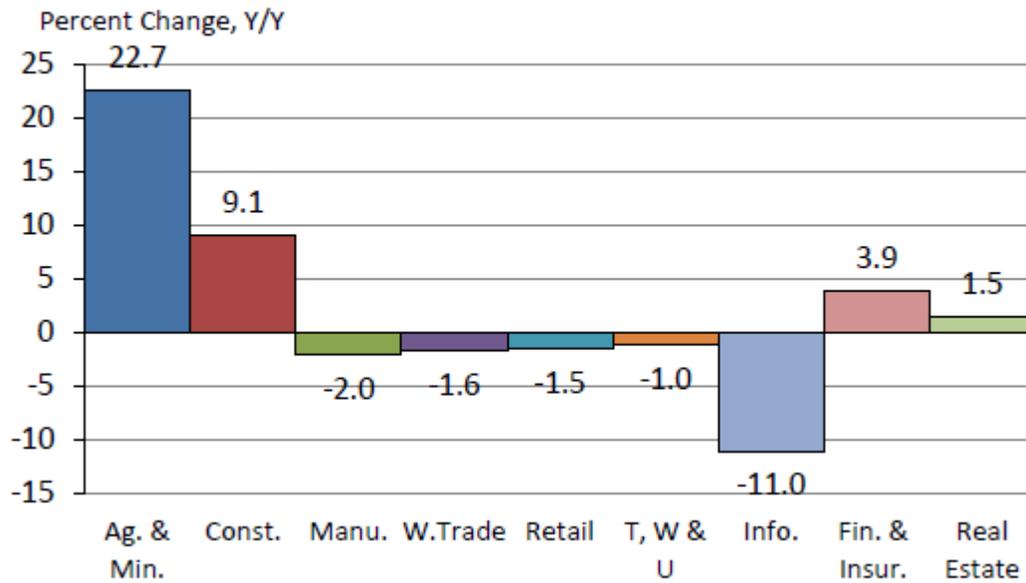
Unemployment Rates - State & Metros



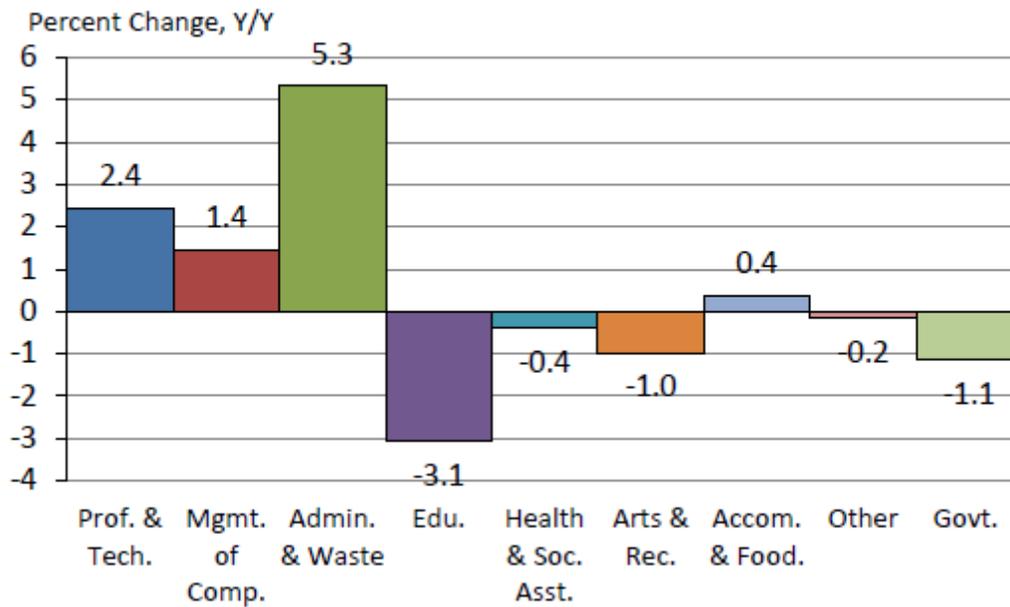
Albuquerque Employment Gains/Losses



Albuquerque Employment Growth by Sector



Albuquerque Employment Growth by Sector



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. Total housing permits are expected to number 1,611 in 2018, 1,675 in 2019, 1,937 in 2020, 2,169 in 2021 and 2,188 in 2022. Much of the growth will be due to an improved picture in the single-family market and multifamily will also experience gains. Although permits are expected to reach their highest level since before the recession in 2022, this level will only equate to 38% of the previous peak reached in 2003 (5,716 total permits in that year).

Housing Permits – NM & Albuquerque Breakdown (Thousands)

	2016	2017	2018	2019	2020	2021
NM Total Housing Units	5.136	4.878	5.360	5.903	6.280	6.765
% Change Year Ago	25.3	-5.0	9.9	10.1	6.4	7.7
___ NM Single-Family Housing Units	3.694	4.003	4.187	4.621	4.932	5.425
___ % Change Year Ago	0.9	8.4	4.6	10.3	6.7	10.0
___ NM Multi-Family Housing Units	1.442	0.875	1.173	1.282	1.348	1.340
___ % Change Year Ago	227.7	-39.3	34.0	9.3	5.1	-0.6
City of Albuquerque Total Housing Units	1.904	1.563	1.611	1.672	1.937	2.169
___ % Change Year Ago	79.5	-17.9	3.1	3.8	15.9	12.0
___ City of Albuquerque Single-Family Housing	0.896	1.122	1.148	1.214	1.429	1.634
___ % Change Year Ago	-9.1	25.2	2.4	5.7	17.7	14.4
___ City of Albuquerque Multi-Family Housing	1.008	0.441	0.462	0.458	0.508	0.534
___ % Change Year Ago	1244.0	-56.3	4.9	-1.0	10.9	5.2

The construction sector is forecasted to continue to expand and finally begin to add jobs at a more rapid pace (3,514 jobs, 3.0%) as this sector continues to dig itself out of the hole left from the Great Recession.

Construction Employment (Thousands)

	2016	2017	2018	2019	2020	2021
NM Construction Employment	43.218	45.248	46.665	47.906	49.516	5.745
% Change Year Ago	-0.6	4.7	3.1	2.7	3.4	2.5
Albuquerque MSA Construction Employment	20.783	22.440	23.305	24.084	25.128	25.827
___ % Change Year Ago	-0.6	4.7	3.1	2.7	3.4	2.5



CAPITAL BUDGET

*Approved
Operating Budget
FY19*

CAPITAL BUDGET

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.



San Juan-Chama Drinking Water Plant

The balance of capital funding is obtained through revenue bond or loan financing.

The rate structure is designed to provide sufficient revenue to meet the cash requirement and to meet the debt service obligations incurred to finance the remainder of the Basic Program. System growth projects are funded through Utility Expansion Charge (UEC) revenues, either by reimbursing capital investments made under the terms of a Developer Agreement, or by direct appropriation to 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.

CAPITAL BUDGET

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. Advanced 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. FY19 is the second 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>

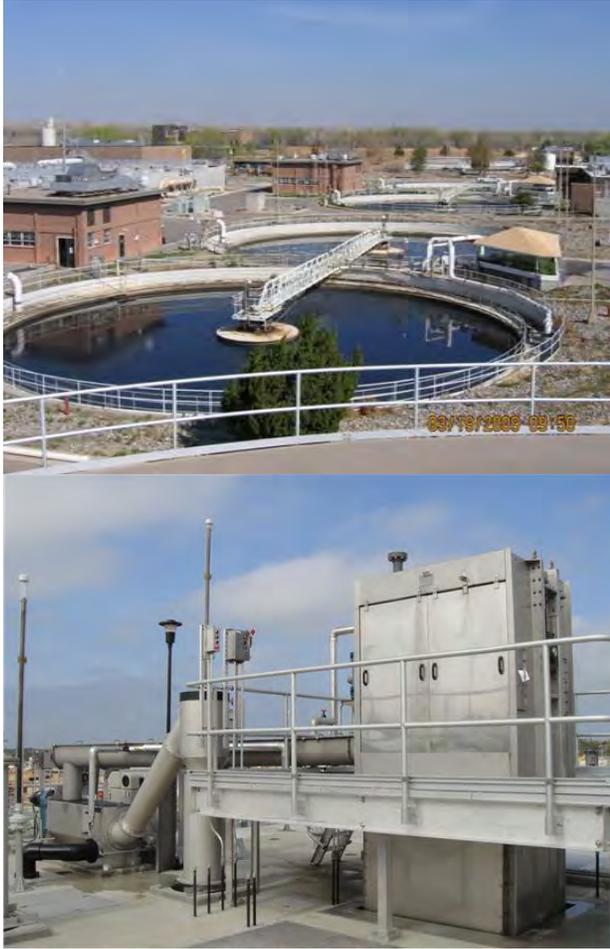
Operating Cost/Saving Impacts

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												\$141,215
100	Sewer Pipelines	\$4,750	\$6,950	\$9,375	\$11,000	\$15,000	\$16,690	\$18,115	\$19,660	\$18,925	\$20,750	5
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	Groundwtr Treat	6,045	4,695	4,460	4,460	5,760	12,860	18,240	4,860	4,860	4,860	71,100
800	Wtr 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	595	195	195	195	195	195	195	195	195	195	2,350
1100	Shared Renewal Franchise Fee	1,495	1,060	1,090	1,125	1,160	1,195	1,230	1,265	1,305	1,345	12,270
1200	Compliance	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
1300	Hvy. 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
		\$64,600										
Grand Total		0	61,850	64,850	67,850	70,850	73,850	76,850	79,850	82,850	82,850	726,250

CAPITAL BUDGET



FY19 Water Authority Capital Improvement Program Budget

The FY19 capital program appropriation totals \$88.3 million. \$70.6 million is appropriated for the level one priority basic capital programs, \$5.0 million for growth related projects, \$12.4 million for special projects, and \$0.3 million for Water 2120 projects.

The \$12.4 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, \$5.0 million for various identified projects, \$2.6 million for the Los Padillas Water System, and \$1.5 million for a contribution to a Bernalillo County Visitor's Center. There are no appropriations in the proposed FY19 CIP budget for projects that will be funded with revenues from FY20 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.

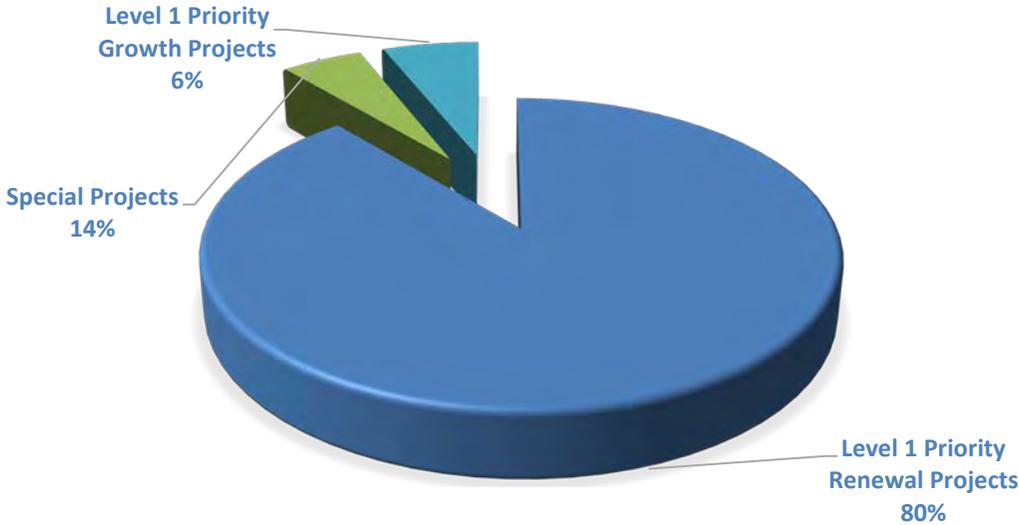
Capital Improvement Budget				
Ref No.	Project Description	FY17 Actual (000's)	FY18 Budget (000's)	FY19 Budget (000's)
Basic Program Appropriations:				
100	Sanitary Sewer Pipeline Renewal	\$10,726	\$7,314	\$7,995
200	Drinking Water Pipeline Renewal	9,915	8,841	7,550
300	Southside Water Reclamation Plant Renewal	33,227	38,907	34,370
400	Soil Amendment Facility (SAF) Renewal	11	507	100
500	Lift Station and Vacuum Station Renewal	1,735	3,202	3,150
600	Odor Control Facilities Renewal	241	1,087	750
700	Groundwater Production and Distribution	4,744	3,975	4,695
800	Water Treatment	1,717	1,566	4,910
900	Reuse Line and Plant Renewal	163	264	70
1000	Compliance	188	896	195
1100	Shared Renewal	900	1,469	15
1200	Franchise Fee Compliance Costs	3,126	2,731	2,000
1300	Vehicles and Heavy Equipment	921	4,000	4,818
Level 1 Priority Renewal Projects Total		\$67,614	\$74,757	\$70,618

CAPITAL BUDGET

Capital Improvement Budget				
Ref No.	Project Description	FY17 Actual (000's)	FY18 Budget (000's)	FY19 Budget (000's)
Special Projects:				
9401	Steel Water Line Replacement	\$0	\$1,000	\$1,000
9403	Automated Meter Infrastructure (AMI)	2,026	4,104	2,000
9404	Renewable Energy Projects	199	89	350
9405	Water Rights Enhancement	388	78	-
9406	San Juan-Chama Drinking Water Project	4	-	-
9407	Southside Reuse Project	21	-	-
9408	San Juan-Chama Mitigation	278	671	-
9409	SunGard ERP Project	106	103	-
9413	NMFA Grant/Loan	-	1,000	-
9415	Issuance Costs	710	-	-
9416	Corrales 2 to 3 Projects	762	1,590	-
9417	NMED Grant SAP 14 1600 STB	92	18	-
9418	Magnesium Hydro Project	38	63	-
	Miscellaneous	-	-	5,000
9419	Yucca and Central Odor Control	4,465	1,059	-
9420	Fluoride CIP Equipment	-	250	-
9421	Valle Del Oro Project	-	3,000	-
9422	Los Padillas Water Pipeline Project	-	1,700	2,600
9423	Admin Building Project	-	7,437	-
9424	NMFA Grant/Loan AMI Project	-	1,010	-
9425	Visitor's Center Waterline	-	-	1,500
	Special Projects Total	\$9,089	\$23,172	\$12,450
	Combined Level 1 Priority Renewal and Special Projects	\$76,703	\$97,929	\$83,068
Growth Projects:				
2000	Drinking Water Plant Facility Growth	234	9,122	-
2400	Land Acquisition	-	37	-
2600	Water Rights and Storage	22	19	-
2700	Development Agreements	214	1,050	1,250
2800	Management Information Systems/Geographical Information Systems (MIS/GIS)	2,738	4,409	3,500
3000	Utility Risk Reduction	-	-	-
3100	Master Plan and Asset Management	118	664	-
3200	Miscellaneous Growth	60	4	250
	Level 1 Priority Growth Projects Total	\$3,386	\$15,305	\$5,000
8000	Water 2120 Projects	-	-	300
	Grand Total	\$80,089	\$113,233	\$88,368

CAPITAL BUDGET

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 (\$7,995,000) 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 (\$7,550,000) 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 (\$34,370,000) 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.

CAPITAL BUDGET

500 – Lift Station and Vacuum Station Renewal (\$3,150,000) 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



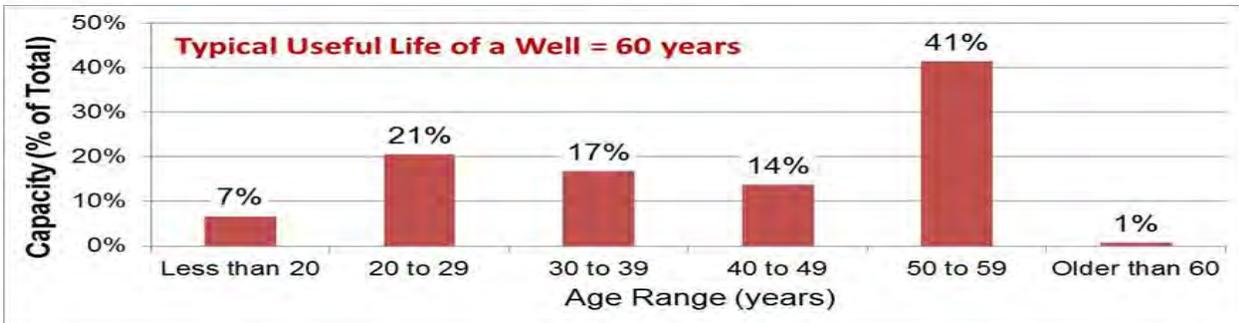
600 – Odor Control Facilities Renewal (\$750,000) This project provides funding for evaluation, planning, design, construction, and related activity necessary for odor control in the collection system. Hydrogen sulfide is the primary gas that causes offensive odors from the sewer system. These gases 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 – Groundwater Production and Distribution (\$4,695,000) 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.

CAPITAL BUDGET



Also, there are three arsenic removal treatment systems in the Corrales area Trunk. This system use granular ferric hydroxide media, which requires periodic replacement. Funding will be used to replace the arsenic removal media from the different pressure vessels. This is necessary to restore the ability of these systems to remove arsenic from the well water prior to distributing the water to Water Authority customers. Without periodic replacement, the treated water arsenic level would exceed the federal and state drinking water maximum contaminant level of 10 parts per billion (ppb).

Granular ferric hydroxide arsenic removal media



800 – Water Treatment (\$4,910,000) 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

CAPITAL BUDGET

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

900 – Reuse Line and Plant Rehab (\$70,000)

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

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

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

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 (\$4,818,000)

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

Sewer Cleaning Truck (Vactor)



CAPITAL BUDGET

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



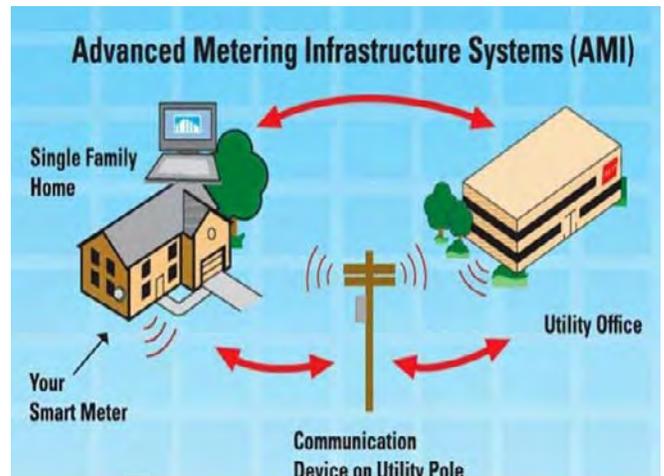
9403 – Automated Meter Infrastructure (AMI) (\$2,000,000)

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 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



CAPITAL BUDGET

9404 – Renewable Energy Projects (\$350,000)

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

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

CAPITAL BUDGET

Capital Improvement Project Descriptions for Growth Projects

2700– Development Agreements (\$1,250,000)

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

This project provides for reimbursement of developer 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) (\$3,500,000) 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

CAPITAL BUDGET

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



3000– Master Plans (\$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

*APPROVED
OPERATING BUDGET
FY19*

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, 2018 is \$592.432 million shown in the table on the next page.

DEBT OBLIGATIONS

FY19 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	5,400,000.00	386,775.00					5,786,775.00
Bonds Series 2009A-1 NMU	1,820,000.00	141,000.00					1,961,000.00
Bonds Series 2009A-1 SJC			205,000.00	15,875.00			220,875.00
Bonds Series 2009A-1 SWRP	590,000.00	45,750.00					635,750.00
Bonds Series 2013A Basic	3,925,000.00	2,408,625.00					6,333,625.00
Bonds Series 2013B	5,010,000.00	1,549,000.00					6,559,000.00
Bonds Series 2014A	8,275,000.00	3,999,287.50					12,274,287.50
Bonds Series 2014B	8,085,000.00	2,985,550.00					11,070,550.00
Bonds Series 2015	12,020,000.00	9,107,847.50					21,127,847.50
Bonds Series 2017	3,880,000.00	4,186,793.76					8,066,793.76
NMFA Loan No. 04 1727-AD					513,274.00	137,720.34	650,994.34
NMFA Loan No. 07 2316-ADW					48,209.00	6,965.02	55,174.02
NMFA Loan No. 15 Basic					3,445,000.00	952,250.00	4,397,250.00
NMFA Loan No. 15 Reuse					323,339.72	409,097.08	732,436.80
NMFA Loan No. 15 SJC					151,660.28	191,884.16	343,544.44
NMFA Loan DW4200					0.00	9,258.33	9,258.33
NMFA Loan DW4202					0.00	572.92	572.92
TOTAL	<u>49,005,000.00</u>	<u>24,810,628.76</u>	<u>205,000.00</u>	<u>15,875.00</u>	<u>4,481,483.00</u>	<u>1,707,747.85</u>	<u>80,225,734.61</u>

SCHEDULE OF BONDS & OTHER DEBT OBLIGATIONS

SENIOR DEBT OBLIGATIONS	Original	Outstanding	Basic	Special
			Needs	Projects
Bonds Series 2009A-1	135,990,000	16,410,000	11,050,000	5,360,000
Bonds Series 2013A	62,950,000	50,135,000	50,135,000	
Bonds Series 2013B	55,265,000	33,485,000	33,485,000	
Bonds Series 2014A	97,270,000	88,270,000	88,270,000	
Bonds Series 2015	211,940,000	208,730,000	208,730,000	
Bonds Series 2017	87,970,000	87,970,000	87,970,000	
NMFA Loan No. 07 2316-ADW	1,000,000	720,606		720,606
NMFA Loan No. 15	53,400,000	32,120,000	19,045,000	13,075,000
NMFA Loan DW4200		505,000		505,000
NMFA Loan DW4202		250,000		250,000
SUBTOTAL WATER AUTHORITY SENIOR DEBT OBLIGATIONS	\$ 705,785,000	\$518,595,606	\$ 498,685,000	\$ 19,910,606
SUBORDINATE DEBT OBLIGATIONS	Original	Outstanding	Basic	Special
Bonds Series 2014B	87,005,000	66,950,000	66,950,000	
NMFA Loan No. 04 1727-AD	10,426,232	6,886,017		6,886,017
SUBTOTAL SUBORDINATE DEBT OBLIGATIONS	\$ 97,431,232	\$ 73,836,017	\$ 66,950,000	\$ 6,886,017
GRAND TOTAL - WATER AUTHORITY DEBT OBLIGATIONS	<u>\$ 803,216,232</u>	<u>\$592,431,623</u>	<u>\$ 565,635,000</u>	<u>\$ 26,796,623</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	Series 2015 Bonds
2019	8,604,400	6,333,625	6,559,000	12,274,288	21,127,848
2020	8,593,625	6,327,500	6,610,750	12,216,413	21,106,973
2021		6,321,375	6,651,875	12,183,413	23,986,223
2022		6,314,750	6,706,500	12,136,038	24,311,348
2023		6,312,000	6,748,750	12,236,456	17,987,223
2024		6,302,625	2,980,750	12,182,375	22,087,723
2025		6,296,125	2,480,500	12,164,750	21,920,973
2026		6,291,750		12,082,375	19,336,348
2027		1,330,875		10,461,375	20,866,723
2028		1,329,250			21,042,446
2029		1,330,750			12,990,008
2030		1,330,250			12,981,050
2031		1,327,750			8,245,640
2032		1,328,125			8,181,775
2033		1,326,250			8,172,900
2034		1,322,125			8,195,700
2035		1,320,625			
2036		1,321,500			
2037		1,319,625			
2038		1,319,875			
2039		1,317,125			
2040					
TOTAL	<u>17,198,025</u>	<u>67,723,875</u>	<u>38,738,125</u>	<u>107,937,481</u>	<u>272,540,896</u>

Fiscal Year	Series 2017 Bonds	Loan No. 07 2316-ADW NMFA	Loan No. 15 NMFA	Loan DW4200 NMFA	Loan DW4202 NMFA	TOTAL SENIOR DEBT
2019	8,066,794	55,174	5,473,231	9,258	573	68,504,190
2020	8,048,194	55,172	5,477,231	10,100	625	68,446,582
2021	8,046,069	55,169	5,476,231	30,884	12,831	62,764,069
2022	8,038,569	55,167	5,474,981	30,884	12,830	63,081,067
2023	8,035,194	55,165	5,477,981	30,884	12,831	56,896,484
2024	8,025,444	55,162	1,074,481	30,884	12,830	52,752,273
2025	8,023,694	55,159	1,074,231	30,884	12,830	52,059,146
2026	8,014,319	55,157	1,077,481	30,884	12,831	46,901,144
2027	8,006,819	55,155	1,079,031	30,884	12,831	41,843,692
2028	8,000,444	55,152	1,074,281	30,884	12,831	31,545,288
2029	7,994,444	55,149	1,077,094	30,884	12,831	23,491,159
2030	7,988,069	55,147	1,074,344	30,884	12,831	23,472,574
2031	5,947,694	55,143	1,074,844	30,884	12,830	16,694,786
2032	5,940,194	55,143	1,076,644	30,885	12,831	16,625,597
2033	5,930,444		1,078,394	30,884	12,831	16,551,702
2034	5,927,694		1,074,719	30,885	12,830	16,563,952
2035	5,963,972		1,078,375	30,884	12,831	8,406,687
2036			1,075,063	30,884	12,831	2,440,278
2037				30,884	12,831	1,363,340
2038				30,884	12,831	1,363,590
2039				30,884	12,831	1,360,840
2040				30,885	12,831	43,716
TOTAL	<u>125,998,047</u>	<u>772,213</u>	<u>41,368,637</u>	<u>637,041</u>	<u>257,812</u>	<u>673,172,154</u>

DEBT OBLIGATIONS

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

Fiscal Year	Series 2014B Bonds	Loan No. 04 1727-AD NMFA	TOTAL SUB. DEBT	TOTAL DEBT SERVICE
2019	11,070,550	650,994	11,721,544	80,225,735
2020	10,844,725	651,020	11,495,745	79,942,326
2021	10,572,475	651,047	11,223,522	73,987,591
2022	10,148,125	651,073	10,799,198	73,880,265
2023	9,931,375	651,100	10,582,475	67,478,959
2024	9,577,875	651,128	10,229,003	62,981,276
2025	9,216,000	651,156	9,867,156	61,926,302
2026	8,850,875	651,185	9,502,060	56,403,204
2027		651,215	651,215	42,494,907
2028		651,245	651,245	32,196,533
2029		651,276	651,276	24,142,435
2030		651,308	651,308	24,123,882
2031				16,694,786
2032				16,625,597
2033				16,551,702
2034				16,563,952
2035				8,406,687
2036				2,440,278
2037				1,363,340
2038				1,363,590
2039				1,360,840
2040				43,716
TOTAL	<u>80,212,000</u>	<u>7,813,748</u>	<u>88,025,748</u>	<u>761,197,902</u>



STATISTICAL INFORMATION

*Approved
Operating Budget
FY19*

GENERAL FUND – 21 RESOURCES, APPROPRIATIONS, FUND BALANCE

LAST TEN FISCAL YEARS

(000's)	ACTUAL FY08	ACTUAL FY09	ACTUAL FY10	ACTUAL FY11	ACTUAL FY12
RESOURCES:					
Miscellaneous Revenues	4,754	2,586	1,562	3,064	2,554
Enterprise Revenues	136,486	121,411	152,148	157,276	175,505
Transfers from Other Funds	<u>1,564</u>	<u>1,516</u>	<u>1,493</u>	<u>1,500</u>	<u>1,745</u>
Total Current Resources	142,804	125,513	155,203	161,840	179,804
Beginning Working Capital Balance	<u>19,489</u>	<u>23,786</u>	<u>16,065</u>	<u>(636)</u>	<u>(10,650)</u>
TOTAL RESOURCES	<u>162,293</u>	<u>149,299</u>	<u>171,268</u>	<u>161,204</u>	<u>169,154</u>
APPROPRIATIONS:					
Joint Water/Wastewater Operations	72,468	71,994	89,853	96,243	95,371
Transfers to Other Funds	<u>52,705</u>	<u>57,500</u>	<u>87,538</u>	<u>79,593</u>	<u>82,828</u>
TOTAL APPROPRIATIONS	<u>125,173</u>	<u>129,494</u>	<u>177,391</u>	<u>175,836</u>	<u>178,199</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>(13,334)</u>	<u>(3,740)</u>	<u>5,487</u>	<u>3,982</u>	<u>(1,824)</u>
ENDING WORKING CAPITAL BALANCE	<u>23,786</u>	<u>16,065</u>	<u>(636)</u>	<u>(10,650)</u>	<u>(10,869)</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 FY13	ACTUAL FY14	ACTUAL FY15	ACTUAL FY16	ACTUAL FY17
RESOURCES:					
Miscellaneous Revenues	1,188	3,843	4,143	4,873	3,592
Enterprise Revenues	178,942	180,228	190,099	216,208	213,553
Transfers from Other Funds	<u>1,710</u>	<u>593</u>	<u>748</u>	<u>792</u>	<u>793</u>
Total Current Resources	181,840	184,664	194,990	221,873	217,938
Beginning Working Capital Balance	<u>(10,869)</u>	<u>(10,921)</u>	<u>(10,676)</u>	<u>(8,722)</u>	<u>6,356</u>
TOTAL RESOURCES	<u>170,971</u>	<u>173,743</u>	<u>184,314</u>	<u>213,151</u>	<u>224,294</u>
APPROPRIATIONS:					
Joint Water/Wastewater Operations	102,310	110,291	109,430	114,039	109,476
Transfers to Other Funds	<u>82,177</u>	<u>76,094</u>	<u>81,160</u>	<u>87,842</u>	<u>91,628</u>
TOTAL APPROPRIATIONS	<u>184,487</u>	<u>186,385</u>	<u>190,590</u>	<u>201,881</u>	<u>201,104</u>
ADJUSTMENTS TO WORKING CAPITAL BALANCE	<u>2,595</u>	<u>1,967</u>	<u>(2,445)</u>	<u>(4,912)</u>	<u>(9,523)</u>
ENDING WORKING CAPITAL BALANCE	<u>(10,921)</u>	<u>(10,676)</u>	<u>(8,722)</u>	<u>6,356</u>	<u>13,667</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 FY08	ACTUAL FY09	ACTUAL FY10	ACTUAL FY11	ACTUAL FY12
RESOURCES:					
Miscellaneous Revenues	11,932	6,668	7,026	6,351	8,142
Transfers from Other Funds	<u>59,406</u>	<u>64,301</u>	<u>67,790</u>	<u>65,337</u>	<u>66,727</u>
Total Current Resources	71,338	70,969	74,816	71,688	74,869
Beginning Fund Balance	<u>6,582</u>	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>
TOTAL RESOURCES	<u>77,920</u>	<u>66,833</u>	<u>69,164</u>	<u>68,999</u>	<u>71,897</u>
APPROPRIATIONS:					
Joint Water/Wastewater Debt Service	62,981	64,301	69,627	65,202	70,450
Transfers to Other Funds	<u>19,000</u>	<u>14,000</u>	<u>5,000</u>	<u>3,000</u>	<u>3,000</u>
TOTAL APPROPRIATIONS	<u>81,981</u>	<u>78,301</u>	<u>74,627</u>	<u>68,202</u>	<u>73,450</u>
ADJUSTMENTS TO FUND BALANCE	<u>(75)</u>	<u>5,816</u>	<u>2,774</u>	<u>(3,769)</u>	<u>(840)</u>
ENDING FUND BALANCE	<u>(4,136)</u>	<u>(5,652)</u>	<u>(2,689)</u>	<u>(2,972)</u>	<u>(2,392)</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 FY13	ACTUAL FY14	ACTUAL FY15	ACTUAL FY16	ACTUAL FY17
RESOURCES:					
Miscellaneous Revenues	8,282	7,872	7,565	9,257	8,546
Transfers from Other Funds	<u>66,362</u>	<u>72,094</u>	<u>69,160</u>	<u>72,842</u>	<u>70,628</u>
Total Current Resources	74,644	79,966	76,725	82,099	79,174
Beginning Fund Balance	<u>(2,392)</u>	<u>(2,476)</u>	<u>515</u>	<u>48,798</u>	<u>54,576</u>
TOTAL RESOURCES	<u>72,252</u>	<u>77,490</u>	<u>77,240</u>	<u>130,897</u>	<u>133,750</u>
APPROPRIATIONS:					
Joint Water/Wastewater Debt Service	72,670	75,245	35,203	71,906	75,747
Transfers to Other Funds	<u>3,000</u>	<u>3,000</u>	<u>5,000</u>	<u>5,000</u>	<u>4,474</u>
TOTAL APPROPRIATIONS	<u>75,670</u>	<u>78,245</u>	<u>40,203</u>	<u>76,906</u>	<u>80,221</u>
ADJUSTMENTS TO FUND BALANCE	<u>942</u>	<u>1,269</u>	<u>11,760</u>	<u>586</u>	<u>(710)</u>
ENDING FUND BALANCE	<u>(2,476)</u>	<u>515</u>	<u>48,798</u>	<u>54,576</u>	<u>52,819</u>

WATER USERS BY CLASS AND METER SIZE

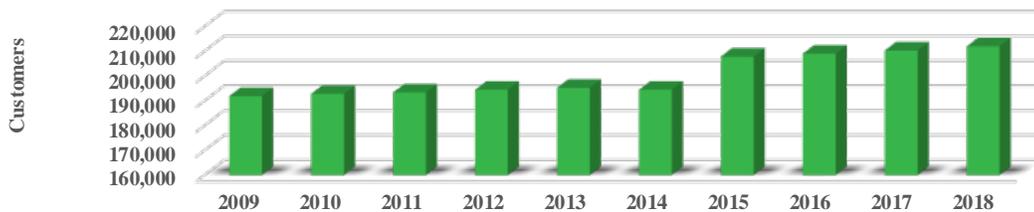
LAST TEN FISCAL YEARS

Class	Number of Customers by Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Residential	183,018	181,814	187,479	186,461	174,193	174,909	174,277	173,339	172,787	171,983
Multi-Family	7,851	7,801	7,268	7,115	6,569	6,430	6,393	6,364	6,349	6,231
Commercial	12,023	11,913	11,901	11,923	11,303	11,321	11,287	11,226	11,272	11,367
Institutional	3,680	3,650	2,187	2,150	2,196	2,391	2,316	2,279	2,223	2,119
Industrial	122	119	110	113	99	99	102	99	106	113
Other metered	720	616								
Subtotal	207,414	205,913	208,945	207,762	194,360	195,150	194,375	193,307	192,737	191,813
SW	1,365	1,362								
Other non-metered	3,120	2,940								
Total	211,899	210,215								

History of Water Users by Meter Sizes:

Meter Size	Number of Customers by Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
¾"	183,398	182,232	185,894	184,743	171,395	171,874	171,103	169,984	169,414	168,632
1" and 1 ¼"	17,975	17,796	17,392	17,447	17,474	17,645	17,717	17,820	17,820	17,611
1 ½"	2,467	2,381	2,300	2,269	2,238	2,249	2,221	2,195	2,195	2,169
2"	2,575	2,509	2,386	2,349	2,303	2,352	2,320	2,228	2,228	2,179
3"	606	603	590	575	578	634	634	714	714	834
4"	284	282	278	276	270	286	273	268	268	275
6"	66	68	64	63	60	63	61	58	58	67
8" and over	43	42	41	40	42	47	46	40	40	46
Subtotal	207,414	205,913	208,945	207,762	194,360	195,150	194,375	193,307	192,737	191,813
Other Non-metered	4,485	4,302								
Total	211,899	210,215								

AVERAGE NUMBER OF CUSTOMERS

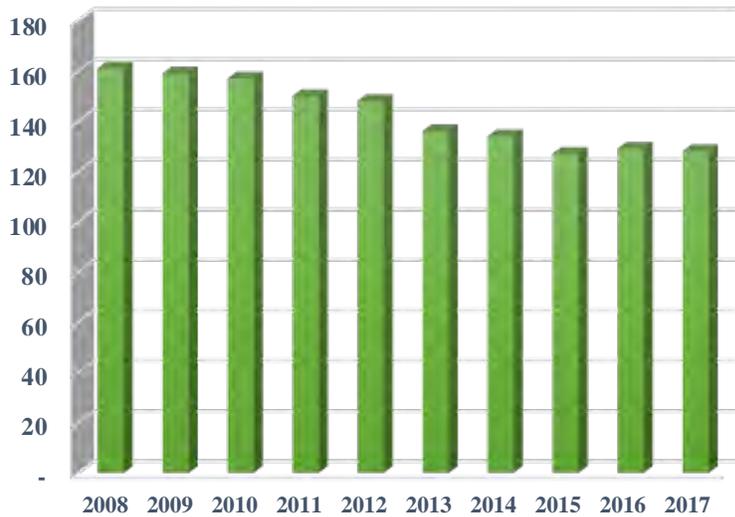
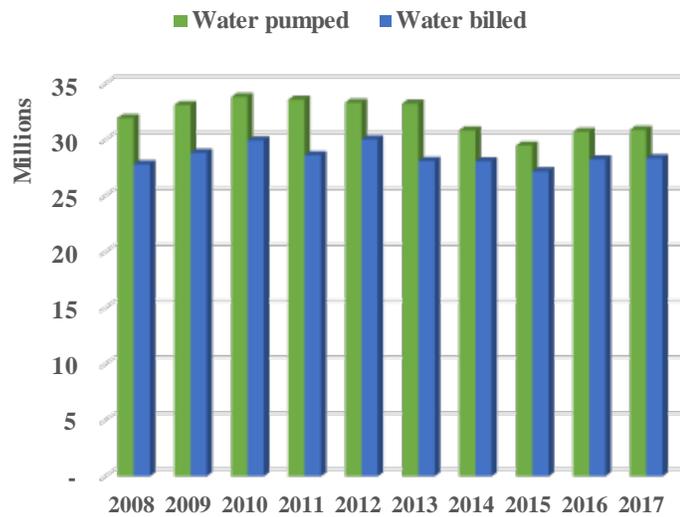


Source: ABCWUA Financial/Business Services Division

WATER CONSUMPTION

LAST TEN FISCAL YEARS

	<u>Water Pumped</u>	<u>Water Billed</u>	<u>% Billed</u>
2017	30,895,000	28,357,626	91.79%
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%



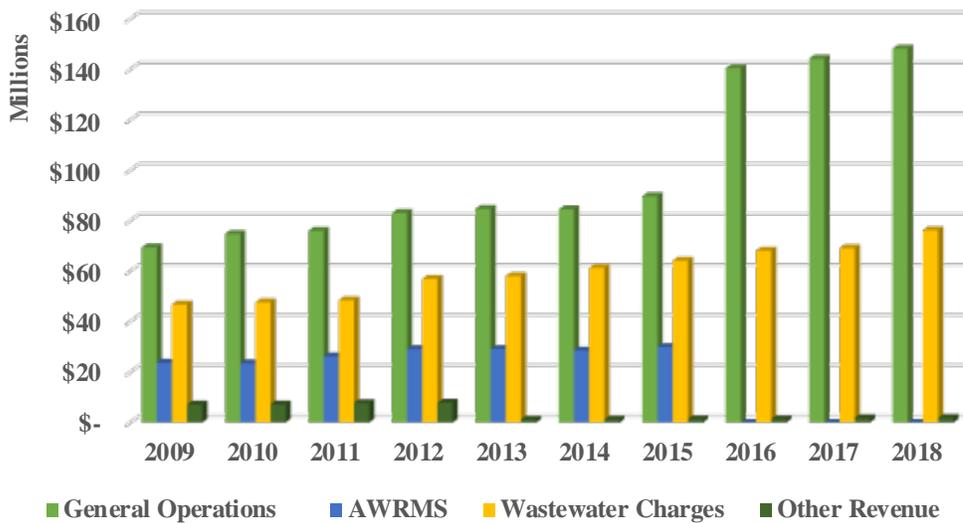
	<u>Per Capita Water Usage</u>
2017	128
2016	129
2015	127
2014	134
2013	136
2012	148
2011	150
2010	157
2009	159
2008	161

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⁾			
2018	148,315,450	-	76,253,042	1,828,000	226,396,492
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	89,768,328	29,939,349	64,171,110	1,323,000	185,201,787
2014	84,500,221	28,561,586	61,327,115	1,232,000	175,620,922
2013	84,713,861	29,161,139	58,031,483	1,142,000	173,048,483
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



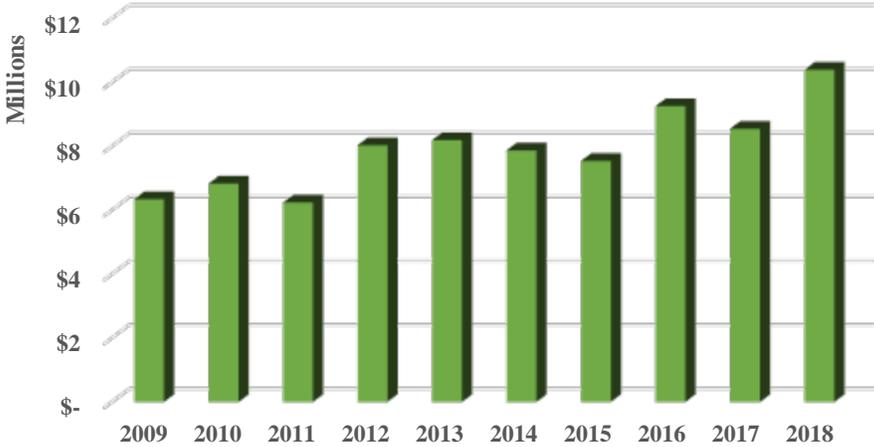
Source: ABCWUA Financial/Business Services Division

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>
2018	10,397,749
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



Source: ABCWUA Financial/Business Services Division

PRINCIPAL REVENUE PAYERS

CURRENT FISCAL YEAR AND NINE YEARS AGO

Water Customer Name	2018				2009			
	Water Revenue	Rank	% of Total Revenue	Consumption	Water Revenue	Rank	Total Revenue	Consumption
City of Albuquerque	\$ 9,618,383	1	6.49%	3,052,168	\$ 3,958,332	1	4.25%	1,920,863
Albuquerque Public Schools	3,084,491	2	2.08%	708,280	1,351,427	2	1.45%	442,461
University of New Mexico	1,295,716	3	0.87%	295,974				
Bernalillo County	781,341	4	0.53%	216,552				
Kirtland Air Force Base	724,977	5	0.49%	162,237				
ABCWUA	308,390	8	0.21%	71,141				
Central NM Community College	286,707	7	0.19%	64,435				
Lovelace Health	275,650	6	0.19%	85,521	196,776	5	0.21%	105,240
Sumitomo	272,383	9	0.18%	111,329				-
Albuquerque Academy	254,689	10	0.17%	102,533				
Albuquerque Biopark Zoo					172,338	6	0.18%	102,662
NM State Fair Complex					114,814	10	0.12%	44,908
Tanoan Country Club			0.00%		248,890	3	0.27%	156,841
General Electric					98,957	8	0.11%	55,190
Four Hills Mobile Home Park			0.00%					
UNM Hospital			0.00%		134,075	7	0.14%	67,239
UNM Physical Plant			0.00%		379,206	4	0.41%	135,588
Presbyterian Health			0.00%					
Towne Park					92,494	9	0.10%	50,200
Total	<u>\$ 16,902,727</u>		<u>11.40%</u>	<u>4,870,170</u>	<u>\$ 6,747,309</u>		<u>7.24%</u>	<u>3,081,192</u>
Total Water System Revenue	<u>\$ 148,315,450</u>				<u>\$ 93,198,407</u>			

Wastewater Customer Name	2018				2009			
	Wastewater Revenue	Rank	% of Total Revenue	Consumption	Wastewater Revenue	Rank	Total Revenue	Consumption
Kirtland Air Force Base	\$ 1,409,370	1	1.85%	745,216	\$ 893,237	2	1.91%	589,723
University of New Mexico	990,988	2	1.30%	588,650				
Albuquerque Public Schools	810,218	3	1.06%	134,016	531,982	5	1.14%	123,781
City of Albuquerque	710,303	4	0.93%	101,364	411,163	4	0.88%	147,587
Creamland Dairies	663,061	5	0.87%	53,781				
Lovelace Health	163,612	6	0.21%	57,641	126,879	6	0.27%	83,351
Albuquerque Biopark Zoo					95,801	7	0.20%	71,893
Bernalillo County	175,025	7	0.23%	43,837				
Central NM Community College	127,103	8	0.17%	30,858				
Sandia Peak Services	88,918	9	0.12%	74,073	71,914	8	0.15%	68,259
Four Hills Mobile Home Park	85,971	10	0.11%	34,901	-			-
New Mexico Utilities			0.00%		2,718,901	1	5.81%	2,281,994
UNM Physical Plant			0.00%		427,102	3	0.91%	339,171
UNM Hospital			0.00%		144,208	9	0.31%	52,846
Presbyterian Health			0.00%		128,057	10	0.27%	52,740
Total	<u>\$ 5,224,569</u>		<u>6.85%</u>	<u>1,864,337</u>	<u>\$ 5,549,244</u>		<u>11.86%</u>	<u>3,811,345</u>
Total Wastewater System Revenue	<u>\$ 76,253,042</u>				<u>\$ 46,805,468</u>			

Source: ABCWUA Financial/Business Services Division

TREND ANALYSIS

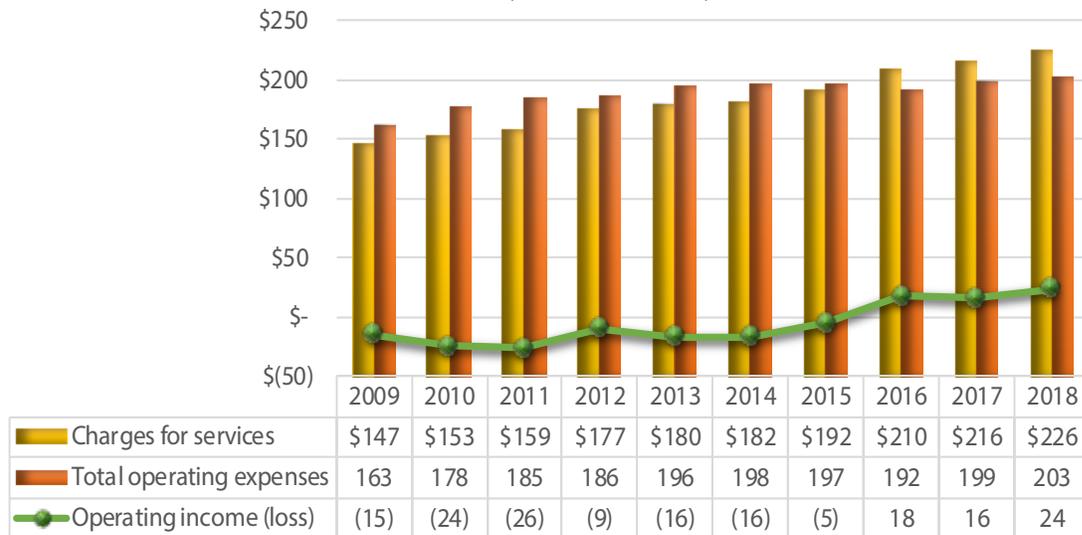
LAST TEN FISCAL YEARS

(In millions of dollars)

Trend Analysis of Capital Assets, Total Obligations, and Net Position



Trend Analysis of Authority Operations



OUTSTANDING DEBT RATIO

LAST TEN FISCAL YEARS

(In thousands of dollars)

Fiscal Year	Revenue Bonds	Loan Agreements	Water Rights Contract	Lines of Credit	Un-amortized Premium	Total	Per Capita	Per Customer
2018	551,950	39,727	6,409	-	48,088	646,174	1,184	3,148
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

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		
2018	\$ 240,966	\$ 112,680	128,286	\$31,018	\$23,948	(12,153)	3.00	1.33
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

SENIOR AND SUBORDINATE LIEN

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage	Coverage Required
				Principal ⁽⁴⁾	Interest	Amortized Premium		
2018	\$ 240,966	\$ 112,680	128,286	\$42,216	\$27,303	(12,153)	2.24	1.20
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

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

<u>Year</u>	<u>Population Albuquerque MSA</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2018	676,953	26,162,880	38,648	4.5%
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%

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	Number of Employees	Rank	% of Albuquerque MSA Employment	Number of Employees	Rank	% of Albuquerque MSA Employment
Albuquerque Public Schools	14,810	1	3.91%	14,000	3	3.38%
Kirtland Air Force Base (civilian)	10,125	2	2.67%	16,200	1	3.91%
Sandia National Laboratories	9,852	3	2.60%			
Presbyterian Hospital	7,310	4	1.93%	7,369	4	1.78%
UNM Hospital	6,021	5	1.59%	5,950	6	1.44%
City of Albuquerque	5,500	6	1.45%	5,940	7	1.43%
State of New Mexico	4,950	7	1.31%	5,910	8	1.43%
University of New Mexico	4,210	8	1.11%	15,890	2	3.83%
Kirtland Air Force Base (military)			0.00%			
Lovelace Health System	4,000	9	1.06%	7,000	5	1.69%
Bernalillo County	2,648	10	0.70%	2,618	10	0.63%
Intel Corporation	-		0.00%	3,300	9	0.80%
Total	69,426		18.33%	84,177		20.31%
Total Employment			378,716			414,400

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



APPENDIX

*Approved
Operating Budget
FY19*

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 FY19 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) – budgeted at family plan levels.
- 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 FY19 budget requests for supplies, repairs and maintenance, and contract services. Other FY19 operating expenses were equal to FY18 appropriated amounts. One-time appropriations for FY18 were deleted.

- Inflationary adjustments were not granted

as automatic across-the-board adjustments.

- For FY19, 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 FY19. 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 FY19 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 Floatation

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

ACRONYMS

GPCD – Gallons per capita per day

GPPAP - Groundwater Protection Policy and Action Plan

GPS – Global Positioning System

GRT – Gross Receipts Tax

HMO – Health Maintenance Organization

HR – Human Resources

IDOH - Indirect Overhead

IPC – Indicators Progress Commission

ITD – Information Technology Program

IVR – Interactive Voice Response

IWA – International Water Audit

KAFB – Kirtland Air Force Base

LIMS – Laboratory Information Management System

LT2 – Long Term Enhanced Surface Water Treatment Rule 2

MDC – Metropolitan Detention Center

MGD – Million Gallons per Day

MIS – Management Information System

MOU – Memorandum of Understanding

MRGCOG – Middle Rio Grande Council of Governments

MSA – Metropolitan Statistical Area

NBER – National Bureau of Economic Research

NM – New Mexico

NMDOT – New Mexico Department of Transportation

NMED – New Mexico Environment Department

NMFA – New Mexico Finance Authority

NMUI – New Mexico Utilities Group Inc.

NPDES – National Pollution Discharge Elimination System

NWSA – Northwest Service Area

O/M – Operations and Maintenance

OERP – Overflow Emergency Response Plan

OSHA – Occupational Safety and Health Administration

P&I – Principal and Interest

PAFR – Popular Annual Financial Report

PERA - Public Employees Retirement Association

PNM – Public Service Company of New Mexico

PTF – Preliminary Treatment Facility

REC – Renewable Energy Credit

RFP - Request for Proposal(s)

RRAMP – Reclamation Rehabilitation and Asset Management Plan

SAD - Special Assessment District

SAF – Soil Amendment Facility

SCADA – Supervisory Control and Data Acquisition

SDF – Solids Dewatering Facility

SDWA – State Drinking Water Act

SJC – San Juan-Chama

SJCWTP - San Juan–Chama Water Treatment Plant

SNL – Sandia National Laboratory

SOP – Standard Operating Procedures

ACRONYMS

SRF – State Revolving Loan Fund

SSO's – Sanitary Sewer Overflows

SWR - Sewer

SWRP - Southside Water Reclamation Plant

TAT – Turnaround Time

TRFR – Transfer

UCMR3 –Unregulated Contaminant Monitoring Rule 3

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

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

SELECTED GLOSSARY OF TERMS

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

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

SELECTED GLOSSARY OF TERMS

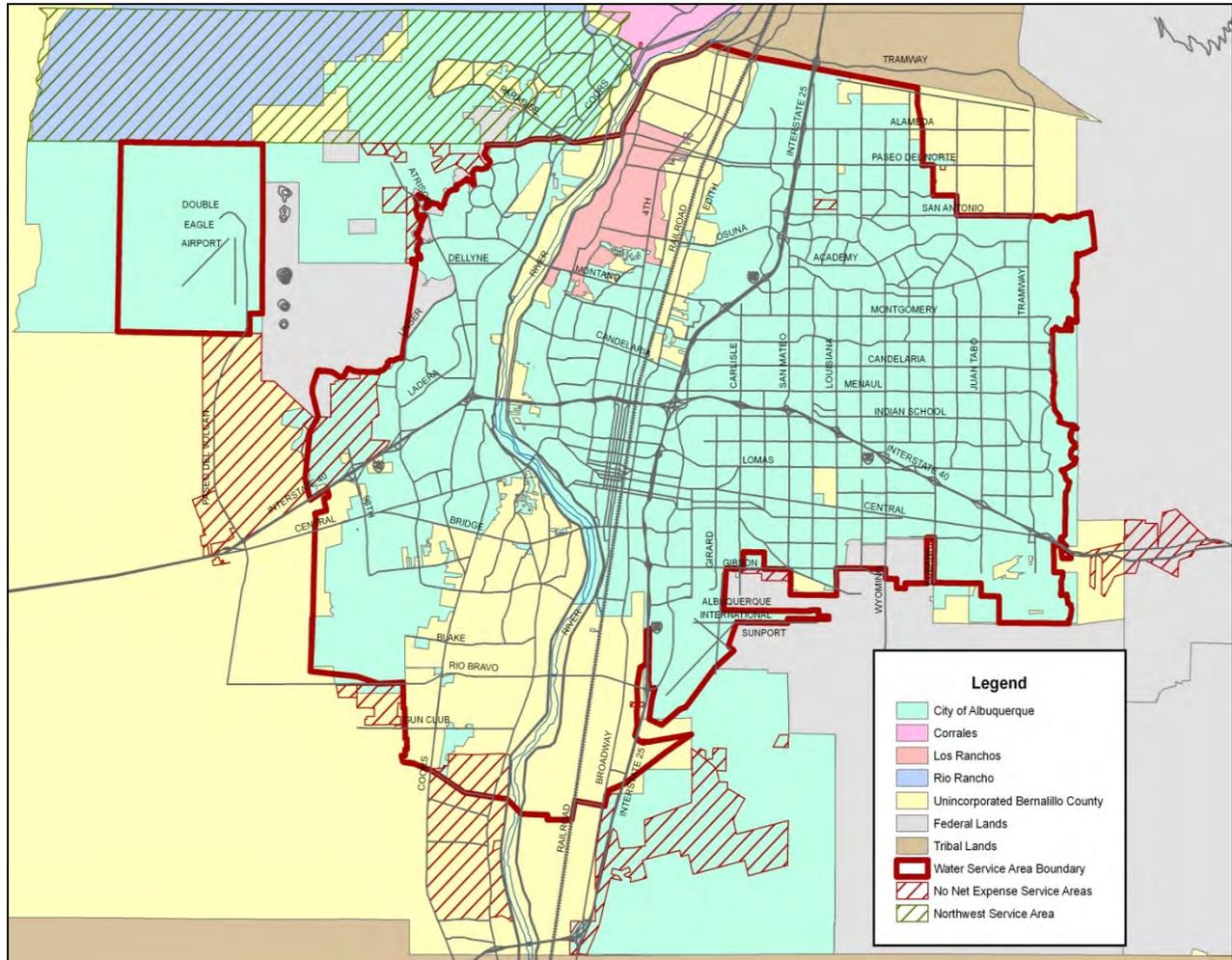
STATE ENGINEER PERMIT 4830: The permit allows the Water Authority to divert 97,000 acre-feet annually from the Rio Grande consisting of an equal amount of Water Authority San Juan-Chama water and native Rio Grande water. The native Rio Grande water is required to be simultaneously released from the Southside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

UNACCOUNTED 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

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)

WATER SERVICE AREA MAP

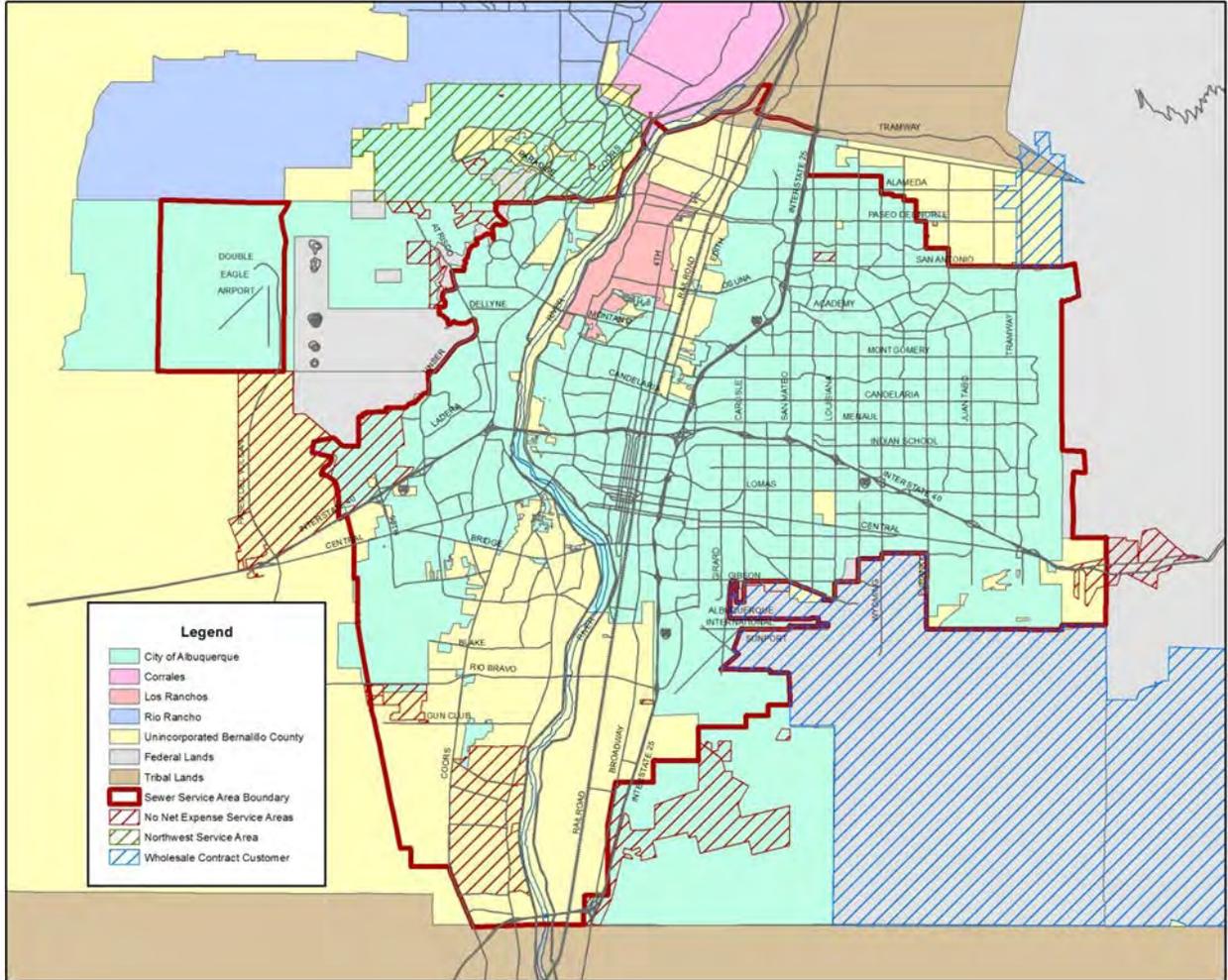
The Water System provides water services to approximately 676,298 residents comprising approximately 95% of the residents of the County. About one-third of unincorporated County residents are customers of the Water System. As of January 1, 2017, service is provided to approximately 211,899 customers, including 183,018 residential and 28,881 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

WASTEWATER SERVICE AREA MAP

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
FY19*

1 PASSED AND ADOPTED THIS 23rd DAY OF May, 2018
2 BY A VOTE OF: 7 FOR 0 AGAINST.

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5 Yes: Davis, Quezada, O'Malley, Peña, Jones, Talbert and Nair

6 No:

7 Excused:

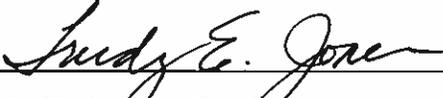
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Trudy E. Jones, Chair

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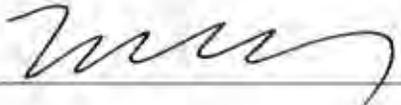
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18 ATTEST:

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21 Mark S. Sanchez, Executive Director

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Meeting Date: May 23, 2018
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-18-12 – Appropriating Funds for Operating the Albuquerque Bernalillo County Water Utility Authority for Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

ACTION: Recommend Approval

SUMMARY:

This legislation is the Water Authority's proposed budget appropriation for Fiscal Year 2019 beginning July 1, 2018. The FY19 budget was developed utilizing the Water Authority's Five-Year Goals, One Year Objectives, Performance Plan and the Guiding Principles in determining the costs needed to effectively and efficiently run the utility operation.

FY 2019 HIGHLIGHTS:

The FY19 Executive Director's Proposed 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, adopted in September 2016. *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. A key component going forward will be the shift from acquisition of water rights to the development of reuse facilities to have a more resilient supply.

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 ten 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=sYhINqjtDuc>

Building on accomplishments such as these, Water Authority staff and leadership will continue to pursue new operational efficiencies and improvements in FY19. 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 groundwater plant facilities. In addition, we will continue to implement mobile technology to document and complete work assignments in the operation groups.

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 with the primary source of supply being treated surface water from the DWP. The DWP provided 70% of all water distributed to Water Authority customers in calendar year 2017. 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 on a consistent basis.

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, final clarifier renovations, and major renovations and improvements to the Solids Dewatering Facility (SDF). 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.

In FY19, the DWP will focus on efforts related to solids management by continuing sales of grit basin material to Waste Management for the Rio Rancho Landfill and beginning a pilot testing of iron sludge disposal to aid with significant odor control and provide corrosion benefits. The plant will also begin Phase II of its Ozone system modifications, coarse screening improvements at river intake, and construction of a lime storage silo.

Wastewater Collections continues to implement the CMOM program and the expanded closed-circuit television (CCTV) inspection of 5% of the small diameter system which provides for better maintenance and identification of specific rehab needs.

Water Distribution Field will focus on pressure monitoring, pressure reducing valve preventive maintenance, and eliminating select redundant/inoperable pressure reducing valves monitored with Automated Meter Infrastructure (AMI) technology. Staff will continue with the Los Padillas water line extensions and partner with Compliance and Plant staff to address South Valley water quality issues.

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 and move from indoor to outside rebate programs. Water Resources staff will develop the Environmental Plan and the Groundwater Monitoring Plan. Plans are to launch a Water Conservation newsletter and website which will contain irrigation, gardening and horticultural tips and practices.

Planning & Engineering will complete the Guide to Development, complete the Field Asset GPS Coordinates Program, and prepare a list of recommended modifications to the Expansion Ordinance in coordination with the Guide to Development. Staff will be developing a proposed fee schedule for Utility Development deliverables and begin work on a Construction Inspection Manual.

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, FY19 will complete revisions to the Cross-Connection Control Ordinance. The current version of the ordinance needs refining to remove ambiguity and improve clarity. The program will also be obtaining a new NPDES permit and completing their PPCP wastewater sampling during 2018.

The Water Quality lab will be developing Standard Operating Procedures for analyses of TKN and Fecal as MPN. The program will also be meeting with CIP staff to begin the process of renovation projects at the lab.

Administration, Employee Relations and Development

The Water Authority will continue to conduct periodic activities to engage, educate, and provide updates to customers, 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 be developing a Sick to Well Time Policy and a Wellness Champion/Stretching policy.

A major focus for Human Resources will be the design and implementation of a new Application System. This system will be more user-friendly for both applicants and Water Authority staff and will allow staff to push jobs out to various recruitment websites and provide continuous recruitment capability. Staff will also continue to implement Employee Satisfaction Survey and Employee Connections initiatives.

The proposed budget also includes nonrecurring funding for an employee safety incentive program. This program will reward employees for cost savings that result from 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 FY19 Approved Budget for the Distinguished Budget Presentation Award, the FY18 Comprehensive Annual Financial Report (CAFR) for the Certificate of Achievement for Excellence in Financial Reporting and the FY18 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 FY19, Accounting Services will be leading the Maximo Phase II implementation of Asset on-boarding and disposition, barcoding for the annual capital asset inventory required by State statute, life-cycle costing of assets, and developing policies and procedures for capturing costs for new and existing assets.

Purchasing will fully implement the new Bernalillo County Home Rule Procurement Code. Two areas of major focus for FY19 will be the completion of the Warehouse Ordering and Payment Policies and Procedures and overseeing the Maximo Phase II implementation for Purchasing and Inventory related functions, specifically Maximo/One Solution integration options, inventory management improvements, satellite storerooms, and inventory barcoding.

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 the Living River Fund and Water Assistance Fund donation programs.

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) 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 FY19. 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 FY19.

ITD Quality Assurance staff will continue the buildout of the service desk, implement an Information Security Plan, update IT policies relating to IT security, and coordinate change management and training efforts for the CC&B upgrade.

IT Infrastructure objectives for FY19 include the buildout and migration of the Disaster Recovery site to the Surface Water Plant, migration of all database servers to SimpliVity, completion of a comprehensive security plan, and building redundant infrastructure for card key and video surveillance systems.

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.

FISCAL IMPACT:

This appropriation consists of the Water Authority General Fund which totals \$214,009,000 and the Water Authority Debt Service Fund which totals \$85,730,000.

COMMENTS:

For FY19, General Fund revenue is estimated to be \$225.8 million with proposed expenses of \$214.0 million. Revenues are expected to be \$11.8 million over proposed expenses. This amount will bring the Working Capital or Fund Balance to \$16.7 million at June 30, 2019. 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.

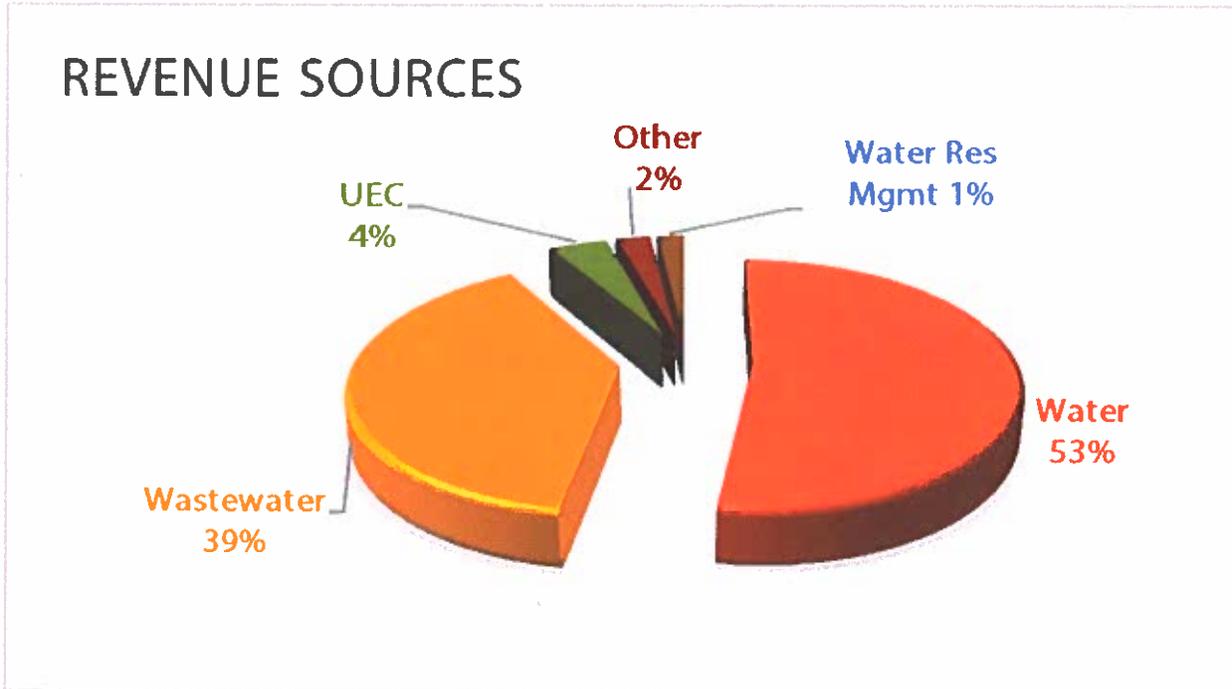
Revenues

The revenue table is an estimate of revenues projected next year. The following is a revenue comparison of the FY17 Audited Actuals, FY18 Revised and the FY19 Proposed budgets:

WATER AUTHORITY GENERAL FUND - 21

ACCOUNT NAME	AUDITED FY17	REVISED BUDGET FY18	PROPOSED BUDGET FY19	DIFFERENCE FY19-FY18
Interest	86	100	540	440
Miscellaneous	1,757	2,077	3,109	1,032
Water	140,089	123,355	123,355	-
Water Resources Management	4,363	4,500	4,500	-
Wastewater	69,101	88,391	92,471	4,080
CIP Employees	793	1,014	-	(1,014)
Solid Waste Admin Fee	1,401	1,480	1,509	29
DMD Admin Fee	349	348	359	11
PNM Pass Thru	(1)	-	-	-
FUND TOTAL	217,938	221,265	225,843	4,578

General Fund revenue for FY19 is estimated to be \$4.6 million above the FY18 revised budget. The increase is mainly due to the projected increase in rate revenue. Revenue in the Debt Service Fund has a \$2.2 million increase, comprised of a \$1.5 million increase in UEC Revenue and a \$0.7 million increase in the transfer from the General Fund for debt service payments.



* Consolidated for Reporting Purposes

** Other includes Interest, Miscellaneous, SW Admin Fee, DMD Admin Fee

Expenses

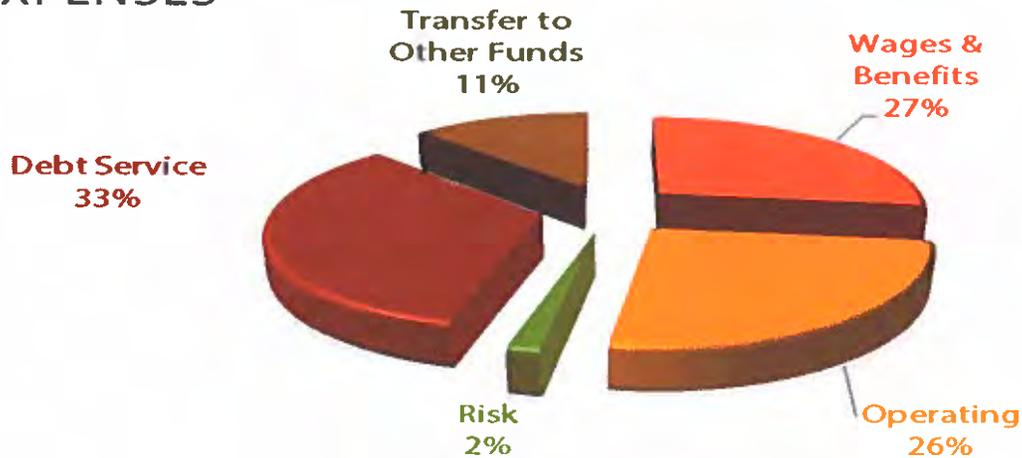
The following is the appropriation comparison of the FY17 Audited Actuals, FY18 Revised and the FY19 Proposed budgets:

WATER AUTHORITY GENERAL FUND - 21

PROGRAM	AUDITED FY17	REVISED BUDGET FY18	PROPOSED BUDGET FY19	DIFFERENCE FY19-FY18
Administration	2,726	2,792	2,684	(108)
Risk	4,239	4,523	4,534	11
Legal	459	703	760	57
Human Resources	1,313	1,552	1,588	36
Finance	3,894	4,004	4,184	180
Customer Services	8,587	9,112	9,050	(62)
Information Technology	7,072	7,131	7,096	(35)
Wastewater Plant	10,747	11,680	11,426	(254)
San Juan-Chama Water Treat Plant	3,415	3,639	3,971	332
Groundwater Operations	5,985	6,427	6,629	202
Wastewater Collection	6,540	6,758	6,701	(57)
Water Field Operations	19,134	20,085	19,595	(490)
Compliance	4,513	5,400	5,261	(139)
Planning & Engineering	2,871	3,342	3,899	557
Water Resources	3,587	3,920	3,861	(59)
Power & Chemicals	19,940	20,232	20,236	4
Taxes	338	657	656	(1)
Overhead	1,737	2,403	1,410	(993)
San Juan-Chama	2,378	2,247	2,247	-
Tfr Gen Fund to Rehab Fund	21,000	30,250	26,589	(3,661)
Tfr Gen Fund to Debt Serv Fund	70,628	70,908	71,631	723
FUND TOTAL	201,104	217,765	214,009	(3,756)

The FY19 proposed General Fund expenses contain a net decrease of \$3.8 million from the FY18 Revised Budget. Total personnel costs have decreased by \$1.2 million as compared to FY18 based on retirements and efficiencies; general operating expenses increased \$0.4 million; and interfund transfers decrease \$3.0 million because of the FY18 one-time \$3.0 million additional transfer from the General Fund to CIP.

EXPENSES



* Consolidated for Reporting Purposes

Difference between FY18 and FY19 Expenses (in millions)



Personnel expenses include a 2% step increase in wages and a 15% increase in health benefit costs. Total personnel costs have decreased by \$1.2 million as compared to FY18. There is no change in full-time equivalent positions. Total general operating costs increase \$0.4 million. The interfund transfers decrease by \$3.0 million.

The Working Capital balance at June 30, 2019 is estimated to be \$16.7 million. 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.

The Water Authority's goals and objectives focus on improving the Utility's operations and improving customer conditions. The Budget Ordinance requires the Water Authority's operating budget 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 Implementation budgets. Many of the objectives also

reflect policy direction. With the establishment of goals and objectives that have policy as well as budgetary implications, the Water Authority must actively manage the daily operations of the Utility.

**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

BILL NO. R-18-12

RESOLUTION

**APPROPRIATING FUNDS FOR OPERATING THE ALBUQUERQUE BERNALILLO
COUNTY WATER UTILITY AUTHORITY FOR THE FISCAL YEAR BEGINNING JULY
1, 2018 AND ENDING JUNE 30, 2019**

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

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

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

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

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

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

BE IT RESOLVED BY THE WATER AUTHORITY:

Section 1. That the following amounts are hereby appropriated to the following funds for operating The Albuquerque Bernalillo County Water Utility Authority during Fiscal Year 2019:

<u>GENERAL FUND – 21</u>	214,009,000
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This appropriation is allocated to the following programs:

Administration	2,684,000
Risk	4,534,000
Legal	760,000
Human Resources	1,588,000
Finance	4,184,000

1	Customer Services	9,050,000
2	Information Technology	7,096,000
3	Wastewater Plant	11,426,000
4	San Juan-Chama Water Treatment Plant	3,971,000
5	Groundwater Operations	6,629,000
6	Wastewater Collections	6,701,000
7	Water Field Operations	19,595,000
8	Compliance	5,261,000
9	Planning & Engineering	3,899,000
10	Water Resources	3,861,000
11	Power & Chemicals	20,236,000
12	Taxes	656,000
13	Authority Overhead	1,410,000
14	San Juan-Chama	2,247,000
15	Transfers to Other Funds:	
16	Rehab Fund (28)	26,589,000
17	Debt Service Fund (31)	71,631,000
18	<u>DEBT SERVICE FUND – 31</u>	85,730,000
19	This appropriation is allocated to the following programs:	
20	Debt Service	80,730,000
21	Transfer to Other Funds:	
22	Growth Fund (29)	5,000,000
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. If working capital balance exceeds 1/12 of operating expenses, and
2 debt service payments and debt service coverage are met, the remaining working
3 capital balance shall be reserved for capital projects.

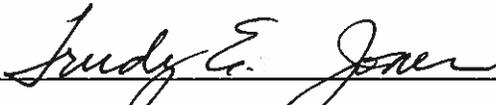
4 Section 6. The Executive Director is authorized to carry out all appropriations
5 contained in this budget in accordance with established policies and procedures.

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1 PASSED AND ADOPTED THIS 23rd DAY OF May, 2018
2 BY A VOTE OF: 7 FOR 0 AGAINST.

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Yes: Davis, Quezada, O'Malley, Peña, Jones, Talbert and Nair
No:
Excused:



Trudy E. Jones, Chair

ATTEST:



Mark S. Sanchez, Executive Director

Meeting Date: May 23, 2018
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-18-13 – Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

ACTION: Recommend Approval

SUMMARY:

This legislation appropriates funding for the FY19 Capital Implementation Program (CIP). This appropriation provides funding for new projects as well as supplements current appropriations for projects that are ongoing.

FISCAL IMPACT:

The FY19 capital program appropriation totals \$84.3 million. \$55 million is appropriated for the level one priority basic capital programs, an additional \$15 million appropriated for the covers for the clarifiers, \$618K for vehicles and heavy equipment, \$5 million for growth related projects, and \$8.3 million is appropriated for special projects.

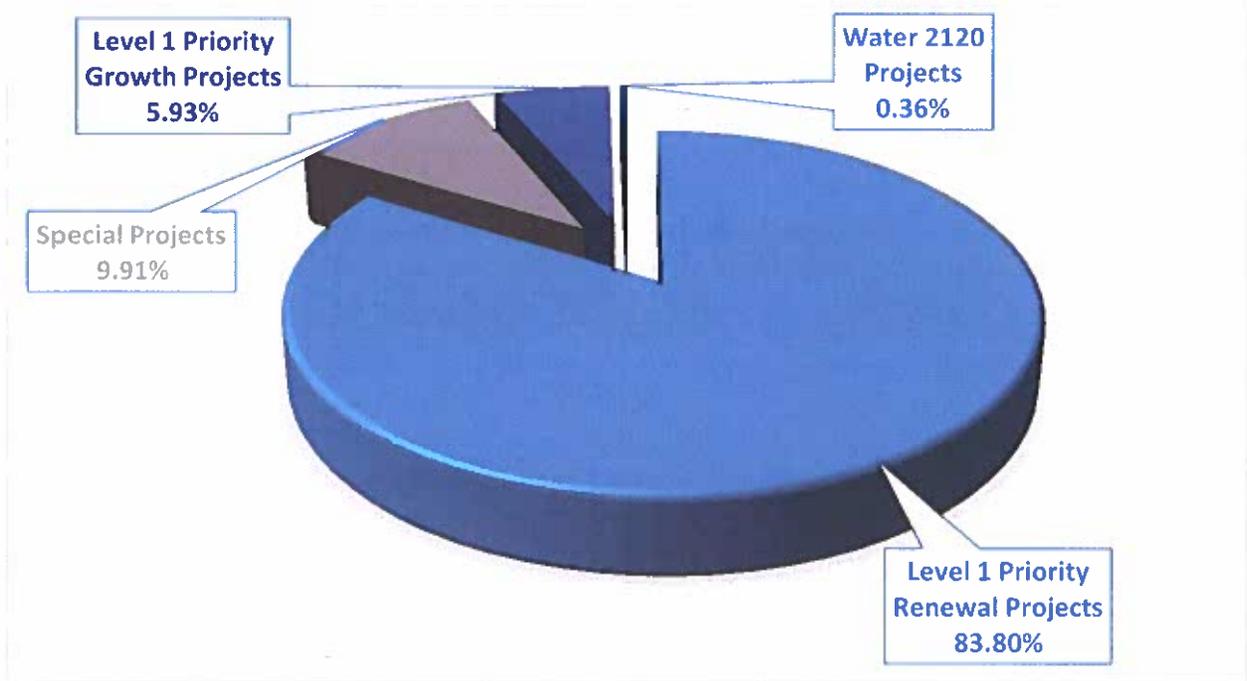
The \$8.3 million for special projects is comprised of \$2 million for the Automated Meter Infrastructure (AMI), \$1 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$5 million for the consolidated customer services and field operations facility.

The current Rate Ordinance requires no less than \$30 million for Basic rehabilitation program. Additionally, \$2 million is budgeted annually for the Automated Meter Infrastructure (AMI) program. There are no appropriations in the proposed FY19 CIP budget for projects that will be funded with revenues from FY20 or later.

The recent rate revenue increases alleviate future borrowing and increases the level of funding for infrastructure rehab projects.

The growth program is funded by Utility Expansion Charge (UEC) revenue which is tied to economic growth in the Water Authority's service area. The non-discretionary portion of the growth program includes funding for the low-income connection program managed by Bernalillo County and development repayment agreements as connections are made to the System.

Demonstrated in the graph below is the overall percentage of each CIP category:



COMMENTS:

The blueprint for the Basic capital program is the Decade Plan, a ten-year plan required to be updated biennially with two, four, six, eight and ten-year planning elements. There must always be an approved two-year planning element in place before the Board can approve a current year capital program appropriation. FY18 was the first year in the current FY 2018 – FY 2027 Decade Plan. Listed below are the detailed projects for year two:

Basic Program Appropriations:	FY19 Budget
Sanitary Sewer Pipeline Renewal	\$7,995,000
Drinking Water Pipeline Renewal	7,550,000
Southside Water Reclamation Plant Renewal	34,370,000
Soil Amendment Facility (SAF) Renewal	100,000
Lift Station and Vacuum Station Renewal	3,150,000
Odor Control Facilities Renewal	750,000
Drinking Water Plant Groundwater System Renewal	4,695,000
Drinking Water Plant Treatment System Renewal	4,910,000
Reuse Line and Plant Rehab	70,000
Compliance	195,000
Shared Renewal	15,000
Franchise Agreement Compliance	2,000,000

Vehicles and Heavy Equipment	4,818,000
Level 1 Priority Renewal Projects Total	\$70,618,000
	FY19
	Budget
Special Projects:	
Steel Waterline Rehab	\$1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
Miscellaneous	5,000,000
Special Projects Total	\$8,350,000
Combined Level 1 Priority Renewal and Special Projects	\$78,968,000
Growth Projects:	
Development Agreements	1,250,000
MIS/GIS	3,500,000
Miscellaneous	250,000
Growth Total	5,000,000
Water 2120 Projects	300,000
Level 1 Priority Growth/Other Projects Total	\$5,300,000
Grand Total	\$84,268,000

FY19 Capital Program Highlights

There are over 1,835 miles of eight inch and ten inch sanitary sewer collection lines through the Water Authority's service area. Lines that were constructed using concrete material or other obsolete material have a life expectancy of 50 years or less. These types of lines must now be lined or replaced with suitable material to avoid collapses in the collection line and possibly the roadways that they occupy. Lining or replacement options will increase the life of the pipe up to 100 years if not longer. When the deterioration has compromised the integrity of the wall strength, the replacement option is the only option left for rehabilitation of the line. Funding for planning, designing, construction, and related activity will be used for the rehabilitation and replacement of deteriorating sewer collections lines.

There are over 2,000 miles of small diameter (four inch to ten 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 are over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the Water Authority. As the older steel or cast-iron lines become deficient, Water Authority staff will often respond to numerous leaks. These leaks if gone unnoticed do have the potential, under certain circumstances, will become sinkholes which destroy entire roadways and create an incredible liability.

Replacing whole segments aged pipe will reduce ongoing operation and maintenance costs. If aging pipeline is not replaced, the impact of emergency response will increase

for these repairs and multiple leaks will occur in the same segment of pipe. This program will provide funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past the useful life.

The primary clarifiers are used to remove suspended solids ahead of the aeration basins. Maintaining these units in good working order is important for the downstream processes to work properly and for the plant to meet its NPDES permit requirements. The primary clarifiers handle sewage resulting in deterioration of structural, mechanical, and electrical components. Also, the currently open basins are a source of hydrogen sulfide and other odors. Funding will be used to rehabilitate and make improvements to the existing primary clarifiers. In addition, covers will be added to assist in combating offensive odors.

The Information Technology/GIS funding allocations will be utilized to complete the Asset Management system upgrade, which includes Phase II tasks associated with the project and enhancing utilization of mobility to support our Asset Management initiatives. The Phase II Asset Management activities include barcoding of fixed assets, implementation of the Maximo Fleet module, asset on-boarding and decommissioning, and enhancing procurement functions within Maximo to further support the Asset Management goals and objectives related to Asset Management life-cycle accounting practices. The Customer Care & Billing (CC&B) software upgrade has begun with a combined technical and functional upgrade that will be completed during FY19.

Other projects include transitioning infrastructure and server environment to a hardware/software centric environment, resulting in cost savings, performance enhancement, and promotes "green" initiatives to downsize the footprint of traditional IT related equipment. Efforts will continue to add redundancy to the Network, Telephony and Security systems which includes additional network connections, and an upgrade to Call Manager v11. ITD will work to evaluate and assess our current SCADA environment, and create a master plan to upgrade, replace, and/or consolidate current WUA SCADA Systems that support the Authorities Asset Management plan. SunGard will also be upgraded during FY19, and in addition to this, a new Applicant Online feature will be developed to better suit the needs of WUA staff, and those prospective individuals that will be applying for employment with the WUA.

ITD's initiatives also include the creation of an Information Security Plan that's primarily based on the federal NIST standard for cyber-security. This initiative includes drafting and completing the Information Security Plan and any supporting IT policies, a thorough penetration analysis of our systems and network including all SCADA systems, and will also include all major applications that host sensitive data.

Funding will be used to plan, design, and construct a new consolidated customer services and field operations facility to replace the leased space at the City of Albuquerque "Pino Yard" facility, West Side leased space and downtown customer services. This facility will be located at the San Juan-Chama Drinking Water Treatment Plant at 6000 Alexander Blvd, NE.

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

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

1	Lift Station and Vacuum Station Renewal	3,150,000
2	Odor Control Facilities Renewal	750,000
3	Drinking Water Plant Groundwater System Renewal	4,695,000
4	Drinking Water Plant Treatment Systems Renewal	4,910,000
5	Reuse Line and Plant Rehab	70,000
6	Compliance	195,000
7	Shared Renewal	15,000
8	Franchise Agreement Compliance	
9	2,000,000	
10	Vehicles and Heavy Equipment	4,818,000
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	Miscellaneous	5,000,000
16	<u>Growth:</u>	
17	Development Agreements	1,250,000
18	MIS/GIS	3,500,000
19	Miscellaneous	250,000
20	<u>Other:</u>	
21	Water 2120 Project Fund	300,000
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**ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY**

May 23, 2018

FLOOR AMENDMENT NO. 2 TO R-18-13

AMENDMENT SPONSORED BY MEMBER _____

1. On page 2, after line 15, insert the following:
"Visitors Center 1,500,000"
2. Renumber the subsequent sections.

JUSTIFICATION:

The Visitors Center is a joint City/County project and requires connection of water and sewer service to move forward with the project. Future connections will be assessed pro-rata and UEC charges, which will recover the majority of this funding over time.

The additional appropriation will require the Water Authority to include funding in its next public financing.